



**HIGH  
PERFORMANCE  
THERMOPLASTICS**

---

**SUSTAINABILITY REPORT  
2022**

# TABLE OF CONTENTS



## LETTER TO STAKEHOLDERS

3



## GUIDE TO READING

6



## EXECUTIVE SUMMARY

7

Vision, Mission, purpose 8

Ownership Structure and Operational Framework 10

History 11



## CORPORATE GOVERNANCE

14

2.1 Ownership Structure 15

2.2 Impact management 19

2.3 Reporting Critical Issues 19

2.4 Code of Ethics 20

2.5 QHSE Policy and Integrated Management Systems 21

2.6 Certificates 22

2.7 Membership in Associations 22



## THE BUSINESS MODEL

23

3.1 Description of the external contest 24

3.1 Description of the external contest 25

3.2 The company's offer 26

3.3 The stages of the path 37

3.4 Stakeholder engagement 40

3.5 The update of the materiality analysis 43

3.6 Sustainability strategy 48



## IMPACT ASSESSMENT AND ESG DIMENSIONS

55

4.1 Impact assessment 56

4.2 The Environmental Impact 57

4.3 The Social Impact 77

4.4 Impacts of economic-productive activities 101



## DRAFTING PRINCIPLES

106

Methodological note 107

GRI Content Index 108

Glossary 117

Report of the Auditing Company 118

# LETTER TO STAKEHOLDERS

Dear readers,

2022 was the hottest year on record. Global warming forced its way into corporate risk analysis.

Drought, record heat and **extreme weather events** can jeopardise business continuity and human safety. This sense of urgency spurs us to speed up our ecological transition and confirms the validity of the steps we have taken towards decarbonisation.

We have also witnessed other worrying anomalies this year: **a European war** right next to our borders and **a full-scale energy crisis**. Though deeply shocked, we were able to handle the situation as hardship brings us together and we are well used to uncertainty at this



stage. We take a flexible approach, now an essential skill to attain success in this troubled world.

Our story this year starts with an important change, or rather a transformation, confirming what we have always been: a **Benefit Company**.

Working for profit is not enough for us!

We want to create value and share it around, not only with shareholders, but with all our stakeholders. It is an indisputable fact that our company works for the **common good** and this has now been specified in our by-laws.

Our products are the first example of our commitment to the common good. We generate the greatest impact through our core business:

“

“LATI UNDERTAKES TO CREATE INNOVATIVE PRODUCTS THAT HAVE A POSITIVE IMPACT ON THE ENVIRONMENT AND SOCIETY AND HELP BUILD A SUSTAINABLE PRACTICE IN USING PLASTIC MATERIALS”.

”

Essentially, we aim to offer **safe, long-lasting plastics in a circular economy made with sustainable processes and for ethical use**.

The other two dimensions of common good refer to corporate social responsibility, specifically:

- ensuring the **physical and mental well-being** of individuals
- and supporting the **development of the local area** and ecosystem.



# LETTER TO STAKEHOLDERS

Despite the challenges posed by 2022, LATI continued to invest in our people and our network. We guaranteed **job security** and even took on new employees, acquiring know-how in strategic areas for the future such as digitalisation and sustainability. Furthermore, triggered by our fully female ownership, we further developed our company **welfare** system with projects focused on inclusion and parental support. **Hybrid working conditions** are well established at this point. Our leadership is rooted in **trust and results**.

And now on to business. 2022 was a year of two halves:

1. the first half of the year mirrored 2021: **strong demand**, shortages of raw materials and bullish inflation;
2. the second half experienced a dramatic about-turn: a **recession** stemmed from the changed geopolitical situation, followed by a normalisation of global supply chains, but with inflation kept high by the energy crisis.

## How have we taken on these challenges?

1. We rode the wave of growth in early 2022.

- We dealt with inflation by quickly and carefully adjusting our price lists to safeguard profit margins. The tax credit granted to energy-intensive companies softened the blow of the lost competitive edge. We also clinched below-market prices through astute electricity procurement.
  - The risk of shortages was purged by the Purchases, Sales, Supply Chain and Research & Development departments working closely together.
2. We curbed the effects of **falling demand** in the second half of 2022.
    - We swiftly readjusted our production capacity, bringing outsourced production in-house and cutting back on hours worked (as



little as possible). This allowed us to contain energy consumption and working capital investments, without penalising our employees.

Our performance was utterly satisfactory given the current difficulties and uncertainties. Volumes fell by 8.6%, but turnover grew 18.8%, aided by inflation.

**For the first time in our history our turnover has surpassed €200 million**, with €227 million achieved by the group and €214 million by LATI S.p.A.. Buckled by the pressure of inflation and the

energy crisis, our profitability dropped three percentage points (from 12% to 9%).

However, we still succeeded in generating **EBITDA** (gross operating profit) **of over €20 million**, enough to ensure keep our ambitious investment plan running.

## LETTER TO STAKEHOLDERS

This value is mostly allocated to investments in technology and human capital, as well as fair remuneration and bonuses, as part of our tradition of sharing the value we generate. We stayed close to LATI families over this difficult year, **granting cost-of-living bonuses to combat inflation.**

The **Torbissima Project** to expand the Torba site continued with new enthusiasm. Outgoing logistics was successfully outsourced to make more space for production and to **boost production capacity.** 2023 will be a year of transition when we will lay the foundations for two new lines and also for the construction of **a site for special materials**, thus achieving two goals at once: **productivity** for self-extinguishing materials and **flexibility** for special materials, concurrently offering our customers a better service.

As we write, new challenges are appearing on the horizon:

- **The energy crisis** persists and **remains a problem for Europe.**
- Our **competitive edge** could be **hindered** by non-EU competitors.

- Our **suppliers** are under increasing **pressure**, with a real risk of closures and offshoring. A sustainable and diversified approach to the supply chain will become increasingly strategic.

Our strategic pillars guide us through even the darkest times. We will thus continue our journey with optimism travelling towards our goals of **Repositioning, Industry 4.0, Customer centricity, Sustainability and Global Presence.**

**Sustainability** in particular is an encouraging driver of change and gives us confidence. We are already well on our way towards **decarbonisation.** After slashing emissions by 60%, we are ready for a more challenging goal: helping keep **global warming below 1.5 degrees.**

We have begun **renovating our long-standing head office in Vedano Olona**, which will house our new offices for hybrid working and a new technological R&D hub. The new premises will meet with our environmental and social sustainability goals. They will give the company a contemporary touch respectful of our industrial background, touting **comfort, sustainability and service to the community.**

We would like to thank our stakeholders for their constant trust in us and invite you to continue to accompany and sustain us through our company's journey. Through times of both difficulty and success, we will always continue to pursue our objectives to create economic and social value.

“ UNITED IN HARDSHIP AND SHARING SUCCESS, CREATING OUR FUTURE TOGETHER. ”

## GUIDE TO READING

The report is composed of **four parts**, each divided into corresponding chapters, and an appendix.



The **first chapter** provides an essential description of the organization, its identity, history, and ownership structure.



The **second chapter** outlines the organs, principles, and procedures that the company has established for its proper management.



The **third chapter** details how the organization utilizes financial and non-financial "capitals" (see glossary) to generate value, including the impacts, risks, and opportunities associated with this process, as well as the strategies that enable sustainable and shared value creation.



The **fourth chapter** delves into the specific results achieved, activities, and objectives of the company, as they relate to the ESG dimensions, namely Environmental (E), Social (S), and Governance (G).



The **final chapter** contains the references used for the report, the index of GRI indicators utilized, and a glossary to enhance understanding of certain terminologies used.



# 1 EXECUTIVE SUMMARY

## VISION, MISSION, PURPOSE



We seek to become a **partner of choice** for **safe, durable** and **ethical** solutions that **unleash the potential** of thermoplastic materials in **customer's ideas**.



Our threefold goal is to **preserve our primacy** in flame retardant materials, to **reinforce our reputation** for high-performance solutions and to **achieve leadership** in special compounds.



We constantly strive to generate a **positive impact** on the environment and on society through our **innovative compounds** and to promote the **sustainable use** of plastic. We pursue the **wellbeing of our people** and the **development of the local territory**.

# VISION, MISSION, PURPOSE

## Know-how

We cultivate and apply our know-how to ensure the production and the proper use of plastic materials. We constantly strive to raise awareness among the public and our clients.

## Integrity

Our conduct is based on the principle of legality. All our relationships are built on trust and mutual benefit and reflect a long-term vision of what we want to achieve with our employees, business partners, and clients.

## Environment, Sustainability, and Development

We are committed to preserving the environment through the relentless pursuit of innovative product and process solutions and the promotion of environmental sustainability wherever we operate. Our priority is a qualitative growth, not quantitative.



## Employment and Employability

Creating and maintaining employment is a primary goal for our company. We continuously invest in our people to generate opportunities for personal and professional growth.

## Participation

Internally, we involve our people in strategic and operational decision-making. Externally, we actively participate as partners in our local communities to drive economic and social development and prosperity.

## Well-being

We want our employees to feel involved, stimulated, and respected. We ensure their safety and promote their psycho-physical health.

## OWNERSHIP STRUCTURE AND OPERATIONAL FRAMEWORK



GRI 2-1 Organizational Details

GRI 2-2 Entities included in the organization's sustainability reporting

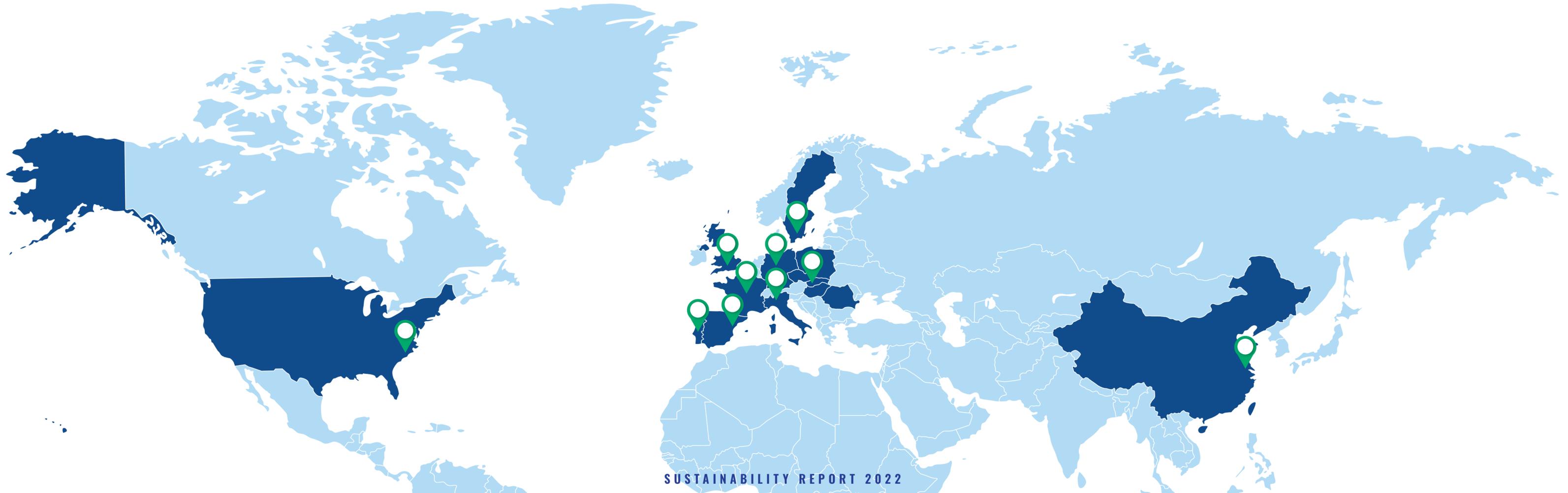
**LATI Industria Termoplastici S.p.A.** (hereinafter referred to as "LATI") has its legal and operational headquarters in **Vedano Olona** (VA), **Italy**, and is 98% owned by the holding company SVI S.p.A., which coordinates services across various companies with the aim of improving the overall efficiency. The remaining 2% of the shares are owned by Carla Conterno, the granddaughter of the founder, Prof. Cosimo Conterno.

LATI carries out its production activities in the facilities located in Vedano Olona and Gornate Olona. The other warehouse owned by the company in Gorla Maggiore was sold in October 2022.

Furthermore, the company has a local unit in **Sweden**, in **Gothenburg**, affiliated with the branch "LATI Sweden Filial"; a local unit in **Germany**, in **Wiesbaden**, affiliated with the branch "LATI Industria Termoplastici S.p.A. - Zweigniederlassung Deutschland"; a local unit in **Slovakia**, in **Nové Mesto nad Váhom**, affiliated

with the branch "LATI Industria Termoplastici S.p.A. - organizačná zložka"; an office in **France**, in **Lyon**, affiliated with the branch "LATI Industria Termoplastici S.p.A. - succursale France"; and an office in **Spain**, in **Barcelona**, affiliated with the branch "LATI Industria Termoplastici S.p.A. - succursal Espana".

Three wholly-owned subsidiaries complete the LATI group: LATI U.K. Ltd. in the **United Kingdom**, LATI U.S.A. Trading, Inc. in **America**, and LATI Shanghai Co. Ltd. in **China**.



# HISTORY

1945

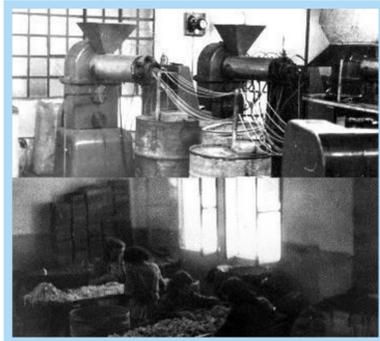
1950 - 1960

1970

1980 - 1990

XXI CENTURY

## Foundation and the beginning



LATI was founded in 1945 by Cosimo Conterno. The company's initial activity was the production of cellulose acetate compounds through the selection and recycling of plastic recovered from war remnants.

## Economic boom and the first successes



Thanks to its relationship with Montedison, the company experienced a real boom in the 1950s and 1960s. In the early 1960s, a complete range of products reinforced with short and long glass fibers was launched.

## Consolidation & internationalization



In the early 1970s, the range of flame retardant (FR) materials was perfected. During this time, the first generational shift occurred. The management of the company was first entrusted to Giovanni, the eldest son of Cosimo, and later to his brother Francesco, who transformed the company into an international entity.

## Focus on high performance & special compounds



At the end of the 1980s, a strategic change took place: the decision to invest in the development of special and high-performance products. During these years, internationalization marked the company's full maturity.

## Sustainability & Industry 4.0

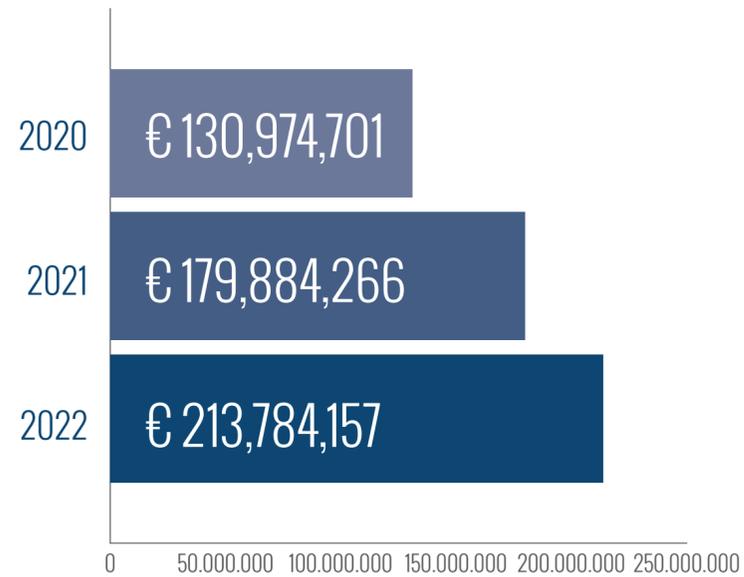


The company continues on the path of internationalization and innovation. Great importance is given to eco-friendly products. A second generational transition takes place: in 2016, Francesco Conterno transfers full managerial powers to his daughter Michela, appointing her as the CEO.

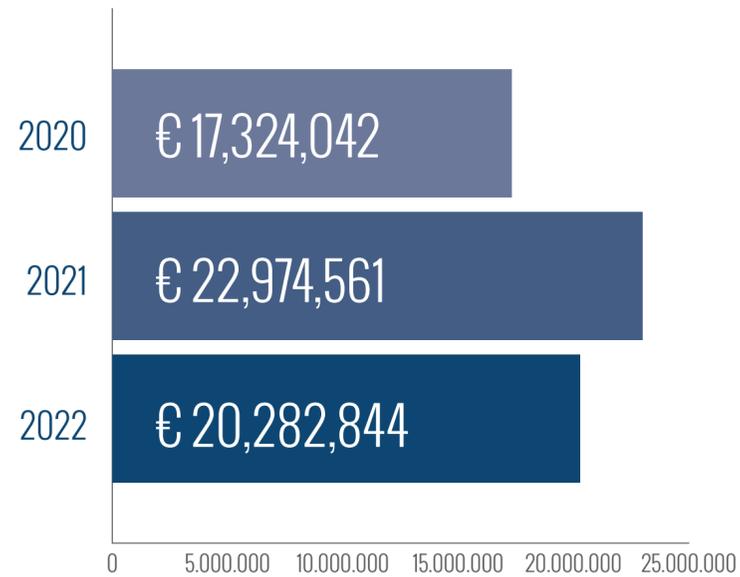
# SUMMARY DATA



## SALES



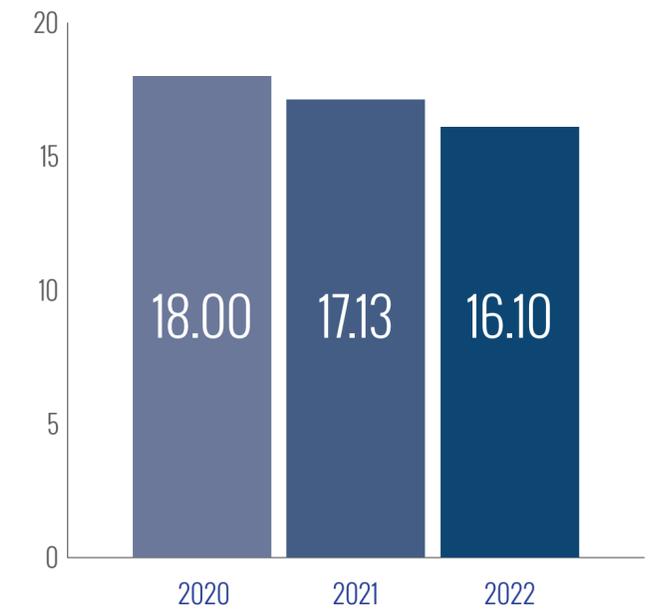
## EBITDA



## EMPLOYEES <sup>(1)</sup>



## LENGTH OF SERVICE



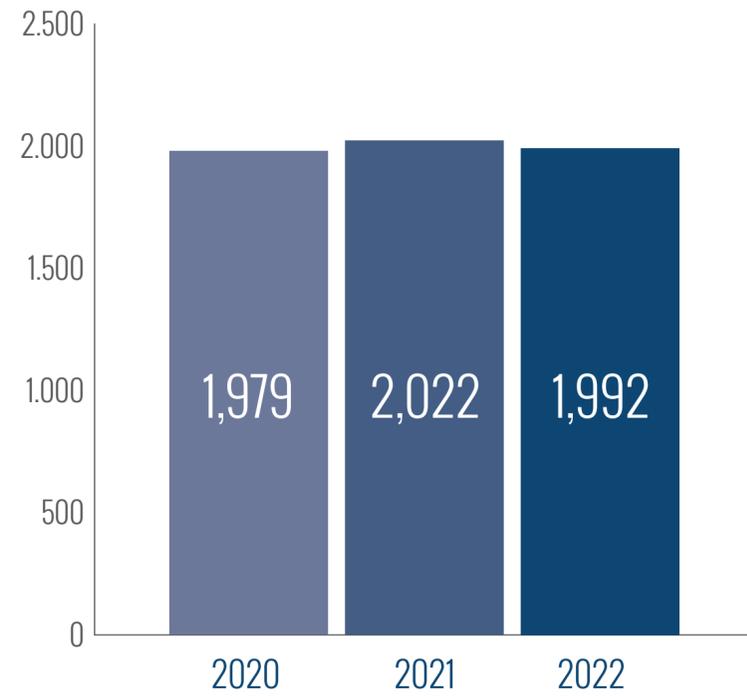
GRI 2-6 Activities, value chain and other business relationships  
GRI 2-7 Employees

(1) The number of employees refers to the reporting perimeter including Lati Italia employees and employees of the Branches.

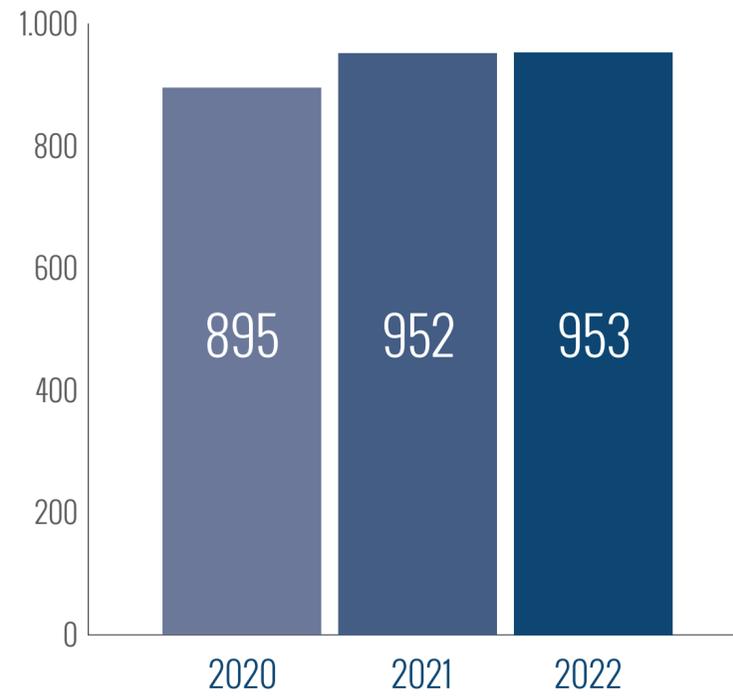
# SUMMARY DATA



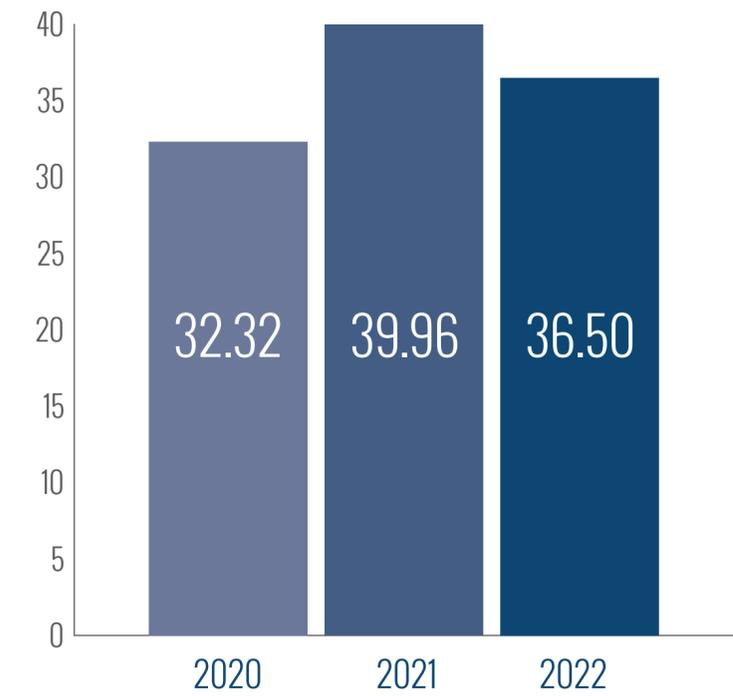
NR OF CLIENTS



UNIQUE PRODUCT CODES ENTERED INTO PRODUCTION ON 2300 ACTIVE FORMULATIONS



MATERIAL SOLD (TONS X 1000)





# 2 CORPORATE GOVERNANCE

## 2.1 OWNERSHIP STRUCTURE

### Board of Directors

The management and control of the company, as well as the definition of guidelines and objectives, are entrusted to the **Board of Directors**, consisting of **nine members**, including the Chairman Francesco Conterno and Managing Directors Michela Conterno and Livia Conterno.

In the selection of board members, LATI pays particular attention not only to professionalism and alignment with company's values but also to diversity and heterogeneity, aiming to ensure the co-existence of different experiences to receive specific contributions in various areas of expertise.

Indeed, the current Board of Directors, in office since April 29, 2021, until the approval of the 2023 Financial Statements, consists of **56% women** and includes a considerable number of specialized and diversified skills, such as digitalization, processes and technologies, sustainability, industrial organization and human capital, administration, taxation and finance, strategy and target market, product innovation, quality and compliance.

Furthermore, there are currently no Independent Directors, and 78% of the members, as reported in the table below, are over 50 years old.

LATI's strategy sees the Board of Directors as an increasingly involved body in the company's life, interacting with top management in business activities through the Business Plan, with the objective of enhancing the company's value.



GRI 2-9 Governance structure and composition  
 GRI 2-10 Nomination and selection of the highest governance body  
 GRI 2-11 Chair of the highest governance body

		Executive	Not executive
Chairman of the board of directors	CONTERNO FRANCESCO Company representative	Hexagon	
Chief Executive Officer	CONTERNO MICHELA Company representative	Hexagon	
Chief Executive Officer for Product Safety	MERCANTE LOREDANA	Hexagon	
Chief Executive Officer for Social Affairs	CONTERNO LIVIA	Hexagon	
Vice President of the Board of Directors	VITANGELI DOMENICO		Hexagon
Counselor	TUCCI ALDO		Hexagon
Counselor	RENAUDIN DOMINIQUE JACQUES MICHEL		Hexagon
Counselor	BOFFI CRISTINA		Hexagon
Counselor	MASSIRONI LAURA		Hexagon

## 2.1 OWNERSHIP STRUCTURE

Furthermore, the individual members of the Board of Directors bring multiple and diversified **skills**, including:

- **Digitalization**
- **Processes and technologies**
- **Sustainability**
- **Industrial organization and human capital**
- **Administration, taxation and finance**
- **Strategy and target market**
- **Product innovation, quality and compliance**

In addition to other important positions held by the members, in 2022 Managing Director Michela Conterno became an independent member of the Board of Directors of LIUC Carlo Cattaneo University and LASI Group. Furthermore, board member Laura Massironi serves as managing partner and CEO of NEXTEA-Altea Federation.

The **remuneration** of the Board of Directors members reflects the level of responsibility and workload of each individual director. The following members receive compensation in decreasing order: Chairman (Francesco Conterno), Managing Director (Michela

Conterno), Managing Director for Social Affairs (Livia Conterno), and Managing Director for Product Safety (PSB) (Loredana Mercante). Other board members contribute exclusively during meetings and receive an attendance fee.

As proof of the importance LATI places on **establishing trusted relationships**, the Board of Directors is composed entirely of individuals who are deeply tied to the Company, such as family members, long-time employees, or consultants.

While there is a strong mixture between LATI and its directors, this circumstance has never created conflicts of interest as there have been no transactions with related parties (i.e., close relatives of directors and top managers).

Nonetheless, LATI has established specific procedures if such a situation arises. Business relationships with related parties are not prohibited in principle; yet they require a more **careful evaluation of the supplier**, comparing it with at least two alternative offers. The proposal must always be reasonable and guarantee ordinary market conditions.



- GRI 2-9 Governance structure and composition
- GRI 2-10 Nomination and selection of the highest governance body
- GRI 2-11 Chair of the highest governance body



## 2.1 OWNERSHIP STRUCTURE

### The Board of Statutory Auditors

The **Board of Statutory Auditors**, elected in 2021 for a **three-year term**, represents the **supervisory body** and is tasked with overseeing the activities of the administrators by ensuring that the management and administration of the company comply with the law and the articles of association.

Since 2021, it is composed of **experienced and highly reputable professionals** who hold positions in other organizations, bringing an external perspective and promoting constructive dialogue.

### Shareholders' Meeting

Lastly, it is the responsibility of the **Shareholders' Meeting** to deliberate in ordinary or extraordinary sessions on matters such as the appointment and removal of members of the Board of Directors and the Board of Statutory Auditors, as well as their compensation and responsibilities. The Shareholders' Meeting also approves the financial statements and determines the allocation of profits.



Chairman of the Board of Statutory Auditors DE MICHELI SONIA

Auditor PUGLIESE SONIA

Auditor BRUNO MARIA VITTORIA

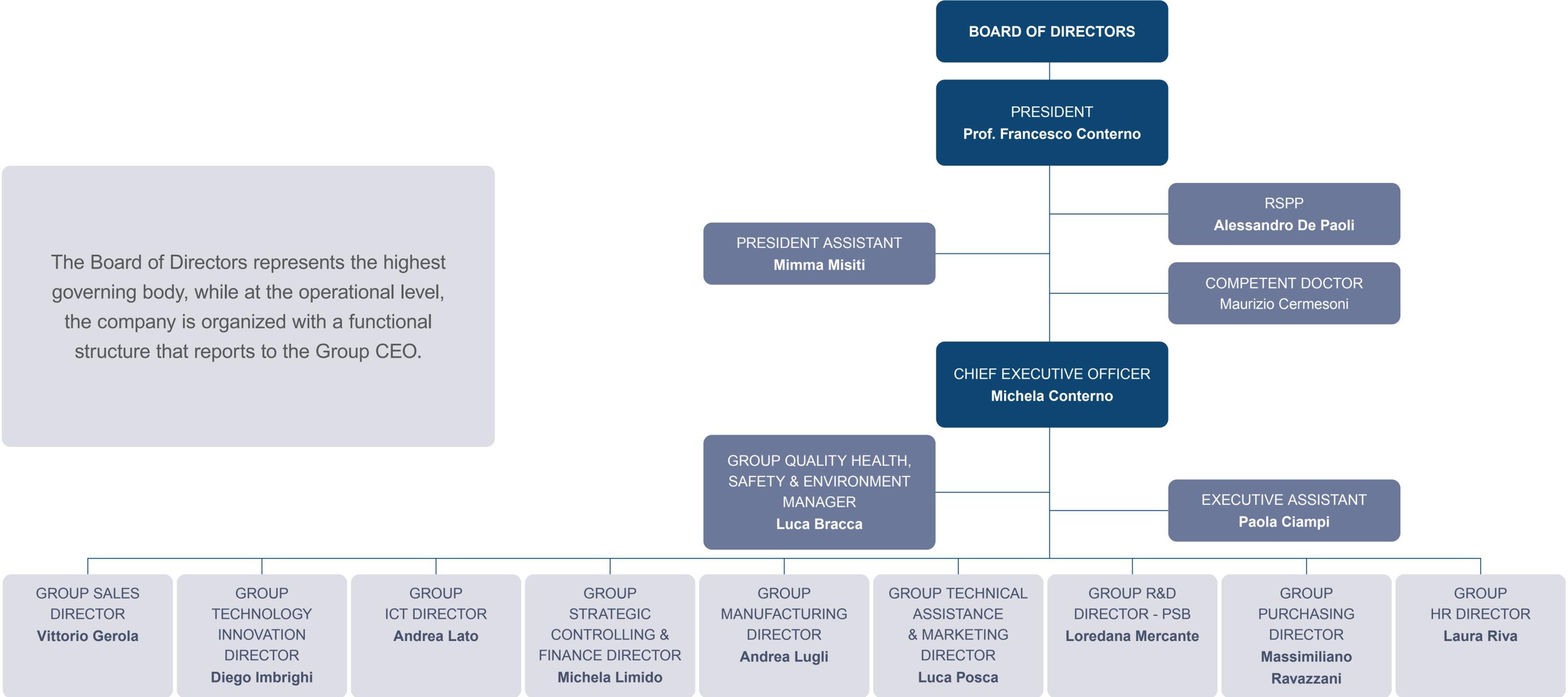
Substitute auditor MOLEA SONIA

Substitute auditor PIRETTI SARAH

## 2.1 OWNERSHIP STRUCTURE

GRI 2-9 Governance structure and composition  
GRI 2-11 Chair of the highest governance body

The Board of Directors represents the highest governing body, while at the operational level, the company is organized with a functional structure that reports to the Group CEO.



## 2.2 IMPACT MANAGEMENT

The Board of Directors and executives of the Company are involved in the approval and update of sustainability strategies, policies and objectives.

Additionally, the highest governing body **approves the Sustainability Report and the corresponding materiality analysis on an annual basis through a dedicated meeting.**

The materiality analysis refers to the process of determining and evaluating the current and potential impacts of material issues on the economy, environment and people, including human rights.

Since LATI became a Benefit Company in July 2022, the Board of Directors, in addition to internally appointing the **Impact Officer**, evaluates and approves the Impact Report. This report is used to monitor the objectives of common benefit.

As required by the Benefit Company regulations and the Company's by-law, the Board of Directors has the task of **balancing the interests of shareholders**, i.e., profit objectives, **with the goals of common benefit and the interests of stakeholders.**

The Impact Officer supports the Board of Directors in pursuing the goals of common benefit and in the decision-making process by coordinating and monitoring impact management and reporting activities.



GRI 2-12 Role of the highest governance body in overseeing the management of impacts

GRI 2-13 Delegation of responsibility for managing impacts

GRI 2-14 Role of the highest governance body in sustainability reporting

The Impact Manager, as defined by Law 208/2015, is responsible for:

- 1) **Involving** all company functions in the implementation of the common benefit plan.
- 2) **Supporting** administrators by providing data and information on the socio-economic context in which the company operates.
- 3) **Promoting** transparency of impact results through the publication of the Impact Report on the website and any other appropriate communication channels.

## 2.3 REPORTING CRITICAL ISSUES

Any critical issues are reported to the Board of Directors by the Impact Manager or by the Company executives during the regular monthly meetings.

In 2022, no critical issues were identified and reported to the highest governing body.



GRI 2-16 Communication of critical concerns

## 2.4 CODE OF ETHICS

As evidence of the importance of social responsibility in conducting its business activities and the commitment to respecting the legitimate interests of its stakeholders and the community, LATI has clearly defined in its corporate **Code of Ethics** the ethical principles it adheres to and requests compliance with:

**Legality**

**Honesty and impartiality**

**Respect for the environment and people**

**Transparency**

The Code of Ethics is a fundamental element of the company's culture, and LATI requires its acknowledgment and compliance not only by its employees but also by all suppliers and businesses collaborating with the company.

### 2.3.1 LEGALITY AND THE FIGHT AGAINST CORRUPTION COMPLIANCE WITH LAWS AND REGULATIONS

No reports were received by the Supervisory Body throughout 2022.

Additionally, during the year, 5 out of the 11 business activities identified within the Model 231 as "at risk" were assessed and no

In order to ensure compliance with laws and regulations guiding the company's activities, in 2019, LATI voluntarily implemented its own **Model of Organization, Management, and Control**, in accordance with **Legislative Decree No. 231 of June 8, 2001**. This decree introduced into Italian law the system of administrative liability for institutions (primarily referring to criminal liability).

Through this model, LATI has established the **Supervisory Body**, which is responsible for overseeing the functioning, compliance and updating of the behavioral model by promoting awareness within the company and the highest governing body.

instances of corruption, anticompetitive behavior, legal actions, or significant non-compliance with social and economic regulations were identified.

**Furthermore, every employee can anonymously report any deviations and violations, even suspected ones, of the Code of Ethics and the Model 231 to the Supervisory Body (Whistleblowing Procedure).**

The Code of Ethics and the Model also contain **the principles and values** that LATI adheres to regarding anti-corruption with specific provisions to ensure compliance with applicable laws.



The entire Code of Ethics and the Model of Organization and Management 231 can be downloaded from the website: <https://www.lati.com/it/about-lati/codice-etico/>



- GRI 2-23 Policy commitments
- GRI 2-26 Mechanisms for seeking advice and raising concerns
- GRI 205-1 Operations assessed for risks related to corruption



- GRI 205-1 Operations assessed for risks related to corruption
- GRI 205-3 Confirmed incidents of corruption and actions taken
- GRI 2-27 Compliance with laws and regulations

## 2.5 QHSE POLICY AND INTEGRATED MANAGEMENT SYSTEMS

Since 2020, LATI has implemented an **Integrated Quality, Environment, Health and Safety Management System that is certified and compliant with the following standards: ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018.**

Through the **Quality, Environment, Health and Safety (QHSE) Policy**, LATI is committed to continuously improving its **ability to integrate ESG (Environmental, Social, Governance) aspects into its business operations** by implementing innovative organizational and management processes and involving all Company's levels.

LATI evaluates and updates **business risks integrated with the most relevant social and environmental aspects** for the operating context, in accordance with Management Systems standards.



### GRI 2-25 Processes to remediate negative impacts

All Management Systems manage negative impacts in accordance with the provisions of the integrated procedure dedicated to complaints and non-conformities. For each impact area, all relevant stakeholders are involved in the design, review, operation, and improvement of the procedures.

The analysis of risks and opportunities, sustainable management of the business and its value chain, digitalization and transition to Industry 4.0 enable the company to mitigate potential negative impacts and expand positive ones.

Within the QHSE risk analysis, LATI pays particular attention to **environmental factors**, including:

- **Reducing** the impact of its products
- **Strengthening** circularity policies
- **Recovering** production waste and process waste.
- **Increase in production** from renewable energy sources and related self-consumption
- **Mitigation of environmental impacts** to which production plants may be subject

From the point of view of social impacts, the Company considers the health and safety aspects of its people at the center of the risk analysis:

- **Evaluation** and improvement of workplaces also from a 4.0 perspective

- **Reduction of direct exposure to chemical risk**

The particular attention to the supply chain related to the needs of LATI's customers allows the Company to continue being dynamic and flexible and to mitigate the risks of discontinuity of the business activity and consequent dissatisfaction of its customers.

### Industry 4.0 and Safety

The high level of automation of the new machinery for weighing additives and dyes, introduced in 2022 in the preparation and mixing department, has allowed LATI to minimize the chemical risk to which individuals are exposed. It prevents the dispersion of dust and limits spills into the environment.

## 2.6 CERTIFICATES

**LATI is certified according to ISO 9001, 14001, and 45001 standards.**

Additionally, it holds over 150 UL approvals, grades certified according to EN 45545 standard, VDE certified compounds, materials certified for food safety (NFS/ANSI 51), and materials suitable for transporting potable water, according to NSF 61, ACS, WRAS, W270, and KTW standards.



### UL Yellow cards

List of materials with UL certifications and their performances



### VDE certification

List of materials with VDE certifications and their performances



GRI 2-27 Compliance with laws and regulations



### Contact with food

List of materials with food contact certification



### Clean water

List of certificated materials for clean water transportation

## 2.7 MEMBERSHIP IN ASSOCIATIONS

As per GRI guidelines, only national or **international associations and advocacy organizations** in which LATI participates with a significant role are reported.



GRI 2-28 Membership associations



# 3 THE BUSINESS MODEL

## 3.1 DESCRIPTION OF THE EXTERNAL CONTEST

LATI is an independent Italian company and a European leader in the production of technical thermoplastic compounds for injection molding.

Its flagship products include self-extinguishing grades, mainly for the E&E (Electrical and Electronics) market, and high-tech materials for special applications with high added value, targeting various industrial sectors.

LATI faces competition from both **similar companies** in terms of structure, products and size, as well as from **large, vertically integrated international groups** that can also produce the raw materials, which are sometimes sold to LATI, putting them in a supplier/competitor position.

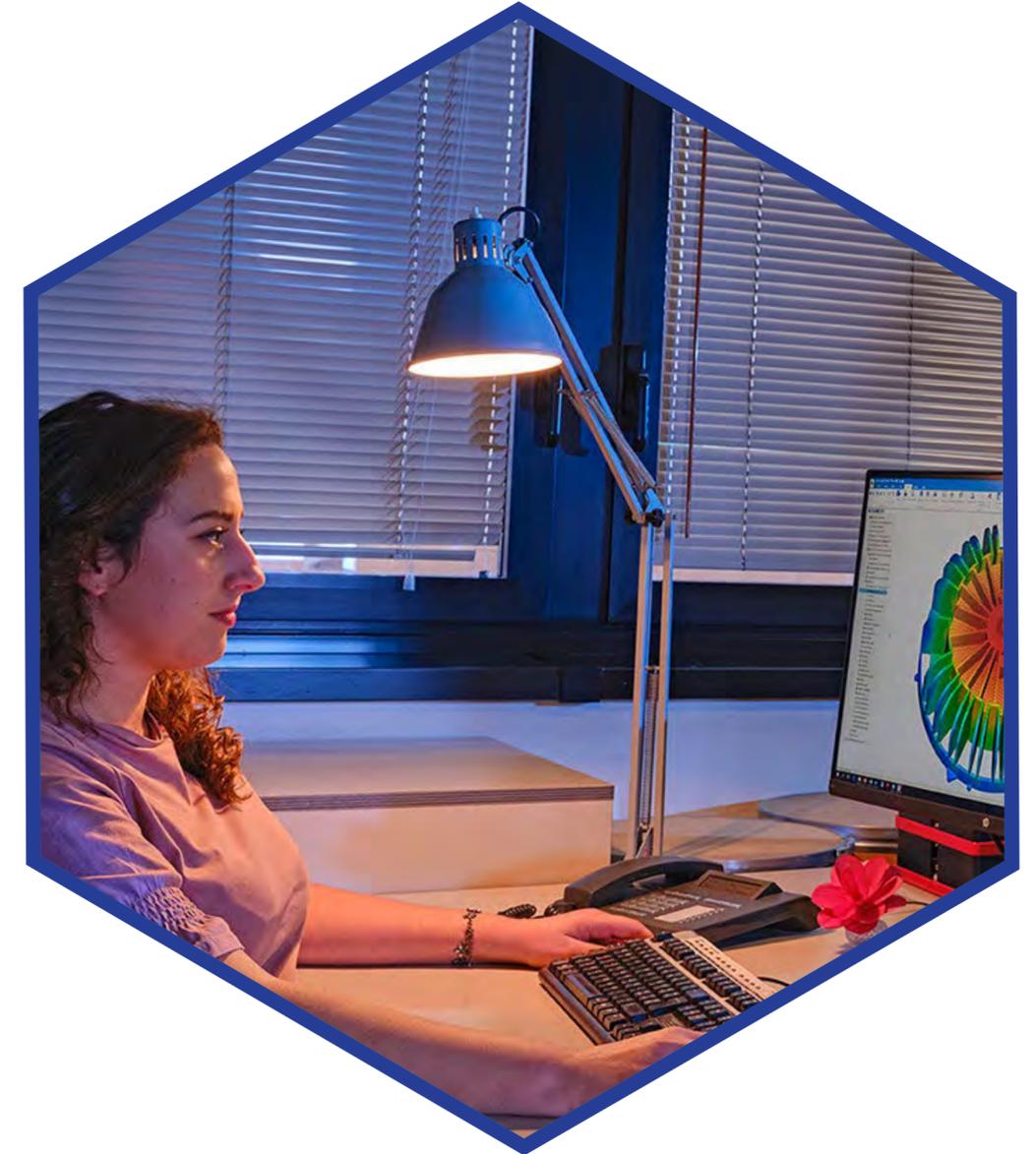
LATI has a solid presence in the Italian market and a significant presence in Europe, far less within the international context..

The competition from similar companies is fierce, with competitive products accompanied by competitive prices, thanks to lower structural costs, market agility and supply chain responsiveness in terms of lead time.

The large groups are competitive in raw material production and enjoy extensive market presence, supported by their authority, R&D focus on products and applications and extraordinary bargaining power both with compounders and end-users.

**New competitors** are emerging, especially from China and the Far East, with competitive products, lower costs and a stronger presence in the typical industrial sectors of LATI applications (especially automotive and E&E). LATI has a strong relationship with its customers, especially in the **Italian market, thanks to its extensive technical and logistical support**. In Europe, good relationships are maintained with some key accounts, but there is difficulty in competing against local manufacturers, especially in the German-speaking market. LATI aims to grow and develop in global contexts in which it is currently investing in new partnerships: China, India and the USA.

LATI's bargaining power with its customers is strengthened by the **quality of its products and services** but shrinks in front of big groups able to dictate the rules of the game by obtaining better prices and competitive advantages through the strength of their negotiations.



## 3.1 DESCRIPTION OF THE EXTERNAL CONTEST

From a commercial standpoint, the ability to create value lies in **product innovation, attention to market developments** and the **establishment of strong relationships** with new customers, as well as the **loyalty of the existing ones**.

Product and process updates and innovations are driven by the R&D's technical expertise, industrialization and support for end-user application development. Market monitoring is achieved through marketing intelligence capabilities and sales force strength.

**Geopolitical uncertainty, high energy prices, labor policies** and **supply difficulties** are factors that reduce the competitiveness of the Italian industry in general, even compared to other European countries. The Italian industry can only survive by consolidating its position within the German market, which is the primary export destination not only for LATI. Uncertainty, mistrust and inflation immediately reflect in the decline in demand, especially for durable goods (appliances, household goods, and automotive), which are the primary target markets.

Establishing a **company-employee-territory relationship** aimed at protecting the interests and well-being of all parties involved leads to a better approach to work and the presence of the industry.



The introduction of **100% smart working, maximum operational flexibility** and robust **corporate welfare** options have proven to be a concrete and prominent competitive advantage for LATI, making it an attractive employment option even in the long term. The **company's good financial health** results in greater employee loyalty, further supported by the evidence of massive investments that the company is making in the territory to promote local and quality employment.

In the sector where LATI operates, one factor impacting the ability to create genuine value is the greenwashing phenomenon, which risks compromising the credibility of operators. Clearer intervention from regulatory bodies would be opportune. These bodies play an important role in the **regulatory aspects** necessary for the compliant conduct of production activities but could hamper the competitiveness of certain market players, such as LATI, especially in large procurement contracts, where larger competitors effectively define the requirements. This phenomenon is present in both the E&E field (UL) and the automotive field (IAT), as well as in sustainability (ISCC), regulatory (Turkish REACH), and food and water areas.

## 3.2 THE COMPANY'S OFFER

### 3.2.1 PRODUCTS

LATI produces thermoplastic compounds, obtained by blending polymers with different types of **functional additives, fillers, reinforcing agents,** and **pigments,** which, once incorporated, give the material very different performance characteristics compared to the original polymer.

These materials, in the form of pellets, serve as raw materials to produce countless objects, components, and pieces of highly complex and demanding structures.

LATI's portfolio includes a **wide variety of materials** that can meet diverse and technologically advanced engineering needs and functionalities, allowing for their use in **heterogeneous applications.**

LATI has a strong position in **self-extinguishing materials** for the electrical and household appliance sectors in the European market.

Alongside the continuous focus on its core business and leveraging its distinctive expertise, LATI has been committed for years to **expanding its portfolio with products of increasing added value,** in line with the objective of contributing to a development model that emphasizes the "decoupling" between value and volume.

Our special compounds, whether they are self-lubricating, thermally or electrically conductive, detectable or for 3D printing, have the characteristic of fitting into increasingly diverse market niches: from automotive to design, from food to machinery, from coffee machines to medical applications.



HIGH PERFORMANCE



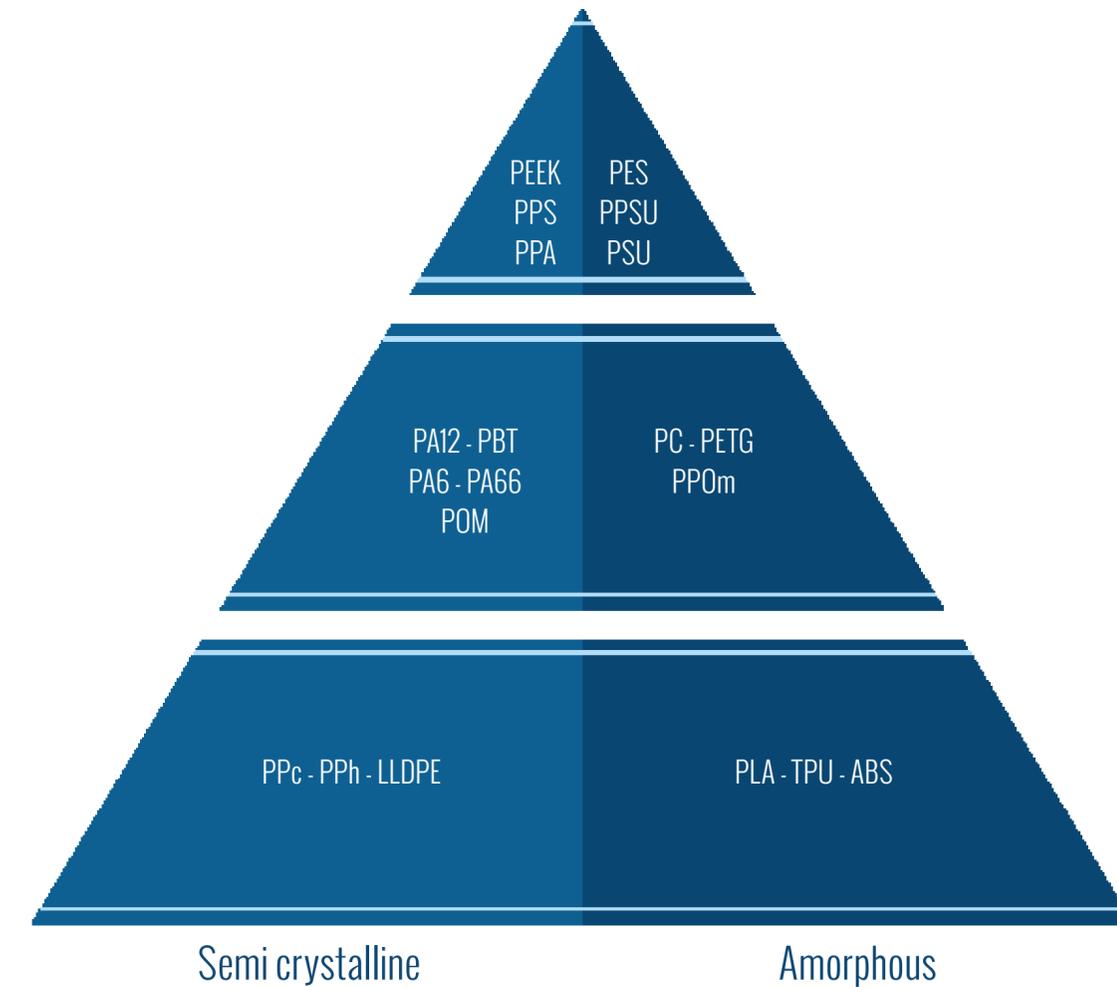
ENGINEERING



COMMODITIES

€ GRI 2-6 Activities, value chain and other business relationships

### THE RANGE OF BASE POLYMERS, FROM PP TO PEEK



### THERMOPLASTIC POLYMERS

# THE RANGE OF LATI FINISHED PRODUCTS

## Engineering

Filled and reinforced compounds, the simplest solution for the most varied applications

## Structural

High glass fibre and carbon content for metal replacement applications: robust and resistant

## Self-extinguishing

Certified flame-retardant compounds for multiple application sectors

## Self-lubricating

Formulas that reduce friction and wear without external lubrication

## Electrically conductive

Antistatic, dissipative, electromagnetic radiation shielding compounds

## Thermally conductive

Effective and efficient in conveying heat without using metals

## High temperature

Compounds for safe use even at temperatures higher than 150°C

## Magnetically detectable

Detectable materials for injection moulding, ideal for the food industry

## Radio opaque

X-ray opaque and shielding, lead-free compounds

## Density-controlled

Super-light free from expanding agents or with elevated specific weight

## 3D printing

Designed for the production of special yarns

## Green and sustainable

Sustainable, renewable, low environmental impact

## 3.2 THE COMPANY'S OFFER

### 3.2.1 SERVICES

LATI can support its customers from the early stages of **design**, assisting in the selection of the most suitable materials or in the creation of a new product, offering adequate assistance in all stages of product use for the final intended purpose. In many cases, the company commits to providing **tailor-made products** to meet specific customer needs. Each formulation is optimized to provide the most suitable response to the anticipated application requirements, even if the requested formulation significantly differs from those already available.

LATI also offers its customers the opportunity to verify the validity of projects by **FEM computer simulations**. These simulations not only optimize the thermal and mechanical performance of the manufactured goods, by directly intervening in the formulation of the technical compounds used for production, but also correct the mold before it is built or solve molding and deformation problems.

LATI also aims to support its customers during the **"use" phase**

**of the product** by aiding in molding, when necessary, through experienced molding technicians with thirty years of expertise in the field of injection molding, presses and molds, not just to solve problems and optimize productivity and quality but also to initiate production processes and correctly interpret the peculiarities of the most sophisticated compounds.

The company offers detailed support to its customers in **managing regulatory issues** by providing all the necessary documentation for each product. Additionally, when needed, LATI directly accompanies customers in the certification process of materials at internationally accredited laboratories and institutions. LATI issues internal certifications of compliance with the laws applicable in all markets.

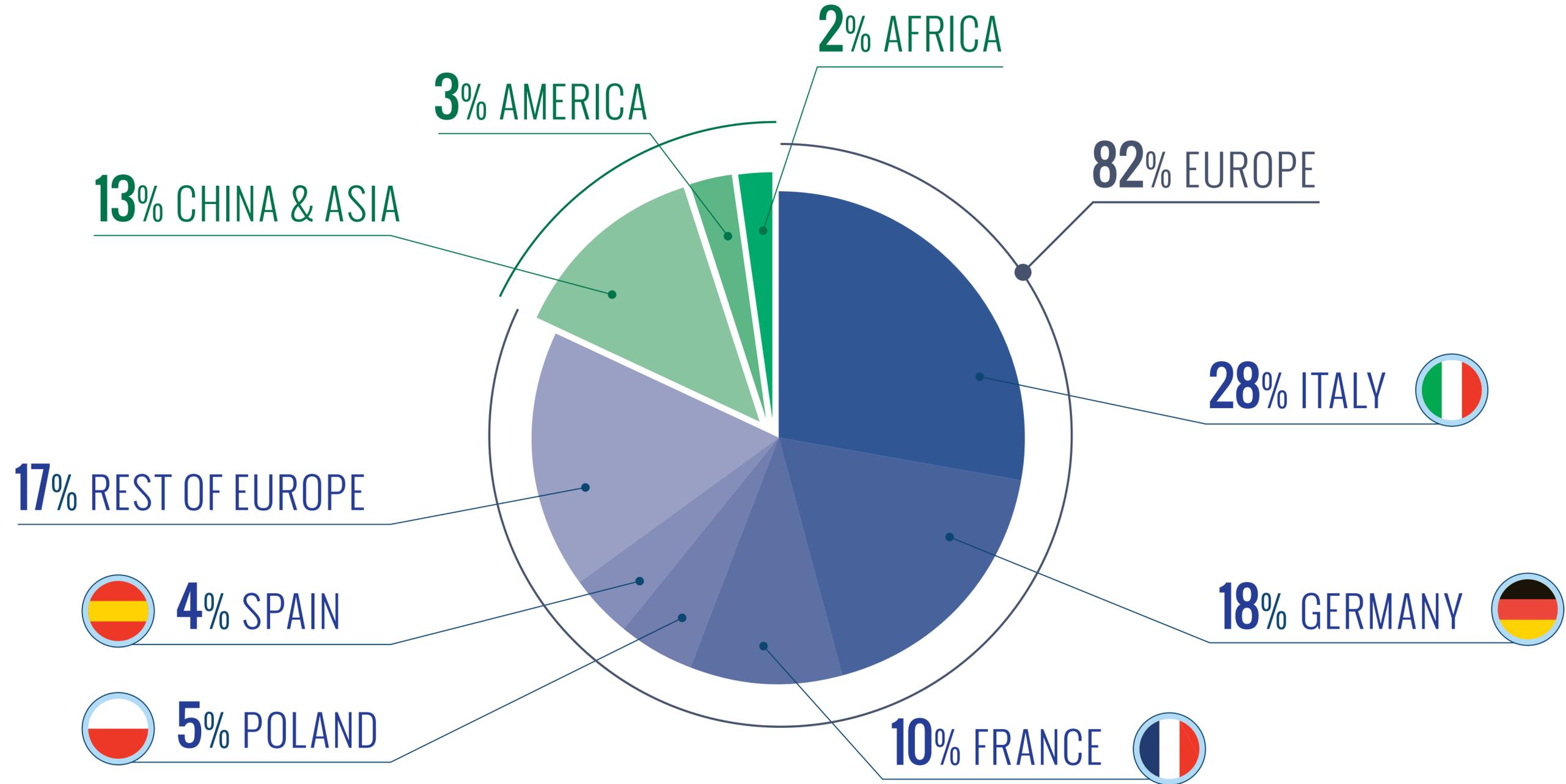
LATI protects its customers in all phases of their relationship.

The company conducts a **thorough evaluation of its products' safety** - 100% of the products in its portfolio undergo to this assessment. At the same time, LATI is committed to **safeguarding the privacy of its customers** and provides specific information in accordance with applicable regulations.

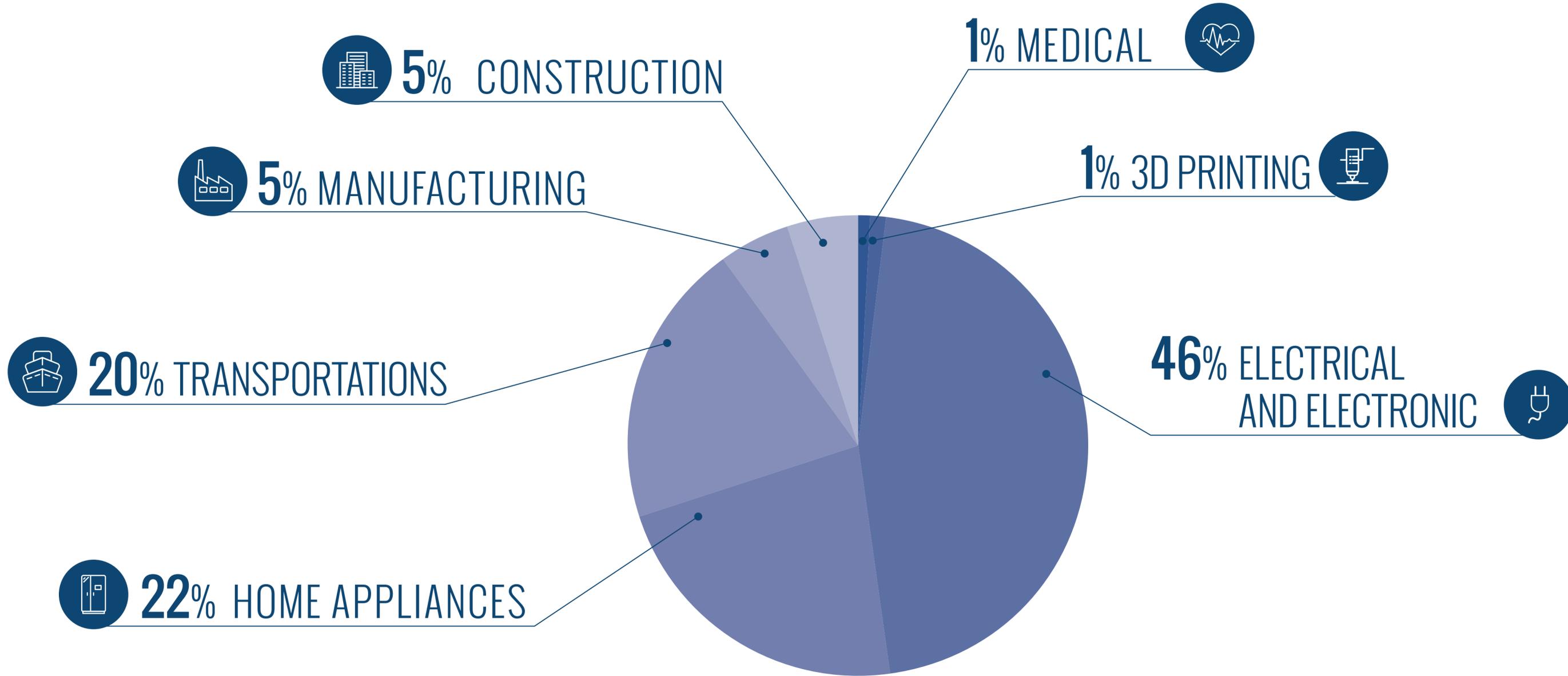
To ensure the quality of its products, the company has a **labelling system** for controlling the supply of components of products, their content and specifically the potential presence of substances with negative environmental or social impacts. The system also addresses product disposal methods and their environmental or social impacts. LATI's attention to these issues has always enabled the company to operate in compliance with regulations and internal procedures.

Finally, through specific **training programs** organized by qualified personnel, LATI offers useful knowledge to employees and interested customers regarding the characteristics of thermoplastic compounds. The objective is to disseminate knowledge on the topic and raise awareness among stakeholders about a new, more sustainable, durable and safer plastic.

# MARKETS SERVED



## INDUSTRIES SERVED



## THE COMPANY'S OFFER

### 3.2.2 SUPPLY CHAIN

LATI operates with a global supply chain, preferring local suppliers whenever possible.

In doing so, LATI is committed to reducing the distance of its value chain to prevent potential social and environmental impacts and to contribute to local economic development by generating value in the regions where it operates.

The difficulty in finding materials and its necessary technical requirements impose strict constraints on the ability to select **raw material suppliers** and the ability to purchase materials locally.

Therefore, the percentage of local suppliers of raw materials is 51% of the total number of suppliers, for a total value of **41%**

On the other hand, the context is different for **suppliers of goods and services**, as they are not affected by the aforementioned constraints.

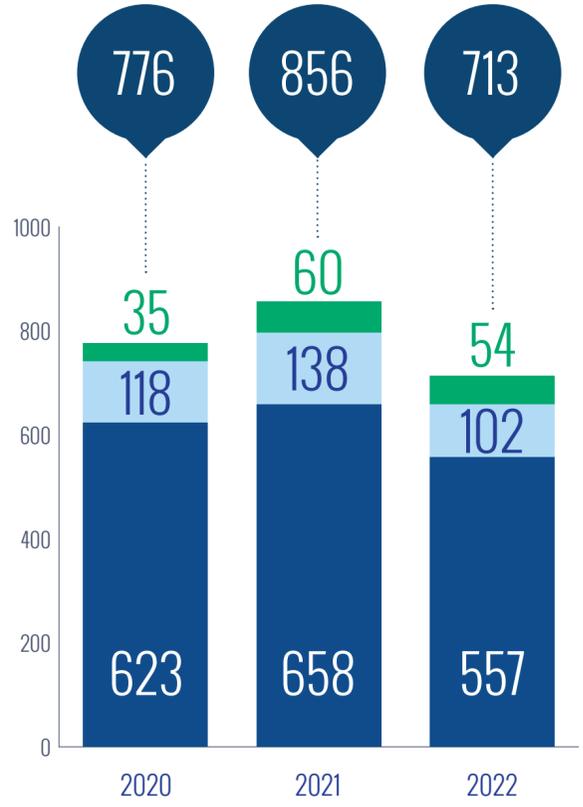
LATI's approach has allowed for the consolidation of long-standing relationships with suppliers of goods and services operating in Italy, accounting for 89% of suppliers in this category of purchases, representing a total of **95%** of the value of all goods and services purchased by LATI.

**713**  
SUPPLIERS

**166**  
ML/€

**90%**  
FOR PURCHASES  
OF RAW MATERIALS

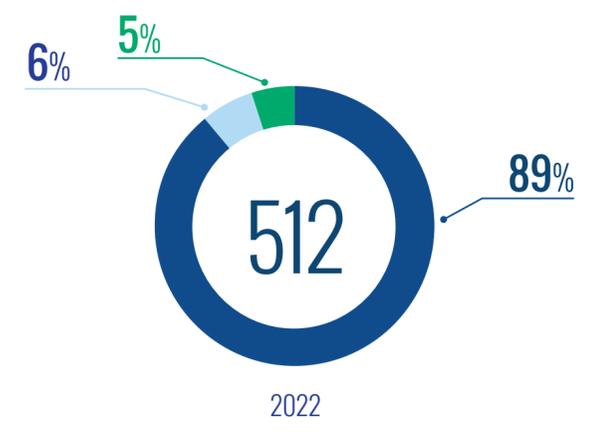
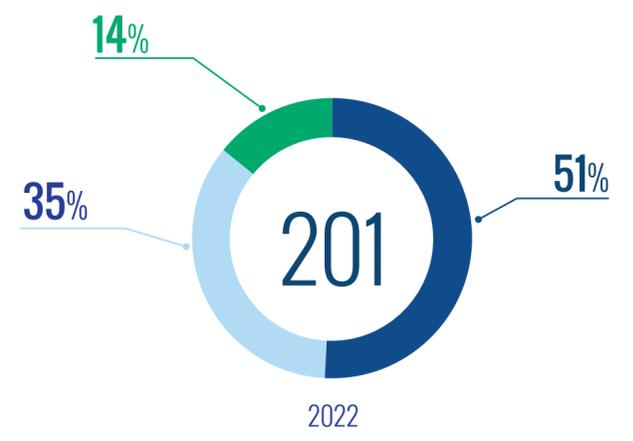
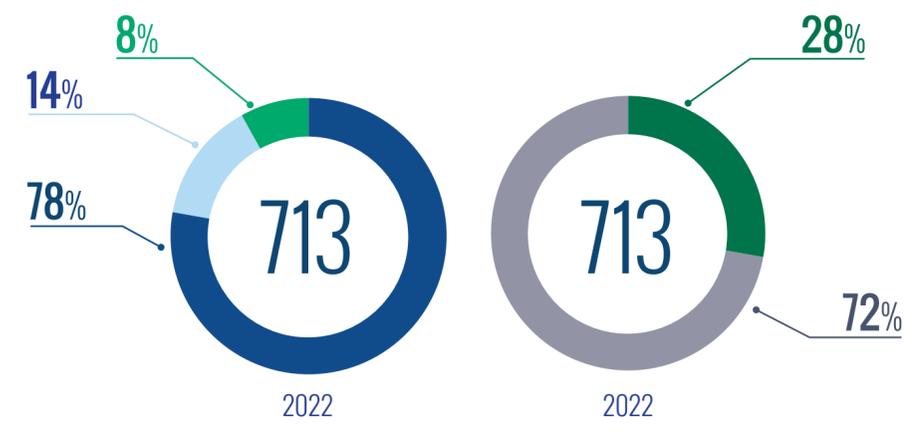
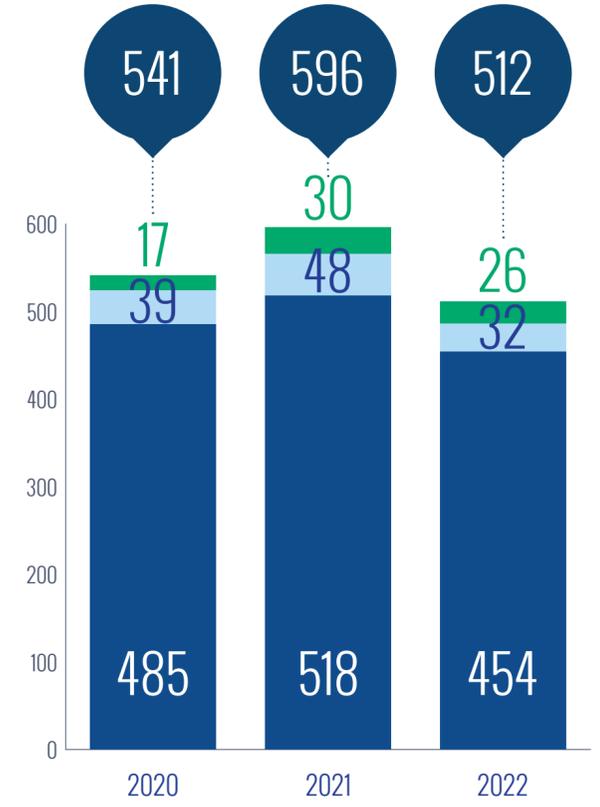
**TOTAL SUPPLIERS**



**RAW MATERIALS SUPPLIERS**



**INDIRECT GOODS AND SERVICES SUPPLIERS**



● 78% ITALY ● 14% FOREIGN - UE ● 8% FOREIGN - EXTRA UE  
 ● 28% RAW MATERIALS ● 72% INDIRECT GOODS AD SERVICES

● 51% ITALY ● 35% FOREIGN - UE ● 14% FOREIGN - EXTRA UE

● 89% ITALY ● 6% FOREIGN - UE ● 5% FOREIGN - EXTRA UE

## 3.2 THE COMPANY'S OFFER

### 3.2.3 SUPPLY CHAIN

LATI selects its suppliers based on **impartiality and fairness criteria**, following transparent procedures and avoiding situations of actual or potential conflicts of interest.

The Company **qualifies 100% of the vendors with whom it begins a purchasing relationship for the first time**. In 2022, there were 35 new suppliers of raw materials evaluated through the Preliminary Vendor Evaluation form.

**The environmental and social criteria** used by the company to assess suppliers and assign scores are based on compliance with **Quality Management Systems** (UNI EN ISO 9001:2015), **Environment** (UNI EN ISO 14001:2015), and **Health and Safety** (ISO 45001:2018).

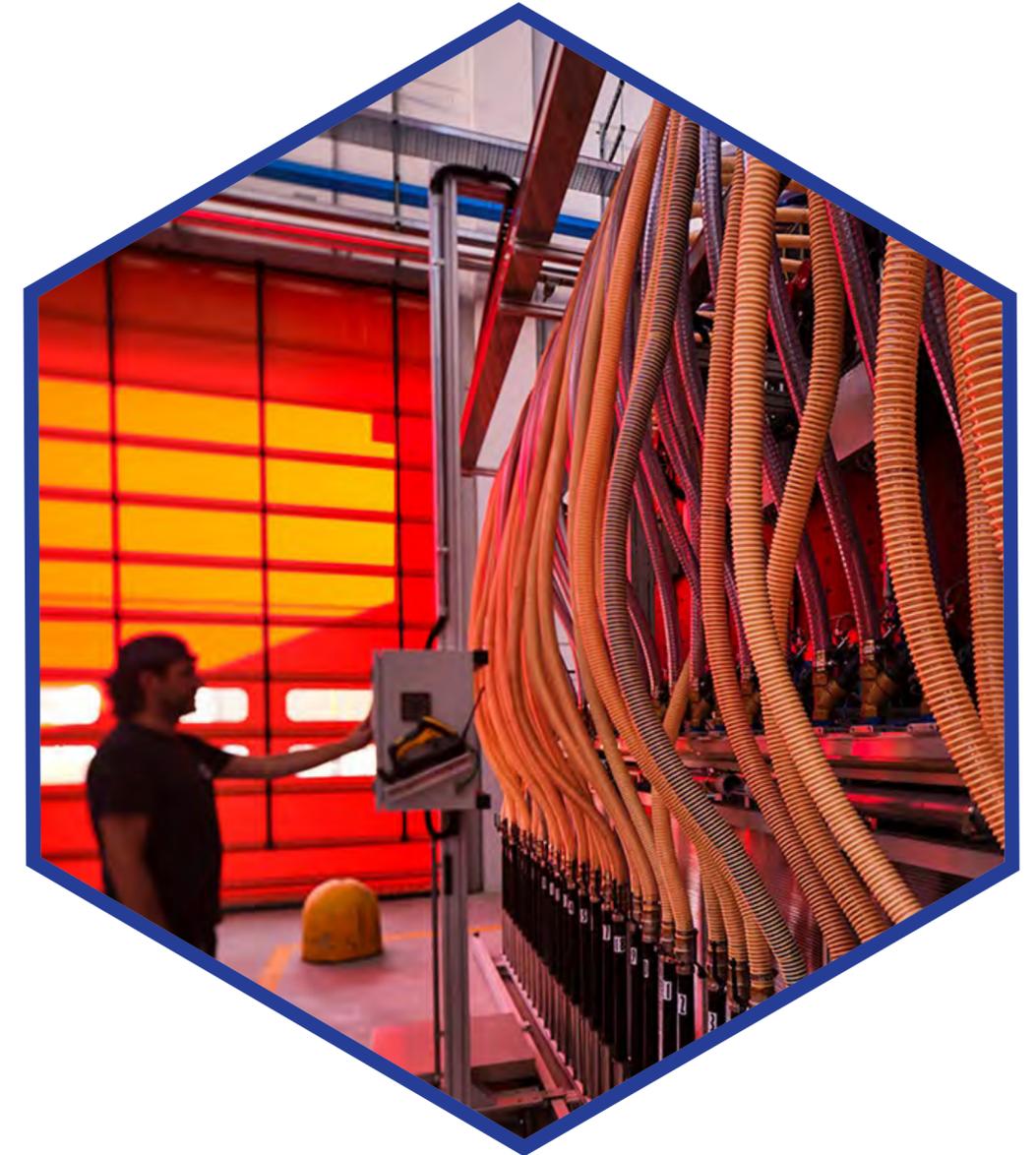
In 2022, the results of the evaluation analysis of raw material suppliers highlighted that:

- **49%** have the **certification for Environmental Management System** UNI EN ISO 14001:2015.
- **22%** have a **certified Health and Safety Management System** according to ISO 45001:2018.

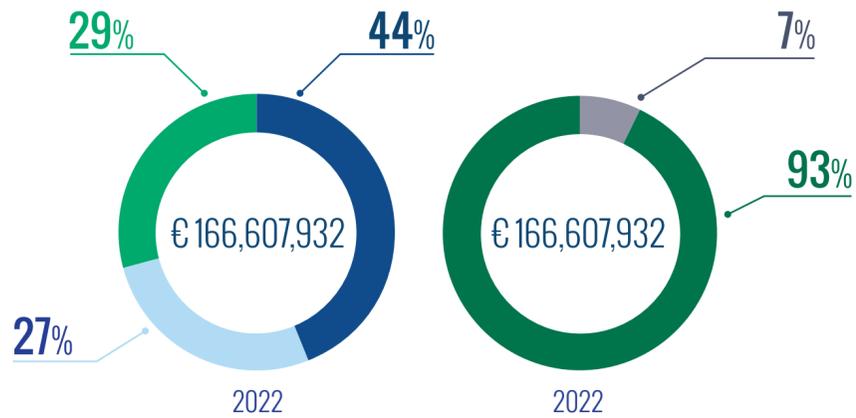
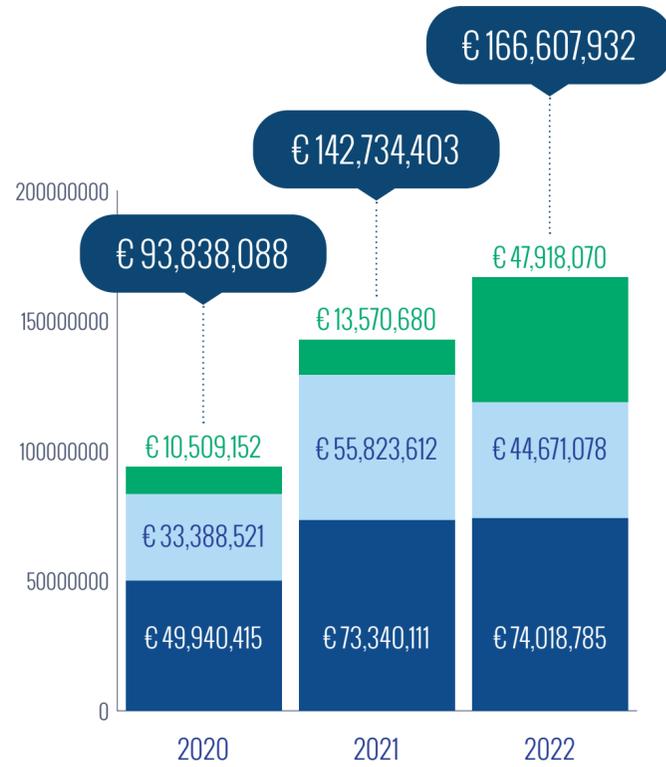
By sharing the Supplier Quality Manual, LATI aims to coordinate collaboration with its suppliers in order to establish and maintain long-term relations and to ensure an ongoing alignment of expectations and transparency.

By doing so, LATI has been able to build **long-lasting relationships with its suppliers**, particularly with the strategic ones, with partnerships that have lasted approximately 20 years.

€ GRI 308-1 New suppliers that were screened using environmental criteria  
GRI 414-1 New suppliers that were screened using social criteria

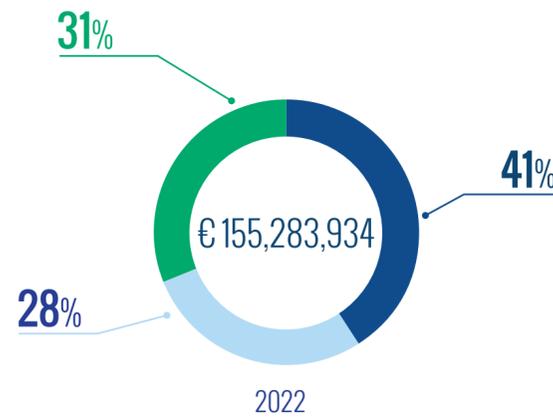
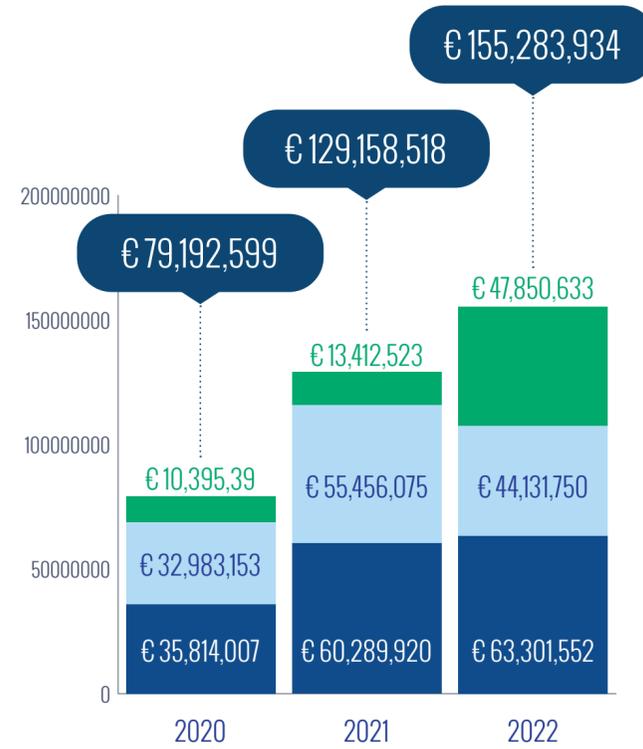


### TOTAL SUPPLIERS



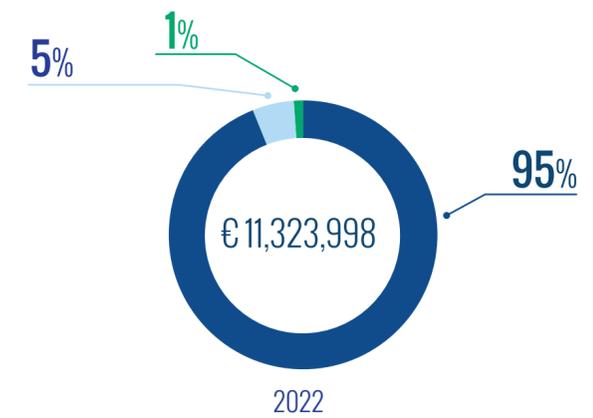
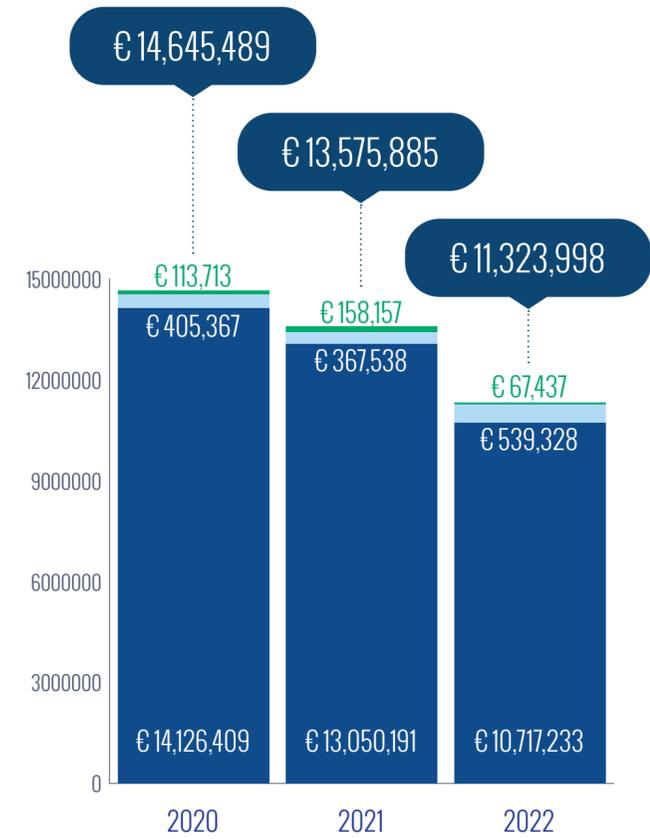
● 44% ITALY ● 27% FOREIGN - UE ● 29% FOREIGN - EXTRA UE  
● 93% RAW MATERIALS ● 7% INDIRECT GOODS AND SERVICES

### TOTAL RAW MATERIALS SUPPLIERS



● 41% ITALY ● 28% FOREIGN - UE ● 31% FOREIGN - EXTRA UE

### TOTAL GOODS AND SERVICES SUPPLIERS



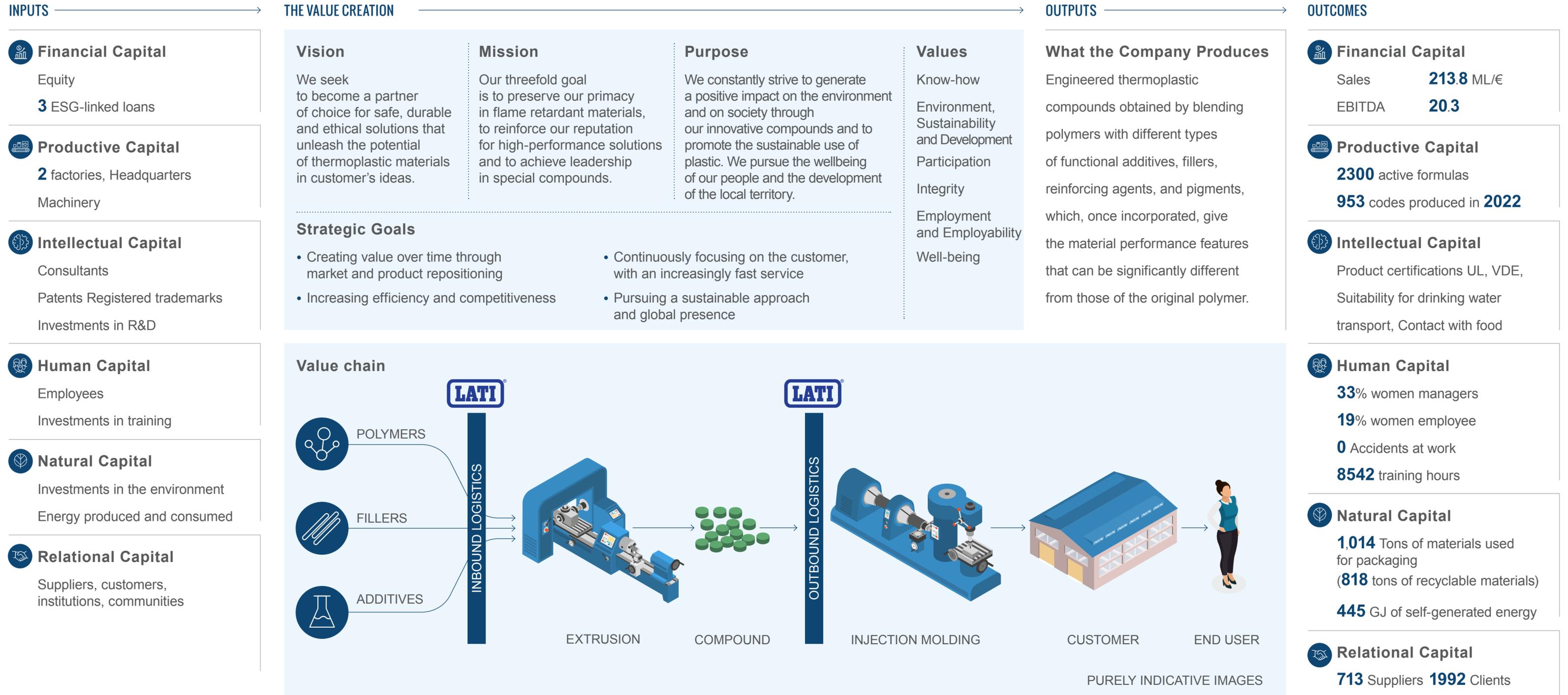
● 95% ITALY ● 5% FOREIGN - UE ● 1% FOREIGN - EXTRA UE

€ GRI 204-1 Proportion of spending on local suppliers <sup>(2)</sup>

(2) For local suppliers, we refer to suppliers with operational headquarters in Italy. In relation to the company's business, significant locations are those where productive activities are present.

# SHARED VALUE CREATION

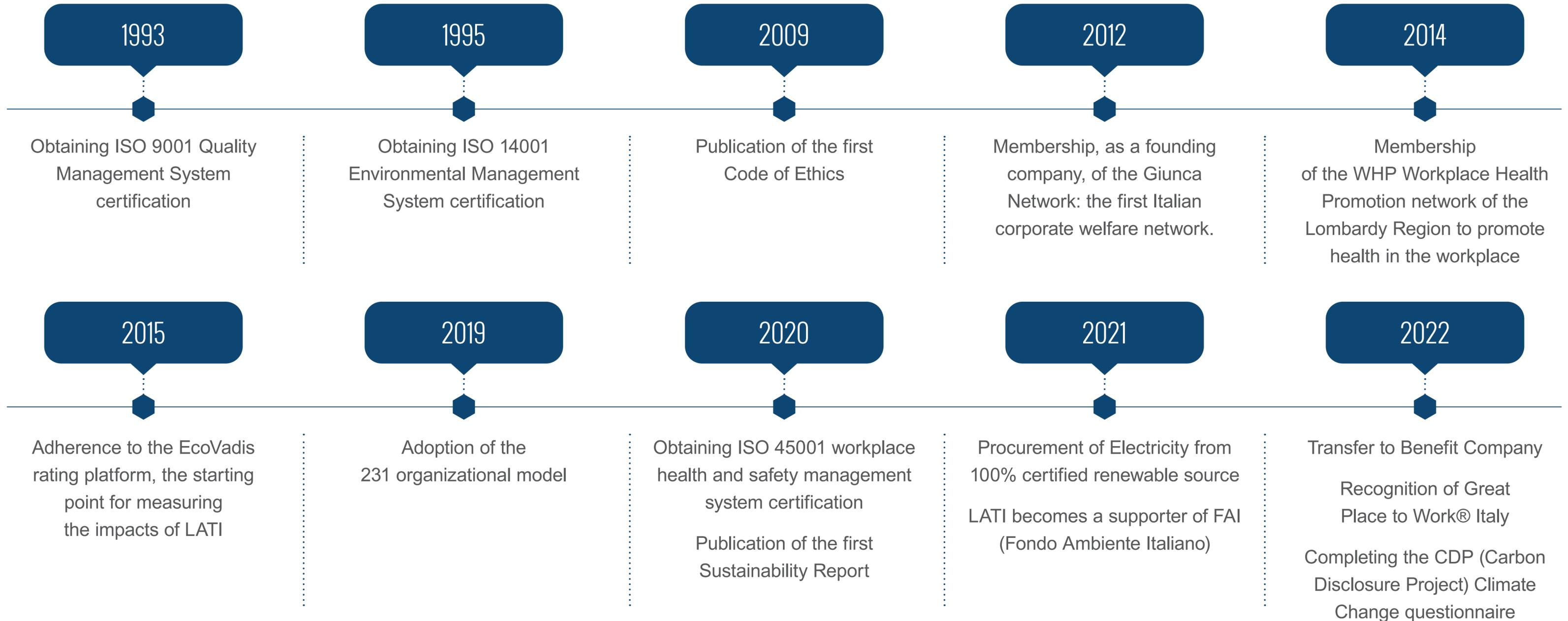
This scheme represents a synthesis of the way in which LATI S.p.A. generates value, analyzing the capitals (financial and not) that the organization uses and as they are transformed in impacts (outcomes), through its business activities.





# THE ESG PATHWAY

### 3.3 THE STAGES OF THE PATH



## 3.3.1 THE MOST RECENT OBJECTIVES ACHIEVED

### BENEFIT COMPANY

In July 2022, LATI became a **Benefit Company** by incorporating the objectives of common benefit alongside profit objectives within its Statute.

This natural evolution to the legal form of a Benefit Company represents a concrete opportunity for the company to generate value and positive impact through its business model.

LATI has identified three common benefit objectives:

- **PRODUCT SUSTAINABILITY**
- **WELL-BEING OF PEOPLE INSIDE AND OUTSIDE THE ORGANIZATION**
- **CONTRIBUTION TO TERRITORIAL AND ECOSYSTEM DEVELOPMENT**

### GREAT PLACE TO WORK®

In 2022, LATI achieved the recognition of being a Great Place to Work® in Italy. Great Place to Work® is a renowned organization that assesses and analyzes the quality of workplace environments and supports companies in their growth, while also recognizing the best organizations in Italy, Europe, and worldwide.

The certification, obtained through a survey conducted in November among LATI's employees both in Italy and abroad, demonstrates the company's commitment to prioritizing its people and creating a **positive and inclusive work environment.**



### 3.3.1 THE MOST RECENT OBJECTIVES ACHIEVED

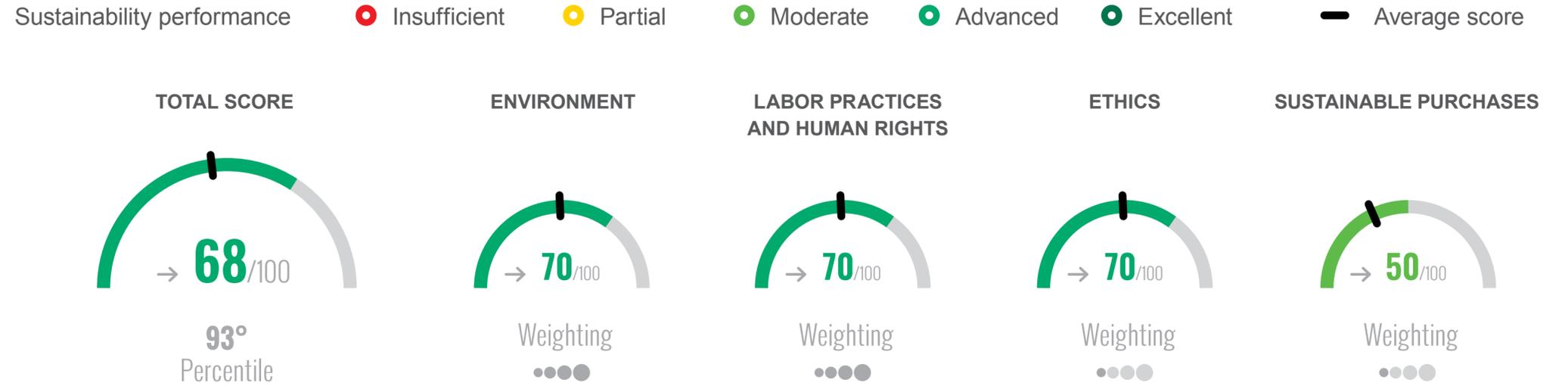
#### ECOVADIS



Since 2015, LATI has been measuring and evaluating its environmental and social performance through the EcoVadis platform, which is based on internationally recognized standards.

Once again in 2022, the company has maintained its position in the GOLD rating category of EcoVadis, achieving a rating of 68/100 points. **This places LATI above other companies in the assigned sector.**

#### THE SCORING



## 3.4 STAKEHOLDER ENGAGEMENT

LATI regards **collaboration with its stakeholders** a **fundamentale element** for directing its business strategy and maximizing its ability to create value over time.

For this reason, it is committed to **playing an active role within its relational network**, by promoting the values that distinguish its work and **building strong and enduring relationships**.



## 3.4 STAKEHOLDER ENGAGEMENT

As a primary commitment to all its stakeholders, LATI on one hand strives to improve more and more its **ability to listen and accept the requests** they express; on the other hand, to **ensure clear and transparent information** through official communication channels and promptly respond to information requests from both internal and external stakeholders.

By employing a relevance criterion that considers both the stakeholder's level of dependence on the organization and its ability to influence the company, LATI identifies stakeholders to be more actively involved in the management of its business activities.

Operationally, opportunities for stakeholder engagement arise from both company goals and stakeholder input.

**Relationships with stakeholders** are managed horizontally across **all business functions**, with **engagement activities fully integrated into regular business operations**.

The chart in the following page shows the main tools used to engage the stakeholders.



## 3.4 STAKEHOLDER ENGAGEMENT



STAKEHOLDER	ENGAGEMENT TOOLS
SHAREHOLDER	Meetings - Periodic preparation and sharing of information material
BANKING AND INSURANCE INSTITUTIONS	Meetings - Sending periodic information material
LOCAL, NATIONAL, EUROPEAN INSTITUTIONS	Meetings with local institutions - Participation in working tables - Creation of territorial networks to support the management of emergency situations
TRADE ASSOCIATIONS	Participation in association initiatives - Sharing of information about LATI and its business activities - Participation in worktables - Participation in research activities promoted by the associations
WORKERS	Company intranet - Internal communication programs - Mailing - Periodic meetings for discussion and internal alignment - Internal training activities - Internal investigations aimed at employees - Union meetings
SUPPLIERS	Periodic meetings
CLIENTS	Dedicated website section - Preparation and sharing of information material on products (data sheets) - Periodic meetings - Technical training - Dedicated technical webinars - Collaborative projects
COMPETITORS AND PEERS	Collaboration projects
COMMUNITY	Participation in worktables - Promotion and/or participation in projects organized in collaboration with civil society organizations - Dialogue initiatives with local associations - Creation of territorial networks to support the management of emergency situations - Sponsorships and donations
MEDIA	Website - Participation in initiatives aimed at sharing information on LATI and its business activities
SCIENTIFIC COMMUNITY	Participation in European projects - Participation in research projects - Participation in worktables
REPRESENTATIVE OF FUTURE GENERATIONS	Presence on social channels - Innovative projects and/or in support of sustainable development - Meetings in schools - Internships and traineeships - School-work alternation

## 3.5 THE UPDATE OF THE MATERIALITY ANALYSIS

In the 2022 Sustainability Report edition, the company set the objective of revising its materiality analysis with a dual purpose:

**Streamlining sustainability issues** for better communicability of the identified topics.

**Realigning the identified topics within the three widely accepted dimensions of sustainability** (ESG - Environmental, Social, and Governance) compared to the four dimensions in the previous edition, which included an additional "Economic" dimension.

In this regard, the revision process involved logical and progressive steps:

- **Benchmark analysis:** The reporting systems of competitors and clients were analyzed, encompassing a total of 21 companies in the same industry. The focus was on the reporting frameworks used and the most recurring sustainability topics. This step allowed for the initial recoding of some of LATI's 2021 topics using more recognizable and self-explanatory language.

- **Consolidation of sustainability topics:** The 2021 materiality analysis identified one or more topics that were subsequently grouped together based on logical or functional affinity. The «umbrella» topics were appropriately named according to the benchmark analysis mentioned earlier. The synthesis of the results is represented in *Figure 1*.

- **Streamlining the ESG dimensions:** This step reduced the number of sustainability topics from 21 to 14. Lastly, the selected topics were repositioned within the three ESG dimensions, previously mentioned.

The results were then shared and validated at multiple levels with the teams (Impact Team and First Level) responsible for sustainability governance within the company.



GRI 3-1 Process to determine material topics  
GRI 3-2 List of material topics



# THE RESULT: 14 TOPICS, 3 AREAS

 GRI 3-1 Process to determine material topics  
 GRI 3-2 List of material topics

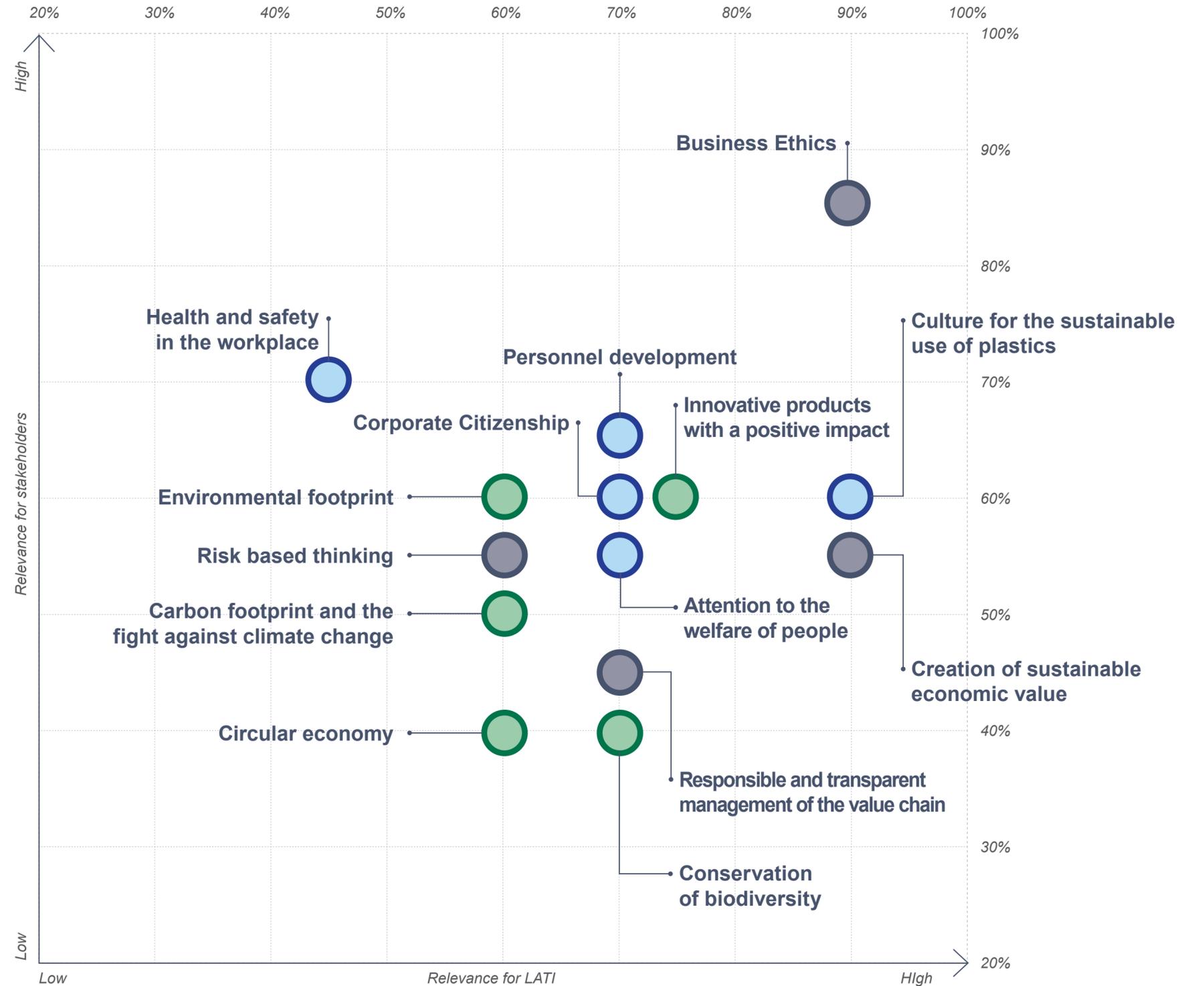


Figure 1

# THE UPDATED MATERIALITY MATRIX

## The selected topics

- Environmental footprint
- Carbon footprint and the fight against climate change
- Circular economy
- Conservation of biodiversit
- Attention to the welfare of people
- Personnel development
- Health and safety in the workplace
- Corporate Citizenship
- Culture for the sustainable use of plastics
- Business Ethics
- Responsible and transparent management of the value chain
- Creation of sustainable economic value
- Innovative products with a positive impact
- Risk based thinking



## 3.5.1 AN INNOVATIVE EXERCISE: TOWARDS DOUBLE MATERIALITY

The process of revising the materiality analysis provided an opportunity to gradually initiate a more comprehensive shift towards the concept of dual materiality.

The directives and reporting standards are promoting the concept of dual materiality, which involves analyzing material issues from both an inside-out perspective (the organization's impacts on the environment and society) and an outside-in perspective (the impacts on the business model and financial elements).

In response to this objective, the organization took the following steps:

- Application of the inside-out perspective by **identifying the organization's external impacts on the social and environmental dimensions** in managing material issues.

- Application of the outside-in perspective by **assessing the impacts (risks and opportunities) that material issues can have on the organization's ability to create long-term value.**
- Prioritization of material issues through an integrated evaluation process at two levels: engagement with the Impact Team and subsequently the First-Level Team. Through this process, a priority order was assigned to the material topics for the 2022 sustainability report, defining their representation in three levels of relevance as indicated in Figure 2.



### 3.5.1 AN INNOVATIVE EXERCISE: TOWARDS DOUBLE MATERIALITY



Figure 2

## 3.6 SUSTAINABILITY STRATEGY

 GRI 2-22 Statement on sustainable development strategy

LATI has been on a sustainability journey for several years, developing a responsible management model for both financial and non-financial capitals, valuing its people, and pursuing sustainable innovation in products and production processes.

The first milestone of this journey was the conversion into a Benefit Company in 2022 and the definition of dual-purpose factors.

Therefore, **the sustainability strategy accounts for the common benefit of the dual-purpose, complementing them through the analysis of revised material topics as described in the previous paragraphs.**

Based on this analysis, LATI was able to identify objectives for each material topic, which are reflected in the ESG dimensions (Environment, Social, Governance), along with respective actions to achieve these objectives. The organization measures the results and potential impacts on the organization, people, and the environment.

To enhance understanding of the sustainability strategy, the following diagrams show the material topics, the relevant stakeholders, the objectives that the organization aims to achieve, and their relation to the United Nations Sustainable Development Goals (SDGs) and commitments made for 2023.



# SUSTAINABILITY STRATEGY

MATERIAL TOPICS	DOUBLE MATERIALITY PRIORITITES			DUAL PURPOSE	GOALS	STAKEHOLDERS	2023 COMMITMENT	SDGs
	HIGH	MEDIUM	LOW					
 <b>ENVIRONMENTAL FOOTPRINT</b>		●			<ol style="list-style-type: none"> <li>Sustainable consumption of resources</li> <li>Waste management</li> </ol>	Environment/ territory  Employees	Waste management improvement study  Improved management of production waste"	 
 <b>CARBON FOOTPRINT AND FIGHT AGAINST CLIMATE CHANGE</b>		●		●	Reducing polluting and climate-changing emissions and offsetting residual emissions (1.5°C target)  Efficiency of production processes	Environment/ territory  Employees	Implementation of photovoltaic systems  I study alternative energy production methods  Finalization of the LCA PhD project at Insubria University	
 <b>CIRCULAR ECONOMY</b>		●		●	Application of circular economy principles in: <ol style="list-style-type: none"> <li>Recovery of waste materials</li> <li>Inclusion of raw materials of recycled origin in the formulations</li> <li>Increase in the durability of the life cycle of its products</li> <li>Reduction of product packaging</li> </ol>	Employees  Suppliers	Enhance the tracking and analysis of raw materials and packaging suppliers  Enhanced management of production waste	  

# ENVIRONMENT

# SUSTAINABILITY STRATEGY

MATERIAL TOPICS	DOUBLE MATERIALITY PRIORITIES			DUAL PURPOSE	GOALS	STAKEHOLDERS	2023 COMMITMENT	SDGs
	HIGH	MEDIUM	LOW					
 <p><b>CONSERVATION OF BIODIVERSITY</b></p>			●		Contribute to safeguarding areas of environmental value, especially in the areas where the factories are located	Employees Territory	Support for projects for territory protection Increased awareness and improved management of granule dispersion (Operation Clean Sweep (R) program)	
 <p><b>INNOVATIVE PRODUCTS WITH A POSITIVE IMPACT</b></p>	●			●	Carry out research and development activities on the quality, safety, innovation and sustainability of products	Universities Suppliers Public and private research institutions Industrial partners	<ol style="list-style-type: none"> <li>1. Collaboration in the SAbYNA project, through experimental activities in the realization of materials and processes</li> <li>2. Improve the safety of the products in the range</li> <li>3. New development among LATIECO and LATIGEA family products</li> </ol>	  

# ENVIRONMENT

# SUSTAINABILITY STRATEGY

MATERIAL TOPICS	DOUBLE MATERIALITY PRIORITITES				GOALS	STAKEHOLDERS	2023 COMMITMENT	SDGs
	HIGH	MEDIUM	LOW	DUAL PURPOSE				
 <p><b>ATTENTION TO PEOPLE'S WELL-BEING</b></p>		●		●	<ol style="list-style-type: none"> <li>Human and professional growth and fulfillment through the organization of a stimulating and productive work environment;</li> <li>Promote corporate welfare initiatives with the aim of improving the private dimension of people</li> </ol>	<p>Employees Community</p>	<p>New LATI project Project People Gender certification feasibility study Leadership model creation Work on relationships and language care Strengthening of the hybrid working model</p>	  
 <p><b>PEOPLE DEVELOPMENT</b></p>		●		●	<p>Development of human capital and a culture of competence</p>	<p>Employees</p>	<p>Strengthening training and mentoring delivery (My LATIspace) Skills model update</p>	 

SUSTAINABILITY

# SUSTAINABILITY STRATEGY

MATERIAL TOPICS	DOUBLE MATERIALITY PRIORITITES				GOALS	STAKEHOLDERS	2023 COMMITMENT	SDGs
	HIGH	MEDIUM	LOW	DUAL PURPOSE				
 <p><b>HEALTH AND SAFETY IN THE WORKPLACE</b></p>	●			●	Development of interventions and practices aimed at minimizing the risks to the health and safety of workers within the company and the supply chain	Employees Suppliers	Monitoring and improvement of the management system for health and Safety in the workplace (ISO 45001)	
 <p><b>CORPORATE CITIZENSHIP</b></p>			●	●	Contribute to the development of the socio-economic fabric of the area, supporting and promoting projects to disseminate the culture of sustainability and the common good	University Community Suppliers Partner	Local community activities Creation of events to support the fabric of the territory	 
 <p><b>CULTURE FOR THE SUSTAINABLE USE OF PLASTICS</b></p>		●		●	Contribute to the creation of a "sustainable culture" of the use of plastics	University Community Suppliers Partner	Organization of awareness raising and training activities on the sustainable use of plastics	  

SUSTAINABILITY

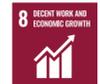
# SUSTAINABILITY STRATEGY

MATERIAL TOPICS	DOUBLE MATERIALITY PRIORITITES			DUAL PURPOSE	GOALS	STAKEHOLDERS	2023 COMMITMENT	SDGs
	HIGH	MEDIUM	LOW					
 <p><b>BUSINESS ETHICS</b></p>		●			<ol style="list-style-type: none"> <li>1. Transparency, ethics and integrity in conducting business</li> <li>2. Consolidation of elements of sustainability in the corporate governance model</li> <li>3. Strengthening of the consistency of the internal regulatory body with the sustainability commitment</li> </ol>	Employees (Managers)	Updating of the Code of Ethics and model 231	
 <p><b>RESPONSIBLE AND TRANSPARENT MANAGEMENT OF THE VALUE CHAIN</b></p>		●	●	<ol style="list-style-type: none"> <li>1. Strategic approach to stakeholder relationship management</li> <li>2. Quality and transparency in customer relations</li> <li>3. Sustainable supply chain management</li> </ol>	Providers Clients	<p>Improved monitoring and analysis of suppliers</p> <p>Release of the platform for collaboration with suppliers regarding the carbon footprint of products and upstream processes</p> <p>Improvement monitoring and analysis of suppliers</p>	 	



# GOVERNANCE

# SUSTAINABILITY STRATEGY

MATERIAL TOPICS	DOUBLE MATERIALITY PRIORITITES			DUAL PURPOSE	GOALS	STAKEHOLDERS	2023 COMMITMENT	SDGs
	HIGH	MEDIUM	LOW					
 <p><b>CREATION OF SUSTAINABLE ECONOMIC VALUE</b></p>	●				<p>Solid, sustainable economic-financial performance and generation of shared value with the involvement of stakeholders</p>	<p>Industrial partners Customers Suppliers</p>	<p>Maintaining and obtaining ESG-Linked Loans</p>	 
 <p><b>RISK BASED THINKING</b></p>	●				<ol style="list-style-type: none"> <li>1. Integrated risk management</li> <li>2. Infrastructure reliability, business continuity and cyber security</li> </ol>	<p>Clients Suppliers</p>	<p>Integration study of financial risk analysis with ESG aspects</p>	



# GOVERNANCE

The following chapter describes the impact activities carried out in 2022 and the objectives of the 2023 Sustainability Plan in the three dimensions of sustainability: environmental, social and governance (ESG). For each dimension, results and objectives are measured through GRI standards and associated with the United Nations Development Goals (SDGs).

# 4 IMPACT ASSESSMENT AND ESG DIMENSIONS

## 4.1 IMPACT ASSESSMENT

LATI became a benefit company on July 25, 2022, and subsequently published its first impact report, attached to the financial statements.

The report fulfills the requirements outlined in Article 1, paragraphs 382 and 383, of Law 208/2015. To measure the material topics related to the dual purpose, LATI utilized the B Impact Assessment (BIA).

It is worth noting that the plan and actions presented in this report mark the beginning of a journey with medium and long-term objectives. While LATI is not a certified "B Corp" company, the activities carried out during the reporting period (from July to December 2022) align with the dual-purpose goals in the areas of Governance, Workers, Community, and Environment, as analyzed through the BIA. LATI achieved a score of 72.8 out of 200 in the assessment.



## 4.2 THE ENVIRONMENTAL IMPACT

LATI has always been committed to measuring and monitoring the impacts of its production activities on the environment, as confirmed by the first major objective of its dual purpose, which is the **sustainability of products**.

The company's goal is to **develop innovative products that have a positive environmental impact** and contribute to creating a sustainable culture of plastic material usage.

In this direction, the company has set commitments for 2023, including the launch of a **platform** to collaborate with suppliers on the **carbon footprint of raw materials and upstream processes**, as well as the completion of a **doctoral project with the Insubria University to analyze the entire life cycle of significant product families**.

Additionally, the company is pledged to continue supporting the **SAbyNA project** through experimental activities in material and process development.

Other commitments for 2023 involve **improving waste management** to reduce the environmental footprint, implementing **photovoltaic systems**, studying **alternative energy production methods** to contribute to the fight against climate change by reducing carbon footprint. Furthermore, LATI aims to support the **Operation Clean Sweep®** program and initiatives focused on biodiversity conservation.

 NATURAL CAPITAL

 RELATIONAL CAPITAL

 INTELLECTUAL CAPITAL

### *Material topics*

- Environmental footprint
- Carbon footprint and fight against climate change
- Circular economy
- Safeguarding biodiversity
- Innovative products with a positive impact



## 4.2.1 2022 IMPACT ACTIVITIES - EMISSIONS

### THE CARBON STRATEGY ROAD MAP FOR DECARBONIZATION

In the complex geopolitical situation and the resulting energy crisis that has affected Europe in the past year, LATI continues its **decarbonization journey** by setting **a target for 2040 in line with the goal of limiting global warming to 1.5°C** as established by the Paris Agreement.

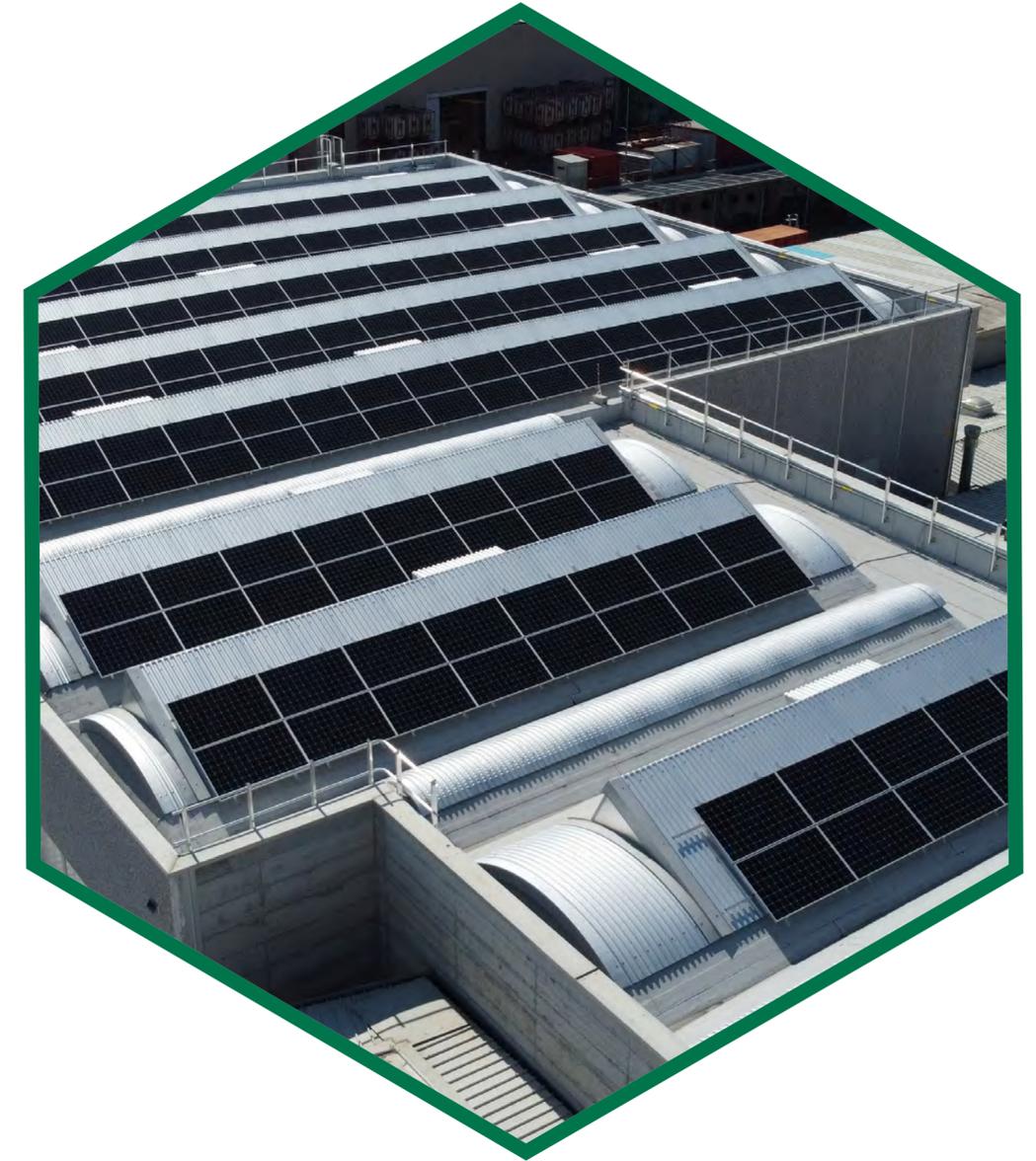
The activities carried out by the company in the **2021-2022 biennium** to reduce direct and indirect emissions from electricity generation include:

- **100% of energy supply from certified renewable hydroelectric sources.**
- Installation of a **photovoltaic system** at the Gornate Olona production plant, reaching a peak value of 400 kWh.

- **Revamping and energy efficiency improvement activities for production machinery.**
- Planning and design studies for **revamping and enhancing air emission treatment systems.**
- Continuous monitoring of **energy markets.**

Recognizing the national urgency regarding natural gas consumption, in 2022 LATI aligned with the measures of the "National Plan to Reduce Natural Gas Consumption" by **reducing the heating of its facilities by 1°C**. From mid-October, the company limited the influx of employees to the Vedano Olona offices, promoting **remote work**.

The reduction in energy consumption and emissions can also be attributed to the reduction in working days in December 2022 and the simultaneous higher average temperature compared to the seasonal average.



## 4.2.1 2022 IMPACT ACTIVITIES - EMISSIONS

 GRI 302-1 Energy Consumption within the organization<sup>3)</sup>

Energetic source	Unit of measure	2020	2021	2022
<b>a. Fuels from nonrenewable sources</b>	GJ	<b>31,264</b>	<b>35,780</b>	<b>28,898</b>
Natural gas	GJ	29,899	34,231	27,489
Petrol	GJ	0	36	31
LPG	GJ	562	288	46
Diesel	GJ	803	1,224	1,332
<b>b. Self-produced electricity (from solar panels)</b>	GJ	<b>0</b>	<b>220</b> <sup>(4)</sup>	<b>445</b>
of which from renewable sources	%	0%	100%	100%
<b>c. Purchased energy</b>	GJ	<b>68,239</b>	<b>78,326</b>	<b>77,808</b>
Electric energy	GJ	68,239	78,326	77,808
of which from renewable sources <sup>(5)</sup>	%	0%	100%	100%
<b>TOTAL</b>	GJ	<b>99,503</b>	<b>114,325</b>	<b>107,151</b>

(3) The conversion factors used are taken from the "Table of national standard parameters for monitoring and reporting greenhouse gases", 2021 (ISPRA, Min. Transizione Ecologica).

(4) The plant started production in mid-2021

(5) Certified hydroelectric source

 GRI 302-3 Energy intensity

	Unità di misura	2020	2021	2022
Energy intensity	GJ energy consumed/Tons of product	3.34	2.82	2.84
Energy intensity	GJ energy consumed/Revenues (millions of euros)	769.4	620.3	472.3

## 4.2.1 2022 IMPACT ACTIVITIES - EMISSIONS



Type of emissions	Unit of measure	2020	2021	2022
SCOPE 1 <sup>(6)</sup>	tCO <sub>2</sub> eq	1,777.0	2,036.1	1,648.8
SCOPE 2 Location based approach <sup>(7)</sup>	tCO <sub>2</sub> eq	5,970.9	6,853.5	5,310.4
SCOPE 2 Market based approach <sup>(8)</sup>	tCO <sub>2</sub> eq	4,043.2	0.0	0.0
SCOPE 3 <sup>(9)</sup>	tCO <sub>2</sub> eq	272.78	282.78	207.4
<b>TOTALE EMISSIONI GHG Location based approach</b>	tCO <sub>2</sub> eq	<b>8,020.6</b>	<b>9,172.4</b>	<b>7,166.6</b>
<b>TOTALE EMISSIONI GHG Market based approach</b>	tCO <sub>2</sub> eq	<b>6,092.9</b>	<b>2,318.9</b>	<b>1,856.2</b>

<sup>(6)</sup> The conversion factors used are derived from the "Table of national standard parameters for monitoring and reporting greenhouse gases," 2021 (ISPRA, Ministry of Ecological Transition).

<sup>(7)</sup> Location Based Approach: For calculating Scope 2 emissions using the "Location-based" approach in 2020 and 2021, the conversion factor provided by Terna (315 gCO<sub>2</sub>/kWh) was used. In 2022, the emission factor provided by ISPRA (247.7 gCO<sub>2</sub>/kWh) was utilized.

<sup>(8)</sup> Market Based Approach: For the "Market-based" approach in 2020, the emission factor defined based on contractual agreement with the electricity supplier Groenergie (213.3 gCO<sub>2</sub>/kWh) was used. In 2021 and 2022, LATI purchased certified green energy through Guarantees of Origin for 100% of its total energy consumption, resulting in the elimination of emissions calculated under the Market Based method.

<sup>(9)</sup> In calculating Scope 3 emissions, the emissions generated from employees' commuting

between home and work were estimated, and the distance data were collected through an internal survey. The conversion factors used are gCO<sub>2</sub>/km declared for the most common Ford or Fiat car models for Diesel, Petrol, Methane, and LPG categories, respectively.

## 4.2.1 2022 IMPACT ACTIVITIES - EMISSIONS

 GRI 305-1 Direct GHG emissions (Scope 1)

Type	Unit of measure	2020	2021	2022
Natural gas	tCO <sub>2</sub> eq	1,681	1,924	1,545
Petrol	tCO <sub>2</sub> eq	0	3	2
LPG	tCO <sub>2</sub> eq	37	19	3
Diesel	tCO <sub>2</sub> eq	59	91	98
<b>TOTAL DIRECT EMISSIONS (SCOPE 1)</b>	<b>tCO<sub>2</sub>eq</b>	<b>1,777</b>	<b>2,036</b>	<b>1,649</b>

 GRI 305-2 Energy indirect Scope 2 GHG emissions (Scope 2) <sup>(10)</sup>

Type	Unit of measure	2020	2021	2022
Purchased electricity Location based approach	tCO <sub>2</sub> eq	5,970.9	6,853.5	5,310.4
Purchased electricity Market based approach	tCO <sub>2</sub> eq	4,043.2	0	0

(10) The Scope 2 data has been reviewed and corrected compared to the 2021 report.

 GRI 305-3 Other indirect GHG emissions (Scope 3)

Type	Unit of measure	2020	2021	2022
Employee home-work commute	tCO <sub>2</sub> eq	272.78	282.78	207.38
<b>TOTAL INDIRECT EMISSIONS (SCOPE 3)</b>	<b>tCO<sub>2</sub>eq</b>	<b>272.78</b>	<b>282.78</b>	<b>207.38</b>

## 4.2.1 2022 IMPACT ACTIVITIES - EMISSIONS

 GRI 305-4 Intensity of GHG emissions

Type	Unit of measure	2020	2021	2022
Emission intensity	Total Market based GHG emissions/Tons of product	0.20	0.06	0.05
Emission intensity	Total Market based GHG emissions/Revenues (Millions of Euros)	47.11	12.58	8.18

 GRI 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant air emissions

Type	Unit of measure	2020	2021	2022
NOx	t	0.50	0.60	0.47
N <sub>2</sub> O	t	0	0	0
SO <sub>2</sub>	t	0	0	0
CH <sub>4</sub>	t	0	0	0
VOC	t	2.01	3.00	2.62
PM <sub>10</sub>	t	0	0	0
Other	t	0	0	0

## 4.2.2 2022 IMPACT ACTIVITIES - WASTE

 GRI 306-1 Waste generation and significant waste-related impacts  
 GRI 306-2 Management of significant waste-related impacts

### RESPONSIBLE WASTE AND PRODUCTION WASTE MANAGEMENT

LATI places special emphasis on the responsible management of waste and production waste generated through its processes. The following table illustrates the significant waste-related impacts associated with the waste generated by the company.

In 2022, the company reduced landfill waste by 12% and increased the amount of waste not sent to landfills by 3%.

Through the process of identifying and separating product waste, LATI **mechanically recovers and recycles certain percentages of production by-products for specific product families**. These recovered materials are reintroduced in predetermined proportions into the same production process without compromising its quality.

Furthermore, in 2022, LATI carried out additional **market analysis activities to evaluate new circular solutions for regenerating industrial process waste**.

Value chain	Process	Phase	Activity	Impact
<b>Upstream</b>	Purchase	Preparation	Receipt of materials	Production of packaging waste
<b>Own activities</b>	Production	Extrusion	Scrap management and sorting	Production of non-recoverable waste
<b>Own activities</b>	Production	Drying	Treatment	Production of dehydrated dry sludge
<b>Own activities</b>	Production	Drying	Degassing	Liquid sludge production
<b>Own activities</b>	Production	Maintenance	Machinery maintenance	Production of metal waste, bins, etc.
<b>Downstream</b>	Sales	Post-consumer	Placing on the market	End of life of the products sold

## 4.2.2 2022 IMPACT ACTIVITIES - WASTE

 GRI 306-3 Waste generated

	Unit of measure	2020	2021	2022
<b>Total waste produced</b>	ton	<b>2,249</b>	<b>2,823</b>	<b>2,808</b>
of which plastic waste	%			39%
of which mixed packaging	%	Not available		10%
of which wooden packaging	%			20%

 GRI 306-4 Waste diverted from disposal

	Unit of measure	2020	2021	2022
<b>Total non-hazardous waste</b>	ton	<b>887</b>	<b>2,069</b>	<b>2,139</b>
Preparation for reuse	ton	0	0	0
Recovery	ton	887	2,069	2,139
<b>Total hazardous waste</b>	ton	<b>0</b>	<b>88</b>	<b>85</b>
Preparation for reuse	ton	0	0	0
Recovery	ton	0	88	85
<b>Total waste diverted from disposal</b>	ton	<b>887</b>	<b>2,157</b>	<b>2,225</b>

## 4.2.2 2022 IMPACT ACTIVITIES - WASTE



	Unit of measure	2020	2021	2022
<b>Total non-hazardous waste</b>	ton	<b>1,262</b>	<b>551</b>	<b>488</b>
Incineration with energy recovery	ton	0	0	0
Incineration without energy recovery	ton	0	0	0
Landfill	ton	1,262	551	487
<b>Total hazardous waste</b>	ton	<b>101</b>	<b>115</b>	<b>96</b>
Incineration with energy recovery	ton	0	0	0
Incineration without energy recovery	ton	0	0	0
Landfill	ton	100	114	95
<b>Total waste directed to disposal</b>	ton	<b>1,363</b>	<b>666</b>	<b>584</b>

## 4.2.3 2022 IMPACT ACTIVITIES - BIODIVERSITY

### THE OPERATION CLEAN SWEEP® PROGRAM

In line with the commitment made by signing the **Operation Clean Sweep®** (OCS) program, LATI organized internal training sessions in 2022 to share the program's guiding principles and best practices for **preventing and containing the release of plastic pellets into the environment**.

To achieve this objective, LATI developed a **specific internal procedure** in 2022, which identifies simple and effective solutions to reduce pellet dispersion throughout the production process and methods to manage any accidental spillage of pellets.

As a result, **regular cleaning operations** in both indoor and outdoor areas of the factory **have been intensified**.

Furthermore, in the area where waste and production scraps are stored, LATI has implemented a **filtering system within the drains** to prevent pellet release directly into the sewer system.

**THE THING THAT GOES IN...**

**MAYBE IT GETS INTO THE SEA!**

DISPERSED GRANULES MAY REACH THERE.  
HELP US PRESERVE THE MARINE ENVIRONMENT!  
IT ALSO DEPENDS ON YOU!

PlasticsEurope  
Associazione dei Produttori di materie plastiche

Parte di **Operation Clean Sweep®**  
[www.opcleansweep.eu](http://www.opcleansweep.eu)

**LATI** HIGH PERFORMANCE THERMOPLASTICS

**THE DISPERSION OF THE GRANULES COULD HARM THE MARINE ENVIRONMENT. EVERY DAY, WITH YOUR WORK, YOU CAN PREVENT IT!**

**IT ALSO DEPENDS ON YOU!**

**LATI** HIGH PERFORMANCE THERMOPLASTICS

PlasticsEurope  
Associazione dei Produttori di materie plastiche

Parte di **Operation Clean Sweep®**  
[www.opcleansweep.eu](http://www.opcleansweep.eu)

## 4.2.4 2022 IMPACT ACTIVITIES - MATERIALS

### SUSTAINABILITY AND INNOVATION OF OUR PRODUCTS

LATI manufactures durable and safe engineering and technical thermoplastic compounds. It is estimated that the average lifespan of a product made with LATI materials is at least 10 years.

**In 2022, 93 Research and Development projects were initiated,** resulting in the development of 95 new products.

**The processes of sustainable innovation** are increasingly focused on responsible raw material consumption for the construction of a circular economy.

LATI promotes change within the framework of Sustainable Development Goal number 12, "Responsible Consumption and Production.»

The **LATIECO** family of products (specifically designed with recycled raw materials) expanded with 19 new products in 2022. These included various compounds, primarily based on reinforced and self-extinguishing PA 6 and 66, as well as compounds with recycled PETg and PC materials.

### UL Certifications of LATIECO Products

LATI has embarked on a certification process with recognized laboratories to obtain approvals attesting to the flame resistance of LATIECO self-extinguishing compounds.

The LATIECO 62 CR V2HF compounds, based on chemically recycled PA6 and reinforced with a fiberglass content ranging from 20% to 30%, have successfully passed UL approval tests and now carry a complete yellow card with RTI (Relative Thermal Index) information.

The most recent success is the UL certification of the first LATIECO compound made using up to 50% mechanically recycled polymer.

This is the LATIECO 66 MR H2 G/25-V0KB3, which offers a sustainable alternative to the classic PA66 compounds reinforced with 25% glass fiber and self-extinguishing with red phosphorus.

It is worth noting that LATI has also obtained the challenging F1 rating for this product, which recognizes its suitability for safe outdoor use.

UL's recognition of the compound's flame resistance enables its use in various sectors typical for this type of material, including appliances, electrical and electronic equipment, power management, as well as transportation and e-mobility.

LATI's development of LATIECO compounds also extends to another area of great interest for self-extinguishing materials: the railway sector, where LATI is already present with over twenty different proposals for technical applications.

The LATIECO 62 CR H2 G/20-V2HF has been recognized as suitable according to the EN45545 standard for use in R22-R23 class with HL1-HL2 risk levels. It thus represents a sustainable alternative to similar products obtained entirely from fossil sources.

## 4.2.4 2022 IMPACT ACTIVITIES - MATERIALS

As anticipated in 2021, a key focus for LATI is determining the impact of its materials throughout their life cycle, which has become an important topic of interest for customers who increasingly demand products with reduced environmental impact.

To address these requests, two initiatives have been launched:

- **Establishment of a three-year research doctorate program in collaboration with the University of Insubria** to conduct a life cycle analysis (LCA) of significant families of finished products, assessing the entire production cycle and the impact of raw materials on various sustainability parameters. This program, titled "Life Cycle Analysis of Industrial Processes for High-Performance Plastic Products," began in the third quarter of 2022.
- **Collection and mapping of greenhouse gas emissions values for the most commonly used raw materials in LATI's products.** In 2022, the collected data doubled. This process, combined with the analysis of our production cycle, allowed for the estimation of greenhouse gas emissions values for several dozen finished LATI products, addressing both internal and external requests. To enhance the data quality by increasing the use of primary data, a project with an external partner has been initiated to create a data collection portal for suppliers. This project is expected to be concluded during the course of 2023.



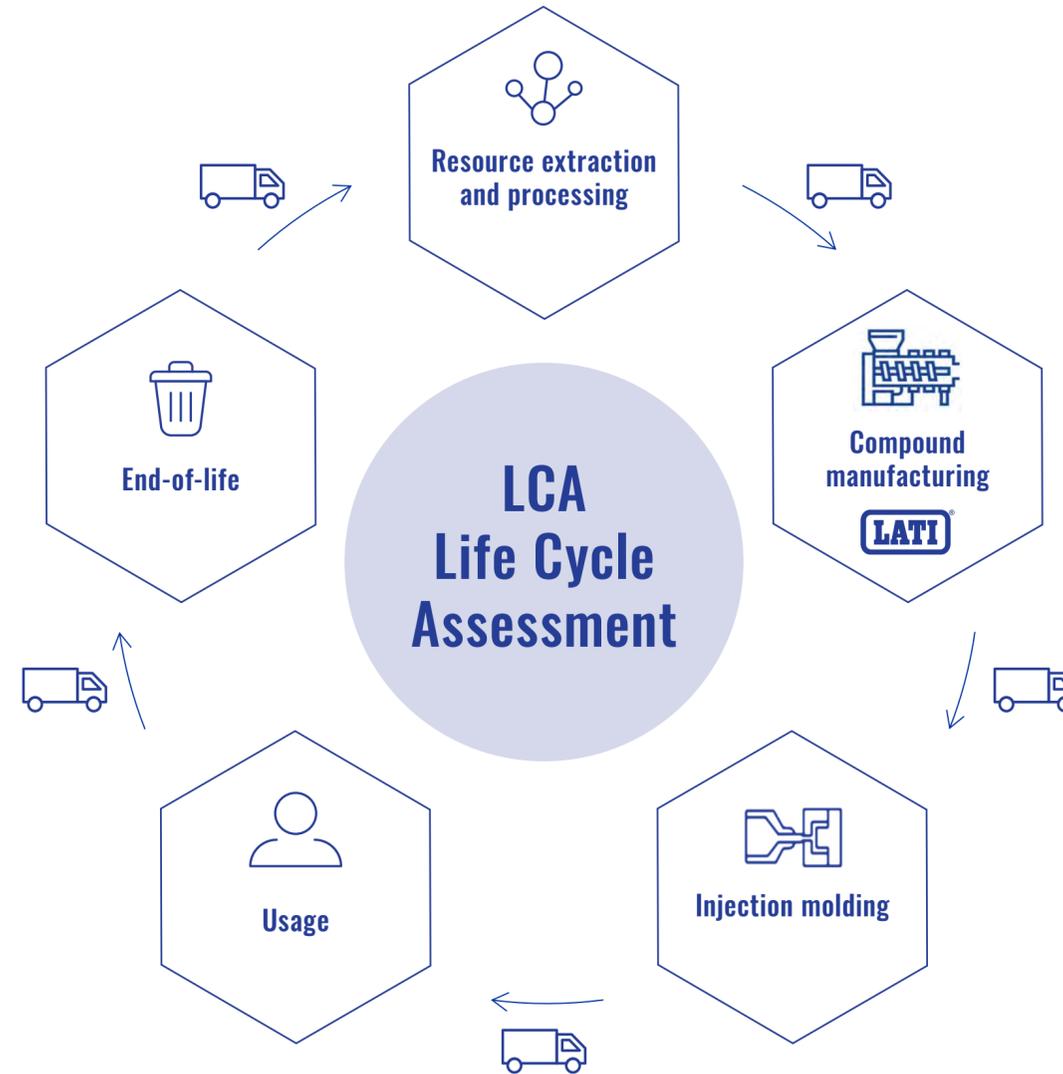
## 4.2.4 2022 IMPACT ACTIVITIES - MATERIALS

### ANALYSIS OF THE LIFE CYCLE OF INDUSTRIAL PROCESSES FOR HIGH-PERFORMANCE PLASTIC PRODUCTS

The research project of the Doctorate aims to **evaluate the life cycle of high-performance plastic goods** produced by LATI in order to determine which plastic blends and raw material suppliers make the final products more sustainable.

The focus of the research will be on evaluating products that use secondary raw materials (MPS) and bioplastics, in order to **compare the potential environmental benefits** obtained during the production system.

In addition, the analysis will include processes that can mitigate impacts, **identifying innovative and state-of-the-art materials** that can be used in the production of highly performant goods for applications in aerospace, self-extinguishing materials, or 3D printing.



Therefore, the doctorate will explore the topic of **sustainability in the industrial production of plastic materials** with the objective of quantifying the environmental impacts of the process from cradle to gate, that is, from the extraction of raw materials to the final production of the goods.

The research project can serve as a flagship in the scientific and industrial sector for quantifying the **environmental impacts of high-performance plastic materials** and **formulating new sustainable plastic blends** that contribute to reducing environmental impacts and product sustainability, thus fostering the ecological transition.

## 4.2.4 2022 IMPACT ACTIVITIES - MATERIALS

### SABYNA PROJECT - safer and more sustainable products

**SabyNA, funded by the European Community** (Horizon 2020), aims to become a guidance platform to support the development of safer and more sustainable nanocomposites.

#### **LATI is the leader of the industrial partners' work package.**

As an industrial partner, LATI and LATI3Dlab have developed and characterized **innovative formulations of filaments for 3D printing** (FDM technology) through numerous process iterations. In particular, they have developed a grade of polycarbonate for antistatic applications (containing single-wall carbon nanotubes) and a grade of polypropylene for antibacterial applications (containing silver nanoparticles).

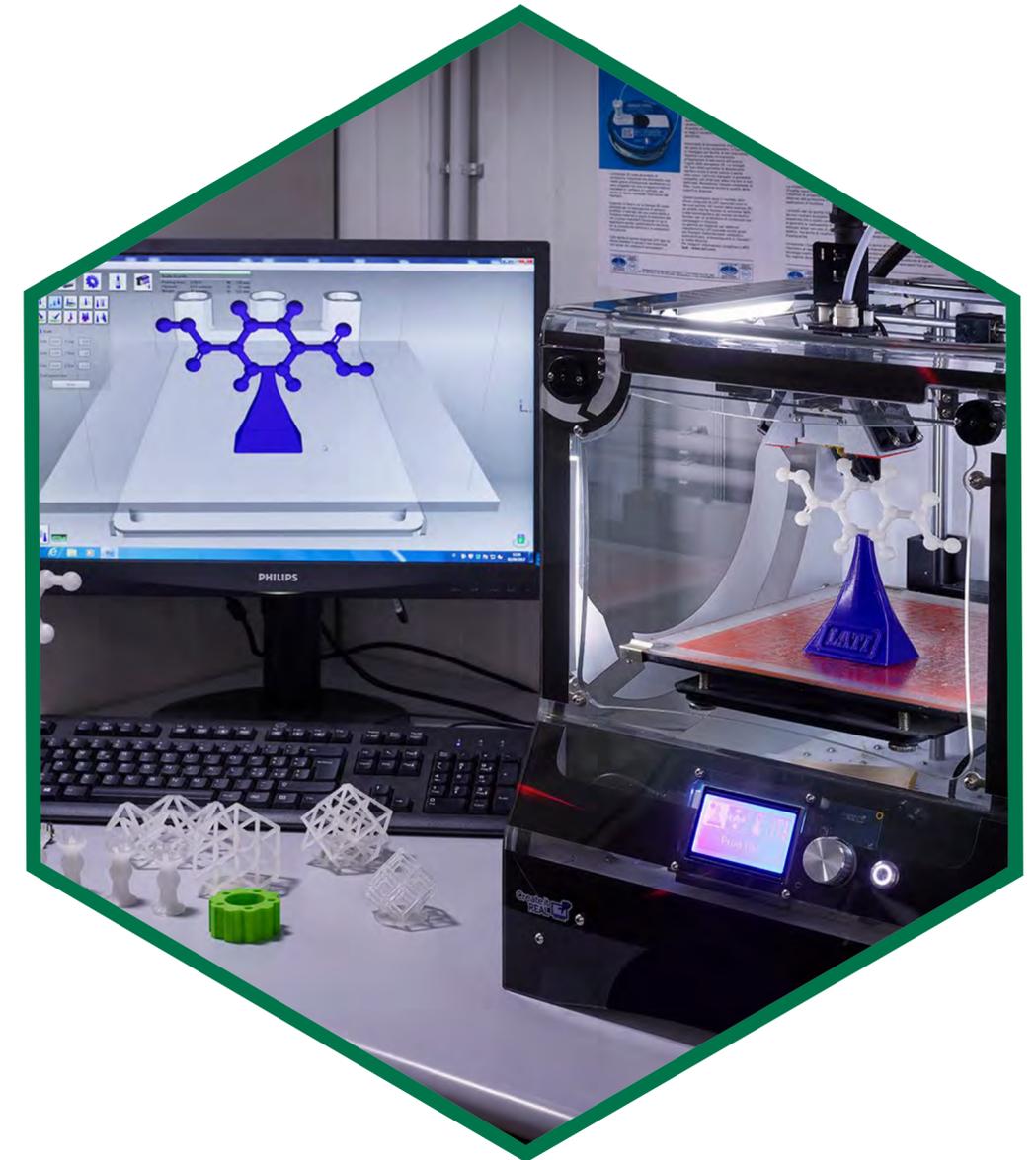
During 2022, these filaments were supplied to the research entity **LEITAT**, which successfully 3D printed the first prototypes of parts

for professional suction in ATEX environments and for the orthopedic sector using additive manufacturing technology.

At the same time, part of the material was provided to research institutions that characterized the release of concerning substances during process conditions and the composition of the materials using state-of-the-art **analytical tools**.

The contribution of the industrial partners underwent review by the European Commission in March 2023, and no observations have been made so far regarding any project delays or deviations.

The scientific contribution during 2022 has led to the preparation of various poster and oral presentations at international conferences.



## 4.2.4 2022 IMPACT ACTIVITIES - MATERIALS

### PRODUCTS IN HARMONY WITH THE ENVIRONMENT

For several years now, LATI has been developing a **wide range of compounds based on biopolymers** with various properties and characteristics that result in reduced environmental impact: the LATIGEA compounds.

They range from biobased and biodegradable materials (such as PLA) to biobased non-biodegradable polymers (such as PE and specific PA).

**LATI is committed to promoting this type of product in the market.**

In 2021, the LATIGEA family, which includes compounds developed from renewable source polymers, was enriched with 4 new material codes based on PLA and 3 durable product codes made with the new renewable source PA as an alternative to fossil-based materials or fiber-reinforced materials, which are currently made with PA6 or PA66 of fossil origin.



Currently, **LATI has approximately thirty-four references** in its portfolio that contain materials that are partially or completely derived from renewable sources ("biobased"). Among these is LATIGEA B01.

The reliability of the **quality of LATIGEA products** and their environmental sustainability has also been **confirmed by the renowned international laboratory TÜV Austria**, which awarded the **"OK Biobased"** certification to the LATIGEA B01 L/07 GRIGIO:2865 formulation, with a four-star rating (the highest achievable rating).

The analysis indeed confirmed that **LATIGEA B01 L/07 GRIGIO:2865** has a **composition entirely originated from renewable sources**, thanks to the addition of a natural filler: wood flour from sustainable forests.

## 4.2.4 2022 IMPACT ACTIVITIES - MATERIALS

### LATI's specialty materials in HEXAGRO's Living Farming Tree

Hexagro's mission is to provide **access to healthy food for everyone through vertical farming technologies.**

The startup's dream world involves food production in cities, in spaces that were once considered inadequate, reconnecting humans to nature through technology.

The "**Living Farming Tree**" is the first bio-inspired **vertical garden** designed and developed by **Hexagro**. It allows the cultivation of highly nutritious plant varieties indoors using sophisticated technologies.

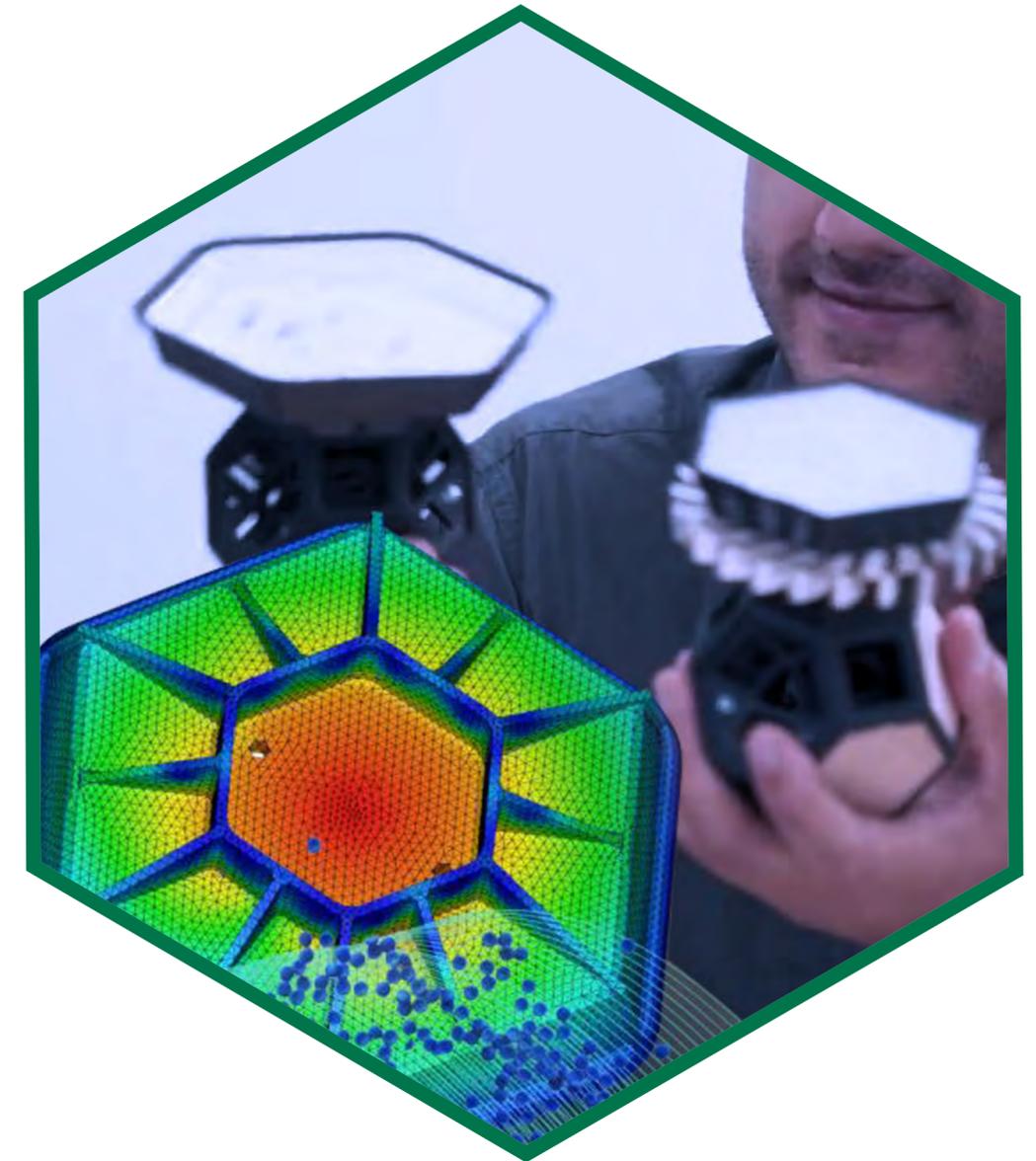
It is a **modular solution suitable for all spaces**, bringing nature and well-being anywhere, even in offices. One of the main components of the Living Farming Tree is the heat sink of the lamp. This part structurally connects to the joint and houses the LED PCB, lenses, and electronics. For the heat sink, **Hexagro was looking for a lighter material** that is easy to handle and has a better carbon footprint compared to traditional aluminum solutions.

That's why they turned to the British printer Protocol. Protocol recommended that Hexagro use the thermally conductive material formulated and produced by LATI, called **LATICONTHER 62 GR/50**.

The use of this material, which consists of a PA6 matrix loaded with 50% graphite, allowed the startup to reduce the weight of the component while increasing its dissipating capacity and providing greater freedom in terms of shapes and design.

The project also saw a significant **reduction in costs and environmental impact** since the polymer is not only lighter and less expensive than metal but also requires a fraction of the energy for processing compared to aluminum and does not require any post-processing after molding.

**The collaboration between Hexagro and LATI is based on expertise, technology, and a vision that looks to the future with hope and optimism.**



## 4.2.4 2022 IMPACT ACTIVITIES - MATERIALS

### THE USE OF MATERIALS

**LATI pays great attention to constant research for innovative solutions.** In the past three years, LATI has acquired 554 codes of raw materials (granules, flakes, fibers, powders, reinforcements, mineral fillers, etc.) out of 814 active codes, all qualified, both with specific and generic specifications.

The percentage of recycled materials used in 2022 is 4%, in line with previous years' trends.

In a general perspective of reducing resource consumption, other types of materials such as paper, wood, plastic packaging, lubricants, and toners have also been considered in the reporting phase.

Regarding **future investments at the Gornate Olona site,**



for example, the construction of eight additional company silos, in addition to the current twelve, will allow for the **storage of a larger quantity of bulk raw materials**, encouraging the use of large-sized containers (bulk or big bags) whenever possible as incoming packaging.

For **packaging materials** used for outgoing shipments, the company has reduced the weight of the packaging, resulting in thinner thickness.

Additionally, LATI uses material coils to produce custom-made, preformed, and cut bags directly at the plant, **significantly reducing the amount of discarded material.**

## 4.2.4 2022 IMPACT ACTIVITIES - MATERIALS

 GRI 301-1 Materials used by weight or volume<sup>(11)</sup>

2020					
Type of material	Unit of measure	Non-renewable (e.g., plastic products)	Renewable (e.g., wood and paper/cardboard products)	Of which from recycled materials	Total
Raw material	Kg	34,017,308	28,700	2,036,748	34,046,008
Process materials	Kg	4,709	2,452	-	7,161
Packing materials	Kg	186,416	779,703	-	966,118
<b>Total</b>	<b>Kg</b>	<b>34,208,433</b>	<b>810,855</b>	<b>2,036,748</b>	<b>35,019,287</b>
2021					
Raw material	Kg	41,467,248	15,995	2,152,300	41,483,243
Process materials	Kg	4,535	3,492	-	8,027
Packing materials	Kg	258,150	986,155	-	1,244,304
<b>Total</b>	<b>Kg</b>	<b>41,729,933</b>	<b>1,005,642</b>	<b>2,152,300</b>	<b>42,735,574</b>
2022					
Raw material	Kg	38,327,554	31,125	1,497,517	38,358,679
Process materials	Kg	3,616	2,387	-	6,003
Packing materials	Kg	196,352	818,267	-	1,014,619
<b>Total</b>	<b>Kg</b>	<b>38,527,522</b>	<b>851,779</b>	<b>1,497,517</b>	<b>39,379,301</b>

(11) data recalculated over the three-year period

## 4.2.4 2022 IMPACT ACTIVITIES - MATERIALS



Type of material	Unit of measure	2020	2021	2022
Total recycled input materials used	Kg	2,036,747.50	2,152,299.60	1,497,517.20
Total input materials used	Kg	35,019,287.37	42,735,574.34	39,379,301.43
Percentage of input materials recycled used	%	<b>6%</b>	<b>5%</b>	<b>4%</b>

(12) data recalculated over the three-year period

## 4.2.5 WATER MANAGEMENT

The use of water is an important aspect for LATI's activities, although the company does not use it directly in the production process but only for equipment cooling and washing. In the case of equipment cooling, the company has implemented a **closed-loop system**. In the case of washing operations, after being used, **the water is treated and discharged into the sewer system. The company does not use steam.**

Water supply at the Gornate Olona site is obtained from a well, while at the Vedano Olona site, it is sourced directly from the municipal water supply.

Both the water supply and discharge phases, for both sites and after chemical and physical treatment, are managed with great care in compliance with general and specific regulatory requirements with dedicated authorizations.

The management of water discharge impacts is carried out in compliance with the discharge limits into the sewer system as indicated by the Integrated Environmental Authorization (Legislative Decree 152/2006).

The water consumption trend remains generally stable. The variation in water discharges into surface water bodies observed in 2022 compared to 2021 is attributed to the potential presence of water seepage near the western area of the facility.

 GRI 303-1 Interactions with water as a shared resource  
GRI 301-2 Management of impacts associated with water discharge

 GRI 303-3 Water withdrawal

Source	Unit of measure	2020	2021	2022
Groundwater	ML	1.96	6.37	7.01
Third party waters	ML	50.14	50.97	51.86
<b>Total water withdrawal</b>	ML	<b>52.11</b>	<b>57.34</b>	<b>58.87</b>

 GRI 303-4 Water discharge

Discharge	Unit of measure	2020	2021	2022
Shallow waters	ML	16.61	2.86	10.84
Third party waters	ML	35.50	47.66	47.66
<b>Total water discharge</b>	ML	<b>52.11</b>	<b>50.53</b>	<b>58.51</b>

 GRI 303-5 Water consumption

Source	Unit of measure	2020	2021	2022
Total water withdrawal	ML	52.11	57.34	58.87
Total water discharge	ML	52.11	50.53	58.51
<b>Total water consumption</b>	ML	<b>0.00</b>	<b>6.81</b>	<b>0.36</b>

## 4.3 THE SOCIAL IMPACT

LATI recognizes the importance of its civil and ethical role within society and is committed to **generating positive social impact** for its people and the surrounding territory.

In particular, as stated in its own statute, LATI places at the center:

- **Well-being of individuals within and outside the organization:** Actively taking care of the psycho-physical well-being of individuals, ensuring health and safety in the workplace, promoting personal development and growth, and implementing corporate welfare initiatives to improve individuals' private dimension.
- **Development of the territory and the reference ecosystem:** Promoting projects to spread the culture of sustainability and the common good and establishing collaborations and synergies with all stakeholders in the territory.

The ESG plan strengthens the dual-purpose objectives by integrating them with the identified material topics. For 2023, a rich agenda of commitments has been established, including the NuoviLATI project and the People project regarding attention to the well-being of individuals, updating the competency model, and strengthening MyLATIspace for individual development. Additionally, there will be improvements in the management system for health and safety in the workplace, activities supporting the local community through events related to corporate citizenship and organizing awareness and training initiatives on the sustainable use of plastic materials to promote a culture of sustainable plastic use.



RELATIONAL CAPITAL



HUMAN CAPITAL

### *Material topics*

- Attention to people's well-being
- Development of people
- Health and safety in the workplace
- Corporate Citizenship
- Culture for the sustainable use of plastics

SDG



## 4.3 THE SOCIAL IMPACT

In 2022, LATI focused on **organizational development** by strengthening its workforce in both staff and production functions through inclusion policies aimed at supporting the company's evolution with new expertise and activities to promote digital development, communication, and internationalization.

Additionally, the consolidation of **smart working** practices and the **restructuring project of the working spaces** in Vedano with the NuoviLATI project were significant activities to guide the new **hybrid work mindset** while reinforcing the sense of company community and social interactions.

The second aspect that LATI worked on with great commitment was **skills enhancement**. Training plays a crucial role in LATI's strategy to contribute to the organization's innovation and support individuals in acquiring the necessary tools for a better understanding

and management of challenges arising from market developments.

In 2022, the company carried out a **rich plan of initiatives** designed to **consolidate technical-scientific skills** and **develop new mindsets** on topics such as cross-functional collaboration, inclusion, sustainability, and digital innovation.

Regarding **employee well-being**, LATI maintained and enhanced welfare activities in the past year to continue its goal of ensuring a balance between work and personal life. In this regard, listening to the needs of its people and analyzing the company climate played a fundamental role and led to significant recognition as a Great Place To Work®.

**The protection of health and safety** in the workplace is a socially impactful aspect to which LATI pays particular attention, not only in terms of preventing and mitigating accidents and occupational

diseases but also in terms of organizational well-being. In 2022, several training activities were organized as points of improvement identified from the update of the Work-Related Stress Risk Assessment in compliance with Legislative Decree 81/2008.

LATI continues its commitment to generating positive value for the **territory** and the **community** through various collaborations and projects. Specifically, also for 2022, LATI supported the cultural and artistic activities of the FAI (Italian National Trust) and the Renato Piatti Foundation.

## 4.3.1 2022 IMPACT ACTIVITIES - PEOPLE'S WELL-BEING

### LATI IS A GREAT PLACE TO WORK

In November 2022, LATI obtained the **GREAT PLACE TO WORK® certification in Italy** by administering a Trust Index® questionnaire to its Italian and external employees. The questionnaire analyzed the organizational climate in a detailed manner, investigating the following dimensions:

- **CREDIBILITY:** two-way communication, competence, integrity;
- **RESPECT:** professional development, involvement, care;
- **FAIRNESS:** fair treatment, impartiality, justice;
- **PRIDE:** individual work, teamwork, company image;
- **CAMARADERIE:** trust, welcoming environment, collaboration.

The best results of the survey were achieved in the Pride, Respect, and Credibility areas.

In fact, a **high percentage of employees feels that they are treated fairly and impartially**, and in addition to considering the workplace physically safe, they express a desire to stay with the company in the long term. Furthermore, **employees have stated that they feel proud to work for the company** and believe that customers would positively evaluate the service provided.

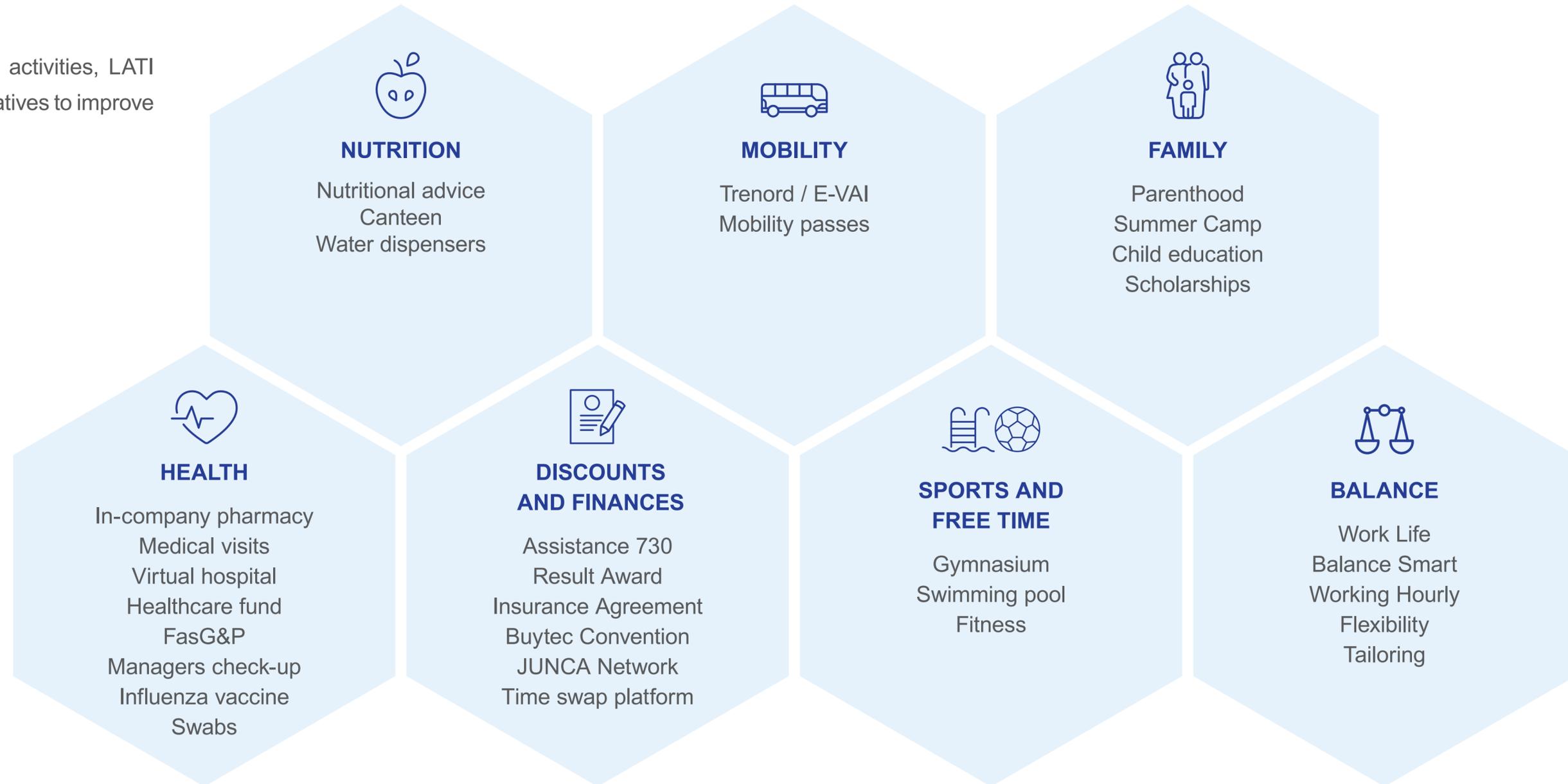
The GREAT PLACE TO WORK® model is an important **tool for LATI to compare and stimulate** improvement in pursuing its goal of **prioritizing the well-being of its people both within and outside the organization.**



## 4.3.1 2022 IMPACT ACTIVITIES - PEOPLE'S WELL-BEING

### WELFARE POLICIES

As part of its **Corporate Social Responsibility** activities, LATI offers all its employees a range of benefits and initiatives to improve their **work-life balance**.



## 4.3.1 2022 IMPACT ACTIVITIES - PEOPLE'S WELL-BEING

In particular, the Company supports and promotes the well-being of its employees both within and outside the organization through **its welfare program**.

In 2022, the Company introduced the following **new initiatives**:

- **HEALTHY RECIPES - WHP (Workplace Health Promotion) Program by Regione Lombardia**

As a demonstration of the Company's commitment, LATI reaffirms its status as a Workplace that promotes the health and well-being of its employees in 2022, obtaining the corresponding Certification from the WHP Network of Regione Lombardia. Within the WHP project, LATI implemented the "**Recipe of the Month**" initiative in 2022, featuring content and advice on nutrition curated by an expert doctor. This initiative aims to promote the well-being and health of the employees, even at the dining table.

- **SUPPORT FOR EMPLOYEES DURING ENERGY CRISIS AND COST OF LIVING**

To support its employees in facing the extraordinary and urgent situation of the energy crisis and rising cost of living, LATI voluntarily provided a grant of 1,300 euros in November 2022. This grant was included in the welfare platform, allowing employees to benefit from tax advantages (as a tax-free one-time payment).

Furthermore, the Company promotes the value of individuals and merit-based productivity by recognizing the entire workforce with a **Performance Bonus**. The bonus is based on objective evaluation criteria, considering not only the quality of service and products and efficiency but also participation in training courses. Since 2022, each employee has the option to allocate **100% of the bonus to the welfare platform**, enabling them to access concrete services that support their purchasing power.

### FasG&P Healthcare Assistance Fund

All workers can join the FasG&P Fund, which provides **supplementary healthcare benefits** in addition to the National Health Service.

The contribution for joining the fund is equal for all.

In addition to covering 50% of the contribution, LATI also covers an additional 87% of the service expenses.

## 4.3.1 2022 IMPACT ACTIVITIES - PEOPLE'S WELL-BEING

### NuoviLATI: ENGAGEMENT OF PEOPLE IN OFFICE REDESIGN

As part of the reorganization and upgrading of its offices in Vedano Olona and Gornate Olona, LATI has introduced the **NUOVILati project** to involve its employees with the aim of gathering practical insights into the real needs and desires related to the characteristics and functions of the new premises.

Following various focus groups conducted in 2021, the company identified three key aspects that were followed throughout 2022 for the design of the new spaces:

- **Architectural approach and sustainability:** Adopting architectural solutions that promote social, economic, and environmental sustainability, aiming for an efficient use space, resources, and circularity of processes.
- **Structure and integration with the local area:** Ensuring harmonization of the structure with the local area.
- **People and activities:** Providing operational spaces for the entire workforce to promote well-being and support the development of a digital mindset within the organization, including hosting cultural and recreational activities.

### LATI SCHOLARSHIP PROGRAM - NuoviLATI

In 2022, the traditional scholarship program offered by LATI to the children of its employees has been expanded **to a broader range of individuals, including siblings, nieces, nephews, and partners of employees.**

Recognizing the strategic importance of the office restructuring activity, the participants have been involved in this **NUOVILati change project**, stimulating their reflections on strategic topics for the company, both internally (environments that foster digital development and collaboration among colleagues) and externally (attention to sustainability, integration with the local area, prevention of urban degradation).

## 4.3.2 2022 IMPACT ACTIVITIES - TRAINING

### NEW MINDSET THROUGH TRAINING

LATI considers training a strategic pillar for the growth of individuals and the company.

The training programs include **technical-specialist updates** for all employees, aimed at enhancing specific skills in their job roles. Additionally, **cross-functional training programs** are offered to develop skills considered essential in supporting the company's change process.

The blended training courses provided in 2022 can be divided into the following areas:

- **Collaboration and inclusion:** to foster a collaborative culture among functions and colleagues within the same team, encourage proactivity and curiosity in the face of changes, and enhance written and oral communication skills.

- **Compliance and CSR:** courses on environmental, social, and governance sustainability, new certification and compliance systems.
- **Digital mindset:** dedicated training on digital agility, cybersecurity, the use of LinkedIn, and Manufacturing Execution System (MES).
- **Soft skills:** update sessions on team management, providing tools and behaviors for effective and efficient team management.
- **Transversal skills:** to enhance foreign language proficiency and IT skills.
- **Production workforce courses:** with a particular focus on collaboration, mutual respect, and safety.
- **Safety:** delivered in accordance with current regulations, either remotely where permitted by the law or in-person where practical training is required.

### LET'S RESPECT EACH OTHER!

In collaboration with L'Aquilone, a Social Cooperative committed to educational and social interventions in the local community, LATI has involved all employees in the training initiative "Let's Respect Each Other!" It is a program that includes both in-person and remote meetings to stimulate reflection on the issue of **gender-based violence** and, more broadly, on the **importance of caring for and respecting others in their diversity**.

 GRI 403-6 Promotion of worker health

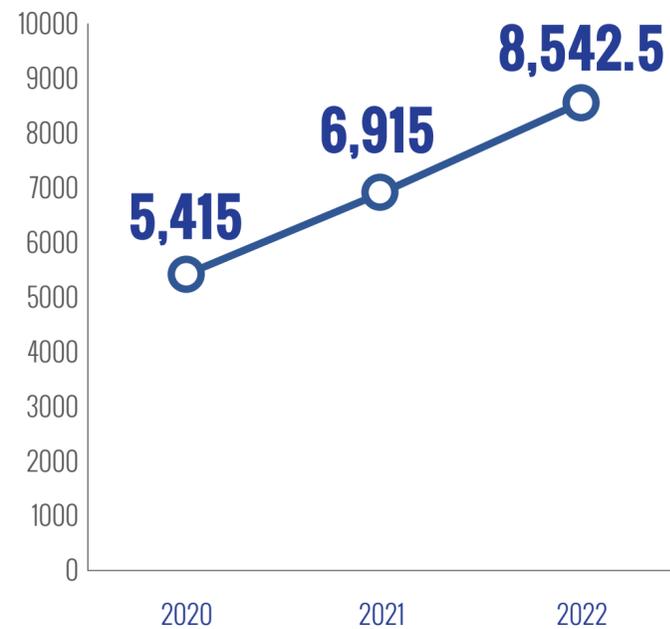
 GRI 404-2 Programs for upgrading employee skills and transition assistance programs

## 4.3.2 2022 IMPACT ACTIVITIES - TRAINING

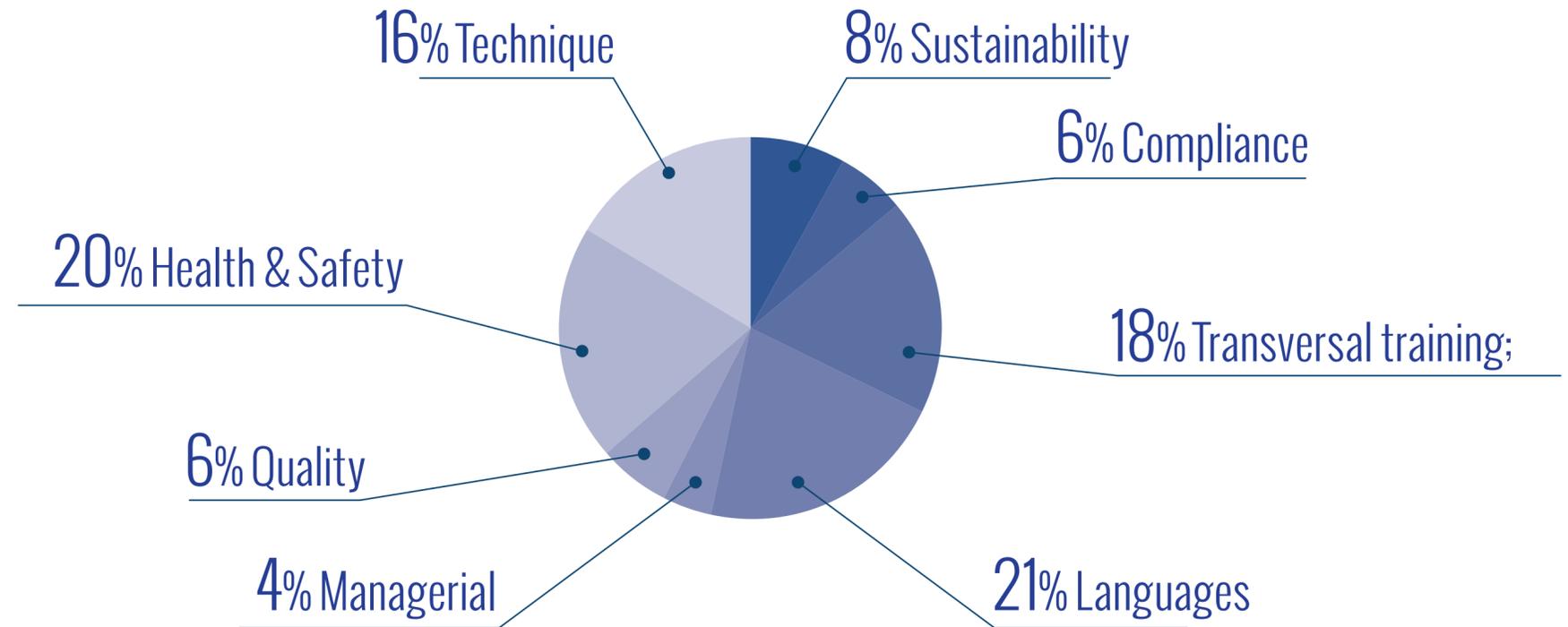
 GRI 404-1 Average number of training hours per employee per year(i)

Total annual training hours	Unit of measure	2020	2021	2022
<b>TOTAL TRAINING HOURS</b>	Number	<b>5,415</b>	<b>6,915</b>	<b>8,542.5</b>
Average annual training hours	Number	22.56	28.57	31.64

Total training hours trend



Breakdown of training hours by thematic area



## 4.3.2 2022 IMPACT ACTIVITIES - TRAINING

 GRI 404-1 Average hours of training per year per employee (i)

Training delivery methods	Unit of measure	2021	2022
Courses delivered by LATI	%	4%	8%
Courses provided by supplier	%	94%	85%
E-learning	%	2%	7%

 GRI 404-1 Average hours of training per year per employee(ii)

Hours of training divided into categories	Unit of measure	2021			2022		
		Men	Women	Total	Men	Women	Total
EXECUTIVES	Number	200	71	<b>271</b>	247.5	98	<b>345.5</b>
MANAGERS	Number	806.5	136.5	<b>943</b>	977.5	217	<b>1,194.5</b>
EMPLOYEES	Number	1,713	1,179.5	<b>2,893</b>	2,281	1,341.5	<b>3,622.5</b>
WORKERS	Number	2,363.5	2	<b>2,366</b>	2,896	20	<b>2,916</b>
APPRENTICES	Number	191.5	251.5	<b>443</b>	198.5	265.5	<b>464</b>
Average training hours Total (by gender)	Number	<b>25.1</b>	<b>33.5</b>	<b>59</b>	<b>30.1</b>	<b>38.1</b>	<b>68.2</b>

## 4.3.3 2022 IMPACT ACTIVITIES – EXPERTISE AND PERFORMANCE

### EXPERTISE AND PERFORMANCE ASSESSMENT

LATI's **competency model**, introduced in 2020 and continuously updated, is based on **7 key factors** associated with a set of **interpersonal skills** and a **range of behaviors**. All employees, both collaborators and people managers, are required to self-assess their competencies, which are then shared and discussed with their supervisors.

Furthermore, in recent years of significant organizational and socio-economic changes, the model has proven to be an effective tool for understanding the company's needs and guiding internal collaboration and customer focus.

In 2022, the evaluation process was integrated into performance discussions with the aim of recognizing and assessing not only the achievement of objectives but also the "how" of performance.

The evaluations confirm the strengths identified in other internal surveys, such as **reputation** (integrity, honesty, financial sustainability), **execution** (problem-solving, punctuality, goal-oriented

work), and **D&I aspects** (appreciation of diversity).

The areas for improvement identified include cross-functionality, cohesion, and the development of a digital mindset.

In addition to competencies, performance evaluation is a fundamental pillar of the company's personnel management policies.

The **procedure for goal-setting evaluation**, applicable to employees covered by **Management by Objectives (MBO) policies** and/or individual performance systems, establishes metrics and objective criteria for defining and potentially granting bonuses. In this way, LATI aims to recognize and highlight individual models of excellence in performance and profession that have a positive impact on motivation.

### SKILLS

#### Promoting our economic sustainability

We want to grow in a sustainable manner to guarantee the future and create economic and social value

#### The customer at the center

We integrate customer perspectives and offer reliable and effective product-service solutions, with a sustainable mutual approach

#### Agility at the service of business

We adapt flexibly and quickly to market evolutions and sectorial needs.

#### Support the growth of talent

We create teams of engaged, motivated employees oriented towards collaboration

#### Acting with a transversal team spirit

We work in a synergic way throughout the organization to create transversal accountability to achieve team and company goals

#### Humanly intelligent

We practice empathy for an open, mutual and collaborative climate even in a context of market uncertainty

#### Appreciate diversity

We create an inclusive and innovative environment for sustainable international development

# EXPERTISE AND PERFORMANCE ASSESSMENT

 **GRI 404-3** Percentage of employees receiving regular performance and career development reviews

Percentage of employees receiving periodic evaluation	Unit of measure	2021			2022		
		Men	Woman	Total	Men	Woman	Total
Senior executives	%	88%	50%	<b>71%</b>	100%	100%	<b>100%</b>
Managers	%	43%	25%	<b>39%</b>	94%	75%	<b>90%</b>
Employees	%	18%	21%	<b>19%</b>	13%	19%	<b>15%</b>
Workers	%	0%	0%	<b>0%</b>	0%	0%	<b>0%</b>
Apprentices	%	0%	0%	<b>0%</b>	0%	0%	<b>0%</b>
<b>Total of employees</b>	%	<b>13%</b>	<b>24%</b>	<b>15%</b>	<b>22%</b>	<b>33%</b>	<b>24%</b>

## 4.3.4 2022 IMPACT ACTIVITIES - COMMUNITY AND TERRITORY

### "CUORE A MILLE" CHALLENGE WITH RENATO PIATTI FOUNDATION ONLUS

Since 2018, LATI has been supporting the initiatives of the Renato Piatti Foundation, a non-profit organization in the Varese area whose mission is to design, implement, and manage services for people with intellectual and/or relational disabilities and their families.

In 2022, through the " **Cuore a mille challenge** " project, the company engaged its employees in various activities aimed at raising awareness about diversity:

- A walk with the individuals supported by the Foundation, providing an opportunity for team-building and mutual understanding to enhance personal growth and value.
- An individual walk to promote attention to everyone's psycho-physical health and contribute steps towards the goal of reaching one million steps.

- An online event where experts from the Piatti Foundation answered questions, doubts, and curiosities from the LATI community on the topic of autism. The insights gathered were incorporated into LATI's Autism Manifesto.

Lastly, to reward the commitment of its employees, LATI **donated 270 hours of water therapy to support children with autism and severe disabilities at the Semiresidential Rehabilitation Center in Besozzo (VA).**

### FAI (Italian Environment Fund)

In 2022, LATI continued its support as a **Corporate Golden Donor of FAI - Fondo per l'Ambiente Italiano** (Italian Environment Fund). Being a member entails a commitment to promoting the culture and environment of the territory with the aim of preserving the identity heritage as a factor of individual and economic well-being.

As part of the collaboration with FAI, LATI organizes guided visits to one of the cultural assets of the Foundation each year for its employees and their families.

### ACTIVITIES WITH SCHOOLS

As part of the **collaboration with schools**, in addition to the recurring presence of high school students for work-study programs and participation in the Confindustria Varese initiative "Generazione d'industria" (Generation of Industry), LATI contributed to several **educational** initiatives in 2022.

Specifically, the company made its contribution to the "Polymer Technology for Circular Economy" course within the Master's degree program in Materials Engineering and Nanotechnology at **Politecnico di Milano**. Through studies and data, LATI demonstrated that plastic materials can be a valid and sustainable choice both from an engineering and environmental perspective.

LATI was also a guest at the Product Design course at the prestigious **Istituto Marangoni in Milan**, exploring with students the potential of LATI's special performance compounds within design products.

## 4.3.5 THE MANAGEMENT SYSTEM FOR HEALTH AND SAFETY IN THE WORKPLACE

LATI considers the protection of health and safety as a central element of its business activity. Since 2020, the company has voluntarily implemented and certified its **Occupational Health and Safety Management System** (OHSMS) according to the **international standard ISO 45001:2018**.

The management system covers all employees, both permanent and non-permanent, at both production sites (Vedano Olona and Gornate Olona), and all activities within the scope of the work cycle, including research, development, production, sales, and technical support of thermo-plastic compounds.

The Employer is responsible for implementing all phases of the risk assessment process and appoints the Special Delegate for Safety, Environment, and Energy to oversee health and safety aspects. The collaboration of the Prevention and Protection Service Manager, the Occupational Health Physician, executives, supervisors, and Workers'

Representatives for Safety is utilized.

As outlined in the specific procedure, through the **Prevention and Protection Service**, the company identifies hazards present within the work cycle by analyzing and mapping all phases of the work cycle, equipment, machinery, and facilities in each workplace. The risks to which workers are exposed are assessed to implement necessary measures for elimination or mitigation, and to identify improvement objectives to progressively increase the company's safety levels.

The Risk Assessment Document (DVR), prepared and updated in compliance with Legislative Decree 81/2008, establishes the procedures for hazard identification and risk assessment for workers' health and safety

For continuous improvement, LATI encourages its **employees to report the presence of hazards** to supervisors, Workers' Representatives for Safety, and the Prevention and Protection

Service Manager through specific procedures.

Within the organization, a occupational health service is active, and an Occupational Health Physician has been appointed.

In compliance with the obligations set forth by Legislative Decree 81/2008, the physician participates in risk assessment by periodically visiting workplaces and monitoring the health status of all workers through medical examinations conducted during working hours as prescribed by the **health surveillance plan**.



**GRI 403-1** Occupational health and safety management system

**GRI 403-2** Hazard identification, risk assessment and incident investigation

**GRI 403-3** Occupational health services

**GRI 403-8** Workers covered by an occupational health and safety management system

## 4.3.5 THE MANAGEMENT SYSTEM FOR HEALTH AND SAFETY IN THE WORKPLACE

The company annually organizes **training courses on health and safety during working hours for all employees** to increase risk awareness and provide the necessary tools to adopt correct behaviors for the protection of oneself and others.

This training plan includes diversified courses delivered by competent external personnel, based on the job position and workplace. Additionally, during the training activities, explanations are provided regarding the use of equipment and Personal Protective Equipment (PPE).

As required by Legislative Decree 81/2008, the Employer, the Prevention and Protection Service, the Occupational Health Physician, and the Workers' Safety Representatives participate in **periodic prevention and protection meetings** to share and provide relevant information to workers.

Furthermore, all workers participate in the General Assembly organized by the Company twice a year, during which information related to the company's performance and the prevention and safety service is shared.

Worker involvement also extends to all activities, initiatives, and projects that may have impacts on health and safety.

LATI is committed to **respecting health and safety measures along the value chain.**

The company involves its **suppliers** and **contractors** not only in implementing cooperation and coordination measures required by current regulations but also in promoting good health and safety practices. Moreover, through the Contractor Management Procedure, every contractor is qualified based on the compliance with the documental requirements of the Health and Safety Management System before entering the company premises.



-  **GRI 403-4** Worker participation, consultation, and communication on occupational health and safety
- GRI 403-5** Worker training on occupational health and safety
- GRI 403-7** Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

## 4.3.5 THE MANAGEMENT SYSTEM FOR HEALTH AND SAFETY IN THE WORKPLACE

Specification	Unit of measure	2020	2021	2022
Number of hours worked	Hours	<b>441,594</b>	<b>423,108</b>	<b>411,681</b>
Fatal injuries	Number	0	0	0
Accidents with serious consequences	Number	0	0	0
Recordable injuries	Number	10	6	5
Rate of deaths resulting from occupational accidents	%	0%	0%	0%
Rate of occupational accidents with serious consequences	%	0%	0%	0%
Recordable work injury rate <sup>(14)</sup>	%	<b>4.53%</b>	<b>2.84%</b>	<b>2.43%</b>

Specification	Unit of measure	2020	2021	2022
Number of hours worked	Hours	N/A	<b>90,443</b>	<b>107,371</b>
Fatal injuries	Number	N/A	0	0
Accidents with serious consequences	Number	N/A	0	0
Recordable injuries	Number	2	2	3
Rate of deaths resulting from occupational accidents	%	N/A	0%	0%
Rate of occupational accidents with serious consequences	%	N/A	0%	0%
Recordable work injury rate <sup>(14)</sup>	%	N/A	<b>4.42%</b>	<b>5.59%</b>

 GRI 403-9 Work related injuries  
GRI 403-10 Work-related ill health

 GRI 403-9 Work related injuries - Employees <sup>(13)</sup>

 GRI 403-9 Work related injuries - Not employees

Regarding the quantitative data on accidents, in 2022, there were 8 accidents without serious consequences, including 5 accidents involving employees and 3 accidents involving non-employees.

Furthermore, during the three-year period of 2020-2022, **there were no cases of occupational diseases.**

<sup>(13)</sup> The indicator refers to the employees of the headquarters in Italy.

<sup>(14)</sup> The calculation methodology for the recordable occupational injury rate is based on 200,000 hours worked, according to the following formula: (total recorded injuries/total hours worked) \* 200,000

## 4.3.6 LATI'S PEOPLE

 GRI 2-7 Employees <sup>(15)</sup>

Employees by geographical area	Unit of measure	2020			2021			2022		
		Men	Woman	Total	Men	Women	Total	Men	Women	Total
<b>Total employees Italy</b> <sup>(16)</sup>	Number			<b>240</b>			<b>242</b>	206	47	<b>253</b>
Percentage of Italian employees out of the total	%			<b>90%</b>			<b>89%</b>	73%	17%	<b>90%</b>
French employees	Number			<b>5</b>			<b>5</b>	4	1	<b>5</b>
German employees	Number			<b>6</b>			<b>6</b>	6	0	<b>6</b>
Spanish employees	Number			<b>3</b>			<b>3</b>	1	3	<b>4</b>
Slovaks employees	Number			<b>1</b>			<b>1</b>	1	0	<b>1</b>
Swedes employees	Number			<b>1</b>			<b>1</b>	1	0	<b>1</b>
Other EU offices employees	Number	Not available		<b>1</b>	Not available		<b>1</b>	0	0	<b>0</b>
<b>Total employees EU - Branch</b>	Number			<b>17</b>			<b>17</b>	13	4	<b>17</b>
Percentage of EU employees - Branch out of the total	%			<b>6%</b>			<b>6%</b>	5%	1%	<b>6%</b>
Chinese employees	Number			<b>7</b>			<b>10</b>	4	5	<b>9</b>
English employees	Number			<b>2</b>			<b>2</b>	2	1	<b>3</b>
<b>Total non-EU employees</b>	Number			<b>9</b>			<b>12</b>	6	6	<b>12</b>
Percentage of non-EU employees out of the total	%			<b>3%</b>			<b>4%</b>	2%	2%	<b>4%</b>
<b>Total employees</b>	Number			<b>266</b>			<b>271</b>	<b>225</b>	<b>57</b>	<b>282</b>

(15) The reporting scope includes employees in Italy and branch offices. In Table 2-7, "Employees by Geographic Area," the 12 employees from the branches in China and the UK are listed, but they are not within the reporting scope of this Sustainability Report.

(16) It is specified that there are no employees with non-guaranteed working hours.

## 4.3.6 LATI'S PEOPLE



GRI 2-7 Employees

GRI 2-30 Collective bargaining agreements

100% of employees in Italy are covered by the National Rubber Plastic Collective Agreement. The employees of the branches have stipulated contractual agreements directly with the Company.

### Composition of employees by employment contract

		2020			2021			2022		
Permanent employees in Italy		<b>230</b>	192	38	<b>236</b>	194	42	<b>250</b>	204	46
Permanent apprenticeship employees Italy		<b>8</b>	3	5	<b>6</b>	3	3	<b>3</b>	2	1
Permanent employees EU - Branch		<b>17</b>	13	4	<b>17</b>	13	4	<b>17</b>	13	4
<b>Total permanent employees</b>		<b>255</b>	<b>208</b>	<b>47</b>	<b>259</b>	<b>210</b>	<b>49</b>	<b>270</b>	<b>219</b>	<b>51</b>
Fixed-term employees Italy		<b>2</b>	2	0	<b>0</b>	0	0	<b>0</b>	0	0
Fixed-term employees EU - Branch		<b>0</b>	0	0	<b>0</b>	0	0	<b>0</b>	0	0
<b>Total fixed-term employees</b>		<b>2</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total employees</b>		<b>257</b>	<b>210</b>	<b>47</b>	<b>259</b>	<b>210</b>	<b>49</b>	<b>270</b>	<b>219</b>	<b>51</b>

## 4.3.6 LATI'S PEOPLE



GRI 2-7 Employees

GRI 2-30 Collective bargaining agreements

100% of employees in Italy are covered by the National Rubber Plastic Collective Agreement. The employees of the branches have stipulated contractual agreements directly with the Company..

### Composition of employees by type of employment

		2020		2021		2022	
Full-time employees Italy		<b>232</b>	196 36	<b>235</b>	196 39	<b>247</b>	205 42
Full-time employees EU - Branch		<b>17</b>	13 4	<b>17</b>	13 4	<b>17</b>	13 4
<b>Total full-time employees</b>		<b>249</b>	<b>209</b> <b>40</b>	<b>252</b>	<b>209</b> <b>43</b>	<b>264</b>	<b>218</b> <b>46</b>
Part-time employees Italy		<b>8</b>	1 7	<b>7</b>	1 6	<b>6</b>	1 5
Part-time employees EU - Branch		<b>0</b>	0 0	<b>0</b>	0 0	<b>0</b>	0 0
<b>Total part-time employees</b>		<b>8</b>	<b>1</b> <b>7</b>	<b>7</b>	<b>1</b> <b>6</b>	<b>6</b>	<b>1</b> <b>5</b>
<b>Total employees</b>		<b>257</b>	<b>210</b> <b>47</b>	<b>259</b>	<b>210</b> <b>49</b>	<b>270</b>	<b>219</b> <b>51</b>

## 4.3.6 LATI'S PEOPLE

 GRI 2-8 Workers who are not employees

Workers who are not employees	Unit of measure	2020			2021			2022			
		Men	Women	Total	Men	Women	Totale	Men	Women	Total	
Number of administered - Italy	Number			<b>31</b>			<b>69</b>	61	0	<b>61</b>	
Percentage of administered Italy	%			<b>97%</b>			<b>96%</b>	92%	0%	<b>82%</b>	
Number of internships - Italy	Number			<b>0</b>			<b>1</b>	3	8	<b>11</b>	
Percentage of internships Italy	%	Not available			Not available			<b>1%</b>	5%	100%	<b>15%</b>
Number of other collaborations - Italy	Number			<b>1</b>			<b>2</b>	2	0	<b>2</b>	
Percentage of other collaborations Italy	%			<b>3%</b>			<b>3%</b>	3%	0%	<b>3%</b>	
<b>Workers who are not employees</b>	Number			<b>32</b>			<b>72</b>	<b>66</b>	<b>8</b>	<b>74</b>	

## 4.3.6 LATI'S PEOPLE



New Hires	Unit of measure	2020			2021			2022		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
New Hires in Italy: Age < 30	Number	2	3	<b>5</b>	3	0	<b>3</b>	8	4	<b>12</b>
New Hires in Italy: Age 30 - 50	Number	2	1	<b>3</b>	10	3	<b>13</b>	8	0	<b>8</b>
New Hires in Italy: Age > 50	Number	0	0	<b>0</b>	3	2	<b>5</b>	2	2	<b>4</b>
New Hires in UE - Branch: Age < 30	Number	0	0	<b>0</b>	0	0	<b>0</b>	0	0	<b>0</b>
New Hires in UE - Branch: Age 30 - 50	Number	1	0	<b>1</b>	1	0	<b>1</b>	1	0	<b>1</b>
New Hires in UE - Branch: Age > 50	Number	0	0	<b>0</b>	0	0	<b>0</b>	0	0	<b>0</b>
<b>Total New Hires</b> <sup>(17)</sup>	Number	<b>5</b>	<b>4</b>	<b>9</b>	<b>17</b>	<b>5</b>	<b>22</b>	<b>19</b>	<b>6</b>	<b>25</b>
Percentage of New Hires in Italy compared to the total	%	80%	100%	<b>89%</b>	94%	100%	<b>95%</b>	95%	100%	<b>96%</b>
Percentage of New Hires in UE - Branch compared to the total	%	20%	0%	<b>11%</b>	6%	0%	<b>5%</b>	5%	0%	<b>4%</b>
Percentage of New Hires: Age < 30, compared to the total	%	40%	75%	<b>56%</b>	18%	0%	<b>14%</b>	42%	67%	<b>48%</b>
Percentage of New Hires: Age 30 - 50, compared to the total	%	60%	25%	<b>44%</b>	65%	60%	<b>64%</b>	47%	0%	<b>36%</b>
Percentage of New Hires: Age > 50, compared to the total	%	0%	0%	<b>0%</b>	18%	40%	<b>23%</b>	11%	33%	<b>16%</b>

(17) 5 internship in 2020

## 4.3.6 LATI'S PEOPLE



Outgoing Staff	Unit of measure	2020			2021			2022		
		Men	Women	Total	Men	Donne	Total	Men	Women	Total
Outgoing staff in Italy: age group < 30 years	Number	1	5	<b>6</b>	0	0	<b>0</b>	1	0	<b>1</b>
Outgoing staff in Italy: age group 30 - 55 years	Number	4	1	<b>5</b>	2	0	<b>2</b>	1	2	<b>3</b>
Outgoing staff in Italy: age group > 50 years	Number	6	0	<b>6</b>	14	3	<b>17</b>	8	2	<b>10</b>
Outgoing staff in EU - Branch: age group < 30 years	Number	0	0	<b>0</b>	0	0	<b>0</b>	0	0	<b>0</b>
Outgoing staff in EU - Branch: age group 30 - 50 years	Number	0	0	<b>0</b>	0	0	<b>0</b>	0	0	<b>0</b>
Outgoing staff in EU - Branch: age group > 50 years	Number	0	0	<b>0</b>	1	0	<b>1</b>	0	0	<b>0</b>
<b>Outgoing staff in EU - Branch: age group &gt; 50 years</b>	Number	<b>11</b>	<b>6</b>	<b>17</b>	<b>17</b>	<b>3</b>	<b>20</b>	<b>10</b>	<b>4</b>	<b>14</b>
Percentage of outgoing staff in Italy relative to the total	%	100%	100%	<b>100%</b>	94%	100%	<b>95%</b>	100%	100%	<b>100%</b>
Percentage of outgoing staff in EU - Branch relative to the total	%	0%	0%	<b>0%</b>	6%	0%	<b>5%</b>	0%	0%	<b>0%</b>

## 4.3.6 LATI'S PEOPLE



Reasons for Exiting	Unit of measure	2020			2021			2022		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Voluntary exits (excluding retirement), e.g. resignations - LATI Italy and Branch	Number	3	0	<b>3</b>	2	0	<b>2</b>	2	2	<b>4</b>
Retirements - LATI Italy and Branch LATI Italia e Branch	Number	5	0	<b>5</b>	14	3	<b>17</b>	7	1	<b>8</b>
Terminations - LATI Italy and Branch	Number	2	1	<b>3</b>	1	0	<b>1</b>	0	0	<b>0</b>
Other (e.g. end of fixed-term contracts) - LATI Italy and Branch	Number	1	5	<b>6</b>	0	0	<b>0</b>	1	1	<b>2</b>
<b>Total</b>		<b>11</b>	<b>6</b>	<b>17</b>	<b>17</b>	<b>3</b>	<b>20</b>	<b>10</b>	<b>4</b>	<b>14</b>
Percentage of voluntary exits (excluding retirement) - LATI Italy and Branch as a percentage of the total	%	27%	0%	<b>18%</b>	12%	0%	<b>10%</b>	20%	50%	<b>29%</b>
Percentage of retirements - LATI Italy and Branch as a percentage of the total	%	45%	0%	<b>29%</b>	82%	100%	<b>85%</b>	70%	25%	<b>57%</b>
Percentage of terminations - LATI Italy and Branch as a percentage of the total	%	18%	17%	<b>18%</b>	6%	0%	<b>5%</b>	0%	0%	<b>0%</b>
Percentage of "other" (e.g. end of fixed-term contracts) - LATI Italy and Branch as a percentage of the total	%	9%	83%	<b>35%</b>	0%	0%	<b>0%</b>	10%	25%	<b>14%</b>
Turnover rates and New hires	Unit of measure	Men	Women	Total	Men	Women	Total	Men	Women	Total
Total Turnover Rate	%	5,2%	12,8%	<b>6,6%</b>	8%	6%	<b>8%</b>	4%	1%	<b>5%</b>
Total New Hire Rate	%	2,9%	17%	<b>5,4%</b>	8%	10%	<b>8%</b>	7%	2%	<b>9%</b>

## 4.3.6 LATI'S PEOPLE

 GRI 405-1 Diversity of Governance bodies and employees

Breakdown of employees by gender, category and age	Unit of measure	2020			2021			2022		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives: Age < 30	Number	0	0	<b>0</b>	0	0	<b>0</b>	0	0	<b>0</b>
Executives: Age 30 - 50	Number	4	2	<b>6</b>	4	2	<b>6</b>	3	0	<b>3</b>
Executives: Age > 50	Number	6	2	<b>8</b>	4	4	<b>8</b>	8	4	<b>12</b>
Managers: Age < 30	Number	0	0	<b>0</b>	0	0	<b>0</b>	0	0	<b>0</b>
Managers: Age 30 - 50	Number	14	3	<b>17</b>	14	5	<b>19</b>	15	5	<b>20</b>
Managers: Age > 50	Number	17	3	<b>20</b>	16	3	<b>19</b>	17	3	<b>20</b>
Employees: Age < 30	Number	2	1	<b>3</b>	2	3	<b>5</b>	6	5	<b>11</b>
Employees: Age 30 - 50	Number	20	15	<b>35</b>	24	16	<b>40</b>	25	17	<b>42</b>
Employees: Age > 50	Number	22	15	<b>37</b>	19	14	<b>33</b>	23	15	<b>38</b>
Workers: Age < 30	Number	1	0	<b>1</b>	3	0	<b>3</b>	6	0	<b>6</b>
Workers: Age 30 - 50	Number	56	1	<b>57</b>	55	1	<b>56</b>	49	1	<b>50</b>
Workers: Age > 50	Number	65	0	<b>65</b>	64	0	<b>64</b>	65	0	<b>65</b>
Apprentices: Age < 30	Number	3	5	<b>8</b>	3	3	<b>6</b>	2	1	<b>3</b>
Apprentices: Age 30-50	Number	0	0	<b>0</b>	0	0	<b>0</b>	0	0	<b>0</b>
Apprentices: Age > 50	Number	0	0	<b>0</b>	0	0	<b>0</b>	0	0	<b>0</b>
<b>Totals divided by gender (male and female)</b>	Number	<b>210</b>	<b>47</b>	<b>257</b>	<b>208</b>	<b>51</b>	<b>259</b>	<b>219</b>	<b>51</b>	<b>270</b>

## 4.3.6 LATI'S PEOPLE

 GRI 405-1 Diversity in governing bodies and among employees

Outgoing Staff	Unit of measure	2020			2021			2022		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Percentage of Totals by gender (male and female)	%	18%	18%		80%	20%		81%	19%	
Percentage of Executives by gender(male and female) compared to the total	%	4%	2%		3%	2%		4%	1%	
Percentage of Managers by gender (male and female) compared to the total	%	12%	2%		12%	3%		12%	3%	
Percentage of Employees by gender (male and female) compared to the total	%	17%	12%		17%	13%		20%	14%	
Percentage of Workers by gender (male and female) compared to the total	%	47%	0%		47%	0%		44%	0%	
Male/Female ratio among Executives in relation to the total number of workers of the same gender	%	5%	9%		4%	12%		5%	8%	
Male/Female ratio among Managers in relation to the total number of workers of the same gender	%	15%	13%		14%	16%		15%	16%	
Male/Female ratio among Employees in relation to the total number of workers of the same gender	%	21%	66%		22%	65%		25%	73%	
Male/Female ratio among Workers in relation to the total number of workers of the same gender	%	58%	2%		59%	2%		55%	2%	

Employees with disabilities and protected categories	Unit of measure	2020			2021			2022		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives belonging to protected categories	numero	0	0	<b>0</b>	0	0	<b>0</b>	0	0	<b>0</b>
Managers belonging to protected categories	numero	0	0	<b>0</b>	0	0	<b>0</b>	1	0	<b>1</b>
Employees belonging to protected categories	numero	3	1	<b>4</b>	3	1	<b>4</b>	4	1	<b>5</b>
Workers belonging to protected categories	numero	12	1	<b>13</b>	11	1	<b>12</b>	8	1	<b>9</b>
<b>Total number of employees belonging to protected categories</b>	<b>numero</b>	<b>15</b>	<b>2</b>	<b>17</b>	<b>14</b>	<b>2</b>	<b>16</b>	<b>13</b>	<b>2</b>	<b>15</b>

## 4.4 IMPACTS OF ECONOMIC-PRODUCTIVE ACTIVITIES

In 2022, LATI operated in line with the strategic guidelines presented the previous year, consistent with the Strategic Pillars and in continuity with previous years, with the objective of:

- Creating lasting value through **Market and product repositioning**.
- Advancing towards **Industry 4.0** to increase efficiency and competitiveness.
- Improving **Customer Orientation** with increasingly rapid service.
- Pursuing a **Sustainable** approach and **Global Presence**.

The year 2022 was characterized by continuous changes in the economic and competitive landscape.

LATI internally revised its three-year investment plan in the production compartment to ensure:

- Consistency with market developments.
- Alignment with the company's strategic objectives.
- Eco-financial feasibility in light of increased costs and delays in the procurement of materials for buildings and facilities.

The project revision confirmed the validity of LATI's strategic

objectives and the economic feasibility of the redefined strategic investment plan in the 2024-2026 Strategic Plan, which will be implemented in the first half of 2023 with the support of **LIUC Business School**.

In 2022, after a year of exceptional recovery, there was a moment of consolidation, and in the second half of the year, as expected, a substantial decrease in demand occurred, ultimately attributable to the perception of extreme market instability.

LATI recorded a contraction in sales volumes of approximately -8.6%, while due to the inflationary dynamics generated by the energy crisis, **the revenue exceeded €213 million**, with an increase of 18.8%

The 2022 Management EBITDA reached €20,282,844, marking the second-best result ever recorded by LATI, following 2021.

The value shows a decline of -11.7% compared to 2021.

In the 2022-2021 biennium, characterized by war scenarios, supply chain issues, inflationary trends in raw material prices and energy prices, LATI managed to improve and maintain its value creation performance above the previous biennium, demonstrating the effectiveness of the cost flexibilization strategy and strategic repositioning.



RELATIONAL CAPITAL



FINANCIAL CAPITAL



INTELLECTUAL CAPITAL

### *Material topics*

- Business Ethics
- Responsible and transparent management of the value chain
- Creation of sustainable economic value
- Risk based thinking

SDG



## 4.4 IMPACTS OF ECONOMIC-PRODUCTIVE ACTIVITIES

€ GRI 201-1 Direct economic value generated and distributed

	2020	2021	2022
<b>Economic value generated</b>	<b>€ 129,328,485</b>	<b>€ 184,318,054</b>	<b>€ 226,874,772</b>
Revenues from sales	€ 130,525,196	€ 179,481,244	€ 213,098,207
Changes in inventories	- € 2,050,416	€ 3,301,152	€ 9,626,463
Other income	€ 853,705	€ 1,535,658	€ 4,150,102
<b>distributed economic value</b>	<b>€ 116,972,891</b>	<b>€ 179,547,180</b>	<b>€ 209,695,735</b>
Personnel costs	€ 16,820,539	€ 19,113,143	€ 20,287,258
Operating Costs (Suppliers)	€ 95,819,779	€ 153,961,124	€ 184,277,047
Lenders' remuneration	€ 356,190	€ 90,088	€ 500,836
Public administration	€ 3,712,608	€ 5,136,064	€ 4,023,805
Shareholder Remuneration	€ 222,000	€ 1,206,200	€ 555,000
Investments in the community <sup>(18)</sup>	€ 41,775	€ 40,561	€ 51,789
<b>Value retained<sup>(19)</sup></b>	<b>€ 12,355,594</b>	<b>€ 4,770,874</b>	<b>€ 17,179,037</b>

(18) The data includes the total amount of tips, donations, charitable contributions, and sponsorships..

(19) The retained value in 2021 does not include the inventory of raw materials recorded at the end of the fiscal year, amounting to approximately €12 million, which remain in stock at the company.

## 4.4 IMPACTS OF ECONOMIC-PRODUCTIVE ACTIVITIES

€ GRI 201-4 Financial assistance received from the government

2022		
Provider	Contribution received	Causal
MEF - Revenue Agency	<b>€ 407,313</b>	R&D&I credit - Law 160/2019
MEF - Revenue Agency	<b>€ 1,611,106</b>	Energy-intensive tax credit
MEF - Revenue Agency	<b>€ 133,937</b>	Gas-intensive tax credit
Fund for energy and environmental services	<b>€ 924,497</b>	Concessions in favor of energy-intensive companies
INPS	<b>€ 9,996</b>	Exemption from paying contributions (art. 3 Legislative Decree 104/2020)
INPS	<b>€ 6,668</b>	Exemption from contributions (art. 1 c. 10-15 Law 178/2020)
Lombardy region	<b>€ 3,500</b>	Employment incentives Single Work Dowry

## 4.4.1 2022 IMPACT ACTIVITIES

The Torbissima project (located in Gornate Olona) has been the subject of significant investments, part of a multi-year plan aimed at generating benefits in terms of lower operating costs and increased safety and ergonomics, allowing the company to have greater production flexibility.

As for the Vedano Olona site, the company has carried out investments during the fiscal year in compliance with evolving regulations, primarily of a maintenance nature.

- **Outbound Logistics:** As per strategic decisions made in 2021, in 2022 the company identified Innocenti Depositi as its logistics partner at the Limito di Pioltello location, and its go-live was carried out in December 2022.
- **Smart Factory:** In 2022, two projects were implemented for the digitalization of the factory sector (MII), which made significant progress, and the integrated management project in SAP for the maintenance area (Maintenance App).

LATI focused on various topics within Technology and Innovation, including:

- Project T2 for expanding production capacity.
- Project T4 for transferring production from the historical site in Vedano Olona to Torba.
- Implementation and improvement of general factory services at the Torba site.
- Research and development activities for production processes to continuously improve efficiency.



## 4.4.1 2022 IMPACT ACTIVITIES

Regarding investments in computerisation and digitalization, LATI has continued the path of the production-logistics area, which started in 2020. In this sector, the main advancements are as follows:

- **Activation of the external warehouse at Innocenti**, through the development of a data exchange interface between LATI and the warehouse operator.
- **Further increase in the number of connected machines** in the field for recording production data (IoT).
- **Release of new functionalities** within the Business Intelligence (BI) project.
- **Continuation of the development** of the Manufacturing Execution System (MES) for factory advancement.

Regarding the new network services required for the construction of the new offices in Vedano Olona and Gornate Olona, and to accommodate changes related to people's mobility who need to use these services, the design of the new network infrastructure has been initiated. The core implementation is planned to take place in 2023.

### Cybersecurity

The strategy to enhance cybersecurity at BOX includes the following measures:

- **Conducting specific training courses for all users of the IT systems** to raise awareness about common risks and protective measures based on their behaviors.
- **Implementation of an internet browsing control system** to block access to dangerous or unrelated websites, which is also active on laptops not connected to the company network.
- **Deployment of a two-factor authentication system** for VPN

connections of company users, aimed at reducing the risk of unauthorized access by third parties who fraudulently obtained credentials.

- **Activation of email and data backup functionalities** for Microsoft Teams.
- **Expansion of the vulnerability scanning system** across the entire company's machine fleet, including on-premises servers, cloud servers, and all PCs and laptops.
- **Vulnerability Assessment** for a detailed evaluation of the state of cybersecurity.



# 5 DRAFTING PRINCIPLES

# METHODOLOGICAL NOTE

## Principles of Reporting

The Sustainability Report 2022 of Lati Industria Termoplastici S.p.A. (hereinafter also referred to as "Lati S.p.A.") represents the result of the third annual reporting cycle implemented by the company to effectively inform its stakeholders about its sustainability performance.

This document aims to provide information about the management model, practices, key risks, opportunities, and effects related to ESG issues identified as material.

The ultimate purpose is to demonstrate the actions undertaken towards sustainability goals and meet the legitimate expectations of all Lati S.p.A. stakeholders.

The Sustainability Report of Lati S.p.A. is prepared in accordance with the GRI Sustainability Reporting Standards of the Global Reporting Initiative ("GRI Standards"), considering the latest updates provided by the "GRI Universal Standards 2021".

## Reporting Scope

The reporting scope of information contained in Lati S.p.A.'s Sustainability Report includes the company's headquarters located in Vedano Olona and Gornate Olona. As far as human resources data, unless otherwise specified, the reported indicators

refer to employees operating in Italy and EU branches, excluding subsidiaries and the parent company. Regarding temporary staff, any inclusion is indicated in the footnotes.

The reporting scope of the 2022 Sustainability Report coincides with that of the 2021 Sustainability Report.

## Reporting Process and Methods

The document, prepared by the Quality, Environment, Health and Safety Organizational Unit in collaboration with all company functions, was approved by the LATI Board of Directors on April 27, 2022, concurrently with the financial statements for the year ended December 31, 2022.

The data and information provided refer to the reporting year ended on December 31, 2022 (from January 1, 2022, to December 31, 2022). In order to provide a comparison of variances for the 2020-2022 triennium, data and information for the years 2020 and 2021 are also reported.

Some of the data published in previous years have been restated in this edition due to a refinement or improvement of estimation and calculation methodologies or due to the availability of newly updated significant information.

Any restatements are appropriately disclosed in the text or in the form

of footnotes in the document. It should be noted that to ensure data reliability the use of estimates has been limited to duly reported cases.

In 2022, the materiality analysis was updated compared to the 2021 Sustainability Report, in accordance with GRI 3: Material Topic.

For a more detailed understanding of the process, please refer to the description in paragraph 3.5 "Updating the Materiality Analysis."

Lati S.p.A.'s 2022 Sustainability Report undergoes a voluntary limited assurance engagement, as per the "ISAE 3000 revised" principle, conducted by KPMG S.p.A.



For any further information regarding this Sustainability Report, please contact: [sustainability@it.lati.com](mailto:sustainability@it.lati.com)

-  **GRI 2-2** Entities included in the organization's sustainability reporting
- GRI 2-3** Reporting period, frequency and contact point
- GRI 2-4** Restatements of information
- GRI 2-5** External assurance

# GRI CONTENT INDEX

Declaration of use	LATI Industria Termoplastici S.p.A. has prepared a report in accordance with the GRI Standards for the period from January 1 2022 to December 31 2022.
Use of GRI 1	GRI 1 - FOUNDATION - 2021
Relevant GRI industry standards	There are no relevant GRI industry standards yet

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION			REMARKS
			OMITTED REQUIREMENTS	REASON	EXPLANATION	
<b>GENERAL DISCLOSURES</b>						
GRI 2 - General disclosures - 2021	2-1 Organizational Details	10				
	2-2 Entities included in the organization's sustainability reporting	10,107				
	2-3 Reporting period, frequency, and contact point	107				
	2-4 Restatements of information	107				
	2-5 External assurance	107				
	"2-6 Activities, value chain and other business relationships"	12, 13, 24, 25, 26, 32				
	2-7 Employees	12, 13, 92, 93, 94				
	2-8 Workers who are not employees	95				
	2-9 Governance structure and composition	15, 16, 18				
	2-10 Nomination and selection of the highest governance body	15, 16				
	2-11 Chair of the highest governance body	15, 16, 18				
	2-12 Role of the highest governance body in overseeing the management of impacts	19				
	2-13 Delegation of responsibility for managing impacts	19				

# GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION		REMARKS
			OMITTED REQUIREMENTS	REASON	
<b>GENERAL DISCLOSURES</b>					
GRI 2 - General disclosures - 2021	2-14 Role of the highest governance body in sustainability reporting	19			
	2-15 Conflicts of interest				
	2-16 Communication of critical concerns	19			
	2-17 Collective knowledge of the highest governance body		All indicator	Information unavailable.	The Company currently has no formal steps to advance the collective capabilities of the highest governance body.
	2-18 Evaluation of the performance of the highest governance body		All indicator	Information unavailable.	The company has no established formal ESG performance assessment processes of the highest governance body
	2-19 Remuneration policies	17	Part of the indicator	Information unavailable.	The Company does not currently have a policy, on the compensation of the highest governance body and executives.
	2-20 Process to determine remuneration				LATI's employee compensation policies are defined by the Human Resources department in accordance with the provisions of the National Collective Bargaining Agreement for the Rubber and Plastics industry. Depending on the job position, the Human Resources department involves the General Management as they are the owners and shareholders of the Company.
	2-21 Annual total compensation ratio		All indicator	Incomplete information	The company has not managed to obtain complete and significant data for the purpose of reporting on GRI 2-21 within the time frame of publication of the Report.
	2-22 Statement on sustainable development strategy	3, 4, 5, 48			
	2-23 Policy commitments	20			

# GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION			REMARKS
			OMITTED REQUIREMENTS	REASON	EXPLANATION	
<b>GENERAL DISCLOSURES</b>						
GRI 2 - General disclosures - 2021	2-24 Embedding policy commitments		All indicator	Information unavailable.	The Company has not established structured processes for integrating policy commitments	
	2-25 Processes to remediate negative impacts	21	All indicator	Information unavailable.	The company has not established structured processes to remediate the impacts	
	2-26 Mechanisms for seeking advice and raising concerns	20				
	2-27 Compliance with laws and regulations	20, 22				
	2-28 Membership associations	22				
	2-29 Approach to stakeholder engagement	40, 41, 42				
	2-30 Collective bargaining agreements	93, 94				
<b>MATERIAL TOPICS</b>						
GRI 3 - Material topics - 2021	3-1 Process to determine material topics	43, 44				
	3-2 List of material topics	43, 44				
<b>CREATION OF SUSTAINABLE ECONOMIC VALUE</b>						
GRI 3 - Material topics - 2021	3-3 Management of material topics					
GRI 201: Economic performance - 2016	201-1 Direct economic value generated and distributed	102				
	201-4 Financial assistance received from the government	103				

# GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION		REMARKS
			OMITTED REQUIREMENTS	REASON EXPLANATION	
<b>RESPONSIBLE AND TRANSPARENT VALUE CHAIN MANAGEMENT</b>					
GRI 3 - Material topics - 2021	3-3 Management of material topics				
GRI 418: Customer privacy - 2016	418-1 Substantiated complaints regarding breaches of customer privacy and loss of customer data				In 2022, no reports were recorded regarding customer privacy violations and loss of their data by third parties and regulatory entities.
GRI 308: Supplier Environmental Assessment - 2016	308-1 New suppliers that have been screened using environmental criteria	<b>33</b>			
GRI 414: Supplier Social Assessment - 2016	414-1 New suppliers that have been screened using social criteria	<b>33</b>			
<b>BUSINESS ETHICS</b>					
GRI 3 - Material topics - 2021	3-3 Management of material topics				
GRI 205: Anti-corruption - 2016	205-1 Operations assessed for risks related to corruption	<b>20</b>			
	205-2 Communication and training on anti-corruption policies and procedures				
	205-3 Confirmed incidents of corruption and actions taken	<b>20</b>			
<b>RISK BASED THINKING</b>					
GRI 3 - Material topics - 2021	3-3 Management of material topics				
GRI 2 - General disclosures - 2021	2-25 Processes to remediate negative impacts	<b>21</b>			

# GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION			REMARKS
			OMITTED REQUIREMENTS	REASON	EXPLANATION	
<b>ENVIRONMENTAL FOOTPRINT</b>						
GRI 3 - Material topics - 2021	3-3 Management of material topics					
GRI 302: Energy - 2016	302-1 Energy consumption within the organization	59				
	302-3 Energy intensity	59				
GRI 303: Water and effluents - 2018	303-1 Interactions with water as a shared resource	76				
	303-2 Management of impacts related to water discharge					
	303-3 Water withdrawal					
	303-4 Water discharge	76				
	303-5 Water consumption	76				
<b>CARBON FOOTPRINT AND THE FIGHT AGAINST CLIMATE CHANGE</b>						
GRI 3 - Material topics - 2021	3-3 Management of material topics					
GRI 305: Emissions - 2016	305-1 Direct greenhouse gas (GHG) emissions (Scope 1)	61				
	305-2 Indirect greenhouse gas (GHG) emissions from energy consumption (Scope 2)	61				
	305-3 Other indirect greenhouse gas (GHG) emissions (Scope 3)	61				
	305-4 Greenhouse gas (GHG) emissions intensity	62				
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	62				

# GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION			REMARKS
			OMITTED REQUIREMENTS	REASON	EXPLANATION	
<b>CIRCULAR ECONOMY</b>						
GRI 3 - Material topics - 2021	3-3 Management of material topics					
GRI 301: Materials - 2016	301-1 Materials used by weight or volume		<b>74</b>			
	301-2 Recycled input materials used		<b>76</b>			
GRI 306: Waste - 2020	306-1 Waste generation and significant waste-related impacts		<b>63</b>			
	306-2 Management of significant waste-related impacts		<b>63</b>			
	306-3 Waste generated		<b>64</b>			
	306-4 Waste diverted from disposal		<b>64</b>			
	306-5 Waste directed to disposal		<b>65</b>			
<b>RESPONSIBLE AND TRANSPARENT MANAGEMENT OF THE VALUE CHAIN</b>						
GRI 3 - Material topics - 2021	3-3 Management of material topics					The company has not identified a specific GRI indicator related to biodiversity conservation. However, information is reported in accordance with GRI 3-3 Material Topics, which includes the management of material issues.

# GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION			REMARKS
			OMITTED REQUIREMENTS	REASON	EXPLANATION	
<b>INNOVATIVE PRODUCTS WITH A POSITIVE IMPACT</b>						
GRI 3 - Material topics - 2021	3-3 Management of material topics					
GRI 416: Customer health and safety - 2016	416-1 Assessment of the health and safety impacts of product and service categories					The company assesses the health and safety impacts for 100% of product categories.
	416-2 Incidents of non compliance concerning the health and safety impacts of products and services					In 2022, no non-compliance with regulations and/or voluntary codes regarding health and safety impacts of our products were recorded.
GRI 417: Marketing and labelling - 2016	417-1 Requirements for product and service information and labeling					To ensure the quality of our products, the company has implemented a labeling system that allows verification of the sourcing of product components, their contents, and specifically the presence of substances with potential negative environmental or social impacts, as well as the disposal methods and their associated environmental or social impacts. LATI's commitment to these issues has enabled the company to consistently operate in compliance with regulations and internal procedures.
	417-2 Incidents of non-compliance concerning product and service information and labeling					In 2022, no incidents of non-compliance with regulations and/or voluntary codes regarding product and service information and labeling were recorded.
	417-3 Incidents of non-compliance concerning marketing communications					In 2022, no incidents of non-compliance with regulations and/or voluntary codes regarding marketing communications were recorded.

# GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION		REMARKS
			OMITTED REQUIREMENTS	REASON EXPLANATION	
<b>ATTENTION TO PEOPLE'S WELL-BEING</b>					
GRI 3 - Material topics - 2021	3-3 Management of material topics				
	401-1 New employee hires and employee turnover	<b>96, 97, 98</b>			
GRI 401: Employment - 2016	401-2 Benefits provided to full time employees that are not provided to temporary or part time employees				The company offers the same benefits to all employees, with the exception of life insurance offered to executives. As for parental leave, it follows the provisions outlined in the National Collective Bargaining Agreement for the Rubber and Plastics Industry (CCNL Gomma Plastica).
GRI 402: Management of labor and trade union relations - 2016	402-1 Minimum notice periods regarding operational changes				The company refers to the National Collective Bargaining Agreement for the Rubber and Plastics Industry (CCNL Gomma Plastica) for determining the minimum notice period for operational changes.
GRI 405: Diversity and equal opportunities - 2016	405-1 Diversity of governance bodies and among employees				
GRI 406: Non discrimination - 2016	406-1 Incidents of discrimination and corrective actions taken				In 2022, no incidents of discrimination were reported.
<b>PEOPLE DEVELOPEMENT</b>					
GRI 3 - Material topics - 2021	3-3 Management of material topics				
	404-1 Average number of training hours per year per employee	<b>84, 85</b>			
GRI 404: Training and Education - 2016.	404-2 Programs for upgrading employee skills and transition assistance programs	<b>83</b>			
	404-3 Percentage of employees receiving regular performance and career development reviews	<b>87</b>			

# GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION			REMARKS
			OMITTED REQUIREMENTS	REASON	EXPLANATION	
<b>HEALTH AND SAFETY IN THE WORKPLACE</b>						
GRI 3 - Material topics - 2021	3-3 Management of material topics					
	403-1 Occupational health and safety management system	89				
	403-2 Hazard identification, risk assessment, and incident investigation	89				
	403-3 Occupational health services	89				
	403-4 Worker participation, consultation and communication on occupational health and safety	90				
	403-5 Worker training on occupational health and safety	90				
GRI 403: Occupational Health and Safety 2018.	403-6 Promotion of worker health	80, 83				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships commerciali	90				
	403-8 Workers covered by an occupational health and safety management system	89				
	403-9 Work-related injuries	91				
	403-10 Work-related ill health	91				
<b>CORPORATE CITIZENSHIP</b>						
GRI 3 - Material topics - 2021	3-3 Management of material topics					
GRI 204: Procurement practices 2016.	204-1 Proportion of spending on local suppliers.	34				
<b>CULTURE FOR THE SUSTAINABLE USE OF PLASTICS</b>						
GRI 3 - Material topics - 2021	3-3 Management of material topics					The company has not identified a specific GRI indicator related to biodiversity conservation. However, information is reported in accordance with GRI 3-3 Material Topics, which includes the management of material issues.

# GLOSSARY

**Capitals:** six types of resources through which a company can create value:

- **Financial:** financial resources (financing methods, equity, etc.) used to produce goods or services.
- **Physical:** physical resources (buildings, facilities, equipment) used to produce goods or services.
- **Intellectual:** intangible resources corresponding to organizational capital and the value of knowledge.
- **Human:** skills, abilities, and experience of individuals and their motivation to innovate.
- **Social and relational:** the ability to share information to enhance individual and collective well-being.
- **Environmental:** environmental processes and resources that provide goods or services for the success of an organization.

**ESG (Environmental, Social, Governance):** refers to the sustainability dimensions by which an organization's activities are evaluated, not only from an economic and governance perspective but also from an environmental and social perspective.

**Business model:** an organizational system through which an organization transforms inputs into outputs and outcomes (impacts) through its business activities, aiming to fulfill strategic purposes and create value in the short, medium, and long term.

**Governance:** the individuals or organization(s) (e.g., the board of directors or a corporate trustee) responsible for overseeing the strategic direction of an organization and its obligations in terms of responsibility and administration. In some organizations and jurisdictions, those entrusted with governance may include executive management.

**Inputs:** the capitals (financial and non-financial resources) that an organization draws upon for its business activities.

**Integrated reporting:** a process based on integrated thinking that results in a periodic integrated report of an organization about the creation, preservation, or erosion of value over time, as well as communications related to value creation aspects.

**Outcomes (Impacts):** the internal and external consequences (positive and negative) on the capitals resulting from an organization's activities and business outcomes.

**Outputs:** the products and services generated by an organization, including any by-products and waste.

**Performance:** an organization's results relative to its strategic objectives and its results in terms of its effects on the capitals.

**SDGs (Sustainable Development Goals):** 17 goals set by the United Nations to be achieved by 2030. These goals serve as guidelines to contribute to global development, promote human well-being, and protect the environment.

**Stakeholders:** groups or individuals who can reasonably be significantly affected by an organization's business activities, outputs, or results, or whose actions can reasonably have a significant impact on the organization's ability to create value over time. Stakeholders may include providers of financial capital, employees, customers, suppliers, business partners, local communities, NGOs, environmental groups, legislators, regulatory authorities, and policymakers.



KPMG S.p.A.  
Revisione e organizzazione contabile  
Corso Matteotti, 1  
21100 VARESE VA  
Telefono +39 0332 282356  
Email [it-fmauditaly@kpmg.it](mailto:it-fmauditaly@kpmg.it)  
PEC [kpmgspa@pec.kpmg.it](mailto:kpmgspa@pec.kpmg.it)

**(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)**

## **Independent auditors' report on the sustainability report**

*To the shareholders of  
LATI Industria Termoplastici S.p.A.*

We have been engaged to perform a limited assurance engagement on the 2022 Sustainability report (the "sustainability report") of LATI Industria Termoplastici S.p.A. (the "company").

### ***Directors' responsibility for the sustainability report***

The company's directors are responsible for the preparation of a sustainability report in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI - Global Reporting Initiative (the "GRI Standards"), as described in the "Methodological note" section of the sustainability report.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of a sustainability report that is free from material misstatement, whether due to fraud or error.

They are also responsible for defining the company's objectives regarding its sustainability performance and the identification of the stakeholders and the significant aspects to report.

### ***Auditors' independence and quality control***

We are independent in compliance with the independence and all other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our company applies International Standard on Quality Control 1 (ISQC Italia 1 ) and, accordingly, maintains a system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



**LATI Industria Termoplastici S.p.A.**

*Independent auditors' report*

*31 December 2022*

### **Auditors' responsibility**

Our responsibility is to express a conclusion, based on the procedures performed, about the compliance of the sustainability report with the requirements of the GRI Standards. We carried out our work in accordance with the criteria established by "International Standard on Assurance Engagements 3000 (revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 revised"), issued by the International Auditing and Assurance Standards Board applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the sustainability report is free from material misstatement.

A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 revised, and consequently does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures we performed on the sustainability report are based on our professional judgement and include inquiries, primarily of the company's personnel responsible for the preparation of the information presented in the sustainability report, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

Specifically, we performed the following procedures:

- 1 analysing the reporting of material aspects process, specifically how the reference environment is analysed and understood, how the actual and potential impacts are identified, assessed and prioritised and how the process outcome is validated internally;
- 2 comparing the financial disclosures presented in the "Executive summary" and "Impacts of economic-productive activities" sections of the sustainability report with those included in the company's financial statements;
- 3 understanding the processes underlying the generation, recording and management of the significant qualitative and quantitative information disclosed in the sustainability report.

Specifically, we held interviews and discussions with the company's management personnel. We also performed selected procedures on documentation to gather information on the processes and procedures used to gather, combine, process and transmit non-financial data and information to the office that prepares the sustainability report.

Furthermore, with respect to significant information, considering the company's business and characteristics, we performed the following procedures:

- at company level:
  - a) we held interviews and obtained supporting documentation to check the qualitative information presented in the sustainability report;
  - b) we carried out analytical and limited procedures to check, on a sample basis, the correct aggregation of data in the quantitative information;
- we visited the Vedano Olona and Gornate Olona sites, which we have selected on the basis of their business, contribution to the key performance indicators and location, to meet their management and obtain documentary evidence, on a sample basis, supporting the correct application of the procedures and methods used to calculate the indicators.



**LATI Industria Termoplastici S.p.A.**

*Independent auditors' report*

*31 December 2022*

### **Conclusion**

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2022 Sustainability report of LATI Industria Termoplastici S.p.A. has not been prepared, in all material respects, in accordance with the requirements of the GRI Standards, as described in the “Methodological note” section of the sustainability report.

### **Other matters**

The sustainability report presents the corresponding figures included in the 2021 Sustainability report for comparative purposes, on which other auditors performed a limited assurance engagement and expressed their unqualified conclusion on 30 June 2022.

Varese, 20 June 2023

KPMG S.p.A.

(signed on the original)

Paolo Rota  
Director of Audit



**HIGH  
PERFORMANCE  
THERMOPLASTICS**

**HEADQUARTER**

Via F. Baracca 7, 21040  
VEDANO OLONA (VA) ITALY

 +39-0332-409111

 +39-0332-409307

 [www.lati.com](http://www.lati.com)

 [info@lati.com](mailto:info@lati.com)

**FOLLOW US**

 [Linkedin](#)

 [Youtube](#)