

# Accelerating to a more sustainable future

Sustainability report  
2022





IMCD is a market leader in the marketing, sales, and distribution of speciality chemicals and ingredients. Listed on Euronext, Amsterdam (IMCD), IMCD achieved a revenue of **EUR 4.6 billion** in 2022 with more than **4,323 employees** in over **60 countries** on **six continents**.

With an in-depth understanding of industry trends, its dedicated teams of technical and commercial experts innovate with a comprehensive portfolio of sustainable products and provide formulation advice that meet the needs of customers across its eight Business Groups.

IMCD's result-driven professionals provide market-focused solutions to around **60,000 customers** and partners with a diverse range of world-class suppliers across EMEA, Americas and Asia-Pacific.

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# Foreword CEO

## Dear Reader,

The world is slowly acknowledging the need to reverse climate change. We should all be aware of the importance of achieving the Sustainable Development Goals. Individuals and companies can all play their part. In our 2021 report, we emphasised that the way forward for IMCD is to encode sustainability in our DNA. We are now proud to report that in 2022 important milestones have been reached, and equally important, our attitude has evolved. Sustainability is a major driver of our business.

### **Improving what is and a willingness to change together are key ingredients for a sustainable future.**

In 2022, IMCD conducted a global employee engagement survey. Talent attraction and retention play a vital role in shaping a sustainable future. It is important that we seek input from our teams and attract new talent to be able to improve and contribute to sustainability.

### **The sustainability challenges we face today can only be tackled in collaboration.**

As a global distributor and formulator of speciality chemicals and ingredients we help shape a sustainable future for all. We are convinced that the sustainability challenges we face today can only be tackled in collaboration. In 2022, IMCD joined Together for Sustainability (TfS), a member-driven initiative that aims to raise CSR standards throughout the

chemical industry. Our continuous efforts have been acknowledged by EcoVadis with a gold rating and an improved score – from 66 to 70.

IMCD also became an official signatory to the United Nations Global Compact (UNGC). We support the Ten Principles of the UNGC on human rights, labour, environment, and anti-corruption. We are committed to making the principles of the UNGC part of our strategy, ways of working and culture. IMCD engages in collaborative projects that advance the development goals of the United Nations, particularly the Sustainable Development Goals.

IMCD was recognised by Sustainalytics as an ESG Industry Top Rated performing Company. The assessment showed a low-risk score of 13.8. The results continuously help us identify and act upon environmental, social and governance issues that potentially could pose a financial or material risk. Our ongoing efforts were also rewarded with inclusion in the Dutch ESG AEX index as one of 25 companies demonstrating best ESG practices.

In our in-house application laboratories, we develop innovative and sustainable solutions for our customers' product challenges. We co-create formulations that enable our business partners to produce products that have a positive or reduced negative impact on the world we live in. Together with EcoVadis and TfS we implemented tools for supplier evaluation and a digital framework of globally shared information.



“We can only improve together through transparent collaboration.”

**Piet van der Slikke**  
CEO IMCD



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We continuously engage with our partners to build sustainable, transparent, and resilient supply chains. In 2022, together with our business partners and guided by EcoVadis and Tfs a Supply Chain Decarbonisation Programme was launched with the aim of reducing IMCD's Scope 3 GHG emissions across its supply chain.

Sustainability is an important driver of our business. It is part of our culture. Collecting and sharing actual and accurate data is a prerequisite for achieving our collective sustainability goals, therefore our report meets the requirements of the Global Reporting Initiative (GRI). This is supported by a full cloud-based digital infrastructure. Our sustainability approach has become an integral part of our business. Going forward, we will continue to contribute to meeting the Paris Agreement and the Green Deal targets for safer chemicals, circularity, and zero pollution by 2050.

Rotterdam, 20 April 2023

Piet van der Slikke



“Sustainability is an important driver of our business. It is part of our culture.”

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# Performance 2022

Versus 2021

## Environment



### GHG emissions

#### Intensity

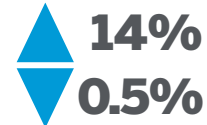
tCO<sub>2</sub>eq/mln euro EBITDA



#### Absolute

tCO<sub>2</sub>eq

Scope 1 and 2

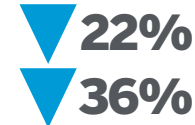


Scope 3



#### Intensity

tCO<sub>2</sub>eq/mln euro EBITDA



### Water consumption

#### Absolute

1,000 m<sup>3</sup>



#### Intensity

l/tonne sold



### Waste

#### Absolute

kg/tonne sold

Non-hazardous



Hazardous



#### Intensity

kg/tonne sold



## People



### Total number of employees (FTE)



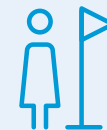
### Nationalities

**>65**



### Women / Men

**53% / 47%**



### Women in senior country & region teams

**42%**



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# Sustainability highlights 2022



IMCD became an **official signatory** to the **United Nations Global Compact**

**ESG Standards for IMCD Business Partners** accepted by 95% of third-party logistic providers, based on spend

IMCD joined **Together for Sustainability**

Key logistic suppliers ESG rated by Ecovadis®, **coverage 82% based on spend**

**EcoVadis® Gold Rating** with an **improved score** from 66 to 70

Open management positions **filled by women 46%**

First **IMCD Global Employee Engagement Survey** launched

Sustainalytics **low-risk score of 13.8**

**GRI 2021 compliant Sustainability Report**

Inclusion in the **Dutch ESG AEX** index

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# Key figures

	2022	2021	CHANGE
<b>Environment</b>			
Total energy consumption (GJ)	123,317	111,738	10%
Energy related emissions scope 1+2 (tCO <sub>2</sub> eq) <sup>1</sup>	11,862	10,450	14%
Energy related emissions intensity scope 1+2 <sup>2</sup>	20.3	26.1	(22%)
Energy related emissions scope 3 (tCO <sub>2</sub> eq) <sup>3</sup>	337,744	339,430	(0%)
Energy related emissions intensity scope 3 <sup>2</sup>	777.3	1,220.7	(36%)
Energy related emissions scope 1, 2 and 3 (tCO <sub>2</sub> eq)	349,606	349,880	(0%)
Emissions intensity scope 1, 2 and 3 <sup>2</sup>	598.2	872.4	(31%)
Water consumption (1,000 m <sup>3</sup> )	4.5	4.3	4%
Water consumption intensity (l/tonne sold)	3.93	4.00	(2%)
Non-hazardous waste generation (tonne)	1,880	2,094	(10%)
Non-hazardous waste intensity (kg/tonne sold)	1.60	1.95	(18%)
Hazardous waste generation (tonne)	429	395	9%
Hazardous waste intensity (kg/tonne sold)	0.38	0.37	3%
<b>People</b>			
Number of employees (FTE)	4,323	3,740	16%
Employee turnover <sup>4</sup>	15%	15%	- %
Gender diversity (%F/M)	1.13	1.06	7%
TRIR (Rate - 200K hours worked) <sup>5</sup>	0.31	0.36	(14%)
<b>Product</b>			
Business partner committed to IMCD's ESG Standards for Business Partners (%) <sup>6</sup>	95%	88%	7%
Workforce in an ISO-9001 certified operational site (%) <sup>7</sup>	75%	88%	(13%)
Workforce in an ISO-14001 certified operational site (%) <sup>7</sup>	40%	45%	(5%)
<b>Governance</b>			
Number of employees received Ethics & Compliance programme (%)	100%	no data	
Number of employees trained in Ethics & Compliance (%)	86%	no data	

<sup>1</sup> For further information about the scope 1, 2 and 3 definitions, see chapter 'Environment'.

<sup>2</sup> tCO<sub>2</sub>eq per million euro operating EBITDA

<sup>3</sup> For further information about the scope 1, 2 and 3 definitions, see chapter 'Environment'. Scope 3 represents 81% of the total tonnes products sold.

<sup>4</sup> For further information about the turnover definition and scope, see chapter 'People'.

<sup>5</sup> For further information about the TRIR methodology, see section 'Occupational Health, Safety and Well-Being' (Chapter: 'People') and 'Methodology note' (Chapter: 'Other information').

<sup>6</sup> Measured for downstream logistic service providers based on spend. Reference is made to the section 'Sustainable procurement' (Chapter: 'Product').

<sup>7</sup> Not adjusted for the impact of recently acquired businesses.



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# About IMCD

IMCD N.V. (IMCD or the Company), with its corporate headquarters in Rotterdam, the Netherlands, is a market leader in the sales, marketing and distribution of speciality chemicals and ingredients. We began in 1995 as a small group of companies with a common ambition and a harmonised business model. From there, we have grown to have a global footprint in over 60 countries on six continents. For a complete list of countries in which IMCD has legal entities, we refer you to the list of group companies included in IMCD's annual report, which is available on our website.

In 2022, our 4,323 employees generated revenues of over EUR 4.6 billion. Today, we are an increasingly digitised distributor that offers formulation expertise and solutions that add value for our stakeholders.

IMCD's technical expertise and formulation support are strengths that differentiate us from our competitors. With our in-depth understanding of consumer trends, our highly skilled and results-driven professionals, we

innovate with our comprehensive product portfolios to provide market-focused solutions that meet the needs of customers across our eight Business Groups. By partnering with IMCD, our suppliers benefit from our market intelligence and accelerated growth through direct access to markets across the world.

## Direct economic value generated and distributed

2022 again was a challenging year, with strong growth in a volatile environment. Geopolitical tensions, including the war in Ukraine, affected the global economy, which had only just recovered from the impact of COVID-19. The shock of the war drove up energy prices, causing uncertainty and depressing the growth of world trade. Global economic growth numbers were modest in 2022 and the global economic outlook for 2023 will remain challenging. In 2022, inflation rates were initially high, mainly due to exceptionally high energy prices, but increasingly also driven by price rises of other goods and services. Labour markets are tight again, immediately after the COVID-19 recession, with staff shortages being felt across the various economies.

Despite the continuing challenging market conditions, the financial resilience provided by IMCD's multi-market and geographical coverage, combined with its diversified supplier and product portfolio, have enabled IMCD to deliver strong results in 2022. Our teams demonstrated collaboration and entrepreneurship, and further strengthened our performance by building on our long-standing partnerships with our suppliers, customers and logistics partners.

KEY PERFORMANCE INDICATORS (IN EUR MILLION)	2022	2021	CHANGE
Revenue	4,601.5	3,435.3	34%
Other income	24.8	24.3	2%
<b>Direct economic value generated</b>	<b>4,626.3</b>	<b>3,459.5</b>	<b>34%</b>
<b>Costs</b>			
Operating costs	3,811.5	2,865.6	33%
Employee wages and benefits	353.1	288.5	22%
Payments to providers of capital	121.5	81.6	49%
Payments to governments	122.8	76.6	60%
Economic investments	18.1	17.5	3%
<b>Direct economic value retained</b>	<b>199.3</b>	<b>129.8</b>	<b>54%</b>
<b>Total capitalisation</b>	<b>3,643.5</b>	<b>3,270.6</b>	<b>11%</b>
Debt	1,970.1	1,809.2	9%
Equity	1,673.4	1,461.4	15%
<b>Total assets</b>	<b>3,643.5</b>	<b>3,270.6</b>	<b>11%</b>

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IMCD distinguishes the following operating segments:

- EMEA: all operating companies in Europe, Türkiye, Israel, Egypt, United Arab Emirates, Saudi Arabia and Africa
- Americas: all operating companies in the United States of America, Canada, Brazil, Puerto Rico, Chile, Argentina, Uruguay, Colombia, Mexico, Peru, Costa Rica, Dominican Republic, Ecuador and Guatemala
- Asia-Pacific: all operating companies in Australia, New Zealand, India, Bangladesh, China, Malaysia, Indonesia, Philippines, Thailand, Singapore, Vietnam, Japan and South Korea
- Holding companies: all non-operating companies, including the head office in Rotterdam and the regional offices in Singapore and in the USA

The direct economic value generated and the direct economic value retained by operating segment is as follows.

Employee wages and benefits increased by 22% compared with 2021. The cost increase was in line with the increase in the number of FTEs. This increase was caused in part by the first-time inclusion of acquisitions and furthermore shows our focus on recruiting and retaining talented employees to support our continuous growth and development. Further information on our financial performance is available in the Financial Performance chapter in our Annual Report 2022.

Compared with 2021, revenues increased by 34% from EUR 3,435.3 million to EUR 4,601.5 in 2022. The revenue growth is the result of organic growth (+21%), the impact of the first-time inclusion of acquisitions completed in 2021 and 2022 (+8%) and the positive impact of foreign currency exchange differences (+5%).

## Significant changes to the organisation and its supply chain

There have been no significant changes to the organisation or the supply chain in 2022.

In the execution of its strategy to create sustainable growth for its stakeholders, IMCD completed the acquisition of eleven businesses in 2022. In addition to these closed transactions, IMCD signed two share purchase agreements of which one is closed in March 2023 and the other one is expected to be closed in the second quarter of 2023. The most significant acquisitions were PromaPlast Resinas, S.A. de C.V., Proveedora de Materiales Plásticos, S.A. de C.V. and PromaPlast USA Inc. (jointly "PromaPlast") and Parkash DyeChem Private Limited ("Parkash DyeChem").

On 15 September 2022, IMCD acquired 100% of the shares in PromaPlast. PromaPlast has a highly diversified product portfolio of resins and compounds to serve the Mexican and U.S. markets. In 2021, PromaPlast generated revenues of approximately EUR 65 million.

On 16 December 2022, IMCD acquired 100% of the shares of Parkash DyeChem, based in India. Parkash DyeChem is an asset-light speciality chemical distributor serving the coatings and construction segments as well as the personal care and advanced materials markets. Parkash DyeChem generated revenues of approximately EUR 30 million in 2021 and has 60 employees in India.

IN EUR MILLION	DIRECT ECONOMIC VALUE GENERATED		DIRECT ECONOMIC VALUE RETAINED	
	2022	2021	2022	2021
EMEA	2,012.5	1,606.1	145.7	108.1
Americas	1,602.9	1,138.6	119.5	68.1
Asia-Pacific	1,010.2	717.2	79.6	58.1
Holdings	0.7	(2.4)	(145.6)	(104.6)
<b>Total</b>	<b>4,626.3</b>	<b>3,459.5</b>	<b>199.3</b>	<b>129.8</b>



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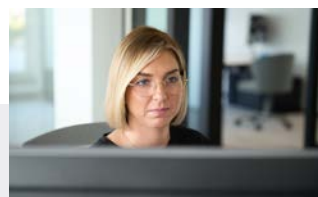
## Our market

The products in our portfolio are used in almost every aspect of daily life, ranging from home, industrial and institutionalised care, personal care, food & nutrition and pharma to lubricants & energy, coatings & construction, advanced materials, and synthesis.

The constant demand for product improvement and higher performance drives the need for innovative speciality chemicals and food and pharmaceutical ingredients. Diverse, complex and international markets require suppliers with first-class knowledge and support. For this reason, IMCD invests heavily in technical expertise and application know-how, as well as in sales and marketing excellence.

But we go further still. Both our suppliers and our customers benefit from IMCD's ability to simplify their business, providing access to numerous partners, without the complexity that this usually involves. In our unique position, we are drivers of innovation, contributors of insight and guarantors of timely supply. The speciality chemicals distribution market still consists of large global or pan-regional companies and a large number of, often family-owned, local players. There is strong demand from major suppliers for pan-regional distributors who can streamline business operations and work as a strategic partner to support long-term growth.

As a result, further consolidation within the sector is taking place with an ongoing focus on local excellence and technical expertise. The rationalisation of the global speciality chemicals distribution industry will continue to be shaped by the following trends:



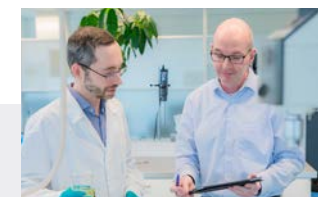
### Selective outsourcing

The outsourcing of sales, marketing and distribution to a more limited number of third-party distributors, remains an important part of the channel strategy of suppliers. The greater complexity in the breadth of speciality products, lower order volumes and specific customer requirements in the various end markets are expected to drive outsourcing to a decreasing number of speciality chemicals distributors.



### Preferred partnership

Suppliers in developed markets are generally looking for more structured pan-regional management of sales and distribution. By entering into a sole third-party rights of distribution relationship with a preferred distribution partner for multiple countries or regions, suppliers are able to significantly simplify and optimise their route-to-market.



### Increased regulation

In sophisticated markets, increasing regulation will require chemical distributors to obtain a certain minimum scale in order for them to be able to fully comply with the requirements at an affordable cost. In order to be compliant, smaller distributors may need to upgrade their facilities or alter their processes. Smaller, locally-oriented distributors that currently do not comply with the additional requirements generally are required to make comparatively large investments to comply, whereas larger distributors can more easily make such investments due to their scale.

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## Our business model

In close cooperation with its key stakeholders, IMCD strives for operational excellence in all aspects of its business operations. With the overarching principles of product stewardship and fostering open relationships with its partners, IMCD aims to create long-term value across its value chain.

### Core activities

IMCD's core activity is the sales, marketing and distribution of speciality chemicals and food and pharmaceutical ingredients. By building strong relationships, IMCD seeks to simplify its suppliers'

business operations while supporting growth through its extensive local networks, market intelligence and technical expertise. A single point of contact, coordinated inventory management, business process integration and digitisation of transactions are all examples of the benefits that IMCD brings to its suppliers, which in turn accelerate their value-added growth. At the other end of the value chain, IMCD focuses on its customers: manufacturers that need speciality chemicals for the production of end-products.

By maintaining a large and diverse product portfolio, IMCD offers its customers a broad range of solutions to meet specific requirements. IMCD aims to develop

lasting customer relationships by providing customers with quality assurance and highly specialised product knowledge, alongside technical advice and formulation support. In addition to its sales and marketing activities, IMCD provides distribution and other ancillary services. Wherever possible, IMCD outsources its physical distribution and other ancillary activities, such as warehousing, bulk breaking, mixing, blending, packaging, and labelling to professional third-party logistics service providers.

### Technical expertise

IMCD strives to make a positive impact for both its business partners and society as a whole. Its technical experts analyse new technologies and proactively offer innovative solutions for the constantly developing and demanding markets in which IMCD operates. Together with its business partners, IMCD turns market trends into sustainable products that benefit the lives of consumers worldwide and help reduce the environmental impact.

In 2022, we continued to optimise our working methods through a more intensive use of our virtual platforms, while focusing on the following areas:

#### A. New product analysis and development

We work in close partnership with our customers' R&D Departments, carrying out competitive matching, sharing new application opportunities and assisting in the formulation of the most effective and innovative products.

#### B. Customer insight workshops

We developed over 500 digital marketing campaigns and organised more than 100 webinars for our customers around the world to introduce new additions to our portfolio, share insights on the latest market trends or present solutions to production processing challenges. Across our global network of technical





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centres, customers can test product performance, run stability and application tests and experience the finished product with the support of our scientific and technical teams.

### C. Supplier workshops

At our technical centres, suppliers can gain an understanding of how their products interact and function (in combination with other products in the IMCD portfolio) as part of a finished formulation. This understanding and market trend awareness enable us to assist our suppliers with the development of new product concepts.

### D. Internal training

Workshops and training sessions are in place for IMCD teams across the globe, both on-site and through our e-learning tools. These ensure that our people stay abreast of market trends and developments and fully understand the functionality and characteristics of the products in our portfolio, so that we can better support our customers.

## Our organisation

IMCD's business is organised into several strategic market sectors with dedicated Business Groups in each country where we operate. This matrix structure enables us to provide fully integrated and coordinated worldwide distribution services and facilitates the exchange of commercial and technical expertise across our organisation. With this arrangement, our expert chemists and technical teams can offer customers both in-depth local market insight and state-of-the-art application knowledge.

Each end-market is managed by a Business Group management team to ensure the same high-level performance across the IMCD organisation. At the



“We are a market leader in the sales, marketing and distribution of speciality chemicals and ingredients”

local level, IMCD's country management teams are responsible for the optimisation of our services to customers locally, across the various market segments.

Our local activities are further strengthened by the support of our two regional Headquarters in the Americas and in Asia-Pacific. In addition, our global head office in the Netherlands provides guidance, alignment, and central policies with regards to sustainability, digitalisation, IT, HR, finance & control and compliance.

Our Business Groups are described in more detail on the following pages.

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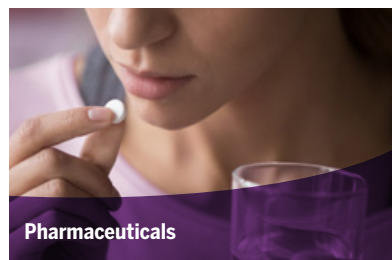
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## Our business groups



**Home Care and I&I**

The Home Care and I&I (Industrial & Institutional) business group delivers high-performance, premium ingredients which yield consistent results and sustainable solutions, ensuring better cost-in-use through performance-driven products for cleaning, surface and laundry care.



**Pharmaceuticals**

The Pharmaceuticals business group offers a comprehensive product portfolio with the highest quality active ingredients and functional excipients for the pharmaceutical, nutraceutical, agrochemical, biopharmaceutical, and synthesis markets.



**Beauty & Personal Care**

The Beauty & Personal Care business group offers access to an extensive portfolio of innovative functional and active ingredients as well a superior technical and marketing supports to inspire and accelerate the development of future-facing cosmetic products.



**Coatings & Construction**

The Coatings & Construction business group delivers a wide range of speciality raw materials to drive performance, innovation and sustainability in paints, coatings, construction, adhesives, printing inks, textile, leather and paper formulations.



**Food & Nutrition**

The Food & Nutrition business group offers a complementary range of speciality food ingredients and flavours. By providing insightful application support, we enable food producers to generate on-trend food and beverage solutions that are part of consumers' daily lives.



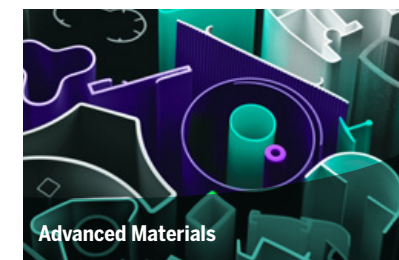
**Lubricants & Energy**

The Lubricants & Energy business group brings together IMCD's expertise across the lubricant, fuel, oil & gas and energy sectors. We offer base oils and additives for automotive and industrial lubricants and a range of speciality chemicals for use in oil, gas, fuel and energy markets.



**Industrial Solutions**

Industrial Solutions provides industry-leading speciality solutions to our customers in chemical intermediaries, environmental technologies, material technologies and processing technologies that spark success and drive their business forward.



**Advanced Materials**

The Business Group Advanced Materials partners with world-class producers to develop innovative and sustainable solutions for a safer and healthier life. We distribute high-performance materials to our customers. Our global network of expert teams are eager to collaborate with our clients, who are active in 24 different end-markets within the Converting, Compounding and Composites industries.



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# Approach to sustainability



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# How we operate in the ecological, social, and economic environment

Our approach to sustainability responds to the global challenges for our planet and society as a whole, and is embedded in the IMCD business model. It addresses the most material topics to our business and our stakeholders and translates our overall sustainability efforts into tangible goals.

## Managing sustainability

IMCD's sustainability agenda and strategy are determined by its Management Board, which also reviews and approves the organisation's Sustainability Report and ensures that all material topics are covered.

The Supervisory Board oversees, monitors, and advises the Management Board on the Environmental, Social and Governance (ESG) issues that are relevant to the business and on IMCD's strategy for achieving its sustainability agenda. Sustainability and corporate responsibility are not only key to business strategy, but will increasingly become a driver of business growth. In line with the Dutch Corporate Governance Code, as part of its supervision, the Supervisory Board also monitors the integrity and quality of the sustainability reporting.

Both governing bodies review sustainability topics and their impacts, risks, and opportunities at least annually, as well as in case of specific concerns. The preparatory work for the Supervisory Board's decision

making regarding sustainability matters is allocated to the Audit Committee, which for this topic acts as sustainability committee.

The day-to-day sustainability aspects of IMCD's operational activities are managed by the business groups and the countries. Group Departments such as Health, Safety, Environment, Quality and Regulatory (HSEQR) & Sustainability, Global Supply Chain Management, Global Human Resources, Legal, Corporate Affairs and Compliance, led by the respective directors, are responsible for the coordination, the global policies and the strategic direction, and they report directly to the Management Board.

The key sustainability topics are identified in consultation with external and internal stakeholders, assessed by the Management Board, and are monitored at group level by IMCD's Group Sustainability Task Force, which is responsible for matters relating to the environment, safety, health, quality, regulatory compliance, sustainability, supply chain management,

human resources, and legal and corporate affairs. The members of the Group Sustainability Task Force are functional leaders who work in conjunction to assure sustainability integration in all areas of our business and who advise the Management Board. The Group Sustainability Task Force is headed by IMCD's Chief Operating Officer (COO), being a member of the Management Board.

The Company's ESG policies and global procedures are reviewed continuously and are approved by the Management Board. These policies cover all companies in the IMCD Group.

IMCD aims to be a valued partner to all its suppliers and customers by providing continuous training to its employees, ensuring they have the skills and ability to deliver high-quality services. When new policies, procedures, regulations, or laws are implemented that are relevant to staff, special training sessions are organised to ensure up-to-date knowledge and effective performance throughout the company.

## Sustainability strategy

IMCD is currently developing an updated strategic sustainability framework with an approach to sustainability that responds to the global challenges for our planet and society as a whole and is embedded in the IMCD business model and overarching strategy. It tackles the most material topics to our business and our stakeholders and translates our overall sustainability efforts into tangible goals.

IMCD aims to grow its business while reducing its environmental footprint and demonstrating positive social impact through clear and measurable metrics. We are committed to offering products and solutions within our portfolio that focus on the health and well-

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being of our consumers, the environment, and society, while managing our operations in a responsible way.

IMCD Group's forward-looking approach to sustainability is integral to our commitments to Environment, People, Product, and Governance. These are the four pillars of our sustainability strategy and we identified the material topics under each and established the key focus areas for acceleration where IMCD can make a difference (see Key areas for sustainability on page 19).

Our ambition is to contribute to meeting the Paris Agreement and the Green Deal targets for safer chemicals, circularity, and zero pollution by 2050. However, we only embarked on this journey recently (2018) and we are still in a process of reviewing our GHG emissions calculation methodologies, optimising our data quality and coverage, and developing our strategic sustainability framework, with clear long-term and short-term ambitions and targets. In addition, we continuously work on strengthening IMCD's Sustainability Management System.



“We are developing a strategic sustainability framework to respond to the global challenges of our planet and society and to fully integrate sustainability into our business model and strategy.”



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## Our Value creation

### Input

#### Financial

€ 770,1 million  
Working capital

1.7

Net Debt /  
Operating EBITDA

#### Infrastructure

8 business groups  
3 regions  
109 offices  
135 warehouses  
73 laboratories

#### Intellectual

48,000  
products

#### Human

4,323  
employees  
47% men, 53% women

#### Social & relational

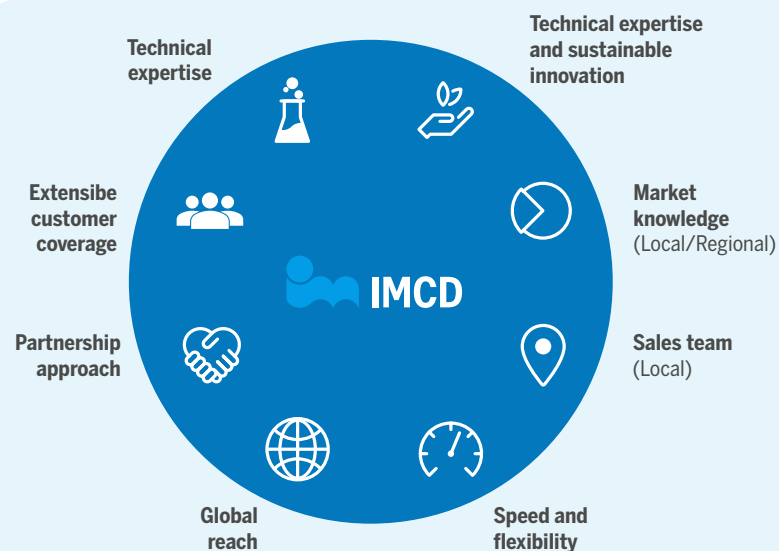
60,000  
customers

3,000  
suppliers

#### Natural

123,317 GJ  
Energy consumption

### Mission and Vision



### Trends, Governance and Risks



At IMCD, we create a world of opportunity for our partners. It is our way of being, working and why we are able to surpass expectation in everything we do. As our proposition, it encapsulates the diverse nature, breadth and depth of opportunities created for stakeholders when engaging with us. It is our purpose, our mission and connects us under one common goal – to see beyond what is, to what will be.

Output	Outcome	Impact
26% Organic gross profit growth	Environment	
7% Acquisition gross profit growth		
12.0% EBITA margin	People	
28% EBITA CAGR (5 years)		
€ 4.6 billion Revenue	Product	
51% Earnings per share growth		
€ 2.37 Dividend per share	Governance	
↓ 31% Emissions intensity	Financial resilience	

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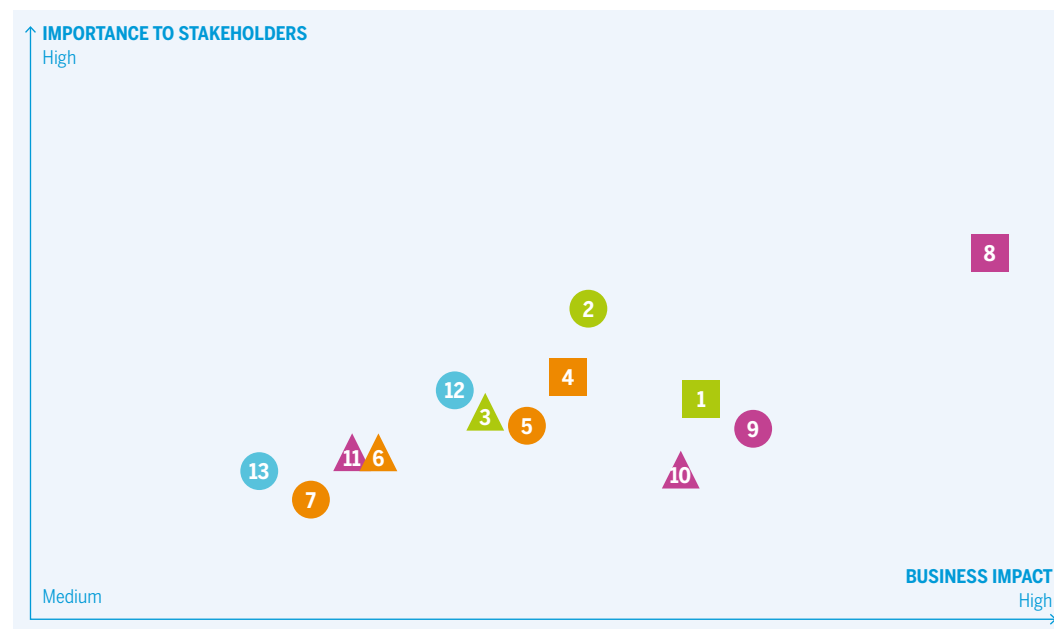
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## Key areas for sustainability

At the end of 2021, IMCD reviewed its materiality assessment to identify the most relevant environmental, social, and governance (ESG) topics for the organisation to manage, in accordance with GRI Standards. The materiality assessment was undertaken by engaging key internal and external stakeholders and applying the double materiality principle, which takes a forward-looking perspective. IMCD 's approach to the double materiality principle was to assess the identified material topics against business impact and Importance to stakeholders. Topics were determined through desk research on ESG reporting frameworks, ESG ratings, disclosure standards, trend reports, and a comparison with IMCD's peers and current initiatives. The list of topics was refined through internal discussions on the topics' risks and opportunities.

Once the list of material topics was established, stakeholder relevance on the topics and business impacts was assessed. During all activities, feedback was requested to validate the list of material topics and their definitions. The relevance to stakeholders was assessed in interviews with a selection of IMCD's senior managers and principal partners, in a workshop with internal stakeholders who gave by-proxy insights for IMCD's stakeholders (customers, principal suppliers, IMCD staff, and investors) and through additional desk research on a selection of customers, principal partners, investors, public organisations and peers. The material topics' impacts were assessed in a workshop during which the working group members discussed and rated the outside-in and inside-out impacts. This latter step was performed to comply with the concept of double materiality in line with the GRI Standards. The material topics were mapped in IMCD's materiality matrix.



### CATEGORIES FOR FOCUS AND EFFECTIVE MANAGEMENT

- **Core focus areas for acceleration**  
Materialities for strategic focus and differentiation
- ▲ **Sustainability enablers**  
Materialities that put the company in the right position to address the core focus areas
- **Areas that are important to monitor**  
Materialities that should be actively monitored in order to meet compliance standards and to mitigate risk



#### ENVIRONMENT

1. Supply Chain Decarbonisation (Core focus)
2. Climate Strategy
3. Eco-Efficient Operations



#### PEOPLE

4. Talent Attraction & Retention (Core focus)
5. OHS & Well-Being
6. Diversity, Equity & Inclusion
7. Labor Practices & Human Rights



#### PRODUCT

8. Sustainable Solutions (Core focus)
9. Safe Handling & Distribution
10. Sustainable Procurement
11. Digitalisation



#### GOVERNANCE

12. Ethics & Governance
13. Cybersecurity

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In line with GRI Standards, the material topics are reflections of IMCD's significant economic, environmental, and social impacts, and substantively influence the assessments and decisions of stakeholders. All topics displayed in the materiality matrix shown on the previous page were assessed to be material to IMCD. Business Impact (x-axis) is defined as the estimated magnitude of IMCD's economic, environmental, and/or social impacts as a business, considering the related risks and opportunities. Importance to Stakeholders (y-axis) relates to the relevance of the material issues to IMCD's stakeholders: customers, principal suppliers, senior management, IMCD people, investors, public organisations, and peers.

To ensure effective management, the material topics were organised under these four pillars. Each material topic was further classified and prioritised as:

- Core focus area for acceleration,
- Sustainability enabler and
- Area to monitor

The identified focus areas for acceleration include Sustainable Solutions, Supply Chain Decarbonisation, and Talent Attraction and Retention. An acceleration roadmap for these focus areas has been developed.

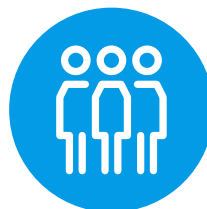
IMCD continuously strives to improve and accelerate its sustainability efforts. As such, the company is constantly assessing and adjusting the relevance of its material topics to ensure they align with its business scope, the interests of its stakeholders, industry regulations and standards, and global trends. IMCD conducts updates of the materiality assessment every two to three years.

### Key pillars in which IMCD strives to stimulate sustainable practices



#### ENVIRONMENT

IMCD takes climate protection seriously and anticipates risks and opportunities relating to climate change together with its suppliers and customers and in its logistics processes. IMCD continuously seeks to reduce the environmental impact of its operations. We optimise daily operations, focusing on reducing the greenhouse gas emissions from our activities and in the supply chain. We engage with third-party logistics providers to reduce Scope 3 emissions. IMCD ensures that the highest standards are applied for its waste handling and disposal to avoid environmental pollution.



#### PEOPLE

IMCD is proud of its people and considers them to be its most valuable asset by far. We have no factories or products of our own; therefore, the value of the company lies in our brand, in the commercial partnerships we have established and in the quality of the people we employ. IMCD fosters an entrepreneurial business culture that aims to get the best out of everybody. It also helps to attract and retain the very best in the industry. We believe that our staff diversity contributes to our overall performance.



#### PRODUCT

As a leader in the distribution of speciality chemicals and ingredients, IMCD is equipped with the market intelligence, technical expertise, application laboratories and product know-how needed to drive forward the sustainable solutions that should be at the forefront of the industry. IMCD promotes Sustainable Solutions in the market when it champions the journey of its suppliers and de-complexifies the market and the sustainability landscape for its customers. IMCD is dedicated to the safe and reliable handling of chemicals, ensuring its warehouse operations and transport comply with all relevant standards. IMCD safeguards ethical and sustainable sourcing from its suppliers and service providers to ensure responsible ESG practices.



#### GOVERNANCE

Integrity is fundamental to the way IMCD does business. IMCD has strong values and clear policies and standards in place to ensure that its employees always act in an ethical manner. By asking our partners to do the same, we aim to have a positive influence across our value chain.



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## Voluntary commitments to external sustainability initiatives

IMCD is a committed participant in various external sustainability initiatives, networks, and platforms. Some examples are given below. A more extensive list of IMCD's main memberships of industry and other associations can be found on IMCD's website.

### Together for Sustainability (TfS)

Together for Sustainability is a joint sustainability initiative and global network of the chemical industry. Founded in 2011, and with world-leading chemical companies among its membership, it has grown into a global standard for ESG performance in chemical supply chains.

After joining TfS in 2022, IMCD now has access to a procurement-driven network of global companies working together to create global solutions and robust tools that tackle sustainability issues in the supply chain. All TfS members have full access to this global network of assessed and audited suppliers. TfS members benefit from efficiencies in sustainable procurement and towards their own sustainability goals. Suppliers benefit from exposure to a pool of chemicals buyers with an annual purchasing power of over EUR300 billion.

As a new member, IMCD will contribute to TfS as an important link in the chemical supply chain between principal suppliers and customers. We bring knowledge of market trends and customer demands - especially the SME segment - and we work towards sustainable logistics services by providing input to the Product Carbon Footprint (PCF) data from our transport and logistics processes.

### EcoVadis

As participant in TfS, IMCD Group and several group companies undergo annual assessments by EcoVadis, a leading sustainability rating provider that promotes transparency and sustainability in global supply chains. IMCD is proud to have achieved group-level Gold recognition in 2022 for the second time, with an improved score from 66 to 70.

In addition, 2022 was a year of growth and improvement for our subsidiaries, which were also able to increase or maintain their individual EcoVadis scores. In 2022, the outstanding efforts of IMCD Canada, France, Germany, and Italy were awarded with a platinum rating, placing them among the top 1% performers assessed by EcoVadis in the chemical distribution industry. IMCD Benelux, Finland, Poland, Spain, Sweden, UK, US, and Brazil were awarded with a gold level recognition. Our offices in Norway and South Africa achieved silver. Assessments of some other significant IMCD companies such as IMCD India are expected to further add to our honours list of sustainable offices.

### Sustainalytics' ESG Risk Rating

Sustainalytics, a Morningstar Company, is a leading independent ESG research, ratings and data firm that supports investors around the world in developing and implementing responsible investment strategies.

Its ESG Risk Ratings measure a company's exposure to industry-specific material ESG risks and how well a company is managing those risks. In 2021, IMCD received an ESG Risk Rating of 14.8, indicating that IMCD is at low risk of experiencing material financial impacts on ESG factors. In 2022, this score improved to 13.8, ranking IMCD among the first over 180 international peer companies in trading and distribution.



### IMCD Group EcoVadis rating

In 2022, IMCD Group has been awarded a GOLD rating by EcoVadis for a second time. EcoVadis assessed the sustainability performance of IMCD Group in four key areas, namely "Environment", "Labour and Human Rights", "Ethics" and "Sustainable Procurement". With this result IMCD Group belongs to the top 5% of 90.000 active companies working with this programme. This rating reassures our business partners that IMCD meets the sustainability standards in all areas of its business. It also affirms that we are making a progress in our sustainability effort for continuous improvement.

### Roundtable on Sustainable Palm Oil

IMCD is a proud member of the Roundtable on Sustainable Palm Oil (RSPO), a non-profit organisation that unites stakeholders from seven sectors of the palm oil industry, aiming to develop and implement global standards for sustainable palm oil. In 2022, 40 IMCD entities were part of IMCD's group membership.

### Responsible Care and Responsible Distribution

Most of IMCD's operating companies take part through local associations in the Responsible Care or Responsible Distribution programmes of the

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International Council of Chemical Associations (ICCA). These operating companies have stated that they are committed to the ongoing development and observance of the guidelines laid down in the global programme covering eight guiding principles.

The commitment to these guidelines and policies is assessed by independent third-party experts in accordance with the relevant regional assessment systems. Independent experts also review and document the relevant operating company's environmental performance and safe handling of chemicals.

### United Nations Global Compact

IMCD supports the Ten Principles of the United Nations Global Compact, the largest corporate sustainability initiative in the area of human rights, labour, environment, and anti-corruption. These principles are embedded in IMCD's culture and values, and have been included in the Group's policies and procedures over the past years. As of February 2022, IMCD is an official signatory to the UN Global Compact. This report serves as our second Communication on Progress for 2023 and in addition we will report on the UNGC website via questionnaire supported by their digital platform.

## Sustainable Development Goals alignment

A selection of leading chemical companies and industry associations initiated the process of translating the United Nations Sustainable Development Goals (SDGs) into a Chemical Sector SDG Roadmap, which was published in July 2018 under the guidance of the World Business Council for Sustainable Development. IMCD has aligned its sustainability priorities with targets underlining four of the SDGs that the chemical sector identified, as summarised on this page. In addition, IMCD has identified its potential contribution to 10 other SDGs based on its compliance with the GRI 2021 standards.



### 3. Good Health and Well-Being

IMCD promotes sustainable products on the market. Its technical experts continuously analyse new technologies and turn market trends into viable green, healthy and more sustainable applications, formulations and solutions. By putting this expertise to work for the benefit of our suppliers and customers, IMCD contributes to increased availability of products with health and safety benefits, while reducing their environmental footprint. IMCD aims for all its people to be safe and healthy, and to have a well-balanced life.



### 8. Decent Work and Economic Growth

IMCD employs over 4,300 people worldwide and reaches some 3,000 suppliers and more than 60,000 customers through its operational activities. This means that IMCD plays a key role in generating rewarding work opportunities, providing fair working conditions and contributing significantly to economic growth, both directly and indirectly.



### 12. Responsible Consumption and Production



### 13. Climate Action

By simplifying its suppliers supply chains on a local and a global scale, IMCD enhances process efficiency, increasing efficiency in the use of resources while reducing emissions, energy consumption and waste. IMCD not only achieves this for its partners, but is itself also committed to working in a responsible, ethical, and sustainable manner at all times.

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To contribute to these goals, we are focusing on reshaping our product portfolio and optimising our own operations. In addition, we support local initiatives through which we can impact the daily lives and futures of the people present in the local communities where IMCD operates. More on this can be found on page 63.

## Stakeholder engagement

In close cooperation with the key stakeholders in its value chain, IMCD strives for operational excellence in all aspects of its business operations. Based on open relationships with its business partners, IMCD aims to create long-term value for its stakeholders. For IMCD, stakeholder engagement takes many forms and comprises multiple topics.

In respect of IMCD's sustainability strategy, stakeholder dialogue and consultations are included to assess the materiality and impact of various topics. Stakeholders were identified through desk research and interviews with senior management. IMCD also takes feedback from customers, principals, and third-party logistics providers as well as from sustainability rating agencies such as EcoVadis, auditors, certification bodies, public authorities, and investors. This feedback helps us to further improve on the various sustainability topics.

As a distributor of a wide range of speciality chemicals and ingredients, we acknowledge that the products we distribute have impact throughout their life cycle. Therefore, IMCD encourages responsible and sustainable operations in its entire supply chain and cooperate closely with its supply chain partners, both upstream and downstream. IMCD's direct environmental footprint is limited given its asset-light business model; however, thanks to our particular position in the supply chain and using our market knowledge, technical expertise, large customer base,

and broad product range, we can have a significant impact on making the chemicals and ingredients supply chains more sustainable and future-focused. We can select and influence our third-party logistics service providers; we engage with our customers regarding their needs and educate them and we feed our principals with information regarding the needs in the market, and together we co-innovate to meet the environmental and societal challenges we all face. We truly believe that the sustainability challenges our planet and society face are not something we can tackle alone.

In compliance with the new Dutch Corporate Governance Code, IMCD plans to conduct a review of its stakeholder dialogue processes in 2023. The purpose of this review is to ensure that the company is effectively communicating with its stakeholders. As part of this effort, IMCD will also develop a stakeholder dialogue policy that outlines formal procedures for addressing grievances and remediate potential impacts.

## Applying the precautionary principle

IMCD believes in actively responding to the threat of serious and irreversible damage to society and the environment. Even when issues are uncertain, the possibility of adverse effects urges us to make discretionary decisions. When acting on its key areas of sustainability, IMCD applies and encourages its partners to apply the precautionary principle so as to protect society and the environment from exposure to harm.

## Grievance mechanism and concerns communication

For all concerns, IMCD has implemented an Internal Alert Procedure, available on its website ([www.imcdgroup.com/en/investors](http://www.imcdgroup.com/en/investors)), that enables IMCD employees worldwide to report, without fear of retaliation, any irregularities or deviations in IMCD's operations, including deviations from IMCD's business principles as described in the Code of Conduct or other group policies. To support the use of the Internal Alert Procedure and in line with European legislation on whistleblower protection (Directive EU 2019/1937) IMCD maintains an (externally hosted) Ethics and Compliance Hotline. As from September 2021, the hotline is also included in the ESG Standards for IMCD Business Partners and open to reports by third party stakeholders.

All complaints and critical concerns regarding HSEQ related topics are handled through the existing complaint and incident handling procedure. Claims raised internally or by third parties are reported to the Group Finance and Legal Department. Emergency situations can also be communicated to IMCD through a 24-hour emergency response provider or by calling a contact number on IMCD's website.

All reported concerns, complaints and incidents are registered, investigated, followed up and closed. Reported non-compliance claims are registered using global systems and following global procedures. Local HSEQ Managers are responsible for assessing the compliance impact of non-conformities and determining the actions required.



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Significant complaints and incidents must be communicated to the relevant IMCD Product Manager, the local finance Department, and the local Managing Director, as well as to the HSEQR Manager responsible for the region, and the Group Regulatory, Quality and Sustainability Director. The latter is responsible for assessing the concerns raised, communicating critical concerns to the Management Board, and managing the required actions.

In 2022, no critical concerns about the organisation's potential and actual negative impact on stakeholders were raised through the company's grievance mechanism and, hence, no concerns were reported to the highest governance body.

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# Environment





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# We care for our planet

IMCD takes climate protection seriously and proactively responds to risks and opportunities relating to climate change together with suppliers and customers and in its logistics. IMCD continuously seeks to reduce the environmental impact of its operations. We optimise daily operations, focusing on reducing greenhouse gas emissions from our activities and in the supply chain. We engage with third-party logistics providers to reduce Scope 3 emissions. IMCD ensures the highest standards are applied for its waste handling and disposal to avoid environmental pollution.

IMCD recognises the impact of its activities on the environment, and we report on three topics that surfaced during our materiality assessment, namely Supply Chain Decarbonisation (Scope 3 GHG emissions), Climate Change Strategy and Eco-efficient

operations (Scope 1 and 2 GHG emissions, energy, water, wastewater and waste management).

One of the most significant ways to reduce our environmental impact is by reducing our carbon footprint, and this starts with monitoring carbon

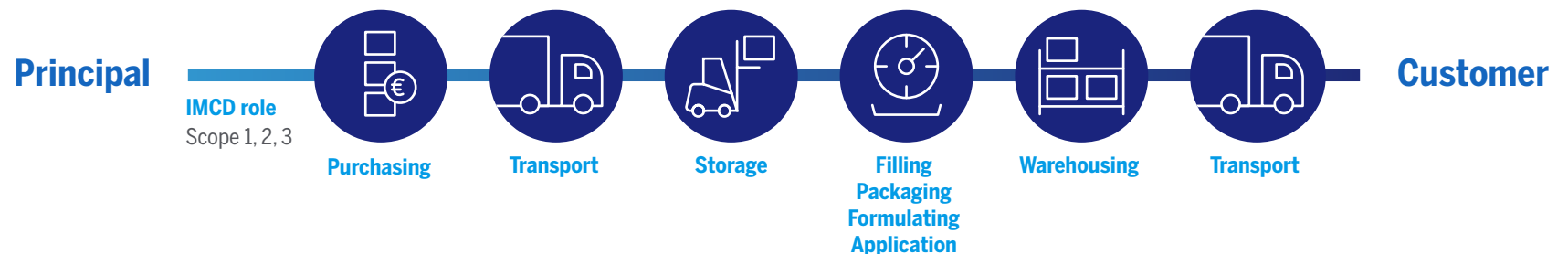
emissions. We track our progress by monitoring and reporting the emissions in Scopes 1 and 2 (as defined by the GHG Protocol), as well as emissions originated in transport carried out by our logistics partners (falling under scope 3 in the GHG Protocol ).

IMCD distinguishes the following categories of GHG emissions, following the GHG Protocol:

**Scope 1 emissions** are caused by using direct energy carriers in our offices, in production locations, for business trips, and for our inhouse transport, warehouse and distribution activities. Marginal share is associated with cooling agents in the air conditioning of our working spaces.

**Scope 2 emissions** are the result of using provided energy (mainly electricity) in our offices, in production locations and to a certain extent, in our own warehouse activities.

## Our environmental impact coming from our operations, mainly logistics



**Scope 1** emissions are direct emissions produced by the burning of fuels by IMCD.

**Scope 2** emissions are indirect emissions generated by electricity consumed and purchased by IMCD.

**Scope 3** emissions are direct emissions produced by the burning of fuels by third-party logistics providers contracted by IMCD.



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**Scope 3 emissions** we report represent the emissions originated in transport activities of our contracted third-party logistics service providers, mainly in the combustion of fuel.

Scope 1 and scope 2 emissions are measured globally, and scope 3 reflects the geographical area in which an IMCD's entity has one full year of transactional data available in its ERP system. IMCD entities that have been incorporated into the ERP system during the year are out of scope but will be added the next year. For 2022, the IMCD entities included in the scope 3 absolute emissions and emission intensity calculations, represent 81% of the total tonnes sold by the group.

The total GHG emissions accounted for in 2022 amounted to 349,6 kt CO<sub>2</sub>eq. Due to the slight decrease of Scope 3 emissions in third-party logistics and a slight increase of emissions within the organisation, the total accounted emissions stayed at the same level as in 2021, despite the company's overall growth.

IMCD's target (set in 2019) remains to deliver a 15% reduction in its GHG emissions per million-euro operating EBITDA by 2024, compared to the 2019 baseline. The total GHG emissions intensity per operating EBITDA was 598 tCO<sub>2</sub>eq in 2022, a 31% reduction compared with last year and a 12% reduction from 2019. The decrease of the emission intensity in 2022, compared with both 2021 and the baseline

year 2019, was due to a relatively greater increase in operating EBITDA compared with the increase in absolute emissions.

The scope 1 and 2 GHG emissions are discussed in detail in the eco-efficient operations chapter and scope 3 emissions are addressed in the supply chain decarbonisation section.

### GHG emissions and emissions intensity (Scope 1, 2 and 3)

	2022	2021	CHANGE 2022/2021	2020	2019	CHANGE 2022/2019
Direct energy carriers use (Scope 1) - global	5,589	4,762	17%	5,751	7,384	(24%)
Provided energy (Scope 2) - global	6,273	5,688	10%	6,062	5,879	7%
Third parties logistics (Scope 3) - in available geographical scope	337,744	339,430	(0%)	259,079	155,400	117%
<b>Total estimated emissions, tCO<sub>2</sub>eq</b>	<b>349,606</b>	<b>349,880</b>	<b>(0%)</b>	<b>270,892</b>	<b>168,663</b>	<b>107%</b>
<b>Emissions intensity per mln euro of operating EBITDA</b>	<b>598</b>	<b>872</b>	<b>(31%)</b>	<b>1,007</b>	<b>683</b>	<b>(12%)</b>

## Eco-efficient operations

IMCD's direct environmental footprint is limited given its asset-light business model. Nevertheless, reducing its overall operational footprint on the environment is essential for IMCD and its stakeholders. Performing well on this topic is important if we are to set an example for our upstream and downstream business partners. This gives us the credibility and leverage to engage with them to address our core focus areas, i.e. Supply Chain Decarbonisation and Sustainable Solutions. Embedding good environmental practices in our business also makes IMCD an attractive employer for talent.

IMCD's effort concerning eco-efficient operations focuses on sustainably managing our energy and GHG emissions and proper waste management. Additionally, we monitor and report on raw materials use, water usage and wastewater management, although these components are not material for our business and their impact is insignificant compared to manufacturers.

Eco-efficient operations are managed by the Group Health, Safety, Environment, Quality and Regulatory (HSEQR) & Sustainability Department, which ensures and expands compliance at IMCD Group level regarding regulatory, quality, and broader sustainability requirements. We combine our expertise with the strategic control we have over the business to develop and shape sustainability, regulations, and quality in IMCD's overall strategy. The management approach is based on four elements that are not mutually exclusive:

- Close collaboration between our HSEQR Departments and Sustainability Coordinators in every country.
- Enhancing our systems to raise them up to the HSEQR, and broader Sustainability requirements arising from legislation and IMCD standards.
- Planning, communicating, and executing projects to ensure compliance.
- Having a central overview of the HSEQR, and Sustainability compliance of IMCD's global business.

In specific cases, all four elements need to be coordinated, and the local experts in the countries need to collaborate to achieve this. IMCD's network of specialists is a facilitating force that further drives compliance, quality, and embedding sustainability in our core activities, improving overall performance.



“The total GHG emissions intensity per million-euros of operating EBITDA was 598 tCO<sub>2</sub>eq/mln in 2022, a 12% reduction compared to 2019 and a 31% reduction from last year.”

The HSEQR & Sustainability Policy and Global procedures are developed at Group level. The HSEQR Managers in each country translate these into local procedures, taking into account local laws and regulations, and the business landscape. The local HSEQR Managers are responsible for the implementation and execution of the procedures, for measuring performance, implementing corrective actions, and monitoring the results. They report back to the Group HSEQR & Sustainability Department, and the reported metrics are assessed by the Group Corporate Control and the Group HSEQR & Sustainability teams. We track our performance and our progress towards achieving our overall sustainability vision by reporting and monitoring our KPIs. We can see whether new measures are needed, or if our targets or policies

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should be adjusted. It is a continuous improvement process, in which we communicate our progress internally and externally to our stakeholders.

### **Energy and emissions management**

IMCD recognises the impacts its activities have on the environment. Although our direct environmental footprint is limited given our asset-light business model and insignificant own operations, we know that the energy use in our facilities, our own transport and operational processes generate GHG emissions under Scope 1 and 2. Driving down these emissions is important to set an example for our upstream and downstream business partners.

Our Scope 1 emissions are direct emissions from owned or controlled sources such as direct energy carriers in our offices, in production locations, for business trips, and for our inhouse execution of transport activities, warehousing and distribution activities.

Our Scope 2 emissions are indirect emissions from the generation of purchased energy for our offices (mainly electricity), in production locations and to a limited extent, for our own warehouse activities.

Scope 1 and 2 along with Scope 3 total GHG emissions intensity is used to measure progress on our target communicated at the beginning of the Environment chapter. In this section we discuss in-depth the developments in Scope 1 and 2 emissions in 2022 and our plans for further reduction.

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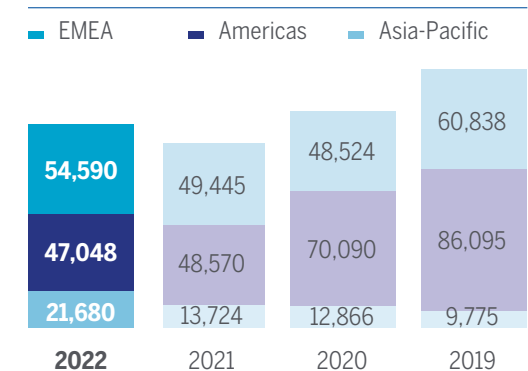
## Energy consumption and absolute GHG emissions within the organisation (Scope 1 and 2)

ENERGY CARRIER	ENERGY CONSUMPTION WITHIN THE ORGANISATION, GJ				ENERGY RELATED EMISSIONS, TCO <sub>2</sub> EQ <sup>1</sup>			
	2022	2021	2020	2019	2022	2021	2020	2019
<b>Direct energy carriers use (Scope 1)</b>	<b>82,787</b>	<b>71,959</b>	<b>87,600</b>	<b>112,643</b>	<b>5,589</b>	<b>4,762</b>	<b>5,751</b>	<b>7,384</b>
Natural gas	21,775	25,883	33,237	40,199	1,225	1,456	1,870	2,261
Petrol	29,333	16,638	13,350	22,574	2,040	1,140	915	1,551
Diesel	29,826	27,565	37,996	45,425	2,038	1,913	2,639	3,153
LPG	1,440	1,479	2,300	2,772	88	90	140	169
Fuel oil	413	394	717	1,674	31	29	53	124
Fugitive emissions	-	-	-	-	167	134	133	126
<b>Provided energy (Scope 2)</b>	<b>40,530</b>	<b>39,779</b>	<b>43,880</b>	<b>44,065</b>	<b>6,273</b>	<b>5,688</b>	<b>6,062</b>	<b>5,879</b>
Electricity	35,314	34,607	38,999	40,492	5,976	5,414	5,820	5,754
Supplied heating	3,773	3,845	3,848	3,198	123	125	125	104
Supplied cooling	1,443	1,327	1,033	376	174	149	117	21
<b>TOTAL energy consumption within organisation (Scope 1 and 2)</b>	<b>123,317</b>	<b>111,738</b>	<b>131,480</b>	<b>156,708</b>	<b>11,862</b>	<b>10,450</b>	<b>11,813</b>	<b>13,263</b>
Intensity per tonne merchanded	0.109	0.104	0.139	0.162	0.010	0.010	0.013	0.014
Intensity per FTE	28.5	29.9	39.9	52.4	2.7	2.8	3.6	4.4
Intensity per mln euro of operating EBITDA	211.0	278.6	489.1	635.0	20.3	26.1	43.9	53.7
<b>Direct energy carriers use (biogenic)</b>	<b>1,068</b>	<b>2,232</b>	<b>3,825</b>	<b>4,097</b>	<b>75</b>	<b>157</b>	<b>268</b>	<b>287</b>
Biodiesel	1,068	2,232	3,825	4,097	75	157	268	287

<sup>1</sup> Emission factors for the consumed electricity include as a minor share, upstream emissions that occur the value chain before the electricity generation process (e.g. emissions related to the production of fuels combusted for electricity generation at a power plant). Such, presented values include as well emissions of Scope 3.3 according to the Greenhouse gas Protocol classification.

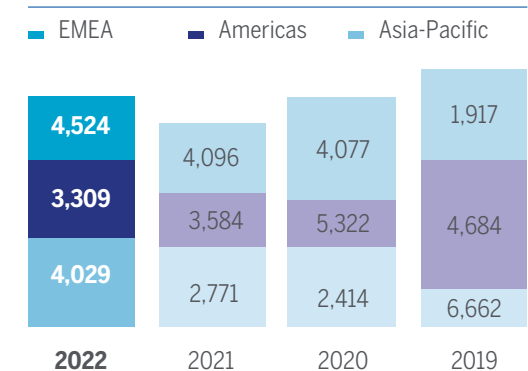
## Total energy consumption within the organisation by region of operation (Scope 1 and 2)

GJ



## Total GHG emissions within the organisation (Scope 1 and 2) by region of operation

tCO<sub>2</sub>eq





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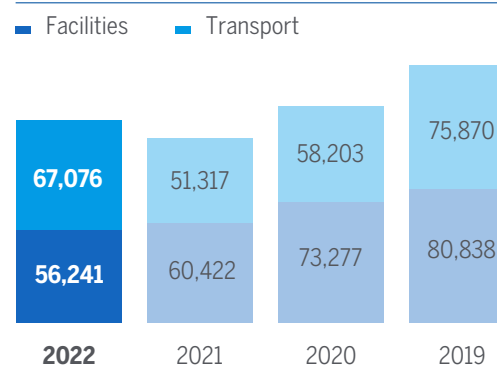
Both IMCD's energy consumption, as well as its associated GHG emissions, increased in 2022 compared to 2021 by 10% and 14%, respectively. Compared to the baseline year 2019, the energy consumption as well as the emissions fell considerably (-21% and -11%, respectively).

The leading causes of the increases were the company's organic growth, the acquisition of new entities and the effect of the return to the level of operations before the COVID-19 lockdowns. The growth was more significant in fuel use and the associated direct emissions (Scope 1), most prominently seen in increased petrol consumption. This is mainly a result of the post-pandemic expansion of business and sales trips with the company's transport. Following the company's Americas expansion in the past two years, 2022 showed the most significant growth in the Asia-Pacific region of our operations, where IMCD is very active in terms of growth and acquisitions.

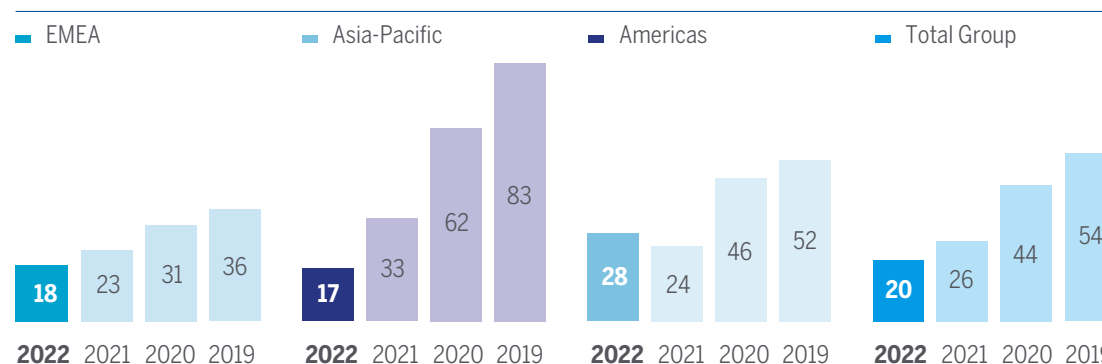
Over half of the energy consumption within IMCD (54%) was due to transport activities, led by the impact of business trips using own means of transport, followed by own transport distribution and warehousing. The remaining 46% of energy consumption came from the facilities' operations and was associated predominantly with electricity use and natural gas consumption for space heating. Looking at the GHG emissions within the organisation, transport activities accounted for 43% of the total Scope 1 and 2 emissions, while operating the companies' facilities contributed 56% to total emissions, with fugitive emissions from cooling and air conditioning contributing 1%. The dynamic shows higher emissions intensity from electricity consumed in some newly acquired companies, especially in Asia-Pacific. The regional analysis of the emissions contribution shows similar results. While the Asia Pacific region contributes only 18% of the total energy use, it accounts for 34% of

the entire group's GHG emissions. At the same time, EMEA companies, contributing 44% of the energy consumption, result in 38% of the total emissions and Americas companies with 38% of the energy consumption contribute 28% of the emissions.

### Energy consumption by activity (Scope 1 and 2) GJ

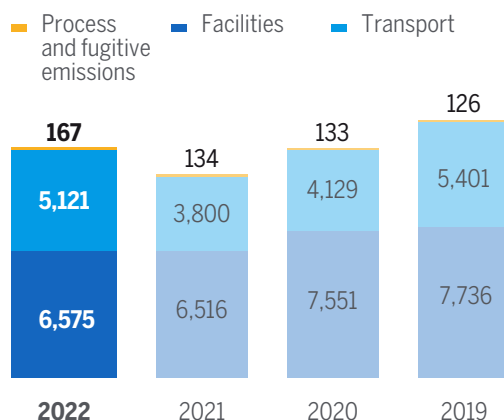


### Total GHG emissions intensity within the organisation by region (Scope 1 and 2) tCO<sub>2</sub>eq per mln euro operating EBITDA



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## GHG emissions by activity (Scope 1 and 2)

tCO<sub>2</sub>eq


Scope 1 and 2 emissions intensities have decreased per million euro of operating EBITDA (the core KPI), amounting to 20.3 tCO<sub>2</sub>eq/mln euro, a 22% decrease compared to 2021 and a 62% decrease compared to 2019. Such dynamics can be explained by the general growth of the organisation and the specifics of the 2022 market. This situation applies to the performance of the group in total and the two largest regions of presence: EMEA and the Americas. In Asia-Pacific, the emissions intensity per operating EBITDA showed a 15% increase compared with 2021.

As of 2022, 15.3 % of the total electricity consumption is from renewable sources, where 4.5% of it is from the locations that are on 100% renewable mix (IMCD Benelux NV, IMCD Sweden, and IMCD Switzerland). As a distributor, we focus on the growth of the share of electric vehicles in our fleet. At the end of 2022, the companies of the Group owned or leased 28 electric and 76 hybrid passenger cars: 3% and 7% of the total. In addition, 90 of the warehouse vehicles (65% of the total) are electric, compared to 69 vehicles and 68% in 2021.

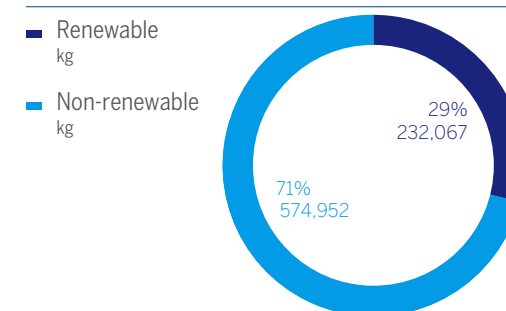
Six of our sites introduced energy conservation and emissions reduction measures in 2022. The measures were focused on reducing consumption of electricity and heat on one site with district heating, and one site with space heating with natural gas; they included changing lights to LED and the introduction of motion sensors, alternation of personnel, discontinuation of outdoor and advertisement lighting of the building, and regulated temperature settings (including heating shutdown on the weekend). Only one of the projects received a quantitative estimation of savings: 19MWh of electricity, a saving of 12tCO<sub>2</sub>eq.

IMCD continues to work towards advancing data reporting quality and scope. As a result, 79% of the energy consumption within the organisation and 85% of the GHG emissions (Scope 1 and 2) are reported on confirmed primary data, compared with 75% and 74%, respectively, in 2021.

## Raw materials use

As a distributor, IMCD has only minor own production facilities, which predominantly deal with repackaging. As such, most of the materials used at our facilities are associated with general office supply, fuels, and repackaging materials.

The materials used in the production and repackaging processes totalled 807t, of which 29% were renewable materials.



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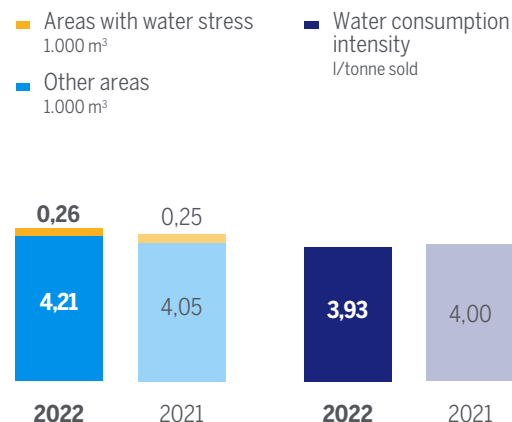
## Water and wastewater

As a distributor of chemicals and ingredients, IMCD's direct water impacts are related to water use in offices, warehouses, and laboratories for household-like purposes of cleaning, catering, and sanitation. Due to the types of buildings, we use, and the relatively small amount of water involved in our processes, we do not commonly source water ourselves, but work with local water providers. There are only two IMCD companies that harvest rainwater at the facilities, and one facility in Indonesia that withdraw ground water for internal processes.

IMCD acknowledges that water is a precious shared resource which we must sustainably maintain along with the local communities in which we operate. For this purpose, although we have not set any water-related goals or targets, we encourage water-saving measures in our own processes and in all our facilities and we monitor water-related indicators as part of our reporting system. Moreover, we are continuously working to develop products that can help our customers to use water more responsibly in their operations.

Our global water consumption increased this year by 4%, from 4,299 m<sup>3</sup> in 2021 to 4,465 m<sup>3</sup> in 2022. The increase was due mainly to the re-opening of the facilities after the Covid-19 pandemic. The water consumption in water-stress area<sup>1</sup> slightly increased as well (3%), from 249m<sup>3</sup> in 2021 to 255 m<sup>3</sup> in 2022. The intensity of the water consumption per ton of sales has decreased by 2%, from 4.0 litre per tonne of sales to 3.93 litre per tonne of sales.

## Water consumption and water consumption intensity per tonne sold



IMCD companies usually do not discharge water themselves, but instead send it to third parties for treatment. In most of the cases, IMCD's wastewater generally has the same characteristics as municipal (domestic) wastewater<sup>2</sup>, and is therefore transferred to wastewater treatment facilities over a common pipeline. IMCD predominantly relies on local sewage systems for water treatment and, eventually, discharge. Two companies collect their wastewater in septic tanks and hand over its waste water to third parties for treatment and discharge. Two companies in Indonesia treat a considerable amount of their wastewater themselves in accordance with local standards and regulations and releases the treated water to ground water.



Total GHG emissions (Scope 1 and 2) increased by 14% compared to 2021, however compared to the baseline year 2019, both energy consumption as well as the emissions are considerably lower (-21% and -11%, respectively).

<sup>1</sup> Identified as areas with high or extremely high baseline water stress, based on data from the World Resources Institute, Aqueduct Water Risk Atlas. The definition of baseline water stress used by WRI, is the ratio between the total water withdrawals and the available renewable surface and ground water supplies. The available renewable water supplies include the impact of upstream consumptive water users and large dams on downstream water availability (WRI Aqueduct 2019)

<sup>2</sup> According to FAO, the main concern for municipal wastewater is caused by dissolved and suspended solids, nitrogen, phosphorus, chloride, alkalinity, grease and BODs. Available in: [www.fao.org/3/t0551e/t0551e03.htm](http://www.fao.org/3/t0551e/t0551e03.htm).

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## Operational waste management

Responsible waste management is an important part of our approach to sustainable operations. Working with chemicals can entail generating a considerable amount of waste in the companies' operations and supply chain. Therefore, IMCD is committed to meeting all relevant requirements set by local laws and regulations and in our internal policies, as well as requirements agreed with customers and suppliers regarding waste treatment and disposal. Furthermore, we encourage waste reduction in our value chain by promoting a line of more sustainable products and services in our product portfolio throughout the IMCD Sustainable Solutions programme.

Our own offices, warehouses and limited production sites are the main sources of waste. Led by warehousing activities, the waste generated is predominantly non-hazardous. However, certain processes in our laboratories and product storage activities result in the generation of hazardous waste. To ensure that all waste generated by operations is properly identified and sent for disposal by licensed companies in accordance with the relevant laws and regulations, a global waste disposal policy is in place as part of both the HSEQ Policy and the Supply Chain Management Policy. The waste disposal policy applies to supply-chain-related materials and office-related waste.

All waste generated in our activities is transferred to third parties for treatment. Local HSEQ Managers are responsible for ensuring that disposals are conducted in compliance with local laws and regulations by accredited disposal companies. In its offices and at other locations, IMCD promotes recycling of used materials and minimising paper consumption.

IMCD promotes the recycling of used material and minimising paper consumption in our offices and at other locations. In our effort to improve the quality

of data reporting, in 2022 we again have full factual assessment of hazardous waste generation. For non-hazardous waste, 54% of the reported waste generation in 2022 is based on estimations.

In its offices and at other locations, IMCD promotes the recycling of used material and minimising paper consumption. In our effort to improve the quality of data reporting, in 2022 we continued the 2021 achievement of a full factual assessment of hazardous waste generation.

Generation of non-hazardous waste decreased by 10% from 2094 tons in 2021 to 1880 tonnes in 2022. This was due to optimisations in infrastructure and logistics at the premises and scaling down of production facilities. About 10% of the of non-hazardous waste was diverted from disposal, including through material recycling activities (6%) and other recovery operations such as biowaste sent for processing (4%).

Hazardous waste generation in 2022 has increased by 9% compared to 2021 and also exceeded 2019 and 2020 levels. This can be largely explained by the disposal of batches of accumulated non-conditioned product and contaminated packaging in our Swedish and Colombian companies. Approximately 54% of the hazardous waste was generated in third-party facilities and 46% on IMCDs own premises.

In 2023, we will continue our work on aligning waste management policies and practices across the Group, especially in our newly acquired companies.



In our effort to improve the quality of data reporting, in 2022 we again achieved a fully factual assessment of hazardous waste generation. For non-hazardous waste, 54% of the reported waste generation was based on estimates.



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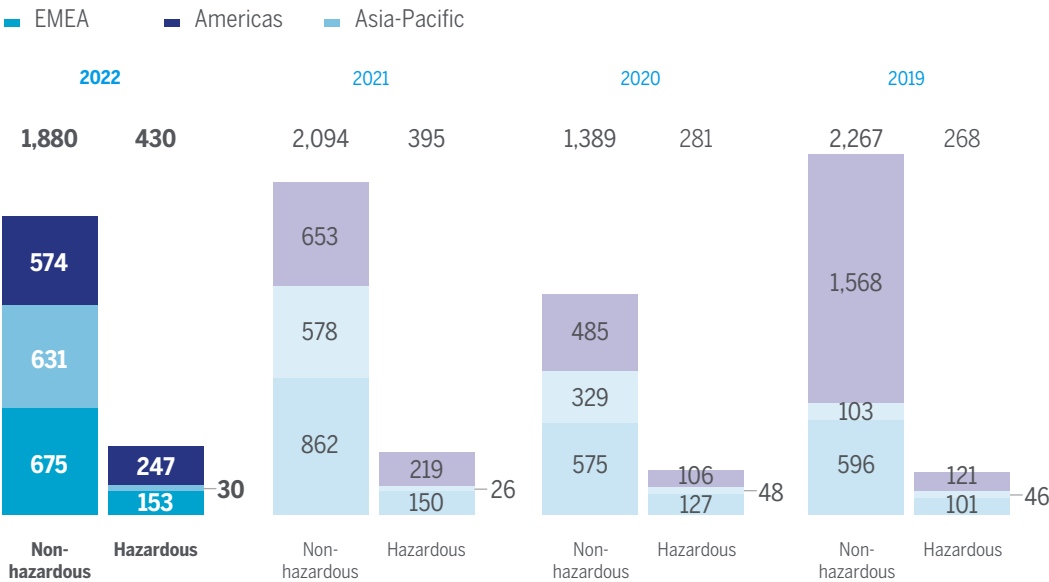
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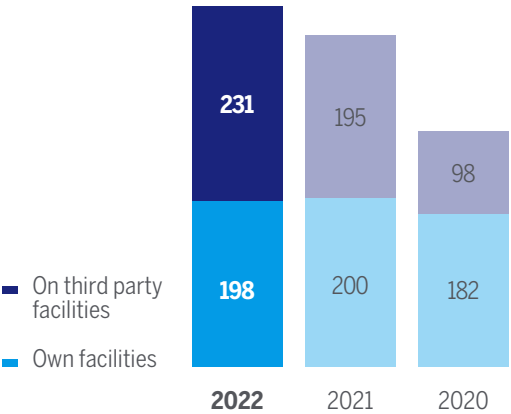
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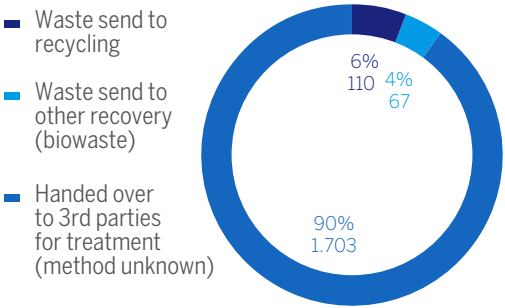
Hazardous and non-hazardous waste generation by region  
tonne



Hazardous waste generation  
tonne



Treatment of non-hazardous waste in 2022  
tonne



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## Supply Chain Decarbonisation

In IMCD's business model, warehouse operations and transport are outsourced to a high degree. Our supply chain decarbonisation efforts focus on our third-party logistic service providers because they are the part of the supply chain that IMCD can influence. The Scope 3 emissions that we report are based on their carbon footprint. In close cooperation with our logistic service providers, we strive to decrease carbon emissions through efficient routing, optimisation of volume-mileage ratio and implementation of sustainable transport modes. Supply Chain Decarbonisation is a focus area for acceleration.

Since 2018, IMCD has been tracking and reporting emissions associated with third-party transportation of products purchased and sold. We are working hard to improve the quality of our data and broaden the scope of our reporting. We launched our Supply Chain Decarbonisation Programme in 2022, with the goal of reducing IMCD's Scope 3 GHG emissions throughout the supply chain, and we strengthened our third-party screening by partnering with EcoVadis and TfS. We expanded the CO<sub>2</sub> dashboard in 2022 to provide real-time insight into the carbon footprint of our third-party logistics providers.

The Supply Chain Decarbonisation Programme consists of two pillars: optimisation of our transport and order management and engaging with third-party logistics service providers to encourage further improvements.

IMCD's corporate supply chain team works closely with local supply chain managers to ensure the most efficient routing, the best volume-mileage ratio, and

the use of more sustainable transportation modes whenever possible. This requires collaboration with our key suppliers; we assist them in redesigning their logistics setup, with the goal of creating more cost-effective models and faster market access while reducing the carbon footprint. Furthermore, where possible, we select suppliers based on ESG performance, and where this is not possible, we engage, raise awareness, educate, and collaborate. Our engagement with our third-party logistics service providers starts with a commitment to our ESG Standards for Business Partners, followed by self-assessment, EcoVadis assessment, audits, and emission-reduction partnership projects. The Global Supply Chain Management, HSEQR, and Sustainability Director leads the Supply Chain Decarbonisation efforts, and a Global Supply Chain Management Policy is in place. Local supply chain managers are in charge of implementing and executing the programme in each country.

A live dashboard tool based on transactional data in our ERP system has been implemented to improve our day-by-day knowledge of the carbon footprint of our shipments. Based on a combination of internal data (goods and quantities sold, mileage) and a set of broad assumptions and expert judgements, the tool enables us to closely monitor the carbon emissions of both our own and third-party transportation. Our sales and support teams can use this data to make efficiency gains more visible to our customers and suppliers. In the coming years, we are planning to introduce additional measuring tools, make improvements where possible, and monitor the results. These results will be used to fine-tune the management programme.

We offer transparency by reporting on our Scope 3 GHG emissions, which result from the activities from assets not owned or controlled by IMCD but that indirectly

impact our value chain. An analysis of the Scope 3 emissions for 2022 is presented below.

### Indirect (Scope 3) GHG emissions

Our Scope 3 emissions represent only the emissions originated in transport activities by our contracted third-party logistics service providers, mainly in fuel combustion. Third-party logistics service providers primarily execute our transport, and Scope 3 reporting of emissions is based on the combination of detailed transactional data about the transportation assignments and expert assumptions of our Logistics Department. Other Scope 3 categories were excluded as they were negligible or irrelevant, or we did not have information at an adequate level of certainty. As part of the continuous sustainability strategy update, we are looking into tackling other emission categories and reducing the carbon footprint in our supply chain. We acknowledge that the products we distribute have the most significant impact upstream and downstream in the supply chain. Therefore, we promote products with a reduced carbon footprint throughout the IMCD Sustainable Solutions Programme. As a distributor of these products, we are also committed to providing information on the carbon footprint resulting from the third-party transport of the products. Therefore, we can contribute to our principal suppliers' or customers' quantitative life-cycle analysis.

### Emissions from third-party transportation

Third-party transportation is considered to be a significant contributor to our Scope 3 carbon footprint. A comprehensive logistics database has been developed within the company that provides a comprehensive overview of the emissions associated with our products' transportation. Third-party transportation emissions tracking is inextricably linked to the onboarding of IMCD Group companies onto our ERP system. The onboarding at IMCD is ongoing due to the company's growth and acquisitions. As a result,

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the reporting scope is constantly expanding, and in years of significant onboarding the absolute emissions are increasing. New operations were added in 2022, resulting in a broader scope. However, the expansion was insignificant in comparison to the significant onboarding work in 2020 and 2021.

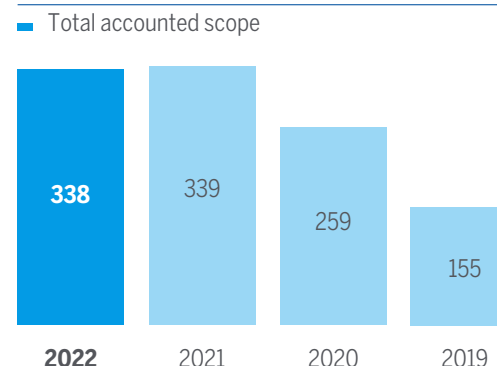
Third-party transportation emissions totalled 338 ktCO<sub>2</sub>eq in 2022, representing a 0.5% decrease from 2021 emissions. While there was an increase in transportation scopes in 2022 due to the onboarding of a few companies, this growth was offset by supply chain disruptions, which primarily impacted industrial and commodity products.

The dashboard tool implemented in 2021, allowed more precise monitoring of the mode of transportation for all transactions. More certainty about transportation means also resulted in better insights into the impacts of road freight versus sea freight and air freight.

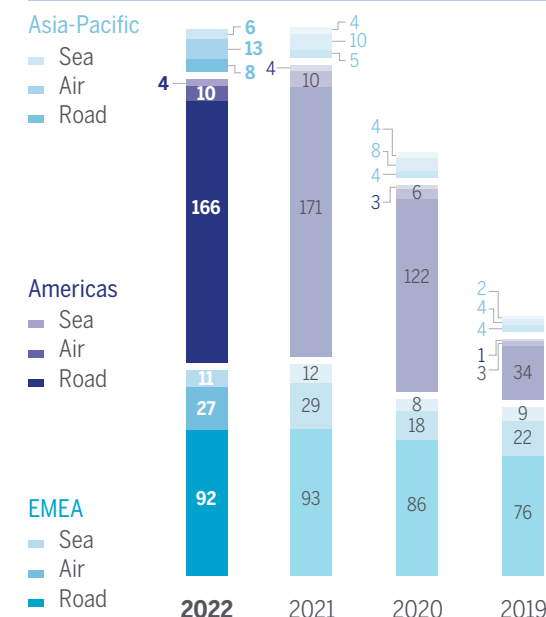
As in the previous year, road transport is responsible for the majority of emissions, accounting for 79% of total emissions. Air freight accounts for 15% of emissions, with sea freight accounting for the remaining 6%.

Transport within the Americas continent is the dominant contributor, with attribution of almost 50% of the total emissions, mainly due to the large distances that are covered. The intraregional America's transport is followed by the intraregional EMEA transportation, contributing up to 27% of the total emissions. America's business takes 53% of the total scope 3 transportation emissions, EMEA's contribution is 39%, and Asia Pacific's is 8%.

### Third party transportation emissions (Scope 3) ktCO<sub>2</sub>eq



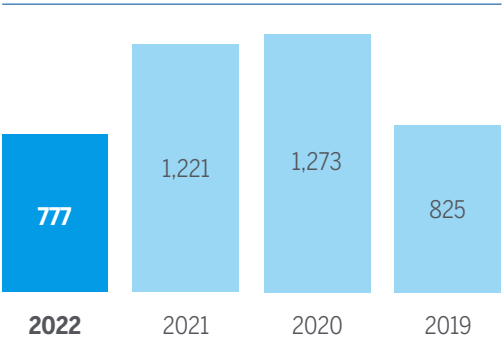
### Third party logistics emissions by region and mode of transport (Scope 3) ktCO<sub>2</sub>eq



EMISSIONS IN KTCO <sub>2</sub> EQ	2022	2021	CHANGE 2022/2021	2020	2019	CHANGE 2022/2019
<b>Third parties logistics (in established scope)</b>	<b>338</b>	<b>339</b>	<b>(0)%</b>	<b>259</b>	<b>155</b>	<b>117%</b>
Road freight	267	268	(1)%	213	114	134%
Sea freight	21	21	0%	33	12	72%
Air freight	50	50	0%	14	29	72%
<b>Emissions intensity per FTE (in established scope)</b>	<b>110</b>	<b>128</b>	<b>(14)%</b>	<b>106</b>	<b>74</b>	<b>49%</b>
<b>Emissions intensity per ton of sold product (in established scope)</b>	<b>0.374</b>	<b>0.381</b>	<b>(2)%</b>	<b>0.331</b>	<b>0.285</b>	<b>31%</b>
<b>Emissions intensity per mln euro of operating EBITDA (in established scope)</b>	<b>777</b>	<b>1,221</b>	<b>(36)%</b>	<b>1,273</b>	<b>825</b>	<b>(6)%</b>

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**Third party transportation emissions intensity, per Operating EBITDA (Scope 3)**  
t/mln euro



Building on the retaining absolute emissions volume, the emissions intensity associated with third-party transportation decreased compared to 2021 on all bases considered: -14% in emissions per FTE, -2% in emissions per tonne sold, and -36% in emissions per operating EBITDA. The company's core emissions KPI, intensity per operating EBITDA, in 2022 was 777 tCO<sub>2</sub>eq per mln of operating EBITDA, a 6% decrease compared to the base year 2019. IMCD and its business partners initiated projects to reduce emissions, such as supply chain optimisation or the implementation of a sustainable mode of transport. Only one of the projects received a quantitative estimate of emission reduction, which is described below (see the trial project with the use of an electric truck for the delivery of IMCD products by DHL Supply Chain Indonesia and PT IMCD Indonesia).

Even though the emissions intensity associated with third-party transportation has decreased compared to 2021, the IMCD Sustainability Task Force identified and acknowledged that the carbon footprint in absolute terms did not decrease, which was attributable to

organic and acquisition growth of IMCD's business. This increase in the carbon footprint emphasises the strategy's development efforts. Emissions from third-party logistic activities accounted for 97% of total emissions; however, these are not directly under IMCD's control.



Third-party transportation emissions (representing our Scope 3) decreased by 0.5% compared to 2021.



CASE INDONESIA REDUCES ITS CARBON FOOTPRINT

# Every mile can make a difference



As a leading distributor, formulator, and solutions provider in speciality chemicals and ingredients we take things seriously and think before we act. We only have one planet, and we must handle it with care.

In our sustainability approach IMCD is working on three major areas of impact: creating sustainable solutions, attracting, and retaining qualified employees and reducing the carbon footprint. As a distributor we move goods, and we are conscious of reducing the associated CO<sub>2</sub> emissions. We set standards for our logistic partners and make conscious choices in transportation methods.

## **We believe the sustainability challenges we face today require collaboration.**

In sharing knowledge and resources with our business partners, employees, and the distribution chain, we can collectively achieve our goals. In Indonesia, IMCD partners with DHL Supply Chain for warehousing and domestic distribution.

With a joint focus on sustainability the initiation of a trial with electric vans provided a potential opportunity to reduce our carbon footprint. The objective of the trial was to determine how much CO<sub>2</sub> emission reduction we could achieve, as well as gaining insight into range, speed, battery charging time and weight capacity of the vans.

Public charging stations are scarce, and the service level to our customers should remain excellent without non, or delayed delivery due to empty batteries.

The use of this small electric vehicle, with a maximum range of 150 km and a weight capacity of 350 kg, perfectly fits the IMCD customer order size as well as their geographical location, in the vicinity of the warehouse. Compared to a gasoline truck a carbon emission reduction of 56,7% was achieved during the trial period. In conclusion, as a direct positive result of this trial, in 2023 DHL will expand their fleet of electric vans and IMCD will continue to deliver its customers in a more sustainable manner.

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## Climate Strategy

Climate change is a topic that is gaining traction and is causing increasing concern among IMCD stakeholders worldwide. In our Climate Strategy, we identify and monitor the effects of climate change on IMCD's business, both risks and opportunities. We prepare and adapt our business processes as needed to mitigate negative effects. We do so in close collaboration with our suppliers, customers, and logistics partners.

We have identified several climate change-related operational risks and opportunities relating to IMCD as part of our compliance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), such as disruptions to transportation infrastructures due to extreme weather events and shortages of any feedstock we source due to agricultural losses.

Climate change-related risks and opportunities were investigated further in 2022, including the impact on financial performance and financial planning in the short, medium, and long term. This also includes a scenario analysis of our strategy's and financial position's impact. IMCD has put in place measures to mitigate the risks that have been identified. Potential climate factors, for example, are taken into account in the selection processes for logistic service providers, such as whether they have contingency plans in place to deal with environmental incidents.

## Recommendations of the Task force on Climate-related Financial Disclosures (TCFD)

### Introduction

Our approach to climate change responds to the global challenges for our planet and society as a whole and is embedded in IMCD's business model. It tackles the most material topics to our business and our stakeholders and translates our overall sustainability efforts into tangible goals.

Over 2022, IMCD has strengthened its sustainability approach by improving its alignment to the Taskforce for Climate-related Financial Disclosures (TCFD) recommendations. IMCD has carried out an in-depth assessment of its alignment to the eleven recommendations and has utilised a qualitative scenario-based approach to assess the impact of physical and transition risks and opportunities. This work has formed the basis of IMCD's 2022 TCFD Disclosure, for each pillar of Governance, Strategy, Risk Management and Metrics and Targets. IMCD is in the process of developing a TCFD roadmap, which will lay out its plan for further integrating the TCFD recommendations in IMCD's business strategy and financial planning.

### Governance

#### a) Board's oversight of climate-related risks and opportunities

IMCD has three levels of corporate governance; the Supervisory Board monitors and supervises the activities of the Management Board and IMCD's general course of business, IMCD's Management Board manages IMCD's day-to-day operations and is responsible for designing and achieving the company's objectives and strategy, and the Executive Committee supports the Management Board. Climate-related topics are addressed alongside IMCD's other sustainability topics and mostly from an inside-out

perspective, i.e., IMCD's strategy to reduce its impact on climate. As we develop our understanding of climate-related risks and opportunities from an outside-in perspective, we will consider whether governance structures require updating.

IMCD's Supervisory Board oversees, monitors, and advises IMCD's Management Board on climate-related issues that are relevant to the business. Both governing bodies review sustainability topics and their impacts, risks, and opportunities at least annually, as well as in case of specific concerns. In 2022, the Supervisory Board discussed IMCD's strategic update for Health, Safety, Environment, Quality and Regulatory (HSEQR) and Sustainability with the Director HSEQR and Sustainability.

The Supervisory Board has three committees, the Audit Committee (AC), Remuneration Committee (RC) and Nomination and Appointment Committee (NAC). Sustainability issues are considered by these committees where relevant to their responsibilities, although this considers sustainability holistically, not in specific reference to climate-related issues. For example, in 2022, a session was held to discuss in more detail the sustainability data collection process, ESG target setting and reporting requirements, in which the Group Director HSEQR and Sustainability, the Director Corporate Control and Group Compliance Officer participated. The RC is responsible for assessing and preparing the remuneration policy and remuneration proposals concerning the members of the Management Board and the Supervisory Board, including how sustainability performance is included in remuneration decisions. Part of the personal bonus KPIs of the Management Board members was connected to climate-related metrics, including performance against IMCD's ambition to achieve a 15% reduction in emissions intensity by 2024, compared to the baseline year 2019.

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## b) Management's role in assessing and managing climate-related risks and opportunities.

IMCD's sustainability strategy is determined by its Management Board. The Chief Operating Officer (COO), a member of the Management Board and the Executive Committee, has been assigned ultimate climate-related responsibility, and reports to the Supervisory Board once a year on climate-related issues.

The COO also chairs the Sustainability Task Force, which is responsible for matters relating to the environment, safety, health, quality, regulatory compliance, sustainability, supply chain management, human resources, and legal and corporate affairs. The members of the Sustainability Task Force are functional leaders who work in alignment to assure sustainability integration in all areas of our business and who advise the Management Board. Key sustainability topics including climate-related issues are identified in consultation with external and internal stakeholders, assessed by the Management Board, and are monitored at group level by the Sustainability Task Force. Climate-related topics discussed by the Task Force include the collection of sustainability and climate-related data, performance against emissions reduction targets, and setting new emissions reduction targets. The day-to-day sustainability aspects of IMCD's operational activities are managed by the business groups and the countries.

## Strategy

### a) Short, medium, and long term climate-related risks and opportunities

Climate-related physical and transition risks were identified over short, medium, and long-term time horizons using scenario analysis. This process is described in detail in the section Strategy c) with IMCD's potentially material risks described in the table with climate-related risks and opportunities.

Potential materiality considers both IMCD's exposure, defined using our risk management framework definition of impact, and changes in scenario data. It is a qualitative assessment of materiality only.

### b) The impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning

Climate-related risks and opportunities have been considered in IMCD's strategy and financial planning to minimise potential risks and maximise opportunities. Next year, IMCD will look to use the results from the qualitative scenario analysis exercise to adjust its strategy and financial planning where necessary. IMCD's strategy has already considered climate-related issues, specifically regarding:

- **Sustainable solutions** – The Sustainable Solutions Framework Programme is IMCD's market-oriented programme to promote greener products throughout its supply chain. The programme leverages IMCD's market intelligence, technical expertise, extensive laboratory infrastructure, and product knowledge to create a comprehensive green products catalogue. IMCD's goal is to roll out the programme to all Business Groups worldwide by the end of 2023. For more information about Sustainable Solutions, see section Sustainable Solutions (see page 66).

- **Supply chain decarbonisation** – IMCD launched its Supply Chain Decarbonisation Programme in 2022 with the aim of reducing GHG emissions across the supply chain. In close cooperation with our logistics service providers, we strive to reduce carbon emissions through efficient routing, optimisation of the volume-mileage ratio and implementation of sustainable transport modes. In 2022, IMCD developed the CO<sub>2</sub> dashboard to provide real-time insight into the carbon footprint of our third-party logistics providers (3PLs). For more information about our supply chain decarbonisation work, see section Eco-efficient operations (see page 28).
- **Eco-efficient operations** – IMCD's direct environmental footprint is limited given its asset-light business model. Nevertheless, reducing its overall operational footprint on the environment is critical for IMCD and its stakeholders. For more information about how we are reducing operational emissions, see section Eco-efficient operations (see page 28).

Several financial planning elements have been influenced by climate-related issues.

- In our commercial and financial forecast and budget process, we make projections of future sales volumes and margins based on the expected macroeconomic and microeconomic market conditions. In addition trends in customer demands, our principal's product and market strategies and expected product availability are considered as well.
- Due to our asset-light business model, the impacts of climate related issues on capital expenditures (Capex) are relatively low. IMCD's capex mainly relates to improvements to the offices and warehouses, including energy saving measures and the new right-of-use assets related to hybrid and full electric company cars and more energy efficient office and warehouse locations.



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- With regard to operating expenses (OPEX), in particular the consequence of moving offices to more energy efficient locations is incorporated into our financial planning.

### c) IMCD's strategy, taking into consideration different climate related scenarios, including a 2°C or lower scenario

To improve understanding of IMCD's resilience to the impacts of climate change, the company has worked with a reputable global sustainability consultancy firm to carry out an assessment of its exposure to physical and transition risks and opportunities, using scenario analysis. The results from the scenario analysis, as articulated below, demonstrated that IMCD is exposed more to transition risks and opportunities than to physical risks. In a net-zero scenario, the analysis showed that IMCD's strategy is resilient overall to the associated changes in policy, technology, and markets. However, there are several high risks and high opportunities that we will aim to mitigate or maximise.

From a physical risk perspective, only a small proportion of assets and supplier locations were included in the analysis and although physical risks were limited in these locations, a wider assessment including additional locations is required to form a more complete picture of our resilience.



“We truly believe that the sustainability challenges our planet and society face are not something we can tackle alone. For this reason we seek engagement with national and global industry initiatives and cooperate with our business partners.”



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**Scenario Analysis Methodology**

Aligned with TCFD guidance, IMCD has assessed risks and opportunities on a short (2027 and 2030), medium (2040), and long-term (2050) basis. These time horizons align with shorter-term strategy planning cycles as well as international and national climate policy milestones such as the European Union’s 2050 climate-neutral target, and the expected lifetime of our assets.

The scenario analysis commenced with a process of identifying relevant physical and transition risks and opportunities that could have a potential impact on

our business, aligned to the TCFD’s taxonomy of physical and transition risks and opportunities. Each risk and opportunity was qualitatively assessed using impact and uncertainty ratings and validated with a wide range of stakeholders representing different IMCD business groups and functions. Impact ratings were assigned using the same categorisations as applied in our enterprise risk management framework. As climate scenarios are inherently uncertain, the scenario analysis considered the full range of potential impacts from all scenarios, without considering the likelihood of each scenario developing. We considered the uncertainty associated with each item, recognising

that items that could have a high impact and high uncertainty should be explored further.

All nine physical climate hazards covering both acute and chronic physical risks were taken forward to the scenario analysis assessment, while the top eight transition risks and opportunities were prioritised based on the impact-uncertainty rating for a deeper dive using scenario analysis. Physical and transition scenarios were selected for the analysis and are described in the following table.

**Scenarios used in the scenario analysis assessment**

TYPE	SCENARIO	2100 WARMING	DESCRIPTION
Physical	IPCC SSP1-2.6	+1.8°C	This scenario is aligned to the current commitments under the Paris Agreement. The world shifts towards a more sustainable path, emphasising more inclusive development, driven by an increasing commitment to achieving development goals. Physical climate risks are more limited.
	IPCC SSP5-8.5	+4.4°C	This is a high-emissions scenario with no additional climate policy (business-as-usual). 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. Physical climate risks increase.
Transition	IEA Stated Policies	+2.6°C	This scenario assumes that only currently implemented policies are preserved, with an expected temperature outcome of ~2.6°C. The scenario explores how the energy system may change without major changes from policy makers. It does not take for granted that countries will achieve announced goals.
	IEA Net Zero by 2050	+1.4°C	This is an ambitious scenario that limits global warming to 1.5 °C through stringent climate policies and innovation, reaching net-zero CO <sub>2</sub> emissions around 2050. It represents one potential path to achieve Net Zero and assumes an orderly transition across the energy sector.

Physical risks were assessed for ten IMCD asset locations, which were selected to represent different geographical locations IMCD operates in and based on the net inventory value. For each prioritised item, a scenario indicator was assigned, acting as a proxy to explore how the trend of exposure to the risk or opportunity may develop in each scenario. These were combined with exposure ratings, derived from the assigned impact rating, to give an overall risk/opportunity rating at each time frame. Potential materiality is therefore derived from the risks that IMCD is most exposed to, and the risks that are likely to change most in each scenario compared to a baseline level. Items rated a high risk/opportunity at any time frame are disclosed and described in the following table.

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## IMCD's climate-related risks and opportunities

ITEM	TCFD CATEGORY	DESCRIPTION	POTENTIAL FINANCIAL IMPACT	QUALITATIVE RATING		
				Short	Medium	Long
Reduced demand for higher carbon products	Market	Several IMCD end-user markets may face changing demand in a net-zero scenario which could impact demand for IMCD products supplying these sectors. For example, the Lubricants & Energy business group supplies a range of specialty chemicals across oil, gas, and fuel markets, which may shrink in a transition to net zero .	Decreased revenue	Low risk	High risk	High risk
Supplier inability to meet increased demand for low-carbon products	Market	The demand for low-carbon products is projected to increase in a net-zero scenario, driven by policy and regulatory changes and changes in consumer preferences. As a distributor of goods, IMCD is reliant on suppliers to be able to provide low-carbon products. Suppliers may not decarbonise in line with expectations, which could limit IMCD's supplier choice for low-carbon products.	Decreased revenue	Low risk	High risk	High risk
Rising logistics costs	Market	In a net-zero scenario, the transport sector faces a significant challenge to decarbonise in line with net-zero requirements. The investment cost to decarbonise fleets, e.g., replacement of internal combustion engine (ICE) fleets to low carbon/ electric fleets, could be passed on to IMCD, leading to higher transportation costs of IMCD products. As the majority of our transportation is through third-party logistics providers, IMCD could be highly exposed to this risk .	Increased indirect costs	Low risk	High risk	High risk
Access to new markets that align to the energy transition	Market	The achievement of net-zero will require new technologies, which could drive demand for products in new markets. Examples of these markets include hydrogen, renewable electricity generation, and biofuels. By adapting its product and supplier portfolio, IMCD is well placed to take advantage of these growing markets.	Increased revenue	Moderate Opportunity	High opportunity	High opportunity
Proactive management of product portfolio	Market	As the demand for low-carbon products in current markets increases, IMCD can proactively seek partnerships with suppliers who are accelerating their net-zero ambitions. Consumer facing sectors are already increasing demand for low-carbon chemical products with many companies setting net-zero targets for their whole supply chain. Achievement of these targets will rely on the availability of low-carbon input materials, leading to an opportunity for IMCD.	Increased revenue	Moderate Opportunity	High opportunity	High opportunity
Coastal and Extreme Rainfall Flooding impact on operations	Acute physical	Under rising temperatures, the atmosphere warms, which increases the amount of moisture that can be held. More moisture can lead to more rainfall in short, and intense downpours, which can increase the risk of extreme rainfall and (flash) flooding. Under rising temperatures, sea-levels can also rise, therefore increasing the risk of storm surges and coastal flooding of low-lying land. Two IMCD assets , one in Brazil and one in the Netherlands, could potentially face a significant risk of flooding in the assessed scenarios.	Increased capital and operational expenditure cost Reduced revenue	High risk	N/A	High risk

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## Risk Management

### a) Identification of and assessment of climate-related risks and opportunities

IMCD's risk management policy is aimed at striking the best balance between maximisation of business opportunities in the context of the company's strategy, and managing the risks involved. In 2021, Corporate Control in cooperation with Internal Audit completely reworked the IMCD risk and control framework fusing a bottom-up approach. Climate-related risks were identified within this framework, ensuring a consistent approach to enterprise-level risks across the business.

In 2023, IMCD completed a scenario analysis project, as described in the Strategy section above. It considered a wider range of physical and transition risks over longer time horizons than used in our risk management policy and explored how these risks could develop if different scenarios were to play out. In the next year, IMCD will explore how the outcomes of this assessment can be further integrated into the organisation's risk management framework.

IMCD's risk framework integrates climate-related risks in three stages: risk identification, risk assessment and management of risks:

### Risk Identification

Risks are identified by using external sources, internal risk documents, and through risk interviews and risk workshops with senior (country and departmental) management, Executive Committee, Management Board, and others within the Company and through online surveys. In 2022, this included identifying climate change-related risks and the impact of future regulations with regard to climate change.

### Risk Assessment

Risks are grouped into four categories; strategic, operational, financial, and compliance, and are assessed based on likelihood and impact ratings, over a three-year time period. Impact and likelihood are plotted on a risk matrix, which consists of five levels of likelihood (remote, unlikely, possible, likely, and probable) and five levels of impact (insignificant, minor, moderate, severe, and extreme). Risks are assessed on an inherent and residual basis. Climate-related risks are assessed against the same likelihood and impact criteria as other enterprise risks.

### b) Management of climate-related risks

After determining the residual risk level, senior management and Corporate Control verify whether this is within the boundaries of the risk appetite established for each risk category. Operational risks have a 'low' risk appetite, meaning that the Company seeks to minimise the risks of unforeseen operational failures within its businesses. The residual risks are treated as follows:

- Accept - Awareness of the risk level and willing to accept the consequences, assuming that designed controls are operating effectively.
- Mitigate - Implementing new or revised controls or taking specific action to reduce residual risk.
- Avoid - Ending the activities causing the risk.
- Transfer - Transferring the risk to another party (e.g., insurance company).

New or revised controls to mitigate an undesired residual risk level are documented in the Risk and Control Framework. Management of the IMCD group entities is instructed to implement such controls and realistic deadlines are set for the implementation. Accepted residual risks may remain after additional controls have been designed and implemented. We will consider whether further management measures are required for the climate-related risks and opportunities identified as being potentially material in the scenario analysis project as we integrate findings into our ERM process.

### c) Identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management

As described above, we considered climate change in the identification, assessment, and management of climate-related risks for the first time in 2022. The outcomes of the 2022 risk assessment are shown in the following table.

## Summary of 2022 risk assessment

CATEGORY	RISK	IMPACT	LIKELIHOOD	RISK APPETITE	RISK RESPONSE
Operational	Climate change	Moderate	Low	Low	Potential climate hazards are considered in the selection process of logistics service providers, and warehouse, laboratory and office locations, addressing accessibility and back-up procedures in the event of environmental incidents.

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## Metrics and Targets

### a) Metrics to assess climate-related risks and opportunities

The main metrics IMCD uses to monitor climate change risks and opportunities are GHG emissions metrics, including emissions from Scope 1, Scope 2, and Scope 3 – third-party logistics. We will consider whether to develop new metrics used to monitor and manage potentially material climate-related risks identified in the 2023 scenario analysis.

Climate-related metrics are incorporated in IMCD remuneration policies. In 2022, non-financial targets had a 30% weighting for the short-term incentive for the Management Board. Three non-financial topics were selected for 2022: social/ employee engagement, diversity, and sustainability. Sustainability-related performance indicators were set for three topics: emissions reduction, supply chain management and sustainable procurement. For more information, see page 98 of IMCD's 2022 Annual Report. The

following table summarises our cross-industry climate-related metrics.

### b) Scope 1, Scope 2, and Scope 3 greenhouse gas (GHG) emissions, and the related risks.

IMCD measures and monitors Scope 1, Scope 2, Scope 3 upstream and downstream transportation and distribution GHG emissions, calculated in line with the GHG Protocol. For more information on our performance to date against these metrics and methodology, see page 29 and on.

### c) Targets used by the organisation to manage climate-related risks and opportunities and performance against targets

In 2019, IMCD set a target to deliver a 15% reduction in its GHG emissions per million euro operating EBITDA by 2024, compared to the 2019 baseline. This includes our Scope 1, Scope 2, and Scope 3 – third-party logistics GHG emissions. For a breakdown of our emissions metrics, and current performance against this target, please see section Energy and emissions

management (see page 29) and Methodology Note (see page 91). We will work to develop targets aligned to the potentially material climate-related risks and opportunities identified in scenario analysis in the coming years.

## Next steps & Conclusion

At present, the goals for 2023 seek to:

- Further develop our understanding of Scope 3 emissions to optimise our supply chain decarbonisation strategy.
- Enhance climate governance within the organisation to ensure climate is a major and regular consideration for the Board and executive leadership across the business.
- Continue to embed climate into the business strategy, with particular emphasis on financial planning and resilience.
- Integrate physical and transition risks and opportunities into risk management frameworks alongside business risks.

## IMCD's cross-industry climate-related metrics

METRIC	DESCRIPTION	VALUE
GHG emissions	Scope 1, Scope 2 and Scope 3 – third-party logistics emissions calculated in line with the GHG Protocol	See chapter Environment
GHG emissions intensity	Scope 1, 2 and 3 – third-party logistics emissions per Mln euro of operating EBITDA, per ton merchanded, and per FTE	See chapter Environment
Transition risks	IMCD will develop metrics to monitor and manage potentially material transition risks identified through scenario analysis	N/A
Physical risks	IMCD will develop metrics to monitor and manage potentially material physical risks identified through scenario analysis	N/A
Opportunities	IMCD will develop metrics to monitor and manage potentially material transition opportunities identified through scenario analysis	N/A
Capital deployment	Eligibility and alignment of IMCD revenue, operating expenses, and capital expenditures in line with the EU Taxonomy	See chapter Governance
Remuneration	In 2022, non-financial targets had a 30% weighting for the short-term incentive for the Management Board. Three non-financial topics were selected for 2022: social/ employee engagement, diversity, and sustainability. Sustainability related performance indicators were set for three topics: emission reduction, supply chain management and sustainable procurement. For more information, see page 98 of IMCD's 2022 Annual Report.	See page 96 of IMCD's 2022 Annual Report



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- Form metrics to manage and targets to monitor these climate-related risks and opportunities.
- Continue to analyse and monitor the impact of physical climate risks on IMCD's supply chain.
- Establish a transition plan that describes IMCD's targets, actions, and financial plans to transition to a low-carbon economy.

Whilst IMCD has made significant progress this financial year in its TCFD reporting and alignment, the organisation is clear in its ambition to further integrate the recommendations of the TCFD. IMCD aims to develop a roadmap to clearly define the future expectations of the business so as to continue to develop its approach to managing climate change issues.



“Risk management is an essential element in IMCD's governance and is embedded in the Company's business processes.”

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# Who we are and how we work

IMCD is a diverse group of 4,323 women and men who live and work in more than 60 countries in Europe, Middle East & Africa (EMEA), the Americas and in the Asia-Pacific region (APAC). IMCD is very proud of its people and culture and considers them to be its most valuable asset by far. It is easy to explain why: the value of the company lies in the commercial partnerships we have established with suppliers and customers all over the globe, in the quality and the technical expertise of the people who manage those relationships, and in the people who lead and support them in various functions.

In this very technical world of speciality chemicals and ingredients, our management approach is to operate as a people-centric, professional services firm, where highly qualified key people working in a flat organisation with locally delegated decision-making, make the difference for suppliers, customers, and each other. IMCD aims to minimise bureaucracy and encourages entrepreneurship. IMCD competes with large chemical and ingredient producers for talent and needs to attract and hire very capable and highly educated individuals, but also train and develop them to get the very best out of everybody. Lastly, IMCD is keen to retain the best, especially in the current environment of talent shortages. All this is playing out in a business environment where we continue to acquire new companies and integrate them quickly. In 2022 we acquired 11 companies adding 339 new employees. Our culture is the glue that keeps the talent and the new businesses together; it cuts across geographies and helps to integrate newly acquired businesses quickly

and it ensures that IMCD has winning teams all over the world.

The IMCD Management Board and Executive Committee are responsible for and committed to achieving the highest standards of talent attraction & retention, diversity, and labour practices. The Global Human Resources Director, who reports to the CEO, is responsible for developing and implementing people practices in dialogue with the Management Board and Executive Committee. IMCD has a network of Human Resources (HR) heads in big and medium-sized countries who implement HR practices & policies in line with the company's strategy and global people plans.

The overall People-related goals for IMCD are, firstly, to attract the necessary quantity and quality of new staff to enable business growth in all regions. Secondly, to develop and maintain the existing workforce through specialised training programmes and keep turnover



“Our values explain to newcomers how things are done at IMCD.”



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of employees in check. Thirdly, to ensure all staff understands and acts in line with our business culture.

As more formalised parts of the management approach, the following documents describe the behaviour we expect from our people (and the boundaries):

1. The IMCD Code of Conduct and IMCD Business Principles,
2. Management Instructions and
3. IMCD's values.

The IMCD Code of Conduct and IMCD Business Principles apply to all our staff and describe commitments and standards of expected behaviours, working conditions, equal opportunities, and human and labour rights. For country Managing Directors we have additional Management Instructions detailing specific company norms, actions, expectations, and limits of decision-making. The IMCD values embedded in our company culture provide further guidelines about

what type of behaviours and actions we expect from all employees. Not only toward customers and suppliers, but also toward co-workers. The values also serve as a good starting point to explain to employees in newly acquired businesses how things are done at IMCD and the type of behaviour we expect.

We recalibrated the material topics to sustainability in the new IMCD materiality matrix and the outcome is a clear focus on (1) Talent attraction & retention (2) Diversity, equity & inclusion, and (3) Labour practices, in this order of importance.

### Work environment, culture, and values

In 2019, we re-evaluated our IMCD Culture and Values and worded them more precisely. We informed the Supervisory Board, Management Board, Executive Committee, Country Managing Directors, and all staff through various meetings, brochures, and town halls.

A brochure describing the values was printed and an IMCD Values video was made and published on the IMCD corporate website. Values are needed to steer the behaviours and decisions of Managers and employees in the desired direction and a certain manner. In an entrepreneurial company like IMCD, where freedom to act is key, we cannot nor would we want to dictate employee behaviour in detailed handbooks, but we can provide principles to guide decision-making and behaviours. Our values cut across borders, languages, and cultures and are the same everywhere, anytime. Our combined IMCD values and behaviours define the IMCD culture.

Although company values are mainly an internal matter, we expect that our customers and principals will see IMCD employees who enjoy what they do and, who act commonly, irrespective of borders and background.

We apply the values in multiple ways. Firstly, the values serve as a good starting point to explain to employees in newly acquired businesses how things are done at IMCD and what type of behaviour we expect. Secondly, we explain to new hires in existing businesses how IMCD functions. Thirdly, values also serve as guiding principles for managers and other employees when they have to take difficult decisions about recruitment, internal promotions, and transitions out.

In 2022, we conducted the first global employee engagement survey and asked all staff to participate. We were pleased with a very high 85% participation rate, but also that the questions regarding our company values came out on top. A very high 89% of our staff know our values and only 2% replied that they did not. This is an encouraging outcome, especially given the fact that we on-boarded 1,233 new employees in 2022.

Regarding employee transitions, in 2022 we stopped doing business in Russia and discontinued operations or implemented divestitures in Canada and Indonesia. This affected 48 people (1% of our total employee base). Employees were offered transition packages over and beyond the legal minimum.

We did not conduct any large-scale redundancies or workforce reductions in 2022 affecting more than 5% of our employee base. As in the years before, 2021 and 2020, IMCD is a growth company and treats its employees with care, so large-scale restructurings were fortunately not needed.





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## Talent attraction, retention and development

To better understand our management approach to Talent attraction, we would first like to present an overview of the IMCD workforce.

The vast majority of IMCD's employees bring with them a deep knowledge of and experience in industrial speciality chemicals or life science ingredients, as in food/pharma/personal care. Most employees work in internal or external sales, marketing, and product management, or technical development roles/application research. The commercial staff makes up, by far, the largest portion of IMCD's organisation. Our organisation is flat with locally delegated decision-making.

### We are commercially focused

In 2022, 2,742 FTEs (63% of IMCD staff) worked in a supplier or customer-facing role, in inside sales, outside sales, customer service, or product management.

### Education levels are high

The education levels of our employees are high to very high. IMCD employs 1,083 (25% of total FTEs) individuals with a completed master's degree or higher and another 1,980 (46%) with a bachelor's degree or

equivalent. Of this, 1,551 (36%) of our people do hold a technical or technological sciences degree. These high education levels make the difference between a good and great business.

### We keep on growing

Our workforce grew in 2022 from 3,740 at the start of 2022 to a total of 4,323 FTEs (16% increase) at year-end due to a combination of sustained organic growth and acquisitions (339 FTEs joined IMCD through acquisitions).

The addition of 583 additional FTEs was the net effect of new hires from acquired companies plus organic business growth minus the leavers. We acquired a record amount of new talent last year; 1,233 people joined IMCD, far more than the year before (1,053 new employees). Also, 649 employees left the company in 2022 for reasons such as retirement, jobs elsewhere, or due to a post-acquisition business integration. Of these, 48 FTEs left due to divestitures and discontinued operations in Russia, Canada, and Indonesia. Excluding these divestitures 601 people left the business (15% turnover).

We closed the year with EMEA still being the largest region with 1,867 employees (43% of total), followed by APAC with 1,264 employees (29%) and the Americas where we employed 1,192 people (28%).

## Employee turnover and retention

IMCD's employee turnover levels are monitored continuously. In 2022, total turnover, for all reasons, and acquisition effects, minus the divestitures, calculated as the leavers divided by the average headcount over 2022 was 15% worldwide (flat compared to the 15% in 2021).

	2022	2021
EMEA	13.2%	13.8%
Americas	18.7%	18.5%
Asia-Pacific	15.2%	13.2%
<b>Total turnover</b>	<b>15.0%</b>	<b>15.0%</b>

### No increase in overall employee turnover

Compared to last year, the attrition rate rose most in Asia-Pacific, the difference in the Americas was small, and attrition in EMEA declined slightly at a stable historical level. The 2022 attrition rate increase in the Asia-Pacific region was a one-off due to country-specific reorganisations following five new business acquisitions and integrations. The Americas region reported an 18.7% turnover, reflecting the challenging labour markets in North America. Our management approach is to monitor turnover, per region and function, and to keep it flat or bring it down compared to the three-year average.

### FTE

Total



4,323

Growth

+583 FTE

+16%

339 Acquisition  
244 Organic

9% Acquisition  
7% Organic

### Turnover<sup>1</sup>

In

1,233  
30%

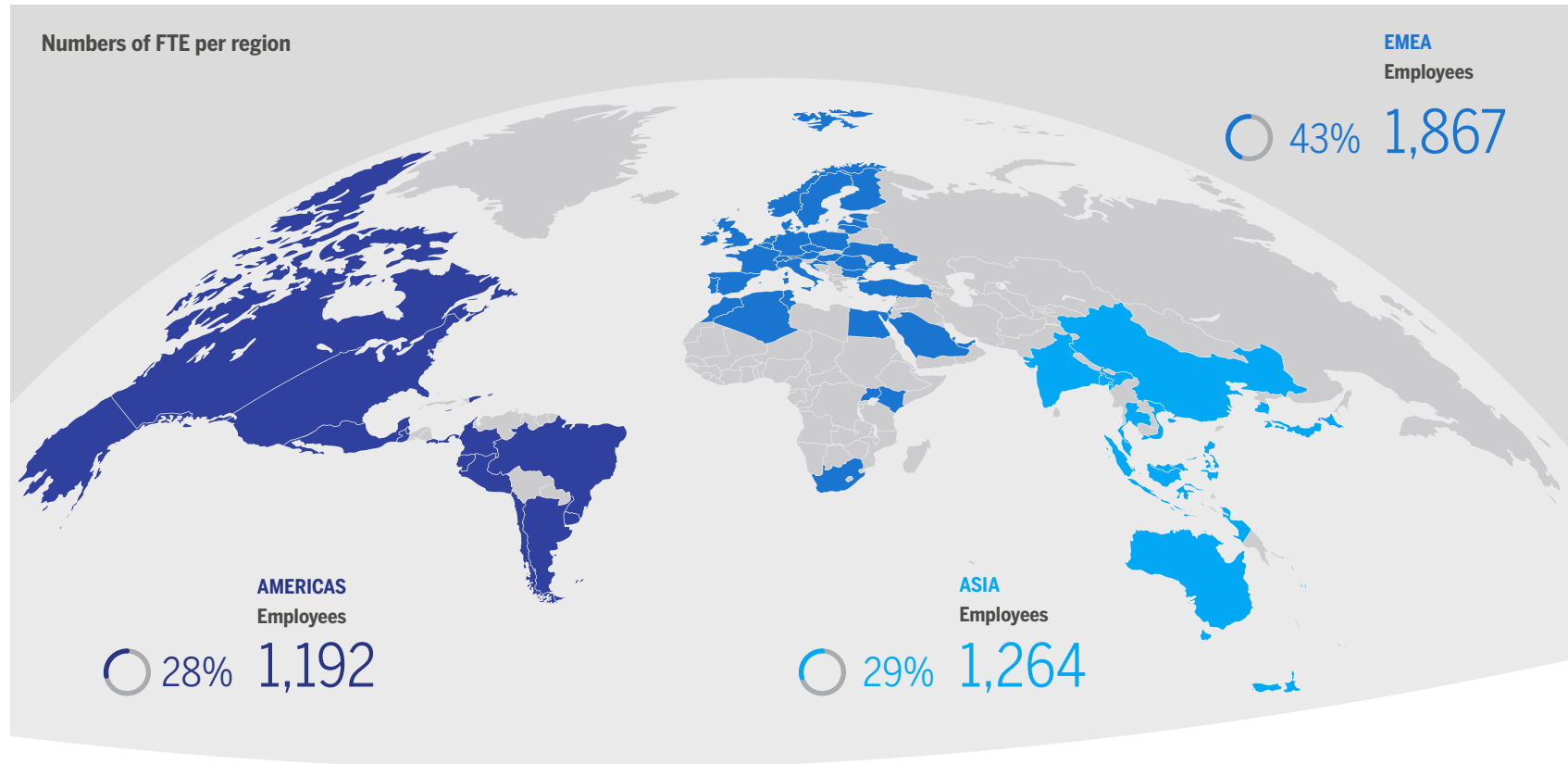


Out

617  
15%

<sup>1</sup> FTE's leaving due to one-off divestitures and work hours adjustments excluded

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This year we also cross-checked turnover metrics against insights and leading indicators from the global engagement survey in which a very high 86% of employees stated that they had an interesting job and 82% would recommend IMCD as a great place to work.

### Management turnover is low

In the global management sub-top of 370 individuals (as at year-end 2022), we had only 5% attrition which was less than one-third of IMCD's 15% overall attrition rate. We aim to keep the management turnover lower than the average company turnover. The conclusion is that IMCD has a relatively low flight risk for senior managerial staff.

### Management approach to attrition

To reduce the flight risk of key staff, IMCD has put several initiatives in motion to manage and reduce turnover. Firstly, IMCD senior management constantly monitors attrition levels by region, country, function, gender, and management level. We understand post-acquisition turnover which affected our Asia-Pacific region last year, and distinguish structural from incidental changes in turnover rates.

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#### NEW HIRES AND STAFF TURNOVER (LEAVERS) BY GENDER (EXCL ACQUISITIONS)

	2022		2021	
	New hires	Turnover	New hires	Turnover
Male	444	334	448	322
Female	560	314	472	266
<b>Total</b>	<b>1,004</b>	<b>648</b>	<b>920</b>	<b>588</b>

#### NEW HIRES AND STAFF TURNOVER (LEAVERS) BY AGE (EXCL ACQUISITIONS)

	2022		2021	
	New hires	Turnover	New hires	Turnover
Under 30	307	128	298	117
30-50	576	384	533	343
Over 50	121	136	88	127
<b>Total</b>	<b>1,004</b>	<b>648</b>	<b>920</b>	<b>588</b>

Part of the flight risk reduction was realised by remunerating key staff in line with the market or slightly above.

Another key retention measure is that IMCD employs 98% of all global staff on permanent contracts. Temporary employees are less secure and present a higher flight risk. IMCD commits to and offers fixed employment contracts or arrangements to retain staff on all levels.

Turnover can be influenced by the male versus female mix. We specifically follow the turnover of female and male employees and concluded that turnover among women is lower than among men. Women make up 53% of IMCD's employee base, yet account for only 48% of the leavers.

Interestingly, turnover in the below 30 age group at 128 leavers was lower than in other age groups, indicating that we are able to retain our younger staff despite challenging labour markets.

We have seen some impact from a post-COVID-19 or a 'working from home' effect on our 2022 turnover figure, mainly in North America. In other regions, such an effect was not noticed.

### Employer branding

We have started a project to tighten up IMCD's employer branding and value proposition, and have set the goal of launching the new IMCD employer value proposition by the end of 2023. The objective is to ensure labour market communication is consistent all over the world and is aimed specifically at the employee groups we recruit the most.

### Human capital development through training and development

After the Covid restrictions on travel and face-to-face meetings were removed, IMCD stepped up its training activities, especially technical and product training delivered by IMCD's technical Business Group experts. The 73 laboratories have organised hundreds of technical training courses, product seminars, and formulation meetings to deploy the technical and formulation expertise for the benefit of customers and

to train IMCD's staff. Such Business Group-specific training is one of the core elements of our business and underlines the expertise that is present in the company. Most of these trainings are conducted classroom style in 73 globally dispersed labs and technical centres; delivery and attendance are not yet recorded centrally.

With regard to management of career endings, transition assistance programmes are set up in a case-by-case basis or when needed under local circumstances. If so, these programmes are tailored to local needs and aligned with local laws and regulations. In 2022, programmes applied in Russia and Indonesia.

### Our learning management system

IMCD aims to start recording all training delivered to all employees in one central Learning Management System (LMS), the 'IMCD Digital campus', powered by Cornerstone software. By the end of 2024, all training will be entered into it, including the technical and Business group training courses referred to above.

IMCD continued human capital development by offering non-technical online training such as Antitrust, Fraud,

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Cybersecurity, Compliance, Salesforce, and Digital Transformation; compared to last year, we had more focused and concentrated training usage with 4,149 employees registered, who completed tens of thousands of short courses and spent 22,620 hours (versus 7,672 hours in 2021) in our Global Cornerstone learning management system. The average user spent 5.45 hours following training sessions and taking tests.

### Feedback mechanisms to capture development needs

We have formal mechanisms in place to promote an open feedback culture consisting of (1) global townhalls with all staff, (2) townhalls in countries, and (3) business groups but also in the form of the global engagement survey. We specifically ask employees to score the company on statements such as “IMCD is a great company for me regarding my development” (73% favourable score) or “I have access to learning and development needed to do my job well” (76% favourable score).

### Performance and/or development review practices

99% of all country operations have a local, specific evaluation system in place covering all employees in a business, regardless of their gender or employee category, with a frequency of once per year or more. Furthermore, 92% of all country operations have formal arrangements in place to develop employees through individual development plans or training programs. Just over half (51%) of the countries have multiple performance evaluation systems in place for different employee categories such as sales or customer service specialists. These reviews are the same for men and women; no distinction is made between genders.

In the engagement survey, 84% of respondents stated that “we hold ourselves and our team members



accountable for results”, highlighting the focus in the company on evaluating performance.

### Sales excellence training

IMCD started a project to sharpen the sales skills of commercial staff and departments, such as outside sales, inside sales, product/principal managers, and customer service staff. The training has been developed around the concept of added-value sales and sales excellence and will be rolled out in 2023 in all three regions. The training has been developed by a cross-functional team of commercial leaders, piloted the Benelux, and will be rolled out globally via a train-the-trainer method by the end of 2023.

“We managed the highest growth ever with 1,233 new employees joining IMCD.”



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## Occupational Health, Safety, and Well-Being

The health and safety of our employees is of the utmost priority to us as they constitute the foundation of our business. As a result, we apply a people-centric management style, which is also reflected in how we approach occupational health, safety and well-being. Our goal is to reduce occupational risks for our employees by providing safe surroundings and tools, offering health and safety training and clear instructions on how to handle our products safely.

**Zero work-related injuries and illnesses is our aspirational target at all times. All our employees, contractors or parties present at our premises – whether full or part-time –, should be safe and healthy and be able to lead a balanced life.**

An occupational health and safety management policy (part of the IMCD HSEQR Policy) has been implemented across all companies in the Group in addition to adhering to local laws and regulations. It applies to all our employees and activities, with a focus on those that take place in labs, our own warehouses, and operations, as these by their nature involve a higher risk exposure than office sites. As part of our strategy, IMCD runs regional health and safety management systems that outline our dedication to offering a secure workplace and guaranteeing that all our visitors and employees, wherever they may be, can go home safely each and every day.



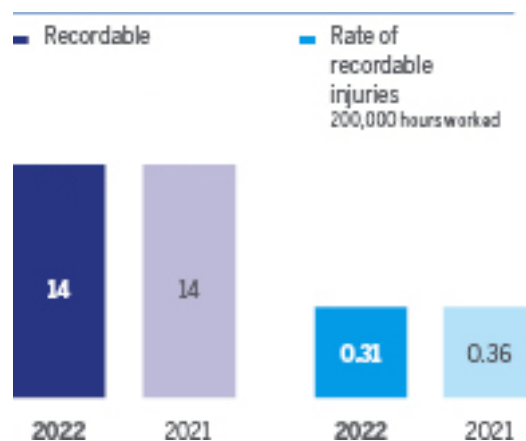
“The Health, Safety,  
and Well-being of  
our workers is  
unconditional; we  
make no concessions  
in this area.”

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The Global HSEQR & Sustainability Director developed the occupational health and safety management system, which is continually reviewed by him. Regional HSEQR Directors provide local support for the creation of local HSEQR plans. Our local HSEQR managers monitor the implementation of and adherence to the policy. We are dedicated to achieving our health and safety objectives by prioritising safe work practices in all processes and operating procedures, by proactively identifying and managing exposure to risk, and by making sure that our business operations adhere to all applicable laws and regulations in the regions in which we operate.

Employee training on occupational health and safety is carried out by our local HSEQR managers. Each employee receives regular training in these topics, which emphasises the use of safety data sheets when handling hazardous products as well as evacuation, first aid, and emergency instructions. There is a certified first responder and, as needed, a fire fighter at every warehouse or production site. Every incident at one of our locations that involves work is investigated by a qualified individual or, if necessary, a committee.

#### Number of recordable injuries



In this process, the hazards are identified, the risks are evaluated, and the necessary improvements to the health and safety management system are decided. Employees are required to report hazards or circumstances at work that they believe could result in an injury or illness to the local HSEQR manager and to immediately remove themselves from the situation.

For all our third-party logistics activities, we have established strict operating procedures. We track performance and non-conformances via our company-wide NCR management. We conduct annual audits of both internal and external facilities to check for adherence to health and safety policies in addition to our business reviews. The company had a total of 14 recorded injuries in 2022 (2021: 14) that happened to IMCD employees and workers. The events involved muscle spasms, trips, and falls, cuts, car accidents and handling chemicals. None of the Group firms reported any fatalities or injuries that prevented employees from working for more than six months in 2022.

**Based on 200,000 hours of labour, the rate of recordable work-related injuries was reduced from 0.36 in 2021 to 0.31 in 2022; the rate of high-consequence work-related injuries remained at 0.00 in 2022 (0.00 in 2021), again based on 200,000 hours worked.**

There have been no fatalities as a result of work-related illness. In EMEA, three incidents of work-related illness have been reported, all of which were caused by overwork, and stress. They were identified using our NCR system. These occurrences were reported for all employees and workers who worked in IMCD-controlled establishments. This report does not exclude any employee.

To better understand the situation of burnout risk, we specifically asked questions to all employees in the

Global PULSE Survey such as work-life balance, workload, and stress levels at work. Further in 2023, IMCD will come up with country-specific action plans to tackle the identified risks, where needed.

By means of our NCR management and the described processes of investigation and corrective actions, the primary sources of hazards that pose a risk of injury and ill health have been identified as: ergonomics of the equipment and walking surfaces; warehouse vehicles, machinery and tools; exposure to chemicals; traffic and other commute-related aspects.

**Within the reporting year of 2022, zero incidents of non-compliance concerning either the health and safety of our products and services nor product and service information and labelling, have been recorded neither in form of warnings fines or penalties.**

We held a number of trainings and briefings on safety protocols and standard operating procedures, followed up on accidents with the introduction of first-aid classes, supplemented annual physicals with ergonomic evaluations of the workspaces and equipment, treated slippery surfaces, and assessed the prevention tools available on risky premises.

Starting in 2023, we will implement mandatory and regular trainings with recurring health and safety messaging and controls reviews, to strengthen risk prevention and mitigation, which is in line with a procedure from our global HSEQR Policy on Risk Management & Continuous Improvement. We will further enable our country offices to actively exchange best practices and take advantage of the chance to harmonise programmes across all nations. We offer all our workers the legally obligatory medical insurance plans and, where necessary, medical examinations to further ensure their overall health.

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## Diversity, Equity and Inclusion

This topic concerns IMCD building a diverse and inclusive workforce for which discrimination and harassment are prohibited and that offers equal opportunities to all employees. Also, IMCD fosters an entrepreneurial business culture that enables employees to deliver their best.

### A well-balanced workforce

From a gender diversity perspective, in 2022, IMCD maintained a balanced workforce and employed slightly more women than men (2,288 female and 2,035 male FTEs, or 53% women and 47% men), which is unusual for a business operating in the highly technical world of chemicals and ingredients. It underscores IMCD's commitment to diversity. The share of women in our workforce went up from 51% last year to 53% by the end of 2023.

### Our management approach to Diversity, Equity, and Inclusion

It starts with a commitment to all employees that IMCD provides equal opportunities, irrespective of gender, or gender identity (LGBTQ), race, disability, ethnicity, nationality, age, or religion. This principle we apply to the full employee life-cycle starting with attraction,

recruitment, job assignments, promotions, rewards, and benefits. We do not tolerate discrimination on any of the above grounds. We have made this clear to all our staff in our Code of Conduct, Management Instructions, and Values.

### The process to report grievances such as discrimination

We have set up and widely communicated an Internal Alert Procedure and an Ethics and Compliance Hotline where employees can report grievances, anonymously, if they so wish. In 2022, we received two grievances that were investigated and followed up with appropriate action including a separation. However, no discrimination cases were reported. We had no pending cases from previous years.

### Who takes the lead in diversity

The responsibility for achieving the desired results in the area of Diversity lies with the Management Board/ Executive Committee and the Global HR Director.

It should be noted that, as a global company, we are not allowed to track and monitor all employee characteristics in all our countries, such as disability, sexual orientation or gender identity (LGBTQ), for the simple reason that local laws do not always permit this.

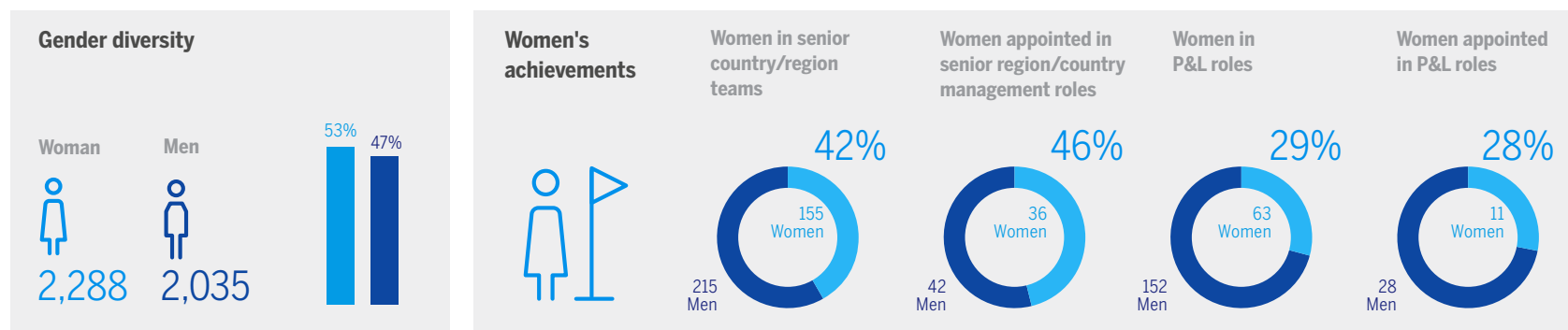
We therefore focus on two topics we are allowed to monitor: (1) gender and (2) nationality.

Let's start with Diversity in nationality. Our employee base includes more than 65 different nationalities. The various national origins at the top of the house (Management Board/Supervisory Board/Executive Committee) are mentioned below.

### Diversity in nationality

IMCD's Management Board consists of three members, two of whom are Dutch and one British. The Supervisory Board has five members of four nationalities (German, American, Dutch, and Swiss), and our Executive Committee consists of six senior leaders, again of four distinct nationalities (Dutch, French, German and British).

The goal is to have more nationalities employed than active IMCD businesses in a country. Overall, the employee base includes more than 65 different nationalities spread across 62 country operations. In its Global HQ, IMCD employs 87 individuals with 22 different nationalities.



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## Gender diversity

The gender distribution of the workforce is very balanced with 2,288 women (53% versus 51% in 2021) and 2,035 men (47% versus 49% in 2021). With this F:M ratio IMCD has a gender distribution, with far more women, that is quite different from the Chemical and Ingredient industry average, which is a testament to IMCD's attractiveness to women. IMCD can attract and retain female professionals for several reasons. As a professional services company, IMCD has most of its offices in large cities, provides career opportunities in a values-driven business culture and offers career development initiatives such as the IMCD Women in Leadership programme.

The Supervisory Board's composition is 40% female and 60% male. As such, IMCD complies with Dutch legislation on gender diversity in the board room, which calls for at least 1/3 women and 1/3 men on Supervisory Boards.

The IMCD Executive Committee has 6 members, who are all male. The IMCD Diversity strategy aims on the one hand to maintain the positive near equal gender balance for the company as a whole and on the other hand to accelerate the development of women in commercial and/or digital positions especially in the sub-top of the company - the management teams of all the countries and regions we operate in. IMCD's Management Board monitors female appointments in these senior teams; in a total pool of 370 positions in 2022 IMCD had a total of 78 openings and appointed 36 women (46%). The local country management teams are key talent feeders for the future executive talent pipeline. IMCD is pleased with the balance of appointments in these key roles, although there is still room for improvement. The goal is getting more women in commercial management roles. In IMCD's internal annual diversity analysis, which was discussed at Board level, the conclusion was that women were well

represented in country management teams, especially in roles such as Marketing, HR, Legal and Finance, but less so in commercial and digital leadership roles. That is one of the reasons why the successful IMCD Women in Leadership programme has been continued in 2023/24. This women-only development programme aims to accelerate the training and development of women in the Americas, EMEA and Asia-Pacific region, and to better prepare them for future leadership roles.

IMCD has a management approach and overall goal to get more women in commercial management roles and a specific target to annually appoint at least 40% of women in all open positions in the managerial sub-top. This is the group of 370 most senior roles in all regions and countries combined. The 40% target was in place for 2022 and will be continued for 2023.

## Diversity in age groups

The age profile of IMCD staff also underlines the fact that IMCD is an equal opportunities company for all ages. IMCD had 6 employees under the age of 20, mainly working students, interns, and other entry-level workers. At the other end of the spectrum, IMCD employed 193 people over 60 (4.5% of the total workforce at year-end 2022 – same as in 2021). The 20 - 30 age group grew to 715 (16.5% versus 15.9% the year before) and the vast majority (2,636 employees or 60.7%) was in the 30 - 50 age group. The number of employees between 50 and 60 was 773 (17.8% versus 18.5% in 2021). The overall IMCD age profile has become more youthful over the last few years, especially due to developments in two groups. Firstly, the under-30 group continues to grow year-on-year and secondly the 50+ age group shrank from 25% in 2019 and 23% at year-end 2021 to 22% in 2022.

## Diversity, Equity & Inclusion shows progression towards goals

We had several Diversity goals and targets in 2022. Firstly, to maintain a balanced male and female employee base. Secondly, to ensure the top management layer/the board and executive committee has diversity in nationality and thirdly, to appoint a minimum of 40% women in all open sub-top vacancies worldwide. A final goal was to continue the specific development programme for up-and-coming women to boost the internal talent pipeline.

By setting these goals, we committed resources in the form of Management Board/Supervisory Board/Executive Committee/HR time and attention, but we also provided the requisite budget for the Women in Leadership development programme.

We are a professional services company, we currently have most of our offices in large cities, and have an entrepreneurial and values-driven business culture, all of which makes IMCD an attractive employer for a highly educated mainly urban population, both men and women. We simply need the best talent.



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### Different nationalities

Total



>65

### Type of function

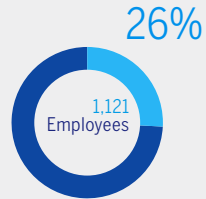
Commercial/  
Technical



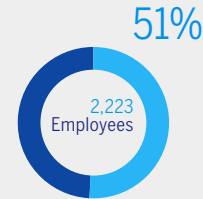
63%

### Social dialogue

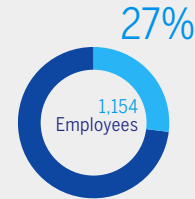
Employees  
subject to  
collective labour  
agreement



Employees  
represented  
by health &  
safety cie



Employees  
represented by  
workcouncils



### Educational level

Master or higher



1,083  
25%

Bachelor  
or equivalent



1,981  
46%

of which a  
technical degree



1,551  
36%

### Training

Training hours  
delivered



22,620

Number of  
people trained



4,149

### Headcount by age

<30

721 | 17%



30-50

2,636 | 61%



>50

966 | 22%



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Labour practices and human rights

At IMCD, this topic covers the application of ethical labour practices and respect for human rights in our activities and business operations. When we engage with our business partners we ask them to adhere to and implement internationally-recognised human rights standards in their organisations.

IMCD’s management approach

Our approach is to act in line with OECD and ILO guidelines for Multinational Enterprises and the three UN Guiding Principles on Business and Human Rights; Protect, Respect, Remedy. Those principles are embedded as commitments in our Code of Conduct, and will be further formalised in 2023 in the IMCD Group Human Rights Policy.

IMCD’s values are also clear guidelines for the conduct of employees, and we hold all employees accountable, from high-ranking leaders to the rank and file. IMCD management expects more than words, conduct is what counts. Observed violations of IMCD values by employees or unacceptable behaviour can be reported via the IMCD internal alert procedure/anonymous ethical hotline, but also through regular management and HR channels. We require the same standards for labour and human rights in our supply chain based on our ESG Standards for IMCD Business Partners. This document informs IMCD business partners about the (minimum) standards that IMCD expects them to adhere to and operate by. More information about how we engage with business partners can be found in the sustainable procurement section of this report.

All our countries have documents in place with principles, objectives or targets to address local working conditions such as wages, benefits and contract types.

Child labour risk is limited

IMCD has zero tolerance for forced labour and/or child labour. They have no place in IMCD. The Chemical distribution Industry is not high-risk in this respect, since most of IMCD employees are highly-skilled workers active in office environments. We monitor and track employees under the age of 20, mainly students, interns, and other young learners.

Collective bargaining and employee representation

IMCD respects the right of employees to organise and to join trade unions and representative bodies such as works councils and Health Safety & Environment Committees. All employees have the right of collective bargaining. When IMCD acquires companies, these sometimes come with unionised employees and IMCD respects this and nurtures existing relationships.

Management measures annually how many workers are covered by collective labour agreements (CLAs).

	2022	2021
Employees covered by CLA	1,121	1,019
Employees not covered by CLA	3,202	2,721
<b>Total</b>	<b>4,323</b>	<b>3,740</b>

At year-end 2022 IMCD employed 1,121 employees in this category, i.e. 26% of the total workforce. The number fell slightly due to business growth in Asia-Pacific and the Americas where CLAs are less prevalent than in EMEA. Management also annually tracks formal employee representation. In 2022, IMCD had 2,223 employees (51.4% of the workforce) worldwide who were represented in formal joint management and

employee Health & Safety Committees and 1,154 employees (26.7% of workforce) covered by formally elected employee representatives such as works councils, most of them in the EMEA region.

In 2022, IMCD encountered zero employee strikes. No industrial action against the company was reported.

In 2022, we did not receive any complaints or grievances indicating that the freedom of association or collective bargaining was at risk in any of our countries, whether through management channels, our Internal Alert Procedure or the IMCD Ethics and Compliance Hotline.

Social dialogue and employee participation enhanced

Dialogue between employees and management takes multiple forms. The IMCD management approach uses the following three communication channels:

1. Town hall meetings with all staff
2. Employee opinion surveys
3. Regular dialogue between management and employees

IMCD conducted two global town halls for all employees in 2022, one in March and one in October. The topics on the agenda included digitalisation, people statistics, the financial results, IMCD cares, the sales excellence project, and sustainability. All staff from all countries are invited to all town halls, which are live events with presenters who take questions. Remaining questions are answered offline.

In 2022, the first Global Engagement survey was conducted, the IMCD Pulse. A remarkably high participation rate of 85% underlined the willingness of employees to share their opinions. Outcomes were positive: 72% of all participants were favourable to very favourable about their overall engagement levels,

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21% were neutral and only 7% unfavourable. All global results were shared with all employees in local country-specific town-halls and global communications on OneIMCD, the company's intranet. The three themes that came out on top were:

1. Values –79% favourable
2. Management –77% favourable
3. Alignment & Involvement –77% favourable

A global three-point global action plan was developed and shared with the Management Board and the IMCD Supervisory Board. On top of this country-wide plan all country management teams have given their survey result feedback and have started a dialogue to determine geography specific action plans.

Lastly, due to our flat organisational structure and the relatively modest size of our business (in terms of FTEs per country) our country managing directors and their HR teams are in daily contact with their colleagues and co-workers. Changes of department, positions or job contents can be discussed in an early stage.

### Flexible and remote work

All countries, have flexible working, remote working policies or instructions in place. The contents differ per function and geography.

### Special leave for young parents or compassion

In 88% of the countries where we have operations, IMCD offers additional leave to employees for specific purposes such as maternity, paternity, studies, and compassionate leave. In general, both men and women are eligible for these leave categories. In 2022, 69% of parental leaves in IMCD were women, and 56% of them were located in the EMEA region.

### Permanent and full-time contracts dominate

The overwhelming majority of IMCD's employment contracts are permanent: 4,249 or 98% of the year-end workforce. Only 74 (<2%) of the employees were on a temporary contract. IMCD believes that offering regular, indefinite contracts or job offers provides employees with more security and a decent living and this is what employees value most. It is also a distinguishing feature in competitive labour markets. There is very little difference between men and women in this respect. Only 21 of the 2,012 (1%) men are on a temporary contract and 53 of the 2,237 women (2%).

A comparable pattern applies to full-time versus part-time staff. IMCD employed 4,181 or 97% full-timers (up from 96% the year before) and 142 or 3% part-time employees (measured in FTE). The latter group has requested flexibility in their work patterns to fit their work-life balance or family needs. There is a difference between male part-time workers (21 total) and female part-timers (121 employees), which suggests more women have asked and been granted flexible working arrangements.

IMCD offers benefits for full-timers, part-timers, and temporary workers, some benefits require a waiting or vesting period. One of the most important benefits is health/medical care. No less than 94% of our countries offer this to their employees, either via country specific health care systems or via private care. Employees who work part-time have generally requested flexible arrangements themselves.

### Number of employees (FTE) that took parental leave in 2022

	FEMALE	MALE	TOTAL
EMEA	71	24	<b>95</b>
Americas	24	13	<b>37</b>
Asia-Pacific	23	15	<b>38</b>
<b>Total</b>	<b>118</b>	<b>52</b>	<b>170</b>

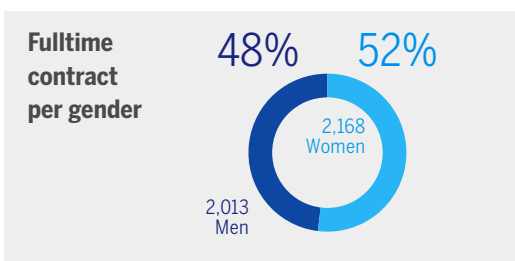
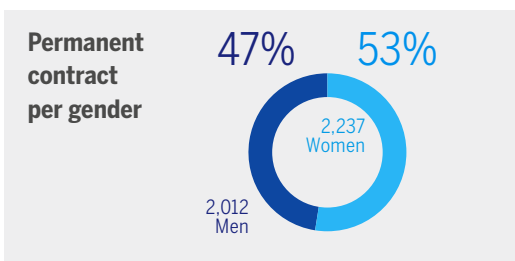
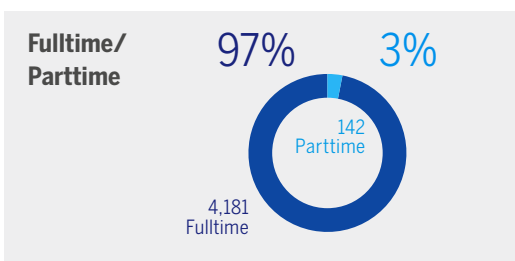
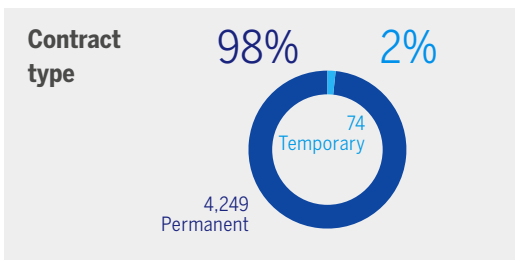
### Number of temporary employees (FTE)

	2022	2021
EMEA	51	34
Americas	24	37
Asia-Pacific	31	45
<b>Total</b>	<b>106</b>	<b>116</b>

### Number of non-guaranteed hours employees (FTE)

	2022		
	Female	Male	Total
EMEA	1	-	<b>1</b>
Americas	6	9	<b>15</b>
Asia-Pacific	11	10	<b>21</b>
<b>Total</b>	<b>18</b>	<b>19</b>	<b>37</b>

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## Responsible restructuring remains an exception

Due to our flat organisational structure and the relatively modest size of our business (in terms of FTEs per country) our country managing directors and their teams are in daily contact with their colleagues and co-workers. Changes in department, positions or job contents can be discussed at an early stage.

IMCD informs employees of upcoming changes in the business/organisation at an early stage and in detail, and we give people advance notice that complies with the minimum period of notice required locally and/or international level. Given our business model of delegated decision-making by Country Managing Directors, we defer to their judgement of the local situation and provide advance notice and transition payments over and above the local legal requirements and/or better than packages resulting from collective bargaining agreements.

In 2022, IMCD neither carried out any large-scale redundancies nor implemented workforce reductions/restructurings/job cuts of more than 5% of the global employee base. IMCD completed a small business divestment in Russia where the business was wound down, and a post-acquisition business restructuring in Indonesia. Overall, the company continued a growth path and the employee base rose from 3,740 to 4,323 FTEs in 2022, creating new jobs and opportunities.

## Living wage

IMCD is committed to ensuring that all workers are paid a 'living wage' (i.e. the minimum remuneration to support basic needs) in accordance with applicable local laws. Indeed, a living wage is strongly supported by the 98% of employees on permanent contracts referred to above. The average salary & wages IMCD paid per employee in 2022 was EUR 68,800 per employee (EUR 65,560 in 2021), up 4.9% year-on-year. This excludes social security, taxes, benefits, and pensions. The year-on-year increase was due to many variables, such as merit increases, promotions, new employees, retirements, and business acquisitions. Furthermore, in the absence of applicable laws or collectively bargained labour agreements, working hours including overtime may not exceed 60 hours per week, and a minimum of one rest day per week is provided in all our countries.

## Board discussions

People, social, talent, management succession, and labour matters are discussed by the IMCD Management Board and the Supervisory Board on a regular basis throughout the year. These discussions may relate specific individuals or to important themes and developments in the field of people and labour.



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## IMCD Cares

As a global leader in the chemical industry, IMCD takes great pride in being an employer of over 4,000 talented individuals from diverse backgrounds. We recognise the importance of nurturing the communities where we operate, and this ethos is at the heart of our corporate social responsibility initiatives. Our IMCD Cares programme, launched in 2020, offers a platform for our employees to engage with local projects that can have a significant social or environmental impact.

Our aim is to improve the lives of those around us by focusing on three key pillars: environment, education & diversity, and health & well-being. We believe that by investing in these areas, we can contribute towards the United Nations' Sustainable Development Goals (SDGs) and help create a brighter future for all.

In this section, we showcase some of the exciting projects our local teams were involved in 2022, providing insights into the positive impact that IMCD is making within the communities where we operate.

[More >](#)

### STEM Lab (Italy)

IMCD Italy and BDC International Bilingual School collaborated to establish the IMCD STEM Lab, an environment that provides young students with the chance to engage directly with science and business. This initiative seeks to bridge the divide between academic and research realms and the commercial world, with an emphasis on promoting diversity and supporting gender equality.

The STEM laboratory is designed to enable students to participate in a range of activities, including chemistry and biology experiments, coding exercises, and educational robotics, among others. Its goal is to offer a comprehensive educational experience to students and encourage them to explore the exciting and rapidly evolving field of science and technology.

This project contributes positively to UN SDGs 4, 8 and 9.



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### Firefly Science Truck (Türkiye)

IMCD Türkiye partnered with the Educational Volunteers Foundation of Türkiye (TEGV) to introduce the 'Firefly Science Truck' initiative, aimed at promoting educational equity. By transforming trucks into miniature labs, the project visited rural schools lacking lab resources, allowing children to conduct experiments on a range of science-related topics using materials readily available in their surroundings. The initiative not only facilitated hands-on learning but also fostered the idea of pursuing a career in science among the students.

This project contributes positively to UN SDGs 4 and 5.



[More >](#)

### ColourUpMySchool (China)

IMCD China has undertaken a commendable three-year project with the objective of refurbishing the interior and exterior walls of several primary schools located in the Daliangshan area. The initiative is being carried out by using IMCD's eco-friendly waterborne coatings, which is a step towards sustainable

development. The project started in 2022 at Shangcun Primary School, where IMCD not only refurbished the walls but also generously donated educational toys and care kits to the students and teachers, demonstrating a commitment to the betterment of society.

This project contributes positively to UN SDGs 4 and 8.





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# Product



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# What we offer to our partners

As a leader in the distribution of speciality chemicals and ingredients, IMCD is equipped with market intelligence, technical expertise, application laboratories, and product know-how to push forward the Sustainable Solutions that should be at the forefront of the industry. IMCD promotes Sustainable Solutions in the market when it champions the journey of its suppliers and de-complexifies the market and the sustainability landscape for its customers. IMCD is dedicated to the safe and reliable handling of chemicals, ensuring its warehouse operations and transport comply with all relevant standards. IMCD safeguards ethical and sustainable sourcing from its suppliers and service providers, so as to ensure responsible ESG practices.

## Sustainable Solutions

IMCD promotes sustainable products in the market, supports its suppliers and customers in product stewardship, and develops innovative, high-performance, sustainable formulations. These solutions help address societal challenges, from increased climate-change awareness to the transition towards a more circular economy. Using IMCD's market knowledge, technical expertise, 70+ labs, large customer base, and broad product range, IMCD can help turn the chemicals landscape into a future-focused market that leads to more sustainable applications.

## Definition and Methodology

Sustainable Solutions is a one-stop resource that supports our customers in navigating the complexities of green solutions. Our approach makes it easy for our customers to:

- explore extensive sustainable materials, educational content, regulations, and opportunities.
- evaluate which materials are suitable for their unique needs.
- elect to switch to using greener solutions in the production of their products.

The solutions are organised into sustainable categories which reflect the market needs. For example, there are eight categories for the Advanced Materials business group: renewable source; CO<sub>2</sub> reduction; recycling; biodegradable; compostable; end-of-life enhancement; waste reduction; and weight reduction.

We have identified a gap in our industry in terms of access to sustainability resources that are educational, actionable, and measurable, and we are committed to creating such resources.

Based on our regulatory data system, we can conduct a large-scale analysis of our products. We do this for every line of business. Each of our eight Business Groups conducts extensive research into the major trends, regulations and opportunities relating to sustainable materials. They tap into the sustainability programme of our top performing principal suppliers and engage with them as well as with customers and associations to collect the most important information needed to implement greener solutions. This market intelligence, together with our technical expertise and product know-how, enables us to define the Sustainable Solutions that should be at the forefront of the industry.

Based on the research described above, the Business Groups select, together with our suppliers, the products that can be categorised in the relevant sustainability categories. Products that meet the sustainability criteria and have the supporting scientific data for our suppliers' claims or from our labs are tagged in our product data system and are marketed as sustainable solutions.

This enables IMCD's commercial teams to engage with customers, discuss the business case for alternatives, and push more sustainable solutions.

IMCD has developed over 70 laboratories into a global network of technical centres that support its business partners with high-quality technical advice and formulation expertise. IMCD's scientists and technical teams analyse market trends and new technologies, share their technical expertise and product formulations, process and application



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knowledge to support the sustainable innovations of both its suppliers and customers.

Sustainable Solutions allows our customers, our suppliers, our team, and our other stakeholders to make informed sustainable decisions throughout their product creation.

### IMCD Sustainable Solutions Framework Programme

Sustainable solutions are offered through our Business Groups. We started with a pilot project in Advanced Materials Business Group. After evaluating the pilot, we decided to roll it out to the other Business Groups. To realise this, in 2021 we launched our IMCD Sustainable Solutions Framework Programme, a market-oriented programme in which we promote greener products through our supply chain. We established an IMCD Sustainable Solutions Team represented by a 'Focal Point' from each Business Group to assure alignment. For the teams, further alignment with the Group Sustainability Programme Manager is tackled by Project Coordinators and at monthly meetings. Each Sustainable Solutions Focal Point is responsible for building a Sustainable Solutions Task Force within their business and driving the programme in the EMEA, Americas and APAC regions.

We aim to have the Sustainable Solutions Framework Programme implemented in all the Business Groups by 2024. To achieve this, a two-year programme plan was developed which started in 2021 by setting up the teams and developing the project plans for each Business Group. In 2022, the Business Groups performed internal portfolio analysis, consultations and validation, and developed knowledge centres. Next year, the sustainable solutions categories will be tagged in our product database, and we can measure the share of sustainable products in our portfolio. The approval of new products as sustainable solutions is the

responsibility of the respective business Sustainable Solutions Task Force. The Business Groups are independent and can tailor the approach to their market, while remaining aligned.

The IMCD Sustainable Solutions Framework is a key programme in our sustainability strategy. It demonstrates our added value as expert, co-innovator

and market influencer. The programme benefits our customers, principal suppliers, and our teams.



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## Our customers

At IMCD, we are committed to taking on our customers' sustainability challenges and working toward solving them. Whether the priority is CO<sub>2</sub> reduction, recyclability, or any other challenge, together we can explore all the sustainable possibilities in one place at a specific time. The Sustainable Solutions Framework Programme makes it easy for our customers to find out where to start with their sustainability goals and educate themselves on the key sustainability trends. We are then ready to provide the advice they need to make decisions and the technical support they need to implement new solutions.

## Our principals

The Sustainable Solutions Framework Programme allows us to consistently market the value our principals' sustainable materials bring to our customers and increase the visibility of their materials worldwide. With our one-stop information resource we can strategically align with our principals' sustainability goals and best position their materials to our customers.

## Our IMCD teams

The Sustainable Solutions Framework Programme provides a global overview of our principals' sustainable materials, making it easy for our teams to explore what is possible for their customers. Our information hub offers access to a complete list of supplier materials, the latest regulations, educational content, and more. Additionally, in standardising the sustainable solutions we offer, we can identify gaps in our principals' offerings and prioritise opportunities for the growth of our business.



“We promote sustainable solutions in the market and champion the sustainability journey of our suppliers and customers.”

CASE IMCD ADVANCED MATERIALS

# Supporting a sustainable night's sleep



"The circular economy is not a fad but a responsibility to protect the planet. We are proud to help customers optimise their product lines by bringing innovative and sustainable solutions to the region – all without compromising on quality."

**Jennifer Velasquez**

Project Leader and PU Regional Manager / Principal Manager, Advanced Materials North LATAM

Innovative materials will drive the low-carbon economy of the future and IMCD plays a key role in bringing sustainable solutions to market. In El Salvador, our Advanced Materials business group recently supported a furniture customer in developing a new line of circular-economy products, setting an example for an entire region in the process.

Millions of mattresses end up in landfills each year. Improving sustainability through mass balance materials and lower-emission products contribute to the reduction of CO<sub>2</sub> footprint which is better for the environment – but also enables brands to stay competitive in an evolving market. The customer decided to look into opportunities to go deeper through its production and tapped IMCD's expertise to optimize its products offering sustainable bio-based materials and lower volatile organic compounds. In order to achieve this goal, IMCD has supported the customer from the concept stage through to final production to develop foam for mattresses with a smaller environmental impact.

We leveraged a longstanding supplier relationship to bring a new circular material, renewable toluene diisocyanate (TDI), to the Latin American region, becoming the first distributor to do so. Renewable TDI substantially reduces a product's CO<sub>2</sub> footprint from cradle to factory gate, while matching the high quality of fossil-based materials used in polyurethane (PU) foam. Further, renewable TDI can be used as a drop-in solution, meaning the customer could quickly integrate it into existing production lines without technical process modifications. To create a PU foam, it requires certain types of materials working together. Our team also managed to think beyond the TDI and source the other materials to further reduce the total footprint. We provided the customer with an additional way of optimising its products, by sourcing the non-emissive amines and catalysts required to produce sustainable furniture.

The result was a significant contribution to the sustainability goals of every company involved, including the customer and the suppliers alike. Overall, the final product is 50% more sustainable than before. Along the way, the team also made it a cost-efficient product to produce. Both the customer and IMCD are in the process of becoming certified according to ISCC Plus (International Sustainability & Carbon Certification). The customer will switch a substantial portion of its production to the new technology. In addition, the process has also opened up new opportunities for the customer to export its products to other regions at a time when both customers and regulators are demanding sustainable solutions. The project serves as an example of how IMCD leverages its expertise, wide network and trust-based relationships to embed sustainability and circularity across the ecosystem.



CASE IMCD COATINGS &amp; CONSTRUCTION

# Insulating historic buildings for energy efficiency



“By matching the original raw materials used in heritage and historic buildings, our thermal insulation system improves their energy efficiency while keeping their appearance and charm intact. With the new system, tradition meets innovation for the perfect synergy between old and new.”

**Roberta Pecchini**

Technical Manager Coatings  
& Construction

IMCD Coatings & Construction has developed a new formulation for thermal insulation of historic buildings. The new material solves the unique challenges associated with reducing energy consumption in these iconic structures.

The built environment currently produces nearly 40% of annual global CO<sub>2</sub> emissions, 27% of which is caused by building operations. Improving the sustainability profile of historic buildings is therefore essential to reducing global carbon emissions. This is particularly important at a time when volatile energy prices and climate change concerns demand greater energy efficiency.

Among the most widely used interventions for retrofitting existing buildings are External Thermal Insulation Composite Systems (ETICS). However, their use in historic buildings is limited since they are usually applied to building façades, which are protected by preservation laws.

IMCD Coatings & Construction proposes a new thermal insulation solution for historic buildings that uses a lightweight functional filler. The solution comprises three layers, including a thick mineral render, a skim coat, and decorative paint. Each has individual thermal insulation properties. Taken together, the layers reduce thermal conductivity by up to 20% as compared to standard ETICS systems, achieving the highest level of thermal insulation possible. As the solution can be used both internally and externally, it is flexible enough to suit a wide variety of buildings.

The filler, which is available either in powder or granular form, works by trapping heat in its nanopores. Boasting a significant number of attributes, the filler is hydrophobic and has a low thermal conductivity. It is also extremely lightweight in nature and with a smaller volume required as compared to existing solutions, the new filler offers higher yield and improves job site productivity.

Furthermore, the solution provides strong mechanical properties that meet the requirements of the EN998-1 European standard for rendering and plastering mortars. These attributes make it one of the best insulating solutions on the market.

With its wide range of benefits, the new formulation supports a broad variety of applications in historic buildings, ensuring that these iconic structures maintain their integral role at the centre of their communities.



CASE IMCD PHARMACEUTICALS

# Transforming low-dose manufacturing with direct compression



“We have shown how sustainable direct compressible processes can be a game-changer for the pharmaceutical production of low dose APIs. The industry now has a tried-and-tested route to improving sustainability while increasing profitability and attracting new customers.”

**Prajal Pandhare**

Manager Application  
Development, IMCD India

IMCD Pharmaceuticals aims to establish a new platform technology for manufacturing low-dose formulations using a sustainable direct compression process.

This innovation changes the status quo of manufacturing low-dose active pharmaceutical ingredients (APIs). It is the result of a proactive strategy by IMCD to support quicker production of new drugs, while reducing resource use and improving sustainability across the sector. Our Mumbai Pharmaceutical Technical Centre launched an internal project to improve the manufacturing of Apixaban immediate release (IR) tablets. The project was in line with an increasing launch of various directly compressible, novel co-processed excipients from different suppliers.

Apixaban was chosen for the project because the widely used anticoagulation medication is a blockbuster API, with annual sales of \$10.76 billion in 2021 and a patent expiring in 2026. Secondly, it is potent at 5 mg, or about 2.5% of the tablet weight. If such molecules can be formulated with simpler and more sustainable processes, the applications can be extended to many other large-volume low-dose APIs. The reference-listed brand for Apixaban tablets is produced using a dry granulation process that requires up to nine steps. This can be time-consuming for high-volume products.

Direct compression, by contrast, needs fewer manufacturing steps and uses fewer resources. With sustainable direct compression, the drug can be manufactured in four or five steps. Key to the process is selecting highly functional excipients that can carry low-dose APIs, as well as an effective mixing plan that supports homogeneity of the final dosage. This new platform technology results in inventory reductions because fewer ingredients are required. Fewer manufacturing steps mean less time cleaning, thus increasing production speed. At the same time, we addressed coating challenges by selecting a polymer with a shorter coating time.

The final product is a robust, stable, and efficient formulation that is equivalent to the original. For the industry, the new platform offers a way to resolve supply chain and sustainability challenges while speeding up the development process and unlocking new value.

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## Sustainable Procurement

To guarantee responsible environmental, social, and governance practices, IMCD ensures ethical and sustainable sourcing from its product suppliers and third-party logistics service providers. Sustainable Procurement is a key enabler of the core focus areas of Supply Chain Decarbonisation and Sustainable Solutions.

IMCD is committed to implementing sound sustainability principles in order to procure products and logistics services that are sustainable, ethical, and responsibly sourced. By focusing on local suppliers, we help to support the local economies where we operate.

IMCD serves a distinct role in the supply chain between the principal supplier and the customer. As a distributor, we are viewed as an extension of our principals' sales force. We use an outsourced logistics model, collaborating with logistics service providers for warehousing, transportation, sampling, and repacking. As a result, our added value in supply chain sustainability is in how we can influence the logistics service provider landscape and improve their ESG performance. Our Supply Chain Decarbonisation Programme will enable us to enhance order management and collaborate with third-party logistics service providers to encourage further ESG performance improvements. Our customers, on the other hand, are looking for new sustainable solutions as well as environmental and social footprint data for the products they purchase.

We have a sustainable procurement policy and global procedures for sourcing products or logistics services at the Group level. The Global Supply Chain, HSEQR, and Sustainability Director manages

sustainable procurement, which is overseen by the Chief Procurement Officer (CPO), who is a member of the Management Board. The Head of the Global Supply Chain in collaboration with the Sustainability Programme manager, develops and implements the Group's sustainable procurement policy and global procedures. Our local Supply Chain and HSEQR managers work with third-party logistics providers and product suppliers in their respective regions, monitor ESG performance through the EcoVadis platform, and conduct audits.

Based on the ESG Standards for IMCD Business Partners, IMCD continued to engage with its third-party logistics suppliers in 2022 to raise awareness and enhance commitment to its supplier code of conduct. This document informs IMCD's business partners about the (minimum) standards that IMCD expects them to adhere to and operate by. Furthermore, we expect our business partners to ensure that their own agents and subcontractors comply with the requirements outlined in this document. The ESG Standards are incorporated into the contractual relationship between IMCD and business partners through either the business partner's signature or a contractual clause in a subsequent contract. The ESG Standards for IMCD Business Partners can be found on the IMCD website.

By 2022, 95% of existing third-party logistics service providers based on spend had signed our standards, confirming their willingness to work together to improve ESG performance. Furthermore, we have included a commitment to the ESG Standards in our contract templates and future procurement conditions for third-party services.

As a next step, IMCD initiated an EcoVadis assessment of key logistics suppliers, and by year-end 2022, 82% of these based on spend were ESG rated by EcoVadis. IMCD expanded its collaboration with EcoVadis through



# TOGETHER FOR SUSTAINABILITY

**Together for Sustainability (TfS)** is a joint chemical industry sustainability initiative and global network aimed at shaping the future of chemical supply chains. Its network is made up of world-class chemical companies committed to improving sustainability in their own operations as well as those of their suppliers.

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Together for Sustainability (TfS) at year-end 2022 to implement aligned tools for supplier evaluation and a global framework of shared infrastructure, which will add value to our business partnerships.

In 2022, IMCD began monitoring the sustainability performance of its business partners, focusing on its downstream supply chain, through its expanded collaboration with EcoVadis and TfS. We will expand our sustainable procurement programme next year by adding TfS audits and working with suppliers on education and corrective measures. We will broaden the scope to include the upstream product supply chain.

We believe that by working together, we can create more sustainable, transparent, and resilient supply chains.

Prior to engagement, IMCD evaluates its third-party service providers for compliance. The number of times an assessment is performed is determined by the types and quantities of products stored or transported by that third-party service provider. Since 2021, all new third-party logistics service providers are screened on social and environmental criteria before being awarded a contract. We evaluate third-party service providers' sustainability agendas, targets, and progress in our appointment process.

In terms of social criteria, service providers must have adequate health and safety measures in place, as certified by reputable bodies. We have put in place a human rights and labour practices check that applies to both new and existing service providers. As a result of this screening, a potential service provider may be approved with or without minor changes, placed on hold for approval until the required improvements are implemented, or denied approval.

IMCD requires third-party service providers to have quality management certifications (such as ISO 9001 and Responsible Care) and to disclose how they manage relevant environmental impacts as required by local regulations. Furthermore, IMCD has established procedures to ensure that third-party service providers comply with applicable health, safety, environmental, and legal requirements. As part of our sustainability collaboration with our partners, we run several projects each year to reduce the impact of our products upstream and downstream in the supply chain. Our non-conformance reporting process, which is supplemented by quarterly on-site business reviews, closely monitors service level agreements and standard operating procedures.

Since 2021, product suppliers have been required to complete a sustainability self-assessment covering environmental and social practices. The local HSEQ manager evaluates and approves each new supplier. Multi-territory and Group suppliers must also be approved by the Global Supply Chain Director and the HSEQR & Sustainability Director.

Because of the nature of IMCD's business, which involves working with leading international suppliers of speciality chemicals and ingredients, IMCD companies purchase a significant portion of their products from foreign suppliers. Nonetheless, IMCD prefers to work with mid-sized local business partners for logistics and other services. IMCD values balanced partnerships with local service providers, in which IMCD benefits the local service provider and vice versa. Local suppliers are businesses that provide a product or service to an IMCD entity and are located in the same geographic market. Approximately 85% (2021: 85%) of services and nontradeable goods were purchased locally in 2022. For this purpose, all companies were deemed to have significant operational locations.



"The current sustainability challenges can only be addressed through collaboration. It is about cooperating, being open, and sharing knowledge. We believe that joining TfS brings us one step closer to improving our sustainability performance and hastening our customers' and suppliers' sustainability journeys. We are excited to collaborate with TfS and its members to develop solutions and share knowledge and expertise in the supply chain."

**Marcus Jordan**  
IMCD's Chief Operating Officer.



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## Safe Handling & Distribution

Safe Handling and Distribution of the product portfolio is essential for IMCD given the company's role as a speciality chemicals distributor. IMCD ensures safe and reliable handling of chemicals, compliance of warehouse operations and transport with all relevant standards, and application of the highest standards in waste handling and disposal to avoid spills or adverse environmental impact. Together with our suppliers, we ensure the quality and safety of our products portfolio and compliance with environmental, health and safety standards and regulations.

As a chemicals distributor, IMCD's daily activities revolve around the handling, storage, and transportation of non-hazardous and hazardous products. As a result, we make it our top priority to protect our employees, communities, and ecosystems by handling chemicals in a safe and responsible manner. Our goal is to have no spills or chemical mishandling in our operations.

Our global HSEQR Policy and global procedures, as defined by our headquarters' global HSEQR function, define the principles of chemical handling within our operations. The policy establishes the guidelines for the development and implementation of local procedures and processes by the respective local IMCD operating companies.

Continuous reporting from our country organisations to the Group headquarters is required by our global HSEQR Policy and global procedures, from which local processes and procedures are derived. An analysis

is performed based on those continuous reports to identify possible needs for action or revision of the policy, processes, or procedures. During their audits at the local operating companies, the IMCD Internal Audit team conducts random checks.

For example, at the Group level, a global crisis communication procedure has been implemented, with which local emergency management procedures are aligned. Every IMCD operating company defines communication channels, roles, and responsibilities for a potential emergency situation within these local emergency management procedures.

As part of the procedure, a first point of contact for crisis and emergency situations must be assigned, who must be fully trained and capable of coordinating communication with all relevant stakeholders. Furthermore, IMCD's 24 hour emergency response number is available on the corporate website and is available for communication in the event of a crisis. If an emergency occurs, it will be handled locally and reported to our headquarters for investigation.

IMCD's product quality and safety procedures and processes are focused on the assessment of our suppliers' products and compliance with applicable laws and regulations on safety, quality, and labelling, as IMCD is committed to providing its customers with products and services that meet all their requirements without compromise.

Given the growing number of products in our portfolio, we have implemented a strict item creation process to ensure safe and responsible product handling. This process captures and validates mandatory information that is required before the product sales process begins. For example, for each product distributed by IMCD, a Safety Data Sheet (SDS) must be available in the relevant language if deemed necessary. The

majority of our SDSs are issued by our primary suppliers and are reviewed and approved by our local HSEQR managers before being stored in our global database.

A SDS contains information such as each chemical's properties, physical and environmental health hazards, protective measures, and safety precautions for handling, storing, and transporting the chemical. Our third-party logistics service providers use the SDS information to create transport documentation, prepare labels, and plan workplace safety and storage based on the information set out in the SDS.

As part of the safe and responsible distribution of our products, our local HSEQR managers ensure that labelling for all products distributed by us complies with local labelling standards, including information on content, component sourcing, and environmental or social impact. Established labelling procedures are used for hazardous products to inform the user about the hazard(s) as well as the risks when handling the material. Every order and product that leaves our warehouses is accompanied by a certificate of analysis (COA), the SDS, and, if applicable, a Dangerous Goods Declaration (DGD). To avoid errors, this data is exchanged digitally. All labels include a 24-hour helpline number. Our multilingual 24/7 emergency response helpline, Carechem 24, is staffed by highly trained chemists who provide a dependable and robust service in accordance with industry regulations. These experts provide unrivalled assistance in dealing with incidents in a safe manner, assisting the caller in responding quickly and effectively while minimising wider impacts and risk to people, the environment, assets, and reputation.

As stated in our 2020 Sustainability Report, we changed our Non-Conformance Reporting (NCR) tool in 2020 and rolled it out to all IMCD operating entities, allowing IMCD to use NCRs on a global scale to report and



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drive continuous improvement. Since 2021, we have been able to accurately report internal and external cases of non-compliance due to incorrect labelling, markings, or paperwork using this tool. These incidents included non-compliance with IMCD's own procedures for labelling and ensuring the health and safety impact of products and services.

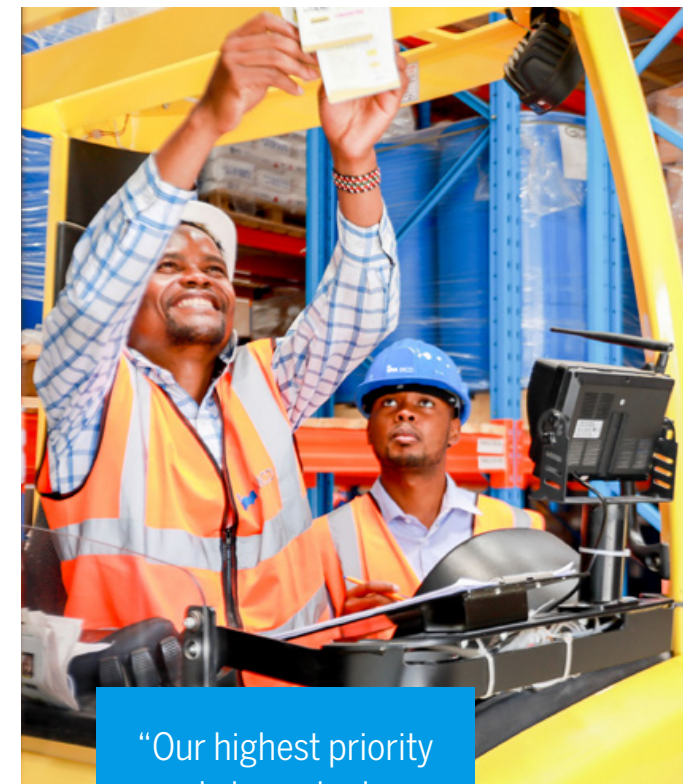
Our approach to our quality management system (QMS) is to rely on systems and certifications provided by internationally recognised organisations. This way, we can ensure that our business processes are centred on consistently meeting customer needs and increasing customer satisfaction. Based on legal and market requirements, IMCD operating companies have implemented reputable management systems such as: Responsible Care or Responsible Distribution for quality management, ISO 14001 for environmental management (by year-end 2022, 40% of the total workforce worked at ISO 14001 certified sites; 2021: 45%), ISO 22000/HACCP/BRC for food safety management, GMP+ for good manufacturing practices for food, pharmaceutical, and cosmetic products, GDP for good distribution practices for food, pharmaceutical, and cosmetic products, GDP for good distribution practices for food, pharmaceutical, and ECO for organic products. Most of IMCD's operating companies participate in the International Council of Chemical Associations' (ICCA), 'Responsible Care', or 'Responsible Distribution' programmes through local associations, committing to long-term development and adherence to the global program's guidelines. Independent third-party experts evaluate compliance with these guidelines and policies in accordance with the relevant regional assessment systems. Independent experts also examine and document the relevant operating company's environmental performance and chemical safety.

All IMCD operating companies must implement quality management systems that adhere to the internationally recognised ISO 9001:2015 standard. With additional operating companies certified in 2022, 75% of our total workforce now works at operating sites that have implemented ISO 9001:2015-certified quality management systems.

Because of the acquisition of companies that were not certified at the time they were incorporated into IMCD, the rate of global coverage for ISO 14001 and ISO 9001:2015 is lower in 2022 than in 2021. The impact on the overall number can change depending on the size of the acquisitions made each year. Our commitment to the highest quality and safety in our operations, which applies to all our companies, has not changed.

In 2022, two spills of hazardous products and one spill of a non-hazardous product were reported. One spillage, concerning 12.4 m<sup>3</sup> (12,400 litres) of hazardous material, occurred in Brazil. The other spill of hazardous material was reported to have occurred in Indonesia, concerning 0.03 m<sup>3</sup> (30 litres) of product. The spill reported for the non-hazardous product occurred in India, concerning 0.02 m<sup>3</sup> (20 litres) of product. None of the spills harmed the environment, water ways or humans, as they were professionally handled before anyone got into contact with them.

IMCD has engaged a reputable innovative and independent, technical, quality & safety services organisation, dedicated to providing future-proof solutions through technological excellence with the highest level of integrity to audit new external suppliers. The independent role of this external auditor is important for objectively reinforcing the effectiveness and credibility of the audits. This is in addition to the policies issued by IMCD's Global HSEQR Department.



“Our highest priority is to protect our employees, communities, and ecosystems by handling chemicals safely and responsibly.”

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## Digitalisation

IMCD is digitalising its business processes further to optimise its omnichannel business model and best link customer needs to suppliers' expertise in an efficient and value-creating manner. Digitalisation can be regarded as a sustainability enabler to address the core focus areas of Sustainable Solutions and Supply Chain Decarbonisation.

Digital transformation enables sustainability across three areas, which are the main pillars of the programme:

### Core systems and Integrations

IMCD continues to optimise its global processes for pre-sales and sales, the supply chain, health, safety, quality, sustainability and finance & control in order to assure operational excellence and an ongoing high level of service to our business partners. Operational improvements are facilitated using sophisticated, modern, integrated IT solutions supported by external specialists. The following digitalisation efforts have been undertaken to further enhance our sustainability management programme.

- Continuing to work on a centralised roadmap for investment in digital capabilities to support transparent and integrated data-led efficiency improvements across Business Groups and territories internally and with partners externally
- Integrating sustainability into value propositions and customer experiences, enabled by data visibility for end-users
- Building capabilities needed to adapt to digital business models that improve the promotion and sales of sustainable products and support customers in navigating the complexities of green solutions.

- Promoting sustainable solutions that help address societal challenges arising from increased climate-change awareness and the transition towards a more circular economy.
- Building cloud-based capabilities for making well-informed decisions to use resources and services more efficiently and thus enable sustainability initiatives.
- Exchanging data insights within the organisation and with partners to optimise supply chain decarbonisation, and using data to support actions while ensuring data compliance, privacy, and security.

### Digital Marketing & MyIMCD Customer Portal

Digital marketing is a key element of our commercial activities supported by our digital tools. Through digital marketing, we reach prospects and customers looking for relevant products and services and we target prospective leads to promote our product portfolio and the technical services we offer. We closely monitor customer behaviour and interests by using marketing automation tools and data analytics on our IMCD and affiliate websites. This data is used to continuously improve our efforts and serve our prospects and customers in the best possible way, while providing the sales teams with actionable insights. The global and local digital marketing teams collaborate in IMCD's global marketing network, sharing best practises and learnings.

In 2022, we continued the roll-out and scale-up of the MyIMCD portal, our B2B platform that provides access to product information and documentation and order information, while also offering facilities to request product samples, place orders, and collaborate with our technical sales teams on a 24/7 basis. Our MyIMCD portal plays an important role in giving our customers access to our sustainable solutions.



“Digital transformation enables the core sustainability focus areas of Supply Chain Decarbonisation and Sustainable Solutions.”

### Data & Analytics

The IMCD digital transformation programme is a major Group strategic initiative, driven first and foremost in a consolidated manner across the regions and business groups by IMCD's Management Board.

Performance, adoption, and data-quality KPIs have been introduced and are visualised in stand-alone and application-embedded dashboard tools.

Current enterprise architecture supports coherent representation of data and numbers. From this single record of truth Managers can plan, execute, and evaluate in a data-driven manner and through the systems.

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# Governance





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# Our social licence to operate

Integrity is essential to the way IMCD does business. IMCD has strong values and clear policies and standards in place to ensure that its employees always act in an ethical manner. By asking our partners to do the same, we aim to have a positive influence across our value chain.

## Ethics and Governance

Being a global company, subject to both international as well as many different local laws, strong ethics and governance are of particular importance to IMCD. Breaches of laws, regulation, and even internal procedures or voluntary codes can have a major impact on IMCD's reputation as well as its financial results. With transparency on all aspects of our ethics and compliance framework and performance, IMCD aims to build trust with our employees, our external business partners and other stakeholders and enable future regulatory compliance.

### Compliance management

Ethical business conduct is a responsibility shared by all IMCD employees. In our company culture, we promote trust, confidence and respect. By giving people the freedom to act and empowering them to drive business forward, IMCD has established a dynamic and entrepreneurial culture that embeds integrity, transparency, and compliance as core business values. With a group wide compliance organisation, we aim to reinforce this culture so that our people can work

in stimulating working environments with safe and respectful working conditions. We aim to ensure at all times an atmosphere where people feel confident to make decisions, raise concerns and seek advice when in doubt.

Having a strong reputation in business ethics is part of IMCD's social licence to operate. We require our employees to adhere to all applicable international and local laws and regulations and take a zero-tolerance approach to unethical business conduct.

### Compliance organisation

IMCD's compliance programme is supported by a compliance function throughout the Group organisation. This function is headed by the Group Compliance Officer, supported by regional compliance officers as well as country compliance representatives, either in stand-alone roles or combined with a senior management position. In line with best practices for proper corporate governance, the Group Compliance Officer reports to the CEO, and has access to the chair of IMCD's Supervisory Board.

In day-to-day management, there is close collaboration between the compliance function and IMCD's legal department, as well as with dedicated roles within

other Group Departments for specific topics. Examples of this are collaboration with the HSEQR Department in respect of trade sanctions and export control, with the HR Department on on-boarding and training efforts, and with the Internal Audit and Corporate Control functions on actions for topics such as anti-bribery, anti-corruption, fraud prevention, and internal investigations.

IMCD's internal control and risk management systems are used to assess risks relating to ethics and compliance and is used by the Management Board and Supervisory Board, as well as local management, to continuously monitor performance.

### Code of Conduct and Business Principles

IMCD's Code of Conduct summarises IMCD's group policies and business principles that set out the framework for ethical decision-making when representing IMCD in dealings with business partners and other stakeholders.

The Code of Conduct and IMCD Business Principles, which contain a clear set of values and shared standards, are intended to guide our employees in their behaviour and interactions, and support the desired ethical conduct within our organisation. Clear prohibitions are included as well. For questions that the Code of Conduct and IMCD Business Principles do not answer directly, our employees are encouraged to consult with local management and/or the Group Compliance Officer.



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The Code of Conduct and IMCD Business Principles apply to all IMCD employees worldwide. They are regularly updated, so that they maintain their relevance as guidance and as a true reflection of IMCD's culture. The latest version of the Code of Conduct was published in June 2022. It is available in 10 languages in addition to English.

The Code of Conduct is publicly available to all stakeholders on IMCD's corporate website. IMCD employees receive the latest version of the Code of Conduct and IMCD Business Principles while following their global compliance training programme and have access to all group policies via a dedicated Compliance section on IMCD's intranet, through which they are also informed of any changes.

### Combatting corruption, bribery, and fraud

Prevention of corruption, bribery and fraud is a core element in IMCD's compliance framework. All IMCD employees must strictly adhere to all anti-bribery and anti-corruption laws in force nationally and internationally. IMCD employees are prohibited from giving, offering, or authorising bribes or facilitation payments. Potential breaches of the policies in place to prevent corruption, bribery or fraud can damage IMCD's reputation and present a financial risk. IMCD therefore applies a 'zero-tolerance' approach, which is detailed in our Code of Conduct.

IMCD has group-wide policies and guidelines in place to support and guide employees on these topics. These policies include clear examples of behaviour that must be avoided and cover instructions on gifts, hospitality, donations and political involvement, and avoiding conflicts of interest. The anti-corruption guidance applies to all employees equally. Our employees always have access to the latest versions of company policies via a dedicated Compliance section on IMCD's intranet. Training on anti-corruption-, bribery- and

fraud-prevention is a mandatory part of IMCD's online e-learning programme, which supports the compliance framework.

Towards third parties, IMCD has implemented the ESG Standards for IMCD Business Partners. The ESG Standards for IMCD Business Partners apply to all business partners in IMCD's supply chain and sets minimum requirements for ethical business conduct, including clear instructions and prohibitions with respect to corruption, bribery and fraud. The ESG standards are published on IMCD's website and as such, available to all IMCD's business partners. Specifically for third party logistic partners, IMCD has decided to request a signature in acknowledgement

COMMUNICATION AND TRAINING	2022	2021
Number of employees that IMCD's anti-corruption policies and procedures have been communicated to. <sup>1</sup>	100%	100%
Number of business partners that IMCD's anti-corruption policies and procedures have been communicated to. <sup>2</sup>	100%	100%
Employees having received training on anti-corruption.	86%	not reported

<sup>1</sup> The IMCD Code of Conduct and Business Principles are communicated to every employee during their onboarding process, and the latest version is accessible always in a dedicated Compliance section on IMCD's intranet.

<sup>2</sup> For third parties, these policies are included in the ESG Standards for IMCD Business Partners, which are accessible to all on IMCD's website.

Our legal entities are periodically reviewed by the Internal Audit Department. Part of these reviews is determining compliance with IMCD's policies and guidelines, including the anti-corruption, bribery and fraud guidance. The number and percentage of operations assessed are set out in the table below.

CORRUPTION RELATED RISK ASSESSMENTS	2022	2021
Entities reviewed by internal audit team	70	63
% of revenue covered by internal audit risk assessment	88%	72%

Based on the reviews conducted, along with detailed policies and guidelines and ongoing training, we estimate the probability of corruption-related risks to be low.

As a further means to ensure compliance by all IMCD subsidiaries, employees can report suspected irregularities or behaviour that may indicate a breach of IMCD's policies or national and international corruption legislation through IMCD's Internal Alert Procedure and IMCD Ethics and Compliance Hotline.

CORRUPTION, BRIBERY OR FRAUD INCIDENTS	2022	2021
Confirmed compliance incidents concerning corruption, bribery or (employee) fraud	3	0
Incidents in which employees were dismissed or disciplined	3	0
Incidents whereby business partner contracts were terminated or not renewed due to corruption violations	0	0
Public legal cases regarding corruption brought against the organisation or its employees	0	0

In 2022, no suspicions of (potential) violations of IMCD's anti-corruption, anti-bribery or anti-trust policies were reported to the organisation. However, in internal audit reviews and regular control processes, three incidents of employee fraud were found.

Two cases involved an attempt to falsify travelling expenses. The third incident concerned unauthorised movement of product from an IMCD warehouse. In all three cases, the incident led to disciplinary

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action, resulting in termination of employment. Internal controls and procedures were reviewed and updated to prevent similar incidents in the future. None of the incidents reported for 2022 led to significant costs or damages for IMCD.

### Preventing anti-competitive behaviour

IMCD supports the principle of free market competition and aims to ensure that all IMCD employees comply with competition and antitrust laws. Given the potentially significant financial and reputation damage of a breach, a zero-tolerance approach applies. IMCD expects its business partners to embrace a framework where the standards of fair business and competition are upheld, similar to the one that is in place at IMCD, as formalised in 2021 with the implementation of the ESG Standards for IMCD Business Partners.

To guide employees in their behaviour, IMCD Group policies includes a Competition Law Code of Conduct. This Code includes examples of behaviour that may pose a risk and must be avoided. In case of any doubt, IMCD encourages employees to consult management and/or ask IMCD's Group Compliance Officer for advice.

Training on antitrust law is a mandatory part of IMCD's online e-learning programme, which supports the compliance framework. As a further means to ensure compliance by all IMCD subsidiaries, employees can report suspected irregularities or behaviour that may indicate a breach of IMCD's antitrust policies through IMCD's Internal Alert Procedure and IMCD Ethics and Compliance Hotline.

**In 2022, no violations of IMCD's Competition Law Code of Conduct were reported, signifying that there were no incidents, nor were there any pending or completed legal proceedings.**

### Regulatory compliance, trade sanctions and export control

As a globally operating distributor of speciality chemicals and ingredients, IMCD encounters many chemical- and market- specific regulatory requirements (e.g. relating to pharmaceutical, food and personal care products) that it needs to comply with. To ensure compliance, IMCD has a team of global regulatory affairs and quality specialists in place as part of its HSEQR (Health Safety, Environment, Quality and Regulatory) organisation, both at its headquarters in Rotterdam, in each region, and in individual countries.

This team continuously works to advance procedures and trainings so that awareness and up-to-date knowledge of regulatory compliance and export control are maintained in its global organisation. In addition to the principles, instructions and prohibitions covered in the Code of Conduct and IMCD Business Principles discussed above, a more detailed HSEQR Policy and further screening procedures are in place to ensure regulatory compliance.

On 21 December 2021, PT IMCD Indonesia acquired 70% of the shares in PT Megasetia Agung Kimia ("Megasetia") in Indonesia. Since the end of 2022, the Indonesian National Agency of Food and Drug Control ('BPOM') is investigating suspected contamination of syrup medicines in Indonesia. As part of its investigation, BPOM has decided to revoke several licences of companies, including Megasetia's license to distribute pharmaceutical materials for alleged breach of Good Distribution Practices. Megasetia has started administrative procedures against the decision of BPOM to revoke its license.

IMCD's global trade sanctions policy and guideline on restrictive measures and export control were updated again in 2022 and key employees received refresher training on the revisions. In addition, training material

on trade sanctions and export control, developed by external experts, is available in multiple languages in the courses offered on IMCD's e-learning platform.

The procedures described are used in combination with software that enables sanctions screening of business partners. In 2022, further steps were taken to increase the effectiveness of this automated third-party screening. Through a new global risk and compliance screening tool, IMCD increased the number of databases against which its contacts are screened, and added screening on adverse media reports, which includes a check for (potential) human rights issues.

### Ethics & compliance training

In 2022, IMCD's global e-learning platform holds over 2,300 compliance-related courses in over 20 languages, available to all employees worldwide (supporting local compliance efforts and ensuring a better understanding of the material).

In a standardised global compliance training curriculum, the essential pillars of IMCD's compliance programme are covered by anti-bribery, fraud prevention, export control and antitrust training material. Local countries can add material on specific topics as they see fit.

After initial roll-out, continuous training is now ongoing in the Middle East, North America, Latin America, and the APAC region. Roll-out in EMEA is ongoing and expected to be completed in the first half of 2023. More detailed reporting on training numbers will be included in the 2023 Annual and Sustainability Report.

### Internal alerts and whistleblower system

Our employees have a channel to seek advice and report their concerns about unethical and unlawful behaviour through IMCD's Internal Alert Procedure. This procedure enables IMCD employees worldwide

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to report any irregularities or deviations in IMCD's operations from the IMCD Business Principles as described in our Code of Conduct.

In addition, IMCD maintains a global hotline to further support its Internal Alert Procedure. The IMCD Ethics and Compliance Hotline, which went live in the fourth quarter of 2020, with roll-out completed in January 2021, offers a web portal in 15 languages as well as locally-staffed telephone hotlines in multiple countries. The hotline is available 24/7 to report any ethics concerns or breaches (or potential breaches) of IMCD's Code of Conduct, Business Principles or other group policies confidentially and, if desired, anonymously.

The introduction of the hotline was used to create more awareness of IMCD's Code of Conduct and ethical business behaviour in general, through additional training. Poster material was distributed to all IMCD locations, introducing the new tool and giving examples of occurrences that should be reported. As from September 2021, the hotline is also included in the ESG Standards for IMCD Business Partners and open to reports by third-party stakeholders.

### **In 2022, two reports were made through the IMCD hotline (2021: two reports).**

The reports received are being examined and, if a compliance infringement has taken place, appropriate action will be taken. The reports in 2022 concerned cases of suspected violation of the IMCD Code of Conduct and/or Business Principles.

## **Cybersecurity**

Connectivity and digitisation will play a crucial role in our services, now and in the future. With an extensive product portfolio of more than 48,000 products, and servicing more than 60,000 customers and 3,000 suppliers in 2022, IMCD's business relies on the availability of large amounts of data. Responsible handling and protection of that data and our IT systems against cybersecurity failures, is a top priority for IMCD.

### **Information security management**

A safe and secure IT environment is an essential resource for the global IMCD organisation to achieve its business goals. IMCD's IT and cybersecurity approach is aimed at delivering reliable, secure and fit-for-use applications, that support IMCDs entrepreneurial spirit and growth as a leading distributor of speciality chemicals and ingredients.

In 2019, IMCD established the role of Group Information Security Officer, who reports to the CFO, to lead the continuous process of keeping data collected by IMCD safe. The Information Security Officer oversees the implementation of IMCD's Information Security Policy, which provides all group entities with clear guidance on how to gather, store, share and protect data. Local implementation is the responsibility of local management and supported by dedicated IT staff. Self-assessments are continuously used and regularly renewed by all group entities in order to initiate, where needed, improvement plans that meet the Group's minimum requirements. At the Group level, considerable resources are dedicated to maintaining and monitoring the IT environment for the purpose of protection against cyber threats.

Organisational measures including an ongoing training programme, awareness campaigns, phishing tests, identity access management and more are in place. In addition, multiple layers of technical safeguards and measures have been established that are designed to protect against cyber attacks and ensure business continuity; these include measures such as network segmentation, multi-factor authentication and backups. Pentests are performed on a regular basis to monitor the level of security. In 2022, the group holding company was exposed to a pentest as well as 33 operating entities where IT infrastructure is present. The Internal Audit Department is also involved to monitor progress at the level of IMCD's local entities.

IT and cybersecurity are discussed annually with the Supervisory Board's Audit Committee. In 2022, a cybersecurity review took place with the Audit Committee in July 2022, during which the IT Group Director reported in detail on the actions taken and focus areas for further improvements. A further introductions between the Information Security Officer and the new Audit Committee Chair took place in September 2022.

### **Customer data protection**

IMCD acknowledges the fundamental rights and freedoms of its employees, suppliers, customers and other third parties. This includes the rights that concern protection of privacy and personal information. IMCD respects local privacy laws and regulations and will ask permission to use any personal information if so required. We offer transparency on the data we process, through our Privacy Statement published on our website.

As part of the Information Security Policy, IMCD has implemented a Data Breach Notification Procedure, enabling early discovery of any incidents and a thorough process to quickly and adequately respond

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to security breaches. IMCD has established the role of Group Privacy Officer to oversee any investigation, along with a quick response team. The Privacy Officer is also the first point of contact in the event of any concerns or complaints from either internal or external stakeholders.

IMCD's employees follow a mandatory training programme available in IMCD's e-learning tool. This training is followed by a test to ensure awareness and understanding of phishing and security breaches. In addition, phishing tests are held on a regular basis for the full group. In 2022, this was done four times, in February, May, September and November.

As a tool to raise awareness and anchor appropriate security behaviour in the IMCD culture, a Group-wide Security Awareness Month is held annually. In 2022, it was October. The focus of the programme was to educate employees on preventing ransomware from being installed, and recognise spear phishing and business email compromise.

**In 2022, IMCD experienced no security incidents. IMCD also did not receive substantiated complaints concerning breaches of customer privacy or loss of customer data, nor did IMCD identify any other leak, theft or loss of customer data during internal screening.**

Last year, IMCD reported two established data breaches, about which the relevant data privacy authorities were notified. The financial impact of these incidents was not significant.

## Taxation

### IMCD's approach to taxation

Taxation is a subject of growing interest in the global society of which IMCD is part. IMCD pursues a principled and transparent tax strategy that is aligned with organisational values and aims to support the overall business strategy and objectives. IMCD sees tax as part of its corporate social responsibility.

IMCD's tax strategy is based on the key values and principles described in its Code of Conduct, which provides a framework for a business culture that promotes integrity, honesty, transparency, sustainability, compliance, expertise and cultural diversity. These values promote a climate of trust and respectful relationships with IMCD's business partners, investors and the tax authorities. The principles of IMCD's Code of Conduct are further embodied in IMCD's Management Instructions.

IMCD's tax principles require compliance with applicable tax rules and regulations in the jurisdictions in which IMCD operates. This means that IMCD strives to comply with the letter and spirit of the applicable tax laws. Where tax laws do not give clear guidance, prudence and transparency are the guiding principles while adhering to IMCD's Code. Transfer pricing-related issues are dealt with on an arm's-length basis in accordance with IMCD's transfer pricing policy, which is consistent with the internationally accepted standards of the OECD guidelines for multinational companies.

The company's genuine commercial activities are leading when setting up international structures. Profits are declared and taxes are paid where the economic activity occurs. Acquisitions are a significant part of IMCD's business strategy to achieve growth. The various acquisition structures and tax consequences of such transactions are considered and evaluated before

carrying out an acquisition in order to minimise the potential tax risks and tax cost. IMCD does not make use of tax havens or non-cooperative jurisdictions for the avoidance of tax. In accordance with its tax strategy, IMCD takes a conservative approach to tax risk, as it does to other risks in the business. Tax risks may arise from unclear laws and regulations as well as from differences in interpretation. There is always some level of risk on taxation because of the complexity of taxes (including frequent changes in laws), the variety and volume of different taxes that affect the company's business and differences in the interpretation of regulations or at arm's-length concepts meaning tax authorities may take a different view. Tax risks that IMCD is exposed to include acquisition and integration risks, non-compliance risk, legislative risk, operational risk, financial risk and reputation risk.

### Tax governance and risk management

To manage its tax risks, the Corporate Tax Department cooperates with all internal and external stakeholders to ensure it complies with these regulations with the general objective of mitigating these risks while at the same time aiming to be tax-efficient and by consequence cost-effective. IMCD has a tax control framework in place describing the tax risks and controls in detail, ensuring that the tax risks are known and controlled. Tax-related risks are assessed by IMCD's Management Board and discussed at least annually with the Audit Committee of the Supervisory Board to ensure a sustainable and viable tax strategy that is in compliance with IMCD's business principles and enhances long-term profitability.

IMCD seeks to maintain an open, honest and constructive dialogue with tax authorities based on transparency, respect and trust. Where appropriate, IMCD may enter into agreements with the tax authorities to ensure upfront clarity and eliminate uncertainty about tax implications of certain



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positions. As part of the OECD's country-by-country regulations, IMCD annually files a country-by-country report with the Dutch tax authorities in which it provides on a per country basis information on matters like profit before income tax, accrued corporate income tax, taxes paid, accumulated earnings and number of FTE's.

IMCD has put in place a tax policy that describes IMCD's view on taxation and its strategy and provides guidance for all tax-related activities that are carried out by IMCD's Corporate Tax team and local finance teams of the group companies. The tax policy provides a framework for delineating the Corporate Tax teams' and local finance teams' responsibilities in order to efficiently manage and control tax risks. For example, tax compliance and reporting are managed locally with support and guidance from the Corporate Tax Department and external tax counsel and is periodically monitored through IMCD's Corporate Control Department and the Internal Audit department. The tax policy has been discussed with internal stakeholders and is signed off by the IMCD's Management Board. The tax policy has also been shared with IMCD's external stakeholders, such as tax advisors and the Dutch tax authorities.

For potential concerns about integrity in relation to tax, IMCD's Internal Alert Procedure is available. This system enables IMCD employees worldwide to report, without fear of retaliation, any irregularities or deviations in IMCD's operations, including deviations from its business principles as described in the Code of Conduct or other group policies. IMCD maintains an (externally hosted) Ethics and Compliance Hotline. As of September 2021, the hotline is also included in the ESG Standards for IMCD Business Partners and open to reports by third-party stakeholders.

In response to new legislation and tax authorities with enhanced capabilities, IMCD's tax function is designing

digital tools. In line with the tax strategy, this will improve efficiency, quality, and the compliance process. For more details on IMCD's tax policy and approach, we refer the reader to the Annual Report 2022.

## Risk management

In achieving its objectives, IMCD faces risks and uncertainties, including in relation to macroeconomic conditions, regional and local market developments, and internal factors. IMCD strives to identify and control these risks and uncertainties as early as possible. Risk management is an essential element in IMCD's governance and is embedded in the company's business processes.

Although the company recognises the risks and uncertainties associated with its business activities, IMCD believes that the broad diversity of its business in terms of product portfolio, geographies, suppliers, end-market sectors and customers can lessen the impact of local and regional economic changes. However, if adverse circumstances are pronounced and/or long lasting, they can have a significant impact on the company's business and the results of its operations. IMCD is affected by demand fluctuations and other developments in the broader economy and weak economic conditions may have a material adverse effect on the Group.

IMCD's risk management policy is aimed at striking the best balance between maximisation of business opportunities within the framework of the company's strategy, and managing the risks involved.

Although IMCD benefits from its geographical, market, client and product portfolio spread, IMCD's well-structured risk management process is designed to manage the residual risks in a transparent and

controlled manner. IMCD's comprehensive internal control and risk management systems, including supporting tools, are continuously monitored by the Supervisory Board, Management Board, Corporate Control, Internal Audit and by regional and local management, improved when required and modified in line with changes in internal and external conditions.

In 2021 Corporate Control, in cooperation with Internal Audit, completely reworked the company's risk and control framework using a bottom-up approach. Meetings were held with all Department leaders to identify all potential risks applicable to each Department. This included identifying climate change related risks and the impact of current and future regulations with regards to climate change. This risk overview was shared with a group of key internal stakeholders to rate these risks on the potential likelihood of the risk occurring and its potential impact at various levels. Furthermore, the risks were allocated to the respective categories (strategic, operational, compliance and financial). The key risks resulting from this assessment were added to the framework and appropriate control measures were allocated or redefined for risk mitigation purposes. The resulting revised IMCD risk and control framework was put in place at the end of 2021.

IMCD's risk management and control systems are designed to identify and analyse the risks faced by the Group at various levels, to determine and implement appropriate risk controls, and to monitor risks and the way the risks are controlled. The identification and management of climate change risks follow the same risk-management process. Key activities within IMCD's risk management and control systems are:

- identifying key business risks, based on likelihood of occurrence and their potential impact
- setting and maintaining key controls for managing and preventing the key risks

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The Management Board, under supervision of the Supervisory Board, has overall responsibility for IMCD's risk management and control systems. Management of regional holding and operating companies is responsible for operational performance and compliance and for managing the associated local risks.

## EU Taxonomy

### Introduction and objective

The EU Taxonomy Regulation (EU 2020/852) that entered into force on 12 July 2020 is a classification system establishing a list of environmentally sustainable economic activities. The aim is to scale up sustainable investments by providing a common European definition of what is a 'sustainable activity'.

The applicable Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 consists of the following six annexes, each covering an objective that makes a substantial contribution to the environmental sustainability:

- climate change mitigation,
- climate change adaptation,
- sustainable use and protection of water and marine resources,
- transition to a circular economy,
- pollution prevention and control, and
- protection and restoration of biodiversity and ecosystems.

In 2022, companies falling under the scope of the EU NFRD (Directive 2014/95/EU), which is the case for IMCD, shall report the share of activities eligible for and the alignment with the EU Taxonomy in their annual or sustainability report against the parts of the Taxonomy that have been finalised at this stage: Annex 1 (Climate Change Mitigation) and Annex 2 (Climate

Change Adaptation). An activity is 'Taxonomy-aligned' when it meets the technical screening criteria, the 'do no significant harm' principle (DNSH), and complies with the minimum safeguards associated with the economic activity in the EU Taxonomy.

### An assessment of Annexes 1 and 2 of the Commission Delegated Regulation 2021/2139

IMCD distinguishes six main economic activities. This list of our activities was cross-checked against the list of eligible economic activities in Annex 1 (Climate Change Mitigation) and Annex 2 (Climate Change Adaptation) of the Commission Delegated Regulation (EU) 2021/2139 to examine whether IMCD's economic activities were included.

Three of IMCD's economic activities are currently not included in Annex 1 or Annex 2:

- sales & marketing of speciality chemicals and ingredients,
- customer, supplier, and employee development services, and
- supply chain added value services.

The economic activity of 'Product manufacturing' is included in the EU Taxonomy. However, it covers only a certain set of chemical products, none of which IMCD produces. Additionally, this activity is financially immaterial (less than 0.1% of total turnover). This means that all the turnover, CapEx, and OpEx linked to these four activities is non-eligible for the EU Taxonomy.

IMCD's two remaining activities, 'Distribution of speciality chemicals and ingredients', and 'Product analysis and development', could be paired with activities in the EU Taxonomy, but IMCD's specific execution of these activities does not allow this.

With regard to 'Distribution of speciality chemicals and ingredients', the transport element of this activity could be eligible under the EU Taxonomy. However, IMCD outsources almost all transport activities to third parties. Hence, IMCD has no operational control over the transport, rendering the activities non-eligible for the EU Taxonomy.

For the few instances where IMCD has operational control over the transport, the cost of transport is also included in the product price, leaving no room for separating the turnover. Additionally, these instances are not financially material as they add up to less than 1% of our turnover.

With regard to the 'Product analysis and development' activity, we analysed a link with our Sustainable Solutions Programme. This is a R&D programme that has the potential to be covered by one or more of the environmental objectives of the EU Taxonomy. At this time, however, it does not generate a separate revenue stream, nor can CapEx or OpEx be linked to the 'Product analysis and development' activity, or the Sustainable Solutions programme to any of the activities in the EU Taxonomy. Going forward, IMCD will work towards setting up a registration system to attribute the different aspects of the Sustainable Solutions Programme to each of the different environmental objectives.

This means that also for the economic activities of 'Distribution of speciality chemicals and ingredients', and 'Product analysis and development' all the revenue, CapEx, and OpEx linked to these activities are non-eligible for the EU Taxonomy.

For the reasons above none of IMCD's activities are currently eligible for climate change adaptation and climate change mitigation environmental objectives.

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This means that Taxonomy eligibility of IMCD’s revenue, CapEx and OpEx currently is 0%.

EUR MILLION		ELIGIBILITY	ALIGNMENT
Revenue	4,601.5	0%	0%
Operating expenses	1.8	0%	0%
Capital expenditures	135.6	0%	0%

The table above contains all information required to show IMCD's eligibility and alignment for its economic activities. It is a simplified version of the tables included in Annex II of the Regulation EU 2020/852, which provide a template for disclosing the KPI's for non-financial undertakings. For IMCD, the eligibility and alignment are zero for the environmental objectives Climate Change Mitigation and Climate Change Adaptation. Eligibility and alignment for the remaining four environmental objectives have not yet been determined and are not compulsory for this financial year. DNSH and minimum safeguards are therefore not relevant to report on. Consequently, IMCD has opted for including a simplified table.

We have decided not to include voluntary CapEx disclosures for 2022, given that IMCD has not made any material financial investments in activities 7.3 to 7.6 of Annex 1 to the Climate Delegated Act in 2022. In the years ahead, IMCD will take these into consideration as well.

**Qualitative information referred to in delegated Act article 8 (Section 1.2 of Annex I)**  
IMCD intends to be fully transparent on its approach with regard to the EU Taxonomy, in the qualitative information accompanying its disclosures on revenue, CapEx, and OpEx.

**Accounting policy**

For the revenue, the numerator of each of the above-mentioned activities was compiled by taking the total eligible revenue for that activity for the reporting year 2022. The total denominator was equal to the combined total revenue of the six activities mentioned above. Please refer to the Note to the Annual Report 2022 for further disclosure on revenue.

For the CapEx, the numerator was compiled by taking the total eligible CapEx for the reporting year 2022. This is the CapEx that is:

- related to assets or processes that are associated with Taxonomy-eligible economic activities
- part of a 'CapEx-plan' to expand Taxonomy-aligned economic activities or to allow Taxonomy-eligible economic activities to become Taxonomy-aligned
- related to the purchase of output from Taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions, notably activities listed in points 7.3 to 7.6 of Annex I to the Climate Delegated Act, as well as other economic activities listed in the delegated acts adopted pursuant to Article 10(3), Article 11(3), Article 12(2), Article 13(2), Article 14(2) and Article 15(2) of Regulation (EU) 2020/852 and provided that such measures are implemented and operational within 18 months.

For the CapEx, the total denominator was equal to the total CapEx combined for all six of IMCD's activities.

For the OpEx, the numerator of each of the activities was compiled by taking the total eligible OpEx for the reporting year 2022. This is the OpEx that is:

- related to assets or processes associated with Taxonomy-eligible economic activities
- part of the CapEx plan to expand Taxonomy-aligned economic activities or allow Taxonomy-eligible

economic activities to become Taxonomy-aligned within a predefined time frame

- related to the purchase of output from Taxonomy-aligned economic activities and to individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions as well as individual building renovation measures as identified in the delegated acts adopted pursuant to Article 10(3), Article 11(3), Article 12(2), Article 13(2), Article 14(2) or Article 15(2) of Regulation (EU) 2020/852 and provided that such measures are implemented and operational within 18 months.

For the OpEx, the total denominator includes costs relating to R&D, renovation, short-term leases, maintenance, renovation, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment both by the undertaking itself or any third party linked to the operations.

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**Assessment of compliance with Regulation (EU) 2020/852**

In our assessment of the eligibility of our business activities, we used the definitions included in the Delegated Acts published by the European Commission on 6 July 2021 and applicable to all companies falling under the NFRD as of 1 January 2022.

A precise definition is provided for each activity included in the EU Taxonomy, that describes the economic activities that fall within the scope of this precise EU Taxonomy-eligible activity. We have acted in good faith and have rigorously followed the scope set out in the definitions. We have also considered further guidance of the EU in FAQs and other official policy documents to reach our conclusions.

We have not included any activities as eligible if they were not deemed to fall within scope of these definitions. If in the future doubts should arise, or new insights should teach us that any of our activities were eligible, we will include these activities in our Taxonomy disclosures in future reporting years.



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# Assurance report

## LIMITED ASSURANCE REPORT OF THE INDEPENDENT AUDITOR ON IMCD N.V.'S SUSTAINABILITY INFORMATION

To the Shareholders and the Supervisory Board of IMCD N.V.,

### Our conclusion

We have reviewed the Sustainability Information in the accompanying Sustainability Report ("the Report") for the year 2022 of IMCD N.V. ("the Company" or "IMCD") at Rotterdam. A review is aimed at obtaining a limited level of assurance.

Based on the procedures performed nothing has come to our attention that causes us to believe that the Sustainability Information does not present, in all material respects, a reliable and adequate view of:

- the policy and business operations with regard to the Sustainability Information presented; and
- the thereto related events and achievements for the year 2022 in accordance with the reporting criteria as included in the Sustainability Report.

The Sustainability Information consists of performance information in the sections ("reviewed information"):

- 'Highlights' (page 6-7)
- 'Key Figures' (page 8)
- 'About IMCD' (page 9-14)
- 'Approach to sustainability' (page 15-24)
- 'Environment' (page 25-47)
- 'People' (page 48-64)
- 'Product' (page 65-76)
- 'Governance' (page 77-86)

### Basis for our conclusion

We have performed our review of the sustainability information in accordance with Dutch law, including Dutch Standard 3810N 'Assurance-opdrachten inzake maatschappelijke verslagen' (Assurance engagements relating to sustainability reports) which is a specified Dutch Standard that is based on the International Standard on Assurance Engagements (ISAE) 3000 'Assurance Engagements other than Audits or Reviews of Historical Financial Information'. Our responsibilities under this standard are further described in the section 'Our responsibilities for the review of the sustainability information' of our report.

We are independent of IMCD N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for professional accountants, a regulation with respect to independence) and other relevant independence regulations in The Netherlands. This includes that we do not perform any activities that could result in a conflict of interest with our independent assurance engagement. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch code of Ethics).

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### Reporting criteria

The reporting criteria used for the preparation of the Sustainability Information are the Sustainability Reporting Standards of the Global Reporting Initiative ("GRI") and the applied supplemental reporting criteria as disclosed in the chapter 'Methodology Note' (page 91-95) of the Sustainability Report.

The Sustainability Information is prepared in accordance with the GRI Standards. The GRI Standards used are listed in the GRI Content Index as disclosed on page 96-100 of the Sustainability Report.

The absence of an established practice on which to draw, to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

### Key review matters

Key review matters are those matters that, in our professional judgement, were of most significance in our review of the Sustainability Information. We have communicated the key review matters to the Supervisory Board. The key review matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our review of the sustainability information as a whole and in forming our conclusion thereon, and we do not provide a separate conclusion on these matters.

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## Key review matter

### Scope 3 GHG emissions – Refer to page 6, 8, 27, 36-37 and 93-94 of the Sustainability Report

IMCD as a global sales, marketing and distribution company outsourced the majority of its transport activities to third party distributors. The emissions of these third party distributors account for IMCD's Scope 3 GHG emissions. Further, supply chain decarbonization is one of the core focus areas under the key pillar 'Environment', derived from IMCD's materiality assessment. The Scope 3 GHG emission figures are based on a combination of detailed transactional data on volumes while simultaneously relying on estimates for emission factors and assumptions of IMCD's logistics department.

We identified Scope 3 GHG emissions as a key review matter because of the importance of Supply chain decarbonization in IMCD's materiality assessment and the significance of the assumptions used in determining Scope 3 GHG emissions. The Scope 3 GHG emissions as disclosed by IMCD represent only the emissions originated in transport activities by contracted third-party logistics service providers.

According to the GRI Standards and the GHG Protocol Scope 3, GHG emissions can consist of various other aspects including the processing and use of sold products. IMCD acknowledges that the products distributed have the most significant impact upstream and downstream in the supply chain.

IMCD discloses the scope of countries subject to Scope 3 GHG emissions, the relevant emission factors and assumptions used in determining the Scope 3 GHG emissions in the Methodology Note on page 93-94 (under the header 'Other indirect (Scope 3) GHG emissions' and 'Energy intensity and GHG emissions intensity') of the Sustainability Report.

## How the key review matter was addressed in our audit

With respect to the third party logistics emissions we have conducted review procedures which include obtaining an understanding of the methodology for gathering the necessary information of all third party logistic transactional data about the transportation assignments. Furthermore, we had inquiries with IMCD's management to understand the methodology and assumptions used for the calculation of scope 3 GHG emissions based on the transactional data about the transportation assignments. For the key assumptions presented on page 93-94, we performed reconciliations and recalculations for key elements. Where IMCD used external advisors to set the emission factors and calculation models, we obtained an understanding of the competency and objectivity of those advisors. Furthermore we assessed the narrative disclosure of IMCD regarding the methodology used and the rationale to exclude certain parts (i.e. processing and use of sold products) of the scope 3 GHG emissions set out by GRI and the GHG Protocol.

## Observations

Based on the review procedures performed, we obtained an adequate understanding of the methods and assumptions used by management, and have no findings to report. We further refer to page 93-94 for the key assumptions used for the calculation of scope 3 GHG emissions.

## Limitations to the scope of our review

The Sustainability Information includes prospective information such as ambitions, strategy, plans, expectations and estimates. Inherent to prospective information, the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the sustainability information.

The references to external sources or websites in the Sustainability Information are not part of the Sustainability Information as reviewed by us. We therefore do not provide assurance on this information.

Our conclusion is not modified in respect to these matters..

## Responsibilities of the Management Board for the sustainability information

The Management Board is responsible for the preparation of reliable and adequate Sustainability Information in accordance with the reporting criteria as disclosed in the the section 'About this report', including the identification of stakeholders and the definition of material matters. The management board is also responsible for selecting and applying the reporting criteria and for determining that these reporting criteria are suitable for the legitimate information needs of stakeholders, taking into account applicable law and regulations related to reporting. The choices made by the management board regarding the scope of the sustainability information and the reporting policy are summarised in section 'About the report' and 'Other information' of the Sustainability Report.

Furthermore, the Management Board is also responsible for such internal control as the Management Board determines is necessary to enable the preparation of the sustainability information that is free from material misstatement, whether due to fraud or error.

The Supervisory Board is responsible for overseeing the reporting process of IMCD N.V.

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## Our responsibilities for the review of the sustainability information

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate evidence for our conclusion.

Procedures performed to obtain a limited level of assurance are aimed to determine the plausibility of information and vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in review is therefore substantially less than the assurance obtained in an audit.

We apply the 'Nadere voorschriften kwaliteitssystemen' (NVKS, Regulations for Quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with the Dutch Standard 3810N, ethical requirements and independence requirements.

Our review included amongst others:

- Performing an analysis of the external environment and obtaining an understanding of relevant social themes and issues, and the characteristics of the company;
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the Sustainability Information. This includes the evaluation of the results of the stakeholders' dialogue and the reasonableness of estimates made by the management board.
- Obtaining an understanding of the reporting processes for the Sustainability Information, including

obtaining a general understanding of internal control relevant to our review;

- Identifying areas of the Sustainability Information with a higher risk of misleading or unbalanced information or material misstatements, whether due to fraud or error.
- Designing and performing further assurance procedures aimed at determining the plausibility of the Sustainability Information responsive to this risk analysis. These procedures consisted amongst others of:
  - Interviewing management (and/or relevant staff) at corporate and local level responsible for the sustainability strategy, policy and results;
  - Interviewing relevant staff responsible for providing the information and consolidating the data in the sustainability information;
  - Determining the nature and extent of the review procedures for KPI's
  - Obtaining assurance information that the sustainability information reconciles with underlying records of the company;
  - Reviewing, on a limited test basis, relevant internal and external documentation;
  - Performing an analytical review of the data and trends in the information available at corporate level.
  - Evaluating the presentation, structure and content of the sustainability information;
  - Considering whether the Sustainability Information as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

We communicated with the Supervisory board regarding, among other matters, the planned scope and timing of the review and any significant findings that we identified during our review.

Amsterdam, April 20th, 2023

Deloitte Accountants B.V.

C. Binkhorst

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# About this report

## Reporting period and frequency

Reporting is conducted annually, with the current report covering the full year of 2022, in alignment with the Company's financial reporting. There is no restatement of information for the reporting year 2022.

The sustainability report has been prepared as IMCD's comprehensive report on the topic as part of the Company's Sustainability Strategy.

All entities included in the Company's consolidated financial statements or equivalent documents are covered by the report unless stated otherwise in the report and/or in the Methodology Note annex relevant for disclosure. The report's scope is global with the inclusion of all companies included in the Company's consolidated financial statements. Exceptions are relevant for some topics (please see Methodology Note for more information). A full list of the entities included in the Company's consolidated financial statements can be found in the Company's Annual Report 2022. The reported data is believed to be sufficiently accurate, balanced, clear, comparable, reliable, and timely.

The report's content is defined based on the materiality of the most relevant and impactful ESG topics for IMCD to manage. In line with GRI Standards, material topics reflect IMCD's significant economic, environmental and social impacts and substantively influence the assessments and decisions of stakeholders. All material topics are included in the report. By the end of 2021, IMCD refreshed its materiality assessment to define key focus areas for sustainability reporting and to comply with the concept of double materiality in line with the

GRI Standards. Therefore, the approach to material topics definition was changed in 2021 (see 'Key Areas for Sustainability').

This report has been prepared in accordance with the international standards for sustainability reporting – the Global Reporting Initiative (GRI) Universal Standards 2021. The GRI framework was used to provide a structured presentation of this content. A GRI Content Index contrasts the GRI disclosures with the corresponding passages in the report.

With the support of the Management Board, it is the Company's policy to seek review of its sustainability reporting by external independent parties. This report has therefore completed the external assurance procedure implemented by Deloitte Accountants B.V. a limited assurance level.

Release date: April 21, 2023.

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## Methodology Note

This annex presents estimations, extrapolations and assumptions for all reported indicators, in cases when primary data was not available, as well as comments on the methodology used for calculations. Indicators not considered in this section were reported based on the primary data collected by IMCD.

Estimations, extrapolations and assumptions necessary for reporting the indicators considered in this section are connected with:

- data gaps in primary data reported from the sites (local/regional managers)
- impossibility of performing direct accounting (e.g. direct accounting of volumes of emitted GHG)

Company-specific data used in the calculations is of two quality and assurance levels:

1. data reported by the site with a proof document
2. data estimated by the sites with no proof document following the Sustainability Reporting Manual of the company

### Energy consumption within the organisation and direct (Scope 1) emissions.

Energy consumption within the organisation and emissions associated with it arise from two main source activities: energy use in facilities (space heating and electricity generation – stationary combustion), and own transport (mobile combustion).

Stationary combustion energy consumption data was collected from the sites for 2019-2022 for the volume or mass of the fuels consumed. Some assumptions and estimations were performed to fill the data gaps and derive direct emissions associated with stationary consumption. We have performed the following estimations:

- Conversion between volumes/mass of fuels and consumed energy was implemented based on the energy density of the respective fuels, sourced from the materials of University of California Berkeley
- GHG emissions associated with the stationary combustion were calculated based on the emission factors extracted from the Ecoinvent 3.6 database balanced using the IPCC (2013) GWP 100a method (global warming potential over 100 years). In order to include direct emissions only, the Ecoinvent datasets were modified by removing upstream processes from consideration.
- One of the reporting locations used CNG for transportation in one vehicle. The reported amount was combined for reporting with the values of LPG use as a conservative assumption. This resulted in a slight overestimation of emissions (assessed on the level of 0.01%).

Energy use and emissions in mobile combustion includes use of our own transport fleet. Two lines of assessments were used depending on the available data:

1. For the sites that the reported volume of fuel used, emissions from transport were estimated based on the reported volumes, standard conversion rates, and

emission factors established for different transport modes means when relevant. For locations that have different modes of transport, the estimated fuel use was allocated between the reported vehicles according to the use specified by the reporting locations, or when not available - calculated as assumed for other sites (see page 2) for each of the modes of transport. Emissions were calculated based on the emission factors extracted from the Ecoinvent 3.6 database.

2. Estimations reported by the sites based on the total number of vehicles by type and average distance driven or hours operated (relevant for 2019-2021). The following estimations have been made for these cases:

- For passenger cars, fuel consumption is estimated based on the reported number of vehicles and type of fuel used (primary data), and the average distance driven (estimation or primary data). Fuel use was calculated based on the average passenger car (EURO 4) from the Ecoinvent 3.6 database, modified according to the specified fuel used (petrol, diesel, LPG or natural gas), or, when not available, in a respective mix of petrol, diesel and natural gas. In order to include Scope 1 emissions only, the upstream processes were excluded from consideration. The same dataset was used to extract the GHG emissions factor balanced using the IPCC (2013) GWP 100a method. For hybrid passenger cars, fuel were used as the predominant consumed energy.
- For diesel-, petrol or LPG-fuelled inhouse transport vehicles (warehouse transport), energy use was estimated based on the reported number of vehicles (primary data), average hours of operation per day (estimation) and fuel use per hour of operation

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(based on Ecoinvent 3.6 data set for diesel machine operation, 18.64-74.57 kW in high load – corresponding to average warehouse diesel loader). The same data set was used to extract the GHG emissions factor of combustion of a kg of diesel used in the activity balanced using the IPCC (2013) GWP 100a method.

- For petrol and LPG fuelled warehouse transport, energy consumption per year was estimated to be equal to that of diesel (in MJ/hour), and the associated emissions per kg of fuel were calculated based on the emissions factor for fuel consumption of a passenger car (Scope 1 only, excluding upstream processes).
- For the logistics with trucks, the energy consumption was estimated based on the reported number of trucks (primary data), driven distance per year (estimation), and average load of a truck by type (small or articulated lorry). Where primary data is available, a distinction is made between trucks fuelled by petrol or diesel. When not available, all transport was assumed to be performed by diesel trucks, Energy consumption was extracted from an Ecoinvent 3.6 data set in respect to tkm transport services (Scope 1 only, excluding upstream processes). The same dataset was used to extract GHG emissions factors per tkm of transport (Scope 1 only). For petrol fuelled trucks, the energy consumption per year was estimated to be equal to that of diesel (in MJ/tkm), and the associated emissions per kg of fuel were calculated based on the emissions factor for fuel consumption of a passenger car (Scope 1 only, excluding upstream processes).
- Conversion between volumes/masses of fuels and consumed energy was implemented based on the heating value of the respective fuels.

Additionally to energy consumption associated GHG emissions, the reporting includes fugitive emissions associated with space cooling (air conditioning) in facilities. These Scope 1 fugitive emissions were estimated based on the reported floor area with air conditioning, with assumed split-air AC capacity 60m<sup>2</sup> per 1.7kg of charge (R410A as a conservative assumption), and leakage rate according to the IPCC guidance 2006 (3%). Fugitive emissions of refrigerant from small refrigeration units in own warehouses were assessed to be neglectable.

Estimated GHG gases include CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, and others. The financial control consolidation approach was consistently applied in reporting. Following the approach, fuels consumption for space heating was included into the scope for all own and leased facilities of the companies of the Group according to IFRS16. According to the Company's set targets, 2019 is the base year for further reporting for assessments.

### Energy consumption inside the organisation: energy indirect (Scope 2) GHG emissions.

Relevant energy consumption inside the organisation and the associated emissions have two main source activities: energy usage in facilities (space heating, space cooling and electricity usage), and own transport (passenger cars and warehouse).

Data on consumption of supplied heating and cooling was provided by the sites in GJ.

- Emissions associated with supplied heat consumption were estimated flat for all locations. Emission factors are retrieved from <https://www.co2emissiefactoren.nl/>. The choice for the Dutch emission factor was made due to the location

of the Company's Headquarters. Following the precautionary principle, the conservative assumption of CHP district heating was assumed. The emission factor is consistent with the IPCC (2013) GWP 100a method.

- Emissions associated with supplied cooling were calculated based on the data for consumed energy and the respective emission factors. Where possible, emission factors were calculated with a primary data-based modelling of cooling production. When this was not possible, the flat emissions factor based on the Ecoinvent 3.6 data set for the global market for cooling energy was used. The emission factors are consistent with the IPCC (2013) GWP 100a method.

Data on electricity consumption was obtained from the sites in MWh.

- Emissions associated with electricity consumption were estimated using the location-based approach. Due to lack of market-specific emission factors, the gross market-based energy indirect GHG emissions are reported on the location-based level. Emission factors were extracted from the Ecoinvent 3.6 datasets for the respective regional electricity mixes, balanced using the IPCC (2013) GWP 100a method. Emission factors include a minor share of the upstream emissions (i.e. emissions occurring in the life cycle of electricity production prior to the electricity generation per se), and thus additionally account for Scope 3 (Category 3) emissions.
- Electricity consumption and Scope 2 emissions associated with transport refer to use of electricity for electric passenger cars, and electric loaders at own warehouses.
- Electricity consumption for transport is estimated based on the number of in-house electric vehicles (primary data), estimated hours of work per year and electricity use per hour of operation assuming

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a 15% loading time use (based on specifications of a commonly used articulated loader<sup>1</sup>). When available, primary data on the number of electric passenger cars is used, assuming per-km driven electricity consumption according to the respective Ecoinvent 3.6 dataset for electric passenger car. When not available (years 2019-2020), the share of passenger car transport using electric cars is calculated based on the estimated shares in the Ecoinvent 3.6 datasets, in Europe and the rest of the world separately. The values for electricity consumption for transport are only indicative and used to estimate distribution of electricity usage between transport and facilities.

- Electricity usage for facilities and associated emissions are calculated as the difference between the total electricity usage and electricity usage for transport.

Estimated GHG gases include CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, and others. GHG trades are excluded from the calculation of gross energy indirect (Scope 2) GHG emissions. The financial control consolidation approach was consistently applied in reporting. Following the approach, energy consumption was included in the scope for all own and leased facilities of the companies of the Group according to IFRS 16. According to the Company's set targets, 2019 is the base year for further reporting for assessments.

### Other indirect (Scope 3) GHG emissions

Scope 3 transport emissions volume was modelled based on the available data for delivery distance, mass and general mode of transport.

Logistics database extracts were used, containing the primary data on the net mass of a product delivered, country and postal code of starting point and country

and postal code of the destination point, as well as mode of transportation. For the emissions calculations, the following assumptions and estimations were made:

- Mass of packaging for all of the products was estimated as 3% of the net mass of the delivered products, i.e. the pessimistic estimate provided by the Supply Chain Department and harmonised with the active logistics software.
- Of the products transported, 2% of the products (w/w) is estimated to be transported using refrigerated transport (based on an assumption of the Supply Chain Department).
- When mode of transportation is not specified or found to be not reliable, an assumption is made. All intra-continental transactions are assumed to be performed by road transport (articulated lorry, based on the estimation provided by the Logistics Department). That also applies to all transport in Europe with the island countries (Ireland, UK, Faroer Islands, Malta and Cyprus). Inter-continental transport includes road and air/sea transport. It is assumed that the following transport is performed 100% by road between: Europe and North Africa; Europe and Central Asia; Asia and Central Asia; Middle East and Central Asia; North Africa and Central Asia. Other intercontinental transport is assumed to be performed 10% by air (air freight for high-importance transactions, a pessimistic assumption by the Supply Chain Department), and 90% by sea (transoceanic ship).
- Rail transportation was calculated with the road transportation, to keep the consistency with the calculation methodologies of previous years, when rail transportation was utilised but not specified.
- Distances for the road transport are calculated as distance by roads (including roads with tolls) from postal code of starting point to postal code

of destination, using Google Maps GIS. A single postal code territory is commonly small enough to reasonably approximate the location. When one of the postal codes is unknown or not identifiable by the Google GIS, an assumption is made as follows. If the non-identifiable postal code appears more than in 5 unique transactions, the regional (provincial) postal code or central location is searched for and used instead. If the (region) province are not identifiable, or the postal code appears in less than 5 unique transactions, the country central postal code is used (postal code of the central postal office). Total contribution of transactions, in which one or both postal codes are based on the assumption described above, in total emissions is estimated to be below 21% for 2022.

- Air freight transport distance is identified as a straight line between the locations in question in Google GIS.
- Sea freight distance is calculated as a straight-line distance adjusted on the coefficient of 2.1516. The coefficient is extracted based on the analysis of the relation between straight-line distance in Google GIS and marine navigation distance<sup>2</sup> for a sample of locations that contained short-, medium-, and long-distance freight. The differences are assumed to be coming from the water routes available for navigation; manoeuvring; and navigation dispatching.
- Transport services are calculated by multiplying the mass of the delivered product with packaging by the transport distance. The sum of transportation services volumes in tkm is adjusted, by adding a percentage equal to the percentage of "mass lost", i.e. mass of products for which no distance calculation was possible. The values extrapolated in this manner contribute less than 2% of the total emissions for the indicators for 2019-2022.

<sup>1</sup> <https://www.wackerneuson.eu/en/products/wheel-loaders/articulated-wheel-loaders/model/wl20e/type/TechnicalData/>

<sup>2</sup> Tools used: <https://sea-distances.org/>

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- For each of the types of freight, two generic modes of transport were identified: with refrigeration and without refrigeration. Respective datasets are chosen from Ecoinvent 3.6 and approved as an approximation by the Supply Chain Department. The datasets are used to extract the GHG emissions factors per tkm of transport services, calculated using the IPCC (2013) GWP 100a method.

In view of gradual expansion of the geographical scope of reporting of Scope 3, the following geographical scopes are presented in the report:

- for 2019: EMEA without Middle East and Africa (South Africa included); Malaysia, Indonesia, India; the USA without Puerto Rico, and transactions of acquired assets of US Food and ET Horn.
- for 2020: scope of 2019 with the addition of Bahrein, Samoa, Hong Kong, Taiwan, Philippines, Singapore, Thailand; added US assets of Puerto Rico, US Food and E.T. Horn.
- for 2021: scope of 2020 with the addition of Canada, Mexico, Kenya, Latvia, Bosnia and Herzegovina, Burundi and Uganda.
- for 2022: scope of 2021 with the addition of Morocco, Japan, Egypt, Saudi Arabia, Israel, and China (two companies of the Group).

Note for the calculations of specific emissions:

- for the companies acquired during each reporting cycle, the FTE count is included as at end of the year, while transport transactions and EBITDA are only included as from the acquisition date. This should be taken into account when looking at the intensity KPI's per FTE, as it could lead to too high FTE when not applying a pro rata (or average) contribution of FTEs to the total.
- for the companies merged during each reporting cycle, the FTE, EBITDA, and tons of product purchased indicators can no longer be separated as from the date of the merger. At the same time, the

transport transactions for these cannot be included in the calculations, leading to possible higher FTE and EBITDA values than those actually associated with the included logistics transactions.

Organisational scope for the consideration (revenue) is defined by types of transactions, and is defined by the financial account of the sale. Such, the logistical transaction is included in the organisational scope if it is financially set on the considered region (scoped-in company). The transactions include sales of a scoped-in IMCD company with delivery from the stock to a customer or with direct delivery from supplier to the customer, and purchases of a scoped-in IMCD company with delivery from a supplier to the stock.

Sales volumes calculated through Logistics data are compared for validation with sales volumes registered financially. Discrepancies can be explained by the scoping of merged companies, specifics of invoicing, and corrections. Discrepancies for 2019, constituted -3.3% of the considered volumes), and for 2020 0.5%. To present a fair estimation of KPI for respective specific emissions, the volumes defined by the Logistics data are used in calculations. Due to systems unification, reconciliation was neither possible nor necessary in 2021 and 2022.

Estimated GHG gases include CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, and others. Biogenic emissions are not relevant as all transportation is assumed to be performed on fossil fuels. The financial control consolidation approach was consistently applied in reporting. According to the Company's set targets, 2019 is the base year for further reporting for assessments.

### Energy intensity and GHG emissions intensity

Energy and GHG emissions intensity is calculated by dividing the respective energy consumption or amount

of total energy consumption within the organisation, or total emissions (Scope 1 and 2, or Scope 1, 2, and 3) by the intensity base. Three intensity bases are used throughout the report:

- FTE: based on the primary data supplied by the HR Department
- Mass of product sold: based on the primary data, supplied by the Controlling Department
- Operating EBITDA:
  - Total Operating EBITDA is taken based on primary data on the Group level
  - Operating EBITDA per region is calculated as Operating EBITDA generated by the companies of the region plus proportionally allocated Operating EBITDA of the holding companies.

### Water consumption

Water withdrawal data is obtained from the sites in m<sup>3</sup> (1,000 litres) when possible. All sites use fresh water supplied by third parties (municipal water) apart from the own surface water withdrawal relating to rain water harvesting (741 m<sup>3</sup> in 2022).

- For the sites that could not report water withdrawal (four companies in 2022), water withdrawal was estimated based on floor area of the facility (primary data), function of the facility (primary data), and average water withdrawal per floor area by the reported sites based on their function.

Water discharge data is obtained from the sites in m<sup>3</sup> (1,000 litres) when possible. The majority of the sites use water for near-to-domestic use purposes or for production (consumed in the process and is not discharged), and pass it on the third parties for treatment (assumed not fresh water at the moment of discharge) via the municipal sewage system. Two sites hand over the wastewater to third parties not via the sewage system, either due to absence of a sewage system or due to specific substances of concern. Two sites carry out non-hazardous waste



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water treatment themselves in accordance with the governmental standards before discharging the treated water to the ground water; no additional internal water quality standards or guidelines were developed.

- For sites that could not report water discharge (two companies in 2022), water discharge was estimated based on the floor area of the facility (primary data), function of the facility (office – primary data), and average water withdrawal per floor area by the reported sites based on their function. This water is discharged via the sewage pipeline.

Water consumption is based on local water withdrawal minus discharge. Water withdrawal reporting based on estimations accounts for 32% of the total in 2022. Water discharge reporting based on estimations accounts for 42% of the total in 2022. No water storage was identified as relevant for the companies of the group.

Water stress areas are identified as areas with baseline water stress level high (40-80%) or extremely high (over 80%), based on the data from the World Resources Institute, Aqueduct Water Risk Atlas, accessed on March 13th, 2023 for the levels in the reporting year 2022.

### Waste generation by type

Data on hazardous and non-hazardous waste generation is obtained from the sites in metric tonnes (1,000kg). All reporting locations base hazardous waste generation on factual data. When factual verified data on non-hazardous waste is not available, estimations are made:

- For plastic, paper, glass and biowaste fractions collected separately: based on the maximum quantity for which removal companies are contracted for, or based on the average number of bins removed per week, multiplied by respective volume and density.

- For electronic and electric waste: based on the average number of employees.
  - For other non-hazardous waste, based on the maximum quantity for which removal companies are contracted for; based on the average number of bins removed per week, multiplied by respective volume and density; or based on the reported floor area and a default rate of waste generation per m<sup>2</sup>/year.

One company is excluded from the reported valued of non-hazardous waste, due to absence of the data or reliable estimations (IMCD Japan Godokaisha).The site has an office designation, and its contribution is not expected to be of significance. Four sites (IMCD Egypt LLC, IMCD Deutschland GmbH & Co. KG, IMCD Sweden AB, IMCD Canada limited) are excluded from the reported values for separated waste generation in total or partially, due to no possible high-certainty estimation of significance. This includes separate collection of fractions plastics, glass, WEEE, and paper.

Based on the information provided by the sites, all sites pass on waste to third parties for treatment.

### Occupational health and safety

The rate of recordable work-related injuries, and the rate of high-consequence work-related injuries are calculated on a base of 200,000 worked hours. A full-time equivalent is assumed to equal 2,080 hours of work annually.

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## GRI Content Index

### Statement of use

IMCD N.V. has reported in accordance with the 2021 GRI Standards for the reporting year 2022.

In addition, the present GRI Content Index is based on GRI 1: Foundation 2021, and no current GRI Sector Standard was considered in this report due to their non-applicability to IMCD's business model.

GRI STANDARD	DISCLOSURE	PAGE NUMBER OR URL	REMARKS	UNGC	SDG
<b>ABOUT IMCD</b>					
GRI 2: General Disclosures 2021	2-1 Organisational details	9			
		AR 2022: 11,128,213			
	2-6 Activities, value chain and other business relationships	9, 10, 11, 91		10	
		IMCD Group Code of Conduct			
		AR 2022 : 13			
	2-7 Employees	48		6	8, 10
	2-8 Workers who are not employees		Omission: information unavailable, KPI is in development; expected for reporting year 2023	6	8
	2-9 Governance structure and composition	77	IMCD does not track the number of governance body members that belong to under-represented social groups.		5, 16
		AR 2022: 86-87,107			
			None of IMCD's Supervisory Board members represent stakeholder groups.		
	2-10 Nomination and selection of the highest governance body	AR 2022: 107-112			5, 16
	2-11 Chair of the highest governance body	AR 2022: 81-84			16
	2-12 Role of the highest governance body in overseeing the management of impacts	16			16
	2-13 Delegation of responsibility for managing impacts	78			
	2-14 Role of the highest governance body in sustainability reporting	87, 90			
	2-15 Conflicts of interest	78j			16
		AR 2022: 108			
	2-16 Communication of critical concerns	23, 78j			
		AR 2022: 91-92			
	2-17 Collective knowledge of the highest governance body	16			
		AR 2022: 91			

	GRI STANDARD	DISCLOSURE	PAGE NUMBER OR URL	REMARKS	UNGC	SDG
FOREWORD CEO		2-18 Evaluation of the performance of the highest governance body	AR 2022: 81-93			
HIGHLIGHTS		2-19 Remuneration policies	AR 2022: 95-106,211			
KEY FIGURES		2-20 Process to determine remuneration	AR 2022: 95-106			
		2-21 Annual total compensation ratio	AR 2022: 95-106,104,161,211			
ABOUT IMCD		2-23 Policy commitments	4, 16, 23, 21, 60, 78		8	16
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		2-24 Embedding policy commitments	16, 72			
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		2-26 Mechanisms for seeking advice and raising concerns	19, 23			16
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PRODUCT		2-28 Membership associations	21			
GOVERNANCE			List of memberships of industry and other associations			
		2-29 Approach to stakeholder engagement	23			10
ASSURANCE REPORT		2-30 Collective bargaining agreements	60		3	8
	<b>APPROACH TO SUSTAINABILITY</b>					
ABOUT THIS REPORT	GRI 2: General Disclosures 2021	2-2 Entities included in the organisation's sustainability reporting	9			
		2-3 Reporting period, frequency and contact point	9, 90			
		2-4 Restatements of information	90			
		2-5 External assurance	87			
		2-22 Statement on sustainable development strategy	4			
	GRI 3: Material Topics 2021	3-1 Process to determine material topics	16			
		3-2 List of material topics	16			
	<b>ENVIRONMENT</b>					
	<b>Eco-efficient operations</b>					
	GRI 3: Material Topics 2021	3-3 Management of material topics	16, 28			
	GRI 301: Materials 2016	301-1 Materials used by weight or volume	28			8, 12
	GRI 302: Energy 2016	302-1 Energy consumption within the organization	29, 91	Steam consumption and selling energy is not applicable to IMCD's business model	7, 8	7, 8, 12, 13
		302-3 Energy intensity	29, 91		8	7, 8, 12, 13
	GRI 303: Water and effluents 2018	303-1 Interactions with water as a shared resource			7, 8	6, 12
		303-2 Management of water discharge-related impacts			7, 8	6
		303-5 Water consumption	, 91		7, 8	6
	GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	29, 91		7, 8	3, 12, 13, 14, 15
		305-2 Energy indirect (Scope 2) GHG emissions	29, 91		7, 8	3, 12, 13, 14, 15
		305-4 GHG emissions intensity	29		8	13, 14, 15

	GRI STANDARD	DISCLOSURE	PAGE NUMBER OR URL	REMARKS	UNGC	SDG
FOREWORD CEO		305-5 Reduction of GHG emissions	29		8, 9	13, 14, 15
HIGHLIGHTS	GRI 303: Waste 2020	306-1 Waste generation and significant waste-related impacts	34		7, 8	3, 6, 11, 12
KEY FIGURES		306-2 Management of significant waste-related impacts	34		8	3, 6, 8, 11, 12
		306-3 Waste generated	34, 91		8	3, 6, 11, 12, 15
ABOUT IMCD	<b>Supply chain decarbonisation</b>					
	GRI 3: Material Topics 2021	3-3 Management of material topics	16, 36			
APPROACH TO SUSTAINABILITY	GRI 305: Emissions 2016	305-3 Other indirect (Scope 3) GHG emissions	36, 91	Taken into account only third party transportation, see more on that: 36	7, 8	3, 12, 13, 14, 15
ENVIRONMENT		305-4 GHG emissions intensity	36		8	13, 14, 15
		305-5 Reduction of GHG emissions	36		8, 9	13, 14, 15
PEOPLE	<b>Climate change Mitigation &amp; Adaptation</b>					
	GRI 3: Material Topics 2021	3-3 Management of material topics	16, 40			
PRODUCT	GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change		Partially omitted: financial implications expected for the reporting year 2023		13
GOVERNANCE	<b>PEOPLE</b>					
ASSURANCE REPORT	<b>Talent attraction &amp; retention</b>					
	GRI 3: Material Topics 2021	3-3 Management of material topics	16, 51			
	GRI 401: Employment 2016	401-1 New employee hires and employee turnover	51		6	5, 8, 10
ABOUT THIS REPORT	GRI: 404: Training and Education 2016	404-1 Average hours of training per year per employee	51		6	4, 5, 8, 10
		404-2 Programmes for upgrading employee skills and transition assistance programmes	51		6	8
OTHER INFORMATION		404-3 Percentage of employees receiving regular performance and career development reviews	51		6	5, 8, 10
	<b>Occupational Health and Safety (OHS) &amp; Well-Being</b>					
	GRI 3: Material Topics 2021	3-3 Management of material topics	16, 55			
	GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	55		1	3, 8
		403-2 Hazard identification, risk assessment, and incident investigation	55			3, 8
		403-3 Occupational health services	55			3, 8
		403-4 Worker participation, consultation, and communication on occupational health and safety	55			3, 8, 16
		403-5 Worker training on occupational health and safety	55			3, 8
		403-6 Promotion of worker health	55			3, 8
		403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	55			3, 8
		403-8 Workers covered by an occupational health and safety management system	55			3, 8
		403-9 Work-related injuries	55			3, 8, 16
		403-10 Work-related ill health	55			3, 8, 16
	<b>Diversity, Equity and Inclusion</b>					
	GRI 3: Material Topics 2021	3-3 Management of material topics	16, 57			



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GRI STANDARD	DISCLOSURE	PAGE NUMBER OR URL	REMARKS	UNGC	SDG
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	57	As of 2022, all IMCD Supervisory board members are over 50+ years old. Management board and Executive committee members are also above 50 years of age, with the exception of Marcus Jordan (both MB and EC member), who is between 30-50 years old.	6	5, 8
		AR 2022: 81-84			
GRI 406: Non-Discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	57		6	5, 8
<b>Labour Practices &amp; Human rights</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	16, 60			
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	60			
	401-3 Parental leave	60	Partially omitted: information on return to work after parental leave and employment after 12 months was not collected in 2022.		
GRI 402: Labour/Management relations 2016	402-1 Minimum notice periods regarding operational changes	60	IMCD informs employees of upcoming changes in the business/organisation at an early stage and in great detail, while complying with local regulation and granting social dialogue where collective agreements are present.	3	8
<b>PRODUCT</b>					
<b>Sustainable Solutions</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	16			
	Topic specific disclosure in development		Omission: information unavailable, KPI is in development; expected for reporting year 2023		
<b>Sustainable procurement</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	16, 72			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	72			8
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	72		8	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	72		1, 2	5, 8, 16
<b>Safe handling &amp; distribution</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	16, 74			
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	55			16
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	74			12
	417-2 Incidents of non-compliance concerning product and service information and labeling	55			16
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<b>Digitalisation</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	16, 76			
	Topic specific disclosure in development		Omission: information unavailable, KPI is in development; expected for reporting year 2023		
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<b>Ethics &amp; Governance</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	16, 78			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	AR 2022: 123-215			8, 9
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	78		10	16
	205-2 Communication and training about anti-corruption policies and procedures		Partially omitted: information on governance body members was not collected throughout 2022.	10	16
	205-3 Confirmed incidents of corruption and actions taken	78		10	16
GRI 206: Anti-Competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	78			16
GRI 207: Tax 2019	207-1 Approach to tax	82			1, 10, 17
	207-2 Tax governance, control, and risk management	82			1, 10, 17
	207-3 Stakeholder engagement and management of concerns related to tax	82			1, 10, 17
<b>Cybersecurity</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	16, 81			
GRI 418: Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	81			16

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## Definitions and abbreviations

### AC

Audit Committee (committee of the Supervisory Board)

### CO<sub>2</sub>

Carbon dioxide

### DGD

Dangerous Goods Declaration

### Flight risk

Likelihood of employees quitting their jobs and leaving the company.

### Gross profit

Revenue minus costs of materials and inbound logistics.

### Operating EBITA

Result from operating activities before amortisation of intangibles and non-recurring items (non-IFRS measure). Non-recurring items are disclosed in note 11 to the consolidated financial statements.

### Operating EBITDA

Result from operating activities before depreciation of property, plant and equipment and amortisation of intangibles and non-recurring items (non-IFRS measure). Non-recurring items are disclosed in note 11 to the consolidated financial statements.

### COA

Certificate of Analysis

### ESG

Environment, Social and Governance

### GHG

Greenhouse Gas

### GRI

Global Reporting Initiative

### HSEQR

Health, Safety, Environment, Quality and Regulatory

### ICCA

International Council of Chemical Associations

### IEA

International Energy Agency

### IPCC

Intergovernmental Panel on Climate Change

### KPI

Key Performance Indicator

### LSPs

Logistic Service Providers

### NCR

Non-Conformance Report

### PCF

Product Carbon Footprint

### QMS

Quality Management System

### RC

Remuneration Committee (committee of the Supervisory Board)

### RSPO

Roundtable on Sustainable Palm Oil

### SDGs

United Nations Sustainable Development Goals

### SDS

Safety Data Sheet

### TCFD

Task force on Climate-related Financial Disclosures

### TfS

Together for Sustainability®

### TRIR

Total Recordable Injury Rate

### UNGC

United Nations Global Compact

## Colophon and disclaimer

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