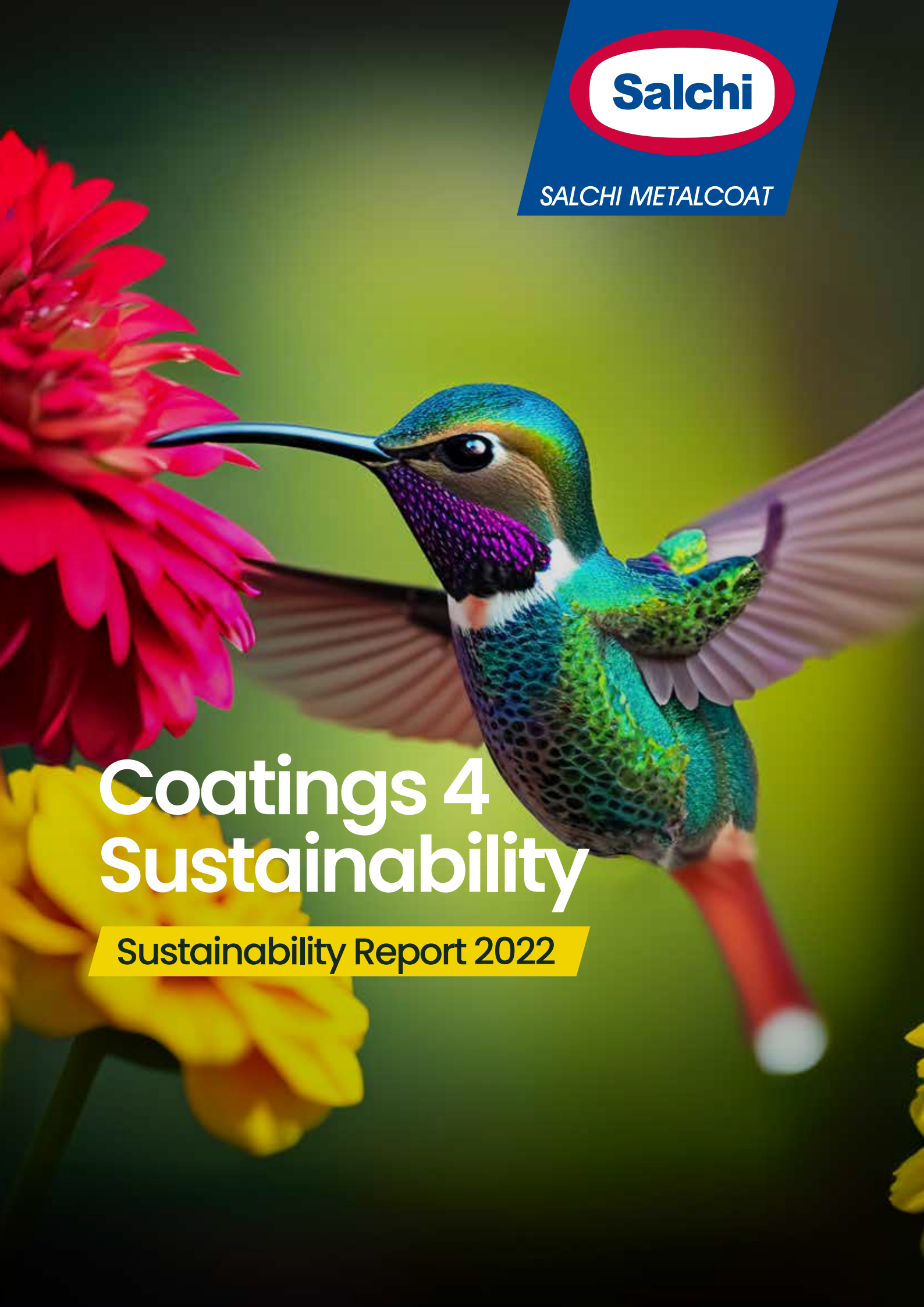
Salchi
SALCHI METALCOAT
Coatings 4 Sustainability
Sustainability Report 2022

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Introduction

Letter to Stakeholders

Dear Stakeholders,
With this letter I greet everyone who have already followed us with the first report published last year.

This second edition considers the results achieved in 2022 and, compared to the previous one, aims to further involve our stakeholders in the assessment. In doing so, it makes long-term strategies even more concrete by placing people, suppliers, customers, and institutions at the centre of our efforts.

Salchi is an Italian Company with a strong international vocation.
We are focused on the design, production and sale of coatings for the metal packaging and coil industries. The three key elements to transform the Company in the long run are People, Products and Processes.

During 2022, the Company provided several thousand hours of training and coaching to improve and update people on safety, environment, health and quality. Organisational wellbeing, with the provision of benefits, corporate welfare, inclusion, and work-life balance policies have contributed to improving working conditions. The Company is constantly committed to continuous improvement in the areas of safety at work, use of protective equipment and reduction of risky behaviour.

New products based on raw materials from renewable or recycled sources were introduced to the market. The Company employs extensive resources in the research and development of new formulations and sustainable solutions.

A review of Company processes was also completed, to ensure a renewed, more efficient management system. Significant investments in infrastructure and IT security training supported people and processes throughout the year.

We can summarise some of the key results obtained in 2022:

- Improved economic value distributed to stakeholders and retained in the Company;
- Reduction in fossil fuel consumption and consequent reduction in emissions;
- Reduction in the amount of waste generated;
- Involvement of stakeholders, and in particular suppliers, in sustainability projects.

Our vision is inspired by continuous improvement. Having this in mind, we have set ourselves short-term goals for the year 2023 in different areas:

1. **People**
   Specialised training on sustainability issues; implementation of performance management evaluation systems on senior staff.
2. **Products**
   Product innovation with industrial production of formulations based on renewable source material in cooperation with customers and suppliers.
3. **Processes**
   - Industrial process innovation, with the launch of energy-efficient Industry 4.0 machinery.
   - Start-up of the new logistics site, which will reduce handling and therefore improve safety.
4. **Increase “Near Miss” reporting**
   Increase reporting of “Near Miss” to improve risk assessment.

I would like to thank all our Stakeholders for their cooperation and support, which has allowed Salchi to start a process towards carbon neutrality.

Sebastiano Brenni
CEO, Salchi Metalcoat

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 1: Foundation 2021	1-1	Purpose and system of GRI Standards	ESRS 1: General requirements	8	Structure of sustainability statements
GRI 1: Foundation 2021	1-1	Purpose and system of GRI Standards	ESRS 1: General requirements	9	Linkages with other parts of corporate reporting and connected information
GRI 2: General disclosures 2021	2-29	Approach to stakeholder engagement	ESRS 1: General requirements	4	Sustainability due diligence
GRI 2: General disclosures 2021	2-29	Approach to stakeholder engagement	ESRS 2: General disclosure	SBM 2	Views, interests and expectations of stakeholders

History

Salchi Metalcoat was founded in 1993 as a joint venture between the Italian company Salchi S.p.A., owned by a family of Swiss industrialists (later sold to BASF Coatings in 1998), and the German company Rhenania Chemische GmbH, part of the Altana Group.

In the newly established Company, at the time called Salchi Rhenacoat S.r.l., the activities related to the production of coil coating and packaging coating of the two partners were concentrated.

After the liquidation of the German shareholder in 2004, the Company has taken the name of Salchi Metalcoat and has been wholly owned by the family of Swiss industrialists ever since.

Over time, Salchi has expanded its business through several strategic acquisitions: in 1994, the Italian coil coating business of Akzo Nobel was acquired; in 2000, the packaging coating and coil coating business of Siderius S.p.A.; in 2005 the repair technology for easy open closures of Qualitech/BASF Coatings; in 2011 the metal packaging business of Rembrandtin (Vienna); and in 2017, the metal packaging products and markets portfolio of Schekolin (Liechtenstein).
At the same time, it has consolidated its industrial site in Burago di Molgora (Italy). After inaugurating its own production facility in 1998, it has expanded in 2005 to the south of its site by acquiring 20,000sqm of land.

In 2014, it has acquired the production complex, adjacent to the north, formerly ALCEA Industries (2014-2011, bankruptcy), which had been owned by BASF Coatings (2011-1998) and before that by Salchi S.p.A. (1998-1960s).

Since then, the Company has been operating on a site of almost 90,000sqm, and has expanded its production capacity by restarting the former BASF Coatings facilities and installing a new production unit for automated small/medium batch production.

Today Salchi employs 156 people in its Burago di Molgora industrial site and concentrates all its manufacturing, R&D and sales activities in Burago. In Liechtenstein, it runs a laboratory entirely dedicated to R&D.

In 2022, it generated a turnover of approximately 115 million euro, split between Italy and abroad.

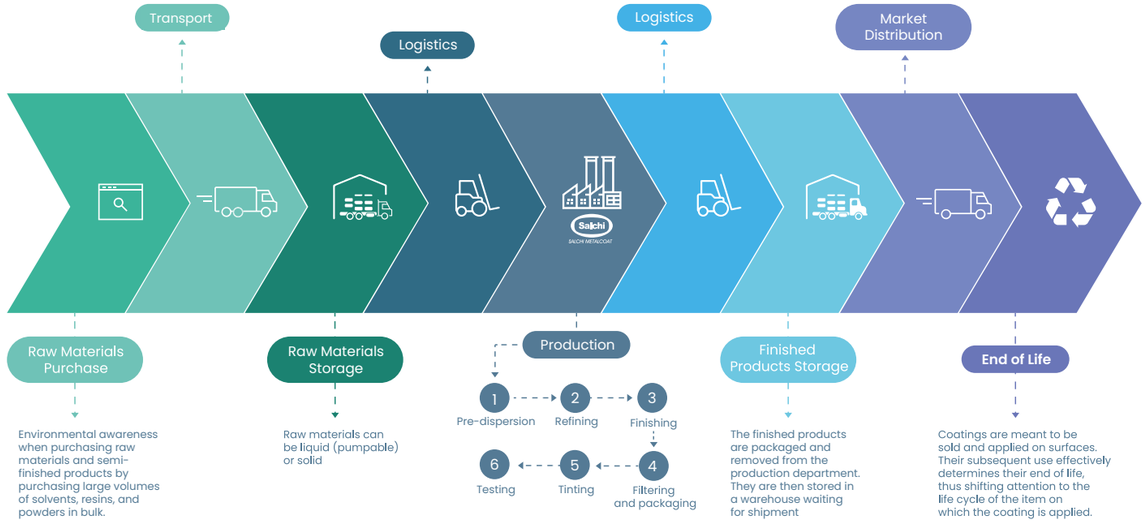
Future growth is already planned and the 2023-2025 business plan envisages new investments to further increase production capacity and site automation, drive sustainable growth and deliver value.

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 2: General disclosures 2021	2-1	Organizational details	ESRS 2: General disclosure	SBM-1	Overview of strategy and business model

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 2: General disclosures 2021	2-6	Activities, value chain and other business relationships	ESRS 2: General disclosure	SBM-1	Overview of strategy and business model

Our value chain (Figure 1) describes all the activities involved in the manufacture of coatings for the pre-painted and industrial and metal packaging industries (coil, foil, packaging), including those industries that operate upstream and downstream: from the design phase of the formulations to their production and up to their final application.

The value chain



Certifications

Salchi defines the operational and organisational processes in accordance with the highest market and sector standards, which are continuously verified and certified by independent third parties. The Company has obtained the following certifications, all related to the IAF 12 sector ("Design, development, production by mixing and dispersion, refining, finishing, filtration, packaging and marketing of coatings products for the can, coil and foil sectors"):

ISO 9001:2015 ISO 14001:2015 ISO 45001:2018

Sustainability Engagement

Salchi is a member of the main trade and sector associations, within which it plays an active role by promoting a business approach based on the logic of sustainable development.

Ref. GRI Standard			Ref. ESRS Standard - to be		
Political engagement and lobbying activities	2-28	Membership associations	ESRS G2: Business conduct	G2-9	Political engagement and lobbying activities

FEDERCHIMICA CONFINDUSTRIA · FEDERCHIMICA AVISA · CEPE · ecca prepainted metal · CONAI Consorzio Nazionale Imballaggi · Verband Metallverpackungen membro della Fördergesellschaft MetallVerpackungen

Strategy, vision and approach to sustainability

Salchi intends to play a significant role in the economic and social context in which it operates by promoting development that protects both people and the environment, in line with the Sustainable Development Goals (SDGs) of the 2030 Agenda.
With this Sustainability Report, which follows the first edition relating to 2021 and published in 2022, the Company proceeds with the qualitative and quantitative measurement of the main indicators provided for by ESG reporting standards, also considering the new European EFRAG - ESRS standards have also been followed in the analysis.

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 1: Foundation 2021	1-2	Key concepts	ESRS 1: General requirements	4	Sustainability due diligence
GRI 2: General disclosures 2021	2-22	Statement on sustainable development strategy	ESRS 2: General disclosure	SBM 1	Overview of strategy and business model
GRI 3: Material topics 2021	3-1	Process to determine material topics	ESRS 2: General disclosure	IRO 1	Description of the processes to identify material sustainability impacts, risks and opportunities

Vision and values

1. **Dialogue with Stakeholders:** we promote an open, transparent dialogue with all stakeholders in order to build a common future from an ethical and sustainable perspective.

2. **The centrality of the Customer:** the corporate strategy and processes are designed to respond effectively to the needs of customers with a view to mutual benefit and growth.

3. **Innovation and continuous improvement:** we work daily on improvements through personal training plans, review processes and by promoting the use of new technologies in research and development.

4. **Risk management:** we have developed a risk and opportunity management system base on a culture shared at all levels of the organisation; we analyse and anticipate the possible scenarios that could create threats for people who work at Salchi and for people who, directly or indirectly, come into contact with the Company and its operations. The goal is to prevent or mitigate any negative impact and implement the best strategies and solutions.

The Company's Code of Ethics will be covered in detail at page 66.

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 2: General disclosures 2021	2-22	Statement on sustainable development strategy	ESRS 2: General disclosure	SBM 3	Interaction of impacts and the undertaking's strategy and business model
GRI 2: General disclosures 2021	2-23	Policy commitments	ESRS S2: Workers in the value chain	S2-1	Policies related to value chain workers
GRI 3: Material topics 2021	3-1	Process to determine material topics	ESRS S1: Own workforce	S1-2	Processes for engaging with own workers and workers' representatives about impacts

Integration of ESG factors into corporate strategy

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 2: General disclosures 2021	2-22	Statement on sustainable development strategy	ESRS 2: General disclosure	SBM 3	Interaction of impacts and the undertaking's strategy and business model
GRI 3: Material topics 2021	3-1	Process to determine material topics	ESRS S2: Workers in the value chain	S2-2	Processes for engaging with value chain workers about impacts

3 GOOD HEALTH AND WELLBEING

- Protecting the health and safety of employees
- Protecting the health and safety of all external parties working in offices and departments
- Evaluation of suppliers with respect to health and safety areas applied to their employees
- Developing of safe products for consumers and end users

4 QUALITY EDUCATION

- Implementation of continuous training for employees
- Implementation of school-to-work initiatives and internships

5 GENDER EQUALITY

- Ensuring equal opportunities in selection, remuneration and promotion
- Implementing a reporting system for cases of discrimination and protection of whistleblowers

14 LIFE BELOW WATER

- Optimising and increasing the efficient use of water resources in company offices and plants

07 CLEAN AND AFFORDABLE ENERGY

- Investing in energy-efficient machinery and equipment
- Optimising production processes
- Designing coatings that require less curing time and consequent lower energy consumption

8 DECENT WORK AND ECONOMIC GROWTH

- Defining a strategy for growth and economic performance that ensures business continuity and protects employment
- Ensuring good working conditions and workers' rights, regardless of whether they work indirectly with the Company
- Provision of salary levels which are in line with the quality of work delivered and the cost of life
- Integrating ESG areas into the Company strategy in order to remain competitive in the market
- Implementing a risk assessment and handling process

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

- Investing in more energy-efficient machinery and equipment
- Optimising production processes
- Focusing on the research and development of new products
- Engaging local suppliers

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

- Increasing use of sustainable raw materials
- Selecting suppliers by also assessing them on sustainability criteria
- Optimising and increasing the efficiency of production systems
- Designing durable products
- Designing coatings that require less curing time and consequent less energy use
- Implementing circular economy processes, increasing recycling and reuse

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

- Implementing an organisational control model in accordance with Italian Legislative Decree 231
- Applying the Code of Ethics
- Defining a transparent and effective governance system

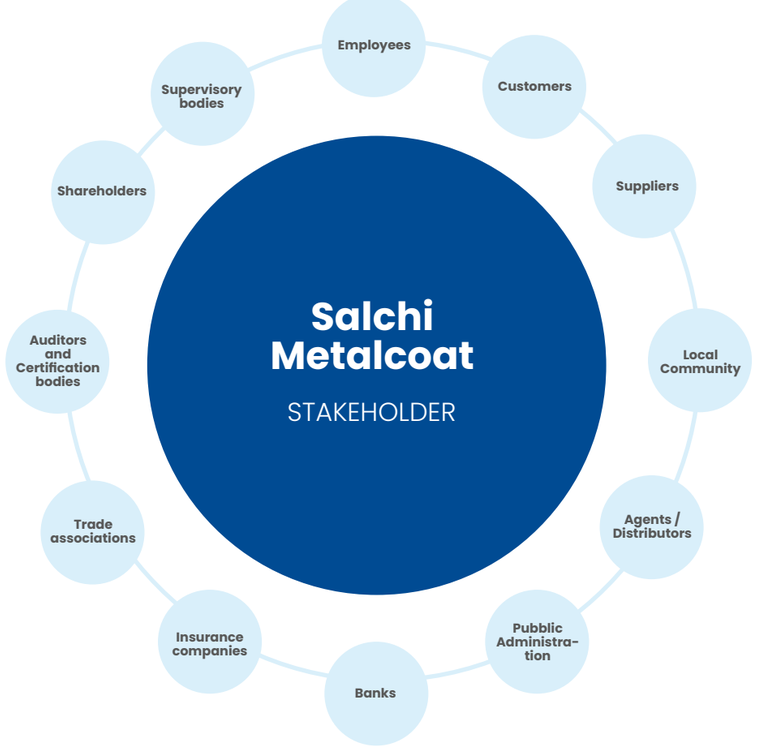
Our stakeholders

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 1: Foundation 2021	1-2	Key concepts	ESRS 1: General requirements	3	Double materiality as the basis for sustainability disclosures
GRI 2: General disclosures 2021	2-29	Approach to stakeholder engagement	ESRS 2: General disclosure	SBM 2	Views, interests and expectations of stakeholders
GRI 2: General disclosures 2021	2-29	Approach to stakeholder engagement	ESRS S1: Own workforce	S1-2	Processes for engaging with own workers and workers' representatives about impacts
GRI 2: General disclosures 2021	2-29	Approach to stakeholder engagement	ESRS S3: Affected communities	S3-2	Processes for engaging with affected communities about impacts
GRI 3: Material topics 2021	3-1	Process to determine material topics	ESRS S4: Consumers and end-users	S4-2	Processes for engaging with consumers and end-users about impacts

Sustainability is increasingly at the heart of the dialogue with stakeholders.

Salchi promotes opportunities for discussion, aimed at encouraging the acquisition and deeper appreciation of topics of relevant interest regarding sustainable growth.

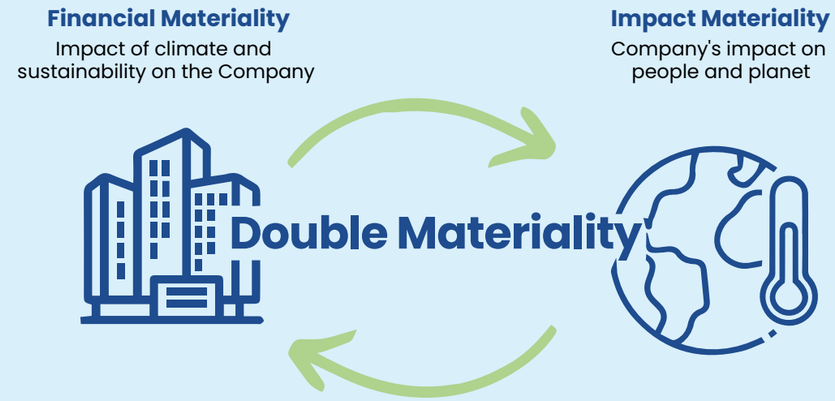
The goal is to ensure accurate and transparent reporting, to build and share strategies and solutions for development that consider the three ESG dimensions.



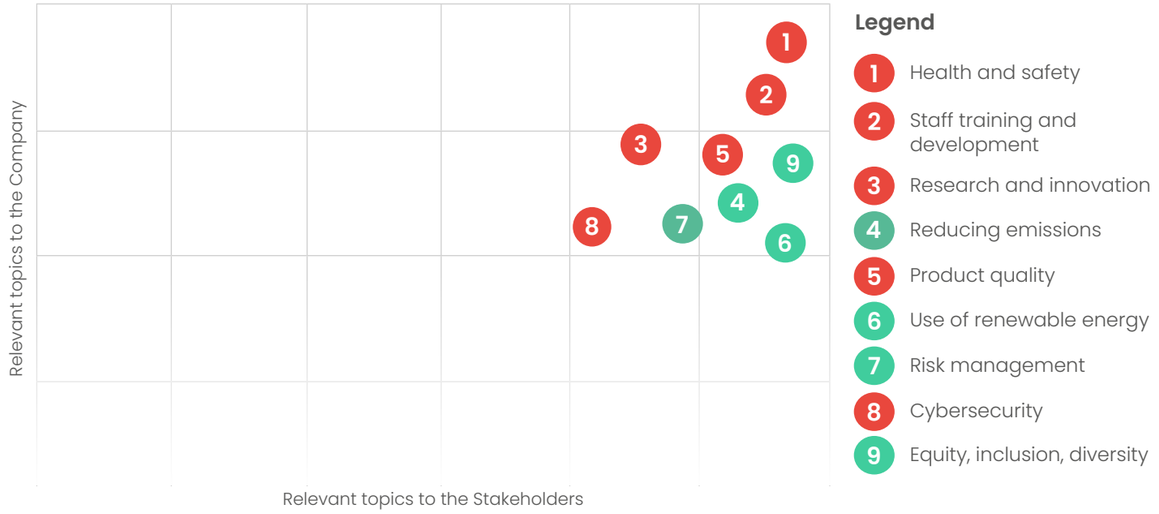
Double materiality

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 1: Foundation 2021	1-2	Key concepts	ESRS 1: General requirements	3	Double materiality as the basis for sustainability disclosures
GRI 3: Material topics 2021	3-1	List of material topics	ESRS 2: General disclosure	IRO 1	Description of the processes to identify material sustainability impacts, risks and opportunities

The so-called double materiality – the integration of environmental and social materiality and financial materiality – provides companies with criteria to determine whether a sustainability topic is relevant and therefore whether it should be included in the Sustainability Report.



Each material topic was analysed considering both its environmental and social, as well as financial impact for Salchi and for its Stakeholders, relating it to the Company's strategic-operational criteria. The result is the materiality matrix shown below, in which the elements highlighted in red represent the topics with the greatest expected financial impacts, while the ones highlighted in green represent the topics with the greatest sustainability impacts.



Sustainability goals

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 2: General disclosures 2021	2-22	Statement on sustainable development strategy	ESRS 2: General disclosure	SBM 3	Interaction of impacts and the undertaking's strategy and business model

The targets that Salchi has set itself in the short, medium, and long term relate to all the ESG areas of the Sustainability Report and are broken down into:

- Targets on ESG Policy;
- Targets on sustainability KPIs.

	Goals	Short term	Medium term	Long term
PRODUCT SUSTAINABILITY AND PROCESS INNOVATION	ESG Policy Targets		Enterprise Risk Management system implementation;	Carbon neutrality
	KPI Targets	Sustainability training delivered to the entire Company population; Sustainability discussions with selected suppliers.	Joint actions with suppliers / customers; Reducing emissions	Carbon neutrality
PEOPLE	ESG Policy Targets		Enterprise Risk Management system implementation; Gender equality certification	Carbon neutrality
	KPI Targets	Sustainability training provided to the entire Company population. Continuous Health and Safety training to the entire Company population.	Reducing emissions; Performance management system development; Zero workplace accidents .	Carbon neutrality
ENVIRONMENT	ESG Policy Targets	Climate Change Mitigation Plan	Implementation of management system for Environmental, Physical and Transition risk	Climate change mitigation plan
	KPI Targets	Increased use of renewable energy	Reduction of emissions	Carbon neutrality
SOCIAL	ESG Policy Targets	Preparation of a new Supplier Evaluation questionnaire	Supplier assessment based on criteria that include sustainability.	Carbon neutrality
	KPI Targets	Sustainability training provided to the entire Company population; Sustainability discussions with selected suppliers.	Joint actions with suppliers/ customers; Reduction of emissions	Carbon neutrality
GOVERNANCE	ESG Policy Targets	Formalisation of the "Sustainability Committee"; Update of the organisation chart; Revision of the Code of Ethics.	Enterprise Risk Management system implementation; Revision of all Company procedures; Extension of Model 231 to all areas covered by the regulation; Further development of transparent communication tools.	Carbon neutrality
	KPI Targets	Sustainability training provided to the entire Company population; Ongoing training in information security	Joint actions with suppliers / customers; Reduction of emissions; Implementation of procurement digital platform	Carbon neutrality

Methodology and Standards used for the report

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 1: Foundation 2021	1-3	Reporting in accordance with the GRI Standards	ESRS 1: General requirements	1	Categories of standards and disclosures under European Sustainability Reporting Standards
GRI 1: Foundation 2021	1-3	Reporting in accordance with the GRI Standards	ESRS 1: General requirements	8	Structure of sustainability statements
GRI 1: Foundation 2021	1-3	Reporting in accordance with the GRI Standards	ESRS 2: General disclosure	BP-1	General basis for the preparation of the sustainability statements
GRI 1: Foundation 2021	1-3	Reporting in accordance with the GRI Standards	ESRS 2: General disclosure	GOV 4	Integration of sustainability strategies and performance in incentive schemes
GRI 1: Foundation 2021	1-3	Reporting in accordance with the GRI Standards	ESRS 2: General disclosure	IRO 1	Description of the processes to identify material sustainability impacts, risks and opportunities
GRI 1: Foundation 2021	1-3	Reporting in accordance with the GRI Standards	ESRS 2: General disclosure	IRO 2	Outcome of the undertaking's assessment of material sustainability impacts, risks and opportunities as identified by reference to and in compliance with sector-agnostic and sector-specific level ESRS
GRI 1: Foundation 2021	1-4	Reporting principles	ESRS 1: General requirements	2	Qualitative characteristics of information
GRI 1: Foundation 2021	1-4	Reporting principles	ESRS 1: General requirements	3	Double materiality as the basis for sustainability disclosures
GRI 1: Foundation 2021	1-4	Reporting principles	ESRS 1: General requirements	4	Sustainability due diligence
GRI 1: Foundation 2021	1-4	Reporting principles	ESRS 1: General requirements	5	Value chain
GRI 1: Foundation 2021	1-4	Reporting principles	ESRS 1: General requirements	6	Time horizons
GRI 1: Foundation 2021	1-4	Reporting principles	ESRS 1: General requirements	7	Preparation and presentation of sustainability information
GRI 1: Principi Fondamentali 2021	1-4	Reporting principles	ESRS 2: General disclosure	BP-2	Disclosures in relation to specific circumstances
GRI 1: Foundation 2021	1-5	Additional recommendations for reporting	ESRS 1: General requirements	5	Value chain
GRI 1: Foundation 2021	1-5	Additional recommendations for reporting	ESRS 1: General requirements	6	Time horizons
GRI 2: General disclosures 2021	2-3	Reporting period, frequency and contact point	ESRS 2: General disclosure	BP-1	General basis for the preparation of the sustainability statements

The 2022 Sustainability Report has been created by taking as a reference the methodology and the standards identified by the Global Reporting Initiative (GRI), while also and considering the draft European EFRAG – ESRS standards. During the 2022 materiality process, a preliminary reflection on double materiality was initiated with the Company's stakeholders.

Through sustainability reporting Salchi intends to provide its stakeholders with information on the Company's risk management and internal control processes and, at the meantime, aims to provide evidence of the significant impacts, risks and opportunities resulting from the Company's strategy and business model.

Product sustainability and process innovation

Product sustainability and process innovation are key to the Company's success. The development of more sustainable products is strongly linked to process innovation and is intended to achieve a higher level of effectiveness and efficiency of production processes.

ESG Policy

New product development activity involves intense collaboration between customers and suppliers starting from the design phase. This activity is aimed at improving the product and preparing joint actions to monitor and address material impacts, risks, and opportunities.
Short-term goal is to promote a culture of sustainability within the Company by providing specific training on this topic to the entire Company population.
In the medium term, an ERM model will be implemented to assess risks and opportunities along all Company processes. The goal is to reduce negative impacts on the environment in the medium and long term, and to implement environmentally friendly processes to reduce carbon emissions.

Objectives	Short term	Medium term	Long term
OBJECTIVES ON POLICY		Enterprise Risk Management implementation;	Carbon neutrality
OBJECTIVES ON KPI	Sustainability training delivered to the entire Company population; Sustainability discussions with selected suppliers.	Joint actions with suppliers/customers Reducing emissions	Carbon neutrality

Our products

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 2: General disclosures 2021	2-6	Activities, value chain and other business relationships	ESRS 2: General disclosure	SBM-1	Overview of strategy and business model

Packaging Products

Food Can coatings: we supply internal and external coating systems for all kind of packaging. Our solutions are suitable for preserving and protecting food, in compliance with the world's most strict food contact regulations. The range includes BPA-NI solutions, repair technologies, liquid and powder side seam stripes, easy-open-ends (EOE), and electrocoating, and is suitable for any kind of food, including the most aggressive ones;

Cap and Closure coatings: our solutions for both food and beverage closures are tailored to our customers' needs and available for the exterior and interior of all kinds of closures. Our range includes, among others, solvent- and high-solids-based, PVC- and BPA-NI solutions, UV and water-based coatings for spray application, and is suitable for sterilisation and pasteurisation;

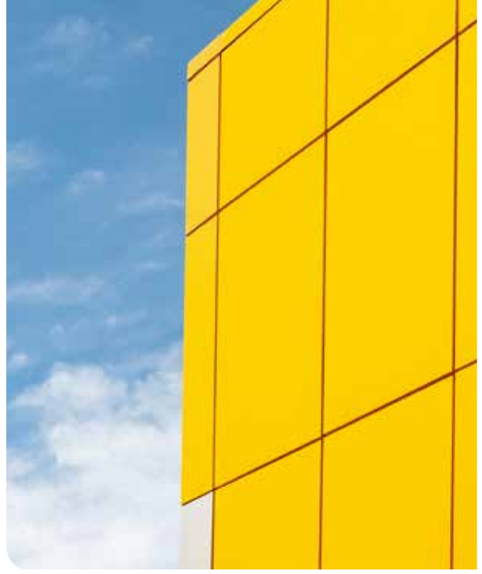
General Line coatings: we supply coatings systems to meet our customers' food and non-food needs. Our coatings are suitable for pails, closing rings, flanges and plugs. The range includes BPA-NI solutions, high-solid and UV coatings, repair powders, as well as low-VOC systems;

Aerosol, Monobloc & Tube coatings: monobloc, aerosol cans and aluminium tubes require the highest standards of flexibility and resistance. We offer solvent-, water- and UV-based coatings in a variety of finishes. The coating systems are suitable for food, pharma, personal care and industrial application, and are also available for plastic and glass.

Fancy Can coatings: these products adapt to all kinds of shapes and provide beauty and colour, as well as the most distinctive tactile effects. The range includes different technologies and can be used for any type of metal can, whether for food, personal care or industrials;

Metal decorating inks: we offer a complete range of inks suitable for all types of printing, whether conventional, UV or UV-LED. Our solutions can be applied to any type of metal packaging and are highly resistant to sterilisation and pasteurisation. The quality of our inks ensures exceptional and durable printing results.

Coil/Foil Products



Outdoor solutions: we offer a range of coating systems for application on steel and aluminium coils that can be adapted to any requirement; our primers, back and topcoats are designed to withstand the most extreme weather conditions, lasting over time and thus preserving the initial aesthetic and characteristics;

Indoor solutions: our coating systems are formulated based on the most stringent technical specifications of the household appliance market and other indoor solutions. Our products ensure high bending flexibility, wide gloss range, high resistance to aggressive chemicals and superior surface hardness;

Foil coatings: Our products provide solutions that ensure excellent product protection.
The experience gained in the food packaging sector, combined with in-depth knowledge of coil coating application technology, allow us to work synergistically with both BPA and BPA-NI solutions suitable for the food, pharma and aluminium closure markets, in compliance with the most stringent food regulations.

Product Innovation

Sustainability is a driver for technological innovation and new product development. The Company is aware of the need to adopt a holistic approach to product innovation, which therefore must consider the process as a whole: from development to production processes, to distribution, to the impact of their use, to end-of-life. At all these stages it is possible to innovate, by optimising products and processes from a sustainable perspective. The research and development projects mentioned in the 2021 Sustainability Report are largely being pursued in 2022.

BIOMOCO® product development
The BIOMOCO® product range provides solutions formulated with sustainable raw materials derived from renewable sources or of natural origin (food industry waste not meant for human consumption), with the aim of providing the same performance as traditional products. For the Packaging sector, during 2022 three new solutions for aluminium tubes were approved and tested on an industrial coating line. This will allow the Company to offer complete coating systems for these products. In addition, a coating system for the exterior of crown corks closures has been developed. Formulations suitable for coil application and based on raw materials of sustainable origin have been developed and already positively tested in the laboratory.

SALNEX product development
The SALNEX range includes UV and UV-LED technology products, the special formulation of which allows them to use less energy during application and curing compared to traditional formulations. Salchi is partnering with customers and suppliers to further develop this product line.

At the end of 2022 and with the cooperation of customers, the development of a UV-LED radical coating has been launched.

Development of formulations in compliance with the latest international standards

A substantial part of Salchi's ongoing research is directed at the development of products that comply with the latest European and international regulations. This work mainly involves the Packaging coatings business, due to the strong connection to the food industry.

One example of this is the formulation of products free of methyl isobutyl ketone (MIBK), butyl glycol, melamine resins, or the search for FDA-compliant pigments intended for direct contact with food. Also in the Coil sector, particularly for applications on thin aluminium (Foil), there is a need to adapt to regulations.

The formulation of solutions free of polyfluorinated and perfluorinated alkyds (PFAS) and tin-based catalysts involved both research laboratories for Packaging and Coil coatings in 2022.

> The challenge is to rapidly find viable alternative materials that ensure compliance with regulations and at the same time deliver the same performance and chemical resistance as traditional products.

Electron-beam (E-BEAM) technology product development

Both the Packaging and Coil divisions conducted evaluations aimed at developing Electron-beam technology products. The aim is to reduce energy costs and to remove organic solvent from the formulations. Preliminary studies on raw materials and technologies were carried out during 2022.

Salchi is constantly working with customers and suppliers to develop innovative solutions.

For 2023, the goal is to continue with the development of sustainable products, both in terms of the raw materials used as well as processes, in order to create value along the entire production chain.

2023

The characteristics of the production process

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 2: General disclosures 2021	2-6	Activities, value chain and other business relationships	ESRS 2: General disclosure	SBM-1	Overview of strategy and business model

The layout of the production lines is designed to ensure maximum process efficiency. The most consumed raw materials are stored in tanks and silos and distributed through dedicated lines to the production units. The manufacturing steps that characterise the production process are:

- Pre-dispersion
- Refining
- Finishing
- Testing
- Dyeing
- Filtering/Packaging

Salchi's production process is supported by continuous research and development. Approximately 30% of the Company's personnel are employed in the formulation and product testing laboratories.

Product Lifecycle

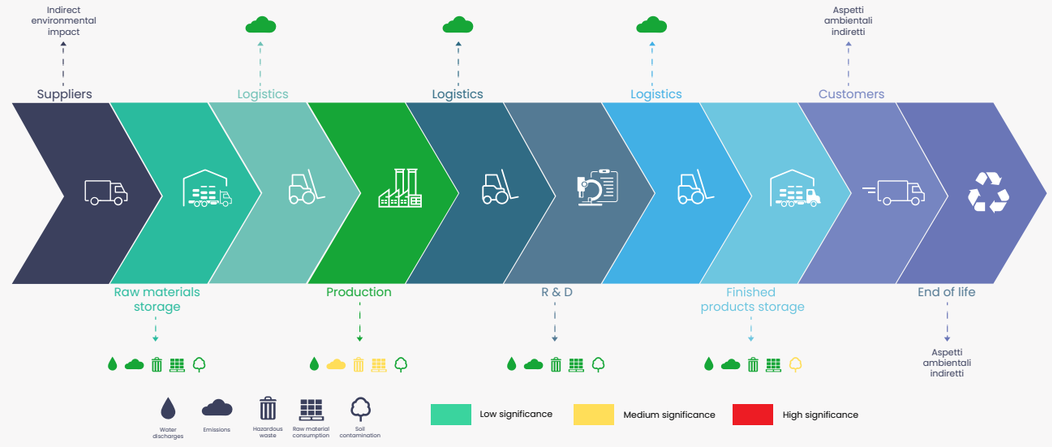
Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 2: General disclosures 2021	2-6	Activities, value chain and other business relationships	ESRS 2: General disclosure	SBM-1	Overview of strategy and business model
GRI 301: Materials	301-2	Recycled input materials used	ESRS E5: Resources use and circular economy	E5-3	Targets related to resources use and circular economy
GRI 301: Materials	301-2	Recycled input materials used	ESRS E5: Resources use and circular economy	E5-4	Resource inflows
GRI 301: Materials	301-2	Recycled input materials used	ESRS E5: Resources use and circular economy	E5-5	Resource inflows
GRI 308:Supplier Environmental Assessment	308-1	New suppliers that were screened using environ-mental criteria	ESRS E5: Resources use and circular economy	E5-1	Policies related to resources use andcircular economy
GRI 308: Supplier Environmental assessment	308-1	New suppliers that were screened using environ-mental criteria	ESRS E5: Resources use and circular economy	E5-2	Actions and resources related to resources use and circular economy
GRI 414: Supplier social assessment	414-1	New suppliers that were screened using social criteria	ESRS E5: Resources use and circular economy	E5-1	Policies related to resources use andcircular economy
GRI 414: Supplier social assessment	414-1	New suppliers that were screened using social criteria	ESRS E5: Resources use and circular economy	E5-2	Actions and resources related to resources use and circular economy

The 'Life Cycle Perspective' (LCP) of the product is focused on assessing the overall impact of the Company's production processes on the environment. The approach identifies and analyses direct and indirect environmental impacts, legislative compliance (Figure 1), risks and preventive actions planning in all Company areas (Figure 2), levels of control and influence on indirect impacts, from the supply chain to the end of product life (Figure 3). It is a perspective aimed at paying special attention to environmental protection at all stages, starting from the design up to the possibility of reuse or recycling of the product and, only as a last step, its disposal. Some of these above-mentioned aspects are addressed in the so-called indirect impacts (i.e. impacts which are not directly under the organisation's control), while others affect the Company in relation to the processes of research and development, production, information and customer and supplier relationship management.

Lifecycle Perspective

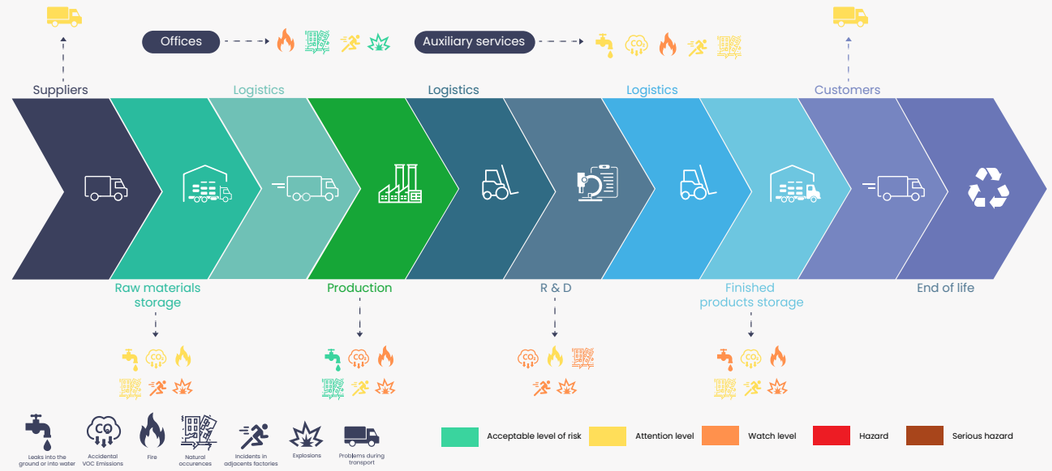
Management Control Level

Figure 1



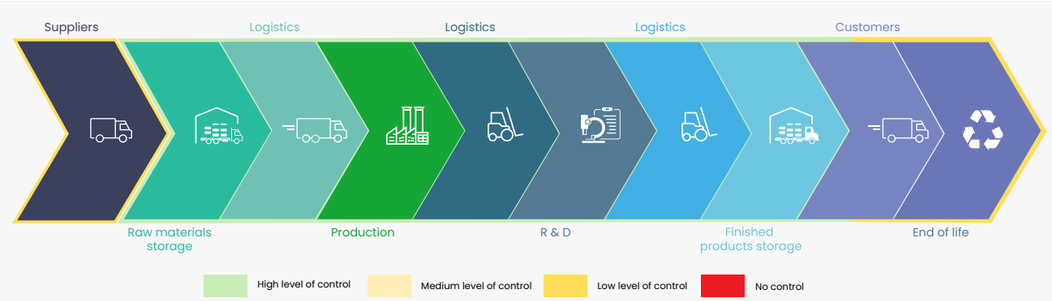
Risks

Figure 2



Environmental impacts

Figure 3



Safety and traceability of raw materials and products

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 2: General disclosures 2021	2-25	Processes to remediate negative impacts	ESRS S4: Consumers and end-users	S4-2	Processes for engaging with consumers and end-users about impacts
GRI 2: General disclosures 2021	2-25	Processes to remediate negative impacts	ESRS S4: Consumers and end-users	S4-3	Channels for consumers and end-users to raise concerns
GRI 416: Customers health and safety	416-1	Assessment of the health and safety impacts of product and service categories	ESRS S4: Consumers and end-users	S4-4	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities
GRI 417: Marketing and labeling	417-1	Requirements for product and service information and labeling	ESRS S4: Consumers and end-users	S4-1	Policies related to consumers and end-user

The design, development and characterisation of coatings are carried out by the R&D laboratories of the two Divisions. The Company considers these activities a priority and continuously invests in their enhancement. During 2022, a new laboratory, dedicated to quality control of small and medium batches for coil coatings, was completed adjacent to the new fully automated production unit 34.

To meet quality, safety and technological innovation requirements, the laboratories are equipped with instrumentation that allows, among other things, the monitoring and selection of raw materials in compliance with Italian and international regulations.

Inspection processes

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 2: General disclosures 2021	2-25	Processes to remediate negative impacts	ESRS S1: Own workforce	S1-2	Processes for engaging with own workers and workers' representatives about impacts
GRI 2: General disclosures 2021	2-25	Processes to remediate negative impacts	ESRS S1: Own workforce	S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns

The inspections on the entire production process implemented by Salchi are framed within the Integrated Quality-Safety-Environment Management System and regulated by specific procedures.

Specific methodologies and tools which meet both internal requirements as well as those set by national and international standards enable the correct unfolding of the process.

Regarding raw materials, Salchi has specific procedures that assign tasks and define responsibilities regarding the introduction of all new materials brought into the Company production process.

Raw materials undergo both documentary and technical inspections to verify the actual suitability of the substances to the needs of the production process as well as their compliance with national and international regulations.

The quality controls performed on the production process have a twofold purpose:

1. to ensure that products meet customers' needs;
2. to minimise waste of material and remanufacturing caused by non-compliance with the Company's pre-established production standards.

Each product is subjected to a quality control check aimed at monitoring and measuring, during the various stages of production, the conformity and performance of the coatings. The purpose is to ensure high levels of productivity and suitable chemical-physical resistance.

Auditing System

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 2: General disclosures 2021	2-25	Processes to remediate negative impacts	ESRS S1: Own workforce	S1-4	Taking action on material impacts on own workforce, and approaches to mitigation material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

To ensure safety and quality of raw materials and finished products, Salchi has implemented a Monitoring and Inspection System.

The Company has an internal and external auditing system to periodically review and monitor every business process. Planned in relation to the status and importance of the activities to be monitored, audits are conducted regularly.

Auditing activities also include key suppliers with the objective of verifying the compliance of their products and processes with Salchi's quality standards and values.

The goal is to grow as a Company system together with suppliers by sharing solutions for continuous improvement.
Information from customers is also evaluated, measured, and analysed through satisfaction questionnaires and complaint management.

What emerges leads to the identification and implementation of improvement actions shared with customers.

Labelling

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 2: General disclosures 2021	2-6	Activities, value chain and other business relationships	ESRS 2: General disclosure	SBM-1	Overview of strategy and business model
GRI 417: Marketing and labeling	417-1	Requirements for product and service information and labeling	ESRS S4: Consumers and end-users	S4-1	Policies related to consumers and end-user

The classification of substances and mixtures is guided by Regulation (EC) no. 1272/2008 (the so-called CLP Regulation), which not only establishes the criteria for classifying hazards, but also provides elements for the labelling and packaging of dangerous substances and mixtures.

Substances and mixtures that are placed on the EU market, whether manufactured or imported, must be assessed for their physical, chemical, toxicological, and eco-toxicological properties, in order to identify their potential hazard to humans and the environment.

The process of the inspection and classification of raw materials implemented by Salchi allows products to be labelled in accordance with EU legislation and in compliance with the principle of hazard assessment related to the intrinsic properties of the substance or mixture.

Raw materials

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 2: General disclosures 2021	2-6	Activities, value chain and other business relationships	ESRS 2: General disclosure	SBM-1	Overview of strategy and business model

The main raw materials used in Salchi's production process are binders, solvents, pigments, and additives in liquid, solid or powder form.

To carry out its production activities, the Company works with over 500 companies, located in 19 countries around the world on 3 different continents. During 2022, raw materials, components, supplies, and services auxiliary to production represented the Company's main items of expenditure.

Raw materials risk management

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 2: General disclosures 2021	2-13	Delegation of responsibility for managing impacts	ESRS 2: General disclosure	GOV 2	Information of administrative, management and supervisory bodies about sustainability matters
GRI 3: Material topics 2021	3-3	Management of material topics	ESRS E5: Resources use and circular economy	E5-1	Policies relating to resources use and circular economy
GRI 416: Customers health and safety	416-1	Assessment of the health and safety impacts of product and service categories	ESRS 2: General disclosure	IRO 1	Description of the processes to identify material sustainability impacts, risks and opportunities
GRI 416: Customers health and safety	416-1	Assessment of the health and safety impacts of product and service categories	ESRS S4: Consumers and end users	S4-4	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Salchi manages raw material risks by implementing prevention actions upstream and downstream of the production process and by assessing the impacts related to the supply chain, the financial solidity, and the operational capacity of suppliers. The strategy adopted to mitigate these risks focuses on five elements:

I - Procurement planning
II - Local sourcing
II - Diversification of raw material sources, while respecting quality and compliance criteria
IV - Traceability and monitoring of transport
V - Adjustment of stock levels.

Once the risk level has been defined, the Company implements the related intervention measures.

Scale of priorities and intervention measures

1 - Level of risk: Acceprable
Measures: None.
Negligible residual risk.

2 - Level of risk: Attention
Measures: Maintain control and level of risk.

3 - Level of risk: Monitor
Measures: Implement control through appropriate procedures and/or risk reduction.

4 - Level of risk: Hazard
Measures: Schedule interventions. Inadequacy of safety requirements,

5 - Level of risk: Serious hazard
Measures: Schedule priority upgrade interventions.

Communication with customers

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 2: General disclosures 2021	2-6	Activities, value chain and other business relationships	ESRS 2: General disclosure	SBM-1	Overview of strategy and business model

Salchi is committed to making available all the information regarding the raw materials used and the production standards implemented with its customers. The Company constantly communicates with its customers and supports them in the joint development of customised solutions. This interaction constitutes an opportunity for continuous improvement for Salchi.

People

Salchi complies with international and European human rights regulations and conventions. The Company guarantees appropriate working conditions, equal treatment, and opportunities for growth for its workforce.

ESG Policy

People are at the heart of Salchi's business model.

The Company's short-term goal is to spread the culture of sustainability within itself by providing specific training on this subject to the entire workforce.

In the medium term, the Company intends to:

- build a detailed performance management process.
- achieve gender equality certification to ensure fairness and transparency in its work processes.
- achieve the Zero accidents at work goal.

In addition, Salchi's policy in the medium term is oriented towards the implementation of an ERM (Enterprise Risk Management) framework, to enhance risks and opportunities assessment. This will add value to the management systems already in place in the single business processes and build up in terms of efficiency and effectiveness. In the long term, Salchi aims to reduce the negative impacts on the environment, to reduce carbon emissions, in line with international regulations, to ensure the physical well-being, safety and protection for the community.

Objectives	Short term	Medium term	Long term
OBJECTIVES OF POLICY		Enterprise Risk Management implementation; Gender equality certification.	Carbon neutrality
OBJECTIVES OF KPIs	Sustainability training provided to the entire corporate population; Continuous training on health and safety for the entire corporate population.	Reduction of emissions; Structured performance management development process; Zero accidents at work.	Carbon neutrality

Our people

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 2: General disclosures 2021	2-7	Employees	ESRS S1: Own workforce	S1-6	Characteristics of the undertaking's employees
GRI 2: General disclosures 2021	2-7	Employees	ESRS S1: Own workforce	S1-7	Characteristics of non-employee workers in the undertaking's own workforce
GRI 2: General disclosures 2021	2-30	Collective bargaining agreements	ESRS S1: Own workforce	S1-8	Collective bargaining coverage and social dialogue
GRI 401: Employment	401-1	New employee hires and employee turnover	ESRS S1: Own workforce	S1-6	Characteristics of the undertaking's employees
GRI 401: Employment	401-1	New employee hires and employee turnover	ESRS S1: Own workforce	S1-1	Policies related to own workforce

KPI

EMPLOYMENT CONTRACT BY GENDER	2021			2022		
	F	M	Total	F	M	Total
Fixed-term contract (number of people / FTEs)	2	1	3	1	0	1
Permanent contract (number of people / FTEs)	39	102	141	39	116	155
Total	**41**	**103**	**144**	**40**	**116**	**156**

PERSONNEL BY GENDER	2021			2022		
Female (number of people / FTEs)			41			40
Male (number of people / FTEs)			103			116
Total			**144**			**156**

EMPLOYEES UNDER COLLECTIVEAGREEMENTS	2021	2022
Percentage of employees covered by collective agreements	**100%**	**100%**

WAGE RATIOS	2021	2022
Ratios of standard entry level wage compared to local minimum wage	**116%**	**121%**

People are at the centre of Salchi's growth. The Company is committed to ensuring a working environment in which there is mutual trust and respect, and everyone feels involved in the activities and results achieved. As of 31 December 2022, there are 156 full-time equivalent (FTE) employees working for Salchi at Burago di Molgora (Italy). The percentage of female employees is 26%. All employment contracts are covered by collective agreements and 99% of the workforce is employed on a permanent, open-ended contract. The ratio between the minimum wage under collective agreements and the average wage for new employees (average by category) is 121%.

HIRINGS	2021	2022
Recruitments (number of people / FTEs)	13	20
Of which women	8	3
Of which men	**5**	**17**

HIRING BY AGE GROUP	2021	2022
<30 (number of people / FTEs)	2	5
30-50 (number of people / FTEs)	11	11
>50 (number of people / FTEs)	0	4
Total (number of people / FTEs)	**13**	**20**
Terminations (number of people / FTEs)	**8**	**8**
Of which women	0	3
Of which men	8	5

TERMINATIONS BY AGE GROUP	2021	2022
<30 (number of people / FTEs)		
30-50 (number of people / FTEs)	1	2
>50 (number of people / FTEs)	7	6
Total (number of people / FTEs)	**8**	**8**
New hirings rate	**9%**	**14%**
Exit turnover rate	**6%**	**6%**

In 2022, 20 new full-time equivalent (FTE) employees joined the workforce, including 3 women and 17 men, while the number of employees leaving the Company as of 31 December was 8, 3 women and 5 men.

Hiring rates broken down by age group show that 55% of new entries are aged between 30 and 50, 25% are under 30, and the remaining 20% are over the age of 50.
Salchi selects workers exclusively based on the skills and qualifications required; the Company provides every candidate with equal opportunities and conditions, adopts working hours and overtime in accordance with current legislation.

Organisational wellbeing and staff development

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 2: General disclosures 2021	2-19	Remuneration policies	ESRS S1: Own workforce	S1-1	Policies related to own workforce
GRI 2: General disclosures 2021	2-19	Remuneration policies	ESRS S1: Own workforce	S1-10	Adequate wages
GRI 2: General disclosures 2021	2-19	Remuneration policies	ESRS S1: Own workforce	S1-13	Training and skills development indicators
GRI 401: Employment	2-19	Benefits provided to full-time employees that are not provided to temporary or part-time employees	ESRS S1: Own workforce	S1-15	Work-life balance indicators

Salchi's policy is to ensure harmonisation between economic and social goals.

The Company promotes a culture among its personnel that encourages responsible behaviour through the adoption of specific organisation, management, and control models.
A correct perception of the climate within the organisation is essential for Salchi to ensure a high quality of work and to pursue continuous improvement.

Company welfare

Rif. GRI Standard			Rif. ESRS Standard - to be		
GRI 2: General disclosures 2021	2-19	Remuneration policies	ESRS S1: Own workforce	S1-1	Policies related to own workforce
GRI 401: Employment	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	ESRS S1: Own workforce	S1-15	Work-life balance indicators

Salchi offers a corporate welfare plan which is designed to increase the personal, work and family well-being of employees.
This positively affects the Company's organisational well-being and productivity.
Hereby is a representation of the various aspects of welfare.

Benefit	Home Office	Company Canteen
Flexible hours for office personnel	Free medical check-ups at the Company, during office hours	Free flu vaccination campaign
Annual medical check-ups connected to specific tasks	Tax assistance at the Company	Continuous training

Focus on training

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 2: General disclosures 2021	2-19	Remuneration policies	ESRS S1: Own workforce	S1-1	Policies related to own workforce
GRI 403: Occupational health and safety	403-5	Worker training on occupational health and safety	ESRS S1: Own workforce	S1-14	Health and safety indicators
GRI 404: Training and education	404-1	Average hours of training per year per employee	ESRS S1: Own workforce	S1-13	Training and skills development indicators
GRI 404: Training and education	404-2	Programs for upgrading employee skills and transition assistance programs	ESRS S1: Own workforce	S1-13	Training and skills development indicators
GRI 404: Training and education	404-3	Percentage of employees receiving regular performance and career development reviews	ESRS S1: Own workforce	S1-13	Training and skills development indicators

KPI

OCCUPATIONAL HEALTH AND SAFETY TRAINING	2022
focused on health and safety	1.075
focused on the environment	318
focused on quality	3.557
Total training hours provided	4.950*

**The data relating to training hours also considers personnel with an agency contract*

In 2022, an average of 32 hours of training were provided for each employee, totalling 4,950 hours, with the objectives of deepening and improving skills (upskilling) as well as acquiring new skills (reskilling) through specific training, including on-the-job training.
In 2022, following the activation of an internal project aimed at assessing skills, which was followed by specific training for shift managers and heads of production department, Salchi established a specific training course to reinforce the leadership and communication skills linked to these people.
Employee assessment is carried out in a transparent way by involving managers, the Human Resources Department and other parties who have a relationship with the person being assessed, through systems that are impartial, clear, and known.

Focus on Company benefits

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 401: Employment	401-2	Benefits provided tofull-time employees that are not provided to tempory or part-time employees	ESRS S1: Own workforce	S1-15	Work-life balance indicators

Employees play a decisive role in achieving the Company's defined objectives. Their levels of commitment, involvement and interest in a work project are strongly determined by their motivation. Salchi rewards the value of the people in the Company by providing benefits through a platform, which allows employees to use the vouchers loaded, as well as the share of participation and assiduity bonuses that they choose to allocate, thus having the opportunity to take advantage of the various services offered.

Agile working

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 2: General disclosures 2021	2-19	Remuneration policies	ESRS S1: Own workforce	S1-1	Policies related to own workforce
GRI 401: Employment	401-2	Benefits provided tofull-time employees that are not provided to tempory or part-time employees	ESRS S1: Own workforce	S1-15	Work-life balance indicators

Salchi pays particular attention to people and has introduced agile working to increase the wellbeing of employees and promote a personal work-life balance.

Diversity, equity, inclusion

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 202: Market presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	ESRS S1: Own workforce	S1-9	Diversity indicators
GRI 202: Market presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	ESRS S1: Own workforce	S1-10	Adequate wages
GRI 202: Market presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	ESRS S1: Own workforce	S1-16	Compensation indicators (pay gap and total compensation)
GRI 401: Employment	401-1	New employee hires and employee turnover	ESRS S1: Own workforce	S1-1	Policies related to own workforce
GRI 401: Employment	401-3	Parental leave	ESRS S1: Own workforce	S1-11	Social protection
GRI 405: Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	ESRS S1: Own workforce	S1-9	Diversity indicators
GRI 405: Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	ESRS S1: Own workforce	S1-10	Adequate wages
GRI 405: Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	ESRS S1: Own workforce	S1-11	Social protection
GRI 405: Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	ESRS S1: Own workforce	S1-12	People with disabilities
GRI 405: Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	ESRS S1: Own workforce	S1-16	Compensation indicators (pay gap and total compensation)
GRI 405: Diversity and equal opportunity	405-2	Ratio of basic salary and remuneration of women to men	ESRS S1: Own workforce	S1-16	Compensation indicators (pay gap and total compensation)
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	ESRS S1: Own workforce	S1-17	Incidents, complaints and severe human rights impacts and incidents

KPI

WORKERS BY AGE GROUP	2021	2022
<30 (number of people / FTEs)	12	13
30-50 (number of people / FTEs)	80	90
>50 (number of people / FTEs)	52	53
Total	**144**	**156**
Protected categories (number of people / FTEs)	**9**	**11**

WORKERS BY GENDER AND CATEGORY	F	M	Totale	F	M	Totale
Director (number of people / FTEs)	3	3	6	3	4	7
White-collar Worker (number of people / FTEs)	33	40	73	33	44	77
Blue-collar Worker (number of people / FTEs)	0	53	53	0	60	60
Manager (number of people / FTEs)	4	5	9	4	8	12
Total (number of people / FTEs)	**40**	**101**	**141**	**40**	**116**	**156**

The outgoing turnover rate in 2022 was 6%, whilst the hiring rate was 14%; all new hires are in the 30-50 age group.
42% of people with managerial positions are women (3 out of 7 as of 31 December 2022), while 33% of senior (middle) management positions are held by women (4 out of 12 as of 31 December 2022).
Salchi promotes equal opportunities in personnel selection and recruitment activities, and opposes any form of discrimination.
The Company promotes decision-making and assessment processes founded on objective and shared criteria.
Personal and mutual respect is expected and fostered between employees in all hierarchical levels and any form of conditioning is opposed, as well as any violation of Company procedures or practices. Salchi works daily to ensure that the Company is a place for growth for young talents and fulfilment for experienced professions, where everyone can express themselves to the best of their ability to achieve the Company's objectives.

Health and safety

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 403: Occupational health and safety	403-1	Occupational health and safety management system	ESRS S1: Own workforce	S1-11	Social protection
GRI 403: Occupational health and safety	403-1	Occupational health and safety management system	ESRS S1: Own workforce	S1-14	Health and safety indicators
GRI 403: Occupational health and safety	403-6	Promotion of worker\ health	ESRS S1: Own workforce	S1-5	Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities
GRI 403: Occupational health and safety	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	ESRS S1: Own workforce	S1-4	Taking action on material impacts on own workforce, and approaches to mitigation material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions
GRI 403: Occupational health and safety	403-8	Workers covered by an occupational health and safety management system	ESRS S1: Own workforce	S1-11	Social protection
GRI 403: Occupational health and safety	403-9	Work-related injuries	ESRS S1: Own workforce	S1-14	Health and safety indicators
GRI 403: Occupational health and safety	403-10	Work-related ill health	ESRS S1: Own workforce	S1-14	Health and safety indicators

KPI

WORKERS COVERED BY THE OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM	2021	2022
Covered workers (number of people / FTEs)	144	156
Percentage of workers covered	100%	100%
Workers covered (number of people / FTEs) and subject to internal audit	144	156
Percentage of workers covered and subject to internal audit	100%	100%
Workers covered (number of people / FTEs) and subject to third-party audit	144	156
Percentage of workers covered and subject to third-party audit	100%	100%

KPI

ACCIDENTS AT WORK	2021	2022
Production department	1	3
Yards	1	2
Laboratories	0	0
Offices	0	0
On-site	1	1
of which temporary	1	3
Total no. of accidents*	3	6
Accident days	62	90
No. of deaths due to accident	0	0
Total hours worked	310.149,5	303.525,5
Frequency index (No. of accidents/1 million hours worked)	9,7	19,77
Severity index (days lost/1,000 hours worked)	0,20	0,24
Rate of work-related injuries	1,93	3,95
Death rate due to work-related injuries	0,00	0,00

WORK-RELATED DISEASES	2021	2022
Cases of work-related diseases	0	0
Deaths due to work-related diseased	0	0
Types of work-related diseases	0	0

**The data relating to the number of accidents also consider personnel with an agency contract.*

> "The Company is committed to promoting and spreading a culture of safety, developing awareness of risks, promoting responsible behaviour and preserving, by means of preventive actions, health and safety of all employees, including those of external companies that may be present during operations at the Company site"
> (CODE OF ETHICS – SALCHI METALCOAT)

The Company uses the **231/01 Organisational Model and is ISO 45001:2018 certified.**
To ensure effective safety management, the following measures have been implemented:

- Adoption of an integrated risk and safety management system.
- Risk and criticality analysis of the processes and resources to be protected.
- Adoption of the best technologies.
- Monitoring and updating to working methodologies.
- Training and communication with the active involvement of employees.

This approach has led to a target of zero work-related deaths and work-related diseases in 2022. During the year, 6 accidents occurred with FI=19.77 and SI=0.24. Following the increase in accidents, continuous vertical training was undertaken with the staff involved.
100% of full-time equivalent employees (FTEs), are covered by the Occupational Health and Safety Management System.

Working at Salchi Metalcoat

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 401: Employment	401-1	New employee hires and employee turnover	ESRS S1: Own workforce	S1-1	Policies related to own workforce

The people who join Salchi are either young graduates, or recent graduates, or professionals with experience in the sector; in both cases, the level of satisfaction with the working environment and the opportunities for growth are always high.

Stories

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 2: General disclosures 2021	2-7	Employees	ESRS S1: Own workforce	S1-6	Characteristics of undertaking's employees
GRI 401: Employment	401-1	New employee hires and employee turnover	ESRS S1: Own workforce	S1-1	Policies related to own workforce
GRI 401: Employment	401-2	Benefits provided to full-time employees, that are not provided to temporary or part-time employees	ESRS S1: Own workforce	S1-15	Work-life balance indicators

Below are experiences that two employees wanted to share as a testimony of their professional and personal journey.

Serena, Production Operator

I obtained a diploma in advertising graphics in 2005 and have worked in this sector for quite some time. I joined Salchi in July 2022 and was placed in the production department, where I am mainly involved in the packaging process. The daily work is very interesting and the days are never the same: I really enjoy being able to contribute to solving production problems that arise and I am supported by colleagues who constantly help me to improve my skills.

The working environment is very positive, the people next to me are always smiling and very cooperative, and together we work to ensure that customers are satisfied. The Company is very attentive and sensitive to safety in the workplace and this is something that impressed me a lot, especially compared to my previous work experience. In my future, I hope to grow within the Company and learn new tasks. My dream would be to one day be able to work as a colour matching specialist and use the skills I have learnt, and use the skills I acquired during my studies.

Cosmina, Receptionist

I came to Italy from Romania at the age of 10, in August, to visit my father who was already working in Italy. It was supposed to be just a few days trip; however, my family decided to move there permanently.

So, I started school and graduated eventually as an Advertising Graphic Designer.
My path has not always been linear. I have had some physical problems that forced me to slow down and sometimes stop, but I have a strong character and I don't like being told that I can't do something! So, I have always tried to do my best to achieve my goals, perhaps by taking small steps, but always looking to the future with confidence and with a strong will to live and to go for all the things I believed I deserved but that, at times in my life, I thought would remain just dreams.
I came to Salchi in 2021 and was placed in the General Services, where I take care of various activities, from welcoming visitors to managing the switchboard; here I was able to take over some of the support for the administrative office, which is one of the activities I have always wanted to do.

I love my job because I can work in contact with people, to welcome them with a smile and make them feel at ease, trying to anticipate their needs.
Salchi gave me a great opportunity: to be able to work in a Company that has always made me feel welcome and appreciated, and that has given me the possibility to work a schedule that is in line with the management of my two young children. I hope to be able to work here for a long time and to continue to contribute to the growth of this beautiful Company.

Environment

Salchi aims to provide information regarding the Company's impact on the surrounding area and the actions taken to mitigate any effect of its behaviour on the environment in accordance with the objectives signed in the Paris Agreement. The Company intends to share the planning of its path to a sustainable economy by contributing to limiting global warming and mitigating actual or potential negative impacts.

ESG Policy

Salchi's commitment to protecting the environment and the territory in which it operates is based on the recent study by the United Nations Research Institute for Social Development (UNRISD) - "Authentic Sustainability Assessment. A User Manual for the Sustainable Development Performance Indicators", in which planetary sustainability thresholds are also considered within the Company's performance. The Company, therefore, measures its operations by considering the annual progress achieved in reducing the environmental impacts, its production, and its business in terms of less use of planetary resources.

Objectives	Short term	Medium term	Long term
OBJECTIVES ON POLICY	Climate change mitigation plan	Environmental, physical and transition risk management system	Climate change mitigation plan
OBIETTIVI SUI KPI	Increased use of renewable energy	Reduction of emissions	Carbon Neutrality

Environmental protection

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 304: Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	ESRS E4: Biodiversity and ecosystems	E4-1	Transition plan on biodiversity and ecosystems

Salchi is specialised in the design, development, production, and marketing of coatings for the Metal Packaging and Coil sectors. The Company's operations cover an area of about 90,000 sqm and its headquarters are in the municipality of Burago di Molgora, in the province of Monza and Brianza. The industrial area in which it is located is characterised by the presence of production activities:

- to the north and east, there are residential areas belonging to the municipalities of Burago di Molgora and Vimercate at a distance of tens of metres;
- to the south, some industrial and artisanal activities;
- to the east of the Company flows the Molgora river.

There are no tourist, archaeological, historical, cultural or landscape sites of interest close to the facility. According to the environmental analysis conducted yearly, including 2022, the Company's headquarters do not appear to belong to priority areas for biodiversity. The activity carried out at the site (type, method, authorisation regime) does not imply any potential effects on biodiversity.

Company policies and procedures to environmental and territorial protection

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 2: General disclosures 2021	2-23	Policy commitments	ESRS S3: Affected communities	S3-1	Policies related to affected communities
GRI 304: Biodiversity	304-2	Significant impacts of activities, products and services on biodiversity	ESRS E4: Biodiversity and ecosystems	E4-2	Policies related to biodiversity and ecosystems

In line with its environmental protection policy, Salchi monitors its industrial activities in order to reduce risks and manage its impact on the environment.
In 2006 it obtained certification to UNI ISO 14001 - Environmental Management System, through environmental analysis and the implementation of formalised and shared working procedures at all levels, with the aim of continuous improvement. Salchi is committed to complying with applicable current legislation and to carrying out continuous research and development to identify alternatives with lower environmental impact.
The environmental management system is based on risk analysis and product life cycle perspective, in line with ISO 14001:2015.

Regarding specific activities related to regulations, in 2022 the following was done:

- Maintain Seveso compliance, without exceeding the threshold limit for entry into article 13 (of Seveso III).
- Perform emissions analyses that confirmed compliance with the existing AUA - Single Environmental Authorisation.

The Company also dedicates a special part to the environmental management model in the measures relating to Legislative Decree 231/01.

Environmental protection as an opportunity

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 3: Material topics 2021	3-1	Process to determine material topics	ESRS S4: Consumers and end-users	S4-2	Processes for engaging with consumers and end-users about impacts
GRI 304: Biodiversity	304-2	Significant impacts of activities, products and services on biodiversity	ESRS E4: Biodiversity and ecosystems	E4-3	Actions and resources related to biodiversity and ecosystems
GRI 304: Biodiversity	304-2	Significant impacts of activities, products and services on biodiversity	ESRS E4: Biodiversity and ecosystems	E4-4	Targets related to biodiversity and ecosystems

The Company is committed to improving and optimising the management of business processes with the aim of increasing its performance and improving risk management, while meeting regulatory compliance.
In the environmental analysis document for 2022, Salchi demonstrated that it has maintained its goal of reducing production losses (production leakage) by achieving a **1.55% improvement on the 2021 KPI.**

Circularity of production processes

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 301: Materials	301-1	Materials used by weight or volume	ESRS E5: Resources use and circular economy	E5-1	Policies related to resources use and circular economy

Salchi recycles waste consisting of solvents used for cleaning parts of its plant, which are sent for distillation to be reused in subsequent washings. The ratio of the solvent returned from distillation and reused is 41% (KPI table - MATERIALS USED THAT HAVE BEEN RECYCLED OR RECOVERED).

Main categories of waste produced

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 301: Materials	301-1	Materials used by weight or volume	ESRS E5: Resources use and circular economy	E5-4	Resource inflows
GRI 306: Effluents and waste	306-3	Significant spills	ESRS E5: Resources use and circular economy	E5-5	Resource outflows
GRI 306: Effluents and waste	306-3	Significant spills	ESRS E2: Pollution	E2-2	Actions and resources related to pollution
GRI 306: Effluents and waste	306-3	Significant spills	ESRS E2: Pollution	E2-4	Pollution of air, water and soil

KPI

WASTE	UNIT	2021	2022
Special Waste EWC 150202* Absorbents-filter materials-wiping cloths	Kg	64.252	70.147
Waste assimilable to municipal waste EWC 150106	Kg	57.420	58.240
Wood EWC 150103	Kg	43.670	23.800
Cans EWC 150110*	Kg	74.858	69.409
Plastic IBC EWC 150110*	Kg	205.240	174.500
Fustameria Ecologica/Fontana Drums EWC 150110	Kg	210.840	199.940
Waste Solvent EWC 140603	Kg	659.640	502.040
Waste coatings EWC 080111* - 080312*	Kg	168.020	84.186
Grey water EWC 161001*	Kg	10.220	6.230
Water EWC 161002	Kg	18.340	0
Water from washing station tanks EWC 080119*	Kg	820	0
Iron EWC 170405	Kg	110.780	26.560
Paper/Cardboard EWC 150101	Kg	12.200	9.620
Toner EWC 080318	Kg	102	10
WASTE GENERATED	Kg	**1.636.402**	**1.260.586**

WASTE	UNIT	2022
Waste	Kg	**1.260.586**
Non-hazardous waste	Kg	**143.040**
Disposed waste	Kg	24.150
Recycling	Kg	-
Recovery	Kg	118.890
Hazardous waste	Kg	**1.117.546**
Disposed waste	Kg	149.522
Recycling	Kg	-
Recovery	Kg	968.024
Total waste disposed of	Kg	**173.672**
Total waste recovered	Kg	**1.086.914**
Total waste	Kg	**1.260.586**

The percentage of waste destined for recovery for the year 2022 was 86.2%. The most significant reduction for Salchi is related to the amount of coating and ink waste, mostly due to the type of processing and the warehouse management policy.

Recycling, recovery, and disposal

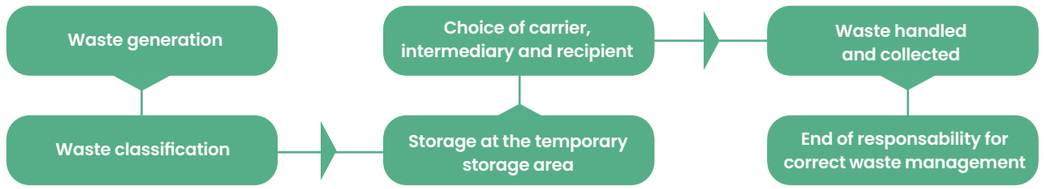
Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 301: Materials	301-1	Recycled input materials used	ESRS E5: Resources use and circular economy	E5-2	Actions and resources related toresources use and circular economy
GRI 306: Effluents and waste	306-4	Transport of hazardous waste	ESRS E5: Resources use and circular economy	E5-5	Resource outflows
GRI 306: Effluents and waste	306-5	Water bodies affected by water discharges and/or runoff	ESRS E5: Resources use and circular economy	E5-5	Resource outflows
GRI 306: Effluents and waste	306-5	Water bodies affected by water discharges and/or runoff	ESRS E2: Pollution	E2-2	Actions and resources related to pollution
GRI 306: Effluents and waste	306-5	Water bodies affected by water discharges and/or runoff	ESRS E2: Pollution	E2-3	Targets related to pollution
GRI 306: Effluents and waste	306-5	Water bodies affected by water discharges and/or runoff	ESRS E2: Pollution	E2-4	Pollution of air, water and soil

KPI

MATERIALS USED THAT HAVE BEEN RECYCLED OR RECOVERED	UNIT	2022
Raw materials and semi-finished products	%	0,19%
Finished product	%	5,54%
Total	%	**5,73%**
Cleaning solvent	%	41%

Salchi manages, collects, handles, and transports its waste to temporary storage facilities within its plant. The entire waste management process is defined by a procedure of registration and delivery of waste to authorised external companies for disposal or recovery.

The first waste management stage begins with the classification process in accordance with the guidelines set out in Resolution 105/2021, which follows a multi-step approach based on the complexity of the waste itself.



Water resources

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 303: Water and effluents	303-5	Water consumption	ESRS E2: Pollution	E2-4	Pollution of air, water and soil
GRI 303: Water and effluents	303-5	Water consumption	ESRS E3: Water and marine resources	E3-3	Targets related to water and marine resources
GRI 303: Water and effluents	303-5	Water consumption	ESRS E3: Water and marine resources	E3-4	Water consumption

KPI

WATER CONSUMPTION	UNIT	2021	2022
Water consumption	m^3	10.907	10.815

Salchi uses water taken from the municipal mains network, the consumption of which is strictly for domestic use, irrigation, and the fire-fighting water reserve. Discharges are flowed into surface water or into the public sewer system, in line with Italian Legislative Decree 152/2006 (the Environmental Code), as amended. The Company's water consumption in 2022 was 10,815 m^3, a reduction of 1% compared to the previous year.
Water is not used for any industrial production process.

Energy and emissions

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 302: Energy	302-1	Energy consumption within the organisation	ESRS E1: Climate change	E1-5	Energy consumption and mix
GRI 302: Energy	302-3	Energy intensity	ESRS E1: Climate change	E1-5	Energy consumption and mix

KPI

ENERGY CONSUMPTION	UNIT	2021	2022
Consumption of fossil fuels	kWh	**3.730.507**	**2.933.659**
Methane gas	kWh	3.264.437	2.577.519
Diesel fuel	kWh	466.070	356.140
Electricity	kWh	**4.221.086**	**4.333.607**
Of which non-renewable	kWh	2.813.776	2.480.123
Of which renewable	kWh	1.407.310	1.853.484
Total energy consumption	kWh	**7.951.593**	**7.267.266**
ENERGY INTENSITY PER UNIT OF PRODUCT	**U.M.**	**2021**	**2022**
Average electrical energy consumed per unit of product	kWh	182	193

In relation to its energy use, Salchi provides information on total energy consumption in absolute terms, highlighting energy efficiency improvements in detail.
Salchi's total electricity consumption (in 2022) is approximately 43% from renewable sources, compared to 33% in the previous year.

In 2022, Salchi consumed a total of 7,267,266 KWh, 648,327 KWh less than 2021 due to:
- lower fossil fuel consumption (-21%)
- lower consumption of non-renewable energy (-12%)
- higher consumption of renewable energy (+32%)

Salchi has set itself the goal of achieving climate neutrality by 2050, in line with European Union objectives.

The transition to renewable energy sources

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 3: Material topics 2021	3-1	Process to determine material topics	ESRS S4: Consumers and end-users	S4-2	Processes for engaging with consumers and end-users about impacts
GRI 302: Energy	302-4	Reduction of energy consumption	ESRS E1: Climate change	E1-1	Transition plan for climate change mitigation
GRI 302: Energy	302-4	Reduction of energy consumption	ESRS E1: Climate change	E1-2	Policies implemented to manage clima-te change mitigation and adaptation
GRI 302: Energy	302-4	Reduction of energy consumption	ESRS E1: Climate change	E1-3	Measurable targets for climate change mitigation and adaptation
GRI 302: Energy	302-4	Reduction of energy consumption	ESRS E1: Climate change	E1-4	Climate change mitigation and Adaptation action plans and resources

Salchi's transition to climate neutrality by 2050 is a collective and planned effort. The Company seeks to achieve the above-mentioned goal by building an energy system that uses renewable sources of energy and lower energy consumption wherever possible to reduce emissions and energy costs. For sustainable growth and to manage the risk of transition, Salchi has invested in energy efficient solutions aimed at reducing the consumption of fossil fuels and energy from non-renewable sources, thereby increasing the use of energy from renewable sources.

Efficiency initiatives, Carbon Neutrality target

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 3: Material topics 2021	3-1	Process to determine material topics	ESRS S4: Consumers and end-users	S4-2	Processes for engaging with consumers and end-users about impacts
GRI 305: Emissions	305-5	Reduction of GHG emissions	ESRS E1: Climate change	E1-1	Transition plan for climate change mitigation
GRI 305: Emissions	305-5	Reduction of GHG emissions	ESRS E1: Climate change	E1-2	Policies implemented to manage climate change mitigation and adaptation
GRI 305: Emissions	305-5	Reduction of GHG emissions	ESRS E1: Climate change	E1-3	Measurable targets for climate change mitigation and adaptation
GRI 305: Emissions	305-5	Reduction of GHG emissions	ESRS E1: Climate change	E1-4	Climate change mitigation and Adaptation action plans and resources
GRI 305: Emissions	305-5	Reduction of GHG emissions	ESRS E1: Climate change	E1-7	Scope 1 EHG emissions

In 2021, Salchi had carried out some structural interventions aimed at reducing energy waste.
In 2022, the Company continued this optimisation policy, with the aim of gradually but steadily reducing its climate impact over time.
Salchi's climate change commitments reflect a scaled-down energy system that allows for a possible decarbonisation of energy supply towards a scenario of sustainable and healthy consumption patterns and low-carbon technological innovation.
Salchi's carbon management, from procurement to end of life, linked to industrial processes in 2022, saw a reduction in CO_2 and fossil fuels and electricity in line with the Paris Agreement to limit global warming to 1.5°C and the European Green Deal for climate neutrality by 2050.

GHG emissions

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	ESRS E1: Climate change	E1-6	Energy intensity per net turnover
GRI 305: Emissions	305-2	Energy indirect (Scope 2) GHG emissions	ESRS E1: Climate change	E1-6	Energy intensity per net turnover
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	ESRS E1: Climate change	E1-8	Scope 2 GHG emissions
GRI 305: Emissions	305-2	Energy indirect (Scope 2) GHG emissions	ESRS E1: Climate change	E1-8	Scope 2 GHG emissions
GRI 305: Emissions	305-1	Emissioni dirette di GHG (Scope 1)	ESRS E2: Pollution	E2-4	Pollution of air, water and soil
GRI 305: Emissions	305-2	Energy indirect (Scope 2) GHG emissions	ESRS E2: Pollution	E2-4	Pollution of air, water and soil

KPI

SCOPE 1 EMISSIONS	2021 (tonnes CO_2e)	2022 (tonnes CO_2e)
Methane gas	591	467
Diesel fuel	112	86
Total Scope 1 Emissions	**703**	**553**

SCOPE 2 EMISSIONS	2021 (tonnes CO_2e)	2022 (tonnes CO_2e)
Electricity	**1.371**	**1.208**
Of which non-renewable	1.371	1.208
Of which renewable	-	-
Total Scope 2 Emissions	**1.371**	**1.208**

In accordance with the Greenhouse Gas (GHG) Protocol, Salchi's Scope 1 emissions (direct emissions related to activities that mainly derive from the use of fossil fuels) are 553 CO_2 tonnes, 150 CO_2 tonnes less than in 2021, in particular:

- 21% less consumption of methane gas;
- 24% less consumption of diesel fuel.

Scope 2 emissions (indirect emissions from the generation of electricity, heat and steam purchased from third parties and consumed by Salchi's) amount to 1,208 CO_2 tonnes, 163 CO_2 tonnes less than in 2021, related to energy purchased on the market, (energy mix 42.77% renewable energy and 57.23% from non-renewable sources - source Enel energy).

Characteristics of the transport system for distribution

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 2: General disclosures 2021	2-6	Activities, value chain and other business relationships	ESRS 2: General disclosure	SBM-1	Overview of strategy and business model
GRI 305: Emissions	305-5	Reduction of GHG emissions	ESRS E1: Climate change	E1-7	Scope 1 EHG emissions

Salchi has opened a dialogue with its transport service providers aimed at optimising and reducing the indirect environmental impacts related to the transportation processes both upstream and downstream of the production process. Ongoing dialogue with industry professionals enables the Company to keep itself constantly updated and open to innovations in the field of sustainable transport.

Control system on the enviromental impact of transport for distribution

Transportation system for substances

Quality, Safety, Environment Policy;
Organisational Model 231/01;
Check compliance with ADR regulations on incoming vehicles.

Conduct towards the environment by Contractors and Suppliers

Maintenance of information for new suppliers or in the case of changes. Electronic registration with external presence badges in the Company; Procurement platform to manage DUVRI.

Environmental changes due to local need

Development plan approved and signed;
Implementation of the plan;
Prior request for landscaping authorisations in the case of new installations.

Traffic due to supplier and goods

No action possible, at the moment, by the Company since this is an aspect that implies solutions at the territorial level.

Effects on the environment resulting from the external management of waste

Authorisations check;
Verify ISO 14001 certification;
for service providers.

Social

As an integral part of the region in which it operates, Salchi openly and transparently shares the results and impacts resulting from its operations with local communities with the aim of creating profitable synergies.

ESG Policy

Salchi's policy has the social and territorial objective of adding value to the region of which it is a part. The growing link with local communities is an opportunity for the Company to generate benefits in terms of training, employment, and innovation. Salchi's commitment is further focused on respect for human rights and working conditions in the supply chain, aimed at making it increasingly sustainable.

Objectives	Short term	Medium term	Long term
OBJECTIVES ON POLICY	Preparation of a new questionnaire to assess suppliers.	Supplier assessment based on criteria that include sustainability.	Carbon neutrality
OBJECTIVES ON KPIs	Sustainability training provided to the entire corporate population; Sustainability dialogue with suppliers.	Joint actions with suppliers/customers. Reduction of emissions	Carbon Neutrality

Relationships with local communities

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 413: Local communities	413-1	Operations with local community engagement, impact assessments, and development programs	ESRS S3: Affected communities	S3-1	Policies related to affected communities
GRI 413: Local communities	413-1	Operations with local community engagement, impact assessments, and development programs	ESRS S3: Affected communities	S3-4	Target related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Salchi has engaged in school-to-work experience programmes to offer young people the opportunity to experience working in a Company and to transmit the Company's passion for the sector in which it operates. For Salchi, this is an opportunity to increase its integration into the region and to encourage students to choose a profession in the chemical field.

In recent years, it has also facilitated the inclusion of a growing number of graduates in the Company's workforce.

EMPLOYEE EDUCATION	2020		2021		2022	
	No. employees	% split	No. employees	% split	No. employees	% split
Elementary	4	3%	3	2%	3	2%
Middle School	51	37%	50	35%	52	33%
Professional	8	6%	7	5%	8	5%
Diploma	46	34%	51	35%	56	36%
Bachelor's degree	7	5%	8	6%	11	7%
Master's degree + PhD	21	15%	25	17%	26	17%
Totale	**137**	**100%**	**144**	**100%**	**156**	**100%**

The promotion of rights and working conditions throughout the supply chain

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 3: Material topics 2021	3-1	Process to determine material topics	ESRS S1: Own workforce	S1-2	Processes for engaging with own workers and workers' representatives about impacts
GRI 413: Local communities	413-2	Operations with significant actual and potential negative impacts on local communities	ESRS S3: Affected communities	S3-4	Processes for engaging with affected communities about impacts

Policies on labour rights and working conditions lay at the heat of Salchi's values, where the Social pillar of sustainability is considered one of the most significant elements within its business and its supply chain.
The nature of the raw materials used in the production process requires a thorough check on the selection and management of the suppliers involved, also considering compliance with ESG values. In 2022, Salchi developed a questionnaire, which was forwarded to over 400 suppliers, aimed at assessing them according to compliance parameters in regard to sustainability.
The goal is to progressively deepen relationships with suppliers that are deemed strategic by considering their sustainability approach. Verification and qualification activities are to be followed by constant monitoring of the persistence of requirements.
Over the years Salchi has defined a structured process to manage suppliers with the aim of promoting the development of stable, lasting relationships, the pillars of which are:

- Clear communication of the standards that Salchi requires from its partners in terms of product and service quality, respect for Human Rights and protection of workers, in addition to a general attention to ESG issues. In this sense, the Company has considered it fundamental to share its Code of Ethics, which is accessible on its website for all stakeholders.
- Assessing a supplier's ability to comply with the technical specifications and ESG requirements, both during the qualification stage and during the business relationship. Salchi has defined a structured process for the evaluation of its suppliers that begins right from the registration stage into the database. This first phase of assessment enables the Company to identify critical issues in advance and implement any corrective actions. To date, about one hundred suppliers have been assessed based on environmental aspects, none of which have been found to have significant (actual or potential) negative environmental impacts.
- Support for suppliers in the continuous improvement of their performance and in strengthening their ability to innovate. It is in Salchi's interest to consolidate and grow business relationships, with those suppliers who are oriented to continuous improvement of their performance in terms of quality of the materials provided, respect for the environment, and safety in the workplace. With these suppliers, the Company aims to directly involve them in product innovation processes, with a view to a strategic partnership. Salchi promotes towards its strategic suppliers the adoption of the International Standards ISO 9001, ISO 14001 and ISO 45001.

In its raw material procurement process, Salchi favours European supply chains. Over 67% of the raw materials purchased come from Italian suppliers. This allows the Company, to reduce the operational risks associated with the supply of raw materials and to mitigate the environmental impact. Specifically, 55% of the raw materials purchased come from northern Italy.

Governance

Salchi communicates the Governance policies it has in place with reference to each sustainability issue identified as material.

ESG Policy

Salchi's Governance policy identifies actions to monitor material impacts, risks, and opportunities and how these elements interact with the strategy and business model.
The Company discloses the ways in which the administration, management and auditing bodies are informed about sustainability issues. Short-term goal is to formalise the establishment of the "Sustainability Committee".
Governance policy is the responsibility of the Board of Administration, which manages action plans and resources to achieve the short-, medium- and long-term strategic goals.

Objectives	Short term	Medium term	Long term
OBJECTIVES ON POLICY	Formalisation of the "Sustainability Committee"; Update of the organisation chart; Revision of the Code of Ethics;	Enterprise Risk Management implementation; Complete revision of the procedural body Extension of Model 231 to all areas covered by the regulation; Further development of transparent communication tools.	Carbon neutrality
OBJECTIVES ON KPIs	Sustainability training provided to the entire corporate population; Continuous training in IT Security.	Joint actions with suppliers/customers; Reduction of emissions; Implementation of the procurement management platform.	Carbon Neutrality

Corporate governance

The Corporate Governance system adopted by Salchi is organised in accordance with the Model regulated by articles 2380 et seq. of the Italian Civil Code and is inspired by the national and international best practices of reference. At the top of the Corporate Governance system is the Board of Administrators, which is granted all the powers to achieve the corporate purposes. The Board currently consists of 6 Administrators.

The Chairman and the Board promote the sustainability path undertaken by the Company in line with the values that guide it. Following this approach, the Chief Executive Officer, and the Directors reporting to him define the development strategies and assess consistency with the established objectives. Progress is verified over time.

Corporate management control is entrusted to an independent and external party, Deloitte & Touche S.p.a. The main methodological pillars on which the Corporate Governance model is based are:

The Code of Ethics

With the latest release in December 2018, the Code of Ethics is placed the basis of the entire Governance system and represents the principles that inspire all the Corporate activity.

Certified management systems

Salchi has always paid special attention to the issues concerning the Quality of products and services offered to customers, the Environment, Hygiene, Health, and Safety in the workplace.

Since 2000, the year in which the Quality Management System (ISO 9001) certification was first obtained, the Integrated Management System for Quality, the Environment,Health and Safety has been implemented and certified according to UNI EN ISO 9001:2015, UNI EN ISO 14001:2015 and UNI ISO 45001:2018.

The organisational model 231

The Company follows an internal Organisational Management and Control Model in accordance with Italian Legislative Decree 231/01. This Model is based on the analysis of those company processes at risk of the crimes foreseen by the Decree. Its goal is to ensure the proper, correct, and consistent conduct of the company with the ethical, sustainability and performance objectives set.

Risk management

In line with the 231 Organisational Model and the Integrated Management System, Salchi has adopted an internal control and risk management system, defined on the basis of reference best practices and aimed at ensuring business continuity, in compliance with the Code of Ethics.
Salchi's risk management and monitoring system is participated at every level of the Company, which guarantees its operation and continuous improvement.

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 2: General disclosures 2021	2-9	Governance structure and composition	ESRS 2: General disclosure	GOV 1	Roles and responsibilities of the administrative, management and supervisory bodies
GRI 2: General disclosures 2021	2-9	Governance structure and composition	ESRS S1: Own workforce	S1-8	Collective bargaining coverage and social dialogue
GRI 207: Tax	207-2	Tax governance, control, and risk management	ESRS 1: General requirements	9.2	Connected information and connectivity with financial statements

The Code of Ethics

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 2: General disclosures 2021	2-13	Delegation of responsibility for managing impacts	ESRS 2: General disclosure	GOV 2	Information of administrative, management and supervisory bodies about sustainability matters
GRI 3: Material topics 2021	3-3	Management of material topics	ESRS G1: Governance, risk management and internal control	G1-1	Governance structure and composition
GRI 3: Material topics 2021	3-3	Management of material topics	ESRS G1: Governance, risk management and internal control	G1-3	Nomination process
GRI 3: Material topics 2021	3-3	Management of material topics	ESRS G1: Governance, risk management and internal control	G1-4	Diversity policy
GRI 405: Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	ESRS S1: Own workforce	S1-9	Diversity indicators

For Salchi, ethics in the conduct of its business is key. The Code of Ethics establishes the following values that are the foundation of Corporate Governance:

- Ethics and regulatory compliance.
- Health and safety, for which the Company has an implemented and periodically verified system, that refers to international standards (BS OHSAS 18001/ISO 45001), national guidelines (UNI INAIL 2001 Guidelines) and the Company Quality, Environment and Safety policy. Salchi actively promotes respect for and protection of the environment in accordance with UNI EN ISO 14001.
- The centrality of the individual, sustainable development, and social responsibility towards the community. Salchi fosters respect for the physical and cultural integrity of the individual and is committed to ensuring working conditions consistent with individual dignity and safe working environments. The Company is against all forms of discrimination and pursues gender equality, freedom of association, collective bargaining, and the right to representation. It promotes the non-use of child labour and forced and compulsory labour. In its sustainable business growth, it considers the needs of the various communities in whose territory it is established and is committed to contributing to their economic, civil, and social development.
- Principles of transparency in accounting, administrative and corporate responsibilities, for which Salchi provides in its financial statements and other accounting documents required by current regulations a true and fair representation of the company's reality, ensuring transparency and timely verification.
- Rules of free competition, in relation to which the Company operates in compliance with current legislation on the protection of fair competition.

Respect for human rights

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 2: General disclosures 2021	2-13	Delegation of responsibility for managing impacts	ESRS 2: General disclosure	GOV 2	Information of administrative, management and supervisory bodies about sustainability matters
GRI 3: Material topics 2021	3-3	Management of material topics	ESRS G1: Governance, risk management and internal control	G1-1	Governance structure and composition
GRI 3: Material topics 2021	3-3	Management of material topics	ESRS G1: Governance, risk management and internal control	G1-3	Nomination process
GRI 3: Material topics 2021	3-3	Management of material topics	ESRS G1: Governance, risk management and internal control	G1-4	Diversity policy
GRI 405: Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	ESRS S1: Own workforce	S1-9	Diversity policy

Salchi is committed to ensuring:

- a safe working environment, through the promotion and consolidation of a culture of safety, developing risk awareness and promoting responsible behaviour by all employees.
- a positive working environment, inspired by the protection of freedom, the dignity and inviolability of the individual, as well as the principles of fairness in interpersonal relationships, which allows all employees to perform at their best.
- equal opportunities for all workers at all levels; the Company opposes any form of discrimination or harassment. It promotes and values people by considering their results and work based on performance. It also promotes the consolidation of a corporate climate aimed at tolerance and respect for human dignity.
- the promotion and protection of employment; Salchi adopts strategies that combine corporate growth and profitability with training, protection, and the development of skills.

Risk management system

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 2: General disclosures 2021	2-13	Delegation of responsibility for managing impacts	ESRS 2: General disclosure	GOV 2	Information of administrative, management and supervisory bodies about sustainability matters
GRI 3: Material topics 2021	3-3	Management of material topics	ESRS 2: General disclosure	IRO-1	Description of the processes to identify material sustainability impacts, risks and opportunities
GRI 3: Material topics 2021	3-3	Management of material topics	ESRS 2: General disclosure	IRO-2	Outcome of the undertaking's assessment of material sustainability impacts, risks and opportunities as identified by reference to and in compliance with sector-agnostic and sector-specific level ESRS
GRI 207: Tax	207-2	Tax governance, control, and risk management	ESRS 1: General requirements	9.2	Connected information and connectivity with financial statements
GRI 403: Occupational health and safety	403-2	Hazard identification, risk assessment and incident investigation	ESRS S1: Own workforce	S1-11	Social protection
GRI 403: Occupational health and safety	405-1	Hazard identification, risk assessment and incident investigation	ESRS S1: Own workforce	S1-14	Health and safety indicators

The internal risk management system developed by Salchi is designed to ensure the so-called Risk Oversight of the Board. This principle implies that the Board of Administrators, the Chief Executive Officer and its staff not only have to spread a risk management culture, but also define the Company's risk management strategies and their revisions. The approach is aimed at:

- defining a common and shared document (DVMO, Threat and Opportunity Assessment Document) that considers the relevant internal and external factors, the related processes involved and, for each, the elements of threat and opportunity.
- systematically monitoring Company risks by combining the analysis of the impacts of planned mitigation actions with the performance indicators of corporate objectives and proposing preventive and corrective actions.

Enterprise Risk Management Approach

Systematic monitoring of the KPIs to increase the level of early warning.

Development of **envirormental analyses** and **energy diagnoses.**

Diffusion of **corporate culture** starting with upper management on sustainability topics.

Development of **skills assessment** system and launch of a project to review the compensation policy.

Development of **training and education** programmes and skills mapping projects.

231 Model and anti-corruption

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 2: General disclosures 2021	2-13	Delegation of responsibility for managing impacts	ESRS 2: General disclosure	GOV 2	Information of administrative, management and supervisory bodies about sustainability matters
GRI 3: Material topics 2021	3-3	Management of material topics	ESRS G1: Governance, risk management and internal control	G1-1	Governance structure and composition
GRI 3: Material topics 2021	3-3	Management of material topics	ESRS G1: Governance, risk management and internal control	G1-3	Nomination process
GRI 3: Material topics 2021	3-3	Management of material topics	ESRS G1: Governance, risk management and internal control	G1-4	Diversity policy

Salchi has adopted an Organisation, Management and Control Model (the Model) pursuant to Italian Legislative Decree no. 231/01, which provides for a control and supervisory function by a Supervisory Body (SB) represented by an external and independent party. The Company has prepared:

- an Environment special part to the Model, suitable for preventing environmental offences referred to in Italian Legislative Decree 121/11 and Italian Law no. 68/15;
- a Safety special part to the Model, suitable for preventing safety offences referred to in Italian Legislative Decree 81/08, articles 30 and 300.

Salchi's Model shows the relevance for the Company of Safety and Environmental issues and defines the organisational controls and management processes with particular attention to these issues, making specific reference to the crimes laid out in Italian Legislative Decree 231/01 by Italian Legislative Decree 121/11, Italian Law no. 68 of 22 May 2015 and Italian Legislative Decree 81/08.

Salchi's Organisation, Management and Control Model

The identification of **risks** relating to **Health and Safety** (for which a Risk Assessment documents has been prepared pursuant to articles 17 and 28 of Italian Legislative Decree 81/08) and risks of **Envirormental** nature (for which an analysis as been prepared in compliance with UNI EX ISO 14001).

The **Auditing Report** for Health and Safety and the Risk Assessment report for **Environmental crimes**.

The development of applicable **control standards** according to the principles and indications contained in the Confindustria guidelines and international regulations.

The **development** and the continuous **improvement** of the Model, together with the Special Parts for crimes relating to the environment and to health and safety.

Data protection

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 2: General disclosures 2021	2-13	Delegation of responsibility for managing impacts	ESRS 2: General disclosure	GOV 2	Information of administrative, management and supervisory bodies about sustainability matters
GRI 3: Material topics 2021	3-3	Management of material topics	ESRS G1: Governance, risk management and internal control	G1-1	Governance structure and composition
GRI 3: Material topics 2021	3-3	Management of material topics	ESRS G1: Governance, risk management and internal control	G1-3	Nomination process
GRI 3: Material topics 2021	3-3	Management of material topics	ESRS G1: Governance, risk management and internal control	G1-4	Diversity policy

Salchi has implemented all necessary actions to comply with the provisions of EU Regulation 2016/679, the General Data Protection Regulation ("GDPR") and has built a Privacy Management System designed to protect the personal data of the individuals with whom it comes into contact throughout its entire life cycle, from the moment of collection to destruction.

Cybersecurity

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 2: General disclosures 2021	2-13	Delegation of responsibility for managing impacts	ESRS 2: General disclosure	GOV 2	Information of administrative, management and supervisory bodies about sustainability matters
GRI 3: Material topics 2021	3-3	Management of material topics	ESRS G1: Governance, risk management and internal control	G1-1	Governance structure and composition
GRI 3: Material topics 2021	3-3	Management of material topics	ESRS G1: Governance, risk management and internal control	G1-3	Nomination process
GRI 3: Material topics 2021	3-3	Management of material topics	ESRS G1: Governance, risk management and internal control	G1-4	Diversity policy

Cybersecurity is a key aspect of Salchi's sustainable strategy.
The digitisation of processes and the use of new technologies have led to the implementation of a new cybersecurity process, aimed at ensuring the Company's defence by preventing potential attacks and safeguarding business continuity in the event of a breach. Fundamental is the focus on informing, raising awareness and empowering users.

In 2022, additional attention was paid to the security of the Company's systems, enhancing backup solutions and planning activities to simulate hacker attacks that will be applied in 2023.

In addition, a people awareness programme has been launched through the provision of continuous e-learning training which has been extended to the entire Company population.

Salchi adopts an approach that ensures consistency between digital security and sustainability: improving security means making the business model more efficient and sustainable.

Value creation and economic performance

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 2: General disclosures 2021	2-13	Reporting period, frequency and contact point	ESRS 2: General disclosure	SBM-1	Overview of strategy and business model
GRI 201: Economic performance	201-1	Direct economic value generated and distributed	ESRS 2: General disclosure	SBM-2	Views, interests and expectations of stakeholders
GRI 201: Economic performance	201-1	Direct economic value generated and distributed	ESRS 2: General disclosure	SBM-3	Interaction of impacts and the undertaking's strategy and business model

In line with the methodology defined by the GRI reporting standard - Sustainability Reporting Standards, and with ESRS 2 - General, strategy, governance and materiality assessment information disclosures, a reclassification of the income statement was carried out to determine the distributed wealth.
The amount of the Economic Value Generated, the income deriving from ordinary operations (sale of products and services) and secondary operations (equity investments and other financial assets), expresses the value of the wealth produced, partly distributed (Economic Value Distributed) among the stakeholders with whom Salchi deals in various ways in its daily operations and partly retained (Economic Value Retained) internally.

In 2022, the Company generated an economic value of approximately 116 million euro, an increase of 14% compared to the previous year.

Directly generated and distributed economic value (GRI 201-1; ESRS 2: General, Strategy, Governance and Materiality assessment information disclosures)

	Financial year 2022 (in thousands €)	Financial year 2021 (in thousands €)
Economic value generated	€ 115.655	€ 101.757
Economic value distributed	€ 109.079	€ 98.271
Suppliers of goods and services	€ 97.940	€ 87.843
Wages	€ 10.593	€ 9.980
Investments for the community	1	6
Investors and shareholders	€ 288	€ 260
Public Administration	€ 257	€ 182
Economic value retained	**€ 6.018**	**€ 3.311**

The economic value distributed in 2022, approximately 109 million euro, represents the organisation's ability to respond, in terms of available resources, to the needs of its stakeholders, towards suppliers of goods and services (reclassified operating costs), towards employees (wages) and towards the community.

The largest percentage of the distribution in 2022 – 90% - was allocated to suppliers of goods and services, 10% went to cover wages amounting to over 10 million euro.
The economic value retained by Salchi in 2022 was approximately 6 million euro

Transparent communication

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 2: General disclosures 2021	2-13	Delegation of responsibility for managing impacts	ESRS 2: General disclosure	GOV 2	Information of administrative, management and supervisory bodies about sustainability matters
GRI 3: Material topics 2021	3-3	Management of material topics	ESRS 2: General disclosure	2	Qualitative characteristics of information

The Sustainability Report's objective is, among other, to communicate in a concrete and transparent way, the vision and corporate effort with which Salchi addresses ESG issues. Salchi promotes transparency regarding employees, customers, suppliers, and all stakeholders with respect to its policies, business processes and performance. Salchi's communication is in continuous development and includes:

- Compliance with legal regulations on financial and non-financial reporting. This mainly includes institutional stakeholders and supervisory bodies, to whom the main reporting documents such as the statutory financial statements and the reports relating to the 231 Organisational Model are transmitted.
- The commitment to communicate operational and sustainability performance to all stakeholders. This set includes all non-institutional stakeholders such as employees, customers and end users of the products, suppliers, collaborators, partners and local communities.

Salchi's website is the main communication platform for external stakeholders. On it, the Code of Ethics and the Company's policies are published, certificates relating to the Integrated Management System are available, as well as the awards obtained, the initiatives taken towards the community and, since 2021, also the Sustainability Report.

In 2022, an Intranet platform was activated as a further important communication tool between the Company and its employees. Salchi constantly keeps communication channels open for stakeholders to share opinions, increasing a feedback loop system which is essential to enhance the transparency and sustainability of both the Company and all stakeholders.

Sustainable supply chain

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 2: General disclosures 2021	2-6	Activities, value chain and other business relation-ships	ESRS 2: General disclosure	SBM-1	Overview of strategy and business model
GRI 308: Supplier Environ-mental assessment	308-1	New suppliers that were screened using environ-mental criteria	ESRS E5: resources and circular economy	E5-1	Policies related to resources use and circular economy
GRI 308 Supplier Environ-mental assessment	308-1	New suppliers that were screened using environ-mental criteria	ESRS E5: resources and circular economy	E5-2	Actions and resources related to resources use and circular economy
GRI 414: Supplier social assessment	414-1	New suppliers that were screened using social criteria	ESRS E5: resources and circular economy	E5-1	Policies related to resources use and circular economy
GRI 414: Supplier social assessment	3-3	Gestione dei temi materiali	ESRS E5: resources and circular economy	E5-2	Actions and resources related to resources use and circular economy

NEW SUPPLIERS THAT WERE SCREENED USING ENVIRONMENTAL CRITERIA

SUPPLIERS	2021	2022
Total number of suppliers assessed for environmental impacts	28	50
Percentage of new suppliers selected using environmental criteria	100%	100%

Salchi's idea of sustainable development also includes suppliers. In this regard, Salchi intends to lead the path to sustainability through sustainable supply chain management. Suppliers have always been required to adhere to the Company's Code of Ethics and to take responsibility for the processing and protection of sensitive data.

At present, the supplier assessment questionnaire requires the presence of appropriate environmental and safety management requirements, through ISO 14001 and 45001 systems and certifications, respectively, or a declaration regarding the systems and procedures in place that ensure the proper management of processes, materials, activities, methods, people, and behaviour in accordance with these regulatory guidelines.

In 2022, a questionnaire on sustainability issues was prepared and forwarded to over 400 suppliers.

The area of origin of Salchi's suppliers diverse, but most of them are Italian (81%). About 98% of the value purchased comes from European suppliers. In 2022, Salchi distributed a value of Euro 97,940,350 to suppliers compared to Euro 87,842,971 in the previous year.

With particular reference to the management of contracts, the Company is launching an IT platform designed to provide a more structured management of the technical-professional verification of Contractors, which will allow it to ensure legislative compliance with reference to Safety and the Environment as well as in the labour field, thanks to greater control of the acquisition and contracting process, as well as access to the site of the contracting personnel, and easier communication with Suppliers through cloud sharing of the same platform.

Promoting sustainability and supporting suppliers' growth

Ref. GRI Standard			Ref. ESRS Standard - to be		
GRI 308: Supplier environ-mental assessment	308-1	New suppliers that were screened using environ-mental criteria	ESRS E5: Use of resources and a circular economy	E5-1	ESRS S2: Workers in the value chain
GRI 308: Supplier environ-mental assessment	308-1	New suppliers that were screened using environ-mental criteria	ESRS E5: Use of resources and a circular economy	E5-2	Actions and resources related to resources use and circular economy
GRI 308: Supplier environ-mental assessment	308-1	New suppliers that were screened using environ-mental criteria	ESRS S2: Workers in the value chain	S2-2	Processes for engaging with value chain workers about impacts
GRI 414: Supplier social assessment	414-1	New suppliers that were screened using social criteria	ESRS E5: Use of resources and a circular economy	E5-1	Policies related to resources use and circular economy
GRI 414: Supplier social assessment	414-1	New suppliers that were screened using social criteria	ESRS E5: Use of resources and a circular economy	E5-2	Actions and resources related to resources use and circular economy
GRI 414: Supplier social assessment	414-1	New suppliers that were screened using social criteria	ESRS S2: Workers in the value chain	S2-2	Processes for engaging with value chain workers about impacts

As a short-term goal, the Company will adopt a new supplier evaluation procedure that also considers sustainability issues. A sustainability dialogue has been initiated with selected suppliers in order to identify joint collaboration projects for the development of products or the optimisation of services from a sustainable perspective.

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