

# Sustainability Report

2023

# Contents

<b>Letter to Stakeholders</b>	<b>3</b>
<b>1. About Us</b>	<b>4</b>
1.1 Our history and our values	4
1.2 Products and services	6
1.3 The markets in which we operate	8
<b>2. Methodological Approach</b>	<b>9</b>
2.1 Report drafting criteria	10
2.2 Stakeholder engagement	11
2.3 Material Topics	13
<b>3. Responsibility and Transparency as the Foundations of Our Governance</b>	<b>15</b>
3.1 Governance Model	16
3.1.1 Strategic commitments, organisation and business management	16
3.1.2 Governing body	18
3.1.3 Integrity and combatting corruption	20
3.2 Value generated and distributed	21
<b>4. Our Community</b>	<b>23</b>
4.1 Composition of staff	24
4.2 Continuous professional and human development	30
4.3 Healthy and Safe Work	31
4.4 Relations with the local community	32
<b>5. A More Responsible Approach to the Environment</b>	<b>33</b>
5.1 Materials and water resources	35
5.2 Energy	36
5.3 Waste and emissions management	37
<b>Objectives</b>	<b>39</b>
<b>Methodological notes and reporting updates</b>	<b>40</b>
<b>Management of material topics and corporate impacts</b>	<b>40</b>
<b>GRI Index</b>	<b>44</b>



# Letter to Stakeholders

To our readers

Since 2022 we have been working to fully integrate sustainability into our distinctive business strategy and corporate spirit: as a natural consequence, we have made sustainability reporting a regular and fitting commitment.

Transparency has always guided our vision: the voluntary drafting of the sustainability report is further proof of our desire to communicate to stakeholders what we do on a daily basis.

We believe that the sustainability report should not be a marketing tool, but rather an essential element of self-assessment and support for increasing value.

A number of elements contributed to our most significant impacts in the area of sustainability last year: not only the value generated and its growth over time - evidence of clear economic strength -, but also innovation, based on a significant plan for investment in the company's infrastructure, joined by employee well-being and customer satisfaction.

For years now, circularity has taken hold and continues to be developed in our company, in terms of recycling and recovery practices as well as business strategies.

We are aware that investments aimed at improving production efficiency also bring environmental and social benefits. Among other things, we have planned the gradual replacement of machinery and technologies to improve performance in terms of energy and material use and to benefit employee well-being.

Starting from procurement, through production and up to the sale of semi-finished products, we have always attributed value to our environment. We are strongly convinced that this commitment starts from small daily actions, from respect for what we have, but above all for what we will leave in the hands of future generations.

Market, work, environment, community and the local area are the cardinal points around which our activities revolve: all together, they constitute the capital of Flama.

This document is an important opportunity to reflect on our results, share the progress made and outline our goals in relation to environmental, social and economic responsibility. The constant support and trust you have given us have been and are crucial to our path of growth.

Happy reading.



# 1. About Us

## 1.1 Our history and our values

Flama S.r.l. is a single-member limited liability company based in Castelnuovo del Garda, in the province of Verona. It was founded in 1995 by brothers Massimiliano and Flavio Zonaro as a family-run industrial metal carpentry shop.

Since the beginning, our mission has coincided with high quality service, reliability and flexibility in the processing of carbon steel, stainless steel and aluminium. Thirty years' experience and the development of increasingly effective processing technologies allow us not only to offer innovative and high-level solutions to customers, but also to constantly optimise production processes in terms of delivery times and competitiveness.



- 1995** • Our company was established by the Zonaro brothers who started a carpentry business aimed at local companies and private individuals, producing railings and gates.
- 2000** • With the purchase of a cutting system that was highly technological for its time, we took our first steps into the industrial world.
- 2008** • The move from Settimo di Pescantina to the new headquarters in Castelnuovo del Garda marked an important expansion.
- 2013** • After the economic crisis of 2009, we restarted with determination, investing in staff training and an initial sales structure that led to the expansion of the customer base.
- 2016** • Company functions become more specialised: for example, the process and production manager is distinguished from the strategy and innovation manager.
- 2018-2019** • In this two-year period full of new events, we experienced financial-commercial consolidation and the entry into foreign markets on one hand and the installation of a photovoltaic system and the purchase of a new cutting system on the other.
- 2020** • We expanded our headquarters with the construction of a second industrial facility and a new office building.
- 2022** • We recorded several technological innovations that generated lower environmental impacts such as a nitrogen production plant and a new cutting and combined punching and shearing machine.
- 2023** • We purchased an additional BLM laser cutting machine.

In May 2023, we founded Flama Servizi S.r.l. Wholly owned by Flama S.r.l., the new Company supports and promotes the commercial development and market penetration of the parent company. By transferring important figures employed in our sales office to this start up, we have created an autonomous unit dedicated to defining commercial strategies, while remaining linked to central directives.

Over the years, we have observed and participated in the evolution of the business world in which we operate, becoming increasingly active members of the professional community that revolves around the production and processing of sheet metal. Today we are part of the following organisations:

- **Confindustria**

The General Confederation of Italian Industry is the most important association representing Italian industrial companies. Founded in 1910, its main mission is to promote and protect the interests of our country's companies, particularly in the manufacturing and industrial sectors, but also to affirm business as a driving force of economic, social and civil growth.

- **OSA Community**

OSA Community was created as a network to encourage shared development and the meeting of Italian entrepreneurs. Its activity consists of organising informational events and training courses to share knowledge and strategies that contribute to the success and advancement of Italian companies.

# 1.2 Products and services

We provide a complete design and manufacturing service for third parties in the processing of stainless steel, carbon steel, aluminium and other metal sheets. Our technical staff works alongside customers starting from product conceptualisation with the support of 2D and 3D design software. After the design has been completed, we handle its implementation. The main processes we carry out are cutting, bending, welding and assembly: considerably technological processes.

For sheet metal **cutting** we use two laser machines and two punching machines combined with shears. Laser cutting is a process used for the thermal cutting of sheet metal: by applying a source to a Cartesian axis movement system, we generate rays that can be used to obtain various shapes and sizes starting from flat sheet metal. We have two fibre optic laser cutting systems capable of supplying parts of any material and thickness in small, medium and large series. Thanks to its speed, this cutting technology ensures great production capacity and strong economic competitiveness for the production of medium and large series. Punching and shearing processes exploit the vertical movement of an upper punch towards the lower die; a special arm positions and automatically moves the sheet metal to be treated. This technology allows us to obtain accurate shapes free from burrs and deformations in an

economical manner. In this case, cutting the sheet metal does not involve any thermal or chemical deformation of the piece: the process is entirely cold.

For **bending** we have seven press brake bending machines. Together with forming and stamping, this process is mechanical in nature: by applying specific forces we bend a flat semi-finished sheet metal product in order to obtain specific shapes. This process uses automatic numerical control machines with variable bending length and force.

We carry out **calendering** using a machine called 'calender': a system of rollers with parallel axes are positioned so that the sheet metal passes through them with a circular trajectory.

We have seven **welding** stations, an operation carried out by all of our workers certified as required by the UNI EN ISO 3834 standard Quality requirements for melt welding of metal materials. This process permanently joins two joints using localised melting. Unlike other joining processes, welding guarantees the chemical-physical continuity of the materials involved. In detail, we are specialised in manual and robotic Metal-arc Inert Gas (MIG) continuous wire, Metal-arc Active Gas (MAG), Tungsten Inert Gas (TIG) infusible electrode and electrical resistance or spot welding processes.

Finally, we are equipped with workstations for mechanical **assembly** and for **surface treatments** such as powder coating, electrolytic galvanising, hot-dip galvanising and cataphoresis and for the manual and automated processes of surface polishing, brushing and satin finishing.

The logistics service and the availability of our own vehicles for the direct delivery of orders round out our ability to take care of the entire production cycle.





# 1.3

## The markets in which we operate

Sheet metal is a key product of global industry and is essential for a broad range of applications. We serve many markets and sectors: from construction and large household appliances through to the automotive sector, food & beverage and the production of heating, ventilation and air conditioning (HAVC) systems.

This last sector, centred on the key role of sheet metal, is the largest recipient of the products and services we deal with, accounting for 31.1% of turnover in 2023.

Our second largest industry by turnover, with a percentage of 18.6%, is intralogistics, a term we use to refer to the flows of goods, materials and information within companies. Next are the automotive and food & beverage sectors, which represent 13.3% and 11.5%, respectively, of our turnover.

Sectors served by turnover				
Sector	Turnover 2022	Percentage	Turnover 2023	Percentage
<b>HVAC</b>	3.103.138 €	32,0%	3.153.170 €	31,1%
<b>Automotive</b>	1.455.596 €	15,0%	1.352.795 €	13,3%
<b>Intralogistics</b>	1.194.863 €	12,3%	1.890.131 €	18,6%
<b>Food&amp;beverage</b>	1.089.309 €	11,2%	1.163.979 €	11,5%
<b>Industrial machines</b>	864.889 €	8,9%	1.143.569 €	11,3%
<b>Industrial heating</b>	816.745 €	8,4%	250.299 €	2,5%
<b>Buildings</b>	603.884 €	6,2%	582.633 €	5,7%
<b>Bakery</b>	519.258 €	5,4%	457.060 €	4,5%
<b>Packaging</b>	54.088 €	0,6%	30.250 €	0,3%
<b>Household appliances</b>	9.271 €	0,1%	47.099 €	0,5%
<b>Agriculture</b>	0 €	0,0%	69.720 €	0,7%
<b>Total</b>	<b>9.711.042 €</b>	<b>100,0%</b>	<b>10.140.705 €</b>	<b>100,0%</b>

A close-up photograph of a person wearing a grey work glove using a digital depth gauge to measure a metal component. The gauge's beam is extended, and the digital display shows a reading. The background is a blurred industrial setting with various metal parts and tools.

2

# Methodological Approach

## 2. Methodological Approach

**We believe that formalising a sustainability strategy is essential for a company like ours that pursues resilience, stability, transparency and innovation in its activities. To embark upon this path, drafting the sustainability report is a significant step: with this document we can monitor and improve our Environmental, Social and Governance (ESG) performance and appropriately inform our stakeholders of our sustainability goals and actions.**

### 2.1 Report drafting criteria

The data and information provided in this report, published on 02/09/2024, refer to 2023 and concern the activities carried out by Flama S.r.l. and Flama Servizi S.r.l. in relation to the three spheres of sustainability: environmental, social and governance.

We drafted this document by following the 2021 version of the Sustainability Reporting Standards published by the Global Reporting Initiative (GRI), the main international reference for sustainability reporting.

The GRI standards define several guiding principles to guarantee information quality and accuracy, allowing stakeholders and, in general, readers to comprehensively evaluate the company's impacts and its contribution to sustainable development. The principles include: accuracy, balance, clarity, comparability, completeness, timeliness, verifiability and sustainability context.

The Board of Directors (BoD) approved the document on 30/08/2024. Management has decided not to have the report certified; we will reconsider the possibility of subjecting it to external assurance in the next reporting cycle.

## 2.2 Stakeholder engagement

To collect the demands, expectations and points of view of our stakeholders, we conducted a specific stakeholder engagement activity. This complex process involves listening to and engaging with stakeholders in formulating corporate policies and strategies.

In developing this second sustainability report, we have confirmed the most significant stakeholder categories identified in the previous year: these categories coincide with stakeholders that may be influenced or involved both directly and indirectly by our activities.

To identify the most significant stakeholders, we considered the principles of responsibility, influence, proximity, dependence and representativeness, as required by the AA1000 Stakeholder Engagement Standard (AA1000 SES) developed by AccountAbility. This standard is the basis on which we assigned a priority class to each category.

A full list of stakeholders with the relative descriptions is provided in the table below.

Stakeholder category	Definition
<b>Workers</b>	Chi opera alle dipendenze o per conto di Flama
<b>Suppliers</b>	Chi fornisce all'azienda materie prime, materiali, servizi o tecnologie
<b>Customers</b>	Fruitori dei nostri prodotti, comprese le associazioni dei consumatori
<b>Lenders</b>	Banche, istituti di credito e altre figure, anche private, che possono contribuire al finanziamento delle attività di Flama
<b>Society and local communities</b>	Il contesto sociale dei territori in cui si trovano i siti aziendali e che può influenzare direttamente o indirettamente le nostre azioni
<b>Institutions</b>	Il complesso delle istituzioni che può avere un'influenza diretta o indiretta sulle attività che ci riguardano: esempi sono Università, Regione, Provincia, Comune presso cui si trovano i siti
<b>Associations and NGOs</b>	Associazioni e organizzazioni private senza scopo di lucro, come associazioni ambientaliste e di settore, che possono agire negli ambiti che condizionano direttamente o indirettamente l'operatività dell'azienda
<b>Media and press</b>	Mezzi di comunicazione internazionali, nazionali e locali quali televisione, stampa, radio e web che possono influenzare direttamente o indirettamente le azioni di Flama
<b>Competitors</b>	Aziende concorrenti le cui scelte strategiche possono avere un impatto significativo, diretto o indiretto, sulle nostre decisioni e strategie





In preparing this report, we conducted two priority stakeholder engagement activities: both contributed to the final classification of material topics and provided support and direction to the results of the materiality analysis.

With the former activity, we updated the 2022 documentary analysis, confirming the indirect engagement of all stakeholder categories. With the latter initiative, we directly involved customers with a series of interviews.



## 2.3

# Material Topics

The materiality analysis is a key element of the report: a process we use to define the ESG topics that we consider significant, known as 'material topics'.

To draft the first sustainability report, we structured the materiality analysis based on the GRI 2021 standards, according to which the identification of material topics depends on the positive or negative impacts that our activities generate on the environment and society. We assessed the **significance** of each impact identified by assigning a score on a scale from 1 to 5: the subsequent interpretation of the results led to the definition of ten material topics.

This year, we updated the materiality analysis by re-examining the context in which we operate to identify any changes linked to the performance of the market and our sector, reference regulations and institutions, the competition and our value chain.

We did not identify any significant changes, so we made no changes to the previous year's impact significance assessment. However, we decided to merge the *Human Rights* topics with the *Ethical and Sustainable Supply Chain* topic to better reflect our corporate business and the national context in which we operate. Furthermore, we removed *Research, development and technological innovation*: more than a material topic, we consider this topic a strategy that contributes to the management of product quality and sustainability, customer satisfaction, corporate value, environmental protection and other related aspects.

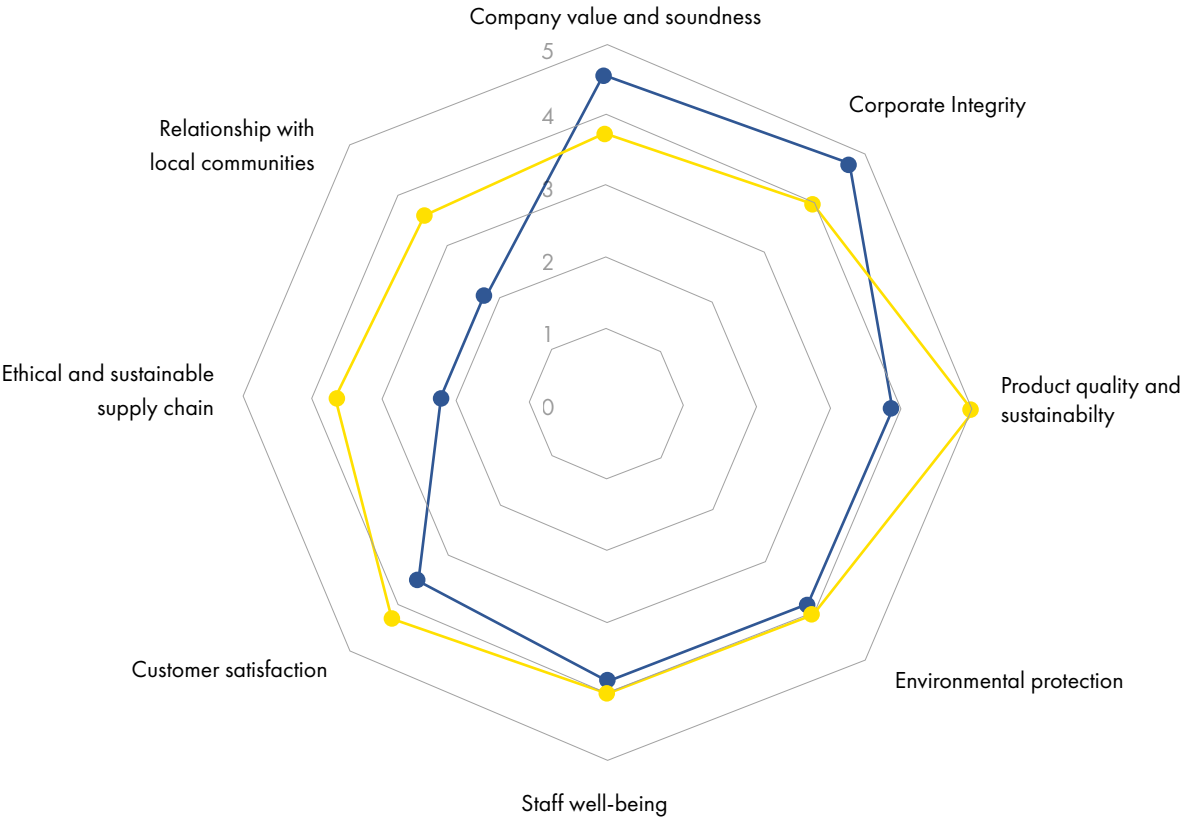
The material topics and their updated definitions are listed below.

Material topic	Definition
<b>Company value and soundness</b>	Creating value for the company and redistributing it within and outside the scope of the company
<b>Corporate integrity</b>	Acting with transparency and responsibility in full compliance with international, national and corporate standards, regulations and policies
<b>Customer satisfaction</b>	Ensuring customer satisfaction by providing quality products and making the relationship and communications transparent
<b>Product quality and sustainability</b>	Providing customers with products aligned with the highest quality levels to ensure the same level, even in any additional processing that may result from them
<b>Staff well-being</b>	Safeguarding the health and safety of workers and their well-being, also by focusing on aspects such as professional training and advancement
<b>Relationships with local communities</b>	The bond with local areas and the commitment to promoting the development and growth of the local community
<b>Environmental protection</b>	The proper management of environmental resources in the performance of activities to reduce impacts on ecosystems
<b>Ethical and sustainable supply chain</b>	Respecting ethical and environmental and social sustainability principles in the value chain as well, including human rights

The figure below depicts the significance that management and stakeholders assigned to each material topic on a scale from 1 to 5. We updated the stakeholder score based on indirect engagement with the analysis of documentation relating to 2023, as well as on direct engagement through customer interviews.

**ANALISI DI MATERIALITÀ**

- Flama
- Stakeholders



We developed some considerations on the basis of the materiality analysis. *Corporate integrity* and *Product quality and sustainability* are the most relevant topics both internally and in stakeholder assessments. Furthermore, there was a good degree of alignment in the perception of the centrality of *Environmental Protection*, *Staff well-being* and *Customer satisfaction*, considered to be of average significance by both sides.

However, there was greater variance in the significance attributed to the remaining topics. The topic *Company value and soundness* is of crucial importance internally, while stakeholders especially value *Ethical and sustainable supply chain* and *Relationships with local communities*.

The Board of Directors presented and validated the materiality analysis on 29/05/2023.

A photograph of an industrial robotic arm in a factory setting. The arm is silver and grey, with various cables (blue, red, orange) connected to it. In the background, there are safety labels on a white panel, including a yellow warning triangle and several blue and red prohibition symbols. The overall scene is dimly lit, with a blueish tint.

3

# Responsibility and Transparency as the Foundations of Our Governance



# 3.1 Governance Model



Every day we ensure that the mission we have set ourselves guides and inspires our actions and decisions: this means acting not only in a manner consistent with the service we intend to provide, but also transparently and with integrity.

## 3.1.1 Strategic commitments, organisation and business management

On 13 December 2021, the shareholders' meeting approved the adoption of an organisation, management and control model in line with Italian Legislative Decree no. 231/2001 and a code of ethics in which we outlined most of our strategic commitments.

These documents refer to the OECD and European Commission Conventions on combating bribery and aim to ensure the proper and transparent performance of our activities, in addition to raising awareness about the topic amongst those acting in the name or on behalf of the Company. We accompany the identification of risks, on which we have built the 231 model, with preventive action aimed at reducing the probability and negative impact of each risk. To promote the adequate dissemination of the principles of the code of ethics, we set up an annual training plan involving all employees and differentiated by role and responsibility. We facilitate knowledge of the code of ethics and 231 model by making the documents accessible on the company website and carrying out stakeholder communication activities.

The implementation of strategic commitments is expressed in the work of the single-member Supervisory Body (SB), founded on 13 December 2021 with the duty of checking that our activities comply with applicable regulatory provisions. The SB monitors initiatives useful for the dissemination and understanding of the code of ethics, ensuring that it is put into practice and observed. In addition, it reports any violations to the company management and suggests potential changes and additions.

The 231 model establishes procedures for raising concerns about unlawful activities or violations of the model, defining whistleblowing channels that can protect anonymity. All stakeholders may report actual or suspected violations of the Code of Ethics to the Supervisory Body, which defends whistleblowers from any retaliation, understood as any act that may be interpreted as a form of discrimination or penalisation: examples are the suspension of business relationships for suppliers or the failure to promote employees. Furthermore, we maintain the confidentiality of the whistleblower's identity, without prejudice to legal obligations.

Mechanisms designed to remediate negative impacts include collective bargaining agreements that we rely on and complaint procedures under the responsibility of the quality manager or specific area contact persons such as the administration contact person. During the reporting year, we did not record any wrongdoing or incidents of discrimination of any kind.

We have obtained and maintained over time several certifications that contribute to putting into practice our commitments.

#### **ISO 9001:2015 quality management systems**

The ISO 9001 certification defines the requirements for an effective quality management system (QMS) within an organisation. This international standard establishes guidelines for the design, implementation and monitoring of business processes and procedures to certify that products and/or services consistently meet customer expectations as well as established quality levels. ISO 9001 governs the overall approach to quality assurance and promotes the continuous improvement of operational efficiency and customer satisfaction.

#### **UNI EN ISO 3834 welding management system**

The UNI EN ISO 3834 certification aims to standardise the welding management system within an organisation by providing detailed instructions for the consistent, safe and quality-compliant performance of welding operations. The UNI EN ISO 3834 certification controls all process phases, including planning, welder training, material selection, inspection and the testing of welded joints. The primary objective is to guarantee procedure quality, reliability and traceability, contributing to the creation of safe and high-quality products.

#### **UNI EN ISO 1090 conformity and CE marking of steel and aluminium structures**

The UNI EN ISO 1090 certification ensures the conformity and CE marking of steel and aluminium structures. This standard defines the technical and management requirements that companies must follow in the design, production and assembly stages of metal structural elements. The UNI EN ISO 1090 certification guides the entire process, from the initial analysis of parts to the manufacturing and installation phases, certifying that safety, performance and reliability levels have been met. The main purpose is to ensure the construction of metal structures in compliance with regulatory requirements and intended use, contributing to construction safety and quality.

With these certifications, we reaffirm our interest and motivation to pursue not only high production standards, but also full customer satisfaction. We are convinced that these two aspects are mutually interrelated: the ability to generate value for those who rely on us comes from product quality and manufacturing process sustainability.

Conversely, transparent communication and the relationship of trust and mutual satisfaction established with customers over time contribute to enhancing what we do on a daily basis.

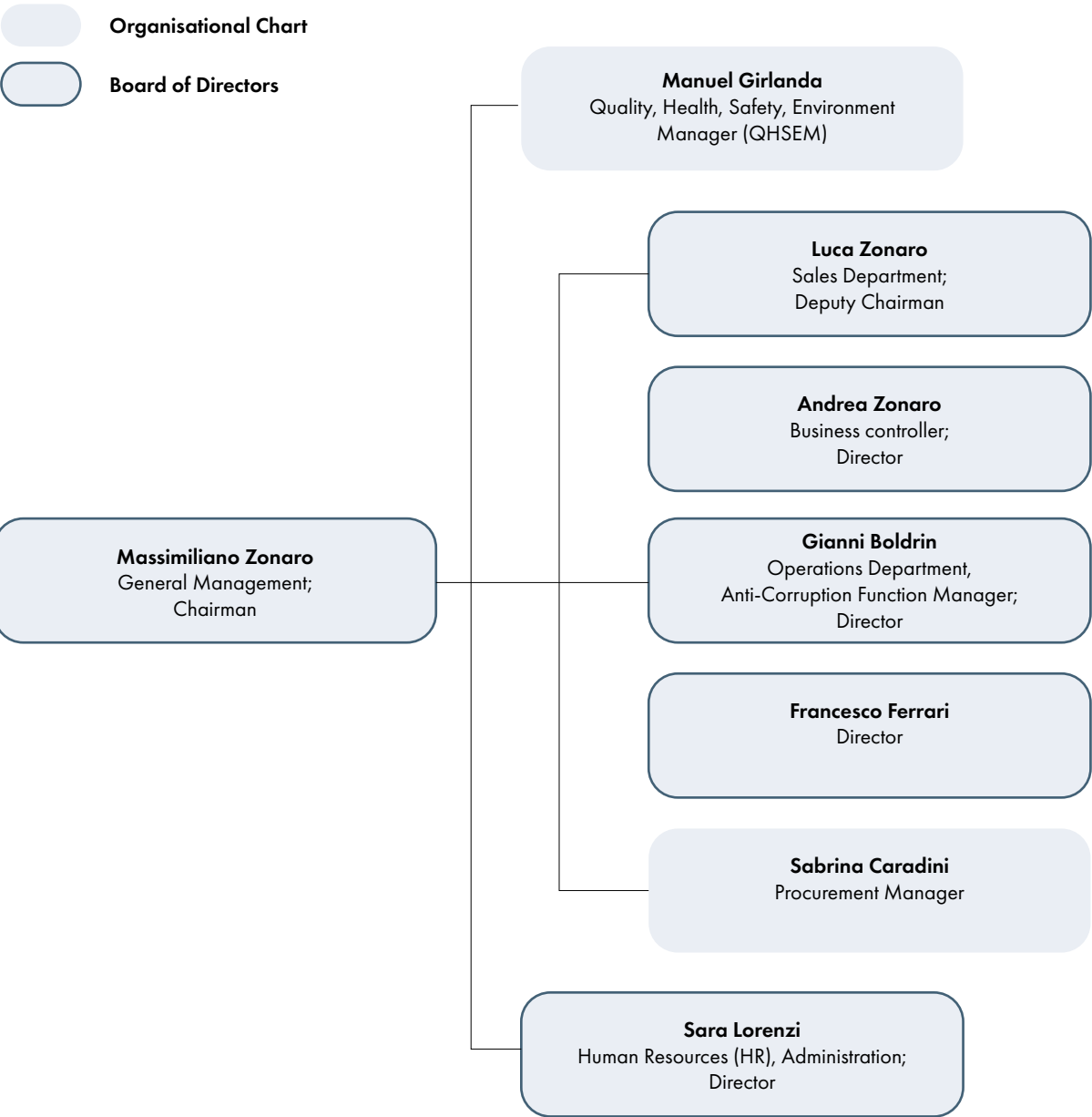
We believe that it is essential for our communications to comply with current regulations and be clear, simple and formulated in non-discriminatory language that is accessible to all. We do not need to assess the health and safety risks of people who use our semi-finished products, or comply with labelling or consumer communication requirements, because the products we work on can be categorised as non-hazardous for the end user and because our commercial activities mainly involve transactions with other companies (B2B).

Along with investments in machine fleet and process innovation which are necessary to improve environmental performance and workers' health and safety conditions, a key pillar of sustainability is supplier assessment.

We have formalised a process that involves all suppliers and is based on criteria such as: corporate organisation, resources, technical-production capacity, technical-commercial capacity, sampling, delivery times and price. Currently, the implementation of a quality management system is the main factor that guides us in considering supplier suitability: the goal we set ourselves in the near future is to enrich the evaluation system with additional aspects linked to social and environmental sustainability.

# 3.1.2 Governing body

Massimiliano Zonaro is the sole shareholder and the Chairman of the Board of Directors (BoD) of our Company. Five other members form the Board of Directors appointed by the Chairman: Luca Zonaro (sales department) with the role of Deputy Chairman, Andrea Zonaro (business controller), Gianni Boldrin (operations department), Sara Lorenzi (HR and administration) and Francesco Ferrari.



The Chairman manages and coordinates the front lines – quality, health and safety, operations and sales departments, administration – and oversees the strategy of the various company investment plans. Furthermore, he discusses the project decisions to be pursued over time with the Board of Directors.

Impact management and the drafting of the sustainability report are based on a clear separation of tasks and duties within the Board of Directors. At the Chairman's behest, the chief operating officer guides and oversees productivity by generating specific data that are passed on to the business controller along with financial results. In addition to analysing, performing calculations on and delivering this data in the form of a report to the Board of Directors, the business controller formulates proposals and initiatives on sustainability issues which are then discussed and validated by the highest governing body: this process includes the materiality analysis and the preparation of the sustainability report.

As a result of the preventive action of the protocols for the 231/2001 model, no conflicts of interest likely to affect corporate governance have been recorded. The first lines

take action in the event of critical issues such as concerns attributable to real or potential negative impacts, and communicate them to the Board of Directors. The quality manager instead deals with any production issues such as non-compliance with international guidelines or industry standards: in addition to analysing them, the quality manager takes corrective actions for customers and production.

To enhance the Board of Directors' knowledge and experience in the area of sustainable development, we have set up a wide-ranging training programme. Business and entrepreneurial management courses include, for example, the Executive Master for Entrepreneurs at CUOA Business School and the Master in Entrepreneurship and Business Strategy at SDA Bocconi - School of Management. Both masters programmes address the topics of sustainability, circular economy and digital transformation with the awareness that building a sustainable organisation, monitoring economic, social and environmental sustainability objectives and innovating the business model through product and process digitalisation are features typical of today's business.





### 3.1.3

## Integrity and combatting corruption

We are convinced that acting with integrity means respecting moral values, adhering to legal standards and maintaining high ethical standards in the behaviours and operations of everyday life. Integrity is essential to building the trust and reputation that link us to employees, as well as to our customers, suppliers and investors. It also helps prevent scandals, litigation and reputational damage, encouraging long-term stability and sustainability.

In this regard, we have obtained AGCM Legality Rating, an indicator of compliance with legality standards and of the level of attention placed on correct business management by a company. Achieving this rating reduces the risk of legal sanctions and disputes, in addition to facilitating access to new business opportunities, markets and financing.

Moreover, a positive legality rating is a useful tool to attract qualified talent: we are aware that professionals prefer to work in ethical contexts that are in keeping with sustainability principles.

Once again, during the year, we did not receive any sanctions or identify any non-compliance of our activities with legislation in force. In the reporting year, we achieved a rating of three out of three stars.

We communicated our anti-corruption policies and procedures to the Board of Directors and all employees, ensuring that the documents are accessible on the company website in the 231/2001 model.



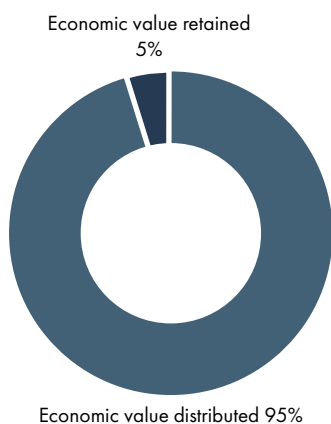
# 3.2 Value generated and distributed

Committing to making our organisation a strong one for everyone is a responsibility we do not intend to avoid. We believe that strength encompasses two aspects: the ability to generate value consistently over time and to distribute it to internal and external stakeholders. Sustainable value distribution benefits all stakeholders, preserving the environment and encouraging sustainable development. Distributing value generates economic benefits, but also increases trust, customer loyalty and social and environmental well-being: it is a long-term investment that paves the way for growing and achieving success without compromising the future of the generations to come.

Internally, we ensure fair compensation for employees, fostering professional growth and ensuring safe and rewarding working conditions. Externally, we are motivated to provide quality products and services that contribute to the social and economic development of the local community. One of the projects in which we have invested the most is our sponsorship of the USD Cadore football club. We support its expansion, the development of the youth sector and the promotion of social inclusion and gender equality with the excellent Cadore Women team. In addition, we support the Borgo Roma University Hospital in Verona in its research on eating disorders and several other associations. The total economic value distributed is approximately 95% of 2023 revenues.

Economic value generated and distributed		
Category	2022	2023
<b>Economic value generated (revenues)</b>	<b>9.864.810 €</b>	<b>10.090.763 €</b>
<b>Economic value distributed</b>	<b>9.531.292 €</b>	<b>9.618.830 €</b>
Operating costs of which	9.437.902 €	2.057.178 €
<i>Staff salaries and benefits</i>	2.067.830 €	22.000 €
<i>Investments in the community</i>	22.000 €	7.338.709 €
Payments to capital providers	93.390 €	200.943 €
Payments to the Public Administration	€ 0	€ 0
<b>Economic value retained</b>	<b>€ 333,518</b>	<b>€ 471,933</b>

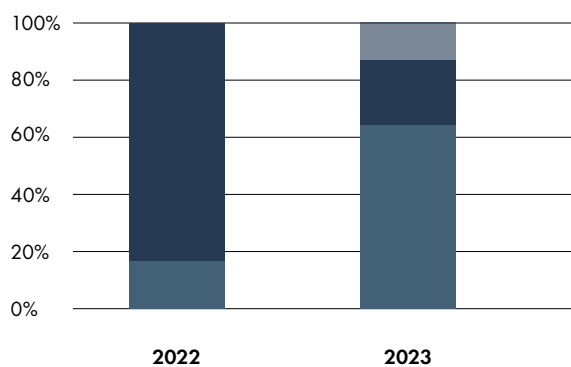
Economic value generated 2023



In 2023, we received approximately 195 thousand euros from the government in terms of financial assistance: 23% as incentives and 63% in the form of tax relief and deductions. Unlike in the previous year, we were also able to count on 27 thousand euros in subsidies.

Financial assistance received from the government		
Category	2022	2023
Tax relief and deductions	50.205 €	123.046 €
Financial incentives (Irap, de minimis, Fondoimpresa)	237.099 €	44.553 €
Subsidies	0 €	27.248 €
<b>Total</b>	<b>287.304 €</b>	<b>194.847 €</b>

Financial assistance received from the government



- Tax relief and deductions
- Financial incentives
- Subsidies



4

# Our Community

# 4.1 Composition of staff

**At the end of 2023, we had a growing workforce consisting of 46 employees.**

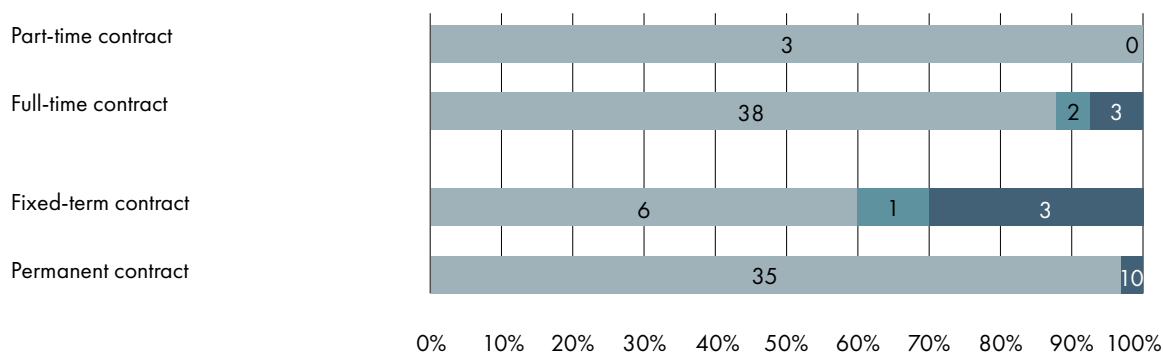
A first, undeniable aspect we wish to highlight in this area is the absence of non-guaranteed contracts, that is, without a fixed minimum number of working hours.

We hire most of our employees on full-time, permanent contracts because we believe that this ensures greater job security and financial stability, providing the peace of mind needed to plan for the future. In so doing, employees benefit from a satisfying, motivating and productive work environment where they can commit themselves in the long term and invest in the company's growth. Despite this state of affairs, the contingent needs of the past year have led us to request the additional collaboration of 14 temporary workers and two interns<sup>1</sup>.

Employees by contract type <sup>2</sup>				Employees by contract type <sup>2</sup>			
Category		2022	2023	Category		2022	2023
Permanent contract	Women	6	5	Full-time contract	Women	2	2
	Men	29	31		Men	34	41
	Total	35	36		Total	36	43
Fixed-term contract	Women	1	0	Part-time contract	Women	5	3
	Men	5	10		Men	0	0
	Total	6	10		Total	5	3

## Employees by contract type and nationality 2023

Italy
  Rest of Europe
  Rest of the world



<sup>1</sup> Calculated per person and not FTE.

<sup>2</sup> The counting method consists of identifying the total number of employees as at 31/12/2023



We have witnessed growth in the percentage of women in our workforce over time: today, 11% of our workforce is made up of women. The majority of employees are in the age group of thirty to fifty years of age, with a share of 53%, while in terms of function more than half, equal to 61%, belong to the blue-collar category.

Diversity of governance bodies and employees <sup>3</sup>			
Function	Category	2022	2023
BoD non-employees	< 30 years	-	1
	30-50 years	-	0
	> 50 years	-	2
	Women	0	0
	Men	2	3
	Total BoD non-employees	2	3
	BoD employees	< 30 years	-
30-50 years		-	2
> 50 years		-	0
Women		1	1
Men		3	2
Total BoD employees		4	3
Production Managers		< 30 years	1
	30-50 years	3	3
	> 50 years	1	1
	Women	0	0
	Men	5	5
	Total middle managers	5	5
	Office workers	< 30 years	5
30-50 years		6	5
> 50 years		1	1
Women		6	4
Men		5	6
Total office workers		11	10
Blue-collar workers		< 30 years	7
	30-50 years	12	14
	> 50 years	2	3
	Women	0	0
	Men	21	28
	Total blue-collar workers	21	28

<sup>3</sup> The counting method consists of identifying the total number of employees as at 31/12/2023.

### Diversity of governance bodies and employees<sup>4</sup>

Function	Category	2022	2023
BoD employees	< 30 years	-	6%
	30-50 years	-	8%
	> 50 years	-	0%
	Women	14%	20%
	Men	9%	5%
	Total BoD employees	10%	7%
	Production Managers	< 30 years	8%
30-50 years		14%	13%
> 50 years		25%	20%
Women		0%	0%
Men		15%	12%
Total middle managers		12%	11%
Office workers		< 30 years	38%
	30-50 years	29%	21%
	> 50 years	25%	20%
	Women	86%	80%
	Men	15%	15%
	Total office workers	27%	22%
	Blue-collar workers	< 30 years	54%
30-50 years		57%	58%
> 50 years		50%	60%
Women		0%	0%
Men		62%	68%
Total blue-collar workers		51%	61%

### Diversity among employees

Function	Category	2022	2023
Employees	< 30 years	13	17
	30-50 years	21	24
	> 50 years	4	5
	Women	7	5
	Men	34	41
	Protected categories	0	0
	Total employees	41	46

<sup>3</sup> We calculated the percentage of each category by dividing the number of employees per function by the total number of employees corresponding to each category.

## Diversity in the BoD by age group

**17%**  
WOMEN

**83%**  
MEN

## Diversity in the BoD by age group

**33%**

< 30 years

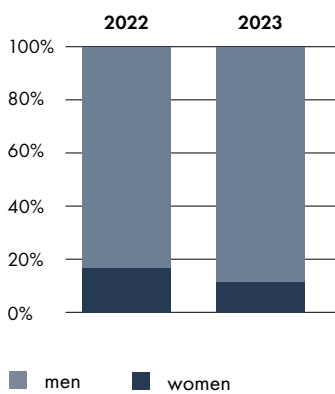
**33%**

30 - 50 years

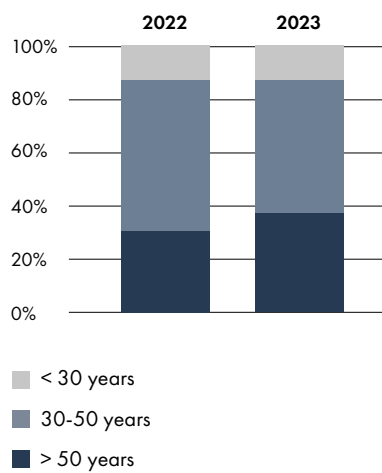
**33%**

> 50 years

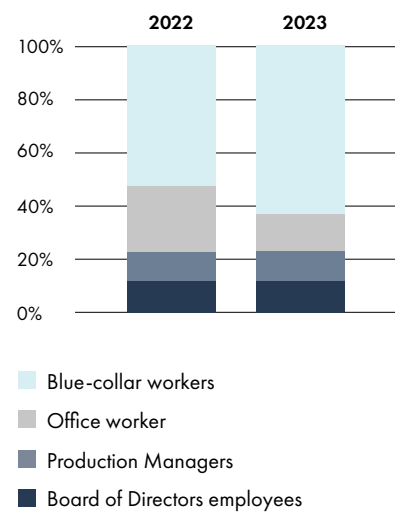
Diversity among employees by gender



Diversity among employees by age group



Diversity among employees by function



In 2023, we increased our staff with 10 new hires and 8 terminations<sup>5</sup>, demonstrating the positive evolution of the internal community and our ability to attract talent.

New hires and turnover			
Category		2022	2023
New hires	< 30 years	8	5
	30-50 years	4	4
	> 50 years	0	1
	Women	3	0
	Men	9	10
	<b>Total new hires</b>		<b>12</b>
Terminations	< 30 years	5	4
	30-50 years	2	4
	> 50 years	1	0
	Women	1	2
	Men	7	6
	<b>Total terminations</b>		<b>8</b>

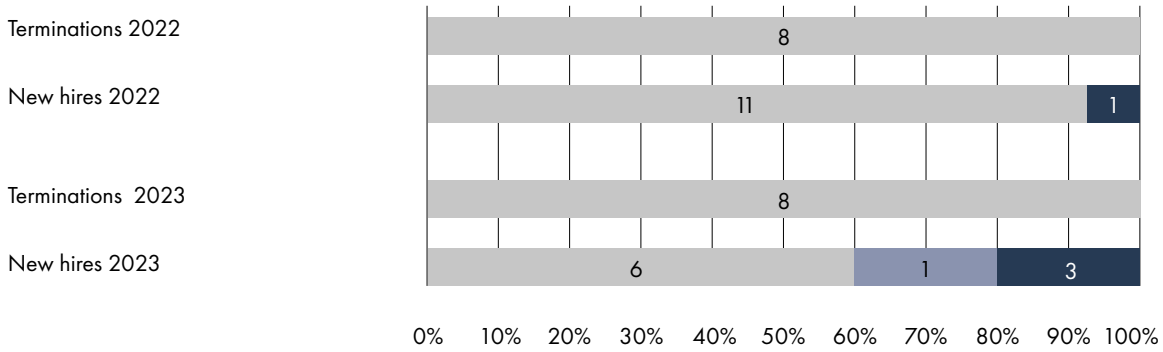
New hires and turnover <sup>6</sup>			
Category		2022	2023
New hires	< 30 years	62%	29%
	30-50 years	19%	17%
	> 50 years	0%	20%
	Women	43%	0%
	Men	26%	24%
	<b>Total new hires</b>		<b>29%</b>
Terminations	< 30 years	38%	24%
	30-50 years	10%	17%
	> 50 years	25%	0%
	Women	14%	40%
	Men	21%	15%
	<b>Total terminations</b>		<b>20%</b>

<sup>5</sup> Le cessazioni riguardano i dipendenti che lasciano la Società volontariamente o a seguito di licenziamento, pensionamento o decesso durante il servizio.

<sup>6</sup> Abbiamo calcolato la percentuale di ogni categoria dividendo il numero di nuove assunzioni o di cessazioni per il numero di dipendenti totali corrispondente a ciascuna categoria.

### New hires and terminations by nationality

Italy
  Rest of Europe
  Rest of the world



We determine the remuneration of all employees based on the National Collective Labour Agreement (CCNL) and agree on any benefits individually. For the governing body, we implement a remuneration policy based on profit margin: if the gross operating margin obtained in the year exceeds 10%, we provide a bonus of fifty thousand euros to be divided among the members of the Board of Directors.

In 2023, we recorded an annual compensation ratio of 2.84<sup>7</sup>. We calculated the ratio between the basic salary of women and men only for employee categories that include women, i.e. the Board of Directors and office workers, obtaining values of 0.8 and 0.9, respectively.

<sup>7</sup>We performed the calculation using ETP to measure the compensation of part-time workers and considering the CEO as the person with the highest compensation.







## 4.2 Continuous professional and human development

We attach increasing importance to welfare as a system capable of improving employees' quality of life by offering them benefits and services that go beyond economic remuneration. By increasing engagement, welfare promotes a more equitable, sustainable and rewarding work environment which helps to secure the Company's long-term success.

Although we recently submitted a questionnaire to workers to gather their opinions and plan possible expansions of the welfare system already in place, we confirmed the current plan which has some strong points. The main one concerns the opportunity to request salaries, meal vouchers, fuel vouchers and bonuses of various types several times a year, also based on anniversaries:

given increases in the cost of energy, employees have especially appreciated the fuel vouchers.

We also believe that the maintenance and development of skills are crucial for the professional growth of each of our employees. Training paths include externally requested programmes, connected to a specific job such as in the field of health and safety, as well as internal courses and initiatives aimed at improving professionalisation and maintaining high-quality operations: examples are technical training on the use of machinery and programmes and updates on skills and regulations.

The table below shows the training hours provided during the year.

**Annual training hours provided to employees by function and gender**

Category	2022		2023	
	Total hours delivered	Average hours per capita	Total hours delivered	Average hours per capita
BoD	350	58	310	52
Production Managers	350	70	450	90
Office workers	550	50	400	40
Blue-collar workers	210	10	200	7
Women	370	53	350	70
Men	1090	32	1010	25
<b>Total</b>	<b>1460</b>	<b>36</b>	<b>1360</b>	<b>30</b>

# 4.3 Healthy and Safe Work

For the management of occupational health and safety, we have developed a Single Document for the Evaluation of Interference Risks (DUVRI) with the contribution of an external firm and the prevention and protection service manager (RSPP). When assessing risks, we follow a precise control hierarchy: first we assess the risk and try to eliminate it. If this is not possible, we try to keep people away or expose them to as little risk as possible. Lastly, we require the adoption of the appropriate Personal Protective Equipment (PPE). The external RSPP is responsible for eliminating and minimising risk. To report work-related risk situations or communicate their refusal to carry out activities suspected of causing harm to health and safety, employees can contact the workers' safety representative (RLS). All persons concerned track and investigate work-related incidents and also determine corrective and improvement actions in risk management.

The occupational health service contributes to the process of identifying dangers and minimising or eliminating risks, with periodic inspections by the RSPP and the company physician: these two individuals discuss issues and proposals for improving procedures, sometimes also involving the RLS and internal

Company managers. Our workers are employed under the National Collective Labour Agreement for workers in the small and medium-sized private metalworking industry (CCN PMI CONFAPI), which includes health insurance called the EBM Salute Fund. We facilitate employee participation in health and safety management processes by maintaining a continuously accessible information board. We organise an annual meeting with the participation of the employer, company physician, RSPP and RLS, with the aim of updating and taking minutes on every discussion on the matter. We do not have direct union representation within our company, but when we began activities we concluded agreements with the trade unions that represent workers on the issue of health and safety. Our employees receive general and specific training in compliance with the deadlines set by Italian Legislative Decree no. 81/08.

In 2023, we recorded a low accident rate as there was a single accident on 04/12/23. The worker concerned suffered a finger injury due to a sheet of metal sliding against a machine. He returned to work on 21/02/24.

Work-related injuries <sup>8</sup>		
Employees	2022	2023
Man hours worked	83.160,0	87.812,0
Temporary injuries	0	1
Permanent injuries	0	0
Fatal injuries	0	0
<b>Temporary injury rate</b>	<b>0,0</b>	<b>22,8</b>
<b>Serious injury rate</b>	<b>0,0</b>	<b>0,0</b>
<b>Fatal injury rate</b>	<b>0,0</b>	<b>0,0</b>

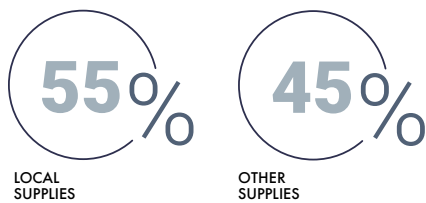
Work-related injuries <sup>8</sup>		
Non-employed workers	2022	2023
Man hours worked	6.000,0	3.876,5
Temporary injuries	1	0
Permanent injuries	0	0
Fatal injuries	0	0
<b>Temporary injury rate</b>	<b>33,3</b>	<b>0,0</b>
<b>Serious injury rate</b>	<b>0,0</b>	<b>0,0</b>
<b>Fatal injury rate</b>	<b>0,0</b>	<b>0,0</b>

<sup>8</sup> We calculated injury rates over a standard 200,000 hours worked to make the figure comparable with that of other organisations.

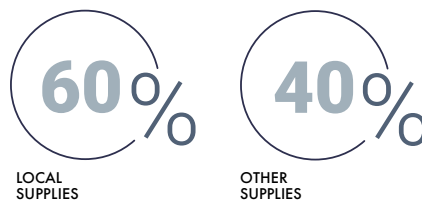
# 4.4 Relations with the local community

We began our history as an organisation at the service of local businesses: in the same way, today we preserve and enhance our link with the local area, accompanying it towards the growth and changes that have affected us. A telling example is the hiring of senior managers who all come from the local community, understood as the segment of the population located within a 30 km radius of our headquarters. In addition, in 2023 we spent 60% of our procurement budget within 100 km of the production site, an increase of 5 percentage points compared to the previous year.

**PROCUREMENT BUDGET  
ALLOCATION 2022**



**PROCUREMENT BUDGET  
ALLOCATION 2023**

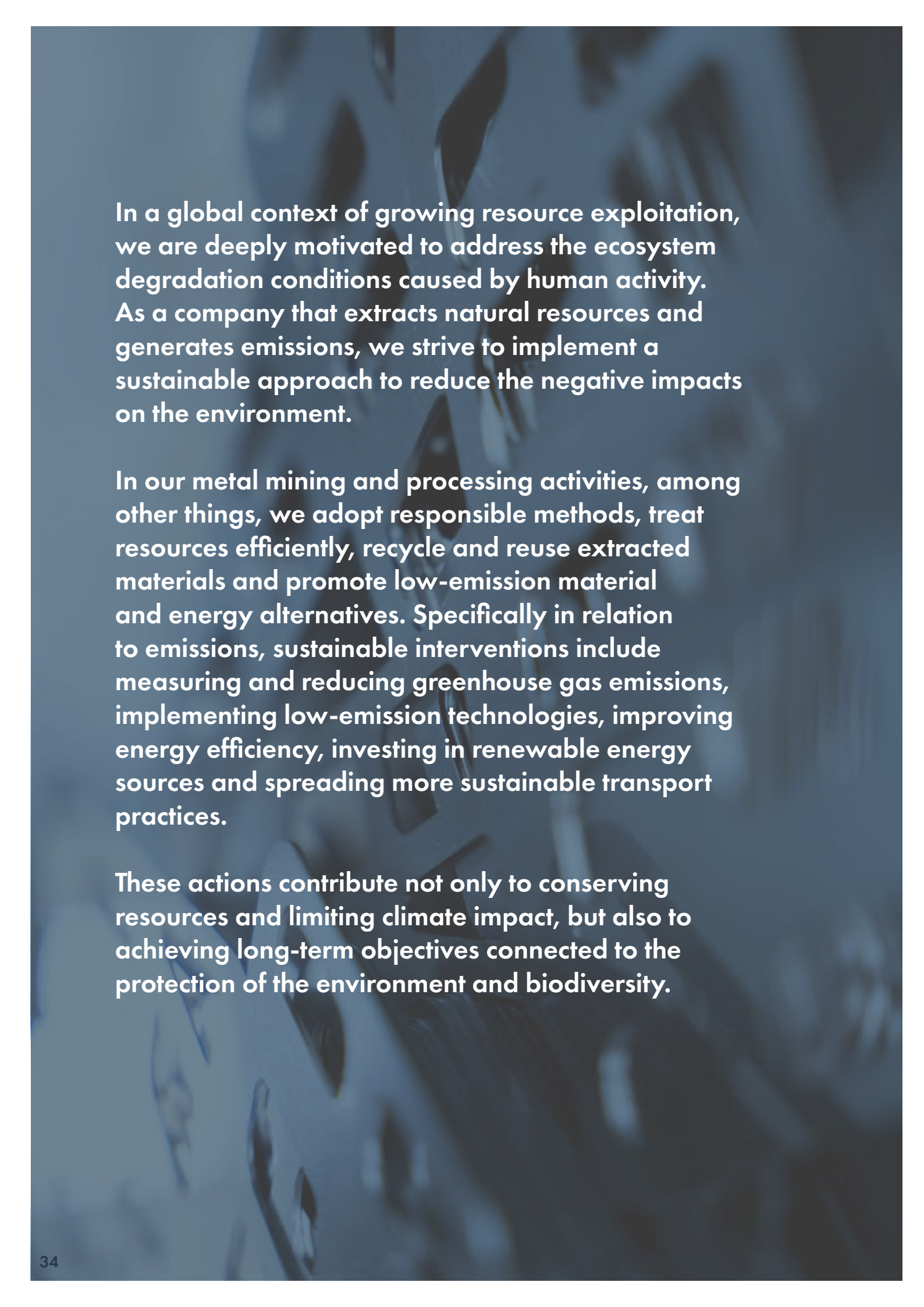






5

# A More Responsible Approach to the Environment



In a global context of growing resource exploitation, we are deeply motivated to address the ecosystem degradation conditions caused by human activity. As a company that extracts natural resources and generates emissions, we strive to implement a sustainable approach to reduce the negative impacts on the environment.

In our metal mining and processing activities, among other things, we adopt responsible methods, treat resources efficiently, recycle and reuse extracted materials and promote low-emission material and energy alternatives. Specifically in relation to emissions, sustainable interventions include measuring and reducing greenhouse gas emissions, implementing low-emission technologies, improving energy efficiency, investing in renewable energy sources and spreading more sustainable transport practices.

These actions contribute not only to conserving resources and limiting climate impact, but also to achieving long-term objectives connected to the protection of the environment and biodiversity.



# 5.1 Materials and water resources

Sheet metal production requires the extraction and processing of raw materials, steps that can affect the availability of natural resources and ecological cycles. The materials we rely on most are steel and aluminium which, although deriving from non-renewable mineral sources, fortunately have a high degree of recyclability.

As is well known, **aluminium** has the potential of being infinitely recyclable, which can lead to savings of up to 95% of the energy needed for primary production: today, three quarters of all aluminium generated is still being productively used. The energy intensity of alumina creation has decreased by nearly 20% since 2006<sup>9</sup>.

**Steel** has great durability and uses relatively little energy to be processed compared to other metals<sup>10</sup>.

Furthermore, innovative lightweight steels help to save energy and resources. Today, producing one tonne of steel requires only 40% of the energy it did in 1960, and dust emissions have also been reduced over time. In 2023, Italy was the eleventh steel producing country in the world, associated with an apparent consumption of 422 kg of steel per capita, a relatively high value compared to the global average of 222 kg per capita<sup>11</sup>.

In 2023, we used few categories of materials in the production of our products: the largest share, which in terms of weight covers 88.5% of the total materials we use, concerns metals. Next we find liquid nitrogen, partly self-produced, technical gases and plastic. Finally, we use renewable resources such as wood and paper to make our packaging.

Materials used for primary products and services				
Category	2022		2023	
	Tonnes	Percentage	Tonnes	Percentage
<b>Renewable materials</b>	<b>63,8</b>	<b>2,3%</b>	<b>24,9</b>	<b>2,4%</b>
Paper	0,8	0,0%	3,4	0,1%
Wood	63,0	2,3%	73	2,3%
<b>Non-renewable materials</b>	<b>2.659,4</b>	<b>97,7%</b>	<b>3.362,4</b>	<b>97,6%</b>
Metals	2.300,0	84,5%	2.800,0	88,5%
Plastic	5,4	0,2%	4,4	0,1%
	12,0	0,4%	4,2	0,1%
Liquid nitrogen	342,0	12,6%	279,0 <sup>12</sup>	8,8%
<b>Total</b>	<b>2.723,2</b>	<b>100%</b>	<b>3.164,0</b>	<b>100%</b>

Compared to 2022, we used slightly higher quantities of metals and paper in our production in 2023. At the same time, we recorded lower percentages in the use of plastic, technical gases and liquid nitrogen. The ratio between virgin raw materials and recycled materials that we incorporate in the production of products and their packaging remains unchanged: the percentage is equal to 36%.

## Materials used that come from recycling 2023



<sup>9</sup> <https://international-aluminium.org/statistics/alumina-production/>.

<sup>10</sup> <https://publications.csiro.au/rpr/download?pid=csiro:EP12183&dsid=DS3>.

<sup>11</sup> <https://worldsteel.org/steel-topics/raw-materials/>.

<sup>12</sup> 210 tonnes self-produced and 69 tonnes purchased.



## 5.2 Energy

We are aware of the energy-intensive nature of the metallurgical industry which, together with the chemical and non-metallic mineral industries, is among the sectors with the greatest impact on energy use<sup>13</sup>. Cutting, bending, welding and other sheet metal processing activities require significant amounts of energy, often of fossil fuel origin, contributing to greenhouse gas emissions and other emissions as well as the depletion of non-renewable energy sources.

In the reporting year, internal energy consumption totalled 3816 GJ, including operations, lighting, handling and plant heating and air conditioning. 60.9% of this amount is accounted for by the electricity purchased from the grid and 19.2% by the electricity self-produced with the photovoltaic system that has covered the entire 8,500 m2 surface area of our factory since 2019. The use of natural gas occupies 9.6%, while the remaining 10.3% relates to the diesel consumption of the company fleet.

Internal energy consumption			
Category		2022	2023
Electricity consumption	Purchased from the grid	2.239	2.323
	Self-produced via photovoltaic panels	716	731
Consumption of fuel from non-renewable sources	Diesel <sup>14</sup>	-	394
	Natural gas	344	369
Consumption of fuel from renewable sources		0	0

We consumed 91% (731 GJ) of the total self-produced electricity internally and sold the remaining 9% (72 GJ). In 2023, energy intensity reached 1.36 GJ per tonne produced, a value that represents a positive trend compared to 2022.

That year we had calculated an intensity of 1.50 GJ per tonne produced without considering the use of non-renewable fuels by the company fleet.

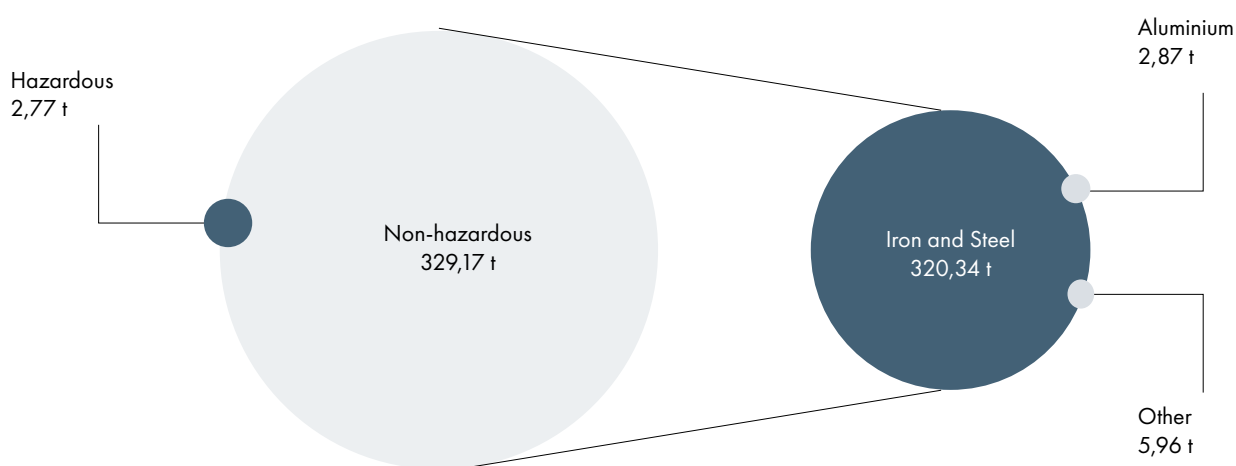
<sup>13</sup> <https://www.confindustria.it/home/centro-studi/prodotti/previsioni/rapporto/focus/rapporto-previsione-economia-italiana-primavera-2023/fadd0d71-4871-4ab9-8825-95e4c50f26b7>.

<sup>14</sup> The company fleet fuel consumption figure was not available for 2022

## 5.3 Waste and emissions management

Like resource extraction, the generation of waste burdens on natural capital. Sheet metal processing creates metal, lubricant and consumable material waste that requires careful management to prevent it from becoming an environmental health hazard.

In 2023, we generated 336 tonnes of waste, 99.4% of which can be labelled as non-hazardous. We acknowledge that we have recorded a 1% general increase in waste production compared to the previous year, in conjunction with the intensification of our activities: the increase also affects the quantity of non-hazardous waste, which has grown by 2%. On the other hand, we would like to point out that the quantity of hazardous waste has decreased by 35%, mainly thanks to the limitation of sludge and filtration residues resulting from the treatment of fumes containing hazardous substances.



The end-of-life scenarios envisaged by the entities responsible for the final treatment of our waste involve the recovery of all metals. Similarly, we recycle metal and wooden packaging and non-chlorinated mineral oils. Instead, we send other types of waste such as insulating materials, sludge and absorbent and filtration materials to the landfill in variable proportions.

Waste generated				
EWC	2022		2023	
	Tonnes	Percentage	Tonnes	Percentage
170405	320,34	96,8%	324,00	96,4%
150103	4,51	1,4%	6,03	1,8%
170402	2,87	0,9%	3,80	1,1%
170604	0,95	0,3%	0,50	0,1%
160303*	0,75	0,2%	0,73	0,2%
100213*	0,57	0,2%	0,41	0,1%
130110*	0,30	0,1%	0,00	0,0%
161002	0,30	0,1%	0,00	0,0%
150202*	0,20	0,1%	0,31	0,1%
100121	0,20	0,1%	0,15	0,0%
150111*	0,04	0,0%	0,06	0,0%
Hazardous	2,77	0,8%	1,79	0,5%
Non-hazardous	328,22	99,2%	334,14	99,4%
<b>Total</b>	<b>331,03</b>		<b>335,99</b>	

In the context of climate change and international agreements to mitigate its effects, the monitoring and reduction of greenhouse gas (GHG) emissions is of crucial importance. Companies contribute significantly to the amount of GHG in the atmosphere through their industrial, energy and manufacturing activities. Measuring and managing what we release is part of our commitment to sustainability and contributes to the emission limitation goals established by agreements such as the Paris Agreement and the efforts to limit global warming and preserve the ecosystem for future generations.

In 2023, direct GHG emissions (Scope 1) linked to the use of natural gas for heating the plant amounted to 50.2 t CO<sub>2</sub>e. Indirect GHG emissions from purchased electricity (Scope 2), calculated according to the market-based and location-based methodologies, reached 295.3 and 177.9 t CO<sub>2</sub>e, respectively.

Direct Scope 1 GHG emissions <sup>15</sup>				
Source	2022		2023	
	Emission factor [t CO <sub>2</sub> e/GJ]	t CO <sub>2</sub> e	Emission factor [t CO <sub>2</sub> e/GJ]	t CO <sub>2</sub> e
Gas naturale	0,056	19,4	0,056	20,7
Gasolio	-	-	0,075	29,5
<b>Totale</b>		<b>19,4</b>		<b>50,2</b>

Indirect (Scope 2 location-based) GHG emissions <sup>16</sup>				
Source	2022		2023	
	Emission factor [t CO <sub>2</sub> e/GJ]	t CO <sub>2</sub> e	Emission factor [t CO <sub>2</sub> e/GJ]	t CO <sub>2</sub> e
Electricity purchased from the grid	0,077	171,4	0,077	177,9

Indirect (Scope 2 market-based) GHG emissions <sup>17</sup>				
Source	2022		2023	
	Emission factor [t CO <sub>2</sub> e/GJ]	t CO <sub>2</sub> e	Emission factor [t CO <sub>2</sub> e/GJ]	t CO <sub>2</sub> e
Electricity purchased from the grid	0,111	248,6	0,127	295,3

Our photovoltaic plant allowed us to satisfy 19% of our energy needs in 2023, avoiding the purchase of further electricity from an additional grid and avoiding 92.8 tCO<sub>2</sub>e according to the market-based calculation method. In 2023, we measured an emission intensity of 0.1234 t CO<sub>2</sub>e per tonne produced.

<sup>15</sup> Emission factors obtained from ISPRA national standard coefficients 2023.

<sup>16</sup> Emission factors from Ecoinvent 3.9.1 for 2022 and Ecoinvent 3.10 for 2023 corresponding to the national average mix for Italy.

<sup>17</sup> Emission factors from the supplier's energy mix stated on the bill for 2022 and 2023.

# Objectives

Area	Material topic	Objective	2025 Target	Achievement status by 2023
Governance	Company value and soundness	Increase in the creation of economic value and its distribution to all stakeholders	Increase turnover by 20%	In the process of reaching +2.3% (2022-2023)
	Corporate integrity	Improvement in transparent business conduct performance	Obtain a three-star AGCM rating	Reached
		Increase of staff awareness on company anti-corruption policies	Include a minimum of 8 training hours on Flama's anti-corruption policies	In the process of reaching
	Research, development and technological innovation	Increased visibility of technological innovation and digital tools development actions implemented by Flama	Formalise communication to stakeholders of the environmental performance of Flama plants	Achieved through communication in the sustainability report
Sociale	Relationships with communities	Strengthening of the link with the local community and support for its development	Increase the percentage of the procurement budget spent on local supplies to 65%	In the process of reaching 60% (2023)
	Employee well-being	Guarantee of equal opportunities	For new hires by 2025, guarantee the same current percentage	In the process of reaching
	Product quality and sustainability	Customer satisfaction monitoring	Formalise customer satisfaction monitoring procedures	Achieved through the formalisation and distribution of a customer questionnaire
	Customer satisfaction			
	Sustainable supply chain	Increase in procurement social and environmental sustainability	Formalise supplier selection criteria based on sustainability	In the process of reaching thanks to the formalisation of a supplier evaluation procedure
Environmental	Environmental protection	Increase in the use of non-virgin raw materials	Increase recycled raw materials to 45%	In the process of reaching 45% (2023)
		Reduction of the energy footprint	Reduce energy intensity by 10%	In the process of reaching energy intensity reduced by 9% [GJ/tonne produced] (2022-2023)



# Methodological notes and reporting updates

Compared to 2022, the following relevant updates have been made in our sustainability reporting:

- The reporting scope of the Sustainability Report 2023 has expanded with the creation of Flama Servizi S.r.l.
- The materiality analysis was updated with
  - ◇ The renewal of the relevance scores attributed to each material topic by stakeholders with reference to both the documentation published by each stakeholder category (indirect engagement activity) and the interviews conducted with Flama’s customers (direct engagement activity)
  - ◇ The “Human Rights” topic has been merged with the “Ethical and Sustainable Supply Chain” topic to better reflect our corporate business and the national context in which it is located.
  - ◇ The “Research, development and technological innovation” topic has been eliminated because, more than a material topic, for us it represents a strategy that contributes to the management of product quality and sustainability, customer satisfaction, corporate value, environmental protection and other material sustainability aspects.
- The average number of hours worked per capita has been correctly calculated for 2023 and adjusted for 2022 by dividing the total number of hours worked per category by the total number of employees in the category. In 2022, therefore, the average hours per capita for the Board of Directors, for men and for all employees were 58.3 (instead of 70), 32.1 (instead of 31) and 35.6 (instead of 34.8), respectively.
- The number of man-hours worked by temporary workers was correctly calculated for 2023 and adjusted for 2022. Therefore, in 2022, man-hours worked totalled 6,000, not 43,200. As a result, the injury rate is 33.3 for 2022 instead of 4.6.

# Management of material topics and corporate impacts

To simplify the development and reporting of management approaches, the priority topics for Flama have been aggregated into three macro-topics that share the management approach. Each material topic identified has been correlated with one or more topics proposed by the GRI, selecting the most effective information for reporting on the company’s organisation.

Macro-topic	Priority topics for Flama
<b>1. Sustainable governance</b>	Company value and soundness Corporate integrity Customer satisfaction Product quality and sustainability
<b>2. Environmental responsibility</b>	Environmental protection Ethical and sustainable supply chain
<b>3. Social responsibility</b>	Staff well-being Relationships with local communities

The material topics were identified by applying the principles for defining the content of the report, as well as through the stakeholder engagement and materiality analysis processes described in the chapter on the methodological approach.

For each material topic, the corporate impacts that currently or potentially influence people and the environment from an inside-out perspective, which may affect internal and external stakeholders, are considered and monitored.

In managing material topics, Flama considers both the direct impact it may cause and the indirect impact that may result from its actions.

Flama aims to produce high-quality products and conduct its business with foresight and sensitivity towards sustainability aspects, and increase the satisfaction and well-being of stakeholders with long-lasting and sustainable business development. This willingness and commitment stem from the

company's management, as described in the opening letter of the report, and are transmitted to all levels of the company.

The objectives and targets that Flama sets itself on its path towards sustainability are set out in this report. They show improvements compared to national regulations and will be monitored annually. The results of audits conducted on the management systems and the relative annual reviews will be used to monitor the adequate management of material topics. The disclosures of the GRI standards reported in this and subsequent reports will also be leveraged to evaluate operations.

The commitment to embrace an increasingly sustainable approach is shared by the entire management, which also takes responsibility for implementation in the development of strategies, implementation of policies, fulfilment of commitments and the achievement of objectives.

Macro-topic	Material topic	Inside-out impacts	Positive / Negative	GRI Disclosure
Sustainable governance	Customer satisfaction	Consolidation of reputation and trust in the company	Positive	416-1 Assessment of the health and safety impacts of product and service categories
		Increased Company Resilience	Positive	
		Loss of customers or strategic partners	Negative	
	Company value and soundness	Consolidation of reputation and trust in the company	Positive	201-1 Economic value directly generated and distributed 201-4 Financial assistance received from government
		Contribution to the economic and social development of the local community	Positive	
		Loss of economic stability and competitiveness	Negative	
	Corporate integrity	Consolidation of reputation and trust in the company	Positive	205- 2 Communication and training on anti-corruption policies and procedures
		Contribution to the development of a more ethical society	Positive	
		Penalties for non-compliance with socio-economic regulations	Negative	
	Product quality and sustainability	Increasing company competitiveness	Positive	417-1 Requirements for product and service information and labelling
		Consolidation of reputation and trust in the company	Positive	
		Penalties for non-compliance with applicable regulations	Negative	
Social responsibility	Staff well-being	Increasing company competitiveness	Positive	401-1 New employee hires and employee turnover 403-1 Occupational health and safety management system 403-2 Hazard identification, risk assessment and incident investigation 403-3 Occupational health services 403-4 Worker participation, consultation, and communication on occupational health and safety 403-5 Worker training on occupational health and safety 403-6 Promotion of worker health 403-9 Work-related injuries 404-1 Average hours of training per year per employee 405-1 Diversity of governance bodies and employees 405-2 Ratio of basic salary and remuneration of women to men
		Personal and professional growth of employees	Positive	
		Spreading a work culture that guarantees high occupational health and safety standards	Positive	
		Loss of manpower and productivity due to unsatisfactory and/or overly stressful working conditions.	Negative	
		Damage to workers due to injuries or occupational diseases	Negative	
		Deterioration of reputation and trust in the company	Negative	
		Inability to attract talent due to unsatisfactory and/or overly stressful working conditions	Negative	
	Relationships with local communities	Contribution to the economic and social development of the local community	Positive	202-2 Proportion of senior management hired from the local community
		Conflicts with the local community due to negative perceptions of the production activity carried out	Negative	

Macro-topic	Material topic	Inside-out impacts	Positive / Negative	GRI Disclosure
Environmental responsibility	Ethical and sustainable supply chain	Contribution to the development of a more ethical society	Positive	308-2 Negative environmental impacts in the supply chain and actions taken 414-2 Negative social impacts in the supply chain and actions taken 406-1 Incidents of discrimination and corrective actions taken
		Depletion and/or exhaustion of natural resources	Negative	
		Increased Company resilience	Positive	
		Contribution to the development of a more ethical society	Positive	
		Inadequate assessment of the failure to respect human rights and other social impacts caused in the upstream stages of the production chain	Negative	
	Environmental protection	Consolidation of reputation and trust in the company	Negative	301-1 Materials used by weight or volume 301-2 Recycled input materials used 302-1 Energy consumption within the organisation 302-3 Energy intensity 303-1 Interaction with water as a shared resource 303-2 Management of water discharge-related impacts 305-1 Direct (Scope 1) GHG emissions 305-2 Indirect (Scope 2) GHG emissions 305-4 GHG emission intensity 306-1 Waste generation and significant waste-related impacts 306-2 Management of significant waste-related impacts 306-3 Waste generated
		Penalties for non-compliance with environmental regulations	Positive	
		Resilience in the face of environmental and climate crises	Negative	
		Direct contribution to climate change through the emission of greenhouse gases during the production process	Negative	
		Indirect contribution to climate change through the emission of greenhouse gases during the production process	Negative	
		Contribution to environmental impact caused by the disposal of end-of-life waste	Negative	
		Depletion and/or exhaustion of water resources	Negative	
		Depletion and/or exhaustion of non-renewable resources	Negative	

# GRI Index

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSIONS			REF. NO. GRI SECTOR STANDARD
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>General disclosures</b>						
GRI 2: General Disclosures 2021	2-1 Organisational details	Chap 1, § 1.1, p 4-5				
	2-2 Entities included in the organisation's sustainability reporting	Chap 2, § 2.1, p 10-11				
	2-3 Reporting period, frequency and contact point	Chap 2, § 2.1, p 10-11				
	2-4 Restatements of information	p 9-10, 40				
	2-5 External assurance	Chap 2, § 2.1, p 10-11				
	2-6 Activities, value chain and other business relationships	Chap 1, § 1.2, p 6-7				
	2-7 Employees	Chap 4, § 4.1, p 24-29				
	2-8 Workers who are not employees	Chap 4, § 4.1, p 24-29				
	2-9 Governance structure and composition	Chap 3, § 3.1.2, p 18-19				
	2-10 Nomination and selection of the highest governance body	Chap 3, § 3.1.2, p 18-19				
	2-11 Chair of the highest governance body	Chap 3, § 3.1.2, p 18-19				
	2-12 Role of the highest governance body in overseeing the management of impacts	Chap 3, § 3.1.2, p 18-19				
	2-13 Delegation of responsibility for managing impacts	Chap 3, § 3.1.2, p 18-19				
	2-14 Role of the highest governance body in sustainability reporting	Chap 3, § 3.1.2, p 18-19				
	2-15 Conflicts of interest	Chap 3, § 3.1.2, p 18-19				
	2-16 Communication of critical concerns	Chap 3, § 3.1.2, p 18-19				
	2-17 Collective knowledge of the highest governance body	Chap 3, § 3.1.2, p 18-19				
	2-18 Evaluation of the performance of the highest governance body	La performance del CdA nel controllo e nella gestione degli impatti è valutata in sede di CdA. Non sono presenti elementi di valutazione in tema sostenibilità all'interno del CdA				
	2-19 Remuneration policies	Chap 4, § 4.1, p 24-29				
	2-20 Process to determine remuneration	Chap 4, § 4.1, p 24-29				
	2-21 Annual total compensation ratio	Chap 4, § 4.1, p 24-29				
	2-22 Statement on sustainable development strategy	Lettera agli stakeholder				
	2-23 Policy commitments	Chap 3, § 3.1.1, p 17-17				
	2-24 Embedding policy commitments	Chap 3, § 3.1.1, p 17-17				
	2-25 Processes to remediate negative impacts	Chap 3, § 3.1.1, Chap 3, § 3.1.2, p 16-19				
	2-26 Mechanisms for seeking advice and raising concerns	Chap 3, § 3.1.1, Chap 3, § 3.1.2, p 16-19				
	2-27 Compliance with laws and regulations	Chap 3, § 3.1.3, p 20				
	2-28 Membership associations	Chap 1, § 1.1, p 4				
	2-29 Approach to stakeholder engagement	Chap 2, § 2.2, p 11-12				
	2-30 Collective bargaining agreements	Chap 4, § 4.1, p 24-29				

Standard gri/ altra fonte	Informativa	Localione	Omissioni			N. Rif. Standard di settore GRI
			Richiesta/e omessa/e	Motivazione	Spiegazione	
<b>Material Topics</b>						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Chap 2, § 2.3, p 13-14				
	3-2 List of material topics	Chap 2, § 2.3, p 13-14				
	3-3 Management of material topics	p 40-43				
<b>Company value and soundness</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	Chap 3, § 3.2, p 21				
GRI 201: Economic perfor- mance 2016	201-1 Economic value directly generated and distributed	Chap 3, § 3.2, p 21-22				
		Chap 3, § 3.2, p 21-22				
<b>Relationships with local communities</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	Chap 4, § 4.4, p 32				
GRI 202: Market presence 2016	202-2 Proportion of senior management hired from the local community	Chap 4, § 4.4, p 32				
GRI 204: Procurement practices 2016	204-1 Proportion of spending on local suppliers	Chap 4, § 4.4, p 32				
<b>Corporate integrity</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	Chap 3, § 3.1.3, p 20				
GRI 205: Anti-Corruption 2016	205- 2 Communication and training on anti-cor- ruption policies and procedures	Chap 3, § 3.1.3, p 20				
<b>Environmental protection</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	Chap 5, § 5.1-5.3, p 35-38				
GRI 301: Mate- rials 2016	301-1 Materials used by weight or volume	Chap 5, § 5.1, p 35				
	301-2 Recycled input materials used	Chap 5, § 5.1, p 35				
GRI 302: Energy 2016	302-1 Energy consumption within the organi- sation	Chap 5, § 5.2, p 36				
	302-3 Energy intensity	Chap 5, § 5.2, p 36				
GRI 303: Water and effluents 2018	303-1 Interaction with water as a shared resource	Chap 5, § 5.1, p 35				
	303-2 Management of water discharge-related impacts	Chap 5, § 5.1, p 35				



Standard gri/ altra fonte	Informativa	Localione	Omissioni			N. Rif. Standard di settore GRI
			Richiesta/e omessa/e	Motivazione	Spiegazione	
<b>Emissioni</b>						
GRI 305: Emis- sions 2016	305-1 Direct (Scope 1) GHG emissions	Chap 5, § 5.3, p 37-38				
	305-2 Indirect (Scope 2) GHG emissions	Chap 5, § 5.3, p 37-38				
	305-4 GHG emission intensity	Chap 5, § 5.3, p 37-38				
<b>Waste</b>						
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Chap 5, § 5.3, p 37-38				
	306-2 Management of significant waste-related impacts	Chap 5, § 5.3, p 37-38				
	306-3 Waste generated	Chap 5, § 5.3, p 37-38				
<b>Employment</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	Chap 4, § 4.1, p 24-29				
GRI 401: Em- ployment 2016	401-1 New employee hires and employee turnover	Chap 4, § 4.1, p 24-29				
<b>Occupational health and safety</b>						
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety manage- ment system	Chap 4, § 4.3, p 31				
	403-2 Hazard identification, risk assessment and incident investigation	Chap 4, § 4.3, p 31				
	403-3 Occupational health services	Chap 4, § 4.3, p p 31				
	403-4 Worker participation, consultation and communication on occupational health and safety	Chap 4, § 4.3, p 31				
	403-5 Worker training on occupational health and safety	Chap 4, § 4.3, p 31				
	403-6 Promotion of worker health	Chap 4, § 4.3, p 31				
	403-9 Work-related injuries	Chap 4, § 4.3, p 31				
<b>Training and education</b>						
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	Chap 4, § 4.2, p 30				
<b>Diversity and equal opportunity</b>						
GRI 405: Diver- sity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	Chap 4, § 4.1, p 24-29				
	405-2 Ratio of basic salary and remuneration of women to men	Chap 4, § 4.1, p 24-29				
<b>Ethical and sustainable supply chain</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	Chap 3, § 3.1.1, p 16-17				
GRI 308: Suppli- er environmental assessment 2016	308-1 New suppliers that were screened using environmental criteria	Chap 3, § 3.1.1, p 16-17				

Standard gri/ altra fonte	Informativa	Localione	Omissioni			N. Rif. Standard di settore GRI
			Richiesta/e omessa/e	Motivazione	Spiegazione	
GRI 414: Supplier social assessment 2016	414-1 New suppliers that were screened using social criteria	Chap 4, § 4.5, p 31				
GRI 406: Non-discrimina- tion 2016	406-1 Incidents of discrimination and corrective actions taken	Chap 3, § 3.1.1, p 16-17				
<b>Customer satisfaction</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	Chap 3, § 3.1.1, p 16-17				
GRI 416: Cus- tomer health and safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Chap 3, § 3.1.1, p 16-17				
<b>Product quality and sustainability</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	Chap 3, § 3.1.1, p 16-17				
GRI 417: Marketing and labelling 2016	417-1 Requirements for product and service information and labelling	Chap 3, § 3.1.1, p 16-17				

Statement of use	Flama Srl has reported the information mentioned in this GRI content index for the period 1 January 2023 - 31 December 2023 in compliance with the GRI Standards
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Industry Standard(s)	NA

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