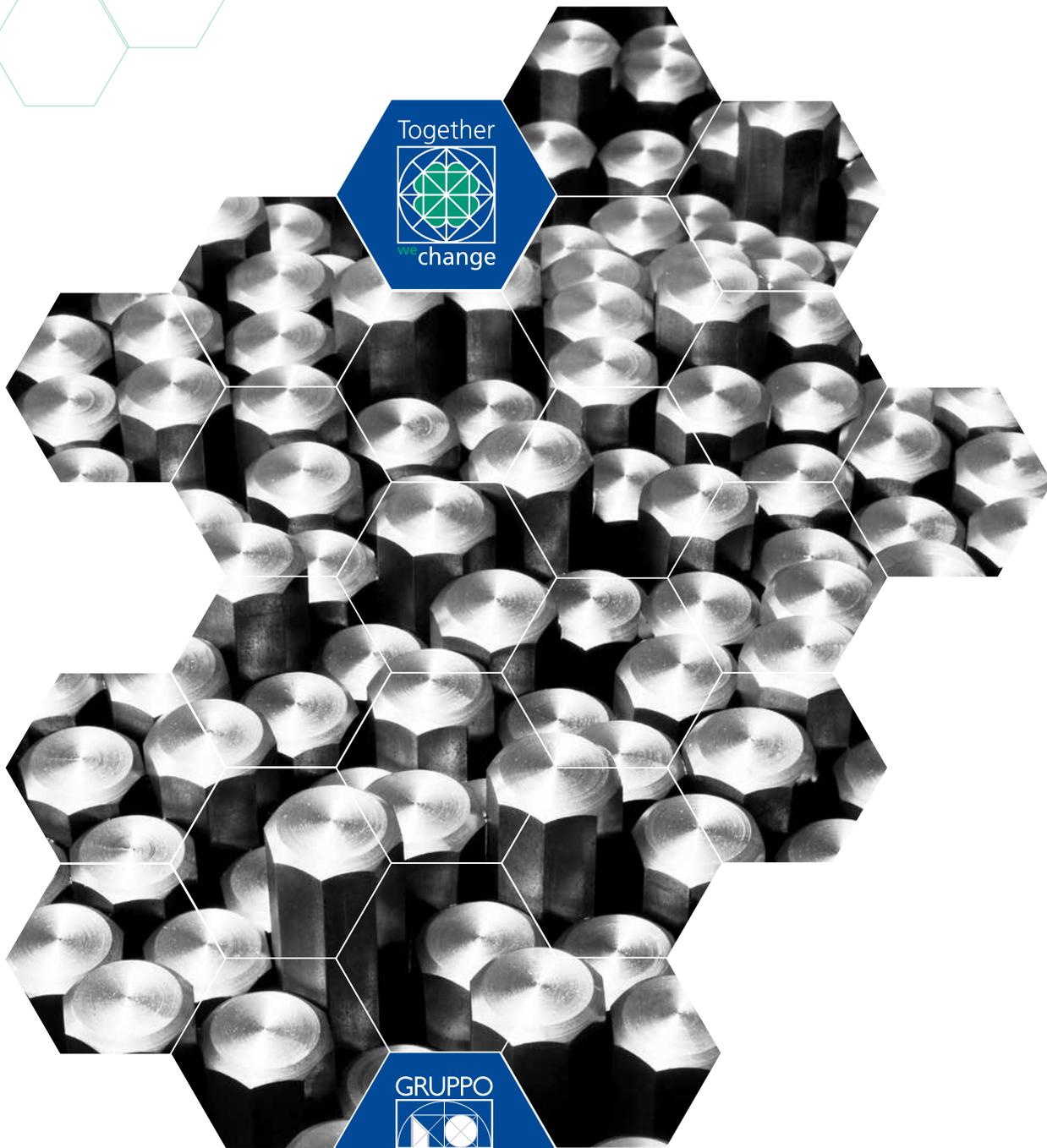


SUSTAINABILITY REPORT



ED.
2023

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All changes come from sharing experience. This is ours.

Letter to the Company's Stakeholders

Dear readers,
This is the THIRD edition of our Sustainability Report. It illustrates the steps towards sustainable transition made by the Lucefin Group according to the ESG logics. It points out 2023 data and looks ahead to the new three-year corporate strategic plan. This document anticipates the obligations provided for in the EU CSRD Directive and sets stricter data transparency and comparability criteria.

The year 2023 registered increased awareness about how the Sustainability Report can become an opportunity for corporate growth. In addition to its positive aspects, this new scope hides some system deficiencies mainly connected to the evaluation of environmental impacts. For example, its CO2 emission reduction policy and associated actions made it more difficult to interpret and evaluate emerging data. Actually, the data collection process proves complicated for entrepreneurial entities that should come to terms with this system.

Sustainability is intrinsically connected to the nature of the undertaking that, by definition, must interact with the market offer and, at the same time, takes from the market to produce value over time. Thinking that industry may turn into a sustainable player in a short time is a gamble. The world market itself, not being aligned with European programmes, is slowing down this process.

At the same time, in a context where reaching certain goals depends on the enforcement of a consolidated system for all, stakeholder engagement is a priority that develops well beyond simple talks. This implies integrating different perspectives into a company's sustainability strategy scheme.

However, on this road towards the implementation of a mandatory credit system and automatic reporting software, take care not to forget the substance! Sustainability cannot be downsized to simply ticking out a check-list to respect the standards in force.

The Sustainability balance should be understood as an opportunity to grow by fostering corporate structure awareness, highlighting improvement elements and generating effective, proactive and winning actions within the company.

The goals set for the previous three-year period 2021-2023 were mostly achieved. In its quest for innovation and development, the company has consolidated its beliefs in Sustainability, strengthened its business model and intensified its efforts to come to terms with a social and geopolitical scenery characterised by tensions and market instability.

We will keep sharing our achievements driven by the "Together We Change" project. We trust that making our experiences available may boost change in modern businesses, for the present and future generations, and consolidate relationships among the players in view of sound, robust and dynamic business activities.

The Chairman

Giorgio Buzzi





Sharing with transparency, Understanding with simplicity.

Reading Guide and Editing Principles

This is the third Sustainability Report on the Lucefin Group’s steel core business. It takes into account the companies included in consolidated financial data (see “Ownership details and organisation structure”, p. ??)

This report provides the 2024-2026 triennial strategic plan, illustrates data collected for the year 2023, and supplements them with history data from the two previous years.

Considering its size, the Group meets the parameters provided for by the European Corporate Sustainability Reporting Directive (CSRD). Being classed as a “large undertaking”, as of 2026, it shall report its Sustainability level according to the ESRS standards and modes, with reference to the 2025 fiscal year. Consequently, the Group has decided to draw this report taking inspiration from CSRD. A double materiality analysis has been carried out in view of future compliance requirements.

In line with the previous editions, this document is laid down following the logics of the Integrated Reporting Framework (IR Framework) and Global Reporting Initiative (GRI-referenced claim). Both were used as sources to identify key indicators to report quality and quantity information about our industrial group. These indicators can be easily identified in the text by consulting the “GRI Index” at the end of the Sustainability Report.

Reporting based on GRI standards allows better monitoring the corporate sustainability strategy based on structured and detailed KPI. It provides a full picture of corporate impacts that more significantly affect economy, environment, and people and concurrently communicates the management throughout the supply chain by means of indicators that can be compared with other sector companies.

Changes in methods, calculations and scope of data from the previous reporting periods are accompanied with special “information notes” and highlighting.

Following de-merging, early in 2024, the San Colombano al Lambro Production Unit of Trafilix Industries became a new company under the name of TrafiTech S.r.l. As required by the GRI, when referring to the year 2023, data in this report will consider the San Colombano unit. Business model and geographical position information is updated at 2024 to provide the stakeholders with a clear and current image of the Group.

Prior to publication, the report is submitted, analysed and approved by all the ESG committee.



OVERVIEW PICTURE

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

Vision

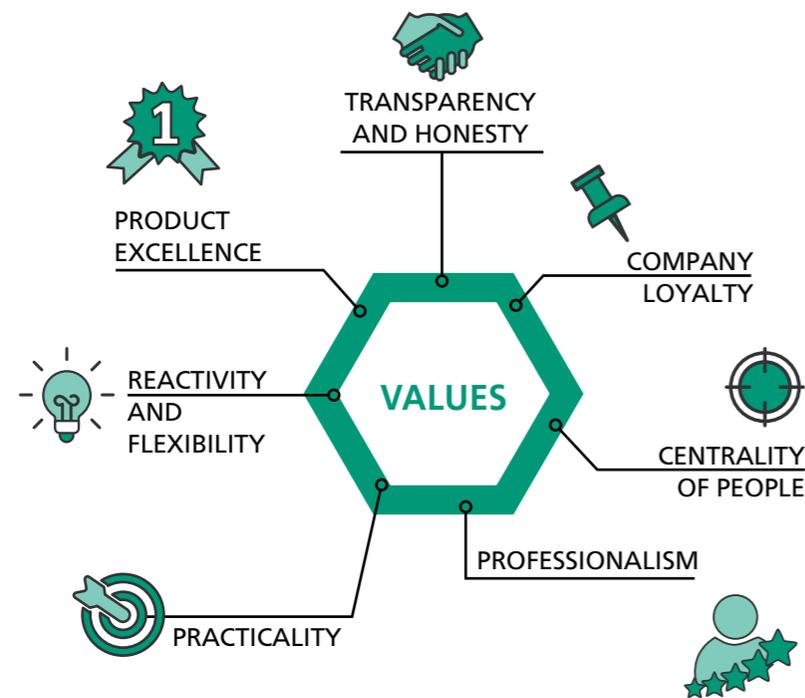
Doing business and creating value over time through a culture of integration with people and the territory.

Mission

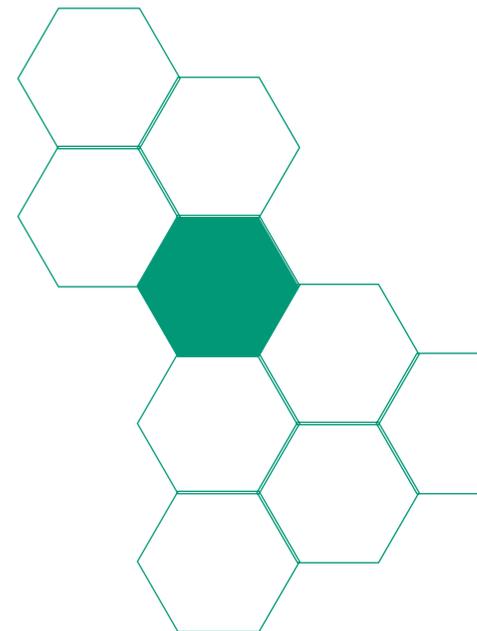
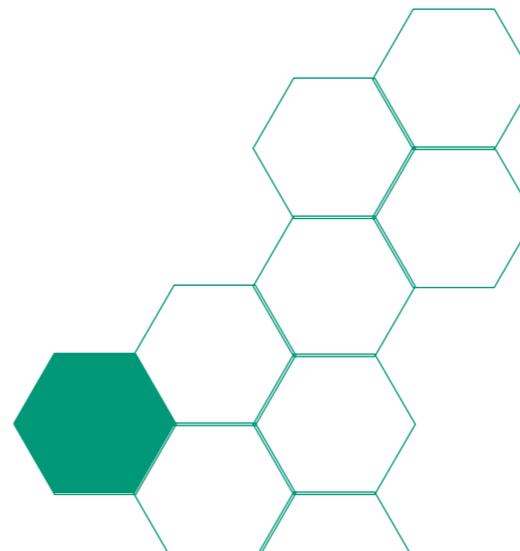
Handing down the passion for steel with competence, innovation and production quality.

Values

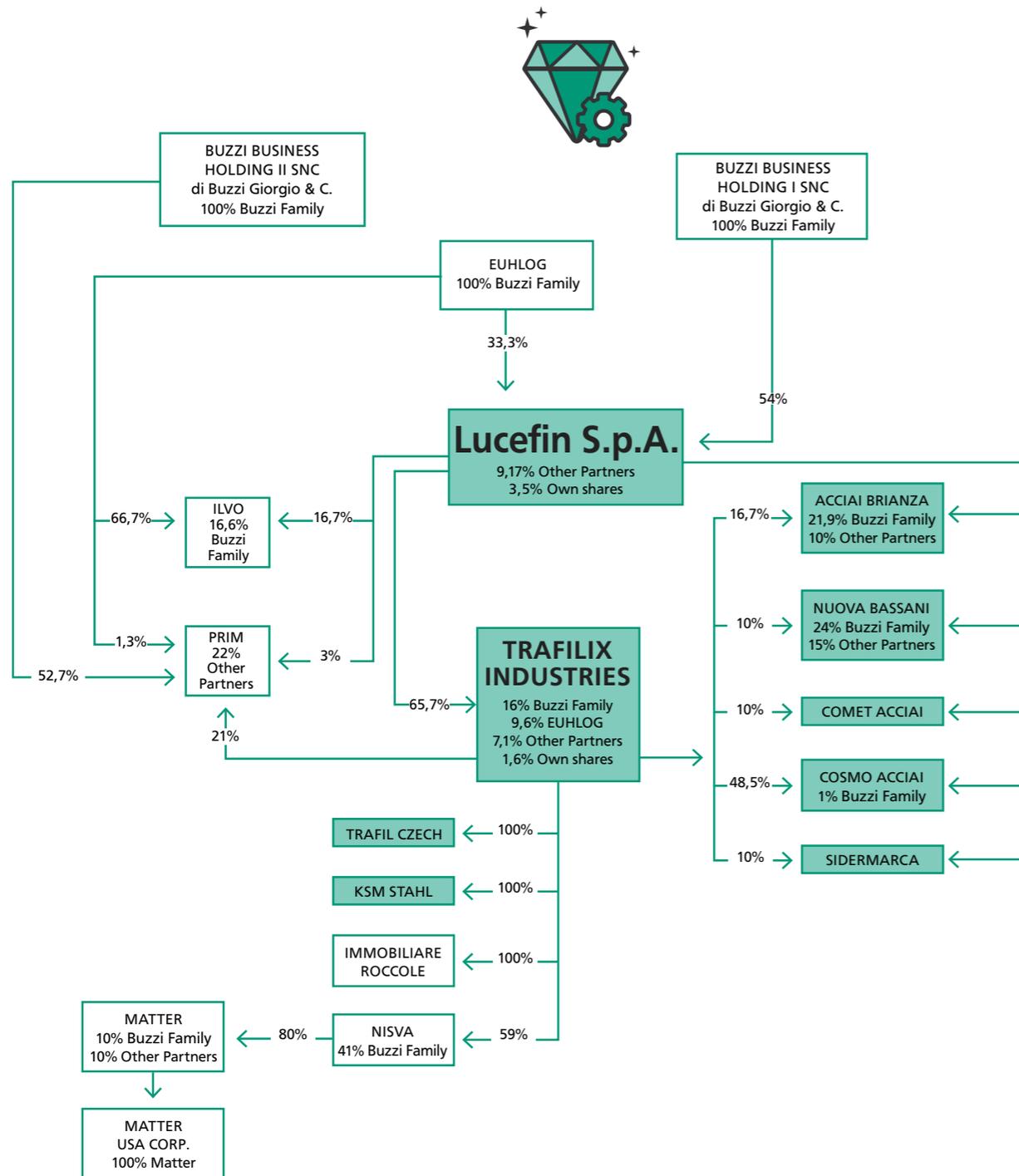
We believe in the centrality of people and in their professional growth. This is why values in our Group are rooted in a way of thinking shared by all who work with us. People who make honesty and transparency their fundamentals to rapidly meet market needs and produce superior quality results at all times.



Steel, both matter and essence, is the guiding light to our actions.



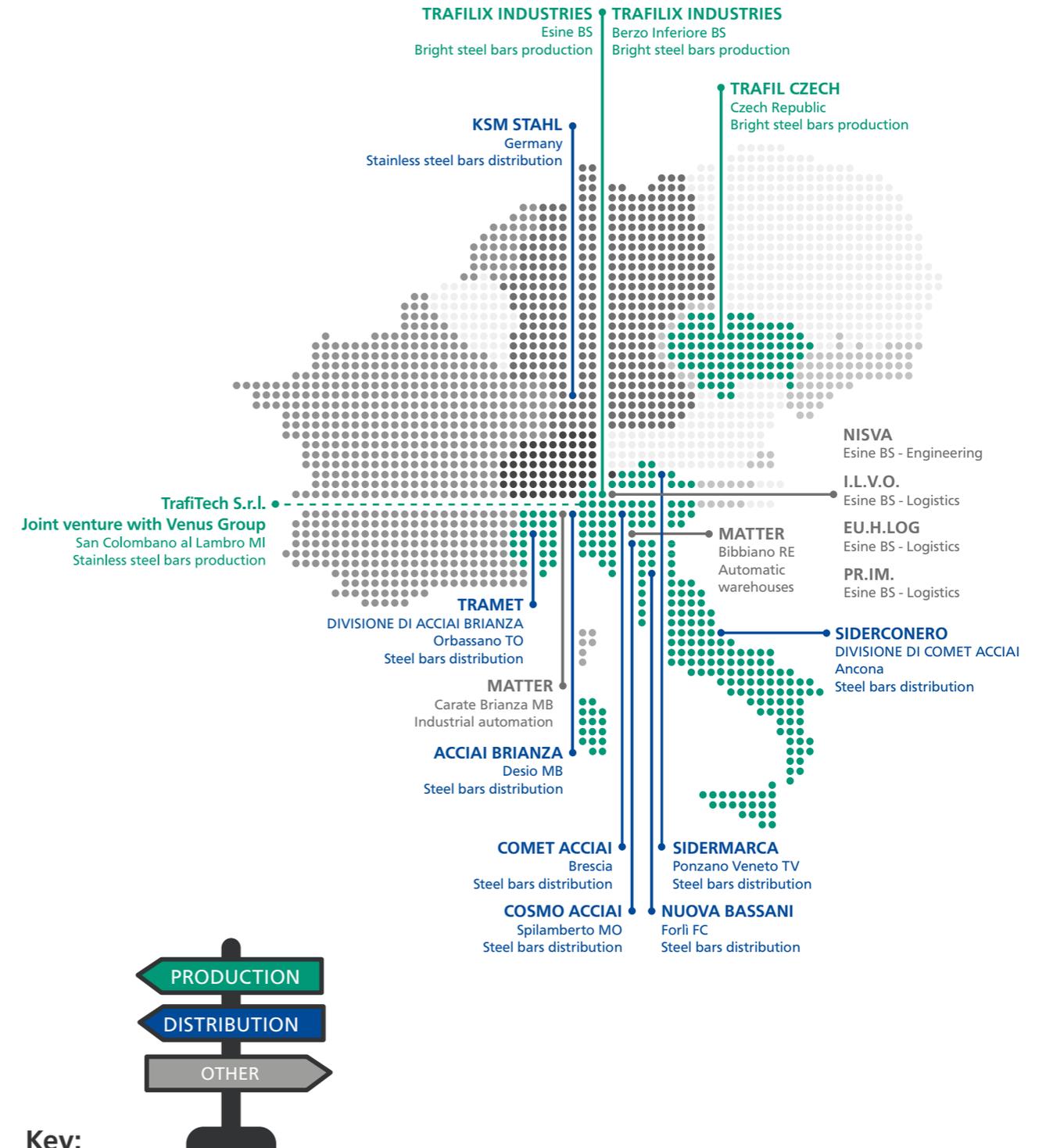
Ownership Details



Companies included in Lucefin Group's consolidated financial data.

Note: Overview as of 31.12.23 detailing the businesses included in Lucefin Group's consolidated financial data and accounted for in the Sustainability Report - 2023 Edition. To be updated in 2024 to stress the presence of the new company TrafiTech S.r.l., not included in consolidated financial data.

Geographical Position

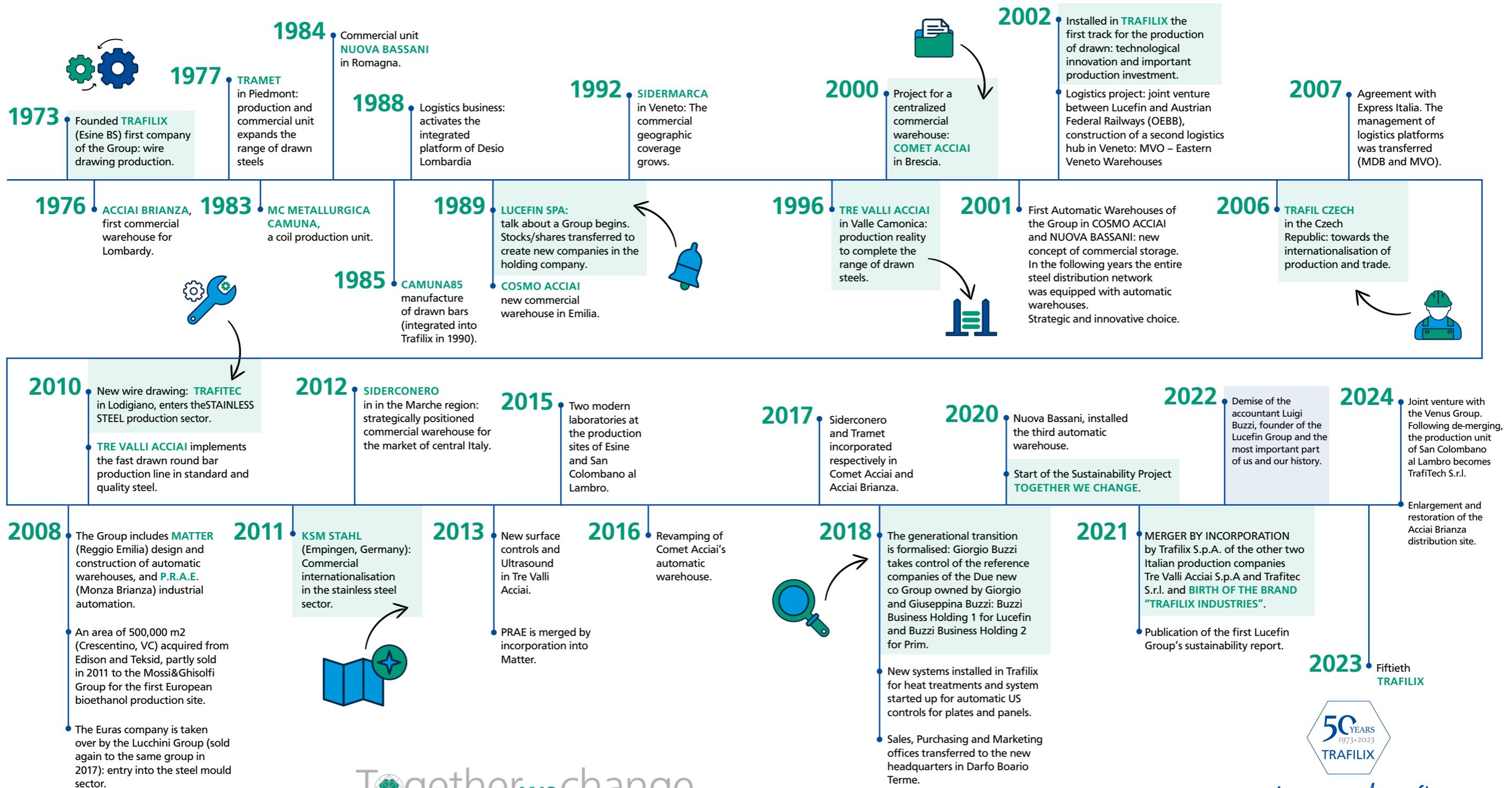


Key:

Note: Map updated in 2024 following constitution of TrafiTech S.r.l.



Our History



Together **we** change



Fifty years of passion

Summary data

EMPLOYEES

TOT. GRUPPO
628
CORE BUSINESS
520



CORE BUSINESS MEN **85%**



CORE BUSINESS WOMEN **15%**

5.877 CUSTOMERS
MOVED IN THE
REPORTING YEAR

- 5.040** ITALY
- 837** ABROAD

STEEL DISTRIBUTED

67% ITALY **33%** ABROAD

AVAILABLE SIZES IN STOCK

- COLD FINISHED
4.000
- ROLLED AND FORGED BARS
1.000



STEEL STOCK GROUP
85.000 t

PRODUCTION STOCKS
47.000 t



DISTRIBUTION
WAREHOUSE STOCK
38.000 t

- FINISHED PRODUCT
29.000 t
- RAW MATERIAL
18.000 t



12.000 t
AUTOMATED WAREHOUSES



26.000 t
IN STOCK



Nota: Core Business siderurgico al 31/12/2023

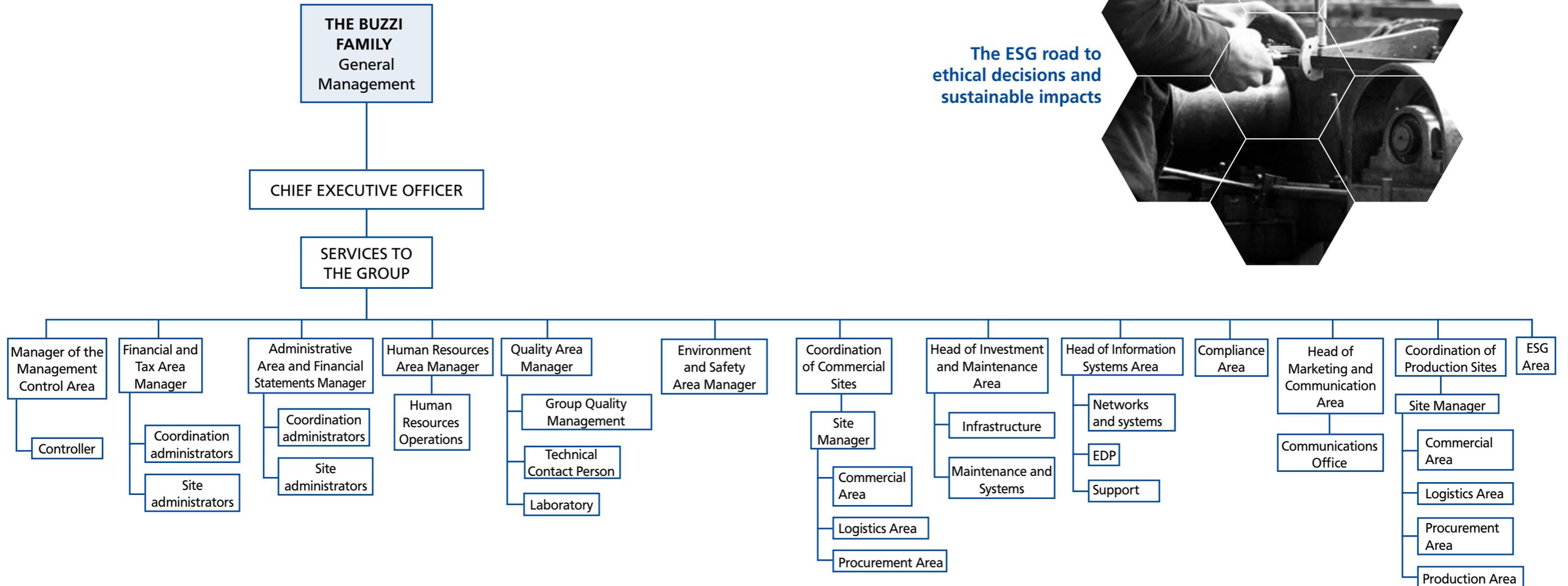
GOVERNANCE

2

Governance Structure

Autonomously acting single functions with an organised system meant for risk management and integrated thinking.

The ESG road to ethical decisions and sustainable impacts

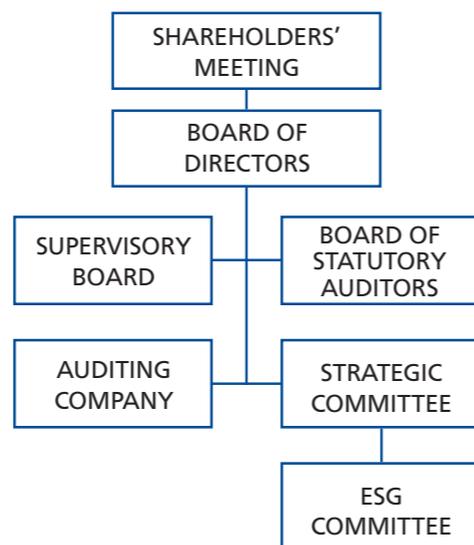


ESG Governance

Differences in the governance bodies



Governance Organisation Chart



Find out the Group's commitments in our CORPORATE POLICY

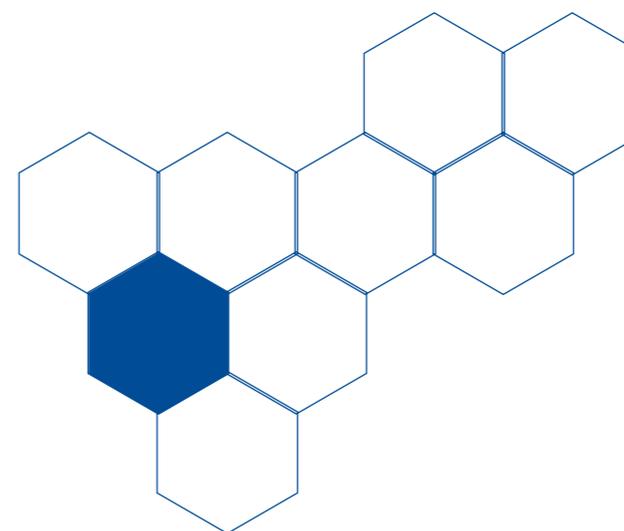


		2021	2022	2023
Differences by age	under 30	-	-	-
	30-50 years	-	3.5%	3.3%
	Over 50	100%	96.5%	96.7%
Differences by gender	M	69.5%	65.5%	63.3%
	F	30.5%	34.5%	36.7%

Note: The result takes into account the members of the Board of Directors as of 31/12 of every year reported. Considering all of the Lucefin Group companies, individuals are summed up even if members of several Boards of Directors.

In a global context where environmental, social and economic challenges are increasingly important, **ESG governance** is a key element towards Sustainability and business resilience. It encompasses the practices, policies and structures that lead the organisation in managing both the risks and the opportunities associated with these factors.

For Lucefin, this is not only a question of regulatory compliance, but also a strategic commitment towards Sustainability and an integral part of its efforts in view of business improvement and continuity.



The Governance Tools

Implementing a robust ESG governance includes facing challenges such as innovating traditional business models, adjusting to ceaselessly developing standards, and investing in new technologies and sustainable practices. However, opportunities are equally relevant, including access to new markets, investments and tax benefits.

To support its strategic commitment towards Sustainability, Lucefin has set up the **ESG Committee** in direct connection with its Strategic Committee and charged of:

- developing environmental, social and governance policies and integrating them into the strategy plan;
- regularly monitoring the effectiveness of the initiatives taken;
- updating the strategy plan every year and make changes, as required;
- managing impacts, risks and opportunities (IRO) associated with the ESG issues.

The **ESG Area**, composed of specific engineering and communication professionals, aligns corporate operations with the growing global expectations in terms of Sustainability and applicable Regulations, Directives and Guidelines, namely with the CSRD Directive. Their tasks include:

- coordinating and assisting the ESG Committee;
- supporting the managers in achieving the actions defined;
- working out effective ways to communicate the ESG policies and performances to the stakeholders;

The ESG Committee is composed of key-figures in the corporate leadership, among whom the Chairman, the CEO, the CFO and the **Sustainability Manager** who shall supervise the initiatives proposed and provide advice according to a top-down approach based on the management's vision and a concurrent bottom-up approach based on the stakeholders' main issues and needs. This manager also ensures that the ESG policies and practices come as an integral part of corporate operations and long-term strategies.

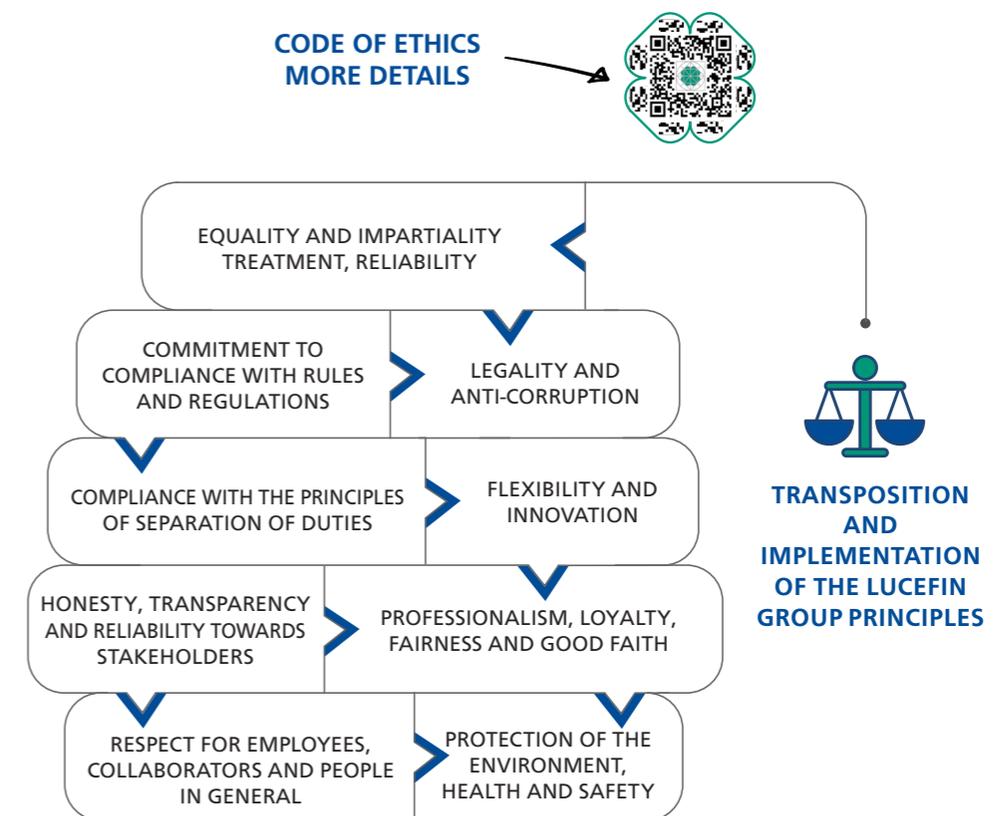
To guarantee effective implementation of the ESG strategy, the "Together we change" project substantiated in the definition of the ESG Area (see governance structure on p. 16).



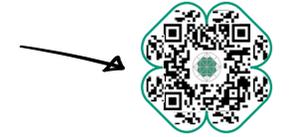
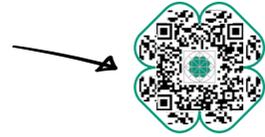
- collecting data and information for the Sustainability report in compliance with acknowledged standards;
- interacting with the various areas to integrate sustainable practices throughout the organisation. This includes knowledge of the suppliers relative to ESG standards implementation;
- implementing ESG training programs for the employees through workshops and seminars to disseminate a corporate culture reflecting the Sustainability criteria, increasing employee awareness and fostering active contribution on this matter.

Code of Ethics and Management Models

The Lucefin Group's Code of Ethics, specifying the corporate ethical and social responsibilities both inbound and outbound, together with the company values, is available for consultation in the Group's website.



TRAFILIX S.P.A. AND LUCEFIN S.P.A. APPLY AN ORGANISATIONAL MODEL AS PER ITALIAN LEGISLATIVE DECREE 231/2001.



This document describes corporate procedures to prevent commission of offences during work activities and for which the company could be held liable. Careful planning, self-control and continuous supervision on hazardous areas carried out by the Supervisory Board are the basis for such procedures.

In the next three year period, the Organizational & Management Model will continue being implemented in the sales sites.

We do not envisage the adoption of an organisational model similar to the one required by the Italian Law in the sites abroad.

In addition to Group Companies that have implemented the "Modello 231" organizational model, Comet

Acciai S.r.l. has activated a WHISTLEBLOWING channel to report offences and irregularities.

The same type of channel is being activated in Trafil Czech S.r.o.

Everyone who, in the workplace, has come to know of a violation of Italian or EU regulations prejudicial to public interest or to the integrity of public administration or a private organism, can make recourse to the whistle-blowing channel.

The report should be submitted through the portal made available by the organisation to guarantee confidentiality about the identity of the reporter, the people involved and the contents reported.

In 2023 no such reports were submitted to the supervisory boards.

Privacy Management

In a world that is boosting technological progress and system interconnectivity, cyber-attacks proliferate at an unprecedented pace.

Data management is required to protect the people involved against physical, material or immaterial damages such as discrimination, financial loss, damage to reputation, and any other financial or social damages.

Lucefin works with its EDP department to guarantee excellent data security by constantly monitoring and improving its systems and implementing effective internal procedures.

Phishing campaigns are foreseen during the year to test users' capability and attention against dangerous e-mails. A training course on this matter is scheduled.

THANKS TO THE MEASURES TAKEN, NO FORMAL COMPLAINTS CONCERNING DATA LOSS OR CUSTOMER PRIVACY VIOLATIONS WERE ENTERED AGAINST US.

Provisions



From the start, we have been implementing a management policy that goes hand in hand with the major product and system certifications.



UNI EN ISO 9001:2015 System certification. Quality management systems.



UNI EN ISO 14001:2015 System certification. Environmental management systems.

The procedure to obtain the UNI EN ISO 45001 certification for Trafifix S.p.A. is under way.

The Due Diligence System

The beneficial effects resulting from implementation of a Sustainability strategy are intimately connected with how the value channel businesses operate and with the cooperation that may start with company stakeholders. Only acquiring information about the commitment of our customers and suppliers, we can adopt a strategy that allows taking action or protecting ourselves from real and potential detrimental impacts.

The CSRD Directive will impose such analysis and attention. The companies that will act in a proactive clear manner since the beginning, will be better prepared to comply with future regulations and will enjoy greater opportunities on the market. Lucefin acknowledges the relevance of a robust integrated ESG due diligence system to guarantee sustainable and responsible operations.

Sustainability is connection and sharing: a common path.

Using cutting-edge technologies and abiding by the CSRD guidelines, the company aims at creating a framework that not only complies with regulations, but also actively promotes sustainable practices throughout the value chain.

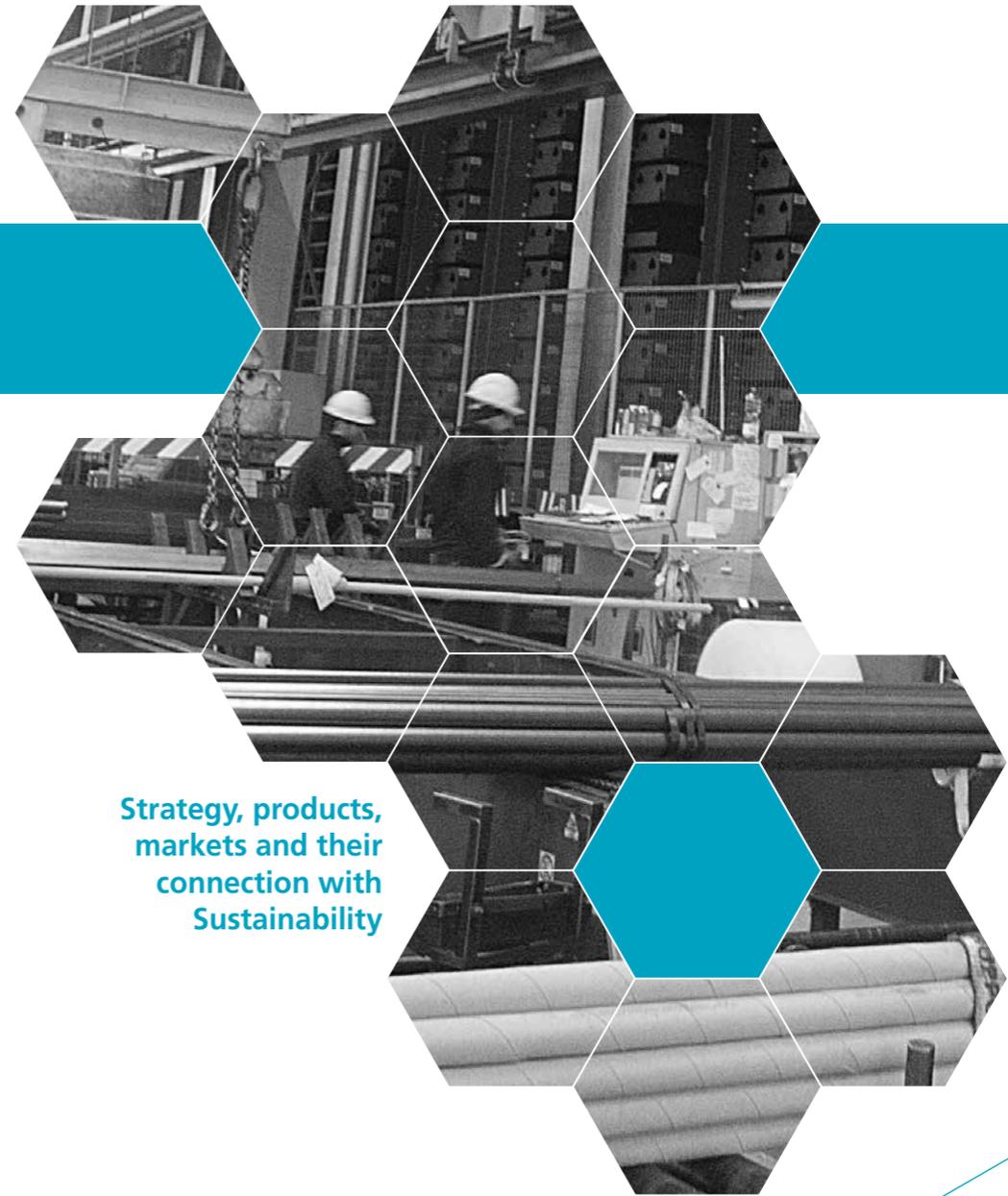
This commitment was made official by registering in the **OPEN-ES platform**, an innovative tool open to all businesses pursuing sustainable development. The platform allows sharing quality and quantity data about Sustainability and involving our value chain partners. Collecting and analysing such data supply a clear understanding of ESG performances, identify improvement areas and opportunities to adopt more sustainable practices.

Making reference to the potentialities of the Open-Es platform ecosystem, Lucefin is going start an ESG mapping process of its entire value chain. First of all, this activity will allow full knowledge of the players in our supply chain and secondarily to engage them in sustainable development issues, among which the fight against climate change.

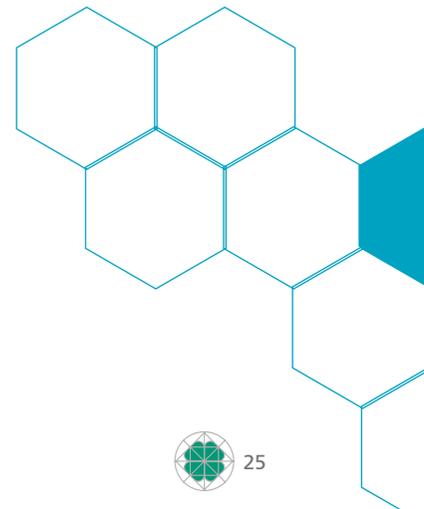
Furthermore, Group companies are willing to respond to their stakeholders' requests through ESG evaluation questionnaires or platforms like Synesgy. This is a global tool that allows supply chain leading companies to assess the Sustainability level of their supply chains.

BUSINESS MODEL

3

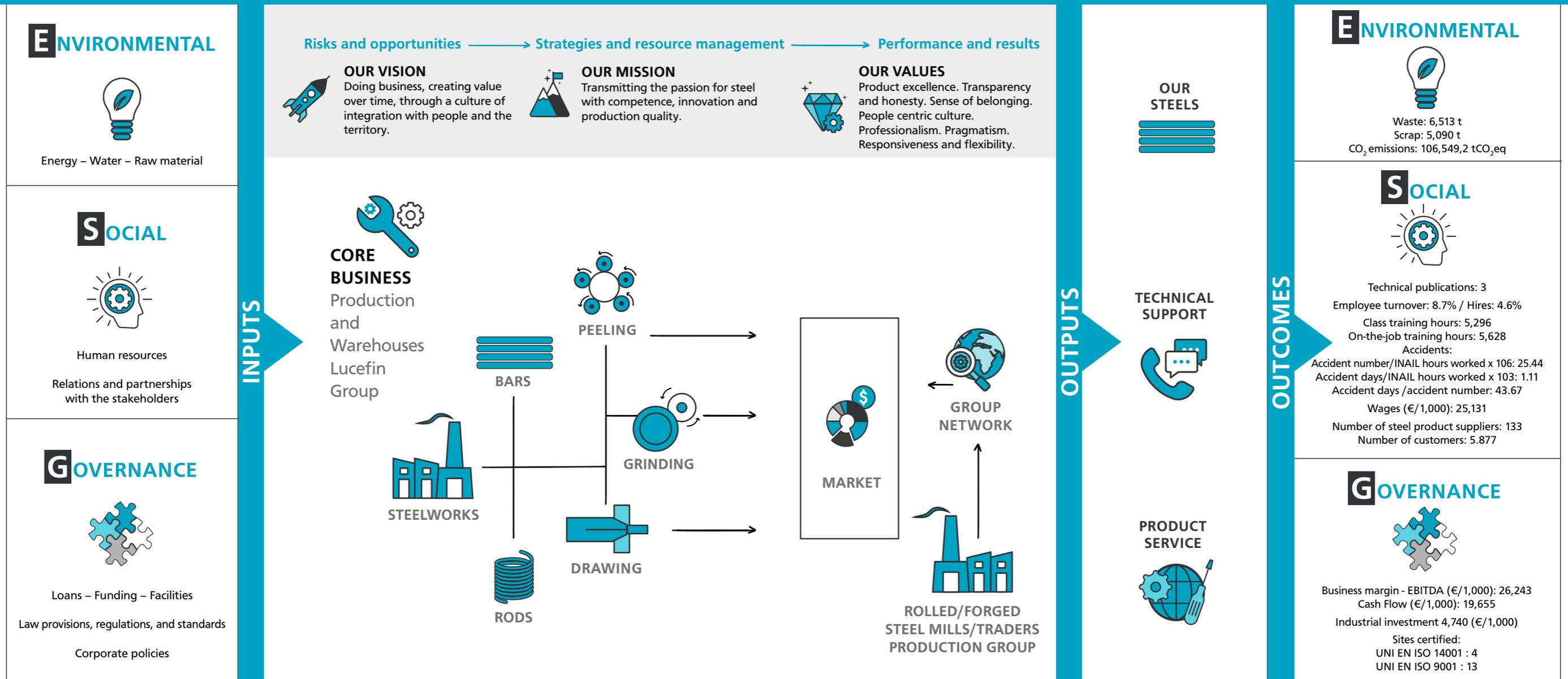


Strategy, products,
markets and their
connection with
Sustainability



The supply chain scheme highlights all primary components that from the input phase participate and contribute to characterising our core business: producing and distributing drawn, ground, peeled and reeled steels in a broad range of sections and sizes: flats, rounds, squares, hexagons and special profiles, thereby giving back the "shared value" (outcomes) that concludes our operations and is the beating heart of our Sustainability project.

Our value creation process



Our Core Business

We manufacture DRAWN, PEELED/REELED, and GROUND steels from the raw materials (hot-rolled wire-coils or bars) through machining processes, treatments and tests. These steels are meant for all main market sectors. We serve the automotive, furniture, oil&gas, medical, agricultural, chemical, pharmaceutical, transportation, food, building, and contract-work sectors.

To supplement the steels manufactured within the Group, the distribution network also sales hot-worked, rolled and forged steels.

Our confirmed leading position worldwide is acknowledged by the whole sector based on our outstanding volume of sales.

The Lucefin Group, a leader in the cold-worked steel industry, provides timely, efficient and continuously improving services: heat treatments and non-destructive tests (NDT) on semi-finished or finished products. Our R&D activities are always in progress.



HEAT TREATMENTS

Plants for the supply of specially heat-treated cold-finished products. This service is available on a contract-work basis.

AVAILABLE HEAT TREATMENTS	
COILS	Sub-critical annealing in protective atmosphere. Quenching and tempering.
BARS	Quenching and tempering. Stress-relieving, annealing, normalisation in protective and non-protective atmosphere.



NON DESTRUCTIVE TESTS (NDT)

Equipment to conduct a full range of non-destructive tests, entrusted to expert and qualified engineers in compliance with the EN ISO 9712 standard.

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



LABS AND R&D

Fully equipped labs and specialised staff to support manufacture, sales and continuous research work to develop 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

In a market situation that is particularly complex due to a lower requests from the supply chain, Lucefin goes on guaranteeing service quality and rapidity as distinctive factors. Full attention to customer needs is vital for our organisation and has been consolidating our relations

with them for years.

In view of ever greater and new markets, we continue updating with new products.

PRODUCTION UNITS



Drawn Flats	6x2 - 400x40 mm
Drawn Squares	3 - 160 mm
Drawn, Ground, Peeled Rounds	3 - 200 mm
Drawn Hexagons	4 - 100 mm

WAREHOUSES



Rolled Rounds	20 - 330 mm
Rolled Flats	20x5 - 300x60 mm
Forged Rounds	300 - 1000 mm

SALES FROM PRODUCTION UNITS

		2021	2022	2023
Sales by steel family	Free-cutting steels	26%	24%	23%
	Q&T Steels	26%	27%	27%
	Building Steels	41%	42%	43%
	Stainless Steel	5%	5%	5%
	Other	2%	2%	2%
Sales by execution	Rolled Steels	85%	84%	84%
	Ground + Rough-ground Steels	10%	12%	12%
	Peeled	5%	4%	4%

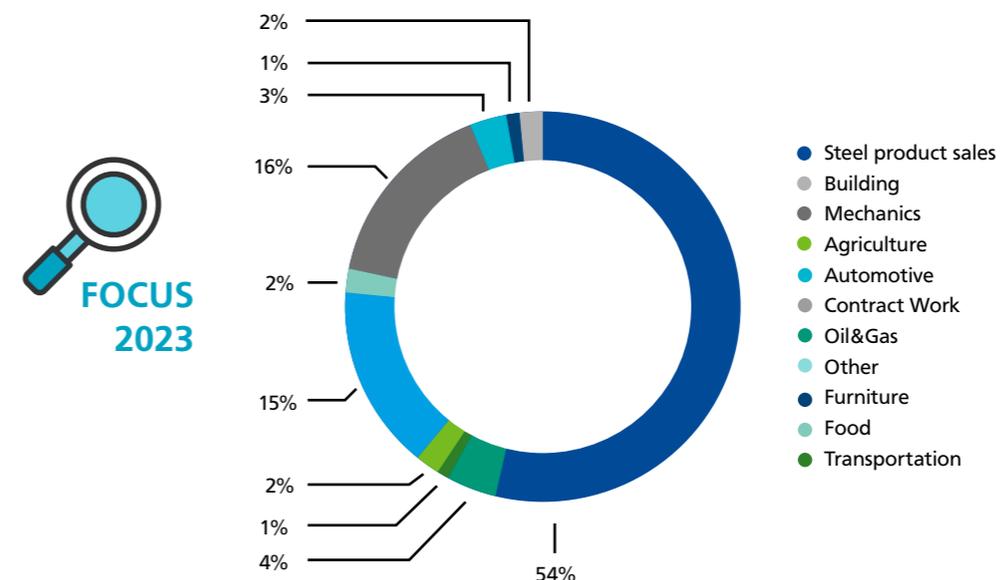
SALES FROM WAREHOUSES

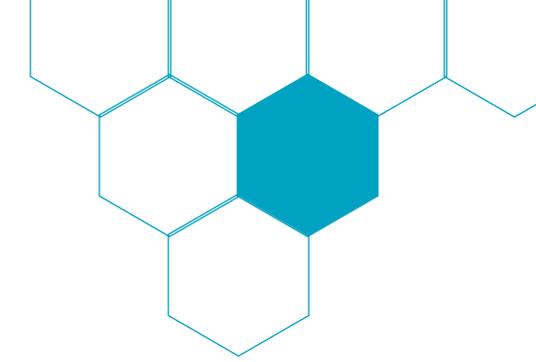
		2021	2022	2023
Sales by steel family	Free-cutting steels	14%	11%	11%
	Q&T Steels	49%	51%	50%
	Building Steels	28%	28%	30%
	Stainless steels	3%	3%	3%
	Other	6%	7%	6%
Sales by execution	Rolled Steels	45%	43%	44%
	Ground + Ground-rough Steels	6%	6%	6%
	Peeled	4%	3%	3%
	Forged	8%	9%	10%
	Rolled	37%	39%	37%

Sales on the Italian Market

	2021	2022	2023
Steel product sales	55%	54%	54%
Automotive	4%	4%	4%
Furniture	1%	1%	1%
Building	2%	2%	2%
Contract work	12%	15%	15%
Food	2%	2%	2%
Mechanics	18%	16%	16%
Oil&Gas	3%	3%	3%
Transportation	1%	1%	1%
Agriculture	2%	2%	2%
Other	0%	0%	0%

Italian market sales percentage



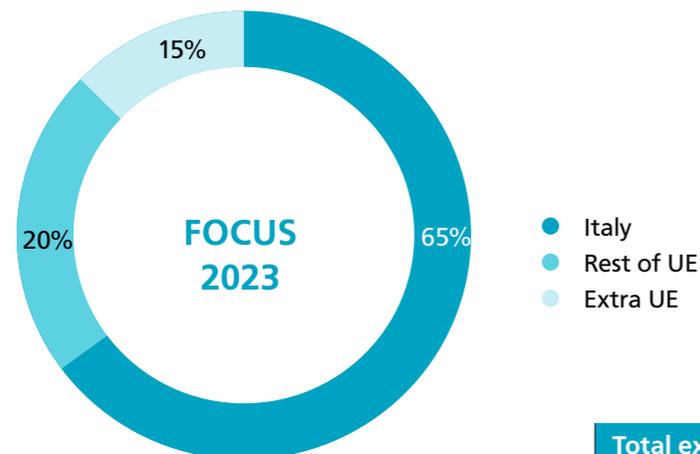


Purchases by Geographical Areas

STEEL

INDICATOR	2021	2022	2023
Total expenditure €	223,448,555	286,239,673	188,947,375.62
Total expenditure Italy €	159,863,313	186,153,970	122,261,074.04
% Italian suppliers *	72%	65%	65%
Total expenditure rest of EU €	42,698,780	63,863,494	38,609,163.48
% rest of UE	19%	22%	20%
Total expenditure Extra UE €	20,886,462	36,222,209	28,077,138.10
% suppliers extra UE	9%	13%	15%

* Note: To be noticed the percentage value purchased by Italian suppliers as the mother company is sited in Italy. Steel procurement of all sites are considered.



Consumables

	2021	2022	2023
Total expenditure €	2,828,097	3,584,217	2,510,952
% national suppliers*	100%	100%	100%

* Note: Consumables are purchased from suppliers located in the same Country as the sites in question and summarised in the table as "national suppliers". Purchases of all sites are considered.

Economic Sustainability and Value Generated

The economic value generated by doing business is vital for a company. Today, however, our vision of "creating value" must no longer overlook generating a positive impact also on stakeholders, company-related people and the territory where the company operates.

Economic sustainability is the road to set up an economic system capable of producing income and work on the long term. Unfair wealth distribution provokes wide gaps and slows down the race towards change.

THESE ARE OUR FIGURES FROM THE 2023 CONSOLIDATED BALANCE SHEET.

COMPARED TO THE LAST PUBLICATION, THE EXPOSURE OF THE ECONOMIC VALUE GENERATED WAS IMPROVED AND DATA FROM PREVIOUS FISCAL YEARS WERE AMENDED.

SALES REVENUES €/1000

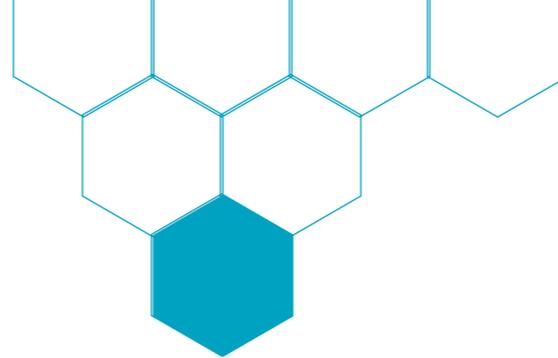
2021	2022	2023
333,253	372,214	284,311
<i>Italian Companies' Revenues: 296,790</i> <i>Foreign Companies' Revenues: 36,463</i>	<i>Italian Companies' Revenues: 324,355</i> <i>Foreign Companies' Revenues: 47,859</i>	<i>Italian Companies' Revenues: 250,517</i> <i>Foreign Companies' Revenues: 33,794</i>

EBITDA/SALES REVENUES

2021	2022	2023
8.31%	10.02%	9.23%

NET FINANCIAL POSITION €/1000

2021	2022	2023
85,572	87,027	56,021



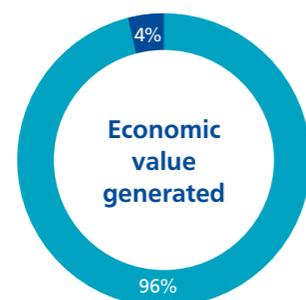
Strategic Investments

FINANCIAL SUPPORT FROM THE GOVERNMENT

2021	2022	2023
2,985	1,419	1,279

DIRECTLY GENERATED AND DISTRIBUTED ECONOMIC VALUE €/1000

	2021	2022	2023
A.1. Revenues from sales and provision of servi	333,253	372,214	284,311
A.2. Variations of unsold stock of products being processed, semi-finished or finished	2,432	38,372	21,862
A.3. Other revenues and profits	1,545	3,058	2,546
A. Total economic value generated: value of production	337,230	413,644	308,719
B.1. Operational overheads	292,832	358,514	264,919
B.2. Wages and benefits for the employees	24,772	25,878	25,131
B.3. Payments and capital providers	1,350	1,914	4,212
B.4. Payments to Public Administration	3,047	4,740	3,369
B.5. Investments in communities	120	130	110
B. Total economic value distributed	322,121	391,176	297,741
Economic value retained (A-B)	15,109	22,468	10,978
FISCAL YEAR RESULT	15,663	23,341	12,129



- Economic value distributed = 297,741
- Economic value retained = 10,978

The many research activities carried out on processes and products allow us optimising the value generated both in terms of money deriving from our operations and of innovation and dynamic sales.

Being certain of the importance of what we have achieved so far, we go on pursuing new and ambitious projects that will carry on our solid core business beliefs.

In 2023, various industrial investments were started, among which:

- upgrading of the Shot-blasting Line at Trafilix Industries Berzo. The dust abatement system was considerably improved, which is a sign of attention and responsibility towards the Planet Earth.
- installation of a sophisticated laser system capable of spotting surface defects (cracks, flaking, etc.) in

rolled steel, thereby guaranteeing automatic material selection. Using a reference colour scale, the same device can determine sanding effectiveness and supply adjust parameters to the operators;

- revamping of two Matter warehouses in the Cosmo Acciai and Sidermarca distribution sites to improve plant efficiency;
- continuing renewal of the saw machines installed in the distribution network warehouses to meet the requirements of Industry 4.0 and provide programming automation, machine statistics, and remote-monitoring of machine progress and conditions.

To guarantee correct use of corporate data in a sustainable manner, the IT Systems & Industrial Automation Area is always committed to improve current software.

INDUSTRIAL INVESTMENTS (€/1.000)

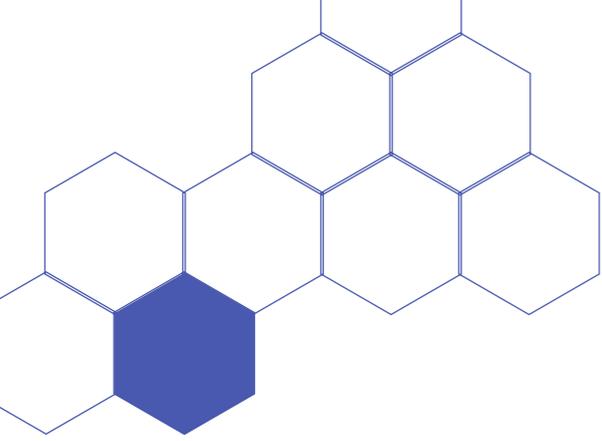
2021	2022	2023
5,380	4,046	4,740

GENERAL INVESTMENTS 2023 (€/1.000) 7,240



PRODUCTION EQUIPMENT

Drawbenches	23
Peeling machines	4
Reeling machines	3
Grinding machine	21
Rolling mills	2
Heat-treatment plants	3
Chamfering machines	5
NDT	6
Demagnetisation line	1



ESG STRATEGY

STAKEHOLDER PERSPECTIVE

Stakeholder engagement is an essential aspect of an authentic corporate Sustainability strategy. For the Lucefin Group, this means going beyond mere standard compliance and integrating the stakeholders in the core of corporate operations. Acknowledging the relevance of such process, the Group makes reference to the AA1000 Standard that helps guaranteeing that commitment towards Sustainability substantiates through systematic, consistent and clear engagement activities.

The process starts with careful identification and mapping of the stakeholders to clearly understand who they are, which interests they bear and how they can be influenced by corporate activities. This acknowledging phase is critical to determine expectations and set out the priorities of important issues. Continuous interaction with the stakeholders through meetings, workshops and consulting, both at individual and collective level, is designed to be inclusive and allow all of them to freely express their opinions and worries. Using platforms and communication tools guarantees that the process can be accessed by all, without geographical or background barriers.

Feedback and observations collected during these meetings are analysed and integrated into the corporate decision-making process, thereby assuring that our choices are in line with the impacts that our operations exert on the stakeholders and the environment.

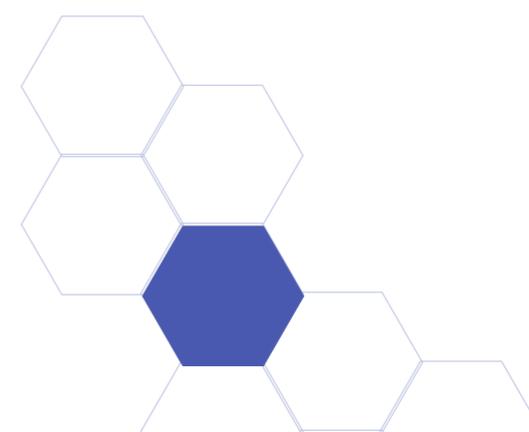
The stakeholder engagement process is constantly monitored and regularly revised to guarantee that it remains effective and important. Transparency is a cornerstone in this activity. The regular publishing of updates and reports document how the stakeholder feedback influences corporate strategy and operations.

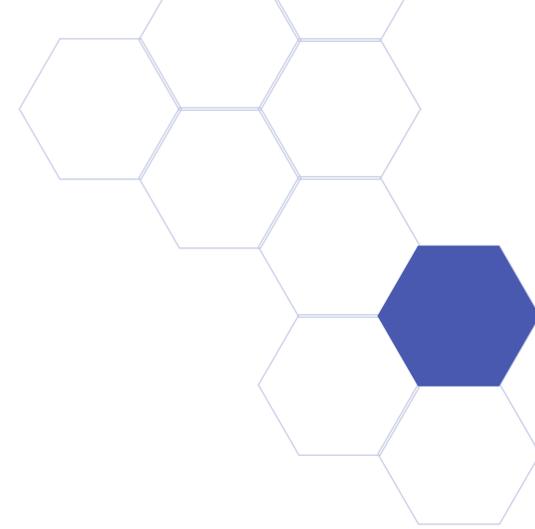
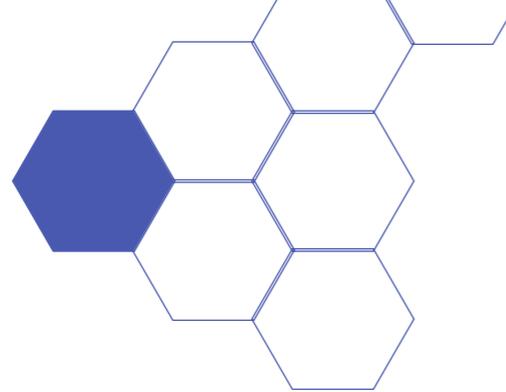
By means of such practices, the Lucefin Group reiterates its commitment towards responsible governance and sustainable management, in line with global standards and stakeholders' expectations.

The results of the AA1000 Standard-Phase 1 have defined the priority stakeholder categories relative to the goals in the Group's Sustainability Plan and laid the foundations for a shared ESG strategy.

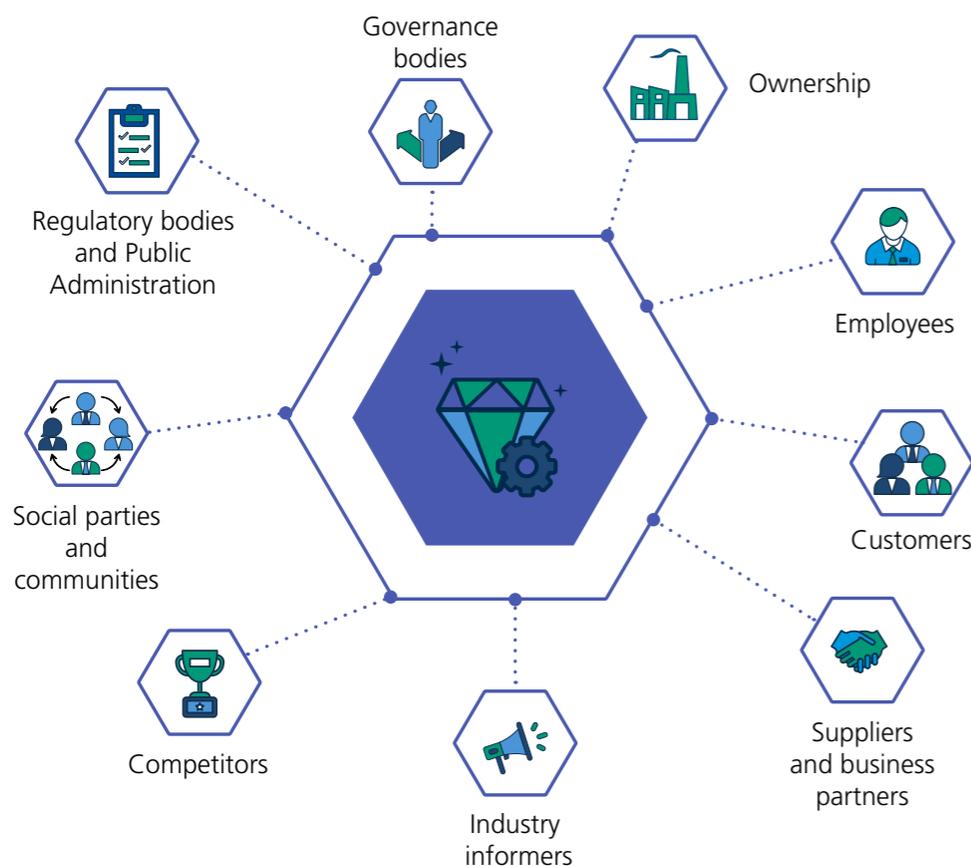


The Group's sustainable vision is our compass towards continuous improvement





Stakeholders in Our Value Chain



New in 2023!

“Comunità pratica”: A Pragmatic Community of Change-Driving Businesses

Cooperation, sharing of knowledge and start of long-term projects for sustainable development bring life to “Comunità Pratica”. A working group composed of Trafilix Industries and several important businesses from around Brescia will have a positive impact on our communities, with an environmental, social and cultural approach.

under the sponsorship of the Municipality of Brescia and the University of Brescia. The exhibition consists in 14 pictures that show how the feminine role is “narrated” by mass-media and the Internet/socials in our times.

In 2023 the following initiatives were organised:
 • **“Donne Invisibili”: A challenge to prejudice and stereotypes.** In a round table, Comunità Pratica introduced this exhibition titled “Invisible Women” promoted and designed by the group of companies

• **The work of the future: From Olivetti to Comunità Pratica - A convention at Futura Brescia Expo**
 The subject of the evening was the life of Adriano Olivetti as a visionary entrepreneur with pioneering sustainable ideas. These were compared with the long-term projects and initiatives of Comunità Pratica directly introduced by founding members.



IN 2024 TRAFILIX IS AWARDED
THE "SUSTAINABLE PROCESS PRIZE"
at MECSPE of Bologna
The reference fair for the manufacturing industry



2023 Projects and Engagement Activities

Events: Occasions to meet the stakeholders

TRAFILIX CELEBRATES 50 YEARS OF ACTIVITY:

OPEN DAY TRAFILIX ESINE

On the occasion of the 31th edition of FAI Spring Days devoted to the Italian cultural heritage and unique landscape. Open access of the public to the Trafilix Esine Production Unit, with tours guided by Group engineers and volunteers from Gruppo FAI Valle Camonica.

VALLE CAMONICA DIGITAL WEEK

Leading actors with Limes Farm and Assocamuna in the event combining innovation, territory, and culture in a stimulating context disclosing new trends. Presentation of innovative science and art projects and models.

OUR CELEBRATIONS FOR TRAFILIX 50th ANNIVERSARY

This event gathered about 400 co-operators coming from the Group's production and distribution sites. During the day: memorial moment of the Company founder Luigi Buzzi; award-giving to co-operators working with us from minimum 30 years and an integral part of the Group's history, convivial lunch, table football tournament, and comic actor show.

d'A.D.A. EVENING SHOW "VITTORIO STORARO AND VISUAL ARTS"

A conversation with Vittorio Storaro, worldwide renown director of photography and Oscar-winner. An event dedicated to Trafilix and its 50th anniversary.

TRAFILIX ACCORDING TO A.I.

The team of the creative-experimental RKH Studio of Turin prepared a concept 3D about Trafilix and its history. This video merges two elements supplied by the company: snapshots with Steel in close-up and ambient sounds sampled in the factories.

PARTICIPATION IN SECTOR FAIRS:

MADE IN STEEL-10th edition "GENERATIONS, RE-IMAGINING OUR WORLD"

Conference & Exhibition: an international event on the steel supply chain held at Fieramilano Rho. At the Trafilix Industries stand, a multi-meaning project narrated our 50th Anniversary, transformation of material over time, inter-generation relations and attention to the future.

STAINLESS STEEL WORLD 2023

Conference & Exhibition at MECC of Maastricht, an international fair of the stainless steel sector.

Brand Identity, Prizes and Participation

IO TI ASCOLTO

The travelling exhibition against gender violence titled "I listen to you" was hosted at Trafilix Esine headquarters and could be visited by internal employees.

REQUALIFICATION OF MOUNTAIN PATHS

Trafilix and Co.Met. Acciai support the "Ecosistema Fedabo" project by Energy Service Company and BCorp FEDABO, by contributing to the maintenance of the Italian Alpine Club path no. 740 in Esine (Brescia).

NEW TECHNOLOGY-BUSINESS COOPERATIONS AND CHANNELS

Thirty entrepreneurs and free-lance professionals from the Assocamuna association, presided by Giorgio Buzzi, spent a week-end in Prague to explore the potentialities and opportunities offered by a market in ceaseless development. Some interesting options emerged during workshops and meetings with start-ups and calls on leading companies among which Trafil Czech, a Lucefin Group's production unit.

LUCEFAN AND TRAFILIX AMONG THE BEST BRESCIA COMPANIES AS TO TURNOVER

"Brescia 1000 + mille imprese", an insert of the newspaper Bresciaoggi, provides a picture of the economic situation in the territory. This year too, Lucefin S.p.A. and Trafilix S.p.A. are included among Brescia resilient and dynamic companies, at the 53th and 100th positions respectively.

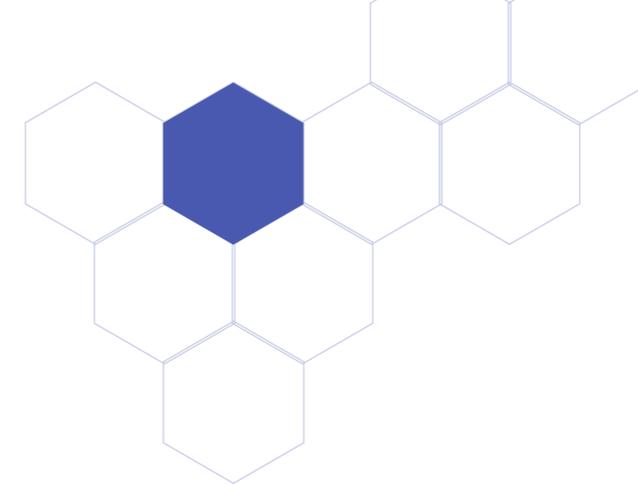
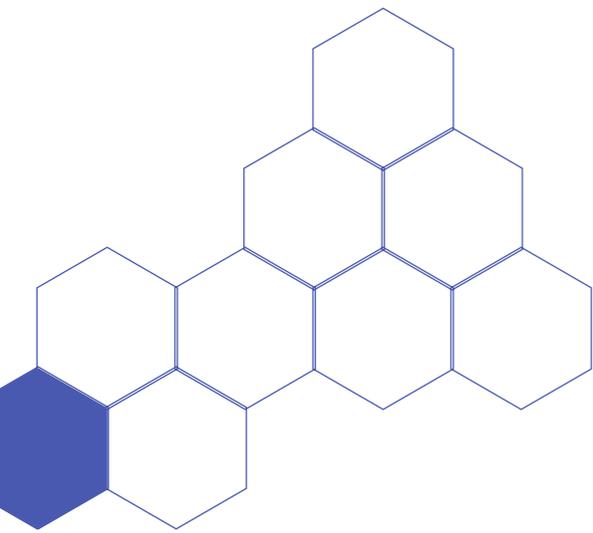
"PARKER STEEL SUPPLIER ACHIEVEMENT AWARD"

In 2024 Trafilix was awarded the sixth "Parker Steel Supplier Achievement Award", for the fifth year in a row. The Parker Steel award confirms the ability of our company to guarantee top quality, constant and timely services and to meet the expectations in terms of quality of the material: "Excellent Quality and Delivery Performance"

INTERNATIONAL STAINLESS & SPECIAL STEEL CONFERENCE 2023, ZURICH

Held at the Circle Convention Center, Zurich Airport, under the motto: "Stainless & Special Steel - The Ultimate Sustainability Solution". Vittorio Boneschi, TrafiTech S.r.l. CEO, delivered the presentation: "Sustainability at Trafilix Industries S.p.A."





Industrial Relationships and Training Organisations

Our Presence in the Territory - External Initiatives

HOSPITAL AND HEALTH-CARE FUND IN VALLE CAMONICA

The fund supports initiatives beneficial to the hospital Polo Ospedaliero di Valle Camonica and its local network. Namely, it promotes infrastructure, organisation and management development concurrently with health-care offer increase, care humanisation and patient proximity.

“PROSSIMA GENERAZIONE VALLE CAMONICA ETS” FOUNDATION

This foundation promotes economic and social development of people and communities in Valle Camonica and Upper Sebino area. It works out ideas and projects for economic recovery and resilience and to reclaim abandoned areas.

IO21ZERO97 A NICE RACE THROUGH VALLE CAMONICA

This foot race, also referred to as “la bella corsa”, is run annually in Valle Camonica amidst wonderful naturalistic surroundings and glimpses of historical and cultural interest. The project started in 2013 from an idea of the Corrintime sport association founded by Giorgio Buzzi. In 2023 was held the race 10th edition.

d’ADA SHOW - ART, DESIGN, ARCHITECTURE

2023 - the 5th A.D.A. show was officially included among the events of Bergamo Brescia 2023 Culture Capital. It consisted in a scattered festival spreading from Valle Camonica to the Lake of Iseo and the town of Brescia. In line with previous years, international celebrities starred along a path that enhanced the Brescia territory.

The Lucefin Group remains fundamental both in supporting the event and in cooperating to organisation and communication. Giorgio Buzzi, Lucefin Group Chairman, supports and believes in the d’ADA art project not only as a Main Sponsor through his company, but also as the show Project Manager and founding member of the d’ADA Association, together with Eletta Flocchini e Marco Farisoglio. Giorgio Buzzi actively takes part in this important effort of cultural enhancement considering art beauty in all art forms and caring for the new generations, in view of offering them visions and reading tools for the future.

TEDxPISOGNE

2023 – “Evolutions” is the theme common to all the talks in the second edition of TEDxPisogne, promoted by Trafilix. Restless ideas make you look at the world from new perspectives, living the liquid evolution of modern times. “Changing in a changing world is obvious, evolving is the goal.”

Memberships to Associations

WE BELIEVE IN SECTOR CULTURE AND KNOWLEDGE AND ADDRESS NOT ONLY THOSE WHO PASSIONATELY LIVE THIS PROFESSION, BUT BEGINNERS TOO

The Lucefin Group is an active member of several industrial associations, namely: Assofermet, Federacciai and Confindustria Brescia.

It actively cooperates with Siderweb to disseminate the knowledge of the steel sector.

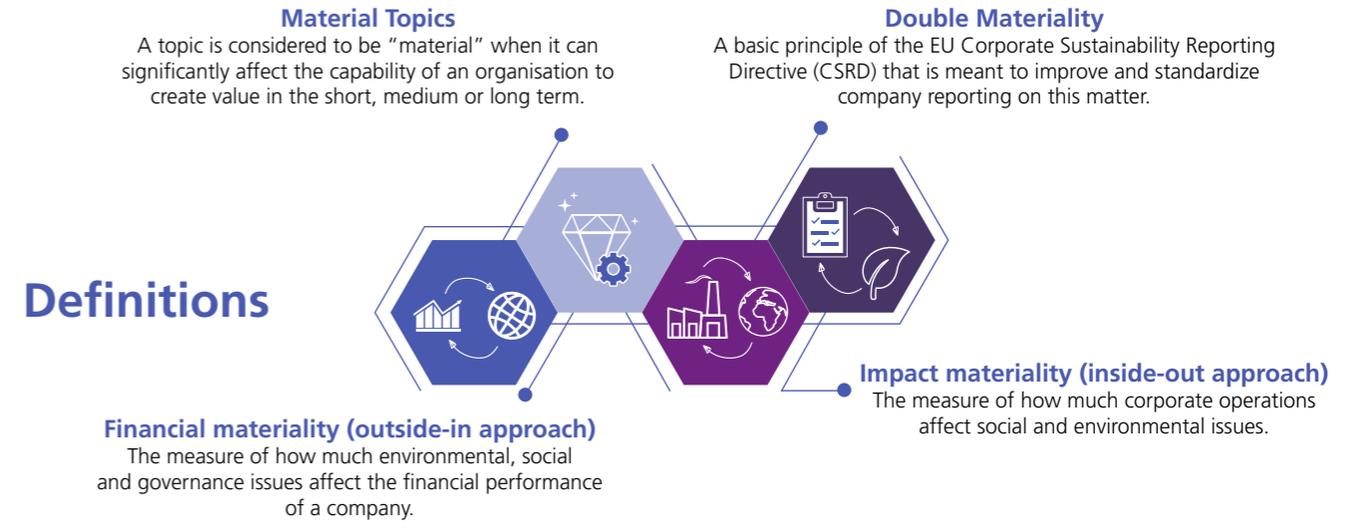
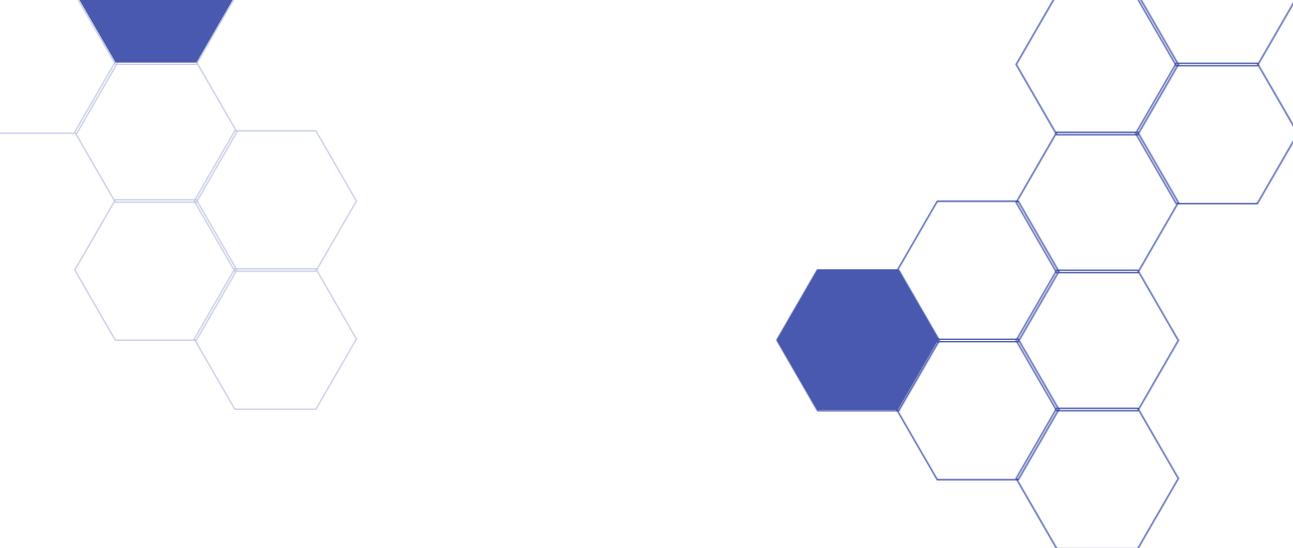
It continues being involved in Assocamuna, the association of the entrepreneurs of Valle Camonica, Sebino, Valcavallina, and Val di Scalve. Giorgio Buzzi is the Chairman of Assocamuna.

The Group makes available its sector know-how by cooperating with Unsider and taking part in meetings for the revision of standards.

Together with FaFe, it develops and promotes failure analysis and forensic engineering training projects intended for managerial and technical profiles, insurance and law professionals working in the industrial, chemical, petrochemical, transportation, and components sectors.

The Group keeps going its cooperation with Politecnico di Milano for training activities, support to development of dissertations and innovative projects.





The Double Materiality Analysis

Upon conclusion of the 2021-2023 Corporate Strategy Plan, the Lucefin Group has started a Double Materiality Path to define the ESG material topics, associated goals and actions for the year 2024. The analysis allowed identifying the material topics according to two different yet equally important

points of view, namely financial materiality and impact materiality. The vision of the Lucefin ESG Committee has come to join in the Stakeholders' expectations. The topics will direct corporate strategies towards a sustainable business model.

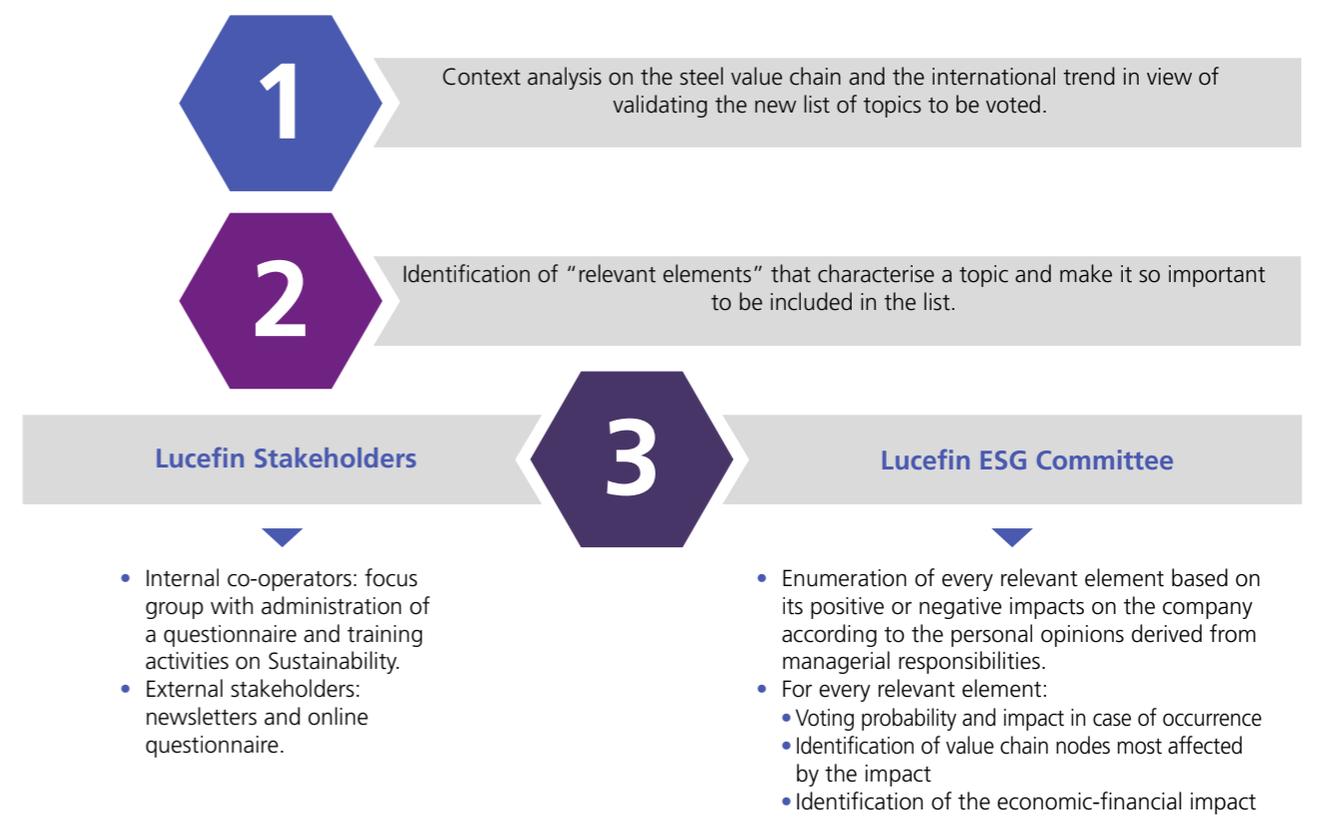
Double Materiality as a Methodological Update.

Starting a "double materiality" path not only means anticipating times as regards implementation of the EU CSRD directive, but also obtaining an effective tool to critically evaluate the entirety of ESG corporate performances and impacts. Double materiality differs from single materiality adopted by the Group in 2020 to define its first strategic plan. The former analysed only the topics more significant for the organisation Sustainability and deriving from the interaction between the organisation and its main stakeholders.

Thanks to the double materiality methodological update, we could identify the Group's material topics keeping into account not only the impact of our operations on people and the environment (inside-out approach), but also the impact that Sustainability issues generate on them from the economic-financial point of view (outside-in approach). This means that two concomitant aspects are analysed.

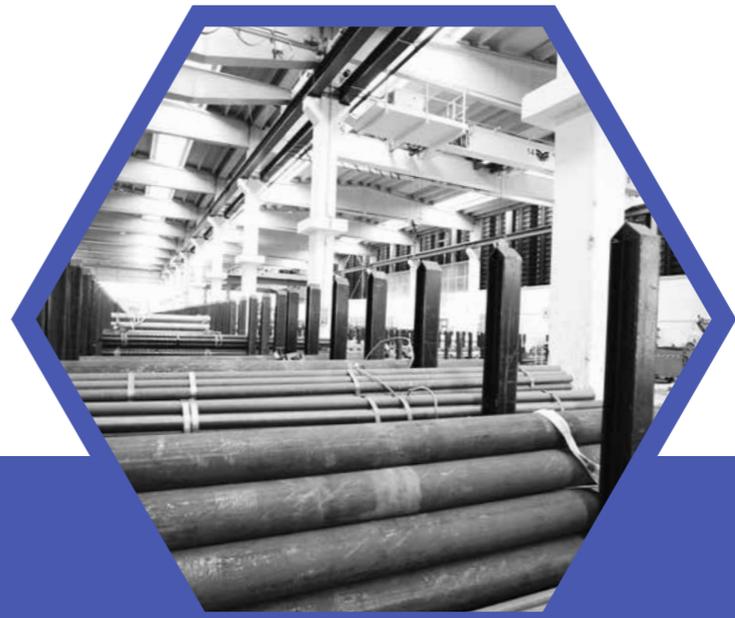
Operating Phases

The double materiality analysis, conducted according to the recent guidelines of the GRI international standards and involving internal and external stakeholders, led the Group to define and implement three operating phases to determine the new material topics:

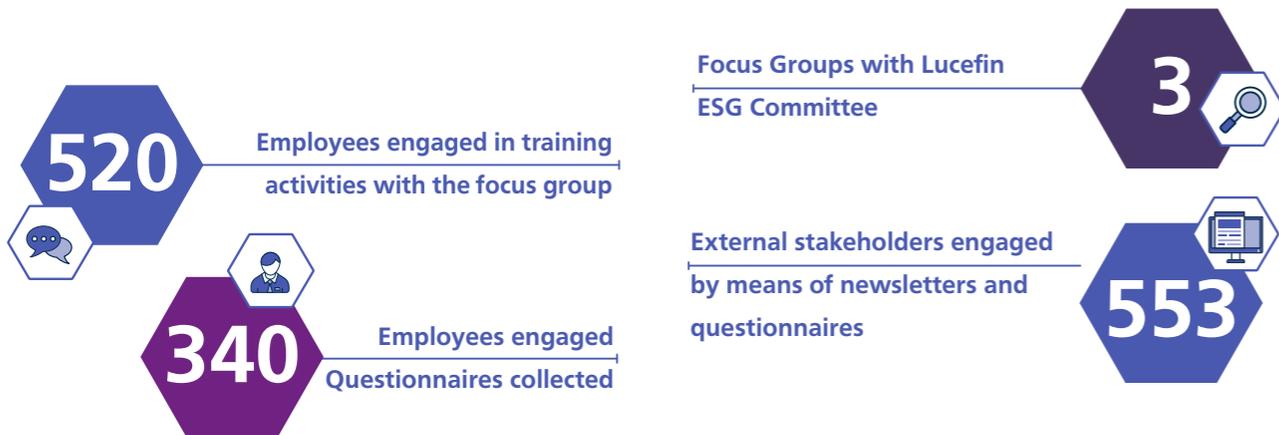




Connection and supply chain value: a proactive look to the future.



Engagement Activity Statistics



Stakeholder engagement in the third phase, with administration of a questionnaire and training activities for internal co-operators, allowed the Lucefin ESG Committee to identify two important perspectives to select and conclusively define material topics: the importance level and the criticality order.

The Lucefin ESG Committee was directly engaged through the Focus Group activities. This proved an essential activity to identify the Committee's vision based on the two main pillars of Double Materiality: financial materiality and impact materiality.

Financial materiality is based on the Committee's considerations on the economic-financial impact of every relevant element. Upon occurrence, a relevant element may not involve financial benefits, higher or lower costs, or income of a different amount. This analysis required rating the financial impact over 5

relevant levels, namely: null, low, medium, significant, and very high.

Impact materiality is the voting result for each relevant element as to occurrence probability in the medium term, namely 3 years, and occurrence impact on the organisation according to 3 levels: high, medium, and low. From this point of view, it was also considered where the heaviest impact of each element would supposedly strike in the value chain. This can differently affect the upstream supply chain, the inner organisation, the downstream supply chain, the Planet Earth/environment or society.



Our Material Topics from Double Materiality

The results from the operating phases allowed defining a final list of topics particularly significant for the Group, enumerated on the basis of the ESG Sustainability pillars.

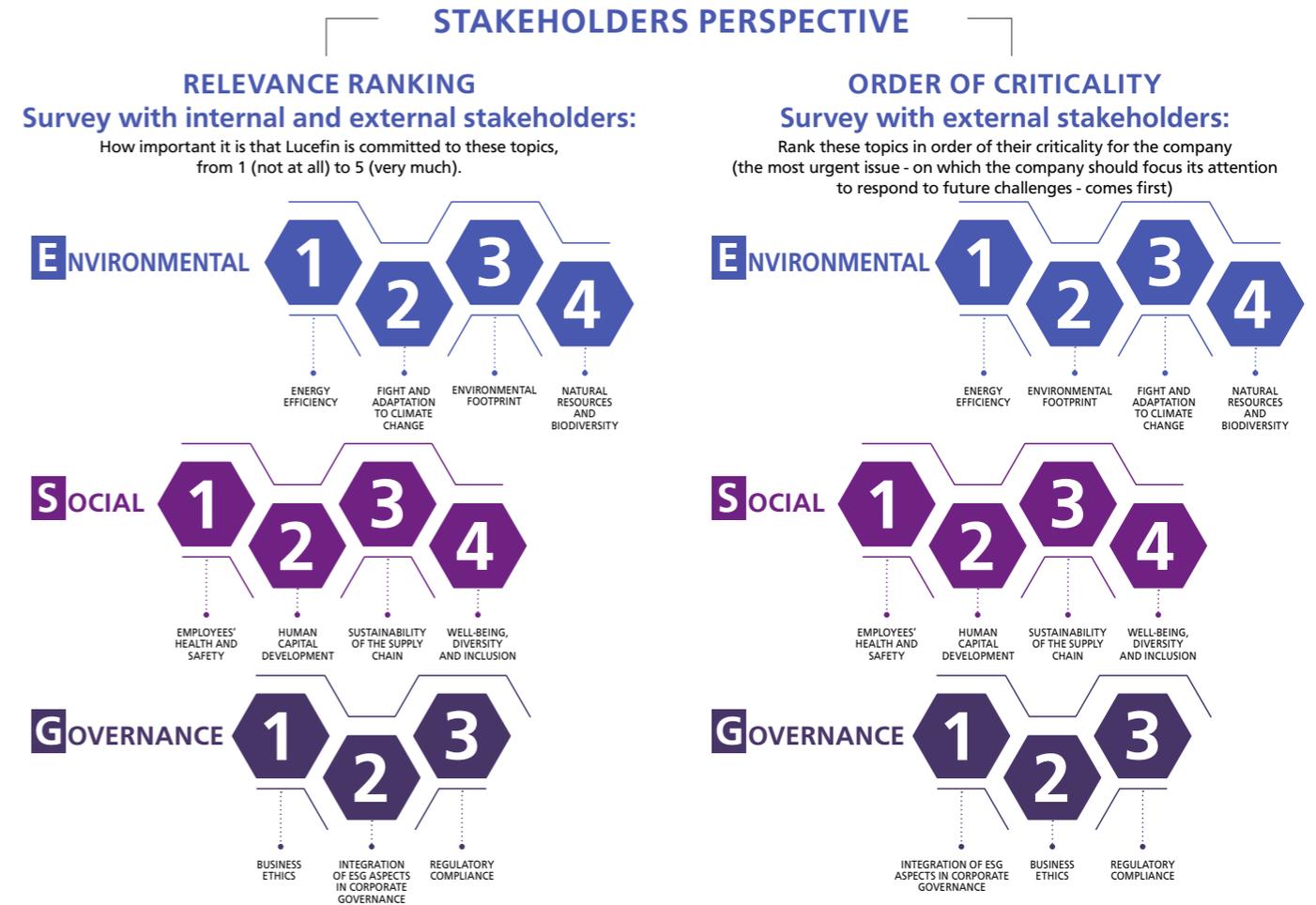
By comparing data obtained, the Lucefin ESG Committee has identified the **Material Topics** for the year 2024, which the organisation must take into account to define its corporate strategies.

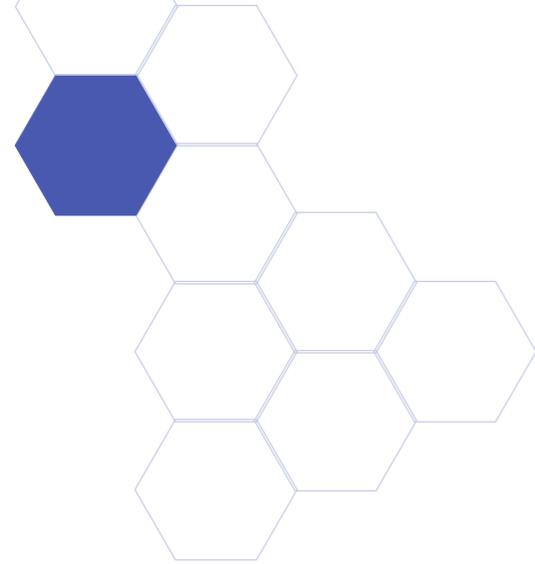
Each material topic comes complete with the **goals and actions** that have detailed the **new 2024-2026 ESG Strategy Plan**.

Material topics may change by the year as they reflect the stakeholder perception that will be acquired annually through a double materiality analysis.

Vision of the ESG Lucefin Committee

	TOPIC	RELEVANT ELEMENTS	IMPACT	WHERE THE IMPACT HAPPENS IN THE VALUE CHAIN	IMPACT MATERIALITY	FINANCIAL MATERIALITY
ENVIRONMENTAL	Fight and adaptation to climate change	Climate change (e.g. extreme events) produces impacts on the operational continuity of the organisation	-	⊙		
		Institutional policies related to climate change promote regulations that have strategic and operational implications on the company	-	◆	■ ■ ■ ■	■ ■ ■ ■
		The market is progressively demanding a "zero-emission" product, which can lead to both advantages and disadvantages for the business	-	←		
	Energy efficiency	The energy management reflects on the operating costs (efficiency, costs, protection in the event of price fluctuations...)	+	⊙	■ ■ ■ ■	■ ■ ■ ■
		Being attentive to the energy topic involves investments and stimulates innovation	+	⊙		
	Environmental footprint	Specific resource management policies trigger dynamics of efficiency, innovation and circularity-oriented models	+	⊙	■ ■ ■ ■	■ ■ ■ ■
The level of environmental impact influences corporate reputation		+	⊙			
Natural resources and biodiversity		Protecting biodiversity and ecosystems increases local reputation	+	☼	■ ■ ■ ■	■ ■ ■ ■
	Local ecosystems provide services that contribute to business functioning	-	☼			
SOCIAL	Sustainability of the supply chain	Cooperation along the entire supply chain allows a better distribution of the value generated	+	⊙	■ ■ ■ ■	■ ■ ■ ■
		ESG are selection criteria along the value chain	-	⊙		
		A "full" sustainability requires the alignment and collaboration of the entire supply chain	-	←		
	Employees' health and safety	Laws and regulations concerning the health and safety of workers impact on company choices	+	⊙	■ ■ ■ ■	■ ■ ■ ■
		The management of workers' health and safety is a measure of how central they are to an organization	+	⊙		
	Well-Being, diversity and inclusion	Having policies for diversity and inclusion impacts on the attractiveness, loyalty and engagement of employees	-	⊙	■ ■ ■ ■	■ ■ ■ ■
The well-being of employees (workplaces, benefits, flexibility) impacts on attractiveness and turnover		-	⊙			
Human capital development	The level of individual skills impacts on company competitiveness	+	⊙	■ ■ ■ ■	■ ■ ■ ■	
	Strategic human resources management impacts on business continuity and competitiveness	-	⊙			
GOVERNANCE	Business ethics	Corporate ethical principles determine the relationships of trust with its stakeholders	+	⊙	■ ■ ■ ■	■ ■ ■ ■
		Ethics in business is a guideline to support the business decisions	+	⊙		
	Integration of ESG aspects in corporate governance	The integration of ESG aspects has impacts on governance systems (e.g. risk management)	+	⊙	■ ■ ■ ■	■ ■ ■ ■
		The integration of ESG aspects into governance has impacts on corporate competitiveness	+	⊙		
	Regulatory compliance	The evolution of public/private requirements pushes organizations to adopt this approach	+	⊙		
Regulatory violations undermine business continuity and its reputation		+	⊙	■ ■ ■ ■	■ ■ ■ ■	
	An approach that goes beyond compliance translates into a distinctive element (leadership) and innovation of the business model	-	⊙			





The IRO Strategy (Impacts, Risks, Opportunities)

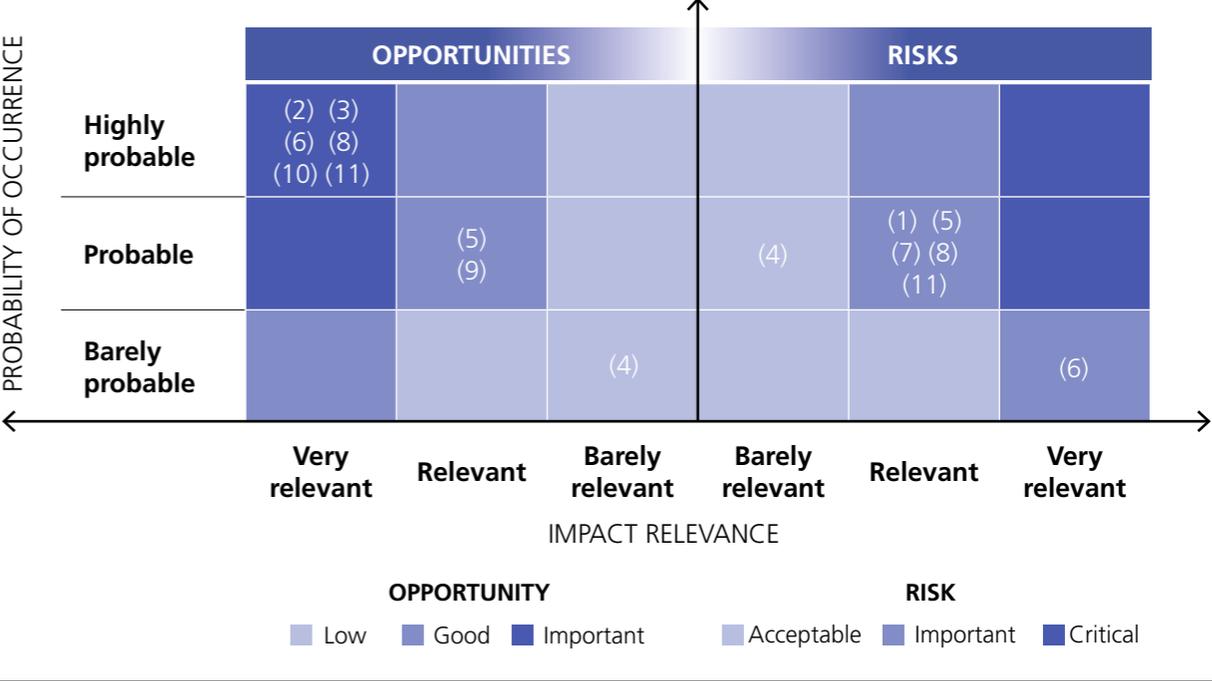
In view of gradual alignment with the CSRD requirements, the Lucefin Group is pursuing **integrated management of Impacts, Risks and Opportunities (IRO)** to exceed the traditional risk analysis approach.

To respond to market dynamics, it is necessary to integrate risk analysis and management into corporate operations by implementing a both **bottom-up and top-down risk approach**. Through our bottom-up commitment, we want to encourage all members of our team to actively participate in identifying potential and real risks during their everyday activities. This direct engagement should guarantee timely identification of emerging challenges and their effective management. In parallel, our top-down approach should engage the company Strategic Committee in analysing overall strategic goals and defining the risk level we are willing to accept consistently with our long-term objectives. This top-down vision is aimed at guaranteeing that policies and procedures be consistent with the strategic guidelines of the organisation. The approach guarantees that risk management proves not only a formal practice, but actually a pillar of our sustainable business model.

The target is to understand and integrate both financial risks and environmental, social and governance (ESG) risks into current evaluations provided by the Quality, Environment and Safety Management Systems. To cope with the variable nature of risks, the undertakings will be required to consider the risks connected with the climate and with health-care and social issues within their risk management model.

This change is a strategic commitment meant to **generate value not only for the organisation, but also for all of its stakeholders**. We do not merely manage threats, but we proactively evaluate the potential of every opportunity and every challenge, building resilience and fostering a culture based on risk information and awareness.

Our path starts with a first evaluation of events/actions by the Committee on the basis of data collected during the double materiality analysis. Risks and opportunities are shown hereafter using an evaluation scale (High, Medium, and Low) that considers the variables of occurrence probabilities and impact severity/relevance.



- | | |
|--|--|
| (1) Fighting and adjusting to climate change | (8) Development of the human capital |
| (2) Energy efficiency | (9) Business ethics |
| (3) Environmental footprint | (10) Integrating ESG aspects into corporate governance |
| (4) Natural resources and biodiversity | (11) Regulatory compliance |
| (5) Value chain sustainability | |
| (6) Worker health and safety | |
| (7) Well-being, diversity and inclusion | |

Our ESG Plan



“Meeting the needs of the present generation without compromising the ability of future generations to meet their own needs”: this is the essence of Sustainable Development.

Agenda 2030 is an action programme for people, the Planet Earth and prosperity signed in September 2015 by the governments of the 193 U.N. Member Countries. It sets forth 17 objectives named Sustainable Development Goals (SDGs).

SDGs regard all, both Countries and individuals: “nobody is excluded, nobody should be left behind on the road to bring Sustainability to the world”.

The Group, well aware of the urgent challenges that the Planet Earth must face, has decided to be an active player in the change by pursuing ESG Sustainability and integrating its own material topics into the SDG.

Sustainable development comprises three interdependent components, acknowledged by the European Union to be the Sustainability pillars. They are the environmental, social and economic components and are based on measurement criteria and ESG (Environmental, Social, Governance) standards that allow assessing and measuring your commitment to Sustainability. The Group is willing to represent, measure and, in the future, certify the company capability to calibrate and manage its ESG impact.

Only when the requirements of the three components are certainly and equally satisfied, you can speak of Sustainable Development.

OUR COMMITMENT



REFLECTIONS FOR THE FUTURE



The Group's sustainable vision



Sustainability Planning

The 2021-2023 Corporate Strategy Development Plan, prepared by the corporate top management in cooperation with the Lucefin ESG Committee, has come to an end. Most of its targets were achieved. The following overview table shows the actions concluded in the three-year period.

Actions and topics of the new ESG Strategy Plan will be supported by a Business Continuity Plan that takes into account the market and developments in addition to the ESG aspects.

ENVIRONMENTAL

	ACTIONS COMPLETED	NEW DEVELOPMENTS
Environmental footprint	Photovoltaic systems installation at the sites of Trafilix Esine and Berzo Production Unit, KSM, and Trafil Czech and revamping of the Comet Acciai Brescia distribution site.	<p>The CO2 emission assessment and minimisation efforts of Trafilix Industries are detailed in the "Climate Change" section.</p> <p>Actions for energy efficiency and to decrease our impact on the Planet Earth continue in the material topics "Energy efficiency" and "Environment footprint".</p>

SOCIAL

	ACTIONS COMPLETED	NEW DEVELOPMENTS
Relations with the stakeholders		Stakeholder engagement shifts from being an action as in the previous plan to be a founding element in the Group's Sustainability strategy. This is pointed out in the "Stakeholder perspective" paragraph.
Human resources	<p>A corporate welfare plan was formalised.</p> <p>Incentive plans were defined for the distribution sites.</p> <p>Training growth in the ESG Area.</p>	We intend to stress the importance of individuals by means of the actions identified in the material topic "Development of human resources".
The handover to a new generation	The Group is aware of the average age in the organisation and of management homogeneity; therefore, we keep paying great attention to the job continuity process in the Business Continuity Plan.	
Health and safety	Start of the WHP Network Project with the health protection agency "ATS della Montagna" and award of the first "Health Promoting Company" certificate to the Trafilix sites of Esine, Darfo, Berzo, and Cividate. Good practices were extended also to the other sites not registered in the WHP.	Obtaining the UNI EN ISO 45001 certification continues in the topic "Worker health and safety".

GOVERNANCE

	ACTIONS COMPLETED	NEW DEVELOPMENTS
Economic and financial performances	<p>Stock assessment through the corporate dashboard becomes systematic to guarantee optimisation of capital distribution.</p> <p>A net financial position was reached, thereby allowing economic stability. This aspect keeps being monitored in the Business Continuity plan.</p>	
Quality and Innovation	In recent years, the Group made several industrial investments for production purposes to meet market needs, improve functioning, and decrease environmental impact.	Being certain of the importance of the investments made, we will go on emphasising new and ambitious projects as summarised in the "Strategic Investments" section.
Efficiency	Implementation of a corporate dashboard to monitor the corporate process results and decrease inefficiencies.	The partnership with suppliers plays an increasingly crucial role in corporate business and integrates in the ESG aspects. See the "Climate Change" paragraph.
Technological Innovation	Production, sales and management information systems were improved to support the decision-making and industrial processes. New management support tools continue being implemented.	
Corporate Structure	<p>Merger of the three Italian production units into Trafilix Industries.</p> <p>The Group concentrates its financial efforts and resources in its core business.</p>	
Governance Model	<p>A sort of "maieutic path" was implemented with the engagement of the ownership and of the managerial staff.</p> <p>Corporate organisation charts were redefined to include new governance and functional positions.</p> <p>Following the Trafilix Industries merger, a new Model 231 was prepared.</p>	Introduction of a new "maieutic pathway" in the material topic "Development of the human capital" to reinforce internal communication.
Sales Development	<p>Politecnico di Milano completed its research on process variables influencing Hc value in low-carbon free-cutting steels.</p> <p>Customer days were organised by Trafilix in its sites of Esine and Berzo.</p> <p>The new sales resource engaged in Trafil Czech was opportunely trained to support continuous growth of the Eastern Europe markets. Training included finding new customers using innovative IT tools.</p>	<p>Research work on free-cutting steels with elements alternative to Pb is dealt with in the material topic "Regulatory Compliance".</p> <p>In the Business Continuity Plan:</p> <p>We keep growing in the solenoid valve market (controlled Hc); internal evaluations are in progress on whether to make further plant investments for optimisation of this product.</p> <p>Being willing to strengthen its presence on the American market, Trafilix is evaluating whether to keep a stock of material on site as a first step towards setting up a stable warehouse.</p>

THE NEW ESG CORPORATE STRATEGY PLAN INCLUDES THE MATERIAL TOPICS IDENTIFIED BY THE LUCEFIN ESG COMMITTEE, ASSOCIATED GOALS AND ACTIONS FOR THE THREE-YEAR PERIOD 2024-2026, SUBJECT TO ANNUAL ASSESSEMENT AND UPDATE, AS REQUIRED.

ENVIRONMENTAL

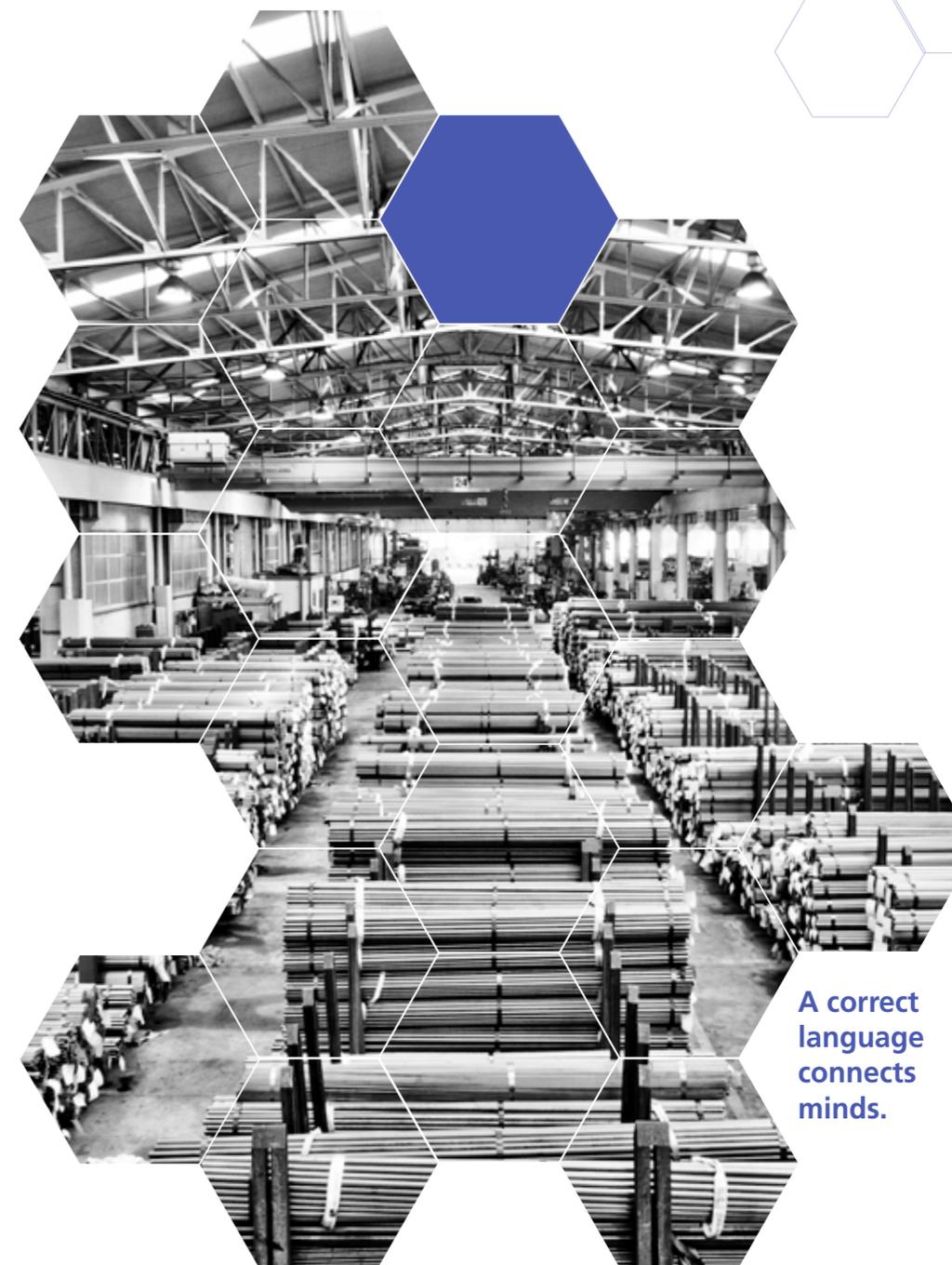
MATERIAL TOPICS	GOALS	ACTIONS
ENERGY EFFICIENCY	To optimise consumption of renewable energy. To find alternative technologies and solutions.	Evaluating photovoltaic systems on our buildings (for self-consumption). Heat recovery systems Defining a leak-check procedure in compressed air distribution.
ENVIRONMENTAL FOOTPRINT	To minimise our environmental impact on the Planet Earth.	Increasing knowledge of Circular Economy by involving university experts. Analysing consumption of certain categories of renewable and recycled resources.

SOCIAL

MATERIAL TOPICS	GOALS	ACTIONS
WORKER HEALTH AND SAFETY	Worker health and safety beyond law obligations. To disseminate healthy lifestyles.	Completing the 45001 certification for Trafilix Industries. Maintaining the WHP project. Training beyond obligations.
DEVELOPMENT OF THE HUMAN CAPITAL	To increase the ability to adjust to current and future situations. A positive and motivating work environment	Training courses for professional growth of our employees. To develop class and on-the-job training management programmes in the company management system. To strengthen internal communication.

GOVERNANCE

MATERIAL TOPICS	GOALS	ACTIONS
INTEGRATING ESG ASPECTS INTO CORPORATE GOVERNANCE	To increase competitiveness and responsibility towards the stakeholders.	Including the ESG aspects in decision-making processes to an ever greater extent. CSRD compliance.
REGULATORY COMPLIANCE	To exceed compliance by anticipating standards and regulations.	Anticipating possible restrictions on Pb presence. Implementing the Model 231 in sales units.



A correct language connects minds.



Sustainability in action: the change that leaves a mark.



5

ESG ASPECTS

The Environmental Component



Climate Change

LAUNCHING ACTIONS TO MITIGATE THE CLIMATE CHANGE NEGATIVE IMPACTS WHILE RESPECTING NEW REGULATIONS AND THE "GREEN STEEL" MARKET NEEDS.

From our analysis of double materiality, the topic "Fighting and adjusting to climate change" did not prove to be material as the environmental topics "Energy Efficiency" and "Environmental Footprint" were deemed more urgent. Nonetheless, these virtuous aspects can also somewhat mitigate the climate change impact.

After considering the importance given to this topic in the CSRD Directive, its rating as "relevant" in the R&O evaluation and climate change addition in the ISO

standards for management systems, we decided to equally debate and report this topic.

ISO does not intend to force a connection, but rather guarantee that all organisations include climate change in their context analysis and, if deemed relevant, in their management system design and implementation.

The Lucefin Group intends to carefully study the actions that can be implemented to decrease its environmental impacts on the Planet Earth, and align with the EU

Carbon Neutrality goal by 2050. In the meantime, it wants to check both the preventive measures taken in all Group sites to mitigate climate change impacts and the protective measures in force to guarantee business continuity.

Sustainability in action: the change that leaves a mark.

Presently, the Group has entered an insurance policy covering all its sites against material damages caused by unforeseeable natural disasters.

Also, we are working to implement a Disaster Recovery Plan in the three-year period, this being a process capable of resetting the IT systems and data of an organisation after natural disasters or disasters caused by man, such as equipment failure, local black-outs or cyber-attacks. The Disaster Recovery Plan will allow the Group sites to stay operational even in the case of prolonged physical unavailability.

In the absence of such a plan, an organisation might lose sensitive information or suffer financial damages.

Corporate Carbon Footprint

Trafilix S.p.A. continues in its efforts, started in 2021, to quantify and decrease climate-altering gas emissions from its operations. 2023 corporate GHG emissions were also identified and calculated on the basis of the main reference standard: UNI EN ISO 14064-1:2019. The application field includes all important support activities and activities directly connected with Trafilix operations.

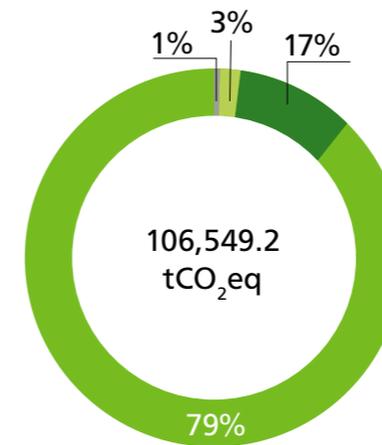
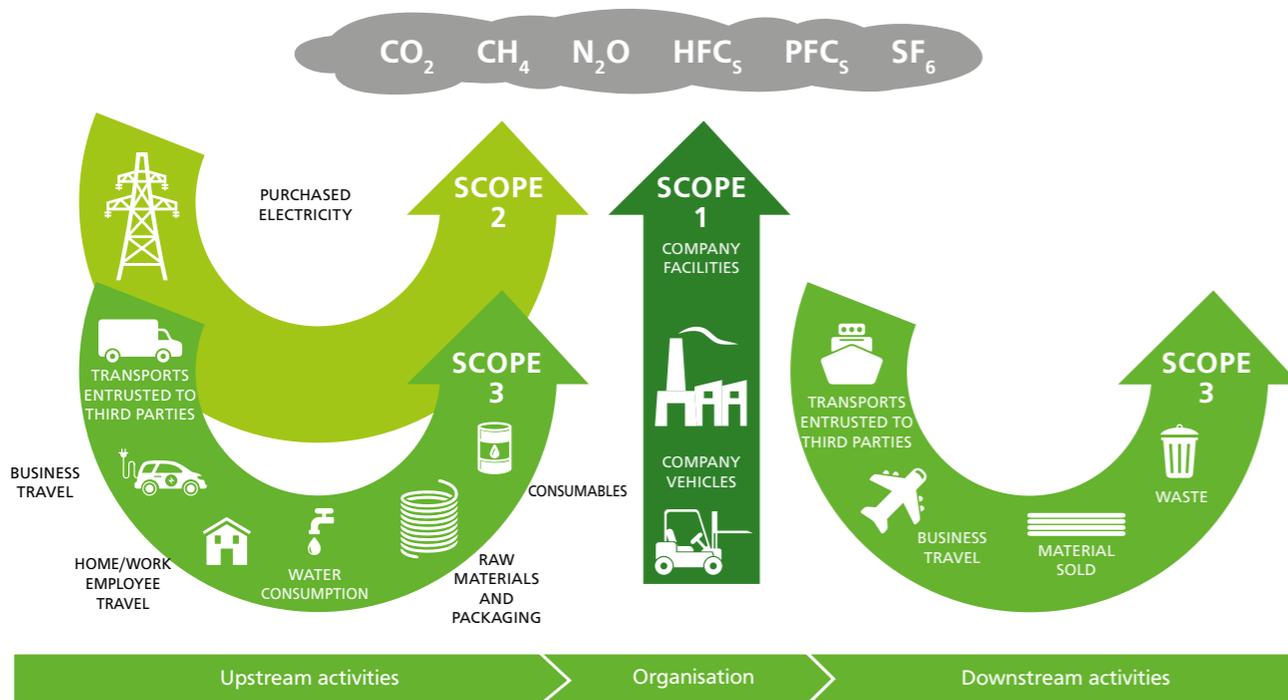
All climate-altering gases (GHG) foreseen in the reference standard are monitored and reported in terms of equivalent CO₂ (CO₂ eq.) using the conversion factors based on the Global Warming Potential.

In 2022, Trafilix S.p.A. signed the local sustainability pact **"Patto per la Sostenibilità Brescia 2050"**. In this sense, the actions already taken and future actions are directed at:

- quantifying our emissions of greenhouse gases and pollutants;
- defining and implementing suitable decarbonising interventions and long-term strategies.

Trafilix S.p.A. has dragged the whole Group to use of renewable sources.

GHG EMISSIONS		2021	2022	2023
Direct emissions (Scope 1)		1,288.7 tCO ₂ eq	1,359.9 tCO ₂ eq	1,189.8 tCO ₂ eq
Indirect emissions from energy consumption - location based (Scope 2)		6,420.4 tCO ₂ eq	4,497.2 tCO ₂ eq	3,323.5 tCO ₂ eq
Other indirect emissions (Scope 3)	for transport	18,675.1 tCO ₂ eq	21,123.0 tCO ₂ eq	18,512.7 tCO ₂ eq
	for products used	146,444.3 tCO ₂ eq	133,709.8 tCO ₂ eq	83,523.2 tCO ₂ eq
TOTAL VALUE		172,828.5 tCO₂eq	160,689.9 tCO₂eq	106,549.2 tCO₂eq
tCO ₂ eq/t produced		1.19	1.18	1.02



2023 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

Note: To better compare emission trend in the three-year period considered, the 2021-2022 values shown in the previous report were updated. Scope 2 and Scope 3-transportation emissions were recalculated on the basis of Ecoinvent emission factors. Ecoinvent is a life cycle inventory (LCI) database supporting Sustainability assessments. This enabled comparability of data taken from different sources.



Energy Efficiency OBJECTIVES

To optimise consumption of renewable energy
To find alternative technologies and solutions

ACTIONS

- Evaluating photovoltaic systems for self-consumption to be installed on our buildings
- Heat recovery systems
- Defining a leak-check procedure in compressed air distribution.

In line with the GRI 305-2 indicator, we report also a market-based calculation that is based on the latest energy mix declared by the electricity provider.

GHG EMISSIONS	2021	2022	2023
Indirect emissions from energy consumption market based (Scope 2)	5,881.8 tCO ₂ eq	5,098.3 tCO ₂ eq	4,539 tCO ₂ eq

Among the most significant challenges that companies should face to stay on the market, energy efficiency deserves increasing attention to cut operational overheads, comply with ever stricter environmental standards and fight climate change.

Confirming this material topic, Lucefin is going to take new measures to increase energy efficiency, namely more

energy supply from renewable sources, acquiring good autonomy to be less vulnerable to price fluctuations and restless research efforts to find alternative technologies and solutions in work environments.

The path towards renewable clean solar energy continues and new photovoltaic systems will be installed on top of all our distribution sites.

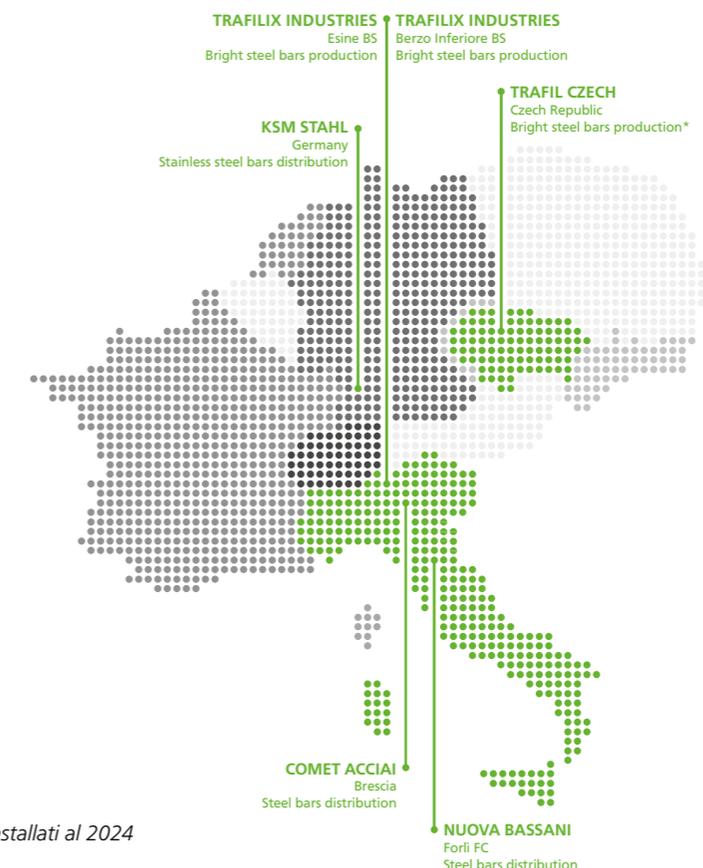
The most relevant item concerns **indirect emissions caused by upstream steel manufacture and processing** that contribute to total GHG emissions by more than 77%.

As to **Scope 3 – products used emissions**, the change in emissions reported is mainly due to lower purchases of the steel raw material. This reduction noticeably decreases the amount of upstream emissions due to the extraction of materials. Indirect CO₂ defined by this value is calculated using theoretical literature-based coefficients. Where possible, data were improved by making reference to the values of recycled products stated by our suppliers. This data collection is a constant process that we are continuing as Scope 3 is extremely relevant in our calculation.

We point out that in 2023 **recycled raw material used** by the organisation equalled 85%.

Even though Scope 1 and Scope 2 incidence is limited, Trafilix remains committed to decrease its emissions by:

- installing photovoltaic systems to serve several sites. Trafilix completed the installation of a 1MW photovoltaic system on the roofing of the Esine and Berzo sites. Consequently, in 2023 we self-consumed 767 MWh, equal to 6% of total consumption, which allowed reducing emissions by 214 tCO₂eq;
- actualising suggestions for improvement indicated in the energy diagnosis performed in the Trafilix Berzo Production Unit site;
- identifying premises heated by means of natural gas systems that can be replaced by heat pumps or fed by heat recovery systems in the case of building restoration.



Nota: impianti fotovoltaici installati al 2024
*In avvio entro fine 2024

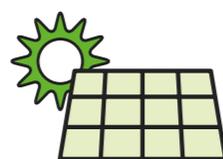
Presently, the Group has implemented **energy efficiency technologies in its production processes**, such as systems for heat recovery from compressors used in production lines at the Trafilix Esine Production Unit. This installation allows heating offices and domestic water, thereby reducing the use of methane. This technology is being evaluated in other production sites.

In addition to electricity, the Group pays attention to methane, which evaluating heat isolation works and installation of heat pumps on the buildings being restored. An important intervention will take place at Acciai Brianza, located in the Desio site. This investment includes office modernisation, warehouse restoration and acquisition of a new building adjacent to the site that will raise the roofed area from 4,600 sq. m. to 6,500 sq. m.

As to diesel oil and other fuels used only in our handling vehicles and company cars, in 2023 the Trafilix corporate fleet was added with an electric car.

The following is also under examination:

- a regenerative power supply unit to recover the energy produced during the braking phase of production line motors; otherwise, it would be dissipated as heat;
- defining a leak-check procedure in compressed air distribution in view of system optimisation, by scheduling monitoring and leak-check intervals.



ELECTRICITY FROM PHOTOVOLTAIC SYSTEMS
1,797,162 kWh
 + 65% COMPARED TO 2022

Energy consumed within the organisation

	2021	2022	2023	Unità di misura
Unit of measure Fossil fuel energy used*	29,922	24,420	20,473	GJ
Fossil fuel electricity purchased**	15,483.781	16,171.620	11.299.256	kWh
	55,742	58,218	40,677	GJ
Total consumption of fossil fuel energy within the organization	85,664	82,638	61,151	GJ
Renewable source electricity purchased	4,801,570	3,687,564	3,422,043	kWh
	17,286	13,275	12,319	GJ
Self-consumed photovoltaic electricity	84,781	448,281	852,533	kWh
	305	1,614	3,069	GJ
Total renewable source energy consumption within the organisation	17,591	14,889	15,388	GJ
Total energy consumption within the organisation	103,255	97,527	76,539	GJ
Photovoltaic electricity	496,584	1,084,634	1,797,162	kWh
	1,788	3,905	6,470	GJ
Electricity sold	411,804	636,353	944,629	kWh
	1,482	2,291	3,401	GJ

* Note: This figure refers to natural gas only. The analysis of the fuel that will be considered in the indicator future calculation is under way.
 ** Note: Values were calculated using the production energy mix declared by electricity providers.

Conversion factor sources:

- to convert Scm into Joules: we used the local conversion factors available in the website www.snam.it per point of delivery and year of reference; where not available, we used data retrieved from the methane gas supply company bills;
- as to LPG (tank installed at Acciai Brianza – Orbassano), we used the following higher heating value (HHV): 24.9 kWh per m³ (source ENEA);
- to convert kWh into Joules, we applied the following value: 1 kWh = 0.0036 GJ.

Energy intensity

	2021	2022	2023
Warehouses	0,08 GJ/t products sold	0,08 GJ/t products sold	0,07 GJ/t products sold
Production Units	0,55 GJ/t articles produced	0,56 GJ/t articles produced	0,58 GJ/t articles produced



Environmental Footprint

OBJECTIVES

To minimise our environmental impact on the Planet Earth.

ACTIONS

Increasing knowledge of Circular Economy by involving university experts.
Analysing consumption of certain categories of renewable and recycled resources.



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

Source: Ellen MacArthur Foundation.

The Lucefin Group exerts direct and indirect impacts on the environment. Monitoring and reducing such impacts at both the decision-making and operational levels remains a corporate priority to be actualised by:

- pursuing efficient selection and utilisation of raw materials and less impacting consumption modes;
- improving waste management;
- finding alternative enviro-friendly technologies and solutions for the work environment;
- stimulating awareness about this important issue both inside and outside the company.

This operational approach is necessary to root a resource management culture based on circular economy principles at all levels.

The Lucefin Group has already started the following **innovating processes:**

- partial reuse of blasting dust as an under-product (at the sites of Trafilix Berzo and Esine Production Unit);
- a filtering system of new design on the grinding machines at Trafilix Berzo Production Unit. The filter installed purifies the grinding emulsion that is recirculated in a closed system, thereby decreasing water consumption and improving material workability thanks to a cleaner emulsion. A decrease in waste generation also occurs as the grinding sludge built up at process end are drier and lighter.

In the coming three-year period, the company will work in view of:

- implementing circular economy logics in cooperation with university experts;
- evaluating the selection of recycled consumables (such as packaging items);
- analysing consumption of certain categories of renewable resources taking into account their use and disposal.

Materials used

Technically speaking, steel, the input element in our production process, is not a renewable material as it is of mineral origin and comes from potentially exhaustible veins. However, it can be 100% recycled thanks to the technological level achieved in the steel circular economy chain.

Even though other materials used to make and package our products account for less than 1% of the materials used by the Group, the organisation has decided to report all materials used and define their origin either from renewable or non-renewable sources.

	2021	2022	2023
TOTAL NON RENEWABLE MATERIALS USED (t)	224.934,14	212.240,20	162.900,94
Steel (either processed or marketed)	223,598	211,005	161,910
Steel for packaging	1,184.16	1,070.33	829,52
Polyester	65,3	38,42	60,4
Chemical	40,94	42,14	30,8
Oils	45,74	84,31	70,12
TOTAL RENEWABLE MATERIALS* USED (t)	356,11	430,61	308,4
Wood	269	322,92	258,6
Paper	87,11	107,69	49,8
TOTAL WEIGHT OF MATERIALS USED (t)	225,290.25	212,670.81	163,209.34



**Note: Renewable material - Material that comes from plentiful resources that are rapidly reconstituted through ecological cycles or agricultural processes. Therefore, the services obtained from these resources and other associated ones are not compromised and remain available for the future generations.*

As to the Group production units, we assessed the origin of the work cycle input elements of our suppliers, either mainly from scrap (electric furnace) or iron ore (blast furnace).

This analysis provided the following results:

	2021	2022	2023
TOTAL WEIGHT OF PROCESSED MATERIAL (Steel) t	166,030	156,463	121,275
TOTAL WEIGHT OF RECYCLED MATERIALS USED (Steel) t	136,304	121,030	100,394
PERCENTAGE OF RECYCLED MATERIAL USED	82.10%	77.35%	82.78%



100% RECYCLABLE PRODUCTS DELIVERED

Note: The values shown are calculated based on the recycled material percentage declared by suppliers. Steel procurements of production sites are taken into account.

Generally speaking, value chain Sustainability is an aspect that will deserve increasing attention, also following the risk and opportunity analysis. In this sense, the Procurement and Sustainability Areas shall cooperate

in building deep knowledge of steel suppliers, in terms of Carbon footprint, recycled material %, green steel production and actions implemented to decrease their impact on the environment.

Waste Production and Significant Associated Impacts

The calculations shown below are taken from the waste management software installed in our Italian sites as of 2022. For sake of completion, the sites abroad supply their data taken from the waste management documentation prescribed.

COMPARED TO PREVIOUS REPORT, THE TYPES LISTED BELOW WERE REVIEWED FOR CLEARER CLASSIFICATION OF CORPORATE WASTE. ALSO, THANKS TO INFORMATION SUPPLIED BY OUR PARTNERS, WE COULD DEFINE MORE PRECISELY THE WASTE AMOUNTS TO BE INCINERATED, WHICH IMPROVED THE DIVISION OF WASTE TO BE DISPOSED OF OR TO BE RECOVERED (NOT COMMITTED TO THE DUMP).



Waste type	2021		2022		2023	
	To be disposed of	To be recovered	To be disposed of	To be recovered	To be disposed of	To be recovered
Metals and minerals	11	7.659	11	7.824	13	6.078
Oils, sludge and solutions	244	11	245	26	318	21
Packaging (plastics, wood)	113	-	54	-	43	-
Production equipment	27	-	22	-	15	-
PPE	12	-	10	-	11	-
Other	11	-	1	-	14	-

Total weight in t.

Scrap is the main processing waste. It is managed in accordance with circular economy by sending it to recovery facilities.

Waste management is a critical aspect in Lucefin's

environmental policies. The company is engaged in minimising dangerous waste and supports sending it to recovery facilities, which increases economic efficiency and decreases the environmental impact.

Waste type	2021		2022		2023	
	Dangerous	Not dangerous	Dangerous	Not dangerous	Dangerous	Not dangerous
Metals and minerals	1	7.670	4	7.831	1	6.089
Oils, sludge and solutions	254	-	226	44	320	19
Packaging (plastics, wood)	-	113	-	54	-	43
Production equipment	3	22	2	20	4	10
DPI	12	-	10	-	11	-
Other	-	11	-	1	1	14

Note: urban solid waste is managed by the municipality and its municipalised companies; this is why they it is not quantified. Data collection and monitoring processes are connected with law obligations.

WASTE TO BE RECOVERED **94%**



Interacting with Water as a Shared Resource

There are no industrial drainage systems, but only domestic ones that flow into the town sewage system.

		 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		●	●	●

	2021	2022	2023
TRAFILIX Berzo Production Unit	3,93	3,85	2,94
TRAFILIX S. Colombano Stainless Production Unit	0,88	0,75	1,50
TRAFILIX Esine Production Unit	1,47	6,76	5,50

Water consumption (in ML)



Transport Means

Every year, the Group considerably invests in mobility by replacing part of its fleet with vehicles characterised by consumption efficiency.

Data about Euro-6 transport means considerably increased compared to 2020, when the **"Together We Change"** Sustainability project was launched.

To be underlined: the decrease in categories generating higher emissions.

Data will expectedly further improve in 2024, also thanks to recent investments among which the purchase of three Euro 6 tractors for fleet replacement.

Lucefin places its trust in innovation and is open to evaluate new partnerships in view of implementing alternative and potentially sustainable sources.

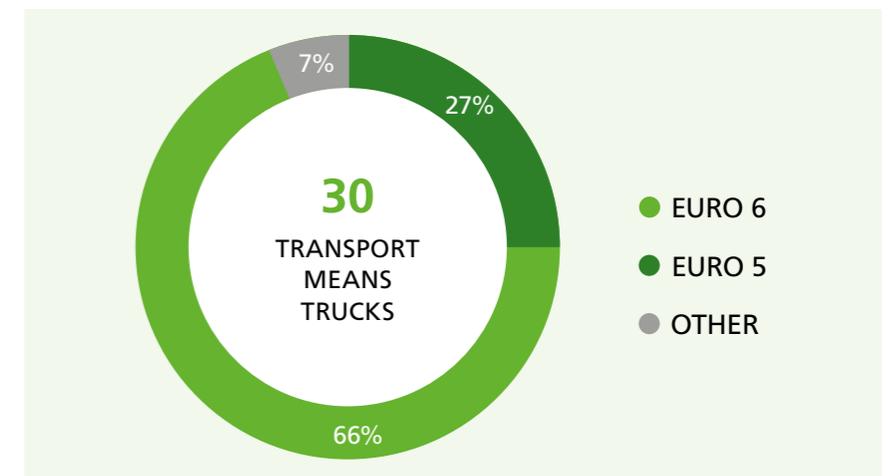


TRUCKS

	2021	2022
TOTAL TRANSPORT MEANS TRUCKS	32	32
EURO 6	63%	69%
EURO 5	28%	25%



FOCUS 2023





Our Workforce

FOLLOWING PERUSAL OF GRI 2-7 AND 2-8, WE IDENTIFIED TWO DIFFERENT CATEGORIES: EMPLOYEES AND AGENCY-PROVIDED LABOUR. WE POINT OUT AN IMPROVEMENT IN DATA COLLECTION; CONSEQUENTLY, THE 2021 AND 2022 VALUES DIFFER OF THOSE SHOWN IN THE PREVIOUS REPORT.

Differences in employees



The Social Component



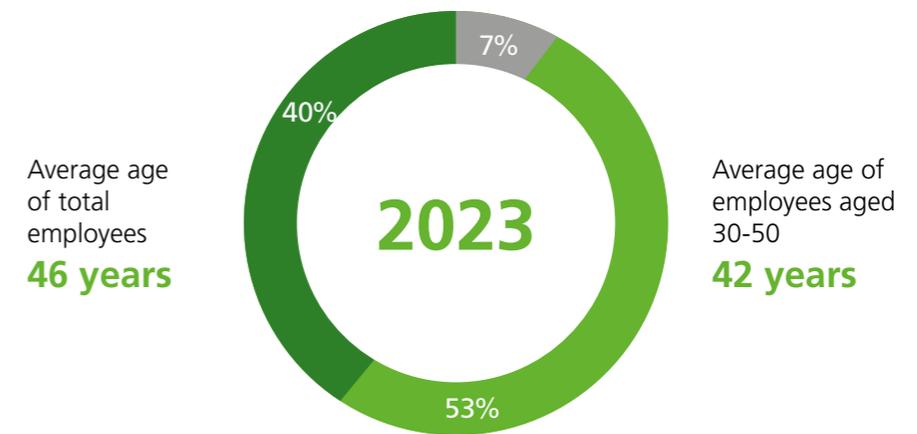
We believe that employee engagement and professional growth guarantee role and function continuity and safeguard the values intrinsic in the Group's cultural and generation background.

Similarly, the Lucefin Group operates to guarantee privacy. As a fundamental right of individuals, privacy deserves special protection because a violation of personal data may result in physical, material or immaterial damages.

In view of enhancing the role of human resources and increase their potential and well-being, the Company promotes the following in its Code of Ethics:

- principles of fairness, honesty and loyalty, excluding the occurrence of whatever act of discrimination;
- respect of equal opportunities for merit-based professional advancement;
- loyal, correct and respectful relationships between the employees;
- professional growth and improvement of work conditions;
- training activities and professional refresher courses.

Also, the company pays attention to external stakeholders and the territory through initiatives that promote training and inclusion.



Differences by gender

	2021	2022	2023
	86%	86%	85%
	14%	14%	15%

Employees

	2021			2022			2023		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Total employees	456	74	530	461	77	538	441	79	520
PERMANENT CONTRACT	449	71	520	436	74	510	434	77	511
Of which in Italy	385	59	444	373	60	433	373	64	437
Of which in Czech Republic	54	10	64	52	11	63	52	11	63
Of which in Germany	10	2	12	11	3	14	9	2	11
TERM CONTRACT	7	3	10	25	3	28	7	2	9
Of which in Italy	6	2	8	24	3	27	5	1	6
Of which in Czech Republic	0	0	0	1	0	1	0	0	0
Of which in Germany	1	1	2	0	0	0	2	1	3
FULL TIME	451	68	519	457	63	520	436	66	502
PART TIME	4	7	11	5	13	18	5	13	18

Note: The number of employees was calculated on the basis of the number of persons present on 31/12 of every year.



100%

ALL EMPLOYEES WORK BASED ON COLLECTIVE SECTOR AGREEMENTS*

*Except employees in Germany due to absence of constraints.

Non-employees

		2021	2022	2023
AGENCY-PROVIDED LABOUR	Agency placements	31	35	29
	M	27	30	25
	F	4	5	4
	Full-Time Equivalent	12	16	8
STAGES HIGH SCHOOLS AND UNIVERSITY*	Tot. No.	7	10	10

*Stages in the company are training paths by which we offer students the opportunity to get actively acquainted with a profession and enter the world of work. Much more, this experience brings benefits to both the intern and the company, ready to accept new ideas and positive stimuli from newly graduated candidates. A student who completed a stage at Trafifix was hired to continue supporting growth of Eastern Europe markets.

Note: To better analyse the category "Non-employees - Agency-provided labour," we quote data concerning agency provisions and FTE. Agency placements are calculated by summing up the agency contracts activated in the reference period. Contracts prolonged in the next year are considered for both years.

FTE is calculated by relating the total contract days to 365 days. Contract days are summed up in the specific year.

The difference between Agency placements and FTE highlights the difficulties of placing new personnel in certain job positions.

Operational Continuity Hires and employee turnover (no.)

	2021			2022			2023		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Tot. hires	33	3	36	41	9	50	22	2	24
Italy	24	2	26	36	7	43	20	2	22
<30	5	1	6	16	4	20	7	1	8
30-50	15	1	16	19	3	22	9	1	10
>50	4	0	4	1	0	1	4	0	4
Czech Republic	7	0	7	4	1	5	0	0	0
<30	1	0	1	3	1	4	0	0	0
30-50	5	0	5	0	0	0	0	0	0
>50	1	0	1	1	0	1	0	0	0
Germany	2	1	3	1	1	2	2	0	2
<30	1	1	2	1	1	2	1	0	1
30-50	1	0	1	0	0	0	0	0	0
>50	0	0	0	0	0	0	1	0	1
Tasso di assunzioni	6,8%			9,3%			4,6%		

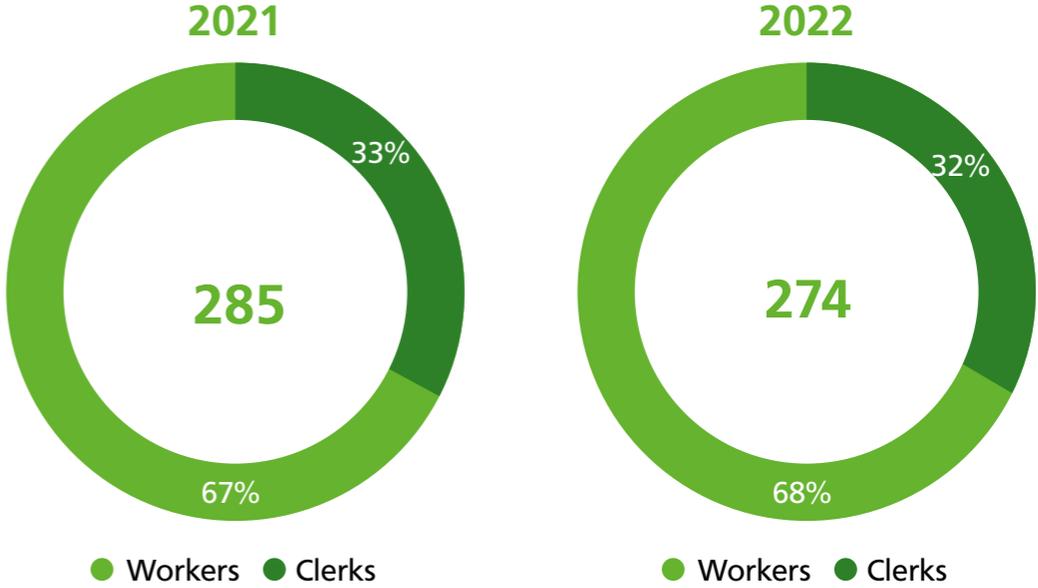
	2021			2022			2023		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Tot. hires	32	5	37	35	4	39	40	5	45
Italy	23	3	26	30	4	34	36	3	39
<30	3	0	3	6	1	7	1	0	1
30-50	10	3	13	14	0	14	21	2	23
>50	10	0	10	10	3	13	14	1	15
Czech Republic	8	1	9	5	0	5	2	1	3
<30	3	0	3	3	0	3	1	0	1
30-50	2	1	3	1	0	1	1	1	2
>50	3	0	3	1	0	1	0	0	0
Germany	1	1	2	0	0	0	2	1	3
<30	0	1	1	0	0	0	1	0	1
30-50	0	0	0	0	0	0	0	1	1
>50	1	0	1	0	0	0	1	0	1
Employee turnover rate	7,0%			7,2%			8,7%		

Note: To calculate the employee turnover rate, we took into account the employees who left the organisation during the year voluntarily, laid off, retired, due to term contract expiration without this being renewed or turned into a permanent contract. The following table provides such evidence.

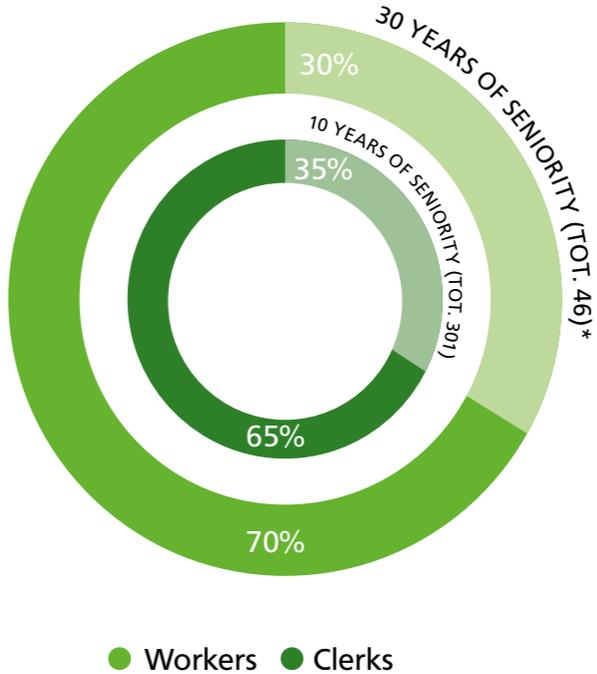
Type of termination	2021	2022	2023
Resigned	18	18	21
Contract Expired	2	6	5
Laid-off	10	6	6
Retired	7	9	13



Employees with +10 Years of Seniority



Employees with more than



* On the occasion of the 50th anniversary of Trafilix, in 2023 the corporate welfare plan was integrated with a bonus for employees with 30 years of seniority. The graph clearly shows such percentage over the total.



Worker Health and Safety

OBJECTIVES

Worker health and safety beyond law obligations
To disseminate healthy lifestyles.

ACTIONS

Achieving the 45001 certification for Trafilix Industries.
Maintaining the WHP project.
Training exceeding obligations

We aim at a stimulating and motivating work environment where the culture of safety, health and prevention plays a leading role and where all are committed to give correct support and maximum contribution to achieve the goals established. The topic "Worker Health and Safety" bears witness to the company's will to disseminate a robust culture on

such issues and promote healthy lifestyles.

The Group operates to keep a high level of safety at the workplace and concurrently tries to understand the workers' needs to improve their participation and contribution.

OCCUPATIONAL MEDICINE SERVICES

The Group has appointed the Company Physicians qualified to check employee suitability for the job, cooperate in hazard and risk evaluation, and carry out site inspections.



WORKER HEALTH PROMOTION



In 2023 Trafilix launched the WHP Lombardy Network project in its Valle Camonica sites. It was certified as a WHP Company in 2024. This programme is aimed at promoting health in the work environments by preventing behavioural risk factors. In the first year, the following "good practices" were implemented in the areas indicated:

Nutrition:

- Posters "Hints to a healthy lifestyle"
- Vending machines with an healthy food offer (minimum 30% of healthy food)
- Free water dispensers in all of the Group's sites.

Active lifestyle:

- Promotion of appealing offers: A valley by bike -The more you pedal, the more you earn
- Promotion and organisation of sports event: iO21ZERO97 - The Nice Race
- Sports and fitness agreements:
- Promotion of events to raise awareness and enhance active mobility

Transversal practices:

- Started the training of the Company Physician about minimal advice and/or motivational counselling



HAZARD IDENTIFICATION, RISK EVALUATION AND ACCIDENT INVESTIGATIONS

The Group constantly updates its risk evaluations in compliance with current regulations and implements the relating prevention, protection and hazard management measures.



WORKER TRAINING ON HEALTH AND SAFETY AT THE WORKPLACE

All workers are kept updated and trained through e-mails, board notices and additional mandatory training courses, also from remote, entrusted to qualified internal or external trainers.



WORKER PARTICIPATION AND ADVICE ON OCCUPATIONAL HEALTH AND SAFETY PROGRAMS AND RELATING COMMUNICATION

We encourage all our employees to notify whatever risk and dangerous situation to the Workers' Safety Representatives and other persons in charge for immediate action. The Workers' Safety Representatives and the Unitary Trade-Union Representatives are constantly consulted and involved. A whistle-blowing system is operational in Lucefin, the Italian production units and the Comet Acciai S.r.l. distribution site. Accidents, incidents and near misses are analysed by means of in-house investigations.

Training beyond obligations plays a critical role within the company as a distinctive value for both the individuals and the organisation that can be pride of highly skilled personnel in line with the market.

In view of raising the staff qualification level, in 2023 the Group launched a theoretical and practical training path on safety intended for the distribution units and focussing on material handling, means loading, risk evaluation for operator safety, and adoption of a conscious and safe behaviour.

Prevention:

- Health risk prevention posters
- Free breast examination

Always within the WHP project, a questionnaire prepared by the health protection agency "ATS della Montagna" was administered internally, which provided knowledge of the company's "Health Profile". This is an essential tool to assess the diffusion of some risk factors and allow the health protection agency to suggest new initiatives and good practices to the company to be implemented in the three-year period.

The Group is willing to implement the following actions in the **coming three-year period**:

- achieving the UNI EN ISO 45001 certification in the Trafilix Industries sites. The standard specifies the requirements for an occupational health and safety management system. It establishes a framework to improve safety, decrease risks at work and improve the worker health and well-being, thereby increasing health and safety performances in whatever organisation that decides to certify its management system upon accreditation;

The WHP initiatives are available in all Group sites in Italy, even if not registered in the network.



- maintaining the WHP project by means of new "good practices" for the adoption of healthy lifestyles, namely fight against smoking and addictions and support from the company physician;
- training courses beyond obligations, organised in accordance with the professional needs of the co-operators.



Accidents at Work

	PRODUCTION UNITS INDEX TOTAL			WAREHOUSES INDEX TOTAL + LUCEFIN and TRAFILIX DARFO OFFICES		
	2021	2022	2023	2021	2022	2023
Accidents per year	10	18	9	10	9	12
Employees	305	306	294	243	249	242
Total post-accidents days off	482	670	382	353	332	535
INAIL hours	469.700	471.240	452.760	374.220	383.460	372.680
Frequency rate IF = N / (O x 1.000.000)	21,29	38,20	19,88	26,72	23,47	32,20
Severity rate IG = G / (O x 1.000)	1,03	1,42	0,84	0,94	0,87	1,44
Average accident duration DM = G / N	48,20	37,22	42,44	35,30	36,89	44,58
Severe accidents (> 180 gg)	0	0	0	0	0	1
Medium accidents (> 40 gg)	3	7	3	4	4	0

Note: Rates are calculated as instructed by INAIL, the Italian work-related insurance body. The values shown in the previous report were checked and amended, as required.

Development of the Human Capital OBJECTIVES

To increase the capability to adjust to current and future situations.
A positive and motivating work environment.

ACTIONS

Training courses for professional growth of our employees.
Developing class and on-the-job training management programmes in the company management system.
Strengthening internal communication.

Developing the human capital is one of the main goals of all modern organisations as the human capital is an asset that allows the company safeguarding competitiveness and building a positive and motivating work context which would attract and keep talented people. For this to happen, the company should identify activities, processes and strategies aiming at improve

well-being, knowledge, and skills of its personnel.

Training is seen as the key to hand over knowledge and upgrade company know-how, a tool for professional re-qualification and growth and a factor transforming relationship and value systems.

	2021	2022	2023
NEAR MISSES	38	23	14
MAIN TYPES OF WORK ACCIDENTES	Bruises, crushing, sprains, and tripping		
NUMBER AND RATE OF DEATHS FOLLOWING WORK ACCIDENTS	No deaths		

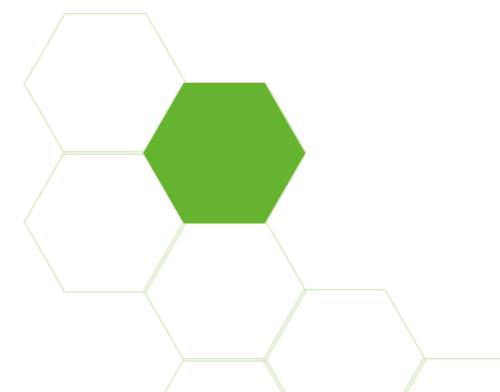
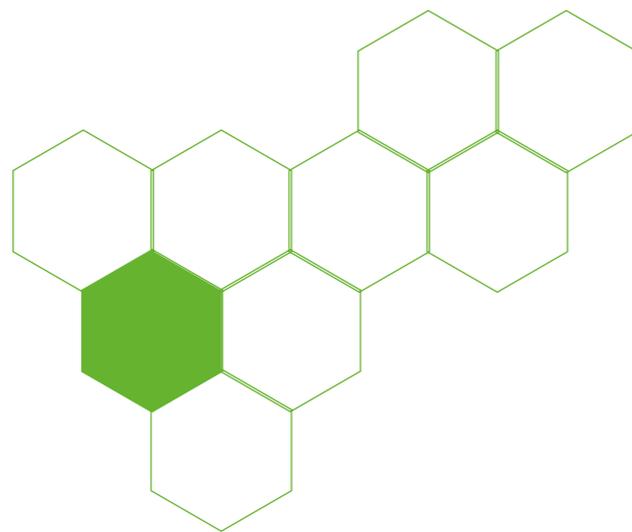
During the year audits are conducted to identify hazards and risks, analyse accidents and near misses and find potential areas for improvement.

The Group has adopted the topic "Development of the Human Capital" and in the three-year period will work to:

- define a training schedule for the employees to stimulate their attention and participation to the whole "corporate life cycle", with the engagement of the area managers;
- supplement its management system with software designed to organise, record and evaluate employee training and retrieve data necessary to measure the process effectiveness;
- strengthen internal communication to improve

corporate mood and functioning.

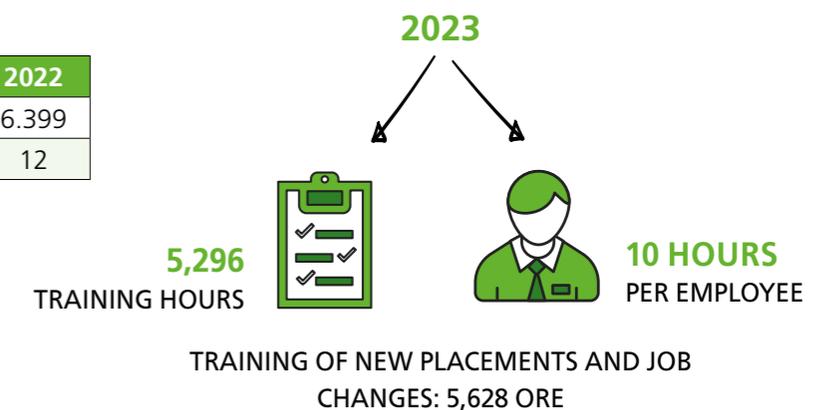
- Upon evidence of the effectiveness and high value of the "maieutic path" terminated in 2023 as confirmed by the management, the ownership has decided to extend it to our co-operators in the Valle Camonica sites. The course is due to start in 2024, attending is on a voluntary basis. The project addresses the "individual" to trigger an awareness-raising process that turns into personal development, increase of relational abilities, soft skill consolidation and management while improving cohesion and company loyalty.





Employee Training

	2021	2022
TRAINING HOURS	8.244	6.399
HOURS PER EMPLOYEE	15	12



Note: Data calculated for 2021 and 2022 take into account the total amount of both class and on-the-job training delivered to all our personnel, both employees and agency-provided staff. 2023 data improved as it considered the GRI 2-7 and 2-8 counts; consequently, to calculate training hours, we took into account the courses taken by both employees and agency-provided staff engaged within March of the next year (total of 523 people). Even though not required by GRI 404-1, we supplement data highlighting the total training hours for new placements and job changes calculated over the entire active workforce during 2023.

Training

ESG AREA GROWTH – The ESG Area in the Lucefin Group has grown in terms of training. The communication person, entered in the area in 2022, terminated its 1st Level University Master in “Sustainability Management and Communication - Training, Green Jobs, Circular Economy” presenting the scientific dissertation “The Sustainable Enterprise. The Double Materiality Path of the Lucefin Group”. This paper scrolls through the company double materiality analysis concerning data processing and outbound communication.

TRAINING ON CORPORATE SOCIAL RESPONSIBILITY – Deeming it essential to enhance Sustainability in our company, we have set up meetings in the distribution sites where people from different areas and professions could listen and discuss. Early in 2024, this initiative was spread to all Group’s sites, concurrently with the start of stakeholder engagement in the double materiality analysis. Training has given back a detailed picture of market-impacting developments, but also of the actions taken by the organisation now and for the future.

STEELS AND STEEL TRANSFORMATION BY COLD PROCESSING – The in-house training course started in 2022 was proposed again and extended to all the

production workshops at Trafilix Esine and Berzo Production Unit. The initiative aims at broadening technical skills through deeper knowledge of the Group steels and the study of how they are transformed by cold processing. A delegation from Trafilix Industries composed of engineers and operators called on the steelworks Ori Martin (Brescia), a leader in the manufacture of alloy steels, as a recognition for their participation in the first edition of the course “Steels and steel transformation by cold processing”.

MATERIALS AND TREATMENTS FOR THE WEAPONRY SECTOR – Trafilix Industries and the Comet Acciai distribution unit organised a customer day for the Brescia weaponry sector. It included two training moments, namely a conference and the visit to production plants. This intends to spread Trafilix technical experience outside together with its cooperation with Politecnico di Milano..

“THE STEEL TRILOGY” – a book series that concludes a path with the publication of the “Steel Metallurgy – Part II” digital edition in English. This is the end of a work cycle started approximately ten years ago that produced three volumes about steels, now fully available also in English.

Welfare

Starting from 2022, a flexible benefit system is available to the Group’s Italian companies. It is defined in a Welfare Plan meant for the community of our employees on permanent and term contracts with seniority exceeding six months.

We emphasised the employee as an individual, by enhancing the family and education. School education of our employees and their children (natural and/or adopted) is intended as an evidence of growth both at individual and community levels.

In 2023, on the occasion of the 50th anniversary of Trafilix, the corporate welfare plan was integrated with a bonus for employees that have been an integral part of the Group’s history for 30 years. The amounts are paid through a special platform that allows access to goods and services.

There also exist local agreements with providers of services, sports activities and fitness that offer preferential treatments to the Group personnel. Where these agreements are not yet in force, they will be supported in the three-year period.

We have entered agreements with health-care funds foreseen at contract level.

Breast examination is guaranteed every year to the women in the Group free of charge.

As to companies abroad, the Group adjusted to local dynamics and set up a work organisation that allows employees to enjoy a balanced life/work relation in an autonomous and satisfying manner and while guaranteeing the presence of the company on the market. The corporate welfare offer is complete with other initiatives based on the different needs of the employees of the various departments.



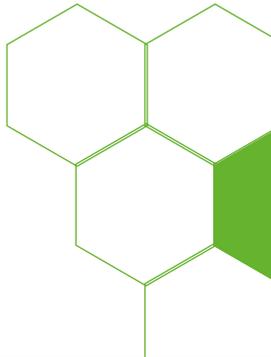
Integrating ESG Aspects into Corporate Governance

OBJECTIVES

To increase competitiveness and responsibility towards the stakeholders.

ACTIONS

Including ESG aspects in decision-making processes to an ever greater extent.
CSRD compliance.



The Governance Component



Immaterial assets, the value of knowledge and the competences that the Group has accumulated and developed in 50 years of activity are our **corporate know-how**. It takes the form of regulations, procedures and operational management and governance systems.

Corporate organisation and its implementation in particular are essential aspects both in terms of people's

ability to adapt to situations and for the economic stability of impacted areas.

Following de-merging, in 2024 the San Colombano al Lambro Production Unit of Trafilix (Trafitec) became a new company under the name of TrafiTech S.r.l.

Integrating ESG aspects into governance systems is a sign that clearly distinguishes the organisations that adopt Sustainability as a pillar of their business model from those that deal with it only for image's sake.

To consolidate and develop specific in-house skills, the Group has worked out a triennial **training plan** pointing at the strict connection of ESG topics and relationships with suppliers, customers and financial institutions.

In this context, EU directives increase the urgency for planning and for a clear and transparent communication shared with the stakeholders.

In compliance with the CSRD Directive, the Group will evaluate a **software platform** to manage and digitise the process of collecting environmental, social and governance indicators in accordance with the reporting language established by the European Union.

Also, the organisation is going to **reinforce its governance** by developing the impact, risk and opportunity analysis (IRO) into a procedure including a wider and more integrated approach to ESG aspects, by completing the policy framework as required by the CSRD Directive, and by strengthening its Due Diligence system.





Regulatory Compliance OBJECTIVES

To exceed compliance by anticipating standards and regulations.

ACTIONS

Anticipating possible restrictions on Pb presence.

Implementing the Model 231 in sales units.



Regulatory compliance and Sustainability are two strictly connected interdependent principles. To achieve the ESG goals, the company must comply with the law provisions that govern its functioning and activity.

However, this topic is not only a question of law abidance. Compliance is also being able to observe, anticipate and conform with rules aimed at achieving shared Sustainability goals.

The EN ISO 683-4:2018 Standard underlines the harmful effects of lead on health and the environment. Aware of this suggestion and to comply with possible

applicable restrictions, we continue our research work on alternative elements for free-cutting steels that can guarantee suitable steel workability.

In terms of governance safety, the Group will extend implementation of the Organisation, Management and Control Model as per the Italian Legislative Decree 231/2001 to its sales units. The document testifies our commitment to protect our employees, corporate fairness and transparency and aims at preventing the commission of offences.



SUSTAINABILITY GLOSSARY

CARBON FOOTPRINT

Measure of the amount of greenhouse gas emissions, expressed as CO2 equivalent, directly or indirectly associated with a product, an organisation or a service.

It is defined as the sum of total emissions of a product during its whole life cycle, in particular by identifying and quantifying the consumption of raw materials and energy during the phases selected and during transport.

This index determines the quality and sustainability of businesses. It allows identifying the most critical phases in terms of emissions, which makes it possible to implement emission-reducing actions.

CSRD (EU) DIRECTIVE

CSRD DIRECTIVE (EU) 2022/2464 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 14 December 2022 amending Regulation (EU) 537/2014, Directive 2004/109/EC, Directive 2006/43/EC, and Directive 2013/34/EU, as regards corporate sustainability reporting.

The CSRD Directive provides for gradual widening of the reporting scope to include not only public-interest entities, but also large undertakings not listed and listed small and medium-sized undertakings..

DOUBLE MATERIALITY

Basic principle of the Corporate Sustainability Reporting Directive (CSRD), the EU Directive meant to improve and standardize corporate sustainability reporting.

Double materiality requires the companies to supply information, in line with the ESG components, about the impact their operations exert on people and the

environment (inside-out approach/impact materiality) and about the impact sustainability issues exert on them from the economic-financial point of view (outside-in approach/financial materiality).

Stakeholder engagement is an essential aspect of this analytical process.

CIRCULAR ECONOMY

Production and consumption model based on sharing, reusing, repairing, reconditioning and recycling materials and products. Its ultimate goal is to extend their life cycle, reintroduce materials in the economic cycle, thereby generating new value, and contribute to waste reduction.

ESG (ENVIRONMENT, SOCIAL, GOVERNANCE)

The ESG (Environment, Social, Governance) acronym specifies the three components of Sustainability used to evaluate the operations of an organisation. These principles include environmental, social and governance aspects, thereby providing an overall picture of non-financial performances of a company and of their overall impact on society and the environment.

IMPACT MATERIALITY (INSIDE-OUT)

Measure of corporate operations impact on social and environmental issues.

FINANCIAL MATERIALITY (OUTSIDE-IN)

Measure of the impact of environmental, social and governance issues on the financial performances of an undertaking.

STAKEHOLDER

Any entity or individual that can be influenced by the activities, products and services of the organisation or whose actions may affect the organisation's capability to implement its strategies and successfully reach its objectives.

Stakeholders include subjects directly involved in the

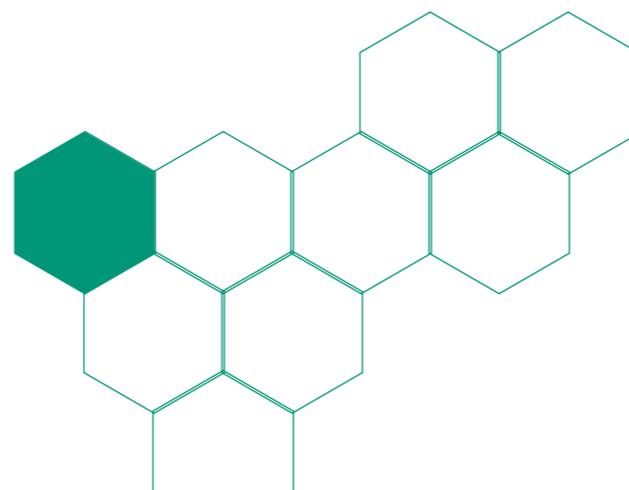
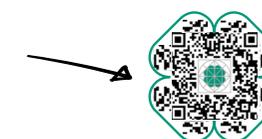
organisation, such as employees and shareholders, or that hold different types of relations with the organisation, such as co-operators, suppliers, vulnerable categories, local communities, NGOs and other organisations of the civil society.

When making decisions on sustainability reporting contents, the organisation should engage its stakeholders to understand their reasonable interests and expectations.

MATERIAL TOPIC

A topic is considered to be material when it can significantly influence an organisation's capability of creating value in the short, medium or long term.

Discover the full version of our Sustainability Glossary



GRI INDEX

The LUCEFIN GROUP reported the information mentioned in this GRI index for the period 01/01/2021 - 31/12/2023 with reference to the GRI Standards.

1 - Fundamental Principles 2021 - Index of GRI contents Presentation of a declaration of use

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2-1 Organisation details

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- 2-23 Commitment in policy terms

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- 305-2 Indirect emissions of greenhouse gases (GHG) from energy consumption (Scope 2)
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- 302-4 Reducing energy consumption

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- 306-3 Waste produced
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