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# 2021 Sustainability Report

We are invisible! But we are everywhere!

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## Letter to Stakeholders

Dear readers,

More than a hundred years after the establishment of Industrie Chimiche Forestali, I am proud to present our annual Sustainability Report to you again. This is not purely to meet a legal obligation but stems from our desire to talk to each other and share with you our future commitments.

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

This growing focus 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. Moreover, thanks to the acquisition of Morel on 1 July last year and to the creation of the Lumine line, with pure cotton fabrics impregnated with various types of latex, in 2021 we broadened our range of GRS-certified and biodegradable products.

At Industrie Chimiche Forestali, there is a strong sense of belonging and teamwork. We strongly believe in the value of our people. We give them the opportunity to learn a skilled job and invest in them to develop their talents. This investment reflects not only our ongoing commitment to their personal and professional development, but, above all, represents a fundamental decision to surrender profitability in favour of sales and volumes, enabling us to protect all our jobs in this uncertain period and not increase operating costs.

In this vein, we operate in compliance with measures to ensure the safety not only of our employees but also of our customers and the surrounding population. Properly trained personnel and the development of processes and plants with high standards of quality and safety are the prerequisites 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 investment in the research and development of innovative products, plant design and the training and safety of our employees give us the opportunity to grow in the medium-long term and the ability to operate in the global market. Our commitment is underlined by our acquisition of Morel, a symbol of "made in Italy" quality, automation and know-how of high standing in craftsmanship since 1926, and by our investments in the *Industria 4.0* National Plan aimed at innovating and digitizing our productive processes.

For all these reasons, at Industrie Chimiche Forestali, the integration of economic, environmental and social sustainability into the business has become our strength, demonstrating a greater ability to be competitive, as well as dynamic and flexible on the market, and a significant 'business rationale' aimed at creating value.. We can only hope that what we have been doing for years at Industrie Chimiche Forestali is also an incentive

for all of you and that it will allow us to build a virtuous chain that can provide the end customer with a safe, environmentally friendly and ethical product.

Chief Executive Officer

Guido Cami

## The process of preparing the Sustainability Report

Again this year, Industrie Chimiche Forestali S.p.A. (hereinafter referred to as ICF or Industrie Chimiche Forestali) decided to draft a Sustainability Report (hereinafter also referred to as "Report"), thus continuing with its aim of strengthening and making its communication increasingly transparent towards its stakeholders and sharing the key information and initiatives relating to environmental, social and economic aspects that have been a part of ICF for over 100 years.

The process undertaken by Industrie Chimiche Forestali to update the Report involved senior management and the various corporate functions in preparing the document and collecting data and information useful for drafting the Report.

ICF's Sustainability Report was prepared in accordance with the *Global Reporting Initiative Sustainability Reporting Standards* ("GRI Standards"), whose principles and benchmark indicators are the most widely used and applied around the world.

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 that are significant (or "material") for Industrie Chimiche Forestali, in line with the *GRI Standards*.

### **Our stakeholders**

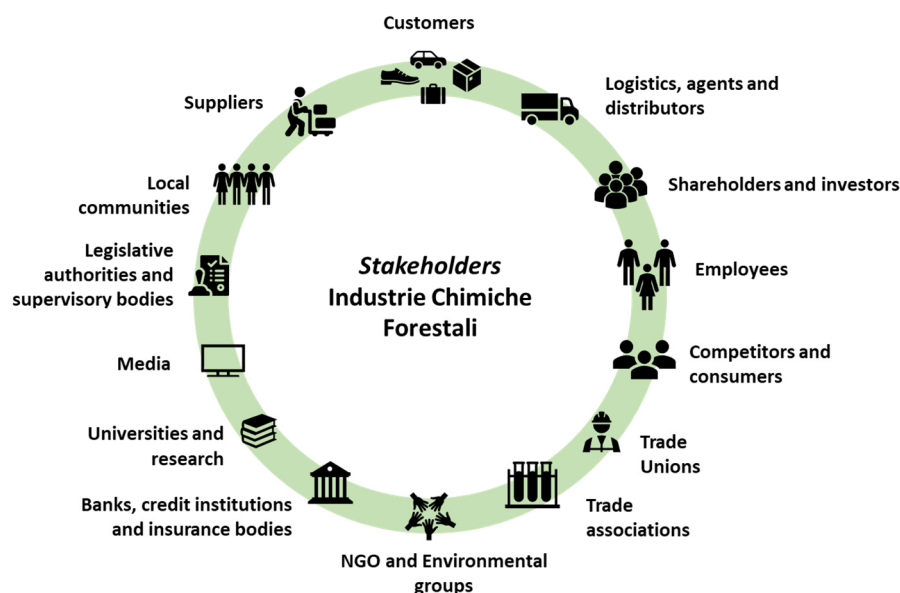
The identification and prioritisation of ICF's stakeholders represents a substantial step towards the subsequent identification of the most relevant sustainability topics on which to focus the contents of the Sustainability Report.

For the first year of drafting the Sustainability Report, the various stakeholders of ICF were mapped on the basis of an analysis of the company structure, business activities, value chain and network of existing relationships involving Industrie Chimiche Forestali. Subsequently, through the involvement of senior management, the stakeholders identified had been classified according to the following criteria in order to attribute a priority level to them:

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

For the 2021 Sustainability Report, both the identified stakeholder categories and their prioritisation are confirmed.

The company's communication with its stakeholders also continued in 2021 via numerous press releases and ongoing updates on the website, as well as at the usual meetings relating to the performance of business activities. In line with the gradual containment of the Covid-19 pandemic, in the next few years ICF intends to promote communication and two-way dialogue initiatives with the aim of establishing and consolidating a relationship of trust and continuous dialogue.



### Material topics

A key step in preparing the Sustainability Report, in accordance with the *GRI Standards*, is to identify material sustainability topics on which to focus reporting.

During the first year of reporting, ICF carried out an initial mapping of potentially important sustainability topics for the company, based on a number of activities designed to analyse the context in which Industrie Chimiche Forestali operates (benchmark analysis, an analysis of press articles, and an analysis of sustainability trends). Subsequently, the results obtained had been cross-referenced with contributions received from senior management and the various corporate functions and with the set of sustainability issues indicated in the **GRI Standards** in order to define a population of potentially important issues.

ICF then carried out materiality analysis to identify from among the potentially relevant issues those that were material. This involved assessing the various sustainability issues identified according to their relevance for Industrie Chimiche Forestali and its stakeholders as required by the reporting standard.

In particular, a workshop was held involving ICF's senior management, at which an order of priority for the sustainability issues was defined, based on their relevance for the company. ICF assigned priorities to issues by taking into account not only the expert opinion of the key people in Industrie Chimiche Forestali, but also ICF's formal commitment to the issues being analysed, the company's strategic priorities, and the main areas of environmental, economic and social impact of the organisation.

For the 2021 Sustainability Report, in order to determine the relevance of sustainability topics from a stakeholder perspective, the following types of context analysis were again carried out and account taken of the priority levels resulting from:

- **benchmark** analysis with respect to comparable Italian and international companies and customers of Industrie Chimiche Forestali operating in the main ICF sectors (automotive, flexible packaging, footwear and leather goods), which made it possible to distinguish the sustainability issues that are most frequently dealt with on 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.).

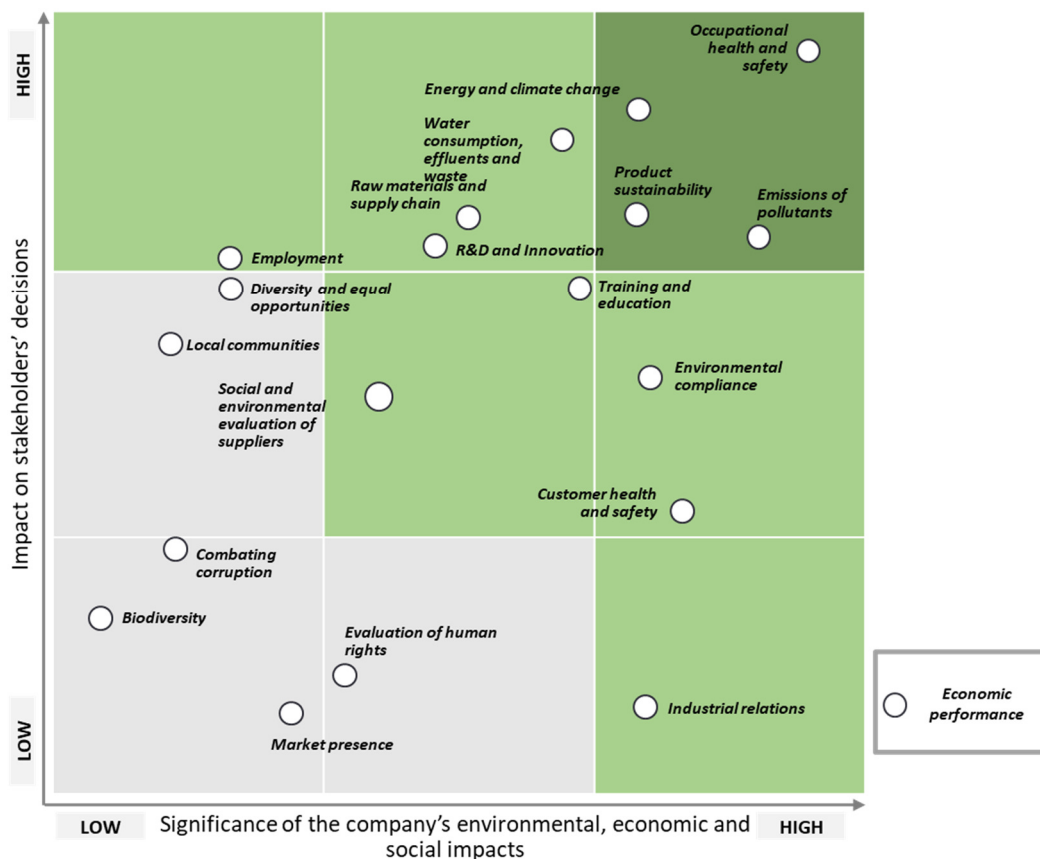
This context analysis will be complemented by direct stakeholder engagement activities aimed at stakeholders inside and outside Industrie Chimiche Forestali, to gather the impressions of key stakeholders and to gear reporting to the expectations stated personally by the stakeholders themselves.

There were no significant changes to the issues identified for 2020 as a result of the analysis carried out.

Subsequently, an analysis of the **relevance** of sustainability issues **with respect to the media and public opinion** was carried out, through the recognition of the main issues that affected ICF in the year in question, by sifting through the main articles in local and international newspapers. This analysis revealed a number of issues to focus on, namely the possibility of paying greater attention to ICF's commitment to manufacturing increasingly sustainable products and using energy from renewable sources, as well as the importance of revisiting some material issues in light of the difficult conditions currently affecting the supply chain in some sectors in which the company operates.

The results of the above analysis 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 2021 materiality analysis is represented by the ICF 2021 **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 2020 materiality matrix:

- the *Raw materials and product sustainability* topic was split into two: *Raw materials and supply chain* and *Product sustainability* to focus attention on ICF's commitment to manufacturing increasingly sustainably products;
- the *Supply practices* topic was included in *Raw materials and supply chain* to increase attention on the supply chain in this particular moment in history, associated with the Covid-19 pandemic;
- the *Economic performance* topic was excluded from the materiality matrix as it underlies every business activity and is therefore considered material by definition.

In addition, based on the relevance of certain topics for ICF, 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:

- *Energy and climate change*, following the signing by ICF of a contract for the installation of a photovoltaic system;
- *Product sustainability*, following the acquisition of the Morel brand and its product line Lumine, with all products certified by Global Recycle Standards (GRS) and organic.

The material topics on which the contents of this Sustainability Report will be focused are those falling under the green-coloured boxes in the materiality matrix, 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 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 materials and supply chain; Product sustainability; R&D and Innovation, Customer health and safety*;
- topics related to ICF's relations with its employees: *Employment, Training and education, Occupational health and safety, Industrial relations*;
- topics related to ICF's business: *Economic performance* (material by definition);
- 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

Industrie Chimiche Forestali's story 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.

On **1 July 2021** ICF acquired the business branch of Industria Chimica Morel & C. S.p.A. (hereinafter referred to as Morel), dedicated to the design, manufacture and sale of textile components, toe caps, counters and stiffeners for the luxury footwear and leather goods market, thus supporting the existing brands (Forestali, Durabond and ABC). The brand was owned by a family business, established in 1926 in the heart of Milan based on an idea of Maurice Morel: to manufacture a cotton gauze impregnated with glue for the toe cap stiffeners, which was highly performing but at the same time easy for shoemakers to handle.

2021 was an extremely challenging year for Industrie Chimiche Forestali due to the increase in the prices of raw materials and their scarce availability, as well as the rise in logistics costs, all of which had a huge impact on ICF's entire supply chain. Against this backdrop, however, Industrie Chimiche Forestali reacted positively, ensuring **production continuity, complying with customers' requests and deadlines** and **protecting their employees** without ever needing to make anyone redundant.

As in 2020, ICF also adopted in 2021 all the measures required to **safeguard the safety and health** of its personnel working in the production areas and activated continued to allow **remote working** for personnel in the administrative and commercial areas.

## 1.2 Our organisation

Industrie Chimiche Forestali designs, manufactures and markets high-tech adhesives and fabrics in the following main markets: automotive, footwear, leather goods, upholstered furniture, flexible and industrial packaging.

ICF, while operating under a single company name, produces and markets its products through **four separate brands: Industrie Chimiche Forestali, ABC - Adhesive Based Chemicals, Durabond and Morel**, integrated in July 2021.

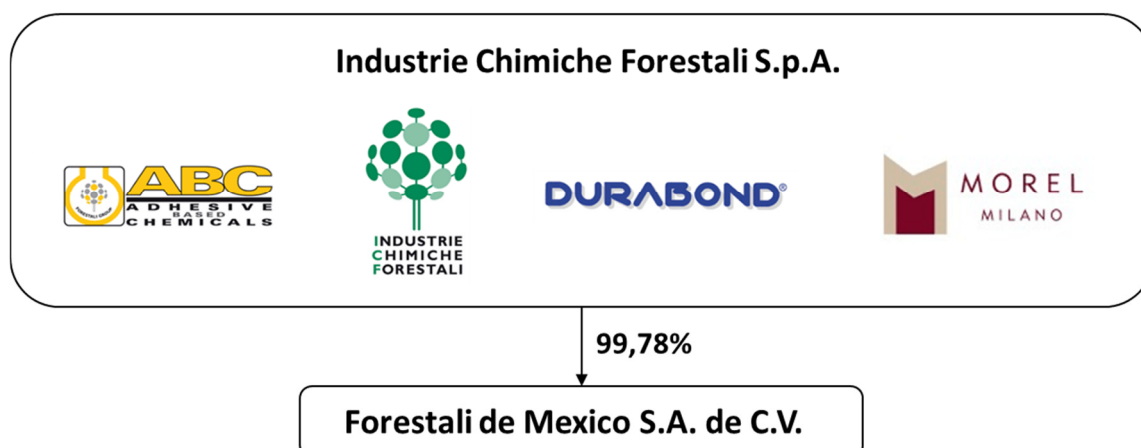


The production activity of ICF is carried out through two separate **divisions**:

- **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 Industrie Chimiche Forestali is also present internationally through its subsidiary Forestali de Mexico S.A., which markets its products on the Mexican market.

## Group structure



With 140 employees and a turnover of almost € 76 million<sup>1</sup> in 2021, ICF exports to more than 80 countries around the world with a percentage of exported turnover of about 64%. Sales and logistics management represents a strategic point for the competitiveness of Industrie Chimiche Forestali, which has an extensive sales network of 23 agents (12 Italian and 11 foreign) and three logistics bases in Mexico, the United States and Hong Kong. Some of the countries interested in marketing ICF's products within the EU are Germany, France, Spain, Portugal, Poland, Hungary and Slovenia, while worldwide they include 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 1.033 customers, the largest 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). The Board of Directors consists of: the Chairman, Guido Cami, and 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 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 that inspire ICF, as well as defining the fundamental principles, rules of behaviour and responsibilities within ICF 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 ICF's growth strategy:

- Responsibility of internal personnel and external collaborators;

<sup>1</sup> The reported value refers only to the turnover of Industrie Chimiche Forestali S.p.A., equal to € 75.7 million.

- Conflict of interests, 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 with 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 with 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, ICF 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 2021 was € 76.9 million<sup>2</sup>, of which about 92%, equal to approximately € 70.6 million, was distributed to ICF's main stakeholders. Specifically:

- operating costs amounted to approximately € 62.2 million, of which 85.7% related to raw materials costs;
- personnel remuneration amounted to approximately € 9.1 million;
- a value of approximately € 1.2 million was distributed to capital providers, while ICF showed a credit of approximately € 1.9 million with the Public Administration;
- donations, membership contributions and community sponsorships amounted to € 16.9 thousand (down by 52% compared with 2020, since last year the allocations also included donations to combat Covid-19).

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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 performance (k€)	2019	2020	2021
<b>Generated economic value</b>	<b>72,285.9</b>	<b>60,696.9</b>	<b>76,941.0</b>
<b>Distributed economic value</b>	<b>65,252.4</b>	<b>54,520.0</b>	<b>70,633.0</b>
Operating costs	53,765.5	44,807.6	62,242.1
Value distributed to employees	8,677.3	8,506.1	9,065.0
Value distributed to capital providers	1,029.5	1,328.3	1,248.0
Value distributed to the P.A.	1,760.7	-157.3	-1,939.0
Value distributed to the community	19.4	35.3	16.9
<b>Retained economic value</b>	<b>7,033.4</b>	<b>6,176.9</b>	<b>6,308.0</b>

ICF closed 2021 with a generated economic value that had recovered sharply from 2020, the year marked by the Covid-19 health emergency; it was also better than the economic performance in 2019. This result was achieved thanks to the resumption of business, which led to an increase in volumes produced, and to the acquisition of Morel in the second half of 2021. Together with the increase in revenues, a simultaneous rise in operating costs was also recorded, mainly due to the sharp hike in raw materials prices, which especially impacted the profitability of the ABC Division and the automotive industry in particular.

#### "I Bambini delle Fate" Foundation

Since 2012, driven by its strong sense of social responsibility and solidarity, Industrie Chimiche Forestali has been supporting the non-profit "I Bambini delle Fate" Foundation, to which it donated € 6,000 in 2021. The foundation provides financial support to social inclusion projects and programmes managed by local partners for families with autism and other disabilities.

#### Combating cardiac arrest

In 2021, having always been committed to safeguarding the health and safety of its employees, ICF purchased two automated external defibrillators (AEDs) - one for the plant and one for the offices - with the aim of improving the timeliness of any life-saving intervention. An AED is a device that can automatically analyse the heart rhythm, autonomously establish the need for a shock and guide the rescuer using voice instructions.

#### 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 Chairman of 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 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 major luxury brands.

In the packaging sector, ICF is a member of **GIFLEX**, which brings 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.

ICF is also a member of **AssoNEXT** (*Associazione Italiana delle PMI Quotate*, Italian Association of Listed SMEs), which was created at the end of 2019 as AssoAIM (Associazione Emittenti AIM Italia, the Association of companies listed on the AIM market of the Italian Stock Exchange) and renamed in 2021 when the AIM Italia market was renamed Euronext Growth Milan. The Association's aim is to represent small and medium-sized companies (SMEs) listed on the AIM Italia segment, now called Euronext Growth Milan.

During 2021, ICF became a member of **UNICHIM** (*Associazione per l'unificazione nel Settore dell'Industria Chimica*, (Association for Unification in the Chemical Industry Sector), which is involved in the development of new analysis methodologies, many of which are still used in national laboratories for legal provisions or UNI standards. It is also a member of **AmCham Italy** (American Chamber of Commerce in Italy), a private non-profit organisation whose aim is to develop and promote financial and cultural relationships between the United States and Italy.

## 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!

ICF produces and exports all over the world technical products for glueing and reinforcing footwear, leather goods of all kinds and industrial products, hence it is "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 strength 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 increasingly becoming a technology adopted as a replacement for traditional 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 **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. 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. Moreover, from the second half of 2021, Morel-branded fabrics for toe caps and counters also fall within the Forestry Division.

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 tailor-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, which is 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 a different order 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.

Morel products can really be distinguished from ICF fabrics in the drying phase which, instead of using the heat produced by the combustion of methane, uses the flow of steam inside the plant. This technology enhances the properties of the natural fibres with zero production waste, and gives the fabric a particular plasticity and malleability, features which are much appreciated by customers. Moreover, the powders are spread via a "4.0 custom" powder coating machine that allows a range of raw materials to be used that are generally impossible to mix with any other production system.

Generally, 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 1 m by about 1.4 m sheets in order to be easily placed on the pallets used for shipping.

ICF is known for the high quality standards of its products thanks to the meticulous checks carried out on incoming raw materials, the strict controls of the production process and the analyses carried out on the finished products. Industrie Chimiche Forestali has always pursued a quality-conscious policy, obtaining **UNI EN ISO 9001 Quality Management System certification** in 1997. As confirmation of our ongoing commitment to protecting quality, during 2021, ICF renewed its ISO 9001 certification, integrating **VGM (Verified Gross Mass) certification, based on the SOLAS International Convention**, relating to the shipment of containers by sea. To this end, back in December 2020, ICF issued the Container weighing management operating

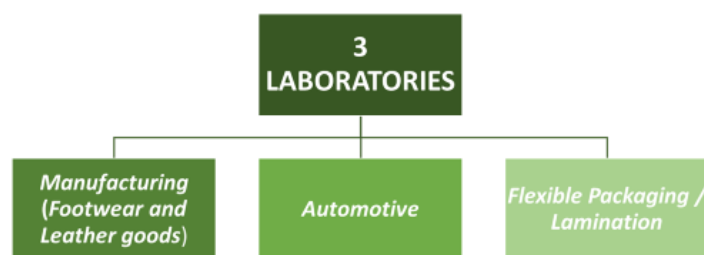


procedure, which defines the criteria and operating methods for the correct management of container weighing of ICF products.

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

During 2020, the Company adapted to 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 included 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.

Industrie Chimiche Forestali's ability to check and guarantee the quality and performance of its products is also ensured 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 constitute 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**. In 2021, in compliance with the requirements of the *Industria 4.0* National Plan, introduced by the 2017 budget law, ICF invested in its own laboratories, creating an interconnection between the management system and the laboratory tools in order to increase their analytical capacity and integrate the more technical, production-related aspects with qualitative ones.

The laboratories also represent the point of reference for quality control, which interacts with all departments and ensures an ongoing 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 ICF's laboratories.

In addition to quality, Industrie Chimiche Forestali also pays great attention to the efficiency of its production processes and the technological innovation of its plants. In this respect, ICF 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 ICF carried out an **LCA (Life Cycle Assessment)** study on the production of four categories of extruded and impregnated fabrics in the

leather goods and footwear sector, in collaboration with the *Consiglio Nazionale delle Ricerche* (CNF\_STTIMA, Italian Research Council). The study, which complies with ISO 14025 on Labelling and Type III environmental declarations, is supported by the European Community as the main method of calculating environmental effects. Specifically, the LCA analysis 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 data relating to the plant, including incoming raw materials, required energy and waste generated, were 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 metre of product, in order to be able to correctly interpret them depending on the production capacity of the plant.

ICF decided to focus on the LCA of the products and the **EPD (Environmental Product Declaration)**<sup>3</sup> to obtain not just a competitive advantage, but also support at eco-design level for the final product. The impact assessment actually allows for easy identification of the environmental aspects that can be addressed as early as the design stage to improve a product's carbon footprint. A study ended in March 2020 on toe caps and counters, 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 immaterial. This underlines how essential it is to receive an LCA study from all suppliers in order to more accurately weigh the percentages of the various raw materials in the production process for the purposes of assessing whether formulations can be modified in favour of those with a low environmental impact.

In this area, ICF will be the **first country in the world** in the footwear sector to obtain EPD certification for toe caps and counters. To this end, Industrie Chimiche Forestali promoted a joint initiative with Centro Tessile Cotoniero, Innovhub and other international players to define a specific standard for fabrics and to promote environmental sustainability certification in the fashion industry. The **Product Category Rule (PCR) "Fabrics"**, which will be published in 2022, will provide specific rules for calculating the environmental effects for fabrics and impregnated materials within the EPD certification scheme.

## 2.2 Careful selection of materials

The added value of ICF lies in its highly technical and high-performance products, which allow it to maintain a very high quality reputation on the market. To achieve and maintain this goal, Industrie Chimiche Forestali has always been careful in the choice of raw materials that will be used to make 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 its products.

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<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.

<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.

As early as 1998, ICF 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.

ICF purchases its raw materials from new and traditional suppliers with high quality standards. 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, ICF carries out audits at suppliers' premises. To date, the submitted questionnaire does not include specific aspects linked to social or environmental issues or performance.

In its dealing with suppliers, ICF gives priority to providers from the European Union.<sup>5</sup> The Covid-19 pandemic had a big effect on the supply chain of Industrie Chimiche Forestali, which had to tackle various issues associated with the sourcing of raw materials and the materials necessary for ordinary maintenance, the increase in prices (both of raw materials and energy) and delivery delays. The rise in prices mainly hit the automotive sector, which was already affected by a reduction in production volumes, and the packaging sector. Conversely, for the footwear sector, productivity remained in line with 2020, despite the increase in costs. However, ICF managed to protect itself and continue with production, complying with deadlines and customer requests, thanks also to careful and intensive warehouse activity. In 2021, ICF used an external warehouse belonging to one of the transporters that was already being used for delivering raw materials. In addition, it maintained ongoing communications with its agents and distributors to update them continuously on the market situation and the activities implemented by ICF to respond to changes in the external environment.

The **raw materials** used by ICF include fabrics and non-woven fabrics (NWF), solvents, resins and polymers.

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

Although many of the raw materials used are virgin materials, ICF has an ongoing commitment to **using regenerated and recycled materials**, particularly those intended for the footwear and leather goods industry:

- 100% of the cotton fabrics used are regenerated cotton;
- non-woven fabrics used by ICF are composed of 25% regenerated polyesters;
- 60% of extruded fabrics are produced using, among the various 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 should also be highlighted that, in 2021, ICF extended **GRS**<sup>6</sup> certification to the entire range of fabrics produced (regenerated cotton fabrics, toe caps and extruded counters containing recycled polymers). Thus products made with over 50% recycled raw materials are certified with the GRS logo, confirming ICF's ongoing commitment to reducing its environmental impact and to an increasingly sustainable economy. In 2020,

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<sup>5</sup> 100% of the expenditure went on local suppliers, where for 'local' suppliers, the meaning is those based in the European Union.

<sup>6</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 industry with the aim of encouraging the use of recycled materials.

**Oeko-Tex Standard 100**<sup>7</sup> certification was obtained for toe caps, counters and other products in the footwear and leather goods industry as they are free of potentially harmful substances.

Industrie Chimiche Forestali has recently developed a new line, **BIOSTICK**, comprising technical fabrics made with formulations based on polylactic acid (PLA) from polymers derived partially from non-edible vegetable oils. Specifically, by using polylactic acid, thanks to its characteristics of biodegradability, biocompostability and biocompatibility with human skin, Industrie Chimiche Forestali is able to comply with the objectives of reuse, recycling and use of renewable resources that are part of the circular economy model that it intends to pursue.

In 2019, ICF developed a new line of interlining for the footwear and leather goods industry called **Forebio Prime**, from a 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>8</sup>. In 2020 these products obtained **OK biobased**<sup>9</sup> certification, an independent, high-quality guarantee of the renewability of the raw materials used to manufacture a product.

The Morel-branded cotton fabrics also meet specific sustainability requirements as they are certified GRS, FSC OK biobased and OEKO-TEX Standard 100. Specifically, some versions of the Lumine line have obtained GRS certification, as they are produced with a recycling rate of 21% and 22% respectively, while others have passed the biodegradability test, with percentages of over 90%.

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, ICF 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. 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, Industrie Chimiche Forestali uses an external element of recycled cardboard (Bag in Box) instead of iron.

in 2021, the Container Revolution was implemented, a revolutionary system for packaging water-based adhesives using a four-layer internal bag, which can be directly connected to the plants. After use, this can be refolded back on itself and disposed of with other plastic waste, while the external container can be returned to ICF, thereby reducing the volumes transported and the quantity of waste produced. Moreover, thanks to the patented construction methodology, 100% of the content can be dispensed, thus avoiding product waste.

Lastly, for 2022, Industrie Chimiche Forestali has allocated investment to upgrade the packaging lines for adhesive containers ranging from 15 kg to 450 g. These lines will be equipped with automated anthropomorphic arms in the last part of the packaging to prepare the boxes and final pallets for shipment

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<sup>7</sup> **Oeko-Tex Standard 100** is an internationally uniform and independent control and certification system for raw materials, semi-finished and finished products in the textile industry at all processing levels.

<sup>8</sup> **FSC® (Forest Stewardship Council)** certification guarantees that the origin of the product labelled FSC® is 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 in the product comes from FSC® certified material, recycled material and/or controlled wood (not less than 70% certified and/or recycled materials).

<sup>9</sup> The **OK Biobased** label uses a star system to indicate the biobased content of a certified product based on the percentage of renewable raw materials determined.

to the customer. The design is in line with the requirements of the *Industria 4.0* National Plan aimed at improving planning and production efficiency, thanks partly to the collection of data in real time.

Total materials used by ICF (materials entering the production processes and packaging materials) in 2021 amounted to 17,691 tons (up 12% compared with 15,853 tons in 2020), 89% of which were raw materials.

Materials entering the production processes				
	Unit of measurement	2019	2020	2021
<b>Raw materials</b>	<b>t</b>	<b>17,116</b>	<b>14,057</b>	<b>15,769</b>
Fabrics	t	669	469	580
Regenerated fabrics	t	560	409	855
Non-woven fabrics (NWF)	t	3,456	2,356	2,530
Solvents	t	6,985	6,384	7,022
Resins	t	680	643	637
Polymers	t	4,347	3,533	3,914
Regenerated polymers	t	419	263	231
<b>Materials related to processes</b>	<b>t</b>	<b>5</b>	<b>5</b>	<b>5</b>
Additives	t	2	2	2
Lubricants	t	3	3	3
<b>Total</b>	<b>t</b>	<b>17,121</b>	<b>14,062</b>	<b>15,774</b>

Packaging materials				
	Unit of measurement	2019	2020	2021
Steel	t	1,115	1,036	1,093
Paper and cardboard	t	82	89	99
Wood	t	614	488	547
Plastic	t	216	178	178
<b>Total</b>	<b>t</b>	<b>2,027</b>	<b>1,791</b>	<b>1,917</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>10</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**. Industrie Chimiche Forestali 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 traditional 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 in the use of the product by the end user.

<sup>10</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).

In 2021 ICF completed the installation of a new production plant for the development, production and marketing of a new line of water-based adhesives. The new plant was designed in compliance with the requirements of the *Industria 4.0* National Plan by creating a two-way inter-connection between the operating system and the management system. This project defined a new organisational approach that aims to coordinate resources (physical assets, workers and information) in order to increase productivity, efficiency, variety of products and, therefore, the competitiveness of the company.

In 2021, ICF also announced the development of a new line of adhesives free of toluene, a solvent used widely in synthetic products. The development of new products was carried out internally by the R&D department, along with the implementation of strict procedures and technical solutions aimed at promoting the utmost safety of industrial processes.

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 traditional solvent-based adhesives with water-based adhesives, in 2018 ICF began to change product formulations by introducing **raw materials from renewable sources** such as castor oil to replace polyesters of fossil origin. Thanks to the experience of the in-house R&D department, the dual-component adhesives produced by ICF intended for flexible packaging for the food & beverage sector now contain 30% raw materials of vegetable origin.

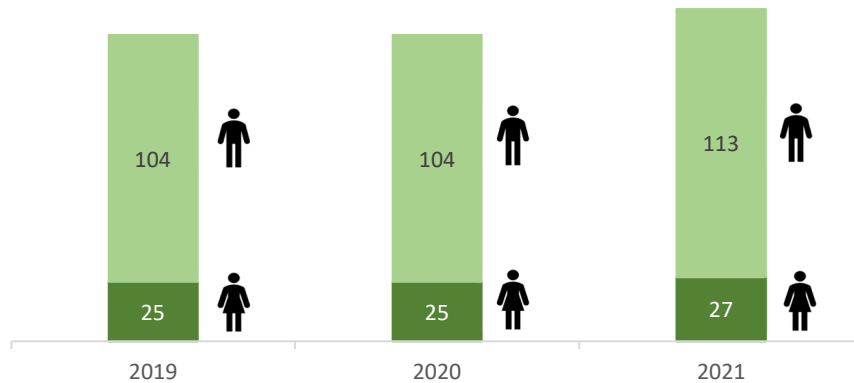
## 2.3 Our team

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, 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 the employees do every day, pursuing objectives, launching challenges and competing in all markets with passion and determination. The hundred-year-old history of Industrie Chimiche Forestali is made possible by all the people who work and have worked at ICF, 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 ICF and between all of them and ICF itself.

It is precisely this strong connection that allowed ICF to successfully cope with the Covid-19 pandemic emergency. To protect its employees, ICF decided to continue with remote working, again in 2021, for all those activities that can be carried out remotely. For employees testing positive, Industrie Chimiche Forestali activated a **Covid-19 Health Policy**, as early as 2020, which 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.

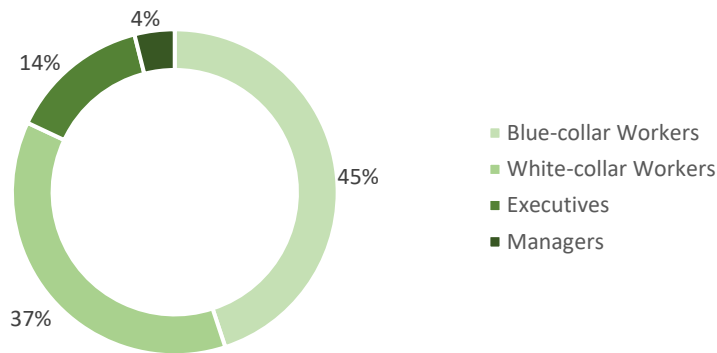
As of 31 December 2021, Industrie Chimiche Forestali had 140 people, a 9% increase on 2020, mainly due to the entry of the Morel employees. Following the acquisition of the brand, 15 people became part of ICF's staff, including an executive, a department manager, and the warehouse, production and customer service staff. In total, 133 of the 140 employees are employed at the headquarters of Marcallo Con Casone in Italy and the remaining seven 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 2021, the employees of Industrie Chimiche Forestali were mainly blue-collar and white-collar workers, while executives and managers together made up 18% of the workforce. In 2021, blue-collar workers accounted for 45% of the workforce and were all employed in Italy at ICF's only production site.

### Employees by professional category in 2021



ICF is committed to ensuring a stable job for its team, offering mainly permanent contracts, which in 2021 covered 97% of its employees. In particular, 129 of the 133 employees in Italy have a permanent contract, while at the Mexican headquarters all seven employees are employed under such a contract.

Employees by contract type and gender				
	Unit of measurement	2019	2020	2021
<b>Permanent</b>	<b>no.</b>	<b>123</b>	<b>125</b>	<b>136</b>
Women	no.	24	25	26
Men	no.	99	100	110
<b>Fixed-term</b>	<b>no.</b>	<b>6</b>	<b>4</b>	<b>4</b>
Women	no.	1	0	1
Men	no.	5	4	3
<b>Total</b>	<b>no.</b>	<b>129</b>	<b>129</b>	<b>140</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 2021, 2% of personnel were hired under this type of contract, while the remaining personnel were covered by full-time contracts.

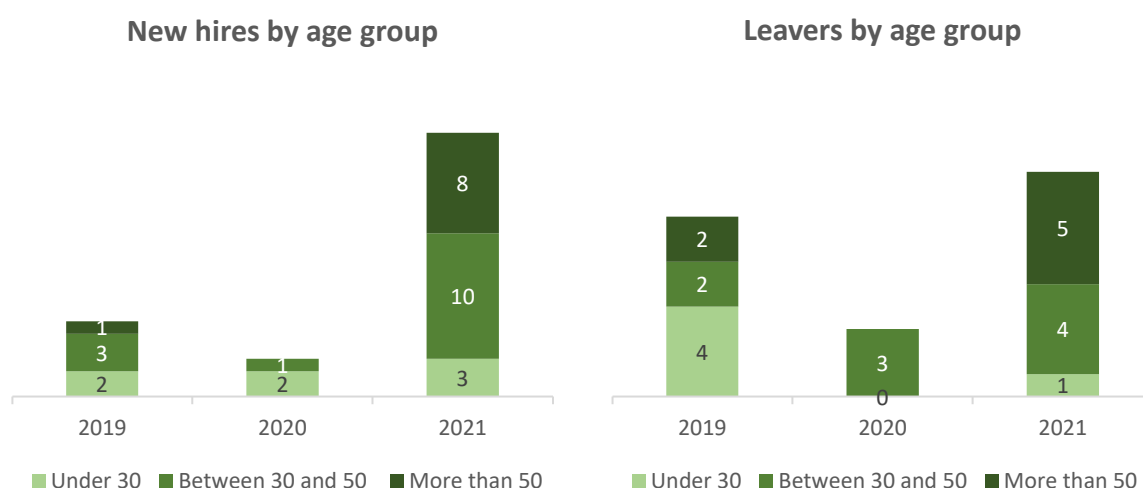
Employees by type of employment and gender				
	Unit of measurement	2019	2020	2021
<b>Full-time</b>	<b>no.</b>	<b>127</b>	<b>127</b>	<b>137</b>
Women	no.	24	24	25
Men	no.	103	103	112
<b>Part-time</b>	<b>no.</b>	<b>2</b>	<b>2</b>	<b>3</b>
Women	no.	1	1	2
Men	no.	1	1	1
<b>Total</b>	<b>no.</b>	<b>129</b>	<b>129</b>	<b>140</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-sized industrial company, especially in the last year (21 in 2021). In 2021, the joining turnover rate increased to around 15%. New hires included personnel of all age groups (under 30, between 30 and 50 and over 50).

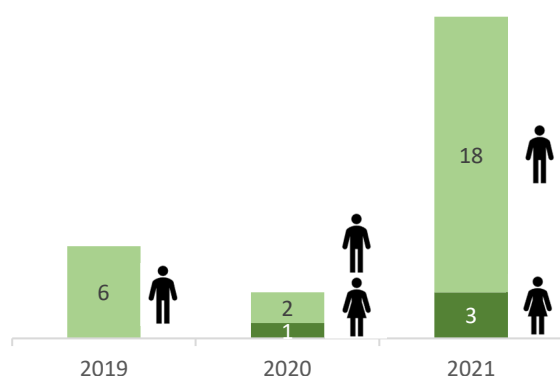
The search for young talents for the continuous development of products and technologies represents ICF's ongoing commitment to try not only to keep up with the times but, where possible, to be one step ahead. In particular, ICF usually encourages young technicians from high schools and universities studying chemistry to join its R&D laboratories through curricular and extra-curricular internships. In 2021, two young people were hired with an extra-curricular internship, one of whom was taken on in the early part of 2022.

The leaving turnover rate remained at a low level over the three-year period, reaching 7% in 2021.

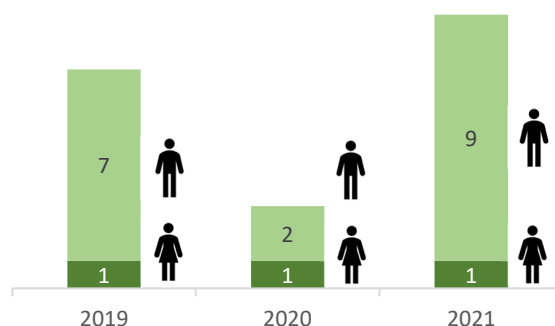




New hires by gender



Leavers by gender



Turnover rates				
	Unit of measurement	2019	2020	2021
Joining turnover	%	5	2	15
Leaving turnover	%	6	2	7

Joining turnover		2019		2020		2021	
By age group	Unit of measurement	Italy	Mexico	Italy	Mexico	Italy	Mexico
Under 30 years of age	%	2	0	2	0	2	0
Between 30 and 50 years of age	%	2	0	1	0	8	0
Over 50 years of age	%	1	0	0	0	6	0
By gender							
Women	%	0	0	1	0	2	0
Men	%	5	0	2	0	14	0

Leaving turnover		2019		2020		2021	
By age group	Unit of measurement	Italy	Mexico	Italy	Mexico	Italy	Mexico
Under 30 years of age	%	3	0	0	0	1	0
Between 30 and 50 years of age	%	2	0	2	0	3	0
Over 50 years of age	%	2	0	0	0	4	0
By gender							
Women	%	1	0	1	0	1	0
Men	%	6	0	2	0	7	0

In Italy, all employees are covered by National Collective Labour Agreements (CCNL), while in Mexico the employment relationship is regulated by Mexican law. Managers at the Italian headquarters 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. Mexican legislation, however, does not have a minimum period of notice.

As provided for by second-level bargaining, each year a profit-sharing bonus is paid to ICF employees linked not only to the achievement of corporate profitability objectives but also in proportion to their score obtained during the year on quality and safety. The former considers the impact on turnover of the costs of complaints, returns and discounts for the ICF Division, while for the ABC Division, it takes into account the percentage of non-standard production in relation to the total. The latter 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. Second-level bargaining was also extended to the Morel employees from 2021.

ICF believes that the indicators to be monitored to ensure the competitiveness and development of Industrie Chimiche Forestali are also to be found in the quality of production processes, products and services and the safety of workers, as well as the protection of the environment, community and region. 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.

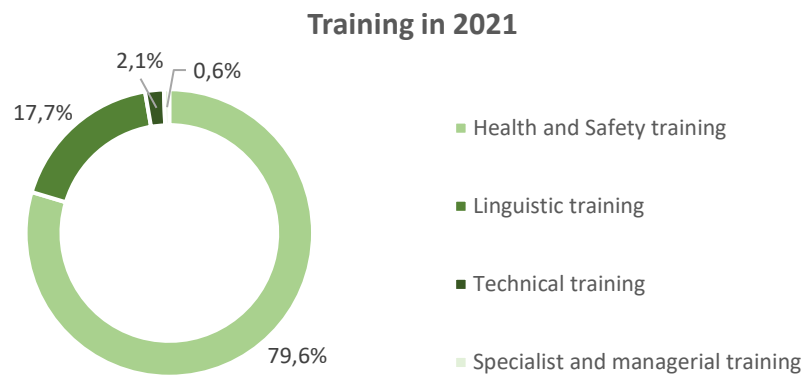
The education and training of all personnel is of fundamental importance for ICF to develop the culture and in-house technical skills. In 2021, 1,039 training hours were delivered, or an average of around seven hours per employee. With reference to the 2021 annual training plan, the difficulties connected with managing training courses in person caused by the Covid-19 pandemic prevented us from completing all the planned courses; as a result, in 2021, training hours fell further (by 34% compared with 2020). 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 between the individuals to be trained and the lecturers. This is the case for the mandatory courses stipulated 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. ICF was however able to run all the safety courses in person, together with the training.

Average hours of training per year per employee				
	Unit of measurement	2019	2020	2021
<b>By gender</b>				
Women	hours/employees	29.0	13.9	5.4
Men	hours/employees	16.4	11.8	7.9
<b>By professional category</b>				
Managers	hours/employees	9.6	2.1	1.8
Executives	hours/employees	19.4	9.8	2.1
White-collar workers	hours/employees	26.7	14.8	5.5
Blue-collar workers	hours/employees	14.3	11.9	11.1
<b>Total</b>	<b>hours/employees</b>	<b>18.8</b>	<b>12.2</b>	<b>7.4</b>

The importance attached by ICF to training is also demonstrated by the diversified training offered to its employees in order to give them the opportunity to realise their full potential, encompassing quality, occupational health and safety and the environment, 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, and the professional and personal growth of employees.

in 2021, 80% of the training hours provided related to occupational safety. Furthermore, as ICF is a company at risk of a 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 2021 concern technical, specialist, managerial and linguistic training.



Newly recruited personnel, including those on temporary contracts and workers in cooperatives who carry out portorage activities for a limited number of hours/days, are provided with a training course to ensure rapid and efficient integration. This course provides information about ICF'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.

### 3. Attention to the environment and safety

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

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

ICF 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. This commitment was renewed in 2021, when it joined the "**Restart with Sustainability**" project, also promoted by Federchimica, with the aim of collecting and defining circularity indicators for companies in the sector to identify opportunities for improvement and construct business models aimed at creating value through the sustainable use of resources.. Fourteen companies in the sector and two certification institutes have joined the project, which will continue for the whole of 2022.

Also in 1998, ICF defined the **Environmental Policy** of the plant in Marcallo con Casone, which represented the starting point and reference for the identification of environmental objectives and improvement programmes. The Environmental Policy has been updated over the years and in 2020 became integrated, with the issue of the **Policy for Quality, the 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.

In the same year (1998), Industrie Chimiche Forestali implemented an **Environmental Management System** in accordance with **UNI EN ISO 14001**, with the aim of ensuring that the Environmental Policy, now integrated, is applied, the improvement objectives are updated and the environmental programmes are defined and developed. At the beginning of 2021, ICF successfully renewed its ISO 14001 certification.

With the desire to enhance and spread more and more the commitment to environmental issues, in 2000 Industrie Chimiche Forestali 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 its environmental performance is described, along with the set environmental objectives, improvement programmes and the results achieved. EMAS certification was renewed in early 2022.

ICF pays great attention to compliance with the environmental regulations to which its activities are subject. In particular, the production plant at Marcallo con Casone falls within the category of companies at risk of a

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<sup>11</sup> The reporting scope of environmental aspects and 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 a tool 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.

major accident, as laid down in the Seveso III Directive.<sup>14</sup> In 2021, an inspection of the **Safety Management System for the prevention of major accident risks** (SGS-PIR) was carried out at the plant. The system was deemed compliant with the provisions of Legislative Decree 105/2015, with some suggestions of areas for improvement.

Moreover, in 2021, the two separate Integrated Environmental Authorisations (IEA)<sup>15</sup> of the two divisions (ICF and ABC) were combined and renewed. The new authorisation stipulated three requirements, which ICF promptly fulfilled. Lastly, following the transfer of all the Morel machines to the plant at Marcallo con Casone, ICF requested further authorisations relating to the new emission and water discharge points, as well as the installation of a steam generator.

During the year, Industrie Chimiche Forestali was not the subject of any legal disputes and did not receive any significant sanctions in environmental matters. In 2021, following an inspection by the Metropolitan City of Milan, IF replaced the manhole covers of some wells built in cast iron and banned the use of ammonia-based cleaning products, in order to reduce the concentrations of iron and ammoniacal nitrogen in the water discharges and thus comply with the limits set by the IEA .

In relation to the provisions of Legislative Decree 34 of 19 May 2020, in 2021, ICF drafted a **Home to Work Travel Plan**, which was subsequently submitted to the municipality of Marcallo con Casone, and appointed a Mobility Manager. The study led to the definition of a number of initiatives that would make it possible to reduce vehicular traffic and individual motorised private transport. Some of the proposals include creating a bus stop near the plant, extending the cycle route in Via Kennedy, installing pillars for charging electric cars (in conjunction with building a photovoltaic system) and encouraging car pooling and remote working for office staff; the latter has already been implemented as a result of the pandemic.

### 3.1.1 Water withdrawal and discharge

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

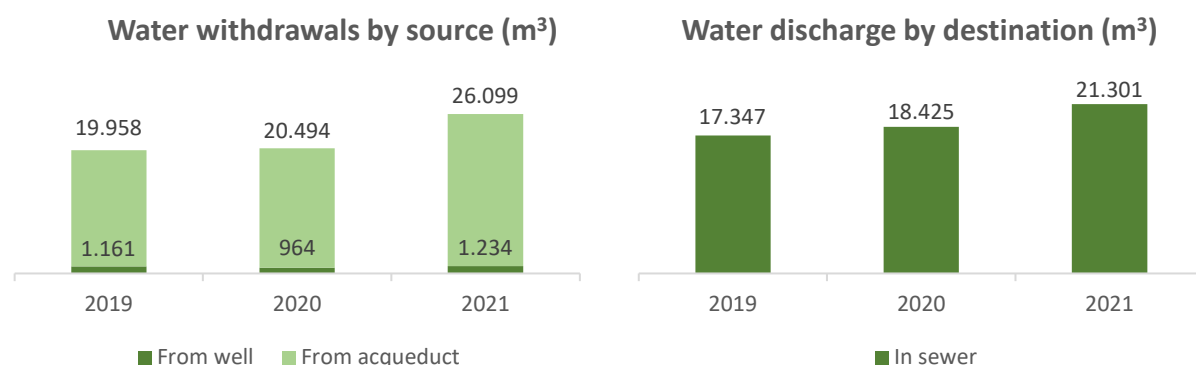
95% of the water supply to Industrie Chimiche Forestali comes via the municipal aqueduct and the remaining 5% from the well, totalling over 27,000 m<sup>3</sup> of water withdrawn<sup>16</sup> in 2021. This amounted to a 27% rise on 2020 as a result of the installation of the steam generator used for Morel products and the overall increase in volumes produced. We also point out that there is a leak in the underground water network, which has not yet been identified as it is not possible to inspect the pipes. During the installation of the equipment necessary for separating the rainwater, ICF will undertake to identify the leak and take prompt action.

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<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.

<sup>15</sup> The **Integrated Environmental Authorisation** (IEA) is a measure that authorises the operation of a plant under 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.

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



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 2021, the volume of water discharged<sup>17</sup> into the sewer from the three ICF discharge points was approximately 21,000 m<sup>3</sup>, up 16% compared to 2020<sup>18</sup>. As required by the IEA, wastewater is monitored for the following parameters: pH, total suspended solids, COD, BOD<sup>5</sup>, sulphates and chlorides.

### 3.1.2 Waste<sup>19</sup>

In 2021, waste produced by Industrie Chimiche Forestali amounted to 1,640 tons, 75% of which was non-hazardous waste and the remaining 25% 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.

The trend over the three-year period 2019-2021 shows a large reduction in the waste produced in 2020, as a result of more careful internal management, improvement measures taken in some areas and a considerable fall in industrial production due to the Covid-19 pandemic. Waste produced in 2021, however, was in line with that of 2019.

Waste produced		2019			2020			2021		
	Unit of measurement	Not for disposal	For disposal	Total	Not for disposal	For disposal	Total	Not for disposal	For disposal	Total
Chemical substances	Ton	459	478	937	303	401	704	363	580	943
Packaging	Ton	366	57	423	292	92	384	428	16	444
Other	Ton	82	158	240	39	68	173	149	104	253
<b>Total</b>	<b>Ton</b>	<b>907</b>	<b>693</b>	<b>1,600</b>	<b>663</b>	<b>598</b>	<b>1,261</b>	<b>940</b>	<b>700</b>	<b>1,640</b>

<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, discharges are calculated on the basis of volumes of water withdrawn. From 2022, the data will be measured with precision thanks to the installation of a meter on the total outflow volumes.

<sup>19</sup> The 2019 and 2020 figures relating to the production of waste were restated as a result of an update to GRI 306 (for more detailed information please refer to the GRI Content Index).

Inside the plant, there are some storage areas identified by the IEA authorisation. The stock of waste is constantly monitored via loading and unloading registers where the estimated or weighed quantities are reported. All waste, even in small quantities, is disposed of externally at least once a year by specialist third parties who contribute to the correct management of materials. 57% of the total waste produced is sent for reuse, recovery or recycling, while the remaining 43% is sent for disposal. Specifically, only 26% of the hazardous waste is sent for disposal while, for non-hazardous waste, the figure rises to 48%.

Used solvents, classified as hazardous waste as they derive from the washing of the reactors, are transferred to an external company which, through the distillation process, recovers part of the solvent. The process generates residues that are subsequently disposed of, while the solvent recovered may be used in other processes.

Waste not sent for disposal <sup>20</sup>		2019		2020		2021	
	Unit of measurement	Hazardous	Non-hazardous	Hazardous	Non-hazardous	Hazardous	Non-hazardous
Preparation for reuse	Ton	181	0	147	0	161	0
Recycling	Ton	131	73	135	68	136	114
Other recovery operations	Ton	49	473	7	305	6	523
<b>Total</b>	<b>Ton</b>	<b>361</b>	<b>546</b>	<b>289</b>	<b>373</b>	<b>303</b>	<b>637</b>

Waste sent for disposal <sup>21</sup>		2019		2020		2021	
	Unit of measurement	Hazardous	Non-hazardous	Hazardous	Non-hazardous	Hazardous	Non-hazardous
Incineration (with energy recovery)	Ton	0	0	0	0	0	0
Incineration (without energy recovery)	Ton	0	0	0	0	0	0
Delivery to landfill	Ton	0	0	0	0	0	0
Other disposal operations	Ton	102	591	127	471	107	593
<b>Total</b>	<b>Ton</b>	<b>102</b>	<b>591</b>	<b>127</b>	<b>471</b>	<b>107</b>	<b>593</b>

A campaign for the recovery and recycling of paper, cardboard and plastic, which would otherwise be sent for disposal, has been in place since 2020 to minimise the quantity of waste disposed of. Furthermore, returnable drums and tanks are used for the transport of adhesives, enabling a considerable saving in terms of drums.

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 the 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. Lastly, during 2021, Industrie Chimiche Forestali signed an agreement with a cooperative for the collection of cigarette butts. The initiative will make it possible not only to reduce

<sup>20</sup> Waste is managed at sites external to ICF.

<sup>21</sup> Waste is managed at sites external to ICF.

the quantity dispersed into the environment but also to recover the cellulose acetate destined for the luxury market.

### 3.1.3 Emissions of pollutants

The emissions of ICF consist mainly of process emissions and, to a lesser extent, 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>22</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 (98% of the total in 2021), corresponding to the total process emissions from the adhesives production plants of both divisions. The rest of the emissions consist of NO<sub>x</sub> and CO and are generated by the post-combustion plant that controls the solvent-based adhesives production department of the ICF Division.

Emissions of pollutants				
	Unit of measurement	2019	2020	2021
CO	Kg	11.2	11.4	6.6
NO <sub>x</sub>	Kg	29.9	106.3	33.2
VOC	Kg	3,200.0	2,060.0	2,500.0

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 2019, three spills of solvent-based adhesive and one water spill occurred, while in 2020 there was only one spill of rubber latex. These episodes have been regularly managed in accordance with internal procedures, keeping spills to a minimum and implementing a series of both procedural and engineering plant-based actions to prevent them from happening again. In 2021, two material spills occurred inside the departments, which did not generate any environmental damage. The material leak was then appropriately disposed of.

### 3.1.4 Energy consumption and greenhouse gas emissions

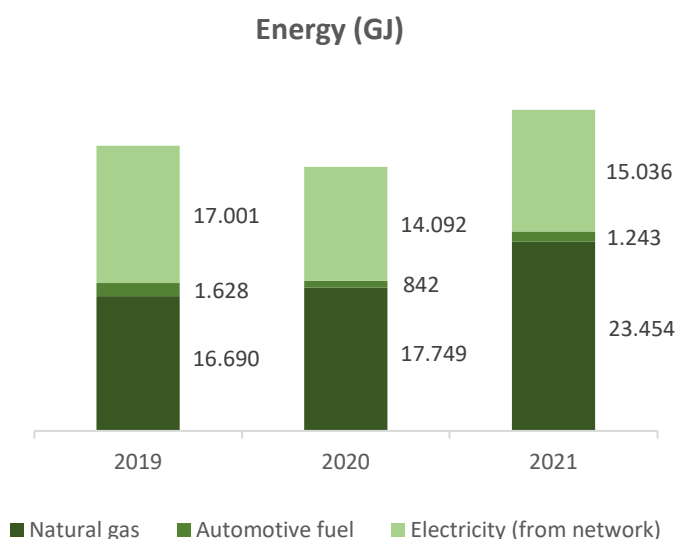
ICF's energy consumption, which in 2021 amounted to 39,733 GJ, is mainly due to the consumption of natural gas, of about 59%, and electricity, of about 38%. Natural gas is used to feed the burners of the impregnator for the generation of hot water needed in the production of the ABC Division, and the afterburner, used for the abatement of emissions in the production of solvent-based adhesives of the ICF Division. The remaining portion of the consumption is for heating the working environment. The 32% increase compared to 2020 in natural gas consumption recorded in 2021 is due to both the discontinuous production imposed by the Covid-19 pandemic, which led to the switching on and off of the plants, with the resulting increase in consumption, and the installation of a steam generator used for the production of Morel products from the second half of

<sup>22</sup> The data relating to the emissions of pollutants into the atmosphere was estimated based on annual samples, since they were not included 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.



the year., resulting in increased consumption. Electricity, entirely purchased from the grid, 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 7% increase in electricity consumption in 2021, compared to 2020, is entirely due to the reduction in remote working with the resulting increase in electricity consumption in the offices, as well as the transfer of the Morel production lines.

The remaining portion of the energy consumption (3%) relates to motor vehicle fuels, and in particular to the consumption of diesel oil by the fleet of company cars and the forklift truck used by maintenance personnel and, to a lesser extent, to the consumption of petrol by the company van. The sharp increase of over 48% in the consumption of fuels in 2021 compared to 2020, is also due to the increase in travel, following the reduction in the restrictions necessary to contain the spread of the pandemic.



In March 2022, ICF signed an agreement for the installation of photovoltaic panels on the roofs of the facilities, for a total potential of about 360 kWh/year, covering about a quarter of the energy consumption of the plants. In addition, a double column will be installed for recharging 11 kW electric vehicles.

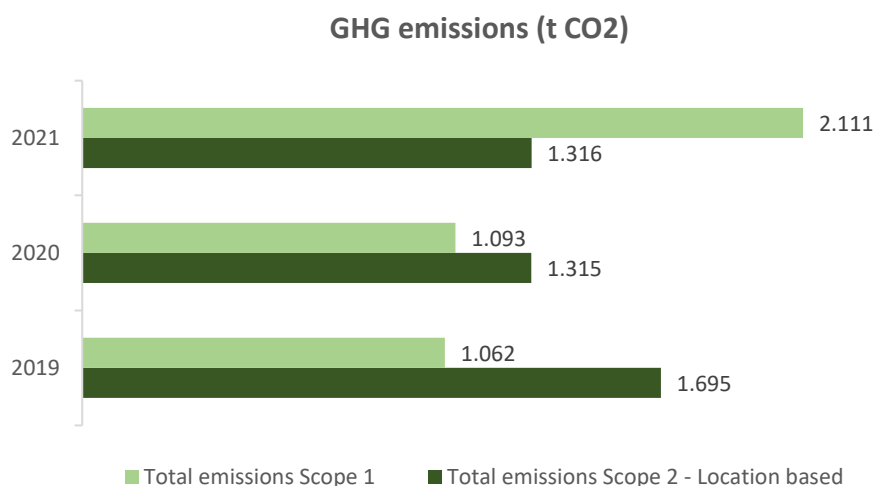
Energy consumption includes greenhouse gas emissions (hereinafter GHG), both Scope 1, or direct emissions, i.e. emissions from sources owned by or under the direct control of ICF and Scope 2, or indirect emissions, due to the consumption of electricity or heat purchased by ICF.

In 2021, Scope 1 emissions of Industrie Chimiche Forestali S.p.A. amounted to 2,111 t CO<sub>2</sub>, 63% of which was due to natural gas consumption, 4% to fuel consumption (diesel oil and petrol) for the company fleet and 33% 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 grid. In 2021, **Scope 2** emissions were 1,316 t CO<sub>2</sub>, calculated using the **Location-based** method<sup>23</sup>, while with the **Market-based**<sup>24</sup> approach they are higher and equal to 1,915 t CO<sub>2</sub>, as Industrie Chimiche Forestali does not currently purchase electricity with guarantee of origin (GO) certificates.

<sup>23</sup> The **Location-based** approach involves the use of national average emission factors related to the specific national energy mix for electricity production.

<sup>24</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.



### 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, Industrie Chimiche Forestali 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 it 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, ICF 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 two-fold value both internally and externally: internally, it represents a fundamental guide to the actions and behaviour of Industrie Chimiche Forestali personnel; externally, it allows it to maintain the trust of citizens, neighbouring companies, public bodies responsible for safeguarding safety, customers and suppliers, ensuring a positive and lasting relationship of collaboration.

For all matters relating to the protection of occupational health and safety, Industrie Chimiche Forestali 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 measures to limit and manage them, through the introduction of innovative technological solutions and the reorganisation and updating of operating procedures.

Falling within the scope of application of Italian Legislative Decree 105/2015, therefore falling within the list of "companies at risk of a 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, Industrie Chimiche Forestali 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 organised by the Health and Safety Officer (HSO). This practice contributes to the calculation of the **safety indicators** used to obtain the **profit-sharing bonus** provided for by ICF'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, back in March 2020 ICF established a **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 staff in the folder on the network, as well as posted on the central notice board. The Covid-19 Protocol and the Committee's reports contain the general and specific prevention and protection provisions introduced for the individual departments, such as measuring temperature, the use of masks and the control procedures of Covid-19 green passes. 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. During 2021 two minor accidents occurred. Overall, the trend is quite low; in 2019 only two injuries were recorded and none in 2020. Moreover, in the three-year period covered by the report, **there were no recordable occupational diseases or related deaths**. In 2021, the number of hours worked increased by 8% compared to 2020, the year marked by the Covid-19 pandemic, in which the use of outstanding holidays and paid leave due to employees was encouraged and the activities of the departments not essential to production were reduced.

Injuries and injury rates				
	Unit of measurement	2019	2020	2021
<b>Recordable work-related injuries</b>	no.	<b>2</b>	<b>0</b>	<b>2</b>
of which serious injuries	no.	0	0	0
of which fatal injuries	no.	0	0	0
<b>Annual hours worked</b>	no.	<b>219,031</b>	<b>206,166</b>	<b>223,625</b>
<b>Recordable injury frequency rate</b>	no.	<b>9.13</b>	<b>0.00</b>	<b>8.94</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.

During 2021, in conjunction with the installation of the Morel machines, ICF defined new operating instructions and renewed existing ones for the fabrics department, particularly for the cutting lines and the powder coating and winding systems. Following the site inspections and the updating of the operating instructions, an external company drafted a report on compliance with the UNI standards and the **Machines Directive** (as per Title V of Legislative Decree 81/08<sup>25</sup>). After this, renewal was also extended to the adhesives department.

The attention shown by ICF in protecting the occupational health and safety of its employees 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>26</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 risks of chemical substances. It also complies with **Regulation 830/2015** amending the REACH Regulation, establishing the definitive 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. ICF is also required to comply with the **CLP Regulation**<sup>27</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, have a low environmental impact throughout their entire life cycle.

ICF's attention to health and safety 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 care and solid control processes set up by Industrie Chimiche Forestali.

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<sup>25</sup> Legislative Decree 81/2008, which is better known as the "Consolidated Law on Safety governs the sale and use of non-EC certified machines. Annex V of Legislative Decree 81/2008 is therefore mainly applied to machines manufactured in the absence of legislative and regulatory provisions, and specifically, before the implementation of the "Machines Directive" 2006/42/CE.

<sup>26</sup> **REACH** (from the acronym of "Registration, Evaluation, Authorisation of Chemicals"), EC regulation 1907/2006 of the European Parliament and of the Council, concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals, which stipulates the registration of all substances produced or imported into the European Union in quantities exceeding one ton per year.

## Methodological note

The Sustainability Report of Industrie Chimiche Forestali S.p.A. relates to the 2021 financial year (from 1 January to 31 December) and contains, where available, performance trends for the three-year period from 2019 to 2021 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 ICF. 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 had occurred in 2022, except as already reported in the text. This document has not been audited by an independent third party.

### Material topics

As reported in 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 ICF. In conjunction with the materiality matrix, 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 the unavailability of data 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	GRI 307: Environmental compliance (2016)	ICF	-	-	-
Water consumption, effluents and waste	GRI 303: Water and water discharge (2018)	ICF	-	-	-
	GRI 306: Waste (2020)	ICF	-	-	-
Emissions of pollutants	GRI 305: Emissions (2016)	ICF	-	-	-
Energy and climate change	GRI 302: Energy (2016)	ICF	-	-	-
	GRI 305: Emissions (2016)	ICF	-	-	-
Training and education	GRI 404: Training and education (2016)	ICF	-	-	-
Raw materials and supply chain	GRI 301: Materials (301)	ICF	Suppliers	-	Reporting not extended to suppliers

Material topics for ICF	Material GRI topics	Reporting boundary of the material topic		Reporting restrictions on the boundary	
		Internal	External	Internal	External
	GRI 204: Procurement practices (2016)	ICF	Suppliers	-	Reporting not extended to suppliers
Employment	GRI 401: Employment (2016)	ICF	-	-	-
Economic performance	GRI 201: Economic performance (2016)	ICF	-	-	-
Occupational health and safety	GRI 403: Occupational health and safety (2018)	ICF	Suppliers	-	Reporting not extended to suppliers
Customer health and safety	GRI 416: Customer health and safety (2016)	ICF	-	-	-
Social and environmental evaluation of suppliers	GRI 308: Environmental evaluation of suppliers (2016)	ICF	-	-	-
	GRI 414: Social evaluation of suppliers (2016)	ICF	-	-	-
Industrial relations	GRI 402: Relations between workers and management (2016)	ICF	-	-	-
R&D and Innovation	Non-GRI topic	ICF	-	-	-
Product sustainability	Non-GRI topic	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:

$$\text{Frequency rate} = \text{number of injuries} / \text{hours worked} * 1,000,000.$$

- For environmental data, where not available, conservative estimation approaches have been adopted, i.e. the assumptions associated with ICF'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 Land and Sea for 2019, 2020 and 2021;
- 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 2019, 2020 and 2021.

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

$$\text{Greenhouse gas emissions} = \text{activity figure} * \text{corresponding emission factor}.$$

- 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 Land and Sea for 2019, 2020 and 2021; the emission factors for diesel oil, petrol and coolant gases come from the Defra database, updated annually, for 2019, 2020 and 2021;
- Scope 2 Emissions - Location-based: the emission factor used for electricity purchased from the national electricity grid according to the location-based method comes from Terna International Comparisons, 2017 edition (for 2019), 2018 edition (for 2020) and 2019 edition (for 2021), based on Enerdata data;
- Scope 2 Emissions - Market-based: the emission factor used for electricity purchased from the national electricity grid according to the market-based method comes from AIB - European Residual Mixes, 2018 edition (for 2019), 2019 edition (for 2020) and 2020 edition (for 2021).

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## GRI Content Index

GRI Standards	Disclosure	Chapter reference	Notes/omissions
<b>GENERAL DISCLOSURES</b>			
GRI 102: General Disclosures 2016	<b>Organisational profile</b>		
	102-1 Name of the organisation	The process of preparing 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	
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	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 of preparing the Sustainability Report	
	102-41 Collective bargaining agreements	2.3 Our team	
	102-42 Identifying and selecting stakeholders	The process of preparing the Sustainability Report	
	102-43 Stakeholder engagement method	The process of preparing the Sustainability Report	
	102-44 Key topics and concerns raised	The process of preparing the Sustainability Report	
	<b>Reporting practices</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 of preparing the Sustainability Report Methodological note	
	102-48 Restatements of information	Methodological note	



GRI Standards	Disclosure	Chapter reference	Notes/omissions
	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	
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<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 of preparing 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>Procurement practices</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	The process of preparing 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 204: Procurement practices 2016	204-1 Proportion of spending on local suppliers	2.2 Careful selection of materials	
<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 of preparing 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 of preparing 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	
<b>Water and water discharge</b>			

GRI Standards	Disclosure	Chapter reference	Notes/omissions
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	The process of preparing 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 of preparing 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>Waste</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	The process of preparing 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: Waste 2020, Management Approach	306-1 Waste generation and significant waste-related impacts	3.1.2 Waste	
	306-2 Management of significant waste-related impacts	3.1.2 Waste	
GRI 306: Waste 2020	<b>306-3 Waste generated</b>	3.1.2 Waste	
	306-4 Waste diverted from disposal	3.1.2 Waste	
	306-5 Waste directed to disposal	3.1.2 Waste	
<b>Environmental compliance</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	The process of preparing 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	3.1 Environmental protection 3.1.3 Emissions of pollutants	In the three-year period from 2019 to 2021, ICF did not report any significant non-compliance with environmental laws and regulations.

GRI Standards	Disclosure	Chapter reference	Notes/omissions
<b>Environmental evaluation of suppliers</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	The process of preparing the Sustainability Report Methodological note	
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	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 of preparing 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 of preparing 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 of preparing 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	
GRI 403: Occupational	403-9 Work-related injuries	3.2 The health and safety of workers and customers	

GRI Standards	Disclosure	Chapter reference	Notes/omissions
health and safety 2018	403-10 Work-related ill health	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 of preparing 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 of preparing 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 of preparing 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 of preparing 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	
<b>Product sustainability</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	The process of preparing 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	