

ITELYUM 

ITELYUM 
SUSTAINABILITY
REPORT
2021

SUSTAINABILITY REPORT 2021

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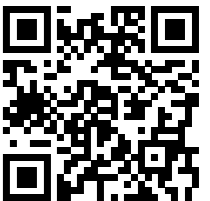
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SPREADING
SUSTAINABILITY
CULTURE
IS A MISSION
FOR ITELYUM,
AS A BEE THAT
BRINGS LIFE
FROM FLOWER
TO FLOWER



Introduction

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“EVERY TIME YOU ARE
TEMPTED TO REACT IN
THE SAME OLD WAY, ASK
IF YOU WANT TO BE A
PRISONER OF THE PAST
OR A PIONEER OF THE
FUTURE.”

—DEEPAK CHOPRA, WRITER

LETTER TO THE STAKEHOLDERS

1.1

Dear readers,

we are publishing this report at a complex and tragic moment in history, both due to the ongoing pandemic and the outbreak of war in Ukraine following Russia's invasion. We all hope that the war will end as soon as possible and that there will be an end to the suffering, but we are also aware that the terrible events to which we are bearing witness are destined to change the global geopolitical landscape for good.

There is no doubt that the war in Ukraine will have far-reaching socio-economic consequences that will require us to take decisive and coordinated action – as a company, in Italy, and in Europe – if we are to achieve social sustainability, reduce our reliance on raw materials, and protect the environment. We will need to make a concerted effort to promote the recycling and recovery of materials and thus the concept of "renewable materials".

We already lead the way in Italy with regard to the management of special waste according to a circular economy approach. As a result,



2021 was an important year for the Group, which strengthened its sustainability strategy according to a circular business model.

we are committed to encouraging our supply chain to embrace more sustainable production and consumption models, in line with Sustainable Development Goal (SDG) 12. We also intend to help our customers reduce their impact on the environment by providing them with regenerated lubricant bases and purified solvents, which have a reduced carbon footprint and render our impact climate positive, according to the LCA (Life Cycle Assessment) approach. Thanks to these efforts, we prevented the emission of approximately 270,000 tons of CO₂ in 2021 alone, net of plant emissions (i.e. more than 470,000 gross tons).

In addition, we provide environmental services to help manage all other types of industrial waste, thereby allowing us to expand the recycling options that are available for this kind of waste. We use a chemical and process-based approach to recover as many materials and as much energy as current technology will allow.

2021 was an important year for the Group, which strengthened its sustainability strategy according to a circular business model.

In October, the changes to our shareholding structure were finalized, with the entry of the private equity fund SSCP IV Fund, which is now the majority shareholder of the Group (with around 64.4%), followed by the private equity fund DBAG, which has a significant minority shareholding (around 28.8%), and finally, Itelyum's senior management team (which has a 6.8% share).

This new shareholding structure will facilitate our future expansion according to a business plan that defines ambitious organic and external growth projects that are based on technological innovations. These innovations will allow us to consolidate our existing supply chains, export our model to new supply chains, and contribute to the ecological transition.

In 2021, Itelyum rolled out its One Stop Shop project – in the environmental services division – to the whole of Italy, thanks to the entry into the Group of Castiglia, a company based in Puglia that is devoted to sustainability.

Thanks to the contribution of more than 850 employees, we are now able to manage 1.8 million tons of special waste across Italy, and feel ready to compete in other markets, having demonstrated the validity of our business model.

Our commitment to the environment has also inspired us to promote our values and expertise as a way of contributing to the 2030 Agenda goals. Our initiatives in this regard have included the creation of a web portal and the organization of several meetings, which focused on the topics of the circular economy, digital innovation, gender equality, and STEM education, and sparked conversations among students, institutions, and sustainability professionals. Our “Schools: Objective Sustainability” program now forms an integral part of the Italian Ministry of Education's Schools ReGeneration National Plan,



Antonio Lazzarinetti
Chairman



Marco Codognola
Chief Executive Officer

and is also a recognized best practice. Three high schools located in the surrounding of our production facilities have participated in the program, in addition to several schools across Italy through our partnership with WeSchool. The program is also sponsored by the Ministry of Ecological Transition, and its end goal is to encourage all strata of society to embrace a cultural shift towards more sustainable production models.

We have also continued to support the United Nations Global Compact and the Global Compact Network Italia Foundation, of which we are founding members. In addition, we have conveyed this commitment through our Code of Ethics and Sustainability Policies, which comply with the ten principles.

We are always looking to listen to younger generations when they express an interest in matters concerning their future, and have updated our materiality analysis to reflect this.

When presenting our Report last year, we made a commitment to define concrete objectives, and have since begun this process by consolidating our extensive KPI (Key Performance Indicator) monitoring system for ESG topics. We made this commitment concrete by subscribing to a Euro 450 million sustainability-linked bond in October, which was subsequently increased by a further Euro 60 million, with two tap issues for Euro 30 million each. The bond is linked to two sustainability goals and is yet further evidence of the Group's firm commitment to decarbonizing its supply chains and embracing a circular economy.

With this report, we want to share information with our stakeholders on the progress of the initiatives we have devised to generate value and responsible growth, which reached new heights in 2021 thanks to the commitment and teamwork of the Group's more than 850 employees.

It is based on the strength of these results – and an awareness of the role we must play in the ongoing ecological transition – that we look ahead to the future and make a commitment to ensuring Itelyum's development is increasingly inclusive and sustainable.

Antonio Lazzarinetti

Marco Codognola

METHODOLOGICAL NOTE
1.2

The commitment of the Itelyum Group (hereinafter also "Itelyum" or the "Group") to sustainability and transparency dates back several years to the publication of Viscolube's first environmental report in 2005.

For the sake of clarity, we note that the term "Group" used in this report is not meant in the legal sense, but instead refers to a group of companies with the same shareholders. Please refer to the Governance section for a more detailed explanation.

Following the Group's rebranding process and the founding of Itelyum as a structured company, a decision was made in 2019 to draft a Group Report, which is published annually as a tool to encourage dialogue and transparency with regard to stakeholders. It forms an integral part of the sustainability processes that the companies of the Itelyum Group have pursued since their founding. 2022 thus marks the Group's third Sustainability Report (hereinafter also the "Report").

Itelyum comprises three business divisions, whose activities differ in terms of their potential impact:

- The Regeneration division, which oversees the re-refining of waste mineral oils at its two plants in Pieve Fissiraga (LO) and Ceccano (FR);
- The Purification division, which oversees the production and trading of solvents following the extraction of value from chemical waste and high-purity solvents. This process has involved the manufacture of starting materials for the pharmaceutical industry at a plant in Landriano (PV) and a drum filling site in Rho (MI) for a number of years.
- The Environmental Solutions division, which comprises several companies offering a comprehensive range of environmental services for business that produce special waste, managing over 950,000 tons of waste a year, a significant share of which is hazardous.

Where relevant, information has been divided into business divisions.

The choice of reporting areas is based on the latest materiality analysis, which was updated one year after the previous analysis was published, and adopts a dual materiality approach for the first time. In addition, the preparation of this Report is based on the Group principles of accuracy,

balance, clarity, comparability, completeness, sustainability context, timeliness, and verifiability.

This update required the active involvement of the Group's stakeholders. The business areas that have the most contact with stakeholders selected customers and suppliers to whom a questionnaire was sent on the topics they considered most relevant. The same process was carried out with employees. This year, we chose to hear from a new category of stakeholders, students in primary, secondary and higher education, who participated in Itelyum's educational projects in 2021. At the same time, the senior management team participated in a workshop to assess their priorities, which were compared with stakeholder priorities so that the materiality matrix could be constructed. Please refer to the specific section for a more in-depth explanation of the process methodology and outcomes.

A decision was made to draft this Report based on the GRI Sustainability Reporting Standards: "In Accordance" option published by the Global Reporting Initiative (GRI) in 2016, and subsequent updates.

This report includes performance data and information on all companies under Itelyum's operational control at December 31, 2021, except where specifically noted. The data refer to the period from January 1, 2021 to December 31, 2021. Relevant information concerning the first few months of 2022 has also been included in this Report with a view to providing greater transparency and completeness, wherever



A continued improvement of our ESG data monitoring system.

the data is available. We note that financial data are provided on a pro-forma basis, i.e., by taking into consideration the companies Castiglia, Nuova Satro and Padana Recupero over a 12-month period. To allow for a better comparison with last year, the financial data for 2020 have also been recalculated using the same methodology.

We note that the Group is growing rapidly due to the major acquisitions made and the diversification of business this year. The trends in indicators have been affected by changes to the consolidation scope over time as a result. Data spanning 12 months were taken into consideration for the companies acquired in 2021, i.e., Nuova Satro (later incorporated by Carbo-Nafta), Padana Recupero (incorporated by Ferolmet), and Castiglia.

Finally, we note that only the financial data and volumes managed (materials report) are reported for the company ASMia S.r.l. – which is consolidated at 68% based on statutory and contractual agreements and in which Verde MidCo S.p.A. has an indirect 30% shareholding.

We note that the reporting method has been refined to continuously improve data monitoring activities. These refinements are highlighted in the footnotes. Furthermore, in order to ensure the reliability of the data, the use of estimates has been limited as far as possible and, where present, are based on the best available methodologies and duly reported.

This Report has been subject to limited assurance engagement (in accordance with the criteria set out in ISAE 3000 Revised) by the independent audit firm Deloitte & Touche S.p.A., and can be viewed on Itelyum's website at the following link:
<https://www.itleyum.com/report-di-sostenibilita/>

For further information, please write to:
sustainability@itleyum.com

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

**ITELYUM HAS DRAWN A
SUSTAINABILITY REPORT
IN ACCORDANCE TO GRI
(GLOBAL REPORTING INITIATIVE)
STANDARDS, ON A VOLUNTARY BASIS,
SINCE ITS FOUNDATION**



MARKET OVERVIEW AND GLOBAL CHALLENGES
1.3

2021 featured a series of cumulative effects on global value chains. After a slowdown caused by the COVID-19 pandemic, economic recovery led to a sudden surge in demand for raw materials, hiking up prices as a result, which were also affected by logistics chain shortages and transport costs.

At the same time, there was a steep rise in energy prices, and gas prices specifically, which spiked for reasons that were primarily geopolitical in nature and were linked to relations with Russia. In addition, the introduction of stringent decarbonization policies led to a steep rise in the cost of ETS (Emissions Trading Scheme) quotas, which affected the cost of the energy used in production processes. The EU has provided substantial funding to facilitate economic recovery, with Euro 750 billion allocated to promoting a "sustainable, even, inclusive and fair recovery" through the Next Generation EU instrument.

Within this context, and with the support of EU funding, Italy drafted a National Recovery and Resilience Plan, which defines the objectives, reforms, and investments required to finance projects to stimulate Italy's sustainable growth. Along with the allocation of substantial public funding, a phenomenon that has become increasingly important in recent years was consolidated in 2021, i.e., the steering of private funds towards Sustainable Finance processes. During the year, the issue of sustainable finance instruments exceeded USD 850 billion globally, primarily in the form of green bonds, followed by social and sustainability-linked bonds.

2021 was also the year of COP (Conference of the Parties) in Glasgow, and the topic of climate change entered public debate thanks to social networks and widespread media coverage. Although some people believed that COP was ineffective and failed to reach significant resolutions, the real challenge will be to understand how best to manage and prioritize the concrete and increasingly imminent risk of climate disaster and its socio-economic impact with respect to the current topics of energy security, supply, and business competition in the coming months and years.

In 2022, Russia exacerbated an already challenging global situation by invading Ukraine. The outcome of the conflict is still uncertain and there have been multiple reports of violence against civilians. While leaving opinions on the matter to other outlets, it is clear that the war has

already changed the geopolitical landscape, and that the consequences of the sanctions imposed have impacted energy supplies and other materials required by the EU's economy.

After a pandemic that has lasted two years, this additional unpredictable event – the consequences of which will be far-reaching – makes it difficult to formulate future projections, and thus companies must remain flexible as the situation unfolds. In addition, young people joining the workforce are also demanding greater flexibility, which has led to a greater reliance on remote work, thus impacting the real estate and urban planning sectors.



Circular economy business models are fundamental for ecological transition in the current scarcity of resources contest.

SIGNIFICANT EVENTS IN 2021
1.4

2021 was a year of change and confirmation in terms of the strategy adopted by Itelyum.

In October, the changes to the Group's shareholding structure were finalized, with the entry of the private equity fund SSCP IV Fund, which is now the majority shareholder (with around 64.4%), followed by the private equity fund DBAG, which has a significant minority shareholding (around 28.8%), and finally, Itelyum's senior management team (which has a 6.8% share).

At the same time, a sustainability-linked bond for Euro 450 million was issued, which was subsequently increased by a further Euro 60 million through two tap¹ issues for Euro 30 million each. The bond is linked to two sustainability goals, confirming the Group's firm commitment to decarbonizing supply chains and the circular economy.

The process described above took place while business operations continued and the Group pursued organic and acquisition-led growth, primarily in terms of the volumes handled by its Purification division and the entry into new markets.



A year of change and confirmation of the strategy.

In addition, three companies joined Itelyum in 2021: Nuova Satro, which was subsequently merged by incorporation into Carbo-Nafta Ecologia S.r.l., Padana Recupero Ecologica S.r.l., which was merged by incorporation into Ferolmet S.r.l. at the end of the year, and Castiglia S.r.l., a large company based in Massafra (TA), which has allowed Itelyum's services to cover the whole of Italy since July 2021.

Castiglia has a workforce of over 120 employees and has been sustainably managing sludge generated by water treatment processes for 20 years. The company also provides high value-added services to large industries, including the management and maintenance of water networks and systems, demolition, decontamination, the recovery and revamping of industrial plants, and port environmental services. The company has a modern storage and treatment plant, a fleet of more than 200 vehicles, and dedicated machinery, allowing it to manage special hazardous and non-hazardous waste sustainably.

Itelyum Net was founded as a consortium to provide external services in early 2022. The consortium comprises various Group companies that provide processes, services, and advice as a means of promoting circular environmental solutions that seek to reduce CO2 emissions, recover and extract value from waste, and consequently allow entities to rely less on virgin raw materials. Thanks to the creation of Itelyum Net, the Group can now act as a single entity in negotiations with public and/or private third parties and represent the needs of participating companies in terms of economic results, SOA certifications (certification for participation in tenders), enrolment in Italy's National Register of Environmental Operators, site capacity needs, and the availability of vehicles and equipment.

In addition, in 2021, the Purification division received certification for its integrated quality, health, safety and environment system, which yet again highlights Itelyum's commitment to protecting health, safety, and the environment in the local areas in which it operates.

A third production line was also launched at Itelyum's purification plant in Landriano to manufacture starting materials for use by the pharmaceutical industry, including in part in drugs to treat COVID-19.

1
A tap issue is a procedure for selling additional tranches of bonds or other short-term debt instruments from past issues.

HIGHLIGHTS
1.5

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

			2020	2021	
Pro-forma revenues ²			Euro millions	384.1	466.0
Adjusted EBITDA			Euro millions	74.4	89.6
Employees			#	718	867
Carbon intensity ³	Regeneration	Kg CO ₂ /per ton of product	570	581	
	Purification	Kg CO ₂ /per ton of product	680	616	
Injury frequency index ⁴		# per million hours worked	5.8	12.3	
Managerial positions ⁵ held by women			%	14%	14%

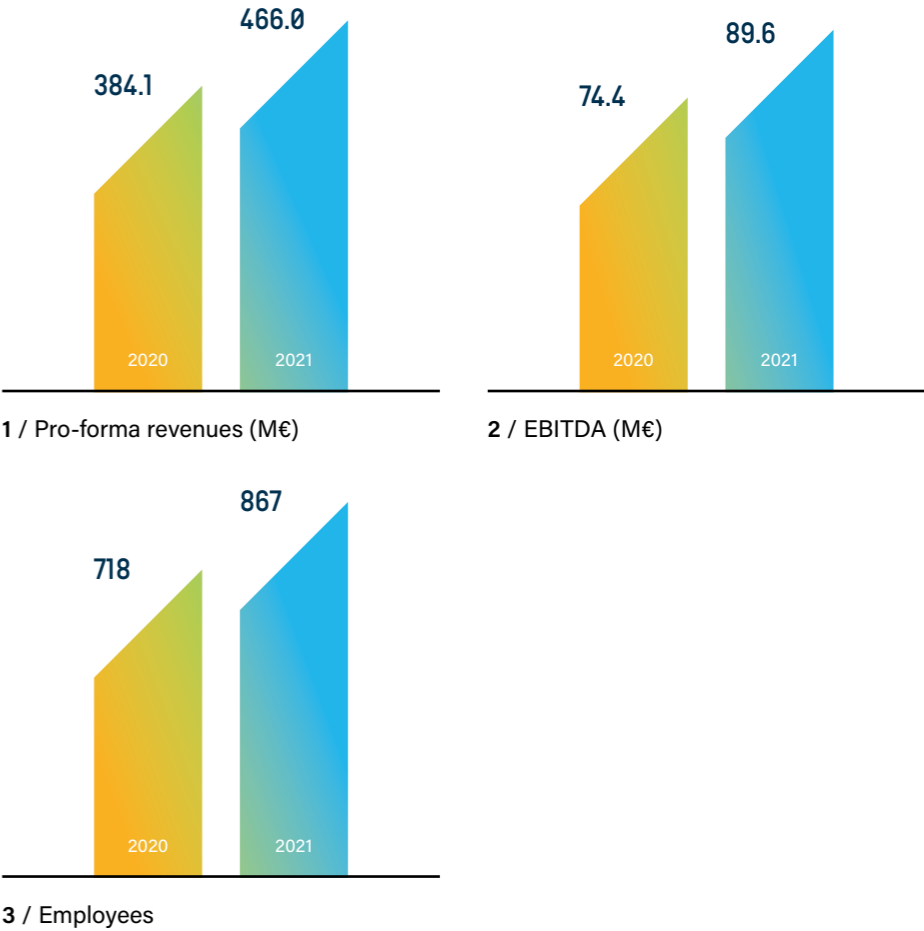
2 For pro-forma purposes, please note that we have applied a method that includes the effects of the initial consolidation of Verde Midco S.r.l. at October 1, 2021, and takes into consideration the entirety of 2020 and 2021 within the same scope. This method also takes into consideration for a period of 12 months the consolidation of SSCP Green Holdings S.A. (acquired in October 2021) and all its subsidiaries, including Idroclean S.r.l. and its subsidiaries Agrid S.r.l. and Labiolab S.r.l. (acquired in February 2020), Intereco S.r.l. (acquired in July 2020), Ferolmet S.r.l. and its subsidiary Rirae S.r.l. (acquired in October 2020), Castiglia S.r.l. and Nuova Satro S.r.l. (acquired in July 2021) and Padana Recuperi S.r.l. (acquired in October 2021).

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

4 Employee injuries that resulted in more than 24 hours of absence from work are accounted for.

5 Number of managers and Executives per total employees in that job category.

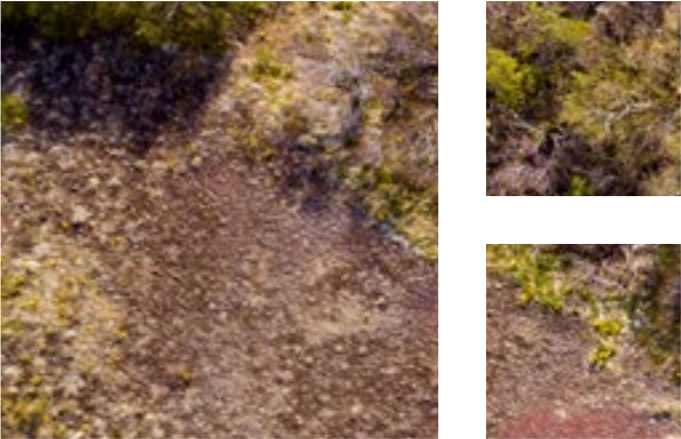
Comparison of revenues (in millions of Euros), EBITDA (in millions of Euros) and number of employees of Itelyum in the two-year period 2020-2021.



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

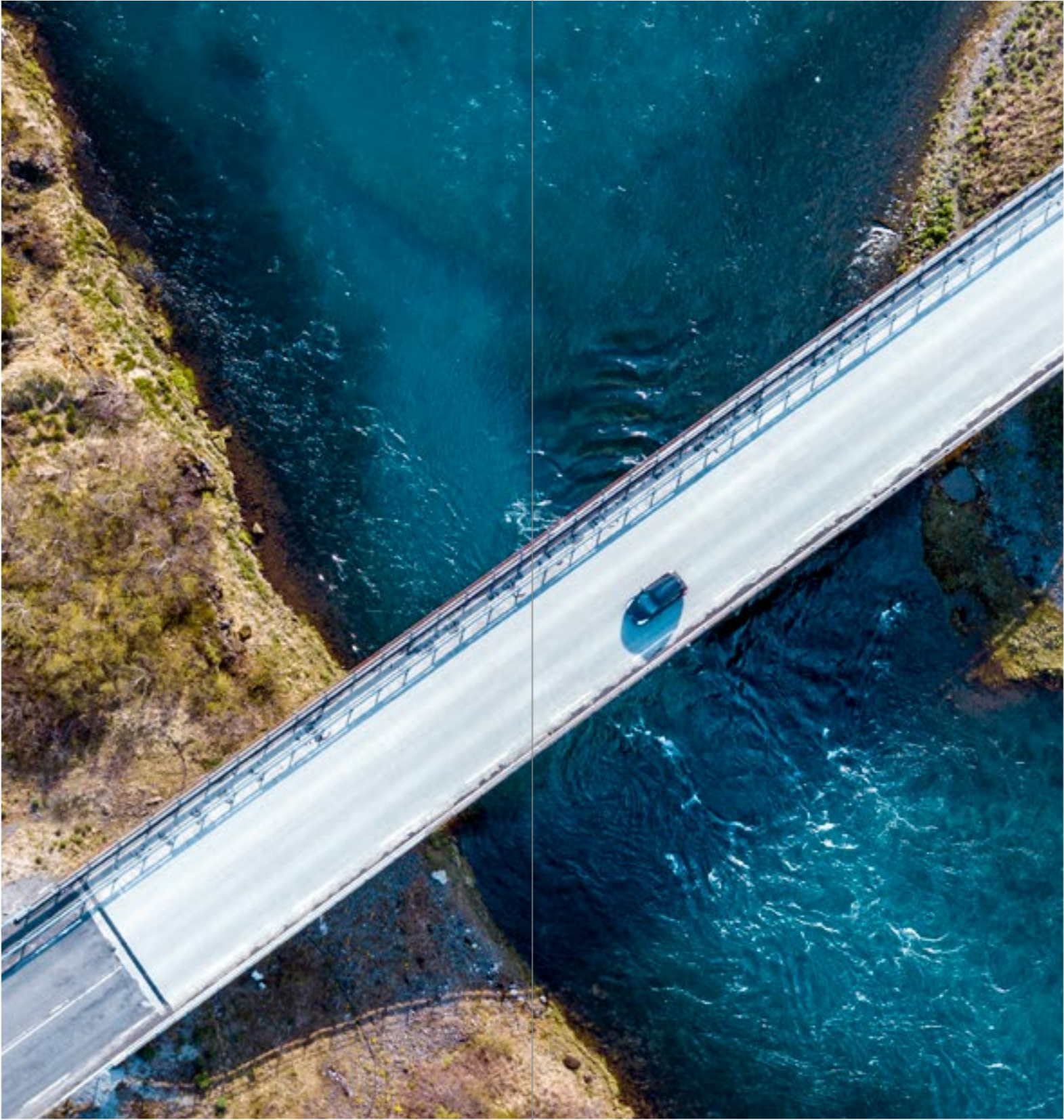
850+

WOMEN AND MEN
SUPPORTING
INNOVATIVE
BUSINESS



18

TRAINING HOURS
PER CAPITA



12.3

INJURIES
PER MILLION
HOURS WORKED





Itelyum: three ways, one mission

A COMMON STRATEGY
FOR PROVIDING
SUSTAINABLE PRODUCTS
AND SERVICES
THROUGHOUT THE
NATIONAL TERRITORY

GROUP PROFILE AND VALUE CHAIN

2.1

With the acquisition of Castiglia in 2021, Itelyum has expanded its presence beyond the north and center of Italy to the entire peninsula, providing special waste services based on a circular economic model. The Group is essentially a one-stop shop that can satisfy demand for a wide range of products and services. The objective is to build consolidated partnerships with players in the supply chains in which the Group operates.

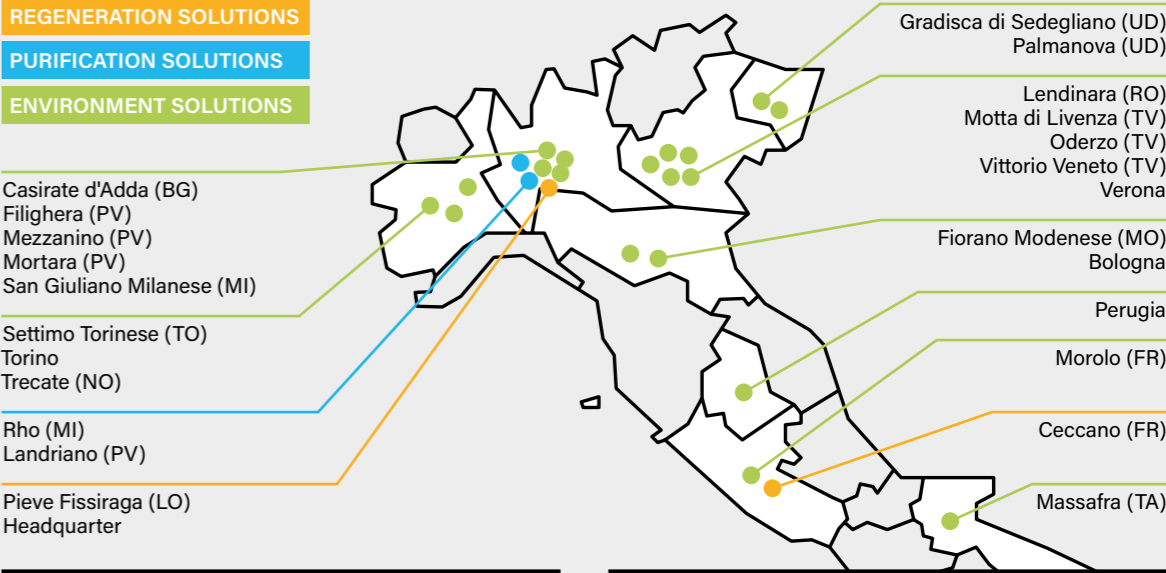
Itelyum's objective of creating shared value for its business partners, society as a whole, and the environment is based on three strategic approaches: the provision of sustainable solutions to regenerate waste lubricant oils, to purify solvents and chemical waste, and to provide environmental services for industrial purposes.

In addition, as described above, Itelyum Net was founded at the beginning of 2022, thus allowing the Group to act as a single entity in negotiations with public and/or private third parties and represent the needs of participating companies in terms of economic results, SOA certifications (certification for participation in tenders), enrolment in Italy's National Register of Environmental Operators, site capacity needs, and the availability of vehicles and equipment.



The Group is essentially a one-stop shop that can satisfy demand for a wide range of products and services.

Presence in Italy



REGENERATION SOLUTIONS

Itelyum Regeneration S.p.A.
Pieve Fissiraga (LO) / Itelyum Headquarter: rigenerazione oli usati; trattamento emulsioni oleose.
Ceccano (FR): rigenerazione oli usati.

PURIFICATION SOLUTIONS

Itelyum Purification S.p.A.
Landriano (PV): rigenerazione e recupero solventi usati; produzione e trading solventi puri; sintesi *starting material* farmaceutici.
Rho (MI): infustamento e logistica.
Im.Tra.S. S.r.l.
Landriano (PV): trasporto rifiuti e prodotti chimici (sede operativa).

ENVIRONMENT SOLUTIONS

Aeco S.r.l.
Bologna: intermediazione di rifiuti.

Agrid S.r.l.
Casirate d'Adda (BG): vendita prodotti e sottoprodotti derivati dal riciclo di scarti industriali e alimentari.

Area S.r.l.
Gradisca di Sedegliano (UD): trattamento acque industriali.
Motta di Livenza (TV): sede amministrativa.

Carbo-Nafta Ecologia S.r.l.
Perugia: intermediazione, raccolta, trasporto, e stoccaggio rifiuti pericolosi e non pericolosi.

Castiglia S.r.l.
Massafra (TA): gestione rifiuti/fanghi rivenienti dal trattamento /depurazione delle acque; manutenzione reti idriche/ acquedotti; bonifiche ambientali; progettazione e revamping impianti smaltimento rifiuti; servizi portuali; intermediazione e trasporto.

Centro Risorse S.r.l.
Motta di Livenza (TV): stoccaggio, trattamento, recupero e valorizzazione di rifiuti pericolosi e non pericolosi.

De Luca Servizi Ambiente S.r.l.
Vittorio Veneto (TV): raccolta, trasporto e stoccaggio rifiuti solidi e liquidi. Trattamento emulsioni oleose.
Verona: raccolta, trasporto e stoccaggio rifiuti solidi e liquidi.

Fer.Ol.Met. S.r.l.
San Giuliano Milanese (MI): intermediazione, raccolta, trasporto, e stoccaggio rifiuti pericolosi e non pericolosi.

Idroclean S.r.l.
Casirate d'Adda (BG): trattamento rifiuti liquidi pericolosi e non pericolosi.

Keoma S.r.l.
Motta di Livenza (TV): raccolta e trasporto rifiuti.

Labio.Lab S.r.l.
Casirate d'Adda (BG): llaboratorio analisi chimiche

Neda Ambiente FVG S.r.l.
Palmanova (UD): raccolta, trasporto e stoccaggio rifiuti solidi e liquidi; assistenza e consulenza ambientale per la gestione dei rifiuti.
Oderzo (TV): consulenza sicurezza, ambiente, igiene alimentare; gestione di sistemi di certificazione; formazione.

Rimondi Paolo S.r.l.
Bologna: raccolta, trasporto, stoccaggio e trattamento rifiuti solidi e liquidi; trattamento emulsioni oleose.
Lendinara (RO): raccolta, trasporto e stoccaggio rifiuti liquidi.

Rirae S.r.l.
Trecate (NO): raccolta e recupero RAEE


SAM S.r.l.
Mezzanino (PV): stoccaggio rifiuti liquidi.

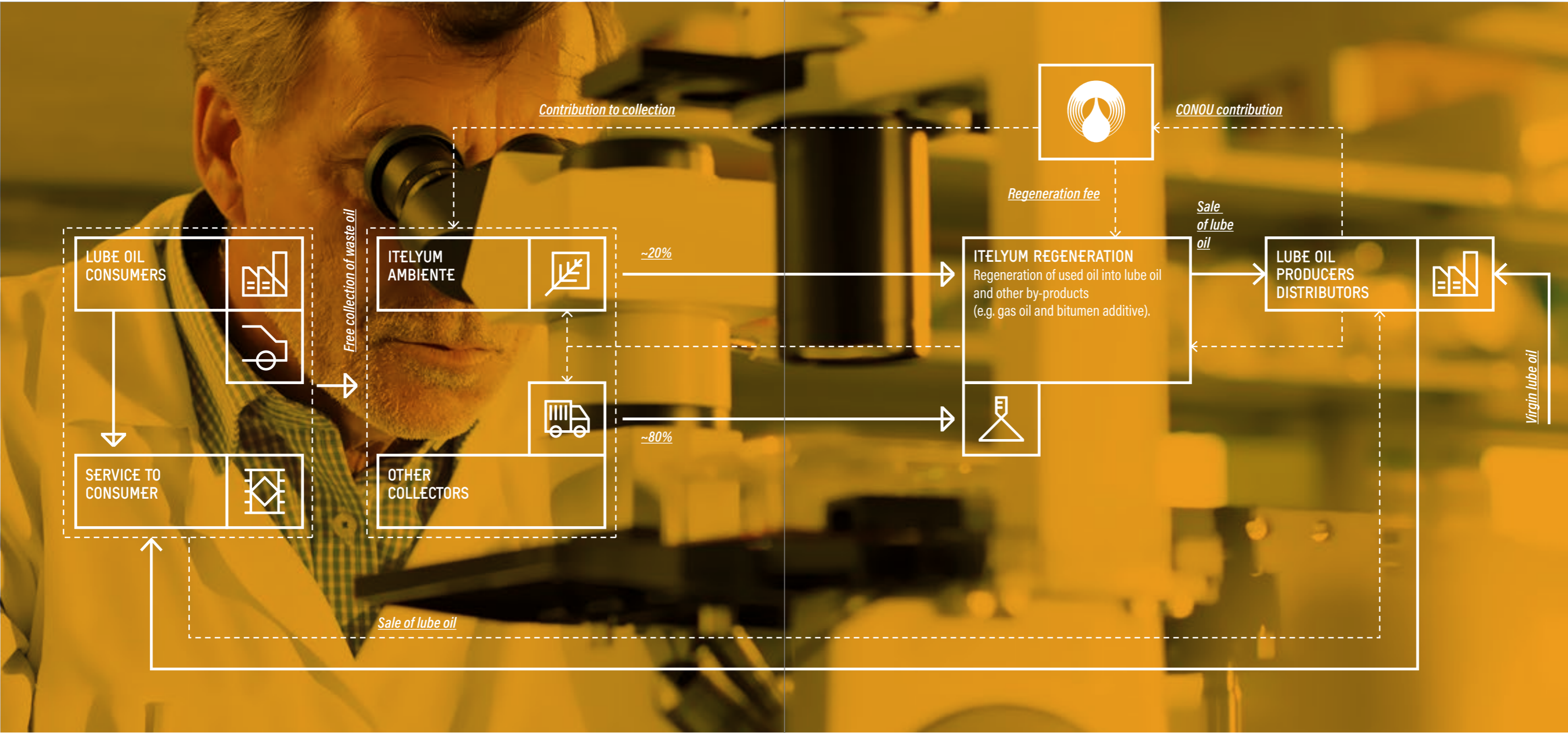
Sepi Ambiente S.r.l.
Settimo Torinese (TO): raccolta, trasporto, stoccaggio e trattamento rifiuti solidi e liquidi.
Torino: raccolta, trasporto e stoccaggio rifiuti solidi e liquidi.

Regeneration

For more than 50 years, Itelyum Regeneration S.p.A. has led the way in Europe with regard to the regeneration of waste mineral oils in order to produce quality lubricant bases using a proprietary process.

Legend

- Waste 
- Products 
- Money 

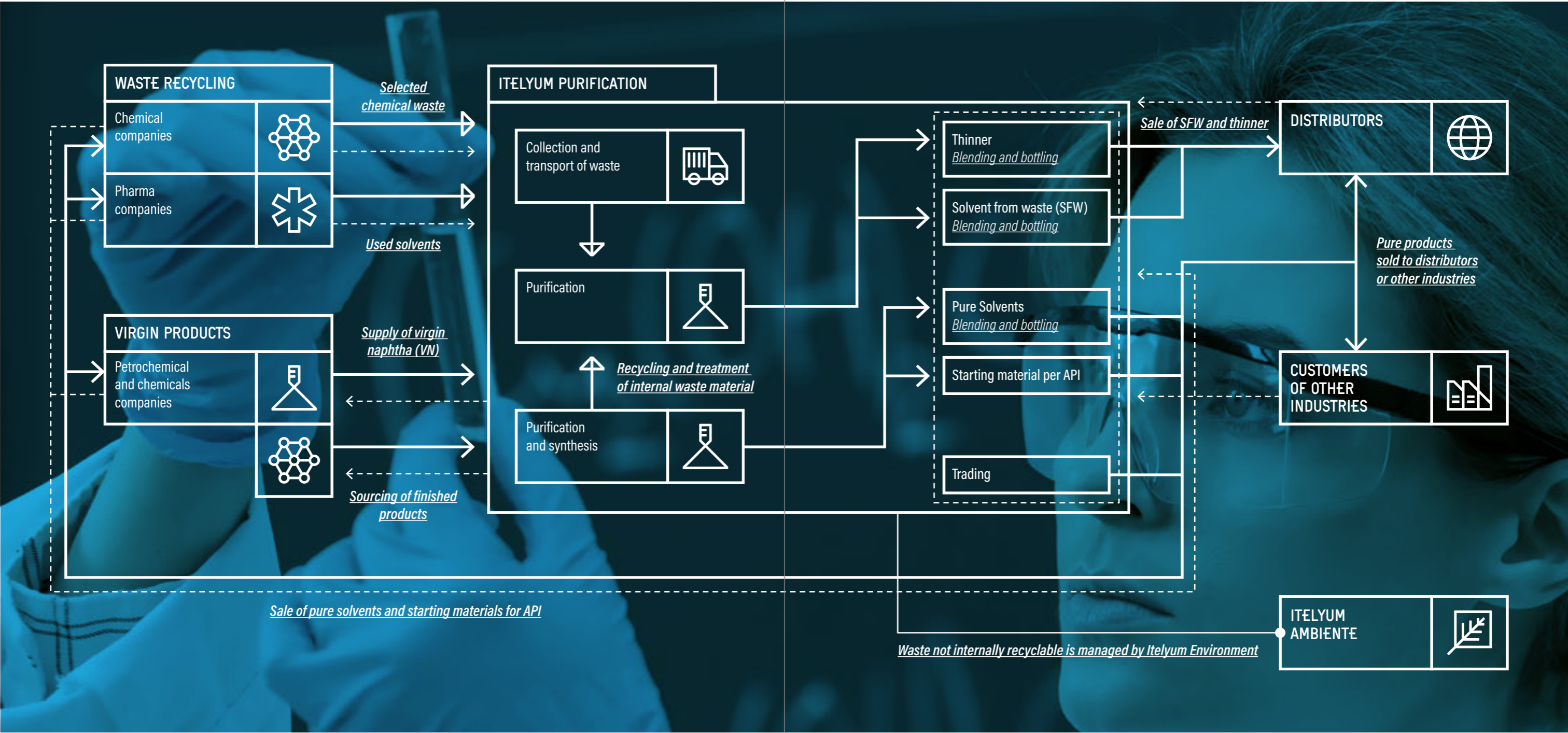


Purification

Itelyum Purification S.p.A. has been a market leader in the production and trading of solvents by extracting value from chemical waste and high-purity solvents for over 40 years, and has also manufactured starting materials for the pharmaceutical industry for several years.

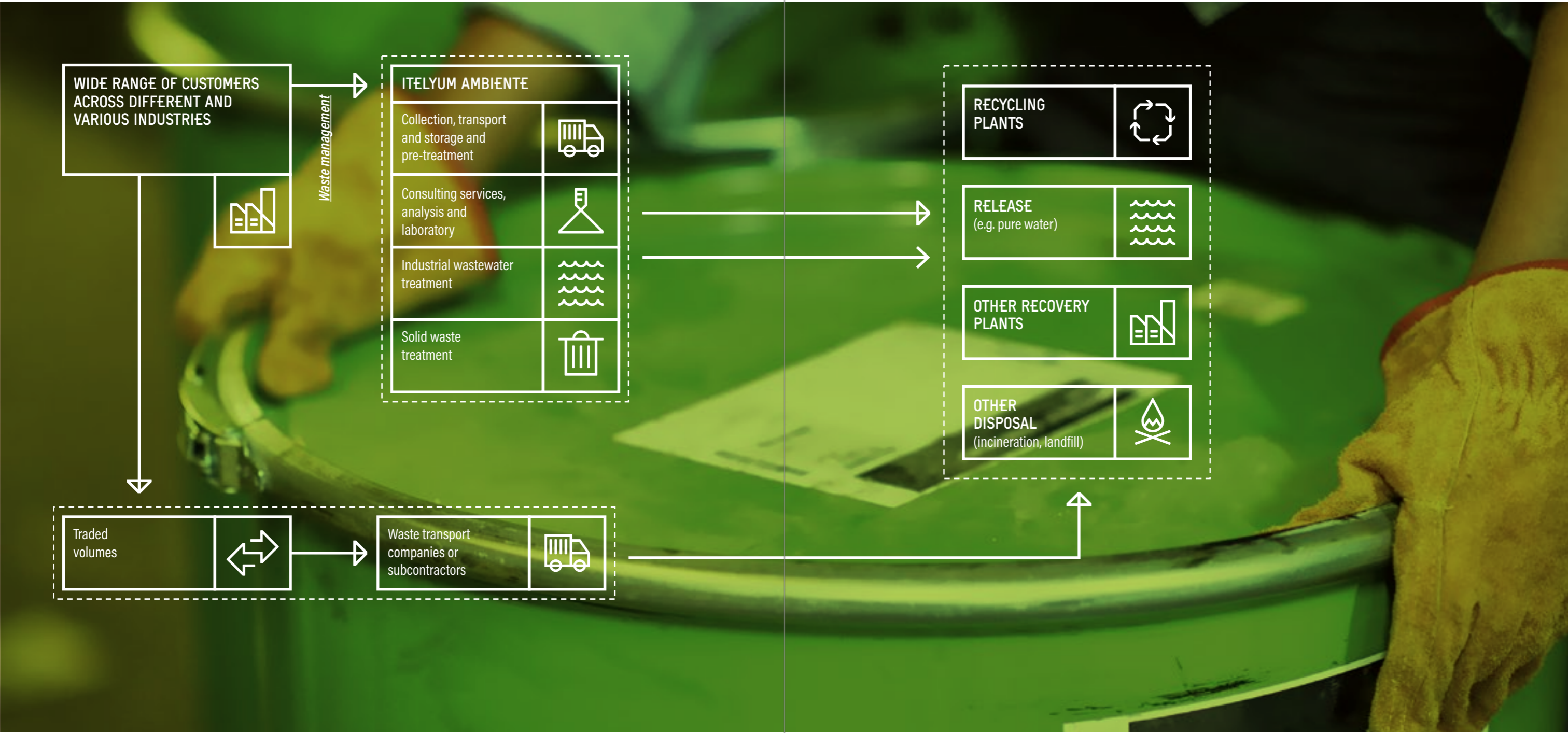
Legend

- Waste 
- Products 
- Money 



Environmental solutions

The Group provides a comprehensive range of environmental services for companies that produce special waste. It plays an active role in the hazardous waste collection sector, collecting, managing and sending approximately 950,000 tons of waste for recovery or disposal each year.



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Sustainability Report 2021

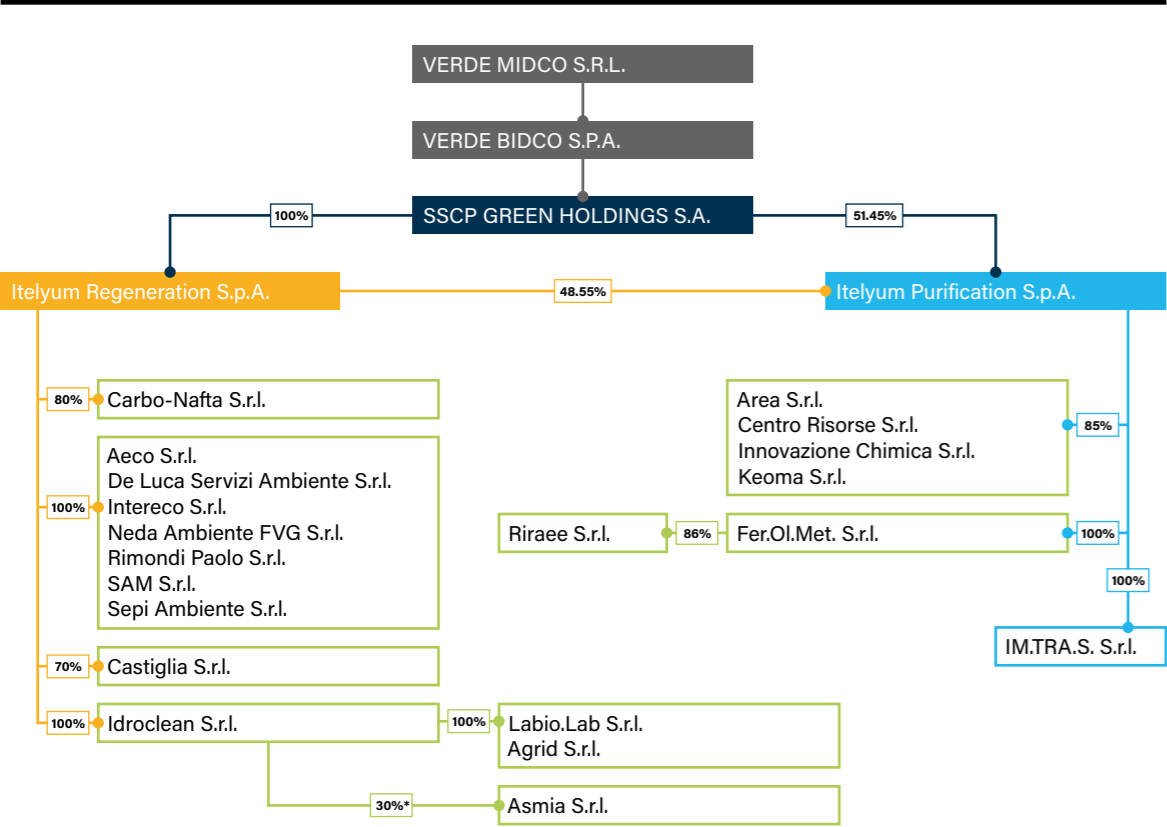
GOVERNANCE

2.2

2.2.1 / Governance and sustainability boards

The principles of sustainability are embodied in the general policy that inspires and guides the Itelyum Group, and by each individual investee company. The attention paid by the Group to these principles is demonstrated by the firm commitment of its majority shareholder, the Stirling Square Capital Partners Fund IV private equity fund. In fact, the latter seeks to comply with the United Nations Principles for Responsible Investment (PRIs) at every stage of the investment, planning, and control process to improve the Group's sustainability performance.

The following chart outlines the Group's organizational structure at December 31, 2021:



(*) Consolidata P&L al 68%

The Itelyum Group's corporate governance is constantly focused on creating shared value for all of its companies and is founded on the principles of solid environmental and social responsibility.

This value will act as a successful lever for increasing economic margins in the future, both in terms of revenues and attracting capital. In addition, the consolidation of the brand is owed to Itelyum's decision to include sustainability as a fundamental pillar in its Group policy. In fact, in recent years, the market has noted that customers and suppliers are more likely to identify with sustainability-conscious brands.

The principal governance board for each Group company is the Board of Directors (hereinafter also the "Board"). The latter generally comprises three to seven members, including a Chairperson and one or more Chief Executive Officers. Although it is appointed by the Shareholders' Meeting, the Board of Directors remains the driving force behind corporate life and represents the true core of corporate governance. In fact, the Shareholders' Meeting only deliberates on matters delegated to it by law and the By-Laws, while the Board of Directors defines and implements the Group's management policy and sustainability strategies, mainly by means of the powers delegated to the Chief Executive Officer. In any case, the Board only makes decisions after it has carefully assessed all potential consequences and risks concerning the Group's sustainability and circular economy profile.

In addition to the Board of Directors, other corporate bodies guarantee a respect for and implementation of the principles of environmental and social responsibility, including those described below.

Of particular importance is the Supervisory Board (SB), which has been established for all relevant Group companies. This Board is represented by an external party and is responsible for supervising the functioning of and compliance with the Organization, Management and Control Model (hereinafter also referred to as the "OMM") and Code of Ethics, pursuant to Legislative Decree No. 231 of June 8, 2001. The OMM adopted by the Group Companies seeks to prevent the risk of specific relevant offences being committed, primarily those relating to corruption, extortion, fraud against the State, corporate offences, the receipt of stolen goods, culpable homicide, serious personal injury in violation of injury prevention regulations, serious environmental offences, terrorism, offences against the individual, market abuse, and others. Meanwhile, the Code of Ethics summarizes the fundamental ethical values and corporate conduct of those who work for the Group, in addition to the Group's sustainable strategy principles, including those expressed by the Global Compact. The OMM and the Code of Ethics are tools that provide a framework for proper business conduct in accordance with the principles of integrity and ethics.

In addition, an Ethics Officer has recently been appointed. In fact, in 2022, several subsidiaries took it upon themselves to appoint an individual to provide corporate governance support on matters related to the prevention and resolution of business ethics issues. More specifically, the Ethics Officer is tasked with implementing a strategy that prevents the occurrence of reputation-based risks for the Group following the emergence of ethical issues during internal and external relations. As such, the Ethics Officer plays a key role, alongside the Supervisory Board, in assisting with and implementing ESG topics.

Finally, as a further demonstration of the Itelyum Group's commitment to sustainability, we highlight the presence of a Sustainability Advisory Committee, which was appointed in 2020. The latter comprises members of the Board of Directors of Itelyum Regeneration S.p.A., in addition to a third-party expert who acts as Chairperson of the Committee. The Sustainability Advisory Committee has the primary task of providing ongoing assistance to the entire corporate team on various sustainability topics, making strategic recommendations to improve the Group's involvement, and implementing guidelines for all Group companies based on new ESG trends. We note that in October 2020, the Sustainability Advisory Committee approved an internal and external stakeholder engagement plan, which includes projects to promote a culture of sustainability and inclusion. This plan has a two-year duration, after which the Sustainability Advisory Committee is committed to approving a new strategic plan to ensure the processes implemented by the companies continue.



The Itelyum Group's corporate governance is constantly focused on creating shared value for all of its companies and is founded on the principles of solid environmental and social responsibility.

6
https://ec.europa.eu/info/law/market-abuse-regulation-eu-no-596-2014_en

2.2.2 / Financing through a sustainability-linked bond

The Itelyum Group has always strived to present itself to the market (including the financial market) as a firm supporter of sustainability and a circular economy. The Group demonstrated further evidence of this commitment in 2021. As part of a financing operation (described in more detail in paragraph 1.4 of this Report), the Itelyum Group placed a senior sustainability-linked bond of Euro 450,000,000.00 on the market, followed by two tap issues equal to Euro 30,000,000.00 each. Although green and social bonds are now well-known in the sustainable finance field, sustainability-linked bonds have only recently appeared on the market. This new type of bond is a financial instrument that establishes a link between financial structure and specific pre-established sustainability performance targets. The sustainability-linked bond issued by the Group has a coupon rate of 4.625% and a maturity of five years. It is also subject to precise instructions on the use of the proceeds, which are contained in the sustainability-linked framework. In any case, we highlight that the listing of the bond on the Luxembourg Stock Exchange was met with broad market interest, thanks to its attractiveness to socially responsible investors.

We also note that the listing of the sustainability-linked bond means that the Itelyum Group is now subject to Regulation (EU) No. 596 of April 16, 2014 (or the "MAR"), which governs the prevention of market abuse through the use of inside information to distort the price of financial instruments and the market. As a result, the Group must implement certain conduct procedures to render its governance even more transparent, thus also fostering the social, economic and environmental performance of each individual company.

In conclusion, the Itelyum Group has issued this innovative instrument due to its firm desire to be environmentally, socially, and financially sustainable, thus confirming its leading role on the European sustainability scene.



Sustainability as a lever of success

**SUSTAINABILITY
IS AT THE CORE
OF OUR BUSINESS,
AND WE AIM TO
SHARE OUR CULTURE
WITH ALL OUR
TERRITORIES**

THE SUSTAINABILITY JOURNEY
3.1

Itelyum was formed by the aggregation of several companies that had operated according to a circular economy model for several years, long before the term even existed. In fact, the objective of the Itelyum project is to establish an entity that will lead the way in the adoption of a circular economy model for special waste (particularly hazardous waste) through the acquisition of local leading companies.

As such, it is no exaggeration to state that environmental sustainability sits at the very core of the Group's business. This statement is also confirmed by the achievement of ISO 14001 certification (a voluntary standard concerning the adoption of an Environmental Management System) by all eligible Group companies in the Purification division in 2021.

Itelyum considers compliance with laws and regulations as an essential starting point of his strategy. In this sense, all eligible companies have obtained, or have requested, a legality rating, certification of excellence of the Guarantor Authority for Competition and the Market. In the same way, Itelyum companies have equipped themselves with numerous certifications, as governance tools for continuous improvement. For details, see the following table.

Over the last two years, Itelyum has adopted a sustainability governance that is both top-down - with the establishment of the aforementioned Sustainability Advisory Committee - and bottom-up - with the formation of a network of focal points across all of the Group's companies - to provide data monitoring support and propose and promote new sustainable initiatives and corporate culture.

Itelyum also maintains its commitment to the United Nations Global Compact, and its role as a founding member of the Global Compact Network Italy Foundation, participating in best practice exchange initiatives and promoting the ten principles.

Itelyum's sustainability strategy in 2021 was further strengthened by the issuing of the aforementioned sustainability-linked bond, which expresses the Company's commitment in relation to the investor community. The bond is based on binding commitments to meet two specific sustainability targets by 2025 compared with 2020. These are an increase of 25% in avoided emissions from sold products, and in circular waste disposal, through regeneration, recycling, water treatment and recovery.

Regeneration	Pieve Fissiraga	■▲	■▲		■▲	■▲			■	▲	■▲ ⁷		■▲			
	Ceccano	■▲	■▲	■▲	■▲	■▲			■	▲	■▲		■▲			
Purification	Landriano	■▲	■▲		■▲				■			■ ⁸				
	Rho	■▲	■▲		■▲				■							
	Im.Tra.S.	■▲	■▲		■▲											
Environment	Aeco		■▲													
	De Luca Servizi Ambiente	■▲	■▲						■▲							
	Neda Ambiente FVG	■▲	■▲													
	Rimondi Paolo	■▲	■▲	■▲					■▲							
	Sepi Ambiente	■▲	■▲						■▲							
	SAM	■▲	■▲	■▲												
	Area															
	Centro Risorse	■▲	■▲													
	Innovazione Chimica	■▲	■▲		■▲		■▲									
	Keoma		■▲													
	Carbo-Nafta Ecologia	■▲	■▲													
	Agrid	■▲														
	Idroclean	■▲	■▲		■▲											
	Labio.Lab	■▲	■▲													
	Intereco		■▲													
	Fer.Ol.Met.	■▲	■▲													
	Rirae															
	Castiglia	■▲	■▲		■▲	■▲								■▲	■▲	■▲

ISO 9001

ISO 14001

EMAS

ISO 45001 / OHSAS 18001

SA 8000

ISO 17025

ISCC

SGS-PIR

UNI 10617

Remade in Italy®

Responsible Care

ISO 50001

ISO 39001

ISO 37001

Management systems :
Existing protocols.....■
In the process of implementation.....●
System certifications.....▲

8
For specific product types.

9
For the synthesis of pharmaceutical starting materials.

At the end of 2021, the first KPI concerning avoided emissions is increased by 10%, from 430,450 tons to 473,783, and the second by 14%, from 574,184 tons to 653,919. Both indicators exceed, therefore confirm, 2021 non-binding targets, and also confirm the positive trend for reaching Itelyum’s 2025 goals.

Starting from its leadership in circular economy, thus in environmental sustainability, Itelyum worked hard in 2021 to strengthen its social commitment to local communities, also through the launch of a schools project entitled “Schools: Objective Sustainability.” This project focused on promoting the principles of the European Green Deal and the goals of the 2030 Agenda, via a web portal and a series of meetings, connecting students, institutions and sustainability professionals, with a focus on the circular economy, digital innovation, gender equality, and STEM training.

6

CLEAN WATER AND SANITATION

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

8

DECENT WORK AND ECONOMIC GROWTH

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

9

INDUSTRY, INNOVATION AND INFRASTRUCTURE

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

12

RESPONSIBLE CONSUMPTION AND PRODUCTION

Ensure sustainable consumption and production patterns.

13

CLIMATE ACTION

Take urgent action to combat climate change and its impacts.

3

GOOD HEALTH AND WELL-BEING

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

4

QUALITY EDUCATION

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

5

GENDER EQUALITY

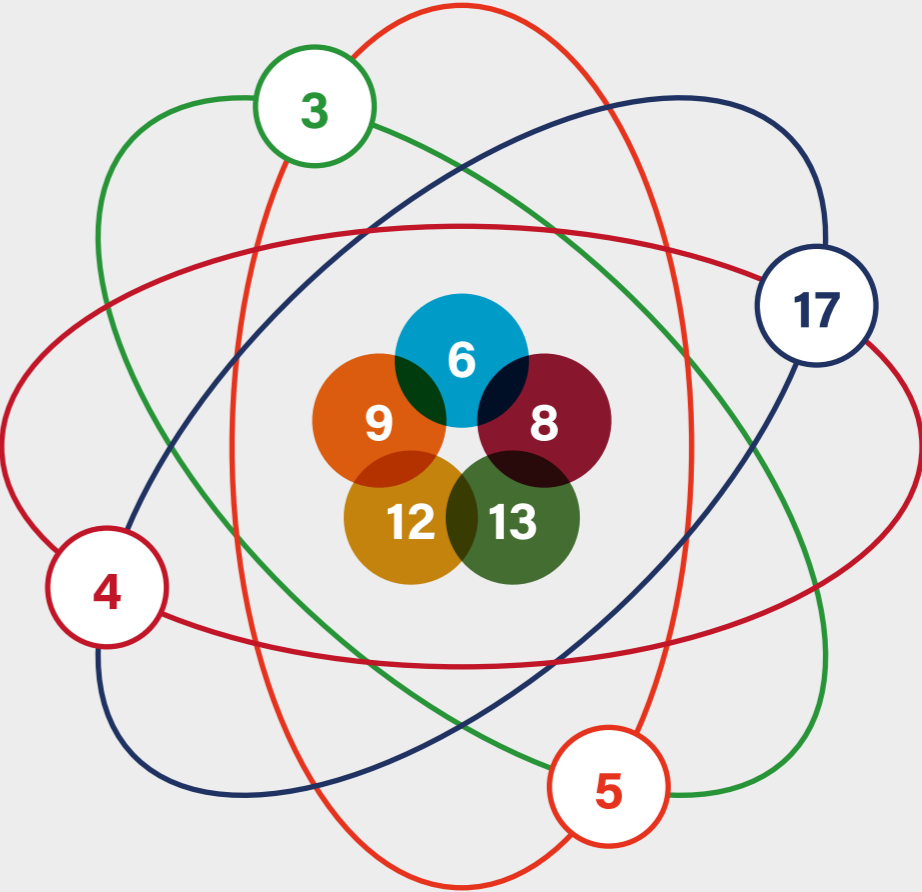
Achieve gender equality and empower all women and girls.

17

PARTNERSHIPS FOR THE GOALS

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

The Group has made a systemic commitment to the United Nations 2030 Agenda, focused, in particular, on certain SDGs considered to be of greatest impact, with the core business orientated towards achieving the five main SDGs (6, 8, 9, 12 and 13). This will be achieved through continuous innovation and the recovery of materials, water purification and decarbonization, and working methods focusing on health and safety (SDG 3), diversity (SDG 5), and continuous training and promotion of the culture of sustainability (SDG 4). Finally, we firmly believe that the circular economy demands a joint effort by various supply chain players, with a collaboration and partnership approach (SDG 17).



As part of its rebranding process, with the involvement of top management in ad hoc working groups, Itelyum has defined and published, on its website, four specific policies covering key issues in the sphere of influence of the Group's activities. These key issues concern: the centrality of individuals, the working environment, human capital development, health and safety, business integrity, supplier and customer relations, social initiatives, environmental protection, energy efficiency, process quality, products and services, research and innovation, and, finally, the creation of shared value.

The Sustainability Policies have taken inspiration from the highest international standards, including the Universal Declaration of Human Rights, the United Nations Sustainable Development Goals, the International Labour Organization Conventions, Protocols and Recommendations, the auditable social certification SA8000, the social responsibility standard ISO 26000, and the Global Reporting Initiative (GRI) standards. The Policies are also based on Codes adopted by Itelyum - first of all its Code of Ethics - on agreements signed with social partners, and on its commitments to the United Nations Global Compact.



The Sustainability Policies have taken inspiration from the highest international standards.



STARTING FROM ITS LEADERSHIP
IN CIRCULAR ECONOMY,
THUS IN ENVIRONMENTAL
SUSTAINABILITY,
ITELYUM WORKED HARD
IN 2021 TO STRENGTHEN
ITS SOCIAL COMMITMENT
TO LOCAL COMMUNITIES



STAKEHOLDER
3.2

Itelyum recognizes the key importance of partnerships and collaboration in the development of circular supply chains and its role as a sustainable business, within its competitive context.

Starting with its own people as main interlocutors, the Group works to strengthen relations with all of its stakeholders through listening initiatives, materiality analysis (see next paragraph), and a series of more or less structured engagement activities.

Over the last two years, various employee engagement initiatives have been launched, including the “Aquylone” newsletter, which, several times a month, brings news on Group companies and sustainability and development initiatives to all employees with corporate email accounts.

The following is a summary of the main methods of listening and dialogue with the various stakeholders.



Itelyum aim to build strong relationships, based on trust and shared values.

Stakeholder	Methods	Topics
#1 Employees and their representatives	<ul style="list-style-type: none">• Continuous manager-team dialogue• Safety initiatives• Sustainability Objective project training• Newsletter• Institutional labor/management relations	<ul style="list-style-type: none">• Work organization• Corporate climate• Health, safety and well-being• Sustainability
#2 Partners and providers of capital	<ul style="list-style-type: none">• Dedicated meetings and open dialogue• Emails and the dedicated investors section of the website• Sustainability Advisory Committee	<ul style="list-style-type: none">• Performance (economic, environmental and social)• News for investors• Strategic development• Taxation• Business risk management
#3 Suppliers	<ul style="list-style-type: none">• Key supplier partnership relations• Sustainable management program engagement• Contact and insights during qualification audits• Invitations to events• Sustainability audits	<ul style="list-style-type: none">• Contractual terms and conditions• Pre-qualification requirements (e.g. integrity, human and labor rights, health, safety and environmental criteria)• Audit feedback• Presentation of Itelyum
#4 Customers and end users	<ul style="list-style-type: none">• Fairs, forums and sector events• Group sustainability initiatives• Individual direct contact• Customer satisfaction and quality management• Invitations to events	<ul style="list-style-type: none">• Customer services and product logistics• Products and solutions, with reference to environmental and social performance• Strategic partnership
#5 Communities, NGOs, Local and global media	<ul style="list-style-type: none">• Individual and collective interactions (e.g. interviews, conferences, open days)• Community dialogue sessions• Schools social initiatives	<ul style="list-style-type: none">• Transparency and accountability regarding sustainability issues• Environmental and social performance• Local presence and community investments
#6 Memberships, partnerships and academia	<ul style="list-style-type: none">• Individual and collective interactions (e.g. meetings, conferences, lectures)• Partnership• Research activities	<ul style="list-style-type: none">• Transparency and accountability regarding sustainability issues• Sustainable governance and impact mitigation• Social investments and community initiatives• Research and development projects, with a view to open innovation
#7 Authorities and institutions	<ul style="list-style-type: none">• Individual and collective interactions (e.g. meetings, conferences, events)	<ul style="list-style-type: none">• Legal compliance• Transparency and accountability regarding sustainability issues• Strategic development• Taxation

Itelyum maintains an open dialogue with various local, national and European institutions, authorities and organizations, in relation to the sectors in which it operates.

The Group actively contributes to public debate by participating in roundtables and conferences on issues of sustainability, regeneration and the circular economy. On a national level, it acts as a leading voice on these issues within associations such as the Union of Energy for Mobility, UNEM, the Union of Circular Economy Companies, Fise Unicircular, and the Chemical Industry Federation, Federchimica.

At a European level, it participates in major sector associations such as the European Union of Lubricants Industry, UEIL, the European Association of Waste Mineral Oil Regenerators, GEIR, which it has chaired since 2020, and the European Association of Waste Solvent Recyclers, ESGR.

Itelyum is a founding member of the Global Compact Network Italy, which, in line with the United Nations Global Compact, promotes a fair and sustainable business management model through a series of principles concerning human rights, labor standards, environmental protections and corruption. In 2020, these principles were integrated into Itelyum's Code of Ethics, which has become an integral part of all the contracts it stipulates with suppliers.

Over the years, Itelyum has consolidated its partnership with the Italian environmental association Legambiente, for the promotion of the circular economy and the culture of sustainability. This partnership allowed top management to participate and share waste management best practices in the Ecoforum events held in 2021.

The leading European event on the ecological transition and new circular and regenerative economic model, Ecomondo, was, once



again, one of the best opportunities of the year to present Itelyum's offer of integrated and constantly developed solutions to existing and prospective partners. It also made it possible to participate in meetings with institutional stakeholders, such as Federchimica, and representatives of the supply chains of which the Group forms part, such as CONOU, Ecopneus, Conoe, and battery and waste electrical and electronic equipment (WEEE) management organizations.

In 2021, Itelyum launched a "Schools: Objective Sustainability" project, in partnership with WeSchool, and integrated in the Ministry of Universities and Research (MIUR) "Green Community" initiative. The project was then presented to the Committee of Ministers of the Council of Europe as a best practice in relation to the "Schools ReGeneration Plan".



Itelyum's sustainability strategy is based on stakeholder engagement through active listening.

MATERIALITY
3.3

In 2021, Itelyum decided to update its materiality analysis to GRI standards, adopting a double materiality approach and involving a new category of stakeholder: students participating in school projects in the months preceding the analysis.

Primary and secondary school pupils who had participated in educational activities with Itelyum (see paragraph 6.5 for further details) answered a simplified, anonymous online questionnaire that allowed them to highlight the most relevant sustainability issues on which they think Itelyum should work. The questionnaire involved the grading of each individual topic on a scale from 1 (not relevant) to 5 (very relevant). The participation rate was very high, with over 170 questionnaires completed.

The same questionnaire, in its complete form and with its language revised, was sent to a number of Itelyum’s strategic customers and suppliers, identified to represent the entire scope of the Group’s business.

Emphasizing the importance of taking part in a strategic moment for its sustainable development, the Company also administered the questionnaire to its employees. 189 employees completed the questionnaire in 2021, compared to 131 in 2020. The higher response rate was likely also stimulated by the sustainability training course given during the year, in addition to the newsletter Aquylone, which contributes to the perception of the Group as unified despite its geographically widespread distribution, and is a further essential element in the corporate identity project.

Discussions with customers and suppliers also saw greater participation in 2021, with Itelyum customers increasingly aware of the Group’s role as sustainability enabler, and asking for tangible data, such as the calculation of avoided emissions due to the regeneration of lubricant bases and purified solvents. The goal is to further increase participation by creating more interactive occasions for dialogue, potentially via face-to-face workshops, in full compliance with COVID regulations.

After this first phase of listening to external stakeholders, the Company’s top management attended a dedicated workshop, during which the strategic priorities of the Group were voted on, and adjusted to the same scale used with external stakeholders.



**ITELYUM CUSTOMERS ARE
INCREASINGLY AWARE
OF THE GROUP’S ROLE AS
SUSTAINABILITY ENABLER**

Finally, customers, suppliers, employees and top management contributed to the double materiality analysis by selecting the three topics which, in their opinion, had the greatest and least impact on Itelyum's business from a financial point of view. The financial impact of each topic is reflected in the size of the markers indicating the position of topics in the materiality matrix.

The material topics that emerged from the analysis are reported in the table and matrix, with certain considerations regarding the past year and the double materiality approach.

Among environmental topics, energy consumption appeared for the first time, not only in terms of environmental impacts and emissions, but also, from a financial point of view, in terms of the aforementioned external scenario resulting in a strong increase in energy and electricity costs. The materiality of topics relating to the circular economy, water management and emissions was once more confirmed.

As far as social topics are concerned, the materiality of the development of skills and human capital increased, likely due also to the participation of students in the questionnaire.

Governance topics confirmed the three main aspects of the sector in which Itelyum operates, and on which it works to excel.

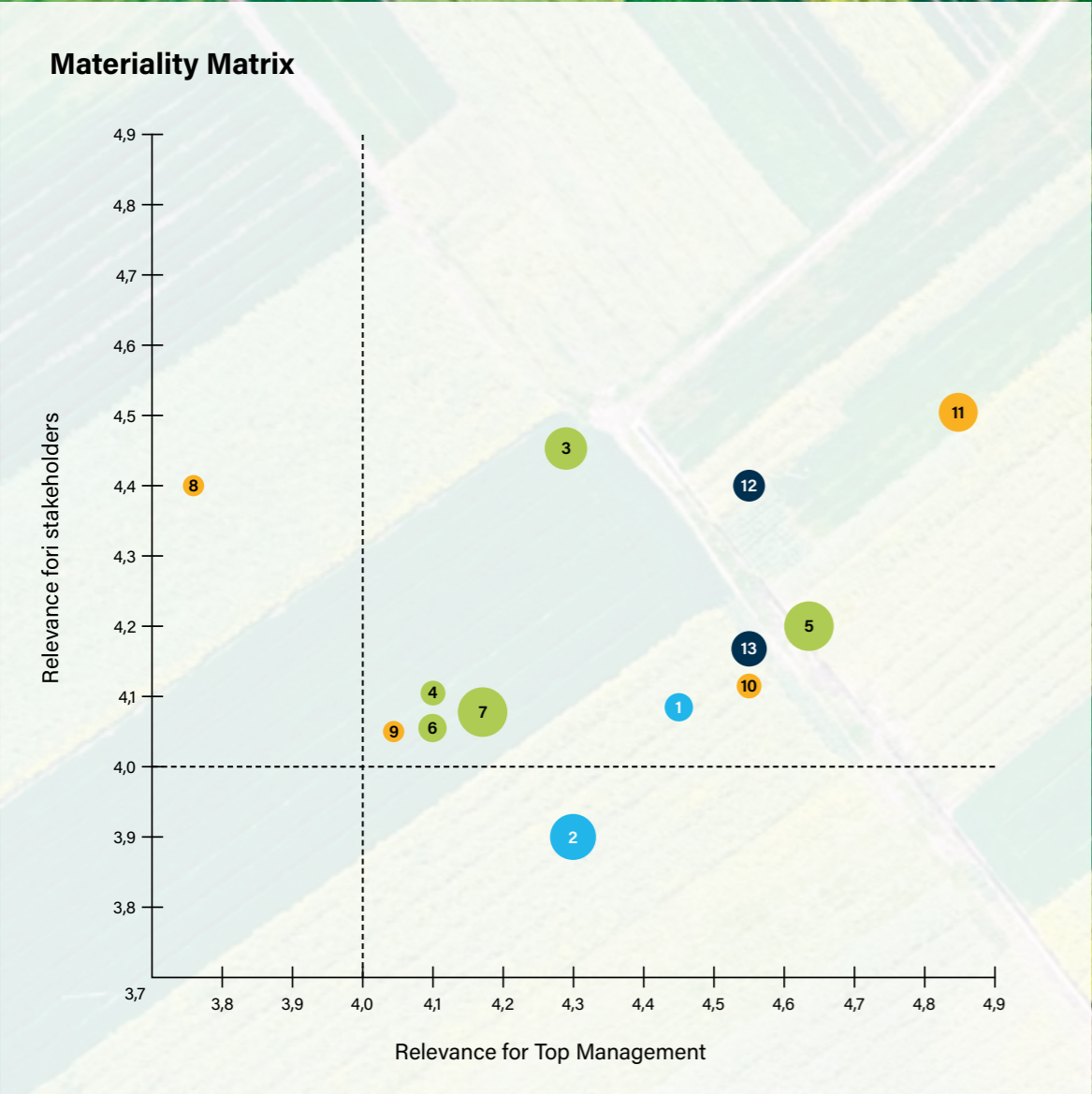
We note that the topic of economic performance and shared value is particularly relevant for the Company, but slightly less so for external stakeholders.



Criteria	Materiality themes	SDGs impacted
<div>E</div> <div>Environmental</div>	Atmospheric emissions Management of water as a resource Responsible energy consumption management Waste management Circular economy	<div>6</div> <div>CLEAN WATER AND SANITATION</div> <div>12</div> <div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div>13</div> <div>CLIMATE ACTION</div>
<div>S</div> <div>Social</div>	Workplace health and safety Development of human capital	<div>3</div> <div>GOOD HEALTH AND WELL-BEING</div> <div>4</div> <div>QUALITY EDUCATION</div>
<div>G</div> <div>Governance</div>	Ethics and business integrity Product quality and safety Innovation and R&D	<div>8</div> <div>DECENT WORK AND ECONOMIC GROWTH</div> <div>9</div> <div>INDUSTRY, INNOVATION AND INFRASTRUCTURE</div>



A long term vision with the involvement of new generations in the materiality analysis.



Legend

GOVERNANCE RESPONSIBILITIES		
Business ethics and integrity	1	
Economic results and shared value	2	
ENVIRONMENTAL RESPONSIBILITY		
Responsible management of energy consumption	3	
Water management as a resource	4	
Waste management	5	
Atmospheric emissions	6	
Circular economy	7	
SOCIAL RESPONSIBILITY		
Human rights	8	
Community relations	9	
Human capital development	10	
Occupational health and safety	11	
PRODUCT RESPONSIBILITY		
Product quality and safety	12	
Innovation, R&D	13	

Waste management and valorization



WE INVEST IN
TECHNOLOGY AND
INNOVATION FOR
CONTINUOUSLY
IMPROVING QUALITY
OF PRODUCTS AND
SERVICES

R&D: ITELYUM’S DNA

4.1

Itelyum is a pioneer in the field of innovation. It began refining waste oils in the 1960s, and subsequently created an industrial process that, today, represents one of the world’s most used technologies for the regeneration of such waste.

Circular products have to compete with products from virgin raw materials, in a market where ever higher quality is demanded. It is, therefore, essential to continue investing in technological innovation. Itelyum is engaged in numerous projects to strengthen its supply chain role, and transfer its technological regeneration and recycling model to new emerging supply chains.

To do this, it takes an open innovation approach, encouraging interaction with Italian universities regarding various fields of interest.

An example of this is the research project launched with the University of L’Aquila on the recovery of rare earth metals from energy transition waste, anticipating the problems of end-of-life cycles and the availability of scarce raw materials from geopolitically complex countries, by applying the circular economy and recycling processes to achieve a truly ecological and zero-impact transition. In the context of traditional supply chains, such as that of oil regeneration, Itelyum is studying new applications of its refining processes for the recovery of other materials of fossil origin, such as plastics, in partnership with the Polytechnic University of Milan’s Sustainable Process Engineering Research (SUPER) team.



Itelyum, a pioneer in the field of innovation, has created an industrial process that today represents one of the most used technologies in the world for the regeneration of used oils.

9
Ecopneus is a non-profit association for the tracing, collection, treatment and recovery of End of Life Tires (ELTs), set up by Italy’s main tire manufacturers.

The applied research partnership with the Polytechnic University of Milan is now well established, so much so that, in 2021, a permanent laboratory was inaugurated at the Pieve Fissiraga site, and hosts researchers from the Chemical Engineering department on a continuous basis. Similarly, the possibility of obtaining pyrolysis oil to be used as fuel from used rubber powder and modified bitumen is being studied in collaboration with Ecopneus, the University of Calabria, and the University of Bologna.

Another partnership with the University of Naples Federico II allows Itelyum to participate in the study of innovative plant processes for the regeneration of biolubricants from end-of-life biolubricants and from the organic fraction of used mineral and cooking oils. Finally, the Company is active in various research fields concerning hydrogen production and CO₂ capture.

At the purification plant in Landriano, a pilot plant has been established for the research and development of new production streams.

The following table shows the Euro amounts invested in quality and R&D:

	2019	2020	2021
Investments for quality and R&D (Euro)	1,277,394	1,700,000	1,738,612



RESPONSIBLE PRODUCT MANAGEMENT
4.2

The materiality analysis highlighted the topic of responsible product management, in terms of quality and safety, as a priority, especially for employees and customers.

Itelyum manages hazardous waste and transforms it into new products that, in order to compete with products from virgin raw materials, have to have the highest quality and safety characteristics, regardless of their origin. This demands constant attention and highly performing processes to guarantee full compliance with current regulations and best practices in the field of product safety. Wherever they are destined, the products are accompanied by all the necessary information on their physical, chemical, toxicological and hazardous properties for safe and proper substance and mixture handling.

All Group companies use management systems compliant with the ISO 9001 standard and other quality standards as defined by the specific reference markets. External certification not only covers production systems, but also products distributed with quality marks of recognized certification bodies. Products are also certified to applicable commercial standards, and, where necessary, sector-specific classifications (e.g. Active Pharmaceutical Ingredient - API).

The commitment and investments to guaranteeing the quality of regenerated products are crucial for markets that demand ever more excellence in terms of sustainability. At the Landriano plant, in particular, continuous product improvement research has led to the development of a new solvent, Hexane S. This product contains reduced quantities of n-hexane, a neurotoxic component of hexane, thus reducing its danger compared to traditional hexane for applications where the presence of n-hexane is not critical.

In 2021, three minor health and safety non-conformities were recorded for purification products. Any notification of such cases by customers activates specific internal management procedures, involving an investigation into measures to resolve the non-compliance.

In order to compete with and replace raw material products, regenerated products require increasingly sophisticated and technological re-refining and chemical purification processes, which, depending on the specific type of treatment or process, may also lead to them having even better qualities than products obtained directly

from fossil-derived raw materials. An example is that of Group II+ lubricant bases that can be obtained from re-refining used oils, with a resulting quality so high as to meet the strict criteria for the main engine standards.

In the waste oil regeneration sector, the Remade in Italy® certification is particularly important. This accredits and verifies the recycled material and by-product contents of a material or product, also if it is a multi-material product. The certification follows a traceability scheme, compliant with the Procurement Code and Minimum Environmental Criteria regulations. All the lubricant bases produced by the Group in its Ceccano and Pieve Fissiraga plants meet the necessary requirements with 100% recycled content.

Led by its constant pursuit of quality, and the market’s rapid, continuous shift towards higher performing Group II bases, the Company has launched investments into upgrading its Ceccano plant for the low pressure production of regenerated Group II+ lubricant bases.

These investments also have a sustainability impact, since regenerated bases can respond to the new market demand through the revamping of existing plants, such as Ceccano, without the need for new refineries.



The commitment and investments to guaranteeing the quality of regenerated products are crucial for markets that demand ever more excellence in terms of sustainability.

CUSTOMER RELATIONS
4.3

The macro-trends that are focusing ever more on environmental issues, climate change and increasingly scarce and expensive resources also have repercussions on Itelyum’s relationship with its customers, who, today, are more and more aware of the support the Group can provide in terms of sustainability. This phenomenon has materialized over the last year in terms of new demand for the quantitative valorization of avoided CO2 emissions through the use of regenerated bases and purified solvents produced by Itelyum Regeneration and Purification. On a European level, Itelyum is able to leverage such savings via the Life Cycle Assessments (LCA) of two important research centers, IFEU and ETHOS, which provide robust sustainability performance data.

Today, Itelyum can offer a complete service as a “one stop shop” for partner companies in the sustainable management of all kinds of waste and the maximization of volumes fed back into the circular economy.



The increasing attention to the environmental issues, to climate change and to resources depletion, affects also Itelyum's clients awareness on sustainability issues.

OUR PRODUCTS ARE
ENABLERS FOR
DECARBONIZATION
FOR OUR CLIENTS



THE SUPPLY CHAIN COMMITMENT
4.4

For a company that bases its business model on the circular economy, suppliers are essential partners for the success of its business.

Internal processes for managing goods and services purchases must ensure efficiency, compliance with best practices and internal rules, especially regarding health and safety, and the unification of management procedures. To mitigate potential supply chain risks, suppliers are assessed via questionnaires on financial, technical and sustainability aspects, which are then verified by audit activities.

In 2021, an assessment checklist of the Environmental Division's critical suppliers was established, using a questionnaire on health and safety, environmental, ethics and sustainability issues. This document responds to the need to continue to raise compliance levels through the monitoring of suppliers, especially those defined as "critical". Critical suppliers are considered to be all those that may have significant impacts on the environmental and health and safety performance of the Company.



PARTNERSHIPS WITH
SUPPLIERS ARE KEY
FOR CIRCULAR ECONOMY
BUSINESS MODELS

Value creation



SHARING VALUE WITH TERRITORIES AND STAKEHOLDERS

ECONOMIC PERFORMANCE AND SHARED VALUE
5.1

Itelyum's economic performance is closely linked to the creation of shared value through its sustainable core business based on the circular economy. This value comes from reducing the need for raw materials and reducing the emissions that come from their extraction and processing.

The intimate bond between the core business and the creation of environmental value was also recognized by the market in the strong début of the Company's sustainability-linked bond in October 2021.

The creation of value concerns the entire supply chain and is based on the building of strong partnerships with suppliers, the sharing of know-how and safety commitments, and a strict observance of payment terms.

Downstream in the value chain, Itelyum is committed to building relationships with customers based on respect and trust by guaranteeing the quality and safety of its products (see paragraph 4.3).

The following table illustrates the annual economic value generated and distributed by the Group in line with this vision. The data are classified according to the most recent GRI Standards.

Determination of Value Generated (M€)	31.12.2020	31.12.2021
Economic value directly generated	384.3	488.6

Economic value distributed (M€)	31.12.2020	31.12.2021
Operating costs	276.3	338.3
Employee wages and benefits	49.1	57.5
Investments in the community	0.4	0.1
Donations and sponsorship	0.4	0.1
Payments to providers of capital	11.0	17.2
Financial charges	11.0	17.2
Dividends	0.0	0.0
Payments to the Public Sector	7.4	12.6
Economic value retained	49.2	106.0

Itelyum pays the utmost attention to compliance with regulations and the timings of its obligations to the state and public entities. Nonetheless, it received several fines in 2021 regarding in particular tax audits for previous periods (2014-18).

Penalties (€)	2020	2021
Environment	-	2,775
Health and Safety	17,624	-
Compliance / Integrity	-	-
Other	14,840	63,797

The value of human resources

A COSTANTLY
GROWING TEAM
FOR A COMMON
PURPOSE



A TEAM IN CONSTANT GROWTH
6.1

2021 saw a further growth in company staff, particularly due to the entry of Castiglia, Padana Recuperi and Nuova Satro into the Group. Today, Itelyum can count on the strength of a workforce of over 850 people, of which 196 women and 671 men.

Workforce at 31/12	2020	2021
Regeneration	158	162
Purification	154	168
Environment	406	537
Itelyum	718	867

Permanent contracts	2020 Women	2020 Men	2021 Women	2021 Men
Regeneration	22	133	22	137
Purification	20	130	22	132
Environment	120	268	132	318
Itelyum	162	531	176	587

Temporary contracts	2020 Women	2020 Men	2021 Women	2021 Men
Regeneration	1	2	2	1
Purification	1	3	1	13
Environment	7	11	17	70
Itelyum	9	16	20	84

Full-time contracts	2020 Women	2020 Men	2021 Women	2021 Men
Regeneration	20	135	22	138
Purification	17	133	20	144
Environment	110	278	123	385
Itelyum	147	546	165	667

Part-time contracts	2020 Women	2020 Men	2021 Women	2021 Men
Regeneration	3	0	2	0
Purification	4	0	3	1
Environment	17	1	26	3
Itelyum	24	1	31	4

With such a sudden external input of personnel, the main challenge for the Group is to build on a unified Group culture, with common values and, where possible, aligned processes and systems, exploiting opportunities for synergies but at the same time maintaining and leveraging local specificities that have allowed Itelyum to succeed thus far through its strong local roots and reputation.

In this integration process, Itelyum has analyzed its shared value structure by administering a questionnaire from top management down to each and every employee, leading to the definition of the five most representative values of its corporate culture:

- **Integrity:** ethics is at the heart of our activities, which are 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 are the energy that powers our growth, in an environment inspired by trust and team spirit; we believe that differences create added value and innovation and that inclusion is a primary tool for development.
- **Efficiency:** we strive to achieve and maintain the highest operational standards, combining technical expertise, management skills and proactivity to ensure integrated processes, products and services that are efficient, effective and sustainable globally and customized for each market.
- **Responsibility:** sustainability as a responsible and successful combination of excellent economic performance and safeguarding and enhancing natural capital, ensuring a fair and equitable transition.
- **Innovation:** technology is at the foundation of our growth and our contribution to sustainable development, as an enabler of new processes and markets for the circular economy. We take an ecosystem approach by engaging in open innovation research partnerships.



IN 2021 OUR STAFF
HAS CONTINUED TO
GROW, OUTLINING THE
CHALLENGE OF CREATING
A COMMON CORPORATE
IDENTITY

THE DEVELOPMENT OF OUR STAFF

6.2

Carefully managing a large number of employees - as is the case for Itelyum - is of vital importance. We are fully aware that results are obtained not only through technology or equipment, but also and above all through the contribution of staff. Managing people means motivating them, developing them, communicating with them transparently, supporting them, and ensuring they feel that they are at the center of the project, regardless of their role.

On this front, two factors have emphasized and facilitated a change in HR dynamics: on the one hand, the COVID-19 pandemic emergency that has functioned as a "super" accelerator of a change that began some years ago in the symbiotic relationship between company and worker. The emergency has reminded us all to focus on our own well-being, to seek a work-life balance, to think about a working model that is more based on goal achievement and trust and less on mere control. The other relevant factor concerns the impact of the new generations on the world of work; in fact, the conception of work and, therefore, the expectations of young people (Millenials, Generation Z, etc.) as regards their employer have changed. In order to be attractive to current staff and to external candidates, therefore, human resource development policies must be introduced that were probably less of a priority in the past.

Fully aware of this, Itelyum - particularly from late 2021 - began to develop a "People Strategy" based on three macro-directives:

- Work organization designed to create greater flexibility and develop a relationship between the company and the worker based increasingly on a concept of trust and work by objectives. With this in mind, and independently of the COVID state of emergency, the internal Remote Working program was launched in early 2022, providing up to two days per week for all white-collar workers.
- Personnel development, through a project that introduces a system to evaluate performance and potential, enabling objective assessment, downstream of the evaluation, of the three key HR processes: training, built on individual needs, in particular to strengthen soft skills and managerial competencies; remuneration policies based on the objective achievement of specific targets and not on the subjectivity of individual managers; internal growth, including through possible job rotation between Group companies,

in particular soon after joining the company, so as to develop cross-cutting skills.

- Welfare and well-being: Itelyum considers its employees the most important asset for the development of its strategies, and is therefore committed to taking care of them not only in terms of remuneration and training, but also through various welfare and well-being initiatives, opportunities and services. The Group thus continues to launch and study welfare initiatives that put the well-being of its people front and center. Examples include access to vaccines, other health services, insurance and driver's license renewals at the Company's expense.

In 2021, Itelyum delivered over 15,000 hours of training, distributed as follows:

Hours of training per head	2020	2021
Total executives	6	10
Total managers	15	20
Total white-collar workers	14	19
Total blue-collar workers	23	16
TOTAL female	13	11
TOTAL male	20	19
TOTAL	18	18

INCLUSIVENESS AND HUMAN RIGHTS AS GROWTH DRIVERS

6.3

Itelyum is keenly aware of the importance of an inclusive environment for the well-being of its employees. The creation of a common identity is a challenge for a constantly growing company that welcomed into the Group three companies in different local areas in 2021 alone. Inclusion is one of the fundamental aspects of this process, as a vector of participation, the acquisition of talent, staff retention, and, therefore, competitiveness.

For this reason, a training course on sustainability and inclusion issues was launched and reached the majority of the Group companies in 2021, involving a tour of Itelyum's companies by the Sustainability Team to hold group sessions, part face-to-face and part remotely, due to Covid restrictions. The protection of human rights is intrinsic to all of Itelyum's activities, especially those regarding the individual and referred to in this report, such as a working environment based on healthy relationships, equal opportunities, the development of skills, and diversity as a source of value.

Itelyum has defined a Human Rights Policy, which promotes internationally recognized human rights as the universal and inalienable rights of every individual. These rights are also enshrined in the principles of the Code of Ethics, and monitored through anonymous code violation reporting tools. In addition, the recent establishment of an Ethics Officer, as a figure external to the Company, guarantees employees an additional opportunity to report and find help concerning any code violation. Itelyum embraces as its own commitments those of the United Nations Global Compact for the protection and defense of human rights, and undertakes to apply the principles of the International Labour Organization's Fundamental Conventions.

In addition, the Regeneration sites of Pieve Fissiraga and Ceccano and the company Castiglia are certified to SA 8000, an international social responsibility standard for managing aspects such as human and labor rights, health and security, freedom of association, collective bargaining, discrimination, working hours and remuneration. This standard also provides for whistle-blowing, with anonymous reports examined and assessed by a dedicated inter-departmental committee. No violations of the Code of Ethics were recorded in the period under review.

Number of employees: breakdown by position (2021)	Women	Men	Total
Executives	1	17	18
Managers	10	52	62
White-collar workers	180	181	361
Blue-collar workers	5	421	426
Itelyum	196	671	867

Number of employees: breakdown by age (2021)	<30 years	30-50 years	>50 years	Total
Executives	-	9	9	18
Managers	-	31	31	62
White-collar workers	56	194	111	361
Blue-collar workers	51	229	146	426
Itelyum	107	463	297	867



Itelyum sustainability team has started in 2021 a training program on sustainability and inclusion.

HEALTH AND SAFETY
6.4

Itelyum has always prioritized workplace health and safety, and, in 2021, undertook to implement various risk prevention and training plans to maintain the highest levels of health and safety for its employees and collaborators.

To manage and mitigate risks, the Group's companies are governed according to the Italian Consolidated Occupational Health and Safety Act (Legislative Decree No. 81 of 2008), with regular internal audits carried out to verify compliance.

Furthermore, several of the Group's companies have adopted a third-party certified ISO 45001 Management System, applied at plants in Pieve Fissiraga, Ceccano, Landriano, Rho, and at Idroclean, Innovazione Chimica and Castiglia.

Risk assessments are made via a continuously updated Risk Assessment Document that analyses the specific risks of each job and appropriate prevention and protection measures.

The risk management process envisages specific procedures to identify and analyze events such as human errors, anomalies, non-conformities, accidents, injuries and near misses, and to introduce opportune corrective and preventive measures.

Workers are considered key participants in the risk prevention and reduction process, and are, therefore, encouraged to report all potentially dangerous situations, at any time. In SEPI, for example, there is a dedicated WhatsApp chat group, directly involving the company's Chief Executive Officer, through which all operators can ask questions and present ideas for improvement to improve workplace safety.

In 2021, no work-related ill health was recorded, although 15 injuries affected employees partly due to events not directly related to their specific roles. The increase in injuries compared to 2020 is attributable to the increase in activities related to environmental services, which carry greater risks, as confirmed by sector benchmarks (the Utilitalia¹⁰ frequency index for the environmental sector in 2021 was equal to 50).

Fatal accidents	2020	2021
Employees	0	0
Businesses	0	0
Third Parties	0	0
Total	0	0

Number of injuries ¹¹ , employees	2020	2021
Regeneration	0	0
Purification	2	3
Environment	4	14
Itelyum	6	17

Frequency index ¹² , employees	2020	2021
Regeneration	0	0
Purification	7.2	10.9
Environment	8.2	16.9
Itelyum	5.8	12.3

10
<http://eventi.utilitalia.it/download/Sostenibilita/UTILITALIA-Report%20Sostenibilita%CC%80%202021.pdf>

11
Leading to absences from work of over 24 hours.

12
Number of injuries (leading to absences from work of over 24 hours) per million hours worked.

In recent years, the health emergency caused by the COVID-19 pandemic, though it did not interrupt Itelyum’s operations, which were deemed an essential activity, nonetheless made it necessary to rapidly rethink ways of working. In 2020, a plan was enacted to combat the spread of the virus, which, in 2021, continued to be an important prevention and safety tool. Starting with the updating of Risk Assessment Documents on biological risk, the Company undertook to constantly disseminate information on protocols and best practices to limit the spread of the virus, to arrange for the use of Personal Protective Equipment (PPE), to sanitize work areas daily and on each shift change, to introduce strict social distancing policies, and to stipulate agreements with local laboratories for free tests. These initiatives ensured the continuity of operations, without causing any interruptions.

General training on daily work activities continued at all locations, while specific training was given to employees working at the four major accident risk sites subject to Seveso Directive regulations (i.e. Pieve Fissiraga and Ceccano, at the Lower Threshold, and Landriano and Rho, at the Higher Threshold).

The plants subject to Seveso regulations require constant updating of procedures and training of staff and contractors, in addition to updating of internal and external emergency plans, in accordance with the law.

The health of all employees is monitored via regular visits from the company doctor, according to different needs and specific jobs performed. For example, as an extra precaution, the small number of workers in the register of personnel potentially exposed to chemical agents undertakes additional preventive checks.

At the Pieve Fissiraga headquarters, the information campaign on the risks of smoking continued, which had been launched following a monitoring activity that had revealed a large number of smokers. The campaign’s aim is to act on this risk factor in order to protect health, by orienting those who wish to do so towards a path of change.

The Psychological Support Desk, set up after the introduction of new working methods during the lockdown, continued to deal with the impacts of work-related stress. Itelyum believes that supporting and guiding each individual so they can relate constructively, face complex situations serenely, and develop potential and proactive attitudes, contributes to creating a generalized corporate well-being that is profitable for everybody. The Company’s annual monitoring and assessment of work-related stress has always revealed a low degree of risk as the positive effect of specific corrective and improvement actions within the organization.

Another health awareness and promotion initiative, in collaboration with Avis, was the blood donation campaign at the Ceccano plant. The campaign attracted a high participation and enthusiasm from employees, making it possible to collect twenty bags of blood. This initiative, in addition to promoting the positive habit of regular health checks, also extends a gesture of solidarity to those in need, especially in emergencies.

Further confirmation of the commitment of Group companies to health, safety and environmental best practices comes from the recognition of Sepi, in 2021, as a suitable place for internships for students studying the course entitled “Techniques for prevention in the environment and in the workplace” at the University of Turin, who are destined to become future technicians for health, safety and environmental organizations such as ARPA, ASL/SPRESAL and the HACCP inspectorate.

The main Key Performance Indicators (KPIs) for monitoring the topic of health and safety (e.g. number, type and frequency of accidents, and their severity) are also subject to periodic review by the Itelyum Board of Directors, which will assess any necessary improvement policies.

The health and safety objective extends to local communities, especially at the four Group sites which, according to legislation, are classified as a “major accident risk” due to the storage of a large volume of substances that are flammable or potentially toxic for human health or for the environment. At these sites, which account for approximately two thirds of the Group’s total turnover, dedicated protocols and monitoring are in place, involving local communities in an integrated risk prevention and management system, according to sector best practices. Within this framework, internal and external emergency plans have been prepared and shared with local institutions, to deal with any local area accidents. During 2021, the external emergency plan for the Landriano Purification Plant was updated and presented to the local community at a dedicated event.

LOCAL COMMUNITY RELATIONS
6.5

Itelyum is engaged in constant dialogue, based on transparency and cooperation, with the communities of the local areas in which it operates. As an operator active throughout the national territory and, at the same time, well-rooted locally, Itelyum is committed to building dialogue at various levels, involving citizens and institutions in their own sustainability goals, and transmitting them through concrete actions.

Dialogue with local communities is based on relationships built up over the years by the various Group companies, which, today, can also benefit from tools and meetings structured through policies coordinated at Group level.

Recognizing the importance of active citizenship and knowledge sharing, Itelyum launched its “Schools: Objective Sustainability” project in 2021, involving schools in three Italian regions of interest, Lombardy, with the Cardano Institute of Pavia, Lazio, with the Volta Institute of Frosinone, and Puglia, with the De Ruggieri High School of Massafra. Students at these schools had the opportunity to engage in dialogue and ask questions to the representatives of important national



**Involving the new generations
for a just and inclusive ecological
transition.**

institutions, such as the Under-secretary of the Ministry of Education, Barbara Florida, the President of the environmental association Legambiente, Stefano Ciafani, the Under-secretary for Digitalization, Assuntela Messina, and regional representatives of the trade association Confindustria, the environmental protection agency Arpa, and local universities. Thanks to the patronage of the Ministry of the Ecological Transition and a partnership with WeSchool, Italian leader in innovative schools education, the project has so far reached over 1,500 teachers and 40,000 students throughout the country, using lesson plans (made available on the portal www.obiettivosostenibilitascuole.it) exploring themes of the circular economy, digital innovation and STEM training, as important levers for sustainable development.

The School Sustainability Objective project was promoted on the “Schools Regeneration” portal of the Ministry of Education, a platform designed to orient teachers and students on the ecological transition and related future professions and cultural changes. Furthermore, the project was recognized as a best practice in a meeting organized by the Ministry with the Committee of Ministers of the Council of Europe, as part of the Italian Presidency, to present the national training plan focused on the 2030 Agenda.

At the same time, other initiatives were carried out, such as technical training and dissemination campaigns on the culture of sustainability.

In Lodi, the Gandini-Verri High School joined the challenge entitled “#Telospiego” (“Let me explain”), created by Itelyum in collaboration with the newspaper “Il Cittadino di Lodi” and dedicated to the United Nations Sustainable Development Goals. The school’s students were thus involved in the preparation of a “Green Page” for the newspaper, offering articles on topics of recycling, innovation and inclusion. The project was concluded at the end of the school year with the delivery of a paper relating to a specific goal chosen by the students: SDG 17, and specifically the possibility of realizing the 2030 Agenda through collaborations between governments and the private and public sector. The school was rewarded by Itelyum with the delivery of technological tools to support school sustainability innovation projects.

In Ceccano, students of the Volta Institute of Frosinone participated in a safety and digital innovation training course aboard a “mega truck” equipped with cutting-edge technology connected to a laboratory and scale models of industrial plant operations.

Several classes of the Cardano High School of Pavia - of which several Itelyum employees are former students - participated in a research project on the benefits of the circular economy, visiting the Landriano plant and interviewing various professional figures on the plant’s activities and potential applications of their studies.

In continuity with previous years, ad hoc meetings and lessons were also organized with elementary school children and as part of university courses with Itelyum testimonials. At the heart of such educational activities, and ever more demanded by schools and academic institutions, is Itelyum's testimonial of its core business experience in sustainability and the circular economy sector.

During the year, opportunities were also created for dialogue with citizens, such as the meeting between Itelyum Purification, citizens of Landriano and local institutions organized to discuss the updating of the external emergency plan under the legislation of the Seveso Directive.

Pieve Fissiraga saw the continuation of the “One, ten, one hundred trees” project, through which Itelyum Regeneration is contributing to the greening of the town with arboreal species that have a particular environmental value, including flowering that attracts pollinating insects fundamental for the ecosystem, and carbon capture that for every ton of carbon dioxide absorbed gives back about 0.7 tons of oxygen. To date, the first forty-five trees have been planted in areas most used by residents.

In Ceccano, employees gave their support to the local community by donating blood at an AVIS collection center for local hospitals.

Itelyum also supported local law enforcement through various initiatives, such as the recovery and treatment of seized waste, and the supply of equipment for cleaning waterways following intentional or accidental spills of oily substances.

With a view to sharing the values of Itelyum, Group companies offer donations and small-scale sponsorships to various local community and especially sports initiatives.



WE RECOGNIZE
THE IMPORTANCE
OF CORPORATE CITIZENSHIP
AND WE ARE COMMITTED
TO SPREAD THE CULTURE
OF SUSTAINABILITY

Circular economy for environmental improvement



**WE CONTRIBUTE
TO SAVING RESOURCES
AND TO DECARBONIZING
OUR SUPPLY CHAINS**

CIRCULAR ECONOMY
7.1

The waste mineral oil supply chain - also thanks to the National Consortium of Waste Oils, CONOU, which facilitates waste oil collection and management - is a perfect example of the circular economy intercepting waste and regenerating it into “end-of-waste” products of the same quality or of even higher quality than as those of raw material origin.

Itelyum dominates the Italian market, playing a leading role in this specific supply chain by offering solutions for the sustainable management of such special waste.

Today, the Group has the collective capacity to manage approximately one million, eight hundred thousand tons of special waste per year, including intermediate and transported special waste, and to achieve extremely high circularity indexes¹³, higher than 85%, through the regeneration of used oils, the purification of solvents, and the 360° management of hazardous and non-hazardous special waste, with collection, transport, pre-treatment and treatment services that favor recovery over disposal.

The materials report for the Group’s activities is illustrated below. Note that the trends also depend on the entry of three new companies into the Group in 2021, as well as on the full post-COVID resumption of non-essential activities that had produced less used oil waste during the lockdown period.

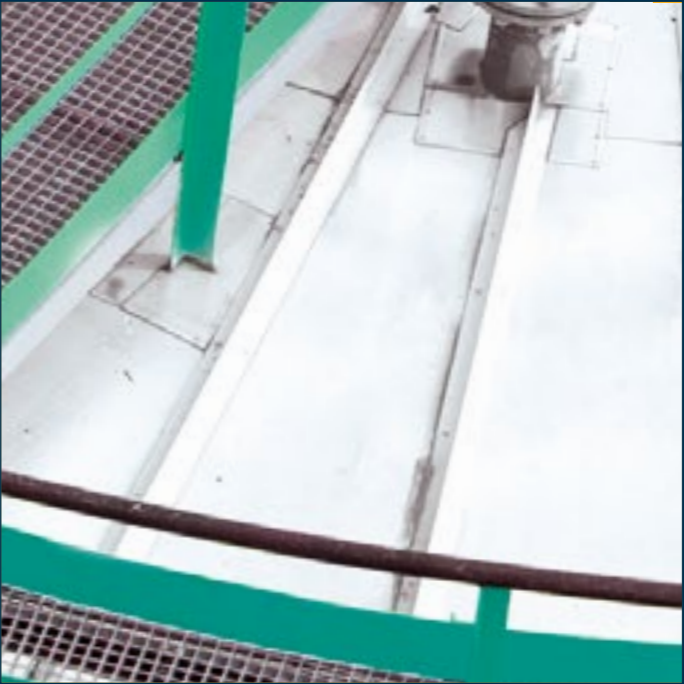
Another aspect to bear in mind is the significant increase in volumes treated by Itelyum Purification.

13
The circularity index is calculated as the ratio of incoming waste and raw materials to the sum of outgoing products, purified water and waste sent for recovery by third parties. The index does not account for transported waste.

Materials report (tons) / Regeneration	2020	2021
Input: raw materials and waste	148,336	176,340
Raw materials	-	-
Waste oils (hazardous waste)	148,336	176,340
Output: products	126,802	150,334
Regenerated lubricant bases	98,941	117,865
Diesel	10,665	12,003
Bitumen	17,197	20,466
Output: purified water	14,125	14,161
Output: waste for recovery (via third parties)	1,856	1,829
Circularity (%)	96%	96%

Materials report (tons) / Purification	2020	2021
Input: raw materials and waste	124,661	140,566
Raw materials	36,619	50,274
Waste containing solvents (hazardous waste)	88,042	90,292
Output: products	104,300	115,186
Solvents and other recycled products	72,830	77,297
Pure solvents	31,222	37,587
Other products	248	302
Output: purified water (via third parties)	11,501	16,157
Output: waste for recovery (via third parties)	5,101	6,983
Circularity (%)	97%	98%

Materials report (tons) / Environment	2020	2021
Waste managed	747,997	949,492
<i>Non-hazardous</i>	344,606	284,283
<i>ASMIA NH</i>	58,219	61,630
<i>Hazardous</i>	299,371	299,390
<i>ASMIA H</i>	45,801	45,693
Destination and circular treatment without ASMIA	574,184	653,919
Destination and circular treatment with ASMIA	678,201	761,242
<i>Recovery</i>	377,680	394,912
<i>Water treatment</i>	111,164	140,253
<i>ASMIA water treatment</i>	104,017	107,323
<i>Treatment of oily emulsions</i>	85,341	118,754
Circularity (%)	89%	80%



The waste oil supply chain, also thanks to CONOU consortium that favors management and collection, is a perfect example of circular economy.

TODAY WE HAVE
A CIRCULARITY INDEX OF 85%,
BUT THAT'S NOT ENOUGH FOR US.
WE ARE COMMITTED TO INCREASING
BY 25% THE QUANTITY OF WASTE
TO BE SENT TO CIRCULAR DESTINIES
BY 2025

EFFICIENT MANAGEMENT OF CONSUMPTION AND ATMOSPHERIC EMISSIONS
7.2

The efficient management of consumption in general and energy consumption in particular has, for several months now, outweighed environmental concerns, due to sharp increases in fuel and electricity affected by some of the aforementioned dynamics.

Itelyum had already begun an efficiency improvement process prior to such price rises, in order to reduce its consumption and associated emissions.

Following on from this process and an energy audit, an ISO 50001 certification process was launched in 2021 at the Pieve Fissiraga Regeneration Plant.

The waste oil regeneration plant has seen the implementation of various efficiency initiatives over the last year, from the replacement of two boilers to the installation of heat recovery exchangers and other energy flow optimization projects.

The plant is also home to a digital transformation pilot project, one of the first in Italy, which will see a digital reproduction of its processes that will allow for real-time monitoring and data collection. By leveraging artificial intelligence, this data can then be analyzed to highlight processes that can be made more efficient.

Also at the Ceccano site, various efficiency improvement projects have been launched, from the replacement of a boiler to the introduction of an energy and utility consumption monitoring and analysis system, the refurbishment of cooling towers, in addition to other consumption reduction interventions.

Itelyum’s Landriano Purification Plant has launched an Energy Diagnosis process and several efficiency projects, including the replacement of existing boilers with latest generation, high efficiency, reduced consumption boilers. A 7% reduction in CO2 emissions and a reduction in pollutant emissions are also forecast as a result of increased efficiency. Finally, we note that the use of diathermic oil with hazard class H411 will be largely reduced.

Another activity carried out at Purification and by many other companies in the Group is the replacement of traditional lighting with low consumption LED lamps.

The latest company to join the Group, Castiglia, is also ISO 50001 certified and staff are continuously trained on energy/environmental issues.

The tables below report the energy consumption data, the changes in which also depend on the aforementioned expansion of the scope¹⁴:

Fuels [GJ (%)]	2020	2021
Natural gas	1,340,652	1,550,538 ¹⁵
LSC Oil ¹⁶	564,570	569,375
Diesel fuel (including automotive)	89,022	125,390
Itelyum (GJ millions)	2.0	2.2

Energy consumption, thermal and electrical (GJ)	2020	2021
Regeneration	1,046,700	1,763,547 ¹⁷
Purification	921,096	1,063,516
Environment	125,604	180,006
Itelyum	2,093,400	3,007,069

Electricity consumption (GJ)	2020	2021
Self-production / Cogeneration	155,095	147,240
Self-production from renewables	2,177	5,565
Purchased from the grid	102,097	118,870
Total (GJ)	259,369	271,675

14 See page 109 for the table of conversion coefficients used.

15 Also includes LNG (Liquefied Natural Gas)

16 LSC (Low Sulfur Content) oil self-produced from waste.

17 As part of continuous improvement of the monitoring system, the 2021 figure also includes steam consumption and cooling energy consumption, which were not previously reported.

The Regeneration sites at Pieve Fissiraga and Ceccano and the Purification site at Landriano are subject to ETS (Emission Trading Scheme) regulations and are therefore required to report their emissions annually. These are then certified by a third party.

The majority of direct (Scope 1) emissions derive from these facilities, with the addition of emissions from the Group's own vehicles.

The following tables report changes in CO₂¹⁸2 emissions for the past two years:

Carbon footprint (kt CO ₂)	2020	2021
"Scope 1" (direct emissions)	149.2	162.2
"Scope 2" (indirect emissions)	7.3	8.6
"Scope 3" (value chain emissions) ¹⁹	28.3	34.2
Total carbon footprint	184.8	205.0

Carbon intensity ²⁰ (kg CO ₂ /t product)	2020	2021
Regeneration	570	581
Purification	680	616
Total	619	596

Several companies in the Environment Division, including De Luca and Castiglia, have begun purchasing vehicles and equipment with better environmental ratings and electric, hybrid or natural gas power (for example, a fully electric self-propelled loader was purchased).

Producing new raw materials through the regeneration and recycling of waste avoids emissions from the extraction, processing and use of fossil raw materials. Studies carried out by leading research institutes (such as ifeu, a German research institute focused on environmental and sustainability issues, and ETHOS) have made it possible to estimate, using a Life Cycle Assessment (LCA) approach, that in 2021 alone Itelyum's activities avoided the emission of around 270,000 tons of CO₂, net of the emissions from Itelyum's facilities, allowing the company to define itself as "carbon positive".

Almost all of the Group's emissions of local pollutants (such as nitrogen and sulfur oxides) into the atmosphere derive from the oil regeneration plants and the solvent purification plant. There are also plants whose atmospheric emissions are, to a lesser extent, channeled to the logistics center in Rho and to some of the operating sites of Itelyum Environment companies. To complement this, managed vehicle fleets generate emissions in proportion to mileage and fleet type. In some cases, reported emissions are based on estimates from point measurements at various smokestacks twice a year.

Local emissions (t)	2020	2021
NO _x	141.0	158.20
SO _x	114.21	87.09
Persistent organic pollutants (POP)	-	-
Volatile Organic Compounds (VOC)	35.00	32.51
Hazardous air pollutants (HAP)	0.01	0.01
Particles (PM)	2.61	2.44
Other standard atmospheric emissions categories identified by relevant regulations	0.13	1.66
Total	291.54	281.90

18
See the table on page 109 for the emission coefficients used

19
The figure to date is estimated based on industry information.

20
Scope 1 and 2 emissions are taken into account.

PROTECTION OF THE WATER RESOURCE AND THE LOCAL AREA
7.3

At operational sites, water resources meet the supply needs for drinking and civil use (e.g., showers, catering, restrooms) or industrial use. Wherever possible, the industrial cycle is managed as a closed circuit, with water withdrawn only to replenish the unavoidable consumption. Industrial uses include steam generation, process equipment cooling utilities, miscellaneous washing, and firefighting.



The table below reports the changes in these withdrawals, which also result from the expansion of the scope:

Water withdrawal per source (Megaliters)	1-1/31-12/2020		1-1/31-12/2021	
Source of withdrawal	All areas	Water stress areas	All areas	Water stress areas
Surface water (total)	0	0	0	0
<i>Fresh water (≤ 1,000 mg/L total dissolved solids)</i>	0	0	0	0
<i>Other water (> 1000 mg/L total dissolved solids)</i>	0	0	0	0
Groundwater (total)	2.302	15	2.877	1
<i>Fresh water (≤ 1,000 mg/L total dissolved solids)</i>	1.880	15	2.451	1
<i>Other water (> 1000 mg/L total dissolved solids)</i>	422	0	426	0
Sea water (total)	0	0	0	0
<i>Fresh water (≤ 1,000 mg/L total dissolved solids)</i>	0	0	0	0
<i>Other water (> 1000 mg/L total dissolved solids)</i>	0	0	0	0
Process water (total)	807	0	748	0
<i>Fresh water (≤ 1,000 mg/L total dissolved solids)</i>	807	0	748	0
<i>Other water (> 1000 mg/L total dissolved solids)</i>	0	0	0	0
Third-party water (total)	1.343	8	2.022	11
<i>Fresh water (≤ 1,000 mg/L total dissolved solids)</i>	62	8	80	11
<i>Other water (> 1000 mg/L total dissolved solids)</i>	1.281	0	1.942	0

At operational sites the industrial cycle is managed as a closed circuit, with water withdrawn only to replenish the unavoidable consumptions.

Only one company, Castiglia (which joined Itelyum in 2021), has minimal consumption in a water-stressed area.

The focus on the local area and its natural value has always been high, also considering the portions of the area occupied, used or influenced by the industrial activities managed by the Company. At every site, industrial and storm water discharges (both into surface water bodies and into the sewer system) are controlled by modern purification systems that ensure the highest environmental quality of the effluent. In addition, a portion of raw materials, product effluents and those effluents treated, managed, or transported has specific hazardous characteristics for aquatic environments. Specific operational care protocols are adopted for these substances. Finally, hydraulic barrier devices are in place at four of the Group's sites - namely the oil regeneration plants at Pieve Fissiraga and Ceccano, the solvent purification plant at Landriano and the infusion and logistics center at Rho. Where necessary, these are supported by pumped water treatment systems, designed to reduce pre-existing contamination of soil and groundwater.

At the Pieve Fissiraga and Ceccano plants, a study called the "dry factory" has been launched with the goal of reusing water from the hydraulic barriers plant and the water treatment plant. This is designed to reuse process water, thereby reducing - if not completely avoiding - further water extraction.

In addition to the measures introduced at its own sites, we note that Itelyum works to protect the local area in a broader sense, in that it has seven companies carrying out environmental remediation of reservoirs, polluted sites, industrial areas and abandoned areas with advanced methods and highly qualified technical personnel. Specifically, contaminated sites and/or polluted land are reclaimed and made safe and related intervention work is carried out; underground tanks containing fuels are cleaned and "Gas Free" and successful remediation certifications are issued; asbestos roofing and land contaminated with asbestos-based material or other fibers are reclaimed.

WE PROTECT
TERRITORIES ALSO
WITH OUR REMEDIATION
SERVICES



Reporting



WE BUILD OUR
SUSTAINABILITY
STRATEGY STARTING
FROM ESG DATA
MONITORING, WHICH
HELPS US TO DESCRIBE
OUR GROUP TO ALL
STAKEHOLDERS

GRI CONTENTS INDEX

8.1

Itelyum reported the information listed in this GRI content index for the period from 1 January 2021 to 31 December 2021, according to the "in accordance" mode of the GRI standards.

GRI 1 foundation 2021		
GRI indicator	Informative	Notes / Page reference
GRI 2 General Disclosures (2021)		
2-1	Organizational details	24-31
2-2	Entities included in the organization's sustainability reporting	10-12
2-3	Reporting period, frequency and contact point	10-12
2-4	Restatement of information	18-19
2-5	External assurance	110
2-6	Activities, value chain and other business relationships	24-33
2-7	Employees	72-73
2-9	Governance structure and composition	34-35
2-22	Statement on sustainable development strategy	6-9
2-23	Policy commitments	42-44
2-27	Compliance with laws and regulations	No non compliance to laws and regulation in 2021
2-28	Membership association	48-49
2-29	Approach to stakeholder engagement	46-47
2-30	Collective bargaining agreements	Collective bargaining agreements cover all perimeter

GRI 3 Material topics (2021)		
3-1	Process to determine material topics	50-52
3-2	List of material topics	53-55
BUSINESS ETHICS AND INTEGRITY		
GRI 3 Material topics (2021)		
3-3	Management of material topics	35-36
GRI 205 Anti-corruption (2016)		
205-3	Confirmed incidents of corruption and actions taken	No incidents of corruption in 2021
WASTE MANAGEMENT		
GRI 3 Material topics (2021)		
3-3	Management of material topics	90
GRI 301 Materials (2021)		
301-3	Reclaimed products and their packaging materials	91-92
RESPONSIBLE MANAGEMENT OF ENERGY CONSUMPTION		
GRI 3 Material topics (2021)		
3-3	Management of material topics	94
GRI 302 Energy (2016)		
302-1	Energy consumption within the organization	95
WATER MANAGEMENT AS A RESOURCE		
GRI 3 Material topics (2021)		
3-3	Management of material topics	98, 100
GRI 303 Water and effluents (2018)		
303-3	Water withdrawal	99
EMISSIONS IN THE ATMOSPHERE		
GRI 3 Material topics (2021)		
3-3	Management of material topics	94-97

GRI 305 Emissions (2016)		
305-1	Direct (Scope 1) GHG emissions	96
305-2	Energy indirect (Scope 2) GHG emissions	96
305-7	Nitrogen oxides (NOX), sulfur oxides (SOx) and other significant air emissions	97
HEALTH AND SAFETY IN THE WORKPLACE		
GRI 3 Material topics (2021)		
3-3	Management of material topics	80-83
GRI 403 Occupational Health and Safety (2018)		
403-1	Occupational health and safety management system	80
403-2	Hazard identification, risk assessment and incident investigation	80
403-3	Occupational health services	82
403-4	Worker participation, consultation and communication on occupational health and safety	80
403-5	Worker training on occupational health and safety	82
403-6	Promotion of worker health	82-83
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	60-61
403-9	Work-related injuries	81
HUMAN CAPITAL DEVELOPMENT		
GRI 3 Material topics (2021)		
3-3	Management of material topics	72-76
GRI 404 Training and education (2016)		
404-1	Average hours of training per year per employee	77
GRI 405 Diversity and equal opportunity (2016)		
405-1	Diversity of governance bodies and employees	72-73

PRODUCT QUALITY AND SAFETY		
GRI 3 Material topics (2021)		
3-3	Management of material topics	60-61
GRI 416 Customer health and safety (2016)		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	60
Material topics not related to specific GRI indicators		
GRI indicator	Informative	Notes / Page reference
COMMUNITY RELATIONS		
GRI 3 Material topics (2021)		
3-3	Management of material topics	84-86
INNOVATION, R&D		
GRI 3 Material topics (2021)		
3-3	Management of material topics	58-59
CIRCULAR ECONOMY		
GRI 3 Material topics (2021)		
3-3	Management of material topics	90
Non material topics correlated to specific GRI indicators		
GRI indicator	Informative	Notes / Page reference
ECONOMIC RESULTS AND SHARED VALUE		
GRI 201 Economic performance (2016)		
201-1	Direct economic value generated and distributed	68-69

Correspondence between Global Compact principles and GRI indicators		
Categories	Principles	GRI Indicators
Human rights	Principle 1 - Businesses should support and respect the protection of internationally proclaimed human rights	403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-9, 404-1, 405-1
	Principle 2 - Ensure that business practices are not complicit in human rights abuses.	
Work	Principle 3 - Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	2-30
	Principle 4 – Businesses are required to eliminate all forms of forced and compulsory labour	403-1, 403-2, 403-3, 403-4, 403-5, 403-6,
	Principle 5 - Businesses are required to abolish child labour	403-7, 403-9, 404-1, 405-1
	Principle 6 - Businesses are required to eliminate the discrimination in respect of employment and occupation	
Environment	Principle 7 - Businesses should support a precautionary approach to environmental challenges	2-22, 301-3, 302-1, 303-3, 305-1, 305-2, 305-7
	Principle 8 - Businesses should undertake initiatives to promote greater environmental responsibility	
	Principle 9 - Businesses should encourage the development and diffusion of environmentally friendly technologies	R&D
Fight against corruption	Principle 10 - Businesses should work against corruption in all its forms, including extortion and bribery	205-3

Energy and emissions conversion tables			
Conversion factors	Unit	Coefficient	Source
Energy	GJ/kWh	0.0036	Fixed
Natural gas	GJ/Sm3	0.0353	Min. environment 2021
Diesel (for vehicles)	GJ/tonne	42.7846	NIR 2021
Diesel (for vehicles)	l/tonne	1181.80	DEFRA 2021
Diesel for heating	GJ/tonne	42.8730	Min. environment 2021
Diesel for heating	l/tonne	1171.00	DEFRA 2021
Gasoline	GJ/tonne	43.1280	Min. environment 2021
Gasoline	l/tonne	1343.79	DEFRA 2021
LPG	GJ/tonne	45.8580	Min. environment 2021
LPG	l/tonne	1887.69	DEFRA 2021
LNG	GJ/tonne	45.025	DEFRA 2021
LNG	l/tonne	2210	DEFRA 2021
Fuel oil	GJ/tonne	41.0410	Min. environment 2021
Conversion factors	Unit	Coefficient	Source
Electricity (IT) - Location Based	g CO ₂ / kWh	259.80	ISPRA 2021
Electricity (IT) - Market Based	g CO ₂ / kWh	459.00	AIB
Natural gas	tCO ₂ / GJ	0.056212	Min. environment 2021
Diesel for heating	tCO ₂ /GJ	0.073927	Min. environment 2021
Diesel (for vehicles)	tCO ₂ /GJ	0.07365	NIR 2021
LPG	tCO ₂ /GJ	0.06599	Min. environment 2021
Gasoline	tCO ₂ /GJ	0.07308	Min. environment 2021
LNG	kg CO ₂ e/l	1.15623	DEFRA 2021
Fuel oil	tCO ₂ /GJ	0.07659	Min. environment 2021



ITELYUM: THE NAME
OF THE CIRCULAR ECONOMY

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Itelyum

Sustainability Report
2021

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As one of the global pioneers of the circular economy, Itelyum is a national leader and recognised international player in the management and valorisation of industrial waste.

For more information
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