

Task Force On Climate - Related Financial Disclosure

2024



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CLIMATE-RELATED FINANCIAL DISCLOSURES

This section is dedicated to the non-financial and sustainability information statement which contains the climate-related financial disclosures of the Group as required by the regulations.

Section 414CB(2A) of the Companies Act 2006 (c. 46), hereinafter CA 2006, requires to the Group to provide climate-related financial disclosures in its Annual Report and Accounts for the financial year ended in 2024. To fulfill these reporting requirements, the Group has structured its disclosures around four thematic areas on climate-related risks and opportunities relating to its business:

- **Governance:** describes the governance arrangements (Section 414CB(2A)(a));
- **Risk Management:** describes the identification, assessment and management processes (Section 414CB(2A)(b) and (c));
- **Strategy:** describes the impacts on the Company's business model and strategy (Section 414CB(2A)(c), (d), (e) and (f)); and
- **Metrics & Targets:** describes the key performance indicators used in assessing and managing targets (Section 414CB(2A) (g) and (h)),

inspired by the Task Force on Climate-related Financial Disclosures ("TCFD") Recommendations.

GOVERNANCE

Disclosure requirement (for information only): (a) a description of the company's governance arrangements in relation to assessing and managing climate-related risks and opportunities;

The management of climate-related risks and opportunities is part of the Group governance system related to sustainability activities. In this regard, since 2022 the Group has established a dedicated department that manages and monitors activities related to Sustainability and ESG topics. From 2022 a Group ESG Manager has been appointed and is the figure responsible for the activities of the ESG department.

In 2023, the Group began its journey of identifying, assessing and managing climate-related risks and opportunities, also in relation to the regulatory requirements of Section 414CB(2A) of the CA 2006, as expressed above. The activities related to the identification and assessment of the climate-related risks and opportunities are in charge of Group ESG department.

This analysis will be carried out periodically, on an annual basis, in order to be as up to date as possible and in line with possible organizational changes that may occur in the Group. The results of the analysis are then reported to Top Management, which is responsible for managing the identified and assessed risks and opportunities.

Finally, on an annual basis, the Board of Directors meets to review and approve the following Report which also contains information relating to the identification, assessment and management of climate-related risks and opportunities.

For a more complete understanding of the Group's Governance, more details are described in the Sustainability Report, published annually.

As per the 2024 financial year, the Group structure as at December 31, 2024 is reported on page 26 of this report.

The structure of the Speciality Chemicals International Ltd's Board of Directors, which is the parent company that wholly held SCIL II, consists of five people, namely: the President and Group CEO, two Directors/Independent and two Directors. The President and Group Chief Executive Officer and the

Board of Directors members are appointed by the shareholders of the Group. The Group's Board of Directors is also responsible for reviewing and approving annually the Sustainability Report including the list of the material topics.

The SCIL II Board of Directors is composed of three people, which are also part of the parent company board of directors.

As of December 31, 2024, the Group has a Managing Board, composed of Senior Executives of the Group, and four Committees: one Global and one from each Region (Europe, Americas, Asia). All committees are appointed by the President & Group Chief Executive Officer.

The Chair of the Managing Board is the President & Group Chief Executive Officer. The Managing Board is responsible for developing, approving and updating the organization's purpose, value or mission statements, strategies, policies and goals related to sustainable development in line with budget and indications from the shareholders. As mentioned above, the managing board is responsible of the identified climate risks and opportunities management. Together with the Managing board, which oversees the group, there is a Global Management Committee and there are three Region Committees, that are in charge to manage and monitor the activities of the related region. Below a graphic representation of the governance structure of Group.

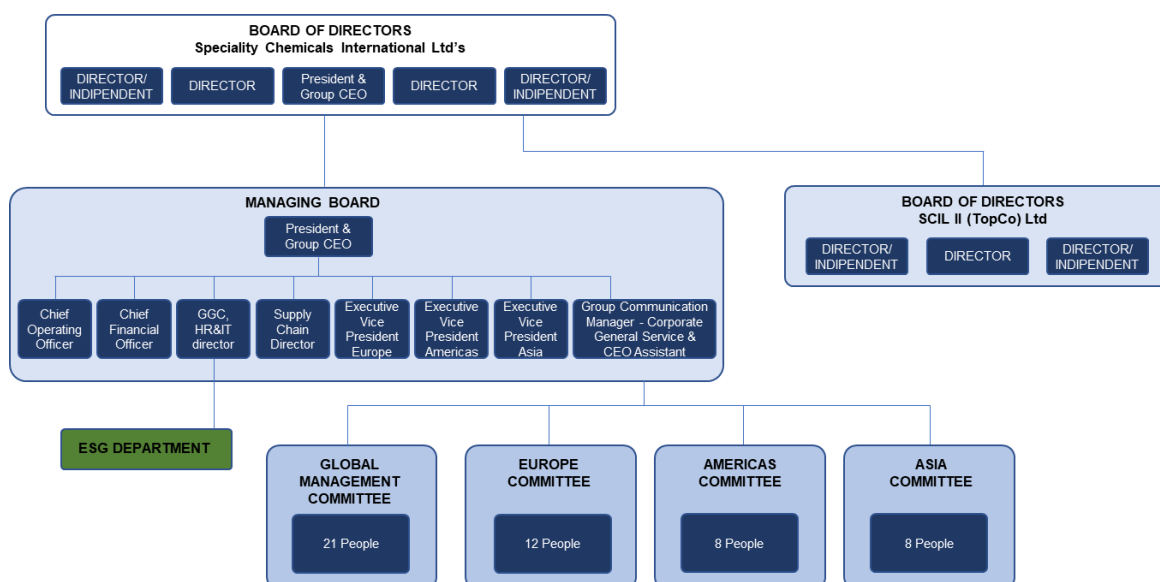


Figure 1. The Group governance structure

RISK MANAGEMENT

Disclosure requirement (for information only):

(b) a description of how the company identifies, assesses, and manages climate(risks and opportunities;

(c) a description of how processes for identifying, assessing, and managing climate-related risks are integrated into the company’s overall risk management process;

The first analysis related to the identification and assessment of climate-related risks and opportunities has been developed in 2023 by the Group and updated it in 2024. Following the evaluation of the results of the analysis carried out, The Group’s Top Management is responsible of the analysis evaluation results and output management, in order to evaluate and eventually implement potential actions to mitigate risks and exploit the identified opportunities.

The Group identifies risks and assess processes through various company functions. However, these processes are not currently formalised and structured within an Enterprise Risk Management (ERM) system that allows risks to be managed at Group level in an integrated manner.

However, the Group is considering implementing an ERM in the coming years, which will also include climate-related risk identification, assessment and management activities. As mentioned in the Governance paragraph, these risk analyses will be carried out periodically, on an annual basis, in order to be as up-to-date as possible and in line with possible organizational changes that may occur in the Company.

For 2023 and 2024, the identification and assessment of the climate-related risks and opportunities was carried out by the Group’s ESG Department and is not part of a specific formalized procedure. However, the Group is working on a procedure draft which is planned to be approved in 2025.

Below the main details and results of the climate related risk (i.e., physical and transition) and opportunity analysis are reported.

PHYSICAL RISKS

The climate-related physical risks identification and assessment analysis have been conducted within three main phases, which are the following:

- **PHASE 1 – Sensitivity analysis:** assessment of the climate risks based on the Group business sector and its main activities, regardless of the location of its assets;
- **PHASE 2 – Exposure analysis:** assessment based on the location of the assets and the consequent exposure to climate-related risks;
- **PHASE 3 – Vulnerability analysis:** combination of sensitivity and exposure analyses in order to assess with a qualitative approach the main risks for the assets considered and their relevance.

PHASE 1 - Sensitivity analysis

The aim of the sensitivity analysis is to identify which climate risks are relevant to the specific type of sector, regardless of the assets’ location. Below a table with a brief description of the main physical climate risks considered and the representative indicator selected is provided.

Table 1. Climate risks description and selection of representative indicators

Climate risk	Description	Representative indicator
Heatwaves	Heatwave is an acute phenomenon, it is an extreme weather condition that occur when there are very high temperatures for several consecutive days, often associated with high humidity rates, strong sunlight and lack of ventilation.	<ul style="list-style-type: none"> ▪ HWM, heatwave amplitude (°C) ▪ SU95p, Summer days (days/year)

Wildfires	Wildfire is an acute phenomenon, it is a fire that spreads over wooded, shrub or arboreal areas, including any man-made structure and infrastructure located within the same areas, or over cultivated or uncultivated land and pastureland adjoining the areas. The predisposing factors are the vegetation conditions, climate conditions (humidity, wind, and temperature) and the soil morphology.	<ul style="list-style-type: none"> ▪ FWI, Fire Weather Index
Cold spells	Cold spell is an acute phenomenon, a distinctive type of extreme atmospheric event that manifests as anomalous low-temperatures over consecutive days.	<ul style="list-style-type: none"> ▪ CWA, Coldwave Amplitude (°C) ▪ FD, Frost Days (days/year) ▪ Tmin, Minimum Temperature (°C)
Temperature changes	Temperature change is a chronic phenomenon, it refers to climatic changes that are leading to regional and seasonal temperature extremes, reducing snow cover and sea ice, intensifying heavy rainfall, and changing the range of habitats for plants and animals-expanding some and reducing others. It can be considered as the main effect of climate change.	<ul style="list-style-type: none"> ▪ Tmean, annual mean temperature (°C) ▪ CDDs, Cooling Degree Days (°C) ▪ HDDs, Heating Degree Days (°C)
Drought	Drought is an acute phenomenon, a natural and temporary meteorological condition in which there is a significant reduction in the amount of precipitation compared with the expected values (generally the normal values), such that significant adverse effects (i.e., wildfires) are manifested, in relation to drought period duration and severity.	<ul style="list-style-type: none"> ▪ CDD, Consecutive Dry Days (days/year) ▪ SPI3, Standardized Precipitation Index of 3 months (-) ▪ SP, Summer Precipitation (mm)
Water stress	Water stress occurs when the water demand exceeds the available quantity during a certain period or when poor water quality limits its use. Low rainfall exacerbates water stress conditions. Water stress causes the deterioration of freshwater resources in terms of quantity (e.g., overexploitation of aquifers, dry rivers, etc.) and quality (e.g., eutrophication, organic matter pollution, saline intrusion, etc.).	<ul style="list-style-type: none"> ▪ SPI12, Standardized Precipitation Index of 12 months (-) ▪ WP, Winter Precipitation (mm) ▪ SP, Summer Precipitation (mm)
Flood regimes and extreme rainfall events	A flood is an acute phenomenon, it is the temporary flooding of areas that are not usually covered with water. Floods can be distinguished in fluvial, pluvial and coastal. Fluvial floods occur when the water level rises above the top of the riverbanks; pluvial floods occur after heavy rainfall when water does not infiltrate the ground and does not accumulate in natural or artificial basins, or flow over the ground in the form of runoff, before it enters a natural or artificial drainage system or watercourse or when it cannot enter because the system is already full of capacity; coastal floods occur when the sea level rises. Extreme rainfall refers to the amount of rain experienced in a location that substantially exceeds what is normal. What constitutes a period of heavy precipitation varies according to location and season.	<ul style="list-style-type: none"> ▪ R95p, 95th Percentile of precipitation (mm) ▪ R20, days with intense precipitation, higher than 20 mm/day (days/year) ▪ TR100, hydraulic simulation of flood with return period of 100v years (km2)
Storms and wind gusts	The precipitation associated with a thunderstorm is characterized by rapid and considerable variations in intensity, both in space and time. Concentrating considerable amount of water in a short time period over relatively small areas, it can therefore result in heavy downpours that occur extremely irregularly and discontinuously over the territory.	<ul style="list-style-type: none"> ▪ R20, days with intense precipitation, higher than 20 mm/day (days/year) ▪ DMWS, maximum Daily Wind Speed (m/s)
Solid mass movements	Solid mass movements are acute phenomena: the causes that predispose and determine these destabilization processes are many, complex, and often combined. In addition to the amount of water or falling snow, deforestation and fires also cause landslides: on forested slopes, in fact, tree roots consolidate the soil and absorb excess water. Landslides have different risk conditions	<ul style="list-style-type: none"> ▪ WP, winter precipitation (mm)

	depending on the mass and velocity of the landslide body: there are, in fact, landslides with low-risk conditions because they are characterized by low mass and constant low velocity over long periods; on the other hand, other landslides have higher risk Storms and wind gusts conditions because they abruptly increase velocity and are characterized by a conspicuous mass.	
Soil erosion	Soil erosion is a chronic phenomenon, it is the process of degradation due to the loss of soil at a rate greater than the rate of its formation that has helped shape today's physical landscape. Soil water erosion is an extremely complex and unavoidable natural phenomenon, an integral part of the land surface shaping process. It depends on climatic conditions, geological, pedological, hydrological, morphological and vegetational characteristics of the land, but can be accelerated by human activities, particularly agro-sylvo-pastoral activities (crop types, tillage and cultivation systems, forest management, grazing).	<ul style="list-style-type: none"> ▪ R20, days with intense precipitation, higher than 20 mm/day (days/year) ▪ Soil loss change (t ha-1yr-1) ▪ R-factor, rainfall erosivity (MJ mm ha-1 h-1 yr-1)
Sea-level rise, surge, coastal erosion, hydrological regimes, and saline intrusion	Coastal erosion is a chronic phenomenon that results in the diminishing input of riverine solid transport delivered to beaches. The problem is also exacerbated by surges, which with varying frequency hit the coast changing the morphology of the coastline. Saline intrusion is a phenomenon that is always accompanied by high pressures (i.e., withdrawals) and water balance problems because freshwater outflows from groundwater aquifers near the coast, accompanied by decreasing water inputs due to rainfall deficits, which produce a progressive lowering of the piezometric surface and thus an increased propensity for salt wedge intrusion in coastal areas.	<ul style="list-style-type: none"> ▪ SLR, Sea Level Rise (m) ▪ SSL, Storm Surge Level (m)

The analysis was conducted considering the three main activity areas of the Group's business, namely:

- Direct operations: production activities, building envelope and HVAC system, etc.
- Inputs: raw materials, energy, water, etc.
- Transport links: road/maritime/air connections for transportation of goods.

The output of the sensitivity analysis is summarized in a table with a sensitivity ranking of the relevant climate risks. A score of 'high', 'medium' or 'low' sensitivity is given for each climate risk to every activity area identified for the Company business. The qualitative evaluation scale is the following:

- High: the climate risk may have a significant impact on the specific activity area of the sector business;
- Medium: the climate risk may have a slight impact on the specific activity area of the sector business;
- Low: the climate risk has no (or insignificant) impact on the specific activity area of the sector business.

The scores have been assigned based on sector documents and guidance on Physical climate-related risks.^{1,2}The carried-out analyses include also an internal professional evaluation, which was conducted, for each business area, by the Group's department directly involved in the relevant activities.

¹ Advancing TCFD guidance on physical climate risks and opportunities – TCFD

² Sectorial Risks Briefings: Insights for Financial Institutions | Climate Risks in the Industrial Sector, UN Environmental Programme, April 2023

PHASE 2 - Exposure analysis

The aim of the exposure analysis is to identify which risks are relevant to the site location, regardless of the sector type. The exposure analysis was performed considering two different climate scenarios, expressed in terms of greenhouse gas concentrations.

The scenarios are defined as Representative Concentration Pathway (RCP), a greenhouse gas concentration (not emissions) trajectory adopted by the IPCC (Intergovernmental Panel on Climate Change). The pathways describe different climate futures, all of which are considered possible depending on the greenhouse gases (GHG) emission level in the years to come. The RCPs – of which the main usually identified are RCP2.6, RCP4.5, RCP6, and RCP8.5 – are labelled after a possible range of radiative forcing values in the year 2100 (2.6, 4.5, 6, and 8.5 W/m², respectively).

Considering this assessment approach, regarding the 2024 analysis, the RCP4.5 and RCP8.5 were taken into consideration, being considered the most relevant for the analysis conducted.

Below a short description of them is provided:

- **RCP4.5:** it is described by the IPCC as an intermediate scenario, where GHG emissions peak occurs around 2040, then declining. According to resource specialists, IPCC emission scenarios are biased towards exaggerated availability of fossil fuels reserves; RCP4.5 is the most probable baseline scenario (no climate policies) taking into account the exhaustible character of non-renewable fuels;
- **RCP8.5:** it describes emissions that continue to rise throughout the 21st century. RCP8.5, generally taken as the basis for worst-case climate change scenarios, is based on what proved to be overestimation of projected coal outputs. It is still used for predicting mid-century (and earlier) emissions based on current and stated policies.

In the context of the analyses undertaken for the year 2024, the Group decided to conduct the exposure analysis on the most relevant assets of the group, targeting them on the basis of the business relevance, production processes size and energy consumption and emissions. During the next years update analyses, the Group will consider including the other Group assets in the perimeter, in order to carry out a wider analysis on physical climate risks.

Specifically, the following assets were considered:

- **Asset 1:** Italy - Scanzorosciate (BG) - Via E. Fermi 51. Production plant with nominal production capacity of 190,000 tonnes/year of various chemicals (i.e., Oxidation catalysts, Phthalic anhydride, Maleic anhydride, Trimellitic anhydride, Fumaric acid, Malic acid, Special anhydrides, Special esters);
- **Asset 2:** Italy - San Giovanni Valdarno (AR) – Via Pruneto 40. Production plant with a Nominal production capacity of 210,000 tons/year of mainly plasticizers and unsaturated polyester resins;
- **Asset 3:** Italy - Ravenna (RA) – Via Baiona 192. Production plant with a nominal production capacity of 80,000 tons/year of mainly Maleic Anhydride (ALMA process) and Tetrahydrophthalic Anhydride.

The selected assets represent more than 50% of the total energy consumption of the Group and almost 40% of the total assets value (2023 data). Moreover, they are regulated by the EU-ETS scheme, which make them more relevant to climate change risks and opportunities analyses.

Therefore, every selected asset presents an exposure analysis of the physical climate risk conducted on the two RCPs future scenarios selected and described before (RCP 4.5 and RCP 8.5). For both scenarios each physical climate risk has been analyzed and a qualitative score of 'high', 'medium' or 'low' exposure has been given, specifically:

- **High:** the climate risk can have a significant impact on the location in the future;
- **Medium:** the climate risk may have a slight impact on the location in the future;
- **Low:** the climate risk has no (or a not-significant) impact on the location.

The analysis was conducted on the specific areas where the sites considered relevant are located, by evaluating and comparing numerous databases and documents that provide climate risks projections on different climate scenarios based on the selected key indicators^{3, 4, 5, 6}. For the final score definition, the analysis of the above-mentioned databases and documents was also integrated with an evaluation of the recent years identified risks impacts trends on the considered assets, to ensure the most accurate assessment possible and on the Group professional evaluation, which was conducted, for each business area, by the department directly involved in the relevant activities.

PHASE 3 - Vulnerability analysis

The evaluation of vulnerability, according to technical guidelines provided by the European Commission⁷, can be summarized as the combination of sensitivity and exposure in a vulnerability matrix. In order to conduct the vulnerability assessment, the scores of the sensitivity and exposure analyses have been considered as follow:

- Sensitivity analysis: Each climate risk considered has been evaluated on three different business area of the Group sector, namely direct operation, input and transport link, each of which was assigned a score. The highest score of the three-business area has been considered as the overall sensitivity score of the risk;
- Exposure analysis: Each climate risk has been evaluated on two different future climate scenarios (RCP 4.5 and RCP 8.5), each of which was assigned an exposure score. The highest score of the two future climate scenarios has been considered as the overall exposure score of the risk.

Once the matrix is filled, a vulnerability level can be defined for the climate risk for each asset considered.

In this case, the vulnerability of the assets to future physical phenomena related to climate change were summarized within three matrices, namely one per asset.

Finally, the climate-related physical risks found to be relevant in terms of vulnerability for at least one of the assets are reported in a summary list, which describes the potential and actual impacts and mitigation actions taken by the Group.

It should be noted that in 2024 an update of the physical risks analysis methodology has been implemented respect to the 2023 analysis, as some new indicators related to climate phenomena have been included. This update allows a more accurate evaluation of the physical climate risks of the Group assets in scope.

³ Scenari climatici per l'Italia by Fondazione CMCC (Centro Euro-Mediterraneo sui Cambiamenti Climatici)

⁴ Copernicus EU – Climate Data Store

⁵ ISPRA SCIA – Mappe clima futuro

⁶ Piano Nazionale di Adattamento ai Cambiamenti Climatici, ISPRA - MASE

⁷ Technical guidance on the climate proofing of infrastructure in the period 2021-2027 provided in a Commission Notice by the European Commission (2021/C 373/01).

TRANSITION RISKS AND OPPORTUNITIES

The evaluation of climate-related transition risks and opportunities in 2024 followed a multi-step process that incorporated various key features, such as:

- a. Analyzing the Group's value chain to comprehend the potential impact of climate change on its business model and operations;
- b. The main trajectories and developments proposed by the Energy Agency (IEA) and IPCC, considering the relevant climate scenarios, were taken into account in the qualitative evaluation of the impacts and relevance;
- c. An understanding of the environmental regulations, current and potential, that may drive and push the Group to shift toward a low-carbon economy. Developing regulations can significantly influence market dynamics, the industry, and the formulation of products and strategic initiatives; hence, foreseeing potential regulatory advancements empowers the Group to
- d. Benchmark analysis of industry reports and peer actions to offer valuable perspectives on the competitive landscape and deepen comprehension of potential upcoming challenges.

After completing an initial desk analysis as described previously, a qualitative evaluation was conducted to assess potential climate-related transition risks that could affect the operations of the Group. This assessment provided a comprehensive understanding of the possible impacts of the identified risks and their relevance related to the analyzed scenarios. This analysis guarantees the Group to prepare proper mitigation activities and continue with the activities already put in place.

A quantitative analysis will be conducted in upcoming reporting periods.

As anticipated, the climate scenarios considered for the identification and assessment of transitional risks are the following:

- **RCP4.5/SSP2:** corresponds to a scenario with a world where certain climate mitigation measures have been implemented and presumes moderate cuts in emissions. It portrays a future in which emissions reach their highest point around mid-century and then begin to decrease. Moreover, the world follows a path in which social, economic, and technological trends do not shift markedly from historical patterns. Development and income growth proceeds unevenly, with some countries making relatively good progress while others fall short of expectations. Global and national institutions work toward but make slow progress in achieving sustainable development goals. Environmental systems experience degradation, although there are some improvements and overall the intensity of resource and energy use declines. Global population growth is moderate and levels off in the second half of the century. Income inequality persists or improves only slowly and challenges to reducing vulnerability to societal and environmental changes remain.
- **RCP8.5/SSP5:** the "High Emissions" scenario which envisions a worst-case circumstance where, due to the lack of substantial mitigation efforts, greenhouse gas (GHG) emissions continue to rise throughout the 21st century. This scenario is associated with the most severe impacts of climate change. Moreover, the world places increasing faith in competitive markets, innovation and participatory societies to produce rapid technological progress and development of human capital as the path to sustainable development. Global markets are increasingly integrated. There are also strong investments in health, education, and institutions to enhance human and social capital. At the same time, the push for economic and social development is coupled with the exploitation of abundant fossil fuel resources and the adoption of resource and energy intensive lifestyles around the world. All these factors lead to rapid growth of the global economy, while global population peaks and declines in the 21st century. Local environmental problems like air pollution are successfully managed. There is faith in the ability to effectively manage social and ecological systems, including by geo-engineering if necessary.

During 2024, the Group also conducted a qualitative analysis to gain insights into the climate-related opportunities that could potentially be leveraged. This process mirrored the approach taken in the

climate-related transition risks analysis and included the Group's value chain evaluation, climate-related scenarios, external influences including regulatory changes, financial pressures, ESG questionnaires, industry evaluations, and market research. This assessment resulted in the development of a list of potential climate-related opportunities, aligned with the primary categories defined by the TCFD⁸. To ensure relevance to the Group, the identified opportunities were screened and clustered, and their relevance with respect to the climate scenario selected (RCP4.5/SSP2 and RCP8.5/SSP5) has been qualitatively assessed.

⁸ The TCFD Guidance presents as primary categories of climate related opportunities the following: Resource efficiency, Energy sources, Products, Market and Resilience

STRATEGY

Disclosure requirement (for information only):

d) a description of—(i) the principal climate-related risks and opportunities arising in connection with the company's operations, and (ii) the time periods by reference to which those risks and opportunities are assessed;

(e) a description of the actual and potential impacts of the principal climate-related risks and opportunities on the company's business model and strategy;

(f) an analysis of the resilience of the company's business model and strategy, taking into consideration different climate-related scenarios;

The Group primarily uses the year 2050 as its main time horizon to assess climate-related risks and opportunities. The choice of this time frame is due to the availability of public databases for assessing risks and opportunities, particularly physical risks (see Risk Management Section for more information). Further, this time horizon aligns well with other climate-related initiatives that the Group is planning to adopt in the coming years. In future analyses, the Group will strive to consider time horizons that align more closely with its business model and strategic plans. This further analysis is intended to provide in the future a comprehensive view of climate-related risks and opportunities as they pertain to the Group's operations and to further elaborate the climate change potential effects on the Group's business.

In 2023, the first climate risks and opportunities evaluation was carried out using the RCPs and SSPs scenarios, as reported within the Risk Management section, which was updated in 2024. This assessment, which adhered to the before-mentioned time horizon, led to the identification of climate-related risks and opportunities that could impact the Group's primary assets and operations. Please note that the indicative ratings assigned to the identified risks and opportunities were based on qualitative aspects (informed judgement based on scientific understanding of climate scenarios) rather than quantitative aspects. Moreover, please note that the risks and opportunities assessment have been performed considering the period from 2023 to 2050. Within the next disclosures the Group will potentially provide a deeper level of detail for the assessment, considering three main time-horizons (e.g., short, medium and long).

The tables that follow present the results of the assessments and highlight the initiatives that the Group has identified to enhance the resilience of its business model and strategy to the identified climate-related risks and opportunities.

PHYSICAL RISKS

As explained in the Risk Management section, the evaluation of climate-related physical risks has been conducted on a three phases analysis. Below each phase main results regarding the Group's considered assets are provided.

PHASE 1 - Sensitivity analysis

The sensitivity analysis of the Group sector with respect to the selected climate risks was first carried out, regardless of the exposure of its assets, as described in the Risk Management section.

In *Figure 1*, the sensitivity analysis results are reported. As explained before, for each climate risk the final score considered for the vulnerability results the highest one assigned to the various business area that has been considered. They are represented in the last row mentioned as "*HIGHEST SCORE*".

Table 2. Sensitivity analysis results

SENSITIVITY ANALYSIS											
CLIMATE VARIABLES AND HAZARDS											
	Heatwaves	Wildfires	Cold spells	Temperature changes	Drought	Water Stress	Flood regimes and extreme rainfall events	Storms and wind gusts	Solid mass movements (landslide, avalanche, mudslides...)	Soil Erosion	Sea-level rise, surge, coastal erosion, hydrological regimes, and saline intrusion
BUSINESS AREA	On-site activities and processes (i.e., production, workers Health & Safety, machinery)	High	Low	Low	Medium	Medium	Medium	High	Medium	Low	Low
	Inputs (i.e., raw materials, electricity, water)	High	Low	Medium	Medium	Medium	Low	Low	Low	Low	Low
	Transport links (i.e., incoming raw materials transport, outgoing finished products transport, logistics and distribution)	Low	Medium	Low	Low	Low	Low	High	High	Medium	Low
	HIGHEST SCORE	High	Medium	Medium	Medium	Medium	Medium	High	High	Medium	Low

PHASE 2 - Exposure analysis

After the sensitivity analysis, the exposure analysis of the most relevant Group assets has been carried out. The selected assets are the following:

- Asset 1: Italy - Scanzorosciate (BG) - Via E. Fermi 51;
- Asset 2: Italy - San Giovanni Valdarno (AR) – Via Pruneto 40;
- Asset 3: Italy - Ravenna (RA) – Via Baiona 192.

The three assets present therefore an evaluation of every climate risk indicative impacts based on the location of the asset itself and their relevance. The climate risk relevance has been evaluated with respect to the current climate scenario and to the future scenarios identified, namely RCP 4.5 and RCP 8.5. The results are reported in the following tables.

Table 3. Exposure analysis results - Scanzorosciate (BG)

EXPOSURE ANALYSIS - Scanzorosciate (BG)											
Climate variables and hazards											
	Heatwaves	Wildfires	Cold spells	Temperature changes	Drought	Water Stress	Flood regimes and extreme rainfall events	Storms and wind gusts	Solid mass movements (landslide, avalanche, mudslides...)	Soil Erosion	Sea-level rise, surge, coastal erosion, hydrological regimes, and saline intrusion
Future (RCP 4.5)	High	Low	Low	Medium	Medium	Medium	Medium	Low	Low	Low	Low
Future (RCP 8.5)	High	Low	Low	High	Low	Low	Medium	Low	Low	Low	Low
HIGHEST SCORE	High	Low	Low	High	Medium	Medium	Medium	Low	Low	Low	Low

Table 4. Exposure analysis results - San Giovanni Valdarno (AR)

EXPOSURE ANALYSIS - San Giovanni Valdarno (AR)											
Climate variables and hazards											
	Heatwaves	Wildfires	Cold spells	Temperature changes	Drought	Water Stress	Flood regimes and extreme rainfall events	Storms and wind gusts	Solid mass movements (landslide, avalanche, mudslides...)	Soil Erosion	Sea-level rise, surge, coastal erosion, hydrological regimes, and saline intrusion
Future (RCP 4.5)	High	Low	Low	Medium	Medium	Medium	High	Medium	Low	Low	Low
Future (RCP 8.5)	High	Low	Low	High	Low	Low	High	Medium	Low	Low	Low
HIGHEST SCORE	High	Low	Low	High	Medium	Medium	High	Medium	Low	Low	Low

Table 5. Exposure analysis results - Ravenna (RA)

EXPOSURE ANALYSIS - Ravenna (RA)											
Climate variables and hazards											
	Heatwaves	Wildfires	Cold spells	Temperature changes	Drought	Water Stress	Flood regimes and extreme rainfall events	Storms and wind gusts	Solid mass movements (landslide, avalanche, mudslides...)	Soil Erosion	Sea-level rise, surge, coastal erosion, hydrological regimes, and saline intrusion
Future (RCP 4.5)	High	Low	Low	Medium	Low	Medium	High	Low	Low	Low	High
Future (RCP 8.5)	High	Low	Low	High	Low	Low	High	Low	Low	Low	High
HIGHEST SCORE	High	Low	Low	High	Low	Medium	High	Low	Low	Low	High

As explained before, for each climate risk has been identified the highest exposure score assigned to the various climate scenarios that has been considered. They are represented in the “*HIGHEST SCORE*” row.

PHASE 3 - Vulnerability analysis

On the basis of the results of the sensitivity and exposure analysis for the three assets considered, the vulnerability analysis has been performed, as explained in the Risk Management section. The results are reported within the following matrices.

For both scenarios each physical climate risk has been analyzed and a qualitative score of ‘high’, ‘medium’ or ‘low’ exposure has been given, specifically:

- High: the climate risk can have a significant impact on the location in the future;
- Medium: the climate risk may have a slight impact on the location in the future;
- Low: the climate risk has no (or a not-significant) impact on the location.

Table 6. Vulnerability analysis legend

VULNERABILITY ANALYSIS RESULTS	
HIGH	The asset has a high vulnerability level for the analysed climate risk
MEDIUM	The asset has a medium vulnerability level for the analysed climate risk
LOW	The asset has a low vulnerability level for the analysed climate risk

Table 7. Vulnerability analysis results - Scanzorosciate (BG)

VULNERABILITY ANALYSIS - Scanzorosciate (BG)			
EXPOSURE			
	High	Medium	Low
SENSITIVITY	High	-Heatwaves -Flood and extreme rainfall	-Storms and wind gusts
	Medium	-Temperature changes	-Drought -Water stress -Wildfires -Solid mass movements -Cold Spells
	Low		-Sea level rise -Soil Erosion

Table 8. Vulnerability analysis results - San Giovanni Valdarno (AR)

VULNERABILITY ANALYSIS - San Giovanni Valdarno (AR)			
EXPOSURE			
	High	Medium	Low
SENSITIVITY (highest across the themes)	High	-Heatwaves -Flood and extreme rainfall	-Storms and wind gusts
	Medium	-Temperature changes	-Drought -Water stress -Wildfires -Solid mass movement -Cold spells
	Low		-Sea level rise -Soil Erosion

Table 9. Vulnerability analysis results - Ravenna (RA)

VULNERABILITY ANALYSIS - Ravenna (RA)				
EXPOSURE				
		High	Medium	Low
SENSITIVITY (highest across the themes)	High	-Heatwaves -Temperature changes -Flood and extreme rainfall		-Storms and wind gusts
	Medium		-Water stress	-Wildfires -Colds spells -Solid mass movements -Drought
	Low	-Sea level rise		-Soil Erosion

The vulnerability analysis output defined the relevance of every climate risk for the considered assets. All the climate risks that present a “low” score in the vulnerability matrix for every asset analysed is considered not material for the Group and therefore no further investigated. In Table 10 below the climate-related physical risks identified as relevant for the Group are reported, including their indicative impacts and mitigation actions. The inclusion of the mitigation actions implemented or potentially implemented in the Group's financial planning is under evaluation. The Group intends to report more details within the future disclosures.

Table 10. Climate physical risks impacts and mitigation actions

CLIMATE RISK	INDICATIVE IMPACTS	IMPACT MITIGATION ACTIONS	EFFECTS ON THE GROUP RESILIENCE
Heatwaves	<p>Actual - N.A.</p> <p>Potential - Increases in energy demand for air conditioning, leading to increased operating costs; - "Issues with industrial cooling processes;" - Health and Safety of workers; - Worsening of worker productivity; - Damage to sensitive components and equipment.</p>	<p>Implemented - Energy efficiencies initiatives.</p> <p>Potential - Installation of more efficient cooling systems; - Installation of more efficient thermal insulation on assets; - Educating employees about heat-related health risks and individual impacts mitigation actions.</p>	<p>Efficient cooling systems and asset thermal insulation keep the temperatures more stable with the need of less energy demand. This reduces the energy costs during peaks requests (e.g., heatwaves) and the chance of supply interruption due to grid overload. Moreover, such systems reduce possible damages to sensitive components or material and machineries break down due to external heatwaves caused by working interruption of cooling system.</p> <p>Increasing the awareness of the employees about how to minimize the risks associated with heatwaves, the plant can ensure that productivity and safety are not compromised due to heat-related illnesses.</p>
Temperature changes	<p>Actual - N.A.</p> <p>Potential - Increases in energy demand for air conditioning, leading to increased operating costs; - "Issues with industrial cooling processes;" - Health and Safety of workers; - Worsening of worker productivity; - Damage to sensitive components and equipment.</p>	<p>Implemented - Energy efficiencies initiatives.</p> <p>Potential - Installation of more efficient cooling systems; - Installation of more efficient thermal insulation on assets; - Educating employees about heat-related health risks and individual impacts mitigation actions.</p>	<p>Efficient cooling systems and asset thermal insulation keep the temperatures more stable with the need of less energy demand. This reduces the energy costs due to cooling needs. Moreover, such systems reduce possible damages to sensitive components or material and machineries break down due to the higher temperatures.</p> <p>Increasing the awareness of the employees about how to minimize the risks associated with the higher temperatures, the plant can ensure that productivity and safety are not compromised due to heat-related illnesses.</p>
Drought	<p>Actual - N.A.</p> <p>Potential - Scarcity of water for industrial processes; - Slowdown in production.</p>	<p>Implemented - N.A.</p> <p>Potential - Introduction of technologies and methods for capturing storm water to reduce water supply from the public network; - Introduction of technologies and methods for recycling water used in the process to reduce water supply from the public network.</p>	<p>The reuse of storm water reduces the dependency from the public network making the assets more resilient in case of shortage, supply interruption or emergencies big withdrawals.</p> <p>Recycling and reusing water in the production phases contributes to reduce the fresh water supply needs, hence reducing the plant's vulnerability to water supply disruptions during periods of drought.</p>
Water stress	<p>Actual - N.A.</p> <p>Potential - Scarcity of water for industrial processes; - Slowdown in production; - Health and Safety of workers.</p>	<p>Implemented - N.A.</p> <p>Potential - Development of a water management system to pursuit water use efficiency; - Introduction of technologies and methods for</p>	<p>A water management system allows to identify areas of water waste, implement conservation measures, and ensure the most efficient use of water in all operations, increasing the assets resilience to water stress periods.</p>

		<p>capturing storm water to reduce water supply from the public network;</p> <ul style="list-style-type: none"> - Introduction of technologies and methods for recycling water used in the process to reduce water supply from the public network. 	<p>The reuse of storm water reduces the dependency from the public network making the assets more resilient in case of shortage, supply interruption or emergencies big withdrawals.</p> <p>Recycling and reusing water in the production phases contributes to lower the fresh water supply needs, hence reducing the plant's vulnerability to water supply disruptions during periods and in areas of water stress.</p>
Flood regimes and extreme rainfall events	<p>Actual - N.A.</p> <p>Potential</p> <ul style="list-style-type: none"> - Damage to production facilities; - Temporary or permanent interruption of production; - Chemical spills; - Interruption of transport links; - Disruption in supply chain; - Overload of goods stored on-site; - Safety of workers. 	<p>Implemented</p> <ul style="list-style-type: none"> - Activate insurance for damages due to natural events; <p>Potential</p> <ul style="list-style-type: none"> - Increase workers' awareness by sharing information about hydraulic risks and safety measures to adopt; - Implement early warning system to provide real-time information on potential hydraulic risks (i.e., weather stations, alarm and communication system); - Provide an emergency plan for safe and timely evacuation of workers in case of emergency; - Provision of damage prevention works to protect the most vulnerable sites (e.g. hydraulic barriers, lamination basins etc.). 	<p>Insurances mitigate the financial impacts of damages from natural events.</p> <p>Proper workers training lead to a quicker and more efficient response to extreme events that reduce the potential assets damages.</p> <p>Implementation of alarms and early warnings give the chance to manage mitigation action for extreme event damages to assets and production processes in proper time and to reduce the interruptions and economic losses.</p> <p>Infrastructural prevention works reduce the chance of damages from extreme events and the impact magnitude, making the asset more resilient to these events.</p>
Storms and wind gusts	<p>Actual - N.A.</p> <p>Potential</p> <ul style="list-style-type: none"> - Damage to production facilities; - Temporary or permanent interruption of production; - Chemical spills; - Interruption of transport links; - Safety of workers. 	<p>Implemented</p> <ul style="list-style-type: none"> - Activate insurance for damages due to natural events; <p>Potential</p> <ul style="list-style-type: none"> - Increase workers' awareness by sharing information about storm risks and safety measures to adopt; - Implement early warning system to provide real-time information on potential storm risks (i.e., weather stations, alarm and communication system); - Provide an emergency plan for safe and timely evacuation of workers in case of emergency; - Implementation of protection systems for machinery, especially the tallest and most exposed, and plants. 	<p>Insurances mitigate the financial impacts of damages from natural events.</p> <p>Proper workers training lead to a quicker and more efficient response to extreme events that lower the potential assets damages.</p> <p>Implementation of alarms and early warnings give the chance to manage mitigation action for extreme event damages to asset and production in proper time and to reduce the interruptions and economic losses.</p> <p>Infrastructural prevention works reduce the chance of damages from extreme events and the impact magnitude, making the asset more resilient to these events.</p>

<p>Sea-level rise, surge, coastal erosion, hydrological regimes, and saline intrusion</p>	<p>Actual - N.A. Potential - Damage to production facilities; - Temporary or permanent interruption of production; - Chemical spills; - Interruption of transport links; - Safety of workers.</p>	<p>Implemented - N.A. Potential - Construction of protection equipment; - Modify land use.</p>	<p>Protection equipment construction and land use change reduce the chance of damages from events and the impact magnitude, making the asset more resilient to these events.</p>
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TRANSITION RISKS

Table 11. The Group identified climate transitional risks

CATEGORY	RISK	DESCRIPTION	INDICATIVE IMPACT	MATERIALITY	IMPACT MITIGATION ACTIONS	EFFECTS ON THE GROUP RESILIENCE
POLICY AND LEGAL	ENVIRONMENTAL REGULATIONS AND CARBON TAXES	<p>The potential change related to new or amending existing regulations, may have implications for the GHG emissions-reporting obligations and Carbon Taxes leading to the increase of the fixed and variable costs associated with carbon emissions generated by the Group</p> <p>The Group is already involved in the Emission Trading Scheme (EU ETS), given the nature of the activities carried out, specifically with the plants in Scanzorosciate, San Giovanni Valdarno and Ravenna and the modification of the current regulations, requiring a greater effort to reduce GHG emissions, will result in an increase in the price of GHG emissions.</p> <p>Several countries, particularly Europe, are setting up or planning new regulations, such as the European Union's Carbon Border Adjustment Mechanism (CBAM) Regulation. The first years of CBAM implementation will not include the main goods imported by the Group but is likely that some of them will be included in the future.</p> <p>The Group failure to manage climate issues could make it unprepared to respond to potential future laws or environmental regulations related to Carbon Taxes.</p>	<p>Actual:</p> <ul style="list-style-type: none"> - Enhanced emission-reporting obligations; - Increased costs for GHG emission directly generated by the Group; - Increased indirect costs for GHG emissions generated by the suppliers involved in carbon pricing systems; - Increase of competition due to more favorable legislation in other Countries. <p>Potential:</p> <ul style="list-style-type: none"> - Increased pricing of GHG emissions; - Increased capital expenditures (e.g., less emissive machineries); - Decreased revenues due to reduced demand for products. 	<p>SSP2 - RCP4.5 HIGH</p> <p>SSP5 - RCP8.5 MEDIUM</p>	<p>Implemented:</p> <ul style="list-style-type: none"> - Mitigation of carbon emissions through enhanced manufacturing efficiency and use of energy coming from renewable sources; - Well-structured monitoring of carbon pricing, in order to comply with the requirements of the ETS, to which the Group is subject; <p>Potential:</p> <ul style="list-style-type: none"> - Implementation of a market benchmark and annual carbon costs of plant and country; - Development of contracts with suppliers with clauses dedicated to protecting against potential future changes and cost increases. 	<p>Mitigation of Group's carbon emissions covered by the ETS could lead to a reduction of the cost associated with it.</p> <p>A well-structured carbon pricing monitoring will reduce the potential impacts on the Group concerning variability of the carbon tax within the market.</p> <p>A country specific carbon cost benchmark allow to monitor more efficiently regulation and taxes, in order to prevent sudden of GHG emission cost related increase.</p> <p>Specific contracts with suppliers allow to reduce variability of cost due to future or more strict climate-related regulations, leading to an increase of the resilience of the Group.</p>

MARKET	CUSTOMERS AND STAKEHOLDER PRESSURE	<p>Growing environmental awareness among customers and stakeholders is leading to reduced demand for products that generate high level of GHG emissions. The absence of a proactive approach by the Group on these topics could result in a decline in revenues and market share, causing a significant loss of value for the Group. In addition, due to demand to reshape products, the Group could also face increased costs associated with technological change and the need to implement new low-carbon solutions.</p>	<p>Actual:</p> <ul style="list-style-type: none"> - Increased R&D cost; - Change in customers behavior. <p>Potential:</p> <ul style="list-style-type: none"> - Increased costs for certain raw materials; - Increased capital expenditures to produce less emissive products; - Decreased revenues due to reduced demand. 	<p>SSP2 - RCP4.5 MEDIUM</p> <p>SSP5 - RCP8.5 LOW</p>	<p>Implemented:</p> <ul style="list-style-type: none"> - Processes for developing LCAs on products sold in order to propose less impactful products to customers - the Group is among the founding partners of the Hydrogen Joint Research Program (JRP) to investigate possible solutions in the hydrogen value chain <p>Potential:</p> <ul style="list-style-type: none"> - Development of eco-design processes in order to minimize the environmental impacts of products sold, throughout the life cycle - Together with other industrial stakeholders design and build pilot project for the industrial development of new technologies/products dedicated to the hydrogen value chain. 	<p>The mitigation actions identified allow the Group to increase its positioning in market areas that will be more common among final consumers and costumers, making the business more resilient to the changes expected from the actual market trends.</p>
TECHNOLOGY	INDUSTRY SHIFT TO LOW-CARBON TECHNOLOGIES	<p>The ongoing climate transition is leading a wave of innovative and environmentally responsible technologies in the market. As these new, sustainable technologies spread in the manufacturing industry, the Group may find itself pushed to invest in Research and Development (R&D) initiatives with the aim of developing new best practices. This entails an increase in the costs of technology investments and training to the employees. Ineffectively managing these transitions could result in a decline in productivity, increased personnel costs, and long-term value losses.</p>	<p>Actual:</p> <ul style="list-style-type: none"> - Increased R&D cost to transition to lower emissions technology. <p>Potential:</p> <ul style="list-style-type: none"> - Increased costs to adopt/deploy new practices and processes; - Increased capital expenditures in technology development; - Decreased revenues due to reduced production capacity. 	<p>SSP2 - RCP4.5 MEDIUM</p> <p>SSP5 - RCP8.5 LOW</p>	<p>Implemented:</p> <ul style="list-style-type: none"> - Energy efficiency activities on existing machineries and processes <p>Potential:</p> <ul style="list-style-type: none"> - Development of eco-design processes in order to minimize the environmental impacts of the production processes 	<p>The initiatives to improve the energy efficiency of machinery and the study of eco-design strategies, through dedicated R&D activities, will allow the Group to be aligned with the technological changes that will develop in the coming years, thus making it more resilient.</p>

REPUTATIONAL	REPUTATIONAL	<p>Companies taking part in industrial activities that contribute to climate change and environmental degradation face growing reputational risks. Non-profit organizations and other public-interest entities have begun running campaigns against companies linked to the climate crisis. As investor concern about the value of their investment grows and as campaigns highlighting the impact of commodities-driven activities gain attention, companies are beginning to respond to the criticisms that they face. The potential failure to achieve the objectives set and communicated by the Group could have a reputational impact on the latter. In addition, the industry's emissions footprint and intensity could lead to a negative perception and reduced appeal among external stakeholders such as customers or investors.</p>	<p>Actual: N.A.</p> <p>Potential: - Decreased revenues due to the deterioration of the Group reputation.</p>	<p>SSP2 - RCP4.5 LOW</p> <p>SSP5 - RCP8.5 LOW</p>	<p>Implemented:</p> <ul style="list-style-type: none"> - Monitoring of environmental KPIs associated with the main environmental impacts related to the Group activities - Disclosure of the Group commitment to reducing the environmental impacts of its activities, including GHG emissions <p>Potential:</p> <ul style="list-style-type: none"> - Increased effort through the definition internal and public targets to reduce the environmental impact of its activities 	<p>The clear and constant monitoring and reporting of the Group's main environmental KPIs allows it to have a better reputation concerning these topics, making the Group's commitment and transparency explicit.</p> <p>The future definition of internal and external targets with respect to these issues will make the Group's commitment even more concrete, reducing the possible repercussions in terms of reputation.</p>
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OPPORTUNITIES

Table 12. The Group identified climate opportunities

CATEGORY	OPPORTUNITY	DESCRIPTION	INDICATIVE IMPACT	MATERIALITY	ACTIONS
ENERGY SOURCES	USE OF LOWER-EMISSION SOURCES OF ENERGY	<p>Achieving significant greenhouse gas (GHG) emission reductions requires innovation and the continuous evolution of technologies and energy sources. This, for the Group, can be a climate change related opportunity that is already leading it to actively explore collaboration with experts from various disciplines to discover new approaches for enhancing its environmental performance. The Group is committed to substantial investments in research and development (R&D) and specifically examines the energy-intensive aspects of its processes, actively seeking opportunities to leverage new technologies that can maintain or improve performance and efficiency while concurrently reducing GHG emissions.</p> <p>The Group is currently investing in different lower-emission energy sources projects and emission-reducing technologies in order to achieve greater technological maturity and reduce the energy consumption and costs related to its activities.</p>	<p>Actual: N.A.</p> <p>Potential:</p> <ul style="list-style-type: none"> - Decrease in energy cost due to efficiency gains; - Decrease in carbon costs; - Reduced exposure to future fossil fuel price increase; - Returns on investment in low-emission technology. 	<p>SSP2 - RCP4.5 HIGH</p> <p>SSP5 - RCP8.5 MEDIUM</p>	<p>Implemented</p> <ul style="list-style-type: none"> - Installation of PV plant - Realization of an industrial-scale pilot plant that will test the recycling of off-gas from the reaction of the fluid-bed maleic anhydride plant to assess the possibility of its utilization for the subsequent production of hydrogen and its use in the process <p>Potential</p> <ul style="list-style-type: none"> - Complete development of an off-gas recovery system coupled with an electrolyser for the production of hydrogen and oxygen to be used in production processes - Experimentation of a CCU/CCS plant at the Ravenna plant;

<p style="text-align: center;">MARKET</p>	<p style="text-align: center;">ACCESS TO NEW MARKETS</p>	<p>The Group has identified the hydrogen supply chain as one of the main climate change opportunities, considering its increasing importance in the industrial sector. In fact, the demand for hydrogen, the manufactures to handle it and new infrastructure related to it will be exponential, considering that the annual production of low-emission hydrogen could reach 38 Mt in 2030, according to IEA estimates. The hydrogen production will be paired with enormous investment in innovative solutions for its efficient transportation, development of advanced storage systems, exploration of electrochemical and thermal applications in residential, industrial, and transport sectors.</p> <p>Leveraging its industrial expertise in the chemicals sector, the Group seeks a prominent role in the development of hydrogen, which, serving as both a raw material and an energy vector, is poised to become a key player in the ecological transition in the coming years.</p>	<p>Actual: - Attraction of new investments due to innovative research.</p> <p>Potential: - Increased revenues through access to new and emerging markets; - Positioning as a leader of the new emerging market.</p>	<p style="text-align: center;">SSP2 - RCP4.5 HIGH</p> <p style="text-align: center;">SSP5 - RCP8.5 MEDIUM</p>	<p>Implemented: - The group is among the founding partners of the Hydrogen Joint Research Program (JRP) to investigate possible solutions in the hydrogen value chain</p> <p>Potential: - Together with other industrial stakeholders design and build pilot project for the industrial development of new technologies/products dedicated to the hydrogen value chain</p>
<p style="text-align: center;">PRODUCTS</p>	<p style="text-align: center;">DEVELOPMENT AND/OR EXPANSION OF LOW EMISSION GOODS</p>	<p>Electric cars are essential for a sustainable future, one of the solutions to reduce GHG emissions and addressing environmental criticism. Their adoption is crucial in decreasing reliance on fossil fuels, combating air pollution, and promoting a shift towards renewable energy sources. Pivotal importance has the batteries industry, fact confirmed by the projection of the global electric vehicle battery market size, which is expected to reach USD 198.9 billion by 2030, growing at a CAGR of 21.1% from 2023 to 2030.</p> <p>Specifically, the group supplies materials for the manufacture of numerous car components and, in particular, electric batteries. Providing materials for automotive components with lower emissions deriving from their production can be a big opportunity related to climate change. Guaranteeing not only a lower impact in terms of GHG emissions but also high chemical and physical characteristics will allow the group to expand the market in this sector and guarantee positive financial impacts.</p>	<p>Actual: - N.A.</p> <p>Potential: - Increased revenues resulting from increased demand for products.</p>	<p style="text-align: center;">SSP2 - RCP4.5 HIGH</p> <p style="text-align: center;">SSP5 - RCP8.5 MEDIUM</p>	<p>Implemented: - Various LCA analysis to guarantee certified sustainability performances of the Group products</p> <p>Potential: - Increase specific product production capacity in order to satisfy the market request and increase revenues</p>

PRODUCTS	SHIFT IN COSTUMERS' PREFERENCES	<p>The Group has observed a growing interest among customers seeking to diminish the environmental footprint of their products, driven by shifts in costumers' preferences. These evolving dynamics are anticipated to boost the sales of less carbon intensive products, as customers actively seek more sustainable and circular materials and products.</p> <p>This can be an opportunity for the Group, also in consideration of various initiatives already put in place in the composite production sector. The Group is working in order to develop products completely made of recycled raw material, thanks to the application of specific cemical processes, which are able to transform wastes otherwise not recyclable. Those new solution will be more specific sustainability performances and, at the same time, being more aligned with the costumers' preferences.</p>	<p>Actual: - N/A</p> <p>Potential: - Better competitive position to reflect shifting costumers' preferences, resulting in increased revenues; - Better reputational positioning reflecting in increased revenues.</p>	<p>SSP2 - RCP4.5 MEDIUM</p> <p>SSP5 - RCP8.5 MEDIUM</p>	<p>Implemented: - establishing partnerships with other stakeholders in the plastics industry for the recycling of composite materials through pyrolysis and the exploitation of pyrolysis oil (Korec process);</p> <p>Potential: - Conducting specific studies (Product carbon footprint and LCA Analysis) to certify the lower environmental impact of products</p>
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METRICS & TARGETS

Disclosure requirement (for information only):

*(g) a description of the targets used by the Group to manage climate-related risks and to realise climate-related opportunities and of performance against those targets; and

*(h) a description of the key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and of the calculations on which those key performance indicators are based.

Specific metrics and targets, relating to the risks and opportunities identified and reported in the previous paragraphs, have not yet been defined. However, the Group is committed to evaluate a dedicated targets setting and monitoring metrics activities in the coming months, to mitigate the risks and take advantage of the opportunities identified. In this regard, the Group commits to annually monitor some environmental KPIs, which are reported in the Sustainability Report and which will potentially be useful for monitoring progress against the future targets defined.

For example, Scope 1 and Scope 2 emissions (calculated using the location-based method) for 2022⁹ and 2023 are shown below. Information for the year 2024 will be published in the Polynt Group Sustainability Report.

Table 13. Group GHG emission calculation

Emission category	2022 (tCO ₂ e)	2023 (tCO ₂ e)	Trend (2022-2023)
Scope 1	425,318.7	403,666.9	-5.1%
Scope 2 - LB	80,468.3	72,335.1	-10.1%
Total (Scope 1 + 2 LB)	505,786.9	476,002.0	-5.9%

Please note that the Company's Sustainability Report annually reports other relevant environmental KPIs, including details of the main sources of impact.

⁹ 2022 and 2023 data have been aligned with the final values published in the 2023 Polynt Group Sustainability Report



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