METLAC GROUP

SUSTAINABILITY REPORT

Results achieved and commitments taken in Sustainable Development

October 2024

Contents

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Foreword
Letter from the Founder and CEO of the METLAC Group

Dear Stakeholders,

I am very pleased to present the second METLAC Group Sustainability Report, a document that reflects our commitment to a more responsible and sustainable future. We made significant progress in several areas in 2023, reflecting our continued focus on ESG issues and, in particular, on environmental protection.

One of our priorities has always been the respect for health, which we understand in a broad sense: from our employees to end customers, including environmental protection. In fact, we implement and study new technologies and processes to reduce our emissions and optimise our use of resources, demonstrating our commitment to innovation and sustainable solutions.

We have always maintained a strong focus on customer care, guaranteeing the quality of our products and presenting innovative answers to changing market needs. Since 2020, our sustainable development strategy has formed an integral part of our industrial strategy, with actions aimed at creating long-term value for all Stakeholders.

Our successes would not be possible without our people, whom we devote attention and resources to for training and skills development. Continuous training events and programmes are organised to foster our employees' continuing education and professional development.

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Looking at the present and the future, one important step is the inauguration of a new corporate site in Mexico in 2024, which will allow us to expand our operations sustainably and responsibly, integrating our values and corporate culture with the local culture.

In 2024, we will also host 'Fabbrica Sostenibile', an initiative that will share the best sustainable practices of local companies, demonstrating our commitment to being an active participant in promoting sustainable development around the world.

I would like to thank you for your interest, as well as those who have always supported this company, enabling us to make such significant progress. We will continue to work hard to honour the trust of our Stakeholders and contribute to a better future for everyone.

Enjoy!

Pier Ugo Bocchio
Founder and CEO of METLAC Group

Chapter 1

METLAC GROUP ITALY

October 2024

1.1 Our Story

METLAC Group is a major international company that produces varnishes and inks for metal packaging, with headquarters in Bosco Marengo, in the Province of Alessandria. The history of METLAC began in the mid-1980s and the company immediately stood out for its strong dedication to innovation and synergy with major supply companies. These are the main milestones in our history.

1986 The company was founded by Pier Ugo Bocchio in Bosco Marengo, Alessandria, with the acquisition of the metal packaging coatings business from IVI (PPG Group). It was initially called COATES ITALIA, with COATES BROTHERS holding a minority stake.

1994/1997 TOTAL, one of the world's leading oil companies, acquired COATES BROTHERS, becoming a shareholder of COATES ITALIA, which was sold to ICI Packaging Coating in 1997, becoming METLAC SPA.

2004 AKZO NOBEL, a Dutch multinational company specialising in the production of varnishes and coatings became a partner of METLAC SPA.

Since 2005 Year after year, METLAC Group has strengthened its position as a leading player in the industry, primarily on the international stage.

Today, it consists of a group of companies under METLAC SPA as the main supplier of varnishes and inks for a specific market: coatings for metal packaging. These include B & B (beer and beverage, such as cans for alcoholic beverages and soft drinks), food (tin boxes and cans for food, vegetables, preserves, capsules and crown caps) and tubes & monobloc (metal packaging for food, cosmetics and detergents) and the general line, (metal tins for various uses, secondary packaging for decorative purposes). Our products stand out for their high performance in packaging protection, guaranteeing the preservation, freshness and safety of the food they come into contact with, either directly or indirectly.

In general, METLAC Group products represent a specific market niche, a subset of the varnishes and printing inks sector. They feature high-tech functional elements that act as a double chemical barrier against the aggression between the packaging and contents (food or drink) and as a barrier that prevents the migration of hazardous substances from the container or varnishes to the food or drink, ensuring that sensory properties and characteristics such as taste, colour, flavour, smell of the food are maintained.

1.2 Mission, Vision and Values

MISSION Producing paints and inks for metal packaging, striving to ensure that the general public enjoys consuming food and drinks while the freshness, taste and flavour is maintained consistently.

VISION METLAC Group aspires to become a leading player in the industry, focusing on innovative product formulations through the development of new formulas designed to reduce its carbon footprint and the use of raw materials derived from fossil fuels.

METLAC Group firmly believes in the importance of maintaining its leadership position in this specialised area of metal packaging by continuing to invest in research and development capacity, with a focus on formulating innovative products that respect the principles of environmental sustainability and human health. Its strengths include:

- a Research Centre engaged in formulating innovative products with solutions developed to eliminate hazardous substances that have negative impacts for humans and the environment;
- close cooperation with customers to better understand and meet their needs, offering flexible and timely solutions;
- substantial investment in production and control systems to ensure the highest quality;
- a commitment to reducing the environmental impact of its activities and ensuring the safety and wellbeing of employees;
- dedicated technical assistance to support customers;
- solid and long-lasting relationships with suppliers, ensuring business continuity;
- strict compliance with applicable regulations and active participation in industry initiatives.

VALUES These are the values that inspire our daily work:

- **Integrity** Our company is committed to maintaining the highest standards of honesty and transparency in all its operations. Every decision is guided by sound ethical principles, ensuring that all practices are fair and responsible.
- **Excellence and customer satisfaction** We constantly strive for excellence through innovation and the quality of our products. Customer satisfaction is our priority, and we work tirelessly to exceed expectations with custom solutions and impeccable service.
- **Passion** Our passion for our work is reflected in every project and product. We are enthusiastic about continuous innovation and improvement, driven by our dedication to creating solutions that make a difference.
- **Collaboration/Respect** We value a working environment based on cooperation and mutual respect. We are convinced that success is the result of the contribution and support of each member of our team, and we work together to achieve common goals.
- **Sustainability** Sustainability is at the heart of our activities. We are committed to reducing the environmental impact of our operations and promoting eco-friendly practices, ensuring that our development is in harmony with the protection of the environment, natural resources, the wellbeing of our people and the territories where we operate.

The adoption and maintenance of international standards such as UNI EN ISO 9001, UNI EN ISO 14001, UNI EN ISO 45001 help promote individual responsibility and awareness of the importance of sustainability, quality, environment and safety, as well as being a necessary ingredient for improving the efficiency of the company's integrated management system.

1.3 Business model: a local reality for an international market

METLAC Group has maintained a well-sized organisational structure over the years, despite constantly increasing sales trends and product distribution increasingly aimed at a global market. In fact, in 2023, 68% of METLAC Group Italy's volumes were shipped abroad to EU and non-EU countries.
The characteristic elements of METLAC Group's business model are analysed below, presenting the risks and opportunities involved.

1.3.1 Local and well-sized company

Our well-sized structure is the business model that characterises METLAC Group, whose strengths lie in its dynamism and greater responsiveness due to a smaller and therefore more flexible organisational structure. It follows that the development of strategies, for example, including those related to ESG issues, and the adoption of emergency measures to protect personnel, their activities and the environment, can be carried out rapidly, efficiently and together. In addition to being the place where the activities were originally established, the Bosco Marengo site is now the headquarters of METLAC Group for commercial strategies, administrative management, research and development of new products and technical assistance for customers.

However, its small size also entails risks such as supply discontinuities and logistical limitations in product distribution due to geographical distances both to customers and to raw material suppliers, as well as the limited number of production plants and limited material stock. Managing these risks means carefully evaluating aspects that favour business continuity and, for example, investing in logistics and storage capacity, making warehouses larger and functional so we can handle increasing quantities of raw materials and finished products, equipping ourselves with more automated production facilities that guarantee speed and good reproducibility between consecutive productions, and relying on strategic transporters to ensure effective distribution to the market.

1.3.2 Business sector

From the very beginning, METLAC Group chose to vertically align its production in a specific sector, namely coatings for metal packaging. This has enabled METLAC to achieve high standards of quality and service that have positioned it among the world's leading players. The degree of specialisation attained by technicians dedicated to research, technical and commercial activities is constantly evolving, as is the number of people dedicated to these activities, which is quite considerable when compared to those dedicated to production (30% of METLAC Group people are dedicated to technical areas).

Operating within a single sector exposes the company to related risks, such as possible market downturns or market changes. At the same time, it offers opportunities — for example, the SUP (*Single-Use Plastics*) Directive[1], introduced in 2022, has actually increased demand for the use of metal packaging at the expense of packaging made of single-use plastics.

The sector is home to few producers, mainly multinational companies that share global volumes. The company experiences this highly competitive market as an incentive to continuously improve its performance through innovation, building a resilient, inclusive and sustainable infrastructure.

1. The *Single-Use Plastics* (SUP) Directive is governed by Directive (EU) 2019/904 of the European Parliament and of the Council of 5 June 2019. This Directive sets measures to reduce the environmental impact of single-use plastic products and promotes the transition to more sustainable solutions.

1.4 Economic value generated and distributed

For METLAC Group, assessing the direct economic value generated and distributed allows it to express and quantify the financial wealth created and shared with its Stakeholders. The economic value generated and distributed in relation to the consolidated data for METLAC Group in Italy is shown below (values expressed in thousands of euros). The economic value generated directly for 2023 was €246,000 a decrease of 10.3% compared to 2022, which was already an increase of 7.1% compared to 2021. The reduction in economic value generated directly in 2023 is due to the decrease in sales volumes, which led to a decrease in purchases from suppliers.

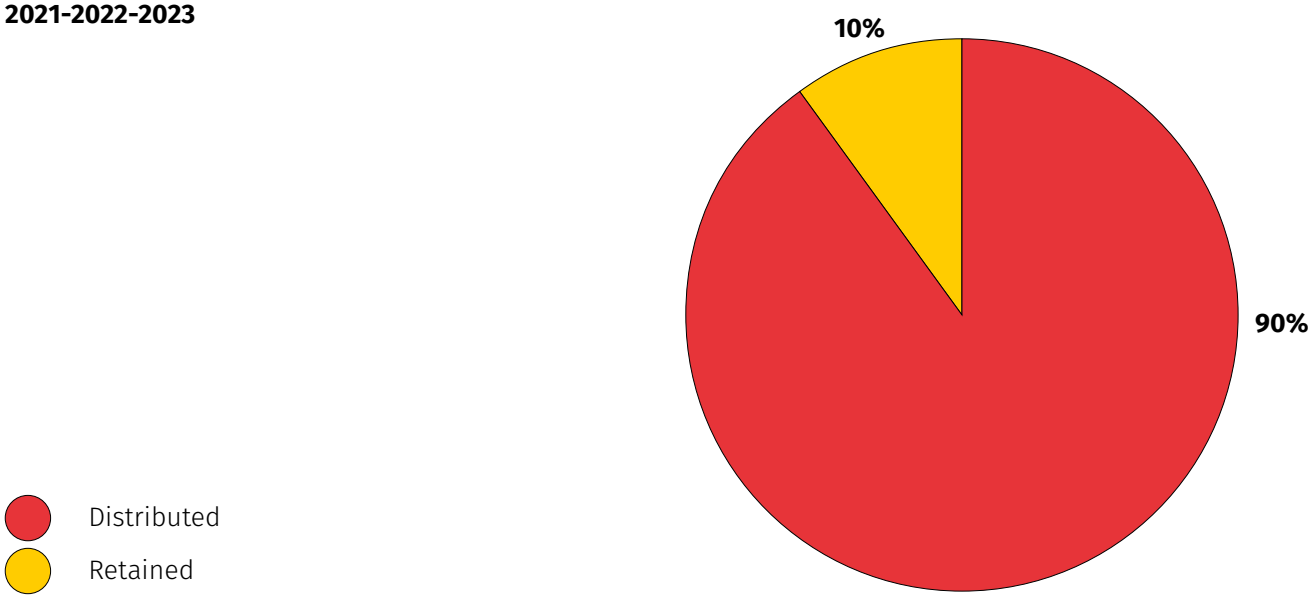
On the other hand, the wealth distributed to staff increased thanks to new hires.

Shareholders, lenders and public administration bodies, after a negative decline in the two-year period 2021/2022,show positive changes in the 2023 due to issues attributable to the reference markets and, in the case of public administration bodies, due to the increase in profits and thus taxes paid. The Community value saw an increase in 2023 due to the donation of two items of medical equipment to the hospital in Alessandria. In addition, donations to some non-profit organisations also increased.

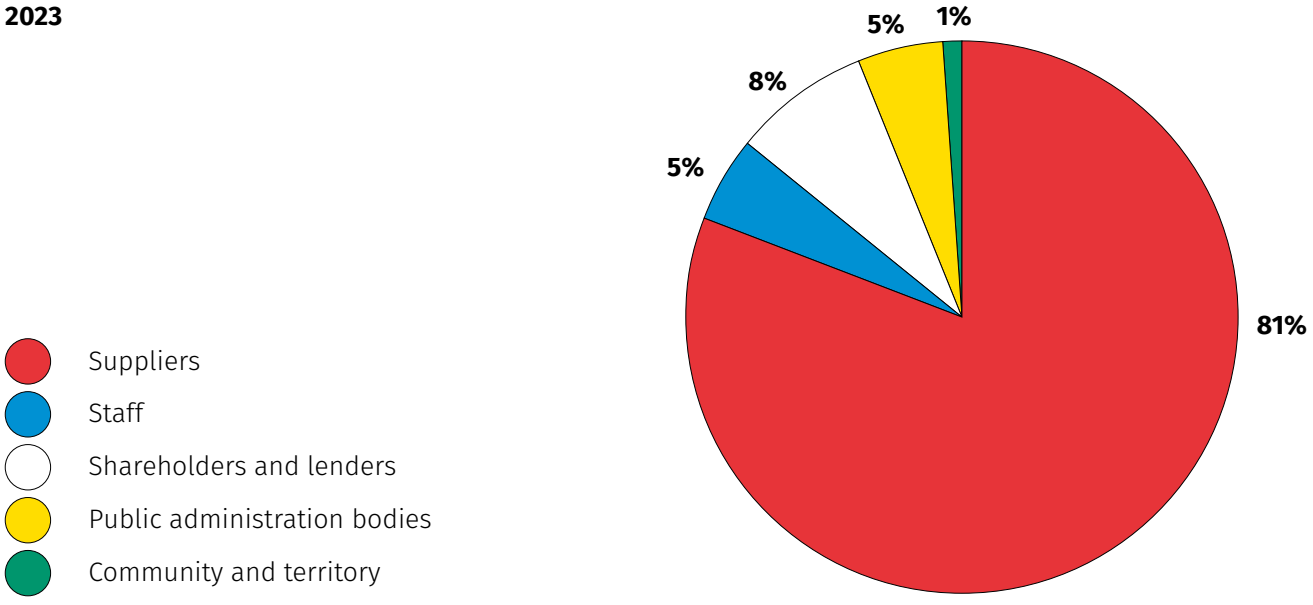
	2021		2022		2023	
EBDTA, Direct Economic Value Generated	255.904 k€	100%	274.169 k€	100%	246.000 k€	100%
Economic value distributed to Stakeholders	229.249 k€	90%	246.565 k€	90%	220.585 k€	90%
Suppliers	195.740 k€	77%	213.756 K€	78%	178.023 k€	73%
Staff	10.931 k€	4.3%	11.898 k€	4%	12.423 k€	5%
Shareholders and lenders	11.111 k€	4.3%	9.858 k€	4%	17.142 k€	7%
Public administration bodies	11.408 k€	4.4%	11.048 k€	4%	12.895 k€	5%
Community and territory	59 k€	0.02%	5 k€	0.002%	102 k€	0.04%
Economic value retained in the company	26.655 k€	10%	27.604 k€	10%	25.415 k€	10%

This data is shown more clearly in the graphs below.

Economic value retained
2021-2022-2023



Distribution of Distributed Value
2023



1.5 Investments

In 2023, investments in plant innovations for the Bosco Marengo site were particularly significant, amounting to €2.42 million, a 13% increase over the previous year. This growth particularly concerned investments in industrial development, i.e. upgrading plants in the production departments (installation of new tanks, new mixers and upgrading existing machinery).

In 2021, a change was made to the dosing plant for pigments used to produce glazes. The project had the following objectives: improved production efficiency, improved performance through a change in the type of material transport (increase in machine capacity), a change in the type of discharge in the production tank, replacement of the software, elimination of material leaks (present in the previous system) and reduction of stoppages due to faults and consecutive maintenance interventions. The same year, a single-level warehouse was converted into a multifunctional environment with the addition of a second level for spare parts storage and the conversion of the ground floor into a machine shop. The usable area of the building was therefore doubled. To complete the list of the most significant measures for the year 2021, three mills used for grinding (refining) pigmented varnishes were replaced with three Class 4.0 machines to gain in competitiveness and improve the digitisation of the process. Eighty per cent of the project was funded by the government through the National Plan for Industry 4.0.

Two new pigment dispersion machines were installed in 2022. These feature higher automation, performance and capacity than their predecessors. In the

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production department, two semi-automatic dosing heads were replaced with one automatic one in October. In December, three new mixers were installed on 35-tonne tanks, resulting in improved efficiency and productivity. Also in 2022, the dosing head on a system in the coloured glaze production department was replaced. A new Class 4.0 tank-washing system was also installed in the northern area of the site.

New storage tanks were installed in November 2023. This intervention was designed to optimise the arrangement of storage tanks for raw materials and finished products and to improve logistics flows (unloading and loading of goods). Activities started in 2023 and scheduled for completion in 2024 include the replacement of impellers for production department machinery and the purchase of new mixers for mobile tanks for small batch production.

In 2024, the group of compressors will be replaced with new models, leading to significantly improved energy efficiency. By 2025, upgrades and revamps of the production machinery are scheduled to be completed to improve automation and efficiency. The administration building of the METLAC site in Bosco Marengo will receive a new air treatment plant with hot and cold air recovery. In addition, a new Data Processing Centre with *disaster recovery* will be located in a recently acquired outdoor area, which will also include a green zone for staff and visitors. The thermal oil power plant will be dismantled in favour of environmentally friendly solutions, such as a photovoltaic system with heat recovery. The mixing and dispersion plants will be modified to improve process efficiency, while the quality control, research and development laboratories in the CERITEC building will be expanded and equipped with a new heating system.

The Group's investments show a **continuous commitment to innovation, sustainability and efficiency**, to improve not only production operations, but also the working environment for staff and the surrounding community. For example, investment in new, high-performance machinery has brought with it improved operating conditions in terms of safety and production performance, as well as savings in the use of resources such as energy and water. Investments in goods, services and resources are subject to a related risk analysis conducted following the ISO standards that METLAC complies with. This is then periodically discussed and analysed by the Operations Committee (see Section 2.1 for further details). In the future, METLAC Group plans to refine its approach to risk analysis and the timely measurement of related processes.

1.6 Research and Innovation

Research and Innovation are one of the pillars of METLAC Group's business model. Research is aimed at identifying new materials featuring reduced toxicity and related impacts, solving technical problems encountered during production and improving the distribution and use of marketed products. Innovation addresses the formulation of new sustainable products and services that can contribute to improving the use and performance of our products. Because we are part of the chemical industry, the objective is to reduce risks for direct or indirect users, ensuring continuity and profitability for the company in terms of compliance and cutting-edge aspects.

In the drive for continuous improvement, consumer policies and constant interaction with customers are crucial, as they are increasingly focused on reducing, even eliminating, hazardous substances contained in or released from coatings into food or beverages. This approach covers the issue of all-round health protection for both workers and consumers. In fact, METLAC is engaged in implementing projects to develop new, innovative products with reduced hazardousness.

The most relevant research and innovation projects for the 2021-2023 period are illustrated below.

Catalogue of products free of persistent, bioaccumulating and toxic substances
➔

Development of a complete catalogue of products free of persistent, bioaccumulating and toxic substances such as PTFE (polytetrafluoroethylene), PFAS (per- and polyfluoroalkyl substances) and BPA (bisphenol A), offering alternatives with reduced environmental and social impacts for customers sensitive to safety and sustainability issues, in line with EU Directives soon to be published by the EFSA (European Food Safety Authority) for products destined for the food sector for which it will become mandatory to eliminate epoxy in direct (from the second half of 2025) and indirect contact with food (from 2026).

The following table shows the percentage of epoxy-based (BPA) and BPA not intent (BPANI) products for 2023 and the results that could be achieved if the alternative BPANI formulations, which have already been developed, were adopted by the market.

	2023	Prospective situation with BPANI alternatives (assumptions for 2030)
Epoxy-based products	32,5%	6,5%
BPA not intent products	67,5%	93,5%

Of the products destined for the market by 2023, 67,5% are BPA not intent (BPANI) formulas, while 3,5% are still BPA-based. METLAC Group's R&D Team has worked tirelessly over the last three years to formulate BPA not intent alternatives, covering 80% of the products concerned. This result would lead to a significant rebalancing of the two families to reduce the presence of BPA products to 6,5%.

The next steps METLAC Group plans to take are shown in the following roadmap. They concern the complete transition to BPA- and PFAS-free products, which will continue over the next few years and be completed in 2026.

Next steps

	2024	2025	2026
Conversion to BPANI % of product codes	94	95	100
Conversion to PFAS-free % of product codes	93	100	

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Develop new product formulas with an increase in renewable, organic or recycled materials
➔

One example is the development of a varnish product using a raw material from a bio-recycled, i.e. plant-based, source such as cutin. The project was realised in cooperation with two material suppliers and in partnership with a number of customers. It involves the production of a polyester resin containing cutin, a natural polymer found in the cuticle of tomato peels. The resulting resin is a key ingredient in the production of the final varnishes that will be used for the interior protection of cans for food storage. In addition to containing a significant percentage of cutin-based resin, the varnishes will use an organic solvent, will be PTFE-free and will be classified as Vegan OK.

An activity conducted in collaboration with the **A. Volta** technical institute in Alessandria also serves to advance a noteworthy project with a view to developing and using more sustainable materials by reducing the amount of substances based on fossil fuels. The project aims to produce varnishes with a reduced carbon footprint. The polyester-type resin being developed is the main component of the product and would be made from recycled raw materials, in this case, recycled PET (polyethylene terephthalate) derived from furan.

Finally, **collaborative research** was initiated with a chemical producer-supplier to develop bio-solvents derived from lactates.

The following table summarises the number of projects managed by the R&D Team in 2023 and the number of hours dedicated to developing products containing materials from renewable, organic or recycled sources.

	No of projects	Hours
Organic products	5	72
Renewable, recycled plastics	10	115
Organic solvents	-	-
TOTAL (2023)	**15**	**187**

Formulating products that use fewer and fewer raw materials from fossil fuels, reducing impacts on the environment and improving the health and safety of operators and consumers is an important goal for METLAC Group.

The goal is to formulate 10% of products containing at least 20% raw materials from renewable sources by 2030.

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LCA, Life Cycle Assessment ➔

This was introduced to gain more in-depth knowledge about the impact profile of marketed products by analysing METLAC Group's production processes and those of the materials used, considering their processes starting with the supply chain.

The project was initiated in collaboration with the **Università del Piemonte Orientale (UPO)** in Alessandria and its spin-off Greenstep, for staff training and consultation on conducting the analyses. The aim is to extend the study to all families in the product catalogue, making comparisons to highlight the impact profile of the products according to the different technologies, comparing, for example, solvent-based varnishes with water-based varnishes, solvent-based thermal oven-drying varnishes with UV or UV-LED solvent-free varnishes and BPA-based varnishes with BPANI (not intent) varnishes.

Details of the current and future projects are shown below.

Year	Activity
2021	Internal Training on Sustainability and LCA
2022	Conducted LCA (CFP, C2G limit) Water-based varnishes
2023	Conducted LCA (CFP, C2G limit) Clear varnishes for exterior caps or solvent-based crown caps
Scheduled	LCA for UV-LED varnishes (solvent free)
	LCA for internal varnishes (food contact)
	Training activities for developing C2C case studies (cradle-to-grave limit)
	LCA by product family (CFP, C2G limit)

With the objective of validating the results of the Life Cycle Analysis, METLAC Group is evaluating the opportunity to certify them and obtain the Environmental Product Declaration (***Environmental Product Declarations, EPD***) for its carbon footprint.

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Investment in Research and Innovation →

To gain a competitive advantage, METLAC Group is considering increasing its investments in Research & Development, defining innovation priorities and the resources needed to achieve the objectives. The company currently has a Group company, CERITEC, entirely dedicated to research and development. It invests around 1% of its turnover in R&D, compared to the national average of 2% for a total amount of around €1,800,000.

Over the past three years, METLAC has received government grants in the form of tax breaks and tax credits that have facilitated various research and innovation activities. Details on the figures are given in the table below.

Financial assistance received from the government (€)	2021	2022	2023
Tax relief and tax credits	539.764	806.585	395.204

No other interventions were received (e.g. subsidies, investments or research grants, prizes, royalty suspensions, financial assistance, financial incentives, other benefits).

1.7 Relations with local communities

The company has always recognised the importance of establishing and maintaining strong relationships with the local community, aware that the success of a business is closely tied to the wellbeing of the area where it operates. In this context, our commitment occurs on several fronts, in particular by creating employment opportunities and strengthening ties with local schools and universities.

METLAC Group identifies people who live or work in areas that are potentially affected by the organisation's activities as members of local communities. For the Bosco Marengo site, residents in the municipalities of Bosco Marengo, Frugarolo and their respective hamlets are considered part of the local community. For the Cava de' Tirreni site, people working in the industrial area around the plant and the municipality of Cava de' Tirreni are considered members of the local community. METLAC Group also operates in Southern Italy through the METINKS site in Campania, where it contributes to creating new jobs and developing the local community itself.

Corporate community METLAC has always been oriented towards recruiting personnel from the local community. This principle applies at every level of the organisation, from the operational to the managerial level. This is why more than 50% of the company population for the Bosco Marengo plant comes from the local community. For the Cava de' Tirreni site, however, 90% of the staff belong to the local community.

Programmes METLAC promotes cooperation programmes with educational institutions (high schools and universities), for training, employment or consultancy purposes with PhD students/researchers on R&D projects. In particular, two graduation theses were completed in 2022 as a result of internship activities carried out at the Bosco Marengo site by students from the Università del Piemonte Orientale (UPO) and the University of Genoa. Two other important projects were also carried out. The first, in collaboration with the A. Volta technical institute in Alessandria, was to develop a BIO-based polyester resin (see Section 1.6). The second, with UPO, was to optimise varnishes based on e-beam (electron beam) cross-linking technology, a drying technology for varnishes based on irradiating the varnished substrate with an accelerated electron beam. This treatment has significant strengths compared to other drying technologies, such as reduced energy consumption and reduced impact of the varnishes.

In 2023, METLAC Group participated in the IOLAVORO job fair organised in Alessandria to create a bridge between the working world, companies, employment agencies, professionals and candidates. The shared objective is to create employment opportunities. In addition, a new school-work programme was launched in cooperation with the A. Volta technical institute in Alessandria concerning the development of new BPA-free varnishes based on polyester resins produced from renewable/vegetable sources. Finally, a Master's degree thesis project was hosted in March 2023 on studies relating to the adhesion of resin-based coatings and formulations cured by UV irradiation on metal substrates intended for packaging.

Trade associations METLAC Group places great importance on relationships with trade associations, recognising the value of these collaborations in developing the sector and improving business practices. The main associations that METLAC collaborates with are:

- **Confindustria Alessandria** In this context, METLAC succeeded in initiating a dialogue on sustainability among local companies due to initiatives such as '***Sustainable Factory***' and '***Viva Foundation***', both of which were created to enable companies in the Province of Alessandria to share best practices in the field of sustainability. Through these programmes, companies periodi-

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cally share their commitments and actions taken to reduce their environmental footprint, improve conditions in their local community, foster territorial development, create partnerships with the service sector, schools, training institutions and universities, and consolidate their sustainability-related positioning and reputation. In 2023, METLAC was appointed leader of the 'Sustainable Factory' programme, receiving the baton, a Bonsai tree, as a symbol of the initiative. This is an important recognition of the company's commitment to innovation, social responsibility and industrial competitiveness.

- **Anfima (Italian National Association of Rigid Metal Packaging Manufacturers)** is a reliable source of information for METLAC on specific legislative aspects to improve their implementation. The modes of interaction are varied and include face-to-face or online courses and regular communication.
- **Federchimica** is the national and category-specific forum for the chemical industry in matters related to the market and legal/regulatory aspects, particularly with regard to the toxicity of substances and regulations. METLAC Group actively participates in Federchimica's initiatives at periodic technical meetings. This includes the 'Printing Inks Group Technical Committee', which is entrusted with protecting technical-economic and image aspects of the sector. It also participates in the numerous Eupia Committees and Working Groups within CEPE (*European Council of the Paint, Printing Ink and Artists Colours Industry*), which in turn dialogue with the European Commission, the Ministry of Ecological Transition and Economic Development, the Italian National Institute of Health and the Customs and Monopolies Agency, representing companies such as METLAC Group. Through these types of national and international institutional relations, we can ensure that sector issues and needs are considered during the legislative processes. Responsible Care is a voluntary programme for the global chemical industry, in which affiliated companies work through their national chemical federations and associations and commit themselves to achieving outstanding values and behaviour with respect to safety, health and the environment, contributing to sustainable development on the planet. To support the programme, Responsible Care provides member companies with a web-based self-assessment tool developed through the contribution of many chemical companies. By filling out the form with reference to 2023, the company obtained an overall performance rating of 3.3 (scale 1 = minimum, 4 = maximum). The association also provides working tools, such as the 'Coach' tool for measuring the level of business circularity by assisting companies in its implementation through specific training courses. The score obtained from the *self assessmen*t for 2023 is 34%, (scale 0% negative, 100% positive), 3 percentage points higher than the assessment for 2022. This score corresponds to a company where circular economy principles are still only partially integrated into the processes, although circular solutions have been implemented across the board and future action plans are in place.
- **Eupia** The European Printing Ink Association represents a guideline for METLAC Group on health, safety and the environment, providing guidance on the production, use and safe handling of printing inks and related products and contributing to the corporate value and image of an innovative, responsible and attractive industry.
- **Cepe** *The European Council of the Paint, Printing Ink and Artists Colours Industry*, is a European reference for regulations and standards. It constitutes METLAC's primary source of information regarding the use or necessary elimination of substances contained in marketed products.

Chapter 2

METLAC AND SUSTAINABILITY

October 2024

2. METLAC and Sustainability

For METLAC Group, sustainability represents a great opportunity for cultural change that allows us to rethink and revise our organisational and production processes across all levels of the company. It is an ongoing commitment to social responsibility, but also an essential driver for innovation and competitiveness to build a responsible and resilient business. It creates value for all Stakeholders, including employees, customers, suppliers and the communities where we operate.

METLAC Group's sustainability journey

- **2015**: development of new formulas to reduce the ecological footprint of its products
- **2019–2020**: a Sustainability Manager was appointed and a Working Team was formed to develop the Sustainability Policy
- In **2021**, a special team was created for sustainability reporting.
- **2022**: The project was consolidated with ISO 45001 certification and sustainability-oriented improvements were implemented in various areas of the business model.
- The year **2023** was crucial for METLAC Group's sustainability journey. First, an agreement was signed with the Università del Piemonte Orientale (UPO) to develop a method for calculating the life cycle of products and carry out the first analyses, as well as providing a training course for the specialists involved in this activity and those involved in research and innovation. Furthermore, in June, METLAC Group initiated a more extensive sustainability journey by joining the SynESGy programme, a rating platform for supply chain monitoring. The company uses this tool in its role as supply chain manager to monitor the degree to which its suppliers adhere to ESG parameters.
- The new warehouse at the Bosco Marengo site opened **in July**. This is the highest expression of the internal standard of organisational optimisation, space management, and internal storage capacity for stocking materials, with a view to business continuity and efficiency. Furthermore, the building is important with respect to reducing the company's environmental impact, as the roof of the building supports a photovoltaic system that is currently being commissioned.
- **In December**, key documents of METLAC Group's governance model, including the Code of Ethics and the whistleblowing procedure, were revised and a web-based platform for handling reports of violations was adopted. Finally, the decision was made to deepen and broaden sustainability reporting through the Sustainability Report with the support of external experts by promoting internal sharing and training.

2.1 Stakeholders

Our Stakeholders represent a wide range of actors internal and external to the company, whose direct involvement in the company's activities significantly influences the activities and success of the company. The decisions and expectations of these Stakeholders can have a considerable impact, both positive and negative, on corporate initiatives. In some cases, they are even essential for realising and successfully completing the projects, as they hold key interests. Therefore, identifying Stakeholders and understanding their motivations and expectations is a crucial step in developing effective and success-oriented strategies. Indeed, their influence extends far beyond the boundaries of the company itself and can have a significant impact on its operations and reputation.

One of the crucial aspects in Stakeholder management is their precise identification. This is a key business strategy that can directly influence a company's ability to achieve its goals and mitigate risks.

For this reason, METLAC Group initiated a participatory process in 2023 to identify and analyse its Stakeholders. This process occurred in two stages. In the first stage, the 'Operations Committee', composed of representatives from the company's top management, assessed the significance of certain Stakeholder categories by filling out a special questionnaire. They were asked to rate each category according to the importance of the relationship in general, its significance for the company (i.e. the Stakeholder's possible impact on company operations) and urgency, understood as the duration of the relationship (the organisation's request for immediate attention to economic, social or environmental issues). The following table shows the categories and their level of significance identified as very relevant, relevant or not relevant and the proximity to METLAC, understood as the type of relationship, interaction and bond between the company and Stakeholder.

Category	Proximity	Significance
Customers	Very close	Very significant
Human resources (employees)	Very close	Very significant
Suppliers	Very close	Very significant
Business partners	Very close	Very significant
Shareholders & lenders	Not very close	Significant
Bodies & institutions	Not very close	Significant
Universities	Not very close	Significant
Community	Not very close	Significant
New generations	Not very close	Significant
Competitors	Not very close	Significant

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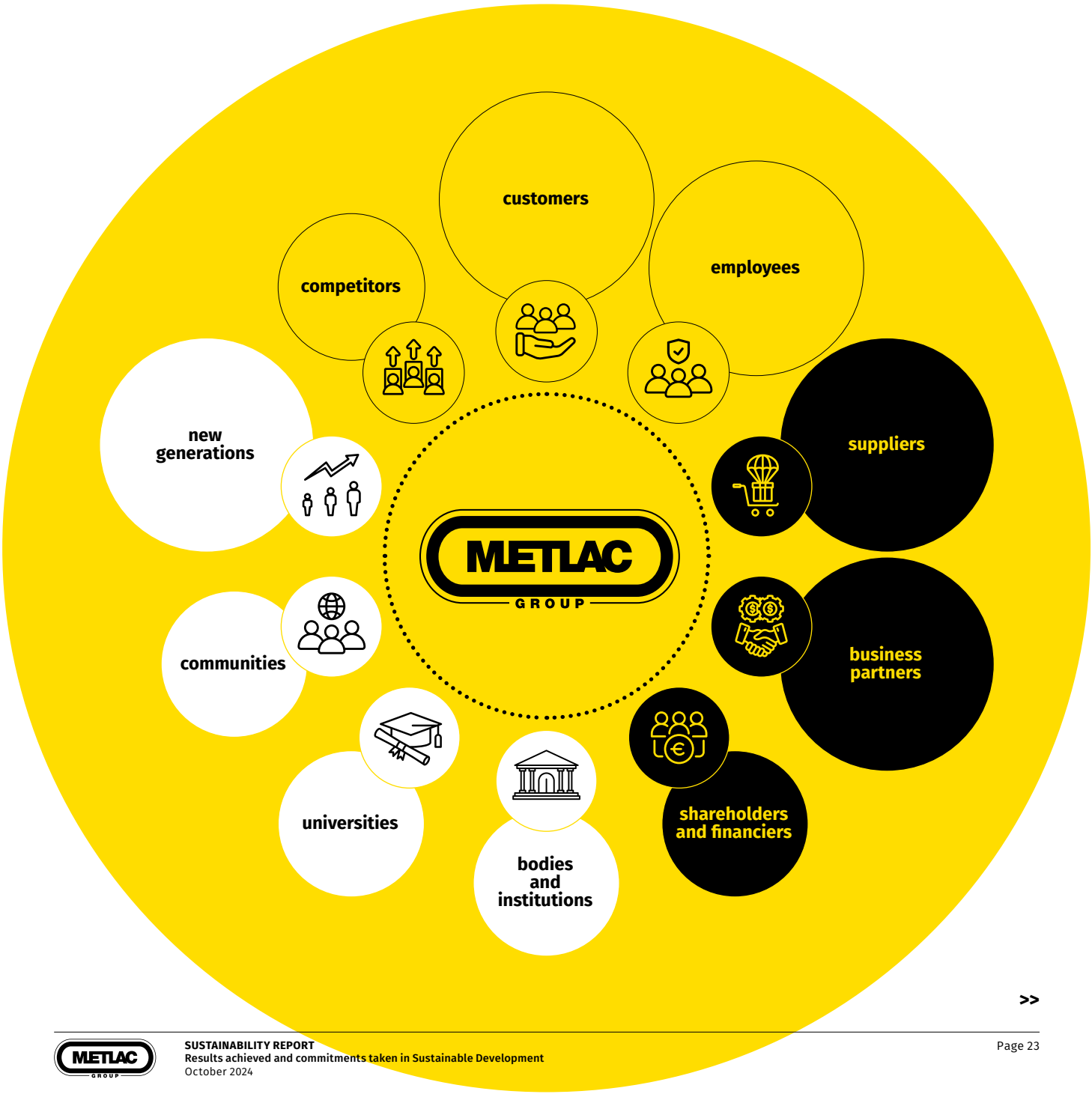
In the second phase, specific interviews were conducted with managerial figures and roles in General Management, Safety and Sustainability, Sales, Human Resources, Production, Plant Engineering and Maintenance, Research Development and Regulatory, Supply Chain, Logistics and Procurement, and Administration and Finance, to expand on not only the stakeholder identification, but also their expectations and the type of interaction METLAC should pursue with each of them.

The Stakeholder Map resulting from the analysis and sharing activities is shown below. The significance of each stakeholder is represented by the size of the circles (directly proportional to the significance with respect to the organisation) and proximity is expressed by their position with respect to METLAC. The map includes strategic customers, employees, shareholders and lenders belonging to the financial community, strategic suppliers, contractors and business partners, the community civil society and the local community, younger and future generations (whose wellbeing must be ensured by not compromising their ability to meet their needs), competitors, institutions, bodies and universities.



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Communication with stakeholders is crucial for generating shared value. METLAC Group develops this aspect by enhancing its interaction with stakeholders under the banner of transparency. Effective communication can generate market input, fuel the development of new technologies and make internal processes more effective. To this end, stakeholder engagement prior to making strategic decisions is important.

It is necessary to adopt a diversified approach to stakeholder engagement and communication that considers their particular characteristics, the most suitable and accessible channels and, above all, their needs and expectations.

METLAC Group considers possible linguistic-cultural barriers when issuing regular internal and external communications within the organisation, for both health and safety aspects and technical/commercial aspects. In addition to having the adequate skills, the personnel in charge of these activities use language and supporting material (informative and educational) prepared with respect for the target's level of knowledge regarding the subject of the communication. For example, regular training and information activities are organised for the METLAC Group production departments and R&D lab to share mutual experiences related to the activities and better understand the processes involved.

Finally, for proper feedback management at METLAC Group, an organised group of qualified technicians manages information related to feedback on quality, environment, safety and sustainability aspects, managing the collection and distribution of the content. On the other hand, practices relating to customers and other categories of external stakeholders are the responsibility of the Sales Department and the image, communication fall under Public Relations.

The table below shows the methods used to contact the different stakeholder categories in 2023.

Category	**Direct contact**		**Indirect contact**	**Frequency**
Stakeholder	***Regular technical and commercial meetings***	***Forum (workshop)***	***Questionnaires (on-line)***	***Continuous Monthly Annual***
Customers	●	–	●	Annual
Human Resources	●	–	–	Continuous
Suppliers	●	●	●	Monthly
Business partners	●	–	–	Continuous
Shareholders & Lenders	●	–	–	Annual
Bodies & institutions	●	●	●	Annual
Universities	●	●	●	Monthly
Community	–	–	●	Annual
New generations	To be implemented			
Competitors	To be implemented			

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In our experience at METLAC Group, direct contact communication channels (such as interviews, discussion forums and workshops) require complex management of time and resources, although they always guarantee quality results. In contrast, indirect forms (i.e. questionnaires), although easier to plan and administer, are often less effective with respect to stakeholder engagement. Therefore, the dialogue with stakeholders is constantly evolving, also in terms of contact methods. What used to occur in the recent past by simply filling in questionnaires is now increasingly changing into direct involvement through the creation of events with open debates and workshops involving several corporate departments (sales, technical R&D, procurement, HSE&S, sustainability) and the relevant stakeholders (supply chain, customers, etc.). In addition, METLAC Group periodically holds technical/commercial meetings with various categories of stakeholders, including clients and suppliers of goods and services. The goal is to enhance skills, strengthen the business relationship, share experiences aimed at developing new technological solutions or directly collecting reports, suggestions and understand the degree of satisfaction with the service. The categories that are not yet involved include the younger generations and competitors. There are multiple difficulties in this case related to the distance between the people in question, the absence of dedicated channels and resources and, for competitors, aspects related to data protection and confidentiality according to policies and related risks. METLAC Group is therefore considering the margins for future action.

2.2 Double materiality analysis: a strategic tool

The materiality analysis allows the company to identify aspects of the sustainable business model that are most relevant to itself and its stakeholders. It also highlights the interconnections between the company's activities and the 17 Sustainable Development Goals of the 2030 Agenda. Dynamic monitoring of stakeholder expectations lead to an understanding of how material topics evolve over time, consequently identifying the ESG objectives aimed at creating sustainable value in the long term.

The HSE&S Team is responsible for the materiality analysis at METLAC Group companies (Italy) for which it collects, analyses and shares data with the main business departments to determine the strategy and obtain approval for the analysis. METLAC Group decided to adopt the double materiality approach to ensure more comprehensive and responsible management of its impacts, recognising its strategic importance for sustainable and inclusive growth.

Double materiality combines two equally important perspectives:

- **Financial Materiality**, which analyses the impact of sustainability issues on the company's financial performance;
- **Impact Materiality**, i.e. effects of the company's activities on the environmental and social context where it operates. This includes the company's contributions to or impacts on aspects such as greenhouse gas emissions, waste management, employee welfare and relations with local communities.

The double materiality analysis was organised in the following steps:

1. Identification of sustainability issues by the internal sustainability team, which conducted rigorous analysis and benchmarking to reach the shared identification of possible sustainability topics of interest;
2. Stakeholder identification and assessment of their relevance by listening and sharing activities, which also led to development of the stakeholder map;
3. Evaluating the relevance of issues according to internal stakeholders to develop a final list of sustainability issues to include in the double materiality analysis (the 12 topics shown in the table below);
4. Assessment of impacts suffered (financial materiality) and impacts generated (impact materiality) through internal and external stakeholder engagement.

In particular, the financial materiality and impact materiality analysis benefited from interaction with:

- ***Internal stakeholders*** belonging to the Accounting and Finance, Health, Safety, Environment and Sustainability, Supply Chain, Control and Quality, Sales, Research and Development units, who expressed their preferences by answering a dedicated online questionnaire;
- ***External stakeholders*** belonging to suppliers of goods and services, consultants, institutions, trade associations and the media. These parties were involved through a discussion forum that provided for direct involvement and debate with respect to the proposed impacts. In the latter case, contributions were gathered through a questionnaire and the ensuing discussion to collect opinions on the impacts incurred and generated.

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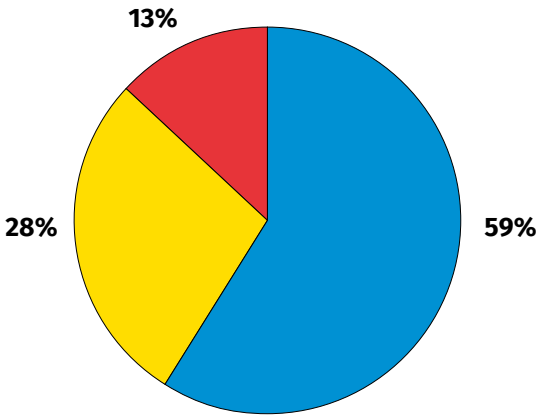
Details on the questionnaires administered to the different stakeholder categories are provided below.

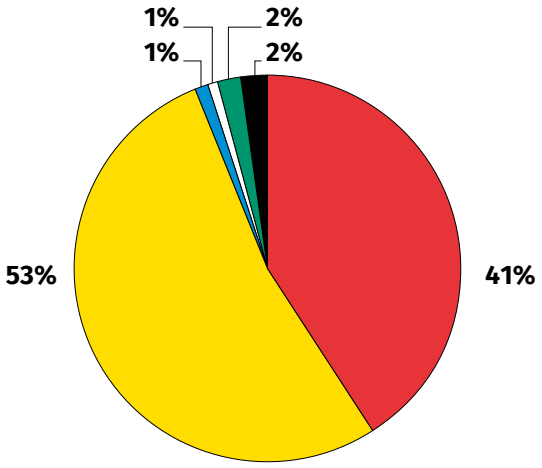
A total of 125 subjects were involved in the double materiality analysis, of which:

- 13% belong to the Operations Committee (16 subjects)
- 28% are other Stakeholders within the organisation (35 individuals)
- 59% are external Stakeholders



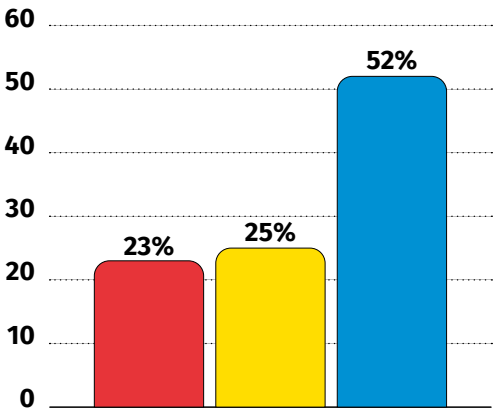
The stakeholder categories that were involved are as follows:

- 41% Human Resources
- 53% Suppliers & Contractors
- 1% Customers
- 1% Local community
- 2% Institutions
- 2% Other



The response rate to the questionnaires administered was 51% overall, broken down as

- 23% Operating Commitee
- 25% Internal Stakeholders
- 52% External Stakeholders



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The values in the table that follows derive from a weighted average that considered the opinions collected from data referring to internal stakeholders — for a weight of 40/100 — and the opinions obtained through direct interaction with some external stakeholders — for a weight of 60/100. This choice was essentially determined by the mode of involvement adopted for the latter, which allowed for careful, in-depth listening. The importance is expressed on a scale of 1 to 5, where 1 means 'negligible', 2 'non-priority', 3 'low priority', 4 'priority' and 5 'strategic'.

	Material Topics	Financial materiality	Impact-based materiality
1	Vulnerability of production sites due to extreme climate events	3,7	3,3
2	Constant electricity supply and managing water supply cuts	4,3	3,8
3	Production and energy efficiency	4	4,1
4	Reduced waste generation	3,9	4,2
5	Strong commitment to sustainability	4,2	4,3
6	Legislative and regulatory compliance	4,6	4
7	Local company, business sector and market competitiveness	3,9	3,5
8	Constant and sustainable supply and distribution chain	4,4	3,8
9	Customer audits	3,4	3,5
10	Ethical and fair competitive behaviour	4,2	4
11	Application of innovative and sustainable solutions and investment risks related to goods, services, and resources	4,3	4,1
12	Communication and transparency with stakeholders	3,8	4,2

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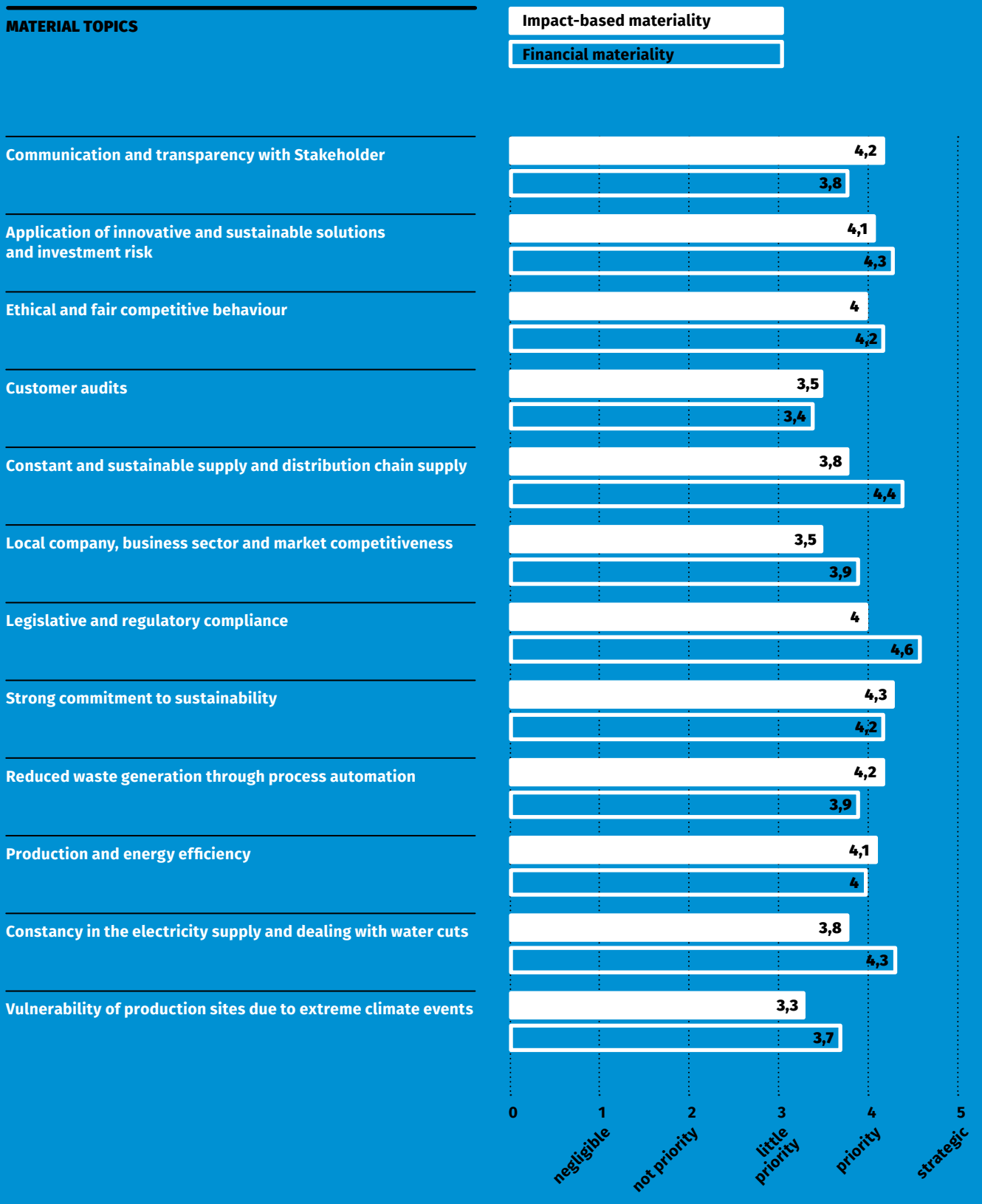
This results in the double materiality analysis graph, whose results constitute a fundamental element for constructing the Strategic Plan with an eye on sustainable development.



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Legislative and regulatory compliance, a strong commitment to sustainability, and ethical and fair competitive behaviour represented the most relevant, i.e. most material topics, emerging from the analysis. Legislative and regulatory compliance generates a positive impact as its application allows us to improve business and financial performance and maintain a quality and sustainable standard of legislative compliance. This not only reduces legal risks, but also promotes trust among stakeholders and ensures that the company maintains a positive reputation and operates in a transparent and responsible manner. A commitment to sustainability is equally relevant because of the positive impact it generates on the social, environmental and economic spheres, while competitive, ethical and correct (non-corrupt) behaviour and the resulting impact was perceived as essential for preserving the integrity of the company and building solid relations with stakeholders. This not only protects the company's reputation, but also contributes to a positive working environment.

Application of innovative and sustainable solutions, consistent and sustainable supply and distribution chain sourcing, production and energy efficiency, and reduced waste generation are other topics that follow in order of importance. The application of innovative and sustainable solutions ensures production efficiency and the development of new technologies and products, as well as consistent supplies by introducing environmentally sustainable materials and services. Through production and energy efficiency and by reducing generated waste, we can pursue important sustainable development goals related, for example, to the reduction of direct and indirect GHG emissions.

A constant electricity supply and managing water supply cuts, and communication and transparency with stakeholders are two other important topics. Energy and water are two necessary resources for ensuring the continuity of industrial activities. Effective communication ensures the development of knowledge and awareness of the internal and external human resources involved, and responds to the demands of customers and the changing market.

We close this list with the topics local company, business sector and market competitiveness, and vulnerability of production sites due to extreme weather events and customer audits, which are the categories considered to have lower significance. The local company, business sector and market competitiveness generate impacts involving people, environment and property, starting with the provision of local employment. With respect to business sector, it is possible to identify strengths considering the high degree of specialisation and skills acquired over the years, but also risks related to possible market downturns. The vulnerability of production sites to extreme weather is perceived negatively due to the potential impact generated on the environment or suffered by the organisation, should an event occur. Customer audits are a topic that presents two scenarios, one positive and the other negative. On the one hand, the outcome of a customer audit offers opportunities such as improvement and enhancement of sales, reputation and new product development, but it also exposes to risks in case of a negative outcome with potential loss in sales volumes.

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The double materiality analysis led to an integration of the Group's business model and related areas, which are illustrated in the figure below, allowing the most relevant material topics to be associated with each area.

Area	**Corporate Governance**					
Material topic	Competitive, ethical and fair behaviour and legislative and regulatory compliance					
Area	**Environment**	**Research and Innovation**	**Production Site**	**Logistics Chain**	**Territory and Institutions**	**Corporate Community**
Material Topic	Production and energy efficiency, and reduced waste generation.	Application of innovative and sustainable solutions and investment risks related to goods, services, and resources.	Constant electricity supply and managing water supply cuts and Vulnerability of production sites due to extreme weather events.	Customer audits and consistent and sustainable supply and distribution chain procurement.	Communication and transparency with stakeholders and the local company, business sector and market competitiveness.	Strong commitment to sustainability.

Corporate governance is at the heart of this model and constitutes the tool of corporate governance.

The decision to adopt the double materiality analysis reflects METLAC Group's commitment to more responsible and conscious management. Through this approach, it is possible to better understand the needs and expectations of stakeholders and to strategically integrate sustainability into its operations, in line with corporate values and objectives.

2.3 Material topics, strategies and Sustainable Development Goals

Since 2015, METLAC Group has progressively aligned its activities and organisational functions with the United Nations Sustainable Development Goals (SDGs).

INFORMATION BOX

The United Nations 2030 Agenda: Towards a Sustainable Future

The 2030 Agenda, with its 17 Sustainable Development Goals (SDGs), is a global commitment to eradicate poverty, protect the planet and ensure prosperity for all by 2030. Universal and inclusive, it calls for action by all countries, organisations and citizens to address global challenges in a coordinated and sustainable manner, promoting economic prosperity, social justice and environmental protection.

The results of the double materiality analysis led to a revision of METLAC Group's business model. The material topics were classified on the basis of the six areas of the business model: environment, research and development, production site, logistics chain, relations with the territory and institutions, and the corporate community. In addition, the reference SDGs were highlighted for each material topic, highlighting the significance of the objective for METLAC and the relevant sub-objectives.

The Sustainable Development Goals (SDGs) and its 169 associated sub-goals, which form the core of the 2030 Agenda, consider the three dimensions — environmental, social and governance (ESG) — of sustainable development in a balanced manner.

The basic choice was to create a relationship between the business areas and goals of the 2030 Agenda that METLAC Group can commit itself to, adapting its governance and organisational structure to the new paradigm of sustainable development. The SDGs and sub-goals were analysed, assessing which ones to consider in the business model and Strategic Plan and contextualising them to the reality of the company, considering that many of them are not applicable to METLAC Group, although they inspire the formulation of the objectives and Strategic Plan set by the company.

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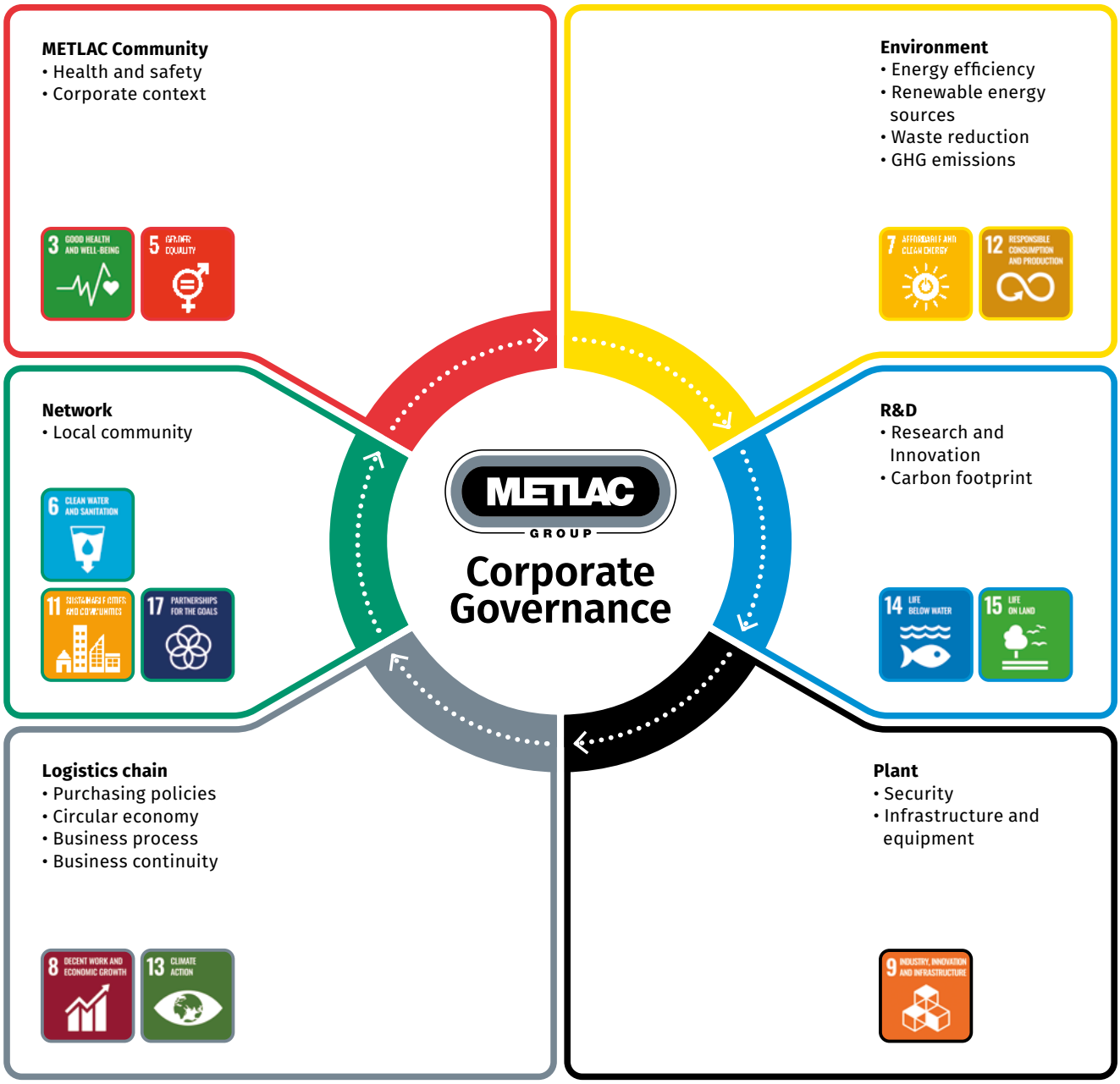

Corporate governance is central to the business model, with the material topics *competitive, ethical and fair behaviour and legislative and regulatory compliance*. The strategies defined in this regard are as follows:

- Spreading the **stakeholder-driven** approach at all levels of the company;
- Regularly publishing the **Sustainability Report**, integrating the new ESRS standards (*European Sustainability Reporting Standards*), the European Taxonomy and continuing the path of progressive alignment with CSRD (*Corporate Sustainability Reporting Directive*);
- Adopting a business approach based on **risk management**, enabling the analysis of business **processes** and assessing business-related risks, while progressively improving 'resilience' using the tools of the ISO 22301 (*business continuity management*) and ISO 31000 (guidelines for *risk management*) standards, increasing the awareness of area and department managers in managing risks;
- Strengthening the corporate governance **structure**, based on the Organisation, Management and Control Model (OMC 231), by equipping it with the necessary specific resources;

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- Improving the rating of platforms used to assess METLAC's level of sustainable development and its supply chain (SynESGy), as well as the ratings issued by voluntary platforms and programmes that METLAC adheres to (*Responsible Care, Ecovadis, CDP and Sedex*);
- Integrating the risk assessment tool in the **corruption assessment**, reviewing the relevant policies, and providing staff training to increase the level of knowledge and awareness of the issue, policies and internal protocols;
- Extending **digitalisation** to all business processes, accompanied by a data processing assessment (DPIA) and involving all staff.

The **environment**-related material topics are *production and energy efficiency* and *reduced waste generation*. These are the relevant strategies:

- Improving the quality of energy consumption information to reduce approximations and uncertainties in the data and increase the accuracy of **LCA** analyses, with a view to subsequent certification and enabling further energy efficiency improvements (PRD1, PRD2 Departments, automated warehouse, laboratory, utilities, compressor room, thermal power plants) by updating the **energy diagnosis** and related feasibility studies;
- Reducing the volumes of **waste** produced, working on the knowledge of processes, seeking alternatives to current practices based on supply chain analysis and increasing the possibility of **upcycling waste**;
- Researching and evaluating the adoption of alternative energy sources, in particular to **reduce CO_2** emissions (greenhouse gas, GHG Scope 1-2);
- Involving and training the corporate departments involved in data collection for reporting **Scope 3 greenhouse gas emissions** (*GHG Protocol Corporate Value Chain – Scope 3*).

Two SDGs goals are related to this material topic:

SDG 7 – Affordable and Clean Energy	**SDG 12 - Responsible Consumption and Production**
In the coming years, the company is committed to: reconsidering the energy sources it uses, mainly methane gas and purchased electricity, whose energy mix is periodically reviewed by the supplier; evaluating a gradual shift to the use of renewable energy; improving energy efficiency internally and through its suppliers; and promoting access to energy in the communities where the company and its supply chain operate.	**Ensure sustainable production and consumption patterns based on the responsible use of resources by adopting principles of the circular economy and conducting supplier impact assessments (i.e. evaluations) on resource consumption.**
7.2 By 2030, substantially increase the share of renewable energy in the overall energy mix.	**12.2** By 2030, achieve sustainable management and efficient use of natural resources.
7.3 By 2030, double the global rate of energy efficiency improvements	**12.3** By 2030, halve global per capita food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses. This specific objective can be read in the light of managing the company canteen, as well as developing campaigns to raise awareness about these issues.

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12.4 By 2030, achieve environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release into the air, water and soil to minimise their negative impacts on human health and the environment. This objective is aligned with European environmental impact management standards and Italian Legislative Decree 152/2006.

12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse. Again, this falls under the regulatory framework of the Consolidated Environmental Act, Italian Legislative Decree 152/2006.

12.6 Encourage companies, especially large and transnational ones, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

12.8 By 2030, ensure that people everywhere have the information and awareness needed for sustainable development and a lifestyle in harmony with nature. This is a side objective in the sense that the company informs staff and spreads sustainability concepts among them, not limiting this to what is strictly necessary for professional purposes, but extending the point of view to aspects of everyday life.

The material topic under **research and innovation** concerns *the application of innovative and sustainable solutions, and investment risk in goods, services and resources*. The following strategies have been developed in this regard:

- Developing the full catalogue of **PTFE-free** and **BPANI** products to offer alternatives with a reduced environmental and social impact;
- Developing new product formulas with an increase in **renewable, organic or recycled** content;
- Extending product life cycle studies (LCA) to all product catalogue families through **comparative studies**;
- Obtaining certification of **LCA studies** and the **Environmental Product Declaration** (EPD) for the carbon footprint;
- Increasing the proportion of **investments** in **research and development**, defining priorities for innovation and the related resources.

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Two SDGs goals are tied to this topic:

SDG 14 - Life Below Water

This objective highlights the practices the company can implement to reduce the impact on ocean health by elevating manufacturers' responsibility beyond the end of the product life cycle, and preventing microplastics and single-use plastics from ending up in the oceans.

14.1 By 2025, prevent and significantly reduce marine pollution of all kinds, particularly from land-based activities, including marine debris and nutrient pollution. In this case, there may be an indirect impact from the extraction of the raw materials used in the process.

14.3 Minimise and address the impacts of ocean acidification, including through increased scientific cooperation at all levels. In this case, there may be an impact related to the end-of-life of the marketed products, i.e. varnishes applied to food packaging. These, together with the packaging, constitute an accessory product and, if not properly disposed of at the appropriate centres, could be dispersed into the environment and end up in the sea once the food has been consumed.

SDG 15 - Life on Earth

This objective draws attention to the ways in which the company can protect, restore and promote the sustainable use of ecosystems, with actions such as sustainable land use and environmental management screening.

15.1 By 2030, ensure the conservation, restoration and sustainable use of inland terrestrial and freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements. The focus here is on the use, exploitation and pollution of the land where the company's activities are located.

The material topics regarding the **production site** are constancy in electricity supply and coping with water shortage and vulnerability of production sites due to extreme weather events. These are the relevant strategic commitments:

- Improving the management of vehicles and people **accessing the site** by revising the physical entrance gates, adopting an access control and tracking system, registration, queuing and calls, as well as information and training for external parties;
- Improving the management of physical flows on the premises and, in particular, **protecting pedestrians** when moving around on site by expanding the physical barriers, signage and regulation of vehicular traffic;
- Improving prevention and protection from **forklift-forklift and forklift-pedestrian collisions** by adopting collision avoidance and warning systems for forklifts, regulating the maximum speed and slowing down vehicles in different areas;
- **Adapting the work equipment** according to evolving safety standards and specific process requirements;
- Monitoring **weather events** and promptly implementing the relevant Emergency Plan;
- Improving **management of the MAPP**, i.e. the Major Accident Prevention Policy (pursuant to Italian Legislative Decree 105/2015, the Seveso Regulation) applicable to the Bosco Marengo site by conducting an internal evaluation of its effectiveness and increasing the opinion level expressed by the inspection committee at the next audit.

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One SDG target is tied to this area:

SDG 9 - Industry, Innovation and Infrastructure

This objective highlights key practices that the company can adopt to contribute to research and development based on sustainable development priorities, support small-scale suppliers, and adopt technology and industrial processes that reduce environmental, economic and social impacts.

9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with greater efficiency in resource use and increased adoption of clean and environmentally friendly technologies and industrial processes, for all countries acting within their capabilities.

9.5 Strengthen scientific research and improve the technological capabilities of the industrial sectors of all countries, in particular developing countries, including by encouraging innovation and substantially increasing the number of research and development personnel per million inhabitants and public and private spending on research and development by 2030.

The material topics under **chain logistics** are customer-led audits and consistent and sustainable supply and distribution chain sourcing. These are the strategies:

- Establishing a **sustainable procurement** policy, including the inclusion of specific contractual clauses tied to ESG and circular economy objectives, with a view to formalising the **commitment** of suppliers to adopt the principles of sustainable development and **ethics**, as well as **codes of conduct**, respect for **human rights** and international labour standards;
- Increasing the level of **awareness** of the purchasing group on supply chain sustainability issues by means of targeted training courses and internal comparison of data obtained from rating platforms, also extending this awareness to other groups that have relations with suppliers and make supplier qualification and purchasing choices;
- Extending the **assessment of ESG** aspects (the circular economy and economic, environmental and social impacts) to all significant suppliers, providing support and accompanying them in achieving common objectives, also through the SynESGy platform, and then progressively expanding the adherence of suppliers beyond those that are considered strategic;
- Optimising transport to reduce **CO_2 emissions**.

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Two SDGs goals relate to the logistics chain:

 **SDG 8 - Foster sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all**	 **SDG 13 - Climate Action**
This objective lays the foundation for reviewing the company's performance with respect to its commitment to pay workers a living wage, to evaluate and help suppliers offer fair and decent working conditions, and to provide opportunities for professional development for its workers.	**This objective requires the company to reflect on how it can contribute to climate action, e.g. by using climate risk assessment methods and adopting climate change governance, taking an inventory of greenhouse gas emissions in its own operations and supply chain, and setting targets based on scientific research.**
8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including by focusing on high value-added and labour-intensive sectors.	**13.1** Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.
8.4 Progressively improve global resource efficiency in consumption and production up to 2030 and strive to decouple economic growth from environmental exploitation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead.	**13.2** Integrate climate change measures into national policies, strategies and planning.
8.5 By 2030, achieve full and productive employment and decent work for all women and men, including young people and people with disabilities, and equal pay for work of equal value.	**13.3** Improve education, awareness and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.
8.8 Protect labour rights and promote safe working environments for all workers, including migrant workers, especially migrant women, and those in precarious employment.	

The material topics under **relationships with the territory and institutions** are *communication and transparency with stakeholders and local business, business sector and market competitiveness*. These are the strategies in this area:

- Carrying out projects in schools or the community on sustainability issues;
- Spreading the significance of ESG issues inside and outside the company with local and regional initiatives, with particular attention to the **Sustainable Factory** path (see Section 1.7) with qualified external support;
- Adopting dissemination and continuous listening to internal and external stakeholders with qualified support, including through the publication of a Sustainability Report Summary and targeted meetings.

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Three SDGs goals are related to this:

 **SDG 6 - Clean Water and Sanitation**	 **SDG 11 - Sustainable Cities and Communities**	 **SDG 17 - Partnerships for the Goals**
This objective highlights key practices that the company can adopt to provide access to clean water and sanitation in its operations, communities and supply chain, conducting water risk assessments and managing waste water and chemicals.	**This goal provides a key to interpreting the measures that can be adopted to build sustainable cities and communities, for example, by promoting inclusive urbanisation, adopting green building standards and promoting the use of sustainable means of transport for our workers.**	**This objective aims to revitalise the global partnership for sustainable development. The 2030 Agenda is universal and requires action by all countries – developed and developing – to ensure that no one is left behind. It requires partnerships between governments, the private sector and civil society.**
6.3 By 2030, improve water quality by reducing pollution, eliminating landfills and minimising the release of hazardous chemicals and materials, halving the percentage of untreated waste water and substantially increasing recycling and safe reuse globally.	**11.6** By 2030, reduce the negative environmental impact per capita of cities, paying particular attention to air quality and the management of municipal and other waste.	**17.6** Strengthen regional and international north-south, south-south and triangular cooperation on science, technology and innovation and access to them, and improve knowledge sharing on mutually agreed terms, including through better coordination between existing mechanisms, in particular at the UN level, and through a global technology facilitation mechanism.
6.4 By 2030, substantially increase water use efficiency in all sectors and ensure sustainable freshwater pickings and supplies to address water scarcity and substantially reduce the number of people suffering from water shortages.	**11.7** Support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning.	**17.10** Promote a universal, rules-based, open, non-discriminatory and fair multilateral trading system within the World Trade Organisation, including through the conclusion of negotiations under the Doha Development Agenda[2].
6.8 Support and strengthen the participation of local communities in improving water and sanitation management.		**17.17** Encourage and promote effective partnerships between public, public-private and civil society, building on the experience and funding strategies of partnerships.

2. The Doha Agenda aimed to place the needs of developing countries (DCs) at the center of negotiations. More broadly, its objective was to implement a reform of the international trade system, with the goal of fostering dialogue between industrialized countries and developing nations.

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The material topic concerning **relationships with the corporate community** is *commitment to sustainability*. These are the strategies:

- Training internal stakeholders (employees) on the business model, policies and governance issues to increase knowledge, skills and awareness relating to these issues;
- Working on **organisational wellbeing** by improving employee comfort, particularly in company social spaces, including toilets, refreshment areas, offices and meeting rooms, starting with listening through targeted surveys;
- Improving the **evaluation of staff skills and performance** for recognition in terms of remuneration policies;
- Offering employee incentives to encourage the use of environmentally friendly vehicles;
- Extending the **training path** of personnel through general and specific training and information paths for all departments to improve the level of knowledge of company processes and activities;
- Implementing a welfare plan, adopting widespread practices to facilitate work/life balance for employees;
- Implementing interventions to improve employee health and safety conditions through **harassment** prevention, training and awareness, and protection of travelling staff through travel risk management practices;
- Developing policies in favour of **diversity, inclusion and gender equality**.

Two SDGs are related to this area and the material topic:

SDG 3 - Good Health and Wellbeing

This objective highlights key practices that the company can adopt to help ensure health and wellbeing, health coverage (including sexual and reproductive health) for its workers and those in the supply chain, offering healthy and safe work and participating in collective national and international actions in the sector.

3.5 Strengthen the prevention and treatment of substance abuse, including drug abuse and harmful use of alcohol.

3.6 By 2030, halve the global number of road deaths and injuries.

3.9 By 2030, substantially reduce the number of illnesses and deaths caused by exposure to hazardous chemicals and from pollution and contamination of air, water and soil.

SDG 5 - Gender Equality

This objective highlights key practices that the company can adopt to increase women's representation in the workforce, management and supply chain, handle gender discrimination complaints, provide anti-discrimination training and offer parents fair leave.

5.1 End all forms of discrimination against all women and girls, wherever they may be.

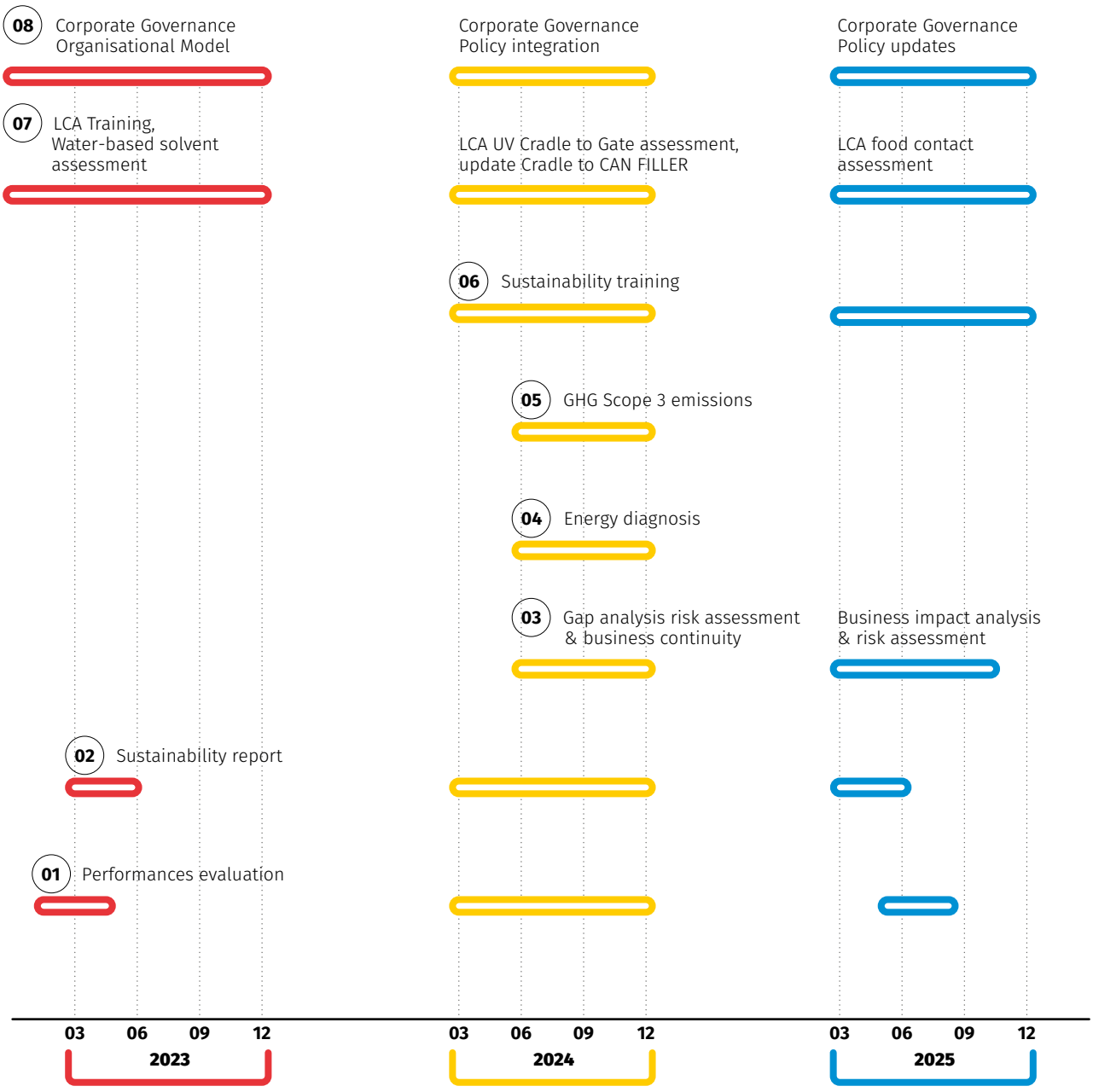
5.2 Eliminate all forms of violence against all women and girls in the public and private sphere, including sexual and other trafficking and exploitation.

5.5 Ensure the full and effective participation of women and equal leadership opportunities at all levels of decision-making in political, economic and public life.

>>

The Strategic Plan, revised with respect to sustainability, thus reveals numerous actions organised by macro-issue that were presented to the key players and corporate management, which should assess their appropriateness, suitability and priorities and guarantee any financial coverage. In particular, **73 actions** were **identified and incorporated in the Q81 tool, the company IT platform used to manage S-Q-HS-E** issues (S = sustainability, Q = quality, H = health, S = safety, E = environment) in terms of training, risk assessment, audits, etc., to ensure more rigorous monitoring. The following diagram shows the most important short-term actions.

Sustainability Road Map



2.4 Sustainability performance assessment, recognition and awards

In today's environment, where environmental, social and governance challenges are increasingly relevant, METLAC has decided to take a proactive approach to assessing its sustainability performance through sustainability rating platforms, thereby increasing transparency, integrity and accountability in its business operations, with a view to **continuous improvement**.

In 2023, the HSE&S Team (*health safety environment & sustainability*) conducted the assessment to determine the level of METLAC Group's (Italy) ESG performance by means of different instruments and related methodologies:

- ESG CQY *SUSTAINABILITY ASSESSMENT* using a computer tool developed by Certiquality. The overall ESG rating was 61 (where 0 = worst, 100 = best), with an environmental performance of 49, a social performance of 47 and a governance performance of 87.
- SYNESGY RATING, a platform developed by Cribis (CRIF) from which METLAC received a B rating (on a scale from A = best to E = worst). This means the company is adequate with respect to ESG principles, in line with national and international *best practices* and the GRI (*Global Reporting Initiative*) standards.
- Federchimica's COACH tool, from which a 34% rating was obtained (on a scale from 0% = worst to 100% = best). This highlighted the organisation's commitment to integrating circular economy principles in its activities, including by planning future actions.

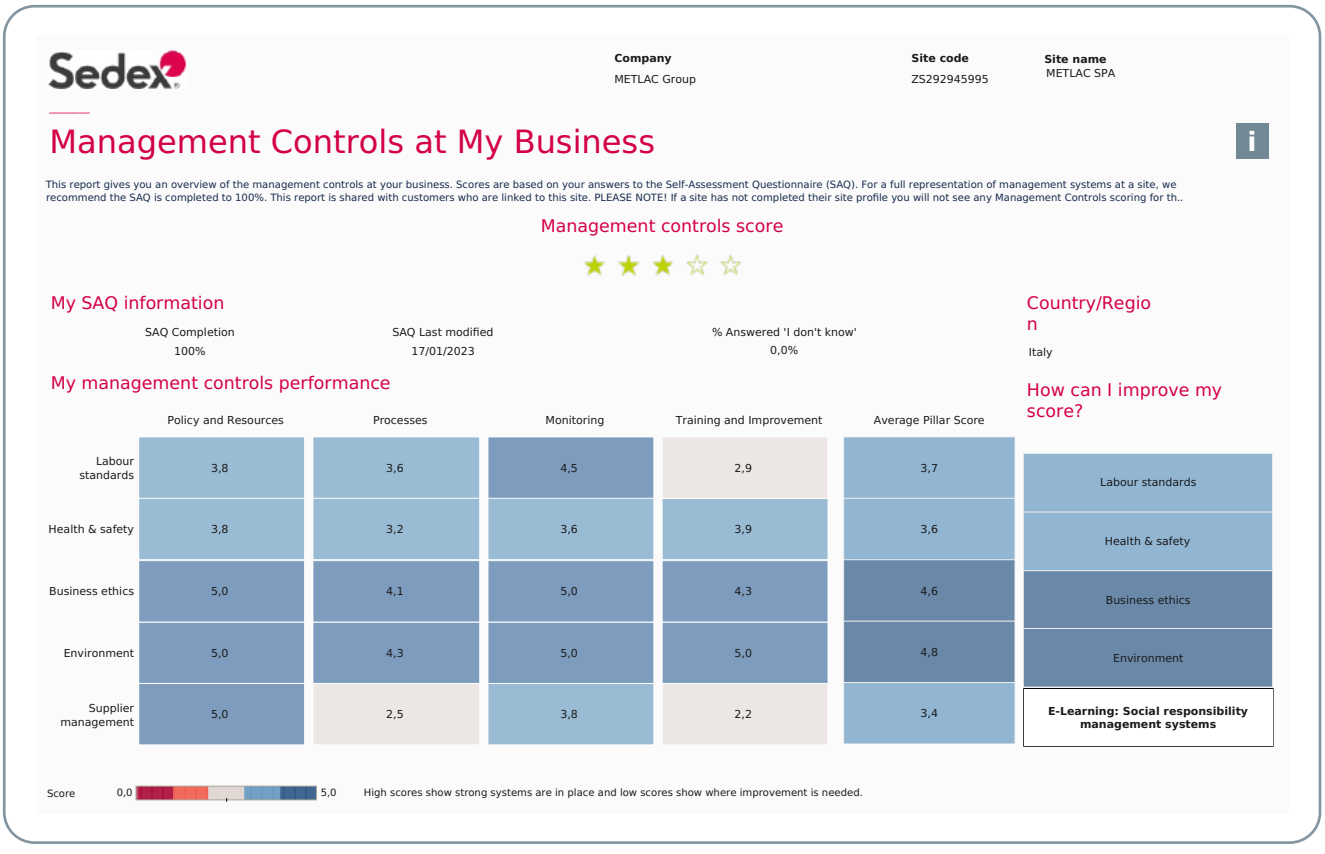
In addition, other ratings were explored, such as Ecovadis, CDP, Sedex and Responsible Care Web, which address typical ESG issues from different perspectives, either related to customer demands or voluntary membership in programmes such as Federchimica's Responsible Care.

With regard to the Ecovadis rating, METLAC Group initiated an analysis process in 2023 aimed at identifying the weaknesses that emerged to establish improvement plans. The score obtained as a result of the Assessment for 2023 was 60/100, Bronze level, 2 percentage points higher than the score obtained for the previous year.

>>

CDP is a non-profit organisation that measures and evaluates environmental performance based on benchmarking with companies on a global scale. Given the comprehensiveness and quantity of the data, it is considered the gold standard in environmental reporting. METLAC Group received a C- score on a scale from D (worst) to A (best), which corresponds to the category 'Awareness', but it is lower than the European average (B) and the average in the chemical sector (B-). The CDP Score Report enabled METLAC Group to understand the judgement of its performance and identify categories/areas that require attention and could be improved. For example, METLAC Group was rated satisfactory for its practices in the areas of risk and opportunity management, energy management, and sustainability goal setting. On the other hand, improvements should be implemented for aspects related to the Strategic Plan (business, financial, context), reduction plans in emissions and carbon footprint, Scope 1, 2 and 3 emissions analysis (including third-party verification) and governance.

Sedex was been deployed by METLAC for 2023 as a technology platform to map company and supplier data to ensure easy access and good visibility in sustainability practices within the supply chain. The tool identifies and facilitates risk management and allows data reports to be shared with interested parties. The report obtained from the *self-assessment*, which is depicted in the figure below, offers an assessment of METLAC Group's sustainability performance in 2022. The grade obtained is 3 stars on a scale from 0 (worst) to 5 (best).



Sedex

Company METLAC Group | **Site code** ZS292945995 | **Site name** METLAC SPA

Management Controls at My Business

This report gives you an overview of the management controls at your business. Scores are based on your answers to the Self-Assessment Questionnaire (SAQ). For a full representation of management systems at a site, we recommend the SAQ is completed to 100%. This report is shared with customers who are linked to this site. PLEASE NOTE! If a site has not completed their site profile you will not see any Management Controls scoring for th..

Management controls score

★ ★ ★ ☆ ☆

My SAQ information

SAQ Completion	SAQ Last modified	% Answered 'I don't know'
100%	17/01/2023	0,0%

Country/Region

Italy

My management controls performance

	Policy and Resources	Processes	Monitoring	Training and Improvement	Average Pillar Score
Labour standards	3,8	3,6	4,5	2,9	3,7
Health & safety	3,8	3,2	3,6	3,9	3,6
Business ethics	5,0	4,1	5,0	4,3	4,6
Environment	5,0	4,3	5,0	5,0	4,8
Supplier management	5,0	2,5	3,8	2,2	3,4

How can I improve my score?

- Labour standards
- Health & safety
- Business ethics
- Environment

E-Learning: Social responsibility management systems

Score 0,0 — 5,0 High scores show strong systems are in place and low scores show where improvement is needed.

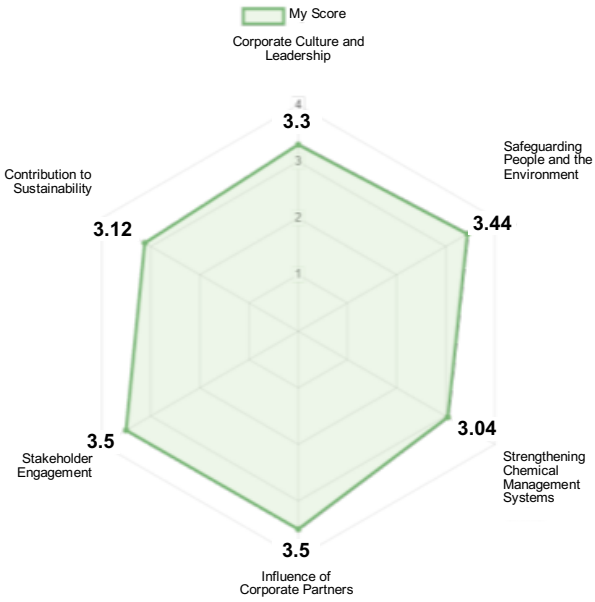
>>

METLAC also used the Responsible Care Web Tool, a self-assessment tool provided by Federchimica. For 2023, we achieved an overall performance rating of 3.3 (on a scale from 1 = minimum to 4 = maximum), an improvement over the previous year (3.25) due to a better score in the areas of health, environment and sustainability practices. The graph with the resulting evaluation is shown in the figure below.

These assessments and their outcome, as well as the double materiality analysis and the sustainability journey undertaken by the Group, were used to construct the Strategic Plan, identifying the strategic guidelines, related actions and priority levels. This was made possible through discussions with the Operations Committee and the various department managers on the feasibility of the actions identified and their priorities. In addition, the department managers were urged to define specific objectives and related actions for improvement. The recommendations arising from the individual evaluation methods, which in many cases converged, were grouped by scope and used as support in outlining the development strategies the company is committed to in the short and medium term.

Scores of the chapters

Total score		
Average: 3.3	82.71 %	*Number of reporting sites: 1*
Partial scores per chapter		
Corporate Culture and Leadership		3.3
Safeguarding People and the Environment		3.44
Strengthening Chemical Management Systems		3.04
Influence of Corporate Partners		3.5
Stakeholder Engagement		3.5
Contribution to Sustainability		3.12
Score minimum: 1		*Score maximum: 4*



Chapter 3

GOVERNANCE

October 2024

3.1 Governing and Control Body

The governance of METLAC Group constitutes a system for guiding and controlling the company's activities, describing the methods and actors through which strategic choices are defined and implemented, and defining a management and organisational structure that focuses activities on achieving the objectives.

The relevant actors are:

- Decision-making bodies, including the **Shareholders' Assembly** (ordinary and extraordinary meetings), which is responsible for selecting and approving the directors' work; the **Board of Directors** (BoD), whose primary task is to identify the strategies and organisational aspects of METLAC Group; the **Board of Statutory Auditors**, which controls the managers' actions with respect to the company objectives and in compliance with applicable regulations; the **Supervisory Body SB** (SB), an integral part of the Organisational Model Italian Legislative Decree no. 231/2011, which oversees the implementation and effectiveness of the model itself; and the **auditing company**, to verify the consistency of the company's procedures with its financial, asset and economic situation;
- Operating bodies such as the **Operations Committee** (see Section 2.1 for further details), which develops the Strategic Plan on behalf of METLAC Group Italy and is coordinated by the CEO and chaired by the Managing Director, who receives periodic reports on the achievement of planned objectives and ongoing activities.

To meet the ever-increasing need to analyse data and information and correctly prepare the Sustainability Report in accordance with EU, international and ESG standards, the governance aspect has become an important management tool used by METLAC Group when conducting its activities.

While the environment is a fundamental pillar of sustainability, METLAC Group manages environmental and climate risks by collaborating and interacting with its stakeholders through environmental governance, avoiding the risk of *greenwashing*, which would damage the reputation and future of the company's business. A distinctive element involves maintaining legislative and regulatory compliance through investment in research and innovation, as well as the use of materials and technologies that have a lower impact and comply with new requirements.

At the same time, corporate social responsibility is also an essential element of sustainability. Through its governance, METLAC Group pursues the model of a company that operates competitively, ethically and fairly with respect to its stakeholders and markets.

3.2 Code of Ethics, Model 231 and Whistleblowing Channel

METLAC Group has deemed it essential to adopt its own Code of Ethics to prevent the offences envisaged by Italian Legislative Decree no. 231 of 2001 and, in general, offences under national and European Union law. The METLAC GROUP Code of Ethics, drafted in accordance with the guidelines for organisation, management and control drafted by Confindustria, defines the basic ethical principles that METLAC GROUP follows in pursuing its objectives and interests. Its observance is considered essential for properly conducting business activities and protecting the reliability, reputation and image of METLAC GROUP. The rules of conduct and commitments to be respected by everyone that collaborates with METLAC GROUP in various capacities are set out in the document 'Protocol 231 – General Rules of Conduct', which is presented in more detail in the next section.

The recognised fundamental ethical principles for all METLAC Group companies are:

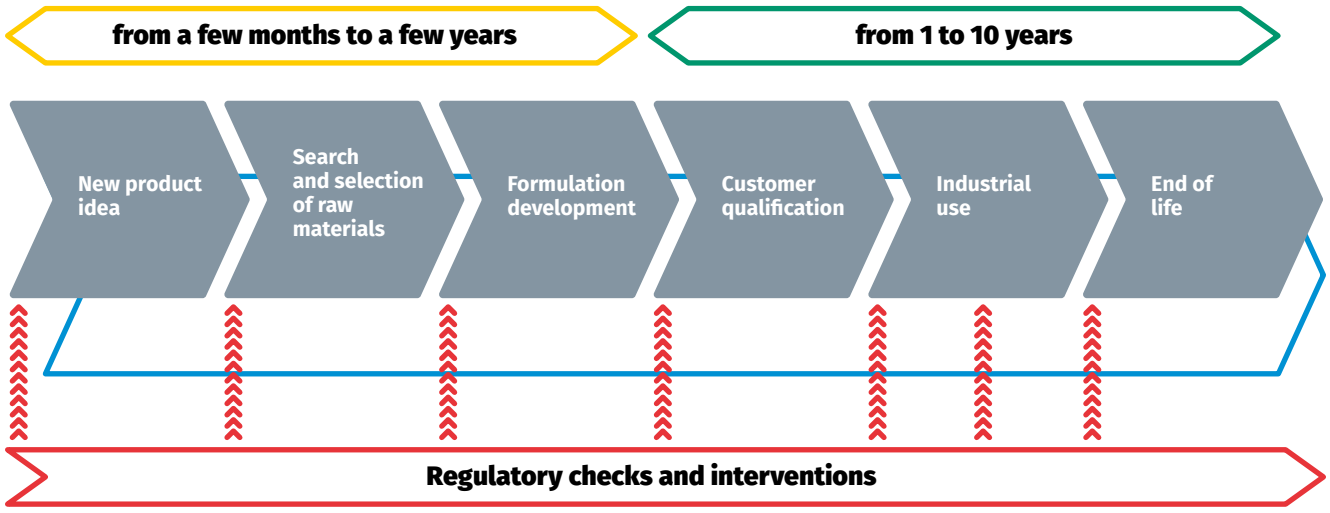
- **Compliance with laws and regulations**,
- **Integrity of conduct, honesty, correctness, transparency**,
- **Protecting individual personality and condemning any discrimination**,
- **Enhancing human resources and condemning any exploitation**,
- **Verifiable actions, operations and transactions**,
- **Protecting industrial property rights** and, in particular, **relations with the public administration,**
- **Fighting corruption**,
- **Relationships with customers, associations and trade unions**,
- **Protecting the environment, health and safety in the workplace**,
- **Protecting *whistleblowers*.**

With regard to this last principle, METLAC Group adopted a whistleblowing policy in 2023 to counter corruption and established an internal reporting channel for stakeholders. For individuals who report an offence or publicly disclose or denounce violations of national or European Union regulations to judicial or accounting authorities with potential damage to the public interest or integrity of the company, METLAC Group guarantees confidentiality of the identity and protects the reporting person from acts of retaliation or discrimination within legal limits and in accordance with its Whistleblowing Policy.

3.3 Legislative and regulatory compliance

The METLAC Group regulatory service is a major function because the quality and safety of marketed products is ensured through regulatory compliance. In recent years, the Green Deal and Chemical Strategy for Sustainability (CSS) have been the most important references for METLAC Group's research and development activities, setting guidelines on the use and disposal of chemicals based on their hazard profile. The indications of the CSS, together with the other food contact regulations it supports, are constantly entered in METLAC Group's internal databases to anticipate future legislation in the medium to long term. The necessary adaptation of the industry to these proposals requires time and effort from the entire supply chain. Some technologies that are considered non-replaceable will have to be abandoned in favour of new solutions or, in some cases, exemptions will be made for adaptation, demonstrating their essential use to the European authorities.

Product conformity guides METLAC Group's research and development activities from the initial stages to conclusion, when the item is presented to customers. This activity, in which the determination of requirements and materials (raw materials) is fundamental, stems from years of development and improvement. The following figure summarises the main steps.



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During the period of industrial use, migration analyses must be repeated periodically, with a frequency related to the risk associated with specific substances and/or specific customer requests. Some analyses, such as for BPA (Bisphenol A), must be conducted at least annually. These analyses are conducted by accredited external laboratories. The goal is to determine the possible migration of hazardous substances from the varnishes used on the food packaging into the food itself.

The commercial life of a product may be short (a few years) or, in most cases, very long. This is because the qualification time required before introducing products to customers is very long. As a result, many laboratory activities focus on maintaining existing products that are qualified and already in use. Over the past 10 years, METLAC has worked on thousands of product codes, although the largest market volumes are represented by a few items consisting mainly of products more than 10 years old.

The activities of METLAC Group's regulatory service are almost identical for all products. They can be summarised as follows:

- **Production of product data sheets and technical documents;**
- **Production of safety data sheets;**
- **Notifications to authorities and declarations of conformity (DoC);**
- **Analyses at external laboratories and statements issued to customers.**

The main regulatory actions covering the 2021-2023 period relate to bisphenol A, a substance present in some METLAC Group products as it is a constituent element in epoxy and phenolic resins. Resins are one of the most important components of varnishes, both because of their chemical properties and because they are found in significant quantities in product formulations. Migration values for BPA comply with current limits, typically < 10 ppb (i.e. parts per billion of substance present), but METLAC Group's goal is to completely remove this substance from marketed products.

Projects are therefore underway to remove PFAS (perfluoroalkyl and polyfluoroalkyl substances), including PTFE (polytetrafluoroethylene), which is present in some waxes that lubricate and provide mechanical and heat resistance to some marketed products. These are substances that are persistent and have suspected toxicity. The amount of PFAS that can be extracted during analysis is extremely low and cannot be detected with modern laboratory techniques. For this reason, METLAC has developed a complete range of products free of these substances, many of which are already in use by customers. Again, the aim is their complete removal from marketed products.

Formulating products free of PVC (polyvinyl chloride), melamine, substances and preparations that are carcinogenic, mutagenic and toxic to reproduction (CMRs), and substances of very high concern (SVHC) are three other important regulatory actions that METLAC Group is developing.

PVC-free products have been formulated for all applications, such as easy-open ends, beverage cans, closures (ROPP i.e. screw caps for PET and glass bottles, crown caps, twist-off caps), which have long been on the market as they meet the most stringent technical requirements.

The presence of melamine is a critical issue as it could be reclassified by the EU as a reproductive toxin, carcinogen, hazardous if inhaled, persistent, mobile and toxic (REPROTOX + CARC 2 + STOT RE 2 + PMT/vPvM). Its replacement is therefore being addressed pending evaluations and the completion of consultation with the ECHA (*European Chemical Agency*) and the RAC (Risk Assessment Committee), which prepares ECHA opinions on the risks of substances to human health and the environment.

Finally, with regard to CMRs (carcinogenic, mutagenic and toxic for reproduction substances and preparations) and SVHCs (substances of very high concern), these substances are being removed on the basis of indications from the authorities and market input. METLAC Group's goal is to identify and reduce to elimination wherever possible.

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With respect to food contact, some significant steps are affecting the European market. The *German Ink* Ordinance, for which publication is expected by 2026, is based on positive lists of substances and will cover both direct and indirect contact (inside and outside products), while for non-listed and non-CMR substances, the 10 ppb limit will probably be maintained.

The Swiss Ordinance will instead be published by 2025 and will feature the removal of Annex 10B concerning the provisional list of substances for indirect contact (outside products). For non-listed and non-CMR substances, the 10 ppb limit will probably be maintained.

For the *Framework Regulation* 1935/2004, which the Commission will start work on in 2024, there will be no difference between substances that can migrate, whether intentionally or unintentionally added (*Intentionally or Non Intentionally Added Substances IAS/NIAS*). Following the OSOA (*One Substance One Assessment*) approach, priority will be given to hazards and not risks, resulting in the elimination of positive substance lists. Sustainability will be an integral part of the requirements for food contact materials and articles (FCA).

In addition, METLAC Group is working with suppliers on recording substances in its raw materials, in view of KKDIK REACH for Turkey. A similar situation holds for the UK, for which the UK REACH registration process is being followed in the supply chain.

From 1 January 2024, all products must have a UFI (unique formula identifier) and be submitted to a specific European database before being placed on the market. This database will replace the ISS (Italian National Institute of Health) database of dangerous preparations, but it will no longer be possible to make mass notifications, but rather only product by product. About 1,900 products are involved for METLAC Group Italy and the notification must be made for all European countries. The software currently used to calculate the hazards and MSDSs has operational limitations on sending multiple notifications. For this reason, METLAC Group plans to introduce a more functional program from 2024.

As an importer of materials containing hazardous substances and mixtures, METLAC Group voluntarily underwent a REACH (*Registration, Evaluation, Authorisation and Restriction of Chemicals*) audit in April 2022, which covered the Regulation on the Registration, Evaluation, Authorisation and Restriction of Chemicals, to verify regulatory applicability and compliance. The outcome of the audit did not result in any sanctions due to deficiencies or non-conformities, but some recommendations were offered. These aspects, related to purchasing chemicals from EU and non-EU suppliers, verification of the labelling of purchased products and EU notification of marketed products are currently being resolved. The table below shows the quantitative reference of recommendations collected during the audit and their evolution, showing that 86% of the activities have been implemented. The next REACH verification is scheduled for late 2024/early 2025.

Recommendations as of 07/04/2022	**Resolved as of 21/09/2022**	**Resolved as of 21/09/2023**
13	9	11

3.4 Preventing corruption

In 2021 METLAC Group created a mixed working group composed of internal area managers and external legal experts on Italian Legislative Decree no. 231 of 2001, 'Regulation on the administrative responsibility of legal entities, companies and associations, including those without legal personality, in accordance with Article 11 of Italian Law no. 300 of 29 September 2000' on creating the Organisation, Management and Control Model required by that decree with the goal of strengthening corporate governance. The Model was adopted by parent company METLAC SPA in December 2021, the subsidiary CERITEC SRL in September 2022 and the subsidiary METINKS SRL in October 2023. The complex system constituted by the governance model was thus completed, internally defining the rules of operation, the relations between the companies and the Supervisory Body, a superior, independent body with the task of monitoring the correct operation of the Model itself.

The Model is based on the predicate offences, specific offences provided for by national law and referred to in the text of Italian Legislative Decree 231/2001, for which companies are called upon to analyse the concrete possibility of their occurrence and define the most appropriate control and prevention measures against their commission. The working group therefore conducted an in-depth analysis of all the predicate offences listed in the document 'Mapping Sensitive Corporate Areas (Risk Assessment) pursuant to Italian Legislative Decree no. 231/2001 and subsequent amendments,' which forms the basis for constructing the Organisation, Management and Control Model. Starting with the relevant legal sources, the predicate offences were identified, defining for each the content, macro areas or sectors of sensitive activities, company areas and functions, activities and processes at risk of these offences, case histories of some possible ways in which the offence may be committed, the possible purposes, any observations on the related company reality, protocols, manuals and management and organisational procedures adopted to deal with committed offences, and assessment of residual risks. In particular, the predicate offence under Article 25 of Italian Legislative Decree no. 231/01 'Embezzlement, extortion, undue inducement to give or promise benefits, **corruption** and abuse of office' was investigated from various aspects and situations, e.g. in relations with public administration bodies, judicial acts and relations between private individuals.

The measures adopted to prevent offences, including corruption, are based principally on the Code of Ethics, a document that sets out the ethical principles of reference, and the related document that sets out the General Rules of Conduct, i.e. the application of ethical principles in company activities and processes, followed by protocols for different types of offences. One particular measure regards periodic information flows to the Supervisory Board, which are customised according to senior person, i.e. the area or service manager. Via a questionnaire, the manager must report on his or her activities for aspects relevant to the Model and report any situations requiring attention or intervention.

Senior management and employees in general were informed about the Model, Code of Ethics and protocols through institutional information channels (face-to-face meetings, email, company notice boards, company intranet, institutional website), and were trained through a dedicated meeting following adoption of the Model.

With specific regard to charitable donations and financial sponsorships in favour of other organisations, non-profit bodies, etc., these are authorised by the CEO, who assesses their relevance and appropriateness, and are managed in full transparency by the relevant corporate bodies. No incidents of corruption occurred during the reporting period, either directly or indirectly, internal or external to the company.

3.5 Risk management

To implement effective risk management, METLAC Group had to gain awareness of the sources of risk by thoroughly analysing the context where its companies operate, using the tools provided by ISO standards for quality, environment and safety, along with standards used for sustainability reporting.

The large risk categories identified relate to:

- Environmental and climate aspects, managed through environmental governance and dialogue with internal and external stakeholders, including, for example, local communities; it has been seen how effectively managing stakeholder relations through their accurate identification can directly influence the company's ability to achieve its objectives and mitigate risks;
- Practices to protect the health and safety of human resources, whose careful and effective management reduces related risks and positively influences employees' productivity and overall wellbeing;
- Investment in goods, services and resources, which has a financial impact on activities and whose practices are promoted, evaluated and approved by the corporate Operations Committee;
- Aspects related to METLAC Group's small size, which exposes the company to business continuity risks;
- The sector nature of the business and risks tied to market variables;
- R&D activities that are necessary to develop products that comply with international directives in terms of toxicity, food contact, etc., reducing risks for direct or indirect users of our marketed products.

Furthermore, with a view to continuous improvement, partnerships with suppliers and customers are crucial for the development of sustainable products, for the company's reputation and profitability.

Once the risk and its cause were identified, its likelihood of occurrence, severity and related opportunity were assessed. Through the resulting classification, the most relevant risks were identified. Corrective and preventive actions to mitigate the effects are analysed by the managers of the different areas exposed to risk and approved by the Operations Committee and then included in the budget, strategic operational plans and continuous improvement plans or procedures.

3.5.1 Vulnerability of production sites due to extreme climate events

Extreme weather events in the present and future and the mechanisms responsible for their intensification would appear to be enhanced by a common variable: temperature, a key factor determining the frequency and intensity of such events, which relate to global warming.

Extreme events are increasing alarmingly in both number and severity, in a highly varied picture of change. In some areas of the planet, extreme heat is raging at an unprecedented rate, while in other areas, disruptive storms are occurring, leading to flooding of rivers and extensive areas, with serious consequences for humans, ecosystems and human activities, including industry. The direct consequences of these phenomena lead to health and safety risks for the affected populations, environmental damage and negative financial impacts on the community.

METLAC Group responds to mechanisms that are still unclear and uncertain on future projections through strategic plans and actions that reduce risk and mitigate the possible negative effects of such phenomena. The business continuity and risk management plan that the company has planned to develop, as well as investments in infrastructure such as the creation of a disaster recovery unit to protect and preserve computer data, are some examples of concrete actions taken to improve its resilience by protecting people, activities and the market.

3.6 Certifications

Certifications are crucial for METLAC. Certificates not only demonstrate compliance with the rigorous quality and safety standards required by the market, but stimulate our drive to build a path to growth and a long-lasting, solid competitive advantage. In 2023, METLAC Group obtained and maintained various certifications related to products and services, governance, and the social and environmental sphere.

In fact, in addition to **ISO 9001** certification for quality, **ISO 14001** certification for the environment and **ISO 45001** certification for safety, METLAC Group has followed market requirements and its own Sustainable Development Goals to maintain 6 product certificates issued by the international Cradle to Cradle body for some products marketed and destined for external and internal protection of cans for the beer and beverage market. The following table summarises the main characteristics.

>>

Cradle to Cradle certification	Product code	Type and level	Certificate number	Validity
Tactile paint for exterior DWI cans	815214 – 815576	C2C Certified Material Health Certificate – Silver V3.1	5062	Aug-24
Water-based clear lacquer for DWI cans	815689	C2C Certified Material Health Certificate – Silver V3.1	5064	Aug-24
Water-based clear lacquer for DWI cans	815252 – 815268 – 815509 – 815521 – 815542 – 815554 – 815581	C2C Certified Material Health Certificate – Silver V3.1	5066	Aug-24
High, solid water-based overprint varnish for DWI cans	815672 – 815674 – 815675	C2C Certified Material Health Certificate – Silver V3.1	5065	Aug-24
METVAR 100® water-based varnishes for DWI cans	815685	C2C Certified Material Health Certificate – Gold V4.0	6404	Jan-26
METPOD 100® water-based varnish for can interiors	811207	C2C Certified Material Health Certificate – Gold V4.0	6373	Jan-26

>>

These certificates are required by METLAC Group's strategic clients and serve to guarantee the high level of safety of the products supplied, in terms of substances that are potentially harmful to human health. In the near future, METLAC plans to increase the number of certificates held to 10 by auditing another four product families in the portfolio. The products of interest belong to the same category of water-based varnishes for external protection on beverage cans and bottles.

GOALS FOR THE FUTURE: NEW CERTIFICATIONS TO ENHANCE GOVERNANCE

The organisation has carried out risk and opportunity assessments and defined risk mitigation or elimination measures. In particular, METLAC Group aims to equip itself with tools that, starting from a risk assessment, progressively lead to the definition of a Business Continuity Plan and its management, with alignment to the ISO 22301 standard on business continuity management and the ISO 31000 standard for Risk Management.

Considering the material topic of correct business conduct, METLAC Group administration adopted the Organisation, Management and Control Model according to Italian Legislative Decree 231/01 (see Section 3.2) in December 2021, providing for specific protocols to prevent corruption, for which it may adopt ISO 37001 certification on anti-bribery management.

To protect its activities, internal and external resources and reputation, METLAC Group will consider developing its governance model in accordance with recognised international standards, such as the ISO/IEC 27001 standard on information security management systems, the ILO standard on the protection of human rights, and the SA8000 standard and ISO 26000 guidelines to broaden the scope of social responsibility.

Through investments in production efficiency and improved process data analysis, METLAC Group aims to reduce electricity consumption in relation to the volumes produced. The first step towards an energy management system is the energy diagnosis, which considers the continuous evolution in systems and technology applicable to METLAC Group factories. Therefore, the objective is to prepare for ISO 50001 certification for energy management, which can be pursued by strengthening internal capacities and identifying a dedicated personnel figure. This will be supported by research and the development of innovative technologies to enable the creation of advanced, more environmentally sustainable products in the design, manufacturing, distribution, use and end-of-life phases. In this regard, product life cycle studies should be carried out and verified by an accredited third party.

Chapter 4

HUMAN RESOURCES

October 2024

4. Human Resources

For METLAC, human resources are the fundamental pillar supporting the company. Its sector requires highly qualified personnel with specific skills that must be constantly updated. Personal safety is a top priority and METLAC is committed to constantly promoting a safety culture, ensuring a positive and stimulating working environment. Investing in human resources means investing in the future of the company, ensuring long-term sustainability, growth and competitiveness.

METLAC Group's head office is in Bosco Marengo, where METLAC SPA, the parent company, and the subsidiary CERITEC SRL also have their legal and operational headquarters. The Cava de' Tirreni site is home to the subsidiary METINKS SRL, which exclusively produces inks for METLAC Group and markets them directly on the Italian market.

The overall employee population of METLAC Group Italy increased by 2% from 2022 to 2023 while no overall change was observed from 2021 to 2022. The categories involved in this growth were factory workers (+15%) and executives (+33%) at the Bosco Marengo head office, while the Cava de' Tirreni office saw an increase of one office worker. Middle management decreased by 27% from 2022 to 2023 due to the promotion of personnel to the rank of executive, and the number of factory workers at the Bosco Marengo site decreased by 5.4% from 2022 to 2023.

	2021		**2022**		**2023**	
Site	Bosco Marengo	Cava de' Tirreni	Bosco Marengo	Cava de' Tirreni	Bosco Marengo	Cava de' Tirreni
Executives	12	0	12	0	16	0
Middle managers	13	0	15	0	11	0
Office workers	88	4	92	4	87	5
Factory workers	59	15	53	15	61	15
Total	**172**	**19**	**172**	**19**	**175**	**20**

>>

Executives are defined as the entrepreneur's alter ego, subordinate employees with a high degree of professionalism, independence and broad decision-making and managerial powers and those who exercise them, or those who have a power of attorney.

With regard to senior management, nearly 70% were from the local community in 2023, a percentage that has risen from the previous two years, as shown in the table below. The 'Local' dimension refers to the regions of Piedmont (where the METLAC Group head office is located) and Lombardy (an important neighbouring region due to its many related activities and the presence of numerous customers and suppliers).

	2021	2022	2023
% senior management from the local community	63%	63%	67%

METLAC Group makes some limited use of temporary workers, particularly in production and the warehouse at the Bosco Marengo site, a choice related to the need to cope with seasonal variations in the production plan and customer orders.

	Bosco Marengo		
Year	**2021**	**2022**	**2023**
Men	13%	16%	17%
Women	0%	0%	0%

The number of resources hired on temporary contracts at the Bosco Marengo site grew by 3% from 2021 to 2022 and by 1% from 2022 to 2023.

4.1 Recruitment and employee turnover

Employee selection is crucial for METLAC Group, which devotes special care to this process, aware of its importance for future growth and development.

The number of hires remained fairly stable over the three-year period under review, at a rate of 5% and 7% respectively, indicating that the company is growing and has strong organisational stability. There were more new male hires, considering that the majority of them were assigned to the production and warehouse departments, while the female hires were mainly placed in the administrative and laboratory sectors.

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METLAC is a company that looks to the future, **such that new employees are mostly in the under-30 age group**. As far as origin is concerned, the strong preponderance of the Piedmont region is confirmed, underlining the company's dedication to local community development and its importance for the territory.

With regard to employee separations, there were 5 cases in 2021, 1 in 2022 and 5 in 2023, with a separation rate of 3%, 0% and 2%, respectively, over the three years considered. These were voluntary separations, with very low values affecting the 30-50 age group in particular, and the predominant region of origin of these employees was Piedmont.

Recruitment	**2021**	**2022**	**2023**
New employees	10	14	14
Hiring rate	5%	7%	7%
< 30 years old	6	8	6
30–50 years old	4	4	4
> 50 years old	-	2	4
Men	8	8	10
Women	2	6	4
From Piedmont	9	13	13
From Liguria	-	-	-
From Lombardy	-	1	1
From other regions	1	-	-

Separations	**2021**	**2022**	**2023**
Number of separations	5	1	5
Turnover rate	3%	0%	2%
< 30 years old	1	7	2
30–50 years old	3	4	5
> 50 years old	1	2	2
Men	3	9	7
Women	2	4	2
From Piedmont	3	11	7
From Liguria	1	-	-
From Lombardy	-	1	1
From other regions	1	-	1

4.2 Contracts and salaries

RATIO OF STANDARD ENTRY-LEVEL WAGE BY GENDER COMPARED TO LOCAL MINIMUM WAGE

The following table shows the relationship between the average effective aggregate wage per level and the contractual minimum wage of the national collective bargaining agreement for the chemical industry, by gender for METLAC Group employees. The figure is reported for 2022 and 2023 for the two sites, Bosco Marengo and Cava de' Tirreni. Data for 2021 are not available due to difficulties in reconstructing historical archives. For the Bosco Marengo site, the ratio was 1.82 in 2022 and 1.80 in 2023 for men, and 1.44 in 2022 and 1.56 in 2023 for women, thus increasing over the two-year period in question. For the Cava de' Tirreni site, where only men are present, the ratio is 1.11, constant over the reporting period.

	2022	2023
Men Bosco Marengo	1,82	1,8
Women Bosco Marengo	1,44	1,56
Men Cava de' Tirreni	1,11	1,11

4.3 Occupational Health and Safety

METLAC Group has adopted an Occupational Health and Safety Management System compliant with the ISO 45001:2018 standard and certified by Certiquality, covering METLAC SPA, CERITEC SRL and METINKS SRL operating at the Bosco Marengo (AL) and Cava de' Tirreni (SA) sites. The certification covers the three companies' activities, and therefore all employees and people operating as external personnel, contractors, consultants and visitors on the premises. Adherence to this certification scheme is voluntary, confirming METLAC Group's determination to improving its performance in this area, developing its management system towards the highest standards. In this sense, the Organisation, Management and Control Model (according to Italian Legislative Decree 231/2001) that METLAC Group integrated into its governance system in 2021 is doubly tied to the Health and Safety Management System through Article 30 of Italian Legislative Decree 81/2008.

Furthermore, for the Bosco Marengo site, which is subject to Italian Legislative Decree 105/2015 (the so-called Seveso Regulation), a Major Accident Prevention Policy was adopted in compliance with the UNI 10617:2019 standard 'Installations at risk of major accidents – Safety Management Systems – Essential requirements'. The Health and Safety Management System covers all employees, collaborators, interns, consultants, trainees, contractors and visitors.

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WORKERS COVERED BY AN OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

All METLAC Group employees are covered by the Occupational Health and Safety Management System. The tasks for workers at the three companies are as follows:

Job description	Description	Present at	
Warehouse Worker	Personnel working with receipt and unloading, shipping and handling of goods, loading and unloading of products in tankers, warehouse management, use of forklifts.	METLAC	●
		CERITEC	
		METINKS	●
Maintenance Worker	Staff working throughout the plant on processing systems, equipment and auxiliary systems to maintain the best operating conditions; use of various tools, specific equipment and forklifts to move and lift materials and equipment.	METLAC	●
		CERITEC	
		METINKS	
Production Worker	Staff working in production: preparation, handling and packaging of raw materials, semi-finished and finished products, picking materials from warehouses and delivering finished products to storage areas (automatic warehouse, tanks), using processing equipment and forklifts.	METLAC	●
		CERITEC	
		METINKS	●
Worker in Various Services	Staff providing general support for minor maintenance, cleaning and guest reception in the executive areas.	METLAC	●
		CERITEC	●
		METINKS	
Technical Assistant	This role is performed within the labs and at customer premises, following the application of products sold by the company, qualification tests for newly formulated products, assistance with the start-up of new production lines or to solve problems reported with products or in relation to their use.	METLAC	●
		CERITEC	●
		METINKS	

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Laboratory Technician	Technicians working in the laboratory and employed in research, development and innovation.	METLAC	
		CERITEC	●
		METINKS	●
Driver	Technicians working in the laboratory and employed in research, development and innovation.	METLAC	●
		CERITEC	
		METINKS	
Administrative Worker	Ruolo generico di tutti gli impiegati in varie aree aziendali su attività di tipo amministrativo.	METLAC	●
		CERITEC	●
		METINKS	●
Technical Worker	Generic role of all employees involved in administrative tasks in various company areas.	METLAC	●
		CERITEC	●
		METINKS	●
Student	Intern: students and interns are offered the opportunity to work in the research and development lab and quality control lab alongside experienced technicians.	METLAC	
		CERITEC	●
		METINKS	

The Occupational Health and Safety Management System was created and is maintained by the HSE&S Team, by professionals trained and qualified prevention and protection in accordance with Italian Legislative Decree 81/2008. In addition, the Manager holds *TechIOSH Technical Member* certification and a *NEBOSH International General Certificate in Occupational Health and Safety*. The HSE&S service is centralised at the Bosco Marengo site. It is responsible for managing and supervising the system for the three companies, having on site a Risk Prevention and Protection Manager (RPPM) appointed by the employers of METLAC SPA and CERITEC SRL. To facilitate processes related to health and safety, the employer of METINKS SRL appointed an external RPPM for the Cava de' Tirreni site. Each employer's delegate, acting as the HSE&S Manager for METLAC Group in Italy, supervises activities and processes related to health and safety at the two sites, ensuring the uniform application of Management System practices and procedures.

The Health and Safety Management System is applied in synergy with the Environmental Management System and the Quality Management System, with the adoption of best practices for the operation of the system itself, following the virtuous Deming cycle of planning, execution, control and action for process improvements. In applying these principles, METLAC Group has equipped itself with tools, activities and practices for monitoring processes through a software platform, which the HSE&S Team, as well as managers and supervisors, can access. In particular, when a non-compliance or incident occurs, there is a prompt reaction in the subsequent investigation through the direct participation of both the workers

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involved and those responsible. This system allows workers to feel part of the system, to share the thinking and point of view of those working in direct contact with processes and hazards, to spread knowledge and experience.

The METLAC Group risk prevention system for occupational health and safety for activities, products and services resides in the Occupational Health and Safety Management System and Major Accident Prevention Policy. For risks that have been assessed, prevention and protection measures are established, emergency scenarios and their management are defined (Emergency Plan), processes are monitored and activities are instituted. In particular, the goal is to prevent negative impacts related to operational activities for which the HSE&S Team carries out health and safety risk assessments and adopts prevention and protection measures. For products, the METLAC Group Scientific Management systematically evaluates formulations and incoming raw materials and produces the safety data sheets of finished products for forwarding to customers, as well as performing specific evaluations at their request for product exposure. For services, the Commercial Management, Scientific Management and HSE&S Manager coordinate the risk assessment for technical assistance at customer premises.

HAZARD IDENTIFICATION, RISK ASSESSMENT AND INCIDENT INVESTIGATION

METLAC Group, within its Occupational Health and Safety Management System, has foreseen specific procedures for hazard identification, risk assessment and accident investigation, first of all with respect to the provisions of applicable national legislation (Italian Legislative Decree 81/2008 Consolidated Safety Act, aligned with the provisions of the ISO 45001 standard) and, secondly, with respect to Italian Legislative Decree 105/2015 – the Seveso Regulation. The risk assessment includes an initial general examination of the specific context and verification that the measures for general prevention and protection against occupational risks and illnesses are adopted, as specified in the Safety Consolidation Act, in particular Article 15. In the second step, the presence of known hazards with health consequences are considered, i.e. physical, chemical, biological and safety hazards, fire and explosion, mechanical hazards due to moving parts, electrical hazards due to accidental contact with live elements, cross-cutting and organisational aspects, as well as natural and social events. For each agent, the potential for consequences is first assessed. Next, a detailed analysis is conducted by cross-referencing business processes with hazardous agents, work equipment, workstations and work environments, to make a complete and thorough examination. The hazard analysis phase relates to the existing prevention and protection measures, which are used to derive the assessed risk level. Based on the risk acceptability level, actions for improvement are determined to reduce or eliminate the risk, according to the concept of prioritising collective protection measures over individual ones. This process is supported by the management platform, where workers' tasks, equipment, workplaces and processes, implemented measures and improvement actions are mapped in the respective records. This is an ongoing process conducted by the HSE&S Team, in cooperation with experts and figures representing the various processes and departments. The assessment requires revision and updating in the event that accidents occur, there is significant news of accidents elsewhere, changes in knowledge about certain substances, or following regulatory updates. The risk assessment and incident evaluation is an element of support in evaluating the performance of the management system, including through a management review, and in designing new activities or processes, or revising existing ones, particularly when revising the design standards.

Workers are involved in risk assessment, accident assessment or during audits and inspections. On such occasions, they may report dangerous situations that have not been highlighted in any other way. Reports may be made directly or through the workers' safety representative (WSR), who has special legal protection from retaliatory action by company management for any report. Risk analysis sessions are held periodically with the direct participation of workers, who are heard by the various figures in charge, (RPPM, WSR, area managers acting as supervisors, shift leaders). The goal is to learn more about work processes and phases, abnormal situations and emergency situations to clarify the risks workers are subjected to due to the possibility of an unforeseen or unforeseeable situation. Workers are therefore involved in

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risk analysis activities through participatory processes. Their protection from retaliation lies in the very spirit of participation and is reaffirmed by the Code of Ethics. In addition, the company has activated the Whistleblowing channel, a tool workers can use to make confidential reports on the issues set out in the procedure itself, which concerns offences under the 231 Model and the application of national and European laws.

When an accident occurs, the department manager or a staff member intervenes directly and promptly with the support of colleagues to limit the damage and circumscribe the situation of risk so that it does not spread to other areas or affect/involve other workers. The department manager then the company hierarchy and the HSE&S Team of the event, documenting the facts so that a thorough analysis can be conducted. The HSE&S Team carries out a preliminary analysis of the facts so that all METLAC Group employees are quickly informed of the event and, if necessary, it can gather further information. A meeting is then organised with the interested parties, witnesses to the event, and other colleagues whose presence may be considered valuable to the investigation due to their knowledge of processes, areas, equipment, etc. The analysis is guaranteed to be restricted to the facts and events, from which one can get to the root of the various contributing causes. The various causes are confirmed and improvement actions agreed upon with those present, and, if the relevant actions require additional managers for their implementation, these figures are also involved. A final report of the analysis is produced, from which lessons can be learnt and information and training can be provided to internal and external auditing bodies. Actions are entered and tracked in the management platform. When analysing incidents, any actions already integrated are also considered, along with other similar or comparable incidents to assess the effectiveness of the established actions. Incident statistics are further used to review the performance of the Management System.

With regard to the application of the Seveso Regulation for the Bosco Marengo plant, the risk assessment process is more detailed to respond to specific provisions in the regulations. These include an initial examination of the plant, the hazardousness and amount of substances on the premises, the conditions of use, the capacity of the installations and the historical analysis of accidents that have occurred on the site or at similar sites. The relevant hazards are fire, explosion, toxic spillage and environmental pollution. The quantitative risk analysis is carried out by a working group of in-house personnel, experts in the various processes, and led by experts in the field of major accident hazards. Starting from a preliminary analysis of systemic and historical information, they identify the accident scenarios and potential consequences, and determine the level of risk. The safety report demonstrates the implementation of the policy, the identified risks and the instituted prevention and protection measures, with the frequency of review dictated by operating conditions and mandatory timelines. Each review activity considers the situation and knowledge of the previous history, starting from operational experience. Moreover, the review may be required in the event of significant organisational changes that could lead to a change in the risk conditions.

The production departments at the METLAC Bosco Marengo site are equipped with exhaust fans to capture fumes of volatile substances and dust particles from the materials used, reducing exposure to production operators, the company population and, consequently, the local community. While the solid components are treated in filter systems with abatement devices, the fumes are conveyed to a post-combustion plant that reduce atmospheric emissions of solvents below the limits set by the Piedmont Region, which are more restrictive than national regulations.

For the Cava de' Tirreni site, the production department is equipped with extraction systems with fabric filters, activated charcoal and abatement filters for dust, as well as extraction system with activated charcoal filters for volatile components. In this case as well, the risk of environmental damage from an accidental event affecting the local community is very limited. Consider, for example, that the water used for production processes for cooling comes from a closed loop system.

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WORKER PARTICIPATION AND CONSULTATION AND COMMUNICATION ON WORKPLACE HEALTH AND SAFETY

Worker consultation and participation takes place separately for the two sites, in different ways. The primary means is the formal channel of the Safety, Health and Environment Committee, consisting of the employers and their delegates, the WSHER (Workers' Safety, Health and Environment Representative), the qualified physician, and other invitees such as the Human Resources Manager and Site Manager, where present. The meetings take place annually, in line with the provisions of Article 35 Italian Legislative Decree 81/2008, and various topics are addressed. These include: the general situation in the past year regarding accidents, near misses, injuries and occupational diseases; the risk assessment results, means of protection and particularly the choice of personal protective equipment; the performance of the Management System assessed according to specific indicators; the qualified physician's health surveillance report based on anonymous and collective data; the improvement plan for the following year; the most important innovations; and any other topics also presented by the participants and, in particular, by the WSHERs who, as workers and workers' representatives, may present problems, make proposals or request in-depth studies. A formal report is drafted following the meeting.

Complementing this is the Management Review for the MAPP, i.e. the Major Accident Prevention Policy, a meeting provided for by the specific Seveso Regulation (Italian Legislative Decree 105/2015), which is applicable to the Bosco Marengo plant. Participants include the same subjects as at the meeting pursuant to Article 35 of Italian Legislative Decree 81/2008, in addition to the managers of the various services including Production, Maintenance, Purchasing, and General Management. In fact, this type of review is also part of the H&S Management System according to ISO 45001. The topics are complementary but with different points of view, although a common aspect is the participation of workers and those responsible for the various processes and for correctly applying the planned prevention and protection measures and monitoring activities. These meetings are an opportunity to review ongoing activities and risks, along with the technical and organisational risk prevention and protection measures, providing the possibility to identify opportunities to improve health and safety performance, raising individual awareness of and focusing on the most important aspects, so that they themselves spread the safety culture so that it reaches all workers.

Another opportunity for employee participation, particularly for top managers, concerns the Operations Committee, which consists of managers, their direct subordinates and the heads of the various services and departments. The Committee meets monthly to address various issues related to company management. At each meeting, the constant points of analysis and discussion relate to economic and production indicators, governance issues and more general topics. Specific topics, requests from individuals and project presentations may also occasionally be addressed. The topic of governance covers the Organisation, Management and Control Model 231, safety, health and environmental issues and the sustainability journey. A formal record is made of each meeting.

The third opportunity for worker participation is the monthly meeting with the supervisors, to which all supervisors and WSRs are invited. The discussion of HSE issues focuses on the most recent events and occurrences, personal or reported accidents, new legislation, points of attention about which important messages are conveyed to all workers, reports or other facts. As well as serving as an opportunity for discussion, it is also a moment to share thoughts and content, and the participation of WSRs allows all workers to have a voice, albeit indirectly. A formal record of the meeting is made.

As part of the Major Accident Prevention Policy, quarterly information meetings are held with all personnel. These recorded meetings are followed by a learning test, which is required by the applicable standard. This is an opportunity to keep workers informed of various important aspects of the Management System and to also receive feedback from workers by analysing the answers to questionnaires. Complementing this are emergency drills, which concern the emergency officers in more detail, to highlight the correct handling and possible need for intervention on procedures and instructions or personnel training and instruction. These events take place every six months and are tracked in the Management System.

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When developing new projects, and complementing the assessment of risks as a consequence of new activities, organisations or equipment, a working group is formed with those directly affected by the project to address the various related issues, gather various points of view and assess the conceivable consequences of the new situation with respect to the previous situation and various company processes, thereby defining the supplementary and improvement actions that must accompany the project. This phase is required with regard to the various Management Systems, and is also mandatory with respect to specific standards relating to health and safety, the environment, and major accident prevention. The minutes are recorded in the Management System.

OCCUPATIONAL HEALTH SERVICES

With regard to occupational health services for workers, these are managed in close collaboration between the HSE&S service (specialists in specific regulations related to managing workers with respect to occupational health risks), the HR service (specialists in personnel management) and the external occupational medicine service, through trusted partners of the company with a solid relationship of more than twenty years, which includes the qualified physician, the figure provided for by Italian Legislative Decree no. 81/2008. The main activities are onboarding visits, ordinary health monitoring according to a shared health protocol, extraordinary visits at the worker's request or following a long absence, and end-of-employment visits for workers exposed to chemical risks only.

Workers' health information is sensitive and protected by specific regulations, so the data can only be accessed by authorised personnel. Nevertheless, only the physician and the external health service have access to workers' health records, including clinical documentation. The employer and representatives have access to documentation containing non-specific summary information on the worker's pathologies and clinical conditions, as well as information that is relevant and necessary to managing the worker with respect to work stations, equipment and organisation, i.e. any limitations or special conditions required to avoid exposing the worker to certain risk factors. Workers are therefore protected in their access to health services and in the confidentiality of data processing through the company organisation and procedures based on compliance with specific regulations and the Code of Ethics.

The services are mainly provided within the company during working hours and when this is not possible for organisational reasons, worker or physician availability, workers meet with other doctors at different times off site; the employee may take leave for off-site medical examinations.

In general, there are no specific parameters for assessing the effectiveness of the services offered; direct observations are made by those concerned and, if specific problems are reported, the occupational health service takes action. If job-related restrictions are necessary, further investigations are carried out directly with the physician. Changes in the worker's condition due to which limitations are imposed by the physician require subsequent internal evaluations, which will never result in demotion, pay reductions or other personal treatment to the worker's detriment. These issues are handled first-hand by the HR Manager, who handles the cases together with the respective departmental managers, with the support of the HSE&S Team in full respect of the employee's privacy.

4.4 Workers welfare

METLAC Group has signed agreements with sector and category-specific funds: a Capitalised Supplementary Pension Fund for workers in the chemical and pharmaceutical industry and related sectors (FONCHIM) and a National Health Care Fund for workers in the chemical and pharmaceutical chemical industries (FASCHIM). In particular, factory workers, office workers and middle managers can voluntarily join the FONCHIM fund in accordance with its bylaws, with one share borne by themselves (1.20%) and another borne by the company (2.10%). For employees with executive status, METLAC Group provides membership in the non-profit Fondo Aperto di Assistenza Sanitaria Integrativa (FASI), the Fondo di Assistenza Sanitaria Integrativa (ASSIDAI) and the Fondo di Previdenza a Capitalizzazione per i Dirigenti di Aziende Industriali (PREVINDAI) as fringe benefits. For the PREVINDAI plan, the employee makes a personal contribution (4%) and one is borne by the company (4%), as provided for by the entity statute.

Regardless, the employees' right to confidentiality in data processing is respected, as membership files are handled by the Human Resources Department in compliance with data processing regulations. The information held by individual entities (e.g. INPS, INAIL, FONCHIM, etc.) is managed by the individual institutions, which guarantee confidentiality in data processing and compliance with data processing regulations by providing targeted information through their portals.

ACCIDENTS AT WORK

The following table shows the number of occupational accidents that occurred in the 2021–2023 period. In 2021, an accident with serious consequences occurred at the Bosco Marengo site: a worker was hit by a forklift. The company reacted promptly, critically reviewing the risk assessment, procedures and operating instructions. In 2023, four accidents occurred, two of which were serious: a collision with a forklift and a second accident whose analysis did not clarify the dynamics of the event. Again, the company's reaction was immediate, with a further review of the risk assessment, the organisation of certain activities carried out by people on foot and the installation of fixed barriers to regulate pedestrian traffic.

There were no deaths from occupational accidents or cases of occupational disease during the reporting period.

	2021	2022	2023
Total injuries	1	0	4
With serious consequences	1	0	2
Rate of accidents with serious consequences (excluding deaths)	1.57	0	6.49
Recordable accident rate	1.57	0	12.97
Deaths resulting from accidents at work	0	0	0

4.5 Human Capital Development

METLAC arranges internal training courses for all personnel (mandatory training) on health and safety issues, external training organised by accredited bodies for figures whose roles hold binding value, and it adheres to training programmes made available by trade associations (financed and not financed).

The training activities consist of individual and group training courses for laboratory technicians and customer service technicians working at Group companies. All staff are involved in health, safety, environmental and sustainability training. Specific training courses are given on tidiness and cleanliness (5s), quality, administration, information technologies (IT), production and talent development, aimed at creating new figures with roles of responsibility (e.g. team leaders) or improving soft skills, improving B2B and B2C communication techniques[3], teamwork, employee management and relations with external stakeholders.

3. B2B and B2C: B2B (Business to Business) refers to a mode of collaboration typically on the company level, as opposed to B2C (Business to Consumer) which instead addresses external stakeholders such as end customers.

Occupational health and safety training is handled directly by the HSE&S service, starting with current regulatory requirements. Training covers both general and specific occupational health and safety risks. The management IT platform is used to plan the training topics required for the job and activate courses required to achieve the training objective. Within METLAC Group, the minimum requirements to be an Occupational Health and Safety trainer include membership in the Prevention and Protection Service (RPPS) for at least 6 months, appointment as an RPPS Officer, and possession of the requirements to be a Occupational Health and Safety (OSH) Trainer for professional figures recognised by Italian Legislative Decree 81/08. The RPPS service provides other types of courses related to occupational health and safety prepared and adapted to the specific situation, (e.g. for protection in the use of chemical substances of certain hazardous levels such as isocyanates, for access to confined spaces, etc.), while it turns to third parties for specific qualification courses for certain roles (e.g. forklift drivers).

A key performance indicator that expresses the maturity of the personnel employed at METLAC Group, identifies the value of the organisation's human resources and contributes to employee satisfaction is the number of training hours per capita. The details are shown in the table below as an absolute value, with reference to all personnel and by gender and category.

Average number of training hours per year per employee.

	2021		2022		2023	
Total number of employees	191		191		195	
Average number of raining hours per employee	12,9		14,4		14	
Average number of training hours per male employee	10		14,4		17,2	
Average number of training hours per female employee	8,1		11,1		11,3	
Average number of training hours per category:	Men	Women	Men	Women	Men	Women
Executives	10	1	7	-	9,3	1
Middle managers	11,5	43	7,9	19,5	10,3	34
Office workers	10,6	8,4	20,2	30,2	17,9	11,2
Factory workers	11	4	14,2	3	18,4	3,3

The absolute number of training hours per capita increased by 12% from 2021 to 2022, while it decreased slightly (3%) from 2022 to 2023.

With regard to programmes to upgrade employee skills, transition assistance and the percentage of employees receiving periodic performance and professional development evaluations, METLAC Group addresses these issues in its normal human resources management, although it has not yet formalised specific procedures, action plans and measurements to allow for reporting.

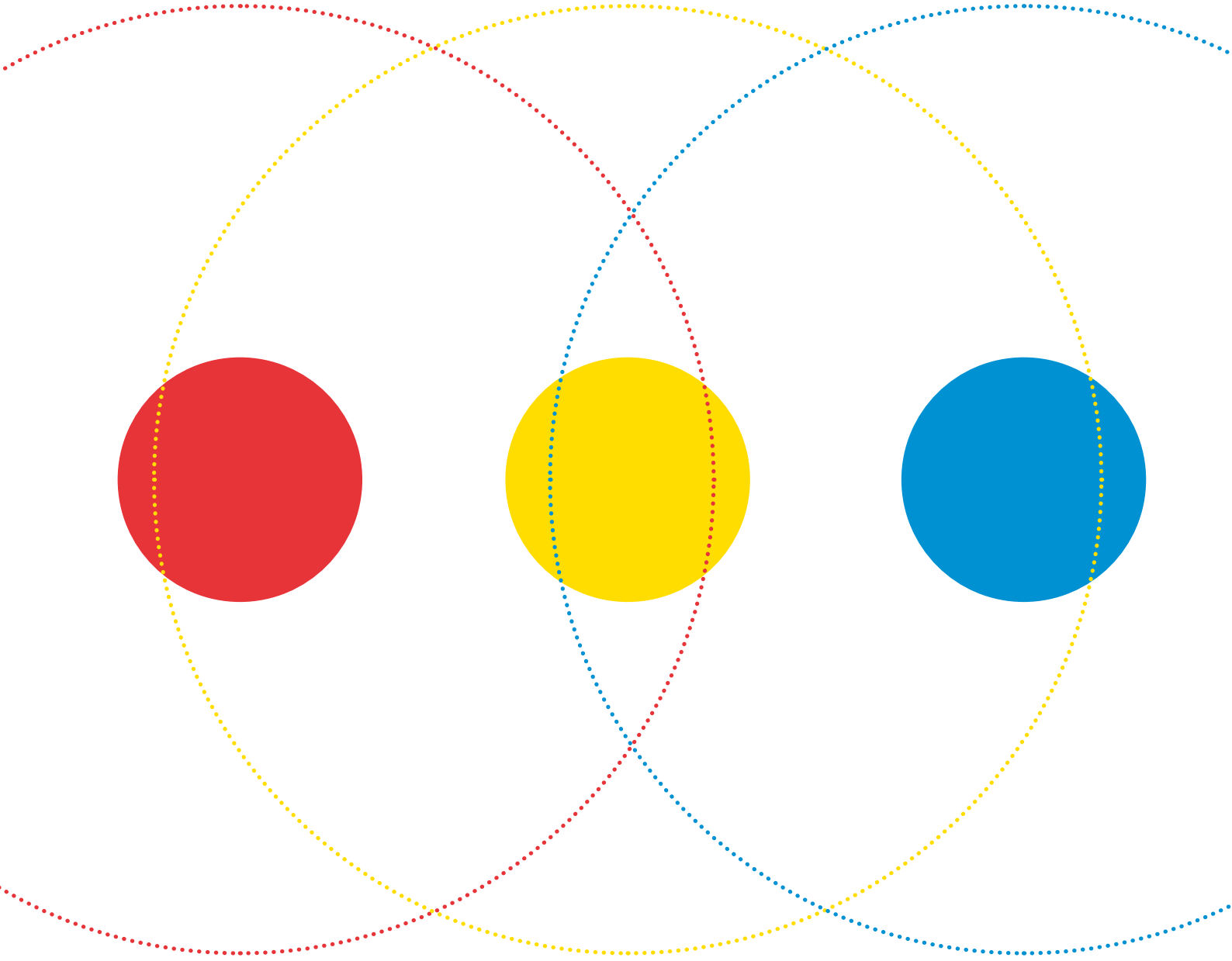
METLAC Group offers development opportunities for young people through curricular and extra-curricular internships or apprenticeships, as in the table below:

	METLAC Group Italy		
Year	**2021**	**2022**	**2023**
Men	–	1	1
Women	–	1	–
Curricular internships	–	1	–
Extra-curricular internships	–	1	1

The interns are from vocational schools or the local university. They perform their activities supervised by in-house personnel acting as tutors, with proven experience in the specific task.

4.6 Diversity and equal opportunities

METLAC Group enhances staff by ensuring inclusion and respect for diversity, contributing to the well-being of workers through compliance with regulatory dictates, promoting the dissemination of the corporate culture through the adoption of organisational and operational models aimed at fostering human relations, and through high-quality, easily accessible and effective internal communication. The company uses personnel selection and recruitment methods based exclusively on professional and human skills useful for its needs, taking a neutral approach to gender, age, culture and abilities.



4.6.1 Diversity in governance bodies and among employees

The METLAC SPA Board of Directors, the governing body of the parent company of METLAC Group in Italy, consists of 7 members; if the Sole Director of the subsidiary METINKS SRL is also considered, it has a total of 8 members, one of whom has two roles.

The gender make-up is 100% male: 12.5% are between 30 and 50 years old, and 87.5% are over 50 years old. The seniority of members in the role varies widely, from 2 to 37 years. The following table shows the data in detail.

Member	Role	Sex	Age group	Seniority (years)
Cristiano Radaelli	President	M	> 50 years old	9
Pier Ugo Bocchio	CEO	M	> 50 years old	37
Davide Bocchio	Director Sole Director CERITEC SRL	M	>50	18
Diego Bocchio	Director	M	≥30 – ≤50 years	4
Marco Vincenzo Cirla	Director	M	> 50 years old	9
Egidio Rinaldi	Director	M	> 50 years old	5
Luca Ceccherini	Director	M	> 50 years old	2
Giovanni Battista Serra	Sole Director METINKS SRL	M	> 50 years old	11

4.6.2 Distribution of staff in governance bodies according to diversity categories

The 'Governance Body' is the Operations Committee consisting of the CEO and his direct subordinates, the Managing Director for Italy, the CEO of METLAC International, Executives, Department Managers and other selected managers. The gender distribution in 2023 was 85% male and 15% female, with the share doubling from 2021 to 2022. With respect to age group, 23% were between 30 and 50 years old and the remaining 77% were over 50. The over-50 age group increased from 2021 to 2023 due to changes in composition and due to age in general.

The following table shows the details of the distribution.

	METLAC Group Italy		
Gender	**2021**	**2022**	**2023**
Men	92%	85%	85%
Women	8%	15%	15%
<29 years	0%	0%	0%
>=30 - <=50 years	31%	38%	23%
>50 years old	69%	62%	77%

4.6.3 Distribution of personnel according to diversity categories

The METLAC Group population increased by a total of four from 2022 to 2023, all of whom were women, and the male/female split remained more or less constant (75% men and 25% women). With regard to worker qualifications, the breakdown is as follows: office workers 50%, factory workers 35%, executives 8% and middle managers 7%. The gender distribution in the various categories shows that of factory workers, 99% are men; of office workers, 57% are men and 43% are women; in middle management, 69% are men and 31% are women; while 94% of executives are men.

As far as the distribution by age group is concerned, the share of the population under the age of 30 is 9%, 44% are between 30 and 50, and 47% are over 50. Over the three-year period in question, there was some variation, with the under-30 age group remaining stable, the 30-50 age group decreasing, and the over-50 age group increasing, a sign of the progressive advancement of the age group.

The following table shows the data in detail.

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		METLAC Group Italy					
		2021		2022		2023	
Employees	Number of employees	191	100%	191	100%	195	100%
	Number of male employees	147	77%	144	75%	146	75%
	Number of female employees	44	23%	47	25%	49	25%
Employees by qualification and gender	Factory workers M	73	38%	67	35%	75	38%
	Factory workers F	1	0,50%	1	0,50%	1	0,50%
	Office workers M	54	28%	56	29%	49	25%
	Office workers F	38	20%	40	21%	43	22%
	Middle managers M	9	5%	10	5%	7	4%
	Middle managers F	4	2%	5	3%	4	2%
	Executives M	11	6%	11	6%	15	8%
	Executives F	1	0,50%	1	0,50%	1	0,50%
Breakdown of categories	Factory workers		39%		36%		39%
	Office workers		48%		50%		47%
	Middle managers		7%		8%		6%
	Executives		6%		6%		8%
Distribution by age group	< 30 years old	16	8%	17	9%	18	9%
	≥30 – ≤50 years	93	49%	90	47%	86	44%
	> 50 years old	82	43%	84	44%	91	47%

4.6.4 Ratio of basic wages and remuneration of women to men for the Bosco Marengo site

Overall for the Bosco Marengo site (METLAC SPA and CERITEC SRL), the ratio per category between the basic salary – without additional amounts (seniority, bonuses, benefits, overtime, etc.) – and the minimum wage set in the CCNL (National Collective Bargaining Agreement for workers in the chemical, chemical-pharmaceutical, chemical fibre and abrasive, lubricant and LPG industries 2022), according to the ratio of women to men, was 0.86 in 2022 and 0.86 in 2023, with the gap practically constant in the two years. Analysing the data per category, the ratio for factory workers was 0.95 in 2022 and 0.94 in 2023, with the gap between women and men decreasing slightly over the period. For office workers, the ratio was 0.88 in 2022 and 0.89 in 2023 and the gap between women and men narrowed slightly, while for middle managers the ratio was 0.68 in 2022 and 0.89 in 2023, with the gap between women and men narrowing by 0.22. For executives, the ratio was 0.87 in 2022 and 0.89 in 2023 and the gap between women and men narrowed slightly by 0.02. In collecting the data, it was not possible to retrieve details for 2021 due to difficulties in reconstructing historical archives.

The following table shows details of the data.

	2022	2023
Total	0,86	0,86
Factory workers	0,95	0,94
Office workers	0,88	0,89
Middle managers	0,68	0,89
Executives	0,87	0,89

It should also be noted that for the METINKS SRL site, this indicator is not reported as the population is entirely male. For the Bosco Marengo site, the wage is the minimum wage stipulated by the CCNL (chemical industry) for factory/office workers, and the CCNL (industry executives) for executives.

Chapter 5

CUSTOMERS

October 2024

5.1 Our target market

As stated in the Company Mission Statement, METLAC Group is committed to guaranteeing to its customers, and end consumers indirectly, the quality of its products, which are mainly used in coatings on metal packaging for food use. The target markets are:

- **Beer and beverage cans** (B+B), i.e. the production of cans for non-alcoholic and alcoholic beverages (e.g. beer), for which METLAC supplies internal and external coatings to protect the packaging. There are few products in these applications, although large volumes are involved. These are essentially pigmented and non-pigmented varnishes, water-based varnishes based on polyester resins or varnishes drying under UV lamps or even lacquers sprayed on the polyolefin-based inner surface of cans.
- **Food cans**, three-piece box-type food containers consisting of a fused body and upper and bottom lid, for which coatings are provided, i.e. pigmented and non-pigmented varnishes based on phenolic or polyester resins, which can be applied to the inner and outer surface of the packaging, varnishes to protect the seams on the box body and decorative inks for drying with heat or UV lamps (lithography).
- **General products**, i.e. general-purpose containers for which transparent, gold-tinted, white and other pigmented epoxy and polyester varnishes are supplied for application on the inside and outside of the items.
- **Caps, closures, tubes and aerosols**: caps and closures such as crown caps for bottles, caps for glass bottles, caps for alcoholic and non-alcoholic beverages and preserves, aluminium tubes for foodstuffs such as tomato paste and meat pâté, but also for making marker pens, aerosols used in cosmetics, etc., for which different coloured epoxy and polyester varnishes are used.
- **Easy open ends** for beverages made of moulded aluminium, for which epoxy-acrylate or polyolefin-based varnishes are supplied.

To meet market needs and ensure effective supplies, METLAC Group organises its production activities by identifying different merchandise categories. These categories, the percentage breakdown of volumes released in 2023 and the target market are listed in the table below.

Category	%	Market
Polyester varnishes	45	Total
Water-based varnishes and polyolefins	27	Beer and beverage cans
Epoxy varnishes	19	Food cans, General line
Other internal varnishes	5	Food cans
UV external varnishes and others	2	Food cans, General line, Caps, closures & aerosols
Inks	2	Total

5.2 Our customers

METLAC Group customers are mainly large, leading multinational companies in the metal packaging industry. As illustrated by the table on the right side, 54% of the volumes placed on the market are destined for large groups producing food packaging, closures such as lids, caps and general packaging including non-food (FGC - Food Cans, General line, large group, 23%) and customers operating in the beverage sector, mostly for can production (B&B - Beer and Beverage large group, 31%). This is followed by the non-major FCG group category, which accounts for 46%, broken down into 28% for the foreign market and 18% for the domestic market (FGC Foreign and Italy).

Customers	%
FGC (large groups)	23
B&B (large groups)	31
FGC Foreign (not large groups)	28
FGC Italy (not large groups)	18

5.3 Customer Relations

The industry in which METLAC operates requires extremely high standards to ensure the safety, efficacy and regulatory compliance of its products. Quality is therefore a question not only of operational excellence, but also of ethical and social responsibility.

With regard to the products and services we offer, METLAC Group has a Quality Management System complying with the ISO 9001 standard, for which the Group companies hold certification.

The relevant stakeholders include direct clients (users of METLAC Group products) and indirect clients (consumers), but also the personnel with the organisation itself (METLAC Group employees), who may report an undesirable situation regarding the quality of products or services provided through a formal complaint or internal nonconformity. Quality-related issues involve different categories of complaints depending on the problem: administrative, commercial, logistical problems (e.g. late delivery, missing/incomplete documentation, packaging problems), or technical problems relating to the quality of the supplied products (e.g. application, physical or mechanical problems related to the use of sold products).

The criteria for handling a complaint or non-conformity relating to quality are formalised through specific procedures contained in the company's Quality Manual, which is managed by qualified personnel. It is distributed to relevant internal and external stakeholders and is constantly updated on the basis of in-

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coming requirements (organisational, regulatory), in response to stakeholder requests and reports and as a result of corrective actions taken and found to be effective in resolving or mitigating problems.

For example, an adverse event may involve a customer complaint about the quality of the supplied product, the inability to use it due to the safety of the exposed people and the environment where the material is used or stored. In response, specific procedures are set out in the manuals mentioned above for recalling material and conducting internal traceability checks to quickly identify the potential source of the problem and ensure customer support.

METLAC keeps track of flows related to complaints and non-conformities through computerised tools (programmes equipped with databases), managed by competent personnel who record the event and follow its evolution and desirable resolution and can give evidence of it to the relevant stakeholders, both within and outside the organisation.

Various approaches are taken to identify and handle complaints. Preventive interventions are based on the self-analysis of processes, as well as interventions in response to stakeholder reports, either with immediate effect or for which a longer timeframe is required depending on technical aspects (registration, analysis, closure of the complaint and possible corrective actions implemented), and a posteriori interventions in the case of repeated problems over time, for example.

METLAC Group also adopts other processes and uses them as a basis for risk analysis to identify and, when possible, remedy the potential negative impacts generated by its activities. These include ‘attentive and timely technical and commercial assistance for customers’ and an ‘increase in activities implying the direct involvement of internal and external resources aimed at training, information and dialogue’.

Chapter 6

ENVIRONMENT

October 2024

6.1 Environmental Policy

METLAC is aware of the current and potential impacts that its activities generate on the environment and of the need to manage and reduce them where possible, making a responsible commitment to high levels of environmental performance. To complement and integrate its sustainability, quality and environmental protection policies, METLAC Group is committed to controlling activities that may have a detrimental effect on the environment by constantly monitoring environmental performance in compliance with legislation and regulations. With regular, timely monitoring, the impact generated can be quantified, facilitating the identification of opportunities for environmental improvement and their subsequent implementation.

In particular, METLAC is committed to reducing resource consumption, maintaining a high standard in controlling atmospheric emissions, waste water and soil contamination, reducing waste generation and increasing the use of recyclable and renewable materials. In addition, the company listens to and interacts with suppliers and customers to reduce the environmental impacts of its finished products, incorporating their suggestions and assessments in strategic business decisions and investments when appropriate.

To manage and monitor the organisation's environmental impacts, METLAC has implemented an Environmental Management System based on the plan-do-check-act formula, i.e. a continuous process of planning, implementation, verification and improvement that self-corrects and improves the system over time. Documented procedures are adopted to ensure monitoring of the major activities that generate significant environmental impacts. This is done by following the ISO 14001 standard, for which METLAC Group companies hold certification. These procedures define the controls and measurements taken, as well as how to collect and interpret data. The goal is to carefully monitor the company's environmental performance, verify its position with respect to environmental legislation and regulations and properly implement the Environmental Management System, aligning it with predetermined environmental objectives and targets. Monitoring activities can be conducted either in-house or by qualified external parties, in compliance with the sampling and analysis methods provided for by regulatory provisions, national and international standards or criteria defined by the company and validated by competent bodies or authorities.

Non-conformities, i.e. the deviation of one or more characteristics of any of the elements of the Environmental Management System with respect to the prerequisites, are identified as 'real' when they occur as an undesired event with respect to the given parameters and requirements, and as 'potential' if they have not yet occurred but are reasonably foreseeable based on an analysis of the possible triggers. Managing non-conformities also means taking corrective and/or preventive action, which the designated team periodically implements through audits, reviews and technical meetings. During the conformity assessment, the company verifies potential room for improvement and also defines possible improvements to resolve reported or recorded problems or mitigate their potential effect. Possible improvements include the constant review of management policies to ensure the best alignment between processes, objectives and legislative compliance. The Environmental Policy itself is currently being revised.

6.2 Electricity and methane consumption

METLAC Group Italy constantly monitors the performance of its sites by collecting KPIs related to processes and primary resources such as energy and water.

With respect to energy, the Bosco Marengo and Cava de' Tirreni sites use energy purchased from the grid for processing needs, powering the related devices and production activities, and for the administrative, technical and commercial offices. Fossil fuels such as petrol and diesel are used at both locations for company vehicles. Only the Bosco Marengo site uses natural gas to power the thermal power plants used for heating and the afterburner that treats volatile compounds released from production processes; it is also used in the quality control and R&D laboratory departments.

Internal energy consumption in the 2021–2023 period for the three Italian companies of the group — METLAC SPA, CERITEC SRL and METINKS SRL — is shown in the table below:

Consumption	2021	2022	2023	Unit.
Fuel consumption (non-renewable resources)	25.352	25.619	22.775	GJ
Electricity	24.900	25.916	25.250	GJ
Thermal energy	25.791	25.153	21.973	GJ
Energy within the organisation	76.043	76.687	69.998	GJ

The total fuel consumption within the organisation remained fairly stable in 2021 and 2022, while it recorded a significant decrease of 11% from 2022 to 2023. This category includes methane gas used mainly for heating and automotive fuel (diesel and petrol), which is considered to come from non-renewable resources as there is no information on its origin. The largest contribution to the reduction is related to thermal energy: methane gas used for the Bosco Marengo site. The lower consumption of methane gas is attributed to the climate conditions, which involved a substantial increase in average temperatures for the winter of 2023 compared to previous years.

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Domestic electricity consumption (from the grid) increased by 1.4% while heating energy consumption decreased by 15% from 2021 to 2023. Ultimately, after an increase of 1% in 2022, the organisation's total internal energy consumption dropped by 8% compared to 2021.

The following table shows the ratio of electricity purchased from the grid or produced using fossil fuels to the total volume of finished products.

Energy consumption within the organisation [GJ/tonne]	**2021**	**2022**	**2023**
Bosco Marengo plant (METLAC SPA, CERITEC SRL)	0,38	0,42	0,47
Cava de' Tirreni plant (METINKS SRL)	4,01	4,1	4,55

Energy consumption increase steadily by 11% from 2021 to 2022 and from 2022 to 2023 for the Bosco Marengo site. For the Cava de' Tirreni site, on the other hand, there was a smaller increase of 2% from 2021 to 2022 and a larger increase of 11% from 2022 to 2023. This denotes an overall increase in energy consumption due to larger production volumes.

METLAC Group does not directly produce electricity at its own facilities, although it has recently installed a photovoltaic system (still in commissioning) on a new building at the Bosco Marengo site. Energy purchased from the grid features an energy mix (specific to the supply) in which 20% of the energy comes from renewable sources. Details with reference to the sources for the 2021–2023 period are listed in the table below.

Energy mix [%]	**2021**	**2022**	**2023**
Renewable Sources	19,7	20,3	23,6
Coal	11,5	15,4	15,6
Natural gas	57,2	54	51,2
Petroleum products	1,2	2,4	1,4
Nuclear	6,2	2,4	2,5
Other sources	4,3	5,6	5,8

Supplies from renewable sources increased by 20% from 2021 to 2023, resulting in a reduction in the consumption of natural gas of 11.7% and nuclear energy 60%. On the other hand, consumption of coal (+36%), petroleum products (+9.6%) and other sources (+35.9%) are on the rise, based on 2021 data.

6.3 Water consumption

Within METLAC Group, METLAC SPA and CERITEC SRL draw public water from the mains and groundwater from its own well. Water is used for the following activities:

- **Irrigation of indoor and outdoor green areas managed by METLAC;**
- **drinking water;**
- **water reserves for filling the firefighting tanks;**
- **toilets;**
- **production of varnishes, either direct use or after appropriate demineralisation.**

In 2023, the water drawn from the mains, amounting to 11.27 megalitres (ML), was consumed almost entirely for business activities; only 0.64 ML, or 6%, was discharged as industrial effluent. The water drawn from the property well, amounting to 14.50 ML, is used to water the green areas, and so returns to the soil. The drinking water supplied by the mains is drawn from a well (located in the nearby hamlet of Quattrocascine) at a depth of about 100 metres. The service provider treats the water appropriately by removing nitrates and disinfecting it by adding sodium hypochlorite. The treated water is then sent to a reservoir (piezometric tower) and from there distributed to connected users including METLAC and CERITEC.

The table below provides details on the water resources for the Bosco Marengo site. Of the total water drawn, 25.77 megalitres (ML), 56.3% is groundwater drawn from the property well, and 43.7% is third-party water, i.e. from the mains.

Bosco Marengo Plant	Qty in ML	%	Use
Total drawn (mains and well)	25,77	100	Total
Total from the well	14,5	56,3	Irrigation, firefighting
Total from the mains	11,27	43,7	Personal use, production
Total consumed by the departments	1,29	5	Production
Total consumed other	24,48	95	Personal use, firefighting, irrigation
Total emitted as waste discharge	0,64	2,5	Industrial discharge

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METINKS SRL draws public water from the municipal mains. In 2023, the total volume drawn was 0.60 ML, of which 90% was used for personal use (toilets) and the production department (machinery cooling systems), and 10% was used for the plant's firefighting system. All water is used and returned as waste water; there is no intermediate water storage. The following table details the water resources for the Cava de' Tirreni site.

Cava De' Tirreni site	Qty in ML	%	Use
Total drawn (mains)	0,6	100	Personal use, firefighting, production
Total consumed by the departments	0,54	90	Personal use, production
Total consumed for firefighting	0,06	10	Firefighting
Total emitted as waste discharge	0,6	100	Industrial discharge

Water stress, understood as the organisation's ability or inability to meet its water demands, can be classified as medium-high for the geographical area of the Bosco Marengo plant. As for the site in southern Italy in the Province of Salerno, an extremely high level was recorded.

Rainwater, civil, industrial and laboratory water are conveyed into the drain. Rainwater falling on the Bosco Marengo site (surface area approximately 75,000 square metres) and the Cava de' Tirreni site (surface area approximately 3,000 square metres) is intercepted and treated before being discharged into the municipal sewer system. Water that is not used in production is discharged into the municipal sewers and then treated by the purification plant for both the Bosco Marengo and Cava de' Tirreni sites. Industrial water discharge is monitored through periodic analyses conducted by an accredited external laboratory on samples of discharged water. The monitored parameters concern the presence of ammonia nitrogen, total nitrogen, BOD5, chlorides, COD, fluorides, animal and vegetable fats and oils, total hydrocarbons, metals (aluminium, cadmium, total chromium, iron, nickel, lead, copper, zinc, total phosphorous, phenyls, sulphates, total suspended solids), surfactants (anionic, cationic, non-ionic, total), nitrous oxide, nitrites, nitric acid and nitrates. The amounts are verified in compliance with the limits of sewer discharge set by Italian Decree-Law no. 152 of 3 April 2006 – Annex 5, Table 3. For the site in Southern Italy, all water drawn exclusively from the mains is discharged into the sewer after use.

Cuts in the water supply can lead to major disruptions in the company's activities. For example, the water-based products that METLAC Group produces and distributes use water as a solvent, a necessary component for the product that is added directly or after appropriate treatment, e.g. demineralisation. Water is also used for cleaning and to feed the cooling circuits installed on the production machinery. To identify and monitor the impacts of water consumption and assess their magnitude, METLAC Group adopts the contextual analyses required by ISO 9001, ISO 14001 and ISO 45001.

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Regarding collaboration with stakeholders in managing water resources and identifying suppliers that consume large amounts of water, METLAC Group has started to assess the level of sustainability of its supply chain through adhesion to CRIF's SynESGy platform (see Section 7.1 for further details). The important parameters analysed in this programme include the responsible management of water resources. As a future goal, this analysis will be refined and extended to the entire value chain, i.e. upstream and downstream stakeholders of METLAC Group.

METLAC Group is considering **reducing the consumption of potable water** through the use of rainwater for non-personal consumption, such as watering, firefighting reserves, technological services and toilets. Finally, by conducting Life Cycle Assessments (LCA), measuring environmental impacts and the water footprint, considering scenarios and interacting with Stakeholders, METLAC Group strives to identify and predict future impacts and identify possible mitigation actions.

6.4 Management of waste generated

Periodic visits and audits are organised at the sites of environmental service providers to verify that the waste delivered is treated in accordance with current regulations. In particular, for recycling or disposal, joint projects are sought to recover waste, such as the recovery of IBCs (intermediate bulk container), which are used to contain raw materials and finished products. These are disposed of after use, but can be easily regenerated and used again. The possibility of chemically washing other containers used at METLAC, such as metal drums, is being considered, along with other waste products which are collected by specialised companies and transformed into input for other organisations. To reduce the amount of waste, efforts are made when possible to recover products that do not meet the quality standards.

To manage the waste generated, METLAC uses third parties and direct parties for disposal depending on the type and possibility of disposal. The quantities for the Italian METLAC Group companies are shown in the table below, broken down by type, hazardousness and class (D, R).

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	2021	2022	2023	Unit
Non-hazardous waste	-	312	313	Tonnes
Non-hazardous waste – incineration	-	-	-	-
Non-hazardous waste – landfills	-	-	-	-
Non-hazardous waste – other disposal methods	-	46	83	Tonnes
Non-hazardous waste – other recovery methods	-	266	230	Tonnes
Non-hazardous waste – regeneration	-	-	-	-
Non-hazardous waste – recycling	-	-	-	-
Hazardous waste	-	2.474	2.426	Tonnes
Hazardous waste – incineration	-	6	5	Tonnes
Hazardous waste – landfills	-	-	-	-
Hazardous waste – other disposal methods	-	349	944	Tonnes
Hazardous waste – other recovery methods	-	1.572	1.001	Tonnes
Hazardous waste – regeneration	-	-	-	-
Hazardous waste – recycling	-	547	477	Tonnes
Waste generated	2.760	2.786	2.739	Tonnes
Waste recovered	2.399	2.385	1.708	Tonnes
Waste disposed of	361	401	1.031	Tonnes

The amount of total waste generated increased by 1% from 2021 to 2022 and decreased by 2% from 2022 to 2023, with hazardous waste being the most important category in this respect. The amount of non-hazardous materials remained essentially constant from 2022 to 2023. Of total waste, 86% was recovered in 2021 and 2022, falling to 62% in 2023. For 2021, no details, but just total values are available for each hazardous or non-hazardous waste category.

6.5 Emissions

The potential exposure to chemical and environmental risks due to pollution as a result of accidental events — with the emission of hazardous chemical substances into the soil, surface water or pipelines, or due to fires and the consequent danger of flame and smoke in the atmosphere — is unlikely, given the containment and safety measures adopted at METLAC Group plants. However, it is still considered and its related impact assessed.

The emission values obtained from the analyses conducted at the Bosco Marengo site, which include total dust, carbon monoxide, nitrogen oxides (monoxide and dioxide), are lower than the respective concentration limits indicated by the Single Environmental Authorisation (DDAP2-13-2022) issued by the Province of Alessandria.

For the Cava de' Tirreni site, the values relating to atmospheric emissions of dust, organic and inorganic substances were obtained from periodic analyses conducted on the chimneys. They were then compared with the limits imposed by Italian Legislative Decree no. 152 of 3 April 2006 and subsequent amendments and by Regional Decree 4102/92 and subsequent amendments, with the result that they are lower than the dictated limits.

The following table presents details of the substances emitted into the atmosphere, with average quantities based on the analyses conducted at the Bosco Marengo and Cava de' Tirreni sites in 2023.

Bosco Marengo site		
Total volume of gas treated by the system	160.000 Nm3/h	(see the 2023 analysis)
Volume of total organic carbon (TOC)	930 g/h	(see the 2023 analysis)
Formaldehyde	< 0.050 mg/Nm3	(NIOSH 2016:2003 method)
Total dust	< 0.50 mg/Nm3 [lim.10]	(UNI EN 13284-1:2017 method)
tCOV	6.9 mg/Nm3	(UNI EN 12619:2013 method)
Phenol	< 0.10 mg/Nm3	(NIOSH 2546:1994 method)
Hydroquinone	< 0.10 mg/Nm3	(NIOSH 5004:1994 method)
Naphthalene	< 0.10 mg/Nm3	(NIOSH 5515:1994 method)
Nitric oxide and nitrogen dioxide	< 1 mg/Nm3 [lim 100]	(UNI EN 14792:2017 method)
Carbon monoxide	< 1.3 mg/Nm3 [lim 100]	(UNI EN 15058:2017 method)
Tin and related compounds	< 0.010 mg/Nm3	(UNI EN 14385:2004 + EPA 3051A:2007 + EPA 6010D method)

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Acetone oxime	< 0.10 mg/Nm3	
Sum of substances with risk statements R40, R60, R61, R68 including substances such as hydroquinone, furfural, naphthalene, formaldehyde, dibutyl tin laurate, acetone oxime, phenol	< 0.10 mg/Nm3 [lim 1]	Reference statements R: • R40 Limited evidence of carcinogenic effect; • R60 May impair fertility; • R68 Possible risk of irreversible effects.
Sum of substances in Table D Class II including fufural, naphthalene, formaldehyde.	< 0.10 mg/Nm3 [lim 5]	

Cava de' Tirreni site		
Total volume of gas treated by the system	13.600 Nm3/h	(see the 2023 analysis)
Total volatile organic compounds (VOCs) Table D – Classes I and II	Not detected mg/Nm3 [lim 20]	REGULATORY REFERENCES ON EMISSION LIMITS: Italian Legislative Decree no. 152 of 03/04/06 – Part 5 – Annex 1
Acrylates as ac. Acrylic (Tab. D – Class III)	1.5 mg/Nm3 [lim. 150]	
Xylenes (Tab. D – Class IV)	0.6 mg/Nm3 [lim. 300]	
Acetone (Tab. D – Class V)	12 mg/Nm3 [lim. 600]	
Total volatile organic compounds (VOCs)	14.3 mg/Nm3 [lim. 600]	

SCOPE 1 AND SCOPE 2 EMISSIONS

With respect to direct greenhouse gas (GHG) emissions (Scope 1), METLAC Group reports the gross value of direct GHG emissions (Scope 1) in tonnes of CO2 equivalent over the three-year period 2021–2023.

Details are given in the table below:

Direct GHG emissions (Scope 1)	**2021**	**2022**	**2023**	**Unit**
Gross total	1.456	1.457	1.311	T CO_2 Eq

Total gross emissions remained constant from 2021 to 2022 and decreased by 10% from 2022 to 2023. The reasons for this variation could be traced to the weather conditions during the winter of 2023, with lower thermal energy consumption.

METLAC uses these indicators for operational control and management efficiency. In particular, these KPIs are monitored to improve the management of its activities, optimising resource consumption and reducing impacts related to processing. These elements form the basis for effective reporting and enable the organisation to set clear and achievable goals with a view to sustainable development.

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A breakdown of direct GHG emissions associated with business units is as follows.

Direct GHG emissions (Scope 1)	**2021**		**2022**		**2023**	
Site	Bosco M.	Cava de' T.	Bosco M.	Cava de' T.	Bosco M.	Cava de' T.
Total gross [t CO2eq]	1.455	1	1.454	2	1.307	4

An analysis of the reported data shows that the largest contribution is associated with the Bosco Marengo site, which is equipped with thermal power plants for space heating and an afterburner unit. For the Cava de' Tirreni site, the share of emissions gradually increased from 2021 to 2023.

With respect to indirect greenhouse gas (GHG) emissions due to energy consumption (Scope 2), METLAC Group considers the total gross value of indirect GHG emissions from energy consumption for the group's Italian sites, as detailed below:

Indirect GHG emissions (Scope 2)	**2021**		**2022**		**2023**	
Geography	Location based	Market based	Location based	Market based	Location based	Market based
Total gross [t CO2 eq]	2.179	3.172	2.268	3.287	2.209	3.207

When analysing the location-based data, the gross emitted share increased by 4% from 2021 to 2022 and decreased by 3% from 2022 to 2023. This fluctuation is likely due to the above-mentioned energy and production efficiency measures at METLAC SPA and METINKS SRL.

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The breakdown of indirect Scope 2 emissions associated with business units is as follows:

Indirect GHG emissions (Scope 2)	**2021**				**2022**				**2023**			
Site	Bosco Marengo		Cava de' Tirreni		Bosco Marengo		Cava de' Tirreni		Bosco Marengo		Cava de' Tirreni	
Geography	L.B.	M.B.	L.B.	M.B.	L.B.	M.B.	L.B.	M.B.	L.B.	M.B.	L.B.	M.B.
Gross total	2.016	2.935	163	237	2.096	3.037	172	249	2.061	2.991	149	216

From these data, it is clear that the greatest contribution due to emissions is associated with the Bosco Marengo site, given the size of the plant, production volumes and the greater complexity of the processes.

With respect to greenhouse gas (GHG) emission intensity, METLAC Group reports the intensity ratio of direct Scope 1 and indirect Scope 2 emissions (expressed in tonnes CO2 equivalent) to the annual volume of finished products (expressed in tonnes). The table shows representative values for each production site for the 2021–2023 period.

GHG emission intensity [tCO2eq/t]	**2021**		**2022**		**2023**	
Site	Bosco Marengo	Cava de' Tirreni	Bosco Marengo	Cava de' Tirreni	Bosco Marengo	Cava de' Tirreni
Direct Scope 1	0,024	0,002	0,026	0,005	0,024	0,009
Indirect Scope 2 [Location based]	0,033	0,35	0,037	0,36	0,041	0,4
Indirect [Market based]	0,048	0,51	0,054	0,52	0,06	0,58

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The intensity of direct GHG emissions (Scope 1) remained constant for the Bosco Marengo site, while it increased significantly for the Cava site from 2021 to 2023. In contrast, an analysis of the intensity of indirect emissions (Scope 2) showed a substantial increase at both plants.

AIR FRANCE KLM CORPORATE AND LUFTHANSA COMPENSATE SAF PROGRAMME

METLAC Group supported the Air France-KLM and Lufthansa-Compensate SAF (*sustainable aviation fuel*) programme by providing 10 mt (metric tonnes) of sustainable fuel for flights in 2023 and 13 mt in 2022. Through this choice, the Group's Scope 3 carbon emissions were reduced by 83 mt over the two-year period in question; SAF has reduced carbon emissions compared to normal fossil fuels when considering the entire life cycle of the fuel.

Year	Qty SAF fuel [mt]	Emissions reduction [mt CO_2 eq]
2023	9,1	35,7
2022	13	47,2

The reduction in CO2eq emissions is based on a comparison of emissions from traditional fossil fuels and from SAF considering the total fuel life cycle, defined as WTW (well to wake), considering fuel production, transport and combustion.

6.6 Fighting climate change and improving energy efficiency

METLAC Group is committed to reducing its Scope 1 and 2 greenhouse gas emissions and is expanding its environmental responsibility by intensifying collaboration with suppliers and partners to reduce Scope 3 greenhouse gas emissions. To advance on these complex issues, the company is analysing its *carbon footprint* (CFP) of direct and indirect activities, i.e. considering the supply chain up to its gates. These activities directly involve METLAC through the measurement of its processes, improving their efficiency through constant monitoring, investing in new equipment and facilities and indirectly contributing to the development of the supply chain. The latter is accomplished by carefully selecting suppliers and partners that comply with the requirements of the corporate code of conduct and pursue sustainability objectives through its products and services.

METLAC Group's Italian plants use electricity supplied by AXPO Italy, which has a renewable energy share of about 20% (share surveyed for the year 2022). To reduce its impact on the climate by taking action at the energy source, METLAC is considering increasing this share through the purchase of certificates of origin, thereby reducing its absolute Scope 2 emission of greenhouse gases by 50% by 2025 (baseline year 2020).

In addition, a photovoltaic system has been installed at the Bosco Marengo site of METLAC Group. It will soon come online, thus reducing resources drawn from the grid by about 10% (with reference to electricity consumption in 2023 at the Bosco Marengo site). This will reduce the consumption of energy from non-renewable sources and favour supplies for the local community and those without such technological solutions.

The company adopts internal procedures aimed at the circularity of materials, using — when possible — recovered materials (e.g. raw materials or varnishes produced by METLAC itself), recycled and regenerated materials (e.g. for packaging raw materials and products) and materials from renewable sources or those containing a portion of renewable materials. This reduces impacts related to waste generation and the use of new resources, often of fossil origin if one considers the raw materials normally used in the production of varnishes.

The Group monitors the supply chain throughout the duration of its business relationships through a qualification procedure that includes relevant ESG aspects, including sharing and acceptance of the principles defined in the Code of Ethics and Code of Conduct. The Group has also started to use a dedicated platform to evaluate its strategic suppliers (CRIF's SynESGy).

The Group plans to adopt the GMP (*good manufacturing procedures*) guidelines, which are based on certain principles such as: maintaining proper production conditions, (such as temperature and humidity control), ensuring proper sanitary conditions, employing qualified personnel with adequate training, keeping accurate and complete records and performing calibration and regular maintenance of equipment. The implementation of such models and practices not only ensures a good level of service quality, but also rationalises processes, contains wasted resources and materials and consequently reduces the related impacts.

Chapter 7

SUPPLIERS AND CONTRACTORS

October 2024

7. Suppliers and contractors

METLAC Group considers its suppliers as strategic partners who contribute not only to the quality of the final product, but also to sustainability and innovation. Among the factors contributing to the success, value creation and competitiveness of a chemical company, efficient and strategic supply chain management plays an essential role.

Reliable suppliers with high standards allow the company to guarantee high-quality products that satisfy customers. The contribution of suppliers to business dynamics goes beyond the mere provision of goods or services; it represents a pivotal element for business continuity and the quality of the services offered. Therefore, METLAC Group considers its suppliers to be fundamental partners with whom it can establish lasting relationships based on mutual trust and cooperation, with the common goal of creating sustainable value over time.

With respect to effective partnerships, consider the case of Resinueva Mexico, a company founded by METLAC and NOVARESINE, a strategic Italian supplier of raw materials. The new company will produce and supply resins for paint products, and will be based in Querétaro, Mexico, just a few metres from the existing METLAC International production site. The objective of this ambitious project is to guarantee a functional supply chain for METLAC with respect to the three dimensions of sustainability: social — by guaranteeing new jobs (200 jobs are expected in the short-to-medium term, which could rise to 900 over a longer period of time); economic — as METLAC would be Resinueva's preferred customer with appreciable organisational and logistical simplifications; and environmental — as distances and problems of freight transport would be reduced.

In the second half of 2023, METLAC followed up on its Strategic Plan by evaluating suppliers based on ESG criteria, and particularly environmental aspects. After evaluating several rating systems (ECOVADIS; CERVED, etc.), CRIF's SynESGy platform was chosen. The decision was also made to join the platform as a supply chain leader, in order to monitor the evolution of its suppliers' membership and contribute to an increasingly sustainable supply chain.

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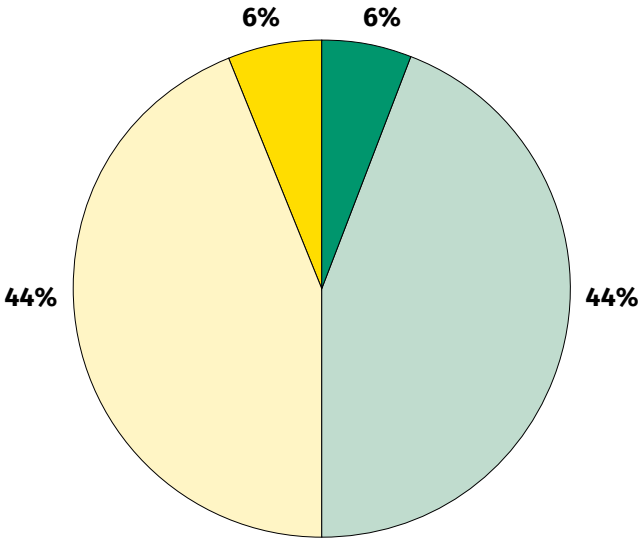
In 2023, four new suppliers were assessed according to environmental criteria, while 28 suppliers were assessed for negative impacts on the supply chain via the SynESGy platform. The assessment method involved an invitation to participate in the programme, registration of the participant's profile, administration of a questionnaire developed in reference to ESG criteria, and the issuance of a report card with a possible certificate if supplier exceeds the minimum criteria. Some suppliers belonging to large multinational companies state that due to their own internal policy, they cannot comply with METLAC's request to subscribe to the indicated platform. However, they provided evidence of their participation in similar platforms that provide a valid evaluation useful for classification purposes, (e.g. Ecovadis, CDP or Integrity Next). In addition, two environmental service providers were assessed, given their importance, environmental impact and potential exposure to pollution and reputational risks.

For the sake of completeness, the SynESGy ratings of the 16 companies that joined the platform are listed below. In total, 88% of the companies were in the 'good' and 'satisfactory' ranges and only 6% were in the 'sufficient' range, as shown in the figure below. From the first use of the platform, it was clear that some suppliers were initially assessed with a 'sufficient' or 'low' rating and that the rating improved at the next assessment, a sign that they understood METLAC's policy and commitment to the entire value chain. In this regard, there was a rate of improvement in the evaluation of 5% for members in the SynESGy programme and 2% for those qualified on another platform (rate calculated by dividing the number of participants rated at or above a 'good' level by the total number of participants).



Overall Score	Total	%
A – Optimal	1	6%
B – Good	7	44%
C – Satisfactory	7	44%
D – Sufficient	1	6%
E – Low	0	0%

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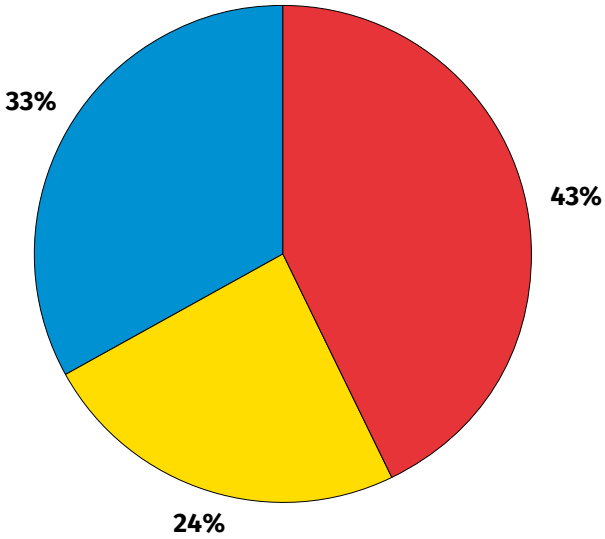
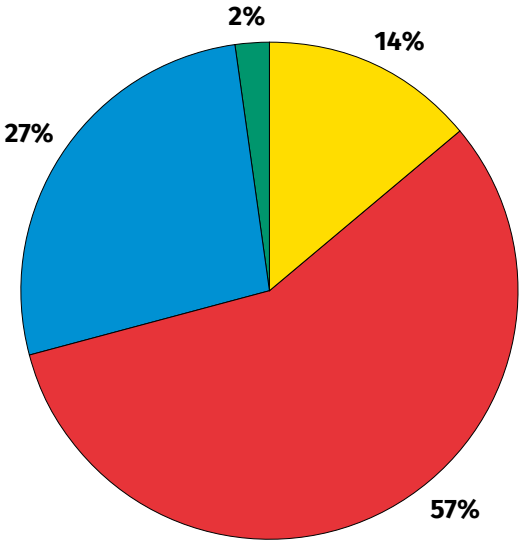
The percentage distribution of the type of companies asked to join the platform and their sectors are shown below. Specifically, size refers to the number of employees or sales volume of the participating company. Three categories were identified: small, for < 50 employees, medium for 50–250 employees and sales volume ≤ €50 million, and large for > 250 employees or sales volume > €50 million. Thus, with reference to their macro sector, the categories were: waste, i.e. environmental services, including disposal; raw material suppliers; packaging suppliers; and logistics, including transport.





Dimension	%
Large	43%
Medium	24%
Small	33%

Categories	%
Raw materials	57%
Packaging	27%
Waste	14%
Logistics	2%

7.1 Procurement

Most suppliers have an established, long-standing relationship with METLAC. They renew and adapt to changing environments and are able to meet demand in terms of quantity of goods and products required, within the agreed timeframe and at prices within the average market range. Strategic raw material suppliers relate to specific categories that are difficult to find due to the related oligopoly. These are, for example, specialities such as resins or certain types of additives for which the supplier's willingness to guarantee the purchase volumes required by the company is also important. With respect to packaging, the supplier's ability to comply with purchase volumes is important, as is its responsiveness and therefore proximity. That is, even for multinational companies, the presence of nearby production units is particularly relevant. Added to this is its openness to the recollect service, i.e. the recovery of packaging used to transport finished products to customer plants for subsequent upcycling. With respect to transport, the carriers used in Italy are strategic due to their availability and responsiveness, both in reaching customer plants and for the inter- and bi-directional transport of common raw materials for the Bosco Marengo and Cava De' Tirreni plants, as well as inks destined for the foreign market, which are produced by the Cava De' Tirreni site and marketed by METLAC SPA.

Maintenance is entrusted to long-standing suppliers because an understanding of the processes and site is essential, as is management of the complexity and concurrence of activities, in addition to the flexibility and readiness to intervene with a view to business continuity. In most cases, the suppliers of the equipment and systems themselves take care of the installation and provide assistance on operations and maintenance, guaranteeing the effectiveness of the interventions.

Energy suppliers are a case apart: the choice is almost compulsory in the case of service monopolies, e.g. the water supply, or due to favourable market conditions for local reasons, as in the case of the gas supplier. The electricity supply is tied to a consumer consortium run by the local Confindustria branch, so the choice of supplier is determined by the consortium executive board, which employs experts in the field.

The collection, disposal or recovery of waste is a sensitive area due to regulatory restrictions and the high volume of waste produced. For this, the company relies on a few proven suppliers that can offer the required service, as well as an intermediary that handles both production peaks and special categories not related to the ordinary flow.

For high value-added services, professional and intellectual services, the relationship of trust and professional expertise generally prevails, as well as in-depth knowledge of the company, its processes and the specific regulatory environment. With respect to consumables, the price and availability of materials as well as general proximity prevail. Third-party services are a mixed category covering several situations. For continuous supplies, a strong bond is created with the supplier, a recurring feature related to the company's policy of establishing lasting and satisfactory relations.

7.2 Suppliers in figures

During the reporting period, the total number of active suppliers remained fairly stable, at 832 in 2021, 831 in 2022 and 807 in 2023, as shown in the table below.

	2021	2022	2023
Total number of suppliers	832	831	807

Purchases fall into the following categories:

- **raw materials and packaging;**
- **transport;**
- **maintenance;**
- **energy suppliers;**
- **waste disposal;**
- **consultation;**
- **consumables;**
- **third-party services.**

The following table shows procurement expenditures, highlighting the share in favour of local suppliers. The first 'local' dimension considered is the national one, where METLAC Group has its head office and where procurement and strategic guidelines for purchase of major input (raw materials, packaging, equipment) are planned. The second local dimension is regional: Piedmont, where METLAC Group has its operational headquarters, and Lombardy, a neighbouring and important region for its many related activities and the presence of numerous clients and suppliers. It was not possible to reconstruct the expenditure data on the regional scale for 2021 and 2022. Half of purchases were made locally in 2021, with an increase of 9% in 2022 and 3% in 2023. The percentage of consolidated local expenditure for 2023, considering the Piedmont and Lombardy Regions, amounts to 30%. Note that intra-company purchases were excluded from this analysis.

	METLAC Group Italy		
	2021	2022	2023
Total expenditure (€)	212.160.112	225.811.856	182.726.054
Suppliers in Italy (€)	106.968.820	124.528.136	104.059.126
Percentage of expenditure in Italy	50%	55%	57%
Percentage spent in Piedmont and Lombardy	-	-	30%

The calculation considers METLAC Group's consolidated purchasing volume in Italy. Further subdivision into local offices is not significant as the head office in Bosco Marengo, which reports to METLAC SPA, is three orders of magnitude larger than CERITEC SRL and two orders larger than METINKS SRL. The expenditure percentages presented correspond to the overall expenditure.

7.3 Materials

The materials used in the business are mainly the raw materials required for to manufacture marketed products and related materials, i.e. packing materials used for packaging and shipment to customers.

The total weight of materials used for the reporting period, divided into renewable and non-renewable materials, is shown in the table below.

	2021	2022	2023
Weight of non-renewable materials used (tonnes)	67.251	57.317	52.077
Weight of renewable materials used (tonnes)	2.960	2.527	1.522
Total weight of materials used (tonnes)	**70.211**	**59.843**	**53.598**

The total value decreased progressively by 15% from 2021 to 2022 and by 10% from 2022 to 2023. This negative trend is indicative of the fact that in 2021 and 2022, the sector felt the negative influence of the pandemic and the related market downturn following the positive peak in sales recorded in 2020. In addition, material shortages and the concomitant generalised price increase from 2022 must be considered.

The non-renewable materials category shrank by 9% in 2021–2022 and 15% in 2022–2023. Renewable materials, on the other hand, shrank by 15% from 2021 to 2022 and 40% from 2022 to 2023, as also shown by the ratio of renewable to non-renewable materials of 0.04 for 2021 and 2022 reduced to 0.03 for 2023.

All materials subject to this analysis are purchased externally, as METLAC Group does not directly obtain materials used in its processes through mining or manufacturing, for example.

In consideration of food safety, an area in which METLAC Group is indirectly involved by supplying products that come into contact with food and beverages, the Group does not use recycled or reclaimed materials as input to its processes.

To reduce its impact on waste generation and for economic reasons, METLAC Group directly recovers products identified as unsuitable for shipment. The reasons are varied; for example, quality problems are said to exist when the product does not meet specifications during the production process[4], or when it has expired. Indeed, each product is associated with a useful life time beyond which it cannot be used without proper validation, e.g. through laboratory tests to confirm the integrity of the material and extend the expiry date. Discontinued use by customers requesting to return previously purchased material that is no longer used, or returns due to non-compliance reported by customers, are two other examples that require action leading to a possible recovery.

4. A 'specification' is a set of technical details or physical-chemical properties associated with a marketed product set directly by METLAC Group and/or agreed on with the customer.

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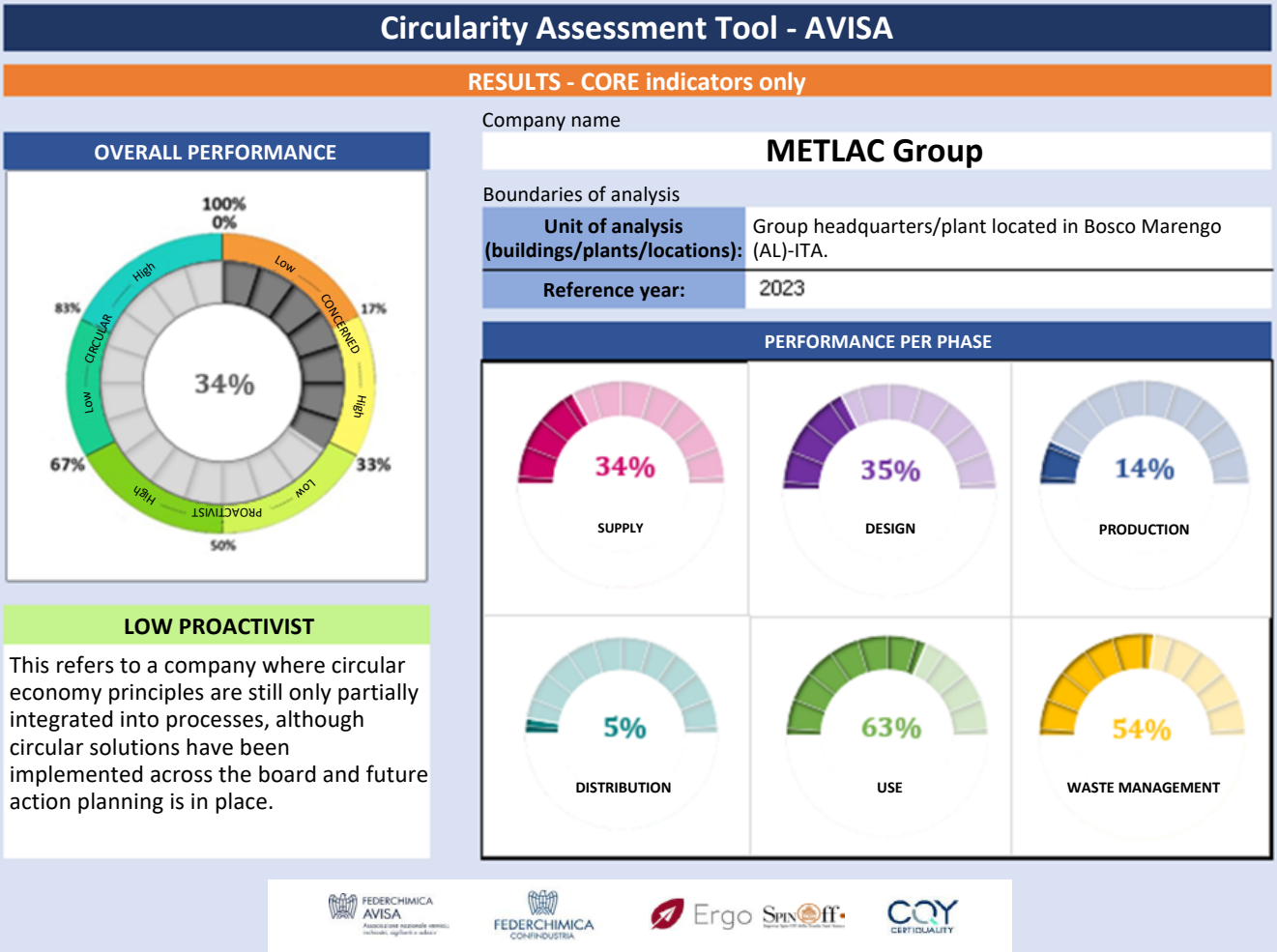
Information on the quantities of goods recovered are taken directly from the company's management software and reported as a percentage of the weight of manufactured products and packaging used for the period of reference.

	2021	2022	2023
% recovered product	-	2,4	1

The percentage of recovered products was 2.4% for 2022, dropping to 1% for 2023. Data for 2021 are not available. Quantities relating to returned products or those withdrawn from the market were excluded from the calculation.

The company responsibly manages the materials used in production and has instituted projects with primary environmental service providers for waste management and treatment, with the aim of reducing waste and recovering as much delivered materials as possible. For example, as of 2021, waste from metal packaging (e.g. drums, tins, steel and alloy bins) and IBC-type plastic tanks has followed a recovery or reclamation route, avoiding landfills or incineration. Recycled and reclaimed materials are not reused by METLAC, although they are widely used in related markets.

METLAC Group monitors its circularity performance through the use of tools provided by trade associations, (see Section 2.4 for further details). The report card obtained by joining Federchimica's COACH programme for this aspect is shown below.



7.4 Constant and sustainable supply and distribution chain

METLAC Group protects the human rights of its employees and the local community where it is based. It is also committed to promoting these principles among its suppliers, identifying and managing environmental, social and economic impacts along the entire supply chain, as well as purchasing materials, goods and services in line with its Sustainability Policy.

The Procurement Policy is based on the guiding principles described in the Code of Conduct for business partners, which must be observed by all suppliers. In line with its Code of Ethics and the Organisation, Management and Control Model (developed in accordance with Italian Legislative Decree 231/2001), METLAC Group complies with current regulatory requirements, laws and standards on environmental and social matters. It reduces its environmental impacts and protects data and information exchanged through periodic monitoring and training of its employees to implement the established objectives and ensure that environmental and social factors are considered in purchasing decisions.

The company has developed its procurement strategy and supplier selection based on these principles, certain that respect for them provides a competitive advantage guaranteeing the quality of its products and the level of efficiency required by the market, as well as ensuring lasting relationships.

The relevant commitments concern:

- The definition of criteria for steady and sustainable procurement, including the inclusion of specific clauses related to ESG and circular economy objectives in new contracts;
- An increase in the level of awareness of the purchasing team and other teams dealing with suppliers on supply chain sustainability issues;
- Improved communication with the entire value chain, also downstream for understanding customers' expectations, and extending ESG (economic, circular economy, environmental and social impact) assessments to all suppliers, who are provided with support and guidance in achieving common goals;
- Accreditation of the suppliers themselves, based on the principles expressed.
- METLAC Group therefore expects its suppliers' commitment in promoting:
- Environmental protection through the adoption of an ISO 14001-compliant environmental management system, for example;
- The protection of labour and human rights with reference to the company's Code of Conduct and the principles of the International Labour Organisation Declaration;
- The protection of occupational health and safety by complying with policies aimed at providing safe and healthy working conditions. With reference to the principles of Management Systems inspired by the ISO 45001 standard, these policies promote the continuous improvement of performance and allow a safety culture to be spread and strengthened among workers;
- Proper conduct, whereby suppliers may not be involved in bribery and corruption and may not participate in agreements that contravene the rules governing free competition between companies in all areas where they operate.

To verify suppliers' commitments with regard to the various reported issues, METLAC Group implements rating systems which it will invite suppliers to adhere to, and it carries out periodic audits and provides suppliers with assessments of their performance.

Chapter 8

APPENDIX

8.1 Methodological note

- The ***perimeter*** considered in this Sustainability Report is METLAC Group Italy, a group of companies whose parent company is METLAC SPA, with the subsidiaries CERITEC SRL and METINKS SRL. METLAC SPA subsidiaries outside the national territory are not considered.

- The ***reporting period*** is the three-year period from 2021 to 2023.

- This document is based on the ***GRI-2 standard***.

- ***Minimum Wage*** – Method of calculation: to establish the average value of the minimum wage according to the CCNL for each category, the ratio of the total theoretical minimum wage for the population to the population size was used; the same criterion was also used to establish the average wage by category. Next, the ratio of the average wage to the average minimum wage was calculated; the ratio of the two values was then made specifically for women and men (*see Section 4.6.4*).

- ***Purchased Energy*** calculated by simply considering electricity bill readings, numerical values expressed in kilowatt hours (kWh); fuel consumption is analysed differently depending on whether it concerns fuel for company cars or methane gas for heating and the afterburner. In the first case, the amount (litres) of petrol and diesel shown on the fuel cards associated with the vehicles are considered, multiplying the value by a conversion factor in GJ. In the second case, the readings on gas supply bills expressed in scm (standard cubic metres) are considered, multiplying the value by the conversion factor in GJ. The same conversion into GJ is also done for electricity and automotive fuels (*see Section 6.2*). The coefficients refer to the annual DEFRA update for the respective years (2021–2023) (*see Section 6.2*).

- ***Water Stress***. Water stress was classified with reference to the *Aqueduct Water Risk Atlas of the World Resources Institute* (WRI) (*see Section 6.3*).

- ***Emissions***: These were calculated considering specific emission factors and the relative GWP. For 2021 and 2022, DEFRA was used for the density values, in its 2020 and 2021 updates, respectively. For natural gas, diesel and petrol, the emission factors derived by MATTM (MITE – Italian Ministry of Ecological Transition), in their 2020 and 2021 updates, were used. For 2023, on the other hand, all factors were taken from DEFRA to bring the sources into line with the latest update of 2022. The reference standard used for Scope 1 emissions reporting is GRI 305-1, which is based on the 'GHG Protocol Corporate Accounting and Reporting Standard', and the 'GHG Protocol Corporate Value Chain Standard', developed by the World Resources Institute (WRI) and the World Business Council on Sustainable Development (WBCSD). The method is based on monthly data collection. **Direct emissions** refer to the use of fuel (methane) used to power the heating plants and afterburner at the Bosco Marengo plant or to the use of fuels such as gasoline and diesel for the company cars used for technical/commercial customer service activities (in this case, consumption refers to both of the group's Italian sites). **Indirect emissions** were calculated considering appropriate emission factors. For the location-based (L.B.) calculation, the emission factor is taken from Terna International Comparisons on Enerdata (2019 data). For electricity produced from non-renewable resources, the source for the market-based (M.B.) calculation instead used the *residual mix* of the *Association of Issuing Bodies* (AIB) which is updated annually in May (*see Section 6.5*).

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- METLAC Group does not report on other indirect greenhouse gas (GHG) emissions (Scope 3) – GRI 305-3, even though it has undertaken an analysis to calculate Scope 3 impacts, which it expects to complete by 2024 (*see Section 6.5*).

- With respect to reducing emissions of GHG (GRI 305-5) and ozone depleting substances (ODS) (GRI 305-6), METLAC Group is not currently able to provide meaningful data; however, it is analysing current and future actions with a view to energy efficiency (redesigning processes, converting and revamping equipment and machinery, replacing or upgrading facilities), to measure the actual and potential benefits due to such actions (*see Section 6.5*).

- METLAC Group does not report the amount of nitrogen oxides (NOx, understood as the sum of monoxide, NO, and nitrogen dioxide, NO2), sulphur oxides (SOx, understood as the sum of sulphur dioxide, SO2, and sulphur trioxide, SO3), VOCs (volatile organic compounds) and other relevant air emissions in this report, even though it is implementing their measurement (GRI 305-7). In this regard, it should be noted that the VOCs are attributable to the volatile component present in the materials used by METLAC Group Italy in all their forms, raw materials purchased and introduced in the production process, finished products and scraps generated in the form of waste, etc. VOCs can also be attributed to the portion emitted during the operation of the afterburner installed at the Bosco Marengo site. NOx and SOx, on the other hand, are attributable to the heating plants installed at the Bosco plant. The contributions of VOCs, NOx and SOx at the Cava de' Tirreni site can be disregarded, as the processes do not involve the use of substances with low boiling points and the site is not equipped with thermal boilers or afterburners (*see Section 6.5*).

- ***Materials used to perform the activity***: The data were taken from various reports obtained from the ERP AS400 system with some approximations, since the overall expenditure data for the Bosco Marengo site are available along with details on the purchase of raw materials and packaging, which is the primary item. The calculation considers the values net of intra-group purchases for the most important and significant expenditure items (*see Section 7.1*).

8.2 GRI Content Index

GRI Indicators	Material topic	Internal impact	External impact
GRI 2-1 Organisational details [Section 1].	Strong commitment to sustainability	Yes	Yes
GRI 2-2 Entities included in the organisation's sustainability reporting [Methodological note].			
GRI 2-3 Reporting Period [Methodological Note].			
GRI 2-6 Assets, value chain and other business relationships [Sections 1-5-7].			
GRI 2-7 Employees [Section 4].			
GRI 2-9 Structure and composition of governance [Section 3].			
GRI 2-16 Communication of critical issues [Section 3.3].	Communication and transparency with stakeholders	Yes	Yes
GRI 2-22 Sustainable development strategy statement [Section 2].	Commitment to sustainability; communication and transparency with stakeholders	Yes	Yes
GRI 2-25 Processes to remedy negative impacts [Section 3.5].	Commitment to sustainability; Legislative and regulatory compliance	Yes	Yes
GRI 2-27 Compliance with laws and regulations [Section 3.3].	Legislative and regulatory compliance	Yes	Yes
GRI 2-28 Membership in associations [Section 1.7].	Communication and transparency with stakeholders	Yes	Yes
GRI 2-29 Approach to stakeholder engagement [Sections 2.1-2.2].			

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GRI 201 Economic performance [Section 1.4].	Commitment to sustainability; communication and transparency with stakeholders	Yes	Yes
GRI 202 Market presence [Section 5].	Local company, business sector and market competitiveness	Yes	Yes
GRI 204 Procurement practices [Section 7.1].	Constant and sustainable supply and distribution chain supply	Yes	Yes
GRI 301-1 Total weight of materials used divided between renewable and non-renewable materials [Section 7.3].			
gRI 301-2 Recycled or reclaimed materials (not reported) [Section 7.3].	Constant and sustainable supply and distribution chain supply;		
GRI 301-3 Recovered products and related packaging materials [Section 7.3].	Reduced waste generation	Yes	Yes
GRI 302-1 Energy consumption within the organisation [Section 6.2]	Production and energy efficiency	Yes	Yes
GRI 302-2 Energy consumption outside the organisation [Section 6.2].			
GRI 302-3 Energy intensity [Section 6.2].			
GRI 303 Water and effluents [Section 6.3].			
GRI 305-1 Direct (Scope 1) greenhouse gas (GHG) emissions [Section 6.5].	Strong commitment to sustainability	Yes	Yes
GRI 305-2 Indirect (Scope 2) greenhouse gas (GHG) emissions due to energy consumption [Section 6.5].	Strong commitment to sustainability; Production and energy efficiency	Yes	Yes
GRI 305-3 Other indirect (Scope 3) GHG emissions currently unreported [Methodological note].	Constant and sustainable supply of materials; Strong commitment to sustainability	Yes	Yes

GRI 305-4 Greenhouse gas (GHG) emissions intensity [Section 6.4].	Strong commitment to sustainability; Production and energy efficiency	Yes	Yes
GRI 305-5 Reduction of greenhouse gas (GHG) emissions [Section 6.4].			
GRI 305-6 Emissions of ozone-depleting substances (ODS) [Methodological note].			
GRI 305-7 Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant air emissions [Methodological note].			
GRI 306 Effluents and waste [Sections 6.3-6.4].	Strong commitment to sustainability; Legislative and regulatory compliance; Reduced waste generation	Yes	Yes
GRI 308 Supplier environmental assessment [Section 7].	Consistent and sustainable supply chain and distribution; Communication and transparency with stakeholders	Yes	Yes
GRI 401 Employment [Section 4].	Strong commitment to sustainability	Yes	Yes
GRI 403 Occupational health and safety [Section 4.3].	Strong commitment to Sustainability; Legislative and Regulatory Compliance	Yes	Yes
GRI 404-1 Average number of training hours per year per employee [Section 4.5].	Legislative and regulatory compliance; Communication and transparency with stakeholders	Yes	Yes
GRI 404-2 Programmes for upgrading employee skills and transition assistance programmes [Section 4.5].			
GRI 404-3 Percentage of employees receiving regular performance and career development reviews [Section 4.5].			
GRI 405 Diversity in governance bodies and among employees [Section 4.6].			

METLAC GROUP

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