

# Sustainability report **2020**







IMCD is a market leader in the marketing, sales and distribution of speciality chemicals and ingredients. Listed on the Euronext, Amsterdam (IMCD), in 2020 IMCD realised revenues of EUR **2,775 million** with nearly **3,300 employees** in over **50 countries** on **6 continents**.

Next to its operational sustainability performance, IMCD focuses also on its commercial approach in promoting more sustainable products by using quantitative analysis and technical expertise. The key areas for its operational sustainability performance are: financial resilience, business integrity, product stewardship, responsible operations, and people fulfilment and diversity.

# Contents



FOREWORD CEO

<b>Approach to sustainability</b>	<b>12</b>
Why corporate sustainability matters	14
Managing sustainability	14
Grievance mechanism and concerns communication	15
Key areas for sustainability	16
Sustainable Development	

<b>Financial resilience</b>	<b>20</b>
Economic performance	21
Risk management	21
Tax strategy	22
Market presence	23
Shareholder information	23



APPROACH TO SUSTAINABILITY

<b>Business integrity</b>	<b>24</b>
Code of Conduct and Business Principles	25
Regulatory Compliance	25
Anti-corruption and anti-competitive behaviour	26
Information security and data protection	26
External initiatives and associations membership	27
<b>Product stewardship</b>	<b>28</b>
Sustainability in the supply chain	29
Product quality and safety	30

Innovation and knowledge management	31
Responsible marketing	32
<b>Responsible operations</b>	<b>34</b>
Energy and emissions management	35
Sustainable Transport	39
Water and wastewater	43
Handling of chemicals	45
Operational waste management	46
Sustainable raw materials and recycling	47

Occupational health and safety	48
<b>IMCD Sustainable Solutions</b>	<b>50</b>
Value chain cooperation	50
Methodology	51
<b>People fulfilment and diversity</b>	<b>52</b>
Talent acquisition, development and retention	53
Work environment, culture and values	55
Diversity and Inclusion	56



RESPONSIBLE OPERATIONS

<b>Other information</b>	<b>63</b>
Methodology Note	63
Restatement of Information	68



A man with grey hair, wearing a blue suit, white shirt, and patterned tie, stands on a balcony. He is leaning his right arm on a glass railing. In the background, there is a cityscape with buildings and a river. A white rectangular box with a blue border is overlaid on the lower left of the image.

## Foreword CEO



## Dear Reader,

Much of 2020's headlines have been dominated by the COVID-19 pandemic and its unprecedented impact on society and economic conditions across the globe. As I noted in my foreword to our Annual Report on 2020, I could not have imagined - in 2019 - the year that we have now faced. We entered 2020 in high spirits, looking forward to celebrate our 25th anniversary in style, but attention quickly shifted to keeping our employees safe and our business up and running.

Although, of course, I remain proud of the successes IMCD achieved throughout its 25 year history, I feel even more proud looking back on the flexibility, dedication and hard work of our people in the past year. In crisis times, our teams adapted quickly to working from home and embraced our accelerated digital transformation. By doing so, they kept in close contact with our suppliers and customers and enabled us to continue our vital role as distributor in supply chains. They have proven that IMCD truly is a relationships company with a unique and entrepreneurial spirit.

The IMCD business model proved flexible and resilient and we succeeded to grow our business significantly. We continued international expansion and added new employees to the IMCD family through acquisitions - in India, Israel, China, Brazil, Finland and Mexico - and our new regional office in Dubai to serve more of the Middle-East market. I'm proud of the diverse company that we have become, with a variety of nationalities, gender, backgrounds and expertise adding to our strength.

In respect of sustainability, we had an ambitious and full agenda for 2020 to work on. In this report we want to update you on the progress made.

As we enter the third year of reporting, we have again been able to add more of our operations to the reporting scope. Although this provides a more complete picture of our environmental impact, it also makes it harder to compare our performance year-on-year. For example, by including our expanding operations in the Americas this year, our overall reported greenhouse gas emissions increased substantially. However, looking more closely at the data, regional developments in other areas (APAC, EMEA) show a more positive trend. We will use 2021 for more in depth analysis of the data collected and investigate how we can further improve our reporting and provide more meaningful insight in IMCD's performance.

In our internal organisation, I have seen a lot of progress that will contribute to our performance in coming years. We combined our group organisation for regulatory, quality and sustainability with our supply chain function, so we can act quicker and increase the impact of our actions. Sustainability is not something we can tackle alone; close cooperation with our supply chain partners is a necessity. We have also again improved our internal data collection processes considerably by applying the same tools and automated processes that we rely on for our financial reporting to our group entities' non-financial reports.

Our group ISO certification project went ahead in accordance with planning. We expect to on-board the remainder of our operations in the program set up with our third-party certifying body in the second half of 2021, so that we meet our goal to have all facilities operating under the same ISO quality standards. We enhanced our compliance program with online training and an additional monitoring channel (the IMCD Ethics and Compliance Hotline) is now live to simplify the reporting of incidents or potential breaches and take away any perceived threshold to speak up.

Despite challenging times, sustainability gained traction this year throughout our organisation. Our commercial teams have taken our Sustainable Solutions program to heart and much work was done in 2020 to shape the program and define metrics to track performance. Given the large number and variety of products we represent, this is not an easy feat. However, product stewardship - promoting greener, healthier and more sustainable products and formulations that benefit our customers as well as the environment and society - is at the core of our business operations and I remain convinced that this is where IMCD can have the most impact.

With sustainability now firmly on the agenda, we enter a new phase, where we use the data gathered to refine our approach. We are dedicated to play our part and use our knowledge and expertise not only to help our suppliers and customers meet society's demands today, but to give them an advantage to operate successfully tomorrow.

Rotterdam, 5 July 2021

Piet van der Slikke

## FOREWORD CEO

ABOUT IMCD

APPROACH TO  
SUSTAINABILITY

FINANCIAL  
RESILIENCE

BUSINESS  
INTEGRITY

PRODUCT  
STEWARDSHIP

RESPONSIBLE  
OPERATIONS

IMCD  
SUSTAINABLE  
SOLUTIONS

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

ABOUT THIS  
REPORT

OTHER  
INFORMATION

FOREWORD  
CEO

ABOUT IMCD

APPROACH TO  
SUSTAINABILITYFINANCIAL  
RESILIENCEBUSINESS  
INTEGRITYPRODUCT  
STEWARDSHIPRESPONSIBLE  
OPERATIONSIMCD  
SUSTAINABLE  
SOLUTIONSPEOPLE  
FULFILMENT  
AND DIVERSITYASSURANCE  
REPORTABOUT THIS  
REPORTOTHER  
INFORMATION

# About IMCD

IMCD N.V. ("IMCD" or 'Company'), with its 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 50 countries on six continents (for a complete list of countries in which IMCD is active, we refer to the list of group companies as included in IMCD's annual report, available on our website).

In 2020, our nearly 3,300 employees generated revenue of almost EUR 2.8 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.

## Significant changes to the organisation and its supply chain

There have been no significant changes to the organisation or the supply chain in 2020.

In the execution of its strategy to create sustainable growth for its stakeholders, IMCD completed the acquisition of seven businesses in 2020. The most significant acquisition relates to Signet Excipients Private Limited ("Signet"). On 4 November 2020, IMCD acquired 70% of the outstanding shares in Signet, one of the leading distributors of excipients in India. IMCD will acquire the remaining 30% of the share capital in Signet by 2024. Signet is well aligned with the IMCD business model and strategy and provides a significant platform for further growth in India and the Asia-Pacific region. Signet focusses on the distribution of pharmaceutical, nutraceutical and bio-pharma excipients across categories such as diluents, fillers, sweeteners, disintegrants, binders, surfactants and others. Based in Mumbai, Signet is active in India, Bangladesh, the Middle East and Africa. With approximately 100 employees, Signet generated a

revenue of INR 13.2 billion (approx. EUR 152 million) in the last twelve months up to and including June 2020.

On 15 September 2020, IMCD raised EUR 400 million in share capital by issuing 4,395,604 shares at an offer price of EUR 91.00 per ordinary share. The net proceeds of the offering have been used by IMCD to finance the acquisition of a 70% interest in Signet and for general corporate purposes.

## 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 requirement 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.

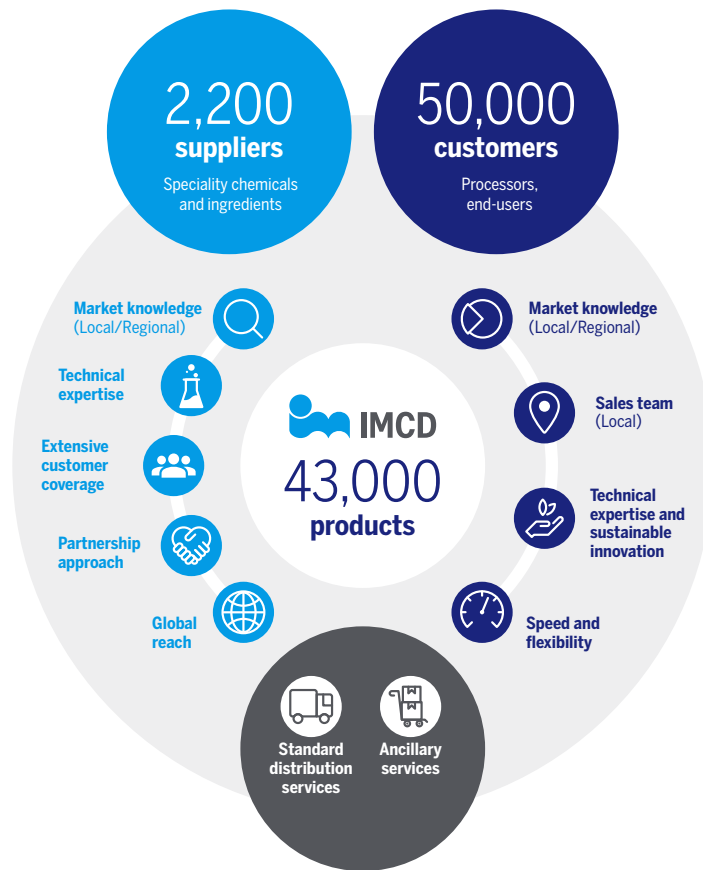
But we go further than that. Both our suppliers and our customers benefit from IMCD's ability to simplify their business; providing access to numerous partners, without the complexity that this usually involves. In our unique position, we are instigators of innovation, contributors of insight and safeguarders of timely supply. The speciality chemicals distribution market is still very fragmented. There is strong demand from major suppliers for pan-regional distributors that 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:

### 1. Selective outsourcing

The outsourcing of sales, marketing and distribution of a bigger part of the customer base to a limited number of third-party distributors, remains an important part of the sales 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





FOREWORD  
CEO

[ABOUT IMCD](#)

APPROACH TO  
SUSTAINABILITY

FINANCIAL  
RESILIENCE

BUSINESS  
INTEGRITY

PRODUCT  
STEWARDSHIP

RESPONSIBLE  
OPERATIONS

IMCD  
SUSTAINABLE  
SOLUTIONS

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

ABOUT THIS  
REPORT

OTHER  
INFORMATION

outsourcing to a decreasing number of speciality chemical distributors.

## 2. Preferred partnership

Suppliers 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.

## 3. Increased regulation

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.

## 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 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 the 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

FOREWORD  
CEO

[ABOUT IMCD](#)

APPROACH TO  
SUSTAINABILITY

FINANCIAL  
RESILIENCE

BUSINESS  
INTEGRITY

PRODUCT  
STEWARDSHIP

RESPONSIBLE  
OPERATIONS

IMCD  
SUSTAINABLE  
SOLUTIONS

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

ABOUT THIS  
REPORT

OTHER  
INFORMATION

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 2020, we continued to optimise our ways of working by a more intensive use of our virtual platforms, while focusing on the following areas:

#### A. New product analysis and development

We work in close collaboration 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 seminars

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 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

Within our technical centres, suppliers are able to gain an understanding as to how their products interact and function (in combination with other products from within the IMCD portfolio) as part of a finished formulation. This understanding and market trend awareness means we are able to assist our suppliers with the development of new product concepts.

#### D. Internal training

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

## Our organisation

IMCD's business is organised into a number of strategic market sectors with dedicated business groups in each country where we operate. This matrix structure enables us to provide fully integrated and coordinated distribution services on a global scale and facilitates the exchange of commercial and technical expertise across our organisation. In this way, 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 (global) business group management to ensure the same high level performance across the IMCD organisation. In turn, IMCD's country management is responsible for the optimisation of our services to customers locally, throughout the various market segments.

Our local activities are further strengthened by the support of our two regional headquarters in the Americas and Asia-Pacific. In addition, our global headquarters in the Netherlands provides guidance, alignment and central policies with regard to the various functions.

An overview of our business groups, summarising the types of products, characteristics and end-markets of the business groups is provided on the following pages.





## Healthy plants and soil at the heart of IMCD

Growing environmental awareness has led to revolutionary changes in the way society perceives agriculture and farming. To satisfy the ever-growing needs to feed the planet, there has been a shift towards cooperation and collaboration with nature, rather than 'conquest' and struggle – which typified the approach of the past.

This has practical implications for the agrochemical industry, which now takes things such as protection of natural ecosystems, habitats, and biodiversity seriously. Specifically, dissertation-prevention (an area related to soil health) has been getting increased attention, fueled by the worsening global water crisis.

Whether you look at the upcoming EU microplastic regulations or fertilizer directives, or at the trends in the USA, the outcome is clear – the agrochemical industry will have to resign from certain chemistries and look to products with sustainable, renewable, biodegradable, natural and non-hazardous qualities.

At IMCD, we proactively embrace these trends, partnering with leading industry suppliers that offer unique and innovative portfolios of formulation ingredients. This includes environmentally friendly, sustainable solvents; adjuvants for targeted and 'smart' pesticide delivery and biodegradable seed-coating polymers. In addition to this, IMCD focuses on modern and science-based biostimulants as a solution that can help in the reduction of pesticide use while keeping the yields high.

**“We partner with leading industry suppliers that offer unique, sustainable, and innovative portfolios of formulation ingredients.”**

**Michal Archman**  
International Product Manager  
Director Agrochemicals



FOREWORD  
CEO

ABOUT IMCD

APPROACH TO  
SUSTAINABILITYFINANCIAL  
RESILIENCEBUSINESS  
INTEGRITYPRODUCT  
STEWARDSHIPRESPONSIBLE  
OPERATIONSIMCD  
SUSTAINABLE  
SOLUTIONSPEOPLE  
FULFILMENT  
AND DIVERSITYASSURANCE  
REPORTABOUT THIS  
REPORTOTHER  
INFORMATION

# Our business groups

			
HOME CARE AND I&I	PHARMACEUTICALS	BEAUTY & PERSONAL CARE	COATINGS & CONSTRUCTION
<p>The Home Care and I&amp;I (Industrial and Institutional) business group offers a range of speciality chemicals used in the manufacture of cleaning and hygiene products, for instance for clothes, dishes, cars and floors.</p>	<p>The Pharmaceuticals business group offers a wide range of speciality ingredients used in the production of human and veterinary medicines, food supplements and products for plant health.</p>	<p>The Beauty &amp; Personal Care business group supplies a complete range of speciality ingredients enabling the creation of future-facing cosmetic products with a wide variety of innovative textures that meet consumer needs in all market segments.</p>	<p>The Coatings &amp; Construction business group delivers a wide range of speciality chemicals used to add colour, drive performance and enhance durability of adhesives, paints, coatings, inks and construction chemicals.</p>
<p><b>PRODUCTS</b></p> <ul style="list-style-type: none"> <li>• Surfactants</li> <li>• Biocides</li> <li>• Functional additives</li> </ul> <p><b>CHARACTERISTICS</b></p> <ul style="list-style-type: none"> <li>• Innovative formulations driven by local market requirements</li> <li>• Focus on environment and sustainability</li> </ul> <p><b>END MARKETS</b></p> <ul style="list-style-type: none"> <li>• Laundry care</li> <li>• Dish washing</li> <li>• Cleaning &amp; surface care</li> <li>• Automotive care</li> <li>• Air care</li> </ul>	<p><b>PRODUCTS</b></p> <ul style="list-style-type: none"> <li>• Active pharmaceutical &amp; nutraceutical ingredients</li> <li>• Excipients and speciality solvents</li> </ul> <p><b>CHARACTERISTICS</b></p> <ul style="list-style-type: none"> <li>• Highly regulated market</li> <li>• Safety and quality are key drivers</li> <li>• Need for greener alternatives, sustainable solutions, and clean label products</li> </ul> <p><b>END MARKETS</b></p> <ul style="list-style-type: none"> <li>• Pharmaceuticals</li> <li>• Nutraceuticals</li> <li>• Agrochemicals</li> <li>• Biopharma</li> <li>• Regulated Synthesis</li> </ul>	<p><b>PRODUCTS</b></p> <ul style="list-style-type: none"> <li>• Actives</li> <li>• Emollients</li> <li>• Rheology modifiers</li> <li>• Emulsifiers</li> <li>• Functional additives</li> <li>• Decorative powders</li> <li>• Surfactants</li> </ul> <p><b>CHARACTERISTICS</b></p> <ul style="list-style-type: none"> <li>• Innovation driven due to rapidly evolving market needs</li> <li>• Fast time to market</li> <li>• Local market demands</li> <li>• Sustainability focus</li> </ul> <p><b>END MARKETS</b></p> <ul style="list-style-type: none"> <li>• Skin care</li> <li>• Sun care</li> <li>• Color cosmetics</li> <li>• Hair care</li> <li>• Toiletries</li> <li>• Oral care</li> </ul>	<p><b>PRODUCTS</b></p> <ul style="list-style-type: none"> <li>• Resins &amp; binders</li> <li>• Additives</li> <li>• Functional fillers</li> <li>• Pigments</li> <li>• Speciality solvents</li> </ul> <p><b>CHARACTERISTICS</b></p> <ul style="list-style-type: none"> <li>• Local market requirements drive formulations</li> <li>• Increasing regulations</li> <li>• Market trends: sustainability, health &amp; safety, smart functionality, efficiency</li> </ul> <p><b>END MARKETS</b></p> <ul style="list-style-type: none"> <li>• Adhesives and sealants</li> <li>• Construction chemicals</li> <li>• Industrial coatings</li> <li>• Decorative paints</li> <li>• Printing inks</li> </ul>





FOOD & NUTRITION	LUBRICANTS & ENERGY	SYNTHESIS	ADVANCED MATERIALS
<p>The Food &amp; 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 beverages solutions that are part of consumer's daily live.</p> <p><b>PRODUCTS</b></p> <ul style="list-style-type: none"> <li>• Texturisers</li> <li>• Proteins</li> <li>• Flavour &amp; colours</li> <li>• Enzymes &amp; cultures</li> <li>• Natural fibres</li> <li>• Nutrition ingredients</li> </ul> <p><b>CHARACTERISTICS</b></p> <ul style="list-style-type: none"> <li>• Rapidly evolving consumer trends</li> <li>• Local tastes</li> <li>• Increasing regulations</li> <li>• Highly fragmented markets</li> </ul> <p><b>END MARKETS</b></p> <ul style="list-style-type: none"> <li>• Bakery &amp; Snacks</li> <li>• Beverage</li> <li>• Confectionery &amp; Chocolate</li> <li>• Dairy &amp; Dairy Alternatives</li> <li>• Nutrition</li> <li>• Savoury &amp; Meat Alternatives</li> <li>• Animal Nutrition</li> </ul>	<p>The Lubricants &amp; Energy business group brings together IMCD's expertise across the lubricants, fuels, oil &amp; 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 new energies markets.</p> <p><b>PRODUCTS</b></p> <ul style="list-style-type: none"> <li>• Synthetic base oils</li> <li>• Specialty additive packages and components</li> <li>• Purification media &amp; catalysts</li> <li>• Process liquids</li> </ul> <p><b>CHARACTERISTICS</b></p> <ul style="list-style-type: none"> <li>• Need for higher performance products</li> <li>• Market trends: energy &amp; emissions reduction, sustainable chemistries</li> </ul> <p><b>END MARKETS</b></p> <ul style="list-style-type: none"> <li>• Automotive &amp; industrial lubricants and greases</li> <li>• Fuels</li> <li>• Oil &amp; Gas: up/mid-stream and downstream (refineries, petrochemicals, industrial processes)</li> <li>• Alternative energies (hydrogen, biogas, biofuel, solar, wind)</li> </ul>	<p>The Synthesis business group offers a range of process chemicals, intermediates and speciality solvents that are used in chemical reactions.</p> <p><b>PRODUCTS</b></p> <ul style="list-style-type: none"> <li>• Additives</li> <li>• Catalysts</li> <li>• Building blocks</li> </ul> <p><b>CHARACTERISTICS</b></p> <ul style="list-style-type: none"> <li>• "Green chemistry" (plant-based materials) trend</li> <li>• Volume trends follow downstream segments (construction, automotive, personal care, lubricants)</li> </ul> <p><b>END MARKETS</b></p> <ul style="list-style-type: none"> <li>• Polymer / Resin Producers</li> <li>• Performance Chemical Producers</li> </ul>	<p>The Advanced Materials business group serves our clients in Converting, Compounding, Composites and Rubber industries to develop innovative and sustainable solutions and speciality products for a safer and healthier life.</p> <p><b>PRODUCTS</b></p> <ul style="list-style-type: none"> <li>• Adhesives solutions</li> <li>• Polymers, speciality compounds</li> <li>• Functional additives, fillers and reinforcements</li> <li>• Resins and advanced composites</li> <li>• Pigments</li> </ul> <p><b>CHARACTERISTICS</b></p> <ul style="list-style-type: none"> <li>• Sustainable solutions to stimulate the circular economy</li> <li>• Solution provider on application development with innovative approach</li> <li>• Latest materials for safer and healthier living</li> </ul> <p><b>END MARKETS</b></p> <ul style="list-style-type: none"> <li>• Automotive</li> <li>• Building &amp; construction</li> <li>• Wire &amp; cables</li> <li>• Packaging</li> <li>• Medical &amp; healthcare</li> <li>• Industrial</li> <li>• Sports &amp; leisure</li> <li>• Electrical &amp; electronics</li> <li>• Marine</li> <li>• Aerospace</li> </ul>



# Approach to sustainability

Why corporate sustainability matters	14
Managing sustainability	14
Grievance mechanism and concerns communication	15
Key areas for sustainability	16
Sustainable Development Goals alignment	18
Stakeholder engagement	18
Applying the precautionary principle	18



IMCD recognises that, as it increases its global presence, its impact on the environment and society becomes more important. IMCD believes that growing sustainably is not only measured by our drive to improve financial performance, but also by our social and environmental impact embedded in the IMCD business model.

IMCD's efforts to reduce its environmental impact are directly linked to costs and revenue. Demands for sustainable and ethically sourced products are increasing and are clear business opportunities. IMCD's environmental and societal contributions begin with its suppliers and via its people, expanding throughout the value chain.

The purpose of our sustainability approach is to grow the business while reducing its environmental footprint with clear and measurable metrics. We are committed to offering products and solutions within our portfolio that focus on health and wellbeing for our consumers, the environment and society, whilst managing our operational footprint in a responsible way.

IMCD's Management Board asked its external assurance provider to provide limited assurance on the 2020 report in a similar way to the 2019 report. Reference is made to the assurance report on page 60.

In the illustration below we show how our business activities have an impact on the environment.

FOREWORD  
CEO

ABOUT IMCD

[APPROACH TO  
SUSTAINABILITY](#)

FINANCIAL  
RESILIENCE

BUSINESS  
INTEGRITY

PRODUCT  
STEWARDSHIP

RESPONSIBLE  
OPERATIONS

IMCD  
SUSTAINABLE  
SOLUTIONS

PEOPLE  
FULFILMENT  
AND DIVERSITY

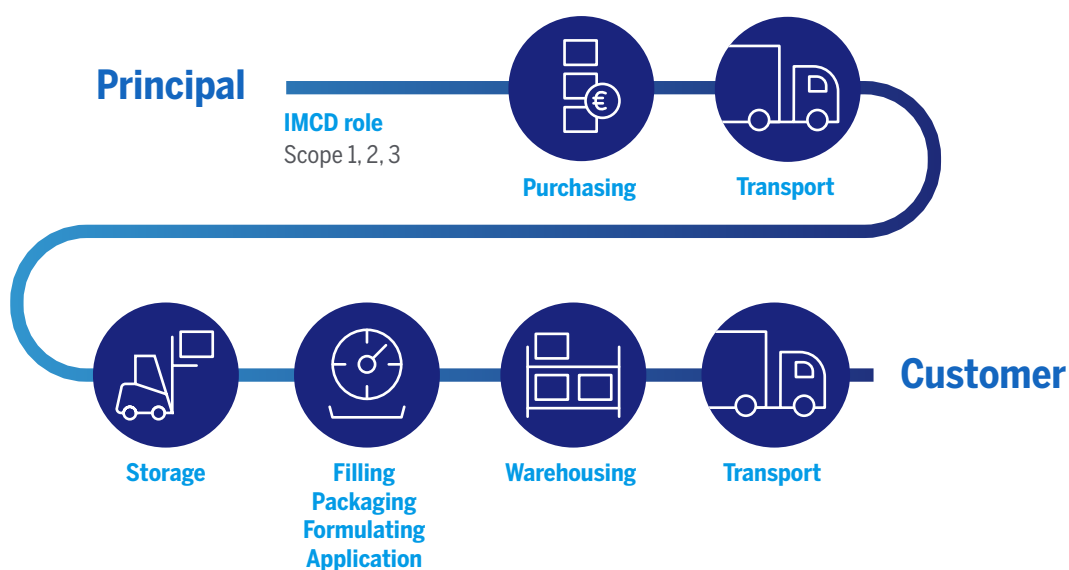
ASSURANCE  
REPORT

ABOUT THIS  
REPORT

OTHER  
INFORMATION

### 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.

FOREWORD  
CEO

ABOUT IMCD

[APPROACH TO  
SUSTAINABILITY](#)

FINANCIAL  
RESILIENCE

BUSINESS  
INTEGRITY

PRODUCT  
STEWARDSHIP

RESPONSIBLE  
OPERATIONS

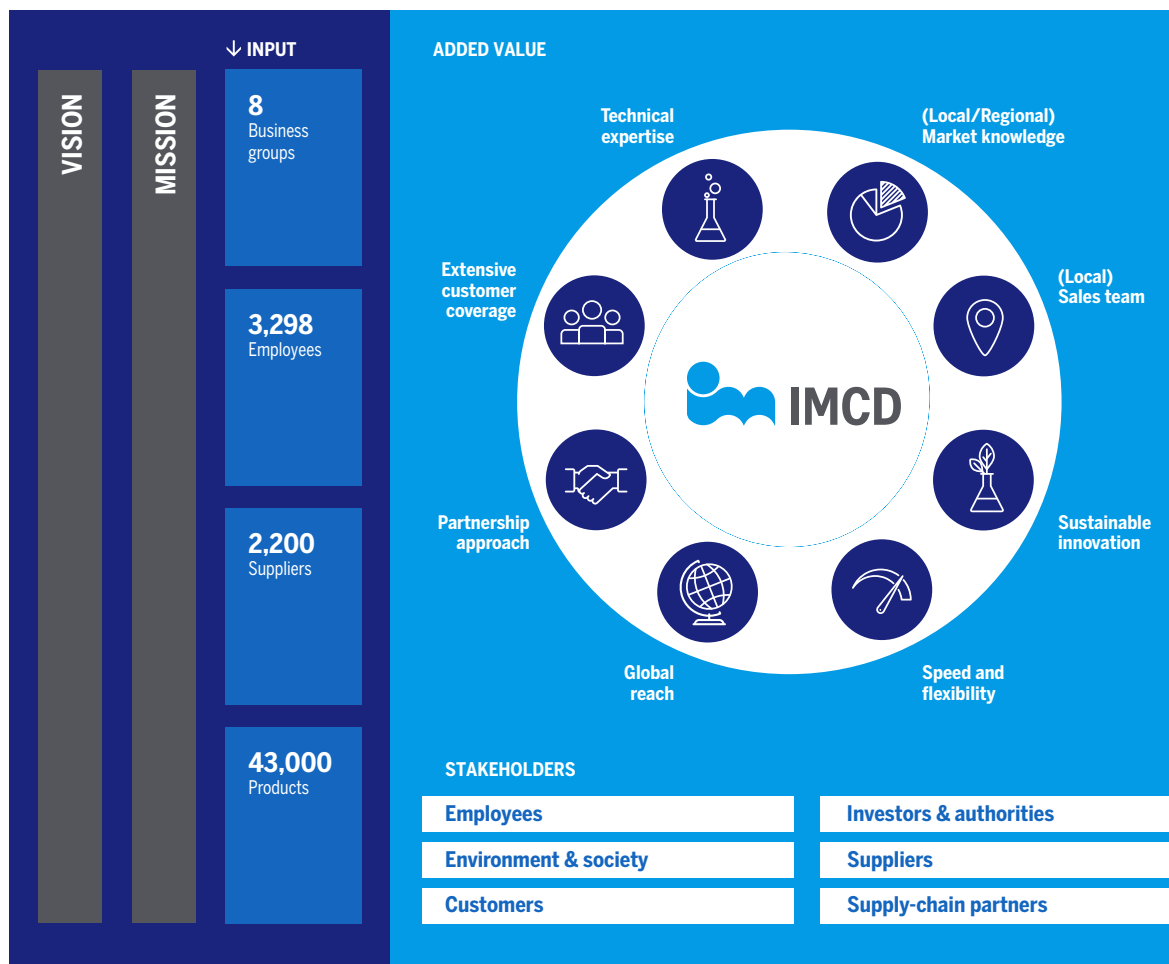
IMCD  
SUSTAINABLE  
SOLUTIONS

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

ABOUT THIS  
REPORT

OTHER  
INFORMATION



## Why corporate sustainability matters

Around the world, sustainability is growing in importance. Most people are increasingly concerned about issues like climate change, emissions and pollution.

The views of society are changing. Most consumers are becoming more aware of how their day-to-day purchasing habits impact the environment. They are thinking about food waste, micro-plastics and the plight of the world's oceans.

As consumers become more aware of these issues, businesses are under growing pressure to adapt and demonstrate environmental responsibility. Businesses are aligning themselves with these changing societal views. Many of them now have a sharp focus on sustainability. They are striving to reduce their direct and indirect impact on the environment.

For us, sustainability is not about improving our reputation and appealing to consumers; it is important for business longevity and growth. Our efforts to improve our sustainability also reap additional benefits from optimisation. Many of our sustainability initiatives can help to reduce waste, improve productivity, and

ensure the reliability of future resources that are critical to business operations.

## 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 corporate social responsibility issues that are relevant to the business and the IMCD strategy for achieving its sustainability agenda. Sustainability and corporate responsibility is not only central to business strategy, but will increasingly become a critical driver of business growth.

Both governing bodies review sustainability topics and their impacts, risks and opportunities at least annually, as well as upon receiving critical concerns.

The day-to-day sustainability aspects of IMCD's operational activities are managed by the business groups. The Group's Regulatory, Quality and Sustainability team, led by the Group Director

## → OUTPUT

**5%**

Organic gross profit growth

**6%**

Acquisition gross profit growth

**9.1%**

EBITA margin

**15%**

EBITA CAGR (5 year)

**€ 2.8 billion**

Revenue

**50,000**

Customers

**9%**

Earnings per share growth

**€ 1.02**

Dividend per share

## → OUTCOME

Financial  
resilienceBusiness  
integrityProduct  
stewardshipResponsible  
operationsPeople  
fulfilment  
and diversity

## → IMPACT

**3**GOOD HEALTH  
AND WELL-BEING**8**DECENT WORK AND  
ECONOMIC GROWTH**12**RESPONSIBLE  
CONSUMPTION  
AND PRODUCTION**13**CLIMATE  
ACTION

IMCD's value creation model shows how it uses the resources, capabilities and expertise at its disposal to create value for IMCD's key stakeholders. IMCD's business model transforms these capital inputs into value outputs and outcomes that over the short, medium and long term create value for the organisation, its stakeholders and society at large.

FOREWORD  
CEO

ABOUT IMCD

[APPROACH TO  
SUSTAINABILITY](#)FINANCIAL  
RESILIENCEBUSINESS  
INTEGRITYPRODUCT  
STEWARDSHIPRESPONSIBLE  
OPERATIONSIMCD  
SUSTAINABLE  
SOLUTIONSPEOPLE  
FULFILMENT  
AND DIVERSITYASSURANCE  
REPORTABOUT THIS  
REPORTOTHER  
INFORMATION

Regulatory, Quality and Sustainability is responsible for the coordination and reports directly to the Management Board.

The key sustainability topics that are assessed by the Management Board, in consultation with external and internal stakeholders, are monitored at group level by the appropriate directors and employees responsible for quality, health and sustainability, supply chain management, human resources, legal and regulatory affairs.

The Company's sustainability policies and procedures are reviewed continuously. The IMCD HSEQ (Health, Safety, Environment and Quality) Policy, which forms the basis for IMCD's sustainability approach, is approved by the Management Board. These policies cover all companies within 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 a quality service. When regulatory, quality and sustainability aspects are changed or new processes, 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.

## Grievance mechanism and concerns communication

All complaints and critical concerns regarding HSEQ-related topics are handled through the established complaint and incident handling procedure. Claims raised by (potential) 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 (except for the US, Australia and New Zealand) or through a contact number mentioned on IMCD's website, as well as on every safety data sheet and/or product label.

All reported concerns, complaints and incidents are registered, investigated and concluded. Reported non-compliance claims are registered using global systems and following global procedures. The local HSEQ manager is responsible for assessing the compliance impact of non-conformities and determining the actions required.

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 Group Regulatory, Quality and Sustainability Director. The latter is responsible for assessing the concerns raised, communicating



FOREWORD  
CEO

ABOUT IMCD

APPROACH TO  
SUSTAINABILITY

FINANCIAL  
RESILIENCE

BUSINESS  
INTEGRITY

PRODUCT  
STEWARDSHIP

RESPONSIBLE  
OPERATIONS

IMCD  
SUSTAINABLE  
SOLUTIONS

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

ABOUT THIS  
REPORT

OTHER  
INFORMATION

critical concerns to the Management Board and the Supervisory Board and managing the required actions. The periodic reports of the complaints, claims and concerns are used to support trend analysis and to drive specific actions to improve performance.

## Key areas for sustainability

In 2020 and early 2021, we expanded our work on determining the key sustainability topics for IMCD.

As a first step, we revised the list of the topics considered in our earlier research. The topics in this list were raised by our internal stakeholders in previous years. They are grouped into five pillars; being financial resilience, business integrity, product stewardship, responsible operations, and people fulfilment and diversity. These pillars are the basis of our sustainability strategy.

We elaborated on these topics and aligned them with global sustainability reporting guidelines and practices for our business. This resulted in a revised list of 30 topics, which are categorised per pillar of our sustainability strategy and presented in the materiality matrix on the next page.

Subsequently, we considered the materiality of these topics based on two perspectives: importance of the topics for our stakeholders, and significance of impact in respect of each topic.

To get an insight into the perspective of our stakeholders, we conducted two stakeholder surveys. We invited key external stakeholders (representatives of our product suppliers, customers and investors) to evaluate the importance and the relevance of the selected topics, and in addition asked a selection of employees worldwide to do the same.

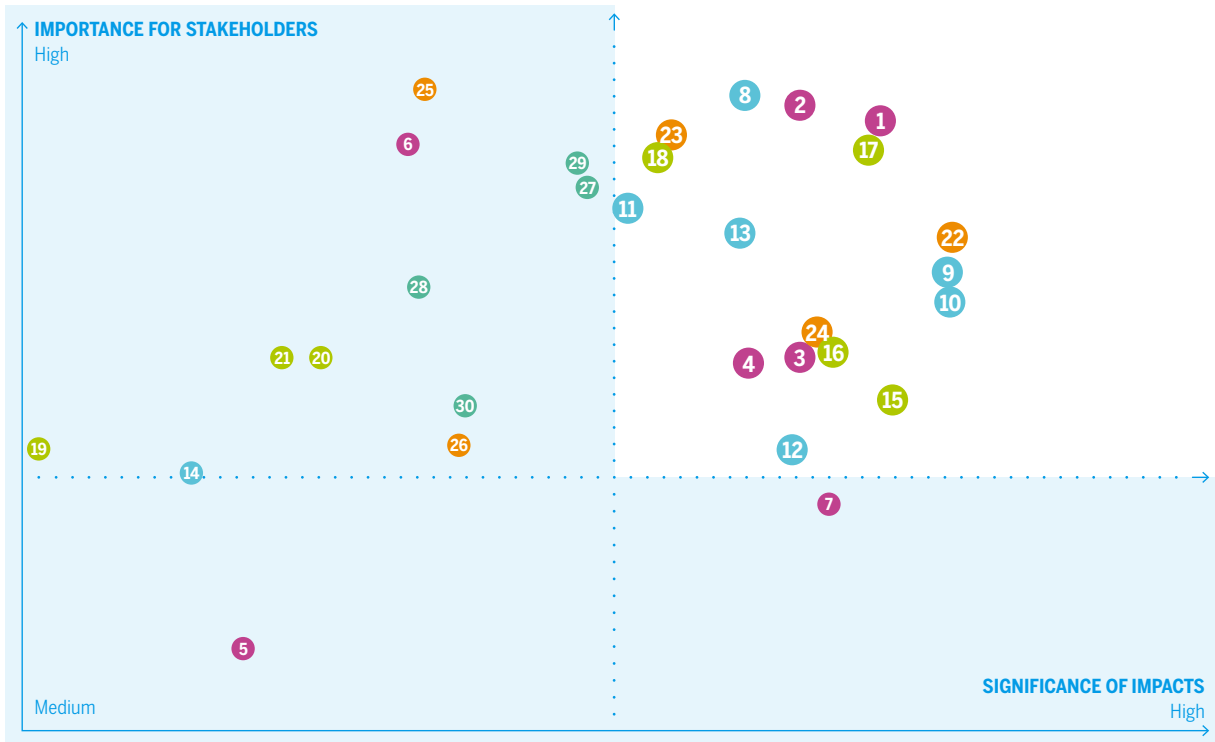
Parallel to the stakeholder surveys, we assembled a panel of experts to evaluate the significance of IMCD's actual and potential impacts in each of the topics. Six internal and external experts in environmental, economic and social aspects, provided their independent assessments of the significance of impact for each topic.

Combining the perspectives of our stakeholders and the expert panel, we assessed the materiality of the topics on a three-grade-scale in line with GRI requirements. The outcome is presented in the materiality matrix on the next page.

The topics that received high scores in both perspectives are our material topics (i.e., important for stakeholders and assessed by the expert panel to have potential significant impact). These are also shown in bold letter type in the overview under the

matrix. We will focus on these material topics in our sustainability approach and strategy and will work on establishing performance indicators to monitor and, in the future, report on the development of these topics, where possible.

## Materiality matrix: internal stakeholders' assessment of the topics



### BUSINESS INTEGRITY

1. Ethics and integrity
2. Compliance
3. Managing and reporting sustainability
4. Stakeholder engagement
5. Political involvement
6. Information security and data privacy
7. External initiatives and associations



### RESPONSIBLE OPERATIONS

15. Energy and emissions
16. Sustainable transport
17. Safe handling of chemicals
18. Occupational health and safety
19. Water
20. Waste management
21. Sustainable raw materials and recycling



### PEOPLE FULFILMENT AND DIVERSITY

22. Work environment
23. Talent attraction, development and retention
24. Diversity and inclusion
25. Human and labour rights
26. Impact on local communities



### FINANCIAL RESILIENCE

27. Economic performance
28. Market presence
29. Risk management
30. Tax strategy



### PRODUCT STEWARDSHIP

8. Product quality and safety
9. Sustainability in the supply chain
10. Sustainable product portfolio
11. Innovation and knowledge management
12. Local procurement
13. Responsible marketing
14. Biodiversity

FOREWORD  
CEO

ABOUT IMCD

[APPROACH TO  
SUSTAINABILITY](#)

FINANCIAL  
RESILIENCE

BUSINESS  
INTEGRITY

PRODUCT  
STEWARDSHIP

RESPONSIBLE  
OPERATIONS

IMCD  
SUSTAINABLE  
SOLUTIONS

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

ABOUT THIS  
REPORT

OTHER  
INFORMATION

FOREWORD  
CEO

ABOUT IMCD

APPROACH TO  
SUSTAINABILITYFINANCIAL  
RESILIENCEBUSINESS  
INTEGRITYPRODUCT  
STEWARDSHIPRESPONSIBLE  
OPERATIONSIMCD  
SUSTAINABLE  
SOLUTIONSPEOPLE  
FULFILMENT  
AND DIVERSITYASSURANCE  
REPORTABOUT THIS  
REPORTOTHER  
INFORMATION

## 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 (published in July 2018 under the guidance of the World Business Council for Sustainable Development). IMCD has aligned its sustainability priorities with targets underlining at least four of the SDGs that the chemical sector identified and that it feels the most power to contribute to:



IMCD is committed to product stewardship. Its technical experts constantly 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 employs nearly 3,300 people globally, and through its operational activities, reaches more than 2,200 suppliers and serves approximately 50,000 customers.

Hence, IMCD plays a key role in generating rewarding work opportunities and high level working conditions and delivers an important contribution to economic growth, both directly and indirectly.



By simplifying its suppliers' supply chains on both a local and global scale, IMCD enhances process efficiency, leading to improved resource usage as well as emission, energy and waste reductions.



Not only does IMCD deliver this for its partners, but it is also committed to working in a way that is responsible, ethical and sustainable itself.

From the viewpoint of advancing our contribution to reaching the aforementioned goals, we focus on reshaping our product portfolio and optimising our own operations in order to minimise our impact. In addition, we support local initiatives through which we can impact the daily lives and futures of those present in the local communities where IMCD operates. More on this can be found on page 57.

## 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 the principles of product stewardship and open relationships with its business partners, IMCD aims to create long-term value for its stakeholders.

For IMCD, stakeholder engagement takes many forms and touches multiple topics. In respect of IMCD's sustainability strategy, stakeholder dialogue and consultations are included to assess materiality and impact of various topics. In 2020, a group of external stakeholders was selected for a stakeholder survey, with the aim to collect more insight for IMCD's external sustainability profile. The stakeholder group selected for the survey included an international selection of suppliers and customers, as well as investors. The results of the survey have been included in the further definition of IMCD's sustainability approach as reported on page 16.

## 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 considered to be 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 to protect society and the environment from exposure to harm.





## Tackling Sustainability in the Lubricants & Energy Sector

IMCD Lubricants & Energy focuses on additives and base oils for industrial and automotive lubricants and additives for fuels. We offer additives and fluids used in the extraction of oil & gas and speciality chemicals used within refineries and petrochemical plants.

Our pathway for sustainability first considers our existing business. Our Sustainability Champion is tasked with highlighting sustainable raw materials available in our portfolio and expanding our portfolio to include new sustainable materials. For us, 'sustainability' includes products with a reduced environmental impact compared to suitable alternatives, such as biodegradable products or non-hazardous products for aquatic life. We promote sustainability by offering our customers speciality chemicals that reduce the production of CO<sub>2</sub> in their application, that reduce emissions, and/or decrease energy consumption.

With "Energy" in our Business Group name, we embrace a market that evolves beyond Lubricants, Fuels, and Oil & Gas. We see opportunities for our customers to grow with new energies trends. We do this by extending our traditional products to new applications linked to new energies. This includes the application of molecular sieves used to purify gases in hydrogen and biogas production plants. Dielectric oils used in transformers can be used to cool electric car batteries. We develop solutions for new energies, such as raw materials for formulating wind turbine oils and heat transfer fluids for solar plants. Finally, our E-Mobility Champion is tasked with understanding the impact of electrification on vehicle fluids and to highlight the solutions we can offer in this new sector.

**"We promote sustainability by offering our customers speciality chemicals that reduce emissions and decrease energy consumption."**

**Clara Fabre**  
Technical Director  
Lubricants & Energy

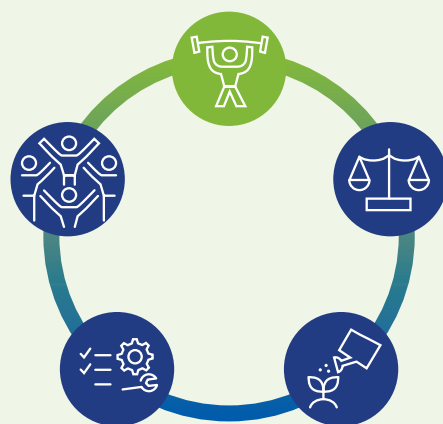






# Financial resilience

Economic performance	21
Risk management	21
Tax strategy	22
Market presence	23
Shareholder information	23



When operating globally, in a fast-paced and competitive market, exposure to risks is inevitable. Being able to adapt to disruptions and rebound quickly during adverse circumstances is paramount. IMCD works hard to cultivate a culture of resilience, combining an entrepreneurial spirit with sound financials and reporting discipline.

## Economic performance

The global outbreak of COVID-19 struck most countries around the world, presenting enormous challenges to health systems, spurring widespread lockdowns and closures of schools and businesses, and leading to job losses. Nearly all countries in the world are facing an unprecedented economic downturn. Nevertheless, IMCD was able to remain open for business and delivered a strong performance by further expanding its supplier base and product portfolios and growing its customer base.

We also achieved successes in the further execution of our strategy, with healthy organic growth combined with acquisitions in Israel, China, Brazil, Finland, Mexico and most notably India. With the acquisition of Signet in India, we increased our presence in the high-growth Asia-Pacific region and delivered on our ambition to strengthen our global business in the distribution of pharmaceutical excipients.

Through its technical, marketing and supply chain expertise, IMCD continued to deliver added value and

growth to its customers and principal partners in more than 50 countries.

## Key performance indicators

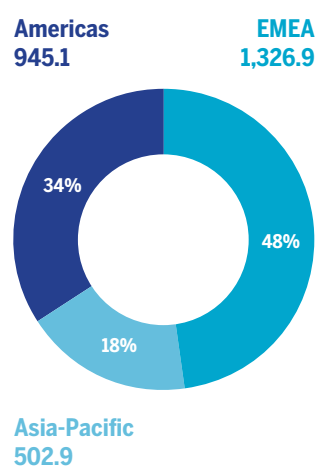
KEY PERFORMANCE INDICATORS (IN THOUSAND EURO)	2020	2019	CHANGE
<b>Net revenues</b>	<b>2,787,361</b>	<b>2,706,563</b>	<b>3%</b>
<b>Costs</b>			
Operating costs	2,346,824	2,301,532	2%
Employee wages and benefits	248,745	228,973	9%
Payments to providers of capital	76,027	69,587	9%
Payments to governments	44,765	41,346	8%
Economic investments	19,695	17,722	11%
<b>Direct economic value retained</b>	<b>51,305</b>	<b>47,403</b>	<b>8%</b>
<b>Total capitalisation</b>	<b>2,710,150</b>	<b>2,187,886</b>	<b>24%</b>
debt	1,452,299	1,321,361	10%
equity	1,257,851	866,525	45%
<b>Total assets</b>	<b>2,710,150</b>	<b>2,187,886</b>	<b>24%</b>

Compared with 2019, net revenues increased by 3% to EUR 2,787.4 million in 2020. This growth is primarily driven by the first-time inclusion of acquisitions. The increase of the operating costs of 2% is slightly lower than the revenue growth, reflecting our ability to improve the overall gross profit % and includes the positive impact of lower operational expenditure due to COVID-19 restrictions.

Employee wages and benefits increased by 9% compared to 2019. The cost increase is merely in line with the increase in the number of FTEs, which is partially caused 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 approach to managing financial resilience and our financial performance is available in the Financial Performance chapter of the Annual Report 2020.

## Revenues by region in 2020



## Risk management

In achieving its objectives, IMCD faces risks and uncertainties, including those due to macroeconomic conditions, regional and local market developments and internal factors. IMCD strives to identify and control those risks and uncertainties as early as possible. Risk management is an essential element of IMCD's corporate 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

FOREWORD  
CEO

ABOUT IMCD

APPROACH TO  
SUSTAINABILITY

FINANCIAL  
RESILIENCE

BUSINESS  
INTEGRITY

PRODUCT  
STEWARDSHIP

RESPONSIBLE  
OPERATIONS

IMCD  
SUSTAINABLE  
SOLUTIONS

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

ABOUT THIS  
REPORT

OTHER  
INFORMATION



FOREWORD  
CEO

ABOUT IMCD





APPROACH TO  
SUSTAINABILITY**FINANCIAL  
RESILIENCE**BUSINESS  
INTEGRITYPRODUCT  
STEWARDSHIPRESPONSIBLE  
OPERATIONSIMCD  
SUSTAINABLE  
SOLUTIONSPEOPLE  
FULFILMENT  
AND DIVERSITYASSURANCE  
REPORTABOUT THIS  
REPORTOTHER  
INFORMATION

terms of product portfolio, localisation, 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 operations.

The IMCD risk management policy aims to optimise the balance between maximising business opportunities within the framework of the Company's strategy, while managing the risks involved. The 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 according to changes in internal and external conditions.

Based on internally conducted analysis, IMCD distinguishes strategic, operational, compliance, and financial risk categories in its risk management framework. The summary of this evaluation is presented below.

	RISK	LIKELIHOOD	IMPACT
 <b>STRATEGIC</b>	Decline in customer demand	Moderate	Moderate
	Supplier dependency	Moderate	Moderate
	Acquisition and integration risk	Moderate	Moderate
 <b>OPERATIONAL</b>	Dependency on key personnel	Moderate	High
	Cybercrime and continuity of ICT	Moderate	High
	Health / safety / environmental incidents	Low	High
 <b>COMPLIANCE</b>	Non-compliance with laws and regulations	Low	High
	Anti-corruption and bribery	Low	High
 <b>FINANCIAL</b>	Volatility of foreign currencies	High	Low
	Credit risk	Moderate	Low
	Liquidity risk	Low	Moderate
	Interest rate risk	Moderate	Low

More about risks, impacts and opportunities, as well as about the Company's risk management system, its elements and evaluations, can be found in the Risk Management section of IMCD's Annual Report for 2020.

## Tax strategy

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 considers tax as part of its corporate social responsibility. For that reason, we have a tax policy in which we describe IMCD's view on taxation and our tax strategy. The policy also provides a framework for distinguishing between the activities and responsibilities of the corporate tax department and the local finance departments of the Group companies to efficiently and effectively manage and control tax risks.

The tax policy has been discussed with internal stakeholders and is approved and monitored by IMCD's Management Board. The tax policy is also shared with

certain external stakeholders including our tax advisors and the Dutch tax authority.

IMCD's tax strategy is based on the key values and principles as described in its Code of Conduct. These values promote a climate of trust and respectful relationships with IMCD's business partners, investors and 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 of Conduct. Concerns about potential tax irregularities are dealt with in accordance with IMCD's Internal Alert Procedure, available on IMCD's website.

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 can arise from unclear laws and regulations as well as differences in interpretation. There is always some level of risk on taxation because of the complexity of taxes (including frequent changes in laws), 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. Potential tax risks are assessed by IMCD's Management Board and discussed with the Audit Committee of the Supervisory Board to ensure a sustainable and viable tax strategy that is compliant with IMCD's business principles and enhances long-term profitability.

Tax risks IMCD is exposed to include, among others, acquisition and integration risk, non-compliance risk, legislative risk, operational risk, financial risk and reputation risk. 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 this means, cost-effective.

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 positions.

In response to new legislation and enhanced capabilities of tax authorities, IMCD's corporate tax department is developing digital tools. In line with our tax strategy, these tools will further improve the quality and efficiency of the tax compliance process.

For more details on IMCD's tax policy and approach, we refer to the Annual Report 2020.

## Market presence

We refer to the 2020 Annual Report for a description of IMCD's global and market presence and our role in the value chain.

## Shareholder information

IMCD was first listed on Euronext Amsterdam on 27 June 2014, at an initial price of EUR 21.00 per share, resulting in a market capitalisation of EUR 1.1 billion. Since March 2019, IMCD shares have been included in the Euronext Amsterdam AEX Index. In September 2020, IMCD issued 4,395,604 ordinary shares at an offer price of EUR 91.00 per ordinary share, after which the total number of issued shares amounted to 57 million (56,987,858). The proceeds of the offering were used by IMCD to finance the acquisition of 70% of Signet Excipients Private Limited and for general corporate purposes.

### Share price performance in 2020

In 2020, the total number of traded IMCD shares was 68.2 million, representing an increase of 4% compared to the 65.3 million shares traded in 2019. These numbers represent the total LIT consolidated market volume which includes Euronext Amsterdam: 41 million in 2020 versus 40 million in 2019 and multilateral trading facilities ("MTFs": Turquoise, CBOE CXE, CBOE BXE) 26.8 million in 2020 versus 25.3 million in 2019. The average total LIT daily trading volume was approximately 261 thousand shares in 2020 versus 250 thousand in 2019. For Euronext Amsterdam, the average daily volume was 159 thousand in 2020 versus 154 thousand in 2019.

In 2020, the share price increased by 34% (35% total return if dividends would have been reinvested) from EUR 77.80 as of 31 December 2019, to a closing share price of EUR 104.25 as of 31 December 2020. As at the end of 2020, IMCD's market capitalisation was EUR 5.9 billion (EUR 4.1 billion as at the end of 2019).

FOREWORD  
CEO

ABOUT IMCD

APPROACH TO  
SUSTAINABILITY

FINANCIAL  
RESILIENCE

BUSINESS  
INTEGRITY

PRODUCT  
STEWARDSHIP

RESPONSIBLE  
OPERATIONS

IMCD  
SUSTAINABLE  
SOLUTIONS

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

ABOUT THIS  
REPORT

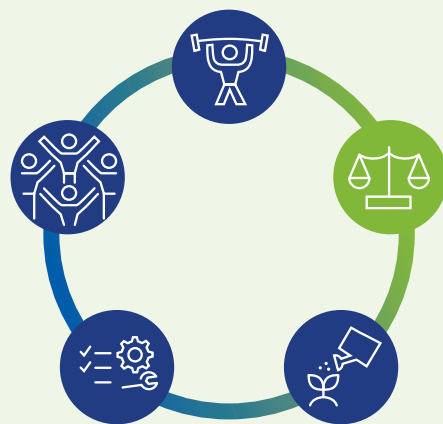
OTHER  
INFORMATION

IMCD SHARES	2020	2019
Year-end price	104.25	77.80
Number of shares at year-end (x 1,000)	56,988	52,592
Market capitalisation (EUR 000)	5,940,984	4,091,677



# Business integrity

Code of Conduct and Business Principles	25
Regulatory Compliance	25
Anti-corruption and anti-competitive behaviour	26
Information security and data protection	26
External initiatives and associations membership	27





Integrity is essential to the way IMCD does business. We are committed to creating and maintaining a culture that promotes trust, confidence and respect for our employees, our external business partners and other stakeholders.

## Code of Conduct and Business Principles

Our Code of Conduct summarises IMCD's group policies and business principles, setting out the framework for ethical decision-making when representing IMCD towards business partners and other stakeholders. With a clear set of values and shared standards, it guides our employees in their behaviour and interactions and supports the desired ethical conduct within our organisation. Clear prohibitions are included in the code itself. For questions that the Code of Conduct and IMCD Business Principles do not answer directly, our employees are encouraged to seek further consultation with local management and/or the Group Compliance Officer.

The Code of Conduct and IMCD Business Principles apply to all employees of IMCD globally. These documents are kept up to date regularly, so that they maintain their relevance as a guide and as a true reflection of IMCD's culture. The Code of Conduct is publicly available to all our stakeholders through our corporate website. IMCD employees have access to our Code of Conduct and the IMCD Business Principles via our intranet, through which they are also informed of any changes.

In 2020, the Code of Conduct and the IMCD Business Principles underwent a full review and update. In addition, a project was started to make the Code of Conduct available in multiple languages. This has resulted in availability of the Code of Conduct in 9 new languages in addition to English, reaching more than 76% of IMCD's employees in an official language of their country of residence.

### Monitoring through IMCD's Internal Alert Procedure

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

Procedure was updated in 2020 and, more recently, a further revision was published in 2021 to, amongst other things, incorporate the newly implemented IMCD Ethics and Compliance Hotline as an additional tool for internal reporting.

### Introducing the IMCD Ethics and Compliance Hotline

As reported last year, it was decided in 2019 to implement a global Ethics and Compliance Hotline to further support IMCD's Internal Alert Procedure. In line with planning, this global hotline went live in the second half of 2020, with roll-out completed in January 2021. The IMCD Ethics and Compliance Hotline now offers IMCD employees a web portal in 15 languages as well as local staffed telephone hotlines in multiple countries. The hotline is available 24/7 to report any ethics concerns or (potential) breaches of IMCD's Code of Conduct, Business Principles or other group policies in a confidential and, if desired, anonymous manner. The introduction of the hotline was used to create more awareness for 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 providing examples of situations that are appropriate to report.

## Regulatory Compliance

As an international organisation operating in many countries, it is IMCD's priority to respect all requirements of both local and international laws and regulations. This principle is laid out in our Code of Conduct.

A set of policies and screening procedures is in place to create and maintain awareness of ethical business practices and to ensure the screening, monitoring and compliance with applicable legislation, rules and other regulations.

In 2020, IMCD was not charged with any significant<sup>1</sup> fines or non-monetary sanctions for non-compliance with laws and regulations in the socio-economic area, or environmental laws and regulations. The Company was not in breach of, and did not receive significant fines or warnings in relation to, regulations regarding product and service information and labelling and marketing communications.

We continue our work on advancing procedures and trainings to maintain awareness and up-to-date knowledge of regulatory compliance within our global HSEQ teams and aim to uphold the current level of compliance in future years as well.

FOREWORD  
CEO

ABOUT IMCD

APPROACH TO  
SUSTAINABILITY

FINANCIAL  
RESILIENCE

**BUSINESS  
INTEGRITY**

PRODUCT  
STEWARDSHIP

RESPONSIBLE  
OPERATIONS

IMCD  
SUSTAINABLE  
SOLUTIONS

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

ABOUT THIS  
REPORT

OTHER  
INFORMATION

<sup>1</sup> Significant penalties/fines are those in excess of €100,000.

FOREWORD  
CEO

ABOUT IMCD

APPROACH TO  
SUSTAINABILITYFINANCIAL  
RESILIENCE**BUSINESS  
INTEGRITY**PRODUCT  
STEWARDSHIPRESPONSIBLE  
OPERATIONSIMCD  
SUSTAINABLE  
SOLUTIONSPEOPLE  
FULFILMENT  
AND DIVERSITYASSURANCE  
REPORTABOUT THIS  
REPORTOTHER  
INFORMATION

## Anti-corruption and anti-competitive behaviour

IMCD is committed to bribery prevention and does not tolerate any form of corruption or bribery, including facilitation payments in connection with its operations. We support the principle of free market competition and wish to ensure that all IMCD employees comply with competition law. IMCD commits to complying with all applicable rules on export control in the countries and regions where it operates. IMCD expects its business partners to embrace a similar framework in which fair business and competition are upheld. For the topics mentioned here, IMCD applies a 'zero-tolerance' approach, which is detailed in our Code of Conduct.

Specific internal policies and guidelines are in place to support and guide employees on subjects of legislative compliance, including anti-corruption and anti-bribery, anti-competitive behaviour and trade restrictions. Our employees always have access to the latest versions of company policies, including those on anti-corruption and prevention of anti-competitive behaviour, through IMCD's intranet. Our policies and training include clear examples of behaviour that must be avoided. In cases of any doubt, IMCD encourages employees to consult management and/or IMCD's Group Compliance Officer for further advice.

IMCD's internal guidelines on corruption and anti-bribery are based on the 2010 Bribery Act of the United Kingdom. Our legal entities are periodically reviewed by the Internal Audit department. Part of these reviews is establishing compliance with these policies and guidelines. In 2020, the Internal Audit department reviewed 48 entities, together representing 82% of our revenue. Based on these reviews, detailed policies and guidelines and continuous training, we estimate the likelihood of corruption-related risks to be low.

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 as a further means to ensure compliance by all IMCD subsidiaries. In 2020, the Internal Alert Procedure was strengthened by an (externally hosted) IMCD Ethics and Compliance Hotline, to support awareness for and use of the Internal Alert Procedure. This hotline is discussed further on page 25. In 2020, no violations of IMCD's anti-corruption, anti-bribery or anti-trust policies were reported, signifying no incidents, nor pending or completed legal actions.

### Trade sanctions and export control screening

IMCD's global trade sanction policy and guideline on restrictive measures and export control are updated on a regular basis, after which training of key employees takes place in respect of the revisions. A revision took place in April 2020 followed by further revisions and

trainings in the first half of 2021. The procedures described are used in combination with software to screen business partners against various sanctions-related lists. In addition, training material on trade sanctions and export control, developed by external experts, was made available in multiple languages in 2020, through the course offering on IMCD's e-learning platform.

### Training

As announced in previous reporting, by the end of 2019, IMCD introduced a global e-learning platform. In 2020, a library of more than 1,500 compliance-related courses in approximately 60 local languages was made available on this platform to all employees worldwide (supporting local compliance efforts and ensuring a better understanding of the material). In 2020, IMCD worked on the implementation of an online training curricula covering the essential pillars of IMCD's compliance programme, including anti-bribery, anti-fraud, export control and anti-trust training material. Roll-out started in the fourth quarter of 2020, with training in Brazil, the USA and countries in the Middle East. The roll-out will continue in other countries and across regions in 2021. IMCD has set a target to achieve and sustain full coverage in compliance training for the relevant employees by end of 2022.

## Information security and data protection

Connectivity and digitisation will play a crucial role in our services, now and in the future. Many business models are based on the availability of large amounts of data. The responsible handling and protection of such data is a top priority at IMCD.

The availability of data does not only create new business opportunities; it also leads to an obligation for companies to take special precautions when collecting and processing data. Data is a sensitive commodity and therefore worthy of the protection offered by a strict regulatory framework. As of 2019, IMCD has installed the role of group Information Security Officer (reporting to the CFO), who leads the continuous process of keeping data collected by IMCD safe. Under the guidance of the Information Security Officer, an Information Security Policy has been implemented, providing all group entities with clear guidance on how to gather, store, share and protect data. In 2019 and 2020, roll-out of the policy continued, including self-assessments by all group entities and, where needed, initiation of improvement plans to meet the group's minimum requirements. The Internal Audit department was involved as well to monitor progress.

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 always 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 implemented a Data Breach Notification Procedure, enabling early discovery of any incidents and a thorough process to quickly react to security breaches in an adequate manner. IMCD has installed a Group Privacy Officer, overseeing any investigation (together with a quick response team). The Privacy Officer is also the first point of contact in case of any concerns or complaints, both internally and externally.

IMCD's employees have followed a mandatory training course available in Cornerstone, our e-learning tool. This has been followed by a test to ensure awareness and understanding when it comes to phishing and security breaches.

In 2020, IMCD did not receive any substantiated complaints concerning breaches of customer privacy and losses of customer data, nor did it identify leaks, thefts or losses of customer data in its internal screening.

## External initiatives and associations membership

Throughout 2020, IMCD was a committed participant in various external initiatives, networks and platforms with a focus on sustainable logistics. A list of IMCD's main memberships of industry and other associations can be found on IMCD's website.

### Ecovadis

In prior years, IMCD was awarded EcoVadis Silver status. In 2020, a reassessment was carried out and we have been able to increase our overall group level score considerably, thus firmly reinstating a Silver status. For 2021, the goal is to improve group level rating to a Gold status. A gap analysis is being performed and improvement projects have been initiated to realise this ambition,

In 2020, the number of IMCD group companies that obtained an independent local EcoVadis rating increased to 20. IMCD companies in Spain, Germany and Poland reconfirmed their gold status (previously granted to IMCD France). IMCD Germany's excellent result again puts it among the top-1% performers evaluated by EcoVadis for the German chemical distribution industry.

### RSPO

IMCD also remained a proud member of the Roundtable of 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 2020, the number of IMCD entities that joined in IMCD's group membership increased to 32.

### 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 International Council of Chemical Associations (ICCA). These operating companies have stated that they are committed to the sustained 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 applying the relevant regional assessment systems. Independent experts also review and document the relevant operating company's environmental performance and safe handling of chemicals.

FOREWORD  
CEO

ABOUT IMCD

APPROACH TO  
SUSTAINABILITY

FINANCIAL  
RESILIENCE

BUSINESS  
INTEGRITY

PRODUCT  
STEWARDSHIP

RESPONSIBLE  
OPERATIONS

IMCD  
SUSTAINABLE  
SOLUTIONS

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

ABOUT THIS  
REPORT

OTHER  
INFORMATION

“Connectivity and digitisation will play a crucial role in our services, now and in the future. Our group's Information Security Officer leads the continuous process of keeping our data and digital infrastructure safe.”





# Product stewardship

Sustainability in the supply chain  
Product quality and safety  
Innovation and knowledge management  
Responsible marketing

29  
30  
31  
32



Product stewardship is an important aspect of IMCD's 'corporate social responsibility' (CSR). Society expects us to take responsibility for the environmental and social impacts of our activities, and this increasingly includes life cycle impacts of products. The experts in IMCD's laboratories and technical centers actively support our suppliers and customers with sustainable formulations and applications.

## Sustainability in the supply chain

As a distributor of a wide range of speciality chemicals and ingredients, IMCD takes full responsibility for its own operations and the impact it has on society and the environment. IMCD also acknowledges that the products it distributes could have societal and environmental impacts throughout their full lifecycles. Therefore, IMCD encourages responsible and sustainable operations in its full supply chain. IMCD supports the reduction of product-life cycle greenhouse gas emissions and continuously explores further ways to reduce its carbon footprint, together with its supply chain partners.

In order to evaluate compliance, IMCD assesses its third-party service providers at least once prior to engagement. The frequency of repeated assessments is based on the types and quantities of products stored or transported by that third-party service provider. As of 2021, all new third-party logistics service suppliers are screened on social and environmental criteria, prior to contract. We assess the sustainability agenda, targets and progress of the third-party service providers, and take these into consideration in our appointment process. We have a very broad and complex product portfolio that comes with many requirements which makes the choice of capable and reputable service providers limited. For this reason the theme of sustainability is not necessarily decisive.

Typical aspects are energy neutral warehouse facilities, euro 6 or LNG-powered fleet and load optimisation. In regards to the social criteria service providers must have the right health and safety measures in place, covered by reputable certification bodies. We will start to implement a check on human rights and fair labour practices during 2021, which will apply to both new and existing service providers. As a result of this screening, a potential service provider can be approved with or without minor improvements, put on hold for approval until the required improvements have been implemented, or denied approval.

IMCD requests quality management certifications (ISO 9001 and Responsible Care, amongst others) from its third-party service providers, as well as disclosure of how they manage relevant environmental impacts as required by local regulations. In addition, IMCD has established procedures in order to confirm with third-party service providers that they comply with applicable health, safety and environmental legal requirements.

Every year, we run several projects to reduce the impact of our products upstream and downstream within the supply chain, as a part of the sustainability collaboration with our partners.

FOREWORD  
CEO

ABOUT IMCD

APPROACH TO  
SUSTAINABILITY

FINANCIAL  
RESILIENCE

BUSINESS  
INTEGRITY

**PRODUCT  
STEWARDSHIP**

RESPONSIBLE  
OPERATIONS

IMCD  
SUSTAINABLE  
SOLUTIONS

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

ABOUT THIS  
REPORT

OTHER  
INFORMATION

FOREWORD  
CEO

ABOUT IMCD

APPROACH TO  
SUSTAINABILITYFINANCIAL  
RESILIENCEBUSINESS  
INTEGRITY**PRODUCT  
STEWARDSHIP**RESPONSIBLE  
OPERATIONSIMCD  
SUSTAINABLE  
SOLUTIONSPEOPLE  
FULFILMENT  
AND DIVERSITYASSURANCE  
REPORTABOUT THIS  
REPORTOTHER  
INFORMATION

IMCD strives to ensure responsible operations and product use within the downstream supply chain. We ensure that all products we distribute are accompanied by additional information on responsible handling, safe use and disposal in order to equip our customers with the knowledge to reduce avoidable negative effects on the environment and society.

## Efficiency

At IMCD, we never take our supply chain for granted. Instead, we commit ourselves to its continued optimisation. With trust in our logistics service providers (LSPs), we are able to offer flexible, scalable and cost-effective solutions across a wide variety of different industries.

Since the transportation industry involves the shipment of goods from one location to another, the basic responsibility of reducing carbon emissions takes priority as part of the IMCD commitment to sustainable practises. We ensure that all our LSPs have their own sustainability agendas alongside regulatory compliance and stringent performance management.

We work with each LSP on a one-to-one basis to ensure a flawless data exchange between IMCD's enterprise resource planning system (ERP) and their transport management systems (TMS). As IMCD expands its presence around the world, we recognised that a single ERP solution gives us a more accurate and consistent understanding of our business at any given time anywhere in the world. Since we have the majority of countries operating on our global ERP system, we have widened the scope of our carbon emissions measurement with the US and some Asia-Pacific countries and continue to expand towards global visibility. We use operational business insights to streamline processes and guarantee the most efficient ways of working while also keeping our carbon footprint front of mind.

## Local sourcing

At IMCD, we strive to source our logistics service locally. The handling and distribution of our speciality chemical portfolio is complex and requires a high level of attention to detail. To guarantee the tier-one service and flexibility required, IMCD has a strong preference to operate with mid-sized local service providers. It is a necessity to have a balanced partnership whereby IMCD is of importance to the local service provider and vice versa. In addition to this, IMCD highly values respecting the local customs and culture whilst conducting business in over 50 countries around the globe. This is embedded in our business model by operating with local partners.

## Performance

Improving our supply chain performance and reducing our environmental impact is an ongoing process. While we are looking inward and reviewing our own operations, in 2021, we are also taking a closer look at the actions of our third-party logistics suppliers. IMCD introduces a 'green tender' in the selection procedure of third-party logistics services to understand the sustainability agenda and the efforts of our potential future partners. IMCD has also put increased focus on IT integration whereby we EDI connect with all main partners. This enables flawless and error-free data communication which we link to our Global BI tool. Reports have been created to closely monitor our operations to ensure continuous improvement.

## Product quality and safety

IMCD is committed to providing its customers with products and services that meet all their requirements with zero compromise when it comes to regulations.

Given the increasing number of products in the Company's portfolio (> 43,000 in 2020), IMCD's product quality and safety policies are focused on the assessment of our suppliers' products and compliance with applicable regulations on safety, quality and labelling.

IMCD has appointed a reputable technical service provider to audit new external suppliers. The independent role of the external auditor is important for objectively reinforcing the effectiveness and credibility of our audits. This is in addition to the policies set by IMCD Group's Regulatory, Quality and Sustainability department.



## Safety

IMCD performs chemical identity analysis in respect of its formulations. For distributed products, we issue the principal suppliers' Certificate of Analysis (CoA) at all times. No additional analysis takes place.

## Quality

The approach towards our quality management system (QMS) is to make use of systems and certifications provided by internationally accredited bodies. This way, we ensure that our business processes are focused on consistently meeting customer requirements and enhancing their 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, ISO 22000 / HACCP / BRC for food safety management, OHSAS 18001 for occupational health and safety, GMP+ for good manufacturing practices for food, pharmaceutical and cosmetic products, GDP for good distribution practices for pharmaceutical products and ECO concerning organic products.

All IMCD operating companies are required to implement quality management systems based on the internationally recognised ISO 9001 standard. Our goal was to extend the implementation of this standard to the whole Group by 2021 through the introduction of a global Corporate Quality Management System certified according to ISO 9001. With the progress made in 2020 and the first half of 2021, 87% of our total workforce works in operating sites that have implemented quality management systems certified according to ISO 9001. We will continue the transfer of all existing ISO 9001 and 14001 certificates under the single Certification Body, and work towards full ISO coverage of our operations.

## Labelling

Local HSEQ managers ensure that labelling for all products distributed by IMCD, including information on content, sourcing of the components and their environmental or social impact, complies with local labelling standards.

For each product distributed by IMCD, a Safety Data Sheet (SDS) must be available in the applicable language if deemed necessary. The majority of our SDSs are provided by our principal suppliers and checked and approved by our local HSEQ managers prior to storage in our database.

An SDS includes information such as the properties of each chemical; the physical, and environmental health hazards; protective measures; and safety precautions for handling, storing, and transporting the chemical. Both our logistics service providers and customers plan their workplace safety and storage upon the information given within the SDS.

For hazardous products, the established CLP/ GHS labelling procedure is applied to inform the user about the hazard, as well as the risk when handling the material. In 2020, IMCD implemented a new Non-Conformance Reporting tool that has been rolled out on a global scale. As from 2021, this tool enables us to present accurate internal and external non-compliances caused by incorrect labelling, markings or paperwork. These cases include the incidents of non-compliance with IMCD's own procedures concerning labelling and the assurance of health and safety impact of products and services. No other incidents of non-compliance with regulations or voluntary codes concerning the health and safety impacts of products and services were reported during 2020.

IMCD's target is and remains to achieve 0% missing SDSs for hazardous materials.

## Innovation and knowledge management

To support our business model, innovation and knowledge management is key. IMCD's scientists and technical teams analyse market trends and new technologies, share their technical expertise and product formulations, process and application knowledge to support the sustainable innovations of both its suppliers and customers. In addition to our efforts on digitisation, we also started our Sustainable Solutions programme. Please refer to the chapter 'IMCD Sustainable Solutions' for more details.

FOREWORD  
CEO

ABOUT IMCD

APPROACH TO  
SUSTAINABILITY

FINANCIAL  
RESILIENCE

BUSINESS  
INTEGRITY

PRODUCT  
STEWARDSHIP

RESPONSIBLE  
OPERATIONS

IMCD  
SUSTAINABLE  
SOLUTIONS

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

ABOUT THIS  
REPORT

OTHER  
INFORMATION

FOREWORD  
CEO

ABOUT IMCD

APPROACH TO  
SUSTAINABILITY

FINANCIAL  
RESILIENCE

BUSINESS  
INTEGRITY

PRODUCT  
STEWARDSHIP

RESPONSIBLE  
OPERATIONS

IMCD  
SUSTAINABLE  
SOLUTIONS

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

ABOUT THIS  
REPORT

OTHER  
INFORMATION

With this being identified as a significant topic in our stakeholders' assessment, we are in the process of determining a performance indicator on innovation and knowledge management.

## Responsible marketing

Sustainable marketing is one of the topics that surfaced during our materiality assessment. Within our 8 business groups, we are in the process to assess active and upcoming regulations that may impact our portfolio in the short, mid and long term. We investigate how global sustainability will impact our business landscape. This helps us to choose the right suppliers going forward and bring sustainable solutions and new concepts beyond our existing portfolio to the market. All this work is done under the "IMCD Sustainable Solutions" label. More information on this programme can be found in the "IMCD Sustainable Solutions" chapter.

IMCD has a stringent item creation process in place, whereby we capture and validate a lot of mandatory information that is required prior to being able to sell the product. Every order that leaves our warehouses is accompanied with a certificate of analyses (COA), a Safety Data Sheet (SDS) and Dangerous Goods Declaration (DGD) if applicable. All this information is digitally exchanged to avoid errors. All labels contain a 24/7 helpline number. Carechem 24, our multilingual 24/7 emergency response helpline, is staffed by highly trained chemists providing a reliable and robust service in line with industry regulations. Our experts provide unparalleled support in dealing with incidents safely, helping you to respond quickly and effectively, minimising wider impacts and risk to people, the environment, assets and reputation.

During 2020 we have changed our Non Conformance Reporting (NCR) tool and rolled it out to all IMCD operating entities, enabling IMCD to roll up NCR's on a global scale and report and drive continuous improvement.



## Empowering 24 markets with sustainable solutions

Our Advanced Materials Business Group product portfolio is comprised of 24 markets around the globe, including Automotive, Packaging, Medical, Building & Construction, Industrial, and more. But despite the vast scope of these markets, everyone is aiming to answer the same question: How can we move our business towards more sustainable practices?

With ever-evolving demands, regulations, and sustainability targets, this is often not an easy question to answer. That is why we work closely with our customers to help them navigate the complexities of green solutions and support their journey towards more sustainable product development. By combining our market intelligence, technical expertise, and product know-how, we can reduce the complexity around sustainable solutions and guide our customers in making the right choices for their unique products.

Last year, our business group made it a priority to make more resources available to our customers to support them in all their sustainability needs. To that end, in addition to keeping a pulse on the most important facets of sustainability, we have been working to launch our Sustainable Solutions tool, furthering our commitment to providing our customers with direct and up-to-date information that will make it easier to make the right decisions about their materials along the way.

**“We empower our customers with the knowledge and resources they need to create innovative and sustainable products for the future.”**

**Dan Andersson**  
Sales Manager  
Advanced Materials

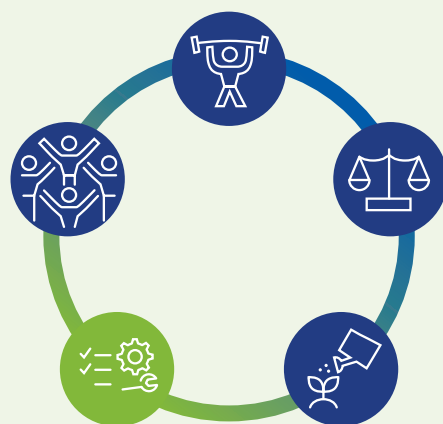






# Responsible operations

Energy and emissions management	35
Sustainable Transport	39
Water and wastewater	43
Handling of chemicals	45
Operational waste management	46
Sustainable raw materials and recycling	47
Occupational health and safety	48





We minimise our environmental footprint by sustainably managing our energy and water use, reducing our waste and carbon emissions. Via our Group-wide sustainability approach we aim to drive continuous improvement in our metrics.

IMCD aims to reduce its environmental impact. One of the most significant ways to do this is by reducing our carbon footprint, and this starts with monitoring carbon emissions. Via reporting the emission scopes 1, 2 and 3 (as defined by the GHG Protocol) we track our progress.

Scope 1 and scope 2 are measured on a global scale. Scope 3 reflects the geographical area of which IMCD has one full year of transactional data available in its ERP system. Acquisitions that are not a full year system integrated, are out of scope but will be added the year after. IMCD's target remains to deliver a 15% reduction in our GHG emissions per million euro operating EBITDA by 2024, compared to the 2019 baseline.

Compared to 2019 the total estimated absolute emissions in tonnes of CO<sub>2</sub> equivalent, increased by 61%. An important driver of this increase is the expansion of the geographical area that is one full year system integrated. In particular the Americas, where we included the integrations of former ET Horn, IMCD Puerto Rico and IMCD US Food, contributed to the significant increase. The addition of the aforementioned entities in combination with the characteristic of predominant road freight over long distances, made the emission intensity per million euro of operating EBITDA increase by 42%.

## Energy and emissions management

As a chemicals distributor, IMCD recognises the impacts our activities have on the environment due to energy use in our facilities, transport of goods and production processes. We are committed to reducing our environmental footprint while driving our business forward.

Our scope 1 emissions – which are caused using direct energy carriers in our offices, in production locations, for business trips, and for our inhouse transport, warehouse and distribution activities – decreased in 2020 mainly because of COVID-19 work from home instructions resulting in savings on the use of direct energy carriers for business trips and our offices.

Scope 2 emissions – which are the result of using provided energy (mostly electricity) in our offices, in production locations and to a certain extent for our own warehouse activities – slightly increased. This is caused by a combination of improved quality of data (less estimates, more actual figures) and a negative trend in country specific electricity mixes leading to higher emissions, to some extent offset by a decrease in actual provided energy used in our offices because of work from home.

Scope 3 emissions – which fully represents the energy used in transport activities by our contracted third-party logistics service providers – increased because of the organic growth of our company and growth in transported mass in all regions and a significant expansion of the number and size of the operations included in the 2020 calculations.

The scope 3 emissions are by far the largest contributors to our total emissions, the impact of including more operations in our calculations outgrew our increase in FTE and operating EBITDA resulting in deterioration of the relative emission intensity factors.

More in-depth analysis of the developments in the emissions and our plans to meet our target in 2024 is given on the next pages in section Energy and emissions within the organisation (scope 1 & 2) and in section Own transport emissions (scope 1, 2 & 3).

FOREWORD  
CEO

ABOUT IMCD

APPROACH TO  
SUSTAINABILITY

FINANCIAL  
RESILIENCE

BUSINESS  
INTEGRITY

PRODUCT  
STEWARDSHIP

**RESPONSIBLE  
OPERATIONS**

IMCD  
SUSTAINABLE  
SOLUTIONS

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

ABOUT THIS  
REPORT

OTHER  
INFORMATION

## Total emissions and emission intensity

	2020	2019	CHANGE
Direct energy carriers use (Scope 1) - global	5,574	7,208	(23%)
Provided energy (Scope 2) - global	6,090	5,879	4%
Third parties logistics (Scope 3) - in available geographical scope	259,079	155,400	67%
<b>Total estimated emissions, tCO<sub>2</sub>eq</b>	<b>270,743</b>	<b>168,487</b>	<b>61%</b>
Emissions intensity per FTE	82	56	46%
<b>Emissions intensity per mln euro of operating EBITDA</b>	<b>970</b>	<b>683</b>	<b>42%</b>

FOREWORD  
CEO

ABOUT IMCD

APPROACH TO  
SUSTAINABILITY

FINANCIAL  
RESILIENCE

BUSINESS  
INTEGRITY

PRODUCT  
STEWARDSHIP

RESPONSIBLE  
OPERATIONS

IMCD  
SUSTAINABLE  
SOLUTIONS

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

ABOUT THIS  
REPORT

OTHER  
INFORMATION



## Energy and emissions within the organisation

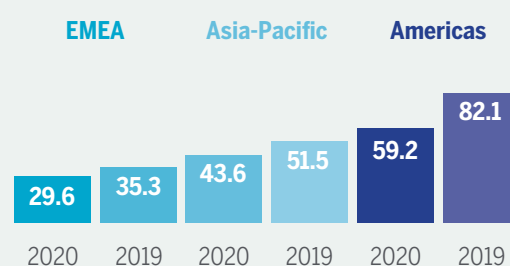
ENERGY CARRIER	ENERGY CONSUMPTION TOTAL, GJ		ENERGY RELATED EMISSIONS, tCO <sub>2</sub> EQ	
	2020	2019	2020	2019
<b>Direct energy carriers use (Scope 1)</b>	<b>86,874</b>	<b>111,890</b>	<b>5,574</b>	<b>7,237</b>
natural gas	32,531	39,493	1,830	2,222
petrol	13,350	22,574	915	1,551
diesel	38,693	47,052	2,689	3,266
LPG	2,300	2,772	140	169
other fugitive emissions	-	-	-	29
<b>Provided energy (Scope 2)</b>	<b>44,061</b>	<b>44,066</b>	<b>6,223</b>	<b>5,976</b>
electricity <sup>1</sup>	39,180	40,492	5,848	5,754
supplied heating	3,848	3,198	125	104
supplied cooling	1,033	376	117	21
other fugitive emissions	-	-	133	97
<b>Total energy consumption / emissions from own organisation (Scope 1 and 2)</b>	<b>130,935</b>	<b>155,956</b>	<b>11,797</b>	<b>13,213</b>
Intensity per tonne of purchased product	0.139	0.161	0.012	0.014
Intensity per FTE	40	52	4	4
Intensity per mln euro of operating EBITDA	469	632	42	53
<b>Direct energy carriers use (biogenic)</b>	<b>3,825</b>	<b>4,097</b>	<b>269</b>	<b>287</b>
biodiesel	3,825	4,097	269	287

<sup>1</sup> Emission factors for the consumed electricity include as a minor share, upstream emissions that occur in 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.

Direct energy use attributed to use of biodiesel in 2020 is equal to 3,825 GJ associated with 269 tCO<sub>2</sub>-eq of GHG emissions (down 7% from 2019: 4,097 GJ, with associated GHG emissions of 287 tCO<sub>2</sub>-eq).

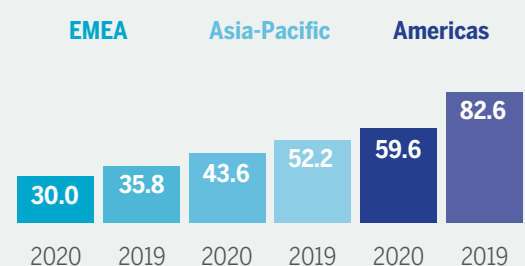
### Energy-associated emissions intensity within the organisation by region

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



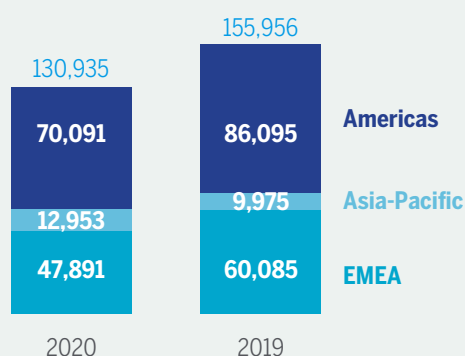
### Total GHG emissions intensity within the organisation by region

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



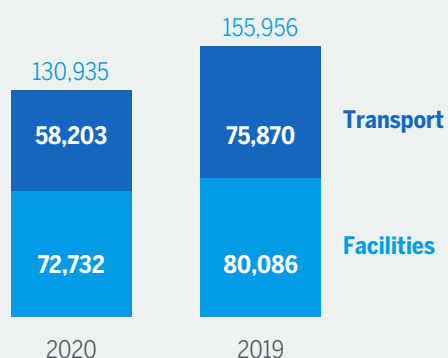
### Total energy consumption within the organisation by region of operation

GJ



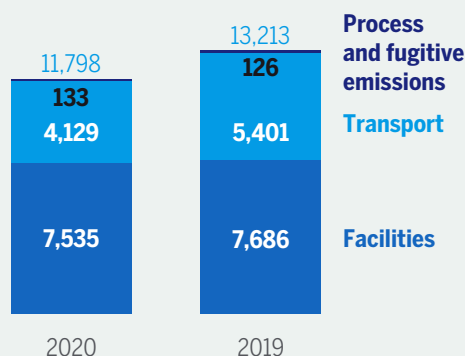
### Energy consumption by activity

GJ



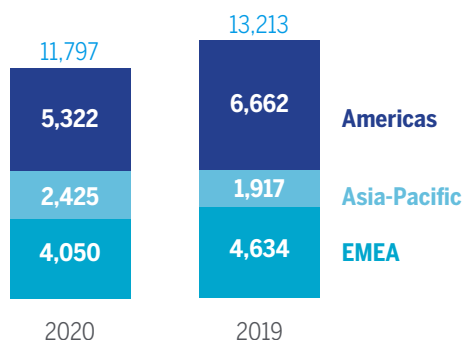
### GHG emissions by activity

tCO<sub>2</sub>eq



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

tCO<sub>2</sub>eq



In 2020, we continued to work on the execution of our Sustainability KPI system with alignment, unification and advance of the reporting procedures within the Group. Thanks to the worldwide effort of the companies within our group, we achieved significant improvements in accuracy of reporting the sustainability data. For the 2020 reporting cycle, we increased the share of confirmed primary data reporting for energy consumption from 58% in 2019 to 64% in 2020, and for emissions from 60% in 2019 to 71% in 2020.

2020 has been a challenging, out-of-ordinary year for the whole planet. While we continued delivering on our business commitments with distribution activities and ancillary services, the ways we are working have altered. That is clearly reflected in our performance, including energy use and emissions within the organisation. Our total energy use and energy related greenhouse gas emissions within the organisation (Scope 1 and 2) decreased in 2020, both in absolute and relative terms.

FOREWORD  
CEO

ABOUT IMCD

APPROACH TO  
SUSTAINABILITY

FINANCIAL  
RESILIENCE

BUSINESS  
INTEGRITY

PRODUCT  
STEWARDSHIP

[RESPONSIBLE  
OPERATIONS](#)

IMCD  
SUSTAINABLE  
SOLUTIONS

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

ABOUT THIS  
REPORT

OTHER  
INFORMATION

FOREWORD  
CEO

ABOUT IMCD

APPROACH TO  
SUSTAINABILITYFINANCIAL  
RESILIENCEBUSINESS  
INTEGRITYPRODUCT  
STEWARDSHIP**RESPONSIBLE  
OPERATIONS**IMCD  
SUSTAINABLE  
SOLUTIONSPEOPLE  
FULFILMENT  
AND DIVERSITYASSURANCE  
REPORTABOUT THIS  
REPORTOTHER  
INFORMATION**Scope 1 and 2 development**

Much of the decrease in energy consumption and associated emissions was the result of reduced amounts of fuels (such as petrol and diesel) used for transport. Understandably, some of our locations have witnessed also reduced demand for space heating, which was reflected in reduced consumption of natural gas. At the same time, GHG emissions from the use of provided energy, scope 2, (dominated by electricity use), experienced slight growth in 2020 in absolute terms. We attribute this growth to the business expansion with organic growth of operations and acquisitions. In addition, the country-specific electricity mixes showed a negative trend. We use these mixes to estimate the percentage of green electricity used at our locations. Although the quantity of provided energy in GJ is almost equal to 2019, the share of green energy is smaller resulting in an increase of emissions. We support the expansion of use of green energy in our operations and strive to improve accuracy of reporting of actual usage of green energy in future reports.

Specific energy use and emissions decreased in 2020 for indicators of all recorded denominators compared to 2019. The largest reduction is seen in energy consumption and GHG emissions per million euro operating EBITDA. This trend is seen in all regions of the Group. As the reduction of the specific indicators exceeds the reduction in absolute emission values, we connect the improvements with the growth of the business. Our growth strategy, resulting in a larger number of employees and increasing operating EBITDA, facilitates the achievement of lower relative GHG emissions.

Most of IMCD's energy consumption and emissions originate from our activities in EMEA and the Americas. EMEA is historically our largest market and has well-established operations. The large operations result in higher energy use and emissions. However, the implemented optimisation processes allow achieving lower energy and emissions intensity performance and explain lower potential for reductions in the future. At the same time, other regions show realisation of higher potential. While the Americas region evidenced a significant growth in energy use and emissions in 2019, in 2020 both the absolute values and the intensities decreased at higher rates than those for EMEA. Moreover, the fast growing Asia Pacific region shows the most significant reduction in specific energy use and emission intensity across the Group, despite increasing the absolute values due to growth of operations.

Assigning the energy consumed and emissions to our core activity, we clearly see a higher decrease of energy consumed by our own transport activities than by our facilities. While IMCD's own transport activities still contribute a reasonable proportion of the energy consumption and emissions, the scope of business trips in 2020 decreased dramatically, following the lock-down policies as a response to the COVID-19 outbreak.

The Company's impacts through fugitive emissions are contributing only a marginal part of the total GHG emissions, and are associated with the leakage of cooling agents in normal operation of air conditioning. These emissions slightly grew in 2020 due to the growth of the company and respective increase of the cooled areas: from 126 tCO<sub>2</sub>eq in 2019<sup>2</sup> to 133 tCO<sub>2</sub>eq in 2020.

Established last year, 2019 is the baseline year for our Sustainability strategy and development of action plans. It sets the base level of energy use and emissions in general, and the target KPI of emissions per operating EBITDA in particular. While 2020 showed to be a good performance year as for the energy use and emissions within the organisation (achieving a 21% reduction for the intensity per mln euro of operating EBITDA for Scope 1 and 2), we realise that we should be cautious interpreting our progress, as the year was largely affected by the global pandemic. In 2021, we hope to establish our approach in the "new normal" and will continue working on our global strategy to reduce greenhouse gas emissions relative to earnings. Target areas include continuing optimisation of our activities, and increasing sustainable energy sourcing. Implementation of measures in these target areas will contribute to achieving IMCD's goal of a 15% reduction in GHG emissions per million euro operating EBITDA by 2024 versus the base year 2019.

<sup>2</sup> subject to errata to the value reported in 2019: see "Restatement of Information"



## Sustainable Transport

Transportation activities are the core of IMCD's business. Being a global distributor, we realise the significance of these activities' impacts on the environment. We aim for more sustainable transportation solutions.

Recognised by experts and our stakeholders, sustainable transport is one of the key focus areas in our sustainability strategy. According to the United Nations Economic Commission for Europe (UNECE), transport contributes about 23% of the global anthropogenic CO<sub>2</sub> emissions. Climate change, energy transition, digitisation and technology disruption are rapidly creating new expectations of our industry.

### Own transport emissions

	2020	2019	CHANGE
<b>Direct energy carriers use for own transport</b>			
business trips with company's transport, tCO <sub>2</sub> eq	2,429	3,673	(34%)
warehouse logistics, tCO <sub>2</sub> eq	191	287	(33%)
distribution, tCO <sub>2</sub> eq	1,063	897	18%
<b>Total, tCO<sub>2</sub>eq</b>	<b>3,683</b>	<b>4,857</b>	<b>(24%)</b>
<b>Electricity use for own transport, tCO<sub>2</sub>eq<sup>1</sup></b>			
business trips with company's transport, tCO <sub>2</sub> eq	0.0	0.1	(100%)
warehouse logistics, tCO <sub>2</sub> eq	446	544	(18%)
<b>Total, tCO<sub>2</sub>eq</b>	<b>446</b>	<b>544</b>	<b>(18%)</b>
<b>Total emissions from transport use within organisations, tCO<sub>2</sub>eq (Scope 1 and 2, excluding biogenic)</b>	<b>4,129</b>	<b>5,401</b>	<b>(24%)</b>
<b>Direct energy carriers use for own transport (biogenic)</b>			
business trips with company's transport, tCO <sub>2</sub> eq	0	6	(100%)
warehouse logistics, tCO <sub>2</sub> eq	8	238	(97%)
distribution, tCO <sub>2</sub> eq	261	44	498%
<b>Total, tCO<sub>2</sub>eq</b>	<b>269</b>	<b>287</b>	<b>(6%)</b>
<b>Emissions intensity per FTE</b>			
Direct energy carriers use for own transport, tCO <sub>2</sub> eq/FTE	1.12	1.6	(31%)
Of which biogenic: Direct energy carriers use for own transport, tCO <sub>2</sub> eq/FTE	0.08	0.1	(20%)
Electricity use for own transport, tCO <sub>2</sub> eq/FTE	0.14	0.2	(23%)
<b>Total, tCO<sub>2</sub>eq/FTE</b>	<b>1.26</b>	<b>1.8</b>	<b>(30%)</b>
<b>Emissions intensity per ton of purchased product</b>			
Direct energy carriers use for own transport, tCO <sub>2</sub> eq/t	0.0039	0.0050	(22%)
Of which biogenic: Direct energy carriers use for own transport, tCO <sub>2</sub> eq/t	0.0003	0.0003	- %
Electricity use for own transport, tCO <sub>2</sub> eq/t	0.0005	0.0006	(17%)
<b>Total, tCO<sub>2</sub>eq/t</b>	<b>0.0044</b>	<b>0.0056</b>	<b>(21%)</b>
<b>Emissions intensity per mln euro Operating EBITDA</b>			
Direct energy carriers use for own transport, tCO <sub>2</sub> eq/mlin euro Operating EBITDA	13.2	19.7	(33%)
Of which biogenic: Direct energy carriers use for own transport, tCO <sub>2</sub> eq/mlin euro Operating EBITDA	1.0	1.2	(17%)
Electricity use for own transport, tCO <sub>2</sub> eq/mlin euro Operating EBITDA	1.6	2.2	(27%)
<b>Total, tCO<sub>2</sub>eq/mlin euro Operating EBITDA</b>	<b>14.8</b>	<b>21.9</b>	<b>(32%)</b>

<sup>1</sup> Emission factors for the consumed electricity include as a minor share, upstream emissions that occur in 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.

Please note that transport emissions were also included in the reporting in the chapter "Energy and emissions management". In 2020, around 28% of the total emissions from own transport were based on primary data on actual fuel consumption (comparing to 26% in 2019). All other values presented in the table are modelled based on actual and estimated numbers of vehicles, distances, hours of work, and average values. For the methodology and list of assumptions, please refer to the Annex.

FOREWORD  
CEO

ABOUT IMCD

APPROACH TO  
SUSTAINABILITY

FINANCIAL  
RESILIENCE

BUSINESS  
INTEGRITY

PRODUCT  
STEWARDSHIP

RESPONSIBLE  
OPERATIONS

IMCD  
SUSTAINABLE  
SOLUTIONS

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

ABOUT THIS  
REPORT

OTHER  
INFORMATION

FOREWORD  
CEO

ABOUT IMCD

APPROACH TO  
SUSTAINABILITY

FINANCIAL  
RESILIENCE

BUSINESS  
INTEGRITY

PRODUCT  
STEWARDSHIP

RESPONSIBLE  
OPERATIONS

IMCD  
SUSTAINABLE  
SOLUTIONS

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

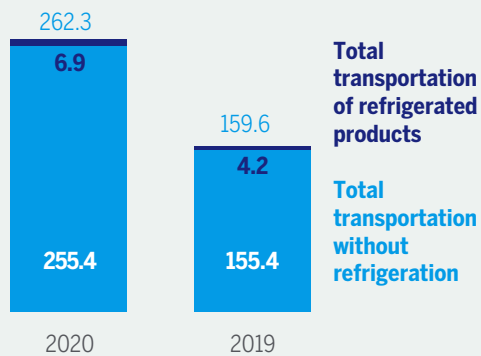
ABOUT THIS  
REPORT

OTHER  
INFORMATION



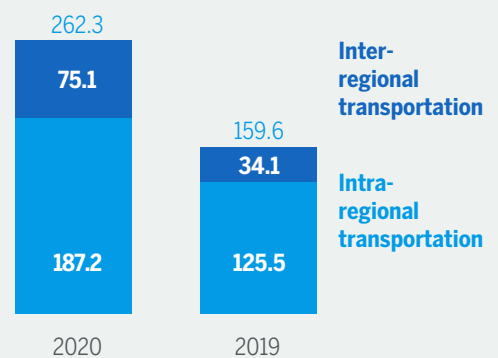
### GHG emissions from transportation, by refrigeration

thousand ktCO<sub>2</sub>eq



### GHG emissions from transportation, by destination

thousand ktCO<sub>2</sub>eq

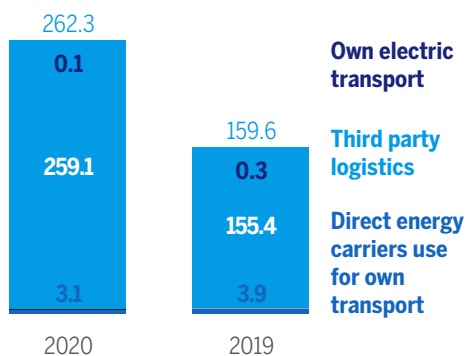


We acknowledge climate change impacts to be currently the most significant environmental impacts of transport. IMCD has been delivering innovative, sustainable logistics solutions but it is a world in motion. To develop, implement, monitor, and progress it is a task of large-scale collaboration within and outside IMCD. The Group Supply Chain function, in

close cooperation with the RAQS function, takes the lead in management of the transport sustainability. Together, our Supply Chain and RAQS teams develop policies, action plans, and follow up on implementation towards the emissions reduction. By thinking boldly and acting more sustainable, we are future proofing our business while creating long term value for all our stakeholders.

### GHG emissions from product transport, by emissions scope

thousand ktCO<sub>2</sub>eq



Our focus in our approach to sustainability is two-fold:

### Own transport (scope 1 & 2)

Our first focus is on the direct and indirect emissions associated with Company's own transport. This is the part of the transport emissions that we have the most leverage over, and the most accurate data for. Scope 1 and 2 emissions comprises our entities owned or leased passenger cars and other light-weight vehicles used for business trips, trucks used for deliveries, and warehouse transport used in our logistics operations.

In 2020 IMCD's total GHG emissions from its own transport decreased by 24% compared to 2019. Majority of the reduction is caused by the reduction of fuel use in business trips and warehouse logistics. The change is attributed mainly to the changes in our work caused by the measures to fight the global COVID-19 pandemic, being remote work and reduction of business trips. The emissions from own logistic activities grew in 2020 by 18% in absolute terms. This is driven by two factors, the growth of our business activities and the increase of our geographic reporting scope.

Our success in business growth, together with the reduction of the emissions from own transport in absolute terms, resulted in significant reductions in emissions intensity indicators. In 2020, emissions intensity in own transport experienced a decrease for all reporting bases: FTE, tons of purchases, and operating EBITDA. Intensity of emissions from own transport per mln euro operating EBITDA dropped 32% compared with 2019.

IMCD's own transport is directly controlled by the Company, but contributes only a modest share of our transportation services. That is why our second focus lies within the transportation arranged by our contracted partners. While we do not directly oversee and influence the ways our partners carry out their activities, we realise that the potential impacts they are causing are associated with our business activities, and hence we recognise our responsibility to take these impacts into account.

### Outsourced transport (scope 3)

In 2020, we continued the work on unification of our third party logistics database across the Group. As a result we expanded the geographical scope for the emissions consideration (Scope 3) with a range of countries in Middle East, Africa and Asia Pacific. However the most significant expansion of the scope is caused by the integration of companies acquired in 2019, located in the Americas region.

As in previous years and as expected, the GHG emissions associated with transportation by our contracted partners (Scope 3) dominates the total

emissions for transport, and constitutes almost 99% of the total in 2020 (up from 97% in 2019). That is due to both reduction of the emissions in own transportation, and the significant growth in Scope 3 emissions.

Scope 3 emissions from transport increased in 2020 both in absolute terms and in intensity indicators. This development is a combination of organic growth of the company, expanding geographical scope of reporting and the increase in the mass of products transported. While all regions have evidenced increases in the mass of products transported, transportation services carried out, and associated with these, emissions for Americas showed the most significant growth. With already accounted US companies, and inclusion of those integrated in 2019, the scope 3 emissions from our Americas companies showed a substantial growth and are contributing more than half of the total Scope 3 emission.

The aforementioned expansion of the scope of consideration, also resulted in a significant increase in emissions from outbound transportation. While we saw a significant increase in sea and air freight, the main contribution is made by the outbound road transportation. This is characteristic of our US operations, as outbound transactions often account for distribution within the North American Union.

As a consequence of these emissions growth, the specific emissions indicators have grown for all the denominators, with the highest increases in the emissions intensity per million euro of operating EBITDA (+34%) and the lowest increase in the emission intensity per per ton of purchased product (+15%). The emissions intensity per FTE increased by 27%.

IMCD's Group supply-chain team and local supply-chain experts are committed to provide the most efficient routing, optimal volume mileage ratio and the implementation of sustainable transport modes, wherever possible. We are concerned to see the drastic growth in the tracked KPIs in 2020. Therefore, in 2021 we intend to launch actions to investigate the details of the third party transportation reporting system, advance the methodological aspects, and develop the action plan to engage our contracted partners into more sustainable distribution activities.

Transport, specifically transport provided by logistics partners, is the single largest contributor to IMCD's GHG emissions (within reasonable control). Therefore, sustainable transport is one of the core focal points of the Company's sustainability strategy. IMCD expects this to be the biggest contributing factor to its goal of a 15% reduction in GHG emissions per operating million euro EBITDA by 2024, in comparison with the base year 2019.

FOREWORD  
CEO

ABOUT IMCD

APPROACH TO  
SUSTAINABILITY

FINANCIAL  
RESILIENCE

BUSINESS  
INTEGRITY

PRODUCT  
STEWARDSHIP

[RESPONSIBLE  
OPERATIONS](#)

IMCD  
SUSTAINABLE  
SOLUTIONS

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

ABOUT THIS  
REPORT

OTHER  
INFORMATION



FOREWORD CEO
ABOUT IMCD
APPROACH TO SUSTAINABILITY
FINANCIAL RESILIENCE
BUSINESS INTEGRITY
PRODUCT STEWARDSHIP
<b>RESPONSIBLE OPERATIONS</b>
IMCD SUSTAINABLE SOLUTIONS
PEOPLE FULFILMENT AND DIVERSITY
ASSURANCE REPORT
ABOUT THIS REPORT
OTHER INFORMATION

## Emissions from transport

EMISSIONS IN TCO <sub>2</sub> EQ	2020 NEW SCOPE	2019 NEW SCOPE
Direct energy carriers use for own transport (in established scope)	3,115	3,963
Own electric transport (in established scope)	138	257
road transportation	212,641	114,068
sea freight	13,881	12,357
air freight	32,557	28,975
Third parties logistics (in established scope)	259,079	155,400
<b>Total transport in the established scope</b>	<b>262,332</b>	<b>159,620</b>
Emissions intensity per FTE (in established scope)	107	84
Emissions intensity per ton of purchased product (in established scope)	0.335	0.292
Emissions intensity per mln euro of operating EBITDA (in established scope)	1,289	963

The graph below reflects the absolute emissions and emission intensity per million eur of Operating EBITDA from third party transport for 2020 compared with 2019, in total and specifically for the US and the rest of the world.

The intensity per million euro of Operating EBITDA as presented here does not include the proportionate allocation of the EBITDA for holding companies.

The total increase of the emission intensity of 41%, is primarily driven by an increase of emission intensity in the US operations (+102%). The main reason for this increase is the inclusion of additional entities in the US figures. Due to the integration of the acquired businesses in the US, it is practically not possible to make like-for-like comparisons between the years. The majority of the transport in the US is operated by road over longer distances, which is a another driver for the increase of the scope 3 emissions .

The emission intensity per million euro of Operating EBITDA in the rest of the world (total companies in scope excluding the US entities), increased by 2%. This increase is also partly driven by the expansion of the scope, acquisitions made and subsequent integration impacts.

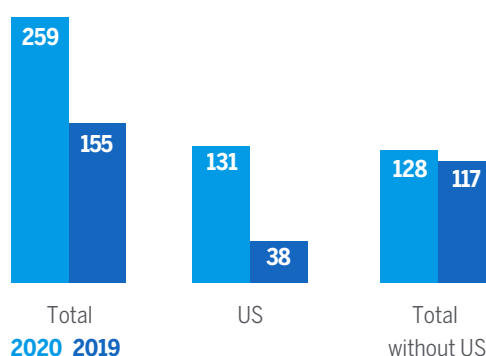
Emissions resulting from logistic activities operated by third parties can only be partly influenced by IMCD. Further, customers have the freedom to either collect and transport the goods themselves or request IMCD to do so. This could have a considerable impact on the reported emission numbers.

In addition, emission outcomes are largely dependent on a significant number of assumptions used in calculating the reported values. This applies to both the determination of the means of transport (both intra- and inter-regional) and the distances covered, as extensively described in our methodology note. The reported values do not yet provide the effects of for instance the use of more sustainable transport modes.

The constant improvement of both the quality and reliability of the data, and replacing estimations by factual data has our full and immediate attention.

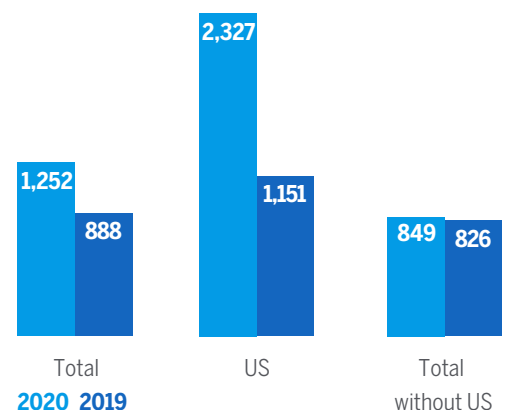
### Scope 3 GHG emissions in 2019 and 2020

ktCO<sub>2</sub>eq



### Scope 3 Intensity in 2019 and 2020

per million euro of operating EBITDA



FOREWORD  
CEO

ABOUT IMCD

APPROACH TO  
SUSTAINABILITYFINANCIAL  
RESILIENCEBUSINESS  
INTEGRITYPRODUCT  
STEWARDSHIP**RESPONSIBLE  
OPERATIONS**IMCD  
SUSTAINABLE  
SOLUTIONSPEOPLE  
FULFILMENT  
AND DIVERSITYASSURANCE  
REPORTABOUT THIS  
REPORTOTHER  
INFORMATION

## Operational water and wastewater management

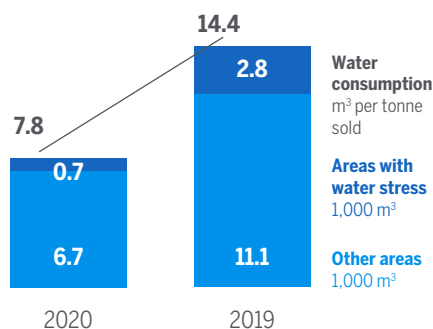
	2020	2019	CHANGE 2020/2019
<b>Total water withdrawal, 1,000m3</b>	<b>47.68</b>	<b>57.65</b>	<b>(17%)</b>
Water withdrawal from municipal source, 1000m3	47.54	57.38	(17%)
incl in areas with water stress <sup>1</sup>	5.28	14.80	(64%)
Own withdrawal	0.14	0.27	(48%)
incl in areas with water stress <sup>1</sup>	0.11	0.27	(59%)
<b>Total water consumption, 1,000m3</b>	<b>7.38</b>	<b>13.94</b>	<b>(47%)</b>
incl in areas with water stress <sup>1</sup>	0.68	2.82	(76%)

<sup>1</sup> Water stress areas are identified as areas with baseline water stress high (40-80%) or extremely high (>80%), based on the data from the World Resources Institute, Aqueduct Water Risk Atlas. Accessed on June 5, 2020 for the levels in the reporting year 2019, and on May 5, 2021 for the levels in the reporting year 2020. Water consumption is based on local water withdrawal minus discharge. Water withdrawal reporting based on estimations is accounting for 21% in 2019 and 23% in 2020, respectively. Water discharge reporting based on estimations is accounting for 39% in 2019 and 65% in 2020, respectively. For the estimation methodology and list of assumptions please refer to the Methodology Note.

## Water and wastewater

As a global distributor of chemicals, we at IMCD understand the importance of attention to water use along our supply chain and in own operations. We support responsible water management and reduction of water use in the supply chain and throughout the life cycle of our products. In addition, we are committed to responsible water management in our activities uncompromisingly following all relevant local legislation and respecting the needs and priorities of all water users in the local areas.

### Water consumption and water consumption intensity per tonne sold



FOREWORD  
CEO

## ABOUT IMCD

APPROACH TO  
SUSTAINABILITYFINANCIAL  
RESILIENCEBUSINESS  
INTEGRITYPRODUCT  
STEWARDSHIPRESPONSIBLE  
OPERATIONSIMCD  
SUSTAINABLE  
SOLUTIONSPEOPLE  
FULFILLMENT  
AND DIVERSITYASSURANCE  
REPORTABOUT THIS  
REPORTOTHER  
INFORMATION

Dealing with distribution of chemicals, we know the importance of access to reliable sources of clean fresh water in order to deliver on our commitments on product and service quality. At the same time, we acknowledge that water is a precious shared resource and as members of local communities we operate in, we are responsible for its sustainable maintenance. Some of our operations are located in water-stressed areas, and it is our duty to manage our water use responsibly by paying special attention to water management in those areas. We encourage water saving in our own processes and water-saving measures by our employees in every facility. To monitor our progress, water-related indicators are included into our annual reporting system. Moreover, we are continuously working on the development of products that can help our customers in more responsible water use in their operations.

IMCD direct water-related impacts are connected with water use in laboratories, warehousing facilities, and offices. Because of the types of facility buildings we use, and the relatively small amount of water involved, we do not commonly source water ourselves, but use the water supplied by local fresh-water providers (municipal source). The exceptions include harvesting rain water at three of our sites<sup>2</sup>, two of which situated in areas with water stress. Water is used predominantly in household-like activities.

For the same reasons, IMCD companies usually do not handle used water discharge themselves, but instead send it to third parties for treatment. In most of the cases, our wastewater generally has the same characteristics as municipal wastewater, and is therefore transferred to water treatment facilities via a common pipeline.

The substances of concern in the waste water are generally similar to those in the municipal waste water<sup>3</sup>, with marginal amount of laboratory wastewater containing ethanol, methanol and alike substances. All our waste water treatment providers have necessary licences, and we monitor their compliance with local legislation. Two of our sites, situated in Indonesia, are performing own non-hazardous wastewater treatment and discharge<sup>4</sup>, as a result of the infrastructure available.

In 2020, water withdrawal, water consumption, and water discharge decreased compared to 2019. This reduction is related to optimisation activities on production sites we acquired in 2019, as well as the impacts caused by the global pandemic outbreak and consequent reduction of activities performed on-site.

Water consumption in areas with water stress contributed around 9% of the total water consumption of the Group in 2020. A decrease in consumption was seen in both water-stressed and non-water-stressed areas, but was exceptionally high in the case of the latter.

<sup>2</sup> Own water withdrawal through rain water harvesting is estimated to be 0.3% of total water withdrawal.

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

<sup>4</sup> Unfortunately, no data is available on the volumes of discharge, and as a conservative assumption, the water is counted into water consumption. We are working on improving the monitoring system to be able to report the volumes next year.

“Sustainability is not something that we can tackle alone; close cooperation with our supply chain partners is a necessity.”



## Handling of chemicals

Being a chemicals distributor, IMCD's daily activities are formed around handling potentially impactful and sometimes hazardous substances. In this regard it is our highest priority and we are strongly committed to protect our employees, communities and ecosystems through handling the chemicals safely and responsibly. Our ultimate goal is zero spills and chemicals mishandling in our operations.

Our HSEQ policy defines the principles of chemicals handling in operations of the Group, and sets the responsible for the policies, procedures, and plans implementation<sup>5</sup>. Every IMCD company maintains an emergency management procedure, defining communication channels, roles and responsibilities. A global crisis communication plan is implemented on the Group level, and local plans are mandatory aligned with it. Every local organisation assigns a first point of contact for crisis situations, who must be fully trained and coordinates the communication with all relevant stakeholders. The 24h emergency response number is available via IMCD's corporate website and open for communication on any crisis situation.

Through local associations, most of IMCD's operating companies participate in the "Responsible Care" or "Responsible Distribution" programmes of the International Council of Chemical Associations (ICCA), committing to sustained development and observance of the guidelines outlined in the global programme. 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.

IMCD fully endorses the objectives of the European Union's regulation on Chemicals: REACH (EC) No 1907/2006 concerning the registration, evaluation, authorisation and restriction of chemicals. In following

this legislation, IMCD supports improved handling of chemicals to protect human health and the environment via REACH compliance in the EU. By upgrading the regulatory chemical compliance system in 2019, REACH encourages the chemical industry to innovate and to replace substances of very high concern with suitable alternatives, or to use them such a way that risks are adequately controlled. IMCD cooperates with (co-)producers, suppliers, and customers to fully and successfully implement REACH objectives. Most of the registrations have been performed by our suppliers or their representatives. As of 2020, IMCD owns 21 active REACH registrations.

In 2020, zero significant spills<sup>6</sup> of hazardous substances were registered by companies within the IMCD Group.

## Biodiversity

IMCD does not have significant direct impacts on biodiversity. To the best of our knowledge, none of our operations are situated in protected areas, and our operations and activities do not directly affect habitats of protected species. We acknowledge potential impacts on ecosystems within our supply chain due to adverse effects of materials extraction, processing and disposal, and through the global impacts of climate change. Moreover, we realise that chemical spills can pose a hazard of chemical exposures and contaminations and have a potential to cause harm to plant and animal species, contaminating soil and water. This concern is fully validated by the materiality assessment performed in 2020-2021, showing importance of the issue for our stakeholders. We keep monitoring any possible significant impacts our activities can cause, and take precautionary measures, including systems for responsible handling of chemicals. Any concerns regarding the impacts on biodiversity can be communicated to us through the contact forms on our website or in crisis situation on our emergency response number.

FOREWORD  
CEO

ABOUT IMCD

APPROACH TO  
SUSTAINABILITY

FINANCIAL  
RESILIENCE

BUSINESS  
INTEGRITY

PRODUCT  
STEWARDSHIP

[RESPONSIBLE  
OPERATIONS](#)

IMCD  
SUSTAINABLE  
SOLUTIONS

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

ABOUT THIS  
REPORT

OTHER  
INFORMATION



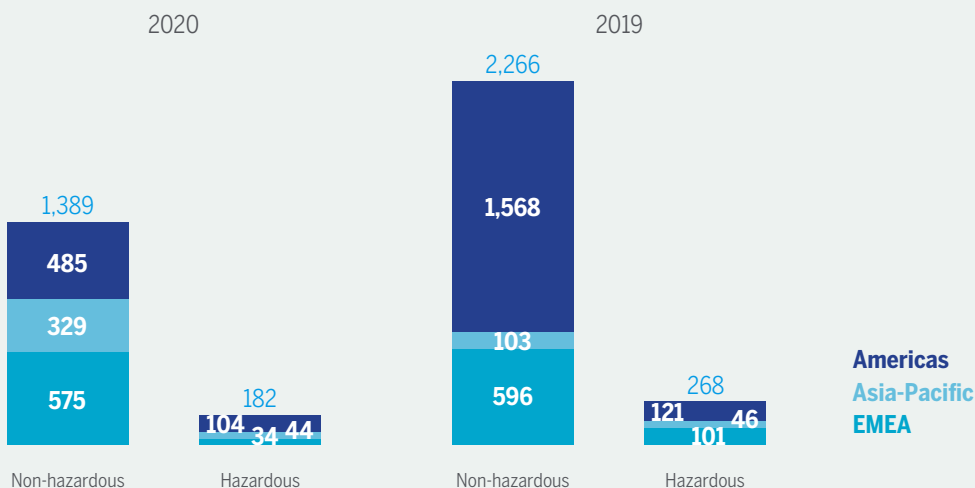
<sup>5</sup> Read more about the policies in the "Product quality and safety" section of the report

<sup>6</sup> A significant spill is defined as a spill of any volume of a substance, registered in a list of substances of very high concern, or candidate list of substances of very high concern by REACH.

- FOREWORD  
CEO
- ABOUT IMCD
- APPROACH TO  
SUSTAINABILITY
- FINANCIAL  
RESILIENCE
- BUSINESS  
INTEGRITY
- PRODUCT  
STEWARDSHIP
- RESPONSIBLE  
OPERATIONS
- IMCD  
SUSTAINABLE  
SOLUTIONS
- PEOPLE  
FULFILMENT  
AND DIVERSITY
- ASSURANCE  
REPORT
- ABOUT THIS  
REPORT
- OTHER  
INFORMATION



**Hazardous and non-hazardous waste generation by region**  
tonne



## Operational waste management

Responsible waste management is an important part of our approach to sustainable operations. Working with chemicals can mean a considerable amount of waste generated by the companies' operations itself and along the supply chain. IMCD is committed to meet all relevant requirements set by local legislations, our internal policies, as well as requirements agreed with customers and suppliers, with regard to environment, waste treatment and disposal.

As a distributor, we acknowledge the possible impact within our supply chain and work towards a more sustainable portfolio within our "IMCD Sustainable Solutions" programme.

Our own offices, warehouses and production sites are the main sources of waste. Led by the warehousing activities, the generated waste is predominantly non-hazardous. However, certain production, laboratory and product storage activities result in generation of hazardous waste. To ensure that all waste generated by operations is properly identified and sent for licensed disposal in accordance with relevant legislative requirements, 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 undertaken according to local laws and by accredited disposal companies. In its offices and other locations, IMCD promotes the recycling of used (office) material and minimising paper consumption.

In 2020, IMCD continued to advance and harmonise the existing systems for monitoring and reporting of waste management aspects within the Group. This resulted in an increased quality of reporting hazardous waste generation (0.1% is based on estimations in 2020 compared with 1.1% in 2019), and allowed for monitoring not only the waste generated on our own premises, but also the hazardous waste generated by our activities on the premises of our logistics partners.

Both hazardous and non-hazardous waste generation decreased in 2020 compared with the previous year. This reduction can be attributed to process improvements and optimisations of the infrastructure and the logistics in the production facilities acquired in 2019 in the Americas region. Some reduction might also be associated with reduced activities on the premises due to home-office regime reinforced upon the COVID-19 pandemic outbreak.

In 2021, we will continue our work on aligning waste management policies and practices across the Group and in the newly acquired companies in particular.

## Sustainable raw materials and recycling

As a distributor of a large range of chemicals, IMCD manages a portfolio of products that have the potential to significantly impact the environment and communities, both in production and processing and by its use and disposal. We acknowledge the importance of reducing material usage, re-using and recycling throughout the life cycle of those products, as well as the use of more sustainable raw materials by the Company and by its business partners. We are striving to achieve a more sustainable and future-proof supply network.

While we believe that the majority of the impacts occur in the upstream and downstream of our own operations, we acknowledge the importance of conscious materials procurement, use, and disposal in our own activities. The material consumption in our operations is small compared with the materials consumed in the manufacturing of our products. That is why our main focus in tackling sustainable raw materials and recycling lies in collaborations within our supply chain. Our "IMCD Sustainable Solutions" programme addresses sustainable sourcing of raw materials, enlargement of renewable feedstock and recycled content in the products we offer to our customers. We embed circular economy and recycling in our commercial approach and develop these areas further within the "IMCD Sustainable Solutions" propositions. More information regarding the programme can be found in the chapter "IMCD Sustainable Solutions".

FOREWORD  
CEO

ABOUT IMCD

APPROACH TO  
SUSTAINABILITY

FINANCIAL  
RESILIENCE

BUSINESS  
INTEGRITY

PRODUCT  
STEWARDSHIP

**RESPONSIBLE  
OPERATIONS**

IMCD  
SUSTAINABLE  
SOLUTIONS

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

ABOUT THIS  
REPORT

OTHER  
INFORMATION





FOREWORD  
CEO

ABOUT IMCD

APPROACH TO  
SUSTAINABILITY

FINANCIAL  
RESILIENCE

BUSINESS  
INTEGRITY

PRODUCT  
STEWARDSHIP

RESPONSIBLE  
OPERATIONS

IMCD  
SUSTAINABLE  
SOLUTIONS

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

ABOUT THIS  
REPORT

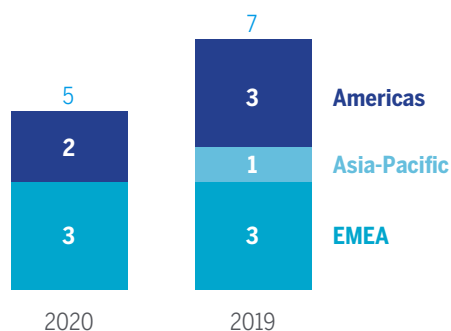
OTHER  
INFORMATION



## Occupational health and safety

Our business relies heavily on our people, and the health and safety of our employees is of the utmost importance to us. We therefore follow a people-centric management approach. We aim to minimise occupational risks for our employees by providing safe environments and equipment, effective communication on safe handling of the products, and health and safety training. Our ultimate target is zero lost-time incidents. Our ambition is for all our people to be safe, healthy, and have a balanced life.

### Number of registered lost time incidents



<sup>2</sup> The implemented occupational health and safety systems are developed to meet the internal policies and as an absolute minimum follow any relevant local regulations. No specific overarching standard or guideline was taken as the base of the implemented system.

An occupational health and safety management policy (part of the IMCD HSEQ policy) has been implemented across all companies in the Group and applies to all our workers and activities with special attention to those in laboratories, own warehouse and operations. Within our approach, IMCD operates local health and safety management systems<sup>2</sup> that define our commitment to providing a safe and healthy work environment where our employees and visitors can return home from work safely, every day and everywhere. The health and safety system is developed and regularly reviewed by the Group RAQS Director, and is supported on local level by Regional RAQS directors in developing regional RAQS and HSEQ plans. Implementation of, and compliance with, the policy is overseen by our Local Quality and Safety managers. We are committed to deliver on our health and safety goals through processes and operating procedures that always prioritise safe work practices, proactively identifying and managing exposure to risk and ensuring that our business activities comply with all statutory and legal requirements specific to the regions in which we operate.

Our local HSEQ managers are responsible for conducting employee training on occupational health and safety. These trainings are provided regularly to each employee and bring greater attention to the handling of hazardous products using safety data



sheets, as well as evacuation, first aid and emergency instructions. Each warehouse or production site has a trained first aider and where applicable, a fire fighter. Every work-related incident at our sites is investigated by a competent person or, when necessary, a committee. This process includes identifying the hazards, assessing the risks, and determining corrective actions and necessary improvements to the health and safety management system. In case of facing a work-related hazard, or a situation that is believed to cause an injury or illness, the workers are required to immediately remove themselves from the situation and report to the local HSEQ manager. The health, safety, and wellbeing of our workers has no concessions.

With all our third-party logistics operations we have agreed upon stringent operating procedures. We measure performance and non-conformances (NCR management) which we have made visible on a global scale. In addition to our business reviews, we audit our own and external sites for health and safety policies compliance on an annual basis.

In 2020, the total of 16 incidents were registered by the company, of which 5 were lost-time incidents. The incidents involved recordable work-related injuries due to muscle strain, slips, trips and falls, cuts and handling chemicals, as well as a household injury while working from home. One injury was caused by an accident in commute. The latter resulted in a high-consequence work-related injury with the employee long-term absence. No fatalities were registered by any of the companies in the Group in 2020.

The reduction of the number of lost-time incidents consequently resulted in an improvement of the rate of lost-time incidents from 0.23 in 2019 to 0.15 in 2020 (based on 200,000 working hours)<sup>3</sup>. The rate of recordable work-related injuries in 2020 is 0.5 based on 200,000 worked hours; The rate of high-consequence work-related injuries is 0.03 based on 200,000 worked hours.

Through performing risk assessments and supported by the results of the incidents investigation, we identified the main sources of hazards that pose risk of injuries and ill health as ergonomics of the used equipment and walking surfaces, warehouse vehicles, machinery and tools, exposure to chemicals, traffic and other commute related aspects, natural events and contact with electricity. To eliminate the hazards and minimise the risks, we conducted a series of trainings and briefings on safety protocols and standard operating procedures, followed up the incidents with introduction of first responder courses, complemented annual medical exams with ergonomic assessments of the equipment and working spaces, conducted treatment of slippery surfaces and evaluated the prevention tools available on premises subject to risk. To reinforce risk prevention and mitigation, we support regular trainings with periodic health and safety messages and review controls. We encourage countries to share best practices and have an opportunity to standardise programmes across all countries. To further ensure the good health of the team, we provide the legally required medical insurances, and where relevant medical exams for the workers.

Protecting our team is our top priority, and with 2020 being a specifically challenging year due to the COVID-19 pandemic, we introduced specific COVID protocols. In 2020, our teams mainly worked from home through all our locations globally. The near flawless adoption of remote working practices has enabled us to provide a seamless and uninterrupted service to customers and suppliers, despite many of the countries that we operate in taking unprecedented measures to save lives and protect the health of populations. More on that you can read in the IMCD statement on the COVID-19 outbreak.

FOREWORD  
CEO

ABOUT IMCD

APPROACH TO  
SUSTAINABILITYFINANCIAL  
RESILIENCEBUSINESS  
INTEGRITYPRODUCT  
STEWARDSHIP**RESPONSIBLE  
OPERATIONS**IMCD  
SUSTAINABLE  
SOLUTIONSPEOPLE  
FULFILMENT  
AND DIVERSITYASSURANCE  
REPORTABOUT THIS  
REPORTOTHER  
INFORMATION

“Protecting our teams is our priority.  
Our ambition is for all our people  
to be safe, healthy and have  
a balanced life.”

<sup>3</sup> Due to the data availability, the calculation values include employees of the company, interns, apprentices, and other workers in labour contractual relations with the company, and exclude other workers, such as outsourced workforce, or suppliers' employees.

FOREWORD  
CEO

ABOUT IMCD

APPROACH TO  
SUSTAINABILITY

FINANCIAL  
RESILIENCE

BUSINESS  
INTEGRITY

PRODUCT  
STEWARDSHIP

RESPONSIBLE  
OPERATIONS

IMCD  
SUSTAINABLE  
SOLUTIONS

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

ABOUT THIS  
REPORT

OTHER  
INFORMATION

# IMCD

## Sustainable Solutions

Alongside the sustainability agenda for its internal operations, IMCD is working to further push its sustainability initiatives throughout its value chains. We believe sustainable products could offer a reduced environmental impact in combination with financial benefits for all our stakeholders, in all phases of the life cycle. Through quantitative analysis, we can offer more competitive products that help our customers reduce their environmental footprint and create financial savings. By connecting with our suppliers, we can analyse, introduce and market their sustainable products to a wider customer base. Our unique market and technical expertise ensure we offer real sustainable solutions.

During 2019, IMCD formulated its sustainability strategy with a two-pillar approach. The first of these pillars is IMCD's operational sustainability. This pillar focuses on finding ways to optimise our supply chains, collaborate with our third-party service providers to reduce environmental impact and ensure compliance with legal and ethical standards as described in our business principles and Code of Conduct.

The second pillar therefore focuses further down the value chain. Via our Business Groups we aim to offer more sustainable products in our portfolio. In addition we drive for increased sustainable solutions in our operations where we can influence.

This means connecting with suppliers, customers and associations to increase the use of sustainable products with deeper market penetration, which will create a wider customer base for these products. By using our local market knowledge, technical expertise, large customer base and broad product range, we can help turn the chemicals landscape into a future-proof market that leads the way in sustainable applications. We are doing this by assessing products that qualify for the programme through a rigorous scheme where we can quantify their aspects, as explained in the methodology section, and ensure the product performs and delivers.

### Value chain cooperation

Engagement and close cooperation with our partners in the value chain is paramount to achieving our sustainability objectives. Each of our eight business groups tabs into the sustainability programme of our top performing principal suppliers whereby we collaborate and look to improve an existing formulation or innovate to find a new more sustainable solution, this with the support of IMCD's global Technical Support team who assess the environmental footprint of products and model scenarios of the use phase of our customers.



Healthy Environment

We care for the environment and recognize it is critical to a sustainable future for IMCD and the countries across the globe we are active in. Protecting and regenerating the environment in our communities is not something we can do on our own, it takes a collaborative effort in the Value Chain. IMCD will start an assessment procedure on the third-party logistics companies we engage with understanding their efforts towards Sustainability and identifying how we can jointly drive our CO2 emissions down. In 2021 we will also incorporate a Sustainability chapter in our selection procedure when it comes to new partnerships.

Methodology

Based on our regulatory data system, we have the ability to conduct a large-scale analysis of our products. This we do for each line of business.

Products that do not meet the toxicity and regulatory requirements for entering the Sustainable Solutions programme and appear to be SVHC (substances of very high concern) or have a severe hazard class are marked for reformulation, enabling us to phase out such products.

For the products that do meet the toxicity/regulatory requirements we select together with our suppliers on products that have a potential for environmental saving throughout the life cycle by either using our supplier's life cycle assessment data or calculating it following the LCA (life cycle assessment) methodology. Those products that meet all requirements and have the quantitative data to support our claims can be marketed as an "IMCD Sustainable Solution".

This enables IMCD's commercial team to engage with customers and discuss the business case for alternative and more sustainable solutions going forward. In 2020, we have started a benchmark analysis of our business group product portfolio's to define the metrics needed to track performance. This process is complex due to the variety of products and applications distributed by IMCD across all business groups (ranging from food and pharma ingredients to industrial materials). We will continue our efforts to shape the program and set up reliable, uniform, criteria in 2021, after which we will be able to further define and detail our management approach.

FOREWORD  
CEO

ABOUT IMCD

APPROACH TO  
SUSTAINABILITY

FINANCIAL  
RESILIENCE

BUSINESS  
INTEGRITY

PRODUCT  
STEWARDSHIP

RESPONSIBLE  
OPERATIONS

[IMCD  
SUSTAINABLE  
SOLUTIONS](#)

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

ABOUT THIS  
REPORT

OTHER  
INFORMATION

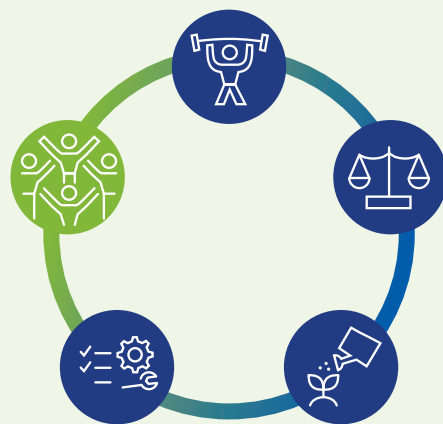


“We are committed to use our knowledge and expertise not only to help our suppliers and customers meet society’s demands today, but to give them an advantage to operate successfully tomorrow.”



# People fulfilment and diversity

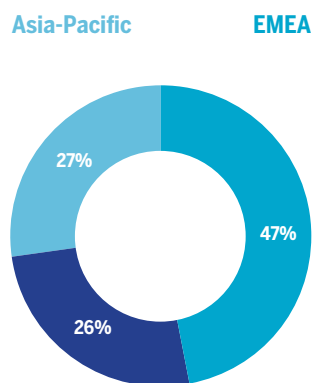
Talent acquisition, development and retention	53
Work environment, culture and values	55
Diversity and Inclusion	56
Human and labour rights	57
Our impact on local community	57





IMCD is a diverse group of 3,298 women and men who live and work in many different places around the world. We operate in the Americas, EMEA and the Asia-Pacific region. Our business relies heavily on the quality of our people and that is why responsible employment and a strong culture are crucial. We aim to minimise bureaucracy in the workplace and instead encourage an organisation based on entrepreneurship, freedom to act, partnership, integrity and trust. Borders and backgrounds do not matter when it comes to working together.

### Employment in 2020 by region



### Americas

\* Data is census data, based on country organisation input and verified by the Group office. Data is presented on a Full-Time Equivalent basis, based on the definitions of national laws where the respective operations are located, as of the end of the reporting period (31 December).

Our management approach is people-centric, decentralised with an *entrepreneurial* culture, where people can enjoy what they do, have the freedom to act and decide what is best for the business.

The IMCD Management Board and Executive Committee are responsible for and committed to achieving the highest levels of people fulfilment and diversity, meeting, as a minimum, all legal requirements while going above and beyond with supporting training and people practises. The IMCD Code of Conduct cites safe and stimulating working conditions, equal opportunities, and human and labour rights as core Company values. The Code of Conduct also governs the behaviour of all employees, while the Management Instructions Guide provides details for management.

In the people fulfilment and diversity pillar we identified in 2020 three material areas with a high importance and high impact on our sustainability efforts:

1. Talent acquisition, development and retention
2. Work environment
3. Diversity and inclusion

We have made considerable progress in all of these areas and are proud of our employee centric approach to people management. We like to think of our business as a professional services firm where people do count and can make the difference. Here is why; we purchase and sell speciality chemicals and ingredients of third parties but have almost no products of our own, with few manufacturing facilities. We outsource the physical distribution hence don't run large fleets of trucks or boats, instead we focus on the sales and marketing of 43,000 products on behalf our 2,200 suppliers to more than 50,000 customers. We are a technically & commercially focused organisation with the vast majority (64%) of our people in commercial roles such as internal and external sales, product management or in technical formulation positions. Our educational levels are high with 24 % of our staff having completed a masters degree or higher and another 45% a bachelors or equivalent. Maintaining long standing relationships with on the one hand our suppliers and on the other hand customers is essential for success. The value and goodwill of the company is based on these existing commercial relationships, our strong IMCD culture, internal processes and the quality of our people.

### Talent acquisition, development and retention

Last year, our employment grew significantly in all operating regions to 3,298 FTE's at year end, due to the combination of sustained organic growth and acquisitions. We recruit talent to support our organic growth but we also acquire in a typical year various new

FOREWORD  
CEO

ABOUT IMCD

APPROACH TO  
SUSTAINABILITY

FINANCIAL  
RESILIENCE

BUSINESS  
INTEGRITY

PRODUCT  
STEWARDSHIP

RESPONSIBLE  
OPERATIONS

IMCD  
SUSTAINABLE  
SOLUTIONS

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

ABOUT THIS  
REPORT

OTHER  
INFORMATION

FOREWORD  
CEO

## ABOUT IMCD

APPROACH TO  
SUSTAINABILITYFINANCIAL  
RESILIENCEBUSINESS  
INTEGRITYPRODUCT  
STEWARDSHIPRESPONSIBLE  
OPERATIONSIMCD  
SUSTAINABLE  
SOLUTIONSPEOPLE  
FULFILMENT  
AND DIVERSITYASSURANCE  
REPORTABOUT THIS  
REPORTOTHER  
INFORMATION

talent via business acquisitions. We acquired lots of new talent last year, 706 new hires joined the company *including* the people who came on board via a business acquisition. Also, 398 employees left the company due to retirement, job elsewhere or as a result of a post acquisition business integration.

NEW HIRES AND STAFF TURNOVER BY AGE (EXCL. ACQUISITIONS)	2020		2019	
	New hires	Turnover	New hires	Turnover
Under 30	159.2	69.4	144.0	74.2
30-50	306.1	223.5	279.9	208.9
Over 50	63.7	105.1	41.9	122.9
<b>Total</b>	<b>529.0</b>	<b>398.0</b>	<b>465.8</b>	<b>406.0</b>

NEW HIRES AND STAFF TURNOVER BY GENDER (EXCL. ACQUISITIONS)	2020		2019	
	New hires	Turnover	New hires	Turnover
Male	236.3	197.5	227.2	242.1
Female	292.7	200.5	238.6	163.9
<b>Total</b>	<b>529.0</b>	<b>398.0</b>	<b>465.8</b>	<b>406.0</b>

This leads to EMEA as our largest region with 1,556 employees (47%) followed by the Americas with 864 employees (26%) and Asia with 878 (27%) of comparable size. The highest growth was registered in the APAC region with 145 net new FTEs (20% growth year over year) and the lowest FTE growth was in EMEA (6%). Despite very competitive labour markets in Asia we have been able to source, select and attract the needed talent.

In terms of people development IMCD believes that the best talent is constantly looking for opportunities to sharpen their skills, learn new things and acquire novel capabilities such as digital skills. That's why, in 2019, we implemented a new learning management system. We branded this as the "IMCD Digital Campus" a place where all our employees can enrol in more than 4,000 online training courses. We provide free access to all of these training courses to all our employees, irrespective of their level, country or function. No managerial approval is needed to take any of the courses so our employees can browse freely and take whatever course they prefer during working hours. The most sought after courses are in the area of sales and marketing but also popular are personal skills and digitisation topics. In 2020 we leveraged our 'IMCD Digital Campus' and rolled out specific Business Group technical courses covering, for example, the latest market trends in Food & Nutrition, and highly specialised supplier product training, as well as IMCD Salesforce learning paths, which aim to strengthen the digital and CRM expertise of our commercial employees. At year end we had 12,739 completed curricula/learning paths and individual trainings. We completed 5,303 courses or curricula that were specially developed for IMCD. The other

7,436 trainings were more general in nature. At the end of the year we experienced about 2,500 active users (unique log ins) per month, not a small feat with 3,298 employees.

IMCD's employee attrition levels were 12.7% worldwide (down from 14% the year before). Please note that in our definition of attrition it includes all leavers for all reasons. So, voluntary resignations, terminations, retirements, staff reductions after acquisitions and all other circumstances in all our countries and regions. This a broader definition of attrition than many other companies use where they focus only on so called "voluntary" attrition or attrition from "continued operations". This leads to arbitrary decisions about what is voluntary or not hence we measure and report all leavers for all reasons. The attrition rate in Asia was the lowest with only 11.3% despite very competitive labour markets and strong business growth. EMEA followed with 12.2% and the Americas had in 2020 the highest attrition of 14.9%. The latter is mainly caused by people leaving as part of the integration of acquired businesses in IMCD and came down from 17.5% a year earlier.

	2020	2019
EMEA	12.2%	13.2%
Americas	14.9%	17.5%
Asia-Pacific	11.3%	11.7%
<b>Total turnover</b>	<b>12.7%</b>	<b>14.0%</b>

We have not seen a significant influence from Covid-19 or from Work-From-Home measures on our 2020 attrition numbers. We did not need to introduce special employee retention measures. We were pleased with our reduced attrition numbers from 14 to 12.7%, employee retention is monitored actively in all regions.

Our management approach to reductions in the workforce is to offer a combination of career transition services and severance packages that go over and beyond minimum or legal notice periods and the legal minimum indemnities. We typically do exceed the minimum notice periods and severance provisions that are specified in collective bargaining agreements. Not just for managers and directors but for all staff. Where applicable we inform, consult and negotiate with external third parties or with employee representatives.

## Work environment, culture and values

Our management approach is to hire and develop knowledgeable *full-time* and *permanent* employees. This clear focus on hiring and developing permanent employees leads to a strong continuity in service to our suppliers and customers. All our employees are free to organise and to associate themselves in all the countries we operate in. From the total of 3,298 employees 916 are subject to some kind of collective bargaining agreement.

	2020	2019
Employees covered by CBA	916	770
Employees not covered by CBA	2,382	2,222
<b>Total</b>	<b>3,298</b>	<b>2,992</b>

	2020					2019				
	permanent		temporary		Total	permanent		temporary		Total
	female	male	female	male		female	male	female	male	
EMEA	827	691	21	17	1,556	791	663	10	7	1,471
Asia Pacific	387	490	1	-	878	314	418	1	-	733
Americas	430	429	4	1	864	390	397	-	-	787
<b>Total</b>	<b>1,644</b>	<b>1,610</b>	<b>26</b>	<b>18</b>	<b>3,298</b>	<b>1,496</b>	<b>1,478</b>	<b>11</b>	<b>7</b>	<b>2,991</b>

Around 4% of IMCD's employees (permanent and temporary) work part-time, most of these having requested a part-time schedule to better suit their preferences and family situation. The remaining 96% of staff work full time. In 2020 we employed 3,163 full-time employees versus only 135 part-timers. These patterns are similar to last year. We believe that by offering full-time and especially permanent jobs we can attract and retain highly capable employees and ensure a strong business culture. We have a very small portion of our activities performed by workers who are not employees, this concerns mainly IT specialists who support IMCD for IT projects and software implementation purposes. We do not have significant seasonal variations in the number of employees.

In 2020, we employed 1,644 females and 1,610 males on permanent contracts, reflecting our commitment to our staff. We employed 26 female temporary employees and 18 men on such contract which is only 1.3% of our total workforce. Hence, 98.7% or 3,254 of IMCD employees globally work on a permanent contract. Regionally, in EMEA we had the most temporary contracts (38) which meant 2.5% of all employees, no differences between women and men. In Asia we only reported 1 temporary contract, which is less than 1% of all contracts and in the Americas we had 5 temps, which is less than 1% of all contracts, spread over 4 women and 1 men.

In 2020 we launched the IMCD Values to all staff not only to reconfirm what long standing IMCD employees already know about our culture but also to guide the behaviours and to set the internal norms to many of our newcomers. We have acquired in 2020 more than 700 new employees via recruitment for new roles and replacements but also via newly acquired companies that's why well-articulated IMCD values are important to inform employees about the specifics of our culture. The values were discussed and agreed in the IMCD executive committee and supervisory board. For coming years, as a KPI, we will measure and test the knowledge and distribution of our IMCD Values. We will sample all newcomers and subject them to a values knowledge test via our IMCD Digital Campus learning tool.

FOREWORD  
CEO

ABOUT IMCD

APPROACH TO  
SUSTAINABILITYFINANCIAL  
RESILIENCEBUSINESS  
INTEGRITYPRODUCT  
STEWARDSHIPRESPONSIBLE  
OPERATIONSIMCD  
SUSTAINABLE  
SOLUTIONSPEOPLE  
FULFILMENT  
AND DIVERSITYASSURANCE  
REPORTABOUT THIS  
REPORTOTHER  
INFORMATION

“Our entrepreneurial culture shows the character and personality of our organization. It's what makes our business special.”

FOREWORD  
CEO

ABOUT IMCD

APPROACH TO  
SUSTAINABILITY

FINANCIAL  
RESILIENCE

BUSINESS  
INTEGRITY

PRODUCT  
STEWARDSHIP

RESPONSIBLE  
OPERATIONS

IMCD  
SUSTAINABLE  
SOLUTIONS

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

ABOUT THIS  
REPORT

OTHER  
INFORMATION



## Diversity and Inclusion

From a diversity perspective, our management approach is to be an equal opportunity provider in all markets we operate in. Our Code of Conduct, business principles and management instructions are clear that discrimination, abuse and harassment in the workplace is not tolerated. Last year IMCD maintained a well-balanced workforce and employed slightly more women than men (1,669 female versus 1,629 male FTE's, meaning 51% women versus 49% men), which, for a business operating in the highly technical world of chemicals and ingredients, underscores our commitment to gender diversity. IMCD has female managing directors leading businesses in Turkey, Vietnam, the Philippines and Indonesia and women in senior functions in the Group Office and/or Business Groups. We have appointed two female supervisory board members with excellent industry backgrounds,

multicultural knowledge and P&L experience so are pleased to have a supervisory board with 33% of female leaders. Both newly appointed supervisory board members are role models for many up and coming female managerial & commercial talent in IMCD. In 2020 we conducted a thorough quantitative analysis of the women/men ratios for all our country management positions in all regions and presented the outcomes to the executive and supervisory boards. Based on the discussions and recommendations we developed a specific diversity program to accelerate the careers for up and coming female leaders in managerial and commercial P&L roles.

The education level of our employees is high to very high. An impressive 69% of our employees bring a Bachelor's or Master's degree to work. There is no significant difference between women and men in this respect.

Educational level	2020		2019	
	Female	Male	Female	Male
Master or higher	381	394	381	333
Bachelor or equivalent	772	720	628	707
Other	519	512	475	466
<b>Total</b>	<b>1,672</b>	<b>1,626</b>	<b>1,484</b>	<b>1,506</b>



Our aim is to be an attractive employer for all ages, we believe in a healthy mix of generations in teams of co workers where capabilities determine success. IMCD's age profile became a bit younger last year, with the group of employees under the age of 30 increasing from 14% last year to 15% in 2020 due to the hiring of many new starters. The largest group of employees, aged between 30 and 50 years, represented 61% of the total workforce in 2020, same as last year. The group aged over 50 decreased from 25% to 24%.

Four members of our supervisory board are older than 50 and two in the 30-50 years category reflecting the broad experience needed for such a governance role. These board members have wide ranging national and cultural backgrounds and bring a Dutch (3 members), American (1), French (1), Swiss and German (1) passports.

This overall IMCD age distribution reflects the diversity in age groups and the fact that IMCD mainly employs highly educated, knowledgeable staff with a certain level of international experience in the industry.

We have had no reported incidents of discrimination in the company and no corrective action was needed in 2020.

## Human and labour rights

IMCD neither engages in nor allows the use of forced, bonded, involuntary or child labour in any way. IMCD complies with the standards of the International Labour organisation and the minimum age requirements in all countries in which we conduct business.

Meeting legal requirements (including legislation on human and labour rights and social standards) also plays a central role in the screening procedure of future suppliers. Already in 2018, a new supplier screening process was implemented in the HSEQ policy.

In 2020, there were no IMCD operations, considered to have significant risk for incidents concerning child, forced, or compulsory labour which can be partly explained that we have no factories or production facilities of our own and we normally have offices in large cities and we employ highly skilled and educated staff in our laboratories and sales offices. Next to this, we have in our HSEQ policy the new supplier assessment procedure in which new suppliers are assessed to ensure compliance with local human and labour rights.

IMCD recognises and respects its employees' rights to freedom of association and assembly, as well as collective bargaining, and does not interfere with the exercise of such rights in any way. As of the end of 2020, 28% of our employees are covered by collective bargaining agreements. It has not come to our attention that any IMCD suppliers violate or may be violating workers' rights to exercise freedom of association or collective bargaining.

FOREWORD  
CEO

ABOUT IMCD

APPROACH TO  
SUSTAINABILITY

FINANCIAL  
RESILIENCE

BUSINESS  
INTEGRITY

PRODUCT  
STEWARDSHIP

RESPONSIBLE  
OPERATIONS

IMCD  
SUSTAINABLE  
SOLUTIONS

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

ABOUT THIS  
REPORT

OTHER  
INFORMATION

FOREWORD  
CEO

ABOUT IMCD

APPROACH TO  
SUSTAINABILITYFINANCIAL  
RESILIENCEBUSINESS  
INTEGRITYPRODUCT  
STEWARDSHIPRESPONSIBLE  
OPERATIONSIMCD  
SUSTAINABLE  
SOLUTIONSPEOPLE  
FULFILMENT  
AND DIVERSITYASSURANCE  
REPORTABOUT THIS  
REPORTOTHER  
INFORMATION

# Our impact on local communities

IMCD is a proud employer of about 3,300 world citizens. Our people are part of the local communities in which our companies operate and where IMCD in many cases has a long-standing presence. We are proud that we can engage, through our local teams, in projects that have true impact on the local level. In all projects, we look to contribute to the SDGs to which IMCD has aligned its strategy (discussed in more detail on page 18). Some examples of projects that our local teams took to heart in 2020 are provided here.

## Tree planting through fruit baskets

On IMCD's Headquarter in Rotterdam, every week there is basket of fruit on every floor. Although it seems like a common practice, it is part of a bigger project. For every basket of fruit ordered, one fruit tree will be planted in Malawi to combat deforestation and compensate the CO<sub>2</sub> emissions. In 2020, 194 trees were planted thanks to this initiative.

## 20.000 meals to combat hunger in South Africa

According to the World Health Organization, 132 million people may go hungry in 2020 because of the recession triggered by COVID-19. Taking a closer look at South Africa, 26% of pre-covid households experienced hunger, while a further 28,3% were at risk of hunger.

To help combat this scenario, the IMCD Food & Nutrition Business Unit in South Africa distributed 20.000 prepacked meals to food deprived communities. Each meal consisted of rice, soy, dehydrated vegetable mix and a fortification pack of 23 essential minerals and vitamins specifically formulated to combat malnutrition – complying with the UNICEF standard.



This project is the result of a collaboration with Fruitful Office and the Ripple Africa Foundation. This is one of the largest and most successful tree planting projects in Malawi and provides a long-term solution to combat deforestation in Africa.



### From waste to best

The Food & Nutrition laboratory in Mechelen, Belgium used to produce and purchase food and drinks for testing. However, the spare products ended up in the trash as soon as the project was finalized. Therefore, the laboratory started an initiative to reduce the amount of that waste by opening their own IMCD Store. In there, the employees can purchase those products for a small price – between 0,50 and 1 euros. Besides of reducing waste, the money that is collected is going to be donated to charity at the end of the year.



### 80,000 meals donated to Feeding America

IMCD US launched a “Get Fit for Hunger” summer challenge in 2020 to engage employees, promote physical activity and support communities across the United States during the COVID-19 pandemic. Fun, fitness and philanthropy were the key program focus and through the participation of employees, IMCD US donated 80,000 meals to Feeding America to benefit food banks and food-insecure families across the country.



So far, there has been offered 20,5 kg of products in the store, of which 18,5 kg has been sold – around 80 euros. This means that 90% of the food and drinks have found a second life and did not end in the lab waste stream.



### Hand sanitizers and care boxes delivered to Brazilian favela beneficiaries

IMCD Brasil employees regularly raise funds to donate care boxes filled with food and essentials to support the community of Diadema where an IMCD warehouse and laboratories are located. A shortage in hand sanitizers plagued the region at the peak of the pandemic. Addressing the local needs, IMCD chemists produced in their labs hand sanitizer gels and immunity-boosting cookies to add these much-needed items to the special care boxes. Through employee donations and the quick act of IMCD chemists, IMCD Brasil was able to help 90 families in the Diadema favela have access to hand sanitizer gels in time of great need.



### National Disaster Mitigation Agency receives Hazmat suits' donation

In mid-2020, when the pandemic first stroke Indonesia, there was a shortage in healthcare equipment and supplies. As part of the efforts to support the local community to fight against Covid-19, IMCD Indonesia donated 575 pcs of Hazmat suit to the National Disaster Mitigation Agency.



2020 also was the year in which IMCD celebrated its 25 year anniversary. As part of this celebration, IMCD launched a special celebration fund to give its employees across the world the opportunity to give back and support their local communities. The projects that we support under this programme, IMCD Cares, will be reported on in following years.

FOREWORD  
CEO

ABOUT IMCD

APPROACH TO  
SUSTAINABILITY

FINANCIAL  
RESILIENCE

BUSINESS  
INTEGRITY

PRODUCT  
STEWARDSHIP

RESPONSIBLE  
OPERATIONS

IMCD  
SUSTAINABLE  
SOLUTIONS

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

ABOUT THIS  
REPORT

OTHER  
INFORMATION



FOREWORD  
CEO

ABOUT IMCD

APPROACH TO  
SUSTAINABILITYFINANCIAL  
RESILIENCEBUSINESS  
INTEGRITYPRODUCT  
STEWARDSHIPRESPONSIBLE  
OPERATIONSIMCD  
SUSTAINABLE  
SOLUTIONSPEOPLE  
FULFILMENT  
AND DIVERSITY**ASSURANCE  
REPORT**ABOUT THIS  
REPORTOTHER  
INFORMATION

# Assurance report of the independent auditor

To the Shareholders of IMCD N.V.,

## Our conclusion

We have reviewed the sustainability information in the accompanying Sustainability report for the year 2020 of IMCD N.V. at Rotterdam. A review is aimed at obtaining a limited level of assurance.

Based on our 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 corporate social responsibility; and
- the thereto related events and achievements for the year 2020 in accordance with the reporting criteria as included in the sustainability report.

The sustainability information consists of performance information in the sections:

- 'Approach to sustainability' (page 13-18)
- 'Financial resilience' (page 21-23)
- 'Business integrity' (page 25-27)
- 'Product stewardship' (page 29-32)
- 'Responsible operations' (page 35-49)
- 'IMCD Sustainable solutions' (page 50-51)
- 'People fulfilment and diversity' (page 53-57)
- 'About this report' (page 62)
- 'Other information' (page 63-68)

## 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. 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 sustainability information needs to be read and understood together with the reporting criteria. IMCD N.V. is solely responsible for selecting and applying these reporting criteria, taking into account applicable law and regulations related to reporting.

The reporting criteria used for the preparation of the sustainability information and the applied reporting criteria as disclosed in the chapter 'methodology note' (page 63-67) 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.

## 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.



## Responsibilities of the management board for the sustainability information

The management board is responsible for the preparation of the sustainability information in accordance with the reporting criteria as disclosed in the sustainability report, including the identification of stakeholders and the definition of material matters. The choices made by the management board regarding the scope of the sustainability information and the reporting policy are summarised in the section 'About the report' and 'Other information' on page 62-68.

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.

## 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 assurance 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.

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the sustainability information. The materiality affects the nature, timing and extent of our review procedures and the evaluation of the effect of identified misstatements on our conclusion.

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 business/division/cluster/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;
  - 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
- Evaluating the presentation, structure and content of the sustainability information;
- To consider whether the sustainability information as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

We communicate with the management board regarding, among other matters, the planned scope, timing and outcome of the review.

Amsterdam, 5 July 2021

Deloitte Accountants B.V.

J. Hendriks

FOREWORD  
CEO

ABOUT IMCD

APPROACH TO  
SUSTAINABILITY

FINANCIAL  
RESILIENCE

BUSINESS  
INTEGRITY

PRODUCT  
STEWARDSHIP

RESPONSIBLE  
OPERATIONS

IMCD  
SUSTAINABLE  
SOLUTIONS

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

ABOUT THIS  
REPORT

OTHER  
INFORMATION

FOREWORD  
CEO

ABOUT IMCD

APPROACH TO  
SUSTAINABILITY

FINANCIAL  
RESILIENCE

BUSINESS  
INTEGRITY

PRODUCT  
STEWARDSHIP

RESPONSIBLE  
OPERATIONS

IMCD  
SUSTAINABLE  
SOLUTIONS

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

**ABOUT THIS  
REPORT**

OTHER  
INFORMATION

# About this report

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

Reporting is conducted on an annual basis, with the current report covering the full year of 2020. Restatements for the reporting year 2019 (published July 8th, 2020) are included in the annex "Restatement of information".

All entities included in the Company's consolidated financial statements or equivalent documents are covered by the report, unless stated otherwise in the text and/or in the methodology note relevant for a disclosure. The scope of the report is global with the inclusion of all companies included in the Company's consolidated financial statements. Exceptions are relevant or some topics (please see Methodology Note for more information). Full list of the entities included in the Company's consolidated financial statements can be found in the company's Annual Report 2020. The reported data is believed to be sufficiently accurate, balanced, clear, comparable, reliable, and timely.

The content of the report is defined based on the materiality of the different potential impacts defined with inclusion of stakeholders perspective in a wider sustainability context. All material topics are included into the report. As part of the ongoing work on defining key focus areas for sustainability reporting, the approach to material topics definition has been changed in 2020 (see "Key Areas for Sustainability"). As a result, the list of material topics for reporting underwent significant changes, such as inclusion of topics "Managing and reporting sustainability", "Responsible marketing", "Handling of chemicals", "Innovation and knowledge management", "Local suppliers in procurement", "Sustainable products in portfolio" and "Stakeholder engagement"; as well as removal of topics "Economic Performance", "Risk Management", "Human and labour rights", "Operational waste management", "Operational water and wastewater management", "Sustainable raw materials and recycling", "Business impact on the community", "Policy regarding political involvement", "External initiatives and associations", "Employee and customer data protection". We acknowledge importance of the removed topics for our stakeholders and report the performance on the removed topics in limited relevant management approach and KPI disclosures.

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. at limited assurance level.

## Contact

Head office IMCD N.V.  
Wilhelminaplein 32  
3072 DE Rotterdam  
The Netherlands  
Phone: +31 10 290 86 84  
Fax: +31 10 290 86 80

If you have questions regarding the report or its content, please contact us

[ir@imcdgroup.com](mailto:ir@imcdgroup.com)

Phone: +31 10 290 86 84

# Other information

## Methodology Note

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

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

- data gaps in primary data reported from the sites (local/regional HSEQ managers)
- impossibility to perform 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 have 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 2019-2020 on 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 database Ecoinvent 3.6 balanced on the method of IPCC 2013 for GWP 100a (global warming potential in 100 year time horizon). In order to include direct emissions only, the datasets of Ecoinvent were modified by removing upstream processes from consideration.

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

1. For the sites that reported volume of fuel used, emissions from transport were estimated based on the reported volumes, standard conversion rates, and emission factors established for different transportation means when relevant. For locations that have on the balance different transportation means, the estimated fuel use was allocated between the vehicles according to the use specified by the reporting locations, or when not available - calculated as assumed for other sites (see p.2) for each of the transportation means. The reported fuel use was allocated proportionally to estimated values, and emissions were calculated based on that allocation. 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 worked. The following estimations have been made for these cases:

- For passenger cars, the fuel use was calculated based on the average passenger car (EURO 4) from database Ecoinvent 3.6, 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 on the method of IPCC 2013 for GWP 100a (global warming potential in 100 year time horizon).
- For diesel-, petrol or LPG-fuelled inhouse transport vehicles (warehouse transport), the energy use was estimated based on the reported number of vehicles (primary data), average hours of work per day (estimation) and fuel use per hour of work (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 GHG emissions factor of combustion of a kg of diesel used in the activity (balanced on the method of IPCC 2013 for GWP 100a (global warming potential in 100 year time horizon)).
- For petrol and LPG fuelled warehouse transport, the energy consumption per year was estimated to be equal to the one in diesel (in MJ/hour), and the associated emissions were calculated based on the emissions factor of fuel burned in a passenger car (Scope 1 only, excluding upstream processes).

FOREWORD  
CEO

ABOUT IMCD

APPROACH TO  
SUSTAINABILITY

FINANCIAL  
RESILIENCE

BUSINESS  
INTEGRITY

PRODUCT  
STEWARDSHIP

RESPONSIBLE  
OPERATIONS

IMCD  
SUSTAINABLE  
SOLUTIONS

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

ABOUT THIS  
REPORT

OTHER  
INFORMATION

FOREWORD  
CEO

## ABOUT IMCD

APPROACH TO  
SUSTAINABILITYFINANCIAL  
RESILIENCEBUSINESS  
INTEGRITYPRODUCT  
STEWARDSHIPRESPONSIBLE  
OPERATIONSIMCD  
SUSTAINABLE  
SOLUTIONSPEOPLE  
FULFILMENT  
AND DIVERSITYASSURANCE  
REPORTABOUT THIS  
REPORTOTHER  
INFORMATION

- 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). All transportation was assumed to be performed by diesel trucks, respectively energy consumption was extracted from an Ecoinvent 3.6 data set in respect to tkm transportation services (Scope 1 only, excluding upstream processes). The same dataset was used to extract GHG emissions factors per tkm of transportation (Scope 1 only).
- Conversion between volumes/massed 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 cooling agents 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 becoming the base year for further reporting for assessments.

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

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

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

- Data on district cooling for 2019 was updated for one of the companies of the Group (see "Restatement of Information"), based on the new information provided, with the value estimation provide by the site. For the same site, the 2020 reported value was estimated using the adjustment coefficient applied to the 2019 data.
- Emissions associated with supplied heat consumption were estimated flat for all locations. No consistent and reliable source was found to provide easily accessible information on district

heating emission factors for the whole range of the countries, this resulted in selecting one uniform factor. The choice for the Dutch emission factors was made due to the location of the headquarters. Following precautional principle, the conservative assumption of CHP district heating was assumed. The emission factor is consistent with the method of IPCC 2013 for GWP 100a (global warming potential in 100 years' time horizon).

- 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 global market for cooling energy was used. The emission factors are consistent with the method of IPCC 2013 for GWP 100a (global warming potential in 100 years' time horizon).

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

- Emissions associated with electricity consumption were estimated on the location-based approach. Emissions factors were extracted from the datasets of Ecoinvent 3.6 for respective regional electricity mixes, balanced on the method of IPCC 2013 for GWP 100a (global warming potential in 100 years' time horizon). 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 Scope 3.3 emissions.
- Energy consumption and Scope 2 emissions associated with transport refer to use of electricity for electric loaders at own warehouses, and in 2019 to the share of transport with a passenger car. These indicators are calculated only for the purposes of reporting within the chapter "Sustainable transport", and are included in overall electricity consumption.
- Electricity consumption for transport is estimated based on the number of electric in-house vehicles (primary data), estimated hours of work per year and electricity use per hour of work with a 15% time loading use (based on specifications of a commonly used articulated loader<sup>4</sup>). The share of passenger car transport with electric cars is calculated based on the estimated shares in the Ecoinvent 3.6 datasets, in Europe and the rest of the world separately.
- Electricity use for facilities and associated with it emissions are calculated as a difference between the total electricity use and electricity use 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. The financial

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



control consolidation approach was consistently applied in reporting. Following the approach, energy consumption 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 becoming the base year for further reporting for assessments.

### Other indirect (Scope 3) GHG emissions

Scope 3 transportation emissions volume was modelled based on the available data of delivery distance, mass and general means of transportation.

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. 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: the pessimistic estimate provided by the logistics department and harmonised with the active logistics software.
- 2% of the products (w/w) is estimated to be transported with refrigeration (based on a assumption of the logistics department).
- Three types of transportation mode is applied in the calculations depending on the geography of the points of origin and destination. All intra-continental transactions are assumed to be performed by road transportation (articulated lorry, based on the estimation provided by the logistics department). That also concerns all transportation in Europe with the island countries (Ireland, UK, Faroe islands, Malta and Cyprus). This is based on the fact of unknown actual routes of transportation, traditionally preferred maximum of road transportation, and minimal share of such transactions. While a presumably non-material leg of the route can be covered by ferry transportation, impacts of road transportation per tkm of service are higher and thus the assumption presents a rather pessimistic approach, and does not underestimate the total emissions. Exception is made for Iceland in 2019, for which for 97%w/w of transaction means of transportation were identified specifically as air or sea (for the remaining 4% the default ratio of 10% by air and 90% by sea was applied).
- The inter-continental transportation includes road and intercontinental transport. Performed 100% by road is assumed transportation 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 transportation is assumed to be performed 10% by air (air freight for high-importance transactions, a pessimistic assumption

by the logistics department), and 90% by sea (transoceanic ship).

- Distances for the road transportation are calculated as distance by roads (including road with tolls) from postal code of start to postal code of destination, using Google Maps GIS. A one postal code territory is commonly small enough to reasonably approximate the location. When one of the postal codes is unknown or not identifiable by Google GIS, the regional postal code is taken, or in absence of the latter, the country postal code. Total contribution of such transactions in total emissions is estimated to be below 8% for 2019 and below 7% for 2020.
- Air freight transportation 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>5</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.
- Transportation services are calculated as a result of multiplying the mass of the delivered product with packaging by the transportation distance. The sum of transportation services volumes in tkm is adjusted, by adding a percentage equal to the percentage of "mass lost": mass of products for which no distance calculation was possible (does not exceed 1% of all transactions) over total mass of purchased products with packaging. The such extrapolated values are contributing below 1% of the total emissions for both 2019 and 2020.
- For each of the types of freight, two generic means of transportation were identified: with refrigeration and without refrigeration. Respective data sets are chosen from Ecoinvent 3.6 and approved as an approximation by the logistics department. The datasets are used to extract the GHG emissions factors per tkm of transportation services, balanced on the method of IPCC 2013 for GWP 100a (global warming potential in 100 year time horizon).
- Final GHG emissions are calculated as a product of transportation services for each mean of transportation and respective emission factor.

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.

FOREWORD  
CEO

ABOUT IMCD

APPROACH TO  
SUSTAINABILITY

FINANCIAL  
RESILIENCE

BUSINESS  
INTEGRITY

PRODUCT  
STEWARDSHIP

RESPONSIBLE  
OPERATIONS

IMCD  
SUSTAINABLE  
SOLUTIONS

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

ABOUT THIS  
REPORT

OTHER  
INFORMATION

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

FOREWORD  
CEO

## ABOUT IMCD

APPROACH TO  
SUSTAINABILITYFINANCIAL  
RESILIENCEBUSINESS  
INTEGRITYPRODUCT  
STEWARDSHIPRESPONSIBLE  
OPERATIONSIMCD  
SUSTAINABLE  
SOLUTIONSPEOPLE  
FULFILMENT  
AND DIVERSITYASSURANCE  
REPORTABOUT THIS  
REPORTOTHER  
INFORMATION

- for 2020: scope of 2019 with added Bahrein, Morocco, Samoa, Hong Kong, Taiwan, Philippines, Singapore, Thailand; added US assets of Puerto Rico, US Food and E.T. Horn.

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 transportation 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 numbers when not applying a pro rata (or average) contribution of FTEs to the total. The impact of the deviation is not expected to exceed 1%.

- for the companies merged during each reporting cycle, the FTE, EBITDA, and tons of product purchased indicators cannot be separated started from the date of the merger. At the same time, the transportation transactions for those cannot be included into the calculations until the full integration of the logistics systems, leading to possible higher FTE and EBITDA values than those respective to the included logistical transactions. In 2019, that is applicable to ET Horn which has been merged into IMCD US as from November 2019 and can therefore no longer be separated.

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 count into the organisational scope if financially it is set on the considered region (scoped in company). The transactions include intra-regional and inter-regional sales of a scoped-in IMCD company with delivery from the stock to a customer, intra-regional and inter-regional sales of a scoped-in IMCD company with direct delivery from supplier to the customer, and intra-regional and inter-regional purchases of a scoped-in IMCD company with delivery from a supplier to the stock.

For sales with delivery directly from the supplier to the customer, logistical transactions are logged twice (as a sale and as a purchase). For 2019 (geographical and organisational scope 2019), the detected discrepancies constituted 0,04% of the considered volumes. No discrepancies are detected in 2020.

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 taken in calculations.

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. According to the Company's set targets, 2019 is becoming the base year for further reporting for assessments.

### Energy intensity and GHG emissions intensity

Energy and GHG emissions intensity is calculated as a result of division of respective energy consumption or amount of total energy consumption inside 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 purchased: based on the primary data, supplied by the controlling department
- EBITDA:
  - Total EBITDA is taken based on primary data on the Group level
  - EBITDA per region is calculated as EBITDA generated by the companies of the region plus proportionally allocated EBITDA of the holding companies.

### Water withdrawal

Water withdrawal data is obtained from the sites in m<sup>3</sup> (1000l) when possible. All sites use fresh water supplied by third parties (municipal water) – based on the information provided by the sites, apart from the own surface water withdrawal related to rain water harvesting (270m<sup>3</sup> in 2019, 141m<sup>3</sup> in 2020).

- For the sites that could not report water withdrawal in 2020 due to the use of facilities (2 companies) shared with other users, water withdrawal was estimated based on 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 functionality.
- Water stress areas are identified as areas with baseline water stress high (40-80%) or extremely high (>80%), based on the data from the World Resources Institute, Aqueduct Water Risk Atlas. Accessed on June 5, 2020 for the levels in 2019 reporting year, and on May 5, 2021 for the levels of 2020 reporting year.

### Water discharge

Water discharge data is obtained from the sites in m<sup>3</sup> (1000l) when possible. All but four sites use water for near-to-domestic use purposes or for production (consumed in the process and is not discharged), and hand it over for treatment to third parties (assumed not fresh water at the moment of hand over) via

municipal sewage system. Four sites hand over the wastewater to third parties for treatment not via sewage system, due to absence of the sewage, or due to specific substances of concern. Two sites carry out non-hazardous waste water treatment themselves following the governmental standards, and discharge the treated water to the surface water.

- For two sites that could not report water discharge in 2020 due to the use of facilities (2 companies) shared with other users, water withdrawal was estimated based on 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 functionality. This water discharge is via the sewage pipeline.
- For two sites in Indonesia, the total own water discharge could not be estimated and as a conservative assumption is accounted into water consumption. This refers to marginal amount of water handed over to third parties for treatment, and non-hazardous waste water treated on site and discharged to surface water.
- Water stress areas are identified as areas with baseline water stress high (40-80%) or extremely high (>80%), based on the data from the World Resources Institute, Aqueduct Water Risk Atlas. Accessed on June 5, 2020 for the levels in the reporting year 2019, and on May 5, 2021 for the levels in the reporting year 2020.

### Water consumption

Water consumption is based on local water withdrawal minus discharge. Water withdrawal reporting based on estimations is accounting for 21% in 2019 and 23% in 2020, respectively. Water discharge reporting based on estimations is accounting for 39% in 2019 and 65% in 2020, respectively. Water consumption value includes the own water discharge for two sites where it was not possible to define the discharge volumes with certainty.

### Waste generation by type

Data on hazardous and non-hazardous waste generation is obtained from the sites in metric tonnes (1000kg). All sites hand over waste to third parties for treatment – based on the information provided by the locations.

- For one site that could not report waste generation in 2020, non-hazardous waste generation was estimated based on floor area of the facility (primary data), contributing about 9% of the total non-hazardous waste generation. No hazardous waste generation was accounted for for the site, in absence of evidence documents for hand over of the hazardous waste to third parties for treatment.
- For one site a correction for non-hazardous waste generation was made for 2019 due to new data on the generation of non-hazardous waste previously not reported (see "Restatement of Information")

- One site is excluded from the reported values due to absence of the data. The site is a lease not under IFRS16, with no possibility to conduct an estimation on the floor area. The contribution of the site is not expected to be of significance.

Data on hazardous and non-hazardous waste treatment was obtained from the sites base on primary data and high certainty estimations. When no treatment was possible to identify or assume, method was indicated as "Handed over to certified 3rd parties for treatment (method unknown)". Waste generation was included into the scope for all own and leased facilities of the companies of the Group according to IFRS16.

### 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, with an full time equivalent annual working hours equal to 2,080 hours.

FOREWORD  
CEO

ABOUT IMCD

APPROACH TO  
SUSTAINABILITY

FINANCIAL  
RESILIENCE

BUSINESS  
INTEGRITY

PRODUCT  
STEWARDSHIP

RESPONSIBLE  
OPERATIONS

IMCD  
SUSTAINABLE  
SOLUTIONS

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

ABOUT THIS  
REPORT

[OTHER  
INFORMATION](#)

FOREWORD  
CEO

## ABOUT IMCD

APPROACH TO  
SUSTAINABILITYFINANCIAL  
RESILIENCEBUSINESS  
INTEGRITYPRODUCT  
STEWARDSHIPRESPONSIBLE  
OPERATIONSIMCD  
SUSTAINABLE  
SOLUTIONSPEOPLE  
FULFILMENT  
AND DIVERSITYASSURANCE  
REPORTABOUT THIS  
REPORTOTHER  
INFORMATION

## Restatement of Information

A few factors relevant for the 2019 reporting resulted in the current restatement of information, including refining geographical scope definition, a modelling

error in calculations of the GHG emissions from leakage of cooling agent, new data becoming available for reporting values for district cooling and non-hazardous waste generated, and two editorial errors.

PAGE AND POSITION	REPORTED	SHOULD READ AS
p. 25, table, Provided energy (Scope 2) - Global, 2019 OLD SCOPE FOR THIRD PARTY EMISSIONS	5,868	5,879
p. 25, table, Provided energy (Scope 2) - Global, 2019 NEW SCOPE FOR THIRD PARTY EMISSIONS	5,868	5,879
p. 25, table, Total estimated emissions, 2019 OLD SCOPE FOR THIRD PARTY EMISSIONS	92,136	92,147
p. 25, table, Total estimated emissions, 2019 NEW SCOPE FOR THIRD PARTY EMISSIONS	168,476	168,487
p. 26, table, Provided energy (Scope 2), Energy consumption total, GJ, 2019	43,990	44,065
p. 26, table, Provided energy (Scope 2), Energy related emissions, tCO <sub>2</sub> eq, 2019	5,868	5,879
p. 26, table, supplied cooling, Energy consumption total, GJ, 2019	301	376
p. 26, table, supplied cooling, Energy related emissions, tCO <sub>2</sub> eq, 2019	10	21
p. 26, table, TOTAL energy consumption within organisation (Scope 1 and 2), Energy consumption total, GJ, 2019	155,881	155,956
p. 26, table, TOTAL energy consumption within organisation (Scope 1 and 2), Energy related emissions, tCO <sub>2</sub> eq, 2019	13,076	13,087
p. 26, table, intensity per FTE, Energy consumption total, GJ, 2019	52	52
p. 26, table, intensity per FTE, Energy related emissions, tCO <sub>2</sub> eq, 2019	4	4
p. 26, table, intensity per mln euro of operating EBITDA, Energy consumption total, GJ, 2019	632	632
p. 26, table, intensity per mln euro of operating EBITDA, Energy related emissions, tCO <sub>2</sub> eq, 2019	53	53
p. 26, chart "Total GHG emissions intensity within the organisation by region, tCO <sub>2</sub> eq per mln euro operating EBITDA"; 2019; EMEA	35	36
p. 26, chart "Total GHG emissions intensity within the organisation by region, tCO <sub>2</sub> eq per mln euro operating EBITDA"; 2019; Asia Pacific	52	52
p. 26, chart "Total GHG emissions intensity within the organisation by region, tCO <sub>2</sub> eq per mln euro operating EBITDA"; 2019; Americas	82	83
p. 27, chart "Total energy consumption within the organisation by region of operation"; 2019, EMEA	60,010	60,085
p. 27, chart "Total energy consumption within the organisation by region of operation"; 2019, Total	155,881	155,956
p. 27, chart "Total GHG emissions within the organisation (Scope 1 and 2) by region of operation, tCO <sub>2</sub> eq"; 2019, EMEA	6,644	4,634
p. 27, chart "Total GHG emissions within the organisation (Scope 1 and 2) by region of operation, tCO <sub>2</sub> eq"; 2019, Asia Pacific	1,896	1,917
p. 27, chart "Total GHG emissions within the organisation (Scope 1 and 2) by region of operation, tCO <sub>2</sub> eq"; 2019, Americas	4,565	6,662
p. 27, chart "Total GHG emissions within the organisation (Scope 1 and 2) by region of operation, tCO <sub>2</sub> eq"; 2019, Total	13,105	13,213
p. 27, chart "Energy consumption by activity, GJ"; 2019, Facilities	80,011	80,086
p. 27, chart "Energy consumption by activity, GJ"; 2019, total	155,881	155,956
p. 27, chart "GHG emissions by activity tCO <sub>2</sub> eq"; 2019, Facilities	7,675	7,686
p. 27, chart "GHG emissions by activity tCO <sub>2</sub> eq"; 2019, Process and fugitive emissions	29	126
p. 27, chart "GHG emissions by activity tCO <sub>2</sub> eq"; 2019, total	13,105	13,213
	Total	Total intra-transportationregional
p. 31, chart "GHG emissions from transportation, by destination thousand ktCO <sub>2</sub> eq"		within Europe transportation
p. 32, table, Direct energy carriers use for own transport (in established scope), tCO <sub>2</sub> eq (Scope 1), 2019 OLD SCOPE	2,835	2,832
p. 32, table, Direct energy carriers use for own transport (in established scope), tCO <sub>2</sub> eq (Scope 1), 2019 NEW SCOPE	3,966	3,963
p. 36, chart "Hazardous and non-hazardous waste generation by region, tonne"; 2019, Non-hazardous waste, EMEA	476	596
p. 36, chart "Hazardous and non-hazardous waste generation by region, tonne"; 2019, Non-hazardous waste, total	2,146	2,266





## Colophon

### Contact

Head office IMCD N.V.  
Wilhelminaplein 32  
3072 DE Rotterdam  
The Netherlands  
Phone: +31 10 - 290 86 84  
Fax: +31 10 - 290 86 80

### Concept and graphic design

CF Report, Amsterdam,  
The Netherlands

### Creation and publication software

Tangelo Software B.V., Zeist,  
The Netherlands

### Photography

Image bank IMCD N.V.  
iStock  
Shutterstock

