



2023

Sustainability report

LB-TECHNOLOGY.COM



SERMAT



Letter to our stakeholders

LB Technology Group is pleased to present the latest edition of LB Group's Sustainability Report for the year 2023. In response to changing socio-economic conditions and the urgent requests from our key stakeholders, the Group has maintained its strong commitment to integrating environmental and social sustainability across all aspects of our operations. Our efforts have been motivated by the need to reduce the environmental impact of our activities while introducing advanced technologies to improve efficiency and sustainability.

This 2023 document extends the scope of analysis to LB Technology Group and, therefore, contains environmental and social data and information about the Group's Italian companies (LB Officine Meccaniche S.p.A., Sermat S.r.l. and Barcom S.r.l.).



Despite the complex geopolitical scenario, 2023 has been an extraordinary year for the group, characterized by a notable increase in total revenue and substantial overall business growth. The group's resilience and adaptability have enabled it to thrive in challenging conditions, underscoring its commitment to sustainable practices and long-term success. This enabled the emancipation in multiple sectors, including agriculture and premixed products, which are increasingly embracing the Group's sustainable technologies.

LB, Barcom and Sermat highlights

This year, our oldest brand, LB, celebrated its 50th anniversary on September 22nd, 2023, with a memorable event at our Fiorano site. The occasion brought together families, friends, partners, and sponsors to commemorate LB's rich history and showcase the latest advancements in raw material and powder treatment technologies.

In 2023, Barcom made a significant move by relocating its headquarters, transitioning to a fully electric setup in its new premises. This transition reflects our dedication to modernizing our operations and reducing our environmental impact.

Meanwhile, Sermat, a key entity within LB Group, developed a groundbreaking technology for the recovery of fired scraps in the ceramic sector. This initiative not only promotes circular economy practices but also enhances plant efficiency, highlighting our dedication to sustainable industrial processes.

Sustainability and ESG Integration

In 2023, the Group made significant strides in embedding sustainability and ESG principles into our core operations. A robust sustainability governance framework was established, led by our newly appointed ESG Manager. This pivotal role oversees our environmental, health, safety, and quality standards, ensuring alignment with our ESG policies and fostering a culture of continuous improvement.

We are proud to announce the successful implementation and certification of ISO 45001 and ISO 14001 systems in October 2023. These certifications underscore our commitment to international standards of excellence in occupational health and safety, as well as environmental management. Achieving ISO 45001 certification affirms our dedication to ensuring a safe and secure work environment, with no work-related injuries reported in 2023. This milestone aligns with our goal of reducing workplace risks and improving overall performance.



LB Group social presence

Moreover, in 2023, the LB Group continued its partnership with the Fiorano and San Michele football schools to create valuable opportunities for local children. Furthermore, we continue our partnership with Modena Volley, serving as the official partner to support and celebrate a historic sporting achievement in the region. Additionally, the collaboration with the Help Sassuolo association to provide aid to earthquake victims has been extended, demonstrating much-needed humanitarian support.

Energy and Environmental Initiatives

Our commitment also extends to rationalizing and improving energy efficiency, supported by the installation of photovoltaic systems, that generated approximately 613 GJ of electricity in 2023, contributing to our efforts to reduce energy consumption. As part of our commitment to sustainability, LB signed an energy contract in early 2024 to source 100% renewable energy.

Additionally, in 2023, LB initiated a partnership with PrintReleaf to measure and offset paper consumption through reforestation efforts. This initiative integrates seamlessly with our existing systems, reinforcing our commitment to environmental stewardship.

In closing, I extend my heartfelt gratitude to every member of the LB Group family whose unwavering dedication has propelled us to achieve these milestones. Together, we remain steadfast in our commitment to uphold these guiding principles that define our approach to business, always focused on excellence, aiming to innovate while looking towards a more sustainable industrial future.

Warm regards,

CEO
Corrado



2023

Highlights



2023 proved to be an exceptional year for LB, marked by significant strides in sustainability, innovation, and community involvement. From pioneering technological advancements to impactful initiatives, including the adoption of ISO 14001 and 45001 standards, the acquisition of a hybrid patent, and the publication of the third integrated group sustainability report, LB's journey throughout the year showcased its commitment to sustainability and responsible corporate citizenship.

Third LB Group Sustainability Report

**ISO 14001
Environmental
management
system
implemented**

**97% of LB
employees have
permanent
contracts**

**GHG Footprint
analysis updated,
which now includes
Barcom**

**LB Hybrid
patent obtained**

**ISO 45001
Management
system
implemented**

01

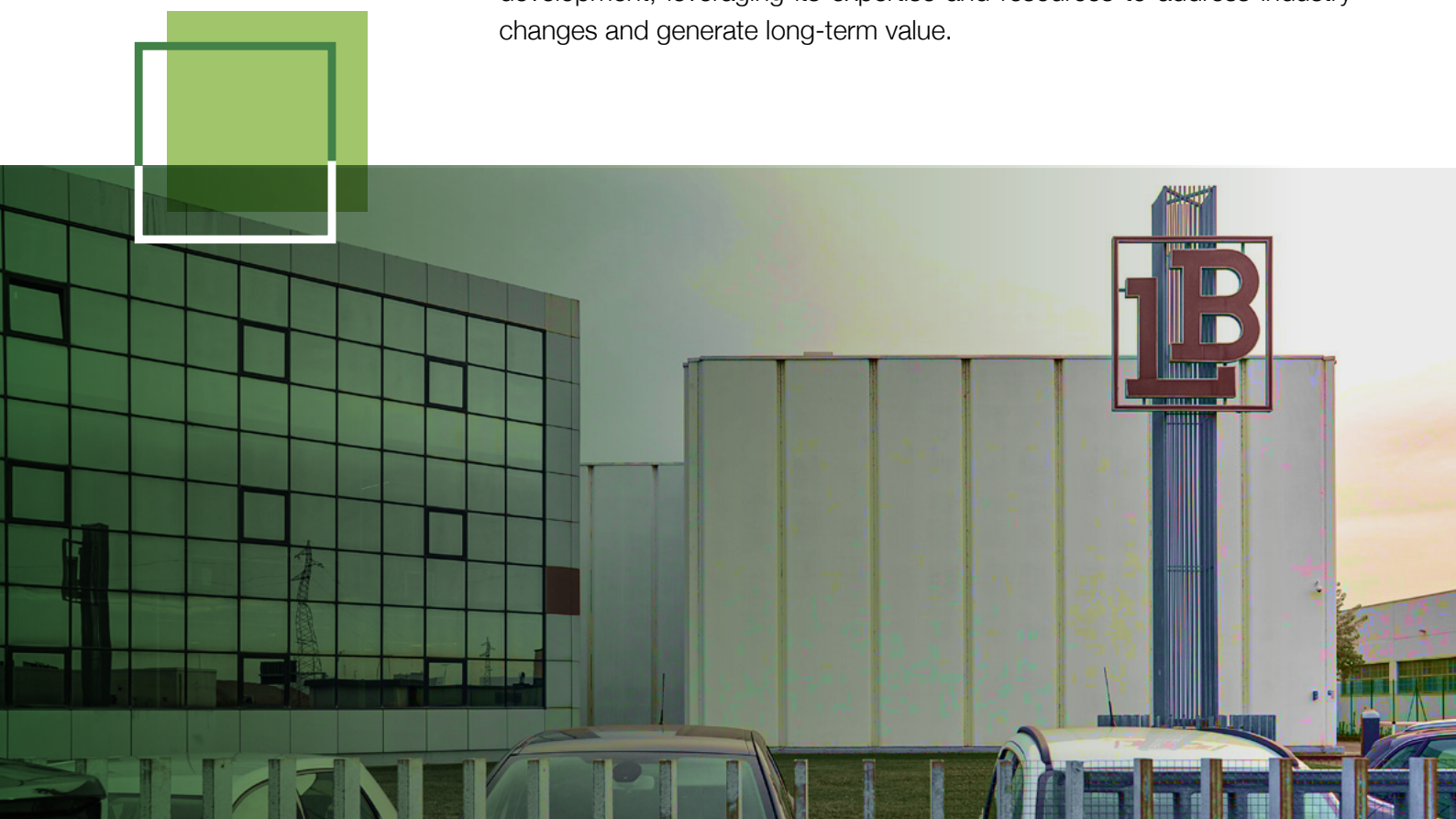
About the Group



LB Technology, (hereinafter “The group”, “LB Group”) comprising LB Officine Meccaniche S.p.A. (hereinafter “LB”), Sermat S.r.l., and Barcom S.r.l., primarily operates in the ceramic sector but has been expanding into other industries in recent years. LB, the cornerstone of the group, was established 50 years ago, marking the inception of the Group.

Comprised of individuals who passionately engage with customers and their needs, operating from its facilities in Fiorano Modenese, Sassuolo and Castellarano; the Group is positioned as a market leader in raw material processing for diverse industrial sectors.

In recent years, the **LB Group has been strategically expanding its business** beyond the ceramic sector, targeting industries such as mortars, agrochemicals, mining, and pet food. The Group has developed innovative solutions for the primary and secondary drying and milling of raw materials for constructors, specifically tailored to the powder mixing sector. Furthermore, LB has introduced granulation and compacting solutions for powdered materials, which are particularly beneficial to the fertilizer sector within the agrochemical industry. This diversification not only enhances the Group resilience but also ensures sustained long-term growth for the Group. Together, the three companies work synergistically to deliver comprehensive and efficient solutions at every step of the value chain. With complementary capabilities, they collaborate to support customers at every stage. The Group's strategy is to position itself as a key partner for sustainable development, leveraging its expertise and resources to address industry changes and generate long-term value.



1.1 Group history

Since its inception, the LB Group has been dedicated to innovation and sustainability.

This commitment is exemplified by LB, the Group's oldest brand, which pioneered groundbreaking technologies 50 years ago. This innovation set a new standard for sustainability in the sector, driven by a strong focus on sustainability and research and development, setting it apart from its market competitors.

This ethos of research and development has always been integral to the LB Group's philosophy.

1973

Foundation of the business

Activity

As a point of reference in the design and manufacture of powder treatment plants, LB operates on a full-service basis and manufactures plants used throughout the world for the processing of raw materials. LB is specialised in dry processing technologies. In recent years, applications have been designed and installed successfully in the ceramics industry, as well as in the pre-mix, fertiliser and chemicals industries

114

Number of employees at 31.12.23

Located in

Fiorano Modenese





1980

Foundation of the business

Activity

Sermat makes plants and machinery on a turnkey basis for the processing of raw materials in granular and powder form. The company is able to meet the most diverse needs, mainly in the ceramics and mining sectors. Attention is also paid to other areas, such as the recovery of production and processing waste in other industrial sectors.

17

Number of employees at 31.12.23

Located in

Sassuolo

1986

Foundation of the business

Activity

Barcom offers cutting-edge technology solutions for water treatment, purification, and heat recovery systems. With years of extensive experience and numerous installations, combined with a commitment to continuous technological research, Barcom has established a reputation for reliability and strong productive capacity

25

Number of employees at 31.12.23

Located in

Fiorano Modenese



1.2 The group numbers

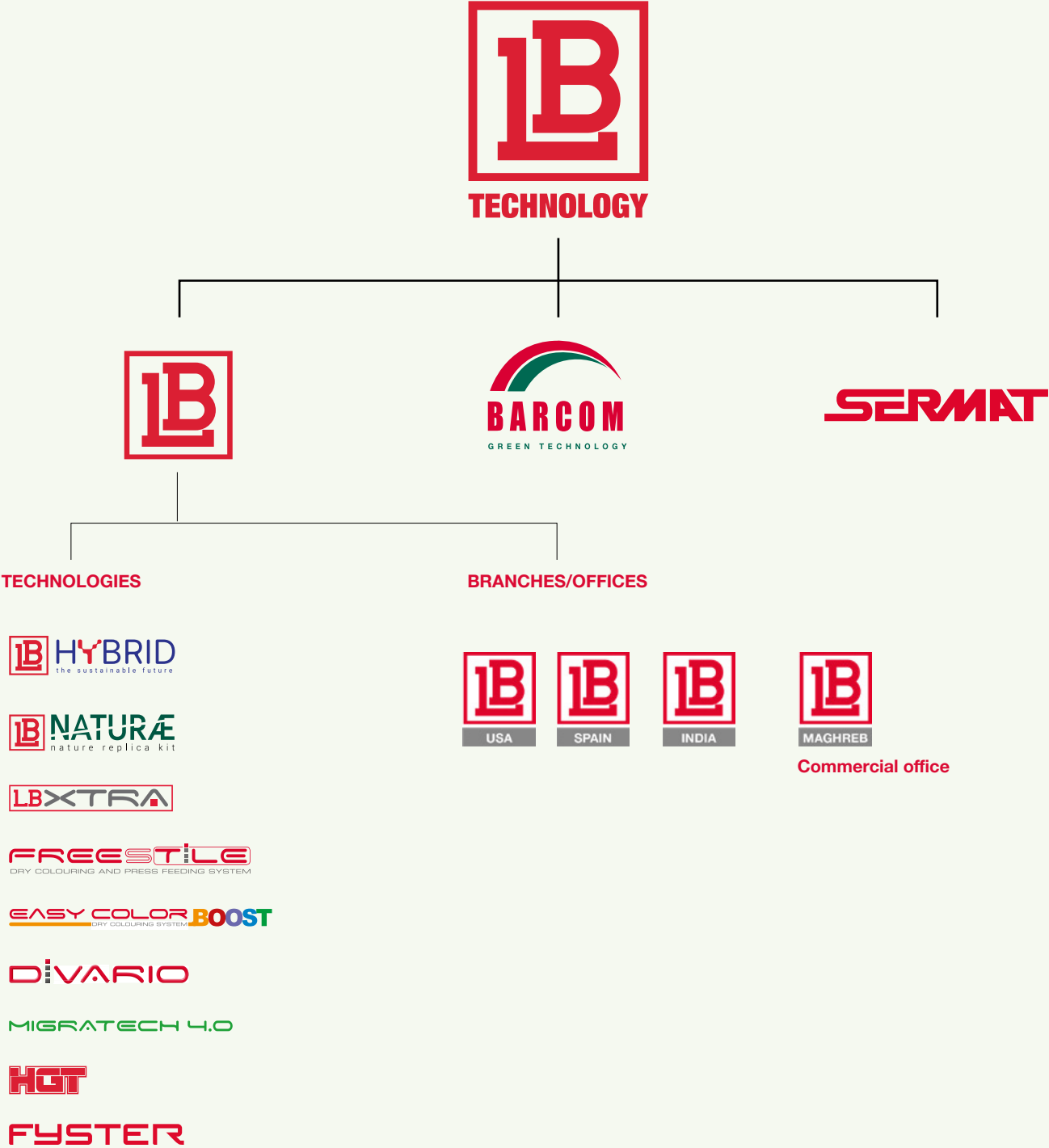
With a strong export tradition, the Group's plants and systems are sold worldwide through a network of international collaborations. This network includes sales branches in Spain, India, and the USA, as well as active sales networks in North Africa, Brazil, and China. Additionally, LB Group has entered into several commercial agreements in Latin America, Asia, the Middle East, and the Far East, as well as in other European countries. The group has offices in USA, Spain and India, and a commercial office in Maghreb.

Total number of projects developed by the LB Group, categorized by sector

SECTOR	TOTAL
CERAMIC INDUSTRY	682
BUILDING MATERIALS	73
RECYCLING	5
AGROCHEMICAL INDUSTRY	12
MINING INDUSTRY	21
PET FOOD	1
OTHER INDUSTRIES	75

Close collaboration and synergies between the technical office located in Fiorano and the foreign commercial branches enable the swift and efficient management of testing and remote commissioning. This approach ensures that support and efficiency levels remain high.





1.3 50 years of experience

The LB Group has accumulated 50 years of experience in the manufacture of plants for the ceramics sector, with various patents filed over the years.

2018-2022

2018

Launch of the new Migratech 4.0 technology

2019

First contracts in the circular economy (SAXA) and in waste (Benfante)

2021

Design of desiccation machines for the recycling of sewage sludge

2022

Barcom becomes part of the LB Group

2023

2023

Start of the process to patent LB Hybrid technology

New Technology: Heat recovery system – Barcom

New Technology: Scrap recovery system

1.4 Vision and mission

Developing innovative technological solutions, the Group helps customers to decide on the design, manufacture and maintenance of plants and machinery.



We act as an innovative partner for sustainable development, offering expertise, professionalism, resources and tools for tackling changes and managing their effects, while maximising the resulting opportunities.



We listen to and appreciate our people, in a stimulating working environment that is open to change, supporting their growth with merit-based decisions.



We promote the social dimension of our activities, supporting our local territory while remaining open to the world, via projects that facilitate cohesion, inclusion and development.

Creating and producing pioneering systems for blending, milling, granulating, colouring, recycling and revolutionizing raw materials through effective and eco-friendly methods is the Group mission:



We are responsible for expanding and improving the productive capacity of our customers in quantitative and qualitative terms, offering solutions that study, support and realise their plans.



We promote a culture of innovation for products, services and processes, working with transparency and organisational and operational effectiveness, while developing sound relations with all Stakeholders.



We strive each day to maintain efficient business operations that are both profitable and sustainable over time. development.

1.5 LB Group's End-to-End Sustainable Solutions

The LB Group excels in offering comprehensive guidance to select the most suitable plant, taking into account the geo-physical conditions at the installation site and the desired outcomes. This holistic approach ensures that each project is tailored to the unique needs of the client and the specific characteristics of the location.

Engineering

The process begins with meticulous engineering services. LB Group's experts design and plan the machinery and systems to meet the highest standards of efficiency and sustainability.

Construction

Following the engineering phase, the construction team steps in to bring the designs to life. The construction phase is handled with precision, ensuring that all structures and installations adhere to the planned specifications and quality benchmarks.

Installation

Once the construction is complete, the installation team takes over, setting up the machinery and systems. This phase is critical to ensure that all components are integrated seamlessly and function as intended.

After-Sales Services

The relationship with the client does not end with installation. LB Group provides dedicated after-sales services, including maintenance, troubleshooting, and upgrades. This ensures that the plant continues to operate smoothly and efficiently over its lifespan.



In addition to these core stages, LB Group integrates cutting-edge automation and digitalization solutions into its operations. These advanced technologies enhance efficiency, monitoring, and control of the plant. Automation reduces manual intervention, minimizing errors and increasing productivity, while digitalization allows for real-time data analysis and remote monitoring, contributing to optimized performance and reduced environmental impact.

LB Group's services encompass every aspect of plant development, from initial design to ongoing support, with a strong emphasis on sustainability and customer satisfaction (For further details, please refer to Chapter/Section 8.1). This integrated approach guarantees that each project not only meets but exceeds client expectations, delivering reliable and sustainable solutions.



02

LB Group path to sustainability



During the past years, the LB Group has increasingly integrated and prioritized sustainability aspects within its corporate strategy. In the last year, the Group concentrated its efforts on taking action and creating value, enhancing LB Group sustainability maturity.

Three strategic pillars of action:

LB Group for environment

The LB group is embarking on a structured journey to better understand the environmental impact of its production processes. Through targeted steps to assess the Group impact on the environment, the Group aims to implement positive actions that will drive the transition towards low carbon operations.

For the Group, sustainability entails transforming raw materials using efficient processes, with a continual focus on conducting high-quality business operations that are both profitable and sustainable in the long run.

LB Group for economy

The LB Group supports and promotes sustainable company growth that goes beyond mere profit-seeking, aiming to cultivate a circular economy model that generates lasting and regenerative wealth over time. This approach benefits all stakeholders throughout the supply chain.

These values are reflected in the solutions and technologies offered to customers, with a clear focus on optimizing the economic impact of investments and production. This enables them to participate in building a sustainable economic model over time.

LB Group for social

People are central to the Group's mission, beginning with its employees and partners, but extending to the entire Group's supply chain and the local community. By prioritizing all stakeholders in the company's value chain and fostering sustainable relationships over time, shared values are established. The Group's commitment to good practices is reflected in the publication of social reports and balance sheets.



The Group formalized its sustainability framework and strategy during 2021, where the expectations of both internal and external stakeholders were analyzed. Five impact areas were identified as essential to guide the Group's sustainability strategy:



**Product quality,
innovation and
customer focus**



**Human
resource
management**



**Environmental
sustainability**



**Responsible
management of
the value chain**



**Business
ethics**

Throughout 2023, the LB Group has maintained its continuous commitment to gradually advancing in its sustainability and ESG strategy, implementing it within its operations. During 2022, the LB Group appointed an ESG manager to establish a robust sustainability governance. The manager oversees procedures, environmental, health and safety issues, and quality standards. This role includes coordinating ESG policies, integrating them in the decision-making processes, and driving continuous improvement in sustainability.

2.1 The stakeholders of the group

Considering the nature and scope of the Group operations, the LB Group has identified a diverse range of internal and external stakeholders crucial to its sustainable business practices. These stakeholders encompass various groups such as employees, customers, suppliers, local communities, regulatory authorities, shareholders, among others. Understanding the significance of these relationships, the Group is committed to engaging with each stakeholder group effectively.

To facilitate meaningful engagement, the Group employs a variety of channels tailored to the preferences and needs of the stakeholders. These channels include, but are not limited to, regular communication meetings, feedback mechanisms, website publications, and other tailored communications. By fostering transparent and open communication through these channels, LB aims at ensuring that the interests and concerns of LB Group stakeholders are duly considered and addressed in its initiatives (For further details, please refer to Chapter/Section 8.1).



Involvement of and dialogue with Stakeholders

STAKEHOLDERS	INVOLVEMENT AND DIALOGUE
Owners and Shareholders	Board of Directors Periodic reports Dedicated meetings
Customers	Website and newsletters Meetings at LB Group or customer premises Financial reports
Suppliers	Dedicated meetings Definition of selection and qualification criteria Audit checks
Financial institutions	Dedicated meetings Desk analysis
Local communities	Website Territorial support
Employees and collaborators	Written communications Personal and dedicated meetings Informal appraisals
Local authorities and PA	Official communications
Universities and research centres	E-mails, brochures Attendance at conferences, courses Collaborative projects
Trade unions	Periodic meetings with workers' representatives

2023 Highlights

Open house LB50

On September 22nd, 2023, the oldest brand of the Group, LB, marked its 50th anniversary with a grand celebration at the Fiorano site, opening its doors to families, friends, partners, and sponsors. Attendees explored the company's rich history and witnessed firsthand the latest advancements in raw material and powder treatment technologies. The celebration highlighted the collaborative effort and underscored the significance of stakeholder involvement. LB Group recognizes the vital role stakeholders play in its success and remains dedicated to effective communication and engagement, ensuring their perspectives, concerns, and feedback are valued within the organization. The event registered 288 participants, showcasing the strong support and engagement of the LB community and reinforcing the company's commitment to fostering meaningful relationships with all its stakeholders.



2.2 Materiality analysis

LB Group performed a materiality analysis with the objective of identifying the ESG topics with the most significant economic, environmental, and social implications. The analysis considered both perspectives: the impacts that could affect the Group, as well as the positive and negative impacts of the Group on the environment and society. Conducted in 2022 in accordance with the guidelines of the GRI Standards, this assessment provides a foundation for strategic decision-making and stakeholder engagement. In line with the commitment to continuous improvement, the LB Group plans to update this analysis with a double materiality approach in 2024, ensuring alignment with the latest trends and regulatory requirements.

Methodology

The initial phases of the analysis involved benchmarking against peers within the sector, as well as analyzing ESG sectoral trends to identify both domestic and international best practices, along with key sustainability frameworks. Through this process, a series of sustainability topics were identified that could be crucial for the Group.

Following this, the material topics that were identified underwent assessment by the Sustainability Working Party established by the Group. This assessment took into consideration the recommendations made by the Group stakeholders. Through this process, the importance of each topic was determined, leading to the definition of fourteen material topics.



AREA	TOPIC	IMPACT	DESCRIPTION
Governance	Business integrity and sustainable governance	Compliance with the applicable laws, regulations and internal and external standards, with related social/environmental/economic impacts	Positive impact in terms of consolidating the capital represented by long-term stakeholder relationships that are mutually beneficial
	Economic performance	Direct generation of economic value and related distribution of that value to the stakeholders (e.g. employees, suppliers and the local community)	Definition of an innovative business strategy, with consequent generation of economic value that is distributed to the stakeholders
Product	Research & development	Offer of innovative products	Expansion of the product range by investing in research and the development of new technologies that make possible the offer of innovative and efficient products
	Automation, reduction of environmental impacts	Positive environmental impact due to reduced consumption by machines	Positive impact for the company and the environment from products and technologies whose design, operation, productivity and materials used lower environmental impacts throughout the entire value chain
	Satisfying the expectations of Customers	Customer satisfaction	Vicinity to customers and effective and timely responses to their requests, thus helping to increase their loyalty and satisfaction, in part by monitoring after-sales safety and training activities
	Quality and safety of products and services	Offer of safe, high quality products	Positive impact on customers from the offer of safe products, assured by an integrated quality management system
Human resources	Professional development of employees and safeguarding of corporate expertise	Attraction and retention of employee know-how	Positive impact in terms of retaining the strategic know-how of specialist personnel, partly by the implementation of well-being programmes
	Safeguarding of Workers' rights and equal opportunities	Promotion of a fair and inclusive working environment	Positive impact on the well-being of employees by maintaining a working environment in which ethics and integrity are guiding principles
	Health, safety and well-being of employees	Workplace injuries	Adverse impact of production processes that expose employees to the risk of injuries

AREA	TOPIC	IMPACT	DESCRIPTION
Environment	Reduction of consumption and emissions by productive activities	Contribution to climate change via direct/indirect GHG emissions	Contribution to climate change and adverse impacts on the environment in terms of GHG emissions (direct and indirect) and other emissions that derive, principally, from productive activities and consumption
		Reduction of indirect emissions	Direct benefits in terms of lower environmental emissions from renewal of the vehicle fleet (company cars and forklifts)
		Greater energy efficiency and lower consumption	Reduced consumption, with the partial satisfaction of energy needs by photovoltaic installations located at the principal manufacturing plants
Social responsibility	Use of sustainable raw materials	Adverse environmental impact due to the use of non-renewable raw materials	The tendency to use a high volume of non-renewable raw materials, with respect to renewable materials, increases the generation of processing waste that is hard to recycle, resulting in adverse environmental impacts
	Waste management	Production of hazardous and non-hazardous waste	Adverse environmental impact in terms of the waste generated (especially waste unfired ceramics and waste ink)
	Local involvement and awareness	Direct/indirect economic impacts on households, local communities and schools	The creation of jobs in communities where the business operates, together with constant interactions with schools and the academic world, help to preserve corporate know-how and generate direct benefits for the local area
Social responsibility	Responsible supply chain management	Support for local development via donations and sponsorships	Support and donations with a positive impact on the local community
		Local economic benefits	Positive economic impact on the community by selecting local suppliers, which comprise the majority of the commercial partners chosen at national level
Social responsibility	Responsible supply chain management	Responsible supply chain management	Positive social impact deriving from particular focus by the Group on sustainability practices when selecting suppliers (especially their respect for human rights)

03

Governance and corporate ethics



3.1 Governance

The Group operates under a robust governance structure centered around family values and responsible growth objectives, aiming to create value in both the short and long term. To achieve this, the Group has established a Board of Directors (BoD), appointed by the Shareholders' Meeting, which is tasked with decision-making and overseeing the work of the Managing Director.

Additionally, while the Board of Statutory auditors oversees the activities of the Board of Directors, the Supervisory Body (SB), in accordance with Decree 231, oversees the prevention of offenses that may be committed by the organization's employees and executives.



2023 Highlights

TARGET	PERFORMANCE 2023
Definition of a sustainability governance system and identification of internal corporate responsibilities for defining the sustainability strategy (e.g., initiatives, objective plans, reporting).	- Continue with the establishment of a comprehensive sustainability governance system by creating a Working Group to: - Address sustainability issues and manage sustainability reporting activities; - Collaborate with the ESG manager (appointed in 2022) to define the sustainability strategy, including initiatives, reporting responsibilities, etc.
Adoption of a Sustainability Plan that includes a medium/long-term strategy and objectives for reducing environmental impacts such as fossil fuel consumption, waste production, use of non-recyclable materials, and water resource management.	- Continued progress with the issuance of the third sustainability report and the second Carbon footprint report, providing comprehensive updates on the LB Group's advancements in reducing environmental impacts. - Implementation of ISO 45001 and ISO 14001 certification systems to uphold best practices and support our objectives of reducing overall environmental impact.
Improvement and streamlining of the Privacy Policy and CyberSecurity system.	- Approval of the Privacy Policy - Data protection impact assessment for certain particularly interesting areas, backup and disaster recovery procedures. - Development of a procedure for using IT tools. - Adoption of CyberProtection systems of (Firewall, Antivirus, Antispam).

Selection

Each member of the BoD and the SB serves a term and is eligible for reappointment, as it is the Managing Director.

The duration of the mandate granted to the SB is unspecified and the appointment of its members may be revoked at any time.

Composition

Since 2022, the BoD has remained largely the same, with the main change being the addition of two external consultants during the 2023, increasing the total members to seven. Therefore, as of December 31, 2023, the BoD comprises five internal Group members and two external consultants, maintaining its gender diversity: four men and three women. Notably, 75% of the BoD members are aged between thirty and fifty, while the remaining 25% are over fifty.

Function

The BoD, Managing Director, and senior executives are actively engaged in shaping policies, strategies, and objectives that drive sustainable development. The Managing Director and the BoD are responsible for approving all corporate policies and strategies. Regular meetings of the BoD and Executive Committee, held quarterly or more frequently, focus on reviewing the ESG Plan and exchange experiences regarding sustainable initiatives. The BoD responsibilities also encompass the examination and approval of the Sustainability Report, along with the identification of material topics.

Compensation

BoD members receive quarterly compensation, whereas executives are provided with a fixed salary along with a variable component, calculated as a percentage of their gross annual income. In 2023, the highest-paid individual earned 3.7 times the median compensation of employees.

Active policies and procedures

The Group has implemented several active procedures covering various areas, including related party transactions, financial reporting, credit collection, personnel search and selection, and gift management. These procedures are aligned with the Organization, Management, and Control Model in accordance with Italian Decree 231/2001. Additionally, since 2021, the Group has fully integrated these procedures into a new Enterprise Resource Planning (ERP) system. This integration ensures more comprehensive control over budgets and costs.

Sustainability governance

In alignment with LB Group's resolute dedication to sustainability, the Group is actively integrating sustainability processes into its corporate strategy. As a key progression, since 2022, the Group has appointed a new ESG manager that plays a significant role in advancing the Group's sustainability efforts and fostering a company culture focused on responsibility and accountability. This individual collaborates closely with an external Responsible for Health and Safety at Work (RSPP in Italian) to ensure the supervision and execution of the sustainability agenda. Moreover, among the Group, each area has a designated person who collaborates with the ESG Manager to gather and send data, ensuring a cohesive approach across all operational domains.

Entrusted with the coordination and implementation of the Group's ESG policies and initiatives, the ESG manager leads the development and execution of strategies aimed at reinforcing environmental sustainability, fostering workplace health and safety, maintaining stringent quality standards, and driving continuous improvement. The person responsible for the integrated EHS management system plays a pivotal role in managing environmental and quality aspects, while the external RSPP oversees all operational facets of health and safety matters.

During 2023, the Group also thoroughly reviewed and updated the procedural system, together with the implementation of manuals, to include health, safety, and environmental elements. Additionally, a comprehensive policy on environment, safety, and sustainability has been established.



3.2 LB Group ethics

The Group is dedicated to conducting its operations guided by the highest ethical standards and compliance with laws, fostering transparency and integrity across all business endeavors.

Since 2012, LB Group has officially published its Code of Ethics. This document incorporates various key themes of the group, and its approach, together with the principles that distinguish the Group in pursuit of its mission. The ethical principles outlined in the document hold primary and absolute value. Acting in the interest or advantage of LB Group does not justify behaviors contrary to these principles. The Group respects all laws and regulations, requiring its personnel to know and promptly report any coercion or incitement to violate the law. Everyone collaborating with the group must adhere to the following ethical principles:

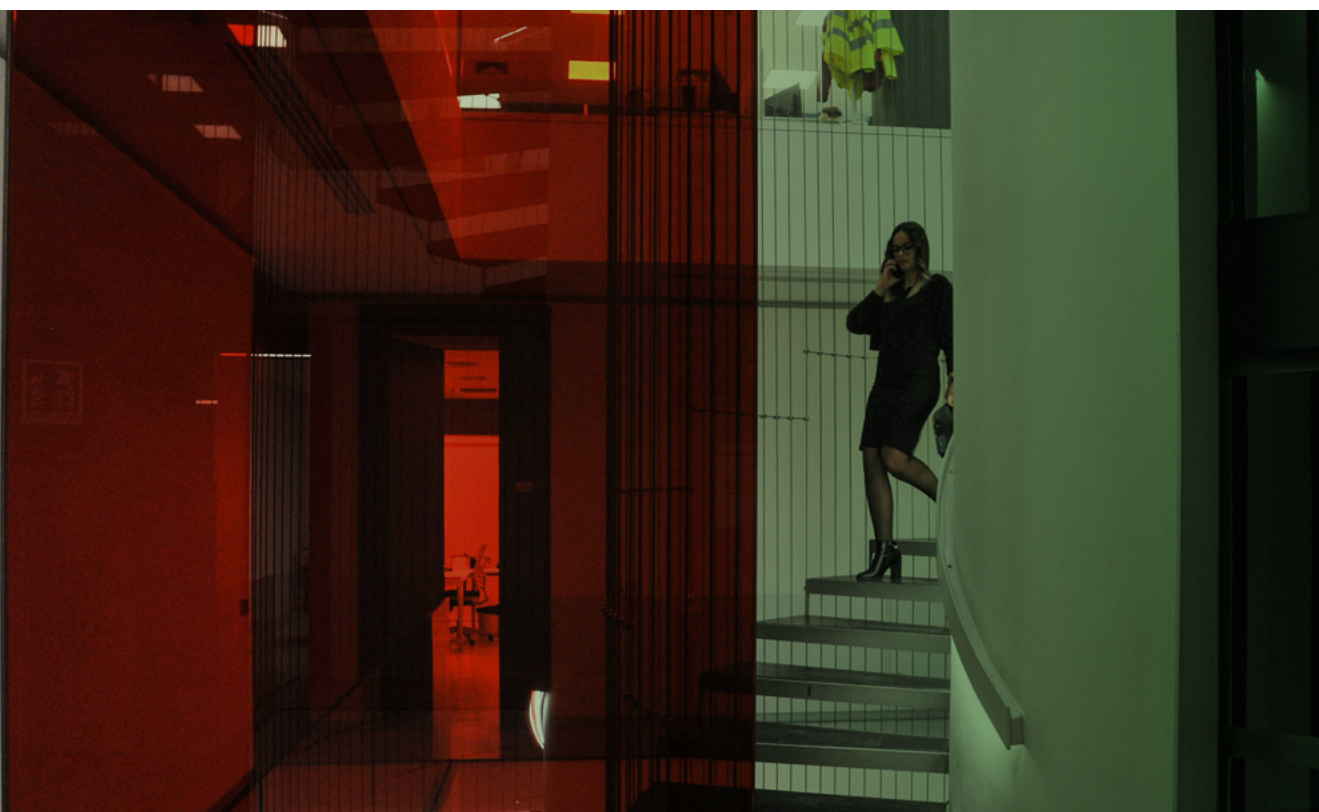
- ☐ **Fair and lawful competition, loyalty, and fidelity** are fundamental to LB Group and its employees' relationship.
- ☐ **Conflicts of interest** must be avoided, with transparency and communication required in such instances.
- ☐ Confidentiality of the Group's knowledge and **protection of intellectual property** are emphasized, alongside transparency, completeness, and accuracy of information provided.
- ☐ LB Group condemns crimes such as **corruption, money laundering, and the use of illicit funds**.
- ☐ **Environmental protection**, compliance with laws, and responsible behavior are integral to the Group's operations, fostering a culture of environmental awareness and safety. Compliance with environmental laws and regulations is mandated for all, including third-party contractors.

The most relevant topics covered in the Code of Ethics are:

- ☐ **Rules of conduct in internal relations, such as conflict of interest, privacy protection, environmental protection, human resources, and worker safety.**
- ☐ **Rules of conduct in external relations, such as relationships with customers, suppliers, the media, and public authorities.**
- ☐ **Whistleblowing reports (For further details, please refer to Chapter/Section 3.3).**

In 2023, the Code of Ethics was updated to include the provisions of Legislative Decree 24/2023 on whistleblowing mechanisms, concerning the protection of individuals reporting violations of EU law.

In alignment with the Italian Decree 231/2001, LB Group has implemented an Organization, Management, and Control Model (the “Model”), designed to prevent offenses and ensure ethical conduct. The Model encompasses the principles outlined in the Group’s Code of Ethics, fostering a culture of compliance and integrity throughout the organization. It serves as a framework for preventing unlawful behavior and promoting transparency. The Model is publicly available on corporate website www.lb-technology.com, Governance section (Italian only).



Structure of the model

- **General Part:** Distributed to all recipients, such as the employees and the external people working for the Group, this section includes general prevention protocols for addressing offenses (Whistleblowing).
- **Special Part:** Contains specific prevention protocols communicated to relevant Organizational Units, focusing on activities susceptible to risk.

The confidential Mapping of Risks document is part of the Model, accessible only to the Supervisory Body (SB), the BoD, and Shareholders.

Implementation and Oversight

The Group is responsible for implementing the Model, while the SB ensures its effectiveness. The SB also provides an anonymous reporting channel for employees and associates to report unlawful activities, ensuring whistleblower protection.

Anti-Corruption Efforts

By adhering to policies, procedures, and mechanisms for reporting irregularities to the SB, LB Group fights both active and passive corruption. The Model covers different types of activities:

- Feedback mechanism through surveys with clients;
- Personnel selection and hiring;
- Credit institution and creditors relationships

Furthermore, LB Group meticulously prepared accounting documents detailing each operation, aiming to establish rigorous controls and ensure that operations are authentic and carried out only with the approval of company management. Thanks to these efforts, during 2023 (as in 2022) **the Supervisory Body did not find any confirmed cases of corruption involving the employees or commercial partners of the Group, or cases of non-compliance with laws or regulations.**

3.3

Whistleblowing and Reporting Mechanisms

To ensure transparency and accountability, aligned with the Italian Legislative Decrees 231/2001 and 24/2023, the Group has established a dedicated confidential mechanism for reporting potential non-conformities involving the Group or its employees. This reporting channel is accessible to every stakeholder of LB Group and is facilitated by the email address of the SB. Complete anonymity is guaranteed for reporting, ensuring a secure and confidential environment for whistleblowers.

Monthly BoD Review

In addition to the reporting channel, the SB ensures that all matters related to corporate projects, business performance, and activities are reviewed during each monthly BoD meeting. This includes addressing any issues identified through the whistleblowing channel and integrates ethical oversight into regular corporate governance.

LB Group's whistleblowing policy is publicly available on corporate website www.lb-technology.com, Governance section (Italian only).

Sanctions

Sanctions appointed to employees are listed in order of increasing severity. They include:

- Disciplinary actions that preserve the employment relationship: written reprimand, fine of maximum three hours of total pay, suspension from service and pay for a period not exceeding three days of salary.
- Disciplinary actions that terminate the employment relationship: dismissal.



04

Sustainable economic performance



4.1 Economic performance

LB Group achieved a positive operational performance during 2023, marked by an increase in revenues compared to the previous year, despite a complex global macroeconomic and political landscape. The Group sustained profitability at levels consistent with the prior period, with margins sustained by various factors, including increased sales across all geographical regions.

Committed to fostering sustainable business growth that extends beyond mere profit motives, the Group strives to cultivate a circular economy model aimed at generating enduring wealth, which regenerates over time for the benefit of all stakeholders across the value chain. These values are also reflected in the solutions and technologies developed for customers, such as LB hybrid, which aim to optimize the economic impact of their investments and resulting production (For further details, please refer to Chapter /Section 7.1). These initiatives contribute to the establishment of a sustainable economic model over time.

Economic value generated and distributed

In 2023, the LB Group maintained a performance level consistent with the previous year, generating a total economic value (total revenues) of €63,320 thousands of euro, reflecting a 2% increase compared to 2022.

The Group recognizes the importance of fairly distributing the economic value generated among its stakeholders who contributed to its creation. The economic value distributed increased by 1% compared to 2022. Of this distributed value, 17% was allocated directly to stakeholders in the form of salaries, social charges, and personnel costs, while the remaining 79% was related to operating costs.

The total economic value retained in 2023 amounted to €3,957 thousands of euro.



Total economic value of the Group

Economic value (thousands of euro)	31 December 2021	31 December 2022	31 December 2023
Economic value generated directly	44,128	62,059	63,320
Economic value distributed	43,422	58,577	59,363
Operating costs	34,130	47,328	47,151
Remuneration of collaborators	8,345	9,847	10,309
Remuneration of lenders	1,023	993	1,325
Remuneration of the public administration	81	408	577
Donations and gifts	5	1	1
Economic value retained	706	3482	3,957

As of December 31, 2023, the EBITDA reached €5,900 thousands, and net borrowing stood at €12,500. These figures are not directly comparable to those from 2022 due to the inclusion of Barcom in the group, whose economic data were not part of the previous year's report.

The significant economic growth in 2023 is largely driven by increased sales in the premix and granulation sector, which, for the first time in the group's history, has surpassed the ceramic sector. Furthermore, the integration of Barcom into the group has facilitated cost optimization and improved profit margins, reinforcing the Group commitment to sustainable and efficient business practices.



05

Human resources



5.1 Safeguarding of workers' rights and equal opportunities

LB Group recognizes that embracing diversity and protecting workers' rights are crucial for driving sustainability, inclusivity, and the Group's growth. As emphasized in the Code of Ethics, the Group is dedicated to fostering the development and professional growth of each employee by respecting their physical and moral integrity. Any form of denigratory, oppressive, or harassing behavior is strictly prohibited to create an optimal working environment, and equal opportunities for employment, training, and career advancement are promoted.

This commitment to personnel management is reflected in the values of professionalism, loyalty, honesty, and collaboration. By preventing discrimination and moral or psychological harassment based on gender, age, ethnicity, religion, or sexual orientation, the Group creates a positive and inclusive work environment that supports the well-being and success of all employees.

Human resources targets and performance

TARGET	PERFORMANCE 2023
Definition of a health and safety policy, inspired by ISO 45001 standards	• Development and adoption of a Sustainability Policy, including issues related to health and safety at work. • Implementation of an health and safety management system aligned with ISO 45001. • Obtainment of ISO45001 certification in October 2023.
Definition of a regular performance evaluation system	• Implementation of an annual performance evaluation system, based on objectives and KPIs.
Definition of a structured training plan that allows for the continuous growth of individuals (in terms of knowledge and responsibilities) and that integrates training in the ESG field.	• Completed training on Legislative Decree 231 in 2021. • Conducted training on Privacy, GDPR, and cybersecurity in 2021. • Initiated new training sessions in 2023.

5.2 LB Group's people in 2023

The steady growth of the Group (10% more employees since 2022 and 17% since 2021) is a reflection of successful management and business practices and a commitment to fostering a positive and productive work environment.

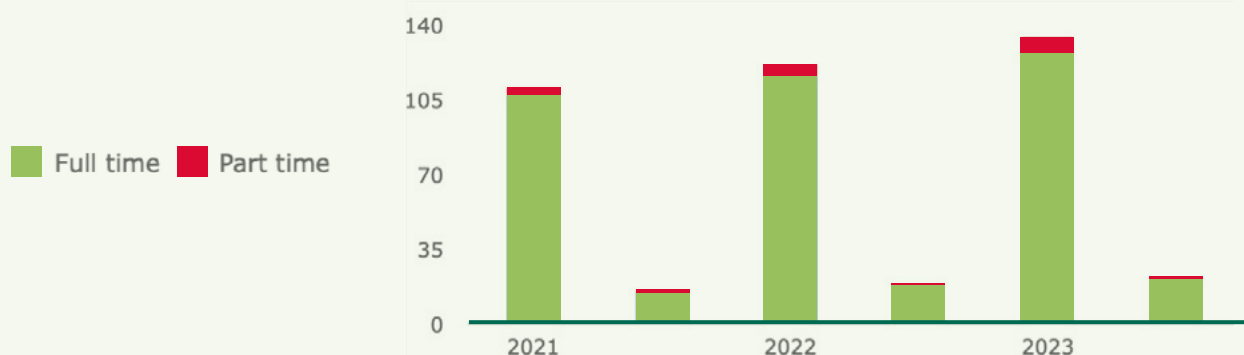
As of 31 December 2023, the workforce of the Group comprises 156 people, almost all (97%) of whom have permanent contracts. This reflects an 11% increase in the workforce compared with 2022.

Aligned with the Group's Code of Ethics, LB strives to ensure equal opportunities for all employees and cater to their needs, such as accommodating requests for part-time employment. Notably, part-time staff constitute approximately 6% of the total workforce, marking an increase of three part-time workers in 2023 compared to 2022. Moreover, all LB Group employees are covered by collective bargaining agreements (CCNL Metalworking type), underscoring the Group's emphasis on favorable working conditions and fostering positive employer-worker relationships.

Number of employees by type of contract (permanent and fixed term) and gender

Contract type	31 December 2021			31 December 2022			31 December 2023		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Permanent	109	16	125	118	18	136	131	20	151
Fixed term	1	-	1	3	1	4	3	2	5
Total	110	16	126	121	19	140	134	22	156

Employment by type of work and by gender in 2023



Percentage of employees* by professional category and gender

Professional category	31 December 2021		31 December 2022		31 December 2023	
	Men	Women	Men	Women	Men	Women
Executives	100%	0%	100%	0%	100%	0%
Managers	100%	0%	100%	0%	100%	0%
Office workers	80%	20%	78%	23%	76%	24%
Factory workers	100%	0%	98%	2%	100%	0%
Total	87%	13%	86%	14%	86%	14%

In 2023 there has been no significant change in the gender distribution of the Group's employees compared to 2022. Approximately 86% of the total workforce consists of males, while, as observed in previous years, females are most represented within the office and administrative staff. This distribution aligns with LB Group's business type, which involves considerable amount of manual work traditionally covered by men. Nonetheless, women within the LB Group hold prominent positions and make significant contributions to the Group's success.

Percentage of employees by professional category and age group

Professional category	31 December 2021			31 December 2022			31 December 2023		
	<30 years	30-50 years	>50 years	<30 years	30-50 years	>50 years	<30 years	30-50 years	>50 years
Executives	0%	0%	100%	0%	50%	50%	0%	50%	50%
Managers	0%	43%	57%	0%	10%	90%	0%	14%	86%
Office workers*	16%	51%	33%	16%	54%	30%	20%	53%	27%
Factory workers*	14%	41%	46%	13%	40%	48%	11%	39%	50%
Total	14%	47%	39%	14%	46%	41%	16%	46%	38%

During 2023 the greater part of the workforce (**46%**) was in the **30-50 age group**, followed by the **over 50s (38%)**. In the LB Group commitment to fostering diversity and innovation, the Group emphasized the recruitment of young graduates, resulting in a 2% increase in employees under 30, now totaling 16%. These individuals were identified through internships conducted in collaboration with universities and ITS (Higher Technical Institutes). (For further details, please refer to Section/Chapter 8.3).

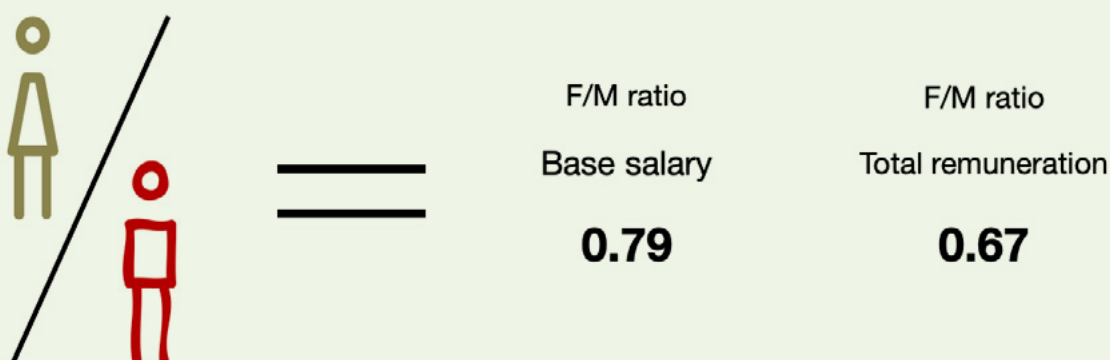
Notably, compared with 2022, the LB Group workforce hired **three additional employees belonging to a protected category** in 2023.

In 2023, the **ratio of basic salary of women to men** was 0.79 for office workers, increasing by 0.3 points compared to 2022. In 2023, there were no women in the factory workers category; therefore, this data for factory workers has not been computed.

In this spirit of progressive change, we have also initiated a comprehensive reorganization of our compensation and incentive framework. This new approach, still in its developmental stages, will be implemented in the coming years. It aims to assess pay and incentives based on individual performance, reflecting our commitment to a merit-based system that recognizes and rewards excellence.

*Factory workers are individuals who perform tasks requiring physical strength or skill rather than office work. In contrast, office workers are those who engage in tasks typically conducted in an office or other professional environments.

Ratio of basic salary and remuneration of women to men in 2023 for the Office workers category



5.3 Development of professional and business skills

The LB Group is dedicated to establishing a safe and welcoming workplace that encourages both personal and professional growth. The Group actively promotes various training programs, including optional ones, and has increased its workforce, particularly by hiring more young people, over the past year. The Group prioritizes the professional development of its employees, ensuring a work environment that upholds workers' rights and fosters equal opportunities for everyone.

The Group places great importance on identifying and developing new talent for its team. To this end, LB Group actively scouts for new human resources on LinkedIn, with a particular focus on engaging with young graduates.

Indeed, the Group has initiated various programs in collaboration with universities, particularly the University of Modena, to offer internship opportunities to students.

New recruits and leavers

As evidenced in its Code of Ethics (for further details, please refer to Section/Chapter 3.2), during the selection and recruitment process, the Group adopts evaluation criteria based on the actual abilities and skills of individuals, adhering to the principle of equal opportunities without any favoritism.

During 2023, 35 new persons joined the Group, of which 88% men and 12% women. A high percentage (32%) of the new hires fall under the age of 30, while 22% have 30 to 50 years, and the remaining 19% are into the older bracket (over 50 years).

Overall, the inbound **turnover rate** is 22%, while the outbound rate is 15%.

New recruits by age band

Number of recruits	31 December 2021			31 December 2022			31 December 2023		
	<30 years	30-50 years	>50 years	<30 years	30-50 years	>50 years	<30 years	30-50 years	>50 years
Men	5	10	7	7	9	6	6	14	11
Women	-	-	-	1	3	1	2	2	-
Total	5	10	7	8	12	7	8	16	11
Inbound turnover rate (%)	28%	17%	14%	42%	19%	12%	32%	22%	19%

Leavers by age band

Number of leavers	31 December 2021			31 December 2022			31 December 2023		
	<30 years	30-50 years	>50 years	<30 years	30-50 years	>50 years	<30 years	30-50 years	>50 years
Men	1	7	11	4	13	11	2	8	8
Women	-	-	-	1	1	2	-	-	1
Total	1	7	11	5	14	13	2	8	9
Inbound turnover rate (%)	6%	12%	22%	26%	22%	23%	8%	11%	15%

Training

LB Group implements a comprehensive program of development pathways and training initiatives designed to enhance the expertise of its employees and collaborators. This includes delivering specialized training courses tailored to specific needs. The goal is to continually enhance the Group's human capital. Additionally, LB Group defines strategies for the regular assessment of personnel needs, satisfaction, and performance to effectively manage the risks associated with losing specialists.

Technical training needs are formalized with a view to **maintaining qualitative standards** at corporate and individual level. These include awareness about occupational health and safety matters, as well as the development of soft skills.

In total, each Group's employee performed approximately **8 hours of training in 2023**. The average number of training hours received by each employee was similar to those received during 2022, with a reduction from 10 to 8 hours.

Trainings in 2023 focused on new certifications, digital instruments, communications and interpersonal relations.

Average hours of training by professional category

Average training hours	31 December 2021	31 December 2022	31 December 2023
Executives	88	6	13
Managers	59	16	5
Office workers	45	13	10
Factory workers	10	3	4
Average	36	10	8

Average hours of training by gender

Average training hours	31 December 2021	31 December 2022	31 December 2023
Men	36	8	7
Women	35	16	11
Average	36	10	8



5.4 Health, safety and well-being of employees

Attention to human capital has always been a cornerstone of LB Group's activity. The values and principles of the Group's people reflect what it promotes and disseminates during its operations. With this in mind, the Group promotes a safe work environment that fosters and supports personal and professional growth. For this reason, LB Group employs management systems aimed at ensuring high standards of occupational health and safety, particularly for its production facilities and off-site work. Furthermore, workplace injuries are monitored and analyzed, and specialized training courses on health and safety are implemented.

Hazard identification and mitigation

The LB Group identifies work-related hazards in its Risk Assessment Document (DVR) and adheres to the Italian Decree 81/2008 standards to enhance occupational health and safety. In compliance with regulatory requirements, the Group:

- Evaluates and addresses risk factors;
- Tracks prevention and protection progress through a Role Identification and Implementation Program;
- Conducts regular inspections and meetings for continuous improvement.

Before opening a new work site, the Group inspects it for potential safety issues and defines necessary measures. The RSPP (Responsible for the Prevention and Protection Service) conducts initial and follow-up inspections to ensure compliance. To mitigate risks, LB Group follows a Worksite Start-up Procedure and performs periodic site inspections.

The principal hazards associated with the work performed by the Group include:



Chemical/silica toxicity risk at the Technology Centre, where suitable face masks are provided and the presence of free silica is monitored periodically via laboratory analyses. In order to eliminate these hazards and minimise the risks, LB Group implements a Worksite Start-up Procedure and, via the RSPP, carries out periodic site inspections.



Working at height, with the risk that employees at external sites might fall. This risk is mitigated via the on-site cutting of all sheet metal needed for silos, thus avoiding the need for aerial platforms with dangerous openings.

All the routine activities of production operatives are considered low risk since they involve manual work without hazardous equipment or shaving removal.

In 2023, LB Group experienced **no work-related injuries**, indicating the effectiveness of its safety protocols and risk management strategies. This positive outcome suggests LB Group's proactive approach to ensuring a safe work environment, supported by a consistent decrease in work-related injuries over the past three years. Additionally, no injuries were reported among external workers during this period.

Despite this strong record, the Group is committed to raising awareness about workplace risks by offering additional, non-mandatory training courses on health and safety topics, such as worksite protocols, the use of personal protective equipment (PPE), and the safe handling of electronic devices. Moreover, traveling technicians receive comprehensive training on all aspects of occupational health and safety. When visiting customers, these technicians ensure compliance by requesting training certificates and other relevant documents, which employers in the European Union use to fulfill their obligation to provide corporate safety information.



Work-related injuries to employees

	31 December 2021	31 December 2022	31 December 2023
Number of registrable work-related injuries	3	1	0
<i>of which serious work-related injuries (excluding death)</i>	0	0	-
<i>of which, deaths following work-related injuries</i>	0	0	-
Hours worked²	224946	287616	269210
Rate of registrable work-related injuries³	2.66	0.7	0
Rate of serious work-related injuries (excluding death)	0	0	0
Rate of deaths following work-related injuries	0	0	0

²The number of hours worked by Group employees has been estimated with reference to the average number of hours worked by each employee.

³Injury rates are calculated as follows: ((number of injuries by category/total hours worked) x 200,000).



Focus on ISO 45001:2018



In October 2023, the Group underwent the certification process for **ISO 45001 certification for workplace health and safety** (certificate released on December 2023), a prestigious acknowledgment of its commitment to ensuring a safe and secure environment for employees and collaborators. Protecting health and safety has always been a top priority for the Group and achieving this certification affirms LB Group continuous pursuit of high standards across all areas of its own operations.

This certification fit perfectly the **goal of the 2030 agenda by acting concretely towards workplace risk reduction and overall performance improvement.**

Also, thanks to this important certification, LB will continue to promote actions of corporate responsibility towards its people.

Welfare initiatives

The LB Group has implemented various initiatives aimed at enhancing the overall well-being of its employees, including benefit packages and flexible working arrangements designed to foster a high-quality work environment and enhance employees' work-life balance.

The Group has a corporate welfare system and internal communications strategies, offering comprehensive health and supplementary insurance coverage for all employees, covering work-related and non-work-related injuries resulting in disability.



06

Environmental responsibility



Since its creation, the LB Group has consistently prioritized environmental responsibility, making it a cornerstone of its mission. Founded in 1973, the Group has diversified its business sectors over the past 50 years, always maintaining a steadfast commitment to sustainability. From the beginning, LB Group's technology stood out as more sustainable than other market options, designed with principles of circularity and resource efficiency at its core. This determined focus on sustainability has been integral to LB's vision and operations.

Over the decades, LB Group has continuously integrated sustainable practices into its development and production processes. To further strengthen its dedication to environmental stewardship, the Group has embarked on a comprehensive and structured journey to understand and mitigate the environmental impact of its activities, including those within its supply chain.

To achieve this, LB Group has implemented specific measures such as calculating the Group's Carbon footprint. This initiative is part of a broader effort to track and reduce emissions, improve resource management, and promote sustainable practices throughout the organization. By identifying and quantifying its carbon emissions, LB Group can take targeted actions to minimize its environmental footprint.

Environmental targets and performance

TARGET	PERFORMANCE 2023
Definition of an environmental policy and formalized energy consumption management, inspired by ISO 14001 standards	The ISO 14001 certification has been obtained in October 2023
Definition of principles and requirements for the quantification and reporting of greenhouse gas (GHG) emissions and their subsequent removal, inspired by ISO 14064 standards	A preliminary model for quantifying GHG emissions, updated in 2023 to include Barcom, is now available.
Definition of a plan of initiatives aimed at reducing environmental impacts (e.g., purchase of green energy, CO2 emissions offsetting) in relation to the results from the Carbon footprint analysis.	Several proposals are under evaluation
Regulate the identification, management, and disposal of new laboratory waste.	Defined within the scope of ISO 14001.

The Group is continuously updating its environmental policy each year, adapting to global requirements and industry standards.

6.1 Energy consumption

As an important part of managing resources effectively, LB Group periodically monitors energy consumption across the offices and factories. This periodic assessment enables the identification of opportunities for energy savings and enhance overall energy efficiency.

In line with the Group commitment to continuous improvement, the LB Group has expanded its monitoring efforts. Since 2023, Barcom has been fully integrated into the Group energy monitoring program. LB Group primary sources of energy consumption encompass:



Natural Gas

Utilized for heating internal spaces and work areas.



Gasoline

Utilized for the Vehicle Fleet for transportation.



Electricity

Sourced from the grid, predominantly from non-renewable sources.

Use of renewable energy

To rely less on electricity from the grid and boost the use of clean energy, several photovoltaic plants were installed in 2011.

At the Fiorano Modenese plant, a substantial portion of the energy requirements for LB Officine Meccaniche S.p.A. is now met through the electricity generated by these photovoltaic panels. Similarly, at the Sassuolo plant, the photovoltaic installations supply a portion of the electricity needs for Sermat.

In 2023, the photovoltaic systems generated approximately 613 GJ of electricity.

Finally, in early 2024, LB Group signed an energy contract to be sourced with 100% of renewable energy.



Energy efficiency measures

The LB Group is actively working on upgrading the energy efficiency of its plants by developing machinery with reduced energy consumption requirements, such as the LB Hybrid technology (For further details, please refer to Chapter /Section 7.1).

Moreover, Barcom drives the change in industry with its new Heat Recovery System, which captures and reuses hot air from industrial process to optimize energy efficiency. This also brings advantages like reduction of CO2 emissions and economic savings for the clients.

In 2023, total energy consumption rose from 9,129 GJ to 10,175 GJ, an increase of 11.4%. This growth is primarily due to the acquisition of Barcom by the Group over the past year. Despite the higher consumption, 6% of the total energy used in 2023 was sourced from renewable sources.



2023 Highlights

In 2023, **Barcom relocated its headquarters, transitioning to a fully electric setup in the new premises.** Through this transition, Barcom replaced gas heating systems entirely, resulting in a remarkable reduction in total energy consumption.

From 1084 GJ in 2022, energy usage dropped to 946 GJ in 2023, showcasing a notable 13% decrease from the previous year. This strategic move significantly contributed in setting a new achievement for more eco-friendly business operations.



Vehicle Fleet

The LB Group's own vehicle fleet consists of 40 Group 's cars. In line with the Group's sustainability commitments, the Group is actively working to transform the fleet to reduce gasoline consumption. During 2023, the Group acquired its first hybrid vehicle and is currently installing charging stations to facilitate the adoption of more electric vehicles. Significantly, diesel consumption decreased by 14.1% from 2022 to 2023, dropping from 2,024 liters to 1,737 liters.

Together with the transformation of the fleet, LB Group is also focusing on promoting sustainability by substituting in-person meetings with virtual ones wherever feasible.

Energy consumption within the organization

Energy consumption ¹ (GJ)	31 December 2021	31 December 2022	31 December 2023
Fuel (natural gas)	4,927	4,289	4,583
Electricity purchased from the grid (from non-renewable sources)	1,765	2,138	2,423
Electricity self-generated from renewable sources	673	678	613
<i>of which sold to the grid</i>	265	274	243
Vehicle fleet ² (diesel)	2,339	2,024	2,256
Total energy consumption	9,704	9,129	10,175
<i>Of which renewable sources (%)</i>	6.9%	7.4%	6.0%

¹The factors used for the conversion of energy consumption into GJ are published by ISPRA (2019) and in the FIRE Report on Energy Managers, 2018.

²The factors used for the conversion of fleet consumption into GJ are published by NIR: ITALIAN GREENHOUSE GAS INVENTORY 1990 - 2017 - NATIONAL INVENTORY REPORT 2019 and FIRE: Energy Manager Guidelines 2018. Data for the two-year period 2020-2021 was estimated from the average distance travelled (km) by company cars, which is monitored annually.



6.2 Carbon footprint focus

For the first time in 2021, the Group assessed its Carbon footprint in accordance with international standards (ISO 14064-1:2019). This initial analysis, completed in 2022, improved the recording of energy consumption data, establishing the initial baseline to set improvement targets and develop a long-term strategy for emissions reduction.

In 2023, the Group reassessed its Scope 1 and 2 emissions and plans to re-evaluate its Scope 3 emissions in 2024, as the last Scope 3 assessment was conducted in 2021. The Group is committed to revisiting its Scope 3 emissions inventory each three years to ensure ongoing improvements on the potential areas of improvement identified, such as collaborating with suppliers to procure raw materials with a lower carbon footprint.

In 2024, the Group is also working to certify its GHG emissions inventory for 2023, according to the ISO 14064 certification.



Scope 1 emissions

With this term, the GHG Protocol* identifies emissions that are under the direct control of the organization and are generated within its operational boundaries

Scope 2 emissions

With this term, the GHG Protocol identifies indirect GHG emissions resulting from purchased energy, generated outside the company's boundaries but consumed internally. Scope 2 GHG emissions can be location or market based**.

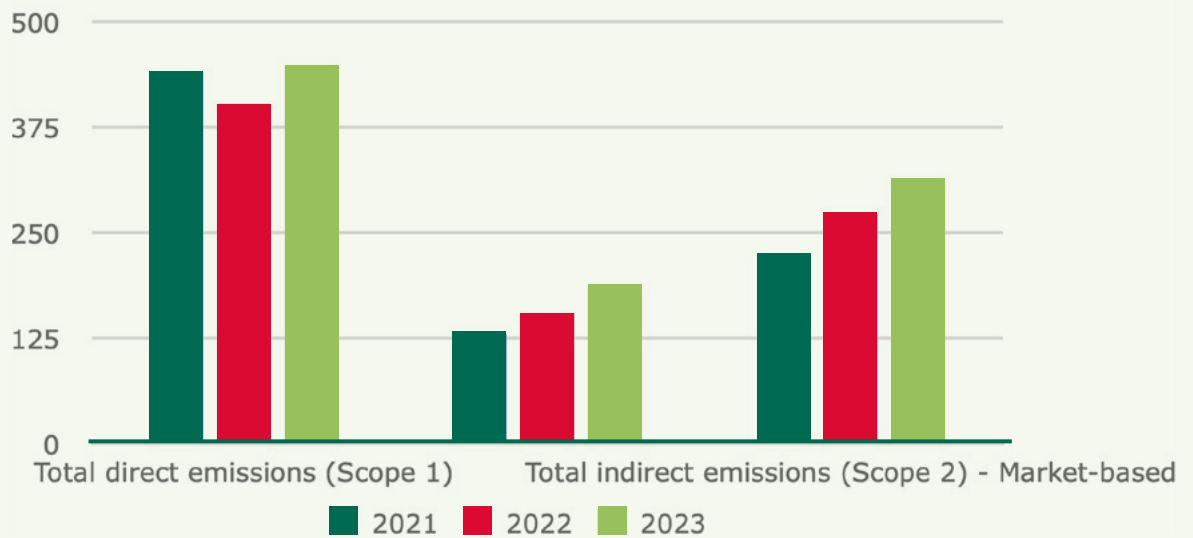
Scope 3 emissions

With this term, the GHG Protocol identifies all other indirect emissions that are not under the control of the organization, excluding those of Scope 2. These are indirect emissions resulting from the upstream supply chain and the downstream distribution chain.

*The GHG Protocol is an internationally recognized set of guidelines and standards developed to facilitate the measurement and management of greenhouse gas (GHG) emissions. It provides organizations with a comprehensive framework for calculating emissions across different sectors and scopes, allowing for consistent and comparable reporting of environmental impacts.

** The "Location-Based" approach calculates emissions using average factors for energy generation within specific geographical areas. The "Market-Based" approach uses emission factors defined by contractual agreements with electricity suppliers. Since the Group lacks specific contracts with its electricity supplier, it uses the emission factor for the national residual mix for the Market-Based approach.

Environmental targets and performance



Emissions (ton CO ₂ eq)	31 December 2021	31 December 2022	31 December 2023
Total direct emissions (Scope 1) ¹	440	402	448
Total indirect emissions (Scope 2) - Location-based ²	129	154	188
Total indirect emissions (Scope 2) - Market-based ³	225	272	314
Total Scope 1 and Scope 2 emissions (Location-based)	570	557	636
Total Scope 1 and Scope 2 emissions (Market-based)	665	675	762
Energy emission intensity (CO₂eq/€)	0.028	0.020	0.022

[1] The 2020 and 2021 Scope 1 emissions were calculated using the emission factors published by the Ministry of the Environment - Table of national standard parameters for the monitoring and communication of greenhouse gases.

[2] The Scope 2 - Location-Based emissions were calculated using the emission factors published by ISPRA - GHG atmospheric emission factors in the national electricity sector and in the principal European countries.

[3] The Scope 2 - Market-Based emissions were calculated using the emission factors published by the Association of Issuing Bodies (AIB) European Residual Mixes (2019 and 2020).

Analyzing the Group's activities on a like-for-like basis compared to 2022, Scope 2 emissions (location-based) increased by 22%, and Scope 1 emissions increased by 11%. The energy emissions intensity also increased from 0.20 to 0.22 (11%) over the past year. This rise can be primarily attributed to the acquisition of Barcom in April 2022, with its emissions being included in the Group's footprint from April onwards. Consequently, this year is the first to represent the full year's emissions from all three companies in the group. In addition, during 2023, the Group production incremented by 11%.

GHG emissions reduction initiatives

LB Group is constantly seeking to improve its GHG emission reduction strategy. Beyond the energy efficiency measures already mentioned, the Group is working on several organizational initiatives:

- **Identify products that could reduce the reliance on materials with high carbon footprints (e.g., carbon steel);**
- **Minimize urgent shipments (e.g., airplanes or ad-hoc expeditions) that are only used when absolutely necessary to meet the Group's customers' needs;**
- **Replace in-person meetings with virtual ones.**

The Group is also endeavoring to enhance its decarbonization strategies by engaging in a new partnership with MUGO, a company that helps in developing carbon neutrality strategies and decarbonization pathways, thanks to CO2 reduction activities and carbon offsetting.

6.3 Use of sustainable raw materials

LB promotes the responsible use of resources within a circular economy framework, aligning its productive activities with strategic sustainability guidelines. Since its beginnings, LB Group has addressed market demands with innovative technology that reduces the direct environmental impacts of production. Coupled with innovation and efficient production processes, this approach ensures that the Group's machines have a life cycle of about 30 years, offering longevity and durability over time, while focusing on energy consumption and material usage.

Materials used by weight or volume

Weight of raw materials used (tons)	31 December 2021	31 December 2022	31 December 2023
Packaging	18	49.93	51.40
<i>of which from renewable materials (%)</i>	27%	96%	96%
Materials for plant metalwork	922.93	216.09	2,260.21
<i>of which from renewable materials (%)</i>	0%	0%	0%
Total raw materials used	940.94	266.02	2,311.62
<i>of which from renewable materials (%)</i>	1%	18%	2%
Total recycled input materials used	0	0	0

In the LB Group packaging operations, raw materials are categorized into renewable materials*—such as crates, cages, pallets, and cardboard boxes—and non-renewable materials*, including plastic, polyethylene, and nylon.

In 2023, the usage of packaging materials increased by 3% compared to 2022, yet 96% of the materials used were renewable. This reflects the Group ongoing commitment to sustainable practices in packaging.

Additionally, the significant increase in materials used compared to the previous year is primarily due to the type of equipment sold, particularly the greater presence of metal structures. Materials data can fluctuate considerably year to year due to the variability in equipment sold and the estimation methods used for calculating weights based on similar items. The increase in 2023 is also due to a recalibration of the previous year's data, achieved by refining the Group calculation method to ensure the most accurate data possible.

*** Renewable materials are derived from abundant resources that are quickly replenished by ecological cycles or agricultural processes. This ensures that the services provided by these and other linked resources are not endangered and remain available for future generations. Non-renewable materials, on the other hand, are resources that do not renew in short time periods.**

New technology for the recovery of production scraps

At 16 June 2023, Sermat, one of the three companies of the Group, has developed a new technology for the recovery of fired scraps to meet the demands of the ceramic sector, enabling the reuse of these scraps in production lines.

This innovation supports circular economy by enhancing plant efficiency, reducing waste, and extends maintenance intervals, contributing to both economic and environmental sustainability goals.



6.4 Responsible management of production waste

Upon completing various processing activities at LB Group facilities, the production residue is managed in compliance with current environmental regulations and internal procedures. Waste traceability is ensured through the input/output register and the Combined Environmental Declaration Form (MUD in Italian), which must be filed annually by waste producers.

Waste produced, not sent for disposal and sent for disposal

Composition of waste produced (tons)	31 December 2021	31 December 2022	31 December 2023
Hazardous waste	4.10	3.30	25.70
Non-hazardous waste	299.20	491.70	571.90
Total waste	303.40	495.10	597.50
of which sent for disposal (%)	100%	75%	75%

Most of the waste produced during 2023 consisted of wastes from construction and demolition operations (96% of the total), followed by packaging waste, absorbents, rags, filter materials and protective (3,9% of the total).

In 2023, hazardous waste at LB Group increased by 7 times compared to the previous year, this increase is caused mainly by an overall increase in sales and laboratory use. Non-hazardous waste remained constant, with a 16% increase from the previous year. Overall waste increased by 21%. Of this total waste, 75% is sent for disposal, while 25% is recycled.

2023 Highlights



In 2023, LB initiated a partnership with PrintReleaf, a program designed to measure and offset paper consumption through reforestation efforts. This collaboration involves accurately tracking the paper usage of LB's employees using market-leading software that integrates seamlessly with the company's existing systems.

Through PrintReleaf, LB is given the opportunity to choose where to reforest to compensate its paper consumption, selecting from a network of certified global reforestation projects. This ensures that the environmental impact of LB's paper use is mitigated by contributing to the growth of new forests in various parts of the world.

The LB Group is committed to offsetting all the paper it consumes by planting trees corresponding to its usage. This reforestation effort is carefully monitored and verified through the company's app, ensuring transparency and accountability in the process. The entire initiative is certified, guaranteeing that the reforestation projects meet high standards of sustainability and environmental stewardship.

By participating in this program, LB not only addresses its own paper consumption but also contributes to broader environmental conservation efforts.

07

Responsibility for products and services



7.1 Product quality, innovation and safety

Continuous product and process innovation has always been integral to the Group's DNA, driving the creation of a new generation of technologies. This philosophy led to the establishment of the LB Group Technology Center, a modern Research and Development laboratory equipped with systems and technologies akin to those used in industrial plants.

For LB Group, innovation means blending and evolving productivity, quality, and technological advancement to support customers throughout every phase of the supply process, from project consulting to after-sales service. Investment in research and innovation is indispensable for the Group, as it is the only way to improve efficiency and enhance the Group ability to serve customers.

With 50 years of history in the ceramic plant engineering sector, LB holds numerous patents developed over the years.

Looking to the future, to meet the increasing demand, LB Group aims to expand business productivity while reducing production costs and environmental impact.

TARGET	PERFORMANCE 2023
Update of the quality manual and procedures	Update of some procedures (Offer, Order, Purchases, Production, Service), others in completion or revision (Technical Office). Revision of the Quality manual.
R&D activities with an environmental impact on reducing consumption	Introduction of new technologies with environmental impact reduction such as the scrap and heat recovery system.

Throughout its history, LB has developed various technologies with a strong focus on research and development and environmental sustainability. These technologies are highlighted in the table below.

LB Technologies	Description	Technological and environmental advantages
	Easy Color Boost (ECB) is an evolution of the process currently known as dry colouring, a bridge between the traditional and consolidated technology already patented by LB and the new system, also covered by patents. This innovative colouring method, which reduces and optimises the cycles and times for colouring/mixing and washing, eliminates the defects of the systems currently in use; ECB also distributes the colouring oxides better and makes the finished product more homogeneous, even when colouring with several pigments.	
	DIVARIO is a new concept feeder that combines greater aesthetic-productive potential with a marked reduction in operating and maintenance costs. Simplicity and flexibility are the two key concepts underpinning the technological research that produced DIVARIO, following the most advance design criteria and with greater focus on reducing the footprint and downtime and improving energy efficiency.	CONTINUITY Ability to upgrade existing plants. EFFICIENCY Shorter production times.
	FREESTILE is a revolutionary system to prepare powder that simplifies and reduces ceramic production layouts and increases effectiveness, flexibility and chromatic variability when producing fine porcelain stoneware, whether technical or enamelled. The process employs the EASY COLOR BOOST innovative technology to dry-colour ceramic paste and DIVARIO, the revolutionary press-feeding system.	FLEXIBILITY Increased chromatic intensity and opportunity for rapid product differentiation. SUSTAINABILITY Lower energy and water consumption and maintenance costs.
	LBXTRA technology guarantees high production flexibility and, with dual loading, enables aesthetic effects to be achieved even on large format tiles.	SIMPLICITY Ease of use and maintenance.
	In the ceramics sector, the innovative LB MIGRATECH technology for dry grinding with microgranulation means that the paste obtained has good smoothness and is easy to de-aerate during pressing, ensuring even compaction of the ceramic product. The high quality obtained is comparable to that of wet grinding <u>processes, but</u> stands out due to the reduced environmental impact in terms of lower gas (-74%), electricity (-53%) and water (-80%) consumption, as well as lower carbon dioxide emissions (-74%), with recovery of the investment in 12/18 months on average.	INNOVATION Elimination of mechanical stress, greater homogeneity of granules, reduction in colouring times, ability to replace the kit <u>in order</u> to obtain different aesthetic effects, elimination of production downtime. Respect for the environment.

	The LB Hybrid technology for the preparation of ceramic pastes has been designed to optimise production costs; this solution (patented) allows dry grinding and wet grinding to co-exist. The hybrid solution guarantees maximum plant flexibility, with the ability to adapt to every customer need while targeting energy saving and eco-sustainability. The powder obtained from dry grinding is homogenised with the slip obtained from wet grinding to obtain a microgranulate. Even in terms of space, the optimisation allowed by the Hybrid technology <u>reduces significantly</u> the footprint with respect to standard plants.	
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LB Group is continually developing and updating its technologies to meet market demands. In addition to the flagship LB Hybrid project developed in 2022, the Group developed and updated several other technologies in 2023:

2023 LB Technologies	Description	Technological and environmental advantages
	Easy color boost 2.0 is an evolution of the continuous dry coloring system, allowing for the application of new materials to reduce wear. In 2023, access to the machine for maintenance operations was redesigned, and the project was reconfigured to offer greater compactness in installations. The first prototype was installed at a client's site in Italy in this year to validate project performance.	Flexibility: Increased chromatic intensity and opportunity for rapid product differentiation Innovation: Higher product quality and greater compactness in installations.
	Naturtech 2.0 is a new system that allows the control of vein inclination laterally, providing greater repeatability of vein position on the plane and increasing hopper extraction performance.	Sustainability: Reduction of material waste in production processes, water and chemical use.
	Scrap Recovery System: In 2023, the LB Group introduced the Scrap Recovery System, an evolution of the Group's existing technology. This system crushes large scraps, such as thick tiles, into reusable pieces. The main advantages for the clients are: CO2 savings, reduced costs and reduced waste.	

	Heat Recovery System by Barcom: Also in 2023, the LB Group introduced the Heat Recovery System by Barcom. This system captures and reuses hot air from industrial processes to boost energy efficiency. The advantages for the clients are multiple and tangible: reduction of CO2 emissions, significant economic savings and real-time system monitoring for efficient management.	
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Microgranulation in agri-food

LB Group is diversifying its R&D efforts across multiple sectors, no longer focusing solely on the ceramics industry but also exploring areas such as agri-food.

An example of this diversification is application of the microgranulation technology in the agri-food sector, which allows for targeted use of fertilizers in food production and agriculture.

Microgranules provide plants with the necessary nutrients at the right times, minimizing the risks of over-fertilization or nutrient deficiencies. This technology could be a significant step towards fighting eutrophication in water bodies, an environmental issue where excessive nutrient enrichment leads to overgrowth of algae, oxygen depletion, and the subsequent decline of aquatic life.

LB Group's microgranulation technology enables the precise application of the right amount of fertilizer at the optimal time, ensuring high-quality production and addressing the growing demand for agricultural productivity.

Product safety

Regarding product safety, LB Group complies with Machinery Directive 2006/42/EC by conducting specific activities in the design, manufacturing and installation phases to enhance the safety of equipment. In addition to the Machinery Directive, LB Group also complies with other relevant regulations governing safety and the conformity of products marketed in Europe, such as ATEX 2014/34/EU and Directive 2014/35/EU (the Low Voltage Directive). This comprehensive approach ensures that the Group meets the highest standards, reflecting the Group's commitment to the safety and well-being of its customers.



LB Group's high-quality engineering allows seamless integration of their products with other machinery, providing the "partly completed machinery" certification for incomplete applications or undetermined end-uses. They also offer after-sales safety checks, maintenance services, and comprehensive training during acceptance tests, covering product usage and maintenance procedures, detailed in an accompanying manual.

Demonstrating LB Group's commitment to quality and safety, the Group received no complaints leading to sanctions in these areas during 2021 and 2022. Starting in 2023, in alignment with their Life Cycle Perspective (LCP) approach - which involves participating in projects from the beginning of a product's life cycle through to its end - the Group began incorporating clauses into their user and maintenance manuals focused on the proper management of waste generated during product use and at the end of the product's life, currently applied to belts.



Focus on ISO 9001:2015



LB Group ensures the delivery of products and services that meet the highest quality standards through the **implementation of an ISO 9001:2015 certified Quality Management System (QMS)**. This QMS provides continuous **monitoring of business process quality and addresses the risks associated with meeting both internal and external quality requirements throughout the entire value chain of the Group**.

The requirements of this standard apply to the design, production, and installation of plant and machinery for the ceramics industry, as well as the processing of powders and materials in other industrial sectors.

An audit conducted in 2022 by ICIM (recognized certification entity) obtained as a result 0 non-conformities, 0 observations, and three recommendations.

During 2023, the Quality Manual was completely revised to incorporate a series of procedures aimed at maintaining high qualitative standards. Results from the latest surveillance audit (November 2023) showed 0 non-conformities, 0 observations and 3 recommendations.

08

Fostering value creation across the value chain



8.1 Customer satisfaction

At the LB Group, customer satisfaction is integral to business practices, demonstrating the Group's commitment to long-term success and maintaining a solid reputation. The Group believes that relationships with clients should be based on loyalty, fairness, and transparency, in full compliance with LB Group's Code of Ethics. (For further details, please refer to Chapter /Section 3.2).

LB Group is dedicated to safeguarding client interests by providing clear and accurate service information, helping customers make informed decisions and fostering trust. Clients consistently choose the Group for its meticulous attention to their needs and unique, exclusive products unavailable from other multinational companies. Additionally, LB Group's focus on reducing environmental impact and production costs, along with its certifications, management systems, and procedures, positions it competitively on the market.

LB Group international clients demand:

- Unique, exclusive, and difficult-to-replicate products
- Increased productivity and larger dimensions
- Reduction in production costs
- Environmental impact reduction
- Cutting-edge technology and services
- Extreme precision in every aspect
- Expertise and confidentiality
- Serious and reliable partners
- Technology and services compatible with Industry 4.0



LB Group's commitment to customers goes beyond installing production lines; it includes ongoing support through on-site technical assistance and online support. Embracing Industry 4.0 standards, which involve integrating cutting-edge technologies into modern industrial automation, LB's R&D division has developed advanced software systems to control the production cycle remotely using augmented reality. These systems ensure smooth daily operations and provide rapid response times in case of malfunctions.

30 minutes

A CALL IS RECEIVED

1 hour

START SUPPORT WORK ON PROBLEMS THAT AFFECT THE FUNCTIONING OF THE PLANT

2 hours

START SUPPORT WORK ON PROBLEMS THAT RESTRICT FUNCTIONING OF THE PLANT

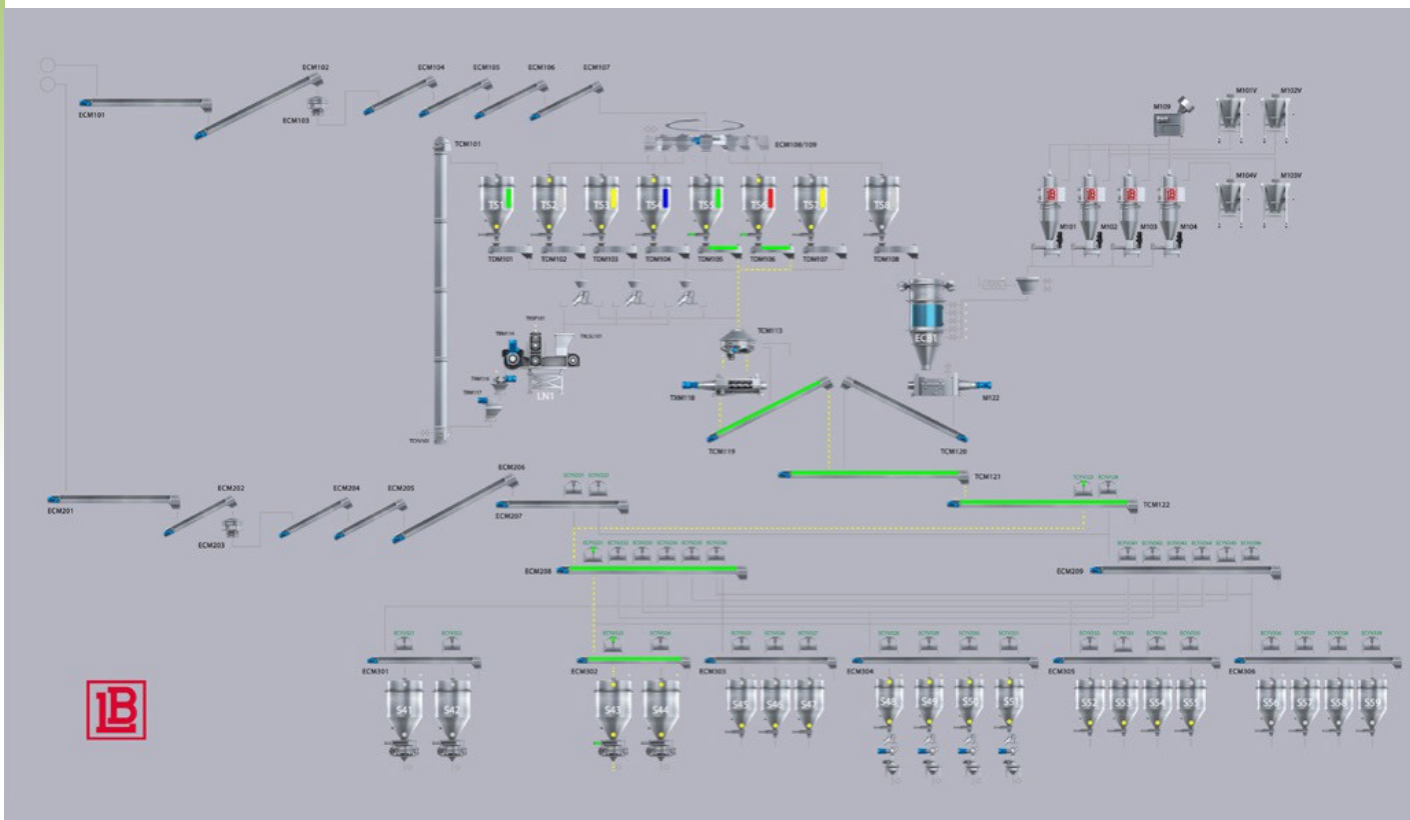
24 hours

START SUPPORT WORK ON PROBLEMS THAT DO NOT AFFECT OR RESTRICT THE FUNCTIONING OF THE PLANT

The MyPlus software platform provides detailed and effective information for optimizing production processes, featuring an intuitive graphic interface and optional modules for operators.

LB's maintenance management function is designed to plan and enhance maintenance activities, ensuring the longevity and quality of its plants. By analyzing usage statistics, it identifies inefficiencies and issues, enabling precise corrective actions. Trend analyses optimize machine and line setups for maximum productivity and efficiency, while material consumption reports improve procurement and overall production control.

MyPlus offers a comprehensive, modular, and scalable solution for all LB technology systems, ensuring ease of use for operators.



LB Group worldwide presence

LB has participated in many exhibitions worldwide to showcase its products and engage with customers.



The most prominent event in 2023 was **Powtech** in Nuremberg, Germany. This premier global exhibition for experts in powder, granulate, and bulk solids provided a platform for LB Group to showcase its latest advancements in granulation and compaction technologies, supported by a team of experts who engaged with the community.



In July 2023, the group also participated in **COLLECTIO**, organized by Colorobbia in Ho Chi Minh City, Vietnam. Here, LB Group offered a global perspective on its innovations within the ceramic sector. Additionally, LB Group made a significant impact at the **Revestir** exhibition in America, where visitors to the Group stand showed particular interest in kits for ceramic's aesthetic effects and, notably, the highly demanded dry porcelain manufacturing technology.



Another key event was **Indian Ceramic**, where in 2023, LB presented cutting-edge technological innovations in aesthetic effects for ceramic products. This exhibition was a notable success for the Group, drawing keen interest from visitors worldwide, including a substantial number from the United Arab Emirates and neighboring countries.



8.2 Responsible supply chain management

For the LB Group, suppliers are key partners in strengthening its core business and exploring new opportunities. Building strong relationships with suppliers is vital, facilitating the exchange of capabilities and expertise. This collaboration supports responsible management of procurement processes and promotes efficiency and sustainability across the supply chain.

Highlights 2023

TARGET	PERFORMANCE 2023
Update of the quality manual and procedures	• Obtention of the ISO 9001 certification for suppliers. • Development of a new supplier evaluation form, which takes into account the presence of certifications or management systems comparable to ISO14001 and ISO45001, sustainability reports and GHG inventories.

The Group's supply chain is characterized by a balanced allocation of expenditures: 25% on materials and raw materials, 18% on industrial carriers and machines, 29% on custom metalwork, and 28% on maintenance, transportation, and services. These allocations underscore the Group's commitment to quality, operational efficiency, and innovative solutions, which are integral to its sustainability strategy.

Supplier management responsibilities are centralized and entrusted to a team of experienced purchasing professionals. This team manages various expenditure streams based on the relevant product categories.

In line with the Group's Code of Ethics, the commitment to ethical sourcing is further strengthened by including specific clauses in contracts with suppliers from countries deemed **“at risk” for human rights violations**. These clauses require suppliers to uphold fundamental worker rights and reject child labor. More broadly, these clauses aim to promote socially responsible practices throughout the supply chain, encouraging suppliers to adopt sustainable.

The Group's supply chain is largely comprised of loyal suppliers who contribute to creating value within the regional context of which the Group is part. This approach indirectly aids in the development of skills and knowledge within the local area, fostering trusting relationships with nearby and similar entities.

Through the implementation of a computerized supplier register, LB Group has consolidated its supplier selection and evaluation procedures based on criteria such as quality, price, delivery times, and proximity to customers. This approach supports the maintenance of long-term relationships with LB Group's suppliers and directs periodic inspections of their sites, emphasizing their strategic and economic importance to the Group.

Supplier evaluation

In 2023, LB Group updated its supplier evaluation questionnaire to ensure alignment with **ISO 9001 (Quality Management)**, **ISO 14001 (Environmental Management)**, and **ISO 45001 (Occupational Health and Safety Management) standards**. Aligning with these standards helps the Group achieve and maintain high levels of quality, sustainability, and safety, which are essential for meeting customer expectations, regulatory requirements, and enhancing overall operational efficiency.

The revised questionnaire now includes ESG performance related aspects, such as:

- **Presence of a sustainability report;**
- **Implementation of governance systems (e.g., Model 231);**
- **Presence of a greenhouse gas (GHG) inventory;**
- **Social responsibility initiatives.**

This comprehensive update has significantly enhanced LB Group's ability to oversee and manage its value chain by tracking and assessing environmental sustainability and social responsibility.



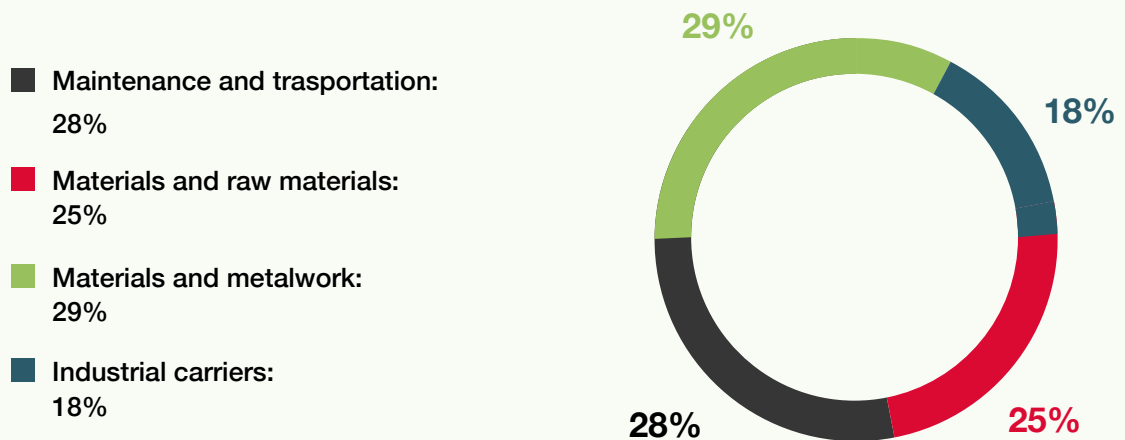
Thanks to this approach, 10% of new suppliers were screened based on social criteria in 2023. This shift reflects a growing recognition of the importance of social considerations in supplier selection and highlights LB Group's commitment to more sustainable and ethical sourcing practices.

New suppliers that were screened using social criteria

New suppliers that were screened using social criteria	2021	2022	2023
Percentage of new suppliers that were screened using social criteria.	0	0	10%

LB Group also conducts regular supplier audits tailored to their strategic and economic importance. These audits, both before and after signing contracts, are typically conducted on-site and assess areas like work quality and occupational health and safety compliance with established procedures and standards.

Percentage of payments made by type of supply in



8.3 Local involvement and awareness

The attention to stakeholders across LB Group's value chain and the emphasis on fostering sustainable relationships generates positive shared values. The group's commitment to community involvement stems from the belief that a thriving local environment benefits everyone, promoting mutual growth and resilience. By actively engaging with and supporting the communities in which it operates, LB Group not only contributes to their social and economic development but also enhances its own sustainability and corporate responsibility.

Highlights 2023

TARGET

Definition of a strategic plan for supporting initiatives, organizations or foundations as a measure to support the local community in which LB Group operates.

PERFORMANCE 2023

- Supporting and participating in various community initiatives (Modena Volley, AN-FASS, etc.).



2023 Highlights

LB Group has been actively involved in supporting the local Italian community over the past years. Here are some of the Group's highlighted initiatives and on-going activities during 2023:



Partnering with Fiorano and San Michele football schools to create valuable opportunities for children to engage in sports and develop their skills.



Collaborating with the Help Sassuolo association to provide much-needed humanitarian support to victims of the earthquakes in Syria and Turkey.



Establishing partnerships with the University of Modena and the local ITS (Higher Technical Institute) to offer internship opportunities to recent graduates, thereby nurturing new talents and supporting the growth of the industry.

LB also has a global presence through various commercial initiatives, such as exhibitions and trade fairs. (For further details, please refer to Chapter /Section 8.2).

Operations with local community engagement, impact assessments, and development programs

In 2023, LB Group made significant strides in integrating local community engagement, impact assessments, and development programs into its operations. These initiatives have been adopted by the 33% of the Group's total operations*, highlighting the commitment to responsible business practices and corporate social responsibility. As part of these efforts, rigorous environmental impact assessments were conducted to better understand and mitigate potential effects on local ecosystems and communities.

The introduction of this indicator in 2023 represents a crucial step towards transparency and accountability for LB Group. Currently, LB operations have taken a proactive approach, with ongoing plans to extend these activities to the other operations of the Group (Barcom and Sermat).

This increase in community-focused activities not only demonstrates LB Group's evolving dedication but also signifies a significant shift towards a holistic approach to corporate social responsibility and sustainable development. By integrating these values into its core operations, LB Group reinforces its role as a responsible corporate citizen, dedicated to fostering lasting positive impacts in the communities it serves.

New suppliers that were screened using social criteria

Operations with local community engagement, impact assessments, and development programs	2023
Percentage of operations with implemented local community engagement, impact assessments, and/or development programs	33%

*An operation with significant actual or potential negative impacts on local communities is defined as an activity, considered alone or in combination with the characteristics of local communities, that has a higher-than-average potential of negative impacts, or actual negative impacts, on the social, economic, or environmental well-being of local communities. The 33% figure has been calculated by considering the three operations within the group, one per each brand: LB, Barcom, and Sermat. The percentage is derived based on whether each company engages in at least one of these activities. In the case of the LB Group, only LB engages in such activities, resulting in a 33% involvement rate.

09

Methodology



This document is the third Sustainability Report of LB Officine Meccaniche S.p.A. and its subsidiaries Barcom and Sermat (hereinafter “LB” or the “Group”) covering 2023 (from 1 January to 31 December). The LB Sustainability Report is published annually.

In order to describe the sustainability performance of the Group in a transparent and comparable manner, the Sustainability Report has been prepared in accordance with the “Global Reporting Initiative Sustainability Reporting Standards” and related updates defined by the Global Reporting Initiative (GRI).

The reported content was selected after assessing the results of the materiality analysis carried out in 2021, which identified the most material topics for the Group and its stakeholders. This analysis is presented within the section entitled “LB Group path to sustainability” and has been updated with a description of the impacts for each material topic, as indicated in the 2021 update of the GRI Universal Standards. The results of the materiality analysis remain relevant for the group in 2023.

The information contained in this Report relates to the year 2023 (from 1 January to 31 December 2023) and, where possible, comparative data for the prior years has also been presented, in order to facilitate assessment of the progress made by the Group.

The quantitative information and data cover the LB Group as a whole, while the social and environmental information and data relate to the Italian companies in the Group (LB Officine Meccaniche S.p.A., Sermat S.r.l. and Barcom S.r.l.), excluding the foreign branches and sales offices of the Group (LB USA Inc., LB Mascerca Espana SL, Ligabue Bigi Support PVT Ltd.). These exclusions do not have a particularly material effect on the Report, as the principal social and environmental impacts relate to the activities carried out in Italy.

To ensure data reliability, the use of estimates has been limited as much as possible. Where necessary, these are made using the best available methodologies and are appropriately disclosed.

This document was examined and approved by the Board of Directors of LB Officine Meccaniche S.p.A. on XX XXX 2024. This document has not been audited by an external body.

SUSTAINABILITY REPORT 2023

Further information about the LB Sustainability Report can be obtained by writing to the following address: info@lb-technology.com

Statement of use	LB Technology has reported the information cited in this GRI content index for the period 01-01-2023 to 31-12-2023 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	Section/Paragraph
GRI 2: General Disclosures 2021	2-1 Organizational details	3.1
	2-2 Entities included in the organization's sustainability reporting	3.1
	2-3 Reporting period, frequency and	9
	2-4 Restatements of information	<i>No restatements of information have been made.</i>
	2-5 External assurance	<i>No external assurance has been performed.</i>
	2-6 Activities, value chain and other business relationships	8.2, 8.3
	2-7 Employees	5.2
	2-8 Workers who are not employees	5.2
	2-9 Governance structure and composition	3.1
	2-10 Nomination and selection of the highest governance body	3.1
	2-11 Chair of the highest governance body	3.1
	2-12 Role of the highest governance body in overseeing the management of impacts	3.1
	2-13 Delegation of responsibility for managing impacts	3.1
	2-14 Role of the highest governance body in sustainability reporting	3.1
	2-15 Conflicts of interest	3.2
	2-16 Communication of critical concerns	<i>Critical concerns have been communicated to the highest governance body; however, accountability for the total number during the reporting period is not available.</i>
	2-17 Collective knowledge of the highest governance body	3.1
	2-18 Evaluation of the performance of the highest governance body	3.1
	2-19 Remuneration policies	4.1

	2-20 Process to determine remuneration	<i>Missing information due to an ongoing reorganization of the process for determining remuneration, which is set to be implemented over the</i>
	2-21 Annual total compensation ratio	3.1
	2-22 Statement on sustainable development strategy	2
	2-23 Policy commitments	3.2
	2-24 Embedding policy commitments	3.2
	2-25 Processes to remediate negative	3.2
	2-26 Mechanisms for seeking advice and raising concerns	3.2
	2-27 Compliance with laws and regulations	3.2
	2-28 Membership associations	8.2
	2-29 Approach to stakeholder engagement	8.3, 2.1
	2-30 Collective bargaining agreements	5.2
GRI 3: Material Topics 2021	3-1 Process to determine material topics	2.2
	3-2 List of material topics	2.2
	3-3 Management of material topics	2.2
GRI 201: Economic Performance 2016	3-3 Management of material topics	2.2
	201-1 Direct economic value generated and distributed	4.1
GRI 301: Materials 2016	3-3 Management of material topics	2.2
	301-1 Materials used by weight or volume	6.3
	301-2 Recycled input materials used	6.3
GRI 302: Energy 2016	3-3 Management of material topics	2.2
	302-1 Energy consumption within the	6.1
GRI 305: Emissions 2016	3-3 Management of material topics	2.2
	305-1 Direct (Scope 1) GHG emissions	6.2
	305-2 Energy indirect (Scope 2) GHG	6.2
	305-4 GHG emissions intensity	6.2
Waste 2020	3-3 Management of material topics	2.2
	306-3 Waste generated	6.4
	306-4 Waste diverted from disposal	6.4
	306-5 Waste directed to disposal	6.4
GRI 308: Supplier Environmental Assessment 2016	3-3 Management of material topics	2.2
	308-1 New suppliers that were screened using environmental criteria	8.2
GRI 401: Employment 2016	3-3 Management of material topics	2.2
	401-1 New employee hires and employee turnover	5.2

GRI 403: Occupational Health and Safety 2018	3-3 Management of material topics	2.2
	403-9 Work-related injuries	5.4
GRI 404: Training and Education 2016	3-3 Management of material topics	2.2
	404-1 Average hours of training per year per employee	5.3
GRI 405: Diversity and Equal Opportunity 2016	3-3 Management of material topics	2.2
	405-2 Ratio of basic salary and remuneration of women to men	5.2
GRI 406: Non- discrimination 2016	3-3 Management of material topics	2.2
	406-1 Incidents of discrimination and corrective actions taken	5.1
GRI 413: Local Communities 2016	3-3 Management of material topics	2.2
	413-1 Operations with local community engagement, impact assessments, and development programs	8.3
GRI 414: Supplier Social Assessment 2016	3-3 Management of material topics	2.2
	414-1 New suppliers that were screened using social criteria	8.2





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