

# ITALMATCH 2022 SUSTAINABILITY REPORT

March 2023

Italmatch provides a critical ingredient  
in gear-oils for a significant share of  
European and ASEAN wind turbines



*In twenty-five years of activity, Italmatch Group has grown from a niche player in inorganic phosphorous derivatives, which were produced in the Spoleto plant, to a global leader in various speciality chemical applications that have everyday uses. With headquarters in Genoa, Italy, today we have 19 plants, 6 innovation centres, over 1,100 people in 16 countries, four main end markets, and a turnover of over EUR 860 million.*

*Over the years, the Group's 'commitment' to ESG has been strengthened and increased: paths have been taken towards the environment, the product, business positioning, people and local communities by developing a model with sustainability and product innovation at its core for uses in supply chains strategically connected to the 'green transition' (solutions for sustainable mobility; recovery of raw materials from batteries and everyday use objects; solutions for alternative energies; recovery of phosphorous from waste materials).*

*Thanks to the Beyond Innovation team, entirely dedicated to promoting innovation within the Group, we participate in research projects funded by the European Community (IPCEI batteries and Flashphos).*

*Thanks to the diversification of processes and products that has taken place over the years, Italmatch has the advantage of being active on several end markets: this means we can rely on an organisation that is close to our customers according to the Customer Centricity model, which we supply both with recurring products and by identifying the best solutions to solve critical issues in their plant management. Our R&D centres have developed products with high efficiency and low environmental impact that allow us to comply with the most stringent regulations on the environmental impact of chemical products.*

*In order to measure the impact of our activities, we have designed an ESG (Environment, Social and Governance) framework used to monitor the main KPIs of our business, including emissions: we have implemented a third-party certified GHG inventory and CFP calculation programme for our customers.*

*We have always preferred to respect and value local skills according to the 'think global, act local' model: our commitment to DEI and skills growth continues.*

*Our journey has led us to develop our ESG strategy consistent with the United Nations SDGs, the 10 principles of the Global Compact and the objectives set during the 2015 Paris agreements: we will report annually on the results achieved and update our stakeholders on the strategies pursued.*

*Passion, people, a sense of belonging, innovation and sustainability as entrepreneurial and organisational challenges: with the responsibility to leave a World that lives up to the dreams of the younger generations.*

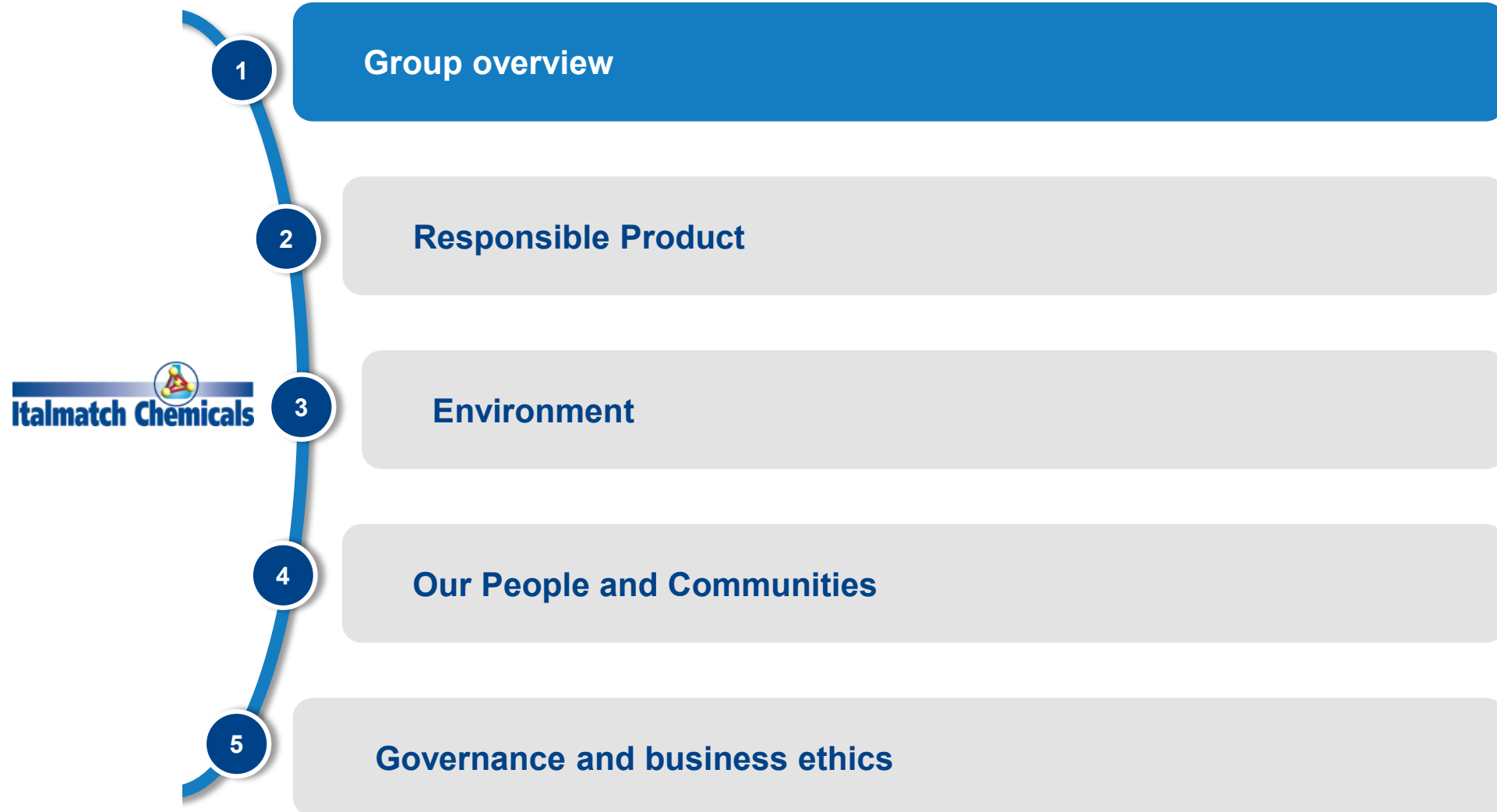
*Enjoy reading.*



**Ing. Sergio Iorio**  
Chairman and Italmatch Group CEO



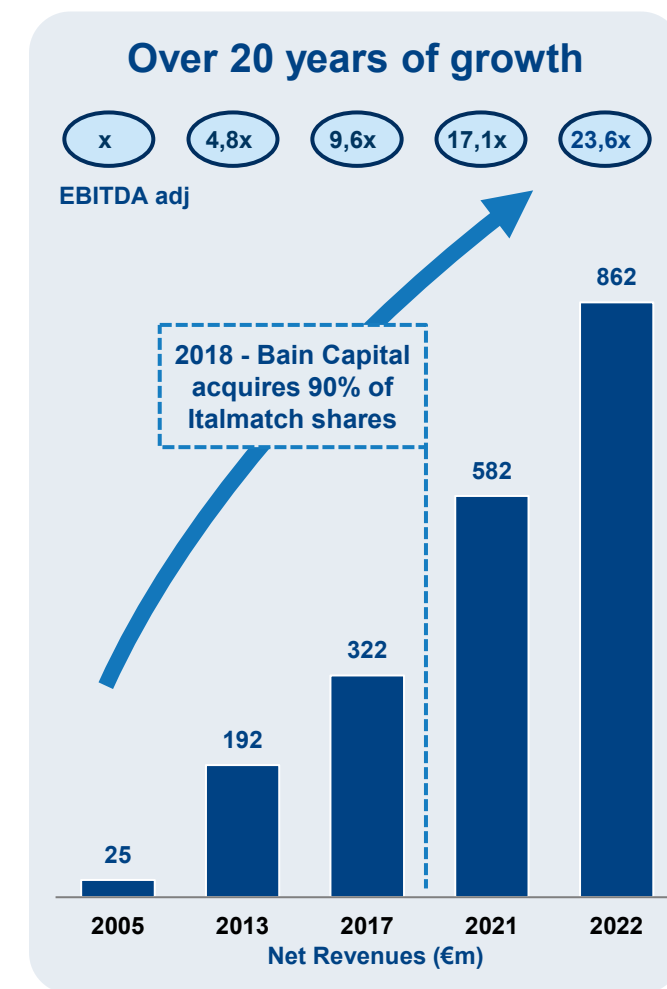
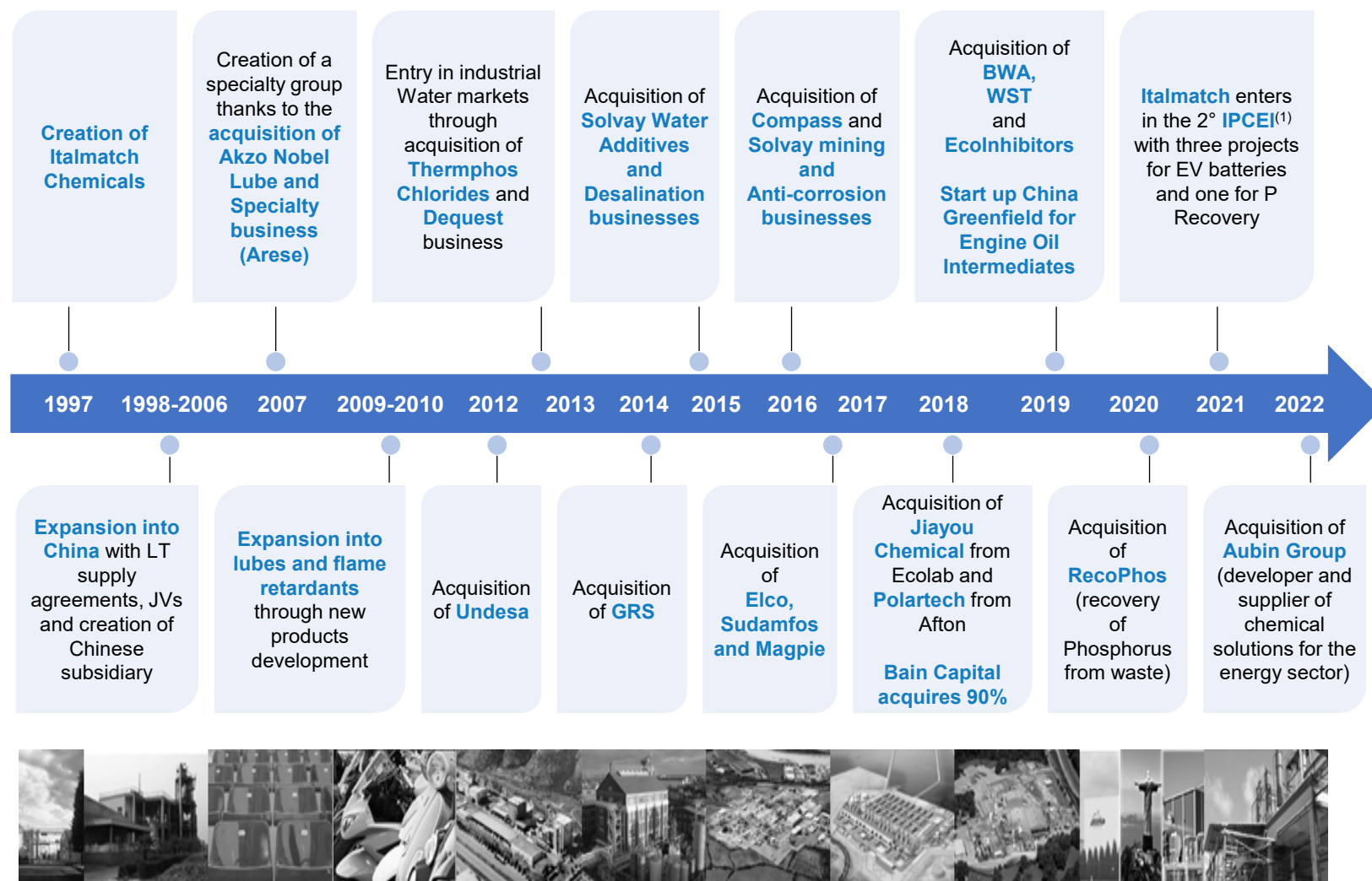
**Maurizio Turci**  
Group General Manager Corporate





# Long journey from a small MBO to the creation of a leading global platform

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1. Important Project of Common European Interest.

# Italmatch 2022 at a glance

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Italmatch Chemicals is a leading global chemical group, specialising in performance additives and functional solutions for water treatment, lubricants and other critical applications and boasts a wide product range able to fulfil the requirements of the most demanding applications.

## Our end markets (FY22 sales revenues split by BU)

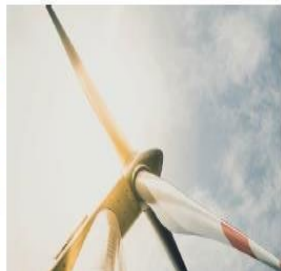


### AWS

Advanced  
Water  
Solutions

**49%**

Desalination,  
Cleaning, IWT,  
Geothermal



### LPA

Lubricant  
Performance  
Additives

**27%**

Additives for wind  
turbine, MWF,  
gear-oil, engine oil  
and EV



### FPA

Flame  
Retardants &  
Plastic Additives

**12%**

Additives for safety of  
plastic E&E products  
and construction

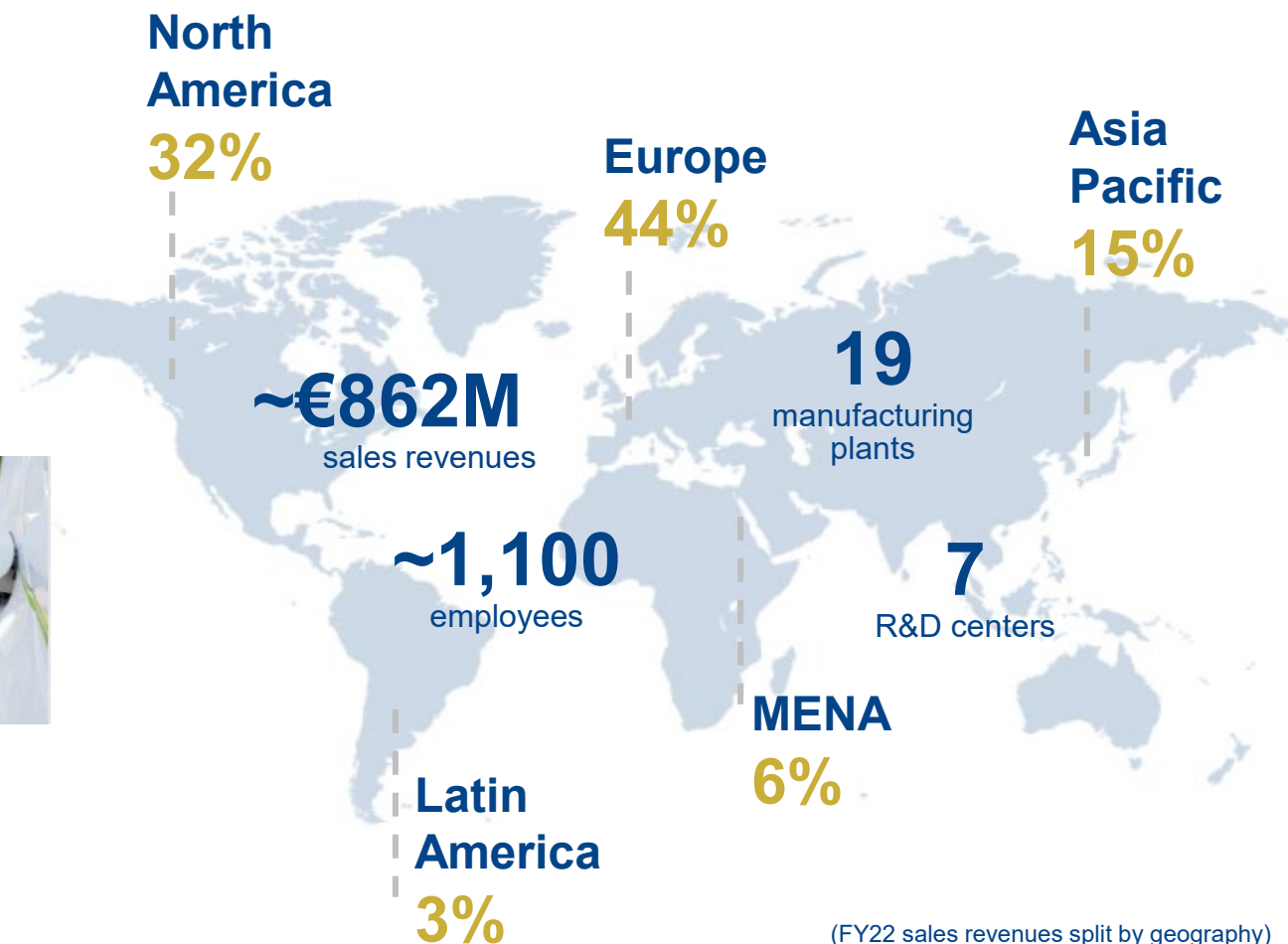


### PPA

Performance  
Products &  
Personal Care

**12%**

Essential products  
for e-mobility, batteries,  
agriculture, circularity  
(e.g. recovery of metals  
from batteries)



# Sustainable and circular chemistry for a better life. Worldwide.

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**Intuition, Entrepreneurship, Innovation** as well as **Sustainability** and **Vertical Integration** are core values of Italmatch's future-oriented vision aiming at enhancing our R&D, focusing on low impact applications and whose use is part of supply chains strategically involved in the green transition.

We believe in an Ethical and Sustainable business model. The **second edition of the Code of Ethics** have been approved in dec 2022 by the Board: policies and procedures already in place are consistent with the stated principles.

In 2023 we developed a **Sustainability Policy** to define the guidelines and principles of our ESG approach.

We have developed a global vision and a local presence by creating **Shared Value** and wellness for stakeholders, with respect for people, environment and local communities of which we are a part.

Respect for our employees is the real «engine» for growth with their enthusiasm, loyalty and entrepreneurial spirit.  
**“The Melting Pot” is the heart of our Identity.**

WE SUPPORT



**Labor, Human Rights:** consistently with international principles, Italmatch believes, embraces and supports diversity and inclusivity as core values in society and business, opposing all forms of discrimination, respecting the local legislation as well as difference of culture, values and tradition of the countries in which operates.

**Environment:** Italmatch is committed to minimizing the environmental impact of its activities by reducing energy and natural resources consumption, GHG emissions and waste generation. Conscious that resources must be managed wisely, and with the least possible impact as they are necessary for the well-being of future generations.

**Anticorruption:** Italmatch stands against corruption in all its forms, including extortion and bribery and has set up specific policies and procedures to effectively contrast it.














**Italmatch Chemicals**

# Our ESG priorities

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Following a materiality assessment based on surveys and interview with management and external stakeholders, Italmatch has identified 13 material topics criteria gathered into 4 the key ESG areas and defined the related ESG guidelines to be deployed in the next years through specific actions. Some of them have been used as ESG target defined for MBOs











MAIN AREA	MATERIAL TOPIC	ESG GUIDELINES (on 3/ 5 years time)*	Commitment to SDGs	Contribution to SDGs
RESPONSIBLE PRODUCT	Product Safety and Stewardship	Strong commitment to develop innovative products supporting our customers in the transition to a decarbonised economy thanks to specialties for renewable (lubricants), to improve circularity processes (recover of materials from sludges), requalification of O&G (well closure), improve electrification (electrolytes) etc.	  	  
	Green Chemistry Innovation			
	Customer Relationships	Improve our customer centricity approach		
ENVIRONMENT	Climate impacts and strategy	Define emission reduction actions to reach future SBTs targets	  	 
	Approach to Circularity	Develop project to reduce/reuse resources. Develop new products aiming to support the decarbonisation transition		

\*= here are listed only the main guidelines that are then developed into actions

Commitment = Italmatch set strategic priorities in line with the SDG

Contribution = Italmatch contributes to the SDG with its solutions / products

# Our ESG priorities

MAIN AREA	MATERIAL TOPIC	ESG GUIDELINES (on 3/ 5 years time)*	Commitment to SDGs
OUR PEOPLE AND COMMUNITIES	Culture of Diversity, Equity & Inclusion	Internal training and engagement on D&I with support of Valore D External engagement promoting our culture	     
	Nurture talents and their well-being	Employee engagement survey, implement the performance management / leadership model	
	Occupational Health and Safety	Decrease the injury rate Extend the HSMS certifications	
	Community Engagement	Continuous community engagement according to the defined corporate guidelines	
GOVERNANCE AND BUSINESS ETHICS	Corporate Governance & ESG reporting	Improve reporting practices and ESG ratings	   
	Ethical Business Model	Worldwide employee training on compliance laws, policies and procedures 100% coverage of new hired employee	
	Responsible Supply Chain Management	Increase number of suppliers rated by third parties according to ESG criteria, increase rating of low-rated suppliers	
	Digitalization and Cybersecurity	Improve external testing framework	

\* = here are listed only the main guidelines that are then developed in actions

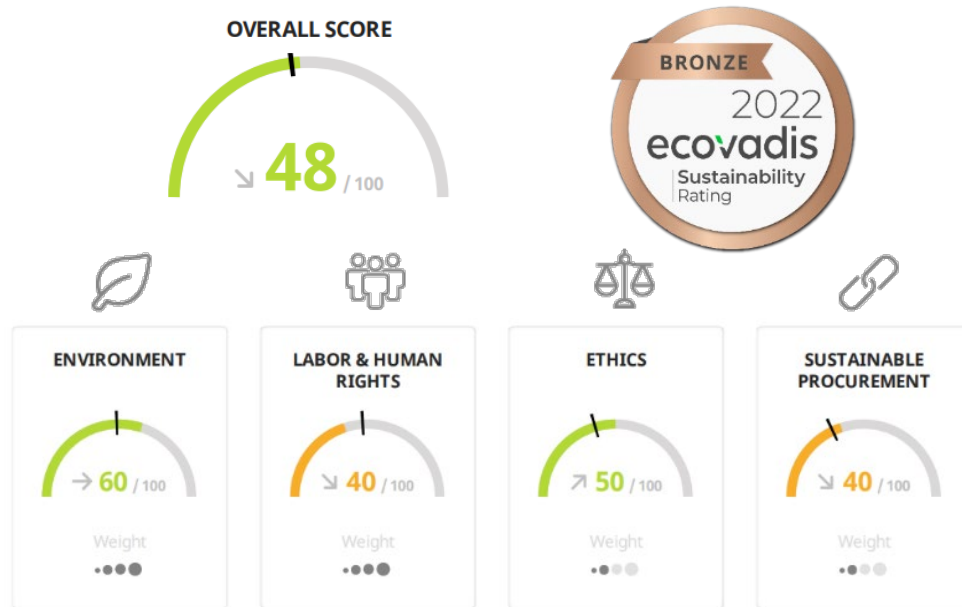
Commitment = Italmatch set strategic priorities in line with the SDG

Contribution = Italmatch contributes to the SDG with its solutions / products



# ESG rating

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Score as at end March 2023

## ECOVADIS

**EcoVadis** is one of the world's most trusted and comprehensive sustainability rating tools, assessing on social ethical and environmental impacts.

**The bronze medal is awarded to the best 50% of the evaluated companies**

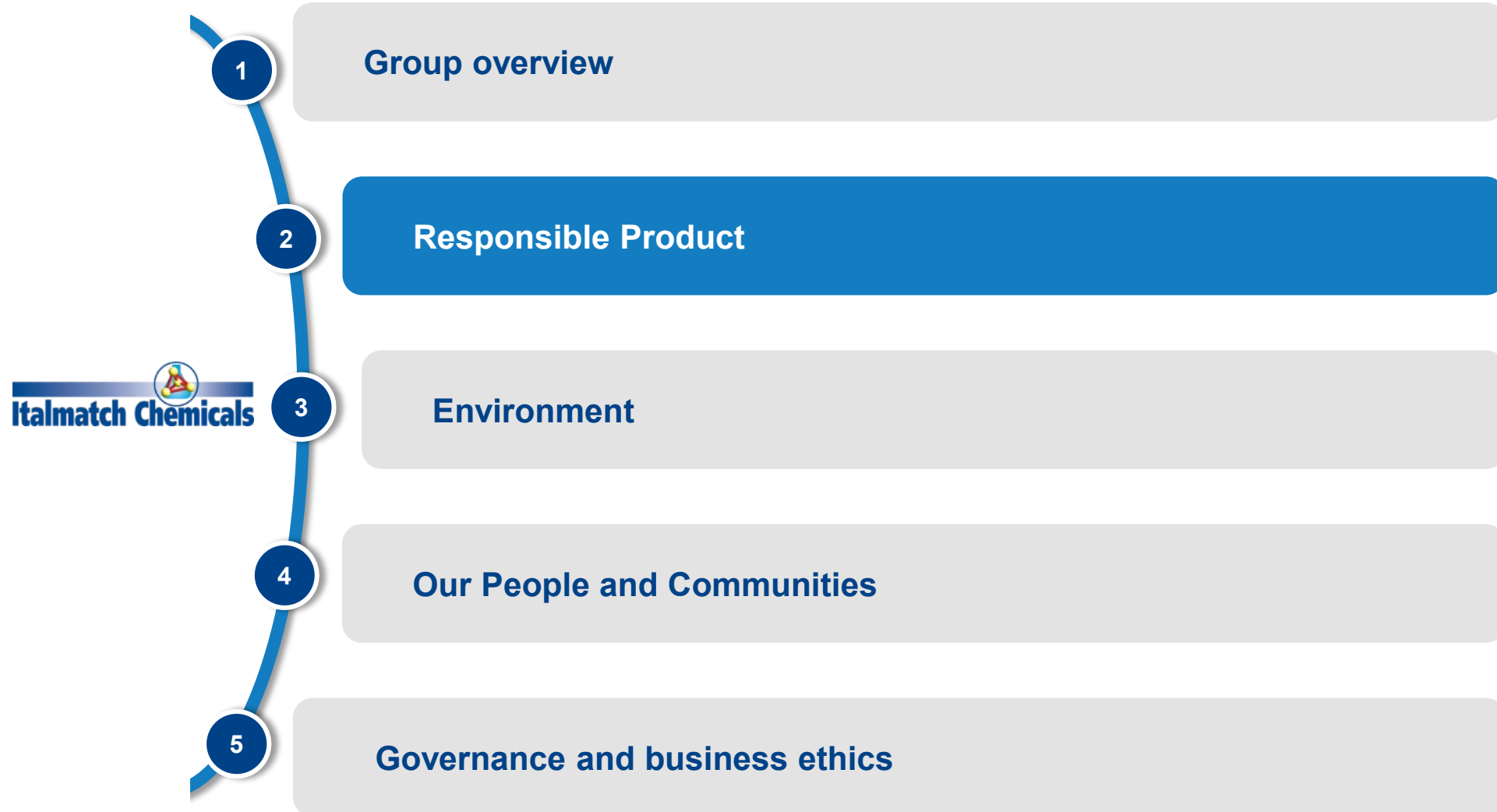
**2023 score will be released in 1H 2023**

## INTEGRITY NEXT

Italmatch has been assessed by some suppliers in the following areas:

- Environmental protection
- Carbon footprint
- Human rights & labour
- Health & safety
- Living wages

**The final score is in the green high quartile**



# Responsible Product – Management approach



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Italmatch Chemicals has the products (~2.000 different products, ~300 Patents recognised worldwide) and the customer at the centre of its business strategy.

Our production processes follow these guidelines:

- production processes that guarantee high quality to our customers: most of our plants are certified according to ISO 9001, some since 1991;
- development of products having low environmental impact: specific certifications where required are obtained by the plants according to the local productions;
- strong focus on R&D (i.e., new flame retardants halogen free for lower environmental impact, green solutions to plug and “abandon” exhausted oil wells, LDHI, energy saving at desal plant, improve efficiency of alternative energies).

Specific certifications are obtained according to market / sector requirement and customers' needs.



78% of the plants produces with a certified QMS

# R&D and customers relationship



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In last years **Italmatch has reoriented its business development & innovation efforts into ESG sustainable driven business initiatives and opportunities**, as well as into “Circularity” & “Biodegradability”.

In doing this, Italmatch has leveraged on its main business, applicative and chemical competence, trying to address its major efforts into **more sustainable, green and circular solutions**.

Some result has already been obtained and achieved, some is expected in mid term, but Italmatch is also working for long term objectives (10 years), enabling the company to enter its future growth with a more focused ESG driven, end market positioning.

Also, one peculiarity of the Italmatch approach, is that the company is pursuing and developing ESG/Sustainable solutions, also, sometimes, into generally defined “non ESG” end markets, like O&G, gathering, in these applications, a strong market interest & customer curiosity.

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**Product Carbon Footprint**

delivered to our customer in 2022



## 7 R&D centers

299 patents registered worldwide  
>10 new products launched since 2021



## About 62 FTE working in our R&D dept

about 1% of TO invested in R&D  
R&D budget: +10% YoY in the last 3 years

**Customer centricity approach:** a team of sales, as interface between the customer and our R&D department, helps to investigate technical problems and working for a fast-solving solution.

Italmatch commits to support our customers' transition to green economy providing, on specific request, products' carbon-footprint: data are reported following GHG protocol.



# R&D – ESG key target areas and achievements



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## ESG Key Developments, driven by customer/market



- **Biodegradable antiscalant** for reverse-osmosis desalination applications
- Innovative **antiscalant for geothermal applications** in severe conditions
- New high temperature multiple effect distillation **desalination antiscalant**
- **Biodegradable antiscalant solutions** for North Sea



- **Biodegradable products** for **MWF** & industrial applications
- New **dispersant products**
- New automatic **transmission fluids**
- Italmatch polymers for **EV lubricants** to deliver outstanding heat transfer and dielectric fluids



- Expansion of **P- derivatives portfolio** to produce Electrolytes for Li-ion batteries **targeting the future of E-Mobility**
- First shipment of new **Flame Retardants** products for Tesla EV cars
- **Circular economy projects:**
  - recover phosphorus out of **urban waste materials**
  - recover metals from **exhausted batteries**
  - deep water O&G anti-agglomerants produced from **fish waste** to replace methanol

## Recent Customers Problem Solving Examples

### New biodegradable antiscalant for reverse osmosis desalination



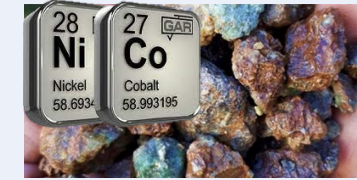
New product development completed, currently obtaining regulatory approvals. Field trials scheduled for Q2 2023

### Innovative antiscalant For geothermal in severe conditions



Field trials completed and first geothermal fields started to use product

### Selective metal recovery



Latest-generation resin for selective filtration to recover precious metal, applicable also to EV batteries recycling

### Biodegradable products for LPA



Completed development of additive for biodegradable and fire-resistant hydraulic fluids. Commercialized in 2022, for MWF

### Electrolytes for Li-ion Batteries



Key raw material for today's, as well as next gen tech (solid electrolytes) for high capacity lithium ion batteries, and flame retardants

### Plug & Abandonment solutions for exhausted wells



Italmatch has developed an innovative, simple, green solutions to plug and "abandon" exhausted oil wells, triggering interest of major E&P

# Innovation – IPCEI on Batteries



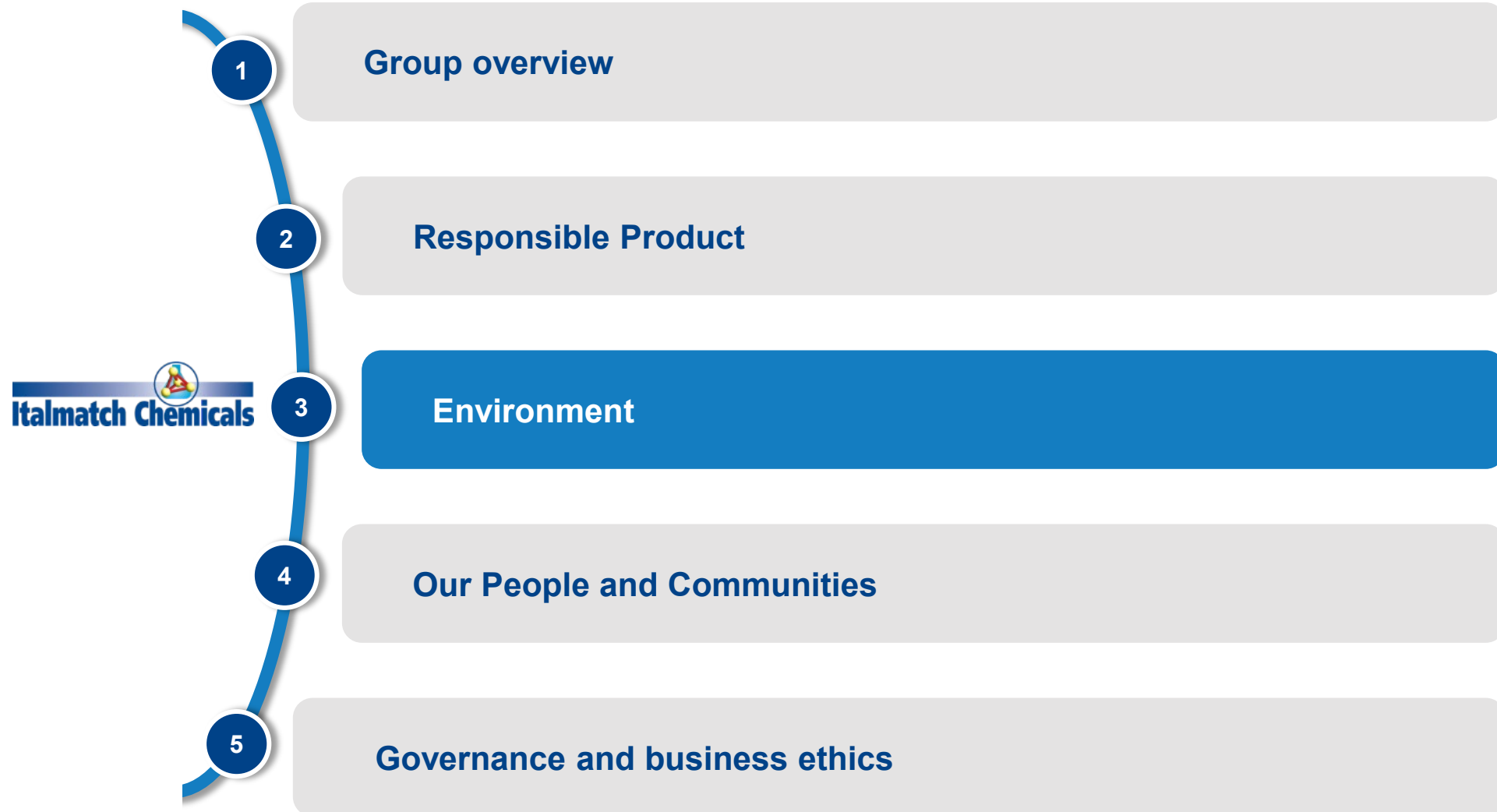
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This Integrated Project brings together key European players at various level of the battery value chain, from mining to repurposing, recycling and refining, through development of advanced materials and manufacturing of cells, modules and systems as well as dedicated software and testing systems and solutions. The main goal of the project is to develop a competitive, innovative and sustainable battery value chain.

The project consists of 3 Working packages (WP): the whole integrated project aims at developing various phosphorus-based additives, key molecules to feed the battery value chain at different levels, where Italmatch contributes providing its products either on top of the battery value chain as a raw materials and precursors manufacturer or in the last level, for recycling.

Each WP is complementary to each other and fulfils the parameters imposed by the IPCEI objectives and communication.





# Environment – Management approach & climate strategy



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The chemical industry is considered to be one large contributor to GHG emissions and a large energy consumer. Therefore, companies are expected to tackle these issues and monitor and reduce their impacts.

Italmatch approach is to minimize the usage of primary resources, improving our energy efficiency, internal recover of energy streams and materials.

It has severely invested in sustainable project technologies/ assets/ businesses, confirming its strategic focus on innovation as well as its commitment to promote Sustainability as business practice, in particular in its core business of Phosphorus Derivatives.

Most of our plants are managed according to an **Environmental Management System** that guarantee a proper respect of the current regulation and applicable laws and a “continuous improvement process”.

**Our plants are not located near areas with high biodiversity: about 70% of them are located in industrial parks**, the remaining sites are not adjacent to any natural area.

**None** of our manufacturing plants are located **in areas with water stress\***.

**In dec. 2022 we have committed to the Science Based Targets initiative.**

**Targets will be sent to validation within 24 months to date.**



\* = according to “World Resources Institute, Aqueduct Water Risk Atlas, [www.wri.org/our-work/project/aqueduct](http://www.wri.org/our-work/project/aqueduct)”



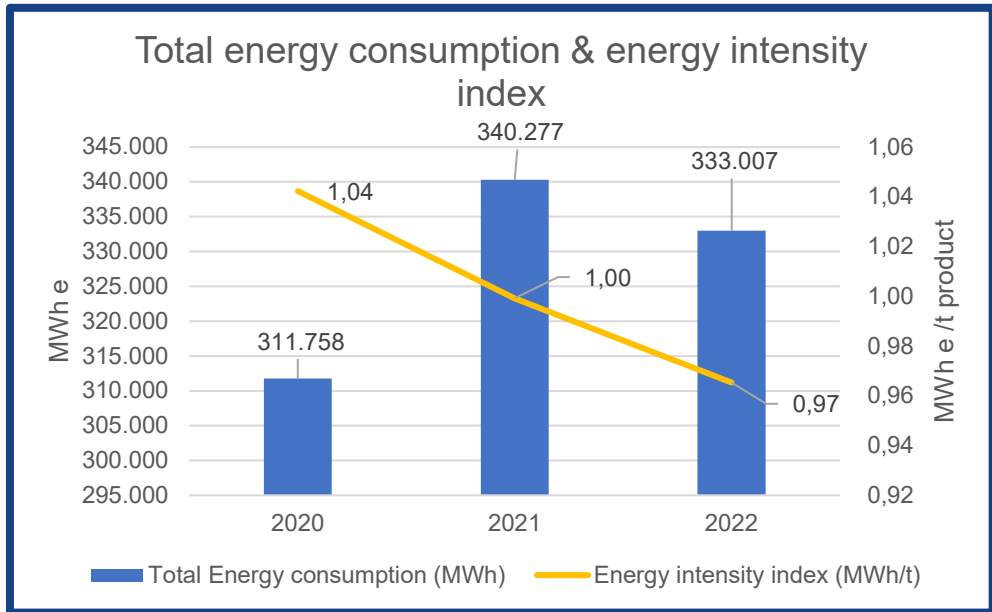
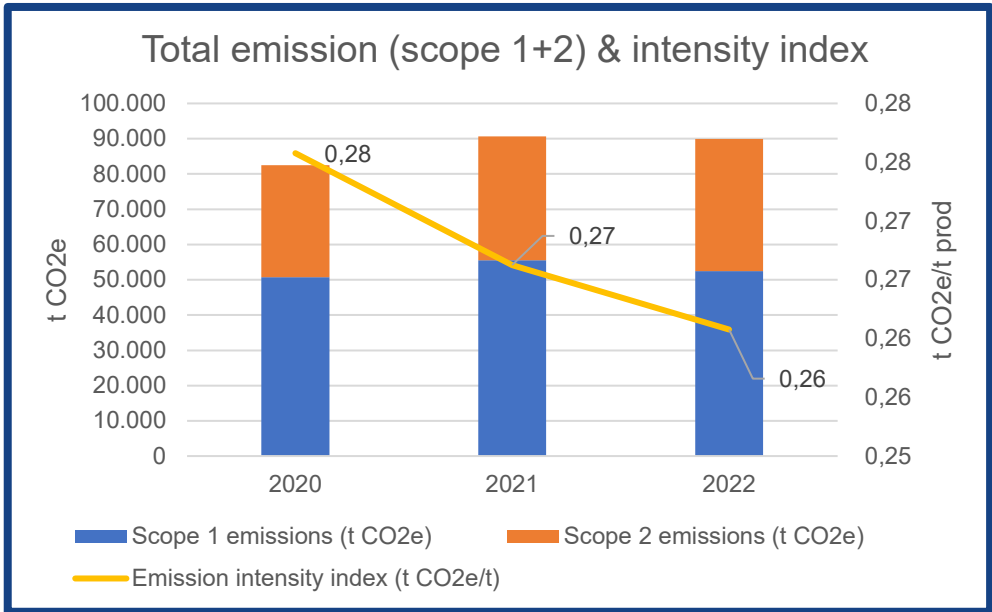
**63% of the plants certified**  
**75% of the plant’s personnel covered by the EMS**

**68% plants are located in industrial parks**

Our plants are not located in, or adjacent to, protected areas and areas of high biodiversity value



# Environment – GHG emissions & KPI



## GHG emissions & energy consumption


Italmatch is highly committed in reducing its specific emissions.

In 2022 we have performed the Scope 1, Scope 2 and Scope 3 GHG inventory with reference to the year 2021 and 2022.

2021 GHG inventory will be the baseline for defining emission reduction strategies to be submitted to the Science Based Targets Initiative.

	2021	2022
Scope 1 (t CO <sub>2</sub> e)	55.580	52.478
Scope 2 (market based) (t CO <sub>2</sub> e)	35.086	37.478
Scope 3 (t CO <sub>2</sub> e)	804.197	848.289
<b>Total emissions t CO<sub>2</sub>e</b>	<b>894.862</b>	<b>938.245</b>
<b>Emission index per ton produced (sc1&amp;2 tCO<sub>2</sub>e/ton)</b>	<b>0,27</b>	<b>0,26</b>

Reported data have been verified by third party.  
Certification report being issued



EXTERNAL AUDIT

GHG emissions are accounted in accordance with GHG protocol standards – market based

# Environment – additional KPIs – water & waste



## Water

We constantly track our water consumption, discharge and recycling volumes at all our production facilities. Based on these evaluations, local action plans are set down and implemented for more sustainable, efficient water management practices.

Main initiatives and actions to reduce water consumption:

- Find alternative manufacturing processes that minimise/avoid water usage
- Improve cooling towers efficiency
- Recover vacuum water system
- Improve internal process water recovery and re-use

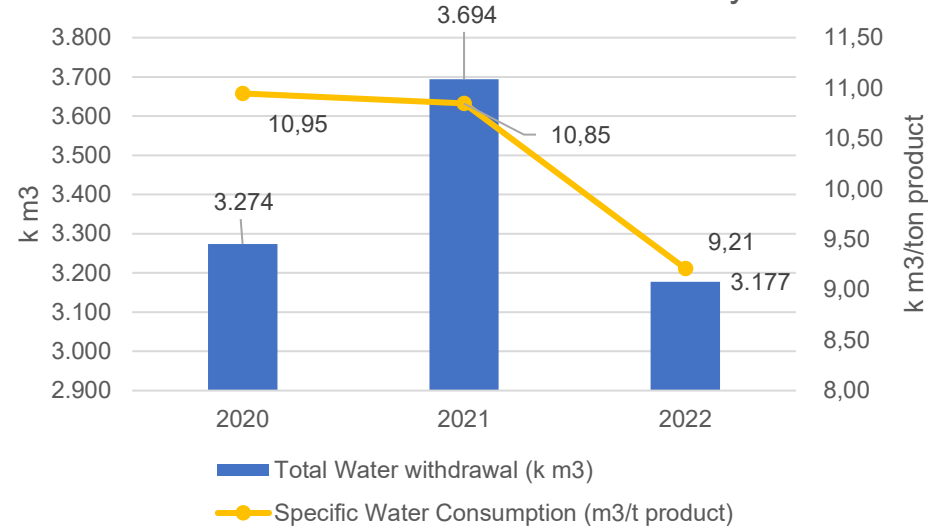
## Waste

Waste generated in each plant is collected in areas specifically designated for waste, then analysed and classified according to the local legislation. Disposal is performed by external providers according to its classification.

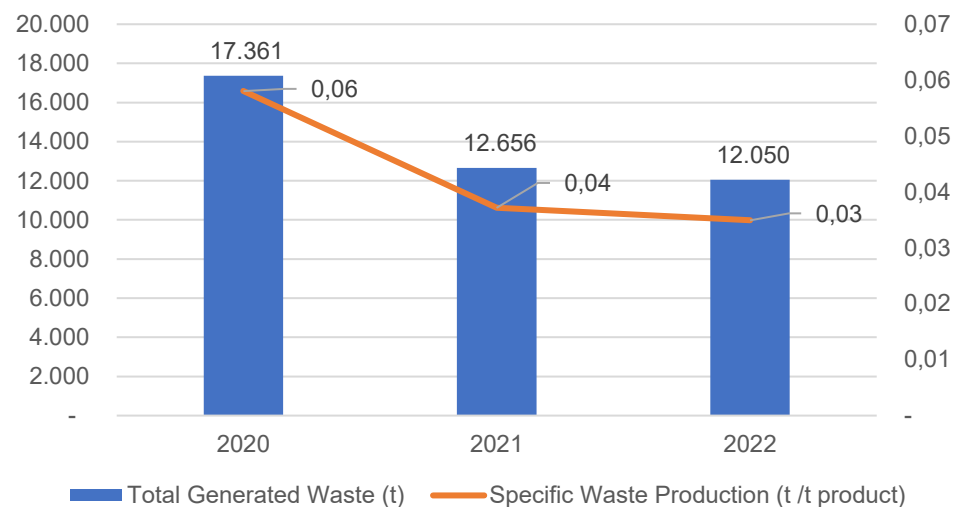
**More than 61% of waste generated is NON HAZARDOUS**

**About 30% of the total waste generated is sent to recovery.**

### Total water withdrawal & water intensity index



### Total waste generated & waste intensity index



# Environment – Approach to Circularity



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## FLASHPHOS

The complete thermochemical recycling of sewage sludge



FlashPhos is a four-year EU-funded Project (Horizon 2020) that aims at developing, at a large scale, a thermochemical process to **produce high-quality white phosphorus (P<sub>4</sub>)** and other strategic raw materials **using sewage sludge as input material**.

Italmatch is a leading partner in the consortium, consisting of **17 European companies and research institutes**, contributing to the realization of this ambitious and **strategic circular economy project**. Italmatch has also a crucial contribution in every work package by providing its knowledge gained through its long-standing experience in the production and marketing of phosphorus and its derivatives.

**When the project will be successfully completed, the outcoming phosphorus will be a raw material for Italmatch processes**

Project Partners



University of Stuttgart  
Germany



authorisierung / recycling / prüftechnik  
ARP



Dyckerhoff



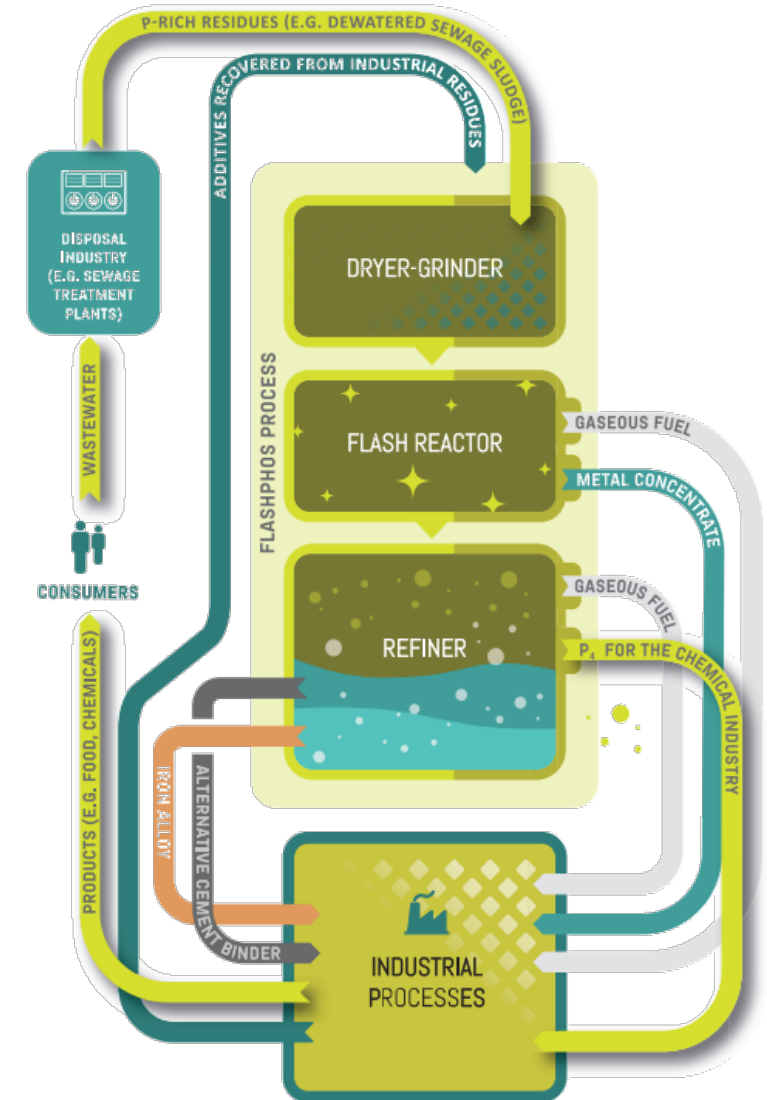
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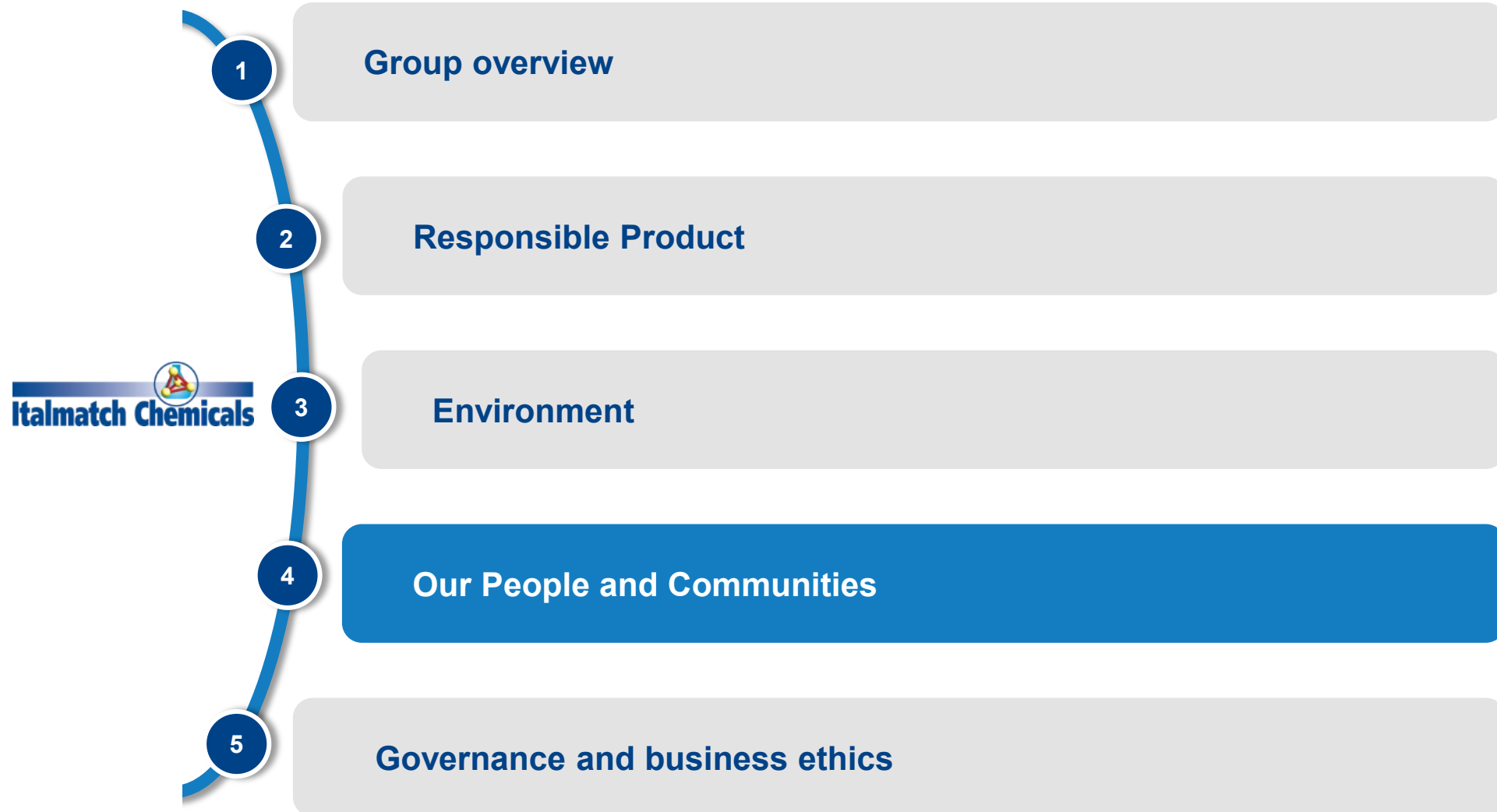
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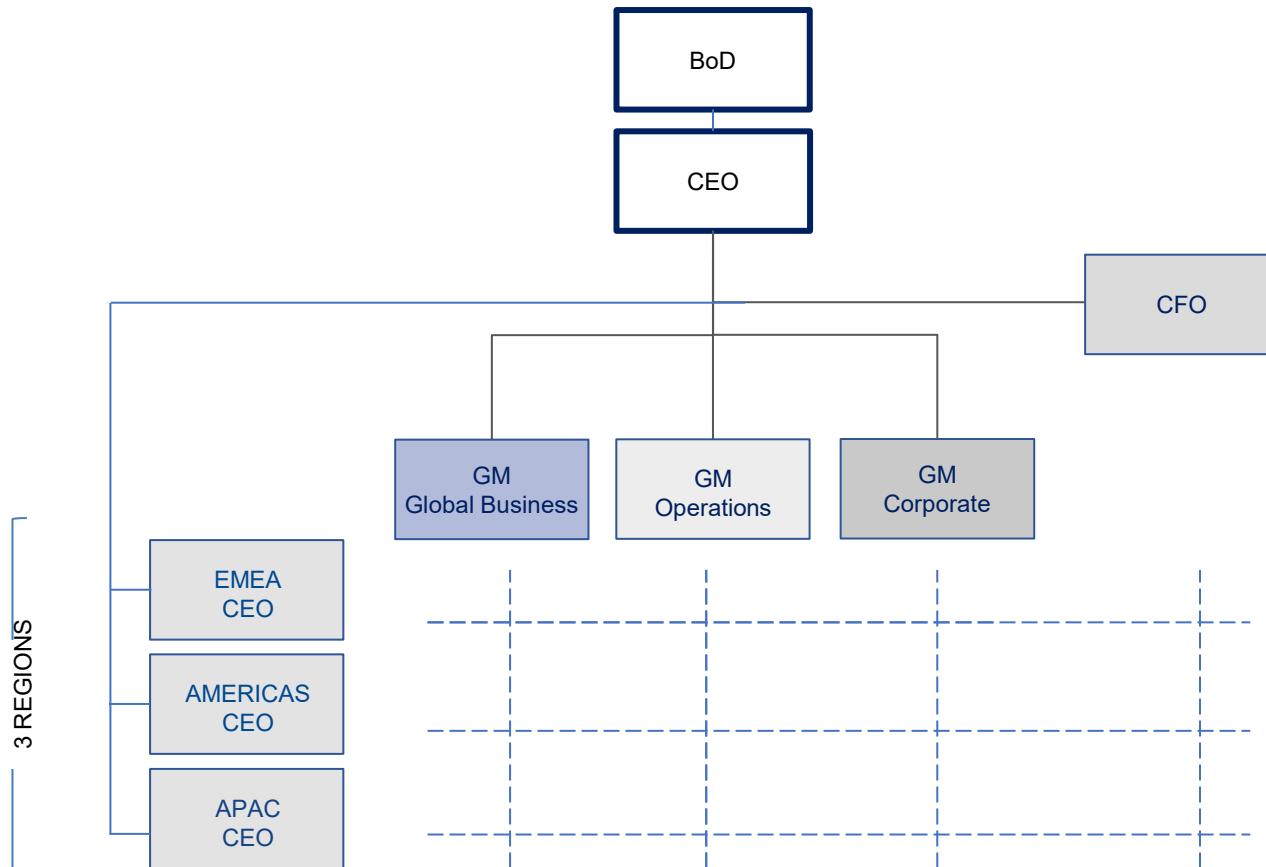
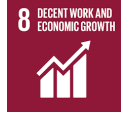


**Italmatch Chemicals**





# People: new organizational structure (announced March 2022)



## Commentary

- A **new Organizational Model**, designed to support the continuous improvement of the Group's performance and governance, based on 3 key pillars:
  - ✓3 **Regions**
  - ✓1 **Global Business** (including 4 operating segments)
  - ✓3 **Global Services**
- This business-oriented model is leveraging on a distinctive global presence and a lean corporate approach, aimed at boosting growth and “raise the game”:
  - ✓1 General Manager, focusing on the development of the **Global Business** across the entire offering portfolio
  - ✓2 General Managers (Corporate and Operations) and the Group Chief Financial Officer focusing on **Group Services** and unleashing operative synergies
  - ✓**Full geographic matrix** and organizational integration leveraging on 3 Regional CEOs
- **New C-Level Suite** already in place and fully operating

Italmatch Chemicals operates through 19 production plants worldwide: seven in Europe (Italy, Spain, Germany and the UK), five in Asia Pacific (China, Japan and India), six in North America (USA) and one in Saudi Arabia. The Group also boasts six R&D centres where innovative and sustainable solutions are developed for our customers.

# People: Human Capital overview



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# Employees per area	Female	Male	Total
Americas	54	184	238
APAC	92	205	297
EMEA	122	427	549
<b>Total Employees</b>	<b>268</b>	<b>818</b>	<b>1.084</b>
Workers who are not employees	3	24	27
<b>Total Workforce</b>	<b>271</b>	<b>842</b>	<b>1.111</b>

% Employees per area	Female	Male	Total
Americas	5%	17%	22%
APAC	8,5%	18,9%	27,4%
EMEA	11,3%	39,4%	50,6%
<b>Total</b>	<b>24,7%</b>	<b>75,3%</b>	<b>100%</b>

Outbound turnover per area	%
Americas	15,1%
APAC	17,4%
EMEA	8,0%
<b>Total Turnover</b>	<b>12,2%</b>

Workers who are not employee = agency workers  
 Average seniority= years from first employment in any company belonging to the Group  
 Outbound turnover= total employees that left the Group in the year / total HC at year end  
 Data as at 31 December 2022

## HR overview

The HR function reports to the Group General Manager Corporate.

The function is organised through a regional structure with a Global HR Manager (reporting to the GM Corporate) responsible for the direct co-ordination of the EMEA HR team, ensuring that organisational policies and remuneration practices comply with corporate policies, and for supervising the Regional HR Teams (APAC, USA) in close collaboration with the Regional CEOs with regard to procedures, policies, organisational activities and data collection.

We have relationships with the Unions in Italy, Spain, Germany and Poland where have been subscribed 6 agreement focusing on shifts, welfare, economic issues. Adhesion to Unions is recognised as an employee right throughout the Group.  
 Consultation with UK Union are held under TUPE procedure.

**This structure allows for a 'glo-cal' approach:  
 corporate but respecting local peculiarities**

**100% permanent**  
employees

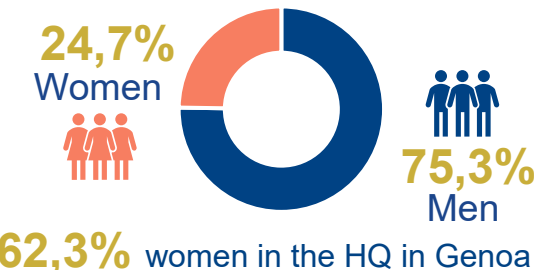
**+96 employees**  
compared to end 2021

**96,7% full-time**  
employees

**43<sub>yrs</sub>**  
average age

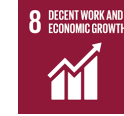
**8,1<sub>yrs</sub>**  
average seniority

## Gender Diversity



**Italmatch Chemicals**

# People: Diversity and equal opportunities



Employees breakdown by gender and age group	Female	Male	Total
Under 30 Years Old	30	111	141
30-50 Years Old	176	447	623
Over 50 Years Old	62	258	320
<b>Total</b>	<b>268</b>	<b>816</b>	<b>1.084</b>

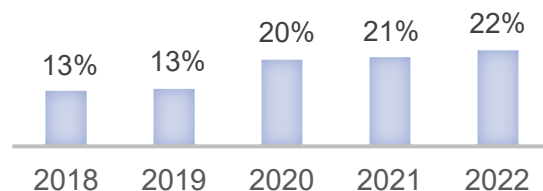
  

# Employees by professional category and age group	<30	30-50	>50	Total
Top Manager	0	2	11	13
Manager	5	98	82	185
White Collar	52	208	92	352
Blue Collar	84	315	135	534
<b>Total</b>	<b>141</b>	<b>623</b>	<b>320</b>	<b>1.084</b>

% Employees by professional category and gender	Female % on category	Male % on category	% category on total
Top Manager	15,4%	84,6%	1,2%
Manager	21,6%	78,4%	17,1%
White Collar	48,3%	51,7%	32,5%
Blue Collar	10,5%	89,5%	49,3%

## Managerial positions: Women / Men Ratio



Managerial position = top manager + manager

Data as at 31<sup>st</sup> December 2022



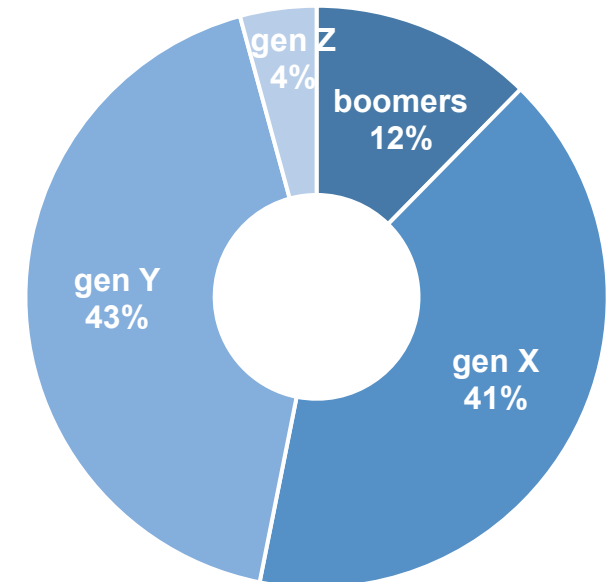
Italmatch Chemicals upholds Diversity & Inclusion as core values and key principles of its business model and governance, opposing all forms of discrimination, based for example on colour, race, nationality, ethnic origin, parenting, marital status, disability, religion, belief, age, gender orientation, gender identity or expression, socio-economic status, union membership. We have defined a **D&I Policy** and a **Human Rights Policy** to set the principles also recalled in the Code of Ethics.

Our attitude and commitment is to continue to support and enhance the principles of equal opportunities and inclusion in its activities and we believe that Diversity & Inclusion is a pillar and part of our overall strategy, essential to achieve our best results.

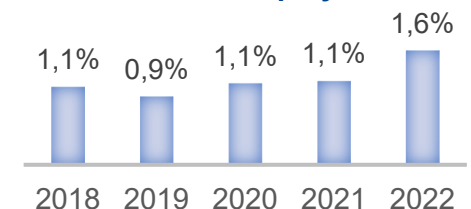
We are engaged in a continue attention of Care Giver approach and to increase, over the years, the number of women in managerial position.

Italmatch supports Valore D, the first corporate association **promoting gender balance and an inclusive culture** to foster companies growth. We have developed training and development courses dedicated to women also in inter-company settings (e.g. mentoring), e-learning on Unconscious Bias and awareness-raising on workplace harassment.

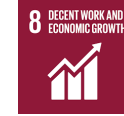
## Generational Categories Breakdown



## Disabled employees



# People: human resource management and training



## Human resources management

Employee skills and retention are important to guarantee the sustainability and the continuous improvement of activities.

- Italmatch implements several compensation mechanisms to attract and retain employees:
  - **LTI Plan** (including equity) for some managers
  - Managers also benefit from an annual incentive **MBO plan** linked to the achievement of different levels of KPI's: personal, functional, ESG and global. About ¼ of the employee involved in the MBO scheme are women. The MBO plan applies to all subsidiaries.
  - accordingly to local regulations and agreements with Unions, in some companies, employees benefit of a **variable compensation** (Premio Partecipazione in Italy) based on quantitative and qualitative performance KPIs
- Annual performance review is conducted for employees who benefit from the MBO plan (~200 employees). In order to guarantee a better appraisal and development process at Group Level, a new Performance management will be launched in 2023/2024 based on Success Factors Platform, implemented in 2021/2022
- High attention is dedicated to Talents and K-people in terms of identifying and monitoring them constantly, providing retention plan, training and organizational development trough special career Plan.
- In order to improve people integration within the organization a new Global Onboarding procedure has been issued worldwide.



- Actions were implemented to **support parenting, work-life balance** and recognition of the **value of education**: additional smart working days for those with children and care givers, scholarships for employees' children, salary recognition form maternity leave above legal requirement.

## Training

The Group is **strengthening training initiatives**: about 75% of Italmatch employees attended training courses returning to the ante-Covid Pandemia levels.

**9700+** hrs training delivered to employees

**51%** of training focused on professional skills development

**1,5 days/employee** of training

**75%** employees attended training course

**85%** of total training attended by specialist and workers

**0,33%** training expenditure ratio



- Through its Responsible Care Membership, Italmatch has committed to continuously improve its health and safety performance as well as security of its facilities
- HSE managers have been appointed at each site and are under the responsibility of the site managers.
- Safety KPIs part of plant managers evaluation and reward system (MBO).
- Injury frequency rate is at lower level than the past due to continuous commitment, training and attention on safety measurements on plants.

**Injury frequency rate at 1,25**

**Total recorded injuries: 13**

**No fatal work accidents recorded**

**No professional illness, no high-consequence work-related injuries**



**37% plants having HSMS**

**49% of the plants employees covered by HSMS**

# Communities: relation with external stakeholder

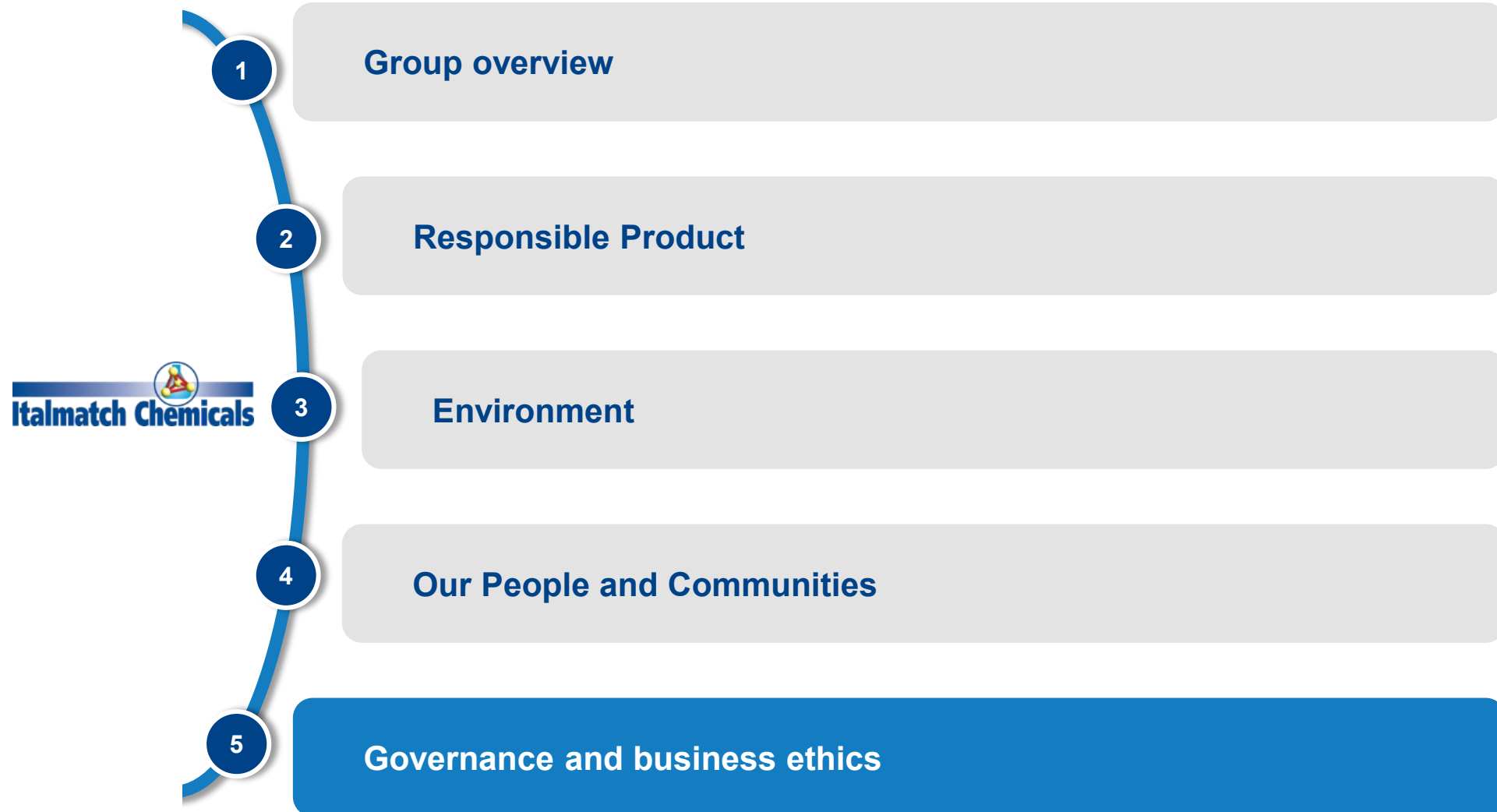


## Relations with communities

Italmatch Group believes it is important to be part of the local communities in which operates and to have a positive impact. That is why the company invest in **communications activities and dialogue** with them and wants to contribute to initiatives and projects that create value among local communities. Italmatch's focus areas are:

### SOME OF OUR INITIATIVES

Schools & STEM studies	<i>Build the future of Chemistry inspiring new generations</i>	<ul style="list-style-type: none"><li>- Programs for dissemination and against bias related to chemistry industry</li><li>- <b>Italmatch R&amp;D Team in high schools</b> to do dissemination on STEM careers</li><li>- <b>Scholarships</b> for students, to reward merit and break down economic barriers</li><li>- “Adotta una Classe”, introduction for students to the corporate / plant vision of business (Naples /Genoa)</li><li>- Sponsorship of <b>Chemical Society Conference</b> in University of Perugia</li></ul>
Inclusion, Parity, Health	<i>To reduce inequality and create shared value</i>	<ul style="list-style-type: none"><li>- <b>Free meals</b> for local communities (Banco Alimentare, Red Cross, Comunità Sant'Egidio)</li><li>- Tennis match against <b>cancer</b> (LILT- HQ)</li><li>- Several initiatives to <b>support ALS disease/Disability</b></li><li>- New vehicles for persons with disabilities (Arese)</li></ul>
Wellbeing, Sport, Values	<i>Support initiatives that comply with Italmatch values and integrity</i>	<ul style="list-style-type: none"><li>- <b>Festa dello Sport &amp; Disability</b> in Genoa (HQ)</li><li>- Special support to kids of our colleagues passed away</li><li>- <b>Spoletto-Norcia MTB</b> for green mobility and tourism</li><li>- <b>Expat</b> football match Poland-Italy near ITC Poland plant</li></ul>
Local heritage & develop.	<i>Promote our Italian roots and support local communities</i>	<ul style="list-style-type: none"><li>- <b>Festival Dei 2 Mondi</b> new theatre (Spoleto)</li><li>- Historical competition with ancient vehicles <b>Vaporetti</b> (Spoleto)</li><li>- Investments on <b>schools</b> (Spoleto)</li></ul>



# Governance: Board of Directors and management composition



Bain Capital currently holds approximately 90%\* of the issued share capital of MidCo, with the remaining stake of approximately 10% being held by the ITC Group's Chief Executive Officer, the Group General Manager, Corporate and, to a limited extent, the wider management team of the Group.

**Highly experienced management team with long-lasting experience in the industry and a history with the Company from inception**

**Italmatch Chemicals spa – Board composition**

**Sergio Iorio**  
Founder  
Chairman  
and Group CEO

**Enrica Mambelli**  
Director  
and Group CFO

**Maurizio Turci**  
Director  
and Group General  
Manager Corporate

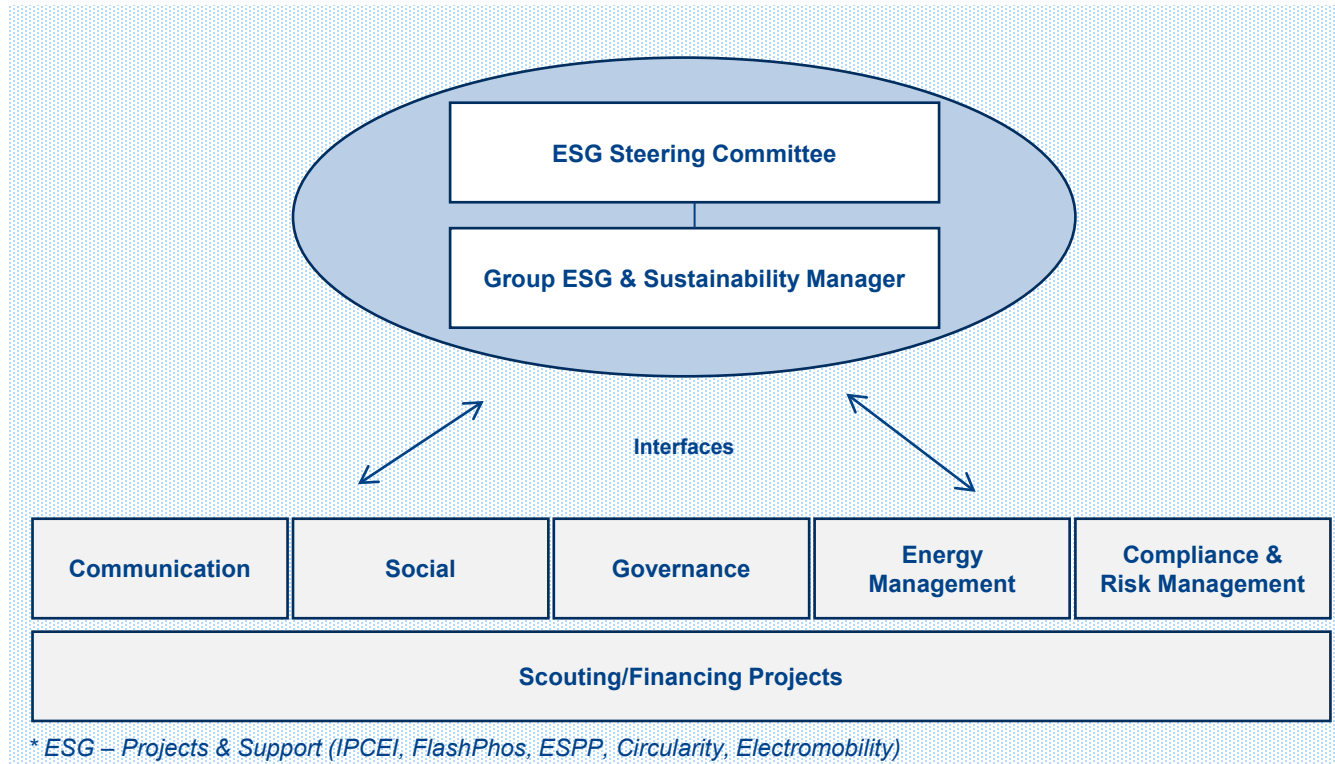
Members of the **Board of Directors** are appointed during the AGM for a 3-year term (last appointment January 2023).

Its composition guarantees an **adequate level of diversity** in terms of **gender** (1\3 represented by a woman), **age** (1\3 below 60 years old), **experience** and **education** (1 chemical engineer, 1 degree in finance and 1 degree in economics).

In addition, a **Board of Statutory Auditors** is in place which functions as a supervisory body: it is composed by 3 men

Italmatch Group legal entities' governance are historically set up based on a board of directors' management model. Within Italmatch legal entities, uniformity to the Group governance principles, in the ordinary management of the business, is based on the so called 4 eyes principle rule, defining common rules of action for specific areas, and is also supported by certain senior managers serving as director in all the legal entities, in order to also monitor local compliance and proper interactions with the headquarters.

## Functional Taskforce\*



**The ESG Steering Committee, composed by the CEO, the GM and the Chief of the “Beyond Innovation” project, supported by the ESG & Sustainability team, is mainly in charge to:**

(i) Special Projects implementation and monitoring, (ii) overseeing and monitor the implementation of the Company ESG & Sustainability Strategic Lines and Approach, (iii) the ESG targets performance monitoring through periodic reporting, (iv) providing proposals to BoD on ESG scenarios and projects, (v) on general basis, be focus for and act as coordination body between Strategic Lines given by the BoD and the operating / business sustainability activities in the medium / long term.

## Direct organization



The BOD (i) defines and approves the ESG strategic lines and the sustainability objectives, also based on Group GM Corporate proposals, (ii) approve the Annual ESG Reporting.

**The Group GM Corporate is in charge of sustainability implementation, based on powers given by the BoD,** with the support of Sustainability Manager and the relevant Company departments.



## Group principles & policies

In addition to the governance procedures already in place within the Group, among others on local basis, and with the purpose to strengthen the principles and values embedded in the Italmatch Group, in the years, we have adopted several procedures:

- Code of Ethics
- Whistleblowing policy
- Human Rights policy
- D&I policy
- Anticorruption policy
- Gifts, Hospitality, Sponsorships and Donations Policy
- Antitrust Policy
- International trade control policy
- Conflict mineral policy

Their approval have been then followed by a training program for the key risk employees.

A specific training to the commercial department on the Competition Law & Antitrust took place in 2022 covering more than 85% of total workforce

**In dec 2022 the 2<sup>nd</sup> release  
of the Code of Ethics has been published**

## Anticorruption management system

Italmatch Chemicals S.p.A. has adopted a management and control organizational model in accordance with the Italian law 231/2001, effective from 2012, as updated in 2021. This organizational model covers all the Group activities, identifying areas at risk of potentially committing criminal offenses and governs the functions and powers of the Supervisory Board (Organismo di Vigilanza), both setting its requirements and ensuring adequate informational flows towards it.

The organizational model further includes a penalty system, ensuring the effectiveness of the model itself.

All new employees must follow an e-learning course on:

- 231/2001 Organisational Model
- Data Protection & Privacy

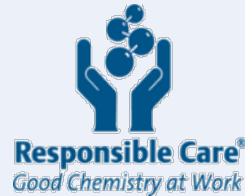
A publicly available reporting system is in place and available on the corporate website. Reporters are guaranteed against any type of retaliation and discrimination. A whistleblowing platform will be implemented in 2023

No confirmed incidents of corruption occurred in the last 3 years

**For all the Group companies is applicable  
the Global Anticorruption policy**

**A new compliance training on the main risk areas  
is in progress since January 2023**





United Nations  
Global Compact

Zero contribution to political parties

- **European Sustainable Phosphorus Platform (ESPP):** being phosphorus the backbone of Italmatch Chemicals products, by adhering to the ESPP we aim at defining the long-term sustainable phosphorus management Europe.
- **Responsible Care,** a voluntary program sponsored by the worldwide chemical industry for the development and monitoring of new policies and initiatives to protect the health, and safety of workers, and to ensure environmental protection practices.
- **Pinfa:** we share the common vision of continuously improving the environmental and health profile of our flame-retardant products.
- **European Battery Alliance:** The European Battery Alliance is Europe's plan to create its own competitive and sustainable battery cell manufacturing value chain. Its purpose is to ensure that Europe benefits from the technological evolution in the Electric Vehicle Market and beyond
- **Suschem IT:** Italmatch supports the platform, re-launched in 2014 by Federchimica, which analyses national research activities and priorities on sustainable chemistry, linking them to European priorities and initiatives.
- **Confindustria and Federchimica:** Italmatch adhere to many trading association for a continuous dialogue with its stakeholders
- **United Nations Global Compact:** Italmatch support the UNGC initiative, which aims to develop, implement and disclose responsible business practices, aligning activities and strategies with the ten universal principles on Human Rights, Labour, Environment and Anti-Corruption.

# Responsible Supply Chain & Sustainable Procurement



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Italmatch Group recognizes the importance of involving its supply chain in the deployment of the principles stated in the Code of Ethics: an alignment between the company's principles and the supplier's behaviour guarantee an appropriate environmental and social approach throughout the supply chain.

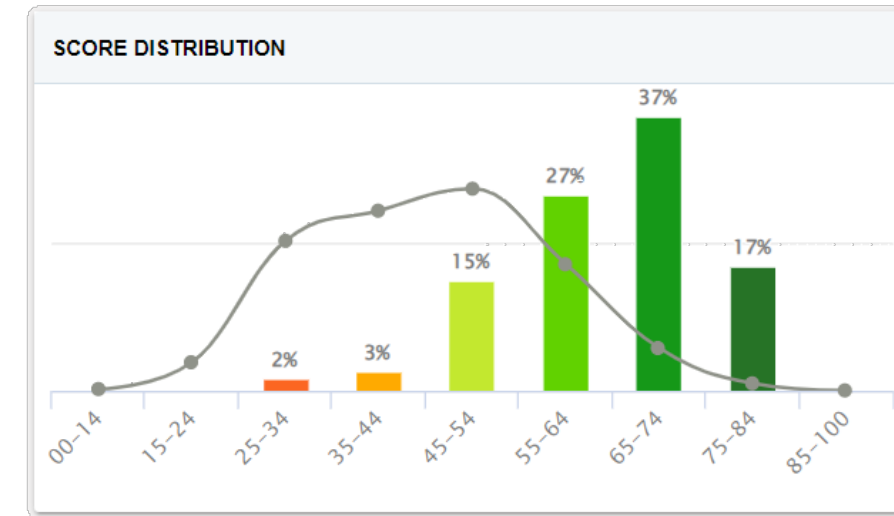
Some governance instruments have been then defined:

- **Specific ESG clauses** have been introduced into contracts since end 2022. These require the supplier to develop and assure the implementation of the Code of Ethics principles also throughout its supply chain. Recognise the right of audit.
- **Suppliers code of conduct** has been approved by the Board in March 2023.
- Italmatch reserves the **right to terminate the business relationship as well as taking any other legal and remedial actions** available under applicable laws with commercial partners that operate in violation of the defined Principles

Italmatch procurement aims to develop and strengthen relationships with the Group direct suppliers who are committed to respect the human rights values and environmental criteria. In 2022 the procurement team **attended a training program** on the supplier's qualification process according to ESG parameters.

The selection of suppliers is made on the basis of a transparent and objective ESG assessment (Ecovadis) covering different themes like, among others, environment, ethics, labour and human rights, sustainable procurement through a third-party platform.

Scored Suppliers	Overall Score	ENV	LAB	FBP	SUP
113	64.1 EcoVadis: 45.1	68.4 45.1	64.7 47.9	61.7 43.1	55.4 37.1



Powered By **ecovadis**

**30%**  
of suppliers with spending higher than 100k€ have been assessed through Ecovadis in 2022

**48%**  
of total 2022 spending assessed

**Target of +10**  
new suppliers engaged every year in ESG assessment





# Italmatch Chemicals

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Approved by the BoD on the 31st March 2023