

we are.

Global Engagement



Sustainability
Report 2021





Statement from our General Manager:



“After a disruptive period which pushed us to re-design our way of relating with our employees, customers and all stakeholders, during **2021** we have seen a **deeper rooting** of the concept of **sustainability** all over the Group, which demonstrated a high level of responsibility to achieve impactful results.

Sustainability in Lamberti is not a glaring declaration but **actions, investments and commitments**.

Our research, industrial investment and business development programs take this into account. As a pragmatic example, the quantity of water withdrawing is decreasing 8% vs. 2019.

Sustainability is fully included in our internal process of approval when we open a new R&D project, an essential step of this procedure being the selection of renewable raw materials whenever possible.

A dedicated team works on LCA calculations and carbon footprint analysis to fully support customers increasing requirements about the products' environmental impact.

Lamberti has voluntarily submitted its activities to assessment for quality, environmental care and safety long before it was required by law and we are particularly proud of our results in promoting safety and prevention as a key metric.

IF (*) achieved in 2021 is 2,84 and it's improving on yearly basis since 2017.

I want to thank all Lamberti employees and particularly colleagues working in our factories **for the continuous commitment on safety.**”

P. Balletto, General Manager

(*) IF = Lta/1,000,000 work hours

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Commitment

Commitments Update: In progress



Materiality Impact Area	Commitments & Targets	Comment Status	Associated SDGs*
Planet: GHG Emissions	Complete internal analysis of Group's GHG emissions data and design specific action plans to reduce corporate emissions by 2021 with the commitment to implement action plans once approved and publish Group's specific reduction target in Sustainability Report for 2022.	In progress	13
Planet: Water conservation	We maintain our 2019 commitment of a 15% water consumption reduction by 2023 (base year 2019).	In progress, 2021: 3% reduction	6 & 12
Planet: Waste reduction	Given difficulty to manage specific site projects given pandemic situation, we extend our 2019 expressed commitment by one year; therefore, our new target is to achieve 30% reuse, recycle, or recovery (RRR) of total waste by 2023.	In progress, 2021: 13% RRR	12
Product: Renewability content of Raw Materials (RRM)	Understanding that the criteria for calculation of RRM content of our products is defined by internationally recognized methodologies such as the Mass-balance approach per European Standard EN 16785 - Part 2 or Renewable carbon index (RCI) approach, using ASTM D6866 to measure carbon-14. We maintain our commitment as published in our 2019 Sustainability Report to increase to 35% the share of our products coming from RRM by 2022.	Mass-balance approach selected (EN 16785-2). Target revised, see Product Stewardship Section	12
People: Groupwide HR Policy	Design of Group-wide "Welcome Kit" for new employees to implemented globally in 2021.	In progress, extended to 2023	8



*Sustainable Development Goals (United Nations 2030 Agenda for Sustainable Development)



Commitments Update: Achieved

Materiality Impact Area	Commitments & Targets	Comment Status	Associated SDGs*
Planet: GHG Emissions	Maintain limit Group's scope 1 and 2 GHG emissions below 2019 levels.	Achieved	13
Planet: ISO 14001 sites certifications	We maintain our 2019 commitment to achieve 40% of our manufacturing sites certified ISO 14001:2015 within year 2022.	2021: at 36,8%	13
Planet: Engage Nature program	The "Reforest Albizzate" project announced in our 2019 Sustainability Report is now part of a global tree-planting project called "Engage Nature". Therefore, "Reforest Albizzate" is the Italy chapter of our Engage Nature global reforestation project to be completed in 2022 consisting in the planting of 124 trees near our Albizzate plant in northern Italy covering a total area of approximately 4.200 square meters.	Achieved	13
People: ISO 45001 sites certifications	We are committed to occupational health and safety management aligned with international standards, thus we maintain our commitment to add two additional sites to ISO 45001 in 2021 and two more in 2022.	2021: Achieved	12
People: Lamberti Transforma (Brazil)	Social Sustainability project "Lamberti Transforma" was successfully started in 2020 and will go well into 2021. Lamberti Transforma, in partnership with Brazil NGO AdC, directly engages various local Lamberti Brasil staff with entrepreneur women in area of Nova Odessa to help them transform their business models digitally.	2021: Achieved	1, 4, 5, 8, 10, & 17
People: She Dares (India)	Continuing with our social sustainability commitments, despite all the challenges presented by the Covid-19 pandemic, in 2021 we started a collaboration with local NGO PANS India on a project called "She Dares" on women empowerment through skills training towards economic support and self reliance. This projects takes place within a farming community setting in which we operate in that country and will expand well into 2022.	2021: Achieved	1, 4, 5, 8, 10, & 17
Product: LCA Expert Team	Our commitment with Sustainability at product level has included the creation of a Life-Cycle-Assessment (LCA) and Product Carbon Footprint (PCF) team which will complete an internal LCA and PCF projects for the Natural Polymer Division in 2021. This acquired knowledge-base will allow us to perform LCA/PCF analysis and potentially start EPD certifications on this strategic technology.	2021: Achieved	12
People: Group Code of Ethics (CoE)	Full Group-wide implementation of the Global CoE by 2022.	2021: Achieved	8
Product: New Project Sustainability Indicators	Inclusion of Key Sustainability Indicators in our internal new R&D project intake procedures. Upon implementation in 2021, all new R&D projects would be required to define specific Sustainability related targets.	Achieved	9



*Sustainable Development Goals (United Nations 2030 Agenda for Sustainable Development)



we are.

People

“Helping build resilient communities”

Our organization is our people.

We are committed to SDG 10 “Reduced Inequalities”, target 10.2: “By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.”

Our organization is our people. Our employees and collaborators who, every day, through hard work and commitment advance our company’s purpose and keep us moving forward and finding ways to improve every aspect of our organization. We understand that organizations are not products, buildings, or brands – people make up our organization.

Our people are the driving force behind our scientific research, manufacturing expertise, commercial acumen, and a long list of attributes that makes our organization unique. It is at the intersection of these attributes that our company thrives and ultimately creates value to its stakeholders.

Please read about our values **here**.

[<https://www.lamberti.com/downloads/compliance.html>]

Our Code of Ethics [<https://www.lamberti.com/downloads/compliance.html>], approved by our Board of Directors, is an active and binding document for the conduct of all stakeholders and particularly shared with all employees regularly via trainings, questionnaires, and personal statements of adherence.

Ethics and Integrity, as described in our Code of Ethics, are engrained in our Group’s value system, we believe in and recognize the value of each individual by establishing relationships based on mutual respect and honorable behavior. We believe in developing the potential, professionalism and skills of each person and boosting the individual’s sense of pride in belonging to a winning international group. Additionally, our Code of Ethics describes specific evaluation mechanisms such as appointment of a

Surveillance Board, list of duties, communication and training, whistleblower tool, as well as disciplinary provisions.

We have a stated goal to achieve 100% Code of Ethics training to all Group employees in 2022.

Additionally, we are working on implementation of a Group wide **Welcome Aboard Kit** with objective to have similar onboarding experience for new hires globally starting from January 2023.

N° Employees by geographical area, 2021	
Italy	767
Rest of Europe	48
Americas	316
Asia Pacific	110
Africa	6
Totals	1.247

N° Employees by type of employment and gender			
2021	Female	Male	Total
Temporary Employment	7	47	54
Permanent Employment	298	898	1.196
Totals	305	945	1.250

N° Employees by type of employment and gender			
2021	Female	Male	Total
Part-Time	25	13	38
Full-Time	280	931	1.211
Totals	305	944	1.249

Note: small differences in total number of employees attributed to specific times when data were collected at various sites globally.

Enhancement, skills development and talent attraction

Coming out of Covid-19 restrictions has allowed us to increase the average training hours by employee by 58% vs. 2020.

Training hours by employee category, geographical area, and gender											
2021	Italy		Europe		Americas		Asia Pacific		Africa		Totals
Employee Category	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	F/M
Executives & Managers	3.167	5.603	40	26	446	305	19	28	0	30	9.664
Office Workers *	990	2.031	38	0	610	410	38	66	30	0	4.213
Non-office Workers **	175	3.149	0	12	1.782	7.260	0	564	0	50	12.992
Totals	4.332	10.783	78	38	2.838	7.975	57	658	30	80	26.869

*defined as white collar
 **defined as blue collar

Coverage by collective bargaining agreements remained roughly same as in 2020 (70%).

Average Training Hrs Per Gender, 2021		
Female	Male	Total
24,05	20,67	21,50

% employees covered by collective bargaining agreements, 2021					
Italy	Europe	Americas	Asia Pacific	Africa	Group Totals
100%	60%	34%	0%	0%	71%

*Management excluded

We provide a **wide variety of benefits** to our employees that includes **insurance** for accidents during and beyond working hours as well as **medical coverage**.

Every year we offer the option of **free flu vaccination** to many employees and have plans to expand this option in the coming years. Over time, we have also set up a **well-structured corporate welfare system** that provides economic and social benefits throughout our organization.

We make sure to offer additional **health insurance** for managers and employees: the first is mostly paid by our Group, while the second is partially paid.

Moreover, we offer special rates with medical centers and laboratories, as well as with gyms, physiotherapy studios and wellness centers. Additionally; each year we offer the possibility of taking **parental leave**.

Parental Leave (PL), 2021	Male	Female	Total
Employees entitled to PL	850	276	1.126
Employees that took PL	9	26	35
Employees returned to work in the reporting period after PL ended	9	24	33
Employees returned to work after PL ended that were still employed 12 months after their return to work	30	35	65
Return to work rate	100%	92%	94%
Retention rate	100%	100%	100%

Occupational health and safety management system

Our occupational health and safety management system programs constantly analyze and keep track of the main potential risks through employee engagement and using new technologies in extensive and dedicated training sessions for our entire workforce on emergency scenarios. We dedicated and certified employee-training sessions on emergency preparedness.

Our Safety, Health, Environmental Protection and Quality Policy, highlights how workers shall “assume respect for Safety, Health and the Environment as a guiding element in corporate decision-making processes, both in protecting workers and respecting the needs of surrounding communities.” Additionally, we ensure that only workers who have received an adequate instruction and specific training on work-related hazards of their respective work areas that expose them to a serious, specific risks. We promptly take measures to control risk situations and require workers, in the event of serious, immediate and unavoidable danger, to leave their workplace or dangerous area.

Our **Italian plants** have a representative of workers for health, safety and environment (RLSSA) who liais-

es with the employer concerning H&S matters. The representative is informed of the planned and ongoing projects and their progress and is consulted on the drafting and updating of the **HSEQ Policy and Plan**, updates the **Emergency Plan** and is directly involved in the analysis of accidents / near accidents, and non-conformities.

The representative is also involved in the preparation of the **Risk Assessment Document** and is part of the working group that evaluates the changes / modifications. Similar representatives and committees exist at Group level namely as we comply with **OSHA and ISO standards** for management systems of occupational health and safety at various global sites.

In our 2019 and 2020 reports, we announced our Group’s specific commitment to add two new sites with the ISO standard for management systems of occupational health and safety ISO 45001.

This commitment has been successfully completed, raising the number of ISO 45001 certified sites to six, or 31,6% of total sites, during 2021. As announced in our 2019 and 2020 reports, we maintain our commitment to add another two ISO 45001 sites in 2022.



Employees occupational health and safety management system coverage, 2021	N° Employees	% Total
Employees covered by an occupational health and safety management system not audited internally or externally	1,197	100%
Employees covered by such a system internally audited	899	75%
Employees covered by such a system audited or certified by an external party	772	64%

External workers occupational health and safety management system coverage, 2021	N° External Workers	% Total
External workers covered by an occupational health and safety management system not audited internally or externally	122	99%
External workers covered by such a system internally audited	90	73%
External workers covered by such a system audited or certified by an external party	90	73%

There were four work-related employee injuries reported, all of them at our Italian plants. At Albizzate there were two work-related employee injuries resulting in a fracture and a bruise/sprain. Our Viguzzolo and Zanica plants reported one laceration incident each.

In addition to closely monitoring our operations to minimize the number of accidents and training of all employees in occupational health and safety, we are implementing several Behavior Based Safety (BBS)

Training plans. We follow lost time accident (LTA) as defined by the US Department of Labor’s Occupational Safety and Health Administration (OSHA) General recording criteria¹ “recordable incident in which an employee is not able to return to work or is assigned restricted work on the day or shift following the incident”. Our Group’s Frequency Index (N° LTA/1,000,000 work hours) in 2021 was 2,84.

¹ <https://www.osha.gov/laws-regs/regulations/standardnumber/1904/1904.7>

Employees work-related injuries, 2021	Number	Rate
Fatalities as a result of work-related injury	0	0
High-consequence work-related injuries (excluding fatalities)	0	0
Recordable work-related injuries *	6	2,84

* Rates calculated as follows: (n. injuries/hours worked*1,000,000)

External workers work-related injuries, 2021	Number	Rate
Fatalities as a result of work-related injury	0	0
High-consequence work-related injuries (excluding fatalities)	0	0
Recordable work-related injuries *	0	0

* Rates calculated as follows: (n. injuries/hours worked*1,000,000)

Number of hours worked in 2021	
Employees	2,114,962
External Workers	57,476

Our occupational safety programs cover our activities of research, development, production and sale of specialty chemicals; they embrace the following aspects:

- Roles and responsibilities
- Processes and correlated documents
- Planning procedures and review of projects
- Process risk management
- Management of changes
- Plant integrity
- Human factors
- Training and performance
- Incidents analysis
- Laws, regulations and standards
- Inspections and corrective actions
- Improvement of performance knowledge

While there were no fatalities as result of work-related ill health, there were five incidents of work-related ill health recorded; four by employees and one by an external worker, all incidents at USA plants.

All Group employees in the perimeter of this report have been included in this disclosure. Regarding contextual information to understand how the data was compiled, for Italian plants, the plant managers are not covered by occupational health and management systems. All data was compiled in accordance with applicable local laws.



we are.

Fire Prevention

A close-up photograph of two hands clasped together. The hand on the left is light-skinned, and the hand on the right is dark-skinned. They are set against a background of purple and pink textured fabric. The lighting is soft, highlighting the texture of the skin and the fabric.

we are.

People

**Diversity and Equal
Opportunities**

Our organization is our people.

Our organization is our people, therefore increasing our organization's diversity, equity, and inclusion (DEI) is a key material topic.

As stated in our Group's Code of Ethics: "The Group opposes all discriminatory behaviours and those intended to harm people, their beliefs and tendencies, with reference in particular to physical and mental disabilities and impairments or different forms of diversity based on their culture, religion or sexuality. The Group implements appropriate measures in the selection, hiring and internal development phases to guarantee all the people of Lamberti a fair treatment based on criteria of merit and with no discrimination

whatsoever. Specifically, the Group promotes terms and conditions of staff employment which do not discriminate between people for reasons of race, ethnic origin, nationality or religion and strives to provide a workplace free from harassment. This not only includes sexual harassment but also harassment based on any one of the characteristics listed above."

Our employee population consists of 24% women, which occupy 26% of all executive and managerial positions at Group level. The office workers category consists of 47% women and employs 72% of all women at Group level.

Employment Category						
Employee Category	2020			2021		
	Male	Female	% of women	Male	Female	% of women
Executives & Managers	190	65	25%	193	69	26%
Office Workers *	259	219	46%	248	216	47%
Non-office Workers **	462	13	3%	489	15	3%
Totals	911	297	25%	930	300	24%

*defined as white collar

**defined as blue collar

Lamberti Group Employment Category														
Employee Category	2020							2021						
	< 30 years old		30 - 50 years old		> 50 years old		Totals	< 30 years old		30 - 50 years old		> 50 year old		Totals
	Male	Female	Male	Female	Male	Female		Male	Female	Male	Female	Male	Female	
Executives & Managers	0	2	74	41	106	26	249	0	2	70	38	114	29	253
Office Workers *	11	22	147	141	91	52	464	12	19	130	137	97	60	455
Non-office Workers **	49	7	267	5	166	1	495	67	5	271	9	169	1	522
Totals	60	31	488	187	363	79	1.208	79	26	471	184	380	90	1.230

*defined as white collar

**defined as blue collar

As stated in the value section of our Group’s Code of Ethics, we are “Building an organization capable of attracting and retaining talented resources; using rewarding systems that promote growth, the sharing of skills, continuous improvements, delegating and group work.” Gender equality is a key building block to successfully attract and retain such talented resources. Tracking and reporting the ratio of basic salary and remuneration of women to men is an important metric with regards to gender equality.

Ratio of basic salary and remuneration of women to men		
Employment Category	2020	2021
Executives & Managers	47:100	47:100
Office Workers*	81:100	92:100
Non-Office Workers**	117:100	143:100

* defined as white collar
 ** defined as blue collar

“I have been collaborating with the sustainability team for just over a year. In this period many activities have been completed and others planned , thanks above all to two fundamental values our Group has adopted and endorsed in Sustainability related activities: engagement and responsibility. Group work has been performed in cross-functional teams with a common goal, even with different languages, cultures and roles, indeed favoring diversity, a value that must be cultivated in a team. Over time, we have seen a growing part of our Lamberti community become more responsible and motivated to put their sustainability ideas and solutions into practice.”

Anna Santoro, Sustainability Project Coordinator

Additionally, as described in the “Global engagement section”, our Group is very committed with gender equality projects in our global communities. We have partnered with local Brazilian and Indian NGOs and fully fund these gender equality programs. Moreover, our local teams at Brazil and India offices actively participate voluntarily in these programs. Please follow these impactful **stories** at [<https://www.lamberti.com/stories/>]



Membership of Associations

Since 1980, the parent company Lamberti SpA is part of Federchimica, the Italian Federation of Chemical Industry Associations. **Federchimica** is a member of **Confindustria** (General Confederation of the Italian Industry) and **CEFIC** (European Chemical Industry Council).

In 2000, Lamberti adhered into the **Responsible Care initiative**, an ethical framework which guides organizations towards safe chemicals management and performance excellence. As members, we committed to:

- Continuously improve the environmental, health, safety and security knowledge and performance of our technologies, processes and products over their life cycles so as to avoid harm to people and the environment.
- Use resources efficiently and minimise waste.
- Report openly on performance, achievements and shortcomings.
- Listen, engage and work with people to understand and address their concerns and expectations.
- Cooperate with governments and organisations in the development and implementation of effective regulations and standards, and to meet or go beyond them.
- Provide help and advice to foster the responsible management of chemicals by all those who manage and use them along the product chain

In 2017, we started to benchmark our own **Corporate Social Responsibility** performance through **EcoVadis**, a global platform that helps identify areas of improvement and implement corrective actions. With an EcoVadis Silver rating, our collective objective is to reach Gold status on upcoming evaluations.

We are an organization committed with social issues such as **gender equality regardless of geography**. This commitment is part of who we are in terms of internal and external stakeholders. We will continue to work with underrepresented social groups to as we are doing with social projects such as “Lamberti Transforma” in Brazil and “She Dares” in India, both focused on gender equality and education issues. Lamberti Transforma and She Dares are a demonstration of our focus and commitment with achieving real impact in the communities where we operate. **We are committed to our communities.**





we are.

People

Digitalization

In our 2020 Sustainability Report, we described the implementation of new digital tools and specifically how “The Covid 19 pandemic has dramatically sped up our adoption of digitalization given the impossibility to travel, move and meet people in person.

This has opened new communication channels, expanded our presence on the web, created new trust within people, and the awareness that when we come back to a pre-Covid situation our organization model will not.”

Hours Smart-Working ¹ for Italy Female Employees, 2021			
Employment Category	#female	Hours female	Average hours / female
Managers ²	8	9.770,0	1.221,3
Office Workers ³	135	119.461,5	884,9

Hours Smart-Working ¹ for Italy Male Employees, 2021			
Employment Category	#male	Hours male	Average hours / male
Managers ²	46	47.659,8	1.036,1
Office Workers ³	108	91.247,7	844,9

¹ <https://www.lavoro.gov.it/strumenti-e-servizi/smart-working/Pagine/default.aspx>

² Dirigente (Lamberti SpA)

³ Impiegato + Quadro (Lamberti SpA)

While the pandemic certainly forced us to accelerate our adoption of digital tools for external and internal communications (by end of 2021 we had 449 active video conferencing accounts), now as a material topic for our Group we are exploring ways to use these tools comprehensively in various facets of our business including cyber security **good practices** and Group-wide trainings. [<https://www.lamberti.com/info/Cyber-Security.html>].

Throughout the year, we launched **23 projects** in a paperless digital document storage database containing **130.066 documents**.

Our digitalization strategy will allow us to carefully track and measure product quality and customer sat-

isfaction levels. We currently track customer returns, product specs, and service level at some European plants and will design action plans to extend this data collection at all our ISO 9001 certified plants globally.

Additionally, internal and external working teams have started to design a far-reaching digitalization project aimed at increasing our Group’s adoption of digital processes. A project status report will be published in reporting year 2022 and beyond.

“As communication team we have seen an incredible acceleration in sustainability projects and related communications.

Many initiatives have been carried out around the world: our subsidiaries in Brazil and India have implemented and launched the second cycle of Lamberti Transforma and She Dares projects respectively.

We have organized “Impact Talks” a series of webinars centered on Sustainability and its application in our markets. We have also supported a cycle of lessons in local primary schools in Gallarate and Albizzate to get young students familiar with and acquainted to Chemistry.

We are playing a full operative role within the project “Yes. We care”, the digital signage program on behavioral safety, and within “Resilienza HSE” and “Genitori Digitali”.

But our most important project is the implementation of a Communication and training platform, called “IS,ME!”, that will permit to offer specific personal education and communication to all Lamberti people around the world.”

Carolina Pistochini,

Corporate Communications Manager

A photograph of a family of three standing behind a table. On the left is a woman with dark hair and glasses, wearing a red and white striped shirt. In the center is a man with sunglasses on his head, wearing a dark grey t-shirt with a floral pocket. On the right is a young boy with dark hair, wearing a white shirt. The table in front of them is covered with several clear plastic jars containing orange-colored food items, likely jam or preserves. The background shows a kitchen with a metal rack and a blue watering can hanging on the wall.

we are.

People

Local impact

We understand the power of a globally engaged organization that aims to have a real and tangible impact in the communities where we operate. Our local teams at Brazil and India get directly involved in their communities alongside our NGO partners that are experts in social projects, etc. Lamberti is committed to two gender equality projects: “She Dares” in India and Lamberti Transforma in Brazil.

About “She Dares”

A conversation with Mr. Jitendra Singh Palawala, CEO of PANS India.

Q. How would you describe our Lamberti-PANS joint project “She Dares”?

A. “She Dares” is unique and one of its kind project where the focus is not on the number of participants but the impact that the project is creating on the number of households of the farming community in the village Ramsar Palawala. The “She dares” project is filling the gap where not only vocational training is happening but also the support of women is ensured so that the project is sustainable and their regular income can be ensured. The women have the due respect, which was never available to them prior. I believe that the unique approach of the project makes it stand out from the other vocational training programs running in India. We have also focused on climate change and the environment by using waste fabric as raw material for training as well as production for making upcycled products.

“She Dares” is a ground breaking project which focuses on women’s social rights in addition to empowering them financially, twelve women have taken up

different projects to stand for women-related issues such as, child marriage, girl child education, domestic violence, etc. They showcased theatre performances and generated awareness about these social issues. The project is also supporting education of the children by utilizing the same place as evening school.

Q. Focusing on the project’s powerful objective of Gender Equality, how would you say it has been transformative for the project participants?

A. Although the Indian culture itself provides equal status to all the genders including transgender, the historical experiences on Indian sub-continent had raised security concerns, which led to over protection of women that eventually became a social pattern resulting in gender inequalities. This historical distortion of our culture has put us in a situation where gender inequality is visible countrywide. It is our responsibility to empower women socially and economically and get them due respect and confidence. Men at Ramsar Palawala village have started considering women their equal. It’s a long process to be visible on a large scale but we are proud to share some specific stories from the village.

Sushila Sharma, wife of a farmer said “A community mobilizer of PANS team came to my house and spoke to my father-in-law about a training program starting in village Ramsar Palawala. I share my wish to join the program and looking at the reputation of PANS my father in law agreed to send me. After the three months training and for six months I am having consistent income and supporting my family. I am proud to be an earning member of the family and can support my husband and father-in-law. It is 180 degree shift in my life.”

Bali Dhanka, having partial visual impairment and

wife of a sick man is an active participant at the community center. She says “who would have given me a job at this age, I am 50 now, I never imagined I would ever be able to earn if not for this center. I fill cotton in toys and other products. I am not very skilled but still earn substantial amount to support my husband. I am thankful to this program and how it is supporting the livelihood of so many women.”

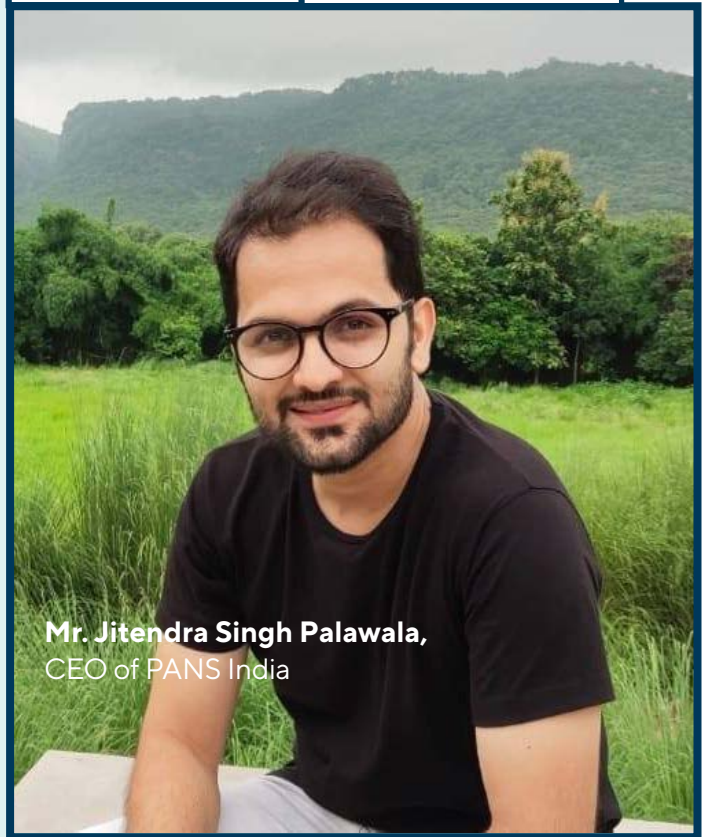
“She Dares” is a project capable of delivering this kind of uplifting in these rural areas. Therefore, such project in my opinion should be continued and replicated in other regions deprived of such opportunities.

Q. How would you describe the collaboration and involvement of the Lamberti India team in the project?

A. I believe that the project so far has been a huge success in terms of the impact we have been able to create. Mr. Mahendra Tripathi, Country General Manager & Executive Director of Lamberti India has been a constant support throughout this project. He takes keen interest in the program and the impact of the project. We appreciate Lamberti India not only for financial support but also for regular guidance and interaction to make the project successful. Lamberti India has always bestowed trust in our work and I would like to extend my heartiest thanks to Lamberti for providing freedom for creativity and innovation.

we are.

She Dares



Mr. Jitendra Singh Palawala,
CEO of PANS India

About “Lamberti Transforma”

To deliver on our purpose to keep our planet livable for all, we partnered with Brazilian NGO “Aventura de Construir” (AdC) and are currently working on the second year of the initiative “Lamberti Transforma”, a social responsibility project in our Nova Odessa (Brazil) community.

“The name of this project Lamberti Transforma is itself a challenge and a path, at the same time! When we use the verb “to transform” we mean “to change completely the appearance or character of something or someone, especially so that that thing or person is improved.”

What a challenge when we apply this concept to low income women entrepreneurs from the outskirts of Brazilian towns: but it happened!

From the beginning, in our partnership between AdC and Lamberti Brazil it was clear that there is no possibility of change unless it is a human change, because only a transformation in human attitude can generate that expected improvement in each micro enterprise.

We trust in a G-Local model: Global vision and local action, territorial and human change. There is no transformation, which does not start from the micro. This was our path!

With this certainty we collaborated with the Lamberti team, volunteers, local institutions, trying to identify the potential contributions of each one to this challenge and it was surprising to realize that the aimed transformation is much more global with each project stakeholder and not only with the participants.

But coming to the participants, together with the word “Transform” it comes the word patience and systematic work. This was the way in which, after nine months together with them, we could identify

*an actual transformation in many participants as it described in this short **video**.*

[<https://youtu.be/IngnHZ1bjFU>]

To transform is possible, you can trust in it!”

we are.

**Lamberti
Transforma**



Silvia Caironi,
CEO of Aventura de Construir

An aerial photograph of a mountain valley, showing rugged terrain, snow patches, and forested areas. A large, circular cyan-colored area is overlaid on the center of the image, framing the text.

we are.

Planet

“Increasing climate resiliency”

The **impacts** brought about by the effects of climate change are undisputable. **Climate change** is not a future event it is a **present emergency**. Organizations and individuals alike must act decisively to preserve humankind’s only home. Our planet’s preservation for current and future generations is a **moral imperative**. Sustainability is often defined as the “*development that meets the needs of the present without compromising the ability of future generations to meet their own needs*”, while development and innovation are necessary, both should be achieved responsibly. At Lamberti, we understand this balance and it’s why we not only **measure and report our environmental impact**, we have specific **targets and commitments to reduce our environmental footprint and increase compliance**.

More than twenty years ago we joined the **Responsible Care** framework and at product level we comply with several environmental certifications as reported in the Product Stewardship section of this report.

We invest valuable resources to collect quality data and KPIs as part of our responsible resource consumption commitment and work at Group and plant level to reduce our environmental impact. We have **specific reduction target commitments** with regards to **GHG emissions, water consumption, and waste generation** (please refer to our Commitments table).

GHG Emissions

The present and existential threats posed by the effects of climate change to our planet come with the unique opportunity to solve them. While these are very complex challenges, standing by the sidelines is simply not an option.

As a specialty chemicals manufacturer we believe that chemistry can play a major role in solving these existential challenges. Through innovation at manufacturing and molecular levels, **chemistry is the solution to chemical challenges**.

A key challenge is to manage our carbon emissions to levels our planet’s photosynthesis process can mitigate naturally. At our Group, we have been

tracking our **scopes 1 and 2 emissions** and reporting them since 2019. We decided to use that year’s **GHG emissions as a baseline to set limits and started working in a comprehensive plan to reduce them in a scientific and time line specific manner**. While we are not yet ready to announce a scientifically backed and timeline specific GHG emissions reduction target, we maintain our commitment to limit our yearly emissions to 2019 levels.

Compared with our baseline year 2019², our scopes 1 and 2 GHG emissions decreased by 11,2% with comparable manufacturing output (only -1,8%).



² 2019 & 2020 figures restated from those published in previous Sustainability Reports due to the improvement of the data collection process. For the data previously published, please refer to the 2019 and 2020 Sustainability Reports, available in the Sustainable & Circular Policy section of the website www.lamberti.com.

GHG Emissions (t CO ₂ e)	2021	2020	2019
Scope 1	33.668	29.525	38.984
Scope 2 Location Based	29.881	29.797	32.575
Total Scopes 1 & 2 GHG Emissions	63.549	59.322	71.559

* Includes direct heat scope 2 emissions

Emissions intensity ratios (EIR) are a useful way to define GHG emissions in an industry specific context as well as a way to track environmental performance with intensity ratios, often called normalized environmental impact data. GHG EIR express the amount of Scopes 1 and 2 GHG emissions per unit of activity, output, or any other organization-specific metric.

Emissions Intensity Ratios* (EIR)	2021	2020	2019
Manufacturing EIR (t CO ₂ e/t)	0,23	0,25	0,25
Manufacturing Output (t)	277.781	233.160	282.833

* from GHG Protocol Corp. Standard “Reporting GHG Emissions”

Both manufacturing and revenue based EIRs indicate a 2021 improvement vs. 2019 (2020 was not a representative year due to Covid-19 disruption), consequently, **every ton produced and euro sold required less emissions.**

In terms of emissions of ozone-depleting substances (ODS), we did not produce, imported, or exported such substances. We carefully track other air emissions such as Nitrogen oxides (NOx), sulfur oxides (SOx), persistent organic pollutants (POPs), volatile organic compounds (VOCs), hazardous air pollutants (HAPs), particulate matter (PM), and other air emissions identified and disclosed.

Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions*, 2021	
NOx	23.738,8
SOx	233,3
Persistent organic pollutants (POP)	-
Volatile organic compounds (VOC)	3.592,1
Hazardous air pollutants (HAP)	-
Particulate matter (PM)	2.391,9
Other standard categories of air emissions identified	5.251,5

* Expressed in KG

Our logistics teams are fully conscious of transport’s impact on CO₂ emissions and the importance of implementing a strategy aligned with our overall environmental compliance, with specific actions such as:

- **minimizing Air Freight shipments;**
- **preferring Intermodal transports where possible and feasible;**
- **joining different groupages shipments into Full Truck Load shipments, whenever possible.**

Since 2018, our logistics teams at our Italian plants started a project aimed at promoting intermodal transport instead of road transport in order to decrease the environmental impact of its transports. Focused on our busy Italy – Spain route, we are gradually moving transport from road to intermodal, prioritizing sea transport between Savona and Barcelona ports. **This project has led to a 37.3% reduction in tons of CO₂ emission on that route in 2021, corresponding to a total saving of 114 tons of CO₂ emissions. Since the project started in mid- 2018 a total of 368 tons of CO₂ have been avoided.**

Energy Management

At Lamberti we have started specific action plans and investments at manufacturing plants globally aimed at combatting the effects of **climate change** through both adaptation and mitigation initiatives. Ongoing projects include increasing renewable sources in our energy mix, lighting and insulation systems, as well as single-use plastic elimination globally.

In 2007 we started the process of certification of our manufacturing sites according to ISO 14001 standards for environmental management. **In our first Sustainability Report for year 2019, we committed to have 40% of our manufacturing sites certified ISO 14001:2015 within 2022. In 2021, our achievement level is 36,8% or 7 plants certified globally.**

Energy Consumption Sources* (GJ), 2021	
Natural Gas	553.828
Diesel	11.209
LPG	1.274
Petrol	1.640
Total non-renewable sources	567.951

*includes car fleet

We are constantly looking to diversify our energy sources, namely by working with our local suppliers to apply certifiable renewable sources of energy including installation of solar panels at our sites for self-produced renewable energy. **Our total renewable energy consumed as electricity from renewable sources was 31.377 GJ or 15% of all electricity purchased and 13% of all electricity consumed.**

Electricity Sources (GJ), 2021	
Purchased electricity	205.943
renewable certified purchased electricity	31.733
Self-produced electricity	41.594
Self-produced electricity sold	96
Total electricity consumed	247.441

Total Energy Consumption (GJ), 2021	991.506
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Other energy sources	Consumed	Purchased	Self-produced	Self-Produced Sold
Cooling	529.604	0%	100%	0%
Heating	244.463	89%	11%	0%
Steam	83	0%	100%	0%

Energy intensity helps contextualize the organization's efficiency expressing the energy required per unit of activity. Simply said, the energy intensity ratio reveals the quantity of energy required per unit output. Understanding our energy intensity is a key metric to track and put in place actions and policies to reduce the energy required to manufacture a product.

Our internal teams use this key metric to improve our scientific research, formulations, and manufacturing processes in order to reduce our overall energy intensity and design steps to increase our energy sourcing from renewables.

Total Energy Consumption by Geo Area, 2021		
Region	GJ	% of total
Italy	682.386	68,8%
Europe	1.765	0,2%
Americas	293.998	29,7%
Asia	12.670	1,3%
Africa	686	0,1%

Energy Intensity Ratio within the organization, 2021			
Region	Total Energy (GJ)	Production Output (t*)	Energy Intensity Ratio (GJ/t*)
Italy	682.386	149.559	4,56
Europe	1.765	5.878	0,30
Americas	293.998	114.750	2,56
Asia	12.670	6.379	1,99
Africa	686	1.215	0,56
Totals	991.506	277.781	3,57

* tonnes= metric ton equivalent to 1000 Kg of production output

Here below the list of standards, methodologies, assumptions, and/or calculation tools used as well as source of the conversion factors used.

Energy consumption conversion factors			SOURCES
Electric Energy	GJ/ kWh	0,0036	
Natural gas (methane)	GJ/ smc	0,03429	NIR-Italian green house gas inventory 1990-2017 national Inventory Report 2020
Natural gas (methane)	smc/mc	1,002	https://eniplenitude.com/info/coefficiente-c-gas
Diesel for heating	GJ/t	42,88	NIR - Italian greenhouse gas inventory 1990-2017 National inventory report 2020
Diesel for heating	kg/l	0,84	FIRE - Linee guida Energy management 2018
Unleaded petrol for automotive use (experimental data)	GJ/t	42,82	NIR - Italian greenhouse gas inventory 1990-2017 National inventory report 2020
Petrol (100% mine)	l/t	1362	UK Government GHG Conversion Factors for Company Reporting - Conversion
LPG (Liquified petrol gas)	GJ/t	46,13	NIR - Italian greenhouse gas inventory 1990-2017 National inventory report 2020
LPG	l/t	1889,465	UK Government GHG Conversion Factors for Company Reporting - Conversion

Water Resource Management

Water stewardship is one of our key commitments to minimize the environmental effect of our operations. Water withdrawal is the sum of all water drawn from surface water, groundwater, seawater, or a third party for any use over the course of the reporting period (2021).

Back in 2019 we assumed a specific commitment on water stewardship at Group level to reduce that year’s consumption levels by 15% in year 2023. In year 2021 with total Group water consumption at 483,6 ML we reduced 2019’s³ by 3,1%.



Water Withdrawal (ML), 2021		
Source	All areas	Water-stressed area
Surface water (total)	19,8	0,0
Freshwater (1)	16,6	0,0
Other water (2)	3,3	0,0
Groundwater (total)	617,0	0,0
Freshwater (1)	615,5	0,0
Other water (2)	1,5	0,0
Seawater (total)	0,0	0,0
Freshwater (1)	0,0	0,0
Other water (2)	0,0	0,0
Produced water (total)	0,0	0,0
Freshwater (1)	0,0	0,0
Other water (2)	0,0	0,0
Third-party water (total)	234,2	0,0
Freshwater (1)	234,2	0,0
Other water (2)	0,0	0,0
Water Withdrawal (ML), 2021		
Total Water Withdrawal	871,1	
Freshwater (1)	866,3	
Other water (2)	4,8	

(1) Freshwater (≤1,000 mg/L Total Dissolved Solids)
 (2) Other water (>1,000 mg/L Total Dissolved Solids)

³ please refer to the 2019 Sustainability Report, available in the Sustainable & Circular Policy section of the website www.lamberti.com

Water Discharge by Source (ML), 2021	
Source	All areas
Surface water (total)	36,0
Freshwater (1)	36,0
Other water (2)	0,0
Groundwater (total)	0,1
Freshwater (1)	0,0
Other water (2)	0,1
Seawater (total)	0,0
Freshwater (1)	0,0
Other water (2)	0,0
Third-party water (total)	351,2
Freshwater (1)	244,8
Other water (2)	106,4
Total Water Discharge (ML), 2021	
Total Water Discharge	387,3
Freshwater (1)	280,8
Other water (2)	106,5

(1) Freshwater (≤1,000 mg/L Total Dissolved Solids)
 (2) Other water (>1,000 mg/L Total Dissolved Solids)

Third-party water sent for use to other organizations (%)	
Freshwater (1)	69,7%
Other water (2)	30,3%

(1) Freshwater (≤1,000 mg/L Total Dissolved Solids)
 (2) Other water (>1,000 mg/L Total Dissolved Solids)

As much as 90,1% of all water discharged is classified as third-party-water, ending up at municipal water suppliers, municipal wastewater treatment plants, public or private utilities, and other organizations involved in the provision, transport, treatment, disposal, or use of water and effluent.

Water Consumption (ML), 2021		
Source	All areas	Water-stressed area
Total Water Consumption	483,6	0,0

Working groups have been formed at various global sites to closely monitor key performance indicators, as evidenced by the below quote.

“In general terms, our engagement and understanding of Sustainability has progressed rapidly and to a much higher degree.

The involvement at every level is evident and will undoubtedly bring the benefits expected although external uncontrollable factors such as limitations in critical raw materials will tap the speed at which this may occur.

In the industrial area, groups that work on the reduction of water consumption and wastes primarily have emerged, creating efforts to address challenges that will bring contribution to the efforts of the group.”

Gabriele Greco, Operation Manager - Lamberti USA

Waste Management

Waste management is a **vital and key performance indicator** for any manufacturing operations.

Our waste management strategy consists of increasing the percentage of our total Group waste that is either Reused, Recycled, or Recovered (RRR).

As expressed in our 2020 Sustainability Report, our Group decided to have a clear roadmap towards reducing our waste footprint and to accomplish this reduction strategy we set a specific goal to achieve 30% RRR by 2023. As can be seen in the tables below, in 2021 our RRR was 13%.



Waste management (tonnes), 2021		
Disposal Method	Hazardous	Non-hazardous
Reuse	-	44,2
Recycling	214,2	616,0
Composting	-	-
Recovery	2.581,4	1.816,5
Incineration	573,1	42,0
Deep well injection	-	2.124,4
Landfill	20,6	695,6
On-site storage	72,4	1,9
Treatment	18.727,2	6.770,9
Other	4.644,9	2.061,3
Total Waste	26.833,7	14.172,7

Our commitment with waste reduction includes specific investments at our plants globally.

At our **Chattanooga (Tennessee, USA) plant**, our local team was involved in a waste reduction project with proven capacity to reduce waste by over **36 thousand pounds annually**.

“This has been an important step toward waste reduction and sustainability for Lamberti Chattanooga. The money saved in waste disposal will pay for the upgrade in just 4 years. Our plant in Chattanooga is committed to continuously move forward with Lamberti’s goal of increased sustainability.”

William Thompson, Global Sustainability Ambassador

Concerning compliance with environmental laws and regulations, there were no significant fines or non-monetary sanctions for non-compliance with environmental laws to report for year 2021.



we are.

Prosperity

Discovering impact
materiality opportunities

Whilst Sustainability is not possible without prosperity; profitability should be achieved in a way that is harmonious with the principles of Sustainability to operate responsibly within our planet's limits to ensure ability of future generations to meet their needs.

“Lamberti Group is rapidly advancing in the path of sustainability with a strong commitment of the management. This is perceived above all as a choice of responsibility and attention that can only generate a spirit of pride and participation of the whole organization. It is an acceleration in this sense by a chemical group that has always had a great sensitivity to certain issues. Sustainability must also be said, in addition to being a choice of irreversible responsibility, it is also now a fundamental component of the definition of business strategies. Without a strong compromise in the field of sustainability it is now almost impossible to operate in almost all of our markets.”

Leonardo Valentinis, General Manager for Latin America



Economic Performance

We are an economically solid company thanks to the hard work, broad expertise, and demonstrated commitments of our people. Being economically sound is the basis that allows us to deliver value to our stakeholders across the ESG spectrum. Maintaining our economic solidity is a commitment shared throughout our organization that allows us **to keep our value creation proposition to society, the environment, and ourselves.**

The damaging effects of climate change have become normal phenomena globally. Record-breaking heat waves, droughts and hurricanes have caused substantial damage, disruptions, and human suffering across the entire globe. Our organization is not immune to these severe weather related events. These physical events, which are more potent and frequent due to the effects of climate change, present a clear risk to the company's operations not only as it relates to its manufacturing activities but also to its workforce regardless of type of work.

Severe events such as air and water pollution, wildfires, sea-level rise, extreme temperatures, and variation in seasonality, all can have a direct negative effect on the company's operations. Having action plans anticipating such events and ways to minimize related risks to its employee population and production activities is of paramount importance.

Revenues from the core business totaled €539,5 million, up 28,0% on the €422 million for 2020.

This increase is very positive given the ongoing climate and the continued uncertainty that is not expected to disappear in the short term.

Once again in 2021, the geographical breakdown of revenues confirms that the **foreign market was the Lamberti Group's largest contributor to sales**, accounting for **87% of total revenues** (2020: 88%). **Non-EU markets** made up **86,1%** of these foreign sales (2020: 83,9%), slightly up on the previous year. The cost structure shows a significant **increase in costs for raw materials** as a percentage of turnover (2020: 52,2%; 2021: 55,8%).

This is in line with the global trend. Beginning in the second half of 2021 and even more evident in early 2022, there was a shortage in raw materials and semi-finished products available against a strong market demand, leading to price increases across the board.

The **US dollar** (the currency of a large part of the group's foreign sales) showed a contrasting trend in 2021, **depreciating 3,55%** against the **euro** using the average exchange rate for the year but **appreciating 7,7%** using the closing rate.

The cost of services rose considerably to €78,3 million from €59,0 million for 2020. Specifically, the costs of utilities, maintenance and transport increased, as did commissions, consultancy and insurance costs.

Personnel expenses increased from €83,0 million for 2020 to roughly €89,5 million for 2021 due to increase in the number of **group employees to 1.315 from 1.283** at the previous year end. For the parent in particular, the increased expenses were also due to the ending of the Covid-19 furlough scheme, parental leave, sick leave for vulnerable people, untaken holidays, reduced working hours and the increase in the national labour contract in July 2021.

The group also reported considerably higher amortisation and depreciation, chiefly due to the revaluation made by the parent and a subsidiary in 2020, and a slight reduction in the cost of using third party assets.

The operating profit (measured as the difference between production revenues and production cost) **improved from €32,4 million in 2020 to €33,6 million in 2021** (+€1,2 million), as did **the gross operating profit** (calculated as the sum of operating profit and amortisation and depreciation), **up €17,2 million and equal to 13,2% of the revenues from sales.**

Net financial charges of €3,8 million in 2020 became net financial income of €4,4 million in 2021, mainly due to the net exchange rate gains (€3,0 million compared to net losses of €2,7 million in 2020), mostly recognised by the parent and its American subsidiaries and chiefly due to the US dollar's appre-

ciation and its impact on balances and cash flows in that currency. In contrast, interest and other financial expense were in line with the previous year.

The pre-tax profit was influenced by net write-downs of financial assets of €2,0 million. It also includes a €183 thousand write-back of the parent's investment in the listed company LivaNova Plc (written down by €454 thousand in 2020) and the net fair value loss of €2,2 million on the parent's derivatives.

As a result of the factors described above, the pre-tax profit increased from €29,6 million in 2020 to €36,0 million.

The tax burden of the year also increased, rising from a total €9,9 million in 2020 to €12,9 million in 2021.

The caption is broken down as follows:

- current taxes amount to €11,9 million (2020: €8,5 million) and comprise IRES of €11,1 million and IRAP of €0,1 million for the Italian companies and the franchise tax of €0,7 million for the US companies;
- taxes relative to prior years amount to €0,4 million;
- deferred taxes increased to a negative €1,6 million;
- the tax consolidation scheme benefit is €0,3 million, up from a nil balance in 2020.

Accordingly, the net profit for the year amounts to €23.078.371 (€19.631.480 for 2020) and the profit pertaining to the group is €22.569.629 (€19.299.233 in 2020).

Direct economic value generated and distributed			
[€ mln]	12-2021	12-2020	Notes
Direct economic value generated	577,59	426,94	
Revenues	577,59	426,94	Revenues calculated as net sales plus revenues from financial investments and sales of assets
Turnover from sales and services	539,53	421,74	
Other revenues and income	9,70	3,60	
Change in work in progress, semi-finished products and finished goods, change in Contract work in progress	23,69	1,96	
Financial income	3,72	1,46	
Net exchange rate gains and losses	2,95	-2,72	
Adjustments to financial assets	-2,00	0,90	
Economic value distributed	518,13	386,81	Calculated automatically
Operating costs	412,78	290,86	Cash payments made outside the organization for materials, product components, facilities, and services purchased. Operating costs can include for example property rental, license fees, facilitation payments (since these have a clear commercial objective), royalties.
Raw materials, consumables, supplies and goods	325,12	222,60	
Services	78,36	59,04	
Use of third party assets	4,24	4,28	
Other operating costs	5,07	4,94	
Employee wages and benefits	89,56	83,02	Total payroll (including employee salaries and amounts paid to government institutions on behalf of employees) plus total benefits
Personnel expenses	89,56	83,02	
Payments to providers of capital	0,46	-	Dividends to all shareholders, plus interest payments made to providers of loans
Dividends paid	0,46	-	
Payments to government	11,93	9,92	Taxes plus related penalties paid at the international, national, and local levels. Organization taxes can include corporate, income, and property. Payments to government exclude deferred taxes, because they may not be paid.
Current taxes	11,34	9,66	
Deferred taxes	1,60	0,26	
Payments to backers	2,30	2,50	
Interest and other financial charges	2,30	2,50	
Community investments	0,10	0,51	Voluntary donations plus investment of funds in the broader community where the target beneficiaries are external to the organization
Economic value retained	59,46	40,13	Calculated automatically as: Direct economic value generated - economic value distributed

The approach to taxation adopted by the Lamberti Group is consistent with what is defined within the **Group's Code of Ethics**, based on the Lamberti Values underlying the company's mission.

This approach is based on the **principles of prudence, responsibility, consistency and transparency** towards the Company's stakeholders, including the Tax Administrations of the various countries. All activities carried out by the Group comply with the relevant tax regulations and tax planning is always aligned with business activities. Individuals who are assigned the functions of representation towards national and international Tax Authorities must be inspired by the **strictest compliance with the applicable legal provisions as well as the principles of fairness, transparency and loyalty**, without compromising the **integrity or reputation** of the Lamberti Group in any way.

In particular, Lamberti carries out **intra-group transactions** at market conditions (arm's length value), **complying with criteria of substantive and procedural fairness for the purposes of a transparent and objective assessment**: the fees for the exchange of services and/or goods between Group companies are defined on the basis of market conditions and must always be justifiable.

The corporate culture principles underlying the implemented fiscal approach are the following:

- responsible management of the tax variable based on trust, transparency and collaboration with institutions and inspired by the principles set out in the Code of Ethics;
- tracing and measuring of tax risks associated with business processes, aimed to containing them;
- promoting a tax culture and compliance with all tax laws and regulations applicable in the various jurisdictions in which the Group operates;
- promoting within the Group of general principles of conduct in tax matters, based on the values of responsibility;
- adequacy of the organization and related processes (tax governance) in compliance with the defined objectives;
- provision of effective monitoring procedures that allow the identification of any deficiencies or errors in its operation and the consequent imple-

- mentation of the necessary corrective actions;
- consolidated relationship with the Tax Authorities managed in a professional, transparent and timely manner.

At Lamberti SpA, Group's headquarters, operates the Tax Group Department, which is responsible for the coordination, control and monitoring of taxation issues for the entire Group. Lamberti Group pays close attention to the right application and interpretation of new tax rules, in order to always be updated on tax legislation and to avoid future litigations by the Tax Authority. At the local level, the subsidiaries' tax provisions are managed by the subsidiary's administrative departments in coordination with local tax consultants. Information is shared with the management of the local entity and the Tax Group Department of Lamberti SpA.

To minimize the risk of errors, local administrative departments, together with tax consultants, carry out checks on the accounting and tax relevance of the transactions and operations performed.

The Group maintains **continuous and proactive cooperation relations with the Tax Authorities, based on principles of transparency and mutual trust**. The Group considers the adoption of behavior aimed at responding promptly to requests received from the Tax Authorities to be of fundamental importance. This is achieved by disclose complete, correct, accurate and precise information and by always behaving in a transparent and collaborative manner.

Membership Area	Name of legal entity	Country	Primary activities of the organization
Italy	Lamberti SpA	Italy	Manufacturing & Distribution
	Kalichem Italia Srl	Italy	Manufacturing & Distribution
	Mirgo	Italy	Service company
Europe	Lamint SA	Luxembourg	Holding Company
	East Tennessee & Georgia Inv. SA	Luxembourg	Holding Company
	Industries L. Chine SA	Luxembourg	Holding Company
	Lamberti France SAS	France	Distribution
	Lamberti Iberia SAU	Spain	Manufacturing & Distribution
	Lamberti Deutschland GmbH	Germany	Distribution
	Lamberti Polska Ltd	Poland	Manufacturing & Distribution
	L. Microbeads AS	Norway	Manufacturing & Distribution
	Lamberti Rus Llc	Russia	Manufacturing & Distribution
Middle East - Africa	Lamberti Kimya AS	Turkey	Distribution
	L. Middle East Specialty Chemicals Fze	Dubai	Distribution
	L. Specialty Chemicals Pty Ltd	South Africa	Distribution
USMCA	Lamberti USA Inc.	USA	Manufacturing & Distribution
	Precision Laboratories LLC	USA	Manufacturing & Distribution
	L. Synthesis USA Inc.	USA	Manufacturing & Distribution
	L. Canada Inc.	Canada	Manufacturing & Distribution
	Quimica L. de Mexico SA de CV	Mexico	Manufacturing & Distribution
	Compania de Servicio SA de CV	Mexico	Service company
South America	L. Argentina Srl	Argentina	Distribution
	Lamberti Brasil Ltda	Brasil	Manufacturing & Distribution
	L. Colombia SAS	Colombia	Distribution
Asia	L. Asia Pacific Ltd	Hong Kong	Distribution
	L. Chemical Specialties Shanghai Co Ltd	China	Manufacturing & Distribution
	PT L. Indonesia	Indonesia	Manufacturing & Distribution
	L. Hydrocolloids Pvt Ltd	India	Manufacturing & Distribution

Membership Area	Italy	Europe	Middle East -Africa	USMCA	South America	Asia
(iii) Employees' number	769	75	15	224	102	124
(iv) Revenues from third-party sales	170.154.497	67.045.236	15.025.863	186.752.130	44.748.568	55.807.192
(v) Revenues from infra-group transactions with other tax jurisdictions	117.146.764	4.159.355	7.238	6.936.596	5.042.559	6.195.019
Revenues from infra-group transactions within the same tax jurisdictions	421.007	25.968	0	6.898.265	0	0
Revenues related to other source of infra-group revenue such as dividends, interest and royalties (not included in turnover)	19.471.913	1.196.366	0	0	0	0
(vi) Profit/Loss before tax	6.680.500	6.936.971	861.593	25.561.682	15.026.367	3.512.481
(vii) Tangible assets other than cash and cash equivalents	78.127.286	4.804.516	6.811	25.454.581	3.077.298	5.792.204
(viii) Corporate on income tax paid on a cash basis	79.723	1.389.897	189.577	4.050.423	3.015.681	666.574
(ix) Corporate on income tax accrued on profit/loss income	341.924	1.353.462	232.629	5.841.219	3.235.379	869.822
(x) Reasons for to the difference between the corporate income tax accrued on profit/loss and the tax due if the statutory tax rate is applied to profit/loss before tax	main difference is related to the dividends received (in Italy taxable for 5% of the amount received) and other tax incentives about depreciation. Dividends received during 2021 by Lamberti SpA represented a non-recurring event.	main difference is related to: -dividends received; -minor tax adjustments on the basis of local tax law		main difference is related to: -a not taxable Covid incentive in USA (PPP loan); -negative adjustments in Mexico for inflation and other deduction for income not taxable	main differences are: - temporary adjustments concerning a tax credit provided by Brazilian Tax Authority and - the deduction of the Interests calculated on shareholders' equity (Juros) in Brazil.	

“In recent years, we have realized that a business approach based only on the logic of profit is not sustainable in the long term, neither for companies, nor for people and the planet. Consequently, we have a choice: continue investing in the traditional way, with the unknowns and consequences for the environment, or invest in the future, choosing sustainable strategies that while allowing profits also provide us with the guarantee of supporting a virtuous form of development, based on the circular economy.

Over the past year, we have worked internally to describe and disclose our organization’s approach to taxation.

Although at first glance this would seem to be an extremely distant subject from the achievement of sustainable development goals, it is actually a central issue since public resources generated by taxes are used by countries for investments.

The responsible tax policy behavior that companies adopt is a key factor, determining the economic contribution that companies make to society and their communities in which they actually operate.”

Christian Dall’Osto, Taxation and Transfer Pricing

we are.

Christian



A close-up, profile view of a man with a beard and safety glasses, wearing a white lab coat over a dark sweater. He is holding a blue marker and drawing a chemical structure on a whiteboard. The background is a blurred laboratory setting with other chemical structures visible on the whiteboard.

we are.

Product

Finding Chemistry solutions
to chemical challenges

We are obsessed with offering **chemistry solutions to chemical challenges**. This is our purpose, greatest contribution and presents an unprecedented opportunity to delivering **real impact**.

Since joining the Responsible Care framework more than 20 years ago, our Group has been committed to improve its environmental, health, safety and security for its stakeholders in alignment with **Principle 15's Precautionary Approach of the Rio Declaration on Environment and Development**.

As a specialty chemical manufacturer, our primary business function is to develop and successfully market innovative products in this field. As a responsible business organization, our outlook includes a broader stakeholder⁴ community. **Our innovative products should not only offer solutions to our customers but should also assist to combat the effects of climate change, which presents a major opportunity.**

"Lamberti has always been characterized as a company that develops performance products and therefore allows our customers to use less additional products and to be more sustainable. The starting point, even if it was not called sustainability in those days, was in our DNA. Today we do it in a more structured way, in a more multidisciplinary way."

Patrick Balletto, General Manager

Product stewardship via innovation, safety, quality, and ultimately product sustainability are key material topics for us. We fully understand the existing transition in material sciences and products needed in industries at the frontlines of climate change mitigation.

Innovation	2019	2020	2021
New Products Launched (n)	90	77	114
Patent Driven Sales (%)	11,2%	11,4%	11,0%
R&D Investments (% of sales)	3,6%	4,0%	3,6%

Specialized chemistry requires constant innovation.

Throughout our long history, our customers count on us not only as a reliable supplier but also as a trusted partner to find solutions to current challenges. Our products as well as our customers' operate within the context of complex systems where performance and sustainability attributes add value to the entire value chain. **Our R&D teams have designed and implemented a multi-tier design at product launch phase which takes performance and sustainability attributes into consideration at 100% of all new projects. This is how we achieve materiality impact.**

SR Account Year	2019	2020	2021
Granted patent	438	431	457
Pending patents	135	104	91
Total patents	573	535	548

We understand that our products are a tangible demonstration of our purpose and therefore have a strong commitment to engage in responsible forms of product design and manufacturing. **Ninety percent of the products sold in 2021**, by number of products and volume, **were considered eco-friendly**, demonstrating **we are committed to our ecosystem and the environment**. Additionally, our products comply with various industry-specific international voluntary standards and labeling accrediting their safety, quality, and environmental stewardship.

Description	2020	2021
% of Eco-friendly products (GSH criteria*) vs. entire product portfolio (number of products sold)	87,7%	90,1%
% of Eco-friendly products (GSH criteria*) vs. entire product portfolio (volumes sold)	92,4%	90,0%
Environmental tests performed by our Ecotox lab (number of tests)	77	195
Products approved under OSPAR** (number of products)	10	15
Voluntary certification of product for textile application under GOTS, BLUESIGN, ZDHC criteria	167	175
Voluntary certification of product for paper application under ISEGA	4	4
Voluntary certification of product for cosmetic application under COSMOS - NATrue criteria	12 (8 Cosmos - 3 Na-true)	12 (8 Cosmos - 3 Na-true)

* GSH is the Globally Harmonized System of Classification and Labelling of Chemicals criteria for eco-friendly products classification

** OSPAR is the Convention for the Protection of the Marine Environment of the North-East Atlantic, current legislative instrument for regulating international cooperation on environmental protection in the North-East Atlantic

⁴ Our stakeholders are our employees and their families, customers, suppliers, consumers, shareholders, authorities, associations, financial institutions, trade associations, media, scientific community, academia, competitors, social communities.

“ The year 2021 was a turning point for the ecotoxicology laboratory. The number of analyzes required has grown exponentially. The number of internal clients has also expanded enormously. Before 2021, we were dedicated almost exclusively to the analysis of chemical products of the Geo Science Division, which has always been attentive to environmental issues. From that date, inquiries started coming in from other businesses and technologies. I consider this a tangible sign of the growing and ever more widespread awareness of the environmental fate of our products. It is an important step on the path to sustainability.”

Mattia Ossola, Ecotoxicology Lab Manager

acrylics that exhibit some bio-based content as well. The hardest part to me, mainly linked to raw materials availability, is the pure acrylic side. However, projects are started and we are optimistic! All this is just looking at the mere formula, but our activities are continuously dedicated to improve process, by reducing batch time, reducing water consumption and waste, reducing the impact of dangerous chemicals, increasing dry content...

In perspective, we will have to think bigger and look at the real big picture. Chemical products, from first suppliers until end users, probably travel more than we will ever do in a lifetime.”

Karine Coget, Head of Synthetic Polymers R&D

ISO 16128 defines the % of natural sources in the production processes and it is used to differentiate natural and renewable materials compared to fossil sources - This index is limited to products intended for use in Personal Care. As much as 67,2% of all products sold in our Personal Care division in 2021 can be considered of natural origins according to ISO 16128.

Description	2021
% of Natural Product (according to ISO 16128) vs. total number of Personal Care Products sold	50,9%
% of Natural Product (according to ISO 16128) vs. total volume of Personal Care Products sold	67,2%

“Working within the synthetic polymers platform, our road started many years ago with the development of prototypes and, later, fully industrialized bio-based polyurethanes dispersions and microspheres, while raw materials were getting more and more available on that side. In the continuation, we also work on hybrid chemistry to obtain, where required, urethane/

we are.


Karine



We are developing specific actions to achieve a science-based and verifiable efficient use of natural resources and commit to limit and ultimately avoid the use of resources that are proven detrimental to the principles of Sustainability that contribute to climate change.

Understanding and providing useful insight into our products' composition is key to all stakeholders, including our suppliers, customers, end-consumers, and ourselves. We are constantly working with our supply partners and innovating to increase the bio or renewable content in our products, this is paramount for our product stewardship and ultimately our fiduciary commitment to our planet. We use the **European Standard EN 16785-2**, which focuses on the material balance method **to determine our products' renewable content.**

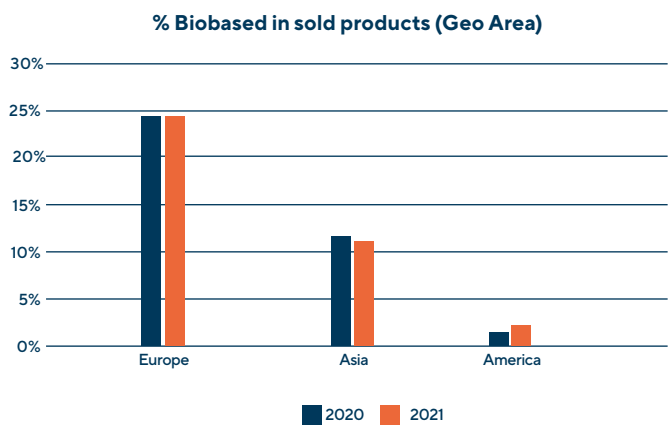
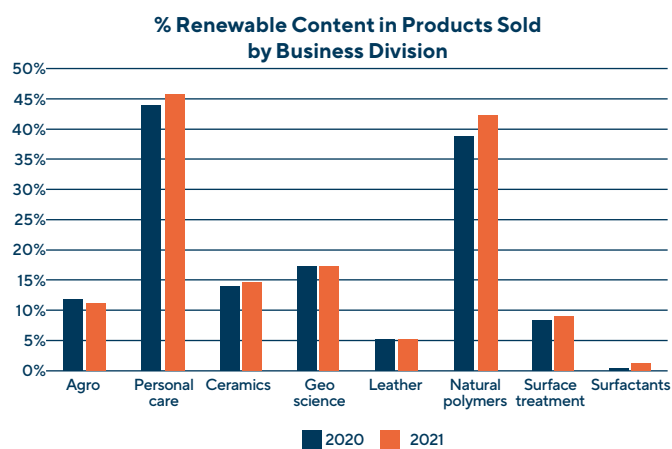
Our understanding of measuring renewable content has evolved during the years and this is why using 2021 as base year, we revise our product stewardship commitment to improve on this results by 10% by year 2025 being confident that in such a time period the availability to raw material from renewable resources will significantly increase.



% of Renewable Content (RC) in Manufactured Products (2021)
72,5% of products → 0-20% RC
5,2% of products → 20-40% RC
7,1% of products → 40-60% RC
10,9% of products → 60-80% RC
4,3% of products → 80-100% RC

Renewable content calculations performed internally using EN-16785-2 criteria (water excluded).

Cumulative RC in all manufactured products → 20% (2021)



"I am proud to see that Lamberti group in 2021 worked hard to implement, set, and achieved systematic new targets in ESG activities with a pragmatic approach.

In my area as Global Product Manager for Bio-based resins in Surface Treatment, we strategically approached product sustainability following four main driving forces: performance, strategic supply and bio-based content, safer materials, and responsible use of resources."

Gabriele Costa, Global Product Manager for Bio-based Resins

Product safety is not only a material topic but also a **fiduciary duty** to our customers, the environment, and society at-large. Adherence to procedures and guidelines based on Health, Safety and Environment (HSE) regulations is part of our product stewardship commitment towards **reducing potential negative effects on the environment**, health and safety along the entire value chain from development to disposal. In 2021, we prepared **2483 safety data sheets (SDS)**, a **46% increase vs. 2020**, providing a set of HSE information as part of our procedure aimed at carrying out an internal risk assessment representing +99% product coverage.

Description	2019	2020	2021
Safety Data Sheets coverage for products (mandatory and voluntary requirements)	> 99%	> 99%	> 99%
Italian version Safety Data Sheets coverage for products (mandatory and voluntary requirements)	> 99%	> 99%	> 99%
Number of Safety Data Sheets (all languages) prepared	1.593	1.700	2.483
Number of product for which a Safety Data Sheets (all languages) was prepared	780	779	1.011
Number of new products for which an HSE evaluation was made using internal RS25* procedure	367	204	199

* RS25 internal procedure consists on an overall evaluation focused on HSE topics.

There were **no incidents** resulting in fines, penalties, or warnings of non-compliance with labeling, regulations and/or voluntary codes **concerning the health and safety** impacts of products and services within reporting year 2021.

“Sustainability and sustainability related issues are now crossing each company area, covering the whole generated value chain, with the aim of making them a driver of development.

In this framework R&D, being involved in the generation of new products and processes and in the evaluation on new raw materials, is one of the pillars on which our sustainability strategy is based.

Hereinafter some of the steps taken during 2021 to advance Sustainability.

We strengthened our approach towards the use of Renewable Raw Materials. Nowadays RRM’s are not any more used only in those areas traditionally familiar with bio based raw materials, such as oleo chemistry and natural polymers, but are becoming more and more important also the synthetic polymers area, traditionally bound to fossil based monomers.

We refined our analysis on the renewability content of our products: after an initial approach following the ISO 16128 standard and limited to some business areas, this year we adopted the EN 16785-2 standard, taking into consideration the whole products portfolio.

We setup a team dedicated to LCA and carbon footprint analysis that, after a more than a year training, is now fully operative helping Lamberti Group to develop knowledge on the environmental impact of its products and processes, with the aim of building a comprehensive and reliable set of data and information on such matter.

For sure there is still a lot to do, but we do believe we’re on the right track!”

Giovanni Floridi, R&D Director

Our approach to stakeholder engagement has external and internal components. Externally, our various teams are constantly engaging customers, suppliers, scientific and academic institutions with whom we collaborate in research and innovation projects, etc. For example, our Product Sustainability Team has collaborated with highly specialized subject-matter experts in the realm of determining environmental impacts at product level by calculating its global warming potential (GWP) or other impact categories as part of a life cycle analysis.

"If 2020 was the beginning of my journey in the field of Sustainability, 2021 was the year where the theory learned materialized into practice. Customer requests for Life Cycle Assessment and Product Carbon Footprint studies have gradually increased and I have been involved in developing and delivering of the first environmental impact results of some specific products requested by customers.

The Product Sustainability Team, of which I am a member, proceeds on several fronts (regulatory, environmental impact calculation and communication) in order to guarantee all the support to customers, who are often approaching this issue for the first time and request support from us.

Lamberti is organizing itself to have an internal team of experts who know how to communicate correctly with suppliers and support customers, implementing marketing strategies based on product sustainability."

Serena Gazzo, Sustainability Data Analyst

we are. **Serena**



Internally, our Global Sustainability Ambassadors find ways to increase corporate engagement within our ranks to allow as many employees to participate in Sustainability related projects.

"In 2021, we have made great strides towards sustainable development. We had internal training on our sustainability plans and corporate culture, bringing together the entire Latin American team for the first time. We took part in the global sustainability ambassadors program and had our first project, built in collaboration with local colleagues from various departments, approved. I am proud of the path we are taking and I am sure that the future will bring us even better results."

Alannah Guerrero, R&D Manager Latam

we are. **Alannah**



Production Optimization

Our products' quality, safety, innovation, and overall sustainability attributes are a reflection of our research capabilities, business acumen and capacity to translate such vital concepts onto the manufacturing plants. The importance of production optimization in terms of development and of new production processes with low environmental impact is a material topic for our organization.

Our Group is constantly finding **new ways to optimize our production processes** while maintaining our products quality and market competitiveness. Using the **latest technologies** available to gather and measure quality data for analysis, measuring, action planning and ultimately decision-making is how we approach our optimization strategies.

We are constantly analyzing optimization strategies, for example on 31 December 2021, due to changing market conditions and to gain manufacturing efficiencies our Group decided to discontinue part of our guar powder production process in our Rajkot (India).

“Sustainability isn't something new in our Group. In the last decade, we have done many technical and organizational improvements to support the sustainable development of our activities. The problem was that we did not really measure or evaluate our achievements. The new approach to sustainability is very important to define our goals and analyze the results of our actions. Having a team focused on Sustainability helps also to coordinate each other, and to share best practices. In my area, a Production Plant, we focused on different topics related to Sustainability: Energy savings, Water savings, Waste reduction, and reduction of plastic in our canteen. To achieve Energy and water savings we divided the activity into different steps. The first step, the most important one, is to increase the data we have by installing more energy and water meters. Ana-

lyzing data is possible to understand in which areas or equipment we have inefficiencies and evaluate what to do to perform better. The last step is, of course, to put in place the solutions. Sometimes the solution is so simple that you blame yourself you did not think about it before.”

Jacopo Colombo, Plant Director Zanica (Italy)

we are.

Jacopo



Sustainable Supply Chain Management

Products sustainability attributes and production optimization would not be viable without a clearly defined sustainable supply chain strategy.

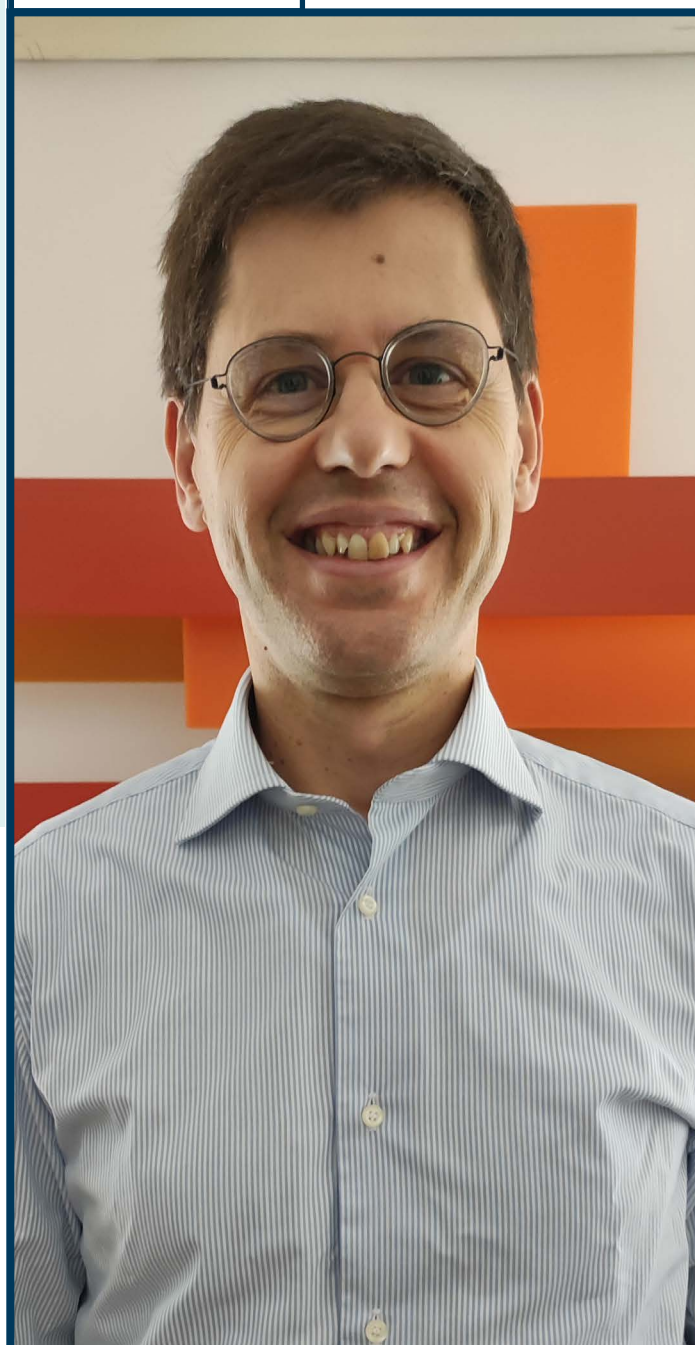
“Procurement finalized the Group’s Sustainable Procurement Policy to source raw materials and services from suppliers who share our principles and corporate values. We drew up the Group’s Suppliers Code of Conduct to set the basis for our collaboration along the supply chain.”

Our Sustainable Procurement Policy states, “We commit ourselves to be real promoters of change by helping to design a new idea of reliable, safe and responsible value.” Our global operations is supported by our sustainable supply chain commitments. “Lamberti’s Group Procurement Policy is finalized to source raw materials, assets, products and services from suppliers who share these principles and our corporate values based on integrity and respect for environment, people and local communities.”

Gianmarco Guacci, Corporate Supply Chain Director

we are.

Gianmarco



A reliable and engaged Supply Chain is a key aspect of operating responsibly and safely in our business. It is therefore of utmost importance for us to source our raw materials, products, assets and services from suppliers who share our values and principles for doing business. We expect our suppliers to share the principles expressed in this Suppliers **Code of Conduct** through the “**3P**” approach: **People, Planet and Prosperity**. We plan to conduct regular reviews based on **sustainability risk assessments** either by third-party evaluation or by on-site audits. Should a supplier fail to uphold any aspect of our Supplier Code of Conduct, we will develop corrective actions together with the relevant supplier to ensure that the same observes these standards in the future.

Mr. Guacci makes the connection between tangible Sustainability developments and their effect in product development

“Sustainability is driving our development and strategy since a few years, but I have the feeling that 2021 has been the year of a real ‘call to action’ for us. We have created a steering committee, which has been entrusted with the responsibility of managing our sustainability projects execution. We have designed and implemented new tools to help our R&D in measuring how sustainable our new products and projects are, and to allow our team to calculate the carbon footprint of our finished products.”

Our Sustainable Procurement Policy and Suppliers Code of Conduct can be found **here** [<https://www.lamberti.com/downloads/>]

Our supply chain, as with most of our chemicals sector, features large amounts of raw materials and suppliers due to the number and complexity of products tailored for numerous and varied industries and applications. The constant volatility of the demand for materials significantly influences the supply chain management.

Number of suppliers, 2021			
Type of RM	EU ¹	Americas	Asia
Chemicals	505	373	80
Packaging	62	54	6
Totals	567	427	86

¹ in May 2021, Italian company Kalichem srl entered into the groups’s ERP environment, therefore it is included

Responsible material consumption and sustainable supply chain management are material topics for our organization therefore we focus on their impacts. Optimal organization of the supply chain is an essential asset for reaching objectives such as **EcoVadis Gold status** in which procurement strategy is a key metric. Part of our procurement strategy and responsible management of our supply chain operations consists in **prioritizing local suppliers**. Chemicals supplies to our global plants, in terms of average purchases, are 90% from same geographical area as our plant, while our packaging goods, using same metric, we reach 100% local suppliers in all areas.

% spent ² on local ³ suppliers, 2021			
Type of RM	EU ¹	Americas	Asia
Chemicals	92%	94%	85%
Packaging	100%	100%	100%

¹ in May 2021, Italian company Kalichem srl entered into the groups’s ERP environment, therefore it is included

² conversion from local currency to EUR used the average Group exchange rate 2021

³ same geographical area

Understanding the footprint of our operations in terms of materials used and their renewability is critical to manage its impact. While in 2021 we used more raw materials and packaging compared with 2020, the percentage of renewable materials used on both raw materials and packaging categories increased as well.

Total weight of materials used to produce and package primary products			
Type of material	2021	2020	2021 vs. 2020
Raw Materials (tonnes)	195.071	152.607	28%
of which renewable (tonnes)	45.445	38.972	17%
Packaging Materials (k units)	4.286	2.901	48%
of which renewable (k units)	213	146	46%

Reporting year 2021 has been extremely critical for the whole supply chain due to worldwide shortages of many key raw materials, increasing number of Force Majeure declarations in the EU and US disrupting supply-demand equilibriums, and logistical challenges causing unexpected delays and cost increases in global shipping.

Our renewability ratio for raw materials used decreased slightly compared with the previous year (-2,2%), meanwhile in the packaging materials category, the renewability ratio remained unchanged vs. 2020.

Materials Renewability Ratios	2021		2020	
Total material used (tonnes)	195.071	100%	152.607	100%
Total non-renewable materials used (tonnes)	149.626	77%	113.635	74%
Total renewable materials used (tonnes)	45.445	23%	38.973	26%
Total packaging used (k unites)	4.286	100%	2.901	100%
Total non-renewable packaging used (k unites)	4.073	95%	2.755	95%
Total renewable packaging used (k unites)	213	5%	146	5%

Our share of recycled input materials decreased slightly in the petrochemical downstream output and packaging categories by -0,6% and -0,1% respectively. Our oleochemical downstream output, however, managed to increase its share of recycle input materials by +0,3% vs. 2020.

% of recycled input materials used to manufacture primary products			
Type of material	2021	2020	2021 vs. 2020
Petrochemical Downstream Output	1,5%	2,2%	-0,6%
Oleochemical Downstream Output	0,6%	0,3%	0,3%
Packaging Recycled	0,7%	0,8%	-0,1%

An aerial photograph of a roundabout in a desert landscape. The road is dark asphalt with white dashed lines. The surrounding area is sandy and sparsely vegetated. The text is overlaid on the image in white boxes with dark blue borders.

we are.

Corporate Governance

Organizations working actively to combat
this crisis will be rewarded

Given the present climate emergency affecting our planet, inaction or delay is not an option we can afford. These are generation-defining challenges and we have a moral obligation to do our part. A commitment is a declaration of a pledge or promise. Acting on our stated commitments causes real impact, and that is **our Sustainability purpose: to keep our planet livable for all.**

The **Responsible Industrial Manufacturing is one of our funding values.** Therefore, all the reasonable precautionary measures are taken, even beyond statutory requirements, when planning, developing and launching products as well as in plant design and operation. The target is to minimize and to avoid negative consequences on the environment and on all the stakeholders.

"I feel like a lot has been done compared to just few years ago when Sustainability was only a word, a nice one but content-less most of the times.

Specifically I've perceived many people in my team not just mentioning "sustainability" but I saw it happening in their daily actions: for instance, a more conscious traveling "mode", the elimination of printed paper in favor of digital, the decision to not participate in-person at conventions or events by continuing the use of the "virtual" form even without travel restrictions.

In 2021, we planned to implement the ISO certification for our plants, which from the resource's standpoint is going to be very relevant, and we are working diligently to make it happen as planned.

In general, I noticed that the mind setting has been steadily changing and even the most skeptical individuals are now more inclined to think about how they could contribute to a more sustainable environment: undoubtedly, that is the direct result of the Group training sessions, new mentality, and policy that have been put in place. Everyone in my team is more aware, very willing to participate and changing their way of thinking about the world we live in."

Ciro Ruggiero, General Manager for the Americas

In compliance with the organizational and management model for the prevention of crimes listed in the **Italian Legislative Decree 231/2001** and any related laws, Lamberti appointed a **Supervisory Board**. It coordinates its activities with other bodies and departments responsible for the correct implementation and operation of control and monitoring. In performing its duties, the Supervisory Board also collaborates with company bodies and managers that have to lead by example and ensure their daily behavior is coherent with the rules of the Code of Ethics. In order to raise awareness regarding the Code, the Group guarantees free access to all documentation regarding the organizational and management model and the Code of Ethics.

We have set up a whistleblowing system, a system that provides employees with a way to report unacceptable conduct while protecting the whistleblower's identity and their right to confidentiality. The Group has also introduced specific penalties applied in the event of retaliatory or discriminatory acts to the detriment of the whistleblower.

We promote the adoption of measures designed to prevent, discover and communicate unlawful conduct and/or behaviors carried out in breach of the ethical principles adopted by the Group, and encourage our legal representatives, directors, managers and employees to report any breaches that may come to their knowledge. Matters subject to reporting are:

- Unlawful behaviors comprising one or more types of the crime for which the organization can be considered liable, pursuant to Italian Legislative Decree 231/01;
- Behaviors that, although not constituting any type of crime, were performed in violation of the rules of ethics and conduct, procedures, protocols and provisions contained within the 231 Model and the Code of Ethics.

In 2021, seven out of eight Lamberti's Italian sites were assessed for risks related to corruption, corresponding to 88% of Italian operations. There were **no incidents of corruption and no legal actions for anti-competitive behavior, anti-trust or monopoly practices**, nor non-compliance with laws and regulation in the social and economic area or significant

finances and non-monetary sanctions recorded in 2021.

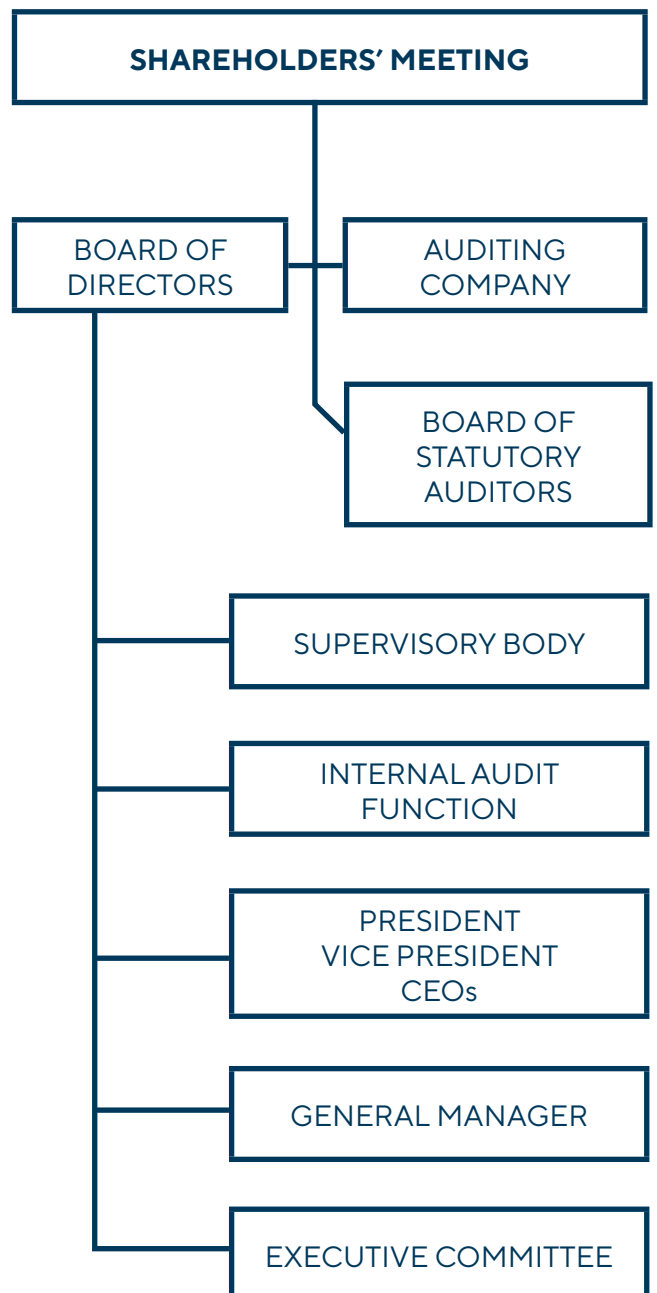
“Within our Group we often say that sustainability is a journey which takes time and commitment; being part of the Sustainability Team since the very beginning I can definitely confirm that. In the last year we have walked faster throughout our journey: we have implemented several country specific initiatives and we have established a team entirely dedicated to product sustainability, just to mention a couple of examples.”

Lamberto Lamberti, Product Sustainability Team



However, nowadays the bar within sustainability is constantly raising: we should see this as an opportunity to keep developing innovative solutions in line with market expectations and capable of improving people’s life”

Lamberti S.p.A. is a private company with a traditional governance system in place that delegates specific responsibilities to the Board of Directors, the Board of Statutory Auditors and the Shareholders’ Meeting.



As regards the Group's Board of Directors, the Shareholders' Meeting held on 29 June 2021 appointed a new Board of Directors consisting of five members who will be in charge until 31 December 2023.

The Board of Statutory Auditors was also re-elected on 29 June 2021. It consists of three auditors and two alternate auditors and will be in office until 31 December 2023.

Role	Name	Executive (E) Non-executive (NE)
President	Paolo Lamberti	E
Vice President	Carlo Lamberti	E
Administrator	Giuseppe li Bassi	E
Administrator	Roberto Porro	E
Administrator	Silvano Zocchi	NE

age and gender composition of the board of directors at 31 december 2021	30-50	51-70	>71
Male	0	3	2
Female	0	0	0

Our Governance structure, in addition to setting purpose, value, strategy, **allows us to set commitment objectives** and converts them into **actionable projects**.

Our **Executive Committee** (EC) manages and oversees our impact on the Economy, Environment and People, and decides on our strategic direction.

Our **Sustainability Steering Committee** (SSC) is chaired by our Group's Sustainability Director and is responsible for analyzing each strategic decision and converts it into actionable projects. The SSC creates subject-matter working groups tasked with project execution.

The SSC reports regularly to the EC and strategic decisions are discussed and projects' progress are evaluated.

Out EC leadership, made some statements exclusively for this annual 2021 Sustainability Report:

"First of all, I would like to thank all Lamberti employees and in particular those involved in the sustainability project for their commitment and the results obtained.

After the pandemic, we are facing a critical and emergency period, which entails a slowdown in decarbonisation projects. Our task, like that of the entire industrial sector, is to be able to combine emergency management with the continuity and implementation of the objectives set out in our Sustainability Report.

We are convinced that full sustainability is the result of the balance of 3 essential aspects: the environmental, social and economic aspects.

These are the principles that must inspire our present and even more future actions, for the harmonious development of our Group in full respect of all stakeholders."

Dr. Paolo Lamberti, President and CEO

" The ecological transition is a long and continuous journey that must also coincide with a change in our current mindset and life habits.

I will never stop arguing that 'the infinite paths of chemistry' will accompany us in this evolution beyond the horizon known to us and we will reach goals that are unimaginable today.

Unexpected external factors, much less welcome, are causing slowdowns in this process. These causes have perhaps also highlighted how the ecological transition is similar to a relay race. The timing and conditions of the athlete, who hands off the baton and of the one who collects it for the final effort, must be carefully considered.

Likewise, all the elements that contribute to the ecological transition must be examined, planned, and prepared so as not to jeopardize the goal which is the development of present and future generations. Lamberti believes in this goal and has chosen to play a leading role in its achievement.

I wish to thank all the collaborators for the continuous and assiduous commitment to our project."

Dr. Carlo Lamberti, Vice President and CEO

About this Report

Sustainability reporting is perhaps the most complex of all reporting schemes as it aims to collect and present useful and diverse data from a variety of sources. Furthermore, we report in accordance with the GRI's eight reporting principles of Accuracy, Balance, Clarity, Comparability, Completeness, Sustainability context, Timeliness, and Verifiability. As a natural progression in our Sustainability journey and in accordance with GRI's 2021 updated standards, we will include **third party assurance starting in our next annual report for year 2022.**

This report would not have been possible without the tireless and invaluable work of Lamberti Group's very committed teams across the entire organizational structure and geographies.

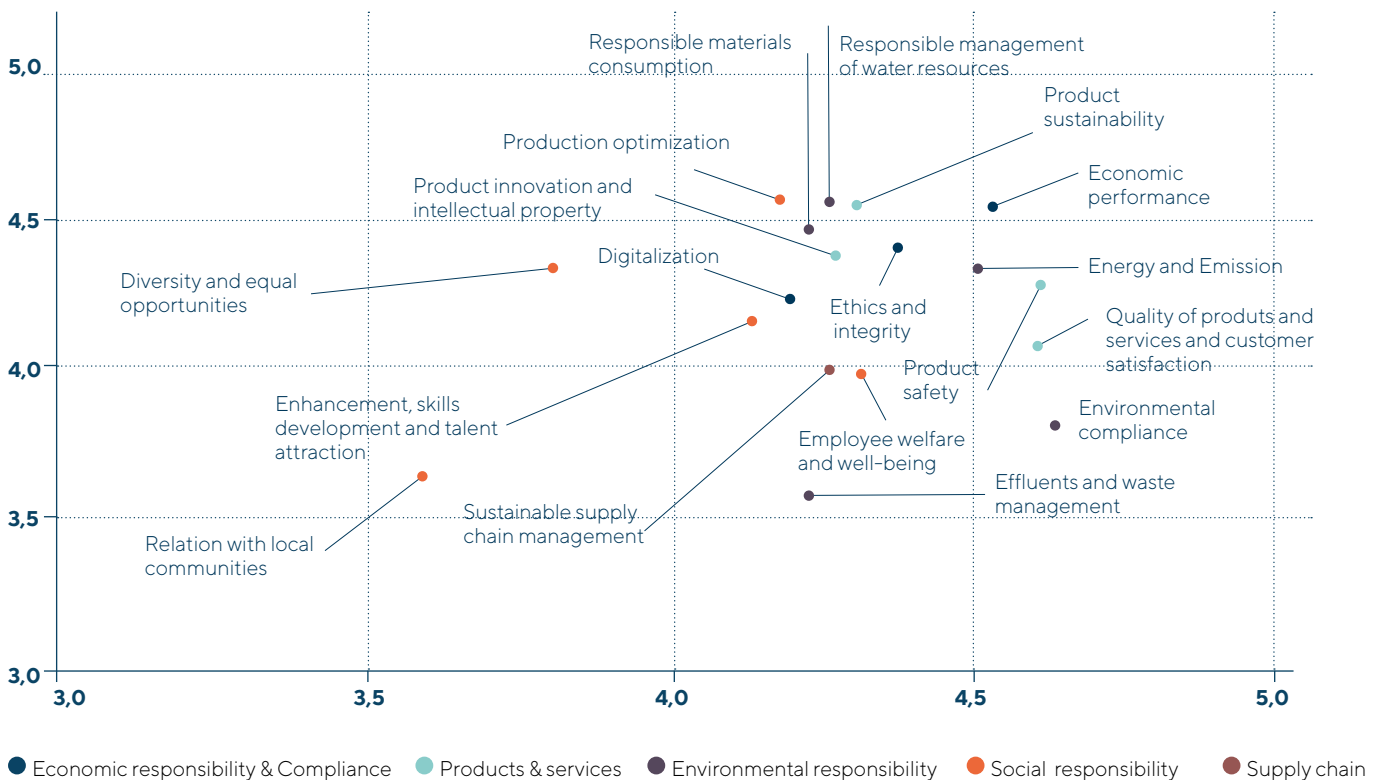
While an extremely important exercise of transparency and compliance, a Sustainability report is not an end onto itself. **This report** is a source of accountability towards our stakeholders as well as a **dynamic roadmap to combat the imminent threats of climate change** by understanding our impact and risks associated with this global phenomenon. In addition

to improving our social and governance responsibilities. **Climate change is not a future event it is a present emergency.**

Given Sustainability's broad reach, to focus on materiality impact a materiality analysis assessment with methodological support provided by Deloitte & Touche S.p.A. was performed in November of 2021. In the definition process of the materiality analysis, first, a group of potentially relevant aspects for the company and its stakeholders were identified. The identification included the analysis of internal documentation and external documentation.

Additionally, we performed a benchmarking analysis of industry best practices at national and international levels. Internal and external stakeholder groups responded to the key topics and concerns raised where representatives of each area expressed their point of view regarding relevant issues for the company. Among the topics evaluated, only those with the highest social and environmental impact as well as those with the highest relevance for stakeholders were considered essential for the Sustainability Report.

A complete list of our material topics can be seen in the resulting materiality matrix below.



“The chemical industry will need to be increasingly an interdisciplinary activity. We will need to collaborate with chemical engineers, process engineers, and computer scientists who know how to connect data and thus improve projects.”

Dr. Paolo Lamberti, President and CEO

Methodological Note

This document is the third Sustainability Report of the Lamberti Group and aims to highlight the organization’s achievements regarding economic, social and environmental aspects. The report describes initiatives and main results in terms of sustainability performance **covering the period from January 1st to December 31st 2021** and illustrates the commitment of the Group to creating value for all its stakeholders. Figures relating to previous years are provided solely for comparative purposes to enable an assessment of the Group’s activities over a longer period.

This report has been prepared in accordance with the GRI Standards - Core option (hereinafter “GRI Standards”), defined in 2016 by the GRI - Global Reporting Initiative. These Standards were selected as the reporting framework by the Group due to their international recognition and because they make it possible to prepare a complete, clear and comparable report. The GRI Standards’ principles for defining report content and quality have been duly considered to guarantee the reliability of the reporting.

The contents and indicators subject to reporting were selected from the results of the materiality analysis described in the opening section of this document and the details of the disclosures reported are shown in the table “GRI Content Index” on page 53. The materiality analysis allowed for the identification of the most relevant sustainability issues for Lamberti and for its stakeholders.

The reporting scope includes the **10 countries** where the Group has significant manufacturing operations (**Italy, France, Russia, Spain, Brazil, Mexico, USA,**

China, India and Indonesia) and the commercial offices of **United Arab Emirates, South Africa and the site of Canada** as far as data related to human resources is concerned. The impact of all other commercial offices (**Hong Kong, South Korea, Germany, Turkey, Poland, Norway, Argentina and Colombia**) on the performance indicators at the consolidated level is not deemed significant. For figures related to economic performance, all Group activities are included and the scope of the Report corresponds to the 2021 consolidated financial statements, unless otherwise indicated.

As far as significant changes to the organization and its supply chain is concerned, on 30 April 2021, the parent, Lamberti S.p.A., acquired a 100% investment in Mirgo S.p.A.

Any specifications and exceptions to the reporting scope are clearly indicated in their relevant sections. To ensure the reliability of the data, the use of estimates was limited as much as possible.

Whenever present, proper explanations of the issues are provided within the document.

The Sustainability Report is published annually. The Board of Directors approved this document on 13/12/22.

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21013 Gallarate (VA) Italy

For more information regarding Lamberti’s Sustainability Report, please refer to the following contact: sustainabilityreport@lamberti.com

Topic Boundaries

Macro-Area	Material Topic	Website Section	Topic Boundary	Type of Boundary
Economic responsibility & Compliance	Ethics and integrity	People	Lamberti Group	Generated by the Group
	Economic performance	Prosperity	Lamberti Group; Investors and financial community	Generated by the Group
	Digitalization	People	Lamberti Group	Generated by the Group
Products & services	Product safety	Product	Lamberti Group, customers and final-consumers	Generated and contributed by the Group
	Product innovation and intellectual property	Product	Lamberti Group	Generated by the Group
	Quality of products and services and customer satisfaction	Product	Lamberti Group	Generated by the Group
	Production optimization	Product	Lamberti Group	Generated by the Group
	Product sustainability	Product	Lamberti Group	Generated and contributed by the Group
Social responsibility	Enhancement, skills development and talent attraction	People	Lamberti Group	Generated by the Group
	Employee welfare and well-being	People	Lamberti Group	Generated by the Group
	Relation with local communities	People	Lamberti Group	Generated and contributed by the Group
	Diversity and equal opportunities	People	Lamberti Group	Generated by the Group
Supply chain	Sustainable supply chain management	Product	Lamberti Group	Generated by the Group
Environmental responsibility	Responsible management of water resources	Planet	Lamberti Group	Generated by the Group
	Responsible materials consumption	Planet	Lamberti Group and its suppliers	Generated by the Group and directly linked through its business relationships
	Effluents and waste management	Planet	Lamberti Group, customers and final-consumers	Generated and contributed by the Group
	Energy and Emissions	Planet	Lamberti Group	Generated by the Group
	Environmental compliance	Planet	Lamberti Group	Generated by the Group

GRI Standard	Disclosure	number
GRI 101: FOUNDATION (2016) GRI 102: GENERAL DISCLOSURES (2016)		
Organizational Profile		
102-1	Name of the organization	51
102-2	Activities, brands, products, and services	https://www.lamberti.com/systemic-solutions.html https://www.lamberti.com/industry.html
102-3	Location of headquarters	51
102-4	Location of operations	51 https://www.lamberti.com/industry/manufacturing-plants.html
102-5	Ownership and legal form	48
102-6	Market served	https://www.lamberti.com/systemic-solutions.html
102-7	Scale of the organization	7, 25, 29, 30 https://www.lamberti.com/industry/manufacturing-plants.html
102-8	Information on employees and other workers	7
102-9	Supply chain	43
102-10	Significant changes to the organization and its supply chain	42
102-11	Precautionary Principle or approach	37
102-12	External initiatives	15
102-13	Membership of associations	15
Strategy		
102-14	Statement from senior decision-maker	3
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behavior	7 https://www.lamberti.com/downloads/compliance.html https://www.lamberti.com/downloads/compliance.html
102-17	Mechanism for advice and concerns about ethics	7 https://www.lamberti.com/downloads/compliance.html
Governance		
102-18	Governance structure	49
102-22	Composition of the highest governance body and its committees	48
102-23	Chair of the highest governance body	49
102-26	Role of highest governance body in setting purpose, values and strategy	49
Stakeholder Engagement		
102-40	List of stakeholder groups	37
102-41	Collective bargaining agreements	8
102-42	Identifying and selecting stakeholders	37
102-43	Approach to stakeholder engagement	40
102-44	Key topics and concerns raised	50
Reporting Practices		
102-45	Entities included in the consolidated financial statements	51
102-46	Defining report content and topic Boundaries	51, 52
102-47	List of material topics	50
102-48	Restatements of information	The restatements of the information provided in the 2019 or 2020 Sustainability Reports were clearly disclosed in the appropriate sections.
102-49	Changes in reporting	No significant changes have occurred compared to 2019 or 2020 Sustainability

GRI Standard	Disclosure	Page number and notes
102-50	Reporting period	51
102-51	Date of most recent report	July 2020
102-52	Reporting cycle	51
102-53	Contact point for questions regarding the report	51
102-54	Claims of reporting in accordance with the GRI Standards	51
102-55	GRI content index	53
102-56	External assurance	This Report has not been subject to external assurance.
MATERIAL TOPICS		
Ethics and integrity		
GRI 103: Management Approach (2016)		
103-1	Explanation of the material topic and its boundaries	7, 8, 9, 13, 16, 17, 18, 23, 23, 23, 27, 29, 37, 42
103-2	The management approach and its components	7, 8, 9, 18, 23, 23, 23, 27, 29, 37, 42, 43
103-3	Evaluation of the management approach	7, 8, 9, 18, 23, 23, 23, 27, 29, 39, 43 https://www.lamberti.com/downloads/compliance.html
GRI 205: Anti-corruption (2016)		
205-1	Operations assessed for risks related to corruption	47
205-3	Confirmed incidents of corruption and actions taken	47
GRI 206: Anti-competitive Behaviour (2016)		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	47
GRI 419: Socioeconomic Compliance (2016)		
419-1	Non-compliance with laws and regulations in the social and economic area	47
Economic performance		
GRI 103: Management Approach (2016)		
103-1	Explanation of the material topic and its boundaries	7, 8, 9, 13, 16, 17, 18, 23, 23, 23, 27, 29, 37, 42
103-2	The management approach and its components	7, 8, 9, 18, 23, 23, 23, 27, 29, 37, 42, 43
103-3	Evaluation of the management approach	7, 8, 9, 18, 23, 23, 23, 27, 29, 39, 43
GRI 201: Economic Performance (2016)		
201-1	Direct economic value generated and distributed	31
201-2	Financial implications and other risks and opportunities due to climate change	29
207-1	Approach to tax	32
207-2	Tax governance, control, and risk management	32
207-3	Stakeholder engagement and management of concerns related to tax	32
207-4	Country-by-country reporting	33
Product safety		
GRI 103: Management Approach (2016)		
103-1	Explanation of the material topic and its boundaries	7, 8, 9, 13, 16, 17, 18, 23, 23, 23, 27, 29, 37, 42
103-2	The management approach and its components	7, 8, 9, 18, 23, 23, 23, 27, 29, 37, 42, 43
103-3	Evaluation of the management approach	7, 8, 9, 18, 23, 23, 23, 27, 29, 39, 43

GRI Standard	Disclosure	Page number and notes
GRI 416: Customer Health and Safety (2016)		
416-1	Assessment of the health and safety impacts of product and service categories	37
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	40
GRI 417: Marketing and Labelling (2016)		
417-1	Requirements for product and service information and labeling	37
417-2	Incidents of non-compliance concerning product and service information and labeling	40
Product innovation and intellectual property		
GRI 103: Management Approach (2016)		
103-1	Explanation of the material topic and its boundaries	7, 8, 9, 13, 16, 17, 18, 23, 23, 23, 27, 29, 37, 42
103-2	The management approach and its components	7, 8, 9, 18, 23, 23, 23, 27, 29, 37, 42, 43
103-3	Evaluation of the management approach	7, 8, 9, 18, 23, 23, 23, 27, 29, 39, 43
Product sustainability		
GRI 103: Management Approach (2016)		
103-1	Explanation of the material topic and its boundaries	7, 8, 9, 13, 16, 17, 18, 23, 23, 23, 27, 29, 37, 42
103-2	The management approach and its components	7, 8, 9, 18, 23, 23, 23, 27, 29, 37, 42, 43
103-3	Evaluation of the management approach	7, 8, 9, 18, 23, 23, 23, 27, 29, 39, 43
Product optimization		
GRI 103: Management Approach (2016)		
103-1	Explanation of the material topic and its boundaries	7, 8, 9, 13, 16, 17, 18, 23, 23, 23, 27, 29, 37, 42
103-2	The management approach and its components	7, 8, 9, 18, 23, 23, 23, 27, 29, 37, 42, 43
103-3	Evaluation of the management approach	7, 8, 9, 18, 23, 23, 23, 27, 29, 39, 43
Responsible resource consumption		
GRI 103: Management Approach (2016)		
103-1	Explanation of the material topic and its boundaries	7, 8, 9, 13, 16, 17, 18, 23, 23, 23, 27, 29, 37, 42
103-2	The management approach and its components	7, 8, 9, 18, 23, 23, 23, 27, 29, 37, 42, 43
103-3	Evaluation of the management approach	7, 8, 9, 18, 23, 23, 23, 27, 29, 39, 43
GRI 301: Materials (2016)		
301-1	Materials used by weight or volume	44
301-2	Recycled input materials used	45
GRI 303: Water and effluents (2018)		
303-1	Interactions with water as a shared resource	26
303-2	Management of water discharge-related impacts	26
303-3	Water withdrawal	26
303-4	Water discharge	26
Effluents and waste management		
GRI 103: Management Approach (2016)		
103-1	Explanation of the material topic and its boundaries	7, 8, 9, 13, 16, 17, 18, 23, 23, 23, 27, 29, 37, 42
103-2	The management approach and its components	7, 8, 9, 18, 23, 23, 23, 27, 29, 37, 42, 43
103-3	Evaluation of the management approach	7, 8, 9, 18, 23, 23, 23, 27, 29, 39, 43

GRI Standard	Disclosure	Page number and notes
GRI 306: Effluents and Waste (2016)		
306-2	Waste by type and disposal method	27
Energy and emissions		
GRI 103: Management Approach (2016)		
103-1	Explanation of the material topic and its boundaries	7, 8, 9, 13, 16, 17, 18, 23, 23, 23, 27, 29, 37, 42
103-2	The management approach and its components	7, 8, 9, 18, 23, 23, 23, 27, 29, 37, 42, 43
103-3	Evaluation of the management approach	7, 8, 9, 18, 23, 23, 23, 27, 29, 39, 43
GRI 305: Emissions (2016)		
305-1	Direct (Scope 1) GHG emissions	23 Sources for emission factors: - DEFRA, UK Government GHG Conversion Factors for Company Reporting (2021, 2020 and 2019), for direct energy consumption and refrigerant gas leakages
305-2	Energy indirect (Scope 2) GHG emissions	23 Sources for emission factors: - DEFRA, UK Government GHG Conversion Factors for Company Reporting (2021, 2020 and 2019), for district heating. - Terna, Confronti internazionali (2018), for electricity consumption - Location Based method. - Association of Issuing Bodies (AIB), 2018 and 2019 European Residual Mixes (2019-2020), for electricity consumption - Market Based method.
305-4	GHG emission intensity	23 Refer to the sources of emission factors indicated for GRI 305-1 and 305-2
305-6	Emissions of ozone-depleting substances (ODS)	24 R404a and R410a are both HFCs, therefore their ozone depleting potential is equal to 0 CFC-11e
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	24
GRI 302: Energy (2016)		
302-1	Energy consumption within the organization	24
302-3	Energy intensity	25
Environmental Compliance		
GRI 103: Management Approach (2016)		
103-1	Explanation of the material topic and its boundaries	7, 8, 9, 13, 16, 17, 18, 23, 23, 23, 27, 29, 37, 42
103-2	The management approach and its components	7, 8, 9, 18, 23, 23, 23, 27, 29, 37, 42, 43
103-3	Evaluation of the management approach	7, 8, 9, 18, 23, 23, 23, 27, 29, 39, 43
GRI 307: Environmental Compliance (2016)		
307-1	Non compliance with environmental laws and evaluation	27
Employee welfare and health and safety		
GRI 103: Management Approach (2016)		
103-1	Explanation of the material topic and its boundaries	7, 8, 9, 13, 16, 17, 18, 23, 23, 23, 27, 29, 37, 42
103-2	The management approach and its components	7, 8, 9, 18, 23, 23, 23, 27, 29, 37, 42, 43
103-3	Evaluation of the management approach	7, 8, 9, 18, 23, 23, 23, 27, 29, 39, 43
GRI 401: Employment (2016)		
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	8
401-3	Parental leave	9

GRI Standard	Disclosure	Page number and notes
GRI 403: Occupational Health and Safety (2018)		
403-1	Occupational health and safety management system	9
403-2	Hazard identification, risk assessment, and incident investigation	9
403-3	Occupational health services	9
403-4	Work participation, consultation, and communication on occupational health and safety	9
403-5	Worker training on occupational health and safety	9
403-6	Promotion of worker health	9
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	9
403-8	Workers covered by an occupational health and safety management system	9
403-9	Work-related injuries	9
403-10	Work-related ill health	9
Enhancement, skills development and talent attraction		
GRI 103: Management Approach (2016)		
103-1	Explanation of the material topic and its boundaries	7, 8, 9, 13, 16, 17, 18, 23, 23, 23, 27, 29, 37, 42
103-2	The management approach and its components	7, 8, 9, 18, 23, 23, 23, 27, 29, 37, 42, 43
103-3	Evaluation of the management approach	7, 8, 9, 18, 23, 23, 23, 27, 29, 39, 43
GRI 404: Training and Education (2016)		
404-1	Average hours of training per year per employee	8
Relation with local communities		
GRI 103: Management Approach (2016)		
103-1	Explanation of the material topic and its boundaries	7, 8, 9, 13, 16, 17, 18, 23, 23, 23, 27, 29, 37, 42
103-2	The management approach and its components	7, 8, 9, 18, 23, 23, 23, 27, 29, 37, 42, 43
103-3	Evaluation of the management approach	7, 8, 9, 18, 23, 23, 23, 27, 29, 39, 43
Digitalization		
GRI 103: Management Approach (2016)		
103-1	Explanation of the material topic and its boundaries	7, 8, 9, 13, 16, 17, 18, 23, 23, 23, 27, 29, 37, 42
103-2	The management approach and its components	7, 8, 9, 18, 23, 23, 23, 27, 29, 37, 42, 43 The company will improve the collection process of the Digitalization category presumably starting from the next reporting year
103-3	Evaluation of the management approach	7, 8, 9, 18, 23, 23, 23, 27, 29, 39, 43 The company will improve the collection process of the Digitalization category presumably starting from the next reporting year
Quality of products and services and customer satisfaction		
GRI 103: Management Approach (2016)		
103-1	Explanation of the material topic and its boundaries	7, 8, 9, 13, 16, 17, 18, 23, 23, 23, 27, 29, 37, 42
103-2	The management approach and its components	The company will improve the collection process of the Quality of products and services and customer satisfaction category presumably starting from the next reporting year
103-3	Evaluation of the management approach	The company will improve the collection process of the Quality of products and services and customer satisfaction category presumably starting from the next reporting year

GRI Standard	Disclosure	Page number and notes
Sustainable Supply Chain Management		
GRI 103: Management Approach (2016)		
103-1	Explanation of the material topic and its boundaries	7 , 8 , 9 , 13 , 16 , 17 , 18 , 23 , 23 , 23 , 27 , 29 , 37 , 42
103-2	The management approach and its components	7 , 8 , 9 , 18 , 23 , 23 , 23 , 27 , 29 , 37 , 42 , 43
103-3	Evaluation of the management approach	7 , 8 , 9 , 18 , 23 , 23 , 23 , 27 , 29 , 39 , 43
Diversity and Equal Opportunity		
GRI 103: Management Approach (2016)		
103-1	Explanation of the material topic and its boundaries	7 , 8 , 9 , 13 , 16 , 17 , 18 , 23 , 23 , 23 , 27 , 29 , 37 , 42
103-2	The management approach and its components	The company will improve the collection process of the Diversity and Equal Opportunity category presumably starting from the next reporting year
103-3	Evaluation of the management approach	The company will improve the collection process of the Diversity and Equal Opportunity category presumably starting from the next reporting year
GRI 405: Diversity and Equal Opportunity (2016)		
405-1	Diversity of governance bodies and employees	13
405-2	Ratio of basic salary and remuneration of women to men	14

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