

DOLOMITE FRANCHI SPA

SUSTAINABILITY REPORT 2023



**Dolomite
Franchi**

This Sustainability Report illustrates the virtuous actions taken by Dolomite Franchi, regarding environmental, social and governance issues. The aim is to communicate these initiatives to the company's internal and external stakeholders.

standards. Despite maintaining the metrics of magnitude and (for potential impacts) likelihood, the magnitude is now composed of three different values, for the purpose of a more accurate study: scope, scale and, only for negative impacts, irremediable character.

The **second edition** of the report covers the financial year 2023 and follows the previous year's edition: both were written with the support of the consulting firm Fedabo SpA SB and following the GRI (Global Reporting Initiative) international standards, updated to 2023.

In addition to the concept of materiality, the other principles that guided the drafting of the document are those of sustainability context, completeness, accuracy, balance, clarity, comparability, reliability, and timeliness. In addition, each topic is correlated to the relevant Sustainable Development Goals.

The materiality assessment is the same as in 2022, since the scope of the analysis has not changed, while the study of actual and potential (both positive and negative) impacts has been updated, to provide a current and accurate view of the actions implemented by the company during 2023.

The contents of the report are referred to the individual company (Dolomite Franchi S.p.A.) and do not include data from the holding company (Intocast AG Group).

The disclosed data refer to the period that goes from January 1, 2023, to December 31, 2023. Information about the previous three years (2020-2022) can be found in the document.

The way in which impacts are assessed is slightly different from the previous year and more aligned with the new European directive (CSRD) and the related ESRS

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LETTER TO STAKEHOLDERS

By the end of the fiscal year 2023, Dolomite Franchi has been following the path begun in 2022, sharing its **Sustainability Report** to the stakeholders and to the community, where the company has been operating for longer than a century. As it's written in the 2001 Green Book of the European Commission, the non-financial disclosure represents the «voluntary integration of a company's environmental and social issues into its business operations and into the relations with interested parties».

In simpler words, this document illustrates the results of Dolomite Franchi's activity, developed in the Marone plant and the Zone quarry, not limited to financial and accounting aspects alone, but also including our company's contribution to social and environmental issues. Thus, we describe, as analytically as possible, the reasons why we bear certain costs, that are not related to our core business but produce benefits for some categories of stakeholders.

The European Commission's Green Book

(2021), the UN Global Compact (1999), the 1977 Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy by the International Labour Organization and the 1976 OCSE Guidelines for multinational enterprises: all steps in a Europe-wide debate that ended in 2004 with the Memorandum of Understanding on the main instruments of social responsibility. The document was then followed by the 2006 communication aimed at increasingly broadening the audience of interested companies.

According to these premises, we wrote our sustainability report, that is rich in significant content and includes information on: savings in consumption, employment, direct and indirect emissions, pollutants, consumed energy, health and safety in the factory, cares for the community, the role of strategic partners, training, virtuous and improvable behaviours, and relationships with the suppliers.

Therefore, this choice was based on a

complex elaboration conducted over the years within the EU institutions and started by the White Paper of the French economist Jacques Delors (president of the European Commission from 1985 to 1995 and a convinced early Europeanist). Through this document, Delors committed the Member States to structuring a new economy that was competitive and supportive, but also healthy and open. These last two adjectives ("healthy" and "open") inspire the contents of any corporate social report, thus also of our entrepreneurial vision.

A broad scope was identified, both internal and external to the company, whereby the company must demonstrate to the customer and the community several standards besides the mere manufactory of safe products. In fact, these products must have been produced in a socially responsible manner, with best practices in the management of human resources and of their health and safety, as well as in the management of effects on the environment and in the updating of social transformations.

This brings us closer to what in the coming

years will become legally binding under the EU Directive 2022/2464 "Corporate Sustainability Reporting Directive," which requires the increasingly accentuated integration of industrial strategies with sustainability objectives.

Therefore, the attentions that have always been the driving force of Dolomite Franchi's activities (such as the prudent management of natural resources and the applied research to improve the quality and environmental compatibility of products) are part of this perspective of continuous improvement on the path of sustainability, for the benefit of customers and the community where we operate and are proudly placed in.

Alessandro Romano
CEO, Dolomite Franchi



VISION

Centrality of **people**, **continuous improvement**, compliance with environmental and safety regulations, and **sustainable development** are the core elements of Dolomite Franchi's vision.

The adamant certainty of **quality** is equally significant, and it is not limited to products and excellent raw materials, but it also permeates the **business culture** promoted and implemented by the organization. The quality of the raw materials is monitored and continuously improved thanks to the in-house research and development laboratory, that ensures compliance and constant innovation, and allows to meet the expectations of the most demanding clients.

Dolomite Franchi implements its vision to meet the demands of an increasingly cutting-edge steel industry, and to fulfil environmental and social responsibilities. The organization always values the solid relationship with the territory and **local community** where it has been operating for more than a hundred years.



"Producing dolomite-based refractory material for steelmaking use through advanced technologies in production processes, in quality assurance and in safety and environmental protection."

This is Dolomite Franchi's mission, which applies to several core aspects of its company policy. In fact, the daily commitment of the company aims at: protecting the environment and workers' health and safety, thanks to the reduction of pollution, waste and risks of accidents and occupational diseases; meeting the clients' needs with innovative and high-quality products; inspiring, training and engaging the employees to increase their well-being and professional growth; continuously improving the efficiency of management systems, products, and production processes.

MISSION



Since December 1, 2017, Dolomite Franchi S.p.A. is part of the **INTOCAST AG Group**, a leading company in the industry of refractory materials. The headquarter of the Group is located in Ratingen (Germany), but the holding operates globally, with branches and plants both in Europe and in South Africa, Mexico, Brasil and the USA. Thanks to the different professional specializations of the independent companies that compose it, the Group operates in various productive, trading, and engineering activities for the metallurgical industry.

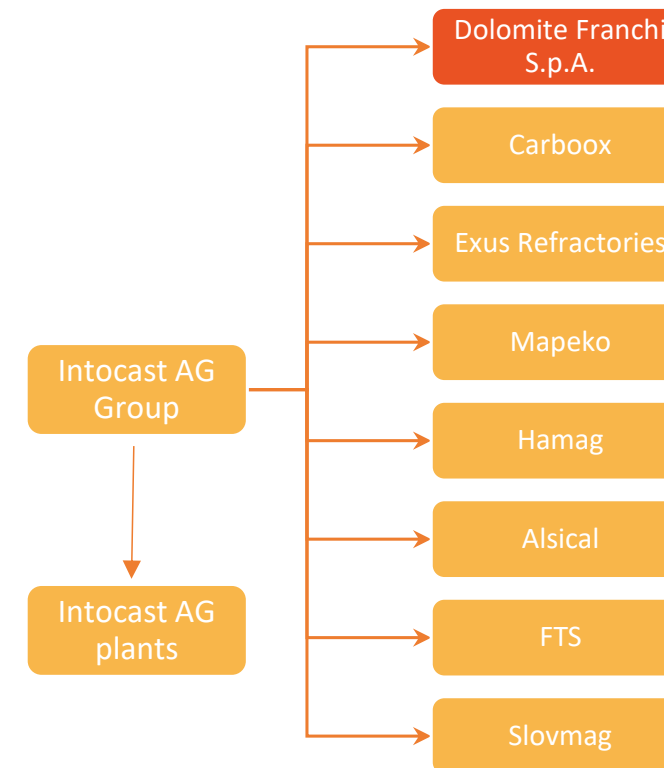
In fact, besides manufacturing and selling **refractory products**, **casting auxiliaries** and **slag conditioners**, Intocast AG also offers its customers plant engineering solutions.

Founded in **1979**, Intocast significantly grew during the last three decades, due to several merges and acquisitions. The Group is composed of 12 branches in Germany and 19 branches abroad, employing over 2.000 staff members in 10 different countries, and reaching a consolidated group turnover of approximately 450 million euros (in 2023).

EXPERTS ON FIRE.

The Group and its companies share a local approach, based on interpersonal relations, especially towards clients, and on **passion**, which is supported by continuous investments in research and development of **innovative products** and by sustainable solutions in the usage of resources.

Today, besides its directly controlled branches and plants, Intocast AG is composed of ten different companies, mainly located in Germany:





The companies in Intocast Group are mainly **manufacturers** and are **specialized** in different production techniques and/or materials. The refractories used are dolomite (mined in Italy by Dolomite Franchi), magnesite (extracted in Slovakia by Slovmag) and fire clay (quarried in South Africa under the direct control of Intocast). Hamag and FTS, both located in Germany, are the trading companies: the first one sells raw materials, insulating covers and slag conditioners, while the second one distributes refractory products.

Each of these companies also provides consulting and technical support services, stating the significance of customer relationships for the Group. Some branches also assist their clients in plant engineering and development.

During 2023, Exus Refractories S.p.A., another Italian company operating in the sector, also joined Intocast Group.

To enhance the synergies between its subsidiaries, in April 2023 the Group promoted new colours and graphic designs shared by all its members. The slogan “experts on fire” also aims at strengthening the union between organizations, without losing the identities and specific skills of each one of them.

This Sustainability Report is focused on **Dolomite Franchi S.p.A.**, one of the companies of Intocast Group. Therefore, all the disclosed information and data are referred to this specific company.





DOLOMITE FRANCHI

WHO WE ARE

Dolomite Franchi S.p.A. has been manufacturing shaped and non-shaped high-quality **dolomite refractories** **since 1919**. These products are destined to the Secondary Metallurgy, especially for ladle linings, AOD converters and electric arc furnaces (also known as EAFs). In fact, refractories are essential in all the industrial processes that require temperatures higher than 1200 °C, because of their remarkable resistance both to heat and to extreme chemical and mechanical stresses. These characteristics, combined with their excellent quality/performance ratio and low oxidation potential, make them ideal for processing stainless steels, also ensuring the optimization of some processes.

Today Dolomite Franchi is one of the **world's leading suppliers** of dolomite refractories. The reasons behind this success are the excellent raw material, mined in the company's own quarry, and the processing skills that were acquired through a **centenarian experience**: these two elements guarantee the constantly high quality of the products.

The raw material is **extremely pure** dolomite, extracted from the **Calarusso's quarry**, in Zone. After being mined and shattered, the dolomite rock is transported by cableway to the production plant, located in the nearby town of Marone. There, the rock is washed, selected, and mixed with solid fuel before being loaded into special vertical furnaces. By means of a shaft sintering process at high temperatures (about 1900°C), the dolomite is calcined and then sintered. The **sintered dolomite** obtained from this process, known as *sinterdolomite*, is then used to produce **bricks** and refractory **mixes**, which are the two product lines on which the company's production focuses.

The names of the products all start with the root "PENTA", from the company's logo, which is a pentagon; the suffixes (-BRICK, -DOL, -SOL, etc.) identify the different usages.





OUR LINES OF PRODUCTS

BRICKS

One line of products is made by the **PENTABRICK bricks**, that are used in the **steel industry** as insulating **linings** for casting **ladles**, **AOD converters** used to produce stainless steel, and **electric arc furnaces** for the melting of scrap iron. The strengths of refractory linings, besides the resilience to high temperatures and to stresses, are its technical features, such as the low oxidation potential that makes desulfurization easier thanks to the non-transferring of oxygen to liquid steel. Moreover, these products are highly compatible with basic slag, increase ferroalloys' yield, and grant long service life at optimal refractory costs.

According to their intended usage, the bricks can be fired (ceramic bricks) or tempered (carbon-bonded bricks) and can be made from simple dolomite or enriched with specific additives. All these state-of-the-art products are designed to minimize environmental impact and to assure the compliance with current safety standards and regulations.

MIXES

Mixes are the second line of product of Dolomite Franchi and are used for two main applications.

In **ladles and AOD converters** they fill those spaces that can't be covered in bricks due to their shape, dimensions, and characteristics, but still must be as resistant and reliable. The products slightly vary according to the usage: for example, PENTARAM and PENTAPLAST are ideal for spiral ladles sidewall linings, for filling gaps of special pieces and for sealing the brick lining, while PENTAMIX and PENTAFILL are used to fill the gaps between working and safety lining and as a levelling mix for the bricks at the bottom.

In **electric arc furnaces**, instead, the PENTASOL and PENTADOL mixes are recommended for the construction and/or repair of furnace components, specifically the sole and under-bath part.

A PRECISE AND ON-TIME CUSTOMER SERVICE

Mining and manufacturing refractories are not the only activities carried out by Dolomite Franchi. Another core business is the **customer service**, which is aimed at maximizing the results obtained by clients thanks to dolomite products. The company provides:

- Collaboration in designing refractory linings for furnaces, ladles and converters;
- Support in the implementation of refractory linings;
- Maximization of the operations of steel equipment;
- Slag control and optimization;
- Help in the identification of the best balance for the refractory lining.

OUR HISTORY

Dolomite Franchi from the origins until today:

1919 Attilio Franchi, a pioneer of the Italian steel industry, founds Dolomite Franchi in Marone; the production of monolithic masses for Martin-Siemens furnaces begins.

1956 The company patents and starts to produce the DOLOBLOC, huge, prefabricated blocks used for the walls of electric furnaces and Martin-Siemens furnaces.

1980 The old mine in Marone is closed and the new Calarusso's quarry is opened in Zone.



1984 The new plant is inaugurated to produce PENTABRICK, tempered dolomite bricks that are used in Secondary Metallurgy.



2017 Intocast AG, global player in the refractory industry and located in Ratingen (Germany), acquires the 100% of Dolomite Franchi.

2007 RHI completes the acquisition of Dolomite Franchi, which becomes the second world producer of dolomite, with the brand "Penta".

1993 RHI Group becomes the major shareholder of Dolomite Franchi.

1989 48% of Dolomite Franchi's shares is acquired by VEITSCH-RADEX AG, a company in the RHI Group (world's leader in the production of refractories, located in Vienna).

2019 Dolomite Franchi celebrates 100 years of activity.

2023 The products start to be manufactured with an eco-friendly binding agent.



HIGHLIGHTS



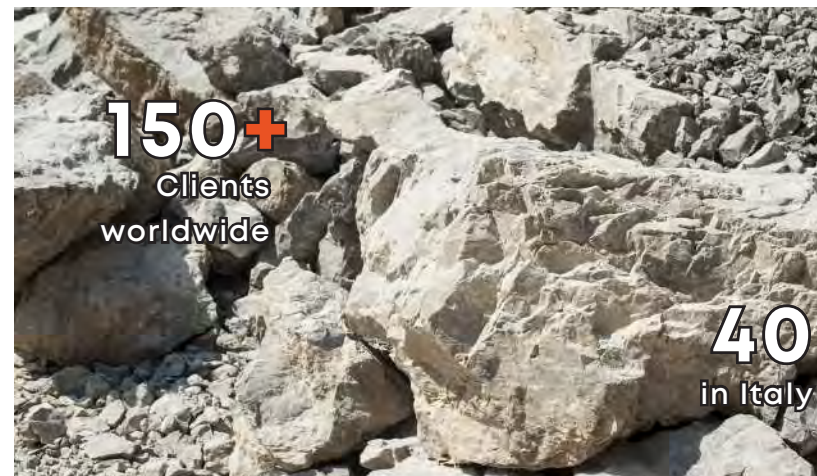
100+
Years of history
and experience

54
New hires in the
last 3 years

96%+
Permanent
contracts



Almost
200
Employees



150+
Clients
worldwide

40
in Italy



70+
€ millions of
turnover

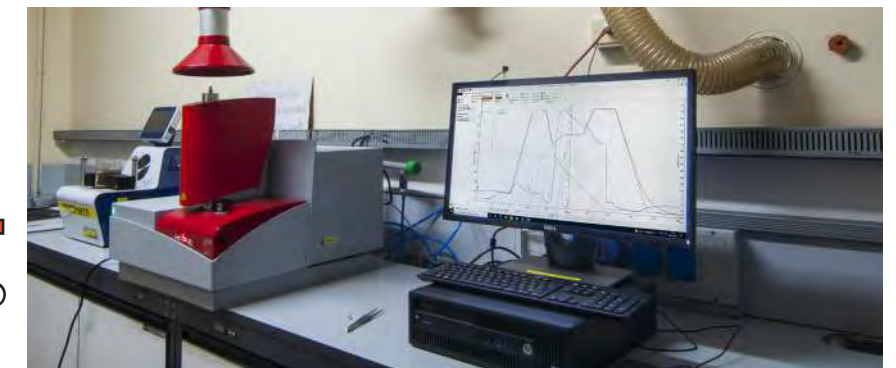
Social Fund for employees
and their families



100.000+
Tons of finished product
in 2023



20.000+
Laboratory tests a year on
raw materials and finished
products



5000+
Hours in R&D



VALUES AND PRINCIPLES

Dolomite Franchi is deeply committed to respecting some fundamental values and ethical principles while operating, with the purpose of strengthening and consolidating its national and international excellent reputation among suppliers, clients, and competitors.

Aware of the significance of this choice, in 2010 the company formalized the core values of its business culture in a **Code of Ethics**, periodically updated and revised through the Board's resolutions. This document addresses the staff members, who must follow its guidelines in the management of internal and external relations, but also addresses all the stakeholders that collaborate with the company. In fact, the Code represents the manifestation and communication of fundamental behavioural rules, completing the **Organizational, Management and Control Model** regulated by the Legislative Decree n. 231/2001 (known as the MOG231 or the Management Model 231).

One essential value in Dolomite Franchi's activity is the importance of **people** and their safeguard, in terms of health and safety but also of fighting discriminatory behaviours, protecting privacy, and encouraging collaboration and mutual respect.



TRANSPARENCY
FAIRNESS
INTEGRITY
HONESTY

Accuracy and **transparency** are equally relevant for the organization, that adopts an irreproachable behaviour towards both public administration and private companies and all the other stakeholders, ensuring complete, truthful, and comprehensible information and communications – internally and externally.

For the same reason, the corporate culture includes the principles of **integrity** and **honesty** in the relationships with competitors. Dolomite Franchi believes in fair competition and attempts to stabilize its market position in compliance with the highest ethical standards. According to the company, this is the only way to obtain a sustainable and long-term success.

SUSTAINABLE DEVELOPMENT GOALS

In this sustainability report, the topics, that are disclosed according to the GRI standards, are also correlated with the **Sustainable Development Goals (SDGs)**. These international principles are at the core of the UN 2030 Agenda, signed in 2015 by the governments of 193 Member States of the United Nations, with the aim of designing a common plan of sustainable development. To achieve these 17 goals by 2030, institutions, companies, international organizations, and society all need to be actively involved.

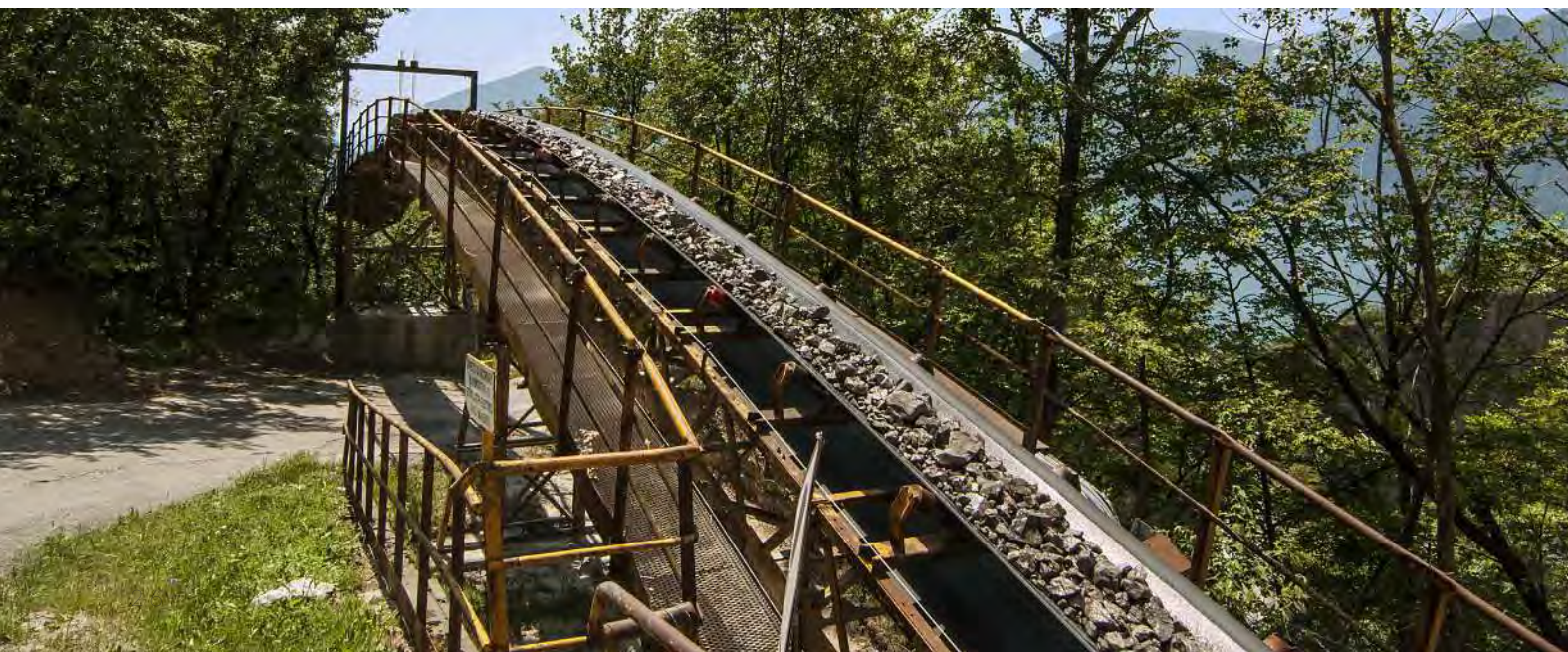
The purpose of correlating the SDGs to the materiality topics is to identify Dolomite Franchi's contribution to the achievement of these goals in 2023, through the company's actions and initiatives on environmental, social and governance sustainability issues.

Therefore, in this document, each topic's positive and negative, actual and potential, impacts are linked to the Sustainable Development Goals they contribute to.





OUR MATERIAL ISSUES AND IMPACTS



Starting from the study of the business environment, the risk assessment carried out annually by the company, and the issues that emerged from the materiality analysis carried out last year, Dolomite Franchi has updated its impact analysis, with the aim of identifying the ESG issues on which the organization has the greatest influence during its activities.

The configuration of the analysis is different from last year's in that it anticipates the requirements of the new CSRD Directive¹ and related reporting standards². First, it identified not only the **generated impacts** but also the **suffered impacts**, i.e., the risks and opportunities to which the company is subject due to factors that are exogenous and, therefore, external to the organization and not directly controllable by it.

Regarding the **generated impacts**, the division between **actual** and **potential**, **positive** and **negative** impacts was maintained. To carry out the analysis, however, evaluation criteria related to the identification of impact magnitude were integrated.

In detail, magnitude represents the

average of three different criteria: **scope** (severity of damage/intensity of benefit), **scale**, and, for negative impacts only, **irremediable character of the impact** (possibility of restoring the situation prior to the impact).

The significance of actual impacts is given only by the degree of **magnitude** (in terms of harm or benefits) derived from this analysis, while for the potential impacts results are measured from the product of **magnitude** and **probability**. Finally, in the study of the (actual and potential) generated impacts, the level of causality was also considered, i.e., the distinction between impacts that were directly caused, contributed to cause (if Dolomite Franchi is not the sole proponent of the impact) or business-related (i.e., related to the upstream or downstream value chain but not traceable to the company's own-business).

In line with the requirements of the new CSRD Directive, Dolomite Franchi also began to analyze the impacts arising from factors external to the organization, divided into risks and opportunities.

Impacts experienced represent risks and

opportunities that are not necessarily within the control of Dolomite Franchi. These were assessed by considering the **magnitude** and **likelihood** of occurrence of the risk or opportunity associated with the indicated event.

The values attributed to the different components of the analysis were subsequently normalized in order to effectively compare the significance of each generated and suffered impact with respect to Dolomite Franchi's activity. The result of the performed study is presented below through graphical representations. For the details of each impact, please refer to the following chapters.

¹CSRD *Corporate Sustainability Reporting Directive* (2022/2464)
²ESRS *European Sustainability Reporting Standard*, contained in the delegated act of the European commission, dated 31/07/2023



INSIDE-OUT PERSPECTIVE

ACTUAL AND POTENTIAL IMPACTS

Generated impacts are defined as all those effects that Dolomite Franchi has, or could have, on the world, understood as **environment** and society, and/or on its workforce.

In conducting the analysis, the company has gone beyond what is required by the GRI standards, which are referred to in this document, to move closer to the requirements of the recent Non-Financial Reporting Directive (CRSD), which envisages, in the coming years, the integration of the analysis of impacts also in the upstream and downstream supply chains of the company itself.

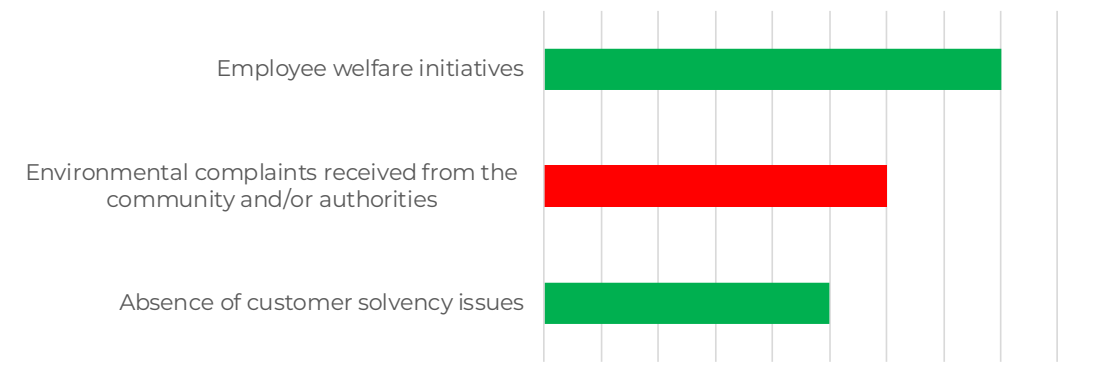
For this reason, the following chapters will also illustrate impacts not directly attributable to the activity carried out at Dolomite Franchi sites, but related to the value chain, i.e. the set of suppliers, customers, communities and final consumers.

In the graph, the color of the bars shows the nature of the impact (red for negative impacts and green for positive impacts). The length of the bar, on the other hand, is indicative of the weight of each impact: greater weight represents greater severity for negative impacts and greater benefit for positive impacts.

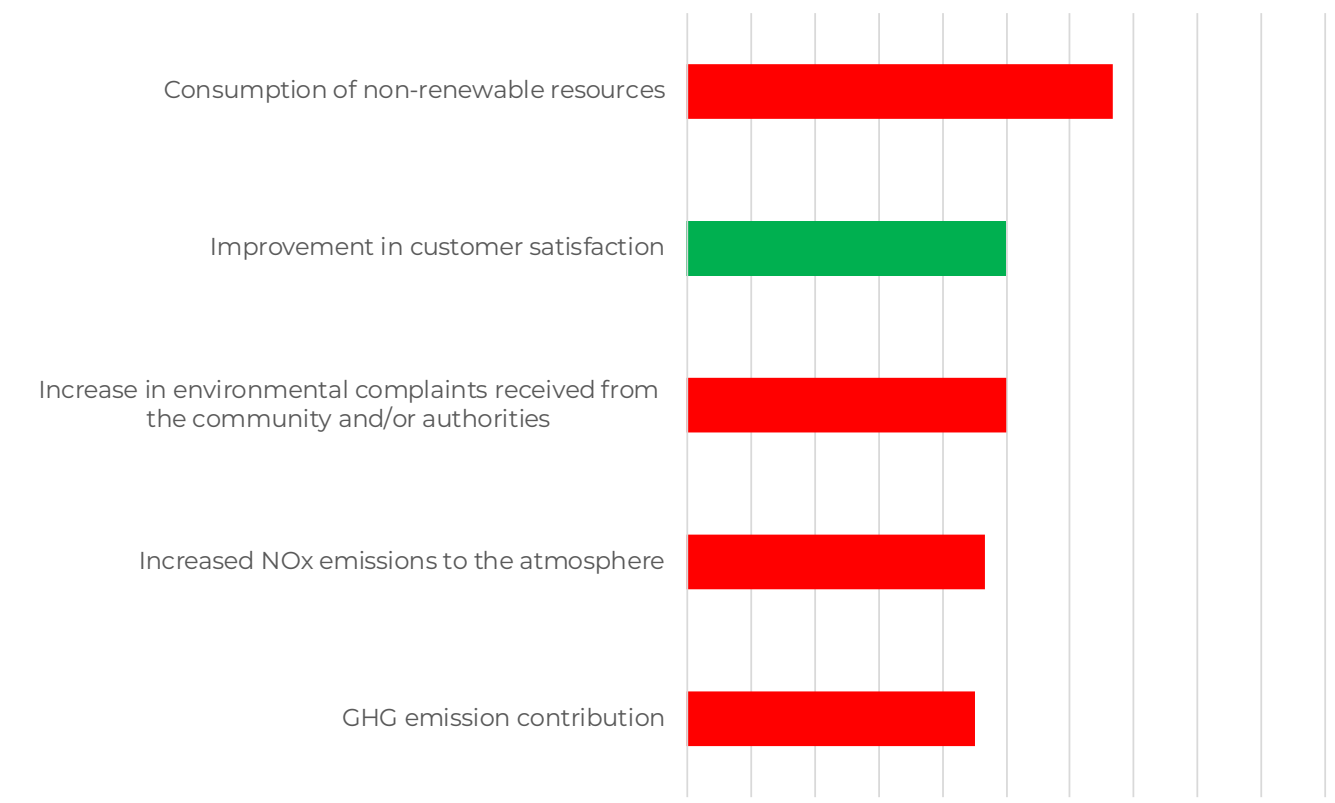
In terms of Dolomite Franchi's actual impacts, **positive impacts** relate to the company's good relations with customers and ongoing employee welfare initiatives; **negative impacts**, on the other hand, relate to environmental complaints received during 2023.



ACTUAL IMPACTS



POTENTIAL IMPACTS



Also, with regard to potential impacts, Dolomite Franchi has a very good opportunity to generate positive impacts on customers, employees (and their safety), and the local community. On the opposite, potential negative impacts mainly concern the environmental sphere and governance aspects related to the management of complaints and/or non-compliance.

Indeed, the mining and production nature of Dolomite Franchi's business, as well as the type of material and the processes required to process it, make controlling and reducing emissions, waste and resource consumption a major challenge for the company.



OUTSIDE-IN PERSPECTIVE

RISKS AND OPPORTUNITIES

The *Corporate Sustainability Reporting Directive* requires, for companies that will be subject to mandatory reporting of sustainability statements in the coming years, an analysis aimed at identifying **risks** and **opportunities** arising from impacts related to sustainability matters, according to an “outside-in” perspective.

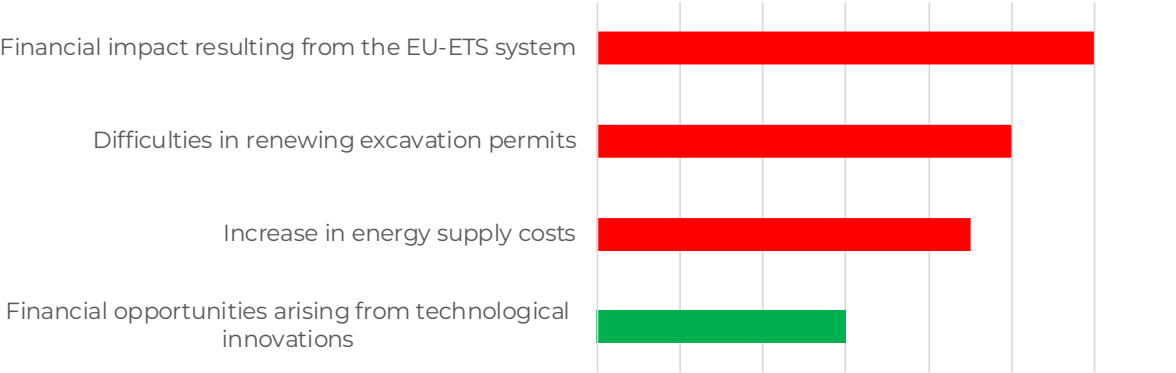
An outside-in perspective is related to all those effects to which Dolomite Franchi is subject as a company acting in a structured world and society that is influenced by external variables that may have more or less significant impacts on the organization. These are impacts over which the company has no direct influence: some of them may lead to an advantage, while others constitute a risk.

To respond early and in advance to the requirements of monitoring and analyzing these risks and opportunities, it was decided to start integrating this new perspective within the sustainability report, to begin to approach the double materiality required by the new European directive (CSRD).



As before, negative effects (risks) are colored in red and positive effects (opportunities) in green. The risks are mainly systematic, inherent in the company’s business, while the opportunities are related to the company’s focus on innovation and financial preparedness, which is also particularly high due to its membership in an international holding company.

OUTSIDE-IN PERSPECTIVE

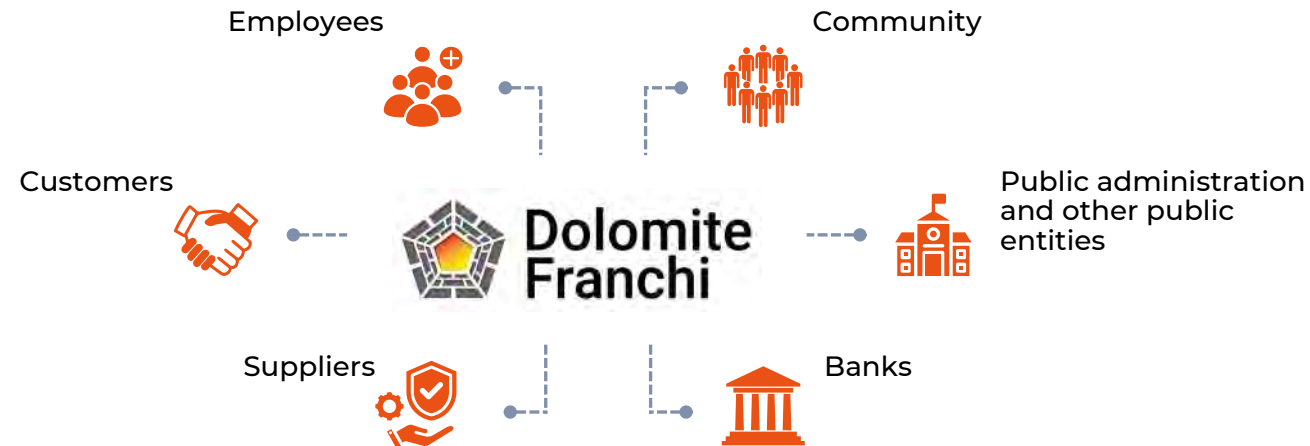


MATERIALITY ASSESSMENT AND STAKEHOLDER ENGAGEMENT

For the Sustainability Report (2023), the same materiality matrix was used that Dolomite Franchi had already created the previous year and included in the report for the year 2022. Through the *stakeholder engagement* process, carried out mainly through questionnaires, the company identified the most relevant sustainability matters: thus, the most significant economic, environmental and social aspects for the organization were identified.

STAKEHOLDER MAPPING

Stakeholder engagement was carried out through questionnaires. A total of 109 answers were collected, of which 78 were from external stakeholders divided into different categories (customers, suppliers, community, banks, and government).



DOLOMITE FRANCHI'S MATERIAL MATTERS



ENVIRONMENTAL TOPICS

- Energy efficiency
- Greenhouse gas emissions and environmental management
- Waste management
- Sustainability of raw materials and products



SOCIAL TOPICS

- Health and safety at work
- Diversity & inclusion and respect of human rights
- Creation of value in the community
- Staff management, welfare and development



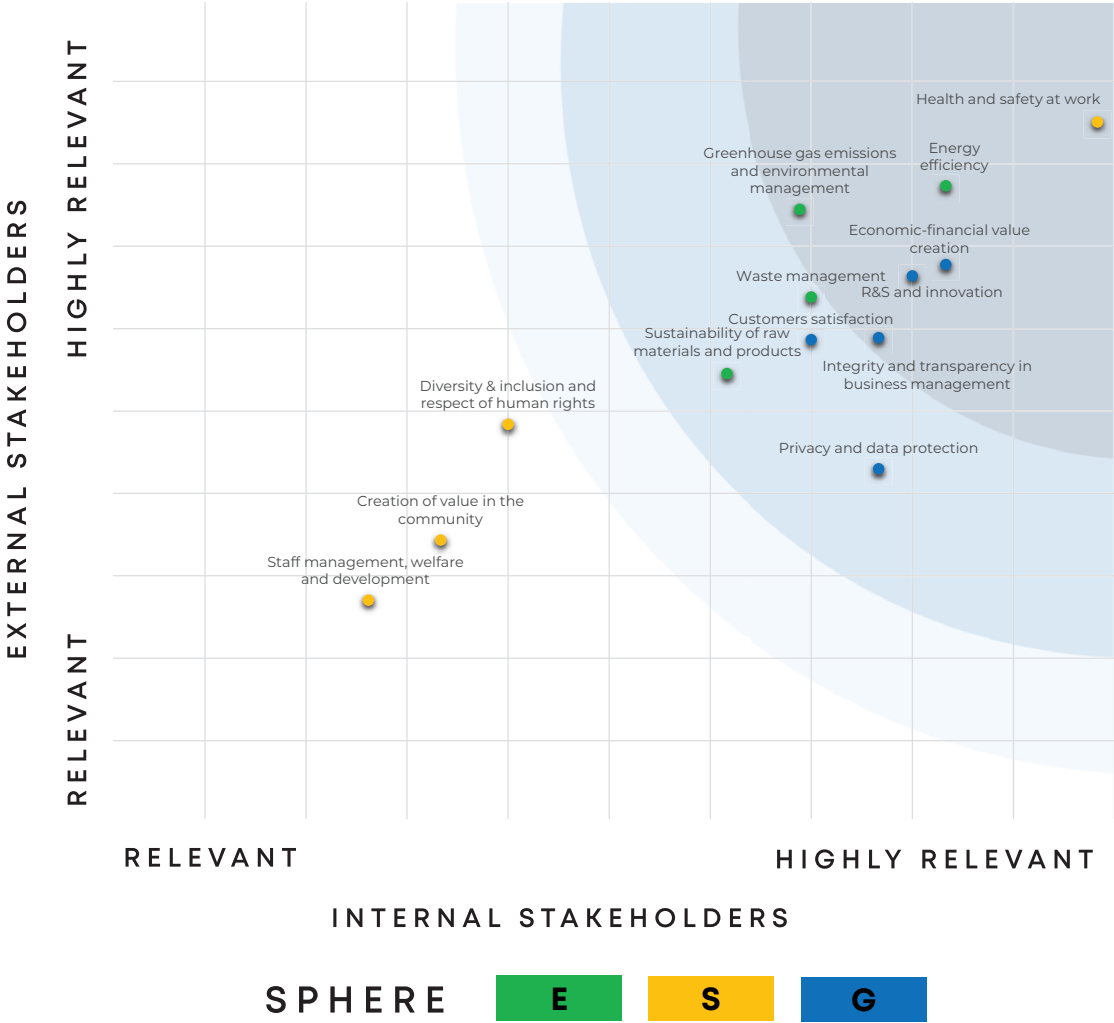
GOVERNANCE TOPICS

- Economic-financial value creation
- R&S and innovation
- Customers satisfaction
- Integrity and transparency in business management
- Privacy and data protection

The visual representation of priority topics (so-called material matters) was achieved through the creation of a **materiality matrix**. In this matrix, each topic is positioned within the space according to its strategic importance to both Dolomite Franchi and external stakeholders.

The position of a matter in the upper right corner indicates its high degree of strategic importance to the company and external stakeholders. The topics positioned in the lower left corner are also significant, although, according to the perception of stakeholders and the company itself, they have lower relevance than others.

MATERIALITY MATRIX



The most relevant matter, for both internal and external stakeholders, is related to “**Health and Safety at Work**”: the company is committed to working with preventive actions, with the aim of ensuring the **highest safety standards** for all personnel.

Regarding the other matters, it is possible to claim that there is also a general alignment between stakeholders; both internally and externally, similar values were attributed to almost all the considered topics, related to: “**energy efficiency**”, “**greenhouse gas emissions and environmental management**”, “**economic and financial value creation**”, “**waste management**”, and “**R&D and innovation**”.

Overall, environmental and governance matters appear more strategic than social topics: in fact, in addition to health and safety, other topics of the social sphere shows a lower significance (bottom left of the graph). In particular, with regard to the matter “**Staff management, welfare and development**”, it should be noted that the relatively low values stem from the fact that employee-friendly initiatives in the company are already highly developed and widespread, resulting in lower employee expectations.

The most important differences between stakeholder categories, in terms of relevance, are related to “**privacy and data protection**”, which has higher values for employees than for external stakeholders, and “**diversity and inclusion and respect of human rights**”, which, on the opposite, appears more relevant for external stakeholders.





ENVIRONMENT

Dolomite Franchi, aware of carrying out a highly energy-intensive and potentially impactful production process, understands the importance of monitoring its own **environmental impact**. In fact, the company's activities involve high use of resources, considerable energy consumption and usage of chemicals and solid fuels.

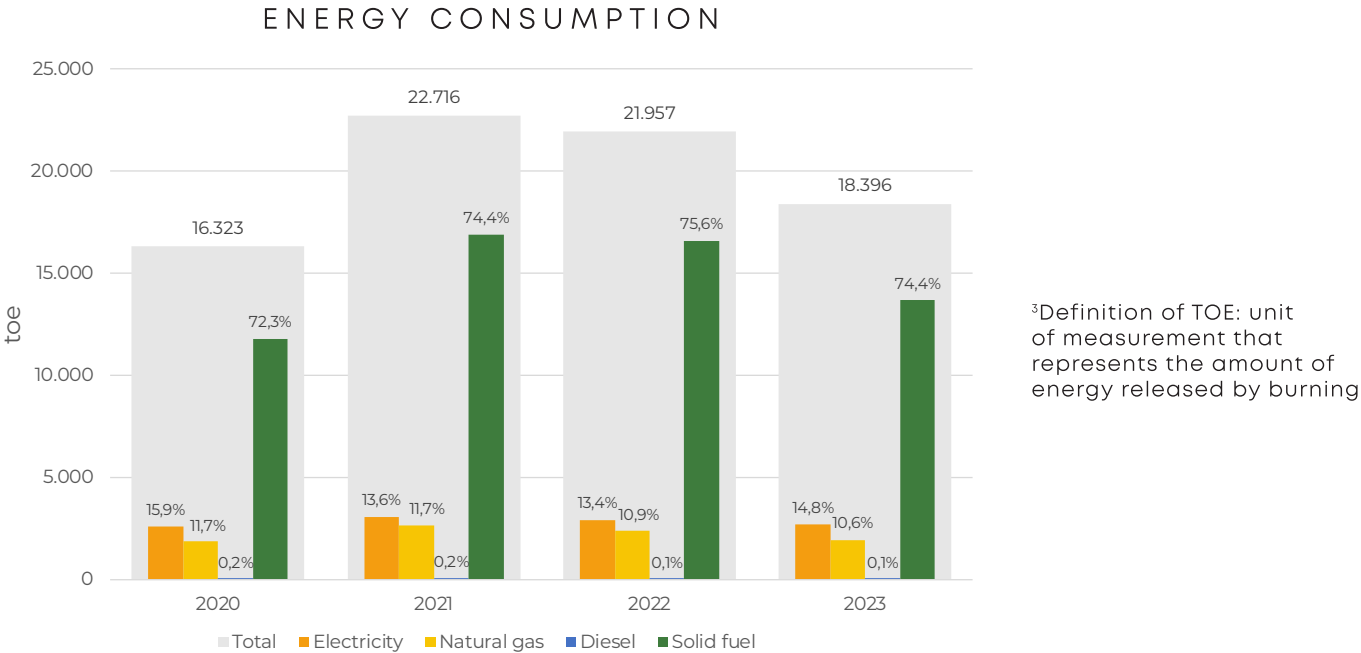
Considering this, Dolomite Franchi has been carefully implementing and monitoring its **mitigation strategies** for years, in order to continuously improve and reduce emissions.

The company is committed to maintain and enhance its **environmental management system**, that is certified according to the UNI EN ISO 14001 standard, and it is subject to the provisions of the Integrated Environmental Authorization (IEA). For this reason, the company adopts measures based on the Best Available Technologies (BAT), to reduce and possibly avoid emissions to the atmosphere, land, and water, and to minimize waste production and its corresponding impacts.



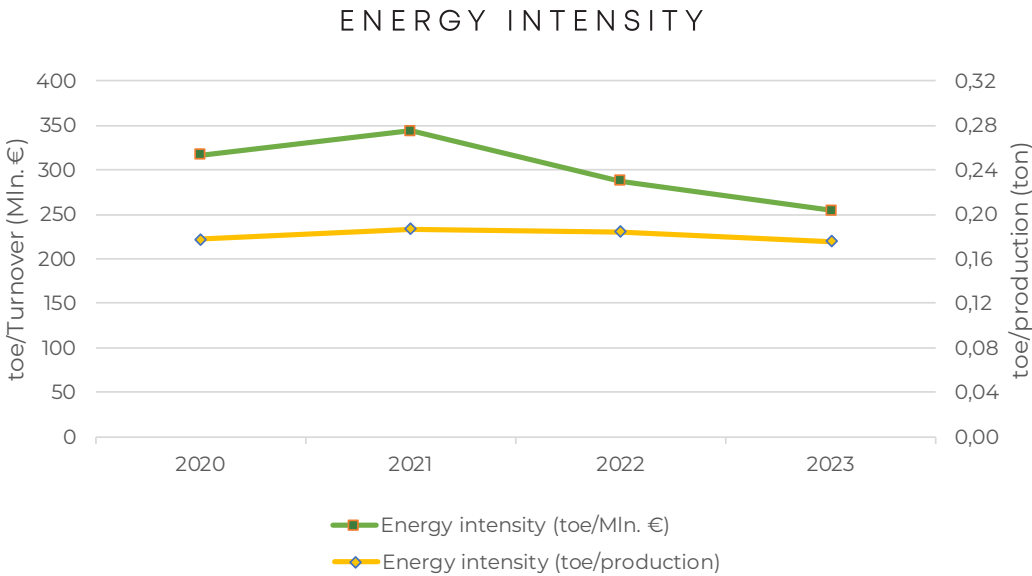
ENERGY AND ENERGY EFFICIENCY

Dolomite Franchi uses different energy carriers in its activities. In fact, in the production processes the company does not use only electricity but also **natural gas** and **solid fuels** (such as coke and anthracite). Analysing the consumptions, solid fuels are the main energy carrier, used in one of the main steps of the production process, which is the sintering of the dolomia. The energy carriers used by the company are portrayed in the bar chart below, where all the units of measurement were converted in toe (tons of oil equivalent)³ to ease the comparison between different measures.



As the graph shows, the **total energy consumption** stayed constant in 2021-2022, after the reduction caused by the pandemic in 2020. However, in 2023, it **fell by more than 3000 toe** compared to 2022, partially due to a decline in production. The carrier that influences consumption the most is solid fuel (coke and anthracite), followed by electricity and natural gas. A small contribution is also given by the diesel oil used as fuel for the work vehicles in the quarry and plant.

The company sets annual goals for the improvement of machineries' energy efficiency. The effort for the optimization of consumptions arises from the analysis of energy efficiency indicators: the **specific energy consumption** (the ratio between consumed energy and total production – toe/production) in 2023 **decreased by 5% compared to the previous year and by 11% if rationalized on the company's turnover**. The following graph shows the energy intensity trends.





In 2023 the periodic **energy audit** was also carried out, to fulfill legal obligations in accordance with Legislative Decree 102/14. The audit highlighted, on one hand, the energy efficiency measures concluded in the previous 4 years, including widespread **relamping**, and on the other hand, additional measures that can be implemented to further improve energy efficiency. Dolomite Franchi's commitment to energy efficiency is therefore continuous.

In the same perspective of continuous improvement in the management of its energy carriers, in 2023 Dolomite Franchi has begun the path to get the **ISO 50001 (Energy Management System)** certification. The stated goal is to achieve the certification by June 2024.

This type of analysis will allow the company to further improve the **monitoring** of energy consumption within the production process and, at the same time, it will be a key tool to identify **energy efficiency interventions** to increasingly optimize the process and reduce consumption and related emissions.



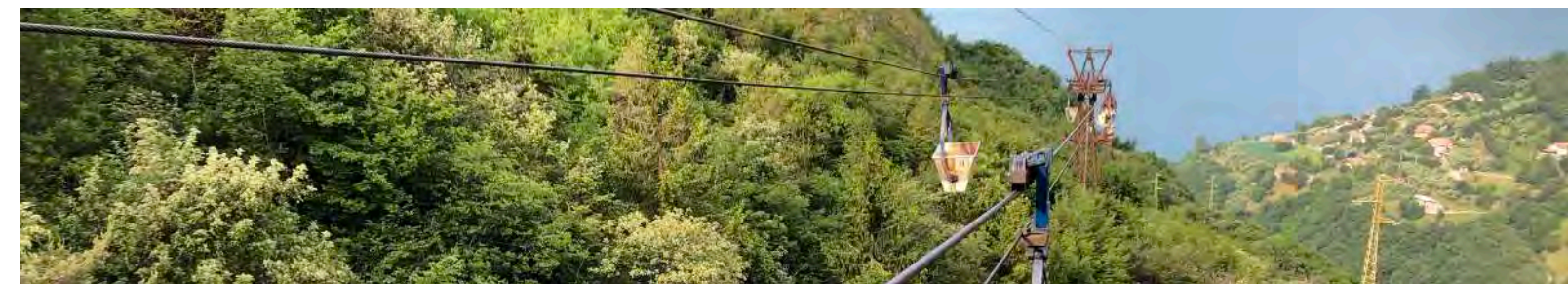
EMISSIONS IN THE ATMOSPHERE AND ENVIRONMENTAL MANAGEMENT

Environmental management system and fume abatement

Although all its emissions are already monitored every six months, according to the requirements of EIA, Dolomite Franchi is also committed to maintain the **ISO 14001** (environmental management system) certification. Indeed, ISO certifications are an effective tool for Dolomite Franchi to ensure that the company's internal management system is aligned with current regulations and helps preventing drifts and non-compliance.

Dolomite Franchi has installed several systems to treat emissions; they can be classified into two main categories:

- Bag filters to remove dust;
- Specific devices to remove gaseous pollutants (such as regenerative thermal oxidizers, afterburners, activated carbon filters, etc.).



In addition, a **continuous emission monitoring system** (CEMS) has been operating since 2022 at the main emission point of the sinter furnaces, to constantly monitor the levels of total dust and nitrogen oxides.

Greenhouse gas emissions

Due to its production process, Dolomite Franchi is subject to the ETS (*Emissions Trading System* - EU ETS), the system that regulates the exchange of emission allowances in the European Union. Therefore, the company is legally obliged to annually send data on its CO₂ emissions (verified by an accredited third party) to the Italian Ministry of Environment and Energy Safety.

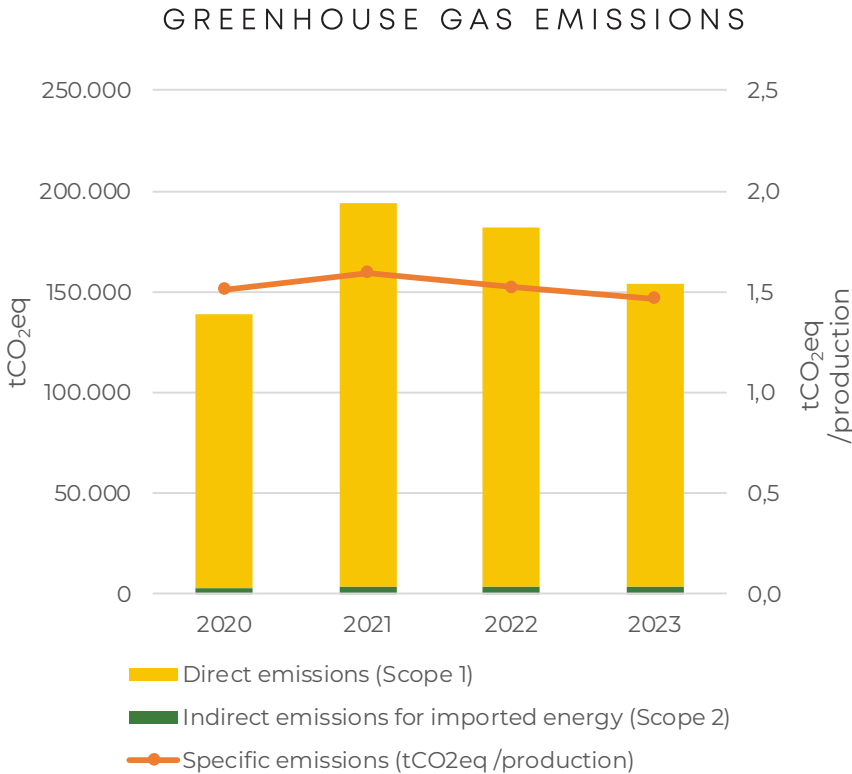
So, the company has to monitor the carbon dioxide emissions (CO₂) that result from its production process. While producing refractories, the greenhouse gas (GHG) emissions are mainly generated by:

- The dolomia **sintering** process;
- The usage of solid fuels in the **transformation** process;
- The usage of other energy carriers, such as natural gas and diesel oil.

Thanks to the data collection required by the EU-ETS, Dolomite Franchi was able to quantify both **direct emissions (category 1)**, i.e., those attributable to the use of fuels and to the processes mentioned above, and **indirect emissions** from purchased energy (**category 2**). The hereafter presented results are based on the ISO 14064-1:2018 standard for measuring the greenhouse gas (GHG) emissions generated by the organization's activities in terms of CO₂equivalent (t CO₂eq.).

The graph below shows the emissions related to the four-year period 2020-2023; it is possible to see the extent of category 1 and 2 emissions, as well as the trend of specific emissions (black line), i.e., emissions normalized on the tons of produced material.

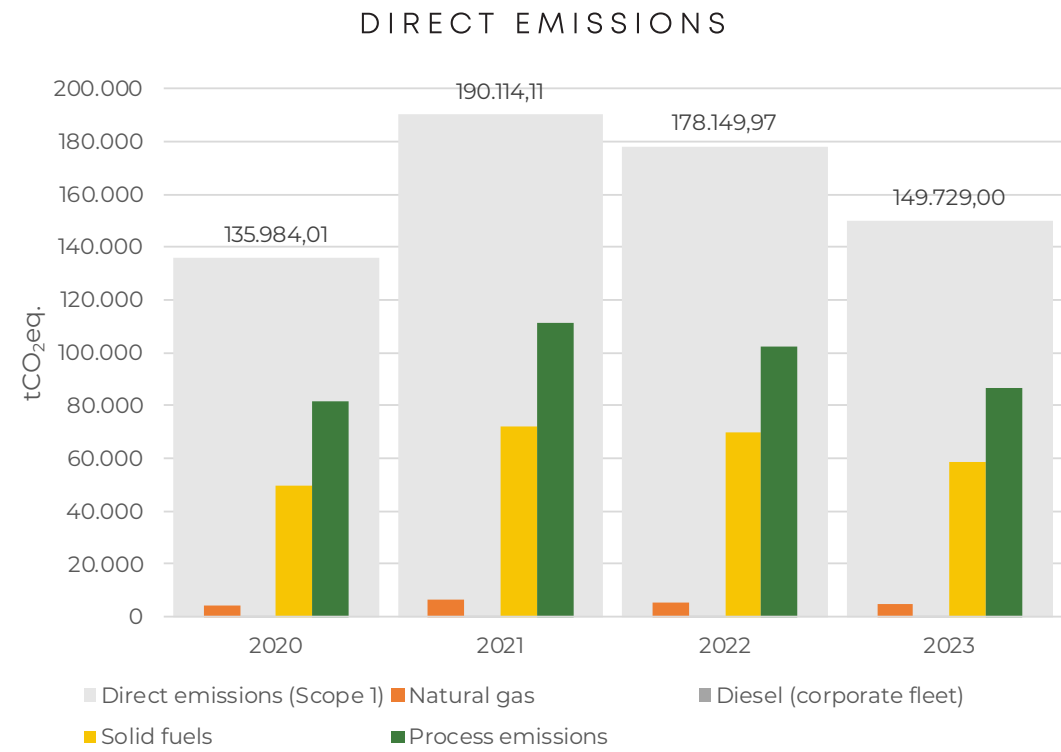
In 2023, the total GHG emissions from categories 1 and 2 (location-based scenario) was **153,799.70 tCO₂eq.**, down by 15% from 2022 (181,631.57 tCO₂eq.). 2020 was shown for comparison but does not appear to be a representative year due to the numerous production shutdowns during the pandemic. Nevertheless, a **slightly downward trend in greenhouse gas emissions from 2021 to 2023** can be observed.



Category 1 is accountable for most of the emissions. These direct emissions are produced in the organization’s plant from the use of solid fuels, from the process of dolomite decarbonation, and from natural gas and diesel fuel.

In 2023, similarly to the previous years, about 95% of direct emissions could be attributed to **process emissions (57%) and to the use of solid fuels (39%)**; secondary components were emissions from natural gas (3.13%) and, to a small extent, emissions from diesel fuel (0.06%).

The graph below shows the breakdown of category 1 emissions in the years 2020 to 2023.



Category 2, instead, represents indirect emission due to purchased energy. In this case, the only component is electricity drawn from the national grid (*location-based scenario*) and its **contribution to emissions** is around **2% of the total** emissions considered in this analysis.



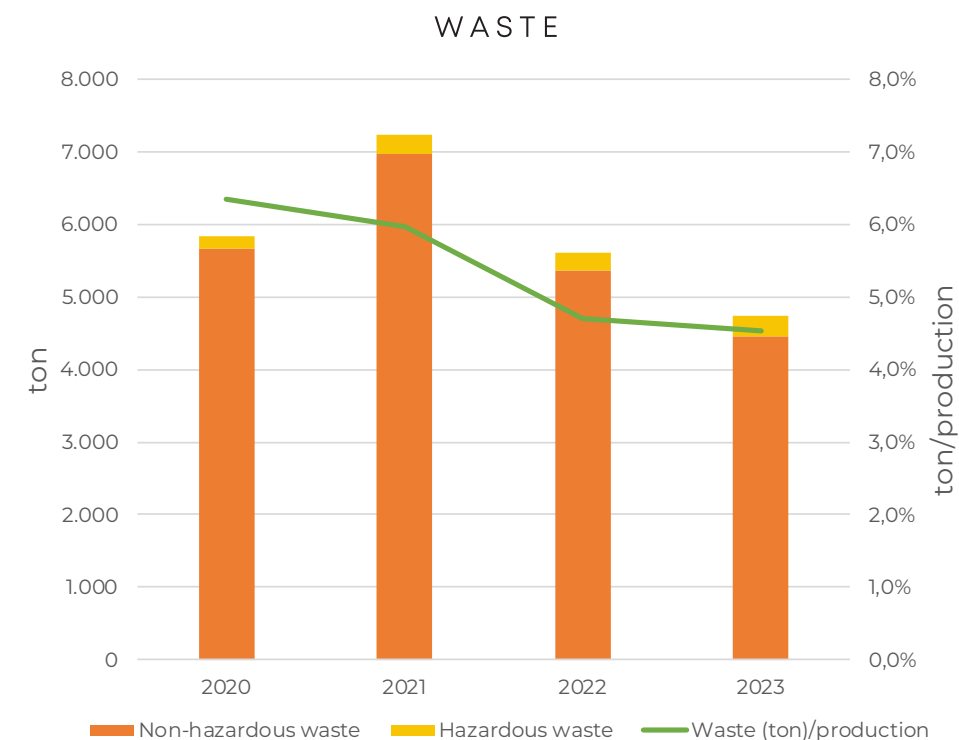
WASTE MANAGEMENT AND DISPOSAL

Waste management and disposal are key aspects for Dolomite Franchi. The company monitors various indicators, that are constantly updated, and annually implements targeted actions to optimize the management of waste and production waste. In fact, after the generation of production waste, the first step taken by the company always is the assessment of suitability for reuse or recovery. Only when these options are not technically feasible, it is taken into consideration to send the waste to authorized facilities for treatment and disposal.

Since 2021, Dolomite Franchi recorded a significant **reduction** in the tons of produced **waste**, both in overall terms and when indexed to production. The total waste volume decreased from 7.244 tons in 2021 to 5.609 tons in 2022 and fell further to **4.745 tons in 2023**, with an amount even lower than in 2020 (5.840 tons).



This decline is stressed by the green line in the graph below, which shows the drop in waste to production over time. However, this trend is highly variable because it is closely linked to the production process and the possible generation of recoverable waste.



Dolomite Franchi also produces **hazardous waste**, that represent **6%** of the total produced waste and that is disposed of according to current regulations.

As evident in the graph below, most of Dolomite Franchi's waste is sent for **recovery**. This trend was steady over time: in the four analysed years, about 94% of the produced waste was recovered, while only a small part was sent for disposal.



Dolomite Franchi is also involved in the recovery of its production waste: the company internally reuses non-conforming bricks and slurries discarded from the process. This strategy has enabled the company to **avoid producing an additional 2,370 tons of waste** during 2023.



SUSTAINABILITY OF RAW MATERIALS AND PRODUCTS

Dolomite Franchi, as a company operating in the mining and manufacturing industry, has also identified the use of resources and raw materials as a material matter. In particular, the company is actively engaged not only in reducing the use of hazardous materials within its operations, but also in the selection and use of recovered or reused materials.

The company's primary focus is directed toward the **constant optimization of production facilities and processes** in order to maximize finished product yield.

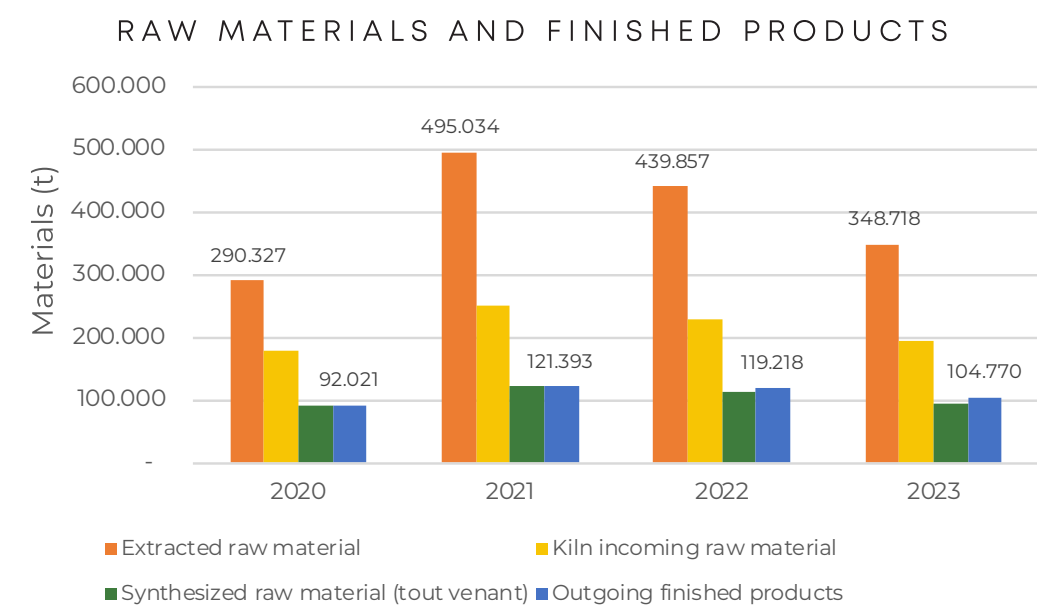
As mentioned earlier, the organization aims at internally reusing production waste whenever possible. The percentage of **waste** compared to **production** has remained steady over the years, hovering around 4% (3.75% in 2023).

To fully understand the company's production process and the generation of value for the finished product, it is useful to summarize the various steps, which follow this order:

- **Raw material extraction:** the material comes from the local dolomite quarry. In 2023, 348,718 tons of raw material were extracted.
- **Material entering the furnaces:** the raw material, after exclusion of the thinnest parts, which are not suitable for the production process, is equivalent to just over 50% of the extracted raw material (195,061 tons in 2023).
- **Sintering process:** the dolomite, mixed with solid fuel, is fed into 6 vertical furnaces, and subjected to chemical transformation by exposure to high temperatures (1,800-1,900 °C). The result is the production of sintered dolomite, which is then further

- selected according to quality. In 2023, the total amount of sintered dolomite was 94,901 tons.
- **Finished products:** include masses, bricks, and a portion of high-quality sintered material intended for the group's internal sales. In 2023, finished products amounted to 104,770 tons.

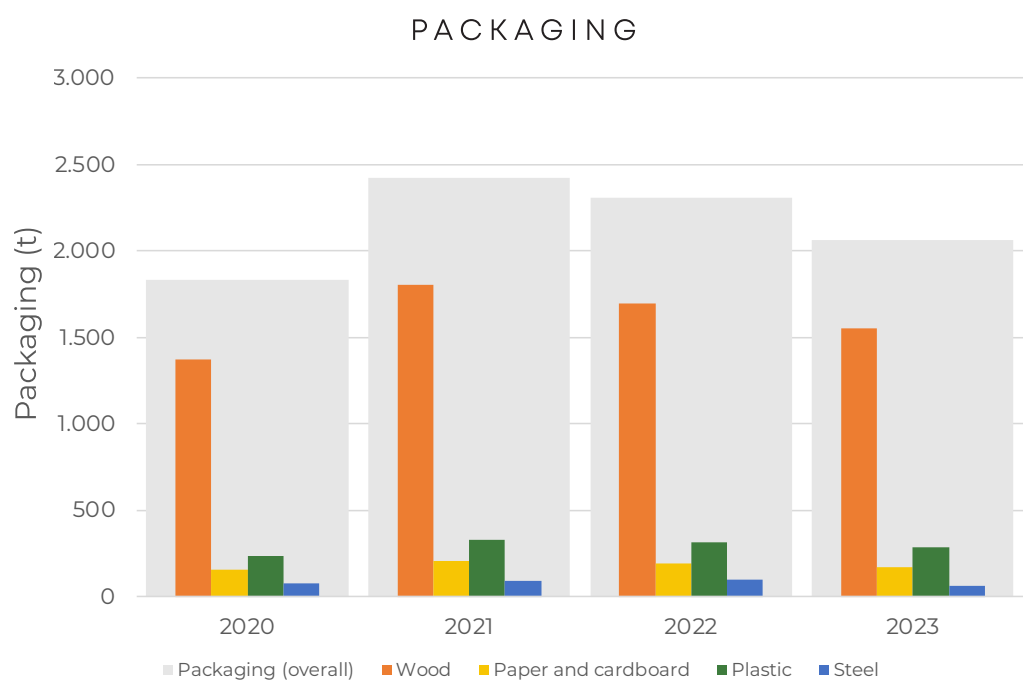
The following graph shows the amount of extracted and produced material during the years 2020-2023.



Besides, about 14,000 tons of production support materials were used during 2023.



Finally, outgoing **packaging**, namely those used for shipping products, mainly consists of **wood**, followed by **plastic**, **paper** and **cardboard**, and **steel**. Again, the use of packaging has followed the downward trend of the indicators monitored earlier and has experienced a slight inflection, as can be seen in the graph below.



SOCIAL



Corporate sustainability goes beyond the environmental dimension extending to human capital, understood as the workforce and the surrounding community. Dolomite Franchi is fully aware of this; Therefore, through continuous investments, the company is committed to protecting and promoting a harmonious coexistence between people the environment and the company itself.

To support its employees, the company acts in such a way as to enhance and actively involve all the people who collaborate with Dolomite Franchi, creating an inclusive work environment and promoting the well-being of all employees through specific initiatives.

In addition, Dolomite Franchi has always had a particularly strong bond with the local community, so it promotes development and cohesion activities thanks to sponsorship and donations. Attention to employees and the creation of value for the community are, therefore, two of the fundamental pillars of Dolomite Franchi's activity.



STAFF MANAGEMENT, WELL-BEING AND DEVELOPMENT

PEOPLE MANAGEMENT

As mentioned, two pillars of Dolomite Franchi's development strategy are: the enhancement of internal **human resources** and the **creation of opportunities** for personal and professional growth.

As of December 31, 2023, Dolomite Franchi was employing **195 people**, slightly reduced but substantially consistent with the data from 2022 and 2021.

In 2023, there were 14 new hires, marking a decrease compared to the preceding two years, during which there were 20 new entries annually. The number of new employees under the age of 30 also saw a decline, dropping from 11 in 2022 to 4 in 2023. Nevertheless, this reduction aligns with the overall slight decrease in total employee numbers and corresponding exits. Specifically, 14 employees left the company in 2023, with retirements (5) and voluntary resignations (7) being the primary reasons. Notably, there were only 2 exits among those under the age of 30, a significant decrease from the 7 exits recorded in 2022.

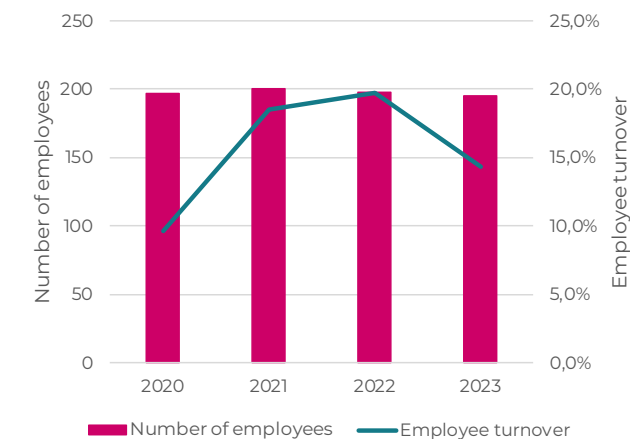
Both new entries and exits were lower than in previous years, resulting in a decreased rate of new hires – defined as the ratio of new hires to total staff.



EMPLOYEES' TURNOVER

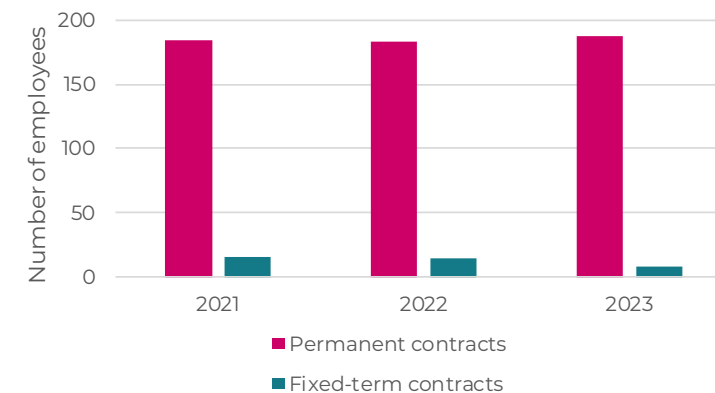


STAFF MANAGEMENT

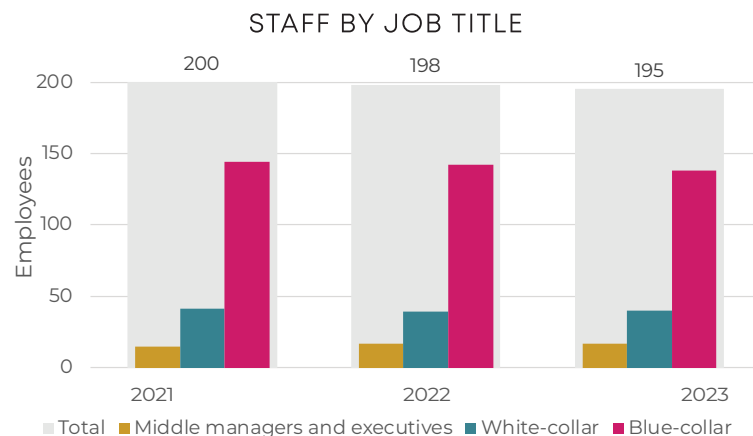


The **staff turnover rate** – calculated as the ratio between people who entered and left the company during the reference period and the total number of employees present at the end of the same period – was **14.4%** for the year 2023, while it was 19.7% in 2022 and 18.5% in 2021.

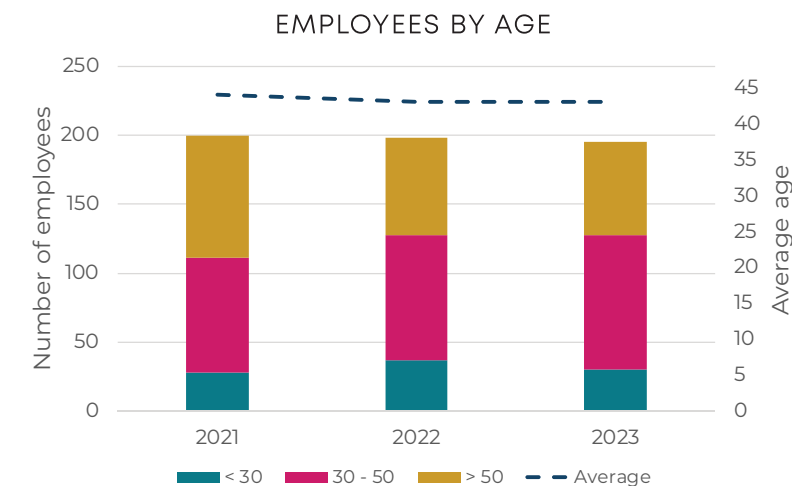
CONTRACTUAL CLASSIFICATION OF EMPLOYEES



Lastly, **96%** of the workforce (187 employees) are hired on **permanent contracts**. The further increase compared to 2022 (when this type of contract accounted for 92% of the total) confirms that job stability, for Dolomite Franchi, is a fundamental asset.



Regarding the division of personnel into roles, the data is substantially aligned with previous years. Specifically, in 2023, workers comprised 71% of the workforce (138 people), employees accounted for 21% (40 people), and executives and managers represented the remaining 8% (17 people).



Overall, apart from minor variances, the age distribution in 2023 closely mirrored the data from 2022, including the average age, which, after declining in previous years (from 48 years in 2020 to 43 in 2022), stabilized at 43 years.



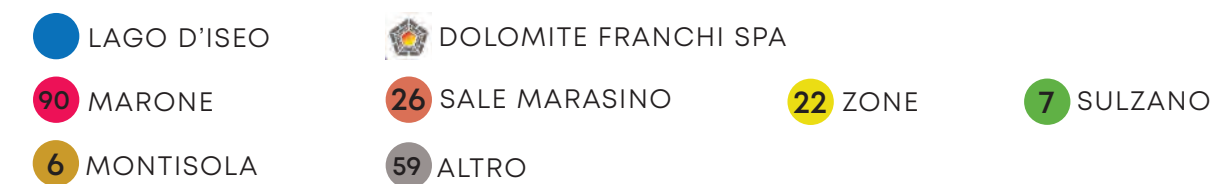
In 2023, more than half of the workforce (precisely 50.3%) fell within the age range of 30 to 50 years old. The proportion of workers under 30 experienced a slight decrease compared to the previous year, dropping by approximately three percentage points to 15.4%. The remaining portion (34.4% of the total) consisted of employees over 50 years old.

Regarding the geographical origin of employees, in 2023, like in the previous year, the majority of workers (71%) were residents of Marone and the surrounding areas (Zone, Sale Marasino, Sulzano, Montisola); specifically, 145 out of 195 people.

This strong concentration of the workforce in the territorial area surrounding the organization's headquarters testifies the key role that Dolomite Franchi plays in the employment landscape of the Alto Sebino region.



EMPLOYEES BY MUNICIPLAITY OF RESIDENCE





EMPLOYEES WELL-BEING

Dolomite Franchi assigns a fundamental value to the **well-being of its people**; therefore, it is constantly striving to ensure a **positive work environment** that is attentive to the needs of the employees and their families. For this reason, since the 1970s, the company has granted access to a **social fund** to employees and their families, allowing them to obtain compensation for a portion of healthcare and education expenses for their children. As evidence of this continuous commitment, in the last three years, the organization has donated over €100,000 per year in support of the fund.

One of the aspects on which the company acts to increase employee satisfaction and stimulate productivity is certainly the awarding of **bonuses**: employees receive an annual performance bonus, the amount of which is calculated based on criteria resulting from company negotiations with the RSU (Trade Union Representatives).

To further enhance the basic salary, Dolomite Franchi provides, at its own expense, a supplementary accident policy for the entire company population, in addition to the mandatory INAIL coverage, which includes protection against the risks of death and permanent disability.



Another essential aspect of employees' well-being concerns the availability of healthy and cheap meals: to ensure this added value, the company serves meals at a favourable price in a canteen on the premises. The menus get specifically designed from a nutritional point of view (both in terms of meal composition and rations).

In addition, each year Dolomite Franchi observes some traditions that are dear to the company and its people. In fact, on Santa Barbara's day, patron saint of the plant, Dolomite Franchi celebrates by organising the Holy Mass in the plant. Then, all employees are invited to a social lunch. On this occasion, the company also rewards employees with 25, 35 and 40 years of service with a gift. On Saint Lucy's Day (13th of December), on the other hand, Dolomite Franchi organizes the traditional initiative called "Le scarpine di Santa Lucia". During this day the company donates a pair of shoes to the employees' daughters and sons of school age.

Dolomite Franchi also pays attention to promoting a proper balance between work and leisure time, offering the opportunity to take advantage of **flexible working hours** for suitable tasks. **Part-time work** is also possible within the organization, primarily aimed at mothers or workers with specific family or study needs. At the end of 2023, employees with part-time contracts numbered 8, five of which were women.

Lastly, the company addresses any feedback and request received through the appropriate channel, in order to continuously improve its positive impact on corporate well-being.

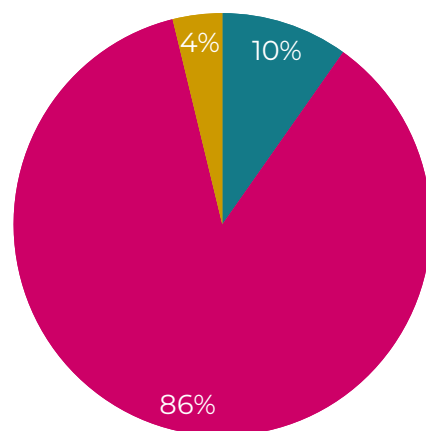


TRAINING AND PERSONAL GROWTH

For Dolomite Franchi, the quality of work is rooted in the **continuous improvement** of employees' professional skills, achieved through adequate and ongoing training. Therefore, the company is committed to planning and implementing training initiatives for the company's workforce.

In 2023, the total training hours amounted to 1,149, a decrease compared to 2022 but still higher than 2021 and 2020. Most training activities (992 hours) focused on health and safety issues. The remaining portion is divided between specific job-related training (113 hours) and training in environmental and sustainability matters (44 hours).

HOURS OF TRAINING



- Job-specific training
- Health and Safety
- Sustainability and Environment

In 2023, the majority of training hours were dedicated to managers and executives (7.4 per person); the amount dedicated to workers and clerks is quite similar, at 5.7 and 5.4 training hours per person, respectively. Therefore, while the training activities for managers are quantitatively in line with the previous year, the hours for other positions have been scaled back. The main motivation is related to the high number of hours in 2022 needed to catch up on previously postponed training due to the pandemic.

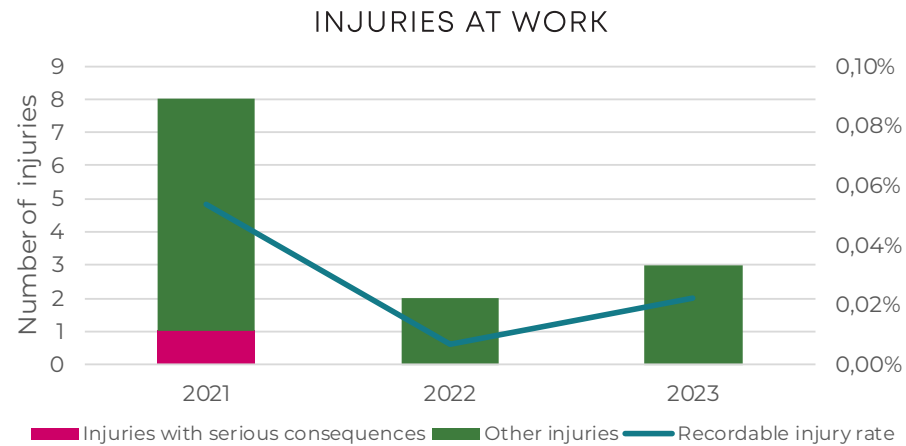


OCCUPATIONAL HEALTH AND SAFETY

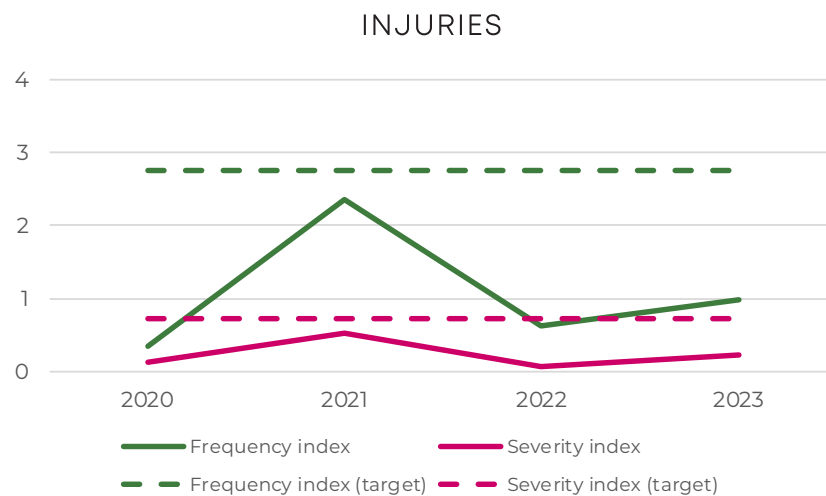
Another principle that guides Dolomite Franchi's work is the protection of the health and safety of all people, directly and indirectly involved in work activities. To ensure the best safety, health and well-being standards and conditions, the company adopts numerous strategies. In addition to compliance with adequate prevention standards and compliance with and correct application of current legislation and related technical regulations, Dolomite Franchi ensures accurate health surveillance and the frequent implementation of training and information activities for employees.

The primary focus that Dolomite Franchi dedicates to the theme of health and safety is confirmed by the fact that all company activities are governed by management systems certified according to the **UNI ISO 45001** standard "Occupational Health and Safety Management Systems".

Regarding accidents on the workplace, in 2023 there were 3 non-serious accidents⁴ resulting in a total of 67 days of absence. Consequently, the recordable injury rate – equivalent to the ratio of hours lost due to injury to total hours worked – stands at 0.02% (slightly higher than the 0.01% in 2022 but still lower than the 0.05% in 2021).



Therefore, both the frequency and severity rates have slightly increased in 2023 compared to the previous year, but they are still within reasonable limits. In particular, the data for both analysed indices are lower than the reference benchmark collected by Confindustria Ceramica for the ceramic-tiles sector: the severity index for injuries at Dolomite Franchi was 0.07 in 2022 and 0.22 in 2023. These values are lower than the 0.72 reported by Confindustria's survey in 2022⁵.



Similarly, the frequency index was 0.62 in 2022 and 0.99 in 2023, both lower than the result reported in the mentioned study (2.75).

⁴Injuries with fewer than 40 days of absence.
⁵Confindustria Ceramica: Annual Work Survey (Year 2022).

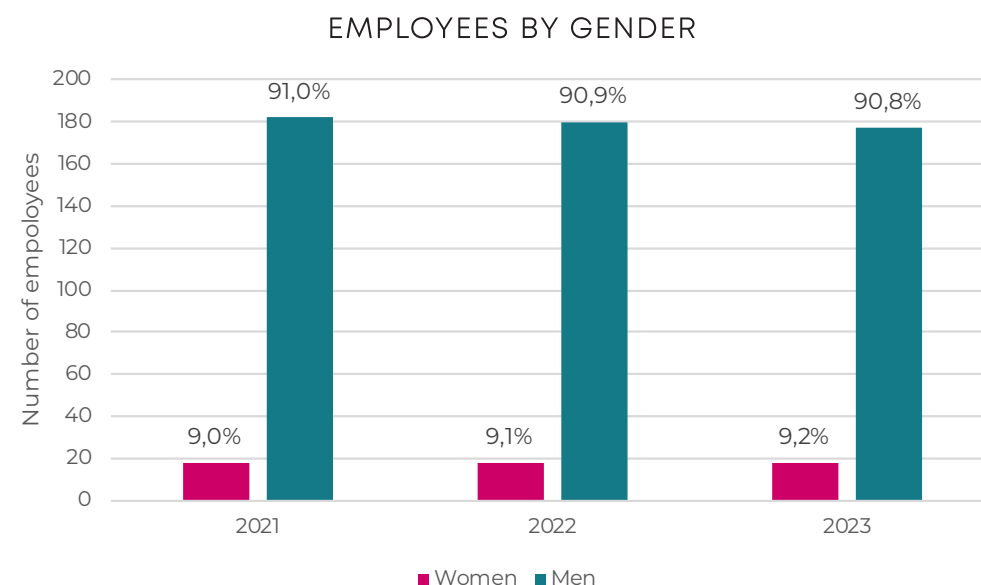


DIVERSITY, INCLUSION & EQUAL OPPORTUNITIES

Dolomite Franchi believes that protecting and enhancing the uniqueness of each individual in the corporate context is an important prerogative. As highlighted in its code of ethics, the company is committed to ensure compliance with the principles of diversity and inclusion and the fight against discrimination.

The percentage of female employees in relation to all workers is about 9% and is concentrated within the white-collar staff; In operational tasks, on the other hand, in light of the peculiarity of the sector, the presence of men is dominant. Again, over the last three years, the composition of the staff has remained steady.





Furthermore, Dolomite Franchi firmly believes in the importance of an inclusive work environment, based on the essential values of **collaboration** and mutual **respect**. Therefore, the organization is constantly committed to ensuring the necessary conditions for such a situation, not tolerating any form of racist or discriminatory behaviour.

In line with the provisions of the **Organizational, Management, and Control Model (MOG 231)**, which will be presented later, the company has an internal channel for reporting potentially discriminatory behaviour; throughout the year 2023 – similarly to the three previous years – no reports have been submitted.



CREATING VALUE IN THE COMMUNITY

Dolomite Franchi has always been deeply tied to the local community and strives to cultivate this important connection. In addition to the key role played by the plant in terms of employment provision, the company continuously plans resources, projects, and initiatives to create wealth for the local community, which is considered a stakeholder of fundamental relevance.

The strength of the bond with the territory has not been diminished by the company's progressive expansion or its increasingly international operations: Dolomite Franchi is – and remains – a reality connected to its roots. In fact, the management has always fostered a relationship based on dialogue and collaboration with local institutions and associations and considers social commitment as an integral part of the company culture.

In this perspective, Dolomite Franchi pays close attention to the community residing in the Municipalities of Marone and Zone, where the main company's activities are located. Among its initiatives, for over 10 years the company has announced, with the sponsorship of the municipal administration of Marone, a scholarship competition aimed at university students under the age of 28, residing in the Municipality of Marone and enrolled in various disciplines such as Engineering, Chemistry, Physics, Geology, Economics, and Business.

With this initiative, the company wants to support young residents' education, with the hope that they can later in turn contribute to the development and growth of the area. Unfortunately, however, no applications were submitted in 2023, and consequently, the scholarships were not awarded (unlike in all previous years).

Furthermore, for several years Dolomite Franchi has collaborated with the Brescia section of the “Federation of Masters of Labor” to organize visits to the quarry and plant for primary and secondary school students in the Marone area.

In 2023, the company allocated funds for several charitable donations, including sponsorships and philanthropic contributions, as well as Christmas gifts for employees and external collaborators.

In an effort to engage with the academic world, in 2023 Dolomite Franchi also hosted 4 interns, mainly in administrative positions.



GOVERNANCE

A wide-angle photograph of a large-scale quarry operation. The quarry is situated in a mountainous region with steep, forested slopes. The quarry itself consists of several terraced levels of excavated earth and rock. Several pieces of heavy machinery, including excavators and trucks, are visible on the different levels of the quarry. The sky is clear and blue, and the overall scene is one of industrial activity in a natural setting.

Dolomite Franchi's corporate governance is characterised by stability and a clear direction towards **continuous innovation**. Based on integrity, respect, and cooperation, it is a constant reference point for implementing an ethical and dynamic work environment.

The commitment to sustainability is reflected in the organisation itself, where respect for business ethics is translated into concrete actions. The company's Code of Ethics serves as a moral guide, while the quality (ISO 9001), health and safety (ISO 45001) and environmental (ISO 14001) management systems are pillars upon which daily operations are built. In 2023, an energy management system under ISO 50001 (currently undergoing the process of certification) has also been implemented.

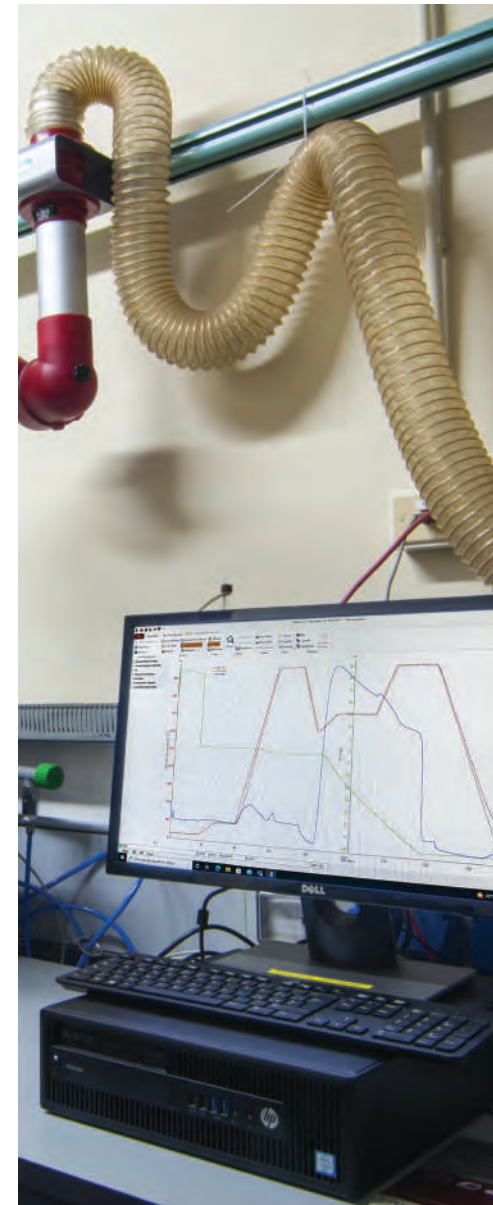
Moreover, in compliance with the Legislative Decree 231/2001, that regulates the Organization, Management and Control of the company, Dolomite Franchi demonstrates its effort to guarantee transparency and legality in each aspect of the operations. The departments dedicated to Research & Development and to Technical Support embody a commitment to innovation and customer service, thus contributing to the company's sustainable and responsible growth.

CORPORATE ORGANIZATION AND GOVERNANCE GUIDELINES

To ensure the **ethical** and **transparent governance** of its activities, Dolomite Franchi established a solid governance structure and adopted specific supporting instruments. The company is subject to the management and coordination of the INTOCAST AG group, while the company's main governing bodies include the shareholders' meeting, the Board of Directors (BoD), and the Board of Statutory Auditors.

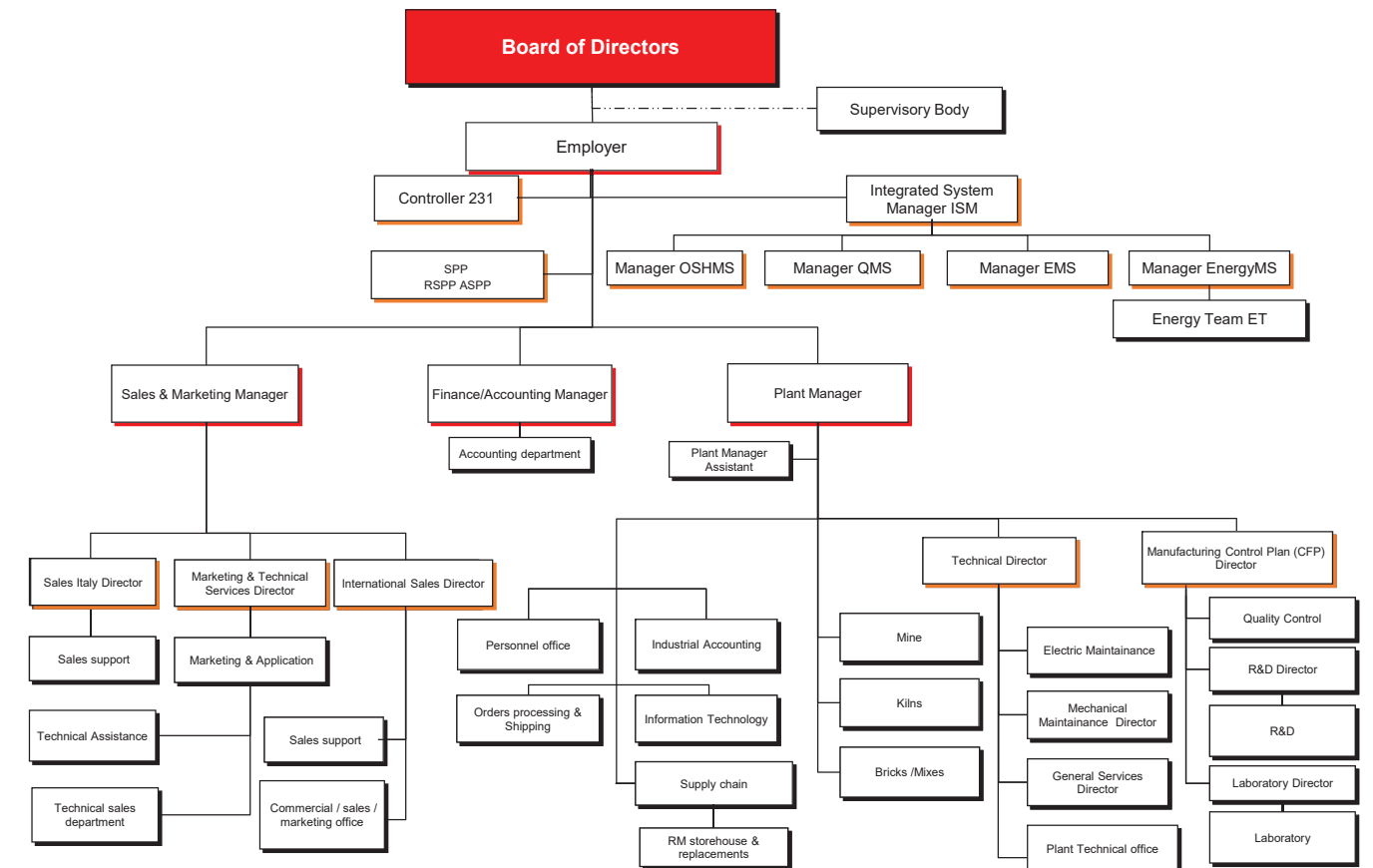
The shareholders' meeting appoints the Board of Directors, the Board of Auditors, and the Auditing Company, and approves financial statements. The **Board of Directors** holds the broadest powers for ordinary and extraordinary management, in order to achieve corporate objectives. It consists of **three members**, two men and one woman.

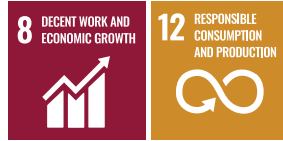
Starting from October 4, 2010, with the adoption of the Organization, Management and Control Model required by Legislative Decree 231/2001, the BoD periodically appoints the **Supervisory Board**, which will be discussed in more detail below. The Board of Statutory Auditors, instead, is in charge of supervising compliance with the law and the company bylaws, with the principles of proper administration, and with the adequacy of the organizational, administrative, and accounting structure referred to in the Article



2403 of the Civil Code. The Auditing Company is entrusted with the statutory audit of the accounts.

DOLOMITE FRANCHI FUNCTIONAL ORGANIZATION CHART





INTEGRITY AND TRANSPARENCY IN BUSINESS MANAGEMENT

ORGANIZATION, MANAGEMENT AND CONTROL MODEL

As already mentioned, since 2010 Dolomite Franchi has adopted an Organization, Management and Control Model to implement an internal organization and control system, consistent with the provisions of Legislative Decree 231/2001. The main purpose of this system is to promote the values of a sound **corporate management**, such as honesty, legality, and transparency, especially through the prevention of the crimes considered by the Decree. This Model is periodically updated by Dolomite Franchi in accordance with regulatory developments and changes in the company organization.

The supervision of the compliance with the decree and of the proper application of the model is assigned to the Supervisory Board, that is composed of two experts from outside the company (a chairman and a member), invested with a three-year term of office, with particular attention to the fulfilment of the requirements of independence, professionalism, and continuity of action.

The Supervisory Board carries out checks and audits, provides suggestions and indications and collects any criticism or report from all company personnel, by means of a structured **whistleblowing** procedure. Moreover, it is obliged to promptly report to the Board of Directors and the Board of Statutory Auditors, for the measures of their respective competences, any encountered transgressions, infringements, and non-compliant conduct, also proposing revisions, amendments and/or additions necessary to prevent such phenomena.



CODE OF ETHICS

Dolomite Franchi's **Code of Ethics**, adopted for the first time in 2010 and periodically updated upon resolutions by the Board of Directors, represents the point of reference for the principles, values and guidelines to be followed by those who act on behalf of the company, as well as by those who have relations with it.

The document is available to the public and is closely related to the Organisation, Management and Control Model (so-called MOG 231), extending and integrating it by setting out the **values** and **rules** of conduct considered essential by Dolomite Franchi.



Fighting against corruption is a particularly relevant commitment for Dolomite Franchi. In fact, it is addressed in two different sections of the code of ethics: the one concerning relations with the PA (public administrations), Public Services and Judicial Authority, and the one regarding relationships with private companies and other stakeholders. This commitment is further underlined by the fact that the Legislative Decree 231/2001 considers corruption as a significant crime, highlighting the importance of implementing the organisation, management and control model to prevent such phenomena.

The main values identified in the code of ethics guide the company's conduct in various areas, including the management of people, of information and of business activities. They include:

- **The protection of the individual**
- **Safeguarding of safety and of the environment**
- **Equity, legal compliance, and ethical behaviour**
- **Loyalty and confidentiality of information**
- **Respect for the interests of all stakeholders**
- **Professionalism and fair competition**
- **Fairness and transparency in relations with the Public Administration (PA)**



MANAGEMENT SYSTEMS

Dolomite Franchi is constantly committed to implementing and enhancing management systems to address issues that are crucial to the company's business. These include Occupational Health and Safety, Environment and Quality of the product and services provided, which are covered by ISO 45001, ISO 14001 and ISO 9001 certifications respectively. The Energy Management System (ISO 50001) is in the process of being certified by a third party.

In line with these management systems, the organisation established a targeted process for assessing and managing short-, medium- and long-term business risks, with a focus on evaluating the potential and actual negative impacts of its activities. This process includes a specific focus on the local communities involved.

In addition, in 2022 the company also obtained a certificate of conformity to **EN 459-1:2010**, certifying compliance with the requirements regarding the chemical and physical properties of the dolomitic air lime produced in its plant.





INNOVATION AND RESEARCH & DEVELOPMENT

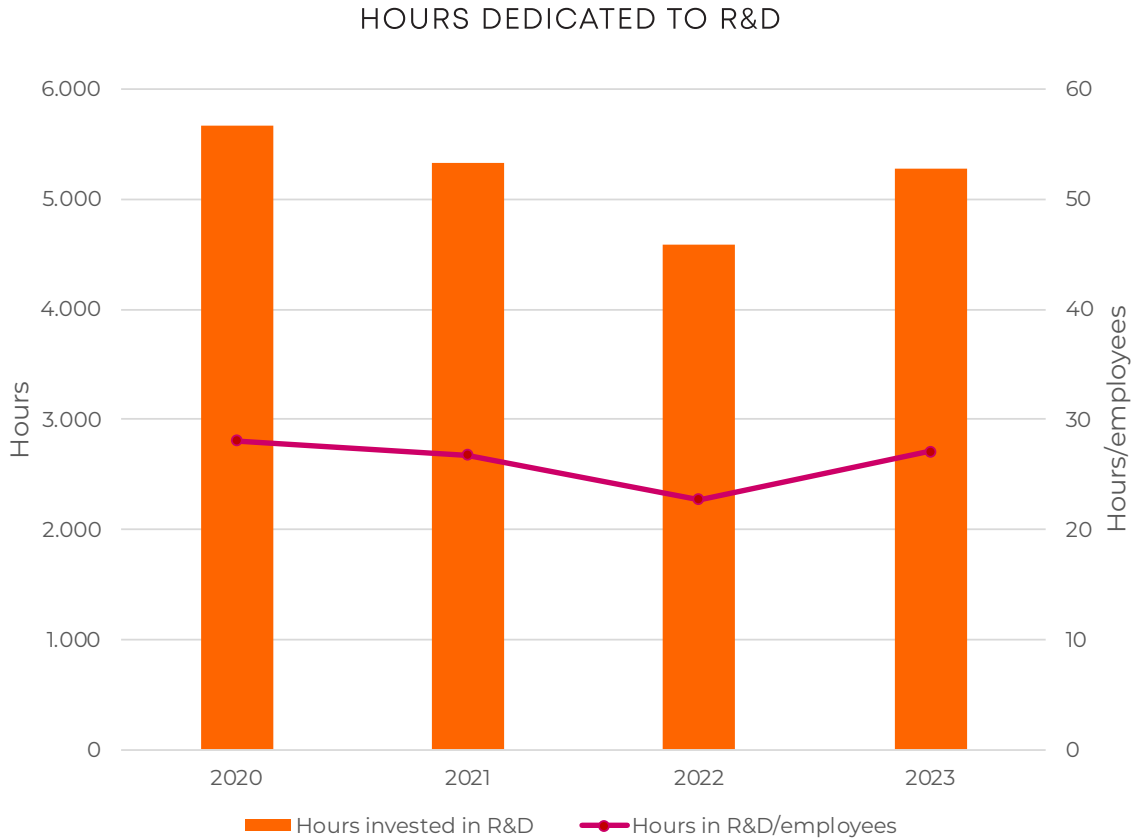


The department dedicated to research and development is a fundamental component of the company, given the uniqueness of the production process and product. Since its founding, Dolomite Franchi has constantly been investing in the **innovation** and improvement of its products, with the aim of reducing environmental impact and meeting customers' needs.

Over the years, Dolomite Franchi has developed a team of highly qualified R&D professionals who invest all their working time in the innovation of processes and products. During 2023, the total number of hours spent for these activities was 5.280,

recording an increase compared to the 4.590 hours of 2022, and showing an almost constant commitment compared to 2021 (5330 hours) and 2020 (5670 hours).

In 2023, the average number of R&D hours per employee was 27, in line with previous years (23 in 2022 and 26.8 in 2021). These figures testify to Dolomite Franchi's ongoing commitment to invest in its R&D and technological innovation activities, confirming its aspiration to continuously innovate and improve its processes and products.

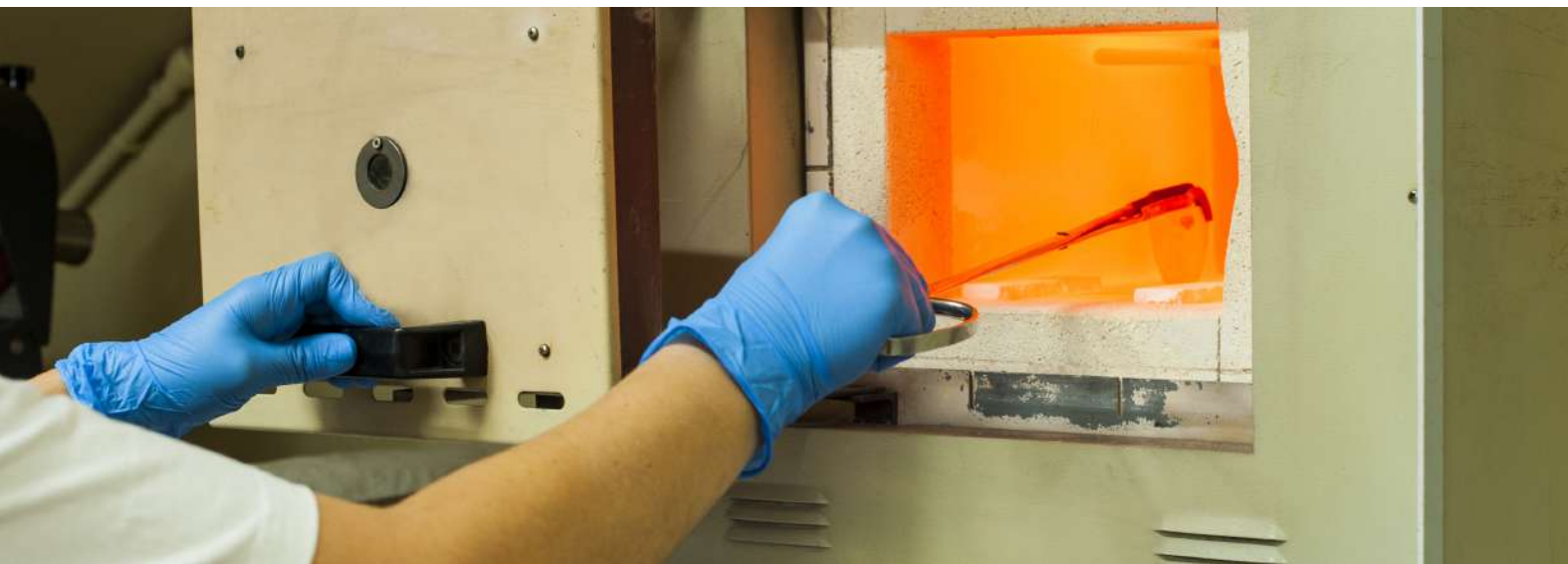


FOCUS: THE QUALITY LABORATORY OF DOLOMITE FRANCHI

To ensure **constant improvement in the performance and quality** of its products, Dolomite Franchi set up a specialised in-house laboratory. This laboratory is responsible for the accurate control of the entire production process, from raw materials to finished products, and is set to act promptly if necessary.

The laboratory uses optimised control plans to monitor the process, concentrating efforts on targeted sampling and precise, sustainable analysis. This approach translates into the use of low-cost test methods and the use of specially designed equipment for chemical-physical evaluations, minimising the use of solvents for the benefit of a more environmentally friendly operation.

The laboratory is involved in both quality control and research and development and verifies that both raw materials and intermediate and finished products meet the highest standards.



CUSTOMER SATISFACTION

Customer satisfaction is one of the most significant material issues for the organisation, as highlighted by the materiality matrix, and is therefore of fundamental importance to Dolomite Franchi. The company has always placed particular attention on this aspect, striving to continuously improve the quality and efficiency of the products and services offered, as well as to respecting delivery times.

To this end, during 2023, as in the two previous years, Dolomite Franchi conducted a survey based on the Customer Satisfaction Index (CSI). This international index provides a concise assessment of the overall level of customer satisfaction, with scores ranging from a minimum of 1 to a maximum of 10. The CSI is based on calculation models that compare customers' perceptions with their expectations, with respect to the level of product or service, considering specific quality drivers.

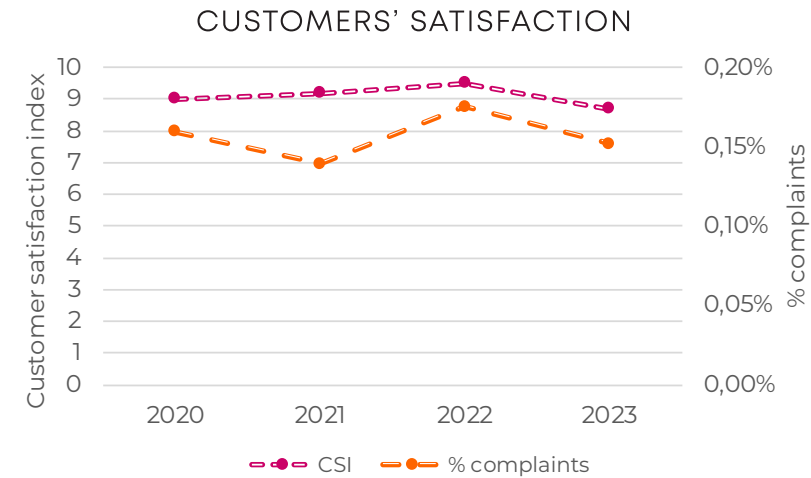
In 2023, Dolomite Franchi achieved a score of **8.7** in this assessment, marking a slight decline compared to previous years' results. Nevertheless, the company continues to strive for optimal customer satisfaction, constantly working to improve and exceed market expectations.



Moreover, Dolomite Franchi received 19 complaints during 2023, a total number significantly lower than previous years (see table below).
The complaints ratio - calculated as the ratio of total complaints to total active positions - amounted to 0.15% for 2023, in line (or slightly improving) with the results achieved in previous years.

COMPLAINT INDEX				
	2020	2021	2022	2023
Tot. complaints	22	27	27	19
Tot. amount of active positions	13.780	19.371	15.406	12.498
%	0,16%	0,11%	0,18%	0,15%

All the complaints falling within the remit of Dolomite Franchi were resolved, with a success rate of 100%.



PRIVACY AND DATA PROTECTION

Dolomite Franchi has implemented a procedure to ensure the **privacy** and the **protection** of stakeholders' data. In the period 2021-2023, no data loss or cybersecurity issues were encountered. A phishing incident in 2020 was promptly and successfully addressed through effective corrective action.

Following that incident, the company intensified employee training on **cybersecurity** and implemented an access control policy for sensitive data. These measures demonstrate Dolomite Franchi's ongoing commitment to protecting the security and confidentiality of its stakeholders' data.





MANAGEMENT OF THE SUPPLY CHAIN

Although Dolomite Franchi's supply chain is not among the identified material issues, the company collects and monitors information on it, to anticipate and promptly respond to its supply needs. The company pays particular attention to assessing the quality and reliability of all those involved in its supply chain. Dolomite Franchi has a structured **supplier screening** procedure, which assigns a score from 1 to 100 to its potential suppliers. Thus, suppliers are selected according to technical-professional requirements, such as quality or availability of supplies; moreover, they are required to sign the company's code of ethics, which, as seen above, touches on aspects related to environmental protection, health and safety of workers, anti-corruption and antitrust.

In 2023 there was an increase in the number of suppliers compared to previous years; in total, the number of local suppliers (i.e. those whose head office or main warehouse is located in the provinces of Bergamo and Brescia) increased slightly, settling at 43% of the total for the year 2023 (almost one percentage point more than in 2022).

The geographic proximity of the various suppliers is important for Dolomite Franchi because it allows to shorten transport distances, mitigating the related environmental impacts and risks, and because it supports the local economy.

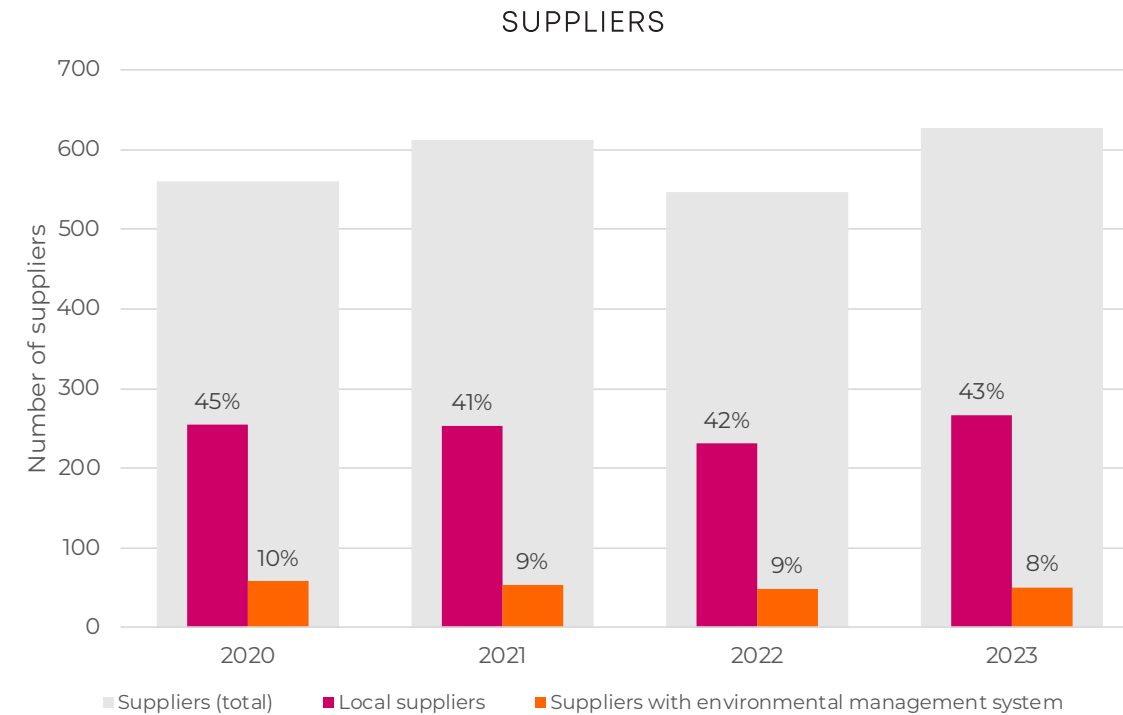
Given the same technical, economic and product requirements, Dolomite Franchi prefers **local suppliers**; this aspect is also recalled in the organisation's founding principles, where the desire to support the creation of secure employment in the area and the development of the local economy is declared.

Historically, between 8 and 10% of Dolomite Franchi's suppliers have an environmental management system in line with the highest standards. As can be seen in the next graph, the figure for 2023 is substantially in line with the one of the previous two years.

Furthermore, it should be noted that the main raw material used, dolomite stone, is produced in-house at the Calarusso quarry. This constitutes a significant advantage for Dolomite Franchi, since it guarantees **greater availability** of the **raw material** and it allows the use of an **environmentally friendly method of transport** by cableway, thus reducing the environmental impact associated with road transport.

In recent times, given the persistence of international geopolitical tensions, the procurement department, in collaboration with other company departments, has been required to make a special effort to search for and qualify new alternative strategic raw material suppliers, capable of guaranteeing quality and reliability of supply.





CREATION OF ECONOMIC-FINANCIAL VALUE

Through its activities, Dolomite Franchi is committed not only to pursuing its own development, but also to fostering the economic, social and environmental prosperity of the reality in which it operates. The generation of wealth for the organisation and its stakeholders is assessed according to the parameters defined by the Global Reporting Initiative's International Non-Financial Reporting Standards (GRI Standards). These standards outline two main concepts:

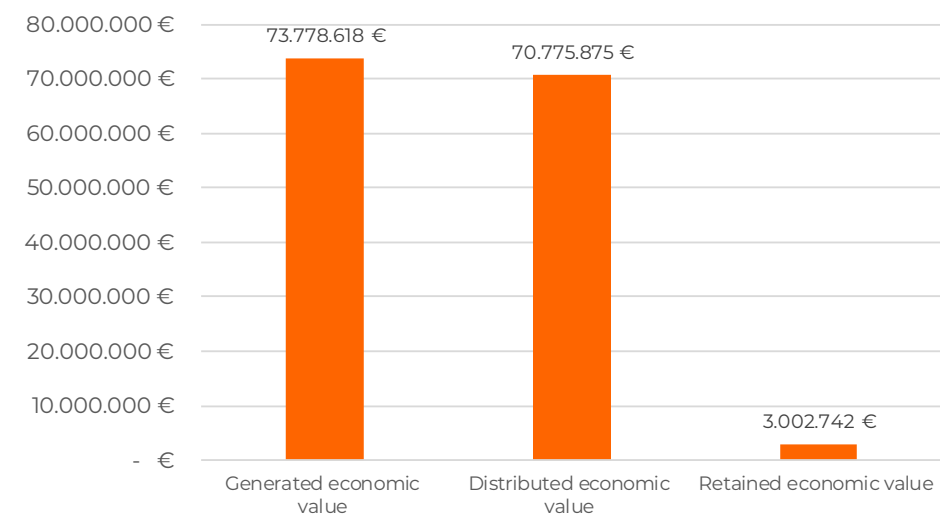
- **“Directly generated economic value”**, that includes income from net sales, income from financial investments and revenue from the sale of assets.
- **“Distributed economic value”**, that incorporates several components, including operating costs, employee wages and benefits, payments to capital providers, taxes paid to government, and investments in the community.

In 2023, the economic value generated by Dolomite Franchi was more than €73 million; of this, more than €70 million was re-distributed between suppliers, employees, shareholders, public bodies, and the community, according to the proportions depicted in the pie chart below. On the other hand, the portion of value retained by the company in 2023 stands at 4% (about €3 million), as illustrated by the bar chart.



INVESTMENTS

GENERATED, DISTRIBUTED, AND RETAINED ECONOMIC VALUE (2023)



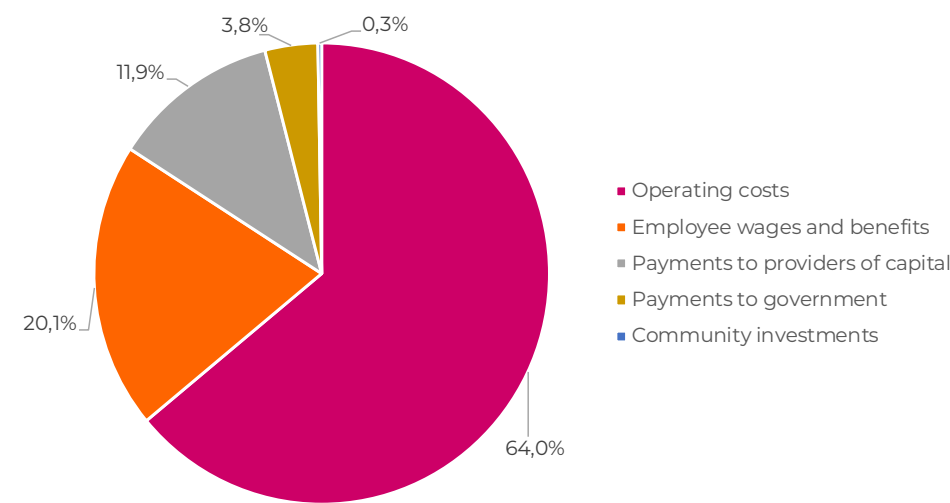
The year 2023 was characterised by major **investments** in **expansions** and **renovations** of the company’s buildings and areas, aimed at improving operations and reducing the impact on the outside world.

Interventions relating to safety and environment include the revamping of the automation and of the safety devices of the cableway and an improvement in fire protection in the areas at greatest risk.

Investments in research and development and process improvement accounted for 20% of total expenditure and were directed towards technological innovations and increased productivity and efficiency.

In total, Dolomite Franchi invested more than € 2.3 million during the analysed year.

COMPOSITION OF THE DISTRIBUTED ECONOMIC VALUE (2023)





GRI CONTENT INDEX

For each material topic identified, the correlation with the main international reference standards for sustainability reporting, the so-called GRI (Global Reporting Initiative), is presented below.

No GRI sector standards pertinent to Dolomite Franchi’s activity have emerged.

Statement of use	Dolomite Franchi S.p.A. has reported the information cited in this GRI content index for the period 01.01.2023 – 31.12.2023 with reference to the GRI Standards
GRI 1 used	GRI 1 – Foundation – 2021 version

GRI 2 – General Disclosures 2021		
GRI Standards	Disclosure	Reference paragraph
The organization and its reporting practices		
	2-1 Organizational details	Methodological note
	2-2 Entities included in the organization’s sustainability reporting	Methodological note
	2-3 Reporting period, frequency and contact point	Methodological note
	2-4 Restatements of information	Any variations are indicated in the text
	2-5 External assurance	/
Activities and employees		
	2-6 Activities, value chain and other business relationships	DOLOMITE FRANCHI
	2-7 Employees	Staff management, well-being and development
	2-8 Workers who are not employees	Staff management, well-being and development
Governance		
	2-9 Governance structure and composition	Corporate organization and governance guidelines
	2-10 Nomination and selection of the highest governance body	Corporate organization and governance guidelines

	2-11 Chair of the highest governance body	Chief Executive Officer's statement
Strategies, policies and practices		
	2-25 Processes to remediate negative impacts	Our material matters and impacts
	2-27 Compliance with laws and regulations	Integrity and transparency in business management
Stakeholder engagement		
	2-29 Approach to stakeholder engagement	Materiality assessment and stakeholder engagement
GRI 3 – Material Topics – 2021 version	3-1 Process to determine material topics	Materiality assessment and stakeholder engagement
	3-2 List of material topics	Materiality assessment and stakeholder engagement
	3-3 Management of material topics	Materiality assessment and stakeholder engagement

Disclosure	Reference paragraph
TOPIC STANDARD – ECONOMIC PERFORMANCE	
201-1 Direct economic value generated and distributed	Creation of economic-financial value
203-1 Infrastructure investments and services supported	Creation of economic-financial value
205-1 Operation assessed for risks related to corruption	Integrity and transparency in business management
205-2 Communication and training about anticorruption policies and procedures	Integrity and transparency in business management
205-3 Confirmed incidents of corruption and actions taken	Integrity and transparency in business management
206-1 Legal actions for anti-competitive behavior, antitrust, and monopoly practices	Integrity and management in business management

TOPIC STANDARD – ENVIRONMENTAL PERFORMANCE		
301-1	Materials used by weight or volume	Sustainability of raw materials and products
301-2	Recycled input materials used	Sustainability of raw materials and products
301-3	Reclaimed products and their packaging materials	Sustainability of raw materials and products
302-1	Energy consumption within the organization	Energy and energy efficiency
302-2	Energy consumption outside of the organization	Energy and energy efficiency
302-3	Energy intensity	Energy and energy efficiency
302-4	Reduction of energy consumption	Energy and energy efficiency
302-5	Reduction in energy requirements of products and services	Energy and energy efficiency
305-1	Direct (Scope 1) GHG emissions	Emissions in the atmosphere and environmental management
305-2	Energy indirect (Scope 2) GHG emissions	Emissions in the atmosphere and environmental management
305-4	GHG emissions intensity	Emissions in the atmosphere and environmental management
305-5	Reduction of GHG emissions	Emissions in the atmosphere and environmental management
306-1	Waste generation and significant waste-related impacts	Waste management and disposal
306-2	Management of significant waste-related impacts	Waste management and disposal
306-3	Waste generated	Waste management and disposal
306-4	Waste diverted from disposal	Waste management and disposal
306-5	Waste directed to disposal	Waste management and disposal
307-1	Non-compliance with environmental laws and regulations	Integrity and transparency in business management

TOPIC STANDARD – SOCIAL PERFORMANCE	
401-1 New employee hires and employee turnover	Staff management, well-being and development
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Staff management, well-being and development
403-1 Occupational health and safety management system	Occupational health and safety
403-2 Hazard identification, risk assessment, and incident investigation	Occupational health and safety
403-5 Worker training on occupational health and safety	Staff management, well-being and development
403-6 Promotion of worker health	Occupational health and safety
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational health and safety
403-8 Workers covered by an occupational health and safety management system	Occupational health and safety
403-9 Work-related injuries	Occupational health and safety
404-1 Average hours of training per year per employee	Staff management, well-being and development
405-1 Diversity of governance bodies and employees	Diversity, Inclusion & Equal Opportunities
406-1 Incidents of discrimination and corrective actions taken	Integrity and transparency in business management
410-1 Security personnel trained in human rights policies or procedures	Diversity, Inclusion & Equal Opportunities
413-1 Operations with local community engagement, impact assessments, and development programs	Creating value in the community
413-2 Operations with significant actual and potential negative impacts on local communities	Creating value in the community

418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Privacy e data protection
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Written in collaboration with Fedabo SpA SB

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