

Doing more, sustainably.

Crossing the pandemic
with responsibility and trust.



Lamberti
Designing new values in chemistry

**Sustainability
Report 2020**



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Re-thinking

“ Sustainability is an opportunity to develop innovative visions, to improve the planet always being attentive to the economic and financial balance. We have to do the same things with less, more efficiently.

Paolo Lamberti, President and CEO

Responsibility and trust marked our sustainable program in year 2020.

Message from Shareholders and Executives

A strong sense of responsibility guided our actions within a context of a global health emergency. The year 2020 has imposed on us a great deal of diligence protecting our people in the workplace and rethinking our methods of work.

A visible outcome of these measures has been the absence of coronavirus outbreaks in any of our sites across different continents.

This general re-assessment forced us to manage attendance and protocols even more related to the health safety of our people whether at the factories as well as those who worked from home.

This was an enormous change that accelerated a learning-by-doing process which forced us to design new work-related dynamics. Implementing strict protocols within our worldwide organization and in cooperation with our suppliers, we have been able to guarantee service continuity to our customers even during the different waves of the pandemic.

After the emergencies induced by Covid-19, the world will be different, with the need of managing a new sustainable social and labor model. This pandemic year has undermined certainties in working organizations.

Our relationships, historically based on trust, have become the keystone for a rapid change: trust in collaborators and in teams, in their ability to work in new conditions, far from daily physical interactions. For almost a year, our people with an unimaginable flexibility and an open-mindedness never verified before, have been looking for alternative solutions, discovered ways to build and nurture experiences and research, even in a remote environment.

We operated with personal assistance services, offering training courses, and focusing attention on the individual's right to disconnect. We believed in our communities exchanging trust, strengthening membership and sharing future perspectives with them.

The year 2020 has raised awareness preparing socially fertile soils. It demonstrated the importance to keep that belief unchanged: we can do things in a different way, it depends only on us.

“2020 has been the year of responsibility and trust, and has allowed us to start a sustainable re-organization project of work based on science, creativity and skills, for humans and planet.

Carlo Lamberti, Vice President and CEO

However, the pandemic has accelerated the urgency of reconciling planet and life with safety and health. Responsibility is therefore, an intense attention to the health of all the forms of life on the planet.

Responsibility is consistency in commitments on all aspects concerning our industrial processes, the research and the purpose of complex solutions. As stated in the last report, we are a global company producing chemical specialties. The activity that we strengthened this year has been strongly supported by the interaction of multiple scientific frameworks.

There was an important increase towards our product lines with a collective effort to set up new products with lower emissions and natural products that we already processed in high percentages.

We assumed the responsibility to design and produce solutions able to achieve improvements such as reductions on water consumption in the industrial cycle, or packaging that will ultimately affect the total environmental balance.

We have technologies for natural polymers and many materials and solutions coherent with our vision oriented towards a Renewable and Good Chemistry.

In 2020, we have reinforced our cooperation with suppliers, and involved internal teams to measure following international protocols, the Carbon Footprint and the Life-Cycle Assessment of our products and processes.

With our Research and Development laboratories, we have launched projects considering, in addition to profitability, volumes, and margins, the sustainability factors and their product cycle. Digitization of the processes and data mining started to offer opportunities for a sustainable development of production cycles: we have decided to believe in a world that is not present. Not Yet.

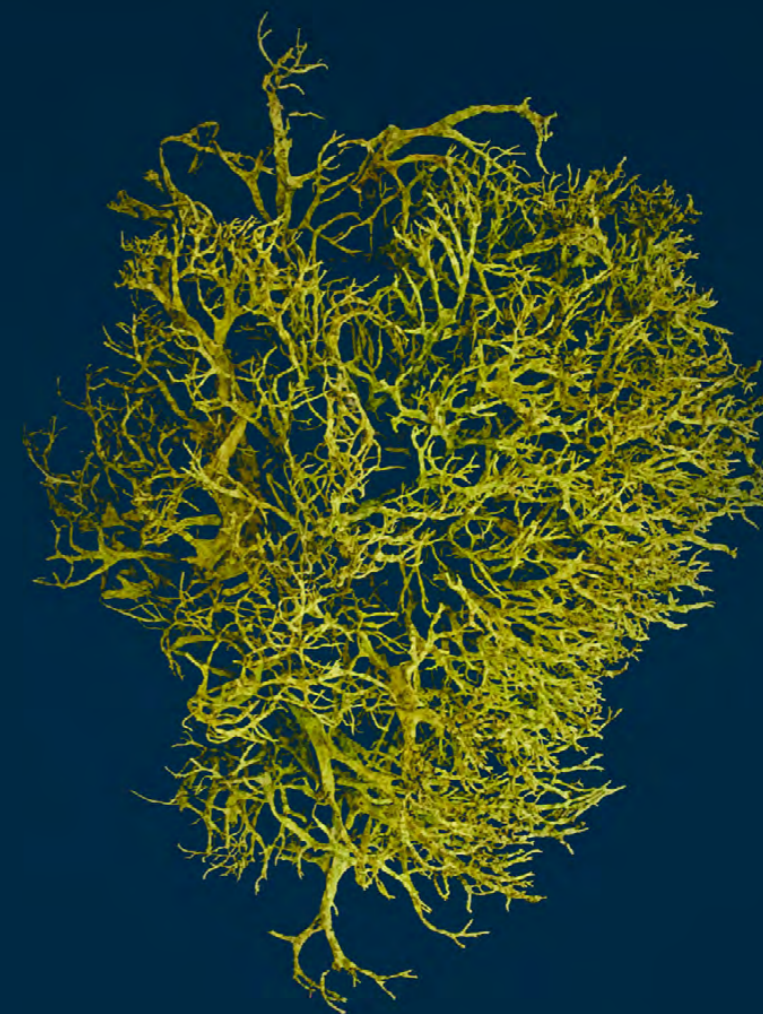
Chemistry in this process of social and environmental transition will play a very important role.

2020 has been the year of responsibility and trust, and has allowed us to start a sustainable re-organization project of work based on science, creativity and skills, for humans and planet.

We want to make sure that all the sustainable beauty of the future will be captured.



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Our commitments and Sustainability roadmap

by Group Sustainability Director, Samuel Alemán

As parts of the world start the slow-paced journey towards some version of normality after the great disruption caused by the pandemic in 2020, it is good to reflect on some of what we have achieved collectively and be inspired by the generation-defining challenges ahead.

We are part of a committed and active organization. Since joining the Responsible Care framework more than 20 years ago, our Group has been committed to improve its environmental, health, safety and security for its stakeholders and recently, we have demonstrated our willingness to remain an engaged and active organization, with 548 respondents to our internal sustainability survey. An overwhelming majority of those respondents, 96%, said they were willing to participate in sustainability related activities including 188 of our colleagues who volunteered to become global sustainability ambassadors. That is awesome!

Part of our social responsibility, the Lamberti Transforma project was launched in 2020 in collaboration with our NGO partners in Brazil. This project aims to equip micro-entrepreneur women with tools needed to digitize their businesses. Additionally, the project is almost exclusively run by women, including great active engagement from our Lamberti Brasil colleagues, parabéns!

Innovation is our lifeblood and we must understand the Sustainability impacts for each new R&D project. To achieve this, a Sustainability indicator has been added to our new project intake procedure. As specialty chemicals manufacturer, sustainability claims at product level must be science and data backed. Such claims must be measurable using internationally recognized and accepted methodology.

Understanding the renewability content of our products is a useful metric, whether using the mass-balance approach (EN 16785 - Part 2) or renewable carbon index approach (ASTM D6866), we are maintaining our commitment that 35% of our products come from renewable raw materials by 2022.

We are also committed to our governance and transparency responsibilities. This is why we aim to achieve a unique and singular experience for our entire workforce regardless of geographical location, specifically by having a new employee "Welcome Kit" and "Code of Ethics" in various languages adopted globally by 2021.

Lastly, we are committed to reduce our GHG emissions. To assist tackling this highly relevant and important task, in 2020 we invested in a brand new highly efficient data collection and analytics tool integrated into our Business Warehouse suite and deployed to

our companies worldwide for easier and reliable KPI collection. GHG emissions data from our global footprint operations is allowing us to analyze our scopes 1 and 2 emissions at the source and design action plans to reduce them. Our objective is to design an ambitious and realistic emissions reduction objective by 2022. However, understanding that climate change does not wait for our analysis capabilities and acting on our global responsibilities, we maintain our commitment to cap our GHG emissions below 2019 levels. Further specific details on the Climate Change section of this report.

A complete list of targets and objectives can be found on the Appendix D section and additional stories and updates can be found on our website www.lamberti.com

We look forward to engaging further and invite you to join our Sustainability journey!

// We need this level of engagement to accomplish the transcendental challenges we face today.

Samuel Alemán
Group Sustainability Director

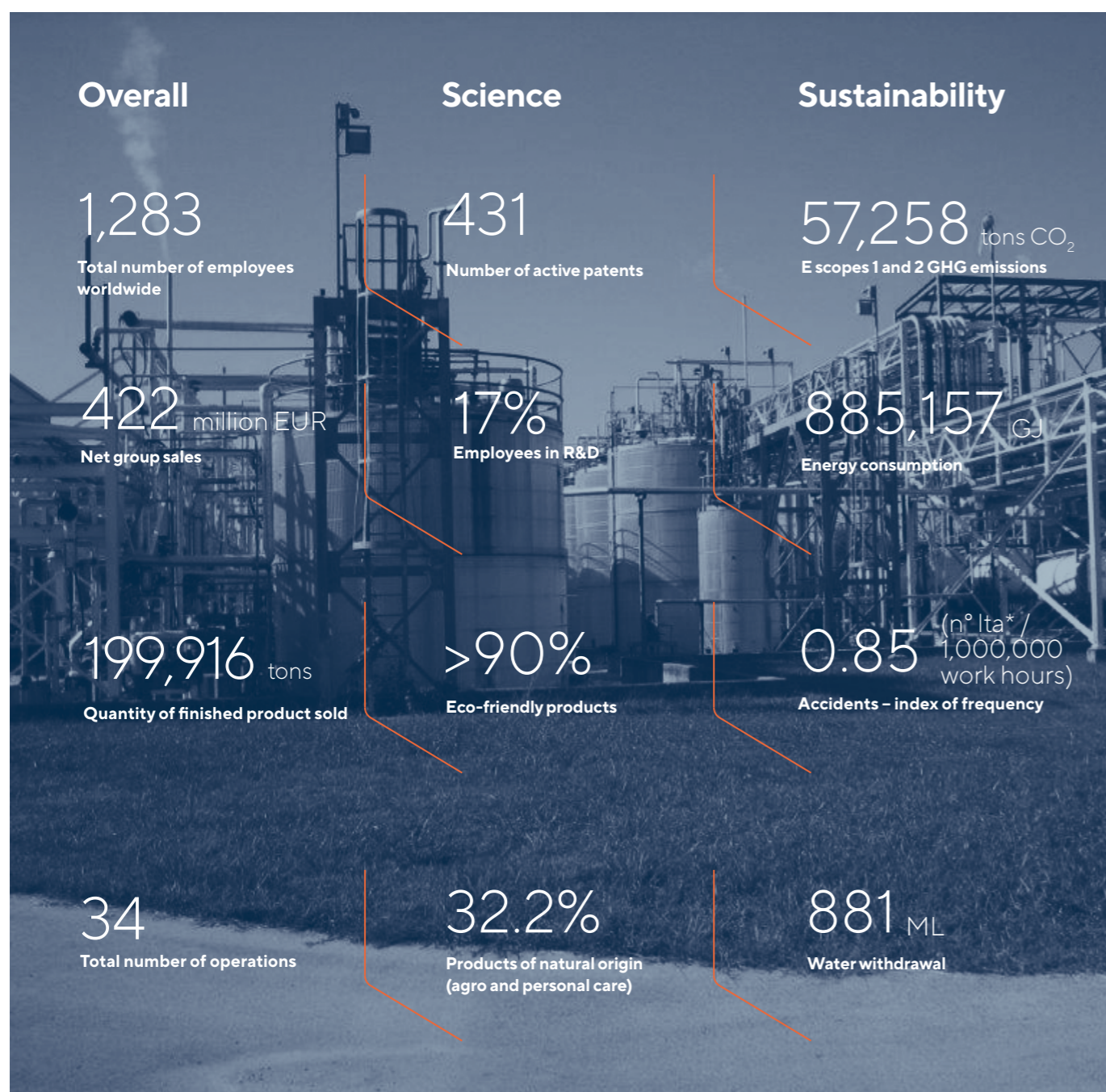


This is Us

Our proud history started in the year 1911 when the Lamberti brother founded the company in the northern Italian township of Albizzate in the Varese province.

Our long and dynamic history including its main milestones can be viewed in our company website's Heritage section at <http://www.lamberti.com/company-culture/heritage.html>

Scale of the organization 2020



Our values



1. The individual, winning spirit, integrity

Believing in and recognising the value of each individual, by establishing relations based on mutual respect and honourable behaviour. Developing the potential, professionalism and skills of each person. Boosting the individual's sense of pride in belonging to a winning international group. Building an organisation capable of attracting and retaining talented resources; using rewarding systems that promote growth, the sharing of skills, continuous improvements, delegating and group work.



2. Innovation and creativity

Promoting excellence by adopting product technologies and applications that are original, proprietary and capable of generating value. Supporting initiatives and projects geared to favouring innovation of the company products and processes in synergy with all the partners: customers, suppliers and other third parties that collaborate with the Company.



3. Working together

Working "together" and striving to understand one another's requirements and needs fully, in order to make the most of all the opportunities for growth. Developing, with inter-departmental work groups, a relationship of contiguity and efficiency, working towards the achievement of shared objectives, with an approach oriented to results and a global vision.



4. Sustainable industrial development

Planning, running and developing industrial activities geared to developing technologies, processes and products while ensuring people's safety, safeguarding the environment and protecting the community.



5. Economic stability and independence

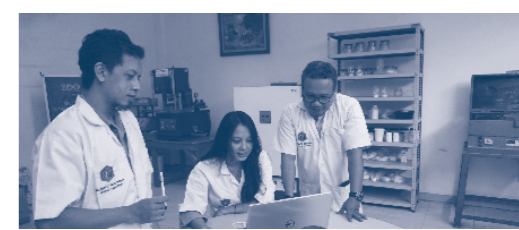
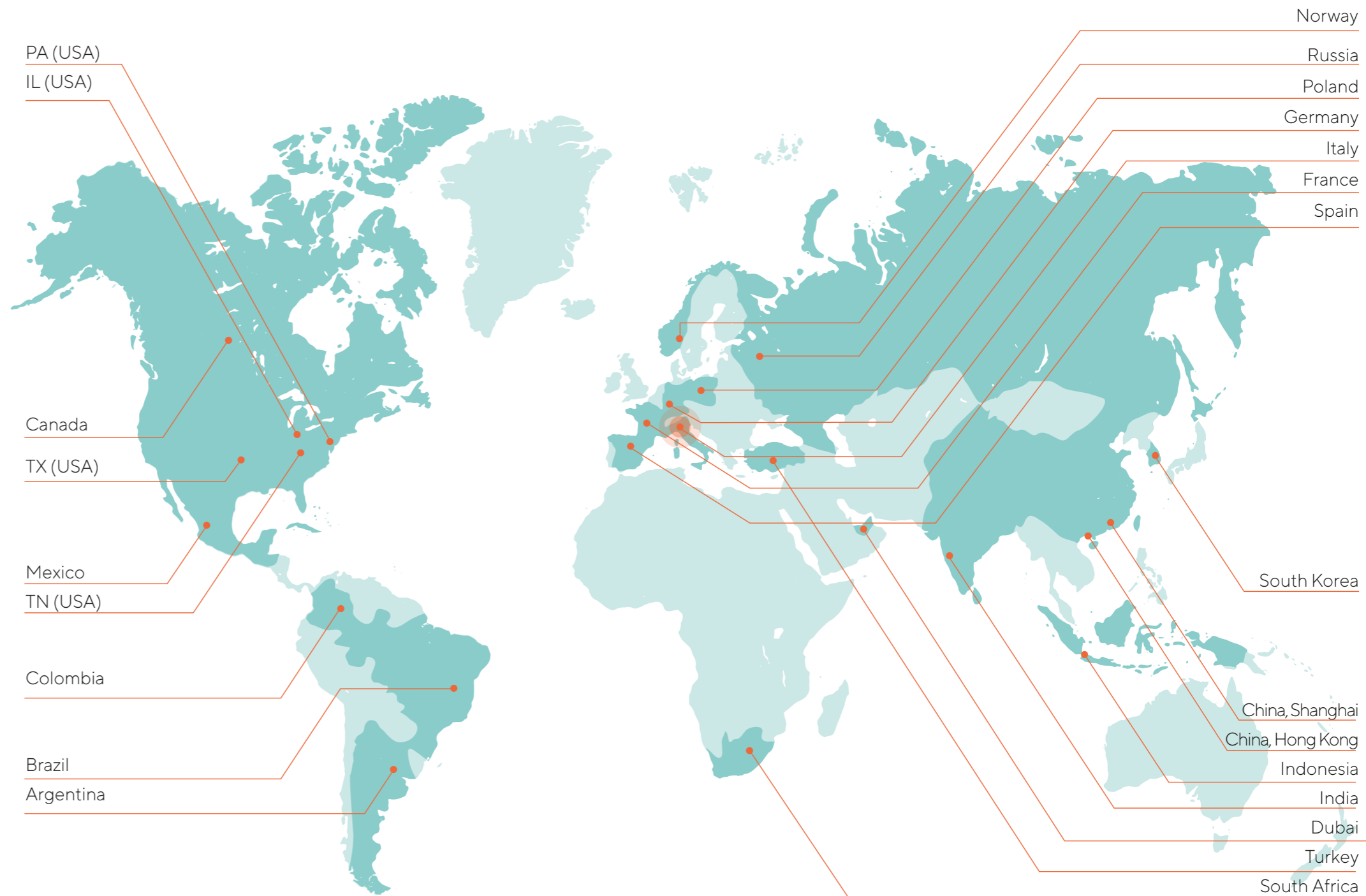
Creating value and maintaining the condition for ensuring the long-term development of the Company, by guaranteeing economic stability and financial autonomy.

Our Vision and Mission

VISION
 We want to be a Company that expresses, through our people, values of innovation distinguished by the ability to integrate chemistry and industrial effectiveness.
 We aim to do so by continuously comparing our research and the market to find a wide range of satisfactory solutions to ever changing complex problems, in coherence with the requirements of sustainable development.

MISSION
 We want to be renowned as a global leader in the field of certain chemical specialities used in high potential industrial sectors, to facilitate their production processes or improve their finished products.
 In doing so, we want to establish partnerships with the most important customers in the market and, where possible or appropriate, also with our suppliers.
 We strive to combine the domain of the technologies we practise with the correct level of service aiming to satisfy the interests of the shareholders, staff, customers and suppliers also by setting up stable organizations in the various geographical areas of interest, with full respect for the environment and the local communities.

Our Group global presence:



Lamberti Group and the market:

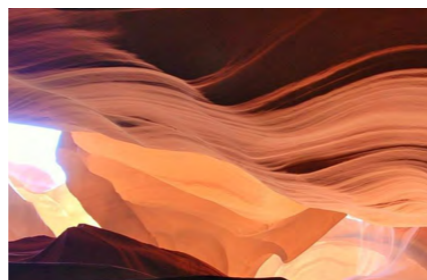
All areas of our organization are engaged in improving the well-being of people and the planet:



Surface Treatment, Ceramics and Glassware for all surface treatments including paper, textiles, leather, paints and varnishes, etc.



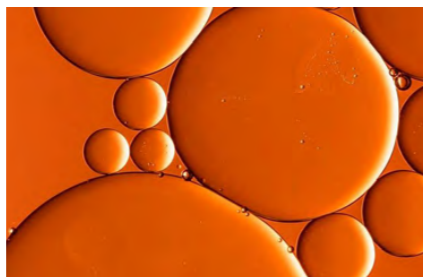
Natural Polymers for advanced applications including Cosmetics, Personal and Home Care, and Food to enable people to feel and live better



GeoScience for operations below the earth's surface (oil drilling and extraction, civil tunnels and mining).



Agrochemicals for cultivating sustainably and feeding the world.



Surfactants to optimize a variety of industrial applications and maximize the efficacy of industrial processes.

Our expertise stems from a variety of technologies, supported by focused, innovative research and development activities. We operate in a matrix structure; laboratories in different business areas interact with each other in order to collaborate with customers and partners. Being customer focused allows us to offer fine-tuned solutions, not just conforming to requests, but also exceeding them.

Our systemic solutions serve different markets:

- Surface Treatment (ceramics, construction & paints, paper, leather finishing, soft and textile

coating compounds, industrial coating, printing ingredients for textile & digital industrial inks, surfactant for polymerization & the chemical industry)

- Agriculture
- Geo Science (oil & gas, mines and civil engineering)
- Cosmetics and Personal Care

Our solutions are supported by an array of industrial technologies and strong Research & Development (R&D) Departments located in Italy and abroad.

Our technological expertise develops:



Chemistry, physics, biology, and mechanics come together to foster a holistic relationship with our partners. We produce high performance chemicals and customized specialties. Our solutions are designed to formulate and improve the life-cycle performance of commercial products for personal or industrial use, as well as to optimize processes in specific systems and contexts.

We fulfil this idea of value through close cooperation with our clients and suppliers thanks to our **Research and Development Center, dedicated to empower our solutions.** Together, we create a positive legacy for the future.

Context 2020: adaptability and resilience

Year 2020 was marked by worldwide limitations to travel and in-person contacts in order to reduce the spread of the virus, with disruptive effects on many aspects of our lives and work.

During the period of forced separation, we often wondered what was happening in other parts of the world, where we have relatives, friends or business contacts.

That is why we have interviewed some colleagues working in different departments and geographical locations about discussion topics. Their comments, spread throughout this report highlight the challenges and the opportunities of a common path.

We wanted to emphasize the heartbeat of our organization: its people.

The initial frustration and disorientation soon turned into cohesion and a stimulus to resist and even improve. Adaptability and resilience were the best qualities of those who allowed plants to continue operating.

We learned to communicate better and share more information.

The pandemic increased sensitivity to environmental issues and attention to the effect of human activities on the planet. Our company has been pursuing this journey since a long time and is directing R&D activity towards an increasingly sustainable chemistry.

Our researchers are committed and enthusiastic about this and are ready to apply a real eco-design vision to new products.

These positive actions can and must be an opportunity for the evolution of ours and others' lives, if we are willing to do more for the community.

Several colleagues worldwide took this very seriously, supporting the Group's initiatives for social sustainability. We are still far apart, but close in commitment and with common values.

Working together, we go further!



I have experienced the explosive effects of the pandemic crisis during the change of position from Albizzate Site Director to Group Technical Director. The quick response, through which we have been able to react to this crisis since the beginning of the pandemic, even before the first DPCM had been officially emanated, pushed me to work with my CMT colleagues trusting each other's professionalism, splitting up tasks and responsibilities even more than normal and beyond the organizational chart. This is something we learnt thanks to this unusual situation and something that we're still learning to this day.



Fabio Viola, Group Technical Director



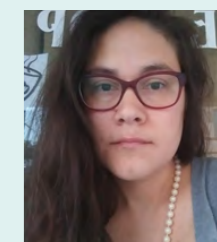
As a Team, we have been impacted like the other business divisions, by "being grounded". By staying "at home", we have more time to dedicate to each other, we learn more about our weaknesses and have more time to take the necessary actions to fill the gaps. In general, we are more productive with some internal tasks, however the lack of personal contact with the key decision makers, in the long run will deteriorate the business.



Ciro Ruggiero, General Manager Americas



Reinforcing the Groups existing Code of Ethics, we strengthen the back bone that is the core of the Lamberti Group. By revisiting and discussing these values of integrity, as coworkers and fellow citizens, we come together aligned and ready to accomplish common goals. I am proud of the decision to formally undertake a group wide global project, such as, sustainability reporting and in particular emphasizing our Code of Ethics. Internally, it gives each employee an opportunity to reflect and absorb these standards.



Wendy Munoz, HR Manager North America



Trust for more

“Work becomes sustainable when it is empowered by trust: a new organization will be based on interconnections and trust.”

Lorenza Carrà, HR Director

Our Stakeholders

Our whole business strategy, R&D activity and sustainability projects find their motivation in the satisfactory relationship with all our stakeholders, in our responsibility towards them and our interest in their success.

The publication of the Sustainability Report represents our Group's willingness to affirm its Vision and Values, which consider sustainability as a key factor for competitiveness, to measure its performance, and set forth future developments.

Stakeholders are directly engaged in Lamberti's sustainability reporting process and as such, materiality topics are selected and reported on by the company, thus guiding our Sustainability agenda.

The materiality analysis process, done for the 2020 Sustainability Report in 2019, shown in the Appendix section, saw the involvement of almost 900 stakeholders, divided into 7 categories: employees, clients, suppliers, banks/insurances, trade associations, universities and authorities.

A new materiality analysis will take place later in 2021, to continue our identification and prioritization of the issues that are most important to an organization and its stakeholders.

With full awareness of our social responsibility, we guarantee clear and transparent communication to all the stakeholders.

Stakeholders have been engaged in the evaluation of material issues through an online questionnaire, in which it was asked to give an assessment of relevance, on a scale from 1 to 5, with respect to the issues identified as materials. The questionnaire achieved an excellent overall response rate of 64%, with a remarkable 73% of the suppliers, 63% of the employees and 62% of the clients. In addition, 2 out of 3 trade associations and banks/insurances have responded to the engagement request, as well as all universities.



People

Interconnections and Trust

Our approach to people is based on 3 pillars: inspiration, motivation and inclusion.

The strength of our organization lays in the 1,283 employees who, every day, through their hard work and contribution advance our company values. Given not all Lamberti's affiliates were considered in the data collection, the reported KPIs resulted in 1,237 employees.

The management shall inspire people giving the good example with a can-do attitude, designing an idea of inclusive community where entrepreneurship and autonomy are drivers towards a continuous transformation and growth. Cross-functional teams are the engines for developing values, which exceed the pure products and solutions.

Pushing boundaries to imagine new frontiers

The world is changing fast, and our organization is approaching business differently from 2 years ago.



The Covid 19 pandemic has dramatically sped up our adoption of digitalization given the impossibility to travel, move and meet people in person. This has opened new communication channels, expanded our presence on the web, created new trust within people, and the awareness that when we come back to a pre-Covid situation our organization model will not.

Covid-19

Our first and most important duty is to provide our people with a safe working environment. As the Covid-19 pandemic disrupted our lives in 2020, our company managed this difficult situation thanks to the resilience of our community. Strengthened by our preparation and training in the management of safety procedures, we came together as one and immediately put in place not only effective protocols but a close-knit and well-prepared team.

As a Company, we have supported our community with some targeted initiatives:

- Production continuity and safety guaranteed through the re-organization of work shifts and the introduction of flexible schedules.
- Smart working and parental leave supported and encouraged.
- Free medical insurance offered to our Italian employees in the event of hospitalization due to Covid-19 pandemic.
- Access to medical care facilitated through a specific agreement with medical centers¹
- Production and distribution of sanitizing gel and PPEs.
- Reimbursement for flu vaccinations¹
- Communication improved worldwide by a continuous and dedicated activity through different channels (Lamberti Alert System)
- Worldwide monitoring system on Covid situation within our factories.

Thanks to our safety policy contribution, we accounted for only 4.8 % of employees testing positive to Covid-19 in 2020.

Working Together

One of our main pillars is working in international cross-functional teams. During the pandemic, we have implemented new digital tools to guarantee communication, collaborations, and training.

- Our Corporate website has been renovated both in structure and in its contents with a new graphic approach. The project was carried out with the active contribution of our community and involved more than 50 colleagues worldwide. The new website was designed as a Connective Hub where our stakeholders can recognize our identity and join our innovation paths. The corporate website opens to a network of ten specific sites dedicated to our business sectors.
- Microsoft Suite 365 including its Teams software was installed to facilitate collaboration and communication around the world. Our international teams can now work on the same document and hold real-time virtual meetings no matter where they are located. Currently our community on Teams counts 426 employees around the world of which 266 are actively using Teams for communications, meetings and document sharing.
- Eclixia Media Platform software, a Digital Asset Management tool has been implemented to share, store and organize all the company images and videos. Today our image bank contains 2480 photos and 240 videos.
- Digital Signage: a maxi-screen system has been installed in our Italian plants to provide continuous messages on safe behavior recommendation, videos and information about the company and the community. Currently we have 14 operative maxi-screens which display 24 hours per day, 7 days per week a program based on Safety Messages.

¹For Italy only

“ In 2020, the issue of sustainability emerged in the dimension referring to the workplace, to the places in which to protect people’s health. We immediately put health at the center of our work and thanks to this we have not had coronavirus outbreaks in any of our production sites.

Patrick Balletto, General Manager



“ None of us thought we could carry out the same activity at home and this is what we have been doing for more than a year: with some problems, but also with a flexibility and an open mind that perhaps could not have been imagined before.

Lorenza Carrà, HR Director

Health, Safety, and Welfare

We have a strong program for our employees' safety. We constantly analyze and keep track of the main risks we could incur by taking advantage of the latest technologies available. Additionally, we invest in extensive and dedicated training sessions for our entire workforce on emergency scenarios. We have extensive, dedicated employee training sessions on how to behave in critical situations.

We want to embrace a wider horizon, one where we can live in safety, in beauty, with a sustainable approach and taking care of us and of our surroundings; after all, we are interconnected.

Safety, health, and the environment are connected to the dimensions of caring for oneself, the place in which we live, and the people we share our planet with. We are developing together with our collaborators a new way of experiencing safety: from the rules and regulations, to awareness, attention and active surveillance.

We carefully monitor our operations and every effort is employed to minimize the number of accidents. All employees receive updated training and we are implementing several Behavior Based Safety (BBS) Training plans. **Our Frequency Index (N° LTA/1,000,000 work hours) decreased from 6.12 in 2019 to 4.56 in 2020.**

Our Group entrusts workers with tasks that take their skills and health into account. In addition, we make sure that only workers who have received adequate instruction and specific training access the areas that expose them to a serious, specific risk. We promptly take measures to control risk situations and require workers, in the event of serious, immediate and unavoidable danger, to leave their workplace or dangerous area.

Moreover, in our Safety, Health, Environmental Protection and Quality Policy, we highlight how workers shall "assume respect for Safety, Health and the Environment as a guiding element in corporate decision-making processes, both in protecting workers and respecting the needs of surrounding communities."

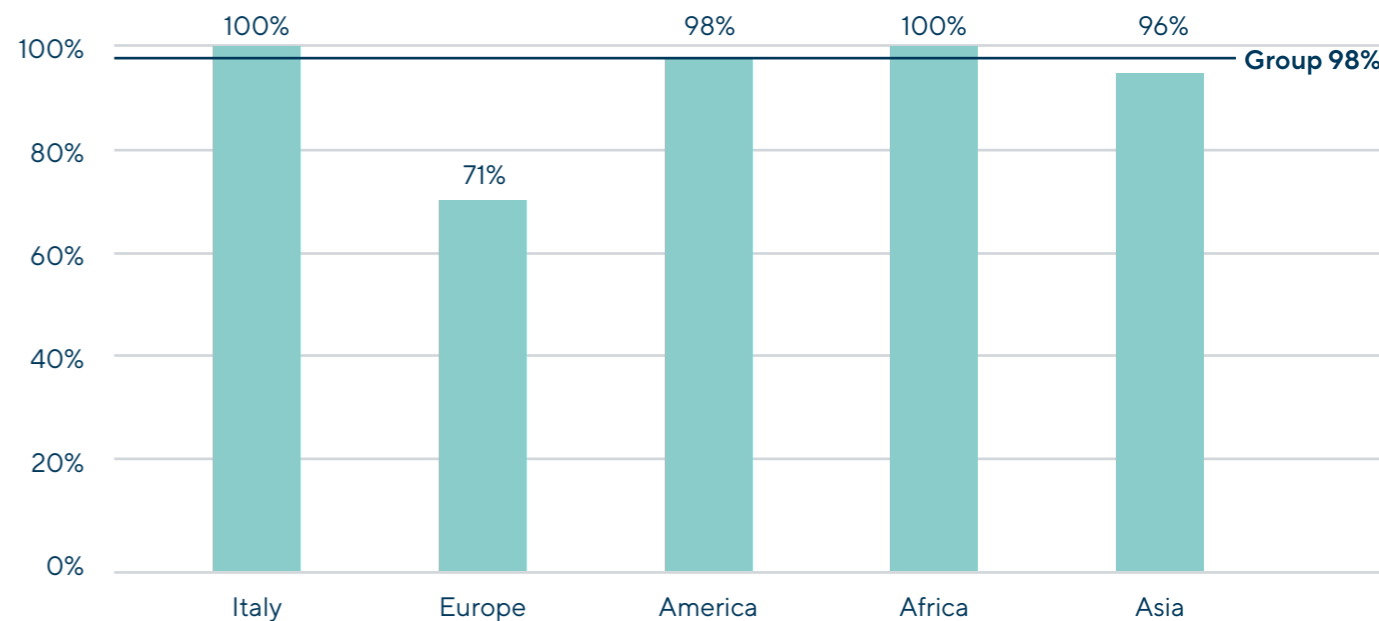
Overall, 98% of our employees are covered by an Occupational Health and Safety Management System, in order to minimize the risks of injury or illness that an employees may encounter. Specifically, 59% of the Group employees are covered by an occupational health and safety management system that has been audited by an external party, while a further 71% of the employees are covered by a similar system that has been audited internally.

// During the pandemic we have managed the protocols related to the health and safety of our teams working in the factories while trying to keep everyone else at home as much as possible. Our company has worked to provide security and safety to our workers whether at the office, factory floor, or even at home.

Lorenza Carrà, HR Director

Employees covered by an occupational health and safety management system				
	2020		2019	
	Number	Percentage	Number	Percentage
Employees covered by an occupational health and safety management system not audited internally or externally	1,211	98%	297	24%
Employees covered by such a system internally audited	879	71%	184	15%
Employees covered by such a system audited or certified by an external party	725	59%	724	58%

Percentage of employees covered by an occupational health and safety management system, 2020



At Lamberti, we have always worked on OHSAS and ISO standards for management systems of occupational health and safety. As of 2019, four plants and our head office have earned the OHSAS 18001 certification and during 2020 they have achieved the ISO 45001 certification. **Two more plants will be certified in 2021 and a further two in 2022.**

Our occupational safety programs cover our activities of research, development, production and sale of specialty chemicals; they embrace the following aspects:

- Roles and responsibilities
- Processes and correlated documents
- Planning procedures and review of projects
- Process risk management
- Management of changes
- Plant integrity
- Human factors
- Training and performance
- Incidents analysis
- Laws, regulations and standards
- Inspections and corrective actions
- Improvement of performance knowledge

In terms of responsibilities, for the Italian plants a representative of workers for health, safety and environment (RLSSA) has been designated, who liaises with the employer concerning H&S matters. The representative is informed of the planned and ongoing projects and their progress and is consulted on the drafting and updating of the HSEQ Policy and Plan, updates the Emergency Plan and is directly involved in the analysis of accidents / near accidents, and non-conformities. The representative is also involved in the preparation of the Risk Assessment Document and he is part of the working group that evaluates the changes / modifications.

The number of employees injured decreased from 13 events in 2019 to 8.20 related to bruise, sprain and chemical substances in eyes.

Employees work-related injuries ²				
	2020		2019	
	Number	Rate	Number	Rate
Fatalities as a result of work-related injury	-	-	-	-
High-consequence work-related injuries (excluding fatalities)	-	-	-	-
Total recordable work-related injuries	8	4.56	13	6.12

²Rates have been calculated as follows: (n. injuries/hours worked*1,000,000)

The number of injuries recorded for our external workers was substantially lower than the number of injuries registered for our employees.

Three injuries occurred in 2020, with respect to two injuries happened in 2019.

External workers work-related injuries ³				
	2020		2019	
	Number	Rate	Number	Rate
Fatalities as a result of work-related injury	-	-	-	-
High-consequence work-related injuries (excluding fatalities)	-	-	-	-
Total recordable work-related injuries	3	44.8	2	17.9

In 2020, our Group had 5 cases of development of work-related ill health for employees.

They occurred in the American subsidiaries of Chattanooga and Conroe.

³Rates have been calculated as follows: (n. injuries/hours worked*1,000,000).

Occupational health services

In Italy, the National Health System (NHS) is accessible to everyone regardless the economic and social conditions and, therefore, is accessible to all our employees. Our Group also offers further Occupational Health Services such as an infirmary in many plants, participation of the doctor responsible for H&S in the preparation of the DVR (Documento di Valutazione dei Rischi), welfare programs and presence of First Aid Operators trained according to regulations. Some of our plants offer the possibility of integrating medical checks with voluntary analysis for the control of other health conditions not linked to our employees' work (e.g. triglycerides, cholesterol). Finally, close to the winter period, we promote a free voluntary flu vaccination campaign⁴.

Us. We care

A program that offers daily video contents about behavioral safety, care and sustainability.



The project has been launched this year and will be completely on-line in 2021.

The content was developed alongside a team of experts in communication and safety, delivered through maxi screens (**Digital Signage**) located in the main common areas in the Italian factories.

⁴ The information refer to the Group's Italian plants.

This is our **"Community Hub"**, the virtual space to stay in touch: we believe in the value of relationships, of communication, and proximity.

We want to capture people's attention on what makes us different and unique: our identity, our company culture, our vision on safety and sustainability.

This new approach looks very encouraging and we want to extend this channel of Digital Signage to our factories and subsidiaries worldwide to build a no borders community.

Resilience 2.0

Within Us. We Care, in 2021, we will introduce a dedicated program on resilience.

Being resilient means be able to prevent any dangerous situation, nourishing a deep safety culture.

We have already approached this vision years ago with a traditional in-person training: now we transform it in a digital path to catch and involve all the Italian employees.

Digital Parenthood

We want to reinforce the idea that safety is a way of living the company and the world.

It involves our life and family: complementary to what we share with our community a **journey on digital parenthood** to help our children grow without borders in a land full of opportunities but also with dangers. The program is currently running.



Education

Awareness, competence, and know-how are compulsory individual skills that must be adapted to such a changing context. The role of our organization is to offer and provide continuous training and education opportunities that can no longer be purely technical or related to specific soft skills but must be broad and open to the different stimuli that come from the most distant worlds, from the communities that we attend in a real and virtual way.

In the pull model, employees are encouraged to proactively seek out learning that is not only relevant to the organization at large but also for their personal growth.

Due to the Covid-19 pandemic, in-person educational programs were suspended in 2020. Nevertheless:

- **Safety Training Program** has been guaranteed and delivered on-line: we have prepared a dedicated website for all the Italian plants population for whom the program is compulsory. Similar programs have been carried out locally in our subsidiaries.
- **Innovation Playground:** We deeply believe in the importance of learning by doing and in self-exploration. For that reason, the Innovation Playground project, that is on its 3rd edition, will re-open in-person as soon as possible.
- We encourage our community to follow **webinars and on-line trainings** to keep our skills and knowledge updated.

Based on current experience determined by pandemic and by the intention to extend training to worldwide population we have decided to invest in a digital learning platform dedicated to education, coaching and knowledge sharing which could reach our entire employee population in different languages. This project will be implemented in 2021.



Community

Relation with local communities

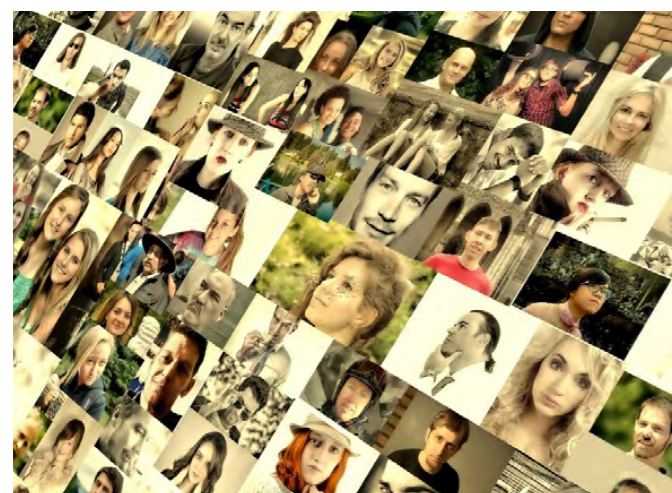
We are creating and nourishing a world of relationship to enrich each other within the Community. We have a very strong and long lasting relationship with our local communities and are fully aware of our responsibility towards them.

Maintaining positive and respectful relationships with the communities where we operate is part of our daily activities as well as an integral part of our corporate mission.

Being a relevant stakeholder for our Group, we are committed to engaging with our local communities about our daily activities as well as for our strategic decisions.

We recognise that we are a member of the communities we influence and value the importance of learning from them. Our relationship goes beyond mutual respect: our relationship is mutually enriching.

A first indication of the effectiveness of our management approach is the increased interest in our LinkedIn page with more than 18000 followers achieving a 3% increase every month and more that 3000 extra followers in the last year. There are 609 of our own employees present on LinkedIn.

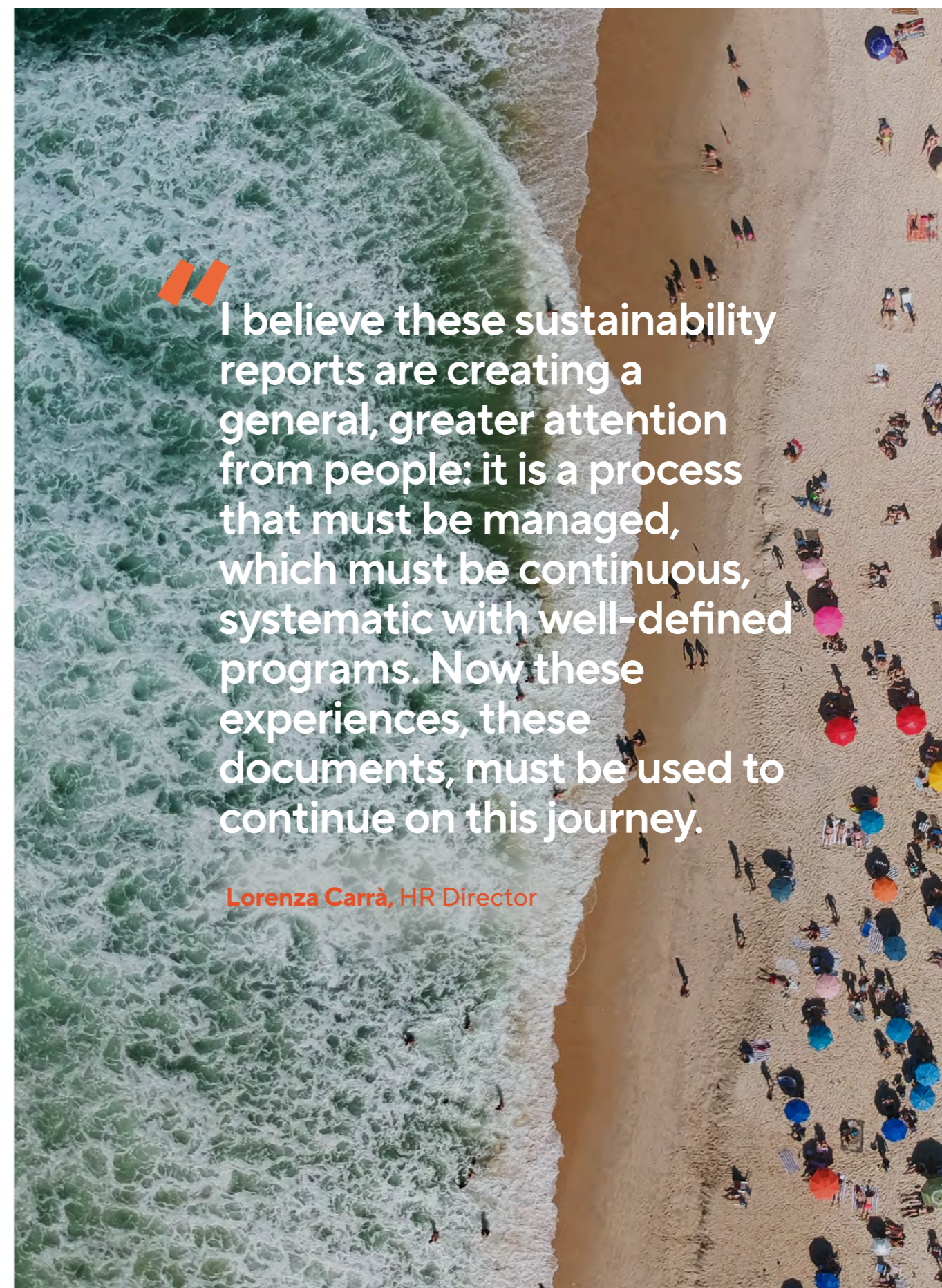


Building an ecosystem

In 2020, we started to expand our community by transforming our website into a dynamic ecosystem by which we could virtually engage with our business, social, and employee communities. We are constantly nourishing our web presence with our stories, our customers' and our worldview. It is a place to meet and share experiences. Through the stories, we outline our vision of the future, our idea of sustainable identity.

Sustainability Ambassadors: our company organization is designed in a systemic pattern that links people, their knowledge, experience, and research. During 2020, our internal community has come together in front of the pandemic crisis recognizing the importance and role of sustainability. We really understood that the only possible future is in a sustainable planet where we help, respect, and value each other, life and the environment. Our community is looking for Ambassadors of this sustainable world. A survey within our employees has taken place in 2021 to collect ideas and people ready to make a difference: 548 employees participated, 96% of them showed interest in the company sustainability's activities, 36% claimed interest in becoming "sustainability ambassadors".

Building a community means to positively impact it: we are committed to promote digital talks on different aspects of sustainability. **Impact** will be the place where experts, customers and our people meet to design a sustainable chemistry. It will be a way to collect and share ideas and contribute to enrich each other and build a wider knowledge. We have started in early 2021 discussing the Construction Industry trying to understand how sustainability is changing this market and its players.



“ I believe these sustainability reports are creating a general, greater attention from people: it is a process that must be managed, which must be continuous, systematic with well-defined programs. Now these experiences, these documents, must be used to continue on this journey.

Lorenza Carrà, HR Director

Widening our horizon

Being a community means being part of the world we live in, inside and outside the borders of our factories, creating and building a world of relationships, support, and integration, open to all.

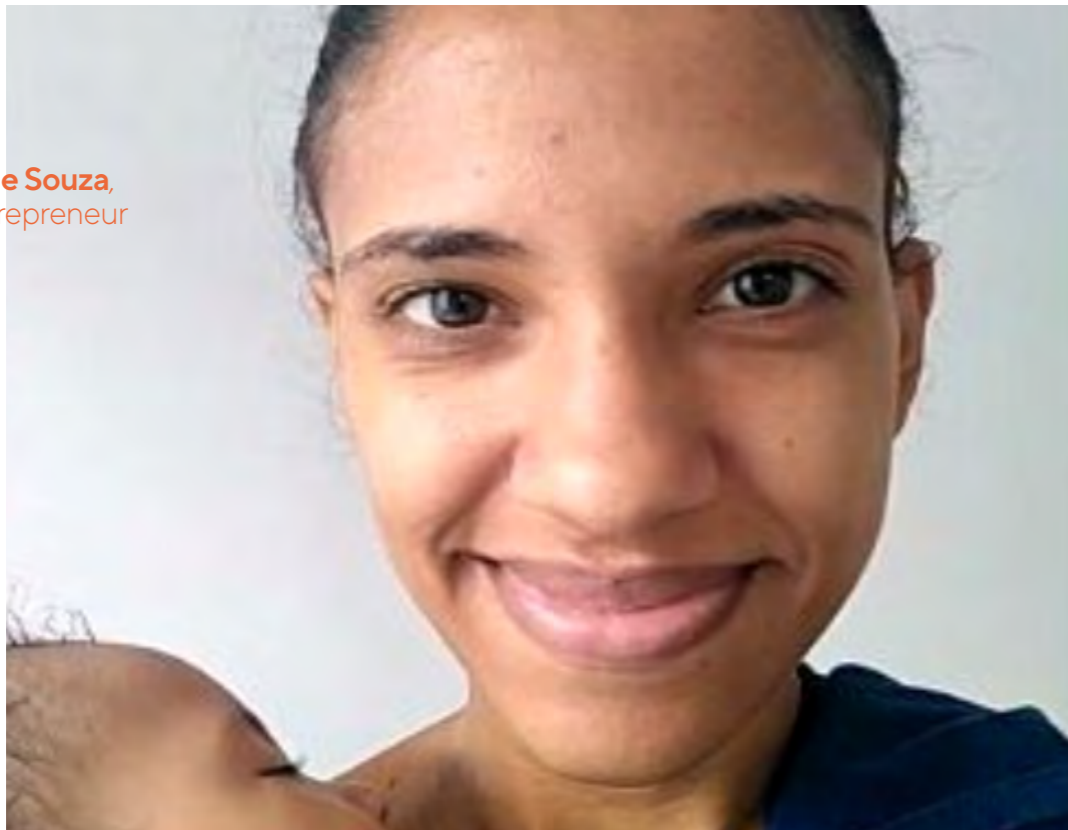
“Lamberti Transforma” is a project that started in 2020 in collaboration with Brazilian NGO, Aventura de Construir. It represents an hybrid journey that prepares up to 50 micro entrepreneurial women to use digital and virtual tools to support their activities and make sustainable low-income businesses feasible, in the city of Nova Odessa, where we have our factory in Brazil.

The project is directed primarily towards women since many of them, due to the Covid-19 pandemic, had to give up their business and professional activities to care for their children. The use of digital technology from home could help them keep working while caring for the children. This project will continue in 2021.

“She Dares” is a women empowerment project through skills training near a farming community in India towards economic support and self-reliance. The project takes place in a rural setting with young women and teenaged girls mostly involved in household chores excluded from family affairs and major decisions.

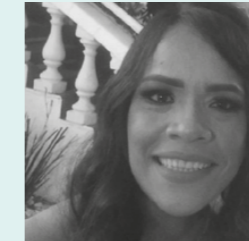
This vicious cycle keeps them from receiving higher education and therefore entirely dependent on a male authoritative figure. This project will empower these women through inclusion and allow them to have a voice in strategic decision-making. We are developing this project in partnership with a local Indian NGO, People Awareness Network Society (PANS).

Jennifer de Souza,
young entrepreneur
mother



The advisors helped me to define strategies to attract my audience and spread my work more in this pandemic season, such as finding Facebook groups. Today I started to check my working time and count the hours spent on production. Now I have a real idea of the time spent for production. I want to improve my knowledge in order to carry out internet sales.

Mara Morena, works with
creative sewing producing
hair ties and props.



Me and all my colleagues involved in this project have been inspired by the stories of these women who are holding fast for their families during pandemic and still have the energy and willpower to study and seek better life conditions. We understand that everybody can be agents of a positive transformation in their realities and communities by providing others with the knowledge they have and learning from others important lessons and skills for their own development!

Alannah Guerrero, R&D
Manager Lamberti Brasil



I knew in my mind all the expenses of the house, but it was very important to put everything on paper and use the spreadsheet to better understand how I spend the money and where I can save. I also talked with my son who is very studious and he will help me too. It is a way for everyone to participate in the control of expenses. I am also recording everything that comes in from my work as a manicure and I’m still learning how to register customers.

Keila Aparecida, manicurist
and caregiver for the elderly



The experience with the tutorials was very interesting, because I had contact with the difficulties that people experienced and how they overcame these difficulties.

Rosemary Turqueto,
retired in search of new
opportunities



“Un giorno da chimico in Lamberti”: it is our initiative towards the community of Albizzate, Italy. Started in 2016, our local primary schools live a daily experience inside our laboratories: it means learning by doing. It is a way to introduce chemistry to young students, a way to widen their horizon towards sustainable chemistry. We usually organize this activity in-presence but due to the Covid-19 pandemic, in the 2021 we will have virtual classrooms.

place where people can develop their specific skills with the idea of a mutual enrichment is still working in spite of Covid pandemic. This job-training program started in 2012 with seven people and currently the cumulative collaborations stand at around 100 people.

Engage nature, engage community

Planting a tree is an ambitious act of trust. The tree will grow; the community will take care of it. Caring for the planet is a collective action bound with



“Down syndrome Foundation” is an NGO in Castellon, Spain, hometown of our Spanish plant and offices. The Foundation helps people with Down syndrome regardless of age or life circumstance. We started collaboration with this NGO in 2017 and have continued engaging with them through the years. In 2021, we have contributed with office furniture donations and with a sponsorship their annual golf tournament for the second year, which raises funds for the foundation.

Training Island (Isola Formativa) is our inclusive working environment for people with disabilities as a

the idea of community with no borders.

- In 2018, we have planted 1,000 trees in Colombia giving new life to a place and offering an opportunity of development to the communities that live there.
- In 2019 in India we have planted and we are actively caring for 100 autochthonous neem trees, the trees that clean the air we breathe.
- In 2020 in Italy we have allocated an area of 20,000 square meters to a green project creating a mini-forest of native trees on 4,200 square meters: a place where people and nature can find a reconciliation.



Climate change

Our environmental journey

More than twenty years ago, in the year 2000, Lamberti S.p.A became part of Responsible Care, a voluntary membership program that aims to guide participating companies towards a sustainable development model of the global chemical industry.

Since 2007 we have started to certify our manufacturing sites according to ISO 14001 environmental management standard, with our existing commitment to have 40% of our manufacturing sites certified in 2022, from 33% in 2020.

In 2015, our Group adhered to the Responsible Care Global Chart, and became a member of Round Table of Sustainable Palm Oil (RSPO).

In 2017, following the requests of global customers and to achieve alignment with some of its top competitors, Lamberti started to benchmark its own performance about its Corporate Social Responsibility through EcoVadis, a global platform that helps identify areas of improvement and implement corrective actions. Lamberti currently holds EcoVadis Silver

with objective to reach Gold status on next evaluation in 2021/22.

Since 1980, the parent company Lamberti SpA is part of Federchimica, the Italian Federation of Chemical Industry Associations. Federchimica is a member of Confindustria (General Confederation of the Italian Industry) and CEFIC (European Chemical Industry Council).

Environmental compliance

The Lamberti Group has always paid great attention to compliance with all international laws and adhering to the Responsible Care program has been a further starting point for improvement and attention regarding the environmental compliance of all Group companies and affiliates.

While in 2019 we had two cases of monetary sanctions at Group level, without a significant penalty (total of EUR 2,875), in 2020 there were no environmental sanctions to report.

“ We always paid a great attention to industrial sustainability. But we cannot be satisfied. As an industrial global player we want to implement an even more effective and focused action plan towards decarbonization.

Giovanni Floridi, Corporate R&D Director



In Europe, the Green New Deal provides for a reduction of emissions by 50% within year 2030 and their zeroing within 2050. This regulatory constraint is an important external opportunity that will bring all the companies to pursue sustainable and environmentally positive growth: the great opportunity arises from these indications but also from greater attention on the part of consumers that leads to choosing products from companies that have undertaken virtuous paths.

Paolo Lamberti, President and CEO

Responsible resource consumption, waste management and emissions

Our environmental responsibility extends to all aspects of our activities involving continuous optimization through:

- responsible use of natural resources, such as water and energy;
- commitment to minimize wastes and emissions;
- improvement of our manufacturing processes;
- introduction of a new approach in logistics, procedures and packaging.

Climate change and decarbonization are increasingly significant for every business in recent years, and the related challenges in resource efficiency, water stewardship and waste management, although they have always been considered very important for the Lamberti Group, in recent years have achieved increasingly significant importance.

All this led Lamberti Group to decide last year to define important goals regarding these issues for the coming years. Specific commitments are listed in the Appendix D section.

2020 was a very particular year due to the pandemic, in particular the first half of the year had a strong impact on the quantity of tons produced in each plant of the Lamberti Group, consequently influencing the environmental impacts associated with them.

Water is a precious and scarce resource and therefore it is our responsibility to optimize its use.

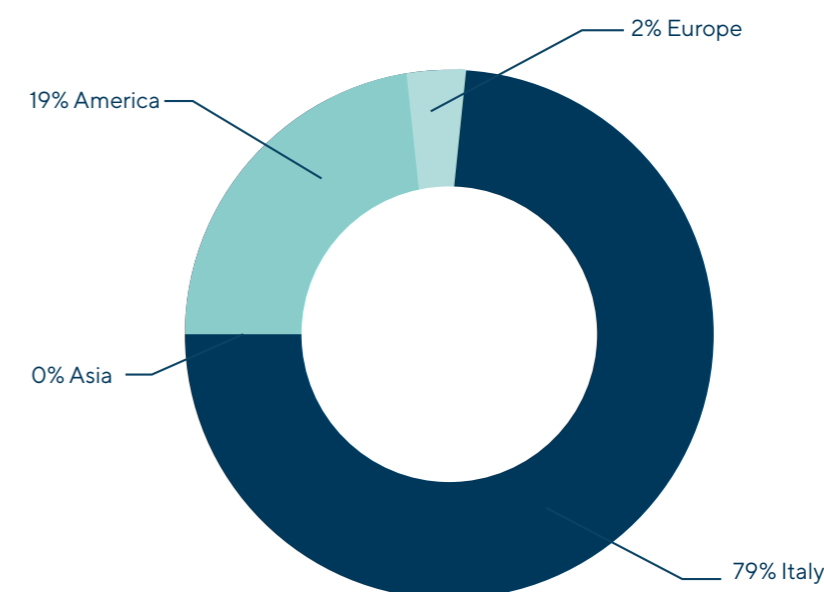
We use water mostly coming from deep wells or aqueducts. We do not use water in water-stressed areas; in fact, **we can claim zero use of water from stressed areas**. We believe in an efficient use of resources, which involves reducing withdrawals to a minimum, and optimizing the use of water in our factories.

In 2020, we withdrew around 881 ML of water worldwide and we aim to **reduce our water consumption by 15% within 2023** (base year 2019).

WATER WITHDRAWAL (Megaliters) ⁵				
	2020		2019	
	All areas	Areas with water stress	All areas	Rate
Surface water	19.8	-	24.7	-
Freshwater	19.8	-	24.7	-
Other water	-	-	-	-
Groundwater	634.4	-	684.0	-
Freshwater	629.6	-	679.9	-
Other water	4.8	-	4.1	-
Third-party water	226.7	-	162.3	-
Freshwater	226.7	-	162.3	-
Other water	-	-	-	-
Total water withdrawal	880.9	-	871.0	-
Freshwater	876.1	-	866.9	-
Other water	4.8	-	4.1	-

⁵ 2019 figures restated from those published in the previous Sustainability Report due to the improvement of the data collection process. For the data previously published, please refer to the 2019 Sustainability Report, available in the Sustainable & Circular Policy section of the website www.lamberti.com.

Water withdrawal by region, 2020



A key feature of our business is that a significant part of the water we withdraw is consumed⁶, and not discharged; in fact, in 2020 we saw that around 40% of the water withdrawn was consumed.

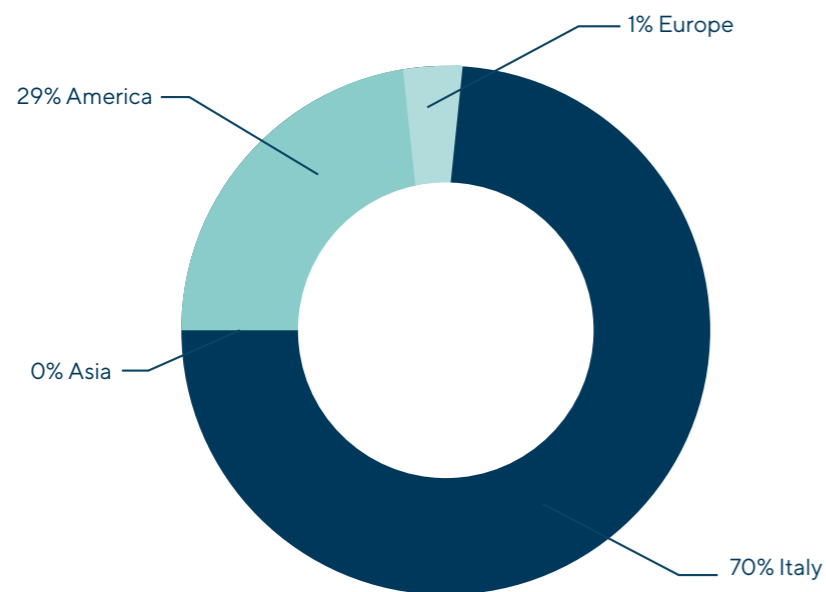
We constantly monitor our water discharges and periodic checks are carried out as good company practice. Water is discharged mainly to third-party plants (90% of total discharges for 2020) while only a limited part is discharged directly in the environment.

WATER DISCHARGE (Megaliters) ⁷				
	2020		2019	
	All areas	Areas with water stress	All areas	Rate
Surface water	33.0	-	70.0	-
Freshwater	33.0	-	70.0	-
Other water	-	-	-	-
Third-party water	313.0	-	337.5	-
Freshwater	197.1	-	69.2	-
Other water	115.9	-	264.4	-
	0.0	-	3.9	-
Total water discharge	346.0	-	407.5	-
Freshwater	230.1	-	139.1	-
Other water	115.9	-	264.4	-

⁶ Water that has been withdrawn and incorporated into products or generated as waste, that has evaporated, transpired, or been consumed, or is polluted to the point of being unusable by other users, and is therefore not released back to surface water, groundwater, seawater, or a third party over the course of the reporting period.

⁷ 2019 figures restated from those published in the previous Sustainability Report due to the improvement of the data collection process. For the data previously published, please refer to the 2019 Sustainability Report, available in the Sustainable & Circular Policy section of the website www.lamberti.com.

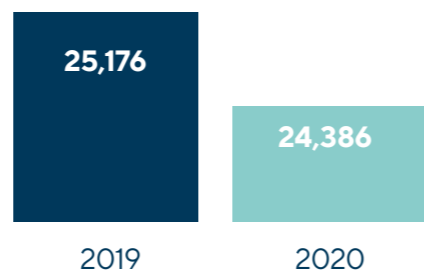
Water discharge by region, 2020



Our emissions responsibilities go beyond Greenhouse gases (GHG) to include other polluting gases such as Nitrogen Oxide (NO_x) and Sulfur Oxide (SO_x).

Our production plants are equipped with the Best Available Techniques (BAT), in order to reduce air emissions. This translates into an environmental benefit: in 2020, we cut our NO_x emissions by 3% and our SO_x emissions by 0.3%.

NO_x Emissions (Kg/Y)



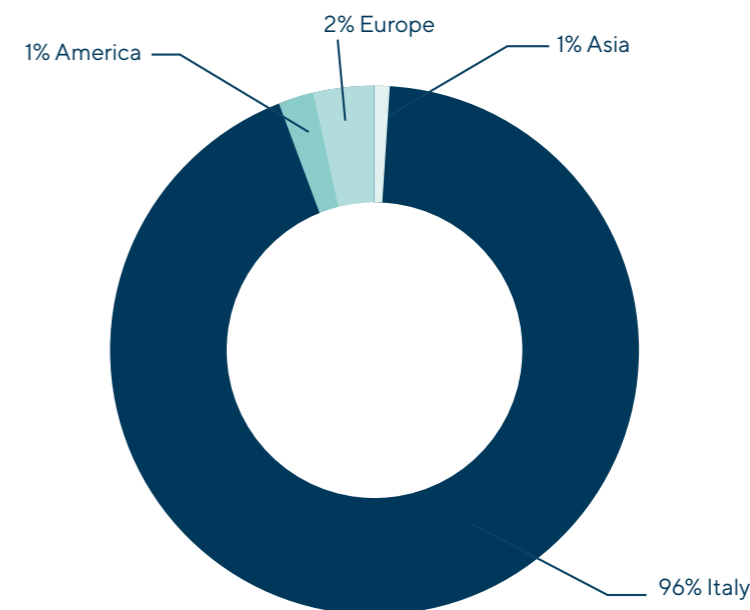
Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions		
	2020	2019
Nitrogen Oxides (NO _x)	24,385.6	25,175.8
Sulfur Oxides (SO _x)	179.3	178.8
Persistent Organic Pollutant (POP)	-	-
Volatile Organic Compounds (VOC)	3,509.8	4,198.6
Hazardous Air Pollutants (HAP)	-	-
Particulate Matter	967.2	1,616.1
Other Air Emissions	4,319.8	7,042.7

We pay increasing attention and care to the management of our waste and we have put many efforts in place to reduce the amount of waste generated and sent to external disposal.

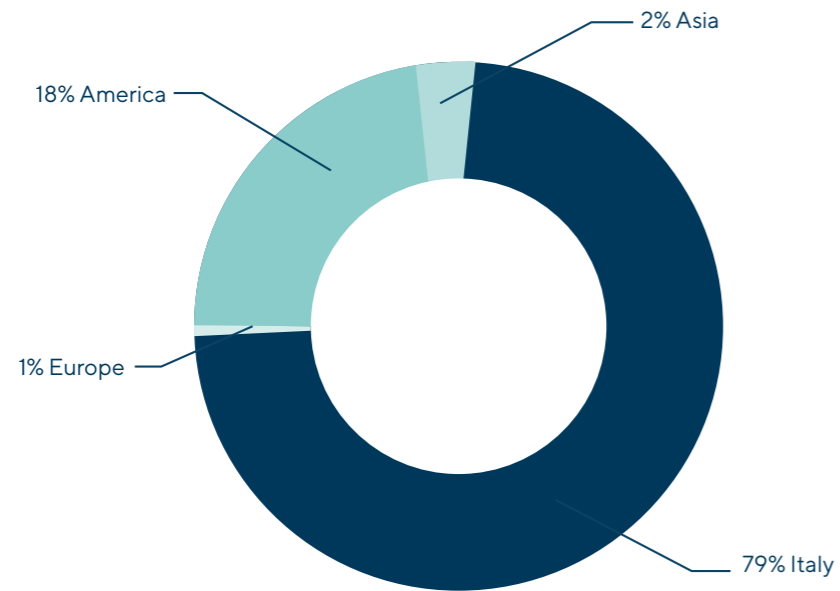
In 2020, 12% of the waste generated by our plants was reused, recycled or recovered. Our ambitious target is to achieve **30% reuse, recycle or recovery by 2022**.

WASTE BY TYPE AND DISPOSAL METHOD (tons)				
	2020		2019	
	Hazardous	Non-hazardous	Hazardous	Non-hazardous
Reuse	-	50.6	-	63.5
Recycling	44.7	409.8	452.4	1,014.8
Composting	-	-	-	0.6
Recovery (including energy recovery)	2,595.9	1,751.0	2,929.9	2,301.1
Incineration (mass burn)	583.6	78.6	829.2	7.7
Deep well injection	-	1,549.9	-	4,405.2
Landfill	-	855.9	51.5	1,413.0
Onsite deposit	626.0	1.0	818.3	1,957.2
Other	22,443.8	9,009.1	22,832.9	6,683.6
Total waste generated and disposed	26,293.9	13,706.0	27,914.2	17,846.9

Hazardous waste by region, 2020



Non hazardous waste by region, 2020



Performance Indicators on Climate Change related activities can be found in the Appendix B section.

Logistics and Packaging

We source our raw materials and sell our products around the world; moreover, mainly delivered in bags, drums, or IBC packaging. We are aggressively pursuing the objective of reducing the environmental impact of our packaging.

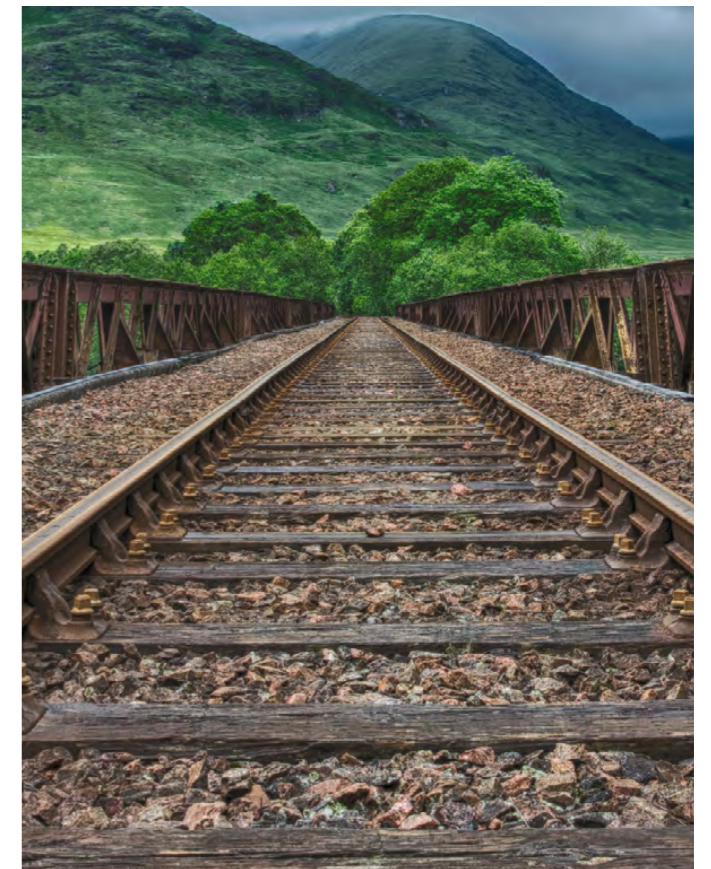
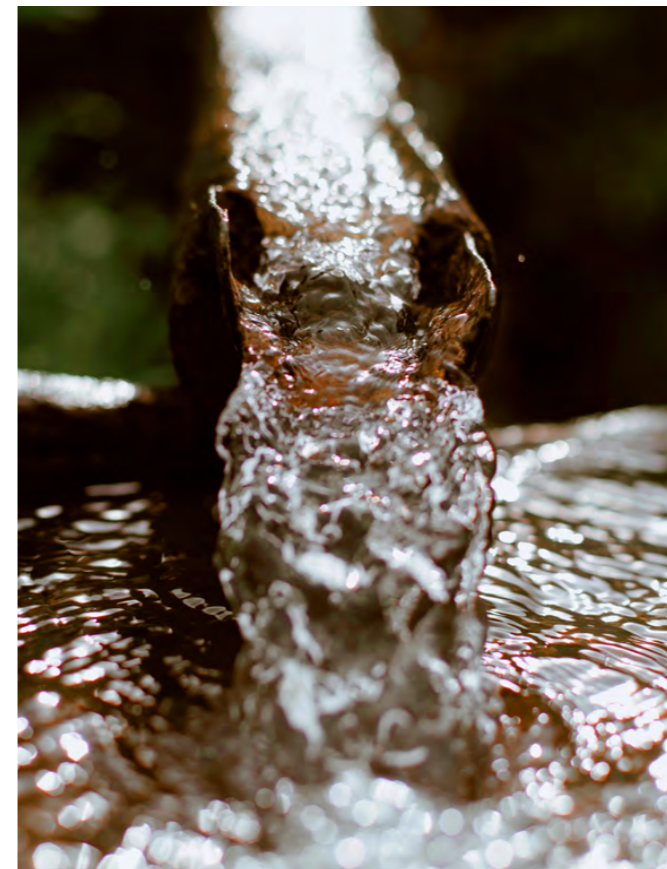
Since 2018, Lamberti SpA started a project aimed at promoting intermodal transport instead of road transport in order to decrease the environmental impact of its transports. Focused on our busy Italy - Spain route, we are gradually moving transport from road to intermodal, prioritizing sea transport between Savona and Barcelona.

This project has led to a 36.8% reduction in tons of CO₂ emission on that route in 2020, corresponding to a total saving of 93 tons of CO₂ emissions. Since the project started in mid- 2018 a total of 255 tons of CO₂ have been aborted.

Our logistics team is fully conscious of transport's contribution to CO₂ emissions and works in the direction to minimize them with actions such as:

- minimizing Air Freight shipments;
- preferring Intermodal transports where possible and feasible;
- joining different groupages shipments into Full Truck Load shipments, whenever possible

Concerning packaging, our team keeps an open approach to new proposals by packaging suppliers that can reduce their impact on environment such as weight reduction or use of recycled raw materials. The use of recycled IBC's are implemented as much as possible.



Product Stewardship and Innovation

Product stewardship and sustainability are no longer just a matter of complying with the current regulation or with the clients' standards and requirements as it requires a long-term strategy, which involves various stakeholders across the organization. Indeed, decarbonization as well as the assessment of a product's environmental impact is becoming increasingly more relevant for the sustainability strategy of a chemical company.

We at Lamberti have followed this path and decided to internally develop the specific skills needed to develop both LCA and carbon footprint studies. We have created a multi-disciplinary product sustainability team putting together R&D, regulatory and corporate development skills.



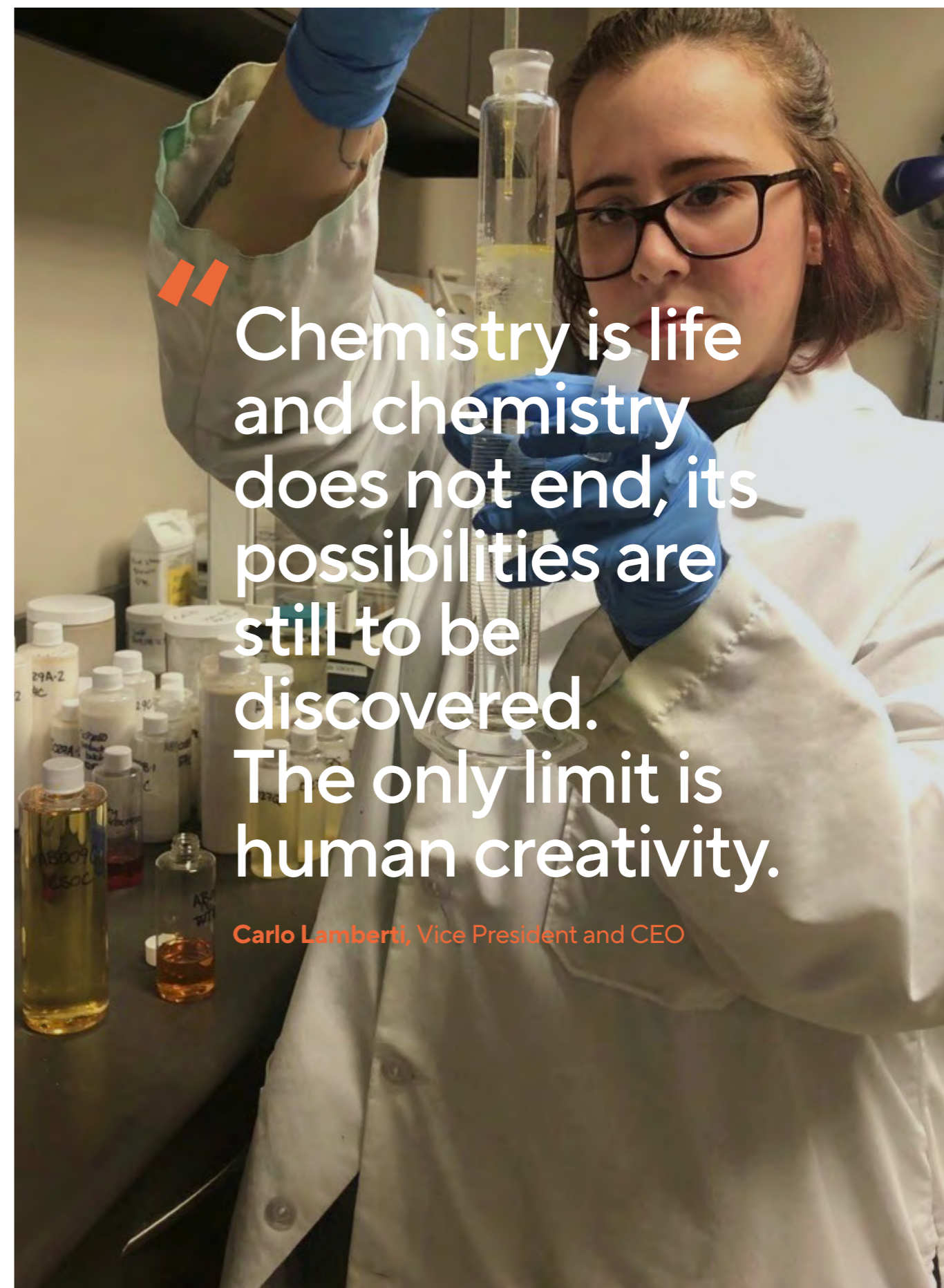
Our commitment for the next future is to continuously increase the awareness of our company, in order to better address our R&D activity and our innovation potential towards an increasingly low carbon footprint chemistry.

Giovanni Floridi,
R&D Director



I started my adventure in the field of sustainability in July 2020 by attending a course on Life Cycle Assessment (LCA). Among the bibliography I read the book "The hitch hiker's guide to LCA", the title has never been more appropriate! I think it perfectly reflects the mood of those who approach this topic for the first time: a hitch hiker who, between rules to follow and data to collect, tries to reach his destination unscathed. However the LCA study allows you to put one foot in front of the other, turning back if you need to review the steps taken, it is an iterative process.

Serena Gazzo
Researcher

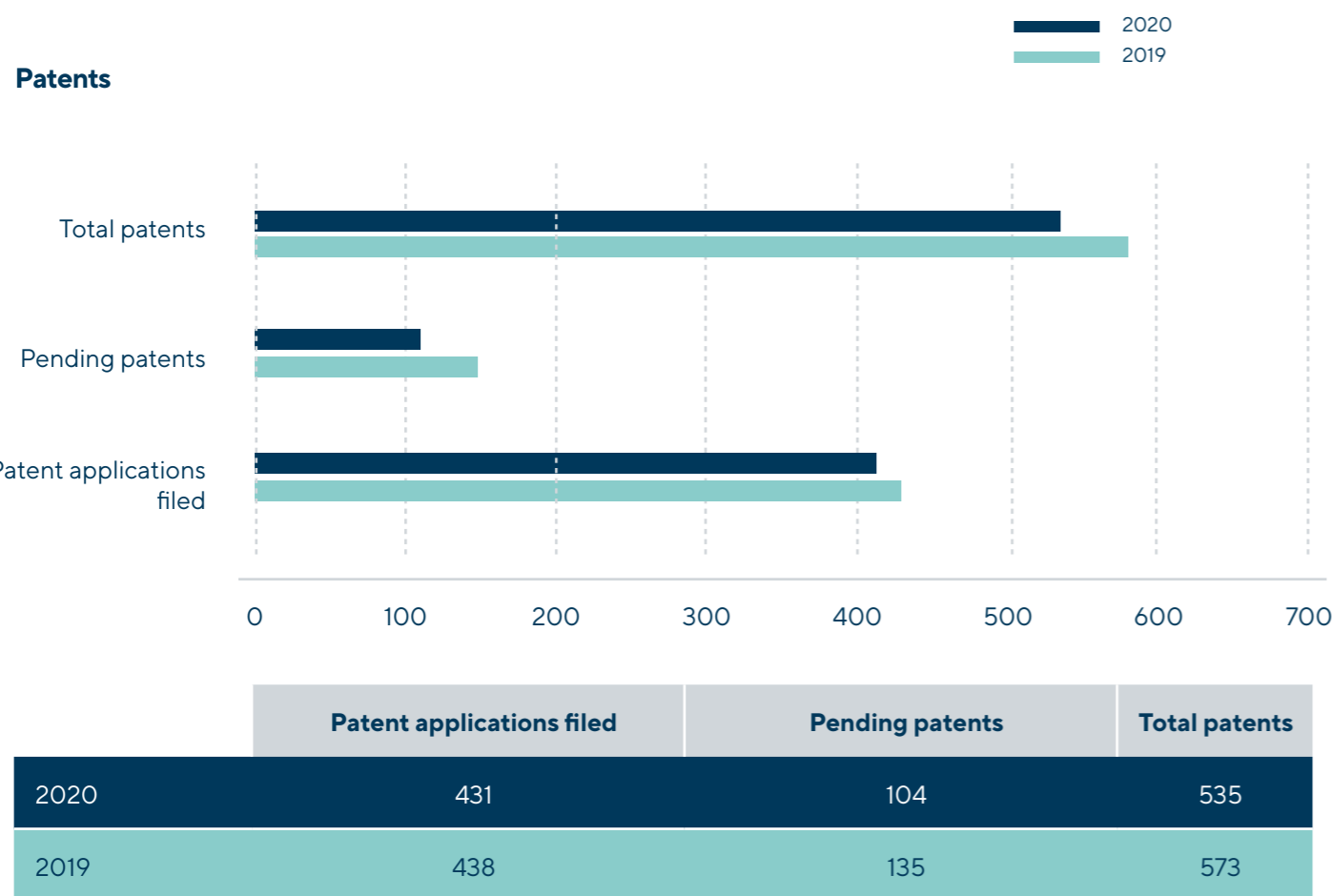


“**Chemistry is life and chemistry does not end, its possibilities are still to be discovered. The only limit is human creativity.**”

Carlo Lamberti, Vice President and CEO

The reason for putting together different backgrounds is that we aim at creating synergies within the team as well as at making the most out of the common effort required for the development of environmental impact studies. The establishment of the product sustainability team has two separate purposes and goals. In first place, it aims at meeting the always-increasing market request for environmental impact studies, which

are high on the agenda of clients operating in different industries. However, in the long term, the main team's goal will be to implement a new product designing processes that involves a real and considerable eco-design perspective. Intellectual Property through patent registrations is strategic to protecting ourselves while remaining open to external contributions.



Innovation is monitored by measuring the yearly turnover generated by NIPs (New and Improved products, launched over the last 5 years). In 2020, NIPs accounted for 23.4 % of the total turnover. R&D expenses slightly decreased compared to the

previous year, reaching a total of €16.38 million in 2020. The percentage of R&D expenditure with respect to total turnover grew from 3.6% in 2019 to 4% in 2020.

“New solutions arise not from linear actions: I believe that the way is drawn. For us it is important to set up new products with a lower emission content, to re-design our products’ applications and manufacturing processes to achieve improvements that ultimately affect the total balance.

Carlo Lamberti, Vice President and CEO

Innovation 2020



Throughout our history, we have paid increasingly greater attention to the ecotoxicological properties of our products in order to reduce the number and the quantity of products hazardous to the environment. Currently, more than 90% of the products

we manufacture are considered to be eco-friendly. The percentage was substantially steady in the last 3 years and we intend to maintain this trend also in the future.

Supply-chain

Regarding the supply chain, the chemicals sector typically features large amounts of raw materials and many suppliers, due to the high number of products tailored for numerous and varied industries and applications. The constant volatility of the demand for

materials significantly influences the supply chain management. For this reason, we are currently undertaking a project of revision and reorganization for the optimization of our supply chain.

“ In 2020 we launched a strong action on our entire supply chain, engaging with our suppliers to measure their sustainability impact. We have formed teams within our Group to measure the sustainability of our products and processes with official parameters, the Carbon Footprint and the Life-Cycle Assessment necessary to manufacture them.

Patrick Balletto, General Manager

Procurement management of both raw materials and services is a primary strategy for Lamberti. Optimal organization of the supply chain is an essential asset for reaching the objectives established by top management and site managers.

As current holders of EcoVadis Silver status, our Group management has set a company objective to reach Gold from business sustainability ratings platform EcoVadis in our next yearly evaluation. A key metric to achieve this objective is our procurement strategy. Our Procurement team has been working diligently to implement a Supplier’s Code of Conduct as well as Sustainable Procurement Policy by 2021.

Our Supplier Code of Conduct sets and defines the basis for our collaboration with suppliers regarding:

- Compliance with laws and regulations
- Standards for ethical and responsible business conduct
- Health, safety and quality
- Environmental impact of products, manufacturing processes and services
- Responsible use of natural resources
- Respect for people, local communities and fundamental human rights

We expect our suppliers to be able to demonstrate compliance with these principles.

We plan to conduct regular reviews based on sustainability risk assessments either by third-party evaluation or by on-site audits. Should a supplier fail to uphold any aspect of our Supplier Code of Conduct, we will develop corrective actions together with the relevant supplier to ensure that the same observes these standards in the future.

A reliable and engaged Supply Chain is a key aspect of operating responsibly and safely in our business. It is therefore of utmost importance for us to source our raw materials, products, assets and services from suppliers who share our values and principles for doing business. We expect our suppliers to share the principles expressed in this Suppliers Code of Conduct through the “3P” approach: People, Planet and Prosperity.

Lamberti’s Group Procurement Policy is finalized to source raw materials, assets, products and services from suppliers who share these principles and our corporate values based on integrity and respect for environment, people and local communities.

Products from Natural Origins

Continuing with the “Natural Based Products” study shown in 2019’s Sustainability Report using ISO 16128 on our Ag, GeoSciences, and Personal Care Division products, we calculated that 38.2% of these products (54.7% by volume) in 2020 have such clas

The conscientious use of materials is another feature that shows our commitment to operating a responsible business. We are working to reduce the environmental impact of the raw material consumption by investing in low-impact, recycled or recyclable materials and designing a new generation of processes. **The use of total raw materials decreased from 190,207 t in 2019 to 152,607 t in 2020, while renewable raw materials increased from 30,348 t to 38,972 t that represents an increase of 28%.** Resources used for packaging decreased as well, which were 2,759,058 pieces in 2019, while in 2020 they reached 2,096,000 pieces, 5% of which were renewable.

As far as recycled materials used, the percentage of recycled input to produce petrochemical downstream output slightly decreased (from 2.20% in 2019 to 2.16% in 2020), as well as the percentage of recycled input for chemical downstream output (from 1.41% in 2019 to 0.29% in 2020). With regards to packaging, instead, there has been an increase of the percentage of recycled input materials used, shifting from 0.60% in 2019 to 0.76% in 2020.

sification. **These results represent improvements over 2019 data of +12.4% in the number of natural based products and +5.8% by volume of these three business divisions.**

Natural Based Products (Ag, GeoScience, Personal Care)	
% of Natural Based Products (according to ISO 16128) vs Total number of products	38.2%
% volume Natural Based Products (according to ISO 16128) vs Total volume of products	54.7%



“If today we already have a high percentage of our products that start from raw materials coming from renewable sources, it is not a coincidence, because this is certainly a historical commitment of the company: we have always developed products from natural sources.”

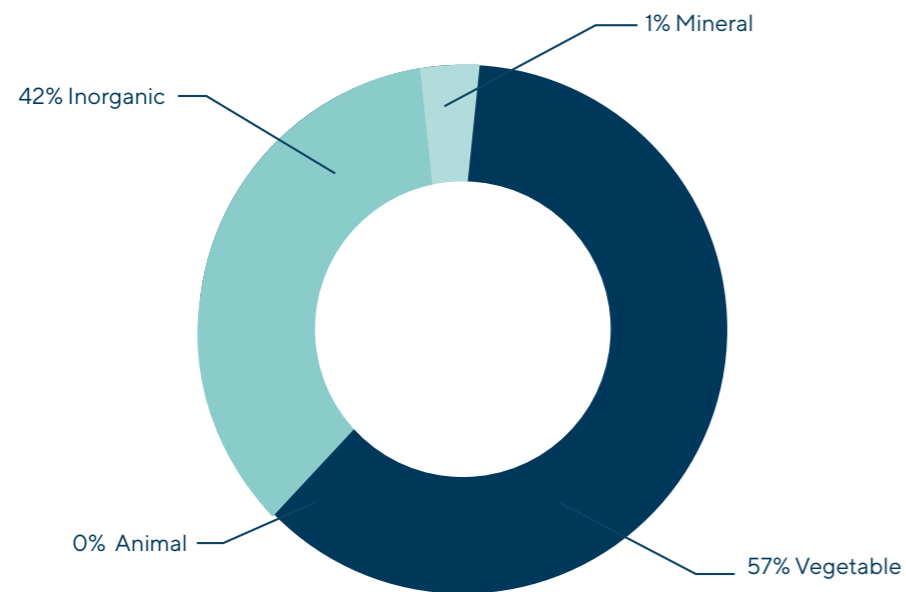
Patrick Balletto, General Manager

Based on internal calculations using purchased raw materials data from our suppliers, **47.4% of our products are of natural origin (water excluded).**

The breakdown by source of our natural origin product portfolio can be seen in the following table and graph:

Source of Natural Origin	%
Vegetable Origin	57.09%
Inorganic Origin	41.84%
Mineral Origin	1.03%
Animal Origin	0.05%

Natural Origin in 2020 (%)



We will continue to use the ISO 16128 methodology for Natural Product Origin calculations as our standard for our Personal Care products portfolio.

Specific Personal Care division calculations of % natural product per ISO 16128 can be seen in the following table:

PERSONAL CARE DIVISION	2017	2018	2019	2020
% of Natural Product (according to ISO 16128) VS total number of products	39%	39%	39%	38%
% of Natural Product (according to ISO 16128) VS total volume of products	55%	63%	66%	59%

The focus of our Product Stewardship and Innovation efforts on other industries will be on product's carbon footprint reduction and calculation of the Renewability Content of our raw materials using

internationally recognized methodologies such as mass-balance approach EN 16785 - Part 2 or Renewable carbon index (RCI) approach by the ASTM D6866 to measure carbon-14 method.



Natural based products increased by 12.4% in Agriculture, GeoScience, and Personal Care Divisions.



Product Safety

We follow a number of procedures and guidelines based on Health, Safety and Environment (HSE) regulations and are committed to minimizing the negative effects of our products on the environment, health and safety along the value chain – from development to disposal.

In 2020 alone, we prepared 1700 safety data sheets, providing a set of HSE information as part of our procedure aimed at carrying out an internal risk assessment, and verified more than 150 specific parameters for safety, reactivity, chemical and physical properties, and transportation. The number of items evaluated in 2020 decreased in comparison to those examined in 2019, from 367 to 204.

Our commitment to product stewardship is embodied in our Responsible Care® charter and follows the initiatives of the International Council of Chemical Associations (ICCA). We also ensure uniformly high standards for product stewardship worldwide. In some cases, we have committed to voluntary initiatives such as the Roundtable on Sustainable Palm Oil (RSPO), which go beyond legal requirements and certification for Good Manufacturing Practices (GMP) for the manufacture of cosmetic ingredients. In addition to the CEFIC REACH Dossier Improvement Action Plan as part of the continuous improvement of the quality of REACH dossier, which represents our current and future commitments, investing relevant human and financial resources.

More than 99% of our product portfolio is covered by safety data sheets, for hazardous as well as non-hazardous materials, available in Italian, English and all pertinent languages.

Safety Data Sheets		
	2020	2019
Number of safety data sheets prepared during the period	1,700	1,593
Number of products for which a Safety Data Sheet was prepared during the period	779	780
Number of products for which an HSE evaluation was made	204	367

In the years 2020 and 2019, no fines or penalties resulting from incidents of non-compliance with regulations or voluntary codes concerning information and labelling of products and services were recorded at a Group Level. In 2020, two incidents of non-compliance with regulations resulted in a warning whereas no incidents of non-compliance with voluntary codes took place.

In addition, in 2020 and 2019, the Group did not report any incidents of non-compliance concerning the health and safety impacts of products and services.





Evolve, doing

“ The company reporting system is evolving to empower the company economic value generation. It’s not a matter of communication. It is much more real, it is a huge change.

Mario Gagliardi, CFO

Governance and Economics

The close relationship between environment and companies' present and future performances is becoming more and more evident and this trend is influencing behavior and expectations of a wide range of company stakeholders.

Under this perspective, the company reporting system has to evolve in order to match the increasing demand of information about the expected impact of environment related events on the company economic value generation.

For this reason, we are considering revising and extending the scope of our statutory reporting, to progressively cover this topic.

Finally, the reporting metrics and targets. It is a huge change for a company and we are not ready to adopt it in full, but we can start the journey. As a first step, we are implementing a system to facilitate the collection, processing and publishing of the non-financial KPIs and indicators of our Sustainability Report. The system is based on the same application used for the Group consolidated annual report and will be ready for SR-2020.

As a second step, we are considering the opportunity to merge the Group Annual Report and the Sustainability Report in a single integrated document.

As a further step, we will identify financial and non-financial measures to report the impact of climate related events on the company performances (e.g. damages from extreme atmospheric phenomena and their impact on business continuity, insurance costs, etc.), as well as the impact of company operations on the environment. The latter is already covered by the Sustainability Report, but could be extended in scope (e.g. reporting on the carbon footprint of our product range).

Sustainability affects all the aspects of a company life and finance simply cannot ignore it.



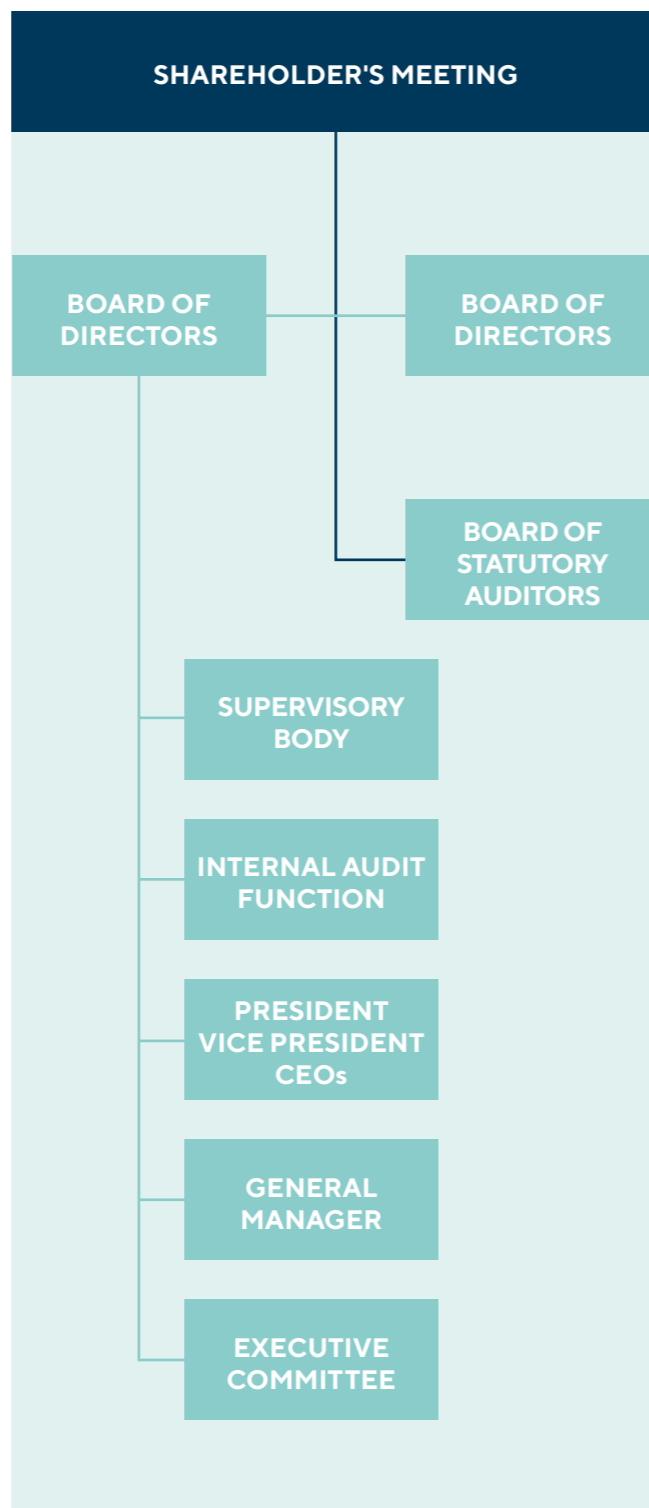
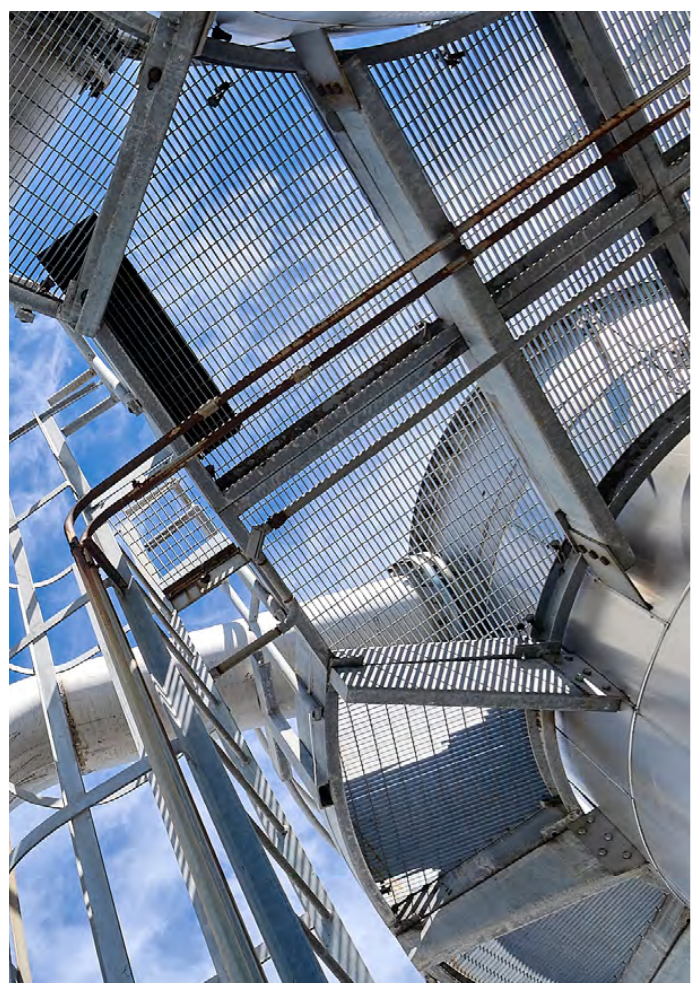
“ I believe that sustainability is an opportunity to develop innovative visions, to improve the planet always being attentive to the economic and financial balance.

Paolo Lamberti, President and CEO

Governance

Lamberti S.p.A. is a family owned company with a traditional governance system in place, which delegates specific responsibilities to the Board of Directors, the Board of Statutory Auditors and the Shareholders' Meeting.

With regards to the Group's board of directors, the shareholders' meeting held on June, 29th 2018 has nominated a new board of directors composed by five members, in charge until December 31st 2020. The board of statutory auditors has also been re-elected on June 29th 2018. It is composed by three statutory auditors and by two alternate auditors, in charge until December 31st 2020.



ROLE	NAME	EXECUTIVE (E) NON EXECUTIVE (NE)
Presidente	Paolo Lamberti	E
Vice Presidente	Carlo Lamberti	E
Administrator	Giuseppe Li Bassi	E
Administrator	Roberto Porro	E
Administrator	Silvano Zocchi	E

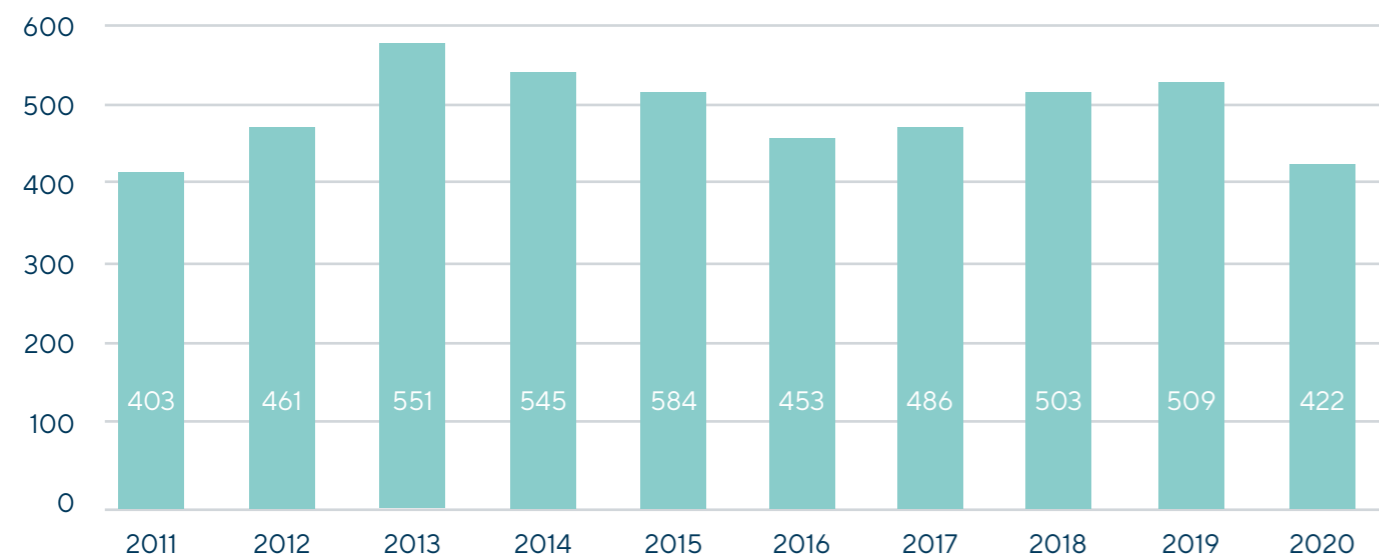
BREAKDOWN BY AGE AND GENDER OF DIRECTORS AT 31 DECEMBER 2020	30-50	51-70	>71
Male	0	3	2
Female	0	0	0

Economic responsibility, value generation and distribution

We are an economically solid company and consider it a priority to maintain this condition despite market uncertainties and fluctuations. Managing our businesses is our responsibility, which permits us to maintain a solid economic performance, thus allowing us to expand our contribution to our social and environmental commitments thus generating value for all our stakeholders. Our stakeholders fully agree with this approach as can be seen in our Materiality Matrix (Appendix E).

Revenues from the core business totaled €422 million, down 17.2% from €509 million for 2019. This decrease can still be considered very positive, given the ongoing climate and the continued uncertainty that is not expected to disappear in the short term.

Revenues
In Euro milion



The sharp slowdown of the geo sciences markets definitely contributed to this result, as it is one of the group’s major markets. Another negative factor was the US dollar’s depreciation, as a large part of the group’s turnover is denominated in this currency.

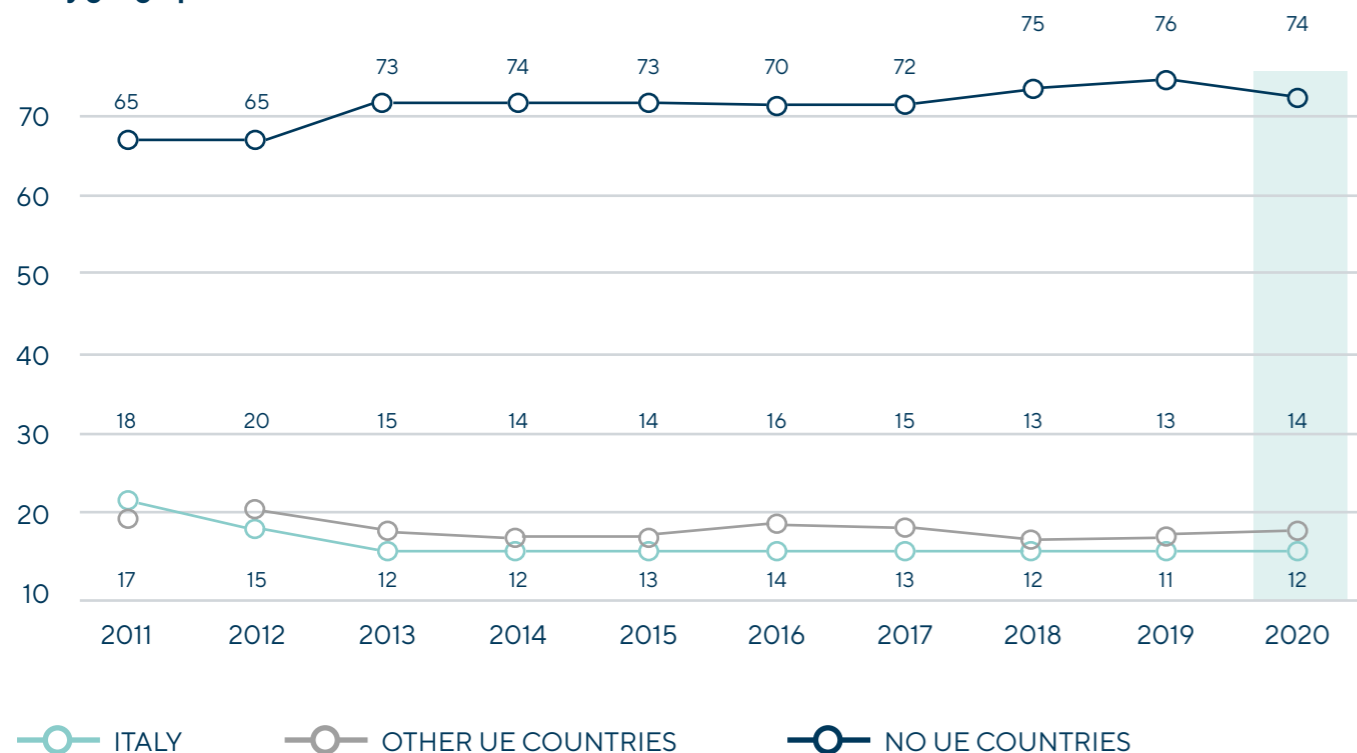
Once again in 2020, the geographical breakdown of revenues confirms that the foreign market was the Lamberti Group’s largest contributor to sales, accounting for 88% of total revenues (2019: 89%). Non-EU markets made up 83.9% of these foreign sales, a slight decline on the previous year (2019: 85.4%).



“Customers will be more attentive to our products, to the sustainability of their products, in a scientific way avoiding the shortcuts of Greenwashing. Customers will want measures on the sustainability of our products. It is not enough to say “sustainable products”, it is necessary to explain and demonstrate the sustainability attributes.

Patrick Balletto, General Manager

In % by geographical area



The ratio of raw materials costs to revenues decreased significantly from 55.6% in 2019 to 52.2% in 2020. Raw materials costs as a percentage of revenues decreased significantly from 55.6% in 2019 to 52.2% in 2020. This is in line with last year's trend, compared to the steady increase in the cost of raw materials seen in the past few years, partly due to the US dollar's appreciation.

The cost of services decreased from €64.5 million in 2019 to €59.0 million in 2020 increasing as a percentage of revenues. Specifically, the cost of commissions, utilities, maintenance and transport decreased thanks to the ongoing Group's cost containment policy as well as the impact of lockdowns, while consultancy and insurance costs increased.

Personnel expenses decreased to roughly €83.0 million from €89.9 million in 2019. The number of employees decreased (31 December 2019: 1,322; 31 December 2020: 1,283).

The group also reported higher amortization and depreciation and a slight decrease in use of third-party assets.

The operating profit (measured as the difference between production revenues and production cost) deteriorated significantly from €43.3 million in 2019 to €32.4 million in 2020 (-€10.9 million), as did the gross operating profit (calculated as the sum of operating profit and amortization and depreciation), down €9.4 million and equal to 12.7% of the revenues from sales.

Net financial charges increased from €1.2 million to €3.8 million, mainly due to the net exchange rate losses (€2.7 million in 2020 compared to €1.2 million in 2019), mostly recognized by the parent and its US subsidiaries, mainly as a consequence of the US dollar's appreciation and its impact on balances and cash flows in that currency. Interest and other financial expense were in line with the previous year.

The tax burden of the year also decreased, dropping from a total €11.6 million in 2019 to €9.9 million in 2020.

The caption is broken down as follows:

- current taxes amount to €8.5 million (2019: €11.2 million) and comprise Corporate Taxes of €7.4 million and local taxes of €1.1 million;
- prior year taxes show a negative balance of €1.2 million;

- deferred taxes decreased significantly to a negative €0.3 million;
- the tax consolidation scheme benefit has nil balance in 2020 compared to €27 thousand in 2019.
- Accordingly, the net profit for the year amounts to €19,631,480 down on the net profit of €30,601,171 for 2019. The portion pertaining to the group also decreased to €19,299,233 (2019: €30,310,250).



Group-wide Code of Ethics

Our Code of Ethics has been translated into all the languages of the countries in which we operate and training sessions will take place throughout 2021 and 2022 to our entire workforce for full implementation. An English copy of our Code of Ethics can be found on our website.

This Code of Ethics aims at providing a summary of the rules of conduct on which the Group has always based its activities with a view to disseminating the values and rules of behavior to which the Group aspires. The purpose of adopting this Code is to meet the needs and expectations of all those with whom the Group has dealings inside and outside the Group. In this regard it is emphasized that in no way may the pursuit of the Company's interest disregard compliance with the regulations in force and the content of the Code.

The Code of Ethics is divided into three sections:

1. Charter of Ethics: formalizes the values, Vision and Mission which constitute the foundations of the Group culture;
2. Rules of Conduct: highlight the areas of responsibility and the conduct to adopt in order to ensure compliance with the Group's style;
3. Implementation, control and updating: identifies those in charge of implementing the Code of Ethics and explains how to apply the defined values and standards of conduct so that they are established as everyday practice.

Regardless of the cultural, social, or economic diversity of the countries in which the Group operates, the Code of Ethics applies to all the companies in the Lamberti Group and is therefore binding for the

conduct of all collaborators of each company of the Group, members of the Board of Directors, employees, and all those who, for various reasons act in the name and on behalf of and in the interest and to the benefit of the Lamberti Group, regardless of the legal form of the relationships (e.g. project workers, temporary workers, trainees).

Rules of Conduct:

Business sustainability: within the Lamberti Group the business risk is protected by a policy focusing on safeguarding the solidity of the Group in the medium to long term, simultaneously promoting its competitive edge and the protection of the ecosystem.

Corporate Governance: Lamberti upholds high standards of good corporate governance designed to protect its value and reputation, in the interest of its directors and all stakeholders.

Transparency and fairness of infra-group operations: the Company guarantees all the stakeholders of the Group fairness, clarity and equal access to information, to prevent the improper use of the same. Lamberti performs infra-group operations at a fair market value, complying with the criteria of substantial and procedural fairness with a view to ensuring a transparent, objective evaluation. Therefore, the payments due for exchanges of goods and/or services between companies in the Group are defined in line with market conditions and must always be justifiable.



The member companies of the Group promote the dissemination of a culture of safety based on information and awareness.

Precautionary Principle:

The Responsible Industrial Manufacturing is one of Lamberti funding values. Therefore, all the reasonable precautionary measures are taken, even beyond statutory requirements, when planning, developing and launching products as well as in plant design and operation. The target is to minimize and to avoid negative consequences on the environment and on all the stakeholders (e.g. customers, employees, local communities).

Supervisory Board:

In compliance with the organizational and management model for the prevention of crimes listed in the Italian Legislative Decree 231/2001 (hereinafter "231 Model") and any related laws, Lamberti appointed a Supervisory Board. It coordinates its activities with other bodies and departments responsible for the correct implementation and operation of control and monitoring. In performing its duties, the Supervisory Board also collaborates with company bodies and managers that have to lead by example and ensure their daily behavior is coherent with the rules of the Code of Ethics. In order to raise awareness regarding the Code, the Group guarantees free access to all documentation regarding the organizational and management model and the Code of Ethics.

Whistleblowing:

We have set up a whistleblowing system, a system that provides employees with a way to report unacceptable conduct while protecting the whistleblower's identity and their right to confidentiality. The Group has also introduced specific penalties applied in the event of retaliatory or discriminatory acts to the detriment of the whistleblower.

We promote the adoption of measures designed to prevent, discover and communicate unlawful conduct and/or behaviors carried out in breach of the ethical principles adopted by the Group, and encourage our legal representatives, directors, managers and employees to report any breaches that may come to their knowledge. Matters subject to reporting are:

- Unlawful behaviors comprising one or more types of the crime for which the organization can be considered liable, pursuant to Italian Legislative Decree 231/01;
- Behaviors that, although not constituting any type of crime, were performed in violation of the rules of ethics and conduct, procedures, protocols and provisions contained within the 231 Model and the Code of Ethics.

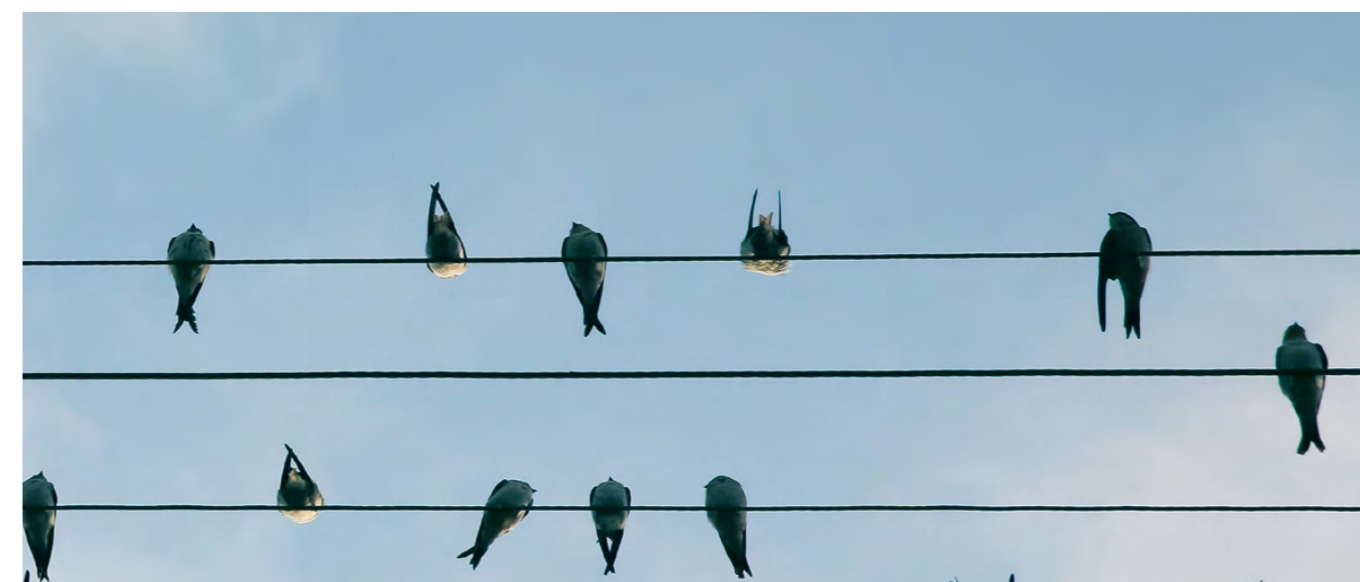
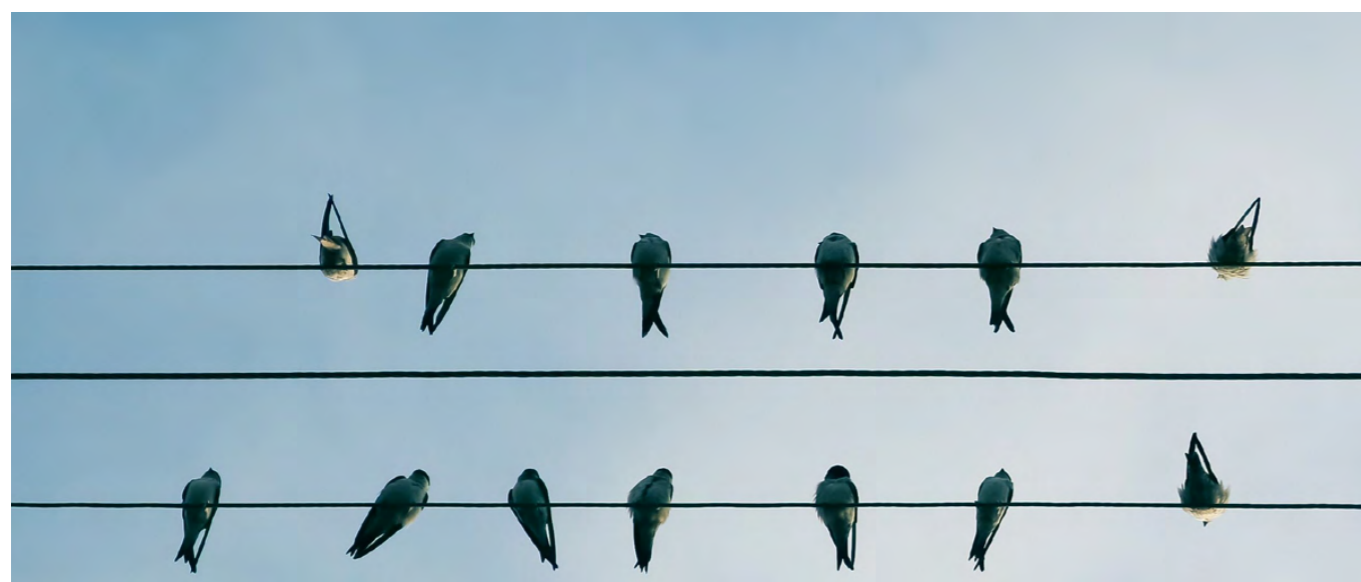
Compliance Indicators

In 2020, seven out of eight Lamberti's Italian sites were assessed for risks related to corruption, corresponding to 88% of Italian operations. The remaining 12% is represented by Kalichem srl. Additionally, Lamberti Iberia, our affiliate in Spain, was assessed for anti-corruption in 2020.

There were no incidents of corruption and no legal actions for anti-competitive behavior, anti-trust or monopoly practices recorded in 2020 at a Group level.

During 2020, Lamberti S.p.A. was subject to an audit of its accounting and tax data relating to the 2015 and 2016 tax periods.

As a result of this assessment, the tax authority decided to recalculate higher revenues, based on a different interpretation of the transfer pricing policy adopted by the Company, even if established in accordance with the OECD guidelines and principles. Although Lamberti S.p.A. did not agree with the Italian tax authority's findings, it instituted a simplified procedure to settle the dispute, in order to avoid the uncertainty, time and costs of a possible tax litigation. The amount booked by Lamberti S.p.A. further to this higher taxes recognition is EUR 1,625,754.





Deep figures

“ We have always been a company that develops performance products that allow our customers to use less additional products and to be more sustainable. Today we do it in a more structured way, in a more multidisciplinary way.

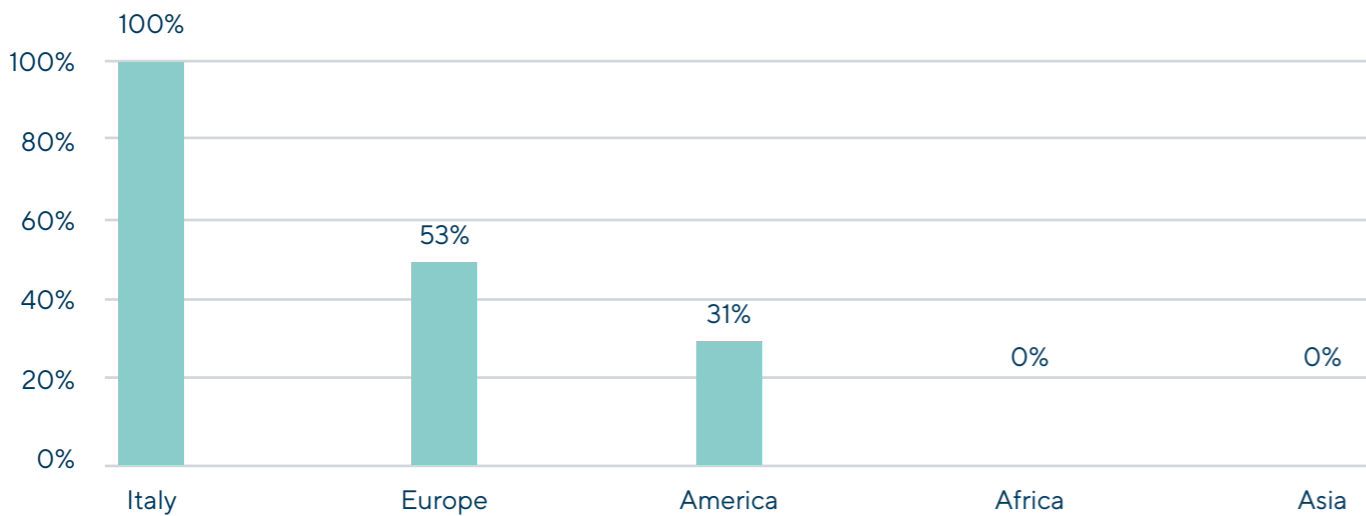
Patrick Balletto, General Manager

Appendix A Performance Indicators – Social

Our Group considers collective bargaining agreements when defining contract terms for the employees in the several countries where we operate. Today, 70% of our employees group-wide are covered by this kind of agreement, with percentages varying across the regions.

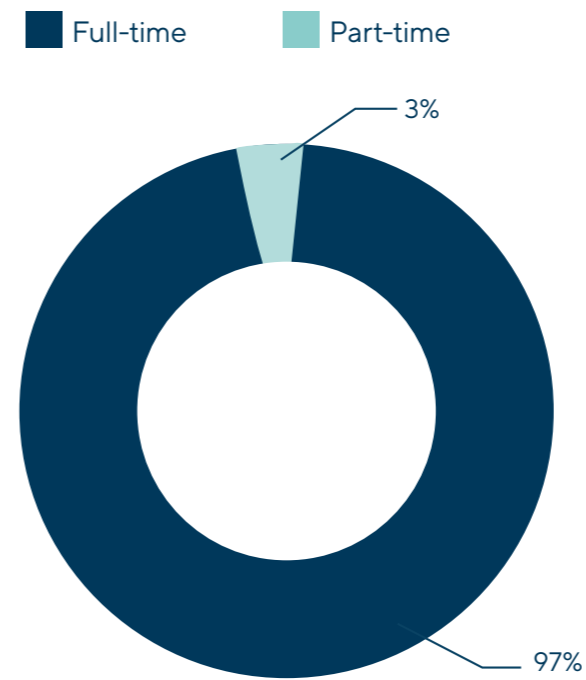
In Italy 100% of our employees are covered by these kinds of agreements, while in Europe and in America the percentage decreases to 53% and 31% respectively. Employees in Asia and Africa have no collective bargaining agreement in place.

Percentage of employees covered by collective bargaining agreements, 2020

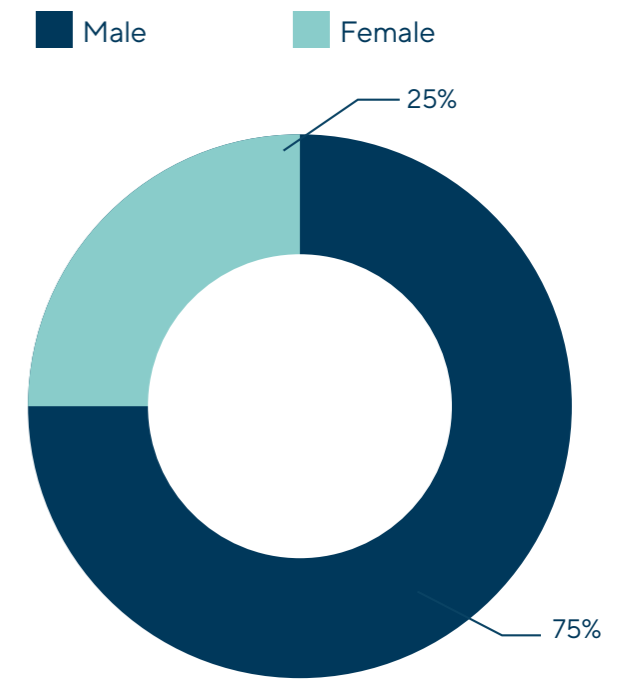


In comparison to 2019, the number of employees decreased by 1.5%, whereas the percentage of female employees increased by 2.6%.

Employees by employment type, 2020

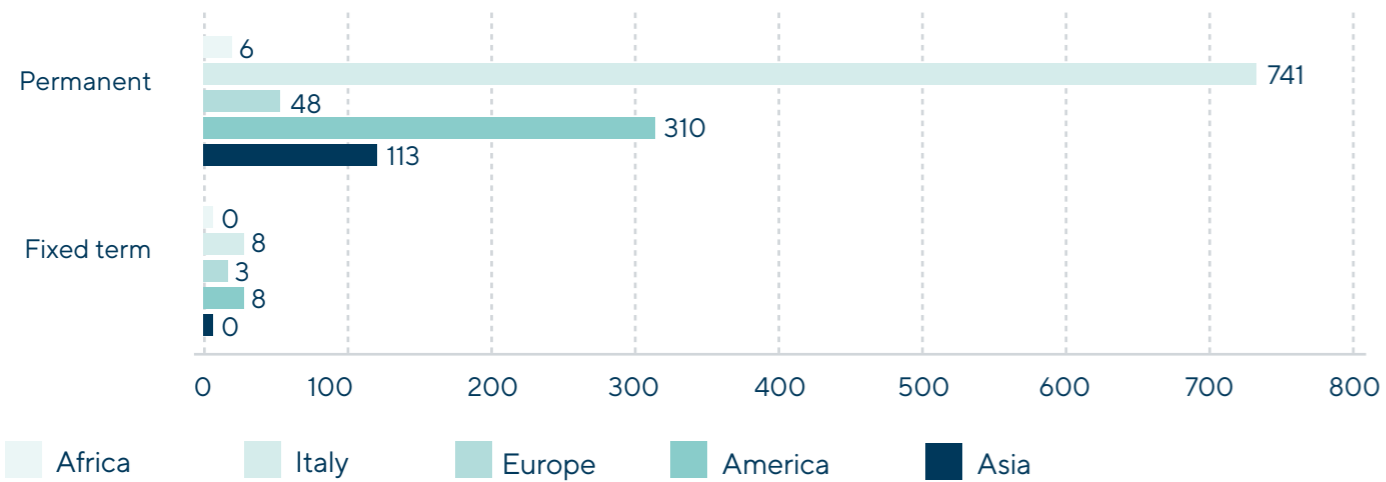


Employees by gender, 2020



TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT TYPE AND GENDER						
	2020			2019		
	Male	Female	Total	Male	Female	Total
Fixed-term	17	2	19	19	5	24
Permanent	909	309	1,218	934	298	1,232
Total	926	311	1,237	953	303	1,256

Employees by employment contract and region, 2020



Regarding employment type, full-time employees make up the predominant part of the organization's workforce with a proportion of 96.8% compared to 3.1% of part-time employees.

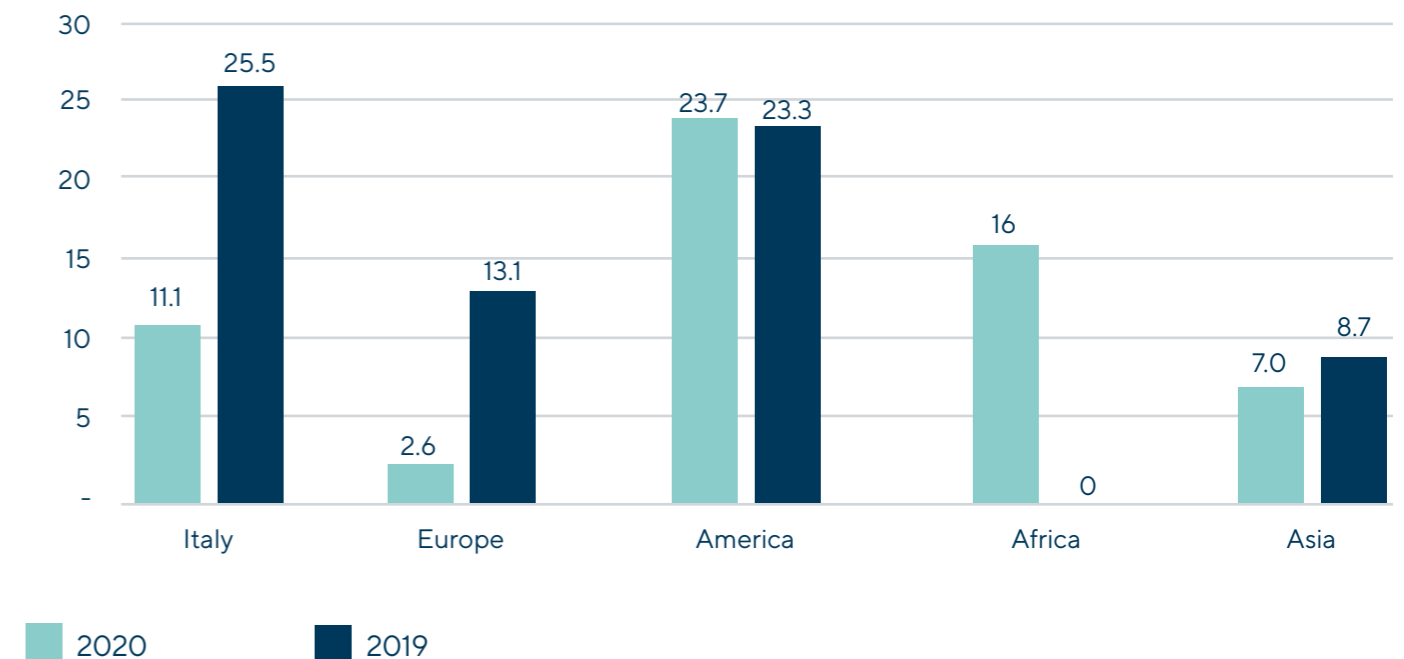
TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT TYPE AND GENDER						
	2020			2019		
	Male	Female	Total	Male	Female	Total
Full-time	915	283	1,198	941	276	1,217
Part-time	11	28	39	12	27	39
Total	926	311	1,237	953	303	1,256

Overall, every employee has benefited from less training hours in 2020 compared to 2019⁸, because of the difficulties posed by the COVID-19 pandemic context.

AVERAGE TRAINING HOURS PER GENDER PER YEAR					
2020			2019		
Male	Female	Total	Male	Female	Total
14.15	12.03	13.62	20.95	28.93	22.87

⁸ 2019 figures restated from those published in the previous Sustainability Report due to the improvement of the data collection process. For the data previously published, please refer to the 2019 Sustainability Report, available in the Sustainable & Circular Policy section of the website www.lamberti.com.

Average training hours per employees by region



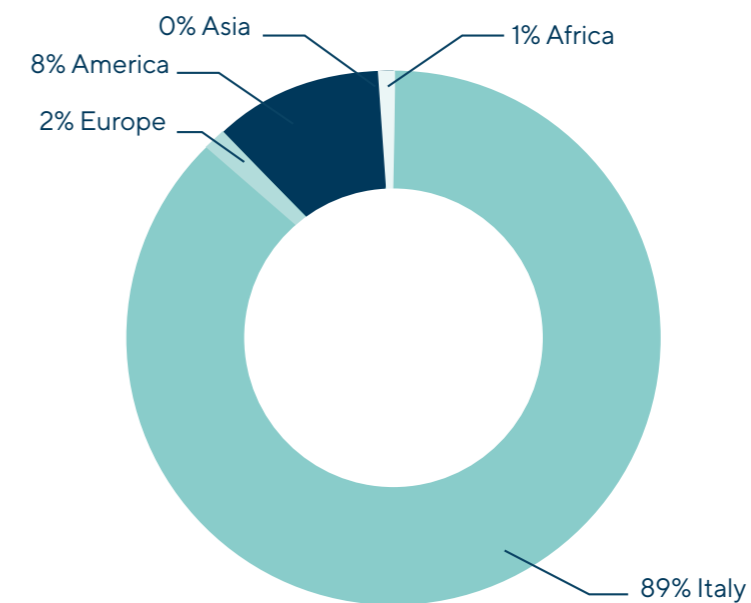
Employees benefits

We provide a wide variety of benefits to our employees that includes insurance for accidents during and beyond working hours as well as medical coverage. For instance, every year we offer the option of free flu vaccination to many employees and Lamberti plans to expand this option in the coming years. Over time, we have also set up a well-structured corporate welfare system that provides economic and social benefits throughout our organization. We make sure to offer additional health insurance for

managers and employees: the first is mostly paid by our Group, while the second is partially paid. Moreover, we offer special rates with medical centers and laboratories, as well as with gyms, physiotherapy studios and wellness centers. We also care for the families of our employees; each year we offer the possibility of taking parental leave to both our female and male employees. 73 employees took parental leave in 2020, up from 43 employees in 2019.

PARENTAL LEAVE						
	2020			2019		
	Male	Female	Total	Male	Female	Total
Number of employees entitled to parental leave	780	266	1,046	860	294	1,154
Employees who took parental leave	30	43	73	10	33	43
of which, at 31.12						
Employees who returned to work after parental leave end	30	34	64	10	24	34
Employees who are still on parental leave	0	7	7	-	9	9
Return to work rate	100%	94%	97%	100%	100%	100%
Employees that returned to work after parental leave ended that were still employed 12 months after their return to work	8	22	30	12	16	28
Retention rate	80%	92%	88%	100%	100%	100%

Employees who took parental leave by region, 2020



Appendix B Performance Indicators - Climate Change

We have only one planet and we are committed to using available resources responsibly; they are limited and we must save them for future generations. We firmly believe that chemistry, our core competence, can be respectful of the Environment and can provide an important contribution to improve our life. It can be a boost to Sustainable Development, not a limitation.

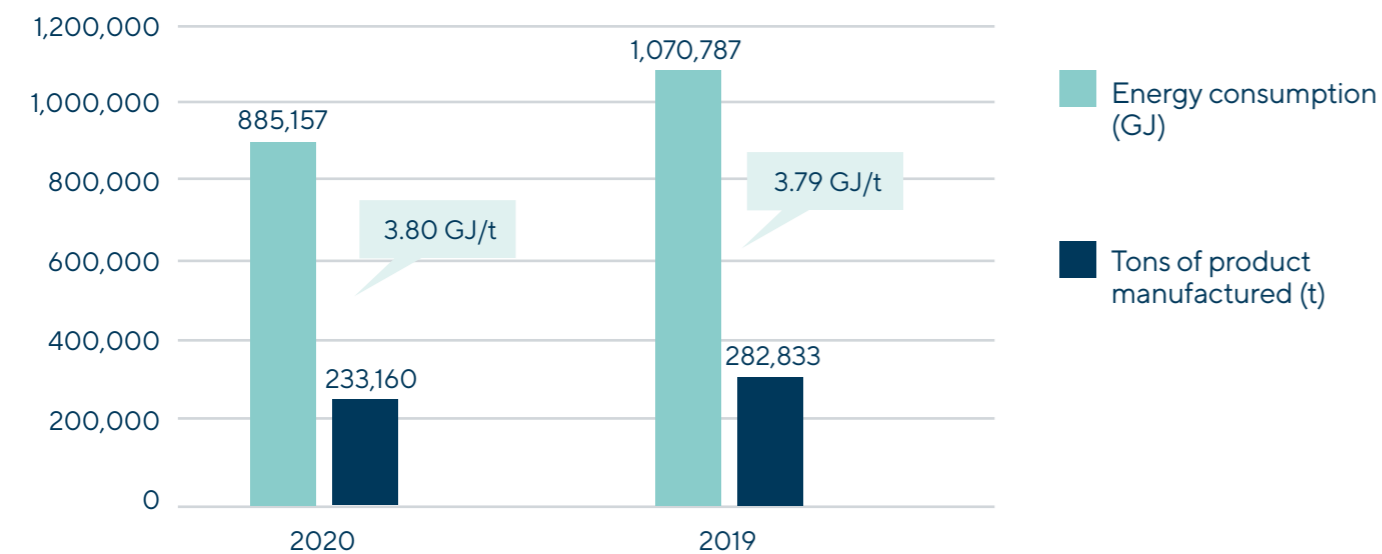
We strive to be a leader in the careful use of natural resources and we have set ambitious targets to reduce the Environmental Impact of our industrial activity. Since 2000, Lamberti has been part of Responsible Care, a voluntary membership program that guides participating companies towards a sustainable development model of the global chemical industry. Since 2007, we have started the process

of certification of our manufacturing sites according to ISO 14001 standards for environmental management. Our commitment is to have 40% of our manufacturing sites certified ISO 14001:2015 within 2022.

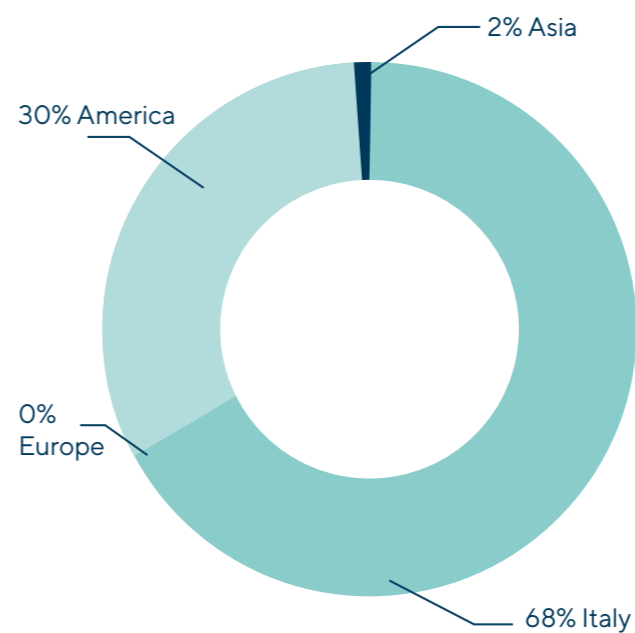
We are working throughout our global operations to position ourselves among industry peers aiming to reduce water and energy consumption and to limit our emissions and waste within the limits enforced by local regulations and beyond.

A responsible use of Energy⁹ is a key driver for sustainable development and we are developing specific plans to improve our energy efficiency. In 2020, attributable mostly to a decline in production, our overall energy consumption decreased by 17% compared to 2019.

Energy intensity



Energy consumption by region, 2020



Our main energy source is natural gas, which represents 51% of the overall energy consumption within the organization. It is followed by purchased energy - electricity and heating - accounting for a further 48% of the energy consumption of the Group. Lastly, the remaining 1% comprises the use of other non-renewable fuels, namely diesel oil, liquefied petroleum gas (LPG) and petrol.

⁹ 2019 figures restated from those published in the previous Sustainability Report due to the improvement of the data collection process. For the data previously published, please refer to the 2019 Sustainability Report, available in the Sustainable & Circular Policy section of the website www.lamberti.com.

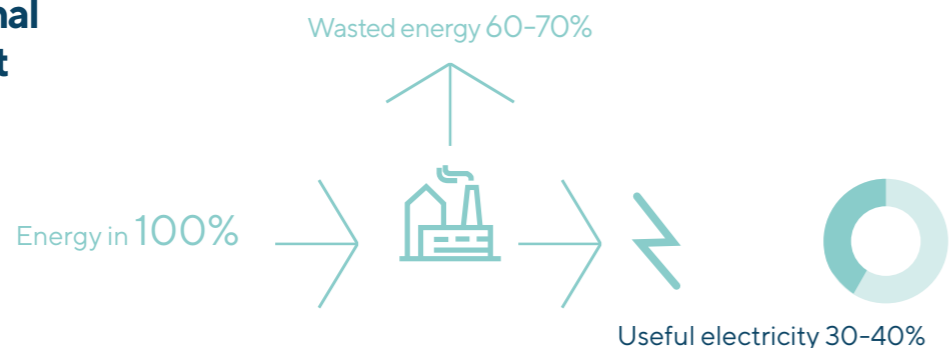
ENERGY CONSUMPTION WITHIN THE ORGANIZATION (GJ)

	2020	2019
Non-renewable fuels	459,777	646,123
Natural Gas	447,395	594,339
Diesel	10,508	34,698
LPG	1,214	2,175
Petrol	660	14,911
Energy purchased	425,380	424,664
Electricity	199,041	203,516
Heating	226,339	221,148
Total energy consumption	885,157	1,070,787

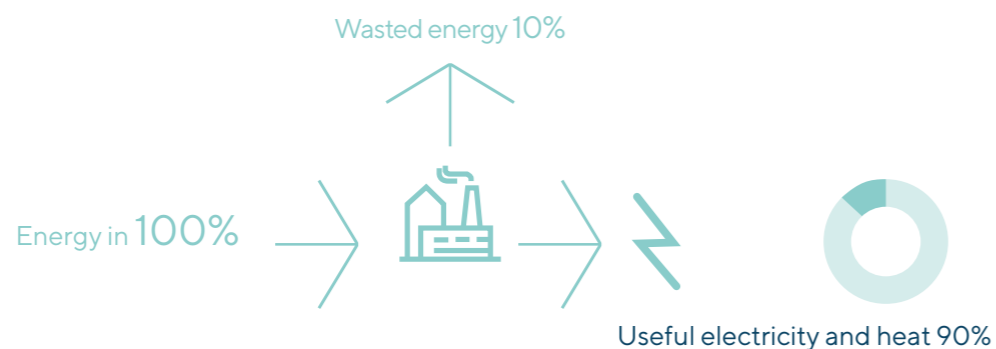
How we source energy is a key issue for our Group. Cogeneration (CHP), which produces electricity and thermal energy (e.g. steam and hot water) at the same time, is the most efficient process.

Our three major Italian manufacturing plants have their own cogeneration plants for a total installed capacity of 5 MW, equal to a self-production of around 50,000 GJ per year. This means that they produce 86% of their electricity requirement.

Conventional power plant



CHP plant



We are fully aware of the impact that climate change may have on our Group. For this reason, we aim to contribute to a more sustainable society. We also acknowledge that both risks and opportunities may arise from the implementation of a more sustainable approach to our business. This awareness has led us to work on a new alliance between industrial behavior and the environment, thus fostering respectful science and good chemistry.

In terms of **risks**, climate change leads to physical disruptions due to severe weather events, harming not only our Group and workforce. These events include storms and hurricanes, air and water pollution, fires, sea-level rise, extreme temperatures and variation in seasonality. All these phenomena may negatively affect our operations. Furthermore, the transition to a low carbon economy requires stricter carbon legislation; not being compliant with existing and future regulations poses a clear risk to the company's business.

In terms of **opportunities**, in tackling issues related to climate change, we plan to implement or have already applied numerous actions. We believe that achieving a positive environmental impact should not be limited to our own actions; our Group sees this as an opportunity to generate a comprehensive plan, so that critical stakeholder groups, such as raw material suppliers can be involved. Our sustainable plan is composed of two phases:

- phase I: creation and development of a dialogue pertinent to type of stakeholder
- phase II: implementation of the options regarding the environmental impact of operations, including availability of key resources (depletion issues)

Auditing the existing overall energy sources within a specific period provides us with a clear understanding of our current emissions. This data makes it possible to establish action plans to increase the percentage of renewable energy sources utilized.

We also intend to implement additional activities to improve water management through specific data-driven commitments. Our goal is to increase sourcing of raw materials from environmentally sustainable suppliers. These efforts represent a clear opportunity to tackle the negative effects of climate change and anticipate future sustainability requirements. In order to make this liability transparent and pertinent to our Group, it is essential for us to share these initiatives with our workforce and our other stakeholders, regarding the responsibilities related to the Sustainable Development Goals and our long-term objective to fight climate change.

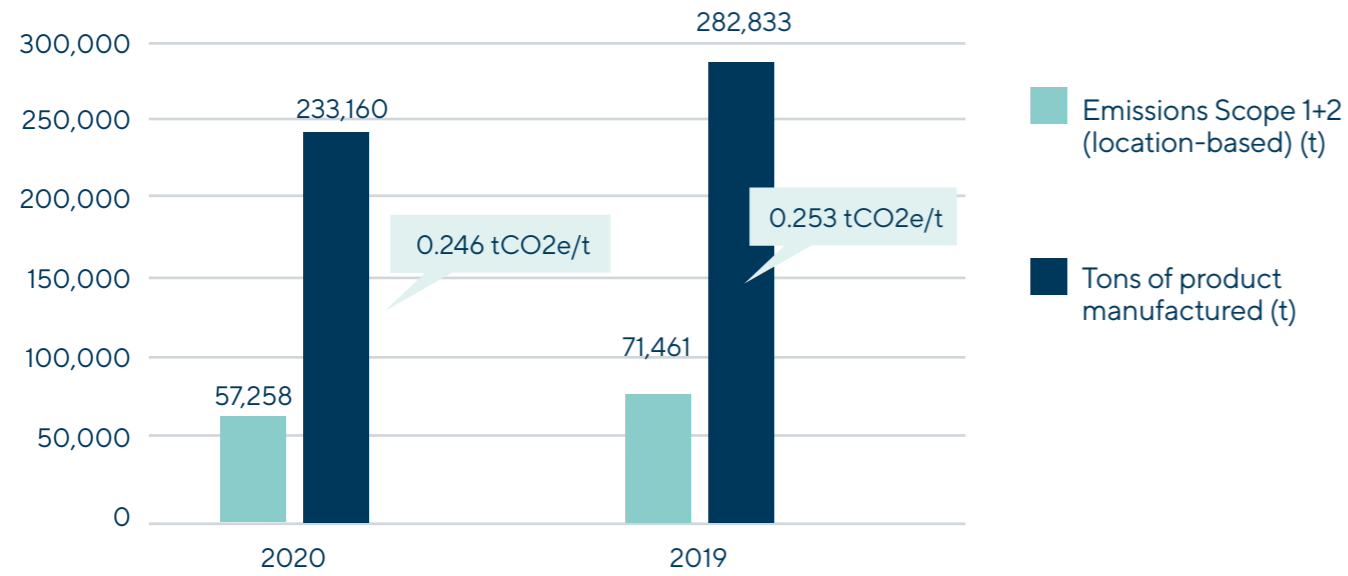
Finally, the reduction of emissions is an opportunity to strengthen employee engagement in our sustainability journey. Indeed, our sustainability approach will ensure that all future talents who join Lamberti will strive to contribute to our Group's Sustainability strategy and join our journey.

We are committed to reduce our Greenhouse Gas (GHG) emissions¹⁰, by optimizing our processes and our use of energy.



¹⁰ 2019 figures restated from those published in the previous Sustainability Report due to the improvement of the data collection process. For the data previously published, please refer to the 2019 Sustainability Report, available in the Sustainable & Circular Policy section of the website www.lamberti.com.

Emission intensity



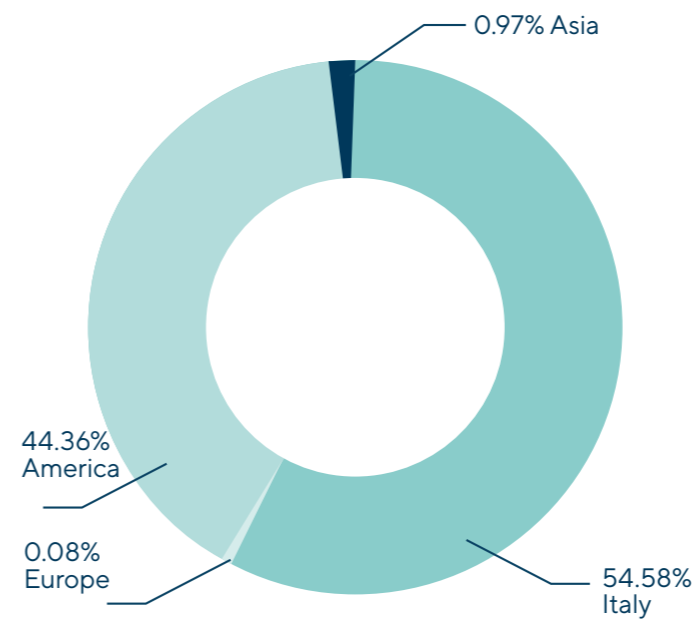
In 2020 we reduced our CO₂ e emissions¹¹ (Scope 1 + Scope 2 location-based) by 20%, equal to 14,203 tons of CO₂ e. All the Electricity purchased from the Public Network in Italy (about 9.7 GWh) came from renewable sources (Guaranteed Origin) in 2020. Our Scope 1 emissions, which fell by 29% in 2019 compared to 2018, include emissions deriving from

the use of natural gas, diesel, LPG, petrol and refrigerant gases (which have a stratospheric ozone depletion potential equal to 0 CFC-11). Conversely, Scope 2 emissions included our use of electricity and heating. Overall, Scope 2 both location-based and market-based emissions decreased compared to 2019, by 9% and 6% respectively.

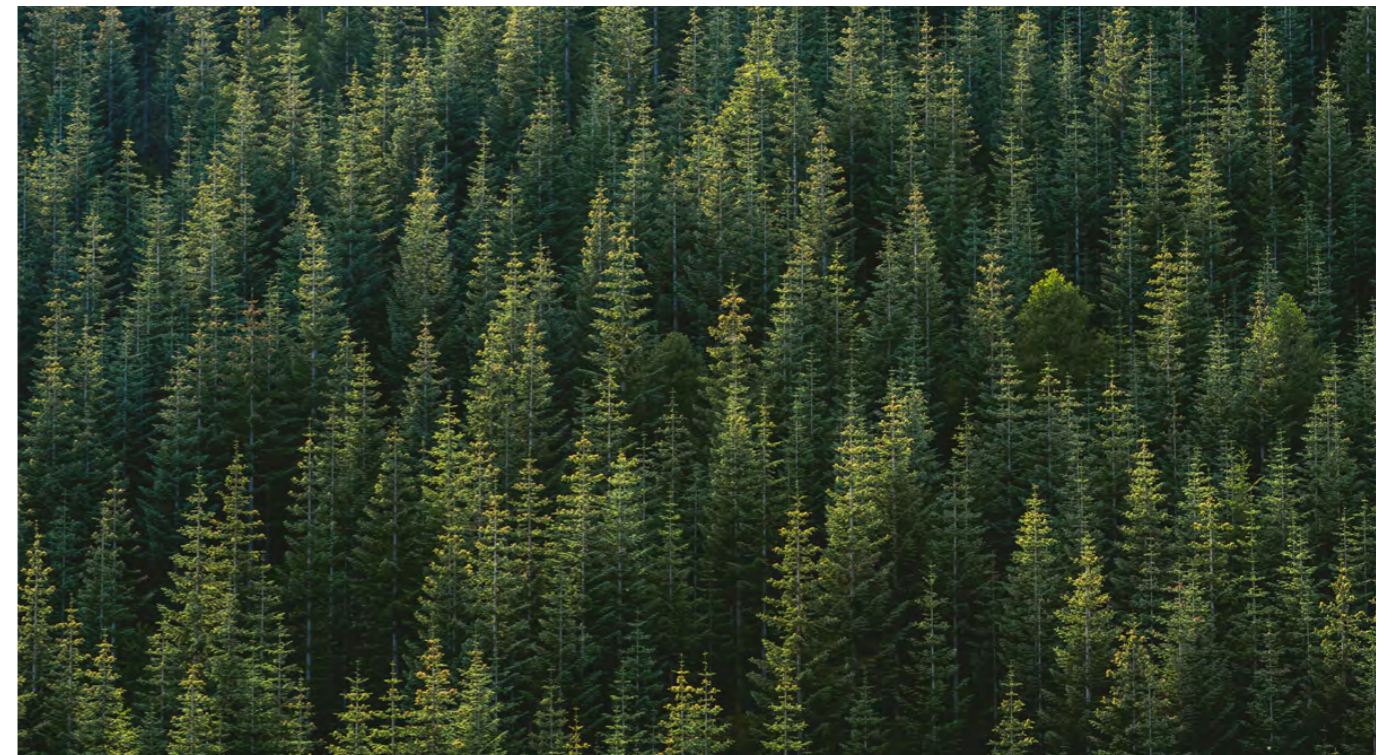
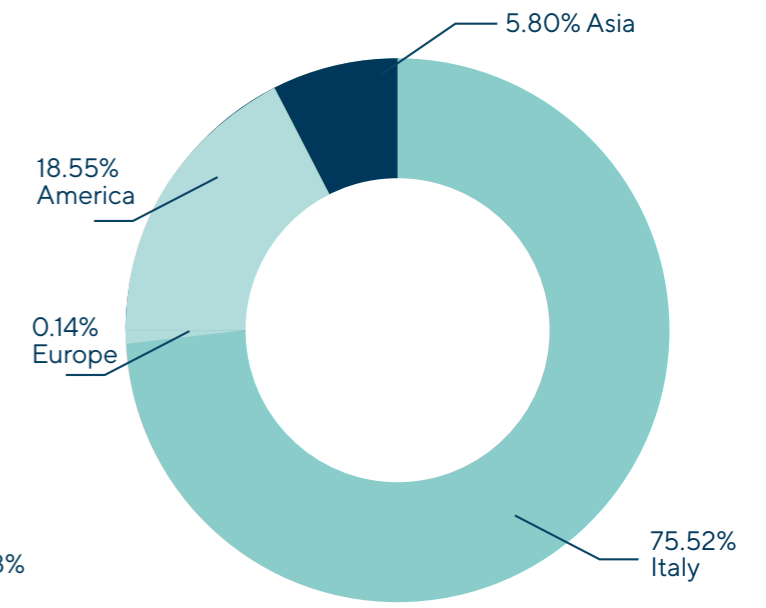
CO ₂ e EMISSIONS (tons)		
	2020	2019
Scope 1	27,461	38,885
Scope 2 Location-Based	29,797	32,575
Scope 2 Market-based	40,649	43,391

¹¹ The gases in the calculation of the emissions include CO₂, CH₄, N₂O, R404a and R410a.

Scope 1 CO₂ e emissions by region, 2020



Scope 2 location-based CO₂ e emissions by region, 2020



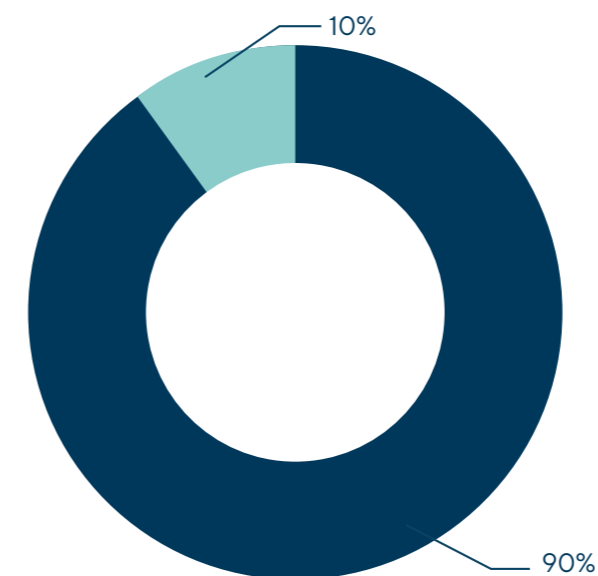
Appendix C

Performance Indicators: Governance and Economics

Values in EUR million

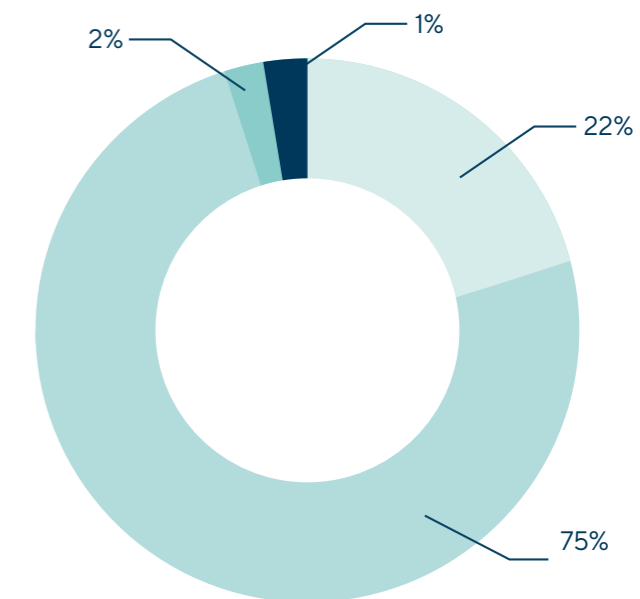
	2019	2020
	Amount	Amount
[-] Direct economic value generated	508.75	426.94
[-] Revenues	508.75	426.94
Direct economic value generated	509.28	421.74
Other revenues and income	1.26	3.60
Change in work in progress	-2.92	1.96
Financial income	2.19	1.46
Net exchange rate gains and losses	-1.16	-2.72
Adjustments to financial assets	0.11	0.90
[-] Economic value distributed	459.99	386.81
[-] Operating costs	354.73	290.86
Economic value distributed	280.12	222.60
Services	64.48	59.04
Use of third party assets	4.90	4.28
Other operating costs	5.24	4.94
[-] Employee wages and benefits	89.88	83.02
Personnel expenses	89.88	83.02
[-] Payments to providers of capital	1.44	
Dividends paid	1.44	
[-] Payments to government	11.66	9.92
Current taxes	11.21	9.66
Deferred taxes	0.45	0.26
[-] Payments to backers	2.22	2.50
Interest and other financial charges	2.22	2.50
Community investments	0.05	0.51
Economic value retained	48.76	40.13

Direct economic value generated, 2020



■ Economic Value Retained
 ■ Economic Value Distributed

Direct economic value distributed by stakeholder category, 2020



■ Employees Wages and Benefits
 ■ Operating Costs
 ■ Payments to Government
 ■ Payments to Financial Backers

Appendix D: Commitments Chart and connection to SDGs

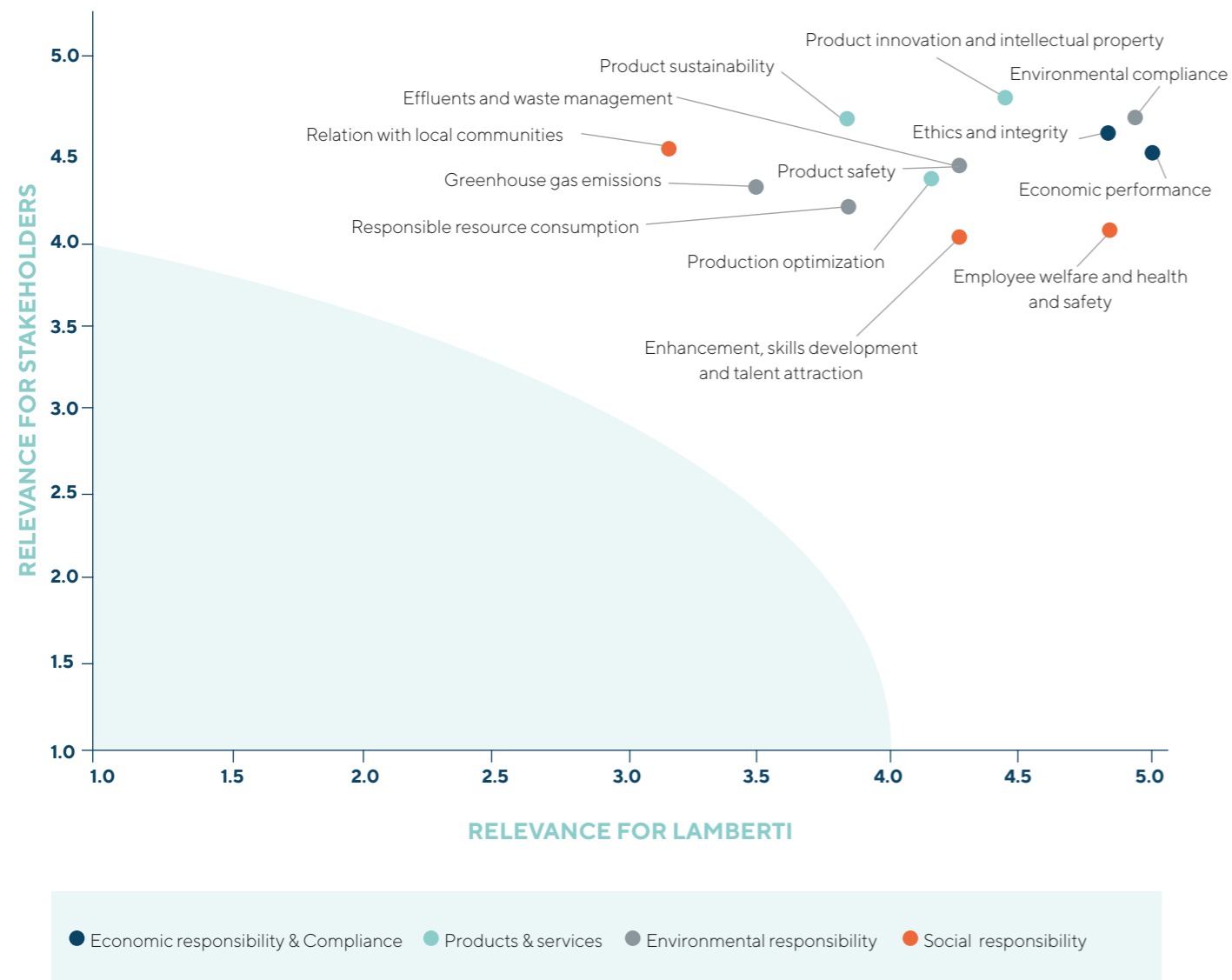
Section	Commitments & Targets	Associated SDGs*
Env: GHG Emissions	Maintain limit Group's scope 1 and 2 GHG emissions below 2019 levels. Complete internal analysis of Group's GHG emissions data and design specific action plans to reduce corporate emissions by 2021 with the commitment to implement action plans once approved and publish Group's specific reduction target in Sustainability Report for 2022.	13
Env: Water conservation	We maintain our 2019 commitment of a 15% water consumption reduction by 2023 (base year 2019).	6 & 12
Env: Waste reduction	Given difficulty to manage specific site projects given pandemic situation, we extend our 2019 expressed commitment by one year; therefore, our new target is to achieve 30% reuse, recycle, or recovery of total waste by 2023.	12
Env: ISO 14001 sites certifications	We maintain our 2019 commitment to achieve 40% of our manufacturing sites certified ISO 14001:2015 within year 2022.	13
Env: Engage Nature program	The "Reforest Albizzate" project announced in our 2019 Sustainability Report is now part of a global tree-planting project called "Engage Nature". Therefore, "Reforest Albizzate" is the Italy chapter of our Engage Nature global reforestation project to be completed in 2022 consisting in the planting of 124 trees near our Albizzate plant in northern Italy covering a total area of approximately 4,200 m ² .	13
Social: ISO 45001 sites certifications	We are committed to occupational health and safety management aligned with international standards, thus we maintain our commitment to add two additional sites to ISO 45001 in 2021 and two more in 2022.	8
Social: Lamberti Transforma (Brazil)	Social Sustainability project "Lamberti Transforma" was successfully started in 2020 and will go well into 2021. Lamberti Transforma, in partnership with Brazil NGO AdC, directly engages various local Lamberti Brasil staff with entrepreneur women in area of Nova Odessa to help them transform their business models digitally. Additional information on this specific social sustainability project provided in the "Community" section of this report.	1, 4, 5, 8, 10, & 17
Social: She Dares (India)	Continuing with our social sustainability commitments, despite all the challenges presented by the Covid-19 pandemic, in 2021 we started a collaboration with local NGO PANS India on a project called "She Dares" on women empowerment through skills training towards economic support and self reliance. This projects takes place within a farming community setting in which we operate in that country and will expand well into 2022. Additional information on this specific social sustainability project provided in the "Community" section of this report.	1, 4, 5, 8, 10, & 17
Prod: LCA Expert Team	Our commitment with Sustainability at product level has included the creation of a Life-Cycle-Assessment (LCA) and Product Carbon Footprint (PCF) team which will complete an internal LCA and PCF projects for the Natural Polymer Division in 2021. This acquired knowledge-base will allow us to perform LCA/PCF analysis and potentially start EPD certifications on this strategic technology.	12

Prod: Renewability content of Raw Materials (RRM)	Understanding that the criteria for calculation of RRM content of our products is defined by internationally recognized methodologies such as the Mass-balance approach per European Standard EN 16785 - Part 2 or Renewable carbon index (RCI) approach, using ASTM D6866 to measure carbon-14. We maintain our commitment as published in our 2019 Sustainability Report to increase to 35% the share of our products coming from RRM by 2022.	12
Gov: Group Code of Ethics (CoE)	Full Group-wide implementation of the Global CoE by 2022.	8
Gov: Groupwide HR Policy	Design of Group-wide "Welcome Kit" for new employees to implemented globally in 2021.	8
Innovation: New Project Sustainability Indicators	Inclusion of Key Sustainability Indicators in our internal new R&D project intake procedures. Upon implementation in 2021, all new R&D projects would be required to define specific Sustainability related targets.	9

*Sustainable Development Goals (United Nations 2030 Agenda for Sustainable Development)



Appendix E Materiality Matrix



In the definition process of the materiality analysis, first, a group of potentially relevant aspects for the company and its stakeholders were identified. The identification included the analysis of internal documentation (code of ethics, financial statements and explanatory notes, institutional website, etc.) and external documentation (sector studies and publications). In addition, we performed a benchmarking analysis of industry best practices at national and international levels.

In order to prioritize the relevant sustainability aspects, we organized a workshop with the participation of representatives of Corporate Management: Shareholders, Steering Committee, Project Team, Innovation, Administration, Internal Audit, Human Resources, Research & Development, Procurement, Logistics, Site Management, Regional Managers,

Geo Science Division Manager, Performance Products Manager, Material Science Technical Manager and Communication.

During the workshop, the representatives of each area expressed their point of view regarding relevant issues for the company.

The matrix is the result of the combination of the workshop and the stakeholder questionnaire analysis, described in the section "Our stakeholders". Among the topics evaluated, only those with the highest social and environmental impact as well as those with the highest relevance for stakeholders were considered essential for the Sustainability Report. In order to select, a materiality threshold of 4 (on a scale from 1 to 5) was chosen.



Methodological Note

This document is the second Sustainability Report of the Lamberti Group and aims to highlight Lamberti’s achievements regarding economic, social and environmental aspects. The report describes initiatives and main results in terms of sustainability performance covering the period from January 1st to December 31st 2020 and illustrates the commitment of the Group to creating value for all its stakeholders. Figures relating to previous years are provided solely for comparative purposes to enable an assessment of the Group’s activities over a longer period.

This report has been prepared in accordance with the GRI Standards - Core option (hereinafter “GRI Standards”), defined in 2016 by the GRI - Global Reporting Initiative. These Standards were selected as the reporting framework by the Group due to their international recognition and because they make it possible to prepare a complete, clear and comparable report. The GRI Standards’ principles for defining report content and quality have been duly considered to guarantee the reliability of the reporting.

The contents and indicators subject to reporting were selected from the results of the materiality analysis described in the section “Appendix E: Materiality Matrix” of this document and the details of the disclosures reported are shown in the table “GRI Content Index” on page 93. The materiality analysis allowed for the identification of the most relevant sustainability issues for Lamberti and for its stakeholders.

The reporting scope includes the 10 countries where the Group has significant manufacturing operations (Italy, France, Russia, Spain, Brazil, Mexico, USA, China, India and Indonesia) and the commercial of-

fices of United Arab Emirates, South Africa and the site of Canada as far as data related to human resources is concerned. The impact of all other commercial offices (Hong Kong, South Korea, Germany, Turkey, Poland, Norway, Argentina and Colombia) on the performance indicators at the consolidated level is not deemed significant. For figures related to economic performance, all Group activities are included and the scope of the Report corresponds to the 2020 consolidated financial statements, unless otherwise indicated. As far as significant changes to the organization and its supply chain in 2020 is concerned, the company Dra-Go Chemicals Srl was closed in Italy, Calista Labs Co. Ltd was closed in South Korea and Microbeads AS was acquired in Norway. Any specifications and exceptions to the reporting scope are clearly indicated in their relevant sections. To ensure the reliability of the data, the use of estimates was limited as much as possible. Whenever present, proper explanations of the issues are provided within the document.

The Sustainability Report is published annually. The Board of Directors approved this document on 15/07/21.

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Topic Boundaries and GRI Content Index

Macro-area	Material topic	Topic boundary	Type of impact
Economic responsibility & Compliance	Ethics and integrity	Lamberti Group	Generated by the Group
	Economic performance	Lamberti Group; Investors and financial community	Generated by the Group
Products & services	Product safety	Lamberti Group, clients and end-consumers	Generated and contributed by the Group
	Product innovation and intellectual property	Lamberti Group	Generated by the Group
	Product sustainability	Lamberti Group	Generated and contributed by the Group
	Production optimization	Lamberti Group	Generated by the Group
Environmental responsibility	Responsible resource consumption	Lamberti Group and its suppliers	Generated by the Group and directly linked through its business relationships
	Effluents and waste management	Lamberti Group, clients and end-consumers	Generated and contributed by the Group
	Greenhouse gas emissions	Lamberti Group	Generated by the Group
	Environmental compliance	Lamberti Group	Generated by the Group
Social responsibility	Employee welfare and health and safety	Lamberti Group, employees and external workers	Generated by the Group
	Enhancement, skills development and talent attraction	Lamberti Group	Generated by the Group
	Relation with local communities	Lamberti Group	Generated by the Group

Methodology support by Deloitte & Touche S.p.A.

GRI Content Index

GRI Standard	Disclosure	Page number and notes
GRI 101: FOUNDATION (2016)		
GRI 102: GENERAL DISCLOSURES (2016)		
Organizational Profile		
102-1	Name of the organization	92
102-2	Activities, brands, products, and services	16-17
102-3	Location of headquarters	92
102-4	Location of operations	14-15
102-5	Ownership and legal form	62
102-6	Market served	14-15
102-7	Scale of the organization	12
102-8	Information on employees and other workers	74-77
102-9	Supply chain	51-52
102-10	Significant changes to the organization and its supply chain	92
102-11	Precautionary Principle or approach	70
102-12	External initiatives	38
102-13	Membership of associations	38
Strategy		
102-14	Statement from senior decision-maker	6-7
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behavior	13
Governance		
102-18	Governance structure	62-63
102-23	Chair of the highest governance body	62-63
Stakeholder Engagement		
102-40	List of stakeholder groups	22-23
102-41	Collective bargaining agreements	74
102-42	Identifying and selecting stakeholders	22-23
102-43	Approach to stakeholder engagement	90-91
102-44	Key topics and concerns raised	90-91
Reporting Practices		
102-45	Entities included in the consolidated financial statements	92
102-46	Defining report content and topic Boundaries	92
102-47	List of material topics	93
102-48	Restatements of information	The restatements of the information provided in the 2019 Sustainability Report were clearly disclosed in the reference sections.
102-49	Changes in reporting	No significant changes have occurred compared to 2019 Sustainability Report.
102-50	Reporting period	92
102-51	Date of most recent report	June 2020
102-52	Reporting cycle	92

GRI Standard	Disclosure	Page number and notes
GRI 101: FOUNDATION (2016)		
GRI 102: GENERAL DISCLOSURES (2016)		
102-53	Contact point for questions regarding the report	92
102-54	Claims of reporting in accordance with the GRI Standards	92
102-55	GRI content index	94
102-56	External assurance	The Report has not been subject to external assurance.
MATERIAL TOPICS		
Ethics and integrity		
GRI 103: Management Approach (2016)		
103-1	Explanation of the material topic and its boundaries	90-91,93
103-2	The management approach and its components	68-71
103-3	Evaluation of the management approach	68-71
GRI 205: Anti-corruption (2016)		
205-1	Operations assessed for risks related to corruption	71
205-3	Confirmed incidents of corruption and actions taken	71
GRI 206: Anti-competitive Behaviour (2016)		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	71
GRI 419: Socioeconomic Compliance (2016)		
419-1	Non-compliance with laws and regulations in the social and economic area	71
Economic performance		
GRI 103: Management Approach (2016)		
103-1	Explanation of the material topic and its boundaries	90-91,93
103-2	The management approach and its components	64-67
103-3	Evaluation of the management approach	64-67
GRI 201: Economic Performance (2016)		
201-1	Direct economic value generated and distributed	86-87
201-2	Financial implications and other risks and opportunities due to climate change	82-83
Product safety		
GRI 103: Management Approach (2016)		
103-1	Explanation of the material topic and its boundaries	90-91,93
103-2	The management approach and its components	56
103-3	Evaluation of the management approach	56
GRI 416: Customer Health and Safety (2016)		
416-1	Assessment of the health and safety impacts of product and service categories	56
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	56
GRI 417: Marketing and Labelling (2016)		
417-2	Incidents of non-compliance concerning product and service information and labeling	56

GRI Standard	Disclosure	Page number and notes
MATERIAL TOPICS		
Product innovation and intellectual property		
GRI 103: Management Approach (2016)		
103-1	Explanation of the material topic and its boundaries	90-91,93
103-2	The management approach and its components	46-50
103-3	Evaluation of the management approach	46-50
Product sustainability		
GRI 103: Management Approach (2016)		
103-1	Explanation of the material topic and its boundaries	52-55
103-2	The management approach and its components	52-55
103-3	Evaluation of the management approach	52-55
Product optimization		
GRI 103: Management Approach (2016)		
103-1	Explanation of the material topic and its boundaries	90-91,93
103-2	The management approach and its components	56
103-3	Evaluation of the management approach	56
Responsible resource consumption		
GRI 103: Management Approach (2016)		
103-1	Explanation of the material topic and its boundaries	90-91,93
103-2	The management approach and its components	40-41
103-3	Evaluation of the management approach	40-41
GRI 301: Materials (2016)		
301-1	Materials used by weight or volume	52
301-2	Recycled input materials used	52
GRI 302: Energy (2016)		
302-1	Energy consumption within the organization	80-81
302-3	Energy intensity	80
GRI 303: Water and effluents (2018)		
303-1	Interactions with water as a shared resource	40-41
303-2	Management of water discharge-related impacts	40-41
303-3	Water withdrawal	40-41
303-4	Water discharge	41-42
Effluents and waste management		
GRI 103: Management Approach (2016)		
103-1	Explanation of the material topic and its boundaries	90-91,93
103-2	The management approach and its components	43-44
103-3	Evaluation of the management approach	43-44
GRI 306: Effluents and Waste (2016)		
306-2	Waste by type and disposal method	43-44

GRI Standard	Disclosure	Page number and notes
MATERIAL TOPICS		
Greenhouse gas emissions		
GRI 103: Management Approach (2016)		
103-1	Explanation of the material topic and its boundaries	90-91,93
103-2	The management approach and its components	38,42, 82-84
103-3	Evaluation of the management approach	38,42, 82-84
GRI 305: Emissions (2016)		
305-1	Direct (Scope 1) GHG emissions	"84; Sources for emission factors: - DEFRA, UK Government GHG Conversion Factors for Company Reporting (2020 and 2019), for direct energy consumption and refrigerant gas leakages."
305-2	Energy indirect (Scope 2) GHG emissions	"84; Sources for emission factors: - DEFRA, UK Government GHG Conversion Factors for Company Reporting (2020 and 2019), for district heating. - Terna, Confronti internazionali (2018), for electricity consumption - Location Based method. - Association of Issuing Bodies (AIB), 2018 and 2019 European Residual Mixes (2019-2020), for electricity consumption - Market Based method."
305-4	GHG emission intensity	84; Refer to the sources of emission factors indicated for GRI 305-1 and 305-2
305-6	Emissions of ozone-depleting substances (ODS)	84; R404a and R410a are both HFCs, therefore their ozone depleting potential is equal to 0 CFC-11e
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	
Environmental Compliance		
GRI 103: Management Approach (2016)		
103-1	Explanation of the material topic and its boundaries	90-91,93
103-2	The management approach and its components	38
103-3	Evaluation of the management approach	38
GRI 307: Environmental Compliance (2016)		
307-1	Non compliance with environmental laws and evaluation	38
Employee welfare and health and safety		
GRI 103: Management Approach (2016)		
103-1	Explanation of the material topic and its boundaries	90-91,93
103-2	The management approach and its components	26-30
103-3	Evaluation of the management approach	26-30
GRI 401: Employment (2016)		
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	78
401-3	Parental leave	78-79

GRI Standard	Disclosure	Page number and notes
MATERIAL TOPICS		
GRI 403: Occupational Health and Safety (2018)		
403-1	Occupational health and safety management system	26-29
403-2	Hazard identification, risk assessment, and incident investigation	26-29
403-3	Occupational health services	30
403-4	Work participation, consultation, and communication on occupational health and safety	30
403-5	Worker training on occupational health and safety	26, 31
403-6	Promotion of worker health	26-29
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	26-29
403-8	Workers covered by an occupational health and safety management system	27
403-9	Work-related injuries	28-29
403-10	Work-related ill health	29
Enhancement, skills development and talent attraction		
GRI 103: Management Approach (2016)		
103-1	Explanation of the material topic and its boundaries	90-91,93
103-2	The management approach and its components	31
103-3	Evaluation of the management approach	31
GRI 404: Training and Education (2016)		
404-1	Average hours of training per year per employee	77. The company will improve the collection process of average hours of training by employee category presumably starting from the next reporting year
Relation with local communities		
GRI 103: Management Approach (2016)		
103-1	Explanation of the material topic and its boundaries	
103-2	The management approach and its components	
103-3	Evaluation of the management approach	





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“ We believe in our communities exchanging trust, strengthening membership and sharing future perspectives with them.

Lamberti Team

Lamberti thanks

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