



Officine Meccaniche Giuseppe Lafranconi S.p.A.

**SUSTAINABILITY REPORT
2024**



Officine Meccaniche Giuseppe Lafranconi S.p.A.

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Mandello del Lario, April 2025

*It is not the strongest species that survives, nor is it the smartest.
The species most predisposed to change survives.*

(Charles Darwin)



INDEX

Starting with these financial statements, Lafranconi has decided to introduce ESRS (European Sustainability Reporting Standards) metrics according to the index below.

The items of the CSRD Regulations, which are currently not applicable and/or managed by Lafranconi, are marked in the relevant chapters with the abbreviations NA (Not Applicable), ND (information currently Not Available).

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ESRS STRUCTURE

ESRS

European Sustainability Reporting Standards Regulation (UE) 2023/2772

TRANSVERSAL STANDARDS

ESRS 1
GENERAL REQUIREMENTS

ESRS 2
GENERAL INFORMATION

THEMATICS STANDARDS

ENVIRONMENT	SOCIAL	GOVERNANCE
ESRS E1 CLIMATE CHANGE	ESRS S1 OWN WORKFORCE	ESRS G1 BUSINESS CONDUCT
ESRS E2 POLLUTION	ESRS S2 WORKERS IN THE VALUE CHAIN	
ESRS E3 WATERS AND MARINE RESOURCES	ESRS S3 INTERESTED COMMUNITIES	
ESRS E4 BIODIVERSITY AND ECOSYSTEMS	ESRS S4 CONSUMERS AND END USERS	
ESRS E5 CIRCULAR ECONOMY		

1 TRANSVERSAL STANDARDS

ESRS 1 – GENERAL REQUIREMENTS

Starting from 2021, the attitude and analysis of sustainability will become part of our corporate reality as a useful tool to make the economic, social and environmental results generated in the performance of one's activities, and to communicate the same to a large audience represented by all identified stakeholders.

Transparency and accountability are the terms that best explain why the company has chosen to report its performance to stakeholders.

Revisions

1° Edition	10/2022	Carried out in 2022 as part of the "Certificate of Advanced Studies (CAS) in Corporate Social Responsibility (CSR)" training project promoted by the Como-Lecco Chamber of Commerce and the Supsi University School of the Canton of Ticino (CH). Following the sharing of the document with the main customers, the need arose to revise it in April 2023, expanding the contents and enriching it with new topics.
2° Edition	09/2023	Update the final data to 12/31/2022 and also report the main activities started and proposed in 2023.
3° Edition	04/2024	Update the data to 12/31/2023 and align with the publication of the company balance sheet, as proposed in paragraph 14 "next steps" of the previous edition.
4° Edition	04/2025	Updates data to 12/31/2024 and introduces ESRS metrics.

The objective is to draw up an annual budget, drawn up in compliance with reporting guidelines and standards.

This document is therefore contextual:

A COMMUNICATION TOOL

- as oriented towards accountability, offering an answer to the cognitive requests of the stakeholders regarding the aspects/areas considered relevant;

A MANAGEMENT TOOL

- as it offers the company the opportunity to realize the results generated and, therefore, define medium-long term improvement paths.

Strategy – Starting in 2021, a strategic plan dedicated to sustainability was created, identifying areas and objectives in which, in the years to come, Lafranconi will seek to increase its positive impact.

This will allow you to move towards a perspective based on shared value in choosing daily decisions.

Methodological Note – This freely and voluntarily prepared document, in which ESRS metrics are introduced, refers to the period 1 January 2024 - 31 December 2024 and the reporting boundary covers all 3 Italian company locations (Mandello del Lario, Colico, Costa Masnaga). For the drafting of this document, all business areas of the structure were involved, requesting data and information from them on the results achieved during the year.

Reporting Objectives

AWARENESS

of the impacts generated by the activity

SENSITISATION

through the direct involvement of all stakeholders

STRENGTHENING

of communication both internally and externally

General Principles

IMPACT

The report is meant to be a practical tool describing the impact of our business.

TRASPARENCY

Lafranconi undertakes to communicate data and strategies with the utmost transparency, for the benefit of the reader.

RESPONSIBILITY

We describe not only the actions we have implemented and the positive effects we have achieved, but also the difficulties and challenges we have faced and which await us.

RELEVANCE

The report is structured according to the main ENVIRONMENTAL-SOCIAL-ECONOMIC areas to fully align with the SDGs: products, processes, value chain and community.

MULTIDIMENSIONAL APPROACH

This report integrates internal measurement and reporting systems already used over the years and used for the re-elaboration of the Annual Reports in accordance with our Environment and Quality Management Systems.

Stakeholder

Lafranconi has always identified stakeholders through the methodology suggested by ISO 14001 and applied in the aspect/impact assessment matrices.

Shareholders, Employees, Authorities and Legislators, Strategic Customers, Ordinary Customers, Suppliers/Service Providers/Performers, Competitors, Local Community, Banks, Insurance Companies, Syndicates, to which we have added endusers and future generations, represent for the company its stakeholders.

In 2022 Lafranconi has decided to focus on some of the stakeholders identified as main, which he believes are influenced and influence the company's activities. These were directly involved with the sending of the CSR Questionnaire, with the aim of finding the information useful for drafting the materiality matrix:





A tutti gli stakeholder

Lafranconi ha deciso di investire sulla sostenibilità. Consapevoli della complessità di questo percorso, che non può riguardare solo noi, chiediamo la vostra collaborazione in qualità di nostri portatori d'interesse.

Per massimizzare i risultati delle azioni intraprese ed orientare la nostra strategia aziendale a lungo termine, chiediamo di compilare al link sotto riportato il Questionario di Materialità che ci permetterà di individuare gli aspetti più rilevanti per gli stakeholder.

Le informazioni ricevute ci permetteranno di creare una matrice di materialità e definire maggiormente gli aspetti sociali, ambientali e di governance su cui concentrarci.

Lafranconi vuole diventare un esempio di integrazione fra aziende, persone e territorio, orientando la propria attività imprenditoriale al fine di preservare e far crescere la coesione sociale, la cultura, i valori umani e il rispetto dell'ambiente coniugandoli con la competitività.

Vi ringraziamo anticipatamente per la collaborazione che vorrete dedicarci e vi informiamo che i dati raccolti tramite questionario saranno ricevuti in forma anonima.

Vi segnaliamo, inoltre, che il seguente indirizzo mail è dedicato a tale tematica, pertanto aperto a qualsiasi richiesta o proposta che vogliate inoltrare: csr@lafranconisilenziatori.com

Cordiali saluti.

Vi chiediamo di provvedere alla compilazione del questionario entro il 30/06/2023.
Tempo stimato di compilazione: 9 minuti.



1 A quale categoria di Stakeholder appartieni? Which category of Stakeholder do you belong to?

- Dipendente - Employee
- Azionista - Shareholder
- Sindacati - Labor unions
- Fornitori - Supplier
- Clienti - Customer
- Comunità locale - Local community
- Banche - Banks

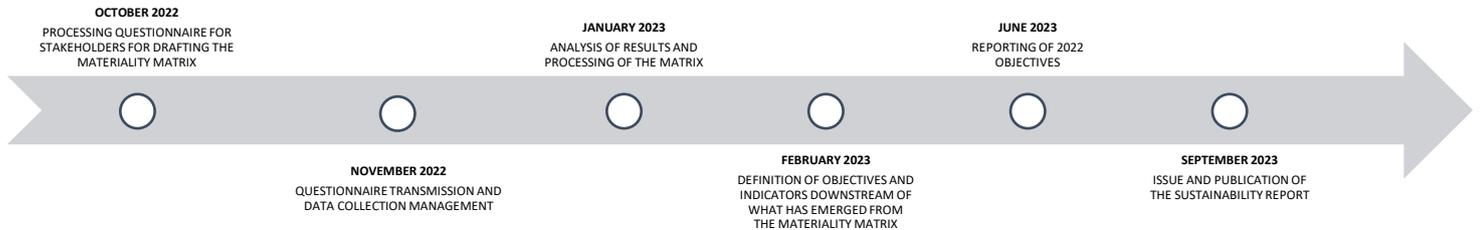
STAKEHOLDER	NEEDS	EXPECTATIONS	COMMITMENT	RISKS OPPORTUNITIES	ENGAGEMENT TOOLS
EMPLOYEES	<ul style="list-style-type: none"> - Adequate and regular compensation - Collaboration - Operational efficiency 	<ul style="list-style-type: none"> - Sustained relationship - Appropriate training and growth 	<ul style="list-style-type: none"> - Ensure a safe and motivating work environment, promote skills development and physical and mental well-being, and ensure that every employee feels valued. 	<p>RISKS:</p> <ul style="list-style-type: none"> - Dissatisfaction, demotivation, and increased turnover. <p>OPPORTUNITIES:</p> <ul style="list-style-type: none"> - Creating a positive environment that fosters loyalty and commitment. 	<ul style="list-style-type: none"> - Surveys, training programs, periodic feedback, and advancement opportunities.
SHAREHOLDERS	<ul style="list-style-type: none"> - Ensuring business continuity - Consolidating the company 	<ul style="list-style-type: none"> - High reputation - Active budget - No conflicts - Preventing diseconomies - Improved interpersonal relations situation - Well-being in terms of SH/environment - Improved quality of life among all employees - Ensuring an efficient product/service 	<ul style="list-style-type: none"> - Transparent and accountable governance; - Decisions geared towards long-term growth. - Guaranteed constant and timely communication 	<p>RISKS:</p> <ul style="list-style-type: none"> - Lack of communication, potential mistrust and instability. - Lack of coordination and failure to execute the strategy. <p>OPPORTUNITIES:</p> <ul style="list-style-type: none"> - Strengthening trust through transparency. - Fostering innovation and growth through strong leadership. 	<ul style="list-style-type: none"> - Annual meetings, financial statement publications, conferences, and online sharing platforms. - Board meetings, operational reports, strategic planning sessions.
SYNDACATES	<ul style="list-style-type: none"> - Continuity in work - Ensuring compliance with current contractual regulations and compliance with the applicable collective bargaining agreement - Transparency of information - Appropriate training with respect to the role in the Company - Regular and adequate compensation at the end of the month - Guarantees on the duration of employment - Well-defined roles, responsibilities and activities - Health and safety guarantees 	<ul style="list-style-type: none"> - Professional growth - Timely and truthful information (communication between the parties) - Opportunity for career advancement (if desired) - Maintenance of a good internal climate in the organization - Rewards for results - Open dialogue between the parties 	<ul style="list-style-type: none"> - Build and maintain strong relationships with unions, respecting agreements and collaborating transparently. 	<p>RISKS:</p> <ul style="list-style-type: none"> - Lack of dialogue - Conflict - Strikes - Loss of productivity - Disputes <p>OPPORTUNITIES:</p> <ul style="list-style-type: none"> - Strengthening trust through transparency - Improving industrial relations - Positive internal climate - Operational stability 	<ul style="list-style-type: none"> - Scheduled periodic meetings - Dialogue - Regular roundtable discussions - Participatory bargaining - Compliance with the National Collective Bargaining Agreement - Open negotiation
SUPPLIERS	<ul style="list-style-type: none"> - Be paid regularly - Know the criteria for awarding contracts in order to participate 	<ul style="list-style-type: none"> - Continuous job opportunities 	<ul style="list-style-type: none"> - Build and maintain strong relationships with suppliers, respecting contractual agreements and collaborating transparently. 	<p>RISKS:</p> <ul style="list-style-type: none"> - Supply chain disruptions. <p>OPPORTUNITIES:</p> <ul style="list-style-type: none"> - Building strong, lasting partnerships. 	<ul style="list-style-type: none"> - Regular meetings, feedback and periodic evaluations.
CUSTOMERS	<ul style="list-style-type: none"> - Guarantees on product quality - Guarantees on continuity of supply - Guarantees on the timing of supply - Competitive pricing 	<ul style="list-style-type: none"> - Continuous investment to increase quality and business continuity 	<ul style="list-style-type: none"> - Build and maintain strong customer relationships, respecting contractual agreements and collaborating transparently. 	<p>RISKS:</p> <ul style="list-style-type: none"> - Disruptions in the sales chain. <p>OPPORTUNITIES:</p> <ul style="list-style-type: none"> - Building strong and lasting partnerships. 	<ul style="list-style-type: none"> - Regular meetings, feedback and periodic evaluations.
LOCAL COMMUNITY NEIGHBORHOOD LOCAL ORGANIZATIONS SOCIAL AID ENTITIES	<ul style="list-style-type: none"> - Labor - Local development - Transparency - Clean environment - Absence of disturbances 	<ul style="list-style-type: none"> - Sustained relationship - Appropriate training and growth 	<ul style="list-style-type: none"> - Promote sustainable practices that respect the environment and improve the quality of life, encouraging social inclusion and community involvement in decisions affecting the territory 	<p>RISCHI:</p> <ul style="list-style-type: none"> - Proteste, danni reputazionali, ostilità - Cattiva percezione pubblica <p>OPPORTUNITA':</p> <ul style="list-style-type: none"> - Accettazione sociale, branding positivo, supporto locale 	<ul style="list-style-type: none"> - CSR projects - Transparent communication - Reducing environmental impacts - Local investments
BANKS	<ul style="list-style-type: none"> - Guarantee of business continuity - Guarantee of corporate solidity and solvency capacity 	<ul style="list-style-type: none"> - Consolidation of the company - Continuous job opportunities 	<ul style="list-style-type: none"> - Adoption of transparent, ethical, and responsible practices in corporate decision-making and management, favoring green and sustainable investments. 	<p>RISKS:</p> <ul style="list-style-type: none"> - Unethical practices or lack of transparency that can damage your reputation. - Non-compliance with ESG regulations, which can lead to fines or restrictions. <p>OPPORTUNITIES:</p> <ul style="list-style-type: none"> - Green or socially responsible financial products. - Developing more efficient and sustainable digital services. - Becoming a role model for responsibility can enhance your reputation and open up new markets. - Financing projects that adopt ESG practices, creating long-term value. 	<ul style="list-style-type: none"> - Awards or recognition for clients or partners who adopt sustainable practices or innovate in the ESG field - Detailed and easily accessible ESG reports highlighting progress and challenges - Use of social media channels, newsletters, and public meetings to share results and engage stakeholders - Organizing meetings, workshops, or surveys with clients, investors, employees, and local communities to listen to their opinions and expectations
FUTURE GENERATIONS	<ul style="list-style-type: none"> - Environmental sustainability - Long-term financial stability - Banking ethics 	<ul style="list-style-type: none"> - Environmental protection - Sustainable innovation - Community involvement 	<ul style="list-style-type: none"> - Commitment to reducing environmental impact through renewable energy, energy efficiency, and sustainable practices - Promotion of recycling, reuse, and waste reduction 	<p>RISKS:</p> <ul style="list-style-type: none"> - Damaged reputation - Social pressures - Future negative environmental or climate impacts <p>OPPORTUNITIES:</p> <ul style="list-style-type: none"> - Leadership in sustainable finance - Green innovation - Intergenerational trust 	<ul style="list-style-type: none"> - ESG investments - green lending policies - transparent reporting - ESG governance

Materiality matrix

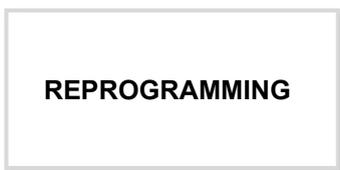
According to GRI standards, material issues are "those topics that have a direct or indirect impact on an organization's ability to create, preserve or erode economic, environmental and social value for itself, its stakeholders and society as a whole."

Materiality analysis is a key tool for identifying issues that are relevant to stakeholders and, generally from an external perspective, those that deserve special attention from corporate management.

This is the work plan proposed in the previous edition:



The set deadlines have been postponed, as specified below, as priority was given to the revision of the document with integration and in-depth analysis of topics suggested by some key stakeholders (revision 2 April 2023).



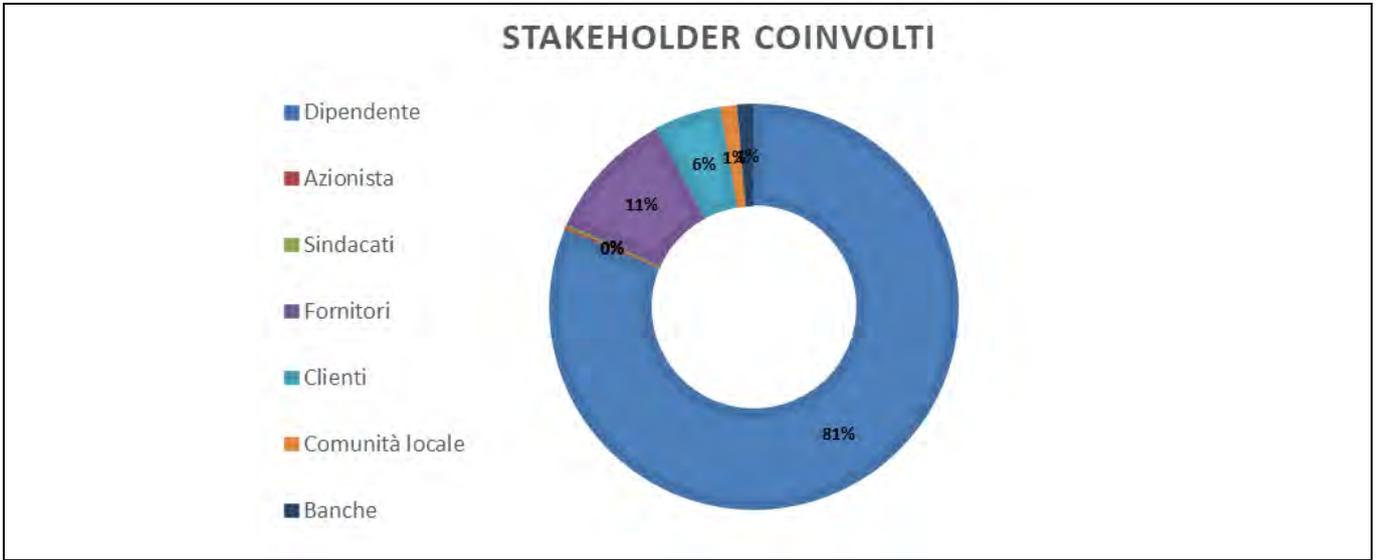
JANUARY 2023: stakeholder questionnaire processing
JUNE 2023: sharing questionnaire with stakeholders
JULY 2023: data analysis and matrix processing

Modalities of involvement:

STAKEHOLDER	WHO	METHOD
EMPLOYEES	All	Online questionnaire on payroll portal
SHAREHOLDERS	All	Online questionnaire - e-mail
SYNDACATES	RSU / Representative FIOM	Online questionnaire - e-mail
SUPPLIERS	Representative of 80% of 2021 turnover	Online questionnaire - e-mail
CUSTOMERS	Strategic customers (90% of turnover)	Online questionnaire - e-mail
LOCAL COMMUNITY	Institutional representatives of the 3 municipalities	Online questionnaire - e-mail
BANKS	All	Online questionnaire - e-mail

Below are the main material issues that will be proposed to the stakeholders identified:

- Employee health, safety and welfare
- Ethics and regulatory compliance
- Human Rights
- Diversity and equal opportunity
- Business continuity, resilience and crisis response
- Waste management and recycling
- Governance, mission and commitment
- Recyclable, recoverable, reusable products
- Economic value generated
- Responsible management of the value chain
- Responsible resource management and consumption
- Energy use, reductions and alternative energy sources
- Community involvement and support



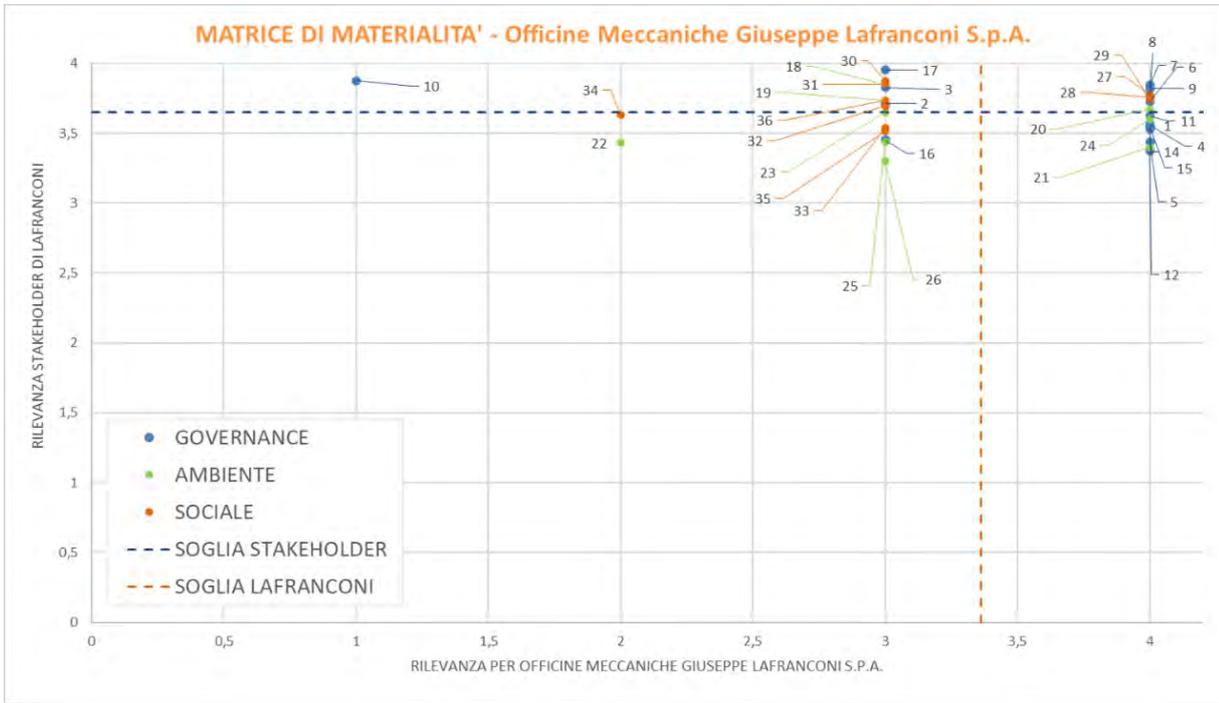
The majority of stakeholders involved are employees (81%).

<i>Stakeholder Category</i>	<i>% Answer</i>
Employees	10%
Shareholders	100%
Syndacates	0%
Suppliers	39%
Customers	10%
Local community	20%
Banks	0%

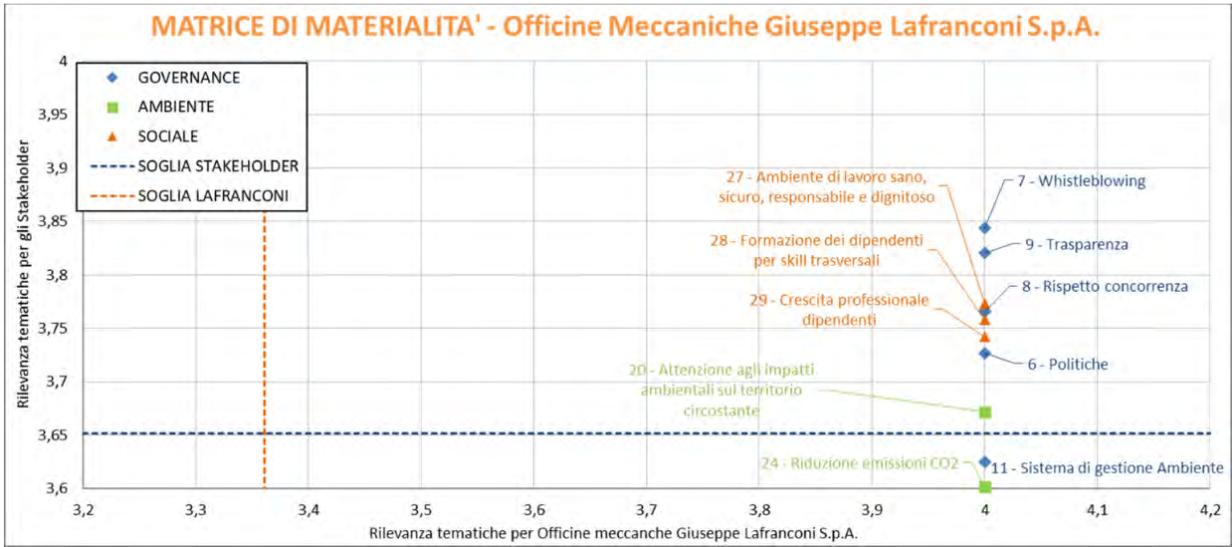
The table shows the data of the responses received. Since this is the first survey, Lafranconi believes the result is satisfactory and can be representative of the category for the start of the analysis and realization of the matrix.

The graphs represent the Lafranconi Materiality Matrix, in which the horizontal axis shows the preferences expressed by the management, while the vertical axis shows the averages of the votes of the different categories of stakeholders who responded to the survey.

In both graphs, the colors represent the 3 macro categories to which the answers belong (governance, environment, social), while the numbers refer to the specific question in the questionnaire:



The graph below focuses on the quadrant in the matrix representing the significant aspects that emerged for both the company and the stakeholders.



Processing the data that emerged from the questionnaire, allowed Lafranconi to identify the 8 main material issues that are considered to be of strategic importance in the creation of value and that therefore constitute a fundamental part in the definition of the company's sustainability path, on which to focus and divert its resources:

ENVIRONMENT

- 20) Attention to environmental impacts on the surrounding area;
- 24) CO2 emission reduction (*)

SOCIAL

- 27) Promotion of a healthy, safe, responsible and dignified working environment;
- 28) Investment in employee training to develop work and soft skills;
- 29) Promoting the professional development of employees.

GOVERNANCE

- 6) Possession of Environmental, Social, Ethics and Whistleblowing Policy;
- 7) Contrast illegal activities/bribes along the entire value chain also through whistleblower policies;
- 8) Compliance with the regulations in force, including those concerning competition; promotion of cooperation with the competent authorities;
- 9) Description of the business reality and transmission of information in a clear, transparent and timely manner;
- 11) Maintaining the Environmental Management System.

(*) This topic turned out to be important for the management, but not for the stakeholders. Lafranconi decided to invest and report on this topic as well.

Dual materiality

In this report, we have decided to introduce for the first time the concept of dual materiality (according to the European Sustainability Reporting Standards - ESRS), starting by assessing the financial materiality related only to the impacts that emerged from the materiality matrix drawn up previously.

This comparative tool allows us to begin to understand how external factors can influence company performance, but also to recognise the impact the company has on the environment and society.

THEME MATERIAL	IMPACT	Type of Impact: positive or negative	Impact on the environment and people: Effective or Potential	Financial Materiality
ESRS E2 ENVIRONMENTAL IMPACTS ON TERRITORY	Possible pollution of environmental matrices	Negative	Potential	Possible sanctions for pollution / relations with the local community
ESRS E5 CO2 EMISSION (GHG)	Reduction of emissions with consequent mitigation of the greenhouse effect	Positive	Potential	Possibility of access to subsidies and tax incentives for the adoption of low-emission technologies
	Reduction of emissions with consequent improvement of air quality	Positive	Potential	Improving corporate image and attracting sustainability-conscious customers and investors
	Failure to reduce greenhouse gas emissions with possible negative effects on the health and well-being of individuals and on air quality	Negative	Potential	Possible need for significant investment required to develop and implement emission reduction technologies
		Negative	Potential	Risk of penalties in case of non-compliance with the minimum required standards (e.g. for subsidised financing)
ESRS S1 HEALTHY, SAFE, RESPONSIBLE, DIGNIFIED AND INCLUSIVE WORKING ENVIRONMENT	Low number of accidents and injuries at work	Positive	Potential	Accident-related absences and associated costs low Risk of accident-related lawsuits / penalties low

THEME MATERIAL	IMPACT	Type of Impact: positive or negative	Impact on the environment and people: Effective or Potential	Financial Materiality
		Positive	Effective	The implementation of appropriate occupational safety practices entails ongoing fixed costs
	Psychophysical well-being of employees	Positive	Effective	High staff performance levels; Hours of sickness-related absence low
	Employee motivation and productivity through a healthy and positive work environment	Positive	Potential	High staff performance levels resulting in economic benefits for the company
	Employee satisfaction	Positive	Potential	Turnover and related low costs
	An inclusive work environment can be more attractive to a wider range of qualified talent.	Positive	Potential	Good corporate reputation among customers, partners and communities Acquisition of qualified talent
	Potential conflicts and tensions that may arise if inclusion policies are not perceived as fair by all employees/investors	Negative	Potential	An outdated diversity and inclusion policy can make investors, who are increasingly attentive to these corporate practices, lose interest
ESRS S1 EMPLOYEE TRAINING FOR TRANSVERSAL SKILLS	Employees feel more valued	Positive	Effective	Cost of training (not always financed by trade associations); Employee retention
ESRS S1 EMPLOYEE PROFESSIONAL GROWTH	Employees feel more valued	Positive	Effective	The company should not invest in new resources to be trained from scratch
ESRS G1 POLICIES	Improving corporate reputation among customers, investors and stakeholders	Positive	Effective	Competitive advantages from a solid corporate reputation
	If not enforced, policies can be perceived as hypocritical.	Negative	Potential	Failure to comply with its policies may expose the company to legal and reputational risks
ESRS G1 MAINTAINING THE ENVIRONMENTAL MANAGEMENT SYSTEM	Compliance with sustainability regulations helps ensure the impact of business operations is reduced.	Positive	Effective	Costs associated with maintaining certification (cost of the organisation and internal work/consultants for maintenance)
		Positive	Potential	Reduced risk of sanctions for non-compliance with mandatory environmental requirements
ESRS G1 WHISTLEBLOWING	Reduced likelihood of corrupt practices and unethical behavior	Positive	Effective	Reduction of the risk of incurring sanctions or reputational damage;
	Increased confidence among employees and outsiders in the ability to anonymously report any inappropriate behavior	Positive	Effective	Cost of implementing and maintaining whistleblowing system
ESRS G1 RESPECT COMPETITION	Market alignment	Positive	Effective	Reduction of the risk of incurring sanctions or reputational damage

THEME MATERIAL	IMPACT	Type of Impact: positive or negative	Impact on the environment and people: Effective or Potential	Financial Materiality
ESRS G1 TRANSPARENCY	Involving local communities in corporate projects	Positive	Potential	Transparency facilitates relations with regulatory authorities, reducing the risk of sanctions and legal conflicts
	More open and collaborative work environment, improving employee satisfaction	Positive	Effective	Implementing transparent governance practices can entail significant costs for collecting, managing and publishing information

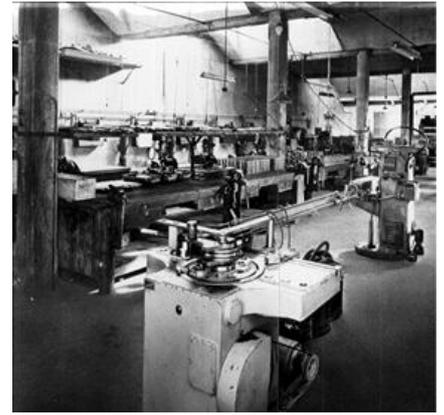
ESRS 2 – GENERAL INFORMATION

Our history

Officine Meccaniche Giuseppe Lafranconi, better known as LAFRANCONI SILENZIATORI, was founded in 1928 in Mandello del Lario (LC), known as the «city of motors and Moto Guzzi».

Over the years, the unbridled race of the eagle house, in addition to producing fame and wealth, has generated an induced activity that has also involved other local companies, including Lafranconi, which begins with the production of the Moto Guzzi GT 500 exhaust silencer.

The definitive conquest of the national market allowed to count among the customers: Innocenti, Garelli, Motom, Agrati, Gilera, Minarelli, Aermacchi, starting to be present on the foreign market.



At the end of the 1960s, the Company decisively established itself as a national leader in the two-wheeler sector and in the meantime also acquired a significant presence in the market of silencers for tractors and industrial engines.

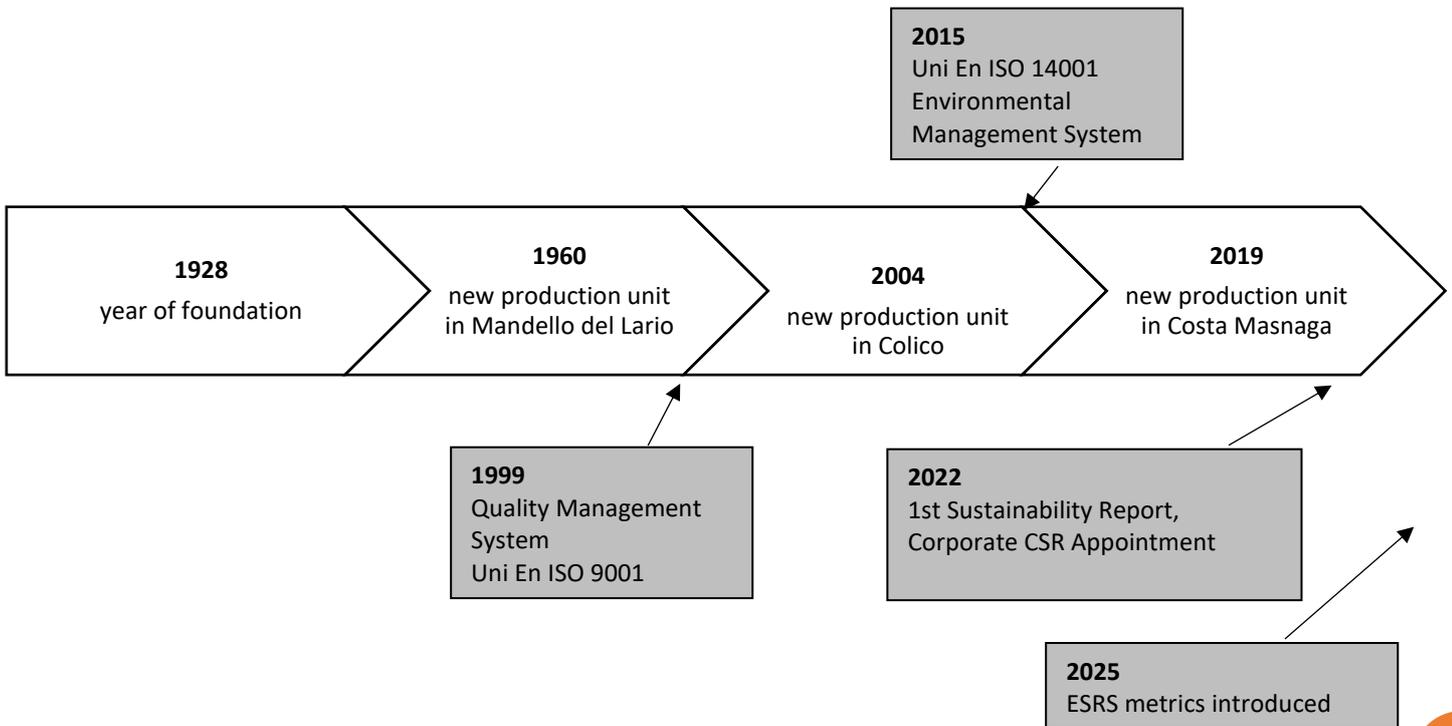
In the 1970s, the Company's strategy aimed at favoring investments in research and development was consolidated.

In the 1980s the company, despite having been affected by the crisis gripping the European motor vehicle sector, never abandoned the basic strategy of trying to remain at the technological top of the sector.

In the mid-1990s, Lafranconi became the official supplier of BMW, which was to become the current first customer of the Como company. The growth of the motorcycle market has had positive repercussions for the Company and in just a few years employment has almost doubled.

Today the company can boast almost a century of experience in the

design and construction of exhaust systems for motorcycles and tractors.





Leonardo da Vinci square (monument to Carlo Guzzi and the Moto GT 500) – Mandello del Lario

Company profile

<p>BUSINESS COMPANY NAME Officine Meccaniche Giuseppe Lafranconi S.p.A</p>
<p>LEGAL FORM Società per Azioni</p>
<p>VAT NUMBER 00229720131</p>
<p>SECTOR Metalmeccanico</p>
<p>PEC pec1@pec.lafranconisilenziatori.com</p>

Plants

Lafranconi is one of the most dynamic companies in the entire province of Lecco with three production units:

- Mandello del Lario
- Colico
- Costa Masnaga

  <p>Head Office – Production, R&S</p> <p>Mandello del Lario (LC) Via Cesare Battisti,19 ca 9.640 mq</p>	  <p>Production</p> <p>Colico (LC) Z.I. Via Prati della Rosa, 26 ca 3.940 mq</p>	  <p>Production</p> <p>Costa Masnaga (LC) Via Risorgimento, 12 ca 3.974 mq</p>
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Furthermore, the following situations are mentioned, which to date Lafranconi has decided not to include within the reporting scope:

  Production Kabinburi Thailand (autonomous reality)	  Test track Montemarenzo (LC)
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Territory



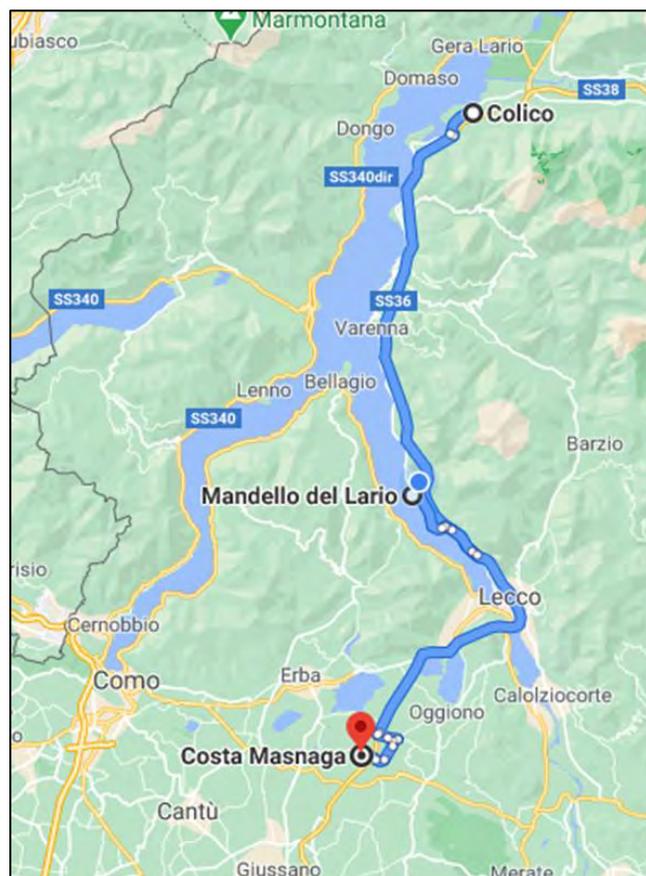
Mandello del Lario



Colico



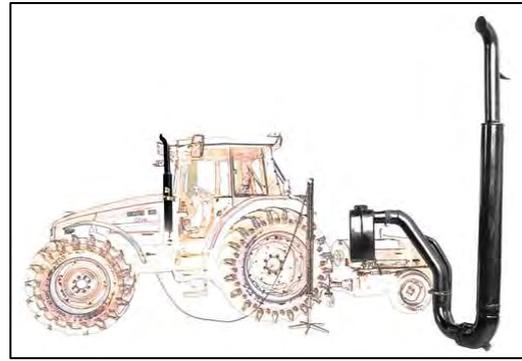
Costa Masnaga



Activities

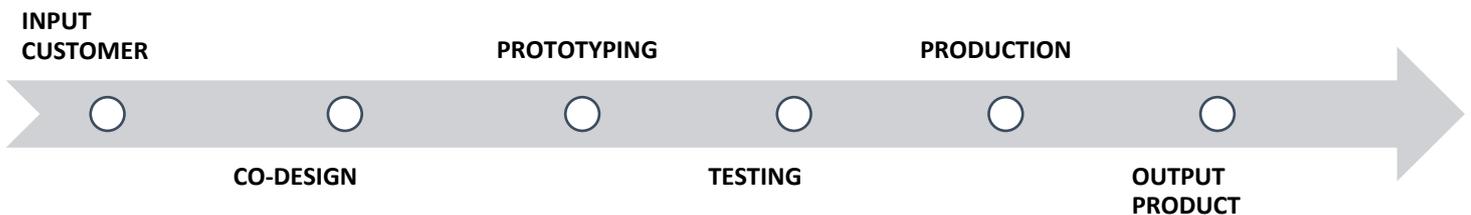
Lafranconi appears to be a world leader in the manufacture of exhaust systems for markets in the following sectors:

- motorcycles
- tractors
- industrial engines

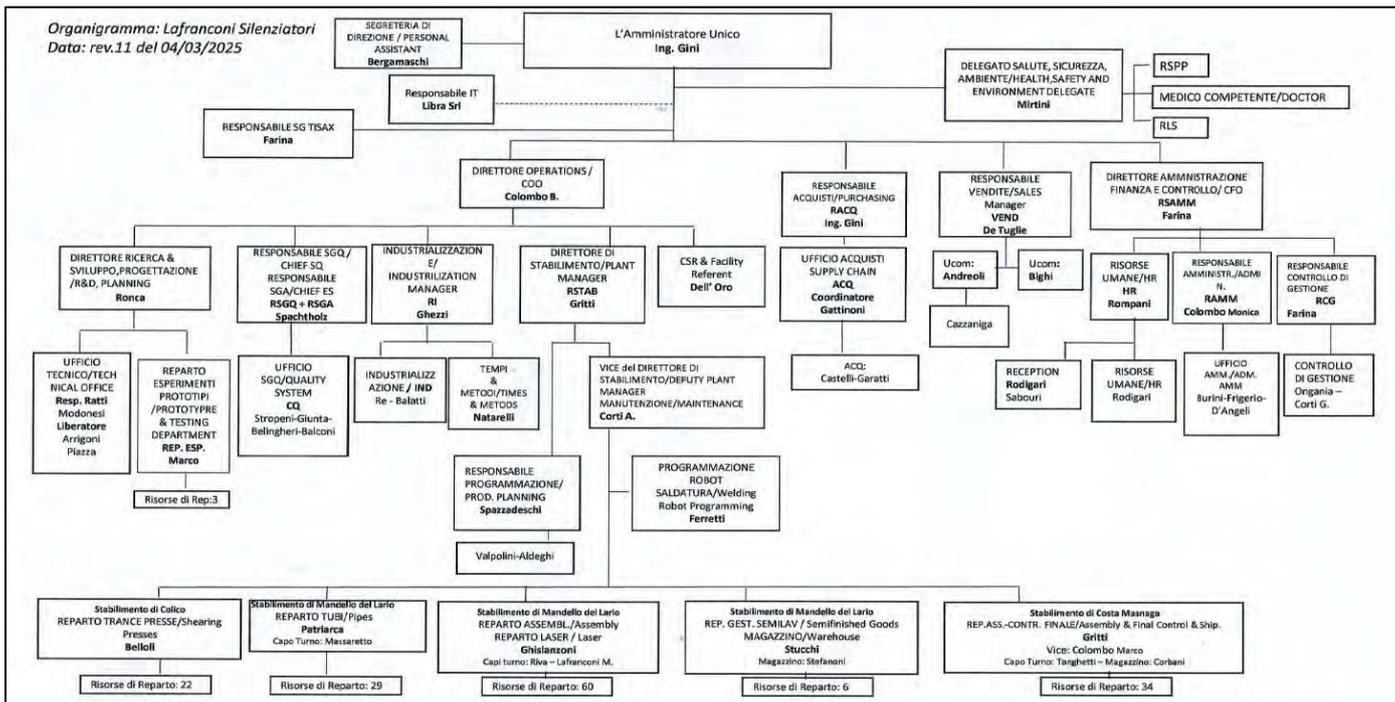


The products made in the three production units, meet European environmental and quality standards.

Lafranconi takes care of every aspect of the realization of the pieces, starting with the delicate phase of co-design (design), shared with the client and thought out in a circular manner, as it will influence all subsequent phases.



Company structure and government bodies



Lafranconi's business model is guaranteed by solid family governance which, oriented towards responsible growth, aims to generate value not only in the short but also in the long term.

This governance model is of a traditional type and provides for the presence of a management body, the Board of Directors (BoD) and a control body, the Board of Statutory Auditors, which is responsible for monitoring compliance with the law and the Articles of Association, on compliance with the principles of correct administration and, to the extent of its competence, on the adequacy of the internal control system.

		Mandate expires
Shareholders:	-Nitagi s.r.l. -Officine Meccaniche Giuseppe Lafranconi S.p.A.	#
Administrative bodies:	Board of directors (number in office 3) of which: -n° 1 president and managing director -n° 2 board members	Until approval Balance sheet dated 12/31/2025
Control bodies:	College of auditors (n° of office 3)	Until approval Balance sheet dated 12/31/2025
Accounting Control:	Statutory Auditor (n° in office 1)	Until approval Balance sheet dated 12/31/2025
Other offices/qualifications:	Prosecutors (n° in office 2)	Until revocation
Statutory powers	The board of directors is vested with the broadest powers for the ordinary and extraordinary management of the company without exception and has the authority to perform all other acts it deems appropriate for the implementation and achievement of the corporate purposes.	

Our numbers (2024)

TOTAL AREA (MQ) 17.554	PLANT 3	EMPLOYEES 219	YEARS OF HISTORY 96
TURNOVER (EURO) 38.013.752,48 (*)	PIECES PRODUCED 2.650.605	HOURS WORKED 340.154	PLANT OPENING HOURS 11.704

(*) including intragroup turnover

The certifications

Lafranconi looks with constant interest at the various globally recognized standards.

For this reason, over the years, we have implemented a company management system that has been recognized by external bodies, such as DNV and Bureau Veritas Certification in the fields of Quality and Environment.

Our certificates and policies are available and searchable on the company website www.lafranconisilenziatori.com.

UNI EN ISO 9001	from 1999
UNI EN ISO 14001	from 2015
IATF (International Automotive Task Force)	from 2024
TISAX (Trusted Information Security Assessment Exchange)	from 2025

MAIN OBJECTIVES

- Meet every quality expectation of the customer while respecting environmental requirements;
- Produce top-quality, durable products to be discarded as late as possible.

2 ENVIRONMENTAL

At all production sites, Lafranconi pays particular attention to the protection of the environment and the possible impacts generated by its activities, also through the support of qualified external consultants.

Specifically, there are some aspects, such as atmospheric emissions, water discharges and external noise, that are managed and monitored periodically with external laboratories that carry out specific analyses, in order to verify compliance with legal limits and compliance with the authorisations in their possession.

These aspects are also kept under control through internal company practices, consolidated by an Environmental Management System certified according to the international standard UNI EN ISO 14001, whose Policy, updated in April 2023, is known and shared:

Mandello del Lario, April 2023	Encl. 1
<p>LAFRANCONI operates by guaranteeing and pursuing the continuous improvement of its environmental performance, respecting the fundamental principles of the Environmental Management System, namely:</p> <ul style="list-style-type: none">- compliance with regulations and related obligations;- the definition and evaluation of environmental aspects (energy efficiency, renewable energy, water quality and consumption & management, air quality, responsible chemical management, sustainable resources management, waste reduction, reuse and recycling, noise emissions, respect for the soil and biodiversity, conservation and respect for the territory);- the measurement and systematic control of the System <p>as well as:</p> <ul style="list-style-type: none">- constantly commit to the environment, using resources with awareness, considering their responsibility towards current and future society;- dialoguing with the parties involved, identifying expectations, problems and opportunities;- promoting the eco-innovation of its products;- Protecting the ecosystem by respecting the mandatory requirements regarding soil, population, animals;- Promoting best practices useful for improving health issues, pollution and energy efficiency research. <p>LAFRANCONI, based on the assumption that the business objective is to generate growth, has decided as strategic objectives to:</p> <p>TO MAINTAIN AND DEVELOP its Environmental System in compliance with the voluntary standard UNI EN ISO 14001: 2015;</p> <p>CONTINUE TO PROMOTE ATTENTION TO ENVIRONMENTAL ISSUES from its stakeholders;</p> <p>IMPROVE</p> <ul style="list-style-type: none">- internal and external communication, translating its policy and system documentation concerning environmental performance into English;- knowledge of the operators' awareness. <p>A project that strengthens decisions undertaken for some time: that of optimizing internal and external production processes considering the environmental matrix and the protection of resources.</p> <p>This Environmental Policy come:</p> <ul style="list-style-type: none">- implemented through its own Environmental System, coordinated by the System Manager who promotes the actions necessary to achieve the objectives, verifies their effectiveness, proposes improvement actions and provides support for their implementation;- communicated to workers and published on the website, with the aim of guaranteeing their knowledge and awareness of the contents, promoting their culture and dissemination;- periodically reviewed on the basis of management results, mandatory requirements and the needs of the interested parties.	<p>With a view to continuous improvement, Lafranconi undertakes to promote the reduction of CO2 emissions deriving from its production activity, implementing an effective tool focused on:</p> <ul style="list-style-type: none">- GHG emission- Decarbonisation <p>With this objective, Lafranconi has:</p> <ol style="list-style-type: none">1. launched a tangible, concrete, measurable and communicable program, translating in these terms its commitment to reduce its impact;2. identified the phases that will be implemented for an effective, efficient as well as aware management for the development of this activity: <p>PHASE 1: - Definition of objectives</p> <p>PHASE 2: - Definition of organizational boundaries - Definition of operational boundaries - Definition of the reference period</p> <p>PHASE 3: - Data collection</p> <p>PHASE 4: - Development of an improvement plan with choice of indicators for monitoring results over time</p> <p>PHASE 5: - Drafting of summary report and communication of results</p> <p>Lafranconi's commitment in this area is also confirmed by the iter that the company has started with specialized external cooperators on action plans implementation for the mitigation of climate change and the reduction of the carbon footprint.</p>

ESRS E1 – CLIMATE CHANGE

In a global context increasingly sensitive to environmental issues, the combination of climate adaptation/risk reduction represents a fundamental pillar of corporate sustainability strategies. This concept also makes its way into Lafranconi's strategic planning, focusing for example on more innovative technologies and on the reduction of consumption to mitigate the environmental impact of its operations and the potential economic and operational risks that such changes may entail.

This is a proactive approach that sees adaptation not as a mere reaction to adverse events, but as an opportunity to anticipate future scenarios and position oneself strategically on the market, from the resilience of infrastructures to the efficient management of water and energy resources. In this way, Lafranconi can also contribute to reducing global CO2 emissions.

Achieving concrete results in the fight against climate change requires the institutions to assume collective responsibility, but also and above all through far-sighted corporate choices by individual players in the production world.

The Company does not shirk this responsibility. It therefore undertakes to place the criterion of environmental sustainability at the centre of its assessments regarding business development, definition of corporate priorities, choice of economic, social and institutional partners who share the same priority. It also undertakes to promote knowledge of its good environmental practices among all stakeholders, sharing its experience and performance.

Adaptation to climate change

Lafranconi has introduced climate change adaptation measures that include a series of actions aimed at reducing the impact of the consequences that result from it.

These activities can be divided into structural prevention or personal prevention such as the provision of tarpaulins to secure roofs in the event of uncoverings at all company sites, water pumps for flooding or thermal clothing in critical temperature conditions (above or below the seasonal norm).

In all cases, Lafranconi has prepared a specific business continuity plan.

Climate change mitigation



In a world increasingly aware of the climate emergency, climate change represents an unprecedented global challenge, the consequences of which require immediate collective action.

In this sense, Lafranconi has introduced this argument as an integral part of its analysis of the environmental context since 2024 and is identifying future interventions useful for reducing and mitigating the Organization's GHG emissions.

Lafranconi identifies and characterizes qualitatively and quantitatively the environmental aspects that can influence climate change, proceeding to the evaluation of their significance. The methodology of evaluation and classification of environmental aspects is as objective and repeatable as possible and described by a specific internal procedure, this to allow obtaining results comparable with each other over time.

Each environmental aspect taken into consideration by Lafranconi, and the relative impact it can generate, is considered both in normal situations and in extraordinary or emergency conditions.

Lafranconi has received a "C" rating for its climate change initiatives, following the Carbon Disclosure Project's (CDP) global environmental impact reporting system in 2024.

Energy



Lafranconi, every four years, is subject to the submission of an energy diagnosis (DL 102/2014) for all corporate sites.

1° edition: 2019

2° edition: 2023

For Lafranconi, this survey is a systematic tool for surveying, collecting and analysing parameters relating to the specific consumption and operating conditions of buildings and plants. Specifically, its objectives are:

- define the energy balance of buildings
- identify technological upgrading interventions;
- assess the technical and economic opportunities for each intervention;
- improve comfort and safety conditions;
- reduce running costs.

These are the efficiency actions suggested, according to the priority level defined in the diagnoses themselves, some of which have already been concluded:

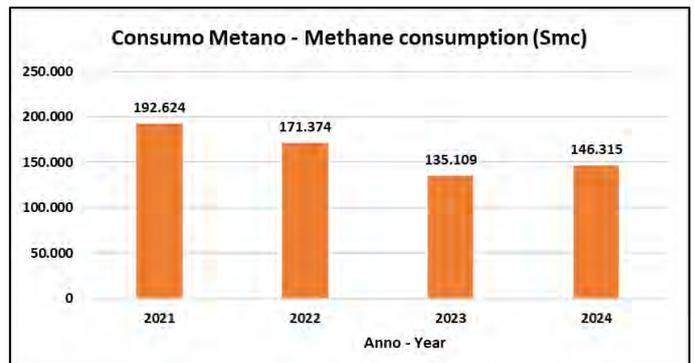
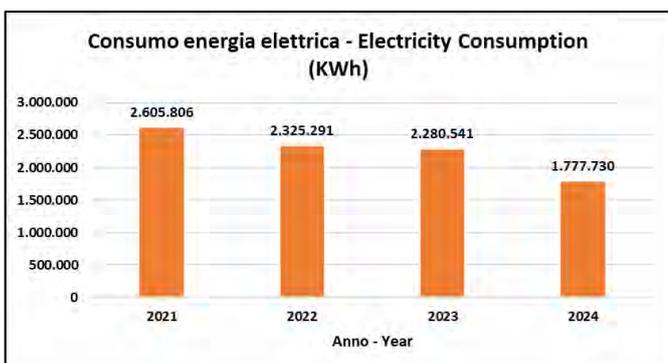
Operation	Objective	Stato avanzamento azione
Installation of a monitoring system (Mandello)	Ensure adequate branching of the monitoring system, aimed at gradually having a more detailed view of energy consumption and its intended use.	Started
Installation of an automatic heating regulation system, manageable remotely (Mandello, Colico)	Savings natural gas.	Finished
Revamping led production departments and offices (Mandello, Colico)	Saving electricity.	Finished

In carrying out its activities, Lafranconi uses the following natural resources, the consumption of which is subject to periodic monitoring in order to assess changes and/or virtuous behaviour with a view to saving them:

- Electricity
- Methane gas
- Fuel (company vehicles)

Every year we define specific improvement objectives in order to increase performance and reduce consumption.

Among the most effective interventions, we have achieved considerable energy efficiencies from the modernisation of systems, home automation management of winter air conditioning and the use of LED lights.



The graphs show the total consumption of the 3 sites.

2020 was characterised by Covid and the opening of the Costa Masnaga site. Consumption resumed and increased in 2021 following the full restart of production activities. There is a reduction starting in 2022 following the activities undertaken.

The energy used in the company's operations has a significant impact on several environmental compartments: energy consumption contributes directly to greenhouse gas emissions, affecting climate change. In the context of Lafranconi's operations, energy represents a crucial resource, which is used at various points in the production process.

In this regard, we would like to mention some activities, the details of which can be found in Chapter 7:

- Purchasing 100% green energy (target being achieved);
- Introduction of high-performance thermostats and remodelling of switch-on times with remote programming;
- Reduction of water from the production process;
- Introduction of hybrid machines.

Below is a list of Lafranconi's energy-efficient equipment (where available):

- Production equipment;
- Air conditioning systems, whose consumption depends mainly on climatic conditions;
- Refrigeration systems (production machine chillers, canteen area fridges and freezers);
- Meal preparation equipment;
- Lighting;
- Dishwashing facilities;
- Water pump (domestic water supply, fire-fighting, etc.).

The following table shows the main uses of electricity, methane gas and diesel oil:

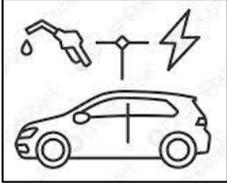
Resource	Use	Note	
Electricity	Civil	- Internal and external lighting - Computer equipment	Constant use. Leds both in production departments and offices.
	Process plants	- Production Equipment - Compressors	Constant use during hours of productive activity.
	Service plants	- Heating and air conditioning system - Building accessory installations (e.g. alarm) - Refrigeration installations (e.g. canteen)	Air conditioners: summer use Accessory systems: constant use.
Methane	Service	- Domestic hot water - Space heating	Constant use during production hours. Work environment heating managed by home automation system.
Diesel	Service	- trucking	Uso costante.

ENERGY AND METHANE CONSUMPTION		
	2023	2024
Energy (Kw)	1.944.439	1.777.730
Methane (m ³)	135.109	146.315

Air pollution



Production activity involves the generation of emissions into the atmosphere, which are subject to current environmental legislation. The plants are subjected to periodic scheduled internal maintenance, while the emissions are subjected to sampling investigations by qualified external laboratories, the results of which are shared with the competent bodies.



Sustainable mobility is one of the most important challenges we face. Our commitment is to reduce the environmental impact that depends on travel, especially between production sites. In this regard, we note a greater reorganization of internal logistics in this sense and the progressive introduction of company vehicles with hybrid models as further confirmation of this attention.

Water pollution

At all company locations, water is taken from the municipal aqueduct and is used mainly for civil purposes. Water used for industrial purposes is managed as special waste (e.g. washing water, pressure test water) Civil waste flows into the municipal sewer system, with payment of a fee to the manager for its purification.

The Mandello site is authorized to discharge wastewater from its own processes into the sewer system and the water used for indirect cooling in the test rooms into the ground, via a leaky well.

Lafranconi has implemented monitoring and control plans to constantly evaluate the quality of the water discharged following production use and compliance with the legal provisions contained in the authorizations.

Lafranconi has received a “C” rating for its water-related initiatives, following the Carbon Disclosure Project’s (CDP) global environmental impact reporting system in 2024.

Soil pollution

Lafranconi has assessed that the potential risk of soil pollution resulting from its activities can be generated by spills of chemical substances (during their use or movement).

For this reason, the management of chemical substances is under control through suitable internal procedures. The safety data sheets of the chemical products used are available and can be consulted in digital format for all workers.

Staff training on the correct intervention following a spill of chemical products, with therefore potential pollution, takes place through simulation and internal training on an annual basis at all company offices.

The various cleaning activities of the workplace are entrusted to specialized external companies.

Pollution of living organisms and food resources

NA

Substances of concern

Understanding the materials and chemicals in Lafranconi products has become more crucial than ever. For this reason, Lafranconi periodically requires its suppliers to comply with the European regulations on the restriction of the use of hazardous substances REACH (Registration, Authorization and Restriction of Chemicals).

Identifying substances of concern in purchased raw materials is the first step towards a deep sustainability of the supply chain.

Substances of Extreme Concern

The products developed by Lafranconi are made in co-design with the Customer and comply with current regulations in terms of the use of substances considered worrying for humans and the environment. The reference regulations are the following:

REACH (EU)
 Proposition 65 (California)

When requested by Automotive Customers, data relating to materials and substances used are uploaded to the MDS sharing system.

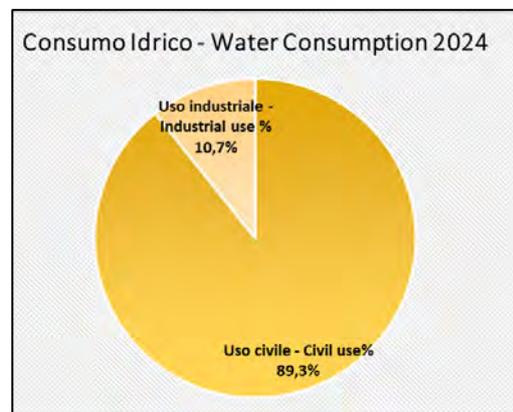
Microplastics

NA

ESRS E3 – WATER AND MARINE RESOURCES

Waters

In the municipalities where Lafranconi offices are located, the drinking water distribution service is managed by municipal companies that manage the entire water cycle, from collection, to distribution of drinking water, to management of the sewerage network up to management of purification and wastewater disposal plants. In the Lafranconi plants, water is drawn from the public distribution network through single collection points, with subsequent distribution in internal meters to measure the quantity of water used for different uses. Drinking water is used to supply civil and similar users (e.g. canteen, changing rooms, toilets) and production users.



Lafranconi pays particular attention to the use of water in production processes. To ensure a more responsible use of water resources, new technologies have been integrated into the company's practices (parts washing system with a closed circuit system using modified alcohol).

Water consumption in all plants is monitored on a monthly and annual basis and is compared year by year to determine how and where to intervene.

WATER CONSUMPTION		
	2023	2024
Water (m ³)	5.211	3.799

Marine resources

NA

ESRS E4 – BIODIVERSITY AND ECOSYSTEMS

Through the use of the Natura 2000 Network service, the Sites of Community Importance/Special Conservation Areas (SIC, ZSC) and Special Protection Areas (SPAs) pursuant to Directive 92/43/EEC “Habitats” and Directive 2009/147/EC “Birds” have been identified in the vicinity of the Lafranconi sites:

- Mandello del Lario: Grigna Park
- Colico: Pian di Spagna and Lago di Mezzola Nature Reserve
- Costa Masnaga: Lambro Park for which a landscape assessment was carried out as the plant is located within it.

At the moment it is believed that the activities carried out by Lafranconi do not create influences such that the company must take them into account with specific KPIs, measuring their impact.

Factors with direct impact on biodiversity loss

ND

Impacts on the status of the species

ND

Impacts on the extent and condition of ecosystems

ND

Impacts and dependencies in terms of ecosystem services

ND

Resource inflows, including resource use



The circular economy is an innovative economic model designed to reduce the waste of resources and promote the regeneration of materials.

At the heart of this approach is the concept of the “life cycle” of objects and materials, which are used, repaired, recycled and reused as much as possible, rather than being disposed of after a single use.

The final common goal is to create a more resilient economic system, less dependent on finite resources and able to guarantee a reduced environmental impact, while promoting economic growth

and social well-being.

The advantages and opportunities identified by Lafranconi in introducing this model are:

- cost reduction linked to a lower use of raw materials;
- reduction of environmental impact;
- improvement of the corporate image;
- acquisition of a competitive advantage;
- approach to new markets;
- improvement of the relationship with investors;
- reduction of risks linked to the scarcity of resources;
- access to financing.

In view of this approach, Lafranconi has formalized the activation of improvement actions as a 2025 objective, so that the life cycle perspective of its products becomes increasingly circular.

Measuring circularity is an essential requirement to allow for the pursuit of concrete actions and the achievement of measurable results, in order to strive for greater transparency for the market and for the consumer.

In this regard, a company resource has been identified who will follow a training path in this direction in 2025.

Outflows of resources related to products and services

Carbon footprint calculation



Lafranconi, in order to incisively increase attention to the environmental impact of its operations and outline strategies to reduce CO2 emissions, and taking up the invitation of some strategic customers, has promoted a census of its activities, leading to the drawing up of a GHG (Greenhouse Gas) inventory, or greenhouse gases, using the collaboration of external professionals.

1st GHG report: period 2022-2023

The GHG report resulting from this activity refers to GHG emissions/removals for the reference year 2022, and for the subsequent 2023. The resulting activity is the identification of the design and development requirements identified in **ISO 14064-1**.

These are the reportable categories:

- A. Direct GHG emissions and removals
- B. Indirect emissions from acquired energy consumption
- C. Indirect emissions from transport
- D. Indirect emissions from the organisation's products
- E. Indirect emissions associated with the use of the organisation's products
- F. Indirect emissions from other sources

The current GHG reporting work has focused on categories A and B, listed above.

Lafranconi, following the evaluation of this report, is committed to arriving at more defined objectives for the next three years in relation to timeframes and emission reduction targets for the most impactful categories listed above.

To this end, and in order to achieve greater environmental and energy efficiency with a consequent reduction in GHG emissions, potential future actions have been identified to reduce and mitigate the organisation's GHG emissions.

The main ones include:

- Monitoring of the most relevant emission categories;
- Energy efficiency measures;
- Definition, promotion and activation of a sustainable corporate mobility plan;
- Increasing the use of renewable energy sources.



Waste

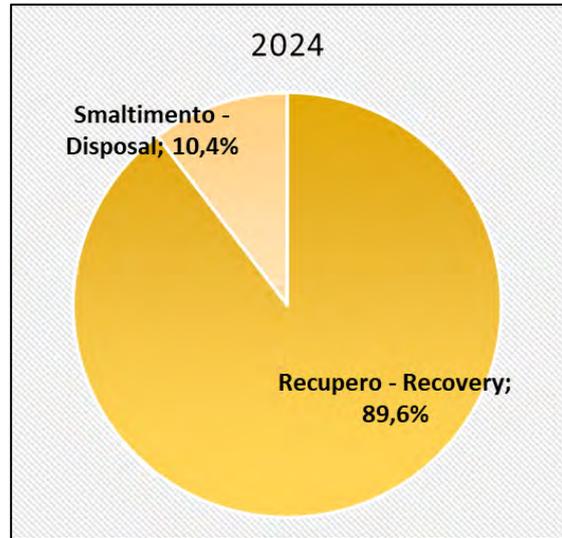
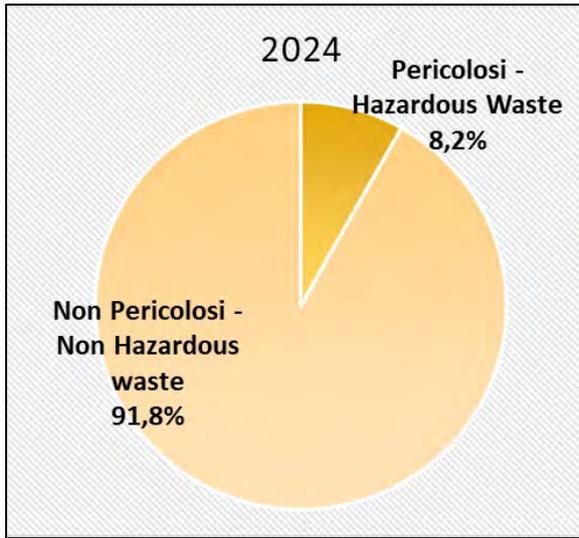
There is a continuous and constant awareness-raising activity among staff both for the correct disposal of waste in temporary storage areas generated by production activities (special waste) and for urban waste.

In 2024, 89.6% of the special waste produced was sent for recovery (mostly waste and scrap from processing), compared to a small quantity of waste sent for disposal (mainly characterized by oils, water and emulsions).

Lafranconi considers waste production one of the main indicators of environmental sustainability and aims to prevent its formation and to reduce and recover it.

In this regard, Lafranconi monitors their production according to performance indicators (KPI), on an annual basis. The availability of data fuels the analysis for the improvement of results in this area, also in execution of actions envisaged by the environmental management system.

Great attention is paid to the recycling potential of waste resulting from the use of raw materials, in particular stainless steel, iron and aluminum which represent the largest percentage of waste destined for recovery. This procedure aims to keep the flow of resources circulating, preserving, regenerating or increasing their value.



WASTE PRODUCED BY TYPE AND DESTINATION				
	2023		2024	
	Kg	%	Kg	%
Hazardous	73.435	8%	53.400	8%
Not Hazardous	832.655	92%	601.662	92%
Recovery	775.160	86%	587.082	90%
Disposal	130.930	14%	67.980	10%
Total	906.090		655.062	

RELATIONSHIP BETWEEN WASTE PRODUCTION, CONSUMPTION AND PARTS PRODUCED						
	2023			2024		
	Mandello	Colico	Costa Masnaga	Mandello	Colico	Costa Masnaga
Energy	3,955	0,145	*	4,323	0,126	*
Water	1,614	0,006	*	1,212	0,006	*
Methane	0,300	0,007	*	0,430	0,007	*
Waste	1,106	0,118	*	1,160	0,103	*

(*) no production of pieces

3 SOCIAL

ESRS S1 – OWN WORKFORCE

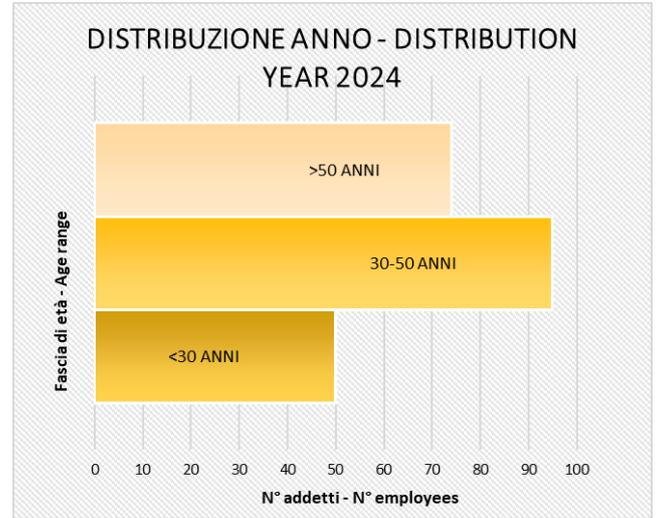
Working conditions

Collective bargaining

100% of the employees are classified under a collective agreement. The employment relationship offered to employees is stable and continuous, with 88% of people with a permanent contract and 3% with a fixed-term contract. Only 9% are temporary staff.

In 2024, Lafranconi confirms itself as a young reality with 22.8% of the company population under 30 years of age and 66.2% under 50 years of age.

In 2024, following a drop in work, the company recorded a decrease in its staff from 238 units in 2023 to 219 as of December 31, 2024.



PEOPLE BY PROFESSIONAL CATEGORY, GENDER AND AGE GROUP				
	2023		2024	
	Man	Woman	Man	Woman
Manager	6	#	6	#
<30 years	#	#	#	#
30-50 years	1	#	2	#
>50 years	5	#	4	#
Adm. Empl.	6	14	5	13
<30 years	1	6	1	4
30-50 years	4	6	2	7
>50 years	1	2	2	2
Tech. Empl.	24	4	22	4
<30 years	1	1	1	1
30-50 years	15	3	14	3
>50 years	8	#	7	#
Worker	176	9	160	9
<30 years	46	3	41	2
30-50 years	73	5	62	5
>50 years	57	1	57	2
Total	211	27	193	26
Total	238		219	

PEOPLE BY CONTRACT AND GENDER				
	2023		2024	
	Man	Woman	Man	Woman
Undetermined	181	20	172	20
Determined	21	5	4	2
Administred	9	2	17	4
Total	211	27	193	26
Total	238		219	

ASSUNZIONI PER GENERE E FASCIA DI ETA' RECRUITMENTS BY GENDER AND AGE				
	2023		2024	
	Man	Woman	Man	Woman
<30 years	11	4	2	#
30-50 years	11	1	6	2
>50 years	7	1	4	1
Total	29	6	12	3
Total	35		15	

TURNOVER BY GENDER AND AGE ((ENTRIES+EXITS) / AVERAGE DIP)				
	2023		2024	
	Man	Woman	Man	Woman
<30 years	49	60	29	#
30-52 years	38	19	25	34
>50 years	27	50	24	86
Total	38	43	26	40
Total	41		33	

CESSATIONS BY GENDER AND AGE GROUP				
	2023		2024	
	Man	Woman	Man	Woman
<30 years	25	5	11	1
30-51 years	36	2	16	3
>50 years	16	1	13	2
Total	77	5	40	6
Total	82		46	

ABSENTEEISM RATE (% RATIO OF HOURS OF ABSENCE TO HOURS WORKED)				
	2023		2024	
	Man	Woman	Man	Woman
Manager	11	#	13	#
Adm. Empl.	17	20	19	26
Tech. Empl.	15	51	20	24
Worker	24	23	30	25

Working hours and smart working

To accommodate the different needs of each person, as well as for internal organizational needs, Lafranconi provides the possibility of part-time contracts.

Since 2024, smart working, introduced during the period characterized by the health emergency, is no longer available.

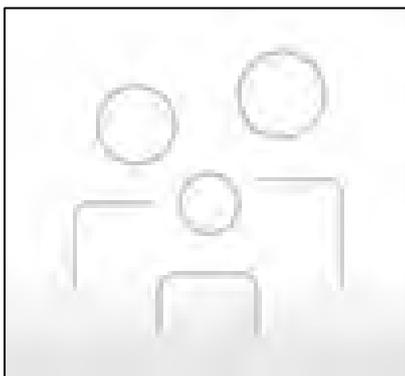
EMPLOYEES WHO HAVE TAKEN SMART WORKING AND PARENTAL LEAVE				
	2023		2024	
	Man	Woman	Man	Woman
Smart Working	3	3	#	#
Manager	#	#	#	#
Adm. Empl.	2	2	#	#
Tech. Empl.	1	1	#	#
Worker	#	#	#	#
Parental Leave				
	2	3	6	2
Manager	#	#	#	#
Adm. Empl.	#	2	#	1
Tech. Empl.	1	1	1	1
Worker	1	#	5	#

PEOPLE BY TYPE OF EMPLOYMENT AND GENDER				
	2023		2024	
	Man	Woman	Man	Woman
Full Time	207	25	189	25
Part Time	4	2	4	1
Total	211	27	193	26
Total	238		219	

Work-life balance

Lafranconi offers its employees a performance bonus linked to the achievement of objectives based on company performance which allows them to obtain an additional monthly salary paid during the summer period.

In addition to aspects relating to remuneration, Lafranconi offers all employees:



- financing and loans to employees (upon specific request);
- agreements with local structures and activities;
- paid hours for medical visits;
- administration of influenza vaccine;
- company benefits on a welfare platform which allows you to benefit from goods and services exempt from social security contributions and taxes;
- dialogue desk with HR;
- canteen service, at a discounted price;
- free winter and summer work clothing;
- changing rooms and showers;
- free car/motorbike/bicycle parking;
- spaces dedicated to coffee breaks.

THE WELFARE PLATFORM

Also in 2024, the productivity bonus can be paid through a welfare platform; in this case, the company, as an additional benefit, increases the amount of the performance bonus converted on the platform itself by 10%. This platform offers a series of services specifically identified to improve employee well-being. Everyone can choose the amount of the bonus to convert into welfare and use it to benefit from goods and services, for themselves and their families, in the field of health, sports, well-being, education according to their needs. The advantage consists in the reduction of the tax wedge: the sum paid in the form of goods and services is not subject to social security or tax withholdings and therefore has a greater purchasing capacity.

Adequate wages



An important pillar supported by Lafranconi is the recognition of equal opportunities also in the salary field, where the salary determination process is not influenced by factors such as, for example, age, gender, region/state of origin and disability.

For this reason, in April 2023 the Policy on Wages and Working Conditions was formalized, reported below, which also considers and protects the conditions of the working environment in which people carry out their activities.

Mandello del Lario, april 2023

LAFRANCONI supports the principle that all its employees must have dignified working conditions. Conditions refer to the place and all existing circumstances affecting the activity in the workplace, including wages/wages, benefits, working hours, legal rights and responsibilities.

LAFRANCONI, in carrying out its business, undertakes:

- to promote a workplace in which its employees can feel satisfied, guaranteeing them a good balance between work and private life, recognizing them as the most important corporate resource;
- to offer all workers, in full compliance with the relevant legal regulations, the same job opportunities, ensuring that everyone can enjoy fair regulatory and remuneration treatment based exclusively on criteria of merit and competence, without discrimination none.

LAFRANCONI hopes that all the resources work together to maintain a climate of mutual respect in the company for each person's dignity and reputation; fundamental for LAFRANCONI is to prevent any type of discrimination, promoting a culture of social responsibility and the protection of health and safety in the workplace.

In this sense, employees have the right and full freedom to join collective bargaining organizations, such as trade unions and workers' councils and to communicate to them any reports or complaints regarding working conditions.

LAFRANCONI does not tolerate forced (or compulsory) labor and any form of harassment and abuse. Lafranconi does not use child labor.

LAFRANCONI undertakes to communicate to each new worker, in a transparent manner, all the information on the contract that governs their employment relationship, as established by Italian legislation (Ref. Legislative Decree 104/2020).

This document is in line with the National Collective Labor Agreement, the Labor and Human Rights Policy, the Consolidated Law on Safety, international treaties, European regulations in this area, as well as with the company Social Policy.

Health and safety

Lafranconi is committed to promoting and spreading the culture of safety at all company levels, dedicating all the attention and energy necessary to safeguard the health and safety of all staff.

For this reason, in March 2023, the Security Policy was formalized and communicated through company channels:

Mandello del Lario, March 2023	
<p>LAFRANCONI, in carrying out its activities, considers health protection and occupational safety as an inalienable duty.</p> <p>The employer undertakes, by making human, instrumental and economic resources available, to pursue the objectives of continuous improvement of the safety and health of workers, as an integral part of its activity and as a strategic commitment with respect to the more general aims of the company.</p> <p>It also intends to define, communicate and disseminate to all staff and people outside the company, and who have relationships with it, the objectives to be pursued in the field of accident prevention and control, for the protection of workers and the environment, in the awareness that everyone's contribution is decisive for the achievement of the objectives and the maintenance of high levels of health and safety protection.</p> <p>In this perspective, this Policy reaffirms its own commitment and that of the entire organization to:</p> <ul style="list-style-type: none"> - respect, in content and principles, the laws on safety and hygiene applicable to the Company's activities, products and services; - provide safe and healthy working conditions for the elimination of dangers, the prevention of occupational accidents and the reduction of risks; - promote every initiative to prevent, in every activity, the occurrence of accidents, relevant or not, which could compromise the safety of collaborators (personal protective equipment, machine safety, workplace ergonomics, handling of chemicals substances, fire protection, accidents, emergency preparedness) and the communities; 	<ul style="list-style-type: none"> - promote initiatives for the consultation and participation of workers and workers' representatives for safety also through information, training and awareness; - sensitize and inform all employees and collaborators of external companies on the need to comply with the safety and hygiene standards applicable to the activities carried out at LAFRANCONI's plants; - train collaborators to intervene in anomalous and emergency conditions so as to minimize any consequences; - pursue a progressive improvement of safety management also through the identification of the risks associated with the activities carried out and the definition of objectives for their reduction, in accordance with the development plans; - manage products and use procedures that guarantee the safety of workers and people living near the company plants; - prevent accidents and occupational diseases; - promote a transparent and collaborative relationship with public and private entities and local communities. <p>The Employer and all the subjects involved, as per Legislative Decree 81/2008, undertake to constantly verify the management of health and safety, through internal audits on aspects relating to the safety and health of workers, in compliance with the applicable legislation and taking into account the indications provided where they are applicable.</p> <p>Every year, on the occasion of the periodic Security Meeting, this policy is reviewed to verify its effectiveness and the need for any updates.</p>

Lafranconi acts in a coordinated manner with all levels: involving not only direct employees, but also external collaborators and all other interlocutors who interact with the company along the value chain. Lafranconi, coordinated by an external consulting firm consolidated over the years, ensures all employees continuous and constant training in this area and provides the necessary protective devices (PPE) to avoid or minimize risky situations.

In the 2022/2023 winter season, for the benefit of the well-being and comfort of employees, thermal clothing, such as neck warmers and underwear, has been introduced and distributed to all employees.



All accidents are investigated and reported annually, also with the support of external experts and the company doctor, in order to analyze the causes and determine corrective actions and improvements in order to avoid their recurrence.

Lafranconi's commitment in this sense is to "aim for zero accidents", this through a transformation of the work environments and working methods. It should be noted that the most recent ones have mainly involved lacerated contused wounds.

ACCIDENTS, INDEXES, DEATHS AND OCCUPATIONAL ILLNESSES						
	2023			2024		
	Mandello	Colico	Costa Masnaga	Mandello	Colico	Costa Masnaga
Accidents	6	2	1	2	1	0
Frequency Index (number of accidents/hours worked)	19,97%	38,97%	11,12%	8,07%	25,71%	0
Severity Index (days absent/hours worked)	0,31%	0,27%	0,72%	0,07%	0,23%	0
Deaths resulting from occupational diseases	0	0	0	0	0	0
Occupational diseases recorded to date	0	0	0	0	0	0

“Near Miss” Project

I Near Miss, o “quasi incidenti”, sono eventi che solo per condizioni favorevoli e/o casuali non hanno comportato lesioni alla persona.

Nel 2023 Lafranconi ha revisionato la relativa Procedura “Segnalazione quasi infortunio o near miss” al fine di registrare ed analizzare le situazioni comunicate.

Grazie al continuo mantenimento di questa attività, sono state individuate aree ed attività a maggior rischio sulle quali intervenire con attività di prevenzione sempre più efficaci. Nel 2024 segnalati e gestiti n°3 Near Miss.

Employee health

The health of workers is constantly monitored by the company doctor through an annual health plan.

In 2024:

- 221 medical visits were carried out, to which were added specialist visits (e.g. audiometry, spirometry, visual function checks, laboratory tests.)
- the total cost incurred for health and safety activities was €226,368.34, which included the purchase of accident prevention material, health expenses, work clothing and PPE, hygiene, prevention and safety products;
- no deaths resulting from occupational diseases and cases of occupational diseases were reported;

In 2024, Cardiac Screening activities were carried out for the prevention of the onset of cardiovascular diseases coordinated with the competent doctor. This activity made it possible to evaluate the health of the worker's cardiovascular system in order to identify early symptoms, allowing the disease to be prevented.

Emergency management



Lafranconi has established, maintains, reviews and revises procedures aimed at identifying and managing emergency situations, both in terms of health and safety of operators and in terms of the environment (e.g. spillage of dangerous substances). Each production site is equipped with an Emergency Plan that is periodically updated and correlated with plans that are posted in the work areas..

The ability to successfully address and resolve any emergencies is due to the training and education of personnel and to the most frequent repetition possible of tests or simulations appropriate to the risks present in one's production sites. Tutto il materiale informativo rilasciato in occasione di corsi o di altre occasioni formative diventa di riferimento per ogni intervento di emergenza.

To date, the Company has not been subject to any environmental/safety emergency episodes; the last emergency faced was of a health nature (Covid-19).

Since this period Lafranconi has maintained the following good practices:

- Turnstiles;
- Smart working (until 2023);
- Change of office and workstation layout
- Rescheduling of access times to the canteen and changing rooms;
- Rescheduling of cleaning activities in work environments;
- Optimization of meetings and business trips with virtual meetings.

Equal treatment and opportunities for all

Gender equality and equal pay for work of equal value

Lafranconi promotes a stimulating work environment, open to diversity, inclusive, innovative, transparent, in which all employees are respected and feel involved and empowered.

In this sense, Lafranconi guarantees equality at work and equal opportunities for professional development and growth without considering race, skin color, religion, sex, age, physical abilities, nationality, sexual orientation, political orientation, membership in trade unions, marital status.

Increasing attention is dedicated to the valorization of female talents.

As of December 31, 2024, 11% of Lafranconi staff is represented by women.

THE UNIQUENESS IN EACH OF US

It should be noted that the biennial report on equal opportunities has been introduced since 2024, with reporting for 2022-2023. This document helps to understand the company's sensitivity towards a topic such as gender equality and the desire to limit or remove unfair differences. The report also has an important moment of discussion with trade unions, considering that the law itself obliges companies to their involvement. The next edition will be dated 2026 and will report on the two-year period 2024-2025.

Training and skills development

In recent years, Lafranconi has promoted an increasing activity of valorization of its staff, going to search within itself for the resources that gradually became necessary and starting an adequate training path for them..

For Lafranconi, this meant investing in the resources already available, increasing both their value and their role within the company.



Starting from 2023, Lafranconi has joined a training body belonging to a trade association that provides funded training also on health and safety.

Best Practices: In the event of a vacancy, internal employees are given priority in applying for that role, with a view to a growth path.

Skills development is a key theme for Lafranconi. The focus on training and development of its human resources represents a further positive element.

The company strongly believes that the enhancement of human capital contributes decisively to the construction of a competitive advantage.

Lafranconi guarantees professional growth paths thanks to continuous training activities, both theoretical and on the job. Specifically, we carry out these macro types of training:

- safety at work (legal compliance)
- technical/operational
- soft skills

During the quality/environment review, a program is carried out, with respect to which the managers are called to communicate the needs of the collaborators in terms of training.

In 2024, specific training continued in the linguistic (English course), technical (IATF certification, qualification of tube bending and welding workers) and administrative (management control) fields.

The training process consists of the following steps:



For Lafranconi, investing in training means a collective change, that is, the desire to make their employees feel good by making them grow towards a common goal.

AVERAGE HOURS OF TRAINING BY PROFESSIONAL CATEGORY AND GENDER				
	2023		2024	
	Man	Woman	Man	Woman
Manager	6	#	17	#
Adm. Empl.	4	15	27	30
Tech. Empl.	14	56	7	5
Worker	7	10	5	6
Total	31	81	56	41
Total	112		97	

INTERNSHIPS AND WORK EXPERIENCE

For Lafranconi, it is also important to develop and maintain constant interaction with the world of education, and several activities have been developed in this direction.

Lafranconi opens its doors for internships and work-school alternations as this is an important tool to identify resources to be included in its staff and to create exchange and continuous collaboration with schools in the area.

Career Day

For several years now, Lafranconi has participated in the Career Day event organised by Confindustria Lecco-Sondrio, which represents a unique opportunity for the area because it offers high school students the chance to meet companies and begin to make contact with the world of work. The event is aimed at those who are completing their studies and becomes a meeting point between companies and students in the area with an upstream selection process that matches the demands of the former with the educational paths of the latter.

The Career Day therefore also gives young people an important chance to focus on the real demands of the world of work, to find inspiration for their future, and to make an initial experience of relationships aimed at a selection for placement in a company.

Soft Skill

Transversal competencies, also known as soft skills, are individual skills and characteristics that are part of everyone's personality and relate in particular to interpersonal relationships and the ability to deal with different situations.

When hiring or changing jobs, it is important for Lafranconi to take these skills into account in addition to the technical requirements. This attention can lead to considerable improvements in the performance of the entire team.

Employment and inclusion of people with disabilities

Lafranconi strongly believes that a disability should not discriminate against a person: every individual has the ability to contribute to society, deserving equal opportunities.

In 2023, Lafranconi joined the project promoted by the Province of Lecco and the Employment Center "Supported Employment Disability Area", involving two internal resources in training in this sense.



In 2024, the percentage of the ratio of employees belonging to protected categories remained in line with 2023. In 2024, it represents 5.05% compared to 5.7% in 2023.

The company is committed to continuously promoting accessibility for people with disabilities within its facilities, as well as increasing awareness and understanding of the experience of people with disabilities, in order to mitigate unconscious bias and create a truly inclusive workplace.

Following this project, the Province wanted to involve Lafranconi again with a training program dedicated to the growth of an internal figure who can fill the role of Disability Manager. The path will be concluded in 2025.

Measures against violence and harassment in the workplace

Lafranconi applies zero tolerance towards any type of discrimination, violence and harassment at work. In this regard, since 2023 it has equipped itself with a specific whistleblowing procedure shared with the internal and external personnel concerned.

Employees and all collaborators, through appropriate policies and tools, are encouraged to promote these values by reporting situations that are not in line with the corporate culture.

Diversity

Today, interaction between people of different and distant cultures, origins or nationalities has become something inevitable. Lafranconi is confronted daily with very heterogeneous experiences, habits and personal situations.

All this has also had repercussions within our organizational structure, implying new types of interactions, sensitivities and visions. In this regard, in 2024 the Code of Ethics and Conduct was formalized and shared, also with the task of promoting the culture of valorizing diversity and combating all forms of discrimination.

Other work-related rights

Lafranconi social policy



In order to create greater satisfaction for its customers, value for shareholders and professional growth for employees and collaborators, LAFRANCONI has formalized its SOCIAL POLICY, which expresses and collects the company's commitments and ethical responsibilities in both internal operational activity, both as regards the relationship with its stakeholders.

In carrying out its activities, Lafranconi acts in compliance with the principles of freedom, dignity of the human person and respect for diversity; repudiates any discrimination based on sex, race, language, personal and social conditions, religious and political beliefs.

The Social Policy encompasses all the values that the company recognizes and shares, as well as the good standards to follow: operations, behaviors and relationships, both internal and external to Lafranconi, refer to these principles.

In the course of its activity, Lafranconi intends to strengthen its growth thanks to the adoption of an approach faithful to the values of correctness and loyalty in all daily processes, consolidating the value of innovation which has always distinguished it.

The Policy is, therefore, a set of principles whose observation by all those to whom it is addressed is fundamental for its regular functioning, management reliability and for its reputation.

The contents are updated and developed so as to adapt them to the continuous transformation of the environment in which the company operates, integrating them with the principles required by the national legal systems in which it operates, so as to enrich the concept of "Ethics", widespread and shared company-wide.

The social policy implemented in Lafranconi is based on six guidelines which sanction the full sharing of these principles:

<u>GUIDELINES</u>	<u>VALUES</u>
<ul style="list-style-type: none"> • All actions are based on mutual respect. Every employee is important and respected as an individual. The working relationship requires mutual trust, openness, a constructive approach to resolving differences of opinion and a positive culture for dealing with conflicts. • Behavior towards shareholders and employees is not bound by nationality or cultural barriers. LAFRANCONI promotes professional collaborations between people of different generations and nationalities, between men and women, between employees with and without physical and mental disabilities. • The results achieved in relation to the agreed objectives are the measure with which LAFRANCONI fulfills the contractual commitments towards its employees. • The performance of the group is more than the sum of the individual performances. LAFRANCONI promotes teamwork and collaboration between employees at all levels. • Respect for human rights is deeply rooted in the company philosophy. • LAFRANCONI undertakes to respect the Fundamental principles and rights at work, approved by the International Labor Organization (ILO) ("ILO - Declaration on Fundamental Principles and Rights at Work", Geneva, June 1998). • LAFRANCONI promotes the same orientation among all its suppliers to extend the commitment to social responsibility within the entire sphere of influence. 	<ul style="list-style-type: none"> • Respect for human dignity, ethical recruiting, women's rights. • Diversity, Equity, and Inclusion. • Absolute prohibition of child labor and forced labour. • Equal opportunities and support for families. • Absence of discriminatory practices against religion, origin, nationality, age, disability, marital status, sexual orientation, political affiliation, union membership, etc. • Prohibition of bribery. • Socially appropriate working conditions, based on collective agreements and/or company regulations. • Protection against arbitrary personal action. • Guarantee of an adequate standard of living, through a reasonable remuneration based on the principle of performance and reward. • Compliance with applicable laws and industry standards on working hours and ensuring that wages shall be sufficient to meet the basic needs of the personnel. • Freedom of association. • Education, training and training of personnel. • Access to comprehensive information relating to economic, social and environmental aspects. • Protection of health and safety in the workplace. • Dissemination of occupational health, safety and labour rights and environmental information to its internal and external stakeholders, both by communicating with them and actively co-operating with national government and bodies. • Prohibition of human trafficking. • Rights of Minorities and Indigenous Peoples. • Land, forest and Water Rights and Forced Eviction. • Use of Private or Public Security Forces

Recently introduced:

- Ethical and conduct code
- Internal company regulation
- Travel regulation
- Changing rooms regulation

Human rights



Lafranconi considers the inalienable Human Rights of all individuals, without distinction, by virtue of their very belonging to the human race and are based on the recognition of dignity, freedom and equality.

The commitment to promote respect for Human Rights in its sphere of influence is expressed both through:

- strict compliance with the law;
- the adoption and application of its own rules of conduct.

- SCOPE OF

The Lafranconi Social Policy constitutes the basis of reference for the protection of human rights in its activities. It provides guidance for:

- the identification of the most relevant issues, in relation to the activities carried out and the geographical contexts in which they take place;
- verification of the adequacy and effectiveness of the prevention measures already adopted in these areas;
- the planning of further risk mitigation measures, where necessary, or remedial actions in the event that actual violations of human rights are ascertained.

- RISK IDENTIFICATION

Discrimination Lafranconi does not apply any form of discrimination for reasons of race, colour, sex, language, religion, political opinions, sexual orientation, nationality, extraction and social status, trade union membership, age or disability in all areas of working life, such as example selection, hiring and dismissal procedures, remuneration, access to training, promotions, freedom of association and collective bargaining. Lafranconi shares with the trade union organizations a system of industrial relations based on constant and constructive dialogue.

Health and safety Lafranconi consider the protection of health and safety to be "fundamental values" which characterize the company's operations as a whole and adopts high standards of assessment, prevention and management of the related risks. The prevention of risks to health and physical integrity is applied in the workplace, towards employees, and more generally in carrying out one's business in relation to all stakeholders.

Working conditions and remuneration Lafranconi undertakes to guarantee healthy and hygienic working conditions, not to require excessive work performance in terms of hours and days worked, and to guarantee adequate rest. The minimum salary of employees cannot be lower than that established by the collective agreements and by the reference legislative and regulatory treatments in force.

Professional training Lafranconi recognizes the importance of professional guidance and training both for the development of human resource skills and for the diffusion of a corporate culture oriented towards health and safety at work.

Privacy Lafranconi is aware of the importance of guaranteeing adequate protection to the subjects involved in the processing of personal data and respects the right to privacy of all its stakeholders, undertaking to use the data and information provided correctly.

Environment Lafranconi has always been attentive to the impact of its activities on the surrounding environment through monitoring and continuous commitment to improve all significant environmental impacts, such as visual obstruction, noise, electromagnetic fields, waste; it also maintains a responsible approach to the major issue of climate change, paying particular attention to the consumption of resources and energy efficiency.

Prevention of corruption Lafranconi believes that corruption is a factor of discrimination that harms the right of all individuals to have equal opportunities and that it is in general an obstacle to economic and social development with negative impacts on the well-being of communities. It therefore undertakes to fight corruption in all forms and areas of its activities.

- MEASURES ADOPTED

- ensure compliance with the rules in the context of its activities;
- guarantee standards of ethical and responsible conduct regardless of the existence of legal obligations;
- not to tolerate abuses by subjects with whom they maintain commercial relations.

The implementation of the above commitments is based on the definition and implementation of a process that provides for the identification of potential risks and impacts caused by Lafranconi's activities on human rights and the assessment of the adequacy of the mitigation measures adopted.

The process:

- Consider the human rights of the stakeholders;
- Assess the potential interactions between its activities and the human rights enjoyed by its stakeholders;
- Identify the activities most exposed to the risk of negative impacts, considering the activities carried out directly by Lafranconi;
- Verify, through periodic assessments, whether the corporate safeguards (procedures, controls, awareness) are adequate to reasonably exclude human rights risks;
- Provide for a periodic critical review of the areas exposed to risk.

- MITIGATION AND REMEDY ACTIONS

In the event that actual violations of human rights are ascertained, Lafranconi will implement immediate remedial measures in order to prevent the continuation or repetition of the violation, as well as any measures to sanction the violation itself and to remedy the individuals whose right has been hacked.

Both the mitigation plans and the actions to remediate violations are subject to follow-up monitoring to ensure their effectiveness.

- FUTURE MEASURES TO MANAGE HUMAN RIGHTS RISKS

In accordance with the above and with the values declared in the company policies, Lafranconi starting from 2023:

- will apply a global approach to assess and remedy any negative impacts of its activities on human rights and the environment. The priority of each containment action will be defined on the basis of the importance of the related impact as well as the potentially affected stakeholders;
- will undertake to carry out internal assessments and audits of its stakeholders to identify, detect, prevent and mitigate the negative impacts that may be caused by its activities;
- will make both internal and external human and economic resources available;
- will undertake to ensure that the commitments made and the objectives are understood and known through generalized and specific training and awareness activities, in favor of employees and stakeholder, who register to be aware of what is expected from them.

The company, which had previously set itself the goal of achieving these targets as early as 2023, found that more time was needed for their implementation.



ESRS S2 – WORKERS IN THE VALUE CHAIN

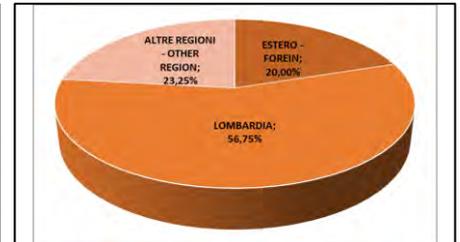
When choosing our suppliers, in addition to the quality of the material and service provided, we evaluate and take into consideration:

- Compliance with the payment of contributions;
- Their innovation and sustainability;
- Their reputation;
- Price.

We also pay special attention to regionality, that is, choosing companies in the area, so as to foster both economic spin-offs and job retention in the area in which we operate.

**PROVINCES
NEAR LECCO**

Year 2024	
Provinces	% of total Purchases
LC	19,59%
BG	3,01%
CO	2,09%
SO	0,35%
MB	3,91%
TOTALE	28,95%
Year 2024	
Area	% su total Purchases
LOMBARDIA	56,75%
OTHER REGIONS	23,25%
FOREIGN	20,00%
TOTAL	100,00%



Each new supplier is subjected to an initial qualification process that is periodically reassessed according to the methods described in the quality and environmental management system documentation. In this regard, Lafranconi:

- carries out audits at suppliers considered strategic for its supply chain, with the aim of identifying, in agreement with them, opportunities for continuous improvement;
- sends the CSR Questionnaire to verify whether suppliers meet the requirements;
- assesses sustainability risk as an integral part of the due diligence system activity.

The General Purchasing Conditions, shared with each supplier, also include clauses relating to the following aspects (ESG):

CODE OF CONDUCT

It is of paramount importance to Lafranconi that the company's activities take into consideration corporate social responsibility towards its employees and society at large. This applies to both Lafranconi and its suppliers. It is the goal of Lafranconi and the Supplier to comply with the Directives of the UN Global Compact initiative (Davos, 01/99) and the principles and rights endorsed by the International Labor Organization (ILO) in the "Declaration on Fundamental Principles and Rights at Work and its Follow-up" (Geneva 06/98) even if it has not been signed by the country in which the Supplier is based.

In the management of its activities, Lafranconi is committed to respecting the ethical and moral values defined on the basis of the principles of fairness, honesty and transparency, requiring its suppliers to act according to the same principles in the management of its business. Lafranconi has worked to make the Code an integral part of supply contracts, as a prerogative for the continuity of such relationships. The document has a particular focus on respect for human rights and working conditions, environmental protection, the fight against corruption and respect for intellectual property.

CONFLICT MINERALS

In the supply chain we ensure that the raw materials purchased do not come from politically unstable regions, i.e. where trade can be used to finance armed groups or cause other human rights violations. In this regard, for years Lafranconi has launched an investigation into its suppliers to delve deeper into the topic and receive confirmation that materials extracted from conflict zones are not used in their respective production processes.

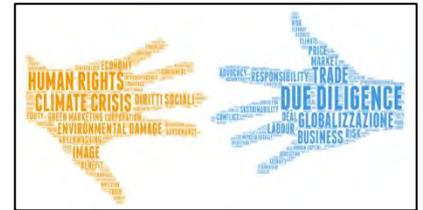
ENVIRONMENTAL PROTECTION

In fulfilling the Purchase Agreement, the Supplier shall ensure that it makes efficient use of all necessary resources (especially materials, natural resources) and striving to minimize environmental impact (with particular reference to waste, wastewater, air pollution and noise). This also applies to transportation and logistics activities and expenses.

CORPORATE DUE DILIGENCE – DUTY OF DILIGENCE

For Lafranconi, managing its supply chain in a sustainable way means establishing a risk management system capable of effectively monitoring its suppliers, taking care of the environmental, social and economic impacts and repercussions they could have, encouraging them to adopt good governance practices.

The objective that Lafranconi has set itself is that of sustainable management of its supply chain, creating and increasing the long-term social, environmental and economic value of the products offered on the market.



The supply chain mapping activity, with the assessment of risks and impacts especially in the areas with the greatest real and potential critical issues, on people, the environment and governance, has become a priority for Lafranconi to act in a coherently and to share sustainability expectations and objectives depending on the supplier's level of maturity.

To do this, it has set itself the objective of starting a process of investigation and mapping of its suppliers, which will see it busy for the next few years.

Objective: the identification, prevention, mitigation and, if necessary, cessation, of the effects and/or potential negative impacts on Human Rights (such as child labor and forced labor) and on the Environment (for example pollution and loss of biodiversity).

Lafranconi requires all its suppliers to formally sign the General Supply Conditions.

PROCESS FOR IMPLEMENTING DUTY OF DILIGENCE AND SUPPLY CHAIN RISK MANAGEMENT



WORK PLAN

SUPPLY CHAIN MAPPING	Detection of real and potential problems in the environmental, social and economic fields
COMMUNICATION OF EXPECTATIONS	Disseminating the values and culture of sustainability and sharing good practices
VERIFICATION OF SUPPLIER PERFORMANCE	Progressive improvement of suppliers' performance, identification of their risk areas and constructive analysis of their performance results
TENSION TOWARDS IMPROVEMENT IN PERFORMANCE	Verification and assessment of improvements achieved and development of improvement programmes
DEVELOPMENT OF SKILLS AND CAPACITIES	Sharing Best Practices to Incentivise Change in Corporate Culture
MONITORING	Data management and verification of results

Working conditions

ND

Equal treatment and opportunities for all

ND

Other work-related rights

ND

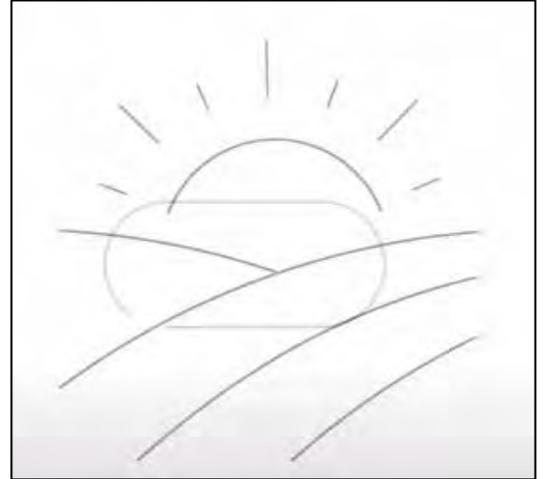
Community relations

Lafranconi has established a bond with the local community and the area in which it operates, consolidating it through the growth of the company itself, hiring local people and fostering attention to environmental, educational and social issues.

Maximum willingness to accommodate students in internships and to adhere to alternation school/work projects with numerous schools of different levels and degrees.

Lafranconi considers it essential to be open to dialogue and discussion with the community and the region in which it is located.

Over the years, the company has pursued the goal of being a reliable, proactive, collaborative and transparent productive reality. The correct and regular management of all regulatory aspects relating to the company's activities, together with the guidelines assumed over time, have made it possible to establish collaborative relations with local bodies, institutions and authorities.



We stay local

Lafranconi's philosophy is to remain local, i.e. tied to the territory, while exporting abroad to the largest international customers in the sector.

The attitude is to favour the realities of the territory and make sure that we enrich our country of origin. Being geographically close to our workers leads to a social benefit, favouring work-life balance, and an environmental benefit, limiting car journeys.

Donation and charity

There are local charities that we 'live' and know, which are particularly close to our hearts. For this reason, we help them with annual contributions or at particular times of difficulty.

In recent years, we have made contributions to associations or organisations to finance the following projects:

Institution	Project	2023	2024
La Nostra Famiglia	Together to the goal	✓	
	Celebratory T-shirts 100+1 years Moto Guzzi	✓	
	Multifunctional shower chair	✓	✓
	Refrigerator	✓	✓
Confindustria e Syndacates	Solidarity Fund for Emilia Romagna	✓	
Employees' relatives (*)	Donation to the family on the occasion of premature death	✓	
Asilo Pietro Pensa	Donate to a community event	✓	✓

(*) The company decided to make a contribution to support the family of a prematurely deceased colleague equivalent to the value of the number of hours employees decided to donate.



ASSOCIAZIONE
la Nostra Famiglia



INVITO PERSONALE


LA NOSTRA FAMIGLIA

Siamo lieti di invitarLa al momento organizzato per festeggiare insieme l'arrivo del nuovo automezzo attrezzato del Centro di Mandello del Lario.
giovedì 25 maggio ore 14.00
 Mandello del Lario - Via Nazario Sauro, 5

Le chiediamo, gentilmente, di confermare la Sua partecipazione scrivendo a MANDELLO@LANOSTRAFAMIGLIA.IT oppure telefonando 0341 733430



This T-shirt, celebrating 100+1 years of the House of the Eagle, was created on the occasion of the MOTORADUNO INTERNAZIONALE MOTOGUZZI held in Mandello in 2022.

The T-shirt is the result of a collaboration between Lafranconi Silenziatori and the boys of 'La Nostra Famiglia' of Mandello del Lario, who created the print reproduced on the back.

As of 2022, this T-shirt is sold at a local store and is repropoed at annual Moto Guzzi events.

The proceeds from the sale are donated to the projects of the association, which has been present in our area for years, dedicating itself to the care and rehabilitation of people with disabilities.

Economic, social and cultural rights of communities

ND

Civil and political rights of communities

ND

Rights of indigenous peoples

ND

Our customers



Lafranconi has been able to proactively live the context in which it operates, anticipating and interpreting the trends that have influenced the automotive world over the years. Lafranconi's global vision of business management always starts from a fixed point: the customer.

For this reason, the entire corporate strategy is based on two aspects that are considered indispensable:

- the analysis of customer satisfaction;
- complaint management;

With reference to the first point, customers' requirements are determined, understood and fulfilled on a regular basis, through various types of monitoring, such as sales visits, technical visits and consultancy services for new requirements.

For Lafranconi, the second point is also fundamental because it involves working quickly to provide an immediate response to problems and at the same time taking action on the process or product to avoid a repetition of similar situations. Lafranconi believes that only in this way can the real needs of customers be interpreted in the best possible way, and then be able to design and manufacture a product that faithfully respects what is expected in terms of guaranteed performance and repeatability of the same.

In recent years, the attention of our customers has increased to issues concerning not only product quality, but also people's well-being and environmental protection.

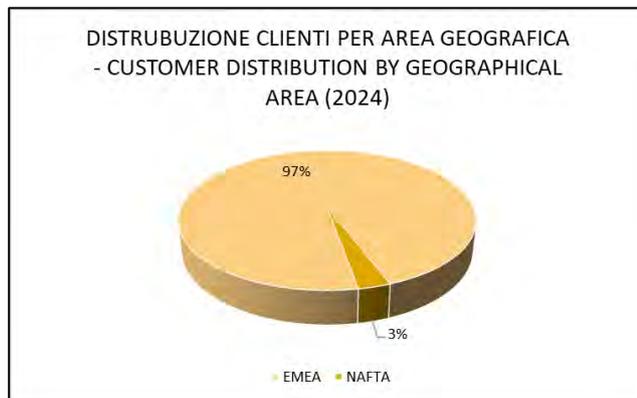
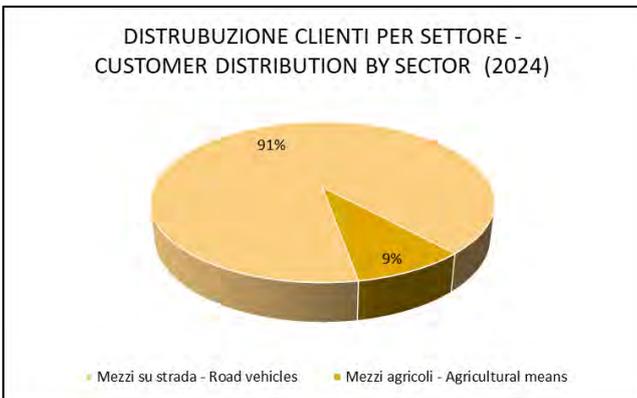
Lafranconi is therefore subjected to periodic surveys and enquiries that have allowed us to grow in this direction as well (e.g. compilation of dedicated portals).

All this effort represents a twofold advantage:

- don't overlook issues that may damage the business;
- build on the experience gained by assimilating it and making it one's own.

Fundamental for Lafranconi is the sharing of this know-how with customers:

The aim is to be seen as reliable partners, engaged in a process of joint growth and not simply as suppliers.



EMEA: Europe, Middle East, and Africa
 NAFTA: North America Free Trade Agreement

Impacts related to information for consumers and/or end users

ND

Personal safety of consumers and/or end users

ND

Social inclusion of consumers and/or end users

ND

4 GOVERNANCE

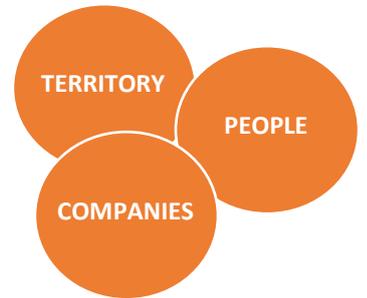
ESRS G1 – BUSINESS CONDUCT

Corporate culture – mission and value

The Company has decided to invest in sustainability.

For Lafranconi, "sustainability" means operating, improving and investing in a way that respects the environment and people to ensure that they have the most ethical and efficient future possible, generating profit in a sustainable way

Lafranconi wants to be an example of integration between companies, people and territory, directing its business activities in order to preserve and grow social cohesion, culture, human values and respect for the environment by combining them with competitiveness.



MISSION		
	To be excellence in making innovative, durable, environmentally sustainable and quality products	Researching new and advanced development models for customer satisfaction

VALUES			<ul style="list-style-type: none"> • COURAGE • PASSION • WORK • RELIABILITY • INNOVATION • SUSTAINABILITY • DYNAMISM
	Grow in respect and protection of the land and community in the context in which it operates	Protect the health and safety of its employees and contractors and safeguard the environment	

ESG policies

In order to direct the correct management of its business and clearly define the rules and regulations to refer to and develop an ever greater sensitivity in this direction, Lafranconi has decided to equip itself with further new documents, in addition to those already in existence.

To date, these are the main ESG Policies and Regulations:

E	Environmental policy	Ed. 04/2023
S	Social policy	Ed. 01/2023
	Health and safety policy	Ed. 03/2023
	Wages and working conditions policy	Ed. 04/2023
	Code of ethics and conduct	Ed. 02/2024
G	Quality policy	Ed. 07/2018
	Whistleblowing procedure	Ed. 04/2023
	Data security/privacy policy	Ed. 02/2023
	General purchasing conditions	Ed. 04/2023
	Travel and transfer policy	Ed. 02/2024
	Internal company regulations	Ed. 02/2024

Professional ethics

Lafranconi aims to act ethically and implement all the necessary safeguards to comply with the law, in behaviors that positively influence the context in which it operates.

In this regard, it has equipped itself with a "**Corporate Code of Ethics and Behavior**" with the aim of defining both the ethical values that the company must aspire to and the fundamental rules of conduct and behavior that the recipients (employees and all those who, in various capacities, directly or indirectly, permanently or temporarily, operate in the interest of Lafranconi as well as its customers and suppliers) are required to observe.

Transparency, integrity and legality are an essential and integral part of our vision and culture.

Lafranconi, sensitive to the need to ensure conditions of correctness and transparency in the conduct of its business, respects the following principles, which contribute to strengthening the culture of legality as a founding value, as well as constituting a valid tool for raising awareness and orientation for its stakeholders.

<u>VALUES</u>	<u>GENERAL PRINCIPLES</u>	
<ul style="list-style-type: none"> • Anti-Corruption and Anti-Money Laundering • Data Protection and Data Security • Financial responsibility (Accurate Records) • Disclosure of information • Fair competition and anti-trust • Conflicts of interest • Counterfeit parts • Intellectual property • Export controls and economic sanctions 	<ul style="list-style-type: none"> • Legality • Honesty, integrity • Transparency • Loyalty • Fairness • Confidentiality • Efficiency, effectiveness 	<ul style="list-style-type: none"> • Accountability • Dignity, equality • Business ethics • Professionalism, spirit of cooperation • Safety, health • Trust

Whistleblower Protection - Whistleblowing

Lafranconi promotes a corporate culture characterised by virtuous conduct, which prevents the commission of unlawful acts, guaranteeing a work environment in which employees can calmly report any wrongdoing, promoting a path of transparency and respect for adequate ethical standards.



In this regard, in June 2023, a procedure was formalised governing the procedures for reporting offences, or 'whistleblowing', within the scope of corruption prevention activities, defining the appropriate communication channels.

The whistleblower is allowed, as a priority, to use the internal channel created and accessible via the web by accessing the Internet address: <https://whistleblowing.lafranconisilenziatori.com>.

Alternatively, an oral communication channel may be used through a direct meeting with the Designated Officer at the request of the whistleblower.

This protection tool was introduced at Lafranconi with the awareness that often, regardless of the seriousness or otherwise of the phenomenon detected, whistleblowers, for fear of retaliation or discrimination, may not report irregularities.

The purpose of the procedure is to provide the whistleblower with operational indications on how to make a report.

WHISTLEBLOWING INCIDENTS REPORTED AND CORRECTIVE MEASURES TAKEN		
	2023	2024
N° of incidents reported	0	0
N° of remediation plans in progress	0	0
N° of remediation plans applied	0	0
N° of episodes no longer subject to remedy	0	0

Animal welfare

NA

Political engagement and lobbying activities

NA

Management of relations with suppliers, including payment practices

Economic and financial responsibility

Lafranconi's commitment to being sustainable in the long term is intrinsically linked to careful and responsible economic and financial management.

The constant search for the best economic performance, capable of influencing market confidence, is a corporate objective that also unites all its stakeholders.

This concept acquired greater meaning when in 2019 it was decided to open a new production unit (Costa Masnaga) to meet the numerous commitments acquired with new strategic customers.

Accepting these commitments was also possible thanks to the availability and trust of the banking world that counted on the seriousness and reliability that has distinguished Lafranconi over the years.

Furthermore, Lafranconi, to strengthen its credibility and the trust of its stakeholders, submits its financial statements to an audit by an auditing firm, so as to guarantee the transparency and correctness of the information on the asset, financial and income situation.

The investments made in recent years have been aimed not only at the opening of the new production site in Costa Masnaga and the purchase of robotic welding systems (effectively strengthening production for the motorcycle sector), but also at the innovation of infrastructures (industry 4.0).

Active and passive corruption

Lafranconi is committed to combating any crime of corruption, both public and private.

This responsibility translates into constant monitoring of Lafranconi's activities and particular attention in relations with counterparties and in the management of the entire value chain.

Lafranconi's commitment derives not only from a need for corporate protection, but also from a constant desire to make all stakeholders aware of legality and compliance issues.



5 GOOD PRACTICES

	WE GUARANTEE TRAINING FOR ALL EMPLOYEES
WE TRAIN YOUNG PEOPLE	
	WE RETRAIN WORKPLACES
WE RECYCLE MOST OF THE WASTE PRODUCED	
	WE PROTECT THE SAFETY AND HEALTH OF OUR EMPLOYEES AND SUPPLIERS
WE USE CLEAN AND RENEWABLE ENERGY	
	WE INNOVATE INFRASTRUCTURE
WE FAVOR LOCAL SUPPLIERS	
	WE DONATE TO LOCAL ASSOCIATIONS
LET'S MAKE CORPORATE MOBILITY EFFICIENT	
	WE EVALUATE EMPLOYEE IMPROVEMENT PROPOSALS
HR DIALOGUE DESK	
	MOMENTS OF CONVIVIALITY FOR ALL EMPLOYEES ON THE OCCASION OF THE CHRISTMAS HOLIDAYS

6 OUR CHALLENGES

Our planet, and all of humanity, faces major economic, social and environmental challenges.

The Sustainable Development Goals (SDGs) drawn up by the United Nations and part of the 2030 Agenda, set out priorities and aspirations for meeting these challenges, offering companies a huge opportunity for sustainable development.

Lafranconi wants to take up this invitation, with an in-depth look at the points of contact that its own business context has with the SDGs as a strategic development impulse.

Lafranconi has therefore focused on specific goals of the 2030 Agenda to intersect them with its own corporate actions.

In order to maximize the results of its actions, it chose to prioritize 7 SDGs toward which to direct its corporate strategy. The selection was determined by consistency with its business model and the skills and abilities it can offer to achieve these goals.

Its commitment to the SDSgs stems from a deep sense of responsibility for the impact it creates and, at the same time, an awareness of the role of business in facilitating the transition to a long-term sustainable economic system.

Certain that achieving the SDSgs by 2030 requires everyone to play their part, business is also an essential element and driver in this process.



AREAS OF INTERVENTION

SOCIAL

GOVERNANCE

ENVIRONMENTAL

OUR COMMITMENT TO ACHIEVING THE 2030 AGENDA

	3 - HEALTH AND WELLNESS		9 – INDUSTRIES, INNOVATION AND INFRASTRUCTURE
	5 – GENDER EQUITY		11 – SUSTAINABLE CITIES AND COMMUNITIES
	7 – CLEAN AND ACCESSIBLE ENERGY		12 – RESPONSIBLE CONSUMPTION AND PRODUCTION
	8 – DECENT WORK AND ECONOMIC GROWTH		

CLEAN AND ACCESSIBLE ENERGY	
	Decrease energy consumption by allowing us to increase our Economic and Environmental Sustainability by combining plant, structural and management interventions.
	Prefer inexpensive, reliable, sustainable, and modern energy systems until 100% renewable energy use is achieved.
	To ensure continuous improvement in the energy performance of the company's production activities and plants and consequently reduce-in specific terms-greenhouse gas emissions. To this end, we also want to encourage the use of energy from renewable sources. New management approach involving more specific continuous monitoring and implementation of actions necessary to reduce consumption (plant innovation).
	Monitoring of the company's significant energy uses and from the involvement of all levels of the company.
	Identify all factors that can exert effects on energy consumption that need to be maintained.

DECENT WORK AND ECONOMIC GROWTH	
	Fostering lasting, inclusive and sustainable economic growth, full and productive employment and decent work for all.
	Promote a conscious and sustainable way of conducting business, including through collaborative dialogue with stakeholders.
	Invest in their human resources, taking care to attract and retain talent.
	Develop training programs to enhance employees' managerial and organizational skills and consolidate job-specific professional skills.
	Engaging employees, motivating and fulfilling them, enabling them to feel that they have contributed to the company's successes.

INDUSTRIES, INNOVATION AND INFRASTRUCTURE	
	Designing with the goal of ensuring greater sustainability. Leading the way by optimizing the quantities of raw materials used, improving their quality and characteristics.
	Improve the performance of your infrastructure by making it resilient and ready for unpredictable changes.
	Promote a commitment to equitable, responsible and sustainable industrial innovation (and all related processes) in order to minimize negative impacts and amplify positive impacts on people, the environment and the land.
	Introduction of new professionals engaged in reporting, consumption analysis and the development of alternative savings pathways, of the different organizational units.

HEALTH AND WELLNESS	
	<p>Ensure its employees:</p> <ul style="list-style-type: none"> - health, safety and welfare; - adequate social, economic, psychological conditions; - a safe and healthy workplace.
	<p>Further strengthen a culture of active prevention in terms of workers' health and safety by rooting the aspects relating to safety in the production processes of the department;</p>
	<p>Work to achieve and maintain the "0 accidents" objective.</p>
	<p>Maintain the annual vaccination campaign for the voluntary administration of the flu vaccine.</p>
	<p>Stimulate the initiative of improvement ideas on the part of collaborators, maintaining an active exchange of reports and suggestions introduced with a dedicated form, on which risky or dangerous situations for the safety of workers can be reported, even anonymously.</p>

GENDER EQUITY	
	<p>Ensure gender equality and reject any form of discrimination against its employees, collaborators and partners.</p>
	<p>Consider all types of diversity: disability, gender diversity, generational diversity and cultural diversity.</p>
	<p>Pay particular attention to the issue of gender equality by trying to eliminate any pay gap between the sexes, guaranteeing equal opportunities in career paths.</p>
	<p>Promote intercultural contamination between colleagues in every possible way, through internal initiatives.</p>

SUSTAINABLE CITIES AND COMMUNITIES

	Promote the replacement of company means of transport with eco-sustainable models, helping to improve the air quality of the area and the reduction of CO2 in the atmosphere.
	Hiring local people, establishing links with the local community and consolidating the growth of the company itself.
	Welcoming students on internships and in adhering to school/work alternation projects, with numerous local school institutes of various types and levels.

RESPONSIBLE CONSUMPTION AND PRODUCTION

	Ensure environmentally sustainable production processes, kept under control and periodically reviewed to be improved over time.
	Improve the well-being of the people who work in our facilities and the performance of production sites in terms of sustainability, reducing the environmental impact on natural systems and local communities, with measures that extend to the operational activities of existing buildings.
	Create a widespread culture that encourages the responsible use of resources such as water, energy, methane and the maximum reduction of waste produced, encouraging recycling and reuse.
	Improve existing buildings and evaluate renovations in a logic of innovation both in terms of their efficiency and the well-being of the people who work there.
	Designing, with the partnership of selected suppliers, eco-sustainable, mono-material and recyclable packaging, with circular end of life. Study activity articulated on two main fronts: the reduction of the volume of packaging and the commitment to use 100% recyclable materials.
	Planning of preventive maintenance of machinery carried out according to a precise schedule of activities.
	Make the signs and signs of the waste storage areas as clear as possible by ensuring that all collaborators have simple tools to be able to carry out the correct management and separation of waste.
	Check whether, at the end of its useful life, the product can be reused and whether customers know how to reuse or dispose of it.



7 LAFRANCONI'S ACTIVITIES

						
HEALTH AND WELLNESS	GENDER EQUITY	CLEAN AND ACCESSIBLE ENERGY	DECENT WORK AND ACCESSIBLE GROWTH	INDUSTRIES, INNOVATION AND INFRASTRUCTURE	SUSTAINABLE CITIES AND COMMUNITIES	RESPONSIBLE CONSUMPTION AND PRODUCTION

		3	5	7	8	9	11	12
Completed activity with active benefits	1	●		●				
	2					●		
	3					●		
	4					●	●	
	5						●	
	6							●
	7			●				
	8			●				
Periodic activity	9	●						
	10		●					
	11							●
	20			●		●		●
	21			●		●		●
Ongoing activities	12					●		
	13					●		
	14			●				
	15			●				
	16			●				
	17						●	
	18							●
	19					●		
	24					●		
	25							●
Budget activities	22	●			●			
	23				●			

SOCIAL

GOVERNANCE

ENVIRONMENTAL

ACTIVITIES CONCLUDED WITH RECEIVED BENEFIT

1) Air curtains on entrances			HEALTH AND WELLNESS		CLEAN AND ACCESSIBLE ENERGY
Year	Plant	Activity			Investment
2012	Mandello	Installation of 2 hot air blades on the goods entrance doors in order to counteract the influx of cold air into the production departments during winter. This ensures an adequate temperature of the working environment while containing methane consumption.			€ 13.000

2) New warehouse storage area			INDUSTRIES, INNOVATION AND INFRASTRUCTURE	
Year	Plant	Activity		Investment
2016	Colico	Construction of industrial shelving Pallet shelving with anti-fall net.		€ 21.910
2020	Costa Masnaga	Construction of industrial shelving Pallet shelving with anti-fall net.		€ 13.000
2021	Mandello	Construction of industrial shelving Pallet shelving with anti-fall net.		€ 40.000

3) Inseertion of new professional figures			INDUSTRIES, INNOVATION AND INFRASTRUCTURE	
Year	Plant	Activity		Investment
2021	All	Insertion of resources dedicated full time to management control (transition from external to internal resource).		Confidential data
2022	All	Insertion of the Sales Manager.		Confidential data
2022	All	Insertion of Direttore Operations.		Confidential data
2025	All	Assistant Plant Manager		Confidential data

4) Logistics reorganization (opening of new production site)			INDUSTRIES, INNOVATION AND INFRASTRUCTURE		SUSTAINABLE CITIES AND COMMUNITIES
Year	Plant	Activity			Investment
2019	Costa Masnaga	Opening of a new logistics hub (warehouse/shipping) in the municipality of Costa Masnaga near the SS36 connection network in order to lighten the traffic of heavy vehicles in the municipality of Mandello del Lario.			Confidential data
2020	Costa Masnaga	Following the acquisition of orders from new customers, the introduction of a specific production activity, with new generation plants.			Confidential data

5) Parking area for vehicles awaiting entry			SUSTAINABLE CITIES AND COMMUNITIES
Year	Plant	Activity	Investment
2018	Mandello	Over the years, homes, elementary schools and the La Nostra Famiglia pole have been established around the Mandello production hub. With the increase in production volumes, serious critical issues of a logistical nature arose due to road traffic which congested the urban streets adjacent to the plant. In 2018, in collaboration with the Municipality of Mandello, a truck parking area was identified about one km from the production site where a dedicated billboard was placed	€ 2.000

6)Eco-sustainable, mono-material packaging			RESPONSIBLE CONSUMPTION AND PRODUCTION
Year	Plant	Activity	Investment
2022	All	Design and introduction of new mono-material packaging (100% recycled and recyclable cardboard) to replace the one currently in use which involved a more complex production cycle.	€500

7)Replacing Neon with Led			CLEAN AND ACCESSIBLE ENERGY
Year	Plant	Activity	Investment
2015	Colico	Complete replacement of the lighting with LED type	€ 17.500

2018	Mandello	Complete replacement of the lighting in the canteen with LED type	Investment integrated with the renovation of the premises
2022	Mandello	The replacement of the lighting with LED type is planned	€ 51.000
2023	Mandello	Replacement of lighting in production departments and offices with LED type	€ 10.000

2020	Costa Masnaga	Complete replacement of the lighting with LED type	€ 12.300
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8)Performing thermostats			CLEAN AND ACCESSIBLE ENERGY
Year	Plant	Activity	Investment
2023	Mandello	Replacing existing thermostats with better performing and remotely manageable solutions	€ 27.000
2023	Colico	Replacing existing thermostats with better performing and remotely manageable solutions	€ 4.500

PERIODIC ACTIVITY

9)Flu vaccine			HEALTH AND WELLNESS
Year	Plant	Activity	Investment
2018	All	12 on 166 employees	€ 1.242
2019	All	21 on 188 employees	
2020	All	Vaccine unavailability	
2021	All	18 on 264 employees	
2022	All	26 on 283 employees	€ 650
2023	All	25 on 238 employees	€ 650
2024	All	25 on 238 employees	€ 650
The "Influenza Vaccine Campaign", active since 2018, is carried out on a voluntary basis in November and is in favor of all workers, free of charge.			

10)Ramadan (meal time change)			GENDER EQUITY
Year	Plant	Activity	Investment
2022	All	Temporary change in the evening meal schedule, with a view to protecting the right to freedom of worship and encouraging the intercultural inclusion of its employees.	Investment of non-economic resources (scheduled adjustment)

11)Sharing brochures on Good Behavioral Practices and continuous training			RESPONSIBLE CONSUMPTION AND PRODUCTION
Year	Plant	Activity	Investment
2022	All	Implementation and sharing of Good Behavioral Practices, with a view to promoting the reduction of consumption of natural resources and minimizing the production of waste, to be translated into concrete actions both within the company and in daily life. The purpose of this is to request everyone's collaboration, so that Lafranconi too can contribute with simple gestures, commitment and ability to respond to this ongoing climate change.	Investment of non-economic resources (time / personnel involved)
2022	All	Specific training is planned for employees in order to further raise workers' awareness of sustainability aspects.	€ 2.000

20) Energy Diagnosis			CLEAN AND ACCESSIBLE ENERGY		INDUSTRIES, INNOVATION AND INFRASTRUCTURE		RESPONSIBLE CONSUMPTION AND PRODUCTION
Year	Plant	Activity					Investment
2019	All	Energy Diagnosis Drafting					€ 3.600
2023	All	Energy Diagnosis Drafting					€ 3.600

21) Calcolo Carbon FootPrint			CLEAN AND ACCESSIBLE ENERGY		INDUSTRIES, INNOVATION AND INFRASTRUCTURE		RESPONSIBLE CONSUMPTION AND PRODUCTION
Year	Plant	Activity					Investment
2023	All	Consulting and support in the CCF field					1.950

ONGOING ACTIVITIES

12) Introduction of the 4.0 project			INDUSTRIES, INNOVATION AND INFRASTRUCTURE
Year	Plant	Activity	% on total investments
2018	All	% of investments in industry 4.0 on total investments	53
2019	All	% of investments in industry 4.0 on total investments	37
2020	All	% of investments in industry 4.0 on total investments	69
2021	All	% of investments in industry 4.0 on total investments	34

13) Digital Revamping			INDUSTRIES, INNOVATION AND INFRASTRUCTURE
Year	Plant	Activity	Investment
2019	All	Implementation of new ERP Panthera (sw + initial consultancy)	€ 150.000
2019	All	Implementation of new attendance tracking system (sw + initial consultancy)	€ 10.000
2020	All	Payroll dematerialization	#
2020	All	Panthera ERP integration with HR module	€ 2.500
2022	All	Dematerialization of absence authorization management by implementing a digital app (sw + initial consultancy)	€ 3.000
2022	All	Panthera ERP integration with advanced logistics module (sw+hw+initial consultancy)	€ 7.000
2022	All	Business Intelligence (sw+hw+initial consultancy)	€ 5.000
2022	All	Advanced Electronic Invoicing (initial software + training)	€ 1.500
2019	Costa Masnaga	Wi-Fi network implementation	€ 1.760
2022	Mandello	Implementation of wi-fi network in production departments and office building	€ 1.740

14) Electricity 100% from renewable sources			CLEAN AND ACCESSIBLE ENERGY
Year	Plant	Activity	Investment
2022	All	Starting from May 2022, the Company made the change of electricity supplier from EGEA to CVA which in its energy mix has a higher percentage of use of renewable sources (in 2020 they recorded a % of energy from renewable sources equal to 83.64%)	Investment to be calculated at the end of 2022
2023	All	Expected agreement with an electricity supplier whose supply is 100% from renewable sources. This will involve extra costs compared to the standards.	Investment to be calculated at the end of 2024

Primary sources used	NATIONAL ENERGY MIX			Current supplier (CVA)		
	2020	2021*	2022**	2020	2021	2022**
Renewable sources	45.04%	42.80%	36.84%	83.64%	91.55%	65.12%
Coal	6.34%	5.03%	9.43%	1.92%	1.21%	6.72%
Natural gas	42.28%	48.01%	46.92%	12.47%	6.02%	23.62%
Petroleum product	0.48%	0,89%	2.01%	0.14%	0.13%	1.03%
Nuclear	3.22%	0.00%	0.00%	1.05%	0.65%	1.05%
Other sources	2.64%	3.27%	4.80%	0.78%	0.45%	2.45%

* Dato consuntivo (Aggiornato rispetto alla revisione precedente del bilancio che riportava il dato pre-consuntivo)

** Dato pre-consuntivo

15) Conversion of company cars to electric			CLEAN AND ACCESSIBLE ENERGY
Year	Plant	Activity	Investment
2022	Mandello	Following the need for new company vehicles, the Company has signed two rental agreements for hybrid technology vehicles.	Confidential Data
The Company will evaluate whether to proceed with the progressive replacement of all company vehicles with vehicles of this type.			

16) Forklifts with ecological batteries			CLEAN AND ACCESSIBLE ENERGY
Year	Plant	Activity	Investment
2021	Mandello	When replacing a forklift, the Company opted for a model with ecological batteries.	€ 27.300,00
The Company will evaluate whether to proceed with the progressive replacement of all company vehicles with vehicles of this type.			

17) School/work alternation			SUSTAINABLE CITIES AND COMMUNITIES
Year	Plant	Activity	Investment
#	All	For years, the Company has been collaborating with Higher Institutes of the Lecco area (ITC Parini of Lecco / IS Marco Polo of Colico) and Universities for Projects of Alternating School / Work / Internships (Polimi of Milan / Unimi University of Milan) in order to enhance the young talents and the sharing of mutual experiences acquired.	Investment of non-economic resources (time / personnel involved)

18) Elimination of water from the washing process			RESPONSIBLE CONSUMPTION AND PRODUCTION
Year	Plant	Activity	Investment
2019	Mandello	Replacement of the old parts washing system with an ultrasonic vacuum washing machine which does not use water resources.	€ 208.000
2023	Colico	The replacement of the old parts washing system with an ultrasonic vacuum washing machine without the use of water is being evaluated.	€ 200.000 (stimato)

24) Website			INDUSTRIES, INNOVATION AND INFRASTRUCTURE
Year	Plant	Activity	Investment
2024	All	Updating corporate Web site	€ 15.000

25) Consumption monitoring			RESPONSIBLE CONSUMPTION AND PRODUCTION
Year	Plant	Activity	Investment
2024	Mandello	Adaptation of continuous monitoring plan according to ENEA guidelines Legislative Decree 102	€ 9.234,15

BUDGETED ACTIVITIES

22) Restructuring and reorganization of workplaces		 HEALTH AND WELLNESS	 DECENT WORK AND ECONOMIC GROWTH	 INDUSTRIES, INNOVATION AND INFRASTRUCTURE
Year	Plant	Activity		Investment
2005	Mandello	First asbestos roofing remediation with insulated roofing installation.		€ 240.000
2017	Mandello	Upgrading of the company canteen room with related air conditioning.		€ 40.000
2018	Mandello	Final remediation of all asbestos roofing with installation of insulated roofing.		€ 195.000
2024	Mandello	The Company is considering the implementation of an environmentally friendly cooling system for production departments.		€ 120.000
2024	Mandello	The Society is considering upgrading the second floor office space.		€ 60.000
2015	Colico	Re-roofing production departments with insulated sheeds		€ 130.000
2017	Colico	Re-roofing of office building with insulated sheed and related air-conditioning of office space for an investment.		€ 25.000
2020	Costa Masnaga	Realization of electric heating system to support the existing one for the benefit of locations with more unfavorable winter climate situation.		€ 5.000
23) Scholarships		 DECENT WORK AND ECONOMIC GROWTH		
Year	Plant	Activity		Investment
2024	All	Establishment of a call for applications for scholarships reserved for children of employees attending secondary schools and universities		To be defined

8 COMMUNICATING SUSTAINABILITY



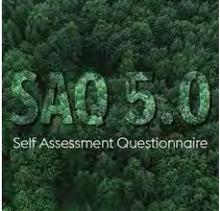
For Lafranconi, corporate communication must take sustainability into account, with clear and targeted messages to all recipients. It must be based on key principles and consider all the aspects that lead to promoting important values not only for the company itself, but also for its employees and all its stakeholders. First of all, this type of communication must provide useful information to its employees, who must be able to know the good practices developed by the company and those that each of them can implement, even in the workplace, to be less impactful and more sustainable.

With these objectives, the Company has decided to integrate the documentation generated by its management systems with this report which has the dual purpose of sharing its commitment and disseminating information on its performance in the area of sustainability.

Aware that communication represents a tool for sharing information to be used to create trust and credibility even in the context in which it operates, Lafranconi is planning a complete overhaul of its website.



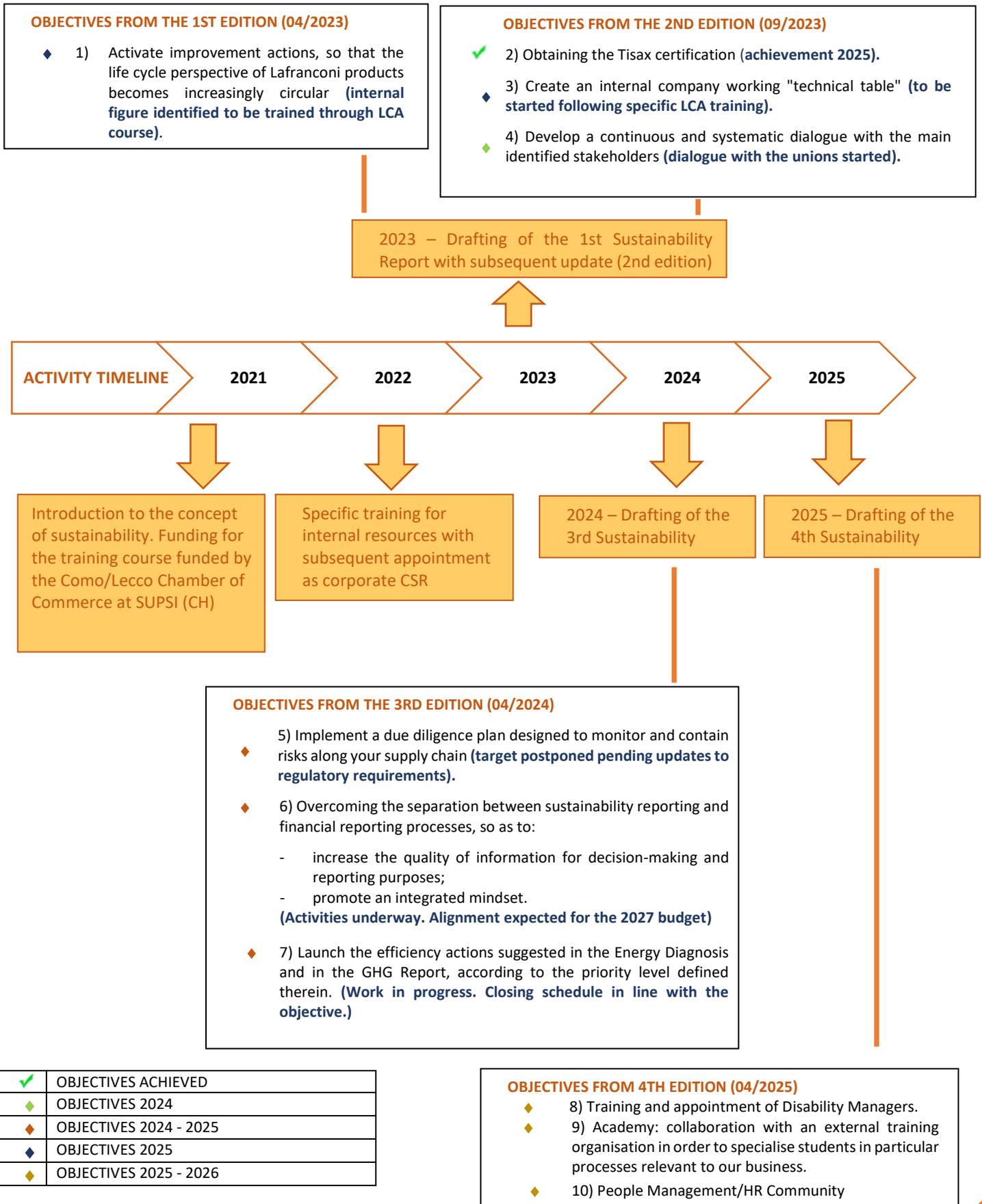
- ADDITIONAL INSTRUMENTS USED

	<p style="text-align: center;">CDP Rating</p> <p>CDP (Carbon Disclosure Project) is a UK-based, independent, non-profit organization created to measure, manage and share information globally about the environmental impact of companies, countries, cities and regions to support investors and accelerate mitigation actions. It currently holds the largest database of information on risks related to climate change. Its goal is for environmental reporting and risk management to become market standards, so as to facilitate sharing, in-depth analysis and adoption of the actions needed to achieve a sustainable economy. Also in 2024 we responded to the Climate Change and Water questionnaires, improving the rating of previous years.</p>
	<p style="text-align: center;">OPEN-ES Platform</p> <p>Innovative portal open to all companies engaged in the challenge of energy transition, which provides tools for measuring and improving their ESG profile. The platform also allows you to perform assessments on your supply chain.</p>
	<p style="text-align: center;">SAQ Questionnaire</p> <p>Globally recognized as the automotive industry standard, the SAQ is aligned with the Automotive Global Guiding Principles for Sustainability and focuses on improving sustainability performance in the supply chain by assessing policies and practices in the areas of human rights and environmental sustainability, health and safety, business ethics and compliance, responsible sourcing of raw materials and responsible supplier management.</p>

- PARTICIPATION IN CONTESTS AND INITIATIVES PROMOTED BY THE LOCAL COMMUNITY:



9 NEXT STEPS – REPORTING OBJECTIVES



Below is the history of the objectives achieved, proposed in the previous editions of the report:

- Start a continuous and systematic dialogue with the stakeholders identified according to established methods.
- Proceed with the drafting of the materiality matrix following the analysis of the information received from the stakeholders.
- Refine the structure, content and data collection of the sustainability report.
- Align the Sustainability Report with the Company (financial) Report.
- Provide the company with a Code of Ethics and Conduct and Internal Company Regulations.

*There isn't stopping.
There isn't going back.*



Sunset from the Elisa Refuge – Mandello del Lario