



SUSTAINABILITY REPORT 2020

Dear Partners,

It is with great pleasure that I introduce you to Italcimica's second Sustainability Report.

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 materials suppliers to the local community. Italcimica strongly believes that opening up to dialogue and cooperation of choices are the basis for the creation of shared value.

2020 was a challenging year. The COVID-19 pandemic has had a major impact on society, companies and has affected us all individually. The health crisis has highlighted the vulnerability of the current global economic system, highlighted the socio-economic challenges for circularity and underlined the need to accelerate the UN 2030 Agenda. However, it also represented a unique opportunity to show solidarity, the strength of our team spirit and our ability to respond to challenges successfully. We took care of our employees, supported the community and worked closely with customers. At the same time, we kept on consciously pursuing our sustainability goals with major investments. This makes us confident in our ability to manage change.

**"Sustainability for Italcimica represents a conscious journey
towards an inclusive and resilient horizon."**

2020 confirmed with renewed conviction the framework of our long-term sustainability strategy. Our biggest challenge is to become a net-zero emission company, supporting the transition to an increasingly circular economy and expanding our positive social impact on local communities.

**"Sustainable innovation is in our DNA and represents a real
opportunity for market competitiveness."**

To this regard, we continue to invest in increasing the 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.

To drive progress, we have defined clear goals for all our operations and along the value chain. Thanks to the continuous efforts of our team and by actively collaborating with all our staff, we have achieved a lot. We have proudly surpassed some of our ambitions, while there is still work to be done on other fronts. Our journey continues in 2021.

**"Our route aims at quality of life,
health and well-being at all levels."**

We have years ahead of us in which we must come together to accelerate sustainability efforts. The well-being of our planet and the future profitability of our business depend on this. Italcimica will continue to evolve its strategic framework. Our Green Change Matters programme is a concrete example of sustainable value creation over time, through dialogue and awareness raising.

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



Alessandro Fioretto
Italcimica CEO

“ **Sustainability**
change **FOR,**
responsibility
as a choice of **VALUE,**
INNOVATION
as a **vocation** ”

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This document is Italcimica's second Sustainability Report. The document reports on Italcimica Srl's environmental, social and economic impacts, goals and strategies during the 2020 calendar year (time interval between 1st January 2020 and 31st December 2020).

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 Italcimica 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. **This report has been prepared in accordance with the GRI Standards: Core option.**

The Sustainability Report 2020 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.

The prerequisite of transparency, a fundamental principle for Italcimica, makes the 2020 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 issues.

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 Sustainability Report 2020, please contact greenchangematters@italchimica.it. The Sustainability Report is drawn up on a yearly basis. External assurance is not foreseen for this year of reporting.

Italcchimica

01. Corporate identity

Italchimica, a 100% Italian company based in Padua, specialises 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 51 foreign countries in Europe and worldwide.

Thanks to the continuous commitment and passion at every level of the company, Italchimica has consolidated a growth in turnover of 50% in the last three years and a workforce which today counts almost 200 employees, establishing itself as a company that can provide an important impulse to the territory, to satellite activities and to employment.

1.1 Our background

Our history began in 2001, when the Fioretto family founded Italchimica with the first Sanitec brand in the field of professional cleaning.

At the beginning, the three brothers were both 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 in a short time.

High quality standards, production capacity with a high degree of automation and innovation have always been the secret of Italchimica's success. The company has grown rapidly in recent years, opening up not only to the professional market, but also the large-scale retail market (Mass Distribution), with dedicated brands such as Dual Power and Dermomed. In recent years, Italchimica has devised important intelligent washing systems, raising attention once again on the future of professional cleaning.





1.2 Website description

Italchimica operates in two separate sites that are both located in Padua's industrial area. The Headquarters, located at 24, 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.

25,000

m²

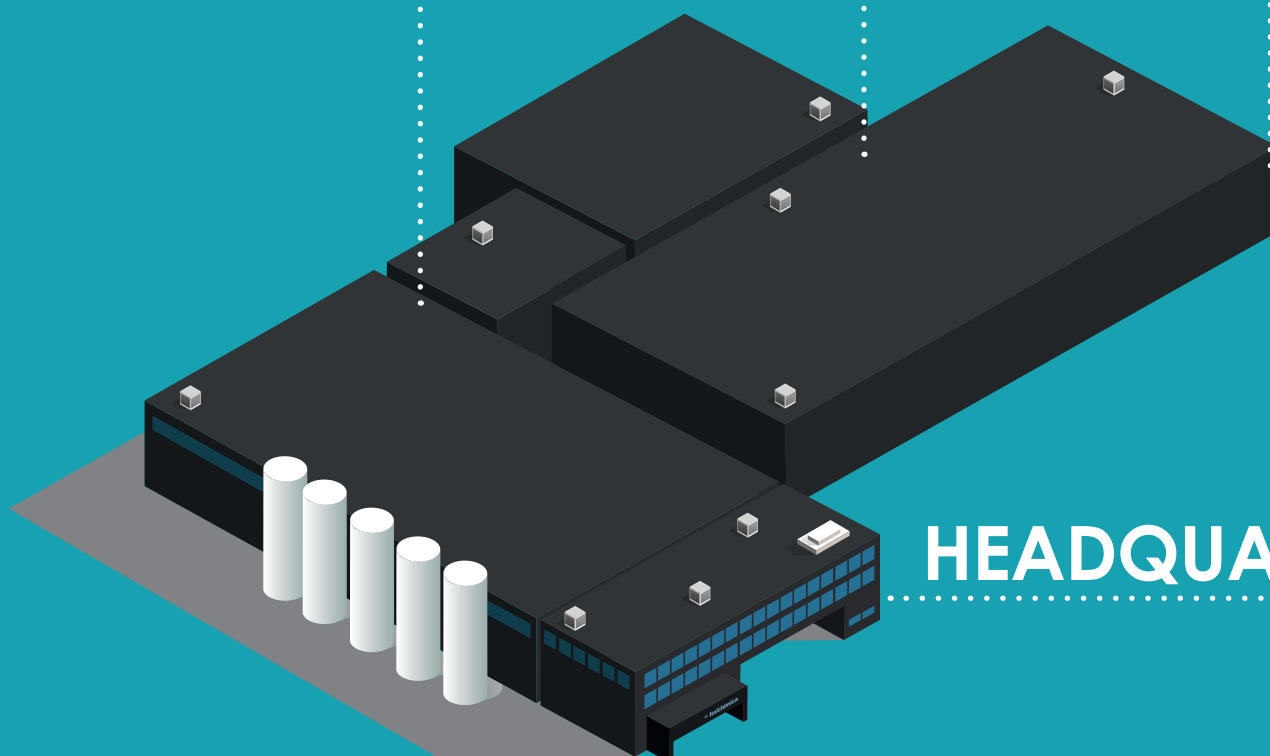
Total area of
the operational
headquarters

174

**Company
employees**

15

departments



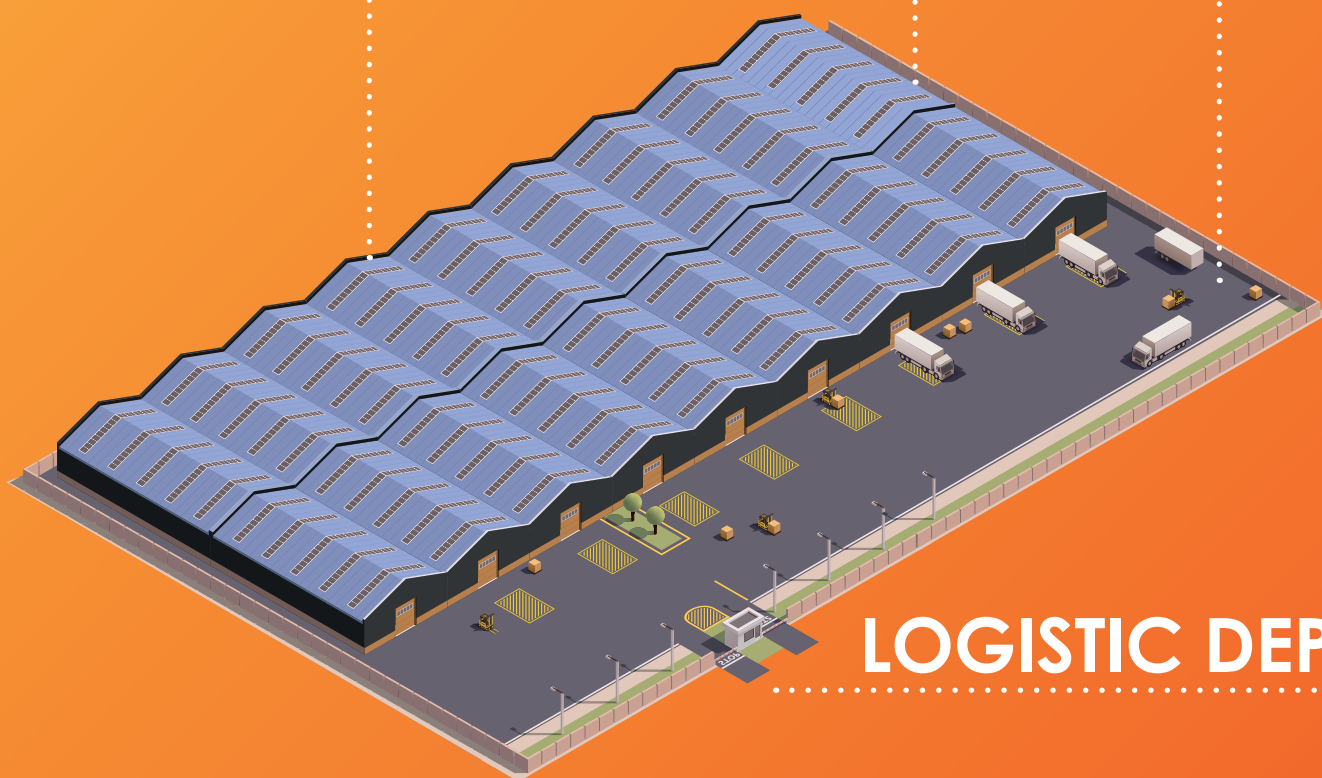
HEADQUARTER

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.

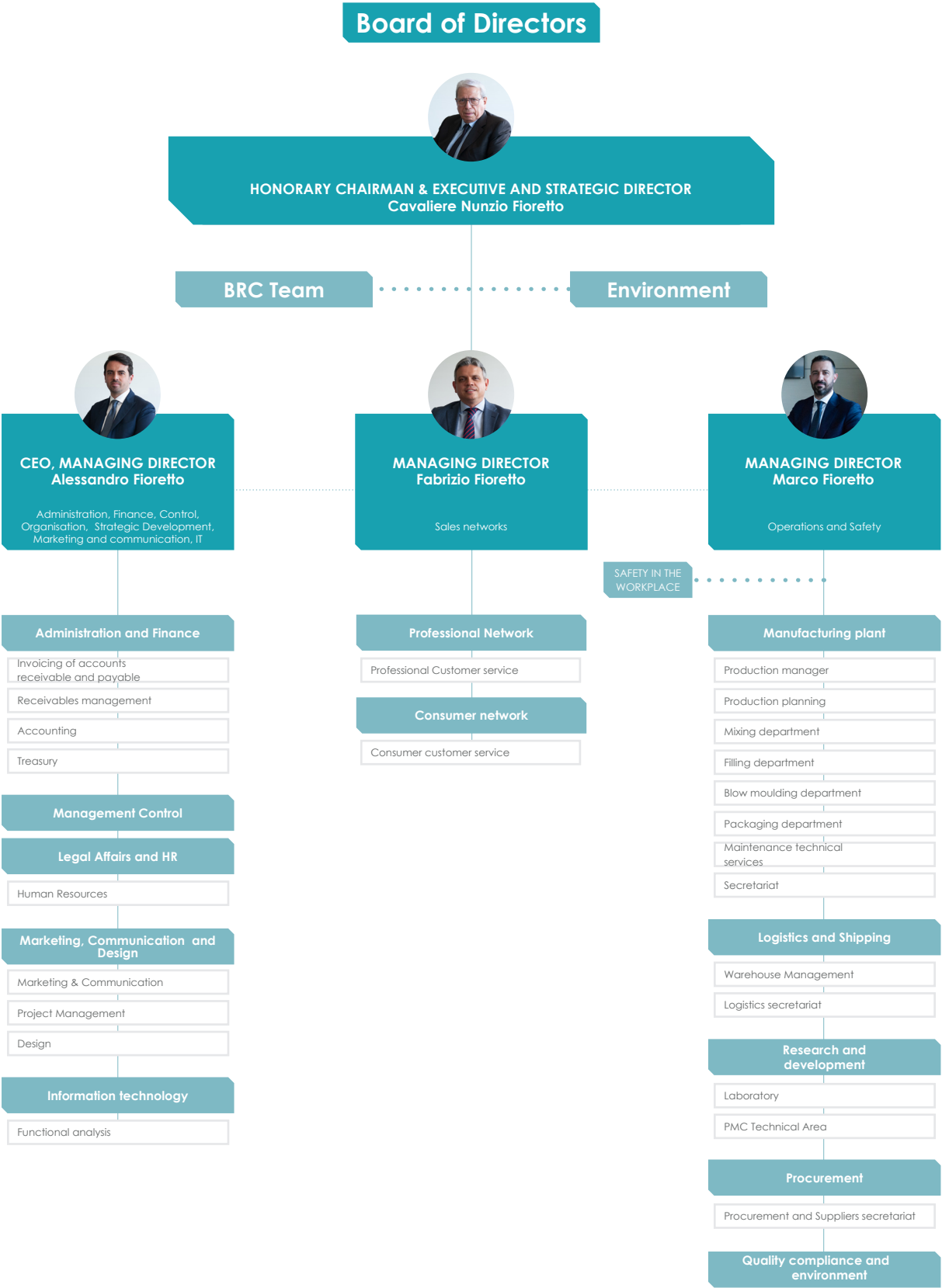
20,000
m²
logistics hub
total area

20,000
pallet
places

30
lorry docks



LOGISTIC DEPT.



1.3 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 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 daily respond 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.



1.4 Manufacturing process and product quality

By leveraging a strong investment policy that has been implemented in its various key departments in recent years, Italtchimica 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.

Italtchimica's results are evidence of the long-standing 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, Italtchimica 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.

Italtchimica 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.

SENECA

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.

PRODUCT CREATION CHAIN

1



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.

2



MARKETING, COMMUNICATION AND SALES

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.

3



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.

4



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.

5



GRAPHICS AND DESIGN

The Graphic Department, in constant dialogue with the R&D and Marketing departments, is responsible for coming up with visual concepts that are both creative and functional. It works in particular on the composition of the graphic layout and graphic implementation in external communication.

6



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.

7



MIXING

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

8



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.

9



QUALITY CONTROL

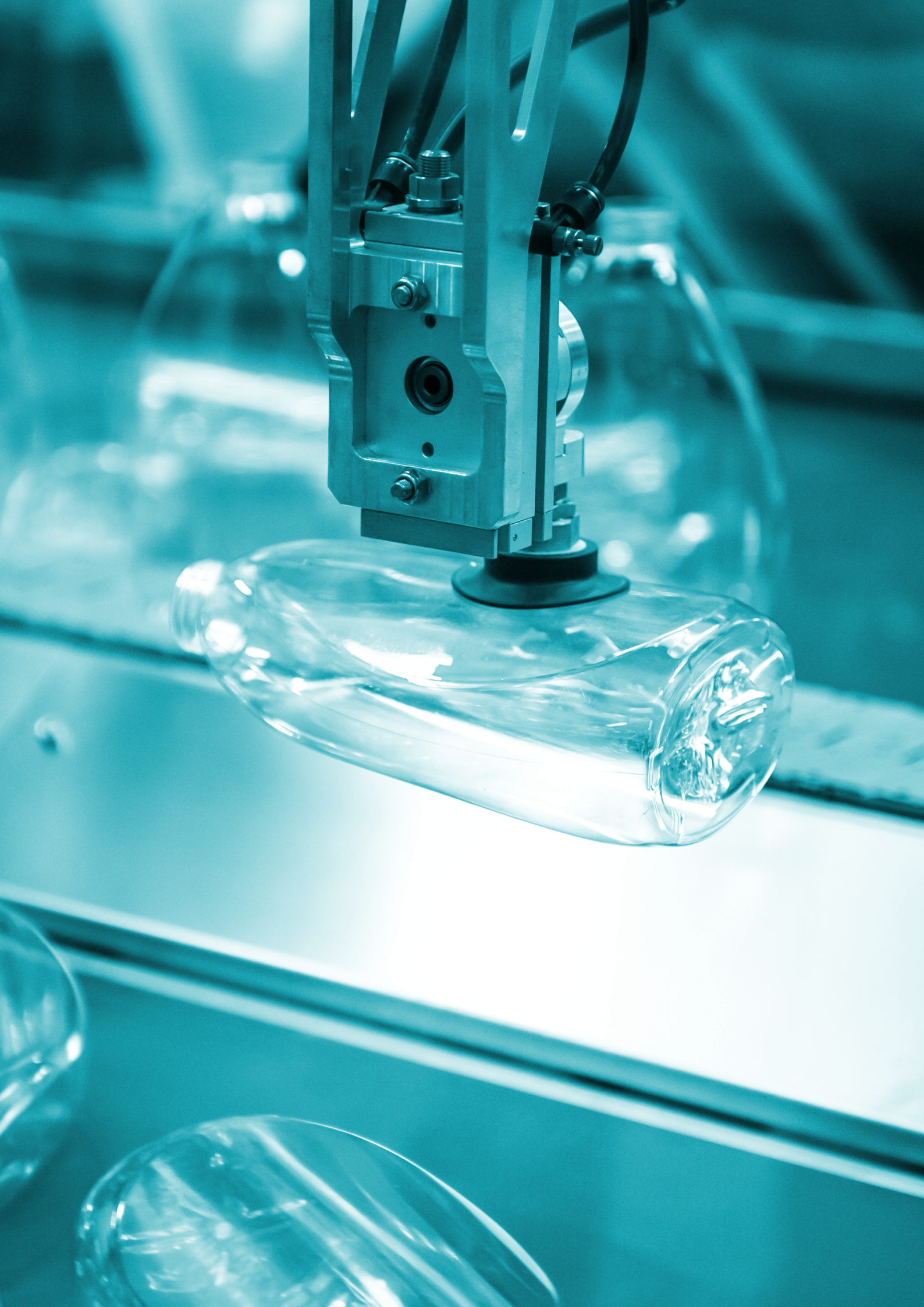
Quality control of the entire process identifies and monitors the quality standards of the products. Tests and inspections of raw materials and finished products are systematically carried out to ensure compliance with the requirements.

10



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.



1.5 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





1.6 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, Italcimica 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.



1.7 Certifications and awards

The certifications currently held by Italcimica are divided into "System certifications" and "Product certifications".

System certifications



Awards



Product certifications



History



Italtchimica's figures

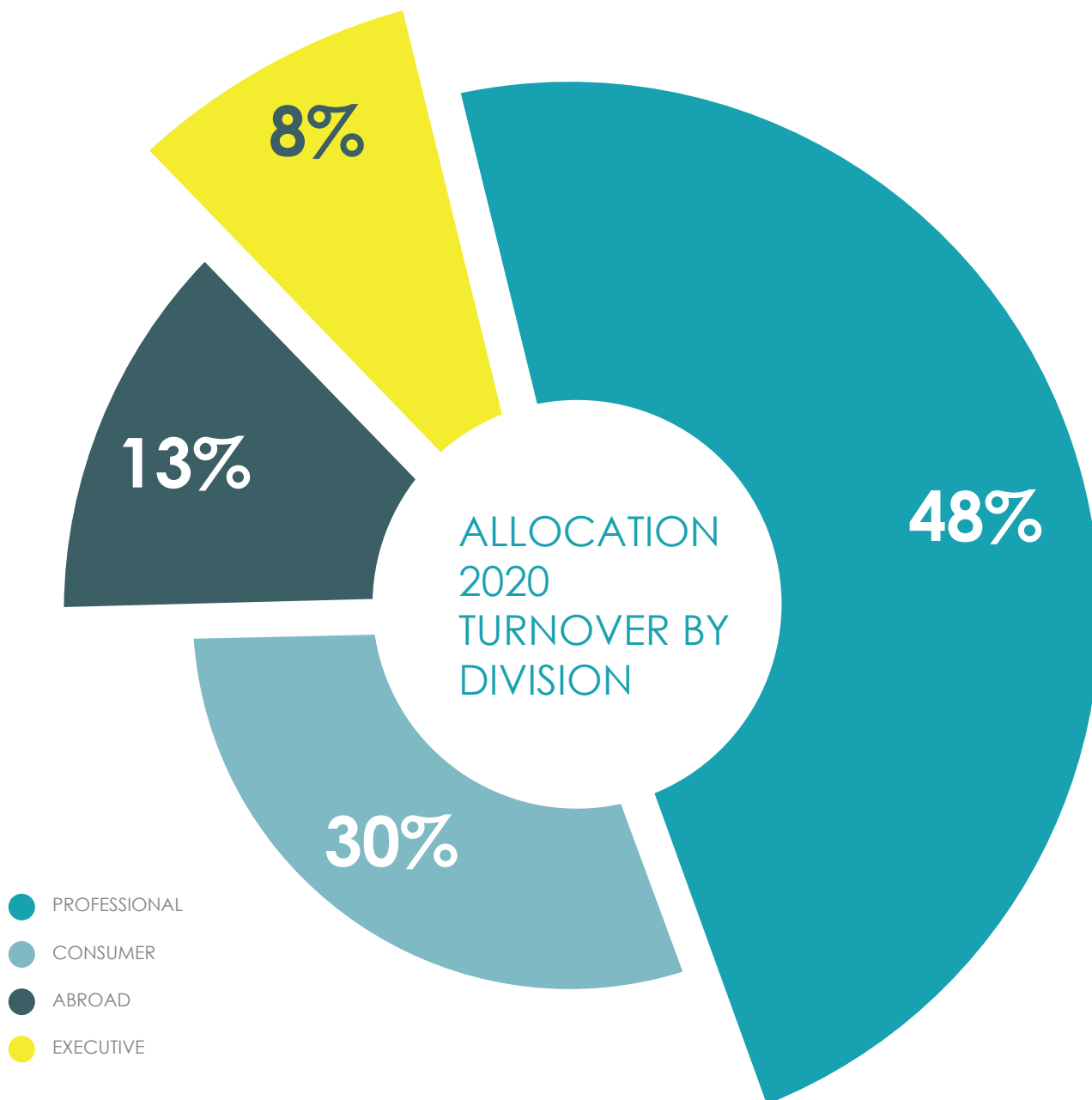
72,000
pallets/year

174
Company
employees

51
Countries
where
we operate
(90% Europe)

1,150,000
Kg
raw materials
storage capacity

100,000
tonnes/year
production
capacity



13
in-house bottle
manufacturing
plants

9
packaging
manufacturing lines

92.6
million euros
of company
turnover

4
million euros
of yearly
investments

48
hours
average
delivery

8
owned
brands



02. Dialogue with Stakeholders

Stakeholders represent a wide range of different interests: establishing and maintaining stable and lasting relationships is crucial for the creation of shared value over time.

Italchimica is constantly committed to strengthening and expanding relations with its stakeholders¹ 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, Italchimica 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, Italchimica 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. It is regularly updated through yearly surveys.

¹ - 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 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 second 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.

2.1 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.

During 2020, a review of the stakeholder map created during the previous reporting year was carried out. This approach was possible thanks to the involvement of top management and the administration of a specific evaluation questionnaire.

This made it possible to confirm the categories of significant stakeholders for the company, and priorities were assigned based on their importance for the Company in terms of dependence, responsibility, influence, outlook diversity.

The mapping results also made it possible to address some STKH engagement activities.

2.2 Sustainability for our stakeholders

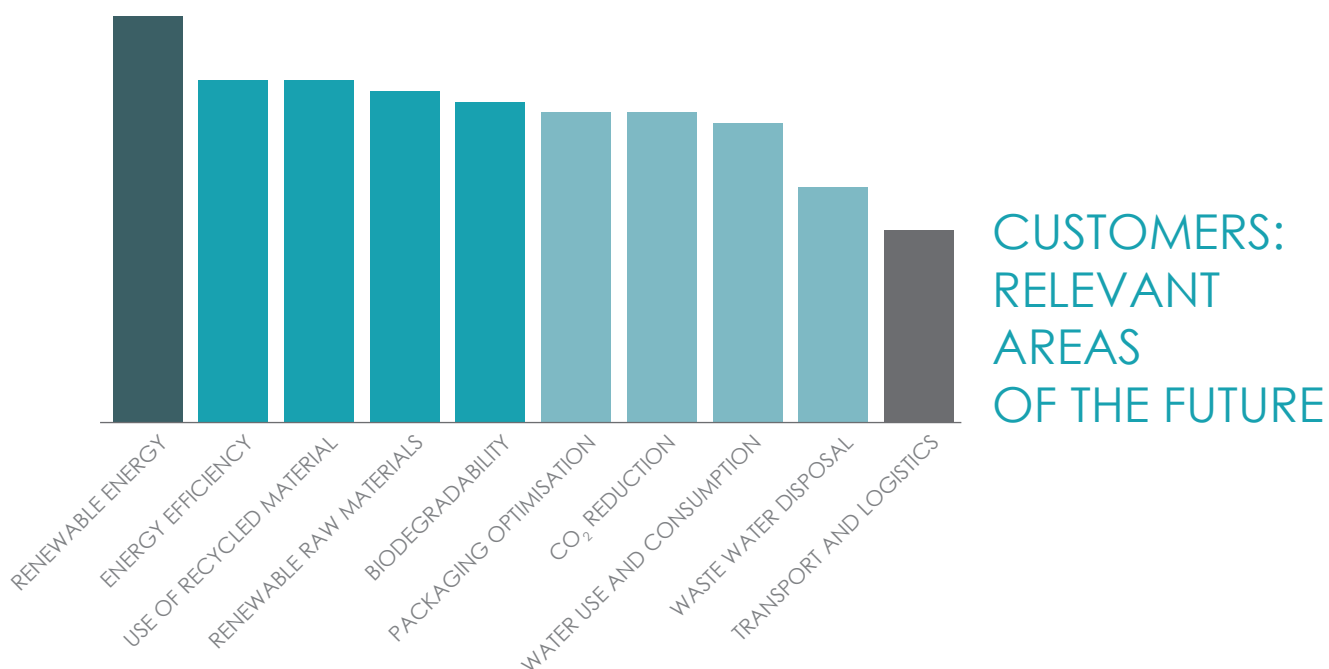
The involvement of stakeholders through the specific interaction channels allowed for a greater awareness of the level of knowledge and solidarity towards sustainability and its issues.

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 organised in 2020, an initial 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 **90% of employees have heard of sustainability, 26% of them thanks to Italcimica**. In addition, the workshops show that a large proportion of company staff (around 60%) has a good knowledge of environmental and social issues. **80% of employees believe that the integration of sustainability is essential in everyday life but especially in the company.**

The external survey shows that more than 80% of Italcimica'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.

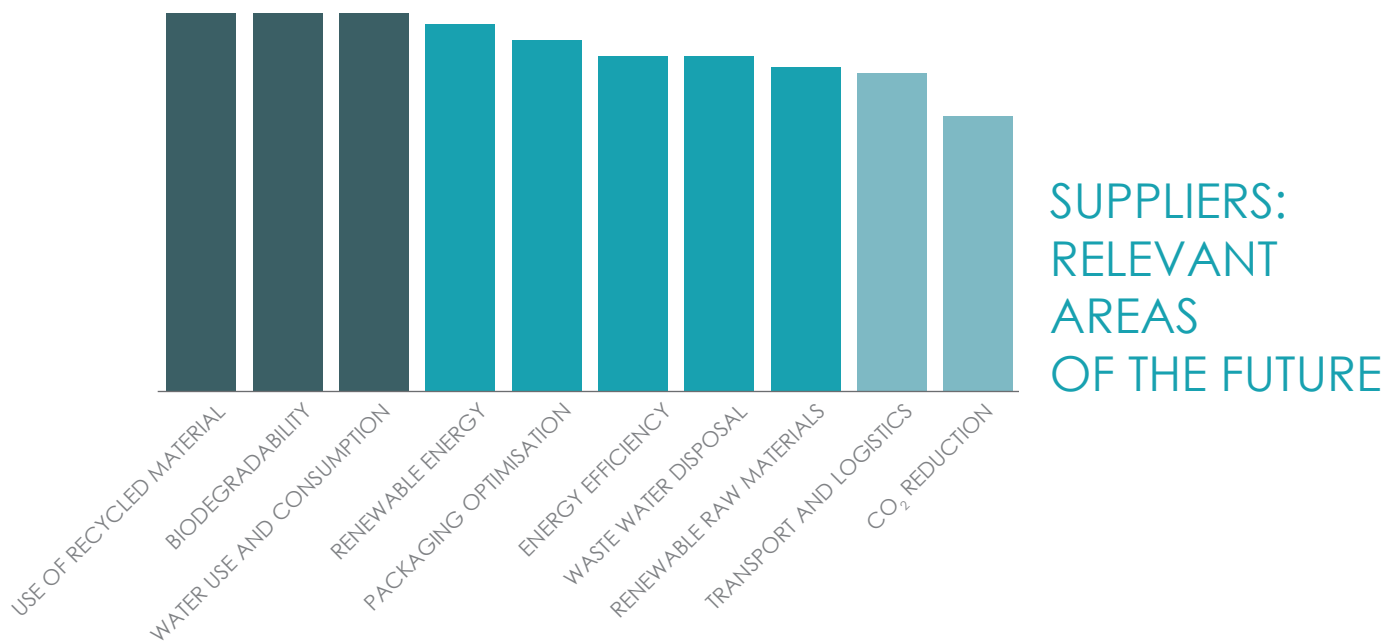


As far as the opinion of suppliers is concerned, over 90% of the surveyed population is convinced that sustainability and its purchasing criteria are becoming the driving force for the future of supply.

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.



The increase in the number of materials suppliers adhering to customer demands for sustainability bodes well, but many have not yet done so. Therefore, it is essential to confirm and update the involvement plan from year to year.

2.3 Materiality analysis

As part of the creation of the 2020 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 Unit² 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 2020 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 Italcimica and its stakeholders.

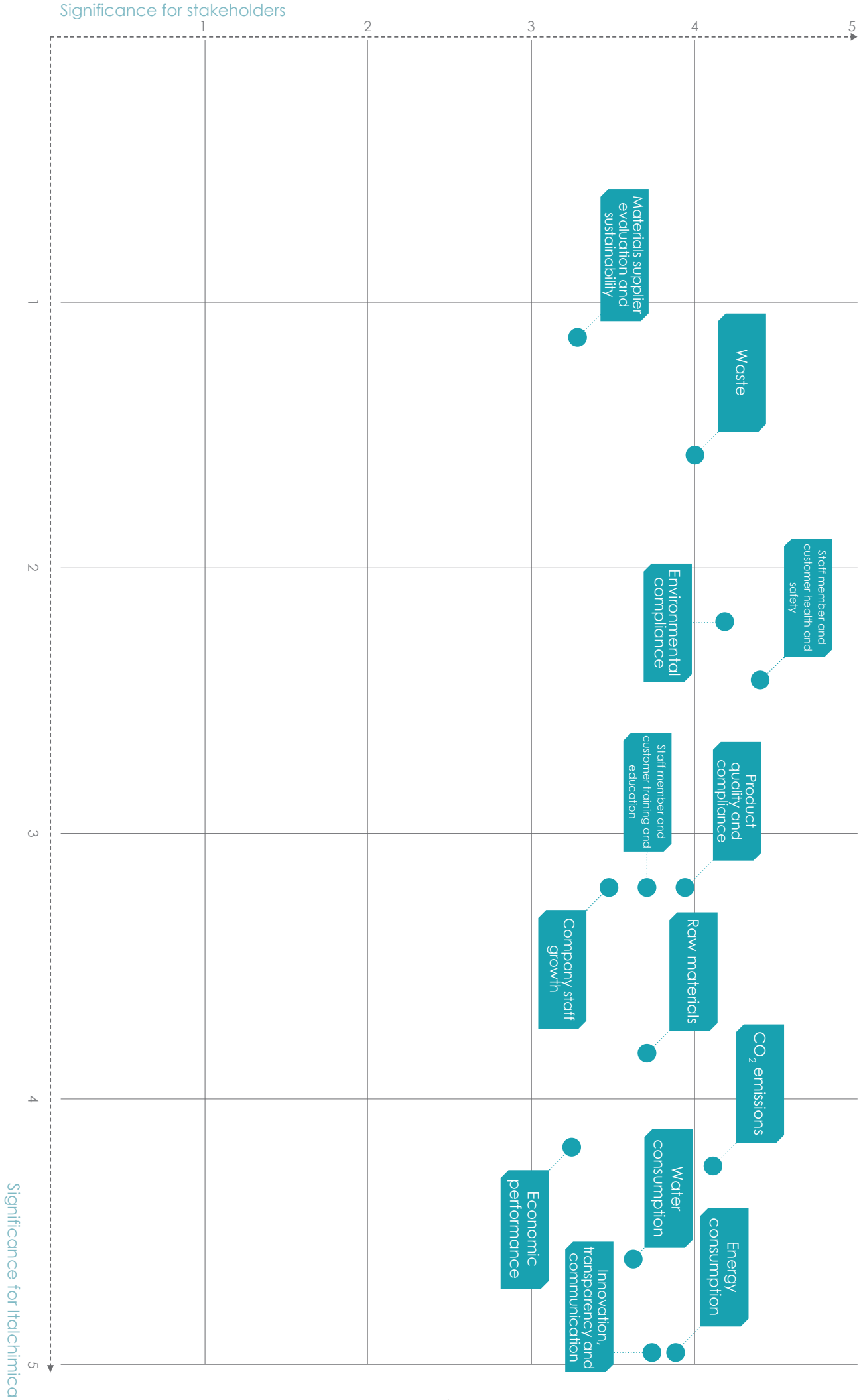
1. Firstly, an expanded and transversal Work Team was created, coordinated by the Sustainability Unit, with the aim of assessing the company's current position with respect to the various sustainability challenges posed by the operating and market environment.
Its activity first focused on understanding 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 2019-2020 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 contexts. 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 production 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.
- Product innovation, quality and compliance

2- 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.

Materiality matrix 2020



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
- Materials supplier sustainability evaluation
- Company staff growth
- Staff member and customer training and education
- Staff member and customer health and safety
- Economic performance

Stakeholders appreciate Italcimica'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 relevant issues are the protection of the health and safety of both workers and the production chain, as well as the company's ability to generate development through its economic performance.

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 2021 is to optimise and expand the involvement and consultation process to a greater number 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

Environmental protection is a pivotal factor for quality of life at all levels and for a more inclusive and circular sustainable development. Our policy aims at green and conscious growth and wants to help improve the resilience of the global economy and society significantly. The great recession and the environmental challenges the planet is experiencing are right in front of us.

ENERGY AND EMISSIONS

3 SALUTE E BENESSERE

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



GOALS 2020

Treedom project: offsetting emitted CO₂ (-2 tonnes of CO₂)

-171 tonnes of CO₂
(88 tonnes of recycled silicone paper)

LONG-TERM STRATEGY

Treedom project: offsetting emitted CO₂ (-10 tonnes) by 2025

Net-zero emissions company by 2050

-10% of CO₂ emissions by 2022

-50% of emissions by 2030

ENERGY AND EMISSIONS

7 ENERGIA PULITA E ACCESSIBILE



Investing in clean
energy technologies.

GOALS 2020

Investment in clean energy:

Installation of a
500 kWh photo-voltaic system (by 2021)

+1000 photo-voltaic modules

LONG-TERM STRATEGY

+ 10% of energy from renewable
sources by 2022

PACKAGING

12 CONSUMO E PRODUZIONE RESPONSABILI



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

GOALS 2020

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

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

More than **30%** recycled plastic in our bottles by 2023 (**100%** by 2030)

FORMULATION

6 ACQUA PULITA E SERVIZI IGIENICO-SANITARI



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

GOALS 2020

81% renewable raw materials in formulation¹ (**+2%** compared to 2019)

100% ethyl alcohol from agriculture supply chain

LONG-TERM STRATEGY

100% Certified traceability of raw materials by 2030

¹ including water

FORMULATION

15 VITA SULLA TERRA



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

GOALS 2020

81% of organic raw materials are readily biodegradable

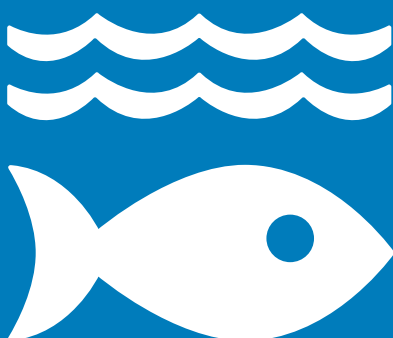
100% of readily biodegradable surfactants

LONG-TERM STRATEGY

90% readily biodegradable organic raw materials by 2030

WATER AND WASTE

14 VITA SOTT'ACQUA



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

GOALS 2020

71% of detergent formulations are concentrated

0% microplastics in cosmetic formulations since 2018.

21% recovered wash water
(**+3%** compared to 2017)

LONG-TERM STRATEGY

75% concentrated formulations by 2023

Replacement of matting agents and synthetic perfume encapsulations, potentially containing microplastics, by 2025.

5% recovered wash water by 2023.

ENVIRONMENTAL MANAGEMENT

13 LOTTA CONTRO IL CAMBIAMENTO CLIMATICO



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

GOALS 2020

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

LONG-TERM STRATEGY

Implementation of process and product LCA by 2025.

Within the European chemical industry, in order for the recovery from the COVID-19 crisis to be long-lasting and resilient, it is important to avoid going back to "business as usual", i.e. environmentally destructive linear models and investment activities. **For years, our environmental strategy has focused on triggering constructive investment and behavioural change. The goal is to reduce the probability of future shocks and increase resilience to future challenges.**

Environmental emergencies all over the world are more urgent than ever, even though they may seem less relevant than a health crisis such as the one we are currently experiencing. Climate change, loss of biodiversity and the poor health of the oceans are leading to very serious social and economic damage. In some parts of the world, extreme weather events such as the Amphan super cyclonic storm in Bangladesh and Typhoon Vongfong in the Philippines are occurring alongside the pandemic. Without structural changes to our economies, ongoing phenomena such as the constant accumulation of greenhouse gases (GHG) in the atmosphere, uncontrolled expansion of human activities, deforestation and the biodiversity crisis, can cause potentially catastrophic cascading impacts on societies. One of the most current examples is the increased risk of other future zoonotic viruses (those that are transferred from animals to humans).

In 2020, the lockdown led to some widely reported environmental improvements, such as reduced emissions of greenhouse gases and air pollutants and less water pollution. However, they are not intended to have a long-term impact. In fact, greenhouse gas emissions have rebounded and started to rise again in the aftermath of the recent economic crises.

Italcimica wants to consciously live up to the important challenge of contributing to environmental sustainability and has been committed for years to achieving increasingly ambitious goals. The company sees sustainability as a real opportunity to innovate and keep up with a changing future.

Our long-term environmental strategy is in line with current European policies to tackle the climate and pandemic crisis.

Our programme of investment in clean energy and progressive reduction of emissions accounts for a conscious stance towards the European Union's action plan to achieve climate neutrality in 2050 (Green New Deal).

Our priority goals are the integration of the environmental management system through life cycle studies of processes and products and the optimisation of the procurement of renewable, recovered and recycled raw materials. They now go hand in hand with the digitisation and resilience dictated by the EU's long-term budget (2021-2027), combined with the NextGenerationEU initiative. Italcimica's future challenges in this regard are in line with some of the targets set out in the UN's recommended 2030 environmental goals.

The transition to an optimal management of its environmental impact is underway. However, further progress is necessary to trigger positive environmental effects and at the same time ensure that the growing consumer demand is covered.

3.1 Environmental management: process and product

Italchimica is aware that the path to sustainable growth requires policies, instruments and a multitude of courses of action with respect to environmental issues. Responsibility towards future generations requires a strong commitment to carefully use natural resources and minimisation of impacts.

To show its continued focus on the environment, **Italchimica is constantly striving to maintain the ISO 9001 and ISO 14001 integrated quality-environment management systems, as well as the ISO 45001 safety management system.** This management is the basis of our environmental policy, which not only reaffirms our constant focus on complying with all applicable legal and other regulatory requirements, but also formalises the company's 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, products and logistics. In fact, our management model is based on the concept of manufacturing with an aim of reducing, preventing and curbing negative impacts on the environment in everyday activities, while respecting the surrounding area.

To this regard, our approach is based on the PDCA (Plan - Do - Check - Act) methodology, which consists of:

..... **Plan**

establish the objectives and processes necessary to deliver results in compliance with our environmental policy;

..... **Do**

implement the processes as planned;

..... **Check**

monitor and measure 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 of its ISO 14001 environmental management system, Italcimica abides by all the principles of environmental protection (precaution, pollution prevention and risk prevention and mitigation). Following this approach, the company carries out measures to prevent, monitor and control the impacts of its activities, aimed at the reduction and responsible use of resources in production processes.

With a view to continuously improving sustainable 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 prevent the risks of pollution;
- adopting internal management procedures for the company, based on maximum protection of the environment;
- planning environmental performance goals. In particular, 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 environmental performance goals and results 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, in 2015, 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.

On the topic of Environmental Compliance, 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. **The implementation of Model 231 has already allowed the company to manage all relevant aspects of its environmental compliance in an even more organised and defined manner, in terms of waste management, water management, waste disposal and the protection of habitats, flora and fauna.**

Over the next three 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 cycle. Based on this approach, in compliance with ISO standards 14040 and 14044, the aim is to assess the environmental impacts of the entire process: 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.

3.2 Relationship with material suppliers

For Italcimica, 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 Italcimica'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.

Italcimica'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 to 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, frequent 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.

3.3 Biodiversity

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 Italcimica, it is a moral and collective duty to help defend it.**

FOCUS: 2020 IS THE YEAR 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.

On a local level, both Italcimica sites are located within a purely industrial area in the urban context of the Padua suburbs. **Given their location in an industrial area, the areas occupied by the sites are not subject to any urban-environmental, landscape or hydrogeological constraints:**

- there are no constraints relating to environmental assets (Regional Law of 12th May 2009);
- they do not fall within ranges delimited by the Hydrogeological Structure Plans;

HEADQUARTER



- 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).

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

An aerial photograph of a large industrial complex, likely a cement plant, situated in a valley. The complex features numerous large, rectangular industrial buildings with flat roofs, some with corrugated metal. A prominent feature is a large, dark blue lake or reservoir in the foreground, surrounded by green trees and grass. In the background, there are rolling hills and a clear blue sky. The overall scene depicts a significant industrial facility integrated into a natural landscape.

LOGISTIC DEPT.



3.4 Raw materials

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. In 2020, 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 materials²** for formulation recorded over the last three years.

In particular, **the increase in the use of bio-based³ components (+2% compared to 2019), 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.

Italchimica 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 hygienisation and disinfecting hydro-alcoholic formulations comes from agricultural production chains (cultivation of cereals, sugar cane and beet).** This is 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 company. 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, Italchimica 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 (81% of formulation components in 2020, +2% compared to 2019) and readily biodegradable organic materials (over 80% of organic raw materials in 2020), which all employed surfactants are part of⁴.

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.**

2- 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).

3 - 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.

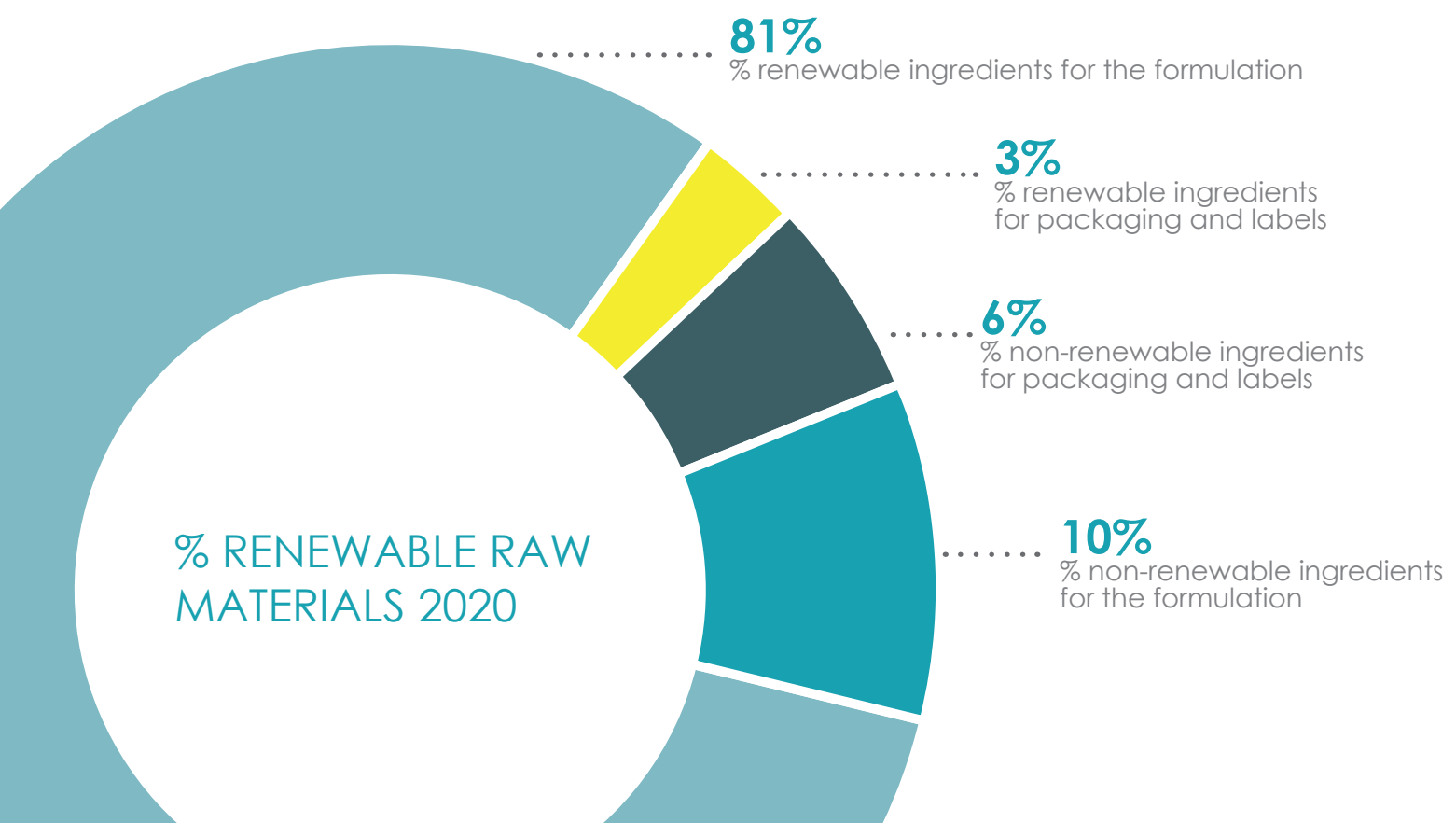
4 - Readily biodegradable means a biodegradability level of ≥ 60% within 28 days.

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
Formulation components of our mixtures (detergents, cosmetics, biocides)*	36610	57841	58254	54452
Components of our packaging	3445 (2003 plastic + 1442 paper)	3500 (1840 plastic + 1660 paper)	3475 (1852 plastic + 1623 paper)	5671 (3671 plastic + 2000 paper)
Total	40055	61341	61729	60123

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

In 2020, there was a decrease in the total weight of materials used in formulation. The biggest contribution to this trend is the necessary use of large quantities of alcohol (characterised by low density) for the creation of hygienising agents and disinfectants. In parallel, there is a consequent increase in the number of bottles, labels and secondary packaging necessary to meet the on-going demand for alcohol-based products, which has grown exponentially. These trends are also consistent with the steady increase in the annual production of the company's products (+ 4% from 2019 to 2020 in number of pieces). Furthermore, given the increase in annual production over the last three years, it has become necessary for Italtchimica to expand production/logistics and increase storage capacity, thus showing the Company's continuous improvement.





Parallel to the increase in the use of raw materials, **there will be a 2% growth in renewable substances used in formulation by 2020**. This trend is justified by the partial conversion of production to cope with the health emergency and the usual yearly 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 products⁵**.

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 2023:

- all the packaging we use must be reusable, recyclable;
- over 30% of recycled plastic with a reduction in virgin plastic used.

To this regard, we are acting well in advance and exceeding the goals recommended by AISE by 2025. 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 year of 3% of the plastic used for the creation of bottles and labels, which compensates for the reduction that took place between 2017 and 2019, 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.

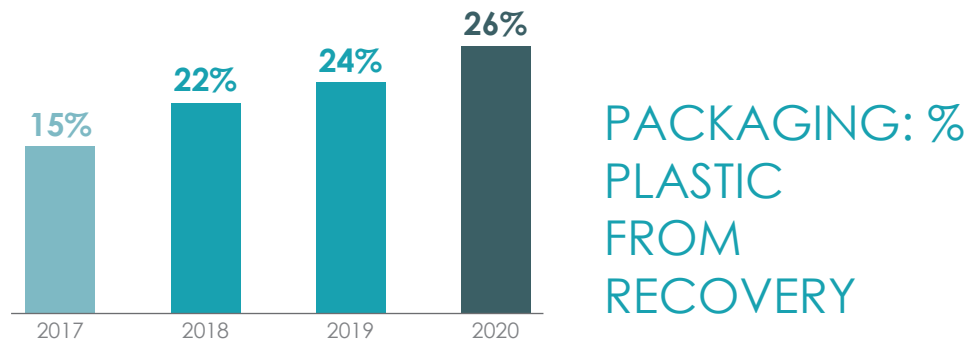
The world of packaging is constantly evolving, driven by innovative designs and consumer expectations. This on-going transformation provides interesting opportunities to minimise possible negative environmental impacts. At Italchimica we are committed to exploring the possibilities of making packaging 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 progressively improving the management of plastics, in parallel we aim to continuously 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.

5- 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.

6- 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).



Another key principle our sustainable supply strategy is based on is the recovery of materials⁶. Several years ago, Italcimica started a long-term campaign aimed at recovering its products, for both the packaging and mixing sectors.



Since 2017, there has been an 11% increase in plastics from internal recovery, used to create bottles. To date, the recovered plastic used for each of our bottles accounts for about 26%. 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.

3.5 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 when fossil fuels are burned to produce 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.

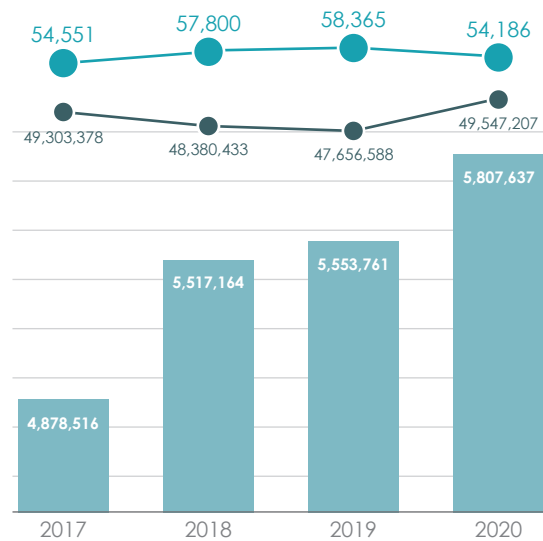
Our long-term ambition is to become a net-zero emissions company by 2050. To this regard, the first step in our journey is to reduce indirect CO₂ emissions from fossil electricity consumption. This means progressively converting the use of energy from fossil fuels to energy from renewable sources.

In concrete terms, the company has made a major investment in 2020 to install more than a thousand photovoltaic modules by 2021, with a yearly energy coverage of around 10% of current electricity consumption by 2022.

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

TOTAL ENERGY CONSUMED WITHIN THE ORGANISATION (KWh)

- Annual manufacturing trend (t)
- Annual manufacturing trend (NO. OF FINISHED PRODUCT PIECES)



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.

Energy and gas are consumed in different proportions in two plants.

About 90% of the electricity and gas is consumed at the headquarters and is closely linked to manufacture: this consumption varies mainly depending on the work processes (hot or cold) carried out.

ENERGY CONSUMED WITHIN THE COMPANY (KWh)	2017	2018	2019	2020
Electric energy	4,140,938	4,854,427	4,850,263	4,985,095
METHANE	737,578	662,737	703,499	822,542

During 2020, there will be a 4.5% increase in total energy consumption compared to the previous year. A major contribution to the increase in consumption is the growing use of methane (+17% compared to 2019), used for the storage of certain temperature-sensitive raw materials and for heating water for washing in production, as well as for heating offices and production (colder and longer 2020 winter). The 3% increase in electricity consumption compared to 2019 is partly related to the installation of a new dedicated extraction system for the increasing production of alcohol-based products. In the Corso Spagna building there are many variables affecting energy consumption (staff, offices, working hours, external environmental factors, systems).

Italchimica is continuously engaged in the design and implementation of new technologies to make production processes more sustainable from an energy point of view. The greatest scope for improving the energy efficiency of our value chain is, however, the life of our products post-factory during consumer use. In fact, most of the ecological footprint of products, up to 90%, is generated during their use. To this regard, Italchimica'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.

3.6 Water

Water plays a central role in Italcimica'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 **Italcimica 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.

Italcimica'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 LOCAL WATER RESOURCES.

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 regional context is critical in terms of water consumption, which, although decreasing, is still too high compared to the European average, 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 SPI⁷ index for 2020 (12 months) referred to in the Report on Veneto region's water resources, issued by the Regional Department for Territorial Safety, conditions of normality are mainly recorded throughout the Veneto region. During 2020, there had been signs of normality throughout the region, with the exception of some central and southern areas (southern Padua and central Venice) where there had been moderate drought conditions and in the northern Belluno area where, on the contrary, there had been moderate to severe humidity conditions.

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 office requirements (domestic hot water), and another for manufacturing plant consumption. The water is used to create the product and thus becomes part of the final product.

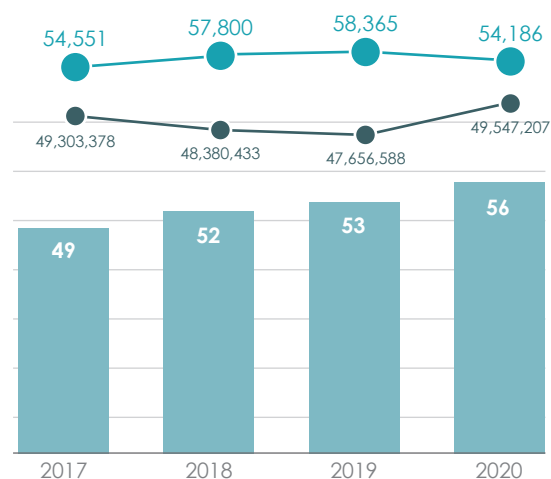
Italchimica regularly receives bills from the water provider; the RSI (IMSM - Integrated Management System Manager) is responsible for collecting water consumption data and monitoring trends over the years.

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.

TOTAL CONSUMPTION OF DRINKING WATER (ML)

- Annual manufacturing trend (t)
- Annual manufacturing trend
(NO. OF FINISHED PRODUCT PIECES)



Between 2019 and 2020 there was an increase in water consumption of around 6%, justified by the increased number of plant and equipment washes per production line during the health emergency.

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.

Italchimica was granted the Single Environmental Authorisation, pursuant to art. 3 of the Italian 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).

3.7 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 26 in Glasgow 2021.

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 was concluded in 2020 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.



FOCUS TREEDOM PROJECT: SOCIAL COMMITMENT TO OFFSET EMISSIONS.

Alongside emission reductions, the historic Kyoto Protocol identifies forest absorption of greenhouse gases as a useful strategy for fighting climate change. This is why Italcimica has also decided to invest in CO₂ offsetting, by joining the Treedom project, which finances farmers who want to plant trees, supporting their work in the early years, when the trees are not yet productive. The farmers receive know-how and technical support for planting and managing the trees, which are photographed, geolocated and monitored over time.

To this regard, by joining such a worldwide reforestation project, Italcimica begins to voluntarily offset the CO₂ emissions it produces. Through Carbon Footprint studies it is possible to count the equivalent kg of CO₂ offset for each tree planted. During 2020, the company started planting a tree for every new employee hired (29 trees planted with an offset of 2 tonnes of CO₂). The wish for the coming years is to extend the number of trees planted in order to intensify its contribution to forest absorption.

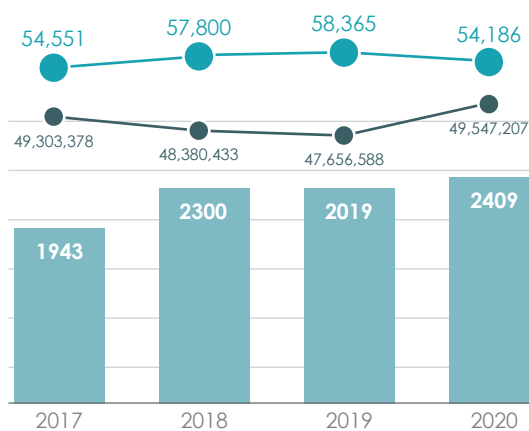
Italcimica's CO₂ emissions can be divided into:

- 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.

Italcimica's carbon impact was mainly indirect and is connected for more than 80% to the consumption of electricity purchased from the provider companies.

TOTAL EMISSIONS OF CO₂eq (t)

- Annual manufacturing trend (t)
- Annual manufacturing trend (NO. OF FINISHED PRODUCT PIECES)



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 CO₂eq kgs, is taken into account in this model, as required by IPCC through the application of the most updated characterisation factors available.⁸ CO₂ equivalent emissions are thus a quantity of substances emitted into the atmosphere, expressed in relation to the effect of carbon dioxide, using conversion factors. The higher the CO₂eq emissions, the greater the impact on the Global Warming Potential (GWP).

Over the last three years 2018-2020, there has been a 5% increase in CO₂ emissions. In 2020, the increase in emissions was linked to the continuous increase in production and related energy needs.

Between 2019 and 2020, there was a 49% increase in the direct emission contribution related to the consumption of methane gas used for heating plants, wash water and offices. This trend is justified by the increase in the number of washes during 2020 and a colder 2020-2021 winter than the previous one.

CO ₂ eq (t) CONTRIBUTIONS	2017	2018	2019	2020
Indirect CO ₂ eq (Electrical power)	1696	1989	1987	2042
Direct eq CO ₂ (Gas)	139	125	133	198
Direct eq CO ₂ (Transport vehicles)	107	186	188	169

During this last year of reporting, there has been also **a significant reduction of 11% in direct emissions from fuel consumption of the company fleet** (see paragraph "Energy"). In its own small way, this figure highlights **the positive "emissions-cutting" effect of company staff working from home**, intensified during the pandemic lockdown. **The introduction of agile working practices for employees (an average of 25% of workers) has in fact helped save around 20 tonnes of CO₂ equivalent emissions in 2020.** Although this was a first real test of a new way of working to cope with the state of emergency, the direction for the future is to try to continue partly along this path and thus confirm the 2020 emission savings.

As far as emissions of other environmentally harmful substances are concerned, Italcimica boasts a zero release of pollutant gases such as NO_x and SO_x.

Emissions of dust and heavy metals are almost zero and therefore negligible. In the manufacturing area there are two chimneys authorised for emissions into the atmosphere pursuant to art. 269 of It. Legislative Decree 152/2006, one in the blow moulding department, another in the mixing/filling department.

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

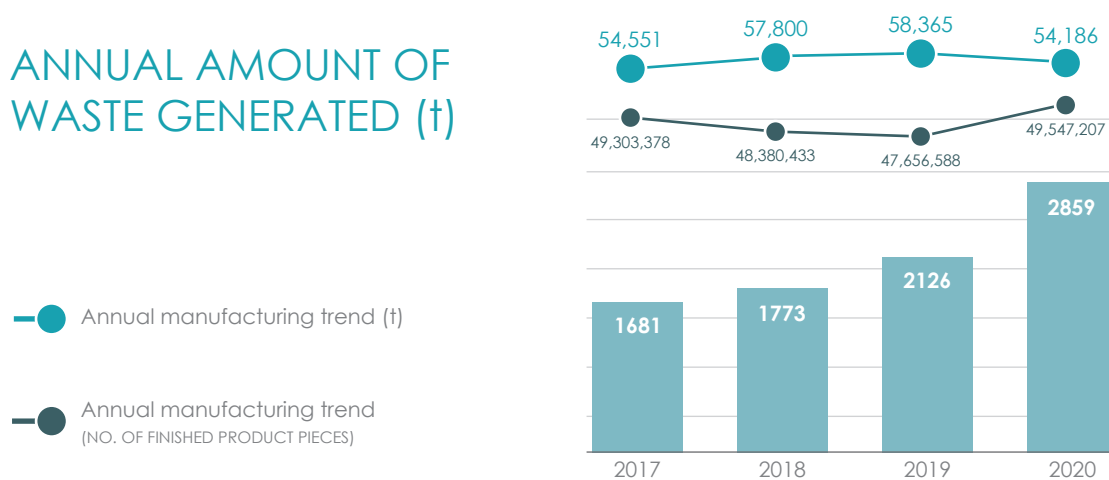
8 - In order to meet GRI objectives, activity data was recorded through a model created via dedicated software. Please note that HCFCs were not included in the calculation as there were no losses from the cooling system.

3.8 Waste

Italchimica believes that the end-of-life of materials can often be an opportunity to create something new. That is why we work to manage waste responsibly and collaborate with our stakeholders to create new value added together in the name of product circularity. The company is constantly committed to monitoring the amount of generated waste by making processes more efficient and fostering widespread awareness among staff. **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 packaging and wash water waste by increasing the percentage of concentrated formulations.
- Optimise recycling and recovery systems for packaging and wash water.
- Design water purification systems to achieve zero local water stress.

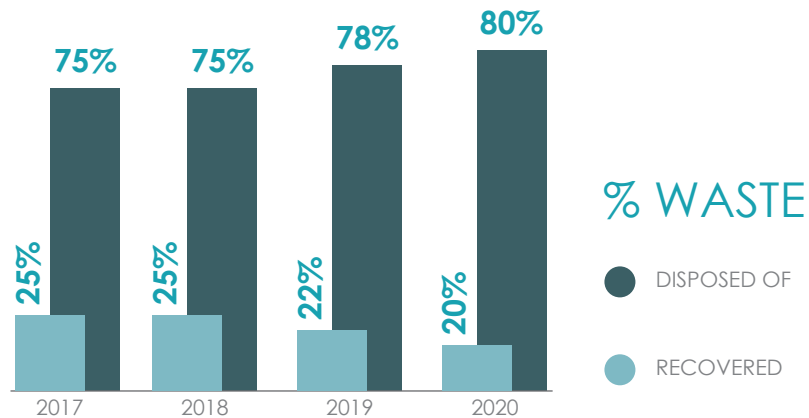
ANNUAL AMOUNT OF WASTE GENERATED (t)



During 2020, there was a 34% 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.

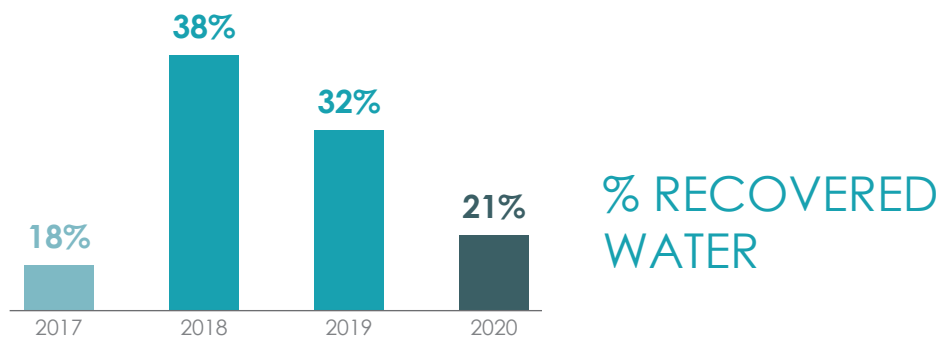


20% of the waste produced in 2020 is not classified as hazardous and is destined for energy recovery. Municipal waste is managed according to the reference Municipality's legislation. Hazardous waste (80%) is always managed carefully, in compliance with mandatory regulations and with a view to minimising environmental risks. It is delivered to 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. The significant increase in wash water recorded 2020 is a direct consequence of the growth in the number of products placed on the market to meet the ever-increasing demand for disinfectant products.

For the past four years, Italcimica has been actively engaged in optimising the recovery practices for wash water destined for disposal. **Since 2017, the upward trend in recovery % remains positive (+3%). During 2020, important numbers continue to be recorded (21% of recovered water).** The significant drop in the recovery trend between 2019 and 2020 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
Wash water	1252410	1310000	1635030	2371360
Mineral oils for non-chlorinated hydraulic circuits	400	900	200	540
Contaminated packaging	4140	14030	33420	38510
Other contaminated materials	1420	3210	1455	1960
Out-of-service equipment	0	400	0	0
	0	17	0	0
Laboratory chemical substances	0	70	6	30
NON-HAZARDOUS WASTE (Kg)	2017	2018	2019	2020
Toners	0	0	0	0
Paper and cardboard packaging	264465	298955	270830	312335
Plastic packaging	74800	69890	92090	131900
Wooden packaging	61820	63720	86982	73127
Metal packaging	0	0	0	0
Mixed-materials packaging	21231	3120	3120	3120
Out-of-service equipment	0	75	240	360
	0	63	72	50
Organic waste	0	0	0	0
Iron and steel	0	8640	2380	4280

Recycling is congruent with the company's vision. For years employees and end-users have been constantly made aware through waste sorting instructions.

FOCUS ON SILICONE RELEASE PAPER RECYCLING 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 2020, the recovery of reel-label silicone paper made it possible to reduce the impact of this process step to zero (with approximately 88 tonnes of material recycled and 171 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 microplastics⁹. 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. Italtchimica 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 established definition of the term "microplastics". In this context, we refer to the basic definition of ECHA, the European Chemicals Agency¹⁰. 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 2022 at the latest.

In the medium to long term, Italtchimica 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.

9 - 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.

10 - 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 strategy focuses on people and the importance of the relationships they can create. One of the Company's key principles of sustainability is in fact the attitude of relating to the context with its employees and the social context in which they are immersed. Italchimica's priority is to enhance the wellbeing and respect of its internal stakeholders with an increasing focus on the local community.

DEVELOPMENT AND WELFARE OF COMPANY STAFF

8 LAVORO DIGNITOSO E CRESCITA ECONOMICA



Contributing to employment growth and decent work for all.

GOALS 2020

+6% of inclusive, hygienic and healthy workplaces

90% employees on open-ended contracts

25% people working from home

LONG-TERM STRATEGY

Organisational growth with the development of new offices by 2022

Management software to optimise communication and organisational efficiency by 2021

DEVELOPMENT AND WELFARE OF COMPANY STAFF

4 ISTRUZIONE DI QUALITÀ



Ensuring inclusive and equitable quality education and equal opportunities.

GOALS 2020

Opening a company store for employees only

Dedicated platform for affiliated products and services

+30% women employed (10 % of management sector)

Targeted onboarding and social sustainability engagement programme for all staff

LONG-TERM STRATEGY

Skills mapping programme and strategic planning of training needs by 2022

New services and benefits for employees by 2023

Expansion of areas for staff and collective activities by 2021

Specific training paths for all our women between 2021 and 2022:

- 4 different training paths
- 716 hours

Local inter-company synergy project for training and business growth by 2022

STAFF HEALTH & SAFETY

3 SALUTE E BENESSERE



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

GOALS 2020

Migration from BS OHSAS 18001 to the UNI ISO 45001 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

LONG-TERM STRATEGY

Minimising the number of accidents by investing in health and safety in the workplace by 2021

Continued optimisation of internal communication and work-related stress by 2021

CONTRIBUTION TO THE LOCAL COMMUNITY

11 CITTÀ E COMUNITÀ SOSTENIBILI



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

GOALS 2020

Treedom project: CO₂ offsetting

Donation of over 3,600 products to various NGOs, communities and charities.

Donation of a medical ventilator to the intensive care unit of the local hospital.

Cleaning programmes for monuments in the local area

Supply of more than 12 million hygienisation and disinfectant products to schools and several retail chains

LONG-TERM STRATEGY

Sustainable corporate mobility programme (by adopting a corporate carpooling scheme) by 2022

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



The change for workers and companies, which began in 2020 with the explosion of the health emergency, has been rapid, intense and permanent: it has affected company structures, operating modes, needs and expectations. In this context, it was necessary to take a further step forward in thinking about corporate welfare, with an increasing focus on diversity, professional qualification and employee welfare. Today, in fact, if on the one hand companies have to deal with the changes that the emergency has triggered within their structures, relationships and work processes, on the other hand there is the need for workers, the local community and stakeholders to be accompanied and reassured in the transition towards the aftermath of COVID-19, taking into account the new matrix of needs.

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

- strengthening relationships in the business community, characterised by new operating modes and threatened by possible inequalities. This avoids the emergence of fragility at a time of high market competition. This process is based on motivational engagement and the development of a sense of belonging in employees.
- Maintaining and improving the company's social reputation, implementing initiatives and actions for the well-being of employees, the local community and stakeholders. Socially relevant interventions can generate good results on the internal and external perception of the Company.

To this regard, **our policy aims at improving the company climate 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 post-COVID phase also comes from the results of the fourth Censis-Eudaimon 2020 Report which shows that, with regards to 87% of the organisations surveyed, the quest for welfare will become increasingly important in the near future, in order to improve the quality of life, tackle inequalities and cushion the effects of technological innovation. In this direction, **during 2020 Italcimica 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. Our policy aims to promote employee well-being and improve their health, safety and training. In this direction, we share the vision underlying the sector goals identified by the UN for 2030.

4.1 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 Italtchimica'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

OUR PEOPLE

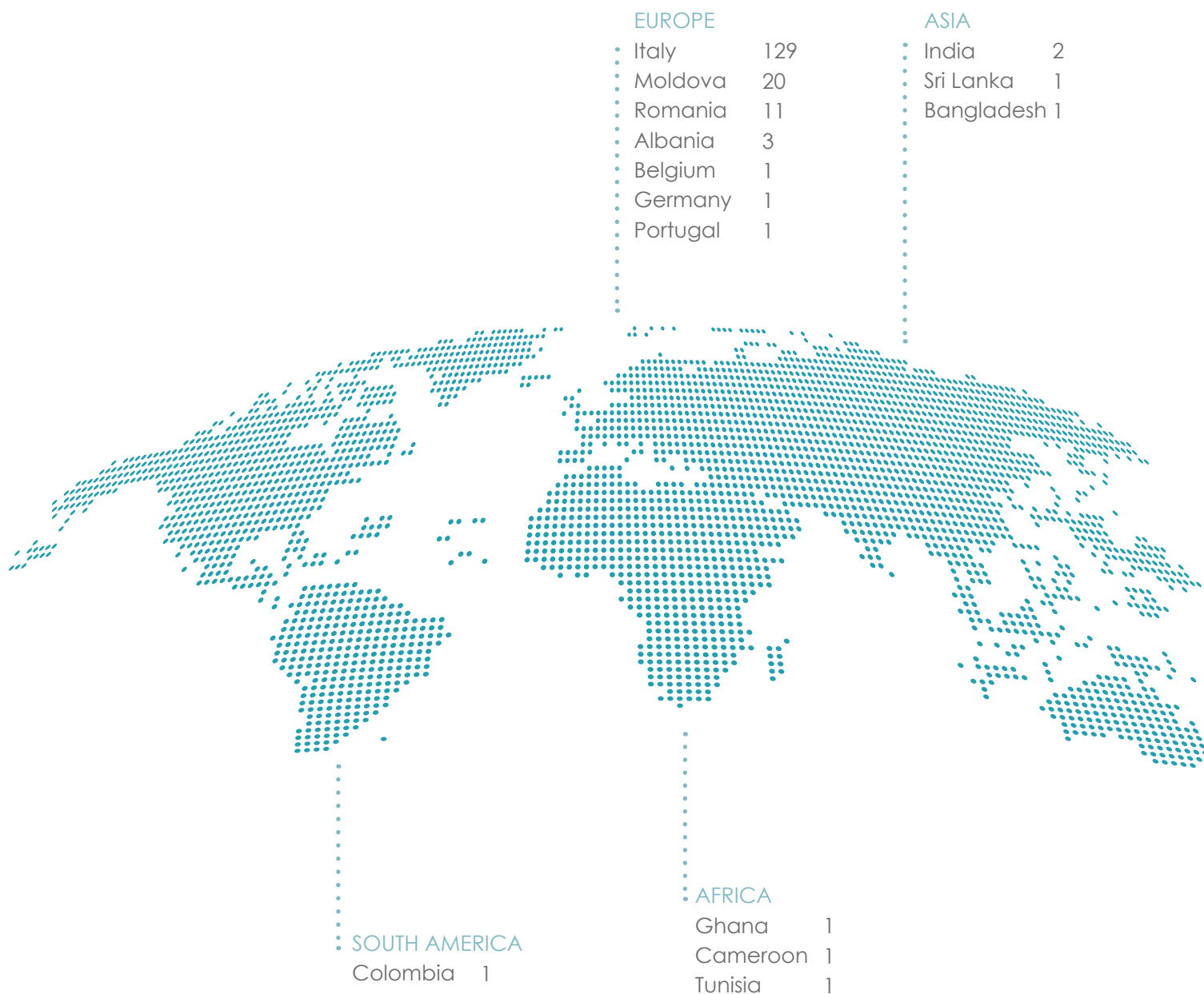
YEAR	NUMBER OF EMPLOYEES	GROWTH RATE
2014	60	-
2015	111	+85%
2016	132	+19%
2017	146	+10%
2018	151	+3%
2019	164	+8%
2020	174	+6%

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 Italtchimica 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.

2020 EMPLOYEES



During 2020, the number of Italcimica's employees maintains a positive growth trend. We have 174 employees, of whom 22% are women and 78% are men.

Italcimica's workforce in the last year consisted of 60% blue collar workers, 34% white collar workers and 6% managers.

CATEGORY	2018	2019	2020
Managers	10	10	10
White-collar workers	48	48	59
Blue-collar workers	93	106	105

During 2020, 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 remained almost steady, registering a rearrangement of departments, with some structures being streamlined and new resources acquired in others. 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%

Italcimica 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, the number of women in the company increased by 30% compared to the previous year.

CATEGORY	2020	WOMEN	EQUAL TO
Blue-collar workers	105	2	1.9%
White-collar workers	59	36	61 %
Managers	10	1	10 %

The category that has seen the inclusion of female resources is the white-collar population. In 2020, the share of women in the total number of employees will exceed 60 %, a 20 % increase over the previous year. During 2020, a resource will be hired as a managerial staff member. By 2021, Italcimica will inaugurate a training course dedicated to the 39 women in the company.

STAFF STABILITY

Italcimica 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

It is interesting to read the data on contractual stability in conjunction with company staff development: **10% of fixed-term staff are normally converted to open-ended contracts at the end of the contract period.**

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

Due to the strong growth in production and the need for great human resource support for this growth, only 1 in 174 employees work part-time.

During 2020, 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	10	6	4
30 < 50 years old	14	5	9
> 50 years old	2	1	1
General	26	12	14

TERMINATED	TOT	WOMEN	MEN
< 30 years old	2	1	1
30 < 50 years old	12	2	10
> 50 years old	1	1	0
General	15	4	11

TURNOVER RATE	TOT	WOMEN	MEN
< 30 years old	7%	4%	3%
30 < 50 years old	15%	4%	11%
> 50 years old	2%	1%	1%
General	24%	9%	14%

Italchimica is a young, pro-active company, taking care to keep up with market trends. Employees under 30 are the majority of the workforce, accounting for 43% of the total.

The 2020 turnover rate was 24%. This percentage deviates significantly from that of the of previous year. A decrease of 13% was recorded. The decrease of about 50% in the number of terminated contracts compared to 2019 shows an important sense of loyalty and belonging of employees to the Italchimica company and their sharing of the values that distinguish it. The figure is significant, especially in such a sensitive pandemic year. 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 2020 are rather high, especially that of the Industry sector, which accounts for about 45%.

WORK FROM HOME

In the pandemic context, the company allowed employees to work from home, a mode of working that had not yet been applied in the company, but which was very successful, allowing an average of 25% of employees to continue their activities remotely. This measure has made it possible to continue all activities, guaranteeing the distancing of employees and ensuring their maximum safety, while continuing to produce a commodity of primary necessity.

Agile working has also been **an alternative way of working that can potentially improve employees' personal lives.** The optimisation of commuting and the increase in time available for personal care have contributed to the well-being of employees.

In this respect, **during 2020 the company invested in new hardware tools and software systems that can guarantee a high technological performance** by reproducing the working conditions of the office in each worker's home. This has led on the one hand to a reduction in transport-related CO₂ emissions and on the other hand to a higher degree of digitisation of documents with a decrease in the use of paper in the office.

Over the next three-year period, the company is planning how to consolidate agile working in the office sector in order to sum up the benefits and well-being for the worker, ensuring productivity and attachment to the company despite the distance. An important step has already been taken. However, new formulas must be created to guarantee the worker a mental-physical balance and find the right compromise with work commitments.

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.

Over the next three years, many activities are planned, such as:

- 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 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.
- The inauguration of staff training paths, inside and outside the company, with particular attention to the female population.
- The expansion of areas for staff and collective activities: a new building dedicated to the workforce, training and reception activities is under construction.
- The adoption of a programme consisting of new services and benefits for employees.

4.2 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 to formal and bureaucratic fulfilments, but it is also a powerful tool for the creation of substantial value throughout the production chain.**

INTEGRATED MANAGEMENT SYSTEM

The Integrated Management System Manual (MSM)¹, which operationally describes the Company's commitment to curb and, when possible, eliminate the risks to workers' safety and health, was signed in 2012. In this connection, Italcimica aims at continuously improving safety performance by constantly promoting the following operational guidelines:

- optimising safety and health in the workplace;
- identifying personnel's health and safety hazards and assessing the associated risks. This information is included in the RAD (Risk Assessment Document);
- defining prevention monitoring measures;
- establishing goals and targets through the identification of priorities;
- 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 **Italcimica had continued monitoring company processes and revising the procedural body of the Integrated Management System**, based on the requirements of the UNI ISO 9001 and ISO 14001 standards (analysis of the company context, stakeholder involvement, leadership, life cycle perspective, risk management and risk-based thinking), as well as adapting to new regulations. Specifically, the analysis of company processes was started in view of the transition to the UNI ISO 45001 standard. In this regard, the Company has implemented a specific training programme. In addition, an analysis of the corporate procedures was carried out to finalise the migration process.

By January 2021, **the Company will complete the migration process from the BS OHSAS 18001 standard to the UNI ISO 45001** standard, obtaining the relevant certification following the audit by the certifying body.

1- The MSM describes and outlines the Company's management system, created in compliance with the standards ISO 45001:2018 and ISO 14001: 2015, as well as the requirements set out in art.30 of It. Legislative Decree 81/2008 and It. Legislative Decree 231/2001.



TRAINING ON SAFETY

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 given thorough, proper training on workplace safety, 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 2020, safety courses amount to a total of 712 hours, an increase of 10% compared to the hours dedicated in 2019.

EMPLOYEE SAFETY DATA	2017	2018	2019	2020
Fatal accidents	-	-	-	-
1-to-3 day injuries	2	5	-	1
INAIL injuries (> 3 days)	8	11	11	5
of which commuting injuries	2	0	3	1
Total working hours*	249,555	348,623	361,269	374,510

* Rates were calculated based on 200,000 working hours

In 2020, an 80% reduction in accidents compared to 2019 was recorded. Only one accident was attributable to home-to-work travel, while 80% 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 also 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.

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;
- subdivision of 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;
- 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.

4.3 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 4 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:

1. process analysis of training needs, e.g. through the administration of a questionnaire aimed at understanding the gap between expected and actual skills;
2. planning training based on the previous phase;
3. provision of training courses;
4. 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 management tools	22 hours
Female Leadership	8 hours
HR and Digital Transformation	16 hours
Communicating to build successful business relationships	20 hours



4.4 Contribution to the local community

During 2020, aware of the primary importance of its role in a particularly difficult and delicate moment for the entire country, **Italchimica wanted to show its solidarity by providing concrete support to the territory that hosts it and that it identifies with.** The Company has made various contributions to the Community:

- The supply of more than 12 million disinfectant and hygienising products to 18,000 educational institutions as well as hospitals, large-scale retail chains for self-consumption, specialised retail, catering and office supply. The Company is proud to have worked to ensure that the community's public spaces could reopen to keep families safe and safeguard children's education and training.
- The donation of an intensive care ventilator to the local hospital during the critical period of the pandemic. This was possible thanks to the full solidarity of the Italchimica workers themselves, who in the midst of a health emergency felt the duty to donate their overtime money to the cause. For the employees, it was not about an act of charity, but rather a gesture of conscious participation in a collective emergency that directly or indirectly affected the whole community.
- The donation of 3660 detergents (amounting to over 2000 litres) to several local organisations, including several non-profit, community and volunteer organisations.



CRISTOFORO COLOMBO

Alongside the various efforts made to cope with the Covid-19 emergency, the Company began two ambitious projects to help protect the environment and preserve local culture:

TREEDOM PROJECT

As part of the company's CO₂ offsetting project, in 2020 the company started a project to plant a tree for every new employee who joins the company.

This project developed from the collaboration with Treedom, a web platform that allows trees to grow remotely and follow their story online.

Trees are mainly planted in developing countries as part of broader agroforestry projects that foster interaction between different species and sustainable use of resources. The rural communities involved in the projects thus receive training and financial support to take care of their crops. Finally, they enjoy their yield by providing their members with a balanced diet.

There are many positive aspects to this initiative: it helps the environment (trees absorb CO₂, emit oxygen, promote biodiversity, counteract soil erosion); it helps the communities involved and raises awareness among our corporate population of issues such as respect and protection of the global environment.

Furthermore, it effectively represents the company philosophy: just like the farmer takes care of his tree, making it grow and bear fruit, Italcimica intends to take care of the professional growth of its employees.

The project consists of a three-year development plan (2020-2022) aimed at raising awareness of sustainability issues and caring for available resources. The company will continue to foster tree planting for every new employee in the company until 2022.

The ultimate purpose of the initiative is to develop a sense of social responsibility in people in order to create a shared value of cooperation and solidarity for future generations.

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 by 2022 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. The national statistics provided by one of the first and most renowned carpooling portals in Italy show a continuous growth in the use of this medium- and long-distance practice. At the beginning of 2020, shared rides increased by 25% compared to the previous year. The journeys have doubled to 13 million km. Overall, over 50% of journeys was in the 15-50 km range. 19% of journeys, the distance range 25-30 km and the duration of over 50% of them was between 11 and 30 minutes.

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, with no stains nor surface film. In a first preliminary step, the dust in the interstices was removed and then the mixture was applied to the surface to be treated together with a protective film covering it for about 24/48h. In the final step of treatment, the film was removed and the surfaces rinsed using low-pressure water jet cleaners. The intervention covered all surfaces of the monument, including the circular wall of the fountain.

This first restoration work intends to be the start of a process of active participation by the Company in the conservation of the local heritage. 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

8 LAVORO DIGNITOSO E CRESCITA ECONOMICA



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

GOALS 2020

+ 50% turnover in the last three years

+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

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.

The pandemic has 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 Italchimica. 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. To this regard, **Italchimica shares Vision 2050, released by the World Business Council for Sustainable Development (WBCSD)¹: "In 2050, 9 billion people will be living well, and within the boundaries of the planet's resources."** Our sustainable business strategy is based on this vision: to innovate and achieve more with less.

Our goal is to create and reduce our footprint at the same time. To achieve 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 Italchimica's economic growth and the progress of Sustainable Development, in line with the goals identified by the UN for 2030.

1- 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.

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. 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 reused, 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.**

5.1 Economic Impact

	TURNOVER (MIL. OF EUROS)	TURNOVER BY 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

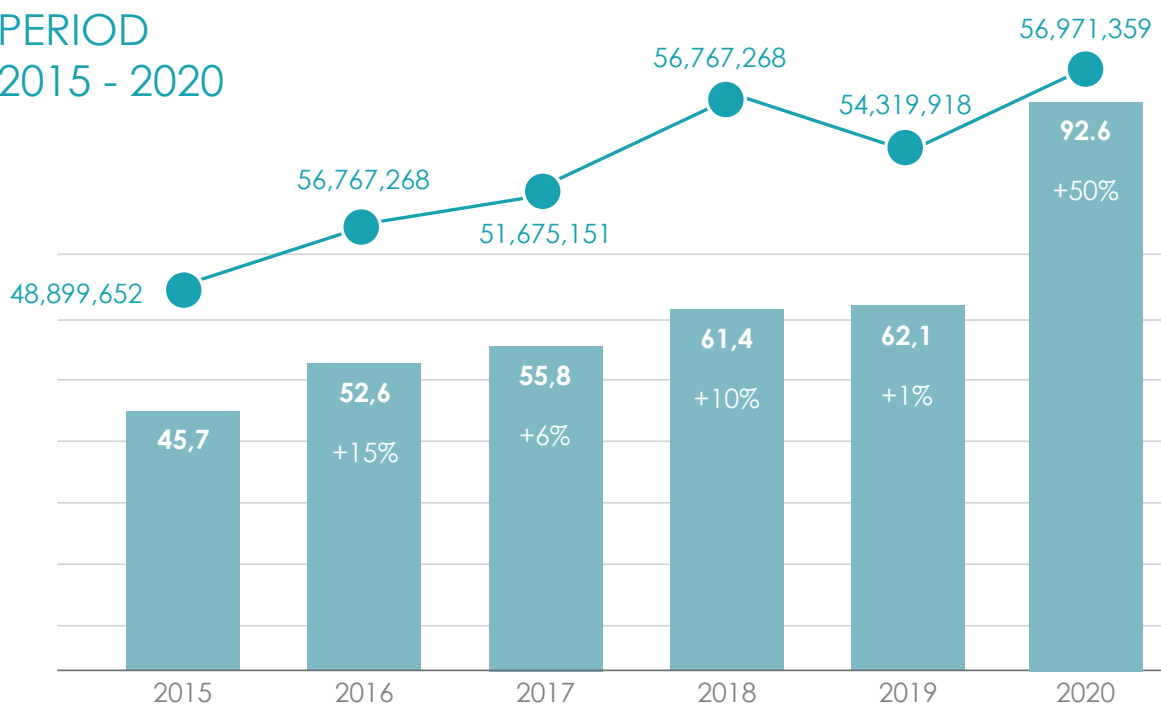
In 2020, Italcimica's turnover will be 92.6 million euros. The sharp increase in the number of units produced over the past year is mainly due to the partial conversion of production during the pandemic period.

In 2020, 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 upward trend over the past year was mainly due to the type of products sold during the COVID-19 pandemic. The production focus on specific formulations and the reduction in the number of references has made it possible to guarantee a constant supply of detergents, disinfectants and hydro-alcoholic gels to schools, retirement homes, healthcare facilities and a variety of customers.

Over the past five years, turnover has more than doubled, with an increase of 144% compared to 2016.

PERIOD
2015 - 2020



5.2 Value added

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

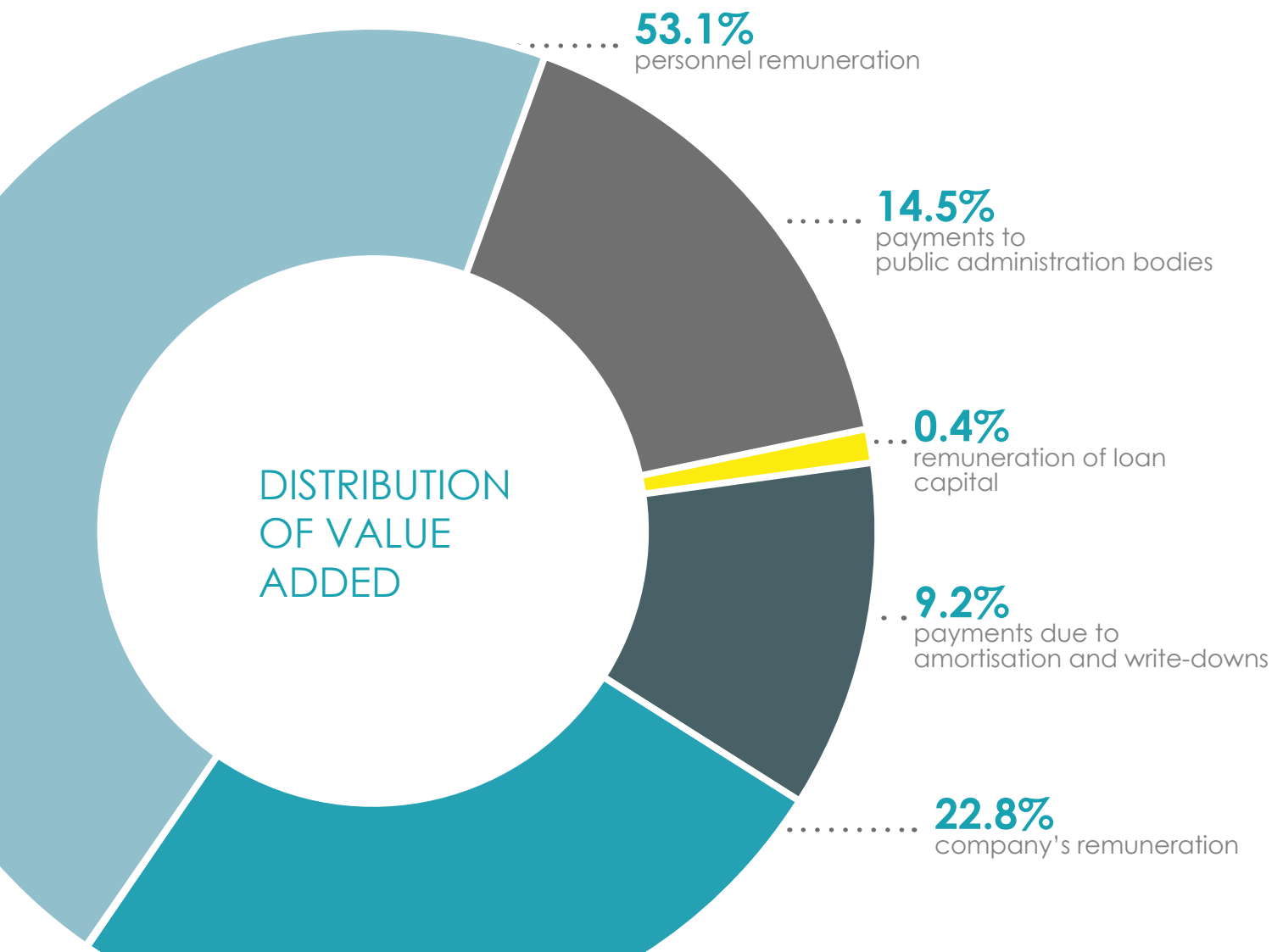
The Value Added table represents, in particular, the accounting link between the Statutory financial accounts and the Sustainability Report. The wealth produced by it during the year is namely the difference between gross production and the consumption of goods and services. It is calculated by reclassifying 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
Revenues from sales and services	55,876,182	61,470,675	62,140,725	92,607,259
Changes in inventories of work in progress, semi-finished and finished products and work in progress on order	1,388,813	764,319	328,379	2,122,886
Increases of non-current assets from in-house production	-	-	-	-
Other income	159,060	469,790	1,031,529	1,010,483
Total	57,424,055	62,704,784	62,843,875	95,740,628
INTERMEDIATE PRODUCTION COSTS	31,12,2017	31,12,2018	31,12,2019	31,12,2020
For raw, ancillary and consumable materials and goods	25,638,813	25,722,863	25,437,385	33,732,934
For services	18,059,893	19,922,270	16,892,056	20,399,523
For leased assets	2,762,815	3,054,861	2,999,647	3,011,629
Changes in the stock of raw, ancillary and consumable materials and goods	498,175	-630,035	-520,611	35,455
Other operating expenses	306,407	914,190	645,409	1,339,305
Total	46,269,753	48,984,149	45,453,886	58,447,936
VALUE ADDED	11,154,302	13,720,635	17,389,989	37,292,692

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.

The aggregate value added produced by Italtchimica in 2020 is 37.2 million euro, with revenues amounting to 92.6 million euro, an increase compared to 2019 of approximately 50%. Thanks to process efficiency, there is a 29% increase in costs, which is less than proportional to revenues. **The 2020 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 22.8% of the value added produced by the company in 2020 was distributed to employees in the form of salaries, social security contributions and severance indemnity. This figure confirms Italtchimica's focus on its employees. **Investments, in the form of depreciation, yielded a return of 9.19%, highlighting the company's ability to make the necessary investments to improve production efficiency.** The company's return corresponds to 53.14% of aggregate Value Added a significant increase compared to 2019, due to improved economic performance.



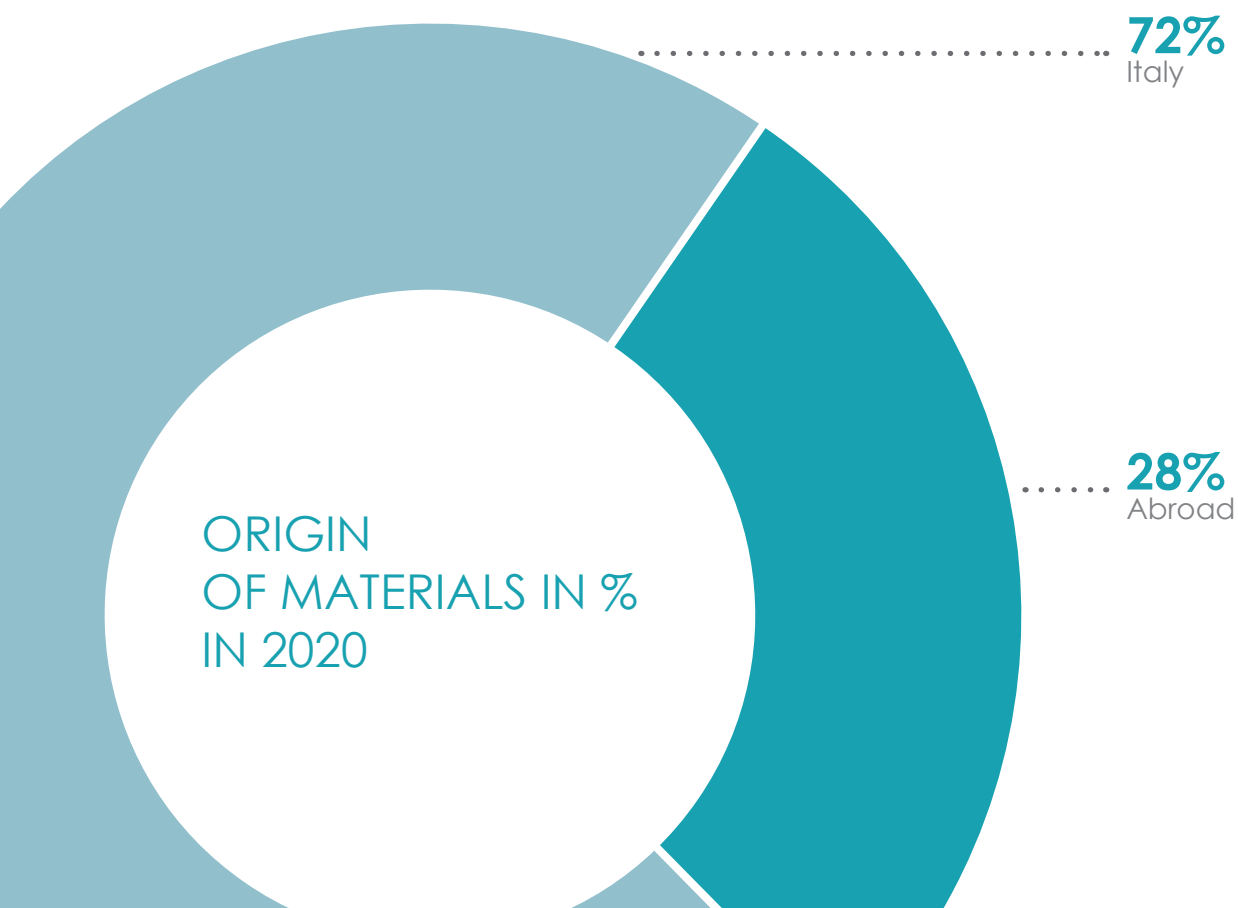
5.3 Our production chain

MATERIALS 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 2020, Italchimica had 137 active suppliers, of which 87 are raw material suppliers and 50 pack suppliers, with a turnover of approximately 29,500,932 euros.**

	2018	2019	2020
Active materials suppliers: raw materials	87	89	87
Active materials suppliers: packaging	56	55	50
Tot active materials suppliers	143	144	137
Materials suppliers' Turnover	€ 24,696,418	€ 23,461,851	€ 29,500,933

With regard to the origin of the raw materials for formulation and packaging, most of our supply is Italian (72%), while 28% comes from foreign countries.



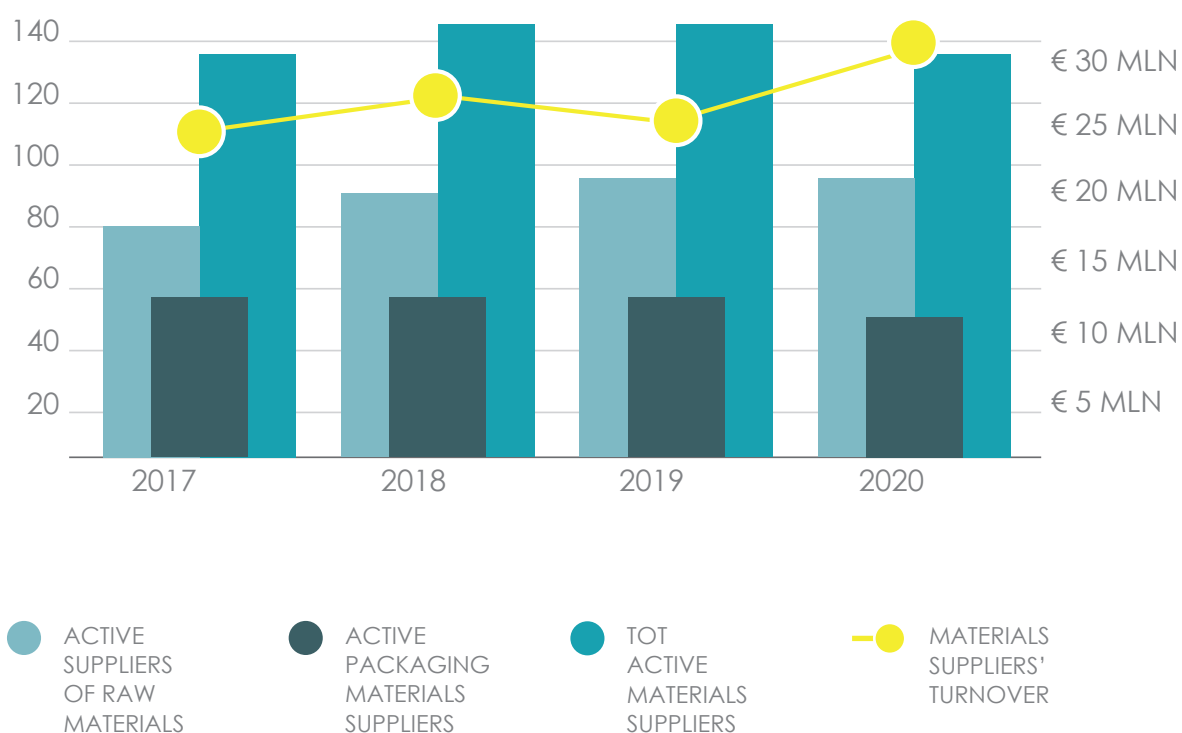


LYTOS

LYTOS



ITALCHIMICA'S MATERIALS SUPPLIERS 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

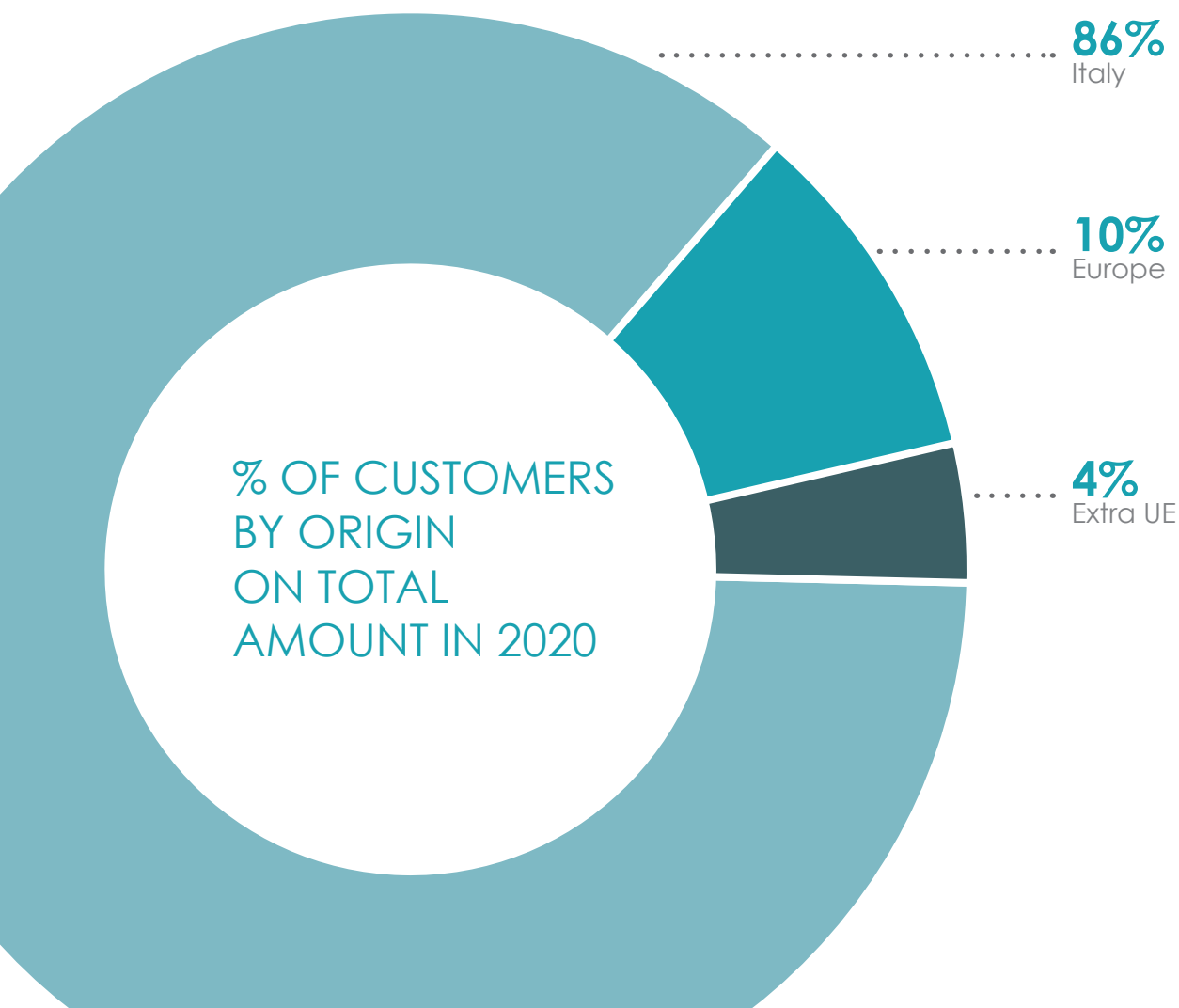
Most of Italcimica's customers are Italian, but the number of international customers, both from Europe and the rest of the world, is increasing.

TURNOVER*	2018	2019	2020
Total	€ 62,616,742	€ 62,010,584	€ 93,425,015
Italy	€ 55,214,486	€ 52,793,934	€ 80,135,588
Europe	€ 4,920,892	€ 6,354,618	€ 9,069,438
Extra UE	€ 2,481,364	€ 2,862,032	€ 4,219,988

*data on the management profit and loss account.

86% of Italcimica's turnover in 2020 is linked to Italian customers. European and non-EU customers account for 15%. **Over the last three years there has been a significant increase of more than 40% 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 2020

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