

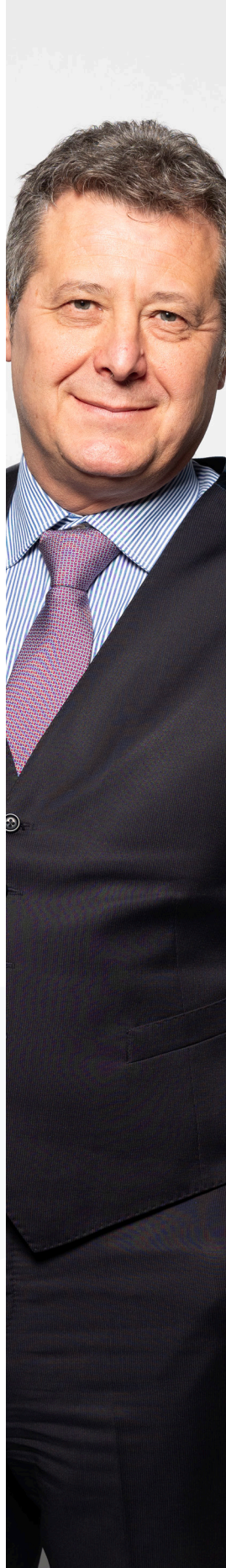
BUILDING
TRUST



2025 Sustainability Report

Contents

Letter to the stakeholders	5
Methodology for reporting non-financial information	8
1. The Group	11
1.1. The origins of LCM	11
1.2. LCM Group: raw materials for the industries of the future	13
2. Governance, ethics and integrity	19
2.1. A robust governance model focused on innovation	19
2.2. Responsibility for promoting Sustainability	22
3. The Double Materiality Analysis	25
Methodology	26
Context analysis	26
Identification of impacts, risks and opportunities	27
Assessment and identification of impacts, risks and opportunities	27
Results of the double materiality analysis	30
Results of the IRO analysis: impacts, risks, opportunities	31
The 2030 Agenda and the sustainable development goals	34
4. Our commitment: Sustainability goals and strategy	37
5. The values that define our identity	41
5.1 Compliance at the heart of business operations	43
5.2 ESG ratings and assessments: the economic aspects of accountability	45
6. Responsible economic growth	47
7. Responsible Supply Chain Management	51
8. Society	55
8.1. Our people	55
8.1.1. Turnover	57
8.1.2. Training	58
8.1.3. Regular performance review	60
8.1.4 Equal opportunities and non-discrimination	60
8.1.5 Corporate welfare and well-being	62
8.1.6 Smartworking	62
8.2 Health and safety	63
8.3 Our contribution to the local area and community	66
8.4 Associations	68
9. Innovation and digitalisation: a commitment to the future	71
9.1 Digitalisation, for more efficient processes	72
10. Environmental responsibility: our governance and performance	75
10.1 Energy management as a strategic lever	76
10.2 GHG reporting and performance monitoring	79
10.3 Waste: management, traceability and continuous improvement	89
10.4 Use of materials and management of packaging	91
10.5 Compliance with environmental regulations	93
Tables on training	98
GRI content index	102
Assurance Statement	114



Letter to the stakeholders

(GRI 2-22)

The LCM Group continues on its journey to find ways to promote health and well-being. Step by step, we are shaping a business model based on the quality of our raw materials, the strength of our relationships and a responsible approach to development. Successes and mistakes, progress and setbacks: certainly, the path to growth doesn't lie in perfection, it begins with trust – in ourselves and in others – and evolves through awareness and commitment.

For this reason, from the very start, the Group has listened to and involved the people who work in the organisation and live in its vicinity, fostering an approach to economic prosperity that goes hand in hand with social prosperity and respects the environment.

We're not perfect, but we're determined.

Determined to protect our core values and not allow social responsibility and protection of the ecosystem to be subordinated to a short-sighted way of thinking.

We remain focused on the present, whilst keeping an eye on the future that enables us to continually reimagine the organisation as an agent capable of taking action and shaping the environment, rather than merely reacting to situations and chasing events.

This commitment to understanding and action was the driver for the introduction of our double materiality analysis, which you will find in the following pages: an analytical approach focused both on our impact and on the external opportunities and risks that influence LCM's position and *performance*.

Against this backdrop of values and expertise, it is no coincidence that, despite the adverse macroeconomic situation, the Group has managed to maintain its results, ensuring stability amidst a host of uncertainties. 2025 was a moderately positive year for LCM, with volumes rising slightly, margins protected and a sharp rise in costs. To some extent costs are a *must* to compete on the market, to a greater extent they are a deliberate choice to invest in our potential and in what we can become tomorrow.

This is a period of transition, during which the Group is implementing a new strategic structure to enable it to optimise expenditure, raise technological standards and mitigate risks of all kinds, whilst maintaining its investment in the driving force of the organisation: people and research.

It is no coincidence that the desire has developed to contribute to a more sustainable agri-food supply chain and that in recent months a new company has been set up within the Group: LCM Plantiq, an innovative organisation dedicated to the health of plants and the soil that nourishes them, using natural fertilisers.

Nor is it a coincidence that staff training is expanding in terms of hours and topics covered, and that the internal and external activities of our cosmetic formulation laboratory and our Regulatory and Scientific Managers are increasing.

In a society where knowledge is treated as a commodity and organisations are often fearful about passing on their achievements, as if sharing them meant losing them, or at least forfeiting some advantage, the LCM Group continues to grow and to pool its knowhow, thereby strengthening the community to which it belongs.

Increasingly, “sustainability” is a key term in public debate; it remains to be seen, however, to what extent it plays a real role in our individual and collective decision-making, given that transparency in this area is still largely the result of a voluntary approach.

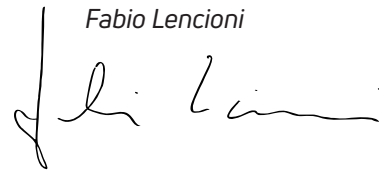
In our first report, we defined sustainability as the willingness to invest time in anticipating the future, summed up by the motto *“looking forward”*. In the second report, we framed it as the urgent need to change the ways we plan for the future, guided by the slogan *“shaping tomorrow”*. Now, having remained true to these principles, we are focusing this third report on corporate reliability.

On the value of industrial activity as a creator of wealth—including relational wealth—intended to generate lasting benefits for the community and the local area.

Running a business is an exciting challenge and a rewarding “endeavour” to undertake together.

We invite you to read this report and to engage with LCM from this viewpoint of sustainability as a shared practice.

Fabio Lencioni





Methodology for reporting non-financial information

(GRI 2-1/2/3/4/5)

L.C.M. Trading S.p.A. is publishing its third Sustainability Report (hereinafter “the Report”), for the year 2025. In the interests of transparency, the information set out in this document is intended to provide stakeholders with an accurate and comprehensive overview of LCM’s operations, strategies, business performance and results, in the context of its commitment to economic growth and responsible business development. This commitment takes account of stakeholders’ expectations and aims at the continuous improvement of the environmental and social impacts of the organisation’s operations.

The Report has been prepared in accordance with the guidelines of the *Global Reporting Initiative Sustainability Standards* (GRI Standards), published in 2021 by the *Global Reporting Initiative* (GRI), an independent body that establishes guidelines for non-financial reporting. The reported indicators are detailed in the “GRI Content Index” at the end of the Report. Like the 2023 and 2024 reports, this edition was subject to external *assurance*. The letter of assurance has been included at the end of the document.

The Report covers the economic, social and environmental results for 2025 (1 January – 31 December 2025), similarly to the financial statements. Where possible, the figures for 2025 are accompanied by the corresponding prior-year figures.

With the aim of ensuring the utmost reliability of the data and information in the Report, the inclusion of directly measurable quantities has been favoured and the use of estimates has been avoided as far as possible; where present, estimates are based on the best available methodologies.

The reporting scope of the business, environmental and social data and information covers L.C.M. Trading S.p.A., headquartered at Via Mazzini 33, 20099 Sesto San Giovanni (Milan), and its subsidiaries L.C.M. Industriale S.r.l., Alpha Ingredients S.r.l., LCM Genect S.r.l., which will be referred to as “LCM” or “the Group” or “the LCM Group”. Compared to the scope of the financial statements, the Sustainability Report does not include “L.C.M. General Trading Middle East FZCO”, “L.C.M. North Africa and Middle East LLC” and “LCM Plantiq S.r.l.”. The consolidation of LCM Plantiq S.r.l. is scheduled for 2026. The figures in the Report refer to the Group, except where specified.

In 2025, the Group carried out a methodological review of its waste classification, looking in particular at the distinction between hazardous and non-hazardous waste, with a view to improving regulatory compliance. The 2024 figures have been restated accordingly; the changes compared with the previous years therefore reflect the update to the classification criteria, as well as the quantities of waste actually generated. The updated figures are set out in the environmental section of the Report.

In accordance with the materiality principle, LCM defined the content of the Report based on the results of the Double Materiality analysis conducted in the first quarter of 2025. The analysis identified the most significant impacts and topics for the Group and its stakeholders.

LCM’s 2025 Sustainability Report was published in July 2026 and is available in the “Sustainability” section of the corporate website. For more information or comments on the Report, emails may be sent to lencioni@lcmtrading.it



Growing in number, soaring towards the *future*



The Group

1.1. The origins of LCM

(GRI 2-28)

The LCM story is, first and foremost, the story of a family. LCM was founded in 1982, when Fabio Lencioni combined his expertise in industrial chemistry with his already solid experience in commodities trading to embark on an independent business venture. His decision, which was driven by a clear vision of the changes taking place in the industrial world and a deep passion for his chosen profession, marked the beginning of a family and business adventure that continues to this day.

The heart of LCM is in Sesto San Giovanni, on the outskirts of Milan, where the Group headquarters are still based today, but its reach extends across the globe, starting with Asia, its main source for the procurement of high-quality raw materials, initially introduced in the pharmaceutical, nutraceutical and cosmetics sectors.

From the outset, LCM's core values – integrity, responsibility, lasting human relationships – have been the hallmark of an organisation that has evolved over time, while holding firm to its principles.

A key moment in this journey was the arrival of the second generation, in 2010, with Lorenzo and Cecilia. This step marked the evolution of the business from an individual company to a structured group.

Today, LCM is a solid, integrated partner comprising seven autonomous yet synergistic entities. Each division is an independent player on its core market, but they all share the same strategic vision: to operate ethically on a global scale, to build lasting relationships and to supply outstanding raw materials, which are essential for a high-quality future.

Today, after more than 40 years in business, the Group is an international benchmark in the trade and distribution of raw materials for the pharmaceutical, cosmetic, nutraceutical, food and chemical industries. The continuous exchange of know-how among the LCM Group companies generates significant added value, giving customers a single partner for research, development and trade of Active Pharmaceutical Ingredients (APIs), as well as other raw materials.

LCM Group remains committed to expanding and innovating the services it offers to businesses, whilst preserving the distinctive ethos fostered by its founder: building "good chemistry" through excellent human relations and an ethical, responsible approach to global markets, as an essential element for building a good life.

L.C.M. Trading S.p.A. is established as an importer and distributor of raw materials for cosmetics and pharmaceuticals, the Group's original core business.

1982



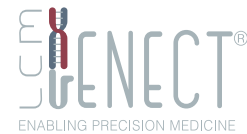
A process of business diversification begins, leading to the incorporation of L.C.M. Industriale (Commodities Oleochemicals), L.C.M. Middle East & General trading FZCO (APIs, Excipients and Nutraceuticals) and ALPHA Ingredients (Food Ingredients).

2010



The diversification process continues throughout the decade, with the establishment in 2016 of LCM Genect (Biotechnology, Precision Medicine).

2016



Formation of the Animal Nutrition Business Development Unit in 2018

2018



Cosmetic Laboratory, the R&D unit of LCM S.p.A.'s cosmetics division

2020



DPI Division – Business Development Unit for personal protective equipment

2022



Drafting of the first Sustainability Report, published in 2024

2023

Appointment of the gender equality steering committee on 13 December 2024

2024

Launch of LCM Plantiq, specialising in natural fertilisers
UNI PDR 125:2022 Gender Equality Certification
Implementation of the Double Materiality Analysis process

2025



1.2. LCM Group: raw materials for the industries of the future

(GRI 2-6, GRI 416-2, GRI 418-1)

Building strong relationships, to grow together.

The LCM Group has more than 40 years of experience in the **international trade and distribution of raw materials for the cosmetic, pharmaceutical, nutraceutical, chemical and food industries**. Over time, it has consolidated its expertise and expanded the range of services it offers, providing tailored solutions to meet the needs of the industries it serves.

At the same time, the Group has built up a specialisation in the marketing of **personal protective equipment** and in the development of **solutions for molecular diagnostics and precision medicine**. In this area, since 2016 it has been active in the distribution of *In Vitro Diagnostic* (IVD) tests, innovative PPE for healthcare use and, more recently, *Point-of-Care Testing* (POCT) equipment and apparatus for laboratory analysers.

Towards the end of 2025, the Group established LCM Plantiq, an innovative company specialising in natural **fertilisers**.

LCM aims to be a single, reliable point of contact for its customers, developing bespoke solutions through an extensive network of selected and qualified suppliers. Its operations comply with the European **Good Manufacturing Practice** (GMP) and **Good Distribution Practice** (GDP) guidelines to ensure product safety within the European Economic Area. To maintain the high quality standards that distinguish the Group in the market, the supplier network is subject to regular checks and project-specific audits.

This constant commitment to quality and the resulting processes and measures is reflected the results: no non-conformities concerning the health and safety of products and services were noted during the reporting period.

LCM's Quality System records and analyses customer complaints (CCs) and non-conformities (NCs) relating to delivered goods, in terms both of service issues (delivery, packaging, etc.) and of deviations from the required technical specifications.

Overall, such occurrences are on average less than 1%, a technically negligible percentage in line with the industry trend. The LCM Group uses the TrackWise Digital EQMS software for integrated quality management.

The Group comprises the following six entities, which operate in close synergy with one another:



LCM S.p.A.

The parent company, established in 1982.

The first trading company in Italy authorised to import active pharmaceutical ingredients from outside Europe. It supplies the raw materials required by companies in the pharmaceutical, nutraceutical, cosmetics and animal nutrition sectors.

In 2020, LCM S.p.A. set up a formulation laboratory specialising in cosmetic raw materials. Since 2022, it has developed and distributed state-of-the-art personal protective equipment (PPE).



LCM Industriale S.r.l.

This Group company specialises in importing chemical raw materials for industrial use. It also provides consulting services, standardisation of imported products, customised re-packaging, warehousing and logistics for distribution operations throughout Europe.



Alpha Ingredients S.r.l.

Established in 2010 as a result of a partnership with an Italian blending company. Alpha Ingredients takes an innovative approach to supplying enzymes and other raw materials for the food industry.



LCM Genect S.r.l.

This company was established in 2016 to provide hospitals, outpatient clinics, nursing homes and test laboratories with cutting-edge tools for precision medicine. Its innovation and research work is focused on new point-of-care diagnostic tools.



LCM Middle-East

This company was founded in 2010 to extend operations to the booming Middle East market. Through offices in Cairo and Dubai, it manages marketing and distribution activities in North Africa and the Middle East, particularly in the health and cosmetics sectors. By employing experienced local native-speaker professionals, the company provides its customers with comprehensive consultancy services, helping them to source quality raw materials for the production of safe products.



LCM Plantiq S.r.l.

An innovative company dedicated to ensuring the health of plants and soil using natural fertilisers and biostimulants. It takes a preventative, regenerative and scientific approach designed to strengthen the plant from within, nourish the soil and promote agricultural practices that respect natural balances.

The Group's two foreign companies are currently not covered by this Report. LCM Plantiq will be included in the scope of the Sustainability Report from 2026 onwards.

In November 2025, the “PLANTIQ” company was established – the Group’s specialist in fertilisers and biostimulants. PLANTIQ has its roots in the experience of the LCM Group, which has been operating in the health and personal well-being sectors for over two generations.



From the very beginning, sustainability has been a guiding principle at LCM, which is committed to respecting the ecosystem and promoting its values throughout the entire supply chain. Ethics, transparency and trust are the core values that shape the Group’s day-to-day decisions, inspiring responsible behaviour towards the community and the local area. These values and expertise form the backdrop against which PLANTIQ’s vision of contributing to a more responsible agri-food supply chain has taken shape. The products it offers are made from carefully selected natural ingredients which, in many cases, can be used in organic farming. Its approach stems from respect for the health of the plant, the soil in which it grows, and the farmers who choose PLANTIQ.

At its heart lies a shared understanding: the land is not a resource to be owned, but a legacy received from previous generations, which entails a responsibility to preserve and enhance it, and pass it on to future generations.

This commitment forms part of a virtuous cycle, capable of generating shared value over time.



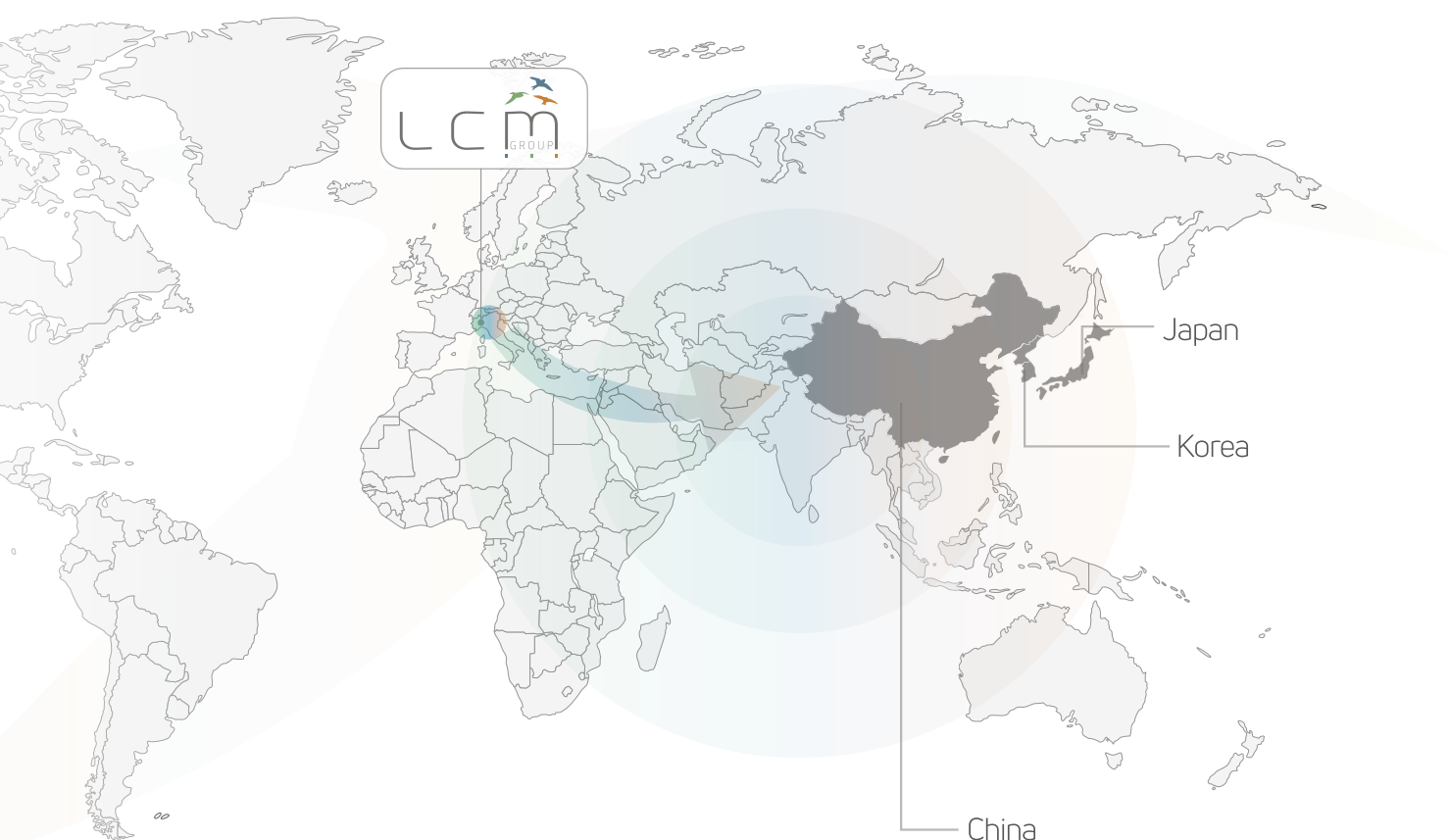
LCM's head office is located at Via Mazzini 33 in Sesto San Giovanni, Milan. During the reporting period, the Group also managed the operating sites shown in Table 1:

L.C.M. Trading S.p.A.	L.C.M. Industriale	Alpha Ingredients	LCM Genect
Company-owned office Via Mazzini 33 – 20099 Sesto San Giovanni (Milan)	Leased offices Via Falck 16 – 20099 Sesto San Giovanni (Milan)	Leased offices Via Falck 16 – 20099 Sesto San Giovanni (Milan)	Leased offices Via Falck 16 – 20099 Sesto San Giovanni (Milan)
Leased laboratory Via Caravaggio 19 – 20900 Monza (Monza Brianza)	-	-	-
Leased offices Via Martini Enrico 8 – 26013 Crema (Cremona)	-	-	-

Table 1 – LCM operational sites

LCM is rooted in Italy and operates through a global procurement system. It has developed on an international scale, with a focus on Asia, a strategic region for sourcing raw materials for the pharmaceutical, nutraceutical and cosmetics sectors.

Thanks to its partnerships with qualified manufacturers around the world, LCM Group serves over 500 customers, offering a wide and ever-expanding product portfolio. Alongside raw materials for the chemical industry, it provides advanced solutions for high value-added sectors such as nutraceuticals and the food industry, areas in which it has developed specialist expertise and a proven track record, particularly in functional raw materials.



+ 5% COMPARED TO 2024

51



EMPLOYEES

0



INJURIES

0



INCIDENTS OF DISCRIMINATION

0



INCIDENTS OF CORRUPTION

+ 35% COMPARED TO THE PREVIOUS YEAR

1993



HOURS OF NON-MANDATORY TRAINING

5



COMMUNITY
PROJECTS

5



CERTIFICATIONS OF
CORPORATE COMPLIANCE

0



INCIDENTS OF NON-COMPLIANCE/
SANCTIONS

0



SUBSTANTIATED COMPLAINTS
CONCERNING BREACHES OF CUSTOMER
PRIVACY AND LOSSES OF CUSTOMER DATA

-74%



SCOPE 2 MARKET-BASED GHG EMISSIONS
IN 2025 VS. 2023

Enduring over
time, without
ever losing our
way



Governance, ethics and integrity

2.1. A robust governance model focused on innovation

(GRI 2-9/10/11)

Solid roots, an eye to the future: growth means innovating successfully while remaining true to our distinguishing values

The values that have guided the organisation since its foundation in 1982 are reflected in the current composition of the Board of Directors, established in 2010, embodying an approach based on **stability and consistency** over time.

This approach has also been adopted in the management of the subsidiaries, whose governance model has gradually and consistently evolved from an initial phase of collaboration with the founders towards full control by the parent company. The process has made it possible to strengthen integration and improve operational efficiency at every stage in the organisation's life cycle, from its inception through to its consolidation as an SME.

LCM currently places development of a **business that is responsible and sustainable** in the long term at the heart of its strategy. The governance model that has been gradually shaped and strengthened by the Chairman's office has consolidated over time, demonstrating **reliability and effectiveness**, and helping to ensure continuity and stability for both the organisation and the people in it. In this context, the generational changeover is interpreted in a broad sense: not merely as a transfer of ownership, but as the passing on of a shared legacy of skills, strategic vision, corporate culture and values.

Management is committed to building an autonomous and accountable first line, ready to oversee product lines effectively and guide their teams towards increasing operational autonomy.

This is supported by targeted training plans and structured assessment systems, introduced to accelerate employees' professional growth and recognise their proactive contribution within the organisation.

The Group's governance aims to maintain a balance between **loyalty to the founding values** that established the organisation's identity and the **ability to evolve** in response to change. In an environment of rapid and continuous change, developing flexibility and rapidity in reviewing processes and operational models, whilst ensuring that adaptation times are managed effectively is essential. This is the context for the principle of "**passing on to renew**": preserving and enhancing the value heritage built up over time, and combining it with a critical and improvement-oriented approach that guides future decisions.

These themes are explored in *Domani*, the book published to mark LCM's fortieth anniversary, which looks at the organisation's **history and identity**. The book is a collection of testimonies from the people who contribute to LCM's growth on a daily basis, organised around 40 key words that summarise the Group's value system. The principles set out in the Group's Code of Ethics and Conduct are the cornerstone of the organisation, serving as a guide for day-to-day activities and employee selection and assessment processes.

For LCM, sustainability means a concrete commitment to the future, which involves **a focus on people, the community and the environment**. At the same time, its core values are an essential element, guiding the evolution of the business over time and helping the organisation tackle complexities and challenges. Promoting **a shared Group identity**, with which people can identify and from which they can draw motivation and trust is a key factor in ensuring long-term continuity and stability.

The LCM S.p.A. governance model is designed to combine operational effectiveness and efficiency with rigorous control mechanisms. This framework ensures sound and resilient business practices, in line with the high level of complexity of the market.

The LCM S.p.A. governance structure consists of a four-member Board of Directors (BoD), which has been in office for more than 15 years, and a Board of Statutory Auditors consisting of three standing members and two alternates. The BoD is renewed every three years; the current Board, confirmed in June 2024, will remain in office until 31 December 2026.

The subsidiaries have governance structures appropriate to their size and business models.

The Board of Statutory Auditors, which has served the company for more than 20 years, has been supported by an independent auditor since 2011. The tax consultant and accountant are also well-established figures who have been with LCM for more than 18 years.

The names of the members of the governance bodies during the reporting period are shown in the infographic below.



L.C.M. Trading S.p.A.

Board of Directors composed of four members:

Fabio Lencioni – *Chair of the Board of Directors*

Lorenzo Lencioni – *CEO*

Carlo Tagliabue – *Director*

Cecilia Lencioni – *Member of the Board*

Board of Statutory Auditors:

composed of three standing members and two alternates

Independent auditor: single-member body

The other Group companies, wholly owned by LCM Trading S.p.A., have the following governance structure:



L.C.M. Industriale SRL
Sole director

Fabio Lencioni
Sole Director - Executive Director

Luigina Zocco
Sole statutory auditor with audit responsibilities



Alpha Ingredients SRL
Board of Directors

Lorenzo Lencioni
CEO

Carlo Tagliabue
Director

Of whom one executive director and one independent director

Luigina Zocco
Sole statutory auditor with audit responsibilities



LCM Genect SRL
Sole Director

Fabio Lencioni
Sole director - Executive director

Of the four members of the BoD, three are men and one is a woman, one member is from outside the family, three are executives and one is an independent director. One man and the female director belong to the 30 to 50 age group, while the other two men belong to the over 50 age group, as shown in Table 2.

No. of members of the governance bodies (BoD)		
2025		
 Total 0	 Total 2	 Total 2

Table 2 – Number of members of the governance bodies by gender and age group

LCM's corporate structure also includes a "Quality & Compliance" department, tasked with ensuring the correct operation of all LCM Group companies and their divisions. The presence of this department, which focuses on regulatory matters and in-depth knowledge of regulations in the Group's business sectors – pharmaceuticals, cosmetics, nutraceuticals, chemicals, food, molecular diagnostics and fertilisers – enables each Group company to guarantee full regulatory compliance for safe operation in international trading of raw materials for people's health and well-being.

2.2. Responsibility for promoting Sustainability

(GRI 2-9/12/14/17)

The members of the BoD are committed to promoting a **proactive approach to sustainability**, recognising that constant updates are decisive in supporting the responsible development of LCM. Board member and ESG leader Cecilia Lencioni is responsible for overseeing and managing the organisation's economic, environmental and social impacts.

LCM has adopted a top-down approach that involves the direct participation of the BoD in training activities and discussions on ESG issues to define its sustainability strategy and guide future development.

During 2025, a series of discussions were held with the division managers, to analyse in detail the main environmental, social and governance issues that had emerged during training sessions. The meetings were an opportunity to assess the level of maturity achieved by LCM on sustainability topics and identify the strategic drivers and objectives for the gradual integration of ESG factors into the corporate vision.



The commitment of Management, combined with a desire to promote a sustainability culture at all organisational levels, helped LCM **identify areas for improvement and set strategic objectives**, which have been translated into concrete action based on the findings of the double materiality analysis, as illustrated in the section on strategy.

The Sustainability Report confirms the central role that LCM attaches to promoting responsible practices, which it regards as vital levers for building a solid, responsible and long-term business model.

In this respect, the Sustainability Report confirms LCM's focus on the promotion of sustainable practices and training as key levers for building an increasingly responsible and long-term business model.

A serious approach and a *method* for looking *well ahead*



The Double Materiality Analysis

(GRI 2-14/29; GRI 3-1/2/3)

LCM engages in an ongoing dialogue with its stakeholders to ensure that mutual expectations are met and to understand and manage stakeholder needs, delving into sustainability topics with them.

Since 2023, LCM has implemented a mapping and engagement process for its *stakeholders*, both internal and external, i.e., those who operate along the value creation chain and those who are indirectly influenced by or interested in the organisation's activities. Stakeholder engagement activities are based on the methodology outlined in the *AA1000 Stakeholder Engagement Standard (AA1000-SES)*, a framework for the design, implementation, assessment and communication of stakeholder engagement pathways.

In 2025, with the publication of the second Sustainability Report, LCM updated the materiality assessment carried out the previous year, in order to capture and represent the changes and new developments that characterised 2024. This included an in-depth review of the reference context to identify any changes in the economic, environmental and social impacts of its operations.

Consistently with a participatory and dialogue-oriented approach, the stakeholders were involved in the update of the materiality assessment. To this end, LCM submitted a questionnaire to its main stakeholders to collect their views on the materiality of the identified impacts, thereby ensuring that the assessment was as consensual and representative as possible.

In line with the approach that considers human resources to be key stakeholders, LCM organised the full involvement of its internal resources in 2025. All employees were asked to take part in the impact materiality assessment after attending a specific training course on sustainability topics, which enabled them to make an informed assessment.

The materiality analysis for this Sustainability Report was based on the **double materiality** principle, which requires organisations to consider two complementary perspectives: **impact materiality**: the current or potential positive or negative effects of the organisation's operations on the environment, people and human rights, throughout the value chain;

financial materiality: the risks and opportunities associated with sustainability topics that may actually or potentially affect the organisation's income, assets and financial position. Adopting this integrated approach makes it possible to identify the sustainability topics of greatest relevance for the entity, ensuring that reporting reflects the organisation's responsibility towards society and the environment, and the impacts that these factors may have on its business and financial performance.

The criteria, sources and process used to identify and assess materiality, as well as the key topics deemed relevant on the basis of the analysis are illustrated below.

Methodology

The double materiality analysis used the methodology of the European Sustainability Reporting Standards (November 2025 version), which LCM decided to adopt even though the Group is not obliged to apply them; **the analysis** is mandatory and is divided into four main stages. This approach enables the systematic identification and assessment of **impacts, risks and opportunities (IROs)** relating to sustainability topics, ensuring that the information disclosed in the Sustainability Statement is relevant both in terms of the organisation's impact on society and the environment, and from a financial perspective.

The four key stages of the process are:



Context analysis

The first step in the double materiality analysis involved gaining an understanding of the context in which the Group operates, in order to identify the areas most exposed to sustainability-related impacts, risks and opportunities (IROs). This preliminary step is essential to ensure that the materiality assessment is based on an integrated and realistic view of the organisation's operations, business relationships and external environment.

The analysis included:

- an understanding of the main operations and the products and services offered, as well as the geographical distribution of these operations;
- the mapping of significant business relationships along the value chain, both upstream (suppliers, logistics partners) and downstream (customers, distributors, end consumers);
- the assessment of existing documentary evidence, including financial statements and other information that has been made public or is available to investors.

In addition to these internal factors, external factors were also taken into account, including:

- the legal and regulatory framework, with particular attention to the environmental, health and safety obligations applicable to the Group's activities; an analysis of the sector of operation, through peer comparisons, sector benchmarks, scientific articles and reports from international organisations, as well as public sources such as the ENCORE tool, the WRI Aqueduct database for water risk analysis, and other environmental, climate and social studies highlighting emerging trends.

This stage enabled LCM to build a solid information base for the subsequent identification of material IROs, whilst also taking into account stakeholders potentially interested in or affected by its operations.

Identification of impacts, risks and opportunities

As indicated by the guidelines set out in ESRS 1, the process of identifying impacts, risks and opportunities (IROs) covered all aspects of sustainability (environmental, social and governance) and the Group's entire value chain, including both its own operations and its upstream and downstream relationships.

The result was the creation of a list of IROs comprising:

- 14 impacts, specifying the time horizon (short-, medium- or long-term), the nature (positive or negative), the status (actual or potential), the stage of the value chain affected, and the stakeholders involved;
- 14 risks, categorised according to their nature (present or future), status (current or anticipated financial effects²), position in the value chain, stakeholders affected and time horizon;
- 9 opportunities, categorised in the same way as the risks.

The information was subsequently aggregated in accordance with the structure set out in the thematic standards (E, S, G) to facilitate analysis and the subsequent materiality assessment.

Assessment and identification of impacts, risks and opportunities

The Double Materiality Analysis involved engagement of the stakeholders, followed by a qualitative and quantitative assessment carried out with senior management, as required by European legislation.

² Current financial effects: the financial effects have already been taken into account
Anticipated financial effects: the financial effects have to be estimated

Stakeholders' interests and opinions

Active engagement and ongoing dialogue with stakeholders are vital to create shared economic and social value. Since 2023, LCM has established a mapping and engagement process for its stakeholders, both internal and external, i.e., those who operate along the value chain and those who are indirectly influenced by the organisation's activities. Stakeholder engagement activities are based on the AA1000 Stakeholder Engagement Standard (AA1000-SES), a methodological framework for the design, implementation, assessment and communication of stakeholder engagement processes.

As part of the double materiality analysis, stakeholder engagement was achieved through an online questionnaire, designed to collect the views and expectations of the organisation's financial and non-financial stakeholders. The purpose was to gauge external perception of the materiality of the IROs identified during the preliminary analysis.

The participants were asked to rate each IRO on a scale of 1 (lowest) to 5 (highest); the results obtained formed the basis for the subsequent internal assessment.

In detail:

- for **impacts**, the questionnaire involved company management, personnel, customers and suppliers;
- for **risks and opportunities**, the questionnaire involved company management and banks.

As in 2024, LCM involved the following stakeholder categories:



Assessment with senior management

Following the stakeholder engagement process, senior management carried out an assessment of the IROs based on the following criteria:

For impacts:

- **Magnitude:** the severity of the negative impact, or the extent of the positive impact on people or the environment (from lowest to highest);
- **Scope:** how widespread the positive or negative impacts are. In the case of environmental impacts, scope can be understood as the extent of environmental damage or a geographical area. In the case of impacts on people, scope can be understood as the number of people adversely affected (from very limited to extreme);
- **Remediability:** whether and to what extent it is possible to remedy the negative impacts, by restoring the environment or the people affected to their original state (from fully remediable with few resources to irreversible);
- **Probability:** the likelihood of the impact occurring (from improbable to almost certain).

For risks and opportunities:

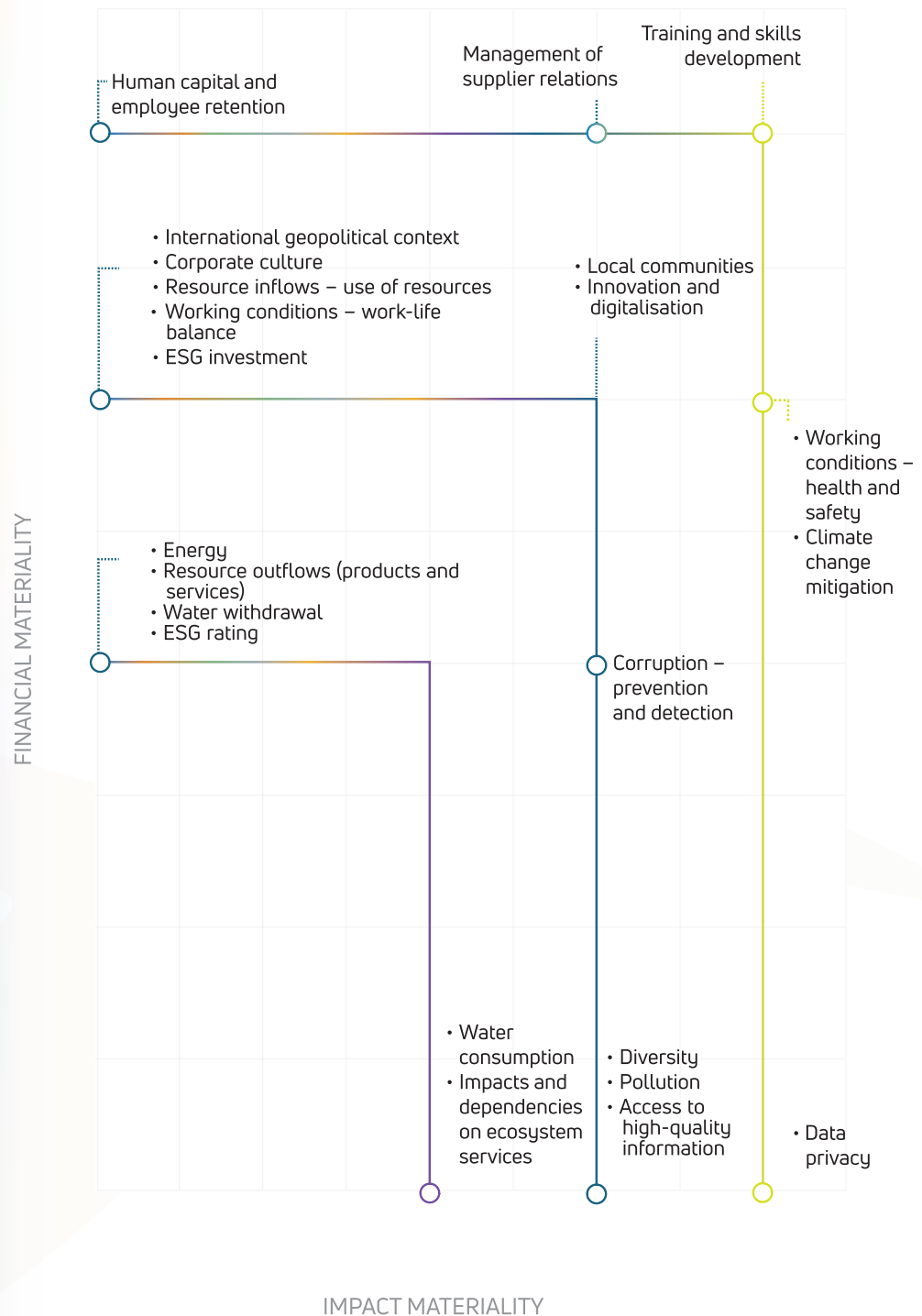
- **Competitive advantage:** the IRO's potential to generate or undermine business value (from high to none);
- **Manageability level:** the organisation's ability to control or mitigate the IRO (from very low to high);
- **Regulatory significance:** the weight or impact of the relevant regulations (from critical to minimal);
- **Probability:** the likelihood of a risk or opportunity occurring (from improbable to almost certain).

Reporting thresholds

Each criterion was assigned a score, from 1 (lowest) to 5 (highest). The arithmetic mean of the scores for each IRO was used to determine the degree of materiality in accordance with the double materiality model.

Finally, a minimum reporting threshold of 2 was established: IROs with a score of 2 or less were excluded from the topics to be reported, as they were deemed immaterial for the purposes of the Sustainability Report. IROs with a score higher than 2 were included within the reporting scope, with increasing levels of materiality according to the thresholds shown in the chart: from 'material' for values above 2, to 'very material' for scores of 4 or higher. Although energy did not feature among the topics with the greatest degree of materiality according to the quantitative results of the analysis, it has nevertheless been reported due to its strategic and cross-cutting importance for the Group, as well as its fundamental role in managing environmental impacts, monitoring emissions and pursuing energy efficiency.

Results of the double materiality analysis



Results of the IRO analysis: impacts, risks, opportunities

Material topic	Impact
Management of supplier relations	Occurrence of negative impacts along the supply chain resulting from the absence of a supply chain management system compliant with ISO 20400 – Sustainable procurement.
Training and skills development	Benefits relating to employees' well-being and professional development, in terms of welfare measures (e.g., smartworking policy, welfare scheme, meal vouchers, etc.), training (provision of training programmes tailored to training needs), and career development (performance review system and the setting of agreed objectives).
Working conditions – Health and safety	Maintenance of high health and safety standards for personnel through ongoing monitoring of injuries, training and prevention initiatives.
Local communities	Positive impacts from implementation of social initiatives for the benefit of the local community (e.g., work experience for school students, scholarships, participation in trade associations, projects in cooperation with educational, cultural, sports and voluntary institutions/associations, donations of unused computer equipment, etc.).
Innovation and digitalisation	Strengthening of the organisation's capacity for innovation and digitalisation through the development of partnerships for sustainable innovation and the adoption of digital solutions that improve data efficiency and security, as well as the quality of the products and services offered, thereby generating social and environmental added value.
Climate change mitigation	Increase in direct greenhouse gas emissions associated with the consumption of energy from fossil fuels in day-to-day operations (e.g., the use of fuels for heating and company vehicles).
	Increase in indirect greenhouse gas emissions along the value chain (e.g., production of raw materials, transport and logistics).
Corruption – Prevention and detection	Strengthening of the culture of business ethics and integrity, which ensures greater awareness of and oversight over anti-corruption issues, thanks to the adoption of structured documentation and a proactive approach by the organisation.
Access to high-quality information	Protection of customers and end consumers through the implementation of regulations and procedures that ensure product safety and maintenance of high standards of quality and reliability.
Pollution	Potential release into the air, water and soil of chemicals and/or process residues generated by suppliers' activities.
Diversity	Positive impacts on business management resulting from the commitment to safeguarding equal opportunities and promoting diversity and inclusion, supported by the adoption of non-discriminatory practices and the UNI PDR 125 certification process.
Data privacy	Protection of the privacy of personnel, customers and suppliers, through the implementation of internal data protection systems and proper management of any data breaches.

Material topic	Risk
Human capital and staff retention	Increased costs for recruitment and/or in-house training following a loss of know-how due to the resignation of specialist staff.
Management of supplier relations	Potential reputational and financial damage caused by limited understanding of suppliers' ESG performance.
Working conditions – Health and safety	Failure to comply with employment regulations or occupational safety protocols may lead to legal sanctions.
International geopolitical context	Disruptions to business operations or the conduct of business due to uncertainties in the international geopolitical context.
Corporate culture	Potential risk arising from changes to the regulations with which compliance is required.
Resource inflows – Use of resources	Increased procurement costs linked to growing market demand for lower-carbon materials, as well as a loss of business opportunities and reputational damage should the organisation be unable to meet these requirements. Increased procurement costs, potential financial penalties for non-compliance, trade restrictions and reputational damage associated with the introduction and implementation of the Carbon Border Adjustment Mechanism (CBAM) and the EU Deforestation Regulation.
Climate change mitigation	Operational disruptions, damage to business infrastructure and logistical inefficiencies caused by extreme weather events or chronic climate phenomena. Loss of competitive advantage and reduced access to capital due to failure to draw up and implement a decarbonisation plan and greenhouse gas emission reduction targets.
Corruption – Prevention and detection	Exposure to administrative penalties and potential reputational damage as a result of incidents of corruption and failure to adopt the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001.

Material topic	Opportunities
Management of supplier relations	Prevention of reputational risks and potential financial loss through adoption of a supply chain management system compliant with the ISO 20400 guidelines – Sustainable procurement.
Training and skills development	Development of a stable workforce that attracts new talent by promoting a positive culture, employee well-being and mental health, and career development.
Working conditions – Work-life balance	Increased productivity and reduced absenteeism thanks to investment in initiatives to promote employee well-being, including mental health support and hybrid working policies.
ESG investment	Greater access to credit thanks to investment in and/or commitment to ESG practices.
Local communities	Investment in the creation of partnerships with local schools and universities to encourage the sharing and development of new technical and scientific knowledge.
Innovation and digitalisation	Identification and implementation of solutions or alternatives that are more environmentally or socially sustainable, through targeted investment in research and development.
Climate change mitigation	Mitigation of regulatory risks, reduction in energy costs and competitive advantage through increased use of energy from renewable sources and a reduction in greenhouse gas emissions. Strengthening of customer relationships and access to new market opportunities through the development of Life Cycle Assessment (LCA) and Product Carbon Footprint (PCF) studies on strategic raw materials.



The 2030 Agenda and the sustainable development goals

Endorsed in 2015 by more than 150 countries, the 2030 Agenda for sustainable development is a global initiative that marks a paradigm shift from previously adopted instruments. It moves away from the previous focus on the problems of the developing areas and how the developed economies can help them, and outlines a programme of common challenges, according to a principle of universality.



In this Report, the LCM Group's sustainability commitments have been linked as closely as possible to the relevant SDGs, to give the reader a clear picture of the environmental, social and governance journey the organisation has embarked upon.



Everything
is so green
and beautiful

Valuing *people* through *respect* and *passion*



Our commitment: Sustainability goals and strategy

Starting from the material topics identified with the updated materiality assessment, LCM has defined a series of goals and commitments that it plans to pursue in the short and medium term. The aim is to develop an increasingly precise sustainability strategy.

SDGs	MATERIAL TOPIC	GOAL ACHIEVED IN 2025	DESCRIPTION OF THE SHORT-TERM COMMITMENT (PLANNED FOR 2026)	STATEMENT OF COMMITMENT AND FUTURE GOALS
 	Corporate governance and sustainability	Activation of reporting channel, collection and monitoring of possible unlawful activities (whistleblowing) or harassment (UNI PDR 125:2022)	Keep the whistleblowing channel active and ensure that new hires receive training, as part of the onboarding process, on reporting unlawful activities or harassment and on gender equality	Keep the channel for reporting unlawful activities or harassment active, ensure proper monitoring and handling of any reports
		Sustainability performance assessment via the Ecovadis, Synesgy and Open-es platforms obtained	Continue active participation in external rating platforms and finalise registration with Open-es	Improve sustainability performance assessment through rating and know-how sharing platforms
		Membership obtained of the Sedex Members Ethical Trade Audit (SMETA) platform and Self Assessment Questionnaire (SAQ) completed	Maintain membership of the platform for LCM S.p.A. and Alpha Ingredients, and extend it to the other Group companies	Improve SMETA assessment over time
		Code of ethics updated to reflect the launch of the whistleblowing channel	Manage internal policies, updates and training via Trackwise Digital	Update the code of ethics to reflect significant changes
		Training course held on the updated code of ethics (anti-corruption, whistleblowing, etc.)	Plan a training course on the 231 model for senior management and first-line managers	Organise training courses in event of updates or amendments to the code of ethics

SDGs	MATERIAL TOPIC	GOAL ACHIEVED IN 2025	DESCRIPTION OF THE SHORT-TERM COMMITMENT (PLANNED FOR 2026)	STATEMENT OF COMMITMENT AND FUTURE GOALS
	Occupational well-being	Introduction of meal vouchers for employees	Maintain meals vouchers for employees	Ensure the benefit is maintained over time
		Renewal of the digital welfare platform which provides access to training courses and other services contributing to employees' work-life balance	Offer opportunities for medical check-ups through corporate schemes	Consider introducing an employee counselling service to ensure physical and mental well-being
			Offer training courses in self-defence and personal empowerment	Ensure and innovate a solid welfare package and work-life balance measures
	Health and safety	Guarantee of a safe working environment and safe working conditions	Maintenance and monitoring	Maintain high health and safety standards and 0 injury rate
 	Equal opportunities and non-discrimination	UNI PDR 125 certification obtained	Pass the maintenance audit and extend certification to the Group's new companies	Maintain UNI PDR 125 certification over time and improve its score
			Consider applying for ISO 30415 Human Resources Management – Diversity and Inclusion certification	Continue and consolidate efforts to promote self-fulfilment for everyone in the organisation and to combat discrimination
	Waste	Reduction of use of single-use plastic products and materials in offices	Assess procurement of office supplies from local consortia for internal use / recycling	Gradually consolidate good practices by maintaining minimum levels of plastic consumption in offices
	Innovation and digitalisation	Compliance with the requirements of the Network Information Security (NIS) regulation	Formation of a NIS2 team and finalisation of remediation plan for compliance within the prescribed timeframe	Maintain compliance with NIS requirements over time
		Internal cyber-security programme strengthened and specific training planned	Monitor the cyber-security training programme and roll it out to new hires	Maintain a high level of cyber-security
			Continue LCM's transformation into a digital-friendly organisation by reducing use of paper and promoting informed use of new technologies	Gradually consolidate good practices and improve digital-friendly status
		Introduction of certified EQMS software – TrackWise Digital – to manage ISO certification documentation	Extend use of EQMS software to all corporate functions	Maintain the TrackWise Digital software and its developments (DMS/TMS) over time
 	Energy	Gradually increase in the share of hybrid/electric company vehicles, with an annual conversion target of 20%	Continue with the fleet conversion plan until renewal is complete	Promote sustainable mobility solutions
		Increase in the procurement of electricity from renewable sources, through own photovoltaic plants and the purchase of Guarantees of Origin (GO)	Maintain and expand renewable energy sources	Maintain procurement of electricity from renewable sources over time
	Development of human capital	ESG training courses provided and in-house staff gained qualifications in sustainability-related skills	Organise training courses on environmental regulations introduced in Europe	Continue to ensure the professional development of personnel

SDGs	MATERIAL TOPIC	GOAL ACHIEVED IN 2025	DESCRIPTION OF THE SHORT-TERM COMMITMENT (PLANNED FOR 2026)	STATEMENT OF COMMITMENT AND FUTURE GOALS
 	Supply chain sustainability	Introduction of a supplier mapping system and assessment of new suppliers by means of a sustainability questionnaire	Obtain an assessment of suppliers' ESG performance	Maintain monitoring and include ESG assessment in the selection of new suppliers
		Training conducted on the ISO 20400 standard – Sustainable Procurement	Introduce tools for assessing suppliers against ESG criteria and assigning performance ratings	Keep skills related to sustainable supply chain management up to date
		Action taken to enable sustainable supply chain management	Implement ISO 20400 guidelines and obtain certification	Maintain ISO 20400 guidelines and obtain certification
	EU Packaging Directive	Introduction of a structured system for tracking quantities of packaging used (also in line with the requirements of the EU Packaging and Packaging Waste Regulation)	Provide internal and external training on the standard Communicate with, engage and support suppliers to ensure compliance with regulatory requirements	Ensure maintenance and continuous updating of the tracking system
	CBAM	Materials subject to the Carbon Boundary Adjustment Mechanism (CBAM) monitored, ensuring compliance with regulatory requirements	Continue to monitor materials subject to CBAM requirements	Ensure monitoring and transmission of mandatory data in compliance with the CBAM regulatory framework
	Emissions and climate change	Scope 3 emissions reported	Continue reporting on Scope 3 emissions and engage suppliers in LCA/ERP studies and in process innovation initiatives to mitigate emissions	Consider concrete action to mitigate Scope 3 emissions, based on the data collected
			Consider implementing Life Cycle Assessment (LCA) studies on personal protective equipment (PPE) and strategic raw materials	Implement LCA studies
		Environmental policy drafted and adopted	Update the policy and introduce quantitative targets	Assess participation in decarbonisation programmes
	Community relations	Strengthening of the partnership with the LILT centre in Sesto San Giovanni and the Milan-Bicocca University	Foster relations with stakeholders and local organisations – launch of the CSR programme	Develop a CSR campaign
			Assess membership of innovation and research ecosystems (hubs, incubators, technology parks)	Consolidate relations with local organisations over time and maintain active collaboration with universities

Table 4 – LCM's sustainability commitments

Ethics as a compass for our everyday activities



The values that define our identity

(GRI 2-16/23/27, GRI 205-3, GRI 206-1, GRI 406-1)

LCM has embodied the **principles and values** on which it has built its identity in its Code of Ethics and Conduct (hereinafter the “Code of Ethics”). The Code sets out and reinforces the organisation’s founding values, which have since been passed on and embraced across the entire Group and in its operations and business sectors. It also expresses the Group’s genuine commitment to protecting and promoting these values, making them clear and accessible to all stakeholders, in the interests of **transparency and accountability**.

The Code of Ethics sets out a behavioural framework that translates the values underpinning the operations of LCM S.p.A. and the other Group companies into concrete actions, with the aim of promoting a corporate culture based on integrity. It provides a reference model for LCM’s internal and external stakeholders, who are invited to adopt it in their own activities. The aim is to build a common approach where excellent results are combined with strict compliance with ethics and good practices, specific to the sectors in which the Group operates.

The **Code of Ethics** establishes the rights, duties and responsibilities of all parties involved in its operations. Employees are invited to sign up to the Code, which is also a fundamental reference in the selection, induction and assessment of the people who work with the Group. Every employee is required to adhere to its principles and make them an integral part of their professional development.

Finally, the Code helps to strengthen cohesion among employees, fostering greater awareness of their respective roles and guiding each individual, within the scope of their responsibilities, to pursue the organisation’s objectives using **fair and proper methods**.



Legality



Honesty



Trust



Transparency



Impartiality



Independence



Professionalism



Competence

In addition to the law, regulations and good practices, the Code is inspired by the principles that have always characterised LCM's corporate philosophy:

- Stimulating environment, fostering entrepreneurship and initiative;
- Vision, i.e., the ability to adapt quickly to market requirements, seizing opportunities and anticipating future needs, always in compliance with the law;
- Sense of belonging, inspiring the ability to motivate people in their respective corporate roles, enhancing their individual capabilities;
- Continuous personnel training aimed at creating, even within an SME, a satisfactory career path inspired by ethical-moral principles and legality;
- Ability to pass on corporate values to "successors", as the key to business continuity by flanking young talents with seniors who can draw on the strength of their experience in the Group to impart technical professionalism and corporate values.

The Code of Ethics pays specific attention to behaviour in compliance with **anti-corruption** regulations, providing clear guidelines consistent with high standards of integrity.

To ensure alignment with best industry practices, LCM has integrated the content of the Confindustria Code of Ethics into its own document, particularly with respect to rules of conduct and the related sanctions system. Following this integration, the LCM Code document was updated and renamed the "Code of Ethics and Conduct".

LCM is committed to ensuring that the Code is circulated among all parties involved, directly or indirectly, in the Group's operations, whilst promptly communicating any updates or changes.

The current version was approved on 1 January 2024 and is published on the corporate website. For additional information, reference should be made to the relevant page ([link: Governance – LCM Group](#)).

During the year, there were no incidents and no proceedings or legal actions were initiated against the company and its subsidiaries regarding anti-competitive behaviour and breaches of antitrust and anti-monopoly laws in which the organisation was allegedly involved. No incidents of non-compliance with regulations or self-regulatory codes were reported, nor were any fines or non-monetary penalties imposed.

At the same time, the Group promotes a corporate culture that combats illegality through the active and responsible participation of its employees and partners. For this reason, in 2025 LCM set up a **whistleblowing channel** in accordance with Legislative Decree no. 24/2023, enacting European Directive 2019/1937.

The channel may be used to report allegations of misconduct and/or harassment, or breaches of the requirements of **UNI PDR 125:2022**. During the reporting period in question, there were no reports of harassment or discrimination; indeed, no reports were made via the whistleblowing platform, nor were any written or verbal messages received by the HR department or by the members of the Steering Committee.

5.1 Compliance at the heart of business operations

For LCM, product and service quality is a key priority, given the crucial importance this has in the sectors in which it operates: health and well-being. For this reason, it strives constantly to achieve levels of **excellence** in all its activities, and its *commitment* to quality is one of its key strengths and a cornerstone of its market strategy. Nothing is left to chance in this area. The Group has a "*Quality and Compliance*" division of eight professionals, including two Qualified Persons, with specialist expertise in the regulations governing the areas of activity of the Group companies. The division cooperates with regulatory authorities at the highest level, ensuring the safety of raw materials and products supplied and *compliance* with the regulations in force in the countries where they are used.

The process of continuous improvement is confirmed by the certifications held by the Group and its commitment to operating in accordance with **Good Manufacturing Practices (GMPs)** and **Good Distribution Practices (GDPs)**.

L.C.M. Trading S.p.A. was the first Italian trading company to be authorised by the Italian Pharmaceuticals Agency (AIFA) to import 35 active pharmaceutical ingredients (APIs) in line with the ICHQ7 guide and Directive 2001/83/EC – Dir.62/2011/EC. The *team* of LCM professionals also supports API manufacturers in the procedure for obtaining AIFA EU-GMP certification. The number of registered APIs currently stands at 41.

LCM has ISO 9001:2015 certification attesting to its commitment to quality across the board, while adherence to the ISO 13485:2016 standard certifies the attention it pays to the quality of medical devices.

LCM has also obtained Good Manufacturing Practice certification from AIFA, attesting to compliance with the European guidelines for pharmaceutical quality in the European Economic Area. All imported and distributed products for the pharma industry are analysed in accordance with the European Pharmacopoeia. In most cases, and where applicable, they have Certificates of Conformity to the European Pharmacopoeia (CEPs) and are produced in accordance with GMPs.

Furthermore, LCM has FAMI-QS and BIO-CCPB certifications for, respectively, feed quality and the production and labelling of organic products.

To maintain these high standards, LCM invests in continuous training every year, promoting professional update programmes to consolidate and develop skills in the regulatory field. The programmes include modules on classification and labelling and the GMP, REACH and CLP regulations. For additional information, reference should be made to Annex 1 at the end of the Report.

The certifications held by the LCM Group are detailed in the table below.

CERTIFICATION/REFERENCE FRAMEWORK	DESCRIPTION	COVERAGE
AIFA and GMP	Imports in line with the ICH Q7 guide and Directive 2001/83/EC - Dir.62/2011/EC, and GMP certification. Compliance with these guidelines guarantees the pharmaceutical quality of medicines, which in turn is a prerequisite for determining a medicine to be safe and effective.	L.C.M. Trading S.p.A.
ISO 9001:2015	International standard for quality management systems. Defines the requirements for creating, implementing and managing a quality management system in any type of organisation. The main goal is to ensure customer satisfaction and improve business efficiency.	All sites
ISO 13485:2016	Certification for medical device management. An international standard establishing the requirements for quality management systems specifically intended for the medical device industry.	LCM Genect S.r.l.
FAMI-QS	Feed safety management system incorporating Good Manufacturing Practices, including measures for preventing fraud and safeguarding animal feed in accordance with FAMI-QS Feed Fraud Prevention and Defence Version 1.	L.C.M. Trading S.p.A.
BIO - CCPB	Certificate pursuant to article 35(1) of Regulation (EU) 2018/848 on production.	Alpha Ingredients S.r.l.
UNI PdR 125:2022	A national reference framework setting out guidelines for corporate gender equality management systems. Developed by UNI (the Italian standardisation body), the standard measures and certifies organisations' commitment to reducing the gender gap and promoting inclusion.	All sites

Table 5 – LCM certifications

LCM certifications are published on the corporate website:
[Quality – LCM Group.](#)

5.2. ESG ratings and assessments: the economic aspects of accountability

ECOVADIS

During 2025, LCM was awarded the Bronze medal, further improving its ranking compared with the previous year and placing it amongst the top 35% of companies assessed globally. The internationally recognised EcoVadis assessment analyses corporate performance across four key areas: Environment, Labour and Human Rights, Ethics, and Sustainable Procurement.

This recognition further reinforces LCM's approach to sustainability as a strategic lever and a guiding principle in the conduct of responsible business activities.

SMETA

LCM is an active member of the Sedex Members Ethical Trade Audit (SMETA) platform, which is internationally recognised as the benchmark for assessing ethical practices throughout the supply chain. LCM uses Sedex as a key assessment and benchmarking tool to support the continuous improvement of its social responsibility performance and promote transparent business practices.

Its membership demonstrates its commitment to creating an increasingly sustainable supply chain, for the benefit of both people and the environment.

OPEN-ES

LCM took part in the Open-es programme, a collaborative platform promoted by Eni and dedicated to sharing best practices and monitoring ESG performance throughout the supply chain. Membership enables LCM to engage with a network of businesses on sustainability issues, and to access self-assessment tools and programmes for continuous improvement.

SYNESGY

LCM has joined the Synesgy platform, an analytical tool developed by CRIF for assessing ESG performance. Using this system, it carried out a self-assessment to evaluate its level of sustainability and received a report providing an ESG assessment and an action plan to develop a clear picture of its strengths and areas for improvement.

The energy needed to keep *flying*



Responsible economic growth

(GRI 201-1)

For LCM, economic solidity is the foundation for sustainable development over time. It makes it possible to invest in innovation, improve services, develop people and strengthen market positioning. At the same time, it is a key factor in maintaining strong relationships with investors and financial partners, contributing to the Group's overall stability.

With this in mind, sustainability also depends on a sound economic balance, in order to achieve environmental and social objectives. LCM's business model therefore aims to generate lasting value, whilst meeting the expectations of all stakeholders.

Consequently, analysis of economic value generated and distributed is a useful tool for understanding the extent to which the Group is able to create wealth and share it in a balanced way throughout the supply chain.

2025 was a moderately positive year for the LCM Group: sales volumes showed modest growth, profit margins remained stable and there was a significant increase in costs.

To some extent, these trends are necessary to compete in an increasingly complex market; to a growing extent, however, they reflect a conscious decision to invest in the Group's potential and future positioning.

This is a transitional phase, during which the Group is implementing a new strategic framework designed to optimise expenditure, raise technological standards and mitigate risks of all kinds, whilst maintaining investment in the organisation's driving force: its people.

Against this backdrop of objectives and expertise, it is no coincidence that, despite the adverse macroeconomic climate, LCM has managed to maintain healthy results, providing its *stakeholders* with stability amidst so much uncertainty.

In 2025, direct economic value generated amounted to **€126,835,826**, up by approximately 1.5% compared to the previous year. The increase is also reflected in economic value distributed, amounting to **€123,478,024** (+1.39%). Resources allocated to the public administration decreased, while investments in the community increased slightly, confirming the Group's willingness to grow its positive social impact despite the difficult macroeconomic situation.

The table below shows direct economic value generated and the economic value retained, which is the difference between revenues and economic value distributed by the Group.

EURO	2025	2024	2023
Direct economic value generated: revenues	126,835,826	124,871,852	136,210,511
Economic value distributed to:			
▸ Operating costs	117,812,360	116,261,520	125,429,116
▸ Employee salaries and benefits	4,666,015	3,818,842	3,896,917
▸ Providers of capital	0	0	0
▸ Public administration	979,892	1,688,633	1,782,093
▸ Investments in the community	19,757	16,357	14,785
Economic value distributed	123,478,024	121,785,353	131,122,912
Economic value retained	3,357,802	3,086,499	5,087,599

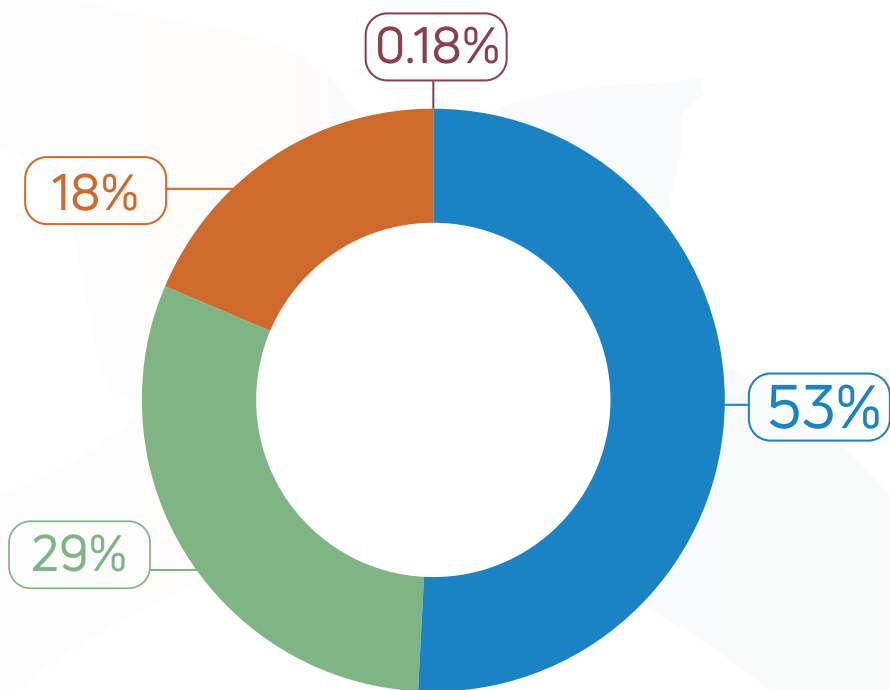
Table 6- Direct economic value generated by the LCM Group

Table 7 sets out a breakdown of direct economic value generated and retained by each Group company.

BREAKDOWN BY COMPANY OF DIRECT ECONOMIC VALUE GENERATED AND RETAINED (2025)				
Company	Direct economic value generated: revenues	% of total direct economic value generated at Group level: revenues	Economic value retained	% of total economic value retained
L.C.M. Trading S.p.A.	66,692,352	53%	2,627,891	78%
L.C.M. Industriale S.r.l.	36,677,608	29%	599,863	18%
Alpha Ingredients S.r.l.	23,241,844	18%	446,438	13%
LCM Genect S.r.l.	224,023	0.18%	-316,390	-9%
TOTAL	126,835,826	100%	3,357,802	100.00%

Table 7 – Breakdown by company of direct economic value generated and retained (2025)

Direct economic value generated in 2025



■ LCM Trading S.P.A ■ LCM Industriale SRL ■ Alpha Ingredients Srl ■ LCM Genect SRL

Chart 1 – % breakdown by Group company of direct economic value generated (2025)

For more information on business and financial performance in 2025, reference should be made to the LCM Separate Financial Statements, approved on 10 July 2026.

The ethos of *an organisation* that builds *relationships*



Responsible Supply Chain Management

Transparency, Quality and Sustainability at the heart of our sourcing decisions.

For LCM, sustainable supply chain management is a strategic priority, given its international presence and the nature of its operating model. LCM operates both in Italy and abroad, with a significant import business, primarily involving the Far East.

The highly **extensive** procurement chain is **global** in scope, involving partners and manufacturers based in various countries, especially in South-East Asia, including China, Korea, Taiwan, India, Japan and others, where state-of-the-art production of the raw materials essential to the Group's core business is concentrated.

Consequently, the proportion of procurement relating to local suppliers (i.e., based in Italy) is limited, standing at around 15% of the total procurement budget.

This complex procurement structure makes careful and responsible management essential throughout the entire supply chain. In this context, promoting responsible procurement is both an ethical principle and a strategic tool for reducing **environmental, social and governance risks** throughout the supply chain.

The double materiality analysis revealed specific impacts and risks associated with management of the supply chain. The main impacts included the potential release and dispersion into the air, water and soil of chemicals and/or process residues generated by suppliers' activities. In terms of risks, the Group is exposed to potential increases in procurement costs and delays in supplies or production constraints linked to the growing scarcity of water, which could affect the industrial processes of its raw material suppliers.

This is why LCM has embarked on a process, in collaboration with the key stakeholders in its value chain, to implement a supply chain management system that incorporates ESG criteria in accordance with the **ISO 20400 Guidelines** on sustainable procurement. LCM aims to work with partners who adopt responsible business practices, with a view to building lasting relationships based on transparency and shared growth. It attaches great importance to the **integration of ESG criteria** right from the supplier assessment stage, to ensure more extensive and effective monitoring from the environmental, social and human rights perspectives. In line with its commitment to health, safety and ESG topics, the Group collects and analyses information from its suppliers in order to assess their level of maturity and support them on a path of continuous improvement.

Starting in 2024, it has gradually introduced two significant changes, which were formalised in 2025: the implementation of **ESG assessment questionnaires for new suppliers** and calculation of **Scope 3** GHG emissions.

With respect to supplier assessment, LCM has adopted an ESG questionnaire to be sent to all the Group's new commercial suppliers and to a selection of existing suppliers identified on the basis of criteria such as economic value and purchase volumes. These tools have been incorporated into the supplier qualification process, together with adherence to the Supplier Code of Conduct, helping to ensure that suppliers' ESG performance is monitored throughout the supply chain.

At the same time, LCM has begun calculating **Scope 3** GHG emissions, i.e., the indirect emissions generated by the entire value chain. Reference should be made to the relevant section for additional information.

Furthermore, the LCM Group's international network of raw material suppliers is subject to **regular rigorous and specific checks**, which include audits at production sites, verification of certifications, quality questionnaires and participation – including as observers – in inspections carried out by the competent authorities (AIFA, EMA, EDQM). These activities help to ensure that the high quality standards that characterise the Group are maintained. LCM is aware that some supply chains, such as the food supply chain, may be subject to breaches of **human rights**, both within and outside the European Union. For this reason, it launched an in-depth analysis and monitoring programme through standard reference platforms such as Sedex, SMETA and SA8000, strengthening its environmental and social due diligence activities and promoting greater attention to the local context in which its partners operate.

This commitment forms part of a wider initiative through which LCM is developing its sustainable procurement model, in line with ISO 20400. In 2025, it also launched a specific training programme on sustainable procurement, with a view to strengthening skills and supporting the integration of sustainability into supply chain management.

In 2025, LCM adopted the “Supplier Code of Conduct”, which sets out the principles and minimum standards required throughout the supply chain, extending application to subcontractors and partners as well.

The Code refers to the main international standards, including the Universal Declaration of Human Rights, the United Nations Global Compact, the ILO Conventions and ISO 14001, and serves as the operational framework for ensuring compliance with regulations and ethical conduct throughout the supply chain.

The LCM Group requires its suppliers to adhere to high standards in the following areas:

- Ethics and integrity: compliance with applicable regulations, prevention of corruption and conflicts of interest, transparency in transactions and protection of confidential information.
- Human rights and working conditions: prohibition of child labour and forced labour, promotion of diversity and inclusion, guaranteed fair working conditions, adequate wages and freedom of association.
- Environmental protection: commitment to reducing environmental impacts, responsible resource management, limitation of emissions, protection of biodiversity and promotion of the circular economy.
- Health and safety: adoption of management systems to prevent risks and ensure safe and healthy working environments throughout the supply chain.
- Due diligence and traceability: implementation of systems for the control, monitoring and reporting of ESG data, including regular audits and checks.
- The LCM Group intends to promote a programme of growth in the field of sustainability in collaboration with its suppliers. For this reason, partners are encouraged to monitor and improve their environmental and social performance, using tools such as ESG reporting.

The Group supports this process through consultation, monitoring and assessment, with the aim of building strong relationships and fostering continuous improvement throughout the value chain.

*Skills and
communities.
This is the
company we want*

8



Society

(GRI 2-7/8/30, GRI 405-1)

8.1. Our people

For LCM, people and interpersonal relationships are the key to creating a stimulating working environment that strengthens a sense of belonging and fosters continuous growth. The aim is to ensure the continuity of the organisation by passing on its values to future generations. LCM pays close attention to the specific needs of its people and works to improve labour relations by promoting a corporate culture based on **mutual respect and fairness**.

LCM ensures compliance with current legislation on the inclusion in the workplace of people in protected categories, and thus meets the recruitment obligations set out in Law 68/1999. All LCM employees are covered by the national collective bargaining agreement for the Commerce sector.

Non-employees include a consultant who acts as Head of Communications and Marketing, an external figure who has held the role for many years.

A breakdown of total employees by the companies in the reporting scope is provided in Table 8 and in Chart 2.

TOTAL EMPLOYEES	NUMBER
Alpha Ingredients S.r.l.	7
LCM Genect S.r.l.	2
L.C.M. Industriale S.r.l.	5
L.C.M. Trading S.p.A.	37
TOTAL	51

Table 8 – Total LCM employees by company (2025)

Breakdown of employees by Group company

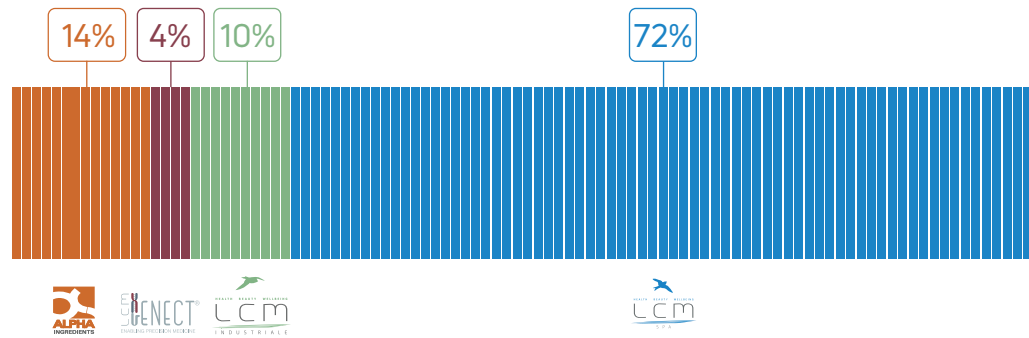


Chart 2 – Breakdown of employees by Group company (2025)

Of the total 51 employees, 20 are men, accounting for approximately 40% of the total, and 31 are women (roughly 60%), achieving a satisfactory gender balance among employees, as shown in Chart 3.



Chart 3 – Group employees by gender (2025)

Confirming the importance LCM attaches to the creation of **solid and lasting working relationships**, all employees are on permanent contracts (95% in 2023).

The breakdown by full-time and part-time employment is as follows: 43 employees – 24 women and 19 men – work under full-time contracts, while 8 employees – 7 women and 1 man – work under part-time contracts, as shown in Table 9.

Number of employees by type of employment									
	2023			2024			2025		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full-time	14	18	32	17	21	38	19	24	43
Part-time	3	7	10	1	7	8	1	7	8
Total	17	25	42	18	28	46	20	31	51

Table 9 – No. of employees by type of employment

Tables 10, 11 and 12 show LCM employees by gender, age group and role (2023, 2024 and 2025). With regard to age, the 30-50 and over-50 age groups prevail, mainly due to the skills required by the job positions.

No. of employees by age group – 2023									
2023	<30			30 – 50			>50		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Junior managers	0	0	0	1	1	2	4	2	6
White-collar workers	0	2	2	10	11	20	2	9	11
Total	0	2	2	11	12	23	6	11	17

Table 10 – No. of employees by gender, age group and role (2023)

No. of employees by age group – 2024									
2024	<30			30 – 50			>50		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Junior managers	0	0	0	1	0	1	5	3	8
White-collar workers	0	3	3	11	13	24	1	9	10
Total	0	3	3	12	13	25	6	12	18

Table 11 – No. of employees by gender, age group and role (2024)

No. of employees by age group – 2025									
2025	<30			30 – 50			>50		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Junior managers	0	0	0	1	2	3	7	3	10
White-collar workers	0	1	1	9	15	24	4	9	13
Total	0	1	1	10	17	27	11	12	23

Table 12 – No. of employees by gender, age group and role (2025)

8.1.1. Turnover

(GRI 401-1)

During 2025, **5 new employees were hired** and no one left the organisation, giving a recruitment rate of approximately 11% and an exit rate of 0%. Table 13 shows the overall turnover rate, which stands at around 10%, half that of the two previous years.

Despite the current unfavourable macroeconomic climate, LCM reaffirms its strategic decision to invest in People, the driving force behind the organisation's development and future sustainability.

Throughout 2025, LCM continued to expand its workforce in all business areas, with a particular focus on commercial functions and the development of key skills for the future, such as ICT, Quality & Compliance, and Communications.

The ongoing expansion of training programmes is part of a clear growth strategy, which it is hoped will lead, in the medium term, to a tangible improvement in business and financial performance and in the corporate climate.

	New hires								
	2023			2024			2025		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
<30	0	0	0	1	0	1	0	0	0
30-50	0	0	0	1	3	4	0	3	3
>50	2	0	2	2	0	2	2	0	2
Total	2	0	2	4	3	7	2	3	5

Table 13 – Total number of new hires by gender and age group

	Exits								
	2023			2024			2025		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
<30	0	0	0	1	0	1	0	0	0
30-50	4	3	7	1	0	1	0	0	0
>50	1	0	1	1	0	1	0	0	0
Total	5	3	8	3	0	3	0	0	0

Table 14 – Total number of exits by gender and age group

	Formula	2025	2024	2023
Overall turnover	(new hires+exits)/average headcount during the year)*100	10%	22.73%	22.73%
Positive turnover	(new hires during the year/ workforce at the beginning of the year)*100	11%	16.67%	4.26%
Negative turnover	(exits during the year/workforce at the beginning of the year)*100	0%	7.14%	17.02%

Table 13 – Overall turnover of LCM employees

8.1.2. Training

(GRI 404-1)

For LCM, the talent and knowhow of each employee are key drivers of the organisation's growth, as well as a tool for enhancing the individual and their aspirations. That is why it attaches great importance to developing the individual skills of its personnel at all levels, by organising training programmes to enhance both technical and soft skills.

This commitment is reflected in the figures: in 2025, the total number of training hours was 1,994, compared with 1,477 hours the previous year, a **35% increase** on 2024 that confirmed an upward trend for the third consecutive year.

As from 2026, training activities will be tracked using Sparta System's "Trackwise digital" software through the *training management solution and training and education* module, rather than manually on paper.

Most of the training courses offered by LCM are optional, with a particular focus on ESG issues. Following the completion of the courses, discussion meetings were organised to provide an opportunity to talk about the key issues that had emerged.

LCM's top-down approach, combined with the increasing involvement of employees as internal stakeholders, shows a **proactive commitment to sustainability**, ensuring that sustainable practices are passed on and implemented more efficiently and effectively.

LCM's training offering was broad and diverse in 2025, with courses covering a variety of topics, such as:

- Sustainability
- Gender equality, Diversity & Inclusion
- Soft skills
- Supply chain
- Ethics and integrity
- HR management
- Marketing
- GMP/GDP/GMPD/REACH/API.

For more details on training courses, see "Annex 1 - Training tables".

	Total training hours								
	2023			2024			2024		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Junior managers	52	52	104	140	109	248	181	244	424
White-collar workers	251	574	825	377	852	1,229	495	1,075	1,570
Total	303	626	929	517	961	1,477	675	1,319	1,994

Table 14 – Total hours of non-mandatory training

	Average hours of training per employee								
	2023			2024			2025		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Junior managers	10.4	17.3	13.0	23.3	36.2	27.6	22.6	48.7	32.6
White-collar workers	20.9	26.1	24.3	31.4	34.1	33.2	41.2	41.3	41.3
Total	17.8	25.0	22.1	28.7	34.3	32.1	48.2	57.3	53.9

Table 17 – Average hours of training per employee

8.1.3. Regular performance review

(GRI 404-3)

Two years ago, the LCM Group introduced a system for the **regular performance review** of its employees. LCM uses the tool to promote people's professional development, recognise their contributions and ensure that individual objectives are aligned with corporate strategy.

The review system makes it possible to monitor results achieved, encourage dialogue between managers and their staff, and identify opportunities for development.

The review is based on the following assessment criteria, which are derived from the values and principles of the code of ethics:

- technical skills,
- ability to work as part of a team,
- problem-solving,
- analytical skills,
- proactivity.

The review takes place annually and involves monitoring, typically on a quarterly basis. In 2025, 92% of employees were subject to a performance review (Table 16). No performance review was carried out for the four employees hired in the second half of 2025, since the observation period would have been too short to achieve significant results.

	total employees who received a regular performance and career development review								
	2023			2024			2024		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Junior managers	5	3	8	6	4	10	6	4	10
White-collar workers	12	22	33	10	24	34	12	25	37
Total	17	25	42	16	28	44	18	29	47

Table 18 – Total no. of employees who received a regular performance and career development review

8.1.4 Equal opportunities and non-discrimination

(GRI 405-1, 406-1)

Equality and fairness are indispensable values for the LCM Group. The Group is committed to promoting them both inside the organisation and outside the work environment, as behavioural guidelines in every sphere. As indicated in the Code of Ethics, LCM rejects and is actively committed to preventing all forms of discrimination or harassment, ensuring that no one is discriminated against on the basis of factors such as age, gender, nationality, political opinions, religious beliefs, state of health, sexual orientation or any other personal characteristic. In 2025, as in previous years, this commitment resulted in tangible outcomes: no incidents of discrimination were recorded.

In the fourth quarter of 2024, the Organisation began the process of obtaining **UNI/PdR 125:2022 certification on gender equality**, by appointing a Steering Committee tasked with ensuring compliance with the requirements and promoting the principles of gender equality. Certification was obtained in April 2025.

This decision reflects a broader vision centred on social responsibility. LCM has drawn up a policy, published on the corporate website ([Gender_Equality_policy-1.pdf](#)), which aims to guarantee equal opportunities throughout the entire career cycle, ensuring fairness in hiring, development and remuneration processes, as well as promoting the professional development of women and representation of the under-represented gender in decision-making roles. Particular attention is also paid to supporting parents and promoting a healthy work-life balance, including through welfare measures, flexibility and smart-working. LCM promotes organisational well-being and combats all forms of discrimination, while also promoting the principles of inclusion throughout its value chain.

Certification is a tool for **monitoring and improving** corporate policies over time, helping to create a fair and respectful working environment. In this area, LCM introduced dedicated training programmes in 2025 to raise awareness about issues such as **gender equality and prevention of harassment**.

Ultimately, embarking on this journey means adopting structured tools to analyse data, measure results and set continuous improvement targets in the areas of Diversity, Equity and Inclusion.

UNI/PdR 125: the certification that demonstrates our commitment

In 2025, LCM obtained UNI/PdR 125 certification, the standard that measures and promotes gender equality in organisations. The certification is not a bureaucratic milestone, but a tangible step towards a fairer and more inclusive working environment. It is based on key indicators relating to corporate culture, governance, HR processes, growth opportunities, fair pay and support for parents.

For LCM, this means transparency, accountability and a commitment to growing together. Certification is a tool for continuous improvement, enabling organisations to monitor their decisions, recognise the value of their people and make a positive impact within the company and the community, creating environments in which everyone is free to express their talents.

8.1.5 Corporate welfare and well-being

(GRI 401-3)

Employee well-being is a priority for the LCM Group, which is why, over time, it has developed a series of initiatives to create a **healthy and people-centred working environment** that safeguards physical and mental well-being while promoting a healthy work-life balance.

In 2023, LCM launched a welfare platform for its employees, which has subsequently been expanded. The platform offers access to training courses and a wide range of services designed to support a healthy work-life balance: these include foreign-language courses, which are also available to family members, as well as leisure and personal wellness activities, such as travel and specialised treatments. In 2025, the offer was further expanded with the introduction of meal vouchers.

No employees took parental leave in 2025.

Parental leave	2023			2024			2025		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Total number of employees entitled to parental leave ²	1	1	2	0	3	3	0	0	0
Total number of employees who took parental leave	1	1	2	0	3	3	0	0	0
Total number of employees who returned to work in the reporting period after taking parental leave	1	1	2	0	3	3	0	0	0

Table 19 – Parental leave in LCM

8.1.6 Smartworking

To support a genuine work-life balance, over time the LCM Group has introduced measures to offer greater **flexibility and organisational autonomy**.

A smartworking operational procedure was established in 2021, accompanied by agreements with individual employees. LCM has invested in ensuring that flexible working is fully effective, also providing appropriate tools for smartworking, such as dedicated devices, printers and, where necessary, internet connections.

These measures are flanked by flexible working hours, which allow employees to start their working day between 8 and 9 am, with a maximum finish time of 7 pm, thereby facilitating better management of personal time.

² "Total number of employees entitled to parental leave" means the number of employees in a situation whereby they could apply for parental leave.

8.2 Health and safety

(GRI 403-1/2/3/4/5/6/7/8/9/10)

LCM recognises that respect for and the protection of the people who work for the Group are of paramount importance. Employees and consultants are guaranteed a safe and healthy working environment, in which individual dignity and physical and moral integrity are always safeguarded.

The Group's operations are based on full respect for internationally recognised human rights and on an ongoing commitment to strict application of labour regulations, with a particular focus on combating all forms of irregularity.

This focus is also reflected in the results: as in 2024, there were **no workplace injuries** during 2025.

Compliance with health, safety and hygiene regulations is a priority for LCM. With this in mind, the organisation has adopted a prevention-focused management system, supported by training initiatives and measures designed to ensure the safety and well-being of all employees. To support these activities, LCM also works with a specialised external consultant (RSPP, representative of the prevention and protection service).

Risk assessments are carried out promptly and systematically through DVRs (risk assessment documents) and DUVRIs (interference risk assessment documents), drawn up for the parent company and its subsidiaries in accordance with Legislative Decree 81/2008. Monitoring covers all the main risk factors relating to the working environment, and health and safety, including those associated with business travel, work-related stress and industrial activities.

Particular attention is paid to protection of pregnant workers, for whom a specific procedure is in place, accessible to all employees.

The corporate bodies and heads of departments are fully aware of their responsibilities and align their decisions with the management and supervisory duties of their respective roles. Decisions are guided by the principles of sound and prudent management, with the aim of ensuring the efficient use of resources, in compliance with current legislation, internal procedures and risk control systems. The DVR also includes a job description that clearly defines the responsibilities and competences of each role.

LCM encourages the active and informed involvement of its employees on health and safety issues. With a view to continuous improvement and quality, it values the contributions of employees, assessing and, where possible, acting on their suggestions and feedback.

With regard to insurance, LCM offers specific covers for work-related risks, notably business travel and use of company equipment. Furthermore, it offers employees, managers and directors a comprehensive range of insurance policies, some of which are automatically provided while others are optional, including:

- occupational accident policy
- non-occupational accident policy
- coverage of medical expenses for travel in Europe and worldwide
- legal protection policy for junior and senior managers
- occupational and non-occupational accident policy for directors.

In parallel, LCM promotes in-house **prevention and awareness-raising** initiatives. As in 2024, the opportunity to take part in the flu vaccination programme was offered in 2025.

In 2024, LCM entered into a partnership with the LILT cancer prevention and early diagnosis centre at its Sesto San Giovanni office. As part of this initiative, in 2025 training courses were organised on prevention and promotion of healthy lifestyles, with particular emphasis on diet and physical activity.

The system of safeguards is completed with an occupational insurance policy covering risks associated with business travel and use of company equipment.



"12 Long Life Principles. Cancer prevention starts with you!"

On 25 July, a webinar on cancer prevention was organised in collaboration with LILT, led by Dr Martina Morandi, a biologist and science communicator. The content of the meeting, together with the supporting materials, were made available for all personnel on the corporate intranet.

The initiative had a positive impact, and encouraged people to share the information outside the workplace, with friends and family. The comments and ideas that emerged highlighted a growing interest in health-oriented activities, reinforcing the organisation's role as a place of learning.

Employee satisfaction levels were very high (average rating 9.06 out of 10), confirming the effectiveness of the initiative and the intention of organising similar events in the future. The impact was monitored through specific pre- and post-event surveys.

Cancer prevention – the next step

Following the positive results of the awareness-raising initiatives, practical prevention services were introduced for employees. Activation of a programme dedicated to early diagnosis of skin cancer was identified as a priority; this is to be carried out at LILT facilities and is scheduled to begin by the end of the first quarter of 2026.

Looking ahead, LCM intends to broaden the partnership, with a view to extending the agreement to include further prevention services by 2027.

8.3 Our contribution to the local area and community

(GRI 413-1)

Over the years, LCM has built a strong relationship with the local community, actively contributing to its development through special projects and initiatives.

Given the international nature of the business, social initiatives are coordinated centrally by LCM S.p.A., to ensure consistency, a broad scope of action and a significant positive impact on local communities.

In the area of **education and research**, the Group collaborates with the University of Milan on laboratory work on raw materials, and promotes programmes for cross-curricular skills and career guidance with schools in Sesto San Giovanni, to give high-school students an insight into the world of work. It also donates decommissioned IT equipment such as computers to local schools.

On the social front, since 2017 LCM has supported the “Amici di Marco” association, which operates in Africa, particularly in Eritrea. The association carries out infrastructure projects, including schools and youth centres, and promotes initiatives for water purification and hygiene, as well as the supply of food, materials and machinery.

Sport is another area of focus for LCM, which has sponsored the Genoa water polo team Sporting Club Quinto since 2014 and backs initiatives to promote sport as a means of enhancing well-being and building relationships. In line with its sustainability strategy, over the next two years the Group also plans to develop a corporate social responsibility campaign. This will include local awareness-raising initiatives focusing on health and prevention, listening and discussion forums, as well as partnerships in cultural welfare projects, highlighting the role of cultural heritage as a wellness driver.

The organisation of corporate events and participation in trade fairs are increasingly focused on sustainability, with preference given to partners and suppliers who adopt ESG-oriented practices. In this context, the communications agency that handles the Group’s corporate activities has been B Corp-certified since 2021.

The focus on responsibility also guides LCM in its day-to-day decisions. For its internal Christmas gifts, it chose panettone from the Letizia Verga Foundation, thereby supporting the Tettamanti Centre’s research into childhood leukaemia.

Materia² – The S's of Well-being

As part of its journey towards a responsible business model, LCM considers dialogue with stakeholders to be essential, as is the commitment to reporting on results not only in financial terms, but also as regards value generated for the environment and the community, with a view to striking a balance between health, the ecosystem and development. Its commitment to sustainability is reflected in a vision that integrates health, the environment, relationships and the community, recognising well-being as the result of a dynamic balance between these elements.

In line with this thinking, in 2025, LCM devised the *Materia²* project, which is due to be rolled out as from 2026. *Materia²* provides the framework within which the organisation intends to develop its social sustainability initiatives over time, based on a vision of well-being as the result of a balance between health, relationships, physical activity, culture and education.

The project is structured around the “4 S's of well-being”: **stamina, social interaction, sport and school**, areas that guide the planning of activities and partnerships with local institutions, associations and organisations. Through these guiding principles, LCM promotes initiatives to foster participation, awareness and positive relationships within the community. *Materia²* also aims to strengthen the Group's role within the local community, promote the initiatives it undertakes in a coherent manner, enhance its appeal as an employer, and generate a measurable social impact over time, contributing to the development of collective well-being.



8.4 Associations

(GRI 2-28)

In order to foster dialogue and strengthen synergies amongst operators in its business sector, LCM is a member of the leading industry associations, including:

- ASSICC – Italian Chemical Trading Association
- AICE – Italian Association of Foreign Trade
- Assointegratori
- SICC – Italian Society of Chemistry and Cosmetological Sciences



2007



ASSICC (Associazione Italiana Commercio Chimico)

LCM is a member of ASSICC, which has been the leading organisation for the Italian chemical industry for more than 75 years. The association represents companies involved in the trade, manufacture and distribution of chemical products, as well as service providers and professionals. Through its membership, LCM consolidates its market position by fostering a continuous exchange of know-how and maintaining constant alignment with best practices.



2012



AICE (Associazione Italiana Commercio Estero)

The Group is a member of AICE, which has represented companies involved in international trade in Italy since 1946. Membership of AICE enables LCM to benefit from expert support on all key issues relating to international trade and internationalisation processes, and to access a solid network of contacts, expertise and business opportunities in overseas markets.



2018



RSPO (Roundtable on Sustainable Palm Oil)

Membership of the RSPO – a global, non-profit organisation that brings together stakeholders in the palm oil procurement chain on a voluntary basis to develop and implement international sustainability standards – makes LCM part of a globally active network, helping to define shared practices and strengthening transparency, traceability and accountability throughout the procurement chain. At the same time, it enables LCM to play a part in the sector's development and to demonstrate its commitment to responsible procurement.



2019



Cosmetica Italia

LCM has become a member of Cosmetica Italia, the Confindustria association that represents and supports companies across the entire supply chain of the beauty sector, from multinationals to SMEs. By joining this initiative, LCM is strengthening its presence within the relevant supply chain.



from
2019



SICC (Società Italiana di Chimica e Scienze Cosmetologiche)

LCM has been a member of SICC – an independent, non-profit organisation active in the development and promotion of cosmetic science. The association promotes scientific, educational and cultural activities, encouraging dialogue between technologists, researchers and professionals.

Assointegratori

More recently, LCM joined Assointegratori, the association that brings together companies across the food supplements supply chain, from research to production and marketing. The organisation supports its members and the scientific community, by promoting growth, professional development and collaboration.



2024



SISTE - Società Italiana di Scienze applicate alle piante officinali e ai prodotti per la salute

SISTE is a non-profit scientific and cultural association that brings together players from across the entire supply chain, institutions and research centres. Membership gives the Group access to technical and scientific expertise and regulatory updates, thereby contributing to the correct use of raw materials and the development of safe, high-quality products in the health, cosmetics and well-being sectors.



2025



Ongoing participation – InterReachSupport (IReS)

At the same time, the Group plays an active role in the IReS working group, which helps companies comply with the obligations set out in the REACH and CLP regulations and related legislation.

Art for Changes – Hangar Piemonte

LCM took part in the “Art for Changes” discussion forum on the topic of welfare organised by Hangar Piemonte. The meeting explored the role of art and culture as drivers capable of influencing organisational well-being and generating value in business environments and local communities.

The discussion proposed viewing welfare as an area for experimentation, moving beyond a focus solely on benefits and emphasising the importance of building alliances between businesses, the cultural sector and communities in order to respond collectively to contemporary challenges.

Through dialogue and participatory activities, the forum has facilitated discussion between organisations and businesses, highlighting concrete examples of how cultural practices can be integrated into the world of work, with positive effects on identity, well-being and a sense of belonging.



An open mind and an eye on the world



9

Innovation and digitalisation: a commitment to the future

LCM recognises the value of **technological innovation**, provided it is guided by sound principles of fairness, transparency and accountability. For this reason, the Group promotes the integration of expertise, research and digital solutions in order to interpret changes, grasp new opportunities and make informed strategic decisions.

A concrete example is the **application laboratory** in Monza, where the cosmetics division carries out research and experimentation to develop sustainable formulations for its customers. This commitment enables the Group to respond promptly to market developments and the needs of its partners, thereby making progress in innovation. In this area, LCM also collaborates with the academic world, in particular with the universities of Milan and Ferrara.

Alongside these activities, the Group invests in technical and scientific outreach initiatives, with a particular focus on healthcare-associated infections (HAIs), promoting greater awareness and contributing to the identification of practical solutions to an issue of social importance.

9.1 Digitalisation, for more efficient processes

The path towards a responsible business model also involves adopting a *data science* and *reporting* system that is equally aligned with ESG criteria. The data portfolio managed by LCM is a valuable resource, which only realises its full potential if it is properly analysed and utilised.

The Group is investing in **digitalisation** by introducing software to support day-to-day operations, in order to develop smarter and more transparent processes. It has selected a number of *forecast-oriented software* programmes consistently with an approach that regards the ability to anticipate scenarios as a key factor, both in the financial sphere and from a sustainability perspective.

These tools are widely used in major organisations, particularly in the life sciences sector, giving them a significant competitive advantage.

A further safeguard is maintenance of the AIFA authorisation, which requires third-party validation of the corporate ERP system to ensure high standards in terms of data security, integrity, traceability and storage. This monitoring applies to all Group companies that adopt the same system.

In 2024, the “*Document Management System*” and “*Training Management System*” modules were introduced on the Trackwise Digital platform to support computerised management of the quality management system (EQMS). The platform enables structured management of complaints, non-conformities, change control, CAPA and audits.

In 2025, LCM migrated to the upgraded version of the Microsoft ERP, Dynamics365 (Business Central), from Microsoft Dynamics NAV, providing for the monitoring of data relevant to ESG-reporting.

In 2025, LCM confirmed its commitment to the digital transformation process and plans to further consolidate a digital friendly model. Its priority objectives include a significant reduction in the use of paper in favour of more sustainable and efficient processes.

Since 2024, LCM has followed the European Cybersecurity Directive (NIS – *Network and Information Security*), which sets out a regulatory framework designed to strengthen cybersecurity and ensure a uniform level of resilience across Europe. The directive introduces stringent requirements regarding the prevention, control and management of cyber incidents, requiring organisations to put appropriate measures in place to protect their systems.

In response, the Group has taken steps to implement the necessary measures and has already launched a programme to strengthen its cybersecurity. The alignment of the LCM Group with the NIS2 Directive began in 2025 with a preliminary gap analysis and the formulation of an action plan, with the support of Tinexta. The roll-out of the planned measures, assigned to NPO Sistema, began in December 2025 and is set to continue in 2026. The process will continue with the strengthening of cybersecurity governance,

through the appointment, in 2026, of a special team and an external Virtual Chief Information Security Officer (v-CISO).

The v-CISO oversees and manages information security within an organisation. Their main responsibilities include developing and implementing policies, procedures and controls to protect sensitive data and the corporate systems. The CISO is also responsible for managing security risks, incident response, ensuring regulatory compliance and providing training on cybersecurity. Furthermore, the "CISO as a service" offer enables the organisation to access specialist expertise, providing a multidisciplinary team to support strategy, governance, processes, technology and regulatory compliance.

The aim is to ensure that the organisation maintains a consistent and robust approach to the protection of sensitive information and critical systems and processes, by building a reliable digital environment, ensuring business continuity and maintaining the trust of customers and business partners.



The ecosystem that boosts *well-being*



Environmental responsibility: our governance and performance

For the LCM Group, safeguarding the environment is an explicit and integral part of the way it conducts its business, as set out in the Code of Ethics and Conduct (art. 24). Even in the absence of direct production processes, the Group manages its environmental impacts systematically, starting with those it can control most directly – energy consumption, Scope 1 and 2 emissions, waste management and the use of materials – and progressively extending its analysis to include indirect factors along the value chain.

In recent years, this commitment has led to an increasingly structured approach to integrating environmental issues with business processes, based on measurable data and the gradual strengthening of monitoring tools. The aim is to improve the quality of the information available and, as a result, to support more informed operational decisions.

In 2025, the Group carried on developing its main areas of focus. On the operational front, it continued the energy procurement review, with a growing preference for **renewable sources**, alongside internal initiatives to reduce the use of plastic in offices. These initiatives were accompanied by awareness-raising activities among personnel to encourage more mindful behaviour in the use of resources on a daily basis.

At the same time, further work was undertaken with regard to indirect emissions. During the year, LCM launched a project to boost the collection of primary data for the calculation of **Scope 3 emissions**. This included the **adoption of the ISO 20400 guidelines** on sustainable procurement, leading to the integration of environmental factors (including those relating to Scope 3) into the supplier qualification and assessment processes. This is a first step towards gradually improving the reliability and coverage of data throughout the supply chain.

The current process also covers governance issues. The Group is strengthening the integration of environmental issues into its decision-making processes and risk management, with the aim of structuring its policies and responsibilities in a more systematic manner. To this end, plans are in place for the formalisation in **2026** of an **Environmental Policy**; this will systematise existing commitments and establish a framework for future activities, including emissions monitoring in accordance with the GHG Protocol and the gradual identification of improvement measures consistent with the business model.

The Group has no significant direct impacts on biodiversity, given the nature of its activities. Nevertheless, it continues active collaboration with universities and research centres on studies relating to raw materials and herbal extracts, contributing to the advancement of scientific knowledge.

10.1 Energy management as a strategic lever

(GRI 302-1/3)

Energy management is one of the key areas through which the LCM Group measures and manages its direct environmental impacts, particularly as regards energy consumption and Scope 1 and 2 greenhouse gas emissions. In this context, monitoring activities are gradually being flanked by operational decisions aimed at more efficient management of resources and greater traceability of consumption.

The Group's energy requirements relate mainly to the use of electricity and natural gas for day-to-day operations at its premises, as well as the petrol and diesel fuel used by the corporate fleet.

Over the last few financial years, LCM has undertaken a review of its energy procurement practices, with a particular focus on electricity. The review began some years ago and was consolidated at the end of 2023, with the gradual signing of supply contracts covered by **Guarantees of Origin (GOs)** for sites under LCM's direct control. As at the reporting date, electricity consumed at the premises in Via Mazzini 33 (Sesto San Giovanni) and Via Caravaggio 19 (Monza) was entirely covered by GOs. Any residual electricity consumption not covered by GOs relates to leased premises where the Group does not have the freedom to choose its energy provider.

In addition to purchased electricity, LCM generates power from renewable sources via the **solar panels** installed at its head office, which have been in operation for around twenty years and have a total capacity of 48.6 kW. This, together with the energy covered by GOs, contributes to the overall share of consumption from renewable sources.

With regard to corporate transport, at the end of 2025 the fleet consisted of 27 vehicles (2 owned and 25 leased), with a mix that reflects a transitional phase: 13 petrol, 10 diesel, **1 petrol-hybrid, 1 plug-in hybrid and 2 full electric vehicles**. Two charging stations were installed at head office when the electric vehicles were acquired some years ago. Charging on-site is powered by energy covered by GOs or self-generated; use of external charging points in 2025 was marginal (one charge).

In 2025, emissions attributable to the corporate fleet stood at around 68 tonnes of CO₂e.

Overall, the Group's total energy consumption in 2025 amounted to 2,146.54 GJ, of which 1,903.66 GJ from non-renewable sources and 242.87 GJ from renewable sources.

To monitor trends in energy consumption in relation to the size of the business, the Group has introduced an **energy intensity indicator**, calculated as the ratio of total energy consumption (expressed in GJ) to total revenue³ (in millions of euros). The indicator includes all the main energy sources used internally by the organisation (both purchased and consumed electricity, and self-generated and self-consumed electricity from the photovoltaic system, as well as natural gas, petrol and diesel).

$$\text{Energy intensity} = \frac{\text{Total energy consumption (GJ)}}{\text{Total revenue (€ million)}} = \frac{2,146.54}{126.84} = 16.92$$

Energy data were collected for all sites included in the reporting scope from analysis of the available documentation (utility bills, declarations issued by energy providers, production data from the photovoltaic system). Where no actual figures were available, estimates were made, as explained in the footnote to Table 20.

³ The 'Revenue' line item in the profit and loss account includes revenue from sales and services, other revenue and income, financial income and other financial income.

Energy consumed within the organisation ⁴				
Ref. GRI 302-1	UM	2023	2024	2025
Consumption from non-renewable energy sources	GJ	2576.35	1735.72	1903.66
Energy purchased	GJ	192.98	71.16	55.88
Petrol	GJ	524.77	385.29	515.63
Diesel	GJ	996.56	571.32	418.56
Natural gas	GJ	862.03	707.95	913.59
Consumption from renewable energy sources	GJ	76.11	194.21	242.87
Energy purchased	GJ	0.00	121.24	164.21
Photovoltaic energy	GJ	76.11	72.96	78.66
Total consumed energy	GJ	2652.46	1929.93	2146.54

Table 20- Energy consumed within the organisation

Energy consumed within the organisation 2023 vs 2024 vs 2025

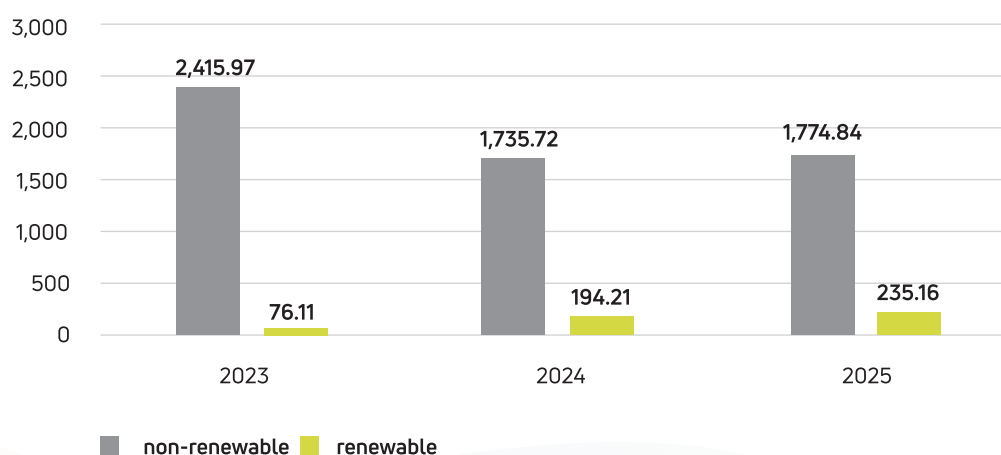


Chart 4 – Energy consumed by LCM 2023 vs 2024 vs 2025⁵

⁴ 2023 emission factor: DEFRA, Greenhouse gas reporting: conversion factors 2023

2024 emission factor: DEFRA, Greenhouse gas reporting: conversion factors 2024

2025 emission factor: DEFRA, Greenhouse gas reporting: conversion factors 2025

For 2023:

- energy consumed at the leased data bridge office at Via Mazzini 33 is estimated, as it is included in the lease contracts. Estimate based on the average consumption of the other offices, based on the number of square metres.
- petrol consumption also includes the consumption of the hybrid vehicle.

For 2023, 2024 and 2025:

- natural gas consumption for the offices at Via Falck 16 and Via Mazzini 33 in Milan has been estimated on the basis of the average consumption of the other offices and the number of square metres.
- natural gas consumption includes an estimate equal to 50% of the utility bill for Via Caravaggio, Monza. The supply is in the name of another company with which costs are shared equally (50%), also assuming an equal division of consumption.
- the two full electric cars are charged mainly at the charging points installed at head office. Head office consumption includes the electricity supplied to the two charging points.
- petrol consumption for corporate vehicles includes both the petrol and petrol-hybrid cars, as well as the share attributable to the petrol-powered plug-in vehicles.

In 2024, the calculation methodology for the corporate fleet was changed with respect to 2023. Specifically, to achieve more accurate measurement, the approach was improved by replacing kilometres travelled with litres of fuel and kWh of electricity effectively consumed. This approach was also used for 2025.

⁵ As shown in Table 20, total energy consumed in 2023 amounted to 2,652.46 GJ and included all operating offices in the reporting scope that year. However, for the sole purpose of comparison with 2024 and 2025, a comparable figure was recalculated excluding the energy consumed at the Via Mazzini 33 and Via Mazzini 19 offices in Sesto San Giovanni (Milan). These are no longer operational and therefore have not been included in the reporting scope for the following years.

10.2 GHG reporting and performance monitoring

(GRI 305-1/2/3/4/5)

Scope 1 and 2

The LCM Group measures and reports its greenhouse gas emissions with the aim of systematically monitoring the main environmental impacts directly associated with its business activities. Emissions are accounted for in accordance with the *GHG Protocol Corporate Accounting and Reporting Standard (latest version)*, referring to the indications set out in the *Scope 2 Guidance* for managing electricity-related emissions.

In this context, the focus is on Scope 1 and Scope 2 emissions, which represent the components directly attributable to the Group's operations. Scope 1 emissions include sources under operational control, such as fuel consumption by the corporate fleet (petrol, diesel and hybrid vehicles), use of natural gas for office heating and, to a limited extent, fugitive emissions from air-conditioning systems. Scope 2 emissions, on the other hand, are associated with the consumption of electricity used at LCM premises and for charging electric vehicles. In accordance with the GHG Protocol, Scope 2 emissions are reported using both approaches:

- **location-based**, which reflects the average emission factor of the national energy mix;
- **market-based**, which takes into account specific energy procurement choices, including supplies covered by Guarantees of Origin (GOs).

In 2025, Scope 1 emissions stood at 119.06 tCO₂e, accounting for the largest share of total Scope 1 and 2 emissions. Scope 2 emissions amounted to 11 tCO₂e under the location-based approach and 6.52 tCO₂e under the market-based approach (Table 20).

The calculation of emissions includes the main greenhouse gases specified in the standard (CO₂, CH₄, N₂O and HCFCs), converted to CO₂ equivalent using the relevant Global Warming Potential (GWP) factors.

The reduction in the market-based figure compared with the previous years is attributable to the gradual overhaul of energy procurement arrangements. Specifically, the use of electricity covered by Guarantees of Origin led to a **reduction of approximately 74% in Scope 2 market-based emissions compared with 2023⁶**, the first year in which this type of supply was adopted.

To supplement the absolute figures with a more comprehensive assessment of trends over time, the Group has also introduced an **emissions intensity indicator**. The indicator is calculated as the ratio of total Scope 1 and Scope 2 emissions (*market-based*) to total revenue⁷, expressed in millions of euros. It relates exclusively to emissions generated by activities within the organisation and takes into account CO₂, CH₄, N₂O and HCFCs. This approach makes it possible to monitor emissions in relation to the Group's economic dimensions and to support analysis of performance over time, in line with the development of the business.

$$\text{Emission intensity} = \frac{\text{Scope 1 and 2 market-based (tCO}_2\text{e)}}{\text{Net revenue (€ million)}} = \frac{125.59}{126.84} = 0.99$$

⁶ As shown in Table 21, in 2023, Scope 2 market-based GHG emissions totalled 26.83 tCO₂e and included all operating offices within the reporting scope that year. However, for the sole purpose of comparison with 2024 and 2025, a comparable figure was recalculated excluding the emissions of the Via Mazzini 33 and Via Mazzini 19 offices in Sesto San Giovanni (Milan). These are no longer operational and therefore have not been included in the reporting scope for the following years. The recalculated figure for 2023, used only to ensure consistency for time-based and reporting-scope purposes, amounted to 25.42 tCO₂e.

⁷ The 'Revenue' line item in the profit and loss account includes revenue from sales and services, other revenue and income, financial income and other financial income.

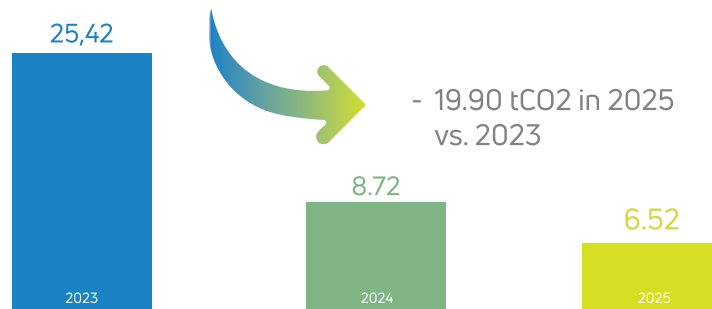


Chart 5 – Scope 2 market-based – 2023 vs 2024 vs 2025

Scope 1 and Scope 2 GHG emissions ⁸	UM	2023	2024	2025
GRI 305-1/2				
Total GHG emissions (Scope 1, Scope 2) market-based	tCO ₂ e	159.84	118.39	125.59
Total GHG emissions (Scope 1, Scope 2) location-based	tCO ₂ e	146.52	121.69	130.06
Direct GHG emissions (Scope 1)	tCO ₂ e	133.01	109.67	119.06
Indirect GHG emissions from energy consumption (Scope 2) market-based	tCO ₂ e	26.83	8.72	6.52
Indirect GHG emissions from energy consumption (Scope 2) location-based	tCO ₂ e	13.51	12.03	11.00

Table 21 – Scope 1 and Scope 2 GHG emissions

8 2023 Scope 1 emission factor: DEFRA, Greenhouse gas reporting: conversion factors 2023; IPCC 2021, AR6, Table 7.SM.7
2023 Scope 2 location-based emission factor: EEA, Greenhouse gas emission intensity of electricity generation in Europe, 2023
2023 Scope 2 market-based emission factor: AIB, European Residual Mixes Results of the calculation of Residual Mixes for the calendar year 2023
2024 Scope 1 emission factor: DEFRA, Greenhouse gas reporting: conversion factors 2024; IPCC 2021, AR6, Table 7.SM.7
2024 Scope 2 location-based emission factor: EEA, Greenhouse gas emission intensity of electricity generation in Europe, 2024
2024 Scope 2 market-based emission factor: AIB, European Residual Mixes Results of the calculation of Residual Mixes for the calendar year 2024
2025 Scope 1 emission factor: DEFRA, Greenhouse gas reporting: conversion factors 2025; IPCC 2021, AR6, Table 7.SM.7
2025 Scope 2 location-based emission factor: EEA, Greenhouse gas emission intensity of electricity generation in Europe, 2025
2025 Scope 2 market-based emission factor: AIB, European Residual Mixes Results of the calculation of Residual Mixes for the calendar year 2025
The fugitive emissions for the offices at Via Falck 16 – 20099 Sesto San Giovanni (Milan) are not available for any of the three reporting years.

Scope 1 in 2025

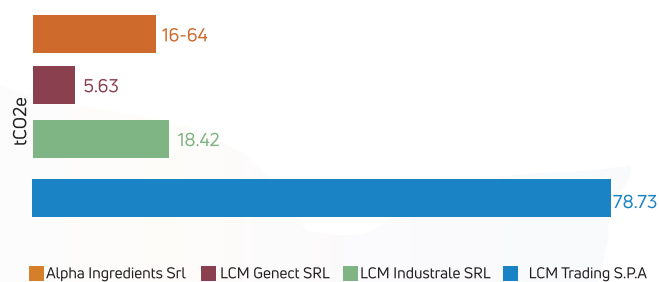


Chart 6- Total Scope 1 emissions by company (2025)⁹

Scope 2 market-based in 2025

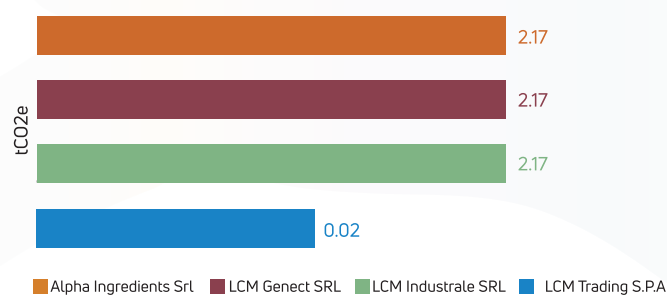


Chart 7 – Total Scope 2 market-based emissions by company (2025)

Scope 1 and 2 market-based – %

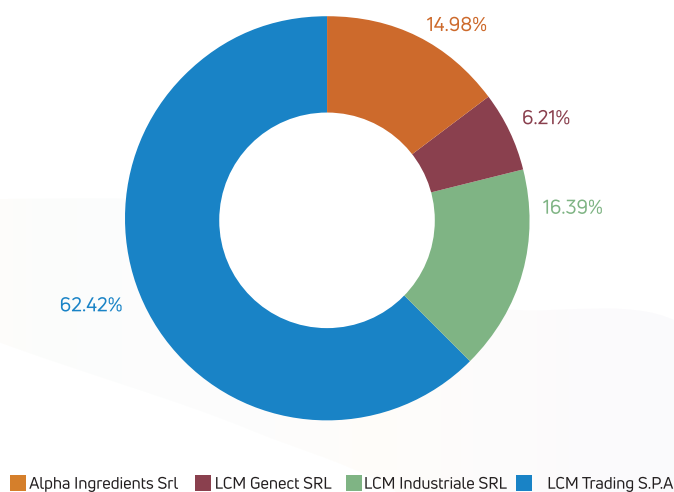


Chart 8 – Total Scope 1 and Scope 2 market-based emissions (2025) by company (tCO2e and %)

⁹ Natural gas consumption at the offices at Via Falck 16 – 20099 Sesto San Giovanni (Milan) was split 1/3 between LCM Industriale, ALPHA Ingredients and LCM Genect.

Scope 3

During 2025, the LCM Group continued the process begun in 2024 to quantify greenhouse gas emissions across the value chain (Scope 3), in line with the requirements of the *GHG Protocol – Corporate Value Chain (Scope 3) Accounting and Reporting Standard* and the related *Technical Guidance for Calculating Scope 3 Emissions*.

After an initial methodological framework was drafted in 2024, the work carried out in 2025 focused on consolidating the calculation methods, validating the data collected and improving information coverage of the main categories. This helped to improve understanding of the indirect emissions associated with the Group's operations, the products it markets and its activities throughout the supply chain.

Quantification of emissions involved the main company departments and relevant external stakeholders, including **suppliers**, logistics and administration. Information was collected using structured questionnaires and internal data analysis, with the level of detail varying according to data availability.

In accordance with the requirements of the standard, different calculation methods were used:

- activity-based approaches, based on physical data (e.g., kg, km),
- spend-based approaches, based on expenditure figures in euros.

The calculation of emissions includes the main greenhouse gases specified in the standard (such as CO₂, CH₄, N₂O and HCFCs), converted to CO₂ equivalent using their respective Global Warming Potential (GWP) factors.

For reporting purposes, an assessment of the materiality of the various categories set out in the GHG Protocol was carried out, taking into account the Group's operational characteristics and potential emissions impact. The categories deemed to be of significance have been included, whilst the remaining categories have been excluded as they are either not applicable or not of material importance to the business model.

Based on this approach, the following Scope 3 emission categories were identified and reported:

Category 1 – Purchased goods and services

Category 1 includes all greenhouse gas emissions generated along the upstream value chain from the production of goods and services purchased by the organisation. These emissions refer, for example, to mining, cultivation, processing, transportation and production of materials and components prior to their acquisition by the organisation.

Emissions were quantified on the basis of the quantities of products purchased by the four companies. Emission factors (EFs) were selected according to the following hierarchy:

1. Primary EFs provided by the manufacturer, if they come from a reliable source or are conservative compared to generic datasets;
2. Use of the Ecoinvent dataset adopted in 2024, to ensure methodological consistency;
3. Ecoinvent EF representative of the specific product or its chemical class;
4. EFs relating to the base raw material, if conservative or comparable to generic datasets;
5. Generic datasets for products to which the above criteria cannot be applied.

Category 2 – Capital goods

Category 2 covers emissions from the production of capital goods purchased by the organisation and used in its business activities.

In the case of the LCM Group, the calculation used a spend-based approach, applying emission factors (kg CO₂e/€) derived from Eurostat databases to the expenditure incurred on fixed assets and capital goods during the reporting period.

In 2025, expenditure related exclusively to LCM S.p.A. and included personal computers, mobile phones, furniture and equipment for the cosmetics laboratory in Monza, as well as the acquisition of patent rights. No purchases attributable to this category were recorded by LCM Industriale S.r.l., LCM Genect S.r.l. and Alpha Ingredients S.r.l.

Category 3 – Fuel and energy-related activities (not included in Scope 1 or 2)

This category includes indirect upstream emissions from the production and distribution of energy used by the organisation, excluding emissions already accounted for under Scope 1 and 2.

For the LCM Group, the calculation was based on the energy consumption figures already recorded for Scope 1 and Scope 2 reporting (electricity and fuels), to which upstream emission factors taken from the DEFRA 2025 database were applied. These factors take into account emissions from the extraction, production and transportation of energy carriers.

Category 4 – Upstream transportation and distribution

Category 4 includes emissions from the transportation of goods along the value chain, both upstream and in distribution to customers, when managed (paid for) directly by the organisation.

Data collection and quantification for LCM used different approaches, depending on the availability and level of detail of the information:

- For upstream transportation, the quantities purchased were used, expressed in weight by country of origin. The distances were estimated by calculating the route between the capital of the country of origin and LCM's registered office, using specific Excel formulas. In the absence of specific information on means of transport, a conservative approach was adopted, using road transport (TIR) for continental journeys, whilst a combination of sea transport (90% of the distance) and road transport (10%) was used for extra-continental journeys. The DEFRA 2025 emission factors were then applied to the data obtained.
- For downstream transportation, the reports provided by the hauliers were used when available. Three main scenarios can be distinguished: where reports directly included emission data (kg CO₂e), these data were used as the primary data; where reports provided only distance and weight transported, the information was supplemented with DEFRA 2025 emission factors to calculate emissions; where no primary data was available, a spend-based approach was adopted, estimating emissions on the basis of costs incurred using factors from Eurostat's consumption-based accounting tool.

Category 5 – Waste generated in operations

This category includes emissions from the final treatment of waste created by the organisation's operations, regardless of whether these operations are managed in-house or by third parties.

For the LCM Group, the calculation used the actual quantities of waste disposed of (expressed in kg), broken down by type. Each type of waste was associated with a specific emission factor (kg CO₂e/kg) taken from the DEFRA 2025 database. The factors also include emissions from the transportation of waste to the treatment facilities.

Category 6 – Business travel

Category 6 covers emissions from employee business travel, excluding journeys between home and work.

The Group adopted a spend-based quantification approach, based on the total expenditure incurred on business travel, including meals. The figure, expressed in euros, was converted into US dollars using the European Central Bank's average exchange rate for 2025 and was associated with emission factors from the US Environmental Protection Agency's (EPA) Supply Chain Factors Dataset v1.3.

Category 7 – Employee commuting

This category covers emissions from employees' daily commute between home and work. The data was collected with a questionnaire, which gathered information on the distance travelled, means of transport, vehicle characteristics and smartworking frequency. Overall, 53 responses were collected from a total of 55 people (51 employees and 4 directors), which were subsequently extrapolated to represent the entire workforce.

The calculation considered a total of 250 annual working days and included the estimated emissions from smartworking, which accounts for more than 30% of annual working hours. Emission factors from the DEFRA 2025 database were used.

Category 10 – Processing of sold products

This category refers to emissions from third-party processing of intermediate products sold by the organisation. Intermediate products are products that require further processing, transformation or incorporation into another product before use, which therefore generate emissions during the processing stages that take place after their sale by the organisation and before they are used by the end consumer.

For the LCM group, emissions in this category were quantified using a spend-based approach, applying emission factors from the Eurostat database (2022).

The results obtained in 2025 confirm the complexity of quantifying Scope 3 emissions, particularly with regard to the availability and quality of data along the value chain. The Group intends to continue improving its data collection process, making increasing use of primary data and refining its calculation methods to ensure that its estimates more accurately represent actual operational trends.

Total Scope 3 GHG emissions accounted for 99.91% of total emissions (Scope 1, 2 and 3 market-based) and amounted to 143,326.99 tCO₂e (Table 21). Category 1 (Purchased goods and services) accounted for the largest proportion (95.54%) of total Scope 3 emissions.

Scope 3 in tCO₂e and % in 2025



Chart 9 – LCM Group Scope 3 emissions in tCO₂e and % in 2025

Scope 3 GHG emissions	UM	2024	2025
GRI 305-3			
Total GHG emissions (Scope 3)	tCO₂e	158,273.76	143,326.99
Category 1 Purchased goods and services ¹⁰	tCO ₂ e	149,988.53	136,937.37
Category 2 Capital goods ¹¹	tCO ₂ e	18.76	3.76
Category 3 Fuel and energy-related activities ¹²	tCO ₂ e	27.20	29.48
Category 4 Upstream transportation and distribution ¹³	tCO ₂ e	8,090.15	6,177.59
Category 5 Waste generated in operations ¹⁴	tCO ₂ e	0.49	1.24
Category 6 Business travel ¹⁵	tCO ₂ e	115.41	138.27
Category 7 Employee commuting ¹⁶	tCO ₂ e	33.22	38.34
Category 10 Processing of sold products ¹⁷	-	-	0.93

Table 22 – Scope 3 GHG emissions

Scope 1, 2 and 3 market-based GHG emissions	UM	2024	2025
GRI 305-1/2/3			
Total GHG emissions (Scope 1, 2 and 3) market-based	tCO₂e	158,392.15	143,452.57
Total GHG emissions (Scope 1)	tCO ₂ e	109.67	119.06
Total GHG emissions (Scope 2 market-based)	tCO ₂ e	8.72	6.52
Total GHG emissions (Scope 3)	tCO ₂ e	158,273.76	143,326.99

Table 23 – Total market-based GHG emissions

10 2024 emission factors: Ecoinvent v.3.10.1, LCA and CFP studies provided by suppliers

2025 emission factors: Ecoinvent v.3.11, LCA and CFP studies provided by suppliers

11 2024 and 2025 emission factor: Eurostat, 2022 – Consumption-based accounting tool

12 2024 emission factor: DEFRA, Greenhouse gas reporting: conversion factors 2024

2025 emission factor: DEFRA, Greenhouse gas reporting: conversion factors 2025

13 2024 emission factor: DEFRA, Greenhouse gas reporting: conversion factors 2024, Eurostat, 2022 – Consumption-based accounting tool

2025 emission factor: DEFRA, Greenhouse gas reporting: conversion factors 2024, Eurostat, 2022 – Consumption-based accounting tool

14 2024 emission factor: DEFRA, Greenhouse gas reporting: conversion factors 2024

2025 emission factor: DEFRA, Greenhouse gas reporting: conversion factors 2024

15 2024 and 2025 emission factor: US Government, Environmental Protection Agency, Supply Chain Factors Dataset v1.3. Scheduled passenger air transportation 2022

16 2024 emission factor: DEFRA, Greenhouse gas reporting: conversion factors 2024

2025 emission factor: DEFRA, Greenhouse gas reporting: conversion factors 2024

17 2025 emission factor: Eurostat, 2022 – Consumption-based accounting tool



GHG emissions Scope 1, 2 and 3 location-based	UM	2024	2025
GRI 305-1/2/3			
Total GHG emissions (Scope 1, 2 and 3) location-based	tCO₂e	158,395.46	143,457.04
Total GHG emissions (Scope 1)	tCO ₂ e	109.67	119.06
Total GHG emissions (Scope 2 location-based)	tCO ₂ e	12.03	11.00
Total GHG emissions (Scope 3)	tCO ₂ e	158,273.76	143,326.99

Table 24 – Total location-based GHG emissions

Biogenic emissions

As specified in the GHG Protocol – Corporate Value Chain (Scope 3) Standard, biogenic CO₂ emissions have been calculated and reported separately from the main inventory, where applicable and subject to the availability of data and emission factors.

For the LCM Group, emissions were quantified for Categories 1 and 4 (only in cases where activity data expressed in litres of fuel consumed and the relevant emission factors were available). Biogenic emissions for Category 3 were zero, as Scope 1, Scope 2 and Category 3 emissions were modelled using only emission factors relating to fossil fuels. It was not possible to calculate biogenic emissions for Categories 2, 6 and 7, due to the use of methodologies based on economic data and the consequent lack of emission factors that would allow identification of the biogenic component. No biogenic CO₂ emissions of significance for reporting purposes were identified for Categories 5 and 10; consequently, these emissions were not separately quantified.

Scope 3 biogenic emissions	UM	2025
GRI 305-3		
Total biogenic CO₂ emissions	tCO₂e	254.98

Table 25 – Biogenic emissions in 2025

10.3 Waste: management, traceability and continuous improvement

(GRI 306-1/2/3/4/5)

At LCM, waste management is an operational area governed by well-established organisational procedures and traceability tools that comply with current legislation. Even in the absence of production operations, the Group generates waste from its office activities and from goods handling during logistics processes.

Work began to strengthen the system in previous years and continued in 2025, with particular attention paid to data quality and the correct classification of waste. Activities focus primarily on organising separate waste collection in offices and communal areas, as well as on managing waste from goods that are no longer fit for sale.

Goods that are no longer fit for sale are products damaged during transportation or storage, expired raw materials or batches that fail to meet delivery standards. Products that cannot be recovered are managed in designated storage areas and handed over to authorised operators for proper disposal. The entire process is managed in accordance with regulatory requirements, including allocation of an EWC code and identification of physical condition.

Compared with 2024, a detailed methodological review was conducted on waste classification, with particular reference to the distinction between hazardous and non-hazardous waste. The review led to an update of the allocation criteria used in reporting and, consequently, to a change in the presentation of data compared with 2024. Consequently, any observable variations between the two years reflect an improvement in the quality and consistency of the classification process and are not attributable to a change in the volumes of waste generated.

Alongside its day-to-day operations, the Group continues to implement preventive measures to minimise the creation of waste, including monitoring of product shelf life, spot checks on pre-batch specifications, and regular audits of logistics partners to assess service quality. To support these activities, LCM has added a stock management indicator to the assessment criteria for sales functions, with a particular focus on stock rotation, management of out-of-date stock and logistics performance. Despite these measures, in 2025 the volume of waste produced increased compared with the previous year.

As regards traceability systems, all Group companies are registered with the RENTRI system, the benchmark for the digitalisation and management of waste information flows. Data was collected individually for each company, by analysing the waste tracking forms (WTFs) and the information available in the system, in accordance with current regulations. In 2025, the Group generated a total of 2.54 tonnes of waste, of which 0.39 tonnes of non-hazardous waste and 2.16 tonnes of hazardous waste (Table 26).

Waste generated	UM	2024	2025
GRI 306-3			
Total waste generated	t	1.96	2.60
Non-hazardous waste generated	t	1.17	0.51
Directed to disposal	t	0.24	0.00
EWC 160306	t	0.79	0.28
EWC 180109	t	0.14	0.24
Hazardous waste generated	t	0.79	2.09
EWC 070608	t	0.10	0.20
EWC 150110	t	0.004	0.05
EWC 150202	t	0.03	0.10
EWC 160305	t	0.65	1.64
EWC 160506	t	0.00	0.10

Table 26 – Total waste generated in 2024 and 2025

In the absence of precise information on the final treatment of all waste streams, methodological assumptions were made to estimate the waste destination volumes: approximately 2.33 tonnes were directed to disposal, whilst 0.28 tonnes were sent for recovery.

Waste generated set for recovery	UM	2024	2025
GRI 306-4			
Total waste generated	t	0.24	0.00
Non-hazardous waste generated	t	0.24	0.00
Recycling (off-site)	t	0.24	0.00
EWC 160306	t	0.24	0.00
Hazardous waste generated	t	0.24	0.00

Table 27 – Waste generated in 2024 and 2025 sent for recovery

Waste generated directed to disposal	UM	2024	2025
GRI 306-5			
Total waste generated	t	1.96	2.60
Non-hazardous waste generated	t	0.93	0.51
Sent to landfill (off-site)	t	0.14	0.24
EWC 180109	t	0.14	0.24
Incineration (with energy recovery) (off-site)	t	0.79	0.28
EWC 160306	t	0.79	0.28
Hazardous waste generated	t	0.79	2.09
Sent to landfill (off-site)	t	0.79	2.09
EWC 070608	t	0.10	0.20
EWC 150110	t	0.004	0.05
EWC 150202	t	0.03	0.10
EWC 160305	t	0.65	1.64
EWC 160506	t	0.00	0.10

Table 28 – Waste generated in 2024 and 2025 directed to disposal

10.4 Use of materials and management of packaging

(GRI 301-1)

A significant proportion of the materials flows managed by the LCM Group consists of packaging associated with the marketing of raw materials. Packaging plays a vital role in the transportation, storage and conservation of products and is selected according to specific technical requirements. The main types of packaging used by the Group include steel and aluminium drums, plastic containers (cans, small tanks), paper packaging (bags and boxes) and wooden or plastic pallets.

The main source of information on packaging placed on the market are the periodic statements submitted to Italy's national packaging consortium (CONAI) as part of the extended producer responsibility scheme. The statements for 2025 show a total of approximately 352 tonnes of packaging arising from import activities. Paper made up the largest proportion (63.05%), followed by steel (14%), wood (10.91%), plastic (10.9%) and a residual amount of aluminium (1.13%). The CONAI figures, however, represent only a portion of the total flows managed by the Group, as they are limited to packaging associated with imports and subject to declaration.

Packaging imported in 2025 (tonnes)

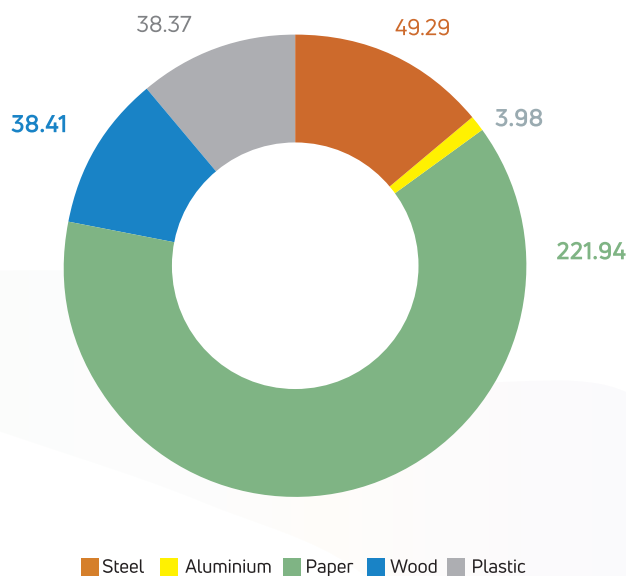


Chart 10 – Total weight of imported packaging (2025)

At the same time, LCM continued reporting activities on raw materials marketed in 2025. Chart 10 provides a breakdown of raw materials purchased, distinguishing between renewable and non-renewable sources¹⁸.

Raw materials marketed in 2025

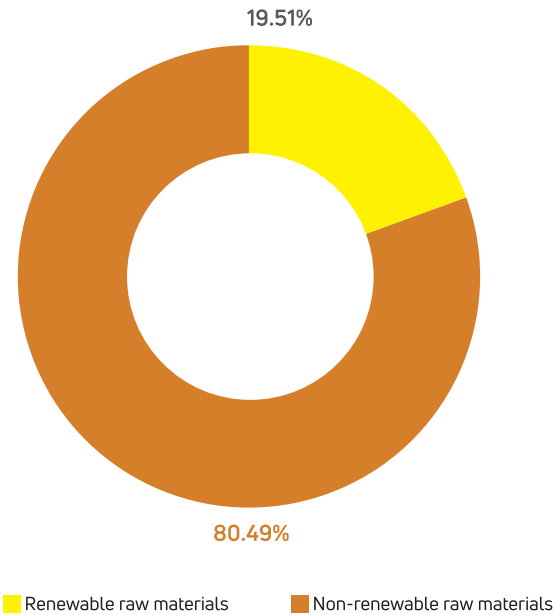


Chart 11 – % breakdown of raw materials marketed in 2025 by renewable and non-renewable materials

Given the information available, LCM recognises the need to gradually improve the traceability of materials and packaging throughout the logistics cycle, by extending the scope of the analysis beyond the data currently available.

¹⁸ The quantities of purchased materials have not been reported for reasons of confidentiality related to the business model and protection of strategic information. Furthermore, the calculation considered only purchased volumes that were subsequently marketed. Raw materials used for sampling activities were not included, as they were not representative of the materials flows actually purchased during the year.

10.5 Compliance with environmental regulations

Developments in the European regulatory framework on environmental issues is a question to which the LCM Group pays growing attention, particularly as regards reporting, traceability and due diligence obligations along the value chain. In this area, the Group continuously monitors the main applicable regulations, introducing measures to ensure compliance proportionate to its operations and level of exposure.

During 2025, it focused on three specific regulatory areas:

1. the Carbon Border Adjustment Mechanism (CBAM),
2. the European Deforestation Regulation (EUDR, EU Regulation 2023/1115), and
3. the Packaging and Packaging Waste Regulation (PPWR, EU Regulation 2025/40).

CBAM – Carbon Border Adjustment Mechanism

The CBAM is the mechanism introduced by the European Union to combat the phenomenon of *carbon leakage* through a system that monitors and offsets the emissions embedded in specific categories of goods imported from non-EU countries.

During the transitional phase (2023–2025), the mechanism required regular reporting once specific quantitative thresholds were exceeded. In 2024, the LCM Group began monitoring potentially relevant customs items and continued this practice in 2025. Its analysis confirmed that, **in 2025**, the thresholds triggering the obligation to submit data were not exceeded, nor were any products subject to the mechanism imported. Consequently, **the percentage of purchased products subject to CBAM was 0%.**

Meanwhile, the Group continued to strengthen its in-house expertise by taking part in special training programmes. Specifically, in 2025, it followed a specialist webinar to examine in depth the move from the transitional phase to the permanent system, analysing challenges that arose, operational requirements and implications for importing companies. These activities are designed to ensure an adequate level of readiness ahead of full implementation of the requirements

EUDR – European Deforestation Regulation

During 2025, the Group began rolling out measures to comply with the EUDR, which introduces due diligence requirements for organisations that place certain products associated with the deforestation risk on the EU market.

At a time of regulatory updates and the postponement of implementation deadlines, LCM adopted an approach focused on ensuring operational preparedness.

Specifically, it launched **systematic monitoring of potentially relevant products** based on an analysis of customs items, accompanied by a dedicated training programme designed to develop adequate understanding of regulatory requirements. At the same time, the parent company, LCM S.p.A. completed its registration on the EUDR platform, putting in

place the necessary tools for the future management of compliance requirements. These activities are a first step towards regulatory compliance, pending full implementation of requirements as from 2026.

PPWR – Packaging and Packaging Waste Regulation

In response to the new European Packaging and Packaging Waste Regulation (PPWR), the Group began initial alignment work in 2025, building on the packaging compliance measures already taken in previous years. Specifically, it sent communications to suppliers to request a Declaration of Conformity in accordance with Annex VII of the Regulation, and to gather evidence of packaging compliance with the new regulatory requirements.

The purpose of these activities is to gradually establish a management system that complies with the new requirements, using an approach based on engagement with the supply chain.

The programme will continue in 2026 to enhance internal knowledge through dedicated training activities – with the support of external experts – and consolidate information collection and verification processes.





Annex 1

Annex 1

Tables on training

List of non-mandatory training courses 2025		
TOPIC	COURSE DETAILS	DELIVERED AS
SUSTAINABILITY	• ISO 20400 Sustainable Procurement Social Impact. Creating and measuring shared value. • ESG Analysis & Investing. Integration of ESG theme- with financial investments. • Impact Assessor Certification • ISO 20121:2024 Internal Auditor: Management Systems for Sustainable Events • Finlombarda Webinar – Tools for Sustainable SMEs Programme • Updating the social report: from responsibility to sustainability • Aice Webinar – CBAM: from the transitional phase to the final phase. Requirements and recommendations for importer companies	Online and Classroom
SOFT SKILLS	• Generations: Turn generational power into results • Artificial Intelligence and Workflows • Negotiation • Self-esteem, self-efficacy and self-leadership • Anti-fragile: Or, the art of improving in critical situations • Working with the Team • Emotional intelligence, self-efficacy and self-leadership for correct • Stress management • Email Etiquette Enabling Leadership • Self-Empowerment • Problem-Solving • Communication	Classroom

List of non-mandatory training courses 2025

TOPIC	COURSE DETAILS	DELIVERED AS
SUPPLY CHAIN	• Rentri 2025 • Distribution and import of pharmaceutical raw materials: Roles, Responsibilities and Best Practices • EUDR Regulation (EU 2023/1115) • Chemical contaminants • Food Supplements: The Responsibility of the Food Business Operator in the supply chain and the role of the institutions involved • Product Origin: Practical tools to avoid errors and penalties • Good Laboratory Practice: overview and practical approach • Supplier Qualification and Audit: a practical approach and operational recommendations • Conference: the safety of innovative plant-based preparations • Environmental monitoring: Risk assessments, training, data integrity, trend analysis • Quality assurance in the pharmaceutical industry: role and responsibilities • CompTIA Security+ • Quality Risk Management in the chemical pharmaceutical sector • Roles, obligations and responsibilities of business players in the supply chain • The new CLP hazard classes: updates and requirements for businesses	Webinar, Online, Face-to-face
ETHICS & INTEGRITY, HUMAN RIGHTS, CYBERSECURITY	• Use of the whistleblowing platform • Gender equality • Gender-based harassment in the workplace • Cybersecurity • The 12 Principles of Long Life – LILT • DE&I in Action. Learning from Leaders to Transform the Company • SA8000:2014 Internal Auditor	

List of non-mandatory training courses 2025		
TOPIC	COURSE DETAILS	DELIVERED AS
GMP/GDP/ GMPD REACH/API	• Good Manufacturing Practices • Good Distribution Practices • The CMR consignment note is going digital (e-CMR) • Assointegratori: Fourth meeting of 2025: updates • Management of regulatory documentation for an API and CEP 2.0/USDMF • The fundamentals of the REACH Regulation (EC) 1907/2006 • The fundamentals of the CLP Regulation and the latest changes in the update • The Safety Data Sheet (SDS) • Hazardous mixtures: PCN & UFI amendments • The PCN notification of hazardous mixtures from the other side of the PCNPs	Webinar

Table 29 – List of non-mandatory training courses (2025)

GRI content index

GRI content index

Statement of use	L.C.M. Trading S.p.A. has reported in accordance with GRI standards for the period 1 January 2025 to 31 December 2025.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI sector standards	NA

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	POSITION	OMISSION			GRI SECTOR STANDARD REF.
			REQUIREMENTS OMITTED	REASON	EXPLANATION	
GENERAL INFORMATION						
GRI 2: General Disclosures 2021	2-1 Organisational details	Methodology for reporting non-financial information	A grey cell indicates that the grounds for omission do not apply to the disclosure, or that a GRI sector standard reference number is not available.			
	2-2 Entities included in the organisation's sustainability reporting	Methodology for reporting non-financial information				
	2-3 Reporting period, frequency and contact point	Methodology for reporting non-financial information				
	2-4 Restatements of information	Methodology for reporting non-financial information				
	2-5 External assurance	Methodology for reporting non-financial information Letter of Assurance				
	2-6 Activities, value chain and other business relationships Responsible Supply Chain Management	- LCM Group: the partner for the industries of the future - Responsible Supply Chain Management				
	2-7 Employees	Our people				
	2-8 Workers who are not employees	Our people				
	2-9 Governance structure and composition	- A robust governance model focused on innovation - The role of the BoD in promoting sustainability				
	2-10 Nomination and selection of the highest governance body	A robust governance model focused on innovation				
	2-11 Chair of the highest governance body	A robust governance model focused on innovation				
	2-12 Role of the highest governance body in overseeing the management of impacts	The role of the BoD in promoting sustainability				
	2-13 Delegation of responsibility for managing impacts	The role of the BoD in promoting sustainability				
	2-14 Role of the highest governance body in sustainability reporting	- The role of the BoD in promoting sustainability - The Double Materiality analysis				
	2-15 Conflicts of interest	- The values that define our identity - The role of the BoD in promoting sustainability				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	POSITION	OMISSION			GRI SECTOR STANDARD REF.
			REQUIREMENTS OMITTED	REASON	EXPLANATION	
GRI 2: General Disclosures 2021	2-16 Communication of critical concerns	The values that define our identity				
	2-17 Collective knowledge of the highest governance body	The role of the BoD in promoting sustainability				
	2-18 Evaluation of the performance of the highest governance body	-	2-18	Information not available	Evaluation of the performance of the highest governance body is not envisaged.	
	2-19 Remuneration policies	-	2-19	Confidentiality constraints	Remuneration figures are not disclosed due to confidentiality constraints, as they are regarded as sensitive information.	
	2-20 Process to determine remuneration	-	2-20	Confidentiality constraints	Remuneration figures are not disclosed due to confidentiality constraints, as they are regarded as sensitive information.	
	2-21 Annual total compensation ratio	-	2-21	Confidentiality constraints	Remuneration figures are not disclosed due to confidentiality constraints, as they are regarded as sensitive information.	
	2-22 Statement on sustainable development strategy	Letter to the stakeholders				
	2-23 Policy commitments	The values that define our identity				
	2-24 Embedding policy commitments	- Our commitment: sustainability goals and strategy - Responsible supply chain management - Equal opportunities and non-discrimination - Environmental responsibility: our governance and performance				
	2-25 Processes to remediate negative impacts	The Double Materiality analysis				
	2-26 Mechanisms for seeking advice and raising concerns	The values that define our identity				
	2-27 Compliance with laws and regulations	The values that define our identity				
	2-28 Membership associations	Associations				
	2-29 Approach to stakeholder engagement	The Double Materiality analysis				
	2-30 Collective bargaining agreements	Our people				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	POSITION	OMISSION			GRI SECTOR STANDARD REF.
			REQUIREMENTS OMITTED	REASON	EXPLANATION	
MATERIAL TOPICS						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	The Double Materiality analysis	A grey cell indicates that the grounds for omission do not apply to the disclosure, or that a GRI sector standard reference number is not available.			
	3-2 List of material topics	The Double Materiality analysis				
ECONOMIC PERFORMANCE						
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsible economic growth				
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Responsible economic growth				
	201-2 Financial implications and other risks and opportunities due to climate change					
	201-3 Defined benefit plan obligations and other retirement plans					
	201-4 Financial assistance received from government					
MARKET PRESENCE						
GRI 3: Material Topics 2021	3-3 Management of material topics	NA				
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage					
	202-2 Proportion of senior management hired from the local community					
COND. ECONOMIC IMPACTS						
GRI 3: Material Topics 2021	3-3 Management of material topics	NA				
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported					
	203-2 Significant indirect economic impacts					
PROCUREMENT PRACTICES						
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsible Supply Chain Management				
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Responsible Supply Chain Management				
ANTI-CORRUPTION						
GRI 3: Material Topics 2021	3-3 Management of material topics	Governance, ethics and integrity				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	POSITION	OMISSION			GRI SECTOR STANDARD REF.
			REQUIREMENTS OMITTED	REASON	EXPLANATION	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption					
	205-2 Communication and training about anti-corruption policies and procedures					
	205-3 Confirmed incidents of corruption and actions taken	The values that define our identity				
ANTI-COMPETITIVE BEHAVIOUR						
GRI 3: Material Topics 2021	3-3 Management of material topics	Governance, ethics and integrity				
GRI 206: Anti-competitive behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	The values that define our identity				
TAXES						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 207: Tax 2019	207-1 Approach to tax					
	207-2 Tax governance, control, and risk management					
	207-3 Stakeholder engagement and management of concerns related to tax					
	207-4 Country-by-country reporting					
MATERIALS						
GRI 3: Material Topics 2021	3-3 Management of material topics	Use of materials and packaging management				
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Use of materials and packaging management	301-1	Confidentiality constraints	The absolute figures relating to materials used are not disclosed due to confidentiality constraints, as they are regarded as sensitive information from a commercial and strategic perspective. Nevertheless, the organisation provides a percentage breakdown of renewable and non-renewable materials, to ensure an adequate level of transparency.	

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	POSITION	OMISSION			GRI SECTOR STANDARD REF.
			REQUIREMENTS OMITTED	REASON	EXPLANATION	
GRI 301: Materials 2016	301-2 Recycled input materials used	-	301-2	Information not available	Information on the percentage of recycled input materials is not available, as the organisation does not currently have a structured data collection system in place for this question.	
	301-3 Reclaimed products and their packaging materials	-	301-3	Information not available	Information on reclaimed products and their packaging materials is not available, as the organisation does not carry out recovery/regeneration processes.	
ENERGY						
GRI 3: Material Topics 2021	3-3 Management of material topics	Energy management as a strategic lever				
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Energy management as a strategic lever				
	302-2 Energy consumption outside of the organisation	-	302-2	Not applicable	This requirement does not apply as the organisation does not control or monitor energy consumption outside its operational boundaries.	
	302-3 Energy intensity	Energy management as a strategic lever				
	302-4 Reduction of energy consumption	-	302-4	Information not available	Information on reductions of energy consumption is not available, as no structured energy efficiency initiatives were implemented during the reporting period.	
	302-5 Reductions in energy requirements of products and services	-	302-5	Not applicable	This requirement does not apply as the organisation operates solely as a distributor/dealer and is not involved in the design or modification of the products it sells nor can it influence their energy requirements.	

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	POSITION	OMISSION			GRI SECTOR STANDARD REF.
			REQUIREMENTS OMITTED	REASON	EXPLANATION	
WATER AND EFFLUENTS						
GRI 3: Material Topics 2021	3-3 Management of material topics	-		Not applicable	Water was assessed in the materiality analysis and was found not to be a material topic. Given the nature of the organisation's activities (offices and commercial operations, with no production processes), the requirement does not apply.	
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	-	303-1	Not applicable		
	303-2 Management of water discharge-related impacts	-	303-2	Not applicable		
	303-3 Water withdrawal	-	303-3	Not applicable		
	303-4 Water discharge	-	303-4	Not applicable		
	303-5 Water consumption	-	303-5	Not applicable		
BIODIVERSITY						
GRI 3: Material Topics 2021	3-3 Management of material topics	-		Not applicable	Biodiversity was assessed in the materiality analysis and was found not to be a material topic. Given the nature of the organisation's activities (offices and commercial operations, with no direct impact on ecosystems and biodiversity), the requirement does not apply.	
GRI 101: Biodiversity 2024	101-1 Policies to halt and reverse biodiversity loss	-	101-1	Not applicable		
	101-2 Management of biodiversity impacts	-	101-2	Not applicable		
	101-3 Access and benefit-sharing	-	101-3	Not applicable		
	101-4 Identification of biodiversity impacts	-	101-4	Not applicable		
	101-5 Locations with biodiversity impacts	-	101-5	Not applicable		
	101-6 Direct drivers of biodiversity loss	-	101-6	Not applicable		
	101-7 Changes to the state of biodiversity	-	101-7	Not applicable		
	101-8 Ecosystem services	-	101-8	Not applicable		
EMISSIONS						
GRI 3: Material Topics 2021	3-3 Management of material topics	GHG reporting and performance monitoring				
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	GHG reporting and performance monitoring				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	POSITION	OMISSION			GRI SECTOR STANDARD REF.
			REQUIREMENTS OMITTED	REASON	EXPLANATION	
GRI 305: Emissions 2016	305-2 Energy indirect (Scope 2) GHG emissions	GHG reporting and performance monitoring				
	305-3 Other indirect (Scope 3) GHG emissions	GHG reporting and performance monitoring				
	305-4 GHG emissions intensity	GHG reporting and performance monitoring				
	305-5 Reduction of GHG emissions	GHG reporting and performance monitoring				
	305-6 Emissions of ozone-depleting substances (ODS)	-	305-6	Not applicable	This requirement does not apply as the organisation does not produce, use, import or export ozone-depleting substances, nor does it carry out activities that result in emissions of these substances.	
	305-7 Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	-	305-7	Not applicable	This requirement does not apply as the organisation does not carry out operations or processes that generate material air emissions (NOx, SOx, VOCs, particulate matter, etc.), given that its operations are exclusively commercial and office-based.	
WASTE						
GRI 3: Material Topics 2021	3-3 Management of material topics	Waste: management, traceability and continuous improvement				
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Waste: management, traceability and continuous improvement				
	306-2 Management of significant waste-related impacts	Waste: management, traceability and continuous improvement				
	306-3 Waste generated	Waste: management, traceability and continuous improvement				
	306-4 Waste diverted from disposal	Waste: management, traceability and continuous improvement				
	306-5 Waste directed to disposal	Waste: management, traceability and continuous improvement				
SUPPLIER ENVIRONMENTAL ASSESSMENT						
GRI 3: Material topics 2021	3-3 Management of material topics	NA				
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria					
	308-2 Negative environmental impacts in the supply chain and actions taken					

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	POSITION	OMISSION			GRI SECTOR STANDARD REF.
			REQUIREMENTS OMITTED	REASON	EXPLANATION	
EMPLOYMENT						
GRI 3: Material Topics 2021	3-3 Management of material topics	Society				
GRI 401: Employment 2016	401-1 New employee hires and turnover	Turnover				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees					
	401-3 Parental leave	Welfare and corporate well-being				
MANAGEMENT OF LABOUR AND RELATIONS WITH TRADE UNIONS						
GRI 3: Material Topics 2021	3-3 Management of material topics	NA				
GRI 402: Labour/Management Relations 2016	402-1 Minimum notice periods regarding operational changes					
OCCUPATIONAL HEALTH AND SAFETY						
GRI 3: Material Topics 2021	3-3 Management of material topics	Health and safety				
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Health and safety				
	403-2 Hazard identification, risk assessment, and incident investigation	Health and safety				
	403-3 Occupational health services	Health and safety				
	403-4 Worker participation, consultation, and communication on occupational health and safety	Health and safety				
	403-5 Worker training on occupational health and safety	Health and safety				
	403-6 Promotion of worker health	Health and safety				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Health and safety				
	403-8 Workers covered by an occupational health and safety management system	Health and safety				
	403-9 Work-related injuries	Health and safety				
	403-10 Work-related ill health	Health and safety				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	POSITION	OMISSION			GRI SECTOR STANDARD REF.
			REQUIREMENTS OMITTED	REASON	EXPLANATION	
TRAINING AND EDUCATION						
GRI 3: Material Topics 2021	3-3 Management of material topics	Society				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Training				
	404-2 Programmes for upgrading employee skills and transition assistance programs					
	404-3 Percentage of employees receiving regular performance and career development reviews	Regular performance review				
DIVERSITY AND EQUAL OPPORTUNITIES						
GRI 3: Material Topics 2021	3-3 Management of material topics	Society				
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	- Our people - Equal opportunities and non-discrimination				
	405-2 Ratio of basic salary and remuneration of women to men					
NON-DISCRIMINATION						
GRI 3: Material topics 2021	3-3 Management of material topics	Governance, ethics and integrity				
GRI 406: Non-Discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	The values that define our identity				
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING						
GRI 3: Material Topics 2021	3-3 Management of material topics	NA				
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk					
CHILD LABOUR						
GRI 3: Material Topics 2021	3-3 Management of material topics	NA				
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour					

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	POSITION	OMISSION			GRI SECTOR STANDARD REF.
			REQUIREMENTS OMITTED	REASON	EXPLANATION	
SAFETY PRACTICES						
GRI 3: Material topics 2021	3-3 Management of material topics	NA				
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures					
RIGHTS OF INDIGENOUS PEOPLES						
GRI 3: Material Topics 2021	3-3 Management of material topics	NA				
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples					
LOCAL COMMUNITIES						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments and development programmes	Our contribution to the local area and community				
	413-2 Operations with significant actual and potential negative impacts on local communities					
SUPPLIER SOCIAL ASSESSMENT						
GRI 3: Material Topics 2021	3-3 Management of material topics	NA				
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria					
	414-2 Negative social impacts in the supply chain and actions taken					
PUBLIC POLICY						
GRI 3: Material Topics 2021	3-3 Management of material topics	NA				
GRI 415: Public Policy 2016	415-1 Political contributions					
CUSTOMER HEALTH AND SAFETY						
GRI 3: Material Topics 2021	3-3 Management of material topics	LCM Group: the partner for the industries of the future				
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories					
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	LCM Group: the partner for the industries of the future				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	POSITION	OMISSION			GRI SECTOR STANDARD REF.
			REQUIREMENTS OMITTED	REASON	EXPLANATION	
MARKETING AND LABELLING						
GRI 3: Material Topics 2021	3-3 Management of material topics	NA				
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling					
	417-2 Incidents of non-compliance concerning product and service information and labelling					
	417-3 Incidents of non-compliance concerning marketing communications					
CUSTOMER PRIVACY						
GRI 3: Material Topics 2021	3-3 Management of material topics	LCM Group: the partner for the industries of the future				
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	LCM Group: the partner for the industries of the future				

Table 30 – GRI content index



Assurance Statement

SGS ITALIA'S REPORT ON THE SUSTAINABILITY INFORMATION SET OUT IN THE SUSTAINABILITY REPORT OF LCM TRADING S.P.A., FOR THE PERIOD 1 JANUARY 2025 – 31 DECEMBER 2025

NATURE OF THE AUDIT

SGS Italia S.p.A. (hereinafter "SGS") has been engaged by LCM Trading S.p.A. (hereinafter "LCM") to perform an independent assurance engagement on the 2025 Sustainability Report.

RECIPIENTS OF THIS ASSURANCE STATEMENT

This Assurance Statement is issued for the purpose of informing all LCM stakeholders.

RESPONSIBILITY

The Directors or the governance body and the management of LCM are responsible for the information set out in the Sustainability Report, and its presentation. SGS was not involved in the production of the content included in the Report.

The responsibility of SGS is to express an opinion on the text, data, charts and assertions included in the scope of the audit, in order to inform all interested parties.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

A limited assurance has been performed in accordance with the standard:

- ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

Options – Assurance standard		Level of assurance
A	ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information.	Limited

SCOPE OF THE ASSURANCE AND REPORTING CRITERIA

The scope of the audit included:

- assessment of the quality, accuracy and reliability of the selected performance information;
- verification of compliance with the following reporting criteria:

Options – Reporting criteria	
1	Global Reporting Initiative (GRI) Standards
2	GHG Protocol – Corporate Accounting and Reporting Standard (Revised)
3	GHG Protocol – Corporate Value Chain (Scope 3) Accounting and Reporting Standard

PERFORMANCE INFORMATION AND DISCLOSURES SUBJECT TO AUDIT

DISCLOSURE	
GENERAL INFORMATION	
GRI 2: General Disclosures 2021	2-1 Organisational details
	2-2 Entities included in the organisation's sustainability reporting
	2-3 Reporting period, frequency and contact point
	2-4 Restatements of information
	2-5 External assurance
	2-6 Activities, value chain and other business relationships
	2-7 Employees
	2-8 Workers who are not employees
	2-9 Governance structure and composition
	2-10 Nomination and selection of the highest governance body
	2-11 Chair of the highest governance body
	2-12 Role of the highest governance body in overseeing the management of impacts
	2-13 Delegation of responsibility for managing impacts
	2-14 Role of the highest governance body in sustainability reporting
	2-15 Conflicts of interest
	2-16 Communication of critical concerns
	2-17 Collective knowledge of the highest governance body
	2-22 Statement on sustainable development strategy
	2-23 Policy commitments
	2-24 Embedding policy commitments
	2-25 Processes to remediate negative impacts
	2-26 Mechanisms for seeking advice and raising concerns
	2-27 Compliance with laws and regulations
	2-28 Membership associations
	2-29 Approach to stakeholder engagement
	2-30 Collective bargaining agreements

MATERIAL TOPICS	
GRI 3: Material Topics 2021	3-1 Process to determine material topics
	3-2 List of material topics
ECONOMIC PERFORMANCE	
GRI 3: Material Topics 2021	3-3 Management of material topics
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed
PROCUREMENT PRACTICES	
GRI 3: Material Topics 2021	3-3 Management of material topics
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers
ANTI-CORRUPTION	
GRI 3: Material Topics 2021	3-3 Management of material topics
	205-3 Confirmed incidents of corruption and actions taken
ANTI-COMPETITIVE BEHAVIOUR	
GRI 3: Material Topics 2021	3-3 Management of material topics
GRI 206: Anti-competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices
MATERIALS	
GRI 3: Material Topics 2021	3-3 Management of material topics
GRI 301: Materials 2016	301-1 Materials used by weight or volume
ENERGY	
GRI 3: Material Topics 2021	3-3 Management of material topics
GRI 302: Energy 2016	302-1 Energy consumption within the organisation
	302-3 Energy intensity

EMISSIONS	
GRI 3: Material Topics 2021	3-3 Management of material topics
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions
	305-2 Energy indirect (Scope 2) GHG emissions
	305-3 Other indirect (Scope 3) GHG emissions
	305-4 GHG emissions intensity
	305-5 Reduction of GHG emissions
WASTE	
GRI 3: Material Topics 2021	3-3 Management of material topics
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts
	306-2 Management of significant waste-related impacts
	306-3 Waste generated
	306-4 Waste diverted from disposal
	306-5 Waste directed to disposal
EMPLOYMENT	
GRI 3: Material Topics 2021	3-3 Management of material topics
GRI 401: Employment 2016	401-1 New employee hires and turnover
	401-3 Parental leave
MANAGEMENT OF LABOUR AND RELATIONS WITH TRADE UNIONS	
GRI 3: Material Topics 2021	3-3 Management of material topics
OCCUPATIONAL HEALTH AND SAFETY	
GRI 3: Material Topics 2021	3-3 Management of material topics
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system
	403-2 Hazard identification, risk assessment, and incident investigation
	403-3 Occupational health services
	403-4 Worker participation, consultation, and communication on occupational health and safety
	403-5 Worker training on occupational health and safety
	403-6 Promotion of worker health

GRI 403: Occupational Health and Safety 2018	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships
	403-8 Workers covered by an occupational health and safety management system
	403-9 Work-related injuries
	403-10 Work-related ill health
TRAINING AND EDUCATION	
GRI 3: Material Topics 2021	3-3 Management of material topics
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee
	404-3 Percentage of employees receiving regular performance and career development reviews
DIVERSITY AND EQUAL OPPORTUNITIES	
GRI 3: Material Topics 2021	3-3 Management of material topics
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees
NON-DISCRIMINATION	
GRI 3: Material Topics 2021	3-3 Management of material topics
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken
CUSTOMER HEALTH AND SAFETY	
GRI 3: Material Topics 2021	3-3 Management of material topics
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services
CUSTOMER PRIVACY	
GRI 3: Material Topics 2021	3-3 Management of material topics
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data

NON-DISCRIMINATION	
GRI 3: Material Topics 2021	3-3 Management of material topics
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken
CUSTOMER HEALTH AND SAFETY	
GRI 3: Material Topics 2021	3-3 Management of material topics
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services
CUSTOMER PRIVACY	
GRI 3: Material Topics 2021	3-3 Management of material topics
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data

ASSURANCE METHODOLOGY

The assurance activities included:

- pre-assessment and document analysis;
- interviews with key employees;
- verification of primary data.

The activities were carried out onsite and remotely in July 2026.

LIMITATIONS AND ASSUMPTIONS

The financial data taken from financial statements that have been subject to independent audit have not been verified at source,

within the scope of this assignment.

The quantification of greenhouse gas emissions is subject to inherent uncertainties, due to the limitations of scientific knowledge and the emission factors used.

DECLARATION OF INDEPENDENCE AND COMPETENCE

SGS is a world leader in inspection, audit, certification and testing services, operating in more than 140 countries. It provides management system assurance services, environmental, social and ethical audits, and sustainability assessments.

SGS declares its independence of LCM and operates without any conflicts of interest.

When carrying out assurance engagements, SGS operates in accordance with the 'SGS Code of Conduct' and the 'SAGSP2 Code of Ethics for Assurance', which has been drawn up in line with the requirements of the IESSA (International Ethics Standard for Sustainability Assurance) (IESBA, 2025), based on the fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional conduct.

At SGS, the quality of assurance activities is governed by the Sustainability Assurance Global Systems Procedure (SAGSP). This quality management system incorporates the ISAE requirements and is designed to ensure strict compliance with the quality control requirements set out in ISO 17029:2019 and ISQM 1.

The assurance team was selected on the basis of their knowledge, experience and qualifications of relevance to this assignment.

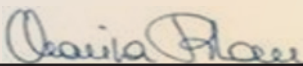
RESULTS AND CONCLUSIONS

ASSURANCE OPINION

Based on the methodology described and the assurance work performed, nothing has come to our attention that causes us to believe that the information included within the scope of the audit is not correctly presented and has not been prepared, in all material respects, in accordance with the GRI reporting standards.

We believe that the Organisation has chosen an appropriate level of assurance for this stage of its reporting process.

For SGS Italia S.p.A



Marina Pilon

23 July 2026

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