

Sustainability Report 2023



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Letter to Stakeholders

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.

We have also seen the change from the VUCA world (Volatile, Uncertain, Complex and Ambiguous) to a BANI world (Brittleness, Anxiety, Non-linearity, and Incomprehensibility): this is why the Company's approach to business with a robust governance and risk management are becoming more and more relevant.

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



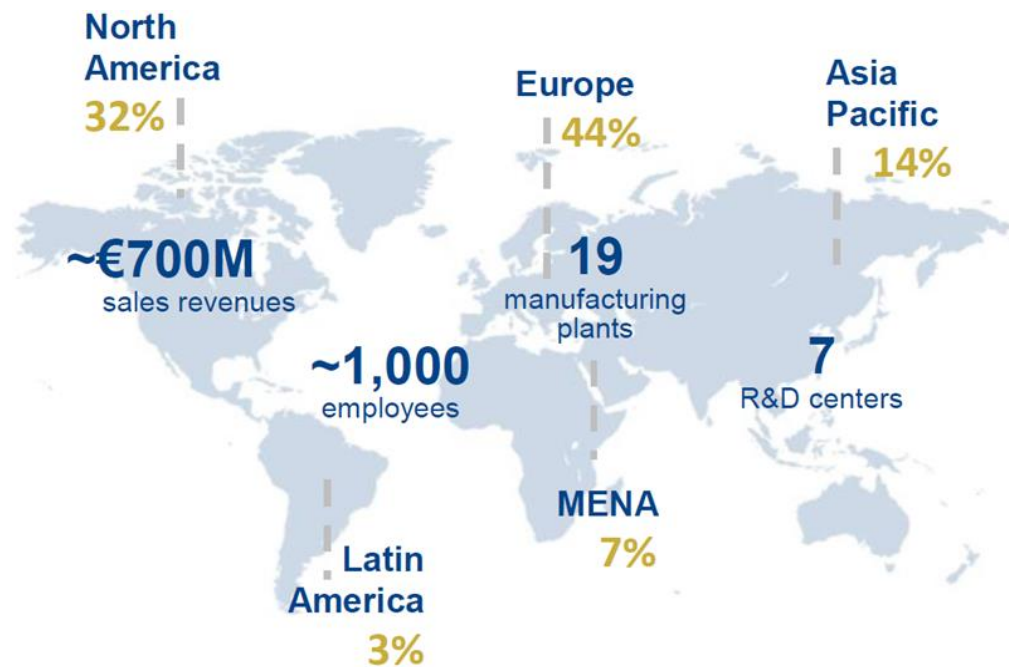
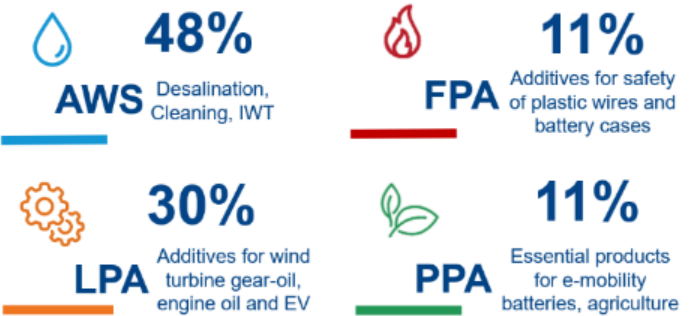
Maurizio Turci
Group General Manager Corporate

The Italmatch Group

Italmatch Chemicals is a leading global chemical group specialising in additives and functional solutions for water treatment, lubricants, and other specific applications.

Its products are often formulated according to specific customer needs and are able to meet the requirements of the most demanding applications.

The Group is present with sales representatives worldwide and has 19 production plants in various geographical areas (Europe, USA, and China).



(Sales revenues FY23 split)

25 years of history

Italmatch Chemicals celebrated its 25th anniversary in 2023. It is the story of a pioneering dream started in 1998 thanks to a visionary idea of the engineer Iorio, now CEO, with a Management Buy Out project in central Italy.

Many things have changed over the years: we have expanded into new countries, we have undertaken ambitious projects and our solutions have reached new markets.

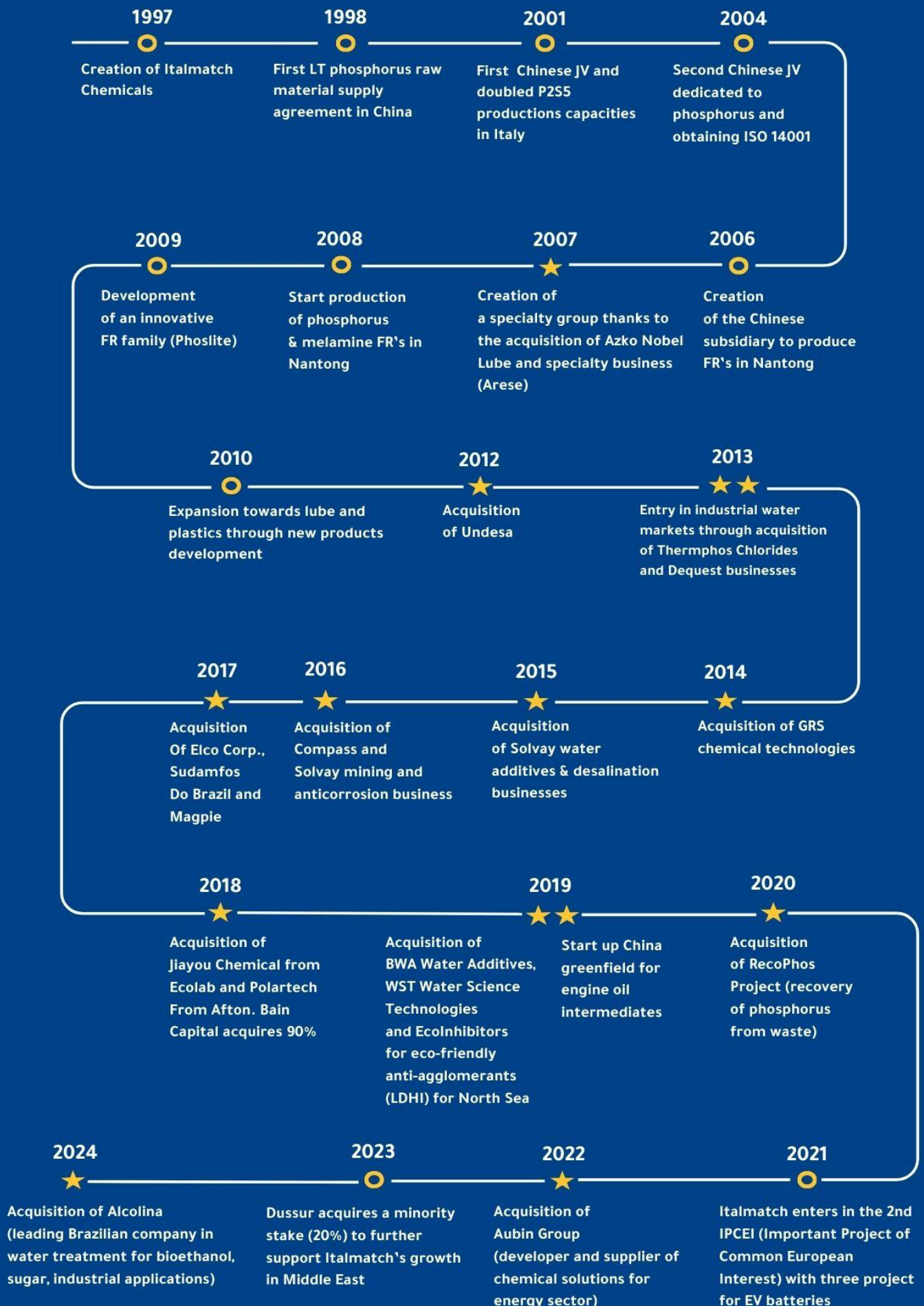
But the passion for our work, the courage to innovate and the ambition to grow have remained the same as the very first day of this long journey.

As part of this celebration, the Group published a photographic book with all the main successes of its history.



ITALMATCH'S HISTORY

★ M&A (14)



Group Strategy

The capacity for innovation and the calling to quickly respond to market requests are the foundation of Italmatch's industrial and market approach. The Group has demonstrated its soundness, reliability and reputation built in 25 years of business, confirming the strong commitment and support of its customers based on a customer-centric model. In addition to strengthening our historical core business of flame retardants, which has included the proposition of halogen-free solutions (with lower environmental impacts and significant advantages in terms of the safety of people present in the event of fire), every business unit has worked to gradually update its product portfolio by supporting green supply chains such as those of renewable energy (the additives for plastics used in the production of connectors for photovoltaic panels are noteworthy), electric mobility (electrolytes for batteries and additives for specific lubricants) or the recycling and recovery of materials (waste battery recycling chain).

The Group's flagship Research and Development department is today one of the drivers of Italmatch's transformation from a chemical company attentive to sustainability issues to a partner ready to support our customers in their green transition, as well as a fundamental player in the key supply chains for a decarbonised economy (e-mobility, renewable energies such as geothermal, wind, photovoltaic, etc.).

ESG assessment in M&A and investments

Correlated with the industrial strategy, the ESG strategy has led to the awareness that the Group's approach cannot be pursued alone but must in any case be supported in every area. An ESG questionnaire was therefore prepared for M&A transactions.

The document analyses all the main issues in the ESG sphere and aims to raise awareness of the various issues in order to be aware of the future actions for aligning the new entity with our goals.

The tool aims to stimulate reflection on certain issues and on the necessary commitments to align the companies' practices.

The investment procedure has been supplemented with the inclusion of an ESG assessment for the same reason; as part of the authorisation process, the proposer must specify whether and what contribution the investment can make to the Group's ESG strategy. In doing so, the implementation timeframes of the improvements necessary to achieve the emission reduction targets (SBTi) is kept under constant control, making it possible to ensure that the defined objectives are met.

The Group's decarbonisation process

The international scope of the Italmatch Group, the constant interaction with international customers focused on achieving decarbonization and Net Zero goals by 2050 has led us to express our commitment to SBTi in December 2022 and to submit emission reduction targets for approval in January 2024. Following an articulated analysis process, in June 2024, SBTi approved the emission reduction targets set and formulated as follows:

Italmatch Chemicals SpA commits to reduce absolute scope 1 and 2 GHG emissions 42% by 2030 from a 2021 base year. Italmatch Chemicals SpA also commits to reduce absolute scope 3 GHG emissions 25% within the same timeframe.

**BUSINESS
AMBITION FOR 1.5°C**

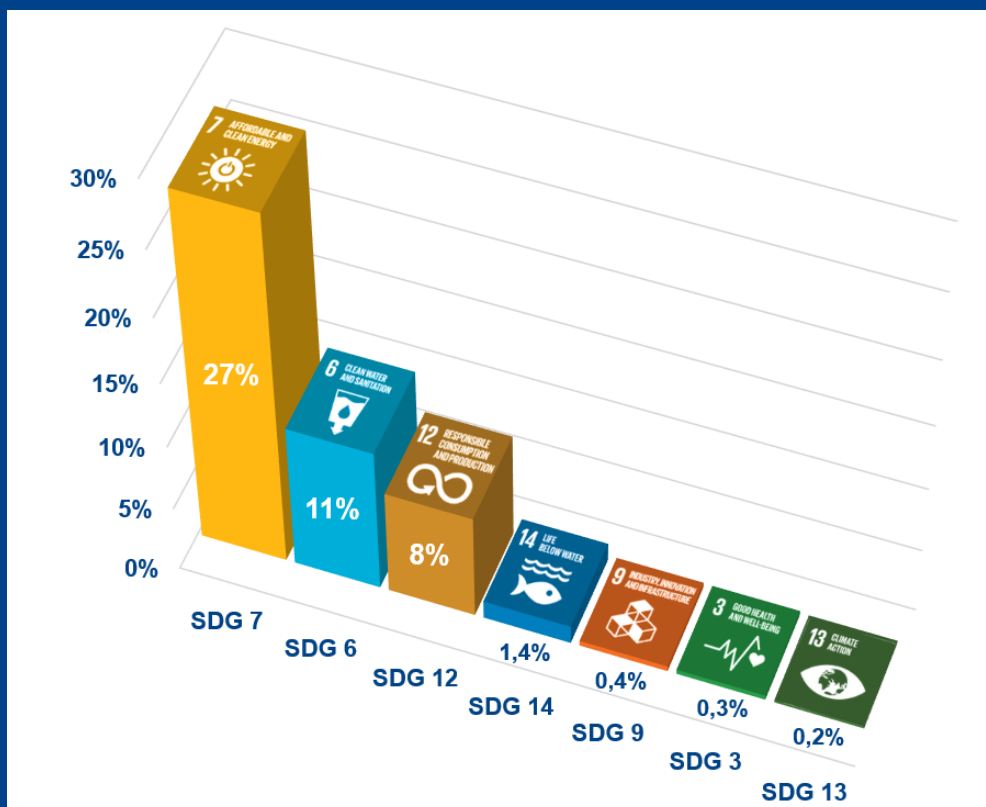


A product portfolio for sustainable development

In a world where chemicals are always considered a high-impact industry, Italmatch has constantly strived to have a sustainable product portfolio: in fact, most of its offer is characterised by chemical specialities created specifically to meet customer needs.

We wanted to analyse how the Group's products contribute to the achievement of the SDGs (Sustainable Development Goals defined by the United Nations in 2015). Thanks to our sales team's knowledge of the markets, we have identified the main use of the products in each product family, and based on this, we have identified the reference SDGs.

The analysis showed that around 48% of the Group's sales contribute to the achievement of an SDG, above all SDG 7 for all those products and additives that improve the efficiency of machinery by reducing friction and consequently consumption.



ESG Strategy

The Italmatch Group not only focuses on the industrial areas of its business, especially the green transition through research and development activities dedicated to circular products and applications, but also and above all the integration of requests from its stakeholders and local communities into its business model, in the context of an active and constant dialogue on sustainability (or ESG) aspects.

The process that led to the identification of the most relevant issues representing the Group was based on a single materiality approach (described in the methodological note) shared with different groups of stakeholders inside and outside the company.






We identified the usual three analysis areas: environment (in the three matrices air, water, and soil), social (staff, health and safety and community) and governance (management and control bodies, management ethics, anti-corruption, supplier management) (ESG).

However, a more precise analysis of the various elements of the three areas showed that many elements were attributable to the common factor of the “responsible product”: our industrial strategy that focuses on the formulation of products based on customer needs and prompt attention up to delivery (downstream value chain).

In this regard, we have integrated the following elements: safe, advanced and innovative products, innovation (in formulations and processes), attention to the customer both “pre- and post-sales, support for their green transition (also supporting them in their approach to emissions with the calculation of product carbon footprints). For each of these four areas, the guidelines to be implemented in the medium term have been defined: we firstly identified more generic and qualitative approaches that will become targets as soon as we have defined precisely measurable strategies.

ESG targets in remuneration systems

Based on their direct possibility of impacting the achievement of the objectives defined in the ESG strategy, some functions have part of their MBO (variable part of remuneration in the short term) linked to sustainability issues: reporting, reduction of emissions and energy consumption, identification of plant efficiency projects useful for the achievement of SBTi targets, supplier engagement. In addition, the Remuneration Committee established within the holding company defines the remuneration and long-term incentive plan strategies for top management.

ENVIRONMENT		<div><div></div><div></div><div></div><div></div><div></div></div>		
	Guidelines (To be implemented on 3/5 years' time since 2023)	Target	Timing	
Climate impacts and strategy	<ul style="list-style-type: none">- <i>Define emission reduction actions to reach future SBTs targets</i>	<ul style="list-style-type: none">- Achieve emission reduction target approval by SBTi.- Install Photovoltaic plants to support our energy needs for about 2MW.	<ul style="list-style-type: none">- 2025- 2028	
Approach to Circularity	<ul style="list-style-type: none">- <i>Develop project to reduce/ reuse resources.</i>- <i>Develop new products to support the decarbonisation transition.</i>	<ul style="list-style-type: none">- Plug & abandon products, specialties for wind turbines, additives for solid electrolytes	<div>Ongoing</div> <div>Ongoing</div>	

RESPONSIBLE PRODUCT			
	Guidelines (To be implemented on 3/5 years' time since 2023)	Target	Target
Product Safety and Stewardship	<ul style="list-style-type: none"> - 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). 	<ul style="list-style-type: none"> - Support customers in their GHG inventory and green transition developing low PCF products. 	Ongoing
Green Chemistry Innovation		<ul style="list-style-type: none"> - Develop of non-P-based antiscalant for membrane treatment. 	Ongoing
Customer Relationships	<ul style="list-style-type: none"> - Improve our customer centricity approach. 	<ul style="list-style-type: none"> - Support customers transition providing PCF calculation 	Ongoing

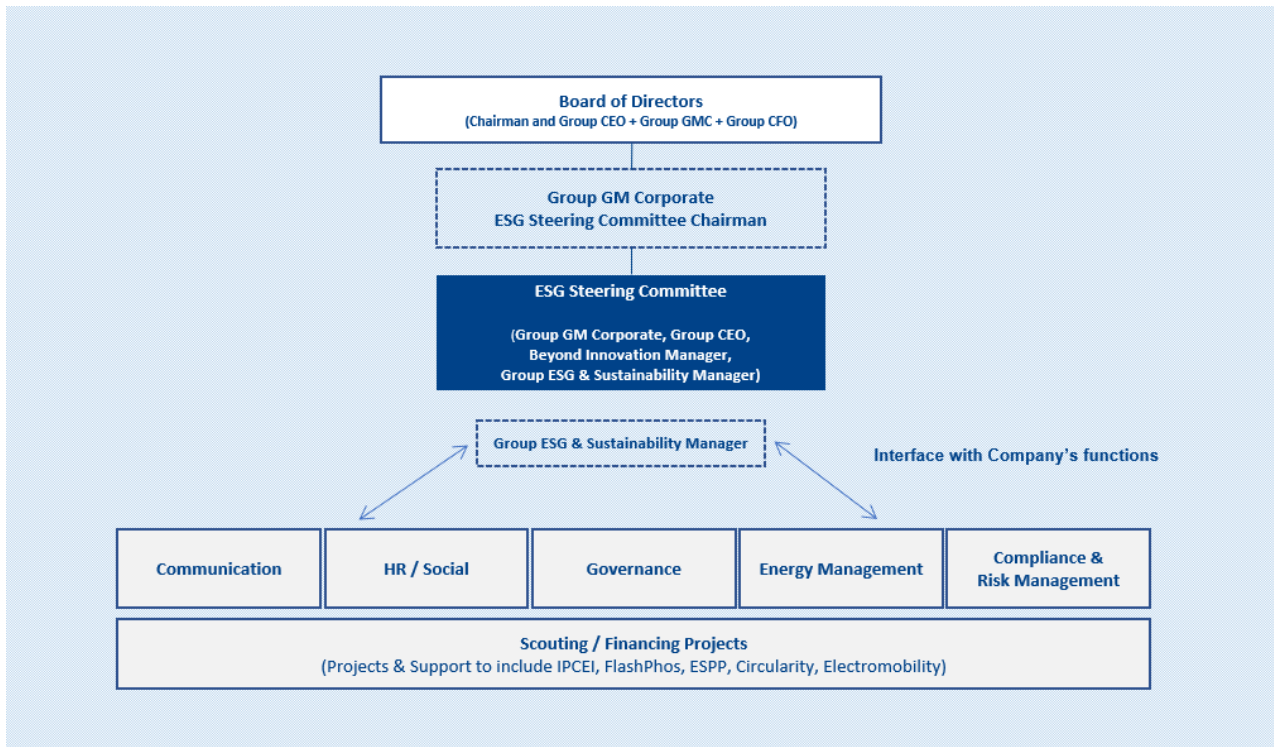
PEOPLE AND COMMUNITIES			
	Guidelines (To be implemented on 3/5 years' time since 2023)	Target	Timing
Culture of Diversity, Equity & Inclusion	<ul style="list-style-type: none"> - Internal training and engagement on D&I with support of Valore D. - External engagement promoting our culture. 	<ul style="list-style-type: none"> - Increase the number of women in managerial positions +10% (baseline 2023). - Design & implement a learning management system (+50% employee coverage). 	<ul style="list-style-type: none"> - 2026 - 2026
Nurture talents and their well-being	<ul style="list-style-type: none"> - Employee engagement survey, implement the performance management/ leadership model. 	<ul style="list-style-type: none"> - Design & implement performance development process (+70% white collars). - Setup of employee survey (to set baseline for next benchmark). 	<ul style="list-style-type: none"> - 2026 - 2025
Occupational Health and Safety	<ul style="list-style-type: none"> - Decrease the injury rate. - Extend the HSMS certifications. 		
Community Engagement	<ul style="list-style-type: none"> - Continuous community engagement according to the defined corporate guidelines. 	<ul style="list-style-type: none"> - At least 3 events/year per region following corporate guidelines. 	Ongoing

GOVERNANCE AND BUSINESS ETHICS			
	Guidelines (To be implemented on 3/5 years' time since 2023)	Target	Timing
Corporate Governance & ESG reporting	<ul style="list-style-type: none"> - Improve reporting practices and ESG ratings. 	<ul style="list-style-type: none"> - Maintain Italmatch's ESG rating in the top quartile 	Ongoing
Ethical Business Model	<ul style="list-style-type: none"> - Worldwide employee training on compliance laws, policies, and procedures. 100% coverage of new hired employee. 	<ul style="list-style-type: none"> - Develop online courses on main topics covering +20% employee globally every year 	Ongoing
Responsible Supply Chain Management	<ul style="list-style-type: none"> - Increase the number of suppliers rated by third parties according to ESG criteria, increase rating of low-rated suppliers. 	<ul style="list-style-type: none"> - Increase the number (+10 per year) of suppliers qualified according to ESG standards (through Ecovadis screening). 	- 2026
Digitalization and Cybersecurity	<ul style="list-style-type: none"> - Improve external testing framework. 		Ongoing

Sustainability Governance

Sustainability governance in the Italmatch Group is based on the principles established in the Code of Ethics and reflected in the Sustainability Policy. An ESG Steering Committee has been established in this regard, which also includes two of the three members of the Board.

This composition allows adequate coordination and the transfer of information both from the Board to the Committee for the definition of ESG strategies, and from the Committee to the Board with regard to the implementation and effectiveness of the projects, as well as for monitoring the main ESG indicators.



The Chief Executive Officer, the General Manager (who has been granted powers for the implementation of sustainability-related matters), the Head of the 'Beyond Innovation' project, and the Group ESG and Sustainability Manager participate in the ESG Steering Committee.

The Committee is responsible for:

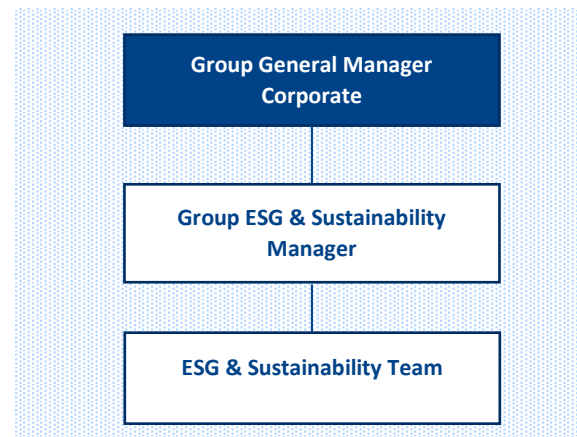
- planning, supervision, monitoring and reporting to the Board of Directors of strategies and ESG approaches;
- monitoring the performance and results of ESG objectives;
- periodic review of ESG reporting before its presentation to the Board of Directors for approval;

- proposing ESG initiatives to the Board of Directors and the GM Corporate Group;
- support and consultancy to the Board of Directors and the GM Corporate Group on key ESG areas and actions;
- supervision and monitoring Special ESG Projects;
- coordination between the strategic lines given by the Board and the operational/sustainability activities of the business in the medium/long term.

The Group General Manager Corporate is responsible for the implementation of sustainability, based on the powers and instructions given by the Board. He is also chairman of the ESG Steering Committee, which

promotes and supervises the Group's ESG activities.

The ESG & Sustainability Manager is responsible for interfacing with the company functions involved in the implementation of ESG strategies, supporting the ESG Steering Committee in its activities including, inter alia, monitoring the achievement of ESG objectives and periodic ESG reporting; collecting information from the company functions for drafting the ESG Report; acting as a focal point with ESG Rating Agencies.



ESG Ratings

As an international company involved in extensive relations with its stakeholders, it was important for a third party to provide an assessment of the effectiveness of the Italmatch Group's Sustainability practices.

The focus was on two main ratings, consistent with the Group's objectives:

- a general assessment of the Group's ESG practices entrusted to Ecovadis;
- a specific assessment of climate change management practices carried out with CDP.

The assessment obtained through Ecovadis is important considering the possibility offered by its platform to share assessments and practices with suppliers. It is thereby possible to monitor the ratings, performance, strengths and weaknesses and strategies implemented within the supply chain, and this has become one of the assessment tools within our Sustainable Procurement strategy (please see the governance area for more details).

CDP – Climate Change

CDP is an international rating focused on aligning company practices with the achievement of the objectives defined a COP 21 - Paris 2015 for limiting the increase in global temperature to within + 2°C.

Thanks to its centralised and delocalised governance structure and according to the relevance of the topics, the certified GHG inventory, the risk analysis, and the engagement with its value chain, Italmatch obtained a B- rating. This places it among the companies that have reached a “Management” level of awareness, i.e., which have a structured system for approaching the matter and implementing coordinated actions.



Ecovadis

The 2024 assessment recorded a significant improvement compared to that of the previous year with the transition from Bronze to Silver (+15 points), and above all widespread improvement in all areas analysed, testifying to the goodness of the practices adopted in the Group. The scores related to environmental practices and sustainable procurement were significantly improved; like the other pillars, these are also now well above the industry average.



IntegrityNext

Italmatch Chemicals also participates in the ESG rating of Integrity Next, with a rating that places it high in the first quartile. This tool is mainly used by German companies required to meet national regulatory requirements set forth in a standard similar to the CSDDD.

The rating confirms the excellent positioning in the areas analysed.



Methodological Note

The 2023 Sustainability Report of the Italmatch Group reflects the same scope as that of the Consolidated Financial Statements of the Group Italmatch Chemicals S.p.A. with reference to the year ending 31 December 2023 (reference period from 1 January to 31 December 2023): please refer to this document for the list of subsidiaries falling within the reporting scope.

The Report is published on an annual basis. This document is also available in the Sustainability section of the Group's website.

For the purposes of drafting the Report, the principles, topics, and indicators envisaged in the draft of the CSRD regulation approved by the European Union with Directive 2022/2464 and the draft of the indicators set out in the regulation issued on 31 July 2023 - Annex 1 "European Sustainability Reporting Standards - ESRS" were taken as a reference. Additional disclosure areas were integrated with reference to the "GRI Sustainability Reporting Standards" defined by the GRI Global Reporting Initiative.

In preparing the document, reference was also made to the guidelines defined by the TCFD (Task Force on Climate-related Financial Disclosure) as regards reporting the impacts of climate change on the Group's strategy.

The document therefore contains information relating to the environmental, social and personnel spheres, as well as respect for human rights and the fight against corruption, all to the extent necessary to ensure an understanding of the activities carried out by the Group, its performance, its results, and their impact.

The information in the document does not contain omissions related to reasons of confidentiality in terms of intellectual property, innovation, strategic issues.

The risks identified in the various areas and their management methods, the activities that took place during the year, the main monitoring KPIs

and the progress in achieving the defined ESG strategy are also reported for all the above areas. The Sustainability Report also describes the main risks generated or suffered, connected to the same issues, and deriving from the company's activities in relation to its upstream and downstream value chain.

With regard to the downstream value chain, it should be noted that Italmatch produces special chemicals that are used by other companies as raw materials (and whose products are sometimes used, in turn, as raw materials for other products), thus preventing an identification of their final destination, use and therefore the final impacts of the products.

The reporting and information included in the document will thus be limited to what can actually be monitored. An increase in collaborations with customers and suppliers is expected over the years (also and above all in relation to the needs of disclosing Scope 3 GHG emissions).

The ESG Committee leads the process of collecting information and data through the ESG & Sustainability Department and involves all Group Departments and companies within the scope of reference.

The document was submitted for examination and assessment by the ESG Committee and subsequently approved by the Board of Directors of Italmatch Chemicals S.p.A. on 5 July 2024.

The document was not subject to a limited assurance engagement by third parties, even if some of the indicators contained herein have been certified (in particular the inventory of GHG emissions by Bureau Veritas and some other indicators, as they are included in the consolidated financial statements).

In order to facilitate the reader in finding information for complete reporting, the "Table of Contents" includes the index drawn up in accordance with the ESRS and the GRI standards.

In identifying the topics subject to reporting (materiality process) and establishing the reporting process, the ESG Committee assesses the relationships with its stakeholders, the existing risks, and the reporting systems available, ensuring the accuracy and timeliness of the reporting.

In drafting the document, when reference is made to short, medium or long-term time intervals, in compliance with what is suggested by the indicators, the following must be understood:

- short term: a period of one year, corresponding to the period adopted by the company for its financial statements.
- medium term: a period of up to five years from the end of the short term (i.e., six years from today's date).
- long term: a period of time following the medium term.

With reference to the qualitative and quantitative information illustrated in this document, it should be noted that:

- there were no significant changes in the scope and ownership structure during the reporting period, compared to the previous year.
- the data included have been extracted from the Group's accounting or management systems. Any discrepancies, estimates, exclusions and limitations are specifically reported at the end of each indicator in order to allow an adequate understanding of the values represented therein.
- any errors found in previous years' reporting are corrected with a comparative column if deemed material. Vice versa, they are corrected with a simple indication in the notes.

Risk management and sustainability reporting controls

The Group's ESG Committee guiding the data collection has established, thanks to the ESG & Sustainability Department, a data collection process which starts from operating metrics or data extracted from the management and reporting systems of the plants and used in daily processes to ensure consistency between what is stated in the non-financial reporting and the scope of consolidation of the Economic Balance Sheet.

In order to correctly represent performance and ensure the reliability of the data, the use of estimates has been limited as much as possible; if present, they are based on the best available methodologies and appropriately reported. Any limitations in scope are expressly indicated in the text or at the bottom of the tables/KPIs.

With reference to the quantitative information illustrated in this document, it should be noted that:

- the main atmospheric emissions (Scope 1 and Scope 2) generated by the Group's plants and offices were calculated in accordance with the methods set out in the GHG Protocol. The basic data related to the consumption of fuel, energy and steam derive from the systems for managing and reporting the plants' operating metrics as well as from the invoices received from suppliers. The emissions are therefore calculated by applying appropriate conversion factors which are specific to each type of energy and for each country. The emissions thus calculated have been certified by a third party starting from 2021.
- the Scope 3 emissions have been analysed for all 15 different groupings. Some of these included among those originating from the downstream value chain are not applicable, in consideration of the Group's type of business (category 8 Upstream leased assets, 10 Processing of products sold, 11 Use of products sold), 13 Downstream leased assets, 14 Franchises, 15 Investments). Scope 3 emissions were calculated by applying the specific Product Carbon

Footprints (PCF) of the product where available, as calculated by suppliers. When specific data were not available, a hybrid method was applied based on PCF coefficients from the literature for the specific product group or on the basis of spending by type of service.

- the plants' operating metrics are extracted from the management and reporting systems.
- the data related to personnel are calculated based on the headcount present in our plants and offices as at 31 December and with employment contracts with Group companies (outsourced workers and interns are therefore excluded). There are no self-employed workers collaborating on a stable and exclusive basis with the companies of the Italmatch Group; these types of workers are normally associated with suppliers and therefore not reported in the social section of the Report.

Any methods for indicating the quantitative data that differ from the above are expressly indicated in specific notes. In order to allow the comparability of the data over time and to assess the performance of the Group's activities, the data are shown over a series of years, where available.

Materiality Analysis

The materiality analysis allowed us to identify the most relevant aspects for the Group and for our stakeholders: indicating the issues according to the sensitivities expressed by stakeholders makes it possible to build a document of real interest to the reader, containing information that can be used to better understand the company and its future prospects.

The path followed included:

- an initial identification of the potentially material topics identified in the sustainability reports of seven other competitor companies, in internal policies, in market trends, and in the reference reporting principles (28 topics);

- interview with stakeholders (11 categories involved using interviews or surveys);
- identification of the 13 most representative topics.

The topics thus identified were then grouped according to a macro-thematic logic: in addition to the classic environmental, social and governance areas, that of "responsible production" was identified.

This encompasses all those issues related to product management and development and customer centrality: an approach considered consistent with the Group's business strategy from both an industrial and customer centricity point of view.

Responsible product

- Product Safety and Stewardship
- Green Chemistry Innovation
- Customer Relationships

Environment

- Climate impacts and strategy
- Approach to Circularity

People and communities

- Culture of Diversity, Equity & Inclusion
- Nurture talents and their well-being
- Occupational Health and Safety
- Community Engagement

Governance and business ethics

- Corporate Governance & ESG reporting
- Ethical Business Model
- Responsible Supply Chain Management
- Digitalization and Cybersecurity

Italmatch Chemicals

Responsible product



Product Innovation and Sustainable Approach

Italmatch mainly produces chemical specialties and thus not mass products or commodities (even if some are present in the product portfolio), but products developed and calibrated to meet the needs of customers, sometimes designed and developed starting from their own idea.

Italmatch offers its customers a technical support team that helps them, in collaboration with our R&D departments, to investigate technical problems and quickly identify an effective solution.

Our portfolio consists of around 2,000 products which represent raw materials in the value chain for our customers, with possible different uses depending on the customer for which they are intended: their products can be raw materials in turn for their customers or final products. It is thus impossible to monitor the downstream value chain to identify the end of life of our products.

The *Specialty chemicals* sector has been recording growing demand for ecological and/or natural products in line with increasingly stringent sustainability standards. This trend is noted not only for applications typically associated with the green transition, but in all the end-markets approached: from water treatment to performance additives, from detergents for home care to industrial applications.

Italmatch is therefore significantly committed to developing sustainable products with a low environmental impact while maintaining the high quality of products delivered.

We have seven R&D centres distributed in the main reference markets, and this is consistent with the strategy of offering customers direct and immediate support. Approximately 1% of turnover is invested in Research and Development every year; our centres employ about 60 people who have allowed us to develop almost 300 patents recognised all over the world.

In recent years, Italmatch has focused a great deal of its development and innovation efforts on

business opportunities related to the green transition and electrification, leveraging its core business, application and chemical skills to support the transition to a decarbonised economy.

Our commercial divisions

Our target markets (and therefore the internal structure of sales, customer services and technical assistance) are divided according to the application of our products. This allows us to follow our customers according to the optimal dictates of customer centricity, with specific technical skills of the reference sector in direct contact.

Advanced Water Solutions: The AWS division offers a wide range of special additives for water management, from water treatment to industrial water processes, from desalination to geothermal, for final uses ranging from the mining industry to home and personal care.

Personal care and plastic additives: The PPA division is able to offer a variety of products with applications in multiple sectors such as home, personal care, pharmaceuticals, plastics and rubbers, construction, paper, and paints.

Lubricant performance additives: The LPA division offers unique solutions to meet the specific needs of industrial applications. It also develops formulations for highly engineered lubricants, always with a personalized offer based on our partners' needs.

Flame retardants additives: a leader in the distribution of several lines of highly effective, halogen-free, phosphorus and nitrogen-based flame retardants for thermoplastic and thermosetting polymers.

Sustainable Chemistry: AWS

The AWS (Advanced Water Solutions) division is at the forefront of creating innovative and environmentally friendly solutions thanks to the results of product research and development activities at the AWS Centre of Excellence. Several key products have been developed, including Carboxy Methyl Inuline (CMI), biodegradable phosphonates, biodegradable polymers and acrylamide-free flocculants.

CMI is a polymer derived from the roots of chicory plants: a technology of natural origin that is highly biodegradable, non-toxic and easier to handle and dispose. It is particularly effective as an anti-scaling and dispersing agent in industrial water treatment applications, in membrane desalination and in geothermal processes. Its versatility also makes it particularly suitable for industrial and home cleaning applications.

Biodegradable phosphonates represent significant progress in water treatment chemicals. With the same performance as traditional chemicals, they have the advantage of greater environmental compatibility. In industrial water treatment, thermal desalination, membrane desalination, geothermal systems and mining, these biodegradable phosphonates help to maintain the system efficiency while ensuring a minimum long-term environmental impact.



In addition to the industrial sphere, they are also used in fabric, home and personal care.

Biodegradable polymers are another cornerstone of Italmatch Chemicals' sustainable chemistry initiatives. They act as effective scale inhibitors and dispersants, preventing the formation of scale and the aggregation of particles to ensure efficient operations. Thanks to their biodegradability into non-toxic by-products and their minimal environmental impact, they can also be used in geothermal systems as well as in industrial and institutional cleaning, in textile and home care and personal care.

"I am proud to lead a remarkable marketing and technical team at the AWS Center of Excellence, where we are continually pushing the boundaries of sustainable chemistry. Recently, our team has developed two additional grades based on renewable chemistry, such as Carboxy Methyl Inuline (CMI). These innovations not only expand our product portfolio but also significantly enhance our ability to provide renewable solutions across various segments, including industrial and institutional cleaning, industrial water treatment, membrane desalination, and geo-thermal energy. These new grades of CMI represent a significant leap forward in our commitment to environmental sustainability and technological excellence. By integrating these advanced, renewable solutions into our offerings, we are not only meeting the current demands of our customers but also setting new standards for sustainable practices in the industry. I am confident that these developments will further solidify Ital-match Chemicals' position as a leader in the field of specialty chemicals, and I look forward to the positive impact they will have on our industry and the environment. Thank you for your continued support and dedication to advancing sustainable chemistry."

Gianni Pilati - Global Business Development and Marketing VP

Acrylamide-free flocculants are a vital innovation for industries where water treatment is fundamental: while traditional flocculants often contain acrylamide residues with significant risks to health and the environment, this product line offers a safer alternative with effective performance in aggregating particles. They are essential in sectors such as mining, as well as in industrial water treatment, institutional cleaning, textile, home care and personal care. Their use mitigates the risks associated with acrylamide, promoting a safer working environment and reducing the ecological impact.

The technological similarities of the chemical solutions used in AWS makes it possible to extend the application of chemicals to the oil & gas sector with two different purposes:

- to allow the optimisation of extraction processes thanks to anti-sedimentation chemicals following the processes reported above;
- to allow an efficient decommissioning process (plug & abandon) of depleted wells.



With the energy transition well underway and with the "net zero" objectives set, dismantling depleted or under-productive deposits is currently the fastest growing area in the field, and activities are bound to significantly increase in the next decade.

Starting from the chemicals used in deposit inhibitors and in the formulation of scale inhibitor solutions, Italmatch has transformed the problem of managing inorganic deposits into an opportunity: it is able to induce, in a controlled

manner, inorganic deposits in the porosity of the deposit to which the well to be "*decommissioned*" is connected. In doing so, the well will always remain accessible, but the deposit will be permanently sealed with great advantages, especially for offshore applications.

The products are based on non-hazardous chemicals that have allowed to register them according to CEFAS and/or PLONOR standards, thanks to their significantly limited environmental impact.

Other low-viscosity pumpable products that self-cure form a gasket similar to a seal, offering an innovative solution for temporary fillings and maintenance of wells which have already been closed with conventional techniques. These technologies make it possible to reduce the emissions of hydrocarbons, methane and CO₂ from abandoned wells, further reducing the environmental impact of the wells in the decommissioning process.

Third parties have certified that the well decommissioning process using our product allows 68% savings in CO₂ along the production/implementation chain compared to traditional closure with cement.

Eco-inhibitors, the most sustainable and responsible approach to hydrate inhibition

Eco-inhibitors is a line of hydrate inhibitors developed by Italmatch, consisting of the first biodegradable anti-caking agent (<60%) and a completely natural kinetic inhibitor of hydrates obtained from salmon processing waste in the fish industry.

It combines an eco-conscious approach with high-performance solutions, prioritising the adoption of green solutions without compromising effectiveness, thereby allowing our customers to achieve both commercial and environmental objectives.

Sustainable Chemistry: LPA

The LPA (Lubricant Performance Additives) division of Italmatch Chemicals is a leading supplier of high-end additives for special applications. It offers a wide portfolio of brands and products to meet high standards for every need in the industrial lubricants market, including sustainable solutions with high biodegradability.

The division focuses on the formulation of additives for extreme pressures, wear protection, friction reduction and corrosion inhibition. Thanks to our experience in phosphorus and sulphur-based chemicals, we offer complete packages of performance additives and individual components for greater formulation flexibility.

We also produce customised components based on our customers' needs, designed to formulate highly engineered lubricants.

With a future seemingly largely oriented towards greener solutions, electrification technologies are rapidly evolving: new mechanical components and transmission technologies are constantly being developed and use existing lubricant and additive technology.

Beyond the usual problems of extreme pressure, anti-wear, oxidative stability, corrosion protection and lubrication, new variables are emerging that are directly attributable to electric vehicles and their operating characteristics.

A whole new range of complications has been identified, which must be faced by new products deriving from new technologies for plug-in hybrid electric vehicles (PHEV), electric vehicles (EV), MPGe (EPA measurement for electric vehicles), battery electric vehicles (BEVs) and so on.



Solid state batteries: the future of Electric Vehicles

Range and charging speed are major sticking points for customers, and still represent the main concerns for any buyer. "Range anxiety" is the fear of driving an electric vehicle and running out of power, without being able to find a charging station on time to replenish the battery. According to recent studies, approximately 50% of potential EV drivers today feel uncertain about being able to charge their vehicle when they need to. Battery producers are working to find new solutions and improve EVB features to fight these concerns.

What are the innovations expected to support EV diffusion?

"There are different solutions and projects ongoing. Solid-state batteries could be the game-changer for electric vehicles, due to their features and performances. In the European Battery Project (IPCEI) Italmatch is involved in Research & Development activities regarding solid-state electrolytes technology."

Which are the benefits of solid-state electrolytes batteries?

"Solid-state batteries could be charged much faster and can cover a much higher mileage, closer to a traditional car with full tank. The targets expected to be achieved with this technology are a driving range of around 1200 km and a full charge time of 5-10 minutes. Furthermore, a solid-state battery has higher energy density than a Li-ion battery that uses liquid electrolyte solution and this impact on its size (same size, higher performances)."

Are they safer?

"Yes, they are because they don't need the use of highly flammable solvents currently used in Li-Ion technology. These solvents are more likely to catching fire in case of car accidents."

Norberto Gatti - Global Sales & Marketing Director

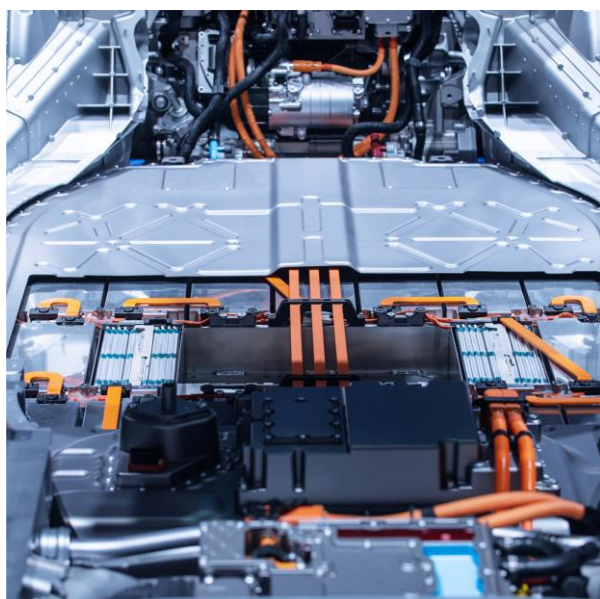
As our technological vocabulary expands, so does the list of new engineering challenges developed by these operating systems.

Some of these include copper corrosion, noise reduction, high low-speed torque, micropitting, scuffing and heat transfer management. These issues offer both new challenges and opportunities to differentiate the supply of lubricants.

Italmatch Chemicals develops additives for the most suitable lubricants for each future application. The fundamentals of phosphorus and sulphur chemistry, combined with polymeric technologies, offer opportunities to promptly meet the challenges of tomorrow: the ability to modify the current proven technology in projects that address these new problems is exactly what has driven us into the last generation and will continue to do so in the future.

Our best solutions dedicated to electrification include:

- anti-wear components;
- specific applications to reduce the oxidation or corrosion of copper;
- high performance esters;
- critical polymeric esters for the formulation of wind turbine gear oils.



Sustainable Chemistry: FPA

Italmatch's history began with the acquisition of a plant in which phosphorus derivatives were processed. Starting from the raw material at the origin of our business, Italmatch has a flame retardant technology (a substance that delays the fire of the elements with which it is associated) patented since 2005.

The product has constantly improved in every respect over the course of these 18 years thanks to the development of a wide range of innovative solutions for different applications that require superior performance in terms of resistance (over time) to fire.

This constant improvement has led our products to meet the most stringent requirements according to the Glow Wire standard (one of the most important tests for solid insulation materials subjected to combustion and used in electrical and electronic applications).

Italmatch's Flame Retardants division boasts several lines of halogen-free flame retardants based on phosphorus and nitrogen in its portfolio. The most interesting aspect of these applications is the absence of halogens which, if present, generate toxic and corrosive fumes in the event of combustion.

The safety of end products (thermoplastic polymers, in particular for the electrical and electronic sectors, including electric mobility) is thereby significantly increased, also guaranteeing the utilities in the places where they are used. Italmatch has also developed red phosphorus-based flame retardants specifically designed for the latest-generation connectors used in the assembly of photovoltaic panels.

These products guarantee long-lasting performance in all weather conditions, offering an excellent combination of resistance to flame, good electrical insulation properties, exceptional long-lasting mechanical performance, and efficient use.

Sustainable Chemistry: PPA

In recent years PPA division have worked to innovate products and provide our customers with more sustainable alternatives. In our R&D centres the team works tirelessly to improve the sustainability profile of our products and solutions.

Around 75% of our raw materials we use are from renewable resources. We offer a growing number of 100% vegetal origin products for several end markets: construction, household, lubricants, personal care, pharmaceuticals, plastics & rubber.

We offer a range of vegetable Palm-Free products, but we provide also RSPO MB grade or Ecocert Cosmos approved products for our vegetal derivatives for Personal Care.

Most of our products for Household, Personal Care and Plastics are readily biodegradable. Our R&D developed natural and raw materials to provide a green alternative to the most used PEGs and other ethoxylates in their various applications, such as Household and Personal Care.

We prioritize bulk sales saving packaging materials every time it's possible, today more than 50% of our volumes are delivered in bulk. When it's not possible to ship bulk, we use recycled certified packaging, such as IBC and Pallets.

Our laboratories have developed formulations for solid products, which can be transported and used without plastic packaging, and with huge water savings.

We have improved the formulations using our materials to boost foam generation without the use of sulphates, allowing less water consumption and with more environmentally and skin-friendly surfactants.

We have patented an esterquat (active principle for softeners) that has 10% higher content of renewable source raw materials than standard ones.

We have available a range of emulsifiers (all Cosmos certified), which can be used cold, to

reduce the energy wasted in the production process of the final cosmetics.

Our products meet a variety of international standards, for example: food contact in plastics (legislation 10/2011 in EU), the CFR indicated in the FDA, Toys, RoHS, California Proposition 65, as well as the European Pharmacopoeia. Majority of them don't have migration limits which makes them even safer. Most of our products are not classified according to CLP/GHS Regulation, so are safe for human and the environment.

Vegetable-origin raw materials & water saving products

We offer a growing number of 100% Vegetal origin products for our end markets: construction, household, lubricants, personal care, pharmaceuticals, plastics & rubber.

We also have a range of Palm-Free products and RSPO MB (mass balance) grade products.

Recently we have obtained Cosmos approval for our vegetal derivatives for Personal Care.

Most of our products are readily biodegradable for Household, Personal Care and Plastics,

Thanks to our new ingredients, our laboratories have developed formulations for solid products: 90% of our products do not contain water.



Quality certifications

Product quality is not a mere technical requirement, but a fundamental pillar of our production in order to guarantee unchanged and constant quality over time for our customers.

Our customer service remains the customer's direct contact point for after-sales management, acting as an interface with the production plant for any issues.

Logistics follows the procedures defined as part of the ISO 9001 (quality) certifications held by almost all our plants.

Investing in the quality of our production processes and products means investing in the future, guaranteeing formulations that meet the most stringent needs and contribute to a safer, more sustainable world.

	<p>ISO 9001 - Quality: ISO 9001 is the recognised international reference standard for quality management, aimed at increasing the effectiveness and efficiency of internal processes and the pursuit of customer satisfaction with the products and services provided.</p>
	<p>CEFAS - The CEFAS (Centre for Environment, Fisheries, and Aquaculture Science) Gold level certification awarded by CEFAS guarantees that our solutions are safe for the biodiversity in the seas where they are used. CEFAS is an executive agency of Defra (the UK Government's Department of Environment, Food and Rural Affairs) which aims to ensure a sustainable future for marine and freshwater ecosystems.</p>
	<p>NSF: in order to ensure the compliance of our products related to drinking water use with global regulations, we also have certification issued by NSF International, an accredited and independent certification body that tests and certifies products to verify their compliance with high standards of public health and safety.</p>
	<p>Roundtable on Sustainable Palm Oil: most of our products based on raw materials extracted from palm oil are RSPO certified (Roundtable on Sustainable Palm Oil - mass balance). Thanks to this certification, we guarantee that the palm oil we use is extracted according to sustainable practices along the entire value chain, minimising impacts on the environment, fauna and local population.</p>
	<p>Cosmos: the COSMOS certification applied to some of our products in the personal care sector guarantees production and processing processes that respect the environment and human health; development of the concept of green chemistry; responsible use of natural resources; respect for biodiversity; absence of petrochemical ingredients (except for authorised preservatives); use of recyclable packaging.</p>

Labelling

Our products are made, labelled and classified in compliance with strict national and international regulatory standards to ensure that they are used correctly and are compatible with the chemical composition and safety indications, respecting the rules on environmental safety classification.

All products comply with local and international regulations, for example REACH; where required for specific end uses, they are approved by the applicable agency or regulatory authority. Specific examples include CEFAS and NEM in the North Sea, FDA for food contact applications and NSF Std 60 for use in drinking water.

All products are supplied with clear labels and Safety Data Sheets (SDS) in compliance with local GHS requirements, for example CLP in the EU and OSHA in the USA. These data sheets specify the origin of the components, the content and provide clear instructions for use, storage and disposal (including essential information to reduce the negative impact on the environment) in order to prevent accidents and damage to the health of staff and end users.

During the reporting year, there were no episodes of non-compliance with regulations on labelling or product information that caused a sanction or penalty. There were also no cases of damage to the health and safety of customers. Moreover, there were no episodes of non-compliance with regulations and/or voluntary codes concerning marketing communications during the reporting year.



Product PCF for designing an emission reduction path

Customer support not only refers to managing sales activities, products, or problems related to the sales process. Our customers include many important international companies that are committed, like us, to analysing and measuring their GHG inventory to progressively reduce their carbon footprint. Some of them have also defined ambitious carbon neutrality targets to be achieved before 2050.

To support them in the assessment and measurement of emissions and help them in their reduction process, Italmatch has implemented an IT tool to calculate the Product Carbon Footprint (PCF) of its products. Our PCF calculation is based on the ISO 14067 standard methodology and uses a cradle-to-gate approach.

Using the data available in our BOMs, the tool assigns emission factors to each element: when available, we use the primary emission factors of the raw materials used which are communicated by the suppliers, otherwise we use those present in the latest update of the international databases.

The calculation process includes the emissions related to:

- the extraction and processing of raw materials;
- the transport of raw materials to the Italmatch plants;
- product production and packaging.

Through this tool, which can also be used by R&D when designing new products, we will also be able to improve the selection of materials during the purchase phase, allowing the procurement team to apply more effective replacement strategies.

To meet our customers' requests in 2023, following the signing of a confidentiality agreement, we calculated 56 PCFs.

Flashphos

Italmatch is one of the main partners of the European consortium working on the Flashphos project, providing the multidisciplinary team coordinated by the University of Stuttgart with the knowledge gained from its long experience in the production and commercialisation of phosphorus and its derivatives. The consortium is made up of large industrial companies, SMEs, NGOs, and academic institutions from five European countries working together to develop this ambitious and innovative industrial process based on the principles of circular economy, for the production of critical secondary raw materials.

The Project

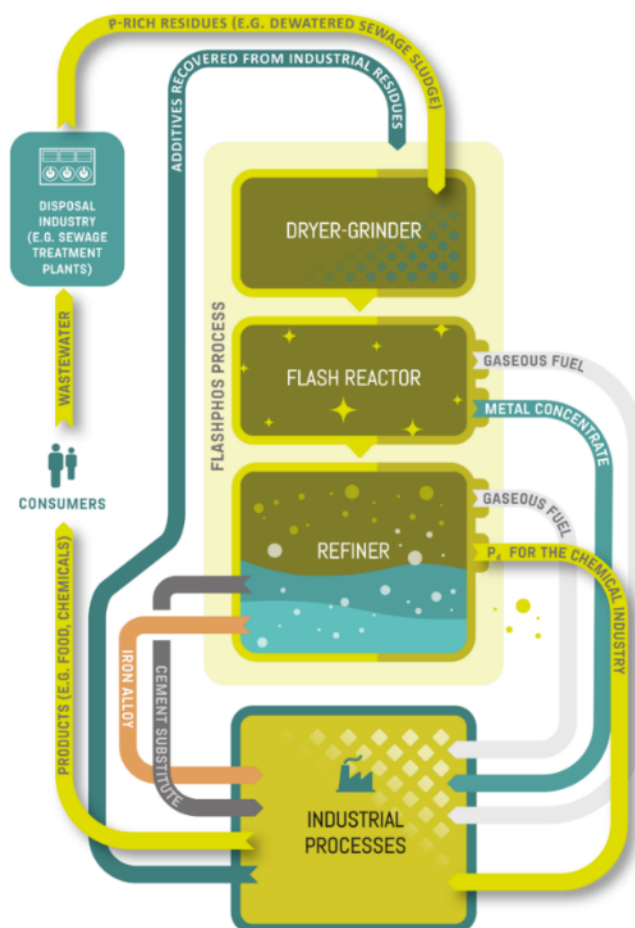
The four-year project (2021-2025) is 70% funded by the EU under Horizon 2020 and aims to produce high quality white phosphorus and other raw materials on a large scale using sewage sludge as a starting material. The other raw materials obtained have strategic applications for the European cement, chemical, and metallurgical industries. FlashPhos will be the first process in the world capable of producing white phosphorus in a sustainable manner, according to circular economy criteria, surpassing the quality of the white phosphorus currently on the market.

The European Commission's Critical Raw Materials Act (CRMA) includes white phosphorus in the list of Critical Raw Materials (CRM) due to its irreplaceability for key industries in the food, pharmaceutical, chemical, e-mobility, and electronics sectors.

Thanks to this unique technology, the EU, currently completely dependent on phosphorus imports, will be able to produce this raw material while simultaneously, finding an efficient solution for the disposal of sewage sludge. This will make a significant contribution to achieving key European sustainability goals.

The Process

The process consists of high-temperature, fast-reaction gasification (Flash) with a conveyed flow of sewage sludge and other phosphate-rich waste streams (Phos) such as shredded meat and bone residues. The inorganic components of the waste are melted, and contaminants are evaporated in a controlled manner. The slag is then separated in a refining reactor, to produce recycled (secondary) P_4 as the main product. Other materials obtained from the process include a clinker substitute for cement production, an iron alloy, and a heavy metal concentrate suitable for use in the metallurgical industry.



IPCEI (Important Project of Common European Interest)

IPCEI 2 EuBatIn (European Battery Innovation) is a project involving 42 European entities, including companies and research centres. It consists of four complementary Work Streams (WS) with the common goal of innovating the Battery Value Chain and making it competitive by being Innovative, Sustainable, and self-sufficient. It is estimated that the annual market value in the EU will reach €250 billion by 2025 (Source: European Battery Alliance).

It is estimated that battery consumption in Europe will reach around 400GWh in 2025 and 1600 GWh in 2040, driven by consumption in the e-mobility sector, which will increase from 60% of total capacity in 2025 to 80% in 2040 (source: JRC RMIS – Raw Materials Information System).

Italmatch, leader of the WS Recycling and Sustainability of the EuBatIn project, is responsible for developing a portfolio of phosphorus-based molecules useful for the entire Battery Value Chain as electrolyte precursors for current and next-generation technologies, as well as recovery and recycling agents for spent batteries.

The Project

The project is developed through three complementary work packages, ranging from the development of advanced materials to systems for the recovery of strategic materials for the value chain.

WP1 aims to develop an innovative, secure, and environmentally friendly supply chain for phosphorus pentachloride (PCl_5), a precursor of the LiPF_6 liquid electrolyte (lithium phosphorus hexafluoride), contributing to the construction of the first European LiPF_6 (liquid electrolyte for lithium-ion batteries) production plants, satisfying local demand for lithium-ion batteries and contributing to the transition towards European import independence. As Italmatch is the only European producer of PCl_5 , which is essential to produce LiPF_6 , synergies will be created for its supply, allowing

the development of a sustainable supply chain in the same geographical areas.

WP2 focuses on All-Solid-State-Lithium-Batteries (ASSLBs) and All-Solid-State-Lithium-Sulphur-Batteries (ASSLSBs). WP2 aims to establish an industrial pilot plant in Europe for the production of phosphorus pentasulfide (P_2S_5 , a precursor of solid electrolytes) with chemical, physical, and electrochemical characteristics suitable to meet the requirements of the EVB (Electric Vehicle Batteries) sector. Current solid-state electrolyte technology is still at a very low maturity level and needs to be developed as an alternative to liquid electrolyte solutions, as it can offer opportunities both in the selection of alternative raw materials and in solving the recognised problems of liquid electrolytes (charging times, performance, and autonomy). As the European leader in the production of P_2S_5 , Italmatch can realistically overcome existing process barriers in the current P_2S_5 production system to achieve a product suitable for the quality requirements of EVB technologies and actively contribute to the development of the European Battery Passport.

WP3 aims to develop new chemicals and formulation systems for the recovery of Nickel, Cobalt, Lithium, and rare earths from spent batteries through innovative hydrometallurgical recycling processes. An integral part of the project is the development of IoT technologies for the detection, efficient recovery, and reuse of strategic value materials from spent EVBs. These systems aim to overcome the limitations associated with the low efficiency of current technologies through software with predictive capabilities on the outcome of extraction phases, which will support the experimental phase and the development of highly specific scavenging and recovery/refining agents.



Italmatch Chemicals

Environment



Environmental Governance

The environment has always been considered synonymous with corporate sustainability: in particular, the issue of climate change, the increase in global temperature and the minimisation of the impacts of company activities on environmental matrices are at the forefront of the "attention" of the general public.

At the COP 21 held in Paris in 2015, the scientific community's "certification" of the impact of human activities on global temperature performance led states to make significant commitments to limit the increase in global temperatures to within +2°C. In the following years and among ups and downs and successes and backtracking at future COPs, the need was reaffirmed for the economic transition towards a decarbonised economy; the related acts of the European Community have defined a commitment to achieve it by 2050.

This global approach to the issue, this sentiment that we must necessarily intervene, the diversion of significant cash flows to support investments favouring the green transition, and new emerging regulations that tend to focus on reducing environmental impacts has led companies to identify strategies, plans, actions and targets consistent with a decarbonisation roadmap.

Italmatch's commitment to environmental issues has continued over the years, consistent with the awareness of the central role a company like ours can play in achieving the objectives of the 2015 Paris Agreement.



The governance of issues relating to climate change and the environment is split between the Board and Management: the former is responsible for strategic policies, the latter for managing assets and respecting the requirements set out in the authorisations for plant construction/operation.

The Board promoted two very important projects during the year:

- analysis of the impacts of climate change on the Group's strategy according to the guidelines dictated by the TCFD.
- identification of projects to reduce energy consumption and emissions that are aligned with the principles established by the SBTi (Science Based Target initiative).

The outputs of these projects are described later in the report.

Asset management is entrusted to management and supported in 63% of the plants by management systems certified according to ISO 14001 include about 85% of the employees working in the production sites. This approach guarantees constant regulatory updating, compliance with the requirements of authorisations, the implementation of best practices and a management approach aimed at continuous improvement.

To support decisions, the ESG & Sustainability Department has structured a computerised process for collecting plant data that flow into the calculation of the GHG inventory: the results, relating to scope 1, scope 2 and scope 3 emissions, were certified by a third party.

Additional areas monitored, in line with the spheres of the Environmental Management systems, are other polluting emissions, energy consumption, water consumption, waste production and impacts on biodiversity.

63%

of manufacturing
plants covered
with certified EMS

85%

of plant employees
covered by EMS

GHG Governance and emission reduction strategy

The need to identify strategies and define emissions reduction actions starts from the need for awareness: to have timely and precise data available to identify the major sources of emissions and on which to focus efforts and investments.

Consistent with the growth in this awareness, we have developed a system for monitoring our carbon footprint and defined our baseline: the year 2021.

We calculated the group emissions inventory (GHG - Green House Gases Inventory) covering the entire Group perimeter and all scope 1, scope 2 and scope 3 emissions. The calculation process and the results were certified by Bureau Veritas to guarantee the accuracy of the data.

Our commitment to decarbonisation began with this accurate and complete database: in December 2022 we signed the SBTi (Science Based Target) commitment to identify short-term reduction objectives (to 2030) within 24 months. We simultaneously launched an internal project aimed at identifying strategies and projects to increase consumption efficiency and reduce emissions, which involved about 40 company managers including plant managers, production managers and corporate departments affected by the issue.



Analysis of risks and opportunities originating from climate change - TCFD

Italmatch Chemicals has set up an analysis of the risks and opportunities climate change generates on the company strategy according to the guidelines set by the Task Force on Climate-related Financial Disclosures (TCFD). In addition to raising the level of awareness in risk management processes, this assessment will allow us to guarantee greater transparency for our stakeholders.

The project was developed through workshops that involved about 50 managers identified within the corporate departments and plants: we conducted a detailed analysis of the risks and opportunities related to climate change, taking into account the potential impacts on our production processes, the value chain and market prospects. The potential events for each risk category were considered, identifying the financial impacts and the risk management strategy adopted for their management. The same procedure was also applied to opportunities, carefully evaluating the strategies that could allow us to exploit them.

The details of the analysis are shown in the tables attached at the end of the document.

Following the analysis, we have sent our targets for validation in January:

- 42% reduction in absolute value of scope 1 and scope 2 emissions compared to the 2021 baseline.
- 26% reduction in absolute value of scope 3 emissions compared to the 2021 baseline.

Targets have been approved in June 2024.

SCOPE 1 & 2



SCOPE 3



To achieve the objectives of reducing the scope 1 + scope 2 emissions generated by our plants, warehouses, and offices, we focused on measures aimed at increasing energy efficiency, the use of energy produced from renewable sources, the improvement of production processes and the breakdown of our products thanks to the involvement of the R&D Department.

Our plan will also evolve and adapt as local changes (for example developments in government policies, support and loans for innovation and green investments and in plants for the production of energy from renewable sources) affect the economic scenario and make it possible to model the strategies for achieving our commitments as efficiently as possible.

The achievement of the scope 3 emission reduction objective will be based on the engagement of suppliers, in particular those who have in turn made decarbonisation commitments and those that produce phosphorus, our raw material with the highest carbon footprint.

Further actions will focus on the transition to less impactful raw materials also by selecting suppliers who, with the same product and quality, have more efficient production processes and therefore sell products with lower PCF.

Project monitoring is supported by a system of KPIs which analyses the emissions generated during the period for each plant, allowing to monitor alignment with the roadmap.

CDP Climate Change

To further certify our commitment to governing and fighting climate change, CDP has awarded Italmatch Chemicals a B-rating. The assessment is a strong recognition of the soundness of the Group's ESG strategy and its detailed and well-structured climate governance, as well as highlighting the progress the company is making in its decarbonisation roadmap. Italmatch is now among the 45% of companies that have reached managerial level in undertaking coordinated action on climate change issues.



Green energy Green energy

Since October 23, an UK plant has switched to green energy order to reduce its Scope 2 emissions.

The action allowed to avoid the emission of about 40t CO2e.



GHG emissions and energy consumption

Drawn up in compliance with the reporting standards of the GHG Protocol, the GHG Inventory correctly represents the data and information on greenhouse gases and provides an overall picture of the Group's carbon footprint.

Emissions are calculated using the methodologies envisaged by the ISO 14064-3 standard.

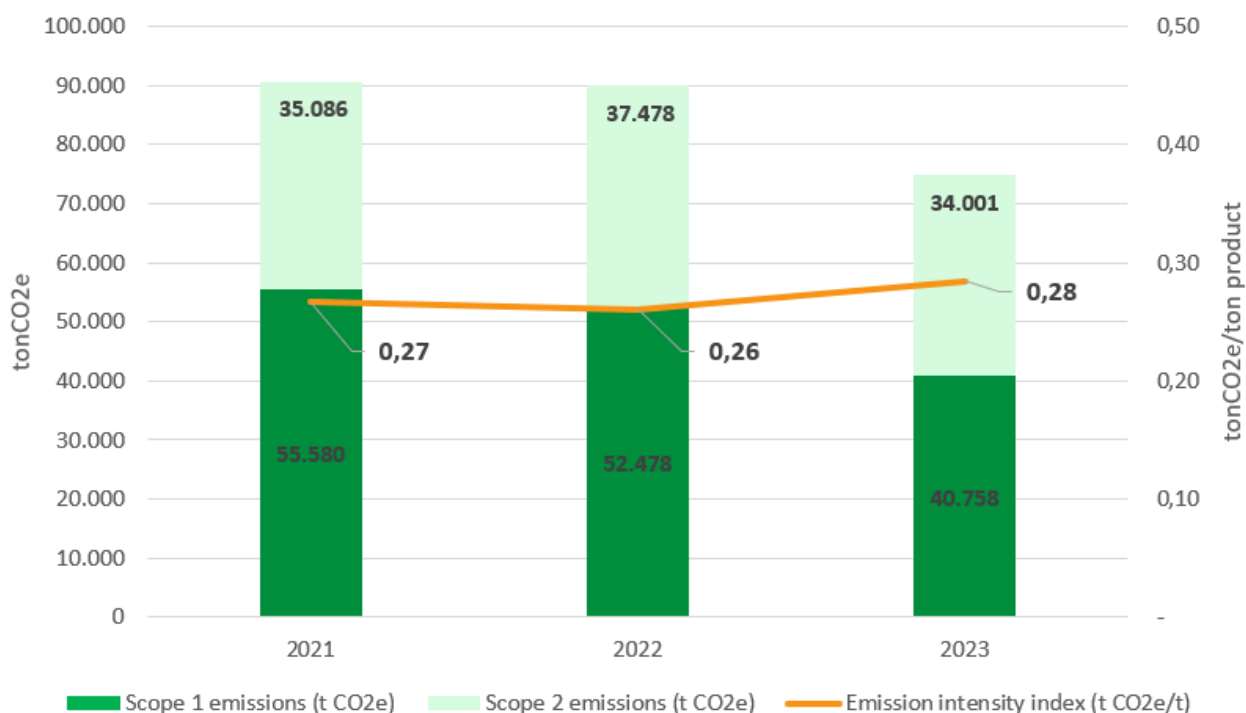
The Bureau Veritas audit certified the accuracy and truthfulness of these data for the years 2021, 2022 and 2023.

The intensity of climate changing gas emissions is calculated as the ratio between total scope 1 + scope 2 emissions and total annual production measured in tonnes (chosen a specific parameter as denominator): the slight increase recorded in 2023 is mainly due to the decrease in total production (as a result of the de-stocking policy) which did not make it possible to reabsorb fixed consumption.

GHG inventory of the Italmatch Group

Emissions	U.m.	FY 2021	FY 2022	FY 2023
Total Emissions (Scope 1 + Scope 2 Market Based + Scope3)	tCO ₂ e	894.863	938.245	718.565,49
Scope 1 Emissions	tCO ₂ e	55.580	52.478	40.758,50
Scope 2 Emissions Market Based	tCO ₂ e	35.086	37.478	34.001,26
Scope 2 Emissions Location Based	tCO ₂ e	28.933	33.854	18.350,52
Scope 3 Emissions	tCO ₂ e	804.197	848.289	643.805,74

Emission (scope 1+2) intensity per ton produced



Other emissions

Industrial processes generate other polluting emissions deriving, for the most part, from the combustion of methane gas used to generate steam and heat diathermic oil in plants.

Emissions are reported based on continuous or discontinuous monitoring processes depending on the plant and the requirements in the authorisations. All emission levels remained within the authorisation limits during the year, and the Group companies did not receive penalties for exceeding them.

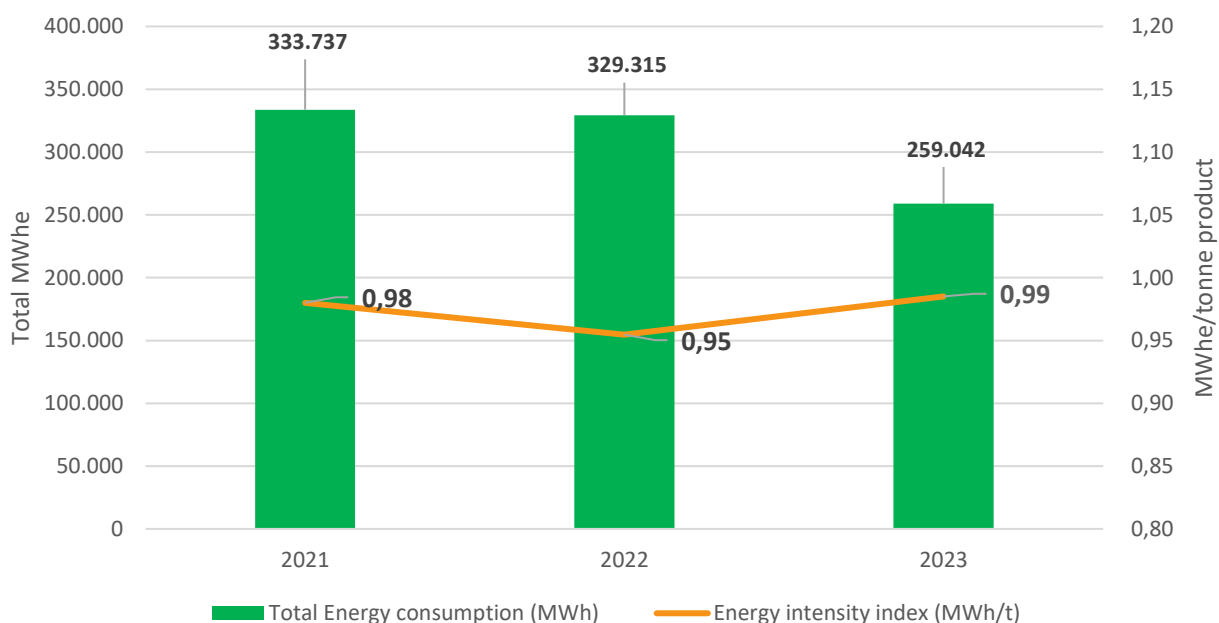
Pollutant	u.m.	
CO	ton	7,0
NOx	ton	119,0
SOx	ton	55,1
H2S	ton	0,2
Particulate matter (PM)	ton	3,9
VOC	ton	149,4
Others	ton	1,2

Group energy consumption

Italmatch's primary objective, consistent with emissions reduction, is also to constantly reduce the energy consumption of production plants. The continuous monitoring of KPIs on the energy efficiency of production plants is fundamental to assess the results of proper management and adopt effective and consistent actions. The slight increase in the Energy Intensity Index recorded in 2023 is linked to the decrease in production which made it impossible to reabsorb the fixed system consumption (see also the trends of the Emission Intensity Index).

	2021	2022	2023
Energy consumptions (MWh)	333.737	329.315	259.042
Energy intensity index (MWh/ton)	0,98	0,95	0,99

Energy intensity (MWh) per tonne produced



Other environmental topics

Water management

We know the availability of water is one of the fundamental elements at the base of life and a fundamental resource for industry: it must therefore be managed wisely and responsibly so that industrial processes do not subtract the resource from human use.

From an operational point of view, the risks concerning water management for the Italmatch Group are linked to the possibility of ensuring its availability and guaranteeing that discharges comply with the metrics envisaged by the authorisations. In operation terms, it is used to dilute some products and to clean systems during the transition between different production cycles.

The supply is ensured by both the public network and by the availability of wells for the withdrawal of groundwater. None of our production plants are located in areas assessed with high water stress, based on the classifications of the World Resources Institute. The territorial diversification of the plants allows to further reduce the risk of falling within drought areas.

As regards discharge management, some plants are equipped with internal purification plants that then discharge into the public sewerage system (none discharge into surface water), while other plants, typically those present in industrial parks, discharge into the site collection systems intended for wastewater treatment.

All consumption, discharges and volumes of water reuse are constantly monitored in each of our production plants, seeking to optimise consumption by reducing these values.

In line with the dictates of ISO 14001 and continuous improvement processes, we always try to identify recovery, reuse and recycling actions in order to reduce withdrawal where possible.

The reporting of withdrawals, water consumption and discharges is provided in the tables at the end of the document.

Biodiversity

The chemical industry is often shown to have a significant impact on biodiversity with its systems. Our systems are historically situated in the context in which they are located, some from the beginning of the 20th century (the Spoleto plant dates back to the second half of the 1920s) and have already become part of the industrial fabric and the territory.

Our operating sites are not located within or near protected areas or areas considered to be of high biodiversity. About 70% of them are located in industrial parks, while all the main sites are not adjacent to natural areas of particular importance.

In any case, all our plants are authorised by competent authorities in accordance with current national legislation.

The presence of certified Management systems in accordance with the ISO 14001 standard guarantee constant monitoring of the requirements present in the authorisation, constant compliance with existing regulations and continuous updating in line with emerging regulations.

The absence of sanctions for violations of environmental and biodiversity regulations is further proof of the quality and accuracy of our management methods.

Depending on their manufacturing process, breakdown and use, our products can have impacts on the natural environment. Their classification according to the regulations in force, the specific details of the methods of use present in the safety data sheets and, in the labelling, guarantee the minimisation of risks both for people and the improper use of our products.

Also in this case, there are no sanctions in this regard (please refer to the "Responsible Product" section for more details).

Waste Management

The waste generated by the activities of the Italmatch Group derives mainly from plant maintenance activities, the packaging of purchased raw materials and from the residues of operating processes: washing and cleaning of the plants linked to the change of product being processed.

Residuals derive from the destruction of finished products that may have passed their expiry or have not passed internal quality controls.

Where possible, we favour prevention, reuse and recycling, seeking to limit and minimise the generation of waste within all our operations; we only resort to disposal when the material cannot be managed differently. Minimizing the impact of waste such as the withdrawal of virgin raw materials also hinges on purchasing processes: where possible, we look for packaging that contains recycled raw materials.

Waste management is the responsibility of the plant managers, assisted by environmental managers and supported, in the management processes, by the procedures defined by the environmental management systems certified according to the ISO 14001 standard.

The waste is first collected in special areas used for storage, subsequently the disposal is always delegated to third-party companies selected according to their authorisations related to the type of waste to be treated.

Normally, the possibility of sending waste for recovery or recycling is preferred, and only when this is not possible is the waste sent for disposal in landfills or incineration: the final form of treatment is chosen by the disposal manager based on the product and the treatment possibilities offered by the market.

Wastewater management is different, as many plants have treatment systems, after which the water is conveyed to municipal sewerage or released into surface water. Also in this case, the management procedures comply with the provisions of the certified environmental management systems.

Green packaging

Packaging which also included recycled plastic was introduced in some plants this year.

These products are accompanied by certification that certifies savings, over the course of 2023, of approximately 17 tonnes of virgin plastic equivalent, to 27 tonnes of scope 3.1 emissions



Waste	2023	2022
Total waste generated (t)	9.236	12.050
- of which non-hazardous waste	60%	61%
- of which sent to recovery	27%	30%

Italmatch Chemicals

People and Communities

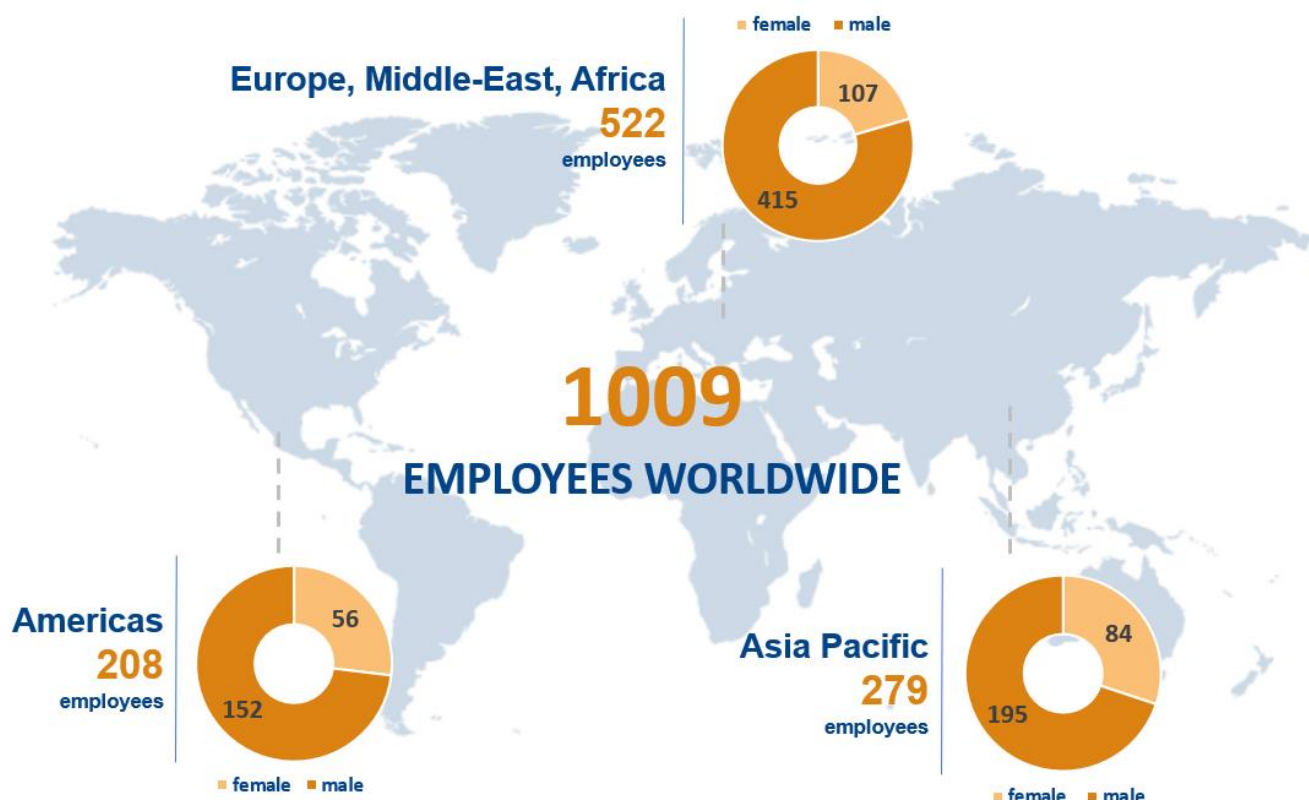


The Italmatch Group operates in the formulation, production and marketing of chemical specialties through 19 production plants in seven different countries (Italy, Spain, Germany, Poland, UK, USA and China), with offices and sales representatives worldwide thanks to a multicultural staff based in 14 countries.

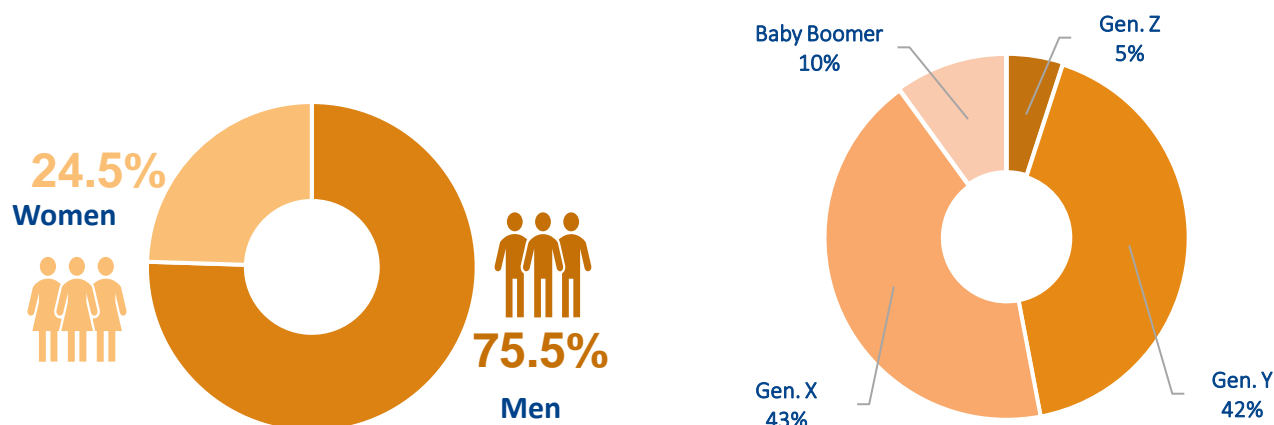
Our colleagues were born in 33 different countries and speak up to 16 different languages. With an average age of 43.7, the youngest employee is 20.

These figures show how the Group is characterized by a strong national, cultural and generational diversity, which characterises and enhances the group's international footprint.

The Group guarantees a commitment to operate in compliance with local legislation and with the Group's global policies and international regulations.



and the oldest 72.



Policies and Governance in managing people

Company management and, consequently, that of staff follows a matrix structure with hierarchical and functional reports based on Business Units and Regions.

Launched in 2019 with a 2-dimensional matrix model, this organisation took on its final structure in 2023 with the completion of the organisational structure reporting directly to the CEO and the contextual regional leadership.

In particular, the revision and strengthening of the matrix organisational structure has made it possible to leverage a global functional coordination that interacts with management and local needs, through:

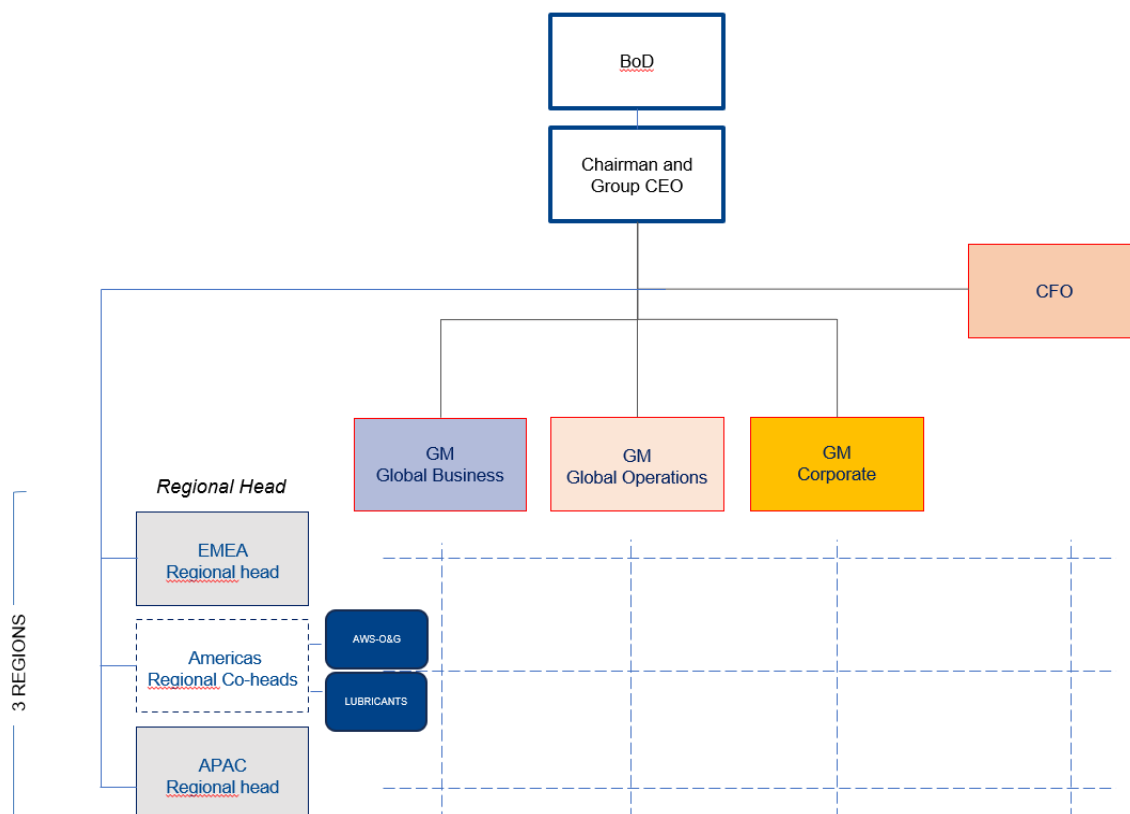
- 3 geographical areas (AMERICAS, APAC, EMEA)
- 1 Global Business (with 4 End Markets)
- 3 Global Services (Finance, Operations, Corporate Services).

People are managed at Italmatch based on the provisions of our Code of Ethics, which incorporates the principles set out in the Universal Declaration of Human Rights, in the ILO

Declaration of Workforce ' Rights and in principles III, IV, V, VI of the United Nations Global Compact: in particular, we support workers' freedom of association and recognise the right to collective bargaining (principle III), and we are committed to eliminating all forms of discrimination in employment and profession (principle VI).

Although relevant, the provisions of principles IV (eliminating forced and compulsory labour) and principle V (eliminating child labour) are not considered a source of risk considering our governance system and normal operating normal practices which guarantee compliance with these principles.

In addition to the Code of Ethics, the reference policies are the Sustainability Policy, the Human Rights Policy and the D&I Policy. To these are added the internal procedures on the recruiting and personnel management process that are based on compliance with the general principles mentioned above.



The approach to managing people aims to enhance the diversity present in the Group, thus creating a melting pot that can generate added value by aggregating individual elements from different cultures: we encourage a culture of managerial excellence and an inclusive mentality in respect of the fundamental rights of employees as such, while ensuring regulatory compliance. This approach applies to both direct employees (both temporary and permanent) and to those who have relations with the company as self-employed workers or made available by third parties (for example contract workers and trainees).

As is custom in the Italmatch Group, governance is structured according to “glo-cal” logic (global & local): corporate, strategic and operational coordination is envisaged under the Group General Manager with the support of Group HR. Director, who are assisted by managers for operations in the individual countries (or geographical areas).

National legislation serves as a reference in managing contracted labour, defining the clauses and rules of conduct as well as for the application, if necessary, of sanctions in compliance with the legal guarantees.

The parent company also has a Remuneration Committee, created by the Board, focused on the compensation and incentivisation of top managers.

The analysis of the risks in the staff highlights the following as the most significant:

- staff management in people attraction and retention, career development and remuneration;
- respect for equal opportunities;
- collective bargaining;
- health and safety.

With reference to its perimeter, the Group has analysed gender equality, the enforcement of international conventions, dialogue with social parties, respect for human rights, control measures and coercion to work, practices of

forced or child labour, freedom of association and collective bargaining, measures adopted to prevent violations and prevent discriminatory actions. Carried out internally, the analysis considered the countries in which the Group operates, the sector of activity, the regulations and normal practice to which we refer, the reference Policies, Management Models and governance structure. The analysis highlighted that although significant, the issues are not considered a source of risk, particularly by virtue of the normal operating practices that guarantee compliance with these principles.

In any case, possible violations can be reported (and consequently are monitored) according to the principles described in the Whistleblowing Global Policy. No reports were received during the year and no sanctions were recorded against the company for issues related to respect for human rights.

The management of the risks listed above follows the normal practices described in the following paragraphs.

A clear roadmap for the future

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

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

Recruiting, Growth and Staff management process

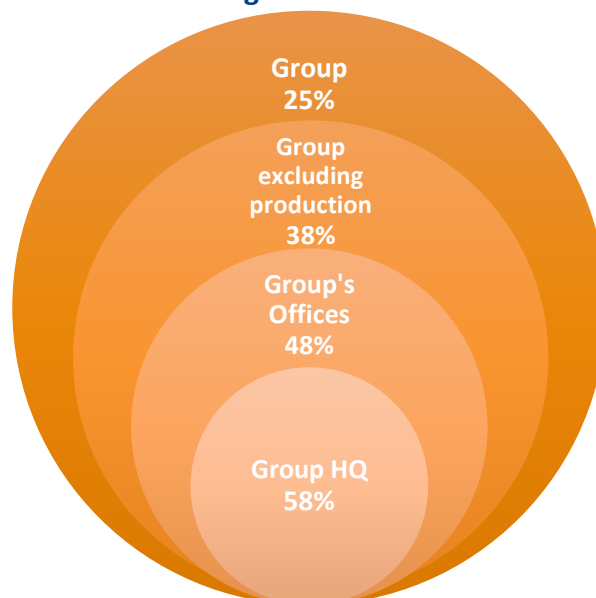
Based on organisational needs expressed locally, the recruitment of new staff is authorised by the corporate department. The selection process is then followed locally by virtue of the best knowledge of the local labour market and the real needs of the position to be filled: the process takes place with reference to the principles expressed in the company processes and in particular by guaranteeing equal opportunities for access to the employment position without any discrimination based on gender, religion, race, social position, and any other personal characteristic.

Analysing the management practices introduced by Italmatch in this regard, the first two risks are managed jointly: the ability to attract talent, the resulting capacity for retention, always maintaining a transparent process that guarantees equal opportunities, refer to the staff management process. The implementation of remuneration and incentive systems is also not gender-based, but dependent only on the corporate role and responsibilities.

Over 99% of employees have permanent contracts, while 98% are full-time.

With particular reference to gender diversity, the chemical industry, in particular production companies, has a greater presence of male staff. Although we aspire to full equal representation at all levels, there is a greater presence of women in the group service areas.

Average % of women



The chart shows the presence of female staff based on different levels of analysis:

- the Group average, equal to about 25%, reflects the almost total absence of women in production roles, typical of industrial companies in the chemical sector;
- separating the blue collars, the percentage increases to 38%: this includes all staff, R&D and sales functions;
- the same analysis, proposed only at the level of offices, shows that the Group's percentage increases to 48% (including all countries in the world where women working is not widespread) and to 58% (well over half) at the headquarters in Genoa.

Employees per professional category and gender

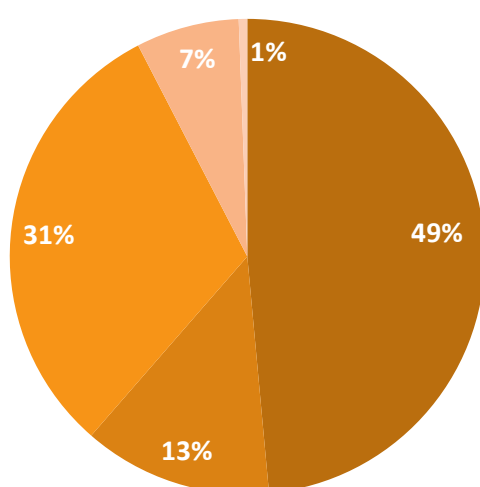
	female	male	total
Top Manager	2	4	6
Manager	31	128	159
white collar	161	180	341
blue collar	53	450	503
Total	247	762	1009

Turnover

The turnover analysis also shows how the motivations and characteristics of the people who left the company are evenly distributed within the company population: this is further proof of how D&I and Human Rights are an integral part of how we do business.

No sanctions were recorded against the company for issues related to personnel management, the application of contractual and labour law, discrimination and rights of workers and trade unions during the year.

Leaving reasons



- Resignation
- End of fixed-term contract
- Dismissal
- Agreed resolution
- Death

Reporting systems available

The Supervisory Body (SB) established pursuant to Italian Legislative Decree 231/2001, in its capacity as Ethics Committee, oversees the correct application of the Code of Ethics with specific regard to the issues of respect for human rights, equal opportunities, etc.

It also manages any reports of acts or omissions that, on the basis of reasonable grounds, consist or may consist of violations of the Code of Ethics, of the Group's values or principles.

In this regard, a Whistleblowing Global Policy is in place, which constitutes the reference document for regulating the presentation, processing and investigation of reports received through the channels made available.

The reports are treated with absolute confidentiality, in compliance with the regulatory provisions of the sector and the protection of privacy, guaranteeing anonymity and protection against any form of possible recourse to whistleblowers in good faith. No reports of violations of workers' rights were received during the current year.

Outbound turnover by age and gender

	male (% on age group)	female (% on age group)	% age group on total	Outbound turnover %
Under 30 years old	77%	23%	15%	2,6%
30-50 years old	59%	41%	57%	9,6%
Over 50 years old	87%	13%	28%	4,8%
Outbound turnover	11,8%	5,2%		16,9%

Remuneration and equal opportunities

The remuneration system is defined thanks to collective agreements, the usual formal and informal local benchmarks, and is fundamentally supported by constant recruiting.

The current system is deemed to be in line with market best practices and guarantees an overall remuneration above the minimum contractual and national agreements (where present): the average remuneration of Italmatch Chemicals SPA employees in relation to the collective reference national labour agreement (National Collective Labour Agreement for the Chemical Industry) shows that the average remuneration of the company is 28% higher than the remuneration levels indicated in the contract.

The conditions are applied uniformly, guaranteeing equal treatment to all workers.

The following table analyses the gender pay-gap data, i.e., the pay spread between the average salaries of men and women: the figure is affected, especially for the “blue collar” category, by the presence of women only in countries with lower labour costs.

Category	Change %
Managers	17%
White collars	15%
Blue collars	52%
Weighted average	22%

(Excluding top managers)

Neither child nor forced labour is allowed: workers are granted the rights of hours, rest and correct remuneration consistent with the local reference regulations.

The incentive system consists of two different programmes: short-term incentives (MBO, management by objectives plan), and long-term incentives, through shareholder agreements and stock grants.

The short-term incentive is linked to company results and personal performance: a system considered adequate to attract, incentivise and

retain high-level talent while linking them to the Group's organisational development objectives.

The programme is applied globally and involves around 32% of clerical and managerial staff: of these, 23% are women involved in the programme.

The objectives assessment process is carried out once a year, during which managers are asked to analyse the worker's performance: the quantitative results for verifying the achievement of the defined targets are provided by an independent function (management control).

In some plants, based on collective agreements and those with trade unions, a participation bonus is envisaged which is based on quantitative and qualitative performance KPIs. Collective incentive plans are also envisaged that are directly activated by the company; they are in relation to project objectives or to site and Group performance. Based on their direct possibility of impacting the achievement of the objectives defined in the ESG strategy, some functions have objectives linked to sustainability issues: reporting, reduction of emissions and energy consumption, identification of plant efficiency projects.

The Awareness of Diversity

Italmatch supports Valore D, the first corporate association that promotes gender balance and an inclusive culture to foster company growth. This membership allows us to provide our employees with training and development courses, also specifically dedicated to women, which include collaborations in inter-company contexts (e.g., mentoring and reverse-mentoring), e-learning aimed at training and awareness-raising on fundamental issues to integrate these principles into the corporate culture, such as unconscious bias and workplace harassment. Mentoring projects have been developed in Italian schools to encourage STEM studies and promote female employment in chemistry.

Social protection

Maternity and paternity leave is granted to anyone who is entitled according to the law in force in the reference area; some areas have additional policies that guarantee periods of leave and/or wages exceeding the minimum required by law (Italy, USA).

Retirement is guaranteed to all employees according to national legislation: a state or external public system.

In Italy, pension funds are managed by entities identified on the basis of the national collective agreement. Employees are entitled to apply to a different pension fund. The monthly contributions are paid by the employee and the employer and, in the event of membership in the category fund, the Italmatch Group guarantees an additional payment of 2.1% beyond the employee severance indemnity.

Management of extraordinary events

Extraordinary events such as acquisitions or reorganisations are always managed with the logic of mitigating staff redundancy by finding outplacement solutions or incentivising early retirement. All extraordinary activities are in any case carried out in compliance with the legislative provisions, respecting the times dictated by the regulations for managing reorganisations and, where possible, in coordination with the local trade union representatives.

The analysis of the reasons for leaving shows that in 83% of cases the departures are linked to resignation, termination of a fixed-term contract or consensual resolution.

Diversity metrics: gender diversity and people with disabilities

In addition to being guaranteed throughout the selection and remuneration process (as seen above), equal opportunities are also guaranteed along the path of personal growth.

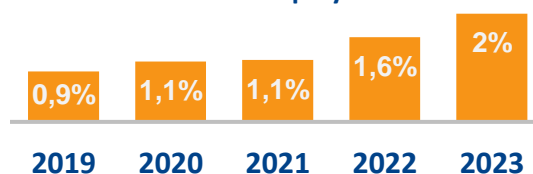
In our company, 33% of top management and about 20% of managerial positions (top managers + managers) are women. Considering the reference sector and the seniority of staff, these percentages are considered representative of an equivalent professional development between the different genders.

% Employees by professional category and gender

	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%

Diversity naturally goes beyond that of gender, and the company employs staff belonging to the category of people with disabilities according to different legal definitions in the different countries where Italmatch operates. All employees of the Group which are recognised as disabled are guaranteed all the tools necessary to allow and facilitate the performance of the tasks entrusted to them.

Disabled employees



Promoting inclusion and diversity through mentoring.

Thanks to our association with Valore D, we have given our resources the opportunity to access cross-company mentorship paths to accelerate learning and the enhancement of cross-cutting skills.

The testimonies of those who participated in the course in 2023 are presented below.



Mentor testimony

"I am extremely pleased to share my experience as a mentor within the intercompany programme managed by Valore D. This initiative represented a unique opportunity to contribute to the professional progress of a resource - the mentee - from a totally different sector.

During the course, we focused on the significant stages of life in the company: the development of strategic relationships and career advancement. We explored innovative approaches to overcoming specific challenges through individual meetings, facilitated group sessions and training sessions. We agreed on 'exercises' that she would have to carry out in the workplace, to train herself to leave her comfort zone and enhance the human aspect and empathy. The objectives identified were not only met, but also exceeded: the mentee has transformed her perspective from a strictly technical vision of her role to a broader, more strategic approach. The key was to bring the professional relationship to a more human and relational level that allowed her to be included in a professional development path with new prospects for growth and fulfilment. The mentoring experience allowed me to share my experiences, my points of view, highlighting the importance of human relationships and sharing knowledge within the working environment: these initiatives not only foster individual professional development, but also promote a more inclusive and success-oriented corporate culture".

Mentee testimony

"I participated in the Mentoring Power Valore D course as a mentee. Having never taken part in similar programmes in the past, I believed it was focused on learning sector-specific skills and knowledge that could be implemented only in the workplace.

The experience instead proved to be a path of growth, of value, with an important and lasting impact on both the professional and personal spheres. Through various online meetings with the mentor, we firstly worked to develop a good relationship of exchange and trust; we then worked to highlight motivations and objectives, strengths and weaknesses by exploring my areas of resistance and identifying strategies to overcome them. Recognising my limits and at the same time seeing my qualities and potential recognised gave me greater awareness, allowing me to find more confidence and motivation for more structured and concrete professional growth. I also identified those skills that are not strictly related to my technical role but will contribute to having a more organic and complete vision.

Great attention was also paid to my personal growth by improving the balance between work and private life: taking up my hobbies again and cultivating them will be a way to find stimuli outside of work as well. This taught me to manage my time more effectively, improving problem-solving skills thanks to the creativity and well-being generated outside of work.

The end of this path is therefore only the beginning of a whole series of different paths both for the employee in the professional sphere and for the individual as a whole".

Training

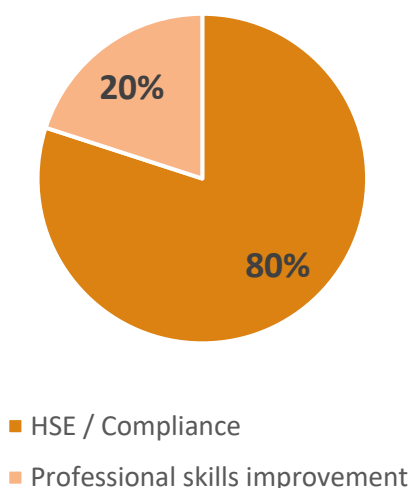
Professional growth is one of the objectives of career development. This involves the acquisition of new skills, both hard and soft, which facilitate better performance and personal satisfaction, and allow employees to grow into new roles within the Group. On-the-job training and skills upgrading initiatives are in addition to training related to regulatory compliance and internal compliance.

The production sites guarantee the training and necessary certifications of employees involved in production and ancillary activities. The courses to be attended to increase both technical and managerial skills are defined by the worker with their manager according to the growth paths designed: the courses are normally held by staff and external bodies.

Training actions through “reverse mentoring” to foster culture exchange, integration and bridging in generational gaps are emphasised.

6,890 hours of training were provided in 2023; 63% of the company population participated in training, with an average of around 11 hours per person.

Training topics



Work-life balance

The Group welfare model is developed to enhance and support the work and non-work needs of employees and their families, to promote work-life balance and caregiving. The actions are managed at local level with different focuses in the various locations depending on the cultural sensitivity, needs and typical “customs” of the site.

To offer employees better conditions, welfare packages have been activated in some plants, within which employees can choose different services within the limit of a maximum economic value. In other sites, medical services, insurance or additional private agreements are provided with particular attention to those areas where the healthcare system does not include universal coverage.

Precisely to emphasise the Group's attention to its employees' home-work and care-giving needs, the company agreement on remote work was renewed and expanded with particular attention to parenting issues and family care aspects. Each employee can take advantage of up to 10 days of remote work per month, to which a further two days can be added if the employee has a child under the age of 14 or needs to provide assistance to a family member (caregiving). Particular attention is also given to encouraging the use of healthcare funds. Membership in “Un Fiocco in Azienda” guarantees new mothers improved treatment compared to the legal provisions in terms of remuneration and involvement: these allow a faster return to work phase and a decrease in economic impacts on the family unit.

With a view to paying increasing attention to training and school-work alternation, an annual competition was established within the Group for six scholarships for the children of employees who have completed their studies (secondary school, three-year degree, master's degree) with honours.

Coverage of collective bargaining and social dialogue

In all the countries where Italmatch operates, employees are granted the right to freely associate with trade unions or workers' legal representation bodies in accordance with the procedures envisaged by local law. In some plants, workers' representatives have been independently identified, who are responsible for relations with management outside of association and legal schemes. In Italy, 22% of employees are members of a trade union.

All relations with employees, with the collective representatives of employees and with the social parties, are always conducted in compliance with current legislation, guaranteeing the correct

application of the National Collective Labour Agreements of the sector to which they belong, where present. At Group level, 80.2% of the total workforce is covered by first-level collective agreements.

The Group guarantees the representatives the availability of the tools to carry out their functions and to involve workers as per national regulations. Notice boards are typically available, as well as the possibility of sending emails and calling meetings in which workers can participate.

Health and Safety

Involving employees in impact analysis

The management of relations with social parties is entrusted to the HR Department under the guidance of the Corporate General Manager.

The active parties are the HR managers, the office managers (generally the Plant managers), assisted by the HSE Managers in their areas of responsibility for the safety and health of workers.

The paths shared between the company and the workers' representatives are based on collaboration, taking the regulatory metrics as a minimum reference: training, internal organisation, work reorganisation, analysis of health and safety risks in the workplace are the main focuses of the employee/management working groups.

The action plans start from the assumption that joint management between operators and Plant HSE managers who are familiar with the problems in the field and management with a more strategic vision can improve process efficiency by easily identifying the points for improvement and the actions to be implemented.

In particular, the management of health and safety areas refers to ISO 45001

certified management systems or the Safety Management System consistent with the legislation on major accidents (known as the

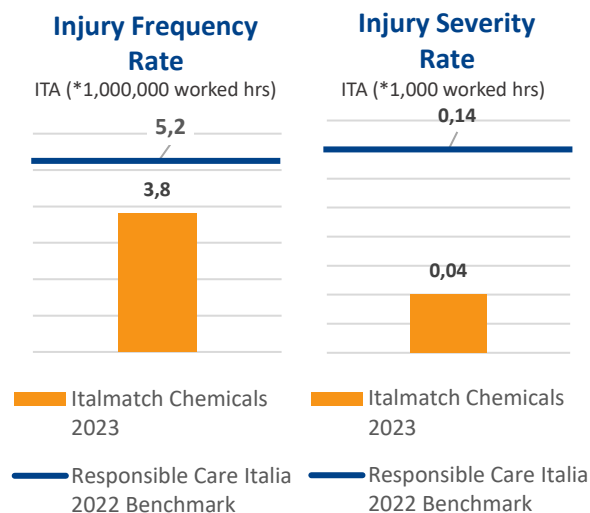
Seveso Law in Italy and ArbSchG in Germany).

These systems are designed to protect our workers, third-party workers in our plants and the local communities in which our plants are located. 37% of our plants (in number) have ISO 45001 certification, which covers about 50% of plant staff.



The company's strategic direction is to constantly pursue continuous improvement even in the absence of certified management systems, applying the best available techniques and updating the plants according to the most efficient production processes. At corporate level, a project has also been launched to implement a reporting and "incident analysis" model that makes it possible to improve operating procedures through

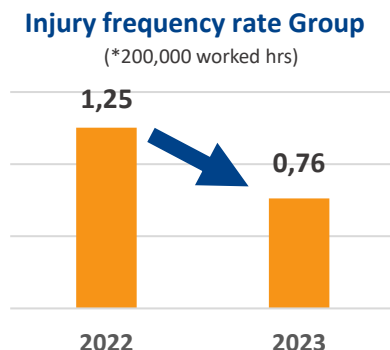
the lesson-learning process and by engaging staff. Each event generates an “incident analysis & remediation” process as a learning and prevention tool: the analysis process involves technical and managerial figures of different levels depending on the severity of the event. According to their specific role, they contribute to identifying the root causes and defining the operating solutions (by amending and updating the operating procedures or suggesting plant updating activities) to reduce the risk that similar events may be repeated.



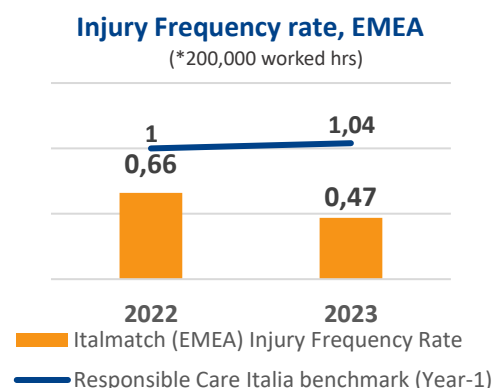
Confirming the effectiveness of the systems implemented, the number of accidents decreased during the year: there were no cases of occupational diseases, major accidents or deaths due to work.

Compared to 2022, the number of injuries decreased by 46% and days lost by over 79%. The effectiveness of the management approach and the actions implemented led to a frequency index (3.8 injuries/million hours worked) in line with the benchmark of companies participating in Responsible Care Italia (ref: Responsible Care 2022

report, page 24) and a severity index (0.04 days/1,000 hours worked) significantly lower than the same benchmark (0.14).



Comparing the EMEA data with the 2022 final figures of Responsible Care Italy, the improved performance compared to the benchmark is even more evident.



Through the continuous improvement processes envisaged by the management systems and membership in Responsible Care, Italmatch is also committed to constantly improving its health and safety performance in all participating structures, as well as reducing risks in the workplace.

The health and safety of employees and third-party staff working at the production sites are monitored and measured according to specific KPIs that are part of the Plant Manager assessment system.

Engagement with local communities

The Group's presence in many different countries leads us to interact with local communities with very different interests, cultures and reference principles.

We have therefore defined Group guidelines serving to guide social activities: dissemination of the corporate culture in schools, support for sports activities (in particular those for youth and those that promote inclusion), support for the development of the local community.

In general, we operate in a transparent manner and to eliminate prejudices about the dangers of the chemical industry or its incompatibility in the green transition.

Among the multitude of projects those proposed, they are selected based on the values that they express, in line with those of the Group and the positive impact they have on the reference territory.

Support is offered through donations, sponsorships or employee involvement: very frequently our technicians go to schools and institutes to bring their testimony to explain how chemistry can also be an area of innovation and open to work for technicians of both genders.

In addition to the increasing use of online media and to transparently promoting messages and campaigns that it supports, our work is focused on some main thematic threads, summarised as follows:

- **Projects for students**, to encourage STEM study paths and to break down gender barriers in the scientific/chemical field (e.g., testimonies of lessons held by Italmatch colleagues in local secondary schools, OSM-Edu "Adopt a school" project for school orientation for students, Science Festival with a workshop dedicated to chemistry and environmental sustainability issues, "open day" in which local schools are invited to visit the Italmatch plants...)
- **Sport, well-being and inclusion**, supporting initiatives and projects to facilitate access to sport and its values, also among those affected by disabilities (e.g., Stars in sport, which supports the Gigi Ghirotti Foundation, fundraising tournaments for the Community of Sant'Egidio and LILT - Lega Italiana Fight against cancer)
- **Support for local communities**, with particular attention to the places where it has historically been present, such as the city of Spoleto (e.g., support for Festival dei Due Mondi for theatre and culture, an international event to support the recovery and restoration of the Auditorium della Stella, now a theatre in use, the traditional steamboat race which involves the whole city, youth tournaments, recovery of school spaces, etc.)



Italmatch at the ETicaGroup 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.

Youth engagement in the chemical industry event in Aberdeen

Our Technical Sales Manager, Global Pipelines Business Italmatch was invited to support the DYW Northeast (Developing the Young Workforce) Chemistry at Work event, held at the Robert Gordon University, based in Aberdeen (Scotland) near our Aberdeen office and lab site. Hereafter her comment. "It was a positive event to help promote the chemical industry to young people and to show them how diverse a career in chemistry can be. The sessions consisted of lectures, classrooms and individuals from the industry discussing their work. Over three hundred pupils from eight Aberdeenshire schools attended. The pupils were split into groups and rotated through the various talks and sessions. The time for each individual group was tight so I focused on my background and our pipeline and decommissioning products. There was a lot of interest in our gels and how established chemistry can be applied in innovative and diverse ways. I would never have believed as a chemistry student the different types of products that I would be involved in developing and using across so many places/geographies as part of my career. I was also very impressed by the number of questions related to sustainability and the life cycle of chemical products. This allowed me to share Italmatch's commitment to sustainable chemistry and our conscious approach to delivering considered solutions. It was a great opportunity to encourage young people to get involved in chemistry."



*The Italmatch team have won the 57th edition of the **Vaporetti Race**. The race, deeply rooted in Spoleto's traditions and history, was established 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 children with disabilities closer to physical activity and team sports.*



*Italmatch Chemicals sponsors the Women Football team of **Gresley Rovers ladies**, Manchester disseminating D&I principles also in sport.*

Italmatch Chemicals

Governance and Business Ethics



Italmatch Group governance system

The Italmatch Group has expressed what it considers its reference values in the Code of Ethics approved for the first time by the Board of Directors of Italmatch Chemicals S.p.A. in February 2011 and subsequently updated taking into account the evolution of best practices.

The latest update was approved in December 2022 and further defined the values that guide our Group in carrying out business activities: legality, honesty, fairness, equality, confidentiality, equity, integrity, transparency, responsibility, independence, protection of health, safety and the environment, sustainability, balance and diversity in skills and gender.

Sustainability and ESG (Environmental, Social, Governance) criteria are increasingly important in the administration and management system the Italmatch Group companies. Only with sound governance that is aligned with best practices can we pursue the goal of sustainable development capable of generating long-term value and satisfying the needs of present and future generations.

These objectives can be achieved through joint action and the collaboration of the economic world and civil society in general.

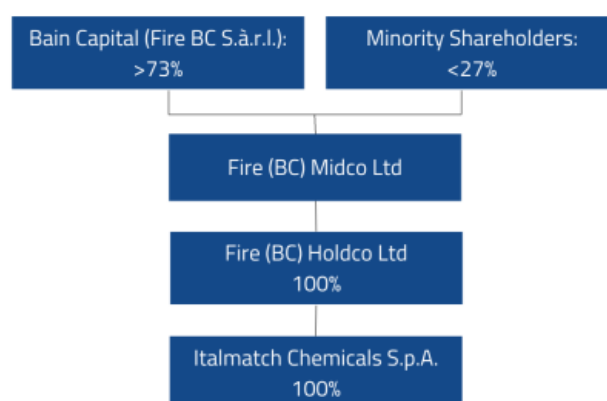
Ownership Structure

Italmatch Chemicals S.p.A. (the parent company) is a 100% subsidiary of the company Fire (BC) Holdco, in turn wholly controlled by Fire (BC) MidCo. The latter's capital is held for approximately 73% by Bain Capital, for approximately 20% by Julmood, a company owned by Dussur (Saudi Arabian Public Investment Fund, which acquired a minority stake in the Italmatch Group in March 2023) while the remaining share of approximately 7% is held by the Group's management team.

In this context, all the members of the management and control bodies of the Italmatch Group companies (hereinafter 'Group Companies'), our employees and all those who collaborate with us are required to comply with the principles contained in our Code of Ethics, in the various Policies adopted (on a global and local basis) by the Group, in the 231 Model and in the other corporate governance documents, make them their own and being promoters thereof, involving the supply chain where possible.

In addition to the Code of Ethics, the other Group policies that globally outline the approaches to specific issues dictating the guidelines and management methods are:

- Whistleblowing policy
- Human Rights policy
- Diversity & Inclusion policy
- Anti-corruption policy
- Gifts, Hospitality, Sponsorships and Donations Policy
- Antitrust Policy
- Conflict of interest policy
- International trade control policy
- Conflict mineral policy
- Sustainability policy
- Suppliers Code of Conduct.



The Bodies of the governance system

The governance of the legal entity of the Italmatch Group has historically been based on a model in which the Board of Directors is the main strategic management body for each entity, supported by one or more directors and/or executives who are granted powers and/or specific powers of attorney in their respective areas of expertise.

Within the legal entity of the Italmatch Group, the uniformity of the Group's governance principles in ordinary business operations is based on what is known as the four-eyes principle, which defines common rules of action based on a mechanism of individual and/or joint signature depending on the specific areas of intervention and materiality thresholds. The presence of some directors in all the Group's legal entities ensures local compliance and correct interactions with the headquarters.

The governance system of the parent company Italmatch Chemicals S.p.A. is based on the provisions of the Italian Civil Code that is aligned with the traditional governance model. In this respect, it includes:

- the Board of Directors, as strategic management body;
- the Board of Statutory Auditors, appointed by the Shareholders' Meeting, as control body.

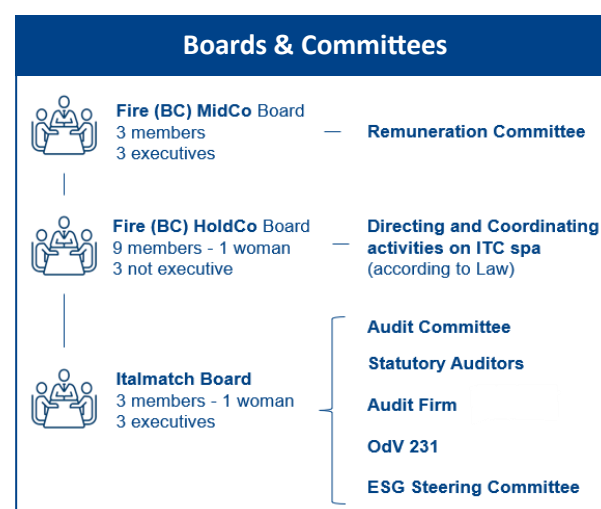
The following are also present as control bodies:

- the Independent Auditors, appointed by the Shareholders' Meeting as the statutory auditing body;
- the Supervisory Body, appointed by the Board of Directors pursuant to Italian Legislative Decree 231/2001.

Moreover, the following departments and/or control bodies have also been established on a voluntary basis:

- Audit Committee;
- Whistleblowing Committee;
- Compliance Department;
- Certification companies/bodies responsible for certification renewal and the external control of company processes in their respective areas of competence (quality, environment, safety management system).

The Remuneration Committee was also established within the parent company organisation.



The main responsibilities of each of the bodies mentioned above are listed below.

Institutional Bodies

Board of Directors

The current Board of Directors of Italmatch Chemicals S.p.A. was appointed by the Shareholders' Meeting and consists of three directors holding executive positions: the last Board was conferred in January 2023. The legal representation of workers is not envisaged within the Board.

The members of the Board of Directors currently in office are: the Chief Executive Officer (CEO) of

the Group, founder of the company thanks to a management buyout in 1998, the Group Corporate General Manager (GM) who joined the company in 1998, and the Group Chief Financial Officer (CFO) who joined the company in 2022.

Skills are assessed using the curriculum of each member upon their first appointment.

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

The current Board guarantees an adequate level of diversity in terms of gender (one third is represented by the least represented gender), age (one third under 60), experience and training (one chemical engineer, one degree in finance and one degree in economics).

G1-5 None of the members of the Board or of the Supervisory Bodies held significant positions in the Public Administration in the two years prior to their appointment.

The Chief Executive Officer (CEO) and the Group General Manager Corporate (GMC) are also members of the ESG Steering Committee, which oversees and monitors the implementation of the ESG strategy decided by the Board of Directors and the achievement of climate targets (and not only)

of the company (see the specific chapter on ESG governance).

The Board's knowledge of ESG issues is considered adequately diversified and in-depth. The Chief Executive Officer has strong knowledge of the phosphorus market (the Group's main raw material) and the related environmental matters, having always been responsible for plant management and business development within the Group. Over the years, the focus has mainly been on the development of new and more environmentally friendly products designed and created in the Group's research and development centres.

The Group General Manager Corporate has received ad hoc delegations from the Board in the areas of sustainability, governance,

compliance/risk management, IT/communication, human resource management and general Group strategy.

The mandate received called for the establishment of the ESG Department and the development of an ESG strategy, in line with the business strategy, as well as the implementation of all that is necessary to achieve the sustainability reporting to which the Group will be subject from 2025.

The cross-cutting skills of the GMC, who also played a central role in the Group's expansion, with a particular focus on leverage buy-out, M&A, reorganisations, cultural turnaround and change management, are consistent with an ESG approach to Group management.

The focus of the Chief Executive Officer and the GMC is now on the decarbonisation process and the identification of initiatives to reduce emissions useful for achieving the SBTi objectives.

The CFO has been a member of the Board of Directors since 2023 and comes from an Italian utility company where he held the role of "Head of the Sustainable Finance Committee" and "Member of the European Corporate Forum on Sustainable Finance".

Board of Statutory Auditors

The Board of Statutory Auditors was appointed by the Shareholders' Meeting of 30 April 2021 with a three-year mandate. It includes three standing auditors (all men) and two alternates (of whom one woman). It represents the control body responsible for supervising the activities of the directors and checking that company management and administration are carried out in compliance with the law and the Articles of Association.

Independent Auditors

The independent auditors (KPMG) were appointed by the Shareholders' Meeting of 27 April 2022 for the financial years 2022-2023-2024 - with expiry on the date of the Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2024.

During the year, the independent auditors obtained consultancy assignments not related to the statutory audit of accounts: the remuneration paid for these additional services amounted to approximately 3.8% of the total for the year.

Supervisory Body

The Supervisory Body envisaged by Italian Legislative Decree 231/2001 is an internal body of the company with autonomous powers of initiative and control; it has the task of ensuring that fraudulent conduct does not occur in the context of company activities and, more generally, on observance of the 231 Organisational Model of the parent company.

Appointed by the Board of Directors on 31 March 2022, it consists of three members (all men).

Voluntary Bodies

The Board of Directors of Italmatch defines the guidelines of the internal control and legal and compliance risk management system in line with the company's strategies, and periodically assesses its adequacy and effectiveness. It also defines the principles of coordination between the various structures involved in the internal control and legal and compliance risk management system in order to maximise the efficiency of the system itself, reduce the duplication of activities and ensure the effective performance of tasks.

In addition to the instruments set out by law, the governance system of the Italmatch Group envisages the existence of Corporate Control Committees and functions established on a voluntary basis.

Audit Committee

The Audit Committee consists of seven members and is an advisory body to the Italmatch Board of Directors, established on the basis of agreements with the majority shareholder. Four of its members (57%) are not executive. Its decisions are not binding on the Board. Its purpose is to contribute to the creation of value by improving an effective, streamlined control environment and by promoting financial excellence.

The Committee is entrusted with the tasks of:

- ascertaining the quality and compliance of financial reporting;
- monitoring the adequacy of the internal control system and compliance with laws and regulations;
- overseeing risk management;
- assessing the adequacy of the company's financial functions and external auditors;
- proposing improvement plans, monitoring actions and following up.

Committee for managing reports from the whistleblowing system

This Committee manages the reporting channels, including that recently introduced through a dedicated IT platform. Each report received is analysed using the information available in the report and based on the reference regulations and guidelines identified in the Whistleblowing Policy. The Committee consists of three members, two of whom are women.

Compliance Department

The corporate compliance monitoring program established in 2023 includes courses on compliance matters:

- Updating and creation of procedures on corporate areas
- Whistleblowing reports
- 231 reports
- Annual monitoring and reporting to the Board on the alignment of the corporate structure

Remuneration Committee

The Remuneration Committee is established within the parent company; it consists of three executive members and includes representatives of the majority shareholder (Bain Capital) and managers of Italmatch Chemicals. It provides advisory activities for the Board of Italmatch Chemicals on the issues of compensation and incentivisation of top managers (see the section on personnel management for details).

Anti-corruption: a system structured throughout the Group

The fight against corruption has always been one of the fundamental values inspiring us in carrying out our activities. We have therefore adopted tools to prevent any form of corruption risk: active and passive corruption, public and private corruption, proposition/receipt of any form of bribes, extortion.

Our reference principles taken from the X principle of the Global Compact are set out in the Code of Ethics and have also been reaffirmed in the Anti-Corruption Global Policy (last release of March 2023), which is applied to all Group companies and is added to the other Global Policies, including:

- Gifts, Hospitality, Sponsorship and Donation Global Policy
- Supplier Code of Conduct
- General Terms and Conditions that require commercial partners to comply with the Group's ethics principles;

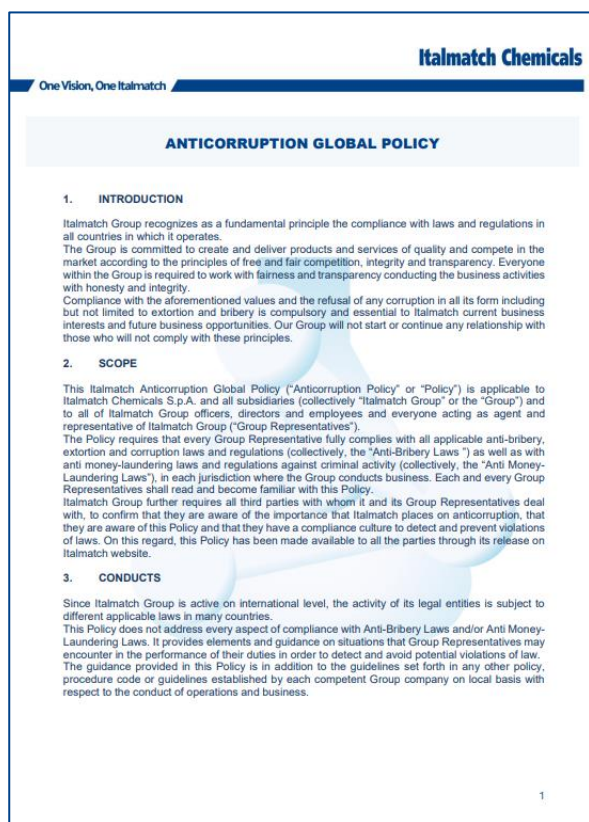
due diligence and the accounting procedures adopted for correctly and completely recording company transactions.

The implementation of the Anti-corruption System was based on the preliminary analysis of the risks related to the ordinary activities carried out in company management and in relations with third parties.

Subsequently, processes and procedures are implemented on a local basis to enforce and monitor the principles established in the Code of Ethics and in the Policies mentioned above, including the 231 Organisational Model in Italy, the FCPA Manual in the USA, the Employee Handbook in China.

These organisational models are supported by adequate systems of powers and proxies in order to identify those authorised to interact with third parties, in the specific areas and at greater risk of committing unlawful conduct.

The Group also recognises the importance of the compliance education of its personnel, implemented through dedicated training including a focus on specific anti-bribery matters.



There are further internal controls in addition to these, such as the internal protocols for third-party

Training on anti-corruption issues

In order to support the dissemination of the reference principles and the appropriate behaviours to adopt in relation to the different types of offences, a long-term online training session for employees and new hires has been set up and is in progress.

560 people participated in the training in 2023, and 479 people are nearing completion.

The introduction of internal reporting channels over the years has been an essential tool in identifying and monitoring conduct that does not comply with the principles of the Code of Ethics, ethics and good commercial practices:

- the email address of the Supervisory Body: odv.italmatch@italmatch.com.
- the general address: ethics@italmatch.com.

The Whistleblowing System implemented according to current legislation was added in 2023: every report is managed anonymously, guaranteeing the confidentiality and protection of the whistleblower's identity, and consequently non-discrimination, recourse or any form of direct or indirect retaliation towards the whistleblower in good faith. The legal obligations and protection of the rights of the company or of persons accused unjustly or in bad faith remain unaffected.

The Italmatch Group also undertakes to sanction anyone who violates the confidentiality of the whistleblower and/or the person reported. The reports trigger the application of the sanctioning system envisaged by the existing contract (be it labour, supply, etc.).

All the details are available on the procedure page of the Italmatch corporate website <https://www.italmatch.com/italmatch-chemicals-group>

The platform available to the public for each type of report is available via the Ethics Line link from the home page of the Italmatch website Italmatch.com at the address Italmatch Chemicals Spa | Home (integrityline.com)

The Supervisory Bodies did not collect any reports with reference to the behaviour of employees or commercial partners in 2023.

The results of the monitoring and control activities carried out during the year were reported to the Management and Control Bodies according to internal procedures (in the absence of reports and investigations, the reporting did not refer to the content of the reports received, the analyses carried out, the results and the remedial actions implemented).

The Italmatch Group did not receive fines and no penalties were imposed on employees for violations of the laws against active or passive corruption in 2023.



Integrity Transparency Trust

Italmatch Chemicals

Whistleblowing reporting system

Through this reporting system you can send Whistleblowing Reports related to violations within the scope of Italmatch Group Whistleblowing Global Policy.

We remind you that you have the possibility to remain anonymous, but we encourage you in any case to open a secure Inbox. This makes it easier for us to communicate.

Reports will be treated confidentially pursuant to the Whistleblowing Global Policy. You can find more information on this in the "Privacy policy" section above.

IT System and digital data security

IT security management is a strategic priority for Italmatch, not only to protect sensitive information, employee and customer data, but also to ensure trust and maintain its reputation in relations with all stakeholders who put their trust in the Group.

Group IT Governance is managed by regional IT managers, coordinated at corporate level under the supervision of the Group General Manager Corporate.

The operational core of company data management is our reference management software, around which the most important IT innovation and integration projects with the acquired companies are based, extending the benefits of centralised information control to all company management areas: from ERP to Business Intelligence, from management reporting to business processes.

Digital Innovation projects are the core business of Industry 4.0; they continued in 2023 in order to streamline and automate production processes, speeding up the real-time recording of values useful for intelligent automation, processing, and usability.

On the cybersecurity front, the installation of NDR (Network Detection and Response) and SIEM (Security Information and Event Management) solutions is progressing not only to control the network via software but also the network endpoints.

The Cybersecurity Roadmap adopted in 2019 is inspired by the US-based international framework of the National Institute of Standards and Technology (NIST). Every year external bodies carry out monitoring and vulnerability assessments for Italmatch in order to identify risks and gaps and plan remediation actions.

All the improvement steps contribute to increasing the level of security in one of the five key areas described by the NIST:

- Greater network integration (DETECT/RESPOND areas)
- Cyber Threat Intelligence to allow vulnerability analyses and to allow adequate actions to counteract attacks (PROTECT/DETECT areas)
- Simulation of attacks that enable the security team to analyse network vulnerabilities, improve responses and reduce recovery times (PROTECT/DETECT/RESPOND/RECOVER areas)
- control of incoming emails, submitted to the machine learning and data analytics system for the recognition of phishing and fraudulent emails (PROTECT area)
- Cybersecurity rating and Vulnerability Assessment via BitSight - to improve protection from the point of view of our external perimeter (IDENTIFY/PROTECT areas)

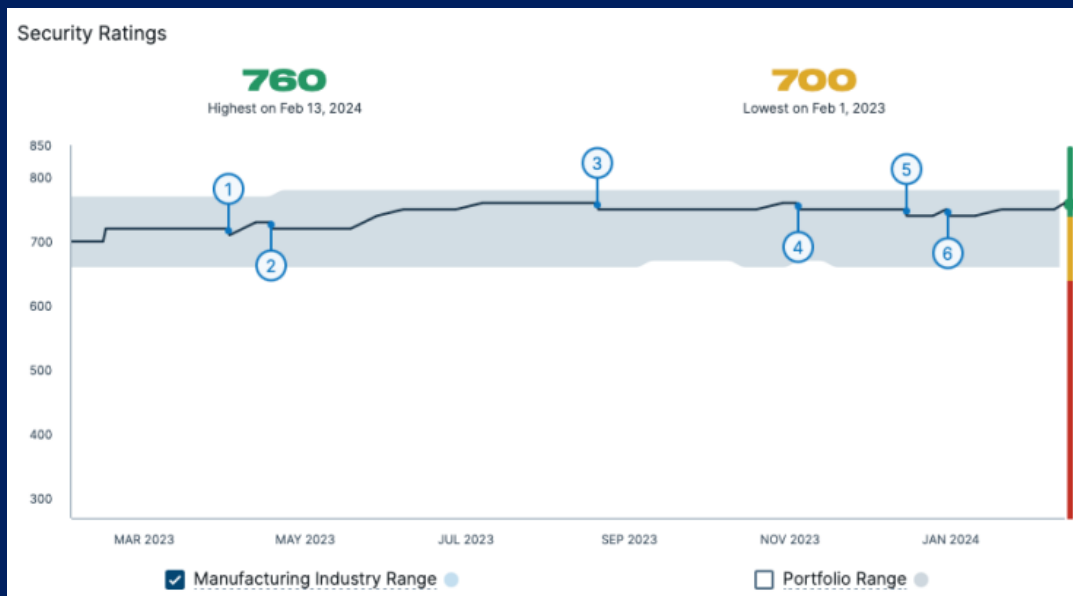


The last assessment according to the NIST Framework was carried out by the independent external body, which assessed the safety of Italmatch with a score that places it in the Tier 4 Adaptive segment.



Cybersecurity rating

Cybersel conducted an audit (with reference to the period from March 2023 to March 2024) that analysed the level of IT security of the Group systems and the security against attacks. The assigned score of 760 (up by 50 points compared to 2022) places us in the 'advanced' bracket of Bitsight.



Data Security

The priorities include protecting sensitive data: policies and procedures have been implemented that guarantee access control to systems and secure access to data, especially if relevant or confidential. Disaster Recovery plans have been implemented for business operational continuity and data recovery; they are based on in-depth risk assessments specific to each business and each plant.

A procedure has been approved by the Board of Directors for the management of personal and third-party data, which guarantees the compliance of the management methods with the best practices in terms of data protection and data breach management.

There were no complaints related to privacy incidents in 2023 that required the implementation of corrective procedures.

Employee training on IT security

Our IT security, data processing and connection management system is supported by a structured online training system that covers the entire company population: the training includes a theoretical part, tests and 'simulated attacks' carried out by sending emails with suspicious characteristics to Group employees, ensuring that they are recognised, and the required procedures are implemented. In the event of an error, the employee must repeat the training.

The impact of climate change risks on corporate strategy

Italmatch structured a process in 2023 for analysing the impacts that climate change can have on its business.

The project was developed following the guidelines of the TCFD (Task force on Climate-related Financial Disclosure) and envisaged an analysis, with consequent disclosure, in relation to four pillars:

- Governance;
- Strategy;
- Risk Management;
- Metrics & Targets.

If the Group's governance structure on these issues and the strategy were clear, much more detailed work was carried out to identify risks and opportunities.

The main steps of this path were:

1. identification of the reference scenarios;
2. identification of the variables present in the scenarios that could impact business;
3. identification of risks and opportunities connected to climate change in relation to business;
4. recognition of the corporate departments responsible for the governance, monitoring and management of climate change issues;
5. identification of risk management strategies or the achievement of opportunities.

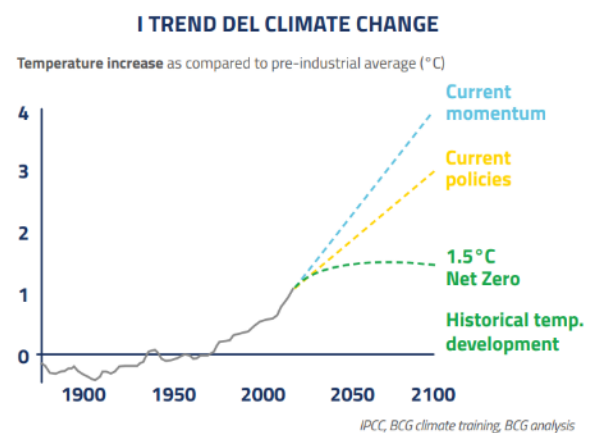
The governance of climate change issues is split between the Board and Management: the former is responsible for strategic policies, designing the Group's future from a green perspective, and analysing economic, regulatory and market scenarios to identify the best development opportunities.

Management is instead responsible for asset management, with greater attention to issues such

as: managing the procurement of raw materials and water to guarantee production, technological development and plant efficiency in order to minimise consumption and emissions, asset integrity, environmental and safety management in order to ensure business continuity.

We considered two scenarios in order to identify the business risks that could materialise:

- business as usual, which assumes the evolution of the industry in continuity with the past, in an evolution of uncontrolled climate change generating a constant increase in temperature;
- Below 2 Degree Scenario (B2DS) of the International Energy Agency (IEA), used by the Science Based Target Initiative (SBTi) to set targets for the reduction of greenhouse gas emissions, which focuses on policy and technology development assumptions to limit GHG emissions.



The annexes use a table format to report the results of the analysis, risks and opportunities, identified with reference to the structure proposed by the TCFD and the reference scenarios.

TCFD

TASK FORCE ON
CLIMATE-RELATED
FINANCIAL
DISCLOSURES

Institutional engagement and trade associations

The Italmatch Group has plants and sales representatives in many countries around the world. This requires constantly monitoring all emerging rules and regulations that may in some way influence the characteristics of the products that are sold or impose limitations on industrial processes; this is true today more than ever as part of the transition to a decarbonised economy.

Through engagement, dialogue and relations with external stakeholders and trade associations, we monitor regulatory developments, share experiences and approaches to specific issues and try to make our technical contribution to creating shared and sustainable value.

Our engagement model is based on the transparency and ethics of relationships: compliance with the procedures integrated in the Organisational Model (pursuant to Italian Legislative Decree 231/01 for Italian companies) and the principles established in the Anti-Corruption Policy.

In line with these principles, we apply a Policy that prohibits the disbursement of direct or indirect contributions in any form to political parties, movements, committees, organisations or trade unions, their representatives or candidates.

Contributions to trade associations are disbursed by virtue of the rules defined in their Articles of Association in order to cover operating expenses and management costs.

	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.
	The American Chemistry Council (ACC) represents more than 190 companies engaged in the business of chemistry: an innovative, economic growth engine that is helping to solve the biggest challenges facing the world. Our members are the leading companies engaged in all aspects of the business of chemistry, creating the groundbreaking products that are improving the world by making it healthier, safer, more sustainable and more productive. The American Chemistry Council's mission is to advocate for the people, policy, and products of chemistry that make the United States the global leader in innovation and manufacturing.

	<p>European Chemical Industry Council (CEFIC) support the Paris Climate Agreement and a strong action on climate change in line with the scientific advice provided by the Intergovernmental Panel on Climate Change (IPCC). Cefic also supports the European Green Deal and Europe's ambition to become climate neutral by 2050. Reaching this goal will only be possible with the help of climate-neutral and circular economy solutions developed by our industry.</p> <p>CEFIC is devoted to promoting a thriving chemical industry that is broadly recognised to:</p> <ul style="list-style-type: none"> - provide sustainable, safe and resource efficient solutions, - foster prosperity, growth and investments in Europe, - provide safe and resource efficient solutions to meet the challenges for future generations. <p>The Association's mission is to serve its members by generating and aggregating scientific knowledge that fosters the purpose of the Association in critical areas, offer services and expertise to its members in regulatory, scientific and technical matters, engage, advocate and represent the industry in order to create the right support and policy frameworks in Europe and beyond, add value as a collective compared to individual companies' activities.</p>
	<p>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.</p>
	<p>The overall objective of the Brine Chemistry Consortium is to perform research, testing, education and technology transfer on brine chemistry, primarily related to oil and gas production. Most brine chemistry problems and approaches in the oil and gas industry are generic and normally treated as essentially non-proprietary in nature. Therefore, it is reasonable to share research resources directed toward solving many of the different types of problems associated with brine production and disposal.</p>
	<p>Confindustria and Federchimica: Italmatch ad-here to the Italian Industry trading associations for a continuous dialogue with its stakeholders.</p>
	<p>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.</p>

Sustainable Procurement

We consider the supply chain a fundamental element in achieving our sustainable development goals.

The Italmatch Group began integrating the approach to sustainable procurement in 2022: the process began with a self-assessment (known as maturity review) to identify any gaps, the subsequent definition of policies and contractual clauses that are included in commercial agreements requesting compliance with the principles set out in our Code of Ethics, and the publication of the 'Supplier Code of Conduct', with which all suppliers must comply. The second maturity review was carried out in 2023, which showed a significant increase in the rating, well above the average for the chemical industry (Italmatch 2.33/4, chemical industry 1.99).



MATURITY REVIEW: a conscious approach

The maturity review is an organisation's self-assessment of its approach to sustainable procurement, developed by Ecovadis. The process includes an internal discussion among the management involved in the procurement processes, led by an Ecovadis manager and focusing on five areas: Vision & Goals; Governance; Policies, Procedures and Process; Capacity Building; Reporting. Assigned on the basis of a proprietary methodology that compares the company's state of the art with the best practices identified, the rating proposes an assessment on five levels: *Beginner, Reactive, Responsive, Proactive, Leading*.

The first assessment of 2022 assigned a 'Reactive' profile with a rating of 1.88 out of 4, highlighting the need to formalise and structure the vision of the Italmatch Group. Working on the indications received throughout the year, the new assessment of 2023 marked an improvement with a score of 2.33 (out of 4), with the Italmatch approach to sustainable procurement being assessed as **Responsive**.

However, Italmatch Group's positioning in relation to the benchmark is significant: the average rating of the chemical industry is 1.99, and the global average of the companies valued by Ecovadis is 1.82. The assessment of 2.33 therefore shows an excellent corporate approach and widespread consistency within operating practices.

Italmatch global result 2023: 2.33 / Responsive
Global average in EcoVadis (Q4 2023): 1.82*
Chemical average in EcoVadis (Q4 2023): 1.99**

The goal for the future is to further improve by adopting more refined management and reporting tools that allow better process integration, the definition of long-term objectives and increased engagement with our suppliers.

The ESG targets in this area will be focused on achieving these objectives in the coming years.

ESG approach to the supply chain

Our supply chain (based on the Scope 3 emissions generated) mainly consists of:

- suppliers of raw materials that are then used in our plants (among these, given the particularity of the product, the suppliers of yellow phosphorus have the greatest impact in terms of emissions),
- inbound and outbound logistics suppliers for handling loads.

Relations with suppliers are maintained by the procurement team, which is also responsible for their qualification: our suppliers must meet certain requirements in terms of certifications, reliability, service, quality consistency, compliance with reference regulations and technical skills (as well as economic terms, of course).

Following the definition of the ESG strategy, which seeks increasingly greater alignment between the principles underlying how Italmatch does business and that of its suppliers, these are also analysed with reference to sustainability issues: their assessment is entrusted to a third party (the Ecovadis platform).

Our supply chain includes large international companies but also medium-sized local suppliers; those of greater size and international scope show a strong sensitivity on ESG, have an adequate support organisation and frequently have an ESG rating. Starting from this assumption, the ESG objective defined by the Italmatch Group was to increase the number of suppliers with an Ecovadis rating among suppliers with spending above EUR 100k during the year. From 113 suppliers at the end of 2022, we increased to 146 companies at the end of 2023 (equal to about 50% in number, and 30% at the end of 2022): analysing engagement in relation to the total value purchased, we passed from 48% in 2022 to 54% in 2023.

Supplier engagement for a sustainable approach to the supply chain

Supplier relations are essential in the development of a supply chain that is attentive to ethical and social principles. Not only that, developing strategies aimed at improving the sustainability of supplies (both from an environmental point of view with products with a lower impact, and the emissions generated by production thanks to the review of industrial processes, and respect for workers' rights) must be based on the combined efforts of all the players involved. Only through synergy and a coordinated approach and work between all companies can we try to improve the indicators and pursue the decarbonisation objectives defined in 2015 in Paris and also drawn up in the United Nations SDGs.

This objective becomes even more complex when suppliers cover every continent: coordinating in a community of intentions therefore becomes necessary to be sure that their and our way of acting can contribute to the achievement of common social objectives.

The ESG engagement with our suppliers in 2023 focused on:

- compliance with good practices and business conduct through the definition of the Supplier Code of Conduct, with which all suppliers must comply, and is part of the contract renewal documentation; definition of the "ESG clauses" included in supply contracts
- supplier engagement in the process of improving our Scope 3 emissions tracking, asking them for the carbon footprint of the products (PCF) they sell us.
- supplier engagement in the decarbonisation process, asking them to improve the PCF of their products in the coming years.

	# of Ecovadis rated suppliers	Overall scores	Environment	Labor & human rights	Ethics	Sustainable procurement
2022	113	64.1	68.4	64.7	61.7	55.4
2023	146	64.3	68.8	64.2	60.4	57.1

Towards an Integrated Sustainable Procurement Model

Italmatch is strongly focusing on the supply chain qualification process: going beyond procurement choices based on quality and price, it will integrate ESG factors to assess suppliers.

A new digitised system is being implemented that will support the transition towards an internal, more accurate assessment of suppliers, thereby streamlining the procurement process and standardising and automating flows, with the aim of optimising supplier management.

A robust analysis system will improve our ability to monitor suppliers' ESG performance, to proactively act to reduce risks along the supply chain and to be ready for the emerging needs arising from the CSDDD.

We thereby ensure that our suppliers also assess and verify compliance with the international principles shared within their supply chain.

Following the supplier qualification process, framework contracts/agreements or individual orders are defined according to operational and industrial opportunities and needs.

We ask our suppliers to comply with our Code of Conduct (which refers to the principles set out in the Code of Ethics), including first and foremost the monitoring and respect for the rights and protections of workers.

Subsequently, an ESG clause is included in each contract/agreement/order, which asks the supplier to commit to implementing the protections of good CSR practices in its business management. Failure to comply with the clauses or Code of Conduct may result in the resolution of the supply contract, up to the supplier's exclusion from the Vendor List (blacklist).

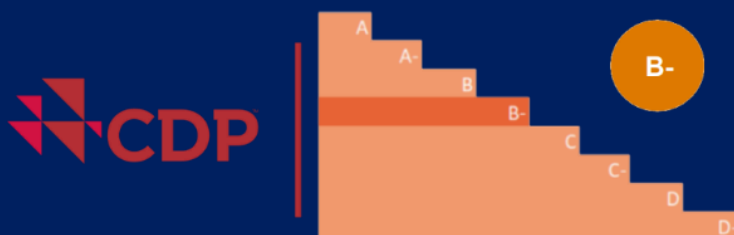
The economic conditions, and among these the payment conditions, are defined based on the agreement between the parties. The procurement team is required to maintain conduct in line with the principles of the Code of Ethics and the provisions of the Antitrust Policy, particularly with regard to the prohibition of "abuse of a dominant position" and "distortion of competition".

The administrative processes call for the payment of overdue invoices on a weekly basis: a consolidated and systematised process that recorded an average delay of 5.8 days in 2023 (figure calculated on individual invoices, data referring only to the legal entity Italmatch Chemicals spa). There are no pending lawsuits related to non-payment.

CDP Supplier Engagement

To accelerate global action on supply chain emissions, CDP also assesses the commitment of organisations with their suppliers in terms of climate change, as only through synergies and collaboration can the objectives of a decarbonised economy be achieved.

Italmatch received a B-, placing itself in the management level bracket.



TABLES OF DETAILS

TCFD Framework - Climate Change RISKS Analysis

	Potential event	Description of risk	Financial impact	Risk management strategy
PHYSICAL acute	Increasing frequency and severity of natural catastrophes	<p>Acute natural events could cause damage to plant structures with impact on operations, health, safety of employees and environment (spillages).</p> <p>Extreme events might also vary insurance conditions.</p>	<ul style="list-style-type: none"> - Reduced revenue from decreased production capacity - Increased costs for maintenance. - Increased costs of insurance fees, insurance deductibles and damages not covered. 	<ul style="list-style-type: none"> - Monitoring of frequency and severity of the events. - Assessment on the risks of impacts on the structure of plants. - Monitoring of assets and infrastructures' conditions during extreme weather events. - Site emergency management plan. - Maintenance of efficient sewerage system. - Collection and treatment of rain waters. - Special chemical storage areas. - Proper insurance assessment.
PHYSICAL acute	Increasing frequency and severity of natural catastrophes	<p>Extreme weather events, (floods, droughts, and storms) could cause delivery difficulties problems to the upstream/ downstream value chain.</p>	<ul style="list-style-type: none"> - Reduced revenues from supply chain interruptions. - Reduced revenues due to delivery difficulties /delays in delivery. - Costs for penalties due to delays in delivery. - Diminished reputation at customers due to problem in supplying. 	<ul style="list-style-type: none"> - Multiple suppliers. - Supply chain diversification. - Diversification of production plants
PHYSICAL chronic	Change in the availability of natural raw materials due to Climate Change	<p>Potential changes in mean global temperatures are likely to affect the location, yield, type of raw materials around the world, with an impact on availability and cost.</p> <p>Some raw materials derive from vegetables (i.e., palm oil) and water shortage at the harvesting sites might impact product availability, increasing prices.</p>	<ul style="list-style-type: none"> - Reduction of CM if the increased price of raw material might not be transferred on final price. - Reduced revenues from lower sales/output 	<ul style="list-style-type: none"> - Risk assessment processes - Supply chain diversification - Raw materials diversification - Organization of backup suppliers - R&D to diversify production processes and identify new molecules

	Potential event	Description of risk	Financial impact	Risk management strategy
PHYSICAL chronic	Scarcity in water availability	Climate change can affect industrial operations: global climate shifts can impact regional water availability and have implications for local industry (droughts in water-stressed locations).	<ul style="list-style-type: none"> - Reduced revenues from lower sales/output due to unavailability of raw materials - Increased production costs due to changing prices 	<ul style="list-style-type: none"> - Environmental Management System to track consumption and efficiency. - Improvement of efficiency in the use of water: reuse of water stream deriving from operations, sewerage system and wastewater treatment plant. - Diversification of supply source. - Diversification of production sites.
PHYSICAL chronic	Rising mean temperatures and increased temperature variability might impact plants performance / efficiency	<p>The variability and rise in mean temperature could have impact on plant operations as the heating / cooling process needed for production might require more energy for reaching the standard parameters.</p> <p>Furthermore, there could be damage to facilities, and issue on the health & safety of the workforce.</p>	<ul style="list-style-type: none"> - Increased capital costs (e.g., damage to facilities). - Increased operational costs due to energy /water consumption. 	<ul style="list-style-type: none"> - Diversification of production plants - Operation management strategy - Capex in new and updated technical devices
TRANSITORY policy risks	Regulatory changes on products (Reach Regulation, ETS)	Increase in product restrictions due to regulatory changes aiming to limit environmental impact of product, improve product safety and traceability	<ul style="list-style-type: none"> - Revenue decrease (loss of quantities, loss of market position) due to legislative constrain 	<ul style="list-style-type: none"> - Emerging regulation monitoring to anticipate regulation and market evolution. - R&D for more sustainable and safe products. - Use of biodegradable raw materials
TRANSITORY policy risks	Regulatory and societal pressure to achieve climate-neutral production processes	<p>Continued regulatory and societal pressure expect companies to achieve climate-neutral production and consumption, as well as a climate-neutral resource and raw material base.</p> <p>The political approaches to address these issues vary greatly from region to region, but generally these measures could have the potential to significantly impact the competitiveness of the industry's operations and product portfolio.</p>	<ul style="list-style-type: none"> - Increased operating costs (e.g., higher compliance costs) 	<ul style="list-style-type: none"> - Focus R&D efforts in developing sustainable solutions only. - Project management and strategic initiatives deployed with decarbonization and sustainability vision.

	Potential event	Description of risk	Financial impact	Risk management strategy
TRANSITORY policy risks	Difference of international regulation on carbon pricing (carbon leakage)	Varying rules on climate charges (EU-ETS scheme, CBAM) between different countries around the world might lead to different production costs. Competitors located in more favourable countries (without climate charges) might have lower operating costs and therefore they could offer products at cheaper prices. This would lead to loss of market share, especially on commodities market.	<ul style="list-style-type: none"> - Increase of competition (loss of market share) due to more favourable legislation in other countries. - Decrease of CM (contribution margin) if extra costs for production in climate charged countries cannot be transferred on the final price 	<ul style="list-style-type: none"> - Plants delocalization in different countries. - Emission reduction plans through enhanced efficiency of manufacturing processes, change in fuels. - Implementation of a market benchmark and annual carbon costs of plant and country. - Development of asset-light business models. - Flexible multi-chemistry plants. - Review of cost allocation strategies. - Customer centricity approach through technological support and tailored solutions (not massive products).
TRANSITORY policy risks	Change in regulations introducing new emission charges and actions to limit GHG emissions (e.g., higher prices on GHG emissions, CBAM, energy and raw materials prices)	Ongoing expansion of the regulatory framework affecting chemical industry (as of today it is not included in the EU-ETS) and increased regulations and actions aiming to limit CO ₂ emissions, introduction of new / increasing carbon taxes, mandating the use of certain fuel types and tightening environmental standards might lead to increased costs that reduce CM if not transferred on final price. The introduction of carbon emissions taxes may increase operation costs. Potential non-compliance by suppliers may lead to a reduced supplier base.	<ul style="list-style-type: none"> - Increased operating costs (e.g., higher compliance costs) - Write-offs, asset impairment, and early retirement of existing assets due to policy changes - Decrease of CM if extra costs for production in climate charged countries cannot be transferred on the final price 	<ul style="list-style-type: none"> - Geographical diversification of production plants (especially for core chemistries). - Scouting of suppliers. - Emission reduction / fuel saving projects. - Installation of PV plants - Development of CO₂ balancing projects. - Fixed-price energy contracts, derivatives. - R&D focus on improved ESG technologies (from renewable raw materials or with lower environmental impact).

	Potential event	Description of risk	Financial impact	Risk management strategy
TRANSITORY market risks	Changes in customer behaviour strongly requesting products with a low carbon footprint (PCF)	<p>Customers (especially big corporates) are more and more involved in ESG strategy, designing emission reduction paths (SBTi and Net-zero).</p> <p>To achieve their target, they need to reduce the scope 3 emission thanks to products with lower PCF.</p> <p>Failure to adapt to changing customer behaviours, or failure to keep the pace of competitors which are more successful in meeting customer requirements, might lead to reduced market share and sales.</p>	<ul style="list-style-type: none"> - Reduced revenue due to reduced demand for goods due to shift in consumer preferences 	<ul style="list-style-type: none"> - Market monitoring of new industry assets evolution. - Establishment of a long-term energy transition plan - Focus on R&D - Monitoring of competitors - Supply selection with lower PCF - Biodegradable raw material - Review of production processes - New project aiming to reduce emissions / energy consumptions aligned with SBTs. - Customers' engagement. - ESG department to follow-up customers' requests
TRANSITORY market risks	Changes in customer behaviour, with a higher request of sustainable products	<p>Ineffective communication of energy transition strategies can reduce demand for the company's products due to a shift in customers interests and requirements, who increasingly demand sustainable products and transition actions from companies.</p>	<ul style="list-style-type: none"> - Reduced revenues due to loss of market share due to a discrepancy with market needs, following consumers interests. - Change in revenue mix and sources, resulting in decreased revenues. 	<ul style="list-style-type: none"> - Monitoring of the market for new industry assets evolution, business and technologies. - Cost-benefit analysis for all business activities. - Continuous support to a new energy environment. - Product mix adjustment to enhance ESG features. - Constant monitoring of trends, innovation, and consumer preferences. - Maintain certain conventional products in anticipation of a rebound in demand. - Discontinue activities with conventional products. - Regionalization of sales policies. - Monitoring and anticipation of market and regulatory trends. - Revenue sources diversification. - Exploration of other applicable raw materials for production.

	Potential event	Description of risk	Financial impact	Risk management strategy
TRANSITORY market risks	Rising cost of raw materials, energy, and water supply	<p>Demands and standards have been raised due to climate change and various restrictions have led to a reduction in supply and an increase in prices of some raw materials, an increase in retail electricity prices, and water supply.</p> <p>The changes of customers request over the market can lead all producers to change its production processes to have green / more sustainable products. This can impact on bio /natural raw materials, green electricity request against an almost standard offer. This would lead to a price increase.</p>	<ul style="list-style-type: none"> - Increased production costs due to changing input prices (e.g., raw materials, energy, water, raw materials) 	<p>Raw materials:</p> <ul style="list-style-type: none"> - Recovering of materials present in final products. - Market monitoring of new industry assets evolution. - Geographical plant diversification. - Scouting of suppliers. - Higher efficiency processes. - Exploration of new sources. <p>Energy:</p> <ul style="list-style-type: none"> - Renewable source energy made in house. - Fixed-price energy contracts. - Diversification of the energy mix <p>Water:</p> <ul style="list-style-type: none"> - Water consumption reduction plan. - Use of more advanced, water-efficient technologies.
TRANSITORY market risks	Increases in the volume of waste generated	<p>Change in customer behaviour might lead to a lower demand and therefore an obsolescence of the stocked products. If these have a shelf-life, there is the risk to reach the expiry date and therefore increasing quantity of waste.</p>	<ul style="list-style-type: none"> - Increased production costs due to increased waste quantities treated (e.g., waste treatment) 	<ul style="list-style-type: none"> - Biotreatment of waste in plant. - Environmental audit of production processes and procurement. - Reuse in the production batch. - Product recovery.
REPUTATION RISKS	Negative perception and reduced appeal among external stakeholders for example if the company fails to achieve its emissions reduction targets.	<p>The industry's emissions footprint and intensity could lead to a negative perception and reduced appeal among external stakeholders such as customers or investors. This could be further exacerbated by the company's failure to achieve its emissions reduction targets.</p>	<ul style="list-style-type: none"> - Reduced revenue from decreased demand for goods/services - Increased costs due to difficulties in capital procurement 	<ul style="list-style-type: none"> - Emission reduction targets. - R&D of more sustainable products. - Cost benefit analysis of adopting new technologies against the loss of potential investors. - Energy transition plan adoption. - Effective communication strategy. - Product diversification. - R&D and transition to innovative products. - ESG strategy.

TCFD Framework - Climate Change OPPORTUNITIES Analysis

	Potential event	Description of opportunity	Financial impact	Management strategy
Products and services opportunities	Decommissioning of oil wells requires plugging solutions	The decommissioning of oil wells represents an opportunity but have been set significant restrictions to the use of chemicals to preserve marine environment. Based on ITC technology some products are certified to be used in that area thanks to their high degradability and low environmental impact.	<ul style="list-style-type: none"> - Increased revenue through demand for lower emissions products 	<ul style="list-style-type: none"> - Cefas classification of products. - R&D for development of biodegradable products.
Products and services opportunities	Increased request of "greener" products or with a lower carbon footprint.	Climate change and decarbonization are boosting demand for low carbon footprint products, based on biodegradables raw materials, circular economy solutions, and safe and sustainable products.	<ul style="list-style-type: none"> - Increased revenue through demand for lower emissions products 	<ul style="list-style-type: none"> - R&D activities to develop more sustainable solutions based on new raw biobased raw materials. - procurement scouting for biobased raw material or with lower PCF. - R&D testing of new raw materials identified by procurement. - Product certifications. - Strategies to decarbonize processes according to GRI targets.
Access to markets opportunities	Advent of electric vehicles may lead to a larger request for batteries' components.	One of the issue of batteries and electric vehicles is the recharging time and the range of the car (km can be run with a single recharge). Solid electrolytes will help to overpass the actual technical issues allowing faster recharges and more range to the car.	<ul style="list-style-type: none"> - Increased revenues through demand for products supporting green transition 	<ul style="list-style-type: none"> - R&D activities regarding solid-state electrolytes technology - Participation to the European Battery Project (IPCEI)

	Potential event	Description of opportunity	Financial impact	Management strategy
Access to markets opportunities	Development of solutions for climate change adaptation	Changes in climate conditions will lead to water shortages in various areas (or increase the actual lack of water). Experts predict that by 2030, climate change will cause a water shortage of 2,700 billion cubic meters and increase water pollution. This world-wide lack of water supply provides a growth opportunity for products to be used in desalinization processes and treatment technologies.	<ul style="list-style-type: none"> - Increased revenues through access to new and emerging markets (e.g., desalinization) 	<ul style="list-style-type: none"> - R&D involvement to develop products for climate change adaptation (e.g., water management additives for desalinization).
Emerging regulation	More stringent regulation on low carbon/biodegradable/low environmental impact products	Opportunity to sell low-carbon and low environmental impact technologies in certain regions of the world once regulations become more stringent.	<ul style="list-style-type: none"> - Increased revenues through access to new and emerging markets 	<ul style="list-style-type: none"> - R&D involvement to develop low-carbon and low environmental impact solutions/ products to respect more stringent regulations, already in place in certain regions of the world
Resource efficiency opportunities	Optimization of logistics	A more efficient organization of distribution processes will have positive impacts on the stage of direct operations of the value chain. Possible applications of digital technologies and solutions are useful to optimize the logistic.	<ul style="list-style-type: none"> - Reduced operating costs (e.g., through efficiency gains and cost reductions) 	<ul style="list-style-type: none"> - Optimization of logistics through agreement with logistic companies. - Transport suppliers are asked to plan strategies to minimize the distances that trucks travel when empty. - Schedule transfers and map of shipping locations of incoming raw materials and destination of products looking for overlap in routes to potentially combine shipments. - Use of digital technologies.

	Potential event	Description of opportunity	Financial impact	Management strategy
Resource efficiency opportunities	Re-design and efficiency improvement of production processes.	<p>Improving the efficiency of production processes can lead to lower energy consumption and, consequently, a reduction in the company's carbon emissions, as well as lower water consumption. A re-designed approach of processes with a focus on the circular economy can help reduce waste, decrease scraps, promote recycling and optimize the use of raw materials.</p>	<ul style="list-style-type: none"> - Reduced operating costs (e.g., through efficiency gains and cost reductions) 	<p>Energy efficiency and reduction of emissions:</p> <ul style="list-style-type: none"> - Energy reduction targets established according to SBTi and monitored. - Replacement of CO2 as inert gases with N2. - Capex in steam generators, solar panels, upgraded energy management. - Development of a project to get steam from biomass. - Incrementing the efficiency of the dust collecting system. - Use of oil heater technology. <p>Water efficiency:</p> <ul style="list-style-type: none"> - Production planning to reduce the number of clean downs using water. - Re-use of water for reactor cleaning. - Improving maintenance to avoid water leaks. - Installing Coolin Towers to reduce one through water. - Determination of water usage during process. <p>Resource efficiency:</p> <ul style="list-style-type: none"> - Monitoring of packaging waste, re-use of empty containers for internal use. - Recycle of wooden pallets and scrap metals. - Re-evaluate waste for the market. - R&D to determine how to reduce hazardous waste production. - Quality Management System targets for reducing off specific product. - Improvement of recycling in offices.

DATA AND PERFORMANCE INDICATORS

Performance Data and Indicators

	u.m.	2023	2022
Revenues	M€	671	862
- of which from the coal, oil & gas sectors	%	0%	0%
EBITDA	M€	107	142
Profit (loss) for the year*	M€	(83)	29
Net financial debt	M€	(553)	(707)
Investments for the year	M€	30	
Employees	#	1.009	1.084

GRI 201-1 Direct economic value generated and distributed	u.m.	2023	2022
Value of production	M€	688,35	867,34
Economic value distributed	M€	(680,70)	(782,01)
Production costs	M€	(516,32)	(658,23)
Remuneration of personnel	M€	(73,53)	(74,35)
Remuneration of Public Administration	M€	(6,73)	(14,23)
Remuneration of credit capital	M€	(83,59)	(34,75)
Remuneration of risk capital	M€	-	-
Remuneration of the community	M€	(0,53)	(0,46)
Economic value retained by the Group	M€	7,65	85,07
Depreciation	M€	(56,08)	(56,83)
Remuneration of the company	M€	(48,43)	28,50
Result of third-party shareholders	M€	-	-
Group net result*	M€	(48,43)	28,50

* The difference between the two values is due to the result of the impairment test carried out during the year

ESRS G1-6 Payment practices	u.m.	2023
Average days taken to pay an invoice	#	44
Average delayed payment (by number of invoices)	# days	6
Average delayed payment (weighted by invoice value)	# days	11
Payments within deadlines (by number of invoices)	%	35%
Payments within deadlines (weighted by invoice value)	%	33%
Legal proceedings (currently outstanding)	#	0

standard payment methods/procedures: bank transfer/riba for some Italian suppliers, payments on a weekly basis

People

GRI 405-1 HR Management	u.m.	2023
Employees 31/12	#	1.009
Top Manager	#	6
Manager	#	159
White collar	#	341
Blue collar	#	503
Workers who are not employees	#	13
Female employment (%)	%	24,5
Average seniority (years)	#	5,9
Average age (years)	#	4
Gender Pay gap - Group	%	22
Union representation rate (Italy ¹)	%	22
Ongoing labour legal proceeding	#	0
Strikes	h	320
Inbound turnover	%	8,4
Outbound turnover	%	16,9

GRI 405-1 Employees per professional category and gender	2023		
	female	male	total
Top Manager	2	4	6
Manager	31	128	159
White collar	161	180	341
Blue collar	53	450	503
Total	247	762	1.009

GRI 405-1 Employees per professional category and gender %	2023		
	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%

GRI 405 -1 Employees by professional category and age group	2023		
	<30	30-50	>50
Top Manager	0	1	5
Manager	2	83	74
White collar	45	203	93
Blue collar	63	293	147
Total	110	580	319
			1.009

¹ The reports indicated refer to membership of trade unions in Italy. In other countries, the law prohibits collecting this type of information.

GRI 405-1 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
Total	247	762	1.009

GRI 2-7 Employee by country (>50 employees) & gender	2023		
	female	male	total
Italy	69	237	306
China	74	178	252
United States	51	149	200
Spain	19	56	75
United Kingdom	15	50	65
Others	19	92	111
Total	247	762	1.009

* = Excluding agency/temporary workers (defined according to local regulations)

GRI 2-7 Employee by region and gender	2023		
	female	male	total
AMERICAS	56	152	208
APAC	84	195	279
EMEA	107	415	522
Total	247	762	1.009

GRI 2-7 Permanent employees by region and gender	2023		
	female	male	total
AMERICAS	55	150	205
APAC	84	195	279
EMEA	107	411	518
Total	246	756	1.002

GRI 2-7 Temporary employees by region and gender	2023		
	female	male	total
AMERICAS	1	2	3
APAC	0	0	0
EMEA	0	4	4
Total	1	6	7
Total temporary + permanent			1.009

GRI 2-7 Full-time employees by region and gender	2023		
	female	male	total
AMERICAS	55	151	206
APAC	84	195	279
EMEA	93	411	504
Total	232	757	989

GRI 2-7 Part-time employees by region and gender	2023		
	female	male	total
AMERICAS	1	1	2
APAC	0	0	0
EMEA	14	4	18
Total	15	5	20
Total temporary + permanent			1.009

GRI 2-30 Collective bargaining agreements	2023
Employees covered by National / Local labour contract / guidelines	809
Total employees	1009
%	80%

Includes employees covered by National Labour Contracts or minimum working /wages /safeguards clauses.

GRI 202-1 Ratios of standard entry level wage by professional category compared to local minimum wage (Italy)	2023
Manager	74%
White collar	18%
Blue collar	6%
Total average	28%

GRI 2-8 Workers who are not employees	2023			2022		
	female	male	total	female	male	total
AMERICAS	1	2	3	1	4	7
APAC	0	1	1	0	3	2
EMEA	0	9	9	1	14	18
Total	1	12	13	2	21	23

GRI 401-1 Inbound turnover by age and gender	2023			Turnover %
	male	female	total	
Under 30 years old	8	6	14	1,4%
30-50 years old	40	15	55	5,5%
Over 50 years old	11	5	16	1,6%
Total	59	26	85	8,4%
Turnover	5,8%	2,6%	8,4%	

GRI 401-1 Outbound turnover by age and gender	2023			Turnover %
	male	female	total	
Under 30 years old	20	6	26	2,6%
30-50 years old	57	40	97	9,6%
Over 50 years old	42	6	48	4,8%
Total	119	52	171	16,9%
Turnover	11,8%	5,2%	16,9%	

GRI 401-1 Inbound turnover by region and gender	2023			Turnover %
	male	female	total	
AMERICAS	12	8	20	2,0%
APAC	17	11	28	2,8%
EMEA	30	7	37	3,7%
Total	59	26	85	8,4%
Turnover	5,8%	2,6%	8,4%	

GRI 401-1 Outbound turnover by region and gender	2023			Turnover %
	male	female	total	
AMERICAS	43	8	51	5,1%
APAC	27	18	45	4,5%
EMEA	49	26	75	7,4%
Total	119	52	171	16,9%
Turnover	11,8%	5,2%	16,9%	

GRI 401-1 Leaving employees by reason and gender	2023			Reason %
	male	female	total	
resignation	57	26	83	48,54%
end of fixed-term contract	14	8	22	12,87%
dismissal	40	13	53	30,99%
agreed resolution	8	4	12	7,02%
death	0	1	1	0,6%
company sale	0	0	0	0,0%
Total	119	52	171	

Training

GRI 404 Training	U.m.	2023
Total hours of training	hrs	6.890
% HSE + compliance	%	80
% Professional skills improvement	%	20
Average training rate (days/emp.)	days	1,36
Average training hours per employee	hrs	11
Number of participants	#	634
HC trained %	%	63%
Total spending for training	k€	201
Average spending per employee	€	199

GRI 404-1 Average hours of training by professional category	2023		
	male (hrs)	female (hrs)	total (hrs)
Executive	-	-	-
Top Manager	4	8	12
Manager	384	109	493
White Collar	2.339	901	3.240
Blue Collar	3.014	131	3.145
Total	5.741	1.149	6.890

GRI 404-1 Average hours of training by age	2023		
	male (hrs)	female (hrs)	total (hrs)
Under 30 years old	720	157	877
30-50 years old	3.713	848	4.561
Over 50 years old	1.308	144	1.452
Total	5.741	1.149	6.890

Health & Safety

GRI 403-9 injuries (#)	2023			2022
	men	women	TOT	TOT
EMEA	2	0	2	3
AMERICAS	4	0	4	8
APAC	1	0	1	2
Total	7	0	7	13

of which high-consequence work-related injuries: 0

GRI 403-9 lost days due to injuries (#)	2023			2022
	men	women	TOT	TOT
EMEA	25	0	25	105
AMERICAS	41	0	41	217
APAC	10	0	10	45
Total	76	0	76	367

GRI 403-9 Frequency rate - ILO *200,000 <small>(Number of Injuries / Total Exposure Hours) x 200,000</small>	2023			2022
	men	women	TOT	TOT
EMEA	0,60	0	0,47	0,66
AMERICAS	3,84	0	3,20	3,49
APAC	0,36	0	0,27	0,57
Total	0,98	0	0,76	1,25

GRI 403-9 Severity rate - ILO *200,000 <small>(Number of lost workdays x 200,000) / Total number of hours worked by employees</small>	2023			2022
	men	women	TOT	TOT
EMEA	7,54	0	5,94	22,99
AMERICAS	39,40	0	32,85	94,62
APAC	3,56	0	2,69	12,77
Total	10,60	0	8,28	35,34

GRI 403-9 Frequency rate - ITA <small>(Number of Injuries / Total Exposure Hours) x 1,000,000</small>	2023			2022
	men	women	TOT	TOT
Total	4,9	0	3,8	6,3

GRI 403-9 Severity rate - ITA <small>(Number of lost workdays x 1,000) / Total number of hours worked by employees</small>	2023			2022
	men	women	TOT	TOT
Total	0,05	0	0,04	0,18

GRI 403 Professional disease and fatalities	2023
403-10 Professional disease (number of diseases originated by the work)	0
403-10 Professional disease rate % (days lost for professional disease / total days lost)	0
403-9 Fatalities due to work accidents	0

GRI 403-8 Workers covered by an occupational Health and Safety Management System	2023
Number of employees covered	451
% of employees covered by HSMS	45%
% of plants' employee covered by HSMS	49%

Environmental data – energy & emission

GRI 302 Energy (<i>plants only</i>)	u.m.	2023	2022	2021
302-1 Energy consumption within the organization	MWh	295.048	329.315	333.737
302-3 Energy intensity	MWh/t	0,99	0,95	0,98

GRI 305 Emissions	u.m.	2023	2022	2021
Total Emissions (Scope 1+ Scope 2 Market Based + Scope3)	tCO2e	718.565	938.245	894.863
305-1 Direct (Scope 1) GHG emissions	tCO2e	40.758	52.478	55.580
305-2 Energy indirect (Scope 2) GHG emissions (Market Based)	tCO2e	34.001	37.478	35.086
305-2 Energy indirect (Scope 2) GHG emissions (Location Based)	tCO2e	18.350	33.854	28.933
305-3 Other indirect (Scope 3) GHG emissions	tCO2e	643.805	848.289	804.197

GRI 305-6 Emissions of ozone-depleting substances (ODS)	u.m.	2023
CO2 - carbon dioxide direct emissions	tCO2e	3.065
F-gases	tCO2e	67

GRI 305-7 Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	u.m.	2023
CO	t	7
NOx	t	119
SOx	t	55
H2S	t	0,2
Particulate matter (PM)	t	3,9
VOC (volatile organic compounds)	t	149,4
Others	t	1,2

Water

GRI 303 Water and Effluents	u.m.	2023
303-3 Water withdrawal	m ³	2.411.518
303-4 Water discharge	m ³	2.083.820
303-5 Water consumption	m ³	327.698

GRI 303-3 Water withdrawal	u.m.	2023
surface water (self-drawn)	m ³	948
sea water (self-drawn)	m ³	-
ground water (drawn from own well)	m ³	534.705
third-party water potable	m ³	402.696
third party water industrial water	m ³	1.411.750
third-party ground water	m ³	-
collected rainwater	m ³	61.419
TOTAL	m³	2.411.518

GRI 303-4 Water discharge	u.m.	2023
to free surface water	m ³	687.556
to ground water	m ³	-
to seawater	m ³	-
water to internal treatment plant (and then to public sewer system)	m ³	548.271
water to external treatment plant	m ³	796.531
to waste (collected and taken away by third parties by truck or similar)	m ³	11.036
other	m ³	40.426
TOTAL	m³	2.083.820

Emissions to water	u.m.	2023
COD (Chemical Oxygen demand)	t	95,2
BOD (Biological Oxygen Demand)	t	47,2
Dissolved solids	t	149,6
P - Phosphorus total	t	21,4
N - Nitrogen total	t	1,6
TOTAL emission to water	t	315

Waste

GRI 306-3 Waste	u.m.	2023	2023 (%)
Waste generated Total	t	9.236	100%
Non-Hazardous Waste	t	5.568	60%
Hazardous Waste	t	3.668	40%
Disposal procedures (on total)			
<i>sent to recover</i>	t	2.474	27%
<i>disposed to landfill</i>	t	981	11%
<i>disposed to incineration</i>	t	1.580	17%
<i>preliminary deposit before other treatments</i>	t	776	8%
<i>physical chemical treatments</i>	t	3.294	36%
<i>other</i>	t	130	1%

Waste category and disposal procedures (detail)			
Hazardous Waste and disposal procedures	u.m	volume	% on category
<i>sent to recover</i>	t	1.403	38,2%
<i>disposed to landfill</i>	t	352	9,6%
<i>disposed to incineration</i>	t	1.045	28,5%
<i>preliminary deposit before other treatments</i>	t	757	20,6%
<i>other</i>	t	110	3,0%
Hazardous Waste (total)	t	3.668	100%
Non-Hazardous Waste and disposal procedures			
<i>sent to recover</i>	t	1.071	19,2%
<i>disposed to landfill</i>	t	629	11,3%
<i>disposed to incineration</i>	t	535	9,6%
<i>preliminary deposit before other treatments</i>	t	19	0,3%
<i>physical chemical treatments</i>	t	3.294	59,2%
<i>other</i>	t	20	0,4%
Non-Hazardous Waste (total)	t	5.568	100%

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	201-3 Defined benefit plan obligations and other retirement plans	40-43
GRI 202 Market Presence	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	77
	202-2 Proportion of senior management hired from the local community	The CEO is the founder of the company, all top managers are hired from the local community where do they work.
GRI 205 Anti-corruption	205-1 Operations assessed for risks related to corruption	54
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	205-3 Confirmed incidents of corruption and actions taken	55
GRI 206 Anti-competitive Behavior	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	63
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	302-2 Energy consumption outside of the organization	Not disclosed
	302-3 Energy intensity	31; 80
	302-4 Reduction of energy consumption	31; 80
	302-5 Reductions in energy requirements of products and services	Not disclosed
GRI 303 Water and Effluents	303-1 Interactions with water as a shared resource	Water is supplied as a raw material by municipality of from own well. No interactions in place with local stakeholder.
	303-2 Management of water discharge-related impacts	32; 81
	303-3 Water withdrawal	32; 81
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	303-5 Water consumption	32; 81
GRI 304 Biodiversity	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	32
	304-2 Significant impacts of activities, products and services on biodiversity	32
	304-3 Habitats protected or restored	Group plants do not impact on significant biodiversity areas, most of them are located into industrial areas. No habitat to be restored or protected
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Group plants do not impact on significant biodiversity areas, most of them are located into industrial areas. No relevant species affected by operations

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	305-3 Other indirect (Scope 3) GHG emissions	29; 80
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GRI 404 Training and Education	404-1 Average hours of training per year per employee	43
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	404-3 Percentage of employees receiving regular performance and career development reviews	43
GRI 405 Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	38; 51; 75; 76
	405-2 Ratio of basic salary and remuneration of women to men	38; 75

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GRI 406 Non-discrimination	406-1 Incidents of discrimination and corrective actions taken	39-40
GRI 407 Freedom of Association and Collective Bargaining	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	63
GRI 408 Child Labor	408-1 Operations and suppliers at significant risk for incidents of child labor	40
GRI 409 Forced or Compulsory Labor	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	40
GRI 410 Security Practices	410-1 Security personnel trained in human rights policies or procedures	No security personnel employed in our plants
GRI 411 Rights of Indigenous Peoples	411-1 Incidents of violations involving rights of indigenous peoples	No incident involving indigenous peoples reported
GRI 413 Local Communities	413-1 Operations with local community engagement, impact assessments, and development programs	46-47
	413-2 Operations with significant actual and potential negative impacts on local communities	46-47
GRI 414 Supplier Social Assessment	414-1 New suppliers that were screened using social criteria	62
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GRI 416 Customer Health and Safety	416-1 Assessment of the health and safety impacts of product and service categories	23
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	417-2 Incidents of non-compliance concerning product and service information and labelling	23
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Approved by the Board of Directors of Italmatch Chemicals S.p.A. on 5th July 2024