2022 Sustainability Report

We are invisible. But we are everywhere!

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Letter to Stakeholders

Dear readers,

I am proud to present to you again this year our Sustainability Report, which, in line with previous years, is not intended to respond to a legal obligation, but rather to tell you about us and to share with you our activities during the year and our future commitments.

Demonstrating far-sightedness and a strong focus on emerging social and environmental topics, in 1998 we decided to join the "Responsible Care" Programme, which promotes the Sustainable Development of the chemical industry internationally, 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. Sustainable development, health, safety and the environment are indeed aspects shared by all the people working at Industrie Chimiche Forestali.

Our focus on these issues has led us to offer our customers products with an increasingly reduced environmental impact, without compromising functionality and performance. In this direction, we have indeed 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. Our commitment is reflected in the continuous expansion of our range of products certified according to the GRS (Global Recycle Standard), FSC (Forest Stewardship Council), OK biobased and EU Ecolabel standards.

In addition to product sustainability, we focus on the energy efficiency of our production processes, which has become a key pillar of our sustainability strategy in recent years. To this end, in 2022 we installed a new ventilation and cooling system in the company premises and an innovative refrigeration system for the adhesive production machinery. Finally, in early 2023, a photovoltaic system went into operation, which will enable us to meet about 30% of our energy needs and avoid the emission of more than 160 metric tonnes of CO_2 per year.

Social sustainability is also reflected within Industrie Chimiche Forestali, where 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.

In this vein, we guarantee compliance with measures to ensure the safety not only of our employees but also of our customers and the surrounding communities. We have always thought that properly qualified personnel and the development of processes and plants with high standards of quality and safety are the prerequisites that we put before any other technical-economic consideration.

Last but not least, conscious not only of the value we generate but also of the value we distribute to our stakeholders on a daily basis, we are constantly striving for economic sustainability, which has led us to invest in innovative products, plant design and employee training and safety. For instance, our commitment takes the form of Industry 4.0 investments, aimed at innovating and digitising our production processes. In particular, an automatic palletising system was installed in 2022 to improve production efficiency, reduce maintenance activities and optimise ergonomics for employees.

For all these reasons, at Industrie Chimiche Forestali, we believe we are in the right direction to continue the process of integration of economic, environmental and social sustainability, demonstrating a greater ability to be competitive, as well as dynamic and flexible on the market, and a constant “business rationale” aimed at creating value.

The Chairman

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 art of ICF for over 100 years.

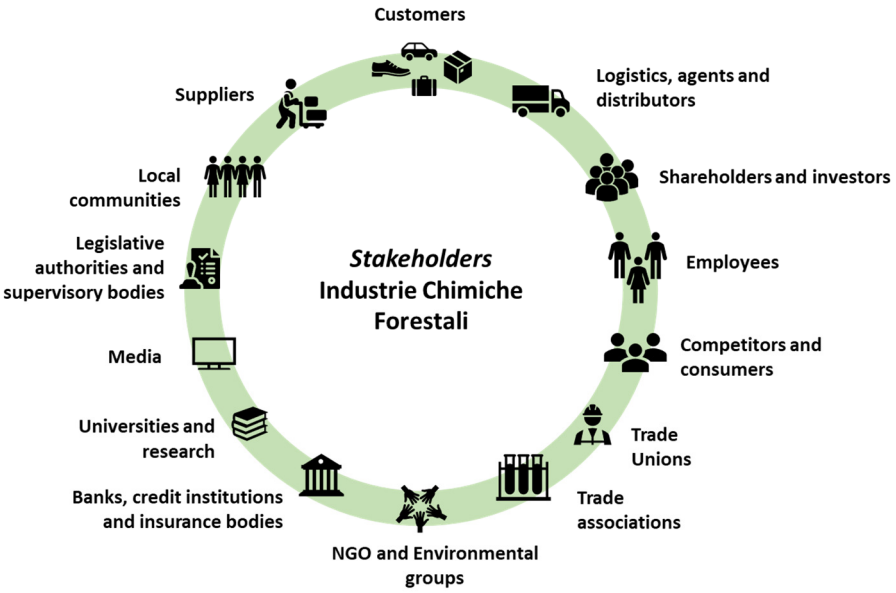
The process undertaken by Industrie Chimiche Forestali to update the Report involved senior management and the various corporate functions in preparing the document and collecting data and information useful for drafting the Report.

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.

Our stakeholders

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.

For the 2022 Sustainability Report, the previously identified stakeholder categories are confirmed.



The company's communication with its stakeholders, aimed at transparency and willingness to collaborate, is maintained via numerous press releases and ongoing updates on the website, as well as at the usual meetings relating to the performance of business activities. These activities make it possible to establish a bilateral dialogue and consolidate a relationship of trust and continuous exchange, which are necessary to identify Industrie Chimiche Forestali's strengths and possible points of improvement and are essential for safeguarding stakeholders' interests.

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.

2022, just like 2021, was a challenging year for Industrie Chimiche Forestali because of high energy and raw material costs. In this context, however, ICF reacted positively, increasing the value of annual turnover by 17% compared to 2021 and improving performance in all sectors, from footwear to luxury leather goods to packaging and industrial applications, with the sole exception of automotive, whose volumes remained stable due to contingencies linked to international logistics and the difficulty of finding electronic components.

It is important to emphasise that the Morel product line contributed to this good result, the sales of which generated revenues of around 8 million euro in 2022.

Lastly, it should be noted that on **8 February 2023**, ICF signed the preliminary purchase agreement, finalised on **3 April 2023**, of the business unit of **Tessitura Langé S.r.l.** dedicated to the business of finishing and refining fabrics and trading in yarns, fabrics and textile products in general. Industrie Chimiche Forestali's growth strategy is thus continuing, aimed at consolidating its competitive position in the market and expanding its commercial offer with complementary and highly synergetic products.

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.

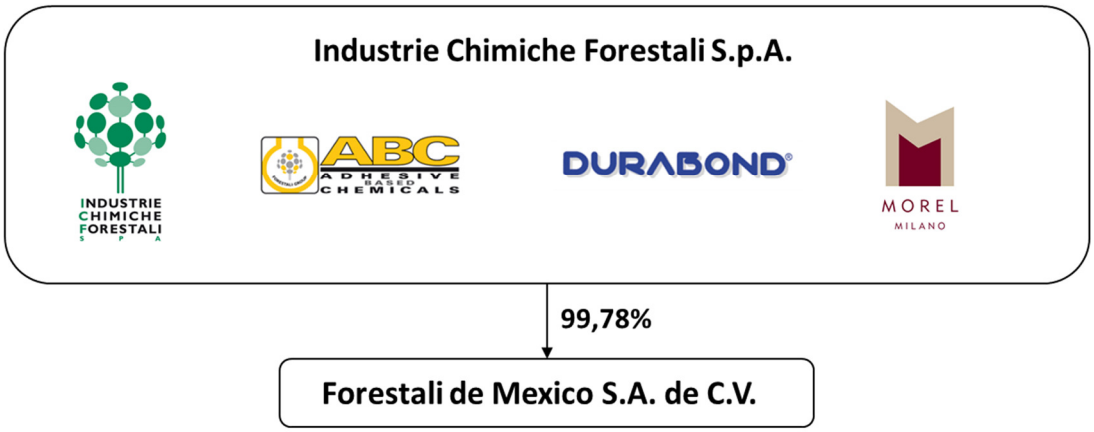
ICF, while operating under a single company name, produces and markets its products through **four separate brands: Industrie Chimiche Forestali, ABC - Adhesive Based Chemicals, Durabond and Morel**, integrated in July 2021.

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 € 88 million[1] in 2022, ICF exports to more than 80 countries around the world with a percentage of exported turnover of about 60%. Sales and logistics management represents a strategic point for the competitiveness of Industrie Chimiche Forestali, which has an extensive sales network of 35 agents (19 Italian and 16 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, Colombia, Japan, China, Taiwan, Vietnam, India, Pakistan, Bangladesh, Turkey, Africa and Middle East. Globally, ICF has a portfolio of around 1,036 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 and sustainability

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 members of the **Board of Directors (BoD)** are selected in accordance with the principles of integrity, transparency, honesty and fairness, on the basis of lists of candidates submitted by the shareholders. All directors must meet the legal requirements of eligibility, professionalism and integrity, and at least two must also meet the minimum requirements of independence. Overall, the members of the Board of Directors remain in office for a maximum period of three financial years and may be re-elected.

In particular, the Board of Directors currently consists of 7 members:

- Guido Cami: Chairman and CEO, with more than 30 years of experience in industry, currently also Vice President of the Adhesives and Sealants Group (AVISA - Federchimica) and Chairman of FEICA (Association of the European Adhesive & Sealant Industry);
- Giovanni Campolo: Board Member, Non-Executive Director
- Stefano Lustig: Board Member, Non-Executive Director
- Vincenzo Polidoro: Board Member, Non-Executive Director

[1] The reported value refers only to the turnover of Industrie Chimiche Forestali S.p.A., equal to € 88.3 million.

- Giuliano Gregorio Tomassi Marinangeli: Board Member, Non-Executive Director
- Roberto Rettani: Board Member, Independent Director
- Marina Balzano: Board Member, Independent Director

Currently, there is one woman serving on the board (14%) and there are no under-represented social groups. In addition to Chairman Guido Cami, the other Board members also hold other posts, which, however, do not compromise their ability to perform their duties within the organisation or to express independent judgements, free from external influence or conflicts of interest. The authority of the board members is ensured by their specific managerial skills and their background in the diverse sustainability-related topics.

The **Shareholders' Meeting** deliberates on matters reserved to it by law, regulations and the articles of association, being constituted and passing resolutions with the majorities prescribed by law. ICF's Shareholders' Meeting has, among its main tasks, the appointment of the Board of Directors, determining its duration, members and total remuneration for all its members. Furthermore, it has the task of appointing the Board of Auditors and its members, as well as determining their remuneration. In addition, the shareholders' meeting appoints the independent auditors for the financial years and approves both the Financial Report and the Sustainability Report.

ICF's corporate management is, on the other hand, supervised by a **Board of Statutory Auditors**, consisting of three statutory auditors and two alternate auditors, appointed by the Shareholders' Meeting on the basis of lists of candidates submitted by the shareholders and operating in accordance with the law.

As from 2014, Industrie Chimiche Forestali adopted an **Organisational, Management and Control Model** pursuant to Legislative Decree No. 231 of 8 June of 2001 (hereinafter also referred to as "Model 231") and a **Code of Ethics** (hereinafter also referred to as the "Code") with the aim of raising awareness and communicating in a transparent manner the ethical and social values 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;
- 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.

The new Director of Sustainability role

In 2023, Marcello Taglietti was appointed Director of Sustainability in order to coordinate sustainability-related projects and strategies. The introduction of this role is intended not only to formalise responsibilities within these issues, but also to continue ICF's sustainable growth by gaining new certifications and improving corporate performance.

1.2.2 Economic performance

The economic value generated by Industrie Chimiche Forestali S.p.A. in 2022 was € 90.6 million[2], of which about 92%, equal to approximately € 83.1 million, was distributed to ICF's main stakeholders. Specifically:

- operating costs amounted to approximately € 71.8 million, of which 84.4% related to raw materials costs;
- personnel remuneration amounted to approximately € 9.6 million;
- a value of approximately € 639,000 was distributed to capital suppliers, while a value of approximately € 1 million was distributed to the Public Administration;
- donations, membership fees and sponsorships to the community amounted to € 15 thousand (slightly down from € 17 thousand in 2021).

Economic performance (k€)	2020	2021	2022
Generated economic value	**60,697**	**76,941**	**90,585**
Distributed economic value	**54,520**	**70,633**	**83,088**
Operating costs	44,808	62,242	71,842
Value distributed to employees	8,506	9,065	9,580
Value distributed to capital providers	1,328	1,248	639
Value distributed to the P.A.	-157	1,939	1,012
Value distributed to the community	35	17	15
Retained economic value	**6,177**	**6,308**	**7,498**

ICF closed 2022 with a generated economic value that had recovered sharply from both 2020, the year marked by the Covid-19 health emergency, and 2021. This recovery is mainly due to the end of the restrictions imposed during the pandemic, as well as ICF's continued commitment to the quality of products served and to research and development. Along with the increase in revenues, however, there was a simultaneous increase in operating costs, mainly attributable to the marked increase in power and natural

[2] The economic value generated includes both turnover and other income of Industrie Chimiche Forestali S.p.A.

gas prices in the summer months and the increase in raw material prices in the first half of 2022, following the Russian invasion of Ukraine and the resulting economic sanctions imposed by the international community. To defend profitability, ICF therefore decided to raise the sale prices of finished products and increase production efficiency.

Despite the scenario described above, Industrie Chimiche Forestali recorded a general improvement in sales in almost all business sectors compared to 2021, both in terms of exports and the domestic market, with the sole exception of the automotive sector, which stabilised on a demand that was in line with the previous year.

"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 2022. The foundation provides financial support to social inclusion projects and programmes managed by local partners for families with autism and other disabilities.

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 Vice Chairman of Federchimica's **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's 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 paragraph *3.1 3.1Environmental protection*) 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.

Finally, we report that in 2023 ICF joined **Assomac** (the National Association of Manufacturers of Footwear, Leather Goods and Tannery Technology), part of the Confindustria System, and is a member of Federmacchine. Assomac brings together and represents Italian manufacturers of machinery for all stages of industrial production in the leather sector (footwear, leather goods, furs, automotive, furniture and clothing) and aims to support the interests of its member companies and promote their business globally.

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. Products that are "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*).

Tessitura Langè acquisition

As of 3 April 2023, Tessitura Langè, a historic Made in Italy company for the finishing of high-end packaging fabrics and industrial textiles, equipped with state-of-the-art plants and first-class certifications, also became part of ICF. This operation has enabled ICF to integrate one of its main suppliers in the textile division, adding value to its products in terms of sustainability by being able to clearly and comprehensively trace the production chain.

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 a confirmation of the constant commitment to safeguarding quality, in 2021 ICF also integrated the **VGM (Verified Gross Mass) certification according to the SOLAS International Convention**, concerning the shipment of containers by sea, and adopted (as early as December 2020) the *Container Weighing Management* Operating Procedure, which defines the criteria and operating methods for the proper management of container weighing of ICF's 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**. ICF, in fact, complying with the requirements of the Industry 4.0 Plan, introduced by the 2017 Italian budget law, constantly invests in its laboratories in order to ensure a continuous renewal of its scientific instrumentation and to have the best technologies available on the market.

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_STIIMA, 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 has planned a similar LCA study for 2023 on the production of water-based adhesives.

ICF decided to focus on the LCA of the products and the **EPD** (**Environmental Product Declaration**[3]) 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)[4] 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 company in the world** in the footwear sector to obtain EPD certification for toe caps and counters by the end of 2023. With the help of **CNR-STIIMA** (Italian Research Council) and on the basis of its own LCA study, in 2022 ICF introduced within the **Product Category Rule (PCR) "Fabrics"** specific standards for environmental studies on textiles and impregnates, according to ISO 14025 on Type III Environmental Labels and Declarations, in terms of calculation rules, construction scenarios and EPD contents. Specifically, the PCRs, used as a complement to the General Product Instructions (GPI), set out both the requirements for carrying out studies on the environmental performance of products and the standard to be followed to calculate these impacts with respect to a given physical sample, thus ensuring that different LCA analyses can be compared. **PCR 2022:04**, which ICF collaborated in drawing up, is now active and is used

[3] 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.

[4] The *Global Warming Potential* (GWP) is an indicator, expressed as the mass of equivalent CO_2, that assesses the emission of all gases contributing to the greenhouse effect together with CO_2 according to the characterisation factors of the IPCC. In the life cycle analysis, the GWP corresponds to the carbon footprint.

as a reference in the fashion industry, enabling companies to make reliable comparisons between different products in order to make decisions on choosing more sustainable materials, processes and products.

ECOVADIS

In 2022, Industrie Chimiche Forestali also participated in the corporate sustainability assessment through the ECOVADIS platform, which involved filling out a questionnaire on various topics in order to calculate performance indicators and determine an overall corporate sustainability score by awarding a badge. The ECOVADIS sustainability scorecard provides detailed information on risks in the areas of environment, labour and human rights, ethics and sustainable procurement. ICF was awarded the Gold Medal level of recognition, second only to the Platinum Medal.

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.

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 of raw materials, ICF gives priority to providers from the European Union.[5]. The Covid-19 pandemic had a big effect on the supply chain of Industrie Chimiche Forestali, which in 2021 had to tackle various issues associated with the sourcing of raw materials, the increase in prices (both of raw materials and energy) and delivery delays. These issues were partly reduced in the course of 2022, thanks to the recovery of activities, which led to an increase in the availability of raw materials and a consequent fall in prices, which nevertheless remained very unstable.

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. These materials are stored both within ICF's plant and at an external warehouse leased during 2021.

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;

[5] 99.86% of the expenditure for raw materials went on local suppliers, where for 'local' suppliers, the meaning is those based in the European Union.

- 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**[6] 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.

The Morel-branded cotton fabrics also meet specific sustainability requirements as they are GRS certified, while **FSC**[7] and **OK biobased**[8] certifications are expected by 2023. Specifically, some versions of the **Lumine line,** characterised by pure cotton fabrics impregnated with latex, 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%.

In 2022, ICF developed a new line of **environmentally sustainable textile products**, under the registered trademark **Ricicli™**, which will be used in the production of elastic toe caps, reinforcements and stiffeners for luxury footwear. These products will be made from recycled powders derived from natural sources, thus enabling the reduction of chemical materials use and stimulating the circular economy through the reuse of waste materials. In particular, Ricicli™ products are composed by 68% of natural fibres, such as cotton and polyester, both GRS certified, and by 31% of recycled material.

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 stores the product and can be directly connected to the air system and spraying machines without the need for transfers. Unlike almost all containers on the market for transporting liquids, which can only be used once, ICF's patented system is reusable, foldable, practical, inexpensive and environmentally-friendly. At the end of its use, the inner bag containing the liquid can be disposed of with other plastic waste and simply replaced with each new use, avoiding costly restoration washings. The outer container, on the other hand, can be folded, stacked and returned to ICF, thus reducing

[6] **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.

[7] **FSC®** (**Forest Stewardship Council)** is a certification that guarantees the origin of the product labelled FSC® from a responsible forest and supply chain management. FSC® certification is based on ten rules applicable worldwide that cover the essential aspects of responsible forest management.
In particular, the **FSC Mix** label indicates that the wood or paper in the product comes from FSC® certified material, recycled material and/or controlled wood (not less than 70% certified and/or recycled materials).

[8] 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.

the volumes transported, the amount of waste produced and the related disposal costs. In addition, thanks to the use of compressed air to empty the inner bag, 100% of the contained liquid is used, thus avoiding product waste and the risk of leakage into the environment. This technology has been highly appreciated by the customers of ICF, which now regularly supplies materials in this type of container.

In 2022, the installation of an **automatic palletisation system** was completed, equipped with an anthropomorphic robot that picks the boxes and/or canisters directly from the end of the packaging line of solvent-based adhesives and places them on pallets, which are automatically wrapped with plastic film. The robot arm is controlled by a **PLC (Programmable Logic Controller)** which, as part of **Industry 4.0**, interfaces directly with the SAP management system, allowing real-time data collection and improved production planning. In addition, a weighing station has also been set up at the end of the packaging line in order to be able to identify which packages to discard if the correct weight is exceeded. The new installation has brought several benefits, including an improvement in production efficiency and handling of different palletisation formats, a reduction in maintenance activities, and the optimisation of ergonomics for employees due to the elimination of manual handling of products.

For 2023, Industrie Chimiche Forestali has planned further investments to complete a similar installation at another end of the packaging line, which will include a weighing station, followed by a packer and a palletiser robot. Finally, also planned for next year are the installation of a chamber distiller for the recovery of the ethyl acetate wash used by the ABC division (to be completed by the first half of 2023) and the revamping of the treatment plant for aqueous effluents from the washing activities of the ICF and Morel lines (by the end of 2023) with the introduction of control systems directly linked to the management system. The latter project also includes the installation of a sludge concentrator, which will optimise production cycles and significantly reduce sludge disposal costs.

Furthermore, it should be noted that in March 2023, the transition to **SAP HANA** was completed, a software that will allow ICF to continue its **digital innovation** projects, improving and making business processes and their integrations more efficient. This software, in fact, is based on a new 'in memory' database, which guarantees significantly higher speed and performance than traditional databases, and on SAP FIORI, which allows the development of mobile applications and a *web-oriented* user interface, thus realising fast and advanced statistics on different platforms.

The total amount of materials used by ICF (input materials and packaging materials) in 2022 is 19,272 metric tonnes (slightly up from 17,691 metric tonnes in 2021), of which about 89% are raw materials.

Materials entering the production processes				
	Unit of measurement	**2020**	**2021**	**2022**
Raw materials	**t**	**14,057**	**15,769**	**17,207**
Fabrics	t	469	580	851
Regenerated fabrics	t	409	855	1,437
Non-woven fabrics (NWF)	t	2,356	2,530	2,988
Solvents	t	6,384	7,022	6,810
Resins	t	643	637	616
Polymers	t	3,533	3,914	4,253
Regenerated polymers	t	263	231	252
Materials related to processes	**t**	**5**	**5**	**5**
Additives	t	2	2	2
Lubricants	t	3	3	3
Total	**t**	**14,062**	**15,774**	**17,212**

Packaging materials				
	Unit of measurement	2020	2021	2022
Steel	t	1,036	1,093	1,255
Paper and cardboard	t	89	99	73
Wood	t	488	547	578
Plastic	t	178	178	154
Total	**t**	**1,791**	**1,917**	**2,060**

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**[9]. 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.

In 2021, ICF also developed 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. During 2022, new formulations were developed and marketed in both the civil and industrial insulation and footwear sectors.

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.

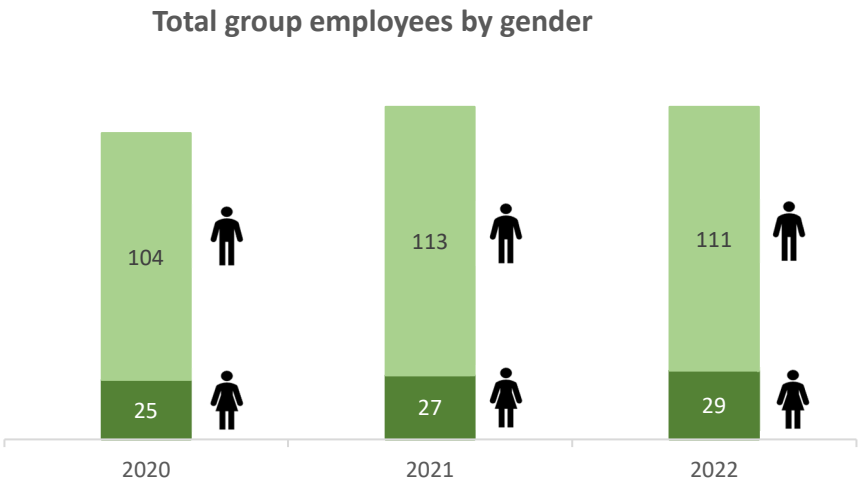
2.3 Our team

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

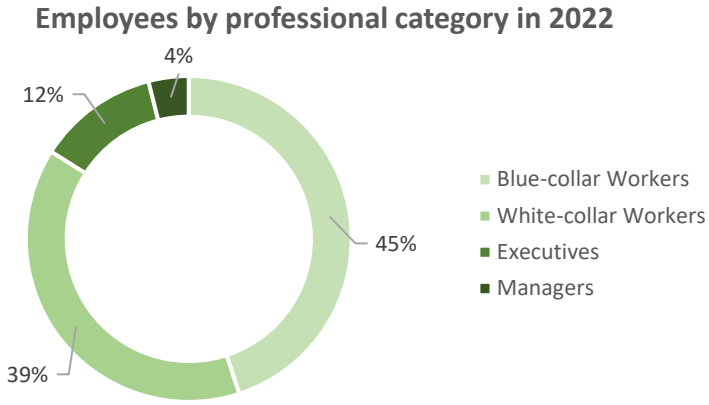
[9] **EU Ecolabel** is the European Union's ecolabel that distinguishes products and services that, while guaranteeing high performance standards, have a low environmental impact throughout their entire life cycle. Ecolabel is voluntary and subject to certification by an independent body (competent body).

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.

As at 31 December 2022, Industrie Chimiche Forestali had 140 employees, in line with the previous year, of whom 132 are employed at the Marcallo Con Casone site in Italy and the remaining 8 at the sales office in Mexico. 81% of the Italian workforce is male, in line with the type of sector in which ICF operates, while in the Mexican office there are four men and four women.



In 2022, the employees of Industrie Chimiche Forestali were mainly blue-collar and white-collar workers, while executives and managers together made up 16% of the workforce. In 2022, blue-collar workers accounted for 45% of the workforce and were all employed in Italy at ICF's only production site.



ICF is committed to ensuring a stable job for its team, offering mainly permanent contracts, which in 2022 covered 97% of its employees. In particular, 128 of the 132 employees in Italy have a permanent contract, while at the Mexican headquarters all 8 employees are employed under such a contract.

Employees by contract type, gender and geographical area		2020		2021		2022	
	Unit of measurement	Italy	Mexico	Italy	Mexico	Italy	Mexico
Permanent	**no.**	**118**	**7**	**129**	**7**	**128**	**8**
Women	no.	21	4	22	4	23	4
Men	no.	97	3	107	3	105	4
Fixed-term	**no.**	**4**	**0**	**4**	**0**	**4**	**0**
Women	no.	0	0	1	0	2	0
Men	no.	4	0	3	0	2	0
Total employees	**no.**	**122**	**7**	**133**	**7**	**132**	**8**

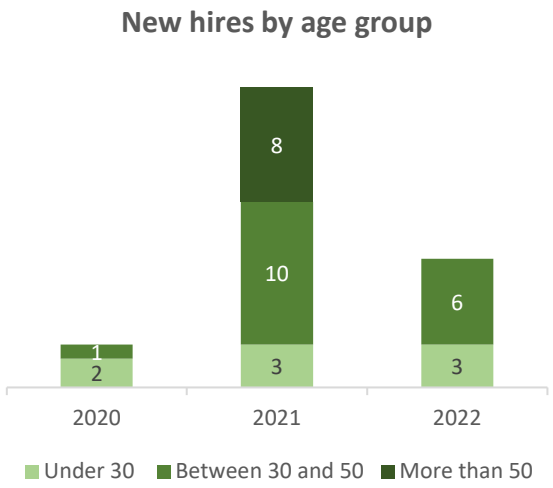
Moreover, ICF seeks to meet the personal needs of its employees by offering them, where applicable, the opportunity to choose part-time employment. In 2022, 3% of personnel were hired under this type of contract, while the remaining personnel were covered by full-time contracts. In addition, there are no employees who are not guaranteed a minimum or fixed number of working hours.

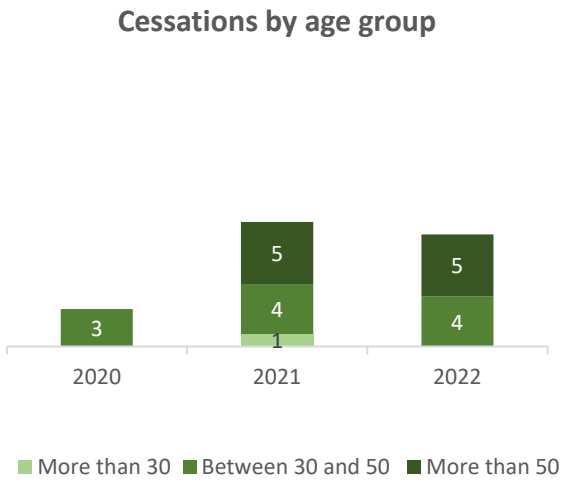
Employees by work type, gender and geographical area		2020		2021		2022	
	Unit of measurement	Italy	Mexico	Italy	Mexico	Italy	Mexico
Full-time	**no.**	**120**	**7**	**130**	**7**	**129**	**7**
Women	no.	20	4	21	4	23	3
Men	no.	100	3	109	3	106	4
Part-time	**no.**	**2**	**0**	**3**	**0**	**3**	**1**
Women	no.	1	0	2	0	2	1
Men	no.	1	0	1	0	1	0
Total employees	**no.**	**122**	**7**	**133**	**7**	**132**	**8**

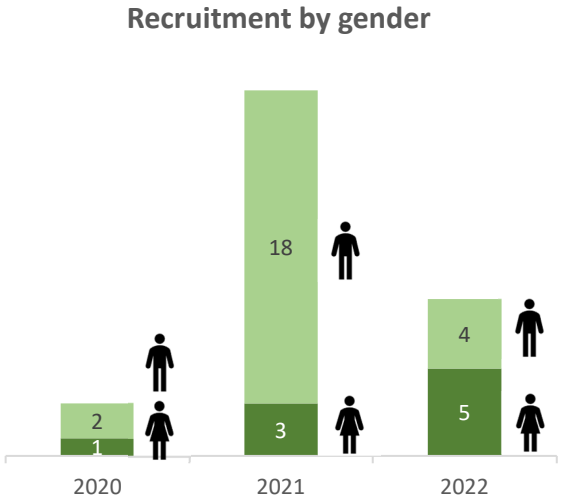
ICF's recruitments in recent years show significant values for a medium-small industrial entity; in 2022, a total of 8 recruitments were recorded in Italy, including 5 women and 3 men, and only one recruitment in the Mexico sales office. New hires included personnel under 30 and between 30 and 50. In 2022, the joining turnover rate was around 6%.

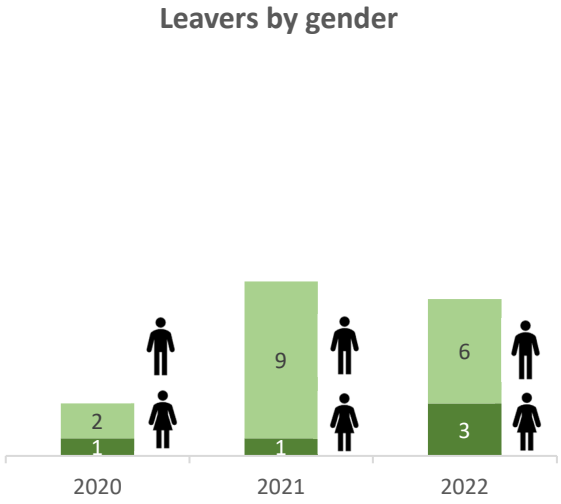
The search for young talents for the continuous development of products and technologies represents ICF's ongoing commitment to try not only to keep up with the times but, where possible, to be one step ahead. In particular, ICF usually encourages young technicians from high schools and universities studying chemistry to join its R&D laboratories through curricular and extra-curricular internships. After 2020, which saw no placement of interns or trainees due to the pandemic crisis, two young people were placed in extracurricular internships in 2021, both of whom were hired in 2022, a year in which no further internships were initiated.

The leaving turnover rate remained at a low level over the three-year period, stabilising at around 6% in 2022. Terminations occurred only in Italy where the turnover rate is around 5% for men and 2% for women.









Turnover rates				
	Unit of measurement	2020	2021	2022
Joining turnover	**%**	**2**	**15**	**6**
Leaving turnover	**%**	**2**	**7**	**6**

Joining turnover		2020		2021		2022	
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	%	1	0	8	0	4	13
Over 50 years of age	%	0	0	6	0	0	0
By gender							
Women	%	1	0	2	0	4	0
Men	%	2	0	14	0	2	13

Leaving turnover		2020		2021		2022	
By age group	**Unit of measurement**	**Italy**	**Mexico**	**Italy**	**Mexico**	**Italy**	**Mexico**
Under 30 years of age	%	0	0	1	0	0	0
Between 30 and 50 years of age	%	2	0	3	0	3	0
Over 50 years of age	%	0	0	4	0	4	0
By gender							
Women	%	1	0	1	0	2	0
Men	%	2	0	7	0	5	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. In 2022, the participation bonus was paid to 116 employees, 12 of whom chose to convert it into welfare.

In addition, in 2022, ICF gave out € 200 in petrol vouchers to all Italian employees.

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.

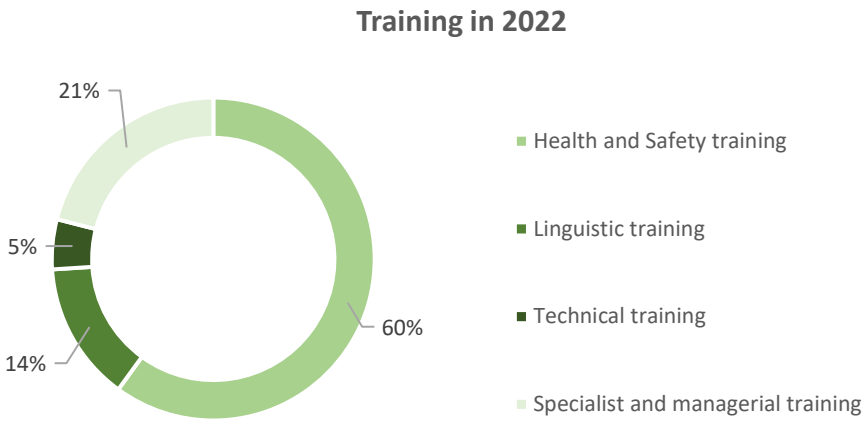
The training of all personnel is of fundamental importance for ICF to develop the culture and in-house technical skills. In 2022, 1,698 training hours were delivered, or an average of around 12 hours per employee. With reference to the annual training plan, training hours increased by 63% in 2022 compared to 2021, due to the resumption of in-presence work, while maintaining a share of e-learning courses.

In 2022, ICF began a process to develop a dedicated training portal, which will allow deadlines and users to be managed more accurately and efficiently. During the year, ICF focused on creating a solid database of the hours worked by employees in previous years.

Average hours of training per year per employee				
	Unit of measurement	**2020**	**2021**	**2022**
By gender				
Women	hours/employees	13.9	5.4	12.0
Men	hours/employees	11.8	7.9	12.2
By professional category				
Managers	hours/employees	2.1	1.8	2.3
Executives	hours/employees	9.8	2.1	9.6
White-collar workers	hours/employees	14.8	5.5	11.1
Blue-collar workers	hours/employees	11.9	11.1	14.6
Total	**hours/employees**	**12.2**	**7.4**	**12.1**

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 particular, in 2022, 60% of the training hours provided were 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 2022 concern technical, specialist, managerial and linguistic training.



Newly recruited personnel, including those on temporary contracts and workers in cooperatives who carry out porterage 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[10]

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**"[11] 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 2022, for the 24th consecutive year, through participation in a project to **measure circularity indicators.** This project, initiated by Federchimica in collaboration with the companies Ergo and Certiquality, aims to develop a new methodology that transforms the principles and guidelines of the circular economy into concrete tools to be applied, specifically, to companies in the chemical sector, in order to identify reliable and uniform data that can be used to assess the circularity of organisations, products and services, and avoid *green washing*. ICF is taking part in the initial testing phase of this project as a pilot company, so that the tools developed can be tested and validated on the ground.

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.

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**[12]). 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.

[10] The reporting scope of environmental aspects and indicators does not include data from Forestali de Mexico S.A. de C.V.

[11] 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.

[12] 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.

ICF pays great attention to compliance with the environmental regulations to which its activities are subject. In particular, the Marcallo con Casone production plant is one of the companies at risk of a major accident as envisaged by the Seveso III Directive and [13]has a **Safety Management System for the prevention of major accident hazards** (SGS-PIR) that complies with the provisions of Italian Legislative Decree 105/2015.

In 2021, the two separate Integrated Environmental Authorisations (IEA)[14] of the two divisions (ICF and ABC) were combined and renewed, including Morel. In addition, ARPA [Regional Environmental Protection Agency] carried out an inspection of all plants in 2022. In particular, the modifications included the installation and commissioning of new storage and mixing tanks, the acquisition of a warehouse for storing raw materials, and new Morel equipment, including an impregnating machine with attached steam generator and softener. The inspection visit, which reported no critical issues, confirmed the full compatibility of these plants also from the point of view of environmental compliance.

In the three-year reporting period 2020-2022, no significant financial penalties (i.e. over EUR 10,000) were received by ICF for non-compliance with laws and regulations. In 2021, following an inspection by the Metropolitan City of Milan, which found excess concentrations of iron and ammoniacal nitrogen in water discharges, IF replaced the manhole covers of some wells built in cast iron and banned the use of ammonia-based cleaning products, reducing the concentrations of the two parameters and thus complying with the limits set by the IEA.

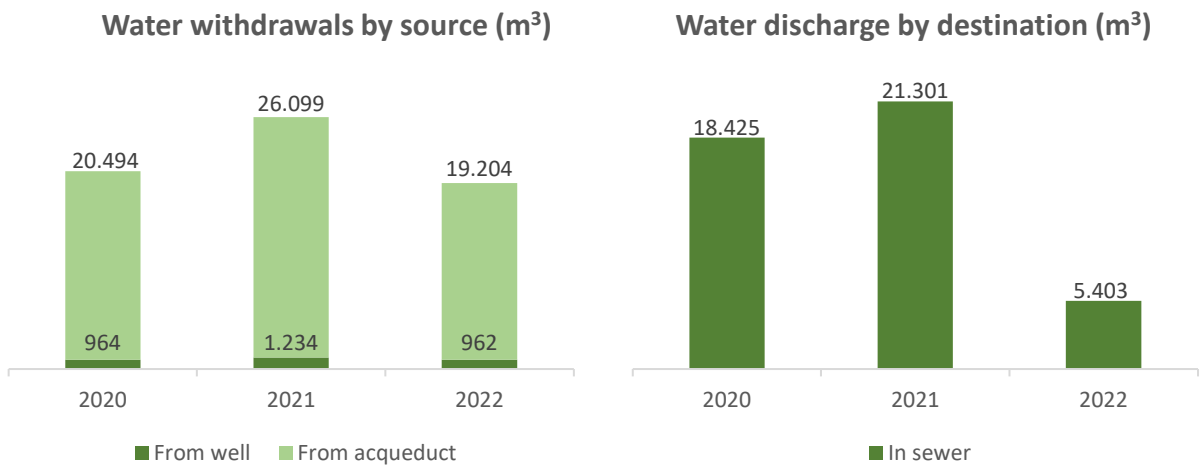
In relation to the provisions of Legislative Decree No. 34 of 19 May 2020, in 2021 ICF appointed a Mobility Manager and drew up its **Home-Work Travel Plan**, which was updated in 2022, as required by regulations, in order to analyse the progress of its commitments. The questionnaire distributed in June 2022 resulted in the same indications as the previous year's survey, thus confirming the initiatives that had already been proposed for the reduction of motorised private traffic and transport. Among the actions identified are the creation of a bus stop near the plant and the extension of the cycle path in Via Kennedy, both projects for which responses are awaited from the public transport company and the municipality of Marcallo con Casone, respectively, and the installation of three electric car recharging stations inside the company car park, the first of which was installed in March 2023.

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).

Industrie Chimiche Forestali's water supply is provided for 95% through the municipal aqueduct and for the remaining 5% from wells, for a total of about 20 thousand m^3 of water withdrawn[15] in 2022, down 26% compared to 2021, thanks to improved production management and the identification of a leak affecting the underground water network.

[13] 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.
[14] 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.
[15] All water withdrawn by Industrie Chimiche Forestali is fresh water (≤1,000 mg/l total dissolved solids) and does not come 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. As required by the IEA, wastewater is monitored for the following parameters: pH, total suspended solids, COD, BOD^5, sulphates, chlorides, and total hydrocarbons. In 2022, the volume of water discharged[16] into the sewer system from ICF's four discharge points was 5.4 thousand m^3, a quarter of what was reported in 2021. This decrease is linked to the installation, in 2022, of a meter on the well upstream of the industrial water discharge point, which allowed for the precise measurement of the total volumes discharged, returning a much lower actual value than estimated in previous years.

3.1.2 Waste

In 2022, waste produced by Industrie Chimiche Forestali amounted to 1,582 metric tonnes, 78% of which was non-hazardous waste and the remaining 22% hazardous waste, and included mainly organic solvents, obsolete or non-compliant adhesives, composite materials, and packaging contaminated with hazardous substances. The waste produced by ICF also includes mixed packaging, plastic packaging, wooden pallets and drums.

The trend for the three-year period 2020-2022 shows an increase in the amount of waste produced in 2021 compared to 2020, following the recovery of industrial production that fell during the Covid-19 pandemic, while the amount of waste produced in 2022 appears to be slightly decreasing compared to 2021 (-4%).

Waste produced		**2020**			**2021**			**2022**		
	Unit of measurement	**Not for disposal**	**For disposal**	**Total**	**Not for disposal**	**For disposal**	**Total**	**Not for disposal**	**For disposal**	**Total**
Chemicals and textiles	Tonn	303	401	**704**	363	580	**943**	385	637	**1,022**
Packaging	Tonn	292	92	**384**	428	16	**444**	419	14	**433**
Other	Tonn	68	105	**173**	149	104	**253**	58	69	**127**
Total	**Tonn**	**663**	**598**	**1,261**	**940**	**700**	**1,640**	**862**	**720**	**1,582**

[16] All water discharged by Industrie Chimiche Forestali has a total dissolved solids content greater than 1,000 mg/l.

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. 54% of the total waste produced is sent for reuse, recovery or recycling, while the remaining 46% is sent for disposal. Specifically, only 26% of the hazardous waste is sent for disposal while, for non-hazardous waste, the figure rises to 51%.

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[17]		**2020**		**2021**		**2022**	
	Unit of measurement	**Hazardous**	**Non-hazardous**	**Hazardous**	**Non-hazardous**	**Hazardous**	**Non-hazardous**
Preparation for reuse	Tonn	147	0	161	0	122	0
Recycling	Tonn	135	68	136	114	130	61
Other recovery operations	Tonn	7	305	6	523	8	541
Total	**Tonn**	**289**	**373**	**303**	**637**	**260**	**602**

Waste sent for disposal[18]		**2020**		**2021**		**2022**	
	Unit of measurement	**Hazardous**	**Non-hazardous**	**Hazardous**	**Non-hazardous**	**Hazardous**	**Non-hazardous**
Incineration (with energy recovery)	Tonn	0	0	0	0	0	0
Incineration (without energy recovery)	Tonn	0	0	0	0	0	0
Delivery to landfill	Tonn	0	0	0	0	0	0
Other disposal operations	Tonn	127	471	107	593	93	627
Total	**Tonn**	**127**	**471**	**107**	**593**	**93**	**627**

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. (see the Container Revolution initiative, described in paragraph *2.2 Careful selection of materials*).

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, which was renewed in 2022, makes it

[17] Waste is managed at sites external to ICF.
[18] Waste is managed at sites external to ICF.

possible not only to reduce 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[19]. 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 (99% of the total in 2022), corresponding to the total process emissions from the adhesives production plants of both divisions. The rest of the emissions consist of NO_x and CO and are generated by the post-combustion plant that controls the solvent-based adhesives production department of the ICF Division.

In 2022, ICF acquired a new certification for a water-based adhesive used in insulation, achieving class A+ for legal requirements regarding VOC emissions and CMR regulation. In particular, for the samples used and tested in air chambers, the recorded VOC values were far below the minimum legal requirements.

Emissions of pollutants				
	Unit of measurement	**2020**	**2021**	**2022**
CO	Kg	11.4	6.6	6.6
NO_x	Kg	106.3	33.2	17.8
VOC	Kg	2,060.0	2,500.0	2,400.0

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 2022, there was a spill of non-hazardous chemicals that did not cause environmental damage. The spilled product was duly collected by absorbent material, which was subsequently disposed of. In 2021, two spillages of material occurred within the departments, and in 2020 there was a spillage of rubber latex. These episodes are 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.

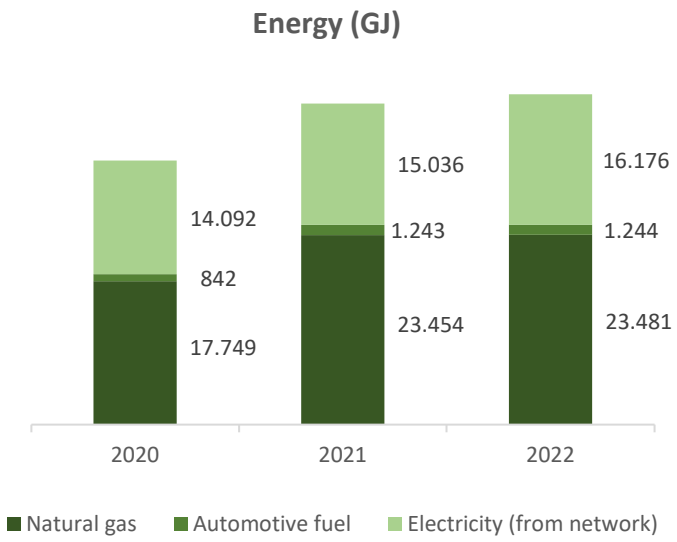
3.1.4 Energy consumption and greenhouse gas emissions

ICF's energy consumption, which in 2021 amounted to 40,901 GJ, is mainly due to the consumption of natural gas, of about 57%, and electricity, of about 40%. Natural gas is used to feed the burners of the oven of the impregnator (Rameuse), for the steam production of the new Morel 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

[19] 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.

consumption is for heating the working environment. 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 8% increase in power consumption in 2022 compared to 2021 is attributable to the full return of work in attendance since May.

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 total fuel consumption data is in line with the 2021 results, with a slight increase in petrol consumption against a decrease in diesel consumption.



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.** The system employs 777 crystalline silicon photovoltaic modules with a peak power of 460 kWp and will satisfy **around 30% of the company's energy requirements**, leading to a reduction in emissions of 163 tonnes of CO_2 per year. The photovoltaic system was commissioned in March 2023.

During 2022, several actions were carried out to improve energy efficiency, first and foremost the widespread installation of the **Dinapsio** system for continuous monitoring of energy consumption on almost all facilities. The adoption of this digital platform, developed on cloud technology, allows the precise measurement of consumption and the evaluation of possible plant improvement interventions aimed at containing consumption and optimising production lines. Real-time readers, in fact, make it possible to identify waste, optimising energy demand and production planning in relation to time slots, but also to make the most of resources and installations, ensuring, for example, that the photovoltaic system is always at peak efficiency or by reporting any faults in a timely manner.

In addition, a **new boiler**, which allows recovery of some of the dispersed heat, and **new evaporative coolers** were installed during the year, which improve thermal comfort in the work rooms with minimal energy consumption. These systems do not involve the use of refrigerant gases, as they are based on warm air passing through water-wet cellulose panels, which give up some of the heat as they cool.

Finally, the innovative **Plate Chiller** system for cooling the machinery was introduced, which centralises the production of chilled water for the entire plant, significantly increasing efficiency and reducing the environmental impact of production. Specifically, a saving of 700 kWh per day and a reduction of over 100 tonnes of CO_2 per year has been estimated. The system, consisting of a chilled water tank and stainless steel

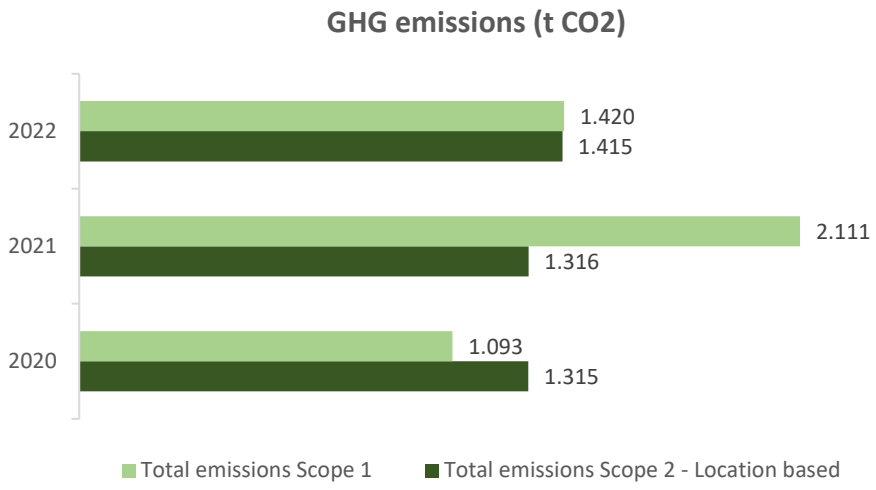
plates, allows the optimisation of the use of the compressors that produce cold water and the elimination of both the recirculation pumps, with consequent energy savings, and the existing heat exchangers.

These energy efficiency activities, which are essential from an environmental sustainability point of view, also allow the company to reduce energy costs, which have been particularly critical over the past two years.

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 energy purchased by ICF.

In 2022, Scope 1 emissions of Industrie Chimiche Forestali S.p.A. amounted to 1,420 t CO_2, 93.2% of which was due to natural gas consumption, 6.5% to fuel consumption (diesel oil and petrol) for the company fleet and 0.3% to refrigerant gas leaks from air conditioning systems. Scope 1 emissions decreased by 33% compared to 2021, due to the installation of the new refrigeration system that does not use refrigerant gases, the losses of which caused an emission peak in the previous year.

Scope 2 emissions of ICF are instead entirely related to the consumption of electricity purchased from the grid. In 2022, Scope 2 emissions were 1,415 t CO_2, calculated using the Location-based method[20], while with the Market-based[21] approach they are higher and equal to 2,052 t CO_2, as Industrie Chimiche Forestali does not currently purchase electricity with guarantee of origin (GO) certificates.



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.

[20] The **Location-based** approach involves the use of national average emission factors related to the specific national energy mix for electricity production.

[21] 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, excluding renewables.

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. The RAD is a document that is constantly being revised; in fact, the most recent update was made in the last months of 2022.

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. The 2022 update of the health plan provided for the introduction of ordinary toluene, which previously could not be analysed by the CDI's Industrial Toxicology Laboratory, as a new biological index of exposure in place of the less sensitive and specific metabolite o-cresol, and for the detection of the anti-tetanus antibody titre for workers in the maintenance department.

As of March 2020, ICF established the **Covid-19 Committee** with the aim of better managing the emergency situation caused by the pandemic, which still meets periodically. In 2022, ICF decided to continue with smart working until April, implemented on alternate days, mainly in the administrative offices. With the elimination of positivity and contact cases, since May 2022 work has continued completely in presence.

In 2022, **three minor injuries occurred**, all in the production departments of the Italian site and attributable to personnel distraction, which is why they were not followed by changes to existing procedural aspects. Moreover, in the three-year period covered by the report, **there were no recordable occupational diseases or related deaths.** The number of hours worked in 2022 is slightly up on the previous year (+3%).

Injuries and injury rates				
	Unit of measurement	**2020**	**2021**	**2022**
Recordable work-related injuries	**no.**	**0**	**2**	**3**
of which serious injuries	no.	0	0	0
of which fatal injuries	no.	0	0	0
Annual hours worked	**no.**	**206,166**	**223,625**	**230,392**
Recordable injury frequency rate	**no.**	**0.00**	**8.94**	**13.02**
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 reducing 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.

In addition, during 2022, a number of one-off measures were implemented to improve occupational health and safety, including:

- the introduction of a second automatic dispenser of personal protective equipment (PPE), which allows operators to have a greater variety of products available 24 hours a day;
- the delivery of a new model of footwear, certified for use in explosive risk areas, to the staff of the textile department;
- the introduction of chemical-protection gloves that are also charge-dissipating, replacing the previous ones in use by the adhesive production department staff;
- the purchase of antistatic and impermeable sleeves with protection for liquids, splashes and dust, supplied to workers in the solvent-based adhesive production department of the ICF division, to be applied at the same time as the use of protective gloves, as an additional preventive measure in the case of handling a specific substance that may cause irritation to arms;
- the complete review of the electrical risk documentation and, in particular, the inspection of electrical installations and equipment installed in explosion risk zones;
- the installation of a static-dissipative epoxy enamel on floors in areas at risk of explosion, carried out following the measurement of their electrical resistance;
- the installation of an automatic loading system for solid raw materials for some machinery to reduce manual handling of loads and worker exposure;
- the refurbishment of some lighting systems in the departments, in order to improve brightness;
- the creation of a new fire protection station inside a prefabricated building with two separate rooms: the emergency management office and the changing room together with the equipment storage room. This has made it possible to allocate the infirmary room, previously also used for emergency management, exclusively for the treatment of injuries, in compliance with the prescription received

during the SGS PIR audit. In addition, the fire prevention certificate was also renewed in December 2022 and extended for another 5 years.

Moreover, having always been committed to safeguarding the health and safety of its employees, in 2021 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.

Production requirements often call for changes to machinery; for this reason, ICF relies on the collaboration of an external firm, which assesses modifications and all new installations of equipment and provides for the amendment of reports of correspondence to UNI standards and the **Machinery Directive** (as per Title V of Legislative Decree 81/08[22]).

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[23]** ("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 878/2020**, which amends the REACH Regulation with regard to the information to be included in Safety Data Sheets (SDS). In compliance with this regulation, which came into force definitively on 1 January 2023 following the repeal of the previous Regulation 830/2015, in 2022 ICF worked to revise all SDSs of its products in accordance with the requirements. In particular, the regulation introduced the concepts of the exposure scenario and the extended safety data sheet (eSDS), understood as a document that includes information on exposure scenarios so as to enable the recipient to use chemical substances and mixtures safely. To manage these new developments, ICF has also purchased a new module of the software already in use for drafting safety data sheets, which allows the entry of one or more exposure scenarios of the individual substances making up the hazardous mixture and the creation of the eSDS for downstream communication of safe use conditions.

ICF is required to comply with the **CLP Regulation[24]** 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.

[22] 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.

[23] **REACH** (from the acronym of "Registration, Evaluation, Authorisation of Chemicals"), EC regulation No. 1907/2006 of the European Parliament and of the Council, concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals, which stipulates the registration of all substances produced or imported into the European Union in quantities exceeding one tonne per year.

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

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 particular, a software package was purchased in 2022 to verify the compliance of each individual product with the restrictive lists provided by customers. This need has emerged following requests from customers in the luxury sector who declare the absence or presence in very low concentrations of certain substances in their products.

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.

Methodological note

The Sustainability Report of Industrie Chimiche Forestali S.p.A. relates to the 2022 financial year (from 1 January to 31 December) and contains, where available, performance trends for the three-year period from 2020 to 2022 for comparative purposes. The reporting period coincides with that of the Financial Statement, approved by the Board of Directors on 27 March 2023. 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 "*With reference"* option, as set out in Standard 1: Foundation 2021, chapter 3.

This Report presents the main environmental, social and economic aspects that characterise ICF. The reporting scope includes Industrie Chimiche Forestali S.p.A. and the subsidiary company Forestali de Mexico S.A., and coincides with that of the Consolidated Financial Statements. The aspects and indicators of Forestali De Mexico S.A. are excluded from environmental reporting.

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 2023, except as already reported in the text. It should be noted that no restatement was carried out concerning data and information from previous years.

This document has not been audited by an independent third party.

This document was approved by the Shareholders' Meeting of Industrie Chimiche Forestali S.p.A. on 28 April 2023.

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

In accordance with the *GRI Standards* (GRI 1 - Foundation), this Report has been prepared according to the following general principles:

- **Accuracy:** the information is reported accurately and in sufficient detail to allow an assessment of the Company's impacts;
- **Balance**: positive and negative impacts are presented objectively and fairly;
- **Clarity:** information is presented in an understandable and accessible manner;
- **Comparability:** information is selected and reported in a consistent manner to enable an analysis of changes in the organisation's impacts over time, and to compare them with those of other organisations;
- **Completeness:** the information provided is sufficient to enable an assessment of the organisation's impacts during the reporting period;
- **Sustainability context:** information on the organisation's impacts is reported in the broader context of sustainable development;
- **Timeliness:** this document is drawn up on a regular basis so that the information is available in good time to enable users of the data to take decisions;

- **Verifiability:** data are collected, recorded, compiled and analysed so that the quality of the reported information can be assessed.

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, travel accidents were excluded, except for those where transport was organised by the company.
- The injury frequency rate has been calculated as follows:

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

- For environmental data, where not available, conservative estimation approaches have been adopted, i.e. the assumptions associated with 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 2020, 2021 and 2022;
  - 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 2020, 2021 and 2022.
- Greenhouse gas (GHG) emissions have been calculated as follows:

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

- The emission factors used for the calculation of GHG emissions are the following:
  - *Scope 1 Emissions*: the emission factor used for natural gas comes from the table of national standard parameters published annually by the Ministry of the Environment and Protection of the Land and Sea for 2020, 2021 and 2022; the emission factors for diesel oil, petrol and coolant gases come from the Defra database, updated annually, for 2020, 2021 and 2022;
  - *Scope 2 Emissions - Location based*: the emission factor used for electricity purchased from the national electricity network according to the *Location based* method comes from Terna International Comparisons, 2018 edition (for 2020 and 2019) and 2021 edition (for 2022), 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, 2019 edition (for 2020), 2020 edition (for 2021) and 2021 edition (for 2022).

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GRI Content Index

Statement of use	Industrie Chimiche Forestali S.p.A. has reported the information mentioned in this GRI Content index for the period 01.01.2022-31.12.2022 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021
Relevant Sector Standard GRI	N/A

STANDARD GRI	INFORMATION	LOCATION
GRI 2: General Information 2021	2-1 Organisational details	The process of preparing the Sustainability Report Methodological note 1.2 Our organisation
	2-2 Entities included in the organisation's sustainability reporting	Methodological note
	2-3 Reporting period, frequency and point of contact	Methodological note
	2-4 Restatements of information	Methodological note
	2-5 External assurance	Methodological note
	2-6 Activities, value chain and other business relationships	1.2 Our organisation 2.2 Careful selection of materials Methodological note
	2-7 Employees	2.3 Our team
	2-8 Non-employee workers	2.3 Our team
	2-9 Governance structure and composition	1.2.1 Governance
	2-10 Appointment and selection of the supreme governing body	1.2.1 Governance
	2-22 Statement on Sustainable Development Strategy	Letter to Stakeholders
	2-27 Compliance with laws and regulations	3.1 Environmental protection
	2-28 Membership of associations	1.2.3 Associations
	2-29 Approach to stakeholder engagement	The process of preparing the Sustainability Report
	2-30 Collective agreements	2.3 Our team
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	1.2.2 Economic performance
GRI 204: Procurement practices 2016	204-1 Proportion of spending on local suppliers	2.2 Careful selection of materials
GRI 301: Materials 2016	301-1 Materials used by weight or volume	2.2 Careful selection of materials
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	3.1.4 Energy consumption and greenhouse gas emissions
GRI 303: Water and water discharge 2018	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

STANDARD GRI	INFORMATION	LOCATION
	303-3 Water withdrawal	3.1.1 Water withdrawal and discharge
	303-4 Water discharge	3.1.1 Water withdrawal and discharge
GRI 305: Emissions 2016	305-1 Direct GHG emissions (Scope 1)	3.1.4 Energy consumption and greenhouse gas emissions
	305-2 Indirect GHG emissions from energy consumption (Scope 2)	3.1.4 Energy consumption and greenhouse gas emissions
	305-7 Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	3.1.3 Emissions of pollutants
GRI 306: Waste 2020	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
	306-3 Waste generated	3.1.2 Waste
	306-4 Waste diverted from disposal	3.1.2 Waste
	306-5 Waste directed to disposal	3.1.2 Waste
GRI 308: Environmental evaluation of suppliers 2016	308-1: New suppliers which were assessed using environmental criteria	2.2 Careful selection of materials
GRI 401: Employment 2016	401-1 New employee hires and turnover	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
GRI 403: Occupational health and safety 2018	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
	403-9 Work-related injuries	3.2 The health and safety of workers and customers
	403-10 Work-related ill health	3.2 The health and safety of workers and customers
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	2.3 Our team
GRI 414: Social evaluation of suppliers 2016	414-1: New suppliers which are subject to assessment using social criteria	2.2 Careful selection of materials

STANDARD GRI	INFORMATION	LOCATION
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