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# 2020 Sustainability Report

We are invisible! But we are everywhere!

## Table of contents

Letter to Stakeholders .....	3
The process for the preparation of the Sustainability Report.....	4
1. A history spanning over 100 years .....	8
1.1 <i>Made in Italy</i> since 1918.....	8
1.2 Our organisation.....	9
1.2.1 Governance.....	10
1.2.2 Economic performance .....	11
1.2.3 Associations .....	13
2. Our invisible strength .....	14
2.1 A high-quality production process.....	14
2.2 Careful selection of materials.....	17
2.3 Our team.....	20
3. Attention to the environment and safety .....	26
3.1 Environmental protection .....	26
3.1.1 Water withdrawal and discharge .....	27
3.1.2 Waste.....	28
3.1.3 Emissions of pollutants.....	29
3.1.4 Energy consumption and greenhouse gas emissions.....	30
3.2 The health and safety of workers and customers .....	31
Methodological note .....	35
GRI Content Index.....	38

## Letter to Stakeholders

Dear readers,

More than one hundred years after the establishment of Industrie Chimiche Forestali, I am proud to present you our first annual review of our Sustainability Report, which is not intended to meet a legal obligation but rather to tell us and share with you our future commitments.

Demonstrating far-sightedness and a strong focus on emerging social and environmental issues, since 1998 we have decided to join the "Responsible Care" Programme, which promotes the Sustainable Development of the Chemical Industry worldwide according to values and behaviour oriented towards health, safety and the environment. This voluntary programme, launched globally since the eighties, represents excellence on the industrial scene: a unique, ethical and sustainable way of working and creating a corporate culture at the same time, improving company performance in terms of occupational health and safety and environmental protection.

This growing attention led us to offer our customers increasingly eco-friendly products without compromising their functionality and performance. We have in fact been working for years on the replacement of hazardous substances present in the formulation of our products and on the development of eco-friendly and low VOC adhesives, challenging working methods and technologies consolidated over time.

At Industrie Chimiche Forestali, there is a strong sense of belonging and teamwork. We strongly believe in the value of our people to whom we guarantee the opportunity of a qualified job and on which we invest to enhance their talents. This investment translates into a constant commitment to their personal and professional growth through numerous training activities.

In line with this spirit, we operate with respect for the safety not only of our employees but also of our customers and the surrounding population. And particularly in the year that has just ended, due to the viral pandemic, with great apprehension for everyone, but with determination and moral and professional energy. Properly trained personnel and the development of processes and plants with high standards of quality and safety are the prerequisite that we put before any other consideration of economic opportunity. Quality, environment and safety are inseparable aspects of our entrepreneurial activity, which are also reflected in the maintenance and continuous improvement of Management System certifications, some of which were obtained more than twenty years ago and have therefore become a common working method for all our employees.

Our continuous investments in the research and development of innovative products, in plant design and in the training and safety of our employees guarantee us the possibility to grow in the medium-long term and the ability to operate in the global market.

For all these reasons, at Industrie Chimiche Forestali, we have made the integration of economic, environmental and social sustainability into the business our strong point, demonstrating on the market a better ability to be competitive as well as dynamic and flexible. We can only hope that what we have been doing for years at Industrie Chimiche Forestali is an incentive for all of you and that it will allow us to build a virtuous chain able to guarantee the end customer a safe, environmentally friendly and ethical product.

Chief Executive Officer

Guido Cami

## The process for the preparation of the Sustainability Report

Industrie Chimiche Forestali S.p.A. (hereinafter referred to as ICF or Group) has decided to continue its sustainability process through the drafting of a second Sustainability Report (hereinafter also referred to as "Report") with the aim of strengthening and making increasingly transparent its communication towards its stakeholders and describing the main information and initiatives relating to environmental, social and economic aspects that have characterised the Group for over 100 years.

The process undertaken by the Group to update the Report involved top management and the various corporate functions in the preparation of the document and the collection of data and information useful for the preparation of the Report.

The Sustainability Report of ICF was prepared in accordance with the *Global Reporting Initiative Sustainability Reporting Standards* (in short "GRI Standards"), the sustainability reporting standards whose reference principles and indicators are the most widely used and applied internationally.

The activities underlying the preparation of the Sustainability Report are described below, i.e. the identification and prioritisation of stakeholders involved in the sphere of ICF and the analysis of non-financial topics relevant (or "material") for the Group in line with the *GRI Standards*.

### ***Our stakeholders***

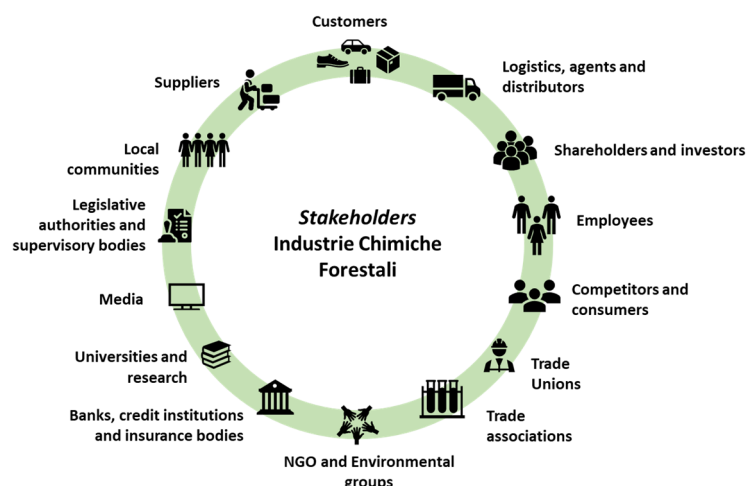
The identification and prioritisation of the Group's stakeholders represents a substantial step towards the subsequent identification of the most relevant sustainability topics on which to focus the contents of the Sustainability Report.

The different stakeholders of ICF were mapped last year on the basis of the analysis of the company structure, business activities, value chain and network of relationships existing around the Group. Subsequently, through the involvement of top management, the stakeholders identified had been classified according to the following criteria in order to give it a priority level:

- **impact on ICF:** ability of the stakeholder to influence strategic or operational decisions of the Group;
- **ICF dependency:** the level of stakeholder dependency on the choices, products and activities of the Group.

For the 2020 Sustainability Report, both the identified stakeholder categories and their prioritisation are confirmed.

During 2020, the company's communication with stakeholders was enhanced through numerous press releases and the overhaul of the website. In line with the progressive containment of the Covid-19 pandemic emergency, in the coming years the Group intends to promote communication and bilateral dialogue initiatives in the coming years with the aim of establishing and consolidating a relationship of trust and continuous dialogue.



## Material topics

A key step in the preparation of the Sustainability Report according to the *GRI Standards* is the identification of material sustainability topics on which to focus reporting.

To prepare the 2019 Sustainability Report, ICF had carried out an initial mapping of sustainability topics potentially relevant to the Group on the basis of a series of activities aimed at analysing the context in which the Group operates (*benchmark* analysis, analysis of the press review, analysis of sustainability trends). Subsequently, the results obtained had been cross-referenced with contributions received from top management and the various corporate functions and with the set of sustainability topics indicated in the *GRI Standards* in order to define a universe of potentially relevant topics.

With the aim of identifying material topics among those potentially relevant, ICF then carried out the materiality analysis, i.e. it assessed the various sustainability topics identified according to their relevance for the Group and its stakeholders as required by the reporting standard.

In particular, through the holding of a workshop attended by the Group's *top management*, it had been possible to define an order of priority for sustainability topics based on their relevance to ICF. The Group assigned priorities to topics by taking into account not only the qualified opinion of the key figures of the Group, but also ICF's formal commitment to the topics submitted for analysis, the strategic priorities of the company and the main areas of environmental, economic and social impact of the organisation.

For the 2020 Sustainability Report, in order to determine the relevance of sustainability topics from a *stakeholder* perspective, the following context analyses were carried out once again and account was taken of the priority levels resulting from:

- the **benchmark** analysis with respect to comparable Italian and international companies and customers of the Group operating in the main ICF sectors (automotive, flexible packaging, footwear and leather goods), which has made it possible to distinguish the sustainability topics that are most frequently dealt with on the websites and in public documents;
- the analysis of **pressures in the field of sustainability for the chemical industry** through the identification of the topics most discussed in the publications of the main industry associations (Federchimica, FEICA, etc.) and some international organisations (RobecoSam, SASB, etc.);
- the analysis of **sustainability trends at global level** through the mapping of the sustainability topics most considered by major stock exchanges, sustainability rating agencies (DJSI, MSCI, etc.), international organisations (GRI, World Economic Forum, etc.) and government institutions (EU, UN, etc.).

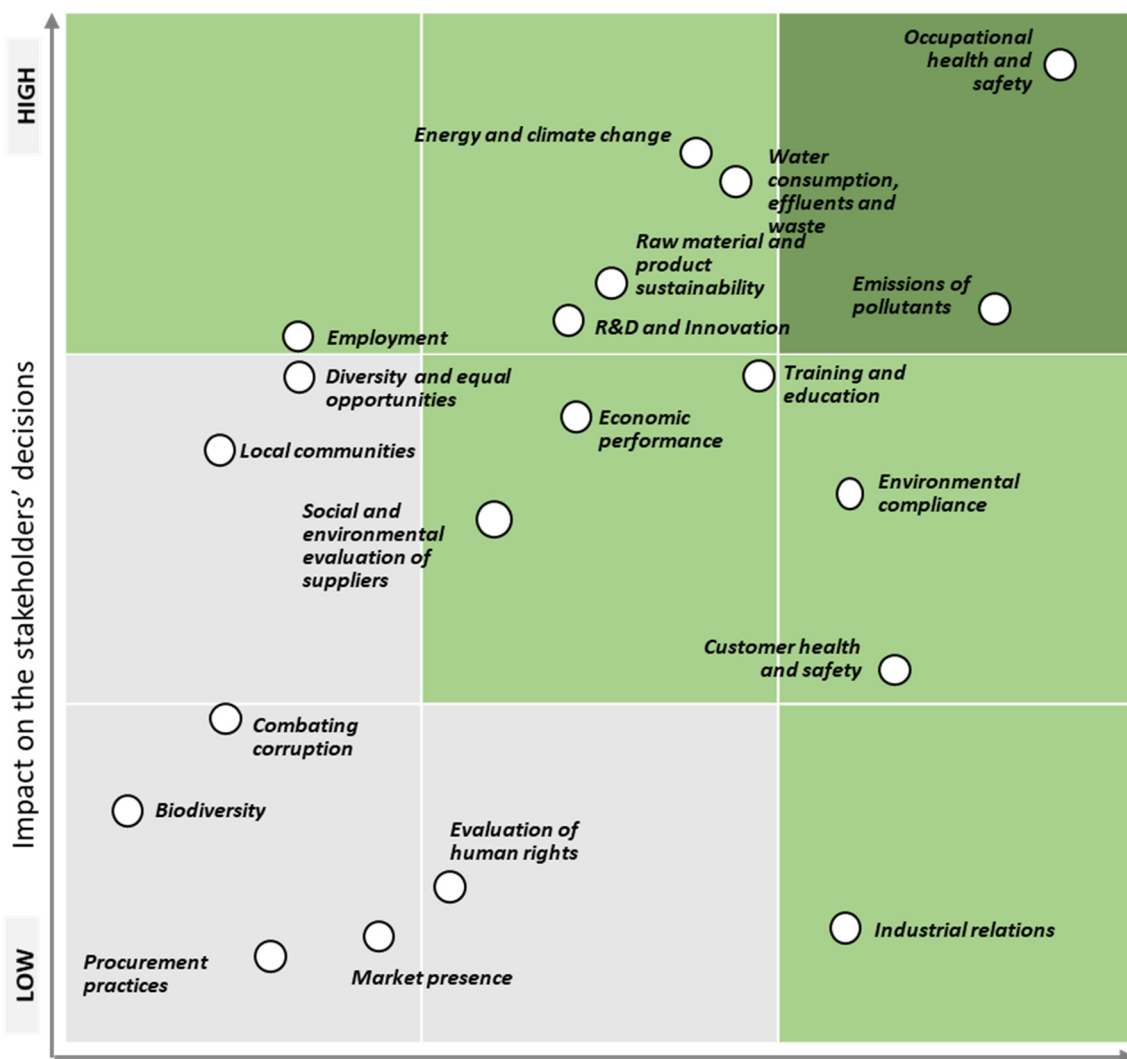
As described in the previous paragraph, in the future ICF will work to complement these context analyses with direct *stakeholder engagement* activities, aimed at stakeholders inside and outside the Group, to gather the impressions of key stakeholders and to orient reporting according to the expectations declared personally by the stakeholders themselves.

The analyses carried out do not reveal any significant changes compared to the topics identified for 2019.

Subsequently, an analysis was carried out of **relevance with respect to the media and public opinion** of sustainability topics through the recognition of the main events affecting ICF in the year of reference, examining the main articles in local and international newspapers. This analysis brought to light a number of topics to focus on, namely the possibility of introducing an additional theme linked to the product dimension and the importance of reinterpreting certain material issues of ICF given the Covid-19 pandemic.

The results of the above analyses were then validated at a **meeting** involving the Chief Executive Officer of ICF, as well as the person responsible for preparing the Sustainability Report.

The overall result of the 2020 materiality analysis is represented through the ICF 2020 **materiality matrix**, which indicates the importance of each topic according to its relevance for the company (horizontal axis) and its relevance for stakeholders (vertical axis).



With respect to the 2019 materiality matrix:

- *Raw materials* was renamed *Raw materials and product sustainability* to enhance the product dimension and focus on the Group's commitment to making products increasingly sustainable;
- the topics of *Water consumption and Effluents and waste* were combined into a single topic: *Water consumption, effluents and waste*;
- the topics of *Social evaluation of suppliers* and *Environmental evaluation of suppliers* were combined into a single topic: *Social and environmental evaluation of suppliers*;

In addition, on the basis of the relevance of certain topics for the Group, the following topics have been moved to the right along the x-axis of the matrix, giving them greater significance than in the previous report:

- *Economic performance*;
- *Customer health and safety*;
- *Industrial relations* (thus becoming a material topic);
- *Social and environmental evaluation of suppliers* (thus becoming a material topic).

The following topics have been moved upwards along the y-axis of the matrix instead:

- *Economic performance*;
- *Environmental compliance*.

As regards the Covid-19 pandemic, the attention paid by the Group to its employees and their health and safety, but also to its suppliers, will be highlighted in the chapters below.

In the light of the matrix, the material topics on which the contents of this Sustainability Report will be focused are those falling under the green coloured boxes, i.e. the topics that were significantly relevant for ICF and/or its stakeholders:

- topics related to regulatory compliance and environmental impacts of production processes: *Environmental compliance, Water consumption, effluents and waste, Emissions of pollutants, Energy and climate change*;
- topics related to products and their use: *Raw material and product sustainability; R&D and Innovation, Customer health and safety*;
- topics related to the Group's relations with its employees: *Employment, Training and education, Occupational health and safety, Industrial relations*;
- topics related to the Group's business: *Economic performance*;
- topics related to the supply chain: *Social and environmental evaluation of suppliers*.

## 1. A history spanning over 100 years

### 1.1 Made in Italy since 1918

The history of the Group began in **1918**, the year in which the company Forestali s.r.l. (hereinafter referred to as Forestali) was established to extract the pyroligneous acid from the wood of the Maccagno forests in the province of Varese. In the **twenties**, the production of formaldehyde as a derivative of pyroligneous acid began, first in Maccagno and then in the plant in Sesto San Giovanni (MI). The activity of Forestali was then strengthened in the **thirties** with the establishment of the Società Italiana Resine (SIR) for the production of phenolic resins in Sesto San Giovanni.

In **1941**, the production of special impregnated fabrics for the footwear industry began and in the **fifties** the production of adhesives. After the sale of SIR, formaldehyde production continued in Maccagno and Sesto San Giovanni until **1983**, when the company stopped production in basic chemicals and focused definitively on the upstream segment of the footwear industry.

In **1984**, Forestali produced a complete series of adhesives and auxiliary products for industries other than footwear: Durabond was created, a complete line of technical adhesives for furniture and, at the same time, high-quality and easy to use adhesives were formulated specifically for export to developing countries. Today, Durabond is present in Italy, Europe and over 30 non-European countries.

In **1987**, Forestali relocated production from the plant in Sesto San Giovanni to the new plant in Marcallo con Casone in the province of Milan and on **31 December 1999** ceased production of fabrics for toe caps and counters at the plant in Maccagno. In **October 2006**, the Company changed its name to Industrie Chimiche Forestali S.p.A.

In **2016**, the company Adhesive Based Chemicals S.r.l. (hereinafter ABC) was merged and became a division within ICF. ABC started its activity in **2005** in Marcallo with Casone, as a company fully dedicated to the polyurethane adhesive industry, focusing its activity in research, development, formulation and production of polyurethane adhesives for industrial applications for different sectors, mainly automotive, flexible packaging, graphic arts and industrial applications.

On **14 May 2018**, the entire share capital of Industrie Chimiche Forestali S.p.A. was acquired by EPS Equita PEP SPAC S.p.A., a company listed on the AIM Italia market regulated by Borsa Italiana. Following the acquisition, EPS Equita PEP SPAC S.p.A. changed its name to ICF Group S.p.A. and began to carry out management and coordination activities as a *holding company* for its subsidiary Industrie Chimiche Forestali S.p.A.

On **1 August 2020** Industrie Chimiche Forestali S.p.A. finalised the reverse merger with the then parent company ICF Group S.p.A. and the simultaneous admission to listing on the Alternative Capital Market, AIM Italia, organised and managed by Borsa Italiana S.p.A., of the ordinary shares and warrants that have been issued as at the effective date of the merger. The merger became effective for civil law purposes on 1 August 2020 with accounting and tax backdating to 1 January 2020.

Furthermore, 2020 was a very challenging year as it was marked by the health emergency due to the Covid-19, which affected every company worldwide. Despite the pandemic, following the issuance of the Prime Ministerial Decree of 22 March 2020 on the containment and management of the Covid-19 epidemiological emergency, Industrie Chimiche Forestali continued its business in that it operated in the chemical sector included among the sectors authorised to continue their activities.



The Group adopted all the measures required to **safeguard the safety and health** of its personnel working in the production areas and activated **remote working** for personnel in the administrative and commercial areas.

Thanks to the chemical skills of its employees and the plants already present on site, in April 2020 ICF also launched a new business line dedicated to the **production of hand and surface cleaning products with sanitising action**. These products, registered in the European “*Cosmetic Product Notification Portal*” (CPNP) according to European Regulation 1223/2009 EC, can also be purchased on e-commerce channels and have been made available to employees in all the company environments. Each formulation is accompanied by a *Cosmetic Product Safety Report* (CPSR) including quali-quantitative and stability information, microbiological quality, impurities, information on packaging (which must be compatible with cosmetic use) and instructions for use.

In addition, in cooperation with AHLSTROM-MUNKSJÖ Italia SpA, Industrie Chimiche Forestali Spa developed an innovative product (with *Spunbond Meltblown Spunbond* (SMS) technology) to manufacture **surgical masks**. The product, called FREEDOM M1, complies with **EN UNI 14683** to manufacture type 1 and type 2 surgical masks. In the second half of 2020, ICF also initiated marketing of type 2 surgical masks made with SMS FREEDOM M1, called **FOREMASK**.

## 1.2 Our organisation

Industrie Chimiche Forestali, controlled since 2018 by ICF Group S.p.A., now merged with Industrie Chimiche Forestali S.p.A. in order to further simplify the corporate structure (as approved in March 2020 by the Board of Directors), designs, manufactures and markets high-tech adhesives and fabrics in the following main markets: automotive, footwear, leather goods, upholstered furniture, flexible and industrial packaging.

The Group, while operating under a single company name, produces and markets its products through **three separate brands: Industrie Chimiche Forestali, ABC - Adhesive Based Chemicals and Durabond**.

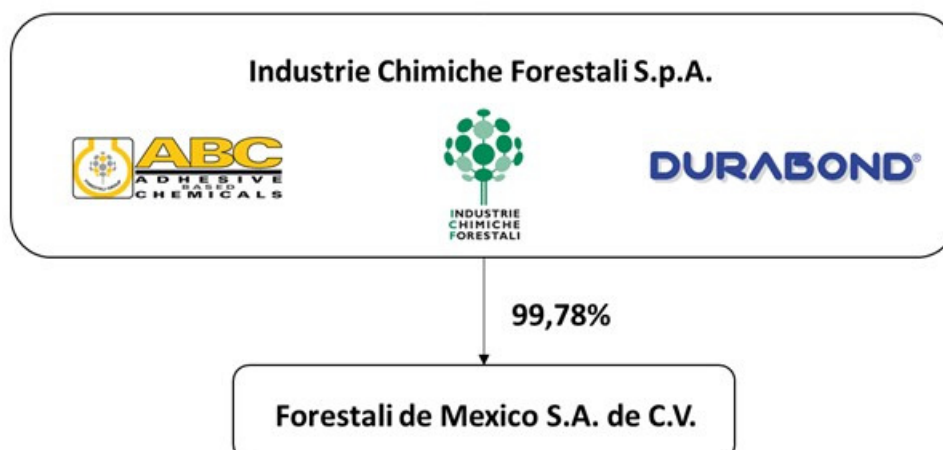


The production activity of ICF is carried out through two separate **divisions**:

- **ICF Division**, specialised in the production of adhesives and fabrics such as toe caps, linings and counters for the footwear industry, as well as solvent and water-based adhesives for the leather goods and upholstered furniture industries;
- **ABC Division**, which produces adhesives for the automotive, flexible packaging and industrial segments.

Both divisions operate at the production site in Marcallo con Casone (MI), but the Group is also present internationally through its subsidiary Forestali de Mexico S.A., which markets its products on the Mexican market.

## Group Structure



With 129 employees and a turnover of more than € 60 million<sup>1</sup> in 2020, the Group exports to more than 80 countries around the world with a percentage of exported turnover of about 66%. Sales and logistics management represents a strategic point for the Group's competitiveness, which has an intense commercial network of 21 agents (10 Italian and 11 foreign) and three logistics bases in Mexico, the United States and Hong Kong. The countries interested in marketing the Group's products within the EU are Germany, France, Spain, Portugal, Poland, Hungary, Slovenia, while worldwide they are Mexico, the United States, South Africa, Colombia, Japan, China, Taiwan, Vietnam, India, Pakistan, Bangladesh, Turkey, Africa, Middle East and Eastern Europe (Russia, Ukraine). Globally, ICF has a portfolio of around 800 customers, the most relevant and least numerous of which are related to the automotive industry, while the remainder are small customers in the footwear and leather goods industry.

### 1.2.1 Governance

The governance of Industrie Chimiche Forestali consists of an administrative body (Board of Directors), a decision-taking body (Shareholders' Meeting) and a control body (Board of Statutory Auditors). In particular, the Board of Directors consists of: the Chairman, Guido Cami, and the directors Giovanni Campolo, Stefano Lustig, Vincenzo Polidoro, Giuliano Gregorio Tomassi Marinangeli, Roberto Rettani and Marina Balzano.

As from 2014, Industrie Chimiche Forestali adopted an **Organisational, Management and Control Model** pursuant to Legislative Decree no. 231 of 8 June of 2001 (hereinafter also referred to as "Model 231") and a **Code of Ethics** (hereinafter also referred to as the "Code") with the aim of raising awareness and communicating in a transparent manner the ethical and social values by which the Group is inspired, as well as defining the fundamental principles, rules of behaviour and responsibilities within the Group itself.

In order to safeguard the interests of stakeholders and ensure an efficient and reliable working method, the Code identifies the prerequisites to ensure that the business activity is inspired by the principles of fairness, transparency, diligence, honesty, mutual respect, loyalty and good faith.

Moreover, the Code of Ethics specifies the topics of fundamental importance for the Group's growth strategy:

- Responsibility of internal personnel and external collaborators;

<sup>1</sup> The indicated value refers only to the turnover of Industrie Chimiche Forestali S.p.A., equal to € 60.6 million.

- Conflict of interest, protection of company assets and image;
- Rules of behaviour in the management and recruitment of human resources;
- Rules of behaviour in relations with public bodies (public administration, parties, trade unions and associations);
- Rules of behaviour for the management of contributions and sponsorships;
- Rules of behaviour for the management of relations with the media;
- Rules of behaviour for the prevention of corporate crimes, crimes with the purpose of terrorism, computer crimes and unlawful data processing;
- Protection of Intellectual Property and Privacy;
- Principles on which the behaviour of ICF is based and of which strict compliance is required by the Recipients with regard to occupational health and safety;
- Principles on which the behaviour of ICF is based and of which strict compliance is required by the Recipients with regard to the Environment;
- Relations and rules of behaviour with stakeholders, shareholders, suppliers and external collaborators.

With the adoption of Model 231, the Group established a **Supervisory Body** with the task of periodically checking the system of proxies and powers of attorney in force and their consistency with the entire system of organisational communications.

### 1.2.2 Economic performance

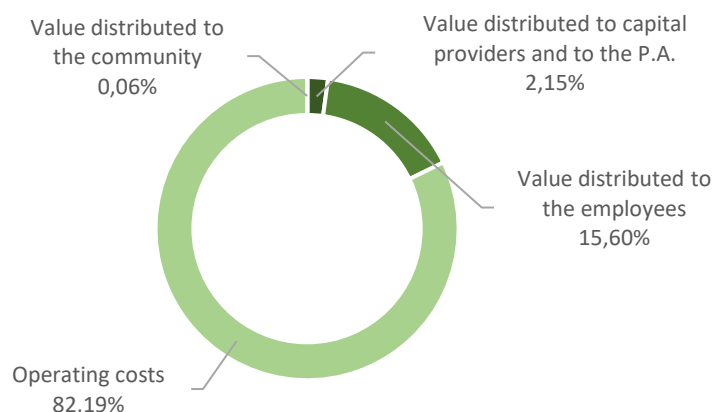
The economic value generated by Industrie Chimiche Forestali S.p.A. in 2020 was € 60.7 million<sup>2</sup>, of which about 90%, equal to approximately € 54.5 million, was distributed to the Group's main stakeholders. In particular:

- operating costs amounted to approximately € 44.8 million, 80.4% of which were costs for raw materials;
- personnel remuneration amounted to approximately € 8.5 million;
- a total value of approximately € 1.2 million was distributed to capital providers and the Public Administration;
- donations, membership fees and sponsorships to the community amounted to € 35.3, up by 82% compared to 2019.

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<sup>2</sup> The economic value generated includes both turnover and other income of Industrie Chimiche Forestali S.p.A.

### Economic value distributed in 2020



Economic performance (k€)	2018	2019	2020
<b>Generated economic value</b>	<b>79,889.4</b>	<b>72,285.9</b>	<b>60,696.9</b>
<b>Distributed economic value</b>	<b>74,148.2</b>	<b>65,252.4</b>	<b>54,520.0</b>
Operating costs	62,833.4	53,765.5	44,807.6
Value distributed to employees	8,689.3	8,677.3	8,506.1
Value distributed to capital providers	1,169.5	1,029.5	1,328.3
Value distributed to the P.A.	1,445.9	1,760.7	-157.3
Value distributed to shareholders	-	-	-
Value distributed to the community	10.0	19.4	35.3
<b>Retained economic value</b>	<b>5,741.2</b>	<b>7,033.4</b>	<b>6,176.9</b>

The drop in economic value generated in 2020 by the Group, compared to 2019, is mainly due to the health emergency that has spread around the world, which has severely slowed down the automotive, footwear and leather goods sectors in which ICF works, as they relate to the movement of people. In particular, in April and May, more stringent restrictions led to an overall decline in every business activity. However, the reduction in the spread of the virus during the summer period allowed ICF to resume production in the second half of 2020.

#### "I Bambini delle Fate" Foundation

Thanks to ICF's strong sense of social responsibility and solidarity, the Group has been supporting the non-profit Foundation "I Bambini delle Fate" since 2012. Also in 2020, ICF donated € 6,000 to the foundation that provides financial support to social inclusion projects and programmes managed by local partners for the benefit of families with autism and other disabilities.

#### Combatting Coronavirus

To support the extraordinary "STOP AL CORONAVIRUS" fundraising, Industrie Chimiche Forestali donated € 20,000 to the Fondazione degli ospedali di Abbiategrasso, Cuggiono, Legnano, Magenta ONLUS.

### 1.2.3 Associations

Industrie Chimiche Forestali is a member of **Associazione nazionale Vernici, Inchiostri, Sigillanti e Adesivi (AVISA)** (National Association of Paints, Inks, Sealants and Adhesives) of Federchimica, part of Confindustria and member of CEFIC (European Chemical Industry Council). AVISA represents the companies producing adhesives and sealants that carry on industrial activities in Italy in various sectors including: stationery, packaging, footwear, construction, wood and furniture, means of transport. The Association also liaises with European associations by joining **CEPE** (*Conseil Européen de l'Industrie des Peintures, des Encres d'Imprimerie et des Couleurs d'Art*) and **FEICA** (*Fédération Européenne des Industries de Colles et Adhésifs*), the European association of adhesive and sealant manufacturers.

The Chief Executive Officer of Industrie Chimiche Forestali S.p.A. is currently the Vice Chairman of AVISA and FEICA, as well as Chairman of the **Adhesives and Sealants Group**. Through a network of institutional relations with the main national and European industry stakeholders, the Adhesives and Sealants Group ensures that the requirements of the Italian Adhesives and Sealants Industry are taken into consideration during the law formation processes.

Among the services that AVISA offers to its member companies, the Technical Service plays a central role by overseeing the technical and legislative issues of interest, following and analysing the development of the legislative and regulatory framework and activating working groups to investigate specific issues and draw up guidelines and technical monographs.

ICF employees actively participate and collaborate in the various initiatives promoted by **Federchimica**, of which AVISA is a member, including Responsible Care (for further information, see §3.1 *The Protection of the Environment*) and the Technical Committee established by the association. The latter has the function of overseeing and documenting technical and legislative issues, monitoring and analysing the development of EU and national legislation with repercussions on the activities of the represented industries, and activating working groups for the in-depth study of critical issues.

ICF is associated with **Unione Nazionale Accessori e Componenti (UNAC)** (National Union of Accessories and Components, which represents the Italian industry of manufacturers of accessories and alternative materials for footwear and leather goods, and **SATRA (Shoe and Allied Trades Research Association)**, a research and certification association for the footwear and leather goods industry. Moreover, the Group supports the **Politecnico Calzaturiero**, a training, technology transfer and business services structure in the Riviera del Brenta Footwear District, where shoes are produced mainly for women for the most important luxury brands.

In the packaging sector, ICF is a member of **GIFLEX**, which groups together manufacturers of flexible packaging in intaglio and flexographic printing, intended for the packaging of food, pharmaceutical, chemical products and other industrial applications, and the **Italian Packaging Institute**, an association of packaging companies in Italy.

The Group is also a member of the local employers' association **ASSOLOMBARDA** and participates in refresher courses on the various issues scheduled during the year with various company functions.

Finally, ICF is also a member of the newly formed association **AssoAIM (Associazione Emittenti Aim Italia)**, created at the end of 2019, to represent small and medium-sized companies listed on the AIM Italia segment, the Italian Stock Exchange market dedicated to SMEs.

## 2. Our invisible strength

### 2.1 A high-quality production process

“We are invisible! But we are everywhere!” This is Industrie Chimiche Forestali’s slogan!

The Group produces and exports all over the world technical products for glueing and reinforcing footwear, leather goods of all kinds and industrial products, "invisible" but present everywhere. Glueing has now become an indispensable technique for bonding two or more substrates, not only in the industrial field but also in everyday life. Adhesives are now present in many sectors, from automotive to footwear, fabrics, leather goods, furniture; from flexible packaging to paper lamination and in many other industrial applications. Adhesives represent the hidden force that gives shape to the world, without which there would be almost none of the products that each of us today is used to taking for granted. Not only that: many innovative products could not even be manufactured without using glueing techniques. Bonding by means of adhesives is becoming more and more a technology adopted as a replacement for classic mechanical assembly systems. Today, adhesives are seen and perceived as a new solution to reduce the weight of materials and improve energy efficiency in construction.

ICF produces two types of products:

- **adhesives**, which harden by physical process or chemical reaction for the footwear and leather goods industry as well as for the automotive and flexible packaging industry;
- **fabrics**, also for the footwear and leather goods industry.

In particular, the Group's **Forestali Division** (or simply "**Forestali**") produces: adhesives and fabrics for toe caps, counters, linings, stiffeners and insoles for the footwear market, in which it has always been a leader in Italy and for which it collaborates with the most prestigious brands; solvent-based and water-based adhesives for the leather goods and upholstered furniture market. In particular, the production of Forestali's adhesives includes: dissolving adhesives (polychloroprene, natural rubber-based and synthetic rubber-based), water-based adhesives, synthetic adhesives (polyurethane), primers and activators. The adhesives produced by the Forestali Division for the upholstered furniture industry are marketed under the Durabond brand, while the remaining products of this division are sold under the Industrie Chimiche Forestali brand.

The range of adhesives and fabrics of the Forestali Division includes a series of "continuous" articles, which are produced up to a minimum quantity (*made to stock*), and numerous "*taylor-made*" products, i.e. customised solutions able to meet specific customer requirements (*made to order*).

The **Adhesive Based Chemicals Division** (or simply "**ABC**") deals with the production of adhesives for the automotive, packaging and industrial sectors. The products of this division are sold under the ABC brand and include: synthetic polyurethane adhesives with and without solvent, polyurethane adhesives in water dispersion, nitrocellulose-based adhesives, nitrile and nitro-butyl rubber and *cleaners*. The production of the ABC Division, in line with the type of sectors served, is planned on a monthly basis.



The production of **adhesives** is the most chemical aspect of the plant in Marcallo con Casone and provides different methods of transformation according to the type of resin used. Adhesives can be produced by dissolution in solvent or water in special tanks under agitation, or by synthesis inside temperature controlled reactors.

In line with the production process constantly supervised by the plant operators, **quality controls** are carried out in the plant's internal laboratories and consist of analyses aimed at checking the composition of the adhesive upstream, during and downstream of processing. Some of the parameters analysed are dryness, viscosity, initial heat resistance and gas-chromatographic composition of solvents.

The finished product is then filtered and packaged in tanks, drums or buckets of various sizes.

**Fabrics** consist of special articles used for covering or reinforcing footwear or leather goods. They are made in the fabric department through a series of processes that are not necessarily sequential but can follow an order different from time to time according to the required formulations. The fabric can be impregnated in an impregnation bath, "inseminated" in case of application of powdered or coextruded products. Some impregnated or coextruded fabrics can pass through a dedicated hot-melt application line. The impregnated fabric passes through a heated and ventilated area for drying and water removal; in other cases, the fabric passes through an oven to obtain the melting of the applied adhesive and then inside the calenders for cooling. The product obtained is in the form of coils. For the production of toe caps and counters, the fabrics obtained are then unwound and cut into sheets of 1 m in size by about 1.4 m in order to be easily placed on the pallets used for shipping.

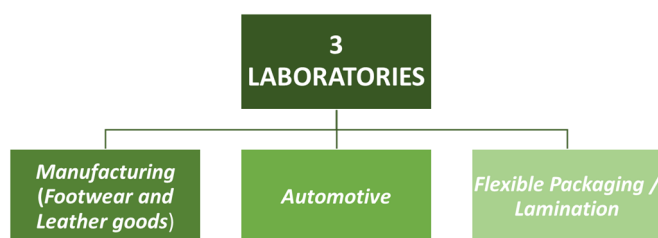
ICF is characterised by the high quality standards of its products thanks to the accurate checks carried out on incoming raw materials, the strict controls of the production process and the analyses carried out on the finished products. The Group has always pursued a Quality-conscious policy, obtaining in 1997 the **certification of the Quality Management System** according to **UNI EN ISO 9001**. Confirming the ongoing commitment to safeguarding quality, during 2020, despite the Covid-19 pandemic, ICF focused on extending the activities covered by ISO 9001 to the specific area of shipping containers by sea, integrating the **Verified Gross Mass (VGM) certificate based on the International SOLAS Convention** and obtaining the related certification at the beginning of 2021. To this end, in December 2020, ICF issued the Operating Procedure *Container weighing management* that defines the criteria and the operating methods for a correct management to weigh containers of ICF products.

Moreover, in 2019, ICF obtained the **IATF 16949 certification** for the automotive products of the ABC Division, relating to the quality management system specific to the automotive sector.

During 2020, the Company prepared to comply with the updated CLP Regulation concerning the labelling of products of hazardous mixtures (for more details see paragraph §3.2 *The health and safety of workers and*



customers) and in particular the new requirements entered in annex VIII. This annex provides for a new element that must appear on the labels of products containing hazardous mixtures: a 16-digit code called **Unique Formula Identifier (UFI)**. The presence of a UFI on the label of all the products classified as hazardous that present a risk to health or a danger to the safety of the person became mandatory from 1 January 2021 for products intended for professional use and will be mandatory as of 1 January 2024 for products intended for industrial use. The Group's ability to check and guarantee the quality and performance of its products is guaranteed by the three **laboratories** dedicated to **Research and Development (R&D)** and **Quality Control that ICF has set up**. In particular, the **Manufacturing laboratory (Footwear and Leather Goods)** is dedicated to the Forestali Division, while the ABC Division makes use of the **Automotive** and **Flexible Packaging/Lamination** laboratories.



The laboratories are a technological centre equipped with all the resources and tools required for research, development and pre and after-sales technical support. Here, research and technical support merge into a single operational project that allows the company to develop and characterise products by creating **customised solutions for its customers**.

The laboratories also represent the reference point of Quality Control that interacts with all departments and guarantees a constant increase in the quality standards of raw materials, production processes and finished products, leading to a continuous improvement in product quality and process efficiency, in accordance with ISO 9001:2015. All internal controls, from physical and analytical checks on incoming materials and finished products to performance tests during product use, are carried out in the Group's laboratories.

In addition to quality, the Group pays also great attention to the efficiency of its production processes and the technological innovation of its plants. In this respect, it is investing heavily in production optimisation by reducing not only downtime but also the waste of fabrics and solvents generated during production processes.

In order to assess the environmental impacts generated by its products, in 2019 the Group carried out an **LCA (Life Cycle Assessment)** study on the production of extruded and impregnated fabrics in the leather goods and footwear industry, on the basis of which it is carrying out the registration and publication of the **Environmental Product Declaration (EPD)**<sup>3</sup>. An LCA made it possible to analyse consumption and emissions over the ICF product's life cycle, from the extraction of raw materials to the production of the fabric and its storage before shipment to the customer. With regard to the transport of raw materials, suppliers were divided into geographical areas to assess the impacts according to the distance from the production site. While the data relating to the plant, including the incoming raw materials, the required energy and the waste

<sup>3</sup> The **Environmental Product Declaration** is a certified declaration that provides environmental data on the life cycle of products in accordance with the international standard ISO 14025.



generated, was used to design the production of fabrics. The impacts analysed (acidification, eutrophication, increased greenhouse effect, photochemical oxidation, stratospheric ozone depletion and water equivalent consumption) were thus compared to one linear meter of product, in order to be able correctly interpret them depending on the production capacity of the plant. The Group decided to focus on the LCA of the products and the EPD to obtain not just a competitive advantage, but also support at ecodesign level for the final product. The impact assessment actually allows for an easy identification of the environmental aspects that can be addressed in advance at the design stage to improve a product's carbon footprint. A study ended in March 2020 on a toe cap and counter, representative of the manufacture of impregnated and extruded fabrics, revealed that the highest environmental impact is generated at the level of the materials used in the production process: in terms of impact on climate change, for example, the *Global Warming Potential (GWP)*<sup>4</sup> associated with the raw material accounts for approximately 95%, the production phase for just over 4% and the use and end-of-life of the product for the remainder, while distribution is practically irrelevant. This underlines the fact that it is essential to receive an LCA study from all the suppliers in order to weigh more accurately in the production process the incidence of the various raw materials in order to assess the possibility of modifying formulations in favour of those with a low environmental impact.

## 2.2 Careful selection of materials

The added value of ICF lies in its highly technical and high-performance products, which allow the Group to maintain a very high quality reputation on the market. To achieve and maintain this goal, the Group has always been careful in the choice of raw materials that will make up its products. In fact, ICF does not produce the raw materials required to manufacture its products but purchases and uses raw materials that become part of the proprietary formulations of the Group's products.

Already in 1998, the Group adopted an Environmental Management System in compliance with the UNI EN ISO 14001 standard that defines the management methods for all phases of the work: from the purchase of raw materials to production and delivery of the finished product to the customer.

For the purchase of raw materials, ICF relies on new and historic suppliers with whom it has already established a stable and trustworthy relationship, demanding high quality standards from everyone. Each year, suppliers are evaluated based on quality performance, including the presence of a Quality Management System in accordance with ISO 9000 and its possible certification, the definition of functions, controls and laboratories dedicated to quality control, and the management of anomalies and customer complaints. If any non-conformities are identified, the Group carries out audits with suppliers. To date the submitted questionnaire does not include specific aspects linked to social or environmental issues or performance.

The Covid-19 pandemic heavily affected the Group's supply chain, which had to tackle various problems connected to sourcing raw materials and late deliveries. However ICF was able to hold its own and, despite the difficult time, continue with production, always paying its suppliers on time, highlighting the Group's attention to all of its collaborators.

The **raw materials** used by the Group include fabrics and non-woven fabrics (TNT), solvents, resins and polymers.

The other **materials** purchased by the Group in that **necessary for the production processes** but not part of the final product are additives and lubricants.

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<sup>4</sup> The Global Warming Potential (GWP) is an indicator, expressed as the mass of equivalent CO<sub>2</sub>, that assesses the emission of all gases contributing to the greenhouse effect together with CO<sub>2</sub> according to the characterisation factors of the IPCC. In the life cycle analysis, the GWP corresponds to the carbon footprint.

Despite the fact that many of the raw materials used are virgin, ICF is continuously committed to **using regenerated and recycled materials** for its products, those intended for the footwear and leather goods industry, in particular:

- 100% of the cotton fabrics used are regenerated cotton;
- non-woven fabrics used by the Group are composed of 25% regenerated polyesters;
- 60% of extruded fabrics are produced using, among the different types of polymers, about 30% of recycled polymers;
- 15% of the latex used in formulations for the production of impregnated fabrics is 100% natural.

It is also worth mentioning that, in 2020, some fabrics impregnated with regenerated cotton and some extruded toe caps and counters containing recycled polymers obtained the **GRS<sup>5</sup>** and **Oeko-Tex Standard 100<sup>6</sup>** certifications in that they meet a number of criteria related to recycling and responsible and sustainable development in the textile sector. Specifically, concerning the GRS certification, impregnated regenerated cotton fabrics were certified and the Group is already working to extend this certification to extruded toe caps and counters containing recycled polymers. The line of eco-friendly technical fabrics for the luxury footwear and leather goods sector was developed in ICF's R&D laboratories in cooperation with leading suppliers, with the aim of replacing virgin cotton with regenerated cotton, which requires a lower consumption of water resources in the production process. The Oeko-Tex Standard 100 certification was obtained for toe caps, counters and other products of the footwear and leather goods industry instead, which are free of potentially harmful substances.

In 2019, ICF developed a new line of interlining for the footwear and leather goods industry called **Forebio Prime**, from the combination of the words "Forestali" and "*biologico*" (organic), made up of artificial fibres and latex originating from renewable and eco-sustainable sources. In particular, the textile support of Forebio Prime is made up of about 90% natural fibres from FSC® Mix certified sources<sup>7</sup>. In 2020 these products obtained the **OK biobased<sup>8</sup>** certification, an independent, high quality guarantee of the renewability of the raw materials used to manufacture a product.

The attention to the materials used goes as far as the choice of **packaging for its products** with the purchase of packaging made of regenerated material such as steel drums and tanks made of plastic, wood and steel parts. Furthermore, in full compliance with CONAI (Consorzio Nazionale Imballaggi) guidelines, the Group has adopted a double packaging system which ensures the complete recovery of the outer drum (equal to 5 kg of iron), which may be used up to 7-8 times, thus guaranteeing a 35-40 kg saving of iron on a single container. Whereas the internal element, equal to just 100 grams of polythene, is disposed of. This solution is applied to solvent-based adhesives, subject to the ADR transport standard, which imposes specifically approved packaging standards. As far as water-based adhesives are concerned, by applying the same principle, the

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<sup>5</sup> **GRS (Global Recycle Standard)** is an international certification promoted by Textile Exchange, one of the most important non-profit organisations promoting internationally responsible and sustainable development in the textile sector with the aim of encouraging the use of recycled materials.

<sup>6</sup> **Oeko-Tex Standard 100** is an internationally uniform and independent control and certification system for raw materials, semi-finished and finished products of the textile industry at all processing levels.

<sup>7</sup> **FSC® (Forest Stewardship Council)** is a certification that guarantees the origin of the product labelled FSC® from a responsible forest and supply chain management. FSC® certification is based on ten rules applicable worldwide that cover the essential aspects of responsible forest management.

In particular, the **FSC Mix** label indicates that the wood or paper inside the product comes from FSC® certified material, recycled material and/or controlled wood (not less than 70% certified and/or recycled materials).

<sup>8</sup> The **OK Biobased** label uses a star system to indicate the bio-based content of a certified product based on the percentage of renewable raw materials determined.

Group uses an external element of recycled cardboard (Bag in Box) instead of iron. Finally worth mentioning is the *Container Revolution*, an adhesive optimisation system, reducing the container's volume and therefore transport costs and for which ICF has also obtained the Patent grant.

The total materials used by the Group (materials entering the production processes and packaging materials) in 2020 amounted to 15,853 tons (down 17% compared to 19,148 tons in 2019), 89% of which raw materials.

Materials entering the production processes				
	Unit of measure	2018	2019	2020
<b>Raw materials</b>	<b>t</b>	<b>18,223</b>	<b>17,116</b>	<b>14,057</b>
Fabrics	t	834	669	469
Regenerated fabrics	t	693	560	409
Non-woven fabrics (TNT)	t	3,328	3,456	2,356
Solvents	t	7,820	6,985	6,384
Resins	t	725	680	643
Polymers	t	4,417	4,347	3,533
Regenerated polymers	t	406	419	263
<b>Materials related to processes</b>	<b>t</b>	<b>6</b>	<b>5</b>	<b>5</b>
Additives	t	2	2	2
Lubricants	t	4	3	3
<b>Total</b>	<b>t</b>	<b>18,229</b>	<b>17,121</b>	<b>14,062</b>

Packaging materials				
	Unit of measure	2018	2019	2020
Steel	t	1,207	1,115	1,036
Paper and cardboard	t	92	82	89
Wood	t	645	614	488
Plastic	t	227	216	178
<b>Total</b>	<b>t</b>	<b>2,171</b>	<b>2,027</b>	<b>1,791</b>

However, to this quantity, it is necessary to add the materials used in the new production lines of sanitising detergents and fabrics for masks, resulting from the outbreak of the Covid-19 pandemic (for more related information see §1.1 *Made in Italy since 1928*), equal to 262 tons.

Materials associated to the Covid 19 pandemic				
	Unit of measure	2018	2019	2020
Raw materials purchased to produce fabrics for masks	t	-	-	192
Raw materials purchased to produce sanitising detergents	t	-	-	70
<b>Total</b>	<b>t</b>	<b>-</b>	<b>-</b>	<b>262</b>

All ICF products in the footwear industry (adhesives, toe caps, counters, linings and stiffeners) comply with Commission Decision of 9 July 2009 on establishing the criteria for the award of the Community eco-label to footwear by reference to Regulation (EC) 66/2010 on the EU **Ecolabel**<sup>9</sup>. As required by European legislation, all ICF products do not contain the following substances: chromium VI, arsenic, cadmium, lead, free formaldehyde, pentachlorophenol and azo dyes. This allows shoe manufacturers to apply for the ecolabel for footwear provided that all other raw materials used comply with the Community standard.

For years ICF has been committed to the production of adhesives with reduced environmental impact, gradually moving from **solvent-based** adhesives to **water-based and solvent free adhesives**. The Group identified in the latter the turning point for a real environmental commitment by challenging prejudices and working methods and technologies consolidated over time, developing new formulations of water-based and *solvent free* adhesives to replace the classic solvent based ones. In addition to a reduced environmental impact and unchanged product performance, these adhesives also ensure the absence of risks in the handling of raw materials as well as in using the adhesive and using the product by the end user. With the aim of significantly increasing the production of environmentally friendly adhesives, in December 2020 the Group launched an investment plan of about € 1 million for the installation of a pilot plant and a production plant.

Another important initiative to reduce the hazardousness of products, carried out over the years by ICF, is the **replacement of toxic and reprotoxic substances** used in the formulations of some polyurethane adhesives, such as triethylamine and N-methyl-2-pyrrolidone.

For the flexible packaging sector, in addition to replacing classic solvent-based adhesives with water-based adhesives, in 2018 the Group began to change product formulations by introducing **raw materials from renewable sources** such as castor oil to replace polyesters of fossil origin.

## 2.3 Our team<sup>10</sup>

The invisible strength of Industrie Chimiche Forestali is not only represented by its products but is also based on the strong bond between the people of the Group who work together and operate as a single team. Getting to know each other as individuals is what guarantees teamwork within ICF and it is what Group employees do every day, pursuing objectives, launching challenges and competing in all markets with passion and determination. ICF's hundred-year-old history is made possible by all the people who work and have worked in the Group, putting into practice its fundamental values of reliability and trust, which are as important externally as they are internally, among the people who make up the Group and between all of them and the Group itself.

It is exactly this connection that allowed ICF to successfully cope with the Covid-19 pandemic emergency, providing the best possible protection for the Group and its people. To protect its employees, ICF decided, following the decline in work, not to resort to the lay-off fund, but only to exhaust accumulated holidays. Furthermore, to ensure greater personnel safety, smartworking was introduced for all those activities that can be performed remotely. As a precautionary measure, every worker who, at the time of the spread of the pandemic, had limitations or "frail" conditions, was invited to use their holidays or "precautionary" illness, as provided for by the Prime Ministerial Decree.

Should an employee test positive, Industrie Chimiche Forestali also activated a **Covid-19 Health Policy**, which

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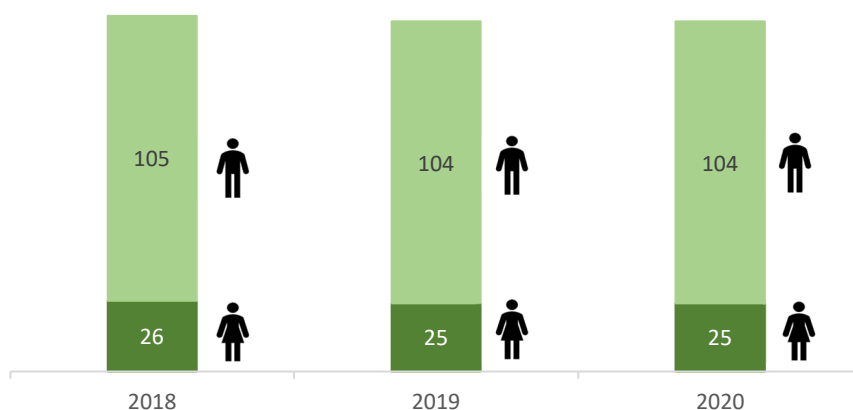
<sup>9</sup> **EU Ecolabel** is the European Union's ecolabel that distinguishes products and services that, while guaranteeing high performance standards, have a low environmental impact throughout their entire life cycle. Ecolabel is voluntary and subject to certification by an independent body (competent body).

<sup>10</sup> The data relating to the personnel was restated compared to the values published in the 2019 Sustainability Report.

provides a daily allowance for every day of hospitalisation exceeding seven days, a convalescence allowance paid upon discharge from the hospital following admission to intensive care and a post-hospital care package.

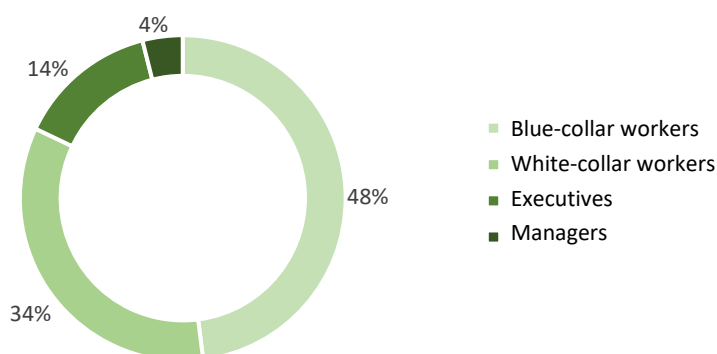
As at 31 December 2020, the Group consisted of 129 people, in line with 2019. 122 of these are employed in the headquarters of Marcallo Con Casone in Italy and the remaining 7 are employed in the commercial office in Mexico. The majority of the workforce is made up of men (81%) in line with the type of industry in which ICF operates.

**Total employees by gender**



In 2020, the employees of Industrie Chimiche Forestali are mainly blue-collar and white-collar workers, while executives and managers together make up 18% of the workforce. In 2020, blue-collar workers account for 48% of the workforce and are all employed in Italy at ICF's only production site.

**Employees by professional category in 2020**



The Group is committed to ensuring a stable job for its team, offering mainly permanent contracts, which in 2020 covered 97% of its employees. In particular, in Italy 118 out of 122 employees have a permanent contract, while at the Mexican headquarters all 7 employees are employed under such a contract.

Employees by contract type and gender				
	Unit of measure	2018	2019	2020
Permanent	no.	113	123	125

	Women	no.	24	24	25
	Men	no.	89	99	100
<b>Fixed-term</b>		<b>no.</b>	<b>18</b>	<b>6</b>	<b>4</b>
	Women	no.	2	1	0
	Men	no.	16	5	4
<b>Total</b>		<b>no.</b>	<b>131</b>	<b>129</b>	<b>129</b>

Moreover, ICF seeks to meet the personal needs of its employees by offering them, where applicable, the opportunity to choose part-time employment. In 2020, 2% of personnel were hired under this type of contract, while the remaining personnel were covered by full-time contracts.

Employees by type of employment and gender				
	Unit of measure	2018	2019	2020
<b>Full-time</b>	<b>no.</b>	<b>128</b>	<b>127</b>	<b>127</b>
	Women	24	24	24
	Men	104	103	103
<b>Part-time</b>	<b>no.</b>	<b>3</b>	<b>2</b>	<b>2</b>
	Women	2	1	1
	Men	1	1	1
<b>Total</b>	<b>no.</b>	<b>131</b>	<b>129</b>	<b>129</b>

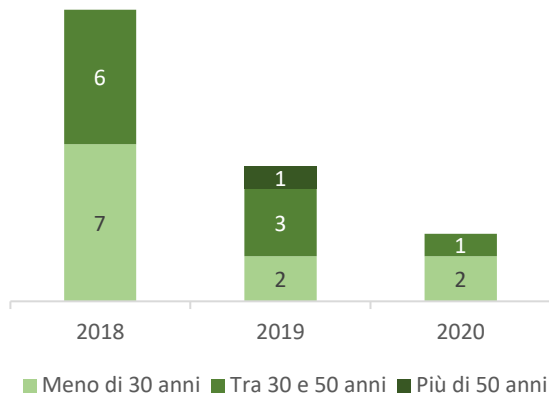
In the three-year period of reference, changes in the workforce affected only the Italian operating headquarters, while in Mexico the number of employees remained constant over the last three years.

The recruitment made by ICF in recent years was significant for a small to medium industrial company. Instead in 2020, due to the Covid-19 pandemic, the joining turnover rate stood at about 2%. Recruitment was in the under-30s and 30-50s age group, which is proof of ICF's desire to renew itself by bringing added value to the Group.

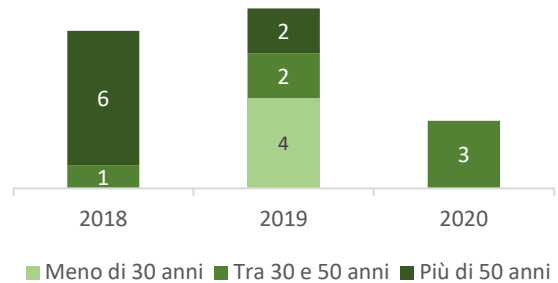
The search for young talents for the continuous development of products and technologies represents in fact a constant commitment of ICF to try to keep up not only with the times but, where possible, be one step ahead. In particular, the Group usually encourages young technicians from high schools and universities studying chemistry to join its R&D laboratories through curricular and extra-curricular internships. In 2020, given the situation imposed by the Covid-19 emergency, it was decided, as a precautionary measure, not to host curricular and extra-curricular work placements.

The leaving turnover rate remained at a low level over the three-year period, reaching 2% in 2020.

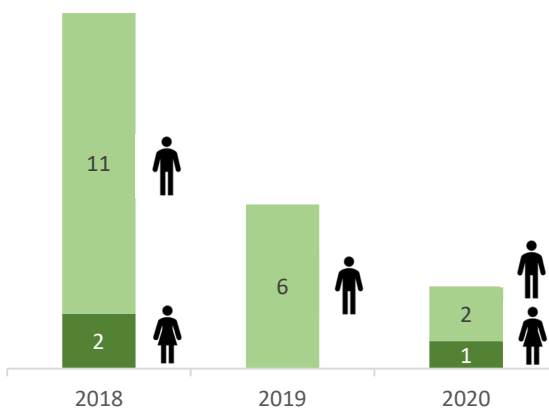
Recruitment by age group



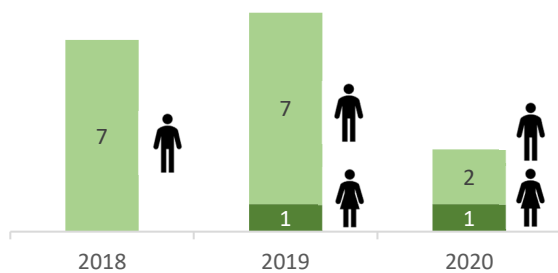
Cessations by age group



Recruitment by gender



Cessations by gender



Turnover rates				
	Unit of measure	2018	2019	2020
Joining turnover	%	10	5	2
Leaving turnover	%	5	6	2

Joining turnover		2018		2019		2020	
By age group	Unit of measure	Italy	Mexico	Italy	Mexico	Italy	Mexico
Less than 30 years of age	%	6	0	2	0	2	0
Between 30 and 50 years of age	%	5	0	2	0	1	0
More than 50 years of age	%	0	0	1	0	0	0
By gender							
Women	%	2	0	0	0	1	0
Men	%	9	0	5	0	2	0

Leaving turnover		2018		2019		2020	
By age group	Unit of measure	Italy	Mexico	Italy	Mexico	Italy	Mexico
Less than 30 years of age	%	0	0	3	0	0	0
Between 30 and 50 years of age	%	1	0	2	0	2	0
More than 50 years of age	%	5	0	2	0	0	0
By gender							
Women	%	0	0	1	0	1	0
Men	%	6	0	6	0	2	0

In Italy, all employees are covered by National Collective Labour Agreements (CCNL), while in Mexico the employment relationship is regulated by the Mexican law. In particular, with regard to the Italian headquarters, the managers are covered by the National Collective Labour Agreement for managers of industrial companies while the other employees are covered by second-level bargaining in addition to the National Collective Labour Agreement of the chemical industry. The minimum number of weeks of notice, generally communicated to Italian employees and their representatives prior to significant operational changes that could have a major impact on employees, is specified in the CCNLs. Whereas Mexican legislation does not have a minimum period of notice.

As provided for by the second-level bargaining, each year a participation bonus is paid to Group employees linked not only to the achievement of corporate profitability objectives but also in proportion to the score obtained during the year on the topics of quality and safety. The first considers for the ICF Division the incidence on the turnover of the costs of complaints, returns and discounts; while for the ABC Division it takes into account the percentage of non-standard production in relation to the total. Whereas the second is based on the results obtained from ten inspections made in various company areas, the situation of work-related injuries, spills and the participation in safety information and training initiatives.

ICF believes that the indicators to be monitored in order to ensure the Group's competitiveness and development are also to be found in the quality of production processes, products and services, the safety of workers, as well as environmental, community and territorial protection. An improvement in these indicators requires constant adaptation of work procedures but above all effective information and training of workers and, on the part of the latter, strict compliance with company procedures.

The education and training of all personnel is of fundamental importance for ICF to increase its culture and internal technical skills, as demonstrated by the high number of hours of training provided each year, which amounted to 1,571 hours in 2020, equal to approximately 12 average hours per year per employee. In 2020, training hours inevitably decreased (down 35% compared to 2019) due to the Covid-19 pandemic, which made it difficult to conduct courses in person. In the absence of adequate space to ensure the safety of workers, courses were mainly provided remotely, via synchronous videoconferencing, in order to check attendance and the interaction among the subjects to be trained and the lecturers. This is the case of the mandatory courses envisaged by the State-Regions Agreement and for the update of HSO and ASPP. Other courses provided via e-learning include language courses and other types of course that do not require a practical part. In any case the Group was able to hold safety courses in person that instead require training.

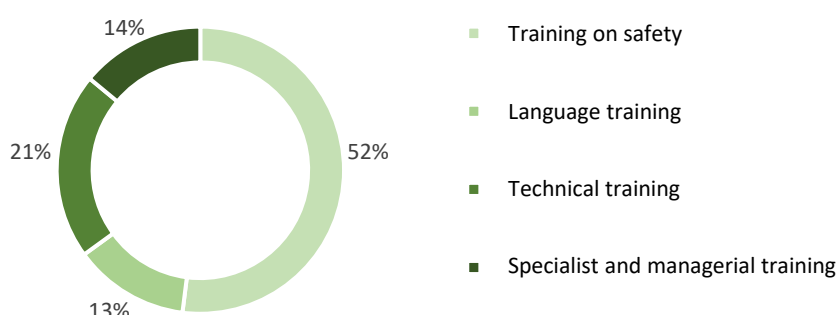


Average hours of training per year per employee				
	Unit of measure	2018	2019	2020
<b>By gender</b>				
Women	hours/employees	28.5	29.0	13.9
Men	hours/employees	17.1	16.4	11.8
<b>By professional category</b>				
Managers	hours/employees	13.6	9.6	2.1
Executives	hours/employees	21.8	19.4	9.8
White-collar workers	hours/employees	25.5	26.7	14.8
Blue-collar workers	hours/employees	14.7	14.3	11.9
<b>Total</b>	<b>hours/employees</b>	<b>19.4</b>	<b>18.8</b>	<b>12.2</b>

The importance attached by the Group to training is also demonstrated by the diversified training offered to its employees in order to guarantee them the opportunity to realise their full potential, ranging from quality, occupational health and safety and the environment, to the acquisition and in-depth study of work knowledge or techniques to ensure that they possess the technical and professional requirements to carry out the assigned tasks, up to the professional and personal growth of employees.

In particular, in 2020, 52% of the training hours provided were related to occupational safety. Furthermore, as ICF is a company at risk of major accident, personnel carrying out activities at risk or with significant potential impacts on the environment must have acquired the necessary skill not only through information and education, but also through training activities. The other types of courses provided in 2020 concern technical, specialistic, managerial and linguistic training.

**Training in 2020**



Newly recruited personnel, including those on temporary contracts and workers in cooperatives who carry out portage activities for a limited number of hours/days, are provided with a training course to ensure rapid and efficient employment. This course provides information about the Group's structure and products, the organisation of the production plant as well as policies, manuals, procedures and instructions on quality, the environment and occupational health and safety.

Finally, in 2020 the Group carried out, according to the IATF 16949 certification for the Automotive Quality Management System, a *top-down employee assessment* process, for company managers based on defining the skills required for the professional figures under their direct control and the subsequent identification of the training needed for each employee to reach the level required by their job.

### 3. Attention to the environment and safety

#### 3.1 Environmental protection<sup>11</sup>

The strong sense of responsibility of Industrie Chimiche Forestali for protecting the environment guided the Group's activities from the outset with a view to continuously improving environmental performance and reducing the impacts, such as the consumption of raw materials and water resources, waste production, water discharges, the emission of pollutants and energy consumption.

The Group implemented its environmental commitment in 1998 by joining the Federchimica "**Responsible Care**"<sup>12</sup> project, a voluntary international programme that promotes the Sustainable Development of the Chemical Industry in accordance with values and behaviour aimed at protecting the environment as well as occupational health and safety.

In the same year, ICF defined the **Environmental Policy** of the plant in Marcallo con Casone, which represented the starting point and reference for the identification of the Group's environmental objectives and improvement programmes. The Environmental Policy was updated over the years and in 2020 became integrated, with the release of the **Policy for the Quality, Environment and Health and Safety at Work**. This Policy, in addition to being published on the company's website, is disseminated to all employees through specific training and education meetings and shared with public control bodies and external companies operating on the site.

Also since 1998, the Group has implemented an **Environmental Management System** in accordance with the **UNI EN ISO 14001** standard with the aim of guaranteeing the application of the Environmental Policy (now integrated), the updating of improvement objectives and the definition and development of environmental programmes. At the beginning of 2021, ICF successfully obtained the renewal of the ISO 14001 certification.

With the desire to enhance and spread more and more the commitment to environmental issues, in 2000 the Group also voluntarily joined the Community Regulation for the Eco Management and Audit Scheme (**EMAS Regulation**)<sup>13</sup>. As required by the EMAS Regulation, ICF publishes annually the Environmental Declaration of the plant in Marcallo con Casone in which the environmental performance is described in addition to the set environmental objectives, improvement programmes and the results achieved.

The Group pays great attention to compliance with the environmental regulations to which its activities are subject. In particular, the production plant in Marcallo con Casone is one of the companies at risk of major accident as envisaged by the Seveso III<sup>14</sup> Directive and both divisions of ICF are authorised through two

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<sup>11</sup> The reporting boundary on these topics and the environmental indicators does not include data from Forestali de Mexico S.A. de C.V.

<sup>12</sup> The **Responsible Care** voluntary programme was established in 1984 in Canada by the Canadian Chemical Producer Association (CCPA) and was launched in Europe in 1998 by the European Chemical Industry Council (CEFIC). Since 1992, Federchimica has managed the Programme in Italy.

<sup>13</sup> The Community Regulation for the Eco Management and Audit Scheme (**EMAS Regulation**) is an instrument created by the European Community which organisations (companies, public bodies, etc.) can join voluntarily to assess and improve environmental performance and provide stakeholders with information on the environmental management of their activities.

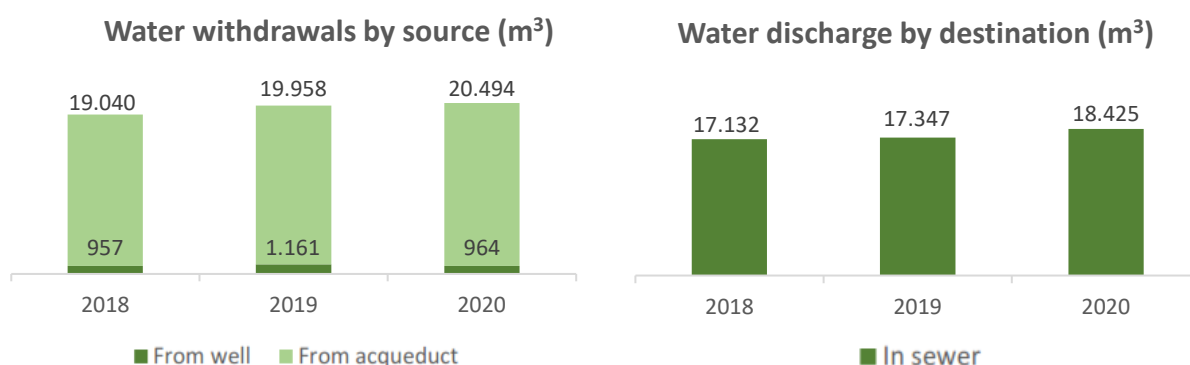
<sup>14</sup> Directive 2012/18/EU, also known as **Seveso III Directive** and implemented in Italy by Legislative Decree 105 of 26 June 2015, is the EU regulations on the control of major-accident hazards involving dangerous substances.

separate Integrated Environmental Authorisations (IEA).<sup>15</sup> During the year, the Group was not the subject matter of legal disputes and did not receive sanctions in environmental matters.

### 3.1.1 Water withdrawal and discharge

The processes carried out in the production plant of Marcallo con Casone, the production of water-based adhesives and the preparation of the aqueous suspensions of the sizing agents, in particular, require the use of water as raw material. The water supplied is also used for industrial uses, such as washing and cooling plants. Finally the remaining part of the water consumed by ICF is used for civil purposes (drinking water, hygienic, irrigation and fire fighting).

96% of the water supply to Industrie Chimiche Forestali is provided by the municipal aqueduct and the remaining 4% by the well, for a total of more than 21 thousand m<sup>3</sup> of water withdrawn<sup>16</sup> in 2020, an increase of about 2% compared to 2019 due to the two losses of the network identified in May and December 2020. Since the water network is underground, the pipes cannot be inspected and, as a consequence, until water emerges, it is not possible to recognise the presence of a leak. As soon as a leak was detected, ICF intervened promptly in both cases.



The water coming out of ICF's production processes, i.e. from the washing operations of the plants, is treated and reused on site where technically possible. In particular, the washing water of the plants is initially conveyed to a primary treatment plant and then treated by reverse osmosis before being stored in special tanks and reused again for washing the plants.

Therefore, ICF's wastewater consists of: water used to cool the plants, sanitary water, washing water from the yards and first and second rainwater. In 2020, the volume of water discharged<sup>17</sup> into the sewer from the three ICF discharge points was more than 18,000 m<sup>3</sup>, up 6% compared to 2019<sup>18</sup>. As required by the IEA, wastewater is monitored for the following parameters: pH, total suspended solids, COD, BOD<sub>5</sub>, sulphates and chlorides.

<sup>15</sup> The **Integrated Environmental Authorisation** (IEA) is the measure that allows the management of a plant at certain conditions guaranteeing compliance with IPPC (Integrated Pollution Prevention and Control) requirements, i.e. Directive 96/61/EC implemented in Italy by Legislative Decree 152/06 as amended and supplemented.

The two IEAs for the two ICF divisions, currently separate, will be combined during 2021.

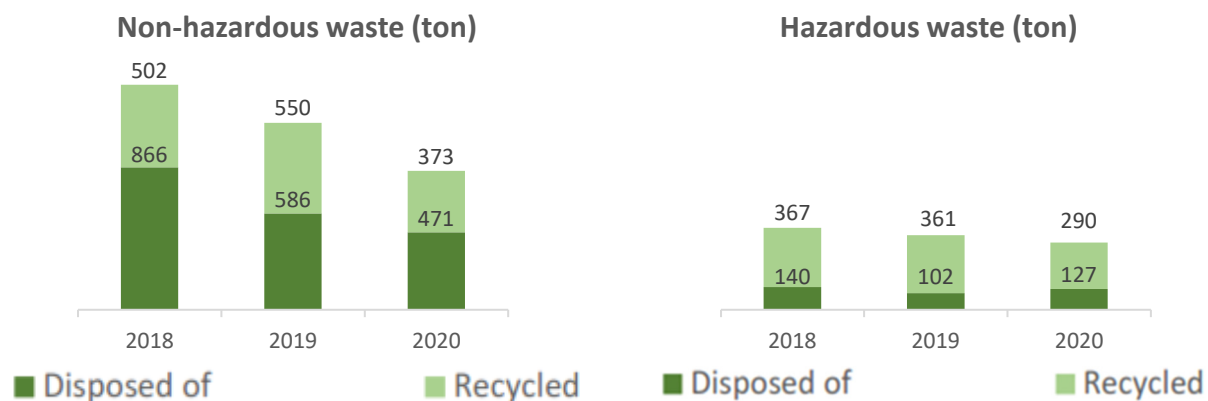
<sup>16</sup> All the water withdrawn by Industrie Chimiche Forestali is fresh water ( $\leq 1,000$  mg/l of total dissolved solids). Moreover, the Group does not draw water from water stressed areas.

<sup>17</sup> All water discharged by Industrie Chimiche Forestali has a total dissolved solids content greater than 1,000 mg/l.

<sup>18</sup> To date, the discharges are calculated on the basis of the volumes of water withdrawn. The update of the IEA, planned for 2021, will include installing meters at the discharge, which will accurately measure the actual output volumes.

### 3.1.2 Waste

In 2020, waste produced by Industrie Chimiche Forestali amounted to 1,261 tons, 67% of which was non-hazardous waste and the remaining 33% hazardous waste, and included mainly organic solvents, obsolete or non-compliant adhesives, composite materials, packaging and waste carbon from emission abatement filters. The waste produced by ICF also includes packaging, and in particular mixed packaging, plastic packaging, wooden pallets and drums. 53% of the total waste produced is recycled, while 47% is disposed of.



To limit the amount of waste disposed of, a paper, cardboard and plastic recovery and recycling campaign is active, which in 2020 allowed about 30 ton of paper and cardboard and 13 ton of plastic to be recovered which would otherwise be disposed of. Furthermore, returnable drums and tanks are used for the transport of adhesives, saving around 3,000 drums per year.

The trend regarding the three-year period 2018-2020 shows a gradual reduction of the waste produced (down by 15% from 2018 to 2019 and down by 21% from 2019 to 2020), due to a more careful internal management and improvements in some areas.

Specifically, please note that between the end of 2019 and the beginning of 2020, ICF installed an accumulator (powder spreader type) in the final part of the RAM, which avoids the slowdown of the fabric production line in the sampling phase and/or truck change. The benefits of this project include a significant reduction in waste and second-grade materials, as well as an increase in production capacity, obtained by eliminating production line slowdowns.

However it should be noted that the impressive reduction in the amount of waste produced in 2020 is also attributable to a marked drop in industrial production due to the Covid-19 pandemic.

### 3.1.3 Emissions of pollutants

The emissions of ICF consist mainly of process emissions and to a lesser extent of emissions due to the suction points of the laboratory hoods, the air exchange in the production rooms and the heating systems.

As prescribed in the IEA, all process emission points are monitored and sampled periodically according to pre-established schedules<sup>19</sup>. The results of the emission analyses, which were made available to the monitoring authority, were always below the legal limits.

The emissions of pollutants into the atmosphere of ICF's plant mainly consist of VOC emissions (95% of the total in 2020), corresponding to the total process emissions from the adhesives production plants of both divisions. The remainder of the emissions consists of NO<sub>x</sub> and CO and is generated by the post-combustion plant that controls the solvent-based adhesives production department of the ICF Division.

Emissions of pollutants				
	Unit of measure	2018	2019	2020
CO	Kg	11.4	11.2	11.4
NO <sub>x</sub>	Kg	80.8	29.9	106.3
VOC <sup>20</sup>	Kg	4,500.0	3,200.0	2,060.0

ICF is equipped to handle emergency situations inside and outside the plant, such as chemical spills, blocking internal and yard extinguishing water and preventing it from flowing into the sewer and collecting spilled products with special absorbent and filtering materials. In 2018, two spills of adhesives occurred on the internal waterproof flooring for a total of 100 litres. In 2019, there were three spills of solvent-based adhesives on the waterproof flooring of the ICF's adhesives production department, totalling 895 litres; moreover, during the transfer of a waste bin containing non-hazardous sludge, there was a water spill of 100 litres. All these episodes have been regularly managed in accordance with internal procedures, keeping spills to a minimum and implementing a series of actions of not only procedural but also plant engineering nature, to prevent them from happening again. In 2020 just one spill took place, equal to 400 litres of natural rubber latex, which concerned the external floor of the plant as a result of a broken conveyor hose. Even if the spilled product is not of chemical origin and is not in itself dangerous, given the quantity, the emergency plan was activated and, thanks to the "drain covers" located near the latex discharge area, the material was prevented from entering the company's water collection system.

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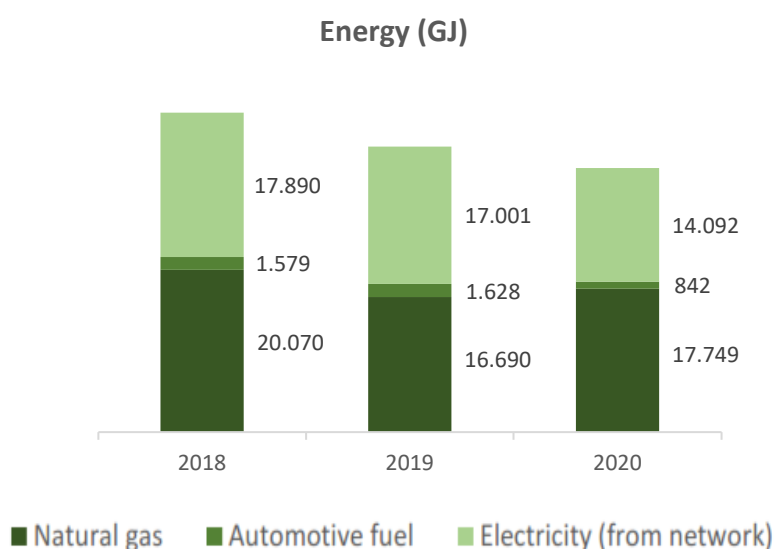
<sup>19</sup> The data relating to the emissions of pollutants into the atmosphere was estimated based on annual samples, since not envisaged in the continuous IEA sampling of these pollutants. Consequently, the overall trend in emissions over the three-year period is subject to potentially high variability, due to which no assessment is provided.

<sup>20</sup> The figure relating to VOC emissions for 2018 and 2019 was restated following a change in the unit of measurement of previously transmitted data.

### 3.1.4 Energy consumption and greenhouse gas emissions

ICF's energy consumption, which in 2020 amounted to 32,683 GJ, is mainly due to the consumption of natural gas, equal to about 54% and electricity, equal to about 43%. Natural gas is used to feed the burners of the impregnator for the generation of hot water needed in the production of the ABC Division, and the afterburner, used for the production of the solvent adhesives of the ICF Division. The remaining part of the consumption is for heating the working environment. The 6% increase compared to 2019 of natural gas consumption recorded in 2020 is due to both a greater use of the heating system in the first quarter of 2020, and the discontinued production imposed by the Covid-19 pandemic, which led to switching the plants on and off instead of regime conditions, resulting in increased consumption. Electricity, entirely purchased from the network, is used to power the production processes mainly for the production of toe caps and counters in the fabric department and for the lighting of the premises, consisting entirely of LED lights. The 17% reduction in 2020 compared to the 2019 consumption of electricity is entirely related to the Covid-19 pandemic, which caused, on the one hand, a notable reduction in production and therefore the switching off of some plants, and on the other hand, led to maximising the use of *smartworking* for all those activities that can be carried out at home or remotely, with a consequent reduction in electricity consumption in the offices.

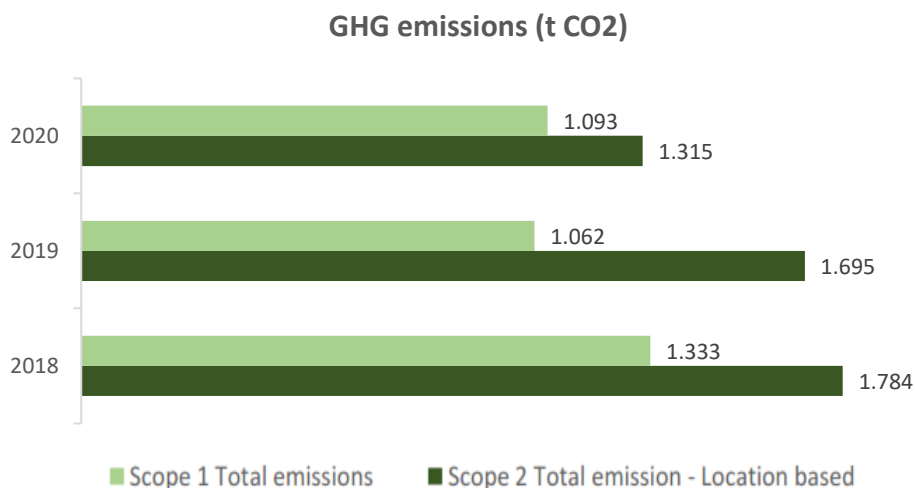
The remaining part of energy consumption (3%) is linked to the consumption of automotive fuel and in particular to the consumption of diesel oil of the company car fleet and the forklift truck used by maintenance personnel and, to a lesser extent, to the consumption of petrol relating to the company van. The sharp drop in fuel consumption, down by 48% in 2020 compared to 2019, is also in this case due to the Covid-19 pandemic which, during the first wave, imposed a ban on travel and business trips.



Greenhouse gas emissions (*Greenhouse gases*, hereinafter GHG) *Scope 1*, or direct emissions, i.e. emissions from emission sources owned by or under the direct control of the Group; and *Scope 2*, or indirect emissions, due to the consumption of electricity or heat purchased by the Group correspond to energy consumption.

In 2020, *Scope 1* emissions of Industrie Chimiche Forestali S.p.A. amounted to 1,093 t CO<sub>2</sub>, 91% of which was due to natural gas consumption, 6% to fuel consumption (diesel oil and petrol) for the company fleet and 3% to refrigerant gas leaks from air conditioning systems.

Scope 2 emissions of ICF are instead entirely related to the consumption of electricity purchased from the network. In 2020, Scope 2 emissions were 1,315 t CO<sub>2</sub>, calculated using the *Location based* method<sup>21</sup>, while with the Market based<sup>22</sup> approach they are higher and equal to 1,824 t CO<sub>2</sub>, as the Group does not currently purchase electricity with certificates of guarantee of origin (GO).



### 3.2 The health and safety of workers and customers

Health and safety in the chemical industry represent a "key" value: they are found in processes and products, as well as being of fundamental importance for people and the environment. Ensuring a safe workplace for all its employees and the surrounding area has always been a goal that ICF has pursued over the years in order to ensure the prevention and control of risks related to its activities and its products and processes.

Since 1998, the Group has been a member of Federchimica's voluntary **Responsible Care** programme, which aims to develop a constant focus on continuous improvement not only in environmental protection but also in the area of occupational health and safety.

ICF's commitment is also reflected in the maintenance of the **Safety Management System**, for which the Group has been certified for the production plant in Marcallo con Casone in compliance with the OHSAS 18001 standard since 2009. In 2020, despite the complicated macroeconomic scenario, the Group worked to achieve the transition to **UNI EN ISO 45001:2018**, undergoing an intensive audit, which enabled it to successfully obtain the relevant certification at the beginning of 2021. The management system has a double value both internally and externally: internally, it represents a fundamental guide to the actions and behaviour of all Group personnel; externally, it allows to maintain the trust of citizens, neighbouring companies, public bodies responsible for safeguarding safety, customers and suppliers, guaranteeing a positive and lasting relationship of collaboration.

For everything concerning the protection of occupational health and safety, the Group complies with the provisions of Italian regulations, and in particular with the requirements of **Italian Legislative Decree 81/2008**. Consequently, ICF has drawn up a **Risk Assessment Document (RAD)** in which it has defined specific procedures for the analysis and classification of risks and has identified suitable prevention and protection

<sup>21</sup> The *Location based* approach involves the use of national average emission factors related to the specific national energy mix for electricity production.

<sup>22</sup> The *Market-based* approach takes into account any certificates purchased by the Company attesting to the supply of electricity from renewable sources, and where they are not present, envisages the application of emission factors associated with the production of energy from thermoelectric plants.

measures to limit and manage them, through the introduction of innovative technological solutions and the reorganisation and updating of operating procedures. During 2020, the Group made various changes to the document, including the assessment of the Legionnaires' disease risk and electrical risk assessment to mention a few. The updated RAD, issued in December 2020, contains a series of amendments introduced due to the Covid-19 pandemic, such as, for example the inclusion of cosmetic and detergent production activities (for more related information see paragraph §1.1 *Made in Italy since 1918*) among the production processes and the description of the departments, and the consequent updating of the table of homogeneous groups of workers (inserting the homogeneous group "Production personnel of water-based adhesives/detergents/cosmetics") and the description of the duties. In the light of the two new detergent and cosmetics production activities, also the risk to exposure of chemical agents was updated. Finally, again in light of the health emergency, the biological risk was integrated with the Covid-19 risk assessment.

Falling within the scope of application of Italian Legislative Decree 105/2015, therefore falling within the list of "companies at risk of major accident" (see paragraph §3.1 *The Protection of the Environment*), ICF has drawn up the "**Major Accident Prevention Policy Document**" in which, in compliance with the safety of its employees, the surrounding environment, the population and neighbouring activities, it describes how ICF identifies and pursues the objectives to prevent the occurrence of major accidents and mitigate any harmful effects.

With a view to risk prevention and with the aim of raising the awareness of all workers, the Group encourages all ICF personnel to **report any hazardous situations** by filling in the appropriate forms. The factory supervisor is then responsible for identifying the causes of such situations and the corrective actions necessary to prevent them from occurring again. Everything is then recorded and systematised by the Group's Health and Safety Officer (HSO). This practice contributes to the calculation of the **safety indicators** used to obtain the **participation bonus** envisaged in the Group's second-level bargaining. These indicators are calculated on the basis of the scores obtained in the year during ten inspections carried out by a special commission in previously identified company areas and consider accidents at work, any spills into the soil and subsoil and the participation of workers in training and information initiatives on safety and the environment.

In terms of health, an **occupational health specialist** has been appointed who, together with the HSO, draws up the annual **health plan** in order to monitor workers' health through a **protocol of health assessments**, also in relation to exposure to the risks identified in the RAD.

With the aim of managing the emergency situation due to Covid-19, already from March 2020 ICF established the **Covid-19 Committee**, involving the Employer, the Director of Operations, HSO, RSU, RLS and the Head of Personnel, as well as the Occupational Health Specialist (who does not physically attend meetings but is kept informed by receiving the minutes of meetings and is authorised to intervene when deemed necessary). The Committee, which meets periodically, has the task of checking the application of the rules of the **Shared protocol for regulating measures to combat and contain the spread of Covid-19 in the workplace**. The related reports are made available to all the personnel in the network folder as well as posted on the central notice board. The Covid-19 Protocol and the Committee's reports contain the general provisions and prevention and protection specifications introduced for the individual departments, such as temperature measurement, using masks, hygiene standards, sanitising work environments, travel management and specific signposting (e.g. "Mandatory use of a mask" or "Occupying space marked with red dot"). Also in the commercial office in **Mexico**, a **Covid-19 Protocol** was implemented that introduced a series of provisions, including: the obligation to wear a mask, temperature measurement and sanitising shoes upon entry, managing the lunch break in three shifts and sanitising offices once a month by a specialised company. Furthermore, a flexible entry time was introduced to allow employees to avoid using crowded public transport.



The number of injuries over the three-year period is rather low, passing from one in 2018 to two in 2019, until reaching zero in 2020. Moreover, in the three-year period covered by the report, **there have been no recordable occupational diseases or deaths related to them.** In particular, please note that in 2020, the number of hours worked decreased by 6% compared to 2019 as a consequence of the Covid-19 pandemic, as a result of which, between April and June 2020, residual holidays and paid leave for employees were incentivised and the activities of company departments not essential to production were reduced. Sales staff stopped, as did the workers and personnel whose activities are closely linked to the production lines, which at times suffered stoppages. In addition, the absence of overtime contributes to this decrease.

Injuries and injury rates				
	Unit of measure	2018	2019	2020
<b>Recordable work-related injuries</b>	<b>no.</b>	<b>1</b>	<b>2</b>	<b>0</b>
of which serious injuries	no.	0	0	0
of which fatal injuries	no.	0	0	0
<b>Annual hours worked</b>	<b>no.</b>	<b>221,351</b>	<b>219,031</b>	<b>206,166</b>
<b>Recordable injury frequency rate</b>	<b>no.</b>	<b>4.52</b>	<b>9.13</b>	<b>0.00</b>
Serious injury frequency rate	no.	0.00	0.00	0.00
Fatal injury frequency rate	no.	0.00	0.00	0.00

The awareness that in some of the production activities carried out there are dangerous substances and chemical processes related to major injury risks stimulates ICF to revise and rework its production process not leaving room for randomness but interpreting and assessing all the indirect indicators such as near misses. These analyses make it possible to identify preventative measures ensuring safety for employees and the environment, thus avoiding the occurrence of any accident.

All personnel participate in quarterly information meetings on major injury risks, and checks are carried out monthly by means of checklists and multiple-choice questions on the knowledge by plant personnel of operating procedures and instructions and emergency procedures.

The attention shown by the Group in protecting occupational health and safety can also be seen in relation to its consumers. While in previous years there was a tendency to focus on better performing products and new, highly durable materials, today the emphasis has shifted to the formulation of products that are increasingly safe for workers but also for end customers, both in terms of health and the environment. In fact, the continuous focus on and increased consumer awareness of health and safety is gradually leading to a development of products towards reduced toxicity.

ICF is committed to complying with national and international regulations applicable to its products and, in particular, falls within the scope of the **REACH Regulation**<sup>23</sup> ("Registration, Evaluation, Authorisation of Chemicals") of the European Union, aimed at ensuring not only respect for the environment, but also the protection of human health from the use of chemicals. It also complies with **Regulation 830/2015** amending the REACH Regulation, establishing the final format of Safety Data Sheets (SDS) and how to update them. In accordance with this last regulation, in 2018 the SDSs of ICF's products were revised and sent to all customers. Moreover, each time a customer purchases a new product, it automatically receives the relevant SDS. The

<sup>23</sup> **REACH** (acronym of "Registration, Evaluation, Authorisation of Chemicals"), EC regulation no. 1907/2006 of the European Parliament and of the Council, concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals, which envisages the registration of all substances produced or imported into the European Union in quantities exceeding one ton per year.

Group is also required to comply with the **CLP Regulation**<sup>24</sup> dedicated to the identification of hazardous chemicals and to informing users about the hazards related to them. As a chemical industry, ICF also complies with all sector-specific regulations or those related to the specific use of the products, such as the Biocides, Construction and Ecolabel Regulations. The latter distinguishes products and services that, while guaranteeing high performance standards, are characterised by low environmental impact throughout their entire life cycle.

The attention to health and safety on the part of the Group already begins in its laboratories, where attention is paid not only to the creation of specific products in response to particular requests from its customers but also to the formulation of products containing raw materials that are not dangerous for man and the environment (as detailed in paragraph §2.2 *Careful selection of materials*). In the three-year period of reference, there were no cases of non-compliance with product safety regulations, thanks to the attention and solid control processes set up by the Group.

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<sup>24</sup> **CLP** (acronym of “Classification, Labeling and Packaging”), EC regulation no. 1272/2008 on classification, labelling and packaging of chemical substances and mixtures, which aligns the previous European Union legislation to the GHS (Globally Harmonised System of Classification and Labelling of Chemicals), a United Nations system to identify hazardous chemicals and inform users about these hazards.

## Methodological note

The Sustainability Report of Industrie Chimiche Forestali S.p.A. is related to the 2020 financial year (from 1 January to 31 December) and contains, where available, performance trends for the three-year period from 2018 to 2020 for comparative purposes. The report is published annually starting from 2019.

The Report has been prepared in accordance with the GRI Sustainability Reporting Standards defined by the *Global Reporting Initiative*, according to the *In accordance - Core* option, as set out in Standard 101: Foundation, paragraph 3.

This Report presents the main environmental, social and economic aspects that characterise the Group. The reporting scope is Industrie Chimiche Forestali S.p.A. and the subsidiary company Forestali de Mexico S.A., unless otherwise indicated. The registered and administrative headquarters of ICF are in Marcallo con Casone (MI), Via Fratelli Kennedy 75.

At the date of publication of this Report, no significant events occurred in 2021, except as already reported in the text. This document has not been audited by an independent third party.

### Material topics

According to the introductory chapter, the topics discussed in the Report and their level of detail are based on the results of the materiality analysis carried out by the Group. In connection with the materiality matrix itself, the following table shows the list of material *GRI Topics* for ICF and its stakeholders, the corresponding boundary in terms of impact and any reporting restrictions due to data unavailability on the external boundary of the organisation.

Material topics for ICF	Material GRI topics	Reporting boundary of the material topic		Reporting restrictions on the boundary	
		Internal	External	Internal	External
Environmental compliance	Environmental compliance	ICF	-	-	-
Water consumption, effluents and waste	Water and water discharge	ICF	-	-	-
	Effluents and waste	ICF	-	-	-
Emissions of pollutants	Emissions	ICF	-	-	-
Energy and climate change	Energy	ICF	-	-	-
	Emissions	ICF	-	-	-
Training and education	Training and education	ICF	-	-	-
Raw material and product sustainability	Materials	ICF	Suppliers	-	Reporting not extended to suppliers
Employment	Employment	ICF	-	-	-
Economic performance	Economic performance	ICF	-	-	-

Material topics for ICF	Material GRI topics	Reporting boundary of the material topic		Reporting restrictions on the boundary	
		Internal	External	Internal	External
Occupational health and safety	Occupational health and safety	ICF	Suppliers	-	Reporting not extended to suppliers
Customer health and safety	Customer health and safety	ICF	-	-	-
Social and environmental evaluation of suppliers	Environmental evaluation of suppliers	ICF	-	-	-
	Social evaluation of suppliers	ICF	-	-	-
Industrial relations	Relations between workers and management	ICF	-	-	-
R&D and Innovation	-	ICF	-	-	-

### The principles for defining the contents and for quality assurance of the Report

Consistent with the provisions of the GRI Standards, the principles used to define the contents of this Report through materiality analysis include:

- **Stakeholder inclusiveness:** the organisation must identify its stakeholders and explain how it has met their reasonable interests and expectations;
- **Sustainability context:** the document must present the organisation's performance in the broader context of sustainability;
- **Materiality:** the document must include topics that reflect the organisation's significant economic, environmental and social impacts, or that substantially affect stakeholder assessments and decisions;
- **Completeness:** the document must deal with material topics and their boundaries sufficiently to reflect significant economic, environmental and social impacts and allow stakeholders to assess the organisation's performance over the reporting period.

To ensure the quality of the information reported, the principles of quality as suggested by the GRI Standards have been complied with in the preparation of the Report: accuracy, reliability, clarity, comparability, balance, timeliness.

### The reporting process and methods of calculation

The qualitative and quantitative information of a social, environmental, economic and financial nature contained in the Sustainability Report was collected through direct interviews with the managers of the various company departments and by sending special data collection forms, according to a reporting process set up on an annual basis. The main methods of calculation and assumptions for the performance indicators reported are shown below, in addition to those already indicated in the Report:

- For the calculation of the health and safety indices, injuries while travelling to/from work were excluded.
- The injury frequency rate has been calculated as follows:

*Frequency rate = number of injuries / hours worked \* 1,000,000.*

- For environmental data, where not available, conservative estimation approaches have been adopted, i.e. the assumptions associated with the Group's less positive environmental performance have been chosen.
- The conversion factors used for the calculation of energy consumption are as follows:
  - the conversion factor used for natural gas comes from the table of national standard parameters published annually by the Ministry of the Environment and Protection of the Territory and the Sea for 2018, 2019 and 2020;
  - the conversion factors used for diesel oil and petrol come from the annually updated Defra (Department for Environment, Food and Rural Affairs of the United Kingdom) database for 2018, 2019 and 2020.

- Greenhouse gas (GHG) emissions have been calculated as follows:

*Greenhouse gas emissions = activity figure \* corresponding emission factor.*

- The emission factors used for the calculation of GHG emissions are the following:
  - Scope 1 Emissions: the emission factor used for natural gas comes from the table of national standard parameters published annually by the Ministry of the Environment and Protection of the Territory and the Sea for 2018, 2019 and 2020; the emission factors for diesel oil, petrol and coolant gases come from the Defra database, updated annually, for 2018, 2019 and 2020;
  - Scope 2 Emissions - Location based: the emission factor used for electricity purchased from the national electricity network according to the Location based method comes from Terna International Comparisons, 2017 edition (for 2018 and 2019) and 2018 edition (for 2020), based on Enerdata data;
  - Scope 2 Emissions - Market based: the emission factor used for electricity purchased from the national electricity network according to the Market based method comes from AIB - European Residual Mixes, 2018 edition (for 2018 and 2019) and 2019 edition (for 2020).

For information and details on this document, please contact:

Industrie Chimiche Forestali S.p.A.

[icfspa@forestali.it](mailto:icfspa@forestali.it)

## GRI Content Index

GRI Standards	Disclosure	Chapter reference	Omissions
<b>GENERAL DISCLOSURES</b>			
GRI 102: General Disclosures 2016	<b>Organisational profile</b>		
	102-1 Name of the organisation	The process for the preparation of the Sustainability Report	
	102-2 Activities, brands, products, and services	1.2 Our organisation	
	102-3 Location of the headquarters	Methodological note	
	102-4 Location of the activities	1.2 Our organisation	
	102-5 Ownership and legal form	1.2 Our organisation	
	102-6 Markets served	1.2 Our organisation	
	102-7 Scale of the organisation	1.2 Our organisation	
	102-8 Information on employees and other workers	2.3 Our team	
	102-9 Supply chain	2.2 Careful selection of materials	
	102-10 Significant changes to the organisation and its supply chain	Methodological note	
	102-11 Precautionary principle	2.1 A high-quality production process 2.2 Careful selection of materials 3.2 The health and safety of workers and customers	
	102-12 External initiatives	1.2.3 Associations	
	102-13 Participation in associations	1.2.3 Associations	
	<b>Strategy</b>		
	102-14 Statement of a top manager	Letter to Stakeholders	
	<b>Ethics and integrity</b>		
	102-16 Values, principles, standards and norms of behaviour	1.2.1 Governance	
	<b>Governance</b>		
	102-18 Governance structure	1.2.1 Governance	
	<b>Stakeholder engagement</b>		
	102-40 List of stakeholder groups	The process for the preparation of the Sustainability Report	
	102-41 Collective bargaining agreements	2.3 Our team	
	102-42 Identifying and selecting stakeholders	The process for the preparation of the Sustainability Report	
	102-43 Stakeholder engagement method	The process for the preparation of the Sustainability Report	
	102-44 Key topics and concerns raised	The process for the preparation of the Sustainability Report	
	<b>Reporting practice</b>		

<b>GRI Standards</b>	<b>Disclosure</b>	<b>Chapter reference</b>	<b>Omissions</b>
	102-45 Entities included in the consolidated financial statements	Methodological note	
	102-46 Defining report content and topic Boundaries	Methodological note	
	102-47 List of material topics	The process for the preparation of the Sustainability Report Methodological note	
	102-48 Restatements of information	Methodological note	
	102-49 Changes to reporting	Methodological note	
	102-50 Reporting period	Methodological note	
	102-51 Date of most recent report	Methodological note	
	102-52 Reporting cycle	Methodological note	
	102-53 Contact point to request information regarding the report	Methodological note	
	102-54 Statement on the reporting in compliance with GRI Standards	Methodological note	
	102-55 GRI Content Index	GRI Content Index	
	102-56 External assurance	Methodological note	
<b>MATERIAL TOPICS</b>			
<b>GRI 200 - ECONOMIC PERFORMANCE INDICATORS</b>			
<b>Economic performance</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	The process for the preparation of the Sustainability Report Methodological note	
	103-2 Management method and its components	1.2.2 Economic performance	
	103-3 Evaluation of the management methods	1.2.2 Economic performance	
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	1.2.2 Economic performance	
<b>GRI 300 - ENVIRONMENTAL PERFORMANCE INDICATORS</b>			
<b>Materials</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	The process for the preparation of the Sustainability Report Methodological note	
	103-2 Management method and its components	2.2 Careful selection of materials	
	103-3 Evaluation of the management methods	2.2 Careful selection of materials	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	2.2 Careful selection of materials	
<b>Energy</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	The process for the preparation of the Sustainability Report Methodological note	
	103-2 Management method and its components	3.1 Environmental protection	
	103-3 Evaluation of the management methods	3.1 Environmental protection	
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	3.1.4 Energy consumption and greenhouse gas emissions	

GRI Standards	Disclosure	Chapter reference	Omissions
<b>Water and water discharge</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	The process for the preparation of the Sustainability Report Methodological note	
	103-2 Management method and its components	3.1 Environmental protection	
	103-3 Evaluation of the management methods	3.1 Environmental protection	
GRI 303: Water and water discharge 2018, Management Approach	303-1 Interactions with water as a shared resource	3.1.1 Water withdrawal and discharge	
	303-2 Management of water discharge-related impacts	3.1.1 Water withdrawal and discharge	
GRI 303: Water and water discharge 2018	303-3 Water withdrawal	3.1.1 Water withdrawal and discharge	
	303-4 Water discharge	3.1.1 Water withdrawal and discharge	
<b>Emissions</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	The process for the preparation of the Sustainability Report Methodological note	
	103-2 Management method and its components	3.1 Environmental protection	
	103-3 Evaluation of the management methods	3.1 Environmental protection	
GRI 305: Emissions 2016	305-1 Direct GHG emissions ( <i>Scope 1</i> )	3.1.4 Energy consumption and greenhouse gas emissions	
	305-2 Indirect GHG emissions from energy consumption ( <i>Scope 2</i> )	3.1.4 Energy consumption and greenhouse gas emissions	
	305-7 Nitrogen oxides (NO <sub>x</sub> ), sulphur oxides (SO <sub>x</sub> ), and other significant air emissions	3.1.3 Emissions of pollutants	
<b>Effluents and waste</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	The process for the preparation of the Sustainability Report Methodological note	
	103-2 Management method and its components	3.1 Environmental protection	
	103-3 Evaluation of the management methods	3.1 Environmental protection	
GRI 306: Water discharge and waste 2016	306-2 Waste by type and disposal method	3.1.2 Waste	
	306-3 Significant spills	3.1.3 Emissions of pollutants	
<b>Environmental compliance</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	The process for the preparation of the Sustainability Report Methodological note	
	103-2 Management method and its components	3.1 Environmental protection	
	103-3 Evaluation of the management methods	3.1 Environmental protection	
GRI 307: Environmental compliance 2016	307-1 Non-compliance with environmental laws and regulations	In the three-year period from 2018 to 2020, the Group did not report significant non-compliance with environmental laws and regulations.	
<b>Environmental evaluation of suppliers</b>			



<b>GRI Standards</b>	<b>Disclosure</b>	<b>Chapter reference</b>	<b>Omissions</b>
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	The process for the preparation of the Sustainability Report Methodological note	
	103-2 Management method and its components	2.2 Careful selection of materials	
	103-3 Evaluation of the management methods	2.2 Careful selection of materials	
GRI 308: Environmental evaluation of suppliers 2016	308-1: New suppliers which were assessed using environmental criteria	2.2 Careful selection of materials	
<b>GRI 400 - SOCIAL PERFORMANCE INDICATORS</b>			
<b>Employment</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	The process for the preparation of the Sustainability Report Methodological note	
	103-2 Management method and its components	2.3 Our team	
	103-3 Evaluation of the management methods	2.3 Our team	
GRI 401: Employment 2016	401-1 New employee hires and turnover	2.3 Our team	
<b>Relations between workers and management 2016</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	The process for the preparation of the Sustainability Report Methodological note	
	103-2 Management method and its components	2.3 Our team	
	103-3 Evaluation of the management methods	2.3 Our team	
GRI 402: Relations between workers and management 2016	402-1 Minimum period of notice for operating changes	2.3 Our team	
<b>Occupational health and safety</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	The process for the preparation of the Sustainability Report Methodological note	
	103-2 Management method and its components	3.2 The health and safety of workers and customers	
	103-3 Evaluation of the management methods	3.2 The health and safety of workers and customers	
GRI 403: Occupational health and safety 2018, Management Approach	403-1 Occupational health and safety management system	3.2 The health and safety of workers and customers	
	403-2 Hazard identification, risk assessment and incident investigation	3.2 The health and safety of workers and customers	
	403-3 Occupational health services	3.2 The health and safety of workers and customers	
	403-4 Worker participation and consultation and communication on occupational health and safety	3.2 The health and safety of workers and customers	
	403-5 Worker training on occupational health and safety	3.2 The health and safety of workers and customers	
	403-6 Promotion of worker health	3.2 The health and safety of workers and customers	
	403-7 Prevention and mitigation of occupational health and safety impacts within business relationships	3.2 The health and safety of workers and customers	

<b>GRI Standards</b>	<b>Disclosure</b>	<b>Chapter reference</b>	<b>Omissions</b>
GRI 403: Occupational health and safety 2018	403-9 Work-related injuries	3.2 The health and safety of workers and customers	
<b>Training and education</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	The process for the preparation of the Sustainability Report Methodological note	
	103-2 Management method and its components	2.3 Our team	
	103-3 Evaluation of the management methods	2.3 Our team	
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	2.3 Our team	
<b>Social evaluation of suppliers</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	The process for the preparation of the Sustainability Report Methodological note	
	103-2 Management method and its components	2.2 Careful selection of materials	
	103-3 Evaluation of the management methods	2.2 Careful selection of materials	
GRI 414: Environmental evaluation of suppliers 2016	414-1: New suppliers which are subject to assessment using social criteria	2.2 Careful selection of materials	
<b>Customer health and safety</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	The process for the preparation of the Sustainability Report Methodological note	
	103-2 Management method and its components	3.2 The health and safety of workers and customers	
	103-3 Evaluation of the management methods	3.2 The health and safety of workers and customers	
GRI 416: Customer health and safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	3.2 The health and safety of workers and customers	
<b>Aspects not covered by GRI standards</b>			
<b>R&amp;D &amp; Innovation</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	The process for the preparation of the Sustainability Report Methodological note	
	103-2 Management method and its components	2.1 A high-quality production process 2.2 Careful selection of materials	
	103-3 Evaluation of the management methods	2.1 A high-quality production process 2.2 Careful selection of materials	