

















ITELYUM SUSTAINABILITY REPORT 2020

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For further information, scan the QR code and visit the Itelyum Sustainability page.



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LETTER TO THE STAKEHOLDERS

Dear Readers,

The year 2020 was a complex one, forcing everyone - businesses, workers - to rethink the ways of their daily work and to face unexpected challenges, unprecedented in modern times. Many production sectors have suffered severe contractions, while others had to maintain operations to ensure essential services.

Itelyum has committed itself to meet these challenges in the best possible way, guaranteeing continuity in the services it provides to its customers, while at the same time putting in place rigorous and comprehensive systems to protect the health and safety of its operators.

A well-defined strategy and the efforts of our people have enabled us to achieve good results in 2020 and continue on our growth path with the addition of four new companies, all local excellences, to our Group. Today Itelyum can count on the contribution of more than 700 people, and we are working to extend a unique corporate identity throughout the Group, based on our core values, on the inclusion and enhancement of talent and teamwork.





Antonio Lazzarinetti President



Marco Codognola Chief Executive Officer

We want to be a leader in Italy and Europe for the circular economy applied to special waste, offering 360-degree solutions for our customers; we continue to invest to guarantee products of high quality, as required by increasingly competitive markets that pay increasing attention to environmental sustainability profiles.

We are strongly committed to contributing to the decarbonisation of our supply chains. The use of remanufactured products saves significant amounts of CO2 compared to the use of fossil-based raw materials. Studies carried out by leading research institutes, based on the analysis of emissions related to the life cycle of products, show that in 2020 alone, Itelyum's activities saved emissions of approximately 470,000 tons of CO2, more than three times the amount emitted by our plants. These data highlight the significant contribution made by Itelyum to the technological and industrial challenge of decarbonisation.

We have believed in the circular economy since long before this expression was born, and today we are aware of and proud of our leadership role in this field. However, we do not want to stop here: continuing to innovate is one of our priorities, which is why we are committed to Industry 4.0 and digitalisation, which are decisive drivers of sustainable development. We have launched a digital transformation project in the Pieve Fissiraga used mineral oil regeneration plant, intending to create a digital twin of the plant: the data monitored will allow us to obtain valuable information that, thanks to Artificial Intelligence, will bring more efficiency, process improvements and active training for staff.

The same awareness has guided us in constructing a solid monitoring system of ESG (Environmental, Social and Governance) parameters, which is the basis of our dialogue with stakeholders through this report and is an essential corporate governance tool.

In the same vein, in 2020 we launched the activities of our Sustainability Advisory Committee, made up of members of the Board of Directors and an external Chairman advisor, to open up the company to new scenarios of innovation and identify the most appropriate drivers of sustainable development.

The consolidation of this commitment to monitoring ESG parameters prompted us to submit our report to third-party verification: our next commitment, on which we are already working, is to define new concrete objectives against which to measure ourselves in the coming years.

Antonio Lazzarinetti

Marco Codognola

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METHODOLOGY NOTE 1.2

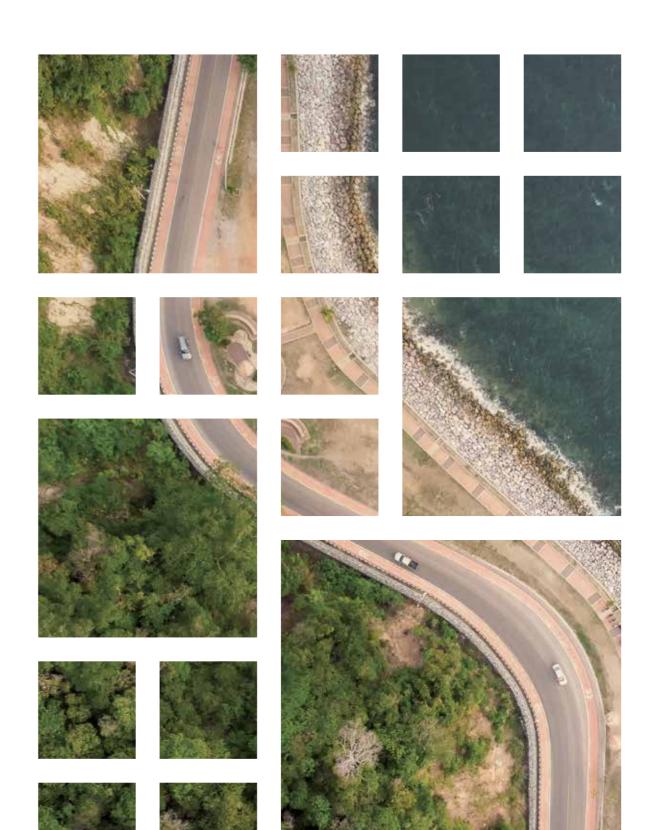
The Itelyum Group's (hereinafter also referred to as 'Itelyum' or 'Group') commitment to sustainability and transparency goes back several years, with the publication of the first environmental reports of the then Viscolube as early as 2005.

It should be noted that the term Group, where used in the report, is not to be understood in strictly legal terms, but as a set of companies belonging to a single shareholder, the private equity fund Stirling Square Capital Partners. Please refer to the paragraph on Governance for a more detailed description.

With the rebranding process and the birth of Itelyum as a structured reality, it was decided to create a Group Report, published annually, which aims to be a tool for dialogue and transparency towards all stakeholders, an integral part of the path towards sustainability that the companies of Itelyum have undertaken since their establishment. Itelyum consists of three divisions with activities that are in some cases different from each other in terms of possible impacts.

The first one, Regeneration, a company that deals with the re-refining of exhausted mineral oils with two plants, one in Pieve Fissiraga (LO) and one in Ceccano (FR). Then Purification, a company that deals with the production and marketing of solvents from the reuse of chemical waste and high-purity solvents, and for some years a producer of starting materials for the pharmaceutical industry. Lastly, solutions for the Environment, a division consisting of several companies that provide a comprehensive range of environmental services for producers of special waste, with an active role also in the hazardous waste collection sector, with over 900.000 tonnes/year collected, managed and sent for recovery and disposal. Where relevant, the information has been broken down by business area.

The choice of scope of reporting was based on the update of the materiality analysis, done three years after the last one. This update involved the active engagement of stakeholders: company areas selected relevant customers and suppliers to whom a questionnaire was sent to choose the material topics. The equivalent process was carried out with employees. At the same time, management was involved, with an ad hoc workshop, to assess their priorities to be then compared with those of the stakeholders for the construction of the materiality matrix. Please refer to the specific paragraph for more details on the methodology and the results of the process.



1—Introduction

It was decided to continue to prepare the Report by referring to the "GRI Sustainability Reporting Standards" published by the Global Reporting Initiative (GRI) in 2016 and its subsequent evolutions, according to the GRI "Core" option.

This report includes performance, data and information on all Itelyum entities under operational control as of 31 December 2020, except where expressly stated. The data reported refers to the period from 1 January 2020 to 31 December 2020. In the interests of greater transparency and completeness, some relevant information relating to the first months of 2021 has been included.

It should be noted that the Group is growing strongly with acquisitions and business diversifications that have taken place to a significant extent in the last period, and therefore the trend of the indicators is also affected by changes in the perimeter that have taken place over time. For the companies acquired in 2020, Carbonafta S.r.I, Idroclean S.r.I, Agrid S.r.I., Labio Lab S.r.I., Intereco S.r.I., Fer.Ol.Met S.r.I and Riraee S.r.I, only the months of actual accrual were considered, except where explicitly indicated. Please refer to page 23 for details of the companies in the perimeter.

It is important to note that there were no significant changes to the reporting methods, to allow comparability with the data and information reported in the financial statements of previous years.

The Report has been subject to limited assurance engagement following the criteria set out in ISAE 3000 Revised by the auditing firm Deloitte & Touche S.p.A., and is published on the Itelyum website at the following link: www.itelyum.com/report-di-sostenibilita/. For further information, please write to sustainability@itelyum.com.

Pieve Fissiraga' s plant for re-refining of exhausted mineral oils.

ITELYUM OFFERS SUSTAINABLE
SOLUTIONS FOR USED LUBRICATING
OILS REGENERATION,
PURIFICATION OF SOLVENTS
AND CHEMICAL WASTE, AND
ENVIRONMENTAL SERVICES
FOR INDUSTRY



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BACKGROUND AND GLOBAL CHALLENGES 1.3

The year 2020 was characterised by an unexpected and disruptive event, a so-called black swan: the COVID-19 pandemic. The impact on several business sectors and markets was initially very strong, with some activities being closed during the March-April quarantine period. Despite this, even where activity was reduced, all of Itelyum's production units always ensured essential industrial waste management services in compliance with the protocols established by the State and with the highest safety guarantees for their operators. The production of solvents, mainly for the national pharmaceutical industry, also continued regularly.

This traumatic event took place in a rapidly changing regulatory and policy context. A few months earlier, the European Commission had published the European Green Deal¹ for a fair and inclusive transition for all, promoting resource efficiency, moving towards a sustainable and circular economy and reducing pollution.

The necessary definition of policies to support recovery, to help repair the economic and social damage caused by the pandemic, took shape

1 hiips://ec.europa.eu/info/strategy/ priorities-2019-2024/european-green-deal_it

2 hiips://ec.europa.eu/info/strategy/ recovery-plan-europe_it





in the Next Generation EU² recovery programme, where, once again, attention to the environment, through a fair transition, is at the heart of European policies.

The path to sustainability required to European companies is very challenging, and cannot disregard a strong effort on research and innovation: the digitalisation of processes and the processing of big data become enablers of efficiency, reduction of consumption and effectiveness in the choice of initiatives to be undertaken to protect the environment. Technology can enable new sustainable consumption, business and sales models, as well as products and services that positively affect the three drivers of sustainability: people, planet and profit.

Partnerships, the supply chain and, in general, supply chains are tools and places for the creation of shared value: the increasing importance of the circular economy in public debate and policy actions is one of the most evident expressions of this phenomenon.

The main objective of the various policy initiatives is decarbonisation, now seen as an urgent necessity: the entire economic community and institutions highlight climate change and related phenomena as a major risk, in terms of impact and likelihood.

Lastly, among the challenges that a company that wants to compete in the markets has to face, there is the attraction of talent with a view to inclusion. It is now proven that innovation is driven by diversity and the new generations that will be joining the company in the coming years will identify with these values and will seek increasingly inclusive and smart workplaces.

The European Green Deal provides for an action plan aimed at promoting efficient use of resources through a clean and circular economy.

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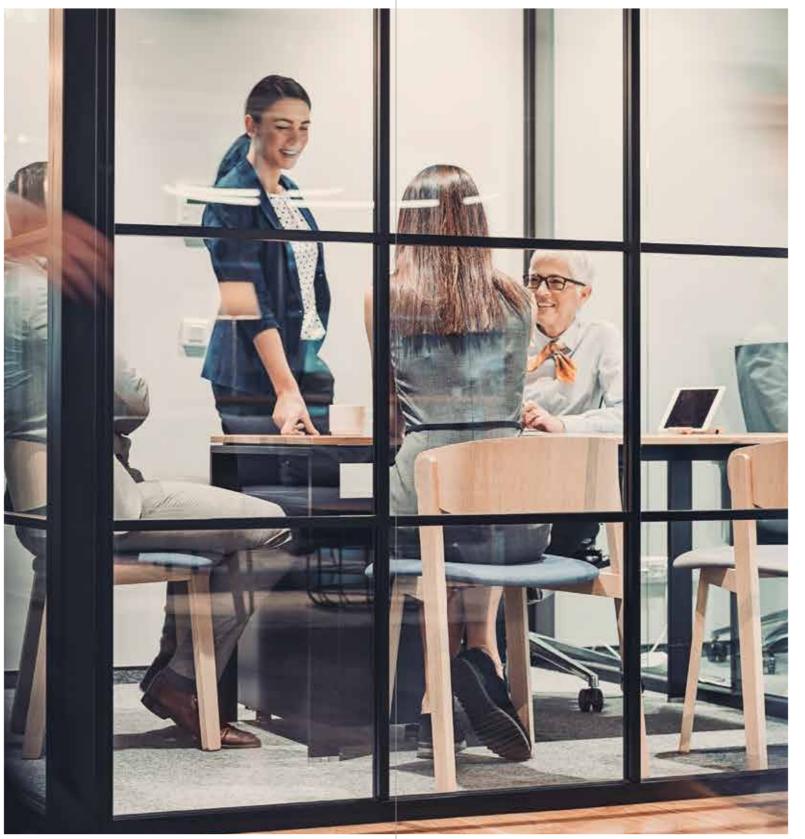














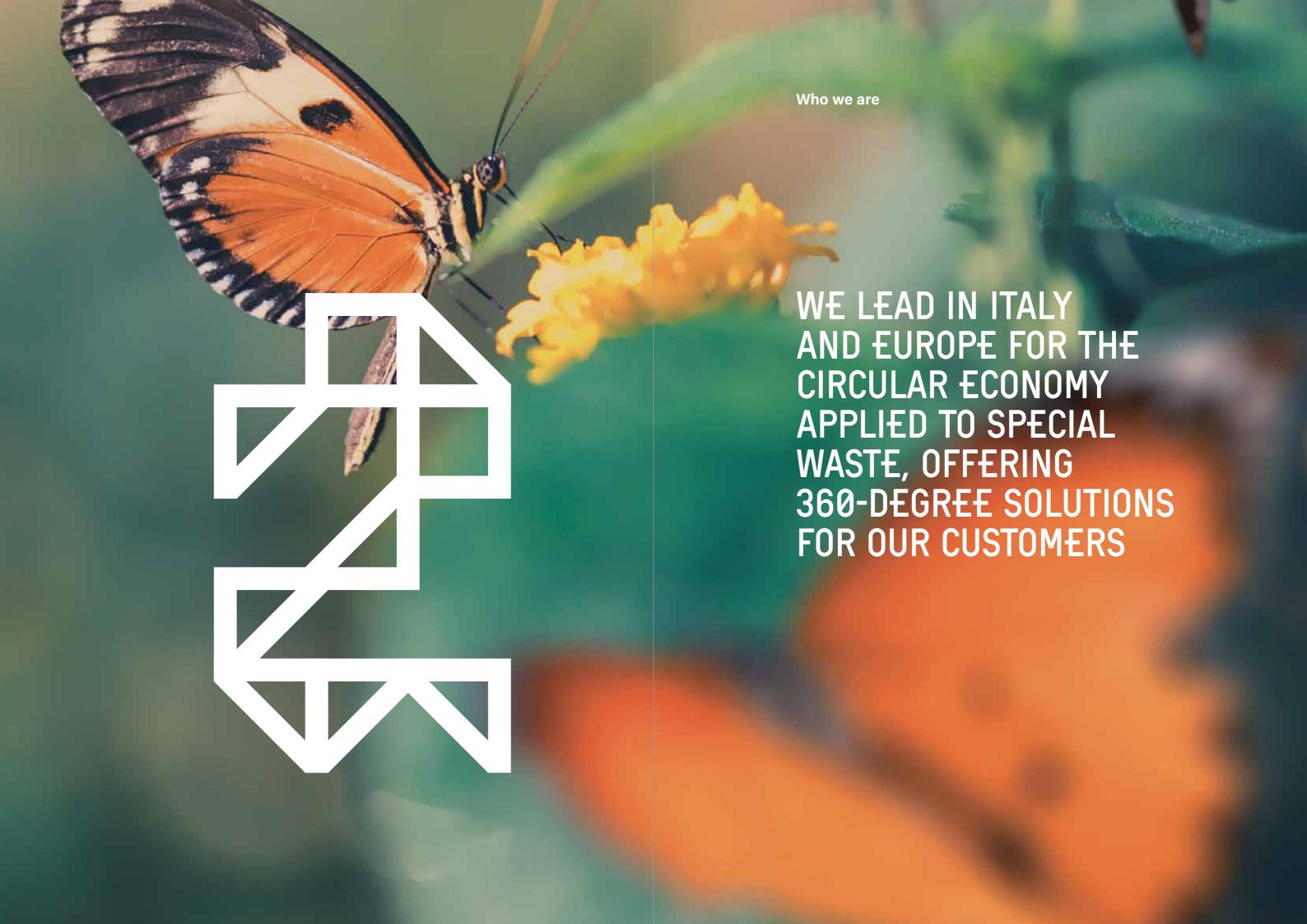












HIGHLIGHTS 2.1

The main relevant information is given below and will be discussed in further detail in the report.

			2018	2019	2020
Turnover		million €	288.5	303.4	337.5
EBITDA ³		million €	52.1	52.9	63.4
Employees		#	521	529	718
Circular Turnover⁴		%	82%	85%	81%
Carbon intensity ⁵	Regeneration	Kg CO ₂ /ton. of product	565	527	570
	Purification	Kg CO ₂ /ton. of product	169	201	231
Accident frequency index ⁶		# for million hours worked	6.5	8.5	5.8
Management position held by women	ns ⁷	%	12%	10%	14%

Amounts may differ from those reported in the financial statements due to certain reclassifications of non-recurring income and expenses.

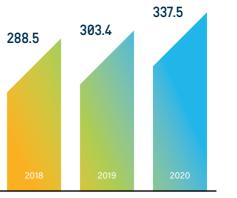
Turnover from formal operations of waste recovery, supply of "pure" products to customers/suppliers of wastewater and industrial water treatment.

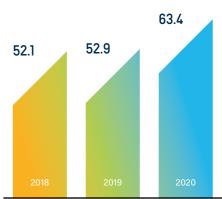
Includes net direct and indirect CO2 emissions (Scope 1 and Scope 2).

Accidents to employees that resulted in absence from work for more than 24 hours are counted.

Total number of managers and executives.

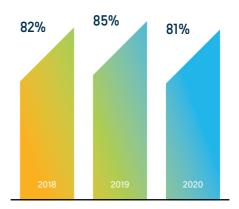
Revenue (in millions of Euro), EBITDA (in millions of Euro) and percentage of circular turnover comparison in the triennial 2018-2020.





1 / Turnover (M€)

2 / EBITDA (M€)



3 / Circular Turnover (%)

ITELYUM AIMS AT CREATING SHARED VALUE FOR THE ECONOMY, SOCIETY AND ENVIRONMENT

THE SHAREHOLDER'S VISION INTERVIEW WITH STIRLING SQUARE CAPITAL PARTNERS

Today, the world of finance is paying more and more attention to the sustainability of the companies in which it invests, what criteria have driven this direction? What is the scenario for sustainable finance in the coming years? Why does a private equity fund decide to join the UN PRI? The 2030 United Nations Agenda has very challenging goals and companies are called to contribute: how can private investment funds enable this process?

Globally, the understanding of the factors that make up 'sustainable thinking' has increased. Today, we are all more aware of the risks of climate change and the importance of inclusion. It is now well established that the world is facing major challenges that need urgent responses.

As far as the Private Equity industry is concerned, we need to start with some basic concepts. The investment strategy requires two fundamental characteristics from investee companies: downside protection and upside value. Sustainability is the perfect response to these requirements, as reducing ESG risks makes an investment safer and, at the same time, allows us to proactively anticipate several trends such as decarbonisation, the circular economy, and diversity that can lead to significant growth opportunities. In short, a well-defined sustainability strategy of an investee company simply translates into a better company.

Sustainability is not a new concept for Private Equity, which has long been concerned with ESG issues: improving governance and reducing environmental impact have always been central themes in our investment model. What has changed is that the entire industry now looks

at ESG issues systematically and holistically. In addition, investors are now aware that a robust ESG strategy can lead to value creation through improved earnings and multiples.

The role of a sustainable (or responsible) financial investor should be aimed at encouraging, educating, and empowering their companies so that they can fully integrate sustainability into all activities. Companies can make our world more habitable, fair, and peaceful by incorporating sustainability practices into their operations. To use a sports analogy, investee companies are the players on the field, while financial partners are cheerleaders, team managers, and sports therapists all rolled into one.

For example, in the relationship between Itelyum and Stirling Square, Itelyum makes the world a better place by enabling its customers to consume less virgin mineral oil. Stirling Square helps Itelyum go further on its virtuous path by supporting the 360-degree consolidation of the company through mergers and acquisitions: vertically upstream (collection) and downstream (regeneration), as well as horizontally (e.g. solvents).

We hope that in the future this

at ESG issues systematically and holistically. In addition, investors are

Companies can make our world more habitable, fair, and peaceful by incorporating sustainability practices into their operations.

concept of integrating sustainability into the strategy of the companies will be widely understood and accepted as the only way to do business. Therefore, ideally, we will no longer talk about "sustainable" finance. On the contrary, "unsustainable" finance simply should no longer exist. In this future world, private equity investors will have the knowledge, tools, frameworks, methods, and metrics to identify the most sustainable companies, to help them design the most effective sustainable strategies, and to know exactly how to measure the value created.

UN PRI (Principle for Responsible Investments) is an important initiative, for several reasons: first, it defines the concept of responsible investing as an industry norm. Second, it provides clear principles to demonstrate that a financial investor follows a structured and recognized approach to integrating sustainability into its investment activity. Third, it serves as a platform for accumulating and exchanging knowledge. Fourth, it makes sustainability a collaborative issue. Therefore, putting all this together, signing up to UN PRIs has a valuable "certification" effect of the investor-signer's commitment and seriousness about sustainability. The UN SDGs are extremely important because they defined issues that are relevant to the entire world. It is an incredible achievement that all nations managed to agree on the 17 goals (and 169 targets). As any strategist knows, clear goals are critical to affecting change. However, the challenge is getting as many

companies as possible to align with these goals, because without broad business participation, these goals will remain a colourful ambition.

We do not have much time until 2030. All market participants need to be fully aware of the UN SDGs, know how to align with them and what they mean for their day-to-day operations. Here, the private equity industry can contribute with its active management approach and long investment horizons.

«A well-defined sustainability strategy of an investee company simply translates into a better company».

In a collaborative spirit, private equity owners need to help address the challenges around the UN SDGs by spreading the message, encouraging adoption of the SDGs as a formal portfolio-wide tool, creating pragmatic alignment tools, and disseminating best practices. As controlling shareholders, we have the unique ability and responsibility to help our companies contribute to the 2030 Agenda.



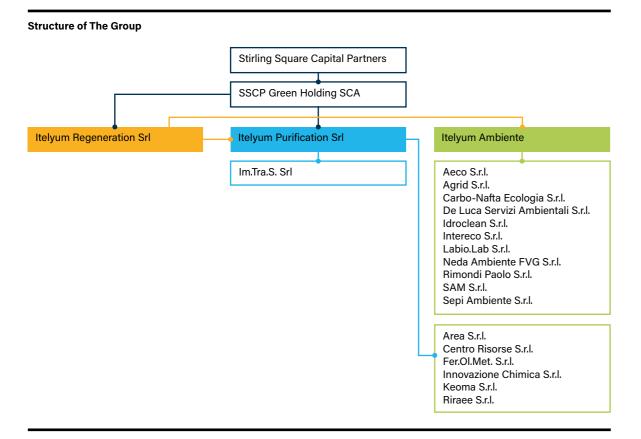
Stirling Square
Capital Partners
Leading midmarket private
equity firm seeking
value-oriented,
transformational

buyouts across

Europe

GROUP PROFILE AND VALUE CHAIN 22

Itelyum is a synergistic combination of established companies, all with registered offices and tax domiciles in Italy, reporting to the same controlling Group through the holding company SSCP Green Holdings SCA and with the Stirling Square Capital Partners fund as a major shareholder.



The set of industrial assets can provide a growing integrated and sustainable offer of processes, products and services, according to a circular economic model that, through continuous regeneration, extends the life cycle of products and creates partnerships in the market segments served. Three strategic lines define the path towards the creation of shared value for business partners, society as a whole and the environment, offering sustainable solutions for the regeneration of used lubricating oils, the purification of solvents and chemical waste and environmental services for industry.

Presence in Italy REGENERATION SOLUTIONS Gradisca di Sedegliano (UD) Palmanova (UD) PURIFICATION SOLUTIONS Lendinara (RO) SOLUZIONI PER L'AMBIENTE Motta di Livenza (TV) Oderzo (TV) Vittorio Veneto (TV) Casirate d'Adda (BG) Mezzanino (PV) Mortara (PV) Fiorano Modenese (MO) San Giuliano Milanese (MI) Bologna Settimo Torinese (TO) Perugia Torino (TO) Ceccano (FR) Rho (MI) 4 Landriano (PV) Pieve Fissiraga (LO) Headquarter **PURIFICATION SOLUTIONS** REGENERATION SOLUTIONS

Pieve Fissiraga (LO) / Itelyum Headquarter: regeneration of waste oils; oil emulsion treatment. Ceccano (FR): regeneration of waste oils.

Itelyum Purification S.r.l.

Landriano (PV): regeneration and recovery of used solvents; production and trading of pure solvents; synthesis of pharmaceutical starting materials.

Rho (MI): bottling and logistics.

Im.Tra.S. S.r.l.

Landriano (PV): transport of waste and chemicals (operational site).

SOLUZIONI PER L'AMBIENTE

Aeco S.r.l.

Bologna: brokering of waste.

Agrid S.r.l.

Casirate d'Adda (BG): sale of products and by-products from the recycling of industrial and food waste.

Area S.r.l.

Gradisca di Sedegliano (UD): industrial water treatment. Motta di Livenza (TV): administrative headquarters.

Carbo-Nafta Ecologia S.r.l.

Perugia: brokerage, collection, transport, and storage of hazardous and non-hazardous waste.

Centro Risorse S.r.l.

Motta di Livenza (TV): storage, treatment, recovery and valorisation of hazardous and non-hazardous waste.

De Luca Servizi Ambiente S.r.l.

Vittorio Veneto (TV): collection, transport and storage of solid and liquid waste. Treatment of oily emulsions.

Verona: collection, transport and storage of solid and liquid waste.

Fer.Ol.Met. S.r.l.

San Giuliano Milanese (MI): brokerage, collection, transport and storage of hazardous and non-hazardous waste.

Idroclean S.r.

Casirate d'Adda (BG): treatment of hazardous and nonhazardous liquid waste.

Innovazione Chimica S.r.l.

Motta di Livenza (TV): accredited laboratory ISO 17025.

Intereco S.r.l

Fiorano Modenese (MO): storage, treatment and recovery of hazardous and non-hazardous industrial waste.

Keoma S.r.

Motta di Livenza (TV): waste collection and transport.

Labio.Lab S.r.l.

Casirate d'Adda (BG): chemical analysis laboratory.

Neda Ambiente FVG S.r.l.

Palmanova (UD): collection, transport and storage of solid and liquid waste; environmental assistance and advice on waste management.

Oderzo (TV): safety, environment, food hygiene consultancy; management of certification systems; training.

Recoil S.r.l.

Lendinara (RO): collection, transport and storage of liquid waste.

Rimondi Paolo S.r.l.

Bologna: collection, transport, storage and treatment of solid and liquid waste; treatment of oily emulsions.

SAM S.r.

Mezzanino (PV): storage of liquid waste.

Sepi Ambiente S.r.l.

Settimo Torinese (TO): collection, transport, storage and treatment of solid and liquid waste.

Torino: collection, transport and storage of solid and liquid waste.

Regeneration

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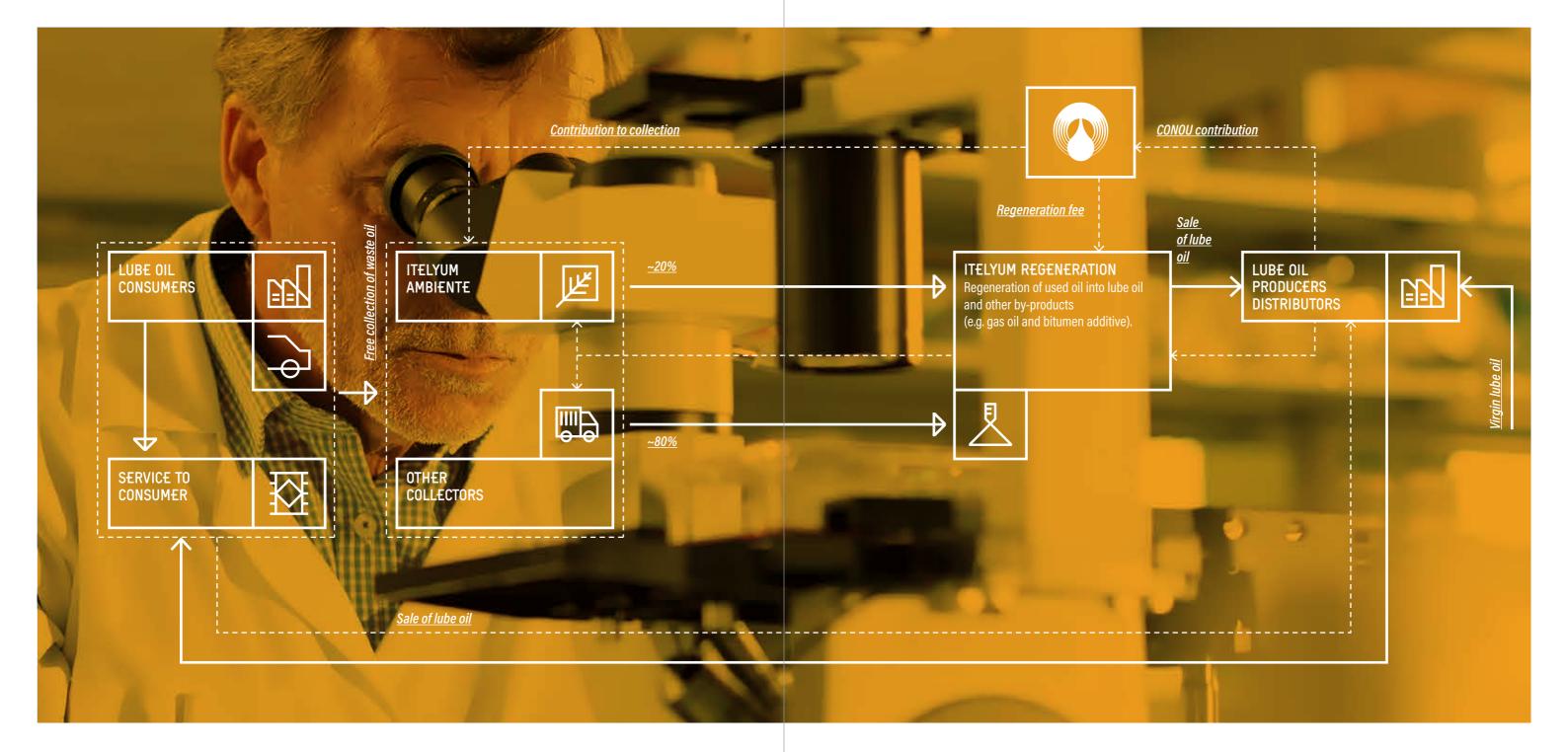
Itelyum Regeneration S.r.l. has been a European leader in the regeneration of waste oils for the production of quality lubricating bases for over 50 years, using a proprietary process.

Legend

Waste______

Products_____

Money______



Itelyum

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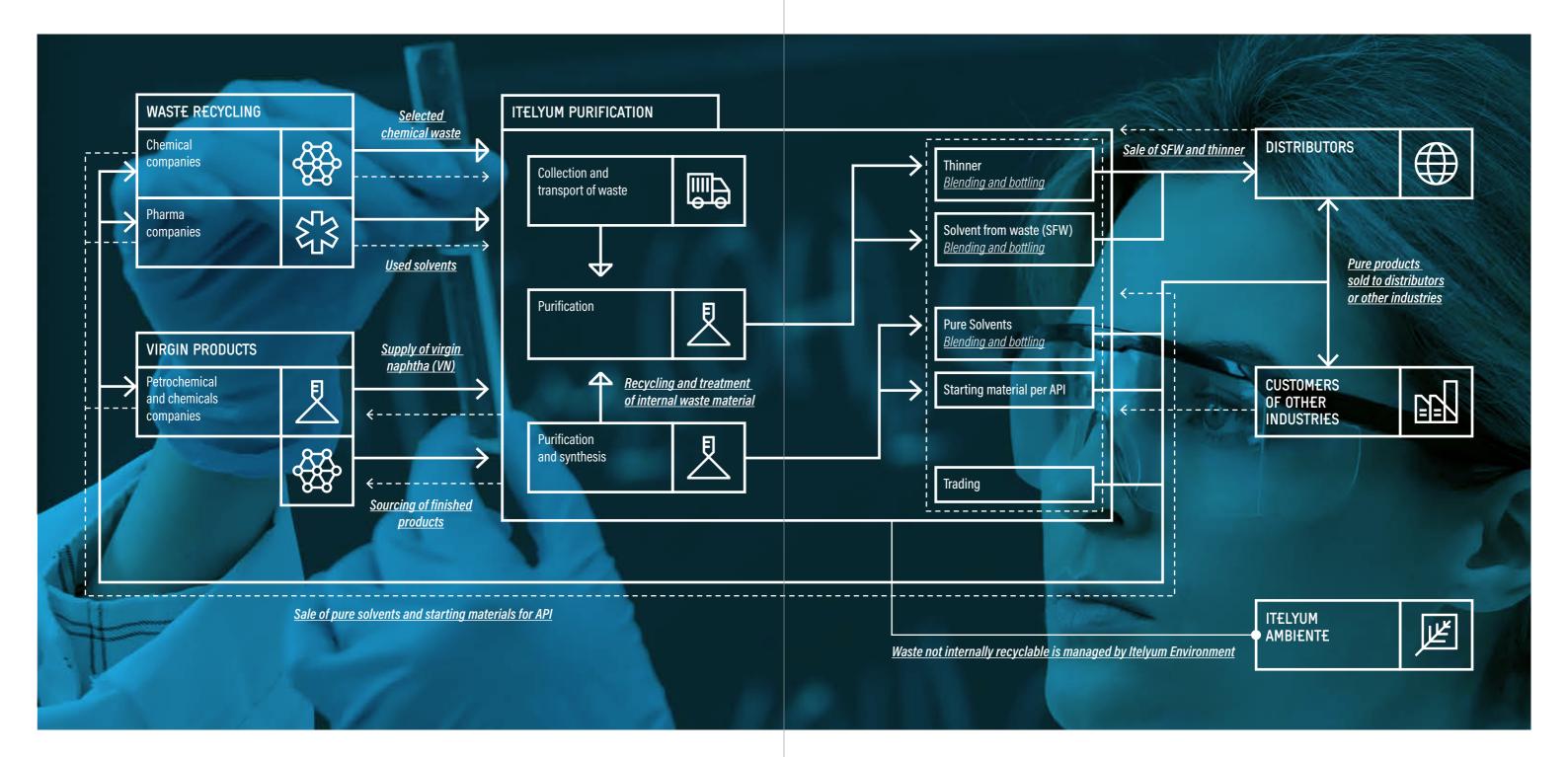
Itelyum Purification S.r.l. has been a leader in the sector for over 40 years in the production and marketing of solvents from the valorisation of chemical waste and high-purity solvents, and for some years has been a producer of starting materials for the pharmaceutical industry.

Legend

Waste______

Products_____

Money_____



27

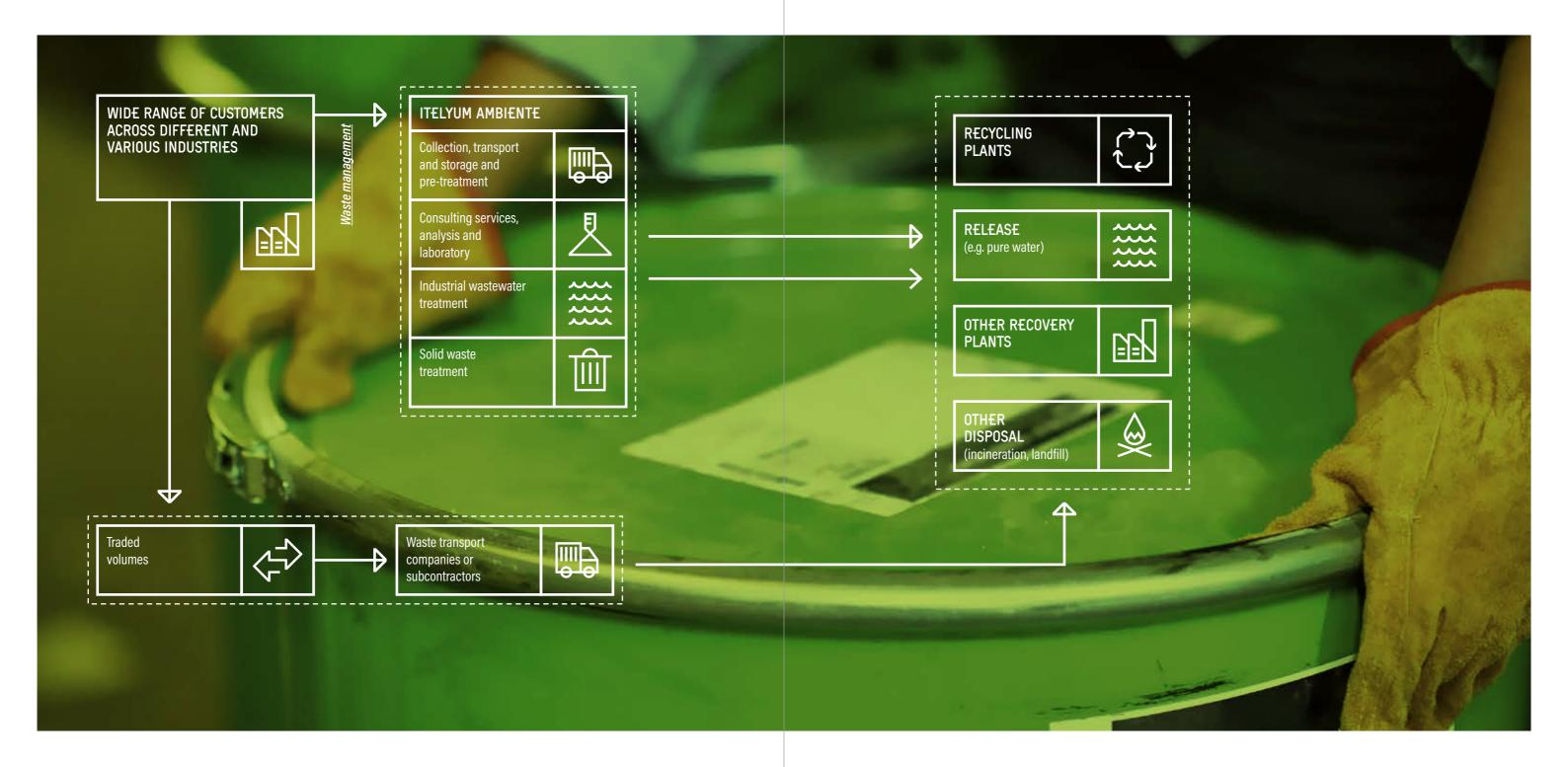
Soluzioni per l'ambiente (Environmental Solutions)

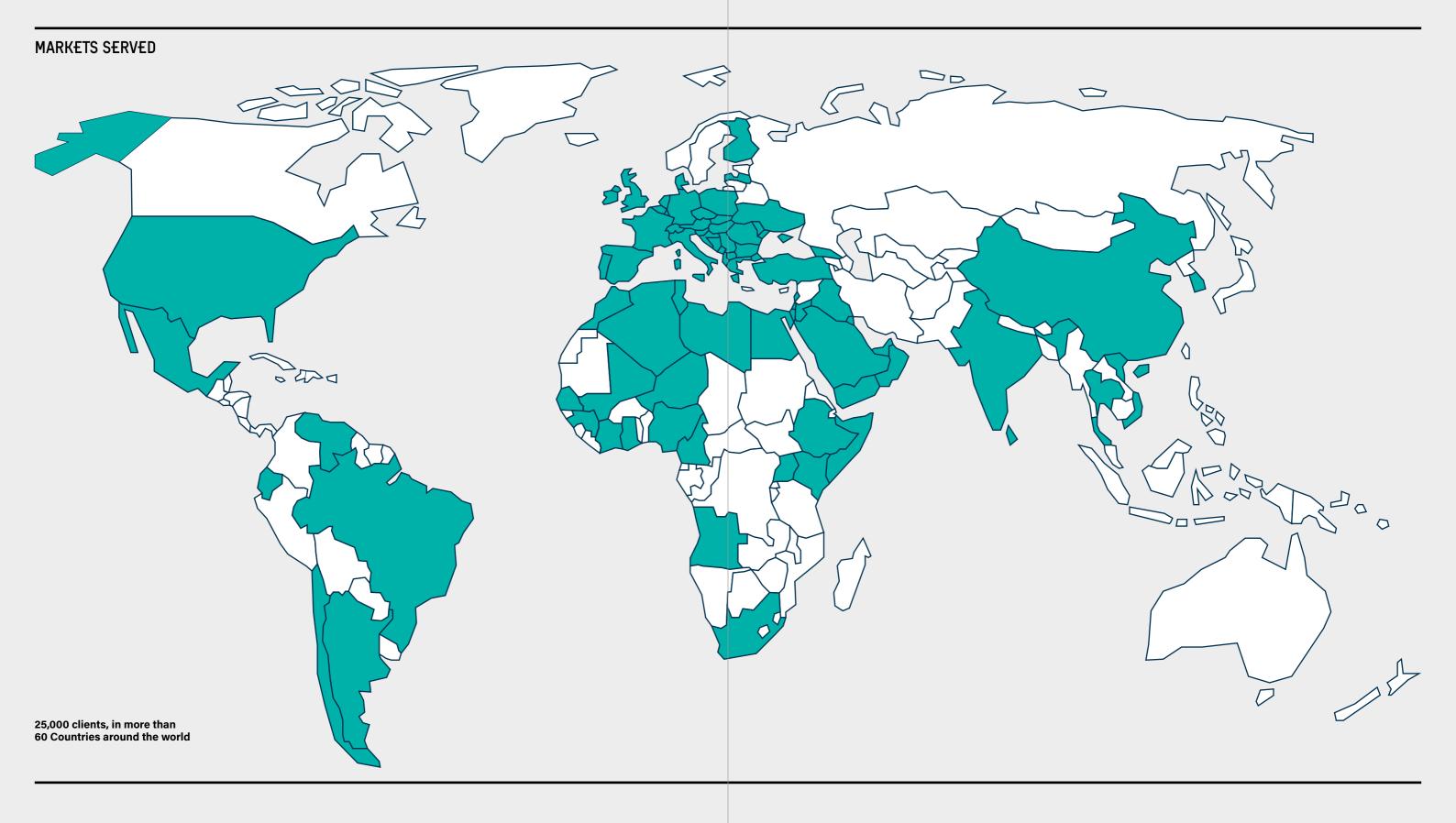
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It integrates an articulated and complete range of environmental services for producers of special waste, with an active role in the area of hazardous waste collection, with over 900,000 tons/year collected, managed and sent for recovery or disposal.

Legend

Waste_____





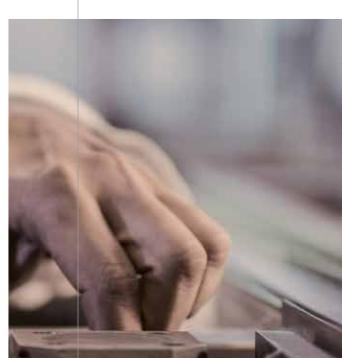
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TECHNOLOGICAL INNOVATION AND DIGITALISATION 2.3

For Itelyum, innovation is an enabler of sustainability and circularity: the need to compete in increasingly qualified markets, to optimise and make efficient its energy-consuming processes and reduce emissions, making the most of raw materials and waste to direct them towards sustainable destinations, has driven the company to continuous investments.

During the year 2020, many activities were conducted to improve the operation of the group's plants from a performance point of view, contributing to improving the efficiency of processes and expanding treatment capacity, allowing Itelyum to increase its contribution to the environmental sustainability of the areas in which it operates. At the two oil regeneration sites, activities continued on projects aimed at improving energy efficiency, maximising material recovery and reducing fugitive emissions. In particular, as far as energy efficiency is concerned, two heat exchangers for thermal recovery were inserted in the production cycle with the aim of reducing methane consumption.





In addition, work continued on the installation of two new boilers, one to produce steam and the other to heat thermal oil, to replace the existing, now obsolete ones.

With the regard to the maximisation of material recovery, activities were carried out to maximise the operating cycle of hydro finishing catalysts to extend their life, thus also reducing the quantity of exhausted catalyst waste produced annually, while simultaneously improving performance in terms of the quality of finished products. To tackle the reduction of fugitive emissions, work was carried out to connect the basins and tanks of the biological water treatment unit to the thermal oxidiser. Several technological innovation projects were also executed at the Landriano site in 2020: concerning maximising material recovery, the automation of the supply lines of the main waste processing plant was completed; in addition, a new vapour line (also fully automated) was built to increase the flexibility and efficiency of the waste treatment process. In the last quarter of 2020, two pharma synthesis reactors were replaced to increase productivity.

Concerning activities aimed at reducing emissions, which are the result of numerous process studies, in the first half of 2020, the fluid used in the washing section of exhaust vapours from production plants was replaced with water, and a new liquid nitrogen adduction line of the cryogenic abatement unit was built to guarantee optimal process temperatures even in critical conditions.

Itelyum aims constantly at improving processes efficiency and expand treatment capabilities in order to increase its contribution to environmental sustainability in the territories in which it operates.

Itelyum
Sustainability Report 2020

The revamping of the entire DCS control system with the Yokogawa system will be finalised in August 2021. This system, characterised by signal redundancy, will be able to increase the reliability and safety of production facilities.

Itelyum adopts an open innovation approach thanks to its partnership with several universities, with which it has launched various research and development projects on new technologies and processes. With this in mind, Itelyum works with leading Italian universities, including the Politecnico di Milano, the University of Calabria, the University of Bologna, the University of La Sapienza, the Istituto Superiore Sant'Anna in Pisa and the University of Cassino.

The collaboration with the Politecnico di Milano has resulted in research projects in the field of chemical and materials engineering, hosting young researchers in the Pieve Fissiraga plant with an applied industrial research approach.

In addition, this partnership has launched the pilot project for the digital transformation of the Pieve Fissiraga plant, which, thanks to artificial intelligence and the IOT (Internet of Things), will make it possible to simulate the production process in real-time and create a 'digital twin' of the plant itself. The "digital twin" will allow obtaining important information for improving production processes with a view to efficiency and sustainability.

The project with the Politecnico di Milano also includes the creation of a permanent laboratory inside the Pieve Fissiraga refinery, with researchers engaged in the study of innovative circular economy processes.

Itelyum is a partner of the Istituto Superiore Sant'Anna, which it supports, in particular, for the activities of the master's degree course in Environmental Management and Control (GECA), from teaching to laboratories and the possibility of internships that have become real professional paths.

These collaborations, including those with La Sapienza University and the University of Calabria, allowed the company to have developed numerous patents over the years.

 2018
 2019
 2020

 Investments for quality and R&D (Euro)
 1,851,692
 1,277,394
 1,700,000

ITELYUM ADOPTS AN OPEN INNOVATION APPROACH THROUGH PARTNERSHIPS WITH THE MOST IMPORTANT ITALIAN UNIVERSITIES



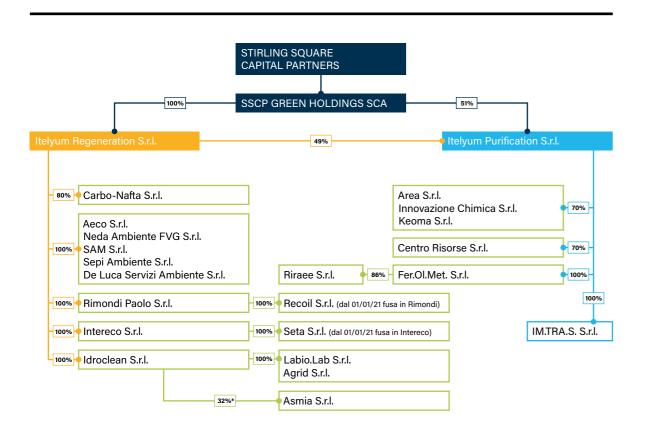
GOVERNANCE

2.4

2.4.1 / Itelyum governance and sustainability governance

Each company makes sustainability its strategic foundation, supporting an advanced model of circular economy, aiming to provide an increasingly integrated and sustainable offering of products, solutions and services.

This approach is fully supported by the reference shareholder, the private equity fund Stirling Square Capital Partners, which follows the United Nations Principles for Responsible Investment (PRI) and adopts, at every stage of the investment process, planning and control tools to improve sustainability performance.



(*) Consolidated at 68%

Each company is governed by a Board of Directors (BoD), representing the relevant shareholders, and appoints a Chairman and one or more Managing Directors.

ESG issues are reviewed monthly by the Itelyum Regeneration Board, which receives and discusses the main environmental, social and governance indicators from each company, broken down by business area, to assess trends and identify possible improvement actions.

Itelyum's commitment to sustainability does not stop here. In fact, in 2020, it was also strengthened by the establishment in Itelyum Regeneration of a Sustainability Advisory Committee, in which the members of the Board of Directors of Regeneration participate, and which is led by the Chairman, an external expert, with the support of the Sustainability Manager. The Committee, to implement new ESG trends and adopt best practices in this field, extending its scope to all Group companies, sets the guidelines for the company's strategy on these issues, anticipating risks and opportunities, in a scenario increasingly determined by constantly updated sustainability drivers. The Committee also has the task of approving new projects in this field, as well as periodically assessing their progress. Finally, it approves the materiality analysis.

The first meeting of the Sustainability Advisory Committee was held last October 2020 and saw the presentation and approval of a two-year plan, aimed at stakeholder engagement, both internal and external, through projects for spreading the culture of sustainability and inclusion. At the second meeting in May 2021, the materiality analysis underlying this report was also approved.

All of the above highlight a commitment to creating shared value for all companies by putting the environment on the table, providing successful levers for improving turnover and economic margins, mitigating business risk, attracting capital and investors, fully motivating employees and strengthening the brand.

2.4.2 / Integrity

All Group companies are committed to ensuring that the activities they manage reflect Itelyum's values. In the full conviction that ethical conduct and business success go hand in hand, they have adopted a formalised Code of Ethics that is consistent with the Organisation, Management and Control Model envisaged by Legislative Decree 231/01, as amended, and relating to the administrative liability of entities. In particular, in 2020 the Code of Ethics was updated and re-approved by the Board of Directors of Itelyum Regeneration, coordinating it with the best practices in the sector. The text incorporates not only the key principles of ethics and conduct underlying the Group companies governance model, but also the founding principles of its sustainable strategy and incorporates the 10 principles of the Global Compact. Since 2020, the Code of Ethics has been an integral part of Itelyum's relationship with its suppliers, who must adhere to it.

The Organisation, Management and Control Model adopted by the companies of the Group is designed to prevent the risk of committing specific relevant crimes, mainly in the areas of corruption, extortion, fraud against the state, corporate crime, receiving stolen goods, culpable homicide or serious culpable injuries in violation of accident prevention regulations, serious environmental crimes, but also terrorism or crimes against the individual, market abuse and others. An autonomous and independent Supervisory Board has been appointed within the Group companies to oversee the operation of and compliance with the Model.

In addition to specific periodic training, the approach adopted includes a procedure for reporting unlawful conduct aimed at protecting employees and third parties through the provision of confidential channels, to bring to light potential crimes and/or violations of the Model, without fear of retaliation, discrimination or disciplinary action. With the same need to spread and consolidate the culture of transparency and integrity and to ensure conditions of fairness in the conduct of activities, several of the Group companies, which operate in the waste management sector, are registered and work to maintain registration on the White Lists.

These are lists of suppliers, service providers and contractors not subject to attempted mafia infiltration published and updated by the Prefectures. With the full extension of this approach, all Group companies have already obtained or are in the process of applying to the Italian Antitrust Authority for the Legality Rating.

No episodes of corruption, integrity risks or anti-competitive behaviour were reported. In 2020, the Group did not record any fines because of non-compliance with applicable regulations related to integrity. In 2020, a structured training project was launched on the issues of integrity and the 231 model, with the provision of 54 hours of ad hoc courses.

2.4.3 / Management Systems

The Group's focus on quality, safety and environmental protection has led it to strive to obtain numerous certifications: many reference schemes have been adopted, the integration of which into company processes contributes to the consolidation, in terms of quality and effectiveness, of the organisational, technological and behavioural methods implemented.

Regeneration	Pieve Fissiraga					A	■▲8		
	Ceccano					•			■▲
Purification	Landriano	•	•					9	
	Rho	•	•						
	Im.Tra.S.								
Ambiente	Aeco								
	De Luca Servizi Ambiente								
	Neda Ambiente FVG								
	Recoil								
	Rimondi Paolo								
	Sepi Ambiente								
	SAM								
	Area								
	Centro Risorse								
	Innovazione Chimica								
	Keoma								
	Carbo-Nafta Ecologia								
	Agrid								
	Idroclean								
	Labio.Lab								
	Intereco								
	Fer.Ol.Met.								
	Riraee								

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39

Management systems :

Existing protocols

In the process of implemementation......

System certifications.......

For specific product types.

9 For the synthesis of pharmaceutical starting materials.

2.4.4 / Institutional relations

Itelyum maintains a constant dialogue with local, national and European institutions of reference for the sectors in which it operates. It is active on various platforms to contribute to the public debate, with particular reference to the issues of regeneration and circular economy.

It is a founding member of the Global Compact Network Italy, and has signed up to the UN Global Compact's 10 principles on labour, human rights, anti-corruption and the environment. In 2020, it included these principles in its Code of Ethics, which since last year has also been a fundamental part of contracts with suppliers.

It has been collaborating for years with Legambiente to promote the circular economy and the culture of sustainability. In 2020, this well-established partnership saw the participation of the company's top management in Ecoforum events, where Itelyum's best practices in the complex waste sector were shared, as an ambassador of sustainability, both environmental and related to issues of legality and integrity.

At the European level, it is active in sector associations: UEIL (European Lubricants Industry Union) and GEIR (European association of regenerators of used mineral oils), of which it holds the presidency from 2020, for the business of regenerating used oils and promoting good practices of the circular economy and sustainability, and ESGR (European association of recyclers of used solvents).

In Italy, it oversees the debate and acts as spokesperson for the issues of regeneration and the circular economy within UNEM (Union of Energies for Mobility), Fise, Unicircular and Federchimica.

Non-governmental organisations









Industry associations



ESRG







THE GROUP ADHERES TO THE UNITED NATIONS GLOBAL COMPACT, AS WELL AS BEING A FOUNDING MEMBER OF THE GLOBAL COMPACT NETWORK ITALY FOUNDATION



MATERIALITY: THE LEVERS FOR SUCCESS 2.5

This year Itelyum decided to update its materiality analysis with a structured process aligned with GRI requirements.

The definition of possible relevant issues for the company and its stakeholders was carried out starting from a detailed benchmark analysis with the main peers and competitors in the sectors in which Itelyum operates, concerning material aspects and relevant stakeholders.

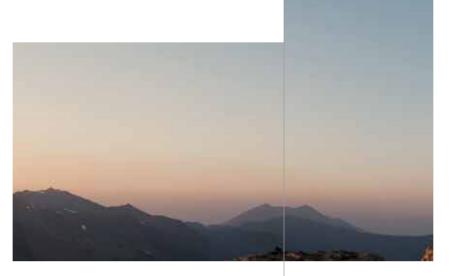
The issues that emerged were brought to the attention of different categories of stakeholders: employees, customers and suppliers, selected based on their strategic relevance to the company. They were consequently invited to fill in a questionnaire to select the priorities, from their specific point of view, on which the company should focus its sustainability strategy and the consequent system of key indicators (KPIs) for reporting. Participants were asked to rate the issues with a grade from one (not relevant) to five (highly relevant). The ratings were then processed through a weighted average, based on the number of different categories of stakeholders involved.

Simultaneously, top management discussed and defined their strategic priorities in a dedicated workshop, where they voted on issues based on the same system used for stakeholders.

At the end of the consultations, it was decided to consider as material all issues with an average rating higher than four (on a scale of 1 to 5). The materiality matrix was unanimously approved by the Sustainability Advisory Committee and thus by the Board of Directors, which is a fundamental part of it.







Criteria Materiality themes

> Climate change emissions and combating climate change Atmospheric pollutant emissions

> > Water management as a resource Waste management Circular economy

Environmental compliance

Occupational Health and Safety Human rights

Human capital development Socio-economic compliance

SDGs impacted









Ε

Environmental

S

Social

Business ethics and integrity Economic results and shared value Product quality and safety Innovation, R&D

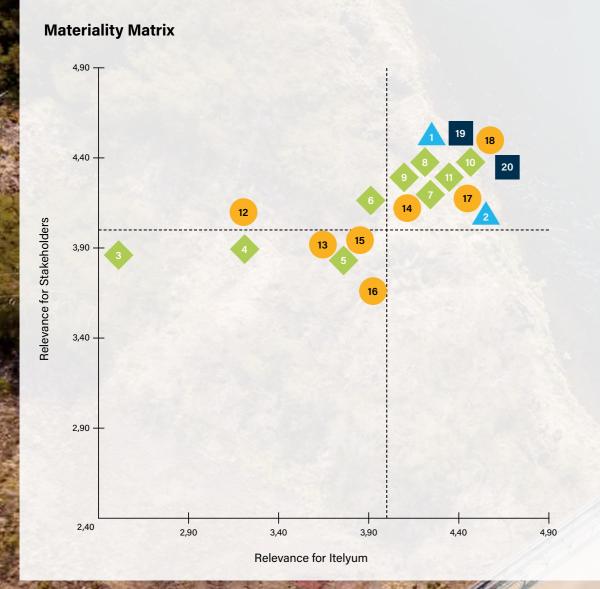






Itelyum defines its own sustainability strategy by listening to all stakeholders.

Sustainability Report 2020 Itelyum



Legend

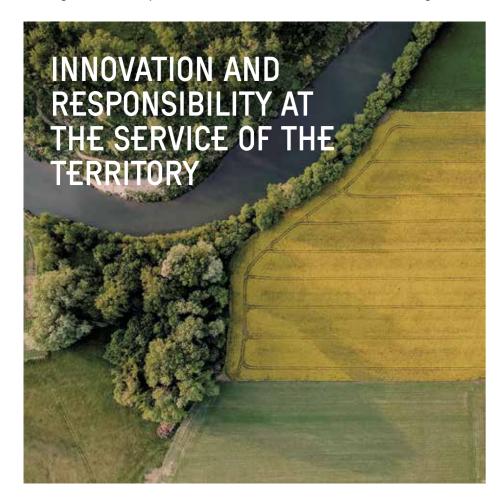
GOVERNANCE RESPONSIBILITIES	
Business ethics and integrity	1
Economic results and shared value	2
ENVIRONMENTAL RESPONSIBILITY	→
Biodiversity	3
Environmental assessment of the supply chain	4
Responsible management of energy consumption	5
Water management as a resource	6
Waste management	7
Atmospheric pollutant emissions	8
Climate change emissions and combating climate change	9
Circular economy	10
Environmental compliance	11
SOCIAL RESPONSIBILITY	
Social assessment of the supply chain	12
Diversity, inclusion and equal opportunities	13
Human rights	14
Socio-economic compliance	15
Community relations and positive impact on society	16
Human capital development	17
Occupational health and safety	18
PRODUCT RESPONSIBILITY	
Product quality and safety	19
Innovation, R&D	20

MISSION, VALUES AND COMMITMENT TO THE SDGs 2.6

During the rebranding process in 2019, Itelyum defined its vision, mission and corporate values.

Vision: Producing responsibly, marketing sustainable products and making efficient, integrated solutions available to the market is only the starting point. We want to be an inspiration and an example for all those who see people, intellectual skills, social relations and natural, technological or financial resources as capital that cannot be neglected or wasted but must be enhanced.

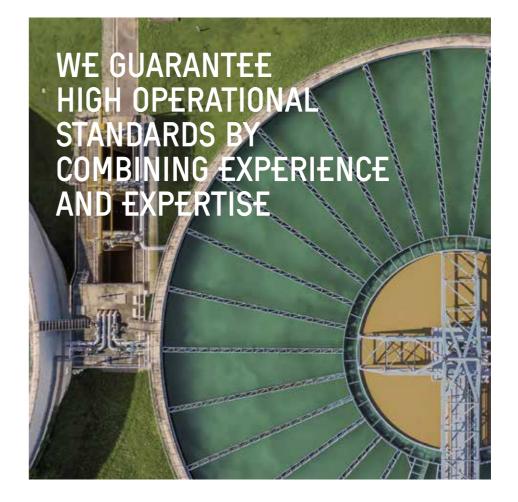
Mission: We help to preserve natural resources and improve the quality of life, with sustainable processes, products and solutions for waste management and optimisation of the markets we serve, sharing value



This page and the next show the photographic subjects and phrases used to decorate the rooms in Itelyum. creation with our business partners, society and the environment.

Fully integrated into the business strategy, the sustainability within Vision, Mission and Values, is formalised in the Itelyum Policies, which cover all the key issues in the sphere of influence of the Group's activities. These include: the centrality of the individual, the working environment, the development of human capital, health and safety, business integrity, correct relations with suppliers and customers, social initiatives, the environment and energy efficiency, the quality of processes, products and services through research and innovation and finally the creation of shared value.

Itelyum's Sustainability Policies are inspired by the highest international references and in particular: the Universal Declaration of Human Rights, the Sustainable Development Goals (SDGs) of the United Nations, the Conventions, Protocols and Recommendations of the International Labour Organisation, the SA8000, ISO 26000 and Global Reporting Initiative (GRI) standards.



The Policies are also based on the Codes adopted by Itelyum, on the agreements signed with the social partners and on the commitments resulting from the adhesion to the UN Global Compact.

Values:

- Integrity: ethics is at the heart of our activities, based on building solid partnerships with customers and suppliers and on dialogue and transparency with the communities and territories in which we operate.
- Diversity: people as a source of energy for our growth, in an environment inspired by trust and team spirit; we believe that differences create added value and innovation and inclusion is a primary tool for development.
- Efficiency: we aim to achieve and maintain high operational standards, combining technical expertise, management skills and proactivity to ensure integrated processes, products and services that are efficient, effective and sustainable globally and customised for each market.
- Responsibility: sustainability as a responsible and successful combination of economic performance excellence and protection and



enhancement of natural capital for a fair and equitable transition.

Innovation: technology underpins our growth and contribution to sustainable development, as an enabler of new processes and markets for the circular economy. We adopt an ecosystem approach through research partnerships in an open innovation perspective.

In 2020 the corporate values, previously defined, were the subject of a campaign to raise awareness and involve employees: through a specific survey, Itelyum people were able to choose from a series of phrases representing different types of values and select those they felt were closest to their way of working and best represented their vision of Itelyum. This process highlighted the strong correlation between the vision of the management, which had previously defined the corporate values, and the "experience" of all Itelyum people.

The values of Integrity, Innovation, Responsibility and Efficiency, defined by the management, were also selected by the employees and will be represented in four pictures that will be displayed in all the companies of the Itelyum world, to promote them even more among the people and make them known to the partners with whom the company works daily.



2-Who we are

51 50

It should be noted that the topic of diversity and inclusion, which is considered a priority by management and shareholders, did not emerge either from this survey or from employees' responses to the materiality analysis.

For this reason, the topic of the importance of creating inclusive working environments is already the subject of training in the internal sustainability culture campaign called "Obiettivo Sostenibilità", which will involve all Group companies by the end of this year.

Itelyum adopts a systemic approach to sustainability: the core business contributes to the achievement of five main SDGs (6, 8, 9, 12 and 13), through a commitment to material recovery, water purification and decarbonisation through continuous innovation; our way of working is aimed at health and safety protection (SDG 3), continuous

training and the dissemination of a culture of sustainability (SDG 4) and the promotion of diversity (SDG 5).

Last but not least, we believe that the circular economy requires a joint effort of the different actors in the supply chain in a partnership approach



Ensure availability and sustainable management of water and sanitation for all.





Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.





Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.



Ensure sustainable consumption and production patterns.





Take urgent action to combat climate change and its impacts.



Ensure healthy lives and promote well-being for all at all ages.



Ensure inclusive and equitable quality education and promote

lifelong learning

opportunities

for all.



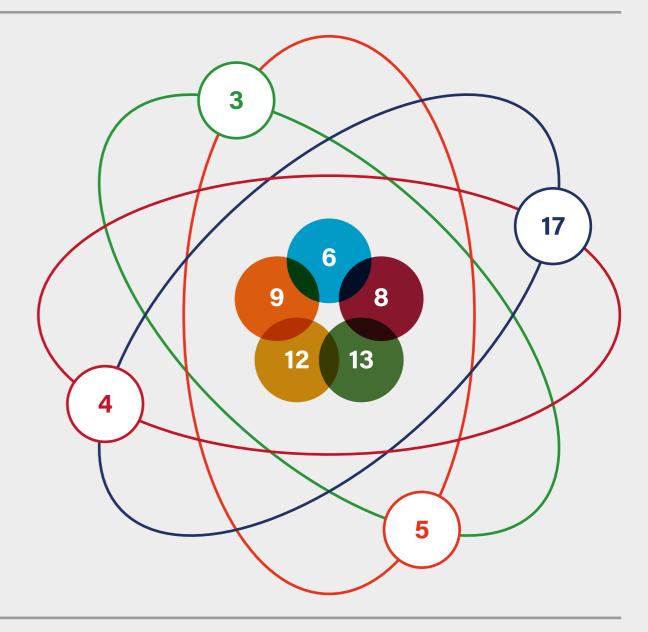
Achieve gender equality and empower all women and girls.



17 PARTNERSHIPS FOR THE GOALS



Strengthen the means of implementation and revitalize the global partnership for sustainable development.



Sustainability Report 2020 Itelyum



MAIN EVENTS OF 2020

2020 was a complex year for the world economy, but Itelyum ensured the continuity of all its business activities, as they are essential services for the community.

The efforts made have allowed Itelyum to achieve positive results, determined by business lines, which have more than compensated for the slowdown in the oil regeneration business that occurred in the first months of the year, linked to the closure of all the companies considered non-essential, and the consequent decrease in the amount of waste oil to be treated. It should be noted that the EBITDA increasing is mostly due to perimeter enlargement.

	2018	2019	2018
Revenues: total (€)	288,518,124	297,941,427	337,503,360
Circular turnover (€)	233,010,971	252,956,943	273,569,060
Circular turnover (%)	81%	85%	81%
EBIDTA (€)	52,109,200	52,893,100	63,426,500

In fact, the Group's development and growth activities continued in 2020 through new acquisitions, which saw the entry of two new companies in February, representing local excellences. Idroclean, of Casirate d'Adda (BG), a reference company in Lombardy and northern Italy for the treatment and purification of industrial water, which, with two plants, a chemical analysis laboratory and a consultancy structure, offers sustainable solutions for the management of waste produced to numerous customers in the pharmaceutical and chemical sectors, and Carbo-Nafta Ecologia, an Umbrian company operating in the collection and management of industrial waste with headquarters and plants in Perugia and an operational capacity that extends to Lazio and Tuscany.

July saw the acquisition of Intereco, a company based in Fiorano Modenese, which for over twenty years has been a reference point for the Sassuolo ceramic district and industrial companies in general in Emilia-Romagna. With two storage and treatment plants and a fleet of over twenty vehicles, the company deals with the recycling

and valorisation of special industrial waste, both hazardous and non-hazardous. Finally, in November, Fer.Ol.Met. became part of Itelyum, a historic company in San Giuliano Milanese, serving small and large industries in the Lombardy hinterland, dedicated to the storage and preparation of optimal solutions for the recycling and valorisation of special hazardous and non-hazardous waste.

Below is a breakdown of the Group's investments in support of business continuity and competitiveness, with details of those aimed exclusively at improving environmental and safety performance, and for quality, research and development of processes and products, which account for significant percentages of total investments.

Investments (M€)	2018	2019	2020
Environment, health and safety	6.0 (50%)	2.7 (23%)	3.3 (21%)
Quality, research and development	1.9 (16%)	1.3 (10%)	1.7 (11%)
Other investments	4.1 (34%)	8.2 (67%)	10.8 (68%)
Total	12.0	12.2	15.8



A solid strategy and the commitment of all people enabled Itelyum to overcome the challenge of a complex year with good results.

SHARED VALUE 3.2

Itelyum operates in a sector of high environmental and social relevance, so the Group's integrated strategic approach aims to maximise the creation of joint value for both the company and its stakeholders. Value creation involves the entire value chain, starting with building strong partnerships with suppliers based on shared expertise, commitment to safety and respect for payment terms.

Downstream of the value chain Itelyum is committed to creating relationships with its customers based on respect and trust, guaranteeing the quality and safety of its products (see the dedicated paragraph).

In 2020, it launched numerous projects for the creation of value in the territories in which it operates, starting with the dissemination of the skills and culture of sustainability in schools.

In line with this vision, the table below details the economic value generated and distributed by the Group, on an annual basis. Data are categorised according to the latest GRI Standards.





Economic value generated and distributed (M€) 2018 2019 2020 Direct economic value generated Revenues¹⁰ 288.5 297.9 337.5 Other inputs Flows from capital providers Distributed economic value Operational costs¹¹ 199.1 207.4 245.6 Staff salaries and benefits 33.6 35.1 40.7 Investments in fixed assets 12.0 12.2 15.8 Financial charges to capital providers 11.2 9.7 10.2 Recognised participation fees 6.7 11.5 Payments to State and Entities 3.6 5.5 9.1 Social investments 0.1 0.1 0.1 Retained economic value 40.9 33.4 20.3

In 2020, Itelyum launched several projects to create value in the territories in which it operates.

10 Includes waste oil disposal fee.

11 Supply of raw materials, services including transport, operating materials, energy and fuels, equipment, facilities and infrastructure maintenance.



DIGITAL INNOVATION AND SUSTAINABLE DEVELOPMENT INTERVIEW WITH PROF. FLAVIO MANENTI

Europe is increasingly committed to building a path to recovery from the economic crisis, due to the pandemic, centred on sustainable development, with the primary and urgent goal of decarbonisation and tools of the green economy and circular economy. What do you see as the key role of innovation in contributing to sustainable development?

How can companies like Itelyum, whose core business has always focused on these issues, contribute to this challenging path through innovation?

What is the role of university research, and applied research in particular?

Sustainability today is a shared and challenging goal, but current processes are not always sustainable. Process innovation and digital transformation are fundamental in enabling a more sustainable path. The first involves structural technological interventions on processes to make them self-sustainable and increase efficiency. We must consider all phases of the lifecycle, starting with the design of new plants. It is essential to invest in research to find increasingly high-performance catalysts.

Today, it is no longer necessary to intervene only structurally on processes, the same objectives can be achieved through digital innovation and data management, which can reduce impacts and increase the circularity of processes, by reducing the consumption of raw materials and incoming resources and that of waste and refuse.

The Digital Revolution is a silent one, which started more than 50 years ago, with the same objectives of today. However, the semantics and tools have changed. There is a galaxy of activities that have not yet been launched.

Taking a step back, it is important to

mean by "digital innovation" and its pillars. The first is "data analytics", i.e. the interpretation of data through artificial intelligence, to which the knowledge of technical process experts can be transferred so that it can recognise the goodness of the data. This is followed by "machine learning", which lines up the data and gives us macro-trends at different levels, from the plant as a whole down to the detail of individual processes, individual activities and individual phenomena. These trends are made reliable by "solvers", algorithms that recognise their robustness and eliminate random trends.

start with the definition of what we

At this point, we can obtain performance indices, which can be manifold, from consumption and production data to actual sustainability indices.

The next step is to create a real "digital twin" of the plant, a digital immersive environment that allows any type of situation to be simulated and any type of event to be analysed, creating realistic scenarios that can be modified virtually. There are many spin-offs in terms of sustainability for a company applying such a model. For example, in the field of health



Flavio Manenti
Professor at the
Politecnico di Milano
- Department of
Chemistry, Materials
and Chemical
Engineering "Giulio
Natta".

«A well-defined sustainability strategy of an investee company simply translates into a better company».

and safety, the digital twin makes it possible to check parts of the plant without having direct access to dangerous situations or to simulate a fire and all related safety activities. This has a major impact on training, which becomes more effective and efficient.

Digitisation makes the decision-making process easier, as an individual can make decisions and choices without fear of unplanned or unconsidered consequences; it allows for more robust information and data, as all possible scenarios are created and simulated in the digital twin to analyse possible consequences and only then are they applied in reality.

Digitisation is a complex but concrete path which, according to current studies, can lead to 12-20% savings without having to modify the systems: the impact is also evident in terms of environmental sustainability since these economic savings correspond to fewer resources used, less waste produced and fewer emissions generated.

Companies, such as Itelyum, have the task and the need to think in terms of limited payback periods when investing, so they play a fundamental role in applied research.

On the other hand, universities have the indispensable role of looking to

On the other hand, universities have the indispensable role of looking to the longer term and carrying out research at 360 degrees, not only oriented towards direct application.

It is therefore essential to integrate the two worlds, encouraging collaboration, partnerships, and guaranteeing cross-fertilisation. The NRP is allocating significant resources to tackle the challenges of sustainable recovery, and industry, universities have the essential task of ensuring a continuous exchange of ideas, and projects to help achieve the objectives set and optimise the resources allocated.



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RESPONSIBLE PRODUCT MANAGEMENT 3.3

The materiality analysis highlighted the topic of product stewardship as a priority, particularly for employees and customers. Itelyum manages hazardous waste and transforms it into products that must have high-quality characteristics even though that the raw material from which it originates is, in fact, hazardous waste.

This requires constant attention to ensure compliance with current regulations and best practices in the field of product safety, using high-performance processes. All the products sold, for whatever destination, are accompanied by the necessary information on the physical-chemical, toxicological and possible hazard properties required for the correct and safe handling of the substances and mixtures.

All companies operate with management systems that comply with ISO 9001 or, in addition, with other quality standards defined by the specific markets in question. External certification is not limited to production systems, but also covers products distributed with the quality mark issued by recognised certification bodies. Products are certified according to applicable commercial standards or, if necessary, sector-specific qualifications (e.g. API - Active Pharmaceutical Ingredient). Commitment and investment in quality assurance of remanufactured products is relevant in terms of sustainability, in markets that increasingly demand excellence.

Remanufactured products, to compete and replace products made from raw materials, require increasingly sophisticated and technological chemical re-refining and purification processes. Depending on the type of treatment and process, a regenerated product can have even better qualities than products made from fossil raw materials. One example is Gp II+ lubricant bases, which can be obtained from the re-refining of exhausted oils and are of such high quality that they have been recognised as valid to face strict official approval processes in the main motoring formulations.

In 2020, with the support of Infineum, world leader in the formulation and production of additives for lubricants, Itelyum achieved API - American Petroleum Institute - API CI-4 qualification for a 15w40 engine oil formulated with its own Gp II+ bases.

Of particular importance in the waste oil regeneration sector is the Remade in Italy® certification. Based on stringent protocols, it is an accredited environmental product certification valid for Green Public



Itelyum advertising campaign to promote the recognition of the API CI-4 qualification of a 15W-40 engine oil formulated with regenerated Group II+ bases.

Itelyum Sustainability Report 2020

Procurement (GPP), which tracks the recycled content of products and the traceability of material flows within the production process. All the lubricating bases produced by the Group in its Ceccano and Pieve Fissiraga plants meet these requirements, with 100% recycled content.

The continuous search for quality, linked to the fact that market demand in Italy and Europe is moving increasingly and rapidly towards Group II, has led the company to launch a project to upgrade the plant in Ceccano (Frosinone) for the production of regenerated Group II+ lubricating bases under low-pressure process conditions.

These investments have an impact in terms of sustainability, since the regenerated bases can provide an answer to new market needs without building new refineries but as in the case proposed in Ceccano, through the revamping of existing plants. The project relies on a structured partnership with various operators in the sector, since the production of high-quality lubricating bases also requires an improvement in the quality of the waste oils to be regenerated.

This improvement will be achieved through greater awareness of the industries that use lubricants and are among the main producers of waste oils, and greater commitment on the part of collection companies operating throughout the country. Itelyum, in synergy with CONOU (National Consortium for the management, collection and treatment of used mineral oils), has already signed agreements to encourage the separate collection of higher quality waste oils.

CONOU

THE NATIONAL CONSORTIUM FOR THE MANAGEMENT, COLLECTION AND TREATMENT OF USED MINERAL OILS

Itelyum is part of CONOU, a national consortium that ensures the collection of used lubricating oils throughout the country, which are destined as a priority to the regeneration industry; it also deals with information and public awareness on the issues of the proper management of used oils, which are hazardous waste.

The Consortium includes companies that produce, import or market virgin base oils, companies that produce base oils through a regeneration process, companies that recover and collect waste oils, companies that replace and sell lubricating oils.

Since 1984, CONOU has collected 6.1 million tonnes of used lubricating oil: 5.5 million of which were sent for regeneration, while 3.2 million tonnes of base oil were produced. The re-use of used lubricating oil has resulted in an overall saving of EUR 3 billion on the country's oil imports.









The waste oil regeneration sector benefits from the significant national collection performance. Thanks also to the efforts of CONOU, almost all collectable waste oils are gathered.



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The recycled content in products remains one of the Group's guiding principles and is pursued thanks to the responsible exploitation of waste originating from other production or consumption cycles, from which the almost 900,000 tonnes of waste managed, pre-treated and sent to sustainable destinations by all the companies that make up Itelyum originate.

Finally, again with a view to circularity, it is not only the marketing of recycled products, or responsible waste management, that is important, but also the ability to supply virgin stream products to customers who, in the value chain, then become suppliers of waste to be recycled in the Group's plants. In 2020, 81% of the Group's turnover will come from the combination of these three ways.

Marketed products (% volume)		2018	2019	2020
Regeneration	Lubricating bases Group I+	40.6%	41.9%	39.9%
	Lubricating bases Group II+	1.0%	1.4%	2%
	Diesel	4.8%	4.7%	4.3%
	Bitumen	9.0%	9.2%	6.9%
Purification	Eco products: thinner	18.1%	17.6%	19.9%
	Eco products: solvents and others	4.1%	3.4%	3.3%
	Eco products: technical aliphatics	5.6%	5.7%	5.4%
	Eco products: high-purity aliphatics	5.7%	5.6%	5.4%
	Pure Products: other	1.4%	1.1%	1.8%
	Pure Products: API - pharma	0.1%	0.1%	0.1%
	Pure products: trading ¹²	9.6%	9.4%	11.1%

Products brokered and marketed without production.

Recycled content in marketed products (% volume)

products (% v	volume)	2018	2019	2020
Regeneration	Products with 100% certified recycled ¹³	41.6%	43.3%	41.8%
	Products with 100% recycled content	13.8%	13.9%	11.2%
Purification	Products with 100% recycled content	21.2%	21.0%	23.2%
	Non-recycled products	22.4%	21.8%	23.8%
Circular turno	ver (M€)	2018	2019	2020
Regeneration	Total turnover	99.2	98.7	87.1
	Circular turnover	99.2	98.7	87.1
	%	100%	100%	100%
Purification	Total turnover	110.3	108.5	126.4
	Circular turnover ¹⁴	66.4	69.0	77.3
	from recycled	44.4	45.7	46.9
	from pure to wastewater suppliers	22.0	23.3	30.5
	%	60%	64%	61%
Ambiente	Total turnover	79.0	90.7	124.0
	Circular turnover ¹⁵	67.5	85.3	109.1
	%	85%	94%	88%
Itelyum	Total turnover	288.5	297.9	337.5
	Circular turnover	233.0	253.0	273.6
	%	81%	85%	81%

For Purification, circular turnover comprises recycling activities including bitoil, internally produced recovered fuel, and the sale of pures to waste suppliers.

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Remade in Italy® Certification.

For Ambiente, circular turnover is calculated pro rata on the percentage of managed waste sent to recovery operations and industrial water treated.

67 66 3-Economy

RELATIONSHIP WITH SUPPLIERS

Itelyum's activities are integrated into complex supply chains, where the relationship with suppliers becomes an essential issue for competitiveness.

One example is the partnership with the pharmaceutical industry in the Purification Division, where suppliers of spent solvents also become customers of regenerated streams, and vice versa. It is therefore essential to build solid relationships based on trust and shared values. Therefore, in 2020 the company decided to make its newly updated Code of Ethics an integral part of all contracts with its suppliers.



Itelyum is committed to building strong relationships based on trust and shared values.

Itelyum's Code of Ethics adopts the principles of the United Nations Global Compact to achieve better risk management (financial, technical and ethical) of critical suppliers and contractors, defining some minimum, non-negotiable requirements to be assessed before entering the Group's supply chain.

The minimum requirements selected based on the principles of the United Nations Global Compact, the ILO (International Labour Organization)¹⁶ Conventions and the ISO (International Standards Organization)¹⁷, principles, require suppliers and contractors to respect human rights, ensure acceptable working conditions, freedom of association, mitigate environmental impacts and reject all forms of corruption and crime.

The internal processes for managing the purchase of goods and services define the working methods to be followed, aiming at complete efficiency, compliance with internal rules, including those on health and safety, and the dissemination of best practice, to standardise management procedures.

Within an application perimeter based on the potential risk associated with the supply, the supplier will then be assessed through questionnaires relating to financial, technical and sustainability aspects, and further verified by audit activities.

The Group's objective is to initiate a protocol extended to all companies to assess all suppliers, with differentiated approaches based on size and risk profiles, which also depend on geographical distribution. Today no more than 10% of total expenditure on goods and services is outside national borders. Moreover, almost all procurement for services happens on a territorial basis.

The International Labour Organization is a specialised agency of the United Nations, which adopts international labour standards,

promotes fundamental principles and rights at work, decent work opportunities, the strengthening of social protection and social dialogue on labour issues.

The International Standards Organization is the world's leading organisation for setting technical standards, including quality, environmental and safety standards.

RELATIONSHIP WITH CLIENTS 3.5

Group companies aim to establish and maintain relations with their clients based on consolidated partnerships and full transparency of information, both in terms of the quality, environmental and safety characteristics of products and in the detailed pre-qualification and qualification process, in which the Group's sustainable strategy is measured and assessed.

In 2020, the Regeneration Division's Ecovadis qualification was renewed with the award of the silver medal, which places the company among the 25% of respondents with the highest sustainability performance. The Purification Division also underwent Ecovadis qualification, which will be renewed in 2021.



Ecovadis is a tool for transparency and information towards all customers, who are considered to be at the heart of Itelyum's sustainability policies.

ITELYUM AIMS TO ESTABLISH AND MAINTAIN RELATIONSHIPS WITH ITS CUSTOMERS BASED ON ESTABLISHED PARTNERSHIPS AND COMPLETE TRANSPARENCY OF INFORMATION.



Itelyum
Sustainability Report 2020



PEOPLE 4.1

The strong inorganic growth in 2020 has seen Itelyum's staff increase sharply, by more than 35% in just one year. This sudden increase requires an approach to people management that pays attention to territorial specificities and at the same time should lead to the gradual creation of homogeneous and structured processes.

The clustering of established and operational companies is also evident from the small number of fixed-term contracts compared to almost all positions with established and continuous relationships.

Personnel up until 31/12	2018	2019	2020
Regeneration	152	155	158
Purification	148	153	154
Ambiente	221	221	406
Itelyum	521	529	718

Permanent contracts	2018 Women	2018 Men	2019 Women	2019 Men	2020 Women	2020 Men
Regeneration	17	133	18	136	22	133
Purification	22	121	21	125	20	130
Ambiente	69	131	67	135	120	268
Itelyum	108	385	106	396	162	531

Fixed-term contracts	2018 Women	2018 Men	2019 Women	2019 Men	2020 Women	2020 Men
Regeneration	0	2	0	1	1	2
Purification	1	4	0	7	1	3
Ambiente	8	13	9	10	7	11
Itelyum	9	19	9	18	9	16

Full-time contracts	2018 Women	2018 Men	2019 Women	2019 Men	2020 Women	2020 Men
Regeneration	13	134	15	136	20	135
Purification	20	125	18	132	17	133
Ambiente	64	142	64	145	110	278
Itelyum	97	401	97	413	147	546

Part-time contracts	2018 Women	2018 Men	2019 Women	2019 Men	2020 Women	2020 Men
Regeneration	4	1	3	1	3	0
Purification	3	0	3	0	4	0
Ambiente	13	2	12	0	17	1
Itelyum	20	3	18	1	24	1

DEVELOPMENT OF HUMAN CAPITAL 4.2

Itelyum has launched several training initiatives, starting with compulsory training and extending them to more structured and indepth programmes.

With a total investment of more than 165k €, as well as the support of internal resources, the Group carried out almost 13,000 hours of training in 2020, reaching more than 75% of employees with at least one session.

The evolution of the dimensional perimeter still leaves room for improvement both in the sharing of skill development programmes and in the ability to intercept and formalise all training opportunities carried out also outside classroom sessions, such as shadowing, training-on-the-job, field exercises and others. Below are the data recorded and accounted for to date, which are not yet fully representative of the training effort provided.

2018	2019	2020
16	9	6
22	11	15
23	15	14
23	21	23
15	13	13
25	18	20
23	17	18
	22 23 23 15 25	22 11 23 15 23 21 15 13 25 18

The development of skills is a key factor for growth and innovation.







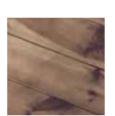
















INCLUSIVITY AS A DRIVER OF GROWTH INTERVIEW WITH DANIELA BERNACCHI

Today, it is increasingly recognized that inclusion is a driver of innovation and competitiveness. What are the challenges of integrating these values and principles into the corporate culture? Realities such as Itelyum, which is growing rapidly by aggregating different companies in different territories, are faced with the challenge of creating a corporate identity: in a mixed top-down and bottom-up approach, what concrete actions can be taken to facilitate the development of this identity? Can inclusion be a tool?

There are numerous studies from prestigious universities and consulting firms that support the importance of Diversity and Inclusion (D&I) principles as factors of competitiveness, EBITDA growth, and innovation, stimulated by the richness of points of view and the breaking of existing paradigms. Working in teams with a diversity of skills and personalities allows us to address issues from different angles and to highlight new opportunities through the exchange of different approaches. To grow and compete in increasingly complex markets, it is necessary to attract talent, and the new generations, the new employees entering the company, are increasingly attentive to these values, which they do not disregard when choosing their work.

Finally, the reputational risk should not be forgotten, as companies' stakeholders also demand attention and commitment on these issues, with increasing interest in the supply chain. It is worth remembering that this is also an ethical prerogative, particularly for companies, like Itelyum, that have signed up to and promote the 10 principles of the Global Compact. Principle 6 calls for "promoting the elimination of all forms of discrimination in respect of employment and occupation" and the

adoption of Diversity and Inclusion policies are aimed at preventing and combating discriminatory phenomena. Various researches and the experience of the most virtuous companies show the critical success factors necessary for integrating these values into the corporate culture. First of all, the commitment of the top management is fundamental, starting from the CEO and involving the entire top management, not only the HR Department; inclusive leadership is fundamental and translates into a commitment that is not only formal but is realized through the integration of the culture of inclusion into the corporate strategies. The reflection must start from human rights and the understanding of the richness of the integration of differences, based on the uniqueness of people.

Values and strategic aspects cannot remain on a theoretical level, but it is crucial to use them as the basis for building an action plan, implementation policies, and procedures, for example on career paths and pay.

Lastly, it highlights the importance as a critical success factor, of

Lastly, it highlights the importance, as a critical success factor, of implementing a monitoring system with appropriate KPIs to assess the progress of actions taken.



The first step in creating a corporate culture based on D&I is to understand which aspects of diversity are most relevant to the context and the people involved. A useful tool is the structuring and administration of a survey to carry out a survey that detects what employees perceive. The second step, once the aspects to be worked on have been clarified, and these vary from company to company, is to define training courses on inclusive leadership, involving middle management, who will act as spokespersons and act out these behaviours.

A very topical aspect to work on and that can create benefits from the point of view of inclusion is the so-called digital divide and the necessary upskilling of digital skills for resources with seniority in the company. The right tool can be to initiate reverse mentoring processes, in which younger people who are competent in these tools can work alongside more senior resources and teach them to use them, absorbing skills and experience at the same time

On the other hand, multidisciplinary and mixed teams, on specific issues, can foster gender inclusion in contexts where there may still be resistance or cognitive bias that hinder full integration.

When it comes to Diversity and Inclusion, there are many challenges: young people, over 55, women, migrants, disabled people... In addition, the degree of maturity of companies in this regard is different. Valid support to full integration,

and to overcome what may also be unconscious prejudices, is the establishment of an internal D&I committee. A place where the various stakeholders can be listened to neutrally and reassuringly, and where the company's progress in D&I, as well as difficulties and areas for improvement, can be highlighted and monitored, leading to recommendations for top management.

«Working in teams with a diversity of skills and personalities makes it possible to approach problems from different angles and to highlight new opportunities through the exchange of multiple approaches».

In an increasingly global market, and on a planet shaken by the pandemic, questioning Diversity & Inclusion is now a priority for the business world. In the awareness that sustainable development can only happen if we integrate all ESG criteria putting the human being at the centre, with his diversity and uniqueness.



Daniela Bernacchi Secretary General Global Compact Network Italy.



INCLUSION AND HUMAN RIGHTS 4.3

As part of the post-acquisition and integration activities of the Group companies, Itelyum is working to create a unique corporate identity, where inclusion is one of the key levers, as a vector of participation, talent acquisition, retention and, therefore, competitiveness.

As far as gender diversity is concerned, in 2020, values are slightly higher than the industry average, which stands at around 20% female employment. For Itelyum, this is a starting point, because it strongly believes in diversity as a source of innovation and competitiveness. Therefore, in 2020, it worked, with a top-down push, to increase the percentage of women in the workforce, including in managerial positions, and the data show a positive trend. The aim is to develop a virtuous circle where diversity becomes both a source and a consequence of innovation and competitiveness, allowing us to attract more and more talent.

One of the most apparent characteristics of Itelyum is its capillary geographical presence in the territory, through its numerous companies located in the centre and especially in the north of Italy. This characteristic, which was created rather quickly with inorganic growth through numerous acquisitions, was also one of the main challenges faced in 2020: the company began working on the creation of a single corporate identity, which would allow all the people to feel part of a single reality while maintaining the specificities and excellence at a local level.

Several projects have been set up in this direction; the first example was born during the first quarantine, to keep contacts and relations alive between those who worked from home and those who continued to operate in the plants. This project is Aquylone, a company newsletter, sent to all employees, a couple of times a month and tells them in a few lines the main company news and what is happening in the different realities, with sustainability pills for ongoing training. A practical, effective and easy-to-use tool, even from a mobile phone.

The importance of spreading a culture of sustainability is also at the heart of another project launched in 2020: "Obiettivo Sostenibilità" ("Objective Sustainability"), a cycle of training meetings with employees throughout the territory to create a common language on the topics of the 2030 Agenda, from the circular economy to environmental protection and inclusion.

Personnel l	by classification	2018	2019	2020
Group	Manager	66	72	94
	Employees	239	234	316
	Worker	216	223	308
	Total	521	529	718
Women	Manager	8 (12%)	7 (10%)	13 (14%)
	Employees	108 (45%)	106 (46%)	155 (49%)
	Worker	1 (1%)	2 (1%)	3 (1%)
	Total	117 (23%)	115 (22%)	171 (24%)
Men	Manager	58 (88%)	65 (90%)	81 (86%)
	Employees	131 (55%)	128 (54%)	161 (51%)
	Worker	215 (99%)	221 (99%)	305 (99%)
	Total	405 (77%)	414 (78%)	547 (76%)

The employees were also asked to take part in a project that would share the company's values. All the colleagues were tasked to take part in a survey where they selected a series of phrases that, in their opinion, best described the company's mission and values. The four finalist phrases will be printed on paintings that will carry the shared values throughout the Group's companies.

In line with the Guiding Principles of the Sustainability Policy and, in particular, the Rights and Society Policy, Itelyum respects and promotes internationally recognised human rights, as universal and inalienable rights of every person. Itelyum also guarantees working conditions based on fair relations, equal opportunities, development of skills, in a context that sees diversity as a real source of value. These principles are also set out in the Code of Ethics and implemented thanks to the anonymous tools for reporting breaches of the Code.

The Group considers respect for human rights as a prerequisite for all its activities and does not tolerate any violation of human rights. Itelyum embraces the commitments of the United Nations Global Compact for the protection and defence of human rights and is committed to applying the principles enshrined in the fundamental conventions of the International Labour Organisation.

In addition, the Pieve Fissiraga and Ceccano sites are SA 8000 certified, an international standard designed to regulate certain management aspects relating to social responsibility, such as respect for human and labour rights including, in addition to health and safety, freedom of association and the right to collective bargaining, anti-discrimination, working hours and pay criteria.

This system also provides for the establishment of a mechanism for anonymous reporting of possible violations, which are examined and assessed by a special inter-functional committee. No violations were reported in the period under review.





IN LINE WITH THE GUIDING
PRINCIPLES OF THE SUSTAINABILITY
POLICY AND DRIVEN IN PARTICULAR
BY THE RIGHTS AND SOCIETY
POLICY, ITELYUM RESPECTS AND
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SOURCE OF VALUE.



Itelyum met its community through a guided tour of the Landriano plant that welcomed students, local institutions and citizens.

HEALTH AND SAFETY

In line with the Guiding Principles of the Sustainability Policy and, in particular, the Health and Safety Policy, Itelyum promotes the safety, health and wellbeing of all employees, including contractors, visitors, the local community, customers and suppliers and the end users of its processes, products, applications and services.

The year 2020 saw the company striving, as always, to ensure the highest levels of health and safety for its employees and contractors, with the aggravation of the advent of the Coronavirus, which forced it to rethink the ways of working to ensure the highest standards of protection.

Itelyum continued to operate without interruption, as an essential activity in all its business areas, immediately taking steps to provide employees who could work remotely with the tools necessary for smart working. For example, operational activities continued thanks to continually updated safety protocols, guaranteeing protection through PPE (Personal Protective Equipment), daily sanitation, and for each shift change, of work areas and strict distancing policies. The company provided continuous information on these protocols and good practices to limit contagion.

This did not affect normal Health and Safety activities, which continued at all sites, including continuous training, both on daily work activities and specific training for employees working at the four sites subject to Seveso¹⁸ regulations, as Major Accident Hazard sites (Pieve Fissiraga and Ceccano, at Lower Threshold, and Landriano and Rho, at Upper Threshold).

Applying the precautionary principle, a significant part of the Group's employees (about 300 workers) is considered potentially exposed to specific health risks. All potentially exposed workers are subject to occupational exposure monitoring (e.g. exposure to noise and chemical

18
The so-called "Seveso Directive" (82/501/EEC) and subsequent amendments, regulates the risk of major accidents involving dangerous substances. Today, the Seveso III Directive, transposed in Italy by Legislative Decree 105/2015, is in force.

risk), while all are guaranteed appropriate health surveillance according to their specific roles. Mitigation measures are in place for all. Adopting precautionary principles, a limited number of workers are formally recorded in the register of personnel potentially exposed to chemical agents and therefore subject to additional prevention protocols. No occupational diseases are recorded for the year 2020.

One of the activities done to monitor the health risks of employees highlighted the presence of many smokers, so the company launched a special information campaign on the risks associated with smoking. At the Pieve Fissiraga headquarters, an innovative project was also launched a few years ago, specifically for companies of Itelyum's size: it provides access to psychological support to deal with the impacts of work-related stress.

The health and safety objective extends to local communities, especially at the Group's four sites that are classified as 'major-accident hazards' by legislation due to the volume of storage of flammable substances or substances potentially toxic to human health

Fatal accidents	2018	2019	2020
Employees	0	0	0
Companies	0	0	0
Third parties	0	0	0
Total	0	0	0
Number of accidents ¹⁹ employees	2018	2019	2020

Number of accidents ¹⁹ , employees	2018	2019	2020
Regeneration	0	0	0
Purification	2	2	2
Ambiente	4	6	4
Itelyum	6	8	6

19 With absence from work for more than 24 hours.

2018	2019	2020
0	0	0
79	26	26
40	71	100
119	97	126
2018	2019	2020
0.0	0.0	0.0
7.6	7.6	7.2
10.0	14.5	8.2
6.5	8.5	5.8
2018	2019	2020
0.0	0.0	0.0
0.30	0.10	0.09
0.10	0.17	0.20
0.13	0.10	0.12
	0 79 40 119 2018 0.0 7.6 10.0 6.5 2018 0.0 0.30 0.10	0 0 79 26 40 71 119 97 2018 2019 0.0 0.0 7.6 7.6 10.0 14.5 6.5 8.5 2018 2019 0.0 0.0 0.10 0.10

or the environment. At these sites, which account for about two-thirds of the Group's turnover, dedicated protocols and controls are adopted, also involving local communities, with a real integrated management system aimed at risk prevention, according to the best practices in the sector. Within this framework, internal and external emergency plans have been drawn up, shared with local institutions, to deal with any accidental event in the area.

Most of the accidents were minor and not related to the specific task. The indicators are improving, showing the efforts made to adapt the policies and practices of the new companies joining the Group to Itelyum standards.

In 2020, there were no accidents to third parties and companies in the areas of Itelyum's sites.

In addition to specific procedures for the receipt, storage, handling and manipulation of hazardous substances (products or waste) handled at production sites, the presence of other potentially sensitive materials is monitored and inventoried, such as items containing asbestos, for which multi-year replacement or encapsulation programmes are underway.

For some years now, the practice of mapping near misses, i.e. events that could potentially have led to accidents, has been in place. The Itelyum Board monthly monitors data on accidents and near misses.



Attention to the health and safety of employees, third-party companies and the territories in which Itelyum operates is part of the company's founding DNA.

²⁰ Number of accidents (with absence from work for more than 24 hours) per million hours.

Number of days lost due to accidents per thousand hours worked.

RELATIONS WITH THE COMMUNITY 4.5

In 2020 Itelyum launched a series of stakeholder engagement activities, to consolidate relations with local areas through structured dialogue and the co-design of initiatives with local communities.

The focus of these initiatives is the sharing of skills and the dissemination of a culture of sustainability, through discussions with schoolchildren in the areas of interest.

See the following table for details of the initiatives.

#telospiego

In partnership con Il Cittadino, giornale di Lodi e Provincia e il Liceo Gandini di Lodi, il progetto coinvolge gli studenti nella redazione di pagine green sui diversi temi della sostenibilità, dell'economia circolare e dell'inclusione. Si concluderà con un contest che premierà il miglior elaborato creativo sugli SDG. Il progetto divulgativo creato dai ragazzi del liceo sarà uno strumento per fare sensibilizzazione e disseminazione sui temi della sostenibilità e dell'Agenda 2030.

Istituto Volta Frosinone

A training project was launched on both sustainability issues and on professional skills, with the possibility of participation to a technical training session of an Itelyum supplier.

The project saw the involvement of local institutions and media.

Istituto Comprensivo Ceccano 1

A lesson on sustainability and the circular economy was organised with the support of the Mayor of Ceccano and the involvement of Ciociaria Oggi, a local newspaper.

Itelyum is active in the communities in which it operates: for example, during 2020, the Pieve Fissiraga plant provided support and instrumentation on several occasions for the containment of hydrocarbon leaks from a pipeline in the Silaretto canal in the Province of Lodi.



SOCIO-ECONOMIC COMPLIANCE 4.6

Itelyum operates with the utmost attention to compliance with regulations and timeframes related to commitments to the State and Entities. Nonetheless, in 2020 there were penalties, in particular, related to tax commitments.

Sanctions (€)	2018	2019	2020
Environment	24,821	30,280	-
Health and safety	13,068	19,189	17,624
Compliance / Integrity	-	-	-
Other	62,945	118,223	161,252





Products, processes and services are integrated in a systematic approach to meet quality requirements.

ITELYUM RESPECTS AND PROMOTES INTERNATIONALLY RECOGNISED HUMAN RIGHTS, AS UNIVERSAL AND INALIENABLE RIGHTS OF EVERY PERSON



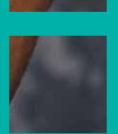


















CIRCULAR ECONOMY 5.1

Itelyum bases its core business on the circular economy: starting from consolidated supply chains, such as the regeneration of exhausted mineral oils, it has structured an integrated offer and has become the main Italian player in the sustainable management of special waste.

Today the company can treat around one million tonnes of special waste per year, achieving very high circularity rates²² of over 90% through the regeneration of exhausted oils, the purification of solvents and the all-round management of hazardous and non-hazardous special waste through collection, transport, pre-treatment and treatment services, always favouring recovery operations over disposal.

Below is the material balance of the Group's activities, net of the auxiliary process materials used (such as catalysts, technical gases, reagents, additives and lubricants), which in any case make up less than 5%²³ of the total raw materials used.

It should be noted that the trends are affected by the pandemic effect as regards Regeneration and also depend on four new companies joining the Group in 2020.

Material balance (t) / Regeneration	2018	2019	2020
Input: raw materials and waste	171,133	181,001	148,336
Raw materials	-	-	-
Used oils (hazardous waste)	171,133	181,001	148,336

(Continue)

22 Circularity is calculated as the ratio of waste and raw materials input to the sum of products, purified water and waste sent for third-party recovery output.

The figure is calculated on Regeneration's Pieve Fissiraga plant, scope will be expanded in future reports.

2018	2019	2020
147,829	156,734	126,802
111,009	118,582	98,941
12,889	12,906	10,665
23,931	25,246	17,197
14,564	14,047	14,125
2,439	2,241	1,856
96%	96%	96%
	147,829 111,009 12,889 23,931 14,564 2,439	147,829 156,734 111,009 118,582 12,889 12,906 23,931 25,246 14,564 14,047 2,439 2,241

2018	2019	2020
127,875	123,152	124,661
38,056	35,654	36,619
89,819	87,498	88,042
111,706	107,842	104,300
77,671	73,948	72,830
33,908	33,719	31,222
127	175	248
11,320	11,011	11,501
132	823	5,101
96%	97%	97%
	127,875 38,056 89,819 111,706 77,671 33,908 127 11,320 132	127,875 123,152 38,056 35,654 89,819 87,498 111,706 107,842 77,671 73,948 33,908 33,719 127 175 11,320 11,011 132 823

(Continue)

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Material balance (t) / Ambiente	2018	2019	2020
Waste managed	448,872	445,268	643,977
Non-hazardous	250,291	205,570	344,606
Hazardous	198,581	239,698	299,371
Destination and circular treatment	383,162	418,411	574,184
Recovery	221,740	269,689	377,680
Water treatment	60,907	47,073	111,164
Oil emulsion treatment	100,515	101,649	85,341
Circularity (%)	85%	94%	89%

The Group continues to invest to increase its treatment capacity and circularity indexes. In the first half of 2020, a plant expansion project was started at the Centro Risorse platform to reduce the areas of handling and storage of containers subject to rainwater runoff and to improve the management of waste storage areas, optimising the valorisation of the various output flows.



Today, the company has the capacity to process around one million tonnes of hazardous waste per year, achieving very high circularity rates of over 90%.



At De Luca Servizi Ambiente, the biological treatment system for wastewater has been upgraded, to increase purification efficiency, in line with the increasingly challenging limits for returning treated water to the environment.

Sepi Ambiente has been making an important contribution for years to raising awareness of the correct management of vegetable oil waste, aimed at its energy recovery; in this context, in 2020 the pre-treatment station for spent vegetable oil was restored, replacing the previous hot separation and filtration system.

In July 2020 the company Intereco of Fiorano Modenese became part of Itelyum. At the same time as the acquisition, a revamping process began, which will transform the company into a key platform and reference point for the entire Group in the Emilia area and more generally in northern Italy.

The restructuring that has been carried out has led to the renovation of some old parts and the expansion of the structure, accompanied by the obtaining of a new Integrated Environmental Authorisation. This will make it possible to increase the number of streams managed by the plant and improve its treatment by intercepting the needs of the final plants, always to maximise recovery and the circular economy.

The company also obtained ISO 14001 certification in early 2021. In 2020, SAM was involved in a major project to convert part of the



plant to accommodate water flows from the local area for the recovery of contaminated groundwater.

In all cases, waste generated by the process and auxiliary or maintenance activities is managed and sent for treatment according to the most sustainable option.

Regeneration: Waste generated (t)		2018	2019	2020
Waste generated	Non-hazardous	2,015	2,048	2,455
	Hazardous	4,583	6,037	4,326
Origin	By process	6,280	7,348	5,633
	From auxiliary and maintenance activities	1,112	712	986
Destination	Recovery	2,439	2,241	2,529
	Industrial water purification	3,253	5,404	4,198
Waste generated	10 901101 410 4 (1)			2020
Purification: Was	ste generated (t)	2018	2019	2020
	Non-hazardous	179	227	
	Non-hazardous Hazardous	179 27,464		494
 Origin			227	494 31,228
Origin		27,464	227 30,239	31,228 30,889
Origin Destination	Hazardous By process	27,464 27,299	227 30,239 29,687	31,228 30,889 557
	Hazardous By process From auxiliary and maintenance activities	27,464 27,299 344	227 30,239 29,687 780	494 31,228 30,889 557 5,259 7,989

A smaller proposal in terms of impact, but which underlines the company's desire to maintain its leadership in the circular economy and attention to the environment even in its daily work context, concerns the launch, in 2020, of a pilot project aimed at making the Pieve Fissiraga site more sustainable. The initiative, intended at reducing the consumption of plastic, paper and energy, is not yet fully developed due to health restrictions caused by the pandemic.

THE GROUP CONTINUES
TO INVEST WITH THE AIM
OF INCREASING ITS TREATMENT
CAPACITY AND CIRCULARITY
RATIOS.



Itelyum Sustainability Report 2020

ITELYUM'S PARTNERSHIP WITH LEGAMBIENTE INTERVIEW WITH STEFANO CIAFANI

Recycling chains and industrial symbiosis seem to be fundamental to the evolution of the circular economy in this era. What is still missing for the productive world to be able to 'close the circle'?

What scenario is in store and what role can a company like Itelyum play?

We are faced with a new industrial revolution that must tackle one of the most challenging issues of all time: how to reduce the pressure on the collection of raw materials.

It is necessary to implement cultural, industrial, and economic innovation on several fronts, starting from the reform package launched by the European Union.

We need to rethink production from the point of view of eco-design, aimed at extending the life of the product, facilitating recycling, and pushing the end of life date as far away as possible, but today, to be addressed effectively, this issue requires further policy efforts.

At the same time, Italy needs a national plan for infrastructure for the circular economy, which today still sees a strong gap between the north and south of the country: it is necessary to increase the number of plants that enhance the value of waste through material recovery and recycling.

If we look at the sector of special waste, both hazardous and not, which is less apparent to citizens but is actually 5 times larger than municipal solid waste (MSW), the issue becomes more urgent. It is necessary to promote companies and infrastructure projects for material recovery and

avoid the risk of illegal disposals. Legambiente promotes two fundamental reforms for the circular economy and the green economy in general.

The first is a new rule introducing the public debate for greater involvement of the territory, which also helps to overcome, thanks to correct information, the NIMBY syndrome; followed by the guarantee of more homogeneous controls, throughout the country, regarding the correct application of the rules. Strict controls make it possible to protect the environment and assure, simultaneously, the competitiveness of the most virtuous companies.

Another fundamental lever is support from local institutions since the presence of solid, well-established companies ensures the use of the best technologies and environmental compliance.

Companies operating in the circular economy must continue to invest in their processes, in research and technologies, to guarantee the quality of recycled products in increasingly competitive markets, so it is important to work to build fast lanes for this type of product.

Companies like Itelyum, with a long experience in the sector, can contribute to this process. Itelyum can

24 / NIMBY: (not in my backyard) acronym for a form of protest by a group of people who see the safety of their home area threatened by the establishment of unwanted social works.

25 / NIMTO: (not in my terms of office) acronym for the tendency not to take unpopular political decisions whose effects may become apparent during one's electoral term.

and must act as a green ambassador because it is urgent to communicate not only the many problems but also good practices. The consolidated partnership with Legambiente testifies to Itelyum's commitment to the circular economy and the spread of the culture of sustainability



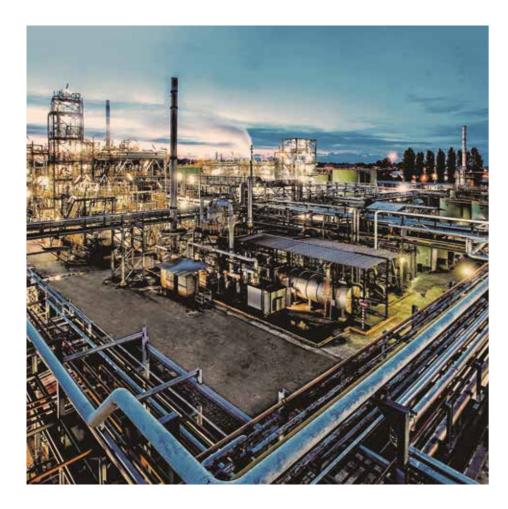


Stefano Ciafani Legambiente President

ENERGY AND CLIMATE 5.2

Itelyum's activities involve significant energy consumption, especially in the spent mineral oil regeneration plants in Pieve Fissiraga and Ceccano and the solvent purification plant in Landriano.

In these sites, therefore, the company has equipped itself with high-efficiency cogeneration plants that use methane gas for energy production, which is currently the fuel with the lowest emissions. In addition, Landriano uses significant quantities of liquid fuel, self-produced from waste, which is assimilated to fuel oil with a very low sulphur content. In addition to the reported consumption, the Group consumes minimal amounts of LPG.



Itelyum aims to integrate with the territory and the environment.

Fuels [GJ (%)]	2018	2019	2020
Natural gas	1,510,243 (66.6%)	1,532,596 (69.6%)	1,340,652 (67%)
BTZ ²⁶ Oil	690,601 (30.5%)	623,651 (28.3%)	564,570 (28%)
Diesel fuel (including automotive)	66,438 (2.9%)	47,095 (2.1%)	89,022 (5%)
Itelyum (millions of GJ)	2.3	2.2	2.0
Energy cons., thermal and electrica	I (GJ) 2018	2019	2020
Regeneration	1,251,853	1,209,985	1,046,700
Purification	1,017,392	1,000,645	921,096
Ambiente	87,923	71,176	125,604
Itelyum	2,352,982	2,285,993	2,093,400
Prod. or compensated by altern. sou	rces (%) 30%	28%	27%
Electricity consumption GJ	2018	2019	2020
Self-Generation / Cogeneration	165,754	169,295	155,095
Self-production from renewables	1,785	2,158	2,177
Self-production from renewables	85,351	81,332	102,097
Total (millions of kWh)	252,890	252,785	259,369
Energy, heat and electricity intensity (tep/t prodotto)	2018	2019	2020
Regeneration	0.202	0.185	0.190
Purification	0.217	0.222	0.208
Total	0.207	0.199	0.197

26 BTZ (Low Sulphur Content) oil self-produced from waste.

The Pieve Fissiraga and Ceccano sites of Regeneration and the Landriano site of Purification are subject to ETS (Emission Trading Scheme) regulations and are therefore required to report their emissions annually, which are certified by a third party. As far as direct emissions (Scope 1) are concerned, most of them come from these plants, together with the emissions from transport generated by the Group's vehicles.

Carbon intensity²⁷, gross and net²⁸

(kg CO ₂ /t prod	otto)	2018	2019	2020
Regeneration	Gross			
	Net	564	527	570
Purification	Gross	681	681	680
	Net	169	201	231
Total	Gross	615	590	619
	Net	384	381	399

During 2020, the decrease in industrial activities led to a reduction in the amount of waste oil delivered to Itelyum's plants. The carbon intensity was affected, eventually increasing because in continuous plants the optimisation of consumption takes place at peak capacity, so running at reduced loads or with frequent restarts resulted in higher fuel consumption.

On the other hand, the off-gas tank breathing treatment plants remained operational throughout the 2020 period even when the plants were stopped. In addition, in the Pieve Fissiraga plant, the shortage of used oil from the supply chain determined the need to self-produce used oil of a quality from emulsions, which implies a higher carbon intensity during processing.

Both direct emissions from cogeneration activities (thermal and electrical energy) and indirect emissions from electricity purchase are considered. Direct emissions also include contributions not subject to EU-ETS regulations.

Gross emissions consider all carbon sources, net of any biomass. Net emissions also exclude those derived directly or indirectly from waste recovery. Producing new raw materials through the regeneration and recycling of waste avoids emissions from the extraction and use of fossil raw materials. Thanks to studies by leading research institutes, such as IFEU, a German research institute focused on environmental and sustainability issues, it has been possible to estimate, using a Life Cycle Assessment (LCA) approach, that Itelyum's activities saved around 470,000 tonnes of CO2 in 2020 alone.

Gross carbon footprint (kt CO₂)	2018	2019	2020
"Scope 1" (direct emissions)	159.7	155.5	149.2
"Scope 2" (indirect emissions)	7.1	6.5	7.3
"Scope 3"" (value chain emissions) ²⁹	29.6	29.0	28.3
Total carbon footprint	196.4	191.0	184.8

ITELYUM HAS
A "CLIMATE-POSITIVE" IMPACT:
IT AVOIDS MORE THAN
300,000 TONNES OF CO2
PER YEAR, NET OF ITS OWN
EMISSIONS

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The figure, estimated to date based on industry information, includes emissions related to the production of purchased raw materials, upstream and downstream logistics not managed by own means, employee commuting, business travel and other minor contributions. It will be accurately calculated in future reports.

POLLUTING EMISSIONS 5.3

Almost all atmospheric emissions are attributable to the oil regeneration plants in Pieve Fissiraga and Ceccano and the solvent purification plant in Landriano.

There are also plants with channelled atmospheric emissions, to a lesser extent, in the Rho logistics centre and some of the operating sites of Itelyum Ambiente companies. In addition, the vehicle fleets generate emissions in proportion to the mileage and type of fleet.

The emissions reported are based on estimates from point measurements on the various chimneys twice a year.

Atmospheric	emissions (t)	2018	2019	2020
Itelyum	Powders	2.8	9.0	3.0
	NO _x	133.0	170.7	141.0
	SO ₂	115.6	117.3	114.0
	СО	7.1	4.6	9.0
	COV	11.6	11.8	14.0



It is also important to emphasise how the production of lubricating bases and solvents from recycled industrial waste avoids significant quantities of emissions. In particular, dust and acidifying substances such as nitrogen and sulphur oxides, when compared to the same production from virgin resources.

The detailed assessment, thanks to the studies carried out on the entire life cycle (LCA) at the European level for the regeneration sector, leads to calculating almost 6.5 tonnes of particulate matter and over 1000 tonnes of acidifying agents (including NOx and SO2) avoided and to estimating an even greater beneficial effect for the Group's entire activity.

Strict compliance with environmental legislation, which at Itelyum is considered only an essential starting point for environmental management, has enabled the company, during 2020, to avoid any administrative sanctions on environmental aspects, even of minor importance.

Environmental management aimed at continuous improvement is confirmed by the fact that almost all Group sites and companies are ISO 14001 certified. In 2020, companies in the Purification division also started the process of certifying their HSE systems, which is expected to take place by September 2021.



Advanced technologies and integrated management systems ensure high environmental performance.

RESOURCES AND TERRITORY 5.4

At operational sites, water resources are used to meet the needs of drinking and civil use (e.g. showers, refreshments, toilets) or industrial use.

Where possible, the industrial cycle is managed in a closed circuit, with water withdrawn only to make up for inevitable consumption. Industrial uses include the production of steam, cooling of process equipment, various washing and fire-fighting equipment.

Water withdray	val (m³)	2018	2019	2020
Regeneration	Ground water	1,329,434	1,342,117	1,189,608
	Aqueduct	27,198	36,745	26,830
Purification	Ground water	439,270	349,500	488,708
	Aqueduct	34,282	33,718	25,915
Ambiente	Ground water	2,280	1,410	27,586
	Aqueduct	18,071	15,324	24,686
Itelyum	Ground water	1,771,584	1,693,027	1,705,902
	Aqueduct	79,551	85,787	77,431
	Total	1,775,347	1,778,814	1,783,333
Water consum	otion (m³/t prodotto)	2018	2019	2020
Regeneration		9.2	8.8	9.2
Purification		4.2	3.6	4.9
Total		7.0	6.6	7.3

None of the sites managed by Itelyum are located in or adjacent to water stress areas or impact protected areas or areas of high biodiversity value.

Nevertheless, attention to the territory and its natural value remains high, also in consideration of the portions of territory occupied, used or influenced by the presence of the industrial activities managed.

At all sites, discharges of industrial water or rainwater, both into surface water bodies and the sewers, are controlled by modern purification systems that guarantee the full environmental quality of the effluents. In addition, some raw materials, treated, managed or transported wastewater and products have specific hazardous characteristics for aquatic environments.

Specific precautionary operating protocols are adopted for these types. Finally, at four Group sites, namely the oil regeneration plants in Pieve Fissiraga and Ceccano, the solvent purification plant in Landriano and the infusion and logistics centre in Rho, hydraulic barrier devices are in place, where necessary supported by pumped water treatment systems, aimed at reducing pre-existing contamination of soil and groundwater.





Attention to the territory is constant and guaranteed by certified management systems in almost all operational sites.

Itelyum



GRI CORRESPONDENCE 6.1

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GRI Table		
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GRI 102	General Informative (2016)	
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102-4	Location of operations	23
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102-44	Key topics and concerns raised	42, 87	
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102-45	Entities included in the consolidated financial statements	8, 10	
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102-54	Claims of reporting in accordance with the GRI Standards	10	
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GRI 201	Economic Performance (2016)	
201-1	Direct economic value generated and distributed	57
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GRI 103	Management Approach (2016)	
103-1	Explanation of the material topic and its Boundary	43-44
103-2	The management approach and its components	37-38
103-3	Evaluation of the management approach	37-38
GRI 205	Anticorruption (2016)	
205-3	Confirmed incidents of corruption and actions taken	Nessuno
ECONOMIA CIR	COLARE	
GRI 103	Management Approach (2016)	
103-1	Explanation of the material topic and its Boundary	43-44
103-2	The management approach and its components	92, 94-95
103-3	Evaluation of the management approach	92, 94-95
GRI 301	Materials (2016)	
301-3	Recovered or reconditioned products and their packaging materials.	92-94 ³

³⁰Net data of used process auxiliary materials (such as catalysts, technical gases, reagents, additives, lubricants)..

—————	ANGE EMISSIONS AND COMBATING CLIMATE CHANGE	
GRI 103	Management Approach (2016)	
103-1	Explanation of the material topic and its Boundary	43-44
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GRI 307	Environmental compliance (2016)	
307-1	Non-compliance with environmental laws and regulation	s Nessuna
HEALTH AND	SAFETY AT WORK	
GRI 103	Management Approach (2016)	
103-1	Explanation of the material topic and its Boundary	43-44
103-2	The management approach and its components	82-85
103-3	Evaluation of the management approach	82-85
GRI 403	Occupational Health and Safety (2018)	
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HUMAN CAPI	ITAL DEVELOPMENT	
GRI 103	Management Approach (2016)	
103-1	Explanation of the material topic and its Boundary	43-44
103-2	The management approach and its components	74
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GRI 404	Training and Education (2016)	
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HUMAN RIGH	ITS	
GRI 103	Management Approach (2016)	
103-1	Explanation of the material topic and its Boundary	43-44
103-2	The management approach and its components	78-81
103-3	Evaluation of the management approach	78-81
GRI 412	Human Rights Assessment (2016)	
412-2	Operations that have been subject to human rights reviews or impact assessments	nformation not available theme is material fo the first time ³

The hours will be accounted for precise from the next report.

GRI 103	Management Approach (2016)	
103-1	Explanation of the material topic and its Boundary	43-44
103-2	The management approach and its components	60-65
103-3	Evaluation of the management approach	60-65
GRI 416	Customer Health and Safety (2016)	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	None
SOCIO-ECONO	MIC COMPLIANCE	
GRI 103	Management Approach (2016)	
103-1	Explanation of the material topic and its Boundary	43-44
103-2	The management approach and its components	88
103-3	Evaluation of the management approach	88
GRI 419	Socio-economic compliance (2016)	
419-1	Non-compliance with laws and regulations in the social and economic area	88
	that have not been related to specific disclosures of GRI st tion of the management approach has been provided	andards, but of
GRI Standard	Standard Description	lotes / Page reference
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103-3	Evaluation of the management approach	95-96
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GRI 103	Management Approach (2016)	
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• • • • • • • • • • • • • • • • • • • •		

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AUDITORS' REPORT 6.2

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INDEPENDENT AUDITOR'S REPORT ON THE SUSTAINABILITY REPORT

To the Board of Directors Itelyum Regeneration S.r.l

We were commissioned to carry out a limited examination ("limited assurance engagement") of the Sustainability Report of Itelyum Regeneration S.r.l. (hereinafter "the Company") for the financial year ended 31 December 2020.

Responsibility of the Directors for the Sustainability Report

The Directors of Itelyum Regeneration S.r.l. are responsible for the preparation of the Sustainability Report in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" established by GRI – Global Reporting Initiative ("GRI Standards"), as stated in the paragraph "Methodological note" of the Sustainability Report.

The Directors are also responsible, for such internal control as they determine is necessary to enable the preparation of the Sustainability Report that is free from material misstatement, whether due to fraud or error.

The Directors are also responsible for the definition of the Company's objectives in relation to the sustainability performance, for the identification of the stakeholders and the significant aspects to report.

Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our auditing firm applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Ancone Bari Bergamo Bologna Brescia Cagliari Finanze Genous Hillano Napoli Padova Parma Roma Torino Treviso Udine Venone

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Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the Sustainability Report with the GRI Standards. We conducted our work in accordance with the criteria established in the "International Standard on Assurance Engagements ISAE 3000 (Revised) — Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements.

The standard requires that we plan and perform the engagement to obtain limited assurance whether the Sustainability Report is free from material misstatement.

Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised ("reasonable assurance engagement"), and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on the Sustainability Report are based on our professional judgement and included inquiries, primarily with Company personnel responsible for the preparation of information included in the Sustainability Report, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically we carried out the following procedures:

- analysis of the process related to the definition of material aspects disclosed in the Sustainability Report, with reference to the methods used for the identification and prioritization of material aspects for stakeholders and to the internal validation of the process results:
- comparison between the economic and financial data and information included in the chapter "Economy" of the Sustainability Report with those included in the Company's Financial Statements:
- understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the Sustainability Report.

In particular, we carried out interviews and discussions with the management of Itelyum Regeneration S.r.l. and we carried out limited documentary verifications, in order to gather information about the processes and procedures, which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the Sustainability Report.

In addition, for material information, taking into consideration the Group's activities and characteristics:

- at Company level:
 - in regards to qualitative information included in the Sustainability Report, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
 - in regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data.

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ITELYUM: THE NAME OF THE CIRCULAR ECONOMY

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for the following entities (telyum Regeneration S.r.l. (plant of Pieve Fissiraga), (telyum Purification S.r.l. (plant of Landriano) e Idroclean S.r.l. (plant of Casirate D'adda), which we selected based on their activity, their contribution to the performance indicators at the consolidated level and their location, we carried out both site visits and remote meetings. During those, we have met the management and have gathered supporting documentation, on a sample basis, with reference to the correct application of procedures and calculation methods used for the indicators.

Conclusions

Based on the work performed, nothing has come to our attention that causes us to believe that the Sustainability Report of Itelyum Regeneration S.r.l of December 31, 2020 is not prepared, in all material aspects, in accordance with the GRI Standards as stated in the paragraph "Methodological Note" of the Sustainability Report.

DELOITTE & TOUCHE S.p.A.

Franco Amelio

Partner

Milan, 5 july 2021

This report was translated in English solely for the convenience of international readers.

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Itelyum Sustainability Report 2020

Itelyum

Sustainability Report 2020

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Sustainability Report 2020

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