

# SUSTAINABILITY REPORT 2023

**Italmatch Chemicals**



# Letter to stakeholders

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*25 years, in 2023 we celebrated 25 years in business: a Group that was born thanks to a management-by-out operation by its founder, who is still CEO today, and that has grown considerably through successive acquisitions of complementary companies in the relevant sectors. We have grown from being a niche operator in inorganic phosphorous derivatives, produced at the Spoleto plant, to a world leader in various specialty chemical applications for everyday use.*

*The World has changed significantly in recent years: the focus, which was used to be solely on production and efficiency issues, now includes many additional values such as the environment, human rights, diversity and inclusion, governance ... and in general all the intangible strategic values that make up a company. This is why, as of 2023, the Group has signed up to the principles of the Global Compact: 10 principles defined by the United Nations in the areas of human rights, labour, environment and anti-corruption that are considered fundamental to our way of doing business, so much so that they are embedded in our Code of Ethics, our Sustainability Policy and other Group policies on specific issues.*

*The monitoring, organisation and valorisation of all these principles have therefore become increasingly important, both for the company itself and for external stakeholders: the Group has therefore implemented an increasingly robust ESG governance over time, and with the second edition of the Sustainability Report we continue to tell the story of how the company deals with these issues.*

*During the year, we continued the process of decarbonising our processes: following the certification of the greenhouse gas (GHG) inventory, a working group was set up to identify actions to decarbonise our production processes. This has led to the establishment of SBTi (Science Based Target) targets for 2030, which are currently being evaluated.*

*Although the year was challenging from the point of view of the economic scenario, the deep sense of responsibility that has always characterised the Group's work towards its employees was not affected: despite a project to rationalise and optimise the structure, all actions were carried out with reference and priority to our principles, the Code of Ethics, workers' rights combined with the universally recognised human rights that have been the foundation of the company since the beginning.*

*All of this has been done in the context of our core principles, which are passion for ideas, a sense of belonging, a cultural melting pot in the processes of integration and internationalisation, innovation and digitalisation, sustainability, social responsibility and leadership as an ambition to think about a better future. We will succeed in all these areas because we are a resilient and change-oriented company with concrete business and management plans that we systematically implement.*

*With a responsibility to leave a world that fulfils the dreams of the younger generation.*

*Enjoy reading!*



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



**Maurizio Turci**  
Group General Manager Corporate



*Italmatch Chemicals 25<sup>th</sup> Anniversary  
book presentation*

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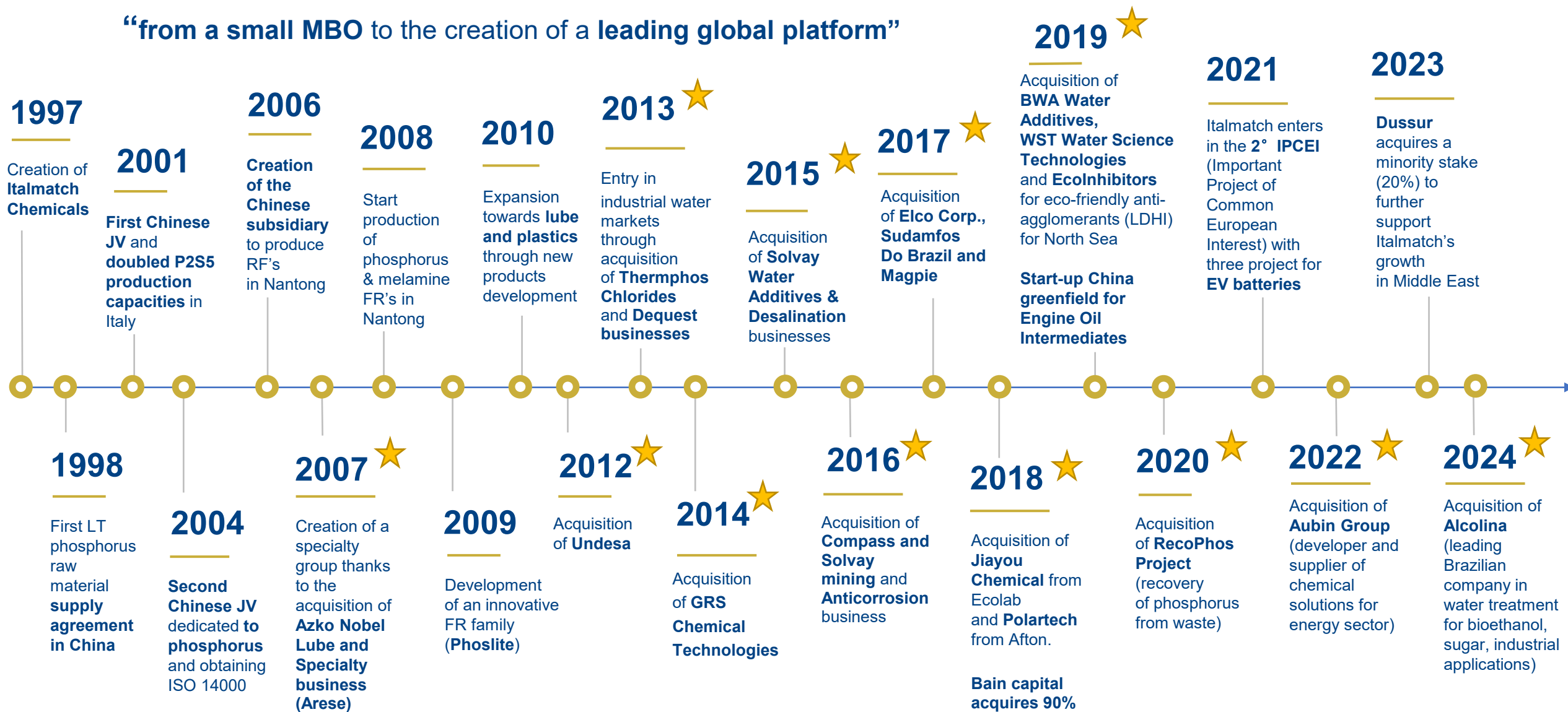
Governance and business ethics



# A story of success: internal and external growth

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“from a small MBO to the creation of a leading global platform”



M&A

**Italmatch Chemicals**

# A 25 years journey from a small MBO to a leading global platform

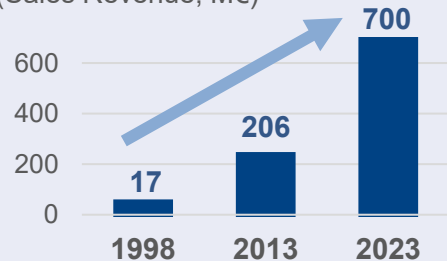
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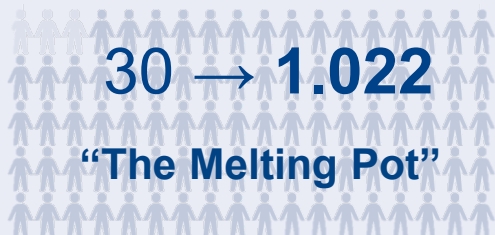
In 2023 Italmatch Chemicals celebrated its 25th anniversary. The story of a pioneering dream that began in 1998 with a small MBO in central Italy. Much has changed over the years: we have expanded into new countries, taken on ambitious projects and brought our solutions to new markets. But the passion for our work, the courage to innovate and the ambition to grow have remained the same as on the first day of this long journey.

## Consistent growth

(Sales Revenue, M€)



## Employees



**Bonds**  
**2**

(fix and variable)  
quoted in listed market

## Plants Worldwide

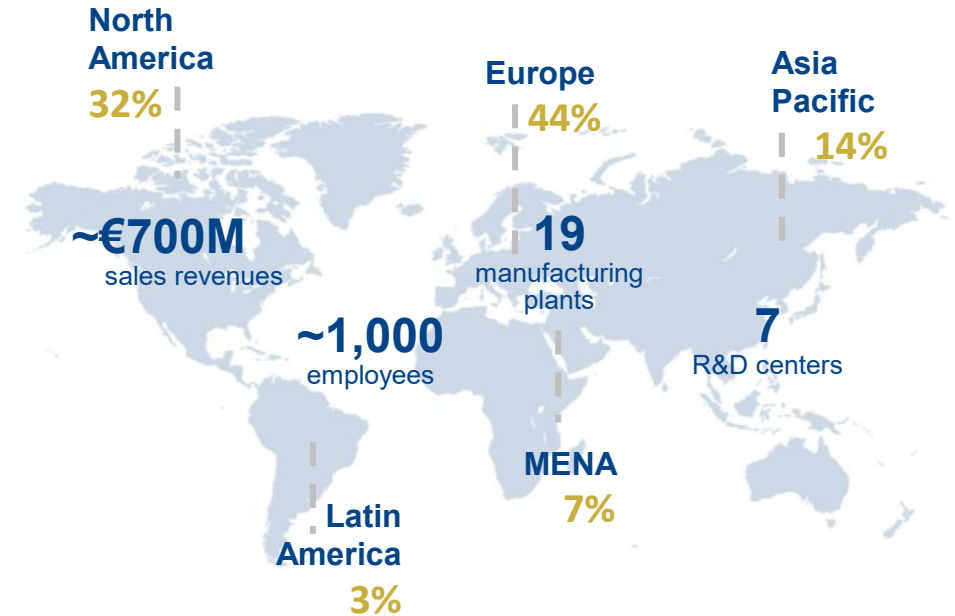
1 → 19

## Customers

10 → ~2.000

## Products

2 → ~ 2.000



**48%**

**AWS**

Desalination,  
Cleaning, IWT



**11%**

**FPA**

Additives for safety  
of plastic wires and  
battery cases



**30%**

**LPA**

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



**11%**







**PPA**

Essential products  
for e-mobility  
batteries, agriculture

(Sales revenues FY23 split by geography and BU)

# Wide Portfolio of Specialty Additives in Attractive End-Markets

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	Advanced Water Solutions	Lubricant Performance Additives	Flame Retardants & Plastic Additives	Performance Products & Personal Care Additives
% of Net Sales <sup>(1)</sup>	48%	30%	11%	11%
Selected Products	<ul style="list-style-type: none"> <li>Antiscalants</li> <li>Microbial control</li> <li>Corrosion Inhibitors</li> <li>Water solution polymers</li> </ul>	<ul style="list-style-type: none"> <li>P2S5 (Antiwear)</li> <li>Polymeric esters</li> <li>MWF additives</li> <li>Sulphurides EP additives</li> <li>Grease</li> </ul>	<ul style="list-style-type: none"> <li>Red phosphorus flame retardants</li> <li>Halogen-free flame retardants</li> <li>PVC stabilizers</li> <li>Antislip agents</li> </ul>	<ul style="list-style-type: none"> <li>Fatty acid chlorides</li> <li>Special phosphites / phosphates</li> <li>Esterquats and esters</li> </ul>
Key End Markets	<ul style="list-style-type: none"> <li>I&amp;I Cleaning</li> <li>Household detergents</li> <li>Desalination</li> <li>Geothermal</li> <li>Mining and metal recovery</li> </ul>	<ul style="list-style-type: none"> <li>Industrial lube oil</li> <li>Metalworking fluids</li> <li>Fuel additives and engine oil</li> </ul>	<ul style="list-style-type: none"> <li>Engineering Thermoplastic</li> <li>Polyolefins</li> <li>PVC, Epoxy, Rubbers, Foams</li> </ul>	<ul style="list-style-type: none"> <li>Lithium batteries</li> <li>Personal care &amp; Pharma</li> <li>Agrochemicals</li> <li>Construction</li> <li>Mining</li> </ul>
Market Share <sup>(2)</sup>	 ~45% EU Antiscalants  ~70% US Antiscalants	 ~55% EU P2S5  ~90% EU Polymeric Esters	 ~70% EU Red Phosphorus FR	 ~25% EU and US PCI3

Italmatch is exposed to resilient and growing end markets

1. FY23 Net Sales  
2. 2017 Market Shares (Volumes)



## Goal & process analysis

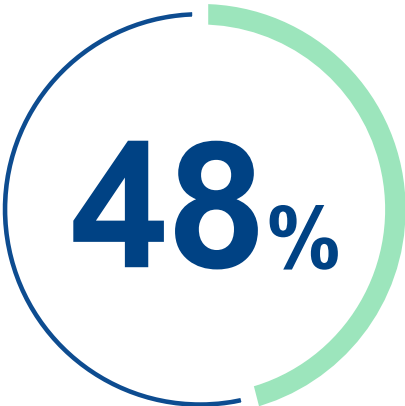
In a world where chemistry is still considered a high-impact industry, Italmatch has always strived to develop a sustainable product portfolio: most of its offer is characterized by specialty chemicals created to meet customer needs.

We have identified the end-market of every family-product and how every it is linked to the relevant SDG.

About **48% of the Group's sales contribute to the achievement of SDG**, with a clear prevalence of:

- **SDG 7** thanks to products improving efficiency (lubricant and antiscalant)
- **SDG 6** thanks to product for desalinization processes

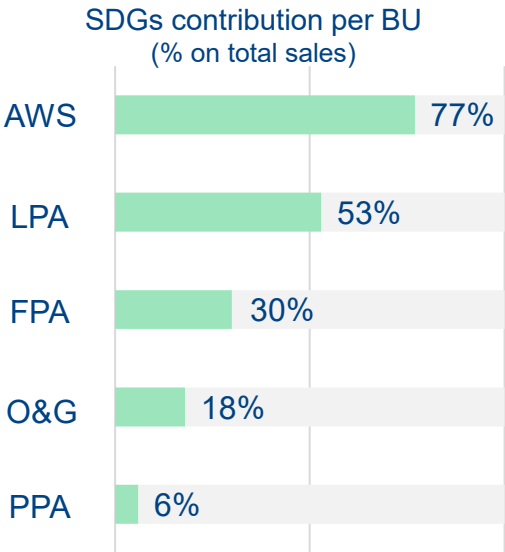
## Results



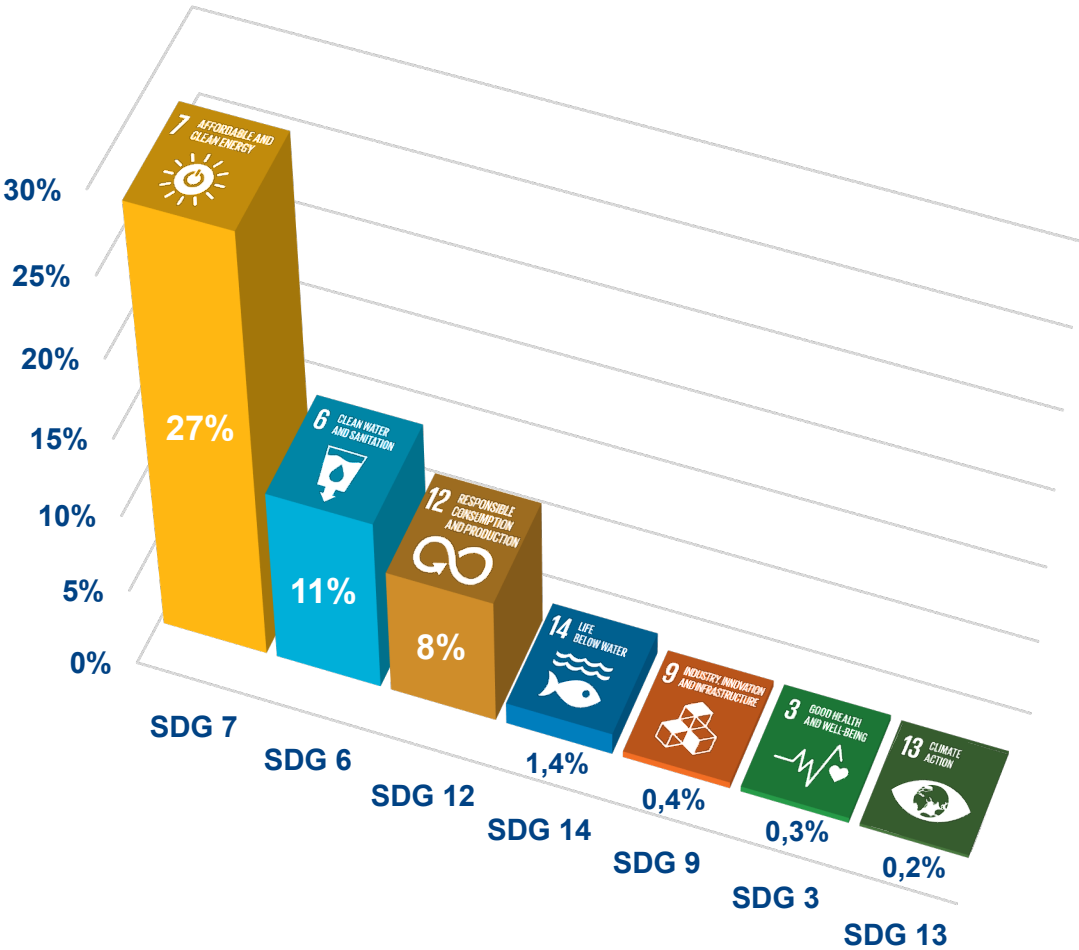
of Group's sales\*  
contribute to SDGs

Chemical industry benchmark: 35-50%

\* Group's sales: ~687 M€ FY 2023



## Group Product portfolio - SDGs contribution



# Our support to world sustainability frameworks

## WE SUPPORT



Italmatch Group's approach is inspired to **Ten Principles of the UN Global Compact**, to the United Nations Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises, the Declaration on Fundamental Principles and Rights at Work.

All these are embedded in the Group's **Code of Ethics, Sustainability Policy, Human Rights and D&I Policy\***.

We developed a global vision and a local presence by creating shared value and wellness for our stakeholders, with respect for people, environment and local communities.



HUMAN RIGHTS

**Human Rights:** consistently with international principles, Italmatch supports the protection of human rights and stands against every form of abuse as the group's principles are inspired by the United Nations Universal Declaration of Human Rights.



LABOUR

**Labour:** According to its policies Italmatch guarantees freedom of association and stands against any form of forced or child labour, ensuring equal opportunities and treatment for all its employees.



ENVIRONMENT

**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 respecting the needs of future generations.



ANTI-CORRUPTION

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

\*All the policies are publicly available at [italmatch.com](http://italmatch.com)

## Commitment to UN SDGs

Italmatch Chemicals is working to actively contribute to the achievement of UN SDGs

### We are committed to:



### Our Products Actively Contribute to:
























Commitment = Italmatch set strategic priorities in line with the SDG  
Contribution = Italmatch contributes to the SDG with its solutions / products



# Our ESG priorities

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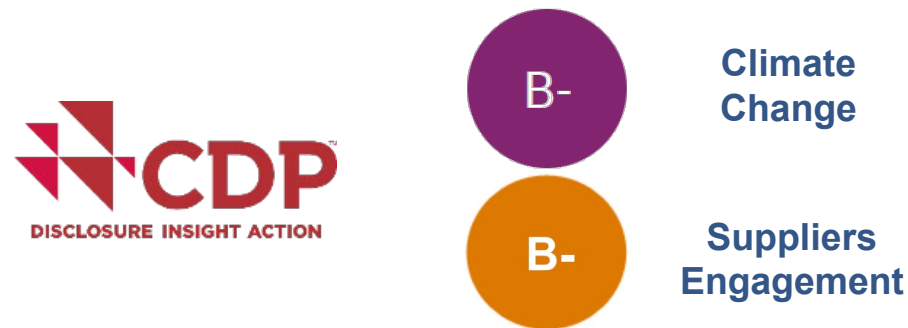
Following a materiality assessment based on surveys and interview with management and external stakeholders, Italmatch has identified 13 material topics criteria gathered into 4 key ESG areas. We have then defined the related guidelines to be deployed in the next years through specific actions. Some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

Main Area	Material topic	ESG Guidelines (on 3/5 years time)	
RESPONSIBLE PRODUCT	Product Safety and Stewardship	<ul style="list-style-type: none"> <li>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&amp;G (well closure), improve electrification (electrolytes)</li> </ul>	     
	Green Chemistry Innovation		
	Customer Relationships	<ul style="list-style-type: none"> <li>Improve our customer centricity approach</li> </ul>	
ENVIRONMENT	Climate impacts and strategy	<ul style="list-style-type: none"> <li>Define emission reduction actions to reach future SBTs targets</li> <li>Develop project to reduce/reuse resources.</li> <li>Develop new products aiming to support the decarbonisation transition</li> </ul>	    
	Approach to Circularity		
OUR PEOPLE AND COMMUNITIES	Culture of Diversity, Equity & Inclusion	<ul style="list-style-type: none"> <li>Internal training and engagement on D&amp;I with support of Valore D</li> <li>External engagement promoting our culture</li> </ul>	     
	Nurture talents and their well-being	<ul style="list-style-type: none"> <li>Employee engagement survey, implement the performance management/leadership model</li> </ul>	
	Occupational Health and Safety	<ul style="list-style-type: none"> <li>Decrease the injury rate</li> <li>Extend the HSMS certifications</li> </ul>	
	Community Engagement	<ul style="list-style-type: none"> <li>Continuous community engagement according to the defined corporate guidelines</li> </ul>	
GOVERNANCE AND BUSINESS ETHICS	Corporate Governance & ESG reporting	<ul style="list-style-type: none"> <li>Improve reporting practices and ESG ratings</li> </ul>	   
	Ethical Business Model	<ul style="list-style-type: none"> <li>Worldwide employee training on compliance laws, policies and procedures</li> <li>100% coverage of new hired employee</li> </ul>	
	Responsible Supply Chain Management	<ul style="list-style-type: none"> <li>Increase the number of suppliers rated by third parties according to ESG criteria, increase rating of low-rated suppliers</li> </ul>	
	Digitalization and Cybersecurity	<ul style="list-style-type: none"> <li>Improve external testing framework</li> </ul>	

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

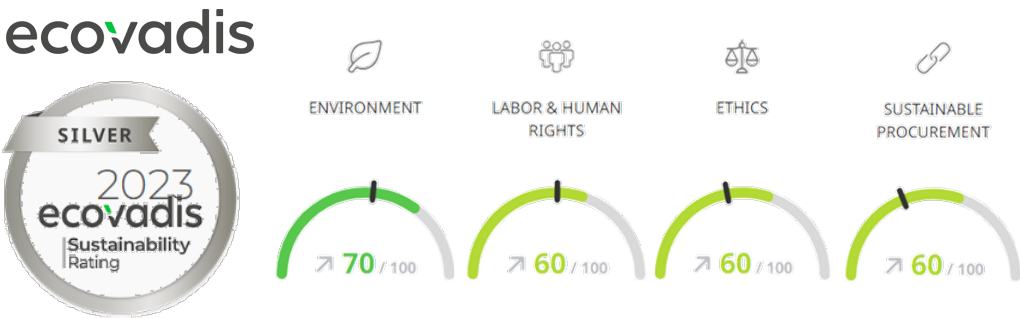
## CDP

CDP has assessed Italmatch's climate change governance, strategy and reporting. We have been recognized with a **B- rating in the 2023 CDP – climate change**.  
The strength point of the rating has been the certified scope 1,2 &3 GHG inventory, the Board engagement on Climate Change, the risk management process and the Opportunity disclosure.  
Italmatch has also been awarded **B- in the suppliers' engagement activities** analysis.



## Ecovadis

Ecovadis assessed Italmatch's ESG performances: the 2023 rating shows a +15 points improvement of over 2022 and the allowed us to be rewarded with the **silver medal**. A widespread improvement in all the assessed areas demonstrates the quality of the practices adopted among the Group. Significant gains were made in environmental and sustainable procurement practices, which, like the other pillars, are now well above the industry average.



## Integrity Next



From 2023 Italmatch is also assessed by **Integrity Next**, the rating is in the **green high quartile**.

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# Responsible Product – Management approach



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## Management approach

Our products are manufactured, labelled and classified in accordance with local / national regulatory standards to ensure proper use according to its chemical composition and safety notice. Labelling covers also its environmental safety classification.

Italmatch Chemicals has the products (~2000 different products, ~300 patents recognised worldwide) and the customer at the centre of its business strategy.

Our production processes follow these guidelines:

- High and constant quality guaranteed thanks to production processes under **ISO 9001** in most of our plants. Some since 1991;
- development of **low environmental impact** products: specific certifications are obtained by the plants according to the local productions if required;
- strong **focus on R&D and innovation** to achieve sustainability solutions.

## Key numbers



**78%**  
of the plants  
certified  
ISO 9001:2015

**~300**  
patents registered  
worldwide

**~ 60**  
FTE working in  
our R&D dept

**7**  
R&D centers

About **1%** of revenues invested in R&D

## Certifications according to market / sector requirement and customers' needs



# R&D and customer relationship



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## Management approach

In recent years, Italmatch has focused part of its **business development and innovation efforts** on business opportunities related to the **green transition**, leveraging its core business, application and chemical competencies to increase its efforts towards more sustainable solutions.

Some results have already been achieved and others are expected in the medium term, but Italmatch is also working towards long-term goals that will allow the company to enter its future growth with a more end-market and ESG-driven positioning.

Still today, a large part of the world's energy demand is sustained by fossil fuels. Italmatch is still active in some 'non-ESG' markets such as Oil & Gas, always proposing transition-related speciality solutions to sustainably close disused wells or reduce the direct impacts of extraction.

## Customer Centricity

Our industrial strategy focuses on product formulation according to **customer needs**. 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.

## Engaging on product carbon footprint

Among our customers there are many big international companies that has committed to implement their GHG inventory and to reduce their carbon footprint in the years (some have Net Zero targets at 2050).



**56 product carbon footprint\***  
calculated according to  
**ISO 14067**  
and delivered in 2023

In order to support customers in their GHG assessment and estimate the future emission reduction path, Italmatch has implemented an IT tool to calculate the Product Carbon Footprint of its product: we use raw materials primary data when available, otherwise data are sourced from international database. ISO 14067 is the methodology reference.

## Labelling

All products are supplied with labels and Safety Data Sheets (SDSs) in accordance with local GHS requirements, e.g. CLP in the EU and OSHA in the US. These documents provide clear instructions for safe use, storage and disposal to prevent accidents and damage to the health of personnel and end users, including essential information to reduce negative impact on the environment.



All products are in compliance with local regulations, e.g. REACH, and where required for specific end uses, are approved by the applicable Agency or Regulatory Authority, specific examples include CEFAS and NEMs in the North Sea, FDA for food contact applications and NSF Std 60 for use in drinking water applications.

\*PCF are shared under NDA rules

# Rich Long Term Innovation Pipeline and recent diversification into ESG Initiatives



## 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**
- **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



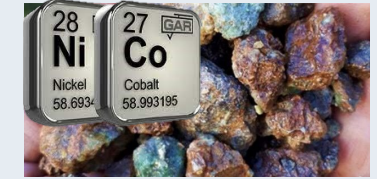
New product development completed, currently obtaining regulatory approvals. Field trials successful

### 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



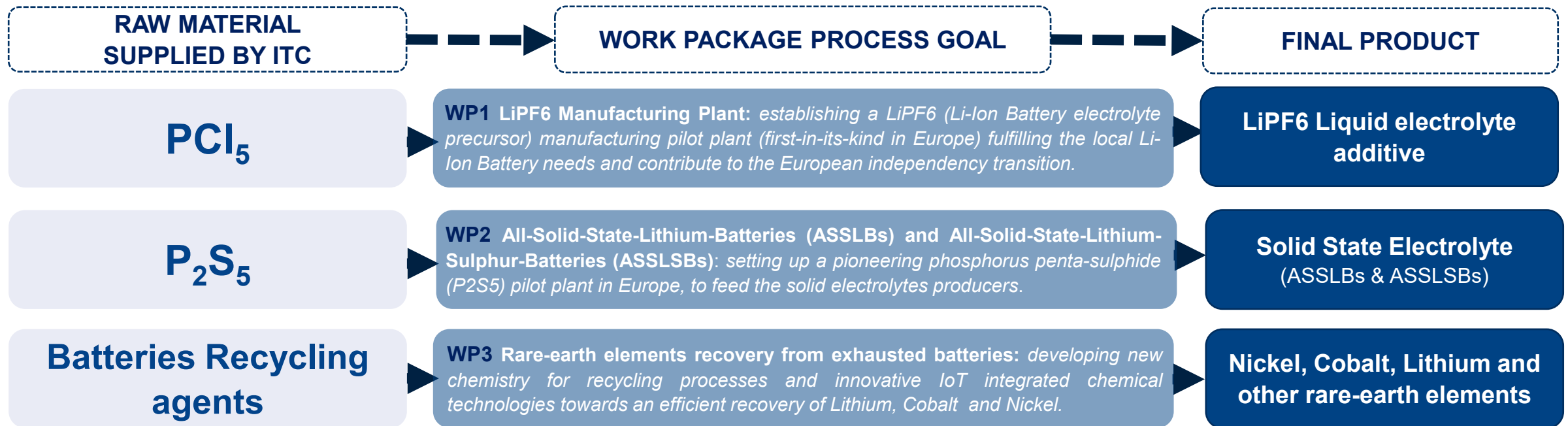
# Innovation – IPCEI on Batteries



Italmatch plays a key role in an integrated project bringing together key European players involved at various level in the battery value chain.

The project consists of **3 Work packages** (WP) and each WP is complementary to each other fulfilling the parameters imposed by the IPCEI objectives and communication.

The main goal is to develop a competitive, innovative and **sustainable battery value chain** and contribute to the **European independency transition**.





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## Environmental Management



14001:2015

**63%**  
manufacturing  
plants with certified  
EMS

**85%**  
of plants  
employees covered  
by EMS

**68%**  
of plants are located in  
industrial areas

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

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 and maximizing 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, of 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\*.

## Climate Change impacts risk analysis

In 2023 Italmatch structured an analysis of the impact of climate change on corporate strategy and operations in accordance with the TCFD (Task Force on Climate-related Financial Disclosure) guidelines. The analysis focused on: **Governance, Risk identification, Management Strategy.**

Governance of climate change issues is shared between the Board of Directors and management: the former is responsible for strategic direction, shaping the Group's future from a green perspective; the latter is delegated asset management with a focus on asset integrity, technological development and plant efficiency, environmental and safety management to ensure business continuity.

The results will boost new plans and strategies to better face future challenges.



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





SCIENCE  
BASED  
TARGETS

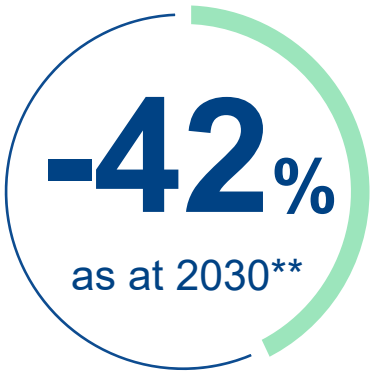
## Emission reduction targets for Scope 1, 2, 3 emissions submitted to SBTi in January 2024\*

### Actions in place



Since October 23, UK plant has switched to green energy order to reduce its Scope 2 emissions. The action allowed to avoid the emission of about 40t CO<sub>2</sub>e.

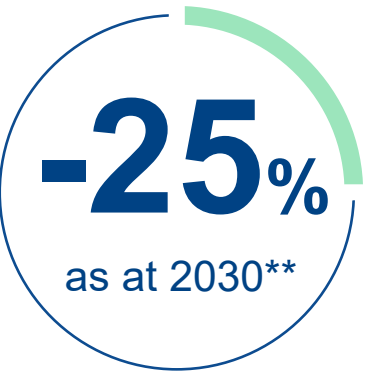
### SCOPE 1 & 2



### Strategies

- Production processes optimisations will lead to fuel/energy savings
- Improvement plant efficiency through adoption of BAT and new components
- Improvement plant efficiency through energy stream recovery
- Improve /renew/ install plants, reactors, piping insulation
- Installation of photovoltaic plants over roof to partially cover energy needs
- Purchase of green electricity
- Involvement of R&D to develop low energy consumption production processes

### SCOPE 3

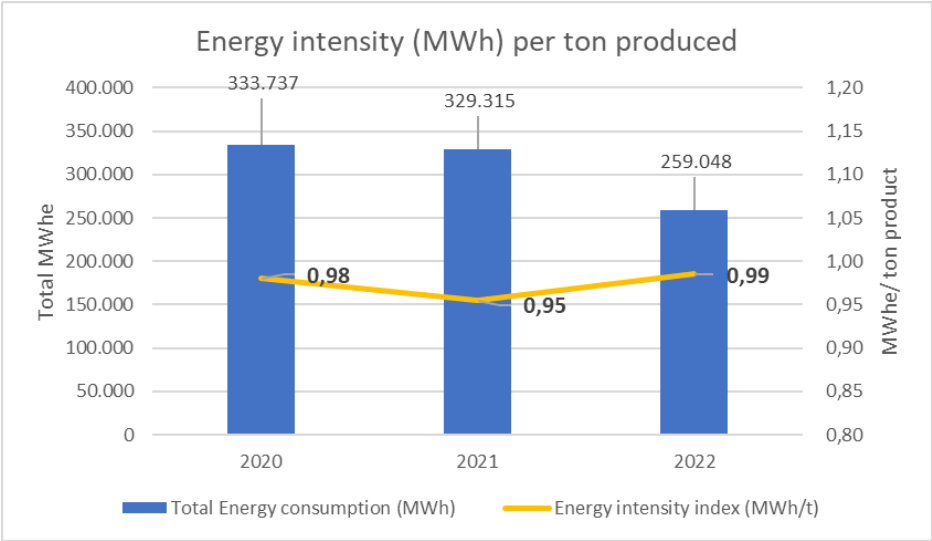
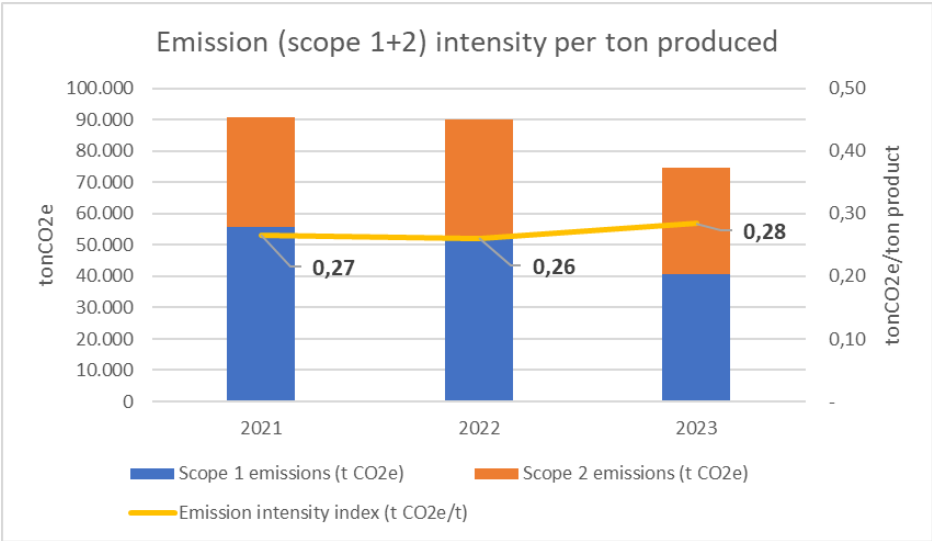


### Strategies

- Emission from purchased good will be reduced through:
- Big international suppliers will reduce over years their emissions in order to achieve their emission reduction targets. Consequently, the product carbon footprint of the products sold to Italmatch will decline
  - Developing new production processes for key raw materials (mainly yellow phosphorus) aiming at a drastic reduction of energy consumptions
  - Transitioning to bio-based materials and to those with a lower Product Carbon Footprint, reinforcing our commitment to sustainable sourcing

\*= assessment will start in May 2024

\*\* = compared to 2021 level



## GHG emissions & energy consumption

Italmatch is committed on reducing its global emissions and the emission index. The GHG inventory, prepared in accordance with the GHG Protocol reporting standards, covers the same perimeter of the consolidated statement. The GHG data are reported according to management and accountancy systems. The **2021** GHG inventory **is the baseline** for defining the emission reduction target proposed to SBTi.

Data are certified by third party in accordance with **ISO 14064-3**.

	2021	2022	2023
Scope 1 (t CO <sub>2</sub> e)	55.580	52.478	40.758
Scope 2 (market based) (t CO <sub>2</sub> e)	35.086	37.478	34.001
<b>Total direct emissions t CO<sub>2</sub>e</b>	<b>90.666</b>	<b>89.956</b>	<b>74.759</b>
Scope 3 (t CO <sub>2</sub> e)	804.197	848.289	643.805
<b>Total emissions t CO<sub>2</sub>e</b>	<b>894.862</b>	<b>938.245</b>	<b>718.565</b>

GHG inventory verified by third party according to ISO 14064-3



# Environment – additional KPIs – water & waste



Water KPI	Unit	FY 2023
Water withdrawal	m3	2.411.518
Water discharge	m3	2.083.820
Water consumption	m3	327.698
Water reused	m3	863.014

About 86% of total water withdrawal discharged

## Waste

Wastes are produced from plant maintenance activities and operations. In operations waste are produced from packaging (recycled where possible), cleanings and stock management (out of spec productions or out of shelf-life).

When possible, we prefer a circular approach: internal recycling programs and collaborations with suppliers are in place to reduce the wastes produced. Waste are classified in accordance with local and international environmental legislation after analysis performed, if necessary, by third certified parties.

Wastes, after classification, are stocked in specifically authorized areas and then disposed through external suppliers. These are selected according to their authorization and the classification of the product.

## Water

We constantly track our water consumptions, discharges and reuse volumes at all our production facilities. According to targets set out in our certified environmental management system (ISO 14001), local action plans are set 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	2022	2023
Total waste generated (t)	12.050	9.236
of which non-hazardous waste	61%	60%
Sent to recovery	30%	27%

## Actions in place



Part of our drums and IBCs used in UK are made of at least 30% high-quality recycled material. This allowed to save more than 17t of raw plastics and about 27t of scope 3.1 emission.



# Environment – Approach to Circularity

17 PARTNERS  
5 COUNTRIES



For further info  
please, scan here



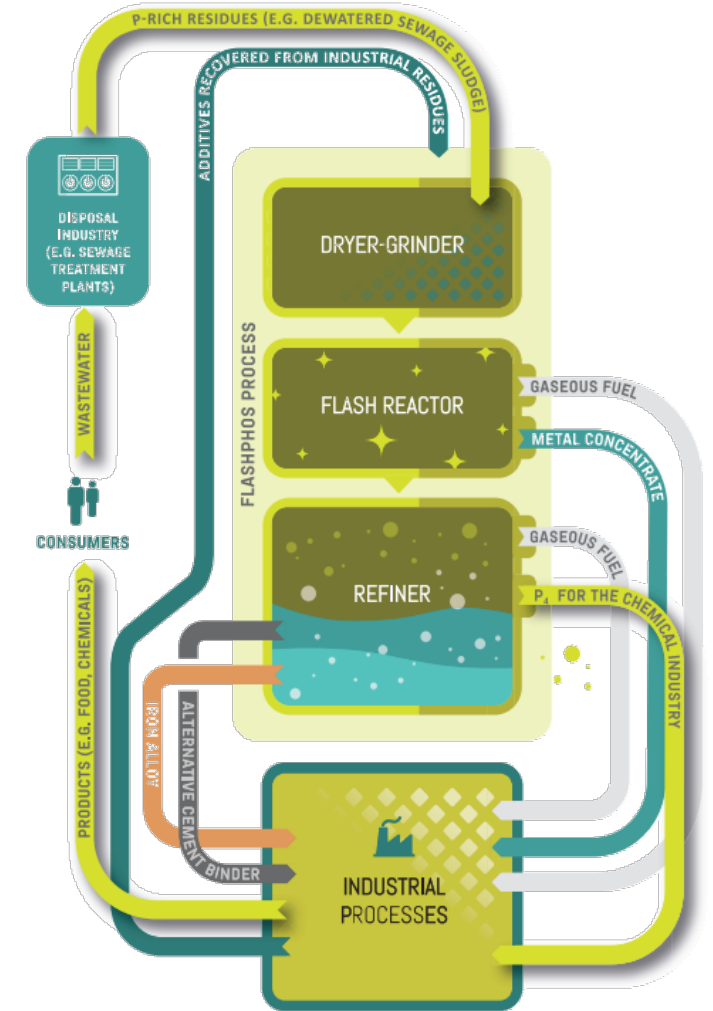
FLASHPHOS

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, Italmatch will use this innovative process to produce and use the outcoming phosphorus.**





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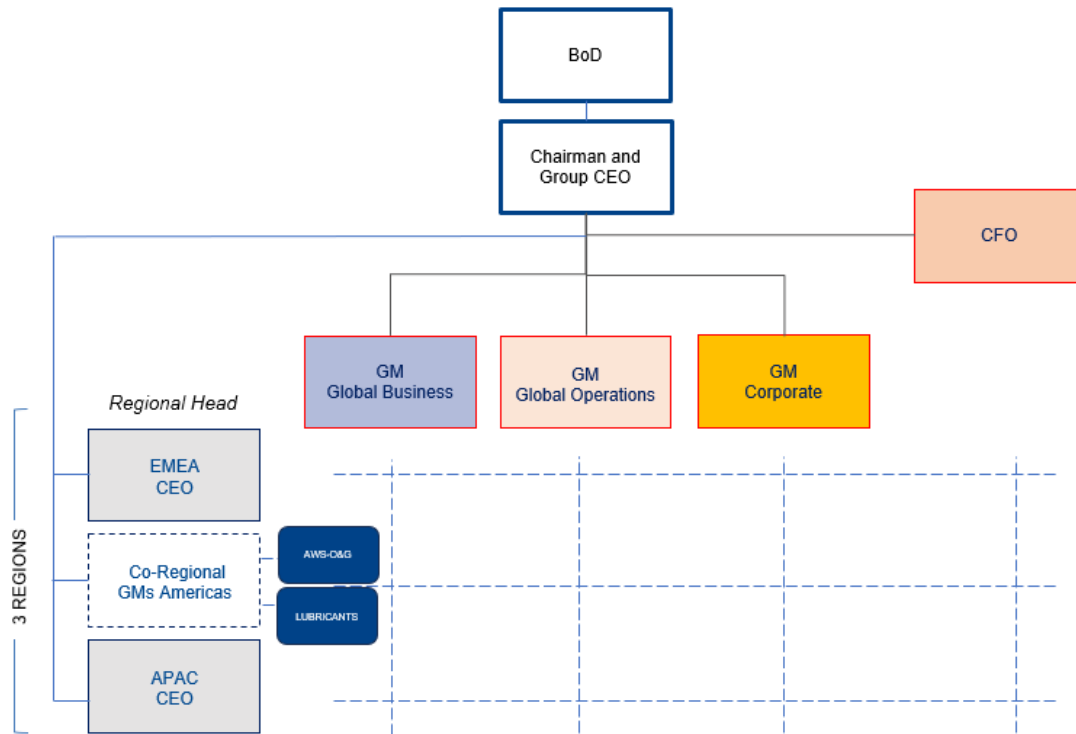
Governance and business ethics



**Italmatch Chemicals**



# People: organizational structure



Italmatch Chemicals operates through 19 production plants worldwide placed in Europe, Asia Pacific and USA. Corporate organization and, consequently, human resources management follows a matrix structure with hierarchical and functional reporting according to Business Units and Regions.

This business-oriented model is leveraging on a distinctive global presence and a lean corporate approach, aimed at boosting growth and “raise the game”:

- General Manager **Global Business**, focusing on the development of the entire offering portfolio
- General Managers **Corporate**, **General Manager Operations** and Group **Chief Financial Officer** focusing on Group Services and unleashing operative synergies.

## A clear roadmap for the future

An ambitious roadmap to shape the future of the organization towards **scalability** and **shared value creation**

### Future proofing leadership

- Talent Management
- Leadership development
- Succession planning

### Organizational Optimization

- Harmonization & Integration
- Inclusive recruitment and development
- Building change management practices into tech change

### Engagement & Development

- Performance management
- Workforce engagement
- Upskilling/Reskilling



# People: Human Capital overview



# Employees per area & gender	2023		
	female	male	Total
Americas	56	152	208
APAC	84	195	279
EMEA	107	415	522
Total employees	247	762	1009
Workers who are not employees	1	12	13
Total workforce	248	774	1022

% Employees per area	female	male	Total
Americas	5,6%	15,1%	20,6%
APAC	8,3%	19,3%	27,7%
EMEA	10,6%	41,1%	51,7%
Total	24,5%	75,5%	100%

Outbound turnover per area	2023
Americas	5,05%
APAC	4,46%
EMEA	7,43%
Total out-bound turnover	16,95%

Data as of 31 December 2023  
 Workers who are not employee = agency workers  
 Outbound turnover = total HC that left the Group in the year / total HC at year end  
 Average seniority = years from first employment in any company of the Group  
 National identities = different countries of birth

## HR overview

We recognize Global Compact's Workers and Human Rights principles as pillars of our management system.

Human resources management approach aims to **transform the Group's diversities** into an added value. We promote a culture of management excellence and an **inclusive mentality**, while respecting the fundamental rights of employees (both as person and as worker) and ensuring legal compliance.

The **recruitment process** is carried out according to the company's policies and procedures, to **ensure equal opportunities** and **equal treatment**. These are guaranteed not only in the selection and remuneration process, but also in the career development, training and upskilling of employees.

The **remuneration system** is designed according to collective agreements (where applicable) and local benchmarks: it ensures talent attraction and retention. Variable remuneration programs are in place connecting Group and ESG targets to personal goals.

**Collective bargaining** is a right recognised to all Group's employee. We have **relationships with the Unions** in Italy, Spain, USA, Germany and Poland where have subscribed agreements focusing on shifts, welfare, economic issues. In Italy more than 50% of employees has joined a union. In UK, engagement with Unions is held under TUPE procedure.

*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.*

**100% permanent**  
employees

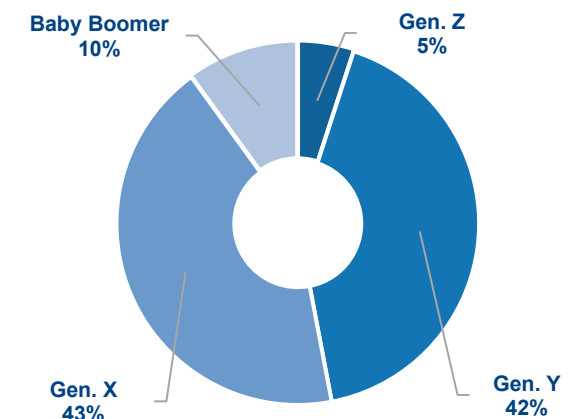
**98% full-time**  
employees

**33**  
National  
identities

**16**  
Spoken  
languages

**6yrs**  
Average  
seniority

**44yrs**  
Average  
age



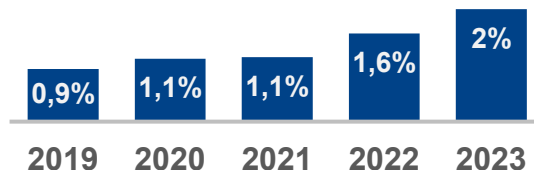
# People: Diversity and equal opportunities

Employees breakdown by gender and age group	2023		
	female	male	Total
Under 30 years old	22	88	110
30-50 years old	159	421	580
Over 50 years old	66	253	319
<b>Total</b>	<b>247</b>	<b>762</b>	<b>1009</b>

# Employees by age group and professional category	2023			
	<30	30-50	>50	Total
Top Manager	0	1	5	6
Manager	2	83	74	159
White collar	45	203	93	341
Blue collar	63	293	147	503
<b>Total</b>	<b>110</b>	<b>580</b>	<b>319</b>	<b>1009</b>

% Employees by gender and professional category			
Professional category	female % on category	male % on category	% category on Total
Top Manager	33,3%	66,7%	0,6%
Manager	19,5%	80,5%	15,8%
White collar	47,2%	52,8%	33,8%
Blue collar	10,5%	89,5%	49,9%

## Disabled employees



Global Compact principles as recalled in our Code of Ethics, are the pillars of our **D&I Policy** and a **Human Rights Policy**.

Italmatch Chemicals upholds Diversity & Inclusion as core values and opposes 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 embed Diversity & Inclusion as 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.

## Women Empowerment

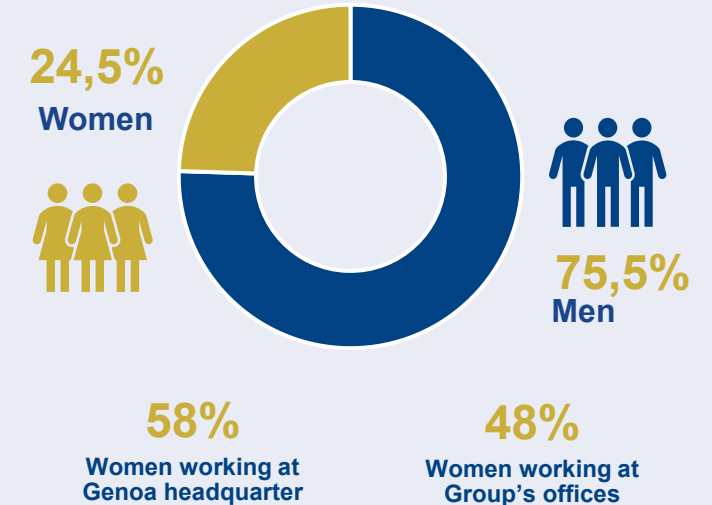
**valore<sup>D</sup>**

Since 2022, Italmatch supports **Valore D**, the first association of companies to **promote gender balance and an inclusive culture** for business growth. We offer training and development courses dedicated to women and aimed at raising awareness on DEI issues.

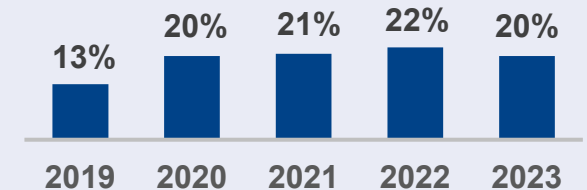
**33%** of top managers are women

**20%** of managerial positions are covered by women

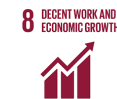
## Gender Diversity



## Women on total managers ratio



# People: human resource management & training



## Human resources management

Employee skills and retention are important to guarantee sustainability and 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.
- according 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 (~160 employees). In order to guarantee a better appraisal and development process at Group Level, a new Performance management will be launched in 2024 based on Success Factors Platform.
- High attention is dedicated to Talents and K-people in terms of identifying and monitoring them constantly, providing retention plan, training and organizational development through special career Plan.
- In order to improve people integration within the organization a new Global Onboarding procedure has been issued worldwide.

**6900 hrs**  
of training delivered to employees

**20%**  
of training focused on professional skills development

**1,4 days/employee**  
of training

**63%**  
employees attended training course

**0,3%**  
training expenditure ratio

During the year, the company did not incur in any sanction for issues concerning human resources management, the application of contractual and labour regulations, discrimination and workers' and trade union rights.



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

At Italmatch, we want all our employees to fulfil their potential: through training Italmatch guarantees the skill improvements needed for employees' **career development**.

Training are focused on **regulatory and internal compliance** and on **skills development** initiatives (upskilling and reskilling).

Production sites provide training and certification for employees involved in production and ancillary activities. The courses, aiming to improve both technical and managerial skills, are defined jointly by managers and the employees according to the planned growth paths.

### Training main topics





# People and communities: Health and Safety

Italmatch has implemented **ISO 45001** certified management systems (or safety management systems complying with local regulations as the so-called Legge Seveso for Italy and ArbSchG for Germany).

The company's strategic approach is based on **continuous improvement**, even in the absence of certified management systems, by applying the **best available techniques** and **upgrading facilities** to the most safe and efficient production processes.

- **HSE managers** have been appointed at each site and are under the responsibility of the site managers.
- **Safety KPIs** are part of plant managers evaluation and reward system (**MBO**).
- Through its **Responsible Care Membership**, Italmatch has committed to continuously improve its health and safety performance as well as security of its facilities.
- A “**reporting & incident analysis**” model is implemented at Group level. This enable the improvement of operational procedures through the **lessons-learned process** and the involvement of employees and management.



Each event generates an “incident analysis & remediation” process as a learning and prevention tool: the analysis process involves technical and managerial personnel at different levels, depending on the severity of the event. According to their role, they help to identify causes and define procedures improvement, operational solutions and plant changes to reduce the risk of similar events recurring.

The number of accidents reduced by **46%** and lost days decreased by more than **79%** compared to 2022.

Group indexes are **lower** than the Italian **Responsible Care** average.



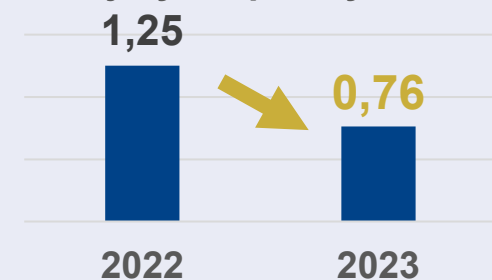
## HSE KPIs



**37%**  
of manufacturing plants  
with certified HSMS

**53%**  
of plants' employees  
covered by HSMS

### Injury frequency rate



Total recorded injuries: **7**

Injury severity rate: **8,3**

High-consequence work-related injuries: **0**

Professional illness: **0**

Fatal work accidents recorded: **0**

# Communities: relation with stakeholders

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.

## SOME OF OUR INITIATIVES

### Wellbeing, Sport, Values

#### *Support initiatives that comply with Italmatch values and integrity*

- Festa dello Sport & Disability in Genoa (HQ)
- Support for local ONGs promoting diversity & inclusion in sport

### Local heritage & development

#### *Promote our Italian roots and support local communities*

- Support of Festival Dei 2 Mondi – project for Spoleto students
- Meetings for Spoleto citizens development of green mobility locally & e-mobility
- Historical competition with ancient vehicles Vaporetti (Spoleto)



*The Italmatch team have won the 57° edition of the **Vaporetti Race**. The race, deeply rooted in Spoleto's traditions and history, was created more than 50 years ago.*



*Italmatch has supported **Panathlon** in organizing the traditional **BIC (Be Included Community)** Christmas soccer match. Since 1997 the association works to bring boys and girls with disabilities closer to physical activity and team sports.*



***Italmatch at the ETicaNews ESG conference in 2023:** the chemical industry is not just “black and dirty”: we have outlined how, through our history, we have made it more sustainable supporting the green transition with a support to the circular economy.*





## SOME OF OUR INITIATIVES

### Schools & STEM studies

*Build the future of  
chemistry inspiring  
new generations*

- Italmatch R&D Team in high schools to do **dissemination on STEM careers** and **bias** related to chemistry industry
- Lectures at University
- “**Adotta una Classe**”, lessons and orientation sessions for students to make them more aware of their future and opportunities in STEM field (Naples /Genoa /Arese)
- Application of our young lab excellence to **WorldSkills UK 2023**

### Inclusion, Parity, Health

*To reduce inequality  
and create shared  
value*

- **Donation for Turkey earthquake** (both from ITC and ITC employees)
- Tennis match against **cancer** (LILT- HQ) and Sant'Egidio community
- Initiatives to **support ALS disease/Disability**
- **Panathlon** and **Gigi Ghirotti Foundations** support

What advice would you give to young women considering a career in chemistry?

To young women who want to work in chemistry I would say to **work hard** and **have fun** at the same time. I think the best you can do is to **follow your inclinations**: this way, **barriers** will come down more easily.

**Chiara Monti**  
R&D and Innovation Manager



The **OSM Talent 'Adopt a School'** project allows high school chemistry students to attend a courses useful for their future, to discover their talents and inspire them, giving an insight on how a chemical company works, the job opportunities and future challenges related to sustainability.

In 2023 Italmatch brought this project to Pozzuoli (Naples), in collaboration with the GRS plant in Qualiano, and to the Istituto Tecnologico Cannizzaro in Rho (Milan). This initiative is part of the Italmatch Group's wider **programme to encourage STEM studies and promote gender equality in STEM careers**.





1

Group overview

2

Responsible Product

 Italmatch Chemicals

3

Environment

4

Our People and Communities

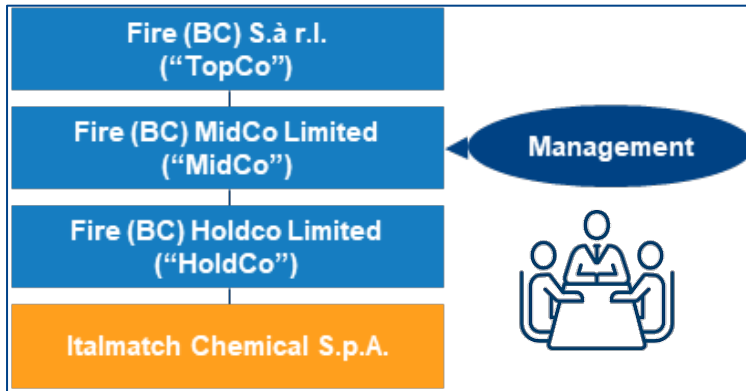
5

Governance and business ethics

# Governance: Board of Directors and management composition



## Company shareholders



Shareholders as at 31 dec 2023

Bain Capital currently holds approximately 72% of the issued share capital of MidCo, with the remaining stake of about 19% held by Dussur\* and approximately 9% held by the ITC Group's CEO, 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

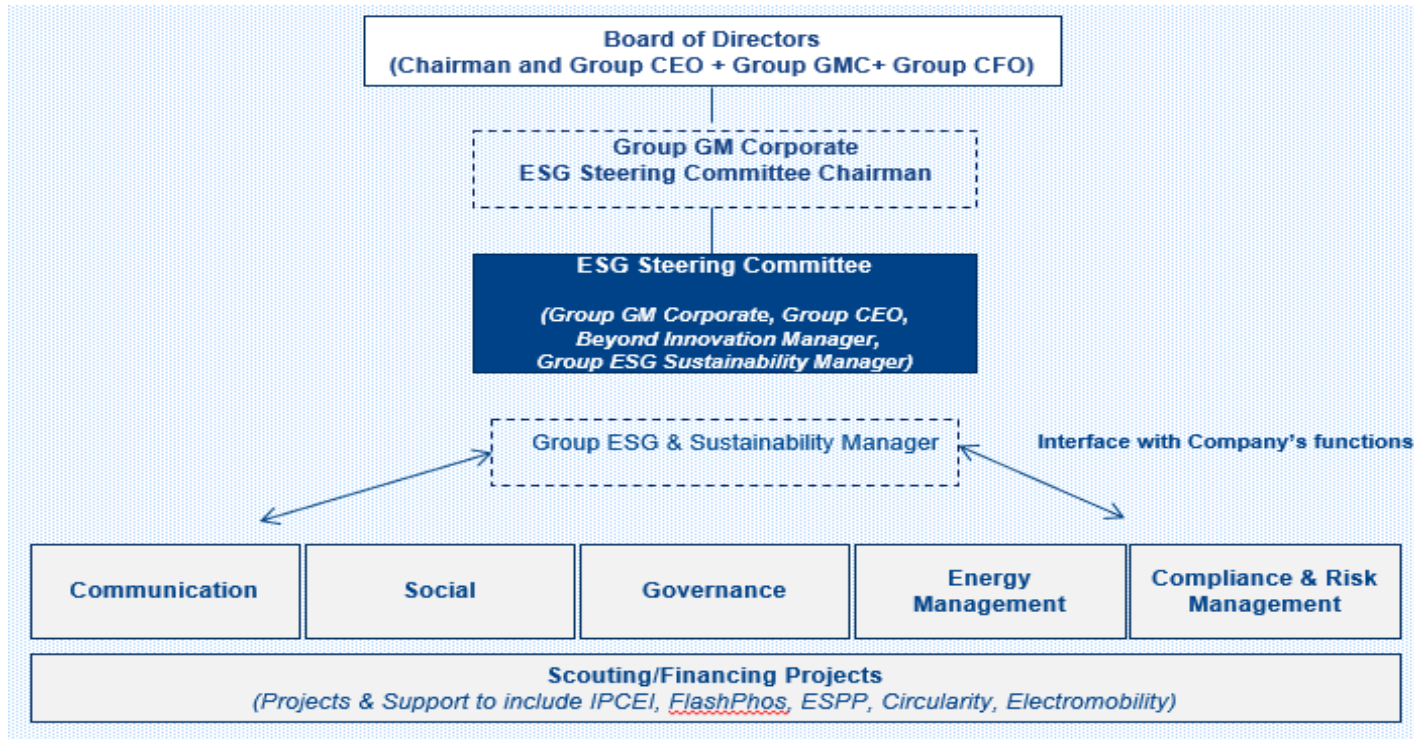
Members of the **Board of Directors** are appointed during the AGM for a 3-year term (last appointment January 2023).

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** (composed by 3 men) and an **Audit Committee** are in place as a supervisory bodies.

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-principles 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, the ESG & Sustainability manager, is in charge to:**

i) developing, overseeing, monitoring and reporting to the BoD on strategic ESG policies and approaches; ii) monitoring performance and results against ESG targets; iii) reviewing ESG reporting prior to submission to the BoD for approval; iv) proposing ESG initiatives; v) supporting and advising the BoD and Group GM Corporate on key ESG areas and actions; vi) overseeing and monitoring ESG special projects; vii) ensure alignment between the strategic direction set by the BoD and the operational/sustainability activities of the business in the medium / long term.

## Direct organization



The Board of Directors

- defines and approves the ESG strategic guidelines and targets, also based on Group GM Corporate proposals,
- approves 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 ESG & 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
- Sustainability Policy
- Whistleblowing policy
- Human Rights policy
- D&I policy
- Anticorruption policy
- Gifts, Hospitality, Sponsorships and Donations Policy
- Antitrust Policy
- Conflict of interest policy
- International trade control policy
- Conflict mineral policy
- Suppliers Code of Conduct

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 2022/23 covering more than 85% of total workforce.

In addition, several training programs are ongoing such as Data and Company information protection.

## 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.

This organizational model, in addition to the local procedures already effective, **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
- Global compliance

A publicly available reporting system is in place and available on the corporate website. Reporters are guaranteed against any type of retaliation and discrimination.

No confirmed incidents of corruption occurred in the last 3 years.

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

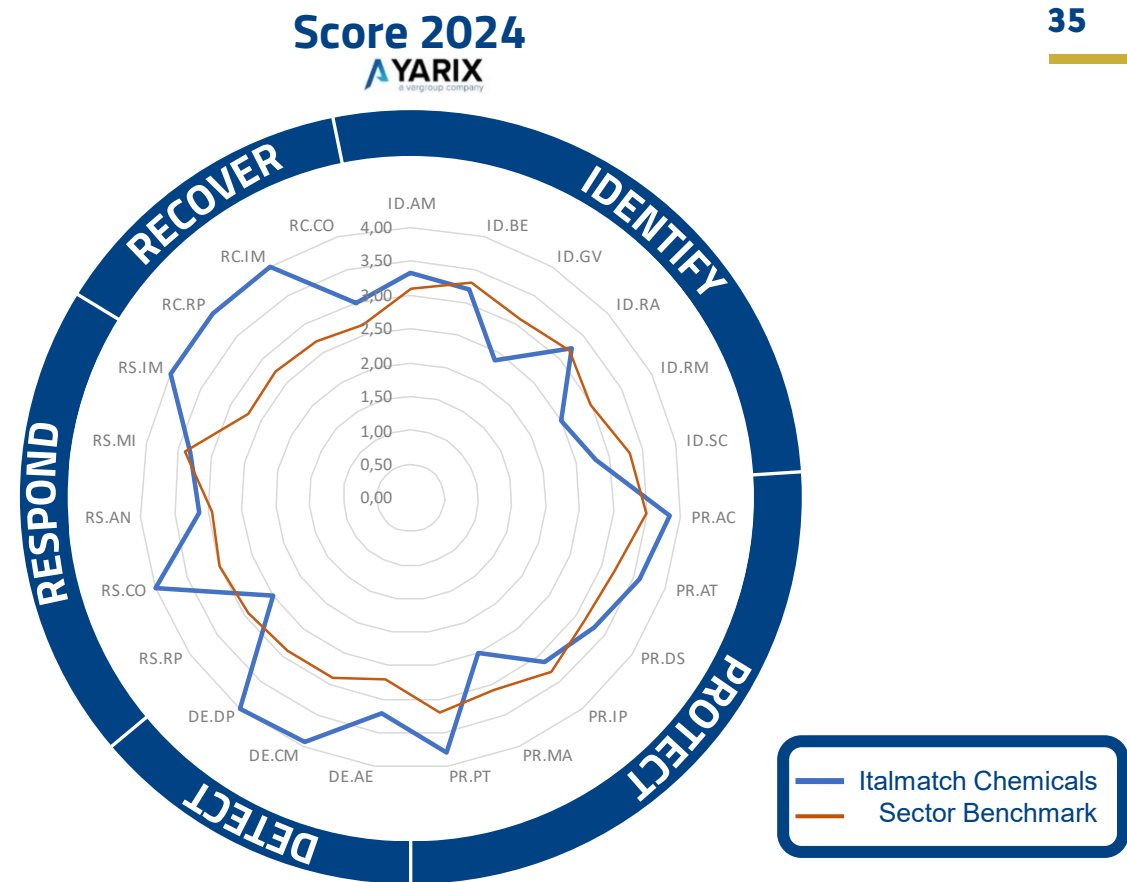
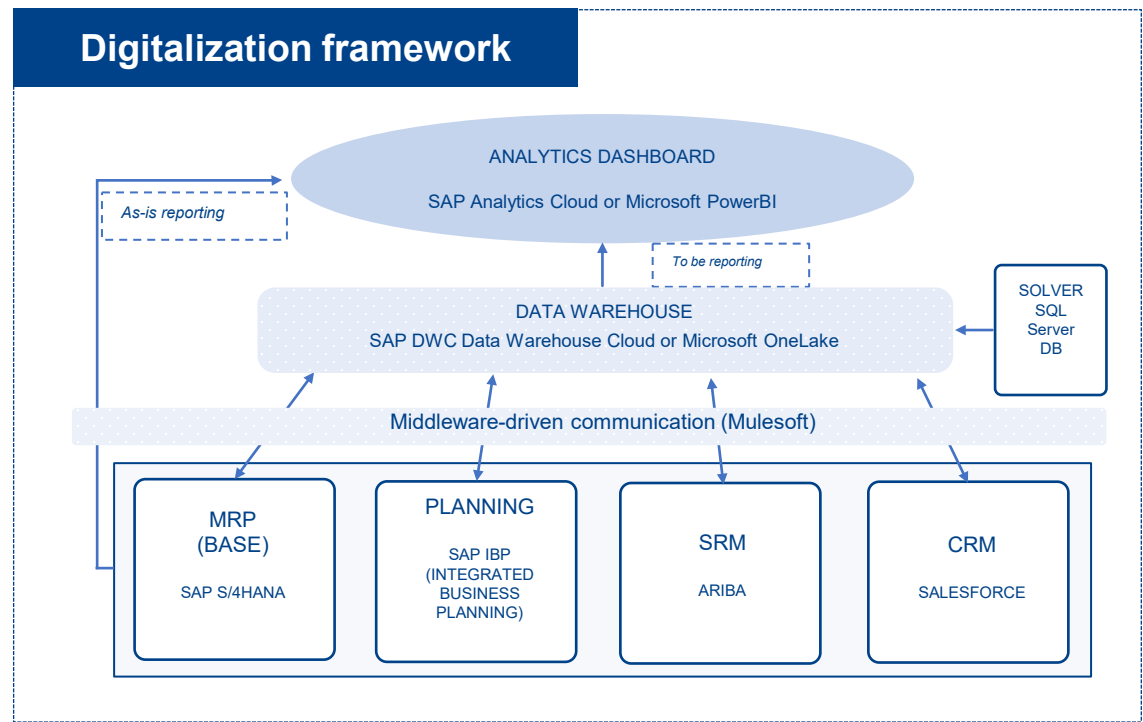


**A whistleblowing system is in place since mid 2023**



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 developing and monitoring 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:** the platform, re-launched in 2014 by Federchimica, analyses national research activities and priorities on sustainable chemistry, linking them to European priorities and initiatives.
- **CEFIC, Federchimica, Confindustria:** European and national trading association of the chemical industry, supporting the Paris Climate agreement, the European Green deal, generating and aggregating scientific knowledge.
- **United Nations Global Compact:** UNGC initiative 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.
- **Valore D:** the first business association that promotes gender balance and an inclusive culture to foster business growth.



Cyber risks Insurance Master Program (Security, Crime , Social Fraud) → In place

Advanced CyberThreat intelligence and exposure monitoring → Advanced

Upgraded Disaster Recovery Plan and Backup Infrastructure Assessment → Ongoing

Darktrace Physical Probes and Managed Switches in every plant → Ongoing



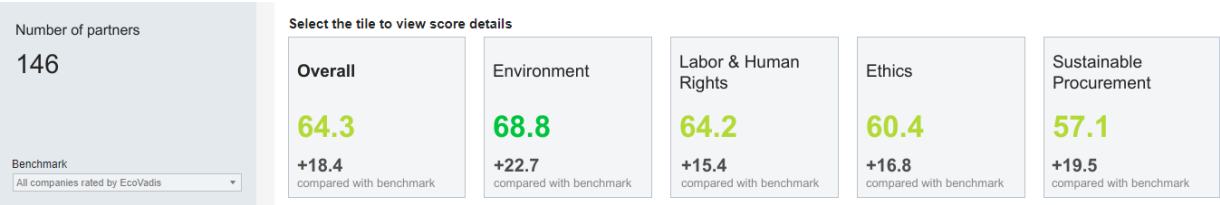
# Responsible Supply Chain & Sustainable Procurement

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.
  - **Suppliers’ code of Conduct** requiring suppliers to conduct business and control their supply chain in accordance with major ethical principles on **Labour rights, D&I, anti-corruption, environment** and other essential principles.
  - Right of audit on suppliers ESG performances
  - 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 2023, 95% of 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.



ARIBA  
towards a sustainable procurement model

Italmatch is strongly focusing on the qualification process of the supply chain: overcoming procurement choices based on quality and price now ESG factors are considered to rate suppliers.

A new IT system is being implemented and it will support the transition to a more accurate ESG supplier assessment streamlining the procurement process, standardizing and automating workflows, targeting a suppliers management optimization.

A strong analytics system will improve our capacity to monitor suppliers’ performances, to act proactively to reduce risks along the supply chain and being ready for the emerging needs rising with the CSRDDD directive.

Target: +10  
new suppliers engaged  
every year  
in ESG assessment

CDP  
DISCLOSURE INSIGHT ACTION

B- Supplier Engagement Rating

2,33 / 4  
Ecovadis Maturity Review assessment rating

49%  
of tier 1 suppliers  
(spending higher than 100k€)  
assessed through Ecovadis

54%  
of total 2023  
spending assessed



# Italmatch Chemicals

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Approved by the BoD on 22<sup>nd</sup> March 2024