



MARGRAF

Sustainability Report 2023



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Introductory Note

MARGRAF S.p.A. specialises in the processing and marketing of marble and natural stones, overseeing every stage of the process from extraction to the creation of products unparalleled globally.

The company's collaborations with architects and designers of international standing have consistently set it apart for its innovative focus on details. The current business context is pushing the boundaries of these collaborations, now including social as well as environmental issues.

This backdrop frames this Sustainability Report. We aim to offer stakeholders a multifaceted insight into our organisation, focussing on the journey from our supply chain to our end customers, with the goal of highlighting the strategic choices steering the company towards a more sustainable future.

Statement on the sustainable development strategy

In line with the path undertaken during the previous reporting period, MARGRAF S.p.A. presents a renewed Sustainability Report for 2023, aiming to anticipate the guidelines contained in the Corporate Sustainability Reporting Directive (CSRD, Directive (EU) 2022/2464), currently being adopted in Italy.

This 2023 Sustainability Report reaffirms the organisation's commitment to dialogue, openness, and growth, integrating the company's growth and future development strategy, pursued through the GRI (Global Reporting Initiative) standard, with the principles referred to in the new EU Delegated Regulation 2772/2023.

The 2023 Sustainability Report reiterates the concepts of transparency and determination as essential keys to showcasing the beauty of stone that nature provides on global markets.



Organisation and reporting practices

The 2023 Sustainability Report of MARGRAF S.p.A. is also drawn up with reference to the GRI (Global Reporting Initiative) guidelines, aiming to correlate, where possible, the provisions of the new Delegated Regulation ESRS (European Sustainability Reporting Standards) 2772/2023 of the European Community.

The drafting principles are those of Relevance, Faithful Representation, Comparability, Verifiability, and Understandability.

ORGANISATION DETAILS

- Legal Name: MARGRAF S.p.A. or also MARGRAF S.p.A. MARMI VICENTINI
- TAX CODE 01317330247
- Business activity: Ateco Code 23.70.1 – Cutting, shaping and finishing of stone and marble 2.1b
- Legal status: Public Limited Company 2.1c
- Registered office: Chiampo (VI) Via Marmi no. 3 Postal Code 36072

TERRITORIAL LOCATIONS

In addition to its registered office, MARGRAF S.p.A. has several local units supporting its business:

- Headquarters VI/13: Via Castiglione no. 15/c Chiampo (VI) Postal Code 36072
- Local Unit VI/17: Via Torri di Confine snc Gambellara (VI) Postal Code 36053
- Local Unit BS/1: Botticino (BS) Postal Code 25080
- Local Unit BS/5: Località Monte Coste snc Nuvolera (BS) Postal Code 25080
- Local Unit BS/8: Via Giuseppe Verdi 2 Nuvolera (BS) Postal Code 25080
- Local Unit FR/1: Via Taverna no. 50 Ausonia (FR) Postal Code 03040
- Local Unit MS/1: Via Domenico Zaccagna 25 Carrara (MS) Postal Code 54033
- Local Unit UD/1: Frazione Pierabech Forni Avoltri (UD) Postal Code 33020
- Local Unit VR/2: Località Vanti Selva di Progno (VR) Postal Code 37030
- Local Unit VR/3: Via Calcare Badia Calavena (VR) Postal Code 37030

ENTITIES INCLUDED IN THE SCOPE OF THE ORGANISATION'S SUSTAINABILITY REPORTING

The entities included in this Sustainability Report comply with the provisions of Italian Legislative Decree 254/2016. Article 4 of this Decree mandates that, in addition to information about the parent company, details related to its subsidiaries as per Article 3 should be included.

This 2023 Sustainability Report is prepared on an individual basis, and the subsidiaries, although involved as corporate stakeholders, will be included only to provide certain significant information.

MARGRAF S.p.A. is a controlling entity and holds the following equity investments in other companies:

- Ducale Marmi SRL (ITA): 75%
- MARMI VRECH (ITA) 75%
- MARMOR Sezana (SLO): 19,25%
- MARGRAF DOO (HR): 100%
- MARMO INC (USA): 50%

The qualitative and quantitative information in MARGRAF S.p.A.'s 2023 Sustainability Report pertains to the company's performance during the reporting period 2023 as detailed in the report.

As regards financial data, there are no discrepancies between the two reports. Any discernible differences stem from potential reclassifications to facilitate a more precise analysis of the data included in the Sustainability Report.

Our approach to consolidating information sought to emphasise comparability. The data thus directly stem from the annual financial report. Reclassifications, as reported in the section ESRS G1 – BUSINESS CONDUCT, were undertaken to better present the company's sustainability investments and are duly explained wherever relevant.

REFERENCE PERIOD, FREQUENCY AND CONTACT POINT

The Sustainability Report will continue to be issued annually, aligning with the financial report to ensure data comparability. The report's publication date is 30 June 2024, covering the period from 1 January to 31 December 2023.

RESTATEMENTS OF INFORMATION

This Sustainability Report presents data originating from the reporting period 2023. Where necessary for contextual understanding, these data are compared with the previous period or with a longer period where there is a need to contextualise certain values.

Governance

GOV-1: ROLE OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

GOVERNANCE STRUCTURE AND COMPOSITION

The Board of Directors (BoD) is the highest governance body of MARGRAF S.p.A., composed of the following administrative figures:

- President, CEO, and Board Member: Xompero Silvio
- CEO and Board Member: Xompero Roberto
- CEO and Board Member: Pieropan Claudio
- CEO and Board Member: Xompero Raffaele
- Board Member: Xompero Alice

The CEOs act as company representatives, with executive control duties over the various company functions as outlined in the filed Chamber of Commerce Report.

NOMINATION AND SELECTION OF THE HIGHEST GOVERNANCE BODY

The highest governance body is appointed by the shareholders' meeting, in accordance with current legislation and the company's articles of association. Senior figures of outstanding professionalism guide the company through its ongoing growth journey.

The development of this Sustainability Report, with Roberto Xompero actively participating in various decisions as CEO, establishes a solid foundation on the overarching topics addressed.

CHAIR OF THE HIGHEST GOVERNANCE BODY

The chair of the highest governance body is an active part of the company's Board of Directors (BoD).

Although the role is of fundamental importance in the decisions behind company choices, the various collaborations and delegations of even crucial roles, such as that of safety in the workplace, reaffirm the desire to listen and share in taking the best management decisions.

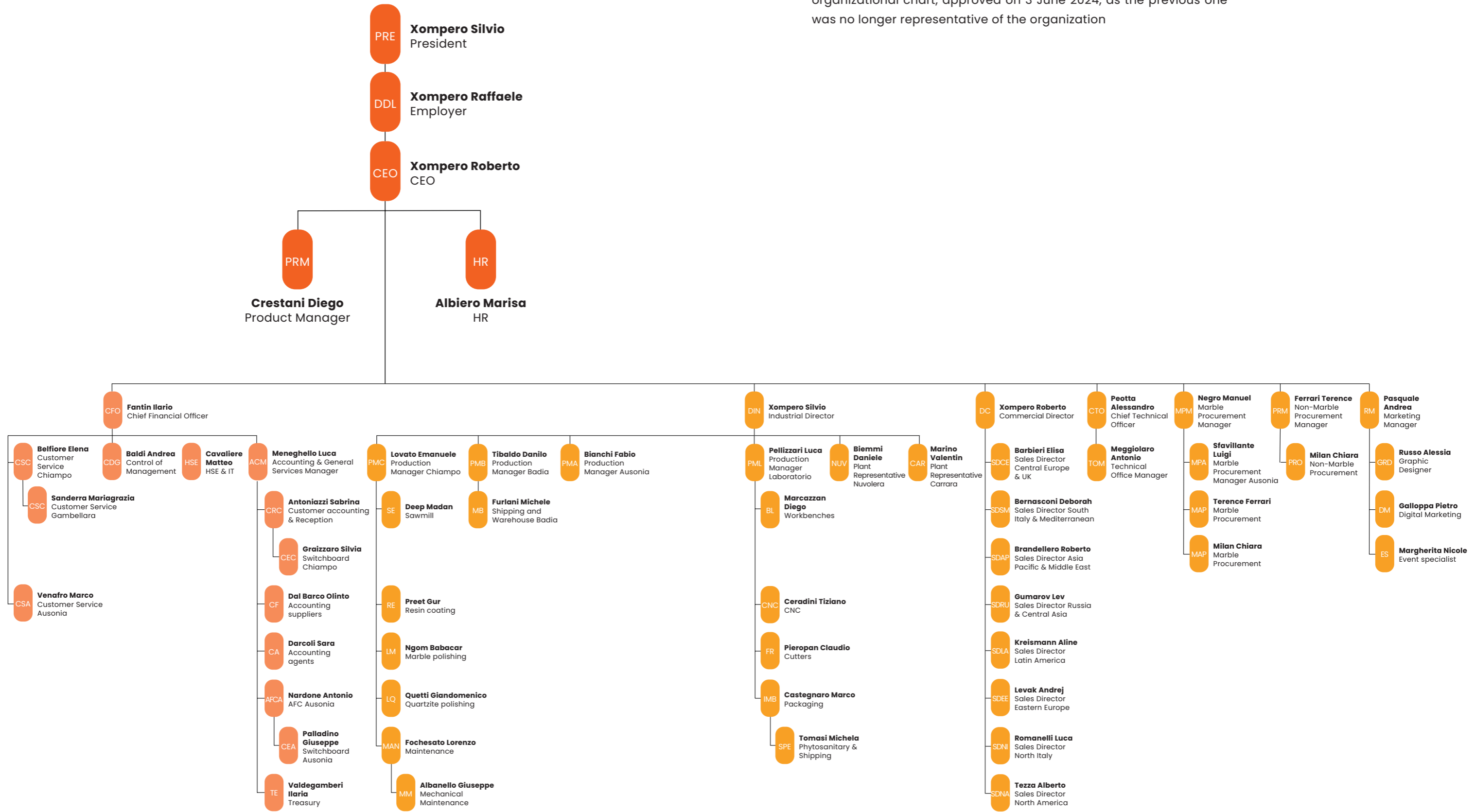
The knowledge of the highest governance body and of its corresponding functional responsibilities is clearly illustrated on various corporate notice boards, as well as during presentations aimed at sharing the company's pathways, involving diverse stakeholders.

The company's organisational chart, an excerpt of which is provided below, was approved on 19 April 2023.

1. Governance

MARGRAF SPA COMPANY ORGANIZATION CHART

In this budget we have chosen to give a vision of the new company organizational chart, approved on 3 June 2024, as the previous one was no longer representative of the organization



ROLE OF THE HIGHEST GOVERNANCE BODY IN SUSTAINABILITY REPORTING

The Board of Directors (BoD) plays a pivotal role in the management of sustainability topics. Within this context, a dedicated working group acts as its executive arm. This group represents the following areas, under the supervision of the company CEO, Roberto Xompero:

- HSE (*Health, Safety & Environment*) Manager
- Administration Manager
- CFO
- CTO
- A Marketing Area Representative
- A Buyer Area Representative
- A Production Representative for the Marble Resin Coating and Polishing Line
- A Sales Area Representative
- A CNC Representative
- Laboratory Manager

Within the scope of their roles, the Board of Directors and members of Governance strive to deepen their understanding of sustainability criteria. Their aim is to integrate these criteria into the economic, social, and environmental topics, aligning them with the company's strategy.

GOV-2: INFORMATION PROVIDED TO AND SUSTAINABILITY MATTERS ADDRESSED BY THE UNDERTAKING'S ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

ROLE OF THE HIGHEST GOVERNANCE BODY IN OVERSEEING THE MANAGEMENT OF IMPACTS

The highest governance body is periodically or promptly informed about sustainability issues, as these are considered strategic decisions for the company.

The Board of Directors carefully evaluates various aspects that can influence the company's performance, assessing them in terms of relevance and impact.

DELEGATION OF RESPONSIBILITY FOR MANAGING IMPACTS

MARGRAF S.p.A. also includes individuals with the skills and qualities needed to address various relevant topics within its organisational structure.

The development pathway of this project has continued to see the involvement of various company functions, specifically consolidated into a cross-functional team established by the BoD of MARGRAF S.p.A.

The organisation also relies on qualified external collaborations to further explore or detail any specific aspects deemed necessary.

EXTERNAL ASSURANCE

In preparing the Sustainability Report, MARGRAF S.p.A. has included individuals who can ensure the various business functions are well-represented. These individuals bring experience from the previous report for presenting data or provide new perspectives to enhance inclusive and effective communication.

Moreover, to consolidate the provisions of Italian Legislative Decree 254/2016 and the related CONSOB guidelines, resolution 20267, which mandates the company's Board of Directors as the assurance body for reporting, while the related working group reports to Roberto Xompero, currently serving as CEO.

The responsibility for drafting the Sustainability Report, notwithstanding regulatory responsibility provisions, was assigned to an independent external company. This company utilises certified sustainability experts, such as a UNI/PdR 109.1:2021 *Sustainability Manager* accredited under no. TSA_PRO1_2022-008 with ACCREDIA and GRI-certified under the *Professional Certification Program*.

GOV-3: INTEGRATION OF SUSTAINABILITY-RELATED PERFORMANCE IN INCENTIVE SCHEMES

EVALUATION OF THE PERFORMANCE OF THE HIGHEST GOVERNANCE BODY

The highest governance body, directly responsible for the development of sustainability issues, monitors the progress of the various projects highlighted in this report. The working group responsible for drafting this report effectively represents the three pillars of Sustainability: Social, Economic, and Environmental.

This approach ensures a diversity of representatives, reducing the risk of unilateral or decision-making or perspectives. Decisions can also be supported by external specialists who assist in active discussions and project initiatives where deemed necessary.

Thanks to the policies implemented, there are no significant cases of non-compliance with laws and regulations that could jeopardise the company's stability.

GOV-4: STATEMENT OF DUE DILIGENCE

The information contained in this report complies with the principles of the EU Delegated Regulation ESRS 2772/2023, and its structure is developed in alignment with the provisions of the GRI.

Given the current phase of adopting the EU CSRD 2464/2022 into Italian law and the ongoing transitional provisions, the report may differ in some sections, which will be explained or implemented in the future.

Over time, MARGRAF S.p.A. has adopted its own internal codes of conduct, which can be found in the following documents with the various formal steps that have been taken or are in progress:

- Internal Regulations
- Code of Ethics
- Disciplinary System (Organisational, Management, and Control Model pursuant to Legislative Decree 231/2001)
- Integrated Management Systems Manual (a guide for company management focusing on customer satisfaction, environmental protection, and occupational safety)
- ISO 9001 certification
- ISO 14001 certification

In addition, we have received specific assessments from several globally significant customers who place high emphasis on sustainability and quality topics, viewing our company as an essential business partner.

The aforementioned provides clear proof of the organisation's commitment to proactive governance that exceeds mere regulatory compliance, ensuring a robust layer of security for stakeholders both inside and outside the organisation.

These documents are timely shared with our employees and are accessible via the company's website even by those not actively engaged in the company's day-to-day operations.

COMPLIANCE WITH LAWS AND REGULATIONS

Our operations are conducted within regulatory processes governing labour and stakeholder relations.

The voluntary implementation of codes of conduct demonstrates our company's determination to not only mitigate but also protect itself from potential behaviours that might jeopardise it vis-à-vis third parties.

GOV-5: RISK MANAGEMENT AND INTERNAL CONTROLS OVER SUSTAINABILITY REPORTING

COMMUNICATION OF CRITICAL CONCERNS

A significant portion of the 2023 Sustainability Report was structured around a strategic analysis encompassing various risk factors.

The results have prompted quantitative and qualitative reflections, which will be detailed in the following chapters. Further insights can be found in the discussion of relevant topics included in the Annex section of this report.

Starting from the stakeholder analysis, through procurement and internal production factors, to the customer network, this process was enhanced through brainstorming sessions conducted by a cross-functional team and supported by data from internationally recognised databases.



Strategy

SBM-1 – STRATEGY, BUSINESS MODEL AND VALUE CHAIN

ACTIVITIES, VALUE CHAIN AND OTHER BUSINESS RELATIONSHIPS

As set out in its business purpose, MARGRAF S.p.A. operates in the quarrying and machining of marble products.

MARGRAF S.p.A.'s value chain can be categorised into three main areas of relevance, specifically relating to suppliers, staff, and customers:

- The supplier network encompasses a delicate balance between raw materials and the locations of the quarries, for which Italy serves as the primary reference point.
- The staff comprises, among others, processors with a deep experience of a material that, in its raw form, embodies art and structural beauty.
- Our customers are those who desire to express a sense of well-being through this beauty, a sentiment often shared with society.

In the product development process, these areas have their own peculiar strategic importance, as they are interconnected protagonists throughout the entire transformation process, requiring timely attention as we will see in the following sections.

SUPPLIERS

The supplier network plays a pivotal and sensitive role in MARGRAF S.p.A.'s value chain as it is the foundation of the final product's final quality.

The extraction activities are particularly delicate due to the balance required between the territory and raw material. While the extraction process has international dimensions, Italy remains crucial, generating about 80% of the raw materials.

The company's international focus on sourcing quality materials, however, required a risk/impact assessment carried out with international reference tools, and after having explored some of them, the one provided by the Global Risk Profile (GRP - <https://risk-indexes.com/#>) was chosen, as in addition to proposing a cross-cutting analysis of Environment, Social, Governance (ESG) factors, it provides a precise reading for corruption risk, an element that MARGRAF S.p.A. Monitors carefully when choosing who to establish collaborations with.

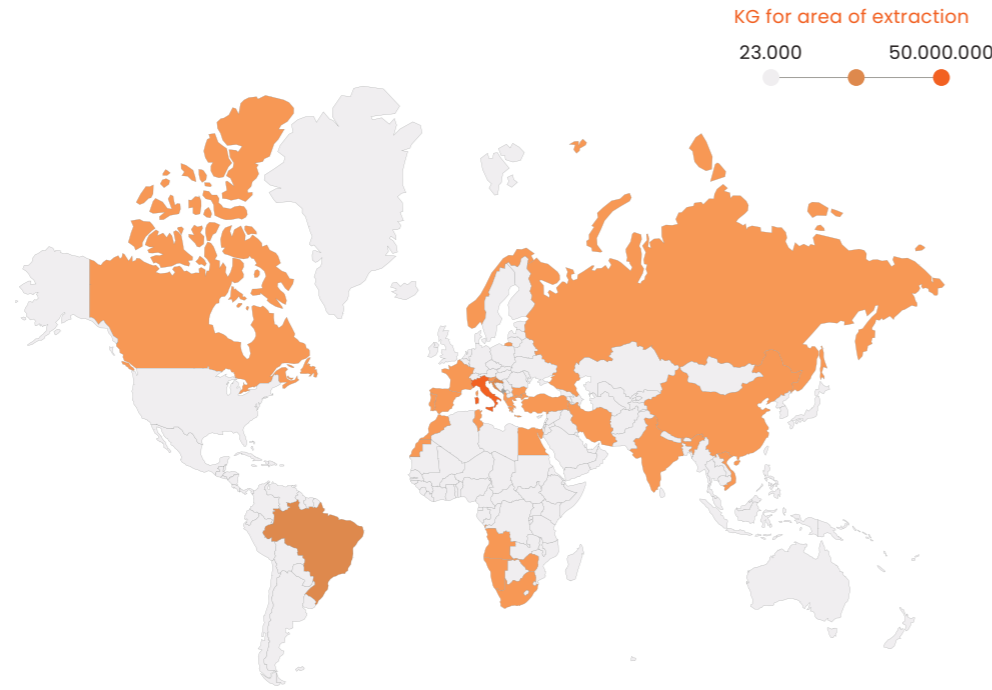
The different assessment activities are presented in two graphs below, with the first highlighting the different quarrying areas in terms of weight/origin, and the second detailing the different volumes with the weighted average risk, integrated with analysis and verification factors carried out by the company's cross-functional work team.

2.

Strategy

TON PER AREA OF EXTRACTION

The different shades of colour in the graph highlight the tonnes of material by area of origin in their gradation.

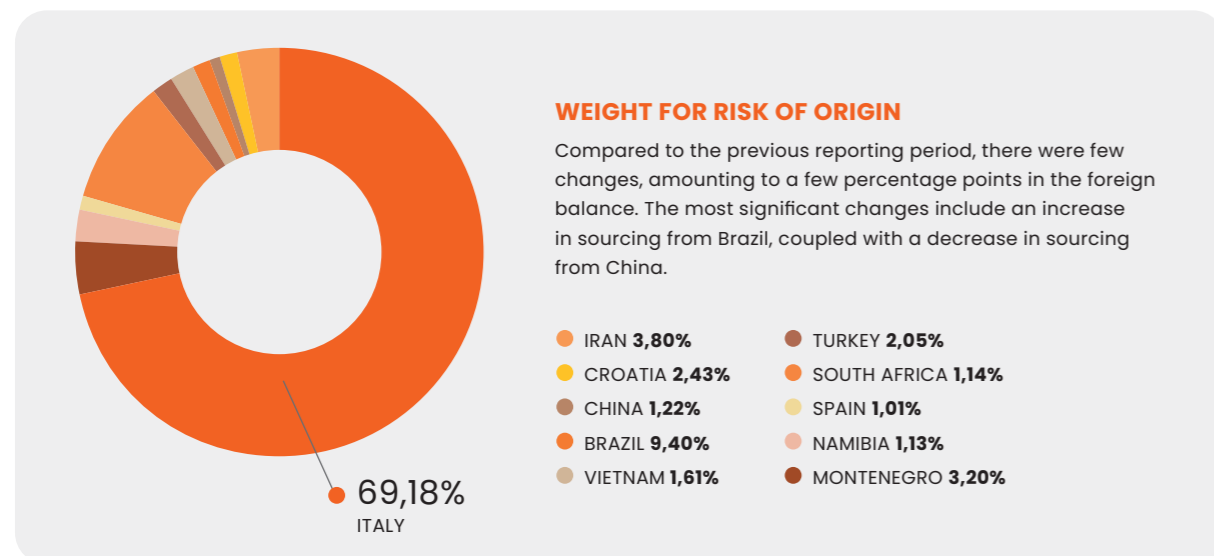


The result represents a moderate risk from the point of view of origin, and above all, looking at quarrying in Italy, it allows the organisation to interact with the various quarry operators, at times ensuring active control over these quarrying activities.

As mentioned, risk weighting, which includes the Environment, Social and Governance (ESG) factors, as well as the more precise weighting provided by the GCI (Global Corruption Index), provides a snapshot showing that international factors have on average a negligible impact, as they account for approx. 30% of the total volumes processed by MARGRAF S.p.A.

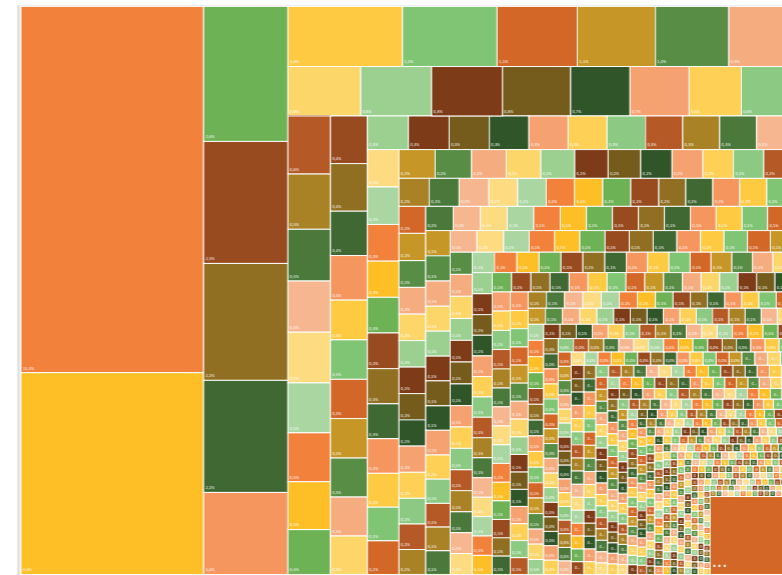
This aspect can be clearly seen in the graph, which aims to establish a relationship between quarrying volume with the risk of origin, which gives Italy a reclassified value equivalent to approx. 70% of the total.

These same figures evaluated including the economic impact place the related risks even further downwards.



CUSTOMERS

The customer network of MARGRAF S.p.A. is well diversified, and like the supply network, it has been subject to a detailed impact analysis to quantify the most relevant stakeholders.



The graph above shows the distribution of different customers based on economic impact.

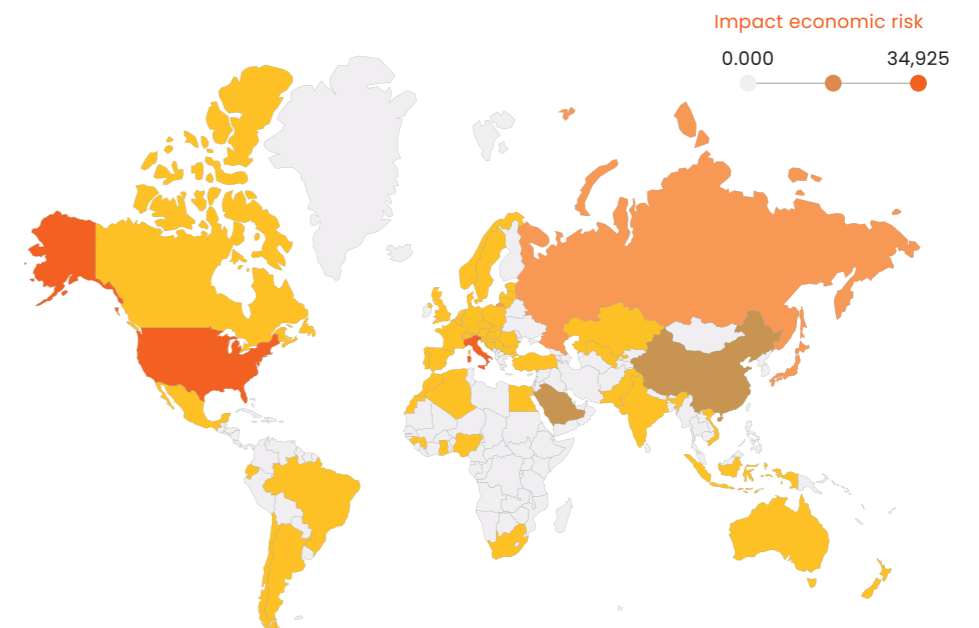
Considering the overall picture, while there may be management complexities, the lack of concentration mitigates specific market risks.

A distinct characteristic of MARGRAF S.p.A.'s clientèle is its global representation. Excluding the sub-Saharan region of the African continent, our customers are spread across the globe, attesting to the esteemed reputation the company holds internationally.

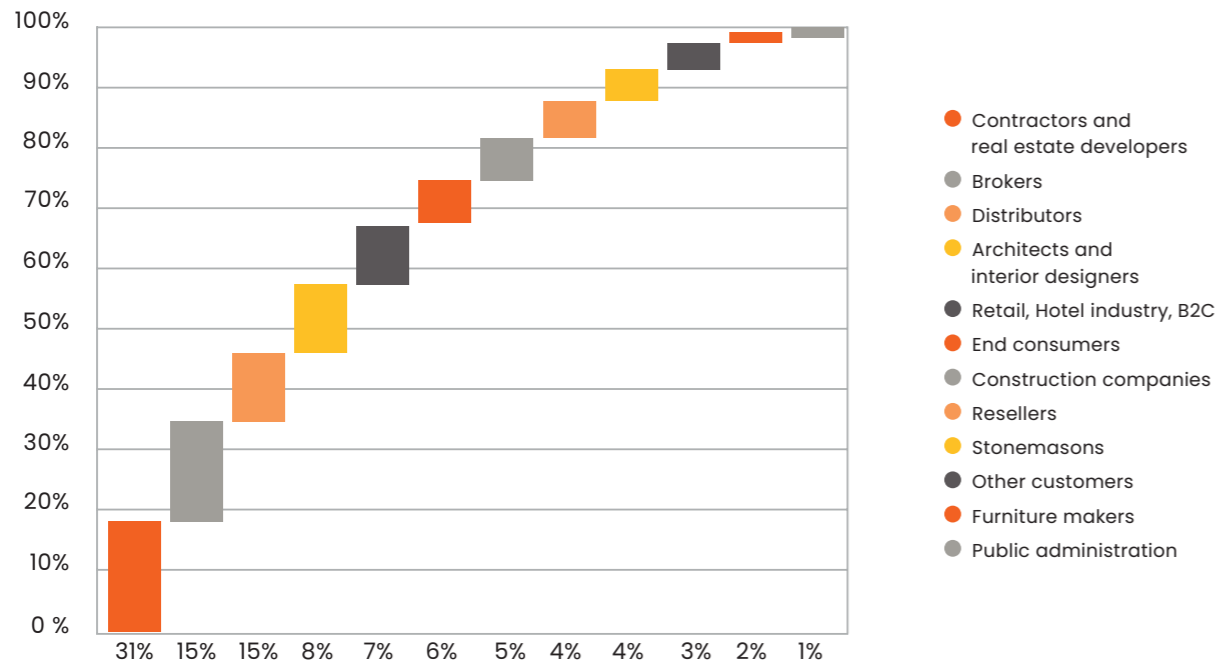
The impact analysis for the various customers aimed to correlate economic data, critical issues, and customer loyalty. This was done using internationally recognised tools, such as the Risk and Export Map by SACE (a group controlled by the Italian Ministry of Economy and Finance) and the GRP (Global Risk Profile, a specialised due diligence management company).

IMPACT ECONOMIC FOR ESG RISK

The graph shows the economic impact in the different sales areas, where the shades of colours identify the growing impact based on the value generated.



The values were then classified according to the categories referenced by the different strategic sales channels, integrating the most significant risk factors when considering the export activities of the companies.



Our analysis, based on the SACE model, combined with our internal assessment, has demonstrated that the volumes generated by category do not reveal significant imbalances or particular critical issues.

Furthermore, integrated redistribution with the initial two analyses, focusing on sales distribution factors, provides additional confidence against specific uni-directional market risks.

STAKEHOLDERS

Examining our stakeholders, it is evident that their influence is predominantly national, mostly associated with regions where MARGRAF S.p.A. operates its production facilities. These stakeholders are primarily connected to various support activities for the company. A broader extension is generally linked to unique situations in our various markets.

A more detailed discussion on this topic will follow shortly, but it is worth noting that the same analysis was applied to regions where the company engages in quarrying activities. In these areas, our relations with Public Administrations are crucial. They play a functional role in devising mitigation strategies focused on community development.

SBM-2 – INTERESTS AND VIEWS OF STAKEHOLDERS

APPROACH TO STAKEHOLDER ENGAGEMENT

The stakeholders, identified through the process outlined in previous chapters, were engaged through dedicated surveys or directly when deemed more functional for data collection purposes.

They provided their perspectives on the most relevant sustainability-related topics for the company by following this identification process:

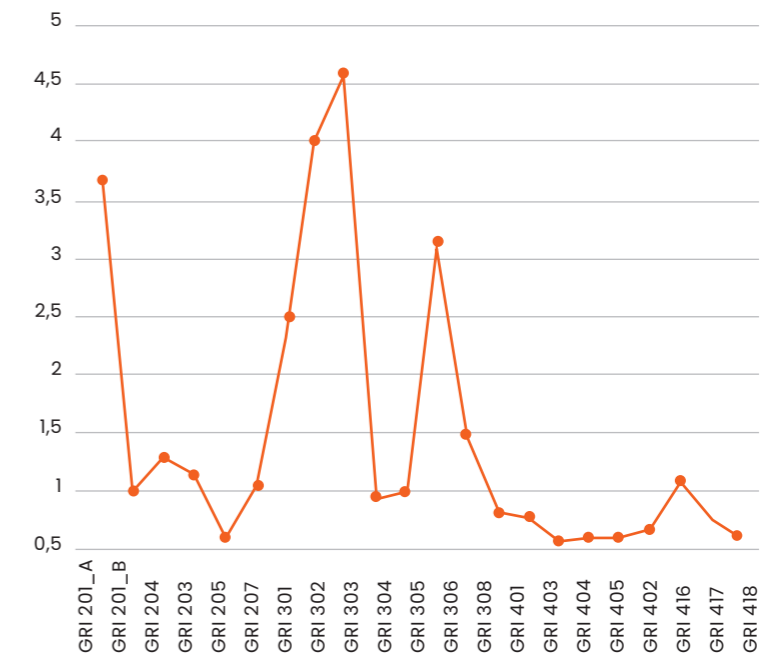
- Analysis and differentiation to identify the most relevant stakeholders
- Collection of company revenue and economic impact data and their breakdown
- Geolocation and cross-referencing with ESG risk maps as previously discussed
- Identification of other related risks, such as loyalty, stability, etc.
- Classification considering various parameters

Continuing from the previous report, an internal analysis of relevant factors was conducted, integrating GRI topics with those of the ESRS framework, adjusted according to the economic, environmental, and social perspectives.

INTERNAL RISK ANALYSIS

The following graph highlights the results of this analysis, showing the various significant factors that influence the internal centres of the organisation.

Crossing the responses, we visually represented the results in the Materiality Matrix, which is illustrated in the next chapter and has been validated by the BoD to chart the path forward on development issues.



- 201_A** Corporate governance and management, and specific professional expertise of Board members
- 201_B** Corporate governance that includes sustainability management with committees or independent roles
- 204** Attention to economic management of expenditure also considering gender diversity, local supply chain, and market salaries
- 203** Investments to mitigate or reduce risks from climate effects
- 205** Managing anti-bribery aspects
- 207** Transparent tax system and trust in the company
- 301** Managing raw materials with regard to environmental impacts
- 302** Properly managing energy consumption
- 303** Properly managing water consumption
- 304** Biodiversity management policies, including with suppliers
- 305** Carefully managing atmospheric emissions
- 306** Carefully managing waste and circularity in a compliant manner
- 308** Understanding and analysing the supply chain on environmental and social topics
- 401** Monitoring the well-being of employees
- 403** Health and Safety Management in the workplace
- 404** Staff training
- 405** Gender equality in roles, salaries, and management functions
- 402** Ensuring employees can relate safely and transparently with function managers or colleagues
- 413** Engagement with local communities
- 416** Managing potential issues related to products and/or services
- 417** Managing certifications or authorisations from certified bodies
- 418** Proper management and handling of inside information

CONSTRUCTION OF THE MATERIALITY MATRIX

In this exercise, the Materiality Matrix serves as an intermediate step to compile the various relevant topics, as regulatory guidelines require further in-depth analysis.

The request for certain additions will lead to the development of economic and financial assessments remodulating the various topics on a Double Materiality scale.

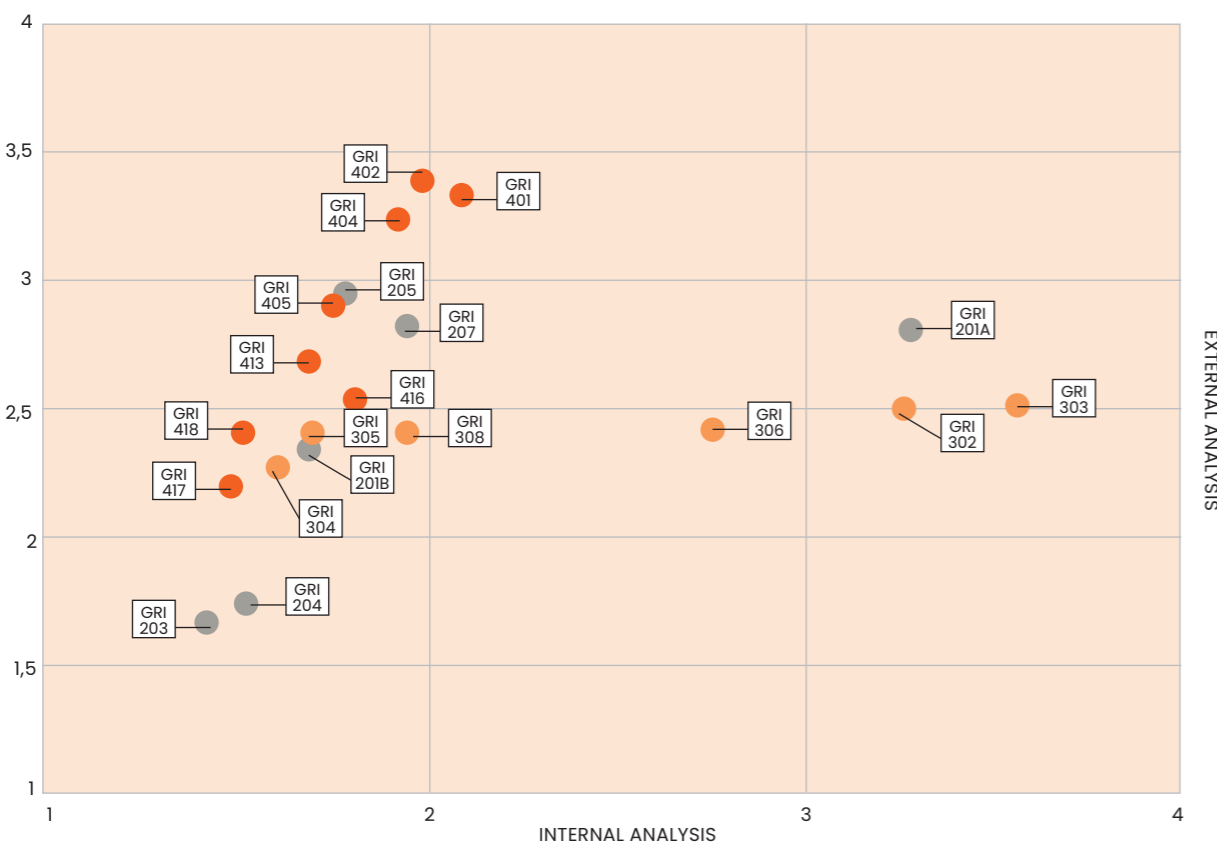
The relevant topics identified result not only from a direct analysis of factors requiring attention integrated between what is highlighted by the GRI and the ESRS Delegated Regulation, but they have also been recalculated based on certain priority aspects that stakeholders have expressed on five related topics:

- Governance and Corporate Management
- Sustainability Investments
- Environmental Focus
- Focus on People and Social Issues
- Focus on Customers and Suppliers

This analysis has allowed for a more evident articulation of certain areas of interest, which, if addressed individually, might not have been duly highlighted.

The graph below was obtained by crossing these assessments.

MATERIALITY MATRIX



The responses, summarised through a reclassified evaluation on a scale of 1-10 that identified the importance of each proposed topic, show some differences between internal and external analyses, particularly in the perception of the social area.

SBM-3 – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

RISK ANALYSIS and DOUBLE MATERIALITY

MARGRAF S.p.A. has correlated risks and opportunities as indicated by the ESRS Delegated Regulation 2772/2023 to begin the in-depth exploration of the relevant emerging topics.

Referencing internationally recognised frameworks for management or recommendations, such as those suggested by the EFRAG (European Financial Reporting Advisory Group), TCFD (Task Force on Climate-Related Financial Disclosures), and EBA (European Banking Authority), several key insights have been analysed below.

PHYSICAL RISKS, identifiable as ACUTE or CHRONIC events, can be caused by the following factors:

- Heatwaves
- Floods or storms
- Droughts
- Market crises that are unpredictable or inadequately managed
- Other

TRANSITION RISKS, stemming from multiple factors and generally manifesting over time. For MARGRAF S.p.A., these have been assessed in the following areas:

- Supply chain transformations
- Innovative technological aspects
- Operational aspects
- Changes in market dynamics
- Business model changes
- Brand reputation
- Political or administrative aspects
- Legal or regulatory aspects under review

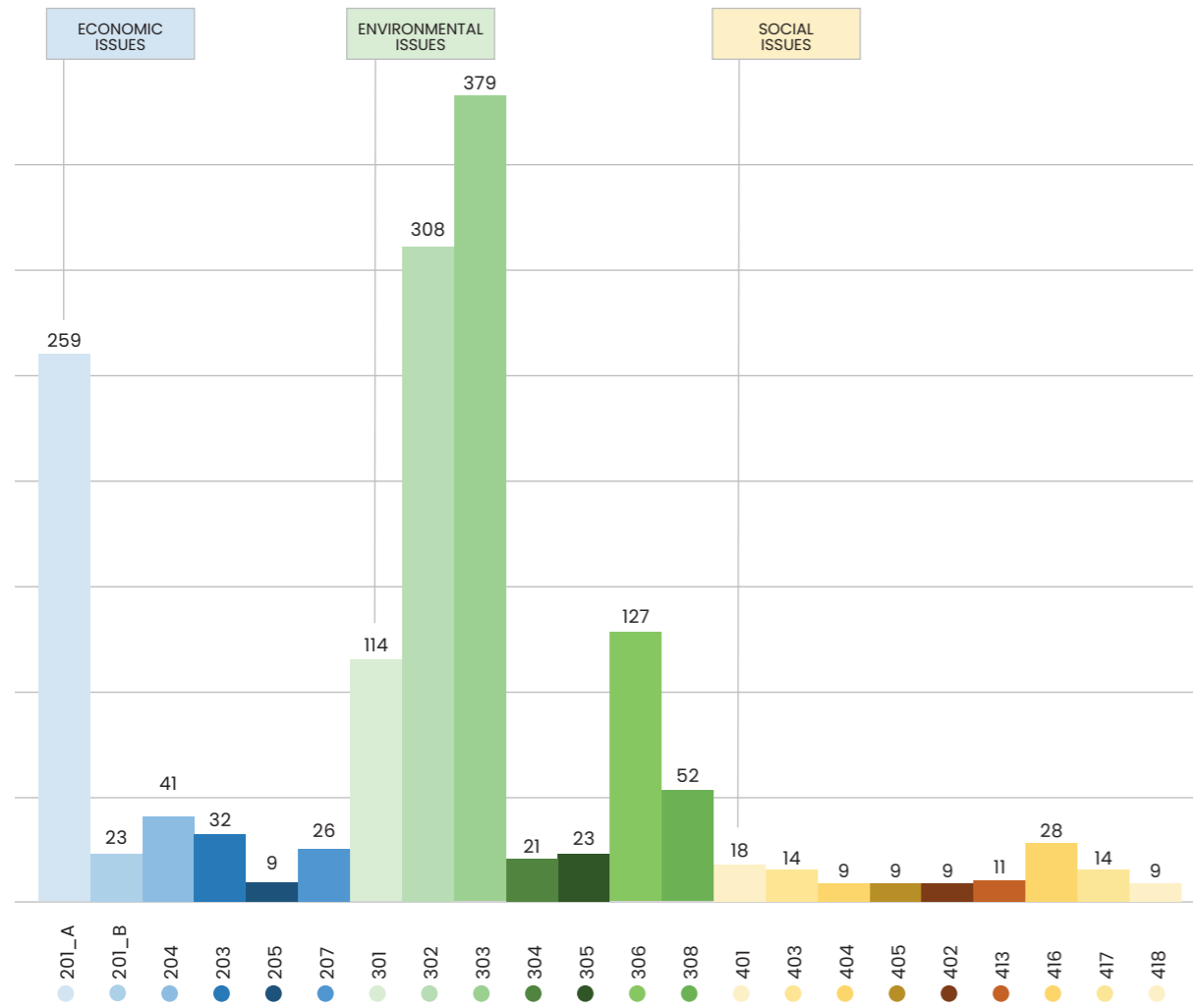
OPPORTUNITIES, identified by analysing future scenarios with particular reference to transitional factors, have been considered in the following areas:

- Resilience: being less vulnerable to Environmental and Social risks
- Market: seizing new opportunities arising from new scenarios
- Products or Services: opportunities to expand business models
- Resources: improving efficiency or reducing dependence on external factors
- Brand reputation: strengthening the company's image in the eyes of stakeholders
- Social changes: meeting new expectations of employees
- Regulatory aspects: seizing opportunities from new regulations

RECALCULATION OF MATERIALITY X IMPACT

A final summary has therefore correlated the three scenarios of Physical, Transition, and Opportunity Risk with the various material topics that emerged in the three pillars of Environmental, Social, and Governance.

As suggested by EFRAG, the relationship between Materiality and Impact highlights the distinctive factors of the company following the analysis. When these are examined as a whole, they yield a reclassification summarised in the following chart.



When these factors are cross-referenced with potential impacts on the Income Statement, Cash Flow, or Balance Sheet of the company, they provide insights that will be analysed in more detail in the ANNEX section of this document.



In-depth analysis of topics in relation to Delegated Regulation ESRS 2772/2023

From this reporting period, MARGRAF S.p.A. has embarked on the migration path towards the standard defined by EFRAG and adopted by the European Community with Delegated Regulation ESRS 2772/2023.

The principles contained in the ESRS (European Sustainability Reporting Standards) serve as an implementation tool for the EU Directive 2464/2022 CSRD (Corporate Sustainability Reporting Directive), while the GRI (Global Reporting Initiative) standard will continue to serve as a supporting model, as the same directive identifies it as a valid transitional tool.

The topics to be developed are based on the following framework proposed by the Delegated Regulation ESRS.

Part of the Management Report	ESRS Code	Title
1. General Information	ESRS 2	General Information, including the information provided according to the disclosure requirements of the thematic ESRS listed in ESRS 2, Appendix C
2. Environmental Information	Not applicable	Information pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)
	ESRS E1	Climate Change
	ESRS E2	Pollution
	ESRS E3	Water and Marine Resources
	ESRS E4	Biodiversity and Ecosystems
	ESRS E5	Resource Use and Circular Economy
3. Social Information	ESRS S1	Own Workforce
	ESRS S2	Workers in the Value Chain
	ESRS S3	Affected Communities
	ESRS S4	Consumers and End Users
4. Governance Information	ESRS G1	Business Conduct

It should be noted that part of the General Disclosures - ESRS 2 is developed in the introductory section of this Sustainability Report, while the subsequent sections will delve into more specific Environmental, Social, and Governance disclosures.

3. Annex to the Sustainability Report

ESRS E1 - Climate change

The ongoing climate changes prompt MARGRAF S.p.A. to conduct a strategic assessment of the potential impacts they may generate, and this sustainability report provides an opportunity in this regard.

The value chain includes elements of concern that could fall under the company's influence whether or not directly managed by the organisation. These elements need to be considered in terms of physical, transitional, and opportunity-related factors that may arise.

DISCLOSURE REQUIREMENT EI-1: TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION

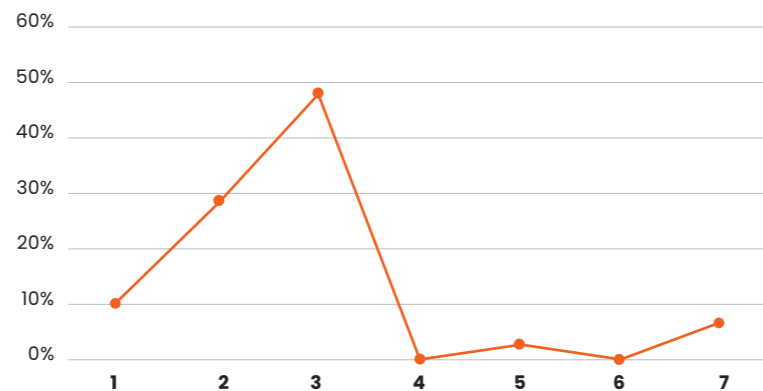
To analyse the Impacts, Risks, and Opportunities (IRO) that highlight the potential strategic factors of the company regarding Climate Change Mitigation and Adaptation, EU Regulation 852/2020 was used as a reference, along with guidelines from the EBA (European Banking Authority) and EFRAG (European Financial Reporting Advisory Group) on Climate-Related Risks. Based on the double materiality analysis, the various material topics identified were correlated with potential impacts on the Income Statement, Cash Flow, or Balance Sheet.

LEGEND

- 1 Management of Raw Materials
- 2 Management of Energy Consumption
- 3 Management of Water Consumption
- 4 Management of Biodiversity
- 5 Management of Atmospheric Emissions (GHG)
- 6 Waste Management and Circularity
- 7 Management of the Supply Chain on Environmental and Social Issues

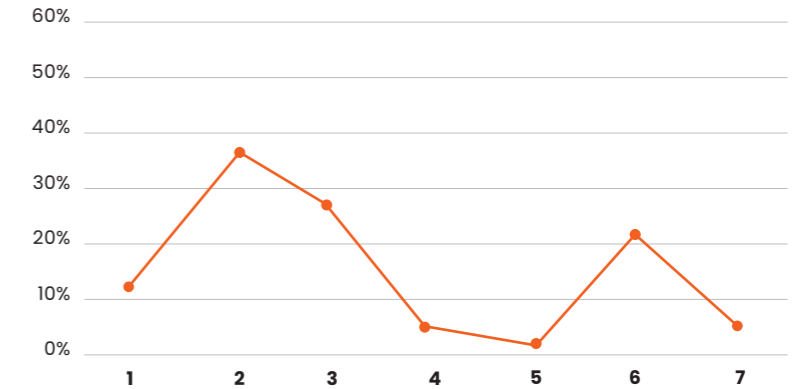
PHYSICAL IRO

The chart highlights two material components, energy and water resources, as they relate to the management of the company's structure. These are potential impact elements for production factors if not duly managed.



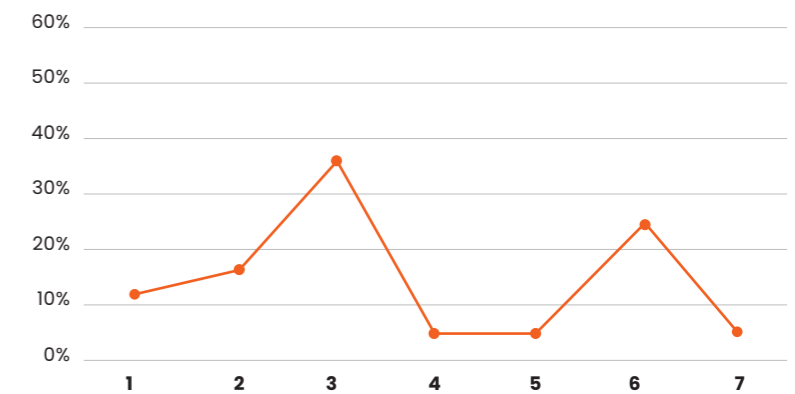
TRANSITION IRO

For transition elements, energy and water factors can also be impactful, with the addition of raw material waste circularity. This requires attention in their management over the medium to long term, necessitating economic investments to mitigate such risks.



OPPORTUNITY IRO

Opportunities are crossed with the risk factors, focusing on energy, water, and raw material management throughout the life cycle. Proper management of these specificities could provide the company with competitive elements, playing a fundamental role in the company's strategy.



DISCLOSURE REQUIREMENT EI-2: POLICIES RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION

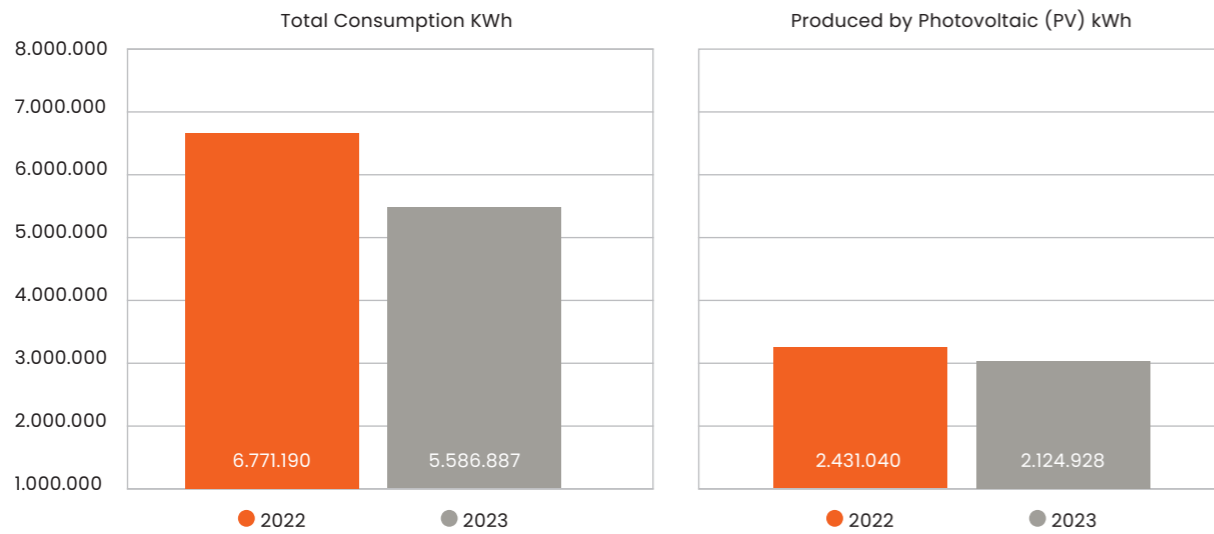
From a good corporate management perspective, the energy topic is necessarily of primary importance. Monitoring activities are conducted with this in mind.

Strategically aligning these activities with ongoing corporate developments enables us to anticipate fluctuations that could significantly impact production values.

DISCLOSURE REQUIREMENT EI-3 and EI-4: ACTIONS, RESOURCES AND TARGETS RELATED TO CLIMATE CHANGE POLICIES

In this regard, an always active control of consumption has led to choices which over time have translated into investments to provide all MARGRAF S.p.A. production facilities with solar power installations for electricity generation.

This has resulted in over a third of the energy used being produced by solar panels installed at the various facilities.



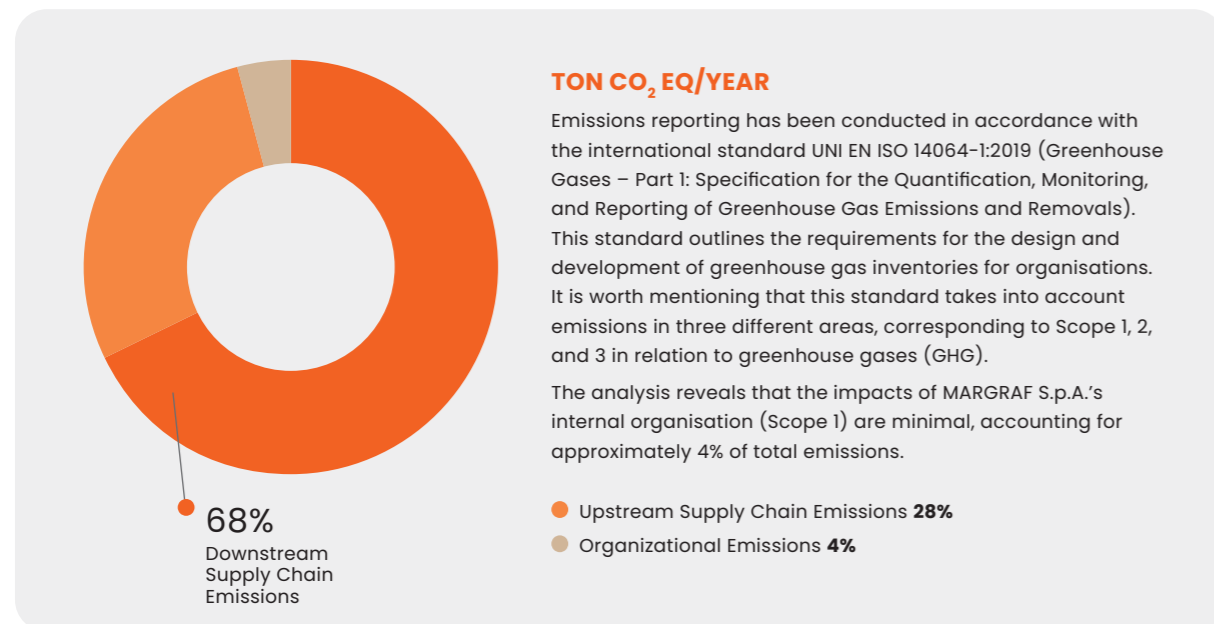
DISCLOSURE REQUIREMENT EI-5: ENERGY CONSUMPTION AND MIX

The above figures translate into 9,900 photovoltaic panels installed at the various sites, which have a supply capacity of over 2 MW to cover the various energy needs of production.

Among the company's primary goals is the commitment to pursue energy efficiency. As demonstrated recently, this not only offers a competitive edge by safeguarding against uncontrollable market fluctuations but is part of the continuous improvement process, which is further bolstered by the company's commitment to environmental mitigation policies.

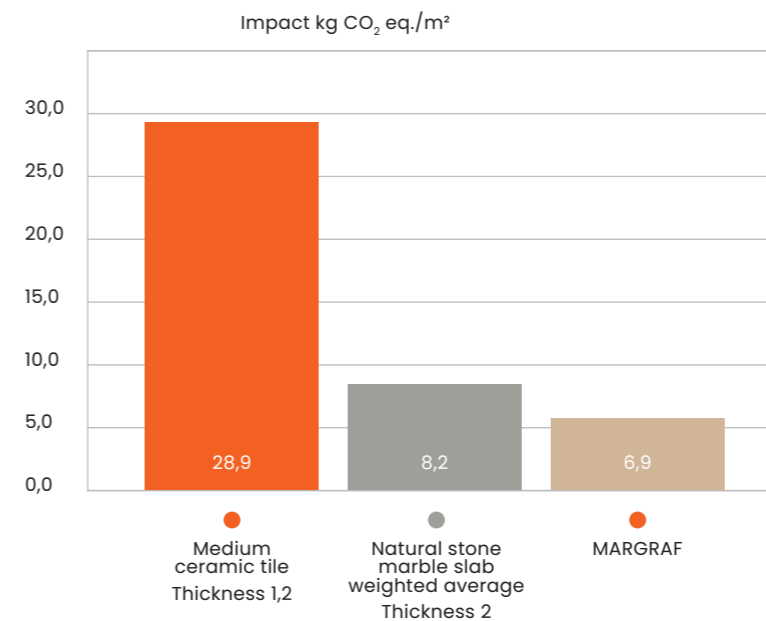
DISCLOSURE REQUIREMENT EI-6: GROSS SCOPES 1, 2, 3 AND TOTAL GHG EMISSIONS

In 2022, MARGRAF S.p.A. has conducted a precise assessment of its impact on air emissions by commissioning a Carbon Footprint study to analyse the carbon emissions across the entire life cycle.



The data from the analysis was also cross-referenced and detailed for the total 599,168 sqm of marble slabs produced by MARGRAF S.p.A., thus including the organisation's total quarrying activities plus its emissions. The results indicate an impact below the industry average and around 50% of that of the ceramic industry, based on an LCA study conducted by the Turin Polytechnic.

Using the LCA (Life Cycle Assessment) methodology in line with standard ISO 14040 and in accordance with the guidelines indicated by the European Commission, the Turin Polytechnic examined the available scientific literature for 12 materials (marbles, breccias, granites, etc.) quarried and processed in Italy from various geographical areas. This study was then used to make comparisons, which gave the following results.



Among the materials analysed, Fior di Pesco Carnico, managed by MARGRAF S.p.A., accounts for over 7% of the materials handled, representing a significant portion. This material is notable for having an emission impact of 6.9 kg of CO₂ equivalent per square metre, which is over 15% below the industry average and more than 75% lower compared to ceramic tiles.

DISCLOSURE REQUIREMENT EI-7: GHG REMOVALS AND GHG MITIGATION PROJECTS FINANCED THROUGH CARBON CREDITS

As previously mentioned, the positive actions introduced by the company highlight the need for more proactive interaction with the upstream and downstream supply chains, as corroborated by the figures.

However, this does not deter the company from its continuous investments on mitigating in-house emissions. A significant initiative in this regard was the replacement of one of the processing chimneys, which will help to further manage emission factors.

DISCLOSURE REQUIREMENT EI-8: INTERNAL CARBON PRICING

At present, the company has not taken actions to set a carbon price.

DISCLOSURE REQUIREMENT EI-9: ANTICIPATED FINANCIAL EFFECTS FROM MATERIAL PHYSICAL AND TRANSITION RISKS AND POTENTIAL CLIMATE-RELATED OPPORTUNITIES

The anticipated economic and financial risks are primarily due to market fluctuations caused by external factors. However, this does not deter the organisation from monitoring these factors and taking proactive investment actions to mitigate them.

ESRS E2 - Pollution

DISCLOSURE REQUIREMENT E2-1: POLICIES RELATED TO POLLUTION

For MARGRAF S.p.A., pollution factors are partly related to emissions, as analysed in ESRS E1 – Energy, and partly to the proper management of waste materials from production processes, as addressed in chapter ESRS E5 below.

DISCLOSURE REQUIREMENT E2-2, E2-3: ACTIONS, RESOURCES AND TARGETS RELATED TO POLLUTION

The actions and resources implemented by MARGRAF S.p.A. to address pollution are detailed in subsequent chapters.

The same mitigation or pollution reduction targets are reflected in these proposed actions, with specific connections outlined.

DISCLOSURE REQUIREMENT E2-4: POLLUTION OF AIR, WATER AND SOIL

The pollution factors for air, water, and soil are discussed below:



AIR: MARGRAF S.p.A. does not have production activities that are considered impactful, and any critical issues are managed according to regulations.



WATER: MARGRAF S.p.A. handles water resources as detailed in the chapter ESRS E3 chapter of this Sustainability Report and manages wastewater according to applicable regulations, adhering to regulatory procedures.



SOIL: Protecting the soil from various sources of pollution is in the interest of MARGRAF S.p.A., as neglect could be counterproductive for the company.

DISCLOSURE REQUIREMENT E2-5: SUBSTANCES OF CONCERN AND SUBSTANCES OF VERY HIGH CONCERN

Substances of concern are managed through proper disposal channels as required by regulations. These substances are also significantly reduced in the production processes.

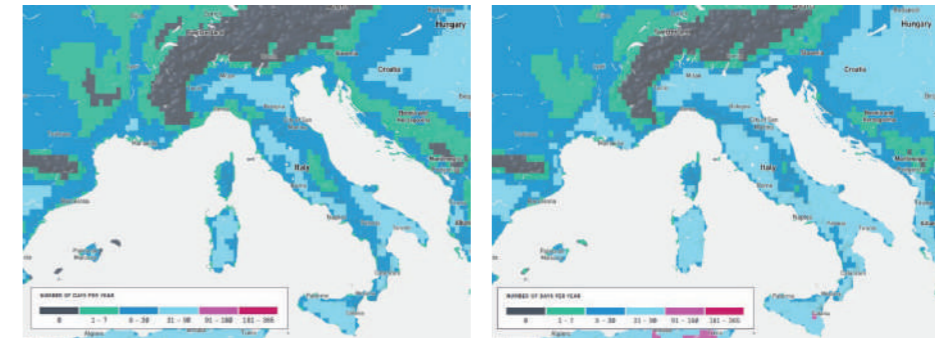
DISCLOSURE REQUIREMENT E2-6: ANTICIPATED FINANCIAL EFFECTS FROM POLLUTION-RELATED RISKS AND OPPORTUNITIES

The financial effects are highlighted in the analysis presented above, reflecting the company's strategies concerning directly correlated climatic effects, as previously discussed.

ESRS E3 – Water and marine resources

DISCLOSURE REQUIREMENT E3-1, E3-2: POLICIES, ACTIONS AND RESOURCES RELATED TO WATER AND MARINE RESOURCES

Water management is of paramount importance to MARGRAF S.p.A., as it plays a crucial role in marble processing. Using the tool provided by Probable Future (<https://probablefutures.org/>), the company has analysed the potential scenario of a temperature increase of a couple of degrees.



The maps compare periods of drought in the event of such a temperature rise, which would increase the current 8–30 dry days to 31–90 days for the Veneto region.

In response, the company has implemented policies to mitigate water use, anticipating recent water crises and preparing for future challenges.

DISCLOSURE REQUIREMENT E3-3: TARGETS RELATED TO WATER AND MARINE RESOURCES

To recover and reuse water essential for various processing activities, all MARGRAF S.p.A. production sites have installed specific purification systems, powered by energy from solar panels. This water is collected, purified from stone particles, and reused for subsequent processing.

DISCLOSURE REQUIREMENT E3-4: WATER CONSUMPTION

During 2022, the new purification system went into operation at the Chiampo Headquarters, replacing the old one which was no longer performing, further optimising water reuse in production processes as well as the quality of the water discharged.

The cumulative figures across all production sites are as follows:

- WATER DRAWN FROM WELLS: 114,925 m³
- WATER DRAWN FROM AQUEDUCT: 5,223 m³
- WATER DISCHARGED: 1,830 m³

DISCLOSURE REQUIREMENT E3-5: ANTICIPATED FINANCIAL EFFECTS FROM WATER AND MARINE RESOURCES-RELATED IMPACTS, RISKS AND OPPORTUNITIES

Although recent droughts have not yet impacted production processes, the economic impact of a potential water shortage could be significant. Consequently, various investments have been made towards water reuse. Equally important and evidently beneficial was the investment made to optimise sanitary utilities, by segregating water resources.

ESRS E4 – biodiversity and ecosystems

DISCLOSURE REQUIREMENT E4-1: TRANSITION PLAN AND CONSIDERATION OF BIODIVERSITY AND ECOSYSTEMS IN STRATEGY AND BUSINESS MODEL

Aspects related to biodiversity and ecosystems are integrated into the company's strategy, as outlined in the previous chapters, with particular attention to EU Regulation 852/2020. MARGRAF S.p.A. also holds ISO 14001 certification for environmental management systems.

The analysis conducted in ESRS E1, which referenced various climate change scenarios, provides the foundation for defining the following aspects, evaluated in two directions:

- Location and management of activities
- Risks/Opportunities that may arise

Management of activities includes the company headquarters and the various quarrying sites. Using the tool provided by the Italian National Geoportal of the Ministry of Environment and Energy Security (MASE), the following map is proposed:

- Blue for hydrogeological risks
- White and yellow for landslide risks
- Light blue and purple for Sites of Community Importance (SCI)/Special Areas of Conservation (SAC) and Special Protection Areas (SPA), which are areas of natural protection



Headquarters VI/13: Via Castiglione no. 15/c Chiampo (VI) Postal Code 36072: the activity is not directly affected by hydrogeological or natural protection factors.

DISCLOSURE REQUIREMENT E4-2: POLICIES RELATED TO BIODIVERSITY AND ECOSYSTEMS

Regarding quarrying areas, the factors for mitigating and restoring biodiversity and ecosystems are regulated by contracts that MARGRAF S.p.A. establishes with quarry operators or relevant authorities.

These contracts strictly adhere to regulatory requirements and are complemented by detailed studies conducted by MARGRAF S.p.A. in collaboration with various local institutional stakeholders.

DISCLOSURE REQUIREMENT E4-3: ACTIONS AND RESOURCES RELATED TO BIODIVERSITY AND ECOSYSTEMS

Referencing the concepts expressed in ESRS E1, where the analysis highlighted energy, water, and raw material factors as material elements, the company is committed to ensuring that biodiversity and ecosystems are restored or mitigated throughout the impact pathway.

On the one hand, there are Inside-Out factors, such as energy or water, and on the other, the strategy of Outside-In effects, meaning the actions considered by the company to anticipate the various proposed scenarios, are taken into account. These actions may generate adaptive changes and, through quarrying contracts, position the company as a reference player in bringing new value to various territories.

DISCLOSURE REQUIREMENT E4-4 and E4-5: TARGETS AND IMPACT METRICS RELATED TO BIODIVERSITY AND ECOSYSTEMS CHANGE

The targets and impact metrics are currently being developed and are expected to be completed during the current reporting period.

DISCLOSURE REQUIREMENT E4-6: ANTICIPATED FINANCIAL EFFECTS FROM BIODIVERSITY AND ECOSYSTEM-RELATED RISKS AND OPPORTUNITIES

As with the previous point, the financial effects resulting from biodiversity and ecosystem-related risks and opportunities will be reasonably addressed in upcoming Sustainability Reports.

ESRS E5 – Circular economy

DISCLOSURE REQUIREMENT E5-1: POLICIES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

The raw materials employed by MARGRAF S.p.A. in its production processes are an embodiment of beauty for end users, as they resonate with the rich history and intrinsic qualities of the quarrying site.

The same raw material comes from quarrying sites that are managed through two channels:

- On the one hand, through our own quarries, which operate under long-term usage contracts that include mitigation factors;
- On the other, through purchasing agreements with third-party owners.

DISCLOSURE REQUIREMENT E5-2, E5-3: ACTIONS AND TARGETS RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

The pursuit of a continuous balance characterises the use of these materials, with the utmost attention to their total utilisation, driven by dynamic efficiency improvements in company processes.

Materials that cannot be transformed for primary activities find their place in other projects; for example, marble rubble is recycled and classified as ancillary and recovered raw material.

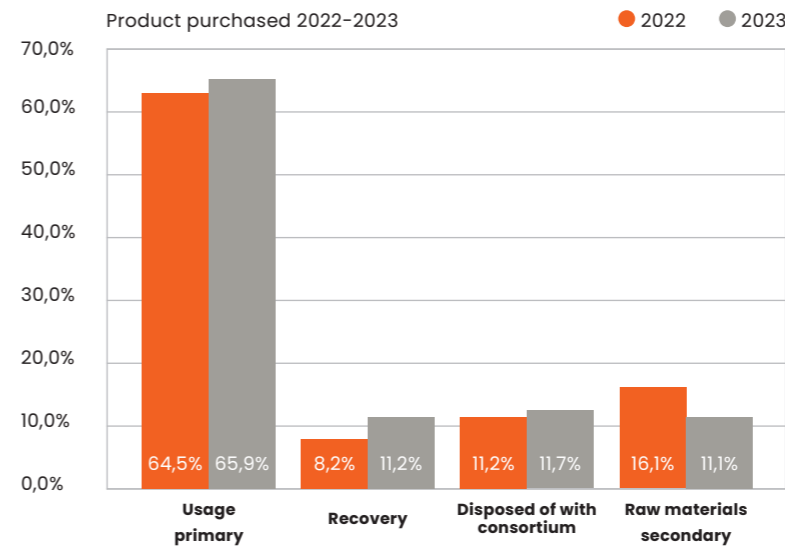
Regarding the management of “slurry,” which is the waste material from marble washing that cannot be repurposed, it should be noted that MARGRAF S.p.A. is a member of the CO.TRIM. consortium (Consortium for Waste Treatment of Marble Companies). This consortium enhances control in the disposal chain, ensuring environmentally respectful management of what might otherwise be considered waste. The consortium, upon receiving this waste, manages it according to predefined rules and rigorous chemical analyses to certify that it is natural and not synthetic stone waste, reprocessing it in terrestrial environments to benefit agriculture, with careful management of the land where it will be deposited.

		Total Disposal Kg
STONE	Secondary Raw Materials	7,589,850
STONE	Recovery	7,631,353
STONE	Material disposed of managed by the Consortium	8,015,824
PACKAGING	Recovery	36,520
PACKAGING	Energy recovery	37,960
PACKAGING	Disposal	0
OTHER WASTE	Recovery	40,805
OTHER WASTE	Energy recovery	8,922
OTHER WASTE	Disposal	53.500

As mentioned in the management of materials, almost all of the raw material waste is actually reused in other sectors, implementing an always active control that goes well beyond what is required by current legislation, with the consortium partners acting as guarantors of the good quality of their management.

DISCLOSURE REQUIREMENT E5-4, E5-5: RESOURCE INFLOWS AND OUTFLOWS

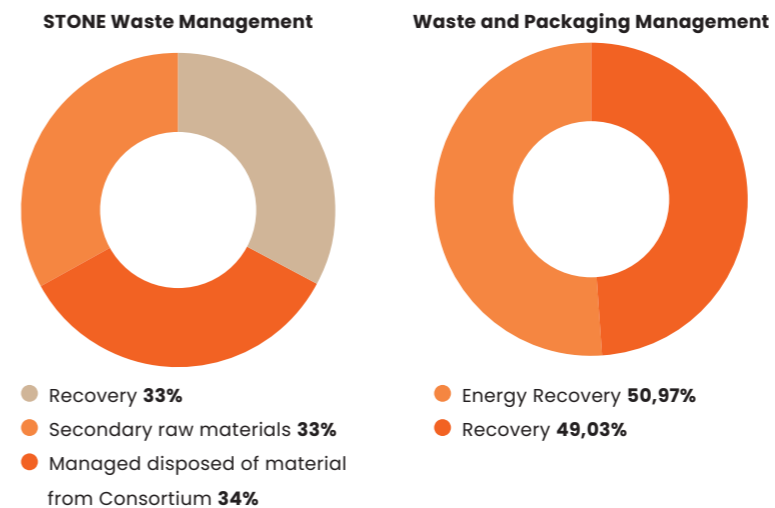
The following graph shows the figures and methods of use and reuse of the same resources, where it is evident that, despite a substantially constant (or slightly reduced) primary use, the recovered portion has significantly increased.



In addition to production waste, there are other types of waste categorised according to the EWC codes, as detailed in the environmental declaration forms (MUD). Within its organisation, MARGRAF S.p.A. is implementing control policies aimed at reducing or, where not feasible, reusing materials no longer suitable for production processes.

Among these are packaging materials, which consist of three primary macro-components: wood, polystyrene, and polyethylene.

The analysis aimed to understand the volumes and sources. For the former, MARGRAF S.p.A. sought to establish currently non-structured parameter, while for the latter, it was decided to examine the supply chain and their corporate sustainability policies.



This analysis highlighted that several suppliers have sustainability policies in place, but the aim for the future is to actively engage with the entire supply chain, ensuring transparency and structured application of these policies.

DISCLOSURE REQUIREMENT E5-6 – ANTICIPATED FINANCIAL EFFECTS FROM RESOURCE USE AND CIRCULAR-RELATED IMPACTS, RISKS AND OPPORTUNITIES

The production processes aim at the maximum utilisation of materials, allowing a significant portion of production waste to be reused for different purposes, with improved figures for 2023 compared to the previous reporting period.

Being part of the Board of Directors of the CO.TRIM. consortium also provides a focused and privileged view of any difficulties that may arise in waste management, enabling the organisation to monitor decisions that could mitigate business risks.

ESRS S1 – Own Workforce

The careful management of human resources is a key focus for the company, which considers various opinions by offering opportunities for dialogue and listening to better understand expectations.

This consideration is also extended to external channels, especially in light of changes occurring in the climate-environmental and socio-political spheres.

DISCLOSURE REQUIREMENT S1-1: POLICIES RELATED TO OWN WORKFORCE

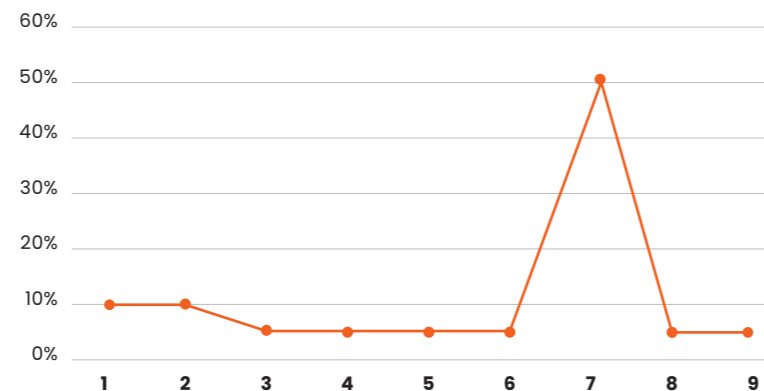
The introductory analysis reiterated the concepts expressed in the chapter Double Materiality, where various impacts were investigated for Physical, Transition, and Opportunity (IRO) risks, considering how these factors, intersecting with social concerns, could impact the Income Statement, Cash Flow, or Balance Sheet.

LEGENDA

- 1 Monitor the well-being factors of internal collaborators
- 2 Management of Safety and Health in the workplace
- 3 Manage staff training
- 4 Manage gender equality in roles, salaries and functions
- 5 A safe and transparent relationship between managers and colleagues within the company
- 6 Involvement of local communities
- 7 Manage any issues related to products/services
- 8 Have certifications or recognitions from authorized bodies
- 9 Handle sensitive information appropriately

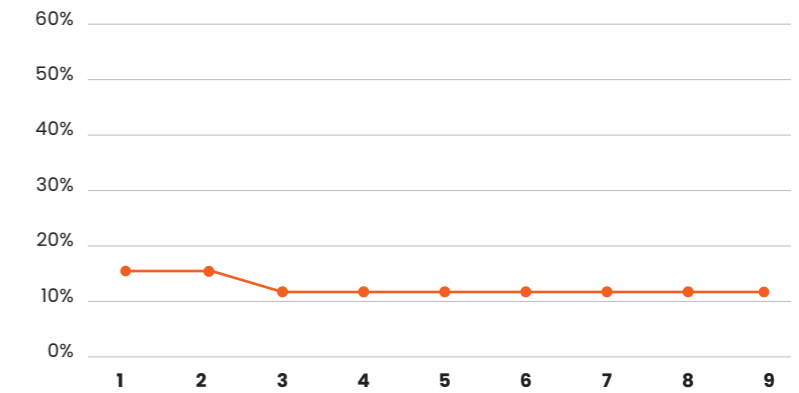
PHYSICAL IRO

Physical Risk focuses on a primary driver, which involves managing potential issues related to products and services. This aspect has a low impact on the downstream chain, but could have an impact upstream due to extreme events that are not easily predictable, with consequent repercussions on products and services which could be affected by new peculiarities in their manifestation.



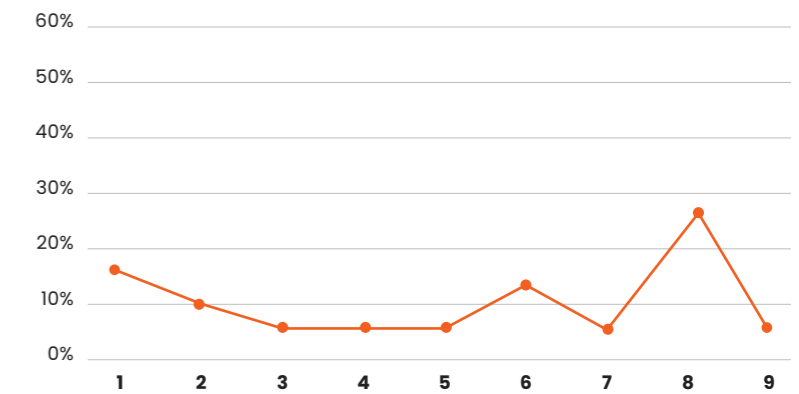
TRANSITION IRO

The areas of concern due to transitory aspects appear to be decidedly more homogeneous, but also more manageable if we look at a medium/long-term process. MARGRAF S.p.A. has already planned some interventions, also seeking to activate listening mechanisms to better understand the peculiar features of the various impacts.



OPPORTUNITY IRO

Opportunities highlight areas of concern that can provide a competitive edge. These include third-party certifications, which see the organisation already active on multiple fronts, internal health and safety, and well-being factors, as well as local community engagement, as direct relationships can generate trust while also facilitating the company's development.



DISCLOSURE REQUIREMENT S1-2: PROCESSES FOR ENGAGING WITH OWN WORKERS AND WORKERS' REPRESENTATIVES ABOUT IMPACTS

Inclusive aspects are among the main factors for active listening, and therefore, the organisation has initiated an internal survey aimed at deepening the expectations of employees on various topics proposed by the new ESRS Delegated Regulation regarding Own Workforce, responding to the broader CSRD (Corporate Sustainability Reporting Directive).

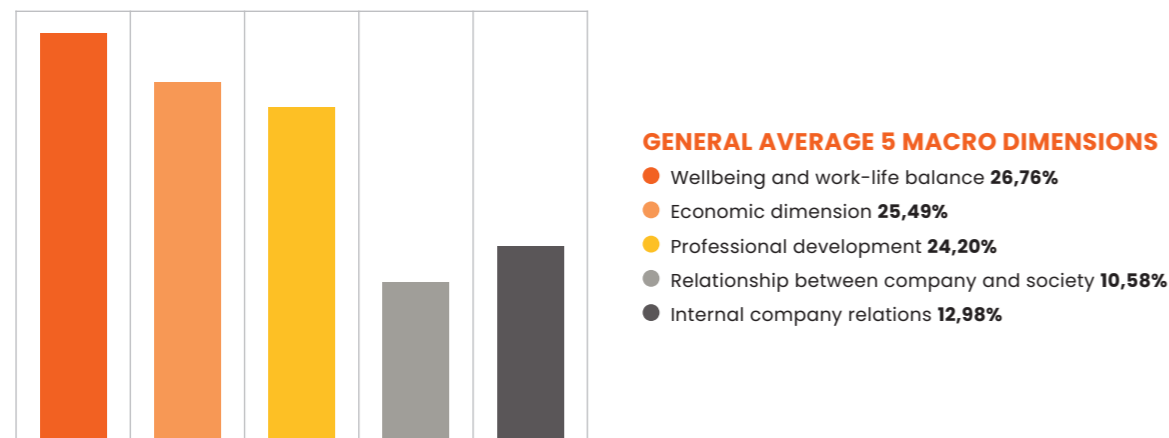
The survey results are summarised in the following graphs, covering the following topics:

- Interests in relation to topics proposed by ESRS S1 – Own Workforce

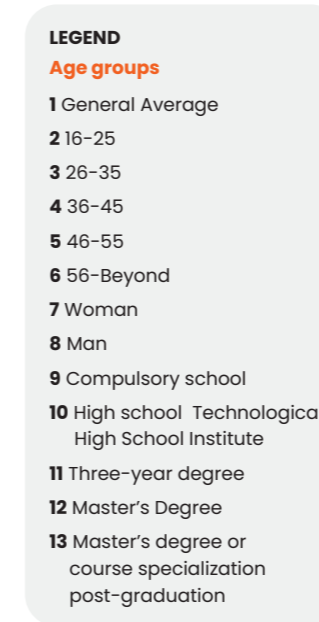
AVERAGE RECALCULATED ON THE MACRO DIMENSIONS

ETHICS AND VALUES	1,04
CONTRIBUTION TO RESULTS	1,06
GENDER AND PAY OF EQUAL VALUE	1,09
SECURE EMPLOYMENT	1,09
PROGRESS OF SOCIETY	0,79
BRAND REPUTATION	0,85
ENVIROMENT	0,81
DIRECT AND POSITIVE RELATIONSHIP	1,08
PROFESSIONAL GROWTH THROUGHT TRAINING	1,96
CAREER GROWTH	2,07
WELFARE	2,16
BENEFIT	2,00
ADEQUATE WAGES	2,21
FLEX PLACE	1,95
FLEX HOUR	2,27

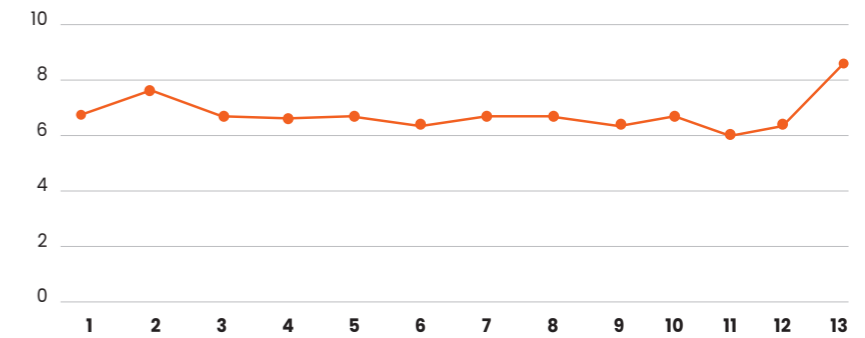
- Priorities across five macro-dimensions: Wellbeing and Work-Life Balance, Economic Dimension, Professional Development, Company-Society Relations, Internal Company Relations



- Alignment of collaborators' expectations with the company



MATCHING SPLIT EXPECTATIONS



The analysis shows that only “workplace flexibility” falls below the common average of the motivations among the respondents, indicating a good attachment to company premises, while the other data are more homogeneous and tend to define themselves when recalculated across the five macro-dimensions.

DISCLOSURE REQUIREMENT S1-3: PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR OWN WORKERS TO RAISE CONCERNS

The factors related to this disclosure requirement point directly link to the previous point, as the proposed survey is one of the tools through which employees can express their impressions.

It should be noted that alongside specific questions, the same survey allowed, in full respect of privacy, for open-ended responses to provide suggestions or raise concerns.

DISCLOSURE REQUIREMENT S1-4: TAKING ACTION ON MATERIAL IMPACTS ON OWN WORKFORCE, AND APPROACHES TO MITIGATING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO OWN WORKFORCE, AND EFFECTIVENESS OF THOSE ACTIONS

This chapter analyses the actions taken by the organization to mitigate various risks while presenting opportunities.

The material risks identified in the S1-1 analysis are mitigated in the various activities implemented in the different paragraphs.

DISCLOSURE REQUIREMENT S1-5: TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES

The management of impacts related to human capital is explained in the individual chapters analysed, which are referenced for a detailed examination.

DISCLOSURE REQUIREMENT S1-6: CHARACTERISTICS OF THE UNDERTAKING'S EMPLOYEES

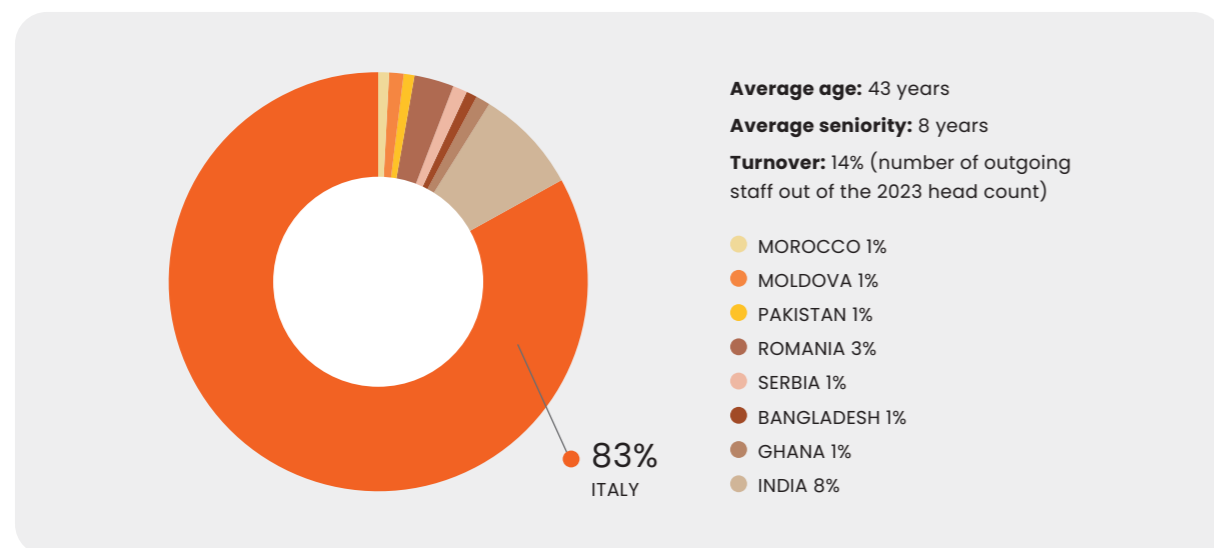
Employees play a pivotal role within the organisation. Although the company is not insulated from market fluctuations—owing to the dense concentration of businesses in the area it operates in, many of which engage in similar production activities—the data suggests good level of company loyalty. This is coupled with an average age that makes the company appealing externally.

EMPLOYEES 2023	AVERAGE	WOMEN	UOMINI
Indefinite term			
Ausonia	19	1	18
Badia	13	4	9
Chiampo	112	15	96
Carrara	0	0	0
Gambellara	3	0	3
Nuvolera	1	0	1
Full Time - Part Time			
Ausonia	19-1	1-0	18-1
Badia	12-1	3-1	9-0
Chiampo	113-4	16-0	97-4
Carrara	0-0	0-0	0-0
Gambellara	3-0	0-0	3-0
Nuvolera	1-0	0-0	1-0
Fixed term			
Ausonia	1	0	1
Badia	0	0	0
Chiampo	5	0	5
Carrara	0	0	0
Gambellara	0	0	0
Nuvolera	0	0	0

The tables show the distribution of employees by category and gender, calculated using the Head Count method.

The high number of male personnel is linked to the specific nature of operations at production sites, which often require staff with significant physical strength. This trend is balanced out in our offices, where female personnel occupy various company roles.

Another point of interest concerns the correlation between average age and average seniority at the company, as the two correlated values suggest a relatively stable outlook for the future, especially with reference to jobs that demand experience that cannot always be found in the market or in the school system.



DISCLOSURE REQUIREMENT S1-7: CHARACTERISTICS OF NON-EMPLOYEE WORKERS IN THE UNDERTAKING'S OWN WORKFORCE

Due to the nature of its operations, MARGRAF S.p.A. tends not to utilise non-employee workers. Any non-employee workers engaged are typically for specific skills rather than to cover peak workloads.

DISCLOSURE REQUIREMENT S1-8: COLLECTIVE BARGAINING COVERAGE AND SOCIAL DIALOGUE

All employees of MARGRAF S.p.A. are fully covered by the CCNL (Italian National Collective Labour Agreement) pertaining to the Stone and Marble Industry.

DISCLOSURE REQUIREMENT S1-9: DIVERSITY METRICS

Diversity and social inclusiveness are addressed in full compliance with current legislation, with the organisation placing additional emphasis on these topics.

The distribution of diversity factors is detailed in the table in paragraph S1-6.

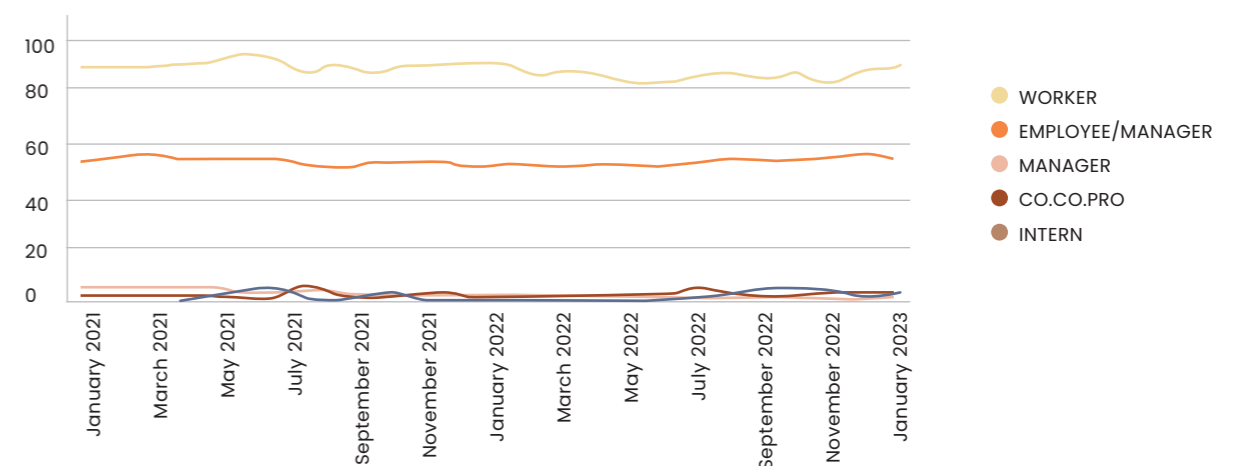
DISCLOSURE REQUIREMENT S1-10 and S1-16: ADEQUATE WAGES, COMPENSATION METRICS (PAY GAP AND TOTAL COMPENSATION)

Remuneration policies are addressed in full compliance with current regulations, as well as market-driven supply and demand dynamics.

These policies are not below the national collective bargaining agreement average, consistently aiming to balance skills and fairness.

The comparison between the average of the wages paid at MARGRAF S.p.A., broken down by category (office staff and workers), and the average of the wages provided for by the CCNL for the actual grading levels of the employees broken down by grade, shows a positive delta ranging from +13% of workers, +37% for office staff.

FTE STAFF - BY QUALIFICATION



Another benchmark indicator shows the geographical distribution of our staff, with over 70% of employees residing within 15 Km of the production sites. This strengthens the notion of loyalty (remembering that the main production site is located in a production district hosting numerous companies in the same sector) and allows for a redistribution of added value linked to remuneration that benefits the surrounding communities by generating value for them.

DISCLOSURE REQUIREMENT S1-11: SOCIAL PROTECTION

The organisation activates social protection through institutional channels, such as agreements that benefit the company's employees.

Among the various benefits, it is worth mentioning the agreement with the Altea fund, offering a preventive and supplementary health care plan. This effectively translates into fully subsidised specialised services aimed at preserving individual health and well-being.

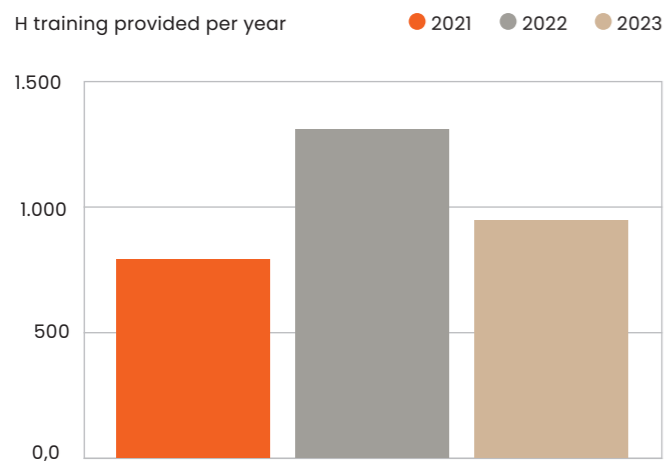
Additional services include access to an internal gym, partnerships with local entities and facilities offering discounts for meals or services, effectively redistributing value not just among employees but also to complementary stakeholders involved in the company's operations.

DISCLOSURE REQUIREMENT S1-12: PERSONS WITH DISABILITIES

MARGRAF S.p.A. includes persons with disabilities among its employees, adhering to the requirements of current legislation, and implementing inclusion policies wherever possible.

DISCLOSURE REQUIREMENT S1-13: TRAINING AND SKILLS DEVELOPMENT METRICS

The development of skills aligns with both the specific needs of our staff and the company's objectives. Through its actions, the company is firm in its intent to provide structured coordination for training management.



The plan integrates mandatory training with programmes aimed at personal growth. Activities initiated in 2022 continued into 2023, addressing specific needs such as integrating new IT tools that require adequate training and digital skills development.

In its structured evolution, the company also periodically reviews certain organisational aspects, which also include a review of the skills of some employees. These lead to job changes often linked to increased responsibility, which take the form of career advancements aimed at the personal, functional and economic growth of people.

The mapping of skills across all company functions is among future development projects.

DISCLOSURE REQUIREMENT S1-14: HEALTH AND SAFETY METRICS

Concerning workplace safety, the company is on an evolving trajectory, committed to following the directives of the Board of Directors as expressed in the Integrated Management Systems Manual.

In this regard, in order specifically focus on these topics, since 2022 MARGRAF S.p.A. has adopted, for example, a renewed organisational structure, which will have among its tasks that of completing ISO 45000 certification. Over time, the company has drafted:

- Interference Risk Assessment Document - DVR
- Supplementary insurance coverage for all
- Training and regular updates for all employees according to current regulatory requirements to prevent and mitigate workplace accident risks as much as possible.

Employee engagement on health and safety issues is timely, with specific communications when there are notifications requiring their direct involvement. Similarly, health promotion among employees is ongoing, as fostering a culture prioritising both mental and physical well-being is paramount. This is facilitated through posters or dedicated meetings when specific needs arise.

Beyond internal considerations, there is a focus on external output. Besides qualitative controls, the produced materials comply with the standard UNI EN 1341, which encompasses, among other things, a macroscopic description of the rock and slip resistance.

Among the initiatives launched, MARGRAF S.p.A. is set on achieving ISO 45001:2018 certification, which would provide an integrated occupational health and safety management system, further affirming the company's commitment to continuous improvement on these matters.

Workplace injuries recorded during the year 2023 resulted in 1292.5 hours of absence from work, representing 3.57% of total hours.

DISCLOSURE REQUIREMENT S1-15: WORK-LIFE BALANCE METRICS

Among employees, leave rights are applied according to the National Collective Labour Agreement (CCNL). Additionally, the expectations of the various employees are investigated to explore feasible solutions for work-life balance.

DISCLOSURE REQUIREMENT S1-17: INCIDENTS, COMPLAINTS AND SEVERE HUMAN RIGHTS IMPACTS

There is no evidence of incidents, complaints, or severe impacts related to human rights.



ESRS S2 – Workers in the value chain

DISCLOSURE REQUIREMENT S2-1: POLICIES RELATED TO VALUE CHAIN WORKERS

The value chain reiterates the concepts expressed in the General Disclosure, establishing specific agreements for the various collaborations between suppliers and the company.

MARGRAF S.p.A. conducts internal surveys to understand the loyalty and reliability of various suppliers, identifying any potential critical issues that may arise.

DISCLOSURE REQUIREMENT S2-2: PROCESSES FOR ENGAGING WITH VALUE CHAIN WORKERS ABOUT IMPACTS

As seen in our stakeholder analysis, the supply chain emerges as a strategic asset for the company, becoming even more crucial when viewed through the lens of corporate sustainability.

Supplier selection and engagement begins with dedicated surveys as a primary interface tool, providing a value/technical framework for mutual exchange, subsequently fostering various levels of interaction based on collaboration.

Amongst the assessments carried out by the organisation, specific checks on acquired certifications, quality systems, governance methods and personnel are carried out, with an aim to review these on an annual basis.

- Undertakings currently rated: 400
- Rated positively: 351
- Not qualified: 26
- Suspended: 1
- Pending assessment: 22

This sustainability report was another opportunity to expand and delve deeper into the Environmental, Social, Governance (ESG) policies applied by stakeholders, reintroducing a dedicated survey in a renewed format, confirming a transparent and inclusive loyalty approach.

These are prerequisite activities for a continuous improvement process aiming for increasingly structured sustainable development.

DISCLOSURE REQUIREMENT S2-3: PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR VALUE CHAIN WORKERS TO RAISE CONCERNS

Listening to suppliers is constant and always active, as it is considered a strategic asset for the company.

MARGRAF S.p.A.'s role as an international reference player facilitates these sharing methods, and topics related to climate and social changes find mitigation channels through actions also activated via trade associations.

DISCLOSURE REQUIREMENT S2-4: TAKING ACTION ON MATERIAL IMPACTS ON VALUE CHAIN WORKERS, AND APPROACHES TO MANAGING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO VALUE CHAIN WORKERS, AND EFFECTIVENESS OF THOSE ACTIONS

Currently, no intervention actions have been activated, but the organisation maintains careful monitoring in this regard.

DISCLOSURE REQUIREMENT S2-5: TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES

Based on the above, this point is considered not applicable for MARGRAF S.p.A.

ESRS S3 – Affected communities

DISCLOSURE REQUIREMENT S3-1: POLICIES RELATED TO AFFECTED COMMUNITIES

Local communities are a focus of attention and benefit from direct donations aimed at supporting social volunteer activities.

There are also relationships with these communities aimed at protecting the interests of the parties concerned.

DISCLOSURE REQUIREMENT S3-2: PROCESSES FOR ENGAGING WITH AFFECTED COMMUNITIES ABOUT IMPACTS

Structured engagement processes are based on the various contracts the company enters into in the areas where its activities are located.

These are accompanied by charitable donations aimed at helping communities meet their various needs.

DISCLOSURE REQUIREMENT S3-3: PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR AFFECTED COMMUNITIES TO RAISE CONCERNS

As described in previous points, negative impacts are managed through contractual forms aimed at limiting, reducing, or preventing various concerns that may arise.

DISCLOSURE REQUIREMENT S3-4, S3-5: TAKING ACTION ON MATERIAL IMPACTS ON AFFECTED COMMUNITIES, AND APPROACHES TO MANAGING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO AFFECTED COMMUNITIES, AND EFFECTIVENESS OF THOSE ACTIONS

Actions are configured through activated forms as seen in previous points.

DISCLOSURE REQUIREMENT S3-5: TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES

Actions are configured through activated forms as seen in previous points.

ESRS S4 - Consumers and end-users

DISCLOSURE REQUIREMENT S4-1: POLICIES RELATED TO CONSUMERS AND END-USERS

Continuously striving for market distinction through quality and professionalism inevitably leads to seeking third-party recognition of one's abilities.

Hence, over time, MARGRAF S.p.A. has obtained attestations and certifications confirming its expertise, both from a craftsmanship and organisational perspective, as detailed in its Environment, Quality and Safety policy.

Notably, MARGRAF S.p.A. is certified ISO 9001 for its Quality Management System.

DISCLOSURE REQUIREMENT S4-2: PROCESSES FOR ENGAGING WITH CONSUMERS AND END-USERS ABOUT IMPACTS

The expectations of various consumers are monitored through market analysis and the commercial network utilised by MARGRAF S.p.A.

These consumers, including architects, designers, installers, and others, span diverse markets with vastly different locations, necessitating a heterogeneous approach.

Direct interaction channels, activated by the company, aim to understand the expectations and trends associated with ongoing changes over time.

DISCLOSURE REQUIREMENT S4-3: PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR CONSUMERS AND END-USERS TO RAISE CONCERNS

Since certification is linked to its business reality, the company has sought to broaden its recognition by joining and playing a leading role in industry consortia, which ensure participation rules that are recognised even by third parties.

Besides providing a structured approach to work, certifications symbolise excellence recognisable externally.

DISCLOSURE REQUIREMENT S4-4: TAKING ACTION ON MATERIAL IMPACTS ON CONSUMERS AND END-USERS, AND APPROACHES TO MANAGING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO CONSUMERS AND END-USERS, AND EFFECTIVENESS OF THOSE ACTIONS

This point is currently not applicable for MARGRAF S.p.A. as there are no structured actions beyond those previously mentioned.

DISCLOSURE REQUIREMENT S4-5: TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES

The targets and management of negative impacts, and ensuing opportunities, currently refer to certification actions and their maintenance, serving as a form of assurance for end-users.

ESRS G1 - Business conduct

This sustainability report serves as a transitional document towards the adoption of the new Delegated Regulation ESRS 2772/2023. It aims to provide insights into the company's revised characteristics in the environmental, social, and governance areas.

The following sections will delve into some fundamental aspects, starting with economic and financial ones, to help understand how the company's organisation manages its business.

DISCLOSURE REQUIREMENT G1-1: CORPORATE CULTURE AND BUSINESS CONDUCT POLICIES

Making investments that counter climate change first and foremost presupposes a financial statement that allows for such commitments. This basis finds MARGRAF S.p.A. not only robust but also attentive to redistributing the added value it generates.

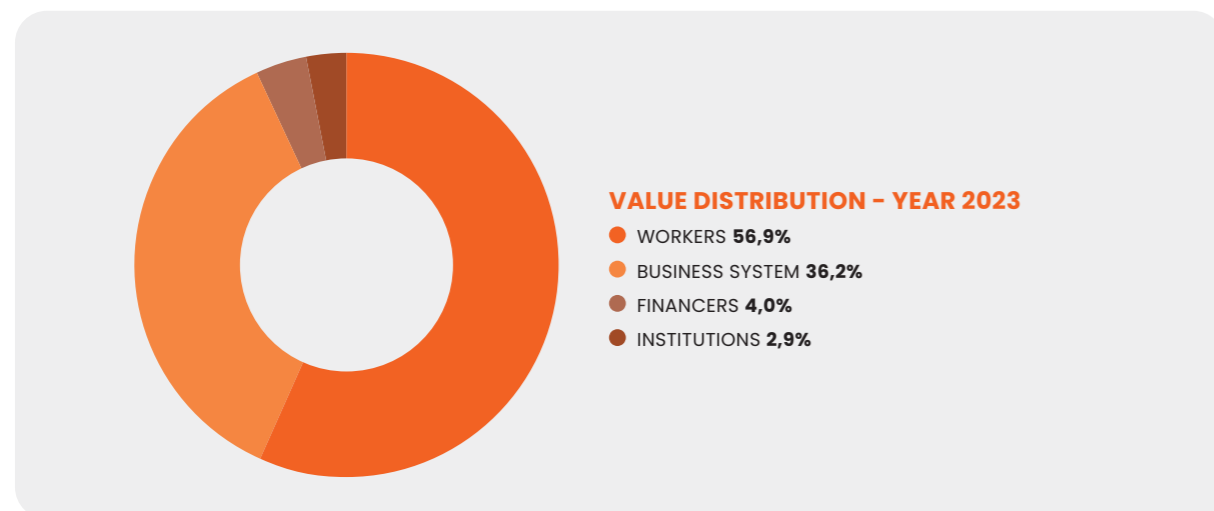
Positive financial and economic values are indeed foundational to the company's ongoing investments, driving continuous improvement aimed at mitigating or even pre-empting business and market risks.

	Valori in €/000							
	2023		2022		2021		2020	
		% su fatt		% su fatt		% su fatt		% su fatt
Creazione del valore aggiunto								
Ricavi delle vendite e delle prestazioni	78.994		59.400		48.078		38.511	
Altri ricavi e proventi	38		121		70		24	
Consumo materie prime, sussidiarie, di consumo	-39.081		-25.257		-20.899		-16.233	
Costi per godimento beni di terzi	-4.399		-3.362		-3.416		-3.021	
Costi per servizi	-19.483		-15.889		-11.068		-9.885	
Oneri diversi di gestione	-492		-714		-258		-401	
Accantonamento per rischi	0		-140		-942		0	
Altri oneri di gestione	0		0		0		-165	
VALORE AGGIUNTO CARATTERISTICO	15.576	19,7%	14.158	23,8%	11.565	24,1%	8.830	22,9%
Proventi (oneri) straordinari	984		435		530		564	
Rettifiche alle attività finanziarie	-1.145		-1.005		0		-8	
Proventi finanziari e da partecipazioni	126		463		298		188	
VALORE AGGIUNTO GLOBALE	15.541	19,7%	14.051	23,7%	12.393	25,8%	9.574	24,9%
Distribuzione del valore aggiunto								
Salari e stipendi	8.207		7.261		7.211		6.640	
Compensi amministratori	415		335		325		295	
Altre spese del personale	211		156		101		114	
LAVORATORI	8.832	56,8%	7.752	55,2%	7.637	61,6%	7.049	73,6%
Autofinanziamento	2.284		2.029		1.308		1.075	
Ammortamenti	3.341		3.344		3.334		1.349	
SISTEMA IMPRESA	5.625	36,2%	5.373	38,2%	4.642	37,5%	2.423	25,3%
Oneri finanziari	621		591		259		510	
FINANZIATORI	621	4,0%	591	4,2%	259	2,1%	510	5,3%
Altre imposte e tasse	58		56		37		62	
Contributi ricevuti da enti pubblici	-592		-728		-704		-725	
Imposte sul reddito	990		998		522		240	
ISTITUZIONI	455	2,9%	325	2,3%	-145	-1,2%	-422	-4,4%
Erogazioni liberali	7		10		0		14	
COLLETTIVITA'	7	0,0%	10	0,1%	0	0,0%	14	0,1%
VALORE AGGIUNTO GLOBALE	15.541		14.051	100,0%	12.393	100,0%	9.574	100,0%

The reporting period 2023 recorded an increasing redistribution of value added compared to 2022, confirming the growth trend of recent years.

In absolute terms, the value added generated by MARGRAF S.p.A. rose from over €14 million in 2022 to over €15 million in 2023.

The graph below shows the macro-sectors, which especially in percentage terms see workers among the beneficiaries growing by more than one percentage point.



The company confirms the process of technological implementation at its facilities, aimed at greater efficiency and safety, as well as the careful mitigation of environmental impact factors.

The investment that MARGRAF S.p.A. has made in the water treatment plant is of particular interest, as it aims to preserve water as well as returning it to the managing body better than in the past. The latter tends to mitigate the water risk aspects as seen in the paragraph on disclosure requirement E4-1.

Additionally, an emphasis should be placed on prevention measures, as the company has secured insurance to safeguard against potential environmental damage from unforeseen incidents or extraordinary weather risks. This provides additional complementary financial stability, supplementing technological investments and further strengthening the company's position.

It is paramount to underline the value added allocated to employees. When considering the proximity of residence to the workplace (over 70% live within 15 km of the company), it has beneficial effects on the local community within which the company operates, driving tangible redistributive growth. Despite a challenging international economic landscape, these investments underscore a clear intent to look to the future with optimism, with the aim of implementing actions that anticipate emerging challenges.

DISCLOSURE REQUIREMENT G1-2: MANAGEMENT OF RELATIONS WITH SUPPLIERS

Relationships with suppliers are managed according to contracts that comply with current rules and regulations.

These relationships are duly integrated into the Code of Ethics and the Organisational, Management, and Control Model pursuant to Legislative Decree 231/2001.

DISCLOSURE REQUIREMENT G1-3, G1-4: PREVENTION, DETECTION AND CONFIRMED INCIDENTS OF CORRUPTION AND BRIBERY

The management of MARGRAF S.p.A. is committed to countering activities that may be considered corrupt practices. The detailed Organisational, Management, and Control Model pursuant to Legislative Decree 231/2001, supplemented by the Code of Ethics, serves as a support tool in this regard.

At the date of this report, no confirmed incidents of corruption or bribery have been recorded.

DISCLOSURE REQUIREMENT G1-5: POLITICAL INFLUENCE AND LOBBYING ACTIVITIES

MARGRAF S.p.A. is a member of specific industry consortia and associations focused on ensuring safety and simplifying waste disposal procedures.

These are entities established in collaboration with CONFINDUSTRIA and ASSOMARMI, and in particular COTRIM in the Vicenza area and the Consorzio Marmisti Valpantena in the Verona area. Membership not only streamlines certain procedures that, due to their highly specialised nature, might not align perfectly with our core operations but also mitigates risk. This offers opportunities in terms of waste management, as consortium dynamics aim at ensuring safety and spearheading projects for material reuse.

DISCLOSURE REQUIREMENT G1-6: PAYMENT PRACTICES

Payment practices comply with current laws and include the application of market rules in respect of established contractual relationships.

This 2023 Sustainability Report aligns with the first drawn up for the 2022 financial year, seeking to integrate on a transitional basis the European guidelines provided by the new ESRS Delegated Regulation 2772/2023.

The company's international stature with this document takes another step towards all the stakeholders that contribute to the company's life, further solidifying and bolstering its *mission* and *environmental policy*.

"MARGRAF S.p.A. is a global ambassador for Italian know-how, shaping cultural sites across five continents, transforming nature into architecture, shaping it to suit the needs of beauty, human creativity, and well-being.

The company invests in actions that reduce environmental impact, from advanced technology equipment to landscape restoration projects, to significant investments in energy savings and the use of renewable resources.

Past and present harmoniously merge at MARGRAF S.p.A., where a deep connection to the material combines with a relentless push for technological research and innovation, blending past into future.

With pride and passion, we shape our work today to build the history of tomorrow, now with a heightened awareness of corporate sustainability aspects."

The company's strategy, with its integrated approach to the various topics, consolidates its outlook towards the future.

Closing remarks



EN1341







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It's in our veins

margraf.it