



HIGH
PERFORMANCE
THERMOPLASTICS

SUSTAINABILITY REPORT
2023

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Letter to our stakeholders

GRI 2-22

Dear reader,

The general macroeconomic trend in 2023 was negative.

After years of continuous growth, Italy's industry slowed down dramatically, in line with that seen in the other major European countries, whose GDP grew less than 2022 while Germany even entered recession.

Inflation and rising interest rates held back consumption and investment. We also felt the effects of the uncertainties rife on the international scene, with the continuation of the war in Ukraine and the onset of the war in the Gaza Strip. 2024 has begun with further geopolitical instability due to Houthi attacks in the Red Sea. In addition to this, European competitiveness continues to be constrained by China's industrial overcapacity, the lack of industrial policies to support European production, and higher energy costs than in other parts of the world.



LATI's performance reflects the general macro-economic trend.

Our industry's performance has mirrored that of GDP as LATI serves markets such as the electrical, home appliances and automotive markets, which are affected by general macroeconomic trends.

In particular, after the boom in consumption of durable goods in 2022, due to inflation and rising interest rates, consumers stopped spending or investing in property renovations, buying home appliances or changing their cars in 2023.

This meant that, after years of growth and very positive results, which earned our company inclusion among the 1,000 Italian Champion Companies on Italypost's list, LATI saw a 21% drop in sales by volume, and an even more severe 28% drop in turnover due to deflation. The decline in volume is mainly due to the economic situation, but also both we and our customers are encountering Asian competition for the first time in Europe as well.

Repositioning and being ready for recovery are our trump cards.

In this context, our strategy of repositioning toward specialty products with high added value, and in market niches that are less affected by competition and cyclical fluctuations, has proven successful. In fact, sales of these materials are holding up better than traditional materials, or even bucking the trend.

For example, thermally conductive compounds for lighting engineering and automotive lighting and self-lubricating



By leveraging our technical expertise, our financial strength, and with the prudence that has always been our hallmark, we are determined to support our international clients in their growth and create development opportunities for our people. We will soon celebrate our 80th birthday. But we remain young at heart, forward-looking and driven by our highly innovative spirit. Always in keeping with tradition.



materials for levers and gears in the electrical and automotive sectors have encountered great success.

Motor vehicle electrification will also open up interesting opportunities for our self-extinguishing formulations. As confirmation of our commitment and intention to grow in the automotive sector, we are proud to have obtained an important accolade: the IATF certification!

Although the gross margin held its ground, partly due to a more sophisticated product mix, the gross operating profit dropped 50%, due to rising overheads compared to the previous year. This is because we have continued to invest in our development, increasing our industrial assets and technical expertise as part of our forward-looking drive.

Our financial situation is very solid: we closed the year with significant liquidity of around €35 million and a NFD/EBIT-DA ratio below 1, thanks to our low level of debt and a cost of money that reflects our excellent sustainability rating. By virtue of our financial strength and the deliberate strategy of not reducing our workforce in times of crisis, we are well poised to benefit from the recovery that will inevitably come soon.

Our business plan to modernise the production sector continues.

We continue to invest in the Gornate Olona site to centralise and optimise production activities. In 2023, we outsourced outbound logistics to one of our trusted, efficient and sustainability-oriented partners to free up space for production activities. This will enable us to accommodate Ve-

dano Olona’s production lines, which will be transferred by 2026 given that in an increasingly challenging scenario, it will be important to have a lean, automated and digital factory. Investment in new facilities, digital technologies and people training will give us a twofold advantage:

- to become increasingly competitive for our customers;
- to be progressively more attractive as a workplace to our staff.

The demographic winter will exacerbate the war for talent, and it will be vital for us to continue to be able to rely on skilled workers, technicians and engineers. This is why, even in times of crisis, we keep everyone on board and invest in reskilling. It follows that lean and digital transformation will be key to increasing engagement and making the workplace a challenging, enjoyable and safe place.

Because being a Benefit Society means putting people at the centre.

Our charter of values requires us to guarantee employment and employability.

Despite the slump in sales, we resorted to the government-sponsored lay-off scheme less than needed. In order to support the purchasing power of our people, we supplemented their salaries by up to 90%, and the variable component of the remuneration package has not been penalised by the worsened business performance.

We are also very proud, in this difficult year, to have achieved an important result in line with our values and all-female ownership: certification for gender equality. In a histori-

cally male-dominated industry, where the STEM disciplines that underpin our success are still in the hands of men, we intend to create the conditions to provide equal opportunity, growth, and attractive salaries based on merit and skills. Our work environment is welcoming and attractive because we provide a work-life balance. Indeed, flexible hours and hybrid work, with remote working agreements up to 5 days out of 5, continue to be essential for us.

We also continue to invest in corporate welfare. We have added a rich platform of personal services to supplement our WHP (Workplace Health Promotion) journey and the activities of the Giunca Network, which include important agreements for the population of member companies.

In addition, through Welfood, our people have free access to a psychologist, nutritionist, posturologist and much more! Sustainability remains a pillar of our strategy, both socially and environmentally. Our roadmap towards decarbonisation continues at full speed, so much so that we have improved our Ecovadis rating from 68/100 to 73/100, holding on to our Gold Medal and placing the company in the top 4% of the highest scoring companies in our industry.

We are ready to meet the challenges of the future.

We are confident about the future, bolstered by our values and past good results, and we are convinced that recovery is just around the corner. Two new lines will handle new orders with greater productivity and efficiency. We are also

ready to grow externally. Organic growth has been solid albeit slow given the fluctuating European market with limited prospects.

By leveraging our technical expertise, our financial strength, and with the prudence that has always been our hallmark, we are determined to support our international clients in their growth and create development opportunities for our people.

We will soon celebrate our 80th birthday. But we remain young at heart, forward-looking and driven by our highly innovative spirit. Always in keeping with tradition.

Michela Conterno


Guide to reading the report

This four-part report is divided into **four main chapters** and an appendix.

1.

The **first chapter** summarizes the organization, its identity, history, and ownership structure.

2.

The **second chapter** outlines the corporate bodies, principles and procedures that LATI has adopted to ensure its proper management.

3.

The **third chapter** details how the organization uses financial and non-financial “capital” (see glossary) to generate value. It analyses the impacts, risks and opportunities related to this process and outlines the company’s strategies for sustained and shared value creation.

4.

The **fourth chapter** explores the company’s achievements, activities and goals as set out in its Environmental, Social and Governance (ESG) policies.

5.

The **final part** details the references used in drafting the report and the index of Global Reporting Initiative (GRI) Content Index.

1. Executive summary

Values



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 customers.



Sustainable 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 qualitative, not quantitative 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.



Integrity

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 customers.



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.



Wellbeing

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

Vision, mission and purpose



VISION

We seek to become a **partner of choice** for **safe, durable** and **ethical** solutions that **unleash the potential** of thermoplastic materials for our customers.



MISSION

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



PURPOSE

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**.

1.2 History

1945

Foundation and the beginnings

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.

The '50s and '60s

Economic boom and early successes

Thanks to its relationship with Montedison, the company experienced a veritable boom in the 1950s and 1960s. In the early '60s, a complete range of products **reinforced with short and long glass fibres** was launched.

The '70s

Consolidation and internationalization

In the early 1970s, the first range of **flame retardant (FR) materials** was perfected. This period also saw the company's first generational shift, with management of the company entrusted to Giovanni, Cosimo's eldest son, and later to his brother Francesco, who transformed the company into an international player, while maintaining an entrepreneurial DNA based on **corporate social responsibility** and the **central value of people**.

The '80s and '90s

Focus on high performance and special compounds

The late '80s saw a key strategic change: the decision to invest in the development of special and high-performance products. Over this period the company's internationalization marked the company's full maturity.

2000-2020

A woman takes the helm

The company continues on the path of internationalization and innovation, with great importance attached to sustainable products. 2016 saw a second generational transition when Francesco Conterno transferred full management powers to his daughter Michela, appointing her as CEO..

Since 2020

Industry 4.0 and 360° Sustainability

2020 marks the culmination of the succession, with the transfer of the shares of the LATI Group from the President to his two daughters. To formally consolidate its commitment to sustainability, in 2022 LATI becomes a **Benefit Company**, incorporating **three common benefit objectives** into its Statute, alongside the goal of generating economic value. The **decades-long path of investments** continues, and ever greater attention is paid to the technological innovation of the company's processes.

LATI as a Benefit Company

In July 2022, LATI became a Benefit Company, formally incorporating common benefit objectives into its Statute, alongside the goal of profitability. This natural evolution into the legal status of Benefit Corporation represents a concrete opportunity for the company to generate value and positive impacts through its business model.

The three common benefit goals identified by LATI are:

1.

Product sustainability

2.

People's wellbeing within and outside the organization

3.

Development of the local territory and ecosystem

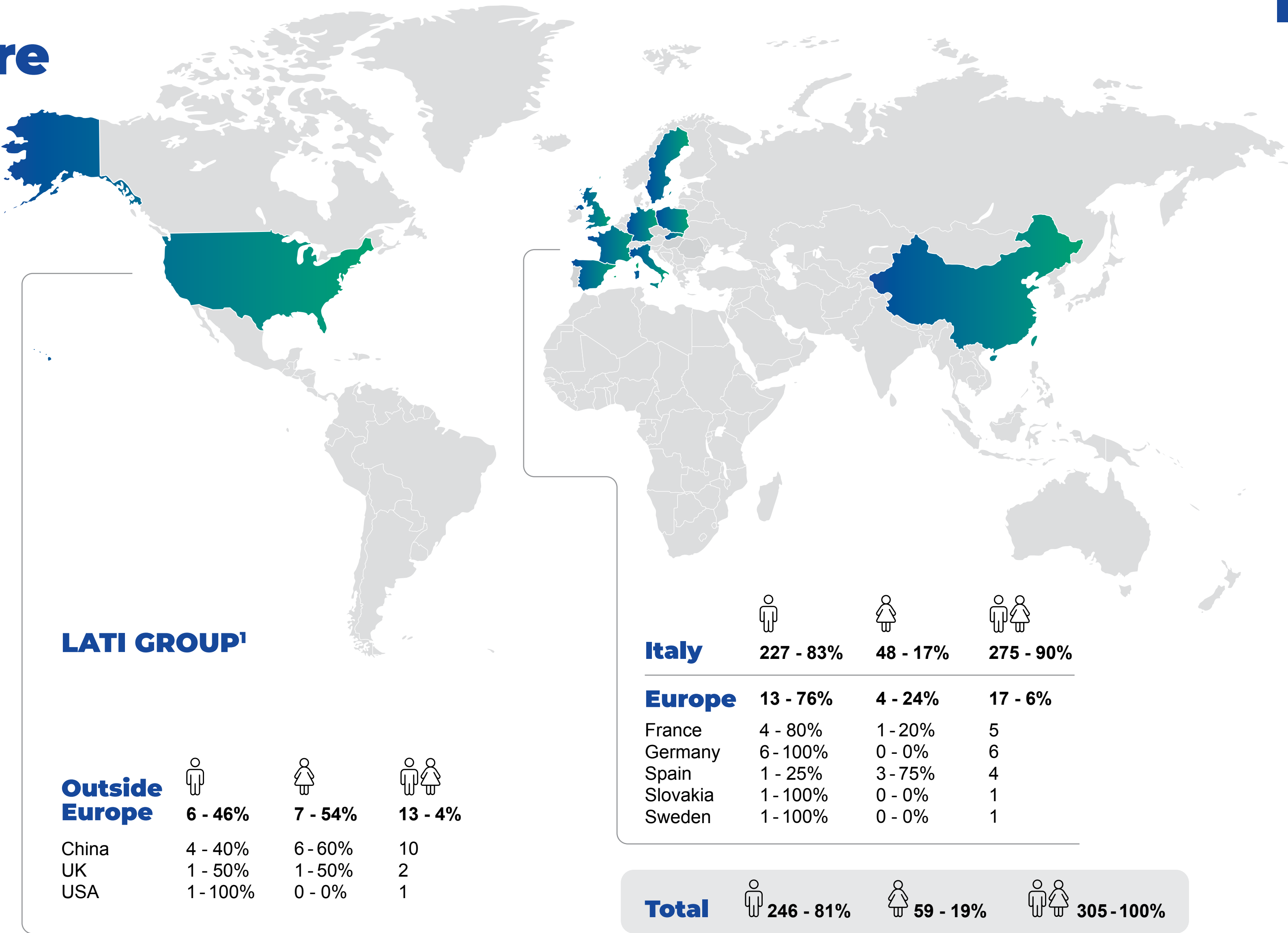


1.3 Ownership structure and operational framework

GRI 2-1 | GRI 2-2

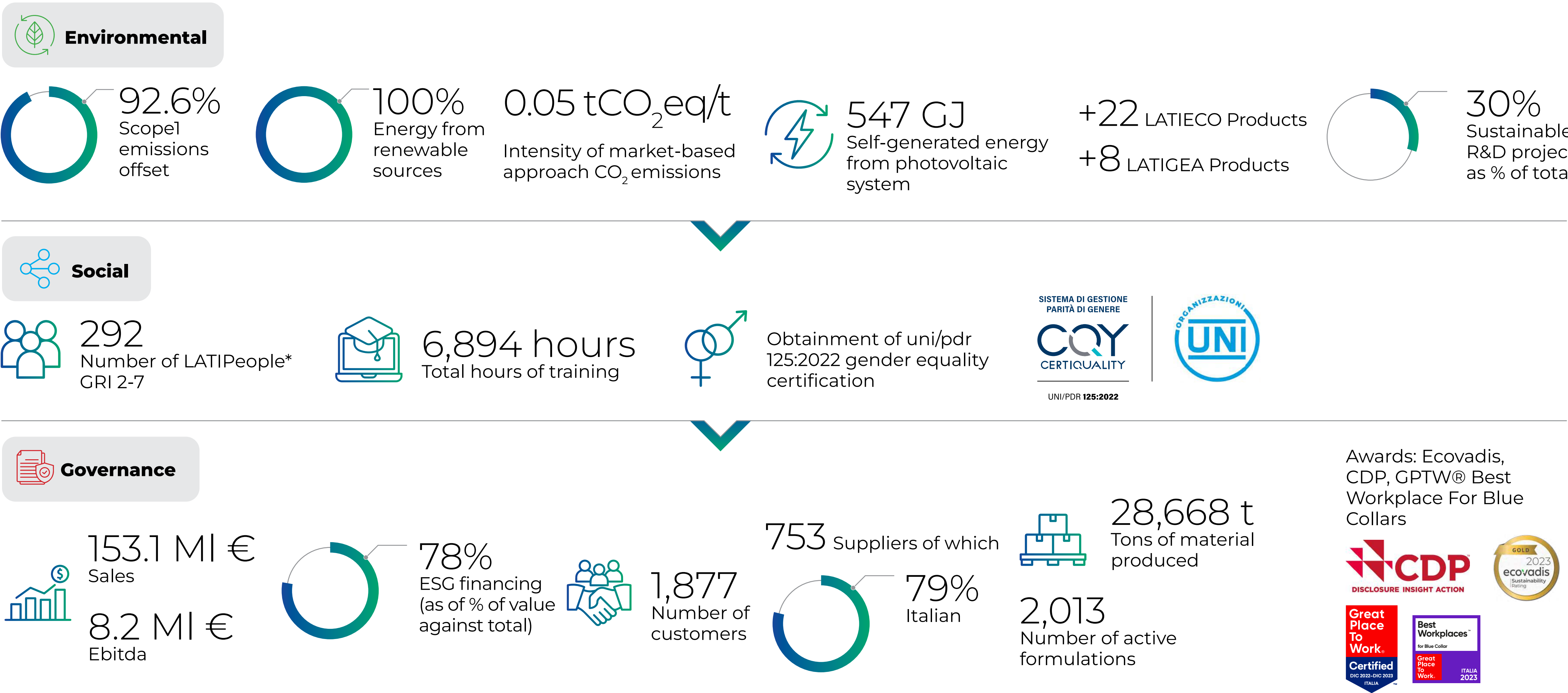
LATI Industria Termoplastici S.p.A. (hereinafter referred to as “LATI”) has its **legal and operational headquarters** in Vedano Olona (VA), Italy, and is 98% owned by the **holding company SVI S.p.A.**, which coordinates services across various companies with the aim of improving overall efficiency.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

LATI carries out its **manufacturing activities in Italy at its Vedano Olona and Gornate Olona facilities** and has a **network of sales offices throughout Europe**. LATI’s foreign branches are located in the following European countries: in **Sweden** in Gothenburg, affiliated with the “LATI Sweden Filial” branch; in **Germany** in Wiesbaden, affiliated with the “LATI Industria Termoplastici S.p.A. - Zweigniederlassung Deutschland” branch; in **Slovakia** in Nové mesto nad Váhom, affiliated with the “LATI Industria Termoplastici S.p.A. - Organizačná zložka” branch; in **France**, in Paris, affiliated with the ‘LATI Industria Termoplastici S.p.A. - succursal France” branch and in **Spain**, in Barcelona, affiliated with the “LATI Industria Termoplastici S.p.A. - succursal Espana” branch. **Three wholly owned subsidiaries** complete the LATI Group: LATI U.K. Ltd. in the **United Kingdom**, LATI U.S.A. Trading, Inc. in the **United States**, and LATI Shanghai Co. Ltd. in **China**.



1.N.B. the reporting perimeter includes employees in Italy and Branches (France, Germany, Spain, Slovakia, Sweden). Please note that until 2021, branches also included Poland. For more details see Section 4.3.1 of LATI People and the Methodological Note.

1.4 Key figures at a glance



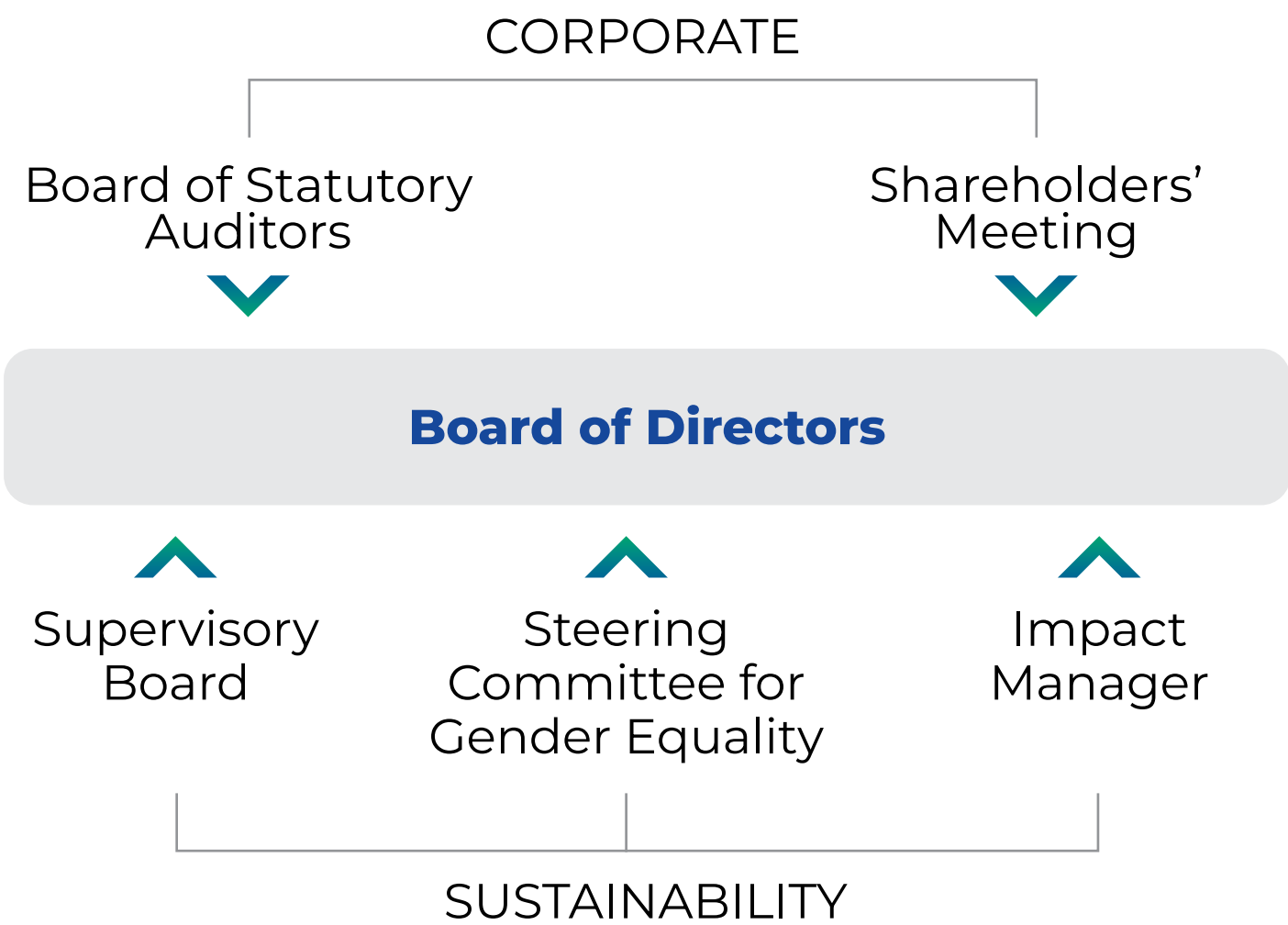
2.

Corporate governance

2.1 Ownership structure

GRI 2-9 | GRI 2-10 | GRI 2-11 | GRI 2-15| GRI 2-16 | GRI 2-17 | GRI 2-19

To ensure the proper and transparent functioning of the company, LATI has adopted a traditional governance model consisting of a Board of Directors, Board of Statutory Auditors, and the Shareholders’ Meeting. The ownership structure is completed by the Supervisory Board², the Impact Manager³ and the Steering Committee for Gender Equality⁴.



2. For more details, please consult the respective paragraphs 2.4 of the Code of Ethics and 231 Organizational Model.
3. For more details, please consult the respective paragraph 2.2 of the Impact Management Report.
4. For more details, please consult the respective paragraph 2.3 of the Gender Equality Policy– PdR 125:2022.

The Board of Directors

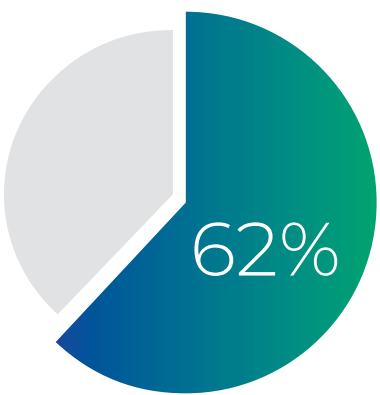
The management and control of the company, as well as the definition of guidelines and objectives, are entrusted to the Board of Directors.

As per the resolution of April 27, 2023, and with the resignation of Francesco Conterno, the Board of Directors changed from nine to eight members. The Board appointed Renaudin Dominique Jacques Michel, a director as of 2011, as the new Chairman.

In the selection of the company’s highest governing body, LATI pays particular attention not only to professionalism and alignment with the company’s Values but also to **diversity and heterogeneity**, with a view to ensuring the co-existence of different **experiences** and drawing on specific contributions in various areas of expertise.

Indeed, **62%** of the current Board of Directors, in office since April 29th, 2021 until the approval of the 2023 Financial Statements, is made up of **women** and boasts a wide range of specialized and diversified competencies.

There are currently no Independent Directors, and 75% of the Board’s members, as illustrated in the table below, are over 50 years old.



Women make up 62% of the board of directors



Chairman of the Board of Directors

JACQUES MICHEL

RENAUDIN DOMINIQUE

Company representative

Executive

Chief Executive Officer

MICHELA CONTERNO

Company representative

Executive

Chief Executive Officer for Product Safety

LOREDANA MERCANTE

Executive

Chief Executive Officer for Social Affairs

LIVIA CONTERNO

Executive

Vice President of the Board of Directors

DOMENICO VITANGELI

Not Executive

Counselor

ALDO TUCCI

Not Executive

Counselor

CRISTINA BOFFI

Not Executive

Counselor

LAURA MASSIRONI

Not Executive

LATI’s strategy sees the Board of Directors as **increasingly involved** in the life of the Company, interacting with top management in business activities through the Business Plan, as to enhance the company’s value.

Indeed, senior and middle managers are regularly involved during the monthly meetings of the Board of Directors for presentations and updates on the company’s strategic projects and for any reports on critical issues.

Individual members of the Board of Directors also contribute many and diversified competencies in areas such as:



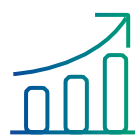
Digitalization



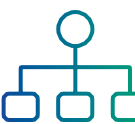
Processes and technologies



Sustainability



Industrial organization and human capital



Administration, taxation and finance



Strategy and target market



Product innovation, quality and compliance

As regards other important positions held by members of the board, Laura Massironi serves as Managing Partner and CEO of NEXTEA-Altea Federation, while in 2022 CEO Michela Conterno became an independent member of the Boards of Directors of the LIUC Carlo Cattaneo University and the LASI Group. In addition, the **CEO is involved in a range of training initiatives and workgroups** to present LATI’s steadfast **commitment** to the environment, people and the local territory.

The individual remunerations of the members of the Board of Directors reflect their respective levels of responsibility and workloads. Other members without specific delegated roles receive an attendance fee for their contributions during board meetings.

As evidence of the importance that Lati places on establishing relationships based on trust, the Board of Directors is composed entirely of people with deep ties to the company: family members, long-time employees, or consultants. That said, it should be noted that these deep personal bonds have never given rise to conflicts of interest, as there have never been any transactions involving these individuals. Nonetheless, LATI has established specific procedures should any situation as such arise. While business relationships with related parties are not necessarily precluded, they do require even closer scrutiny of suppliers, with the presentation of at least two alternative proposals. Such proposals must always be reasonable and compliant with ordinary market conditions.

Board of Statutory Auditors

The **Board of Statutory Auditors**, elected in 2021 for a **three-year term**, is the company’s principal Supervisory Board. It is tasked with overseeing the activities of the directors and ensuring that the management and administration of the company comply with the law and the company’s Statute.

Chairman of the Board of Statutory Auditors

SONIA DE MICHELI

Auditor

SONIA PUGLIESE

Auditor

MARIA VITTORIA BRUNO

Substitute auditor

SONIA MOLEA

Substitute auditor

SARAH PIRETTI

Since 2021, it has been composed of experienced and highly reputable professionals whose positions in other organizations ensure a constructive external perspective.

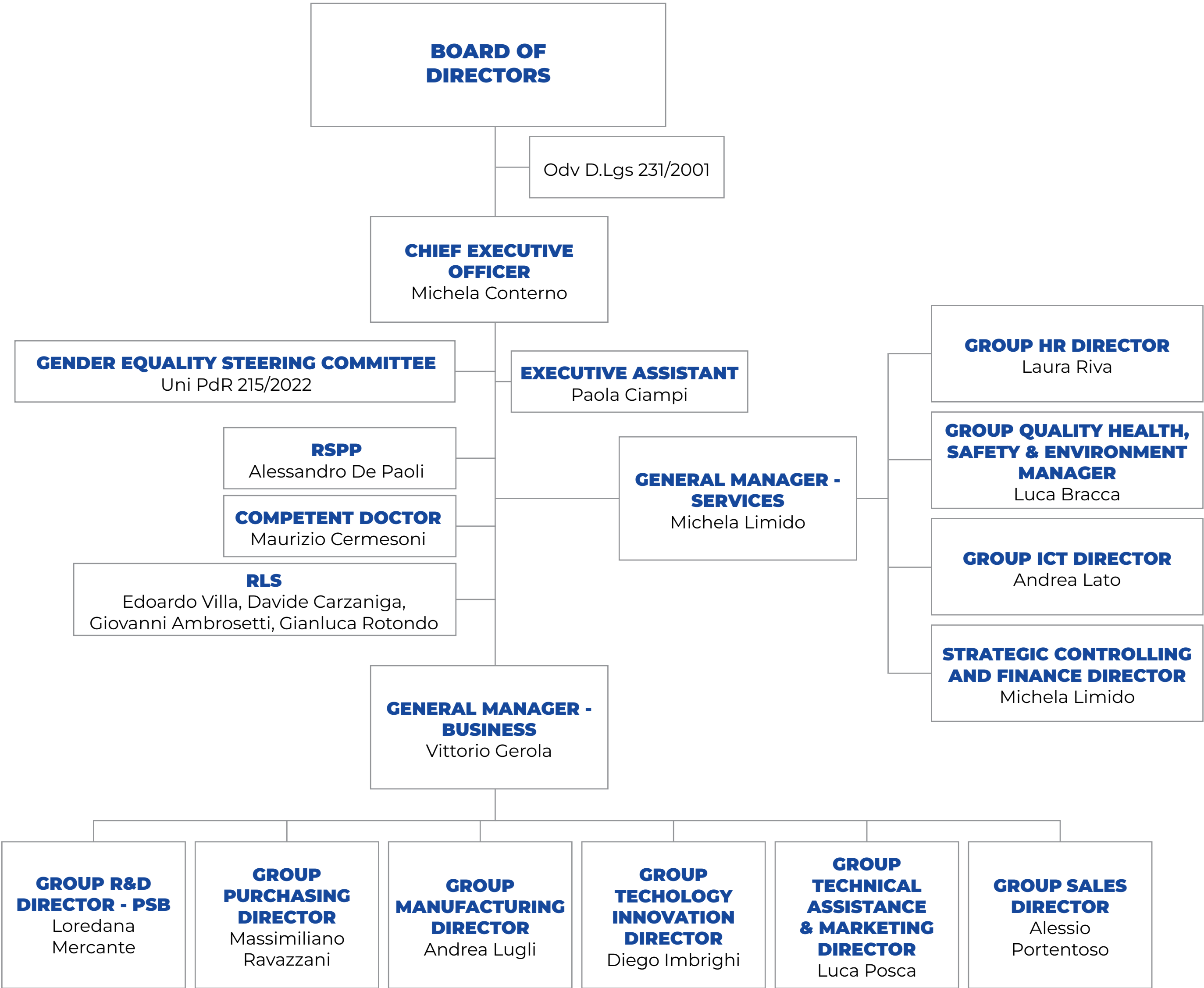
Shareholders’ Meeting

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



LATI’s organizational structure

The Board of Directors is the company’s highest governing body, while at the operational level, the company is structured by **management functions**. In 2023, LATI launched a major **organizational change** project with the establishment of two **General Directorates**. The goal was to support the CEO by area of responsibility. Business and Service activities were merged into the two General Directorates. The new organizational model came into effect in January 2024.



2.2 Management of ESG impacts

GRI 2-12 | GRI 2-13 | GRI 2-14 | GRI 2-16 | GRI 2-25

The company’s Board of Directors and executives are directly involved in approving and updating sustainability strategies, policies and goals. Using the same approach, the Sustainability Report is presented at a special meeting to the highest governing body, which approves the **respective Materiality Analysis**, i.e., the process of determining and evaluating the current and potential impacts of materials issues on the economy, the environment, people, and human rights.

As of July 2022, when LATI became a Benefit Company, the Board of Directors not only appoints the **Impact Officer**, but also evaluates and approves the Impact Report, which serves to monitor common benefit objectives.

As required by Benefit Corporation regulations and the company’s Statute, the Board of Directors is tasked with **balancing the interests of shareholders**, i.e., the profit motive, with **common benefit goals and the interests of stakeholders**.

The Impact Manager supports the Board of Directors in the pursuit of common benefit goals and in the related decision-making processes by coordinating and monitoring impact management and reporting activities.

As per the stipulations of Law 208/2015, the **Impact Manager** is responsible for:

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



2.3 Gender equality policy and PdR 125:2022 certification

GRI 2-23 | GRI 2-25

Inclusion, equity and equal opportunities have always been integral parts of LATI’s corporate culture. Most notably, in recent years the company has embarked on a virtuous path of internal awareness-raising by involving its people in a range of initiatives and formalizing its practices within the procedures and policies that guide HR processes.

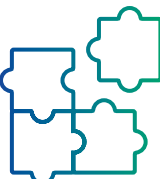
In 2023 this led to the obtainment of **Gender Equality certification** as per the **Italian PdR 125:2022 reference protocol**.

Defined by Senior Management in tandem with the Steering Committee, and approved by the Board of Directors on September 25th, 2023, LATIS’s Gender Equality Policy defines the **principles, aims and guidelines for the company’s commitment to gender equality, women’s empowerment and the valorisation of diversity**.

LATI’s Policy defines the following **areas of intervention** to guarantee an inclusive, collaborative, transparent and open-minded work environment, ensuring the protection, safeguarding, dignity and safety of the company’s people:



Culture and corporate strategy



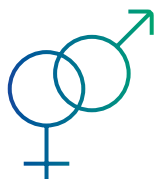
Governance



HR processes



Growth and inclusion opportunities for the company’s women



Equal pay for men and women



Safeguarding of parenthood and work-life balance

You can consult LATI’s Gender Equality policy [HERE](#)

The gender equality steering committee

As required by the **UNI PdR 125:2022** reference practice for Gender Equality certification, LATI established the **Gender Equality Steering Committee**. Staffed by individuals from different company functions, as well as the Human Resources Director and the Managing Director for Social Affairs, Livia Conterno, the Steering Committee is tasked with adopting and disseminating the **Gender Equality Policy and monitoring the initiatives and objectives defined** within the dedicated Strategic Plan.

2.4 Code of ethics and the 231 organizational model

GRI 2-15 | GRI 2-23 | GRI 2-25 | GRI 2-26 | GRI 2-27 | GRI 205-1 | GRI 205-3

In witness of the importance of social responsibility in the conduct of its business activities and its commitment to respecting the legitimate interests of its stakeholders and the community, LATI has clearly defined within its Code of Ethics the ethical principles which inspire the company and which demand respect:



Transparency



Legality



Honesty and impartiality



Respect for the environment and for people

The Code of Ethics is a cornerstone of the **company's culture**, and LATI requires that it be read and respected, not only by its own employees, but also by **all suppliers and companies that collaborate with the company**.

Integrity Complylog: an anonymous reporting platform for whistleblowing

In addition to our dedicated email reporting channel, in 2023 LATI introduced the **Integrity Complylog platform**. The platform allows any person **within or outside the company** to report - in **total anonymity and confidentiality** - any **breach or violation of the 231 Model, the Code of Ethics and the Gender Equality Policy**. The report, even if only a suspicion, can relate to:

- episodes of physical, verbal or digital violence.
- gender or sexual harassment and incidences of bullying.
- acts of discrimination and any form of non-inclusivity.
- breaches of internal norms, rules or procedures related to the awareness and prevention of crimes as defined in Law Decree 231/2001.
- documented failure to comply with the principles defined in the company's Code of Ethics and in the Gender Equality Policy.

The **Whistleblowing Procedure** guarantees the highest level of **confidentiality** and **impartiality**. Indeed, **the report is received exclusively by external members of the Supervisory Board** which, depending on the type and/or seriousness of the report, then informs the Board of Directors and the Group Human Resources Director. Where there are breaches of the principles of the Gender Equality Policy, the Group Human Resources Director may involve the Gender Equality Steering Committee for the design and implementation of further actions to raise the awareness of all people.

The platform guarantees LATI's **compliance with Law Decree 24/2023 implementing European Directive 2019/1937 on Whistleblowing**, and promotes a **safe, inclusive and discrimination-free working environment**.

To ensure compliance with the regulations and rules that guide the company's activities, in **2019** LATI voluntarily prepared its own **Organization, Management and Control Model** in accordance with the provisions of **Law Decree No. 231 of June 8th, 2001**, which introduced into the Italian legal system the regime of administrative liability (referring essentially to criminal liability) for corporate entities.

The model led to the establishment of LATI's **Supervisory Board**, composed for the most part of autonomous and independent external members. This body is tasked with supervising the workings, observance and updating of the model of conduct and of promoting awareness of it within the company and its highest governing body.

The Code of Ethics and the Model also contain the **principles** and **Values** that underpin LATI's approach in **matters of anti-corruption**, with specific provisions in place to guarantee compliance with current legislation.

During 2023, the Supervisory Body did not detect any reports regarding episodes of non-compliance with the provisions of the 231 Model. In addition, during the year, 4 of the 11 company activities identified within the 231 Model as "at risk" were assessed, and no episodes of corruption or anti-competitive behaviours or related legal actions were found. Nor were any significant instances of non-compliance with social and economic regulations detected.

The Code of Ethics, the 231 Organizational and Management Model and the Whistleblowing procedure may be downloaded from our website [HERE](#).



2.5 Policy and integrated management systems

GRI 2-25 | GRI 2-23

Since 2020 LATI has implemented an **Integrated Quality, Health, Safety, and Environment System**, certified and compliant with the **ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 standards**. In 2023, LATI updated its policy in compliance with the requirements of the automotive sector IATF 16949:2016 quality standard.

Through its **Quality, Health, Safety and Environment (QHSE) Policy**, LATI is committed to continuous improvement in its **ability to integrate ESG (Environmental, Social, Governance) factors into its business operations** by implementing innovative organizational and management processes and involving all levels of the company.

In compliance with Management Systems standards, LATI carries out the assessment and updating of **business risks integrated with the most relevant social and environmental** aspects of the context in which it operates.

The analysis of risks and opportunities, the sustainable management of the business and its value chain, digitalization and the transition towards Industry 4.0 allow the company to offset its potential negative impacts and to augment its positive ones.

Among the **environmental factors** included in its QHSE risk analysis, LATI pays particular attention to:

-  **Reducing the impact of its products**
-  **Strengthening circularity policies**
-  **Recovering production and process waste**
-  **Increasing production from renewable energy sources and related self-consumption**
-  **Offsetting the environmental impacts to which manufacturing facilities may be subject**

IATF 16949:2016
The **International Automotive Task Force (IATF)** is the global consortium of automotive manufacturers and automotive industry associations. Based on the ISO 9001:2015 standard, the **IATF 16949:2016 standard** introduces **additional criteria into quality management systems to ensure the maximum quality of the automotive end product**. The standard emphasizes continuous improvement, waste prevention and the reduction of variations in the supply chain.

IATF 16949:2016 certification represents a major step forward for LATI. Not only does it ensure **high quality standards in processes and products** for the automotive industry, it also allows access to new business opportunities, with a particular focus on **vehicle electrification**.

As regards social impacts, LATI places the health and safety of its people at the heart of its approach to risk analysis.

- **Evaluation** and improvement of the workplace, not least in terms of Industry 4.0

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

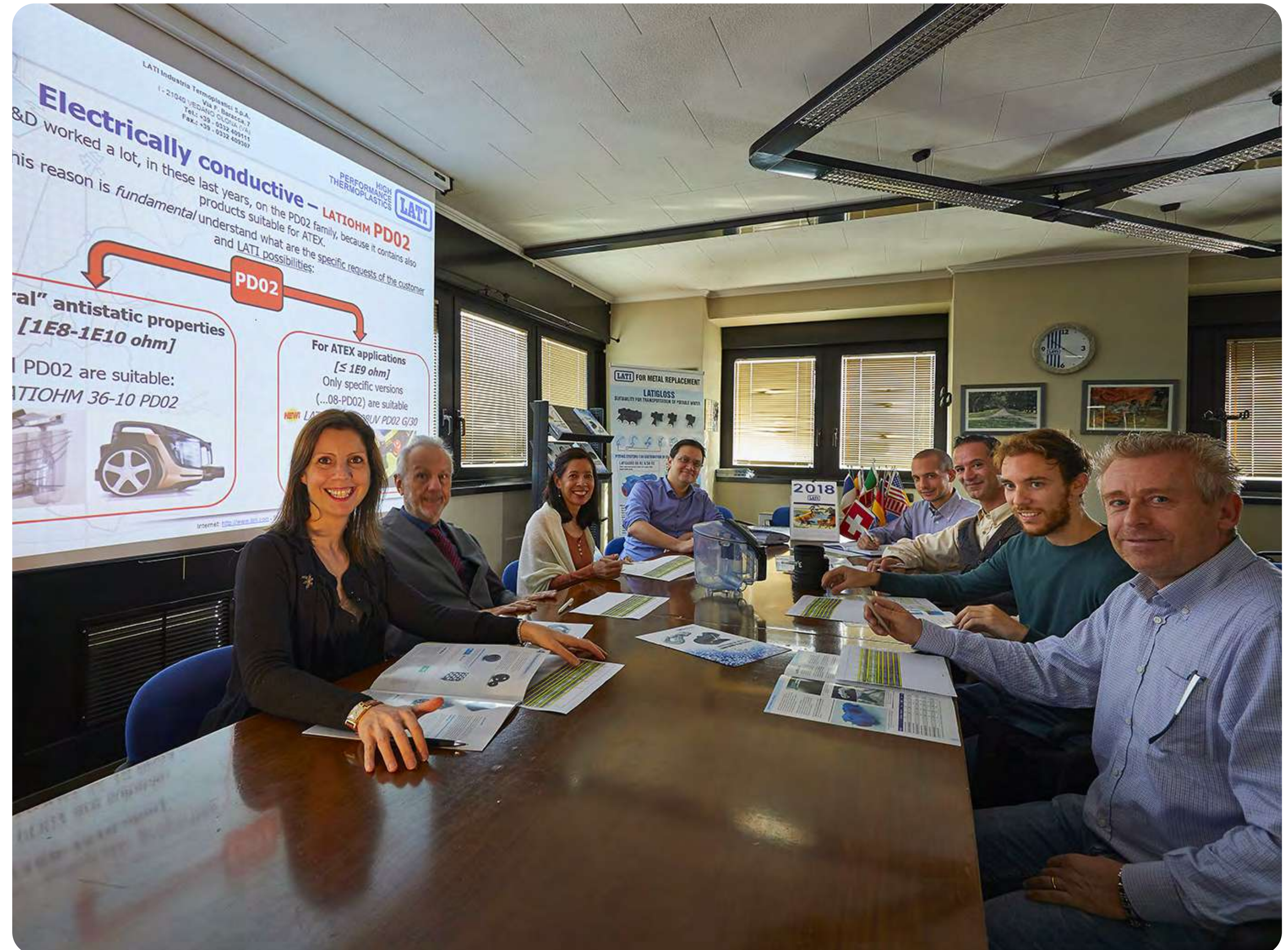
Scrupulous attention to the supply chain in relation to the needs of LATI's customers ensures that the company remains dynamic and flexible, able to mitigate the risks of business discontinuity and the consequent dissatisfaction of its customers.

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

[QHSE Policy HERE.](#)

Industry 4.0 and safety

The high degree of automation of the new machinery for weighing additives and dyes, introduced in 2022 within the preparation and mixing department, has enabled LATI to **minimize the chemical risks** to which people are exposed as it prevents dust dispersion and limits spillages into the environment.



2.6 Certifications

The main certifications awarded to LATI are listed below:



QUALITY

UNI EN ISO 9001:2015

International standard for Quality Management Systems that certifies LATI’s ability to provide compliant products that meet customer needs and the applicable requirements. The standard aims to increase customer satisfaction through the effective implementation of the system and its continuous improvement.

IATF 16949:2016

International standard for Quality Management Systems in the automotive industry. The standard is fully integrated with the UNI EN ISO 9001:2015 standard.

With regard to its products, LATI boasts **more than 150 UL approvals**, certified grades as per the EN 45545 standard, VDE-certified compounds, materials certified for food safety (NFS/ANSI 51) and materials suitable for the transport of drinking water, as per the NSF 61, ACS, WRAS, W270 and KTW standards.



ENVIRONMENT

UNI EN ISO 14001:2015

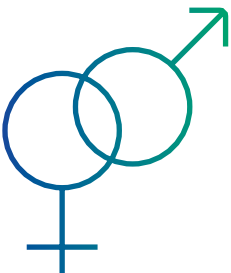
Main international reference standard for Environmental Management Systems for the integration of environmental management practices into the company, pursuing environmental protection and the prevention of pollution, as well as the reduction of energy and natural resources consumption.



HEALTH & SAFETY

UNI ISO 45001:2018

International standard for occupational health and safety management systems that establishes a framework for improving safety, reducing risks in the workplace and improving the health and wellbeing of workers.



INCLUSION

UNI PdR 125:2022

Italian reference practice that certifies an organization’s internal management system dedicated to policies for the implementation and promotion of gender equality.



UL Yellow Cards

List of materials with UL certification and related performances



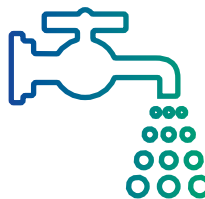
VDE Certification

List of materials with VDE certification and related performances



Contact with foodstuffs

List of materials certified for contact with food



Drinking water

List of materials certified for the transport of drinking water

UL certification of LATIECO products

LATI embarked on the UL certification path to **obtain approvals certifying the flame resistance of self-extinguishing LATIECO compounds.**

The company’s most recent success is UL certification of the first **LATIECO compound made using up to 50% polymer from mechanical recycling. LATIECO 66 MR H2 G/25-V0KB3**, a sustainable alternative to self-extinguishing compounds made with PA66 reinforced with 25% glass fibre, self-extinguishing with red phosphorus, also achieved the

challenging F1 rating, recognizing the material’s suitability for safe outdoor use. 2023 also saw the launch of the *Relative Thermal Index* (RTI) validation process.

UL’s recognition of the compound’s flame resistance and validation of its RTI (*Relative Thermal Index*) **broadens the scope for LATIECO to be used** not only in traditional industries such as appliances, electronics, and power management, but also in **crucial support sectors for the green transition, such as transportation and e-mobility.** This is because the RTI quantifies **material durability** based

on the decay of its properties, and is often a key parameter for components and devices made from thermoplastics that are used in high temperature environments or in specific application fields.

In addition, **LATIECO 62 CR H2 G/30-V0HF1** made with PA6 from **chemical recycling and reinforced with 30% glass fibre content**, successfully passed tests for UL approval and are now validated by a full RTI (*Relative Thermal Index*) yellow card.



2.7 Membership of associations

GRI 2-28

As per the relevant GRI standard, only national or international associations and advocacy organizations in which LATI participates are reported below:



Giunca is Italy's first corporate welfare network. It was established in 2012 to collaborate through joint actions for the improvement of employees' wellbeing.



The CPA is a voluntary initiative launched by more than 100 European entities, including SMEs, large corporations, research institutes and administrative authorities. Its goal is to make it possible to use up to 10 million tons of recycled plastics each year to produce new goods in Europe by 2025.



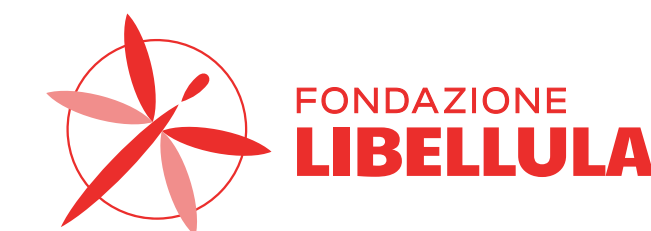
Created in 2001, EuMBC is a Sector Group of EuPC (European Plastics Converters). It is particularly active in all fields related to the plastic industry (e.g. REACH, food contact, regulation and new technologies etc.).



Operation Clean Sweep® (OCS) is a European programme for responsible product management. It is designed to prevent resin pellet, flake and powder loss from the various stages of the manufacturing process from ending up in the marine environment.



AIDAF aims to be the point of reference in Italy for family-run businesses. Today it groups more than 275 companies, who account for approximately 17% of Italian GDP.



The Fondazione Libellula (Dragonfly) is a cultural foundation that acts to prevent gender violence and to promote inclusion in the workplace through its network of companies and training projects, and by working in the community with its care projects.

3.

Business
model

3.1 The economic backdrop

GRI 2-6

LATI is the European leader in the manufacture of technical thermoplastic compounds for injection moulding.

LATI enjoys a strong relationship with its **Italian and European customers** thanks to its **extensive technical and logistical support**. LATI aims to boost its **international growth and development** with ongoing investments in new partnerships in China, India and the USA.

LATI's strength lies in its **product and service quality**. Its ability to create value lies in **product innovation**, its **attention to market developments**, and the **building of valuable relationships** with new customers, as well as the **retention of existing customers**.

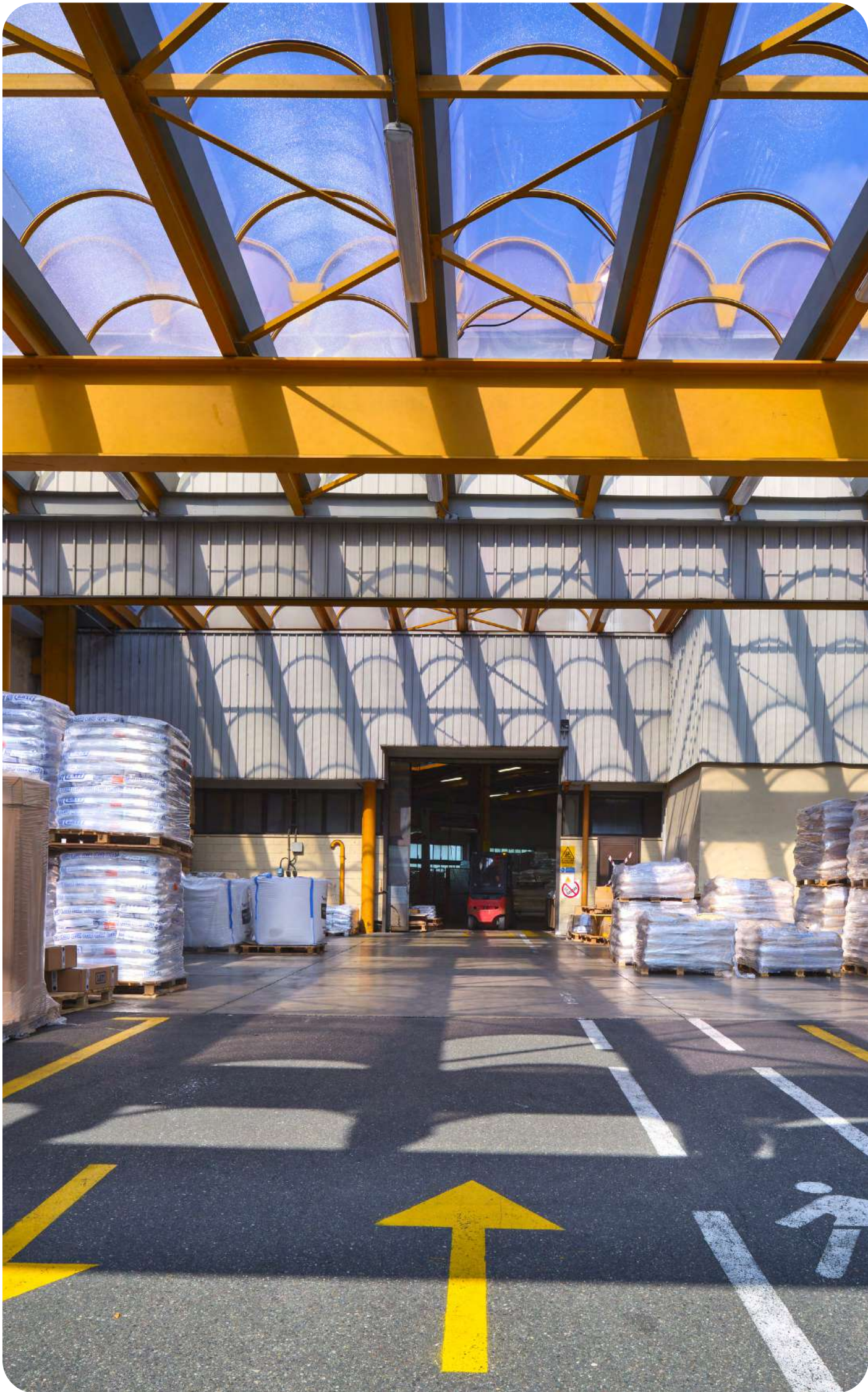
Products and processes are updated and innovated through the **technical skills of R&D, industrialization, and support for the development of end-user applications**. A **strong salesforce** and LATI's **marketing intelligence capabilities** ensure effective monitoring of the market.

Geopolitical uncertainty, high energy prices, labour policies and sourcing difficulties all undermine the competitiveness of Italian industry. Uncertainty, low confidence and inflation are reflected in declining demand, most markedly for durable goods, the company's primary target market.

People and the local territory take centre stage

The creation of a **company-employee-territory relationship** designed to safeguard the interests and welfare of all stakeholders is conducive to a better approach to work and to our industrial presence.

The introduction of **5/5 hybrid-working, maximum operational flexibility** and robust **corporate welfare** options are key success factors for LATI. The company's **sound financial health** translates into greater loyalty among our people, and this is further bolstered by the considerable investments the company is making in the area to foster high-quality local employment.



3.2 The company's range of products and services

3.2.1 LATI compounds

GRI 2-6 | GRI 417-1 | GRI 417-2 | GRI 417-3 | GRI 416-1 | GRI 416-2

LATI produces thermoplastic compounds, obtained by mixing **polymers** with different types of **functional additives**, **fillers**, **reinforcing** agents, and **pigments**, which, when incorporated, give the material very different performance characteristics from those of the original polymer. These materials, in the form of granules, constitute a raw material for making countless objects, components, and parts of highly complex and demanding structures.

LATI's product portfolio includes a **wide variety of materials** that can meet diverse and technologically advanced needs and functions, allowing their use for **myriad engineering applications**. LATI is a leading manufacturer of **self-extinguishing materials** for the **electrical and household appliance** sectors in the European market. Along with the continuous protection of its core business, and leveraging its unique competencies, LATI has long been committed to **expanding its portfolio with products of increasingly higher added value**. The hallmark of our special compounds, whether self-lubricating, thermally or electrically conductive, detectable or for 3D printing, is their ability to fit into increasingly diversified market

niches: from automotive to design, from food to machinery, from coffee machines to medical applications.

To ensure the quality of its products, the company has a **labelling system** for controlling the sourcing of product components, their content and - more 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. It is worth noting that in 2023 there were zero incidents of non-compliance with regulations and/or voluntary codes. Likewise, there were no cases of non-compliance in the area of information and labelling of products and services, nor in the area of marketing communications. In addition, LATI assesses the health and safety impacts of 100% of its product categories, and in 2023 there were no cases of non-compliance with regulations and/or voluntary codes related to the health and safety impacts of its products.

Power management and smart grid

As the market evolves toward electrification, the **power management** sector finds itself in the midst of sweeping changes. LATI produces materials for the proper installation and operation of **medium-to-low voltage networks**, which are witnessing ever greater amperages due to the increased energy needs of homes and industrial users.

[Self-extinguishing materials for conducting electricity.](#)

[Plastic materials for the safe and sustainable distribution of electricity.](#)

E-mobility and sustainable transport

Thanks to their high technical performance and unique characteristics, LATI composites can **facilitate and promote the electric transition in the automotive sector**.

- **LARTON G/40 CTI** - Reinforced PPS with high CTI (Comparative Tracking Index) developed for electric mobility in high temperature contexts.
- **LATICONTHER 62 CR GR/50 – thermally conductive PA6** from chemically recycled PA6 to further reduce the Global Warming Potential (GWP) of compounds compared to aluminium 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 compound



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



Radiopaque

X-ray opaque and shielding, lead-free compounds



Density controlled

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



3D printing

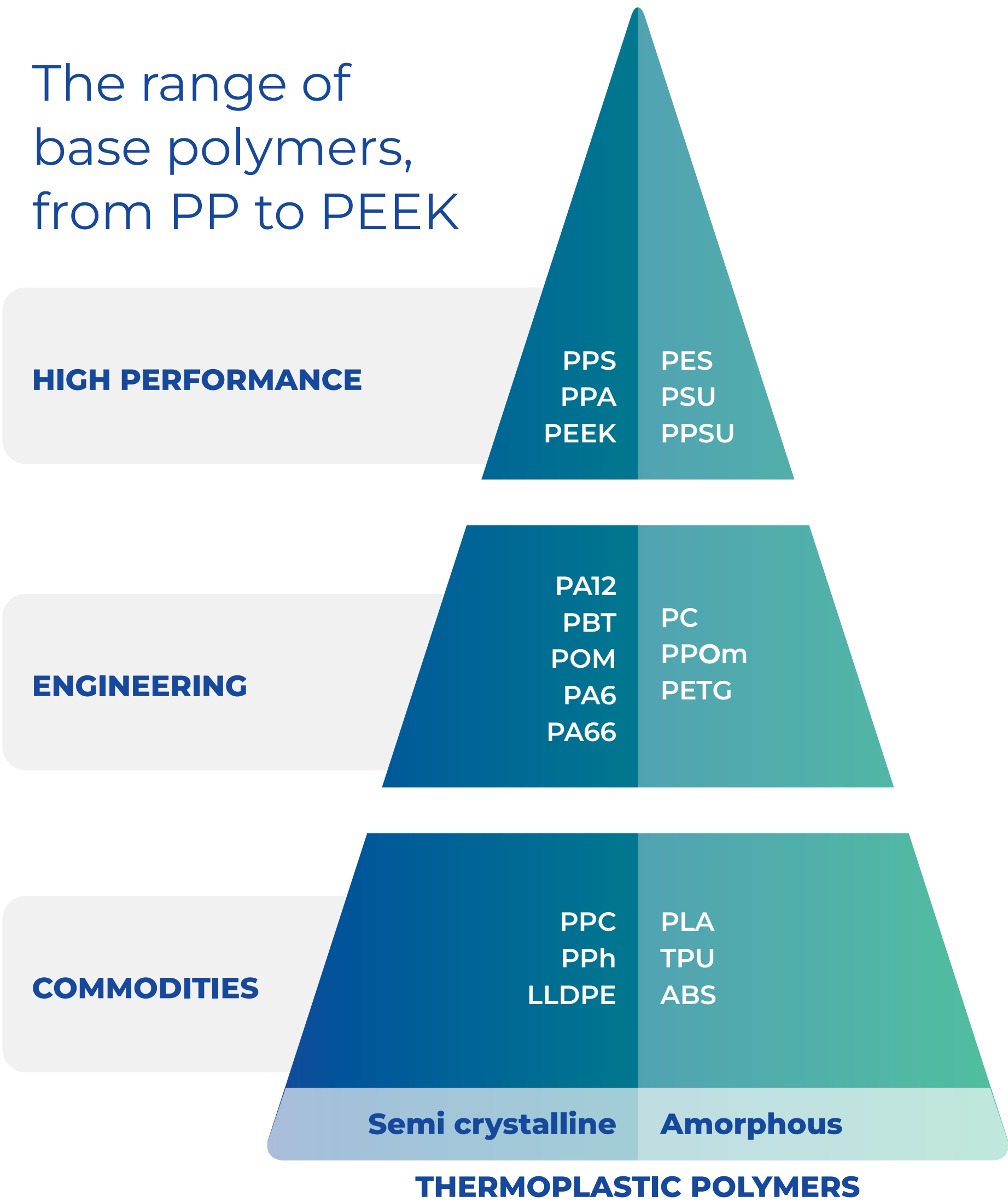
Designed for the production of special yarns



Green and sustainable

Sustainable, renewable, low environmental impact

The range of base polymers, from PP to PEEK



3.2.2 Services and technical support

GRI 2-6

LATI supports its customers from the earliest stages of **design**, in the selection of the most suitable materials or in the creation of a new product, providing assistance at every stage of the product's use in the final good. The company makes **tailor-made products** in response to specific customer needs.

LATI also allows its customers to verify the validity of designs with the help of FEM computer simulations. FEM not only optimizes products' thermal and mechanical performances by intervening directly in the formulation of the technical compounds used for its manufacture, but also allows for correction of the mould before it is built, as well as the resolution of moulding and deformation problems.

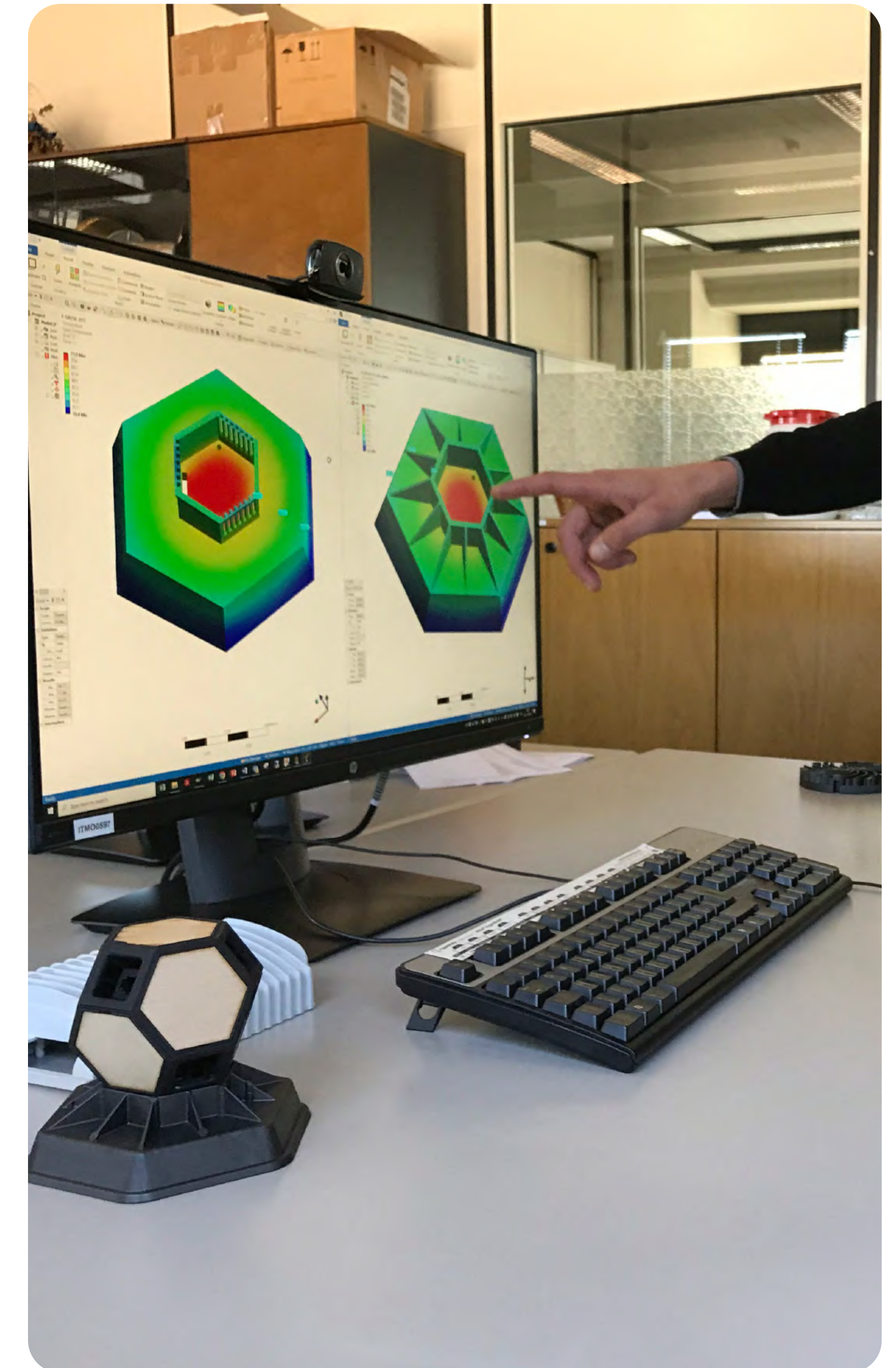
Thanks to the know-how of its people, LATI also supports its customers in the **“use” phases of the product** by providing, when necessary, moulding assistance to solve problems, to optimize productivity and quality, to initiate production processes and to correctly interpret the peculiarities of the most sophisticated compounds.

LATI assists with the **management of regulatory issues** and directly supports customers in the certification process of materials at accredited laboratories and bodies worldwide. LATI also issues in-house certification of compliance with the legislative requirements of all markets.

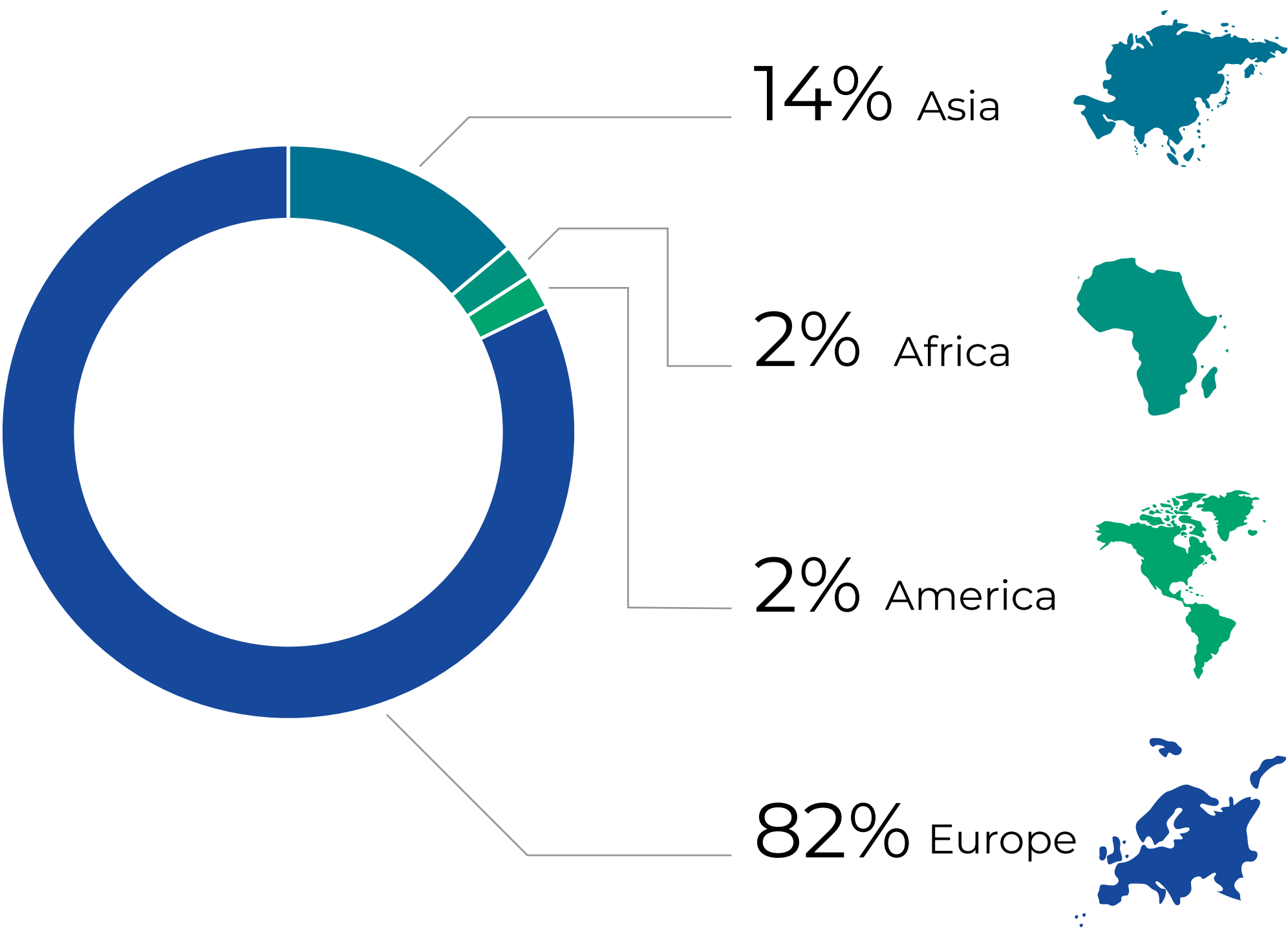
LATI protects its customers at all stages of the relationship. The company conducts a thorough **evaluation of the safety of its products** - 100% of the products in our portfolio undergo this assessment. At the same time, LATI is committed to **safeguarding its customers' privacy**, providing specific information in compliance with current legislation.

Equally important are the **specific training programmes** that LATI's experts organize for employees and customers. These courses provide essential insights into the **characteristics of thermoplastic compounds**, raising stakeholders' awareness of a more sustainable, **more durable and safer plastic**.

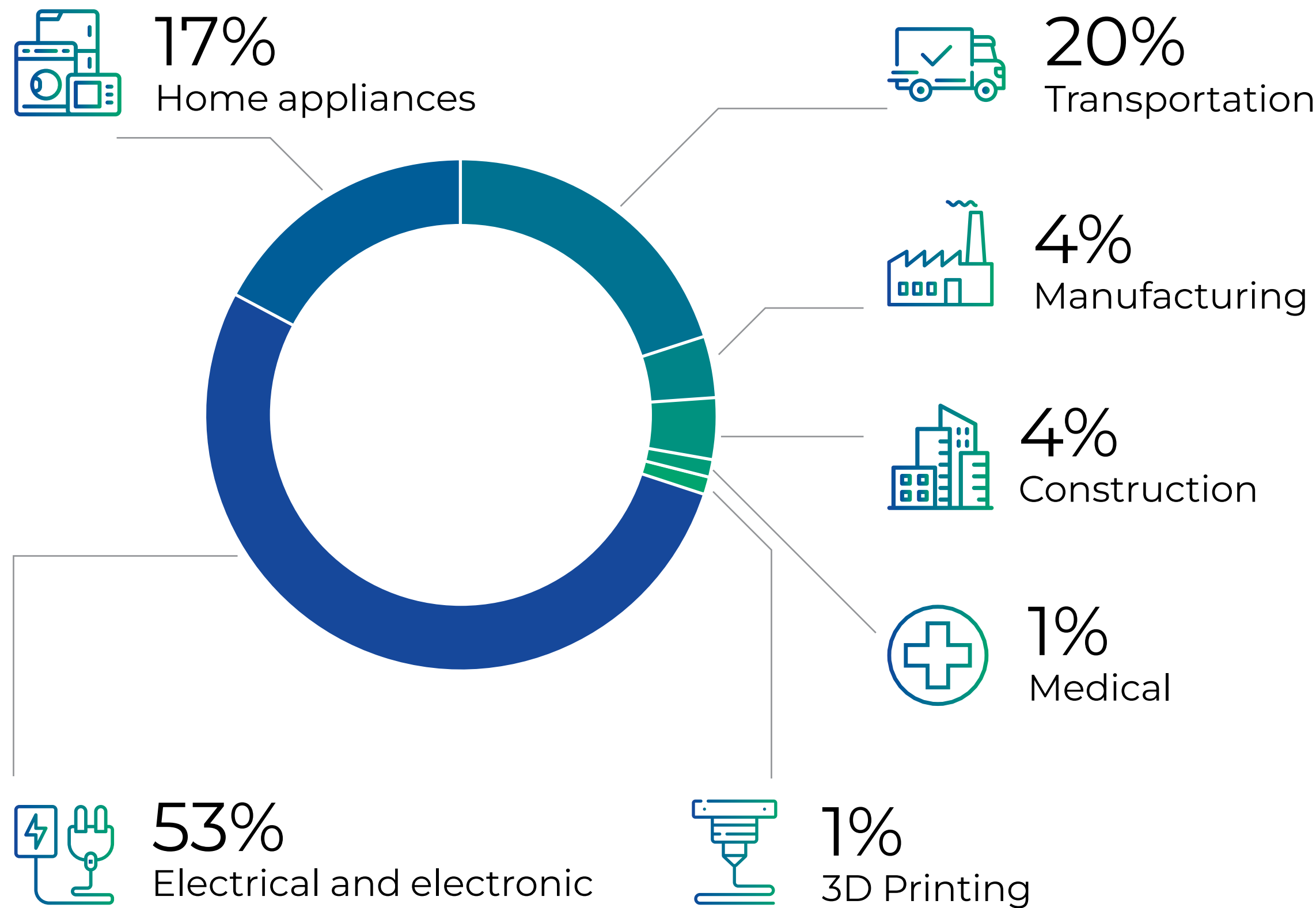
[LATI Technical Webinar HERE](#)



Markets served



Industrial sectors served



3.2.3 Supply chain

GRI 2-6 | GRI 204-1 | GRI 308-1 | GRI 414-1

Although it operates within a **global supply chain**, LATI prioritizes local suppliers where possible. The company thus strives to **shorten its value chain to prevent potential environmental and social impacts**, contributing to local economic development and to the **generation of value** in the areas where it operates.

The challenges of sourcing **raw materials** and the necessary technical requirements of materials place stringent constraints on the choice of suppliers and the ability to purchase materials locally. For this reason, the **percentage of local suppliers of raw materials is 53%** of the total number of suppliers, with an economic value of 43%.

The situation of **suppliers of goods and services** is different. Over the years, LATI has consolidated numerous relationships with suppliers of goods and services **in Italy**, accounting for 89% of suppliers in this purchasing category, representing in total 96% of the value of all goods and services purchased by LATI.



753 Suppliers



95 ml/€



89% for purchases of raw material

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

| Type | Unit of measure | 2021 | 2022 | 2023 |
|--------------|------------------------------|------------|------------|------------|
| Italy | n | 658 | 557 | 594 |
| Europe | n | 138 | 102 | 115 |
| Extra Europe | n | 60 | 54 | 44 |
| Total | n | 856 | 713 | 753 |
| | % raw materials | 30% | 28% | 25% |
| | %indirect goods and services | 70% | 72% | 75% |

LATI selects its suppliers based on **criteria of impartiality, fairness, and transparently documented procedures** for the control of externally sourced processes, products and services, thereby avoiding actual or potential conflicts of interest.

The company **qualifies 100% of the suppliers with whom it initiates a purchasing relationship**. It is worth noting that last year, 32 new raw materials suppliers were evaluated using the **Preliminary Vendor Evaluation Form**.

In addition to product and service quality criteria, LATI also uses **sustainability criteria** for the annual evaluation of all its raw material suppliers. These requirements stem from compliance with Quality Management Systems (**UNI EN ISO 9001:2015** and **IATF 16949:2016**), Environment (**UNI EN ISO 14001:2015**), and Health and Safety (**ISO 45001:2018**).

- In **2023** the evaluation analysis of **suppliers of raw materials** showed that:
- **57%** have **UNI EN ISO 14001:2015 System of Environmental Management certification**.
 - **27%** have **ISO 45001:2018System of Health and Safety Management certification**.

LATI also shares its Supplier Quality Manual with all its partners. This serves to coordinate collaboration with its suppliers, with a view to creating and maintaining **long-term relationships**, a continuous alignment of expectations, and complete transparency. This has enabled LATI to create **lasting relationships with its suppliers**, not least in the

company’s strategic partnerships, which have spanned the best part of 20 years.

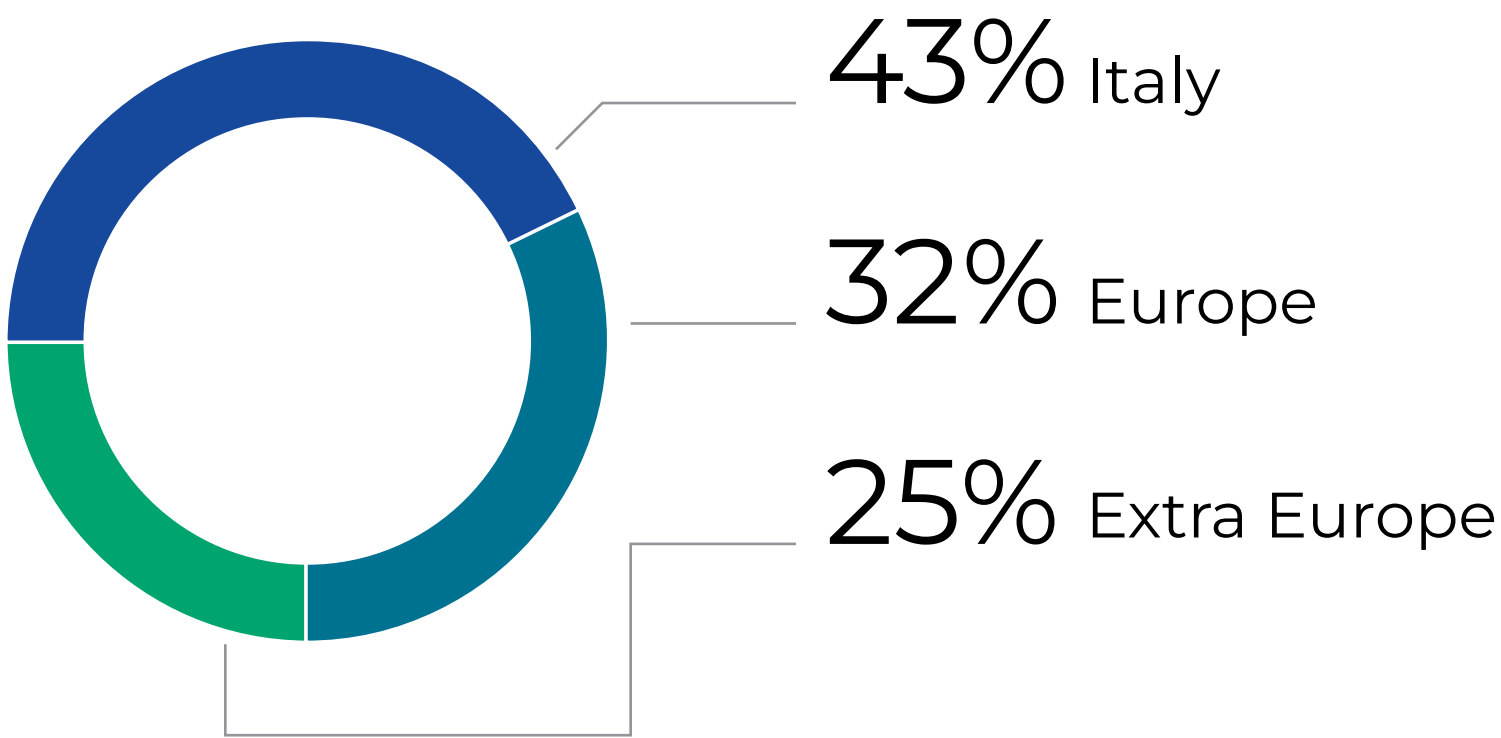
The table below details the proportion of expenditures paid to suppliers of raw materials and indirect goods and services by geographical area⁵.

GRI 204-1 Proportion of spending on local suppliers

| Type | Unit of measure | 2021 | 2022 | 2023 |
|--------------|-------------------------------|--------------------|--------------------|-------------------|
| Italy | € | 73,340,111 | 74,018,785 | 46,367,290 |
| Europe | € | 55,823,612 | 44,671,078 | 27,536,935 |
| Extra Europe | € | 13,570,680 | 47,918,070 | 21,302,697 |
| Total | € | 142,734,403 | 166,607,932 | 95,206,922 |
| | % raw materials | 90% | 93% | 89% |
| | % indirect goods and services | 10% | 7% | 11% |

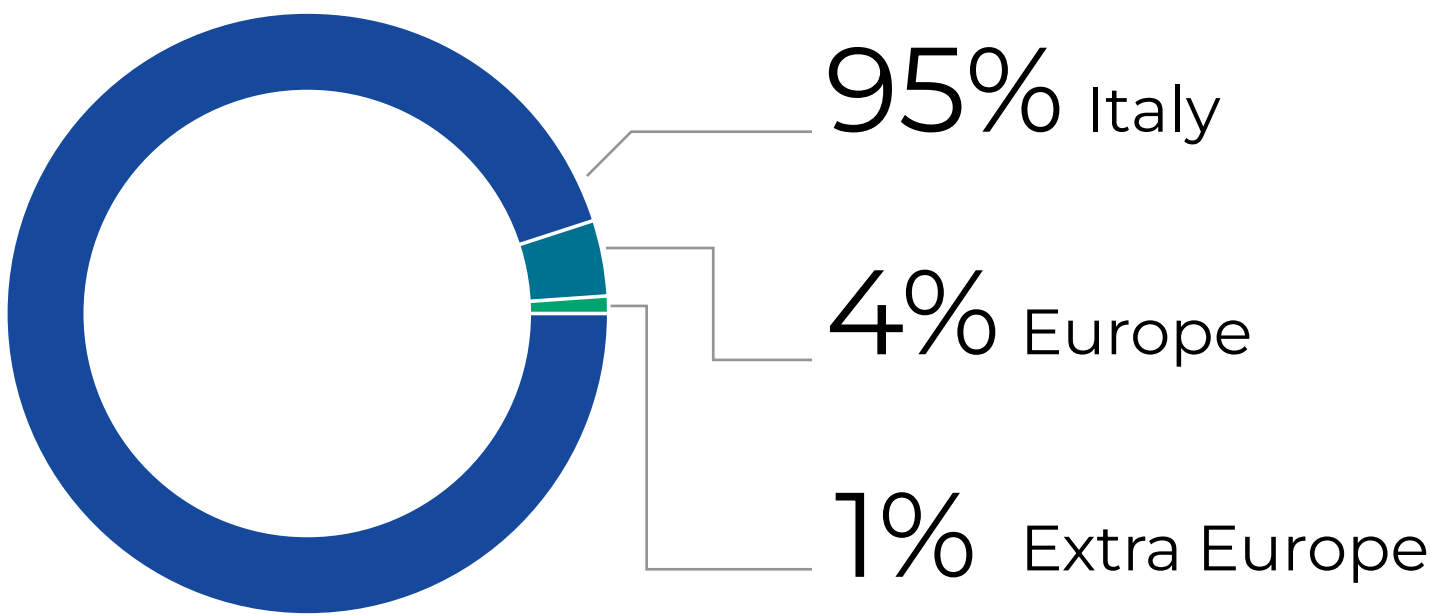
Raw Materials 2023

Tot 84,560,944 €



Indirect goods and servies 2023

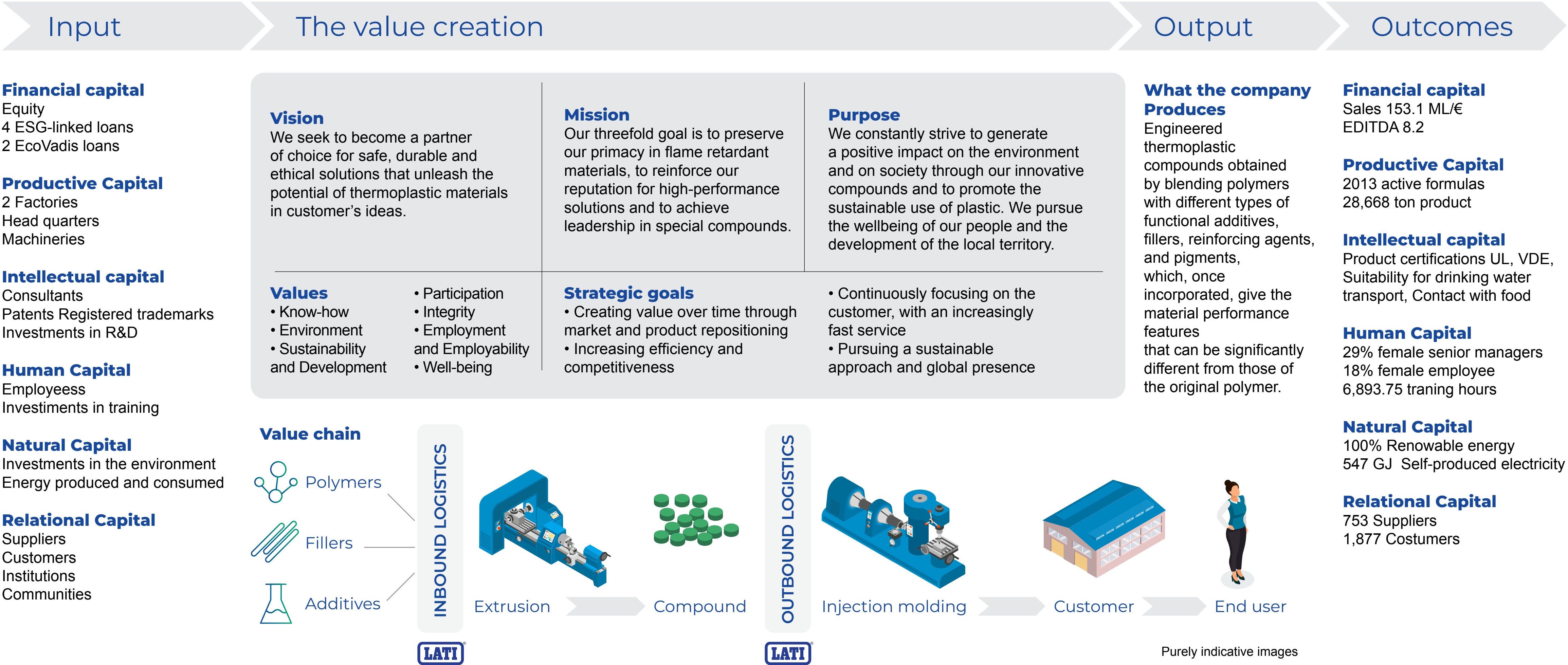
Tot 10,645,978 €



5.“Local suppliers” refers to suppliers with operational headquarters in Italy. In relation to the company’s business, significant business locations are deemed those that host manufacturing activities.

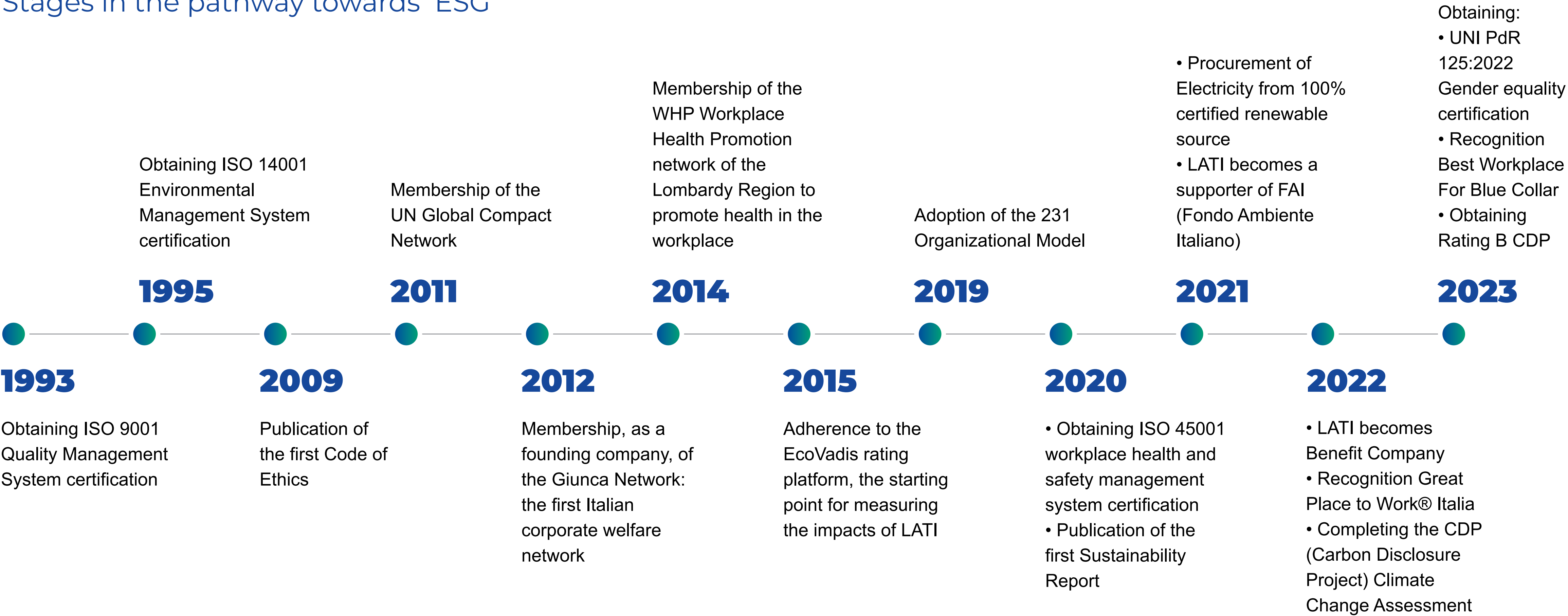
3.3 The creation of shared value

This diagram summarizes how LATI generates value, analysing the financial and non-financial capital that the organization deploys, and how this translates into outcomes through the company’s business activities.



The pathway to ESG

Stages in the pathway towards ESG



Most recent awards and achievements

Best Workplace For Blue Collars

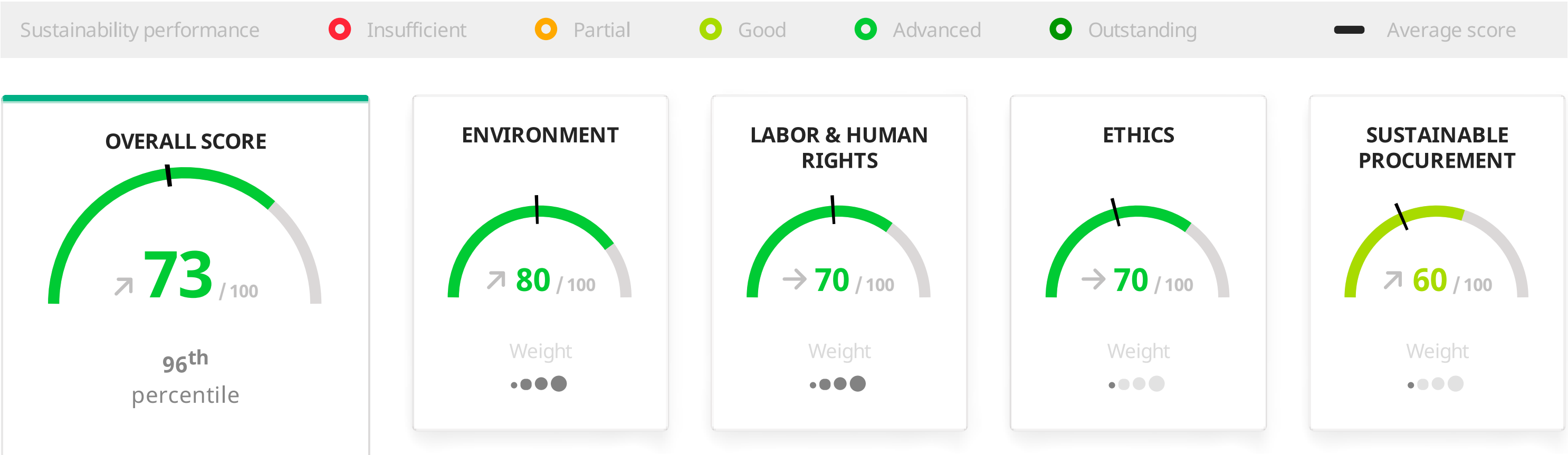
In addition to the **Great Place to Work® Italia** certification obtained in December 2022, LATI also won the prestigious **2023 Best Workplace for Blue Collars** award. This places LATI among the top 10 Italian companies, out of 45 analysed, where people who work in manufacturing departments expressed positive opinions about their work experience.

LATI constantly strives to create and maintain a **safe, fair and inclusive work environment**. Another aspect that emerged from the **Great Place to Work®** rating is our **people’s sense of pride**, as LATI proves itself to be a **constant innovator**, recognized in the market as a **leader in the thermoplastic compounds sector**.



ECOVADIS: gold medal and an improved rating for LATI

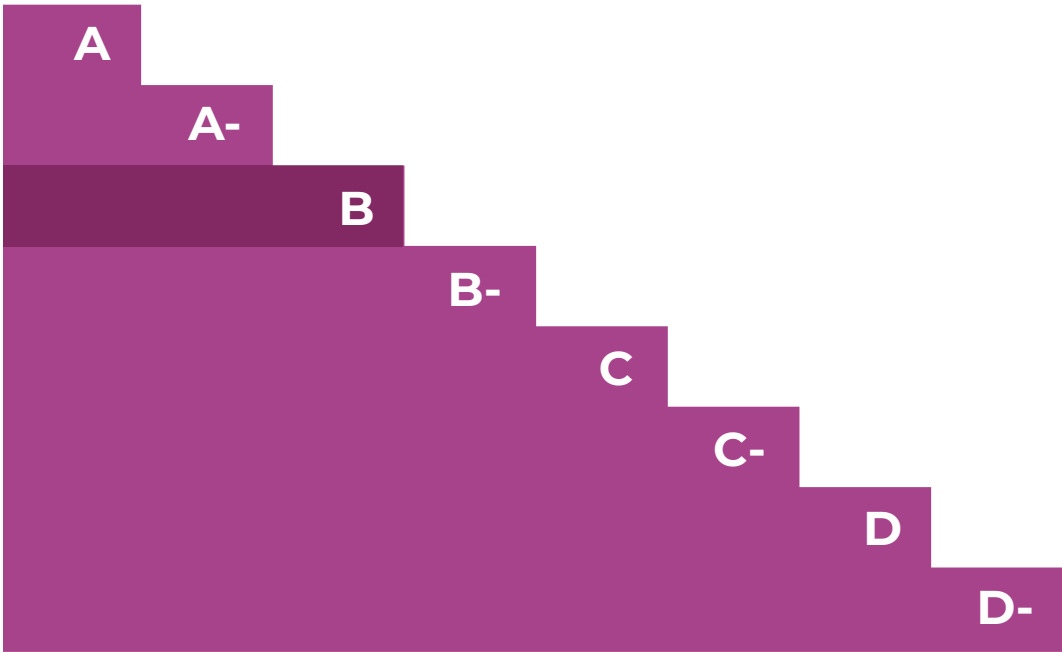
For the third year in a row, LATI celebrated the prestigious **EcoVadis gold medal**, a testament to the company’s ongoing commitment to sustainability and Corporate Social Responsibility. With a 2023 rating that **jumped 5 points from 68/100 to 73/100**, this achievement places LATI in the exclusive 4% of companies evaluated by EcoVadis who achieved the highest scores for **their sector**. This significant improvement was made possible by LATI’s commitment to decarbonization and combatting climate change, factors that contributed to improved scores in the Environment and Sustainable Procurement categories.



CDP: environmental rating for the fight against climate change

In 2022, LATI decided to participate in the **Carbon Disclosure Project (CDP)** to provide transparent reporting on the company’s performance regarding **greenhouse gas emissions**. The CDP is the world’s leading authority in assessing progress in the reduction of emissions, as well as concrete strategies and actions to **combat climate change**.

The strength of LATI’s commitment to decarbonization was borne out by the achievement of a “**B score**” in 2023, **ranking above the sector average**. This achievement reflects the company’s scrupulous attention to and effective management of the environmental impacts that result from its activities and production processes.



UNDERSTANDING YOUR SCORE REPORT

LATI Industria Termoplastici S.p.A. received a B which is in the Management band. This is the same as the Europe regional average of B, and higher than the Plastic product manufacturing sector average of C.

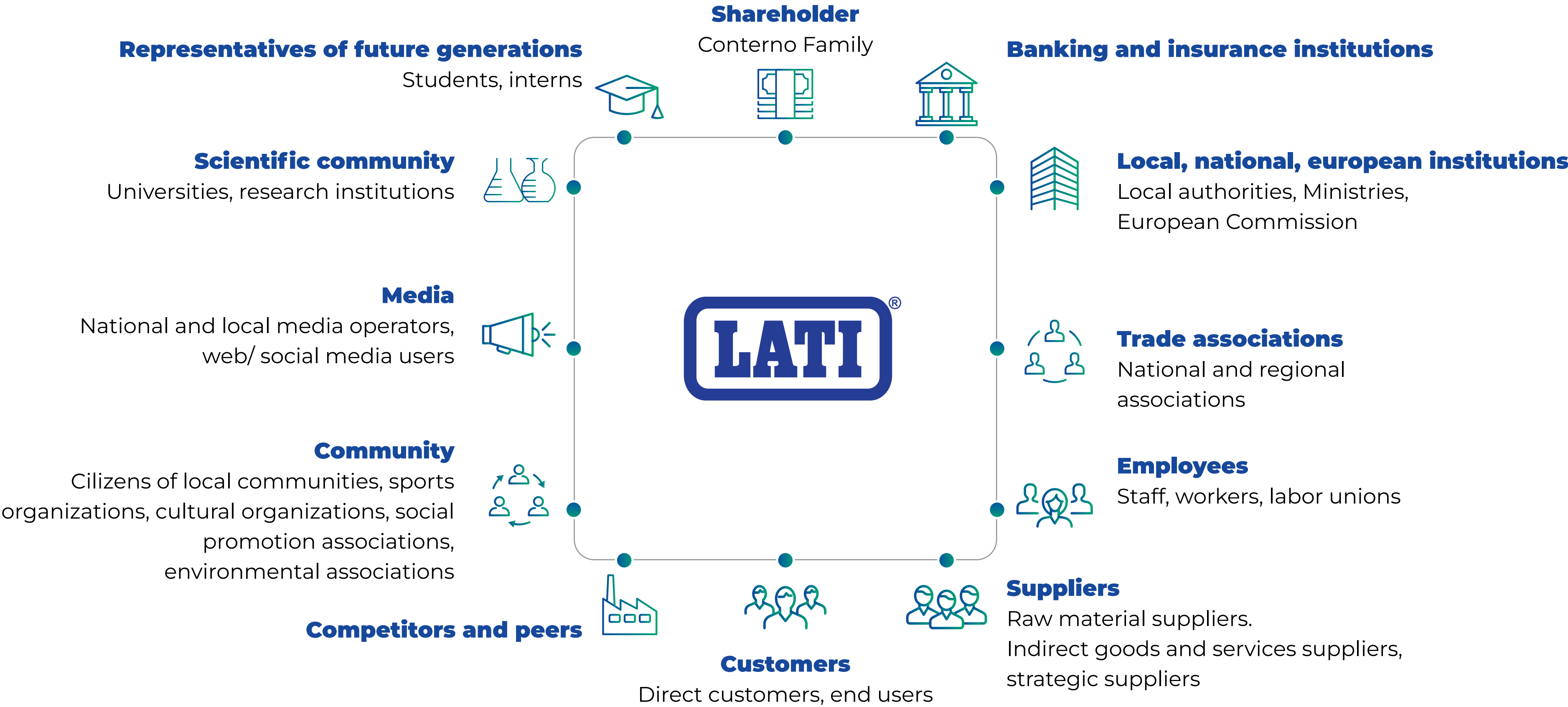
- Leadership (A/A-):** Implementing current best practices
- Management (B/B-):** Taking coordinated action on climate issues
- Awareness (C/C-):** Knowledge of impacts on, and of, climate Issues
- Disclosure (D/D-):** Transparent about climate issues

3.4 Stakeholder engagement

GRI 2-29

Collaboration with its stakeholders underpins LATI’s ability to steer its business strategy and to maximise the creation of value over time. For this reason, it is committed to playing an active role within its relational network, pro-

moting the hallmark values that distinguish the company’s operations and working continuously to build robust and lasting relationships.



As its first commitment to all its internal and external stakeholders, LATI strives to acknowledge and listen ever more closely to their wishes, while using its institutional communication channels to provide prompt and timely responses to their requests.

To this end, LATI is inspired by the principles of the *AccountAbility AA1000AP* framework (inclusiveness, responsiveness, materiality and impact), engaging its stakeholders in keeping with the *Accountability 1000 - Stakeholder Engagement Standard*.

Casa LATI company open day

During the Casa LATI Company Open Day, held on November 25th and 26th, 2023 at the Gornate Olona headquarters, the company shared its **vision and commitment to digitalisation and sustainability** with around **300 people**, including **external stakeholders, employees and their families**. LATI's Open Day is part of the Open Factory project, an initiative promoted by *ItalyPost*, *Touring Club Italiano* and *L'Economia del Corriere della Sera*. Open Factory seeks to raise public awareness of the **cultural, social and economic importance of companies that generate value** for the country.

The AccountAbility Principles

MATERIALITY
Decision makers should identify and be clear about the sustainability topics that matter



INCLUSIVITY
People should have a say in the decisions that impact them

RESPONSIVENESS
Organisations should act transparently on material sustainability topics and their related impacts

For this purpose, before moving on to the full phase of involvement of its stakeholders, LATI carries out a selection process based on the type of relationship, its importance, the nature of the relationship and its frequency. Among the five criteria featured in the AA1000 Stakeholder Engagement Standard (responsibility, influence, tension, dependence, different perspectives), LATI considers the following selection criteria:

- **influence**, i.e. it selects those subjects who are, or in the future might be, able to influence the company’s ability to achieve its objectives, thus influencing the company’s strategic and operational processes.
- **dependence**, i.e. it selects those subjects who are most dependent on given products and their performance and who therefore need to be involved in a more structured manner in the management of business activities.

It follows that, at a more strictly operational level, opportunities for stakeholder involvement arise, in part, from company requirements and objectives, and in part, from the requests of the stakeholders themselves.


Stakeholder relations are managed horizontally by all company functions, within their respective operational remits. The engagement process is fully integrated within the ordinary management of business activities and is planned with the different company owners involved in the various channels of dialogue with the relevant stakeholders.


The table below illustrates the main means of engaging with stakeholders:


| 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 Survey One to one meetings |

| STAKEHOLDER | ENGAGEMENT TOOLS |
|-------------------------------------|---|
| 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 | Collaborative 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 GENERATION | Presence on social channels Innovative projects and/or in support of sustainable development Meetings in schools Internships and traineeships School-work alternation |

To sharpen its focus on the sustainability management process - not least in view of future challenges - LATI has developed a more structured **stakeholder engagement process**, based on three different channels of communication:

- 

survey online – for customers, suppliers, and members of the Impact Team and company management, for the prioritization of materials.
- 

one-to-one interviews – with key customers and suppliers to share key sustainability management initiatives, in the spirit of collaborative and open innovation.
- 

focus groups – with members of the Impact Team for impact and financial materiality.

For more details of the results of the materiality analysis and the outcomes of engagement activities, please refer to the following section on “Materiality analysis”.

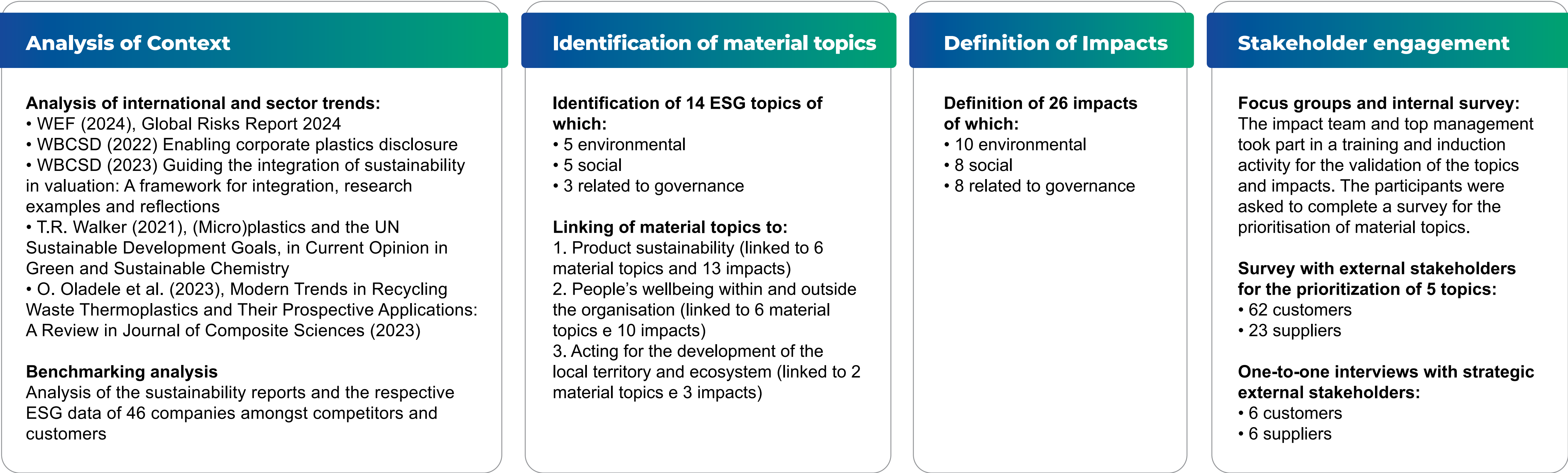
3.5 Materiality analysis

GRI 3-1 | GRI 3-2

In line with the requirements of the *GRI Standard Universal 2021* reporting standard, LATI has updated its materiality analysis by identifying the material topics that entail the organisation’s most significant impacts on the economy, the environment and people, including impacts on human rights (impact materiality process).

Against a changing backdrop, in which all companies are **rethinking the materiality process to incorporate sustainability** within their business models, materiality analysis must become an integral part not only of the **reporting process**, but also in **planning, governance** and, therefore, **company management**.

The table below summarises the main steps and the related outputs of the **2023 impact materiality analysis**.



Within this process, and over the course of the year, the **factors** that have rendered LATI’s **materiality process** more rigorous were:

- **refinement of the description of the material topics** in light of the evolution of the current macro-context (scientific literature, mega-trends, global risks and regulatory complexity), corporate development plans (business plan 2024-2026) and benchmark analysis.
- **the linking of material topics and areas of impact related to the common benefit objectives of the Benefit Company** with a view to creating a stronger connection between the Sustainability and Impact reports.
- **the clarification and assessment of impacts** with reference to:
 - o **type**: negative or positive.
 - o **probability**: actual or potential.
 - o **severity**: 1 = not at all relevant, 2 = slightly relevant, 3 = moderate, 4 = relevant, 5 = highly relevant.
 - o **stakeholder impacted**: Shareholders, Workers, Suppliers, Customers, Collectivity, Scientific Community, Banking and Insurance Institutions, Representatives of future generations, Competitors and peers, Professional Associations, local, national and European institutions.

Impact assessments were carried out in full compliance with the **GRI 3 - Material Topics 2021** protocol and implemented and validated during a series of internal meetings attended by members of the Impact Team and top management.

In this context, stakeholder engagement activities for 2023 were conducted by aiming at a higher level of awareness of the individuals engaged.





For this reason, the engagement process was managed by organizing an **in-depth workshop for internal stakeholders on the backdrop to and the evolution of impact materiality**. During the workshop, various scenario trends were described, and the updated benchmark analysis illustrated, sharing both the list of impacts and their descriptions and assessments. The participants then gave their feedback. In addition, all members of the Impact Team and top management were invited to complete a survey to identify the top 5 priority topics.





As regards **external stakeholders**, in addition to running a **survey** to request prioritisation of the top five topics, various customers and suppliers were selected for one-to-one interviews to gauge their expectations and feedback on LATI’s sustainability and reporting path.




As regards the prioritisation of material topics, the internal and external surveys revealed the following five priorities (listed in order of importance):




-  **Workplace health and safety**
-  **Innovative products with a positive impact**
-  **Culture of sustainable use of plastic materials**
-  **Circular economy**
-  **Environmental impact**

The **results** of the impact materiality analysis are illustrated below:

| Area of impact | Material topics | | Impacts | Type | Severity | Probability | Stakeholder | Strategy and performance |
|------------------------|---|---|---|------|--|-------------|--|--|
| Product sustainability |  RESPONSIBLE AND TRANSPARENT MANAGEMENT OF THE VALUE CHAIN | Collaboration with and engagement of stakeholders across the entire value chain, through fair relationships and responsible behaviours, with particular attention to customer satisfaction and the evaluation of the sustainability of suppliers. | Lack of system for qualifying and auditing suppliers | − | <div><div></div><div></div><div></div><div></div><div></div></div> | potential | Shareholders, Suppliers, Customers, Collectivity. | 3.2.3 The supply chain |
| | | | Breaches of human rights across the supply chain | − | <div><div></div><div></div><div></div><div></div><div></div></div> | potential | Shareholders, Suppliers, Customers, Collectivity. | |
| | | | Customer satisfaction with technical support | + | <div><div></div><div></div><div></div><div></div><div></div></div> | actual | Shareholders, Customers. | 3.2.2 Services and technical support |
| |  INNOVATIVE PRODUCTS WITH A POSITIVE IMPACT ON THE ENVIRONMENT | The development, also through partnerships, of innovative products and sustainable applications in line with the highest quality and safety standards, and capable of generating positive environmental and social impacts. | Lack of Life Cycle Assessment standards | − | <div><div></div><div></div><div></div><div></div><div></div></div> | potential | Shareholders, Suppliers, Customers. | 3.2.1 LATI compounds 4.2.5 Materials 4.2.6 Research and innovation |
| | | | Use of LATI products for sustainable applications | + | <div><div></div><div></div><div></div><div></div><div></div></div> | actual | Customers, Collectivity | |
| | | | Environmental and social impact of products | − | <div><div></div><div></div><div></div><div></div><div></div></div> | potential | Shareholders, Suppliers, Customers, Collectivity | |
| |  ENVIRONMENTAL IMPACT | Attention to and progressive reduction of environmental impacts related to water consumption and waste disposal in all phases of the production process and in the direct and indirect management of all business activities. | Inefficient use of water resources | − | <div><div></div><div></div><div></div><div></div><div></div></div> | potential | Shareholders, Collectivity. | 4.2.2 Water |
| | | | Environmental harm caused by improper waste disposal | − | <div><div></div><div></div><div></div><div></div><div></div></div> | potential | Shareholders, Collectivity. | 4.2.3 Waste |
| |  COMBATTING CLIMATE CHANGE | Attention to and management of direct and indirect emissions generated by the organization and increased energy efficiency in line with the company's Carbon Strategy Roadmap. | Negative impact on climate change due to delays in the decarbonisation path | − | <div><div></div><div></div><div></div><div></div><div></div></div> | potential | Shareholders, Employees, Suppliers, Customers, Banks and Insurance Companies, Collectivity | 4.2.1 Energy and emissions |
| | | | Improvement of performance and energy autonomy | + | <div><div></div><div></div><div></div><div></div><div></div></div> | actual | Shareholders, Customers. | |

| Area of impact | Material topics | | Impacts | Type | Severity | Probability | Stakeholder | Strategy and performance |
|--|---|--|--|------|--|-------------|--|--|
| Product sustainability |  CIRCULAR ECONOMY | Application of the principles of the circular economy through the recovery of waste materials, the inclusion of recycled raw materials in formulations and increases in the durability of the life cycle of company products, as well as the reduction of product packaging. | Failure to adopt circular economy principles in processes | − | <div><div></div><div></div><div></div><div></div><div></div></div> | potential | Shareholders, Customers. | 4.2.3 Waste 4.2.6 Research and innovation |
| | | | Planning and design of products based on a non-circular paradigm | − | <div><div></div><div></div><div></div><div></div><div></div></div> | potential | Shareholders, Suppliers, Customers, Collectivity, Representatives of future generations. | |
| |  CULTURE OF SUSTAINABLE USE OF PLASTIC MATERIALS | Raising awareness of the sustainable use of plastic materials through institutional communication activities and through the activation of bespoke programmes aimed at company stakeholders. | Negative impact caused by ineffective communication and awareness-raising regarding the theme of the culture of sustainable use of plastic materials | − | <div><div></div><div></div><div></div><div></div><div></div></div> | potential | Scientific Community, Collectivity, Representatives of future generations. | 4.3.6 Community and local territory 4.2.6 Research and innovation |
| People’s wellbeing within and outside the organization |  PEOPLE DEVELOPMENT | Fair and transparent access to professional growth paths and training programmes aimed at enhancing workers’ managerial, technical and organizational skills of workers and consolidating the professionalism required by the role held. | Development of technical and cross-functional competencies through continuous training | + | <div><div></div><div></div><div></div><div></div><div></div></div> | actual | Employees, Professional associations. | 4.3.4 Training and development |
| | | | Professional growth paths based on equal opportunities, inclusion and merit | − | <div><div></div><div></div><div></div><div></div><div></div></div> | potential | Employees, Professional associations. | 4.3.5 Competencies and performance |
| |  WORKPLACE HEALTH AND SAFETY | The development of practices and programmes that promote the protection of safety in the workplace. | Non-compliance with laws and regulations related to health and safety and a lack of awareness-raising in this area | − | <div><div></div><div></div><div></div><div></div><div></div></div> | potential | Shareholders, Employees. | 4.3.7 Occupational health and safety management system |

| Area of impact | Material topics | | Impacts | Type | Severity | Probability | Stakeholder | Strategy and performance |
|--|---|--|--|------|--|-------------|--|--|
| People's wellbeing within and outside the organization |  WELLBEING,EQUAL OPPORTUNITIES AND INCLUSION | The development of adequate working practices and conditions to promote the wellbeing of workers, to guarantee equal opportunities and the removal of all forms of discrimination, and to promote company welfare initiatives that improve the life quality of its people and their families. | Welfare programme aligned with personal needs | + | <div><div></div><div></div><div></div><div></div><div></div></div> | actual | Employees | 4.3.3 People's wellbeing |
| | | | Promotion of a culture of inclusion and equal opportunities | + | <div><div></div><div></div><div></div><div></div><div></div></div> | actual | Employees, Collectivity, Representatives of future generations. | 2.3 Gender Equality Policy and PdR 125:2022 certification 4.3.2 Inclusion and equal opportunities |
| |  BUSINESS ETHICS | The constant commitment to a regenerative business model with positive social and environmental impacts, in line with the principles of ethics, integrity and transparency, and in compliance with the highest mandatory and voluntary legislative standards. | Unfair business practices | - | <div><div></div><div></div><div></div><div></div><div></div></div> | potential | Shareholders, Suppliers, Customers, Employees, Banks and Insurance Companies. | 2.4 Code of Ethics and 231 Organisational Model |
| | | | Incidents of corruption, extortion and conflicts of interest | - | <div><div></div><div></div><div></div><div></div><div></div></div> | potential | Shareholders, Suppliers, Customers, Employees, Banks and Insurance Companies. | |
| |  RISK-BASED THINKING | Integration of ESG (Environmental, Social, Governance) factors within the system of identification, analysis and management of corporate risks, with a particular focus on the reliability of infrastructures and services so as to prevent and/or offset critical business continuity issues. | Failure to implement a structured system of Enterprise Risk Management integrated with ESG risks | - | <div><div></div><div></div><div></div><div></div><div></div></div> | actual | Shareholders, Suppliers, Customers, Employees, Banks and Insurance Companies. | 3.5 Materiality analyses |
| | | | Interruptions to business continuity caused by breaches of company cybersecurity | - | <div><div></div><div></div><div></div><div></div><div></div></div> | potential | Shareholders, Customers., Suppliers, Employees, Banks and Insurance Companies. | 4.4.2 Investments |

| Area of impact | Material topics | | Impacts | Type | Severity | Probability | Stakeholder | Strategy and performance |
|--|--|---|--|------|--|-------------|--|---|
| People’s wellbeing within and outside the organization |  CREATION OF SUSTAINABLE ECONOMIC VALUE | Sound and sustainable all round economic-financial performance. Generation of shared value. | Business model not geared to the creation of shared value | – | <div><div></div><div></div><div></div><div></div><div></div></div> | potential | Shareholders, Customers., Suppliers, Employees, Banks and Insurance Companies. | 4.4.1 Economic value generated and distributed |
| | | | | | | | | |
| Development of the local area and ecosystem |  CORPORATE CITIZENSHIP | Contribution to the development of the local territory by promoting projects to disseminate the culture of sustainability and the common good, activating collaborations and synergies with all local stakeholders, adopting values such as transparency, dialogue and the quest for cooperation in all management and corporate communication practices. | Lack of engagement of the local community | – | <div><div></div><div></div><div></div><div></div><div></div></div> | potential | Scientific Community, Collectivity. | 4.3.6 Community and local territory 4.4.1 Economic value generated and distributed |
| | | | Positive impacts of donations, sponsorships, partnerships and collaboration with the community | + | <div><div></div><div></div><div></div><div></div><div></div></div> | actual | Collectivity, local, national and European Institutions. | |
| |  SAFEGUARDING OF BIODIVERSITY | Actions to protect the ecosystem through support for and contributions to areas of high environmental value or in need of protection in the area where the company’s factories are located. | Loss of biodiversity due to environmental externalities caused by production plants | – | <div><div></div><div></div><div></div><div></div><div></div></div> | potential | Scientific Community, Collectivity. | 4.2.4 Biodiversity |

The ongoing path to double materiality

The **CSRD (Corporate Sustainability Reporting Directive)**, and the **ESRS (European Sustainability Reporting Standards)** require that, as of their entry into force, companies not only approach the **materiality process from an inside-out perspective** (the most significant impacts of the company on the economy, environment, people and human rights), but also from an **outside-in perspective** (the most significant impacts of ESG issues on business performance).

In its 2022 Sustainability Report, LATI had already inaugurated a qualitative process of double materiality.

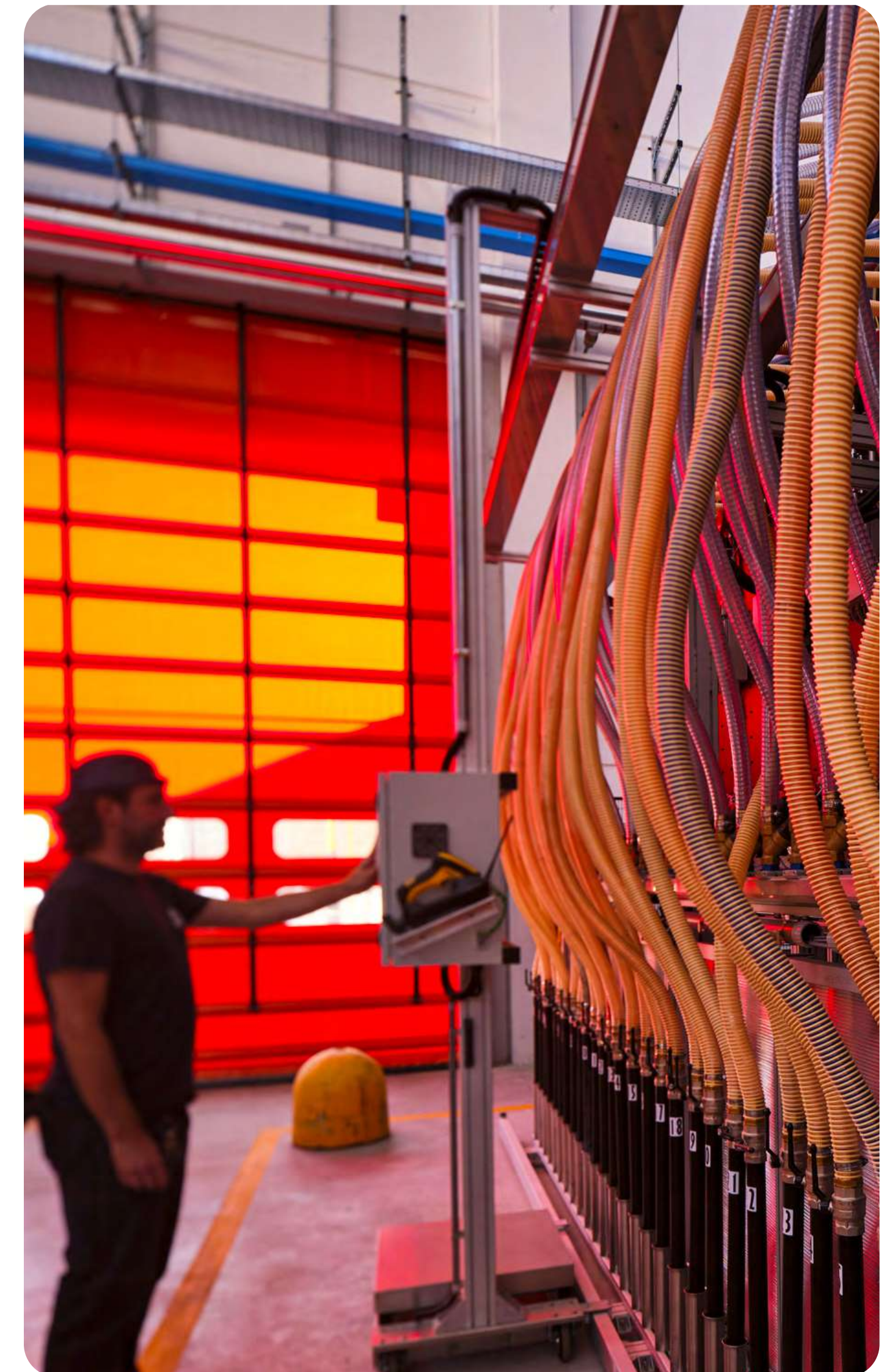
During 2023, through three internally convened meetings between the Sustainability and the Finance, Administration and Control teams, the company structured the process even further.

A specific goal was to begin exploration of **financial materiality**, starting from the impacts that emerged from the impact materiality analysis.

During the meetings, the following factors were assessed for each impact:

- the **type of risk** (in the case of negative impacts) or **opportunity** (in the case of positive impacts).
- the **severity** (very low, low, medium, high and very high) associated with the financial risk class of financial impacts arising from climate change (CDP - Carbon Disclosure Project assessment).

LATI reserves the right to pursue this approach in the coming year, not also in light of future reactions to the application of EU regulatory directives in Italy.



3.6 Sustainability strategy







Over recent years LATI has pursued the path of corporate sustainability, developing a model for the responsible management of financial and non-financial capital, the valorisation of people and sustainable innovation in products and manufacturing processes.

The first milestone on this journey was the 2022 transformation into a Benefit Company and the definition of the elements of the dual purpose. **The ESG plan therefore took into consideration the strategic lines of the dual purpose, complementing them through the analysis of material topics along the methodological lines described above.**

For each material topic, this analysis allowed LATI to identify objectives framed in terms of ESG (Environment, Social Governance) criteria, as well as action plans for achieving

those objectives, measuring the results and their potential impacts on the organization, on people and on the environment.

To better explain the sustainability plan, the diagrams depicted for each dimension show key materials issues, the stakeholders involved, and the results achieved in 2023 based on the commitments made and published in the 2022 Sustainability Report, relating them to the SDGs (United Nations Sustainable Development Goals) and commitments made for 2024.

| Impact area | Material topics | SDGs | Achievements 2023 | Commitments 2024 | Links to the report sections |
|------------------------|---|---|--|--|-------------------------------|
| Product sustainability |  RESPONSIBLE AND TRANSPARENT MANAGEMENT OF THE VALUE CHAIN |    | Updated qualification and survey of number of ISO 14001 and ISO 45001 certified suppliers | Definition of ESG supply chain assessment plan | 3.2.3 Supply chain |
| |  INNOVATIVE PRODUCTS WITH A POSITIVE IMPACT ON THE ENVIRONMENT |    | Increasing sustainable products +22 ATIECO +8 i LATIGEA | New development among LATIECO and LATIGEA family products | 4.2.6 Research and innovation |
| | | | LCA (Life Cycle Assessment) study of products in collaboration with Insubria University of Varese | Delivery of first LCA (Life Cycle Assessment) Report | |
| | | | Preparation of data collection platform on the environmental impact of raw materials purchased by LATI | Launch of Supplier Data Collection Platform and Analysis of Collected Data | |
| |  ENVIRONMENTAL IMPACT |   | European project SAbYNA - Horizon-2020 | Contribution to consortium for preparation of funded research projects | 4.2.2 Water |
| | | | Water consumption analysis | Implementation Water footprint assessment | |

| Impact area | Material topics | SDGs | Achievements 2023 | Commitments 2024 | Links to the report sections |
|------------------------|---|---|---|---|---|
| Product sustainability |  COMBATTING CLIMATE CHANGE |    | Score B CDP (Carbon Disclosure Project) Climate change | CDP (Carbon Disclosure Project) update evaluation | Most recent awards and achievements |
| | | | Commissioning of 300 kW photovoltaic system | Upgrading of photovoltaic system to 500 kW | |
| | | | Feasibility study for the implementation of a trigeneration system | Implementation and installation of trigeneration system | 4.2.1 Energy and emissions |
| | | | Definition of energy management system in line with UNI EN ISO 50001:2018 | Achievement of the UNI EN ISO 50001:2018 certification | |
| | | | Emission Scope 1 offsetting with the purchase of certified carbon credits in sustainable development projects | Emissions Scope 1 offsetting through the purchase of certified carbon credits also related to land development projects | |
| |  CIRCULAR ECONOMY |    | Market analysis for production waste management and recycling | Search for solutions for the management and recycling of production waste | 4.2.3 Waste |
| | | | 3 technical webinars on sustainable plastics culture for internal and external stakeholders | Organisation of technical webinars on sustainable plastics culture for internal and external stakeholders | 4.3.4 Training and development 4.2.6 Research and innovation |
| |  CULTURE OF SUSTAINABLE USE OF PLASTIC MATERIALS |    | 40 hours of training on sustainable plastics at the ITS Foundation Nuove Tecnologie della Vita Academy | Renewal of the training course at the ITS Foundation Nuove Tecnologie della Vita Academy | 4.3.6 Community and local territory |

| Impact area | Material topics | SDGs | Achievements 2023 | Commitments 2024 | Links to the report sections |
|--|---|--|---|---|--|
| People’s wellbeing within and outside the organization | PEOPLE DEVELOPMENT | <div><div>4 QUALITY EDUCATION</div><div>5 GENDER EQUALITY</div><div>8 DECENT WORK AND ECONOMIC GROWTH</div><div>10 REDUCED INEQUALITIES</div></div> | Launch of MyLATISpace platform to enhance self-training and the development and dissemination of a feedback culture | Consolidation of training model and skills-performance monitoring tools for people development | 4.3.4 Training and development |
| | | | Update of competency model and rating scale | | |
| | WORKPLACE HEALTH AND SAFETY | <div><div>3 GOOD HEALTH AND WELL-BEING</div></div> | Inclusion of gender risks in the Risk Assessment Document | Monitoring and improvement of the occupational health and safety management system (ISO 45001:2018) | 4.3.7 Occupational health and safety management system |
| | WELLBEING,EQUAL OPPORTUNITIES AND INCLUSION | <div><div>3 GOOD HEALTH AND WELL-BEING</div><div>4 QUALITY EDUCATION</div><div>5 GENDER EQUALITY</div><div>8 DECENT WORK AND ECONOMIC GROWTH</div><div>10 REDUCED INEQUALITIES</div></div> | Achievement of Best Work Place for Blue Collar® | Update Greate Place To Work® survey | 4.3.3 People’s wellbeing |
| | | | Welcome kit for newborns and welfare credit to be used in the company’s welfare services platform | 10 days of paternity leave at company expense in addition to 10 days of INPS leave | |
| | | | Maintenance of WHP (Workplace Health Promotion) certification and “It also depends on us” training activities for employees and adaptive behaviour. | Maintenance of the WHP (Workplace Health Promotion) certification with specific activities in place | |
| | | | Launch of the Welfood platform for psychophysical wellbeing services: psychologist, carer, parent, nutritionist, sports coach, anti-smoking. | Maintenance and development of the consultancy services in the Welfood platform | |
| | | | Achievement of PdR 125:2022 Gender certification | Maintenance of PdR 125:2022 Gender certification | 2.3 Gender equality policy and PdR 125:2022 certification 4.3.2 Inclusion and equal opportunities |

| Impact area | Material topics | SDGs | Achievements 2023 | Commitments 2024 | Links to the report sections |
|--|--|---|--|---|---|
| People's wellbeing within and outside the organization |  BUSINESS ETHICS |  | Launch of a whistleblowing platform to complement the whistleblowing communication channel | Updating the Code of Ethics | 2.4 Code of Ethics and the 231 Organizational Model |
| |  RISK BASED THINKING |  | First assessment of financial materiality | Financial materiality setting and ESG risk analysis | 3.5 Materiality analysis |
| |  CREATION OF SUSTAINABLE ECONOMIC VALUE |   | Retention and acquisition of ESG-linked funding | Retention of ESG-linked funding | 4.4.1 Economic value generated and distributed |
| Development of the local territory and ecosystem |  CORPORATE CITIZENSHIP |   | Social volunteering projects with the Renato Piatti Onlus Foundation Io Do Una Mano Project FAI Corporate Golden Donor | Maintenance of liberal projects and negotiations with the territory and the community | 4.3.6 Community and local territory |
| |  SAFEGUARDING OF BIODIVERSITY |  | Raising Awareness and Improving Granule Dispersal Management (Operation Clean Sweep® Programme) | Maintenance of the Operation Clean Sweep ® Programme | 4.2.4 Biodiversity |

4.

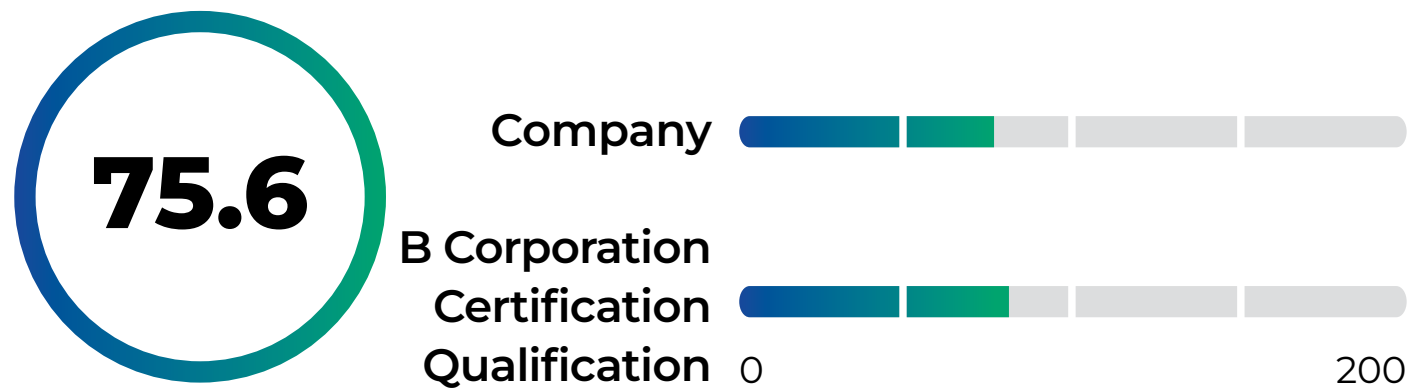
Impact assessment
and scale of ESG

4.1 Impact assessment

LATI became a Benefit Company on July 25th, 2022, and subsequently published its first Impact Report. The report complies with the stipulations of Law 208/2015 Article 1, paragraphs 382 and 383, and for the purpose of measuring the materials issues covered by the dual purpose, the BIA (B Impact Assessment) was used.

Given that the plan and actions represent the first steps on a path with medium and long-term objectives, and that LATI is not a certified “B Corp” company, the activities carried out over the reporting period (July to December 2023) dovetail with dual-purpose goals in the areas of Governance, Workers, Community, Environment, and Customers analysed through the BIA, with LATI scoring 75.6/200.

B Impact Score



4.2 Environmental impact





Key topics

- Innovative products with a positive impact
- Environmental footprint
- Combatting climate change
- Circular economy
- Safeguarding biodiversity

SDG



Highlights 2023

| | |
|--|---|
|  <div>Renewable electrical energy 100%</div> |  <div>93% Of scope 1 emissions offset</div> |
|  <div>Sustainable R&D Projects as percentage of total 30%</div> |  <div>Sustainable products +22 LATIECO +8 LATIGEA</div> |

LATI has always been committed to measuring and monitoring the **impacts of its production process** on the environment, as witnessed by the first macro-objective of the dual purpose, namely **product sustainability**. The company’s goal is to **develop innovative products that have a positive impact on the environment**, as well as contributing to the creation of a **sustainable culture in the use of plastic materials**.

4.2.1 Energy and emissions

GRI 302-1 | GRI 302-3 | GRI 305-1 | GRI 305-2 | GRI 305-4 | GRI 305-7

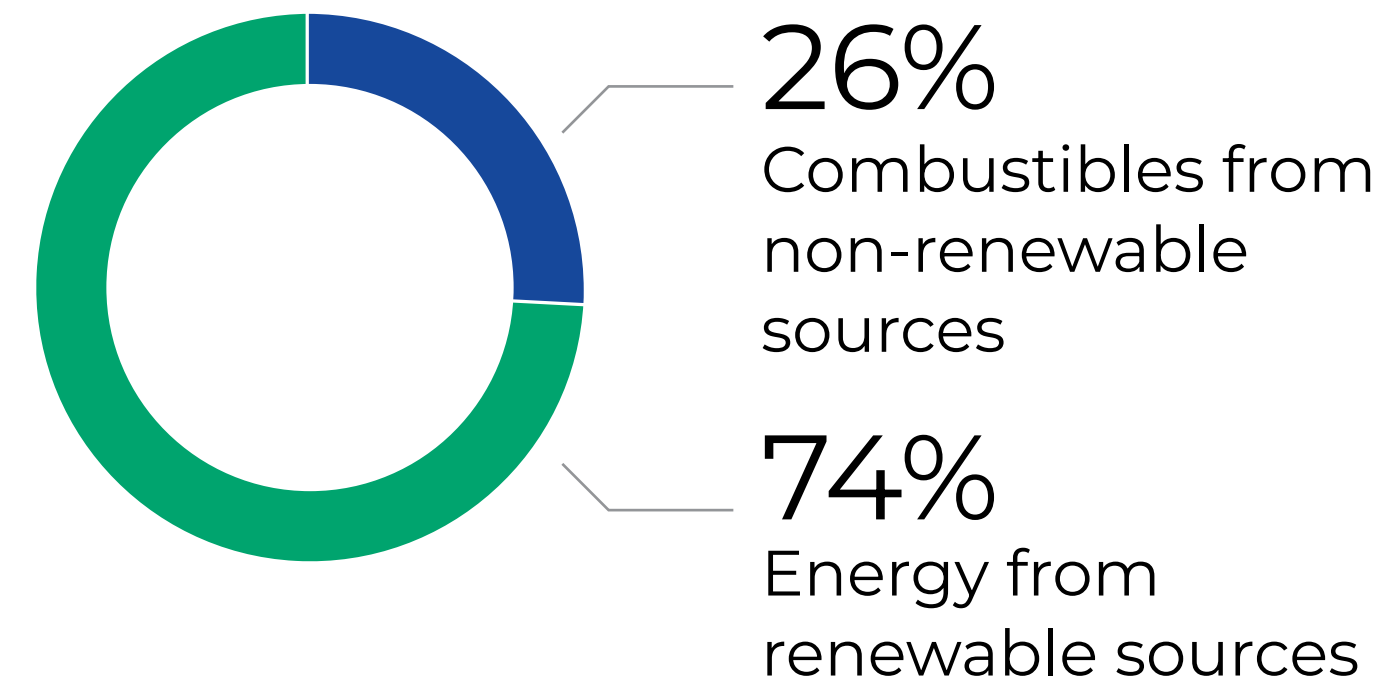
Energy

The complex geopolitical situation and the resulting energy crisis that has hit Europe in recent years have prompted LATI to adopt a targeted **strategy to curb its energy consumption**.

In addition to the constant monitoring of energy markets, LATI is focusing on a series of **actions** to address this challenge:

- Accurate monitoring of energy consumption across the whole manufacturing process through use of the **Power Monitoring Expert (PME) energy control system**.
- **100% sourcing of energy from certified renewable hydroelectric sources**.
- Installation of a **photovoltaic system** at the Gornate Olona production facility, reaching a peak value of 400 KW.
- **Revamping and energy efficiency improvements for production machinery**.

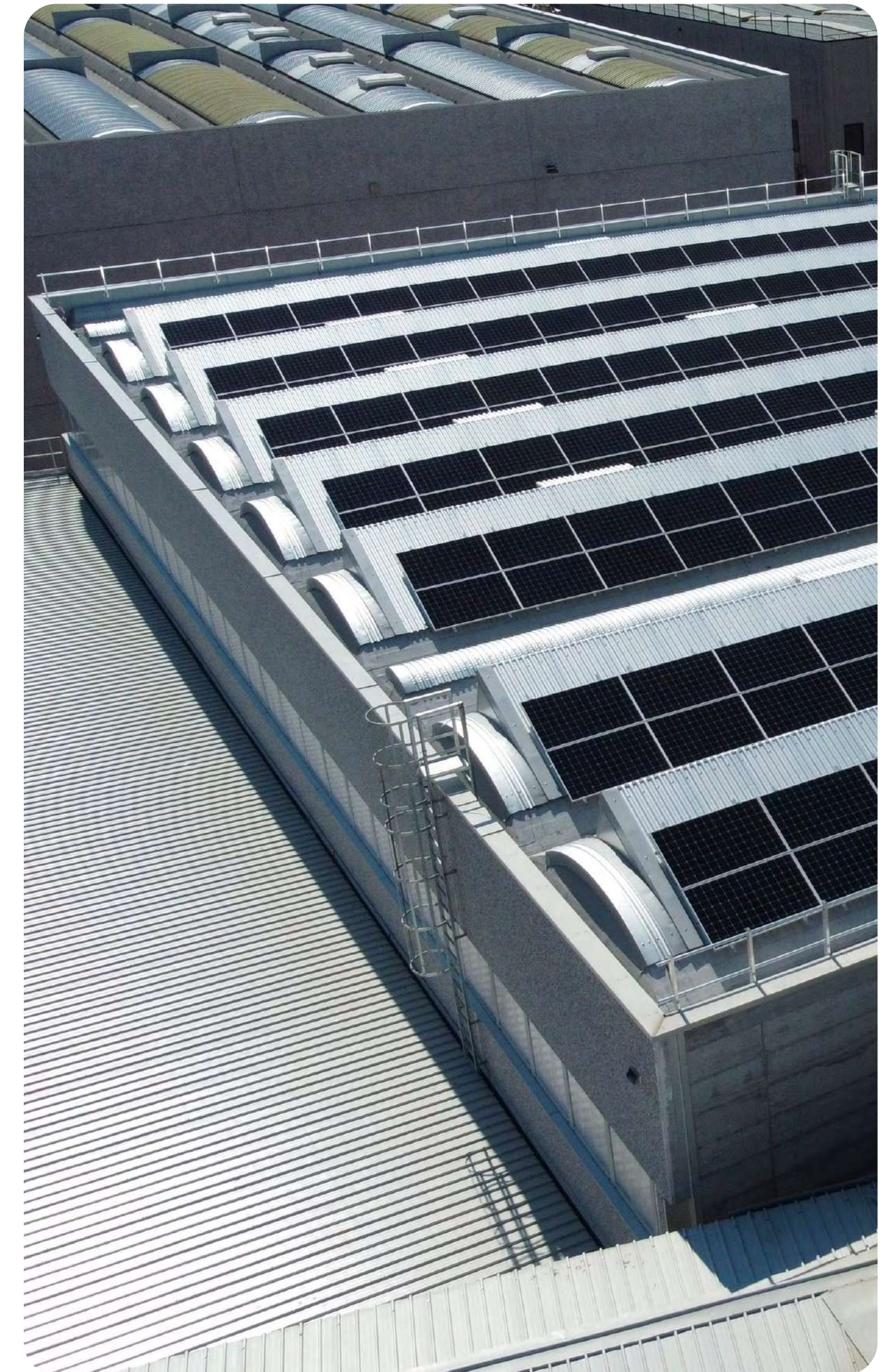
Energy consumption in 2023



In addition to the company's initiatives, the curbing of 2023 energy consumption also reflects the macroeconomic situation of the sector and the consequent contraction in demand. In fact, the 13% reduction in energy is also attributable to shutdowns caused by declining production.

Likewise, in recognition of the national emergency related to methane gas consumption, in 2023 LATI also **curbed the heating of its premises** by limiting movements of personnel to and from its Vedano Olona offices by **incentivizing remote working**.

The figures below detail energy consumption at the Vedano Olona and Gornate Olona production facilities, divided by energy source and over the three-year period 2021-2023.



GRI 302 - 1 Energy consumption within the organization

| Energetic source | Unit of measure | 2021 | 2022 | 2023 |
|--|-----------------|-------------------|-------------------|------------------|
| a. Fuels from non-renewable sources⁶ | GJ | 35,779.55 | 28,897.97 | 24,623.18 |
| Natural gas | GJ | 34,231.22 | 27,488.63 | 23,202.20 |
| Petrol | GJ | 35.63 | 31.30 | 0.00 |
| LPG | GJ | 288.30 | 45.86 | 0.00 |
| Diesel | GJ | 1,224.40 | 1,332.19 | 1,420.99 |
| b. Self-produced electricity | GJ | 220.25 | 444.57 | 547.11 |
| Self-produced electricity | GJ | 220.25 | 444.57 | 547.11 |
| <i>of which from renewable sources</i> | % | 100% | 100% | 100% |
| c. Purchased energy | GJ | 78,325.57 | 77,808.37 | 67,901.97 |
| Electric energy | GJ | 78,325.57 | 77,808.37 | 67,901.97 |
| <i>of which from renewable sources</i> | % | 100% | 100% | 100% |
| d. Sold energy | GJ | - | - | 6.13 |
| Electric energy | GJ | - | - | 6.13 |
| <i>of which from renewable sources</i> | % | - | - | 100% |
| Total | GJ | 114,325.36 | 107,150.91 | 93,066.13 |

GRI 302 - 3 Energy intensity

| | Unit of measure | 2021 | 2022 | 2023 |
|------------------------------------|-----------------|-------|-------|-------|
| GJ energy consumed/Tons of product | GJ/ton | 2.8 | 2.8 | 3.2 |
| GJ energy consumed/Revenues | GJ/MLN € | 620.3 | 472.3 | 628.1 |

6. It should be noted that Petrol, Diesel and LPG are used for company vehicles. In particular, it is specified that for the year of reporting, the total of petrol is zero as there are no petrol vehicles in the fleet, In addition, LATI has decommissioned the LPG vehicles and introduced an electric fleet.

Carbon strategy roadmap for decarbonization

In line with its strategy to reduce energy consumption, LATI continues to pursue its **decarbonization path**. The company’s **Carbon Strategy Roadmap** has set the **goal of limiting global warming to 1.5°C by 2040**, as per the Paris Agreement.

LATI **monitors and reports its CO₂ emissions** by conducting scenario analyses to better target its strategic orientation according to the international Greenhouse Gas Protocol Corporate Accounting and Reporting Standard. The three types of greenhouse emissions that define the **corporate carbon footprint** are:

SCOPE 1: direct emissions arising from sources controlled by the company

SCOPE 2: indirect emissions arising from the consumption of externally sourced electrical energy

SCOPE 3: indirect emissions arising from upstream and downstream activities in the production process

In line with its energy consumption, in 2023 LATI recorded a reduction in both Scope 1 and Scope 2 emissions, calculated with the location-based approach, while Scope 2 emissions calculated with the market-based approach stand at zero, since the company sources its electricity 100% from certified renewable sources.



| GRI 305 - 1 GRI 305-2 GHG Emissions ⁷ | | | | |
|--|--------------------------|-----------------|-----------------|-----------------|
| Type of emissions | Unit of measure | 2021 | 2022 | 2023 |
| SCOPE 1 ⁸ | tCO ₂ eq | 2,036.13 | 1,648.81 | 1,422.94 |
| SCOPE 2 Location based approach ⁹ | tCO ₂ eq | 6,853.49 | 5,310.42 | 4,851.22 |
| SCOPE 2 Market based approach ¹⁰ | tCO ₂ eq | 0.00 | 0.00 | 0.00 |
| TOTAL EMISSION GHG Location based approach | tCO₂eq | 8,889.61 | 6,959.23 | 6,274.16 |
| TOTAL EMISSION GHG Market based approach | tCO₂eq | 2,036.13 | 1,648.81 | 1,422.94 |

| GRI 305 - 4 GHG emissions intensity | | | | |
|---|--------------------------------|-------|------|------|
| Type | Unit of measure | 2021 | 2022 | 2023 |
| Total Market based GHG emissions/Tons of product | tCO ₂ eq/t | 0.06 | 0.05 | 0.05 |
| Total Market based GHG emissions/Revenues (Millions of Euros) ¹¹ | tCO ₂ eq/ MLN euros | 11.05 | 7.27 | 9.61 |

7. It should be noted that, compared to previous reporting, there are no Scope 3 data for employees’ commuting between home and work, as LATI has started a process to refine its Scope 3 emissions monitoring and reporting system from the 2023 financial year.

8. 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).

9. Location Based Approach: the conversion factor provided by Terna (315 gCO2/kWh) was used to calculate the Scope 2 emissions using the site based approach in 2021. For 2022, the emission factor provided by ISPRA was used (2022: 245.7 gCO2/kWh; 2023: 257.2 gCO2/kWh).

10. Market Based Approach: for 2021 - 2023 LATI purchased certified green energy through a guarantee of origin for 100 per cent of the total, which leads to zero emissions calculated according to the Market Based method.

11. It should be noted that, compared to previous reporting, there are no Scope 3 data for employees’ commuting between home and work, as LATI has started a process to refine its Scope 3 emissions monitoring and reporting system from the 2023 financial year.

Projects to offset Scope 1 emissions

Following the reduction of its Scope 1 emissions, as part of its commitment to decarbonisation, LATI has decided to **offset its direct emissions for 2023** deriving from natural gas used mainly for heating its offices in Vedano Olona and Gornate Olona.

| GRI 305 - 1 Direct (Scope 1) GHG emissions ¹² | | | | |
|--|---------------------|----------|----------|----------|
| Type | Unit of measure | 2021 | 2022 | 2023 |
| Natural gas | tCO ₂ eq | 1,924.00 | 1,545.02 | 1,317.91 |
| Petrol | tCO ₂ eq | 2.60 | 2.29 | 0.00 |
| LPG | tCO ₂ eq | 19.02 | 3.03 | 0.00 |
| Diesel | tCO ₂ eq | 90.50 | 98.47 | 105.03 |
| TOTAL EMISSION SCOPE 1 | tCO ₂ eq | 2,036.13 | 1,648.81 | 1,422.94 |
| TOTAL EMISSIONI SCOPE 1 net offsetting | tCO ₂ eq | 2,036.13 | 1,648.81 | 105.03 |

The selected initiatives, aimed at promoting sustainable development and limiting CO₂ emissions, are able to generate **carbon credits** that meet the **highest international standards**. Each carbon credit produced represents one ton of CO₂ avoided or absorbed and is used to offset one ton of CO₂ emissions that could not be reduced directly.



12.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).

| Project | Project Type | Location | Standard | % Credits |
|-------------------------------|---|----------|---------------------------|-----------|
| STOCK COMPANY «RISE MAKSYMKO» | Sustainable agriculture project to reduce greenhouse emissions | Ucraina | Joint Implementation (JI) | 94,00% |
| NYAGATARE SAFE WATER PROJECT | Project for access to drinking water through decentralised thermal energy substitution technologies and practices | Rwanda | Gold Standard (GS) | 2,88% |
| TOYOLA STOVES | Project for the production and distribution of efficient stoves | Nigeria | Gold Standard (GS) | 3,12% |

100%

In accordance with the directives of the Single Environmental Authorization (AUA), LATI also conducts annual measurements of pollutants dispersed into the atmosphere, including nitrogen oxides (NOx) and volatile organic compounds (VOCs). The data collected demonstrate **a low level of concentration of pollutants**, thanks to the use of advanced air extraction systems and environmental abatement devices, which are constantly monitored and controlled.

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

| Type | Unit of measure | 2021 | 2022 | 2023 |
|------------------|---------------------|----------|----------|----------|
| NOx | t | 0.596016 | 0.468288 | 0.486792 |
| N ₂ O | t | 0 | 0 | 0 |
| SO ₂ | t | 0 | 0 | 0 |
| CH ₄ | t | 0 | 0 | 0 |
| VOC | t | 3.006432 | 2.619936 | 1.394712 |
| PM ₁₀ | t | 0 | 0 | 0 |
| Altro | t | 0 | 0 | 0 |
| TOTALE | tCO ₂ eq | 3.602448 | 3.088224 | 1.881504 |

MO.VE.ON project for light mobility

As part of the process of measuring **Scope 3 emissions** related to the home-to-work journeys of its people, **LATI joined the MO.V.E.O.N (*Mobilità Leggera In Valle Olona*) Bike&Walk** project.

The project, funded by the Cariplo Foundation and the Region of Lombardy, aims to develop a **sustainable mobility laboratory in the Olona Valley**, with the goal of completing the regional bicycle and pedestrian corridor to the border with the metropolitan city of Milan.

By using a questionnaire and conducting focus groups, LATI – in tandem with its project partner, the Università Insubria di Varese - wants to investigate the geographical characteristics of its employees’ home-to-work commutes and their habits to develop **light mobility strategies**.



4.2.2 Water

GRI 303-1 | GRI 303-2 | GRI 303-3 | GRI 303-4 | GRI 303-5

The use of water is a key feature of LATI’s operations, although the company does not use water in its manufacturing process but solely for:

- the cooling of plant via a closed-circuit system.
- the cleaning of machinery after which the water is treated and disposed of in the sewage system.

Water is supplied via a well at the Gornate Olona site, while at the Vedano Olona site it is drawn directly from the network. The discharge phase of the used water takes place in the sewerage system for both production sites, and always after chemical-physical treatments in com-

| GRI 303 - 3 Water withdrawal | | | | |
|------------------------------|-----------------|-------|-------|-------|
| Source | Unit of measure | 2021 | 2022 | 2023 |
| Groundwater | ML | 6.37 | 7.01 | 4.77 |
| Third-party waters | ML | 50.97 | 51.86 | 22.72 |
| Total water withdrawal | ML | 57.34 | 58.87 | 27.49 |

pliance with general and specific regulatory stipulations, with dedicated authorisations. In fact, the management of water discharge impacts is carried out in compliance with the sewer discharge limits indicated by the **Single Environmental Authorization** (Law Decree 152/2006).

Water consumption trends generally appear to be constant. Nonetheless, with reference to **2023 water withdrawals and discharge data**, it should be noted that:

- **reduction in water consumption** compared to the previous year is not only due to lower production volumes, but also to the installation of the new **automatic silo washing system** and the concomitant reduction in manual washing.
- **The increase in water discharges** takes into account the increase in early rainwater as far as surface water is concerned; the apparent changes in discharges to surface water bodies can be attributed to the potential presence of water surfacing near the western area of the plant.

| GRI 303 - 4 Water discharge ¹³ | | | | |
|---|-----------------|-------|-------|-------|
| Discharge | Unit of measure | 2021 | 2022 | 2023 |
| Shallow waters | ML | 2,86 | 10,84 | 37,06 |
| Third-party waters | ML | 47,66 | 48,14 | 18,49 |
| Total water discharge | ML | 50,53 | 58,98 | 55,55 |

Water Footprint

In 2024, faced with the abnormal variation in the data for volumes of water in the first rainfall tanks, LATI initiated a study to measuring its water footprint. The goal is to identify the best solutions for efficient water consumption throughout the production process.

LATI’s concern for the environment is also demonstrated in its attention to monitoring stress levels in geographical areas of water resource withdrawal, using the [World Resources Institute’s Water Risk Atlas](#) tool. The tool, indicated by the GRI standard as an authoritative and reliable tool for the evaluation of water-stressed areas, highlights how the risk of water stress for the LATI focus area appears to be medium-low.

| GRI 303 - 5 Water consumption | | | | |
|-------------------------------|-----------------|-------|-------|--------|
| Source | Unit of measure | 2021 | 2022 | 2023 |
| Total water withdrawal | ML | 57.34 | 58.87 | 27.49 |
| Total water discharge | ML | 50.53 | 58.98 | 55.55 |
| Total water consumption | ML | 6.81 | -0.11 | -28.06 |

13. It should be noted that the company does not use steam in its production process.

4.2.3 Waste

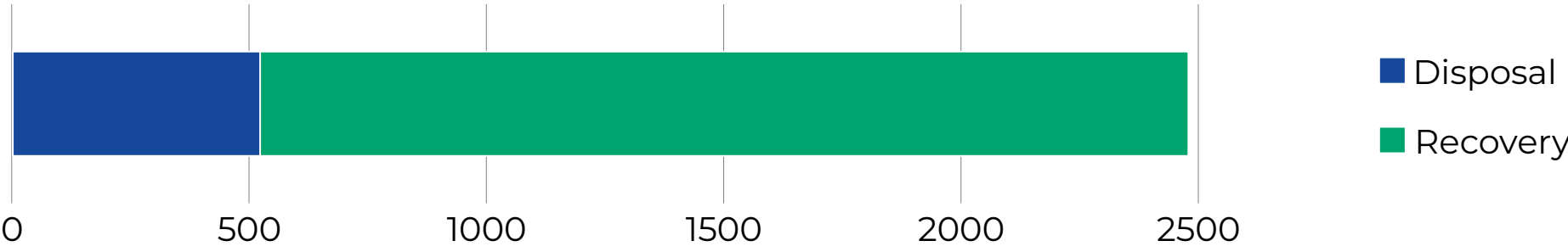
GRI 306-1 | GRI 306-2 | GRI 306-3 | GRI 306-4 | GRI 306-5

Responsible management of waste and production waste

LATI pays special attention to the responsible management of waste and production waste generated through its production processes. The table below indicates significant impacts related to the waste generated by the company.

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

Classification by type of waste destination 2023



In line with the reduction of consumption and emissions, in 2023 the **total waste produced was reduced by 12%** compared to 2022. **71% of total waste is made up of plastic waste, mixed packaging, and wood packaging, which the company wholly allocates for recovery.**

| GRI 306 - 3 Waste generated | | | | |
|-----------------------------|-----------------|----------|----------|----------|
| | Unit of measure | 2021 | 2022 | 2023 |
| Total waste produced | ton | 2,822.62 | 2,808.35 | 2,478.05 |
| of which plastic waste | % | ND | 39% | 38% |
| of which mixed packaging | % | ND | 10% | 8% |
| of which wooden packaging | % | ND | 20% | 25% |

The **circularity of resource management** is one of LATI's greatest challenges, both in the product design phase and in **waste management**. In fact, the goal is not only to reduce the production of waste, but also to **maximize its recovery and to limit its impact on the environment**. From this point of view, LATI has a **virtuous approach**. In fact, as illustrated below, in 2023 LATI **allocated 79% of the waste produced for recovery, while 21% was earmarked for disposal**¹⁴.

The circularity of manufacturing waste

Through the process of identifying and separating product waste, LATI **recovers and mechanically recycles certain percentages of production by-products for specific product families**. These recovered materials are then reintroduced into the formula in predetermined proportions within the same production process, without compromising quality. In addition, since 2022, LATI has carried out additional **market analyses** to evaluate **new circularity solutions for the regeneration of industrial process waste**.



14. The classification of the destination of waste is based on Law Decree 152/06, which distinguishes the destination of waste as disposal (identified by the letter D) and recovery (identified by the letter R).

The tables below illustrate types of waste treatment with specific reference to hazardous and non-hazardous waste.

| GRI 306 - 4 Waste diverted from disposal | | | | |
|--|-----------------|-------|-------|-------|
| | Unit of measure | 2021 | 2022 | 2023 |
| Total non-hazardous waste | ton | 2,069 | 2,139 | 1,881 |
| Preparation for reuse | ton | - | - | - |
| Recovery | ton | 2,069 | 2,139 | 1,881 |
| Other | ton | - | - | 0 |
| Total hazardous waste | ton | 88 | 85 | 76 |
| Preparation for reuse | ton | - | - | - |
| Recovery | ton | 88 | 85 | 76 |
| Other | ton | - | - | - |
| Total waste diverted from disposal | ton | 2,157 | 2,225 | 1,957 |

| GRI 306 - 5 Waste directed to disposal | | | | |
|--|-----------------|------|------|------|
| | Unit of measure | 2021 | 2022 | 2023 |
| Total non-hazardous waste | ton | 551 | 488 | 365 |
| Incineration with energy recovery | ton | - | - | - |
| Incineration without energy recovery | ton | - | - | - |
| Landfill | ton | 551 | 488 | 365 |
| Other | ton | 0 | 0 | 0 |
| Total hazardous waste | ton | 115 | 96 | 156 |
| Incineration with energy recovery | ton | - | - | - |
| Incineration without energy recovery | ton | - | - | - |
| Landfill | ton | 115 | 96 | 156 |
| Other | ton | - | - | - |
| Total waste directed to disposal | ton | 666 | 584 | 521 |

4.2.4 Biodiversity

The Operation Clean Sweep® programme

In line with the commitment made by signing up to the **Operation Clean Sweep® (OCS)** programme, in 2023 LATI continued to organize in-house training sessions to disseminate and share the programme's guiding principles, as well as good practices to **prevent and curb the dispersion of plastic granules into the environment**.

In pursuit of this goal, LATI developed a **specific internal procedure** which identifies simple and **effective solutions to reduce granule dispersion during the production process**, as well as methods to manage any accidental spillage of granules. Among these, in addition to **intensifying the routine cleaning** of areas inside and outside the production facilities, in the area where waste and production scraps are stored, LATI has introduced a **drain filtering system** to prevent the release of granules into the sewerage system.



Parte di
Operation Clean Sweep®
www.opcleansweep.eu



LATI HIGH PERFORMANCE THERMOPLASTICS



LA DISPERSIONE DEI GRANULI POTREBBE DANNEGGIARE L'AMBIENTE MARINO.
OGNI GIORNO,
COL TUO LAVORO, TU PUOI EVITARLO!
DIPENDE ANCHE DA TE!

LATI HIGH PERFORMANCE THERMOPLASTICS

PlasticsEurope
Associazione dei Produttori di materie plastiche

Parte di
Operation Clean Sweep®
www.opcleansweep.eu

Reduced dispersion of dust, fumes and vapours

To pursue this goal, LATI has also **upgraded its systems for the reduction of pollutants** generated during the production process, **separating the dust, fumes and vapour extraction systems**. 2023 saw the installation of the first part of the abatement system dedicated to the extraction of dust generated during the extrusion process. This system reduces dust dispersion and improves workplace health and safety.

In 2024, a project to divide the pollutant abatement system will be completed through the commissioning of the fumes and vapour collection system.

4.2.5 Materials

GRI 301-1 | GRI 301-2

LATI is committed to the careful selection of materials for its manufacturing process.

The constant search for **high-quality and innovative raw materials** underpins the **development of LATI’s engineering compounds**. In 2023 the company used **29,187** tons of raw materials including granules, flakes, fibres, powders, reinforcements, mineral fillers and additives. Although this

figure is down on previous years due to the economic climate, LATI continues to invest in **materials originating from mechanical or chemical recycling**. **Today the percentage of recycled material stands at 5 percent of total materials used.**

In addition, **6 tons of process materials and 1,156 tons of packaging** were used, of which 83% came from renewable

sources. LATI employs a **circular approach** in **reducing packaging for incoming raw materials**. Examples of this approach include a project to **expand the company’s silos** to allow storage of larger quantities of bulk raw materials and the prioritizing of large containers to reduce the use of packaging. The company has also reduced the weight of its **shipping packaging** to achieve a lower thickness and produces **customized bags** in-house to reduce waste.

GRI 301-1 Materials used by weight or volume¹⁵

| Materials used by weight or volume | | | | |
|------------------------------------|-----------------|--------|--------|--------|
| | Unit of measure | 2021 | 2022 | 2023 |
| Raw material | t | 41,483 | 38,359 | 29,187 |
| Process materials | t | 8 | 6 | 6 |
| Packing materials | t | 1,244 | 1,015 | 1,156 |
| Total | t | 42,736 | 39,379 | 30,349 |

| Non-renewable materials | | | | |
|-------------------------|-----------------|--------|--------|--------|
| | Unit of measure | 2021 | 2022 | 2023 |
| Raw material | t | 41,331 | 38,240 | 29,144 |
| Process materials | t | 5 | 4 | 4 |
| Packing materials | t | 258 | 196 | 200 |
| Total | t | 41,594 | 38,440 | 29,348 |

| Renewable materials | | | | |
|---------------------|-----------------|-------|------|-------|
| | Unit of measure | 2021 | 2022 | 2023 |
| Raw material | t | 152 | 119 | 43 |
| Process materials | t | 3 | 2 | 2 |
| Packing materials | t | 986 | 818 | 957 |
| Total | t | 1,142 | 939 | 1,001 |

15. Data has been recalculated over the three-year period as the company has improved its tracking and verification process for renewable and recycled raw materials purchased. In 2023, certified Product Declarations were received and validated from suppliers of renewable and recycled materials. The Product Declarations allowed a more accurate assessment of the amount and type of materials used in the production process, also for 2022 and 2021.

| GRI 301-2 Recycled input materials used ¹⁶ | | | | |
|---|-----------------|-----------|-----------|-----------|
| | Unit of measure | 2021 | 2022 | 2023 |
| Total recycled input materials used | t | 2,239.49 | 1,741.58 | 1,614.17 |
| Total input materials used | t | 42,735.57 | 39,379.30 | 30,349.15 |
| Percentage of input materials recycled used | % | 5% | 4% | 5% |

Conflict Minerals Policy

LATI policy adheres voluntarily to adoption of the principles of the U.S. “Dodd-Frank Wall Street Act, Section 1502” federal law, by implementing a series of preventive and communication actions across the supply chain. LATI requires suppliers of the key raw materials used in the manufacture of its products to formally declare the absence of problematic metals and minerals and their compounds.



16. Data has been recalculated over the three-year period as the company has improved its tracking and verification process for renewable and recycled raw materials purchased. In 2023, certified Product Declarations were received and validated from suppliers of renewable and recycled materials. The Product Declarations allowed a more accurate assessment of the amount and type of materials used in the production process, also for 2022 and 2021.

4.2.6 Research and innovation

The development and production of innovative products with a positive impact lie at the heart of LATI's Sustainability strategy. The company's mission is to create engineered technical thermoplastic compounds that ensure both durability and maximum safety.

Hence the specific focus of LATI's R&D function on the following three areas in 2023:

1. Sustainability and product innovation

R&D activities for the development of new solutions and the acquisition of new technical-scientific know-how for the formulation and testing of innovative thermoplastic compounds.

2. Life cycle analysis of lati compounds

Measurement of the impact of LATI compound production through Life Cycle Assessment (LCA).

3. The SAbYNA project: safe and sustainable products

Project funded as part of the Horizon 2020 EU call for bids. The aim of the project was to select the best strategies for the design and development of safer nanocomposites

ProPla - Proteins from Plastics - ADVISORY BOARD

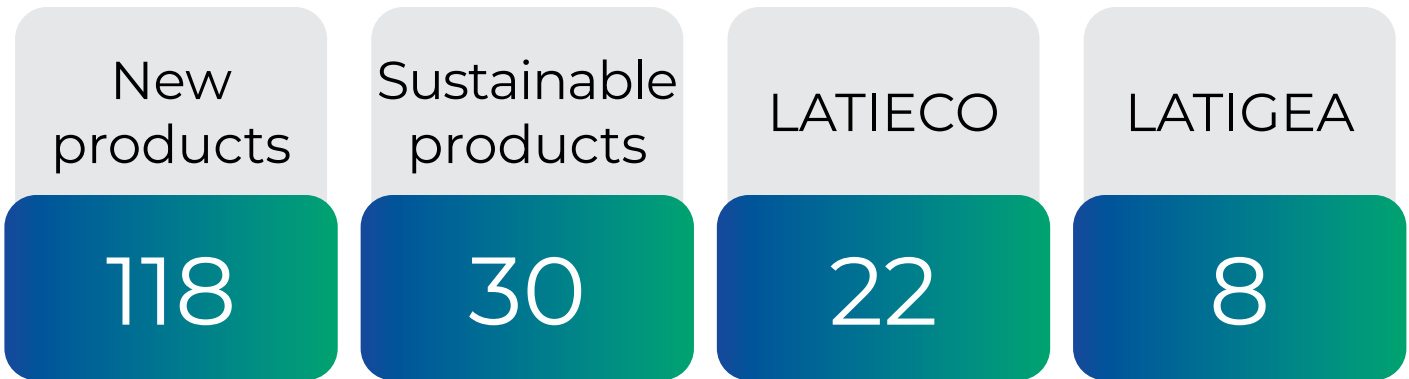
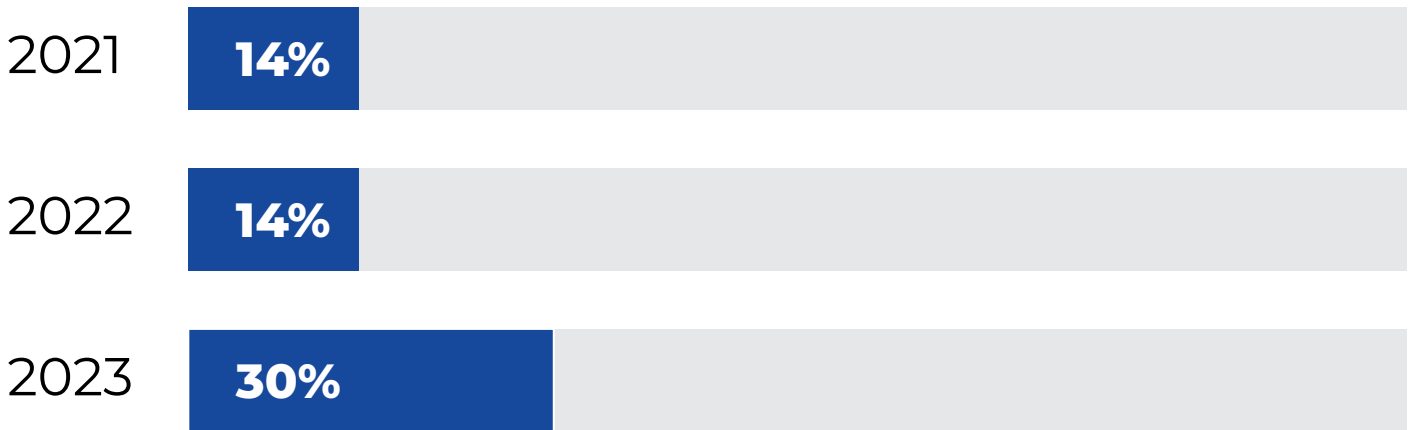
LATI sits on the Advisory Board of the ProPla (Proteins from Plastics) project, dedicated to research into solutions for the transformation of PET-based microplastics into amino acids. The project is funded by the Fondazione Cariplo, Italy's leading bank-sponsored foundation for scientific research and philanthropy, coordinated by Professor Loredano Pollegioni of the University of Insubria in Varese.



Sustainability and product innovation

During 2023, LATI’s R&D team launched a total of **123 new projects**. These projects are divided between those responding to specific customer requirements and those designed to improve existing activities or to develop materials to meet new needs, regulations or emerging market trends. Over the past three years, particular attention has been paid to projects dedicated to **research and development in sustainable compounds**. Of the projects initiated, **118 were coded as products**. Of these, **25% concerned sustainable products from the dedicated LATIECO and LATIGEA ranges**.

Sustainable product projects as % of total



The **LATIECO** product family, which includes products containing **raw materials totally or partially obtained by mechanical recycling or chemical recycling**, was expanded with **22 new products**, reaching a total of **57 product codes**. [Product certifications HERE](#)

LATIGEA products feature a **wide range of environmentally friendly compounds based on renewable source polymers** ranging from bio-based and biodegradable materials (e.g., PLA) to bio-based-non-biodegradable polymers (such as PE and particular PA). In 2023, LATI coded **8 new LATIGEA products**: PE & PP (LATIGEA 45 & LATIGEA 52); various PLA (LATIGEA B01 & LATIGEA B20); PA5.6 (LATIGEA SP5); PA5.10 (LATIGEA SP10); PA11 (LATIGEA SP11).

The reliability of the **quality** of **LATIGEA products** and their environmental sustainability were also confirmed by the **renowned international laboratory TÜV Austria**, which awarded “**Ok Biobased**” certification to the LATIGEA B01 L/07 GRIGIO:2865 formulation, with a four-star rating (the highest rating obtainable). TÜV’s analyses confirmed that LATIGEA B01 L/07 GREY:2865 has a composition **originating wholly from renewable sources**, not least thanks to the addition of a filler of natural origin: wood flour from sustainable forests.

LATI’S 2023 technical webinars to promote the culture of sustainable use of plastics:

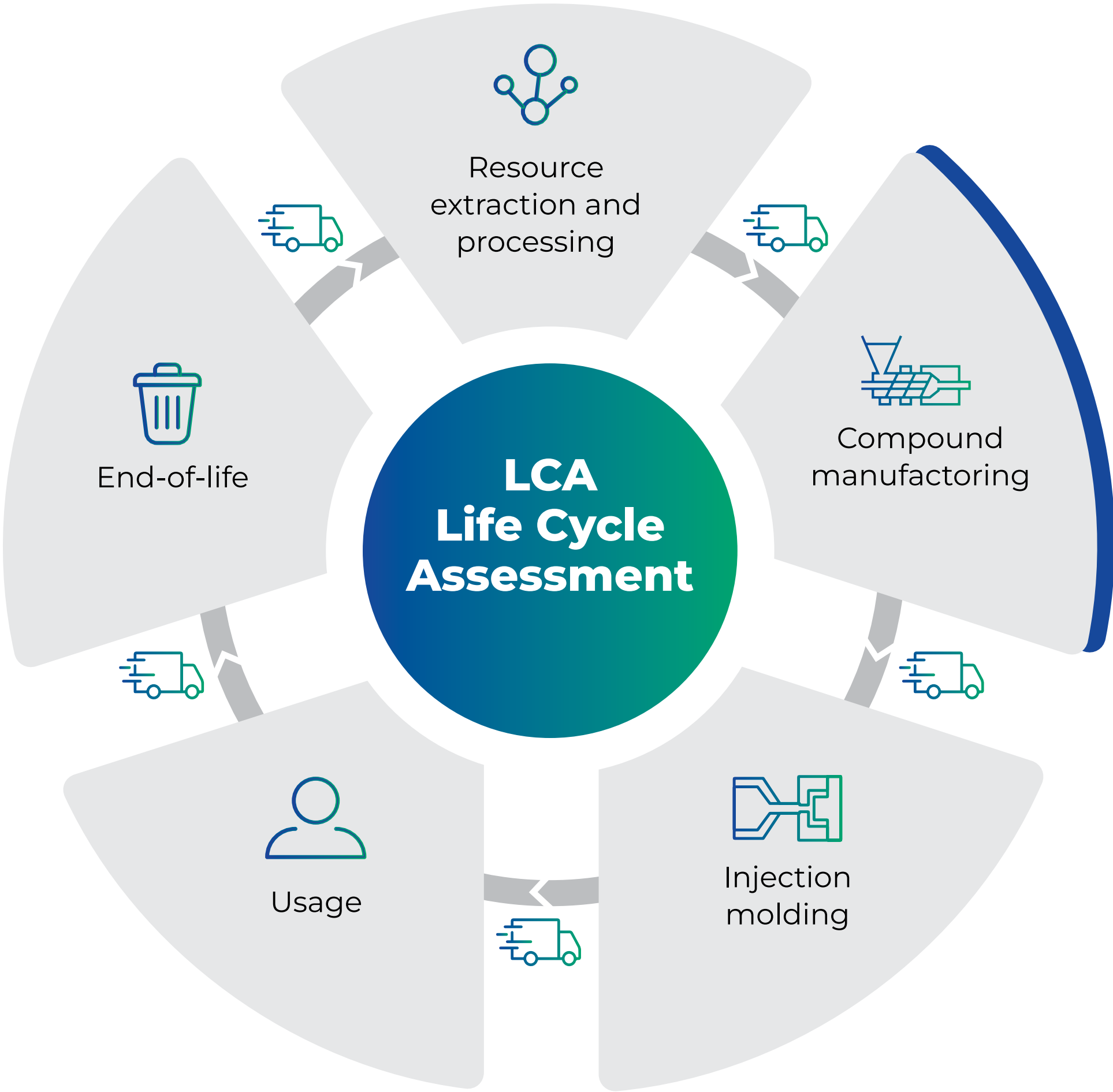
LATILUB

Update on self-Lubricating Compounds and PFAS: a webinar dedicated to the characteristics of self-lubrication and wear resistance of polymers and the issue of future European restrictions affecting PFAS perfluorinated and polyfluorinated alkyl substances and possible alternatives. Another aspect analysed is the sustainability and safety of these alternatives, taking into account their processability and performance. [Watch HERE webinar.](#)

LATICONTHER

SUSTAINABILITY and the advantages of thermally conductive compounds: in addition to an overview of thermally conductive compounds and their practical applications, highlighting their benefits in terms of thermal conductivity, stability, and versatility, this webinar took an in-depth look at the role of these materials in environmental sustainability through high performance, while also helping to reduce the carbon footprint and to promote energy efficiency in the automotive sector. [Watch HERE webinar.](#)

Lifecycle analysis of LATI compounds



In 2022, LATI launched a three-year Ph.D. program with the University of Insubria to analyse the whole production cycle (Life Cycle Assessment) of key families of finished products. The goal of the Life Cycle Analysis of Industrial Processes for High-Performance Plastic Products research project is to **measure and calculate the ENVIRONMENTAL IMPACT of LATI products** through the ***cradle-to-gate approach***, i.e. from raw material extraction through to compound production.

The focus of the research is the evaluation of products that use **bio-based secondary raw materials (MPS) and plastics**, thus providing a **comparative study of the potential environmental benefits for traditional products**.

An additional focus is the **analysis of processes** to ensure the offsetting of environmental impacts, including the **identification of innovative and state-of-the-art materials** that can be used in the production of high-performance goods with applications in aeronautics, in the production of self-extinguishing materials, and in 3D printing.

This research project promises to be a pathfinder for the scientific and industrial sectors in quantifying the **environmental impacts of high-performance plastic materials** and in **formulating new plastic mixes** that could contribute to the reduction of environmental impacts and the creation of sustainable products.

Carbon footprint supplier portal

To concretely measure and reduce the environmental impact of its products, in 2023 LATI developed and launched a **portal for the collection of data on the carbon footprint of its raw materials**. From 2024, the company will involve suppliers in the project to calculate the emissions of its compounds.

The **SAbbyNA** project: safe and sustainable products

SAbbyNA is a scientific research project on nanomaterials, funded by the European Community under the Horizon 2020 programme. Its aim is to develop a user-friendly **IT platform** to facilitate the **risk assessment and control of nanomaterials** (NMs and NEPs) and their **manufacturing processes** from a **Safe-by-Design** perspective.

Thanks to its long experience in managing EU research projects, LATI's R&D department was selected as the **leader of the industrial partners** involved.

In addition to **coordinating the project partners and activities**, LATI offered its **support** in the implementation of:

- **materials and processes** (3D printing – one of the case studies selected).
- **validation testing of the tool** with the support of environmental analyses and characterization of the impact of the process and of the nanotechnological product created, from both the toxicological and sustainability points of view.

During 2023, LATI also collaborated with academic partners on the preparation of various contents for presentation at international conferences, as well as the preparation of a draft scientific paper. The company had the opportunity to present the project results at the **NanoInnovation international conference**.

Project Information

SAbbyNA

Grant agreement ID: 862419



DOI

[10.3030/862419](https://doi.org/10.3030/862419)

EC signature date

8 April 2020

Start date

1 March 2020

End date

31 May 2024

Funded under

INDUSTRIAL LEADERSHIP - Leadership in enabling and industrial technologies - Advanced materials

Total cost

€ 6 146 968,75

EU contribution

€ 5 999 068,75

Coordinated by

ACONDICIONAMIENTO TARRASENSE ASSOCIACION

 Spain





4.3 Social impact


Key topics

- Wellbeing, equal opportunities and inclusion
- People development
- Workplace health and safety
- Corporate Citizenship
- Culture of sustainable use of plastic materials


SDG



Highlights 2023

 People (GRI 2-7)
292

 Women managers
29%

 Hours of training
6,894

 Best Blue Collar

LATI recognizes the importance of its **civil and ethical role** within society and is committed to **generating a positive SOCIAL IMPACT** for its people and the surrounding area.

As stated in the objectives set down in its Statute, LATI places a central focus on:

- **People’s wellbeing within and outside the organization:** actively taking care of people’s psycho-physical wellbeing, ensuring health and safety within the workplace, fostering personal development and growth, and promoting corporate welfare initiatives to improve people’s private lives.
- **Development of the local territory and ecosystem:** promoting projects to disseminate the culture of sustainability and the common good and activating collaborations and synergies with all local stakeholders.

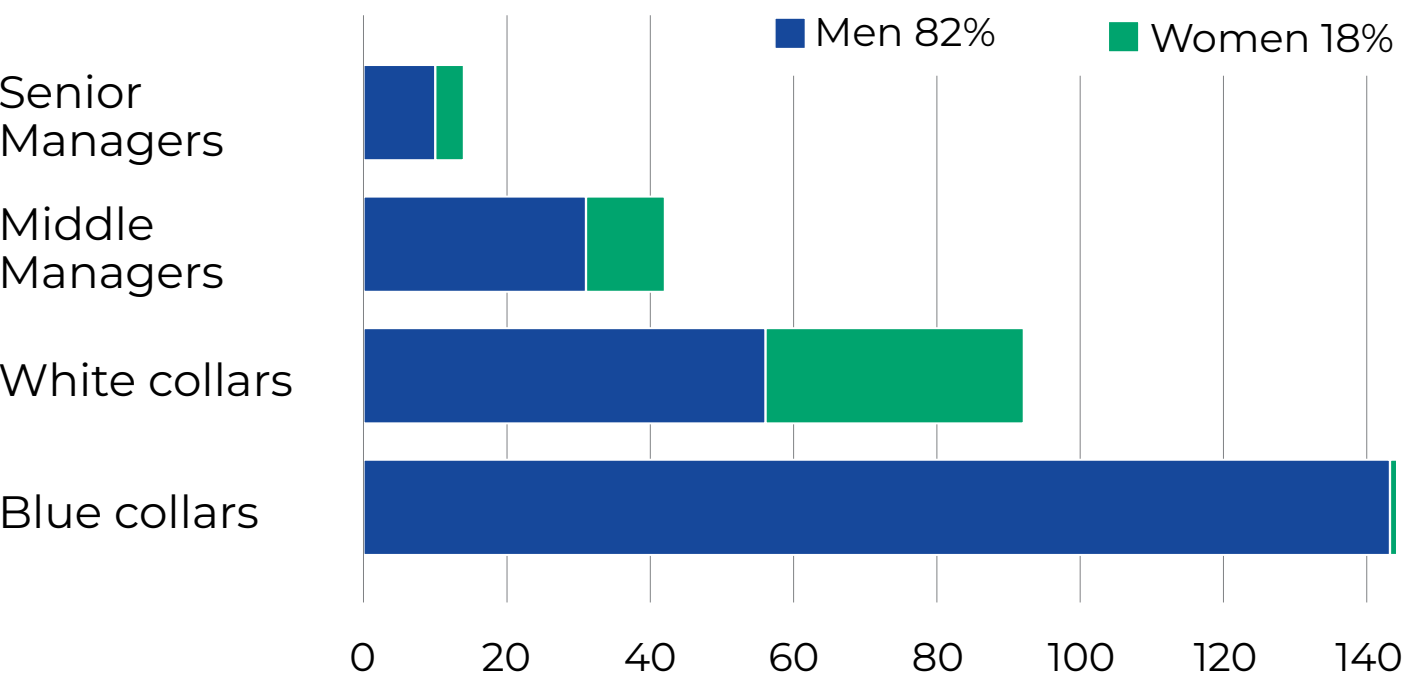
4.3.1 LATI People

GRI 2-7 | GRI 2-8 | GRI 2-30 | GRI 405-1

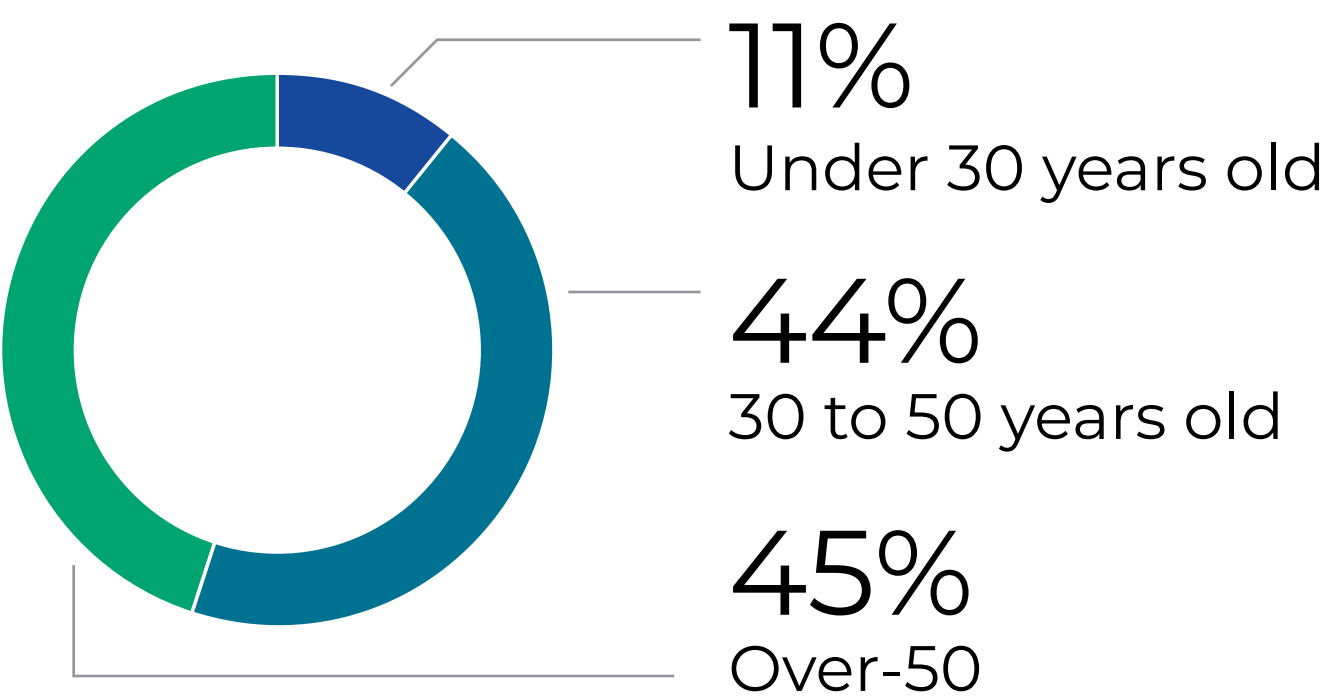
Despite the tough socio-economic challenges of 2023, LATI, in keeping with its corporate culture, maintains the **centrality of its people’s wellbeing and organizational development.**

As of December 31st, 2023, the total number of employees was **292 people**¹⁷ of whom **18% women** and **82% men.**

Breakdown of LATI People 2023



People by age group in 2023



17. The reporting perimeter includes employees in Italy and branches abroad (France, Germany, Spain, Slovakia, Sweden). It should be noted that until 2021 Poland was also included among the branches.

Although the thermoplastic materials sector traditionally attracts more men, especially in manufacturing, LATI is firmly committed to **promoting equal opportunities** and **valorising inclusion** at all levels. As demonstrated by the achievement of UNI PdR 125:2022 gender certification, the company recognizes the importance and value

of **balanced gender representation in leadership positions** and is actively committed to fostering this balance. The data, in fact, confirm an **increase in the number of women in management and leadership roles**.

As regards **generational diversity**, **45% of LATI’s employees are over 50 years old, while 44% are aged between 30 and 50**. Considering the twin factors of retirements and organizational growth, LATI has enrolled several **under-30s** in recent years. Since 2021, the **share of employees aged under 30 has grown from 5% to 11%**.

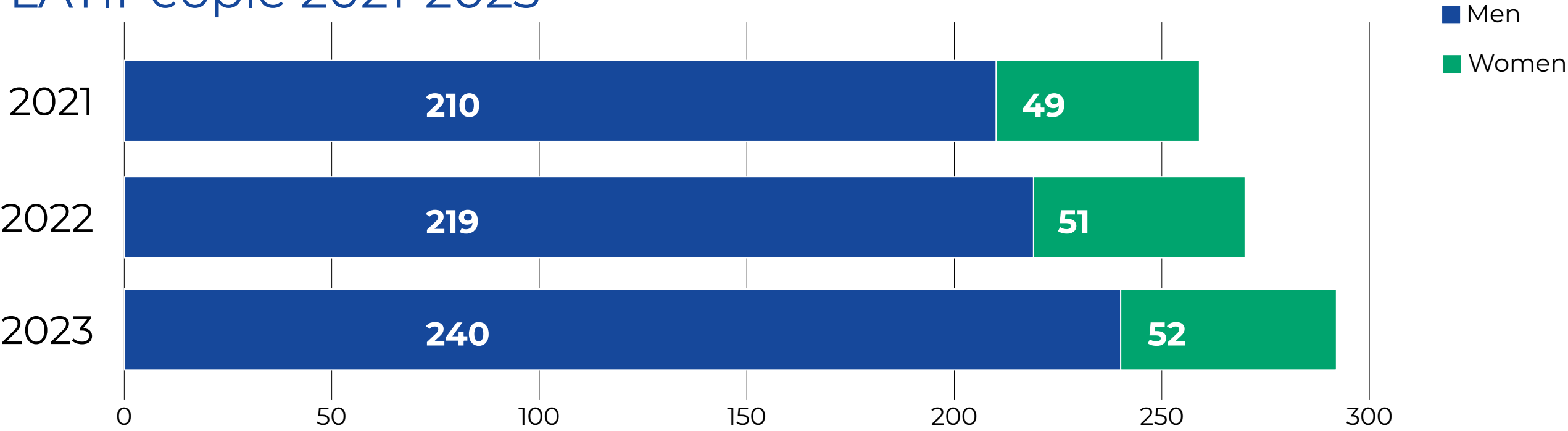
The tables below detail the composition of the workforce by job title, gender and age over the three-year period 2021-2023.

| GRI 405-1 Diversity of governance bodies and employees - employees category and gender | | | | | | | | | | | | | | | | | | | |
|--|-----------------|------|-----|-------|-----|-------|------|------|-----|-------|-----|-------|------|------|-----|-------|-----|-------|------|
| | | 2021 | | | | | | 2022 | | | | | | 2023 | | | | | |
| Employees category | Unit of measure | Men | | Women | | Total | | Men | | Women | | Total | | Men | | Women | | Total | |
| Senior managers | number | 11 | 73% | 4 | 27% | 14 | 5% | 11 | 73% | 4 | 27% | 15 | 6% | 10 | 71% | 4 | 29% | 14 | 5% |
| Middle Manages | number | 29 | 78% | 8 | 22% | 38 | 15% | 32 | 80% | 8 | 20% | 40 | 15% | 31 | 74% | 11 | 26% | 42 | 14% |
| White collars | number | 48 | 57% | 36 | 43% | 84 | 32% | 56 | 60% | 38 | 40% | 94 | 35% | 56 | 61% | 36 | 39% | 92 | 32% |
| Blue collars | number | 122 | 99% | 1 | 1% | 123 | 47% | 120 | 99% | 1 | 1% | 121 | 45% | 143 | 99% | 1 | 1% | 144 | 49% |
| Total | number | 210 | 81% | 49 | 19% | 259 | 100% | 219 | 81% | 51 | 19% | 270 | 100% | 240 | 82% | 52 | 18% | 292 | 100% |
| of which belonging protected categories | number | 14 | 5% | 2 | 1% | 16 | 6% | 13 | 5% | 2 | 1% | 15 | 6% | 15 | 5% | 2 | 1% | 17 | 6% |

GRI 405-1 Diversity of governance bodies and employees - employee category and age

| Unit of measure | | 2021 | | | 2022 | | | 2023 | | |
|--------------------|---|------|-------|-------|------|-------|-------|------|-------|-------|
| Employees category | | Men | Women | Total | Men | Women | Total | Men | Women | Total |
| Senior managers | % | 73% | 27% | 6% | 73% | 27% | 6% | 71% | 29% | 5% |
| under 30 years old | % | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| 30-50 years old | % | 33% | 13% | 3% | 20% | 0% | 1% | 14% | 0% | 1% |
| over 50 years old | % | 40% | 13% | 3% | 53% | 27% | 4% | 57% | 29% | 4% |
| Middle Managers | % | 78% | 22% | 14% | 80% | 20% | 15% | 74% | 26% | 14% |
| under 30 years old | % | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| 30-50 years old | % | 35% | 14% | 7% | 38% | 13% | 7% | 38% | 17% | 8% |
| over 50 years old | % | 43% | 8% | 7% | 43% | 8% | 7% | 36% | 10% | 7% |
| White collars | % | 57% | 43% | 32% | 60% | 40% | 35% | 61% | 39% | 32% |
| under 30 years old | % | 6% | 7% | 4% | 9% | 6% | 5% | 8% | 5% | 4% |
| 30-50 years old | % | 29% | 19% | 15% | 27% | 18% | 16% | 29% | 17% | 15% |
| over 50 years old | % | 23% | 17% | 13% | 24% | 16% | 14% | 24% | 16% | 13% |
| Blue collars | % | 99% | 1% | 47% | 99% | 1% | 45% | 99% | 1% | 49% |
| under 30 years old | % | 2% | 0% | 1% | 5% | 0% | 2% | 13% | 0% | 7% |
| 30-50 years old | % | 46% | 2% | 22% | 40% | 2% | 19% | 42% | 2% | 21% |
| over 50 years old | % | 51% | 0% | 24% | 54% | 0% | 24% | 44% | 0% | 22% |

LATIPeople 2021-2023



Staying true to its values, LATI **maintained full employment** in 2023 while at the same time strengthening its workforce by stabilizing non-employee personnel and bringing in new professionals to support key areas of organizational development: digital, communication, and internationalization.

GRI 2-7 Employees -a. region and genedere¹⁸

| | | 2021 | | | | 2022 | | | | 2023 | | | |
|--------|-----------------|------|-----|-------|-----|-------|-----|-----|-----|-------|-----|-------|-----|
| Region | Unit of measure | Men | | Women | | Total | | Men | | Women | | Total | |
| Italy | number | 197 | 81% | 45 | 19% | 242 | 93% | 206 | 81% | 47 | 19% | 253 | 94% |
| Europe | number | 13 | 76% | 4 | 24% | 17 | 7% | 13 | 76% | 4 | 24% | 17 | 6% |
| Total | number | 210 | 81% | 49 | 19% | 259 | | 219 | 81% | 51 | 19% | 270 | |
| | | 240 | 82% | 52 | 18% | 292 | | | | | | | |

18. It should be noted that 100% of the employees in Italy are covered by the National Collective Bargaining Agreement for Plastic Rubber. The employees of the branches have contractual agreements directly with the company.

In witness of the company’s care for its people, LATI prefers **stable and long-lasting working relationships**. In fact, **99.48% percent of the company’s employees are hired**

on permanent contracts. In addition, although the majority of personnel in Italy and abroad are hired on full-time contracts, LATI also guarantees the possibility of activating

part-time employment contracts with a view to greater work-life balance¹⁹.

| GRI 2-7 Employees -b. region, gender and employment contract | | | | | | | | | | |
|--|-----------------|------|-------|-------|------|-------|-------|------|-------|-------|
| | | 2021 | | | 2022 | | | 2023 | | |
| | Unit of measure | Men | Women | Total | Men | Women | Total | Men | Women | Total |
| Permanent | number | 210 | 49 | 259 | 219 | 51 | 270 | 239 | 52 | 291 |
| Italy | number | 197 | 45 | 242 | 206 | 47 | 253 | 226 | 48 | 274 |
| Europe | number | 13 | 4 | 17 | 13 | 4 | 17 | 13 | 4 | 17 |
| Temporary | number | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 1 |
| Italy | number | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 1 |
| Europe | number | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total employees | number | 210 | 49 | 259 | 219 | 51 | 270 | 240 | 52 | 292 |

19. N.B. there are no workers with employment contracts featuring non-guaranteed hours.

GGRI 2-7 Employees -b. region, gender and type of employment

| | | 2021 | | | 2022 | | | 2023 | | |
|-----------------|-----------------|------|-------|-------|------|-------|-------|------|-------|-------|
| | Unit of measure | Men | Women | Total | Men | Women | Total | Men | Women | Total |
| Full-time | number | 209 | 43 | 252 | 218 | 46 | 264 | 239 | 47 | 286 |
| Italy | number | 196 | 39 | 235 | 205 | 42 | 247 | 226 | 43 | 269 |
| Europe | number | 13 | 4 | 17 | 13 | 4 | 17 | 13 | 4 | 17 |
| Part-time | number | 1 | 6 | 7 | 1 | 5 | 6 | 1 | 5 | 6 |
| Italy | number | 1 | 6 | 7 | 1 | 5 | 6 | 1 | 5 | 6 |
| Europe | number | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total employees | number | 210 | 49 | 259 | 219 | 51 | 270 | 240 | 52 | 292 |

In addition, as regards other types of contracts, LATI currently has **54 personnel** with **non-employee contracts**. Of these, 78% are production workers hired through agencies. In response to market needs, the company makes use of agency staff and, when possible, incorporates them

directly into its workforce, as demonstrated by the fact that in **2023 LATI converted 24 temporary positions into permanent contracts**. Every year, the company also **welcomes a considerable number of talented internship students**, not only from **top Italian universities and**

ITS-Higher Technical Institutes, but also from **foreign institutes**. In 2023, the total number of internships increased to 9, an increase on previous years. These interns also include two **doctoral students** who are conducting their **research work** in collaboration with LATI.

GRI 2-8 Workers who are not employees

| | Unit of measure | 2021 | | 2022 | | | | | | | | | | 2023 | | | | | |
|---------------------|-----------------|------|------|-------|------|-------|------|-----|------|-------|-----|-------|------|------|------|-------|-----|-------|------|
| Italy | | Men | | Women | | Total | | Men | | Women | | Total | | Men | | Women | | Total | |
| Administered | number | 69 | 100% | 0 | 0% | 69 | 963% | 61 | 100% | 0 | 0% | 61 | 82% | 42 | 100% | 0 | 0% | 42 | 78% |
| Stage | number | 0 | 0% | 1 | 100% | 1 | 14% | 3 | 27% | 8 | 73% | 11 | 15% | 5 | 56% | 4 | 44% | 9 | 17% |
| Other collaboration | number | 2 | 100% | 0 | 0% | 2 | 3% | 2 | 100% | 0 | 0% | 2 | 3% | 3 | 100% | 0 | 0% | 3 | 6% |
| Total | number | 71 | 99% | 1 | 1% | 72 | 100% | 66 | 89% | 8 | 11% | 74 | 100% | 50 | 93% | 4 | 7% | 54 | 100% |

New hires and turnover

GRI 401-1

LATI is committed to attracting and hiring people with diverse backgrounds and skills. As per company policy, in pursuing gender equality during the selection and hiring processes, the company is committed to ensuring a **fairly gender-representative candidate pool**. To this end, for every position LATI not only assesses candidates’ experience, skills and competencies, but also the conditions under which their work will be performed. This approach aims

to promote an **inclusive work environment** that reflects the varied array of perspectives and talents in society.

In 2023, **36 new people** were hired, as compared with the departure of 12 employees - mainly due to retirement. New hires and terminations regarded LATI’s Italian branches. Amongst the new hires, **39% were aged under 30** while **58% came from the 30-50 age group**.

LATI-in: the company’s onboarding path

LATI pays scrupulous attention to the onboarding process, organizing dedicated annual training events for new hires. LATI-in serves to orientate new people though a series of meetings to help new hires to get to know:

- LATI’s business and products.
- all the company’s functions and the respective interlocutors.
- the company’s main cross-functional and technical projects.

GRI 401-1 New employee hires and employee turnover

| | | 2021 | | | 2022 | | | 2023 | | |
|--|-----------------|------|-------|-------|------|-------|-------|------|-------|-------|
| Specific | Unit of measure | Men | Women | Total | Men | Women | Total | Men | Women | Total |
| under 30 years old | number | 3 | 0 | 3 | 8 | 4 | 12 | 14 | 0 | 14 |
| 30-50 years old | number | 11 | 3 | 14 | 9 | 0 | 9 | 18 | 3 | 21 |
| over 50 years old | number | 3 | 2 | 5 | 2 | 2 | 4 | 1 | 0 | 1 |
| Total new hires | number | 17 | 5 | 22 | 19 | 6 | 25 | 33 | 3 | 36 |
| New hires turnover rate | % | 7% | 2% | 8% | 7% | 2% | 9% | 11% | 1% | 12% |
| New hires turnover rate under 30 years old | % | 1% | 0% | 1% | 3% | 1% | 4% | 5% | 0% | 5% |
| New hires turnover rate 30-50 years old | % | 4% | 1% | 5% | 3% | 0% | 3% | 6% | 1% | 7% |
| New hires turnover rate over 50 years old | % | 1% | 1% | 2% | 1% | 1% | 1% | 0,3% | 0% | 0,3% |

| GRI 401-1 Termination and employee turnover | | | | | | | | | | |
|--|-----------------|------|-------|-------|------|-------|-------|------|-------|-------|
| | | 2021 | | | 2022 | | | 2023 | | |
| Specific | Unit of measure | Men | Women | Total | Men | Women | Total | Men | Women | Total |
| under 30 years old | number | 0 | 0 | 0 | 1 | 0 | 1 | 0 | 0 | 0 |
| 30-50 years old | number | 2 | 0 | 2 | 1 | 2 | 3 | 1 | 1 | 2 |
| over 50 years old | number | 15 | 3 | 18 | 8 | 2 | 10 | 9 | 1 | 10 |
| Total terminations | number | 17 | 3 | 20 | 10 | 4 | 14 | 10 | 2 | 12 |
| Termination turnover | % | 7% | 1% | 8% | 4% | 1% | 5% | 3% | 1% | 4% |
| Termination turnover rate under 30 years old | % | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Termination turnover rate 30-50 years old | % | 1% | 0% | 1% | 0% | 1% | 1% | 0% | 0% | 1% |
| Termination turnover rate over 50 years old | % | 6% | 1% | 7% | 3% | 1% | 4% | 3% | 0% | 3% |

4.3.2 Inclusion and equal opportunities

The value of inclusivity at LATI is manifested in the company's ongoing commitment to fostering a **fair work environment that rejects all forms of stereotyping, discrimination, and abuse.**

LATI fulfils this commitment through **the systematic dissemination and formalization of these values as integral parts of all organizational initiatives and processes.** Outstanding milestones achieved by the company in 2023 include:

UNI PdR 125:2022 gender equality certification

LATI's achievement of UNI PdR 125:2022 Gender Equality in 2023 is a concrete demonstration **of the company's attention to the valorisation of the uniqueness of its people.** The Certification features a set of quantitative and qualitative performance indicators (KPIs) that measure the level of implementation of **policies and procedures** in favour of **equal career opportunities and fair pay.**

It also documents the dissemination of training and awareness activities on issues such as inclusivity and respect, the promotion of initiatives in favour of parenthood, work-life balance and the psycho-physical wellbeing of workers.

Beyond stereotypes with the Fondazione Libellula

In collaboration with the Libellula ("Dragonfly") Foundation, and to coincide with *International Women's Day* and the *International Day for the Elimination of Violence against Women*, LATI involved all its people in **two discussion panels** dedicated to the themes of **self-empowerment, gender stereotypes and verbal violence.**

These events were a concrete opportunity for reflection and awareness-raising on the importance of the behaviours and language we use with ourselves and with others.

Casa LATI Open Day: round table on gender equality

On November 25th, 2023, the **International Day for the Elimination of Violence against Women**, during an event entitled *Casa LATI Open Day - Discover the Future of Industry*, the company organized a round table to reflect on the **themes of gender equality and inclusion.** The initiative was not only an opportunity to tell the story of the company's journey, but also an important forum to exchange ideas on the role that each of us play at work and beyond to concretely promote the culture of 360° inclusion.

The initiative, sponsored in tandem with *Italypost* and Open-Factory, saw the participation of Michela Conterno, CEO of

LATI. Guest speakers included Camilla Buttà, Sustainability, Diversity & Inclusion & Communication Manager at Vector S.p.A., Rita Quercé, a journalist for the *Corriere della Sera* and author of the book "*Women and Work. Revolution in six moves*" published by Post Editori, Mauro Vitiello, CEO of *Copying Srl*, Founder of *Indaco Lab* and President of the Varese Chamber of Commerce.



4.3.3 People’s wellbeing

GRI 402-1 | GRI 403-6

The #LATI4U welfare programm

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

The company supports and promotes the wellbeing of employees within and outside the organization **through its #LATI4u welfare programme**. Activities to support employee wellbeing cover various areas: attention to nutrition with awareness-raising initiatives, organization of in-company fitness classes, psychological support, cultural visits, scholarships, conventions for enrolment in summer camps for children and discounts with various businesses and gyms .

#LATI4U



Health

- Medical exams
- Healthcare
- FasG&P Assistance Fund
- Check-up for executives
- Flu vaccine
- Anti-smoking therapist*
- Psychologist
- Webinars



Nutrition

- Canteen
- Water dispensers
- Fruit in the company
- Nutritionist*
- Webinars



Discount and finances

- Assistance 730
- Agreements
- Insurances
- Timeswap Platform



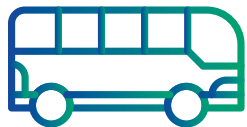
Sport culture and volunteering

- Corporate gym
- Cultural trips
- Social volunteering
- Sport Coach*



Work life Balance

- Remote working
- Time flexibility
- Guidelines for Meeting Management
- Guidelines for Hybrid Working



Agreement

- Transportation: Trenord, E-VAI
- Gym
- GIUNCA Network
- Tailoring
- Pharmacy
- Buytec
- Car tire change



Family

- Summer camp
- Scholarship
- Welcome baby kit
- Parenthood and care giver counsellor*
- Webinars

20. LATI offers the same benefits to all its employees, with the exception of the life assurance cover offered to management. *Services available in the Welfood platform

In 2023, LATI’s welfare programme focused on initiatives to support the **psycho-physical wellbeing** of its employees, with a particular emphasis on **parenting**.

The company’s main initiatives are detailed below.

WELFOOD: 360° wellbeing

The partnership activated in 2023 by LATI with Welfood aims to offer our people collective or individual opportunities to discuss **all-round mental and physical wellbeing**. Welfood’s mission is to support people in **improving their daily habits**, generating awareness and lasting positive changes for individuals and companies.

Through its **wellbeing platform**, in 2023 LATI offered its people the following support services:

- **3 webinars** with wellness professionals who shared practical tips and best practices for improving mental and physical wellbeing through healthy lifestyles and tips on personal time and energy management.
- **1 “Ask Me If I’m Happy” training course** on building future mindsets for wellbeing.
- **4 one-to-one consultations** with a **wellbeing professional** of choice from **psychologist, caregiver, parenting counsellor, nutritionist, sports coach or anti-smoking counsellor**.

Welcome Baby: support for new parents

As part of its parenting support initiatives, LATI supports employees who become parents, offering a **welcome baby kit** and a voucher to be used in the **company welfare platform**.



WHP (Workplace Health Promotion): it’s up to us

In 2023 LATI reaffirmed its status as a **workplace that promotes the health and well-being of its employees (WHP: Workplace for Health Promotion initiative)**, obtaining the corresponding Certification from the Lombardy Region. As part of the WHP program, in November 2023 the company launched a cycle of five webinars entitled **“It’s Up to Us”**.

These events, organized in tandem with the Aquilone, a Social Cooperative engaged in educational and social interventions, focused on the issues of **addictions** and **adaptive behaviors**. The aim of these meetings was to frame the phenomenon at a socio-cultural level and to explore the most widespread addictions. The first two meetings, run by experts in the field, explored the phenomenon of substance and non-substance addictions, debunking misleading socio-cultural stereotypes.

LATI scholarship: diversity & inclusion and future generations

LATI’s people care initiatives include the traditional annual **scholarship that LATI offers to the children, siblings, nieces or nephews, and live-in partners of its employees**. In 2023, the company involved students from high schools, universities and post-diploma institutes in a business game to reflect on the topic of **Diversity & Inclusion**. Through their entries, the new generation offered interesting and innovative views of how LATI could promote inclusion through its products and specific awareness-raising activities aimed at employees and the community.

4.3.4 Training and development

GRI 401-1 | GRI 404-2 | GRI 205-2

New mindsets through training

LATI considers **training** a key factor for the **growth of its people**.

In **2023**, LATI delivered a total of **6,893.75 hours of training** with an average of **23.61** hours per person. The decrease in the number of hours per person compared to previous years should be read in the context of the Company's strategic training priorities, which are geared to:

- stimulating **self-learning** through the **My LATI Space platform** or training opportunities offered by the **associations of which LATI is a member** such as the Italian Stock Exchange **ELITE** network, the **Italian Foreign Trade Association** and **Confindustria**, the Italian confederation of manufacturing and services companies.
- **concentrating mandatory training on strategic and business growth issues through an annual training plan.**

Boost your talent with my LATI space

In 2022 LATI introduced MY LATI Space: **a platform dedicated to the development and training and of all its people**. Compared to 2022, the company reduced the total number of mandatory training hours by 21%, in favour of **self-learning of the most widespread competencies**. The My LATI Space platform allows for:

- an improved **learning experience** and maintenance of the database of competencies.
- a **multi-channel learning** experience
- a systematic approach to **processes and assessment** and reinforcement of a **culture of feedback** to motivate people and to wholly fulfil their potential.
- Stimulation of the sense of belonging and community.

Thanks to an **extensive library of courses and training pills**, employees can develop their **professional and personal skills**. The platform also permits access to all the **technical webinars** held throughout the year by LATI's in-house faculty, as well as **thematic webinars** dedicated to health and wellness.



| GRI 404-1 Average hours of training per year per employee | | | | | | | | | | |
|---|-----------------|----------|----------|---------------------|----------|----------|----------|----------|----------|----------|
| | | 2021 | | | 2022 | | | 2023 | | |
| Employment contract | Unit of measure | Men | Women | Total | Men | Women | Total | Men | Women | Total |
| Senior managers | hours | 200.00 | 71.00 | 271.00 | 247.50 | 98.00 | 345.50 | 124.70 | 109.80 | 234.50 |
| Middle managers | hours | 806.50 | 136.50 | 943.00 | 977.50 | 217.00 | 1,194.50 | 721.00 | 386.50 | 1,107.50 |
| White collars ²¹ | hours | 1,904.50 | 1,431.00 | 3,335.50 | 2,479.50 | 1,607.00 | 4,086.50 | 1,866.75 | 1,250.75 | 3,117.50 |
| Blue collars | hours | 2,363.50 | 2.00 | 2,365.50 | 2,896.00 | 20.00 | 2,916.00 | 2,426.25 | 8.00 | 2,434.25 |
| Total training hours | hours | 5,274.50 | 1,640.50 | 6,915.00 | 6,600.50 | 1,942.00 | 8,542.50 | 5,138.70 | 1,755.05 | 6,893.75 |
| Average hours of training per year by employee | hours | 25.12 | 33.48 | 26.70 ²² | 30.14 | 38.08 | 31.64 | 21.41 | 33.75 | 23.61 |

21. The training hours for apprentices were included within the training hours of the white collars staff qualification.
22. The data of annual training hours per employee in 2021 has been recalculated.

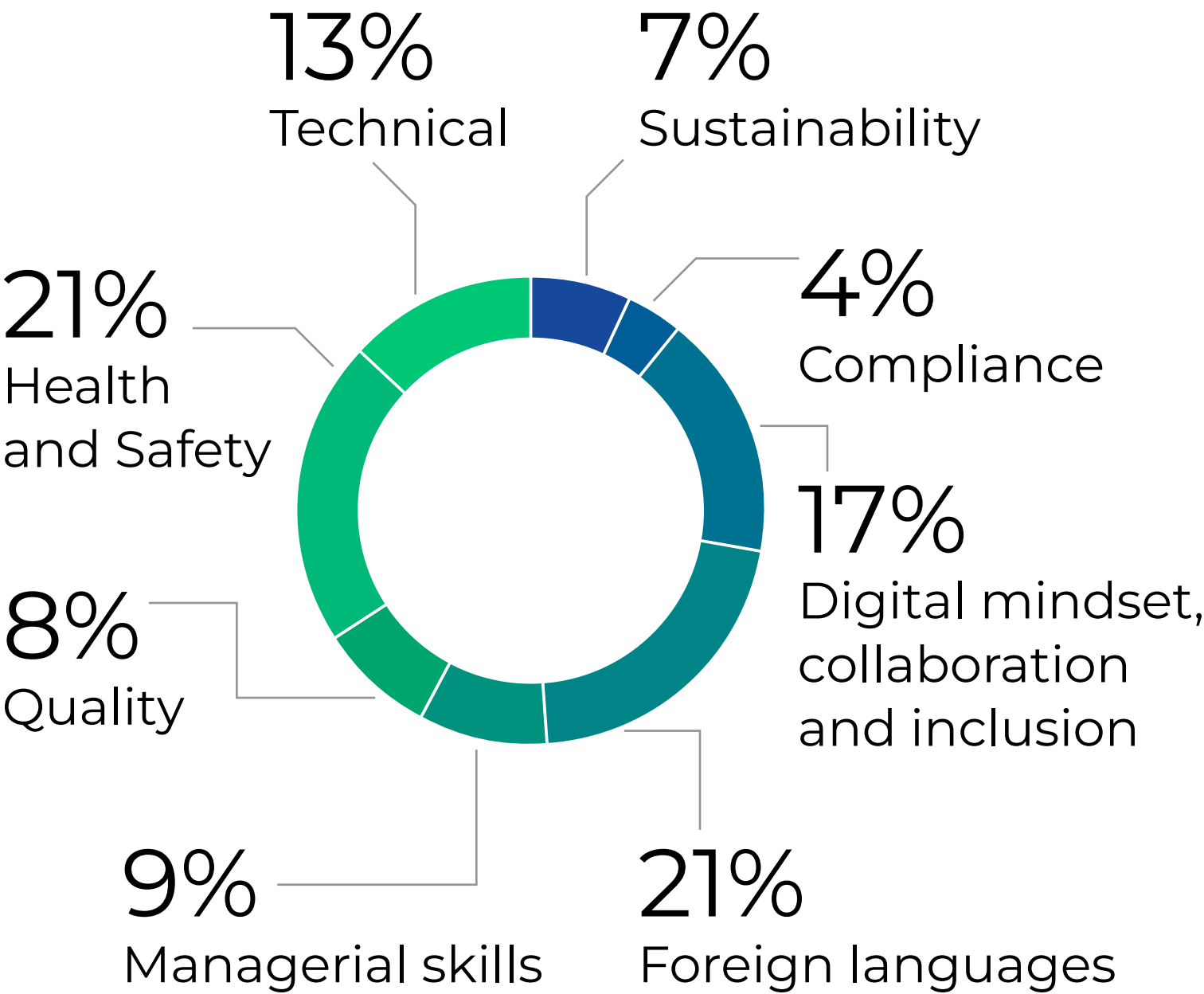
In terms of contents, the **2023 training plan** featured a full range of initiatives designed to **consolidate specialized technical skills** and to steer the **change process** by developing new **mindsets**, particularly in the areas of cross-company collaboration, inclusion, sustainability, social responsibility, and digital innovation.

The proposed initiatives can be divided into the following thematic areas:

- **Sustainability:** courses dedicated to training in ESG (environmental, social and governance) issues.
- **Compliance:** courses on corporate regulations and legal obligations (e.g., cybersecurity, 231, privacy).
- **Digital mindset, collaboration and inclusion** with a specific focus on:
 - o **DE&I:** courses designed to stimulate an inclusive, equal and fair culture and the dissemination of kind communication.
 - o **Soft skills:** courses to foster collaboration across functions and among colleagues in the same team, to promote proactivity and curiosity in the face of change, digital skills (e.g., digital mindset, collaboration, cross-relationships, negotiation etc.).
- **Foreign languages:** courses to boost employees' language skills.
- **Managerial skills:** refresher courses in work team management, useful people management tools and behaviours.
- **Quality:** refresher courses and/or training on issues related to product and process quality, quality monitoring tools and voluntary certification systems in place in the company.

- **Health and Safety:** courses provided in accordance with current regulations and to promote a widespread safety culture.
- **Technical:** refresher and training courses on topics closely related to LATI materials, processes and products or role-specific skills.

2023 training hours by topic area



SustainabiLATI and climate change

LATI deems it essential to promote **widespread training on sustainability issues**. Hence the decision in 2023 to involve company employees in a three-part training course to understand the meaning and **importance of sustainability for LATI**, as well as its practical applications within the company:

1. **LATI as a Benefit Company:** introduction to the legal institution of the Benefit Company and illustration of LATI's common benefit objectives.
2. **LATI projects:** sharing of the projects developed by LATI in the social and environmental spheres, as well as the results achieved.
3. **Climate change:** insights into the concept of climate change and presentation of projects included in LATI's Carbon Strategy Roadmap.

The first two meetings were held in-house to share know-how and information related to LATIS's sustainability pathway and the projects rolled out in line with the company's strategic goals.

During the meeting on **climate change** - a central plank of the company's strategic plan and Carbon Strategy Roadmap - an external expert provided a detailed analysis of the current consequences and joined our internal speakers to illustrate the concrete actions taken by the company to offset its impacts on the environment.

Inclusion and zero tolerance for discrimination

In **2023**, all LATI employees took part in a training session dedicated to understanding **UNI PdR 125:2022 gender certification** and promoting a **corporate culture of zero tolerance for discrimination**.

During the meeting, and with the help of an external expert in the field of Diversity & Inclusion, the meaning and importance of implementing gender certification were explained to all employees, as well as the company’s commitment in this regard through concrete initiatives and specific tools.

The initiative was an opportunity to draw the attention of every individual to their **responsibility for adopting a zero-tolerance approach to any form of discrimination** and harassment in LATI workplaces.

The Supervisory Board also presented the new **whistleblowing platform** that allows all internal and external stakeholders to report any breaches of the company’s 231 Model, the Code of Ethics, and the Gender Equality Policy, in total anonymity and confidentiality.

Technical webinars

LATI organizes **training courses and webinars** for its employees and customers to share technical knowledge and to raise awareness among its stakeholders of the **sustainable culture of plastic materials**.

During the 2023 webinar entitles “**The Generation, Management and Storage of Hydrogen Gas for Industrial and Energy Purposes**”, LATI explained the **technical features of its compounds** with regard to **alkaline electrolyzers** of all sizes: from large machines for industrial use to small home or benchtop electrolyzers, including those designed for the micro-storage of domestic gas in smart grids.

Collaboration and inclusion of work teams

In line with the path of disseminating the culture of inclusion, LATI has involved its people in a series of training courses to support the **building and strengthening of team-oriented behaviours** and attention to the use of **inclusive and diversity-friendly language**.



4.3.5 Competencies and performance

GRI 404-3

The renewed model of competencies

LATI’s model of competencies is in lockstep with the company’s strategy, its dynamic vision of the organization, and the focus on the growth of its people.

In line with these drivers, in 2023 LATI **updated the model** by involving top management and people managers in a series of workshops. The aim of these work groups was to integrate the company’s values and statutory Common Benefit goals into the performance management system, while also supporting the evolution of the right mindset. The process brought about a **simplification and renewal** of the previous model, with the definition of 5 “soft” competencies. For individuals, the process involves self-assessment and subsequent sharing and discussion with their manager.

The behaviours are organised as **5 key competencies**:



VALUES AND STRATEGY: acting consistently with the respective values and strategic references and with an internal/external customer orientation.



ACTIVITIES AND GOALS: ensuring performance that is effective, ethical and problem-solving oriented.



COLLABORATION: practicing cross-functional collaboration and sharing at every organizational level.



EMPATHY AND INCLUSION: fostering an inclusive work environment geared to mutual respect and wellbeing.



LEARNING AND GROWTH: experiencing change positively and seeking opportunities for individual and collective growth.

The model, therefore, describes the **behaviours expected of people** within the organization, guides **change** and fosters **collaboration** between functions. A distinctive element and constant feature of the model is the attention paid to the **value of inclusion**, which LATI deems an integral part of **how** work should be done and a **fundamental element in achieving the company’s strategic objectives**.



NuoviLATI: Guidelines for Hybrid Working. NuoviLATI is the Company’s project dedicated to the **reorganization of offices** and the evolution of **work practices** to foster **digital development, organizational collaboration, and work-life balance**.

In 2023, as part of the NuoviLATI project, the company involved top management and people managers in a **focus group** to define the **Guidelines for Hybrid Working**, a model that has been enacted within the company for years, with the possibility of taking advantage of hybrid working without any

limit on days. The **five pillars** of the **hybrid work mindset** identified by LATI, based on the values of interdependence and trust, are:

- **In-person or remote:** activities drive the choice of workplace.
- **Meetings:** meetings are a positive experience to advance a project, for networking, and to share ideas.
- **Engagement:** sound hybrid working is based on shared and consistent dynamics of updating and alignment.

- **Interpersonal relationships:** the cultivation of relationships, dialogue and conviviality makes the organization flourish.
- **Connectivity:** the proper use of communication tools and channels bolters the ability to generate results.

Through the implementation of these guidelines, LATI aims to strengthen its **model of hybrid working and work-by-objectives**, promoting employees’ work-life balance, and collaboration amongst colleagues.



Performance appraisal

In addition to competencies, **performance appraisal** is a fundamental aspect of people-management policies for LATI, in line with the rationale of continuous improvement and the valorisation of professionalism.

The procedure of **appraisal by objectives** includes the **MBO Management by Objectives system** and the **individual performance appraisal system**, using **objective and meritocratic metrics and criteria** for the payment of rewards.
Performance appraisal is designed as a tool to incentivize and enhance the **system of working by objectives by**

empowering even non-leadership roles, provided they are subject to specific project-based and non-routine activities.
Furthermore, in line with its mission to generate positive impacts for the environment and for people, in 2023 LATI assigned **to top management at least one sustainability-related objective.**

GRI 404-3 Percentage of employees receiving regular performance and career development reviews²³

| | | 2021 | | | 2022 | | | 2023 | | |
|---------------------|-----------------|------|-------|-------|------|-------|-------|------|-------|-------|
| Employment contract | Unit of measure | Men | Women | Total | Men | Women | Total | Men | Women | Total |
| Senior managers | number | 88% | 50% | 71% | 100% | 100% | 100% | 100% | 100% | 100% |
| Middle managers | number | 43% | 25% | 39% | 94% | 75% | 90% | 97% | 91% | 95% |
| White collars | number | 17% | 19% | 18% | 13% | 18% | 15% | 6% | 17% | 16% |
| Total | number | 13% | 24% | 15% | 22% | 33% | 24% | 20% | 38% | 24% |

23. Performance management systems are based on the number of employees in the year preceding the reporting period. The final assessment and payment of bonuses takes place in the following year. It is specified that data is reported on the categories of employees included in the performance management process.

4.3.6 Community and local territory

Social volunteering projects with the non-profit Renato Piatti Onlus Foundation

Since 2018, LATI has supported 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 to support their families.

In 2023, LATI's support for the foundation was realized through **two projects**:

- **CHAMPIONS OF SOLIDARITY**: a team of LATI's solidarity champions participated with a relay team in the **42-kilometer 2023 Milan Marathon**. The goal was to raise funds for the setting up of the new floor of the Milan Therapeutic Rehabilitation Center for children affected by autism spectrum disorder.
- **WORK WITH THE HEART**: a social volunteering project designed by LATI for its people that encourages active and concrete participation in the activities of the Piatti Foundation during working hours.

Results:

- **48 hours of voluntary work** during working hours by a team of 16 employees at **Casa La Magnolia**, the Renato Piatti Foundation's reception centre, where people with

disabilities can work on developing and maintaining their independence.

- **1 webinar** together with the Foundation's experts and dedicated to the theme of **disability in adulthood**. Through the recounting of the experiences of various local institutions, the webinar reflected on the importance of the relational dimension and of independent living.

Corporate golden donor FAI (Italian Environmental Fund)

In 2023 LATI reaffirmed its support as a **Corporate Golden Donor of FAI - Fondo per l'Ambiente Italiano** (Italian Environmental Fund). Membership means committing to the culture and environment of the local area and seeks to preserve identity heritage as a key factor in individual and economic well-being.

As part of its collaboration with FAI, LATI organizes annual guided tours for employees and their families to one of the Foundation's cultural heritage sites.

Io do una mano (Let me lend a hand)

Since 2020 IO DO UNA MANO has been the Italian chapter of the worldwide organization of digital volunteers, **e-Nable**, whose mission is to **create, 3D-print and deliver free customized aids to help children and young people with no hands or arms due to congenital malformations, diseases or accidents**.

Since 2021 LATI has supported IO DO UNA MANO through its **plastic materials know-how** for research into materials suitable for 3D printing and the design of aids, with

the goal of creating unique pieces to enable children to independently perform daily life activities, or to play sports or a musical instrument.

At its annual Commercial Seminar, in 2023 LATI partnered IO DO UNA MANO to organize a **social team-building initiative** open to all employees. The goal was not only to encourage teamwork, but also to give employees first-hand experience of assembling 3D-printed aids.

Schools initiatives for a sustainable plastics culture

As part of its **collaboration with schools**, in addition to the regular presence of high school students in school-to-work alternation and internships, in 2023 LATI contributed to various **educational initiatives by sharing and disseminating the sustainable plastics culture**. The most significant initiatives are listed below.

Generazione d'industria with Confindustria Varese

The *Generazione d'industria* project was launched in 2011 by Confindustria Varese. The aim is to connect local businesses with students and teachers from local technical institutes and business schools. The initiative goes beyond mere student work placements and seeks to disseminate an entrepreneurial culture among young people. LATI participates annually in the project by hosting high school students on internships, offering scholarships to the most deserving students.

24. For more details, please consult Paragraph 4.3.1 of LATI People.

Building the future with Rete Giunca

LATI supported the orientation programme for adolescents of GIUNCA Network, Italy's first corporate welfare network, by hosting the initial day of the programme at its headquarters and then following up on all the subsequent stages in person and remotely.

ITS Nuove Tecnologie della Vita Academy Foundation

LATI actively collaborates with the ITS *Nuove Tecnologie della Vita Academy* (New Technologies for Life), a school for high level post-diploma technical specialization, and Italy's sole Higher Technological Institute in the chemical field. The Foundation trains professional technicians in strategic technological areas to foster the economic development and competitiveness of the local territory. Its specialisations include chemicals, biotechnology, pharmaceuticals, nutraceuticals, environment, health, polymers and elastomers. LATI provides its technical and scientific expertise, training new specialized technicians in the chemical field. In 2023 the company contributed 40 hours of training on the technical characteristics of thermoplastic materials and product and process sustainability.



4.3.7 Occupational health and safety management system

GRI 403-1 | GRI 403-2 | GRI 403-3 | GRI 403-4 | GRI 403-7 | GRI 403-8 |
GRI 403-9 | GRI 403-10

LATI deems the protection of health and safety a core element of its business. Since 2020 LATI has voluntarily implemented and certified the **Occupational Health and Safety Management System (OHS)**, in accordance with the **ISO 45001:2018 International Standard**.

The Management System covers all employees and non-employees at the Vedano Olona and Gornate Olona production sites and all activities carried out within the work cycle (research, development, production, sales and technical support for thermoplastic compounds).

The employer is responsible for the implementation of all phases of the risk assessment process and appoints a Special Delegate for Safety, the Environment and Energy to oversee health and safety matters. He or she is assisted by the Prevention and Protection Service Manager, the Company Physician, managers, supervisors and Workers' Safety Representatives.

As stipulated in the specific procedure, the company's **Prevention and Protection Service** identifies the hazards present within the work cycle, analysing and mapping all its phases and all equipment, machinery and facilities present in each workplace, and assesses workers' exposure to risk. This serves to implement all necessary measures for the elimination or mitigation of such hazards and risks and to identify improvement objectives to progressively increase safety levels within the company.

The **Risk Assessment Document (RAD)**, drawn up and updated in accordance with Law Decree 81/2008, establishes the methods for identifying hazards and assessing all risks to the health and safety of workers.

To ensure continuous improvement, LATI **encourages its workers to follow predefined procedures for reporting the presence of hazards** to the duly appointed Workers' Representative for Safety and the Prevention and Protection Service Manager.

LATI also has an active occupational medicine service, for which the company has appointed a dedicated Company Physician.

As per the stipulations of Law Decree 81/2008, the Company Physician participates in risk assessment by regularly visiting workplaces and monitoring the health status of all workers through medical examinations during working hours, as provided for in the health monitoring plan.



As regards the hard data on injuries²⁵, in 2023 a total of **9 non-serious or non-fatal workplace injuries were reported**. With non-dependent employees, a total of 5 workplace injuries and a rate of about 14% were reported. This reflected the declining hours resulting from factory shutdowns triggered by falling production. There were 4 injuries involving dependent employees in 2023, down 1.82% on previous years. It should also be noted that there were **no cases of occupational disease** over the **three-year period 2021-2023**.

Gender Quality risk assessment

In line with UNI PdR 125:2022 certification, in 2023 LATI upgraded its **Risk Assessment Document** by incorporating a section dedicated to **gender-related risks**. This was a concrete step towards an **exhaustive and integral focus on the wellbeing and safety of the company's people**.

The detailed breakdown for dependent and non-dependent workers is illustrated below.

| GRI 403-9-a Work-related injuries - employees | | | | |
|--|-----------------|--|--|--|
| Specific | Unit of measure | 2021 | 2022 | 2023 |
| Number of hours worked | hours | 423,108 | 411,681 | 438,778 |
| Fatal injuries | number | 0 | 0 | 0 |
| Accidents with serious consequences | number | 0 | 0 | 0 |
| Recordable injuries | number | 6 | 5 | 4 |
| Description | text | accidents without serious consequences | accidents without serious consequences | accidents without serious consequences |
| Rate of deaths resulting from occupational accidents | % | 0 | 0 | 0 |
| Rate of occupational accidents with serious consequences | % | 0 | 0 | 0 |
| Recordable work injury rate | % | 2.84 | 2.43 | 1.82 |

25. The methodology for calculating the rate of recordable workplace injuries is based on 200,000 hours worked, as per the following formula: (total recorded injuries/total hours worked) * 200,000.

GRI 403-9-b Work-related injuries - Workers who are not employees

| Specific | Unit of measure | 2021 | 2022 | 2023 |
|--|-----------------|--|--|--|
| Number of hours worked | hours | 90,443 | 107,371 | 69,017 ²⁶ |
| Fatal injuries | number | 0 | 0 | 0 |
| Accidents with serious consequences | number | 0 | 0 | 0 |
| Recordable injuries | number | 2 | 3 | 5 |
| Description | text | accidents without serious consequences | accidents without serious consequences | accidents without serious consequences |
| Rate of deaths resulting from occupational accidents | % | 0 | 0 | 0 |
| Rate of occupational accidents with serious consequences | % | 0 | 0 | 0 |
| Recordable work injury rate | % | 4.42 | 5.59 | 14.49 |

Every year, the company organizes **ongoing health and safety training courses during working hours for all workers** to raise awareness of risks, and to provide the necessary tools for adopting proper behaviours for the protection of self and of others.

The training plan features a wide range of courses, delivered by external experts, and related to workers’ particular jobs and workplace. The training also provides full explanations of how to use Personal Protective Equipment (PPE).

As per the stipulations of Law Decree 81/2008, the Employer, the Prevention and Protection Service, the Company Physician and the Workers’ Safety Representatives attend **regular prevention and protection meetings** to share and provide all relevant information to be communicated to workers.

In addition, all workers attend the company’s twice-yearly General Assembly, where updates on the company’s performance and on the prevention and safety service are shared.

Worker involvement is an integral part of all activities, initiatives and projects that may have Health and Safety impacts.

26. The significant reduction in working hours is due to company closures as a result of falling production.

LATI is likewise mindful of **compliance with health and safety measures across the value chain.**

The company also involves its **suppliers** and **contractors**, not only for implementation of the cooperation and coordination measures expressly stipulated by current regulations, but also to disseminate best health and safety practices. In addition, through the **Procurement Management Procedure**, before entering the company each contractor is qualified on the basis of documentary compliance with Health and Safety Management System requirements.

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.

All subscribers pay the same fee. In addition to covering 50% of the contribution, LATI also covers an additional 87% of the running costs.



4.4 Impacts of economic-productive activities

From the **second half of 2022**, LATI’s business was affected by global macroeconomic trends, characterized by the **contraction in demand for durable goods**. In 2023, the main sectors in which LATI operates - electrical, household appliances, and automotive - continued

their strategy of downsizing inventories and putting off fresh materials orders until late 2023 and early 2024. During the year this trend was further highlighted by a general **slowdown in company performances**.

LATI recorded a contraction in sales volumes of approximately -21% and a downturn in sales of -28.4% as a result of deflationary phenomena carried over from the procurement markets for raw materials and energy products.

Despite the market slowdown, LATI continued to pursue its strategic guidelines in 2023:

- 1. the generation of lasting value through **Repositioning**.
- 2. continuation of the **Industry 4.0** project to increase efficiency and competitiveness.
- 3. improvement of **Customer Orientation** with ever swifter service.
- 4. the pursuit of a **Sustainable** approach.
- 5. strengthening of the company’s **Global Presence**.

The 2023 planning review confirmed the validity of the strategic objectives and the economic feasibility of the strategic investment plan, which was reformulated in the 2025-2026 Strategic Plan approved by the Company’s Board of Directors. 2023 was specifically characterised by spending on strategic structural investments, and the 2024 budget provides for the bulk of the investment plan.

Key topics

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

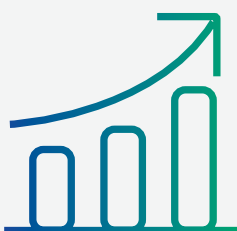
SDG



Highlights 2023



Sales
153.1 ML €



Ebitda
8.2 ML €



ESG-linked financing on total
78%

4.4.1 Economic value generated and distributed

GRI 201-1 | GRI 201-4

The presentation of the economic and distributed value is complementary to that of the profit and loss account insofar as the reclassification of economic data highlights **LATI’s ability to create and distribute economic value for itself and its stakeholders**. From this point of view, the economic value generated by the company in 2023 amounted to approximately € 148.1 million against € 132.7 million distributed.

The table below details the direct economic value generated and distributed over the three-year period 2021-2023.

GRI 201-1 Economic value directly generated and distributed

| | Unit of measure | 2021 | 2022 | 2023 |
|-----------------------------------|-----------------|--------------------|--------------------|--------------------------------|
| ECONOMIC VALUE GENERATED | € | 184,318,054 | 226,874,772 | 148,168,683 |
| Revenues from sales | € | 179,481,244 | 213,098,207 | 152,500,346 |
| Changes in inventories | € | 3,301,152 | 9,626,463 | -6,639,705 |
| Other income | € | 1,535,658 | 4,150,102 | 2,308,042 |
| ECONOMIC VALUE DISTRIBUTED | € | 179,547,180 | 209,695,735 | 132,700,331 |
| Personnel costs | € | 19,113,143 | 20,287.258 | 20,205,030 |
| Supplier cost | € | 153,961,124 | 184,277,047 | 110,307,676 |
| Lenders' remuneration | € | 90,088 | 500,836 | 969,998 |
| Public administration | € | 5,136,064 | 4,023,805 | 317,757 |
| Shareholder Remuneration | € | 1,206,200 | 555,000 | 851,000 |
| Investments in the community(| € | 40,561 | 51,789 | 48,870 |
| ECONOMIC VALUE RETAINED | € | 4,770,874 | 17,179,037 | 15,468,352²⁷ |

27. The economic value retained in 2023 does not include the change in raw material inventories at a cost of €8.7 million

The table highlights how suppliers and employees are the stakeholder categories who attract the lion’s share of distributed economic value. They are followed by financial institutions, shareholders and the Public Administration. In addition, as established in LATI’s third **common benefit objective, the company also annually distributes a share of its value to the community and local territory through donations and sponsorships.**

To complete the table above, the contributions received are shown below.

GRI 201-4 Financial assistance received from government

| Provider | Contribution received | Causal |
|--|-----------------------|--|
| MEF - Revenue Agency | 402,768.00 | Credito R&S&I – L. 160/2019 |
| MEF - Revenue Agency | 600,083.00 | Energy-intensive tax credit |
| MEF - Revenue Agency | 181,912.00 | Gas-intensive tax credit |
| MEF - Revenue Agency | 189,449.00 | Investiment tax credit |
| Fund for energy and environmental services | 403.458,00 | Concessions in favor of energy intensive companies |
| INPS (National Social Insurance Agency) | 4.998,00 | Exemption from contributions (art. 1 c. 10-15 L. 178/2020) |

4.4.2 Investments

2023 saw the continuation of the **long-term “Torbissima” industrial project** geared to **industrial and logistical development with a view to expansion and the rationalisation of resources**.

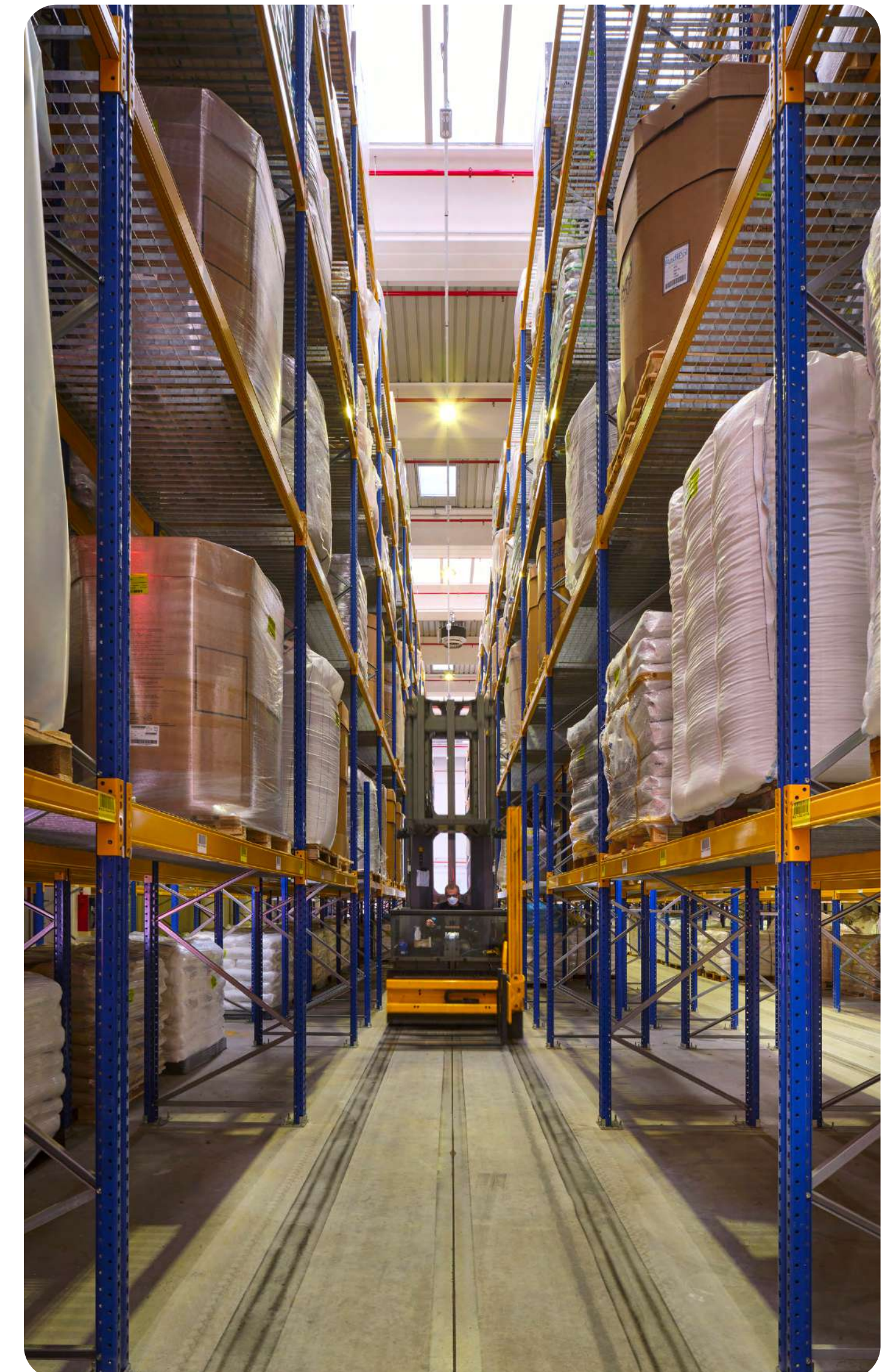
With respect to **operational projects** under the umbrella of **Industry 4.0**, in 2023 LATI achieved the following results:

- **Outbound Logistics:** thanks to collaboration with the new **external logistics partner** initiated in 2022, LATI has completed the transfer of outbound logistics, thereby improving its **customer service** and the **storage security of its materials**. The innovative warehouse is fully digitalised and has a comprehensive range of fire prevention features.
- **Smart Factory:** LATI continues on the **4.0 path of structural and technological evolution**, redefining the production process and data collection methods, with process reviews and computerisation of the factory through the use of the **IoT (Internet of Things) system** for all production areas.
- **Lean Manufacturing:** In 2023 LATI introduced the **Lean Manufacturing** philosophy to its factories to **reduce waste and improve process efficiency**.

Cybersecurity

The cybersecurity enhancement strategy continued in 2023 through the:

1. delivery of **specific courses** for all users of IT systems, to raise awareness **of the most common risks and of best practice behaviours** to protect themselves.
2. introduction of an **Internet navigation control system** to block access to dangerous or non-work-related sites, also active on laptops not connected to the company network.
3. release of a **two-step authentication system** for company user VPN connections to reduce the risk of access by third parties who have fraudulently obtained credentials.
4. activation of **backup systems** for e-mail and data contained in Teams.
5. expansion of the **vulnerability checking system** for all company IT hardware, including on-premises servers, cloud servers and all PCs, including laptops.
6. performance of regular **Vulnerability Assessments** to ensure timely assessments of the status of IT security.



In addition to these initiatives, 2023 also saw major **investment projects in Technology and Innovation** with a view to renewing and expanding the company’s manufacturing facilities:

1. Expansion of manufacturing capacity: through the installation of a new mixing area, two new state-of-the-art extrusion lines equipped with an innovative raw material feeding system and a completely redesigned end-of-line. The **new production area** was completed with an in-line homogenisation system for finished products and an automated packaging system that will allow the generation of complete pallets in bags and octabins.

2. Transfer of production from the historical Vedano Olona site to Gornate Olona: to achieve the objective of creating a single innovative and efficient production site, in 2023 LATI formulated a concept to examine possible options for relocating production to the Gornate Olona site. The mooted solution was the creation of a new production area to host production lines from the Vedano site, as well as other newly acquired lines.

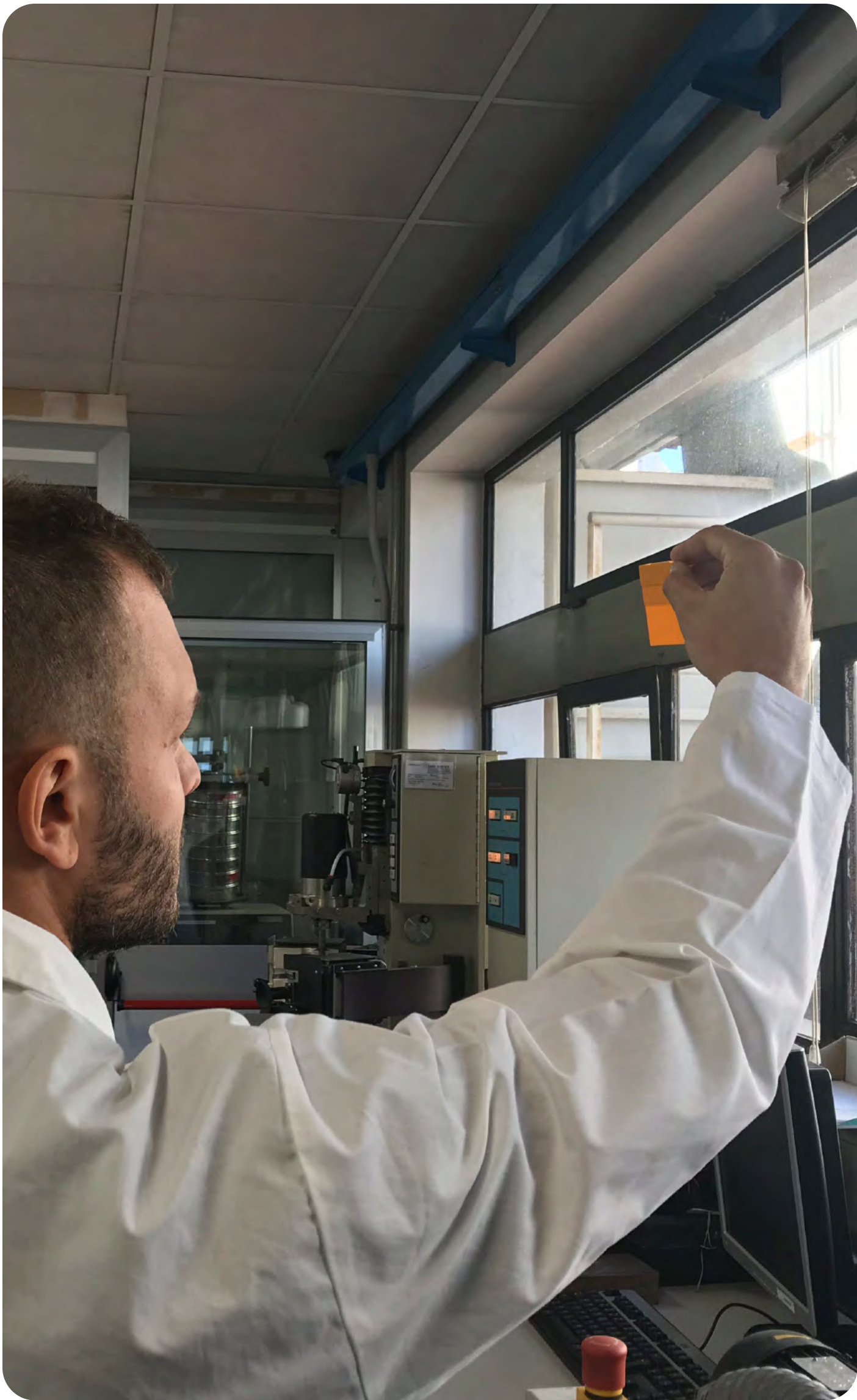
3. Implementation and improvement of general services at the Gornate Olona production site: to accompany the dedicated project for the relocation of the Vedano Olona production site and the expansion of production volumes, LATI designed and installed new equipment to support production, paying particular attention to improving the environmental and energy impacts of the Gornate Olona plant.

4. Research and development of production processes for the continuous improvement of efficiency: during 2023, the new spaghetti cutting system was doubled, increasing line capacity and uptime, and reducing maintenance downtime. With the collaboration of specialist suppliers, specific tests were conducted on innovative equipment for the production of special materials that are difficult to manage during the extrusion phase.

ESG Linked Loan

Thanks to its excellent sustainability performance, LATI secured **six ESG-linked loans** from its financial partners. These funds are intended to support the company’s long term investment plan, which is geared to the **renewal of production facilities and processes**. The financing criteria are closely aligned with LATI’s investment strategies, which focus on the following themes:

- **The circular economy:** to optimize the treatment of production scraps.
- **Decarbonization:** to reduce the CO² emissions generated by production.



5.

Drafting
principles

Methodological Note

GRI 2-2 | GRI2-3 | GRI 2-4 | GRI 2-5

Reporting principles

The 2023 Sustainability Report of LATI Industria Termoplastici S.p.A. (hereinafter also referred to as “LATI”) marks the fourth year of reporting in line with the approach that the company has established for the updating and ever greater integration of sustainability principles into its business model.

This year LATI has introduced some new stylistic and graphic features to make the document more easily readable. These include the explicit inclusion of the relevant GRI indicator at the head of each paragraph title, and a series of hyperlinks to improve the report’s navigability.

This document provides detailed information on LATI’s management model, its operational policies and the main risks, opportunities and effects linked to ESG (Environmental, Social, Governance) issues identified as material. The ultimate goal is to provide evidence of the actions undertaken with respect to sustainability

objectives, in response to the legitimate expectations of all LATI stakeholders. Hence the particular emphasis on stakeholder involvement in the drafting of the report.

LATI’s Sustainability Report is prepared *in accordance* with the **GRI Sustainability Reporting Standards** of the Global Reporting Initiative (“GRI Standards”), taking into account the latest updates set out in the “GRI Universal Standards 2021”.

Reporting scope

The reporting scope of the information contained in LATI S.p.A. Sustainability Report includes the company’s headquarters located in Vedano Olona and Gornate Olona. With regard to human resources data, unless otherwise specified, the indicators reported refer exclusively to employees working in Italy and in EU branches, thus excluding subsidiaries and the parent company. With regard to temporary staff, any inclusion is indicated in the footnotes.

The reporting scope of the 2023 Sustainability Report is the same as that of the 2022 Sustainability Report.

Reporting process and methods

The document, prepared by the Quality, Environmental Health and Safety Organisational Unit in cooperation with all company functions, was approved by LATI’s Board of Directors on April 29th, 2024, concurrently with the financial statements for the year ended December 31st, 2023. The data and information reported refer to the

reporting year ended December 31st, 2023 (January 1st, 2023 to December 31st, 2023). To provide a comparison of variances over the three-year period 2021-2023, data and information for the financial years 2021 and 2022 are also reported.

Some of the figures published in previous years have been restated in this edition due to refinements in estimation and calculation methods, or where newly updated, significant information became available.

Such restatements are duly disclosed and explained in the text or as footnotes to the document. It should be noted that to ensure data reliability, the use of estimates has been limited to cases duly reported in the relevant disclosures.

The 2023 materiality analysis was updated compared to the 2022 Sustainability Report, in accordance with the GRI 3: *Material Topic* indicator. For a more detailed understanding of the process, please refer to Section 3.5 ‘Materiality Analysis’.

LATI’s 2023 Sustainability Report 2023 is subject to a voluntary “limited assurance engagement” review by KPMG S.p.A., in accordance with the ‘ISAE 3000 revised’ standard.

For further information on this Sustainability Report, please contact: sustainability@it.lati.com

| | |
|---------------------------------|--|
| 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 2023 to December 31 2023. |
| Use of GRI 1 | GRI 1 - Foundation 2021 |
| Relevant GRI industry standards | There are no relevant GRI industry standards yet |

| STANDARD GRI | DISCLOSURE | LOCATION | OMISSION | | NOTE |
|----------------------------------|--|------------------------|---------------------------|--------|---|
| | | | requirement(s) omitted | reason | explanation |
| General Disclosures | | | | | |
| GRI 2 - General Disclosures 2021 | 2-1 Organizational details | 12 | | | |
| | 2-2 Entities included in the organization’s sustainability reporting | 12, 107 | | | |
| | 2-3 Reporting period, frequency and contact point | 107 | | | |
| | 2-4 Restatements of information | 107 | | | Restatements of information are reported within the text. |
| | 2-5 External assurance | 107 | | | |
| | 2-6 Activities, value chain and other business relationships | 29, 30, 31, 32, 33, 34 | | | |
| | 2-7 Employees | 13, 75, 76, 79, 81 | | | There are no non-guaranteed hours workers. |
| | 2-8 Workers who are not employees | 82 | | | |
| | 2-9 Governance structure and composition | 15, 16, 17 | | | |

| STANDARD GRI | DISCLOSURE | LOCATION | OMISSION | | NOTE |
|----------------------------------|--|----------|---------------------------|--------|---|
| | | | requirement(s) omitted | reason | explanation |
| General Disclosures | | | | | |
| GRI 2 - General Disclosures 2021 | 2-10 Nomination and selection of the highest governance body | 15 | | | |
| | 2-11 Chair of the highest governance body | 15, 16 | | | |
| | 2-12 Role of the highest governance body in overseeing the management of impacts | 19 | | | |
| | 2-13 Delegation of responsibility for managing impacts | 19 | | | |
| | 2-14 Role of the highest governance body in sustainability reporting | 19 | | | |
| | 2-15 Conflicts of interest | 21, 22 | | | The company has a Management and Organisational Model pursuant to Legislative Decree 231/2001 containing the “Regulations on the administrative liability of legal persons, companies and associations, including those without legal personality”. |
| | 2-16 Communication of critical concerns | 16 | | | |
| | 2-17 Collective knowledge of the highest governance body | 19 | | | |

| STANDARD GRI | DISCLOSURE | LOCATION | OMISSION | | NOTE |
|----------------------------------|---|----------|---------------------------|-----------------------------|---|
| | | | requirement(s) omitted | reason | explanation |
| General Disclosures | | | | | |
| GRI 2 - General Disclosures 2021 | 2-18 Evaluation of the performance of the highest governance body | | All indicator | Information unavaible | The company has no established formalESG (Enviromental, Social, Governance) performance assessment processes of the highest governance body. |
| | 2-19 Remuneration policies | 19 | Part of the indicator | Information unavaible | The company does not currently have a policy, on the compensation of the highest governance body and executives. |
| | 2-20 Process to determine remuneration | | | | The remuneration policy for LATI's employees is defined by the Human Resources Department in accordance with the CCNL Gomma Plastica and the “Human Resources Development and Salary Policy” guidelines drawn up by the Human Resources Department. |
| | 2-21 Annual total compensation ratio | | All indicator | Confidentiality obligations | The company, with the support of external consultants, has initiated a salary analysis study with the aim of reviewing internal equity, market positioning and the methods and content to be disseminated internally, in line with the requirements of the reference standards. |
| | 2-22 Statement on sustainable development strategy | 3, 4, 5 | | | |

| STANDARD GRI | DISCLOSURE | LOCATION | OMISSION | | NOTE |
|----------------------------------|---|----------------|---------------------------|-----------------------|---|
| | | | requirement(s) omitted | reason | explanation |
| General Disclosures | | | | | |
| GRI 2 - General Disclosures 2021 | 2-23 Policy commitments | 20, 21, 23 | | | |
| | 2-24 Embedding policy commitments | 20, 21, 23 | Part of the indicator | Information unavaible | The company has not established structured processes for integrating policy commitments |
| | 2-25 Processes to remediate negative impacts | 21, 22, 23, 24 | | | |
| | 2-26 Mechanisms for seeking advice and raising concerns | 21, 22 | | | |
| | 2-27 Compliance with laws and regulations | 21, 22 | | | No incidents of non-compliance with laws and regulations were reported during the reporting period. |
| | 2-28 Membership associations | 27 | | | |
| | 2-29 Approach to stakeholder engagement | 41, 42, 43, 44 | | | |
| | 2-30 Collective bargaining agreements | 79 | | | It should be noted that 100% of the employees in Italy are covered by the National Collective Bargaining Agreement for Plastic Rubber. The employees of the branches have contractual agreements directly with the company. |

| STANDARD GRI | DISCLOSURE | LOCATION | OMISSION | | NOTE |
|--|---|----------------|---------------------------|--------|-------------|
| | | | requirement(s) omitted | reason | explanation |
| Material topics | | | | | |
| GRI 3: Material Topics 2021 | 3-1 Process to determine material topics | 45, 46 | | | |
| | 3-2 List of material topics | 47, 48, 49, 50 | | | |
| THE CREATION OF SUSTAINABLE ECONOMIC VALUE | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 45-50, 102-105 | | | |
| GRI 201: Economic Performance 2016 | 201-1 Direct economic value generated and distributed | 102 | | | |
| | 201-4 Financial assistance received from government | 103 | | | |
| RESPONSIBLE AND TRASPARENT MANAGEMENT OF VALUE CHAIN | | | | | |
| GRI 3 - Material topics 2021 | 3-3 Management of material topics | 45-50, 34-35 | | | |
| GRI 204: Procurement Practices 2016 | 204-1 Proportion of spending on local suppliers | 35 | | | |

| STANDARD GRI | DISCLOSURE | LOCATION | OMISSION | | NOTE |
|---|--|-----------------------|---------------------------|--------|-------------|
| | | | requirement(s) omitted | reason | explanation |
| Material topics | | | | | |
| GRI 308: Supplier Environmental Assessment 2016 | 308-1 New suppliers that were screened using environmental criteria | 34 | | | |
| GRI 414: Supplier Social Assessment 2016 | 414-1 New suppliers that were screened using social criteria | 34 | | | |
| BUSINESS ETHICS | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 21-22, 45-50, 101-105 | | | |
| GRI 205: Anti-corruption 2016 | 205-1 Operations assessed for risks related to corruption | 22 | | | |
| | 205-2 Communication and training about anti-corruption policies and procedures | 90 | | | |
| | 205-3 Confirmed incidents of corruption and actions taken | 22 | | | |
| RISK BASED THINKING | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 21-24, 45-50, 101-105 | | | |

| STANDARD GRI | DISCLOSURE | LOCATION | OMISSION | | NOTE |
|-----------------------------------|--|----------------|---------------------------|--------|--|
| | | | requirement(s) omitted | reason | explanation |
| Material topics | | | | | |
| GRI 2: General Disclosures 2021 | 2-25 Processes to remediate negative impacts | 21, 22, 23, 24 | | | |
| GRI 418: Customer Privacy 2016 | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | | | | In 2023, no reports were recorded regarding customer privacy violations and loss of their data by third parties and regulatory entities. |
| ENVIRONMENTAL FOOTPRINT | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 45-50, 64 | | | |
| GRI 303: Water and Effluents 2018 | 303-1 Interactions with water as a shared resource | 64 | | | |
| | 303-2 Management of water discharge-related impacts | 64 | | | |
| | 303-3 Water withdrawal | 64 | | | |
| | 303-4 Water discharge | 64 | | | |
| | 303-5 Water consumption | 64 | | | |

| STANDARD GRI | DISCLOSURE | LOCATION | OMISSION | | NOTE |
|-----------------------------|---|--------------|---------------------------|--------|-------------|
| | | | requirement(s) omitted | reason | explanation |
| Material topics | | | | | |
| COMBATTING CLIMATE CHANGE | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 45-50, 59-63 | | | |
| GRI 302: Energy 2016 | 302-1 Energy consumption within the organization | 59, 60 | | | |
| | 302-3 Energy intensity | 59, 61 | | | |
| GRI 305: Emissioni 2016 | 305-1 Direct (Scope 1) GHG emissions | 61 | | | |
| | 305-2 Energy indirect (Scope 2) GHG emissions | 62 | | | |
| | 305-4 GHG emissions intensity | 61 | | | |
| | 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions | 63 | | | |

| STANDARD GRI | DISCLOSURE | LOCATION | OMISSION | | NOTE |
|-----------------------------|--|---------------------|---------------------------|--------|-------------|
| | | | requirement(s) omitted | reason | explanation |
| Material topics | | | | | |
| CIRCULAR ECONOMY | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 45-50, 65-67, 69-70 | | | |
| GRI 301: Materials 2016 | 301-1 Materials used by weight or volume | 69 | | | |
| | 301-2 Recycled input materials used | 70 | | | |
| GRI 306: Waste 2020 | 306-1 Waste generation and significant waste-related impacts | 65 | | | |
| | 306-2 Management of significant wasterelated impacts | 65 | | | |
| | 306-3 Waste generated | 66 | | | |
| | 306-4 Waste diverted from disposal | 67 | | | |
| | 306-5 Waste directed to disposal | 67 | | | |

| STANDARD GRI | DISCLOSURE | LOCATION | OMISSION | | NOTE |
|--|---|---------------------|---------------------------|--------|--|
| | | | requirement(s) omitted | reason | explanation |
| Material topics | | | | | |
| SAFEGUARDING BIODIVERSITY | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 45-50, 68 | | | 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. |
| INNOVATIVE PRODUCTS WITH A POSITIVE IMPACT | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 30-31, 45-50, 71-74 | | | |
| GRI 416: Customer Health and Safety 2016 | 416-1 Assessment of the health and safety impacts of product and service categories | 30 | | | 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 | 30 | | | In 2023, no non-compliance with regulations and/or voluntary codes regarding health and safety impact of products and services |
| GRI 417: Marketing and Labeling 2016 | 417-1 Requirements for product and service information and labeling | 30 | | | |
| | 417-2 Incidents of non-compliance concerning product and service information and labeling | 30 | | | It is noted that no incidents of non-compliance with regulations and/or voluntary codes on information and labelling of products and services were identified during the reporting period. |
| | 417-3 Incidents of non-compliance concerning marketing communications | 30 | | | It should be noted that there were no unconfirmed marketing communication incidents in 2023. |

| STANDARD GRI | DISCLOSURE | LOCATION | OMISSION | | NOTE |
|---|--|-------------------------|---------------------------|--------|---|
| | | | requirement(s) omitted | reason | explanation |
| Material topics | | | | | |
| WELLBEING, EQUAL OPPORTUNITIES AND INCLUSION | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 45-50, 76-84, 85, 86-87 | | | |
| GRI 401: Employment 2016 | 401-1 New employee hires and employee turnover | 82, 83, 84 | | | |
| | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | 86 | | | LATI offers the same benefits to all its employees, with the exception of the life assurance cover offered to management. |
| GRI 402: Labor/ Management Relations 2016 | 402-1 Minimum notice periods regarding operational changes | | | | The company refers to the applied CCNL Gomma Plastica for the minimum notice period for operational changes. |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 Diversity of governance bodies and employees | 19, 76, 77, 78 | | | |
| GRI 406: Non-discrimination 2016 | 406-1 Incidents of discrimination and corrective actions taken | | | | In 2023, no incidents of discrimination were reported. |

| STANDARD GRI | DISCLOSURE | LOCATION | OMISSION | | NOTE |
|--|--|---------------------|---------------------------|--------|-------------|
| | | | requirement(s) omitted | reason | explanation |
| Material topics | | | | | |
| PEOPLE DEVELOPMENT | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 45-50, 88-91, 92-94 | | | |
| GRI 404: Training and Education 2016 | 404-1 Average hours of training per year per employee | 88, 89 | | | |
| | 404-2 Programs for upgrading employee skills and transition assistance programs | 90 | | | |
| | 404-3 Percentage of employees receiving regular performance and career development reviews | 94 | | | |
| WORKPLACE HEALTH AND SAFETY | | | | | |
| GRI 3 - Temi materiali - versione 2021 | 3-3 Management of material topics | 45-50, 97-100 | | | |
| GRI 403: Occupational Health and Safety 2018 | 403-1 Occupational health and safety management system | 97 | | | |
| | 403-2 Hazard identification, risk assessment, and incident investigation | 97 | | | |

| STANDARD GRI | DISCLOSURE | LOCATION | OMISSION | | NOTE |
|--|---|----------|---------------------------|--------|--|
| | | | requirement(s) omitted | reason | explanation |
| Material topics | | | | | |
| GRI 403: Occupational Health and Safety 2018 | 403-3 Occupational health services | 97 | | | |
| | 403-4 Worker participation, consultation, and communication on occupational health and safety | 99 | | | |
| | 403-5 Worker training on occupational health and safety | 99 | | | |
| | 403-6 Promotion of worker health | 86, 99 | | | |
| | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 100 | | | 100% of employees are covered by the occupational health and safety management system. |
| | 403-8 Workers covered by an occupational health and safety management system | 97 | | | |
| | 403-9 Work-related injuries | 98, 99 | | | |
| | 403-10 Work-related ill health | 98, 100 | | | |

| STANDARD GRI | DISCLOSURE | LOCATION | OMISSION | | NOTE |
|---|-----------------------------------|------------------|---------------------------|--------|--|
| | | | requirement(s) omitted | reason | explanation |
| Material topics | | | | | |
| CORPORATE CITIZENSHIP | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 45-50, 95-96 | | | The company has not identified a specific GRI indicator related to corporate citizenship. However, information is reported in accordance with GRI 3-3 Material Topics, which includes the management of material issues. |
| CULTURE OF SUSTAINABLE USE OF PLASTIC MATERIALS | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 45-50, 72, 95-96 | | | The company has not identified a specific GRI indicator related to culture of sustainable use of plastic materials. However, information is reported in accordance with GRI 3-3 Material Topics, which includes the management of material issues. |



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(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 2023 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").

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 management

We are independent in compliance with the independence and all other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the IESBA Code), 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 Management 1 and, accordingly, is required to design, implement and operate a system of quality management including policies or 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 2023

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 (IAASB) 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 "Key figures at a glance" and "Economic value generated and distributed" 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:

- 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 2023

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2023 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.

Varese, 17 June 2024

KPMG S.p.A.

(signed on the original)

Paolo Rota
Director of Audit



**HIGH
PERFORMANCE
THERMOPLASTICS**

HEADQUARTER

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