Coatings 4 Sustainability

2023 Sustainability Report

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Introduction

Letter to stakeholders

Dear stakeholder,

We are pleased to share the third edition of Salchi Metalcoat's sustainability report, which was prepared on a voluntary basis following the new ESRS (European Sustainability Reporting Standards) reporting standards.

Salchi is an Italian Company, deeply embedded in its territory and with an international entrepreneurial vocation, dedicated to the production of industrial coatings. Our Company is inspired by sustainable growth and development objectives, with a focus on economic results, respect for the environment in which it operates and its social responsibility. Thanks to this commitment, we are able to adapt and anticipate the various transformations taking place in this particular historical and industrial moment.

Once again this year, our sustainable development strategy was guided by three pillars: People, Products and Processes.

1 People **2 Products** **3 Processes**

In 2023, we further increased the number of training hours for **people** to improve safety and quality and to preserve the environment and the health of workers. We supported initiatives to promote professional development by hosting a number of young people as part of our Salchi Academy, some of whom subsequently joined our workforce. In addition, we have seen a further increase in the number of female production workers in our production units, an important step towards greater gender equality in our work environment.

Our Company's **products** serve to safeguard and decorate metal packaging for food and chemical use, as well as metal laminates employed in architectural and industrial application. By their very nature, therefore, they guarantee the integrity of food, materials, objects, and buildings over time and ensure their durability and quality. Throughout the year, our ongoing efforts to innovate and make our products more sustainable has also been acknowledged internationally.

As part of our preparation for the new ERP management system, we thoroughly analysed our business **processes**. This investment, together with the substantial investment in physical infrastructure, will support our sustainable development once operational. Additionally, we evaluated new production machinery based on energy efficiency, process effectiveness, and integration speed into production units.

Year 2023 is a concrete and detailed reflection of our ongoing commitment to building a sustainable and responsible future. Each initiative we take reflects our determination to promote a business model that creates value for our stakeholders and the Company, while also enhancing the human, environmental and technological resources available to us.

> "For 2024, our goals revolve around continuous improvement. We are championing inclusion and gender equality. We are dedicated to developing energy-efficient solutions in collaboration with customers and suppliers, prioritizing health and safety. Meanwhile, we are going to finalize and test the new logistic infrastructure to enhance efficiency and safety across our Company site.

We thank you for your trust in our journey. We look to the future with optimism, knowing that we can rely on your support to achieve the new goals that await us.

Your sincerely,
Sebastiano Brenni
Chief Executive
Salchi Metalcoat

BASF Coatings (2011-1998) and before that to Salchi S.p.A. (1998 - 1960s). Since then, the Company operates on a site of nearly 90,000 sqm, having increased its production capacity by restarting the former BASF Coatings production units and installing a new facility for the automated production of small to medium batches.

Today Salchi has 153 direct employees and focuses all its manufacturing, research and development, and sales activities in Burago.

> In 2023 it generated a turnover of approximately 109 million euros, distributed between Italy and abroad.

History

Salchi Metalcoat has its origin in the 1993 joint venture between the Italian company Salchi S.p.A. (later sold to BASF Coatings in 1998), owned by a family of Swiss industrialists, and the German 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 and packaging coatings of the two partners were consolidated.

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

Over time, Salchi expanded its operations through several strategic acquisitions: in 1994, the Italian coil coating business of Akzo Nobel; in 2000, the packaging coating and coil coating division from Siderius S.p.A.; in 2005, the repair technology for easy open closures from Qualitech/BASF Coatings; in 2011, the metal packaging business of Rembrandtin (Vienna); and in 2017, the product portfolio and metal packaging markets from Schekolin (Liechtenstein). At the same time, Salchi has strengthened its industrial site in Burago di Molgora (Italy).

Following the inauguration of its first production unit in 1998, the Company expanded its site to the south by acquiring 20,000 sqm of land in 2005. In 2014, it acquired the adjacent production facility to the north, formerly ALCEA Industries (2014-2011, bankrupt), which had previously belonged to

GENERAL DISCLOSURES

Salchi voluntarily discloses its information on environmental, social and governance issues, based on the ESRS - European Sustainability Reporting Standards - and considering the following time horizons:

Short -term:	*same as reporting period of the financial statements;*
Medium -term:	*from the end of the short-term period up to five years;*
Long -term:	*a period of more than five years.*

For the purpose of understanding, Salchi employs additional breakdown related to the long-term time horizon when impacts or actions exceed a period of more than five years.

The information contained in this report provides an understanding of the Company's impacts on sustainability matters, and how these influence Salchi's development, performance and positioning (double materiality). Furthermore, as part of the sustainability Due diligence process, direct and indirect business relationships throughout the value chain, both upstream and downstream, are assessed.
The sustainability report complies with the principles of relevance, faithful representation, comparability, verifiability and understandability.

SUSTAINABILITY GOVERNANCE
ESRS 2 General disclosures (GOV 1, GOV 2, GOV 3, GOV 4, GOV 5)

Administrative, management and supervisory bodies

The Corporate Governance system adopted by Salchi is organised in accordance to 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 six 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.
Deloitte & Touche S.p.A. is responsible for overseeing management control as an external and independent entity.

Sustainability Due diligence

With the adoption of the CSDD – the directive on corporate sustainability Due diligence - the European Parliament defines the behaviour that companies have to adopt as a means to identify and address potential and actual adverse human rights and environmental impacts in their own and their business partners' operations.
Sustainability Due diligence for Salchi is aimed at increasing its awareness of managing actual and potential negative impacts on the environment and people. It is an ongoing practice that is reflected in the Company's strategy, business model, activities, business relationships, and procurement and sales operating environments (United Nations Guiding Principles on Business and Human Rights; OECD Guidelines for Multinational Enterprises).

CORE ELEMENTS OF DUE DILIGENCE	PARAGRAPHS IN SALCHI'S SUSTAINABILITY STATEMENT
a) Embedding Due diligence in governance, strategy, and business model	1.1.1 Administrative, management and supervisory bodies 1.2.1 Market position, strategy, business model, and value chain 1.2.2 Our products
b) Engaging with affected stakeholders in all key steps of the Due diligence	1.3.2 Stakeholders 1.4 Impacts on sustainability development goals (SDGs) **Policies:** 2.1.1 Climate change adaptation and mitigation 2.1.2 Energy and emissions 2.2.1 Pollution of air, water, and soil 2.3.1 Water management 2.4.1 Impact on habitat 2.5.1 Resource and waste management 3.1.1 Own Workforce 3.1.2 Health and safety 3.1.3 Diversity and inclusion 3.1.4 Training and development skills 3.1.5 Adequate wages and collective bargaining 3.2.1 Territory-related impacts 3.3.1 Product quality 3.3.2 Consumer health and safety 4.1.1 Corporate culture 4.1.2 Supplier relationship management 4.1.3 Anti-Corruption and protection of whistleblowers

c) Identifying and assessing adverse impacts	1.3.1 Impacts, risks, and opportunity management 1.3.2 Stakeholders 1.3.3 Double materiality
d) Take action to address those adverse impacts	1.4 Impacts on the SDGs **Actions:** 2.1.1 Climate change adaptation and mitigation 2.1.2 Energy and emissions 2.2.1 Pollution of air, water, and soil 2.3.1 Water management 2.4.1 Impact on habitat 2.5.1 Resource and waste management 3.1.1 Own Workforce 3.1.2 Health and safety 3.1.3 Diversity and inclusion 3.1.4 Training and development skills 3.1.5 Adequate wages and collective bargaining 3.2.1 Territory-related Impacts 3.3.1 Product quality 3.3.2 Consumer health and safety 4.1.1 Corporate culture 4.1.2 Supplier relationship management 4.1.3 Anti-Corruption and protection of whistleblowers
e) Tracking the effectiveness of these actions and communicating	1.4 Impacts on the SDGs **Objectives:** 2.1.1 Climate change adaptation and mitigation 2.1.2 Energy and emissions 2.2.1 Pollution of air, water, and soil 2.3.1 Water management 2.4.1 Impact on habitat 2.5.1 Resource and waste management 3.1.1 Own workforce 3.1.2 Health and safety 3.1.3 Diversity and inclusion 3.1.4 Training and development skills 3.1.5 Adequate wages and collective bargaining 3.2.1 Territory-related impacts 3.3.1 Product quality 3.3.2 Consumer health and safety 4.1.1 Corporate culture 4.1.2 Supplier relationship management 4.1.3 Anti-Corruption and protection of whistleblowers **Metrics:** 2.1.2 Energy and emissions 2.2.1 Pollution of air, water, and soil 2.3.1 Water management 2.4.1 Impact on habitat 2.5.1 Resource and waste management 3.1.1 Own workforce 3.1.2 Health and safety 3.1.3 Diversity and inclusion 3.1.4 Training and development skills 3.1.5 Adequate wages and collective bargaining 4.1.3 Anti-Corruption and protection of whistleblowers

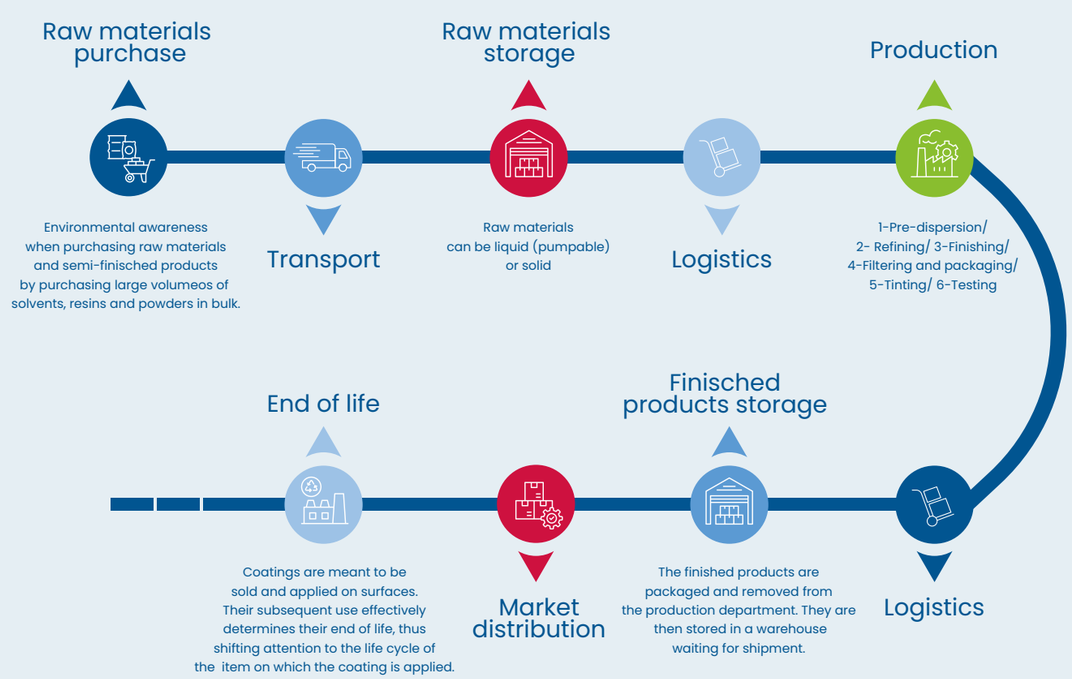
SUSTAINABILITY STRATEGY
ESRS 2 General disclosures (SBM-1, SBM-2, SBM-3)

Salchi discloses its corporate strategy by identifying the elements that can affect sustainability, its business model and value chain, while also taking into account interests and views of the Company's stakeholders.
In line with the new ESRS standards and the 2030 Agenda for sustainable development, Salchi describes the Company's policies for transitioning to a more sustainable way of doing business by reporting on the initiatives in place to reduce its adverse impacts and increase its positive contributions both socially and environmentally.

Market position, strategy, business model, and value chain

Salchi's value chain describes all the activities involved in the manufacturing of coatings for the prepainted, industrial, and packaging industries (i.e. coatings for coil, foil, and metal packaging), including those industries that operate upstream and downstream: from the design phase of the formulations, to their production and distribution.

The value chain



OUR PRODUCTS
Products for metal packaging

Coatings for food cans: internal and external coating systems for all kind of packaging, formulated in compliance with to the most stringent national and international food contact regulations, and suitable for any kind of food, including the most aggressive. The range includes coatings for the protection of the sealing of cans and their repair (so-called electrocoating systems).

Coatings for closures and caps: solutions for both food and beverage closures, for the internal protection and external decoration of products. The range includes all the main technologies available on the market and the products are designed to guarantee an aesthetic and distinctive result, while preserving the food or beverage fillers.

Coatings for General Line: coating systems suitable for interior protection and durable decoration for the General Line market. The coatings have a high resistance to fillers. The range includes solutions for all major applications.

Coatings for Fancy Can: 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.

Decorating inks: the range includes inks suitable for all types of printing, whether conventional, UV or UV-LED, and can be applied to any type of metal packaging. The high quality of the colours ensures outstanding and durable printing results.

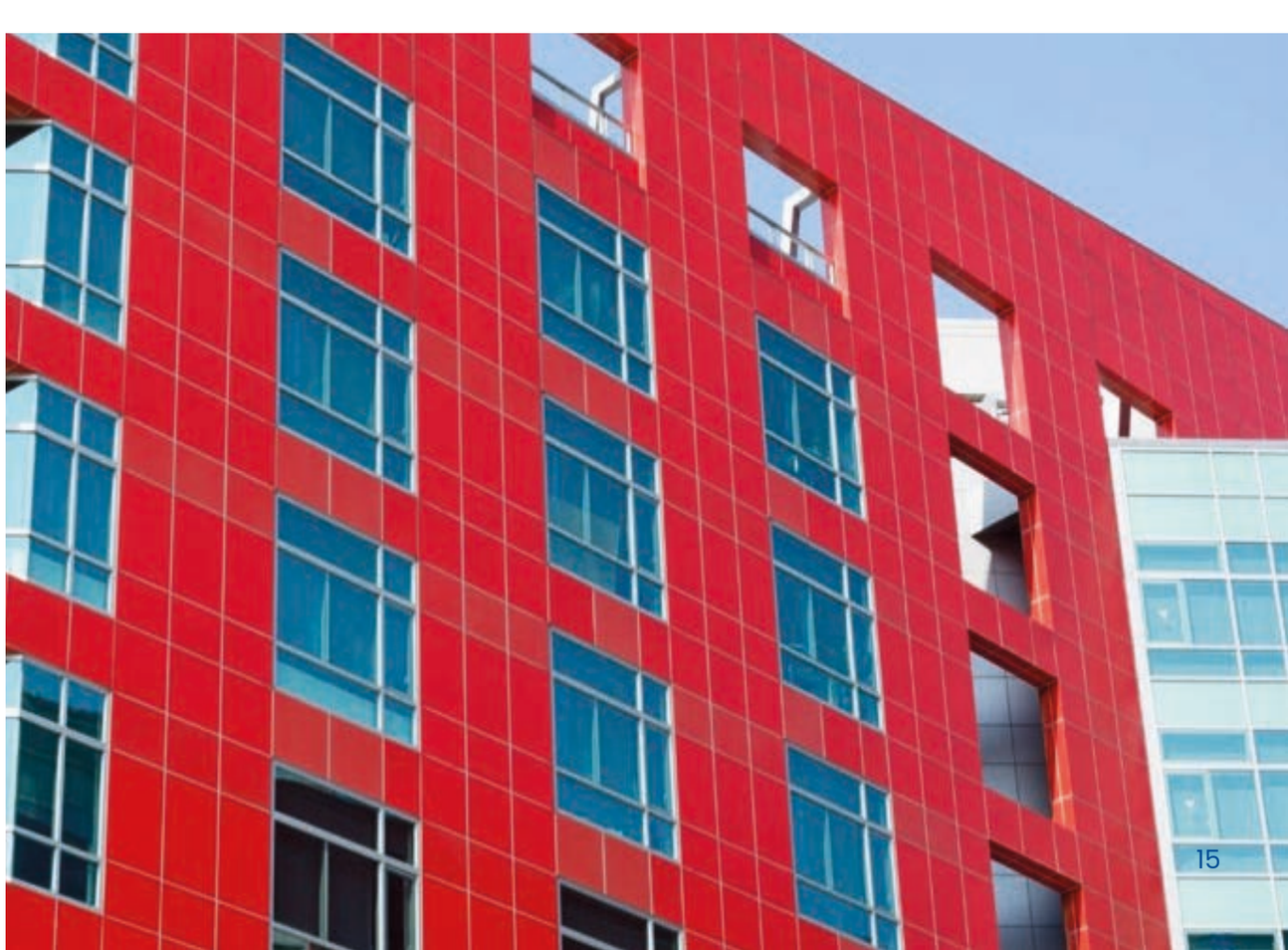
Coatings for Aerosol Monobloc & Tubes: the offer includes state-of-the-art solvent-, water- and UV-based coatings in a variety of finishes. The systems produced are suitable for the food, pharma, cosmetics and chemical industries, and are also available for application on plastic and glass.

Products for coil and foil

Outdoor Solutions: we offer a range of coatings systems for application on steel and aluminium coils suitable for any requirement; its primers, back and top coats are designed to withstand the most extreme weather conditions, lasting over time and thus preserving the initial aesthetic and protective characteristics.

Indoor Solutions: coating systems based on the most stringent technical specifications of the household appliance market and other indoor solutions. High bending flexibility, a wide gloss range, high resistance to aggressive chemicals and superior surface hardness make our coatings a benchmark for the home indoor market.

Coatings for Foil: coatings systems for thin aluminium packaging. The wide range provides solutions that guarantee excellent product protection. The experience gained in the food packaging sector, coupled with the in-depth knowledge of coil coating application technology, allow us to work synergistically on solutions for the food, pharma and aluminium closure markets, while complying with the most stringent food regulations.



INNOVATIVE PRODUCTS
Biomoco® product developments:

The BIOMOCO® product range provides solutions formulated with sustainable raw materials, derived from renewable sources or of natural origin (food industry waste not intended for human consumption), with the aim of providing the same performance as traditional products. For the Packaging sector a complete coating system for crown corks was formulated, produced and applied in-line.

> In addition, our coatings system for aerosol cans applied on a 100% recycled aluminium support by one of our customers was the subject of an important award at international level, winning the prize for 'best prototype' in the competition organised by Aerobal, the International Organisation of Manufacturers of Aluminium Aerosol Containers.

For our Coil coatings business, the BIOMOCO® product portfolio was extended. One of the products of the range has been successfully applied on an industrial roof.

Salnex® product developments:

SALNEX® is the name of our coatings range based on UV and UV-LED technology, the special formulation of which allows these solutions to use less energy during application and curing compared to conventional formulations. Salchi partners with customers and suppliers on the further development of this product line.

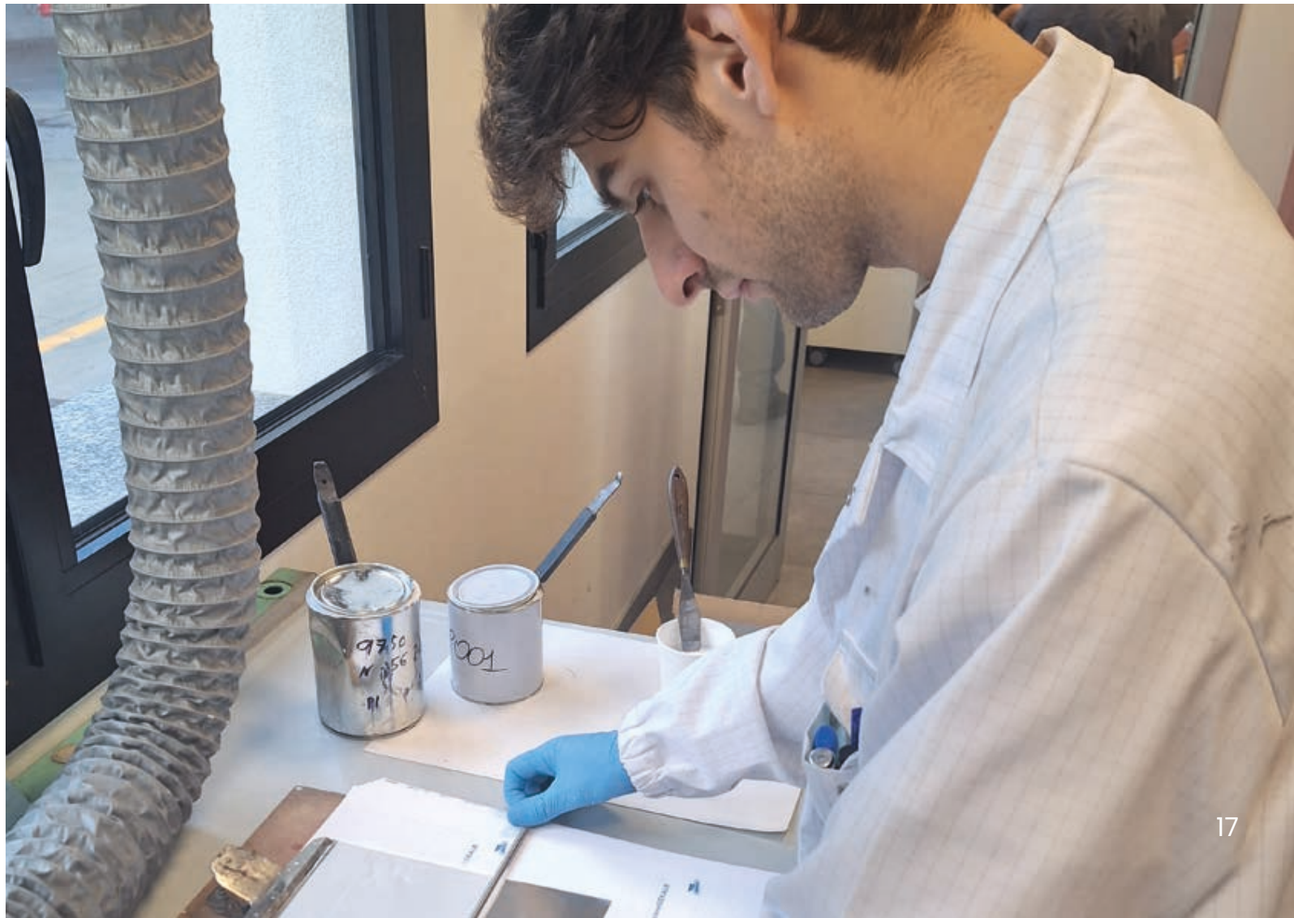
Development of formulations in compliance with the latest international standards

A large part of Salchi's ongoing research work is aimed at developing products that adhere with the latest European and international standards, with the goal of reducing environmental and human impact. This work mainly involves the field of Packaging coatings, due to the strong connection with the food industry. Examples of this are the formulation of products free of methyl isobutyl ketone (MIBK), butylglycol and melamine resins, or the search for FDA-compliant pigments for formulations intended for direct contact with foodstuffs. Also in the Coil coatings business, particularly for applications on thin aluminium (Foil), there is a need to adapt to chemical regulations. Both research laboratories for Packaging and Coil have proceeded with the development of solutions free of polyfluorinated and perfluorinated alkyd substances (PFAS) and tin-based.

Electron-beam (E-BEAM) technology development

Both the Packaging and Coil divisions have developed products with Electron-beam polymerisation technology.

> The aim is to reduce energy costs and remove the organic solvent from formulations.



IMPACTS, RISKS AND OPPORTUNITIES
ESRS 2 General disclosures (IRO -1, IRO-2)

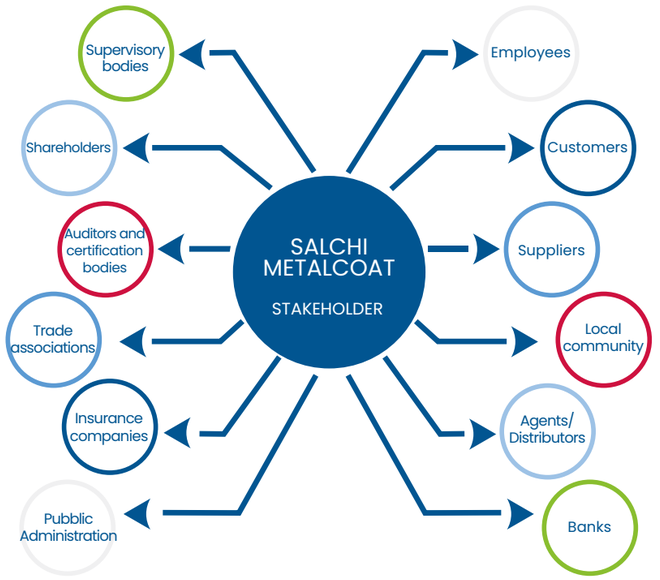
Impacts, risk and opportunity management

The management of the Due diligence process (§1.1.2 Sustainability Due diligence Statement) is strongly influenced by the interaction between company and stakeholders. From this interaction, both the determination of environmental, social, and financial impacts, as well as the identification and assessment of actual and potential adverse impacts arise. The two topics are interconnected: for a company, a sustainability impact is always considered relevant to the degree that it potentially constitutes a risk due to its current or probable effects on cash flows, development, performance and position in the short, medium and long-term time horizons.

Salchi applies double materiality to determine which impacts, risks and opportunities are identified and addressed by the Company as material or significant, which is the basis for determining the related disclosures in the sustainability report.
The Company leverages materiality assessments and risk management evaluations for strategic and operational purposes. Through these processes, it defines its approach to risk by detailing implemented mitigation measures and viewing risk events as opportunities for corporate evolution towards sustainable growth and business innovation.

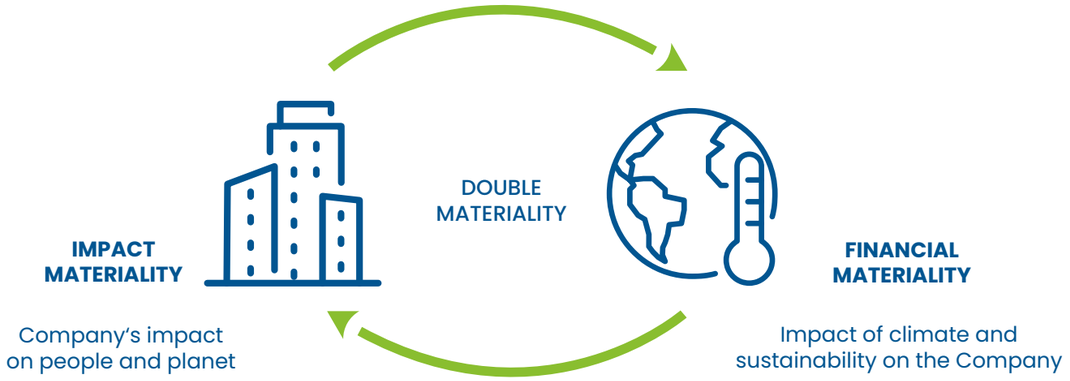
Stakeholders

Salchi integrates the elements of consultation deriving from the dialogue with stakeholders into its business strategy, and promotes moments of discussion to explore issues related to the Company's sustainable growth and to understand the likelihood of impact on stakeholders. The objective is to ensure accurate and transparent reporting, to develop and share strategies and solutions in an integrated manner, considering the three ESG dimensions.



Double materiality

The CSRD - Corporate Sustainability Reporting Directive - stipulates that double materiality – the union of impact and financial materiality – should provide the criteria for the determination of whether a sustainability matter should be included in the sustainability report. According to this perspective, companies must consider not only a matter from an impact perspective, i.e. if it is connected to actual or potential significant impacts on people or the environment over the short-, medium-, and long-term, but also a financial perspective, i.e. if it is capable of originating or translates into financial effects that may affect the company's development, financial position, financial performance, cash flows, access to financing or cost of capital in the short, medium or long term.



POLICIES, ACTIONS AND TARGETS
ESRS 2 General disclosures (DC-P policies, DC-A actions)

Consistent with CSRD regulations and the ESRS reporting principles, Salchi's materiality assessment has identified the following ESG and financial impacts:

ESRS	Material Topic	Sub-topic	Impact management	SDG	Actions	Target	Reference
ESRS E1	Climate change	Climate change adaptation	Adaptation to potential physical hazards and transition risks		-Seismic risk assessment through facility mapping -Reinforcement of riverbank defences -Implementation of mitigation measures to prevent risk of flooding, as part of mitigation plan -Staff training on the topics of the 2030 Agenda for Sustainable Development, aimed at improving environmental awareness -Monitoring of emission control regulations -Research and evaluation of the Company's assets for low-emission technology -Monitoring regulations for areas that could become protected land -Consultations with stakeholders	2024-2025 Annual	pag. 28
		Climate change mitigation Energy and emissions	Improving energy efficiency Reducing scope 1 emissions Energy monitoring to highlight efficiency gains		-Implementation of equipment upgrades to enhance energy efficiency -Upgrading production systems to improve energy monitoring and efficiency	2024-2026	pag. 29
ESRS E2	Pollution	Pollution of air, water and soil	Monitoring of pollutants		-Review and renewal of ISO 14001 certification -Internal audit plan -Use, where possible, of renewable energy sources and biomass to reduce dependence on fossil fuels -Continuous detection and measurement of substances of concern in the environment and products -Regular maintenance of industrial systems to prevent pollution from leaks and malfunctions -Regular air quality checks to ensure legal pollutant compliance -Implementation of near miss program aimed at continuous improvement in safety and environment	2024-2025 Annual Continuous	pag. 31
ESRS E3	Water and marine resources	Water resource management	Consumption and use		-Assessment of water-efficient technologies and equipment -Educational and awareness-raising campaigns -Implementation of water conservation practices	Annual	pag. 33

ESRS	Material Topic	Sub-topic	Impact management	SDG	Actions	Target	Reference
ESRS E4	Biodiversity and ecosystems	Impact on habitat	Land protection		-Compliance insurance with regulations concerning areas that could become protect -Assessing territory health and detecting threats to the natural habitat -Educating employees on the importance of preserving the natural habitat and promoting sustainable behaviour	Annual Continuous	pag. 34
ESRS E5	Resource use and circular economy	Resource and waste management	Optimisation of waste management		-Personnel training on proper waste management and the importance of minimizing waste throughout the product life cycle -Assessment of investments in technologies aimed at waste optimization -Co-operation with stakeholders in order to develop integrated solutions for waste management and material recovery	2025 Annual	pag. 36
ESRS S1, S2	Own workforce	Our workforce	Personnel management Continuous education		-Continuous education -Work-life balance -Corporate welfare	Annual Continuous	pag. 40
		Health and safety	Prevention of occupational diseases and accidents		-Review and renewal of ISO 45001 certification -Internal audit plan -Active participation of the entire workforce in the health and safety management system -Health and safety training on new recruits and when changes occur -Company-wide continuous training to foster a safety culture -Implementation of near miss program aimed at continuous improvement in safety and environment		
ESRS S1, S2	Equal treatment and opportunities for all	Diversity and inclusion	Non-discrimination, diversity and inclusion policy		-Obtainment of UNI/PdR 125:2022 certification for gender equality -Promotion within and outside the Company of the principles of non-discrimination, diversity and inclusion -Training of staff on non-discrimination policy -Implementation of diversity and inclusion-friendly recruitment policies	2024 Annual Continuous	pag. 44
		Training and development skills	Staff training and development		-Regular assessment of competences -Functional capabilities development and training -Promotion of professional growth -Fostering of job rotation and job posting initiatives -Implementation of a performance measurement system on first reports, with extension to the entire Company in the medium term	Annual Continuous 2026	pag. 47
		Adequate wages and collective bargaining	Respect for fundamental rights Equal pay for work of equal value		-Guarantee of fundamental workers' rights, including freedom of association, collective bargaining, and decent work, per international labour standards -Implementation of monitoring and surveillance systems to verify respect for workers' rights -Participation of workers in corporate decisions that affect them -Implementation of effective communication channels for workers -Assessment and management of gender pay gap	Continuous	pag. 49
ESRS S3	Affected communities	Territory-related impacts	Implementation of actions towards the territory		-Promotion of the recruitment of people, suppliers and businesses, selected from within the proximity of the Company -Fostering of school-to-work programs with local education institutes -Regular assessments of the social, economic and environmental impacts of projects and investments on the surrounding area -Adoption of sustainable natural resource management practices that reduce environmental impact and protect local ecosystems	Continuous Annual	pag. 51

ESRS	Material Topic	Sub-topic	Impact management	SDG	Actions	Target	Reference
ESRS S4	Consumers and end-users	Product quality	Continuous monitoring of product quality		-Design of products with low environmental impact throughout their life cycle -Maintaining and renewing quality certifications	Continuous Annual	pag. 52
		Consumer health and safety	Continuous process monitoring Transparent communication		-Guarantee of product compliance with applicable regulations -Objective and transparent communication on significant impacts on consumer health and safety	Continuous	pag. 53
ESRS G1	Business conduct	Corporate culture	Guarantee of: quality, transparency and correctness of information		-Continuous updating of the Code of ethics and the 231 Organisational and Management Model -Implementation of risk management system -Disclosure to stakeholders of clear and accurate information on governance, business practices, environmental and social impacts, and financial results	Continuous	pag. 56
		Management of relations with suppliers	Implementation of responsible practices		-Promotion of meeting tables with suppliers -Promotion of awareness concerning responsible and sustainable practices among suppliers -Creating lasting partnerships with suppliers	Continuous	pag. 59
		Anti-Corruption	Implementation of anti-corruption policies Protection of whistleblowers		-Guarantee of an anti-corruption model, monitoring actions -Application of procedures for handling complaints and reports from stakeholders	Continuous	pag. 60

Environmental information

ENVIRONMENTAL INFORMATION
ESRS 2 General disclosures (SBM-3, IRO-1)

> “Salchi promotes an environmental policy aimed at minimizing the ecological impact of its production operations through energy efficiency, sustainable use of natural resources, and the reduction and monitoring of pollutant emissions.

CLIMATE CHANGE
ESRS E1 Climate change (E1-1, 2, 3, 4, 5, 6, 7)

Climate change adaptation and mitigation

Salchi aims to enhance its adaptability to climate change by turning potential threats into opportunities. The process requires the Company to identify potential risks and determinate appropriate actions and measures for their mitigation. The climate change risk assessment model implemented will define time horizons consistent with the objectives of the Company's strategic and sustainability plan.
Salchi's objective is to anticipate the adverse effects of climate change, prevent risk-related impacts, and identify related opportunities by defining adaptation strategies and policies through targeted actions.

CLIMATE CHANGE ADAPTATION	ESRS E1-1, 2, 3, 4		
POLICIES	TIME HORIZON	ACTIONS	TARGET
Adaptation to potential physical hazards (seismic risk)	Short-term	Seismic risk assessment through facility mapping	2024
Adaptation to potential physical hazards (hydrogeological risk)	Short and medium-term	Reinforcement of riverbank defences	2024-2025
Adaptation to potential physical hazards (hydrogeological risk)	Short-term	Implementation of mitigation measures to prevent risk of flooding, as part of mitigation plan	Annual
Adaptation to potential transition risks (policy risk, legal and reputational risk)	Short-, medium-, and long-term	Staff training on the topics of the 2030 Agenda for Sustainable Development, aimed at improving environmental awareness	Annual
Adaptation to potential physical and transitional risks (policy risk; legal and technological risk)	Short-term	Monitoring of emission control regulations	2024
Adaptation to potential physical risks and transition risks (reputational and technological risk)	Short-, medium-, and long-term	Research and evaluation of the Company’s assets to increase the use of low-emission technologies	Annual
Adaptation to potential physical risks and transition risks (policy risk and technology risk)	Short-, medium-, and long-term	Monitoring regulations for areas that could become protected land	Annual
Adapting to potential physical and transitional risks (market and reputation risk)	Short-, medium-, and long-term	Consultations with corporate stakeholders	Annual

Salchi provides information on climate change mitigation, correcting and adjusting, if necessary, its forecast estimates in the next period by taking into account changes in the context and revising values from the previous period to redefine targets, in accordance with ESRS 1, paragraphs 7.2 and 7.5.

Consistent with European and national policies, Salchi outlines a pathway to reduce its emissions, setting short-, medium-, and long-term targets. This includes interventions on production processes and systems, to identify potential energy efficiency wins.

CLIMATE CHANGE MITIGATION	ESRS E1-1, 2, 3, 4			
POLICIES	TIME HORIZON	ACTIONS	TARGET	ESRS E1-7 Removal (tCO_2eq)
Energy efficiency improvement Reduction of scope 1 emissions	Short-term	Installation of equipment upgrades to enhance energy efficiency	2024-2025	10%
Energy monitoring to highlight efficiency gains	Medium-term	Upgrading production systems to improve energy monitoring and efficiency	2026	10%

Energy and emissions

In 2023, Salchi's total electricity consumption was about 47% from renewable sources. The Company consumed a total of 6,729 MWh, 538 MWh less than in 2022 in relation to the lower consumption of non - renewable energy .

METRIC	ESRS E1-5	
Energy consumption and MIX	**2022**	**2023**
(1) Fuel consumption from coal and coal products (MWh)	-	-
(2) Fuel consumption from crude oil and petroleum products (MWh)	356,14	272,61
(3) Fuel consumption from natural gas (MWh)	2.577,52	2.534,33
(4) Fuel consumption from other non-renewable sources (MWh)	-	-
(5) Consumption from nuclear products (MWh)	-	-
(6) Consumption of purchased or acquired electricity, heat, steam and cooling from non-renewable sources (MWh)	2.480,12	2.076,26
(7) Total non-renewable energy consumption (MWh) (calculated as the sum of lines 1 to 6)	5.413,78	4.883,20
Share of non-renewable sources on total energy consumption (%)	**74%**	**73%**
(8) Fuel consumption from renewable sources (including biomass, biogas, non-fossil fuel waste, renewable hydrogen, etc.) (MWh)	-	-
(9) Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources (MWh)	1.853,48	1.846,39
(10) Self-generated non-fuel renewable energy consumption (MWh)	-	-
(11) Total renewable energy consumption (MWh) (calculated as the sum of rows 8 to 10)	1.853,48	1.846,39
Share of renewable sources on total energy consumption (%)	**26%**	**27%**
Total energy consumption (MWh) (calculated as the sum of lines 7 and 11)	**7.267,27**	**6.729,59**

Salchi is committed to measuring and reducing its carbon footprint in line with international targets for the transition to a sustainable economy (Paris Agreement, Agenda 2030, EU Carbon Neutrality 2050).
The gross greenhouse gas emissions reported in ESRS E1-6 are related to scope 1 GHG emissions and serve to provide an understanding of the Company's direct impacts on climate change. In 2023, Salchi produced 523 tonnes of CO_2e , 30 tonnes of CO_2e less than in 2022.
In addition, the Company reported a total of 1,012 tonnes of CO_2 equivalent emissions from indirect sources, (scope 2 GHG emissions), which are attributed to the consumption of energy purchased from external providers. This figure represents a reduction of 196 tCO_2e compared to the previous year.

METRIC	ESRS E1-6	
GHG emissions	**2022**	**2023**
scope 1 emissions (tCO_2eq)	553	523
scope 2 emissions (tCO_2eq)	1.208	1.012
Total emissions scope 1, 2	**1.761**	**1.535**

POLLUTION
ESRS E2 Pollution of air, water and soil (E2-1, 2, 3, 4)

Pollution of air, water and soil

The importance of pollution is connected to numerous environmental issues. To provide a thorough perspective in its reports, it is crucial to include key components of corporate environmental reporting, such as:

- Climate change adaptation and mitigation plan (ESRS E1 Climate change);
- Water resources management (ESRS E3 Water and marine resources);
- The impact on habitat (ESRS E4 Biodiversity and ecosystem);
- Resource and waste management (ESRS E5 Resource use and circular economy).

In accordance with its environmental protection policy, Salchi oversees its industrial activities to mitigate risks and manage environmental impact. In 2006, it achieved certification for the UNI EN ISO 14001 - Environmental Management System, which emphasizes both product lifecycle perspective and risk analysis. Additionally, the Company includes a dedicated section on its environmental management model within the measures related to the Organisational and Managerial Model as per Legislative Decree 231/01.
Salchi is committed to complying with applicable legislation and promoting research and development to identify sustainable alternatives with lower environmental impact.
In 2023, following activities were undertaken:

- Ensuring Seveso compliance without exceeding the limit for entry into Art. 13 Italian Legislative Decree No. 105/15 (Seveso III);

- Conducting emission analyses that confirmed adherence to the existing AUA - Single Environmental Authorisation;
- Evaluating water discharge compliance;
- Assessing proper waste characterisation.

Furthermore, the Company dedicates a special section to the environmental management model in the measures relating to the Organisational Model pursuant to Legislative Decree 231/01.

POLLUTION OF AIR, WATER AND SOIL	ESRS E2-1, 2, 3		
POLICIES	TIME HORIZON	ACTIONS	TARGET
Monitoring of pollutants	Short-, medium-, and long-term	Review and renewal of ISO 14001 certification	Annual
Monitoring of pollutants	Short-, medium-, and long-term	Internal audit plan	Annual
Monitoring of pollutants	Short-, and medium-term	Use, where possible, of renewable energy sources and biomass to reduce dependence on fossil fuels	2024-2025
Monitoring of pollutants	Short-, medium-, and long-term	Continuous detection and measurement of substances of concern in the environment and products	Annual
Monitoring of pollutants	Short-, medium-, and long-term	Regular maintenance of industrial systems to prevent pollutions from leaks and malfunctions	Annual
Monitoring of pollutants	Short-, medium-, and long-term	Regular air quality checks to ensure legal pollutant compliance	Annual
Monitoring of pollutants	Short-, medium-, and long-term	Implementation of near miss program aimed at continuous improvement in safety and environment	Continuous

Salchi is committed to rigorous monitoring and management of pollutants, to prevent potential accidents and protect health and the environment. By deploying robust monitoring frameworks, assessing risk, analysis of accidents and near misses, continuous training of its staff and contractors, and collaboration with authorities and the local community, Salchi ensures operational safety and environmental sustainability.

WATER
ESRS E3 Water and marine resources (E3-1, 2, 3, 4)

Water management

Salchi uses water drawn from the municipal aqueduct, the consumption of which is mainly for civil use. Discharges are conveyed to the public sewage system. Salchi also uses water taken from wells, intended for irrigation and fire-fighting water supply. Company water consumption for 2023 was 7,404 m^3, a reduction of 3,411 m^3 compared to the previous year.
Salchi recognizes the importance of this resource and is committed to using it efficiently. Targeted actions include the adoption of low-flow devices in Company sanitary facilities and the maintenance of water infrastructure to prevent leaks. In addition, it is planned to conduct awareness campaigns aimed at all personnel, with the aim of reducing waste and promoting responsible behaviour regarding water use.

WATER RESOURCE MANAGEMENT	ESRS E3-1, 2, 3		
POLICIES	TIME HORIZON	ACTIONS	TARGET
Consumption and use	Short-, medium-, and long-term	Assessment of water-efficient technologies and equipment	Annual
Consumption and use	Short-, medium-, and long-term	Educational and awareness-raising campaigns	Annual
Consumption and use	Short-, medium-, and long-term	Implementation of water conservation practices and efficiency in daily water use	Annual

METRIC	ESRS E3-4	
Water	**2022**	**2023**
Total water withdrawn (m^3)	**11.831**	**8.304**
Total water consumed (m^3)	**10.931**	**7.404**
Potable water	4.522	6.545
Well water	6.409	859
Total water stored (m^3)	**900**	**900**
Fire-fighting tank (well water diversion)	900	900
Total water discharged (m^3)	**4.522**	**6.545**
Drinking water destined for public sewage	4.522	6.545

BIODIVERSITY AND ECOSYSTEMS
ESRS E4 Biodiversity and ecosystem (E4-1, 2, 3, 4)

Impact on habitat

Salchi's operations cover an area of about 90,000 m^2 within 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 manufacturing activities:

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

There are no tourist, archaeological, historical, cultural or landscape sites of interest close to the Company site. According to the environmental analysis conducted regularly each year, including 2023, Salchi's headquarter do not appear to belong to any priority areas for biodiversity. The activities carried out at the site (type, method, authorisation regime) do not imply any potential effects on biodiversity.

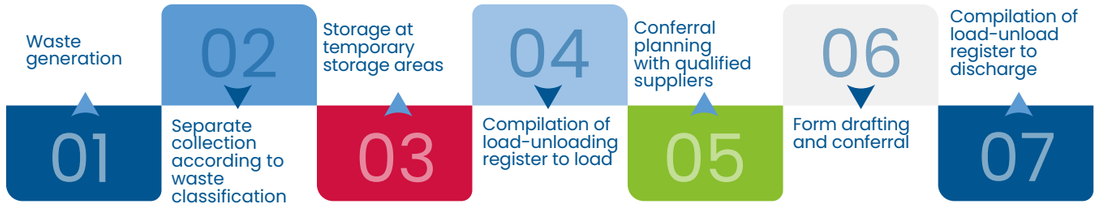
IMPACT ON HABITAT	ESRS E4-1, 2, 3, 4		
POLICIES	TIME HORIZON	ACTIONS	TARGET
Land protection	Short-, medium-, and long term	Monitoring compliance with regulations concerning areas that could become protect	Annual
Land protection	Short-, medium-, and long term	Assessing territory health and detecting threats to the natural habitat	Annual
Land protection	Short-, medium-, and long term	Educating employees on the importance of preserving the natural habitat and promoting sustainable behaviour	Continuous

RESOURCE USE AND CIRCULAR ECONOMY
ESRS E5 Resource use and circular economy (E5-1, 2, 3, 4, 5)

Resource and waste management

Salchi manages, collects, handles and transports its waste to temporary storage facilities within the plant. The entire waste management process is defined by a procedure of registration and delivery of waste to authorised external companies for disposal. The percentage of waste destined for recovery for the year 2023 was 88%, 2% more than the previous year.

The first waste management phase begins with the classification process in accordance with the guidelines set out in Resolution 105/2021. The procedure involves the identification and assignment of the specific code required by European regulations



RESOURCE AND WASTE MANAGEMENT	ESRS E5-1, 2, 3		
POLICIES	TIME HORIZON	ACTIONS	TARGET
Optimisation and waste management	Short-, medium-, and long term	-Personnel training on proper waste management and the importance of minimizing waste throughout the product life cycle -Revision of production processes in view of Waste Optimisation - Cooperation with stakeholders to develop integrated management solutions waste and material recovery	Annual
Optimisation and waste management	Short-, medium-, and long term	Assessment of investments in technologies aimed at waste optimization	Annual
Optimisation and waste management	Medium-term	Cooperation with stakeholders in order to develop integrated solutions for waste management and material recovery	Annual

METRIC		ESRS E5-5	
Resource outflows	**U.M.**	**2022**	**2023**
Non-hazardous waste	**Kg**	**143.040**	**201.842**
Disposed of	Kg	24.150	22.470
Recycling	Kg	-	-
Recovery	Kg	118.890	179.372
Hazardous waste	**Kg**	**1.117.546**	**1.223.757**
Disposed of	Kg	149.522	135.905
Recycling	Kg	-	-
Recovery	Kg	968.024	1.087.852
Total waste disposed of	**Kg**	**173.672**	**158.375**
Total waste recovered	**Kg**	**1.086.914**	**1.267.224**
Total waste	**Kg**	**1.260.586**	**1.425.599**

Social information

SOCIAL INFORMATION
ESRS 2 General disclosures (SBM-3)

In adherence with European reporting standards, Salchi is committed to promoting an inclusive, fair and safe working environment, ensuring respect for human and labour rights throughout the value chain.

OUR PEOPLE
ESRS S1, S2 Own workforce, workers in the value chain (S1,2-1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17)

Own workforce

People are at the centre of Salchi's growth. The Company holds the conviction that ethical, transparent, and responsible conduct towards its workforce is essential for sustainable corporate practices that prioritize human capital, in accordance with standards recognized both nationally (CCNL) and internationally (OECD Guidelines).
Salchi describes the key characteristics of its own workforce in relation to gender, geographic area, temporary or non-permanent employment, and incoming and outgoing turnover. In addition, it is committed to ensuring a work environment in which there is mutual trust and respect is fostered. As of 31 December 2023, there are 153 direct employees working at Salchi in Burago di Molgora.
In 2023, the Company welcomed 17 new full-time equivalent (FTE) employees, among them one at 75% part-time, consisting of 6 women and 11 men. Conversely, by the end of the year, it saw the departure of 21 employees, including 5 women and 16 men. Salchi selects employees solely based on their necessary skills and qualifications, ensuring equal opportunities and conditions for all, and adhering to current regulations regarding working hours and overtime.

OWN WORKFORCE	ESRS S1-1, 2, 3, 4, 5 / ESRS S2-1, 2, 3, 4, 5		
POLICIES	TIME HORIZON	ACTIONS	TARGET
Personnel Management	Short-, medium-, and long-term	Continuous education	Continuous
Personnel Management	Short-, medium-, and long-term	Work-life balance	Annual
Personnel Management	Short-, medium-, and long-term	Corporate welfare	Annual

METRIC	ESRS S1-6					
	2022			2023		
Employment contract (head count/FTEs) by gender	F	M	TOT.	F	M	TOT.
Temporary contract	1	-	1	1	-	1
Permanent contract	39	116	155	40	112	152
Total	40	116	**156**	41	112	**153**

	2022			2023		
Contract type (head count/ FTEs) by gender	F	M	TOT.	F	M	TOT.
Full-Time	31	116	147	32	112	144
Part-Time	9	-	9	9	-	9
Total	40	116	**156**	41	112	**153**

	2022			2023		
Qualification (head count/ FTEs) by gender	F	M	TOT.	F	M	TOT.
Senior management	3	4	7	3	3	6
White-collar workers	33	44	77	33	43	76
Blue-collar workers	-	60	60	-	58	58
Middle management	4	8	12	5	8	13
Total	40	116	**156**	41	112	**153**

	2022	2023
Employee turn-over		
Terminations (head count/FTEs)	8	21
% of turn-over	5%	14%

Below are Salchi's figures for the non-employed workers:

AGENCY WORKERS	ESRS S1-7					
	2022			2023		
Qualification (head count/ FTEs) by gender	**F**	**M**	**TOT.**	**F**	**M**	**TOT.**
White-collar workers	4	1	5	4	1	5
Blue-collar workers	4	23	27	5	25	30
Total	8	24	**32**	9	26	**35**

Health and safety

> The Company is committed to promote and spread the culture of safety as a system of shared values, based on the culture of respect for the person, developing awareness of risks, promoting responsible and correct behaviour, preserving health and safety with preventive actions of all internal and external collaborators, including contractors.
>
> (Code of ethics 2023 - Salchi Metalcoat)

Salchi fosters working environments that prioritize employee wellbeing and adhere to the most stringent occupational health and safety standards.
Beyond complying with applicable regulations, the Company implements additional security and control measures to ensure the effectiveness and the comprehensive understanding of these policies by its personnel.
Salchi employs the 231/01 Organisational and Management Model and is ISO 45001:2018 certified. To ensure effective safety management, the following measures are implemented:

- Adoption of an integrated risk and safety management system;
- Risk and criticality analysis of processes and resources with a focus on prevention;
- Control and updating of working methodologies;
- Active employee engagement in training and communication initiatives.

Throughout the year, there were four accidents, a decrease from the previous year. Despite the reduction, this prompted ongoing specialized training for the affected workers. Moreover, near misses were analysed, to improve workplace safety and prevent future accidents. This structured and joint effort also led to more classroom training sessions, raising awareness among the involved departments.
Salchi aims to achieve zero accidents. To support this goal, a target for near misses was established and linked to the participation bonus in union negotiations, making the reporting process for accidents and near misses more participatory and effective. In 2023, the target was exceeded, demonstrating the effectiveness of the continuous training provided. For 2024, the Company plans to continue this approach.

> In compliance with legal requirements, every individual on the facility is covered by the Health and Safety Management System.

HEALTH AND SAFETY	ESRS S1-1, 2, 3, 4, 5 / ESRS S2-1, 2, 3, 4, 5		
POLICIES	**TIME HORIZON**	**ACTIONS**	**TARGET**
Prevention of occupational diseases and accidents	Short-, medium-, and long-term	Internal audit plan	Annual
Prevention of occupational diseases and accidents	Short-, medium-, and long-term	Review and renewal of ISO 45001 certification	Annual
Prevention of occupational diseases and accidents	Short-, medium-, and long-term	Active participation of the entire workforce in the health and safety management system	Annual
Prevention of occupational diseases and accidents	Short-, medium-, and long-term	Health and safety training on new recruits and when changes occur	Annual
Prevention of occupational diseases and accidents	Short-, medium-, and long-term	Company-wide continuous training to foster a safety culture	Continuous
Prevention of occupational diseases and accidents	Short-, medium-, and long-term	Implementation of near miss program aimed at continuous improvement in safety and environment	Continuous

METRIC	ESRS S1-14	
Work-related accidents	**2022**	**2023**
% of people covered by a health and safety management system	100%	100%
Number of work-related accidents	6	4
Total number of work-related accidents	**6**	**4**
Days lost to work-related accidents	90	58
Total hours worked	303.525,50	252.118,00
Accident rate	**3,95**	**3,17**

Diversity and inclusion

Salchi's commitment to diversity and inclusion is anchored in these core values:

- Ensuring equal opportunities and fair treatment in the workplace;
- Upholding a non-discrimination policy that protects all workers and value chain participants from bias based on race, colour, gender, religion, political beliefs, nationality, social origin, or any other status;
- Promoting and respecting the principles of equality and equal opportunities during the hiring and recruitment process, eliminating all forms of bias and supporting decision-making and evaluation based on objective, universally accepted standards.

In every interaction among employees, regardless of their position, the Company insists on personal respect and stands against any influence or discrimination, as well as any breach of Company rules or practices. Salchi's short-term objective is not only to advocate for these principles, but also to establish a formal internal policy of inclusiveness, embarking on a journey to obtain the UNI/PdR 125:2022 Gender Equality Certification.

DIVERSITY AND INCLUSION	ESRS S1-1, 2, 3, 4, 5 / ESRS S2-1, 2, 3, 4, 5		
POLICIES	TIME HORIZON	ACTIONS	TARGET
Non-discrimination, diversity and inclusion policy	Short-, medium-, and long-term	Promotion within and outside the Company of the principles of non-discrimination, diversity and inclusion	Continuous
Non-discrimination, diversity and inclusion policy	Short-, medium-, and long-term	Staff training on non-discrimination policy	Annual
Non-discrimination, diversity and inclusion policy	Short-term	Obtainment of Uni/PdR 125:2022 certification for gender equality	2024
Non-discrimination, diversity and inclusion policy	Short-term	Implementation of diversity and inclusion-friendly recruitment policies	2024

METRIC	ESRS S1-9	
Employees by age group (head count/FTEs)	**2022**	**2023**
<30	13	16
30-50	90	80
>50	53	57
Total	**156**	**153**

METRIC	ESRS S1-12	
Persons with disabilities	**2022**	**2023**
% of persons with disabilities	7%	7%

METRIC	ESRS S1-15	
Family leave	**2022**	**2023**
% of employees entitled to family leave	100%	100%

METRIC	ESRS S1-17	
Incidents of discrimination	**2022**	**2023**
for the genre	0	0
ethnic or racial motives	0	0
on nationality	0	0
on religion or belief	0	0
on disability	0	0
on age	0	0
on sexual orientation	0	0
on other relevant forms	0	0

Training and skills development

Salchi is determined to foster the development of skills and professionalism within its organisation. The Company is dedicated to fostering a nurturing environment that encourages the development of young individuals and provides satisfaction for experienced professionals, where each person is empowered to fully utilize their talents in pursuit of both organizational and personal objectives.

In 2023, an average of 45 hours of training were provided for each employee received an average of 45 hours of training, amounting a total of 8,378 hours. This training was split between enhancing existing skills (upskilling) and learning new ones (reskilling) through specific training, including some of the instruction occurring during regular work activities. Furthermore, in February, Salchi Academy launched its inaugural program, an initiative to introduce young individuals to the professional environment. During this week-long pre-employment training, eight participants were introduced to the roles and responsibilities of coatings production and packaging operators. Following the course, a selection of these attendees were offered positions within the Company.
In order to identify areas for improvement, enhance talent, and promote a corporate culture oriented towards continuous sustainable development, a performance measurement system was finally structured during the year. This system will be implemented on the Company's front lines in the course of 2024. In the medium-term, however, it will be extended to all Company personnel, ensuring integrated and transparent performance monitoring at all organisational levels.

Employees play a crucial role in realizing Salchi's goals. Their motivation, the workplace atmosphere, and the corporate identity significantly influence the Company's performance and activities. Salchi acknowledges the value of human resources by providing a welfare platform that offers vouchers and rewards for participation and assiduity, allowing employees to benefit from a range of services.

TRAINING AND SKILLS DEVELOPMENT	ESRS S1-1, 2, 3, 4, 5 / ESRS S2-1, 2, 3, 4, 5		
POLICIES	**TIME HORIZON**	**ACTIONS**	**TARGET**
Staff training and development	Short-, medium-, and long-term	Regular assessment of competences	Continuous
Staff training and development	Short-, medium-, and long-term	Functional capabilities development and training	Continuous
Staff training and development	Short-, medium-, and long-term	Promotion of professional growth	Annual
Staff training and development	Short-, medium-, and long-term	Fostering of job posting and job rotation initiatives	Annual
Staff training and development	Short-, and medium-term	Implementation of a performance measurement system on first lines with extension to the entire Company in the medium-term	2024-2026

METRIC	ESRS S1-13	
Training hours	**2022**	**2023**
Health and safety	1.075	1.784
Environment	318	298
Quality	3.557	6.296
Total training hours	**4.950**	**8.378**

Adequate wages and collective bargaining

Salchi ensures its remuneration practices align with collective bargaining standards, providing each employee with safeguards against potential employment disruptions due to health issues, accidents, maternity, or retirement. The Company maintains a 27% female employment rate. All work contracts adhere to collective bargaining agreements. Among the 153 employees, 152 hold permanent positions.
In its pursuit of fostering an inclusive culture that celebrates individuality and offers equal professional advancement opportunities across all organizational levels, Salchi has committed to the short-term objective of implementing the UNI/PdR 125:2022 management system.
This is a concrete commitment to pursuing gender equality and valuing diversity.

ADEQUATE WAGES AND COLLECTIVE BARGAINING	ESRS S1-1, 2, 3, 4, 5 / ESRS S2-1, 2, 3, 4, 5		
POLITICIES	**TIME HORIZON**	**ACTIONS**	**TARGET**
Respect for fundamental rights	Short-, medium-, and long-term	Guarantee of fundamental workers' rights, including freedom of association, collective bargaining, and decent work, as per international labour standards	Continuous
Respect for fundamental rights	Short-, medium-, and long-term	Implementation of monitoring and surveillance systems to verify respect for workers' rights	Continuous
Respect for fundamental rights	Short-, medium-, and long-term	Participation of workers in corporate decisions that affect them	Continuous
Respect for fundamental rights	Short-, medium-, and long-term	Implementation of effective communication channels for workers	Continuous
Equal pay for work equal value	Short-, medium-, and long-term	Assessment and management of gender pay gap	Continuous

METRIC	ESRS S1-8, 10, 11	
	2022	2023
Collective bargaining, adequate remuneration	**Total**	**Total**
Employees covered by collective bargaining agreements	100%	100%
Employees receiving adequate remuneration in line with applicable benchmarks	100%	100%

THE COMMUNITY
ESRS S3 Affected communities (S3-1, 2, 3, 4, 5)

Territory-related impacts

Salchi is committed to creating value within the communities and territory where it operates. Building stronger connection with these latter is seen as a chance for the Company to contribute positively in areas such as education, job readiness, and innovation. Salchi's dedication to social responsibility is also further evidenced by its support for human rights and the enhancement of working conditions in its supply chain, in particular, with a particular focus on achieving increased sustainability for all.

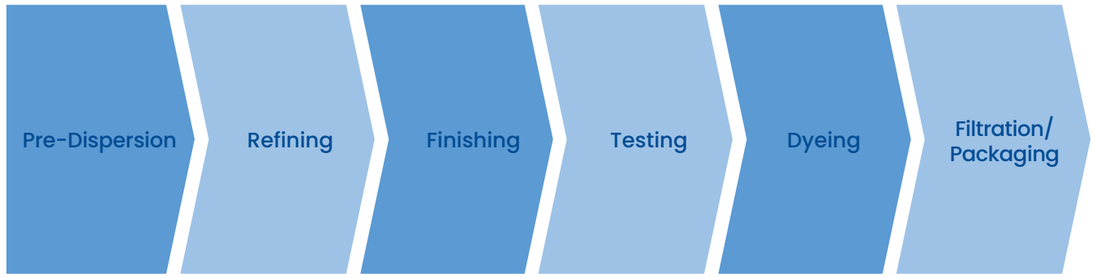
Salchi fosters school-to-work programs, providing young individuals with the opportunity to acquire real-job experience and to understand the Company's dedication to its industry. This initiative is an opportunity to strengthen community integration and guide students towards potential career in the chemical industry.

POSITIVE TERRITORIAL IMPACTS	ESRS S3-1, 2, 3, 4, 5		
POLICIES	TIME HORIZON	ACTIONS	TARGET
Implementation of actions towards the territory	Short-, medium-, and long-term	Promotion of the recruitment of people, suppliers, and businesses, selected from within the proximity of the Company	Annual
Implementation of actions towards the territory	Short-, medium-, and long-term	Fostering of school-to-work programs with local education institutes	Continuous
Implementation of actions towards the territory	Short-, medium-, and long-term	Regular assessments of the social, economic, and environmental impacts of projects and investments on the surrounding area	Annual
Implementation of actions towards the territory	Short-, medium-, and long-term	Adoption of sustainable natural resource management practices that reduce environmental impact and protect local ecosystems	Continuous

CONSUMERS AND END-USERS
ESRS S4 End users (S4-1, 2, 3, 4, 5)

Product quality

The layout of the production lines is designed to optimize process efficiency. Key raw materials are stored in tanks and silos and channelled through highly automated and dedicated lines to the various production units. The manufacturing stages that define the production process include:



Salchi's formulation and production process is underpinned by ongoing research and development efforts. Approximately 30% of the Company's workforce is employed in the formulation and product testing laboratories.
The oversight of Salchi's entire production process is part of the integrated Quality-Safety-Environment management system and is carried out through the use of methodologies and tools that align with both internal benchmarks and external standards and regulatory bodies. Salchi has established precise protocols for introducing new raw materials into the production cycle, detailing specific roles and responsibilities. Documentary and technical controls are carried out on each new material to verify not only its fit for the production requirements but also its compliance with national and international regulations. The quality assurance measures applied throughout the production process serve a twofold objective:

- to produce goods that fulfil customer expectations;
- to minimise the waste of materials and the need for reprocessing due to deviations from the Company's standards.

Quality checks are conducted on each product to consistently monitor and assess, across different stages of production, the adherence to standards and the efficacy of the coatings, thus ensuring optimal productivity and the desired chemical-physical durability.

PRODUCT QUALITY	ESRS S4-1, 2, 3, 4, 5		
POLICIES	TIME HORIZON	ACTIONS	TARGET
Continuous monitoring of product quality	Short-, medium-, and long-term	Design of products with low environmental impact throughout their life cycle	Continuous
Continuous monitoring of product quality	Short-, medium-, and long-term	Maintaining and renewing of quality certifications	Annual

Consumer health and safety

Salchi is committed to transparently informing its customers about the raw materials and production protocols used, fostering stable and dynamic communication to support them in developing customised solutions. Quality, as articulated in the Code of ethics, remains a cornerstone value for the Company, pivotal for ensuring customer satisfaction with products and services, and adhering to all relevant regulatory standards, including those pertaining to chemical and food safety.

In order to guarantee the safety and quality of both raw materials and finished products, the Company has implemented a monitoring and control system, which includes an internal and external audit system to periodically review and control all business processes. This scrutiny extends to ensure that their products and practices align with Salchi's quality benchmarks and values. The objective is to achieve sustainable growth by engaging suppliers and sharing solutions for continuous improvement. A similar approach is equally applied to customers, with whom feedback is collected and analyzed to pinpoint and enact improvements. The Company is committed to comply with the general and specific product standards applicable to its products on the basis of their intended use. With particular reference to products intended to come into contact with foodstuffs, the Company pledges to deliver quality products in line with the current regulations and the Good Manufacturing Practices (GMP) referred to by the industry standards.

CONSUMER HEALTH AND SAFETY	ESRS S4-1, 2, 3, 4, 5		
POLICIES	TIME HORIZON	ACTIONS	TARGET
Continuous process monitoring	Short-, medium-, and long-term	Guarantee of product compliance with applicable regulations	Continuous
Transparent communication	Short-, medium-, and long-term	Objective and transparent communication on significant impacts on consumer health and safety	Continuous

Governance information

GOVERNANCE INFORMATION
ESRS 2 General disclosures (GOV 1)

Salchi's dedication to sustainable growth is a key pillar of its governance strategy, which is rooted in ethical business conduct and aims for enduring growth. This commitment drives the Company to consistently enhance its ESG outcomes while adhering to European regulations for managing environmental and social impacts, risks and opportunities.

GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL
ESRS G1 Governance, risk management and internal control (G1-1, 2, 3, 4)

Corporate culture

Corporate values include safeguarding stakeholder interests and developing operational methods that are both efficient and trustworthy, all while complying with legal and moral principles.
Key elements guiding the Company's governance towards sustainable growth include:

Salchi places special attention on fundamental aspects such as:

- the quality of products and services provided to customers;
- the environment;
- hygiene;
- occupational health and safety.

Since the year 2000, Salchi has adopted an integrated management system (IMS) for Quality, Environment, Health and Safety, certified in accordance with UNI EN ISO 9001:2015, UNI EN ISO 14001:2015, and UNI ISO 45001:2018. Salchi's Code of ethics is a cornerstone of the Corporate Governance system, and was revised during the year. The document is an integral part of the 231 Organisational Model, which is based on a risk analysis of the Company's processes and is aimed at ensuring the Company operates properly in alignement with its ethical, sustainability and performance objectives. In line with the 231 Organisational Model and IMS, Salchi has implemented an internal control and risk management system designed to ensure continuity of operations in compliance with the Code of ethics.

CODE OF ETHICS

At Salchi, ethical business conduct is key for success. The Code of ethics outlines the following values that form the foundation of the Company's corporate governance:

- Ethics and regulatory compliance;
- Health and safety: the Company has implemented and periodically verifies a system that adheres to international standards (BS OHSAS 18001/ISO 45001), national guidelines (UNI INAIL 2001) and the internal Quality, Environment, and Safety policy. Salchi actively promotes environmental respect and protection, aiming for sustainable development in line with the International Standard UNI EN ISO 14001;
- Centrality of the individual, sustainable development, and social responsibility towards the community: Salchi respects the physical and cultural integrity of individuals, ensuring working conditions that uphold individual dignity and safety. The Company combats all forms of discrimination, supports gender equality, freedom of association, collective bargaining, and the right to representation. It also opposes child labor and forced labor. Its sustainable business growth considers the needs of the communities where it operates, contributing to their economic, civil, and social development;
- Transparency in accounting, administrative, and corporate responsibilities: Salchi ensures that its financial statements and other required accounting documents provide a true and fair representation of the corporate reality, ensuring transparency and timely verification;
- Rules of free competition: the Company operates in compliance with regulations protecting fair competition.

231/01 ORGANISATION, MANAGEMENT AND CONTROL MODEL

Salchi has adopted an Organisation, Management, and Control model pursuant to the Italian Legislative Decree no. 231/01 (the Model). This Model includes a control and supervisory function carried out by a supervisory board represented by an external and independent individual.

THE COMPANY HAS DEVELOPED:

- Model special part Environment: designed to prevent environmental offences of D. Lgs. 121/11 and Law n. 68/2015;
- Model special part Safety: aimed at preventing safety offences of D. Lgs. 81/08 and in particular Artt. 30 and 300.

RISK MANAGEMENT SYSTEM

Salchi's internal risk management system is designated to ensure the so called Board's Risk Oversight. This principle implies that the Board of Directors, the CEO, and their direct reports not only promote a risk management culture but also define and revise the Company's risk management strategies. The approach is focused on:

- Creating a common and shared document (DVMO, Threat and Opportunity Assessment Document) that considers relevant internal and external factors, the involved processes, and the elements of threat and opportunity for each;

- Systematically monitoring business risks by analysing the impacts of planned mitigation actions alongside the performance indices of corporate objectives, and proposing preventive and corrective actions.

In the DVMO, corporate objectives are set out with a time horizon in the year and categorised by goals related to:

- efficiency;
- quality management;
- productivity;
- process optimisation;
- dynamics relevant to Italian Legislative Decree 81/08 and corporate compliance (regulations, procedures and Model 231/01).

All relevant information are shared with its stakeholders, in adherence with current regulations. In particular, Salchi has reinforced its internal communication with all its workers.

CORPORATE CULTURE	ESRS G1-1		
POLICIES	TIME HORIZON	ACTIONS	TARGET
Quality, transparency, and correctness of information	Short-, medium-, and long-term	Continuous updating of the Code of ethics and the 231/01 organisational model	Continuous
Quality, transparency, and correctness of information	Short-, medium-, and long-term	Implementation of risk management system	Continuous
Quality, transparency, and correctness of information	Short-, medium-, and long-term	Disclosure to stakeholders of clear and accurate information on governance, business practices, environmental and social impacts, and financial results	Continuous

Supplier relationship management

Salchi interacts with suppliers, sharing sustainability values and objectives through an ongoing exchange. The Company has made its Code of ethics available to all via its website.
Over the years, Salchi has defined a structured supplier management process aimed at developing stable and lasting relationships. In 2023, suppliers were evaluated based to parameters that include ESG compliance. To date, about one hundred suppliers have been assessed on the basis of environmental aspects, none of which have showed significant negative environmental impacts.
Salchi aims to strengthen and grow business relationships, especially with suppliers committed to continuous improvement in material quality, environmental respect, workplace safety, and social responsibility. The Company seeks strategic partnerships with these suppliers, engaging in product innovation processes. Salchi encourages its strategic suppliers to adopt international standards such as ISO 9001, ISO 14001, and ISO 45001. When sourcing raw materials, Salchi prioritizes local and European supply chains. Over 70% of raw materials are sourced from Italian suppliers, reducing operational risks and mitigating environmental impact.

MANAGEMENT OF RELATIONSHIP WITH SUPPLIERS	ESRS G1-2		
POLICIES	TIME HORIZON	ACTIONS	TARGET
Responsible practices	Short-, medium-, and long-term	Promotion of meeting tables with suppliers	Continuous
Responsible practices	Short-, medium-, and long-term	Promotion of awareness concerning responsible and sustainable practices among suppliers	Continuous
Responsible practices	Short-, medium-, and long-term	Creating lasting partnerships with suppliers	Continuous

Anti-Corruption and protection of whistleblowers

Salchi complies with legal regulations for financial and non-financial reporting, mainly addressing institutional stakeholders and supervisory bodies through documents such as statutory financial statements and 231 Organisational Model reports. In addition, it keeps informed on its operational and sustainability performance, and maintains active communication channels with all other stakeholders, including employees, customers, consumers, suppliers, collaborators, partners, and local communities.

The sustainability report is a key element in Salchi's communication, aimed at illustrating in a concrete, truthful and transparent way the Company's vision and commitment to improving its ESG performance. The document is shared on its website, together with its Code of ethics, policies, the certificates of the integrated management system (IMS), and access to the Whistleblowing platform.
Concerning this latter topic, and in adherence with Italian Legislative Decree no. 24/2023, Salchi has implemented a Whistleblowing policy that guarantees confidential reporting channels and protection from retaliation to whistleblowers, to ensure that misconduct reporting happens without fear of negative consequences.

ANTI-CORRUPTION AND PROTECTION OF WHISTLEBLOWERS	ESRS G1-3		
POLICIES	TIME HORIZON	ACTIONS	TARGET
Anti-corruption policy	Short-, medium-, and long-term	Ensuring an anti-corruption model, monitoring actions	Continuous
Protection of whistleblowers	Short-, medium-, and long-term	Implementation of procedures for handling complaints and reports from stakeholders (Whistleblowing)	Continuous

METRIC		ESRS G1-4	
		2022	2023
Nation	Confirmed incidents of corruption or bribery	Total	Total
Italy	Number of confirmed incidents of corruption or bribery	0	0
	Number of confirmed incidents in which employees were dismissed or sanctioned for corruption or bribery-related incidents	0	0
	Number of confirmed incidents of contracts with business partners that were terminated or not renewed due to corruption or bribery violations	0	0

SALCHI METALCOAT

Passion for Coatings

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