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# SUSTAINABILITY REPORT

2023



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## Letter to STAKEHOLDER

Dear Stakeholders,

Over time, Esseco Group has combined its growth strategy with the development of a business culture inspired by shared principles, commitments and exemplary social responsibility.

Despite operating in an 'energy-intensive' sector par excellence and considered 'hard to abate', we have always believed that chemistry is capable of paying increasing attention to the principles of sustainability.

Esseco Group has consolidated this principle over the years, anticipating some environmental best practices well before the advent of regulatory obligations.

We are making a further step along this awareness path by publishing our Sustainability Report, a tangible proof of our intention to inform our stakeholders about our long-standing vision and approach to sustainable development, illustrating our organisational scope in a well-articulated manner with reference to the main ESG (Environmental, Social, Governance) issues, while committing to calculating and reducing the environmental impact of our products and processes over time.

We already began to take the first steps around 40 years ago when the global scenario, both from the institutional point of view and from that of public opinion, did not yet impose those changes necessary to mitigate the environmental impacts that the international post-pandemic situation has dramatically accelerated.

We intend to continue to interpret these stakeholder sensitivities correctly, transparently and promptly, as we are certain that they constitute opportunities for growth and competitiveness for us in the field of innovation.

In fact, Esseco Group has always been guided, in its vision and choices, by the clear and well-rooted values forming its DNA: **PASSION, RESPONSIBILITY AND OPENNESS.**

**PASSION** for efficiency, commitment and quality. We love making things work well, in the best possible way; we are convinced that things must work over time, consistently and with continuity; we believe that this also requires adding art to passion so that things not only work well but also produce added value. .

**RESPONSIBILITY** for dynamic maintenance. Responsibility begins with each individual: each of us in the company receives something and must protect it with discretion and courage, as a reasonable and prudent person. But we want every day to be enriched with the content of our work, enhancing people and the best talents, to overcome the logic of simple conservation. We are aware and attentive to the impact that each of our actions has on the entire

territory and the world in terms of the environment, safety and quality of life.

**OPENING** to always progress. We let our tradition support us without it becoming a constraint in the growth of the present, to confidently look to our future. In fact, we cultivate our curiosity and give space to everyone's good ideas, letting them emerge and become part of our strategies. If we continue to progress it is because we know how to offer the opportunity to express the best energies and skills, enhancing everyone's abilities and transforming errors into an opportunity for growth.

To this regard, Esseco Group is actively engaged in contributing to the European Green Deal, through our constant commitment to reduce greenhouse gas emissions.

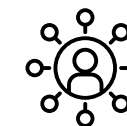
In 2023 renewables already reached over 41% of the energy supply requirements for the Italian Industrial Division. Considering self-produced electricity from recovered steam (CO<sub>2</sub> free) as well, the renewable share of the power grid supplier mix reaches a **55%** supply share.

Esseco developed its approach to sustainability by incorporating attention to various environmental, social and governance issues into its business activities, following two major lines of action:

- proposing products and services to the market that favour a responsible, ethical, inclusive transition with a reduced environmental impact
- consciously managing aspects relating to people's lives, the quality of the environment and the corporate governance system in carrying out business activities in line with international best practices, representing a benchmark for the various actors involved.

Publishing a Sustainability Report goes along the path which our Italian companies set out on last year, and represents a further decisive step towards enhancing and harmonising the set of initiatives that our Group has undertaken for some time now, within the broader scope of social responsibility, besides setting up a sustainable development strategy to lead us on our future growth path.

This report will be useful to materially assess and evaluate the efforts made by our companies in 2023 through our data and an analysis of the objectives achieved against year-start set targets, which will show that our governance and policy guidelines point to an actionable and feasible direction – a route towards *truly* sustainable chemistry.







# 1.

## About Us

Our company, Esseco S.r.l., is a leader in chemicals, namely, sulphur and its derivatives, also operating in the winemaking sector until 2023, through the current company Enartis.

We offer products that guarantee quality, performance and safety in various fields, including oenology, agriculture, automotive, chemistry, food and feed.

We began as early as the late 1980s with a far-sighted investment policy to expand the energy mix, embarking on a path towards sustainable energy transition and reducing consumption drawing upon innovative projects that are reaching far into the future.

We work for the long-lasting and sustainable development of the company, to be pursued through virtuous relationships with customers and suppliers, and respect for the dignity of all those who contribute to the company's success with their work.





1.1. Group History and Values

We are part of the Esseco Group, an Italian holding company which is currently present in 18 countries around the world and has more than 1,300 employees.



The 1920s

The 1960s

The 1990s

2003

2004

2022

2023

We set off on our journey in the national scope of chemicals with a company specialising in refrigeration systems.

After purchasing our first plots of land in San Martino di Trecate (NO) in 1963, we laid the foundations of the current industrial hub where our main production facility now stands, and started our first sulphur dioxide production line from pyrite in 1969. Up to the 1990s our production investments had led to the expansion of sulphite production and the gradual growth of the company's position as a national industry player, including in the winemaking sector.

We started an acquisition strategy which was the mainspring of the current Esseco Group. The growth in Italy was accompanied by a strategic expansion operation outside national and European borders, while still focusing on both our core businesses – inorganic chemical products and winemaking.

Enartis was set up, a brand which is our feather in the cap, establishing Esseco on the worldwide market of excellent winemaking products.

As a result of the increasing acquisitions in Italy and abroad, Esseco Group Holding was set up to include all the production and commercial companies located worldwide.

The broad range of companies and production facilities located around the world spurred the start of a corporate reorganisation, which included setting up **Divisione Esseco Industrial** and launching Enartis spin-off into the Wine Division.

The process of merging the companies Altair Chimica and Hydrochem into **Altair Chemical S.r.l.** was completed, and the demerger deed between Esseco S.r.l. and **Enartis S.r.l.** was drawn up, both with legal, accounting and management effects as of 1 January 2024.



<sup>1</sup> A merger project of the two companies into Altair Chemical is underway.

Thanks to a process of organic growth and acquisitions, the **Industrial Division** now has various production sites in Europe and the Americas and has expanded its portfolio of offerings on the market. It has maintained and increased its presence in the historic business of sulphur and sulphite derivatives and, thanks to the acquisitions of Altair Chimica (2011) and Hydrochem Italia<sup>1</sup> (2019), it has become one of the main European players in the chlorine alkali sector, with particular focus on caustic potash and all the chemistry of inorganic potassium derivatives. The acquisition of Addcon, with its production facilities in Germany, Norway and China, further extended the geographical and product scope of Esseco Group Industrial Division, now also operating in the Feed sector.

The **Divisione Enologica** has also taken on a notable dimension today; the activities attributable to the Esseco Group currently have a leading position in the market niche of biotechnological additives and adjuvants to support the wine industry on a global level. Here too, the process of organic growth and through acquisitions, which began in the 1990s and has never been interrupted, has today led the Group to be directly present with its brands and branches on all the main wine production markets.

<sup>2</sup> Enartis was one of Esseco S.r.l. brands until 31/12/2023.

The market offer is expressed through innovative products and solutions that are the result of intense research and development, sold through Enartis<sup>2</sup>, and the following proprietary brands:



Our **vision** guides the Group's operations on a daily basis:

*Keep growing every day with passion, responsibility and receptiveness to be the benchmark solution that gives value to the work of our customers, helping the world to have higher quality and safer products.*

We follow best practices wherever we are in the world and operate within a framework of fair competition, honesty, integrity, correctness and good faith, respecting the legitimate interests of customers, employees, members, commercial and financial partners and the communities of which Esseco Group is part.

**1.1.1. The Evolution of Our Company**

Within the Group's dynamics, **Esseco S.r.l.** has stood out for its industrial development characterised by a constant search for innovation in production processes and energy transition.

The energy transition policies began way back in 1987 with the installation of the first 1.3 MW steam turbine at the Trecate plant, which was followed by a second one of 5.4 MW in 2001.

The production of sulphuric acid began in the Trecate plant in 2006 with the shareholding in Essemar, and a multi-year project for the renewal of all production systems linked to the food industry was launched.

The methane cogenerator for the production of energy and steam was commissioned in 2018 (1.2 MW), and in recent years we have begun to focus our attention on photovoltaics, laying the foundations for both installations on production sites and for plants in other territories, but always at the service of the company's industrial production. Investment in a new plant for the production of sodium hydrosulphite also began in 2018.

From 1 July 2022, as a result of a merger by incorporation, Esseco S.r.l. absorbed the associated company Zolfindustria S.r.l. with consequent management of the San Cipriano Po production site and the Assemini warehouse. The activities of this production site focus on the grinding and micronization of sulphur intended for two main markets, the agricultural one and the industrial and automotive one (tyre market, used as a vulcanizing agent).

In 2023, the refurbishment of an existing plant was started, which will let us manufacture a new product, potassium bicarbonate, by recovering CO<sub>2</sub> resulting from other processes.

In order to meet the demands of international markets, company strategy is directed towards targeted upgrades and investments at the Trecate plant in order to focus our Group's activities on production processes. With a view to this upgrading, the process of converting the Enartis brand into an independent company was completed in 2022 and 2023, and Enartis is now on a par with the other companies in the Esseco Group's Wine Division: Ever, Sofralab Groupe and Italiana Biotecnologie.

**1.2. Structure and Organisational Framework**

Esseco S.r.l. is entirely controlled by Esseco Group and manages the following operational sites:

- **San Martino di Trecate (NO):** production plant and registered office;
- **San Cipriano Po (PV):** production plant.

Besides these facilities, the company includes storage sites and warehouses in Lugagnano di Sona (VR)<sup>3</sup>, Borgolavezzaro (NO), Assemini and Uta (CA).

<sup>3</sup> Operating until 1 August 2023.

Owing to certified processes, Esseco products meet the highest safety and quality standards.

San Martino di Trecate is our head office and covers a total area of over 16 hectares. It includes an office block and complex production

systems arranged in two separate processing areas, dedicated to **industrial** and **winemaking** products, respectively.

The Trecate industrial site also includes a plant asset dedicated to the industrial production of sulphuric acid and oleum owned by Essemar S.r.l., also part of the Esseco Group.

The industrial synergy of Esseco and Essemar has a double advantage, favouring on the one hand the use of the raw material (sulphur) as a source of energy for the plant through advanced technologies, and on the other the integral management of environmental and safety aspects based on the prescriptive obligations of Integrated Environmental Authorisation (AIA) 416 of 13/10/2021 issued by the Italian Ministry of Ecological Transition.

The site at San Cipriano Po, authorised with AUA Decree 5/2021 of the Province of Pavia, consists of an industrial building with offices, production departments, laboratory and storage areas, for a total surface area of 1 hectare.

As of 31 December 2023, we have a headcount of 298 resources, organised according to a traditional governance model as set up by the Members' Meeting. This body expresses the will of the Company and, among other responsibilities, approves the financial statements and appoints the members of the Board of Directors (BoD), whereby each is enabled to carry out their activity independently.

The Board of Directors establishes corporate strategies, policies and objectives, including those relating to sustainability, which are then disseminated and implemented at all levels of the organisation: for further details on governance, please refer to Chapter 3.

We are associated with **Federchimica** (National Federation of the Chemical Industry) – Confindustria and we are a member of **Responsible Care**, collaborating with companies in the sector for research and constant improvement of performance.

Responsible Care<sup>4</sup> is a voluntary programme for promoting the sustainable development of the global chemical industry. The signatory companies undertake to strengthen their activities to protect the environment, guarantee safety, protect health, better manage logistics and production and share corporate best practices.

Riccardo Cigognini, responsible for health, safety and the environment, is a member of the Board of Directors of Responsible Care.

1.3. I prodotti e i mercati in cui operiamo

The pursuit of **quality** guides our daily actions and is expressed in two main areas: product quality and service quality.

**Product quality** starts with the identification of the customer's needs and affects all phases of production, from quality control in the laboratory to sales, and presupposes continuous attention to improvement.

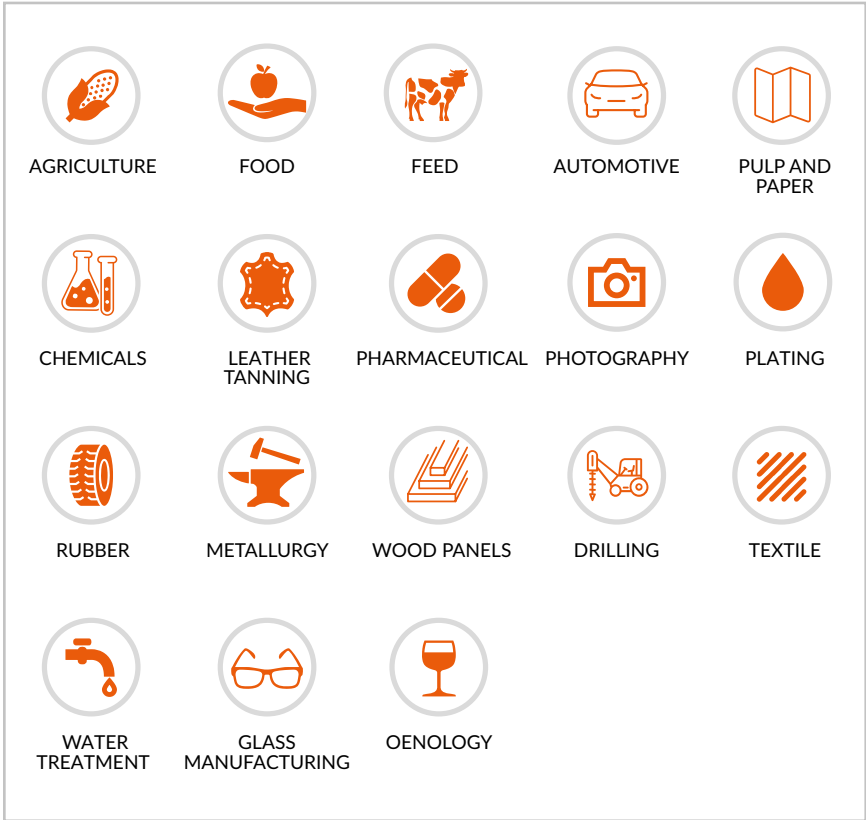


<sup>4</sup> To view the latest report issued and further information regarding the programme: <https://www.federchimica.it/servizi/sviluppo-sostenibile/responsible-care>.

**Service quality** is expressed in the timeliness of responses, in the development of customised products, in the flexibility of programming and in the punctuality of deliveries.

We think, produce and place on the market following rigorous quality and safety criteria for the consumer, as indicated by the Quality Policy and the Food Safety Policy which can be found on our company website: <https://www.esseco.com/qualita-e-certificazioni/>.

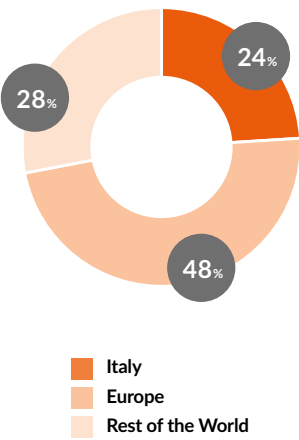
The products we work on find application in a range of sectors, including:



We mainly market our products in Europe and especially in Italy. We meet the most stringent regulatory and certification requirements for each sector. The following are listed merely by way of example:

- **purity requirements** for additives produced, processed or marketed in compliance with EC Regulation 231/2012 of 09/03/2012;
- **food safety** pursuant to EC Regulation 178/2002 of 28/01/2002;
- **hygiene** of food products of animal origin with application of a hygiene self-control programme based on **HACCP** principles;
- **compliance with EC Regulations 1829/2003 and 1830/2003** for wine products marketed and/or obtained in our plants with the certification of not being genetically modified (**no GMO**);
- compliance with the standards of the **organic supply chain** for the wine sector.

Sales by geographic area (2023)





The latter have seen very significant growth in the wine sector. To introduce this to the market, we have inaugurated the **Enartis** brand, open to global commercial scenarios.

300+	200+	10.000+	10.000+	100%	2M euro
Products and specialties	Employees	Wine producers in 50 countries	Application tests every year	Part of the local wine-growing communities	Investments each year in research and development

Enartis provides a full range of compounds to assist winemakers from grape harvesting to bottling. These are the main product families:

- Fermentation activators
- Malolactic bacteria
- Clarifiers
- Detergents
- Enzymes
- Filtration
- Hobby and small cellars
- Test kits
- Alternative wood types
- Yeasts
- Mannoproteins and polysaccharides
- Sulphur dioxide agents
- Stabilisers
- Tannins
- Specific treatments

1.4. Value Generation

The economic value created by company operations guarantees the continuity of our business over time and fuels the positive economic impacts on stakeholders and the territory in which we operate. In addition to promoting the economic and social development of local communities, the redistribution of generated value helps us to understand the relationships between our Group and the socio-economic systems with which it interacts, as well as their mutual influences.

The economic value generated and distributed to stakeholders is calculated on the basis of a reclassification of the economic balance sheet items detailed in the table below.

Economic value generated and distributed	2022 <sup>5</sup>	2023
Value generated (revenue)	238,417,783 €	178,030,827 €
Total economic value distributed, of which:	217,594,570 €	143,223,197 €
Operating costs	156,396,961 €	114,293,897 €
Staff salaries and benefits	21,864,436 €	21,710,133 €
Payments to capital providers	-117,087 €	459,658 €
Payments to the Public Administration	8,804,840 €	6,070,684 €
Investments in communities	30,000,000 €	0 €
Economic value retained	645,420 €	688,826 €
Value generated (revenue)	20,823,213 €	34,807,630 €

<sup>5</sup> Data from the year 2022 were recalculated.

The year 2023 witnessed a 25% reduction in revenue compared to the previous year. This trend was mainly due to the unusual situation experienced during the year, characterised by a long-lasting increase in energy and raw material costs, and a consequent increase in sales prices and thus generated value. The general scenario of economic uncertainty due to international geopolitical strain, rising inflation and interest rates led to a drop in sales volume. However, this downturn did not adversely affect wages and salaries, which were virtually unchanged, nor did it affect locally-driven investments in community assets, which conversely recorded a 6.7% increase, that is, around EUR 43,000 on an absolute scale.







## 2. Responsibility and Transparency as the Foundations of Governance

### 2.1. Governance Model

The Board of Directors (BoD) governing our company includes a Chair, a Managing Director and three Directors. The BoD is appointed by the Members' Meeting of the Esseco Group and remains in office for three financial years. It currently includes four men and one woman, in the age range from 50 to 60.

The tools used to evaluate the work of the governing body include a monthly report, a quarterly evaluation and an annual final balance sheet when drafting the financial statements. The resulting evaluation aims to ensure the best possible performance in company management, but does not cover the sustainability aspects to which our company is attentive.

In accordance with Model 231 and UNI ISO 45001 certification, the control of a Supervisory Body (SB) is also envisaged, which includes three members called upon to monitor the functioning, effectiveness and observance of the Organisational Model and of the corporate Code of Ethics in an impartial manner; the SB is also responsible for a procedure aimed at highlighting any critical issues within the company.

Legality control is entrusted to a Board of Statutory Auditors consisting of three members, while the audit is carried out by an external auditing company.

The Management Committee, consisting of the General Manager and representatives of all the company departments, meets biweekly to discuss the plants, safety and objectives.

A cascade of top functions are identified within the framework of this organisational structure, which are awarded with special powers of attorney in each operating site, as well as specific responsibilities and powers of representation vis-a-vis the Public Administration and control bodies.

As required by the integrated management system dedicated to quality, environment and safety, we define the roles and responsibilities in clear organisational charts characterised by the presence of highly qualified and competent internal organisational units controlling particularly critical areas. Examples include the **Product Protection Group**, the **Crisis Committee** (as part of business continuity management), the **Research and Development Division**, the **Health, Safety, Environment (HSE) office** with a working group focused on relevant accident risk, the **Procurement and Compliance Division and the Supply Chain Division**.

In compliance with the Organisational Model, the Code of Ethics and current legislation on the protection of privacy, we provide channels for reporting alleged illicit conduct. Internal and external employees and collaborators can report relevant conduct, pursuant to Italian Legislative Decree 231/2001 (e.g., corporate, environmental, health and safety crimes) and/or concerning the reasonable/likely existence of even just potential illicit situations such as conflicts of interest.



**GIUSEPPE FALSIROLI**  
Managing Director  
Esseco S.r.l.

Composition of the corporate bodies of Esseco S.r.l.

Name	Role	Executive	Qualifications	Other positions
Francesco Nulli	Chairman	Yes	Degree in Chemical Engineering	Esseco Group Chief Executive Officer
Giuseppe Falsioli	Managing Director	Yes	Degree in Chemical Engineering	Employer, Site Manager and General Manager of the Chemical Products Industrial Division
Andrea Volontè	Executive Director	Yes	Secondary School Diploma	San Martino S.p.A. Director
Tania Francioli	Director	Yes	BSc in Business and Economics	C.F.O. Esseco S.r.l.
Roberto Vagheggi	Director	Yes	BSc in Electronic Engineering	Esseco Group Director; Esseco Industrial Group General Manager; CEO of Chlor Alkali Division, Esseco Industrial Group; Altair Chimica and Altair Iberica Managing Director; Hydrochem Italia President

To facilitate reporting to the Supervisory Body, we established a dedicated online communication channel in compliance with 2023 regulations on whistleblowing, which can be accessed anonymously at <https://www.esseco.com/whistleblowing/>.

In general, all stakeholders can communicate any critical issues via the official channels accessible in the contact section of our website and/or via direct communication with the representatives of the individual areas.

As required by company procedures, we process all reports by recording the opening, response and closing dates, and any corrective actions taken.

2.2. Compliance and Corporate Integrity

We have decided to equip ourselves with an integrated quality, environment and safety management system compliant and certified according to international standards ISO: 9001, 14001 and 45001.

Since our production activities fall into the category at risk of major accidents, we have strengthened this complex system with the presence of specific procedures and instructions (SGS-PIR) in compliance with Italian Legislative Decree 105/2015, which implements what is known as the Seveso III directive.

A third-party certification body verifies the integrated management system at least annually and checks the operational compliance of all our implemented processes.



We examine the adequacy of environmental, health and safety safeguards with internal audits, also making use of the feedback from the numerous inspection visits carried out by the responsible control bodies.

We have certifications related to food industry products, among which the following stand out:

- **Food Safety System Certification Scheme (FSSC) 22000** relating to food safety in the Trecate plant;
- **Kosher certification** in reference to products compliant with the dietary rules of the Jewish religion;
- **Halal certification** for products that comply with the food rules of the Islamic religion;
- registrations for use in the **organic supply chain**.
- **GOTS** (Global Organic Textile Standard) and **ZDHC** (Zero Discharge of Hazardous Chemical) for the textile sector;
- **NSF/ANSI 60** – Certificate of compliance for use in the treatment of drinking water.

In 2022 we joined **EcoVadis ratings**, issued by an independent global provider of corporate sustainability ratings based on company management performance on four themes: environment, labour and human rights, ethics, sustainable procurement. We received a *Platinum* medal for our Trecate site in 2023; it is the highest recognition awarded by Ecovadis to the top 1% of assessed companies, whereas our San Cripriano Po site was awarded a *Gold* medal. Lastly, in 2023 we decided to be assessed through Open-es as well, an ESG rating digital platform where we scored 88 out of 100.

We operate in a varied and complex context, which is why we have clearly defined the set of values that we recognise, accept and share, but also the responsibilities we assume both internally and externally.

To this end, we drew up a Code of Ethics and an Organisational Model. Our **Code of Ethics** reports our guidelines on key issues, such as:

- loyalty, correctness, efficiency and openness to the market;
- obligation of confidentiality of company information;
- transparency of accounting and internal controls;
- compliance with the law;
- value of human resources;
- protection of people’s health and safety;
- protection of the environment and territory.

The **Organisational Model** responds to the precepts of Italian Legislative Decree 231/2001, which introduced a peculiar form of liability defined as ‘administrative of the entity’ in the Italian legal framework. This responsibility is recognised if what are known as predicate crimes are carried out, including those relating to conflicts of interest in carrying out business activities and in the corporate interest.

On the basis of this legislation and starting from the analysis of the business and company specificities, we mapped the functions and



areas exposed to a greater risk of occurrence of the predicate crimes (risk assessment): examples are supplies and relationships with the Public Administration.

The SB monitors the correct application of the Organisational Model and the Code of Ethics by carrying out quarterly audits and activating a specific information flow.

We guarantee the broadest dissemination of the contents of our Code of Ethics and Organisational Model to internal and external stakeholders, and are committed to ensuring that the relevant guidelines are complied with by employees and suppliers alike. We provide new hires with information about company principles and procedures to be followed, then check their understanding thereof by testing them – this is the starting point of our personnel training and awareness-raising activities. Thus, both our governing body and all employees are properly trained and informed about the existing anti-corruption, legality and business ethics policies and procedures.

Information and training about anti-corruption policies and procedures				
Role	2022		2023	
	Information	Training	Information	Training
Governing Body	5	5	5	5
Employees, <sup>1</sup> broken down as follows:	13	13	11	11
Executives	2	2	1	1
Middle Managers	0	0	1	1
Office Workers	5	5	3	3
Factory Workers	6	6	6	6

<sup>1</sup> New hires.



Our focus on abiding by the most stringent transparency and ethical principles when conducting our business yields tangible results – in 2023 we were again awarded the **highest score**, i.e., 3 stars, in **Legality Rating**, a reward system certified by the Italian Competition and Market Authority (AGCM).

In 2023 no occurrences of corruption and discrimination were reported in our Company, nor did we record any significant sanctions<sup>2</sup> for infringement of environmental, social or economic laws and/or regulations. We would like to report the out-of-court settlement of a legal action without any penalties arising therefrom.

<sup>2</sup> Only sanctions considered significant, i.e., whose amount exceeds € 50,000, are reported in this Sustainability Report.

2.3. Risk Management

To effectively address the risks to which we are potentially subject, we synergistically use the various tools mentioned.

We also adopt a rigorous procedure to support operational continuity, which includes the periodic reassessment and updating of the business continuity plan.

The business continuity plan has multiple objectives:

- guarantee the correct management of critical events that are potentially capable of threatening the very survival of our company (e.g., reputation crisis);
- highlight and make the most of opportunities (e.g., synergies with companies within Esseco Group, in order to stabilise the supply chain and optimise the use of resources and skills);
- coordinate the activities and efforts of different functions to ensure operational continuity following an interruption;
- define the fundamental steps that must be undertaken by the working groups responsible for responding to emergencies;
- ensure the identification and examination of real and potential dangers which, acting internally or externally, could compromise business continuity and regulatory compliance and management systems, corporate strategies and policies, customer satisfaction and cause delays or discontinuity of supplies;
- guide choices in the event of a crisis arising from unpredictable situations;
- establish back-up procedures to protect the operation of processes and minimise any interruptions in procedures or services.

Our risk management model also affects very sensitive areas such as the transparency of relationships with some significant stakeholders such as customers and suppliers.

The possible risk areas include those relating to compliance with health and safety obligations, with particular reference to the risk of major accidents and environmental aspects.

Our Board of Directors vested in the Employer, and Managing Director of the Company, the authority to perform a risk assessment and draw up the records heretofore referred to, and also appoint the Prevention and Protection Service Manager (PPSM) as well as any other officers to support the said duties.





## 3. Safety and Innovation along the Supply Chain

Innovation drives us to guarantee high product quality and safety standards by reducing the environmental impact to the least possible level allowed by currently available technology, to the benefit of our customers as well as local communities and territories where we operate.

### 3.1. Research and Innovation

In our laboratories, we carry out research and development activities, the quality and safety control of products, and provide technical and scientific assistance to customers which is aimed, among other things, at creating profitable collaborations for the development of application solutions and customised projects.

Our experimental programme aimed at creating new winemaking and industrial chemical products was completed in 2023. Our research activity, which had started in 2021, received EUR 4.9m funding from the Ministry of Economic Development, out of a total EUR 10.4m investment. The initiative focused on the development of several projects related to wine fermentation and protein stabilisation, with the goal of simplifying the winemaking process and improving the overall quality of product output. As a result of the programme, Enartis developed two patents.

During the year, we developed two new products – **potassium bicarbonate** and **potassium carbonate solution** – obtained by **recovering carbon dioxide** from the sodium metabisulphite production process, which simultaneously generates bicarbonate, a product of interest to the market. This cascade association is further proof of the strong interconnectedness of our processes, which provides great benefits to production efficiency, production system circularity and the abatement of climate-change emissions.

We also took part in SWICh call for tenders by submitting our “ECOChem Innovations” project, whose objectives include the energy streamlining of the SOG3 kiln and liquid SO<sub>2</sub> production methods requiring reduced well water withdrawal, and conducted research on innovative tannins, calcium tartrate, traditional-method bentonite-added yeast, spirits, as well as life cycle assessment (LCA) and carbon footprint for various products from both the Industrial and Wine Divisions.

Finally, in 2023 we made several system improvements which yielded benefits to our production, organisation and sustainability:

- **Installation of new sulphuric acid tanks**, which helped us manage the production capacity of our facility more consistently, thus streamlining steam and energy production on an as-needed basis;
- **Replacement of the solid sulphur storage silo** with a larger one for improved management of raw material procurement;
- Installation of a new, **more efficient ammonia chiller**, which resulted in significant energy streamlining;
- Refurbishment of the power section of the electrical cabins and turbine, which yielded a **% increase in energy production per tonne of steam** entering the turbine.

### 3.2. An Essential Pair: Safety and Sustainability

Product sustainability also involves guaranteeing the highest quality and safety standards. The numerous product and management certifications that we have acquired over the years are proof and recognition of our daily commitment in this sense.

We had already obtained quality certification for all production and commercial activities in 1994. The quality policy is compliant with the UNI EN ISO 9001 standard and formally establishes our commitment to ensuring:

- The quality of the services provided both in terms of compliance with implicit and explicit requests and stakeholder satisfaction;
- Social responsibility with the constant evaluation of the impact that each activity can have on people, the territory and the surrounding environment;
- Compliance with applicable legislative and regulatory requirements, with particular reference to internal requirements and those agreed with customers, ensuring that the products and services provided comply with current regulations;
- The involvement of suppliers as an integral part of the company in achieving quality levels;
- The diffusion of the culture of quality in all company processes so that they become an ordinary working tool for our company, with attention to continuous improvement, employee retention and the streamlining of flows and procedures;
- Informing interested parties with regular external communications regarding our commitment to quality aspects;
- The constant improvement of products, processes and services provided to customers through constructive and sustained action by all the actors involved in our company.

Added to this is the food safety policy, which formalises our commitment to:

- Satisfy customers by regularly providing products that not only meet the requests of those who choose us, but also the applicable legal and regulatory requirements;
- Develop a HACCP plan for hazard analysis and the definition of critical control points and develop mitigation procedures with food fraud and *food defence* plans based on risk assessment, the application of good production practices and/or prerequisites;
- Ensure the traceability and tracking of the materials used and finished products along the entire food supply chain in order to promote the safety and protection of the end user;
- Adopt and disseminate a culture of food safety and product quality at all company levels;
- Always stay up to date on scientific and technical developments, also making use of sector associations;
- Putting roots in the social fabric around our company by creating employment opportunities and respecting the environment, nature

and territory with the adoption of cutting-edge technologies and the elimination of waste.

We seek and guarantee quality, sustainability and safety along the entire supply chain, ensuring that the principles enshrined in our policy are pursued both inside and outside the company.

We have thus equipped ourselves with a **supplier qualification procedure** which defines the criteria, responsibilities and operational methods for managing all phases of the evaluation, qualification and monitoring process of those who supply us. The procedure applies to suppliers of: raw materials, finished products, packaging materials and critical materials for the production process; critical services for the quality and/or food safety of products; outsourcing activities (e.g., transport).

Supplier evaluation is aimed at verifying:

- experience in the sector;
- technical skills;
- the quality of products and services;
- the completeness of the requested documentation;
- the existence of quality, environmental, safety management systems and, in their absence, the approach and information relating to health, safety, environment, energy and quality;
- the presence of non-conformities;
- punctuality of delivery;
- price competitiveness;
- the presence of a Code of Ethics and ESG projects.

To further our knowledge of new suppliers, we carry out an inspection at the plant aimed at ascertaining their ability to satisfy the agreed requests. We carry out these audits at least every three years.

The outcome of this process is not only a list of qualified entities, but also a large set of information that is useful for classifying suppliers: unqualified, suspended, occasional, qualified with reservations and potential. Our aim is to guarantee the quality and safety of the products and services provided over time.

The current percentage of our suppliers who have completed their environmental assessment is 50% as to San Martino di Trecate and 40% as to San Cipriano Po production facilities, respectively. In 2023, no further suppliers were assessed, as we are striving to supplement supplier environmental assessments with additional environmental sustainability criteria – the new evaluation questionnaire will start to apply in 2024.

We subject all our products to rigorous controls that certify their safety towards people and the environment, according to current legislation on the matter (e.g., REACH & CLP regulations, food labelling regulations, etc.) and voluntary certifications (e.g.: Food Safety System Certification Scheme - FSSC 22000, Kosher, Halal, ecc.).



We aim for continuous growth in the quality of the products we supply to the market. One example worth noting is our Penta NTS, which has developed from a sodium dithionite by-product (SHS) into a ready-to-market finished product, owing to the innovative production process we developed, and may now be used in the organic sector as well.

Product labelling and the technical and safety data sheets accompanying the products give our customers all the necessary information on chemical-physical characteristics, qualitative properties, packaging, main uses and any precautions to follow in use and disposal after use. Responsible figures, including for example experts for the transport of dangerous goods (ADR), ensure the control and consistency of information and labels with current legislation.

The commitments we make daily at various levels allowed us to end 2022 **without recording any non-conformities related to the health and safety impacts of our products, nor regarding information or labelling of products and services.**







## 4. People

### 4.1. Employee Well-Being

We have always based entrepreneurial choices and corporate strategies on values of individual and social responsibility. Rooting our presence in the territory and contributing to the creation of employment opportunities while respecting the environment is one of the main objectives we set ourselves.

We consider workers the main resource for the company's success, and their well-being is our first priority.

At the end of the reporting year we had 298 direct employees, 18 workers hired with a temporary manpower supply or service contract and 8 with an internship contract. Nearly all direct employees (around 98%) have a permanent contract and work full time, which proves our intention to establish long-term employment relationships. We had no employees with on-demand contracts or on a project basis in 2023.

Employees by employment contract	2022	2023
<b>Permanent workforce, including:</b>	<b>310</b>	<b>292</b>
Women	61	59
Men	249	233
Nationality: Italy	293	275
Nationality: Europe (excluding Italy)	7	15
Nationality: Rest of the world	10	2
<b>Fixed-term workforce, including:</b>	<b>3</b>	<b>6</b>
Women	1	0
Men	2	6
Nationality: Italy	2	5
Nationality: Europe (excluding Italy)	0	1
Nationality: Rest of the world	1	0
<b>TOTAL EMPLOYEES</b>	<b>313</b>	<b>298</b>

Employees by type of working	2022	2023
<b>Full-time workforce, including:</b>	<b>309</b>	<b>293</b>
Women	60	56
Men	249	237
Nationality: Italy	292	276
Nationality: Europe (excluding Italy)	6	15
Nationality: Rest of the world	11	2
<b>Part-time workforce, including:</b>	<b>4</b>	<b>5</b>
Women	2	3
Men	2	2
Nationality: Italy	3	4
Nationality: Europe (excluding Italy)	1	1
Nationality: Rest of the world	0	0
<b>TOTAL EMPLOYEES</b>	<b>313</b>	<b>298</b>

Non-employees	2022	2023
Trainees- Interns	4	8
Temps - Contractors	15	5
Service contracts (cleaning, catering, security guards)	13	13
<b>TOTAL NON-EMPLOYEES</b>	<b>32</b>	<b>26</b>

In 2023, we hired 11 new employees, including 8 Italian nationals, two from other EU countries and one from a non-EU country, added with a transfer from our Parent Company. We recorded 27 terminations, 25 of which involving Italian nationals and 2 employees from other EU countries.

New hires <sup>1</sup> by gender, age group	2022	2023
<b>Total new hires</b>	<b>13</b>	<b>12</b>
< 30 years	9	5
30-50 years	3	5
> 50 years	1	1
Women	4	3
Men	9	8
<b>INCOMING TURNOVER</b>	<b>4.2%</b>	<b>4.0%</b>

Terminations <sup>1</sup> by gender, age group	2022	2023
<b>Total terminations</b>	<b>26</b>	<b>27</b>
< 30 years	3	4
30-50 years	19	14
> 50 years	4	9
Women	8	6
Men	18	21
<b>TURNOVER IN USCITA</b>	<b>8.3%</b>	<b>9.1%</b>

<sup>1</sup> Incoming and outgoing turnover rates are calculated by dividing the number of new hires and terminations recorded in 2022 by the total number of employees registered as at 31/12.

Our commitment to young talent enhancement

We are completely sure that innovation and research, the cornerstones of our daily activities, are impossible without investing in young people. This is why we firmly believe that involving new generations, starting with schools and universities, can inspire innovation and vision to chemistry, a sector that involves the daily lives of each of us and which is increasingly becoming a key factor of ecological and energy transitions.

In order to apply these principles, we signed a partnership with Omar Secondary School in Novara, for the purpose of launching sandwich course projects, besides having several agreements in place for curricular internships to be pursued at our Trecate production plant.

In November, we also attended the Career Day at Eastern Piedmont University, where our employees shared their first-hand experience, explaining how an educational path may turn into an exciting career with Esseco. During the event, we held introductory interviews with a dozen talented university students who were about to graduate, offering potential job opportunities at our Trecate site. This initiative strengthened the bond between the company and new generations, outlining a promising future for both.

We showed students that an industrial company such as Esseco, operating in an energy-intensive sector defined as “hard to abate”, is tangibly committed to sustainability, not only on an financial level, but also by contributing to social and environmental wellbeing.

Esseco Industrial's entire investment programme is based on these pillars, and we are immensely proud of that.

In our relationship with our employees, we are committed to avoiding all forms of discrimination based on factors such as age, gender, sexual orientation, health status, ethnicity, nationality, political opinions and religious beliefs. Indeed, we are aware that human resources can only be fully valued by respecting the diversity of each individual and striving for equal opportunities, and we pay special attention to these aspects, particularly due to the intrinsic qualities of certain jobs (e.g., in production, packaging, maintenance, internal logistics departments), which are currently unappealing to women. Indeed, as proven by our personnel data, our factory workers are currently all men.

Diversity of governance bodies and employees <sup>2</sup>	2022	2023
<b>Executives</b>	<b>4.5%</b>	<b>4.0%</b>
< 30 years	0.0%	0.0%
30-50 years	35.7%	33.3%
> 50 years	64.3%	66.7%
Women	21.4%	33.3%
Men	78.6%	66.7%
Protected categories	0.0%	8.3%
<b>Middle Managers</b>	<b>7.3%</b>	<b>9.1%</b>
< 30 years	0.0%	0.0%
30-50 years	43.5%	33.3%
> 50 years	56.5%	66.7%
Women	13.0%	11.1%
Men	87.0%	88.9%
Protected categories	4.3%	3.7%
<b>Office workers</b>	<b>37.7%</b>	<b>35.6%</b>
< 30 years	11.0%	7.5%
30-50 years	61.0%	55.7%
> 50 years	28.0%	36.8%
Women	46.6%	49.1%
Men	53.4%	50.9%
Protected categories	0.8%	0.9%
<b>Factory workers</b>	<b>50.5%</b>	<b>51.3%</b>
< 30 years	10.8%	12.4%
30-50 years	53.8%	47.1%
> 50 years	35.4%	40.5%
Women	0.6%	0.0%
Men	99.4%	100.0%
Protected categories	3.8%	3.3%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>

<sup>2</sup> Percentages for employee categories refer to the total number of employees recorded as of 31/12. Percentages by gender and age group within each category refer to the total number for that category.

The National Collective Labour Agreement (the Italian CCNL) for industrial chemists applies to all employees, who therefore benefit from the relevant guarantees. We do not apply official procedures to establish the remuneration of our employees, but we adopt incentive schemes for salespeople and managers, and performance bonuses for the other personnel. We also provide our employees with a broad range of additional benefits: life insurance, health care, disability and invalidity insurance coverage, parental leave, and a pension scheme.

We believe that providing support to our workers and their families is required to address critical issues arising from the national and international socioeconomic context, such as the rising inflation that has affected Italy over the past two years. Considering that by holding down energy costs we have been able to remain competitive even

in these challenging circumstances, we decided to allocate part of the saved resources to a stable 5% salary increase as from January 2023, in addition to the 6% salary increase provided for in the new chemical-pharmaceutical labour contract

<sup>3</sup> Ratio of the total annual remuneration of the person receiving the highest remuneration to the total annual median remuneration of all employees (excluding the aforesaid person).

Parental Leave		2022	2023
No. of employees entitled to parental leave	Woman	62	59
	Men	251	239
No. of employees who took parental leave	Woman	9	5
	Men	7	9
No. of employees who resumed work in the reporting period after taking parental leave	Woman	9	5
	Men	7	9
No. of employees who resumed work after taking parental leave and are still company employees in the 12 months after resuming service	Woman	7	4
	Men	5	7
Return-to-work rate for employees taking parental leave	Woman	100%	100%
	Men	100%	100%
Retention rate for employees taking parental leave	Woman	N/A	44%
	Men	N/A	100%

Total annual remuneration ratio <sup>3</sup>	2022	2023
Ratio of the highest remuneration to the median employee's remuneration	9.2	6.48
Ratio of the highest-remuneration percentage increase to the median employee-remuneration percentage increase	6.7	0.95

Women-to-men base salary and remuneration ratio	2022	2023
<b>Executives</b>		
Women-to-men base salary ratio	0,75	0,77
Women-to-men remuneration ratio	0,73	0,72
<b>Middle Managers</b>		
Women-to-men base salary ratio	1,01	1,01
Women-to-men remuneration ratio	0,98	1,02
<b>Office workers</b>		
Women-to-men base salary ratio	0,89	0,91
Women-to-men remuneration ratio	0,82	0,85
<b>Factory workers</b>		
Women-to-men base salary ratio	0,84	N/A
Women-to-men remuneration ratio	0,70	N/A



Training is a central element for our growth. It promotes the personal and professional development of all employees, providing them with the tools and skills necessary to achieve company objectives.

To this end, we organise various training courses, mostly relating to the following topics:

- Quality assurance
- Health, safety and environment
- Administrative and tax issues
- Languages
- Code of Ethics and privacy
- Communication

**Esseco Academy: a unique educational path**

We entered into an agreement with OMAR Industry-oriented Vocational Secondary School (in Italian, ITI) in Novara to develop an educational and training course that fully meets our requirements for improved personnel skills.

The project addresses Esseco S.r.l.'s plant equipment operators and will involve 20-hour annual training courses, whose schedule includes theory and practice lessons, delivered by Omar ITI School teachers.

Owing to this important partnership with Omar ITI School, we hope to increase our employees' awareness and accountability concerning the tasks they perform on a daily basis, while reinforcing the rewarding synergies established with the school.

In 2023, we allocated a total of 8,764 hours to training, averaging about 30 hours per person, thus more than doubling the number of hours being provided compared to 2022. This considerable increase arises from scheduling several courses for obtaining Level 1 and 2 steam boiler operator licences and the relevant job training, aimed at increasing the flexibility of our employees and ensuring generational turnover. Since these courses are addressed to factory workers, the average training hours per gender appear to be unbalanced in favour of male workers.

In order to make sure that our employees may develop and expand appropriate skills that match their professional and personal growth expectations, we conducted a Group-wide work climate survey to identify the most suitable training courses more accurately, and best enhance our employees' skills. The results of this assessment will be available in 2024.

Average hours of annual training by gender and employment category	2022	2023
By gender		
Woman	20.3	10.3
Men	10.2	34.1
Employment category		
Executives	33.3	16.6
Middle Managers	19.7	17.6
Office workers	16.8	12.4
Factory workers	5.8	44.3
TOTAL	12.2	29.4

**4.2. Occupational Health and Safety**

We dedicate energy and investments to protecting the health and safety of workers.

We have drawn up a 'Policy for the prevention of major accidents, safety and protection of health, the environment and energy' which establishes the guiding principles according to which the safe operation of our factories is guaranteed by management criteria pursued by integrating the objectives of protection of workers provided for by Italian Legislative Decree 81/2008 and subsequent amendments with those envisaged by the regulatory provisions on environmental matters, sanctioned by Italian Legislative Decree 152/2006 and subsequent amendments.

We certified our health and safety management system in compliance with UNI ISO 45001:2018 standard, further strengthening it with a set of procedures, instructions and safeguards complying with the most stringent control rules on major accident hazard, known as "Seveso III" Directive. Our management system applies to all the activities performed at San Martino Trecate, San Cipriano Po, Macchiereddu and Borgolavezzaro sites that involve the storage, production, sale and marketing of chemical and winemaking products.

Our risk identification and assessment process is based on Hazard & Operability analysis (HAZOP) and complies with the provisions set forth in Legislative Decrees no. 81/2008 and no. 105/2015, whereby we conduct a preventive workplace assessment to identify any sources of risk and associated hazards. The analysis is followed by an estimate of risk severity and establishing preventive and protective measures. The risk assessment report (in Italian, DVR, pursuant to Legislative Decree no. 81/2008) and safety report (in Italian, RdS, pursuant to Legislative Decree no. 105/2015) include the findings of these processes, governing risk mapping and management, and establishing roles, responsibilities and tasks, as well as targeted improvement plans.

The RAD is constantly updated and signed by the main functions that participate in the working group dedicated to the topic: employer, company doctor, prevention and protection service manager (PPSM), operators of the protection and prevention service (PPSO) and workers' representative (WR). The safety report, revised and updated by the manager in compliance with Leg. Decree no. 105/15, is useful to identify potential major accidents at the Esseco site in San Martino di Trecate (Top tier production plant, pursuant to Art. 3, sub. 1, para. e) of Leg. Decree no. 105/15) in order to implement prevention and protection systems on major deviations from ordinary operation.

Our organisational structure also includes the following health and safety officers: managers pursuant to Italian Leg. Decree no. 81/08, supervisors, fire and first aid officers, REACH experts, a qualified RPE (Radiation Protection Expert) and a DGSA (Dangerous Goods Safety Advisor). This complex system involves around 70 highly qualified and trained members of staff.

All workers undergo regular health surveillance, following a protocol drawn up by the company doctor and based on identified risks and hazards, and we provide extra medical examinations upon request. Workers' health records are exclusively managed by company doctors, thus ensuring the utmost confidentiality of information.

The communication, participation and consultation procedure relating to Health, Safety and Environment (HSE) includes a series of internal meetings focused on strategies aimed at guaranteeing maximum safety in the working environment and the adequate dissemination of relevant information to all staff. To strengthen communication activities, in 2023 we introduced L'Esseco newsletter, which informs all employees quarterly about the main ongoing activities and specific health, safety and environmental issues.

We involve workers in the development, implementation and assessment process applied to our health and safety management system by inviting them to meetings at least quarterly and to periodic training sessions where they can express their opinions and provide recommendations. Furthermore, all human resources undergo training upon hiring and, depending on their job, benefit from subsequent mandatory and additional training with the contribution of accredited training bodies. We regularly conduct internal audits to verify their subject matter expertise, and schedule new training activities as required. The training programme is updated at least once yearly in agreement with Workers' Safety Representatives or during quarterly meetings to accommodate any needs reported by departmental managers.

We train and inform visitors, including contractors, on the risks and dangers to be faced, but also on the procedures and behaviours to follow when they first access our main factories. Again, we always evaluate training effectiveness by means of final tests.

In compliance with applicable legislation, we rigorously examine accidents and near-misses, also making use of the dedicated ESSECMS software for the analysis of causes, effects and corrective actions.

Furthermore, we have a post-accident event analysis procedure to prevent, improve and control the possible occurrence of an accident in the future.

In addition to the safeguards provided by the relevant National Collective Labour Agreement, we support concessional access to FASCHIM and FASI private health insurance, as well as FONCHIM supplementary pension fund, and special corporate welfare services and schemes.

We have also joined the voluntary WHP (Workplace Health Promotion) program promoted by the Piedmont Region in collaboration with the Spresal (Workplace Prevention and Safety Service) of the Local Health Authority of Novara for the protection of the health and well-being of workers, making the San Martino di Trecate plant a place conducive to adopting a healthy lifestyle and encouraging organizational and behavioural actions and changes.

To this end, in 2023 we started the regular distribution of a brochure containing useful information about how to lead a healthy lifestyle, including recommendations for proper nutrition. Furthermore, aiming at protecting individual mental health as well, we set up a psychology support service for any employees who may require it.

In 2023, we recorded four minor injuries due to impact, slipping, contact with irritating substances and manual load handling, but no reports of occupational diseases at our production sites. We provide a detailed accident assessment report, including the appropriate forms and accident indices provided by INAIL (the Italian National Institution for Workplace Accident Insurance) guidelines, during management reviews and meetings with the company doctor and key health and safety officers.



<sup>4</sup> Injury rate = no. of injuries per 1,000,000 person-hours worked.

Injuries <sup>4</sup>	2022	2023
<b>Employees</b>		
Person-hours worked	509,946	459,021
Recordable injuries	2	4
Serious injuries	0	0
Fatal accidents	0	0
<b>Injury rate</b>	<b>3.92</b>	<b>8.71</b>
<b>Rate of serious injuries</b>	<b>0</b>	<b>0</b>
<b>Rate of fatal accidents</b>	<b>0</b>	<b>0</b>
<b>Non-employed workers</b>		
Person-hours worked	55,787	47,109
Recordable injuries	0	0
Serious injuries	0	0
Fatal accidents	0	0
<b>Injury rate</b>	<b>0</b>	<b>0</b>
<b>Rate of serious injuries</b>	<b>0</b>	<b>0</b>
<b>Rate of fatal accidents</b>	<b>0</b>	<b>0</b>

4.3. Relations with Local Communities

As required by the integrated management system procedures, we identify and evaluate the risk factors and opportunities arising from the performance of our activities to understand the internal and external context in which we operate.

To study the external context, we analyse various factors such as environmental, economic, cultural and political aspects, and also the values, needs and expectations of all stakeholders, including the network of relationships and influences between interested parties.

We also started life cycle impact analyses for several products (Product Carbon Footprint and Life Cycle Assessment) in order to monitor and reduce the impact that our products may generate along the entire value chain.

Aware of the relationship binding us to the local territory, we are constantly committed to its protection and the development of the economic and social fabric of local communities we interface with.

In 2023, around 40% of our senior managers were from the local community<sup>5</sup>. Furthermore, we started various projects and sponsorships for social, cultural and sporting initiatives in the reporting year, aimed at enhancing the economic-social potential of the community surrounding us.

We donated a grand total of around €500,000 to activities based in the Novara province. In 2023, we reconfirmed our support to **Agil Volley** and **Polisportiva San Giacomo** sports clubs, **Fondazione Teatro Coccia** Drama Foundation and the **Novara Castle** to support scheduled cultural and artistic activities, and to *Fondazione Comunità Novarese onlus*, a socially useful NPO in the Novara community, to encourage social health and wellbeing initiatives. In addition to these, we also support *I bambini delle Fate* Foundation, a social enterprise that has provided financial aid for social inclusion projects benefiting families with cases of autism and other disabilities since 2005.

Our stakeholders may find information about the environmental and social impact assessments, as well as the initiatives and projects we support, in the “Featured” section of our corporate website, our social network, the press and sustainability rating platforms such as Ecovadis and Open-es.

Drafting our Sustainability Report is also an opportunity to assess the expectations and demands of our stakeholders, including local communities, through the activities carried out with a view to updating our materiality analysis, aiming at establishing a reciprocal, productive exchange and taking up requests from the local context. While their involvement has only occurred indirectly to date, we intend to broaden the process in the future, to include direct contact experiences and thus strengthen communication and cooperation.

We nearly exclusively consider local businesses in procurement as well. Indeed, our supplies mostly come from Italian sources (93% of

our expenditure in 2023) and sometimes even from municipalities close to our production sites - suffice it to know that we purchase sulphur from a refinery a few kilometres from San Martino di Trecate facility, and that sodium carbonate supplies (the raw material ranking second as to volume) for the Trecate site mostly come from Italian production plants in northern Italy.

By facilitating and enhancing the supply of Italian products, we also reduce the impacts on transport. Furthermore, in choosing the Group’s new corporate acquisitions, we prioritise the principles of rapprochement and synergy of production activities to convey and optimise shipments and create storage and sorting solutions between our industrial hubs.

Another project that we are proud of, and which will benefit the entire Trecate industrial centre, is the upgrade of the railway network on our site in order to have it operational again and thus favour the use of rail carriage for incoming and outgoing goods, and reduce road carriage and the environmental and social impact it causes.

The company did not receive any complaints from the local community in the reporting year. In addition to being an attraction from an employment point of view, we are respected and taken as an example of good management. We have achieved these considerations over the years by investing in a clear and cordial relationship with all representatives of the community, from institutions to citizens.

<sup>5</sup> Senior manager: Up to second-level manager authority  
Local community: the Novara Province







# 5. Responsible with the Planet that Is Our Home

We steered our companies towards a sound environmental protection policy based on a proactive attitude towards research, the use of best available technologies and constant performance improvement. Specifically, in the energy scope, we set up and shared a sustainable and renewable approach strategy, aiming at making our companies increasingly independent from external supplies and fossil fuels.

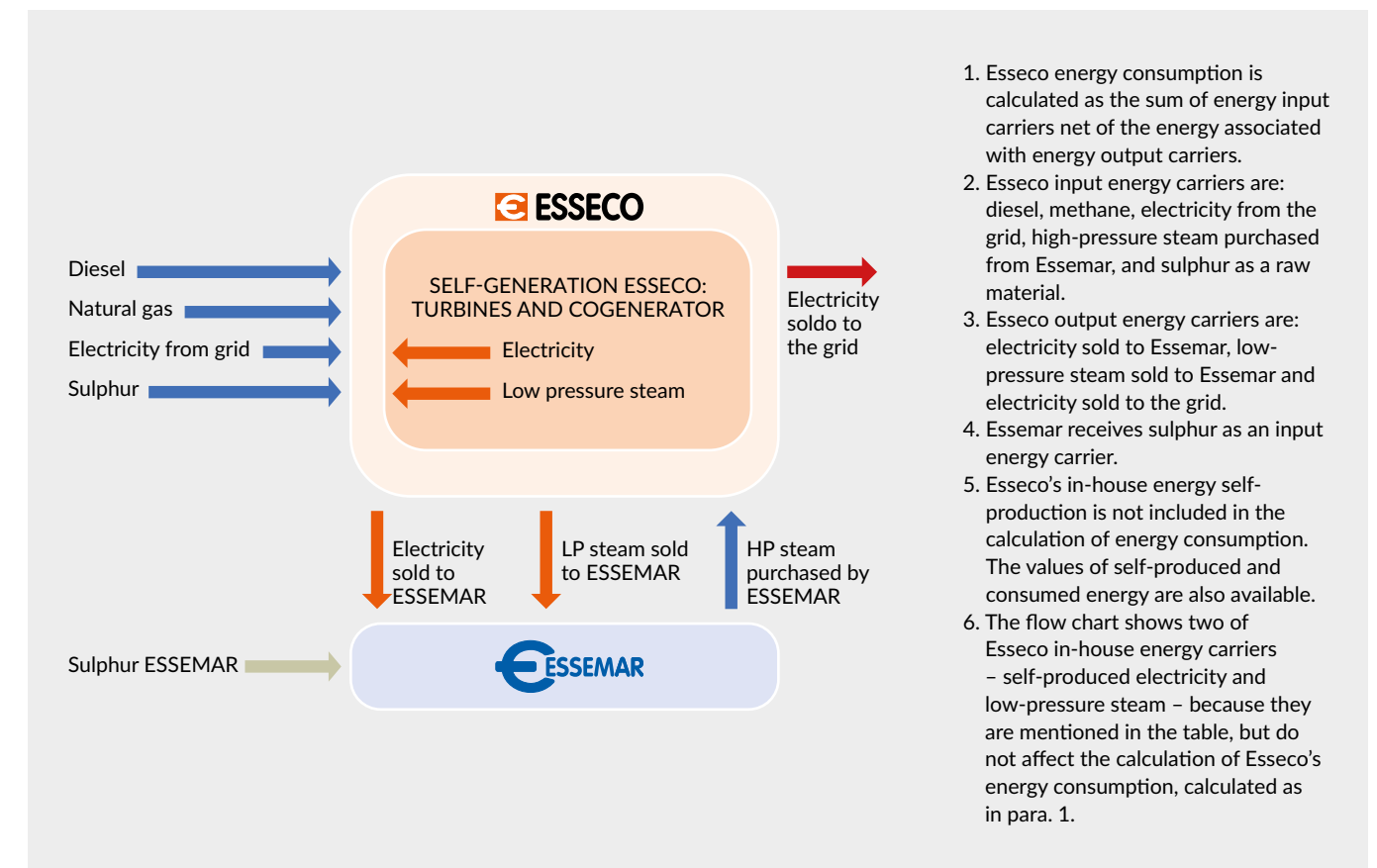
## 5.1. Use of Energy Sources under the Banner of Circularity

Following the guidelines indicated by the Group, we have invested time and resources to generate energy independently in the San Martino di Trecate plant. In fact, we exploit the recovery of thermal energy from sulphur combustion processes and the enthalpy of its chemical transformations here, thereby limiting the use of fuels from climate-altering sources.

We self-generate approximately 2/3 of the electricity consumed by the production site, with two distinct but interconnected systems<sup>1</sup>:

- one owned by Essemar that creates 3.8 tonnes of high-pressure steam for every tonne of sulphur burned;
- one owned by Esseco that generates 2.6 tonnes of steam for every tonne of sulphur burned.

<sup>1</sup> The Trecate production site includes a sulphur combustion plant for the production of sulphuric acid and oleum, property of Essemar, a company within the Esseco Group, authorised by Ministry Integrated Environmental Authorisation (AIA) no. 416 of 13 Oct. 2021.



<sup>2</sup> Data for the year 2022 were corrected as follows: the diesel fuel quantity was wrongly attributed to Esseco, the value of energy consumption was corrected for double counting. The data on energy intensity, GHG Scope 1 emissions and GHG emission intensity were updated accordingly.  
<sup>3</sup> Lower Calorific Value: 0.036 GJ/l.  
<sup>4</sup> Lower Calorific Value: 0.035 GJ/m³.  
<sup>5</sup> Conversion factor of high pressure steam, coming from the Essemar plant: 3.33 GJ/t (reaction heat).

We transform the thermal energy coming from the combustion of sulphur for the production of sulphur dioxide (SO<sub>2</sub>) and its derivatives into CO<sub>2</sub>-free electricity using turbo-alternators. Downstream of the production process, we count on a single emission point that is constantly controlled (known as SME plant) by automatic analysers and equipped with the most advanced gaseous effluent abatement technologies. As for efficiency at the San Martino di Trecate plant, we also boast the presence of a trigeneration plant connected to the energy self-generation network and capable of producing electricity, heat and cooling in a combined manner starting from the combustion of methane gas alone. The Italian Energy Services Operato (GSE) has validated the functionality of the trigeneration system for the issue of white certificates, demonstrating the savings achieved in the final uses of energy. Below we report the detail of our consumption, mainly attributable to the production activities of San Martino di Trecate (SMT) and San Cipriano Po (SCP); indeed, the activities of the Assemini and Sona warehouses record marginal values.

Energy consumption within the organisation (GJ) <sup>2</sup>	2022			2023		
	SMT	SCP	Total	SMT	SCP	Total
Consumption of fuels from nonrenewable energy sources						
Diesel <sup>3</sup>	0	465	465	358	358	716
Natural gas <sup>4</sup>	107,127	6,382	113,509	111,966	4,830	116,796
Electricity purchased from the grid	23,436	4,129	27,565	18,005	3,653	21,658
Purchased steam <sup>5</sup>	375,111	0	375,111	345,751	0	345,751
Self-produced and consumed energy						
Electricity	96,947	0	96,947	93,523	0	93,523
From sulphur-production steam turbine	68,618	0	68,618	64,428	0	64,428
From LNG cogeneration system	28,329	0	28,329	29,096	0	29,096
LP steam	368,998	6,629	375,627	421,952	4,655	426,606
From sulphur-production steam turbine	329,024	0	329,024	379,848	0	379,848
From LNG cogeneration system	39,974	6,629	46,603	42,103	4,655	46,758
Self-generated Energy being sold						
Electricity	19,123	0	19,123	18,115	0	18,115
From sulphur-production steam turbine	13,535	0	13,535	12,479	0	12,479
From LNG cogeneration system	5,588	0	5,588	5,636	0	5,636
LP steam	15,733	0	15,733	11,773	0	11,773
From sulphur-production steam turbine	14,028	0	14,028	10,599	0	10,599
From LNG cogeneration system	1,704	0	1,704	1,175	0	1,175
TOTAL ENERGY CONSUMPTION	903,315	10,977	914,292	920,356	8,841	929,197

Description	MU	2022			2023		
		SMT	SCP	Total	SMT	SCP	Total
Total production	t	283,700	13,574	297,274	276,730	12,882	289,612
Total energy intensity	GJ/t	3.18	0.81	3.08	3.33	0.69	3.21
Energy intensity from climate-changing carriers	GJ/t	0.38	0.50	0.38	0.41	0.40	0.41

In the energy scope, we set far-reaching improvement targets both in reducing consumption and switching to an increasing use of renewable sources. To fulfil these commitments, in 2023 we performed the operations referred to in Section 3.1, aimed at improving the energy efficiency of our facilities: the installation of new sulphuric acid tanks, a new and more efficient ammonia chiller, and the refurbishment of the power section of the electrical enclosures and the turbine, with an expected increase in energy production of 5% per tonne of steam entering the turbine. The decommissioning of the cryogenic oxygen tank for the abatement of volatile organic compounds (VOCs) carried out in November, and the subsequent decommissioning of E21 stack, also led to 75 kWe saving (equivalent to an assumed 600 MWh saving in 2024), besides yielding high safety benefits. VOCs are now removed by thermal oxidation, as required by Best Available Technologies (BAT) in compliance with European Union standards. We are also striving to achieve major results as to renewables: the photovoltaic plant scheduled for installation at the Trecate plant will be purchased in 2024, and the one in San Cipriano Po in 2025; we also joined the **Renewability** Project, together with Altair Chemical.

Renewability, the first corporate-oriented energy community

The Renewability consortium includes three industrial companies that decided to invest in the construction of large renewable energy plants outside their production sites. The consortium was created with the aim of making its member companies *prosumers*, i.e., energy producers as well as consumers. Launched in 2022 with a €10.9m investment by Altair Chemical, the project involved the construction of a first batch of photovoltaic plants in the Lazio and Abruzzo regions, which have already started up operation. Esseco joined the project in 2023 by contributing a €2.3m investment for the construction of plants in Sicily, expected to start up operation in 2024.

5.2. Atmospheric Emissions

There are 13 emission points inside the Trecate plant that are conveyed into the atmosphere; they are identified and authorised in AIA Decree 416 of 13/10/2021 of the Italian Ministry of the Environment and Energy Security.

Furthermore, there are some 60 sensors along the entire perimeter of the Trecate production facility that continuously detect any diffuse or fugitive emissions. These sensors will be further supplemented throughout 2023 and are a worthy example of the best practices we have adopted.

With the authorisation of AUA Decree 5/2021 of the province of Pavia, the San Cipriano Po plant also has three points of emission conveyed into the atmosphere.

All the atmospheric emissions from our sites are regularly monitored and verified, including by accredited third-party bodies, and comply with the limits imposed by environmental legislation.

This table lists the significant direct emissions identified through chemical analysis on a range of substances emitted from flue-gas stacks. We conducted monitoring and data collection with at least four-month intervals<sup>6</sup> throughout 2023.

Compared to the previous year, emissions of some substances, especially SOx, CO and particulate matter, increased on an absolute scale, albeit with negligible variations and still well below the highest permitted threshold. On the other hand, the reported reduction in NOx is due to the efficiency improvements in boiler stacks.

Atmospheric emissions (kg)	2022			2023		
	SMT	SCP	Total	SMT	SCP	Total
NOx	10,211	0	10,211	9,388	0	9,388
SOx	1,634	0	1,634	3,980	0	3,980
Persistent organic pollutants (POP)	0	0	0	0	0	0
Volatile organic compounds (VOC)	33	0	33	17	0	17
Hazardous atmospheric pollutants (HAP)	0	0	0	0	0	0
Particulate matter (PM)	0	0	0	0	0	0
CO from trigenerator	459	N/A	459	611	N/A	611
Dust	130	835	965	207	815	1.022

In accordance with the latest BAT (Best Available Technologies), the best gas treatment technologies have been identified to reduce SO<sub>2</sub> emissions well below the prescribed limits.

Starting from the consumption values of fossil fuels and mains electricity supply, we calculated our greenhouse gas (GHG) emissions – whether direct (Scope 1) or indirect from energy imports (Scope 2)

– expressed as CO<sub>2</sub>e (CO<sub>2</sub> equivalent) tonnes. To do so, we followed GHG Protocol and ISO 14064-1 Standard principles and evaluation requirements with a view to calculating the Carbon Footprint of our business. We excluded sulphur from the calculation; as a matter of fact, though involved in our industrial operations, this raw material does not generate any climate-change gas emissions.

GHG Emissions (tCO <sub>2</sub> e)		2022			2023		
Sources		SMT	SCP	Total	SMT	SCP	Total
Emissions from nonrenewable sources							
Diesel fuel <sup>7</sup>		0	35	35	27	27	53
Natural Gas <sup>8</sup>		6,031	359	6,390	6,303	272	6,575
Total direct emissions (Scope 1)		6,031	394	6,425	6,330	299	6,629
Location-based <sup>9</sup> indirect emissions from energy consumption (Scope 2)		1,794	316	2,111	1,396	283	1,679
Market-based <sup>10</sup> indirect emissions from energy consumption (Scope 2)		2,845	501	3,346	2,010	408	2,418
Total (Location-based Scope 1+2)		7,825	710	8,536	7,726	582	8,308
Total (Market-based Scope 1+2)		8,876	895	9,771	8,340	706	9,046

GHG emission intensity	MU	2022	2023
Total production	t	297,274	289,612
GHG emission intensity <sup>10</sup> (Scope 1+2 location based)	kg CO <sub>2</sub> e/t	32.87	31.24

<sup>7</sup> Emission factors 2023: 0.074 tCO<sub>2</sub>e/GJ. Source: UK Government Conversion Factors for greenhouse gas (GHG) reporting, 2023.  
<sup>8</sup> Emission factors 2023: 0.056 tCO<sub>2</sub>e/GJ. Source: UK Government Conversion Factors for greenhouse gas (GHG) reporting, 2023.  
<sup>9</sup> Emission factors 2023: 0.078 tCO<sub>2</sub>e/GJ. Source: Ecoinvent 3.10.  
<sup>10</sup> Emission factors 2023: 0.112 tCO<sub>2</sub>e/GJ. Source: Specific supplier mix and Ecoinvent 3.10 data processing. Market-based Scope 2 emissions are 3,011 tCO<sub>2</sub>e, considering the residual mix as stated by AIB 2023.

After the production processes, transporting products and raw materials is also a key emission category that we are committed to reducing. For this reason, together with Altair Chemical, which supplies some of our raw materials, we started an EV-conversion project for our vehicles carrying goods among between Trecate, Pieve Vergonte and Saline di Volterra sites. As a preliminary step, we conducted a feasibility study on electric-drive vehicles and the installation of EV feeder pillars. The assessment yielded successful results, and we are now proceeding to the next project implementation steps.

Lastly, the development of potassium bicarbonate mentioned in Para. 3.1 is worth noting. It is obtained by recovering carbon dioxide from the sodium metabisulphite production process, which prevents any generated CO<sub>2</sub> from being released into the atmosphere.

5.3. Water Resource: Increased Recovery Mission

The water resource is essential in our production processes and is the focus of continuous research into technological solutions aimed at reducing consumption and preserving its quality.



Our production sites are located in low to medium-low water stress areas<sup>11</sup>.

The water supply source of the Trecate plant includes five pumping wells, two of which are deep and three superficial, which supply the water intended for the liquid sulphur dioxide production process, as well as demineralised water used in liquid intermediates and in the production of high pressure steam; a smaller share is used as replenishment for evaporative towers and in cooling services.

Where the use of well water as a cooling fluid is envisaged, Esseco has equipped itself with collection and recycling systems that allow its use as little as possible.

The water intended for drinking purposes comes from the aqueduct.

We monitor water consumption with periodically calibrated meters and control waste water in quantitative and qualitative terms as required by our authorisation provisions.

The two storage centres and the San Cipriano Po plant release water into the public sewer system.

At the Trecate plant, we convey all waste water to a chemical-physical treatment system before it is sent to the Langosco or Sforzesco canals through a collection system that is approximately 2 km long.

The second rain waters converge in a dispersion basin and flow to the ground.

We did not detect any non-conformities with discharge limits in 2023.

<sup>11</sup> Classification as per *Water Risk Atlas* created by World Resource Institute, found at the following link: <https://www.wri.org/aqueduct>.  
<sup>12</sup> The value for the year 2022 was corrected.

Water withdrawal (MI)	2022			2023		
	SMT	SCP	Total	SMT	SCP	Total
From groundwater	3,440	11.00 <sup>12</sup>	3,451	3,129	5.77	3,134
From water supply	20.7	3.50	24.2	23.6	2.55	26.1
TOTAL WATER WITHDRAWAL	3,460	14.50	3,475	3,152	8.33	3,161

Discharged (MI)	2022			2023		
	SMT	SCP	Total	SMT	SCP	Total
Into surface waters	2,458	0	2,458	2,312	0	2,312
Into public sewerage	0	11.1	11.1	0	6.07	6.07
TOTAL WATER DISCHARGE	2,458	11.1	2,469	2,312	6.07	2,318

Water withdrawal intensity	2022	2023	UdM
Water withdrawn per 100,000t finished product	1,212,433	1,130,591	m³

Our streamlining targets also concern water consumption. We monitor water withdrawal intensity, an indicator measuring the amount of water withdrawn per 100,000 tonnes of finished products, and strive to reduce our withdrawal requirements and reuse water in processes as much as possible. In 2023, we recycled 464 megalitres of water and reduced water withdrawal intensity by 7% compared to the previous year. In the same year, we also upgraded the cooling system used in San Martino Trecate office building, and we are considering reducing the amount of water used for sulphur dioxide production. In San Cipriano Po, decommissioning some production lines enabled us to reduce water withdrawal by over 40%.

5.4. Circular Approach in the Production Process

Our circular approach to production is tangible in the renewal of operational processes and in the development of new products with connections and integrations between the various departments. The principles of circular economy are applied in various processes, including:

- the use of sulphur as a raw material for production processes allows us to avoid generating climate-altering gas emissions compared to conventional methods for producing electricity;
- Furthermore, the sulphur we purchase is a waste product, as a by-product of oil refining, which we recover and enhance in the production of derivatives with high added value;
- the generation of energy as a result of the primary production process;
- the interconnection between energy production plants;
- the recovery of water from cooling processes;
- the recirculation of cooling water to minimise pumping from wells and, where possible, the use of tower water to replace well water.

We have thus achieved excellent results in terms of the recovery of energy, water resources and raw and secondary materials.

Materials used, measured by weight or volume (t)	2022			2023		
	SMT	SCP	Total	SMT	SCP	Total
RENEWABLE Materials	979	30	1,009	945	23	968
Raw materials for industrial production	0	30	30	0	23	23
Raw materials for winemaking production	979	0	979	945	0	945
Additives and auxiliaries for in-house treatments and processes	0	0	0	0	0	0
NON-RENEWABLE Materials	122,489	13,658	136,147	97,336	12,430	109,766
Raw materials for industrial production	121,515	13,589	135,104	96,362	12,394	108,756
Raw materials for winemaking production	622	0	622	622	0	622
Additives and auxiliaries for in-house treatments and processes	352	69	421	352	36	388
TOTAL	123,468	13,688	137,156	98,281	12,453	110,734

After delivery, we transfer the materials directly to our storage areas.

Before their arrival, we evaluate the raw materials and packaging materials with a rigorous procurement procedure which involves the management and control of all phases of supplier selection and qualification, including periodic re-evaluation (monitoring).

We also devote great care to waste management. As required by current regulations, we keep track of waste data in loading/unloading record books and forms, and then report them annually to the competent authorities by means of the Unified Environmental Statement Form (in Italian, MUD).

Around 60% of the 1,183 tonnes of **waste generated** in 2023 were labelled as non-hazardous and we were able to recover 50% thereof. This result is the consequence of an approach aimed at waste prevention rather than waste characterisation.

<sup>13</sup> First category level of European Waste Code classification (EWC codes).  
<sup>14</sup> The figure on EWC 15 02 03 waste quantity was corrected from the figure stated in the previous reporting cycle.

Waste generated per EWC category <sup>13</sup> (t)	2022			2023		
	SMT	SCP	Total	SMT	SCP	Total
06 - waste from inorganic chemical processes	64.52	16.06	80.58	22.46	0.00	22.46
07 - waste from organic chemical processes	3.13	0.00	3.13	19.70	0.15	19.85
08 - waste from the production, formulation, supply and use of coatings (paints, varnishes and glazed enamels), adhesives, sealants and printing inks	0.27	0.02	0.29	0.08	0.00	0.08
12 - waste produced by the processing and physical and mechanical surface treatment of metals and plastics	1.26	0.00	1.26	0.00	0.00	0.00
13 - spent oils and liquid fuel residues	2.87	10.91	13.78	9.98	2.71	12.69
15 - waste from packaging, wiping cloths, filter materials and protective clothing	724.05	40.13	764.17	548.43	25.50	573.93
16 - waste not otherwise specified in the list	346.90	0.12	347.02	457.20	0.00	457.20
17 - construction and demolition wastes (including excavated soil from contaminated sites)	66.37	0.40	66.77	79.24	0.00	79.24
18 - waste generated by healthcare and veterinary facilities, or related research activities	0.01	0.00	0.01	0.02	0.00	0.02
19 - waste produced by waste treatment plants, off-site waste water treatment plants	0.95	0.00	0.95	2.09	0.00	2.09
20 - municipal waste (household waste and similar commercial, industrial and institutional waste)	118,88	0,00	118,88	15,65	0,00	15,65
TOTAL	1,329.20	67.63	1,396.84	1,154.85	28.36	1,183.21

Waste produced by hazardousness and destination (t)	2022			2023		
	SMT	SCP	Total	SMT	SCP	Total
Hazardous	621.46	58.56	680.02	438.26	24.96	463.22
Recovery	136.60	57.72	194.32	93.53	24.81	118.34
Landfill	467.58	0.85	468.43	344.73	0.15	344.88
Other disposal operations	17.27	0.00	17.27	0.00	0.00	0.00
Non-hazardous	707.75	9.07	716.82	716.59	3.40	719.99
Recycling	566.00	9.05	575.05	474.27	3.40	477.67
Landfill	34.58	0.02	34.60	242.32	0.00	242.32
Other disposal operations	107.16	0.00	107.16	0.00	0.00	0.00
TOTAL	1,329.20	67.63	1,396.84	1,154.85	28.36	1,183.21

Our waste mainly comes from our production processes: packaging materials, organic and inorganic waste, solutions and production residues.

We properly sort and classify all our special waste and, if possible, convey it for appropriate recovery, or final treatment or disposal by authorised independent waste management centres, which we monitor to ensure that the delivered waste (such as iron and steel or wooden packaging) is actually recycled.

We are also striving to reduce the total generated waste and the proportion of hazardous waste it includes. As for the San Cipriano production facility, we found interesting sales opportunities for some production scraps earlier disposed of as “06.06.02\* - waste containing hazardous sulphides” and “15.01.03 - wooden packaging”; finally, we separate non-contaminated packaging from contaminated packaging to reduce the amount of the latter.

Our efforts have enabled us to reduce the amount of total generated waste by 15% and the amount of hazardous waste by 32% compared to the amounts for 2022

<sup>15</sup> The figure on EWC 15 02 02 waste destination was corrected from the figure stated in the previous reporting cycle.  
<sup>16</sup> Updated figure as a result of the correction of EWC 15 02 03 waste quantity. Please refer to note no. 13.



6.  
Goals

ESG Area	Material topic	Long-term goal	2025 target	Progress as of 2023
Environment	Responsible energy consumption	Increase the share of energy produced from renewable sources	Coverage of at least 45% of the with drawal from the grid with renewable energy	<div></div> The energy mix stated by the supplier of both production facilities reports a 23.61% energy share from renewable sources. This will be added with the photovoltaic solar energy share generated via the Renewability project, to be implemented in 2024
			Installation of photovoltaic panels on-site	<div></div> The photovoltaic system will be purchased for installation by end of 2024
			Launch of an efficiency project to increase the production of electricity from steam (SOG)	<div></div> The project is in the engineering step
			Obtain ISO 50001 certification for the Trecate site	<div></div> The principles and methods of the energy management system draws upon ISO 50001 standard but certification has not been obtained yet
	Process and product circularity	Reduce the end-of-life impact of our packaging	Acquisition of information on the environmental impact, through life cycle analyses, of primary packaging, with particular reference to the use of completely recyclable mono-materials, in order to define a reduction target	<div></div> Surveys were drafted in 2023 and the assessment process will be started in 2024
			Implementation of good practices for recycling plastic material (e.g., PPE) and definition of an improvement target	<div></div> Feasibility studies supported by local and trade associations are underway
			Measurement of the carbon footprint of all the main Esseco industrial products and definition of improvement targets	<div></div> CF studies on three sodium sulphites and three Zenith wine stabilising agents were started in 2023. These studies were completed and the project is going on with other references (e.g.: ammonium thiosulphate and ammonium bisulphite)
			Start of a feasibility study for a project to recover the CO <sub>2</sub> emitted within the plant	<div></div> SA5 system revamping was researched, for the production of potassium bicarbonate from CO <sub>2</sub> emitted and captured by SA3 system
	Atmospheric emissions	Apply the best available technologies (BAT) for the treatment and reduction of emissions into the atmosphere	Design and replacement of the KKK with a steam turbine with greater efficiency	<div></div> The turbine will be replaced upon completion of the ongoing energy streamlining project
			Reduction of volatile organic compounds (VOC) in emissions conveyed into the atmosphere (application for modification of the S. Martino di Trecate site)	<div></div> VOC emissions will be reduced nearly by half compared to 2022



ESG Area	Material topic	Long-term goal	2025 target	Progress as of 2023
Environment	Atmospheric emissions	Reduce greenhouse gas (GHG) emissions	Definition of scope 1 and 2 emission reduction targets	<div></div> The process will be started in 2024
			Evaluation of projects to reduce direct emissions (Scope 1)	<div></div> Several projects are being assessed, including the EV-conversion of company fleet
			Reduction of at least 20% of emissions deriving from the supply of energy from the grid (Scope 2)	<div></div> Scope 2 emissions, calculated with a market-based approach, recorded a 14% reduction compared to data from 2022
			Launch of a project to calculate indirect emissions (Scope 3) of the organisation, for the purposes of their monitoring and reduction	<div></div> The project is being assessed
			Feasibility study for rail freight transport for the entry of raw materials	<div></div> Bids were requested for the on-site railway network upgrade, which will benefit the entire industrial park
			Feasibility study for the use of electric lorries between Pieve and San Martino Trecate for the transport of raw materials	<div></div> The feasibility study was completed and the project was implemented
	Responsible use of water resources	Manage water resources in an increasingly effective manner, avoiding waste and reusing it as much as possible in production processes	Reduction in water consumption by at least 15% compared to 2022, considering the tonnes produced	<div></div> The water withdrawal rate referring to production decreased by 7% compared to 2022
			Reuse of processing residues (e.g., resination water)	<div></div> The resin finish water reuse project was successfully completed and further developments on processing residue recovery are being considered
	Health and safety	Ensure a safe and healthy workplace for our employees	Continue the safety policy aimed at guaranteeing, through dedicated investments: – the 'zero injuries' target – maintaining the level of occupational diseases at zero	<div></div> Safety policy is constantly pursued
		Guarantee the safety of the territory	Integration of sensors for the detection of SO2 along the borders of the S. Martino di Trecate plant (for the purposes of compliance with the Seveso Directive)	<div></div> The sensor system was supplemented as scheduled
	Relations with local communities	Support cultural and charitable initiatives in the territory	Launch of the project to build a gym accessible to disabled people for the Novara community	<div></div> The project is under way
			Maintain all support initiatives already in place for the territory and local communities with a minimum spending target of 0.25% of profit	<div></div> The expenditure to benefit local communities recorded in 2023 is 0.39% of added value
Social	Employee well-being	Ensure well-being in the workplace for all our employees without any discrimination, guaranteeing training and resources to improve professional development	Promotion of the psycho-physical well-being of workers through the activation of company-wide psychological support (e.g., WHP Project)	<div></div> The help desk started operation
			Launch of an Academy for developing specific, cross-cutting skills among production operators	<div></div> The project was started
			Collaboration with the Omar institute in Novara to launch school-work alternation projects	<div></div> The project was started
			Launch of an analysis of the company climate to understand employees' level of satisfaction and identify any critical issues	<div></div> The survey was completed and an assessment report will be available in 2024

ESG Area	Material topic	Long-term goal	2025 target	Progress as of 2023
Economic/ Governance	Compliance and corporate integrity	Communicate and enhance to all stakeholders the choice to conduct business transparently and ethically, in compliance with mandatory and voluntary regulations	Draft and communicate to all stakeholders a Sustainability Policy, integrated and at Group level	<div></div> Esseco S.r.l. Quality and HSE policies were supplemented with sustainability issues. The same applies to Group policy, developed in 2023 and published in 2024
	Innovation	Pursue continuous improvement in the development of innovative and safe products, made with advanced technologies	Application of new sector technologies: new management software (MES) for data collection and installation of new instrumentation to improve the production automation and efficiency, in compliance with the precepts of Industry 4.0 and the best available technologies (BAT)  Participation in research and development calls for projects related to Sustainability.  Invest at least 2.5% of annual profit in R&D projects	<div></div> The software was purchased in 2023 and will be commissioned in 2024  <div></div> An application for SWIch – Support to CSR activities and economic enhancement of innovation call for tenders, opened by the Piedmont Region, was submitted in September 2023  <div></div> In 2023 we invested 4.4% of our EAT in R&D activities
	Company soundness	Guarantee continuity of our business over time to fuel positive economic impacts on stakeholders and the territory in which we operate	With reference to the industrial division: Increase turnover by 4% in 2024 compared to 2023 and by a further 5% in 2025, compared to 2024	N/A Monitoring this indicator may start in the next reporting year.
	Responsible production process	Ensure the safety and protection of the end user	Continue to ensure the tracking and traceability of the materials used and the finished product throughout the food supply chain  Insert ESG issues into the supplier qualification procedure	<div></div> In 2023 we started traceability management, including IT, of primary packaging in the Trecate site, and it will be extended to San Cipriano Po in 2024 <div></div> Supplier assessment questionnaire is being reviewed to add ESG topics, and its completion is expected in 2024
	Responsible supply chain	Support compliance with sustainability principles within our supply chain	Publication of a Supplier Code of Conduct that includes ESG aspects	<div></div> In 2023 the company decided to issue a Group-wide report, whose drafting has been started and completion is expected in 2024



# 7.

## Approach to Sustainability Reporting

### 7.1. Methodological Note

By drafting the second issue of our Sustainability Report, we fully intend to continue the effective communication started with our stakeholders and inform them about the sustainability commitments, policies and strategies we have implemented, especially addressing the social, economic and environmental areas.

Updated annually, this document was drafted following the 2021 version of the *Sustainability Reporting Standards* published by the Global Reporting Initiative (GRI).

The principles indicated below have been respected, ensuring the quality of the information and its correct presentation:

- Accuracy
- Balance
- Clarity
- Comparability
- Completeness
- Context of sustainability
- Timeliness
- Verifiability

Our Sustainability Report provides information and data on Esseco S.r.l. in the period from 1 January to 31 December 2023, matching the financial year which our financial statements refer to.

The document is not subject to auditing by an external company.

### 7.2. Materiality Analysis

Carried out in compliance with reporting standards, the materiality analysis is the fundamental point of every Sustainability Report.

By *materiality* we mean that threshold from which the issues become sufficiently relevant and require reporting, and on which we are committed to developing policies and initiatives, as well as setting improvement objectives.

Our material topics were pinpointed in our former reporting process through an extensive assessment of our sustainability context. Hence, in order to fulfil GRI 2021 Standard requirements, we identified the main current or potential impacts of our operations on the three pillars of sustainability: economic, social and environmental. Based on the impacts that we deemed most substantial, a list of material issues, as shown below, was drawn up.

Area	Material Topic	Description
Environment	Responsible energy consumption	The correct management of the energy resource, also through the use of renewable sources
	Process and product circularity	Attention to the circularity of processes and products in company strategies
	Emissions	The use of environmentally-friendly processes in order to try to reduce atmospheric emissions
	Responsible use of water resources	Careful water management aimed at preventing waste and monitoring discharges
Social	Workers' health and safety	Acting scrupulously to ensure workplace safety and the protection of the health of our employees
	Relations with local communities	The care of the relationship with the territory, aimed at its protection and the pursuit of its well-being
	Employee well-being	Attention to the needs of our employees, respecting their specificities and promoting their professional growth and personal satisfaction
Economic and Governance	Compliance and corporate integrity	The corporate culture oriented towards legality and transparency, which is implemented through compliance with mandatory or voluntary rules by all company resources
	Innovation	The pursuit of innovation as a corporate strategy aimed at guaranteeing high-quality products and greater competitiveness
	Company soundness	The corporate activity capable of managing risks and seizing market opportunities, also in order to create value and redistribute it
	Responsible production process	The responsible and safe management of chemical products
	Responsible supply chain	Attention to sustainability aspects along the entire value chain

The GRI disclosures reported in this document were selected on the basis of the most relevant impacts identified during the materiality analysis.

7.2.1. Stakeholder engagement

In order to take up the requests, meet the expectations and pay heed to the opinions of our stakeholders, we initiated an engagement process with the main stakeholders connected to our company, also known as *stakeholder engagement*. The first step in this activity is to identify the categories of stakeholders that represent our priorities, i.e., those who can directly or indirectly affect our operations and can in turn be affected thereby. This step was implemented in 2022 in compliance with AA1000 Stakeholder Engagement Standard (AA1000SES) 2015 and helped us identify the following categories, which were also confirmed for the year 2023.

Category	Definition
Workers	People employed by or working on behalf of the company, including their representatives (e.g., trade unions)
Suppliers	Those who supply the company with raw materials, materials, services or technology
Customers	Users of the company's products, including consumer associations
Society and local communities	The social context of the territories where the company is located and which can directly or indirectly influence its activities
Institutions	The set of institutions that can directly or indirectly influence the company's activities (e.g., Region, Province, Municipality where the company sites are located, universities)
Financial institutions	Banks and credit institutions that can contribute to financing the company's activities
Associations	Private non-profit associations and organisations that can act in areas that directly or indirectly influence the company's activities (e.g., environmental, human nutrition, animal welfare, industry associations, etc.)

In the second phase of the process, we then defined the methods for listening to stakeholders. Since this is the first year of voluntary reporting, we chose to **engage stakeholders through the indirect method**, with a documentary analysis aimed at reconstructing stakeholders' demands with respect to the priority topics.

The following table shows the correlation between the priority assigned by Essecο representatives and that attributed by stakeholders to the material topics.

Material topics for Essecο S.r.l. (in order of priority)	Importance for stakeholder
Workers' health and safety	■ ■ ■
Compliance and corporate integrity	■ ■ ■
Responsible energy consumption	■ ■
Innovation	■ ■
Process and product circularity	■
Emissions	■ ■
Responsible use of water resources	■ ■
Relations with local communities	■ ■
Company soundness	■ ■
Responsible production process	■
Employee well-being	■ ■ ■
Responsible supply chain	■



The *stakeholder engagement* activities allowed us to obtain results that add guidance and orientation, in line with the approach of the new GRI standards.

The most important topics for our company are **Workers' health and safety, Compliance and corporate integrity** and **Responsible energy consumption**, in line with the actions undertaken over the years to conduct business in the most ethical and transparent way possible, while protecting the health of our resources and the integrity of the environment.

The most relevant topics include: **Innovation**, necessary to bring benefits and improvements to the quality and sustainability of products and processes; **Process and product circularity**, fundamental to aspire to reduce waste and resource consumption; **Emissions**, which represents a crucial issue considering the global context; **Responsible use of water resources** to avoid waste and water pollution; *Relations with local communities*, which allows us to support and interact with the territory.

This is followed by the topics of **Company soundness, Responsible production process** and **Employee well-being** which, although relevant, have a less significant priority as they have been structured and integrated into the company vision and values for some time.

The values assigned by the stakeholders correspond quite well with those of the company in relation to most of the topics. In particular, **Workers' health and safety** and **Compliance and corporate integrity** are completely aligned.

7.3. Esseco Group Materiality

Our Parent Company also decided to start a sustainability reporting process for the year 2023, involving the entire Esseco Group, and therefore developed a materiality analysis with a broader scope.

We at Esseco S.r.l. also actively contributed to this analysis process, to contribute to identifying significant impacts, and verify whether the issues acknowledged as priorities for the Group were consistent with the ones pinpointed in 2022 for our specific scope, thus ensuring that we may pursue the same approach to reporting and conducting a sustainable business.

An overview comparing our material themes and the Group's is provided in the table below.

Scope	Esseco S.r.l. Material Issues	Esseco Group Material Issues
Environmental	Responsible energy consumption	Responsible use of raw materials
	Process and product circularity	Responsible use of raw materials Waste management
	Emissions	Mitigation of climate change
	Responsible use of water resources	Responsible use of raw materials
Social	Workers' health and safety	Protection of human rights and health
	Relations with local communities	Impact of production facilities on the local community
	Employee well-being	Personnel well-being
Financial and Governance	Compliance and corporate integrity	Business integrity
	Innovation	Research, development and innovation
	Company soundness	Creation of economic value
	Responsible production process	Impact of production facilities on the local community
	Responsible supply chain	Responsible management of the value chain Protection of biodiversity Protection of human rights and health

Although there were some differences in wording and the criteria for grouping related topics, we were able to confirm the complete fundamental consistency between materiality in our Italian company and the Group's, an aspect that further strengthens the common vision and objectives we set for ourselves, which will guide us in the years to come.

The only differences lie in the issues of biodiversity protection and human rights, which are not reported as separate topics in our assessment but are implicitly included in the "Responsible supply chain" topic

# GRI Content Index

Declaration of use	Esseco has reported the information mentioned in this GRI content index for the period 01/01/2023 - 31/12/2023 in compliance with the GRI Standards
GRI 1 used	GRI 1 - Foundation - version 2021
GRI Sector Standard	Not applicable

GRI Standard	Disclosure	Page	Omission		
			Requirement omitted	Reason	Explanation
GENERAL DISCLOSURES					
GRI 2: General Disclosures 2021	2-1 Organisational details	1.1, 1.2			
	2-2 Entities included in the organisation's sustainability reporting	7.1			
	2-3 Reporting period, frequency and contact point	7.1, Last page			
	2-4 Restatements of information	1.4, 5.1, 5.3, 5.4			
	2-5 External assurance	7.1			
	2-6 Activities, value chain and other business relationships	1.3			
	2-7 Employees	4.1			
	2-8 Workers who are not employees	4.1			
	2-9 Governance structure and composition	2.1			
	2-10 Nomination and selection of the highest governance body	2.1			
	2-11 Chair of the highest governance body	2.1			
	2-12 Role of the highest governance body in overseeing the management of impacts	2.3			
	2-13 Delegation of responsibility for managing impacts	2.3			
	2-14 Role of the highest governance body in sustainability reporting	7.2			
	2-15 Conflicts of interest	2.2			
	2-16 Communication of critical concerns	2.1			
	2-17 Collective knowledge of the highest governance body	2.1			
	2-18 Evaluation of the performance of the highest governance body	2.1			
	2-19 Remuneration policies	4.1			
	2-20 Process to determine remuneration	4.1			
	2-21 Annual total compensation ratio	4.1			
	2-22 Statement on sustainable development strategy	Letter to Stakeholders			
	2-23 Policy commitments	1.1			
	2-24 Embedding policy commitments	1.1			
	2-25 Processes to remediate negative impacts	2.3			
	2-26 Mechanisms for seeking advice and raising concerns	2.1			

GRI Standard	Disclosure	Page	Omission		
			Requirement omitted	Reason	Explanation
GRI 2: General Disclosures 2021	2-27 Compliance with laws and regulations	2.2			
	2-28 Membership associations	1.2			
	2-29 Approach to stakeholder engagement	7.2			
	2-30 Collective bargaining agreements	4.1			
MATERIAL TOPICS					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	7.2			
	3-2 List of material topics	7.2			
COMPANY SOUNDNESS					
GRI 3: General Disclosures 2021	3-3 Management of material topics	2-2, 2-3, 6			
GRI 201: Economic Performance 2016	201-1 Economic value directly generated and distributed	1.4			
COMPLIANCE AND CORPORATE INTEGRITY					
GRI 3: General disclosures 2021	3-3 Management of material topics	2.2, 6			
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	2.2			
	205-2 Communication and training on anti-corruption policies and procedures	2.2			
	205-3 Proven incidents of bribery and actions taken	2.2			
INNOVATION					
GRI 3: General Disclosures 2021	3-3 Management of material topics	3.1, 6			
RESPONSIBLE PRODUCTION PROCESS					
GRI 3: General Disclosures 2021	3-3 Management of material topics	3.2			
GRI 416: Customer health and safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	3.2			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	3.2			
RESPONSIBLE SUPPLY CHAIN					
GRI 3: General Disclosures 2021	3-3 Management of material topics	3.2, 6			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were assessed using environmental criteria	3.2			
GRI 414: Supplier social assessment	414-1 New suppliers that were screened using social criteria	3.2			
GRI 417: Marketing and labelling 2016	417-1 Requirements for product and service information and labelling	3.2			
	417-2 Incidents of non-compliance concerning product and service information and labelling	3.2			

GRI Standard	Disclosure	Page	Omission		
			Requirement omitted	Reason	Explanation
EMPLOYEE WELL-BEING					
GRI 3: General Disclosures 2021	3-3 Management of material topics	4.1, 6			
GRI 401: Employment 2016	401-1 New hires and turnover	4.1			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.1			
	401-3 Parental leave	4.1			
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	4.1			
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	4.1			
	405-2 Ratio of basic salary and remuneration of women to men	4.1			
WORKERS' HEALTH AND SAFETY					
GRI 3: General Disclosures 2021	3-3 Management of material topics	4.2, 6			
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system	4.2			
	403-2 Hazard identification, risk assessment and accident investigation	4.2			
	403-3 Occupational health services	4.2			
	403-4 Worker participation, consultation and communication on occupational health and safety	4.2			
	403-5 Worker training on occupational health and safety	4.2			
	403-6 Promotion of worker health	4.2			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.2			
	403-9 Work-related injuries	4.2			
	403-10 Occupational illness	4.2			
RELATIONS WITH LOCAL COMMUNITIES					
GRI 3: General Disclosures 2021	3-3 Management of material topics	4.3, 6			
GRI 202: Market Presence 2016	202-2 Proportion of senior managers recruited from the local community	4.3			
GRI 204: Procurement practices 2016	204-1 Proportion of spending on local suppliers	4.3			

GRI Standard	Disclosure	Page	Omission		
			Requirement omitted	Reason	Explanation
GRI 413: Local communities 2016	413-1 Activities involving local communities involvement, impact assessments and development programmes	4.3			
RESPONSIBLE ENERGY CONSUMPTION					
GRI 3: General Disclosures 2021	3-3 Management of material topics	5.1, 6			
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	5.1			
	302-3 Energy intensity	5.1			
	302-4 Reduction of energy consumption	5.1			
EMISSIONS					
GRI 3: General Disclosures 2021	3-3 Management of material topics	5.2, 6			
GRI 305: Emissions 2016	305-1 GHG Direct emissions (Scope 1)	5.2			
	305-2 Energy indirect (Scope 2) GHG emissions	5.2			
	305-4 GHG emission intensity	5.2			
	305-5 Reduction of GHG emissions	5.2			
	305-7 Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	5.2			
RESPONSIBLE USE OF WATER RESOURCES					
GRI 3: General Disclosures 2021	3-3 Management of material topics	5.3			
GRI 303: Water and effluents 2018	303-1 Interactions with water as a shared resource	5.3			
	303-2 Management of water discharge-related impacts	5.3			
	303-3 Water withdrawal	5.3			
	303-4 Water discharge	5.3			
PROCESS AND PRODUCT CIRCULARITY					
GRI 3: General Disclosures 2021	3-3 Management of material topics	5.4, 6			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	5.4			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	5.4			
	306-2 Management of significant waste-related impacts	5.4			
	306-3 Waste generated	5.4			
	306-4 Waste not directed to disposal	5.4			
	306-5 Waste directed to disposal	5.4			





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