



SUSTAIN ABILITY

REPORT

2021

LETTER TO STAKEHOLDERS

SUSTAINABILITY HAS BEEN AN INTEGRAL PART OF OUR CORPORATE MISSION FOR SEVERAL YEARS NOW; IT IS AN ONGOING COMMITMENT THAT WE INTEND TO REPORT IN DETAIL.

THE REPORT ALLOWS US TO “CERTIFY” OUR RESPONSIBILITIES TOWARDS ALL OUR STAKEHOLDERS: FROM EMPLOYEES, TO CUSTOMERS AND MATERIAL SUPPLIERS TO THE LOCAL COMMUNITY. ITALCHIMICA STRONGLY BELIEVES THAT OPENING UP TO DIALOGUE AND COOPERATION OF CHOICES ARE THE BASIS FOR THE CREATION OF SHARED VALUE.



Dear Partners,

We have reached the third edition of the Italcimica Sustainability Report.

There have been many global events that have influenced the last three years which will inevitably affect the future of our society. These events are closely connected with an obsolete and traditional development model which is now in crisis. The only effective response is to move in the direction of a new alternative and circular economic paradigm which is closely connected to sustainable development!

This is already an ongoing process that will be neither easy nor painless, but which we cannot do without. I firmly believe that accelerating the transition to sustainability and leading this change is the only way to generate long-term shared value and make our society and our businesses resilient to current and future challenges.

This is why environmental, social and economic sustainability has been an integral part of our corporate mission for several years now. We are permanently committed to it and mean to show it in this report.

It not only allows us to present Italcimica's results in terms of sustainable performance, but it is also a tool that allows us to renew our commitment year after year to meet the expectations of our stakeholders: from employees to customers, suppliers, and the local community. Italcimica strongly believes that opening up to dialogue and cooperation of choices are the basis for the creation of shared value within the entire production chain.

The two-year period of 2020-2021 was a challenging moment in time. The pandemic, which has yet to be completely overcome, and the energy crisis have had a significant impact on the lives of people and companies. This has put the vulnerability of the social and economic system on display, but at the same time brought many positive and proactive forces to light: values such as solidarity, team spirit and responsibility. In this scenario, Italcimica has proudly played its part and intends to continue its commitment to the future, supporting its workers, economic partners and the territory in which it operates. At the same time, we have never lost sight of our long-term strategy, affirming and strengthening our initiatives and our investments in a sustainable way, where possible.

"FOR ITALCHIMICA, SUSTAINABILITY IS THE FUTURE AND THE KEY TO LASTING AND SHARED SUCCESS"

Our ambition is to become a net-zero emissions company and our main goal is to generate more value than the resources we consume, making positive impact locally and globally.

"SUSTAINABLE INNOVATION IS IN OUR DNA"

To this regard, we continue to invest in increasing the added value of our products. This is a necessary step to convey those intangible virtues that show what we are, what we do and how we do it.

A lot of work has been done to date, but the challenges that are outlined for the future will require great commitment, renewed enthusiasm, vision, clarity and far-sightedness; only in this way will the path we are taking allow us and our partners to reap the benefits.

"OUR ROUTE AIMS AT QUALITY OF LIFE, HEALTH AND WELL-BEING AT ALL LEVELS"

The commitment to sustainability and the creation of shared and common value is expressed in many initiatives. A concrete example that is proving to be fulfilling, and which we intend to strengthen in the future, is our Green Change Matters program. It is a strategic communication tool to inform people about our Agenda, which is in line with that of the UN, and to pursue the growth of a shared added value throughout the production chain.

On behalf of Italcimica, I would like to thank you for your cooperation and interest in our Sustainability Report.



ALESSANDRO FIORETTO
ITALCHIMICA CEO



“**SUSTAINABILITY**
FOR CHANGE, THE
RESPONSIBILITY
AS A CHOICE FOR VALUE
INNOVATION
AS VOCATION”

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METHODOLOGICAL NOTE

2021

THE SUSTAINABILITY REPORT 2021 WAS DRAWN UP IN ACCORDANCE WITH GRI STANDARDS: CORE OPTION. THE GRI SUSTAINABILITY REPORTING STANDARDS WERE PUBLISHED IN 2016 BY THE GLOBAL REPORTING INITIATIVE. THE GLOBAL REPORTING INITIATIVE (GRI) IS ONE OF THE MOST RELEVANT AND AUTHORITATIVE INTERNATIONAL ORGANISATIONS THAT AIMS AT DEFINING AND COMMUNICATING SUSTAINABLE PERFORMANCE REPORTING STANDARDS TO ALL ORGANISATIONS.



This document is Italtchimica's third Sustainability Report. The document reports on Italtchimica Srl's environmental, social and economic impacts, goals and strategies during the 2021 calendar year (time interval between 1st January 2021 and 31st December 2021).

The reporting scope covers the Company's manufacturing and administrative headquarters based in Padua, Riviera Maestri del Lavoro 10, as well as the logistics centre located in Padua, Corso Spagna 2.

The previous edition of the document generated extremely positive feedback and made it possible to establish an increasingly open and constructive dialogue with all stakeholders, improving the sense of belonging to a Company whose pillars include the considerable value of corporate social responsibility.

This edition has further evolved according to the principles of Integrated Reporting and with greater awareness of the goals of the UN 2030 Agenda that Italtchimica has decided to pursue with commitment and perseverance for some years now. The ultimate goal of this Report is to continue to cultivate shared value with all the people affected by our business, such as employees, customers, materials suppliers and our community. We feel the responsibility to be a positive example, through our actions, but above all through communication, dialogue and cooperation of choices.

The prerequisite of transparency, a fundamental principle for Italtchimica, makes the 2021 Sustainability Report a clear and balanced briefing equally reporting positive and negative results, if any.

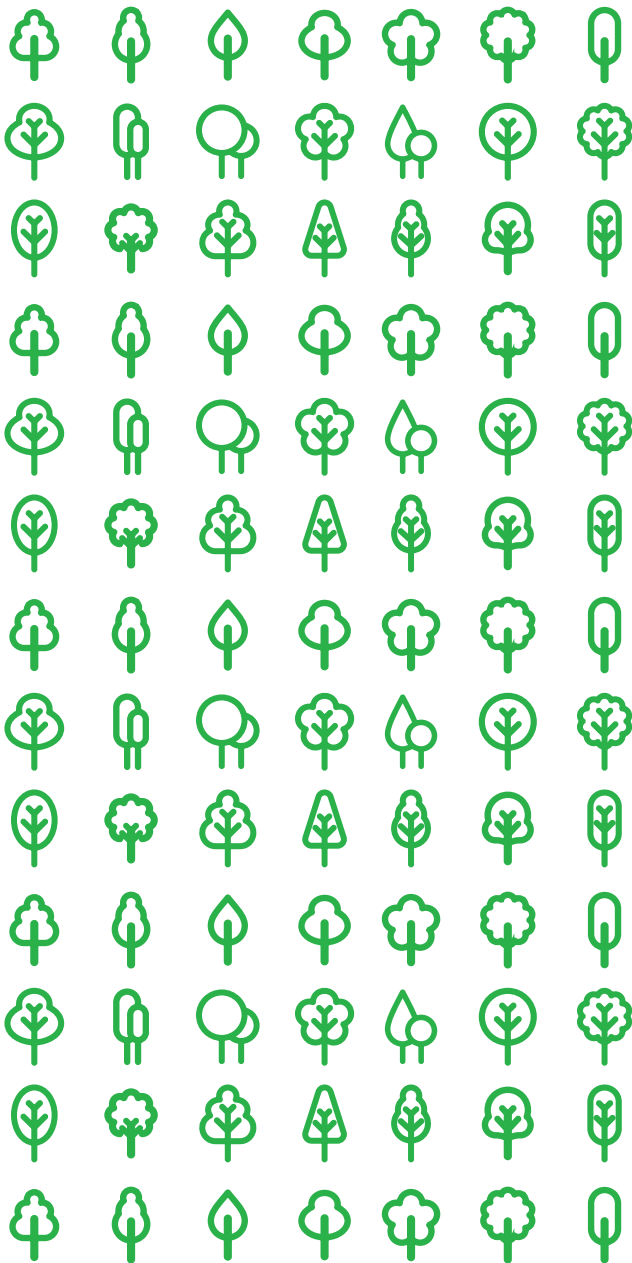
Thanks to the valuable contribution of the Company's main stakeholders, it was possible to outline the material issues, which are reported in the materiality matrix. It represents a graphical summarising tool that is the result of the process of identifying, assessing and analysing relevant sustainability issues that affect the company's ability to create value in the short, medium and long term. Please refer to the chapter "Dialogue with Stakeholders" for details of the stakeholder engagement process as well as the process of identifying and prioritising material issues¹.

With regard to the reported data, if an indicator were more meaningful expressed in other time frames, this will be indicated appropriately in the text in order to facilitate comparability, accuracy and completeness of reporting.

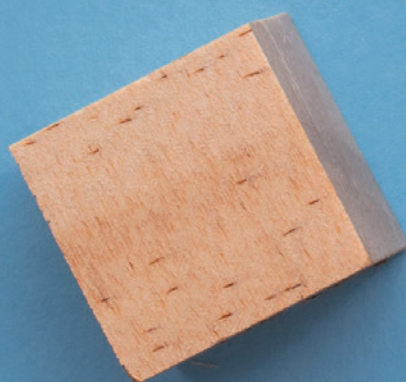
The comparison of the data, where possible, refers to the previous two years. In order to ensure data reliability, using estimates was limited where possible; if any, estimates were appropriately referred to as such.

The data and information reported have been collected with the involvement of all corporate functions concerned, through the creation of an extended and transversal Sustainability Team, coordinated and supervised by the Sustainability Unit.

For any information regarding the 2021 Sustainability Report, please contact the following address greenchangematters@italchimica.it. The Sustainability Report is drawn up on a yearly basis. External assurance is not foreseen for this year of reporting.



¹ - A topic that reflects the significant economic, environmental and social impact of the organization or that deeply influences the assessments and decisions of stakeholders (GRI Standard, key terms).



01 CORPORATE IDENTITY

Italchimica is an all-Italian company based in Padua specialized in the production and distribution of detergents, cosmetics and disinfectants in the professional and consumer sectors at an international level, with a consolidated presence in 66 foreign countries in Europe and around the globe.

Thanks to the constant commitment and passion at every level of the company, Italchimica has consolidated double-digit growth in turnover, has brought in a staff of almost 200 employees, and established itself as an important local business in terms of production and employment.

OUR HISTORY

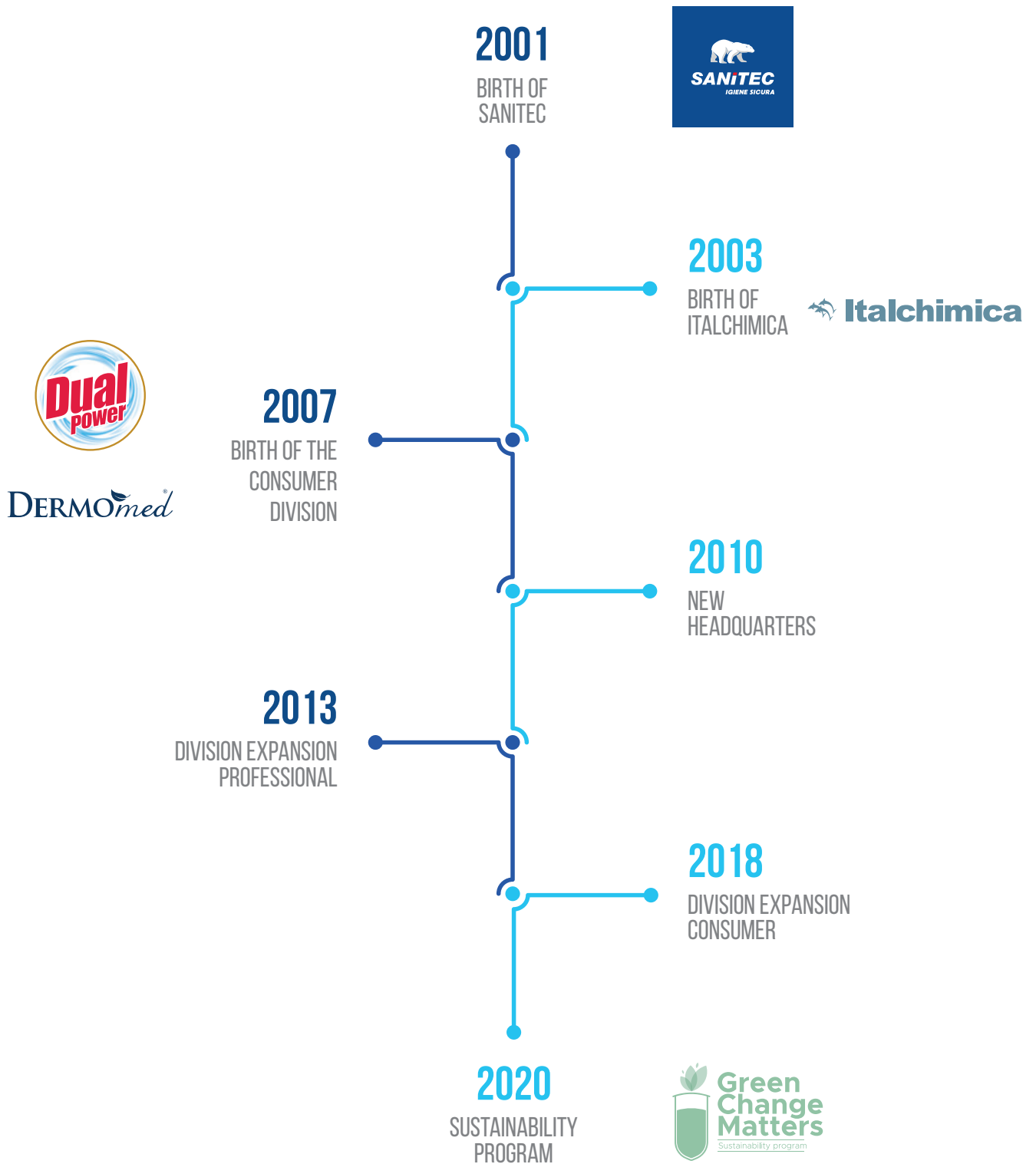
THE STORY BEGINS IN 2001 WHEN THE FIORETTO FAMILY FOUNDED ITALCHIMICA WITH THE SANITEC BRAND IN THE FIELD OF PROFESSIONAL CLEANING.

At the beginning, the three brothers were the owners and the only workforce of the company. In turn, they mixed, packed and shipped the products, prepared transport documents and managed invoicing practices. Thanks to their determination, courage and perseverance, and as a result of major insights capable of innovating products and gaining increasingly larger market shares, the company developed in terms of both staff and space.

High quality standards and an advanced degree of automation and innovation have always been the secret of Italchimica's success. In recent years, the company has grown rapidly and not only opened itself up to the professional market, but also to the large-scale retail trade market with dedicated brands such as Dual Power and Dermomed. In recent years, Italchimica has devised innovative and intelligent washing systems, bringing attention once again to the future of professional cleaning.



TIMELINE



LOCATION DESCRIPTION

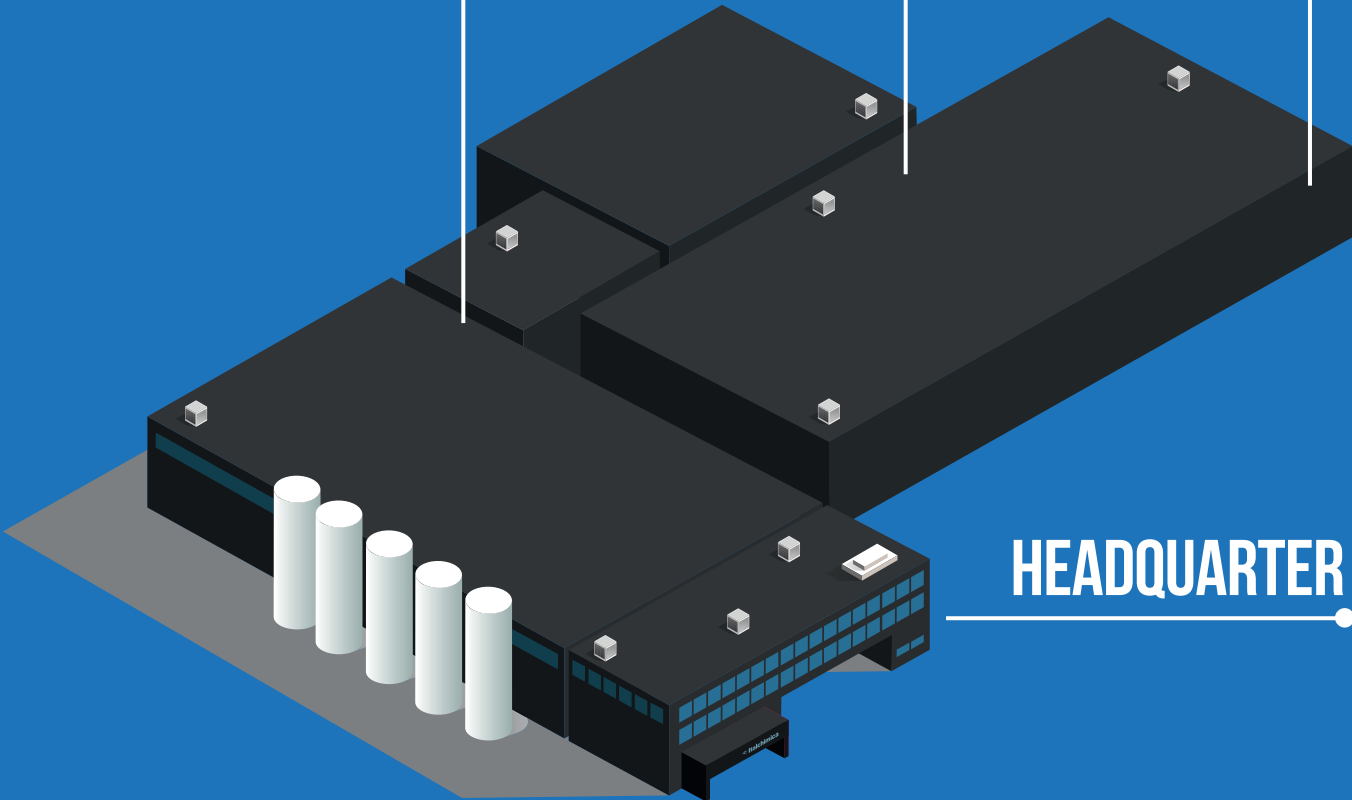
Italchimica operates in two separate locations which are both located in Padua's industrial area. The Headquarters, located in Riviera Maestri del Lavoro, include the legal administrative offices and manufacturing plant, whereas the logistics hub is in Corso Spagna.

The main facility covers an area of 25,000 sqm and consists of an office building and a manufacturing plant where In-bound logistics processes are also managed, i.e. raw materials procurement and storage ones. Products are implemented and fully managed in-house - from designing through to manufacturing bottles and formulations, up to filling and shipping.

25K
M²
TOTAL AREA OF
OPERATIONAL
HEADQUARTERS

176
EMPLOYEES
COMPANY

15
DEPARTMENTS



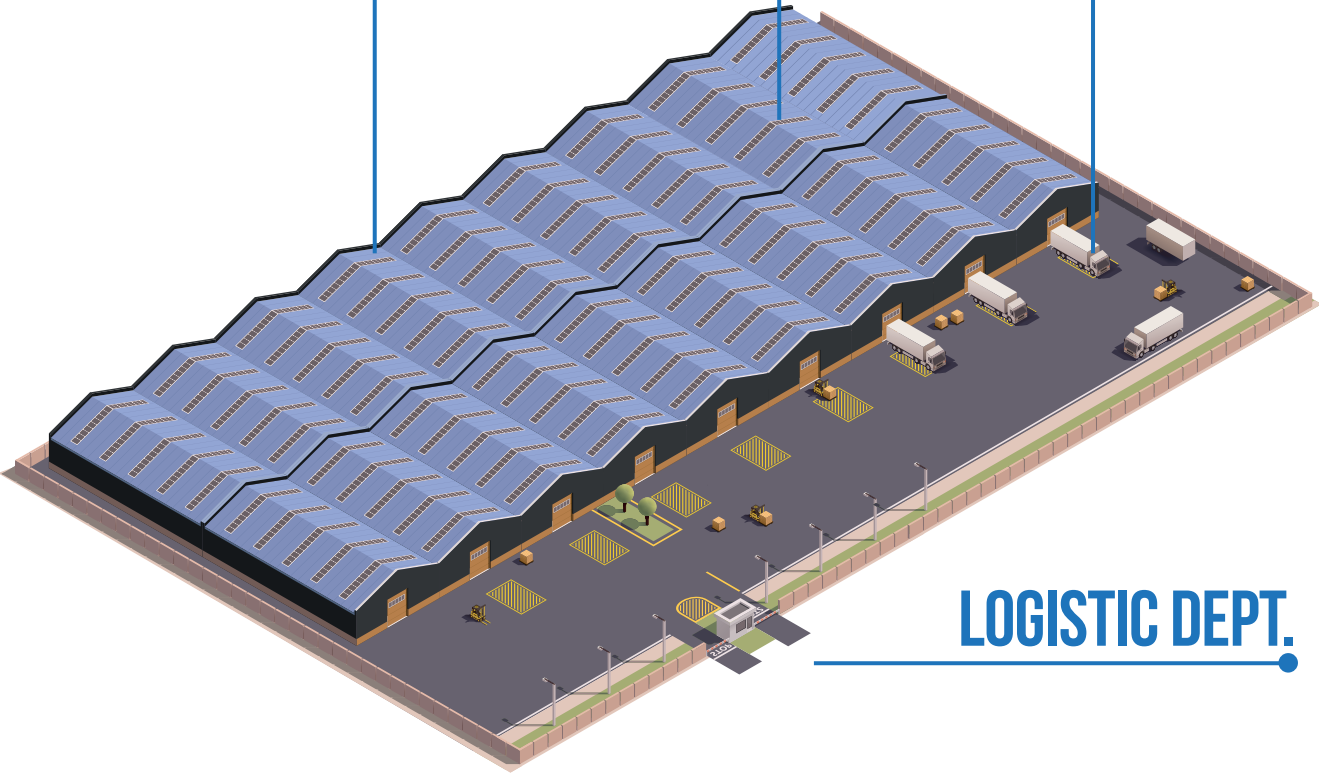
HEADQUARTER

Italchimica's new 20,000 sqm logistics hub manages Out-bound logistics, namely finished product storage and distribution for both corporate divisions. The logistics hub is active 24/7 and has a current capacity of 20,000 pallet spaces.

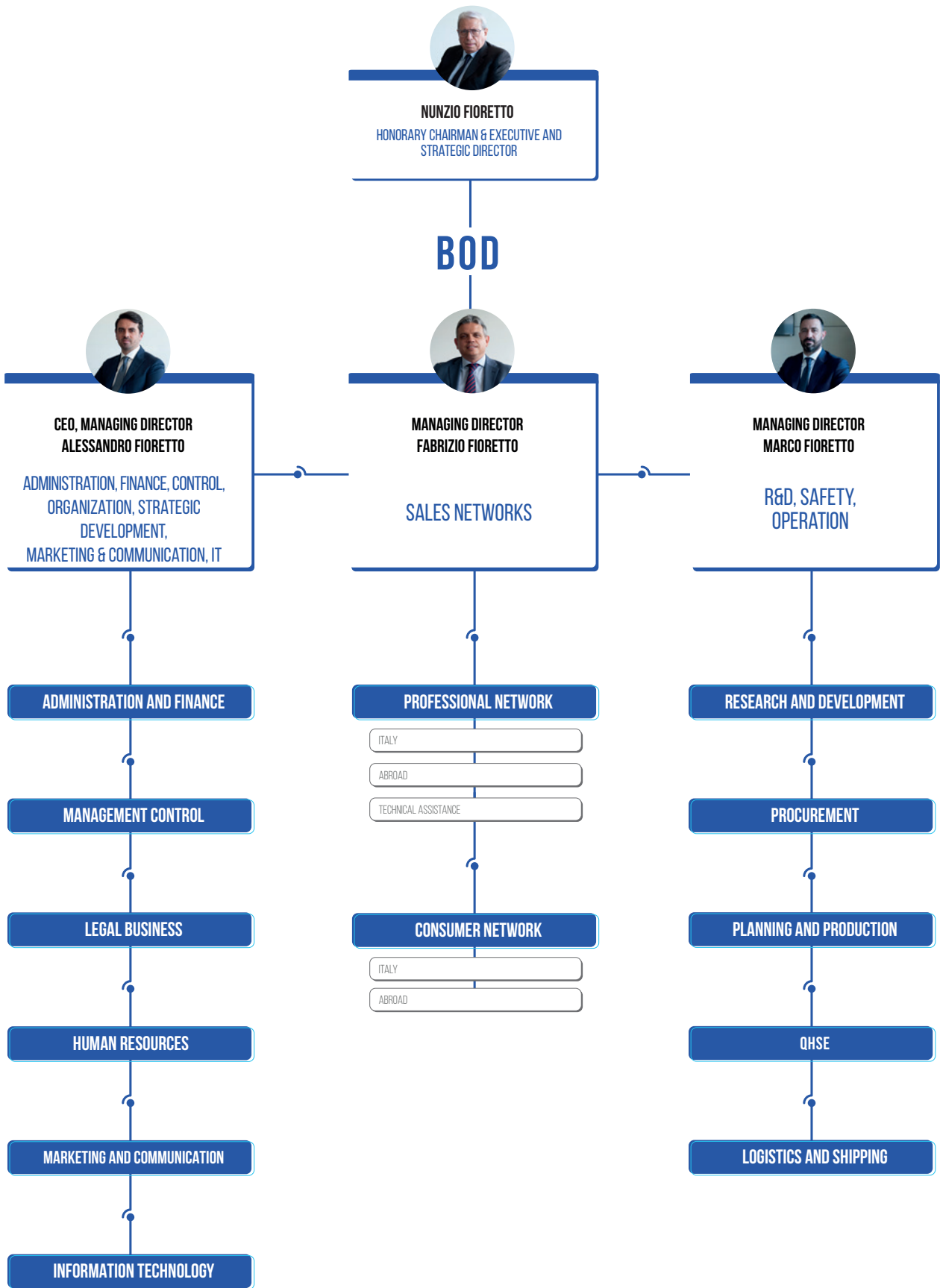
20K
M²
TOTAL AREA OF THE
LOGISTICS HUB

20K
SPACES
PALLET

30
LOADING
BAY



LOGISTIC DEPT.



GOVERNANCE

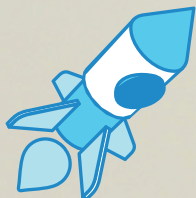
Italchimica is the manufacturing company of the NFH holding group, owned by the Fioretto family. In legal terms, the holding structure is a single-member limited liability company. The type of governance structure adopted is traditional. The board of directors devises strategies, sets economic and organisational goals and defines the company's investment policy.

At Italchimica, the sound family governance is effectively supported by the Company's management, who the owners share growth and development strategies with, and entrust the planning of medium- and long-term actions to, aimed at keeping up the Company's growth as an innovative player in the industry. This approach, essentially the stability of a family business combined with the proactivity of an involved management, results in the creation of value in both the short and long term. The conduct of all company staff is then governed by an integrated organisation and management model that includes the following fields of competence: quality, safety, environment and administrative responsibility.

Ad-hoc training is regularly carried out on issues pertaining to the integrated organisation and management model for all employees and any staff working within the company or for the company. A Supervisory Body including three members, one of whom is always external to the company staff and has the role of President, is in charge of checking compliance with the procedures required by the Model. This Body has independent initiative and control powers and is responsible for supervising the Organisation, management and control model for proper functioning and compliance, pursuant to Italian Legislative Decree 231/2001, as well as to updating it.

All employees and shareholders can contact the Supervisory Body for specific requests, or to report incorrect behaviour or any conduct that is not in line with the corporate culture by people involved in the company. This tool guarantees intra-company transparency and fosters the development of adequate, timely solutions.





VISION

Creating professional cleaning and cosmetic solutions improving the quality of life while respecting nature.



MISSION

We respond daily to our customers' cleaning and personal hygiene requirements by creating effective, transparent brands and solutions that aim at making life easier for people and their children in a clean, healthy world.



VALUES

Our company is based on Italian spirit, innovation and transparency. It is precisely through these values that we continue offering opportunities to all our customers and staff members.



MANUFACTURING PROCESS AND PRODUCT QUALITY

By leveraging a strong investment policy that has been implemented in its various key departments in recent years, Italcimica manages the whole product creation and production chain, from blow moulding bottles, through to mixing products up to points of sale, in-house.

ALL COMPANY DEPARTMENTS ARE COORDINATED THROUGH THE ERP SAP HANA MANAGEMENT SYSTEM, THUS OPTIMISING PRODUCTION AND OPERATIONS MANAGEMENT IN ALL FACILITIES.

Italcimica's results are evidence of the long work that we have been carrying out to date, in keeping with high, constant quality standards and in full compliance with relevant regulations. During the various manufacturing stages, Italcimica makes use of specific control systems in order to guarantee high quality levels of the finished products, in terms of reproducibility, completeness and accuracy.

F.I.F.O.

Italchimica adopts the F.I.F.O. (First In First Out) management system, which is an inventory handling method in which the first or oldest stock, or the first to expire, is the first to be shipped out. This management prevents stock from becoming obsolete.

HOLESS

During the bottle manufacturing process, an automatic system checks for defects on the bottle surface by blowing air. This guarantees the automatic rejection of the bottle if faulty.

HEDOSY

Automatic dosing system of raw materials into IBCs, creating a closed circuit between raw material storage and the mixer. This system is used to most accurately dose raw materials with a high chemical risk, guaranteeing a maximum error margin of 50 g on 25,000 kg productions.

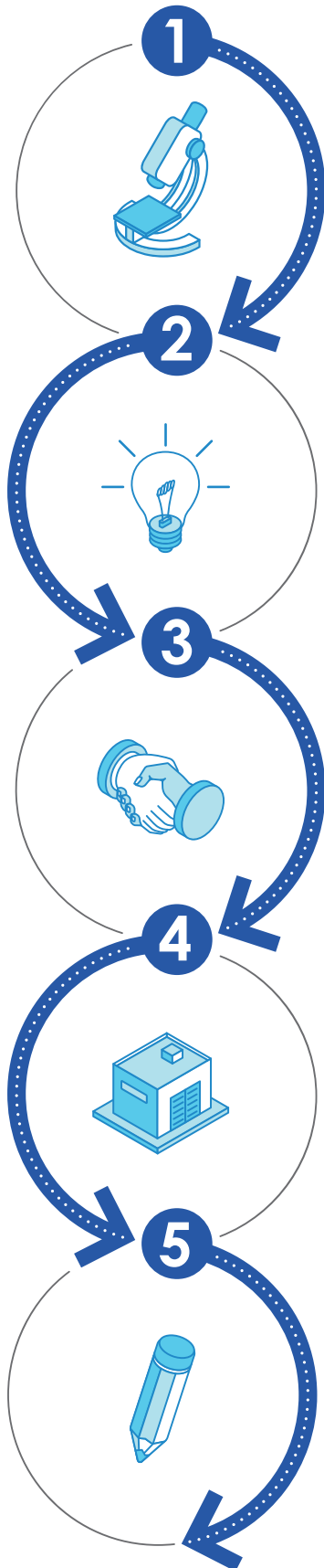
CTRL EYES

This system, based on a digital capture tool during the filling stages, checks whether the aesthetic and quality characteristics of the product are complied with: presence and positioning of information on labels and packaging.



Bottle reordering
machine

PRODUCT CREATION CHAIN



RESEARCH, DEVELOPMENT AND REGULATORY AFFAIRS DEPARTMENT

In the Research and Development (R&D) department, a team of experts in Quality, Formulation, Regulatory Affairs and Sustainability studies and creates the most advanced formulas. Reports and dossiers are issued with each formula, including the necessary documents for technical and regulatory compliance in Italy and foreign countries.

MARKETING AND COMMERCIAL

The Marketing Department and the Sales Department manage the needs and wishes of the customer, working out better and innovative solutions to satisfy them and ensure that the product has all the necessary features to be successful.

PURCHASE AND MANAGEMENT OF RAW MATERIALS

Once approved by the R&D Department and purchased by the Purchasing Department, the raw materials arrive at the warehouse where they are properly stored and sent for processing and mixing to produce the formulas.

PRODUCTION PLANNING AND DEVELOPMENT

The Production department plans, monitors and coordinates production activities with a view to optimising the resources (human, economic and technological) involved. It directs strategic, design, organisational and management actions in the production and logistics areas in an integrated manner.

GRAPHICS AND COMMUNICATION

The Communication office is responsible for devising creative visual concepts, developing graphic layouts and product contents which are to be communicated externally.

BLOW MOULDING

The Blow Moulding department is responsible for the production of the different bottle formats. Different extrusion and stretching process techniques enable the moulding of recycled HDPE and PET plastic containers.

MIXING

The Mixing Department handles the input from planning by preparing the mixtures/formulations and managing the process documentation.

FILLING AND PACKAGING

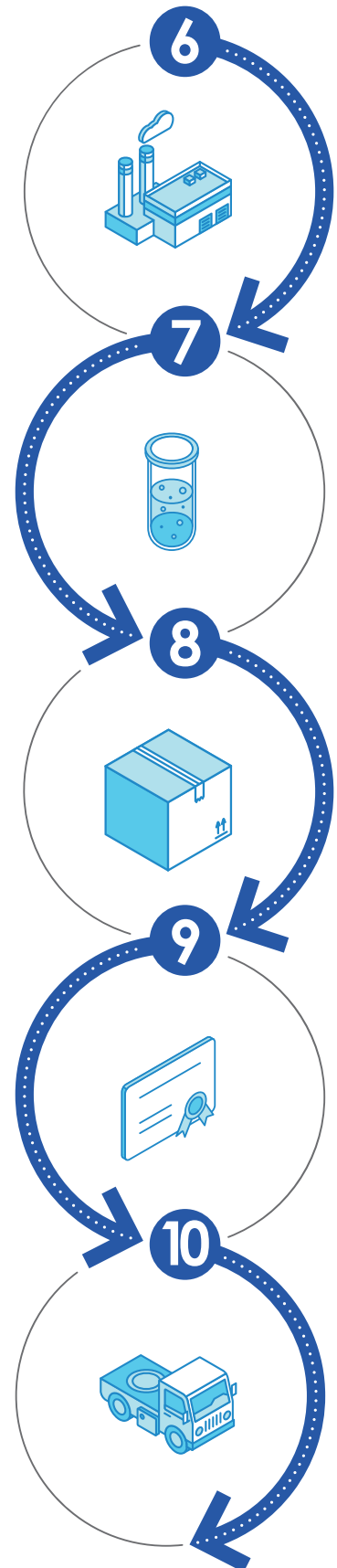
The resulting formulas are sent to the Filling and Packaging Department where they are transferred into different packaging formats according to type.

QUALITY CONTROL

Quality control of the entire process identifies and monitors the quality standards of the products. Tests and inspections of raw materials and finished products are systematically carried out to ensure compliance with the requirements.

FINISHED PRODUCT MANAGEMENT AND LOGISTICS

Finished and packaged products are sent to the warehouse pending collection by customers. The Logistics department is responsible for the storage of goods and their proper transport through the distribution network.



OUR BRAND PORTFOLIO

Italchimica designs and manufactures its products with quality and safety high standards, as well as respect for the environment.

The company brand portfolio is divided into two main areas, namely the Consumer division and the Professional division, which offer cleaning and cosmetic solutions for different distribution channels. Italchimica also manufactures for third parties by offering its know-how in both the cleaning and cosmetics fields.

PROFESSIONAL LINE



CONSUMER LINE



MEMBERSHIP WITH ORGANISATIONS AND ASSOCIATIONS

With a view to being always updated on the developments of reference entities dealing with financial, technical and environmental issues, Italchimica co-operates and benefits from the consulting services of various associations by actively taking part in specific working groups. This network makes it possible for the company and its Stakeholders to make continuous improvements.

afidamp



CERTIFICATIONS AND AWARDS

The certifications currently held by Italchimica are divided into “System certifications” and “Product certifications”.

SYSTEM CERTIFICATIONS



AWARDS



PRODUCT CERTIFICATIONS





72,000

PALLETS/YEAR



176

COMPANY
EMPLOYEES



100,000

PRODUCTION
CAPACITY
(TONNES/YEAR)



70

MILLIONS IN
CORPORATE TURNOVER



13

IN-HOUSE BOTTLE
MANUFACTURING
PLANTS



4

MILLIONS OF YEARLY
INVESTMENTS



1,150,000

KG RAW MATERIAL STORAGE
CAPACITY



9

PACKAGING
PRODUCTION LINES



66

COUNTRIES WHERE WE
ARE ACTIVE



48

AVERAGE DELIVERY
HOURS

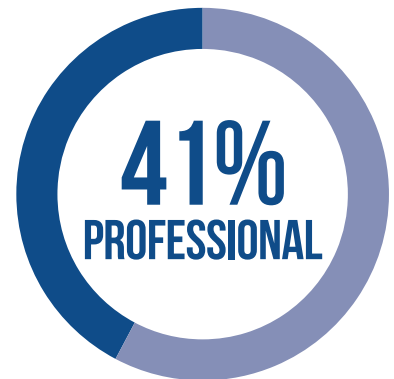


8

OWNED
BRANDS

ITALCHIMICA'S
NUMBERS |

TURNOVER BREAKDOWN 2021







02

DIALOGUE WITH STAKEHOLDERS

The stakeholders represent a wide range of different interests. Establishing and maintaining stable and lasting relationships is a crucial element for creating shared value over time.

ITALCHIMICA IS CONSTANTLY COMMITTED TO STRENGTHENING AND EXPANDING RELATIONS WITH ITS STAKEHOLDERS² IN ORDER TO ENSURE ADEQUATE SPACE FOR LISTENING AND DIALOGUE. RELATIONSHIPS BASED ON ONGOING DIALOGUE AND ACTIVE INVOLVEMENT CLEARLY EXPRESS HOW RESPONSIBLE THE COMPANY HAS ALWAYS BEEN TOWARDS THE SOCIAL SETTING IT INTERACTS IN.



By understanding specific needs and priorities, Italtchimica can manage the occurrence of potential critical issues beforehand and refine its actions in response to stakeholder interests. Identifying them and organising the most effective channels by constantly monitoring expectations, needs and opinions is the starting point for an effective engagement process.

In fact, Italtchimica is aware that the exchange of ideas constitutes mutual opportunities for growth and improvement. Particularly pivotal for coming years will be the company's commitment to redesigning new ways for dialogue. This will allow interaction with the community with an increasingly innovative and *digital* approach.

The table below shows the map of stakeholders together with their expectations.

² - Stakeholders are critical players revolving around the organisation. They are a universe of people and entities interested in the organisation's products, services, status and well-being.

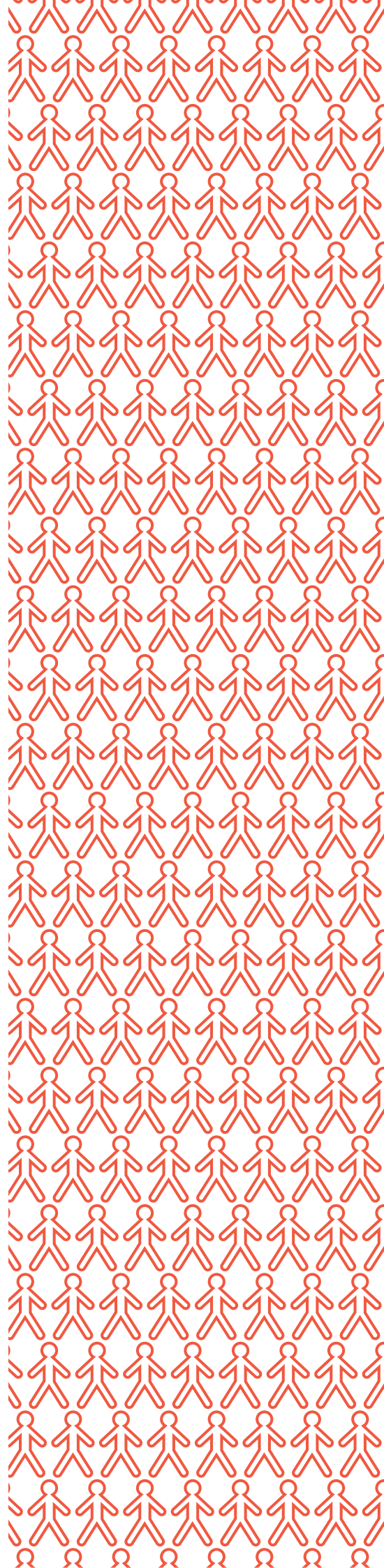
STAKEHOLDER	INTERACTION CHANNELS	STAKEHOLDER EXPECTATIONS
EMPLOYEES AFFILIATED COMPANIES AGENTS	Constant dialogue with the Human Resources department	Information on company strategies and results
	Yearly meetings to set personal goals, discuss growth and performance evaluation	Clarity of objectives and incentive programmes
	Meetings with company staff to share results and future objectives	Professional training and development
	Meetings to raise awareness and inform on issues of sustainability, inclusion and well-being	Safe and stimulating work environment
	Induction programmes for new employees	Equal opportunities. Diversity and inclusion
	Corporate social media and newsletters	Involvement in company life and projects
	Training meetings and online courses	Promotion of well-being, health and safety
SUPPLIERS FINANCING ENTITIES BANKS	Daily reports	Continuity of supply
	Institutional meetings	Compliance with contractual terms
	Specific workshops	Involvement in setting supply standards, including social and environmental criteria, and timely communication of new requested requirements
	Definition of shared standards	Cooperation and support in dealing with any production problems
	Social media and newsletters	
CUSTOMERS END-CONSUMERS	Direct and on-going relationship with sales staff	Product quality, safety and durability
	Customer service	Products made with respect for the environment, people and animals
	Interactions via telephone, mail, e-mail, social media	Style, uniqueness, innovation and completeness of the offer
	Market research and focus groups	Continuous monitoring and improvement of service levels during and after sales
	Systematic collection and analysis of customer feedback	Competent, professional and empathetic sales staff
		Personalised purchase and interaction experiences
		Product quality and innovation
		Safety and transparency regarding sustainable aspects along the supply chain.
Brand reputation		

To draft its Sustainability Report, Italcimica first conducted a mapping assessment of its stakeholders. Next, a targeted engagement process on corporate sustainability issues and objectives was implemented and a Materiality Analysis was performed to identify which issues to communicate through the report. It allowed us to highlight the main impacts of our activities and to confirm our strategy of sustainability and value creation over time.

STAKEHOLDER MAPPING

Stakeholder mapping is defined as a series of activities aimed at identifying the categories of stakeholders that are most significant to an organisation, at a given time and with respect to one or more topics of specific interest.

For this purpose, a stakeholder map was created via a specific evaluation questionnaire. This made it possible to highlight the categories of significant stakeholders and priorities were assigned based on their importance for the company in terms of dependence, responsibility, influence, outlook diversity.



SUSTAINABILITY FOR OUR STAKEHOLDERS

The involvement of stakeholders through the specific interaction channels allowed for a greater awareness of the level of knowledge and solidarity towards sustainability and its issues.

In this sense, one of the goals of the “Green Change Matters” corporate sustainability programme is to measure the degree of awareness of environmental and social issues among our stakeholders and to organise targeted information and growth meetings for the creation and sharing of conscious shared value throughout the production chain.

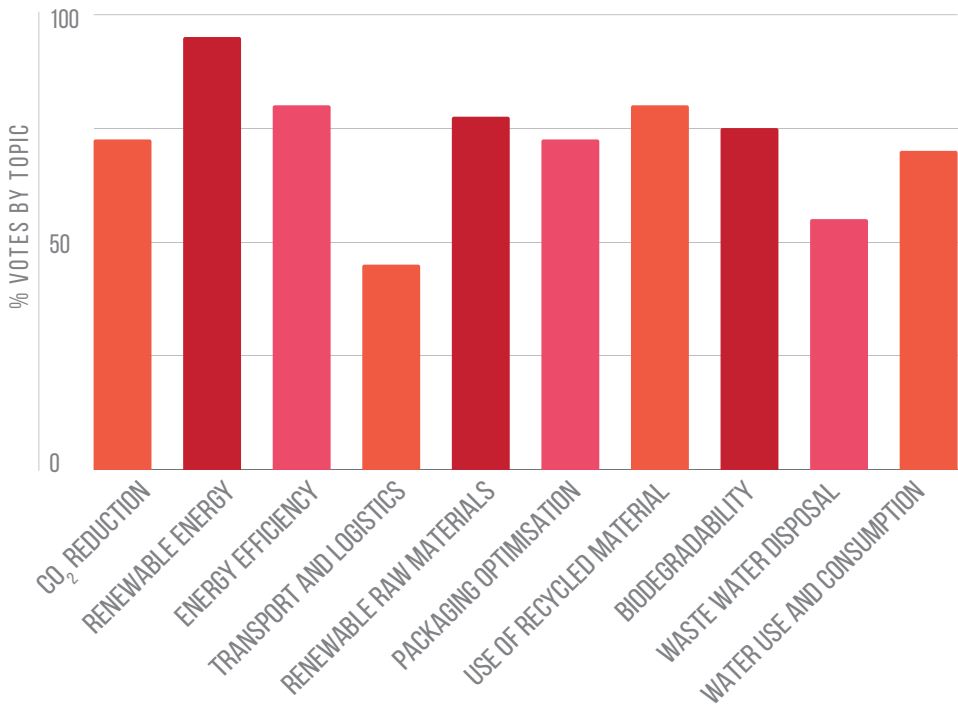
During the meetings, an internal (internal stakeholders) and external (external stakeholders) survey on the degree of knowledge of sustainability issues was conducted. The analysis confirmed the extent to which sustainable business models and philosophies are now sought after and accepted by stakeholders, thus showing an ongoing change in values and market. In particular, the results of the internal survey show that 92% of employees have heard of sustainability, 27% of them thanks

to Italtchimica. In addition, the workshops show that a large proportion of company staff (around 80%) has a good knowledge of environmental and social issues. 85% of employees believe that the integration of sustainability is essential in everyday life but especially in the company. Over the last three years, the trend of this data has gone up, which demonstrates the effectiveness of the awareness and engagement of the activity underway.

The external survey shows that more than 80% of Italtchimica's customers and end users believe it is vital to invest in sustainability to get off to a good start in the post-pandemic period. Over 70% of our clients also say that it is important to integrate corporate responsibility into their business strategy.

Renewable energy, energy efficiency, the use of recycled material, renewable raw materials and biodegradability are among the most important areas to invest in along the chain, according to customers.

CUSTOMERS: RELEVANT AREAS OF THE FUTURE



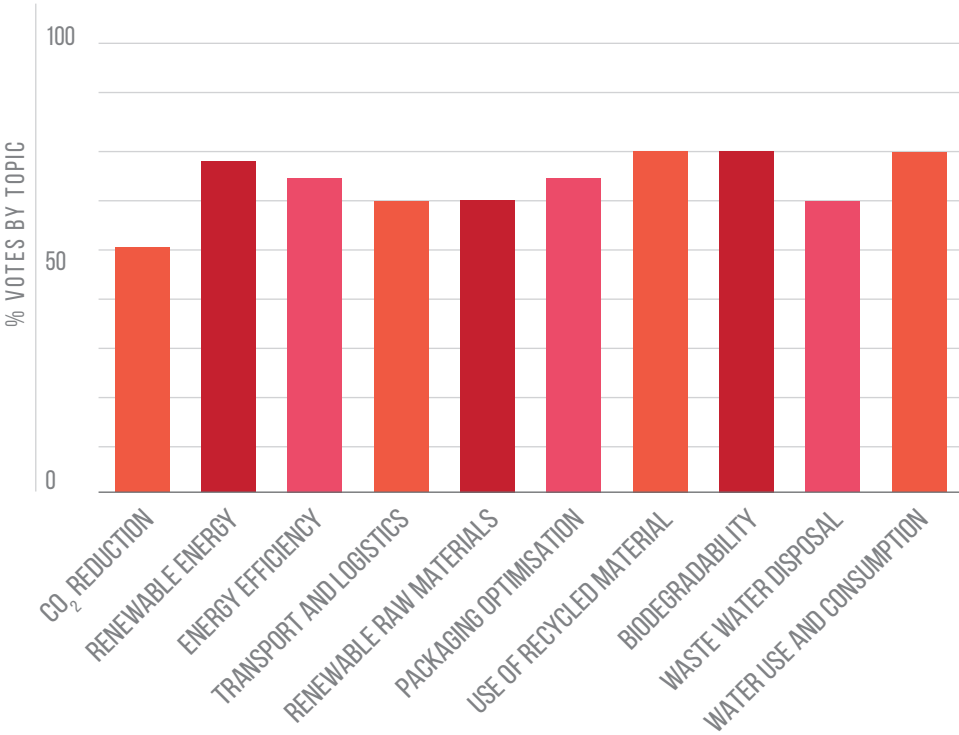
AS FAR AS THE OPINION OF SUPPLIERS IS CONCERNED, OVER 90% OF THE SURVEYED POPULATION IS CONVINCED THAT SUSTAINABILITY AND ITS PURCHASING CRITERIA ARE BECOMING THE DRIVING FORCE FOR THE FUTURE OF SUPPLY.

Sustainability along the supply chain seems to be high on the agenda of companies worldwide. Customers and consumers themselves are calling for this.

To this regard, over 70% of materials suppliers state that they have undertaken a long-term sustainable development plan.

The results of the survey show that materials suppliers consider it important to invest more in areas such as renewable energy, packaging optimisation, biodegradability, use of recycled material and responsible water management.

SUPPLIERS: RELEVANT AREAS OF THE FUTURE



The increase in suppliers who have agreed to customers' requests for sustainability bodes well, but many have not yet done so. That's why it is important to continue with the engagement plan.

MATERIALITY ANALYSIS

As part of the creation of the 2021 Report, Italcimica conducted a Materiality Analysis, as an in-depth analysis and evaluation of the relevance of environmental, social and economic implications and aspects. The analysis is not only aimed at identifying the issues to be communicated in the report but also at strengthening its strategy and improving its ability to create value over time.

The analysis was carried out by the Sustainability Unit³ through a structured process directly involving crucial departments' managers. The process followed GRI standards, which place Materiality among the key principles for defining Report contents.

THE 2021 ANALYSIS WAS CONDUCTED IN TWO STEPS: A FIRST ONE FOCUSED ON EVALUATING AND STUDYING POTENTIAL ISSUES, BASED ON DATA AND INVESTMENT TRENDS IN THE SECTOR; A SECOND ONE INVESTIGATING HOW SIGNIFICANT THESE ISSUES ARE FOR ITALCHIMICA AND ITS STAKEHOLDERS.

1. Firstly, an expanded and transversal Work Team was created, coordinated by the Sustainability Unit, with the aim of assessing the company's current position with respect to the various sustainability challenges posed by the operating and market environment.

Its activity first focused on understanding the social, environmental and economic implications of the Company's business in the specific relevant industry. To this end, the information and data required by GRI was examined, and specific industry reports were analysed, such as the 2020-2021 Activity & Sustainability Report published by AISE (International Association for Soaps, Detergents and Maintenance Products) and various publications by Federchimica Assocasa (International Association for Soaps, Detergents and Maintenance Products) Observatory.

Both Associations outline the sector's contribution to the EU socio-economic development and the main challenges the industry is urged to address, particularly from an environmental standpoint. This careful examination has made it possible to trace Italcimica's environmental and social initiatives and projects to date back to the various GRI Standards, providing a framework of the commitments made and the results achieved in the various con-

texts. Furthermore, this made it possible to highlight the areas of activity in which the company's thinking was less developed, providing an important indication in terms of defining future objectives. In this regard, if on the one hand the company can nowadays boast of a great maturity in terms of internal process environmental management, on the other hand, the company now needs to enhance and extend its awareness of the environmental implications of its business to a production chain logic and in a Life Cycle perspective of its activities. All potential substantial issues were therefore identified through a complex comparison with the reference sector.

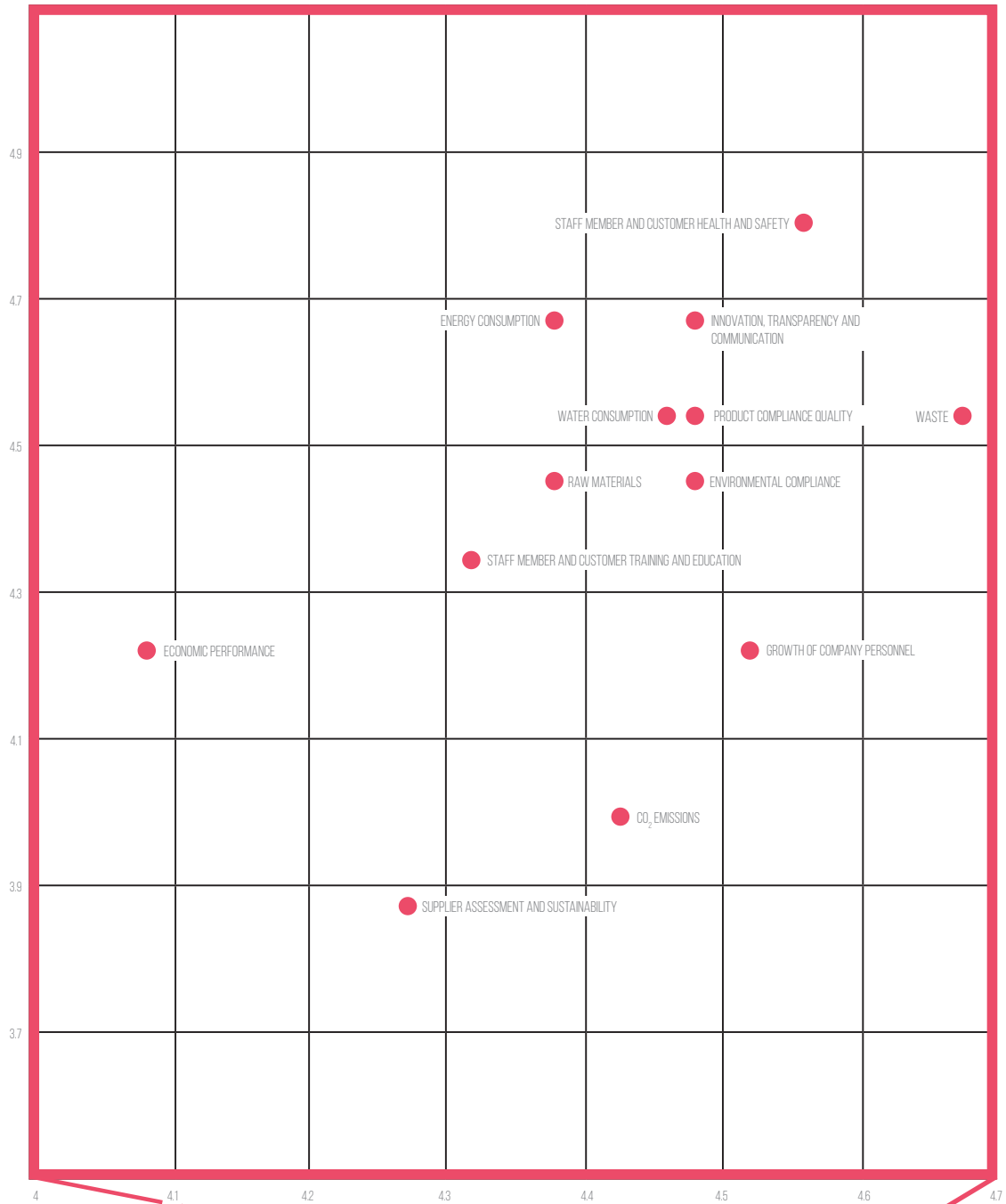
2. Secondly, the topics were submitted to in-house managers as well as the internal and external stakeholders through workshops and the administration of a specific questionnaire. An ad-hoc social media campaign was also carried out to collect feedback by focusing, in particular, on end consumers. As a result, the spokespersons of Italcimica's vision and various stakeholders assessed each issue by attributing a vote on a 1 (not important) to 5 (very important) scale.

Following the approach suggested by GRI and commonly adopted within the scope of Sustainability Reporting processes, the Materiality Matrix shows the main results of the Analysis. It identifies the issues that emerged as material from the stakeholder survey in comparison with the corresponding areas that are most significant to Italcimica:

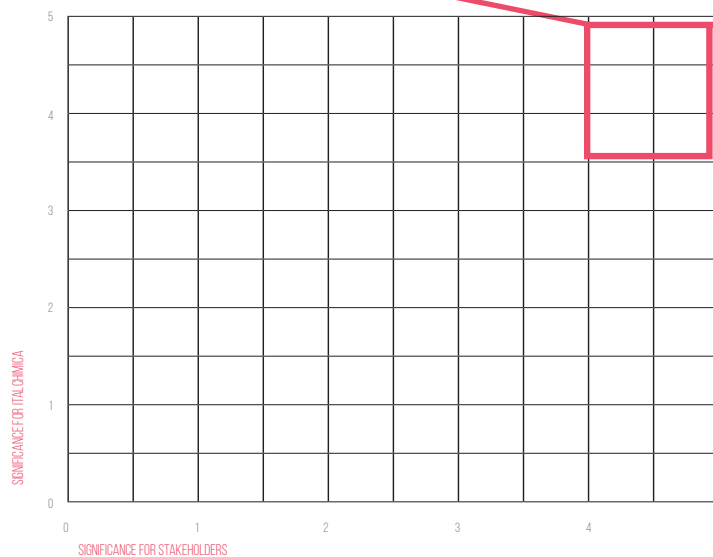
- Social progress: growth, inclusion and well-being of employees, partners and communities;
- Economic performance: investments and revenues for a resilient and circular future;
- Health and safety: health and well-being of employees, business partners and the public;
- Environmental management: environmental compliance and sustainability assessment along the supply chain;
- Energy and climate: energy saving, renewable energy and reduction of CO₂ emissions;
- Materials and waste: raw materials from renewable sources, biodegradability, packaging recovery and recycling;
- Water and wastewater: water conservation and biodegradability;
- Innovation, quality and product compliance.

3 - The Sustainability Unit is made up of those company figures responsible for disseminating the culture of sustainability within the company and, jointly with major departments, for managing the risks related to sustainability issues, as well as identifying improvement areas and projects, thus contributing to creating long-term value. It also puts forward a sustainability strategy and a yearly Sustainability Plan.

SIGNIFICANCE FOR ITALCHIMICA



SIGNIFICANCE FOR STAKEHOLDERS



Materiality matrix

The following material issues emerged from the survey and are discussed in detail in the pages of the report:

- Innovation, communication and transparency;
- Product quality and compliance;
- Raw materials (raw materials from renewable sources, recovery and recycling);
- Energy consumption (energy saving, renewable energy);
- Water consumption (water conservation);
- CO₂ emissions (reduction of CO₂ emissions)
- Waste (circularity and biodegradability);
- Environmental compliance;
- Supplier sustainability evaluation;
- Growth of company personnel;
- Staff member and customer training and education;
- Staff member and customer health and safety;
- Economic performance.

STAKEHOLDERS APPRECIATE ITALCHIMICA'S ABILITY TO MEET THEIR NEEDS BY OFFERING INNOVATIVE FORMULAS AND QUALITY PRODUCTS AND SERVICES. FURTHERMORE, THEY VALUE THE COMPANY'S COMMITMENT TO THEIR INVOLVEMENT IN INITIATIVES AIMED AT FOSTERING A CULTURE OF SUSTAINABILITY.

Other important issues are the protection of the health and safety of both workers and the supply chain, as well as waste management; the latter issue has seen an increase in interest compared to the past. Furthermore, energy consumption and water resources have established themselves as key issues.

Although still limited in terms of means of interaction and involvement, the analysis conducted is an important starting point for strengthening and deepening its strategy and approach to sustainability. Italcimica's goal for the years to come is to consolidate and, where possible, expand the involvement and consultation of stakeholders. Particular priority will be given to the organisation of more workshops, also making good use of digital platforms. This will make it possible to increase the wealth of data and information needed to more broadly and diversely address substantial issues and to adopt more incisive and structured ways of involvement. Strengthening stakeholder consultation processes will also result in improving the reporting process, thus making it increasingly aligned with the various stakeholders' information needs.

03 ENVIRONMENTAL RESPONSIBILITY

In a few years, environmental sustainability has become central to the changes taking place in the world economy. It is no longer a question of academic publications, timid attempts by some governments or the initiatives of enlightened associations and companies, but rather a global movement involving national and supranational institutions, civil society and, last but not least, the business world. The European Green New Deal and the National Recovery and Resilience Plan (PNRR) are key points of reference for Italian citizens and businesses; they are programmatic and investment tools that clearly outline the changes taking place in economic policy towards an eco-sustainable economy. Within this context, Italcimica is aware that it must become a leader in this change. Only by actively participating in it will it be able to successfully face future challenges, ensuring prosperity for the company and contributing to social development.



ENERGY AND EMISSIONS

3 HEALTH AND WELLNESS

Contributing to improving air quality for health and well-being at all levels



LONG-TERM STRATEGY

A net-zero emissions company by 2050

- - 10% of CO₂ emissions by 2022
- - 50% of emissions by 2030

2020 GOALS

- -171 tons of CO₂ (88 tons of recycled silicon paper)

2021 GOALS

- -163 tons of CO₂ (86 tons of recycled silicon paper)

ENERGY AND EMISSIONS

7 CLEAN AND ACCESSIBLE ENERGY

Investing in clean energy technologies



LONG-TERM STRATEGY

- + 10% of energy from renewable sources by 2022

2020 GOALS

Investment in clean energy:

- 500 KW photovoltaic system
- + 1000 photovoltaic modules

2021 GOALS

- The installation of the photovoltaic system is in progress

PACKAGING

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Reducing waste production through prevention, reduction, recycling, recovery and reuse



LONG-TERM STRATEGY

- 30% of plastic from our bottles recovered internally by 2025
- Ecodesign project by 2030 to optimise packaging and reduce material use
- 100% FSC certified paper by 2023
- By 2023 on 100% of sources, introduction of disposal instructions by means of graphic illustrations and QR codes
- More than 30% of recycled plastic in our bottles by 2023 (100% by 2030)

2020 GOALS

- 26% of plastic recovered in our bottles (+11% compared to 2017)
- 100% of packaging components are suitable for recycling and reuse
- > 95% FSC certified paper
- Optimisation of disposal instructions and digitisation on the label

2021 GOALS

- 29% of plastic recovered in our bottles (+14% compared to 2017)
- 100% of packaging components are suitable for recycling and reuse
- > 95% FSC certified paper
- On 100% of sources, instructions for disposal by means of graphic illustrations
- 72% of bottles used containing at least 30% recycled materials

FORMULATION

6 CLEAN WATER AND SANITARY SERVICES



Improving water quality by reducing pollution and the release of hazardous and poorly biodegradable chemicals, enhancing recovery and recycling

LONG-TERM STRATEGY

- 100% certified traceability of raw materials by 2030

2020 GOALS

81% renewable raw materials in formulation⁴

- 100% ethyl alcohol from agriculture supply chain

2021 GOALS

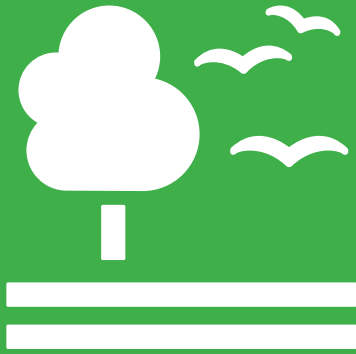
76% renewable raw materials in formulation⁵

- 100% ethyl alcohol from agriculture supply chain

^{4,5} including water

FORMULATION

15 LIFE ON EARTH



Contributing to the conservation of natural resources and biodiversity through responsible procurement

LONG-TERM STRATEGY

- 95% readily biodegradable organic raw materials by 2030

2020 GOALS

81% of organic raw materials are easily biodegradable

- 100% readily biodegradable surfactants

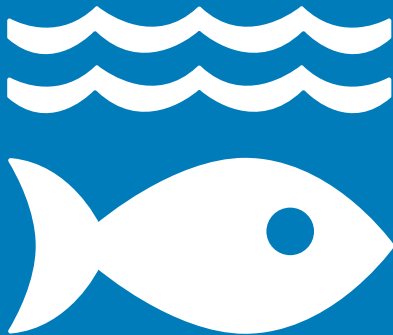
2021 GOALS

91% of the organic raw materials are easily biodegradable, reaching the goal of 90%, which has been reformulated and brought to 95%

- 100% readily biodegradable surfactants

WATER AND WASTE

14 LIFE UNDERSEA



Significantly preventing any kind of marine pollution, resulting, in particular, from land-based activities, including marine litter

LONG-TERM STRATEGY

- 75% concentrated formulations by 2025
- Replacement of matting agents and synthetic perfume encapsulations, potentially containing microplastics, by 2025
- + 3%, compared to 2021, wash water by 2025

2020 GOALS

- 71% of detergent formulations are concentrated⁶
- 0% microplastics in cosmetic formulations since 2018
- 21% wash water recovered (+3% compared to 2017)

2021 GOALS

- 71% of detergent formulations are concentrated
- 0% microplastics in cosmetic formulations since 2018. The project for the replacement of opacifiers and synthetic encapsulations is currently being implemented
- 24% wash water recovered (+ 6% compared to 2017)

⁶ Product with concentrated formulation: product whose formulation has a concentration that requires its dilution in water before use.

ENVIRONMENTAL MANAGEMENT

13 THE FIGHT AGAINST CLIMATE CHANGE



Taking important steps to fight climate change and its consequences by optimising environmental management and investing in the circular economy

LONG-TERM STRATEGY

- Implementation of process and product LCA by 2025

2020 GOALS

- Maintaining an ISO 9001 integrated quality-environment-safety management system. ISO 14001, ISO 45001

2021 GOALS

- Maintaining an ISO 9001, ISO 14001, ISO 45001 integrated quality-environment-safety management system

In a context of economic difficulties due to the persistence of the COVID-19 pandemic and the energy crisis, which have been accompanied by the anxieties linked to the war taking place in the heart of Europe, it is crucial that the European industrial sector gets on board with this paradigm change: going from a model that extracts natural resources in a destructive way to a circular one aimed at creating value and safeguarding the environment.

FOR SOME TIME NOW, ITALCHIMICA'S CORPORATE STRATEGY HAS TAKEN THIS CHANGE TO HEART BY PLANNING ECO-INVESTMENTS AND PROMOTING BEHAVIOURAL AND CULTURAL CHANGES AMONG THE THOSE WHO ARE DIRECTLY OR INDIRECTLY INVOLVED IN THE COMPANY ACTIVITY.

The environmental crisis is urgent and ongoing. The scope of the problem does not allow for further delays in adopting the measures necessary to reverse course and mitigate social and economic impacts. Climate change, pollution of the seas, the destruction of natural habitats and the loss of biodiversity are the causes of the catastrophic phenomena affecting societies.

The climatic changes produced by the phenomenon of global warming, which depends on the continuous accumulation of greenhouse gases (GHG) in the atmosphere, and in particular by an economy based on fossil fuels, are the cause of extreme weather events that are now being felt everywhere. This has resulted in losses of life and considerable damage.

Despite the worldwide COVID-19 lockdowns over the last two years, the reduction of many economic activities have not led to significant environmental improvements, not even to a reduction of greenhouse gas emissions; in fact, they have already rebounded and started to grow again in the aftermath of the acute phase of the pandemic.

Aware of the seriousness of the situation and how much the long-term success of the company is connected to societal balance and prosperity, Italcimica is committed to taking up the challenge of environmental sustainability by creating increasingly bolder objectives and seeing the changes as a chance to grow.

In particular, to respond to the climate and energy crisis, we are implementing an ambitious multi-year investment project in renewable energy which is in line with the European Union's Green New Deal to achieve climate neutrality by 2050. More generally, our main objectives are the evolution of the environmental management system through process and product Life Cycle Assessment (LCA) studies aimed at optimizing supply and favouring renewable, recovered or recycled raw materials and the post-consumer management of products. The challenges we are outlining are in line with the targets set by the goals for the environment recommended by the UN by 2030.

The objectives we aim for require major cultural, organizational and, of course, investment efforts. However,

OUR AMBITIONS ARE SUPPORTED BY THE CONVICTION THAT WITH SUSTAINABILITY WE CAN GROW.

According to the **GreenItaly 2021** report, over 441,000 Italian companies in the industry and services invested in green products and technologies between 2016 and 2020. This is a significant increase compared to the previous five-year period. The numbers remained virtually unchanged in the 2019-2020 two-year period, confirming that, despite the pandemic, there was no slowdown (21.5% in 2019). This same research highlights another interesting aspect: 14% of the companies that have made investments for sustainability managed to increase their turnover, against 9% of non-green ones. The competitive advantage can also be seen in terms of employment (6% from green ones against 4% of the non-green ones) and exports (with increases of 12% against 7%).

Italcimica's transition towards sustainable management of its business is underway. However, further important efforts are needed to generate those significant positive effects on the environment while satisfying ever-growing consumer demand.

ENVIRONMENTAL MANAGEMENT

PROCESS AND PRODUCT

Italchimica is aware of the need to rethink its business practices from a sustainable perspective by equipping itself with tools which are in step with technical and technological evolution. These practices and their related tools are aimed at reducing the exploitation of natural resources, with a view to the circular economy, and at minimizing polluting emissions.

The best known and most consolidated technique for careful environmental management is the implementation of an environmental management system according to the international standard ISO 14001: 2015. In that regard

ITALCHIMICA HAS BEEN INVOLVED FOR YEARS IN THE IMPLEMENTATION AND UPDATING OF THE ISO 14001 MANAGEMENT SYSTEM.

The environmental management system is one of the main tools aimed at achieving environmental sustainability objectives. By means of the management system, which not only reaffirms our constant focus on complying with all applicable legal and other regulatory requirements, but also formalises the commitment to continuously improve its environmental performance by minimising the impact of its production site and facilities (offices and warehouses), as well as its operations, services and products. In fact, it is a genuine management technique aimed at promoting all the practices and tech-

nologies applicable to the case in question with the aim of reducing, preventing and limiting negative impacts on the environment in everyday activities while respecting the surrounding territory.

According to this standard, our environmental management is based on the PDCA (Plan - Do - Check - Act) methodology:

- **Plan:** establishing the objectives and processes necessary to deliver results in compliance with our environmental policy;
- **Do :** implementing the processes as planned;
- **Check:** monitoring and measuring processes with regards to the environmental policy, objectives and targets, legal and other requirements and report the results;
- **Act :** undertake actions to continuously improve the performance of the Environmental Management System.

Within the framework, Italchimica abides by all the principles of environmental protection (precaution, pollution prevention and risk prevention and mitigation). Following this approach, the company systematically applies measures to prevent, monitor and control the impacts of its activities, aimed at the reduction and responsible use of resources in production processes.

PDCA METHODOLOGY



PLAN



DO

With a view to continuously improving environmental performance, we are constantly committed to promoting and supporting the following operational guidelines:

- conforming product management to the environmental regulations in force in all target countries;
- bringing the company to ever higher levels of process and product quality in compliance with all current legislation, for it to be recognised by its Customers and certified by the relevant accredited bodies;
- control and reduce the environmental impact of business activities (optimised use of resources, water discharges, discharges into the atmosphere, waste production and proper management) in order to limit and, when possible, prevent the risks of pollution;
- adopting internal management procedures for the company, based on maximum protection of the environment;
- pursuing the ongoing improvement of environmental performance by reducing the threshold of acceptable risks;
- planning and implementing plans to achieve the goals set by allocating adequate, qualified resources for this purpose;
- periodically assessing the results obtained;
- disclosing and disseminating planned improvement goals to the departments involved;
- taking care of business growth to make it always innovative, flexible and capable of adapting to the needs and requests arising from the market and customers. Along these lines, the Company was granted the EU Ecolabel ecological quality brand and the MEC (Minimum Environmental Criteria) certification. These brands distinguish products and services which feature a reduced environmental impact throughout their life cycles while ensuring high performance standards;
- enhancing human resources in order to spur staff involvement in the ongoing improvement of company standards in terms of product quality, workplace safety

and environmental protection;

- involving suppliers to play an active role in the company's environmental policy.

With regard to the prevention of environmental crimes set out by the binding legislation, since 2016 Italcimica has been adopting the organisational, management and control model envisaged and governed by Italian Legislative Decree 231/2001. The purpose of this provision is to support the development of proper relations between the company, its directors, employees and suppliers in order to prevent environmental or other crimes. **To date, no non-compliance with applicable environmental laws and / or regulations has been identified.**

Over the next few years, Italcimica intends to supplement its current management system with a thorough scientific approach aimed at developing a careful analysis of the environmental performance of its products. The life-cycle perspective allows clear identification of improvement measures to reduce the environmental impacts of products. The LCA method is a tool for conducting a quantitative assessment of the environmental interactions of a product or service throughout its life, "from the cradle to the grave". In fact, this assessment includes every phase of the chain: extraction of raw materials, transformation and production, packaging, distribution / logistics, use / consumption, end of life management and transport along the entire production chain. To conduct such studies, numerous tools have been developed over time: technical standards, regulations, certification schemes and specific databases. The main international standards are the ISO 14040 and 14044 standards.

Based on this approach, Italcimica's goal is to assess the environmental impacts of every phase of the products' lifecycle: from the production of raw materials, through the mixing and blow moulding processes, packaging, transport and distribution, to the use and end-of-life phase of the product.



THE RELATIONSHIP WITH SUPPLIERS

For Italtchimica, a constant commitment to the promotion of quality and the environment means making a commitment that extends far beyond its own borders, embracing the entire supply chain.

MATERIALS SUPPLIERS ARE STRATEGIC STAKEHOLDERS AND THIS IS WHY ITALCHIMICA'S RELATIONSHIP WITH THEM GOES BEYOND THE ECONOMIC-COMMERCIAL SPHERE.

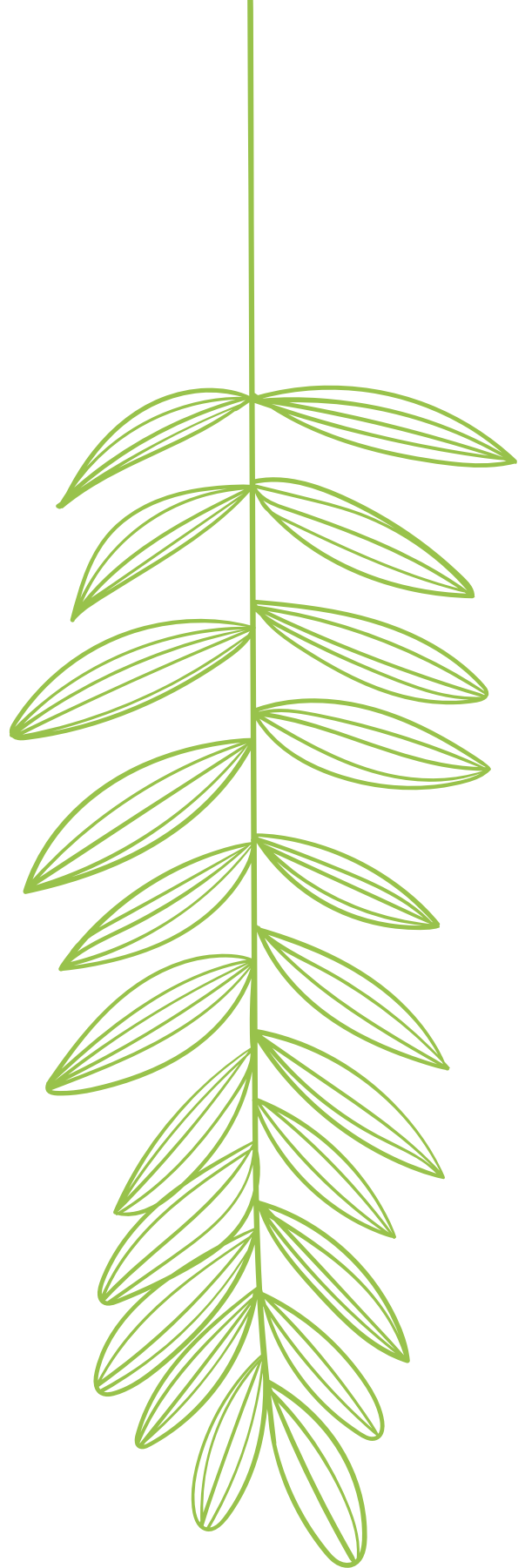
For the company, excellence means quality, style and innovation, but also a commitment to promoting a supply chain that is careful and respectful of workers' rights, biodiversity and the environment.

Italtchimica's attention to ethical and environmental aspects along the supply chain starts right from the materials supplier selection phase and continues with systematic awareness-raising and monitoring activities. Knowledge, traceability, sharing of best practices and checks are in fact fundamental not only to limit risk situations, but also and foremost to generate culture and foster responsible and sustainable business development, to the benefit of the entire production chain.

TALKING ABOUT ENVIRONMENTAL PROTECTION AND ETHICS IN GENERAL IN THE CONDUCT OF BUSINESS THROUGHOUT THE VALUE CHAIN MEANS ACTING WITH AWARENESS AND LEADERSHIP.

The qualification and subsequent evaluation of suppliers is based, where possible, not only on the verification of technical, economic and organisational requirements, but also on compliance with sustainability criteria, such as for example:

- the possession of eco-labels and environmental product declarations;
- the traceability of raw materials;
- quality-environmental process and product certifications (ISO 9001, ISO 14001, ISO 14040 and 14044 (LCA), ISO 14064 and 14067 (Carbon footprint));
- an occupational health and safety management system (ISO 45001);
- the implementation of circular and ethical business and policies;
- the drawing up of a sustainability report.





Thanks to some involvement campaigns, through questionnaires, the scheduling of audits, dialogue and the planning of appropriate focus meetings, it is possible to measure the social-environmental performance of materials suppliers and foster the improvement of supplies with respect to sustainability parameters, while keeping the traditional ones unchanged, such as compliance with supply requirements, delivery times, quality, competitiveness, cost-effectiveness of services and technical-professional suitability.

By following this direction, the company is able to progressively organise and refine its procurement policy and set increasingly ambitious sustainable procurement targets to be achieved yearly.



With a view to continuous improvement in terms of assessing sustainability, periodic procedures are planned to check compliance with the level of environmental and social sustainability declared by each materials supplier, as well as to achieve the sustainable procurement objectives set. In addition to enabling communication to the outside world, data collection will allow useful information to be shared for the achievement and updating of objectives. Through a comparison with the market and based on the results obtained, it will be possible to assess whether to make certain criteria more restrictive, if they are easily satisfied by the offer, or not to change them, in case they still allow for the selection of those products which guarantee characteristics of environmental excellence compared to the average offer.

The cleaning and cosmetic industry is increasingly addressing the issue of environmental protection and climate change. An issue of great importance in this context is the preservation of biodiversity.

FOR ITALCHIMICA, IT IS A MORAL AND COLLECTIVE DUTY TO HELP DEFEND IT.

FOCUS

THE IMPORTANCE OF BIODIVERSITY

Biodiversity helps maintain the ideal conditions for our survival on our planet. It is the expression of the diversity among the living beings populating a habitat. In each habitat, each species occupies its own ecological niche and performs a specific ecosystem service. This means that each species is unique, inhabits the area best suited to its needs and plays a clearly defined role in maintaining the balance of the system. To this regard, biodiversity helps maintain the ideal conditions for our survival on our planet. With regards to biological diversity legislation, the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilisation was signed in 2010. It is an international agreement that aims to foster the conservation of biodiversity through the regulation of access to genetic resources and the equitable sharing of the benefits arising from their utilisation. Genetic resources are a fundamental component of habitats and are used in various areas of scientific research, in particular in agricultural research and in the pharmaceutical, cleaning, cosmetic and biotechnology industries. They are often associated with traditional knowledge of indigenous and local communities. The implementation of the Protocol aims at sharing the benefits of using these resources equitably, particularly between local countries traditionally rich in biodiversity and industrialised countries that use genetic resources. Ten years after the Nagoya Protocol, the planet is still facing an unprecedented environmental crisis, with a huge number of species on the brink of extinction. For this reason, in 2020 the Convention on Biological Diversity (CBD) decided to design a further Global Strategic Plan on Biodiversity for the post-2020 era. To this regard, the new “EU Biodiversity Strategy for 2030” (in line with the principles of the Green New Deal) aims at fostering relationships between nature, farmers, industry and consumers to work together for a sustainable future.



AT THE LOCAL LEVEL, BOTH ITALCHIMICA PRODUCTION SITES ARE LOCATED INSIDE A PURELY INDUSTRIAL AREA IN AN URBAN AREA AT THE OUTSKIRTS OF PADUA.



Given the location in an industrial area, the areas occupied by the sites are not subject to any urban-environmental, landscape or hydrogeological constraint, in particular:

- they do not fall under constraints relating to environmental assets (Regional Law of 12 May 2009);
- they do not fall within thresholds delimited by hydrogeological stability plans;
- are not included in protected territories;
- not near special protection areas according to the Italian Law No. 157 of 11th February 1992 “Provisions for the protection of wildlife and restrictions on hunting” nor near areas of Community interest included in the Habitats Directive (Presidential Decree No. 357 of 8th September 1997 and subsequent integration of Presidential Decree No. 120 of 12th March 2003).

Italchimica's activities also do not produce emissions of substances potentially toxic to animals or plants in the area.

ITALCHIMICA HAS ALWAYS BEEN COMMITTED TO OPTIMISING THE PROCUREMENT AND RESPONSIBLE MANAGEMENT OF RAW MATERIALS FOR ITS FORMULATIONS AND PACKAGING, IN ORDER TO CONTRIBUTE TO THE CONSERVATION OF NATURAL RESOURCES AND BIODIVERSITY.

FOCUS

THE CIRCULAR ECONOMY

The circular economy is a production and consumption model that involves sharing, lending, reusing, repairing, reconditioning and recycling existing materials and products for as long as possible. This extends the life cycle of products, helping to reduce waste to a minimum. Once the product's function has come to an end, the materials it is made of are in fact reintroduced, where possible, into the economic cycle. Thus they can be continuously reused within the production cycle, generating further value.

The principles of the circular economy contrast with the traditional linear economic model, based instead on the typical “extract, produce, use and throw away” scheme. The traditional economic model depends on the availability of large quantities of materials and energy that are easily available and at low prices (source: European Parliament). These latter conditions are dramatically no longer feasible.

RAW MATERIALS

During the two-year period 2020-2021, despite the uncertainty in the markets due to the COVID-19 crisis,

THE COMPANY HAS SHOWN CONSISTENCY IN MAINTAINING THE TREND OF INVESTMENT IN RENEWABLE RAW MATERIALS ⁷

for the formulation over the last three years. In particular, **the use of bio-based⁸ components, has enabled us to cope with the social and economic crisis**, through the creation of innovative products for hygienisation and disinfection, as well as optimising the general characteristics of formulations and designing future solutions. During the first part of 2020, in fact, due to the health emergency, the demand for alcohol-based products for hygienisation purposes grew exponentially, both from facilities, companies and pharmacies and from citizens themselves, who often had difficulty finding disinfectants useful for household sanitisation. Italcimica quickly organised itself and, through a major effort, decided to upgrade a large part of its production to meet demand. **100% of the ethyl alcohol used in the formulations comes from agricultural production chains (cultivation of cereals, sugar cane and beet)**. 2021 is also in line with the company's long-standing vision of a circular economy.

Sourcing of raw materials is also based on a system of evaluation and management of materials suppliers with regard to Quality, Safety and respect for the Environment (Integrated Management System ISO 9001, ISO 14001 and ISO 45001), as well as criteria of environmental sustainability of the product, such as natural origin and from renewable sources and certified traceability along the production chain. The assessment also includes the fundamental step of verifying compliance with technical and regulatory specifications to ensure maximum results in terms of compliance and efficiency. Over the years, a critical procurement of this type has made it possible for us to establish relationships of mutual co-operation and trust with our suppliers.

FROM A GEOGRAPHICAL POINT OF VIEW, 94% OF OUR SUPPLIERS ARE BASED IN EUROPE.

Once raw materials have been delivered to our manufacturing plant, they are stored in special tanks inside or outside in dedicated areas of the offices. The materials used to create packaging are sent to the blow moulding department, where bottles are manufactured. On the other hand, the raw materials needed for formulations, depending on the product to be made, are taken selectively from their specific tanks and sent to the mixing department.

RESPONSIBLE FORMULATION

To date, Italcimica boasts significant numbers in responsible procurement and production that are all about circular economy. The contribution to preserving biodiversity comes from the use of renewable **raw materials for formulation (76% of formulation components in 2021) and readily biodegradable organic materials (91% of organic raw materials in 2021, +11% compared to 2020), which includes all the surfactants used⁹**.

Renewable raw materials are essential ingredients of our detergents, disinfecting and cosmetic products. Renewable materials include surfactants, solvents, additives, enzymes, and natural extracts in addition to **water**, which is a rapidly depleting primary resource and, as such, **requires to be managed and protected in the best possible way**. For this reason, the water stress level of the local drainage basin **is monitored every year, through the updating of the Report on the water resource in the Veneto region drafted by the Regional Department for Territorial Safety**.



7 - Renewable material: material deriving from abundant resources that are quickly reconstituted through ecological cycles or agricultural processes, so that the services provided by these and other related resources are not jeopardised and remain available for future generations (Glossary of GRI standards 2018 -www.globalreporting.org/standards).

8 - Derived from biomass. The biomass may have undergone physical, chemical or biological treatment. The methods for determining "bio-based" raw materials are described in the specific standards of CEN / TC 411.

9 - Readily biodegradable means a biodegradability level $\geq 60\%$ within 28 days.

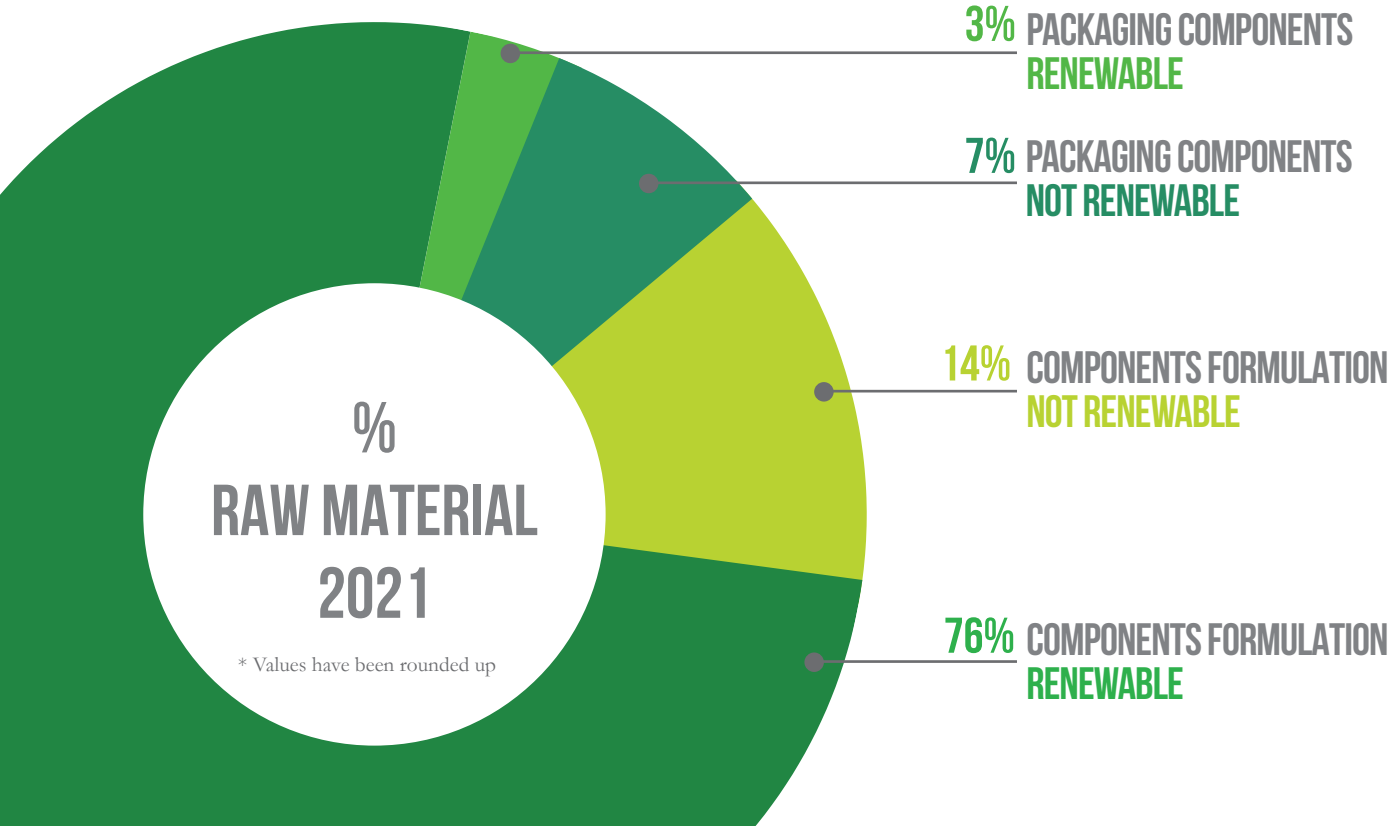
The total yearly quantity of raw materials used is in the range of tens of thousand tonnes.

RAW MATERIALS USED (t)	2017	2018	2019	2020	2021
COMPONENTS IN THE FORMULATION OF OUR MIXTURES (DETERGENTS, COSMETICS, BIOCIDES) *	36,610	57,841	58,254	54,452	55,929
COMPONENTS OF OUR PACKAGING	3,445 (2,003 plastic + 1,442 paper)	3,500 (1,840 plastic + 1,660 paper)	3,475 (1,852 plastic + 1,623 paper)	5,671 (3,671 plastic + 2,000 paper)	6,031 (4,220 plastic + 1,811 paper)
TOTAL	40,055	61,341	61,729	60,123	61,960

*Solvents, surfactants, emollients, fragrances, acids, bases, salts, additives, sequestering dyes, bleaches, viscosising agents, waxes, preservatives, biocidal active substances.

IN THE COURSE OF 2021, THERE WAS A SLIGHT INCREASE IN THE USE OF FORMULATION MATERIALS IN WEIGHT COMPARED TO 2020 VALUES.

This is related to a decrease in the production of alcohol-based products (mainly hydroalcoholic gels which also provide alcohol percentages higher than 70% v/v) in favour of water-based ones. Furthermore, there has been an increase in the number of bottles and labels and a reduction in secondary packaging, which is linked to a greater production of small-format items in line with the policy of offering concentrated products.



Simultaneously, with regard to the formulation, in 2021 there was a decline in the volume use of renewable raw materials. This trend is justified by the reduction in the demand for alcohol-based products linked to the health emergency, which reached its peak in 2020; however, the decrease in alcohol was partly offset by the usual progressive inclusion of renewable components (such as new surfactants, additives and natural extracts) used in the formulation of certified products with reduced environmental impact. **MEC (Minimum Environmental Criteria) and Ecolabel (EU ecological quality brand) certified products stand out among the green products**¹⁰.

The continuous search for market transparency also concerns the degree of control we have over our supplies, including knowledge of the countries of origin of raw materials and the production chains from which they come. For this reason, one of our ambitions is to certify all the traceability of our raw materials by 2030.

SUSTAINABLE PACKAGING

Packaging plays a key role in our lives. Without it, most products would expire or be damaged before reaching the shop. Despite this, it is often considered one of the main enemies in the fight against environmental degradation because it becomes waste right after its use.

ITALCHIMICA IS AWARE OF ITS PACKAGING RESPONSIBILITY AND IS COMMITTED TO FOSTERING ENVIRONMENTAL SUSTAINABILITY THROUGH A SERIES OF AMBITIOUS PROJECTS.

Concretely, we have set ourselves two sustainability goals to be achieved by 2030:

- Ecodesign project to optimise packaging and reduce material use
- over 30% of recycled plastic with a reduction in virgin plastic used by 2023.

To this regard, we are acting well in advance and exceeding the goals recommended by AISE¹¹ by 2025. In the year 2021, 72% of the bottles used contained at least 30% of recycled plastic which corresponds to 14% use of recycled plastic by weight.

In parallel, we are also committed to the issue of paper and have set ourselves the task of using recycled or, if virgin, sustainably sourced (FSC certified) material.

Despite the increase in the last two years of plastic used for the creation of bottles and labels, Italchimica stays committed to the production of concentrated formulas with the aim of continuing to decrease the use of plastic per unit dose with a consequent reduction in the number of bottles placed on the market, as well as savings in transport and CO₂ emissions. **To date, 71% of our detergents range has a concentrated formula**, which combined with the proper, effective transmission of instructions for use to the end user, results in a longer duration of use of the same bottle.

¹⁰- EU Ecolabel is the European Union's ecological quality brand which distinguishes products and services featuring a reduced environmental impact throughout their life cycles, while ensuring high performance standards.

¹¹ - Association Internationale de la Savonnerie, de la détergence et des produits d'Entretien



The world of packaging is constantly evolving, driven by innovative designs and consumer expectations.

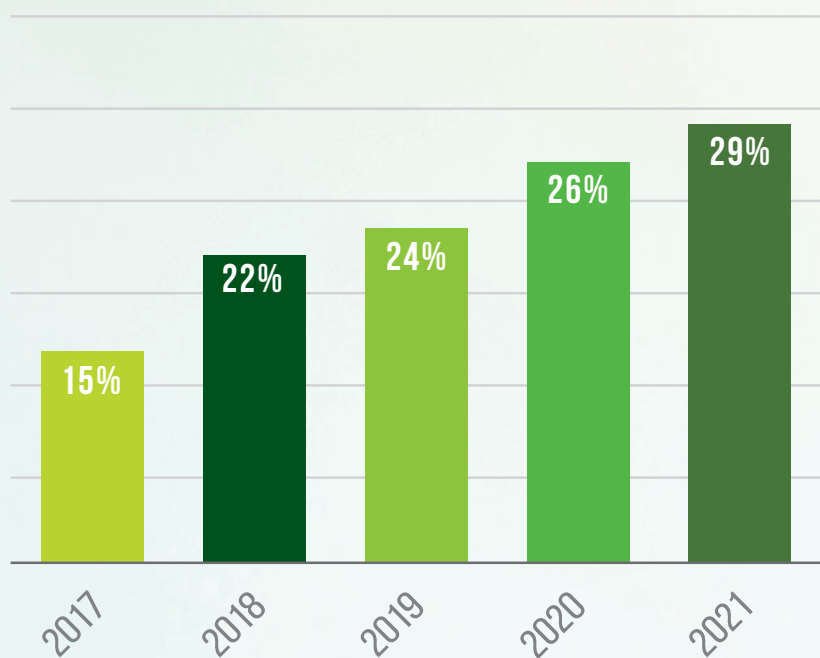
This on-going transformation provides interesting opportunities to minimise possible negative environmental impacts. At Italcimica we are committed to exploring the possibilities of making packaging increasingly sustainable, protecting the products we love and making a better contribution to the planet. In 2020, an innovative triple-layer bottle was launched with structural features to contain up to 60-80% recycled plastic in the innermost layer. With a view to a progressive improvement in the management of plastics, we simultaneously aim to continually promote training and education

campaigns for customers and consumers. In 2020, the progressive digitisation of our product instructions for use began, and they will also be accessed through QR codes directly on each label.

ANOTHER ONE OF THE KEY PRINCIPLES ON WHICH WE BASE OUR SUSTAINABLE PROCUREMENT STRATEGY IS THE RECOVERY OF MATERIALS¹².

Several years ago, Italcimica started a long-term campaign aimed at recovering its products, for both the packaging and mixing sectors.

PACKAGING: % PLASTIC FROM RECOVERY



SINCE 2017, THERE HAS BEEN AN 14% INCREASE IN PLASTICS FROM INTERNAL RECOVERY, USED TO CREATE BOTTLES. TO DATE, THE RECOVERED PLASTIC USED FOR EACH OF OUR BOTTLES ACCOUNTS FOR ABOUT 29%.

Our goal for 2025 is to reach 30% of packaging material recovered through specific technical projects, in order to confirm and consolidate the growth trend of the last four years.

In line with the goal of using bottles with over 30% recycled plastic by 2023, 2021's production reached this on 72% of bottles.

12- Recovered material: refers to a product and its packaging which, at the end of their useful lives, have been collected, reused or recycled (Glossary of GRI standards 2018 -www.globalreporting.org/standards).

ENERGY

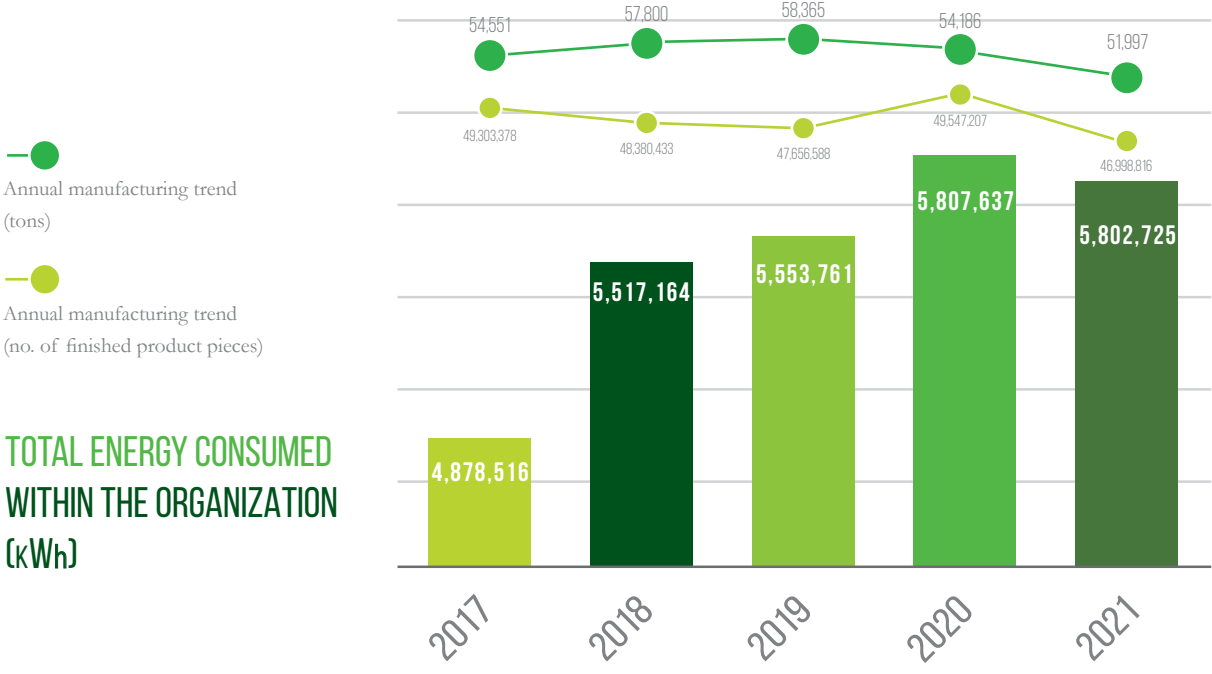
Climate change is one of today's major global challenges with potentially dramatic consequences for the entire planet. Greenhouse gas emissions (such as carbon dioxide) are generated mainly by fossil fuels which are burned for energy. To limit global warming by 1.5 degrees Celsius and meet the commitment made in the United Nations Paris Agreement on climate change, we must rapidly reduce carbon dioxide emissions. In recent years, Italcimica has felt the responsibility to play its part, planning investments in energy from renewable sources but also improving efficiency in production processes.

Our long-term ambition is to become a net-zero emissions company by 2050. To this regard, the first step in our journey is to reduce indirect CO₂ emissions from fossil electricity consumption. This means progressively converting the use of energy from fossil fuels to energy from renewable sources.

In concrete terms, the company has made a major **investment in 2020 to install more than a thousand photovoltaic modules by 2022, with a yearly energy coverage of around 10% of current electricity consumption.**



As part of its activities, Italmichica uses electricity and methane gas to power systems and electronic devices, light offices, heat premises.



The amount of consumed methane kWh was calculated by converting natural gas cubic metres. A standard cubic metre of methane gas (scm) equal to 10.69 kWh. Electrical energy and gas are consumed in different proportions in two locations. About 90% of the electricity and gas is consumed in the administrative and operational headquarters of Riviera del Maestri del Lavoro and is closely linked to manufacturing; this consumption varies mainly depending on the (hot or cold) work processes carried out.

ENERGY CONSUMED WITHIN THE COMPANY	2017	2018	2019	2020	2021
ELECTRIC ENERGY (kWh)	4,140,938	4,854,427	4,850,263	4,985,095	4,973,257
METHANE (kWh)	737,578	662,737	703,499	822,542	960,742

During 2021, electricity consumption is in line with 2020 against a 17% increase in methane gas consumption. The increase in consumption is due to the growing use of methane used for the storage of some heat-sensitive raw materials and for heating the water used for the production and washing of mixers, filling machines and production plants. In the Corso Spagna building there are many variables affecting energy consumption (staff, offices, working hours, external environmental factors, systems).

Italmichica is continuously engaged in the design and implementation of new technologies to make production processes more sustainable from an energy point of view. To this regard, Italmichica's efforts are focused on developing increasingly innovative products that require and consume less energy. It is important, however, that people use them in the right way. Through our *Green Change Matters* sustainability programme, we run various campaigns that encourage responsible behaviour and raise awareness of the importance of energy efficiency.



WATER

Water plays a central role in Italtchimica's activities. It is an essential component in the creation and use of our products. Our ability to operate effectively and meet all the needs of our consumers depends on the access to, management and conservation of water, which is a renewable but not inexhaustible resource. This is why **Italtchimica has been committed for years to ensuring a contribution to the sustainability of water resources in terms of quality and quantity** throughout its value chain and in the drainage basin where the company operates.

Italtchimica's commitment, together with its brands, is to:

- promote water management through socially equitable, environmentally sustainable and economically beneficial use of water;
- optimise water consumption during operations and reduce the water footprint per finished product;
- preserve water quality at all our sites and along the value chain, from raw material procurement to consumer use;
- innovate the process and life cycle of our products with new technologies;
- assess materials suppliers' water sustainability policies, from consumption to progress towards achieving water targets.

FOCUS

THE PROTECTION OF RESOURCES LOCAL WATER

Veneto is one of the richest Italian regions in terms of water, both groundwater and surface water, so much so that its aquifers constitute one of the most important water reserves in Europe in terms of potential and quality. However, the region critically struggles in water consumption; although decreasing, it is still too high when compared to the European average. There is a high leakage rate in the water net, critical issues in urban centres as regards compliance with wastewater collection requirements and, last but not least, instability in rainfall levels and in the difference between precipitation and potential evapotranspiration, with reduced glaciers and increased risk of avalanches.

The provinces of Padua and Vicenza present a medium-high level of water stress, intended as the ratio between total water extractions (for domestic, industrial, irrigation, livestock and other uses) and recharge of groundwater and surface water availability. Italcimica's manufacturing plant is connected to the Padua municipal aqueduct's network for drinking water consumption. The source is the Brenta-Bacchiglione water catchment area, which is one of the most important basins in the Veneto region for the extension of the area (5,840 sq. km, including the Trentino region's part) and number of inhabitants (1,442,000) as well as the quantity of water carried.

Based on the SPI¹⁴ index for 2021 (12 months) referred to in the Report on Veneto region's water resources, issued by the Regional Department for Territorial Safety, in the Veneto region normal conditions are mainly recorded in north and moderate droughts are in the centre/south. In the course of 2021 there were signs of moderate drought in most of the Paduan territory and, in some areas close to the Rovigo and Venetian areas, severe drought levels were observed. Overall, compared to 2020, there was an increase in drought conditions across the region.

14 - The SPI, Standardized Precipitation Index (McKee et al. 1993) is used to characterise meteorological droughts in a given area.

TO REALLY ACHIEVE WATER SAVINGS, WE PURSUE A POLICY BASED ON THE SUSTAINABLE MANAGEMENT OF WATER RESOURCES THROUGH TARGETED MEASURES AIMED NOT ONLY AT CONTROLLING AND REDUCING CONSUMPTION, BUT ALSO AT ADOPTING GOOD BEHAVIOURAL PRACTICES.

Italchimica's water requirements are as follows:

- osmotized water used as an ingredient for production;
- mains water for heating;
- osmotized water for washing systems as well as filling and packaging lines;
- mains water for civil use in both facilities.



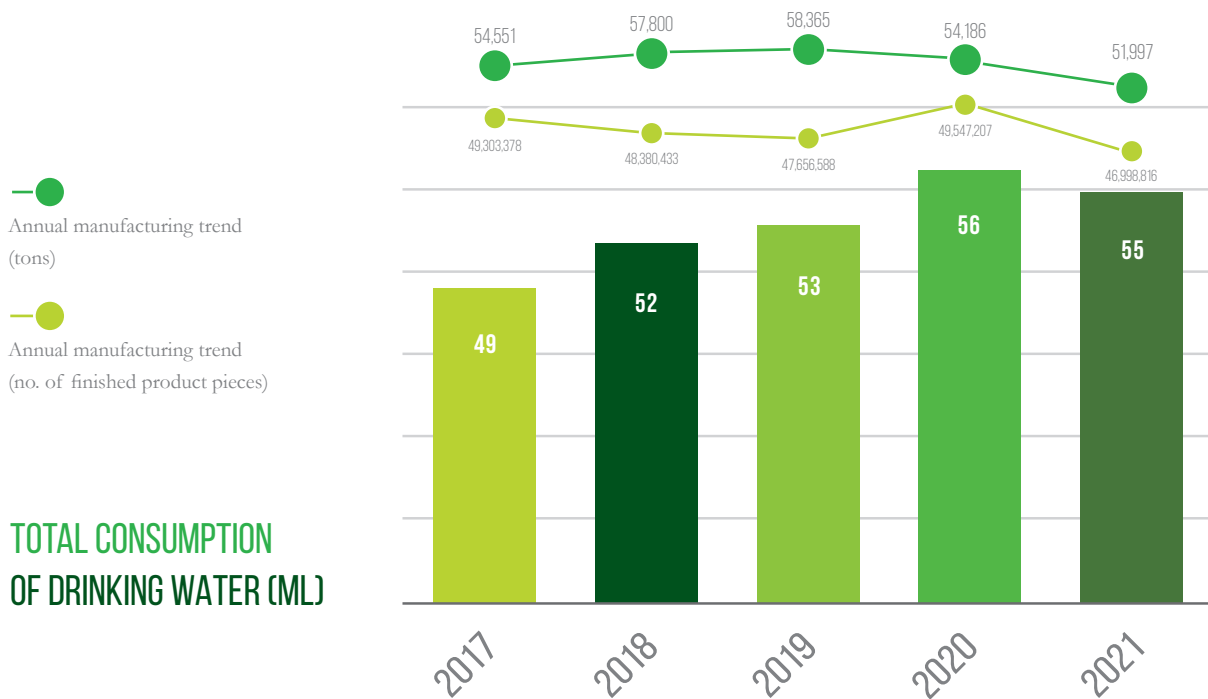
The Company has two separate water meters - one for the offices' requirements (toilets and domestic hot water), and another for the manufacturing plant's consumption. The water is used to create the formulation and then becomes part of the final product.

Italchimica regularly receives bills from the water provider; the Environmental Management System Manager is responsible for collecting water consumption data and monitoring trends over the years.

It has been estimated that the total water consumption in the Riviera Maestri del Lavoro plant derives:

- about 70% from its use as a raw material in the production process. Specific consumption varies according to the type of formulation produced;
- about 30 % from the use in washing processes of plant and equipment for laboratory activities and in the toilets of the various areas.

Furthermore, with reference to both Italchimica sites, it has been calculated that approximately 99% of consumption is attributable to production uses while the remaining 1% is attributable to sanitary use.



Between 2019 and 2020 there was an increase in water consumption of around 6%, which was justified by the increased number of plant and equipment washes per production line considering the particular production mix during the health emergency. While between 2020 and 2021 there is a slight decline of about 3% in relation to the reduction in production.

The significant consumption percentages recorded in the last four years highlight that it is necessary to act on different fronts to succeed in effectively controlling water consumption. On the one hand, we make our staff aware of the need to eliminate waste and to properly use water in toilets (by reporting any faults and malfunctions to the maintenance department). **On the other hand, standard practices to minimise waste while washing the manufacturing and filling systems are regularly defined.** In addition, our manufacturing plant is equipped with a closed cycle for the recovery of the water that is used for cooling the manufacturing machinery.

In 2019, a reverse osmosis system was installed, with a view to improving the chemical-physical and microbiological qualities for production and industrial processes, such as

washing procedures. The treatment is based on a membrane process through which almost all the suspended and dissolved substances contained in water are removed from it. The resulting concentrate containing the removed salts is then discharged. A flow meter quantifies the volume of water discharged, which for the year 2021 recorded 8,535 litres. This is the only industrial drain present in the company, which flows to the municipal sewer. Being the waste from the drinking water treatment system, it does not present significant pollutants except for higher salinity. The discharge is subject to analytical checks by accredited laboratories.

Italchimica was granted the Single Environmental Authorisation, pursuant to art. 3 of the Presidential Decree 59/2013, including the authorisation for discharge from an osmosis system.

The company has also an authorisation for civil domestic water discharges (as required by the Environmental Consolidation Act, It. Legislative Decree 152/2006).

EMISSIONS

Ever-increasing global temperatures are having progressively important and negative impacts on the environment, health and the economy. The excessive concentration of greenhouse gases in the atmosphere is the cause of this and is mainly due to the use of fossil fuels, which still meet about 80% of the final energy demand globally. Despite Europe's goal of achieving climate neutrality by 2050, global efforts to reduce emissions are proving ineffective in containing rising temperatures. The UN 2030 Agenda fosters energy supply from renewable sources to mitigate the effects of climate change and all eyes are on Cop 27 Sharm el-Sheikh 2022.



IN THIS GLOBAL SCENARIO, ITALCHIMICA'S STRATEGY FOR FIGHTING CLIMATE CHANGE PASSES THROUGH A PROGRESSIVE ENERGY TRANSITION. TO THIS REGARD, A MAJOR INVESTMENT IN CLEAN ENERGY BEGAN IN 2020-2021 WITH A PLAN TO REDUCE CO2 EMISSIONS (RECOGNISED AS A GREENHOUSE GAS, FALLING INTO THE CATEGORY OF GHG "GREEN HOUSE GAS" IN THE KYOTO PROTOCOL) BY AROUND 10% BY 2022 AND IN THE LONG TERM 50% BY 2030.

Italchimica's CO₂ emissions can be divided into:

- Direct, i.e. deriving from the direct combustion of fossil fuels used for heating (methane) and for refuelling transport vehicles (diesel and petrol);
- indirect, or deriving from electricity consumption. They depend on yield and the fuel used in the power plants owned by the provider companies.

Italchimica's carbon impact was mainly indirect and is connected for more than 80% to the consumption of electricity.



The potential climate-altering impacts generated by greenhouse gas (GHG) emissions was assessed using the “IPCC GWP 100a 2013” impact assessment method. This method proposed by IPCC (Intergovernmental Panel on Climate Change) is by far the most frequently used and recognised method by the international scientific community. The carbon impact of all greenhouse gases (CO₂, CH₄, N₂O, SF₆, PFC, HCFC) which is translated into Kg CO₂eq (kilograms of CO₂ equivalent) is taken into account in this model, as required by IPCC through the application of the most updated characterisation factors available¹⁵. Emissions of CO₂ equivalents are therefore a quantity of substances emitted into the atmosphere which are expressed in relation to the effect of carbon dioxide via conversion factors. The higher the CO₂eq emissions, the greater the impact on the Global Warming Potential (GWP).

Specifically, for direct emissions, the CO₂ emission factors of the UNFCCC national inventory, which is published annually by MITE, were used; while for indirect emissions the factors which are present in the SimaPro database were used.

In the period from 2018-2020, there was an increase in CO₂ emissions of 23%; while in 2021 a decrease of about 3% was observed, which however was justified by the slight decrease in production.

Between 2018 and 2021, there was a 45% increase in the direct emission contribution related to the

consumption of methane gas used for heating plants, wash water and offices.

In the course of 2021 there was one **significant reduction of 18% direct emissions from fuel consumption of the company fleet**. This figure shows that the renewal of the fleet, with the elimination of petrol cars, as well as the transition of many workers to smart-working (flexible working methods or the greater use of IT tools for video calls) has generated a significant **cutting of emissions**.

As far as emissions of other substances which are harmful to the environment are concerned, Italcimica boasts of a negligible release of polluting gases such as NO_x and SO_x, given that in its sites there is limited use of methane gas as a fuel. Emissions of dust and heavy metals are also almost zero and therefore negligible. In the production department there are three emission points into the atmosphere authorized pursuant to art. 269 of Legislative Decree 152/2006, one in the blowing department and two in the mixing / filling department.

Dust emissions are checked by an accredited external laboratory on a yearly basis.

CO ₂ eq CONTRIBUTIONS (t)	2017	2018	2019	2020	2021	DIFF %
INDIRECT CO₂eq (ELECTRICAL ENERGY) SIMAPRO	1,696	1,989	1,987	2,042	1,983	-
DIRECT CO₂eq (GAS) - UNFCCC	136	122	130	152	177	45.1%
DIRECT CO₂eq (TRANSPORT) - UNFCCC	115	199	201	202	165	-18.3%
TOTAL	1,946	2,310	2,318	2,396	2,326	-

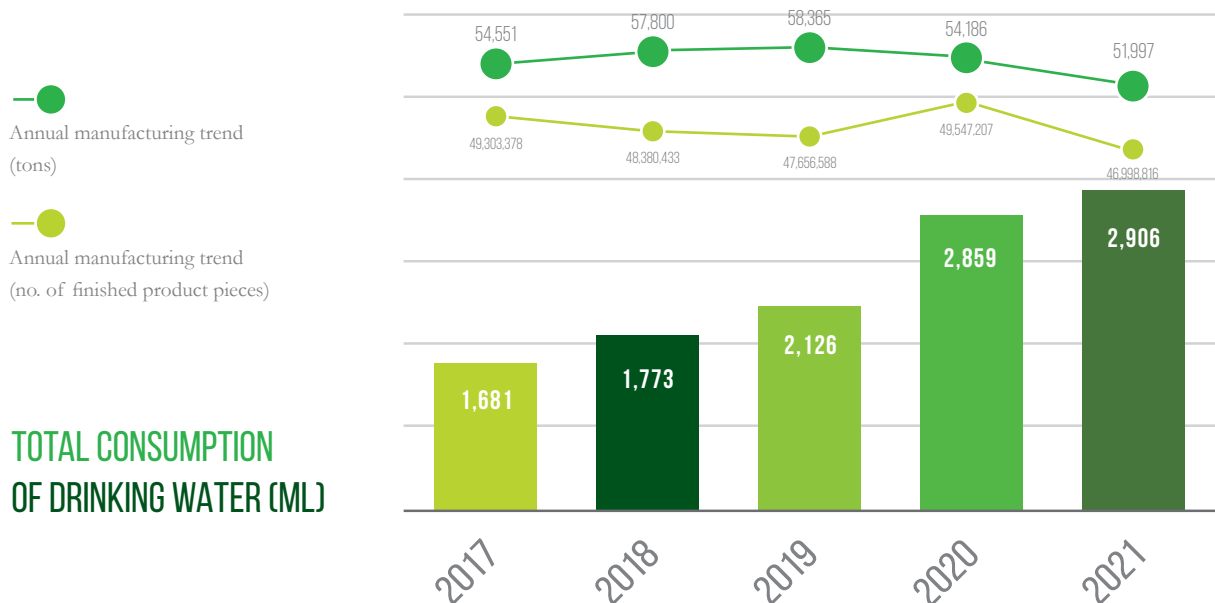
15 - Please note that HCFCs were not included in the calculation as there were no losses from the cooling system.

WASTE

With the goal of moving towards circular development model, Italmichica is constantly committed to identifying opportunities to generate value from the end of life of products/materials. We operate responsibly to better manage waste in close collaboration with our stakeholders in order to create together a new value added in the name of circularity. The company is constantly committed to optimising the management of waste produced through the monitoring and efficiency of processes, the identification of new recovery and recycling practices, as well as staff awareness. **We have an ambitious waste management policy that goes far beyond regulatory compliance and involves optimising the use of materials at various stages of production.**

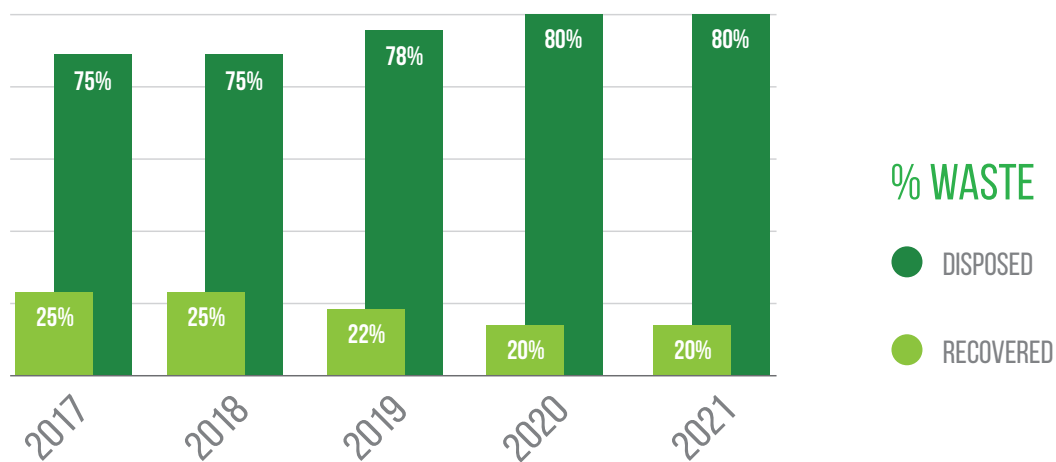
This approach is based on projects that aim to:

- Reduce waste from packaging used for transport in the various factories and distribution centres, through eco-design, reduction and optimisation of supplies, reuse and standardisation of materials. The use of smaller packaging means that there is less demand for pallets, resulting in fewer vehicles to transport them. The result is a reduction in CO₂ emissions, as also highlighted in the latest Prevention Dossier issued by CONAI (national packaging consortium), a three-yearly publication in which the Consortium illustrates cases of eco-sustainable packaging placed on the Italian market;
- Reduce wash water, which managed as waste, by increasing the percentage of concentrated formulations;
- Optimisation of wash water recovery systems;
- Design of purification systems to optimise the management of wash water;
- increase in internal packaging recovery.



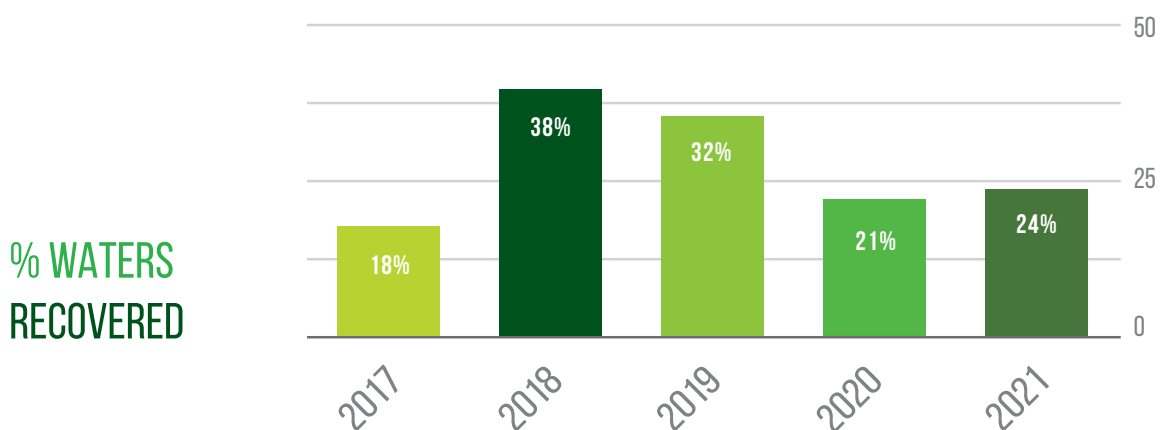
Over the last two years there has been a significant increase in the annual amount of waste generated compared to 2019, justified by the partial conversion of production that generated a type of wash water that could not be recovered as usual.

80% of the special waste produced in 2021 was to be recovered. Municipal waste is managed according to the regulations of the Municipality of reference. Hazardous waste (81%) is always managed carefully, in compliance with mandatory regulations and with a view to minimising environmental risks. It is delivered to authorised external companies in charge of handling and disposing of it.



98% of the waste considered hazardous is water used in the production of mixtures and the storage tanks', mixers' and machinery's washing cycles. Washing/sanitising is performed at each change of formulation.

For the past five years, Italmichica has been actively engaged in optimising the recovery practices for wash water destined for disposal. **Since 2017, the upward trend in recovery % remains positive (+6%). Impressive numbers continue to be recorded in 2021 (24% of water recovered).** The significant drop in the recovery trend compared to 2019 is linked to the partial conversion of the production of some semi-finished products into specific alcohol formulations that are difficult to recover. Looking forward, we are planning a systematisation of the current recovery operations with the aim of ensuring an on-going positive trend in terms of water conservation.



Another significant amount of waste is packaging, mainly paper and cardboard.

HAZARDOUS WASTE (KG)	2017	2018	2019	2020	2021
WASH WATER	1,252,410	1,310,000	1,635,030	2,371,360	2,325,470
INK WASTE	0	0	0	0	140
MINERAL OILS FOR NON-CHLORINATED HYDRAULIC CIRCUITS	400	900	200	540	430
PACKAGING CONTAINING RESIDUES OF DANGEROUS SUBSTANCES	4,140	14,030	33,420	38,510	35,400
OTHER CONTAMINATED MATERIALS	1,420	3,210	1,455	1,960	5,540
OUT-OF-SERVICE EQUIPMENT (CER 160211)	0	400	0	0	0
OUT-OF-SERVICE EQUIPMENT (CER 160213)	0	17	0	0	30
LABORATORY CHEMICAL SUBSTANCES	0	70	6	30	104
WASTE THAT MUST BE COLLECTED AND DISPOSED OF BY TAKING SPECIAL PRECAUTIONS TO AVOID INFECTIONS	0	3	25	47	63
NON-HAZARDOUS WASTE (Kg)	2017	2018	2019	2020	2021
PAPER AND CARDBOARD PACKAGING	264,465	298,955	270,830	312,335	322,025
PLASTIC PACKAGING	74,800	69,890	92,090	131,900	37,020
WOODEN PACKAGING	61,820	63,720	86,982	73,127	75,838
METAL PACKAGING	0	0	0	0	0
MIXED-MATERIALS PACKAGING	21,231	3,120	3,120	3,120	34,360
OUT-OF-SERVICE EQUIPMENT (CER 160214)	0	75	240	360	340
CARTRIDGE/ TONER WASTE	0	63	72	50	40
PLASTIC WASTE	0	0	2,670	22,240	60,300
ORGANIC WASTE	0	0	0	0	0
IRON AND STEEL	0	8,640	2,380	4,280	5,860
OTHER FERROUS MATERIALS	0	0	0	0	2,820

The compliance with some waste codes compared to previous years was due to changes made to internal waste management following a legislative update (Legislative Decree 116/2020).

RECYCLING IS CONGRUENT WITH THE COMPANY'S VISION. FOR YEARS EMPLOYEES AND END-USERS HAVE BEEN CONSTANTLY MADE AWARE THROUGH WASTE SORTING INSTRUCTIONS.

FOCUS

RECYCLING OF SILICON PAPER PROJECT

AN EXAMPLE OF CIRCULAR ECONOMY

Since 2017, Italtchimica has started to implement a system for the separate collection of paper liners in order to participate in a project for the recycling of silicone release paper materials. Due to the presence of silicone, the label liner is generally disposed of in landfills or by incineration, with a significant eco-friendly and economic cost. Thanks to this programme it is possible to give new life to liners, contributing to environmental sustainability and money saving. In addition to the recycling of this material, the yearly project includes and ends with the production of labels made of 100% recycled paper. Throughout 2021, the recovery of reel-label silicone paper made it possible to reduce the impact of this process step to zero (with approximately 86 tonnes of material recycled and 163 CO₂ tonnes saved).





The commitment to recycling and preventing potentially polluting production practices is a concrete way for the company to actively contribute to the global issue of marine pollution due to macro and microplastics¹⁶. In fact, large amounts of plastic waste are found in every corner of the oceans and the planet, without national borders being able to hold them. Plastic waste from any country can end up virtually anywhere in the world.

This is why the problem of plastic pollution of the oceans can be tackled at national and regional level mainly through coordinated voluntary measures. What is needed is the development of shared responsibility and a common approach. Italcimica has always raised stakeholders' awareness of the importance of good end-of-life management practices for products and has supported all the guidelines defined at European level with regards to the reduction of marine waste derived from microplastics. However, the public discussion on the topic is very controversial and complex. On an international level, there is still no single definition of the term "microplastics". In this context, we refer to the basic definition of ECHA, the European Chemicals Agency¹⁷. Based on European and AISE guidelines, we have long adopted concrete actions to move away from the use of raw materials that could impact our industry:

- since 2018, all our cosmetic products have been microbead-free. With this choice, the requirements of the Italian 2018 Budget Law were abided by almost two years beforehand;
- we are currently working on matting agents made from solid synthetic plastics. For our detergents and cosmetics, the switch to natural or biodegradable matting agents will be completed by the end of 2025;
- we have initiated projects aimed at eliminating certain types of synthetic perfume encapsulation, the nature of which is questioned as microplastics. We plan to replace all synthetic fragrance encapsulations with biodegradable solutions by 2025 at the latest.

IN THE MEDIUM TO LONG TERM, ITALCHIMICA PLANS TO PROGRESSIVELY INNOVATE THE RANGE OF THE RAW MATERIALS CURRENTLY USED WHILE INCLUDING SUBSTANCES WITH A LOW IMPACT ON HUMAN HEALTH AND THE ENVIRONMENT, AS WELL AS REMOVING THE MOST HAZARDOUS ONES. TO THIS REGARD, A MAJOR DECREASE IN THE QUANTITY OF HAZARDOUS WASH WATER IS ESTIMATED FOR THE COMING YEARS.

16 - Microplastics are made up of very small particles - generally sized less than 5 mm - of plastic materials. These fragments can be accidentally formed as a result of the deterioration of larger plastic pieces, including synthetic fabrics, or can be intentionally manufactured and added to certain products, such as cosmetics, cleaning detergents, etc., especially as exfoliating agents (microbeads), stabilisers or in connection with aesthetic (matifying) and sensory functions (synthetic encapsulations). Once these fragments have been released into the environment, they can build up in the body of animals, such as fish and crustaceans and as a result be ingested by consumers as food.

17 - To date, a proposal for a restriction on microplastics is being developed by the European Commission, through the ECHA committee report and the SEAC (Socio-economic Analysis Committee). If the draft is accepted by the EU Parliament and Council, it is estimated that the adoption of the restriction will take place between 2021 and 2022 with the likely application of a transition period.

04. SOCIAL RESPONSIBILITY

Italchimica's management is as aware of the importance of its company's social role as it is of its economic one. For this reason, it has for some time placed the needs of stakeholders at the centre of its development strategy. Particular attention has been paid to the internal matters and the well-being of workers, collaborators and the development of the local community.





GROWTH AND WELFARE OF COMPANY STAFF

8 DIGNIFIED WORK AND ECONOMIC GROWTH



Contributing to employment growth and decent work for all.

LONG-TERM STRATEGY

- Three-year plan to redefine the corporate organisational culture, with a focus on the enhancement of resources
- Expansion of the production plant, implementing 4 new production lines. A significant increase in the workforce is expected

2020 GOALS

- +6% of inclusive, hygienic and healthy workplaces
- 90% employees on open-ended contracts

2021 GOALS

- +1% of inclusive, hygienic and healthy workplaces
- Expansion of a floor dedicated to offices, with a dedicated canteen and a refreshment area
- Expansion of the staff of the MKTG and Sales offices, integrating new skills and methods to support the company's growth in the coming years
- 91.5% permanent contract employees

GROWTH AND WELFARE OF COMPANY STAFF

4 QUALITY EDUCATION



Ensuring inclusive and equitable quality education and equal opportunities.

LONG-TERM STRATEGY

- Skills mapping programme and strategic planning of training needs by 2022
- New services and benefits for employees by 2023
- Constant commitment and attention to the inclusion of women in the productive sectors, ensuring the current gender balance within the offices
- Ensuring the continuation of the inter-company synergy project for training and business growth by 2022

2020 GOALS

- Opening a company store for employees only
- Dedicated platform for affiliated products and services
- + 30% women hired (10% of the managerial sector)
- Targeted onboarding and social sustainability engagement programme for all staff

2021 GOALS

- Started mapping of skills and training needs
- Activation of numerous services consistent with the 2023 planning, such as: company sports group, parenting support service; establishment of dining and entertainment areas; inauguration of a company library; flexibility of working hours
- As per the 2020 target, expansion of the areas intended for staff and collective activities
- Specific training paths for all our women:
 - 4 different training paths
 - 716 hours
 - 44 resources trained
- Launch of an inter-company collaboration program for the sharing of best practices, resources and training courses between two companies in the Padua area

STAFF HEALTH AND SAFETY

3 HEALTH AND WELLNESS

Contributing to the improvement of health and well-being of stakeholders.



LONG-TERM STRATEGY

- Apply the best standards for safety management
- Minimising the number of accidents by investing in health and safety in the workplace
- Injury frequency index > 3 days lower than 17.53 by 2022
- Continuous optimisation of internal communication
-

2020 GOALS

- Preparation for migration from BS OHSAS 18001 to the UNI ISO 45001 standard
- Injury frequency index > 3 days equal to 16.6 (reference UNI 7249 standard)
- Supporting employees to protect safety during the COVID-19 pandemic
- Continuous awareness-raising of materials suppliers on occupational health and safety issues
- Monitoring the effectiveness of staff training
- Periodic review of substances used in production and possible replacement with chemicals with less impact

2021 GOALS

- Passage of the safety management system to the ISO 45001 standard
- Injury frequency index > 3 days equal to 11.1
- Strict application of protocols for the protection of workers against the COVID-19 epidemic
- Continuous awareness-raising of materials suppliers on occupational health and safety issues
- Monitoring the effectiveness of staff training
- Periodic review of substances used in production and possible replacement with chemicals with less impact
- Start of implementation of an internal communication channel

CONTRIBUTION TO THE LOCAL COMMUNITY

11 SUSTAINABLE CITIES AND COMMUNITIES

Contributing to the reduction of pollution, health and hygiene service optimisation and local cultural heritage protection.



LONG-TERM STRATEGY

- Sustainable mobility: objective of adopting a company carpooling system whose deadline has become connected to the company health and safety protection plans in relation to the number of contagions. Integration of the carpooling plan with the provision of tools to facilitate cycling
- Beginning of the conversion of the company car fleet to low-emission vehicles by 2023
- Expanding the programme of contributions to the preservation of local heritage on an annual basis

2020 GOALS

- CO₂offsetting: freedom project
- Cleaning programmes for monuments in the local area
- Donation of a medical ventilator to the intensive care unit of the local hospital
- Donation of over 3600 products to NGOs, communities and charities
- Supply of more than 12 million hygienisation and disinfectant products to schools and several retail chains

2021 GOALS

- The supply of hygienisation and disinfectant products to schools and several retail chains

In terms of human capital, the great resignation (i.e. the increase in voluntary layoffs, especially among young people under 35, looking for better career opportunities and greater serenity in the workplace) has been significant economic phenomenon that has characterized the last two years. For this reason, devising strategies to improve well-being in the company means increasing the attractiveness and sense of belonging to it; it essentially means defending one's human resources. If the corporate welfare services as an integration of normal remuneration are aspects which are increasingly considered by workers, the effect of these tools on the working and organizational climate should not be underestimated.

On the other hand, health and safety at work is a fundamental and essential part of corporate social responsibility. It is now a widely shared concept that a safe, healthy and comfortable workplace generates significant benefits, not only for workers, but also for the company. There are medium/long-term benefits as well as short term ones with regards to the positive contribution to the work environment given the economic and legal implications associated with accidents and occupational diseases.



Overall, we can say, without fear of denial, that corporate social responsibility is suitable for everyone!

For Italcimica, corporate welfare, safety care and initiatives for the local community represent valuable resources for the following operational directions:

- strengthening relationships in the corporate community, increasing corporate well-being by creating a working climate that counteracts the uncertainties of the historical period we live in. This avoids the emergence of fragility at a time of high market competition;
- Maintaining and improving the company's social reputation, implementing initiatives and actions aimed at monitoring the expectations of stakeholders. Socially relevant interventions can generate good results on the internal and external perception of the Company.

To this regard, **our policy aims to increase employee involvement by sharing goals, recognising and rewarding the efforts made by our employees, and ensuring flexibility and performance.** This contributes to enhancing the work environment to make it more stimulating, educational and inclusive. On the other hand, **the company aims to increase service and performance initiatives for the local community as well.** This benefits well-being at all levels and the reputational value of the company.

Confirmation of the importance of corporate welfare in this historical phase also comes from the results of the fifth *Censis-Eudaimon 2021 Report*, which highlights how for 95% of the organizations considered by the study corporate welfare is important, while for 62.5% it is a priority. The report shows how the search for well-being will become increasingly important in the near future in order to improve the quality of life, to cope with inequalities and to soften the effects of technological innovation. In this direction,

DURING 2021, IN LINE WITH WHAT WAS DONE IN 2020 AND HAS BEEN PLANNED FOR THE FUTURE YEARS, ITALCHIMICA STRENGTHENED THE STAFF AND THE PROGRAMME DEDICATED TO HUMAN RESOURCES with two specific targets:

improving personnel administration activities and outlining an HR area development plan for the next few years. First focused on personnel selection and appointment processes, this process culminates in the development of a human resources management plan, including specific actions aimed at:

- encouraging staff responsibility for environmental protection and the reduction of environmental impacts;
- enhancing social responsibility by implementing active development and equity policies within the company and reinforcing a well-being and work-life balance system for all staff.

Italcimica strongly believes that its employees' active involvement in the success of initiatives and in corporate sustainability is a driving, innovating force of the future.

Another founding principle of the company policy is the prevention and reduction of the risk of accidents and the onset of occupational diseases in those who are directly or indirectly engaged in company activities.

The implementation of this principle is based on the constant training of personnel, the definition of safe working procedures and the monitoring of their effectiveness; these actions cannot disregard the involvement of workers in safety management, transforming them from passive recipients of accident prevention regulations to protagonists of a cultural change that emphasises safe work.

In terms of social responsibility, our principles are consistent with the vision of the sector goals identified by the UN for 2030.

HUMAN CAPITAL

Our People are the promoters of the transformation and great change that has been taking place in recent years. Therefore, the priority goal of Italmonted's human resources policy is to continue promoting their well-being and professional growth. This is achieved by recognising merit, developing talent and ensuring equal opportunities.

CONSTANTLY FOCUSING ON AMBITIONS AND ASPIRATIONS OF OUR STAFF IS CORE TO OUR SOCIAL SUSTAINABILITY PLAN, WHICH IS BASED ON A STRATEGY OPEN TO EXCHANGING VIEWS AND FOSTERING DIALOGUE BOTH IN-HOUSE AND EXTERNALLY, IN ORDER TO ENHANCE INVOLVEMENT AND ENGAGEMENT AND SUPPORT THE COMPANY IN THE DEVELOPMENT PROCESS.

In that regard, increasing human capital is a key factor to carrying out and improving business activities, as well as creating sustainable value over time.

YEAR	NUMBER OF EMPLOYEES	GROWTH RATE
2014	60	-
2015	111	+85%
2016	132	+19%
2017	146	+10%
2018	151	+3%
2019	164	+8%
2020	174	+6%
2021	176	+1%

OUR PEOPLE

Our staff is a valuable and indispensable asset, the driving force behind the company's success.

It is in fact only thanks to their commitment, dedication, ethics and professionalism that Italcimica is able to meet the growing demand of customers and consumers for high quality, effective and sustainable products.

The daily objective of the company is therefore not only to guarantee a production group of excellence, but also to be a workplace that people can, in some way, consider as a second home. This applies to both established and new employees. In fact, the Company launched a corporate onboarding programme in 2020 to enable the most effective integration of new colleagues in a changing company, given its continuous development. The programme makes administrative aspects efficient and plans cross-functional interviews by following the induction of people into the function and into the corporate team.

EUROPE

ITALY	134
MOLDOVA	20
ROMANIA	8
ALBANIA	3
BELGIUM	1
GERMANY	1

ASIA

INDIA	2
SRI LANKA	1
BANGLADESH	1



SOUTH AMERICA

COLOMBIA	1
VENEZUELA	1
BRAZIL	1

AFRICA

CAMEROON	1
MOROCCO	1

DURING 2021, THE NUMBER OF ITALCHIMICA'S EMPLOYEES MAINTAINS A POSITIVE GROWTH TREND.

We have 176 employees, of whom 23% are women and 77% are men.

Italchimica workforce's in the last year was made up of 59% of blue-collar workers, 34% of office workers, 5% of managers and 2% of executives.

CATEGORY	2018	2019	2020	2021
EXECUTIVES	-	-	-	3
MANAGERS	10	10	10	9
WHITE-COLLAR WORKERS	48	48	59	60
BLUE-COLLAR WORKERS	93	106	105	104

During 2020-2021, human capital growth primarily affects the white-collar population, as a result of the 2019 functional reorganisation of some corporate structures and the structural reorganisation that the company implemented to meet the challenges of the Covid-19 pandemic. Between 2018 and 2019, there was an increase in the blue-collar worker population compared to the previous year. This trend results from a major production growth recorded by the company over the three years under examination, which called for a new workforce in the manufacturing departments. On the other hand, the white-collar population in the last two years has grown to accommodate the significant growth and increased complexity of the company and the context in which it operates. The corporate development project will require the integration of new professional figures with the addition of new skills, to strengthen the already established team and increase resilience in the current context of high market competition.

YEAR	EMPLOYEES	WOMEN	EQUAL TO
2016	132	30	22.7 %
2017	146	37	25.3 %
2018	151	29	19.2 %
2019	164	30	18.2 %
2020	174	39	22.4%
2021	176	40	22.7%

Italchimica considers the issue of women's *empowerment* a great growth opportunity for the company's business in the coming years. In this regard, the Company is planning to include, in its sustainable growth plan, objectives to enhance the role of women within the company. The steadily growing numbers of women testify to a spontaneous principle of care and attention towards this issue. **More specifically, during 2020-2021, the number of women in the company increased by 33% compared to 2019.**

CATEGORY	2021	WOMEN	EQUAL TO
BLUE-COLLAR WORKERS	104	4	3.8%
WHITE-COLLAR WORKERS	60	36	60 %
MANAGERS	9	0	0 %
EXECUTIVES	3	0	0%

The category that has seen the inclusion of female resources is the white-collar population. As a matter of fact, the employee percentage of women reached 60% of the total employees in 2021. During 2021, Italmichimica inaugurated a training course dedicated to 40 women in the company; a total of 716 hours of training were provided on the following topics: female leadership, project management and effective communication. In addition, approximately 100 hours of individual technical training were provided to employees.

STAFF STABILITY

Italmichimica always applies merit and expertise criteria in the selection of personnel. What is important to us is offering stable positions with chances to grow within the company. Between 2019 and 2020, more than 90% of employees were hired with open-ended contracts, of which 3% with apprenticeship contracts aimed at fostering growth and training within the company.

YEAR	TYPE OF CONTRACT	MEN	WOMEN
2019	Permanent contract	153	24
	Temporary contract	11	6
2020	Permanent contract	161	34
	Temporary contract	13	5
2021	Permanent contract	125	36
	Temporary contract	11	4

Due to the strong growth in production in last few years and the need for great human resource support for this growth, only 1 in 176 employees work part-time.

EMPLOYEES	TOTAL	PART-TIME	WOMEN
2017	146	2	2
2018	151	2	2
2019	164	2	2
2020	174	1	1
2021	176	1	1

During 2020-2021, Italcimica significantly reduced the use of agency-supplied staff compared to 2019, thus consolidating the organisational structure in a sensitive period such as the pandemic. The decision to do so was encouraged by structural investments and the efficiency of the machines used in the production department. This has led to process optimisation, resulting in less demand for additional staff during peak productivity periods. To this regard, 2020 has made it possible to stabilise the management of resources to a greater extent and to release the company's direction from the seasonality of production.

EMPLOYED	TOT	WOMEN	MEN
< 30 YEARS OLD	8	4	4
30 < 50 YEARS OLD	17	12	5
> 50 YEARS OLD	3	3	0
GENERAL	28	19	9

TERMINATED	TOT	WOMEN	MEN
< 30 YEARS OLD	6	5	1
30 < 50 YEARS OLD	17	12	5
> 50 YEARS OLD	3	2	1
GENERAL	26	19	7

TURNOVER RATE	TOT	WOMEN	MEN
< 30 YEARS OLD	8%	5%	3%
30 < 50 YEARS OLD	19%	14%	6%
> 50 YEARS OLD	3%	3%	1%
GENERAL	31%	22%	9%

Italchimica is a young, pro-active company, taking care to keep up with market trends. Employees under 39 are the majority of the workforce, accounting for 78% of the total.

The turnover rate in 2021 was 31%, an increase of 7% compared to 2020. In view of this increase, and in line with the national trend, the company promptly strengthened its internal retention and well-being plans. Despite the increase in turnover, Italchimica intends to persevere in its employee loyalty policy and, where possible, strengthen it by resorting to welfare and professional growth tools.

The value recorded by Italchimica remains, however, significantly lower than the national figure. In the ISTAT data, in fact, in the usual annual integrated reading on the workplace, it is noted that the gross national turnover figures for the year 2021 are rather high, especially that of the Industry sector, which accounts for about 46%.

WELFARE - WELLBEING

Italchimica is committed to offering its people a safe and healthy, but also comfortable and stimulating work environment: **the well-being of employees is in fact a key element for the company's success.** In order to support and foster the well-being of its people, the organisation has implemented a number of welfare initiatives over the years to try to improve the lives of employees both in and outside the workplace.

During 2020, the company had implemented a member-dedicated online discount platform that facilitates staff in the purchase of global consumer goods or services, providing new opportunities and savings for workers' families. At the same time, the company store for employees was renovated. To this regard, company staff has become the first brand ambassador and testimonial of the production quality of Italchimica branded products.

There are many planned and ongoing activities:

- The implementation of an inter-company cooperation project involving 0 km (geographically close) companies, in order to exploit the economic and human resources employed in a synergic way;
- The main goals of the work include increasing the well-being of employees as well as the organisational efficiency of the company;
- The ongoing initiative can extend the professional life of staff on a fixed-term contract by establishing inter-company careers. The project will also ensure the possibility to undertake inter-company training and develop car-pooling projects;
- The adoption of management software that improves information flows and ensures greater organisational efficiency within the company;
- Staff training paths, inside and outside the company, with particular attention to the female population;
- Expansion of areas intended for staff and collective activities: a company yard for collective corporate events, inauguration of a new building with new large changing rooms, a canteen dedicated to workers and a large multipurpose hall for indoor events and conventions;
- Adoption of a program of new services and benefits for employees, such as: company sports group, parenting support service, inauguration of a company library; flexible working hours.

STAFF SAFETY

Increasing the company culture in the field of health and safety as well as improving the awareness of employees is a commitment that Italcimica has always carried out with awareness and continuity, aiming at creating a workplace with the highest standards in this field. The promotion of health and safety is a priority principle of its working method in order to protect employees, customers, contractors and anyone who comes within the Company's sphere of influence.

HEALTH AND SAFETY DOES NOT ONLY REPRESENT A MERE APPLICATION OF LEGAL OBLIGATIONS WITH THE FULFILMENT OF FORMAL AND BUREAUCRATIC OBLIGATIONS, BUT IT IS ALSO A POWERFUL TOOL FOR THE CREATION OF SUBSTANTIAL VALUE THROUGHOUT THE PRODUCTION CHAIN.

INTEGRATED MANAGEMENT SYSTEM

In 2016, Management endorsed the Integrated Environment and Safety Policy, which describes the Company's commitment to curb and, when possible, eliminate the risks to workers' safety and health. With this in mind, Italcimica constantly pursues the following operational guidelines:

- pursuing constant improvement in safety management through the systematic identification of dangers and the assessment of associated risks, as well as the definition of objectives for their elimination or reduction;
- preventing and reducing of the risk of accidents and the onset of occupational diseases in those who are directly or indirectly engaged in company activities;
- defining staff roles, responsibilities and authorities and appointing adequate resources to implement, keep up and improve the system;
- making sure that staff have adequate skills, training and sensitivity;
- ensuring worker communication, participation and consultation with regard to safety- and health-related issues in the workplace and in the environment.

For years, the Company has been moving towards a modus operandi that limits risks as much as possible and allows all stakeholders (workers first and foremost) to be involved in this process.

To this regard, **all staff at Italcimica are involved in managing safety and health issues**, as well as urged to co-operate for the sake of protection through periodic training, constant information and daily guidance precisely on the basis of this stake.

The dissemination of a culture of safety and individual responsibility as well as the creation of risk awareness are central factors in continuing to provide a safe work environment.

During 2020-2021 **Italcimica continued to monitor company processes and completed the revision of the procedural body of the Integrated Management System** for adaptation to the new regulations. Specifically, **the transition to the ISO 45001 standard was completed.**

SAFETY TRAINING

Employees are periodically updated on the health and safety improvements adopted or planned, the rate and trends of accidents in the workplace and staff training plans. On these occasions, all employees are called upon to actively contribute to the development of the prevention and protection system by reporting suggestions for improvement in operating procedures, and suggesting new work methods that can reduce work-related risks. Employees are also required to regularly take part in the Company's safety training courses.

ALL WORKERS ARE PROVIDED WITH COMPLETE SAFETY TRAINING WHICH IS APPROPRIATE TO THE ASSOCIATED RISKS AND THE PREVENTION MEASURES TO BE TAKEN.

The generic training course is the same for everyone, whereas the course on specific risks varies according to one's employee category. In particular, the topics of the training course for white-collar workers, who do not access the manufacturing department and carry out typical office tasks, refer to low-risk situations, possible damage and accidents, as well as the consequent prevention and protection measures and procedures associated with typical office

activities (work environment, microclimate, lighting, video terminals, emergency procedures, etc.). On the other hand, the manufacturing department's operators are trained to tackle high-risk situations connected to their specific jobs (chemical risk, electrical risk, mechanical risk, vibration, noise, manual handling of loads, etc.). With regard to prevention, it is essential for operators to be rigorously trained on the use of personal protective equipment and on the regulatory framework governing safety and health in the manufacturing department.

In 2021, safety courses amounted to a total of 2,214 hours, a significant increase compared to the 712 hours in 2020. However, it should be noted that such a significant increase is partly due to the periodic updating of a large part of the working population 5 years after the previous training.

EMPLOYEE SAFETY DATA	2017	2018	2019	2020	2021
FATAL ACCIDENTS	-	-	-	-	-
1-TO-3 DAY INJURIES	2	5	-	1	5
INAIL INJURIES (> 3 DAYS)	8	11	11	5	4
OF WHICH COMMUTING INJURIES	2	0	3	1	1
INJURY RATE *	8	9.2	6.1	3.2	5
THE INJURY RATE ABSENCE> 3 DAYS *	6.4	6.3	6.1	2.7	2.2
THE INJURY RATE ABSENCE> 3 DAYS (UNI 7249 STANDARD)	24	17.2	24.9	16.6	11.1
TOTAL WORKING HOURS*	249,555	348,623	361,269	374,510	361,313

In 2021 there was an increase in the number of injuries compared to 2020; however, these were mainly accidents of an impromptu nature that resulted in 1 to 3 days of absence. **On the contrary, injuries with a prognosis of more than 3 days decreased with a UNI frequency index that fell from 16.6 in 2020 to 11.1 in 2021.** Only one accident was attributable to commuting from home to work, while 90% of accidents were caused by accidents in the workplace.

Downstream of the accidents, Italcimica conducted an in-depth analysis to improve employees' safety, with a view to reducing accidents, minimising hazards and curbing risks. To this regard, the Company collaborates with an Occupational health physician to periodically carry out medical examinations and inspections, and to manage prevention, diagnosis and work-related stress treatment as well as, if necessary, professional diseases.

(rates referred to in point 2.1.4 GRI 403-9)

* Rates were calculated based on 200,000 working hours

COVID-19: ITALCHIMICA'S RESPONSE

During the Covid-19 emergency, Italcimica never stopped: the company worked daily to ensure that the supply chain of consumer staples was not interrupted and to allow people to experience as little discomfort as possible during the isolation period.

THE COMPANY IS EXTREMELY PROUD OF ITS WORK AND WOULD LIKE TO THANK ALL THOSE WHO HAVE CONTRIBUTED DIRECTLY AND INDIRECTLY, DESPITE ALL THE DIFFICULTIES, TO THE RESULTS ACHIEVED IN A DIFFICULT PERIOD FOR THE COUNTRY.

The priority during the difficult weeks of the pandemic was to try to ensure, first and foremost, the highest standards of health and safety for workers, complying with government regulations, and secondly, to ensure continuity of work for all staff. Given the extraordinary nature of the pandemic situation, the measures taken were exceptional. In order to have less people in the same space, the following measures were implemented:

- extended use of agile working;
- distancing of the remaining staff in all available areas;
- the partitioning of the work areas;
- remodelling of work shifts and work breaks to avoid crowding in common areas.

In order to guarantee the protection of staff in the workplace, the following measures have been taken:

- mandatory use of masks indoors;
- measuring temperature upon entry to the workplace for all staff;
- systematic green pass verification of all internal and external staff;
- provision of hygienising gels and detergents throughout the company;
- daily sanitation of communal and individual areas.

As part of the internal protocols, it was necessary to implement from scratch a set of suitable procedures to protect workers' health against the risk of infection. Therefore, within a short period of time, a new management protocol and a new entry procedure for workers, materials suppliers and customers were implemented internally. The company also provided a 24/7 free psychological support service for staff.

One of the most effective tools has undoubtedly been to empower individuals to behave carefully and consciously, both inside and outside. This led to a strong inclusion of employees, who were called upon to fulfil a social objective: the production of disinfectants and hygienising products to support the local community and general population. Thanks to the resilience and focus of our stakeholders, we have ensured continuity of production at very high qualitative and quantitative levels, demonstrating a high spirit of social responsibility. Finally, there has been a great deal of coordination and planning that has ruled out outbreaks within the company, despite the continuity of production activities.

STAFF TRAINING

For Italcimica, training is an important and strategic element in perspective, for internal growth, the enhancement and development of skills and potential, but also for talent retention and talent attraction.

IN THE LAST 5 YEARS, SOME EXECUTIVE OR 2ND LEVEL UNIVERSITY MASTER'S DEGREE COURSES WERE FUNDED FOR COMPANY STAFF IN THE FIELDS OF ADMINISTRATION AND FINANCE, OPERATIONS AND THE ENVIRONMENT, CORPORATE MANAGEMENT, HUMAN RESOURCES AND PROJECT MANAGEMENT.

All company staff, both direct and agency-supplied, are also subject to a yearly assessment of their work aimed at identifying areas for improvement and the strengths of each employee. This tool has been implemented with a view to tracing professional growth paths for individual employees and identify the necessary preparatory training actions for them. This assessment, disconnected from the company incentive systems, is intended as an opportunity for bilateral comparison and analysis among employees and their direct superiors. Ample space is left for discussion and employees' contributions. As a matter of fact, employees have an opportunity to report their comments and requests in comparison forms. This feedback tool, already available in the company but still under development, paves the way for an integrated system aimed at analysing and assessing the skills to be implemented by the company over the next three years.

Furthermore, in order to make the training activity structured and effective, a linear process based on several consequential development phases is being planned:

- process analysis of training needs, e.g. through the administration of a questionnaire aimed at understanding the gap between expected and actual skills;
- planning training based on the previous phase;
- provision of training;
- evaluation of satisfaction.

In addition to supporting the general training of all employees, as a paramount element of human development, Italcimica particularly cares about the theme of female empowerment and the enhancement of women's professional experience. To this regard, in 2021 the Company will inaugurate a specific dedicated course of 716 hours with the aim of:

- enhancing technical and transversal skills;
- trying to foster work-life balance;
- encouraging greater participation of women in the economy as drivers of business and territorial development.

The 4 training paths outlined are listed below:

COURSE	DURATION
PROJECT TOOLS MANAGEMENT	22 hours
FEMALE LEADERSHIP	8 hours
HR AND DIGITAL TRANSFORMATION	16 hours
COMMUNICATING TO BUILD SUCCESSFUL BUSINESS RELATIONSHIPS	20 hours

Overall in 2021 3,030 hours of training were provided to the working population with an hourly average of 17 hours per employee

CONTRIBUTION TO THE LOCAL COMMUNITY

THROUGHOUT 2021, GIVEN THE PERSISTENCE OF THE PANDEMIC, ITALCHIMICA WAS AWARE OF ITS ROLE AND MAINTAINED ITS COMMITMENT TO SUPPLYING SANITISING AND DISINFECTANT PRODUCTS TO SCHOOLS AND TO VARIOUS LARGE-SCALE DISTRIBUTION CHAINS.



SUSTAINABLE CORPORATE MOBILITY PROJECT: CORPORATE CARPOOLING

For Italcimica, sustainable mobility means giving people the chance to move freely, enabling them to communicate and establish relationships without ever losing sight of the human and environmental aspects, now and in the future.

The issue is one of the most debated topics in local, national and international environmental policies

aimed at reducing the environmental impact of the mobility of people and goods. The implementation of a corporate carpooling programme will lead to savings in terms of transport, reduced pollution and greater sharing between employees. Carpooling is based on the logic of sharing and making the most efficient use of a private vehicle by maximising unused capacity. Multiple employees who commute along the same route agree to do it together using a car of their own. Observing the national statistics, there has been continuous growth in the use of this practice over medium and long distances up to the beginning of 2020, i.e. until the pandemic scenario effectively blocked private mobility. Today, the tool is slowly recovering and specialised companies are encourage the use of carpooling; it is reasonable to expect that, once the difficulties related to COVID-19 have been overcome, this tool will become central to strategies aimed at pursuing sustainable mobility.

Furthermore, Italcimica is currently integrating the carpooling plan with the preparation of tools aimed at encouraging bicycle travel.

RESTORATION PROJECT FOR LOCAL MONUMENTS

Italcimica has proposed and obtained approval from the municipality of Abano Terme to carry out a free-of-charge restoration of the monument dedicated to Christopher Columbus. In particular, the Company carried out a targeted cleaning and conservation of the monument through an innovative detergent with high biodegradability, patented and designed specifically for stone materials.

This first restoration work started a process of active participation by the Company in the conservation of the local heritage; in fact, other interventions during 2021 were planned that will take place over the next three years. Italcimica's wish is to consolidate and extend this project in the Community, in order to contribute to the care and preservation of art and culture in the area. The product can potentially be used to treat all civil, historical, monumental and valuable buildings, both public and private, guaranteeing their perfect conservation.





05 ECONOMIC RESPONSIBILITY

For years, Italcimica's path to economic growth has been based on creating value for our customers and consumers, for the Community in which we operate and for the Company, while at the same time reducing its environmental footprint. This is the concept behind our sustainability strategy, with the aim of achieving conscious goals.



ECONOMIC IMPACT

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We are committed to achieving higher levels of economic productivity through diversification, technological updating and innovation by 2030.

LONG-TERM STRATEGY

- An industrial plan (2021-2023) based on a concerted strategy for a climatically neutral, resource-efficient and competitive economy
- Designing sustainable, safe and less polluting products by progressively strengthening the linear model of circularity
- Optimising waste management in support of circularity, with significant investment in the secondary raw materials market
- Empowering purchasers, end-users and consumers to make informed choices by enhancing their knowledge

2020 GOALS

- + 51% turnover compared to 2019
- +114% value added
- 0.5% of value added invested in research and development after accounting the cost of personnel
- 9% of value added invested in production efficiency

2021 GOALS

- + 12% compared to the indefinite “normalised” 2019 year
- -42% value added compared to 2020
- + 25% compared to the “normalised” year 2019
- 0.8% value added invested in research and development
- 10.4% of the value added in investments for production efficiency

The pandemic and the energy crisis have highlighted the limitations of the global economic system based primarily on the linear model, which extracts resources and generates waste to produce goods. Such an approach inevitably leads to environmental degradation, climate change, loss of biodiversity and other forms of pollution. For a long time, it seemed that growth and resource consumption necessarily went hand in hand. Nowadays, as population and living standards rise, there is a perception that we are getting closer and closer to resource depletion. With the world population expected to grow to around 9 billion by 2050, this trend looks set to accelerate. It is estimated to soar in the coming decades as natural resources, such as fossil fuels or water, are depleted much faster than the planet can produce them.

This makes it necessary to release growth and quality of life from resource consumption and emissions. We are well aware of this challenge and we take it into account when planning our business strategy.

ITALCHIMICA'S CONTRIBUTION TRANSLATES INTO THE RESPONSIBLE DEVELOPMENT OF PRODUCTS AND THE USE OF INNOVATIVE PROCESSES, LESS IMPACTFUL FROM A CONSUMPTION POINT OF VIEW AND CHARACTERISED BY HIGH PERFORMANCE AND QUALITY STANDARDS.

This requires concerted action and the responsibility of all links in the entire value chain, from raw material suppliers to end users. In this regard, **we consider dialogue with stakeholders to be a valuable opportunity to identify the needs of different markets beforehand and to chart the direction of our activities.**

Constant dialogue enriches us with new ideas that flow into the development and elaboration of our strategy.

Transparent communication with all stakeholders on how to manage the economic resources received and the economic impact on the primary stakeholders are priorities for Italcimica. This is key to building and developing trust relationships with the Community and the area in which the company is active, in a perspective of continuity and interest reconciliation. We are committed to contributing to the quality of life, thereby generating value with less use of resources and reducing our negative impacts on the environment and society. In this sense, **Italcimica shares the Vision 2050 of the World Business Council For Sustainable Development (WBCSD)¹⁸: “By 2050, more than 9 billion people will be living well within planetary boundaries.”** This vision underpins our sustainable business strategy: **innovate and achieve more with less.**

Our goal is to create and reduce our footprint at the same time. To do this, **we focus on innovations, products and technologies that improve the quality of life with fewer resources.** With the experience we have gained, we aim to work with our stakeholders to develop sustainable solutions for the future. This way, we will contribute to both Italcimica's economic growth and the progress of Sustainable Development, in line with the goals identified by the UN for 2030.

18- The World Business Council for Sustainable Development (WBCSD) was founded on the eve of the 1992 Rio Summit as a platform to foster corporate sustainability aimed at giving voice to the business sector. The WBCSD's «Vision 2050» report, prepared in collaboration with leading experts and business leaders, outlines the must-have innovations that the business sector should introduce in the coming decades to achieve global sustainability. In other words, it is a call for sustainability from within. Economic responsibility

FOCUS

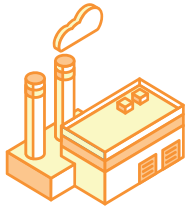
THE POTENTIAL IMPACT OF THE CIRCULAR ECONOMY

According to a recent study, applying the circular economy principles to the EU economy as a whole could increase GDP by a further 0.5% by 2030 and create around 700,000 new jobs ¹⁹. There is also a clear commercial advantage for individual companies: on average manufacturing companies in the EU spend about 40 % of their expenditure on purchasing materials, so closed-loop models can increase their profit while protecting them from resource price fluctuations.

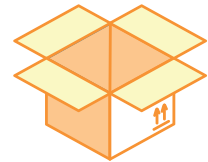
By leveraging the potential of digital technologies and investments in clean energy, the circular economy can therefore strengthen the EU's industrial base.

Our commitment to a gradual transition to a circular economy model aims to provide high quality, functional, safe and efficient products that last longer and are designed to be re-used, repaired or subjected to quality recycling processes. Alongside continuously innovating our products, we aim to enhance product-as-service models. In this vein, **WE PROMOTE SUSTAINABLE SERVICES IMPROVING THE QUALITY OF LIFE, INCREASING KNOWLEDGE AND MAXIMISING SKILLS.**

19- Cambridge Econometrics, Trinomics and ICF (2018), Impacts of circular economy policies on the labour market



MANUFACTURE FOR CIRCULAR ECONOMY



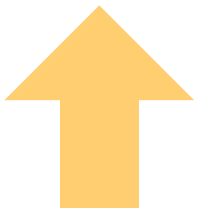
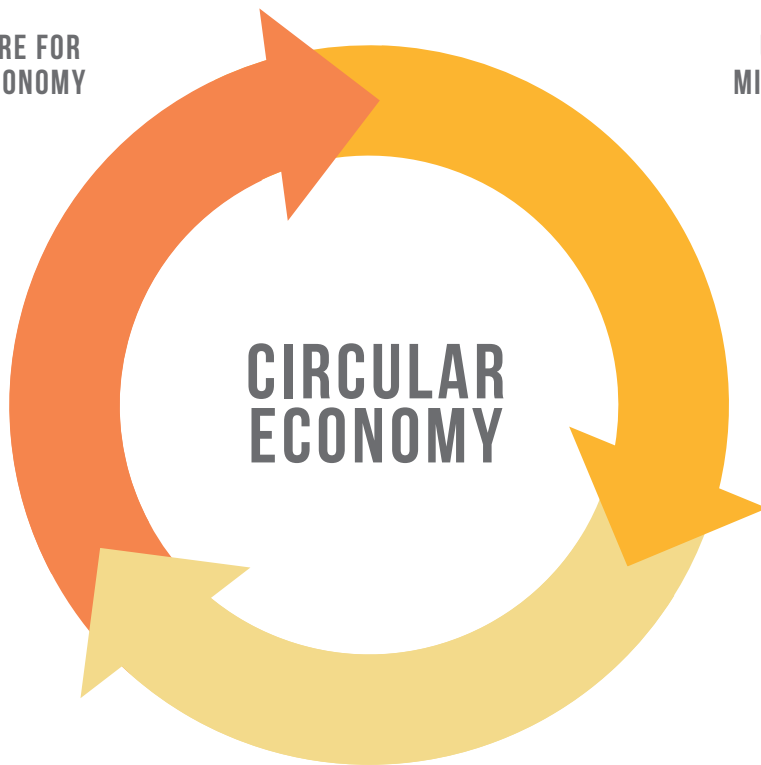
USE LESS TO MINIMIZE WASTE



DESIGN FOR CIRCULAR ECONOMY



COLLECT AND SORT WASTE



LESS NATURAL RESOURCE USE



MAXIMISE RECYCLING



MINIMISE WASTE TO LANDFILL

ECONOMIC IMPACT

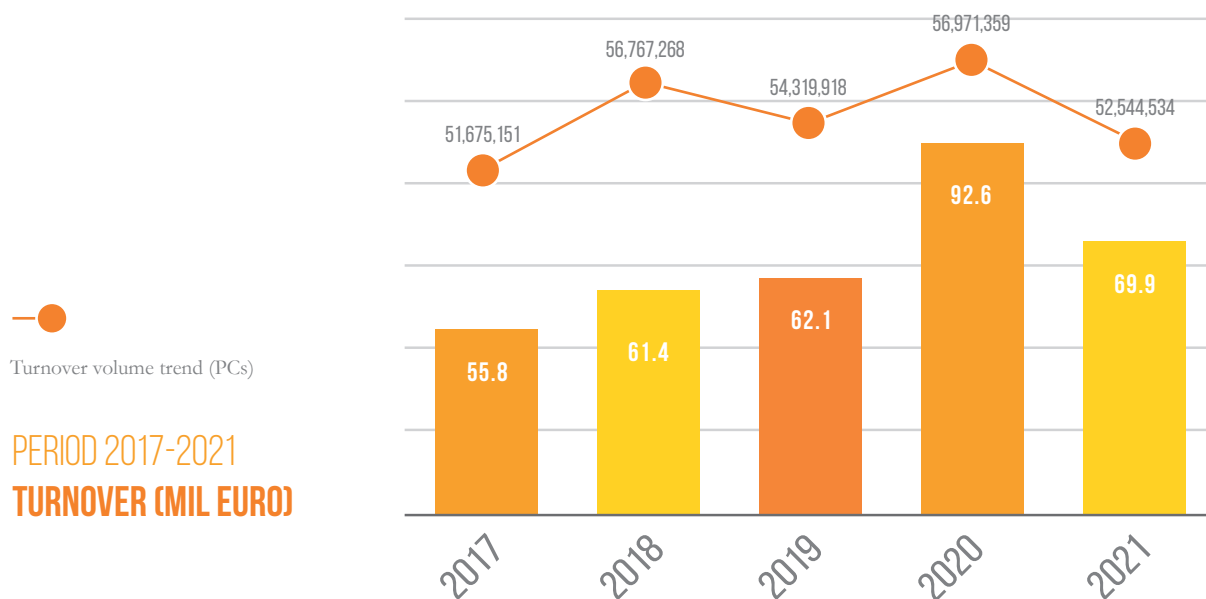
In 2021, Italcimica's turnover will be 69.8 million euros. The sharp increase in the number of units produced over the past year is mainly due to the partial conversion of production during the pandemic period.

The comparison with 2020 is distorted by the important sales of disinfectant products made in that year, as a consequence of the partial conversion of production to face the Covid 19 pandemic, but also as a consequence of the strengthening of corporate brands. However, in 2021 as well, turnover and production also substantially followed the growth trend of previous years, confirming Italcimica's increasingly important role among Italian and European industrial companies in the cleaning and cosmetics sector.

The trend of the last year mainly concerned the consolidation of turnover with the increase of the same compared to the normalised 2019 year and the continuation of excellent margins of the products sold.

PERIOD 2015 - 2020		REVENUE (MIL EURO)	TURNOVER VOLUME (PCS)
	2017	55.8	51,675,151
	2018	61.4	56,767,268
	2019	62.1	54,319,918
	2020	92.6	56,971,359
	2021	69.9	52,544,534

The turnover trend of the last two years, however, is consistent with the national market trend of the sector. From a survey conducted by the Assocasa - Federchimica Osservatorio about 2021 (detergency market), it emerged that, despite the growth recorded in 2020 in the sector which was influenced by the pandemic and the need for sanitation and disinfection, the sales values in 2021 dropped, but still remained above pre-covid levels.



VALUE ADDED

The creation of Value Added shows Italmichimica's ability to create and share wealth to the benefit of its stakeholders.

The Value Added table represents, in particular, the accounting link between the Statutory financial accounts and the Sustainability Report. The wealth produced by it during the year is namely the difference between gross production and the consumption of goods and services. It is calculated by reclassifying the items in the income statement for the fiscal year. The aim is to highlight both the process of forming corporate value added and its distribution, expressing in monetary quantities the relationships between the enterprise and the socio-economic system which it interacts with.

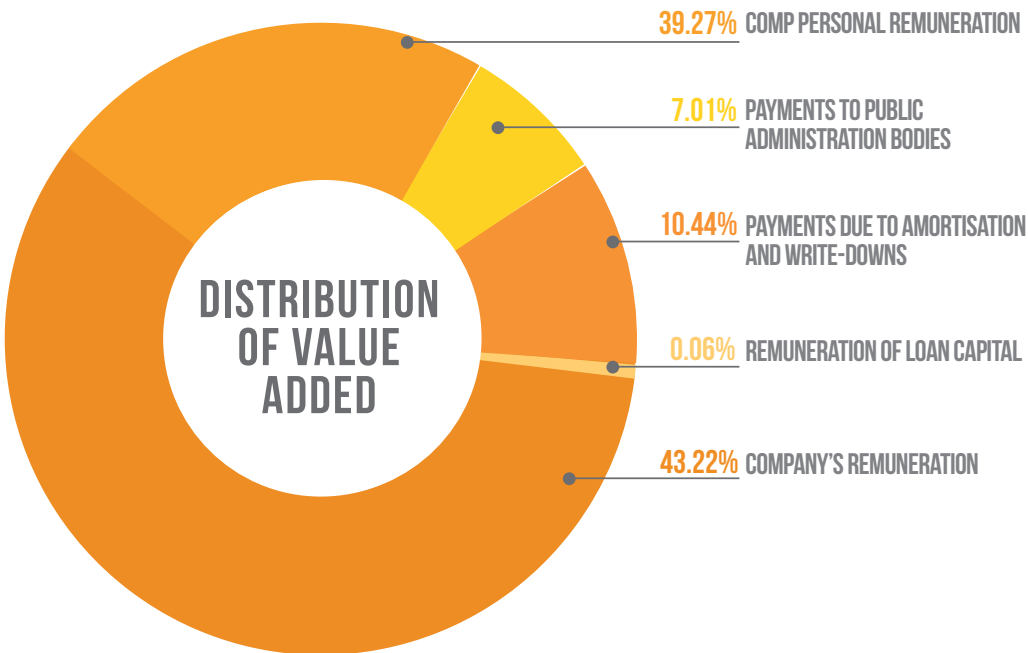
PRODUCTION VALUE	31.12.2017	31.12.2018	31.12.2019	31.12.2020	31.12.2021
REVENUES FROM SALES AND SERVICES	55,876,182	61,470,675	62,140,725	92,607,259	69,882,412
CHANGES IN INVENTORIES OF WORK IN PROGRESS, SEMI-FINISHED AND FINISHED PRODUCTS, AND WORK IN PROGRESS TO ORDER	1,388,813	764,319	328,379	2,122,886	-1,341,237,00
INCREASES IN FIXED ASSETS FOR INTERNAL WORK	-	-	-	-	-
OTHER INCOME	159,060	469,790	1,031,529	1,010,483	760,977
TOTAL	57,424,055	62,704,784	62,843,875	95,740,628	69,302,152
INTERMEDIATE PRODUCTION COSTS	31.12.2017	31.12.2018	31.12.2019	31.12.2020	31.12.2021
FOR RAW, ANCILLARY AND CONSUMABLE MATERIALS AND GOODS	25,638,813	25,722,863	25,437,385	33,732,934	26,952,872
FOR SERVICES	18,059,893	19,922,270	16,892,056	20,399,523	16,736,972
FOR LEASED ASSETS	2,762,815	3,054,861	2,999,647	3,011,629	3,615,409
CHANGES IN THE STOCK OF RAW, ANCILLARY AND CONSUMABLE MATERIALS AND GOODS	498,175	-630,035	-520,611	-35,455	-286,482
OTHER OPERATING EXPENSES	306,407	914,190	645,409	1,339,305	472,605
TOTAL	46,269,753	48,984,149	45,453,886	58,447,936	47,491,376
VALUE ADDED	11,154,302	13,720,635	17,389,989	37,292,692	21,810,776

In this regard, the distribution of value added shows in objective and quantitative terms the consistency with the principles of ethics and social responsibility that the Company has taken with regards to its missions and policies.

As previously mentioned, the comparison of the balance sheet data as at 31.12.2021 with the balance sheet data as at 31.12.2020 is not ideal for a correct representation of the company's management performance. In our opinion, the comparison of the balance sheet data as at 31.12.2021 must be made with the balance sheet data as at 31.12.2019 which we can be considered a "normalised" year and comparable to the current year.

The aggregate value added produced by Italtchimica in 2020 is 21.8 million euro, with revenues amounting to 69.8 million euro, an increase compared to 2019 of approximately 12.4%. Costs as at 31.12.2021 increased by 4.5% compared to 2019 due to the higher volumes produced. However, the increase was less than proportional compared to the increase in revenues.

THE 2021 CONSIDERABLE INCREASED VALUE ADDED MADE IT POSSIBLE FOR THE COMPANY TO GAIN A LARGER MARKET SHARE AND TO FURTHER INVEST IN RESEARCH & DEVELOPMENT AND SUSTAINABILITY.



Approximately 39.3% of the value added produced by the company in 2021 was distributed to employees in the form of salaries, social security contributions and severance indemnity. This figure confirms the attention Italtchimica's gives to its employees and consolidates the strengthening of the middle and top management structure.

INVESTMENTS, IN THE FORM OF DEPRECIATION, YIELDED A RETURN OF 10.4%, HIGHLIGHTING THE COMPANY'S ABILITY TO MAKE THE NECESSARY INVESTMENTS TO IMPROVE PRODUCTION EFFICIENCY.

The company's return corresponds to 43.2% of aggregate Value Added a significant increase compared to 2019, due to improved economic performance.

OUR PRODUCTION CHAIN

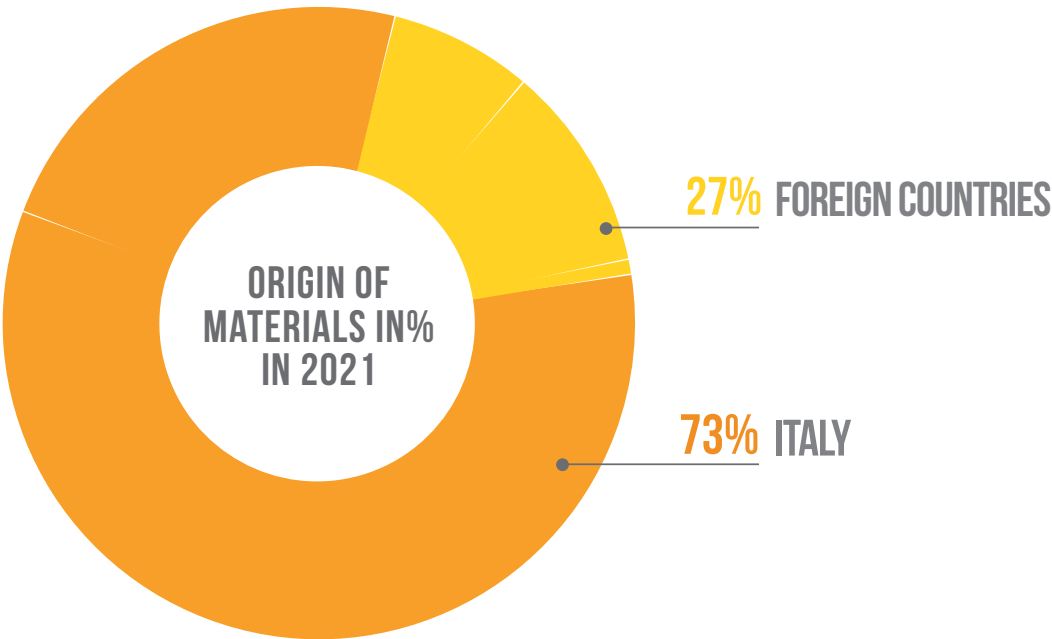
SUPPLIERS

Italchimica's suppliers are mainly divided into suppliers of raw materials and packaging. Their number has remained more or less the same since 2017, alongside an increase in production and turnover over the four-year period.

IN 2021, ITALCHIMICA HAD 138 ACTIVE SUPPLIERS, OF WHICH 89 ARE RAW MATERIAL SUPPLIERS AND 49 PACK SUPPLIERS, WITH A TURNOVER OF APPROXIMATELY 24,724,871 EUROS.

	2018	2019	2020	2021
ACTIVE SUPPLIERS OF MATERIALS: RAW MATERIALS	87	89	87	89
ACTIVE SUPPLIERS OF MATERIALS: PACKAGING	56	55	50	49
TOT ACTIVE SUPPLIERS	143	144	137	138
TURNOVER SUPPLIERS	€ 24,696,418	€ 23,461,851	€ 29,500,933	€ 24,724,871

With regard to the origin of the raw materials for formulation and packaging, most of our supply is Italian (73%), while 27% comes from foreign countries.



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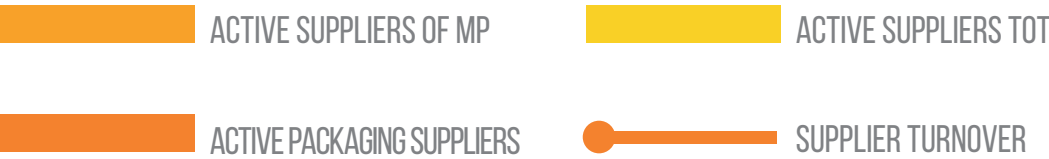
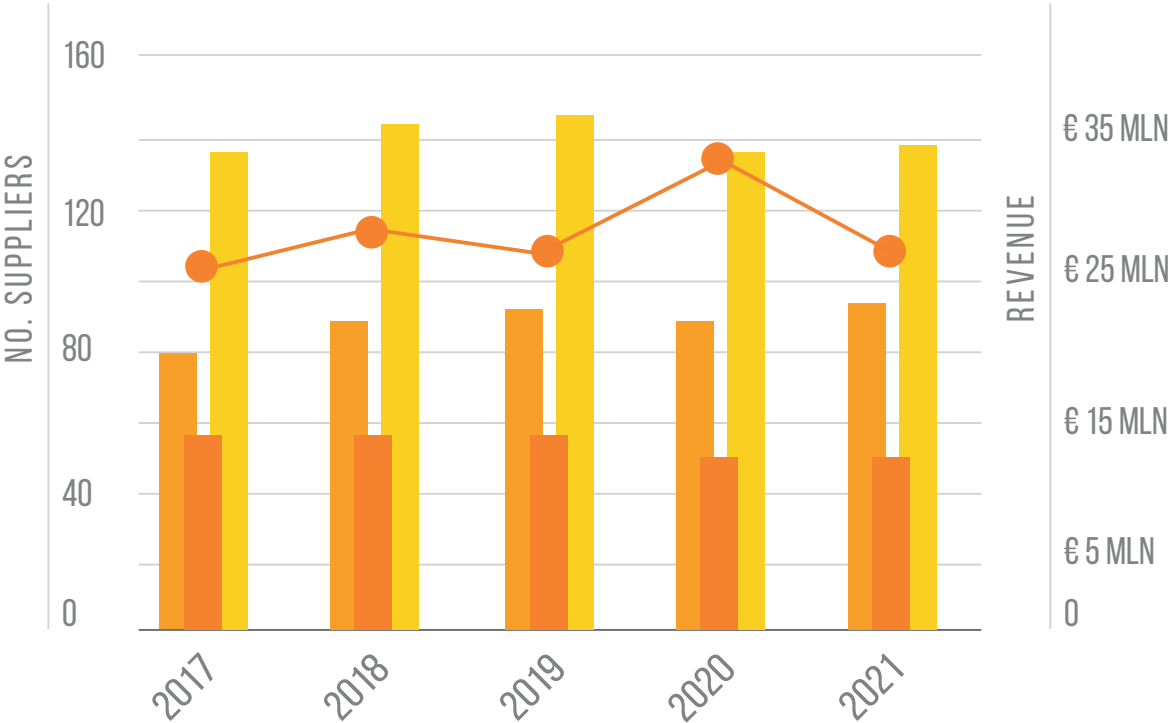
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THE SUPPLIERS OF ITALCHIMICA AND TURNOVER

Italchimica believes that promoting and supporting the local community is fundamental, and this commitment is clearly visible in the choice of both strategic materials suppliers and services. To this regard, by distributing the production value to geographically close stakeholders, the Company contributes to local growth.



CUSTOMERS

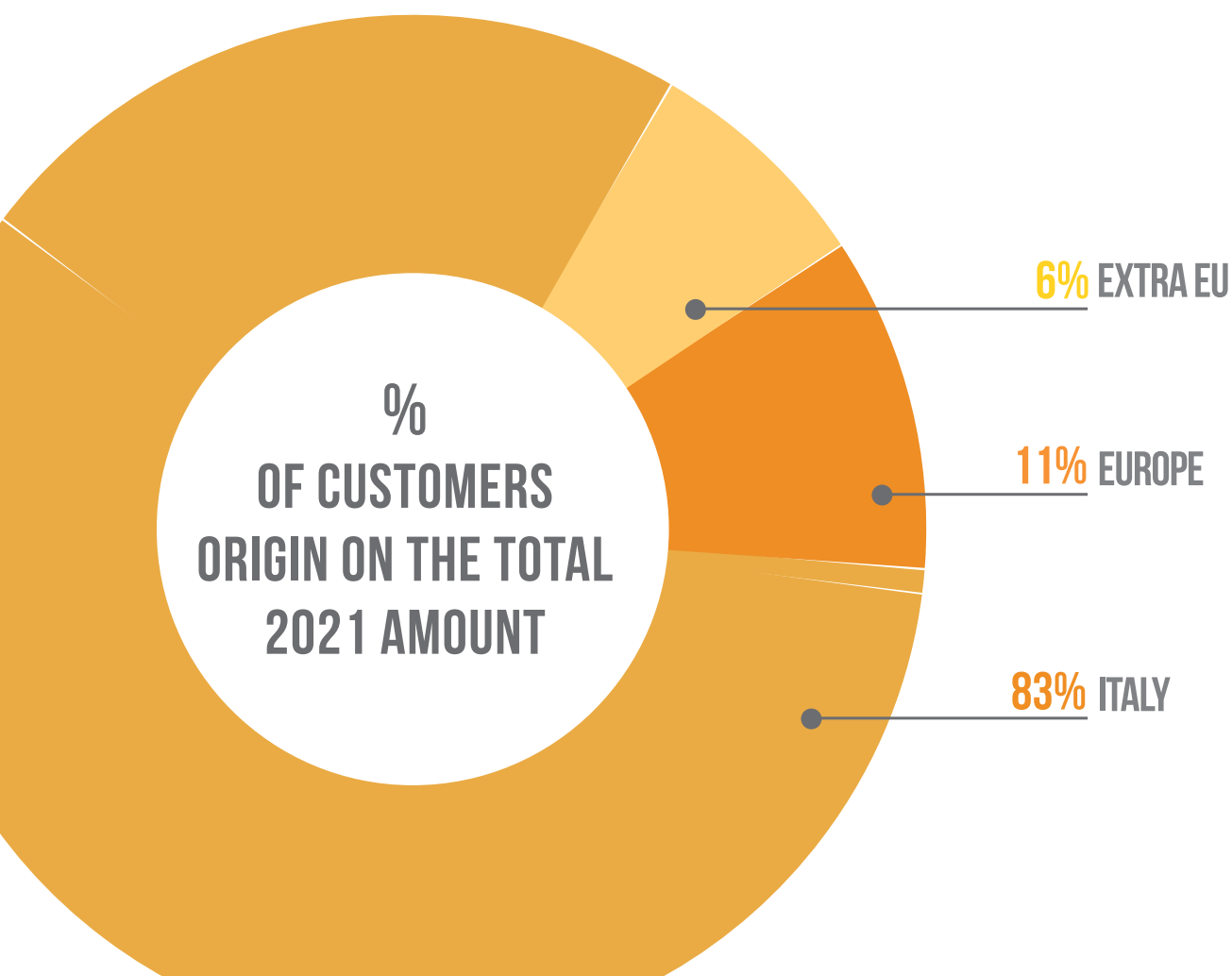
MOST OF ITALCHIMICA'S CUSTOMERS ARE ITALIAN, BUT THE NUMBER OF INTERNATIONAL CUSTOMERS, BOTH FROM EUROPE AND THE REST OF THE WORLD, IS INCREASING.

TURNOVER*	2018	2019	2020	2021
TOTAL	€ 62,616,742	€ 62,010,584	€ 93,425,015	€ 70,313,354
ITALY	€ 55,214,486	€ 52,793,934	€ 80,135,588	€ 58,047,184
EUROPE	€ 4,920,892	€ 6,354,618	€ 9,069,438	€ 8,001,518
EXTRA UE	€ 2,481,364	€ 2,862,032	€ 4,219,988	€ 4,264,651

* Data relating to the operating income statement.

83% of Italcimica's turnover in 2021 is linked to Italian customers. European and non-EU customers account for 11%. **Over the last three years there has been a significant increase of more than 13% in European turnover.**

Italcimica's goal in the coming years is to continue this expansion towards international markets, proposing itself more and more as a reference partner and sustainability leader.



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SUSTAINABILITY REPORT 2021



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