

DOLOMITE FRANCHI SPA

SUSTAINABILITY REPORT 2022



**Dolomite
Franchi**

MEMBER OF THE INTOCAST GROUP OF EXPERTS

Dolomite Franchi has drawn up the sustainability report 2022 with the support of the consulting company Fedabo S.p.A. SB, following the *with reference* to option of the GRI (Global Reporting Initiative) international standard, with reference to the latest update that came into force at the beginning of 2023.

The purpose of the report is to communicate to its stakeholders (internal and external) the virtuous initiatives implemented by the company regarding environmental, social and governance sustainability issues.

The principles of materiality, inclusivity, sustainability context, completeness, accuracy, balance, transparency, comparability, reliability, and timeliness have been adopted in writing this document.

Regarding the definition of the sustainability report contents, the concept of materiality analysis has been introduced, through which the company has involved its stakeholders with the

aim of identifying the organization's materiality topics. For each topic analyzed, a connection to the Sustainable Development Goals is also included.

The individual topics reported are presented with reference to the individual company (Dolomite Franchi S.p.A.) and do not include data from the *holding group* (Intocast Group).

All information contained refer to the reporting period from January 1st to December 31st, 2022. The document also includes information regarding the previous three-year period (2020-2022).

Furthermore, in the final part of the document there is a reference to the new *European Sustainability Reporting Standards* (ESRS), which are currently being developed by the EFRAG (*European Financial Reporting Advisory Group*). The ESRS will be integrated annually into Dolomite Franchi's sustainability report in order to make the company ready for future regulatory obligations.

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CHIEF EXECUTIVE OFFICER'S STATEMENT

At the end of the fiscal year 2022, Dolomite Franchi shares with the stakeholders and the community its sustainability report that must represent the “voluntary integration of the social and ecological concerns of the companies in their commercial operations and relations with their stakeholders”, according to the European Commission’s 2001 Green Paper. In short, the report shows the outcomes of our business, not limited to financial and economic aspects alone, but also inclusive of our company’s contribution to social and environmental issues.

follows the UN Global Compact (1999), the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy by the International Labour Organization (1977) and the OECD Guidelines for Multinational Enterprises (1976): they were all discussed in a Europe-wide debate that terminated in 2004 with the publication of a Memorandum of Understanding on the main instruments of social responsibility, which, in turn, was followed by the 2006 communication aimed at increasingly broadening the audience of interested companies.

The European Commission’s 2001 document

The roots of our free choice are thus the

synthesis of a complex elaboration of the issue conducted over the years in the EU institutions, particularly since Jaques Delors's White Paper (president of the European Commission from 1985 to 1995), in which he committed the member states to develop a new economy that would be competitive and fair, but also healthy and free.

In short, a broad scope was identified, both internal and external to the company, whereby the company must demonstrate to the customer that it not only manufactures safe products, but also that these products have been produced according to socially responsible criteria, with proper practices in the management of human resources and their health and safety, as well as in the management of the environmental effects and in the updating of social transformations.

Thus, in order to anticipate what will become a legal obligation in the coming years under the EU Directive 2022/2464 "Corporate Sustainability Reporting Directive", we are moving along the path of sustainability, which will involve an ever-increasing integration of industrial strategies with sustainability goals,

common to all the social components of the community.

Therefore, the attentions that have always driven our activities, such as the meticulous management of natural resources and the applied research to improve our products quality and environmental compatibility, fit into this perspective of continuous improvement on the path of sustainability, to the benefit of all the stakeholders.

Alessandro Romano
CEO
Dolomite Franchi SPA



VISION

In a world that is constantly and abruptly changing and transforming, Dolomite Franchi wants the quality of its products to be a granitic certainty: a **quality** that is not only rooted in the unquestionable properties of the raw material used, but also in the **corporate culture** that the company has always been committed to promoting and implementing.

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

A vision that the company is committed to putting into practice day by day, involving all the stakeholders as much as possible in this process, in order to meet the demands of an increasingly challenging and cutting-edge steel industry. This must be done without neglecting its environmental and social responsibilities, the relevance of which is highlighted by the strong bond that, since 1919, has connected the company to the **community** in which it is embedded.



MISSION

“Produce dolomite based refractory material for the steelmaking industry using advanced technologies both in terms of production processes and in terms of quality assurance and safety and environment protection”.

This is Dolomite Franchi’s mission, which finds its application in protecting the health and implementing the safety at work for all the employees, committing to reduce the risk of injuries; to pursuing production also through the mitigation of its impacts, safeguarding the sustainability, incrementing the sales and rationalizing the production; customizing as much as possible the refractory solutions according to the customers’ demands.

These are the main results toward which Dolomite Franchi’s daily work is oriented.



On 1st December 2017, Dolomite Franchi S.p.A. has been acquired by the **INTOCAST AG Group**, based in Ratingen, Germany. Founded in 1919 and specialized in the production of refractory materials and casting auxiliaries, in the last three decades the Group has progressively expanded, to the point of becoming one of the world leaders in the industry.

Today, INTOCAST can count on a large network of both production and commercial organizations, in Europe and in the rest of the world, that, in its entirety, employs about 2000 people, with an annual turnover of approx. € 450 million.

The present sustainability report only focuses on **Dolomite Franchi S.p.A.**'s activities. Consequently, all the information and data below are representative of the company in question only.



WHO WE ARE

Since 1919, Dolomite Franchi S.p.A. produces high quality **dolomite refractory materials**, both shaped and unshaped, for secondary metallurgy – intended, in particular, for lining the ladles, AOD converters and Electric Arc Furnaces. Refractories are necessary for all the industrial processes involving high temperatures (>1200 C°), in consideration of their remarkable resistance to both heat and extreme chemical and mechanical stress.

The high and consistent quality of the products, guaranteed by the excellent raw material extracted from its mine and the expertise used in its processing, acquired through **more than a century of experience**, today configures Dolomite Franchi as one of the worldwide **leading** dolomites refractory suppliers.

Dolomite Franchi's raw material is an **extremely pure dolomite** and it is **mined in Calarusso**, in the town of Zone, Italy. Once extracted and shattered, the dolomite rock is brought to the production plant, by means of a cable way, located in the near town of Marone, where it is washed, selected, mixed with solid fuel and loaded in specific vertical kilns. Here, it is then calcinated and sintered, through firing at high temperatures (1900° approx.). The **sintered dolomite** obtained, also known as sinterdolomite, is then used to produce refractory **bricks** and **mixes**, that represent the two product lines on which the company's production focuses.

Dolomite Franchi's product names have in common the root "PENTA" – that indicates the belonging to a range of products identified with a pentagon, which is the company's own logo -, followed by different suffixes (-BRICK, -DOL, -SOL, etc...) that define their specific use



OUR PRODUCT LINES

The first line regards the **PENTABRICK bricks** that, depending on the use for which they are intended, can be of pure dolomite or enriched with specific additives. They are cutting-edge products, designed to minimize the environmental impact and to ensure the compliance with the current safety regulations.

Due to their remarkable resistance, PENTABRICK bricks are very common in the **steel industry**, where they are used as refractory for lining **ladles** and **AOD converters** to produce stainless steel and Electric Arc Furnaces.

The second product line regards the **mixes**. They play an important role too in **ladles** and **AOD converters** as they make it possible to fill those spaces that, due to shape, size, or characteristics, cannot be lined with bricks, and, at the same time, they offer the same guarantees as the latter in terms of resistance and reliability. In EAF, however, they are recommended for the construction and repair of soles and underbath parts..

TIMELY AND ACCURATE TECHNICAL ASSISTANCE SERVICE

A significant part of Dolomite Franchi's business regard the **technical assistance**, aimed at helping customers to achieve the best possible results from their refractory. Customer services include:

- Collaboration to project the refractory lining of furnaces, ladles and converters;
- Assistance to the refractory lining construction;
- Optimization of steel appliances operational practice;
- Slag control and optimization;
- Support for identifying the best balance for refractory lining.



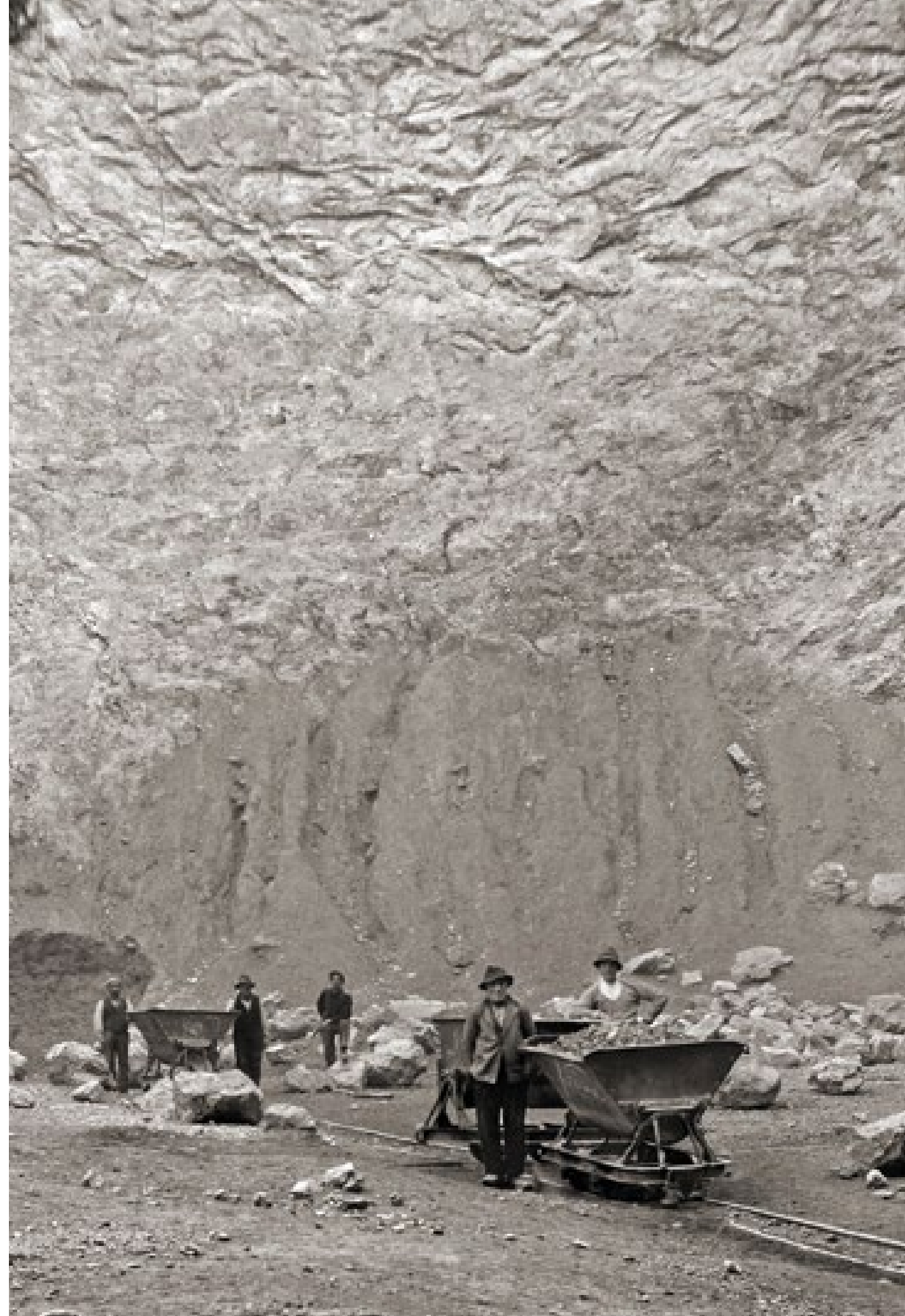
OUR HISTORY

Dolomite Franchi from the origin to the present day:

1919 foundation of Dolomite Franchi in Marone, Italy, by Attilio Franchi, pioneer of the Italian steel industry. Beginning of the production of monolithic mixes for Martin-Siemens furnaces.

1956 patent and production of DOLOBLOC, large pre-shaped blocs for EAF sidewalls and Siemens-Martin furnaces.

1980 closure of the old mine in Marone and opening of the new mine in Calaruso, in the town of Zone.



1984 inauguration of the new brick plant and start-up of PENTABRICK production: tempered dolomite bricks for the secondary metallurgy.

**20
07**

RHI Group completes the acquisition of Dolomite Franchi, that, under the “Penta” brand, becomes the world’s second largest producer of dolomite.

**20
17**

Intocast AG, a global player in refractories based in Ratingen (Germany), acquires 100% of Dolomite Franchi.

**19
89**

RHI Group acquires a majority stake of Dolomite Franchi

**19
89**

VEITSCH-RADEX AG (an RHI Group company located in Vienna) acquires a 48% stake in Dolomite Franchi. The company is a world leader in the production of refractories.



HIGHLIGHTS



100+
years of history
and experience

400.000

tons of dolomite mined and
processed every year



1200+ employees over
the years



about
200
employees



150+ customers
worldwide

40
in Italy



75+
€ millions of
turnover

160.000 €

redistributed to the
employees from the Social
fund reimbursement

110.000+

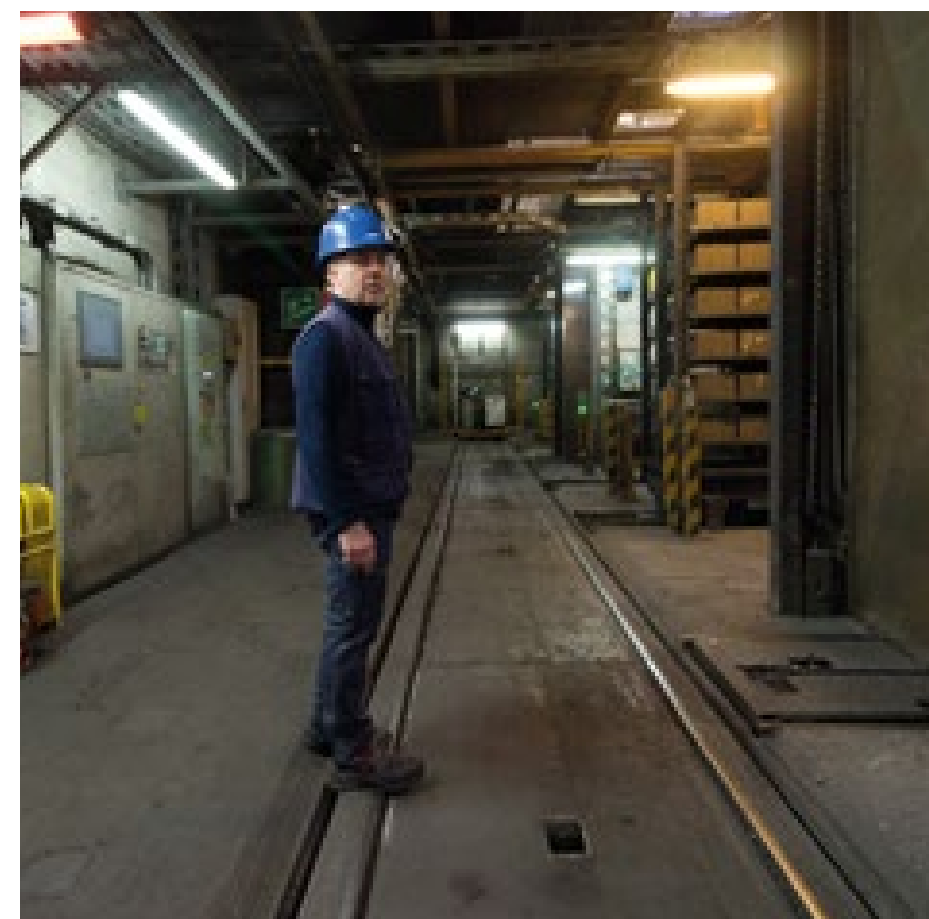
tons of finished product
in 2022



3
ISO
certifications



Quality, Environment
and Safety at Work



3200

hours of staff training in 2022





VALUES AND PRINCIPLES

Dolomite Franchi is deeply aware of the importance of complying with a set of fundamental values and ethical principles in its activities, in order to strengthen and improve the already excellent reputation the company enjoys, both nationally and internationally, with its suppliers, customers and competitors.

The values and the principles that the company has always regarded as the guiding star of its actions and business culture have been formalized in 2010 in the **company's Code of Ethics**, which is periodically updated and revised by BoD deliberations. This document provides the guidelines that the staff must follow in the management of relations both inside and outside the company and it represents a fundamental element for Dolomite Franchi's **Model of Organization, Management and Control**, provided and regulated by the Legislative Decree No. 231/2001 (the so-called Organizational Model 231).

Specifically, Dolomite Franchi recognizes a **primary** importance to the **individual** and his or her protection, not tolerating any form of discrimination and attaching essential importance to cooperation and mutual respect.



Among the values lying at center of the corporate philosophy stand out **transparency, fairness, integrity** and **honesty**.

The term “transparency” indicates the company’s willingness to constantly provide complete, truthful, clear information and communications – both internal and external.

TRANSPARENCY
FAIRNESS
INTEGRITY
HONESTY

“Fairness” is defined as the commitment to act in an irreprehensible manner in any situation involving the company, and toward all the stakeholders.

“Integrity” and “honesty” mean, instead, the belief that competitiveness must be intertwined with the use of fair means, and that this represents the only valid and worthwhile path to long-term success on a sustainable basis: for this reason, every day, Dolomite Franchi strives to build its position in the market in accordance with the highest ethical standards.

SUSTAINABLE DEVELOPMENT GOALS (SDGs)

In addition to the Global Reporting Initiative (GRI) standards, this sustainability report refers to the **Sustainable Development Goals (SDGs)**, which represent the core of the UN 2030 Agenda.

Specifically, they include 17 goals that embody the common plan for sustainable development, signed by the governments of the 193 UN members countries in 2015. The achievement of these goals, set for 2030, involves the active participation of institutions, organizations, companies, and civil society.

In this report we have chosen to report, with respect to each sustainability topic (environmental, social or governance), the reference SDGs, with specific focus on the actions taken and initiatives adopted by Dolomite Franchi in 2022, in favor of each of these goals.







IMPACTS AND MATERIALITY MATRIX



ASSESSMENT OF ACTUAL AND POTENTIAL IMPACTS

In line with the main international standards (GRI), Dolomite Franchi, to define its materiality matrix, assessed the **impacts generated** by the company on the environment, economy and community, regarding 2022.

The assessment started from the analysis of the **business context** and, after considering all the stakeholders, it evaluated the **positive** and **negative** impacts (**actual** and **potential**) generated by the company.

To ensure a uniform and representative analysis of impacts of the entire company, interviews were conducted with relevant company figures, during which impacts were classified according to their degree of **magnitude** and **probability** of occurrence in the case of potential impacts (risks or opportunities arising from events that have not yet occurred), while they were evaluated according to **magnitude** alone (the extent of damage

or benefit procured) in the case of actual impacts (positive or negative impacts resulting from events already recorded). Values in the range of 1 to 5 were assigned to quantify the probability and magnitude levels. Regarding the severity/magnitude of these impacts, in the case of positive impacts (actual or potential), the highest value (5) is to be considered the best/optimal value, while for negative impacts, the value 5 points to a very significant threat/risk to the company (and thus assumes a negative connotation).

Furthermore, for each impact, actions already taken internally for the management or mitigation of the effects generated were identified, and new potential improvement actions were arranged.

IDENTIFICATION OF ACTUAL IMPACTS

The table below shows the most significant actual impacts for each ESG issue. Specifically, the table shows the results of the analysis conducted to identify the main **current impacts** (divided into **positive** and **negative**) directly and indirectly generated by the company.



ENVIRONMENT SPHERE

PRIORITY ISSUES	IMPACT GENERATED	MAGNITUDE
Greenhouse gas emissions and environment management	Presence of an ISO 14001 certified environmental management system	3
Waste management	Compliant management of waste and reduction of the amount of waste generate	3
Energy efficiency	Development of interventions for energy efficiency to optimize company's consumptions	2
Sustainability of raw materials and products	Difficulty in the supply of strategic raw materials (solid fuels)	4

SOCIAL SPHERE

PRIORITY ISSUES	IMPACT GENERATED	MAGNITUDE
Staff management, welfare and development	Guarantee of a stable and long-lasting job, with the presence of a worker's fund and production bonuses	5
	Appropriate take in charge of reports and requests from the staff	2
Health and safety at work	Presence of an ISO 45001 certified occupational health and safety management system	4
	Monitoring and continuous implementation of preventive actions aimed to guarantee health and safety at work	4
Creation of value in the community	Social and economic development of the local community in which the company works	4
	Presence of a few complaints from the community and/or the authorities for environmental issues	3



GOVERNANCE SPHERE

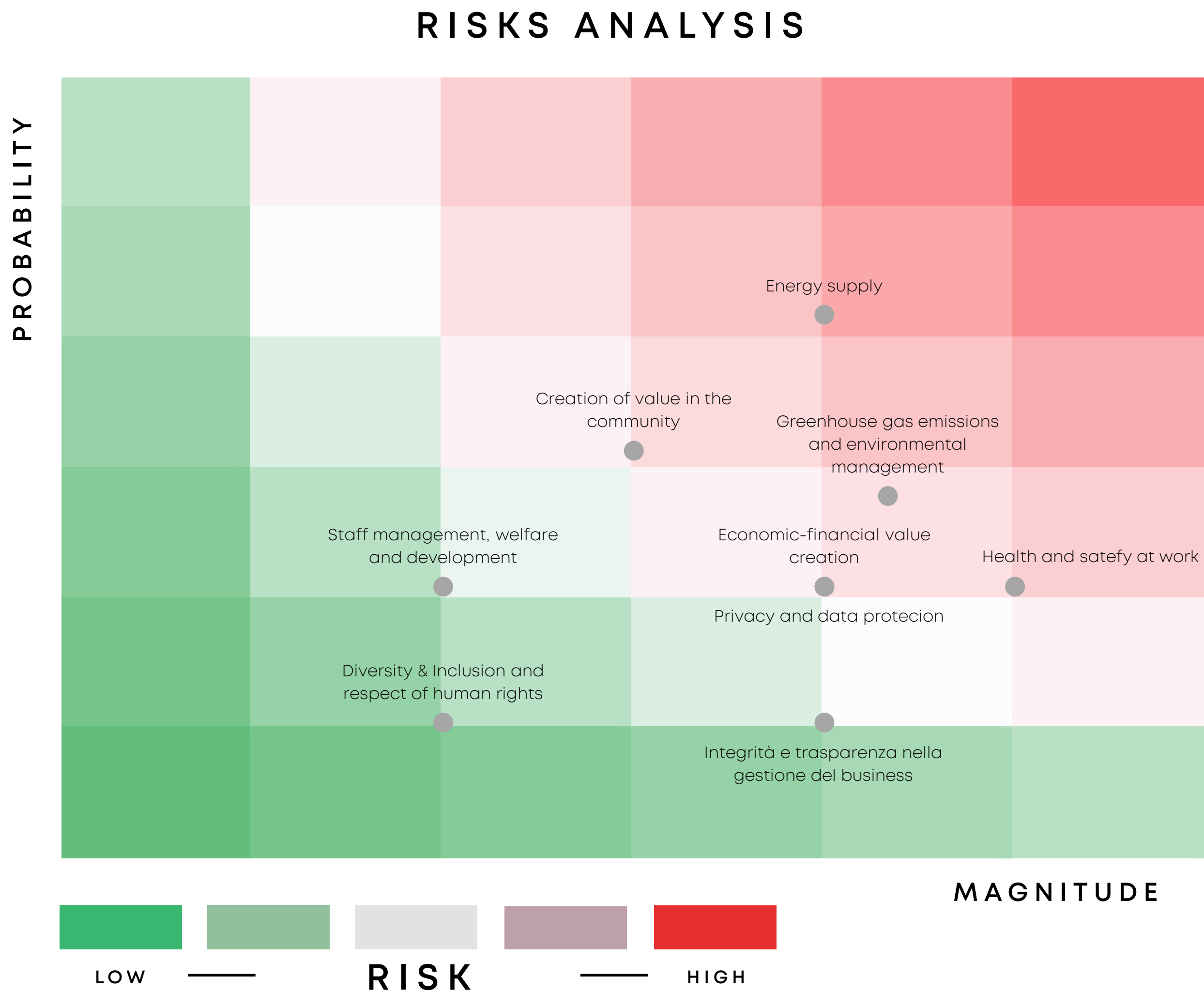
PRIORITY ISSUES	IMPACT GENERATED	MAGNITUDE
Privacy and data protection	Guarantee of data protection according to the most advanced IT security systems	3
Customers' satisfaction	Achievement of the preset goals about customers' satisfaction, due to the constant monitoring of complaints and to an accurate customer technical assistance service	4
	Presence of an ISO 9001 certified quality management system	3
Economic-financial value creation	Absence of problems related to customers' solvency	4
Integrity and transparency in business management	Presence and respect of corporate certifications and procedures, according to the company's structure and the regulations	4
	Ensuring compliance to national and international laws and regulations	4

IDENTIFICATION OF POTENTIAL IMPACTS

Besides the current impacts, that is those resulting from events that have already been recorded and occurred, the company also analyzed the potential impacts, both positive (opportunities) and negative (risks). To do this, Dolomite Franchi evaluated the identified **risks** and **opportunities** on the basis of the **magnitude** of the impact and the **probability** of occurrence.

RISKS FOR DOLOMITE FRANCHI

In the matrix below, the risks identified by the company have been positioned in relation to their importance, obtained by combining the magnitude and the probability related to each priority issue.

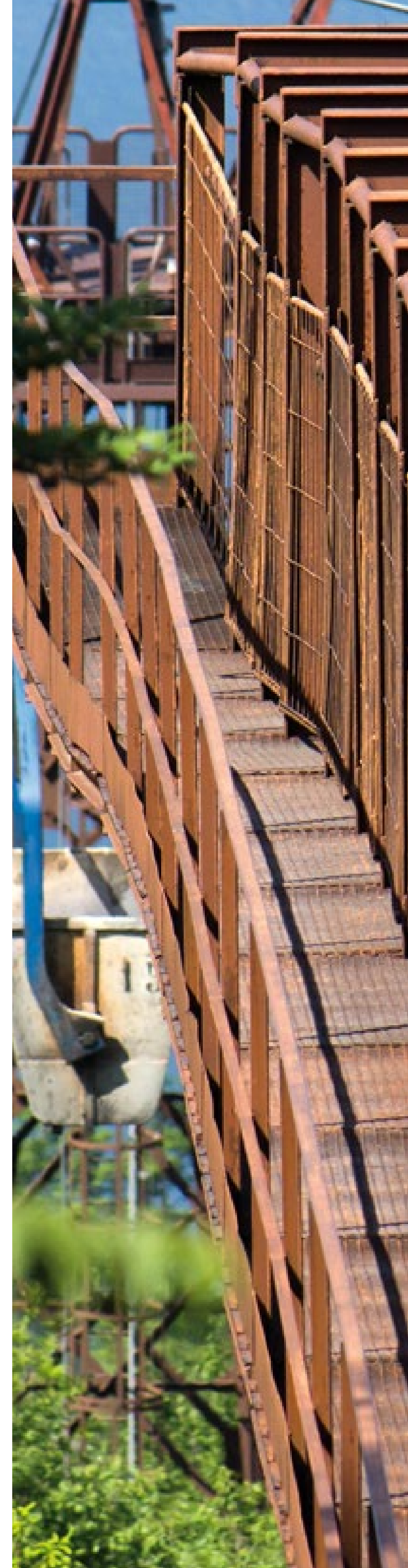


As highlighted in the matrix, the main risks for the company may arise from events related to “**Health and safety at work**” issues, since any injury could have a significant impact on the employees and on the company activities. “**Greenhouse gas emissions and environment management**” represents another relevant issue, due to the CO2 allowances prices related to the Emission Trading Scheme (ETS), the potential difficulties in renewing environmental authorizations and the possible increase of emissions in the atmosphere. However, for both issues, the probability of occurrence is low at the moment.

Particularly relevant also in terms of probability, however, is the risk related to **energy supply**, where the difficulty of finding energy sources can have a major impact on Dolomite Franchi’s business.

However, regarding the topic of **financial performance**, risks are related to the potential increase in production costs and to the current geo-political situation, while the topics of business **integrity** and **transparency** relate to the risks of fines resulting from non-compliance with laws and regulations. Lastly, with respect to “Privacy and data protection”, the risk is related to the loss of sensitive data or cyber-attacks. Yet, for all these issues (“Economic-financial value creation”, “**Privacy and data protection**” and “Integrity and transparency in business management”), although they present a potentially high magnitude, the probability of occurrence is low.

The scenario changes when it comes to “**Staff management, welfare and personal development**” and issues related to Diversity and inclusion (D&I), where the magnitude and the probability have low-significant values because of the good level of internal satisfaction and the absence of reports of discrimination.



OPPORTUNITIES FOR DOLOMITE FRANCHI

The methodology and the analysis process of the context also include the individuation and management of opportunities. The table below highlights the main opportunities related to the priority issues identified by Dolomite Franchi.



ENVIRONMENT SPHERE

PRIORITY TOPICS	OPPORTUNITIES – POTENTIAL POSITIVE IMPACTS
Greenhouse gas emissions and environment management	Implementation of continuous studies to reduce NOx emissions and assessment of systems to operate the continuous emission monitoring system (S.M.E.) at full capacity
Waste management	Searching for potential buyers for the reuse of production waste
Energy efficiency	Replacement of outdated plants with new generation plants
Sustainability of raw materials and products	Life-cycle assessment of products aiming at reducing the environmental impact of the products and to increase possibilities for end-of-life recycling
	Development of new products and techniques with low environmental impact to meet new market needs

SOCIAL SPHERE

PRIORITY TOPICS

OPPORTUNITIES – POTENTIAL POSITIVE IMPACTS

Creation of value in the community

Social and economic development of the local community, ensuring the employment for local citizens and the development of cultural initiatives

Extension of the existing infrastructures, with the building of a new warehouse

GOVERNANCE SPHERE

PRIORITY TOPICS

OPPORTUNITIES – POTENTIAL POSITIVE IMPACTS

R&D and Innovation

Development of new products and implementation of new corporate processes

Customers' satisfaction

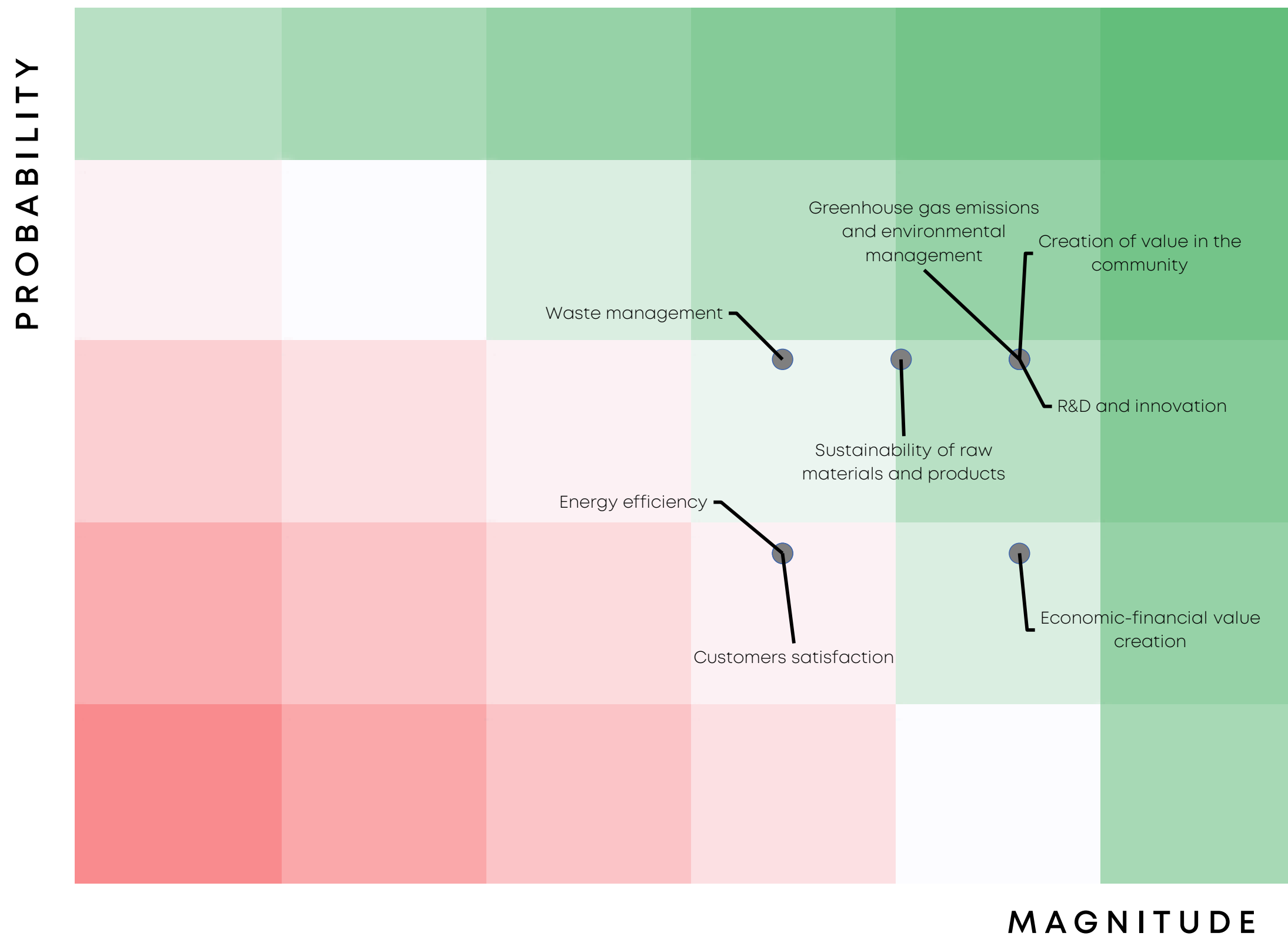
Assessment of customers' satisfaction through surveys

Economic-financial value creation

Ability to support eventual development plans through equity capital, passing through the holding company's approval

The methodology adopted for the opportunity analysis is in line with what was seen earlier with the risk matrix. The **opportunity matrix** below shows the related analysis results concerning Dolomite Franchi's priority issues.

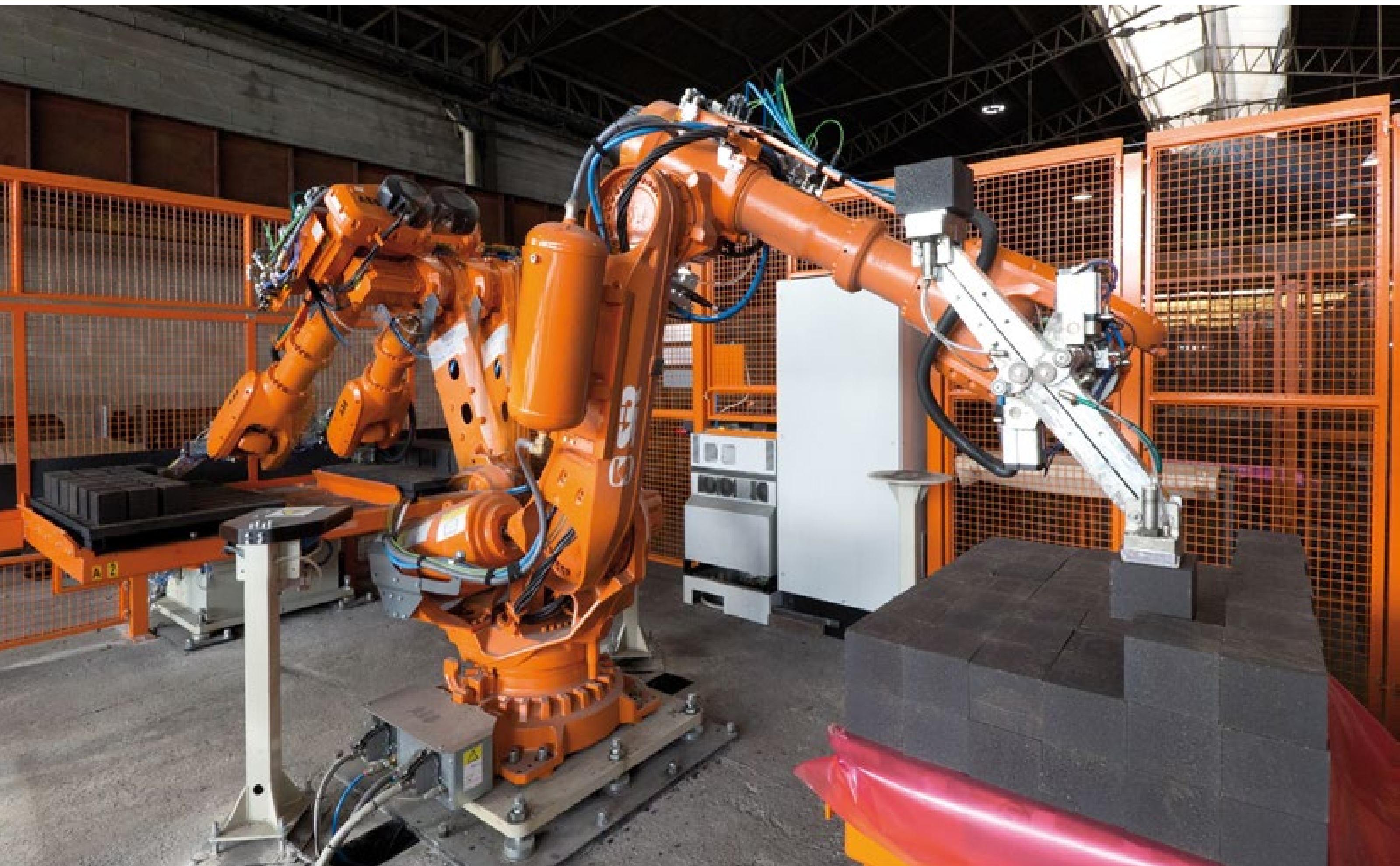
OPPORTUNITY ANALYSIS



As highlighted by the matrix, the company identifies as development opportunities the issues related to the adoption of product or process **technological innovations** relevant to its industry (“R&D and innovation”), the **social** and **economic** development of the local community in which it operates (“Creation of value in the community”), and the potential reduction (and mitigation) of **atmospheric emissions**.

The development of studies for product **life cycle** assessment (“Sustainability of raw materials and products”) and the company’s ability to finance **new investments** with equity capital (“Economic-financial value creation”) were also identified as potential opportunities.

Eventually, opportunities related to “**waste management**”, through the potential external reuse of production waste, “**energy efficiency**”, with the development of interventions to improve plant energy efficiency, and “**customer satisfaction**” were identified, where new surveys to assess customer satisfaction may enable the company to identify actions of improvement for the products and services offered.



OUR PRIORITIES: MATERIAL TOPICS

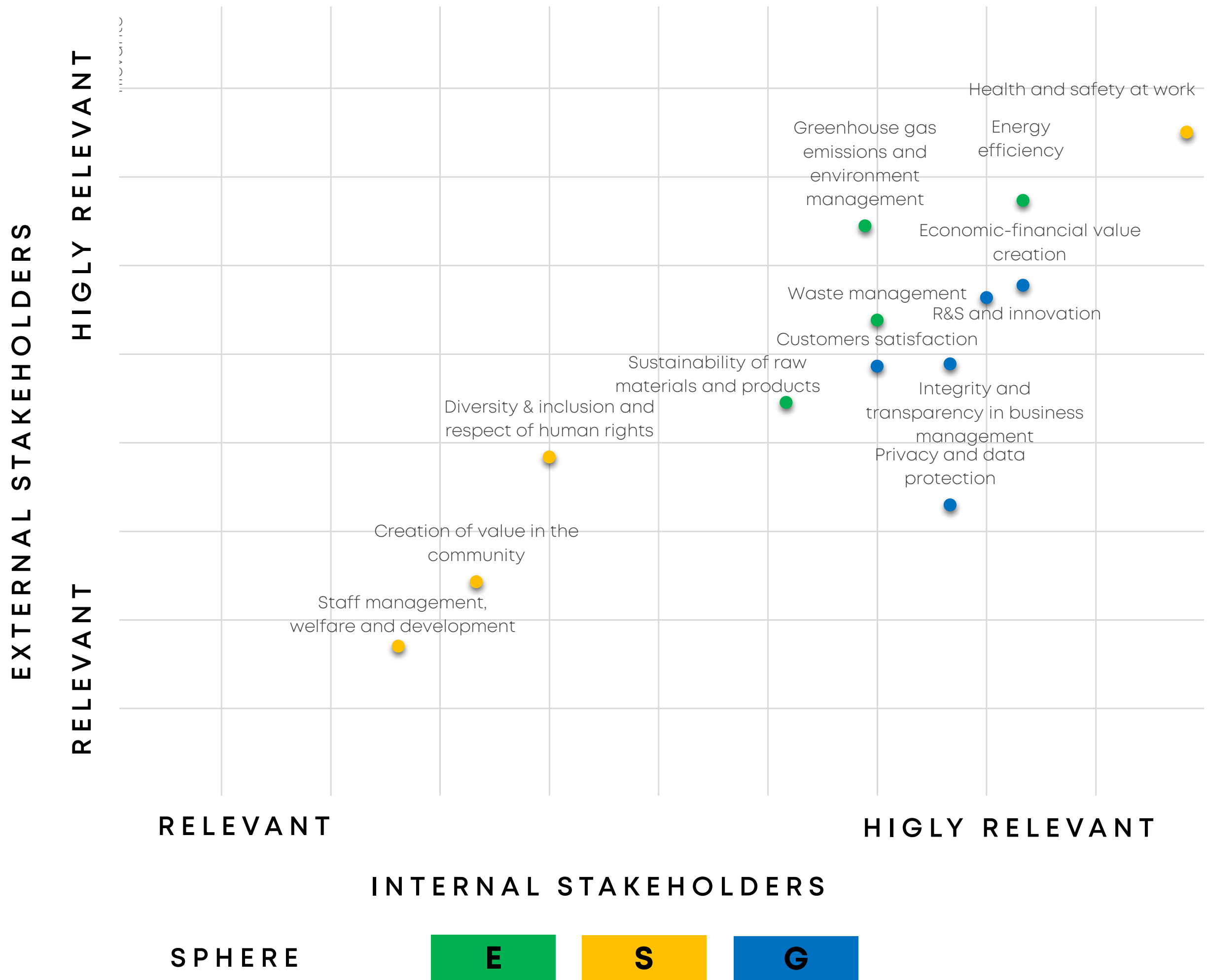
issues that found to have the greatest influence at the company level; the so-called “**material topics**”. In particular, these relate to issues that reflect environmental, social and economic **impacts** that are **significant** to the company or that could deeply influence stakeholders’ assessments and decisions.

The identification of the material topics represents the outcome of the **stakeholder engagement** process adopted by the company. Specifically, in order to conduct the materiality analysis, stakeholders were divided into two categories (internal and external) and **interviews** and specific **surveys** were administered to each of them. More precisely, to assess the relevance of the different topics, external stakeholders were involved, and then classified as **customers, suppliers, public administration, financial institutions, civil society** and **local community** (especially local associations), in addition to **internal stakeholders**.

The company’s **materiality matrix**, derived from processing the results of the surveys and interviews conducted, is presented below.



MATERIALITY MATRIX



From the answers of the interviews and surveys, it emerged that, in reference to both external and internal stakeholders, the most relevant topic is the one related to “**Health and safety at work**”. This issue has always represented a fundamental prerogative for Dolomite Franchi: the company, indeed, is constantly engaged on this front, with the aim of ensuring **ever higher safety standards** for all the employees.

Another topic that is of considerable relevance for all stakeholders is the one related to interventions for **energy efficiency**. Also on the environmental sustainability front, a particularly crucial issue, both internally and externally, regards the monitoring and reduction of **greenhouse gas emissions**.

Moreover, all stakeholders expressed a particular interest in the efficiency of waste management. Specifically, this topic is connected to the possibility of introducing new practices to **reduce waste** itself, through recycling and/or reuse operations. On the other hand, among the issues regarding the environmental sphere, that related to sustainability of raw materials and packaging seems to take on a lower relevance than the other environmental issues, both internally and externally.

Regarding the social sphere, the topics that stakeholders considered most relevant are those related to “**Creation of value in the community**” and “**Diversity & inclusion and respect of human rights**”; more specifically, the latter is particularly relevant for external stakeholders. Nevertheless, the scores of these topics turned out to be less significant if compared with the score of “Health and safety at work” which, as written above, has a primary importance for all stakeholders.



Among the material topics related to the social sphere identified on the basis of this analysis, the issue “**Staff management, welfare, and development**” obtained a lower score compared to those examined so far. This theme, in turn, included several topics that are made explicit below in descending order of relevance:

- Internal **training** (oriented towards the development of continuous training courses for the employees’ professional and personal growth)
- **Work-life balance**
- **Mental and physical wellness** of employees (e.g. specialist medical examinations, gym subscriptions, etc...)
- **Employees’ satisfaction**
- Talent attraction and retention
- Career opportunities
- Corporate welfare

The fact that there were lower expectations on this issue is probably related to the fact that already much support is offered to the employees, through several internal initiatives and the corporate **Social Fund**.

Finally, in relation to the governance sphere, the topic “**Economic-financial value creation**” appeared to be of strategic interest, in particular for internal stakeholders. Also, issues related to “**R&D and innovation**”, “**Integrity and transparency in business management**” and “**Customers’ satisfaction**” are considered very relevant for stakeholders, both internally and externally. Lastly, the topic “**Privacy and data protection**” appeared to be considerably important for internal stakeholders; however, for external stakeholders, the related score is the lowest in the sphere.





ENVIRONMENT



Dolomite Franchi is aware that one of the most sensitive and relevant issues for the organization is that related to the **environmental sphere**, which derives mainly from the type of production process that is carried out. In fact, this process requires very high energy consumption, to which is added the use of solid fuels and chemical products that, in turn, cause emissions into the atmosphere.

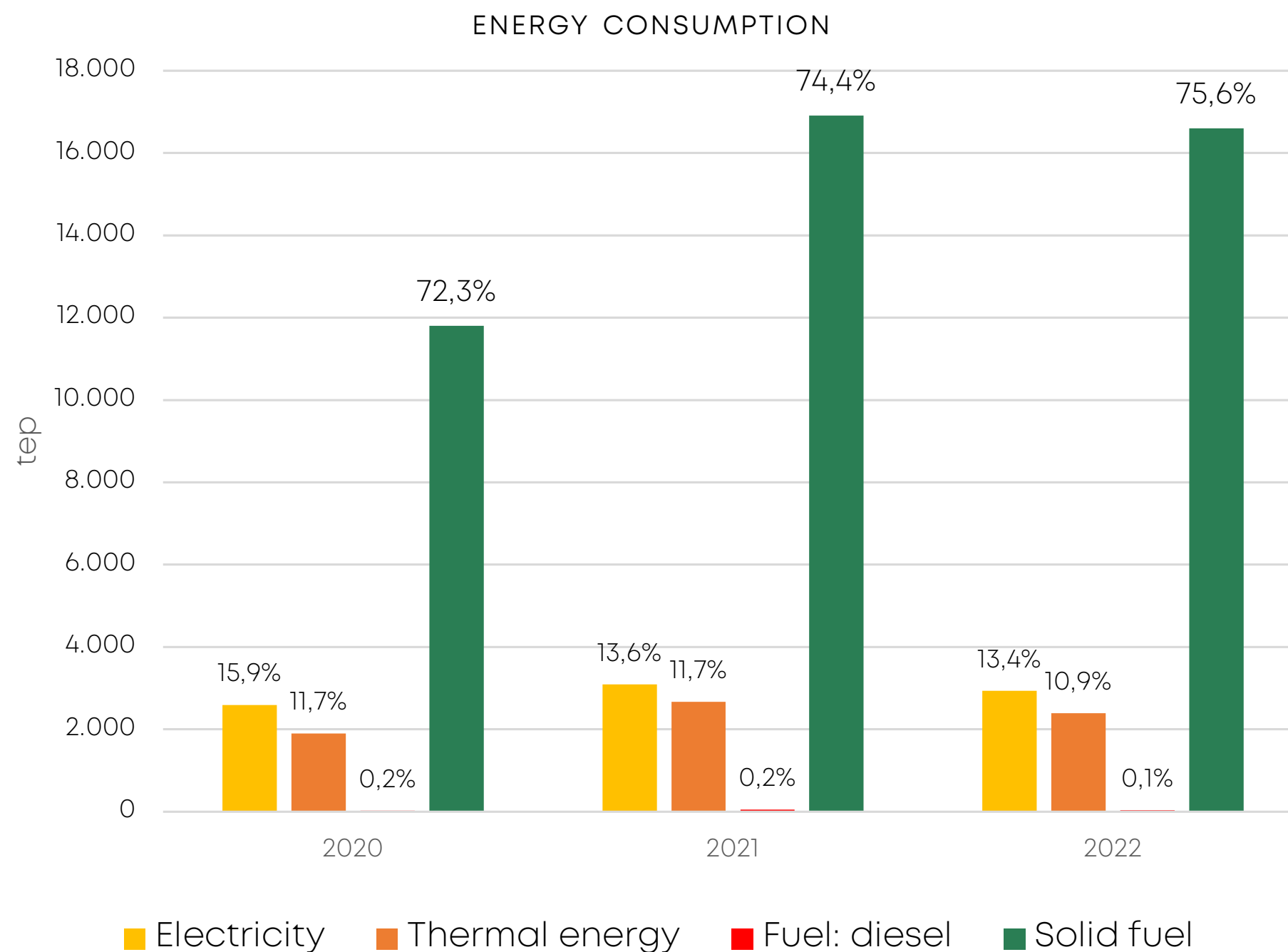
For these reasons, over the years, the company implemented a series of actions in order to constantly monitor its **environmental impact**. Moved by the goal of reducing and mitigating this impact, moreover, Dolomite Franchi implements and plans investments that are in line with the result it wants to achieve.

The company is committed to maintaining and improving its **environmental management system**, which is certified according to the UNI EN ISO 14001 standard and, in addition, is subject to **A.I.A. (Integrated Environmental Authorization)** regulations: for this purpose, it provides measures based on the *Best Availables Technologies (BAT)* to reduce and, where possible avoid, emissions to air, water and soil, or, in other words, reduce waste production.



ENERGY AND ENERGY EFFICIENCY

As just mentioned, the use of **solid fuels** (coke and anthracite) in vertical shaft kilns is necessary for the production process of Dolomite Franchi in order to provide the required heat for the dolomite sintering process. **Natural gas** and **electricity** consumption is also significant. The different energy vectors used by the company are shown in the chart below, where the quantities have been converted to toe (tons of oil equivalent)¹ to make them comparable to each other.



¹Tons of equivalent oil (TOE) is an energy unit defined as the amount of energy released by burning one ton of crude oil. It refers to about 42 gigajoule or 11.630 megawatt-hour. This is a method used to measure energy consumption in relation to economic productivity and it is based on oil energy value

As the graph shows, total energy consumption in the two-year period 2021-2022 was substantially steady. The vector with the greatest impact on consumption is solid fuel (coke and anthracite), followed by electricity and natural gas (thermal energy). In addition to these, there is a minimum diesel fuel contribution, which is related to mine and plant construction vehicles.

Finally, it should be noted that in 2023 the update of the **energy diagnosis** according to Legislative Decree 102/14 is planned and it will lead to the identification of new interventions that will facilitate the improvement of these indicators.





GREENHOUSE GAS EMISSIONS AND ENVIRONMENTAL MANAGEMENT

Environmental management system and smoke abatement

Within this context comes the company's maintenance of the **ISO 14001 certification**, which ensures the presence of an environmental management system.

Moreover, Dolomite Franchi implemented several **smoke abatement systems**, which can be divided into two main categories:

1. Baghouse filters for dust control
2. Specific devices for removing gases-phase pollutants (regenerative thermal oxidizers, afterburners, activated carbon filters, etc...)

All emissions are monitored according to AIA's provisions. In particular, biannual measurements of all pollutants are conducted at all emission points. In addition, since 2022, a **continuous monitoring system (SME)** that detects the levels of all particulates and nitrogen oxides has been installed at the emission point of the sintering kilns.



Greenhouse gas (GHG) emissions

In addition to these systems, the company is also required to keep CO₂ emissions monitored. During the production process of refractories, GHG emissions are mainly caused by:

- the dolomite **sintering process**, which contributes about 60% of the total
- the **use of solid fuels** and **natural gas** for transformation processes, which contribute about 40% of the total
- the use of other vectors, such as diesel fuel, which contributes in marginal fractions



Dolomite Franchi, because of the production process carried out, falls within the **European Union Emissions Trading System (EU ETS)**. The company is required to transmit data (verified by accredited third party) on atmospheric CO₂ emissions to the Ministry of Environment and Energy Security on an annual basis.

Through the data already available from the EU ETS and with the integration of data regarding electricity, it is possible to quantify company's **direct emissions** (scope 1) and **indirect emissions** per imported energy (scope 2).

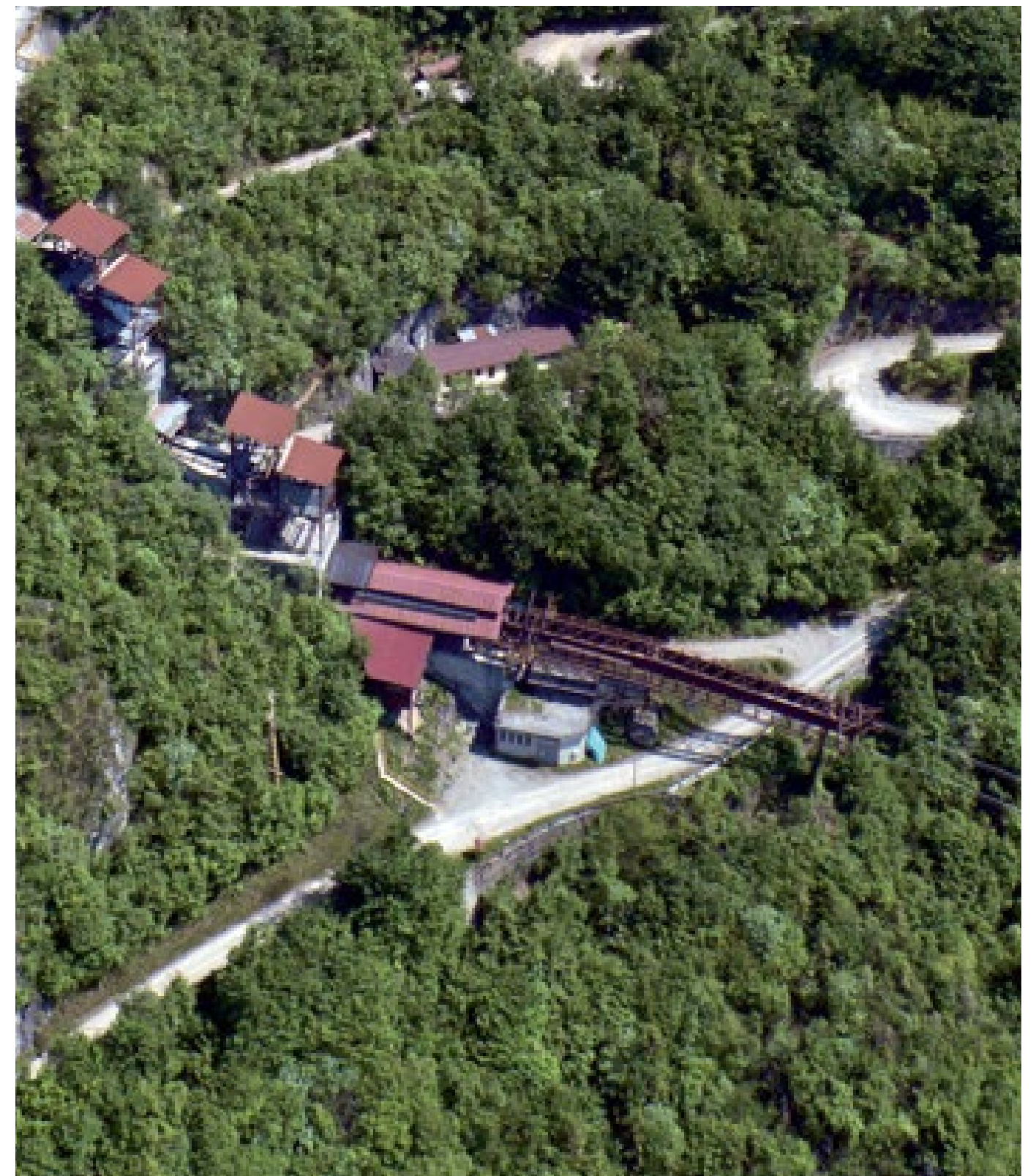
Direct emissions (scope 1), that is emissions produced directly by the organization's facilities, includes emissions deriving from the use of solid fuels, emissions from the decarbonation process of dolomite and emissions related to natural gas and diesel oil.

Scope 2, instead, concerns indirect emissions per imported energy; in this case, for Dolomite Franchi, it should be only included electricity from the national grid.

The results are based on the ISO 14064-1:2018 standard, which enables to assess the GHG emissions in terms of CO2 equivalent (tCO2eq.)², generated by the company's activities. It should be highlighted that, in Dolomite Franchi's case, **GHG emissions are strictly related** to the annual **production** of the activity; consequently, as the production volumes increase, GHG emissions are expected to rise, and vice versa.

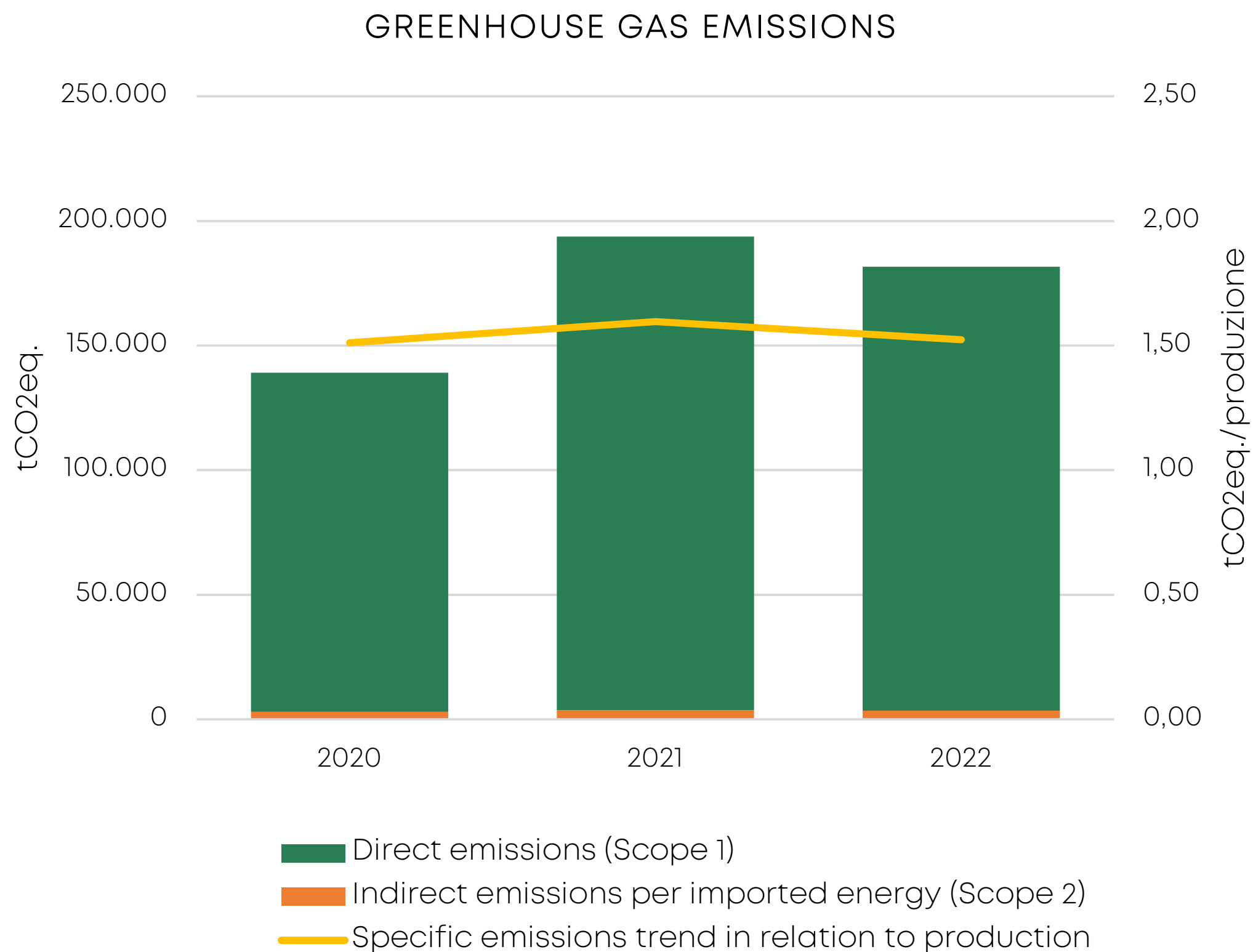
The data reporting period refers to the three-year period 2020-2022. The total GHG emissions of scope 1 and 2 (location-based scenario) in 2022 is **181.631,57 tCO2eq.**, down about 6% from

2021 (193,778.91 tCO2eq.). 2020, instead, was an unrepresentative year because of the production shutdowns and lower market demands due to the pandemic; indeed, for this year the reference data was 139.058,48 tCO2eq, a much lower value than those of the next two years.



² It is a unit of measurement to weight several greenhouse gases (GHG) emissions with different climate-changing effects. The quantity of CO2 equivalent is calculated by multiplying the mass of a given greenhouse gas by its global warming potential (GWP).

The chart below shows the GHG emissions trend in the three-year period considered. Specifically, the yellow line indicates the specific emissions trend in relation to production, while the histogram divides scope 1 (direct emissions) and scope 2 (indirect emissions per imported energy) emissions. In general, it can be concluded that the data regarding emissions in relation to production presents a constant value over the three-year period and that scope 1 emissions are preponderant over scope 2 emissions.



In detail, in 2022, **process emissions** represent about **57%** of total emission in this scope, while **emissions** related to the use of **coke** and **anthracite** amount to **39%** of the total. So, in general, it is possible to state that about 95% of company's direct emissions are caused by these two elements, followed by the impact deriving from natural gas combustion and, finally, by diesel fuel.

Scope 2, instead, concerns **indirect emissions per imported energy**: this category only includes electricity from the national electricity grid (location-based scenario), and its emission contribution is around 2% of the total emissions analyzed. This value is also confirmed by the specific emission analysis conducted by Dolomite Franchi in relation to production, where in the three-year period considered 98% of the emissions are related to scope 1 (direct emissions), while the remaining part refers to the energy taken from the national grid.

The chart below shows the trend of direct emissions in the three-year period considered.





WASTE MANAGEMENT AND TREATMENT

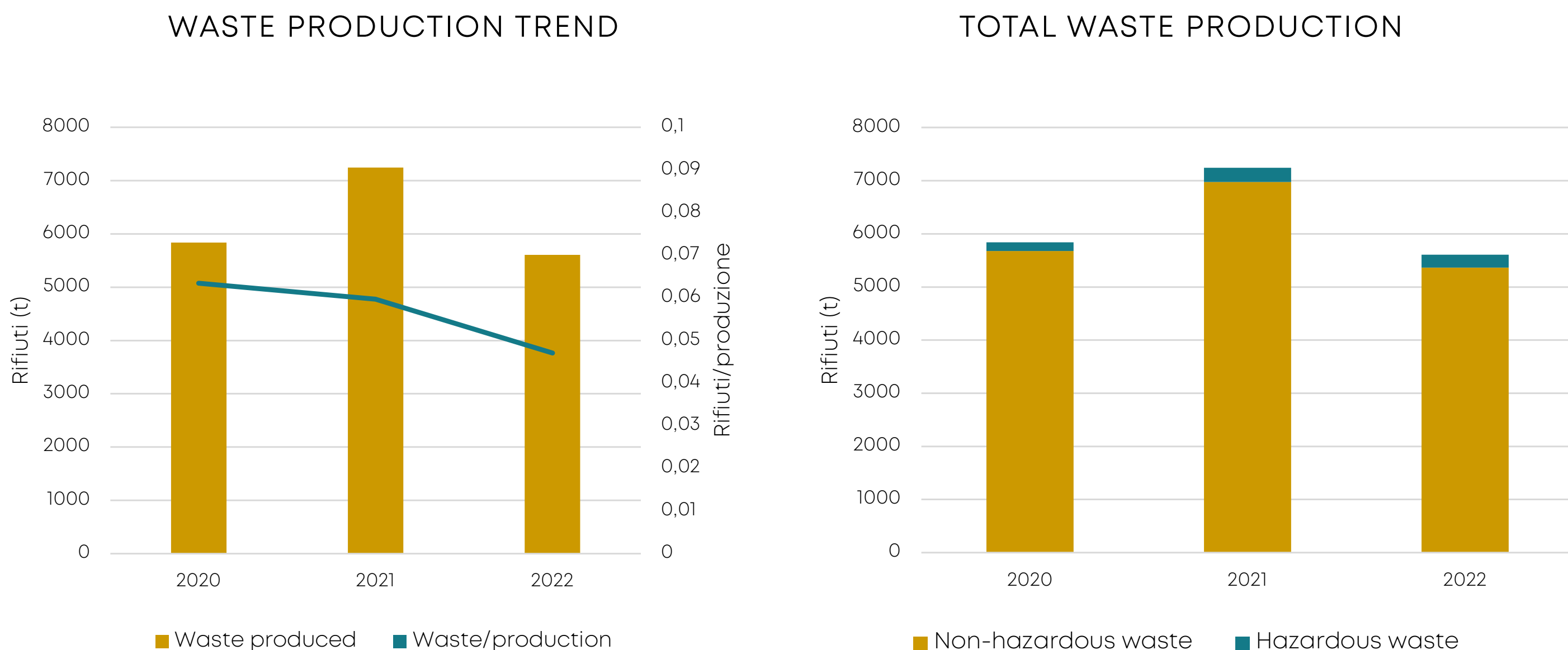
Another relevant material topic for Dolomite Franchi concerns the **management** and **treatment** of waste produced by the organization. The company monitors a series of markers to constantly update data on this issue and to implement actions on an annual basis to improve waste and production waste management.

The first activity carried out once a waste has been generated is to check whether it can be **reused** and/or **recycled**. If, due to technical impossibilities, these actions are not feasible, the transfer of the waste under consideration to authorized treatment and disposal facilities is considered.



In the two-year period 2021-2022, Dolomite Franchi recorded a clear **reduction** in tons of waste produced, both in absolute and relative terms (in relation to production). The quantity of waste produced, in fact, decreased from 7,244 tons in 2021 to **5,609 tons** in 2022, which is lower even than 2020 (5,840 t); this reduction is confirmed by the orange line, which shows the decrease of waste generated in relation to production.

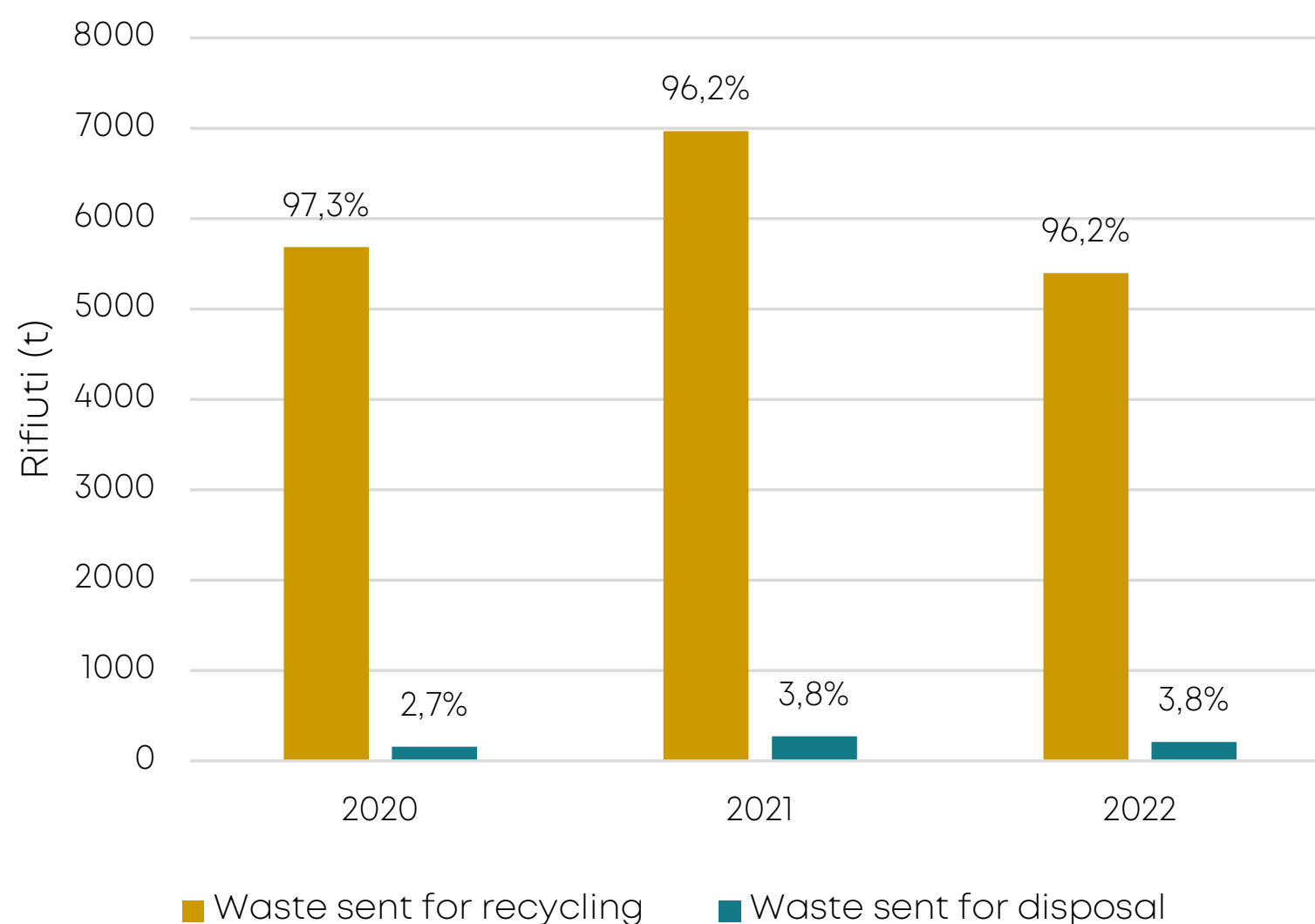
This **trend** over the years is highly **unsteady** since it is closely related to the performance of the process that generates any production waste to be sent for recycling.



Moreover, the percentage of **hazardous waste** on the total is quite low, at approximately 4%. The following chart shows how this distinction has been constant over the past three years.

However, regarding the distinction between waste sent for recycling and waste sent for disposal, the company confirms its commitment to the recycling of waste. In fact, during the three-year period 2020-2022, **more than 95%** of the waste produced was sent for **recycling**.

WASTE SENT FOR RECYCLING AND FOR DISPOSAL



Dolomite Franchi also **reworks** and **valorizes** processing **waste**. In fact, the company internally reuses non-compliant bricks and mixes discarded from the production process, by going to valorization. Due to this operation, in 2022 the organization reused **3,519** tons of materials.



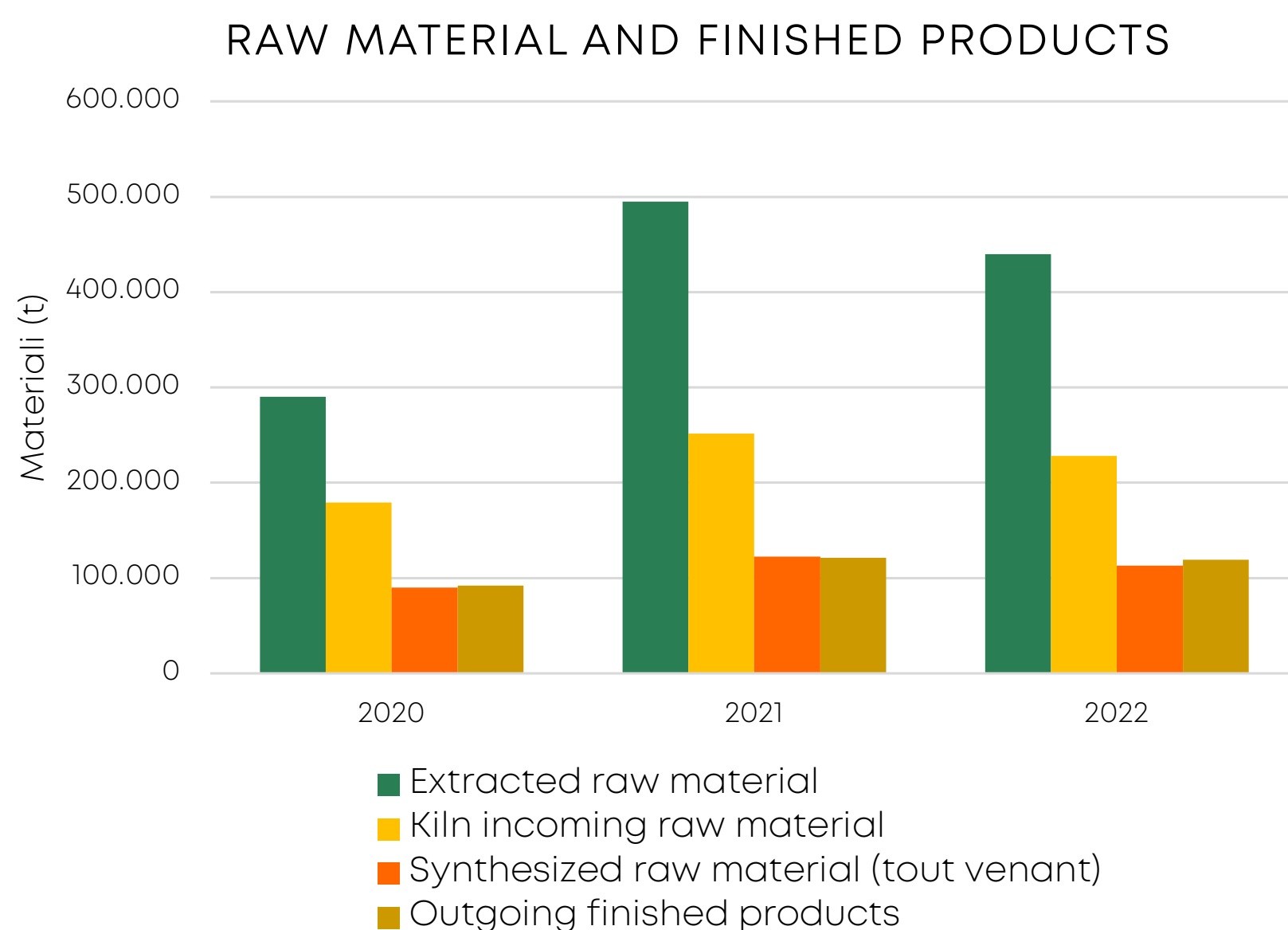
SUSTAINABILITY OF RAW MATERIALS AND PRODUCTS

Another material topic identified by the company concerns the materials used in the production process. In particular, the company considers the reduction of hazardous materials within the production process a high relevant issue. In addition to this aspect, a certain relevance has also been assigned to the use of materials that come from recycling and/or reuse operations.

Dolomite Franchi's focus is oriented toward the constant **optimization of plants** and production process in order to maximize the quantity of finished product in output. As mentioned above, the company already internally adopts a **recycling** and **reuse practice** of production waste, wherever possible. The **percentage of waste** in relation to production is about **4%**, a constant data over the three-year period 2020-2022.

In order to analyze the production process of the company from which the value of the finished product is extracted, it is convenient to divide the different stages of the process as follows:

- **Extracted raw material:** this is the material resulting from the extraction from the dolomite mine, which in 2022 was 439,857 tons.
- **Raw material entering the kilns,** i.e. the material net of quantities that don't have the dimensional and quality characteristics required for the production process. This value corresponds to just over 50% of the initial extraction value (in 2022 it was 228,171 tons).
- **Sintered raw material:** dolomite, mixed with anthracite and charcoal, is put into six vertical shaft kilns by means of a load basket and is heated to temperatures of 1,800-1,900 °C. The result is sintered dolomite, that, once it has been fired, is sorted according to the quality. In 2022, the total value of this category was 112,904 t.
- **Outgoing finished products,** which consist of mixes, bricks, and a part of **high quality sintered material for intergroup sales,** that totally amounted to 119,218 tons in 2022.



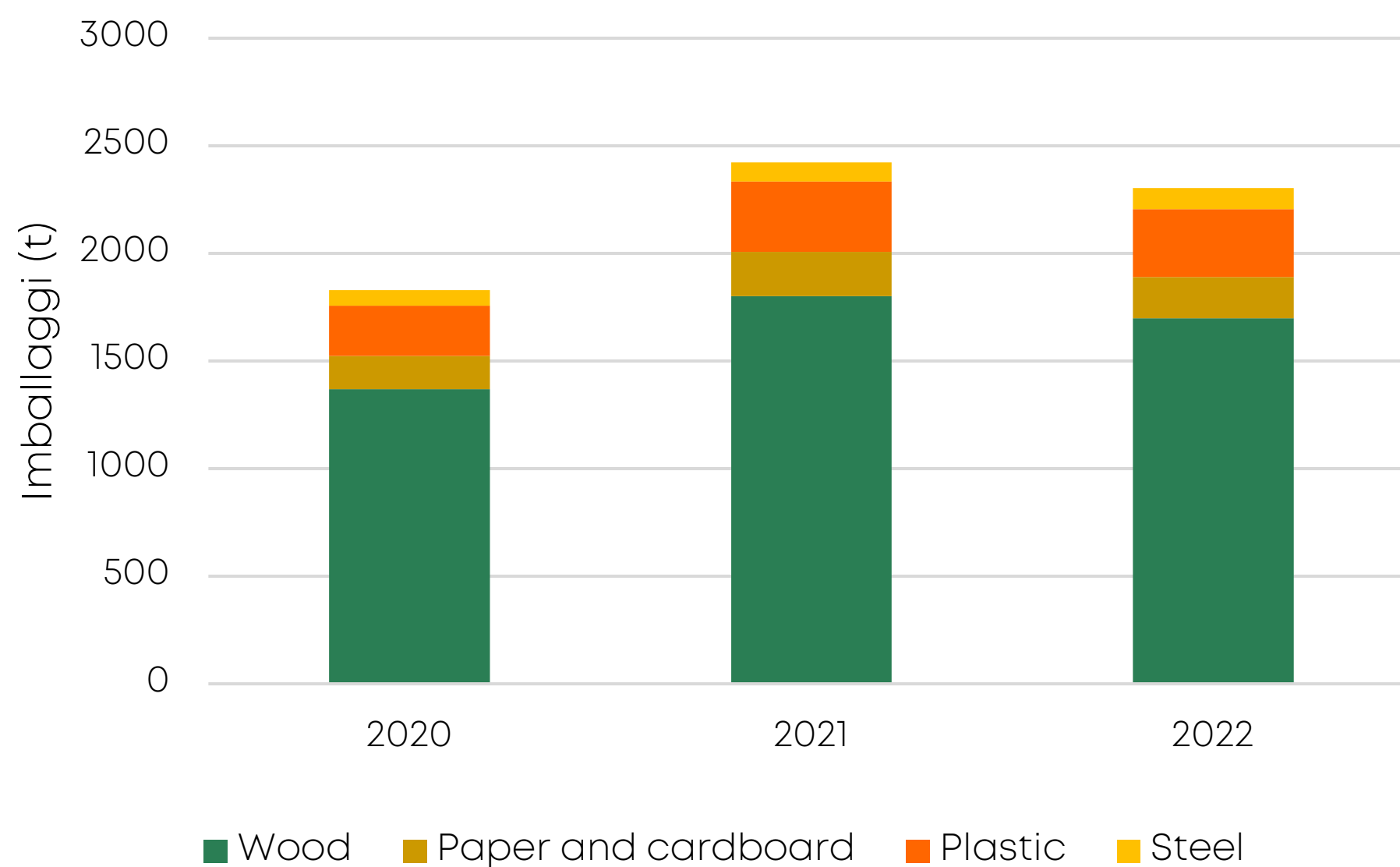
The chart shows the quantities of material extracted and produced during the three-year period 2020-2022.



There are also about 12,000 tons of production **support materials** that were used during 2022.

Finally, **outgoing packaging** consists mainly of wood (1.698 tons in 2022, 1.802 tons in 2021 and 1.369 tons in 2020), paper and cardboard (193 tons in 2022, 206 tons in 2021 and 154 tons in 2020), plastics (316 tons in 2022, 326 tons in 2021 and 233 tons in 2020) and a small quantity of steel (98 tons in 2022, 90 tons in 2021 and 74 tons in 2020).

OUTGOING PACKAGING



SOCIAL





Dolomite Franchi is fully aware that, in a company, sustainability does not end with the environmental dimension alone, but it also extends to **human capital**, both internally and externally to the organization, consisting of its employees, the **territory** and the community in which it is operating.

Also through continuous investment, the company is committed to ensuring and promoting a **balanced coexistence** of people, work and environment.

Among the fundamental pillars of Dolomite Franchi's business are the **enhancement** and **active involvement** of everyone who collaborates with the company, the creation of an **inclusive** work environment, and the implementation of initiatives aimed at promoting the development of **well-being** in the **social** sphere and, above all, at the level of the local community - with which the organization has always had a particularly strong bond.



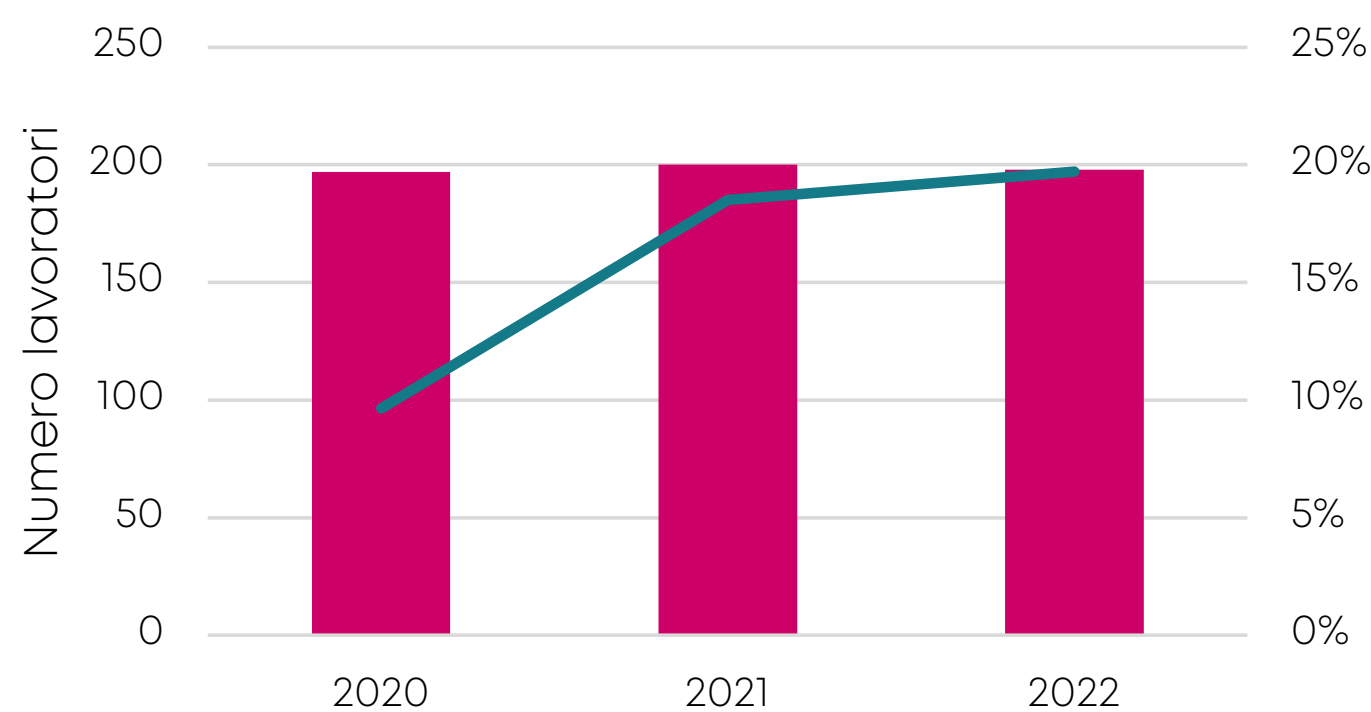
STAFF MANAGEMENT, WELFARE AND DEVELOPMENT

PEOPLE MANAGEMENT

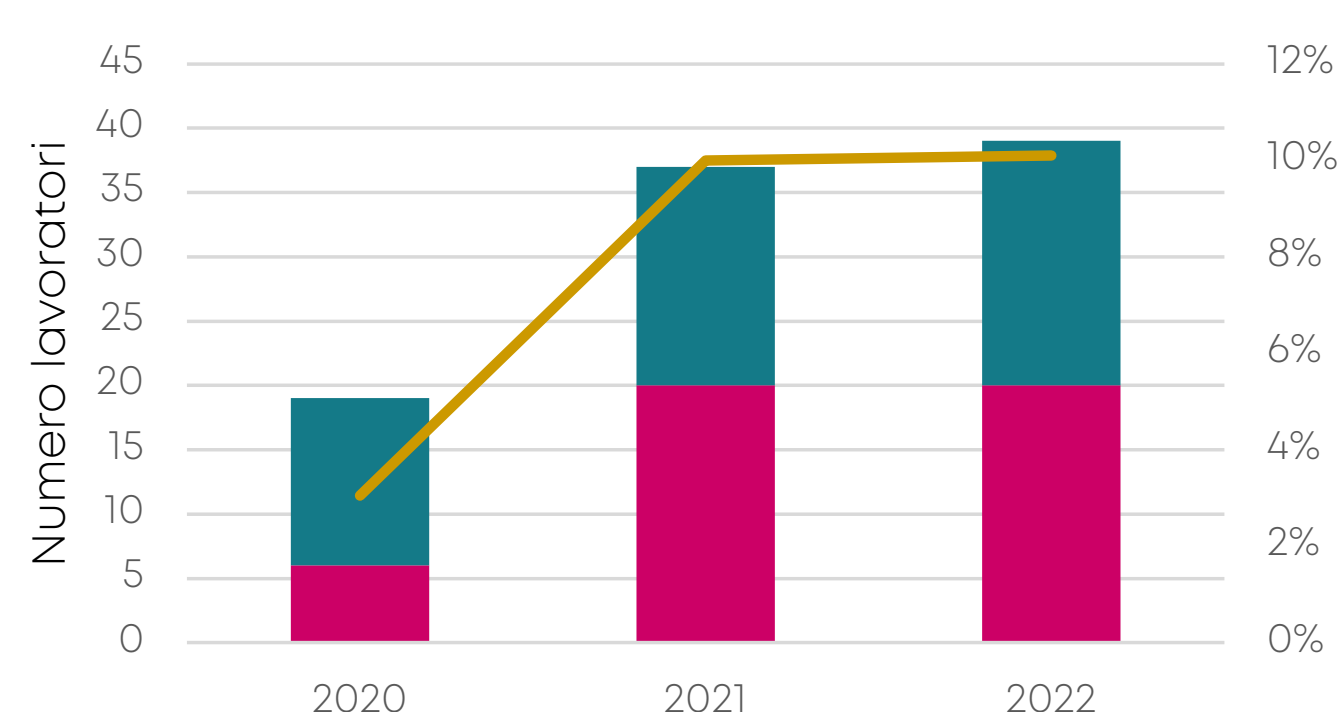
Dolomite Franchi identifies human capital as an irreplaceable asset of value and is constantly committed to valuing its people and supporting their **continuous growth**, both on a **professional** and **personal** level.

On December 31st, 2022, Dolomite Franchi's total number of employees was **198**, which was basically in line with the corresponding 2021 and 2020 data. In 2022, the total number of new recruits was 20, including 11 people under 30, while 19 layoffs were recorded (13 of them for retirement), a slight increase from the previous year (17). Staff **turnover** rate – i.e. the ratio of new recruits and layoffs during the reporting period to the total workforce present at the end of the same period - was 19,7% in 2022, while in 2021 it was 18,5%. Lastly, **92%** of the workforce (equal to 183 employees) are employed on **permanent contracts**, confirming that job stability represents a key asset for Dolomite Franchi.

TREND OF NUMBER OF EMPLOYEES



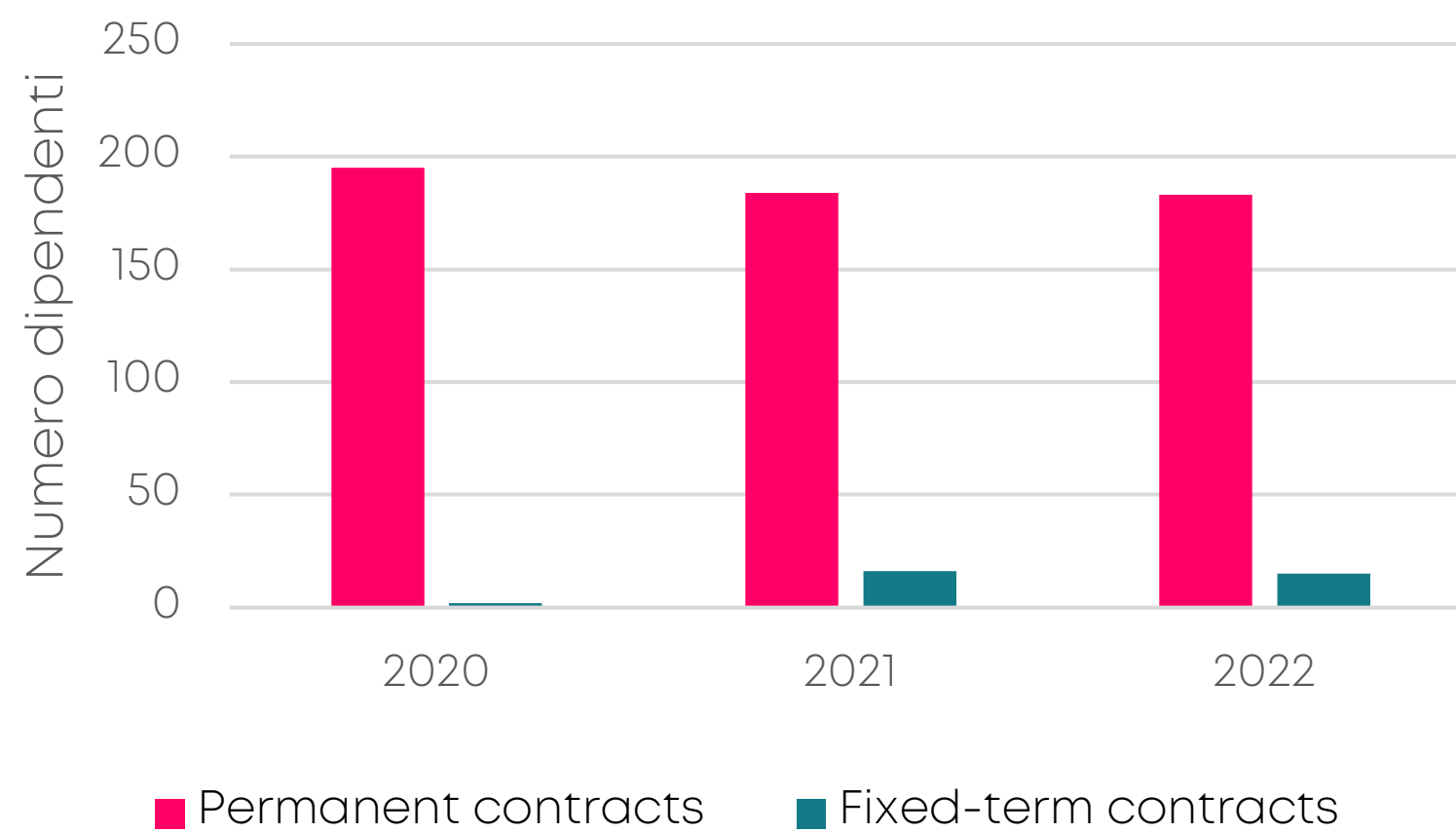
STAFF TURNOVER



■ Number of employees — Turnover

■ New recruits ■ Layoffs — Incoming Turnover

EMPLOYEES BY TYPE OF CONTRACT



About staff subdivision by job, in 2022 71,72% of the workforce (142 people) were **workers**, 19,70% **employees** (39 people) and 8,59% (17 people) **directors and/or managers**.

These data reflects the trend of the past few years.



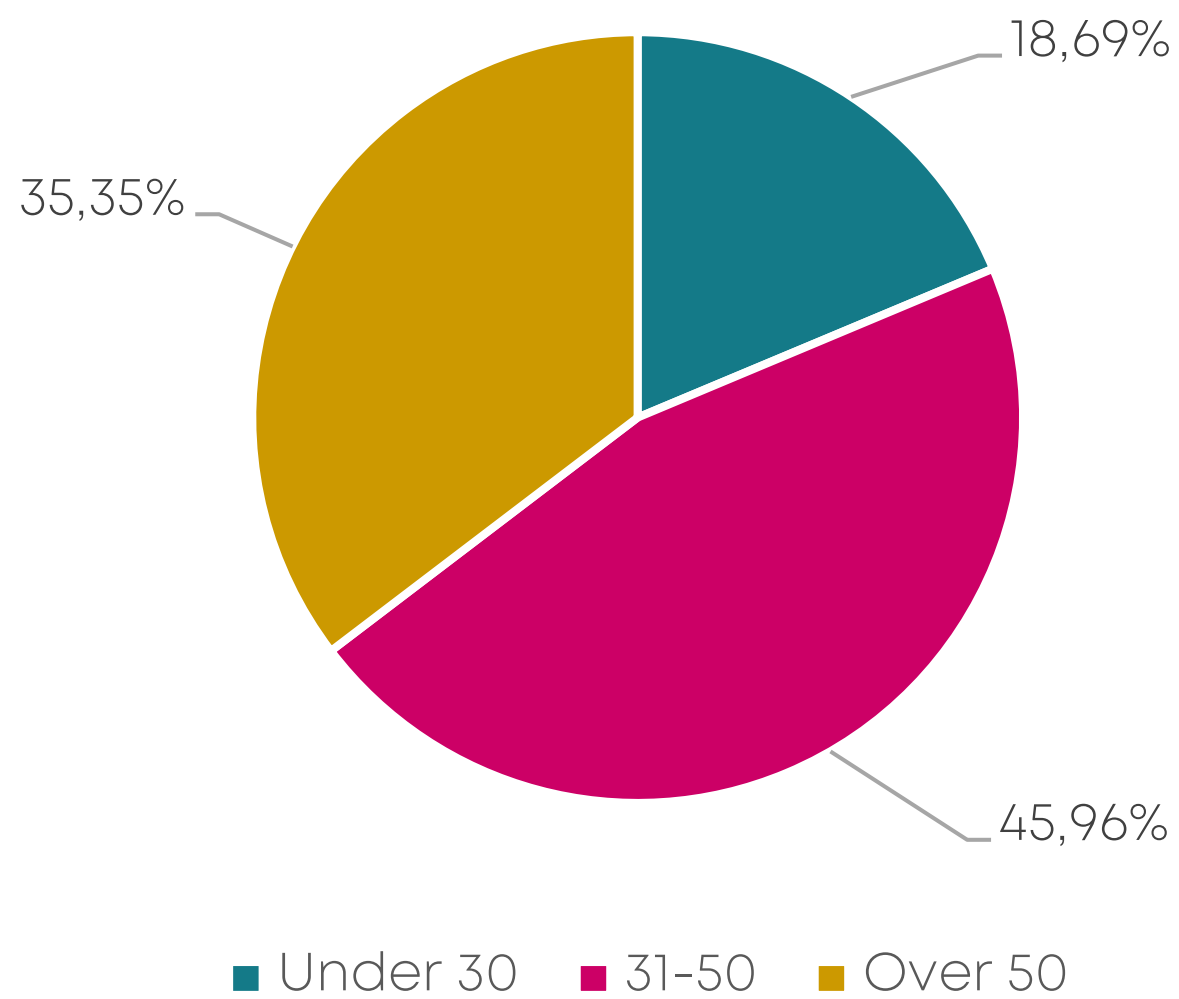
STAFF BY JOB



In terms of division of **staff by age**, on the other hand, at the end of 2022 the predominant part of the company workforce (64,65%) turned out to be under 50 years old; under 30 were 18,69%, with an increase of 4,69 percentage points compared to the previous year. Instead, those who are over 50 years old constitute 35,35% of the total number of employees.



EMPLOYEES BY AGE

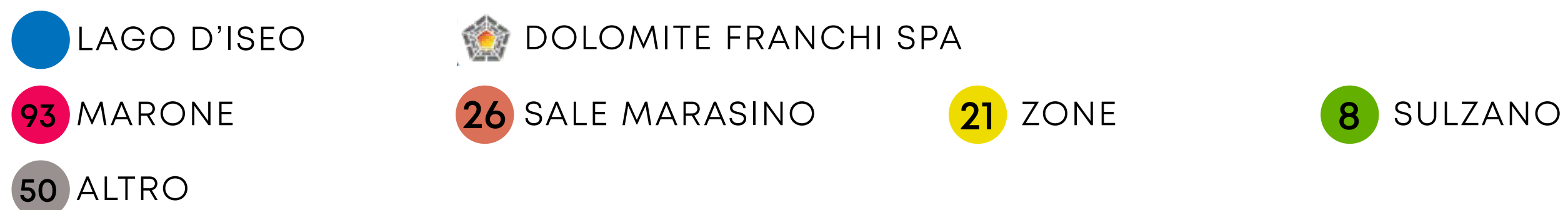


Moreover, it is worth highlighting how, in the three-year reference period, the average age of employees appears to be slightly decreasing: while in 2020 it was 48 years old, in 2021 it dropped to 44 years old, and in 2022 to 43 years old.

Regarding the geographical provenance of the employees, it should be noted that, in 2022, **148** out of 198 employees resided in Marone or in the **nearby towns** (Zone, Sale Marasino, Sulzano). The concentration of the great majority of the company's workforce in the area surrounding the headquarters testifies the key role that Dolomite Franchi plays in the occupational situation of the Alto Sebino.



GEOGRAPHICAL PROVENANCE OF THE EMPLOYEES





STAFF WELFARE

Dolomite Franchi attributes a fundamental importance to the **wellness** of its **people**. In this perspective, since the 1970s, the company has been granting to its employees and their family access to a **social fund** in order to obtain compensation for a portion of health care and education expenses for their children.

Employees receive a **performance bonus** every year, the amount of which is calculated on the basis of criteria resulting from company agreements with RSUs.

Moreover, a **cumulative injury policy**, additional to the mandatory INAIL policy, is provided for the entire company population at the organization's expense, covering the risk of death and permanent disability.

Also, every year, on the occasion of the feast day of St. Barbara, patron saint of the plant, Dolomite Franchi organizes a **social lunch** for all workers, during which employees with 25, 35 and 40 years of service with the company are rewarded with a gift.

Among the services offered to the employees, it is also worth mentioning the traditional initiative called "**Le scarpe di Santa Lucia**", by which the company donates a pair of shoes to the employees' daughters and sons of school age on the day of Saint Lucy (December 13).



In addition, to promote a healthy work-life balance, a **flexible work schedule** is adopted for those tasks for which it is feasible. Within the organization, part-time contracts are available to mothers or employees with special needs. At the end of 2022, the number of employees with part-time contracts was 9.

At the company there is a nominal fee **canteen** for employees, with specially designed menus from a nutritional point of view - both in terms of meal composition and rations -: a further confirmation of the attention that Dolomite Franchi pays to the health and wellness of its staff.



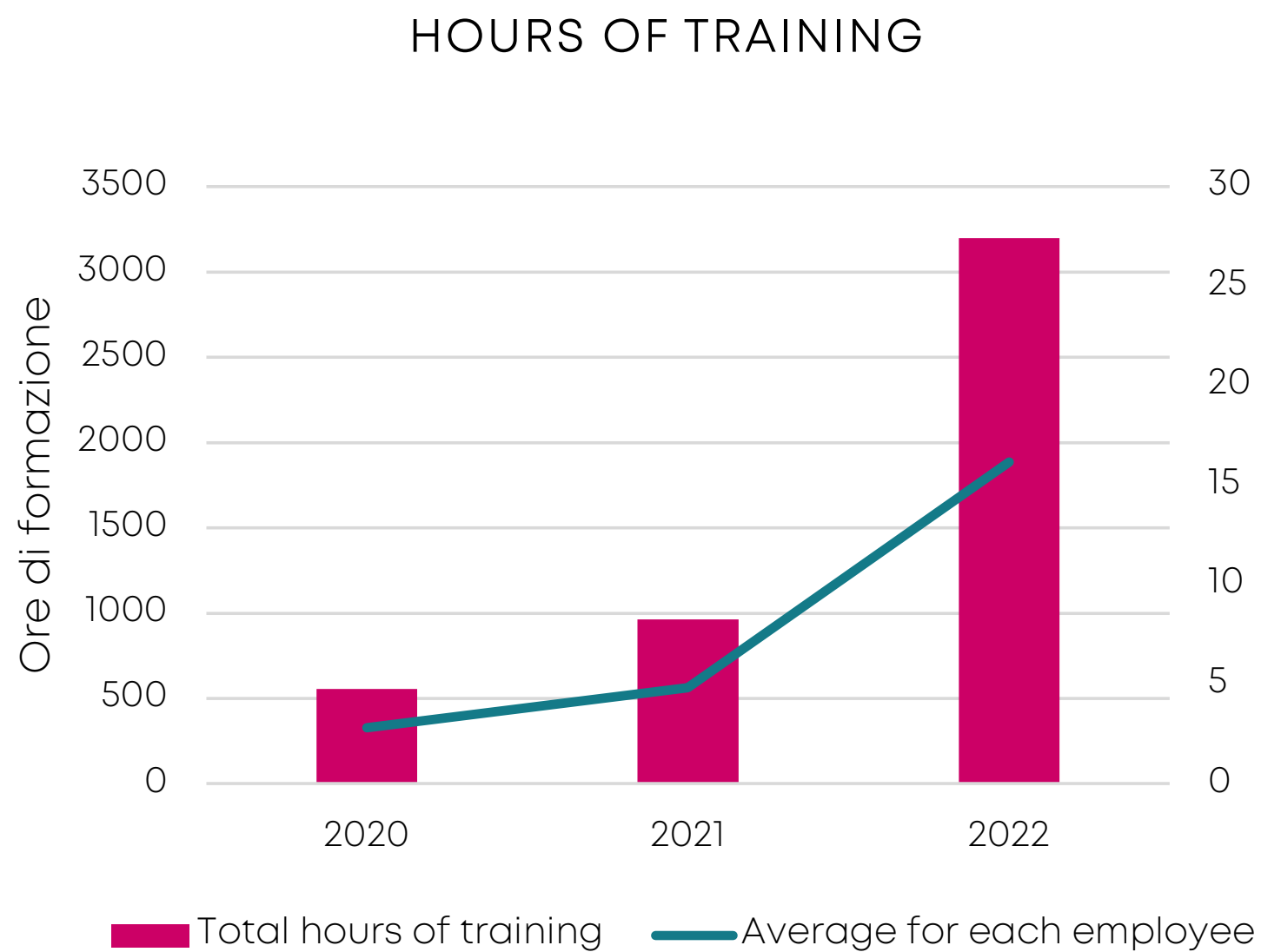
TRAINING AND PEOPLE GROWTH

Dolomite Franchi is fully convinced that the quality of work also comes from an adequate staff **training** and a **constant improvement** of their professional competences. This belief is evident in the organization's growing commitment to planning and implementing training initiatives addressed to the company's population.

As the following chart shows, in 2022 the number of total **training hours** increased significantly compared to the last two years (3200 hours in 2022 vs. 964 hours in 2021 and 556 in 2020), just as did the average hours of training per individual employee, which in 2022 is 16,2.

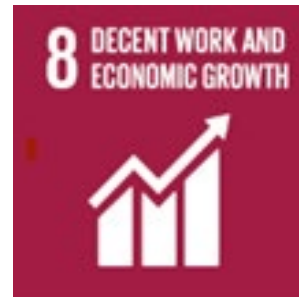
Most of the training hours were dedicated to workers, whose average training hours were 18,3; slightly more than 12 were, on the other hand, the average training hours for employees and, lastly, 7 hours (on average) were dedicated to managers and directors.

The significant increment of training hours recorded in 2022 was mainly due to the increase in training hours regarding the topic of **health and safety**, that amounted to 2,760, representing a considerable improvement from 668 hours in 2021 and 430 hours in 2020. Additionally, in 2022 job-specific training hours were 440, which again showed an increase from previous years (280 in 2021 and 110 in 2020).



The peak of hours dedicated to training in 2022 was due to the need to make up for what was postponed in previous years due to the pandemic.

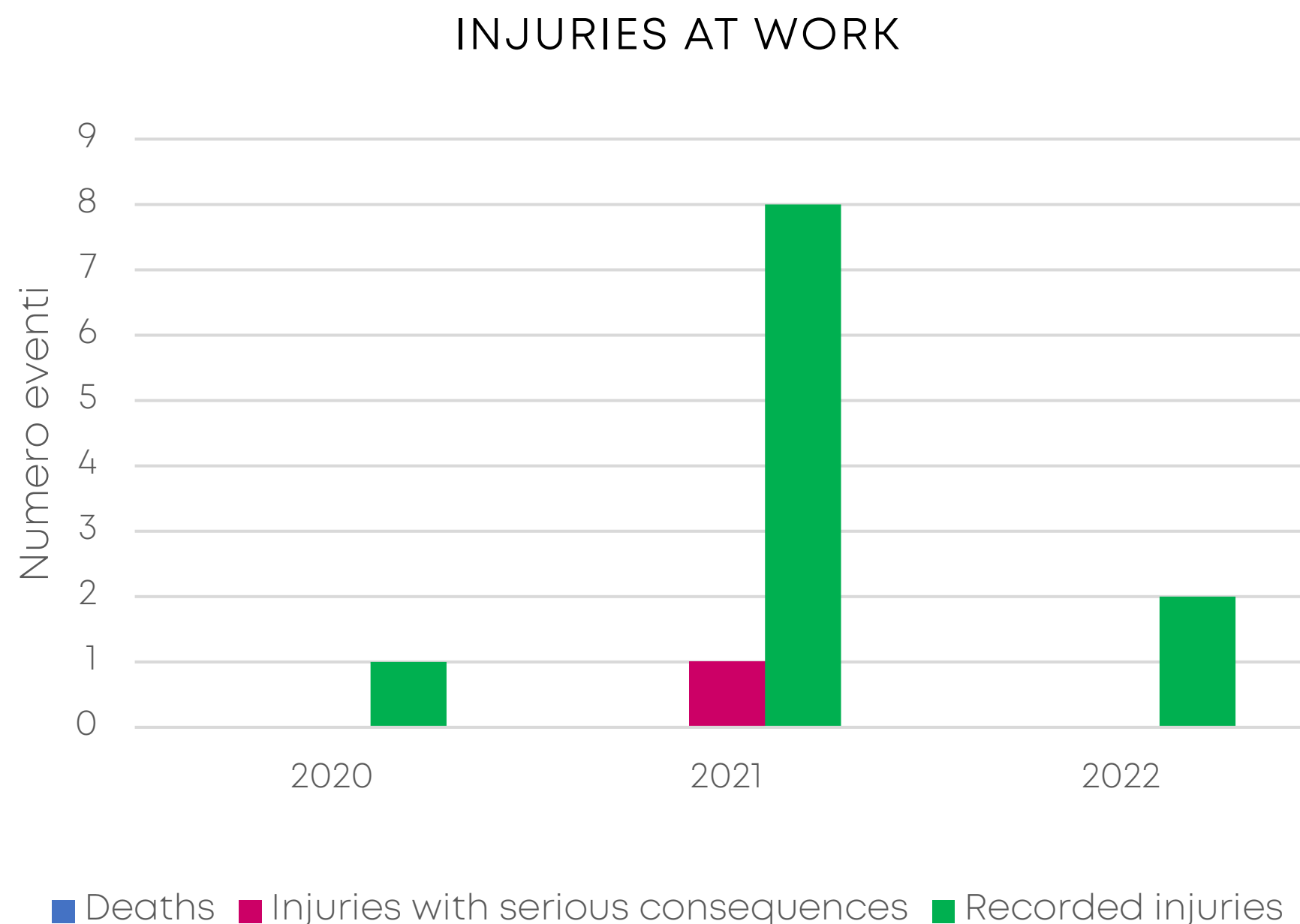




HEALTH AND SAFETY AT WORK

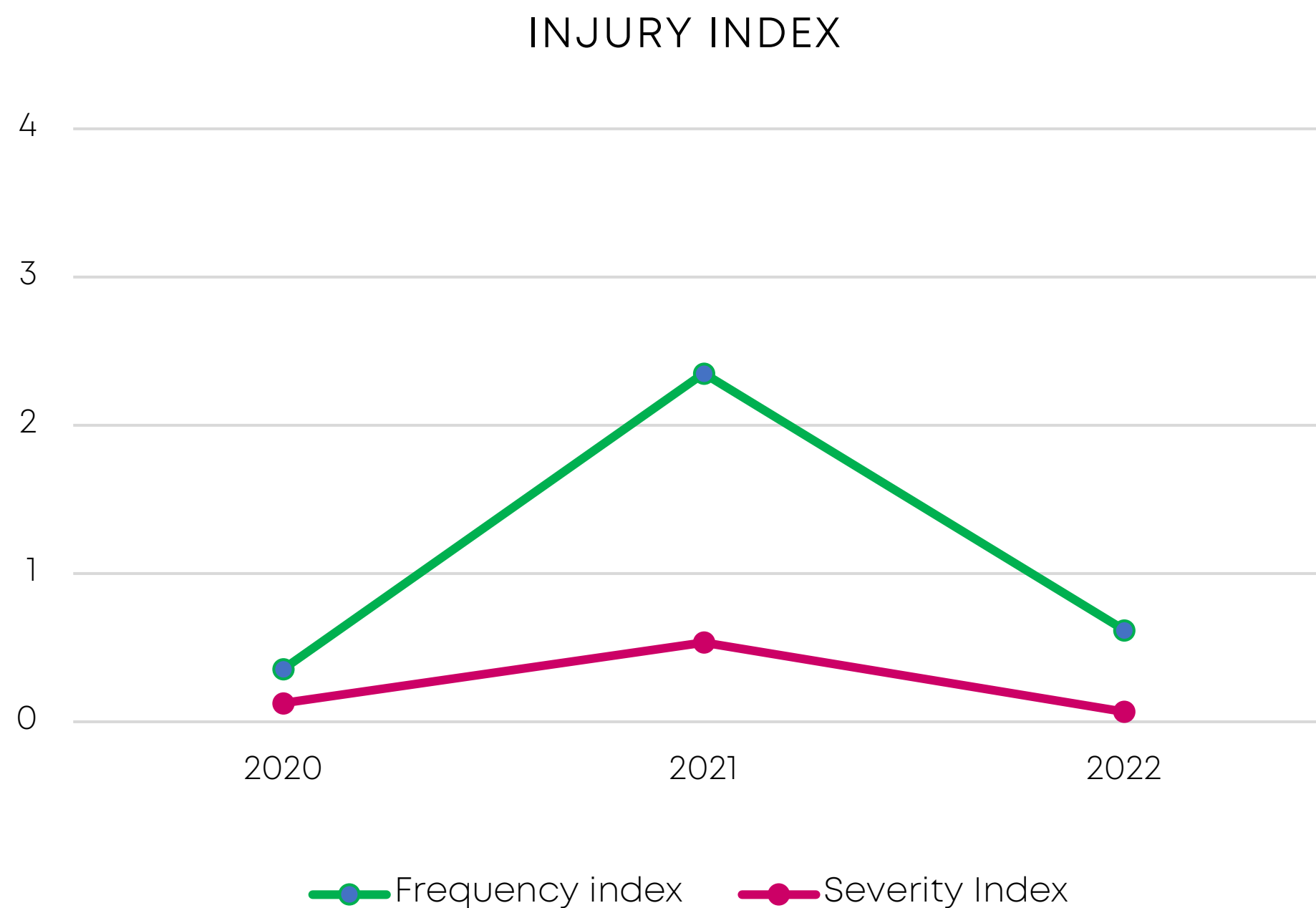
Health and **safety** protection of the people directly and indirectly involved in the company's working activities represents one of the key principles on which Dolomite Franchi's work is based.

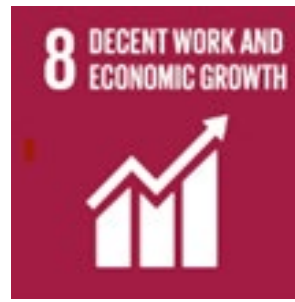
Compliance with appropriate **prevention** standards, observance and proper application of current legislation and related technical regulations, accurate **health supervision**, as well as frequent implementation of employee **training** and **informative** activities are the main tools by which the organization ensures the maintenance and continuous improvement of the conditions of safety, health, and welfare at work, for the protection of both employees and third parties in the company.



Dolomite Franchi's priority focus on health and safety is confirmed by the fact that all company activities are managed with certified management systems in accordance with **UNI ISO 45001 "Occupational health and safety management system"**.

Regarding injuries at work, in 2022 the injury rate – equal to the ratio of hours of injuries and total worked hours - was 0,01% (decreased from 0.04% in the previous year). In 2022, the number of recorded injuries amounted to 2, with a total of 22 days of absence. With respect to the same year, when calculated according to the UNI 7249 standard, the frequency index is 0,62 (down from the previous year's data of 2,35), while the severity index is 0,07 (down from 0,53 in 2021). Overall, it can be noted that data on injuries are below the industry averages for the relevant sector.





DIVERSITY, INCLUSION AND EQUAL OPPORTUNITIES

The preservation and **valorization** of everyone's **uniqueness** within the company context represents for Dolomite Franchi an important prerogative. As highlighted in its Code of Ethics, the company is committed to ensuring compliance with the principles of **diversity** and **inclusion** and **fighting** against **discrimination**, in line with its distinguishing values.

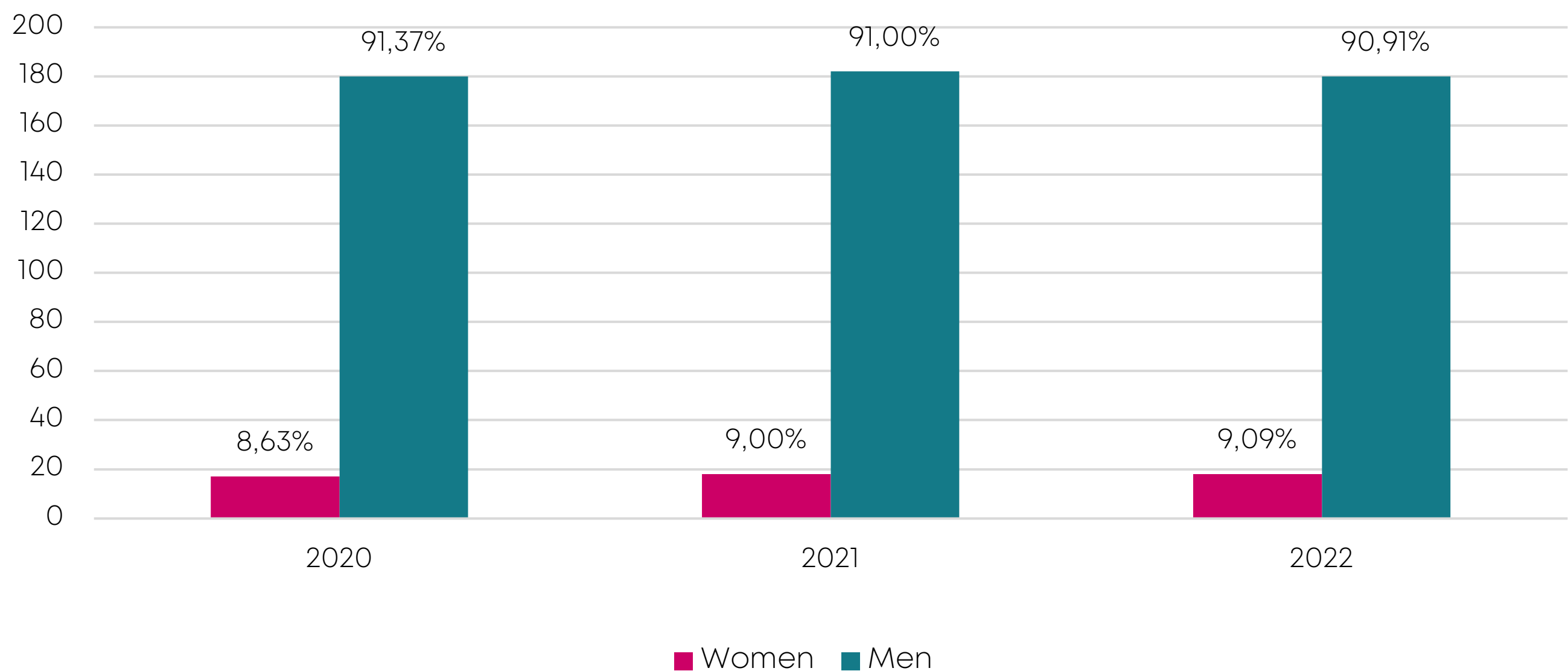
The percentage of female employees out of the total number of workforce is 9.09% and is concentrated within the office staff; in operational tasks, instead, the male presence is dominant, also considering the peculiarity of the sector. Again, over the past three years, the composition of the staff has remained steady.



Dolomite Franchi is constantly committed to ensuring an **inclusive working environment** that identifies collaboration and mutual respect as essential values and does not tolerate any form of racist or discriminatory behaviors.

In line with the Organizational and Management Model (MOG 231), which will be presented later, the company has an internal **channel** for **reporting** potentially discriminatory behavior; in 2022 - as well as in the previous two years - no reports were recorded.

EMPLOYEES BY GENDER





VALUE CREATION IN THE COMMUNITY

Dolomite Franchi has always had a strong bond with the territory in which it is embedded. The plant plays a key role both in terms of employment and wealth creation for the **local community**, and the latter represents a highly relevant stakeholder, to which the company constantly devotes resources, projects, and initiatives.

The progressive expansion of the company and its increasing internationalization have not affected in the slightest the strength of the organization's **bond** with its **territory** and **community**: Dolomite Franchi is – and always be – tied to its roots.

The management has always cultivated a relationship of dialogue and cooperation with local institutions and associations and considers social commitment to be an integral part of the company culture.



Furthermore, it is worth mentioning that, every year, Dolomite Franchi contributes a significant amount for the cleaning and maintenance of the streets of Marone. Also in 2022, the company earmarked significant amounts for **liberal donations**, including sponsorships, charities, and Christmas gifts to employees and external collaborators.

For years now, a collaboration has existed with the Brescia section of the Federazione dei Maestri del Lavoro (Federation of Masters of Labor) to organize **visits** to the **mine** and plant for children from Marone's primary and secondary **schools**.

Among the initiatives in favor of the community, it is also worth mentioning that every year, for more than a decade, under the patronage of the Municipality of Marone, Dolomite Franchi has been issuing a call for **two scholarships** for college students under the age of 28 years, who are residents in Marone and enrolled in the faculties of Engineering, Chemistry, Physics, Geology or Economics and Business. The goal is to support young people of the local community in their education and training, hoping that, as a result of the same, they will be able to contribute to the development and growth of the territory through the competences acquired.

In terms of relations with research institutions, in recent years the company has been involved in a study called "Indications and criteria for the recycling of residues deriving from the mining and processing of stones and





aggregates” in collaboration with the Department of Civil, Environmental, Architectural Engineering and Mathematics (DICATAM) of the **University of Brescia**.

Moreover, a research project was conducted in collaboration with the **Petroceramics** laboratory at **Kilometro Rosso** (in Bergamo, Italy), whose activity consisted of firing tests on different types of dolomites in order to classify them according to the chemical and physical characteristics of the material. The results of this analysis essentially led a distinction of the dolomite at issue into target macro-categories, providing useful elements for the management of the production process.

GOVERNANCE AND ECONOMIC TOPICS





Solid governance, strong **orientation toward innovation** and constant commitment to creating a workplace inspired by respect, honesty and collaboration represent some of the fundamental pillars of Dolomite Franchi's business model.

The company's Code of Ethics, the quality, safety and environmental management systems, the **Organization, Management and Control Model according to Legislative Decree 231/2001** and the company's **R&D** and **Technical Assistance** departments are the operational tools for translating this philosophy, which has always been the organization's hallmark, into concrete actions.

CORPORATE ORGANIZATION AND GOVERNANCE GUIDELINES

In order to ensure an ethical and transparent governance of its activities, Dolomite Franchi has established a solid governance structure and specific support tools. The company is subject to the management and coordination of the INTOCAST AG Group. The main government bodies of the company are represented by the **shareholders' assembly**, the **Board of Directors (BoD)** and the **Board of Auditors**.

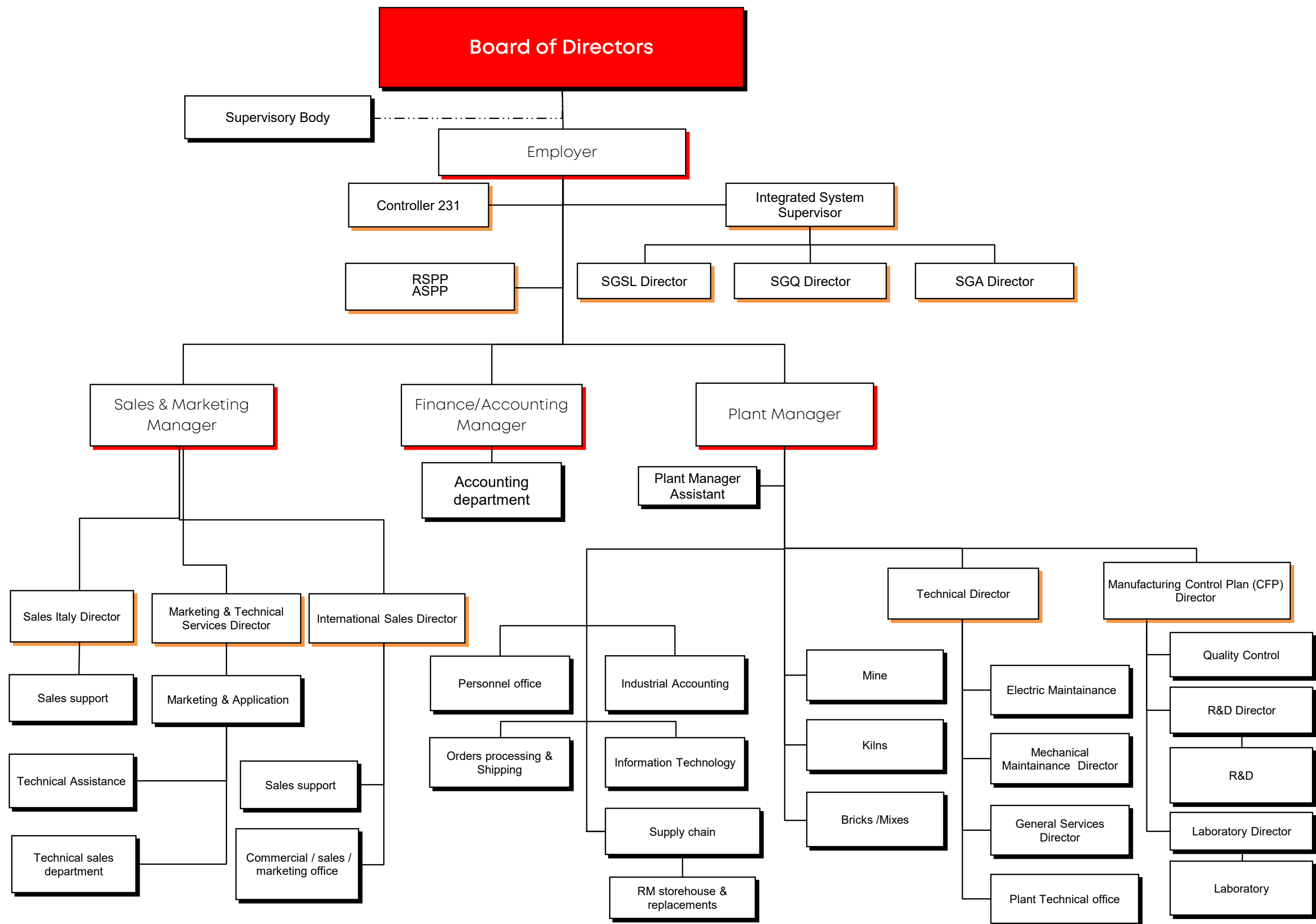
Every three years, the shareholders' assembly appoints the BoD and the Board of Auditors, grants proxies and approves the financial budget.

The **Board of Directors**, which is entrusted with the broadest powers for ordinary and extraordinary management to ensure the achievement of the goals defined by the organization, is a collegial body composed of **three members**, two of whom are men and one woman. Among the members of the BoD, two are employees of the company. Regarding the distribution of members by age, two are in the 30-50 age group, while the third director is over 50.

Since 4th October 2010, date of adoption of the Organization, Management and Control Model according to Legislative Decree 231/2001, the Board of Directors nominates the **Supervisory Body (SB)**, which will be discussed further below.

The Board of Auditors, instead, is in charge of monitoring the proper application of all principles related to corporate governance; in particular, it supervises the work of directors, with the aim of ensuring that the management of the company is conducted in accordance with the law and the charter. The Board is also entrusted with the statutory audit.

FUNCTIONAL ORGANIZATIONAL CHART



With the aim of putting the company in a position to ensure a management based on the principles of transparency, efficiency and effectiveness, Dolomite Franchi has adopted several tools, including:

- **Organization, Management and Control Model** ex Legislative Decree 231/2001
- **Code of Ethics**
- **Managements systems** (Quality, Safety and Environment)



INTERGRITY AND TRANSPARENCY IN BUSINESS MANAGEMENT

ORGANIZATION, MANAGEMENT AND CONTROL MODEL

As mentioned above, since 2010 Dolomite Franchi has adopted an Organization, Management and Control Model aimed at implementing an organizational and internal control system in line with the regulations of Legislative Decree 231/2001. The main purpose of this system is the promotion of **sound corporate management** criteria, based on honesty, legality, and transparency, particularly in terms of preventing the perpetration of crimes covered by the Decree. This Model is **periodically updated** by Dolomite Franchi in accordance with legislative developments and company organization.

The duty of supervising compliance with and proper application of the model, with particular focus on the fulfillment of the requirements of independence, professionalism and continuity of action provided by it, is assigned to the Supervisory Body (SB), which is made up of two professionals external to the company (a chairman and a member), invested with a three-year mandate.



The Supervisory Body conducts checks and audits, provides suggestions and guidance, and collects any criticism or reports from all company staff through a structured **whistleblowing** procedure; it is required to report promptly to the Board of Directors and the Board of Auditors, for the measures within their authority, the transgressions, infractions and non-compliant behaviors detected, suggesting, as well, the necessary revisions, changes and/or additions to prevent such phenomena.



CODE OF ETHICS

Adopted for the first time in 2010 and periodically updated through resolutions of the BoD, the Code of Ethics is the document that crystallizes the **principles, values** and **guidelines** to be followed by everyone who work on behalf of the company and who, in various ways, have relations with it.

The Code of Ethics is closely linked to the Organization, Management and Control Model, integrating it with the explanation of the values and rules of conduct that Dolomite Franchi considers essential.

The core values stamped in the Code of Ethics aimed at inspiring, in particular, the conduct of business and corporate activities, as well as the management of people and information, include:

- **Protection of the individual;**
- **Safety protection and preservation of the internal and external environment;**
- **Fairness and equality;**
- **Ethical and law-compliant behavior;**
- **Loyalty and confidentiality of information;**
- **Respect for the interests of each interlocutor;**
- **Professionalism and fair competition;**
- **Fairness and transparency in relations with PA.**

In accordance with the framework just described, among the key principles inspiring Dolomite Franchi's work is the **fight against corruption**. This issue is specifically covered in two paragraphs of the Code of Ethics, related to the fairness of relations with the Public Administration, Public Services, and the Judicial Authority, on one hand, and those with private companies and all other stakeholders, on the other hand.

Moreover, since corruption is among the relevant crimes listed in Legislative Decree 231/2001, it is clear that an additional control aimed at preventing corruptive behavior derives precisely from the implementation of the Organization, Management and Control Model based on the decree at issue.



MANAGEMENT SYSTEMS

Dolomite Franchi is constantly committed to maintaining and expanding management systems that preside over certain specific issues. In particular, these issues are represented by Occupational Health and Safety, Environment and Quality of the product and services provided, and are respectively presided over by **ISO 45001, ISO 14001 and ISO 9001 certifications.**

In line with these management models, the company has implemented, with specific reference to the issues under consideration, a process for assessing and managing short, medium, and long-term business risks, including an assessment of potential and current negative impacts caused by the company's activities, also with a focus on local communities. A summary of this analysis has already been presented within this document, specifically in the paragraph preceding the materiality matrix.





INNOVATION AND RESEARCH & DEVELOPMENT



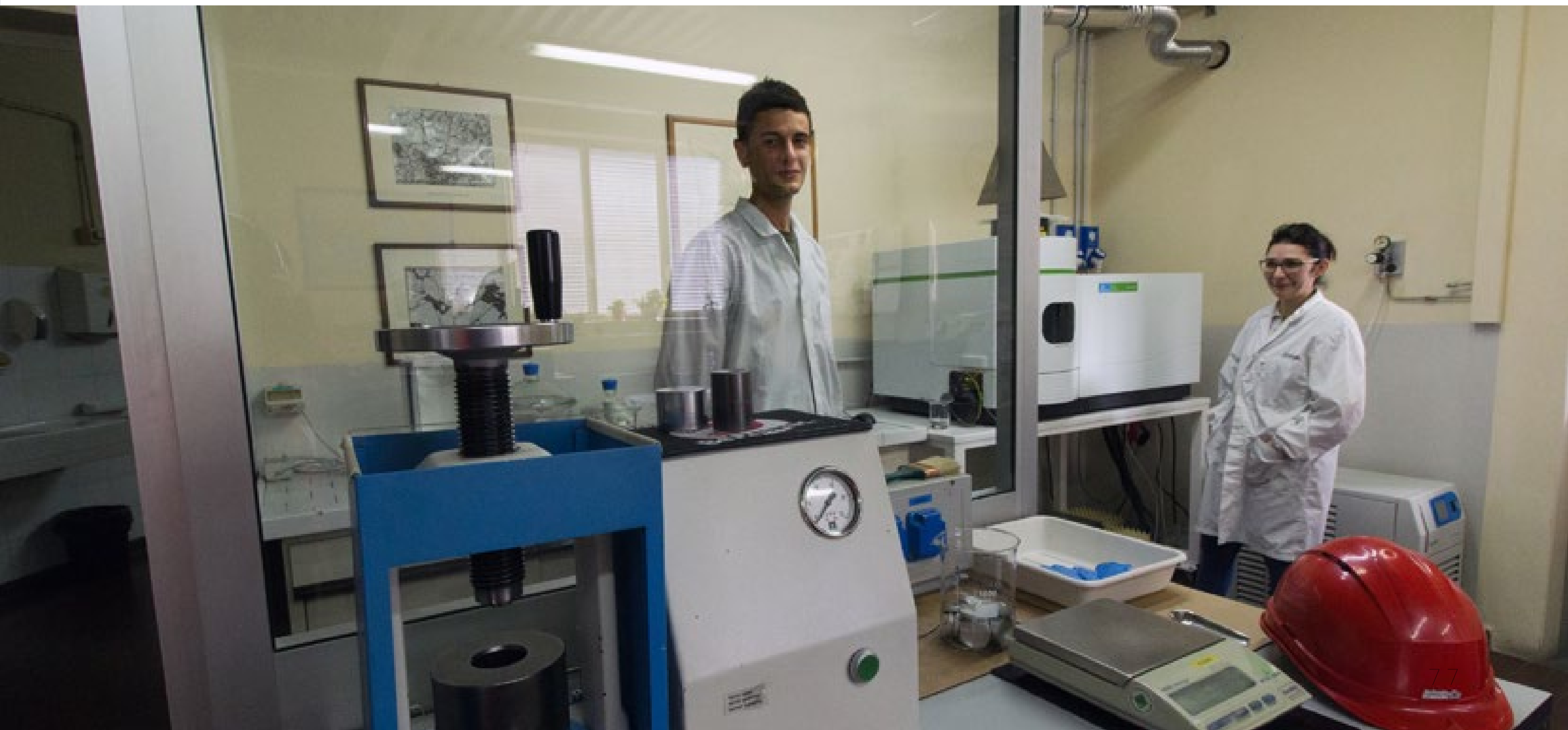
Dolomite Franchi has a **Research and Development** department. Indeed, the company has always invested in the innovation and improvement of its products in order to minimize their environmental impact and, at the same time, make them more and more in line with customers' needs and demands.

In general, over the years, the company built up a **team of professionals** specifically dedicated to research and development. In 2022, total hours spent on research and development were 4590.

FOCUS: DOLOMITE FRANCHI'S QUALITY LABORATORY

In order to ensure a constant improvement in the performance and quality of its products, Dolomite Franchi has implemented an internal **specialized laboratory**, aimed at accurately **monitoring** - and, if necessary, promptly intervening - over the entire production process, from raw material to finished product.

The laboratory performs monitoring with optimized control plans that focus on targeted sampling and accurate and sustainable analytical investigations. This feature is reflected in the use of low-cost testing methods that limit the solvent-based approach in favor of operation filtered by appropriately designed equipment for chemical-physical evaluations.





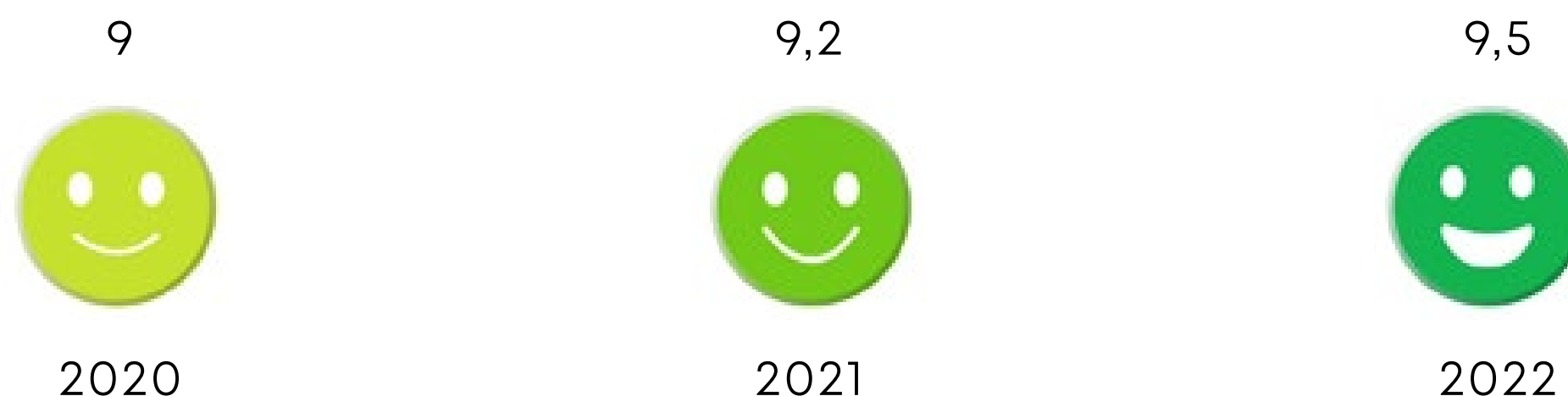
CUSTOMER SATISFACTION

Customer satisfaction - besides being one of the material issues identified by the materiality matrix - represents an aspect to which Dolomite Franchi has always paid particular attention. In fact, the company is constantly committed to **continuous improvement** in both the **quality** and **efficiency** of its products and services and its compliance with **delivery times**.

In this regard, it should be noted that in 2022, as in the previous two years, the company conducted a survey related to this issue, based on the **Customer Satisfaction Index (CSI)**. Specifically, CSI is an international indicator that provides a concise measurement of the overall level of customer satisfaction, within a range of scores between a minimum of 1 and a maximum of 10, through models for calculating the gap between perception and expectations of the quality level of the product or service, specified by individual quality driver.

In this regard, in 2022 Dolomite Franchi's score was 9.5 - a slightly better result than those achieved by the company in the previous two years (9 in 2020, 9.2 in 2021).

CUSTOMER SATISFACTION INDEX



In terms of complaints, on the other hand, those received during 2022 amounted to 27, basically in line with those recorded in 2021 and 2020. The complaint index - calculated in terms of the ratio of total complaints to total active positions - amounted to 0.18 % for 2022 (vs. 0.11% in 2021 and 0.16% in 2020).

COMPLAINT INDEX			
	2020	2021	2022
Total number of complaints	22	27	27
Tot. number of active positions	13.780	19.371	15.406
%	0,16%	0,11%	0,18%

In this respect, it should be noted that the monitoring of complaints is conducted with reference to order positions, rather than to contracts. The total number of complaints resolved, with regard to cases falling under the responsibility of Dolomite Franchi, is 100%.

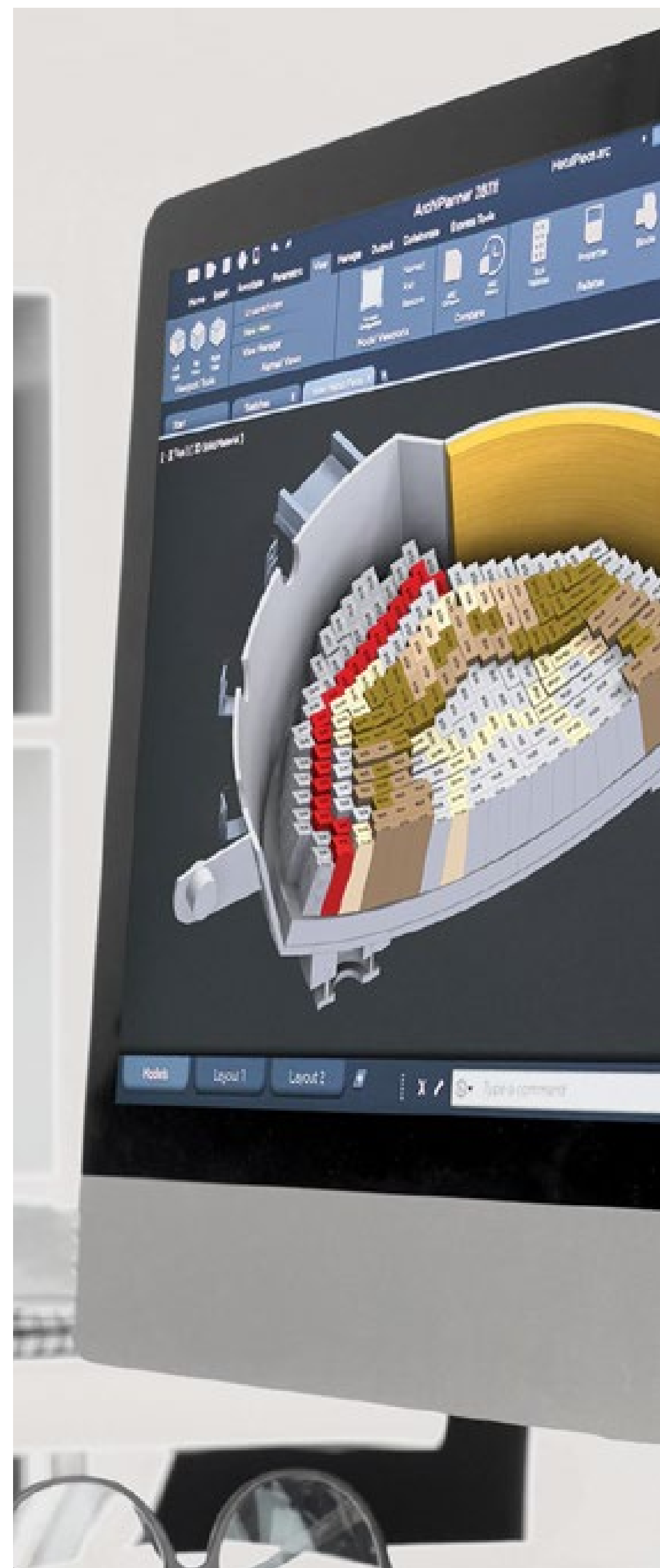




PRIVACY AND DATA PROTECTION

Dolomite Franchi adopted a procedure to guarantee the privacy and protection of stakeholder's data, both internal and external. During 2021 and 2022, **no anomalies** regarding data loss, cybersecurity or phishing **were reported**. A case of phishing, on the other hand, had been registered in 2020 and was immediately followed by a corrective action which resolved the potential risk taken by the company.

Later that year and as an additional action to prevent what happened, the organization trained its employees on **cybersecurity** and data protection **issues**. Moreover, Dolomite Franchi adopted an access control policy, which requires that sensitive data are only available to users with the appropriate permissions from the IT department.



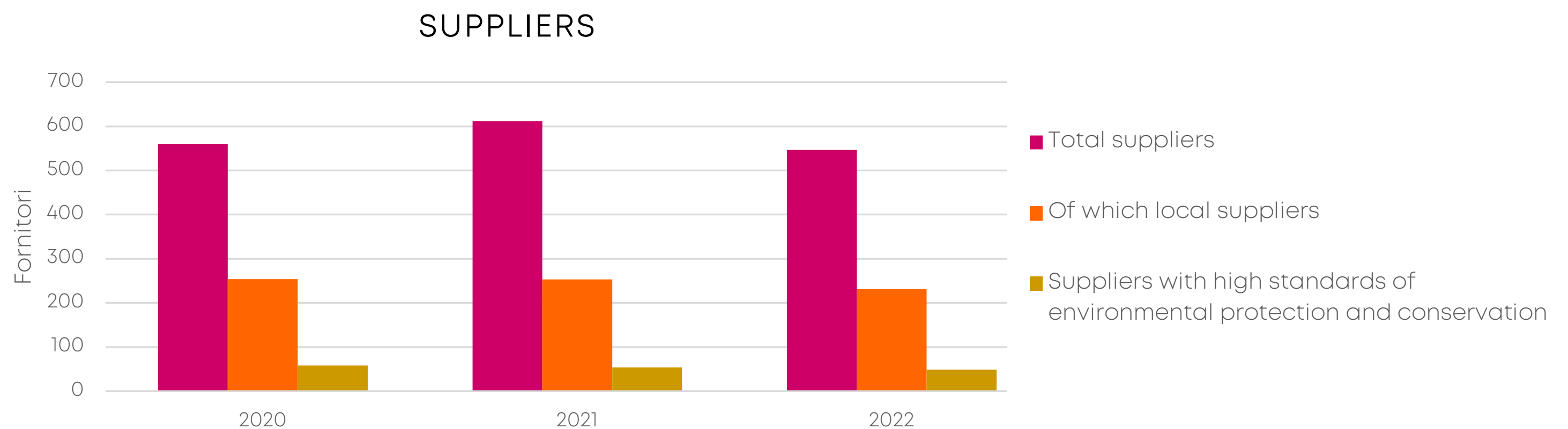


SUPPLY CHAIN MANAGEMENT

Dolomite Franchi is fully aware of the need to consider its supply chain in non-financial reporting as well. Although this issue has not been identified as material theme in the materiality matrix, the company decided to include a focus regarding this topic.

The company pays particular attention to the assessment of the quality and reliability of all the people involved in its supply chain: indeed, suppliers are evaluated not only for their technical-professional requirements, but also in terms of proper compliance with environmental protection, health, and safety regulations for employees.

With reference to 2022, a slight decrease in the total number of suppliers can be observed compared to the previous year (547 in 2022 vs. 612 in 2021); on the other hand, the number of **local suppliers**, intended as those whose headquarters or main warehouse is located in the provinces of Bergamo and Brescia, is slightly increasing, reaching, for the year 2022, 42% of the total (almost one percentage point more than in 2021).



In general, it should be highlighted that, when possible, with equal technical, commodity and economic requirements, the company tends to give preference to suppliers residing in the areas surrounding the production site of Marone. With this, Dolomite Franchi manifests its commitment to supporting employment and wealth creation for the local economy.

The company follows a specific **procedure for selecting suppliers**, in which aspects related to the quality of products, the employees' safety and health and the system of environmental protection guaranteed by each supplier are evaluated. This assessment is based on a scale from 0 to 100.

A relevant data regards the fact that about 9% of Dolomite Franchi's suppliers guarantee an environmental management system in line with the highest reference standards. This data is substantially in line with that of the previous two years.

Finally, it should be highlighted that all suppliers must **sign the company's Code of Ethics**.





CREATION OF ECONOMIC-FINANCIAL VALUE

Through its business, Dolomite Franchi aims to pursue not only its own growth, but also that of the economic, social, and environmental context in which it is embedded. The wealth created by the company for itself and for its stakeholders is measured in terms of Direct Economic Value directly generated and distributed.

This is calculated on the basis of the International Non-financial Reporting Standards (GRI Standards), which define the two concepts as follows:

- “**Direct economic value generated**” by the company is defined as revenues, intended as net sales plus revenues from financial investments and goods sales.
- “**Economic Value distributed**”, instead, includes the following elements: operating costs, employees’ salaries and benefits, payments to capital suppliers, payments to P.A. and investments in the community.

In 2022, Dolomite Franchi’s Economic Value generated was more than € 78 million (increasing by 18% from 2021 and 51% from 2020); of these, more than € 74 million were distributed to suppliers, employees, shareholders, public institutions and community.

DOLOMITE FRANCHI'S INVESTMENTS

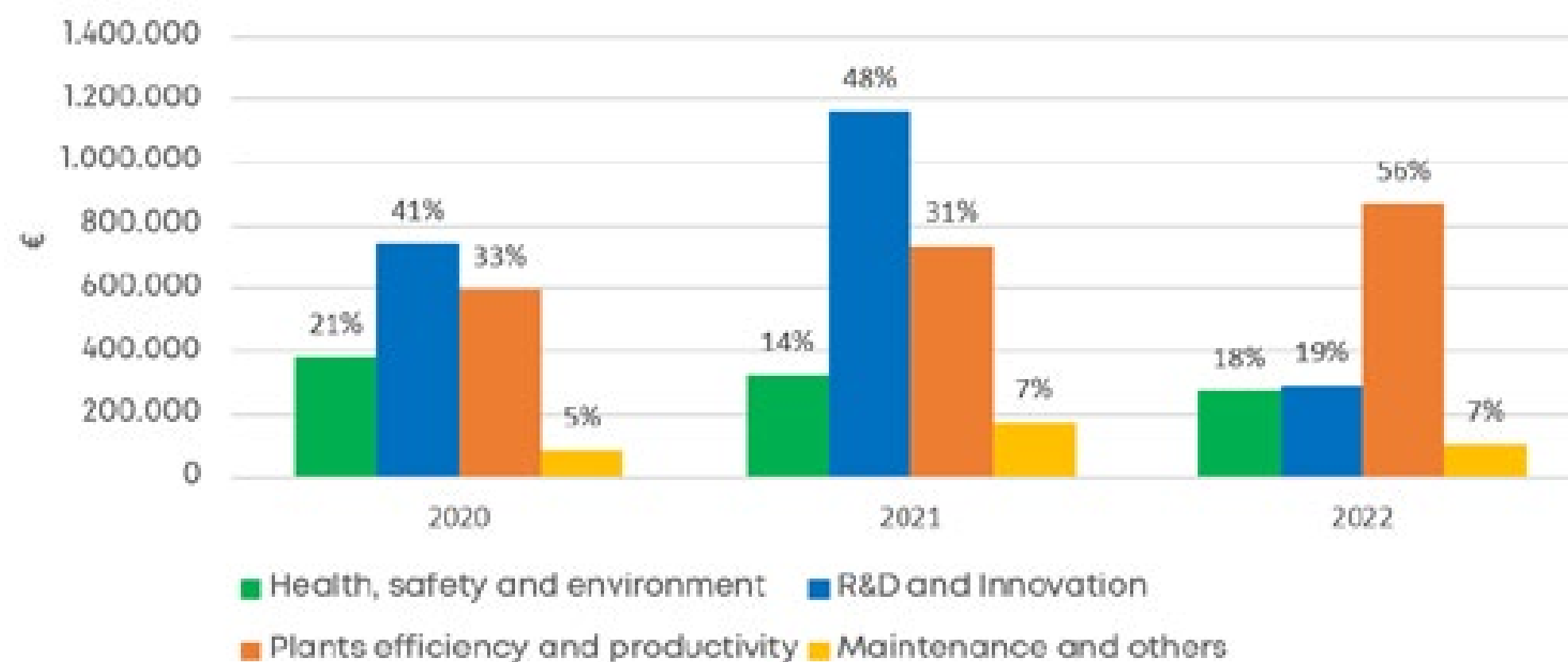
In the three-year period 2020-2022, total investments exceeded € 5 million. In 2022, the amount of investment by the company was about € 1.500.000.

The main investments relate to aspects of **product** and **process innovation**, to which are added investments aimed at improving plant **efficiency** and **productivity**.

The main interventions carried out in the three-year period under consideration concern the revamping of the special mixes department and the electrical system, which together led to an investment of more than € 1.5 million. In addition, many interventions have been addressed to the renovation of the cable way that transports the materials from the mine to the production plant.

The following chart shows the investments trend divided per year. Specifically, it can be noted that in the last year (2022) the amount of expenses incurred for efficiency measures is higher than in the previous years; from this data it is possible to deduce that the 2022 budget have been allocated to efficiency goals, differently from 2020 and 2021 when priority was given to investments in innovation.

INVESTMENTS IN THE THREE-YEAR PERIOD 2020-2022





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 01.01.2022 – 31.12.2022 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, welfare and development
	2-8 Workers who are not employees	Staff management, welfare 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	Assessment of actual and potential impacts
	2-27 Compliance with laws and regulations	Integrity and transparency in business management
Stakeholders engagement		
	2-29 Approach to stakeholder engagement	Our priorities: material topics
GRI 3 – Material Topics – 2021 version	3-1 Process to determine material topics	Our priorities: material topics
	3-2 List of material topics	Our priorities: material topics
	3-3 Management of material topics	Our priorities: material topics

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	Energy and energy efficiency
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	Greenhouse gas emissions and environmental management
305-2 Energy indirect (Scope 2) GHG emissions	Greenhouse gas emissions and environmental management
305-4 GHG emissions intensity	Greenhouse gas emissions and environmental management
305-5 Reduction of GHG emissions	Greenhouse gas emissions and environmental management
306-1 Waste generation and significant waste-related impacts	Waste management and treatment

306-2 Management of significant waste-related impacts	Waste management and treatment
306-3 Waste generated	Waste management and treatment
306-4 Waste diverted from disposal	Waste management and treatment
306-5 Waste directed to disposal	Waste management and treatment
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, welfare and development
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Staff management, welfare and development
403-1 Occupational health and safety management system	Health and safety at work
403-2 Hazard identification, risk assessment, and incident investigation	Health and safety at work
403-5 Worker training on occupational health and safety	Staff management, welfare and development
403-6 Promotion of worker health	Health and safety at work
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Health and safety at work

403-8 Workers covered by an occupational health and safety management system	Health and safety at work
403-9 Work-related injuries	Health and safety at work
404-1 Average hours of training per year per employee	Staff management, welfare and development
405-1 Diversity of governance bodies and employees	Diversity & Inclusion and respect of human rights
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 and equal opportunities
413-1 Operations with local community engagement, impact assessments, and development programs	Value creation in the community
413-2 Operations with significant actual and potential negative impacts on local communities	Value creation in the community
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Privacy e data protection



**EUROPEAN SUSTAINABILITY
REPORTING STANDARDS
(ESRS),
CROSS-CUTTING STANDARDS**

Dolomite Franchi is aware that the European Union is working to identify a method aimed at standardizing and making comparable the non-financial reports of companies falling within the EU borders.

To achieve this goal, the EU has commissioned the EFRAG to develop the European reporting standards, known as the *European Sustainability Reporting Standards (ESRS)*. As of today, there are twelve drafts of standards, on which the European Commission is consulting the EU bodies and the member states, before proceeding to the adoption of the final standards as delegated acts in June 2023.

From an operational perspective, Dolomite Franchi has decided to conduct an initial in-depth analysis of these standards, reporting on information related to the *Cross-cutting standards*, which refer to general disclosures about the organization.

ESRS 2 – General Disclosures		
Disclosure	Description	Reference paragraph
<i>Basis for preparation</i>		
Disclosure Requirement BP-1	General basis for preparation of the sustainability statements	Methodological note
Disclosure Requirement BP-2	Disclosures in relation to specific circumstances	Methodological note Assessment of current and potential impacts
<i>Governance</i>		
Disclosure Requirement GOV-1	The role of the administrative, management and supervisory bodies	Methodological note Company’s organization and governance guidelines
Disclosure Requirement GOV-2	Information provided to and sustainability matters addressed by the undertaking’s	Methodological note Company’s organization and governance guidelines

	administrative, management and supervisory bodies	
Disclosure Requirement GOV-3	Integration of sustainability-related performance in incentive schemes	Not present
Disclosure Requirement GOV-4	Statement on sustainability due diligence	Assessment of current and potential impacts
Disclosure Requirement GOV-5	Risk management and internal controls over sustainability reporting	Assessment of current and potential impacts
<i>Strategy</i>		
Disclosure Requirement SBM-1	Market position, strategy, business model(s) and value chain	DOLOMITE FRANCHI
Disclosure Requirement SBM-2	Interests and views of stakeholders	Assessment of current and potential impacts
Disclosure Requirement SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model(s)	Assessment of current and potential impacts
<i>Impact, risk and opportunity management</i>		
Disclosure Requirement IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	Assessment of current and potential impacts
Disclosure Requirement IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statements	Our priorities: material topics
Disclosure Requirement DC-P	Policies adopted to manage material sustainability matters	Our priorities: material topics

		Company's organization and governance guidelines
Disclosure Requirement DC-A	Actions and resources in relation to material sustainability matters	Our priorities: material topics
<i>Metrics and targets</i>		
Disclosure Content DC-M	Metrics in relation to material sustainability matters	Our priorities: material topics
Disclosure Content DC-T	Tracking effectiveness of policies and actions through targets	Assessment of current and potential impacts

Written in collaboration with Fedabo SpA SB



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