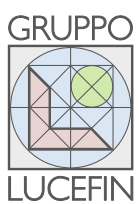


Together **we** change



2022 EDITION



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DEAR READERS

It is with pleasure that I present the SECOND edition of the Lucefin Group Sustainability Report, the document that describes our commitment to doing business in a sustainable and participatory way.

The social and geopolitical tensions and, consequently, the instability of our market are certainly not facilitating the achievement of the objectives set in sustainable development. In this difficult context, we, too, have had to intensify our efforts and concentrate our energies to comply with the guidelines set out in the growth objectives. In this process, sustainability has proved to be central and decisive to be ready for new challenges, able to adapt proactively to the needs of customers, suppliers and the entire supply chain.

Through our Sustainability Report, we want to tell you how we have chosen to carry out our ESG commitments towards the environment, society and governance.

We do this using simple and illustrated language to allow you to acquire the essential elements of our Group quickly and concisely, capturing the growth factors of this new year.

The intention is that of completing the path started with our sustainability plan, step by step.

A challenge that is still complex, unexplored and with inevitable changes of direction, but whose methodological formula combined with the collaborative spirit of all the stakeholders involved, determines that solid combination essential to make it successful.

We want to continue sharing the value of an experience that leads us, once again, to trace together the next steps of this exciting journey.

President

Giorgio Buzzi





Ambiente, Società e Governance



CHAPTER 1 THE SUSTAINABILITY REPORT

1.1 THE DRAFTING PRINCIPLES

This document represents the second sustainability statement, which reports on the activities of the Lucefin Group for the core steel business and provides the strategic plan for the three-year period 2021-2023, illustrating, in the specific case, the data collected for the years 2021 and 2022.

The document was prepared taking as reference the logical framework proposed by the Integrated Reporting Framework (IR Framework) and the Global Reporting Initiative (GRI-referenced claim) used as a source for identifying key indicators for reporting qualitative-quantitative information relating to our Industrial Group.

The collection of new data has sought to incorporate more foreign sites in order to expand the Group's analysis without neglecting significant realities

The changes made with respect to methods, calculations and perimeter of the pre-existing data relating to the previous report will be highlighted with appropriate "Information Notes" and highlights.

Before its publication, the report is presented, analysed and approved by the entire Management Team

Our commitment to the future



1.2 OUR STARTING POINT

The Group's material topics, discussed and addressed in this sustainability report, are the result of the first stakeholder engagement that involved internal and external stakeholders, chosen on the basis of their degree of mutual influence with respect to the organisation itself.

The materiality matrix was the compass of the Management Team, as it allowed the identification of the ranking, in terms of relevance, of the topics voted on and, consequently, the definition of strategic plans on a three-year basis, which detail policies, objectives, actions, KPIs, human and economic resources with which the Group will create value over time, maintaining continuous interaction with the main stakeholders.

This map is the means that allows us to continue on the path of sustainability in a conscious, pragmatic and forward-looking way.

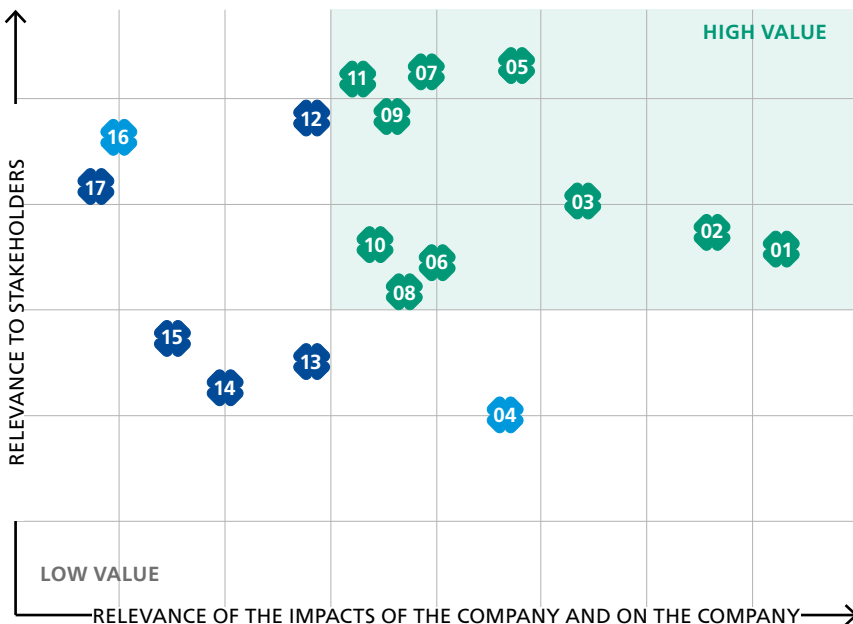
THE MATRIX OF MATERIALITY

The diagram shows the topics selected by the Lucefin Group, which were voted on by the company management and the stakeholders involved:

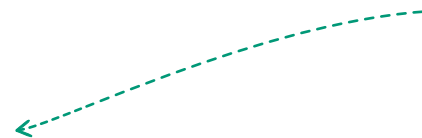
GREEN the most voted topics that have become the subject of in-depth study for a three-year growth/development program (High Value);

BLUE the topics with low value but still considered strategic;

BLUE the topics considered non-strategic for low voting values achieved.



- 01. ECONOMIC AND FINANCIAL BENEFITS
- 02. GOVERNANCE MODEL
- 03. EFFICIENCY
- 04. CORPORATE STRUCTURE
- 05. HUMAN RESOURCES
- 06. COMMERCIAL DEVELOPMENT
- 07. QUALITY AND INNOVATION
- 08. GENERATIONAL TRANSITION
- 09. RELATIONS WITH STAKEHOLDERS
- 10. TECHNOLOGICAL INNOVATION
- 11. HEALTH AND SAFETY
- 12. ETHICS AND REPUTATION
- 13. INDUSTRIAL PARTNERSHIPS
- 14. LOGISTICS
- 15. COMPLIANCE
- 16. ENVIRONMENTAL FOOTPRINT
- 17. SOCIAL IMPACT





*Sustainability: the value
of the supply chain for shared responsibility*





Our steel, the essence of a passion

that has lasted fifty years



CHAPTER 2 GET TO KNOW US BETTER

Our way of doing business. The basis for all our actions and decisions:

VISION

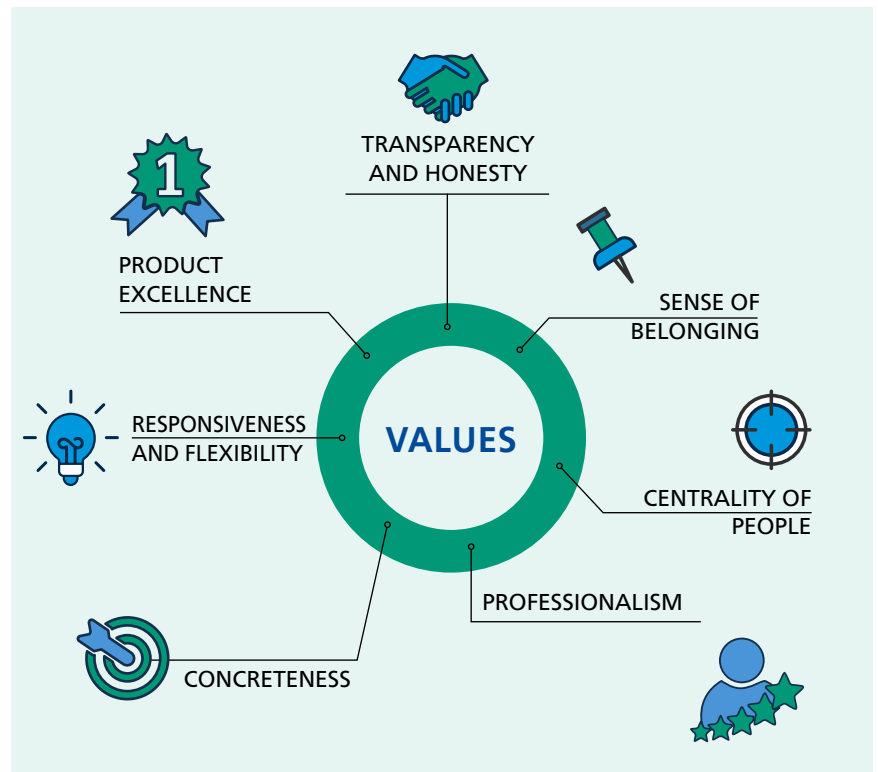
Doing business, creating value over time, through a culture of integration with people and the territory.

MISSION

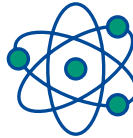
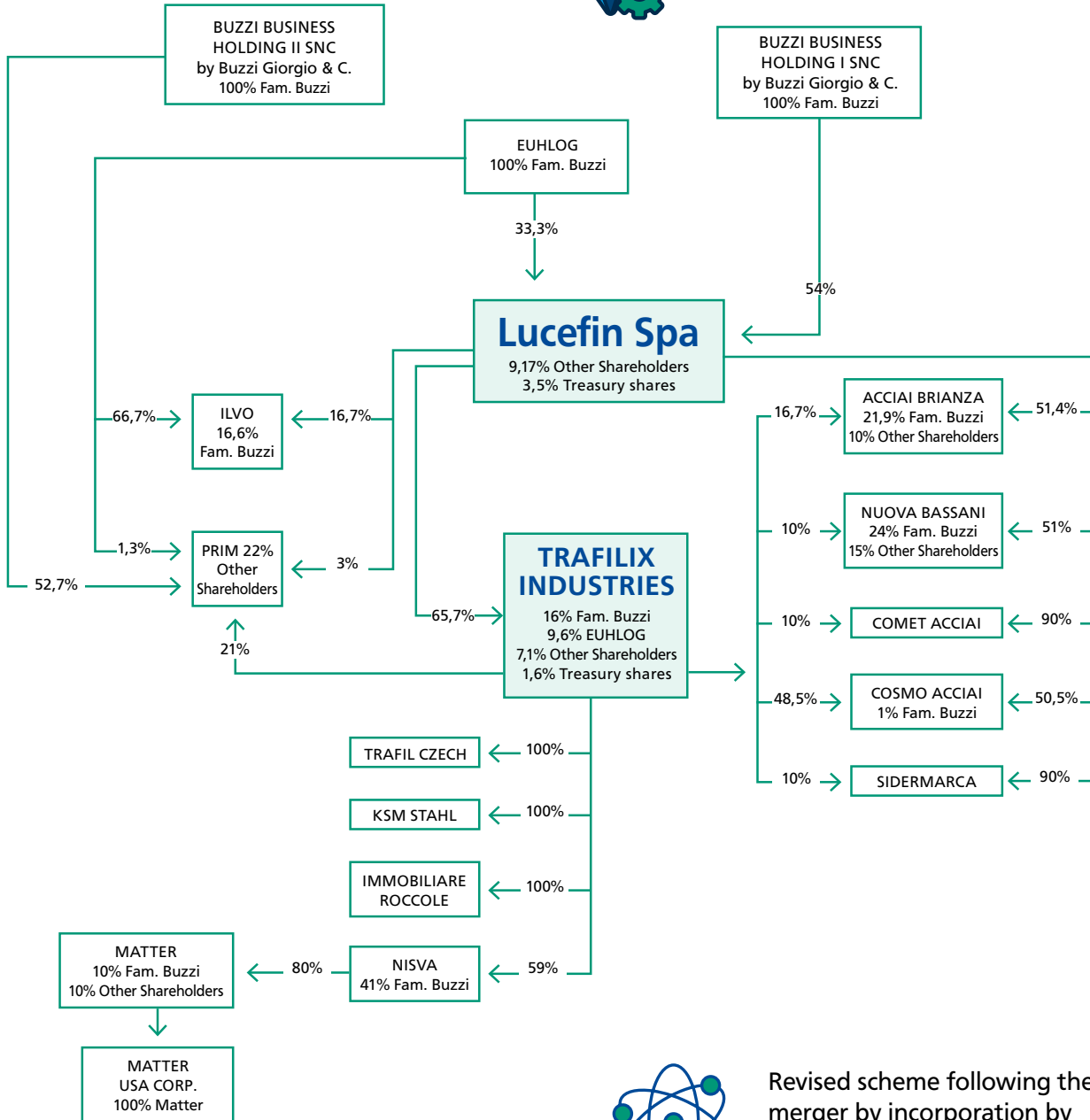
Transmitting the passion for steel with competence, innovation and production quality.

VALUES

We believe in the centrality of people and their professional growth. For this reason, the values of our Group are the result of an idea shared with all the people who work here. People who make honesty and transparency the fundamental principles to respond quickly to the market's needs, aiming to always produce excellent quality results.



OWNERSHIP AND ORGANISATIONAL STRUCTURE



Revised scheme following the merger by incorporation by **TRAFILIX** of the sites of **TRE VALLI ACCIAI** and **TRAFITEC**.

GEOGRAPHICAL LOCATION



TRAFILIX INDUSTRIES
Esine BS
Bright steel bars production

TRAFILIX INDUSTRIES
Berzo Inferiore BS
Bright steel bars production

KSM STAHL
Germany
Distribuzione di barre in acciaio inox

TRAFIL CZECH
Czech Republic
Bright steel bars production

TRAFILIX INDUSTRIES
San Colombano al Lambro MI
Stainless steel bars production

NISVA
Esine BS - Engineering

I.L.V.O.
Esine BS - Logistics

EU.H.LOG
Esine BS - Logistics

PR.IM.
Esine BS - Logistics

TRAMET
ACCAI BRIANZA DIVISION
Orbassano TO
Steel bars distribution

MATTER
Bibbiano RE
Automatic warehouse

SIDERCONERO
COMET ACCIAI DIVISION
Ancona
Steel bars distribution

MATTER
Carate Brianza MB
Industrial automation

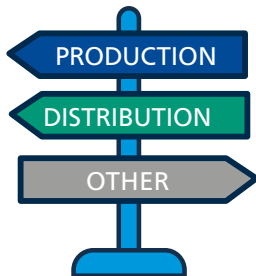
ACCAI BRIANZA
Desio MB
Steel bars distribution

COMET ACCIAI
Brescia
Steel bars distribution

SIDERMARCA
Ponzano Veneto TV
Steel bars distribution

COSMO ACCIAI
Spilamberto MO
Steel bars distribution

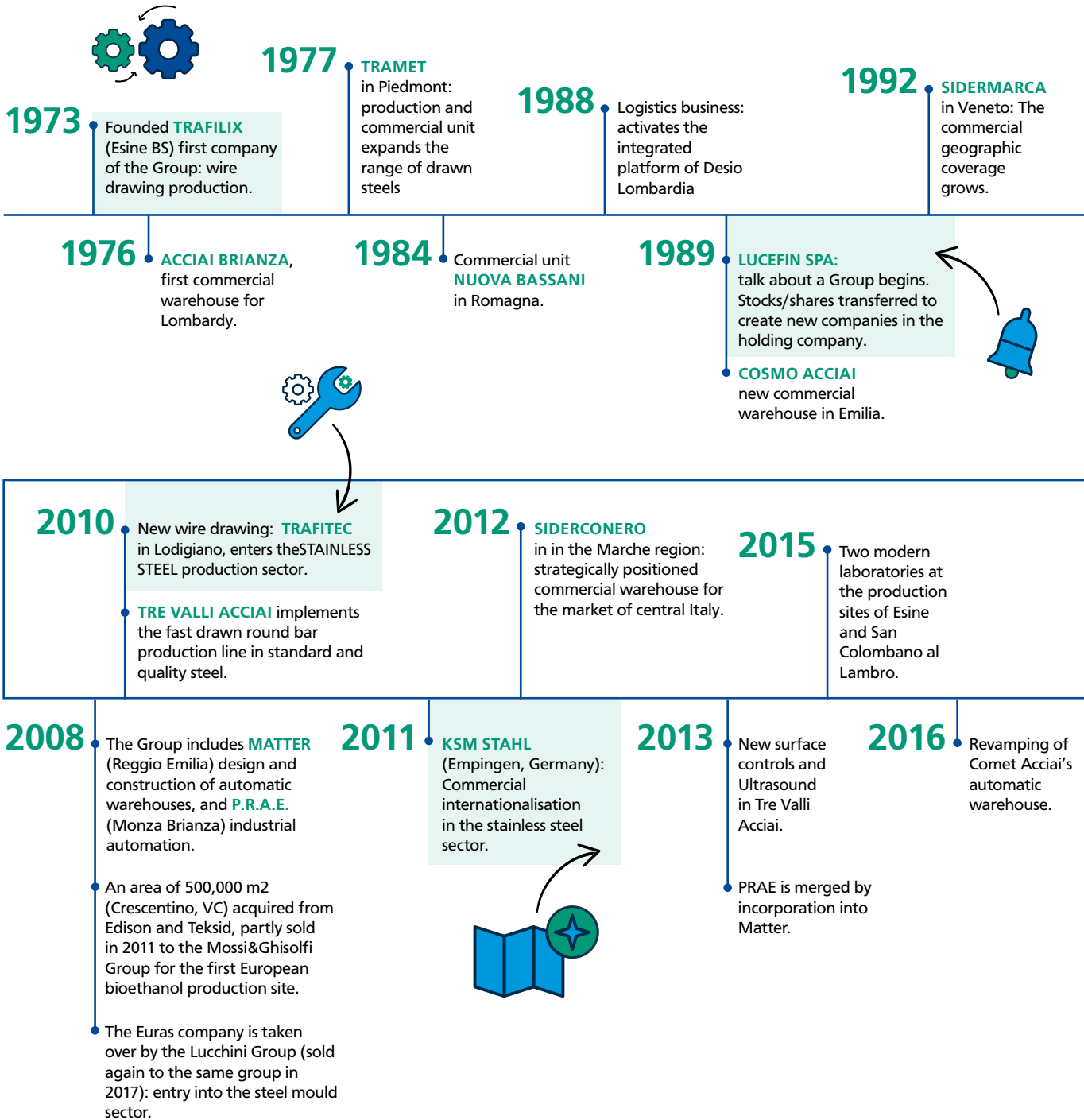
NUOVA BASSANI
Forlì FC
Steel bars distribution



Key:

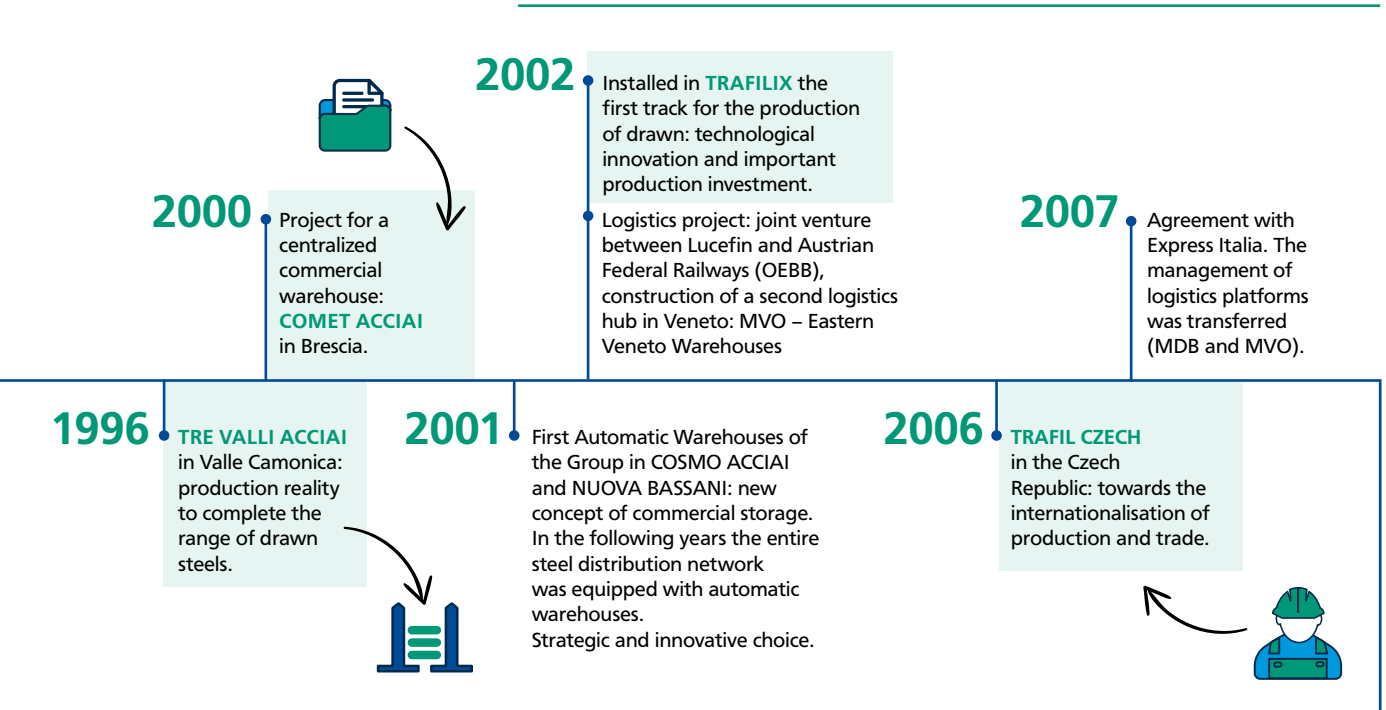


OUR HISTORY



Together **we** change





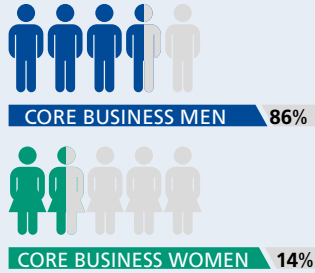
Fifty years of passion

SUMMARY DATA 2022

Core steel business

EMPLOYEES

TOT. GROUP
660
CORE BUSINESS
552



6,081 CUSTOMERS
MOVED IN THE
REPORTING YEAR

→ **5,193** ITALY

→ **888** ABROAD

STEEL DISTRIBUTED

64% ITALY **36%** ABROAD

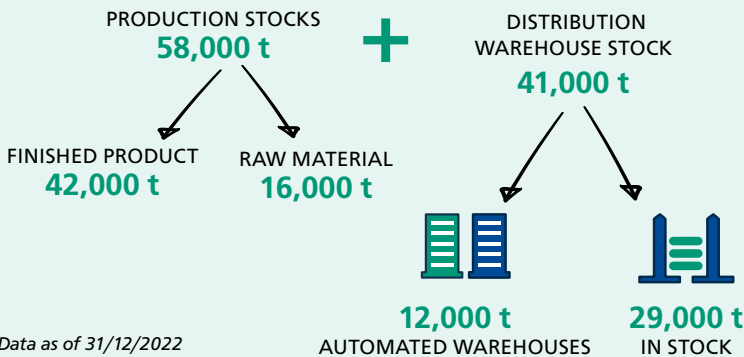
AVAILABLE SIZES IN STOCK

→ COLD FINISHED **3,400**

→ ROLLED AND FORGED BARS **1,000**



STEEL STOCK GROUP*
99,000 t



*Data as of 31/12/2022



4 PRODUCTION
SITES



85
CUTTING
CENTRES





8
COMMERCIAL
WAREHOUSES



2
IN-HOUSE LA-
BORATORIES



67
PRODUCTION
MACHINES



8
AUTOMATED
WAREHOUSES



EXPORTS
47 COUNTRIES



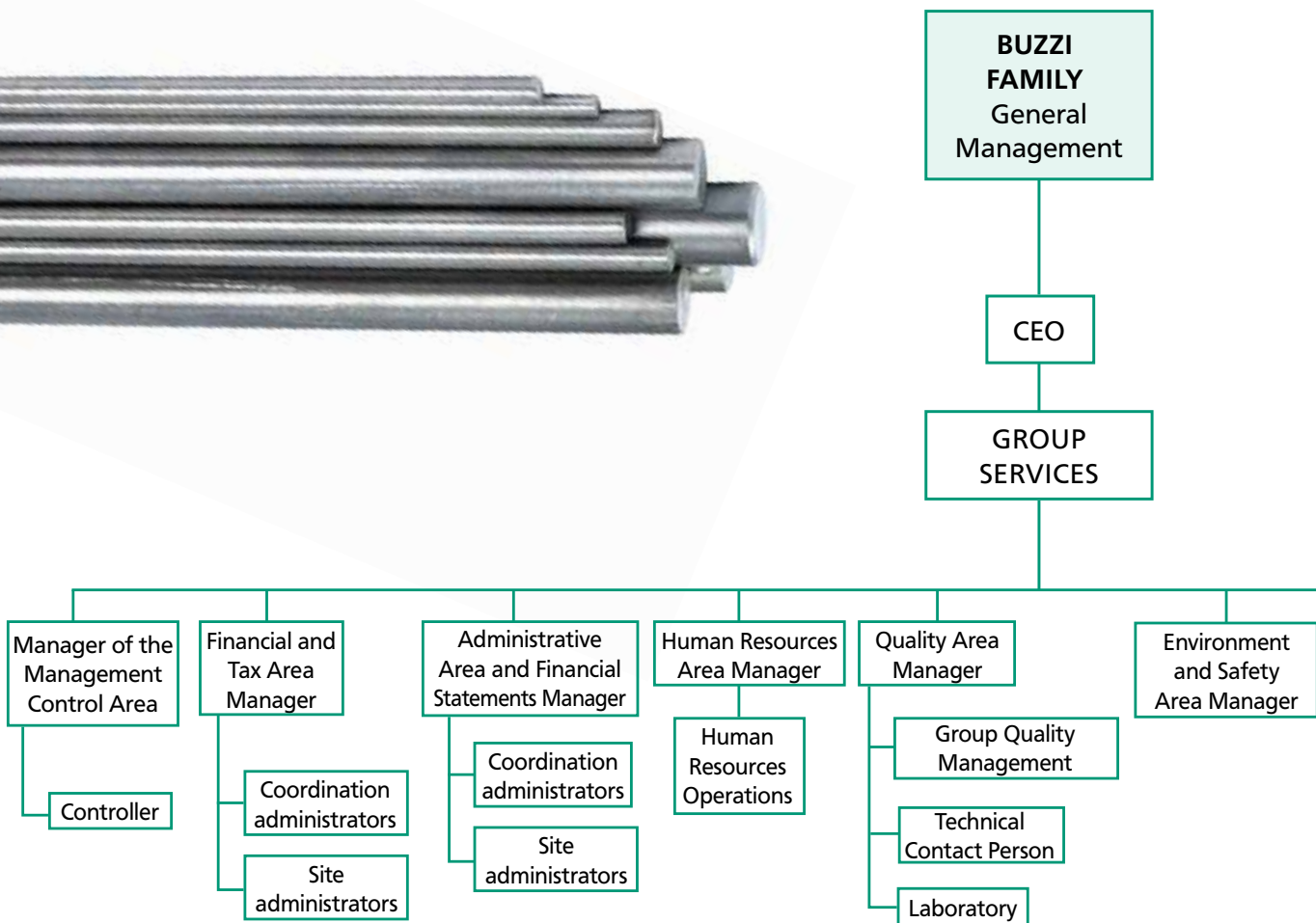
REVENUES FROM SALES
370.000 € / 1.000



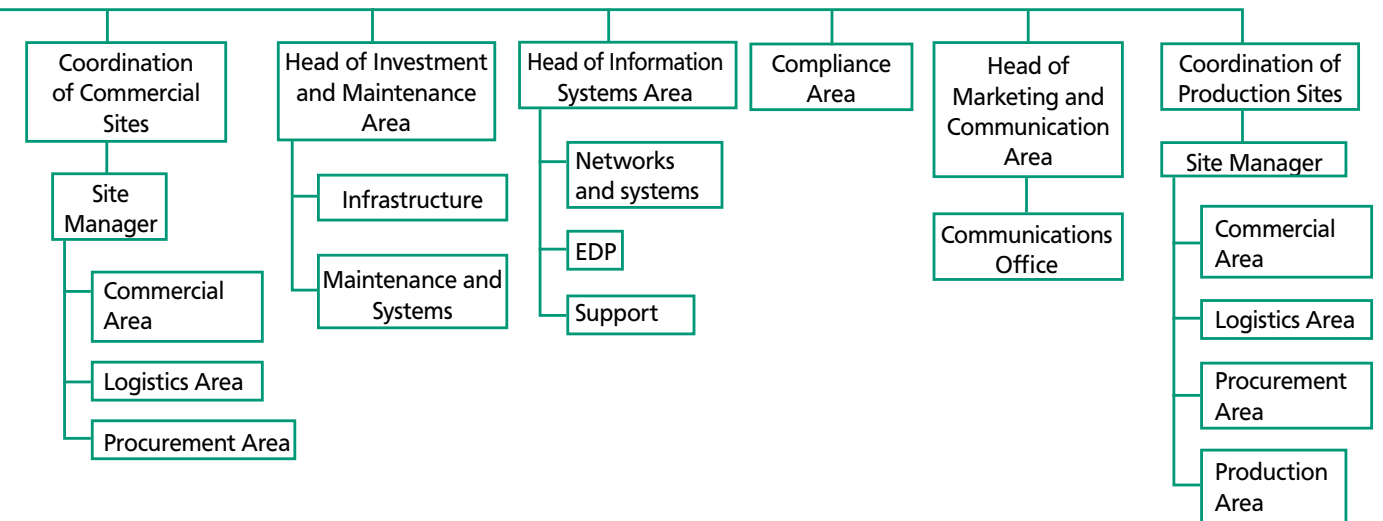
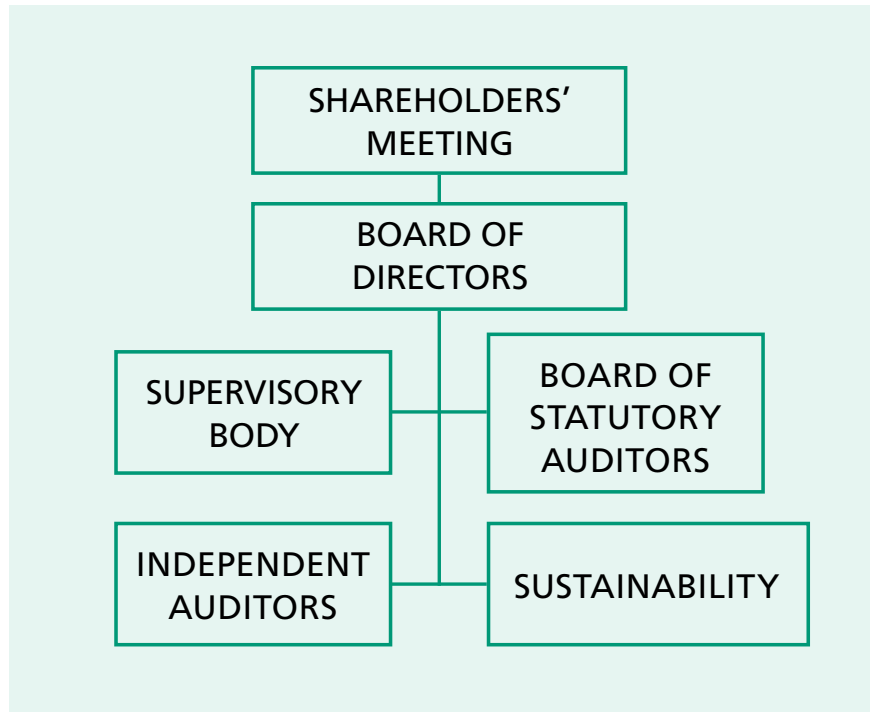
2.1 THE GOVERNANCE OF THE COMPANY

THE GOVERNANCE STRUCTURE

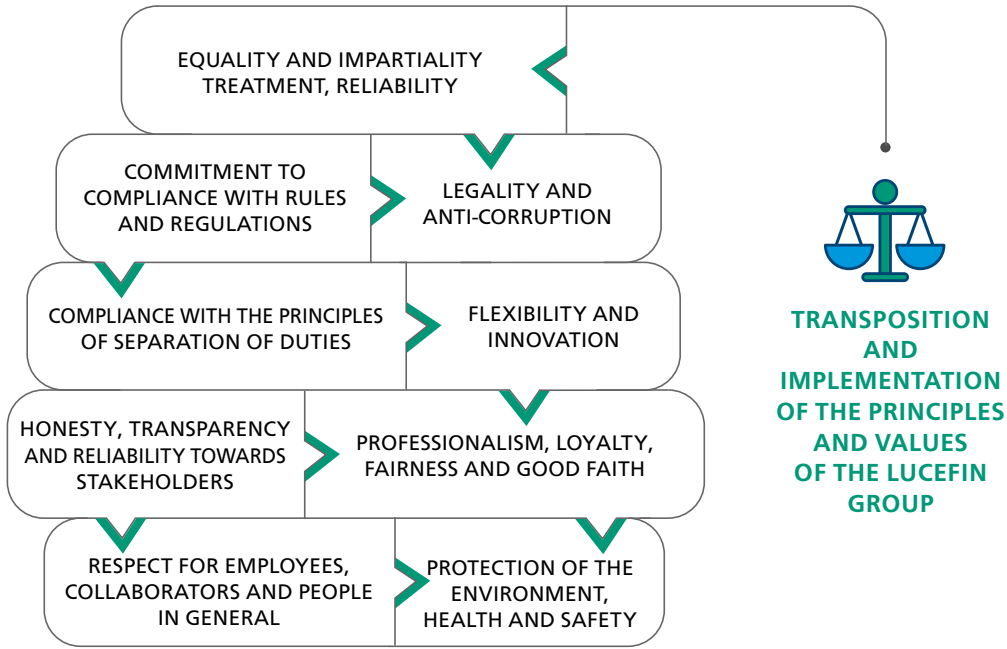
Autonomy for individual functions with an organised system aimed at risk management and integrated thinking.



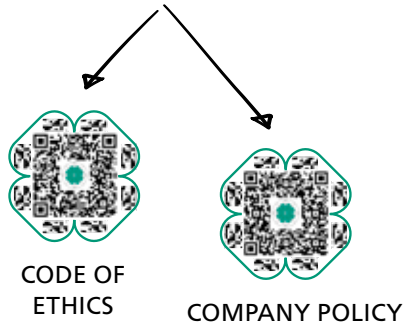
GOVERNANCE ORGANISATIONAL CHART



GOVERNANCE TOOLS



MORE DETAILS



TRAFILIX S.P.A. E LUCEFIN S.P.A. THEY ARE EQUIPPED WITH AN ORGANISATIONAL MODEL PURSUANT TO LEGISLATIVE DECREE 231/01.

PROVISIONS



CERTIFICATIONS

We have always pursued a management policy that matches the main system and product certifications.

IATF 16949:2016 System Certification.
Quality management systems - automotive sector



UNI EN ISO 9001:2015 System certification.

Quality management systems.



PED 2014/68/EU AD 2000 W O Product certification.

Pressure equipment directive.



ISO 14001:2015 System certification.

Environmental management systems.

Following the Audits held in November 2022, the ISO 14001 certification obtained from the Trafilix Berzo production site has expanded its scope of applicability, extending to all Trafilix Industries sites.



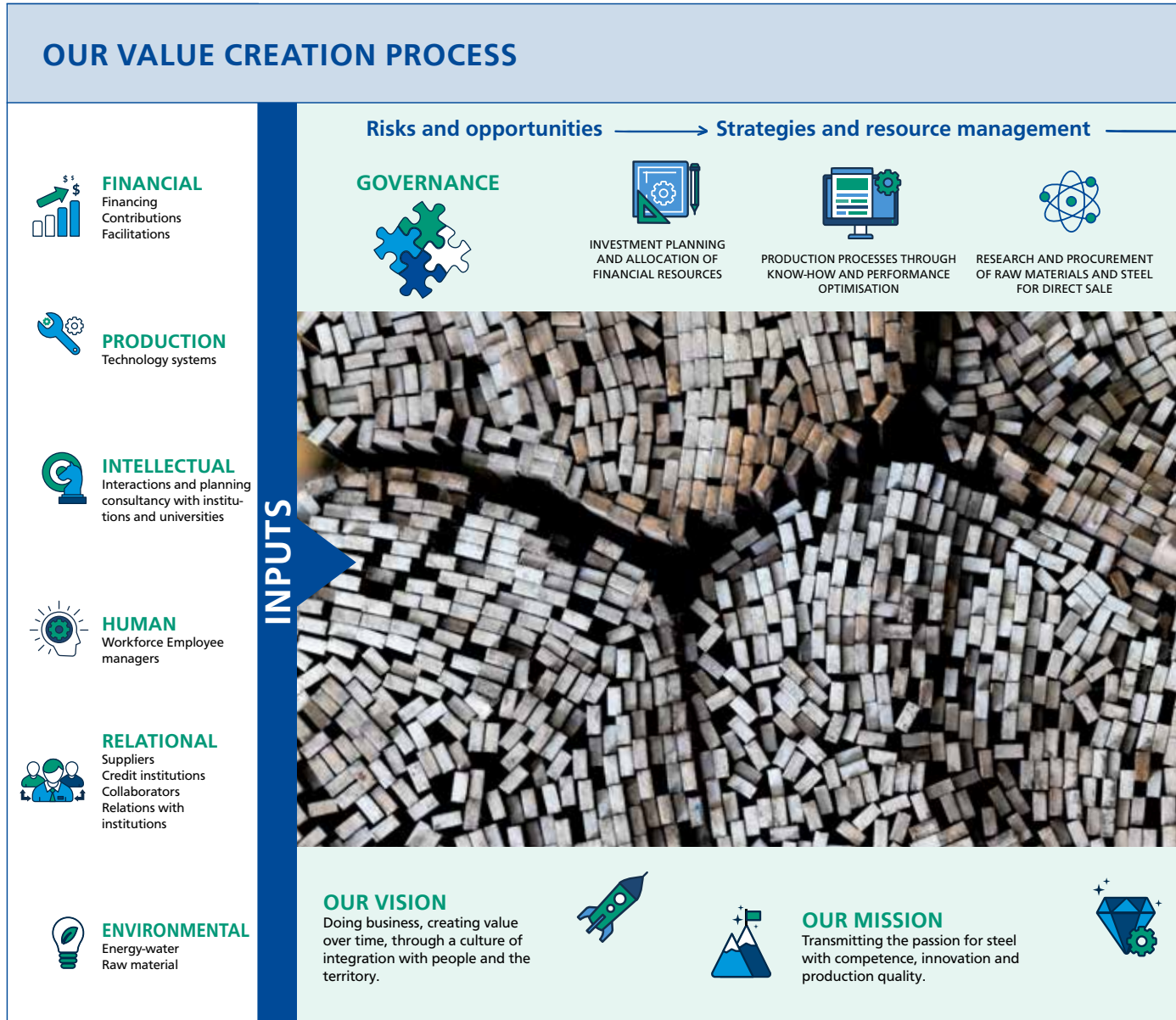
More details
about certified
companies



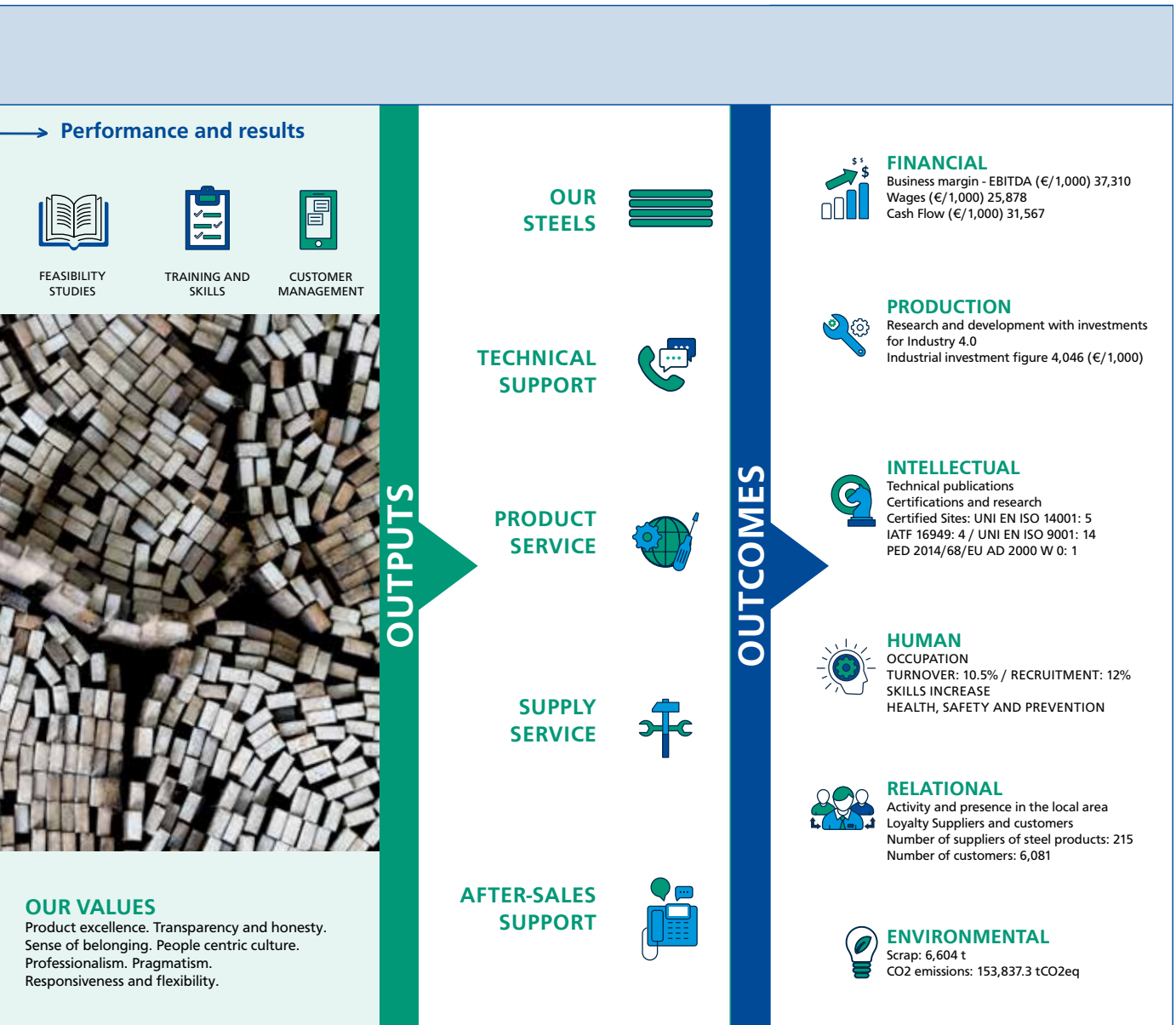
2.2 IL NOSTRO BUSINESS

THE BUSINESS MODEL

The supply chain highlights all the primary components that, interacting in the input phase, participate and contribute to the characterisation of our core business: **production and distribution of drawn, ground and peeled**



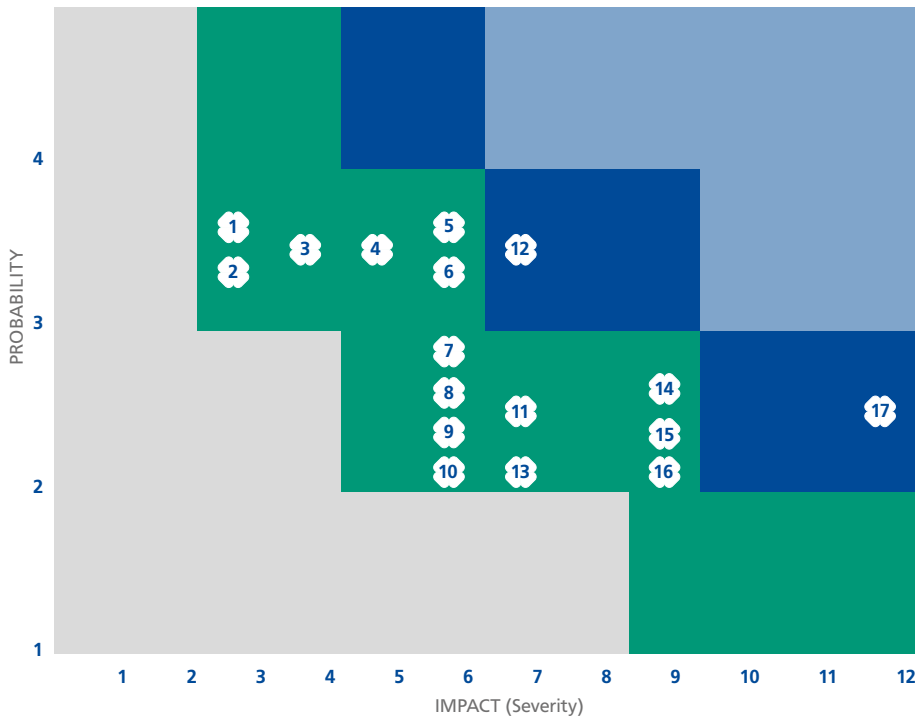
steels and rolled in a wide range of sections and sizes: flat, round, square, hexagons and special profiles, returning that “shared value” (outcomes), the final expression of our work and the beating heart of our sustainability project



RISK ASSESSMENT

Detection, monitoring and mapping of the main business risks considering their impact on the sustainability of our business.

The risk analysis process consists of their identification and their correlation with each business process according to the internal and external context of the interested parties and potential crimes.



The representation is obtained through the extraction of the most significant risks of the developed management systems, divided on **ESG** commitments, combining probability and impact (severity).

- 12. GOVERNANCE** Inadequate planning
- 17. SOCIAL** Crimes against Safety and Health in the Workplace
- 01. SOCIAL** High Turnover
- 02. ENVIRONMENTAL** Management of unauthorised waste
- 03. SOCIAL** Absence/shortage
- 04. GOVERNANCE** Inadequate identification of strategies/objectives
- 05. GOVERNANCE** Company crimes
- 06. SOCIAL** Serious crimes against health and safety at work
- 07. GOVERNANCE** Ineffective governance
- 08. GOVERNANCE** Operational inefficiency
- 09. SOCIAL** Customer Solvency
- 10. GOVERNANCE** Non-compliance with delivery times
- 11. GOVERNANCE** Malfunction or degradation of information systems
- 13. GOVERNANCE** Production delays
- 14. GOVERNANCE** Corporate stop governance (pandemic/exceptional event)
- 15. SOCIAL** Crimes against Public Administration
- 16. GOVERNANCE** Risk of loss, modification or appropriation of data

A solid and supportive image

LEGEND

Very significant
Significant
Slightly significant
Not significant



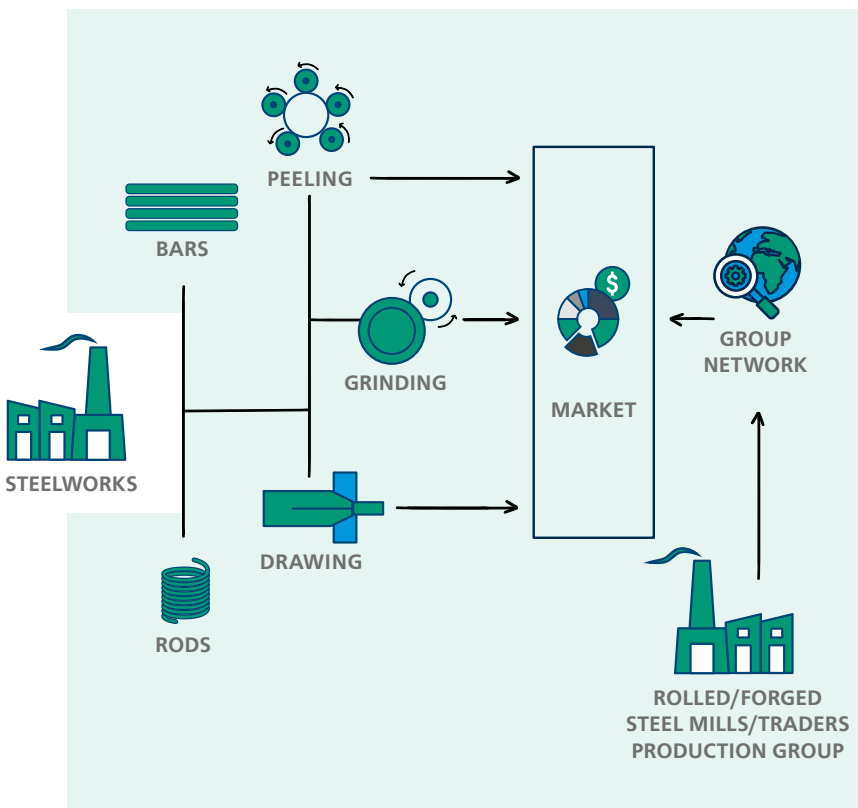


OUR CORE BUSINESS

Through processing, treatments and controls, from the raw material, such as wire rods or rolled bars, **DRAWN, PEELED/ROLLED and GROUND**, steels are obtained, intended for all the main commodity sectors. We serve the automotive, furniture, oil & gas, medical, agricultural, chemical, pharmaceutical, transportation, food, construction, mechanical and contract processing markets.

In addition to the steels processed by the Group, the distribution network also markets **hot worked, rolled and forged steels**.

An international leadership achieved and recognised by the entire sector for a total turnover of more than 250 thousand tons per year



CORE BUSINESS

Production and
Warehouses
Lucefin
Group





HEAT TREATMENTS

Plant equipment for the supply of cold finished products with specific heat treatment. The service is also carried out on behalf of third parties

The **Lucefin Group**, leader in the field of cold worked steels, is a reality that in its work offers punctual, efficient and constantly evolving services: heat treatments and non-destructive controls (CND) on semi-finished or finished products. Research and development is ongoing.

HEAT TREATMENTS AVAILABLE

ROLLS	Sub-critical annealing in a protective atmosphere. Quenching and tempering.
BARS	Quenching and tempering. Relaxation, annealing, normalization in a protective and non-protective atmosphere.



NON-DESTRUCTIVE TESTING (NDT)

Equipment to perform a full range of non-destructive testing with experienced and qualified personnel in accordance with EN ISO 9712

CND CARRIED OUT BY THE GROUP

SURFACE CHECKS	VT Visual Examination
	MT Magnetoscopic
	Induced Currents (Eddy Current) ET
INTERNAL HEALTH CHECKS	Manual UT Controls
	UT controls with «Phase Array» technology



LABORATORIES AND R&D

Equipped laboratories and dedicated personnel to support production and commercial activities, as well as for the continuous research and development of innovative products and processes

TESTS/SIMULATIONS PERFORMED

Tensile test at room temperature
Resilience test from room temperature up to -50 °C
Hardness test (HB, HRB, HRC, HV)
Simulation of heat treatments
Magnetic Characterisation

MODERN INSTRUMENTATION FOR METALLOGRAPHY ACTIVITIES

Stereo-microscope for micrographic analysis
Optical microscope for macrographic analysis
Cutting, embedding and polishing machine for the preparation of metallographic specimens

MAIN ANALYSES

Microstructural characterisation
Failure analysis: methods and causes of failure (e.g. cracks)
Depth of decarburisation

FOCUS ON OUR PRODUCTION



PRODUCTION UNITS

Drawn flat bars	6x2 - 400x40 mm
Drawn square bars	3 - 160 mm
Drawn, peeled, ground round bars	3 - 200 mm
Drawn hexagon bars	4 - 100 mm



DISTRIBUTION UNITS

Rolled round bars	20 - 330 mm
Flat rolled bars	20x5 - 300x60 mm
Forged round bars	300 - 1000 mm

PRODUCTION UNITS SALES

		2021	2022
Sales by steel families	Free-cutting steel	26%	24%
	Quenching and tempering steel	26%	27%
	Structural steel	41%	42%
	Stainless steel	5%	5%
	Other	2%	2%
Sales by process	Drawn bars	85%	84%
	Ground + Rough ground bars	10%	12%
	Peeled bars	5%	4%

Steel, living material

DISTRIBUTION UNITS SALES

		2021	2022
Sales by steel families	Free-cutting steel	14%	11%
	Quenching and tempering steel	49%	51%
	Structural steel	28%	28%
	Stainless steel	3%	3%
	Other	6%	7%
Sales by process	Drawn bars	45%	43%
	Ground + Rough ground bars	6%	6%
	Peeled bars	4%	3%
	Forged bars	8%	9%
	Rolled bars	37%	39%







CAP. 3 LUCEFIN SUSTAINABILITY PLAN

Meeting the needs of the present generation without compromising those of the future generation “ must today become a way of life: this is true sustainable development. A commitment represented by the 17 “GOALS” present in the United Nations 2030 Agenda.

But why are they so important? The 17 Goals set out the guidelines for a new model of society, according to criteria of greater responsibility in social, environmental and economic terms, aimed at avoiding the collapse of the Earth’s ecosystem. And in this design, everyone can do their part, from companies to end consumers.

OUR COMMITMENT FOR THE THREE-YEAR PERIOD 2021-2023



REFLECTIONS FOR THE FUTURE



THE ESG

With the acronym **ESG (Environmental, Social, Governance)** we want to represent, measure, and in the future, certify the company's ability to calibrate and manage its impact in **environmental, social and governance terms**. Therefore, it goes beyond the "traditional" concept of sustainability to project itself in a new dimension, representing the modern concept of "sustainable company" capable of generating value also towards the environment and society.

SUSTAINABILITY PROGRAMMING

The Business Strategy Development Plan, drawn up by the company's top management in collaboration with the Management Team (three-year period 2021-2023) is summarised and proposed through a summary scheme in which ESG, Capital, Material Issues, Objectives and Actions are articulated and developed in an organic and sequential manner, in order to represent with immediacy and simplicity what the Group intends to pursue and achieve in the short term.

The achievement of the objectives in the set times is periodically monitored by a Committee appointed internally through periodic meetings. At the beginning of 2022, the plan was supplemented with a **new material topic: "environmental footprint"**.



BUSINESS
STRATEGY
DEVELOPMENT
PLAN



ENVIRONMENTAL

CAPITAL	MATERIAL TOPICS	OBJECTIVES	ACTIONS
ENVIRONMENTAL CAPITAL	ENVIRONMENTAL FOOTPRINT	Reduction of exploitation of environmental resources. Promoting the development of a circular economy	Evaluations of photovoltaic systems (for self-consumption) on our properties. Reduction of CO2 emissions. Reduction of waste destined for disposal and/or hazardous waste

SOCIAL

CAPITALI	TEMI MATERIALI	OBIETTIVI	AZIONI
RELATIONAL CAPITAL	STAKEHOLDER RELATIONS	Definition of interaction methods and procedures.	Dedicated engagement projects and analysis of feedback.
HUMAN CAPITAL	HUMAN RESOURCES	Improve the skills and well-being of workers.	Training courses. Incentive and Welfare Plans.
	GENERATIONAL TRANSITION	Change management.	Functional and Job Continuity Process of Change.
	HEALTH AND SAFETY	Updating systems. Implementation of UNI EN ISO 45001.	Monitoring of workplaces. Awareness-raising of staff. Management system development.

GOVERNANCE

CAPITALI	TEMI MATERIALI	OBIETTIVI	AZIONI
FINANCIAL CAPITAL	FINANCIAL ECONOMIC BENEFITS	Maintaining the financial economic balance.	Optimisation of capital distribution and valuation of financial opportunities
PRODUCTIVE CAPITAL	QUALITY AND INNOVATION	Enhancement of the supply chain and commercial offer.	Design and experimentation activities. Feasibility studies and investment plans.
	EFFICIENCY	Optimisation of processes and reduction of inefficiencies.	Evaluation of internal processes and systems in order to detect and reduce inefficiencies. Digitisation. Improved partnerships with suppliers.
INTELLECTUAL CAPITAL	TECHNOLOGICAL INNOVATION	Optimisation / integration of group management and data security.	Improvement and extension of internal management. New ERP implementations in specific areas. Improved protection and updating of data and networks. Dematerialisation.
	CORPORATE STRUCTURE	Corporate rationalisation.	Optimisation of corporate organisation (core business) and assets.
	GOVERNANCE MODEL	Improvement of the organisational structure. Development of strategic assets.	Development/implementation of an integrated organisational model. Improve the flow of internal communication.
RELATIONAL CAPITAL	BUSINESS DEVELOPMENT	Commercial penetration and new markets.	Market research actions and activities and specific investments.



3.1 ENVIRONMENTAL

3.1.1 ENVIRONMENTAL CAPITAL



MATERIAL TOPIC

ENVIRONMENTAL FOOTPRINT

Objectives

REDUCTION OF EXPLOITATION OF ENVIRONMENTAL RESOURCES TO PROMOTE THE DEVELOPMENT OF A CIRCULAR ECONOMY

Actions

EVALUATIONS OF PHOTOVOLTAIC SYSTEMS (FOR SELF-CONSUMPTION) ON OUR PROPERTIES
CO2 EMISSIONS REDUCTION
REDUCTION OF WASTE FOR DISPOSAL AND/OR HAZARDOUS WASTE

The **Lucefin Group** has direct and indirect impacts on the environment. Monitoring and reducing them both in the decision-making and operational phases, pursuing their efficiency in the use of resources, improving their waste management and stimulating awareness of the importance of the issue inside and outside the company, remains a corporate priority.

With respect to waste management, the company has implemented policies for the reduction of hazardous waste and incentivised the use of recovery centres.

In 2021, with a view to strengthening the collection system of environmental indicators, the Group turned its attention to two key issues: CO2 control and energy.

In 2022, the Company began a path towards renewable clean energy by designing and activating photovoltaic plants at different sites. Completed during the year the plants on the Trafifix Esine Production Unit and KSM sites, and started the feasibility and planning study for the sites of Trafifix Czech and Trafifix Berzo Production Unit.

We want to start from here to trigger a training and cognitive process aimed at improving the approach and creating greater awareness on the subject.

CARBON FOOTPRINT



THE RESOURCES USED

The materials used

Steel, input of our production process, is technically a non-renewable material as it originates from ore from potentially exhaustible deposits. However, it has the intrinsic possibility of being 100% recyclable thanks to the level of technology achieved in the circular economy chain of steel.

The other materials used for the production and packaging of the products are less than 1% of the materials used by the Group, but the organization has decided to still report all the materials used defining the origin from renewable and non-renewable sources.



TECHNICAL CYCLE



BIOLOGICAL CYCLE



	2021	2022
TOTAL NON-RENEWABLE MATERIALS USED (t)	224.934,14	212.240,20
Steel (processed or marketed)	223.598	211.005
Steel for packing	1.184,16	1.070,33
Polyester	65,3	38,42
Chemical	40,94	42,14
Oils	45,74	84,31
TOTAL RENEWABLE MATERIALS* USED (t)	356,11	430,61
Legno	269	322,92
Carta	87,11	107,69
TOTALE PESO MATERIALI UTILIZZATI (t)	225.290,25	212.670,81

**Notes: Renewable material - material derived from abundant resources that is rapidly replenished through ecological cycles or agricultural processes so that the services provided by these and other related resources are not compromised and remain available for future generations.*

“An industrial economy that is conceptually regenerative and reproduces nature by actively improving and optimising the systems through which it operates”.

Source: Ellen MacArthur Foundation.

With respect to the Group's production, the input of the work cycle of our suppliers has been verified, whether mainly from scrap (electric furnace) or from iron ore (blast furnace).

From this analysis we obtained the following results:

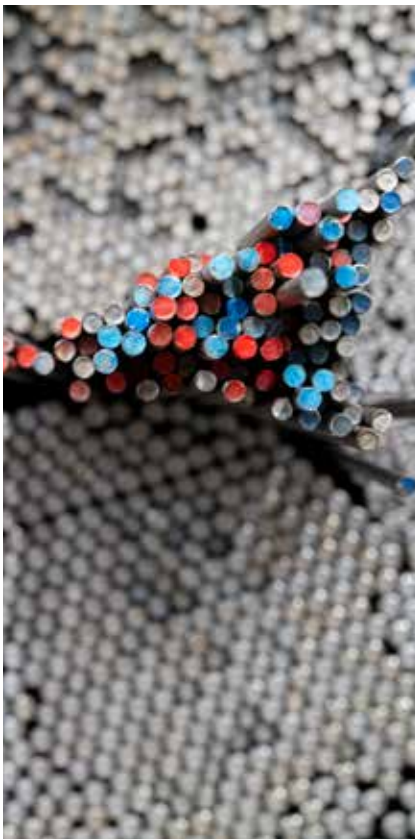
	2021	2022
TOTAL WEIGHT OF PROCESSED MATERIAL (Steel) t	166,030	156,463
TOTAL WEIGHT OF RECYCLED MATERIALS USED (Steel) t	136,304	121,030
PERCENTAGE OF MATERIALS USED FROM RECYCLING	82.10%	77.35%

**Notes: The values indicated are calculated from the percentage of recycled material declared by the suppliers.*

Percentage of recycled materials used to produce the organisation's primary products.*



**RECYCLABLE
PRODUCTS
DELIVERED 100%**



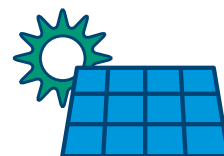
Energy consumed within the organisation

	2020	2021	2022	UNIT OF MEASURE
Energy used from fossil fuel	18,629	29,922	24,420	GJ
Electricity purchased	12,889,139	20,285,351	19,859,184	kWh
	46,401	73,027	71,493	GJ
Electricity produced by photovoltaics	461,402	496,584	1,084,634	kWh
	1,651	1,788	3,905	GJ
Electrical Energy sold	461,402	411,804	636,353	kWh
	1,661	1,482	2,291	GJ
Total energy consumption within the organisation	65,020	103,255	97,527	GJ

Notes:
Data 2020 only Italy
2021 Data Italy + Abroad
2022 Data Italy + Abroad

Source of conversion factors used:

- for SMC conversion into joules using the local conversion factors available on the website www.snam.it for each delivery point and reference year; where not available, using the data available in the bills of the methane gas supply company.
- for LPG (tank installed in Acciai Brianza - Orbassano) using the following Higher Calorific value (P): 24.9 kWh per m³ (ENEA source).
- for conversion kWh into joules assumed the following value:
1 kWh = 0.0036












ELECTRICITY PRODUCED BY PHOTOVOLTAIC
1,084,634 kWh
+ 54% compared to 2021

Energy Intensity

	2021	2022
Warehouses	0,08 GJ/t products sold	0,08 GJ/t items produced
Productive	0,55 GJ/t products sold	0,56 GJ/t items produced

Interaction with water as a shared resource

There are no industrial discharges but only civilians that drain into the municipal sewage network.

		 Heat treatment	 Fire ring	 Production facilities	 Civilian and sanitary use
TRAFILIX Berzo Production Unit	 Well	●			
	 Aqueduct		●	●	●
TRAFILIX S. Colombano Stainless Production Unit	 Aqueduct		●	●	●
TRAFILIX Esine Production Unit	 Well		●		
	 Aqueduct		●	●	●

Respecting the environment

	2021	2022
TRAFILIX Berzo Production Unit	3,933	3,848
TRAFILIX S. Colombano Stainless Production Unit	0,88	0,75
TRAFILIX Esine Production Unit	1,47	6,76

Water consumption
(in ML)



is a duty towards life

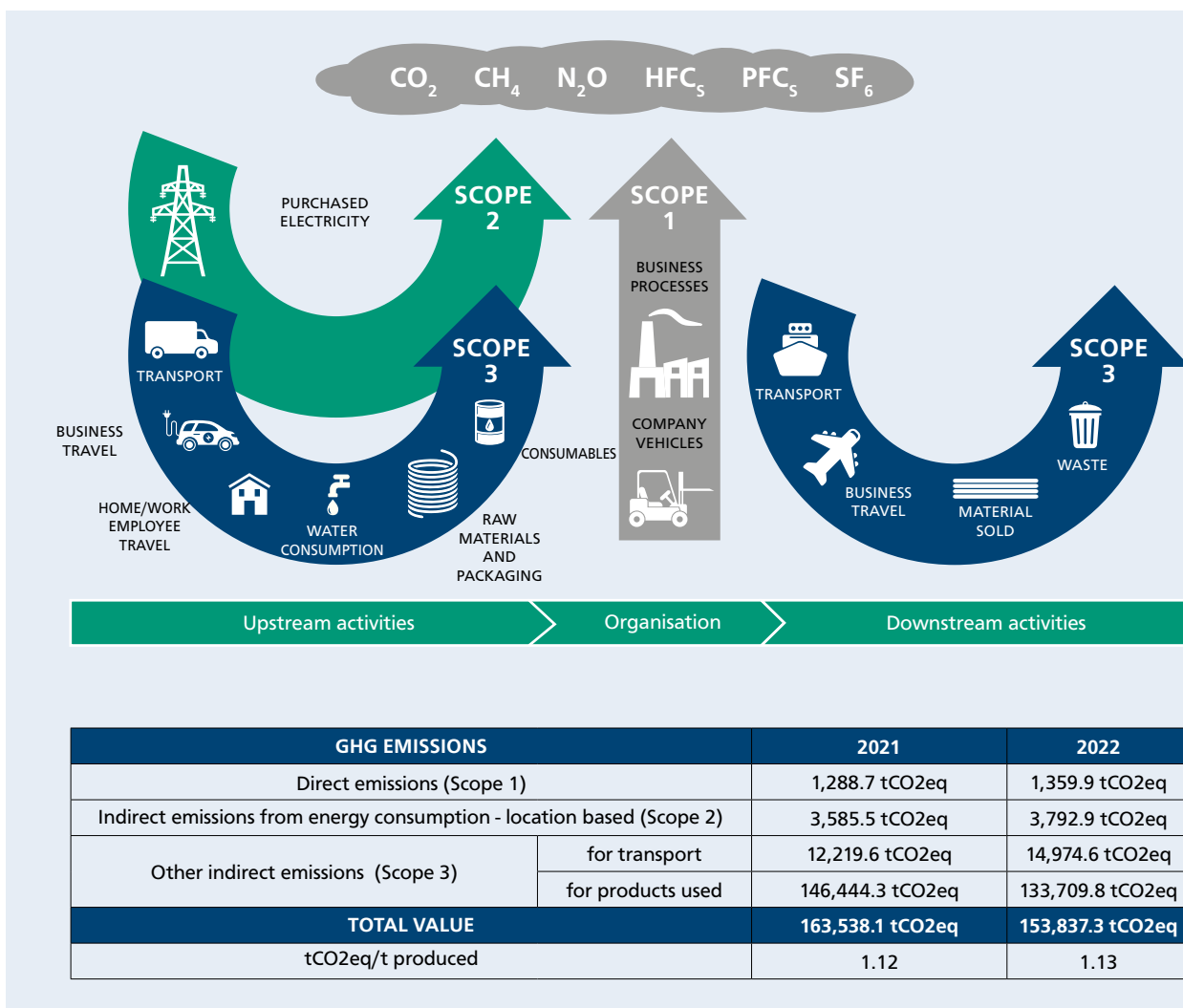


IMPACT MANAGEMENT

Organisational carbon footprint

In 2021, TRAFILIX S.p.A. undertook a process to quantify and reduce the emissions of climate-changing gases associated with its activities. A fundamental piece in this regard is the drafting of the company's GHG emissions inventory based on the main reference standard: UNI EN ISO 14064-1:2019.

All climate-altering gases (GHGs) required by the reference legislation are monitored and reported in terms of CO₂ equivalent (CO₂eq.), using the conversion factors based on the Global Warming Potential.



Trafilix S.p.A. signed the “Brescia 2050 Sustainability Pact” in 2022.

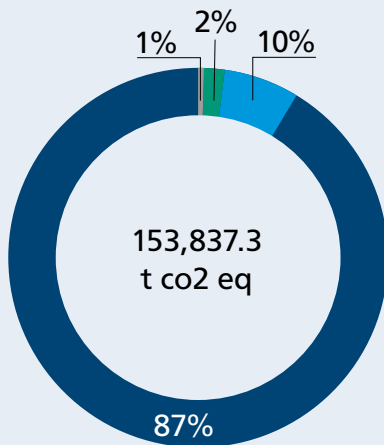
In this sense, the actions undertaken and future are aimed at:

- quantify the greenhouse gas and pollutant emissions;
- define and implement appropriate interventions and long-term strategies for decarbonisation

Trafilix S.p.a. has driven the entire Group towards the use of renewable sources.

Integrating ESG factors into the corporate sustainability path has allowed the Group to take a critical and analytical look at its impacts and the actions taken or to be taken.

Today, aware of the urgencies connected to climate change, it looks with interest to the TCFD (Task Force on Climate-related Financial Disclosures) approach, created with the aim of helping to understand the impact that climate has on business. TCFD will be a new model from which to draw inspiration. The sustainability team is already forming to support corporate governance.



2022 DATA CALCULATED FOR TRAFILIX S.p.A.

- Direct GHG emissions (Scope 1)
- Indirect emissions from energy consumption (Scope 2)
- Other indirect GHG emissions (Scope 3) - for transport
- Other indirect GHG emissions (Scope 3) - for products used

The indirect CO2 defined in Scope 3 for steel is calculated with theoretical coefficients from literature. The data has been improved where possible by referring to the values of origin from recycled declared by our suppliers. This data collection is a constant process that we are carrying out as scope 3 has a relevant weight in our counting.

In line with the GRI 3052 indicator, we also report the count according to the market based method that is based on the most up to date energy mix declared by the electricity supplier.

GHG EMISSIONS	2021	2022
Indirect emissions from energy consumption - market based (Scope 2)	5,881.8 tCO2eq	5,098.3 tCO2eq

Waste generation and related significant impacts

The scrap, the main waste of the processing, is managed, in compliance with the circular economy, by sending it to recovery centres.

For all types of waste, this solution is preferred over disposal centres.

L'acquisto di un filtro presso Trafilix S. Colombano Stainless Production Unit
The purchase of a filter at Trafilix S. Colombano Stainless Production Unit will allow the reduction and return to recovery of the residual sludge from the rectification.

Since 2022, the Group's companies have been using software dedicated to waste management.

Type of waste	2020		2021		2022	
	disposal	recovery	disposal	recovery	disposal	recovery
Metals and minerals	16	5.042	29	7.583	18	7.770
Oils, sludges and solutions	157	25	244	11	245	25
Biodegradable	-	0,2	-	20	-	6
Plastic and glass	0	25	0	96	0	40
other	7	47	14	90	11	76

Peso totale in t.

Type of waste	2020		2021		2022	
	hazardous	Non hazardous	hazardous	Non hazardous	hazardous	Non hazardous
Metals and minerals	0,4	5.058	0,1	7.611	4	7.783
Oils, sludges and solutions	182	0	255	0	226	44
Biodegradable	.	0,3	.	20	.	6
Plastic and glass	.	25	.	96	.	40
other	7	47	15	89	11	76

Total weight in tonnes.

Notes: Urban Solid Waste is managed at the municipal level and by the relevant municipal companies, for this reason, it is not quantified.

The processes for data collection and monitoring are linked to legal obligations.

97%



WASTE FOR RECOVERY



Means of transport

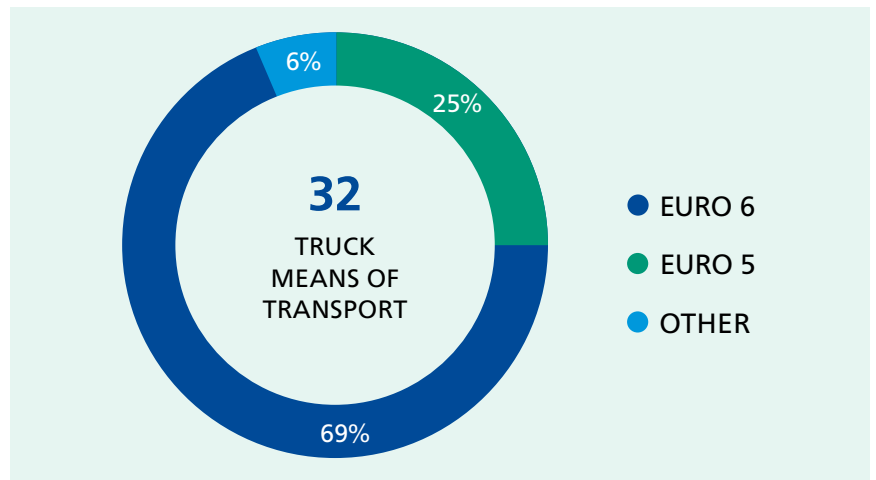


TRUCK

	2020	2021
TOTAL MEANS OF TRUCK TRANSPORT	31	32
EURO 6	61%	63%
EURO 5	29%	28%



FOCUS 2022



3.2 SOCIAL

3.2.1 RELATIONAL CAPITAL



MATERIAL TOPIC

RELATIONSHIP WITH STAKEHOLDERS

Objectives

DEFINITION OF INTERACTION METHODS AND PROCEDURES

Actions

DEDICATED ENGAGEMENT PROJECTS
AND ANALYSIS OF FEEDBACK

Stakeholders on whom our value chain develops

- Properties
- Governance bodies
- Regulatory bodies and public administration
- Subsidiaries
- Employees
- Customers
- Suppliers and Business Partners
- Competitors
- Social partners and communities
- Industry informers

The stakeholder engagement activity, seen in a perspective of listening and inclusion of all the primary interlocutors for initiatives and projects of common interest, is a loyalty tool and an indispensable element for mutual trust between the company and the stakeholder.

We want to build a transparent and collaborative relationship with all the actors involved in a context of sustainability and willingness to transform.





EVENTS: Opportunities to meet with stakeholders

In 2021 the first steps towards this direction:

9th edition MADE IN STEEL – First edition following the Covid restrictions. As the title of the event emphasizes, “Renaissance - Here begins the steel rebirth”, the topic has focused on “rebirth” as the key to the future of steel. Our presence has obtained an honourable mention in the category “Best Communication Stand.

19th edition MEC SPE – Fair dedicated to manufacturing and industry 4.0, organised by Senaf in Bologna. The protagonists have been the digitalisation, sustainability and training, the fundamental issues in the increasingly current digital and ecological transformation of industrial processes.

BRAND IDENTITY



Introduction to a **CO-BRANDING activity**. Project to be developed with customers aimed at making known how the Group’s steel is used and how, in some contexts, it becomes part of people’s daily lives.

EVENTS: Opportunities to meet with stakeholders

In 2022, a year full of events:

WIRE and TUBE – Leading International Trade Fairs 2022 at Messe Dusseldorf, the most important international event in the steel sector dedicated to the Cable, Wire Wire and Pipe Production and Processing Technologies industry..

STAINLESS STEEL WORLD 2022 – Conference & Exhibition at MECC in Maastricht, international fair dedicated to stainless steels.

ACADEMIC PRESENTATION of the VOLUME “METALLURGY OF STEELS - PART TWO”, the result of the already leading synergy between the professors of the Milan Polytechnic and Trafilix. A book that closes a trilogy of publications.

“STEEL TRILOGY” PRESENTATION – Year-End Corporate Event.

HIGHLIGHTS – new voluntary non-financial reporting objective: born on the wave of the first Sustainability Report, it aims to highlight and synthesise the data and results that characterised the year 2021, combined with a partial comparison with 2022 in view of the publication of the second biennial sustainability report.



We have carried out a **SURVEY** activity to perceive how our service, our products and our image are received by customers.

“PARKER STEEL SUPPLIER ACHIEVEMENT AWARD” – precious recognition obtained by **Gruppo Lucefin**. The “2021 Best Supplier Award” is awarded by Parker Steel every year with the aim of demonstrating its appreciation towards those suppliers who have been able to meet expectations on the quality of the material and provide a service characterised by high-level performance.

Speeches at **WEBINAR** and **CONFERENCES** organised by ACEF-Cultural Association of Economics and Finance and Barbieri & Associates of Chartered Accountants, Confindustria Como and Siderweb.

Participation in the “FEDABO ECOSYSTEM” project of the Energy Service Company and BCorp FEDABO. The initiative was born with the aim of safeguarding the Forest Ecosystem. Companies that sign a contract with Fedabo are given the opportunity to redevelop the green area near the Oglio river in Valle Camonica by adopting and planting trees. Our trees, no. 45 and no. 46, will grow strong and lush.

“BRESCIA 1000 + MILLE IMPRESE” insert by Bresciaoggi – **Lucefin S.p.a** and **Trafilix S.p.a.** are included in the ranking of resilient and dynamic companies, attesting respectively to positions 47 and 92.

“STEELS AND THEIR COLD TRANSFORMATION” – new internal training course dedicated to the **Trafilix Industries** production department staff and aimed at expanding their technical competence: a deeper knowledge of the Group’s steels and the study of the process for their cold transformation.

Publication of the technical volume “METALLURGY OF STEELS - Part two”. The distribution of the series has reached the main Italian industrial engineering libraries, the University of Italian Switzerland and several municipal libraries.



BRAND IDENTITY, REWARDS AND PARTICIPATION



TRAINING



PARTICIPATION IN THE TERRITORY External Initiatives



FUND FOR HOSPITALS AND HEALTHCARE OF VALLE CAMONICA

The purpose of the fund is to support useful initiatives that promote the development, from the infrastructural, organisational, management, expansion of the offer, humanisation of care and proximity to patients of the Vallecamonica Hospital Centre and the Territorial Network.

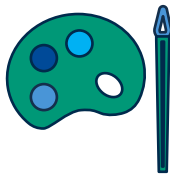
NEXT GENERATION FOUNDATION VALLECAMONICA ETS

To promote the economic and social development of the people and communities of Vallecamonica and Alto Sebino, developing ideas and projects to support the recovery and resilience of the economy, as well as the recovery of abandoned areas.

In this regard, feasibility studies have been carried out in some areas.

IO21ZERO97 THE BEAUTIFUL RACE OF VALLE CAMONICA

A running event that takes place every year between radiant naturalistic scenarios and glimpses of historical and cultural interest of Valle Camonica. A project that was born in 2013 from an idea of the Corrintime Sports Association, founded by Giorgio Buzzi. The 10th EDITION will be held in 2023.



D'ADA REVIEW ART, DESIGN, ARCHITECTURE

D'ADA 2021 - 3rd ADA Review of meetings, experiences and visions involving great artists, creatives and archistars who, in the 20th century, left a deep trace also in Valle Camonica.

2022 - 4th D'ADA Review with new opportunities to deepen the knowledge of expressive languages, the contemporary and artistic experiences of promotion, design, narration and curating at national and international level, also keeping a look on the historical-artistic heritage of the territory of Brescia and Bergamo.

The **Lucefin Group** remains a fundamental part both in supporting the event and in collaborating in the organisational and communicative part of the events.

The President of the **Lucefin Group** supports and believes in the artistic project of d'ADA, not only as Main Sponsor with its own industrial reality, but also in the role of Project Manager of the Exhibition and founding partner of the ADA Association, together with Eletta Flocchini and Marco Farisoglio. Giorgio Buzzi is therefore an active and integral part of this important path of cultural enhancement that looks at the beauty of art in all its forms and the new generations, with the aim of offering them visions and reading tools for the future.

TEDX PISOGNE

2022 – Trafilix Industries ha promoted TEDxPisogne, the first TEDx event in Valle Camonica. The format includes fast and stimulating monologues called "talks" given by authoritative speakers.

The topic "Origins" was the guiding topic of the interventions of this edition. A concept declined in multiple values, including personal, geographical, philosophical and cultural origins, also of projects and works, successes and failures: "How can a man know where to go who does not know where he comes from?".

INDUSTRIAL RELATIONS AND TRAINING

Institutions Membership of associations

WE BELIEVE IN THE CULTURE OF THE SECTOR AND THE CULTURE OF KNOWLEDGE. WE ADDRESS THOSE WHO EXPERIENCE THIS PROFESSION WITH INTENSITY AND PASSION OR TO THOSE WHO ARE JUST BEGINNING.

The **Lucefin Group** is an active member of some industrial associations: **Federacciai** and **Confindustria Brescia**.

It actively collaborates with **Siderweb** and **Assocamuna**. On 2 December 2022 the President of the **Lucefin Group** Giorgio Buzzi was elected President of Assocamuna - Association of Entrepreneurs of Vallecamonica, Sebino, Valcavallina and Val di Scalve.

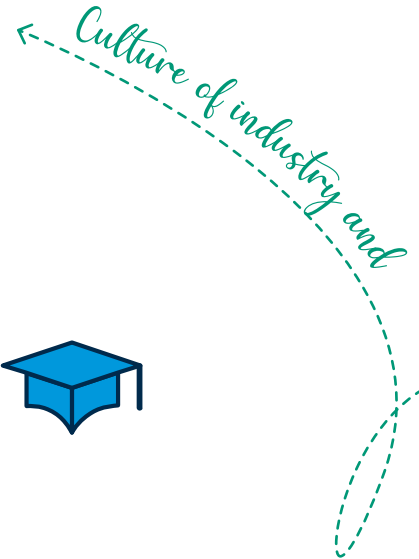
The Group provides its expertise in the sector by collaborating with **Unsider** and participating in the working tables for the revision of standards.

It develops and promotes training projects with **FaFe** in the field of failure analysis and forensic engineering aimed at management and technical profiles as well as experts in the insurance and legal sector, operating in the industrial, chemical, petrochemical, transport and components sector in general.

The partnership between Gruppo and **Politecnico di Milano** is always active for training activities, support for the development of degree theses and innovative projects.



CULTURE



knowledge shift fuel



3.2 SOCIAL

3.2.2 HUMAN CAPITAL



MATERIAL TOPIC

HUMAN RESOURCES

Objectives

IMPROVEMENT OF WORKERS' SKILLS AND WELL-BEING

Actions

TRAINING COURSES

INCENTIVE AND WELFARE PLANS

We believe that the involvement of employees and their professional growth represent guarantees of continuity of role, function and maintenance of those values inherent in the cultural and generational background of the Group.

In the last two years, a periodic and planned training course has been developed, which aims to involve workers in educational and professional experiences that can stimulate their attention and participation in the entire "business life cycle".

With the intention of following up on the internal training plan, expert professional figures were employed, who started a "maieutic path" in September 2022, involving the property and the managerial branch in its first phase. The project is aimed at the "person", with the aim of triggering a process of self-awareness that translates into individual evolution, increase in relational skills, consolidation and management skills of soft skills, improvement of cohesion and the experience of belonging to the group.

In 2022, a "Corporate Welfare Plan" was formalised related to specific personal events. The emphasis was placed on the figure of the employee from a personal point of view, enhancing the family and the educational growth within it through contributions that attest to the Company/ Family bond. The school training of employees and their children (natural and/or adopted) is understood as a certificate of growth not only individual but collective.



CAREER
GROWTH

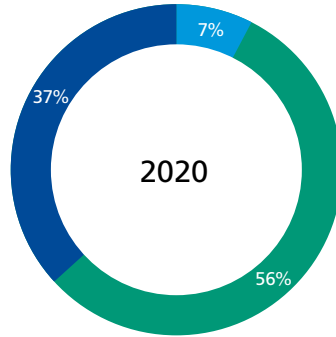


CORPORATE
WELFARE PLAN

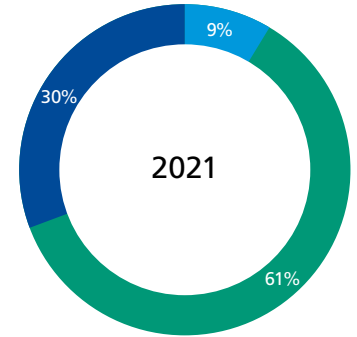


DIVERSITY AMONG EMPLOYEES

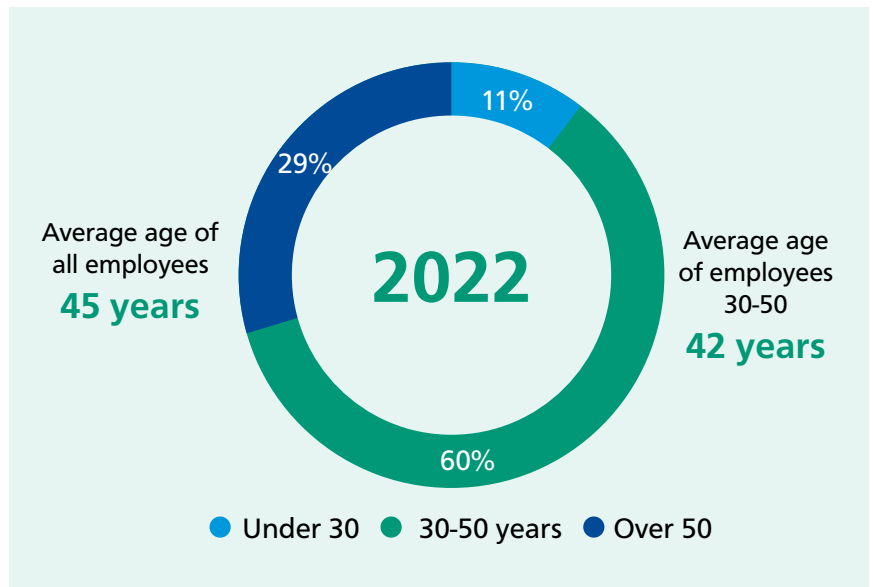
DIVERSITY BY AGE GROUPS



● Under 30 ● 30-50 years ● Over 50

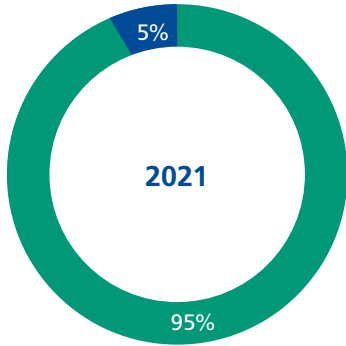


● Under 30 ● 30-50 years ● Over 50

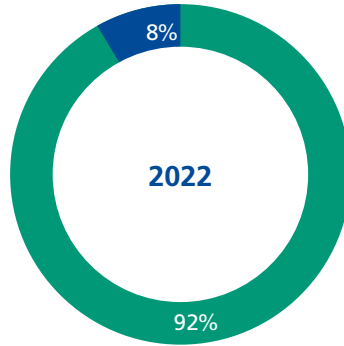


DIVERSITY BY GENDER	2020	2021	2022
	86,40%	85,87%	85,87%
	13,60%	14,13%	14,13%

TYPE OF CONTRACT



- Permanent contract
- Fixed term and Administration contract



- Permanent contract
- Fixed term and Administration contract



100%

TOTAL EMPLOYEES WITH COLLECTIVE BARGAINING AGREEMENTS

EMPLOYEE AND OTHER WORKER INFORMATION

		2021	2022
PERMANENT EMPLOYEES	Total No.	520	510
	M	449	436
	F	71	74
FIXED-TERM EMPLOYEES AND ADMINISTRATION	Total No.	25	42
	M	19	38
	F	6	4



INTERNSHIPS HIGH SCHOOLS AND UNIVERSITIES

N. 6 **N. 22** **N. 10**
 2020 2021 2022



FULL TIME

EMPLOYEES	2021	2022
Total No.	532	534
M	464	470
F	68	64

PART TIME

EMPLOYEES	2021	2022
Total No.	13	18
M	4	5
F	9	13

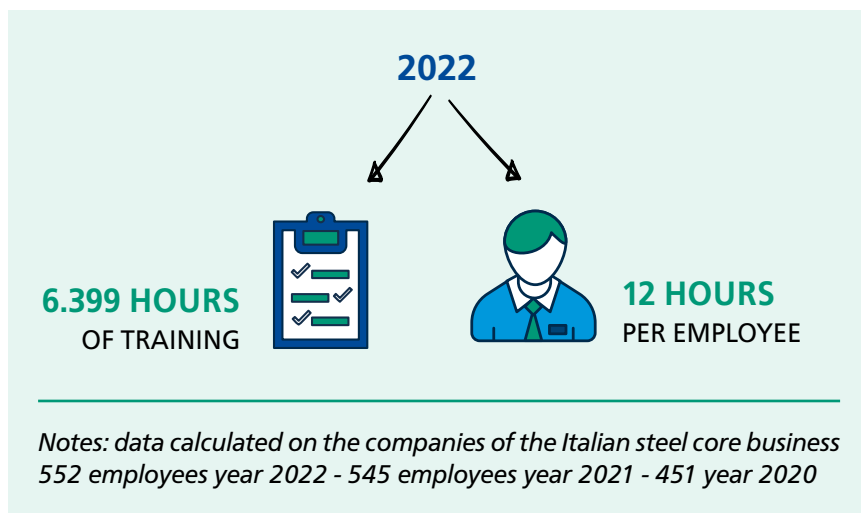
	2021	2022	
TOTAL NUMBER OF PERMANENT EMPLOYEES	Italy	444	433
	Czech Republic	64	63
	Germany	12	14
TOTAL NUMBER OF FIXED-TERM EMPLOYEES AND ADMINISTRATION	Italy	23	41
	Czech Republic	0	1
	Germany	2	0

Note: Reporting date and period 31/12/21 - 31/12/22



EMPLOYEE TRAINING

	2020	2021
TRAINING HOURS	4.821	8.244
HOURS PER EMPLOYEE	11	15



MATERIAL TOPIC

GENERATIONAL TRANSITION

Objectives

CHANGE MANAGEMENT

Actions

FUNCTIONAL AND MANUAL CONTINUITY

PROCESS OF CHANGE

It is important to give value to **“generational turnover”** to ensure continuity in the business cycle..

For all this to be implemented, a process built gradually over time that leads to identifying professional figures is necessary. It can in a more or less short future, replace **“the existing one”** ensuring not only continuity, but also renewal. Relaunching and revitalizing a business process with a new innovative spirit, essential to adapt to market developments and changes in the social context.

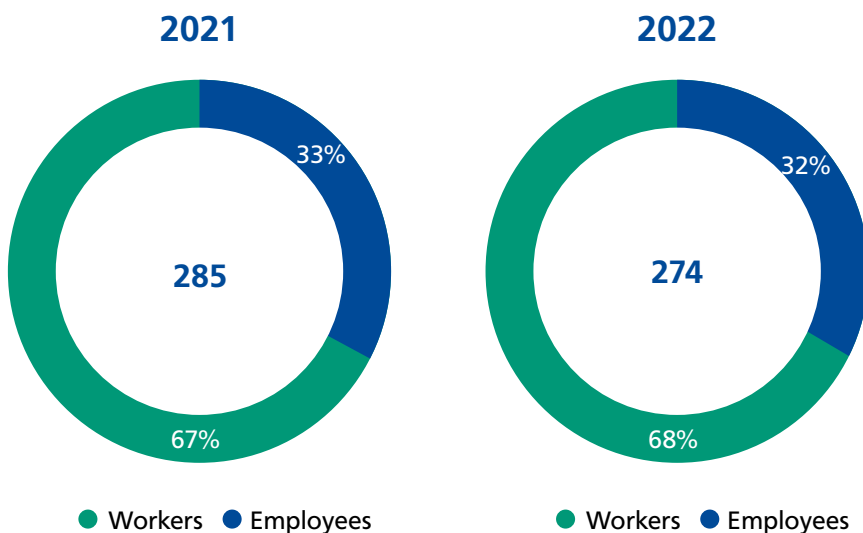
In 2021 all the Group’s management figures were invited to undertake and document their own path of **“generational transition”**.

In 2022 the project extended to the tasks and responsibilities of the distribution network.

PROCESS
BUILT
GRADUALLY
OVER TIME



EMPLOYEES WITH MORE THAN 10 YEARS OF SENIORITY



BUSINESS CONTINUITY



RECRUITMENT AND TURNOVER OF EMPLOYEES

		2020	2021	2022
Total number of new hires		8	63	66
New Hire Rate		1,7%	11,5%	12 %
Hired by age groups	Under 30	4	24	31
	30-50 years	4	34	34
	Over 50	0	5	1
Hired between men and women	M	8	56	57
	F	0	7	9
Branch Recruitments	Italy	-	53	66
	Czech Republic	-	7	0
	Germany	-	3	0

		2020	2021	2022
Total turnover*		28	53	58
Turnover rate		6,2%	9,7%	10,5 %
Turnover by age	Under 30	2	13	14
	30-50 years	11	26	31
	Over 50	15	14	13
Turnover men and women	M	24	48	50
	F	4	5	8
Branch Turnovers	Italy	-	42	58
	Czech Republic	-	9	0
	Germany	-	2	0
Type of termination	Resignation	9	18	24
	Terminate	2	18	24
	Dismissal	3	10	1
	Pension	14	7	9

*Note: Turnover - Employees who leave the organisation voluntarily or following dismissal, retirement or death during service. The contractual steps are also considered, for example: from fixed term to permanent contract and from supply contract to employed.

MATERIAL TOPIC

HEALTH AND SAFETY

Objectives

UPDATING SYSTEMS

UNI EN ISO 45001 IMPLEMENTATION

Actions

MONITORING WORKPLACES STAFF AWARENESS

DEVELOPMENT MANAGEMENT SYSTEM

We aim for a stimulating and motivating work environment in which a culture of safety, health and prevention has a primary role and where everyone feels committed to giving the right support and the maximum contribution to the achievement of the set objectives.

The Group operates in order to maintain a high level of safety in the workplace while trying to meet the needs of workers to improve their participatory contribution.

The Group keeps the risk assessments up-to-date in accordance with current regulations and implements the relevant prevention, protection and hazard management measures.

All employees are encouraged to report situations of risk and danger to the RLS and the Supervisors for immediate intervention. RLS/RSUs are constantly consulted and involved.

A whistleblowing system is active for Italian production companies and the parent company.

Injuries, accidents and near misses are analysed with internal investigations.

All workers are kept up-to-date and trained via email, bulletin board alerts and mandatory and additional training activities, remotely or in person, carried out by qualified internal or external trainers.



**PARTICIPATION
AND CONSULTATION
OF WORKERS WITH
REGARD TO
OCCUPATIONAL
HEALTH AND SAFETY
PROGRAMMES
AND RELATED
COMMUNICATION**



**TRAINING OF WORKERS
IN OCCUPATIONAL HEALTH
AND SAFETY**



**HAZARD IDENTIFICATION,
RISK ASSESSMENT AND
ACCIDENT INVESTIGATIONS**





OCCUPATIONAL MEDICINE SERVICES

The Group has appointed the Competent Physicians (MC) who verify the suitability of the employee for the job, to collaborate for the assessment of hazards and risks and to carry out inspections.

Subscriptions to health funds envisaged at the contractual level are signed.

A free breast examination is guaranteed every year to the women of the Group.

On the occasion of the National Day of Safety in the Workplaces, which takes place every year on April 28, health and safety are promoted through targeted communications.

PROMOTION OF WORKERS' HEALTH



Goal 8.8 of the 2030 Agenda of the United Nations (UN) for Sustainable Development deals with the topic of Health and Safety at Work. The interventions concern the importance of creating a Global Culture of Prevention and that employers and workers are aware of their responsibilities and rights.

The slogan accompanying the 2030 Agenda is "No One Excluded". This message aims to recall the centrality of the topic, to emphasize the need for collaboration by everyone, not only for compliance with the rules, and to wish to create a better context for future generations.

Trafilix aims to participate in the **WHP Lombardy Network**, with the start of the project in the Valle Camonica.

It is a program for the promotion of health in the workplace by overseeing the prevention of behavioural risk factors.



"Setting a good example is not the main thing to influence others; it is the only thing".

Abraham Lincoln

ACCIDENTS AT WORK



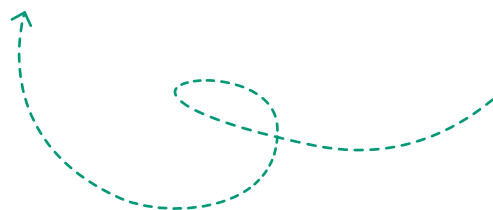
	TOT. PRODUCTION INDICES		TOT. WAREHOUSE INDEXES + LUCEFIN and TRAFILIX DARFO OFFICES	
	2021	2022	2021	2022
No. of Accidents Year	10	18	9	9
No. of Employees	305	308	248	252
Total Days Injured	473	667	327	332
INAIL Working Hours	469.700	474320	381.920	388.080
Frequency Index IF = N / (O x 1,000,000)	21,29	37,95	23,57	23,19
Gravity Index IG = G / (O x 1,000)	1,01	1,41	0,86	0,86
Average Accident Duration DM = G / N	47,30	37,06	36,33	36,89
Serious Accidents (> 180 days)	0	0	0	0
Medium Accidents (> 40 days)	3	7	4	4

Note: the rates are calculated according to INAIL indications.

	2021	2022
NEAR MISSES	38	23
NUMBER AND RATE OF DEATHS AS A RESULT OF ACCIDENTS AT WORK	Bruises, crushes, distortion and tripping	
MAIN TYPES OF ACCIDENTS AT WORK	No deaths	



During the year, audits are carried out to identify hazards and risks, analyse accidents or near misses and identify potential areas for improvement.



Safety, health and prevention in support of workers' well-being



3.3 GOVERNANCE

3.3.1 FINANCIAL CAPITAL



MATERIAL TOPIC

FINANCIAL ECONOMIC BENEFITS

Objectives

MAINTAINING THE FINANCIAL ECONOMIC BALANCE

Actions

OPTIMISATION OF CAPITAL DISTRIBUTION AND VALUATION OF FINANCIAL OPPORTUNITIES

Effective management of financial capital and debt capital also creates value as a result of the impact that economic choices can have on other capital.

If it is true that the economic value generated by business activity represents the central element for a reality that does business, it is equally true that today our vision of «value creation» can no longer ignore generating a positive impact also on all the people who are part of the company, on those who relate to the company and on the territory in which the company operates.

THESE ARE OUR NUMBERS REFERRING TO THE YEAR 2021. THE UPDATED VERSION OF THE FINANCIAL ECONOMIC DATA FOR 2022 WILL BE COMPLETED AT THE PUBLICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS.

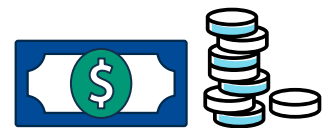
REVENUES FROM SALES €/1000

2020	2021	2022
176,000	333,253 <i>Revenues of Italian Companies: 296,790</i> <i>Revenues of Foreign Companies: 36,463</i>	413,644 <i>Revenues of Italian Companies: 362,965</i> <i>Revenues of Foreign Companies: 50,679</i>

**ECONOMIC
VALUE DIRECTLY
GENERATED
AND DISTRIBUTED**

EBITDA/TURNOVER

2020	2021	2022
6,67%	8,31%	10,02%



FINANCIAL ASSISTANCE RECEIVED FROM THE 2022 GOVERNMENT

Total benefits
1,419,252 €



NET FINANCIAL POSITION €/1000

2020	2021	2022
97,284	85,572	87,027

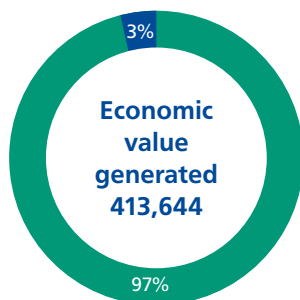
AN ECONOMIC VALUE THAT THE ACTIVITY OF THE COMPANY CREATES AND DISTRIBUTES TO A WHOLE SERIES OF STAKEHOLDERS.

ECONOMIC VALUE DIRECTLY GENERATED AND DISTRIBUTED	2020	2021	2022
A. Economic value generated: revenues	176.000	333.253	413.644
B. Distributed economic value:	169.084	322.121	391.176
B.1. Operating costs	146.349	292.832	358.514
B.2. Employee Wages and Benefits	19.954	24.772	25.878
B.3. Payments and capital providers	3.205	1.350	1.914
B.4. Payments to p.a.	-529	3.047	4.740
B.5. Investments in communities	105	120	130
Economic value retained (A-B)	6.916	11.132	22.468

Note: Expressed values €/1.000

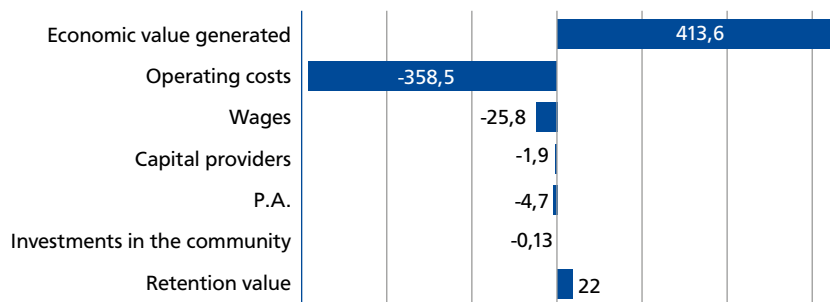


FOCUS 2022



- Distributed economic value = 391,176
- Economic value withheld = 22,468

Distributed economic value



3.3 GOVERNANCE

3.3.2 PRODUCTIVE CAPITAL



MATERIAL TOPIC

QUALITY AND INNOVATION

Objectives

ENHANCEMENT OF THE SUPPLY CHAIN AND COMMERCIAL OFFER

Actions

DESIGN AND EXPERIMENTATION ACTIVITIES
FEASIBILITY STUDIES AND INVESTMENT PLANS

There are numerous research and innovation activities carried out in the field of processes and products, as well as the commitment to the formation and dissemination of the steel culture. This guarantees compliance with the reference standards and allows us to optimize the value generated both in monetary terms, deriving from the performance of its activity, and in innovation and commercial dynamism.



QUALITY AND
INNOVATION

CERTIFIED ACTIVITIES FOR SAFETY AT SEA

In 2021 we obtained for the Civate website the certification relating to "Navigation Safety".

The procedures for carrying out weighing activities for the determination of the Verified Gross Container Mass (VGM) have been verified and validated according to Method 2 provided for by the amendments to Chapter VI Regulation 2 by the SOLAS Convention 74.

RESEARCH AND DEVELOPMENT OF NEW PRODUCTS

In order to enhance the application of heat treatments and access the market of non-rusty solenoid valves, a research program was carried out with the Politecnico di Milano on the process variables that influence the value of Hc on low carbon automatic steels.

The company is also active in the research and marketing of non-lead-containing automatic steels.

INDUSTRIAL INVESTMENT

Several industrial investments have been launched in recent years, including:

- study and installation of an innovative ASPO in order to optimise the phases of insertion in the drawing;
- an automatic line for the initial treatment of steel bars that eliminates the risks associated with the handling and surface treatment of the bundles to which the machine operators were exposed;



PRODUCTION COMPANIES

Covered area

127,000 sqm

Area of yards

68,000 sqm

- new cutting centres meeting the requirements of industry 4.0 installed at the warehouses of the distribution network that guarantee programming automation, machine statistics, monitoring of machine progress and conditions remotely;
- newly designed adjustments, meeting the requirements of Industry 4.0, to guarantee a high and constant quality standard as well as greater process repeatability;
- revamping of two automated warehouses in commercial sites;
- study of the new range of quenched and tempered, drawn and ground products in sizes from 10 to 25 mm.

Certain of the importance of the investments made so far, emphasis continues to be placed on new and ambitious projects that will continue our solid Core Business convictions.

GENERAL INVESTMENTS 2022
(€/1.000)
4,870


INDUSTRIAL INVESTMENT (€/1.000)

2020	2021	2022
3,435	5,380	4,046

INVESTIMENTI TRIENNIO 2019/2021 (€/1.000)

Property and land	1,976
Plant and machinery	8,906
Equipment	277
Other Assets	1,180


85 CUTTING CENTRES


DISTRIBUTION
Covered area
119,000 sqm
Area of yards
59,000 sqm

MACHINERY FOR PRODUCTION

Extruder	23
Peelers	4
Rolling machines	3
Adjustments	20
Rolling mills	2
Heat treatment plants	3
Bevels	5
CND	6
Demagnetisation line	1

MATERIAL TOPIC

EFFICIENCY

Objectives

PROCESS OPTIMISATION AND REDUCTION OF INEFFICIENCIES

Actions

EVALUATION OF INTERNAL PROCESSES AND SYSTEMS IN ORDER TO DETECT AND REDUCE INEFFICIENCIES

DIGITISATION

IMPROVED PARTNERSHIPS WITH SUPPLIERS

We speak of efficiency when we use the resources at our disposal in an economical way; of effectiveness when we reach the set goals. The activity of our Group must be aimed at achieving the objectives, using the available resources in a rational way.



The main actions taken in terms of efficiency are:

- Extended use of Office365 to support business activities;
- expanded the company dashboard project that allows the analysis and reading of data to more and more processes;
- Initiated supply chain partnerships for the study of alternative steels;
- identified a new figure to improve efficiency linked to machine times and optimise processes;





PURCHASES BY GEOGRAPHIC AREA

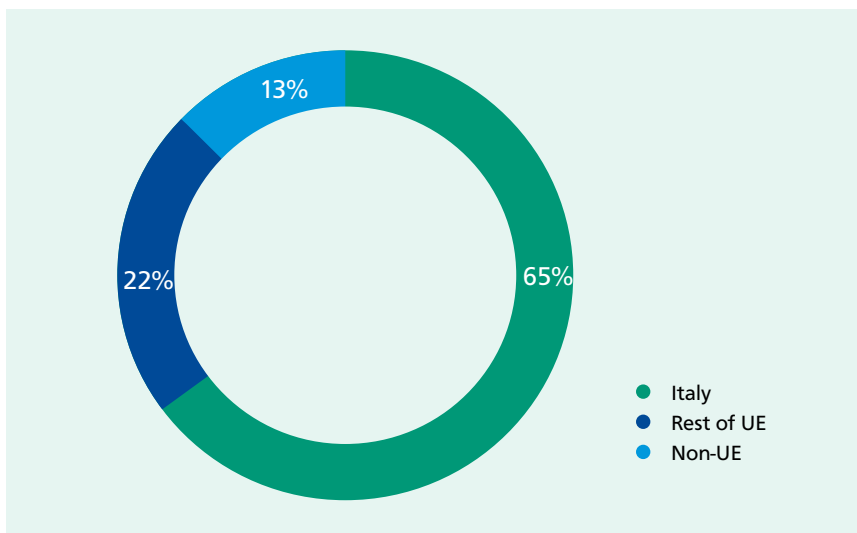


FOCUS 2022

STEEL

INDICATOR	2021	2022
Total expenditure €	223,448,555	286,239,673
Total expenditure Italy €	159,863,313	186,153,970
% Italian suppliers*	72%	65%
Total EU remainder expenditure €	42,698,780	63,863,494
% rest UE	19%	22%
Total non-EU expenditure €	20,886,462	36,222,209
% non-EU suppliers	9%	13%

* Notes: As the headquarters are in Italy, evidence is intended to be given to the percentage value purchased from Italian suppliers. Steel supplies from all locations are considered.



CONSUMABLES

	2021	2022
Totale spesa €	2,828,097	3,584,217
% domestic suppliers *	100%	100%

*Notes: The purchases of consumables are made from suppliers located in the country of belonging of the sites considered and summarized in the table as national. Purchases from all locations are considered.

3.3.3 INTELLECTUAL CAPITAL



MATERIAL TOPIC

TECHNOLOGICAL INNOVATION

Objectives

OPTIMISATION/INTEGRATION OF GROUP MANAGEMENT AND DATA SECURITY

Actions

IMPROVEMENT AND EXTENSION OF INTERNAL MANAGEMENT OF NEW ERP IMPLEMENTATIONS IN SPECIFIC AREAS IMPROVEMENT OF DATA PROTECTION AND UPDATING AND DEMATERIALISATION NETWORKS



In all our business processes, the application of production, commercial and management support are essential elements to promote truly sustainable business development.

The main actions taken in the last two years:

- progressive increase in production data in electronic format;
- the extension of the management system for the processes of all the Group companies has been completed;
- new technologies for the implementation of video communication to the outside and the security of corporate data have been introduced.
- Software for managing sales force information has been developed;
- The partner for the management programs related to the areas of security, human resources, administration and entrances has been uniformed.

THANKS TO OUR TECHNOLOGICAL COMPARISON POLICIES ADOPTED, WE HAVE NO COMPLAINTS FOR DATA LOSS OR VIOLATION OF CUSTOMER PRIVACY.

Acting responsibly



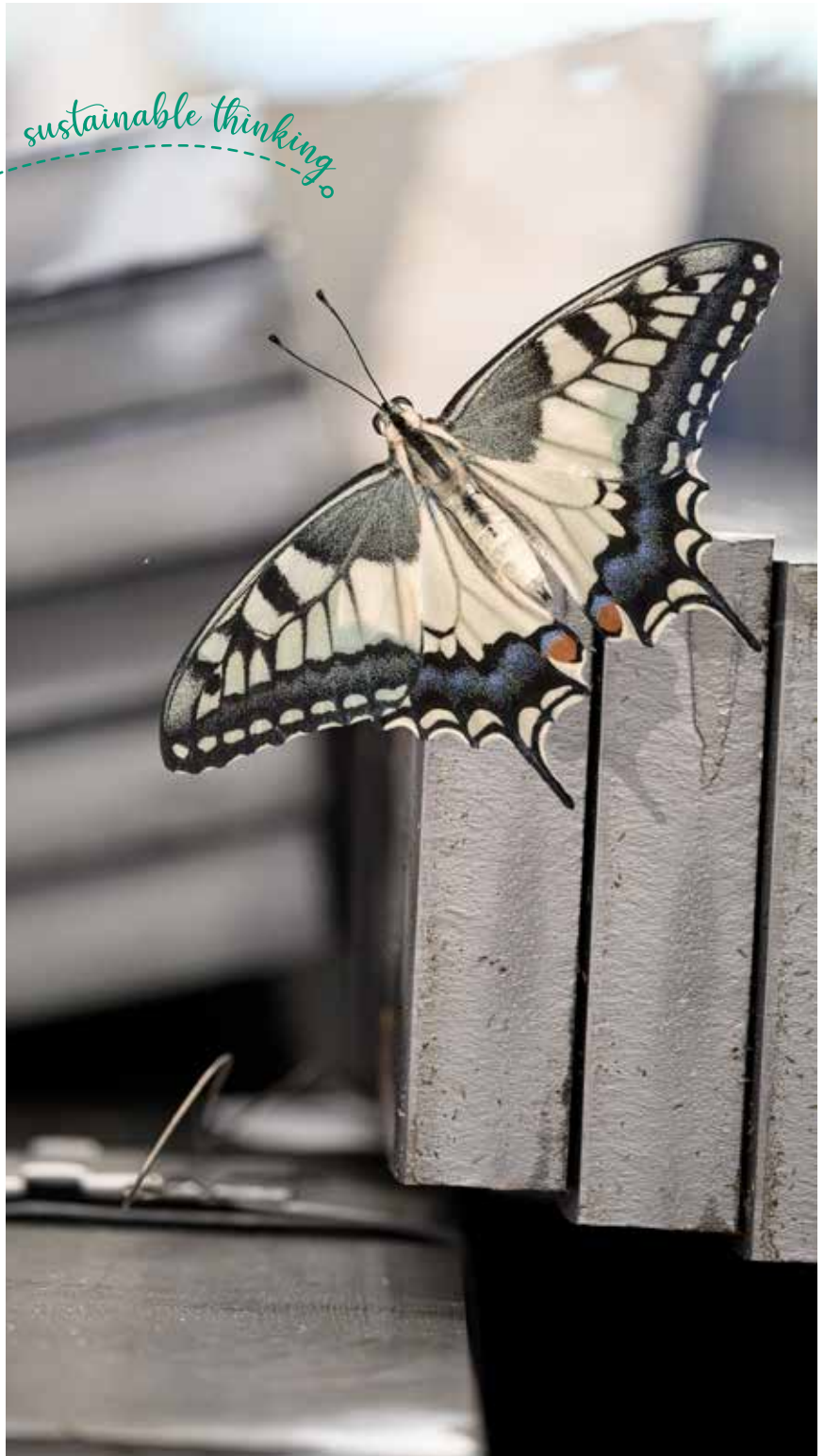
35 THOUSAND EUROS

THREE-YEAR PERIOD 2020/2021/2022



**INVESTMENTS
IN SOFTWARE**

sustainable thinking.



MATERIAL TOPIC

CORPORATE STRUCTURE

Objectives

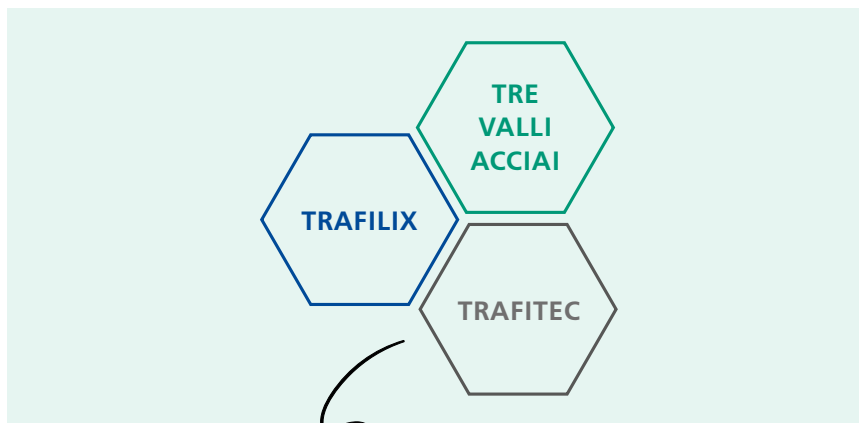
CORPORATE RATIONALISATION

Actions

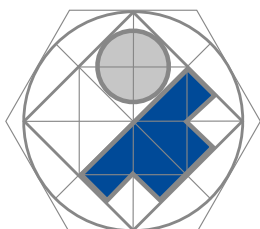
OPTIMISATION OF CORPORATE ORGANISATION
(CORE BUSINESS) AND ASSETS

The corporate reorganisation and in particular the way in which it is conducted, represents a fundamental aspect both for the adaptability of people to the contexts and for the economic stability of the areas in which the impacts will manifest themselves.

In 2021 the Group MERGES the three ITALIAN production units into the new **TRAFILIX INDUSTRIES**.



THE MERGER OF ITALIAN PRODUCTION

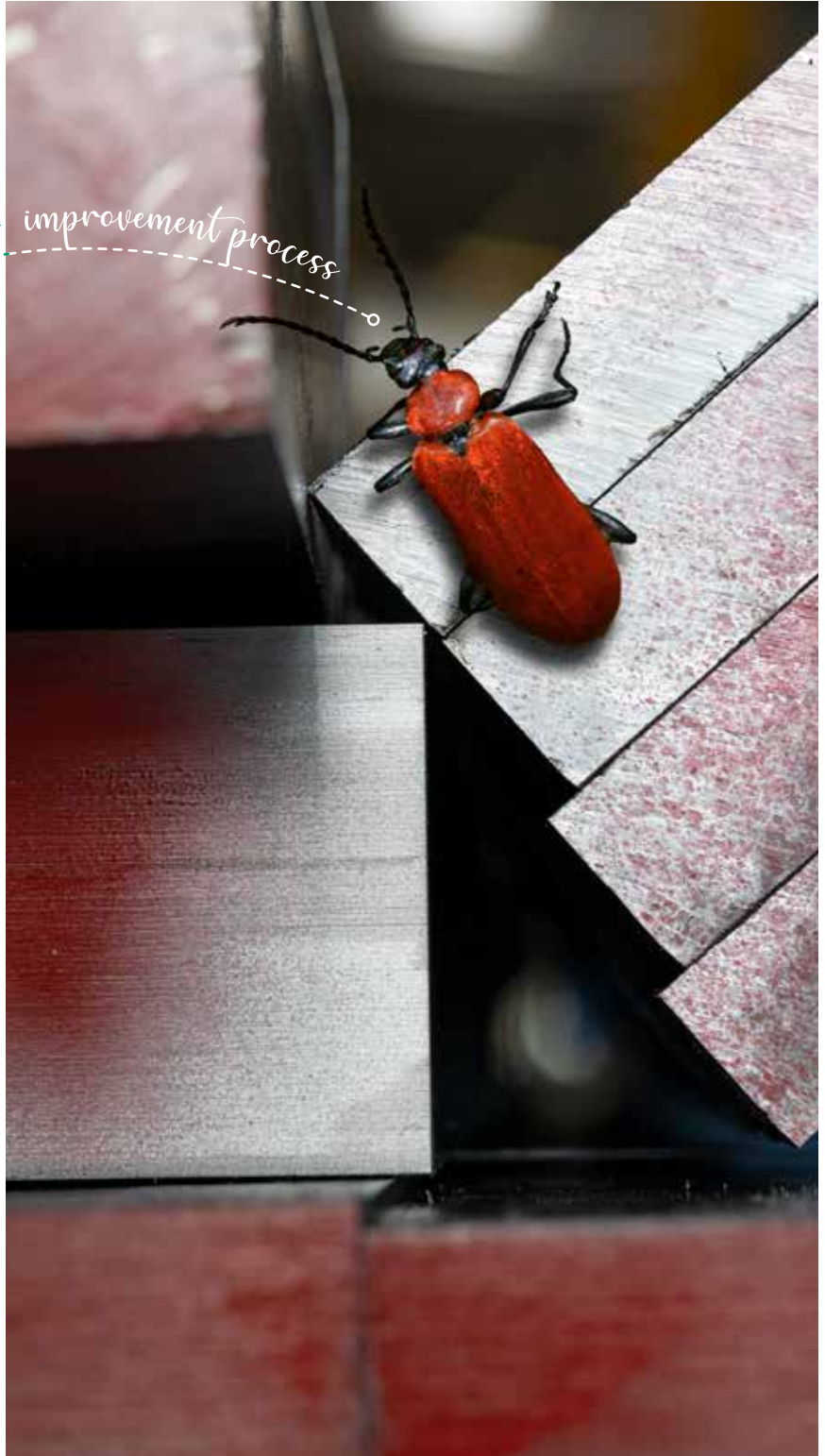


TRAFILIX
INDUSTRIES

A sustainable vision of the Group



the compass for a continuous improvement process



MATERIAL TOPIC

GOVERNANCE MODEL

Objectives

IMPROVEMENT OF THE ORGANISATIONAL STRUCTURE.
STRATEGIC ASSET DEVELOPMENT

Actions

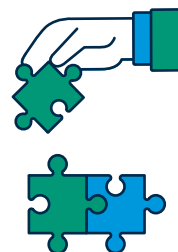
DEVELOPMENT/IMPLEMENTATION OF AN INTEGRATED
ORGANISATIONAL MODEL
IMPROVE THE INTERNAL COMMUNICATION FLOW

Intangible assets, the value of knowledge and the skills that the Group has built and developed in about 50 years of activity, are our intellectual capital that manifests itself in the form of regulations, procedures and systems of operational management and governance.

It is essential to guarantee the integrity, transparency, loyalty, responsibility and virtuosity with which the Group carries out its business activities and aim to develop an internal and external communication capacity that supports and certifies its leadership in the market to which it belongs.

In the first months of 2022, the **Lucefin Group** identified new roles and responsibilities in the Management Team for an evolution of its corporate organisation, guaranteeing autonomy for the individual functions with an organised system aimed at risk management and integrated thinking.

Projects have been initiated for the Management Team with external professionals to increase relational skills and consolidate soft skills management skills in order to improve cohesion, the experience of belonging to the group and more generally the climate and working relationships. At the end of the course, its extension to all company levels will be evaluated.



MANAGEMENT
TEAM



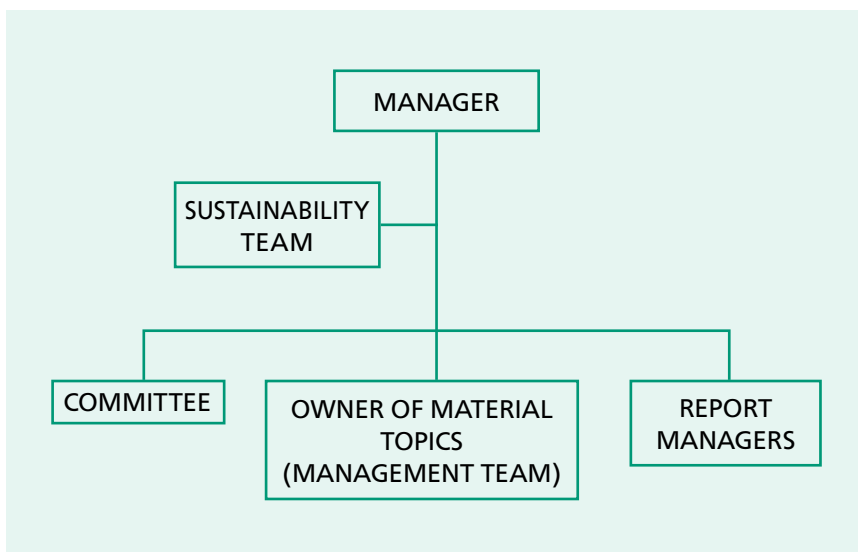
Diversity between governing bodies



		2020	2021	2022
Diversity by age group	under 30	-	-	-
	30-50 years	-	-	6,90%
	Over 50	100,00%	100,00%	93,10%
Diversity by gender	M	72,00%	69,50%	65,52%
	F	28,00%	30,50%	34,48%

Role of the highest governance body in sustainability reporting

The sustainability team, made up of figures with different professionalism, and its manager support the highest governance body in ESG issues. In addition, they coordinate and assist the committee and the owners of the material issues for the strategy plan and sustainability reporting.



3.3.4 RELATIONAL CAPITAL



MATERIAL TOPIC

BUSINESS DEVELOPMENT

Objectives

COMMERCIAL PENETRATION AND NEW MARKETS

Actions

MARKET RESEARCH ACTIONS AND ACTIVITIES AND SPECIFIC INVESTMENTS



BUSINESS DEVELOPMENT

Relationships with customers have been consolidated. The service has been a determining element to satisfy requests and problems at the time of a particularly complex market due to the lack of material and the continuous price increases.

The strong use of IT tools has made it possible to improve interaction by responding promptly to every single need.



The training course continues, organised with theoretical days and meetings on the “field”, in which the company has directly invited our sales force at its sites to experience and grasp the most salient aspects of the various production cycles, in order to respond adequately to customer requests. The update on new products is ongoing in order to research and expand the markets provided.

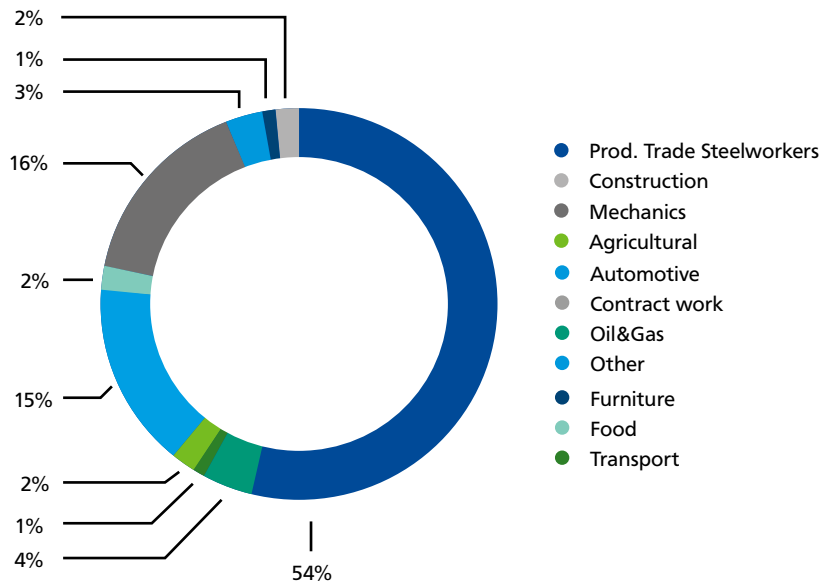
SALE TO THE ITALIAN MARKET

	2020	2021
Prod. Trade Steelworkers	56%	55%
Automotive	5%	4%
Furniture	1%	1%
Construction	2%	2%
Contract work	11%	12%
Food	2%	2%
Mechanics	17%	18%
Oil&Gas	3%	3%
Transport	1%	1%
Agricultural	2%	2%
Other	0,5%	0%

Percentage of sales to the Italian market



**FOCUS
2022**



4 REFERENCES

GRI INDEX

The LUCEFIN GROUP has reported the information mentioned in this GRI content index for the period 01/01/2021- 31/12/2022 with reference to the GRI Standards.

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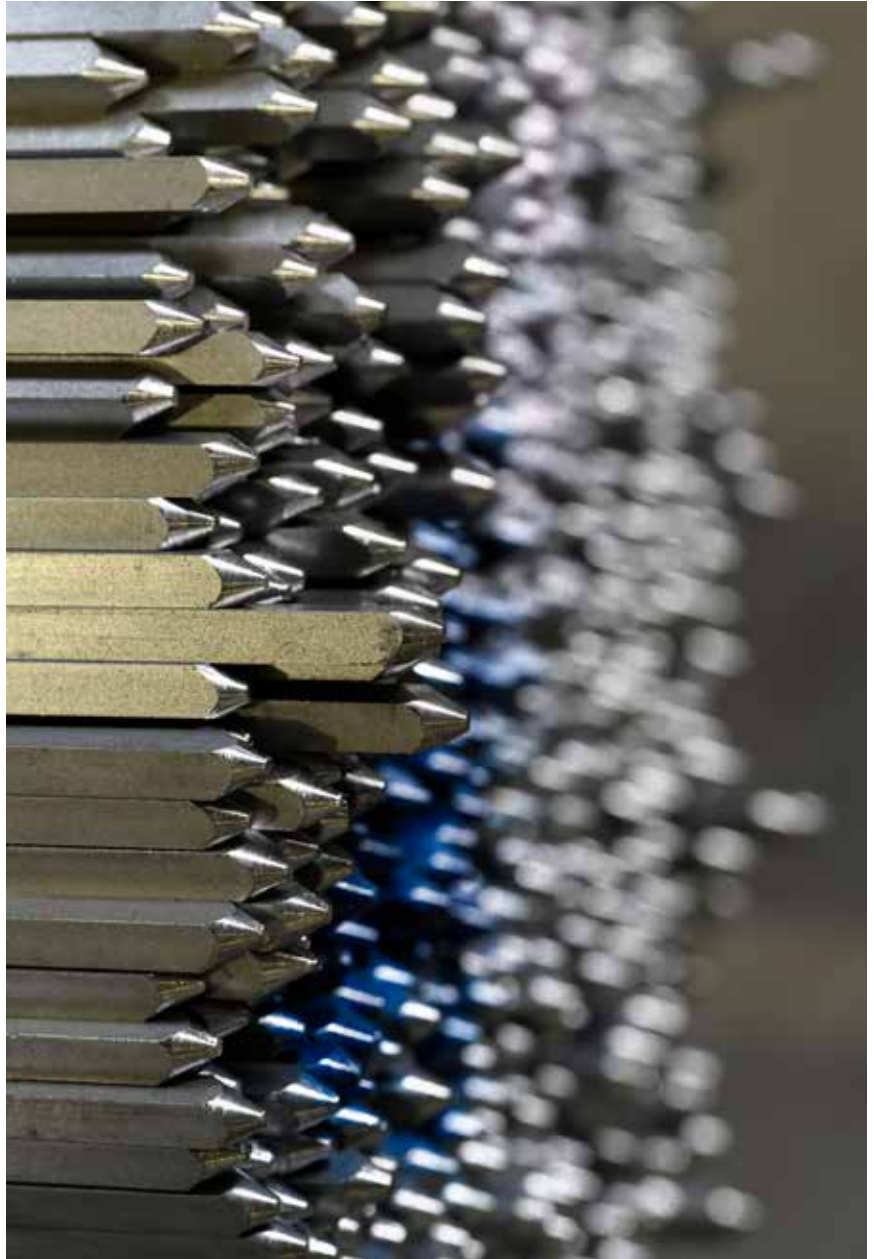
- 1 - Fundamental Principles 2021 - GRI Table of Contents Presentation of a declaration of use

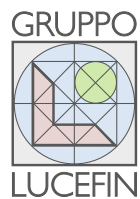
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- 2-1 Organisational details
- 2-3 Reporting period, frequency and point of contact

LUCEFIN GROUP

We are grateful to you for taking the time to read this document. We hope that our concept of sustainability has managed to arrive with clarity, simplicity and completeness. A heartfelt thanks from all the Committee and the Sustainability Team.





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