

L&S



L&S is a leading player specialized in the manufacturing and distribution of lighting solutions and embedded LED systems for residential, industrial and retail applications.

Based in the north of Italy, L&S boasts an international footprint, with a direct presence in the most relevant geographical markets for the lighting industry. The Group has commercial subsidiaries and manufacturing facilities in Germany, China and USA in which it employs almost 500 employees, and carries out its R&D activities through 3 state-of-the-art facilities.

L&S distributes its products in over 70 countries (ca 75% of the turnover is generated outside Italy) and its clients include both manufacturers of kitchens and other furniture, elevators and escalators companies, luxury retailers, shopfitters and various distributors.

L&S

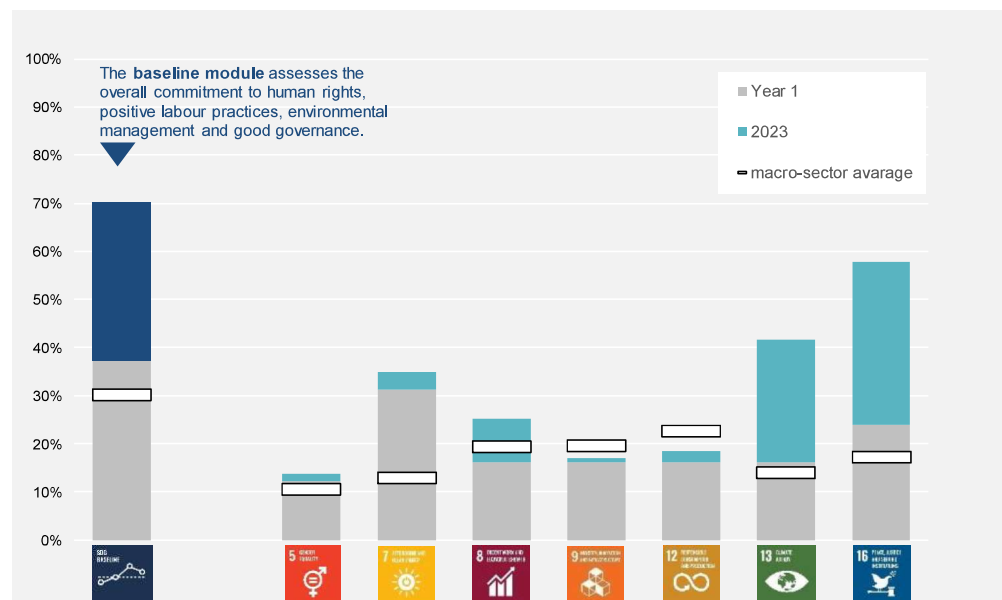
Founded in 1977, L&S meets the needs of the contemporary furniture sector. Operating in multiple locations, it has become in a short period of time a recognized leader in the interior lighting sector. The mission is to create lighting systems that make people's lives and their living environments more comfortable, contributing to the overall quality of light experience. In 2022, L&S acquired Forma e Funzione, specialized in lighting solutions for the furniture and domestic appliance industries.

Within its sphere of activity, L&S is inspired by and promotes values that are consistent with the most advanced international practices on governance, considering sustainability to be a fundamental of its way of doing business. Being a sustainable company means for L&S the guarantee of growth and development. Sustainability can only be pursued with a culture of safety, respect for the environment and social development in the community in which the company operates, investing in technology and innovation and in the involvement of the people work with and for L&S.

Therefore, L&S fully embraces a sustainable strategy through policies, management, operating methods and initiatives designed according to its own specific characteristics, helping to promote a sound, inclusive and sustainable global economy, respectful of human and labour rights, able to safeguard the environment and actively involved in the integrity of every aspect of the business.

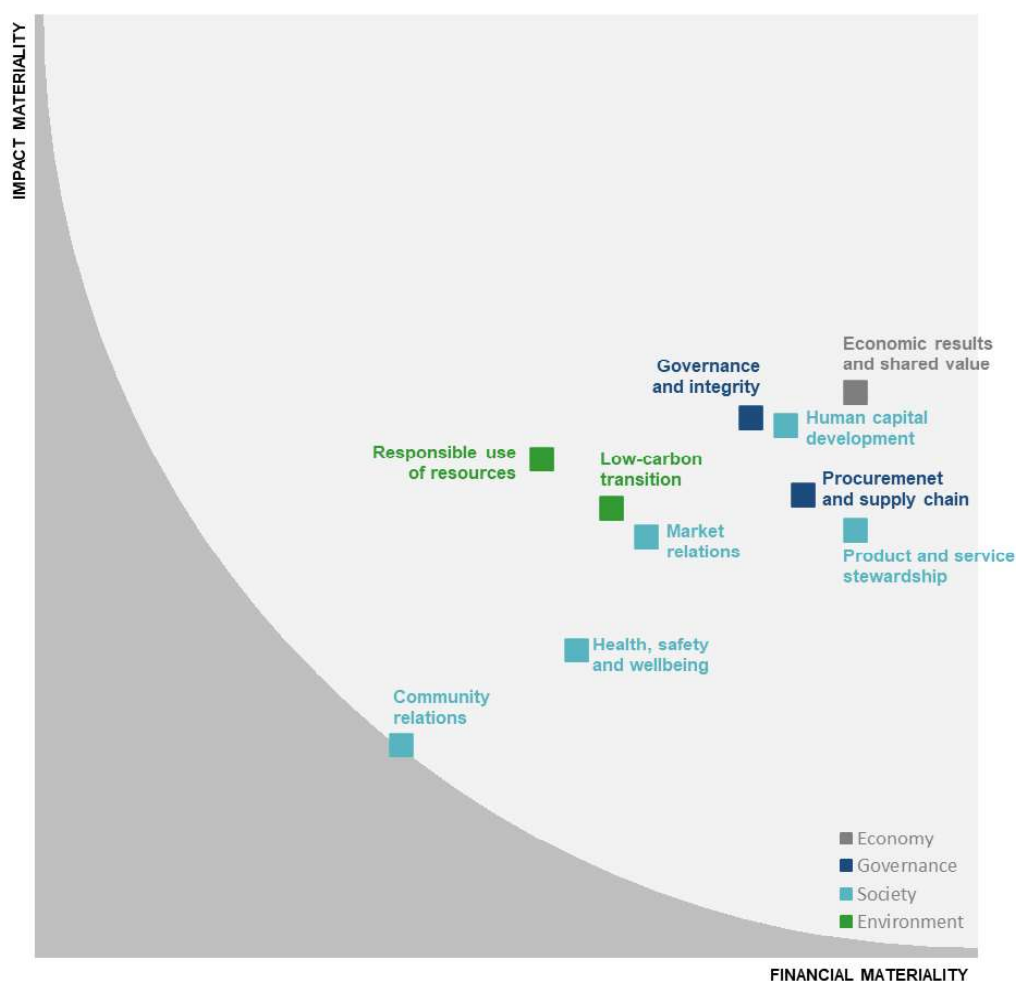
L&S strives to operate responsibly along the entire value chain, from the choice of raw materials and packaging, the design and manufacturing of products, to the care services, to offer customers and consumers qualitative and functional products that are also good for society and the environment.

CONTRIBUTION TO SDGs AND MATERIALITY



L&S is inspired by and promotes values in its sphere of activity that are consistent with the most advanced international governance practices, including the **UN Global Compact**, confirming support for the **Ten Principles**, which are being integrated into the Group's Codes and Policies, and contributing to the **Sustainable Development Goals** as well as the broader United Nations goals.

The **SDG Action Manager** analysis tool enables effective self-assessment of progress. The chart opposite represents L&S's contribution toward the SDGs chosen as its strategic benchmark.



In defining the sustainable strategy and related action plans of L&S, the materiality analysis offers an effective tool for identifying the relevant governance, economic, social and environmental issues, matching the interests of the business with the expectations of stakeholders.

The **materiality matrix** is constructed by systematically assessing risks, opportunities, positive or negative impacts, analyzing all aspects of relevance to the business with input from the first line of management, the majority shareholder, and finally gathering the views expressed by the most relevant stakeholders.

SDGs and materiality are the reference for the adopted action plan. The **ESG plan** is coordinated, monitored, and discussed in the Board of Directors and included in management's variable compensation.

GOVERNANCE

Governance and integrity

Board of Directors

- 8 members
- 1 female member

The composition and functioning of the governance bodies, starting with the **Board of Directors**, ensure representativeness, competence, and the absence of conflicts of interest, aiming at maximum operational efficiency and integrity.

The **Code of Ethics** adopted by L&S explicitly recall sustainability to be a fundamental of its way of doing business. Through a sustainable approach aimed at creating shared value for the society and the environment, L&S intends to explore further levers of success to increase turnover and profit margins, mitigate business risk, attract capital and investors, motivate its people and consolidate the brand.

L&S has adopted an **Organisation, Management and Control Model**, which is foreseen by law but not mandatory. It is designed to limit the risk of committing certain types of crimes, mainly in terms of corruption, bribery, fraud against the State, corporate offences, fencing, unintentional serious injuries or fatalities due to non-compliance with safety norms, serious environmental crimes, but also terrorism or violations against the individual, market abuse and others. The Supervisory Body, appointed on the basis of autonomy and independence, is responsible for the control activity. In addition to specific periodic training, the approach adopted includes the whistleblowing procedure for reporting unlawful behaviour, in order to offer employees and third parties confidential channels to raise concerns or violations of the procedure, without fear of retaliation, discrimination or disciplinary action.

Management systems

- Quality: ISO 9001
- Environment: ISO 14001 (Germany and Italy)

At the operational level, the adopted **management systems** represent a fundamental asset to guarantee activities that are fully aligned with the corporate strategy, in a logic of continuous improvement. The integration with business processes helps to consolidate the organisational, technological and behavioural methods.

Procurement and supply chain

L&S purchases raw materials, extruded aluminium and plastic profile frames, electronic components, semi-finished products that are assembled in the Italian plant. Finished products are packaged in Italy. Suppliers of raw materials and semi-finished products are mainly located in China, where L&S has developed a logistic hub at which products are inspected on quality aspects before being sent to Italy.

The **Supplier Charter**, which is in the process of being adopted, defines the principles to which suppliers of goods and services and contractors must align themselves, in their direct activities, in their contractual relationships with their subcontractors or sub-suppliers, if any, and in the creation and management and respective value chains in general. In the prequalification process, all suppliers will be asked to complete an online questionnaire covering human and labour rights, environmental compliance, and business integrity. The next stage of qualification includes a section on regulatory compliance, including product regulations such as REACH and RoHS.

SOCIETY

Human capital development

80% percent of L&S's workforce is equally distributed between Italy and China, the rest in Germany and the United States. Fixed-term contracts are particularly prevalent in China and are associated with a high turnover rate. The workforce is predominantly female, with women accounting for one-third of middle managers and executives. The gender pay gap still shows room for improvement, with the largest imbalances between Chinese and German managers and employees.

Employment issues are handled at the local level by the Human Resources Department, while the selection of new candidates is entrusted to recruitment agencies. Unions are present in the workplace, and employee participation is encouraged. There has been only one day of strike action since 2019.

In Italy, feedback on various issues is collected anonymously and analysed by the HR function, Group Industrial Operation, and the CEO. This practice will be extended to other countries in the coming years.

Overall, more than 40% of employees receive regular performance appraisals and career developments are covered by an MBO system.

Health, safety and wellbeing

L&S promotes the health, safety and well-being of all employees by creating and maintaining safe and comfortable work environments as an essential condition for the well-being and professional growth of its people. The management approach adopted is aligned with applicable national regulations, starting with a sound risk assessment, updated periodically with the support of qualified third parties. Thanks to this, accident rates have remained low and stable over the three-year period.

In order to prevent occupational diseases, L&S Italia has assessed work-related stress and ergonomic conditions in the workplace, identifying solutions that preserve the well-being of employees. Implementation of these analyses is also planned in the other countries.

L&S Deutschland offers its employees a supplementary pension plan, while L&S Italy has implemented a welfare program in cooperation with a specialized service provider that offers employees a wide range of opportunities in the areas of health, social services, and leisure.

Product stewardship, market, and community relations

L&S contributes to the sustainable building value chain by providing products and lighting solutions characterised by high levels of energy efficiency and durability. Research and development activities are focused on Human Centric Lighting, an innovative design approach wherein light adapts itself to the biological rhythms of the human being, ensuring better visual comfort, relaxation, and regularity in the alternation between wakefulness and sleep. Moreover, L&S offers a range of products based on blue and ultraviolet rays for sanitizing professional and domestic environments.

More generally, L&S uses high efficiency light sources, with progressive increase in energy class. Product innovation linked to new and increasingly efficient applicable technologies enables developments that meet increasing customer expectations. Following this approach, L&S aims to improve its entire product portfolio to higher energy classes. This will position L&S at the forefront of the lighting sector, significantly enhancing its value proposition for customers as well as its competitive positioning.

Process and product quality

- ISO 9001 Quality Standard
- RoHS Directive on product safety and environmental quality
- REACH Regulation on chemicals

In order to further reduce the products' environmental impacts along their life cycle, initiatives on packaging reduction and use of certified materials are under development in partnership with suppliers and clients. Guidance on how to dismantle and recycle products after usage is provided within the product bundle and published on L&S Deutschland's website.

The group's quality management system is certified according to ISO 9001 standards. L&S satisfies the guarantees required by industrial clients concerning compliance with RoHS and REACH regulations.

Customers' data collected through the group's websites are processed in conformity with GDPR.

ENVIRONMENT

Responsible use of resources

L&S Italy and L&S Deutschland's environmental management systems are certified according to ISO 14001 standards.

Water withdrawals are limited to sanitary uses. No water discharges are generated.

L&S does not generate significant volumes of hazardous waste. Furthermore, 84% of non-hazardous waste is sent to materials recovery, whilst the remainder goes to energy recovery or controlled disposal operations where further valorisation is possible.

Low-carbon transition

Carbon footprint according to GHG Protocol

Scope 1 - direct emissions from use of fuels

Scope 2 - indirect emissions from use of electricity

Scope 3 - other indirect emissions along the value chain, e.g., from raw materials used, upstream or downstream logistics, use of sold products and end-of-life options.

The estimate of L&S carbon footprint, highlights that around 97% of Scope 3 GHG emissions stems from the use phase of products, however at the edge of energy efficiency.

100% of the electricity used by the Group's plants is guaranteed renewable, thanks to photovoltaic self-generation, exclusive supply contracts and purchase of guarantees of origin.

Scope 1 emissions will also be reduced thanks to the gradual renovation of the group's fleet of vehicles and travel policies, which privilege the use of full-electric cars for short-range transfers.

ESG PERFORMANCE

			2021	2022	2023
Governance					
Governance and integrity	Code of Ethics		Si	Si	Si
	Sustainability Policies		In corso	In corso	Si
	Board gender diversity	% of women in Board of Directors	13%	13%	13%
	Model 231		Si	Si	Si
	Supplier Code of Conduct		In corso	In corso	Si
	Incidents of non-compliance	Ethics, HSE, societal, market, and others	0	0	0
Society					
People, Contracts and Turnover	Employees		427	487	446
	Women	#	242	274	248
	Men		185	213	198
	Contract	% of permanent contracts	65%	75%	80%
	New hires rate	% new hires on total employees	36%	18%	11%
	Leavers rate	% leavers on total employees	37%	21%	20%
Gender	Women	% of total employees	57%	56%	56%
	in managerial positions	% of total managers and middle managers	33%	38%	31%
	Gender pay gap		47%	46%	60%
	Managers		39%	35%	36%
	Middle Managers	% difference between men's and women's average pay compared with men's average pay	30%	36%	49%
	White Collars				62%
Health & Safety	Blue Collars		35%	34%	37%
	Frequency rate	# of work injuries per million hours worked	6,4	1,1	14,2
	Lost days	# of workdays lost to injuries	118,0	86,0	106,0
	Severity rate	# of lost day per thousand hours worked	0,1	0,1	0,1
	Training	Average training hours per employee	5,0	5,3	9,9
	Performance review	% of employees with formal performance review	58%	74%	42%
Environment					
Materials	Raw materials	tons	3.970	4.433	2.603
	of which renewable	%	6%	4%	3%
	of which recycled	%	0%	84%	0%
	Packaging materials	tons	811	1.227	441
	of which renewable	%	52%	48%	100%
	of which recycled	%	0%	69%	0%
GHG Emissions and Energy	GHG emissions		382.481	505.029	440.791
	Scope 1	tons of CO ₂ equivalent	437	468	582
	Scope 2		452	374	0
	Scope 3		381.592	504.187	440.209
	GHG Intensity	tons of CO ₂ equivalent per million € revenues	3.891	4.002	3.887
	Energy consumption	GJ (thermal and electric)	11.282	13.310	12.756
	of which renewable	% of renewable energy	11%	28%	42%
	Energy intensity	GWh (thermal & electric) per million € revenues	115	105	112
Water	Emissions to water	tons of priority hazardous substances	0,00	0,00	0,00
Waste	Hazardous waste	tons of hazardous waste	0,40	0,88	0,50
	Hazardous waste	tons of hazardous waste per million € invested	0,01	0,02	0,01