

PALM OIL POLICY

1. Introduction: social and environmental commitment

Italmatch (as defined below), in implementing the principles and values contained in the Group's Code of Ethics and Sustainability Policy, which emphasise the central role of the individual and embrace a commitment to respect human rights and the environment, recognises the importance of promoting the well-being of the environment and local communities involved in the cultivation and production of palm oil throughout its value chain.

Italmatch also extends this commitment to its suppliers, requiring them to implement responsible and sustainable procurement policies that respect the environment and the rights of workers and local communities.

In particular, the following principles are of primary importance throughout Italmatch's value chain:

- **Environmental protection:** to protect forests by minimising their conversion to agricultural land, preventing negative impacts on the environment and climate change, and protecting biodiversity.
- **Workers' rights:** in order to ensure that palm oil is produced in accordance with safe, fair and decent working conditions, not tolerating exploitative labour practices, including child labour, forced labour, obtained through segregation or the withholding of workers' documents, and rejecting discriminatory practices.
- **Rights of local communities and support for local development:** to ensure that sustainable socio-economic development practices are encouraged and promoted in palm oil cultivation and production areas; this includes support for local initiatives aimed at improving living conditions and quality of life through access to education, healthcare and vocational training, as well as through the recognition of adequate compensation for land use and the involvement of local communities in prior consultation processes.

2. Scope of application and regulatory references

The Italmatch Group purchases moderate quantities of palm-derived raw materials, which represent a minority percentage of the total volumes of raw materials used in its production processes.

We are aware that the palm oil trade has a significant impact on the environment, biodiversity and local communities, and we adopt responsible and sustainable sourcing practices.

This policy ("Policy") applies to Italmatch Chemicals S.p.A. and all its subsidiaries¹ ("Italmatch Group", "Italmatch" or "Group"), regardless of their geographical location or type of activity.

Italmatch is committed to ensuring that all Group companies fully comply with the content of this Policy throughout the value chain, from sourcing to production, distribution and marketing of finished products.

¹ All companies and/or entities directly or indirectly controlled by Italmatch Chemicals S.p.A. are considered "Controlled", where "control" means direct or indirect ownership of at least 50% of the capital or voting rights.

The contents of this Policy refer to:

- the national laws and regulations in force in the countries where Group companies operate;
- the European Regulation on deforestation (“EU Regulation No. 2023/1115 on the placing on the Union market and export from the Union of certain raw materials and products associated with deforestation and forest degradation”);
- the principles and criteria expressed by the Roundtable on Sustainable Palm Oil (RSPO) (2018 RSPO Principles & Criteria; RSPO 2020 supply chain certification standard), a global organisation that brings together stakeholders and operators from across the palm oil supply chain with the aim of developing and implementing universal standards for the production of sustainable palm oil. As a guarantee of their commitment to these principles, plants that primarily process palm oil derivatives hold and maintain RSPO certification.

In implementation of the above, all Italmatch Group suppliers and business partners are required to comply with the principles and standards defined in this Policy, in order to ensure consistency and commitment to sustainability throughout the organisation and supply chain.

Italmatch will also endeavour to ensure that its suppliers recognise and embrace the same values in their supply chain, in order to spread the principles of sustainable production of palm oil and its derivatives.

Italmatch has therefore defined clear principles and concrete actions to ensure that, even in the case of limited use, the palm oil used in its products comes only from sustainable sources and complies with the highest environmental and social standards.

3. Commitment to environmental sustainability

The Italmatch Group is committed to ensuring that all palm oil used in its products comes from sustainable sources, in line with internationally recognised standards.

In particular, Italmatch recognises the following principles as fundamental and requires its suppliers to recognise and adopt them throughout their supply chain:

- **Environmental sustainability:** to ensure that palm oil is produced without causing deforestation, destruction of fragile ecosystems or loss of biodiversity. The production process will involve the use of agricultural practices that preserve and promote local biodiversity. The cultivation of palm trees, harvesting and production process of palm oil will respect natural habitats, protecting native fauna and flora and avoiding the expansion of cultivation into ecologically sensitive areas.
- **Reduction of impact on biodiversity:** palm cultivation, harvesting and palm oil production will implement preventive measures to avoid damage to local ecosystems, such as the protection of forest areas, peatlands and natural habitats critical to endangered species. In particular, the adoption of agricultural practices that promote biodiversity, such as the conservation of green areas and the promotion of mixed cropping, is essential to minimise the risks of biodiversity loss. The adoption of best management practices in existing peatland plantations will also be promoted and encouraged and, where possible, plans for peatland restoration will be implemented.
- **Zero tolerance for deforestation:** Italmatch will not accept palm oil that comes from illegally deforested land or that threatens natural habitats, such as rainforests and peatlands. Supplies will be monitored to ensure compliance with this principle. Compliance with European legislation on deforestation will be the benchmark in this area, guaranteeing nature conservation.

- **Commitment to non-conversion:** Italmatch will not accept supplies from palm oil plantations that have determined the conversion of natural habitats, primary forests, peatlands or other areas of high conservation value. This principle applies to both direct production and throughout the supply chain. Supplies will be monitored to ensure compliance with this principle.
- **Protection of HCS and HCV areas:** Italmatch recognises and respects the HCS (High Carbon Stock) and HCV (High Conservation Value) principles as fundamental tools for the protection of forests and ecosystems of high environmental, social and cultural value by purchasing from suppliers who can guarantee, through a tracking process, that they have not converted areas identified as HCS or HCV for the production or sourcing of palm oil. Supplies will be monitored to ensure compliance with this principle.

In the deployment of the above, Italmatch undertakes to prefer palm oil purchases (and/or of its derivatives) with RSPO certification or other equivalent sustainability acknowledgement that establish clear criteria for the production of palm oil, instead of purchasing products with not traced origin (support for RSPO certification).

Italmatch also undertakes to ensure the complete traceability of palm oil and its derivatives in the supply chain, working closely with suppliers to monitor and verify the origin of the oil used (transparency and traceability).

4. Supplier qualification process and risk assessment

In the process of qualifying and periodically re-qualifying its suppliers, Italmatch undertakes to conduct regular assessments of the practices implemented based on the principles, policies and procedures they apply. According to the analysed documentation, as well as the outcome of the verification process carried out in accordance with the standards required by the Italmatch Group Supplier Code of Conduct, including ESG ratings assigned by independent external providers and the use of its suppliers' certifications, Italmatch reserves the right, if deemed necessary, to perform:

- **Ad hoc audits:** ad hoc audits may be conducted on suppliers' operational activities to verify compliance with this Palm Oil Policy, including independent audits and third-party verifications to ensure the accuracy of information.
- **Targeted engagement actions with suppliers:** in the event of negative evidence regarding the behaviour of suppliers within their supply chain/procurement process, Italmatch reserves the right to take the most appropriate measures defined on a case-by-case basis.

5. Suspension and blacklisting of non-compliant manufacturers/suppliers

If a supplier fails to comply with one or more of the established criteria, corrective measures will be required in accordance with the following escalation process:

- **Suspension of purchases:** in the event of non-compliance, Italmatch will inform the supplier concerned and immediately interrupt purchases until the problem is resolved. This interruption will be carried out in a transparent manner, notifying the supplier the reasons that led to the decision. Corrective and improvement actions will also be agreed in order to bring the supplier's activities back within the parameters set out in the principles listed here.
- **Blacklisting of non-compliant suppliers:** suppliers who persist in violating the rules established by this Policy, despite opportunities for correction and improvement, as well as suppliers for whom serious violations of this Policy are found, will be placed on a blacklist with the possibility of immediate termination of purchases. This blacklist will not allow these suppliers

to do business with Italmatch for a period of time to be determined based on the severity of the violation. Suppliers and manufacturers included in the blacklist must demonstrate a significant and proven change in their practices in order to be considered for reinstatement.

Monitoring and review: In implementation of the periodic requalification process described above, Italmatch undertakes to regularly monitor its value chain to verify compliance with sustainability practices and to promptly identify any violations. Whenever a violation is detected, Italmatch will take corrective measures, including suspension and blacklisting, if necessary.

6. Commitment to land restoration and compensation for local communities

If a commercial operator is found to be responsible for significant environmental / social damage, such as illegal deforestation or other practices harmful to the ecosystem or local community, Italmatch will do its utmost, based on the information gathered, to ensure that the commercial operator responsible for the damage carries out restoration activities.

In particular, following a remediation approach, restoration activities may include:

- **Involvement of communities in the restoration process:** land restoration must be carried out in close collaboration with local communities, respecting their needs and rights. The approach will be participatory, encouraging consultation with local communities to ensure that the solutions adopted are appropriate and beneficial to local populations.
- **Preparation of environmental restoration activities:** in the event of damage to the environment, activities must be put in place to support restoration activities, such as reforestation, the reintroduction of native species and the protection of compromised natural resources, in order to restore ecological balance and minimise the negative effects caused by unsustainable practices. The involvement of local authorities and/or bodies in the restoration process will be preferred.
- **Compensation to local communities:** where it is established that local communities have been seriously harmed by unsustainable production practices, the commercial operator shall implement appropriate compensatory measures, such as investment in social development projects, support for health, education and infrastructure programmes, and shall ensure that communities receive adequate compensation for the environmental and socio-economic damage suffered. The involvement of local authorities and/or bodies in the restoration process will be preferred.

7. Governance and system for reporting improper practices

Italmatch promotes a transparent and responsible working environment.

The monitoring and implementation of this Policy will be led by the Procurement department, which has direct contact with the Group's suppliers; the Procurement department may avail itself of the collaboration of internal (e.g. QHSE, ESG, etc.) or external consultants.

The Procurement department will also collaborate with the Legal & Compliance department, responsible for managing any reports through the whistleblowing system and other dedicated channels, in order to carry out appropriate checks as a result of the reports received and then manage any issues encountered.

To this end, Italmatch Group has set up a whistleblowing system (anonymous reporting of non-compliant practices) to allow employees, suppliers, collaborators and other interested parties to report, in a secure and confidential manner, any production or procurement practices that do not comply with the sustainability standards defined in this Policy.

The whistleblowing system is organised in accordance with the following:

- **Anonymous reports:** the system allows the anonymous reporting of improper practices, including illegal deforestation, violations of workers' or local community rights, non-compliance with sustainable certifications and other activities that contravene sustainability commitments.
- **Protection from retaliation:** the process ensures that all reports are treated confidentially and that those who report will not be subject to any form of retaliation. Protection from retaliation is an integral part of our policy, to encourage a culture of responsible reporting and continuous improvement.
- **Investigation and corrective action:** each report received will be carefully reviewed and, if necessary, a thorough investigation will be conducted. If violations are found, appropriate corrective measures will be taken, which may include suspension of the supplier involved or other disciplinary action toward employees according to the applicable labour contract.

8. Monitoring, continuous improvement, approval and updating of the Policy

Italmatch is committed to constantly monitoring and reviewing its "Palm Oil Policy" and its supplying practices, assessing progress towards sustainability goals on an annual basis.

This Policy has been approved by the organisation and will come into effect from the date of approval.

It will be subject to reviews every two years and updates in the event of significant changes in the regulatory or operational context.