IMCD

Integrated Report 2023

We formulate with consciousness and execute with care

www.imcdgroup.com

Creating a world of opportunity

European single electronic reporting format (ESEF) and PDF version

This copy of the Integrated Report is the PDF printed version of the 2023 Integrated Report of IMCD N.V. This version has been prepared for ease of use and does not contain ESEF information as specified in the Regulatory Technical Standards on ESEF (Delegated Regulation (EU) 2019/815) The official ESEF reporting package is available via IMCD's website at www.imcdgroup.com.

Contents

At a glance

We formulate with consciousness and execute with care

1 Foreword by the CEO

Dear shareholders, colleagues, customers, and partners,

We are living through a time of great changes and geopolitical volatility. The ongoing global tensions, the acceleration of the use of IT, the health of our planet and the consequential changes for every business and society are historic and require companies, people and governments to adapt and change accordingly in order to harness exciting new opportunities and remain successful. In this environment of change IMCD continued to be resilient.

Despite the challenging economic market conditions, we realised solid results and a healthy cash flow in 2023. After an exceptionally strong 2022, we recorded revenues of EUR 4.4 billion and operating EBITA of EUR 515 million (a 3% decrease on a constant currency basis). Moreover, we continued to invest strongly into our business to ensure a healthy platform for future growth. Here are some examples of our initiatives:

- Strong investment in new and omnichannel digital solutions to further improve the buying process and customer intimacy.
- Continuous investment in and upgrading of our global integrated ERP and CRM platforms to further optimise internal processes and reporting for our principals.
- Acquisition of 13 companies over the course of the year 2023 and signing of an additional 5 transactions to be closed in 2024, to accelerate the spread and breath of IMCD geographically as well as in specific business areas.
- Training and development of tools to facilitate the collaboration of our people and ensure continuous learning and further improvement.

All of this is based on a solid foundation of long-standing relationships and collaborations as well as the cultural values the company was founded on: entrepreneurship, freedom to act, financial discipline, partnership as well as integrity and trust.

I am committed to continue this way, having taken over as CEO of IMCD from Piet van der Slikke and I would like to thank him for his achievements over the last 29 years, building this strong company together with our CFO Hans Kooijmans and our experienced leadership team. I look forward to continue building further on this foundation.

Having been on the Supervisory Board of IMCD from 2020 until 2023, I could see the digital opportunities for IMCD based on the unique and integrated IT infrastructure that the company built over the last years. And I could experience the depth of know-how of our people in the Business Groups and across the world who can help accelerate and support our customers on their journey to more sustainable solutions and better formulations.

I see digital excellence and sustainable solutions based on a highly skilled and trained workforce, strong business development and constant strive for efficiency as drivers for IMCD to create sustainable value for its key stakeholders (customers, suppliers, employees and investors). We still can improve further in these areas and will do so through a multidimensional strategy that continues to include a focus on organic growth and M&A expansion, while remaining asset-light.

As I look to the year ahead, I am inspired by IMCD's unique culture, which I could experience first-hand in Rotterdam and travelling the IMCD world of suppliers, customers and teams in recent months. And I am excited to lead our company into this new era of growth.

Rotterdam,
29 February 2024
Valerie Diele-Braun
Chief Executive Officer

2 Highlights 2023

Expanding our footprint and knowledge

Over the past year, new acquisitions have enhanced our portfolio, diversified our offering and strengthened our overall market leadership.

We have successfully completed the acquisition of 13 valuable additions to the IMCD family in 2023. Within the EMEA region, we acquired ACM (Sweden), O&3 (in the UK), Orange Chemicals (in the UK and Ireland), CPS Oil-Tech (South Africa), and KOI Products Solutions and Tagra Distribution Division (both in Israel). In the Americas, we expanded our capabilities by acquiring MAPRIN (Chile), Allianz (in Colombia) and Sachs Chemical, Inc (Puerto Rico). There are several new additions to our portfolio across Asia, among them Sanrise (in China), Tradeimpex, (in India), Needfill (South Korea). We also acquired the Brylchem Group, including Brylchem and the business of Chemipac in Singapore, as well as the business of CMS Marketing Trading Co in Vietnam.

In addition to the transactions closed in 2023, IMCD signed five agreements. Specifically, in the Americas with Joli Foods (Colombia) and in the Asia region with RBD (China), Valuetree and two lines from CJ Shah & Company (India) and shares of Euro Chemo Pharma as well as its wholly owned subsidiary Biofresh Green (in Malaysia).

Many recently acquired entities have been seamlessly integrated into IMCD's existing organisation.

Celebrating 10 years Americas

On October 10, 2023, IMCD celebrated a milestone as it reached 10 years of delivering formulatory and customer service solutions in the Americas region. Today, IMCD has presence in 14 countries in the Americas and is a gateway for 20 other countries throughout the Caribbean and Latin America where access to speciality chemicals and ingredients is challenging.

To commemorate this milestone, IMCD employees across the region have participated in a virtual 10 kilometer walk/ run/hike. The '10K Challenge' was hosted on a fitness app and was supplemented with local in-person activities developed to encourage employee wellness through friendly competition and to cultivate engagement across the region.

Furthermore, teams in various regions, such as Mexico, the USA, and Canada, actively contributed to their local communities. They dedicated their time through volunteer work, committed employment hours, and organised fundraising initiatives to support local community programs and cancer research.

Recognising IMCD's Excellence Worldwide

IMCD China awarded "Outstanding Foreign Enterprise 2022" by the People's Government of Xuhui District, Shanghai City.

On February 2023, the annual investment conference of Shanghai's Xuhui District took place, highlighting the remarkable accomplishments of enterprises in 2022.

According to the data disclosed during the conference, Xuhui District experienced positive GDP growth in 2022, with significant contributions from foreign investments.

Among the honoured companies, IMCD China received the "Outstanding Contribution Award for Foreign Enterprises in 2022". This accolade serves as a comprehensive acknowledgment of IMCD's achievements and contributions throughout the preceding year.

IMCD three times award winner at the BASF Pharma APAC Partners Conference

The BASF Pharma APAC "Win as One" conference in Bangkok (August 2023) celebrated partner achievements, fostering growth among distributors, BASF global team members, and IMCD colleagues. IMCD Malaysia received the "Best Transition Experience" award for their exemplary management of the transition of the BASF business, underscoring their commitment to a seamless integration and customer satisfaction. Additionally, IMCD Philippines was honoured with the "Marketing Innovation" award for their outstanding organisation and execution of local seminars as well as their innovative digital marketing initiatives. This accolade highlights their creativity in marketing BASF products and enhancing brand visibility. IMCD India was also recognised with the "Excellence in Business Growth" award, acknowledging their exceptional efforts in driving the growth of the BASF business.
The event emphasised partnership strength, collective efforts, and the potential for new milestones in the pharmaceutical industry through collaboration.

< Contents page

IMCD US is certified as a Great Place to Work®

Just five years ago, IMCD US began operating as a coast-to-coast organisation dedicated to providing top-tier commercial and operational excellence to our partners and customers across our core Business Groups. In 2023, IMCD US employees participated in a company-wide survey, assessing the level of trust and consistency of the employee experience in one of the largest markets for our company. The employee survey resulted in IMCD US' first certification as a Great Place to Work®.

IMCD Brazil Beauty and Personal Care secured the 'Best Supplier' award

In August 2023, IMCD Brazil, was acknowledged by COTY, one of the industry's major beauty players, as one of the top three "Best Suppliers" in the chemicals category. This recognition highlights the strong partnership between IMCD Brazil and COTY, that has been flourishing over a decade, solidifying their collaboration.

Six IMCD operations respectively, awarded "Distributor of the Year 2022" from Wacker

In acknowledgement of the outstanding performance demonstrated by our IMCD teams in 2022, our partner Wacker has conferred the Platinum Awards upon Iberia (Spain & Portugal), Italy, while Germany, France, South Africa, Türkiye and the UK have been granted Gold Awards for "Distributor of the Year 2022".

This acknowledgement underscores their remarkable achievements in results, commercial initiatives, market expansion, technical support, and collaborative efforts. Notably, Iberia has clinched the Platinum award for the fourth consecutive time, reflecting their consistent excellence. Italy celebrates its inaugural recognition with the prestigious "Chemie Platinum Award," acknowledging their significant contributions to our partnership.

France's receipt of the Gold Award marks a significant milestone, their first Gold after securing numerous Silver Awards in previous years. For Germany, the Gold Award adds to over two decades of successful collaboration with Wacker, marked by a history of regular accolades spanning Silver, Gold, and Platinum.

Türkiye, a long-standing Wacker distributor for 17 years, continues to shine with multiple Distributor of the Year Awards. Both the UK and South Africa have proudly secured the Gold Award, symbolising their exceptional performance and dedication.

Dedicated to Positive Change: IMCD Cares Initiatives in 2023

IMCD remains unwavering in its commitment to making a positive impact on society through the IMCD Cares programme. Aligned with its Corporate Social Responsibility (CSR) strategy, the company proudly presents the initiatives that reflect its dedication to the well-being and education of the communities it serves.

STEM4Youth Project (Indonesia):

IMCD Indonesia joined forces with the YCAB Foundation to launch the STEM4Youth program, aimed at tackling the disparities in equal access to education in Indonesia. In partnership with YCAB, IMCD offered essential assistance, including a comprehensive two-year education plan and a four-year university scholarship for the highest-achieving student. To commemorate World Creativity and Innovation Day, IMCD orchestrated a STEM exhibition and competition, inspiring students to apply their STEM skills to address real-world challenges. The project garnered significant acclaim when it received the 2023 Public Relations Program award in the ESG Campaign Category from Mix Marcomm Magazine. This recognition underscores the company's dedication to fostering innovation and education among underprivileged youth in Indonesia.

Futuras Cientistas (Brazil):

Social responsibility is an emerging concern for all of us at IMCD and , since 2022 we work through our IMCD Cares Fund on programmes focusing on social actions. IMCD Brasil established a partnership with the social Futuras Cientistas Program, which purpose is to increase gender equality in science departments.

Through a selective process, eight girls from low-income communities engaged in a unique Scientific Immersion phase, experiencing in-lab learning facilitated by IMCD experts. The culmination of this effort was marked with the introduction of the IMCD Cares Scholarship, providing financial support to three exceptional students in their four-year STEM university journey.

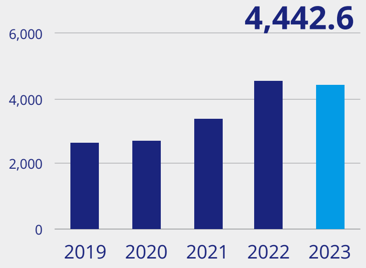
Facts & Figures[1]

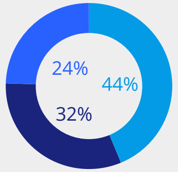
Financial highlights, EUR million unless stated otherwise.

Revenue

(3%)

0% on a constant currency basis



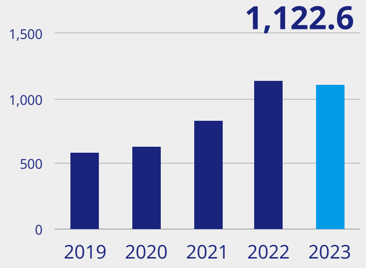


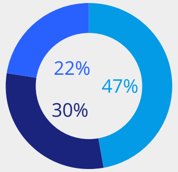
by region*	
EMEA	1,942.6
Americas	1,413.2
Asia-Pacific	1,086.9

Gross profit

(2%)

2% on a constant currency basis



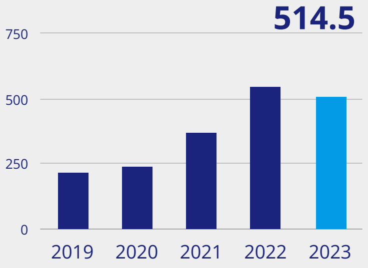


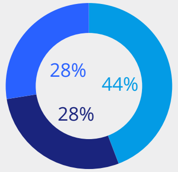
by region*	
EMEA	529.7
Americas	340.4
Asia-Pacific	252.5

Operating EBITA

(7%)

(3%) on a constant currency basis



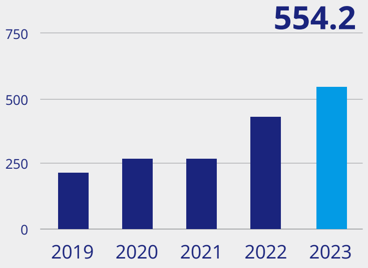


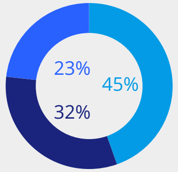
by region*	
EMEA	242.0
Americas	155.0
Asia-Pacific	150.6

Free cash flow

28%

EUR +120 million
2022: EUR 434.4 million





by region*	
EMEA	258.9
Americas	187.2
Asia-Pacific	134.6

Net result

(7%)

EUR 292.2
2022: EUR 313.0

Cash earnings per share

(6%)

EUR 6.41
2022: EUR 6.78

Adjusted leverage ratio

2.3

2022: 1.7

Dividend proposal in EUR cash per share

2.24

2022: 2.37

*exluding Holdings

[1] For the definitions of the APMs see appendix 2

Non-financial Highlights

SUSTAINABILITY RATINGS

Ecovadis
IMCD Global
Valid through 2023

Sustainalytics
Low-risk score
13.7%
2022: 13.8%

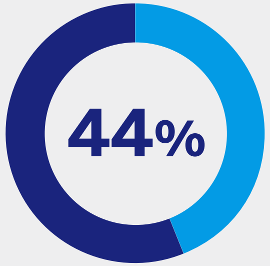
CDP
Climate Change
2023 score
B

PEOPLE & CULTURE

14 hrs

Training hrs

2022: 5 hrs



Management positions filled by women

2022: 42%

14%

Executive Committee positions filled by women

2022: -

ENVIRONMENT

(2%)

vs. 2022
(8%) vs. 2019 - baseline

Scope 3 GHG emission intensity

11%

vs. 2022
(58%) vs. 2019 - baseline

Scope 1-2 GHG emission intensity

PRODUCT

88%

Of downstream suppliers CSR or in process of being rated via Ecovadis (TfS)

2022: -

95%

Of downstream suppliers committed to IMCD's ESG standards

2022: -

ETHICS & COMPLIANCE

95%

Number of employees trained in Ethics & Compliance

2022: 86%

90%

Of revenue covered by internal audit risks assessments

2022: 88%

3 History

1995

IMCD established as a new player in the field of speciality chemicals marketing and distribution. Active predominantly in EMEA and Australia.

2001 - 2004

Management and NIBC Private Equity acquire the company from Internatio-Müller, renaming the company, “IMCD “. It adopts a single IT platform in Europe, implements a matrix organisation, and expands its services to countries such as Türkiye and India.

2005 - 2013

IMCD’s establishes its Asia Pacific regional head office, in Singapore.

Two rounds of private equity investments facilitate accelerated growth. IMCD strengthens its activities across EMEA, and enters new regions in Africa, Latin America, and Asia Pacific.

2014

IMCD develops into a global leader in speciality chemicals and ingredients marketing and distribution, and successfully lists its shares on the Euronext stock exchange in Amsterdam

2015 - 2018

IMCD expands further in North America, establishing a national US footprint and strengthens its presence in various countries. IMCD Americas regional office is based in New Jersey, USA. The company develops a global network of technical centres supporting its business partners with high-quality technical advice and formulation expertise.

2019

IMCD is included in the Dutch blue-chip AEX index.

In that same year, the company introduced its five-year sustainability targets, outlined within its 2019 sustainability report.

The company introduced its B2B platform, MyIMCD, to better serve customers 24/7. The platform was launched initially in EMEA with a further global roll out.

2020

IMCD marks 25 years of innovation and value creation. The company expands its footprint in various sectors, particularly in the Asian pharmaceutical segment.

IMCD announces the opening of its new U.S office in Cleveland, Ohio.

2021

Through eight acquisitions, IMCD accelerates its growth in the life science markets, and strengthens its industrial portfolios the various regions.

IMCD is awarded a Gold Rating from EcoVadis.

2022

IMCD expands its Management Board with a third member taking up the position of COO.

The company successfully completes 11 acquisitions, expanding its global network and diversifying its product portfolio across all regions.

IMCD introduces a new business group called Industrial Solutions.

To enhance its technical capabilities and better serve business partners worldwide, IMCD adds nine new technical centres spanning EMEA, Americas, and Asia Pacific.

IMCD prioritises sustainability by formalising its commitment to the UN Global Compact Principles and becomes a member of Together for Sustainability. Furthermore, IMCD is recognised by Sustainalytics as 2022 ESG Industry Top Performer.

In a significant acknowledgment of its commitment to ESG practices, IMCD is included in the newly launched Dutch ESG AEX index.

2023

The Supervisory Board nominates Valerie Diele-Braun as Chief Executive Officer, effective January 2024, succeeding founder CEO Piet van der Slikke.

IMCD completes 13 acquisitions and signed five share or asset purchase agreements (to be closed in 2024), adding complementary business to all regions and in various market segments.

4 Global presence

AMERICAS

REVENUE
EUR MILLION

1,413

1	22	42	17
1,307	54%	46%	

EMEA

REVENUE
EUR MILLION

1,943

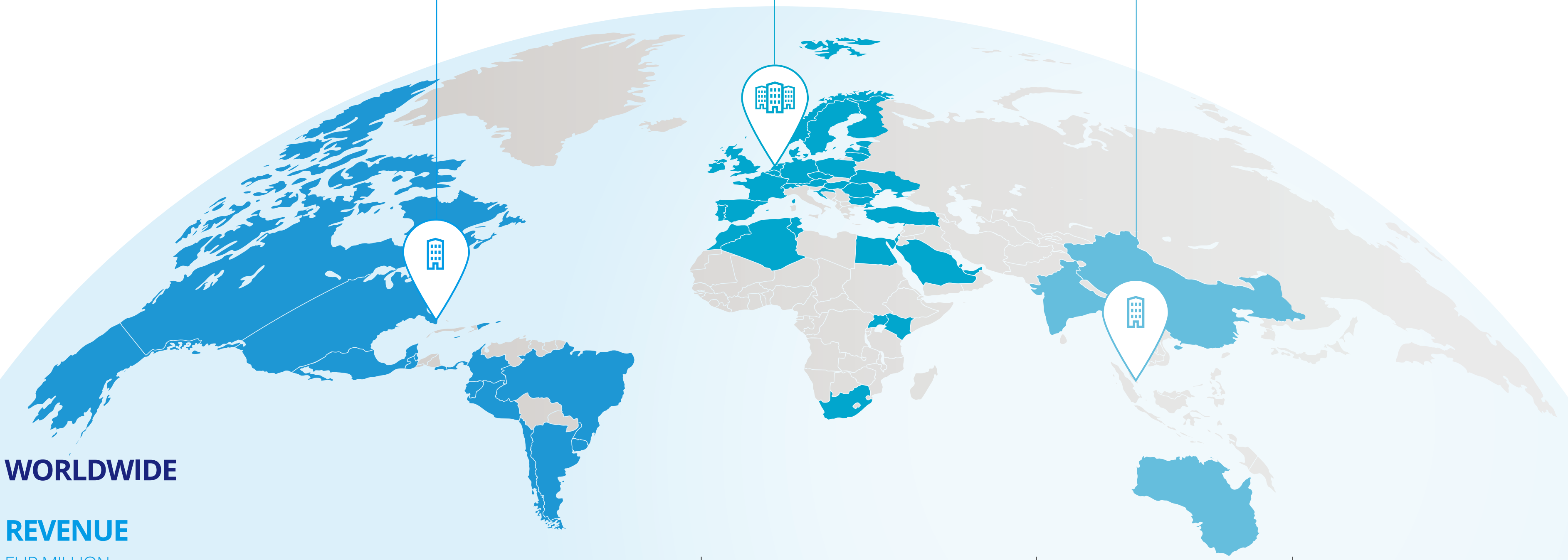
-	60	55	28
2,099	56%	44%	

ASIA-PACIFIC

REVENUE
EUR MILLION

1,087

1	34	48	28
1,330	50%	50%	



WORLDWIDE

REVENUE
EUR MILLION

4,443

1	International HQ	116	Offices	73	Laboratories	54%	Woman
2	Regional HQ's	145	Warehouse locations	4,736	FTE	46%	Men

About IMCD

1 Who we are

IMCD is a leading global distribution partner and formulator of speciality chemicals and ingredients. We began in 1995 as a small group of companies with a shared ambition and a harmonised business model. We have since expanded our footprint to over 60 countries on six continents. In 2023, our 4,736 employees, of which 54% women generated revenues of over EUR 4.4 billion.

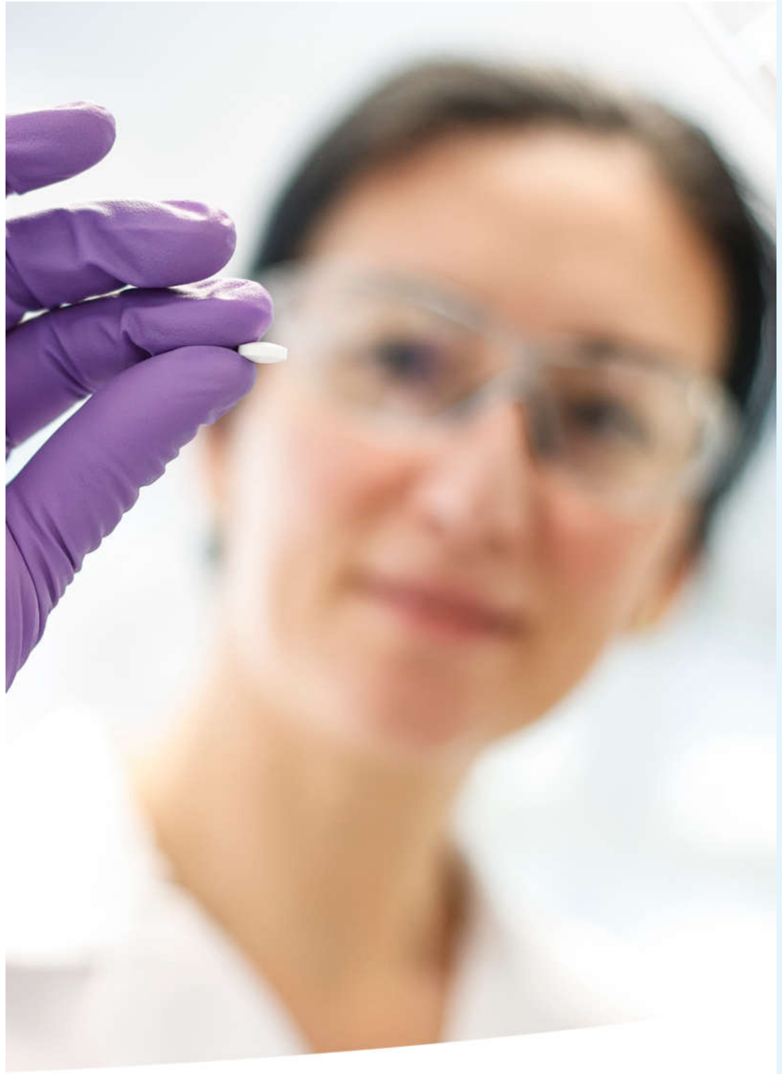
Our broad and innovative portfolio of approximately 48,000 products spans eight Business Groups covering the consumer, industrial and durable goods sectors. Mindful of the role we play in creating a better planet, we formulate with consciousness and execute with care to address tomorrow's business challenges proactively and sustainably. Our strong position in the supply chain, our local presence, and our wide access to global knowledge via a cloud-based digital infrastructure, enable us to contribute to innovation processes and shorten our product development lead times, while facilitating direct access to markets across the world and promoting sustainable product solutions.

As a leading speciality chemicals and ingredients distributor, we believe IMCD has an important role to play in creating a world of opportunity. We help our principal partners to market, sell and distribute their products, and work with our customers to formulate products that create a more sustainable future for all. We strive to be the global sales partner of choice – trusted by suppliers and customers for first-class technical expertise and solutions that help them innovate and to achieve their goals.

At IMCD, we pride ourselves on long-standing partnerships and we believe the best results are achieved through transparency and collaboration.

Curiosity and continuous improvement is naturally at the heart of what we do. It motivates us to stay ahead of global industry trends, invest in new capabilities for our constantly evolving markets and a sustainable product portfolio, and embrace new technologies to stay ahead of our competitors.

Across our operations, we are driven by our values: partnership, freedom to act, entrepreneurship, integrity and trust, and financial discipline.



Our people

Pilar Castellanos

Managing Director of IMCD Colombia and Ecuador

Narendra Varde

Managing Director for IMCD India and Bangladesh

How did you get there? Internal promotion or external hire or via an acquisition? I joined IMCD due to the acquisition of Siliconas y Químicos.

What makes your role interesting?
The possibility of leading and motivating teams, defining, and developing strategies and business while creating, promoting, and developing long-term relationships with suppliers and the market. Every day is different, full of achievements, challenges, lessons, and opportunities that fill me with excitement, entertainment, and passion for doing what I do.

What is the role IMCD has in the Chemical/Ingredients industry?
IMCD plays a crucial role in the industry as we supply speciality chemicals and ingredients. Our aim is to provide value not only in the products we have in our portfolio but also in the final application, market and, community. We achieve this by utilizing our technical knowledge and being innovative and environmentally responsible. We strive to create innovative, efficient, long-lasting formulations that offer benefits to the final product. —

How did you get there? I joined IMCD from Roche Diagnostics in India.

What makes your role interesting?
The combination of IMCD's asset-light business model and broadness in our portfolio is very appealing. From industrial products such as lubricants & energy to beauty & personal care in life sciences. This role has also given me the opportunity to spearhead initiatives in the digitalisation and sustainability space and learn new skills with our strong focus on both organic and M&A growth.

Is there any core value of IMCD that particularly appeals to you? Why?
India is one of the fastest-growing manufacturing hubs in the world and I believe one of the most competitive markets for business operations. Therefore, my team and I need to be entrepreneurial and nimble to provide solutions for our principals and customers on the go. Our IMCD core values of 'Entrepreneurship' and 'Freedom to Act' enable us to do what's right for the business locally.—

How did you get there? Internal promotion or external hire or via an acquisition? I joined IMCD in 2008 as Sales Manager Pharmaceuticals. In less than a year I was promoted to Business Unit Manager, Pharma and Personal Care. Afterwards I became an International Product Manager, but when I saw the opportunity of becoming the next Managing Director of IMCD Türkiye, I went for it.

What makes your role interesting?
The fluctuating environment in Turkiye and the necessity to adapt quickly to changes always keep the pace high. Team management, constantly engaging with new topics—I never have a day that resembles another.

Is there any core value of IMCD that particularly appeals to you? Why?
All our values are appealing to me. Values shape the culture of an organization and can create a sense of unity amongst employees. This unity can serve as a crucial foundation for development and success. The harmony of IMCD with these values is the key for sustainable success and positive impact. —

How did you get there? Internal promotion, I was the business unit head for our German Advanced Materials business before.

What makes your role interesting?
The complexity of the region, many countries, currencies and legal entities makes South East Europe uniquely complex within IMCD. I have worked most of my career in global positions and always enjoyed working with people from diverse cultures, bringing them together to help achieve a common vision.

Is there any core value of IMCD that particularly appeals to you? Why?
IMCD’s value of entrepreneurship resonates very strongly with me. This value was most evident to me in being able to pioneer a value-sales training globally within the company. I started this locally just for my team, but this concept was noticed and quickly elevated to a global project having now reached hundreds of colleagues throughout the world. Entrepreneurship means that people can experiment and try new things out. It means that we sometimes must be comfortable with processes that can be a little experimental, but it also means that ideas can blossom. —

1.1 Our purpose, mission and vision

As a leading speciality chemicals and ingredients distribution partner, IMCD has an important role to play in society: we can contribute to protecting health and welfare, improving economic prosperity and help create a more sustainable future for all.

We strive to be the global sales channel partner of choice – a solutions provider trusted by suppliers and customers for first-class distribution services, technical expertise and sustainable solutions that help them innovate and align their business operations to realise their goals.

Via long-standing partnerships with our principals, we offer an extensive range of high quality speciality chemicals and ingredients to our customers around the globe. Our broad product portfolio, together with our omni-channel market approach, technical and formulatory advise and operational excellence, enable us to create added value for our stakeholders.

1.2 Our business environment

IMCD focuses on speciality chemicals and ingredients. Our technical and formulatory expertise in this field are strengths that differentiate us from our competitors. With our in-depth understanding of consumer trends, our highly skilled and results-driven professionals innovate with our comprehensive product portfolios to provide market-focused solutions that meet the needs of customers across eight market sectors in industrial and life-science applications.

By partnering with IMCD, suppliers benefit from our business simplification model, our market intelligence and accelerated growth through direct access to markets across the world.

Market trends

The speciality chemicals distribution market consists of few large global or pan-regional companies and a large number of, often family-owned, local players.

There is strong demand from major suppliers for pan-regional and global distributors who can streamline business operations and work as a strategic partner to support long-term growth.

As a result, further consolidation within the sector takes place with an ongoing focus on local excellence and technical expertise. The rationalisation of the global speciality chemicals distribution industry is shaped by the trends selective outsourcing, preferred partnership and increased regulation.

IMCD's market position

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

The constant demand for product improvement, sustainability, and higher performance drives the need for innovative speciality chemicals and ingredients. Diverse, complex and international markets require suppliers with first-class knowledge and support. For this reason, we continuously invest in technical expertise and application know-how, as well as in sales and marketing excellence, increasing the value of our services to suppliers and customers that partner with us.

But we go further still. Both our suppliers and our customers benefit from IMCD’s ability to simplify their business, by providing access to numerous partners via one channel, without the complexity of own marketing and distribution activities.

In our unique position in the middle, we connect and simplify distribution, but also drive innovation with our technical and formulatory expertise and provide valuable insights through knowledge sharing.

Opportunities and challenges for IMCD

In a dynamic business environment, both internal and external developments pose opportunities as well as challenges. Below we explain our approach to the topics that we believe can influence IMCD's business the most.

Market consolidation

The consolidation trend in the speciality chemicals and ingredients distribution market offers IMCD multiple opportunities. The ongoing desire from major suppliers to work with pan-regional distributors who can streamline business operations and offer value added services, is a clear opportunity for IMCD to grow its business organically. In addition, the large number of smaller, often family-owned players still active on the local market, provide opportunity to accelerate growth and increase scale through acquisitions.

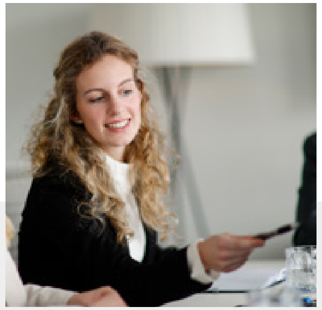
Customer demand development

IMCD’s business depends on its customers’ demand for chemicals and ingredients used in the manufacture of a wide array of products, which in turn is driven by demand from consumers and other end users for the products made by IMCD's customers. Demand levels vary with macroeconomic conditions at a global level. Improvements or deteriorations in the level of economic activity and consumer demand impact the level of production and consumption of chemicals.

Availability of and dependency on key personnel
IMCD sometimes relies to a significant extent on the skills and experience of its managerial staff and technical and sales personnel in its local or regional organisations. Loss of such individuals or unavailability of key personnel could adversely impact the performance of such local operations, and hence, the group as a whole. IMCD mitigates these risks by providing an inspiring and entrepreneurial working environment, offering international career opportunities, performance-based incentive schemes and long-term succession planning.

Sustainability
In coming years, product demand and markets are likely to change due to a shift in societal opinion and demand for more innovative and sustainable solutions. This may impose a risk of reduced demand from fossil-fuel end markets, if and when fossil fuel production is phased down. On the other side, there will be new emerging markets to offer speciality chemicals to transition-related sectors such as biofuels, hydrogen, renewables and batteries which will present an important opportunity for IMCD to grow. By means of its sustainable solutions programme, IMCD promotes sustainable products into the market, supports its suppliers and customers in product stewardship, and develops innovative, high-performance, sustainable formulations. These solutions help address societal challenges arising from increased climate-change awareness and the transition towards a more circular economy.

Digitisation
In recent years, the trend to digitise business processes has also entered the speciality chemicals and ingredients industry and many players are investigating tools to create online platforms or increase digital connectivity. For IMCD, digitisation is an important backbone of its business model, as it drives connectivity, customer centricity, communication, efficiency, safety, innovation,

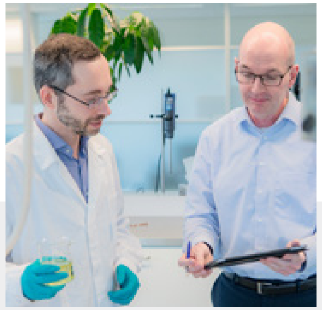


SELECTIVE OUTSOURCING

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

PREFERRED PARTNERSHIP

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



INCREASED REGULATION

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

and sustainability. Innovation requires information, which is securely provided by our globally unified digital infrastructure. We welcome digitisation as an accelerator for business efficiency, effectiveness, achieving operational excellence and strengthening of relationships with suppliers and customers alike. By investing in our digital transformation, we believe our business model will ultimately gain value and drive further consolidation in our industry.

1.3 Our culture, values, and ethics

Governed by strong principles and driven by our company values we create an environment that allows all employees to excel. In an entrepreneurial business like IMCD, where freedom to act is key, we promote collaborative employee behaviour and open communication so that we can effectively and swiftly grasp opportunities. Our values cut across borders, languages and cultures and are the same everywhere, always. Together we have defined our strong values. Our employee survey executed in 2022, showed that IMCD employees identify with entrepreneurship, freedom to act, integrity and trust, partnership, and financial discipline as drivers of their actions.

Entrepreneurship is one of our core values, which we apply in identifying business opportunities, attracting, and selecting employees and entering partnerships with new suppliers and customers. Senior management fully supports a culture where **freedom to act** is encouraged. Clear business principles and an excellent cloud-based digital infrastructure foster sound decision-making. Our commercial, innovative mindset is nurtured by our value freedom to act.

The value of **partnership** is paramount to our business and enables us to create opportunities for our customers. This can only be done transparently, with mutual understanding, and acknowledging local culture and co-creating solutions to answer specific consumer needs. Our skilled employees are trained to listen and seize opportunities when they arise. IMCD enjoys long-standing relationships with speciality chemical and ingredients suppliers all over the world.

Integrity and trust are values we expect from ourselves and each other. Together with our partners we rigorously enforce ethical business practices and create a healthy diverse and safe work environment for all. Our global Code of Conduct ensures that we operate at the highest standards, always and everywhere. Through **financial discipline**, we meet and exceed our financial goals. IMCD pursues accurate transparent financial reporting using a global integrated business information system, in which we rapidly integrate our newly acquired companies. We are aware of the financial impact of all our business decisions.

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

1.4 Our business model

We connect & simplify, we market and innovate

As distributor of speciality chemicals and ingredients, IMCD connects business partners and uses its resources, expertise and IT platforms, to simplify the supply chain. Via our extensive network, we offer our principals global customer reach and our customers a broad range of high quality and sustainable products together with formulatory advice. We apply an innovative approach to our formulatory advice, and to the way we pursue operational excellence.

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

Our core activities

IMCD is able to **connect** a wide range of business partners in the supply chain. We **simplify** our suppliers' business operations by our extensive local networks, market intelligence and technical expertise. In addition to its sales and marketing activities, IMCD provides distribution and other ancillary services. 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 supports and can accelerate their growth.

At the other end of the value chain, IMCD focuses on its customers: manufacturers that need speciality chemicals or ingredients for the production of intermediate goods or end products. By **marketing** a large and diverse product portfolio, we offer our customers access to a broad range of solutions that meet specific technical, quality or sustainability requirements. We add value by providing customers with quality assurance and highly specialised product knowledge, alongside technical advice and formulation support.

Throughout IMCD's business, long-lasting partnerships play a vital role. Not only in relation to principals and customers, but also in our own operations. Pursuing an asset-light business model, IMCD, wherever possible, 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.

Our key competences

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

In our ways of working, we focus on the following areas:

- 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.

- Customer seminars

Across our global network, our commercial and technical teams organise seminars and webinars, introduce new applications and share insights on the latest market trends. Furthermore, in our technical centres and application labs, and with the support of our scientific and technical experts, our customers can test product performance, run stability and application tests and experience the finished products and end result.

- Supplier workshops

In 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.

- Internal training

We continuously invest in our people, by means of education, in order to stay abreast with the latest market developments, gain deep knowledge of our product portfolio so that we provide better services and support to our customers.

Our Business Groups

IMCD's business is organised into a number of strategic market sectors with eight 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 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 operations and service provision locally, throughout the various market segments.

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

An overview of our Business Groups is provided on the following page.

1.5 Our business groups

Beauty & Personal Care business group offers an extensive portfolio of functional and active ingredients along with technical and marketing support to inspire and accelerate the creation of cutting-edge cosmetic products.

With a range of speciality food ingredients & flavours, Food and Nutrition Business Group provides insightful application support, enabling producers to generate on-trend food & beverage solutions.

At Home Care and I&I our speciality raw materials and comprehensive range of high-performance ingredients deliver solutions for the cleaning and care of homes, businesses, and institutions.

The Pharmaceuticals business group offers the highest quality active ingredients and excipients for the pharmaceutical, nutraceutical, agrochemical, biopharmaceutical, and synthesis markets.

IMCD Advanced Materials partners with world-class producers in the Converting, Compounding and Composites industries to develop innovative and sustainable solutions for a safer and healthier life.

Coatings & Construction delivers expertise and speciality raw materials to drive innovation and sustainability of paints, coatings, construction, adhesives, inks, textile, leather and paper formulations.

Industrial Solutions brings industry-leading speciality solutions and technical expertise to four key areas: chemical intermediates and environmental, material, and processing technologies.

Lubricants & Energy combines our knowhow in lubricants, fuels, oil & gas & energy. We offer base oils & additives for automotive & industrial lubricants, & speciality chemicals for oil, gas, & fuels.

2 How we create value

As a leading global distribution partner and formulator of speciality chemicals and ingredients we take our responsibility in shaping a sustainable future for all seriously. IMCD creates value for stakeholders through pursuing sustainable long-term growth of its revenues and results, driven by organic growth and strategic acquisitions. Through product stewardship, we build a resilient and diversified product portfolio that supports sustainable applications and innovation.

2.1 Our strategy

Our long-term strategy is in line with the ongoing consolidation trend in the distribution market of speciality chemicals and ingredients. We use our market intelligence and technical expertise to identify opportunities to grow our business across different business sectors. On the one hand, we strive to increase market share for the reputable suppliers we already represent. On the other, we aim to build new relationships with manufacturers of high quality speciality chemicals and ingredients, to expand our offering to customers.

Our strategy to create sustainable long-term value is built on our people, our innovation capabilities, digitalisation of our business, and our continuous pursuit of operational excellence. We attract and employ highly qualified and entrepreneurial individuals. Our **people** maintain long-standing relationships with speciality chemical and ingredients suppliers. These partnerships are paramount to our business and enable our professional teams to create opportunities. By working closely with our customers and suppliers, combining intelligent market data with targeted product knowledge, we can **innovate** and offer **sustainable** solutions, which enable our customers to create products which are better for our planet and society.

IMCD's contributions to the environment and society begin with its own operations and people, and expands throughout the value chain. We want to grow our business, while reducing our environmental footprint through clear and measurable metrics. With the products and solutions offered in our portfolio we strive to have a positive impact on health and well-being of consumers, the environment and society.

We assessed that with our business activities, we contribute to at least ten of the United Nations Sustainable Development Goals (SDGs).

To execute on our strategy, IMCD maintains a diversified and asset-light business model with an outsourced supply chain infrastructure, with specialised service providers selected based on quality, ESG and financial criteria.

IMCD uses a multi-channel approach to serve its customers in partnerships and in person, as well as providing 24/7 online access to its customer portal. We use **digitalisation** as an accelerator for business effectiveness as well as for achieving **operational excellence**.

All this gives us the flexibility and resilience to respond and adapt to changing circumstances and demands from both the market and society.

INNOVATION

Innovation is a mindset, innovation is progress, it is everywhere

At IMCD, innovation does not only apply to the formulatory work in our application laboratories, but innovation is a mindset, an attitude which can be found throughout the company. One of our company values is Entrepreneurship, it allows us to create something new and move away from traditional thinking patterns. Improving what exists, willingness to change and a boundless vision are key ingredients.

ASMR beauty line sparks innovation and soothing sensations

IMCD Beauty & Personal Care has pioneered an immersive, technology-forward sensorial experience that stimulates emotional wellbeing through efficacious, market-ready innovations.

As disruption becomes the new normal, fostering innovation is essential to staying ahead. IMCD's technical experts and application specialists formulate ground-breaking solutions across our different business groups, creating new concepts and developing product improvements so our partners can maintain their market leadership.

The launch of Sensational Beauty, an IMCD ASMR Experience, represents a significant leap forward in this regard. An innovative collection of prototypes based on immersive technology, it redefines consumers' relationship with beauty and personal care products.

Sensational Beauty is designed to prompt the user's autonomous sensory meridian response (ASMR), wherein a sensation of tingling created by audio-visual stimuli sparks positive emotions. The trendy concept stimulates the regions of the brain associated with tranquillity, relaxation, and wellbeing. This calming "brain massage" has soared in popularity as consumers continue searching for enjoyment following the pandemic.

Research shows consumers are willing to pay more for beauty products that have mood-boosting qualities. In the US, this figure is 33% of the market, according to Mintel.

Developed after extensive research and collaboration across IMCD's global network, Sensational Beauty is in line with IMCD's reputation for creative formulations that drive marketplace innovation. The collection addresses the growing demand for everyday products that stimulate an unparalleled sense of enjoyment and pleasure with the help of technology. The range responds to three main major consumer trend drivers: a unique experience, technology that enhances reality, and a search for joy, calm and increased wellbeing.

The Sensational Beauty collection features several innovative prototypes. Each prototype ensures a technology-assisted experience that generates wellbeing and joy while enhancing the consumer's real-life experience. Among them, the Destress Ball Makeup Remover promotes a sense of calm at the end of the day, with a stress-releasing cleansing product made of biopolymers and a blend of bioactives that promotes skin firmness, elasticity, and overall wellbeing. The unique Detox Charcoal Cooling Masque is an emulsion stick that cools the skin while purifying. The Soothing Kinetic Jelly Scrub is a two-part anhydrous soothing scrub that has both moisturizing and sensorial properties. And on the make-up front, IMCD's new Plumping Pressed Powder is a silky, medium-coverage foundation packed with hyaluronic spheres and protective microbiome ingredients.

With the new collection, IMCD is ideally positioned to support customers looking to tap into the emerging trend for neurocosmetics, a new personal care development inspired by the profound connection between the mind, emotions, and beauty.

Danielle

"Our team consciously formulated the Sensational Beauty concepts to create an ASMR experience that evokes emotion, joy and fosters a unique immersive experience," said Danielle Wheeler, Americas Technical Director, IMCD Beauty & Personal Care. "The careful development of our Sensational Beauty collection not only displays our team's creativity and trend knowledge, but also highlights IMCD's formulatory and comprehensive market expertise that enables us to shape tomorrow's Beauty."

Growth strategy execution

IMCD focuses on achieving growth through transparent long-term partnerships combined with market expertise, technical development, and innovation. This strategy has yielded solid growth based on the following strengths:

- Diversified and resilient business model
- Commercial and operational excellence
- Skilled professional team of technical experts
- Technical centres and application laboratories
- Committed management team
- Cloud-based digital infrastructure
- Superior margin and cash conversion
- Ability to deliver organic and acquisition-led growth

Organic growth

IMCD's organic growth strategy has four main drivers:

- Increasing market share by outperforming competitors through commercial and operational excellence
- Investing in product and formulation know-how
- Expanding with existing suppliers into additional geographies and adding new suppliers and products to the portfolio
- GDP growth in the different geographies where IMCD operates

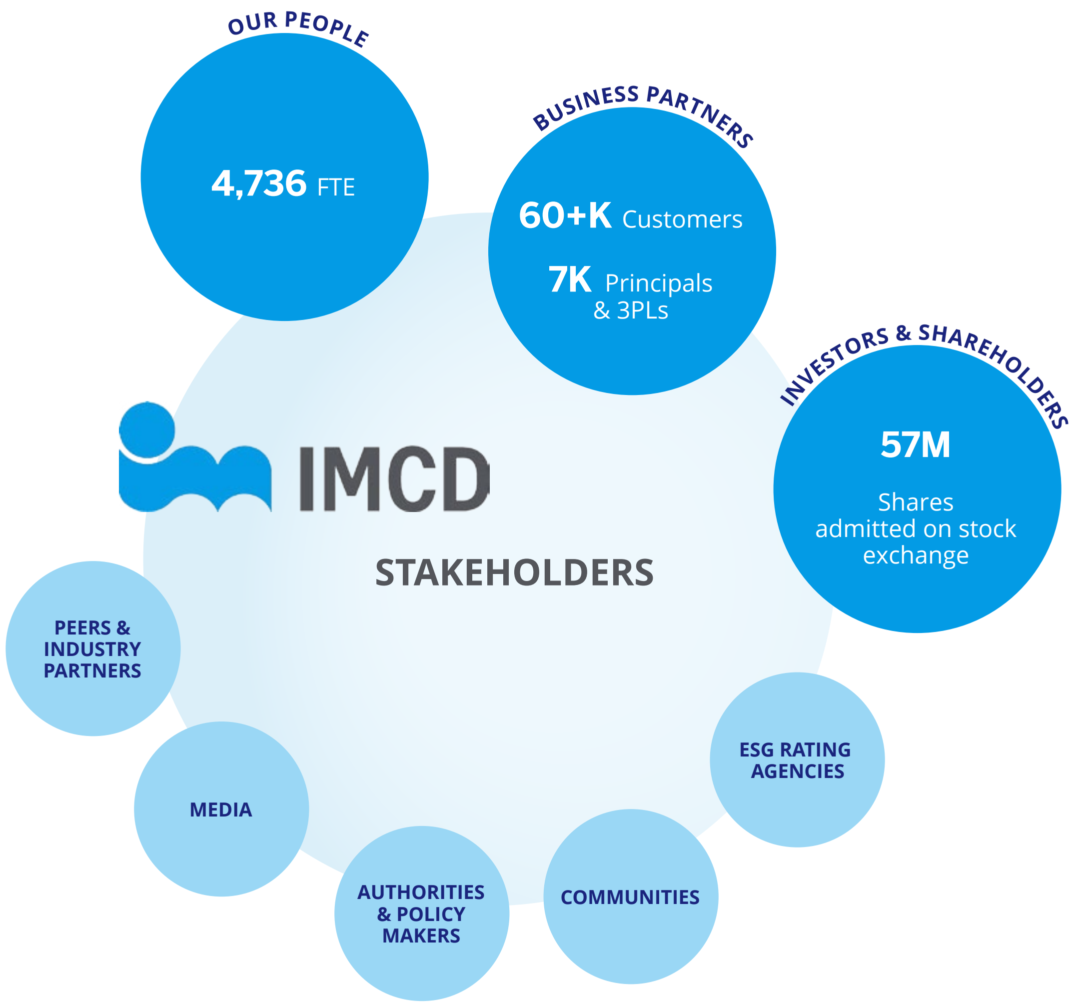
Acquisition growth

IMCD benefits from a highly fragmented distribution market and continuing consolidation trend, largely driven by suppliers looking to optimise their sales channels. Since its formation, IMCD has acquired more than 100 companies, resulting in a broad global geographical footprint. Using its extensive network and in-depth market knowledge, IMCD pursues strategic acquisition opportunities to further expand and enhance its business model in both developed and emerging markets. Finding suitable acquisition targets is an ongoing process that involves ensuring the right cultural and business alignment. IMCD has strict acquisition criteria that are based first and foremost on identifying a strategic fit that provides a platform for further growth, both geographical and in terms of complementary product markets. Acquisitions are always subject to sufficient management attention being available, and to IMCD’s requirements for maintaining a strong balance sheet while limiting financial and operational risks.

The primary aim in all acquisitions is to support sustainable added-value growth for IMCD's suppliers and customers. Barring exceptional circumstances, an acquired company should be able to contribute to IMCD's cash earnings per share from the date of acquisition. Most of our acquisitions are financed by our own strong cash flow and flexible loan facilities. Newly acquired companies are integrated using a highly structured integration programme that provides a swift transition to IMCD's internal reporting, control and compliance systems and ensures optimal realisation of operational and business synergies.

2.2 Our stakeholders

At IMCD we have determined the following group of stakeholders. In the Note 'Our Stakeholders' we describe each group of stakeholders, the topics of interest on which we engage and the venue in which engagement takes place. Please refer to Note 1 to the sustainability statements.



2.3 Our material topics

At the end of 2021, IMCD reviewed its materiality assessment to identify the most ESG material topics for the organisation to manage, based on the Global Reporting Initiative (GRI) Standards. We have engaged key internal and external stakeholders and applied the impact materiality principle, which takes a forward-looking perspective. In the process, we assessed the identified material topics against business impact and importance to stakeholders.

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

To ensure effective management, the material topics were organised in the four pillars Environment, People, Product and Governance. Each material topic was further classified and prioritised as:

- Core focus area for acceleration;
- Sustainability enabler; or
- Area to monitor

Categories for focus and effective management

Core focus areas for acceleration
Materialities for strategic focus and differentiation

Sustainability enablers
Materialities that put the company in the right position to address the core focus areas

Areas that are important to monitor
Materialities that should be actively monitored in order to meet compliance standards and to mitigate risk

People & Culture

1. Talent Attraction & Retention **(core focus)**
2. OHS & Well-Being
3. Diversity, Equity & Inclusion
4. Labor Practices & Human Rights

Environment

5. Supply Chain Decarbonisation **(core focus)**
6. Climate Strategy
7. Eco-Efficient Operations

Product

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

Ethics & Compliance

12. Ethics & Governance
13. Cybersecurity

The topics **Sustainable Solutions**, **Supply Chain Decarbonisation**, and **Talent Attraction and Retention** were identified as focus areas for acceleration. In the fourth quarter of 2023, IMCD commenced a new materiality assessment, in which the requirements of the Corporate Sustainability Reporting Directive (CSRD) will be included. This process may lead to changes in the materiality assessment matrix presented herein, which will be reported in the 2024 Integrated Report.

For more details on the materiality assessment, please refer to Note 1of the sustainability statements.

IMCD Key pillars for sustainable practices

PEOPLE AND CULTURE

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

ENVIRONMENT

IMCD takes climate protection seriously and anticipates risks and opportunities relating to climate change together with its suppliers and customers as well as its logistics processes. We seek to reduce the environmental impact of our own operations, focusing on reducing greenhouse gas emissions from our own activities and in our supply chain. To accomplish this, we engage with third-party logistics providers to encourage reduction of Scope 3 emissions. For waste handling and disposal we apply high standards of care to avoid environmental pollution.

PRODUCT

IMCD is equipped with the market intelligence, technical expertise, application laboratories and product know-how needed to drive forward the sustainable solutions that should be at the forefront of the industry. We strive to champion the sustainability journey of our suppliers and simplify the market and the sustainability landscape for our customers. In our own operations, we uphold responsible ESG practices, including safe and reliable handling of chemicals, and ethical and sustainable sourcing.

ETHICS AND COMPLIANCE

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

2.4 Our value creation model

Input

Human
- **4,736** own workforce, incl. 90 temporary employees
- **280** contingent workers

Social
- **3k** principal suppliers

Natural
- Own energy consumption **128k GJ**

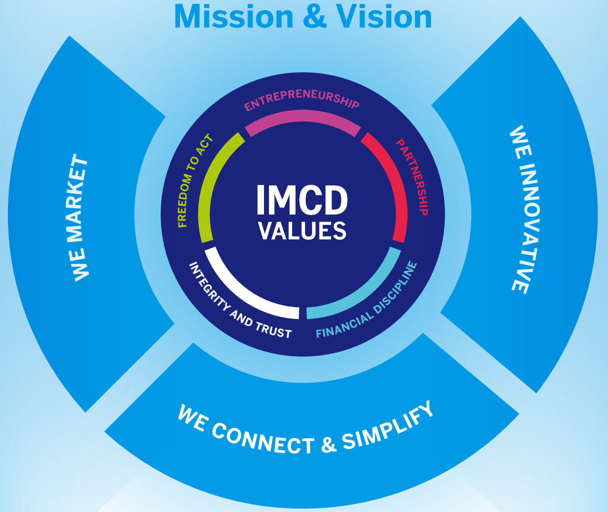
Product
- **48k** speciality products and ingredients

Infrastructure
- Offices
- Laboratories
- Warehouses
- IT eco system

Financial
- **EUR 9b** Market capitalisation

Our business model

Mission & Vision



Trends, Governance & Risk

Creating a world of opportunity

Output

Human
14 average training hrs per employee
44% of women in leadership position
72% employee engagement score

Social
Long-term partnerships
64k customer-relationships
87% local sourcing of services

Natural
+11% CO_2 Scope 1 and 2 emission intensity
(2%) CO_2 Scope 3 emission intensity
9% of non-hazardous waste treatment (sent for recycling or recovery).

Product
91% upstream suppliers Ecovadis rated or in process
Sustainable formulations

Infrastructure
1 mln tonnes of distributed merchandise
95% ESG compliance of Business Partners
88% downstream suppliers Ecovadis rated or in process

Financial
21% EBITA CAGR (5 year)
EUR 135m dividend paid
EUR 40m interest paid

Outcome

Improved attraction and development of well-balanced human capital
Talent attraction, retention and development
OHS & well-being
Diversity, equity & inclusion
Labour practices & human rights

Responsible product promotion through loyal long-term partnership
Partnership
Responsible production and consumption

Efficient use of natural resources
Decarbonised supply chain
Climate strategy
Eco-efficient operations

Sustainable product promotion with care
Sustainable solutions
Safe handling & distribution
Sustainable procurement
Omni-channel approach

Sustainable procurement-distribution throughout the vast majority of business partners in supply chain
Safe handling & distribution
Sustainable procurement
Digitalisation

Financial resilience

Impact

Performance 2023

3 Financial Value

Gross profit (EUR mln)

1,122.6

2022: 1,147.1

Operating EBITA (EUR mln)

514.5

2022: 554.5

Cash conversion margin

105.3%

2022: 76.9%

After an exceptionally strong 2022, the year 2023 is characterised by difficult geopolitical and macroeconomic conditions. Geopolitical tensions, global economic concerns around inflation, rising interest rates and lower GDP growth in certain economies impacted confidence and reduced customer demand.

Despite the market challenges faced in 2023, we delivered solid results and generated healthy cash flows. We realised substantial acquisition EBITA growth, which is the result of acquisitions completed in 2023 and of the full year impact of acquisitions completed in 2022. We achieved successes in the further execution of our growth strategy, by acquisitions in United Kingdom, Sweden, Israel, South Africa, Chile, Colombia, Puerto Rico, India, China, Singapore, South Korea and Vietnam.

3.1 Developments 2023

Despite the continuing global geopolitical tensions and the challenging economic market conditions, in particular in the industrial market segment, we realised solid results in 2023. After a strong 2022 with double digit revenue growth and operating EBITA growth of 48%, in 2023 we recorded revenues of EUR 4.4 billion (on a constant currency basis in line with 2022) and operating EBITA of EUR 515 million (-3% on a constant currency basis).

In 2023, we successfully completed acquisitions in all of our regions.

We will continue to focus on expanding and optimising existing businesses, integrating acquired companies, developing interesting supplier projects and on selective acquisition opportunities.

Despite the continuing challenging market circumstances, the financial resilience provided by IMCD's multi-market and geographical coverage, combined with its diversified supplier and product portfolio, have enabled IMCD to deliver strong results in 2023. Our teams demonstrated collaboration and entrepreneurship and by further building on our long-standing partnerships with our suppliers, customers and logistics partners, we strengthened our performance.

Commercial and organisational

IMCD aims to create value for its stakeholders through the pursuit of sustainable growth of its revenues and results, driven by organic growth alongside selective acquisitions.

IMCD's strategy centres on strengthening and intensifying the relationships with our major suppliers, and using our network to gain distributorships and offering pan-regional services. This strategy is supported by having operating companies with well-trained professionals in most countries we work in supported by application laboratories and an harmonised and integrated IT landscape, with modern digital tools.

IMCD operates as a professional services business where highly qualified people collaborate in a flat organisational structure. We will continue to attract, hire, train and develop and retain talent. Trainings are organised via our e-learning platform and by means of business group specific trainings. Furthermore, employee engagements remain high on our agenda.

We have further strengthened our market groups and technical capabilities to cater for our increasing business and to exploit group synergies. The number of FTEs increased from 4,323 at year-end 2022 to 4,736 as at the end of 2023 (+10%), of which 290 FTE were the result of acquisitions completed in 2023.

We are tracking our staff turnover and retention figures closely, especially in this economic challenging period. With regard to our workforce, we remain looking for talents, and diversity on all dimensions across the world. We remain focused on retaining people in critical functions such as commercial technical or digitalisation roles.

Acquisitions

As a group we align ourselves with industry leaders, and strive to grow our market share organically and through selected acquisitions, and continue to optimise our business model.

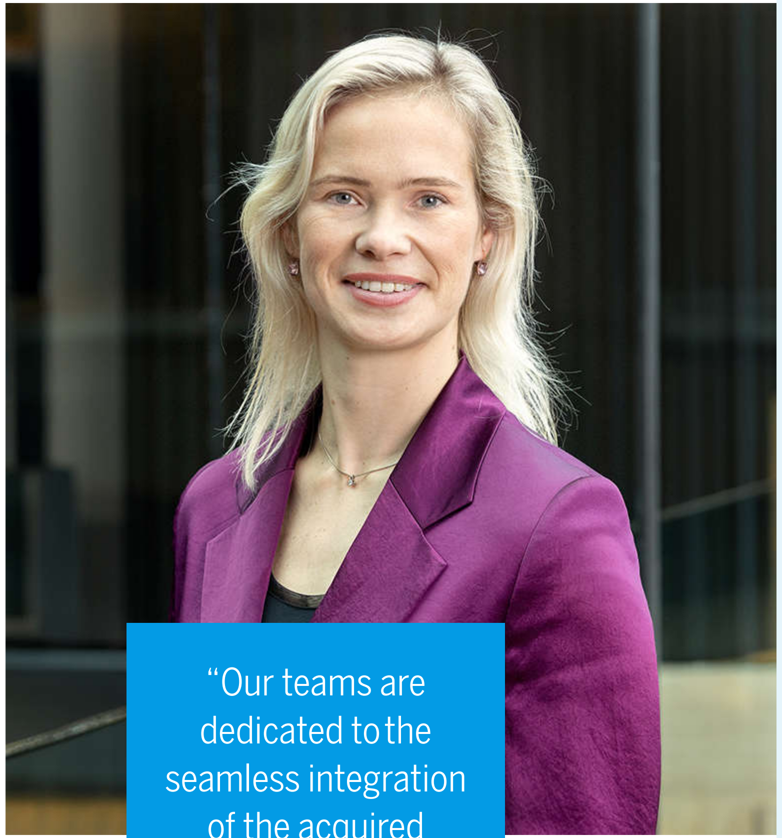
In the execution of our strategy to create sustainable growth for our stakeholders, we completed the acquisition of thirteen businesses in 2023. In addition to these closed transactions, IMCD signed five share or asset purchase agreements which were or will be closed in 2024.

On 28 February 2023, IMCD acquired 100% of the shares in Orange Chemicals Ltd ("Orange Chemicals"), a distributor of performance chemicals throughout the UK and Ireland. Orange Chemicals, headquartered in Winchester, generated revenues of approximately EUR 30 million in the financial year 2022 and adds seven employees to the IMCD UK team.

On 15 March 2023, IMCD completed the acquisition of Shanghai Sanrise Industries & Development Co., Ltd. ("Sanrise"), one of the leading distributors in the personal care markets in China. Sanrise offers a wide range of personal care and industrial solutions with a key focus on personal care applications. With approximately 60 employees, Sanrise generated revenues of approximately EUR 90 million in 2022. The transaction took place in two tranches, with first 70% of Sanrise's share capital was acquired in March 2023, and the remaining 30% will be acquired in 2025.

On 20 April 2023, IMCD acquired 100% of the share capital of ACM AB ("ACM"), a distributor of minerals and chemicals. Based in Sweden, ACM is mostly active within the coatings, adhesives, paper, plastics, rubber, and construction industries. With six employees ACM generated revenues of approximately EUR 13 million in 2022.

On 20 April 2023, IMCD acquired 100% of the shares in Tradeimpex Polymers (India) Private Limited ("Tradeimpex"), a distributor of high-performance polymers and engineering plastics. With 24 employees, Tradeimpex generated revenues of approximately



"Our teams are dedicated to the seamless integration of the acquired entities into IMCD, both at the organisational and cultural levels."

Fenna van Zanten
Director Mergers
& Acquisitions

EUR 39 million in the financial year that ended on March 31, 2022.

On 1 May 2023, IMCD acquired the import and distribution business of Tagra Biotechnologies Ltd. (“Tagra Distribution Division”), a distributor and supplier of cosmetic raw materials and ingredients for the beauty and personal care industry in Israel. In 2022, Tagra Distribution Division generated revenues of approximately EUR 7 million and adds seven employees to the IMCD Israel team.

On 19 May 2023, IMCD acquired 100% of the shares of Allianz Group International S.A.S. ("Allianz"). Allianz is a distributor of active pharmaceutical ingredients (API) and serves the Colombian market. Headquartered in Bogotá, Colombia, Allianz has 25 employees and generated revenues of approximately EUR 7 million in 2022.

On 7 June 2023, IMCD acquired 100% of the shares of KOI Products Solutions and Engineering Ltd (“KOI Products Solutions”). KOI Products Solutions has partnerships with some of the world’s leading suppliers of speciality products and predominantly serves the composite, paint, cosmetics, coatings, and ink markets. The company, based in Petach Tikva, Israel, generated revenues of approximately EUR 8 million in the financial year 2022, and adds 13 employees to the IMCD Israel team.

On 3 July 2023, IMCD acquired 100% of the shares in CPS Chemical Oil-Tech (Pty) Ltd (“CPS Oil-Tech”), a distributor of raw materials to the petroleum, additive, grease manufacturing and other industry related segments in South Africa. With 8 employees, CPS Oil-Tech generated revenues of approximately EUR 12 million in the financial year that ended on February 28, 2022.

On 13 July 2023, IMCD acquired 90% of the shares of O&3 Limited, (“O&3”), an industry leading supplier of speciality natural ingredients to the global beauty and personal care markets. With 69 employees, across its offices and facilities in Ripon (UK), Warka (Poland) and New York (USA), O&3 generated revenue of approximately EUR 37 million in the financial year that ended on March 31, 2023.

On 2 August 2023, IMCD acquired 100% of the shares of Sachs Chemical and on 29 September 2023, IMCD acquired 100% of the shares of SCI Chemical Logistics SA (jointly "Sachs"). Headquartered in San Juan, Puerto Rico, Sachs is a speciality chemicals distributor, providing customised solutions for the pharmaceutical industry. With 38 employees, Sachs generated revenues of approximately EUR 48 million in 2022.

On 3 August 2023, IMCD acquired 100% of the shares of Representaciones de Materias Primas Industriales Limitada (“MAPRIN”). MAPRIN is a raw materials distributor for the beauty and personal care industry, headquartered in Santiago, Chile. With 20 employees MAPRIN generated revenue of approximately EUR 8 million in 2022.

On 19 October 2023, IMCD acquired 100% of the shares in Needfill Co., Ltd. ("Needfill") in South Korea, Needfill serves the paint, coatings, inks, textiles, electronics, and polymer markets. Needfill, based in Seoul, generated a revenue of approximately EUR 18 million in 2022 and has 18 employees.

On 6 November 2023, IMCD acquired 100% of the shares of the speciality distribution company Brylchem Pte Ltd and the business of Chemipac Pte Ltd. in Singapore, and the business of CMS Marketing Trading Co., Ltd in Vietnam ("jointly Brylchem Group"). Brylchem Group offers a wide range of products in the coatings, construction, advanced materials, agrochemical, home care and industrial cleaning, feed and veterinary, and lubricants industries, for the Singapore and Vietnam markets. With approximately 50 employees, Brylchem Group generated revenues of approximately EUR 58 million in 2022.

In addition to the transactions closed in 2023, IMCD signed five agreements.

On 18 May 2023, IMCD signed an agreement to acquire 100% of the shares of the speciality distribution company in Malaysia, Euro Chemo-Pharma Sdn Bhd ("Euro Chemo-Pharma") and its wholly owned subsidiary, Biofresh Green Sdn Bhd ("Biofresh"). Together with 124 employees, Euro Chemo-Pharma and Biofresh are offering a wide range of products, mainly food, pharmaceutical and personal care applications and generated revenues of approximately EUR 55 million in the financial year ended on June 30, 2022. The transaction was closed on 29 February 2024.

On 10 November 2023, IMCD signed an agreement to acquire two business lines from CJ Shah & Company for cellulose acetate butyrate, coalescing agent, polyolefin polymers, and other chemicals primarily for paints, coatings, adhesives and life sciences applications. These two business lines generated revenues of approximately EUR 25 million in the financial year that ended on March 31, 2023 with 20 employees. The transaction was closed on 22 February 2024.

On 28 November 2023, IMCD signed an agreement to acquire the business of the speciality distribution company Guangzhou RBD Chemical Co., Ltd. in China ("RBD"). RBD focuses mainly on the lubricant additives and represents leading global suppliers. RBD is based in Guangzhou, China, and generated a revenue of approximately CNY 75 million (ca. EUR 10 million) in 2022 and has 12 employees. The transaction was closed on 1 February 2024.

On 22 December 2023, IMCD signed an agreement to acquire the distribution business of Joli Foods S.A.S. ("Joli

< Contents page

Foods") to expand its food and nutrition business and product portfolio in Colombia. Joli Foods is based in Bogota and generated a revenue of approximately USD 16 million (ca. EUR 15 million) in 2022 and will add eleven employees to the IMCD Colombian team. The transaction was closed on 14 February 2024.

On 15 December 2023, IMCD signed an agreement to acquire 100% of the shares of Valuetree Ingredients Private Limited ("Valuetree") to expand its beauty and personal care footprint in India. Valuetree employs a team of 44 employees and generated a revenue of approximately INR 4.4 billion (ca. EUR 48 million) in the financial year that ended on March 31, 2023. The transaction will take place in two tranches. On 9 January 2024, IMCD acquired 70% of the share capital from the founders and the remaining 30% will be acquired in 2025.

Next to the five agreements that IMCD signed but did not yet close in 2023, IMCD signed an agreement on 16 February 2024 to acquire the business of the speciality distribution company ResChem Technologies Pty Ltd and ResChem Trust in Australia and New Zealand ("ResChem"). Established in 2007, ResChem specialises in resins, additives and pigments for use in inks, coatings, adhesives and construction applications. ResChem represents leading global suppliers which are complementary to IMCD's portfolio. ResChem is headquartered in Sydney, Australia, generated revenues of approximately AUD 25 million (ca. EUR 15 million) in 2023 with 15 employees and strengthens IMCD's technical expertise with an application laboratory based in Sydney. The closing of the transaction is subject to customary closing conditions and is expected to take place in the second quarter of 2024.

3.2 Financial performance 2023

All financial information in this section is presented in millions of euros. Rounding differences may occur because the underlying figures retrieved from the consolidated financial statements are rounded to the nearest thousand.

Key performance indicators

In 2023, revenue was EUR 4,442.6 million; on a constant currency basis in line with last year. On a constant currency basis, gross profit increased by 2% to EUR 1,122.6 million. Operating EBITA declined by 7% from EUR 554 million in 2022 to EUR 515 million in 2023 (-3% on a constant currency basis). The operating EBITA margin was 11.6%, compared with 12.0% in 2022.

The cash conversion margin was 105.3% in 2023, compared with 76.9% in 2022. The cash earnings per share decreased by EUR 0.37 from EUR 6.78 in 2022 to EUR 6.41 in 2023.

Key performance indicators for 2023[1]

EUR MILLION	2023	2022	CHANGE	CHANGE	FX ADJ. CHANGE
Revenue	4,442.6	4,601.5	(158.9)	(3%)	0%
Gross profit	1,122.6	1,147.1	(24.6)	(2%)	2%
Gross profit as a % of revenue	25.3%	24.9%	0.4%		
Operating EBITA	514.5	554.5	(40.0)	(7%)	(3%)
Operating EBITA as a % of revenue	11.6%	12.0%	(0.4%)		
Conversion margin	45.8%	48.3%	(2.5%)		
Net result	292.2	313.0	(20.8)	(7%)	(3%)
Adjusted leverage ratio	2.3	1.7	0.6		
Earnings per share	5.13	5.50	(0.36)	(7%)	(3%)
Free cash flow	554.2	434.4	119.8	28%	
Cash conversion margin	105.3%	76.9%	28.4%		
Cash earnings per share (EUR)	6.41	6.78	(0.37)	(6%)	(2%)
(Proposed) dividend per share (EUR)	2.24	2.37	(0.13)	(5%)	
Number of full time employees end of period	4,736	4,323	413	10%	

1 For definitions, reference is made to section 2 Alternative performance measures (APMs) of the appendices.

Constant currencies

Constant currencies are used to exclude the impact of movements in foreign currency exchange rates from the comparison with last year results. Constant currency results (or FX adjusted results) are calculated by translating last year's results at current year's foreign currency exchange rates.

Organic and acquisition growth

Organic growth is used as a key measure of business performance and excludes the effect of acquisitions on the operating results. Acquisition growth consists of the results attributable to acquired businesses from the date of closing the acquisition to the first anniversary of the acquisition. Organic growth is defined as the remaining change in the results as compared to the prior period, after changes in results attributable to acquired businesses and the effect of fluctuations in foreign exchange rates.

Revenue

Compared with 2022, revenue declined by EUR 158.9 million to EUR 4,443 million in 2023. The revenue decrease is the result of organic decline (-6%), the impact of first-time inclusion of acquisitions (+6%) and a negative impact of foreign currency exchange developments (-4%).

The overall organic revenue development was shaped by the balance of local macroeconomic circumstances, further strengthening of the product portfolio by adding new suppliers, expanding relationships with existing suppliers and increasing customer penetration by adding new products and selling more products to existing and new customers.

Revenue was positively impacted by acquisitions completed in 2023 (Orange Chemicals, Sanrise, ACM, Tradeimpex, Tagra, Allianz, KOI Products Solutions, CPS Oil-Tech, O&3, Sachs, SCI Chemical Logistics, MAPRIN, Needfill and Brylchem) and acquisitions completed in 2022 (Syntec, Aquatech, RPL Trading, Polychem, Evenlode, Polyorganic, Quelaris, Promaplast, Kuni Chemical, Parkash and Welex). The total positive impact of the acquisitions on revenue in 2023 was 6%.

Gross profit

Gross profit, defined as revenue less cost of materials and inbound logistics, declined by EUR 24.6 million from EUR 1,147 million in 2022 to EUR 1,123 million in 2023. The decline in gross profit was the result of organic developments (-3%), the impact of the first-time inclusion of acquisitions (+5%) and the negative impact of foreign currency exchange rate developments (-4%).

Gross profit as a % of revenue increased by 0.4%-point from 24.9% in 2022 to 25.3% in 2023. The EMEA and Americas regions contributed to the improved gross profit margin in 2023. Gross profit margins showed the usual level of differences in margins per region, margins per product and margins per product market combination. Differences between and within the regions are caused by local market circumstances, product mix variances, product availability, foreign currency fluctuations and the impact of newly acquired businesses.

Revenue

	EUR MILLION				GROWTH			
	2023	IN % TOTAL	2022	IN % TOTAL	ORGANIC	ACQUISITION	FOREIGN EXCHANGE	TOTAL
EMEA	1,942.6	43.7%	2,006.4	43.6%	(4%)	3%	(3%)	**(3%)**
Americas	1,413.2	31.8%	1,591.7	34.6%	(14%)	5%	(2%)	**(11%)**
Asia-Pacific	1,086.9	24.5%	1,003.4	21.8%	1%	14%	(7%)	**8%**
Total	**4,442.6**	**100.0%**	**4,601.5**	**100.0%**	**(6%)**	**6%**	**(4%)**	**(3%)**

Gross profit

	EUR MILLION				GROWTH			
	2023	IN % REVENUE	2022	IN % REVENUE	ORGANIC	ACQUISITION	FOREIGN EXCHANGE	TOTAL
EMEA	529.7	27.3%	529.7	26.4%	0%	3%	(3%)	**- %**
Americas	340.4	24.1%	382.7	24.0%	(13%)	4%	(2%)	**(11%)**
Asia-Pacific	252.5	23.2%	234.7	23.4%	6%	9%	(7%)	**8%**
Total	**1,122.6**	**25.3%**	**1,147.1**	**24.9%**	**(3%)**	**5%**	**(4%)**	**(2%)**

< Contents page

Operating EBITA

Operating EBITA is defined as the result from operating activities before amortisation of intangible assets and excluding non-recurring income and expenses. It is one of the key performance indicators IMCD uses for monitoring the performance of its operating activities.

The bridge between result from operating activities and operating EBITA is as shown in the table 'Bridge operating EBITA'.

Operating EBITA declined by EUR 40.0 million (-7%) from EUR 554 million in 2022 to EUR 515 million in 2023. On a constant currency basis, the decline was 3%.

The decline in operating EBITA of 7% was the result of organic developments (-7%), the impact of the first-time inclusion of acquisitions completed in 2022 and 2023 (+4%) and the negative impact of foreign currency exchange differences (-4%).

The operating EBITA as a % of revenue declined by 0.4%-point from 12.0% in 2022 to 11.6% in 2023. The regions showed the following operating EBITA margins. In EMEA the EBITA margin increased by 0.2%-point, from 12.3% in 2022 to 12.5% in 2023. The America segment showed a decline in EBITA margin of 1.2%-point from 12.2% in 2022 to 11.0% in 2023. In Asia-Pacific the EBITA margin declined by 0.6%-point, from 14.5% in 2022 to 13.9% in 2023.

Bridge operating EBITA

EUR MILLION	2023	2022	CHANGE
Result from operating activities	**428.5**	**461.8**	**(33.2)**
Amortisation of intangible assets	80.9	81.5	(0.6)
Non-recurring items[1]	5.1	11.2	(6.1)
Operating EBITA	**514.5**	**554.5**	**(40.0)**

1 Reference is made to note 11 of the financial statements

Operating EBITA

EUR MILLION	2023	IN % REVENUE	2022	IN % REVENUE	ORGANIC	ACQUISITION	FOREIGN EXCHANGE	TOTAL
EMEA	242.0	12.5%	246.6	12.3%	(1%)	3%	(4%)	**(2%)**
Americas	155.0	11.0%	194.9	12.2%	(22%)	4%	(2%)	**(20%)**
Asia-Pacific	150.6	13.9%	145.1	14.5%	5%	6%	(7%)	**3%**
Holding companies	(33.0)	0.7%	(32.1)	0.7%	(3%)	0%	(0%)	**(3%)**
Total	**514.6**	**11.6%**	**554.5**	**12.0%**	**(7%)**	**4%**	**(4%)**	**(7%)**

The conversion margin, defined as operating EBITA as a % of gross profit, declined by 2.5%-point from 48.3% in 2022 to 45.8% in 2023. The decline in conversion margin is mainly the result of less gross profit and the impact of the first time inclusion of acquisitions with on average lower conversion margins. Organic increase in own cost was modest given the impact of higher than usual cost inflation in most of the regions IMCD operates in.

Operating EBITA by operating segment

IMCD distinguishes the following operating segments:

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

The developments in the operating segments are described in the following sections.

EMEA

In 2023, the revenue in the EMEA region declined by 3% compared with 2022. On a constant currency basis, the revenue was in line with last year. The impact of the first-time inclusion of acquisitions completed in 2022 and 2023 was 3% and the negative impact of foreign currency rate developments was 3%. The acquisition impact of 3% relates to the acquisition of Polychem (South Eastern Europe) and Evenlode (UK) in 2022 and Orange Chemicals (UK), ACM (Sweden), Tagra Distribution Division (Israel), KOI Products Solutions (Israel), CPS Oil-Tech (South Africa), and O&3 (UK) in 2023. The unfavourable developments of foreign currency exchange rates in the EMEA region, mainly relates to Türkiye.

Gross profit remained stable at EUR 529.7 million in 2023, and is the balance of acquisition growth of 3% and a negative currency exchange impact of 3%. Despite the challenging market conditions, including the macroeconomic and geopolitical concerns, IMCD successfully gained new suppliers relationships and further expanded its relationships with existing suppliers in new territories and with additional business lines. Organic gross profit development further included the usual variations in the product and customer mix.

Gross profit margin increased by 0.9%-points, from 26.4% in 2022 to 27.3% in 2023. The gross profit margin improvements are predominantly the result of margin improvement initiatives, changes in the product mix and the negative impact of acquisitions, with on average lower gross profit margins, completed in 2022 and 2023.

EMEA

EUR MILLION	2023	2022	CHANGE	CHANGE	FX ADJ. CHANGE
Revenue	1,942.6	2,006.4	(63.8)	(3%)	(0%)
Gross profit	529.7	529.7	(0.0)	(0%)	3%
Gross profit as a % of revenue	27.3%	26.4%	0.9%		
Operating EBITA	242.0	246.6	(4.6)	(2%)	2%
Operating EBITA as a % of revenue	12.5%	12.3%	0.2%		
Conversion margin	45.7%	46.5%	(0.8%)		

In 2023, IMCD successfully completed six acquisition transactions in the EMEA region, Orange Chemicals (UK), ACM (Sweden), Tagra Distribution Division and KOI Products Solutions (Israel), CPS Oil-Tech (South Africa), O&3 (UK, PL, USA), adding new supplier relationships, complementary product portfolios and expertise to the group.

IMCD continued to optimise its supply chain network in 2023, in order to enhance customer service levels and to reduce operating costs in the supply chain.

IMCD operates 28 application laboratories in EMEA. These laboratories are instrumental in exploring local markets and developing product applications for IMCD's business partners. In addition, laboratories are used for exchanging market and product expertise between IMCD, suppliers and customers on a local, regional and global level.

Operating EBITA declined by 2% from EUR 246.6 million in 2022 to EUR 242.0 million in 2023. The organic decline in operating EBITA was the result of organic developments (-1%), the impact of the first-time inclusion of acquisitions completed in 2022 and 2023 (+3%) and the negative impact of foreign currency exchange differences (-4%). Operating EBITA as a % of revenue increased by 0.2%-point, from 12.3% in 2022 to 12.5% in 2023.

The conversion margin declined by 0.8%-points, from 46.5% in 2022 to 45.7% in 2023. The development of the conversion margin is the result of higher gross profit margins being more than offset by higher own costs. IMCD continues to focus on revenue and gross profit growth, combined with ensuring resource efficiency.

As at the end of 2023, the number of full-time employees in EMEA was 2,006 compared with 1,782 as at the end of 2022. The increase in the number of full-time employees is due to additional staff being hired to fill vacancies and to strengthen the technical expertise, and to the impact of acquisitions completed in 2023 (98 full-time employees).

Americas

In the Americas segment, revenue was EUR 1,413.2 million in 2023 compared with EUR 1,591.7 million in 2022 (-11%). In 2023, organic revenue decline was 14% and growth as a result of acquisitions completed in 2022, Polyorganic (Brazil), Quelaris (Colombia, Costa Rica and Peru) and Promaplast (USA and Mexico) and in 2023, Allianz (Colombia), Sachs (Puerto Rico) and MAPRIN (Chile) was 5%. The unfavourable developments of foreign currency exchange rates in the America region, resulted in a negative currency exchange impact of 2% on revenues in 2023.

In 2023, the America segment reported a gross profit decrease of EUR 42.3 million (-11%) to EUR 340.4 million, compared with EUR 382.7 million in 2022. The decline in gross profit was the result of an organic decline (-13%), the impact of the first-time inclusion of acquired companies (+4%) and negative foreign currency exchange results (-2%).

Gross profit margin increased by 0.1%-points, from 24.0% in 2022 to 24.1% in 2023. The gross profit margin improvements are predominantly the result of margin improvement initiatives, changes in the product mix and the negative impact of acquisitions completed in 2022 and 2023.

In 2023, IMCD successfully completed four acquisitions in the America region, of which three transactions were closed in 2023. The closed transactions relates to Allianz (Colombia), Sachs (Puerto Rico), MAPRIN (Chile). In addition to the closed transactions, IMCD signed an agreement to acquire the distribution business of Joli Foods (Colombia).

Americas

EUR MILLION	2023	2022	CHANGE	CHANGE	FX ADJ. CHANGE
Revenue	1,413.2	1,591.7	(178.6)	(11%)	(9%)
Gross profit	340.4	382.7	(42.3)	(11%)	(9%)
Gross profit as a % of revenue	24.1%	24.0%	0.1%		
Operating EBITA	155.0	194.9	(39.9)	(20%)	(19%)
Operating EBITA as a % of revenue	11.0%	12.2%	(1.2%)		
Conversion margin	45.5%	50.9%	(5.4%)		

Operating EBITA declined by EUR 39.9 million (-20%) from EUR 194.9 million in 2022 to EUR 155.0 million in 2023. The organic decline in operating EBITA was the result of organic developments (-22%), the impact of the first-time inclusion of acquisitions completed in 2022 and 2023 (+4%) and the negative impact of foreign currency exchange differences (-2%).

Operating EBITA margin declined by 1.2%-point from 12.2% in 2022 to 11.0% in 2023. The conversion margin was 45.5% in 2023 compared with a relatively high conversion margin of 50.9% in 2022 (2021: 45.1%). The development of the conversion margin is the result of a combination of slightly lower own costs that could not compensate for the decline in gross profit and the negative impact of acquisitions with on average lower conversion margins.

The number of full-time employees in the America increased from 1,189 as at the end of 2022 to 1,301 as at the end of 2023. This increase includes 83 additional full-time employees as a result of acquisitions in 2023.

Asia-Pacific

The Asia-Pacific region delivered strong growth numbers in 2023. Revenue increased by 8% from EUR 1,003.4 million in 2022 to EUR 1,086.9 million in 2023. Revenue growth in 2023, consists of organic growth of 1%, growth as a result of acquisitions completed in 2022: Syntec (China), RPL Trading (Australia and New Zealand), Aquatech (China), Kuni Chemical (Japan), Welex (China) and Parkash (India) and in 2023: Sanrise (China), Tradeimpex (India) and Needfill (South Korea), Brylchem Group (Singapore and Vietnam) of 14%, and negative currency exchange rate developments of 7%.

In 2023, gross profit increased by 8%, of which 6% relates to organic growth and 9% is the result of the first time inclusion of businesses acquired in 2022 and 2023. The unfavourable developments of foreign currency exchange rates in Asia-Pacific resulted in a negative currency exchange impact of 7% on gross profit in 2023. The gross profit margin declined by 0.2%-points from 23.4% in 2022 to 23.2% in 2023. The gross profit margin decline is mainly the result of the impact of the first time inclusion of acquired businesses with gross margins lower than IMCD's average, combined with changes in the product mix and gross margin improvement initiatives.

Asia-Pacific

EUR MILLION	2023	2022	CHANGE	CHANGE	FX ADJ. CHANGE
Revenue	1,086.9	1,003.4	83.5	8%	16%
Gross profit	252.5	234.7	17.8	8%	16%
Gross profit as a % of revenue	23.2%	23.4%	(0.2%)		
Operating EBITA	150.6	145.1	5.5	4%	12%
Operating EBITA as a % of revenue	13.9%	14.5%	(0.6%)		
Conversion margin	59.6%	61.8%	(2.2%)		

In 2023, IMCD continued with the execution of its selective acquisition strategy, which led to eight acquisitions in the Asia-Pacific region, of which four transactions were closed in 2023.

In addition to the transactions closed in 2023 (Sanrise, Tradeimpex, Needfill and Brylchem Group), in 2023 IMCD signed agreements to acquire the shares of CJ Shah (India), RBD (China), Valuetree (India) and Euro Chemo-Pharma/Biofresh (Malaysia).

Compared with 2022, operating EBITA in Asia-Pacific increased by EUR 5.5 million (+4%) to EUR 150.6 million in 2023. The organic growth was 5% and acquisition-driven growth of the operating EBITA of 6%. Currency exchange rate developments negatively impacted operating EBITA by 7%.

Operating EBITA as a % of revenue decreased by 0.6%-points from 14.5% in 2022 to 13.9% in 2023. The conversion margin declined by 2.2%-points to 59.6% in 2023. Compared with 2022, the decline in both the operating EBITA margin and the conversion margin in 2023 is mainly the result of acquisitions.

The number of full time employees in the Asia-Pacific region increased by 5%, from 1,245 at the end of 2022 to 1,306 at the end of 2023. Considering the impact of the acquisitions completed in 2023 (109 FTE), the number of full-time employees decreased by 48.

Holding Companies

EUR MILLION	2023	2022	CHANGE	CHANGE	FX ADJ. CHANGE
Operating EBITA	(33.0)	(32.1)	(0.9)	(3%)	(3%)
Operating EBITA in % of total revenue	(0.7%)	(0.7%)	- %		

Holding Companies

Operating EBITA of Holding Companies represents costs relating to the central head office in Rotterdam and the regional head offices in Singapore and the USA.

Operating costs increased by close to EUR 0.9 million (+3%) from EUR 32.1 million in 2022 to EUR 33.0 million in 2023. On a constant currency basis, the increase is 3%. The cost increase reflects the growth of IMCD and the corresponding need to strengthen the support functions in both Rotterdam and the regional head offices in. Operating costs of the Holding Companies in percentage of consolidated revenue remained stable at 0.7% in 2023.

As at the end of 2023, the number of full-time employees of the Holding Companies was 123 compared with 106 at year-end 2022.

Result for the year

The bridge between Operating EBITA, one of IMCD's key performance indicators used for monitoring the performance of the operating activities, the result from operating activities (based on IFRS) and result for the year (based on IFRS) is as shown in table 'Result for the year'.

Result for the year

EUR MILLION	2023	2022	CHANGE	CHANGE
Operating EBITA	**514.5**	**554.5**	**(39.9)**	**(7%)**
Amortisation of other intangible assets	(80.9)	(81.5)	0.5	(1%)
Non-recurring income and expenses	(5.1)	(11.2)	6.1	(55%)
Result from operating activities	**428.5**	**461.7**	**(33.2)**	**(7%)**
Net finance costs	(25.4)	(25.9)	0.4	(2%)
Share of profit of equity-accounted investees, net of tax	0.0	(0.0)	0.0	(58%)
Result before income tax	**403.1**	**435.8**	**(32.7)**	**(8%)**
Recurring income tax expenses	(110.6)	(124.8)	14.2	(11%)
Non-recurring income tax income	(0.3)	2.0	(2.3)	(115%)
Result for the year	**292.2**	**313.0**	**(20.8)**	**(7%)**

Amortisation of intangible assets

Amortisation of intangible assets refers to non-cash expenses, relating to the amortisation of supplier relationships, distribution rights and other intangible assets.

The amortisation of other intangible assets declined from EUR 81.5 million in 2022 to EUR 80.9 million in 2023, which is the result of combination of acquisitions completed in 2022 and 2023 and less amortisation due to fully amortised assets.

Non-recurring income and expenses

In 2023, non-recurring income and expenses amounted to EUR -5.1 million compared with EUR -11.2 million in 2022. The non-recurring expenses in 2023 relate to the costs of realised and non-realised acquisitions, net result on the sale of a warehouse in the USA, and costs of other one-off adjustments to the organisation.

Net finance costs

The net finance costs consist of the following items:

Net finance costs

EUR MILLION	2023	2022	CHANGE
Interest income on loans and receivables	3.8	2.8	1.0
Interest expenses on financial liabilities	(44.7)	(23.9)	(20.8)
Changes in deferred considerations	29.3	6.9	22.3
Amortisation of finance costs	(1.8)	(0.9)	(0.9)
Interest costs re employee benefits	(0.4)	(0.3)	(0.1)
Interest expenses on lease liabilities	(3.1)	(2.5)	(0.6)
Foreign currency exchange results	(8.5)	(8.0)	(0.5)
Net finance costs	**(25.4)**	**(25.9)**	**0.4**

Net finance costs were EUR -25.4 million in 2023 compared with EUR -25.9 million in 2022. The main drivers of the decrease in net finance costs of EUR 0.4 million were increased interest expenses on financial liabilities (EUR -20.8 million) and positive results related to adjustments to the fair value of contingent considerations (EUR 22.3 million). The main drivers of the positive results regarding the changes in the deferred considerations relate to Megasetia and Sanrise. Less favourable result developments of both entities compared to assumptions used in the calculation of the initial value of the deferred consideration, have led to a decrease in the fair value of the deferred considerations.

Income tax

In 2023, corporate income tax expenses decreased by EUR 12.0 million, from EUR 122.8 million in 2022 to EUR 110.9 million in 2023.

Income tax expenses

EUR MILLION	2023	2022	CHANGE
Regular income tax expenses	(119.7)	(130.3)	10.6
Adjustments for prior years	(1.4)	(3.7)	2.4
(De-)recognition of previously (un)recognised tax losses	1.9	0.4	1.6
Tax credits related to amortisation of intangible assets	8.6	8.5	0.1
Changes in tax rates	(0.0)	0.4	(0.4)
Non-recurring income tax	(0.3)	2.0	(2.3)
Income tax expenses	**(110.9)**	**(122.8)**	**12.0**

Regular corporate income tax expenses decreased by EUR 10.6 from EUR 130.3 million in 2022 to EUR 119.7 million in 2023. Regular tax as a percentage of result before income tax and amortisation of intangibles

(EUR 484.0 million in 2023 and EUR 517.3 million in 2022) was 24.7% compared with 25.2% in 2022.

The decrease in income tax expenses in 2023 is mainly due to the lower results of the group. The restructuring and integration of acquired businesses together with the results of the sales of real estate, led to a non-recurring income tax charge of EUR 0.3 million in 2023 (EUR 0.4 million income in 2022).

Earnings per share and cash earnings per share

Earnings per share declined by EUR 0.36 (-7%) from EUR 5.50 in 2022 to EUR 5.13 in 2023. Cash earnings per share, calculated as earnings per share before amortisation of intangible assets, net of tax, divided by the weighted average number of outstanding shares, declined by EUR 0.37 (-6%) from EUR 6.78 in 2022 to EUR 6.41 in 2023.

Cash earnings per share

EUR MILLION	2023	2022	CHANGE
Result for the year	292.2	313.0	(20.8)
Amortisation of intangible assets	80.9	81.5	(0.6)
Tax credits related to amortisation of intangible assets	(8.6)	(8.5)	(0.1)
Result for the year before amortisation (net of tax)	**364.5**	**386.0**	**(21.4)**
Weighted average number of shares (x million)	56.9	56.9	(0.0)
Earnings per share	**5.13**	**5.50**	**(0.36)**
Cash earnings per share (weighted)	**6.41**	**6.78**	**(0.37)**

Dividend

The Company has a dividend policy with the intention to pay an annual dividend in the range of 25% to 35% of the adjusted net income to be paid out in cash or in shares. Adjusted net income is defined as the reported result for the year plus non-cash amortisation charges (net of tax). The outcome may be adjusted for material non-recurring items.

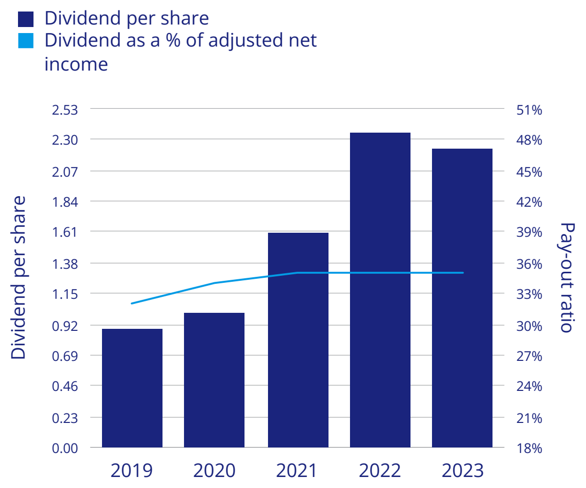
In 2023, IMCD realised adjusted net income of EUR 364.5 million (EUR 6.41 per share), compared with EUR 386.0 million (EUR 6.78 per share) in 2022.

The dividend proposal of IMCD is based on a combination of maintaining room for further acquisition growth combined with assuring reasonable leverage levels, facilitating IMCD's long-term growth strategy. For the financial year 2023 a dividend of EUR 2.24 in cash per share will be proposed to the Annual General Meeting. Compared with EUR 2.37 per share for the financial year 2022, this means an decrease of EUR 0.13 per share (-5%).

Approval of the dividend proposal by the Annual General Meeting will lead to a dividend distribution of EUR 127.7 million in cash (2022: EUR 135.1 million), which is 35% of the net result for 2023 adjusted for non-cash amortisation charges, net of tax (2022: 35%).

The development of the dividend per share and the dividend as a percentage of the adjusted net income for the last five years is shown in the following graph.

Development dividend per share



Cash flow[1]

EUR MILLION	2023	2022	CHANGE
Operating EBITA	**514.5**	**554.5**	**(39.9)**
Depreciation	33.3	30.0	3.3
Operating EBITDA	**547.8**	**584.5**	**(36.6)**
Lease payments	(26.4)	(23.5)	(2.9)
Share based payments	4.8	4.3	0.5
Adjusted Operating EBITDA	**526.2**	**565.3**	**(39.0)**
Change in:			
Inventories	68.3	(61.4)	129.7
Trade and other receivables	1.2	(32.5)	33.7
Trade and other payables	(31.9)	(29.3)	(2.7)
Change operational working capital	**37.6**	**(123.1)**	**160.8**
Acquisition of property, plant and equipment	(21.2)	(10.9)	(10.3)
Proceeds from disposals of (in)tangible assets	11.6	3.3	8.3
Free cash flow	**554.2**	**434.4**	**119.8**
Cash conversion margin	**105.3%**	**76.9%**	**28.5%**

Free cash flow is defined as operating EBITDA excluding non-cash share-based payment expenses, less lease payments, plus or less changes in operational working capital, less capital expenditures. Free cash flow increased by EUR 119.8 million from EUR 434.4 million in 2022 to EUR 554.2 million in 2023. The cash conversion margin is defined as free cash flow as a percentage of adjusted operating EBITDA; adjusted operating EBITDA is the operating EBITDA adjusted for non-cash share-based payments and lease premiums. The cash conversion margin increased by 28.5%-points from 76.9% in 2022 to 105.3% in 2023.

The increase in the cash conversion margin in 2023 is the result of a combination of lower adjusted operating EBITDA (EUR -39 million), higher net capital expenditures (EUR -2.0 million) and lower working capital investments (EUR 160.8 million) compared with 2022. The divestment in operational working capital in 2023, which excludes additional working capital as a result of acquisitions completed in 2023, amounts to EUR 37.6 million (2022: EUR -123.1 million). The consolidated change in operational working capital is the accumulated total of the monthly operational working capital changes in local currencies translated into EUR, using the monthly average exchange rates.

The decreased investment in operational working capital in 2023 is the result of the relatively lower level of business activities in more than offsetting slightly higher net working capital days in 2023. IMCD continues to maintain stringent net working capital management.

Net capital expenditure (acquisition of property, plant and equipment minus proceeds from disposals of property, plant and equipment and intangible assets) was mainly related to investments in the ICT infrastructure, office furniture and technical, warehouse and office equipment and to divestments of properties and amounted to EUR 9.7 million in 2023 (2022: EUR 7.7 million). The increase is driven by the increased size of the overall operations. IMCD continues to maintain an asset-light business model.

Balance sheet

EUR MILLION	2023	2022	CHANGE
Property, plant and equipment	136.3	113.3	23.0
Intangible assets	2,260.4	1,941.1	319.3
Financial assets	50.0	42.7	7.3
Non-current assets	**2,446.6**	**2,097.1**	**349.5**
Net working capital	**764.4**	**770.1**	**(5.7)**
Provisions and deferred tax liabilities	**(199.3)**	**(166.9)**	**(32.4)**
Total capital employed	**3,011.8**	**2,700.3**	**311.4**
Equity	**1,726.2**	**1,673.4**	**52.8**
Net debt	**1,285.6**	**1,026.9**	**258.6**
Total financing	**3,011.7**	**2,700.3**	**311.4**

Non-current assets

The total non-current assets, consisting of property, plant and equipment, intangible assets and financial assets increased by EUR 349.5 million in 2023.

The net increase in property, plant and equipment of EUR 23.0 million relates to ICT infrastructure, office furniture and technical, warehouse and office equipment (EUR 5.8 million) and right-of-use assets as a result of new and renewed office, warehouse and car lease contracts (EUR 17.2 million).

The net increase in intangible assets (EUR 319.3 million) is the result of new supplier relationships and other intangible assets (EUR 15.5 million), additional goodwill and other intangible assets acquired as a result of

[1] For definitions, reference is made to section 2 Alternative performance measures (APMs) of the appendices.

< Contents page

acquisitions completed in 2023 (EUR 425.9 million), the regular amortisation of intangible assets (EUR -80.9million) and negative foreign currency impacts (EUR -41.2 million).

Net working capital

Net working capital is defined as inventories, trade and other receivables less trade payables and other payables. Net working capital decreased by EUR 5.7 million (-1%) from EUR 770.1 million as at the end of 2022 to EUR 764.4 million as at 31 December 2023. The decrease in net working capital of EUR 5.7 million is the result of the lower level of business activities in 2023 compared with last year, the normalisation impact of the relatively high working capital levels in 2022, the impact of exchange rate differences on year-end balance sheet positions (EUR -18.8 million) and the impact of acquisitions completed in 2023 (EUR 57.0 million).

Net working capital development

EUR MILLION	2023	2022	CHANGE
Inventories	**581.5**	**622.1**	**(40.6)**
Inventories in days of revenue[1]	46	48	(2)
Trade and other receivables	**732.0**	**702.3**	**29.7**
Trade and other receivables in days of revenue[1]	58	54	4
Trade payables	**(391.2)**	**(389.0)**	**(2.2)**
Trade payables in days of revenue[1]	31	30	1
Other payables	**(157.9)**	**(165.3)**	**7.4**
Other payables in days of revenue[1]	12	13	(1)
Total working capital	**764.4**	**770.1**	**(5.7)**
Total working capital in days of revenue[1]	61	59	2

1 Revenue normalised for full year impact acquisitions

Year-end working capital days increased by 2 days to 61, compared with the end of 2022 (59 days). The increase in net working capital days as at year end 2023 is partly driven by the impact of the acquisition of companies with higher than IMCD's average working capital days, in particular in the Asia-Pacific region.

Monitoring working capital positions is a permanent focus of management and IMCD has various processes, procedures and tools in place to optimise working capital.

Financing

IMCD aims to maintain a capital structure that offers flexibility and enables IMCD to cover its potential financial requirements and to execute its organic growth and acquisition strategy. The corporate treasury team at the head office in Rotterdam manages liquidity and interest risks.

On 8 February 2023, IMCD completed the refinancing of its multi-currency revolving credit facility. The new facility, with a maturity data of 8 February 2029, amounts to EUR 600 million and can be drawn in EUR and USD as well as, to an agreed sub-limit, in AUD and GBP. The credit revolving facility has an interest margin dependent on external credit ratings. For the new revolving credit facility a maximum leverage of 3.75 times EBITDA (with a spike period maximum of 4.25), tested semi-annually is applicable.

On 18 September 2023, IMCD issued an EUR 500 million rated corporate bond loan with institutional investors. This five-year senior unsecured bond loan matures on 18 September 2028 and has a fixed coupon of 4.875%. The bond loan is traded on the EURO MTF market of the Luxembourg Stock Exchange. The proceeds of the bond loan issue is used for general corporate purposes, including the refinancing of existing indebtedness.

Net debt is defined as the total of current and non-current loans and borrowings, short term financial liabilities minus cash and cash equivalents.

As at the end of 2023, net debt was EUR 1,285.6 million compared with EUR 1,026.9 million as at 31 December 2022. The increase in net debt is predominantly the balance of positive and healthy cash flows from operating activities, more than offset by cash outflows as a result of acquisition-related payments of EUR 367.6 million and a dividend payment of EUR 135.1 million in 2023. Furthermore, net debt includes EUR 102.9 million (31 December 2022: EUR 273.6 million) deferred and contingent considerations related and EUR 243.8 million short term liability (see note 29 to the financial statements) related to acquisitions completed in 2023 and prior years.

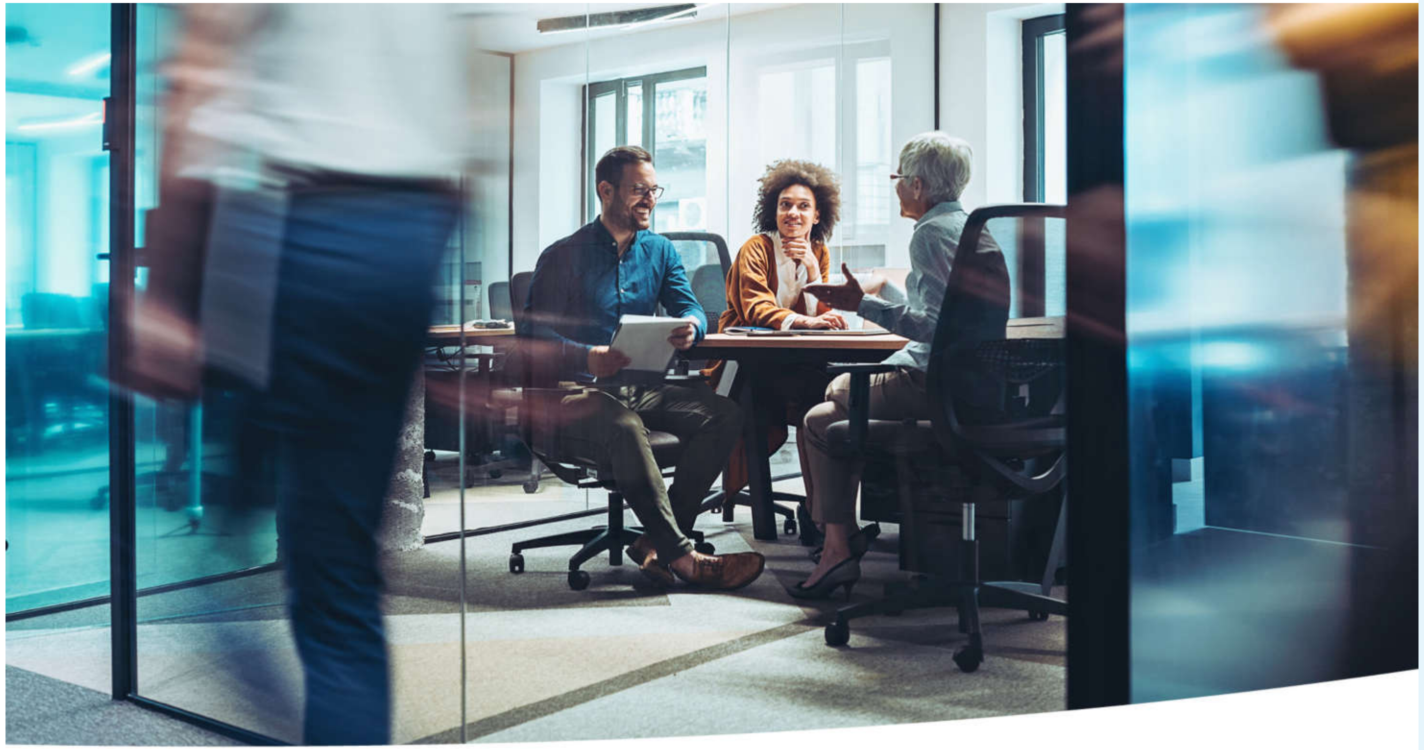
As at 31 December 2023, the adjusted leverage ratio (net debt/operating EBITDA ratio including full-year impact of acquisitions) was 2.3 times EBITDA (31 December 2022: 1.7). Actual leverage, calculated on the basis of the definitions used in the IMCD loan documents as at 31 December 2023, was 1.7 times EBITDA (31 December 2022: 1.2).

As per 31 December 2023 a leverage covenant is applicable to the Group's revolving credit facilities. For the revolving credit facility of EUR 600 million, a maximum leverage of 3.75 times EBITDA is applicable (with a spike period maximum of 4.25), tested semi-annually. As at 31 December 2023, the actual leverage of 1.7 times EBITDA is well below the applicable maximum leverages.

Equity

Total equity increased by EUR 52.8 million from EUR 1,673.4 million as at 31 December 2022 to EUR 1,726.2 million as at 31 December 2023. The increase in total equity is the balance of the addition of the net profit for the year of EUR 292.2 million, other comprehensive income of EUR -53.8 million, dividend payments in cash of EUR -135.1 million, results related to the acquisition of the minority shares of Signet Excipients Pvt. Ltd of EUR -51.6 million, transactions related to the group's share-based payment programme of EUR 1.0 million. The increase in equity resulted in a solid ratio at year-end with total equity covering 41.5% of the balance sheet total (31 December 2022: 45.9%).

During 2023, the Group transferred 33,501 shares to fulfil its annual obligation from the long-term incentive plan.



4 People & Culture Value

Training hours per employee

14

vs. 5 hrs average in 2022 (+ 254%)

Women in senior leadership positions

44%

vs. 42% in 2022

New employees hired (including joiners due to acquisitions)

1,236

vs. 1,233 in 2022

IMCD is a diverse group of 4,736 men and women who live and work in more than 60 countries in Europe, Middle East & Africa (EMEA), the Americas and in the Asia-Pacific region (APAC). IMCD is very proud of its people and culture and considers them to be its most important asset by far. It is easy to explain why: the value of the company lies in the commercial partnerships with principals and customers and, in the quality and the technical expertise of the people who manage those relationships, plus in the people who lead and support them in various functional areas.

In the very technical world of speciality chemicals and ingredients, our management approach is to operate as a people-centric, professional services firm, where highly qualified key people in a flat organisation with locally delegated decision-making, make the difference for suppliers, customers, and each other. IMCD aims to minimise bureaucracy and encourages entrepreneurship. IMCD competes with large chemical and ingredient producers for talent and needs to attract, hire and retain very capable and highly educated individuals, but also train and develop them to get the very best out of everybody. Our Business Groups range from industrial like coatings & construction or lubricants, to life sciences such as beauty & personal care therefore we want to provide jobs and careers for men and women alike. For IMCD Diversity is important to be successful. All this in a business environment where we continue to acquire new companies and integrate them quickly. In 2023, we acquired thirteen companies with 290 new employees. Including these acquired employees we hired 1,236 new employees. Our culture is the glue that keeps the talent and the new businesses together; it cuts across geographies and helps to integrate newly acquired businesses quickly and it ensures that IMCD has winning teams all over the world.

Our IMCD Culture and Values explained

At IMCD we are committed to offering our customers and principals long-term value through dedicated commercial teams with expertise of chemicals and ingredients. As a global leader in the industry, we operate in over 60 countries across the world and we strive to do that in a consistent, recognisable way that reflects what we stand for and set us apart so that all our stakeholders be it investors, employees, principals or customers know what they can expect from us. Our culture is the same across the IMCD world to ensure the long-term value for all stakeholders. Our values are non-negotiable promises we make to the world – the principles we stick to no matter what. We believe more in our values as the compass for behaviour than in detailed bureaucratic rule books.

We have five values that we apply to decisions and actions we take. Firstly, we are **Entrepreneurial** meaning we think like owners by creating long term value, taking initiative, generating new and novel business opportunities, and being self-motivated to drive the business forward. Secondly, **Partnership,** we work transparently as true partners of our principals and customers and we base these relationships on trust, confidence, credibility and mutual long-term benefits. We nurture long term relationships rather than focusing on one-off quick wins. Thirdly, **Freedom to act,** we have appropriate freedom to act, with a can-do attitude so we can make various decisions independently, move fast, be efficient and capitalise on business opportunities. We take local circumstances into account, we don't have a one rule fits all approach. Fourth, **Integrity and trust** is something we expect on the highest level from each other. Lastly, **Financial Discipline** is key meaning we are aware of the financial impact of all our business decisions, and we carry out accurate transparent financial planning, monitoring, accounting and reporting via our core IT systems.

Although company values are mainly an internal matter, we expect that our customers and principals will see IMCD employees who enjoy what they do and, who act commonly, irrespective of borders and background. We apply the values in multiple ways. Firstly, they serve as a good starting point to explain to employees in newly acquired businesses how things are done at IMCD and what type of behaviour we expect. Secondly, we explain to new hires in existing businesses how IMCD functions. Thirdly, values also serve as guiding principles for managers and other employees when they have to take difficult decisions about customers, contracts, recruitment, internal promotions and more.

At least once per year the topic of IMCD's culture and values is discussed with the Supervisory Board members. The Management Board and Global HR Director are responsible for the maintenance of these values in all existing and newly acquired businesses. Management behaviours that are not aligned with our values will be corrected to ensure that the values come alive. There is the ability to discuss and report actual or suspected misconduct or irregularities, either via regular management channels or via our ethical hotline -also anonymously.

In a recent evaluation of our IMCD Culture & Values we started to discuss the importance of continuous improvement as an additional descriptor of success. We operate in a changing environment and aspire to be the best global Chemical Distributor, therefore we strengthen what is working well and improve what is not working. Fast best practice sharing and effective training programs, such as commercial excellence, are tools we have already implemented to make the concept of continuous improvement come to live and potentially become an additional part of our culture and company values.

People Goals and Objectives achieved in 2023

The overall People-related goals for IMCD were, firstly, to attract the necessary quantity and quality of new staff to enable business growth in all regions. By 2023, we added 1,236 new starters to the company, including acquisitions.

Secondly, to ensure a gender balance in the IMCD management sub top. This has been defined as the total number of positions of the country management teams and regional head offices. This group consists of 412 managers of which 182 (44%) women. Furthermore, during 2023 IMCD had 84 openings in this group of which 40 (48%) were filled by women. IMCD is getting near parity in the management sub top. Our goal was to appoint at least 40% of women in sub top open positions but we overachieved with 48% female appointments made in 2023.

Thirdly, a talent management goal. The above mentioned IMCD management sub top consists of two distinct groups. The first one is the group of customer facing managers with a commercial, digital, profit & loss (P&L) responsibility. This group comprises of 239 individuals of which 31% women. The second group contains of functional staff and support managers such as finance, communications, legal and HR. It is easier to find good female talent in the last group. However, companies in general and IMCD as well, need well filled talent pipelines to be able to source and promote talent from within. These commercial roles are important feeder positions for more senior roles such as country managing director. Therefore we had a goal to fill more than 33% of open postitions in the group of commercial managers by women. In 2023 IMCD appointed women in 34% of these open positions, which was a slight overachievement of the goal of 33%.

Goal four was to measure employee engagement and we have set a goal to achieve at least 72% favourable overall employee engagement. In the last survey, that was held in the fourth quarter of 2022 we were pleased with a very high 85% participation rate and 72% overall favourable engagement. At the same time, the questions regarding our company values came out on top: 89% of our staff know our values and only 2% replied that they did not. This is an encouraging outcome, especially given the fact that we on-boarded more than 2,400 new employees in the two years 2022 and 2023 together.

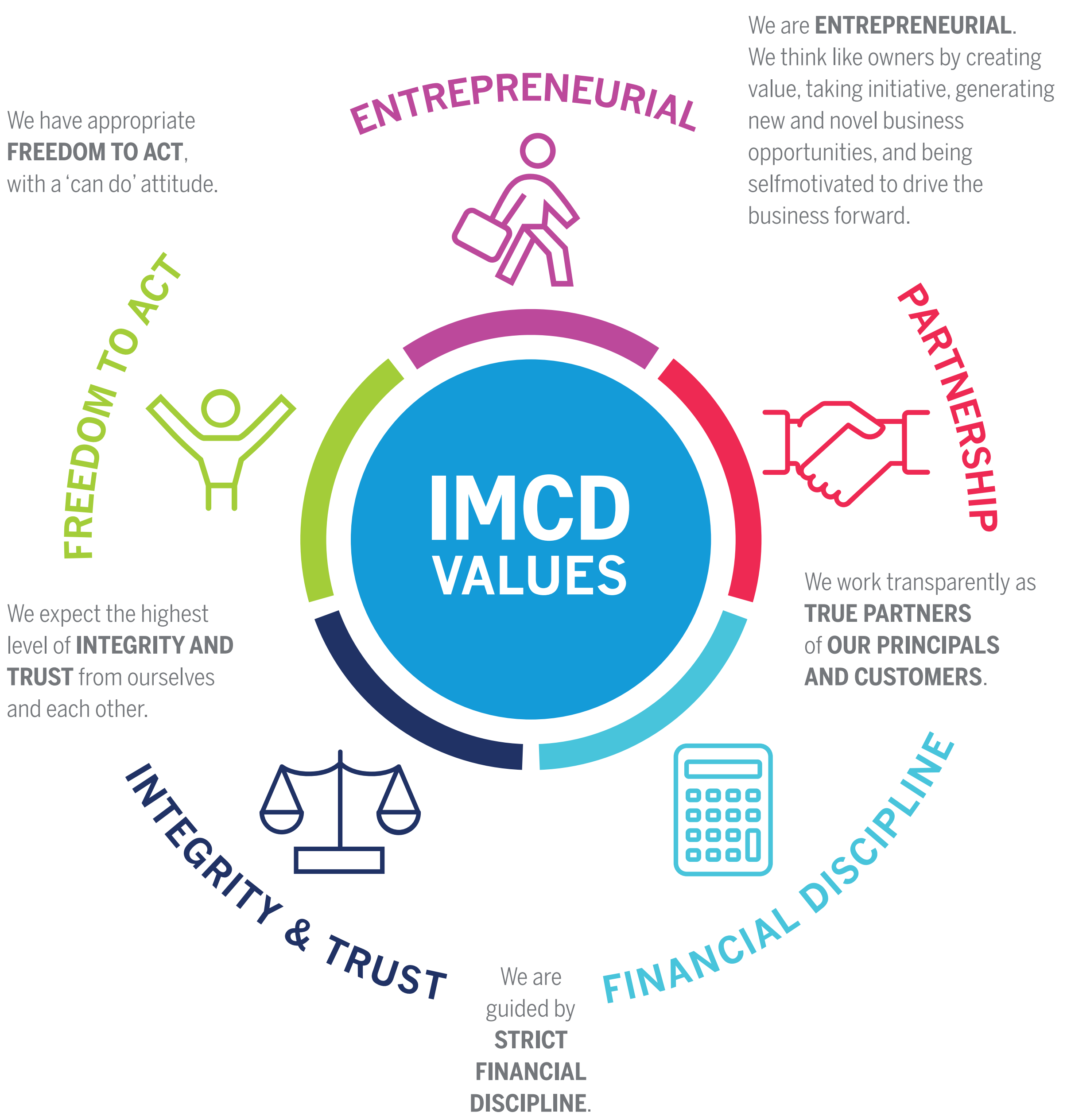
Regarding Training & Development, we decided to step up our specialised training programs and had as goal to ensure at least 6 training hours per employee. In 2023 we overachieved with 13.85 average hours of training per employee, compared to last year 5.45 hours so 254% more.

All of the above goals can only be achieved if IMCD provides a safe and secure working environment where engaged employees know that the company strives for zero workplace incidents with work-related injuries. We

< Contents page

set a goal of achieving less than 0.3 injuries per 200.000 hours worked. In 2023 we achieved a Total Recordable Injuries Rate (TRIR) of 0.22 compared to 0.31 last year, a near 30% reduction. This scores provides a snapshot of IMCD's improved safety performance.

In order to keep track of the progress in the People & Culture dimension of the business we defined the following key performance indicators for 2023 and onwards.



People & Culture KPI's

	2023	2022	CHANGE	TARGET
Average number of training hrs	14	5	154%	6
Women appointed in sub top management positions, %	48%	46%	2%	>40%
Women appointed in senior Commercial/P&L roles, %	34%	28%	6%	>33%
Executive Committee positions held by women and/or non-Europeans, %	14%	0	100%	>33%[1]
TRIR (Rate - 200K hours worked)	0.22	0.31	29%	<0.2[2]

1 by the end of 2030
2 by the end of 2025

More details on People can be found in Note 2 to the Sustainability Statements.

Risks and opportunities associated with our human capital

In achieving its objectives, IMCD faces risks and uncertainties, including People & Culture related risks. IMCD strives to identify and control those risks and uncertainties as early as possible. Risk management is an essential element in IMCD's corporate governance and is embedded in the company's business process. IMCD believes that the broad geographic diversity of its business, active in more than 60 countries and no country is more than 10% of the total headcount, reduces these risks. On top of that, IMCD's well-structured risk management process, continuously monitored by the Supervisory Board, Management Board, Corporate Control, Internal Audit and by regional and local management, is designed to manage the residual risks in a transparent and controlled manner (reference is made to chapter 13 Risk factors and risk management).

The main People & Culture related risks and the way IMCD manages these risks are further described in 13 Risk factors and risk management.

Gender diversity

2,536 — 2022: 2,290

2,200 — 2022: 2,033

Diversity achievements

Women in senior country/region teams	Women appointed in senior country/region team positions	Women in senior Commercial/P&L roles	Women appointed in senior Commercial/P&L roles
44%	48%	31%	34%
2022: 42%	2022: 46%	2022: 29%	2022: 28%

PEOPLE & CULTURE

Entrepreneurship, shared values, and customer care, our formula for growth and success

IMCD attracts and employs highly qualified and entrepreneurial individuals. We respect, encourage, and motivate our employees. Entrepreneurship and freedom to act are important drivers to achieve excellence in everything we do. Integrity, transparency, open communication and financial discipline promote a climate of trust. Our employees are trained to understand customers' needs, listen carefully and seize opportunities when they arise. We continuously share knowledge and product expertise with our customers. With these values at the core of our culture, we achieve excellent results.

Cultivating our greatest asset

A new unified employee value proposition showcases the prominent role of innovation and autonomy at IMCD to attract the best and most qualified talent from around the world amid a widening global skills gap.

IMCD has a reputation for fostering a value-driven employee culture that prioritises entrepreneurship and the freedom to act. Communicating those distinctive attributes to the talent ecosystem has become more important than ever as the skills gap widens and a new generation enters the workforce.

By 2025, Gen Z will comprise 27% of the workforce in OECD countries, according to the World Economic Forum. The generation prioritises projects and employers that correspond to their values.

IMCD's new Employee Value Proposition (EVP) emphasises its exceptional work environment to the global talent pool amid a scarcity of skilled professionals. The employer branding campaign was launched in the first quarter of 2024 after a year of intensive preparation.

It defines IMCD's unique offerings, benefits and values, and highlights employees as an integral part of IMCD's success, inviting candidates to explore their potential with the company.

Building out the campaign was a multi-step process involving employees from around the world. Following research across offices in 60 countries, a cross-functional workgroup of international business leaders, communications professionals, and human resources teams defined a compelling EVP in line with IMCD's business strategy. Key components – including around career development, work environment and recognition – were identified.

The resulting three-step campaign accentuates IMCD's leadership in speciality chemicals and ingredients, while aligning with our core values: freedom to act, entrepreneurship and opportunities.

The campaign represents a departure from traditional approaches by reimagining the hiring roadmap, strategically integrating different touchpoints along the employee journey. The progressive approach is supported by a comprehensive and consistent toolkit of assets and marketing tactics and is being implemented across high-traffic locations online and offline.

Central to the campaign is a set of internal success stories that will demonstrate life at IMCD, and how employees have the autonomy to create a world of opportunities.

The EVP has been designed for use over several years. Key performance metrics will consider how the new material is used in each country, changes in application volumes, and the rate at which vacancies are filled. The campaign was first trialled internally, where it won acclaim from employees.


Ben
Marnie

"At IMCD, we recognise the imperative to proactively differentiate our identity in the global labour market. Our new campaign is driven by a deep understanding that attracting and retaining the best and most qualified talent that aligns with our corporate culture provides us with a significant competitive advantage," said Ben van Stekelenburg, Global HR Director, IMCD.

Marnie Kontovraki, Group Communications and Brand Director, IMCD, said, "The new EVP seamlessly aligns with our brand essence, reflecting our commitment to innovation, diversity, and employee empowerment. This integration enhances our brand identity, creating a cohesive narrative to resonate with our workforce and the wider market."

< Contents page

5 Environment Value

Scope 3 emission intensity

(2)%

(8)% vs baseline in 2019

Scope 1 and 2 emission intensity

11%

(58)% vs. baseline in 2019

Total energy consumption within the organisation

4%

(18)% vs. baseline in 2019

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

We care about our Planet and how we create value for the environment

IMCD's direct environmental footprint is limited given its asset-light business model and limited own supply chain operations. Nevertheless, reducing its overall environmental impact is essential for IMCD and its stakeholders. Performing well on this topic is important as we are to set an example for our upstream and downstream business partners. This gives us the credibility and leverage to engage with them to address our core focus areas, supply chain decarbonisation and sustainable solutions. Embedding good environmental practices in our business also makes IMCD an attractive employer for talent.

IMCD recognises the impact of its activities on the environment, and we report on three topics that surfaced during our materiality assessment, namely:

- supply chain decarbonisation (Scope 3 GHG emissions)
- climate strategy
- eco-efficient operations (Scope 1 and 2 GHG emissions, energy, water, waste-water and waste management)

In 2019, IMCD set a target to deliver a 15% reduction on its GHG emissions intensity per operating EBITDA (please refer to Note 3.1.1 to the Sustainability statements for the methodology of emission intensity calculation), by 2024. This target is applicable for total emissions and consequently for own emissions (Scope 1 and 2) as well as for Scope 3 emissions.

The following table summarises our GHG emissions intensity (Scope 1 and 2 and for Scope 3) since the baseline year 2019 to date.

GHG Emissions (Scope 1, 2 and 3), tCO_2eq.

	2023	2022	CHANGE 2023/2022	2021	2020	2019	2023/2019 CHANGE
Direct energy carriers use (Scope 1) - global	5,855	5,589	5%	4,762	5,751	7,384	(21%)
Provided energy (Scope 2) - global	6,501	6,273	4%	5,688	6,062	5,879	11%
Third parties logistics (Scope 3) - in available geographical scope	374,797	337,744	11%	339,430	259,079	155,400	141%
Total estimated emissions, tCO_2eq	**387,153**	**349,606**	**11%**	**349,880**	**270,892**	**168,663**	**130%**
Scope 1 and 2 emissions intensity per mln euro of operating EBITDA	23	20	**11%**	26	44	54	**(58%)**
Scope 3 emissions intensity per mln euro of operating EBITDA	760	777	**(2%)**	1,221	1,273	825	**(8%)**

In 2023 IMCD's own emissions (Scope 1 and 2) intensity increased by 11% from 20 in 2022 to 23, mainly due to a combination of increased absolute emissions and a decline in EBITDA. Compared with the base line year 2019, our own emissions intensity reduced by 58%. Changes in the volume of own emissions are mainly caused by the impact of acquisitions, optimising the energy consumption and types of energy used, as well as by outsourcing logistic operations, following IMCD's asset-light strategy. The total energy consumption within the organisation (Scope 1 and 2) increased by 4% in 2023 and declined by 18% since 2019. Reference is made to note 3.1 to the Sustainability statements.

Scope 3 emission intensity decreased by 2%, from 777 in 2022, to 760 in 2023. Compared with baseline year 2019, Scope 3 emissions intensity decreased by 8%, which is the result of a combination of optimisations in the supply chain, the impact of acquisitions completed since 2019 and adding new group entities to the scope of the emissions calculations. For the purpose of Scope 3 emissions calculation, all entities with a full year of transactional data in our global ERP system are included.

Supply chain decarbonisation

Road transportation decarbonisation is critical for decreasing greenhouse gas emissions and mitigating climate change. All IMCD companies onboarded onto our global ERP system make use of our emissions dashboard, which provides insight into the carbon footprint of our shipments. The calculation method applied is compliant with the GHG Protocol. The utilisation of data analytics helps in the identification of potential for efficiency improvements and emission reductions.

Collaboration throughout the supply chain, as well as technical improvements, will be critical in attaining sustainable and low-carbon logistics. We work with our third-party logistic service providers (3PLs) to optimise or combine several modes of transportation (e.g., truck, rail, ship) to maximise efficiency and to reduce emissions. As an example, we established a consolidation centre in 2023 to combine many shipments from Europe before ultimate delivery in LATAM, minimising the number of individual trips. There is room for further improvement, hence this model will be scaled up in 2024.

Although we rely on industry developments by our 3PLs to electrify the trucking industry by using electric trucks powered by batteries or hydrogen fuel cells, we do encourage the use of biofuels or synthetic fuels produced from renewable sources to power trucks and other vehicles in the logistics chain. In 2024 we will put more focus on this topic in the engagement with our 3PLs. In 2023, for the first time, we have trained our logistics personnel on ESG, sustainable procurement, environmentally friendly operations, and the importance of lowering carbon emissions. We urge our logistics personnel and employees to suggest ways to improve logistics efficiency and sustainability. For further information on our 2023 activities in Supply Chain Decarbonisation, see Note 3.1 in the Notes to the Sustainability statements.

Climate Strategy

Reference is made to the section addressing the Recommendations of the Task Force on Climate related Financial Disclosures (TCFD), see section 2 Recommendations of the Task force on Climate related Financial Disclosures (TCFD).

Eco-efficient operations

IMCD's efforts concerning eco-efficient operations focus on sustainably managing our energy and GHG emissions as well as a proper waste management. Additionally, we monitor and report on raw materials use, water consumption, and waste-water management, although these components are not material for our business and their impact is insignificant compared to manufacturers. IMCD does not operate in or adjacent to protected areas nor areas of high biodiversity, therefore our impact on biodiversity is considered limited. Nonetheless, we strive to contribute to the protection of biodiversity where possible in our own activities, and encouraging our value chain to respect it and be transparent whenever risks and impacts are identified.

IMCD has influence over the measures applied to its own operations. As a result of this, during 2023 IMCD was able to further improve on this material topic as part of our actions towards our 2030 strategy. The following developments represented IMCD's highlights on our operational environment.

- Implementation of energy-efficient technologies and emission reduction initiatives: five of our sites introduced energy conservation and emissions reduction measures in 2023. The measures were focused on reducing consumption of electricity by installing solar panels, change lighting to LED, etc. In addition, 5 sites moved to a more energy-efficient office: IMCD Spain, IMCD France, IMCD Nordics, IMCD Italy, and IMCD India (Mumbai).
- Continued shift towards renewable energy sources: as of 2023, 15% of the total electricity consumption is from renewable sources, where 8% of it is from the locations that are on 100% renewable mix (EMEA: IMCD Baltics, IMCD Switzerland; Americas: IMCD Uruguay, IMCD Brazil). In addition, the share of electric passenger cars in our fleet increased from 28 owned or leased electric in 2022 to 65 (6% of total passenger cars) in 2023. Furthermore, at the end of 2023 we had 96 electric warehouse vehicles (68% of the total warehouse vehicles) versus 90 electric vehicles (65%) in 2022. The portion of electric and hybrid vehicles comprised of 20% out of total passenger and warehouse vehicles leased or owned.
- Improved monitoring and reporting system resulting in better quality of reporting data: 83% of the energy consumption within the organisation reported on confirmed primary data, compared with 79% in 2022. In addition, due to the implementation of our new and enhanced tools, water consumption and waste production calculations have been standardised throughout the organisation.

As a lesson learned from past years on this topic, IMCD strived to improve its sustainability data management system by developing its emissions calculations in-house and facilitating calculation templates to reporting local entities. That way, IMCD has increased its reporting efficiency and reliability, and has increased the human resources dedicated to the data collection and analysis. The latest reporting standards have been updated and compiled in IMCD's 2023 Integrated Reporting Manual, while our main commitments towards eco-efficient operations can be found in IMCD Group's Global HSEQR Policy, both of internal use.

For more details of water consumption, waste management, raw materials usage, please see Note 3.2 in the Notes to the Sustainability statements.

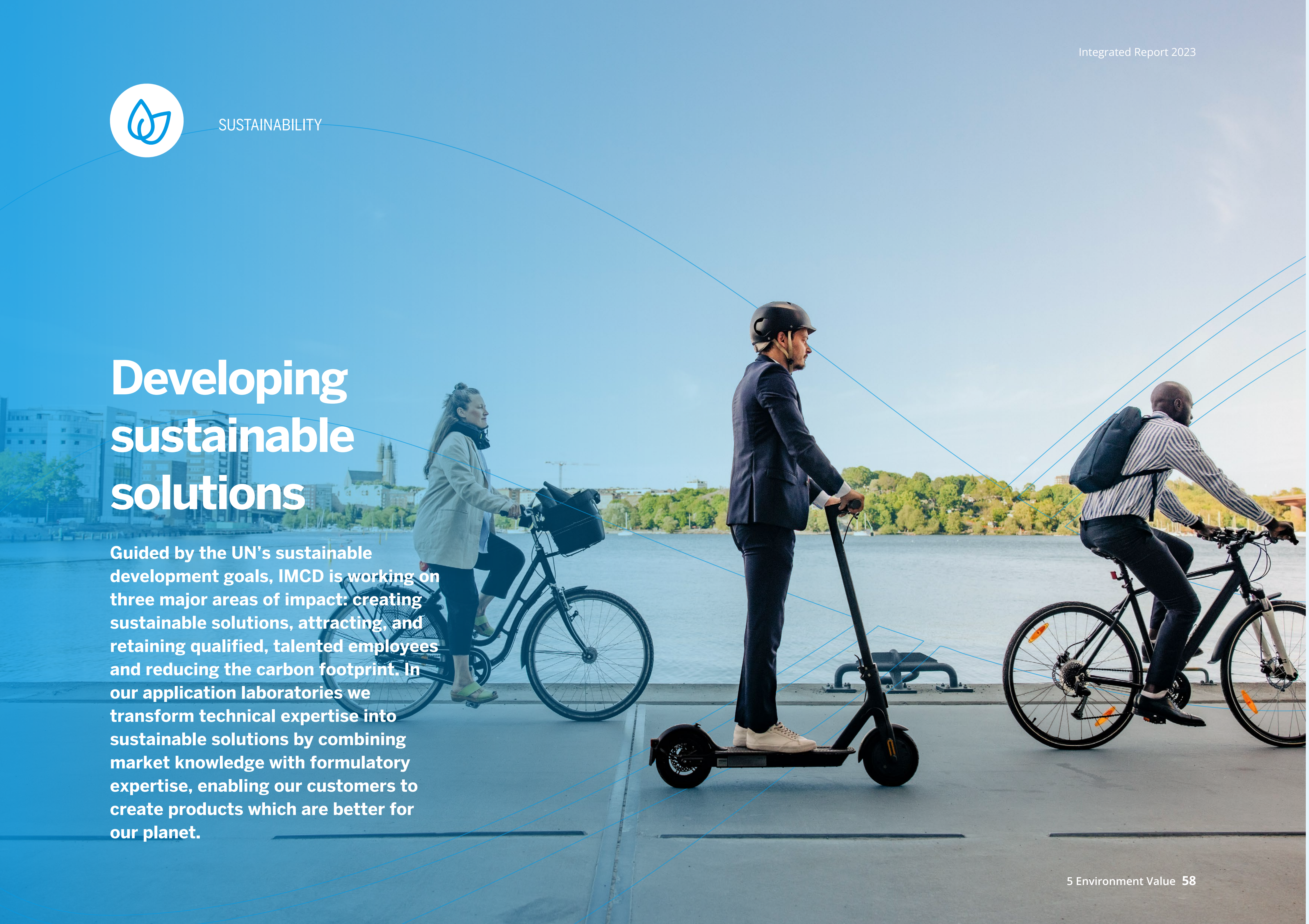
In order to keep track of progress in long-term value we create for our planet and environment, as well our stakeholders, management set the following targets and KPIs for 2023 and onwards.

Environmental KPI's

	2023	2022	2023/2022 CHANGE	2019	2023/2019 CHANGE	TARGET
Emissions intensity Scope 1 and 2[1]	22.6	20.3	11%	53.7	(58%)	(15%)[2]
Emissions intensity Scope 3[1]	760.2	777.3	(2%)	825.2	(8%)	(15%)[2]
Reported environmental incidents	1	3	(67%)	-[3]	n/a	zero

1 tCO_2eq per million euro operating EBITDA
2 reduction in emissions intensity (Scope 1, 2 and 3) by 2024, compared to the baseline year 2019
3 not reported

SUSTAINABILITY



Developing sustainable solutions

Guided by the UN's sustainable development goals, IMCD is working on three major areas of impact: creating sustainable solutions, attracting, and retaining qualified, talented employees and reducing the carbon footprint. In our application laboratories we transform technical expertise into sustainable solutions by combining market knowledge with formulatory expertise, enabling our customers to create products which are better for our planet.

Contributing towards a more sustainable future with bio-syngas

In a recent project IMCD Lubricants & Energy helped a customer create a new sustainable business line, which advances the circular economy and supports the clean energy transition.

IMCD Lubricants & Energy provided technical support to a circular economy project to purify and separate the components of bio-sourced syngas.

IMCD's customer, a leader in green fuels, produces equipment to transform bio-sourced and bio-waste materials into hydrogen, syngas, or liquid fuels that are used to generate green power, speeding up the clean energy transition.

The process starts with the gasification of biomass materials which generates a mixture of gases including carbon dioxide, carbon monoxide, hydrogen, and oxygen, referred to as "Bio-syngas". The customer's challenge was to separate oxygen, hydrogen, and carbon dioxide from the "bio-syngas" at a purity where the gases could be used as raw materials in industries such as energy and chemicals. Success would result in a new business line for the company.

IMCD's Lubricants & Energy portfolio offers various speciality chemicals that can support the processing and purification of gas streams. This includes adsorbents, purification media and additives. These solutions were originally developed for oil and gas refineries but are increasingly used to support the purification of waste and bio-based gas streams.

IMCD's specialist team worked closely with the customer to understand their processing requirements and proposed several purification and drying agents.

The first product tested successfully separated out the hydrogen and oxygen, but the carbon dioxide remained in the waste gas stream in significant amounts.

By collaborating with the supplier, IMCD proposed an additional solution allowing to successfully separated the hydrogen and oxygen gases were from the bio-syngas. These are now considered by the customer as potential value products that could be sold to the market for traditional use.

This compares to the original plan of releasing these non-polluting gases to the atmosphere. The customer expects to introduce the complete solution to the market in 2024.

Francois

"Supporting the energy transition is a top priority for IMCD. Our team tracks trends on sustainability and emission reductions, as well as changes in legislative requirements. With the bio-syngas project, the team made a crucial contribution in helping our customer bring a compelling new solution to market and in shaping a sustainable future for all," commented François Pouponnot, Business Development Director Energy, IMCD Lubricants & Energy.

Aligned with the United Nations' Sustainable Development Goal 12, which focuses on responsible consumption and production, the project will support the development of energy from bio-syngas as a sustainable alternative to gas from fossil fuel sources.

< Contents page

6 Product Value

Downstream suppliers signed the ESG Standards for IMCD BPs

95%

vs. - in 2022

Downstream suppliers Ecovadis rating

88%

vs. - in 2022

Supply chain employees trained on sustainable procurement

100%

vs. - in 2022

Through the accumulated technical and application knowledge of our teams, we are well equipped to (co-)create and promote Sustainable Solutions that can help address societal changes and challenges, from increased climate-change awareness to the transition towards a more circular economy.

We are committed to the safe and reliable handling of chemicals and ingredients, ensuring that our warehouse operations and transportation meet all applicable regulations.

To safeguard responsible ESG practices, we promote ethical and sustainable purchasing practices towards our suppliers and service partners.

6.1 Sustainable solutions

IMCD's Sustainable Solutions programme is coordinated through its market focused Business Groups. Reflecting on this initiative, it began with a pilot project in Advanced Materials in 2021 to identify and tag within IMCD's global IT platform, and promote sustainable accelerators (meaning substances, products or formulations). from within the portfolio. The programme has since been extended to all Business Groups and includes the use of IMCD's laboratories to create sustainable formulations which either contain a sustainable product or can be linked to an SDG, for example a formulation which results in lower water or electricity usage.

To roll-out and drive forward the various initiatives around sustainable solutions throughout IMCD, we established an IMCD Sustainable Solutions Taskforce, in which each Business Group is represented.

All Business Groups continued the portfolio analysis during 2023. This is a complex and time-consuming process, for which IMCD uses internal and external knowledge centres to assess sustainability claims on products. With a dynamic and constantly evolving portfolio this remains a work-in-progress. The identified sustainable accelerators will be featured in IMCD's country websites as well as digital sales and buyer enablement tool which is scheduled for launch in 2024.

In 2023, we re-assessed our alignment with the UN SDGs (see Note 6 in the Notes to the Sustainability statements). In this exercise, we evaluated through which activities we can actively contribute to the SDGs ourselves, and where we can use our influence on business partners to drive positive change. The perspectives gained, have also led us to rethink the aim for the Sustainable Solutions programme. As a next step to evolve the programme, we will focus more on the activities within our control: (i) the work done in our laboratories and by our technical teams to create and (co-) development sustainable formulations, and (ii) the marketing and promotion of such sustainable formulations and products.

Performance indicators that we will set up and track as of 2024 are (i) the number of laboratory activities that lead to a sustainable formulation (ii) the number of marketing campaigns and events that promote a sustainable formulation or product. The review of the Sustainable Solutions strategy will be discussed with the Supervisory Board in April 2024. The further year will be used to set a baseline, after which targets for the mid and long term can be defined.

More information is provided in Note 4.1 in the Notes to the Sustainability statements.

6.2 Sustainable Procurement

During 2023, IMCD's sustainable procurement strategy has focused on the enhancement of existing global procurement procedures, whilst leveraging new partnerships and procurement tools. IMCD joined the Together for Sustainability (TfS) initiative in November 2022, and continues to work in partnership with Ecovadis, using the Ecovadis platform to help build a clearer picture of ESG performance, across both product and logistics suppliers.

As part of the TfS on-boarding process, IMCD formalised its sustainable procurement programme for the future, updated the governance structure and organisational responsibilities and enhanced processes on global and local level. In June 2023, the IMCD corporate sustainability team presented the programme to the TfS management. For further information, see Note 4.3 in the Notes to the Sustainability statements.

Our sustainability procurement practises include a screening programme, for which we, amongst other, partner with EcoVadis. In 2023, we again achieved to increase the scope of the screening applied, and included more upstream principals / suppliers and downstream third party logistic service providers.

In 2023 we achieved the following screening scores:

- 95% (based on logistic spend) of the 3PLs signed or verified by alternative means the IMCD ESG Standards for Business Partners, our supplier code of conduct.
- 88% (based on logistic spend) of the 3PLs are Ecovadis rated or in the process of an Ecovadis assessment by the end of 2023.
- 91% (based on revenue) of upstream suppliers are Ecovadis rated or in the process of an Ecovadis assessment by the end of 2023.

We have set the following targets and KPIs.

Sustainable procurement KPI's

	2023	2022	CHANGE	TARGET
Downstream suppliers committed to IMCD's ESG Standards for Business Partners (%)[1]	95%	-[2]	n/a	95%
Downstream suppliers CSR or in process of being rated via Ecovadis (TfS) (%)[1]	88%	-[2]	n/a	90%
Workforce in an IS0-14001 certified site (%)[3]	46%	40%	6%	80%[4]

1 in alignment with TfS standards, assessment validity is up to 3 years based on supplier's EcoVadis score.
2 not reported
3 not adjusted for the impact of recently acquired businesses.
4 by 2025

More information could be found in Note 4 in the Notes to the Sustainability statements.

6.3 Digitalisation

Over the past years IMCD created an unique global IT platform built upon an uniform ERP and CRM system which is used across the group. Our distinctive global systems serves as the foundation for the development of various digital functionalities and tools. This uniform IT platform sets IMCD apart in our industry, providing us with a competitive advantage over others.

Digitalisation is a fundamental element of our business model and omni-channel marketing and sales approach. Through our digital platforms we are able to connect and collaborate with our business partners and to deliver effective and efficient customer services and formulatory support. Our globally unified system distinguishes IMCD within the ingredients and speciality chemicals distribution sector.

In 2023, digital innovation progressed across all pillars of the digital transformation programme including two new initiatives: Customer Care 360 and Sales & Buyer Enablement.

We rolled out Customer Care 360 in selected territories across regions to offer a single environment where customer service members and inside sales staff can execute their tasks and obtain the necessary information. This cockpit will be further enriched with new features in 2024.

Another strategic initiative in 2023 is the Sales & Buyer Enablement tool. This is a multi-application/ cloud project to assist the seller as well as the buyer to find the right products and solutions. The sales enablement app is embedded in our current customer relation management (CRM) tool, whereas the buyer variant, to be delivered in 2024, resides in the MyIMCD customer portal.

The MyIMCD portal adoption significantly increased in 2023 as a result of investment in feature extension, through involving dedicated talent at Group to drive the growth, and by a more refined and improved play book for existing and new territories. Activation, on-boarding and engagement protocols were implemented based on earlier learnings. 2024 will be the year where portal and the country websites will be unified to offer an optimised buying journey for new leads as well as for existing customers.

Digital marketing has been realigned to the ambitions and size of the group. Firstly, marketing automation, the activity to generate leads through any channel using the automation capabilities of our CRM platform, was expanded with dedicated environments for each business group. This is needed to maintain proper governance, and it supports the organisation with a growing number of campaigns. Secondly, we started the integration of the digital marketing and digital commerce functions into one team, which will be completed in 2024. Marketing and sales are inseparable activities, starting from lead generation and ending with won sales.

"Our uniform IT platform sets IMCD apart in our industry, providing us with a competitive advantage over others."

< Contents page

DIGITALISATION

Embracing leading technology to accelerate growth

Digitalisation is the backbone of our business model. Our customers, suppliers and employees connect, share and excel in business and partnership through a solid and secure, cloud-based and widely used global digital infrastructure. Our digitalisation strategy is driven by user requirement, placing our partners at the heart of everything we do. It enables us to translate consumer needs into formulatory solutions, creating a world of opportunities for our customers. The structure of our digital organization, supported by a digital customer portal, enables us to provide fast and efficient customer service.

Strengthening customer relationships with a unified digital platform

MyIMCD now supports more than 19,000 customers across more than 35 countries. In the process, the platform has enhanced customer experience, improved IMCD's service levels and unlocked the way for efficiency gains.

A unified set of global digital systems at the core of IMCD provides strong support for our business model, and drives connectivity, communication, premium customer service, cost efficiency and cybersecurity. This has been reflected in the increasing adoption of the MyIMCD customer portal in every active operating region over the past year.

The MyIMCD platform serves as a protected environment where customers can collaborate with IMCD teams on all aspects of the business and access product, supplier, customer, and market information. MyIMCD provides round-the-clock access to product data, documentation, and order information, whilst also facilitating requests for product samples, orders, and technical support.

With an omni-channel overview, customers have complete visibility of all their interactions on MyIMCD – including orders that may have been placed via other channels, such as email.

The portal features different user roles, each with tailored functionalities designed for specific customer groups. Additionally, customer actions in MyIMCD are directly sent to internal teams, automating request allocation, making processes more efficient and speeding up response times.

The globally unified system distinguishes IMCD within the ingredients and speciality chemicals distribution sector. Throughout 2023, MyIMCD has enhanced efficiency, streamlining transactional processes, and improving customer service aimed at facilitating stronger business relationships.

As our digital platform is being rapidly adopted, it serves to complement traditional engagement channels.

Vincent

"The increasing number of customers using MyIMCD to interact with our account managers and to access technical documents indicates the growing importance of the platform and its role in supporting our ongoing business relationships around the world. At the end of 2023, the portal supported more than 19,000 users across more than 35 countries, representing a three-digit increase in user growth compared to previous years," said Vincent van der Leer, Platform and Digital Transformation Lead at IMCD.

"Several new features are being rolled out this year that will further streamline the customer flow and strengthen our competitive position within the distribution space," he concluded.

< Contents page

7 Ethics & Compliance Value

Group compliance training

95%

vs. 86% of employees trained in 2022

Internal audit risk assessments

90%

vs. 88% of revenue covered in 2022

Cybersecurity awareness

89%

of employees trained (not reported in 2022)

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

Being a global company, subject to both international as well as many different local laws, strong ethics and governance are of particular importance to IMCD. Breaches of laws, regulation, and even internal procedures or voluntary codes can have a major impact on IMCD's reputation as well as its financial results.

With transparency on the aspects of our ethics and compliance framework and performance, IMCD aims to build trust with our employees, our external business partners and other stakeholders to engage in long-term professional relationships with IMCD. By maintaining an up-to-date compliance programme, with group-wide training efforts, strict controls and risk management, and regular auditing, IMCD's efforts are directed on continuing a high level of ethical business conduct and compliance in the future.

7.1 Our social license to operate

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

Compliance management & organisation

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

With a group wide compliance organisation, we aim to reinforce this culture so that our people can work in stimulating working environments with safe and respectful working conditions. We aim to ensure at all times an atmosphere where people feel confident to make decisions, raise concerns and seek advice when in doubt.

Our approach to compliance management and the set-up of our compliance organisation is described in more detail in note 5.1 Ethics and Compliance to the Sustainability Statements.

Compliance framework

The IMCD Business Principles and Code of Conduct form the basis for IMCD's group compliance framework. These documents hold the summarise IMCD's group policies and business principles that guide our employees in ethical decision-making when representing IMCD in dealings with business partners and other stakeholders.

In the compliance framework, four core elements are identified: fraud, corruption, antitrust, and trade compliance In these areas, more detailed policies, processes and guidance is provided to employees. More information on each topic can be found in note 5.1 Ethics and Compliance to the Sustainability Statements.

In 2023, IMCD reassessed the key performance indicators for the effectiveness of its compliance programme and identified new targets. Our achievements in 2023 and targets for 2024 and beyond are described below.

1. Communication and training are key

To achieve these goals, in a fast paces environment with strong growth, communication and training are important tools, for both new employees as for our existing employee base.

As of 2020, we have invested in a digital e-learning platform, to increase our training reach and have better visibility of the progress. After completing the roll out in all countries in 2023, we have now made regular refresher training (all employees should train and refresh once per two years) part of our programme.

By end of 2024, we aim to achieve that 100% of our employees is trained in our (digital) Ethics and Compliance Group Training curriculum.

COMMUNICATION AND TRAINING ON ANTI-CORRUPTION POLICIES	2023	2022
Number of employees that IMCD's anti-corruption policies and procedures have been communicated to.[1]	100%	100%
Number of business partners that IMCD's anti-corruption policies and procedures have been communicated to.[2]	100%	100%
Employees having received training on anti-corruption.[3]	95%	86%

1 The IMCD Code of Conduct and Business Principles are communicated to every employee during their on boarding process, and the latest version is accessible always in a dedicated Compliance section on IMCD's intranet.
2 For third parties, these policies are included in the ESG Standards for IMCD Business Partners, which are accessible to all on IMCD's website.
3 This includes anti-corruption training in our e-learning platform, included in, but also outside of the scope of the Ethics and Compliance Group Training curriculum, or training provided otherwise, for example via (classroom) training on local level.

More information on our compliance training efforts and the relevant topics addressed therein can be found in note 5.1 Ethics and Compliance to the Sustainability Statements.

2. Monitoring through internal risk reviews

A second important pillar that helps us to monitor the effectiveness of the group compliance programme, is the work done by our Group Control and Internal Audit departments.

For each region, IMCD has a dedicated business controller who guides the countries in the implementation of measures and controls. In addition, all of IMCD's legal entities are periodically reviewed by the Internal Audit team. Part of these reviews is determining compliance with IMCD's policies and guidelines, including the anti-corruption, bribery and fraud guidance.

In 2023, the number of entities visited increased and the percentage of operations (based on revenue) assessed amounted to 90% (2022: 88%). This is well above the aim to cover at lease 80% of operations, measured by revenue, in internal audit risk assessments, annually.

CORRUPTION RELATED RISK ASSESSMENTS	2023	2022
Entities reviewed by internal audit team	110	70
% of revenue covered by internal audit risk assessment	90%	88%

Based on the reviews conducted, along with the policies and guidelines communicated, and ongoing training efforts, the probability of corruption-related risks in 2023 remained estimated to be low.

3. Learn from incidents of non-compliance

A third element to increase the effectiveness of our compliance programme is to investigate and learn from situations encountered throughout the year(s),where our high standards were (potentially) not upheld.

We encourage our employees to report any potential misconduct that they may encounter. This can be done directly to their managers or, if so desired anonymously and directly to head office, through the IMCD Ethics and Compliance Hotline (see below for more information). All reports are investigated and, when confirmed, appropriate measures are taken to remedy and prevent repetition.

With a zero tolerance-approach, IMCD strives for zero substantiated compliance incidents in any year.

In the year 2023, seven reports were received through the Ethics and Compliance Hotline (which is further discussed hereafter).

ETHICS AND COMPLIANCE HOTLINE REPORTS	2023	2022
Reports received	7	2
Reports investigated	5	2
Incidents reported substantiated	1	0

The reports in 2023 mainly concerned cases of suspected violation of the IMCD Code of Conduct and/or Business Principles. Of the seven reports, two were tests by employees or local staff to get more insight on the reporting hotline and process followed. The other five incidents were investigated.

In one case, the report coincided with a local investigation in which appropriate measures were already taken. The case was referred and closed. Three report were not substantiated, either through investigation or lack of possibility to investigate (for example due to anonymous reporting and/or non-responsive reporters leading to a lack of specific / factual information to investigate).

One case was assessed to be substantiated. An employee reported an offer by a third party downstream vendor that could potentially qualify as a bribe to influence a decision to assign more business to such vendor. In the selection process that was performed at the same time of the offer, the respective vendor was denied further business.

Together with our own internal findings, this leads to the following overview of incidents for 2023.

CORRUPTION, BRIBERY OR FRAUD INCIDENTS[1]	2023	2022
Confirmed compliance incidents concerning corruption, bribery or (employee) fraud	2	3
Incidents in which employees were dismissed or disciplined	1	3
Incidents whereby business partner contracts were terminated or not renewed due to corruption violations	1	0
Public legal cases regarding corruption brought against the organisation or its employees	0	0

1 The definitions of corruption, bribery and fraud for inclusion in this overview are provided to IMCD's employees and reporting teams, in IMCD's group policies and reporting instructions. See for more information note 5.1 Ethics and Compliance to the Sustainability Statements.

Next to the case of attempted bribery described above, we discovered one additional fraud incident in an internal review. This has led to resignations of an employee whilst the internal investigation was still pending, and thereafter termination of a second employee. None of the incidents reported for 2023 led to significant costs or damages for IMCD.

In all cases, internal controls and procedures were reviewed and updated to prevent similar incidents in the future. The cases are used in 'lessons learned' sessions with management and employees to create awareness for the situations that they can encounter.

Internal alerts and whistleblower system

Our employees have a channel to seek advice and report their concerns about unethical and unlawful behaviour through IMCD's Internal Alert Procedure. This procedure enables IMCD employees worldwide to report any irregularities or deviations in IMCD's operations from the IMCD Business Principles as described in our Code of Conduct.

In addition, IMCD maintains a global hotline to further support its Internal Alert Procedure. The IMCD Ethics and Compliance Hotline, offers a web portal in 15 languages as well as locally-staffed telephone hotlines in multiple countries. The hotline is available 24/7 to report any ethics concerns or breaches (or potential breaches) of IMCD's Code of Conduct, Business Principles or other group policies confidentially and, if desired, anonymously. The hotline is also included in the ESG Standards for IMCD Business Partners and open to reports by third-party stakeholders.

7.2 Cybersecurity

Connectivity and digitisation play a crucial role in our services, now and in the future. With an extensive product portfolio of more than 48,000 products, and servicing around 64,000 customers and over 3,000 suppliers in 2023, IMCD's business relies on the availability of large amounts of data. Responsible handling and protection of that data and our IT systems against cybersecurity failures, is a top priority for IMCD.

Information security management

A safe and secure IT environment is an essential resource for the global IMCD organisation to achieve its business goals. The Information Security Officer, reporting to the CFO, oversees the application and effectiveness of IMCD's Information Security Policy, which provides all group entities with clear guidance on how to gather, store, share and protect data.

Multiple layers of technical and organisational measures have been implemented, designed to protect against cyber attacks and ensure business continuity. More information can be found in note 5.2 Cybersecurityto the Sustainability Statements.

In 2023, regular penetration tests were executed again, both on the level of the group holding company, as well as 14 operating entities where IT infrastructure is present. In addition, phishing tests were again held on a regular basis for the full group, up to a total of 4 in 2023.

There has been a continuous focus on cyber security. A new tool to manage identity access has been implemented to support the joiners, movers leavers process of employees and external accounts, and device management has been improved globally. We also further integrated sanction and adverse media monitoring in our software and processes. We invested again in penetration tests and we will continue to work on cyber security awareness, by means of mandatory trainings and awareness creation sessions, as well as phishing tests.

Data protection

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

In 2023, we experienced two security incidents, both consisting of a hacked email account, involving customer data / contact details. For one incident, the relevant data privacy authority was notified. The financial impact of the incidents experienced was not significant.

SECURITY INCIDENTS	2023	2022
Security incidents involving customer data / contact details	2	0
Data breached reported to relevant authorities	1	0

In addition to the above mentioned two security incidents (hacked mailboxes), IMCD in 2023 experienced one case where (historical) customer data from an acquisition target was potentially misused by an employee after resignation. During employment the employee had authorised access to the data, but thereafter refused to return such data and/or confirm full deletion. As the data is part of contractual confidentiality arrangements, legal proceedings have been initiated to enforce the contractual agreement and criminal charges were filed.

Other than these incidents, IMCD did not receive substantiated complaints concerning breaches of customer privacy or loss of customer data, nor did IMCD identify any other leak, theft or loss of customer data during internal screening.

Security awareness

IMCD's employees follow a mandatory training programme available in IMCD's e-learning tool. This training is followed by a test to ensure awareness and understanding of phishing and security breaches. The performance of IMCD's employees in the cyber security training programme is deemed a key indicator for the penetration of the awareness efforts.

As of 2024, we strive to have 100% of employees trained in cyber security annually.

SECURITY AWARENESS TRAINING	2023	2022
Employees that have succesfully completed cyber security training	89%	Not reported

Our approach to cybersecurity is described in more detail in note 5.2 Cybersecurityto the Sustainability Statements.

7.3 Taxation

We pursue a principled and transparent tax strategy that is aligned with organisational values and aims to support the overall business strategy and objectives. We see tax as part of our corporate social responsibility. Our presence in each country is based on genuine commercial activities and IMCD pays its fair share in taxes over these activities.

Our group tax strategy is based on the key values and principles as described in our Code of Conduct which provides a framework for a business culture that stimulates integrity, honesty, transparency, and values sustainability, compliance, expertise and cultural diversity. 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. Any irregularities in IMCD's operations or deviations from IMCD's business principles can be reported by IMCD employees using IMCD's Internal Alert Procedure or Ethics and Compliance Hotline.

In 2023, IMCD had no agreements in place with tax authorities that secured an outcome that could not have been obtained based on a common understanding of applicable law and jurisprudence.

We complied with the principles and best practices of the Dutch Corporate Governance Code and the tax elements included therein throughout the year. Furthermore, IMCD adheres to the meaning and core values of the Tax Governance Code of the VNO-NCW.

IMCD's total tax expenses in 2023 was EUR 110.9 million. Its global effective tax rate accumulated to 27.5% (2022: 28.2%). In 2023, IMCD made cash corporate income tax payments to an amount of EUR 124.0 million.

In 2023, IMCD uses several Free Trade Zones for operational/supply chain purposes. We use Free Trade Zones to avoid double import duties in case of export to a country in the region or to supply a customs bonded warehouse of our customers. IMCD benefits from Free Trade Zones in China, Dubai, Uruguay and Costa Rica. The size of the operations in Free Trade Zones are limited and do not have a material impact on the group. Any CIT benefit is circumstantial and not the intent of the establishment in the Free Trade Zone.

In 2024, the Pillar 2 regulation will become applicable to the IMCD group. It is expected that for only one jurisdiction the IMCD group will be exposed to top-up tax in the foreseeable future. The amount of top-up tax is however not expected to have a material tax impact on the group.

Our tax strategy and policy provision are described in more detail in note 5.3 to the Sustainability Statements.

8 Information on the IMCD share

IMCD N.V. shares are listed and traded on the Amsterdam Euronext Stock Exchange. Since 2019, IMCD shares are included in the Euronext Amsterdam AEX Index. In March 2022, IMCD was also included in a newly launched Dutch ESG AEX index, as one of 25 companies demonstrating best Environmental, Social and Governance (ESG) practices.

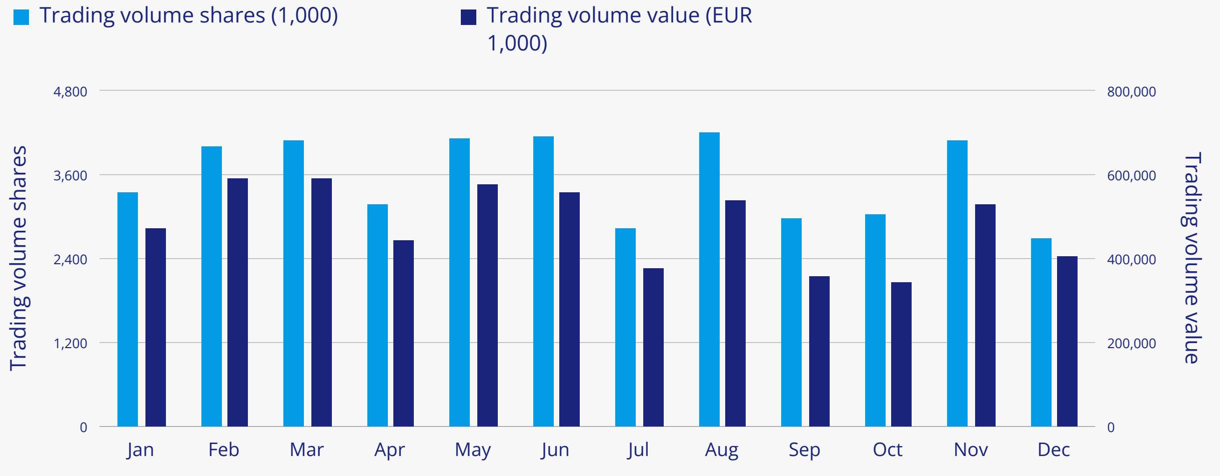
8.1 Isued and outstanding shares

A total of 57 million (56,987,858) shares have been issued; this number did not change in 2023. As at 31 December 2023, IMCD held 67,774 treasury shares (31 December 2022: 101,275). In 2023 IMCD transferred 33.501 shares from own shares to settle its annual obligation under its long-term incentive plan (2023: 38,025) and purchased no shares to fund its long-term incentive plan (2022: 95,000).

8.2 Share price performance in 2023

During 2023, 43.0 million IMCD shares were being traded, a decrease of 22% compared to the 55.1 million shares traded in 2022. This number of shares represents the total lit consolidated market volume (European Composite All Lit, Bloomberg equity exchange code "EZ", encapsulating all trading venues that operate a lit order book), which includes Euronext Amsterdam (29.4 million in 2023 vs. 39.1 million in 2022). The average daily lit consolidated trading volume was 166 thousand shares in 2023 versus 212 thousand in 2022. The total value of traded IMCD shares was EUR 5.8 billion, compared with EUR 7.8 billion in 2022.

Trading volumes 2023



For Euronext Amsterdam the average daily trading volume was 114 thousand in 2023 versus 150 thousand in 2022. The average daily value of the shares traded on the Euronext Amsterdam was EUR 15.4 million in 2023 (EUR 21.3 million in 2022).

In 2023, the share price increased by 18.33% (20.4% total return if dividends were to be reinvested), from EUR 133.2 at the beginning of 2023, to a closing price at 31 December 2023 of EUR 157.6. As at the end of 2023, IMCD's market capitalisation was EUR 9.0 billion (EUR 7.6 billion at year-end 2022).

IMCD SHARE	2023	2022
Highest price	157.55	195.30
Lowest price	110.25	114.40
Year-end price	157.55	133.15
Earnings per share	5.13	5.50
Cash earnings per share[1]	6.41	6.78
Proposed dividend per share	2.24	2.37
Number of shares at year-end (x 1,000)	56,988	56,988
Weighted average number of shares (x 1,000)	56,918	56,929

1 Result for the year before amortisation (net of tax) divided by the weighted average number of outstanding shares

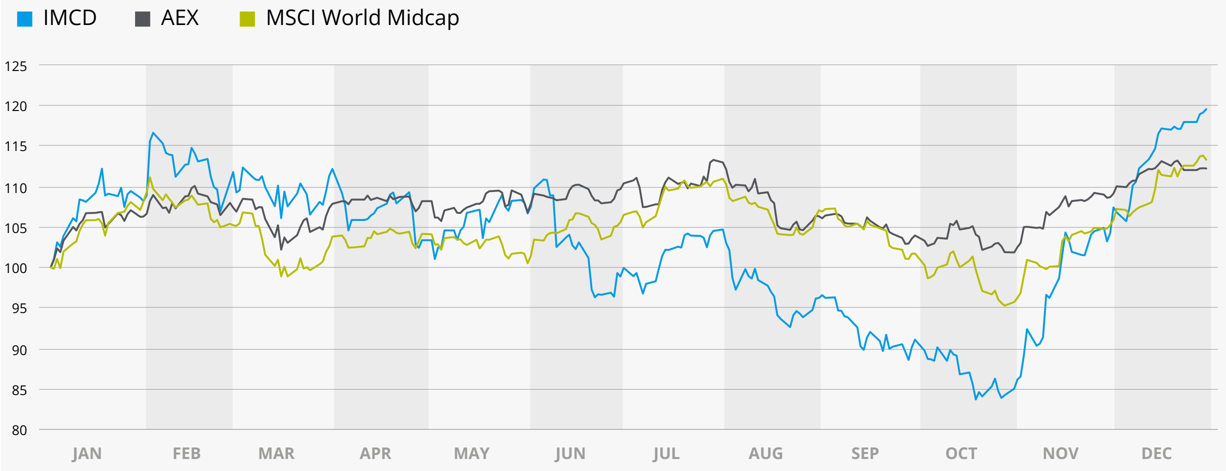
8.3 Shareholder engagement

IMCD values maintaining an active dialogue with its financial stakeholders, like its current and potential shareholders, brokers and the financial and other media. IMCD considers it very important to explain the IMCD business model and implementation so that stakeholders have the information they need to form an opinion on the company. IMCD releases financial results and/or a intermediate trading update four times a year. Upon each release, the CEO and CFO host a conference call for research analysts and institutional investors to discuss these results. Audio and webcast replays of these analyst calls can be accessed and replayed from IMCD's website (Investors section).

The Management Board members from time to time receive feedback from institutional shareholders and investors as well as equity analysts, giving them a clear understanding of shareholders' views and/or concerns. Analyst reports are also shared with IMCD's Supervisory Board to provide insight on financial stakeholders' views. IMCD is currently covered by 16 international analysts.

In 2023, IMCD's investor relation activities included participation in various physical and virtual roadshows and investor conferences, in which management of IMCD engaged with investors from across all regions. Also a considerable number of meetings with (potential) investors took place by means of video conferencing and visits at IMCD headquarters.

Share price performance 2023



8.4 Dividend policy

Barring exceptional circumstances, under IMCD's dividend policy the intention is to pay an annual dividend in the range of 25% to 35% of the adjusted net income (reported result for the year plus amortisation charges, net of tax) to be paid out either in cash or in shares. A proposal will be submitted to the Annual General Meeting of Shareholders to pay a cash dividend of EUR 2.24 per ordinary share (2022: EUR 2.37), an decrease of 5% compared with the previous year. This dividend represents a pay-out ratio of 35% of adjusted net income (2022: 35% of adjusted net income).

8.5 Major shareholders

The register maintained by the Netherlands Authority for the Financial Markets (AFM) in connection with the disclosure of major holdings of (potential) capital and/or voting interest exceeding 3% or more in IMCD, contains details of the following investors as at 31 December 2023. There are no known holdings of short positions visible in the AFM register.

(IN % OF ISSUED CAPITAL)	TOTAL HOLDING POSITION	VOTING RIGHTS
BlackRock Inc.	9,22	10,73
Capital Research & Management Comp.	0.00	10.08
FMR, LLC	10.00	9.99
Baillie Gifford & Co	0.00	9.97
Smallcap World Fund Inc.	4.97	4.97
Ameriprise Financial Inc.	3.05	3.05
New World Fund	3.03	3.03

Ticker symbols

Euronext Amsterdam	IMCD
Euronext Amsterdam derivatives market	IMD
Reuters	IMCD
Bloomberg	IMCD.NA

Investor relations

ir@imcdgroup.com
www.imcdgroup.com/en/investors/contact

8.6 Financial calendar 2024

FINANCIAL CALENDAR	
1 March 2024	Full year 2023 results
26 April 2024	First three months 2024 results
14 May 2024	Annual General Meeting of shareholders
14 May 2024	Dividend announcement
16 May 2024	Ex-dividend date
17 May 2024	Dividend record date
21 May 2024	Dividend payment date
2 August 2024	First half-year 2024 results
8 November 2024	First nine months 2024 results

9 Outlook 2024

IMCD operates in different, often fragmented market segments in multiple geographic regions, connecting many customers and suppliers across a very diverse product range. In general, results are impacted by macroeconomic conditions and developments in specific industries.

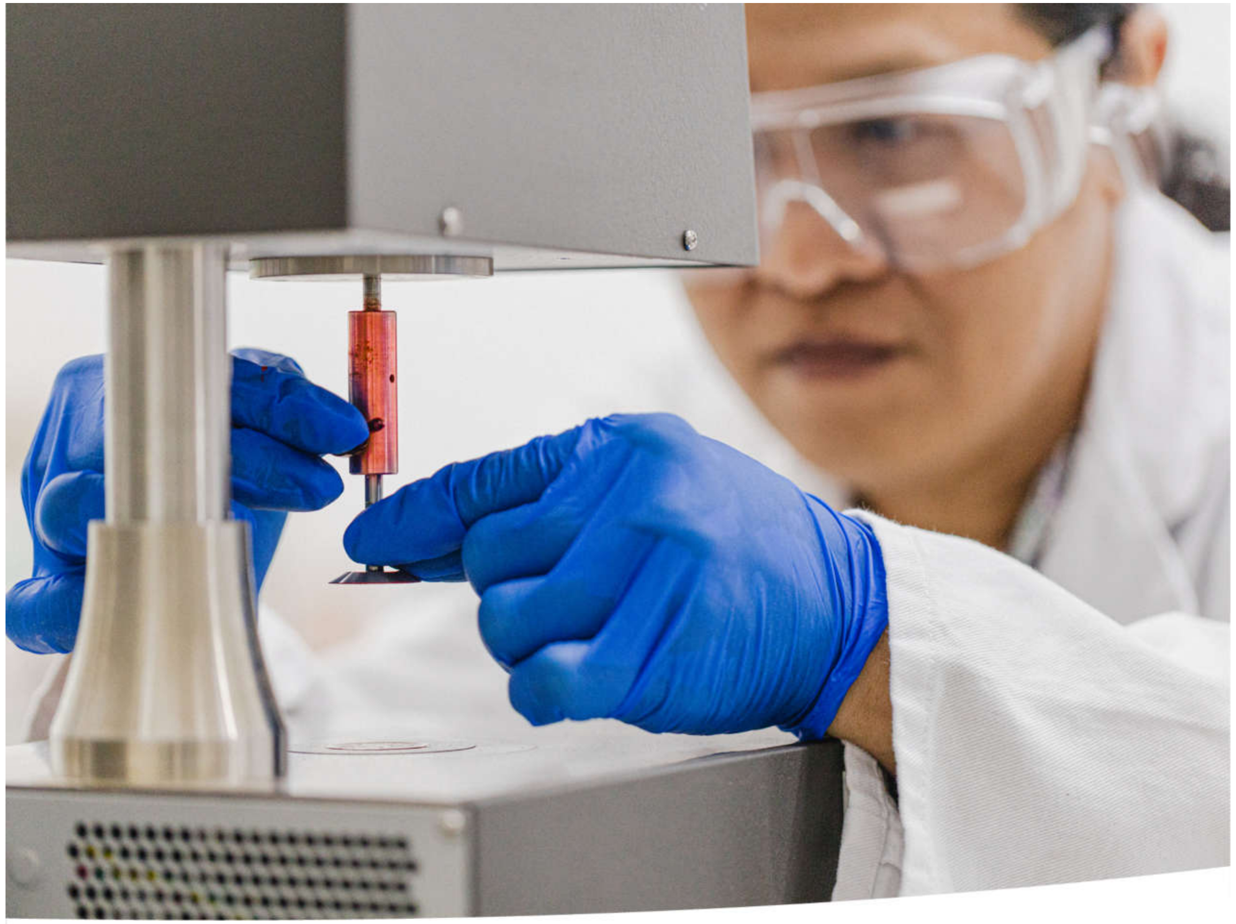
Results can be influenced from period to period by, among other things, the ability to maintain and expand commercial relationships, the ability to introduce new products and start new customer and supplier relationships and the timing, scope and impact of acquisitions.

IMCD's consistent strategy and resilient business model has led to successful expansion over the years and IMCD remains focused on achieving earnings growth by optimising its services and further strengthening its market positions.

Despite the challenging geopolitical and macroeconomic conditions, including increased volatility in the customer demand, IMCD delivered solid results and healthy cash flow in 2023. IMCD proofs to be a strong, resilient and well diversified business with a robust liquidity position and capital structure.

IMCD sees interesting opportunities to further increase its global footprint and expand its product portfolio both organically and by acquisitions.

Other than in the ordinary course of the business, IMCD does not foresee significant investments or changes to the organisation in 2024.



Governance & Risk Handling

10 Supervisory Board report

The Supervisory Board supervises the policies pursued by the Management Board and its performance, and the general course of affairs within the company.

The Supervisory Board also advises the Management Board and supervises the dynamics and relationship between the Management Board and the other members of the Executive Committee.

This report provides information on the activities of the Supervisory Board during 2023.

10.1 Introduction by the Chair

After two years of exceptional strong growth, IMCD arrived at solid results in 2023, with substantial acquisition growth, operating EBITA of EUR 515 million and healthy cash-flow. In addition, IMCD continued to pursue investments that will enable IMCD to benefit from improving market conditions in the future.

With 13 acquisitions over the course of the year, and signing of another five deals, further expansion into new business segments and/or geographies was achieved, in particular in the APAC and LATAM region. Furthermore, the continuing investments in its global IT and digital communication platforms will enable the company to accelerate its reach and optimise its services to customers and suppliers.

In addition to the execution of the growth strategy, the Supervisory Board attended to various recurring topics of supervision and advise, all described in more detail hereafter in this report. An area of attention for the Supervisory Board throughout the year was the integration of acquisitions into IMCD's compliance and governance structure, a topic that will also have the Supervisory Boards attention going forward.

However, the topic most at the forefront in 2023, from Supervisory Board perspective, has likely been the succession of IMCD’s long-time founder and CEO Piet van der Slikke. On behalf of the Supervisory Board, I want to use this introduction to thank Piet for his leadership during the first three decades of IMCD, in which he has built a remarkably successful and resilient company. The board is confident that the strong foundations laid, will enable IMCD to continue its success story.

The Supervisory Board conducted a thorough search process, which ultimately led to the nomination of one of its own members, Valerie Diele-Braun. As board, we are excited to have been able to nominate her, and glad to see the high support received by shareholders on this proposal.

The departure of Valerie Diele-Braun from the Supervisory Board brought with it an unforeseen vacancy in our own ranks. For this vacancy, we are happy that we could welcome in Dorthe Mikkelsen a seasoned international executive, with strong experience in the pharmaceutical domain to complete the Supervisory Board’s composition before heading into the new year.

We now look forward to continuing our work in this new, well-balanced composition and accompanying the management in its new composition in the next phase of driving business forward and delivering sustainable long-term value for all stakeholders involved.

Janus Smalbraak
Chair of the Supervisory Board

10.2 Composition, diversity and independence

During 2023, the Supervisory Board consisted of five members. The details of the five members by year end 2023, are provided in this Integrated Report on page 103. The tables on the right and on the next page provide an overview of the composition, attributes and skills of the Supervisory Board members.

Changes in 2023

In a press release published on 15 March 2023, the Supervisory Board announced its decision to nominate Valerie Diele-Braun as successor of Piet van der Slikke on the Management Board. This led to the departure of Valerie Diele-Braun from the Supervisory Board as of 1 October 2023.

By press release of 13 October 2023, the nomination of Dorthe Mikkelsen was announced to fill the vacancy arisen due to the departure of Valerie Diele-Braun. Dorthe Mikkelsen was appointed by the EGM held on 27 November 2023, with effect as of such date.

Changes foreseen in 2024

The current retirement rota for the Supervisory Board shows that the terms of Janus Smalbraak and Amy Hebert expire in 2024. Both have indicated they are open for prolongation, and the Supervisory Board has announced their nomination by press release of 1 March 2024, for the 2024 AGM to vote upon.

Diversity on the Supervisory Board

The approach to, and targets for diversity of the Supervisory Board are discussed hereafter in paragraph 15.2. The Supervisory Board strives to have a diverse composition to ensure that the knowledge, skills and experience present are complementary, enabling each member to make a valuable contribution to the duties of the board or committee.

In addition, the Supervisory Board strives for diversity in the scheduled retirements of its members. When considering vacancies, achieving and/or maintaining an appropriate balance in gender, age and geographic background are important aspects that will be taken into account.

In 2023, the Supervisory Board profile and diversity policy were taken into account in the search that led to the nomination of Dorthe Mikkelsen. With Dorthe, the board was strengthened with an experienced business leader and seasoned international executive in the pharmaceutical and healthcare industry. In addition to industry knowledge and international experience, she brings experience as non-executive board member, including in remuneration and audit committee roles. The Supervisory Board believes the experience and skills of Dorthe Mikkelsen complement the knowledge present in its composition.

Composition Supervisory Board

NAME + POSITION (AT END OF YEAR 2023)	NATIONALITY	GENDER	YEAR OF BIRTH	INITIAL APPOINTMENT	TERM EXPIRES IN	NUMBER OF TERMS	INDEPENDENT (DCGC)
Janus Smalbraak - Chair of the SB - Chair of the NAC - Member of the RC	Dutch	male	1967	2016	2024	second	yes
Stephan Nanninga - Vice-Chair of the SB - Chair of the RC - member of the NAC	Dutch	male	1957	2018	2026	second	yes
Amy Hebert - Member of the SB - Member of the AC - Member of the NAC	American	female	1972	2020	2024	first	yes
Willem Eelman - Member of the SB - Chair of the AC	Dutch	male	1964	2022	2026	first	yes
Dorthe Mikkelsen - Member of the SB	Danish	female	1967	2023	2028	first	yes

Independence/Conflicts of interest

Throughout 2023, all Supervisory Board members qualified as independent within the meaning of best-practice provision 2.1.8 of the Dutch Corporate Governance Code (the "Code"). IMCD has not granted any loans, advances, guarantees, shares or options to its Supervisory Board members. Their remuneration is not dependent on the company's results.

At the end of 2023, one Supervisory Board member, Janus Smalbraak, owned shares in IMCD. In line with the Code, these shares are held as a long-term investment.

In carrying out their duties all Supervisory Board members are fully aware of, and abide by, the conflict-of-interest provisions of the Supervisory Board Rules and their personal statutory and fiduciary duties to act independently and in the interest of the company and its stakeholders.

No Supervisory Board members entered into transactions in 2023 where there was an actual or potential conflict of interest. In accordance with clause 2:140 DCC, and 10.3 and 10.6 Supervisory Board Rules, Valerie Diele-Braun stepped down and abstained from the Supervisory Board committees she was a member of, and did not take part in any Supervisory Board deliberations concerning or connected to the succession process, whilst she was a candidate in the selection process.

Dorthe Mikkelsen Willem Eelman Janus Smalbraak Amy Hebert Stephan Nanninga

Skills & attributes of IMCD Supervisory Board members

	JANUS SMALBRAAK	STEPHAN NANNINGA	AMY HEBERT	WILLEM EELMAN	DORTHE MIKKELSEN
Skills					
Managing large organisations	x	x	x	x	x
International business experience	x	x	x	x	x
Industry knowledge: chemicals (speciality, or other) and/or ingredients		x	x		x
Market knowledge: distribution	x	x	x		
M&A experience	x	x	x	x	
Finance, audit & risk			x	x	x
Governance, regulatory compliance & legal	x	x	x	x	x
People, culture and HR expertise	x	x	x		x
Sustainability & CSR	x		x		x
Investor relations	x	x		x	
ICT and cyber security				x	x
Other attributes					
Currently active in an executive position at another company	x		x		
Mainly non-executive role		x		x	x

10.3 Supervision in 2023

In performing their duties, the members of the Supervisory Board are guided by the interests of IMCD and all its stakeholders. The activities the Supervisory Board engaged in as well as the material matters on which its supervision was focused in 2023 are described in the following sections.

Meetings and attendance

Due to the topic of succession planning, the Supervisory Board met more often, both in person and virtually. Also, some members attended committee meetings as observer, leading to a closer cooperation and knowledge sharing throughout 2023. The combination of physical and virtual meetings has worked well and will be continued.

The Supervisory Board met face-to-face in its full composition in February, April, November and December. Other regular meetings were held with some of the members attending in person in Rotterdam and other members attending via videoconferencing. In addition to the regular scheduled meetings, the Supervisory Board held two fully virtual update calls, in January and October.

In total, nine meetings (including the two update calls) took place with the full Supervisory Board present. Six meetings were held with the Management Board members also present. Four Supervisory Board meetings consisted of or included a closed session without the Management Board members attending.

Between meetings, the members of the Supervisory Board were in regular contact with each other, by telephone and e-mail. To prepare for meetings and to discuss the current state of affairs, the Chair regularly spoke with the CEO and other members of the Management Board. The full Executive Committee was present during the Supervisory Board meeting in December 2023. The two candidates for appointment to the Executive Committee joined that meeting as observer. In this two-day session with a farewell lunch and dinner event for Piet van der Slikke, the Supervisory Board had many opportunities to interact in an informal way with IMCD's senior management and gained good insight in the dynamics and the relationship between the Management Board and the Executive Committee members.

The following table shows the attendance record of the individual Supervisory Board members. Attendance is expressed as the number of meetings attended out of the number the member was eligible to attend.

Attendance record for SB and committee meetings

MEMBER	SB	AC	RC	NAC
Janus Smalbraak (Chair)	9/9	-	3/3	2/2
Stephan Nanninga	9/9	-	3/3	2/2
Amy Hebert	9/9	4/4	1/3	2/2
Willem Eelman	9/9	4/4	1/3	-
Dorthe Mikkelsen	2/9[1]	-	1/3	-
Valerie Diele-Braun	5/9[2]	-	0/3	0/2

1 Dorthe Mikkelsen attended all SB meetings held in 2023 as of her appointment. In addition, she was observer in 1 RC meeting, as were Willem Eelman and Amy Hebert.
2 Valerie Diele-Braun stepped down from the RC and NAC in January 2023 and hence, did not attend (nor invoiced any fees for committee work during 2023). She took part in five SB meetings, up to her appointment to the MB, after which she took part as MB member in November and December 2023.

Supervisory Board working visit

In addition to above meetings, the Supervisory Board travelled to Dubai for a work visit covering the Middle-East and APAC regions. Next to senior management from various countries, the full Management Board and Executive Committee joined, offering opportunity to engage on business topics, and during the informal parts of the programme. In the work sessions during the visit, the Supervisory Board discussed the strategy, risks and opportunities for IMCD in the Middle East and APAC regions, including growth paths per country, business group strategies, and developments in the regional head office and support functions (such as Health & Safety, Regulatory and Quality).

10.4 Topics of discussion and advice

Regular items on the Supervisory Board agenda in 2023 remained the development of results, the financial position of the group, acquisition projects and evaluations, and reports on any matters relating to material risks, claims and compliance issues.

To provide more insight, some matters of material significance relating to the supervision in 2023 by the Supervisory Board are discussed in more detail in the following sections.

Management Board composition and succession planning

Management succession was an important topic during 2023, on which the Supervisory Board spent substantial time. Early in 2023, with the help of an external firm, a thorough succession process was conducted. Under the lead of the Chair, the NAC prepared the various steps, interviews and assessments, after which the SB evaluated and decided on the nomination for the CEO position.

The Supervisory Board is excited that it had the opportunity to nominate Valerie Diele-Braun for this role, and glad about the positive shareholder response to her appointment (99.94% approval). With Valerie, IMCD welcomes an all-round CEO in the chemical industry, well-equipped to ensure the continuation of strong management across the group, together with IMCD's CFO and COO.

The succession process also led to more frequent contacts during the year between (members of) the Supervisory Board, Management Board, Executive Committee and senior managers. This provides the Supervisory Board with helpful insight in the dynamics in the senior management layer. One of the conclusions drawn in the Supervisory Board's self-evaluation at the end of year, was that the increased access to the second management layer in IMCD is of added value in the execution of its duties and it strives to continue this practice in 2024.

Strategy

On various occasions, the Management Board and the Supervisory Board discussed the company's strategy for long-term value creation and its implementation. In 2023, time was again spent on regional aspects and developments, in particular on the Middle-East and APAC region. Often, the discussion was closely connected to potential acquisitions or other business opportunities as presented by the Management Board. The Management Board made good progress in the execution of IMCD's growth strategy in all regions.

In the December meeting, the Management Board reported on the general strategy and associated risks, with the full Executive Committee present, providing the Supervisory Board with thorough insight into the ambitions of the company and the state of play. It was agreed to organise a new strategy session in the first half of 2024, to discuss with, and involve in an early phase, the Supervisory Board the strategy update by the new management team. This session will focus as well on the sustainability elements of the strategy, opportunities for M&A, and digital transformation.

Acquisitions

In addition to pursuit of organic growth, acquisitions offer IMCD the strategic benefit of building economies of scale, strengthening its presence in certain business segments and/or eliminating product portfolio gaps.

2023 was an active year for IMCD on the M&A market. The company completed the acquisition of thirteen businesses, and in addition, signed five share or asset purchase agreements which were or will be closed in 2024. The Supervisory Board was updated on the M&A projects and pipeline during all of its regular meetings with the Management Board and gave due consideration and approval to the opportunities presented. During the scheduled strategy meeting in 2024, additional attention will be given to the company's M&A strategy.

The acquisitions approved in 2023 were spread across regions, with a focus on growth markets across Latin America and Asia. More information on each of the acquisitions itself is available in Paragraph 3.1 (Developments 2023) in this Integrated Report.

With the newly added business, the Supervisory Board is confident that IMCD is well-positioned to, under improving economic conditions, accelerate future business growth, which creates sustainable and long-term value for IMCD's stakeholders.

Of course, not all acquisition opportunities actually come to fruition. As in prior years, the Supervisory Board and Management Board regularly discuss projects and opportunities in which, for example, the strategic fit was ultimately deemed insufficient, or conflicts were believed to be too material to close the deal.

Operational performance and budget planning

During all meetings, those present discussed in detail the company's recent operational performance and the development of the results, of the company as a whole and by region, as well as by country if there were grounds to do so. During such updates, the Management Board informs the Supervisory Board about material developments in the markets, or any changes in economic circumstances relevant to IMCD.

Furthermore, important organisational changes per region and important developments concerning IMCD's relationship with its major suppliers and/or customers are reported and the opportunities or risks to be expected from such developments are discussed.

During the Supervisory Board's meeting in December 2023, the budget for 2024 was presented and approved. The budget is the outcome of an extensive internal process of local and regional budget discussions.

The budget presentation was discussed with the full Executive Committee present, providing an opportunity for the Supervisory Board members to discuss market conditions, competitors, opportunities and risks as well as other developments within specific regions and IMCD's Business Groups in greater depth.

Global developments

Geopolitical and macroeconomic developments remained turbulent at times, causing various commercial challenges as well, including increased costs and product prices, as well as weaker demand in certain business segments. In its meetings, the Supervisory Board regularly discussed the challenges IMCD encountered or anticipated as a consequence of such developments, the impact on the organisation, IMCD's people, and the financial results.

Sustainability

2023 was a year of executing on the plans and initiatives sowed in 2022. Progress was made on many terrains, albeit more internally than externally visible this year.

In line with the bonus targets set for the Management Board, the company increased its environmental, social and governance (ESG) screening of suppliers, upstream and downstream. Over 90% of suppliers is now reviewed for an EcoVadis rating and collaboration has started with business partners on improvements (where relevant).

IMCD also worked to implement a revised emission calculation methodology, aligning itself with the guidance by Together for Sustainability (TfS), the chemical industry's leading round-table initiative that IMCD joined last year. As this was also part of the bonus criteria, more information can be found in the Remuneration Report included in this Integrated Report.

The company furthermore reassessed its alignment with the UN SDGs and aligned its Sustainable Solutions programme with the updated categorisation. The Supervisory Board was informed about the development of IMCD's digital sales and buyer enablement tool, which will feature the sustainability accelerators identified by the Sustainable Solutions Taskforce up to date. This tool will launch in 2024. As demonstrated in other chapters of this Integrated Report, the company also made good progress in identifying metrics, performance indicators and targets for other ESG topics.

The external ratings and recognitions received again showed improvement and indicate that IMCD remains at the forefront of the industry and leading in ESG practices. In 2024, the Supervisory Board will discuss the sustainability aspects of IMCD's long-term strategy in more depth with the Management Board in its new composition.

Employee engagement & diversity

As IMCD keeps growing, talent development, diversity and inclusion in the company remain important topics for the Supervisory Board. The execution of the HR strategy was discussed in detail in the presence of the Global HR Director. Focus in 2023 was on the further development of a D&I policy, set ambitious diversity targets and action plans.

Gender diversity has increased further, also in the sub-top of senior managers, reaching 44% female leaders and 31% women with commercial positions with P&L responsibility. With this, IMCD is on its way to establish a robust and diverse talent pipeline for future leaders. To support this positive development for the longer term, a diversity target is again included in the 2024 bonus criteria, focussing on appointment of female leaders in senior management positions with P&L responsibility.

In 2022, IMCD conducted a worldwide employee engagement study for the first time. This study will now be repeated in 2024.

IT infrastructure and controls

An annually recurring topic of great importance is the operation and management of IMCD's IT infrastructure. IMCD's operations are supported by sophisticated and modern IT solutions, which play an important role in the further digitalisation of the business model.

An annual review and strategy update took place with the Audit Committee in June 2023, this year with both the Group IT Director and Group Information Security Officer present. It was established that good progress has been made on all strategic objectives of IMCD's IT strategy.

Digital developments and impact and opportunities for IMCD's business model were discussed as well. In its self-evaluation, the Supervisory Board has concluded to plan further deep dive sessions on the topic, open to more board members during 2024.

MB and SB performance assessment

In the absence of the Management Board members, the Supervisory Board assessed their individual performance and discussed the related remuneration. In addition, in closed sessions, the Supervisory Board discussed its own composition and diversity, the Supervisory Board profile, Supervisory Board Rules and its remuneration. A list of the other positions of the Supervisory Board members was discussed as well.

In two closed sessions in November, the Supervisory Board members conducted a self-assessment concerning the functioning of the Supervisory Board, its members and its committees, including topics such as the interaction between the Supervisory Board and the Management Board and information provision to the Supervisory Board. This year, the process included individual feedback meetings between the Chair and Supervisory Board members and two round-table discussions, including one in the Supervisory Board new composition.

Findings and conclusions

The most important findings and conclusions were as follows:

- Overall, the Supervisory Board was positive on its functioning throughout the year.
- Factors that contributed to this conclusion were the close and constructive cooperation that took place during the CEO-succession process and the established open culture that throughout the year allowed for meaningful debate.
- Five members to be a balanced composition, allowing a proper task allocation.
- All members showed commitment through high attendance and flexibility to meet outside of the regular meeting calendar.
- Evaluating its knowledge and expertise, the Supervisory Board would like to schedule deep-dive sessions on the topics of sustainability, and digital transformation.
- After good experience with the work visit in Dubai, the Supervisory Board aims to have more interaction with the sub-top of senior managers in the company.

- With Valerie Diele-Braun starting as CEO in January 2024, the Supervisory Board sees opportunity to be closely involved in strategy setting, for which a separate meeting is planned.

Actions upon evaluation

The findings and conclusions were shared with the Management Board. To follow-up on the defined topics for focus in 2024, the Company Secretary is tasked with planning additional time for deep-dive meetings and interaction with IMCD's senior management throughout the year.

In line with the new Code, it was decided to have the evaluation take place with guidance of an external expert once every four years.

Knowledge and education

As part of the continuous Supervisory Board training programme, the Supervisory Board was informed of developments in relevant legislation, for example in the field of gender diversity (reporting) in the Netherlands, the revision of the Dutch Corporate Governance Code, and the broad spectrum of sustainability and reporting legislation, standards and requirements that is or will come into force and with which IMCD is preparing to comply. With the AC members, specific legislation such as NIS2 (cybersecurity) and Pillar II (tax) were discussed in more detail. In respect of sustainability reporting, the Supervisory Board decided to hold a further deep-dive session for all members, to be organised in 2024.

The Supervisory Board members furthermore have access to market reports covering IMCD and/or its competitors, which they can use to inform themselves and develop more in-depth knowledge of relevant market conditions, opportunities and the challenges that IMCD faces.

10.5 Supervisory Board committees

During 2023, the Supervisory Board worked with three committees: an Audit Committee (AC), a Remuneration Committee (RC) and a Nomination and Appointment Committee (NAC). The division in tasks and responsibilities and the working methods of the Supervisory Board and its committees are described in more detail in the Corporate Governance chapter.

Audit Committee (AC)

The Audit Committee held four regular meetings in 2023, all of which were attended by IMCD's CFO, the Director of Corporate Control, the Director Internal Audit and representatives of the external auditor, Deloitte Accountants B.V. (Deloitte). Minutes of the meetings were submitted to the Supervisory Board and the Chair of the Audit Committee provided regular updates of the discussions that took place. Additional meetings and calls took place in respect of the audit firm rotation that was proposed and approved by the 2023 AGM.

The Audit Committee discussed IMCD’s accounting policies and valuation methods as used in the preparation of its quarterly, semi-annual and annual financial reports for the full Supervisory Board. In addition, post-acquisition reviews of recent acquisitions, IMCD's IT infrastructure and strategy and internal control, governance and related risks, were on the agenda.

In **January** and **February**, the AC spent considerable time on the tender process for rotation of the external audit firm. The process, selection criteria, evaluation and recommendation are described in more detail in Annex 3 to the convocation of the 2023 AGM, available on IMCD's website. The selection process resulted in a proposal to reappoint Deloitte for the audit in 2024, and thereafter rotate to EY for a first three-year period covering book year 2025-2027. Both proposals were approved by shareholders with 100% votes cast in favour.

In its regular meeting in **February**, the Audit Committee furthermore discussed the 2022 annual report and financial statements, and the 2022 audit in detail with the external auditor. Other topics discussed were the dividend proposal and IMCD's refinancing activities.

In **April**, the internal auditor presented his findings for the period up to and including March 2023, the annual post-acquisitions review, and external audit evaluation. The external audit plan for 2023 was discussed and the AC recommended approval to the Supervisory Board.

In **June**, the Audit Committee discussed the design and operation of IMCD's internal control and risk management system and the risk assessment cycle with the Director of Corporate Control. In addition, the Director Internal Audit discussed the internal audit reporting topics and the positive outcome of external quality assessment of the Internal Audit department. The Internal Audit Charter was discussed and approved. In this summer meeting, an annual deep-dive takes place on the topics of IT and cybersecurity.

IMCD's Group IT Director presented an update of the IT landscape and strategic developments. IMCD's Information Security Officer presented the same for the topic of cybersecurity, with attention for internal communication and training, and security assessments and action plans for the integration of acquisitions.

The topic of sustainability reporting was added to the agenda and the roadmap for IMCD's first integrated report, with assurance on non-financial information was discussed with the External Auditor present. The actions initiated to comply with European sustainability reporting legislation as of 2024 (CSRD) were also reviewed.

After this meeting, the Audit Committee reported its findings to the Supervisory Board and the board concluded that all required and desirable internal control elements were still effectively subsumed within the agenda, programme and tasks of the internal auditor and the corporate (control) team.

In **November**, the internal audit plan for 2024 was presented to the Audit Committee and subsequently approved by the full Supervisory Board. The Audit Committee furthermore discussed the internal audit findings up to and including September 2023 and the implementation of the Dutch Corporate Governance Code. In the tax and treasury update, the Audit Committee discussed IMCD's tax strategy and tax developments impacting the company. Subsequently an update was provided by the Audit Committee to the Supervisory Board in its November meeting in line with the principles as set out in the Dutch Corporate Governance Code.

External auditor

The Supervisory Board is responsible for engaging and supervising the performance of the external auditor. Deloitte Accountants B.V. (Deloitte) was reappointed as IMCD's external auditor for the financial years 2022 and 2023 at the 2022 AGM. The Audit Committee and the Management Board reported to the Supervisory Board on Deloitte's envisaged audit plan for 2023, the relationship with and functioning of Deloitte as external auditor, as well as on other audit and non-audit services provided to IMCD by Deloitte.

Deloitte attended the meetings of the Supervisory Board in February and December 2023, in which discussions were held on the financial statements and the key audit points, and observations and recommendations as presented in the auditor's management letter.

Deloitte confirmed its independence from IMCD in accordance with the professional standards applicable to statutory auditors of public-interest entities.

Remuneration Committee (RC)

The Remuneration Committee convened three times in 2023 (in **February**, **May** and **December**), with IMCD's Global HR Director attending all meetings. The Remuneration Committee's members throughout the year were Stephan Nanninga (Chair) and Janus Smalbraak. As of 13 January 2023, Valerie Diele-Braun stepped down, due to her participation as candidate in the CEO succession process. Upon appointment of Dorthe Mikkelsen, it was decided that she will succeed Janus Smalbraak as member of the Remuneration Committee as of 1 January 2024.

The members also held regular consultations to discuss, amongst other matters, the proposals for the compensation package for the new CEO and (amendment of) the remuneration of the individual members of the Management Board. The Chair of the Remuneration Committee provided regular updates to the Supervisory Board of the discussions that took place. Where deemed helpful and efficient, other members of the Supervisory Board joined the RC meetings as observer.

The Remuneration Committee furthermore prepared the Supervisory Board's Remuneration Report for 2023, which is included in this Integrated Report.

MB and SB remuneration

The remuneration policy for the Management Board was last amended in 2020 to bring it in line with the new legal requirements applicable as a result of the implementation of the Revised Shareholders' Rights Directive. The revisions were approved by the General Meeting on 30 June 2020, that at the time also adopted a formal written remuneration policy for the Supervisory Board at the time.

In addition to the regular committee meetings in 2023, a separate project was set up to evaluate the policies and prepare such for (re)approval during the 2024 AGM. In this process, the RC chair was closely involved and took part in multiple stakeholder engagement meetings, which took place with support of an external advisory firm.

The 2023 Remuneration Report contains further details on how the remuneration policies were implemented in 2023. Detailed information on the compensation of the Management Board and Supervisory Board in 2023 is set forth in note 53 to the financial statements.

The format of the Remuneration Report follows the recommendations included in the Revised Shareholders' Rights Directive, of 2020. In 2023, the 2023 Remuneration report was submitted to the General Meeting for an advisory vote. It was again well received with 89.3% of the votes cast in favour of approval (2021: 91.01%). Nevertheless, the input received from stakeholders during the engagement meetings provided valuable insights and the Remuneration Committee has strived to improve disclosures to meet stakeholder requests.

Nomination and Appointment Committee (NAC)

In 2023, the Nomination and Appointment Committee was chaired by the Supervisory Board's Chair, Janus Smalbraak. As of 13 January 2023, Valerie Diele-Braun stepped down, due to her participation as candidate in the CEO succession process. The committee continued with Stephan Nanninga and Amy Hebert as the other two members in its composition.

The search process and candidate assessment for the CEO role was thoroughly planned and executed in close alignment with IMCD's Global HR Director.

< Contents page

The Supervisory Board was supported by an external recruitment and assessment firm throughout the process.

In the second half of the year, the NAC focussed on its own composition and the search to replace Valerie Diele-Braun.

In its meetings in **February** and **October**, the NAC evaluated the size and composition of the Management Board and Supervisory Board, prepared nominations for the succession of Piet van der Slikke and subsequent the vacancy on the Supervisory Board, discussed senior management appointments that took place in the group over the year. In both meetings, Willem Eelman joined as observer, allowing for efficient process management and decision-making.

In between meetings, regular update calls and informal contact and consultations took place between the Chair of the NAC and other member of the Supervisory Board, IMCD management and IMCD's Global HR Director.

10.6 Financial statements 2023 and profit appropriation

The Supervisory Board reviewed and discussed the annual integrated report and the financial statements for 2023 with all parties involved in the preparations. Based on these discussions the Supervisory Board concludes that the annual integrated report provides a solid basis for the Supervisory Board's accountability for its supervision in 2023.

The financial statements for the financial year 2023 were prepared by the Management Board and audited by Deloitte Accountants B.V. The financial statements and the outcome of the audit performed by the external auditor were discussed by the Supervisory Board in the presence of the external auditor in February 2024.

The financial statements 2023 were endorsed by all Management Board and Supervisory Board members and are included, together with Deloitte's auditor's report, under "Other information" on page 280 of this annual integrated report. The Management Board will present the 2023 financial statements and its report at the AGM.

The Supervisory Board recommends that the AGM adopt the 2023 financial statements, including a proposed dividend of EUR 2.24 in cash per share. In addition, the Supervisory Board recommends that the members of the Management Board and Supervisory Board will be discharged from liability in respect of their respective management and supervisory activities performed in 2023.

Looking back, the Supervisory Board has had a productive year, in which it had more close contact with the company, its people and stakeholders, and interacted on a broad variety of topics. On multiple occasions, the board members experienced first hand the unique and often fun culture in IMCD. The year closed with saying farewell to IMCD's founder and extraordinary CEO, Piet van der Slikke, who has led the company on an impressive growth story in its 29 years of history.

Now entering a new phase, the Supervisory Board is confident that the strong foundations laid in the past offer many opportunities for IMCD to continue its long-term success story and is excited to accompany management in its new composition on this journey.

Rotterdam, 29 February 2024

Supervisory Board
Janus Smalbraak
Stephan Nanninga
Amy Hebert
Willem Eelman
Dorthe Mikkelsen

11 Remuneration report

The Remuneration Committee of the Supervisory Board is responsible for assessing and preparing the remuneration policy and remuneration proposals concerning the members of the Management Board and the Supervisory Board. The Supervisory Board assesses the proposals and, in the event of proposed policy changes, submits the remuneration policy to the General Meeting for adoption.

This remuneration report provides an overview of the remuneration policy for IMCD's Management Board and its implementation in 2023.

11.1 Introduction by the Chair

The Remuneration Committee has had an active year in 2023. Due to the announced retirement of IMCD's long-time CEO Piet van der Slikke, and subsequent the participation of Valerie Diele-Braun in the succession process, the committee early in the year reduced to two members. In this composition, it attended to various topics and planned projects.

First, the committee initiated a renewal of the benchmark recurring benchmark study, again executed by EY, to be well prepared and able to offer an appropriate package for the CEO function. Thereafter, a broader review of the management board compensation took place.

In the second half of the year, the committee evaluated the remuneration policies and prepared a revision to be put to vote during the 2024 AGM. This process included a stakeholder dialogue process, in which the chair of the Remuneration Committee and IMCD's Global HR Director engaged with shareholders, proxy voting agency's and Eumedion to receive feedback on the remuneration policies and suggested changes.

This process brought valuable insights, but also the confirmation that IMCD's remuneration policies, by and large, are perceived as straightforward, not overcomplicated and fair. The committee therefore hopes that the proposals will again be adopted with a high approval vote, as was the case in 2020.

Key highlights – 2023 performance

At the end of the year, the committee attended to the regular topics, which included the remuneration scenario analysis based on the forecasted results of the year. After two exceptional years of very strong growth, business in 2023 remained resilient despite challenging conditions.

The financial results in 2023 were solid, with substantial acquisition growth, operating EBITA of EUR 515 million and healthy cash-flow. Operating EBITA margin remained nearly as high as in 2022 (11.6% vs 12.0%), which was the highest level in the past 10 years.

On the non-financial targets set by the Supervisory Board, good progress was made as well. In respect of the methodology to calculate emissions, IMCD's team worked hard to progress, enabling the company to from now on carry out these calculations in-house for scope 1, 2 and 3. This is of value for the long-term as well, as it allows for better insight and more visibility of emission developments and trends in management information.

Taking up its role to promote best-in-class ESG practices, from its position in the middle of supply chains, the committee was happy to see that IMCD's teams increased the coverage of the ESG screening programme to include over 90% of upstream and downstream suppliers.[1]

On diversity, the company delivered again on its targets to appoint over 40% women in leadership roles, as well as over one third women in roles with P&L responsibility. The committee sees the latter as particularly important, as it helps to build a strong and diverse internal talent pipeline, which is key for future internal promotions, contributing to the long-term success of the company.

Stephan Nanninga
Chair of the Remuneration Committee

[1] In line with the 2023 targets for the MB remuneration, this was calculated based on the FY 2022 spend/revenue. Early in 2024, IMCD decided to start reporting the coverage based on the actual year's results, leading to 91% upstream and 88% downstream coverage in the screening programme.

Summarised overview of IMCD's remuneration policy and application in 2023

	POLICY SUMMARY	APPLICATION IN 2023[1]
Base salary	• A fixed annual cash compensation, paid in 12 equal monthly instalments • Aim for the median level of the labour market peer group • Reviewed annually, against external market developments and internal relativity to other employees	• Base salary paid as follows: - Piet van der Slikke: EUR 764,245 - Hans Kooijmans: EUR 610,228 - Marcus Jordan: EUR 521,484 - Valerie Diele-Braun: EUR 212,500[2] • The 2023 base salaries include an adjustment for inflation at the start of the year and a 10% increase for Hans Kooijmans and Marcus Jordan as of October 2023.
Short-term incentive	• A variable pay-out in cash based on annual performance conditions set by the SB • 'At target' level: 50% of base salary • Maximum opportunity: 75% of base salary • No pay-out in case performance is below pre-determined minimum thresholds	• Applicable criteria and their weight: - non-financial targets: 30% - organic growth (operating EBITA): 60% - M&A growth (acquired EBITA): 10% • Actual pay-out was 46% of the max. opportunity, resulting in a cash pay-out equalling 34.5% of base salary for Piet van der Slikke, Hans Kooijmans and Marcus Jordan. • For Valerie Diele-Braun a pro rata cash bonus for the period October to December 2023 was paid at maximum opportunity in line with contractual arrangements, amounting to EUR 159,375.
Long-term incentive	• Annual grant of conditional shares that vest after three years • 'At target' level: 100% of base salary • Maximum opportunity: 150% of base salary • Performance targets and their weight: - cash earnings per share (EPS): 50% - relative total shareholder return (TSR): 50%	• In 2023, the SB decided on unconditional share vesting for the 2020 LTI Plan. The 3-year performance period under this plan included book years 2020, 2021 and 2022. • Due to strong performance, the targets (Cash EPS and relative TSR) for the full performance period were met above the maximum pay-out threshold. Hence, shares vested as follows: - Piet van der Slikke: 12,694 shares - Hans Kooijmans: 9,889 shares representing a realised LTI bonus of 150% of base salary applicable at the time of the conditional grant. • The SB did not use its discretionary powers to deviate from the results calculated on the bases of the performance criteria.
Pension	• For Dutch board members, participation in the general IMCD pension scheme applied throughout the year. • As of October 2023, an additional contribution was applied for Hans Kooijmans and Marcus Jordan above the (statutory) capped pensionable salary. • Valerie Diele-Braun is entitled to a gross pension contribution of EUR 250,000 per annum, applied pro rata in 2023 for the period of her appointment (October-December 2023).	• For the year 2023, the pensionable salary was capped at EUR 128.810 (in accordance with Dutch law). • Pension contributions were paid as follows: - Piet van der Slikke: EUR 44,684 - Hans Kooijmans: EUR 64,133 - Marcus Jordan: EUR 66,139 - Valerie Diele-Braun: EUR 62,500

1 Details of the actual costs pertaining to the remuneration of the members of the Management Board and the Supervisory Board in the financial year 2023 are also included in note 53 of the financial statements to the Integrated Report 2023.
2 Valerie Diele-Braun was appointed to the Management board as per 1 October 2023 and succeeded Piet van der Slikke as CEO as of 1 January 2024. The remuneration included herein is the pro rata remuneration paid for the period as of October up to and including December 2023.

11.3 Remuneration policies

The Remuneration Policy for the Management Board was last amended in 2020, to align it with new requirements in the Dutch Civil Code following the implementation of the Revised Shareholders' Rights Directive. The policy was approved by the AGM with 94.85% of the votes cast in favour.

At the same time, a separate Remuneration Policy for the Supervisory Boardwas adopted (99.49% of votes cast in favour). In 2022, the AGM approved a revision of the fixed fees for the Supervisory Board members (99.58% of votes cast in favour). No further changes took place in 2023.

In line with Dutch law requirements, the remuneration policies for the Management Board and Supervisory Board will be resubmitted to the shareholders for approval during the 2024 AGM. A stakeholder engagement process was initiated by the Remuneration Committee in 2023, to gather insights in the input and expectations of shareholders for the update of the policies.

Objective and principles

The objective of the remuneration policies is to attract, motivate and retain highly qualified executives by providing them with a balanced and competitive remuneration package that is focused on sustainable results and is aligned with IMCD's long-term strategy. This remuneration philosophy does not apply only to executives in IMCD. For all its employees, IMCD wants to be an attractive employer, with competitive remuneration levels in the relevant labour markets, whilst maintaining flexibility to reflect differences in size and complexity of individual responsibilities in the compensation offering.

For the remuneration of the Supervisory Board the guiding principle is that the (amount and) level should reflect the time spent by, and the responsibilities of the Supervisory Board members. Given the nature of responsibilities of the Supervisory Board, the remuneration is not dependent on the results of IMCD; it consists of a fixed compensation only.

Although the company's strategy is primarily set by the Management Board, the remuneration policy is designed in such a way that the Supervisory Board can ensure, by defining the performance criteria and (operational and financial) targets under the remuneration policy, that the remuneration of the Management Board is linked to and supports the company's strategic priorities. It enables the Supervisory Board to encourage actions focused on long-term value creation and a sustainable contribution to all stakeholders.

Market positioning / peer review

The remuneration of the members of the Management Board is set around the median of remuneration levels payable within a peer group of comparable Dutch stock exchange listed companies, relevant to IMCD from a labour market perspective.

The Supervisory Board takes into account the internal ratio to the positions below the Management Board as well. All components of the remuneration packages are reviewed annually. On the initiative of the Remuneration Committee this review may include an external benchmark evaluation. The peer group taken into account for a remuneration benchmark consists of AEX and AMX companies in the Netherlands with similar revenues and similar market capitalisation. Substantially smaller or larger companies, financial institutions and real estate companies are excluded from the peer group, as well as companies with poor disclosure in respect of remuneration details.

To prepare an appropriate compensation package for the new CEO, the benchmark study performed by EY in 2021 was updated at the beginning of 2023. The peer group was kept the same to the extent the companies still met the criteria described in this paragraph. The peer group comprised 15 companies, as listed in the following table.

REMUNERATION PEER GROUP COMPANIES 2023	INDEX
Koninklijke DSM	AEX
JDE Peet's	AEX
AkzoNobel	AEX
Just Eat Takeaway.com	AEX
Koninklijke KPN	AEX
ASM International	AEX
BE Semiconductor Industries	AEX
Signify	AEX
Konklijke Vopak	AMX
Aalberts Industries	AMX
OCI	AMX
Corbion	AMX
SBM Offshore	AMX
Arcadis	AMX
PostNL	AMX

In comparison to 2021, Grandvision and Boskalis were removed due their delisting from the stock exchange. Koninklijke BAM Groep was excluded because it is now traded as a AScX (small-cap) fund. Taking market capitalisation and revenue criteria into account, JDE Peet's and BE Semiconductor Industries were added to the reference group.

11.4 Application of the policy in 2023

Hereafter the application of the policies for the different elements in the compensation packages is discussed.

Base salary

The base salary for the members of the Management Board is determined by the Supervisory Board. At the start of 2023, the base salaries of all board members were adjusted for inflation on the basis of the Dutch Consumer Price Index (CPI) determined by Statistics Netherlands (*Centraal Bureau voor de Statistiek*). For Piet van der Slikke and Hans Kooijmans a 6% correction was applied. The adjustment for Marcus Jordan was applied pro rata, for the period of his appointment from May 2022 till end of year, leading to a correction of 4.9%.

EUR	2023	2022
Piet van der Slikke	764,245	709,542
Hans Kooijmans	610,228	552,731
Marcus Jordan	521,484	323,333
Valerie Diele-Braun[1]	212,500	-

1 Valerie Diele-Braun was appointed to the Management board as per 1 October 2023. The remuneration included herein is the pro rata remuneration for the period as of October up to and including December 2023.

The benchmark study performed at the start of 2023 led to a review of the packages of the CFO and COO as well. With effect as of 1 October 2023, their base salaries were increased with 10%, aligning their packages with market practice and ensuring internal pay consistency within the Management Board in its new composition.

Short term incentive (STI)

The objective of the Management Board's short-term incentive plan, is to ensure that the members of the Management Board prioritise defined short-term objectives often operational, that support sustainable value creation on the longer term .

STI structure and value

The short-term incentive consists of a (potential) cash bonus payment, depending on the level of achievements of pre-set targets. This applies equally to all members of the Management Board.

The short-term incentive structure is straight forward and set up as follows:

STI VARIABLE PAY STRUCTURE (% OF BASE SALARY)	
Under performance (below set threshold)	0%
At target performance	50%
Maximum opportunity (capped)	75%

Each year, the Supervisory Board selects financial and non-financial targets for the Management Board's short-term incentive plan and determines their weight.

STI performance criteria 2023

The following table shows the selected criteria, their weight and the performance ranges (minimum, at target and maximum pay-out levels) that applied to the 2023 short-term bonus.

CRITERIA	PERFORMANCE THRESHOLDS		WEIGHT
Non-financial criteria	Performance and pay-out is assessed by the Supervisory Board per individual criteria		30%
Organic growth (operating EBITA)	• 10% ≤ budget • at target level • 5% ≥ budget	- no award - 2/3rds - full award	60%
M&A growth (acquired EBITA)	• no added EBITA • target level • 50% ≥ target	- no award - 2/3rds - full award	10%

For the organic growth component, the budget as approved by the Supervisory Board is used to define the target for 'at target performance'. The threshold for underperformance, leading to no pay-out, is reached at 10% below the target performance. In between these targets, performance is measured and awarded in the basis of a linear scale.

The Supervisory Board is of the opinion that in its annual discussion with the Management Board, the budget is set at a sufficiently ambitious level, in support of IMCD's sustainable long-term growth strategy and long-term guidance to the market. Only strong performance, being a significant 5% accelerated organic growth in any year can deliver the maximum bonus pay-out. Hence, the Supervisory Board feels it is proportional to use a 10% cut off for the lowest bonus threshold.

For commercial and strategic reasons, the actual operating EBITA target number is not disclosed ex ante. IMCD took note of the expressed desire of some stakeholders to provide more insight in the over or underachievement of targets ex post, which is addressed below in this report.

Non-financial STI criteria

For 2023, non-financial criteria were set in respect of two topics; (i) social / diversity, and (ii) sustainability. Each category had a weight of 50%, hence each represented 15% of the total bonus opportunity. The metrics and performance review by the Supervisory Board for the two topics selected for 2023 are explained in more detail below.

(i) Social / Diversity

After successful achievement of diversity related targets in previous years, the Supervisory Board decided to maintain such target for 2023 as well. The target was again focused on the appointment of female leaders in senior management positions (target: at least 40%), but this year a second target was added to encourage and support appointment in commercial roles with P&L responsibility (at least 33%).

The reasoning for this is that the internal candidates for the end-responsible position in country and regional management within IMCD (managing directors, business group leaders, etc.) often have a commercial background. By increasing the number of female talent with this experience in the talent pool, it will become easier for IMCD to promote internal female candidates for these roles.

In 2023, 48% of open senior management position was filled with female candidates, with 43% appointments on commercial or digital leadership positions. See paragraph 4 People & Culture Value for more information. Based on these result, which moved the needle significantly in the overall gender diversity of the sub top in IMCD, was awarded the maximum bonus opportunity, equalling 1.35 months of base salary.

(ii) Sustainability

In respect of sustainability, three performance indicators applied covering again the topics emission calculations, sustainable procurement and responsible supply chain management.

Emission calculation methodology

In 2022, IMCD became member of Together for Sustainability (TfS), a round-table association for the chemical industry driving improvements in ESG practices. In November 2022, TfS published its Product Carbon Footprint Guideline for the Chemical Industry (the PCF Guideline). This guideline aims to develop a gold standard for the industry as a whole to work on real and meaningful emissions reductions. The Supervisory Board has included the set-up and renewal of emissions data collection and calculation methodology as a decarbonisation target for 2023.

This methodology was developed and IMCD successfully implemented and internal dashboard for the collection of emissions stemming from Scope 3 transport. The methodology is used for the 2023 reporting and results are reviewed by Deloitte. The Supervisory Board is of the opinion that this target was met and awarded for 'at target' performance (0.45 months).

Sustainable procurement / supply chain management

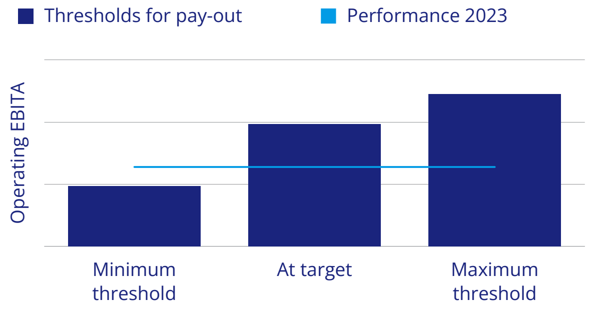
For this component, the Supervisory Board build on IMCD's commitment to increase scope and impact of its third party rating / assessment program. The targets asked for an effort to bring at least 90% of both upstream and downstream suppliers in scope of the programme by end of 2023 (based on the prior year's purchase value). In addition, the target asked to define an action plan for engagement with the lowest scoring supply chain partners to accelerate improvement. As described in paragraph 6 Product Value, both targets were met. Hence the Supervisory Board awarded for 'at target' performance (0.45 months).

In total, the Supervisory Board has granted 2.25 months of base salary as a cash bonus for the non-financial KPIs of 2023.

Financial STI criteria

As reported on in paragraph 3.1 Developments 2023 and 10.4 Topics of discussion and advice IMCD was very active on the M&A market in 2023. Hence, the M&A growth exceeded the target's threshold for maximum pay-out, leading to a bonus pay-out equalling 0.9 months of base salary.

Although financial performance in 2023 remained solid, given the unfavourable economic conditions and weaker demand experiences in some of IMCD's markets, the short-term organic growth ambition was not achieved. On a linear scale performance was appr. 30% above the minimum threshold, leading to a bonus pay-out equalling 0.99 months. Below visual provides more insight in the relative performance compared to the applicable thresholds.



Bonus amounts

Hence, the total STI bonus for 2023 granted to each of Piet van der Slikke, Hans Kooijmans and Marcus Jordan equalled 4.14 months, or 46% of the available opportunity. This resulted in a gross cash bonus payment of EUR 263,655 to the CEO, EUR 210,529 to the CFO and EUR 179,912 to the COO. In line with contractual arrangements for 2023, Valerie Diele-Braun was entitled to a pro rata bonus for the period October - December 2023, at maximum level, amounting to EUR 159,375.

Long-term incentive (LTI)

The members of the Management Board receive a share based bonus, for which the conditions are defined in the long-term incentive plan for the Management Board. The purpose of the LTI plan is to drive long-term performance, support retention and to further strengthen alignment with shareholders' interests.

LTI structure and value

The LTI plan is structured in such a way as to contribute to the simplicity and transparency of IMCD’s overall remuneration policy. Under the LTI plan the Management Board members are eligible for annual awards of conditional performance shares, that vest after a three-year performance period. Vesting depends on achievement levels of pre-set targets and is subject to continued employment. An additional two-year holding period applies to vested shares so that shared are held for a minimum period of 5 years from the grant date.

The long-term incentive structure applies equally to all Management Board Members as follows:

LTI VARIABLE PAY STRUCTURE (% OF BASE SALARY)	
Under performance (below set threshold)	0%
At target performance	100%
Maximum opportunity (capped)	150%

The conditional shares are awarded at the beginning of the first year of the performance period (usually in the first quarter). The number of shares is calculated by dividing the value of the maximum (150% of base salary) by the average IMCD share price in the month of December of the preceding year.

The Supervisory Board annually sets the targets for the Management Board's long-term incentive plan and determines their weight. The long-term incentive plan for the Management Board members does not include an award in the form of (share) options. Further details on the conditional shares awarded are presented below in paragraph 11.5 Actual remuneration paid in 2023.

LTI performance criteria for 2023

The following table shows the selected criteria and their weight, together with the performance ranges and pay-out levels that were set for the 2023 LTI plan.

CRITERIA	PERFORMANCE THRESHOLDS	WEIGHT
Cash EPS growth[1]	< 10% below target - 0% ≥ 5-10% below target - 50% ≤ > 5% range of target - 100% ≥ 5% above target - 150%	50%
Relative TSR in peer group[2]	• Fourth quartile - 0% • Third quartile - 50% • Second quartile - 100% • First quartile - 150%	50%

1 EPS: Earnings per share
2 TSR: Total Shareholder Return

The performance parameters for the 2023 LTI Plan are measured over a three year performance period (financial years 2023-2025).

To set a realistic but ambitious Cash EPS target, the actual Cash EPS published over the last year before the award is taken as a baseline and increased with a compound annual growth rate for the 3 year performance period, in line with IMCD's long term growth ambition. Realisation of 10% lower Cash EPS, still requires consistent and significant growth over a three year period and is therefore deemed a fair and appropriate threshold for vesting.

TSR peer group

The peer group used for the calculation of the outcome of the TSR component under any LTI plan comprises 11 companies, and IMCD itself. The TSR peer group is reviewed and updated annually, if necessary. For the 2023 LTI plan, the following companies were included in the TSR peer group. Due to its delisting, Univar Inc. will be replaced with Travis Perkins Plc (London Stock Exchange) as of the 2024 LTIP plan.

COMPANY	STOCK EXCHANGE
Aalberts Industries NV	Euronext Amsterdam
Azelis Group N.V.	Euronext Brussels
Brenntag AG	Frankfurt Stock Exchange
B&S Group S.A.	Amsterdam Stock Exchange
Bunzl Plc	London Stock Exchange
DKSH Holding AG	SIX Swiss Exchange
Electrocomponents Plc	London Stock Exchange
Essentra Plc	London Stock Exchange
Ferguson Plc	London Stock Exchange
Rexel SA	Euronext Paris
Univar Inc	Nasdaq

Pensions

In 2023, Piet van der Slikke and Hans Kooijmans participated in the "IMCD pension scheme", a collective career average defined benefit plan, insured by AEGON Levensverzekering N.V. In accordance with Dutch pension legislation, the pensionable salary is capped. In 2023, the cap was EUR 128,810. The pension premiums for the participation of the Management Board members due in 2023 were paid by the company. Pension rights are accrued for in the financial statements in accordance with IFRS/IAS 19.

In lieu of a Dutch pension plan, Marcus Jordan and Valerie Diele-Braun receive a gross cash allowance instead.

The Supervisory Board has long been aware that the current pension arrangement for the Management Board significantly deviates from market practice and is no longer sufficient to remain competitive. This has become clear once more from the updated benchmark by EY, in preparation of the remuneration package of the incoming CEO. The Supervisory Board therefore used the momentum of Valerie Diele-Braun's appointment to the Management Board to correct this disparity for the CFO and COO. As of 1 October 2023, they are each entitled to a gross pension contribution equalling 20% of base salary.

To enable consistency for new board members in the future, this change is also part of the proposed amendments to the Remuneration Policy and will be put forward to shareholders for approval in 2024.

Other benefits

Pursuant to their service agreements, the Management Board members receive customary fringe benefits including a fixed expense allowance, fixed contribution to healthcare insurance and a company car. In addition, Marcus Jordan and Valerie Diele-Braun receive allowances to cover (international) schooling and housing, due to their expatriations.

11.5 Actual remuneration paid in 2023

The table on the right summarises the costs for the remuneration of the Management Board members charged to IMCD and its group companies in the financial year 2023.

REMUNERATION COSTS MB MEMBERS		FIXED RENUMERATION			VARIABLE REMUNERATION			
(EUR 1,000)	Year	Salary	Pension	Other[1]	STI Bonus	Share based payment	Total[2]	Proportion of fixed and variable remuneration[3]
Piet van der Slikke, CEO	**2023**	**764**	**45**	**45**	**264**	**806**	**1,924**	**44%/56%**
	2022	710	42	51	506	759	2,068	39% / 61%
Valerie Diele-Braun, CEO (as of January 2024)[4]	**2023**	**213**	**63**	**1,157**	**159**	**28**	**1,620**	**88%/12%[5]**
	2022	-	-	-	-	-	-	-
Hans Kooijmans, CFO	**2023**	**610**	**64**	**51**	**211**	**476**	**1,412**	**51%/49%**
	2022	553	40	50	394	591	1,628	39% / 61%
Marcus Jordan, COO	**2023**	**521**	**66**	**198**	**180**	**543**	**1,508**	**52%/48%**
	2022	323	32	237[6]	230	365	1,187	50% / 50%
Total	**2023**	**2,108**	**238**	**1,451**	**814**	**1,853**	**6,464**	**59%/41%**
	2022	1,586	114	338	1,130	1,715	4,883	42% / 58%

1 Reported Other include items as health insurance premiums, business expense allowances, social security premiums, housing and schooling allowances, company car expenses and for Valerie Diele-Braun specifically a contractually agreed compensation payment of EUR 1,000,000 for the loss on her personal investment in CABB upon leaving the company. The category 'other' fully classifies as short-term employee benefits as defined in IAS 19 – Employee Benefits
2 The amounts presented in this table are included in Note 53 of the financial statements to the Integrated report 2023.
3 The relative proportion of fixed / variable remuneration is calculated by dividing the sum of the fixed / variable components by the amount of total remuneration, multiplied by 100.
4 Valerie Diele-Braun was appointed to the Management board as per 1 October 2023. The remuneration included herein is the pro rata remuneration for the period as of October up to and including December 2023.
5 This ratio is impacted because of the compensation amount paid in 2023, which has been fully invested in IMCD shares.
6 In addition to customary fringe benefits, this amount for Marcus Jordan included temporary housing allowance and an allowance to cover international schooling, due to the relocation of his family to the Netherlands.

5-year comparison with company performance

The table on the right presents the annual change of Management Board remuneration, company performance and the average remuneration of IMCD's employees in a comparative manner. As the COO position was created only in May 2022, no comparative year-on-year data is available for a five year period.

The remuneration of a Management Board member used for this comparison includes the fixed remuneration elements paid in each of the years 2018 up to and including 2023, as reported on an IFRS basis in the Integrated report. The STI pay-out is included in the year that also comprises the performance period (year 1). The value of vested LTI shares is included in the year in which the performance period ended (year 3).

5 YEAR COMPARISON OF MB AND EMPLOYEE REMUNERATION AND COMPANY PERFORMANCE

	2023 vs 2022	2022 vs 2021	2021 vs 2020	2020 vs 2019	2019 vs 2018	CAGR
MB remuneration[1]						
CEO	(8%)	5%	6%[2]	45%	(7%)	7%
CFO	(5%)	5%	7%[2]	46%	(5%)	8%
COO[3]	(15%)	-	-	-	-	-
IMCD Performance indicators						
Gross profit	(2%)	37%	29%	8%	12%	16%
Cash EPS (weighted)	(5%)	46%	44%	13%	13%	20%
Net Result (before amortisation / non-recurring items)	(6%)	48%	50%	14%	11.8%	22%
Number of customers	7%	7%	12%	2%	14%	8%
Average number of employees	13%	16%	13%	9%	18%	13%
Employee remuneration[4]						
Average wages and salaries IMCD employees[5]	(8%)	5%	4%	0%	(3%)	(1%)

1 For Management Board members the remuneration includes the base salary, pension and other benefits paid in each of the years included in the comparison, as provided in Note 53 of the financial statements to the Integrated report 2023. The STI pay-out is included in the year that also comprises the performance period (year 1). The value of vested shared under the LTI is included in the year in which the performance period ended (year 3).
2 Reported increase in 2020 compared to 2019 is a combination of inflation adjustment base salary (+1% of total), more STI (+10% of total) and revised LTIP conditions (+34% of total).
3 In 2022, the position of COO was newly added to the Management Board. Information is therefore included to the extend available.
4 The average total compensation for IMCD employees was calculated with the numbers as reported in Note 10 (Personnel expenses) of the financial statements to the Integrated report 2023 (wages and salaries / total average number of employees, excluding the members of the Management Board).
5 Acquisitions and recruitment activities in different regions, including emerging markets, have a significant effect on the annual fluctuation of the average total compensation for IMCD employees. For example, in 2018, large acquisitions in the US and EMEA contributed to an increase of the average employee compensation, whilst in 2019 and 2020, an increase of the number of employees in APAC and LATAM in the global mix, had a downward effect on the average total compensation of IMCD employees.

Movements in share positions

The table on the right depicts the movements in the Management Board's share position due to the share-based remuneration awarded to the Management Board members in the past five years. Both Marcus Jordan and Valerie Diele-Braun participated in the Management Board's LTI Plan for the first time as of 2023, hence, no prior share positions are included in the overview.

2023 long-term incentive award

Under the 2023 LTI Plan the members of the Management Board are granted (as of today's date) 8,140 (CEO), 6,341 (CFO) and 5,418 (COO) conditional performance shares respectively. This number represents the maximum opportunity for each member. Valerie Diele-Braun received a pro rata award of and 2,263 conditional shares. The outcome of performance for this LTI Plan will be reviewed at the beginning of 2026.

2024 long-term incentive award

As the decision on the 2024 LTI Plan conditional grants had already been made ahead of the publication of this Integrate Report, the information on the grants can be included herein.

Under the 2024 LTI Plan the members of the Management Board are granted (as of today's date) 8,541 (CEO), 6,766 (CFO) and 5,782 (COO) conditional performance shares respectively. This number represents the maximum opportunity for each member. The outcome of performance for this LTI Plan will be reviewed at the beginning of 2027.

Vesting of 2020 long-term incentive

Vesting of the 2020 long term-incentive package was already disclosed in the prior Annual Report. With exceptional strong performance in the years 2020-2022, both performance criteria were met at or above maximum level. 12,694 shares vested for the CEO and 9,889 shares

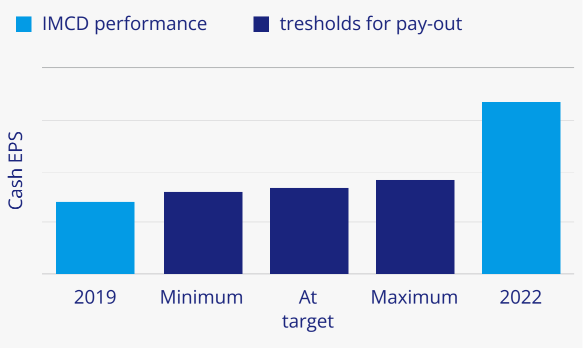
Movements in share positions (five year overview)

	MAIN CONDITIONS OF LTI PLANS					INFORMATION REGARDING THE REPORTED FINANCIAL YEAR		
	plan year	3 year performance period[1]	Date of conditional award	(scheduled) Vesting date[2]	End of holding period[3]	Gross # of conditional shares awarded[4]	Gross # of shares vested[5]	Shares subject to a holding period
Piet van der Slikke, CEO	**2023**	**2023-2025**	**24 Feb 2023**	**Q2 2024[6]**	**n/a**	**8,140**	**-**	**8,140**
	2022	2022-2024	2 May 2022	Q2 2024	n/a	5,445	-	5,445
	2021	2021-2023	25 Feb 2021	29 Feb 2024	1 Apr 2024[7]	9,698	9,698	4,897
	2020	2020-2022	26 Feb 2020	24 Feb 2023	1 Apr 2024	12,694	12,694	6,744
	2019	2019-2021	28 Feb 2019	25 Feb 2022	28 Feb 2024	16,971	16,971	-
Total							**39,363**	**25,226**
Hans Kooijmans, CFO	**2023**	**2023-2025**	**24 Feb 2023**	**Q1 2026**	**24 Feb 2028**	**6,341**	**-**	**6,341**
	2022	2022-2024	2 May 2022	Q1 2025	2 May 2027	4,242	-	4,242
	2021	2021-2023	25 Feb 2021	29 Feb 2024	25 Feb 2026	7,554	7,554	4,013
	2020	2020-2022	26 Feb 2020	24 Feb 2023	26 Feb 2025	9,889	9,889	5,254
	2019	2019-2021	28 Feb 2019	25 Feb 2022	28 Feb 2024	13,220	13,220	-
Total							**30,663**	**19,850**
Marcus Jordan, COO	**2023**	**2023-2025**	**24 Feb 2023**	**Q1 2026**	**24 Feb 2028**	**5,418**	**-**	**5,418**
Total							**-**	**5,418**
Valerie Diele-Braun, CEO (as of January 2024)	**2023**	**2023-2025**	**5 Oct 2023**	**Q1 2026**	**5 Oct 2028**	**2,263[8]**	**-**	**2,263**
Total							**-**	**2,263**

1 The LTI performance period spans the period from 1 January in the first performance year up to and including 31 December of the third year thereafter.
2 The vesting date under any LTI plan is equal to the date of the Supervisory Board's decision that establishes the number of performance shares that make up the unconditional award. This decision is usually taken during the first or second Supervisory Board meeting in the year that follows the expiration of the performance period.
3 Management Board members are allowed to sell shares that vested after such shares have been retained for a five-year period from the date of the conditional award.
4 The number of shares provided in this column represents the maximum opportunity.
5 The number of shares provided in this column represents the gross number of shares vested under the respective LTI plan for the listed year, before deduction of personal income taxes.
6 As a result of the retirement of Piet van der Slikke in 2024, and termination of his services contract as of 1 April 2024, the 2022 and 2023 LTIP package will, in accordance with the LTI plan rules, be settled in the second quarter of 2024, on pro rata basis, by payment of a gross amount in cash in Euros.
7 As a result of the retirement of Piet van der Slikke in 2024, any outstanding unconditional award shall become unrestricted at the termination date of the services contract.
8 Upon her appointment to the Management Board, Valerie Diele-Braun received a pro rata number of conditional shares under the 2023 LTI Plan, relative to her period as a board member in 2023 (October up to and including December).

vested for the CFO, at a corresponding value of 150% of their applicable annual base salary at the time of granting in 2020.

To provide more insight in the overachievement of the Cash EPS target, it is explained herein that this target is derived from the actual cash EPS result in the last year before the conditional grant, so in this case 2019. Over the performance period 2020-2022, Cash EPS increased with 138% (from EUR 2.85 at end of 2019 to EUR 6.78 at end of 2022). This is unique in the history of IMCD and exceeds the set target, which was deemed ambitious in 2020, by far.



Vesting of 2021 long-term incentive

As the decision on vesting of the 2021 long-term incentive had been made ahead of the publication of this Integrated Report, hence the information can be included herein. The 'at-target' opportunity under the 2021 LTI Plan equalled 100% of the Management Board members' annual base salary. The maximum opportunity was capped at 150%. It is noted that only the CEO and CFO participated in the 2021 LTI Plan for the Management Board.

With the exceptional strong performance in the years 2021 and 2022 still included in the three-year performance period for this LTI Plan , the Cash EPS target was again both performance criteria were again met above maximum level. Cash EPS increased with 111% over the performance period 2021-2023.

In respect of TSR performance , IMCD ranked third in the TSR group, leading to maximum vesting for this component as well. Hence 9,698 shares vested (as of today's date) for the CEO and 7,554 shares vested for the CFO, at a corresponding value of 150% of their applicable annual base salary at the time of granting in 2021.

11.6 Other remuneration information

Compliance with the remuneration policy

In 2023, the application of the remuneration policy for the Management Board was consistent with the policies included therein. No deviation or derogation took place, other than the adjustment of pension arrangements for the CFO and COO as of 1 October 2023. This change will be embedded in the revision of the remuneration policy in 2024 and submitted for shareholder approval.

The Supervisory Board did not use its discretionary power to deviate from the mathematical outcomes based on the pre-set metrics and targets for the 2023 compensation.

Long-term value creation

Both the structure for the Management Board's remuneration as well as the targets set by the Supervisory Board for the 2023 remuneration contributed to a focus on long-term value creation. The packages for the incoming CEO, CFO and COO ensure competitive compensation. A substantial part of the remuneration opportunity is made up of variable components, based on performance. Due to a lower bonus pay-out in 2023, the percentage of variable remuneration decreased, but still amounted to 41% on average for the full Management Board, as shown in the table "Remuneration costs of individual MB members"' on page 91).

60% of the 2023 STI bonus was made dependent on organic growth, ensuring a long-term mindset focused on sustainable growth. The non-financial KPIs set for the 2023 STI bonus were also geared to ensure progress on topics that benefit the company's organisation in the long-term with, in 2023, a focus on employee engagement, diversity and sustainability.

Finally, the 2023 LTI programme uses a three-year period and financial targets that contribute to a focus on long-term value growth for IMCD's shareholders.

Internal pay ratio

As per the guidance issued by the monitoring committee for the Dutch Corporate Governance Code, the pay-ratio used by IMCD reflects the annual remuneration of all IMCD employees worldwide relative to the total remuneration for the CEO, including all elements (fixed and variable) as included in the financial statements on an IFRS basis. The calculation of the pay-ratio follows the guidance provided by the Monitoring Committee for the Dutch Corporate Governance Code.

	YEAR	TOTAL CEO REMUNERATION (X EUR 1,000)[1]	AVERAGE TOTAL COMPENSATION (EUR, ALL EMPLOYEES)[2]	PAY RATIO
CEO	**2023**	**1,924**	**80,486**	**23.9**
	2022	2,068	87,299	23.7
	2021	2,056	82,680	24.9
	2020	2,186	80,214	27.3
	2019	1,693	80,313	21.1

1 The total compensation for the CEO includes all fixed and variable elements as reported in Note 53 of the financial statements to the Integrated report 2023.
2 The average employee remuneration is calculated with the numbers as reported in note 10 (Personnel Expenses), as follows: total employee expenses minus MB expenses / total average FTE.

IMCD monitors the development of the internal pay ratio over multiple years and, to the extent possible, compares the outcome with the published pay ratios of industry peers, as well as other companies included in the AEX and AMX indices. Compared to these companies, IMCD's internal pay ratio is at the lower end of the spectrum.

The five year overview above also indicated that the pay ratio remains relatively stable within a broad range of 20 to 30. The overview shows as well that the pay ratio is quickly impacted by a variety of factors in a given year; not only the pay-out of bonuses - for both management and employees -, but also acquisition-effects in case of significant growth in regions that have an impact on the total employee remuneration mix.

Due to aforementioned reasons, the Supervisory Board does not deem it valuable to set a specific range for the pay ratio. It feels that the current pay ratio is reasonable and will continue to review the ratio annually as a relevant factor for the assessment of the Management Board remuneration.

Information on shareholder advisory vote

At the 2023 AGM, the 2022 Remuneration Report was subject to an advisory vote. It was again received well, with 89.3% approval (2022: 91.01%).

It is considered a positive sign that the report again received a high approval rate. However, in the engagement meetings that took place in 2023 to receive input for the renewed approval of the remuneration policies, IMCD also received further suggestions for improvements. In response, this report includes enhanced disclosure and visibility of the relative performance compared against the set targets, allowing stakeholders to have a better understanding that targets were set to be sufficiently challenging and ambitious.

11.7 Remuneration of the Supervisory Board

The remuneration of the members of the Supervisory Board is determined by the General Meeting. It is not dependent on the company's results and none of the members of the Supervisory Board receive shares, options for shares or similar rights to acquire shares as part of their remuneration.

The General Meeting of Shareholders approved a revision of the annual fixed fees for the Supervisory Board's remuneration in 2022. The fees are listed in the following table and applied during the year.

Compliance with the policy

In 2023, the application of the remuneration policy for the Supervisory Board was consistent with the policies included therein. No deviation or derogation took place.

Supervisory Board fees

FUNCTION	ANNUAL FEE (EUR)
Supervisory Board - chair	85,000
Supervisory Board - member	55,000
Audit Committee - chair	15,000
Audit Committee - member	10,000
Remuneration Committee - chair	12,500
Remuneration Committee - member	7,500
App. and Nom. Committee - chair	12,500
App. and Nom. Committee - member	7,500

The costs for the remuneration of the Supervisory Board members charged to IMCD in the financial years 2020-2023 are set out in the table below.

Remuneration costs for SB members

EUR 1,000	2023	2022	2021	2020
Janus Smalbraak	105	105	75	54
Stephan Nanninga	75	75	68	58
Valerie Diele-Braun[1]	14	70	63	30
Amy Hebert[2]	72	65	65	31
Willem Eelman	70	47	0	-
Dorthe Mikkelsen[3]	5	-	-	-
Arjan Kaaks	-	23	70	60
Michel Plantevin	-	-	28	68
Julia van Nauta Lemke	-	-	0	24
Total SB remuneration	**341**	**385**	**368**	**325**

1 With a view to her nomination for appointment to the Management Board, and consequent appointment by the AGM, Valerie Diele-Braun did not invoice any Supervisory Board fees after the first quarter.
2 Amy Hebert took up the open position in the Nomination and Appointment Committee as of 13 January 2023. The fee for this committee work is included pro rata as of such date.
3 Dorthe Mikkelsen was appointed to the Supervisory Board with effect from 27 November 2023. The membership fee is included pro rata as of such date.

11.8 Other policy information

Scenario analysis

Scenarios concerning the possible outcomes of the variable components and their impact on the remuneration of the Management Board members are analysed annually and taken into consideration by the Remuneration Committee and the Supervisory Board. The scenarios reviewed include minimum (0%), at target (100%) and maximum (150%) variable pay-out achievement.

Views of Management Board members

The chair of the Remuneration Committee discusses the Management Board members' own views on their remuneration package annually and/or in case of any proposed changes to the remuneration packages. In 2023 this took place on multiple occasions during the year and has led to an interim adjustment of the packages of the CFO and COO.

Term of appointment

Management Board members are, in principle, appointed for a term of four years. The (total) term of employment of Management Board members is not limited in any way. Valerie Diele-Braun is appointed for a first term as of her start as CEO in 2024, hence, expiring in 2028 (at the date of the AGM).

Hans Kooijmans was re-appointed for another four-year term in 2022, expiring at the date of the 2026 AGM. At the same time, Marcus Jordan was appointed as new member to the Management Board in the role of COO, also for a (first) term of four years.

Revision and claw back of variable pay

The Supervisory Board may adjust the amount or value of an STI or LTI awarded to a Management Board member to a suitable level if payment or fulfilment of that award would be unacceptable under the standards of reasonableness and fairness.

There is also a claw-back provision in place which may be applied to payments made to members of the Management Board (in cash, in kind or in the form of securities) under an STI or LTI award. In 2023, no adjustment or claw-back occurred.

Severance compensation

In accordance with Dutch law and the Code, the service agreements with the Management Board members contain provisions related to severance arrangements with a maximum payment of the gross fixed annual salary, subject to a fairness review.

In case of retirement, any outstanding LTI plan for the respective Management Board member shall be settled within two months after termination of the management agreement, on a pro rata basis. The Supervisory Board will assess the pro rata fulfilment of the performance conditions for the performance period up to the date of termination, to determine the number of shares that vest.

Supervisory Board members are appointed or reappointed in accordance with applicable legal and regulatory requirements. Their engagement does not include any severance payment, claw-back or change in control provisions.

Notice period

The service agreements with the members of the Management Board can be terminated by both parties, subject to a six-month notice period.

No loans

IMCD nor any of its group companies has provided any loans, advances or guarantees for the benefit of the members of the Management Board or the members of the Supervisory Board.

11.9 Looking ahead 2024

In January 2024, the base salaries of the members of the Management Board were corrected for inflation. Based on the provisions of the management contracts, this correction is equal to the inflation rate in the Dutch Consumer Price Index (CPI) set by Statistics Netherlands (*Centraal Bureau voor de Statistiek*). For Valerie Diele-Braun a pro rata percentage applied (taking account the three month duration of her appointment in 2023).

IMCD has during 2023 worked on a revision of the remuneration policies for the Management Bard and Supervisory Board, which will be presented to the shareholders for approval during the 2024 AGM. More information will be made available in the AGM documentation.

For the 2024 LTI plan, the Supervisory Board has decided to re-include Travis Perkins Plc (London Stock Exchange) to the TSR peer group, upon deletion of Univar Inc. due to its delisting.

Aside from the foreseen update of the remuneration policies, no other changes or amendments are expected to take place in 2024.

< Contents page

12 Corporate governance

IMCD N.V., a public company with limited liability (naamloze vennootschap) organised under Dutch law, is the parent company of the IMCD group. IMCD N.V. has a two-tier board structure, consisting of a Management Board under the supervision of a Supervisory Board.

The two boards are independent of each other and are accountable to the Annual General Meeting of Shareholders (General Meeting) for the performance of their duties. The Management Board has chosen to work with an Executive Committee.

12.1 Governance structure

IMCD N.V.'s corporate governance framework is regulated by the company's Articles of Association (available on the company's website), the requirements of the Dutch Civil Code, the Dutch Corporate Governance Code (the 'Code'), the Dutch Financial Markets Supervision Act and any other applicable laws and regulations. The Dutch 'large company regime' (*structuurregime*) does not apply to IMCD.

IMCD's corporate governance structure was formalised and approved by the General Meeting at the time of IMCD's listing, on 26 June 2014. The key aspects of IMCD's corporate governance structure and compliance with the Code were presented and discussed with shareholders during the Annual General Meeting (AGM) in 2018 and again in 2022.

IMCD is committed to a governance structure that best and most effectively supports its business, meets the needs of its stakeholders and complies with all relevant rules and regulations.

In this section, the company addresses the main elements of its corporate governance structure, reports on how it applies the principles and best practices of the Dutch Corporate Governance Code and provides the information required by the Dutch government's decrees on Corporate Governance and Article 10 Takeover Directive. Deviations from aspects of the corporate governance structure of the company, when deemed necessary in the interest of the company, will be disclosed in this section as well.

12.2 Management Board

The Management Board manages the day-to-day operations of IMCD and is responsible for designing and achieving the company's objectives and strategy. Whilst doing so, it focuses on long-term sustainable value creation for the company and its business, and takes the relevant stakeholders' interests into account.

The Management Board represents the company and acts in accordance with the Articles of Association and the Management Board Rules (available on the company's website), which provide a detailed description of the Management Board's responsibilities and functioning. Certain important resolutions of the Management Board identified in the Articles of Association require the approval of the Supervisory Board and/or the General Meeting.

Appointment

Management Board members are appointed (and may be reappointed) for a term of up to four years by the General Meeting in accordance with a binding nomination by the Supervisory Board. The General Meeting can overrule the binding character of the nomination by an absolute majority of votes cast that represent at least one-third of the issued share capital.

The Management Board has been designated, most recently by the AGM in 2023, as the corporate body authorised to issue shares and/or grant rights to acquire shares up to 10% of the total number of issued shares, and to restrict or exclude pre-emptive rights pertaining to such issue of shares, subject to the prior approval of the Supervisory Board. The AGM also authorised the Management Board to purchase shares in the company up to a maximum of 10% of the issued shares, subject to the prior approval of the Supervisory Board.

Both authorisations are given for a period of 18 months. No authorisation from the General Meeting is required for the acquisition of fully paid-up shares for the purpose of transferring these shares to employees of the company or of an IMCD group company under any employee share plan.

Composition

The Supervisory Board determines the number of members in the Management Board. As of 1 October 2023, the Management Board consisted of four members holding joint responsibility. As of 1 January 2024, upon the retirement of Piet van der Slikke, the composition of the Management Board will return to three members. The members of the Management Board hold joint responsibility.

Diversity

The company's diversity objectives described on page 104 apply to the Management Board.

In 2023, the appointment of Valerie Diele-Braun to succeed Piet van der Slikke as CEO of IMCD as of 2024, contributed to further diversity in the Management Board, in line with the diversity policy for, amongst other, the Management Board. With this appointment, the Management Board will, as of January 2024, also meet the set gender diversity objective of at least 1/3rd men and at least 1/3rd women.

Remuneration

The remuneration of the individual members of the Management Board is determined by the Supervisory Board based on the remuneration policy adopted by the General Meeting. The remuneration policy for the Management Board was lastly reviewed and adopted by the AGM in 2020, with 94.85% of votes cast in favour, and is available on the company's website.

In 2023, the Remuneration Committee, on behalf of the Supervisory Board engaged with stakeholders on the foreseen revision and adoption of an updated remuneration policy for the Management Board, to be voted on by the General Meeting during the AGM in 2024.

More information on the policy and Management Board remuneration in 2023, is available in the Remuneration report included herein on page 85 and onwards.

In compliance with the Code, the service agreements with Management Board members contain provisions on severance arrangements, claw-back and public offering consequences. An overview of the key terms of each Management Board member's contract was shared with the General Meeting prior to their appointment. These overviews are available on the company's website.

Outside positions

Members of the Management Board must inform the Supervisory Board before accepting positions outside of the company. Acceptance by a member of the Management Board of a position as supervisory director of a listed company requires the approval of the Supervisory Board.

Management Board members

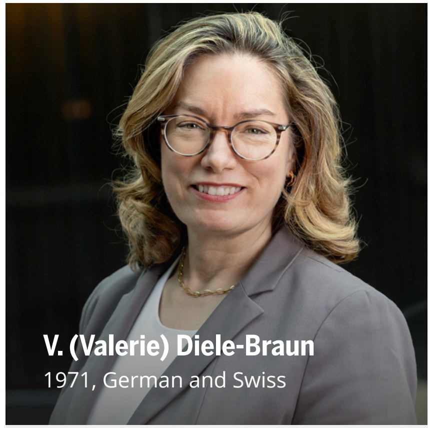
P.C.J. (Piet) van der Slikke
1956, Dutch

Chief Executive Officer up to end of 2023 (*retired from the Management Board as of January 2024)*

- 1988 – 1993 General Counsel Internatio-Müller.
- 1993 – 1995 Group Director Internatio-Müller.
- As of 1995 - Founder/Chief Executive Officer IMCD.

Mr. Van der Slikke Joined Internatio-Müllet in 1988 and founded IMCD in 1995.

He has a law background and started his career as an attorney in law firms in The Hague, Amsterdam and New York.



V. (Valerie) Diele-Braun
1971, German and Swiss

Chief Executive Officer as of January 2024 (*member the Management Board as of October 2023)*

- 2018 - 2023 Chief Executive Officer of Cabb Group GmbH.
- 2020 - 2023 Member of the Supervisory Board of IMCD N.V.
- As of 2024 - Chief Executive Officer of IMCD.

Mrs. Diele-Braun has over 20 years of leadership experience in the speciality chemicals and ingredients industry.

Prior to joining IMCD, she was the CEO of CABB Group and held international management positions at Achroma, DSM and Givaudan/Quest. She studied in Italy and the US, and holds a science degree from the State University of New York.

H.J.J. (Hans) Kooijmans
1961, Dutch

Chief Financial Officer

- 1991 – 1996 Several positions at financial management of the Technical Division of Internatio-Müller.
- As of 1996 - Chief Financial Officer IMCD.

Mr. Kooijmans has had an extensive career at KPMG in the Netherlands before joinging IMCD.

He holds a CPA degree from NIVRA Nijenrode, the Netherlands, with registration until June 2016.

M.C. (Marcus) Jordan
1974, British

Chief Operating Officer

- 2016 - 2022 President Americas IMCD.
- 2014 - 2022 Executive Committee IMCD.
- As of 2022 - Chief Operating Officer IMCD.

Mr. Jordan started his career as a formulation and application chemist in 1995 at Carrington Performance Fabrics and joined IMCD in 1998.

He holds a Chemistry degree from the University of East Anglia, UK.

12.3 Executive Committee

The structure in which the Management Board is supported by an Executive Committee was formalised in 2011. At the time, this structure was chosen as a means of ensuring an efficient flow of - commercial and strategic - business information to the Management Board, while allowing the Management Board to remain small. In addition, the Executive Committee serves as a sounding board to the Management Board, making recommendations and providing guidance and support on strategy implementation.

Responsibilities

The responsibilities of the Executive Committee include group performance, realisation of operational and financial objectives, people strategy and identification and management of risks connected to the business activities. The non-Management Board members of the Executive Committee may take on certain management activities at group level in addition to their specific Managing Director or Business Group Director roles and support the Management Board in the implementation of the company's group policies throughout the organisation. IMCD's Executive Committee also takes on an active role in promoting and shaping the company's culture, and by play a vital role in shaping and maintaining IMCD's culture and communicating and promoting the company's values across the organisation.

The Management Board remains accountable for the actions and decisions of the Executive Committee and has ultimate responsibility for the company's external reporting and reporting to the company's shareholders.

The Management Board is supported by an Executive Committee, which is responsible for, among other things, regional operations and certain general group-level management activities.

Appointment

The non-Management Board members of the Executive Committee are appointed by the Management Board.

Composition

During 2023, the Executive Committee consisted of three members next to the members of the Management Board. Due to retirement of Piet van der Slikke and the appointment of two new members to the Executive Committee in January 2024, the Executive Committee will increase to eight members.

Diversity

The company's diversity objectives described on page 104 also apply to the Executive Committee. At the end of 2023, gender diversity in the Executive Committee was 14% female and 86% male. Due to retirement of Piet van der Slikke and the appointment of two new members to the Executive Committee in January 2024, gender diversity increased to 25% female and 75% male. By 2030, the company aims for a composition including at least 1/3rd men and at least 1/3rd women.

The Executive Committee members are also included in the sub-top of senior managers in IMCD, which, at the end of 2023, consisted of 412 positions (2022: 370), for which IMCD has defined a separate (gender) diversity target in line with applicable Dutch legislation. By end of year, the sub-top included 227 women (2022: 155), i.e. 44% (2022: 42%).

Interaction

The Supervisory Board engages with the members of the Executive Committee during its Supervisory Board meetings and/or work visits, as well as in informal contact outside of such meetings. In December 2023, all members of the Executive Committee, as well as the candidates for appointment were present during the Supervisory Board meeting, where, amongst other things, budget, strategy and risk management were discussed.

Executive Committee members (excluding MB)

- **Business Group Director Pharmaceutical** since 2000
- **Executive Committee member** since 2011

Before joining IMCD, Mr. Robinson started his career with GSK, where he held a postdoctoral research position.

Mr. Robinson holds a PhD in Biochemistry.

- **Business Group Director Advanced Materials** since 2018
- **Executive Committee member** since 2018
- **President IMCD France** since 2018

Before joining IMCD, Mr. Champault held senior positions in several large speciality chemicals companies.

Mr. Champault graduated from EDHEC and holds an MBA from INSEAD.

- **Business Group Director Coatings and Construction** since 2006
- **Executive Committee member** since 2011

Before joining IMCD, Mr. Schneider held senior positions in leading global industrial adhesives providers.

Mr. Schneider studied law at the University of Freiburg, Germany and Business Administration at the University of Ludwigshafen.

12.4 Supervisory Board

The Supervisory Board monitors and supervises the activities of the Management Board and the general course of business within IMCD. It also supports the Management Board with advice. In performing their duties, the Supervisory Board members are guided by the interests of the company and the business of the group, taking into consideration the relevant interests of stakeholders.

The Supervisory Board, in the two-tier corporate structure under Dutch law, is a separate body that is independent of the Management Board. The members of the Supervisory Board are jointly responsible for the functioning of the Supervisory Board and assess its performance internally on a regular basis.

The Supervisory Board Rules are available on the company's website. For details on the activities of the Supervisory Board in 2023 see the Supervisory Board report and the Remuneration report as included herein.

Appointment

The members of the Supervisory Board are appointed by the General Meeting in accordance with a binding nomination by the Supervisory Board. The General Meeting may overrule the binding character of the nomination by an absolute majority of the votes cast, representing at least one-third of the issued share capital.

Members of the Supervisory Board are appointed for a term of four years and may be reappointed for a second term of four years. Thereafter, two additional extensions are possible of two years each, bringing the total term of office to a maximum of 12 years.

Composition

The composition of the Supervisory Board is such that the combined experience, expertise and independence of its members enables the Supervisory Board to best carry out the full scope of the Supervisory Board's responsibilities. The profile for Supervisory Board members is available on the company's website. The composition of the Supervisory Board shall also be in accordance with the best practice provisions on independence of the Code as well as Dutch statutory restrictions on the overall number of other positions that Supervisory Board members may hold.

During 2023, the Supervisory Board consisted of five members. Upon the announcement of Valerie Diele-Braun's nomination to succeed Piet van der Slikke as CEO, a search for a successor in her position in the Supervisory Board was initiated. This has resulted in the appointment of Dorthe Mikkelsen to the Supervisory Board by the General Meeting in the EGM held on 27 November 2023.

Supervisory Board committees

In 2023, the Supervisory Board was supported by three committees: the Audit Committee, the Remuneration Committee and the Nomination and Appointment Committee. Each of the committees has a preparatory and/or advisory role for the Supervisory Board. They report their findings to the full Supervisory Board, which is ultimately responsible for all decision-making. Information on the work and composition of the committees during 2023 is set out in the relevant section Supervisory Board committees of the Supervisory Board report of this Integrated Report. Each committee has established rules describing its role, responsibilities and functioning. These committee rules are published on the company's website (as annex to the Supervisory Board Rules). Each committee is composed of at least two Supervisory Board members.

Diversity

The company's diversity objectives described on page 104 also apply to the Supervisory Board. In line with the company's gender diversity objectives, the Supervisory Board is currently comprised of two women and three men. With this composition, IMCD's Supervisory Board meets the binding quota for gender diversity in supervisory boards (at least 1/3 women and 1/3 men) imposed by the new Dutch legislation on gender diversity in boardrooms that entered into force on 1 January 2022.

Remuneration of the Supervisory Board

The General Meeting determines the remuneration of the members of the Supervisory Board. A written Remuneration Policy for the Supervisory Board was adopted by the General Meeting in 30 June 2020, with 99.94% of votes cast in favour. This policy is available on the company's website.

The guiding principle is that remuneration of the Supervisory Board may not be made dependent on the company's results. No member of the Supervisory Board shall receive shares, share options or similar rights to acquire shares as part of their remuneration.

With the remuneration policy for the Supervisory Board, the company aims to attract, motivate and retain highly skilled individuals with the right balance of qualities, capabilities, profile and experience, as may be needed from time to time to oversee the company's strategy, strategy implementation and performance, as well as to act as advisors to the members of the Management Board in support of their focus on long-term growth and sustainable success of the company and its business.

Supervisory Board members

J. (Janus) Smalbraak
1967, male, Dutch

- Chair of the Supervisory Board
- Chair of the Nomination and Appointment Committee
- Member of the Remuneration Committee, up to 1 January 2024

First appointed on 2 May 2016, current term expires in 2024.

Most important positions

- CEO of Pon Holdings B.V.
- Member of the board of RAI vereniging.
- Member of the advisory board of Gilde Buy Out Fund and CVC Capital.

S.R. (Stephan) Nanninga
1957, male, Dutch

- Supervisory Board member
- Chair of the Remuneration Committee
- Member of the Nomination and Appointment Committee

First appointed on 9 May 2018, current term expires in 2026.

Most important positions

- Member of the supervisory board of Cabka N.V. and CM.com N.V.
- Non-executive director of Bunzl Plc.
- Former CEO of SHV Holdings N.V. and director of Dutch Star Companies One N.V. and Dutch Star Companies Two N.V.

A.E. (Amy) Hebert
1972, female, American

- Supervisory Board member
- Member of the Audit Committee
- Member of the Nomination and Appointment Committee

First appointed on 30 June 2020, current term expires in 2024.

Most important positions

- CEO of Arcadia eFuels
- Former CCO of Haldor Topsoe A.S.
- Former board member of CEFIC (the European Chemical Industry Council).
- Held management positions at Celanese Corporation and Albemarle Corporation.

W. (Willem) Eelman
1964, male, Dutch

- Supervisory Board member
- Chair of the Audit Committee

First appointed on 2 May 2022, current term expires in 2026.

Most important positions

- Member of the supervisory board of Metro AG and chair of the AC.
- Non-executive director of Hunkemöller B.V.
- Held management positions at Grand Vision N.V., C&A Europe and Unilever N.V.

D. (Dorthe) Mikkelsen
1967, female, Danish

- Supervisory Board member
- Member of the Remuneration Committee, as of 1 January 2024

First appointed on 27 November 2023, current term expires in 2028.

Most important positions

- Non- executive director of Elsass Foundation.
- Non-executive director of Falck, member of the AC and RC.
- Non-executive director Theramex, chair of the RC.
- Held management positions at MSD (Merck, Sharp & Dohme).

12.5 Diversity Supervisory Board, Management Board, Executive Committee

IMCD recognises the importance of diversity throughout its organisation and believes that the company's business activities benefit from a wide range of skills and a variety of backgrounds and nationalities. This principle also applies to the senior management of the company. A diverse composition contributes to a well-balanced decision-making process and the proper functioning of the respective board or committee.

In respect of the Supervisory Board, Management Board and Executive Committee, IMCD aims for a diverse composition that ensures complementarity of knowledge, skills and experience, enabling each of the members to make a valuable contribution to achieving the company's strategic and business objectives. When considering candidates for positions in these bodies, IMCD will take into account gender, age and geographic background or nationality, as well as complementary expertise and experience, and the (expected) team dynamics. These principles are included in IMCD's D&I Policy that is available on the company's website.

In line with Dutch legislation on gender diversity in boards, IMCD has set appropriate and ambitious targets for gender diversity on its Management Board and among its senior management. For the Supervisory Board, Management Board and Executive Committee, IMCD aims for a composition including at least 1/3rd men and at least 1/3rd women.

At the end of 2023, the Supervisory Board's composition was in line with the set target. For the Management Board the composition will be in line with the set target as of January 2024. In the Executive Committee, with two additional new members as of January 2024, gender diversity has increased to 25% female and 75% male. The aim is to further increase gender diversity, as well as representation of members with a non-European background, by 2030.

Of the senior management positions identified below the Management Board, consisting of a group of 412 employees at year-end 2023 (2022: 370), 44% were held by women (2022: 42%). Of the senior management roles with P&L responsibility, 31% were held by women (2022: 29%). The target is to improve this ratio to at least 40% by end of 2025.

12.6 Shareholders and their rights

Rights on shares

The authorised capital of the company comprises a single class of registered shares. All shares are traded via the giro-based securities transfer system and are registered under the name and address of Euroclear. All issued shares are fully paid up and each share holds the right to cast a single vote in the General Meeting.

Shares held by IMCD are non-voting shares and do not count when calculating the amount to be distributed on shares or the attendance at a General Meeting. IMCD purchases shares to hedge its obligations arising from conditionally awarded performance shares under IMCD's long-term incentive plan.

General Meeting

IMCD shareholders may exercise their rights through annual and extraordinary general meetings of shareholders (the General Meeting). The Annual General Meeting (AGM) is held each year before July. In 2023, it took place on 26 April 2023.

Extraordinary General Meetings (EGM) are held as often as the Management Board and/or the Supervisory Board deem desirable. In addition, one or more shareholders, who solely or jointly represent at least one-tenth of the issued capital, may request that a General Meeting be convened. Notice of General Meetings is given no later than 42 days before the day of the meeting through the publication of a convocation notice on the IMCD website. In 2023, one EGM took place, on 27 November 2023.

Shareholders representing, either solely or jointly with other shareholders, at least 3% of the issued share capital may request the company to put an item on the agenda, provided that the company has received the request no later than on the 60th day prior to the date of the General Meeting.

Each shareholder may attend General Meetings, address the General Meeting and exercise voting rights pro rata to their shareholding, either in person or by proxy. Shareholders may exercise these rights if they are the holders of shares on the record date, which is the 28th day before the date of the General Meeting, and provided they or their proxy have notified the company of their intention to attend the General Meeting.

Subject to certain exceptions set forth by law or in the Articles of Association, resolutions of the General Meeting are passed by an absolute majority of votes cast.

The powers of the General Meeting are specified in the Articles of Association and include adoption of IMCD's financial statements, appointment and dismissal of Supervisory Board and Management Board members and the allocation of profit, insofar as it is at the disposal of the General Meeting. Resolutions to amend the Articles of Association or to dissolve the company may only be taken by the General Meeting upon a proposal of the Management Board with the approval of the Supervisory Board.

Authorisations relating to share issuance and purchase

The Management Board has been designated, most recently by the 2023 AGM, as the corporate body authorised to issue shares and/or grant rights to acquire shares up to 10% of the total number of issued shares, and to restrict or exclude pre-emptive rights pertaining to such issue of shares, subject to the prior approval of the Supervisory Board.

The AGM also authorised the Management Board to purchase shares in the company, up to a maximum of 10% of the issued shares, subject to the prior approval of the Supervisory Board. Both authorisations are given for a period of 18 months.

No authorisation from the General Meeting is required for the acquisition of fully paid up shares for the purpose of transferring these shares to employees of the company or of an IMCD group company under any employee share plan.

Anti-takeover mechanisms

IMCD respects the one-share/one-vote principle and did not have any anti-takeover or control mechanisms in place in 2023.

Shareholder dialogue

IMCD recognises and acknowledges the importance of having a meaningful dialogue with its stakeholders on their interests, concerns, and expectations for IMCD. In 2023, a stakeholder dialogue policy was formulated, which is available on IMCD's website. Shareholders and potential shareholders are identified as stakeholder in the category Investors & Financial Markets. More information on the main topics and fora for engagement is included in the IMCD Stakeholder Dialogue Policy.

In addition, in accordance with best practice provision 4.2.2 of the Code, IMCD also has a Policy on bilateral contacts with shareholders, which is also available on IMCD's website. The purpose of bilateral contacts with shareholders and potential shareholders is to explain the strategy and performance of IMCD, in support of correct and adequate information being disseminated about the company.

12.7 Conflicts of interest

All legal transactions where a conflict of interest exists or could arise with regards to members of the Management Board must be handled on arm's-length terms and must be approved by the Supervisory Board. Each Management Board member or Supervisory Board member is required to immediately disclose any potential direct or indirect personal conflict of interest to the Chair of the Supervisory Board, providing all relevant information.

If the Chair of the Supervisory Board determines that there is a conflict of interest, the member of the Management Board or the Supervisory Board with the conflict of interest may not take part in any discussion or decision-making that involves a subject or transaction relating to the conflict of interest.

In 2023, no transactions with third parties were reported or identified involving actual or potential conflicts of interest involving a member of the Management Board or Supervisory Board, nor were there any transactions with shareholders owning more than 10% of the shares. In relation to other subjects of deliberation, Mrs. Valerie Diele-Braun stepped down and abstained from the Supervisory Board committees she was a member of, and did not take part in any Supervisory Board deliberations concerning or connected to the succession process, whilst she was a candidate in the selection process (in line with clause 2:140 DCC, and 10.3 and 10.6 Supervisory Board Rules).

12.8 Insider trading - share ownership

IMCD has implemented measures to comply with the provisions of the Financial Markets Supervision Act and the EU Market Abuse Regulation intended to prevent market abuse, such as insider trading, tipping and market manipulation. In addition, the company maintains rules regarding the reporting and regulation of transactions in IMCD shares or other IMCD financial instruments. The IMCD insider trading rules are kept up to date to reflect legislative developments and apply to members of the Management Board, the Executive Committee, the Supervisory Board and other designated persons within IMCD. The IMCD insider trading rules are available on the company's website.

IMCD has established a Disclosure Committee to manage the disclosure of inside information and to ensure compliance with regulatory requirements regarding all disclosures and filings to be made to the Dutch Authority for the Financial Markets, Euronext Amsterdam N.V. and any other relevant stock exchange or supervisory authority. The Disclosure Committee meets periodically throughout the year.

More information on the share ownership by members of the Management Board is provided in the Remuneration report. Information on share-ownership by members of the Supervisory Board is disclosed in the Supervisory Board report.

12.9 External auditor

Under Dutch law, the external auditor of the company is appointed by the General Meeting. In accordance with the Dutch Corporate Governance Code and Regulation (EU) 537/2014, the Supervisory Board selects and nominates an external auditor for appointment, upon advice from the Audit Committee. The Supervisory Board and the Audit Committee assess the functioning of the external auditor, taking the observations of the Management Board into account.

In 2023, the General Meeting re-appointed Deloitte Accountants B.V. as the external auditor of the company for the financial year 2024. After this year, an audit firm rotation takes place. Ernst & Young Accountants LLP was appointed as external auditor for a period of three tears, covering the financial years 2025, 2026 and 2027.

In principle, the external auditor attends all meetings of the Audit Committee. The findings of the external auditor, the audit approach and the risk analysis are also discussed at these meetings. The external auditor attends the meeting of the Supervisory Board in which the report of the external auditor on the audit of the financial accounts is discussed, and in which the annual accounts are approved.

Auditor independence

The Audit Committee evaluates the external auditor's independence at least annually . The lead auditor of the IMCD account is changed at least every five years. Such a change took place with effect from the financial year 2021.

Furthermore, Dutch law requires a mandatory rotation of the external audit firm after it has performed the statutory audits of the company for a period of 10 consecutive years. Such change is approved by the AGM in 2023 and will take place in 2025.

Prohibition on non-audit services

The Audit Committee reviews the proposed audit scope, approach and fees as well as the services that the external auditor provides to the company. Dutch law requires the separation of audit and non-audit services, meaning that the company's external auditor is not allowed to provide prohibited non-audit services.

12.10 Internal audit

IMCD's internal audit function aims to provide independent and objective assurance, as well as perform consulting activities, designed to add value to and improve IMCD's operations as well as its system of internal controls. The internal auditors perform audits for the financial and non-financial management systems, as well as additional reviews of staff functions.

Audits are scheduled in close cooperation with the CFO and the business. Each audit is followed by a written audit report, issued to the local management responsible, with copy to the management board. A summary of audit-related topics (findings, follow-up, and so on) are discussed every quarter with the Management Board and every 6 months with the Audit Committee and the external auditor. The audit planning, quality and professionalism of the audit team and the effectiveness and efficiency of the execution of the audits are supervised by the Management Board and approved by the Audit Committee. The internal audit function reports to the Management Board, with open communication to the Audit Committee.

12.11 Accountability Code

As of 2023, the new Dutch Corporate Governance Code, as published in December 2022, applied to IMCD. Throughout the year, IMCD worked to implement, were needed the changes in the Code in its procedures and processes. The implementation was discussed end of year with the Management Board, Supervisory Board and relevant committees.

Taking the implementation into account, IMCD at the end of the year complied with the principles and best practices of the (new) Code with the exception of the following deviation.

Retirement rota (2.2.4 Code)

Due to appointments that took place in 2020, three Supervisory Board members will be up for retirement or reappointment in 2024. With the appointment of Dorthe Mikkelsen, this number was reduced to two. However, with the foreseen reappointment of Janus Smalbraak (for a two year term), it is likely that in 2026, three Supervisory Board members are again up for simultaneous retirement. In its decision to nominate Mr. Smalbraak for reappointment, the Supervisory Board valued continuity in its composition over diversifying the retirement rota by using shorter appointment terms. In future appointments, adjusted terms for new Supervisory Board appointments will be reconsidered.

Internal Audit (1.3.5 Code)

The Internal Auditor reports to the full Management Board and in day-to-day operations to IMCD's CFO.

The Corporate Governance Declaration is available at IMCD's website.

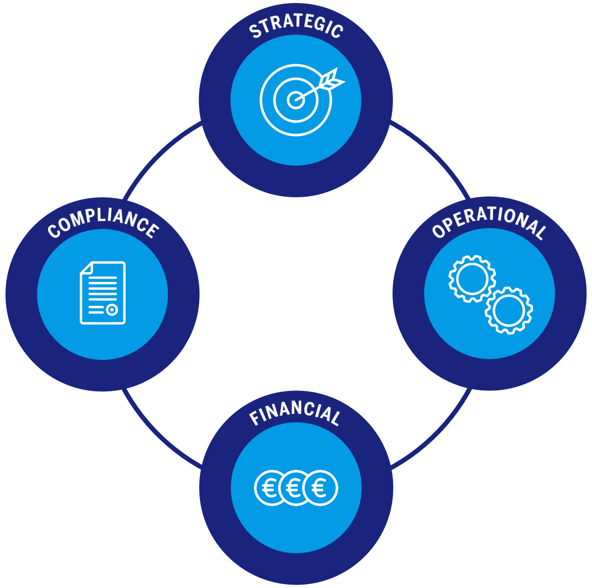
13 Risk factors and risk management

In achieving its objectives, IMCD faces risks and uncertainties, including those that are 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 in 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 terms of product portfolio, geographies, suppliers, end-market sectors and customers can lessen the impact of local and regional economic changes. However, if adverse circumstances are pronounced and/or long lasting, they can have a significant impact on the company's business and the results of its operations. IMCD is affected by demand fluctuations and other developments in the broader economy and weak economic conditions may have a material adverse effect on the group.

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

IMCD distinguishes the following risk categories in its risks management framework:



Risk appetite

IMCD's risk appetite varies by risk category and by type of risk. The risk appetite per risk category is as follows:

STRATEGIC	Moderate
OPERATIONAL	Low
COMPLIANCE	Low
FINANCIAL	Low

- Strategic: in pursuing its strategy, IMCD is prepared to accept moderate risk, including the exploration of new business opportunities and possibilities for acquisitions and expansion
- Operational: with respect to operational risks, IMCD seeks to minimise the risks of unforeseen operational failures within its businesses
- Compliance: with respect to compliance risks, IMCD pursues a risk-averse strategy. IMCD strives to comply with all applicable laws and regulations, with a particular focus on health, safety and environmental laws
- Financial: with respect to financial risks, IMCD maintains a cautious financing structure and conducts a stringent cash management policy

Risk management framework

Although IMCD benefits from its geographical, market, client and product portfolio spread, IMCD's well-structured risk management process is designed to manage the residual risks in a transparent and controlled manner. IMCD's comprehensive internal control and risk management systems, including supporting tools, are continuously monitored by the Supervisory Board, Management Board, Corporate Control, Internal Audit and by regional and local management, improved when required and modified in line with changes in internal and external conditions.

In 2021, Corporate Control in cooperation with Internal Audit completely reworked the IMCD risk and control framework by means of a bottom-up approach. Meetings were held with all department leaders to identify all potential risks that each department is subject to. This included the identification of climate change-related risks and the impact of (future) regulations with regard to climate change. This risk overview was shared with a group of key internal stakeholders to rate the risks for the probability of each risk occurring and its potential impact at various levels. Furthermore, the risks were classified in the respective categories (strategic, operational, compliance and financial). The key risks resulting from this review were added to the framework and appropriate control measures were allocated or redefined for risk mitigation purposes.

The resulting revised IMCD risk and control framework was put in place at the end of 2021. In 2023, the risk and control framework was further updated as part of continuous improvements of IMCD's risk and control management.

Risk management tasks and responsibilities

IMCD's risk management and control systems are designed to identify and analyse the risks faced by the group at various levels, to determine and implement appropriate risk controls, and to monitor risks and the way the risks are controlled. Climate change risks are identified and managed using the same risk management process.

Key activities in IMCD's risk management and control systems are:
- identification of key business risks, based on their probability and their potential impact
- setting and maintaining key controls for managing and preventing the key risks

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

Risk management elements

The elements of IMCD's risk management system are the following:

1. Control environment, including:
- organisational culture based on ethical conduct and compliance, clear responsibilities and short and open lines of communication
- IMCD group policies including business principles, management instructions and manuals
- continuous compliance training of employees
- risk management embedded in the business processes at all levels of the organisation

2. Risk assessment and control procedures, including:
- identification of risks via risk self-assessments, coordinated by Corporate Control and Corporate HSEQR and Sustainability
- implementation and optimisation of effective and efficient control procedures at various levels of the organisation

3. Information, communication and monitoring, including:
- harmonised reporting on operations, financial results, financial positions and key risks
- periodical monitoring and reviews of financial results and risk management by corporate management
- periodical reviews on HSEQR management by corporate HSEQR
- regular review meetings between corporate and local management
- internal audits conducted by IMCD's internal auditors

The Management Board is responsible for establishing and maintaining adequate internal risk management and control systems. Such systems are developed to manage risks, but cannot provide absolute certainty that human errors, losses, fraud and breaches of laws and regulations will be prevented. Management has assessed whether IMCD's risk management and control systems provide reasonable assurance that the financial reporting does not contain any material misstatements.

Based on the approach outlined above, the Management Board is of the opinion that, to the best of its knowledge, the internal risk management and control systems are adequately designed and operated effectively in the year under review and hence provide reasonable assurance that the financial statements are free of material misstatements.

Significant risks and uncertainties

In the following section, the main risks and the way IMCD manages these risks are described. None of the significant risks and uncertainties materially affected IMCD's position. We decided not to include the pandemic risk separately, as we perceive this as an important factor affecting the risks that have already been identified in the past.

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

< Contents page

Strategic

RISK	RISK DESCRIPTION	RISK MEASURES
Decline in customer demand	IMCD's business depends on its customers' demand for chemicals used in the manufacture of a wide array of products, which in turn is driven by demand from consumers and other end users for the products made by IMCD's customers. To a large extent, demand levels depend on macroeconomic conditions at a global level. This was highlighted in particular in recent years by the COVID-19 pandemic and geopolitical tensions. An improvement or deterioration in levels of economic activity and consumer demand tends to be reflected in the overall level of production and consumption of chemicals.	The broad diversity of IMCD's business in terms of product portfolio, geographies, suppliers, end-market sectors and customers can lessen the impact of local and regional economic changes. However, if these changes are pronounced and/or long lasting, they can have a significant impact on the company's business and the results of its operations.
Supplier dependency	IMCD depends on its suppliers to develop and supply the product portfolio that it markets, sells and distributes. Shortages in supply of certain products or non-competitiveness of product lines could negatively affect operating results. Termination of a major supplier relationship could have a material adverse effect on the company's product portfolio, sales volumes, revenues and profit margins.	Maintaining close relationships with supply partners is essential for IMCD in achieving its growth strategy. By acting in an open and transparent way towards its suppliers and with a focus on growing suppliers' product brands, IMCD seeks to maintain long-term relationships.
Acquisition and integration risk	Execution of IMCD's strategy will require the continued pursuit of acquisitions and investments and will depend on the company's ability to identify suitable acquisition candidates and investment opportunities. Acquisitions and investments involve risks, including assumptions about revenues and costs being inaccurate, unknown liabilities and customer or key employee losses at the acquired businesses, potentially leading to impairment losses on intangible assets recognised. Moreover, successful acquisitions depend on swift integration of the acquiree into the company, both organisationally and culturally level.	IMCD tries to limit these risks by diligent identification of targets and by applying strict selection criteria, including determining the cultural and organisational fit with the company. This is followed by a structured implementation of the acquisition, including determining the structure of the transaction, thorough due diligence and the contract and integration process. Acquisition activities are driven centrally by an experienced management team supported by external consultants.

Operational

RISK	RISK DESCRIPTION	RISK MEASURES
Availability of and dependency on key personnel	IMCD relies to a significant extent on the skills and experience of its managerial staff and technical and sales personnel. Loss of such individuals or the failure to recruit high-quality managers and other key personnel, both when expanding the group's operations and when replacing people who leave IMCD, could have a material adverse effect on the performance of the group.	IMCD limits these risks by providing an inspiring and entrepreneurial working environment, offering international career opportunities, performance-based incentive schemes and long-term succession planning. In addition, in order to secure the valuable relationships with key suppliers and key customers, these relationships are maintained by commercial teams rather than by individual commercial staff members.
Cybercrime and ICT continuity	IMCD's information technology infrastructure including its information and communication technology systems are key for managing and operating the business. Severe damage to and interruptions of those systems caused by natural disasters, software viruses, malware, cyberattacks or other threats disrupt our business and could result in downtime or breaches of sensitive information such as personal data or company records. This continues to be a risk for IMCD, which requires a stable and agile ICT environment, especially when working remotely as in recent periods during this pandemic crisis.	IMCD enhances its ICT security and further develops its business processes as part of its ICT governance improvement programme. IMCD continuously invests in its IT infrastructure by timely implementation of new techniques, software and systems to protect its systems and data and to limit any down time of its systems. IMCD focuses on improving its cybersecurity by raising awareness among employees and enhancing the security protocols for its systems. A wide range of new and existing security measures such as access and authorisation controls and back-up and recovery systems help IMCD to protect the quality and integrity of information in a continuously changing ICT landscape. These measures are monitored by the central ICT team on an ongoing basis.
Health / safety / environmental incidents	Marketing, sales and distribution of speciality chemicals, food and pharmaceutical ingredients entails exposure to health, safety and environmental risks which could potentially lead to reputational and financial damage. Examples of such exposures are: • employees and logistic service providers who are not properly trained/ informed on handling of products • products used for illegal purposes • lack of quality management • missing permits and notifications • product disposal not being properly controlled, leading to pollution and environmental damage	The majority of IMCD's subsidiaries have implemented certified quality systems and make use of monitoring systems for recording and analysing any non-conformities in order to further optimise their business processes. IMCD has a Corporate HSEQR policy in place. IMCD has outsourced the majority of its logistics operations to reputable third-party logistics service providers, who are carefully selected and continually monitored by the supply chain team to ensure quality standards and optimum performance. Employees, customers and logistics service providers are issued with adequate safety instructions and operating procedures for handling chemical products. Critical product data is managed by a team of experienced specialists. Yearly training programmes are established and implemented to ensure both employees and logistics service providers are aware of recent and future developments and changes in laws and regulations.
Climate change	It is widely recognised that climate change poses significant risks to natural, social and economic systems across the globe. The range of hazards is broad, from slow onset weather pattern changes to sudden extreme events. The consequent potential impacts affect ecosystems and natural environments, and therefore might directly or indirectly cause serious technical, financial, geopolitical and other changes in society. Some of these risks might impact IMCD's activities, for example disruptions to transportation infrastructures due to extreme weather events, or shortages of some feedstock due to agricultural losses.	Potential climate factors are considered in the selection process of logistics service providers, addressing accessibility and back-up procedures in the event of environmental incidents. In 2023, IMCD finalised its assessment of risks and opportunities against the TCFD to understand its business' resilience to the impacts of climate change. The assessment focused on both physical and transition risks up to 2050. As climate scenarios are inherently uncertain, the scenario analysis considered the full range of potential impacts associated with each item, identifying those items that could have a high impact and high uncertainty.

Compliance

RISK	RISK DESCRIPTION	RISK MEASURES
Non-compliance with laws and regulations	Being present in various countries across the globe, IMCD is exposed to local and international legal and compliance risks. As a matter of principle, IMCD complies with all applicable national and international laws and regulations (including legislation, standards and requirements in the field of trade sanctions and export control, environment, human rights, health and safety, competition and tax).	IMCD has set up an internal competition compliance framework and trains its employees by means of a compliance programme to observe national and international antitrust laws. In this way, IMCD makes its employees aware of potential conflicts with competition law and actively helps them to avoid any potential adverse consequences of competition law breaches. IMCD neither engages in nor supports the use of forced labour, bonded or involuntary labour or child labour. IMCD therefore complies with the standards of the International Labour Organization and the minimum age requirements in all countries in which IMCD conducts business. IMCD's further commitment to respect human rights is embedded in its publicly available Group Human Right Policy. Taxes are paid where the economic activity occurs. In cases when there is insufficient local knowledge of tax issues, the company makes use of external advisors to ensure compliance with local tax requirements.
Anti-corruption and bribery	Non-compliance with anti-corruption and anti-bribery laws could lead to fines and potential prosecution of employees, and could substantially harm the company’s reputation.	Specific internal anti-corruption and anti-bribery policies are in place, offering our employees clear examples of conduct that should be avoided. A continuous compliance training programme is in place to create and maintain awareness of ethical business practices and to ensure compliance with applicable trade restrictions, antitrust and anti-bribery laws, market abuse rules and other compliance regulations and more. IMCD uses an online learning (e-learning) platform and a standardised group compliance training curriculum as part of the IMCD compliance programme.

Financial

RISK	RISK DESCRIPTION	RISK MEASURES
Volatility of foreign currencies	IMCD is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currencies of the company.	IMCD uses forward exchange contracts to hedge currency risks; most of these contracts have maturities of less than one year. Interest on borrowings is denominated in the currency of the borrowing. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations, providing an economic hedge without derivatives being entered into. In respect of other monetary assets and liabilities denominated in foreign currencies, the company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.
Credit risk	IMCD’s exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, IMCD also considers the demographics of the customer base, including the default risk of the industry and country in which customers operate, as these factors may impact the credit risk. There is no significant geographical concentration or concentration at individual customer level of credit risk.	IMCD has established a credit policy under which each new customer is analysed individually for creditworthiness before the company’s standard payment and delivery terms and conditions are offered. IMCD’s review includes the use of external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount. These limits are reviewed periodically, at least once a year. New and existing customers who fail to meet the company’s benchmark creditworthiness may transact with IMCD only on a prepayment basis.
Liquidity risk	Liquidity risk is the risk that IMCD will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.	IMCD's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to IMCD’s reputation. Typically IMCD ensures that it has sufficient cash on demand to meet expected operational expenses for the next twelve months, including the servicing of financial obligations.
Interest rate risk	IMCD is exposed to interest rate risk with respect to its financial assets and liabilities, either from fixed rate or variable rate instruments.	IMCD has adopted a policy of ensuring that at least a large portion of its exposure to changes in interest rates on long-term loans is on a fixed-rate basis, taking into account assets with exposure to changes in interest rates. When required, interest rate swap contracts are used for hedging variable into fixed interest rates.

14 Statement of the Management Board

The Management Board of IMCD N.V. hereby declares, in accordance with article 5:25c of the Dutch Financial Supervision Act, that to the best of its knowledge:

1. the financial statements, which have been prepared in accordance with IFRS-EU and Part 9 of Book 2 of the Dutch Civil Code, and are included in the Integrated report, provide a true and fair view of the assets, liabilities and financial position of IMCD as at 31 December 2023 as well as of the profit or loss of IMCD N.V. and its consolidated enterprises;
2. this report provides a true and fair view of the position as at 31 December 2023 and of the business performance during the 2023 financial year of IMCD N.V. and the companies associated with it, the results of which are included in the financial statements; and
3. the key material risks to which IMCD N.V. is exposed are described in the Integrated report.

In accordance with best-practice provision 1.4.3. of the Code, the Management Board of IMCD N.V. furthermore states that:

1. this report provides sufficient insight into any shortcomings in the effectiveness of the internal risk management and control systems [with regard to strategic, operational, compliance and reporting risks];
2. those systems provide reasonable assurance that the financial report does not contain any material misstatements;
3. in the current situation, it is appropriate for the financial report to be prepared on a going concern basis; and
4. this report states those material [strategic, operational, compliance and reporting] risks and the uncertainties that are relevant to the expectation of the company's continuity for the period of twelve months after the preparation of the report.

Rotterdam, 29 February 2024

Management Board
Valerie Diele-Braun
Hans Kooijmans
Marcus Jordan

Sustainability Statements

Contents

Sustainability statements - People

	NOTE	2023	2022	CHANGE	TARGET
Talent attraction and retention	2.1				
Average number of training hours		14	5	156%	6
Employee turnover, %		18%	15%	3%	
Number of employees, FTE		4,736	4,323	10%	
Contingent workers, FTE		280	-[1]	-	
Temporary employees, FTE		90	106	(15%)	
New hires, including acquisitions, FTE		1,236	1,233	0%	
Diversity, equity and inclusion	2.2				
Executive Committee positions held by women and/or non-Europeans, %		14%	0	-	>33%
Women in senior country/region teams, %		44%	42%	2%	
Women appointed in senior country/region team positions, %		48%	46%	2%	>40%
Women in senior Commercial/P&L roles, %		31%	29%	2%	
Women appointed in senior Commercial/P&L positions, %		34%	28%	6%	>33%
Gender diversity, % Female		54%	53%	1%	
Labour practices	2.3				
Reported child and forced labour incidents		0	0	-	zero
Employees covered by CLA, FTE		1,342	1,177[2]	14%	
Employees that took parental leave, FTE		192	170	13%	
OHS and wellbeing	2.4				
Severe and work-related injuries and illnesses		11	14	(21%)	zero
TRIR (Rate - 200K hours worked)		0.2	0.3	(29%)	<0.2[3]

1 not reported
2 restatement: 56 FTE have been added due to missing data for IMCD Benelux NV in 2022
3 by the end of 2025

< Contents page

Sustainability statements - Environmental

	NOTE	2023	2022	2023/2022 CHANGE	2019	2023/2019 CHANGE	TARGET
Supply chain decarbonisation	3.1						
Emissions intensity Scope 1 and 2[1]		23	20	11%	53.7	**(58%)**	(15%)
Emissions intensity Scope 3[1]		760	777	(2%)	825.2	**(8%)**	(15%)
GHG Emissions Scope 1 and 2, tCO_2eq		12,355	11,862	4%			
GHG Emissions Scope 3, tCO_2eq		374,797	337,744	11%			
Energy consumption Scope 1 and 2, GJ		128,186	123,317	4%			
Direct energy carriers use (biogenic)		53	75	(30%)			
Eco-efficient operations	3.2						
Reported environmental incidents		1	3	(67%)			zero
Water consumption, 1.000 m^3		6.3	4.5	42%			
Water consumption intensity l/tonne sold		6.1	3.9	55%			
Non-hazardous waste generation, tonne		1,869	1,880	(1%)			
Non-hazardous waste intensity, kg/tonne sold		1.8	1.6	13%			
Hazardous waste generation, tonne		523	429	22%			
Hazardous waste intensity, kg/tonne sold		0.5	0.4	33%			
Total waste intensity, kg/tonne sold		2.3	2.0	16%			
Total materials, tonne		974	807	21%			
incl. renewable, tonne		306	232	32%			

1 tCO_2eq per million euro operating EBITDA

< Contents page

Sustainability statements - Product

	NOTE	2023	2022	CHANGE	TARGET
Safe handling and distribution	4.5				
Number of spills and chemical mishandlings		1	3	(67%)	zero
Workforce in an IS0-14001 certified site (%)[1]		46%	40%	6%	80%
Workforce in an IS0-9001 certified site (%)[1]		78%	75%	3%	
Sustainable procurement	4.6				
% of entities informed on and trained in IMCD's sustainable procurement policy		100%	-[2]	100%	100%
Downstream suppliers committed to IMCD's ESG Standards for Business Partners (%)		95%	-[2]	95%	95%
Downstream suppliers CSR or in process of being rated via Ecovadis (TfS) (%)[3]		88%	-[2]	n/a	90%
Upstream suppliers CSR or in process of being rated via Ecovadis (TfS) (%)[3]		91%	-[2]	n/a	
% of local purchase of services and non-tradeable goods[1]		87%	85%	2%	

1 not adjusted for the impact of recently acquired businesses.
2 not reported
3 in alignment with TfS standards, assessment validity is up to 3 years based on supplier's EcoVadis score.

Sustainability statements - Ethics and Compliance

	NOTE	2023	2022	CHANGE	TARGET
Ethics and Compliance	5.1				
Number of employees trained in Ethics & Compliance (%)		95%	86%	9%	100%
% of revenue covered by internal audit risk assessment		90%	88%	2%	80% of operations
Incidents confirmed breach of corruption, antitrust laws and policies at all times		2	3	(33%)	
Number of reported environmental and socio-economic non-compliances		0	0		
Number of employees received Ethics & Compliance programme (%)		100%	100%	- %	
Number of reported discrimination cases		0	0		
Cyber security	5.2				
Number of reported cyber incidents		2	0	100%	zero
Number of reported breaches in customer privacy		2	0	100%	
Employees trained in cyber security awareness		89%	-[1]	n/a	100%

1 not reported

Notes to the Sustainability statements

1 General

Materiality Assessment

The materiality assessment was undertaken in 2021 by engaging key internal and external stakeholders and applying the impact materiality principle, which takes a forward-looking perspective. IMCD's approach to the impact materiality principle was to assess the identified material topics against business impact and importance to stakeholders. Our material topics were determined through desk research on ESG reporting frameworks, ESG ratings, disclosure standards, trend reports, and a comparison with IMCD's peers and current initiatives. The list of topics was refined through internal discussions on the topics risks and opportunities. Once the list of material topics was established, stakeholder relevance on the topics and business impacts was assessed.

During all activities, feedback was requested to validate the list of material topics and their definitions. The relevance to stakeholders was assessed in interviews with a selection of IMCD’s senior managers and principal partners, in a workshop with internal stakeholders who gave by-proxy insights for IMCD’s stakeholders (customers, principal suppliers, IMCD staff, and investors) and through additional desk research on a selection of customers, principal partners, investors, public organisations and peers.

The material topics’ impacts were assessed in a workshop during which the working group members discussed and rated the outside-in and inside-out impacts. This latter step was performed to comply with the concept of impact materiality in line with the GRI Standards. The material topics were mapped in IMCD’s Materiality matrix.

In line with GRI Standards, the material topics are reflections of IMCD’s significant economic, environmental, and social impacts, and substantively influence the assessments and decisions of stakeholders.

Stakeholder engagement

In close cooperation with the key stakeholders in its value chain, IMCD strives for operational excellence in all aspects of its business operations. Based on open relationships with its business partners, IMCD aims to create sustainable long-term value for its stakeholders. For IMCD, stakeholder engagement takes many forms and comprises multiple topics. In the table below we summarise our stakeholder clusters/groups, the most relevant topics and fora through which we engage with each group of stakeholders.

IMCD stakeholders and how we engage with our stakeholders

STAKEHOLDER CLUSTERS	STAKEHOLDER GROUPS	MOST RELEVANT TOPICS	OUR ENGAGEMENT
Our people	• Employees • Temporary workers (if applicable)	• Attractive working environment and conditions • Training & skills / personal development • Performance • Business ethics	Contact on day-to-day work matters; global, regional, and local townhalls; team meetings, roundtable discussions; employee engagement survey; all-employee intranet; global and local training sessions; personal development plans; social media; telephone and email
Customers	• Business customers • Consumers (end-users)	• Product sale and delivery • Added value services • Sustainable solutions and formulations • Samples / service question	Key account management; trade shows; marketing campaigns; customer service channels; customer visits; education sessions; collaboration projects (for example on sustainable formulation); questionnaires

STAKEHOLDER CLUSTERS	STAKEHOLDER GROUPS	MOST RELEVANT TOPICS	OUR ENGAGEMENT
Business Partners - Principals	• Speciality chemicals and/or Ingredients producers	• Commercial& ESG performance • Market development and trends • Collaboration on innovation and sustainable formulation	Key account and product management; annual and quarterly business reviews; trade shows; marketing campaigns; visits; business simplification projects; collaboration projects (for example on sustainable formulation); regulatory & supply chain meetings; questionnaires
Business Partners - downstream suppliers & services providers	• Third party logistic service providers • Transport companies • Warehousing companies • IT and cloud services providers and consultants	• Commercial and ESG performance • Collaborations to simplify logistics / save costs • Labour market and working conditions (ESG screening)	Account management; periodic business reviews, screening and auditing processes (for example through EcoVadis); joint improvement projects; consultancy projects; telephone and email
Investors and Finanical markets	• Investors / Shareholders • Capital providers • Analysts • Financial rating agencies • Sustainability / ESG rating agencies	• Financial performance • Business model and strategy • ESG related performance • Risk management • Reporting	Annual and Extraordinary General Meetings; roadshow participation by management; investor meetings / conference calls; Analysts calls; engagement and feedback / evaluation meetings with rating agencies (financial and non-financial / ESG focused); participate in rating processes
Government & regulators	• Policy makers (local, regional / international) • Regulators / Supervisory bodies (financial market supervisor, tax authorities)	• Regulatory environment and developments • Compliance with laws and regulations	Meetings with (local) governments / governmental bodies; meetings and formal communication with regulators (financial market supervisor, tax authorities, data privacy authorities), topical stakeholder dialogue meetings or seminars; telephone and email
Communities & Society	• Local communities • Academic and research institutions • NGOs	• Social / Societal issues • Market trends / collaborations • Specific topics (e.g. education, diversity, sustainability, etc)	Contributions to local community projects through IMCD Cares; employeevolunteering; company donations; collaboration in research programs; ad hoc stakeholder dialogue meetings; topical seminars; roundtables
Industry partners & Peers	• Other distributors / market players • Branch organisations / Industry initiatives	• Industry developments • ESG practices	Topical seminars; roundtables; industry association meetings; expert groups; panel discussions.
Media	• Traditional media • Social media	• Business events • Corporate news • Opinions about IMCD	Periodic and ad hoc press releases; interviews; engagement on social media channels; telephone and email

How our stakeholders were selected

For dialogue on the sustainability aspects of IMCD's strategy, stakeholders were identified through desk research and interviews with senior management. IMCD also ook feedback from customers, principals, and third-party logistic service providers as well as from sustainability rating agencies such as EcoVadis, auditors, certification bodies, public authorities, and investors. This feedback helps us to further improve on the various sustainability topics.

As a distributor of a wide range of speciality chemicals and ingredients, we acknowledge that the products we distribute have impact throughout their life cycle. Therefore, IMCD encourages responsible and sustainable operations in its entire supply chain and cooperates closely with its supply chain partners, both upstream and downstream. IMCD's direct environmental footprint is limited given its asset-light business model.

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

In compliance with the new Dutch Corporate Governance Code, IMCD conducted a review of its stakeholder dialogue processes in 2023. The purpose of this review was to ensure that the company can effectively communicating with its stakeholders. As part of this effort, IMCD developed a Stakeholder Dialogue Policy that outlines formal procedures for addressing grievances and remediate potential impacts. It is available on IMCD's website.

Voluntary commitments to external sustainability initiatives

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

Together for Sustainability (TfS)

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

After joining TfS in 2022, IMCD now has access to a procurement-driven network of global companies working together to create global solutions and robust tools that tackle sustainability issues in the supply chain. All TfS members have full access to this global network of assessed and audited suppliers. TfS members benefit from efficiencies in sustainable procurement and towards their own sustainability goals. Suppliers benefit from exposure to a pool of chemicals buyers with an annual purchasing power of over EUR 300 billion.

IMCD contributes to TfS as an important link in the chemical supply chain between principal suppliers and customers. We bring knowledge of market trends and customer demands - especially the small and medium-sized enterprises segment - and we work towards sustainable logistics services by providing input to the Product Carbon Footprint (PCF) data from our transport and logistics processes.

EcoVadis

As participant in TfS, IMCD Group and several group companies undergo annual assessments by EcoVadis, a leading sustainability rating provider that promotes transparency and sustainability in global supply chains. IMCD is proud to have achieved group-level Gold recognition in 2022 for the second time, with an improved score from 67 to 70. This scorecard was valid through year 2023. Early 2024, our Ecovadis Gold recognition was reinstated and our score improved from 70 to 74.

In addition, in 2023 our subsidiaries further improved their ESG performance and were also able to increase or maintain their individual EcoVadis scores. In 2023, the outstanding efforts of IMCD Canada, France, Germany, Italy, Poland and Spain were awarded with a platinum rating, placing them among the top 1% performers assessed by EcoVadis in the chemical distribution industry. IMCD Benelux, Brazil, US, and UK were awarded with a gold level recognition. Finally, our offices in South Africa and India achieved Bronze. Assessments of some other significant IMCD companies are expected to further add to our honours list of sustainable offices.

Sustainalytics' ESG Risk Rating

Sustainalytics, a Morningstar Company, is a leading independent ESG research, ratings and data firm that supports investors around the world in developing and implementing responsible investment strategies. Its ESG Risk Ratings measure a company's exposure to industry-specific material ESG risks and how well a company is managing those risks. In 2023, IMCD received an ESG Risk Rating of 13.7, indicating that IMCD is at low risk of experiencing material financial impacts on ESG factors. This ranking places IMCD among the top of 205 international peer companies in trading and distribution.

Roundtable on Sustainable Palm Oil

IMCD is a proud member of the Roundtable on Sustainable Palm Oil (RSPO), a non-profit organisation that unites stakeholders from seven sectors of the palm oil industry, aiming to develop and implement global standards for sustainable palm oil. In 2023, 44 IMCD entities were part of IMCD's group membership.

Responsible Care and Responsible Distribution

Most of IMCD’s operating companies take part through local associations in the Responsible Care or Responsible Distribution programmes of the International Council of Chemical Associations (ICCA). These operating companies have stated that they are committed to the ongoing development and observance of the guidelines laid down in the global programme covering eight guiding principles.

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

United Nations Global Compact

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

Applying the precautionary principle

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

Grievance mechanism and concerns communication

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

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

All reported concerns, complaints and incidents are registered, investigated, followed up and closed. Reported non-compliance claims are registered using global systems and following global procedures. Local HSEQR Managers are 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 HSEQR Manager responsible for the region, and the Group Regulatory, Quality and Sustainability Director. The latter is responsible for assessing the concerns raised, communicating critical concerns to the Management Board, and managing the required actions.

In 2023, no critical concerns about the organisation's potential and actual negative impact on stakeholders were raised through the company's grievance mechanism and, hence, no concerns were reported to the highest governance body.

2 People and culture

Management approach

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

The overall People related goals for IMCD are described in the People Value section of this report. This describes what we want to achieve.

But as important as the "what" is the "how" we want to achieve our People goals. We have used various formal policies and documents describing the behaviours we expect from our people and the boundaries they need to respect. Firstly, The IMCD Code of Conduct and IMCD Business Principles. Secondly, IMCD's Management Instructions and thirdly, IMCD's values. The IMCD Code of Conduct and IMCD Business Principles apply to all our staff and describe commitments and standards of expected behaviours, working conditions, equal opportunities, and human and labour rights. For country Managing

Directors we have additional Management Instructions detailing specific company norms, actions, expectations, and limits of decision-making. The IMCD values embedded in our company culture provide further guidelines about what type of behaviours and actions we expect from all employees. Not only toward customers and suppliers, but also toward co-workers. The values also serve as a good starting point to explain to employees in newly acquired businesses how things are done at IMCD and the type of behaviour we expect.

In the latest IMCD materiality matrix IMCD decided to focus their people management approach on (1) Talent attraction and retention, (2) Diversity, equity and inclusion, and (3) Labour practices, in this order of importance.

2.1 Talent attraction, retention and development

Employee Learning and Development

Training hours

IMCD records training delivered to all employees in one central Learning Management System (LMS), the 'IMCD Digital campus', powered by Cornerstone software. IMCD continued on the one hand with defensive online training such as Antitrust, Fraud Prevention, Anti corruption and various Cyber security trainings but on the other hand IMCD invested significant time and effort in commercial training to strengthen the commercial capabilities of sales, marketing and customer service staff. In the latter category popular programs were our proprietary Value Based Selling and Commercial Excellence training offerings. Compared to last year, we more than doubled our investment in training with the average employee spending 14 hours on personal training and development versus 5 in the year before.

In 2023 IMCD continued with the successful technical and product training designed and delivered by IMCD's technical Business Group experts. The 73 laboratories organised hundreds of technical training courses, product seminars, and formulation meetings to deploy the technical and formulation expertise for the benefit of customers, principals and to train IMCD's staff. Such Business Group-specific training is one of the core elements of our business and underlines the expertise that is present in the company. Most of these trainings are conducted classroom style in 73 globally dispersed labs and technical centres; delivery and attendance are not yet recorded centrally. The goal is to achieve this by the end of 2024.

Employee training

	2023	2022
Training hrs, average per employee	14	5

Feedback mechanisms to capture development needs

We have formal mechanisms in place to promote an open feedback culture consisting of (1) global town halls with all staff, (2) town halls in countries, and (3) town hall meetings in Business Groups but also (4) in the form of the global engagement survey, covering all employees in al countries. In the fourth quarter of 2022 we conducted the last survey and had a participation rate of 85% with an overall engagement level of 72% (as in the favourable and very favourable answers combined on this dimensions). We specifically asked employees to score the company on statements such as "IMCD is a great company for me regarding my development" (73% favourable score) or "I have access to learning and development needed to do my job well" (76% favourable score).

Performance and/or development review practices

93% of all country operations have a local, specific evaluation system in place covering the employees in a business, regardless of their gender or employee category, with a frequency of once per year or more. The exception to this are the newly acquired businesses that are in the process of being integrated with existing IMCD operations. Furthermore, 68% of all country operations have formal arrangements in place to develop employees through individual development plans or training programs. 23% of the countries have multiple performance evaluation systems in place for different employee categories such as sales or customer service specialists. These reviews are the same for men and women; no distinction is made between genders. In the engagement survey, 84% of respondents stated that "we hold ourselves and our team members accountable for results", highlighting the focus in the company on evaluating performance.

The employee base has grown but less than in previous years

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

Our workforce grew in 2023 by 9.5% to FTE's 4,736 by the end of 2023 (2022: 4,323 FTE's) due acquisitions and organic growth. We had 1,236 new starters and 802 leavers. Leavers include all employees that left the company, both voluntary and non-voluntary. Reasons such as retirement, jobs elsewhere, or due to a post-acquisition business integration are part of this. We closed the year with EMEA still being the largest region with 2,099 FTE's (44% of total), followed by Asia-Pacific with 1,330 FTE's (28%) and the Americas region where we employed 1,307 FTE's (27%). Compared to 2022, the position of Asia-Pacific and the Americas has reversed due to faster business growth in Asia-Pacific.

	NEW HIRES - 2023				NEW HIRES -2022			
	Under 30	30-50	Over 50	Total	Under 30	30-50	Over 50	Total
EMEA	111	273	49	433	133	186	39	358
Americas	95	150	19	264	83	212	45	340
Asia-Pacific	59	163	28	249	91	178	38	307
Total	**265**	**585**	**96**	**946**	**307**	**576**	**121**	**1,004**

Most of our people are in customer or principal facing roles

In 2023 2,951 FTE's/62% of IMCD staff (2022: 2,742 FTE's/63% of IMCD staff) worked in a supplier or customer-facing role, in inside sales, outside sales, customer service, or product management.

Education levels are high

Like in previous years the educational levels of our employees are high to very high. IMCD employs 1,179 (25% of total FTE's) individuals with a completed Masters degree or higher and another 2,154 (46%) with a Bachelor degree or equivalent. Educational levels are especially high for our female employees, we employed 613 women (FTE) with a Master degree or higher compared to 566 men (FTE). These high education levels are critical for sustained business success.

Education level

	2023		2022	
	Female	Male	Female	Male
Master or higher	613	566	571	512
Bachelor or equivalent	1,170	984	1,041	939
Other	753	649	678	582
Total	**2,536**	**2,200**	**2,290**	**2,033**

Employee turnover and retention

IMCD's employee turnover levels are monitored continuously. In 2023, total turnover, for all reasons, calculated as the leavers divided by the average FTE over 2023 was 18% worldwide compared to 15% in year 2022, mainly due to increases in our Asia-Pacific region where we acquired and integrated a record number of six companies.

Regional differences in overall employee turnover

Compared to 2022, the attrition rate rose most in Asia-Pacific, the year over year differences in the Americas and EMEA regions were small. The 2023 attrition rate increase in the Asia-Pacific region (to 21.9%) was due to country specific reorganisations following six new business acquisitions and integrations. The Americas region reported 18.3% turnover (versus 18.7% in 2022), a downward trend in a still challenging labour market in North America. In EMEA turnover was 14.3% compared to last years 13.2%. Our management approach is to monitor turnover, per region and function, and to keep it flat or bring it down compared to the three-year average. The many business acquisitions can sometimes distort the picture due to post acquisition business integrations. We also cross-checked turnover metrics against insights and leading indicators from the global engagement survey in which a very high 86% of employees stated that they had an interesting job and 82% would recommend IMCD as a great place to work.

Employee turnover (leavers)

	2023	2022
EMEA	14.3%	13.2%
Americas	18.3%	18.7%
Asia-Pacific	21.9%	15.2%
Total turnover	**17.6%**	**15.0%**

Management turnover is low

In the global management sub-top of 412 individuals, we had 11% leavers which was significantly below IMCD's overall attrition rate. We aim to keep the management turnover lower than the average company turnover.

Management approach and lessons learned regarding employee attrition

IMCD operates in more than 60 countries and labour markets are very different. However, highly educated technical or professional workers are in high demand everywhere. IMCD has learned that especially in fast growing regions such as Asia and in regions with many newly acquired businesses employee retention is less stable and attrition can be higher than the company average.

To control the resignation risk of key staff, IMCD has put several initiatives in place. Firstly, IMCD senior management constantly monitors attrition levels by region, country, function, gender, and management level. We understand post acquisition turnover and distinguish structural from incidental changes in turnover rates.

Part of the flight risk reduction was realized in 2023 by remunerating key staff in line with the market or slightly above. Merit increases were higher in 2023 due to increased inflation and employees were compensated accordingly.

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

Turnover can be influenced by the male versus female mix. We specifically monitor the turnover of female and male employees and concluded that turnover among women is slightly lower than among men. Women make up 54% of IMCD's employee base, yet account for only 49% of the leavers.

Lastly, another lesson learnt is to strive for fast integrations of newly acquired businesses in order to reduce the uncertainty for employees. IMCD has appointed region specific integration managers who oversee these processes, time lines and integration success.

Contingent workers

This group of people is made of individuals who are not employed by IMCD and not on the IMCD payroll but individuals who provide a service and send an invoice such as IT implementation consultants. It remains a relatively modest group of 280 individuals who provided their services for specific projects. The number of contingent workers is less than 6% of our regular employee base.

Employer branding

We have started a project to tighten up IMCD's employer branding and employee value proposition (EVP) and have set the goal of launching the new IMCD employer value proposition in the second quarter of 2024. The objective is to ensure labour market communication is consistent all over the world, especially the online labour market communications on channels such as Linked-in. In the new campaign, real employees of IMCD will feature prominently.

"IMCD's new employer branding is based on the creative concept of Element E – the combination of employee and entrepreneurship."

Laurens Dalmijn
General Counsel

Impacts on the economy, environment and people

Talent attraction, retention and development are critical aspects of organizational success in our global dynamic and competitive landscape. The ability to attract and retain skilled individuals not only influences a company's performance but also has broader implications for the economy, environment, and people involved. The following actual and potential positive and negative impacts were identified for this material topic with reference to GRI 3-3.

Economic growth

By attracting top talent and investing in their development, IMCD contributes to economic growth by fostering innovation and productivity within the speciality chemicals and food ingredients distribution industry. A skilled and engaged workforce can lead to increased efficiency, profitability, and competitiveness, benefiting not only the company but also the broader economy.

Job creation

As the company expands its operations and workforce, it creates job opportunities both directly within the company and indirectly through its supply chain and support services. This helps reduce unemployment rates and stimulates local economies, particularly in regions where the company has a significant presence.

Environmental sustainability

IMCD can integrate sustainability practices into its operations. By training employees on environmentally friendly processes and products, the company can reduce its ecological footprint and promote sustainable practices throughout its value chain, contributing positively to environmental conservation efforts.

Social responsibility

IMCD's commitment to talent development often extends to corporate social responsibility initiatives, such as community engagement programs, charitable partnerships, and diversity and inclusion efforts. These activities can have a positive impact on local communities, fostering goodwill and enhancing the company's reputation as a responsible corporate citizen.

Workforce displacement

IMCD's adoption of technology or process improvements aimed at enhancing efficiency and productivity could lead, in some cases, to workforce displacement or job restructuring. While these changes may be necessary for the company's competitiveness, they could have negative implications for employees who are not able to adapt or transition to new roles.

Social equity

Despite diversity and inclusion efforts, there may still be challenges related to social equity within IMCD's workforce, such as disparities in representation, pay equity, or access to opportunities for advancement. Addressing these issues requires ongoing commitment and investment in diversity, equity, and inclusion initiatives.

2.2 Diversity, Equity and inclusion

A well-balanced workforce, near parity

Diversity, Equity and Inclusion shows strong progression towards goals

We had several diversity goals and targets in 2023.

Firstly, to maintain a balanced male and female employee base. We have achieved that near parity goal with 54% women and 46% men in the business. Secondly, to ensure the top management layer, the board and Executive Committee all have diversity in nationality. The Supervisory Board has 40% women and 60% men and consist of five individuals with three different nationalities (Dutch, American, Danish). At the end of 2023, the Management Board consisted of four individuals of which 25% women and four different nationalities (Dutch, Swiss/German, British). The Executive Committee -excluding the Management Board members who also participate in the Executive Committee- consists of three males with three distinct nationalities (French, German, British). Thirdly, our goal was to appoint a minimum of 40% women in all open sub-top management vacancies worldwide. We overachieved here with 48% of all senior appointments made by women in the last year. A final goal was to appoint a minimum of 33% women in senior commercial/P&L roles and to continue the specific development programme for up-and-coming commercial women to boost this internal talent pipeline. We appointed 34% of women in these commercial roles and had 21 participants in the second IMCD Women in leadership programme therefore, goal completed.

These goals on diversity and inclusion were set by the Management Board and discussed and supported by the Supervisory Board. All members of the Management Board attended and presented multiple times in the Women in Leadership programme and so did two actively involved members of our Supervisory Board. Fair to say that the Diversity and Inclusion topic has full leadership support-in words and actions.

Lessons learned from IMCD's Diversity plans are that with a near parity employee base the company has strong momentum and filling roles with women in the management sub top becomes easier as IMCD gets closer to parity. Finding women for senior commercial or P&L roles remains a challenge and, that is why we continued the specific plans to strengthen this talent pipeline. Another lesson learned is that with IMCD's success with a gender based diversity plan, other employee groups ask for plans as well, so we are contemplating broadening IMCD's diversity plans. Despite the above lessons learned, IMCD has not observed any negative impact from its diversity plans, policies and actions, on the contrary it helps to strengthen IMCD's employer brand and reputation in the market place.

Employees by employment contract/gender

	2023			2022		
	Female	Male	Total	Female	Male	Total
Permanent employees	2,475	2,171	4,646	2,237	2,012	4,249
Temporary employees	61	29	90	53	21	74
Total	2,536	2,200	4,736	2,290	2,033	4,323
diversity %	54%	46%		53%	47%	

Women leadership

The share of women in our workforce went up slightly from 53% in 2022 to 54% by the end of 2023. Zooming in on women in management roles we observe that 44% of management sub top positions are taken by women (as in members of the various country management teams plus senior leaders in regional head offices). IMCD employs 31% of women in commercial management roles (as in client or principal facing management roles with a responsibility for profit or loss). The latter is important since this group is the feeder talent pool for senior leader and country managing director roles (directly reports to the countries managing director; the region headquarters in Asia_Pacific and Americas (i.e. Singapore and Miami); the leader of IMCD Group in headquarters in Roterdam that directly report to the CEO, CFO and COO). With the arrival in Q4 of the incoming CEO the female representation in the IMCD N.V. Management Board (CEO/CFO and COO) also increased to 25% in 2023 and will increase to 33% starting January 2024 when the outgoing CEO has left the company.

Diversity in nationality

Our employee base includes more than 65 different nationalities. The various national origins at the top of the house (Management Board/Supervisory Board/Executive Committee) are mentioned below.

In 2023 IMCD’s Management Board consisted of four members, two of whom are Dutch, one Swiss/German and one British. In 2023 the Management Board had an incoming and out going CEO overlapping for a quarter and will go back to a three person board in 2024. The Supervisory Board has five members of three nationalities (Danish, American, Dutch) and our Executive Committee, excluding the above mentioned Management Board members consists of three senior leaders, of three distinct nationalities (French, German and British). Overall, the employee base includes more than 65 different nationalities spread across 62 country operations. In its Global HQ, IMCD employs 92 individuals with 21 different nationalities.

Management approach to Diversity

The IMCD Diversity strategy and management approach aims on the one hand to maintain the positive near equal gender balance for the company as a whole and on the other hand to accelerate the development of women in management roles and specifically in commercial management positions. IMCD's Management Board monitors female appointments in the management sub top teams; from a pool of 412 positions in 2023 IMCD had a total of 82 openings and appointed 40 women (48%). The local country management teams, that form the management sub top together with the senior staff in regional head offices, are key talent feeders for the future executive talent pipeline. IMCD is pleased with the balance of appointments in these key roles, we are close to gender parity in this.

These above mentioned goals were set after an in-depth internal diversity analysis, which was discussed at Board level. The conclusion was that women were well represented in country management teams, especially in roles such as Marketing, HR, Legal and Finance, but less so in commercial and digital leadership roles. Therefore the successful IMCD Women in Leadership programme has been continued in 2023/24. This women-only development programme aims to accelerate the training and development of women in the Americas, EMEA and Asia-Pacific region, and to better prepare them for future executive leadership roles. We are currently discussing internally additional talent programs to speed up the development of other groups of high potential employees, both men and women.

Diversity in age groups

The age profile of IMCD staff also underlines the fact that IMCD is an equal opportunities company for all ages. IMCD had 10 interns/students younger than 20, not employees.
At the other end of the spectrum, IMCD employed 1,063 FTE's over 50 (22% of the total workforce at year-end 2023 – same as in 2022). The 781 FTE's in the below 30 age group remained stable with 16% of the workforce and the vast majority (2,892 FTE's or 61%) belonged to the 30 - 50 age group. No change there either.

Employee function by age

	2023				2022			
	Under 30	30-50	Over 50	Total	Under 30	30-50	Over 50	Total
Management	-	30	41	**71**	1	41	44	85
Administration	128	400	136	**663**	118	365	118	601
Inside sales	244	664	246	**1,154**	252	626	212	1,090
Outside sales	209	1,158	430	**1,797**	176	1,070	406	1,651
Warehouse	55	176	68	**299**	48	164	61	273
Production	1	4	4	**9**	1	3	4	8
Other	144	461	138	**743**	125	369	121	615

	TURNOVER - 2023				TURNOVER - 2022			
	Under 30	30-50	Over 50	Total	Under 30	30-50	Over 50	Total
EMEA	43	180	61	284	46	155	57	257
Americas	49	131	51	231	36	127	55	218
Asia-Pacific	45	194	48	287	46	102	25	173
Total	**137**	**505**	**160**	**802**	**128**	**384**	**136**	**648**

The overall IMCD age distribution has remained nearly unchanged compared to 2022.

The process to report grievances such as discrimination

For many years now we have set up a widely communicated and maintained an Internal Alert Procedure and an Ethics and Compliance Hotline where employees can report grievances, anonymously, if they wish so. In 2023, we received five grievances that were investigated and followed up with appropriate action including a separation. Reported cases were sexual harassment, complaints about specific individuals or their leadership style and were always aimed at certain individuals. However, no discrimination cases were reported. We had no pending cases from previous years. For the definition used for discrimination, please see note 5.1 to the Sustainability Statements.

Impacts on the economy, environment and people

At IMCD, embracing Diversity, Equity and Inclusion isn't just about being fair- it's about boosting our business, environment, and our stakeholders. Within this material topic, IMCD has the potential to bring positive changes such as fostering creativity and promoting social cohesion. However, they may also come with implementation challenges. The following actual and potential positive and negative impacts were identified for this material topic with reference to GRI 3-3.

Workforce effectiveness and creativity

IMCD's commitment to diversity fosters a culture of effectiveness and creativity within the workforce. By bringing together individuals with diverse backgrounds, experiences, and perspectives, IMCD can generate new ideas, problem-solving approaches, and product innovations that drive business growth and competitiveness.

Talent attraction and retention

A strong focus on Diversity, Equity and Inclusion enhances IMCD's attractiveness as an employer, helping to attract top talent from diverse talent pools. Furthermore, it fosters a sense of belonging and inclusion among employees, leading to higher job satisfaction, retention rates, and productivity. This ultimately contributes to a more skilled and engaged workforce, benefiting both the company and the broader economy.

Market expansion and customer satisfaction

Diversity within IMCD's workforce enables the company to better understand and serve diverse customer segments. By reflecting the diversity of its customer base, IMCD can develop products, services, and marketing strategies that resonate with a broader range of consumers, driving sales growth and market expansion.

Social cohesion and equality

IMCD's initiatives on Diversity, Equity and Inclusion promote social cohesion and equality by creating opportunities for underrepresented groups to perform in the workforce. By fostering a culture of respect, fairness, and inclusion, IMCD contributes to a more equitable society and helps break down barriers to economic and social advancement.

Implementation challenges

Implementing effective Diversity, Equity and Inclusion initiatives requires dedicated resources, leadership commitment, and cultural transformation within IMCD. Overcoming resistance, addressing systemic barriers, and promoting inclusivity at all levels of the organization can be challenging and require ongoing investment and effort.

Perception risks

Inadequate or insincere Diversity, Equity and Inclusion efforts can damage the company's reputation and brand image, particularly in an era where stakeholders increasingly expect companies to demonstrate a genuine commitment to diversity and inclusion. Negative publicity or allegations of discrimination could damage customer trust, investor confidence, and employee engagement, impacting IMCD's bottom line and long-term viability.

Unintended consequences

In some cases, well-intentioned Diversity, Equity and Inclusion initiatives may have unintended consequences or reinforce existing inequalities. For example, diversity quotas or affirmative action policies could lead to tokenism or backlash from certain groups.

2.3 Labour Practices and Human rights[1]

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

Human Rights Policy

In 2023, IMCD worked to formalise its approach to human rights in its own organisation and its supply chain. To this extend, a global Human Rights policy was developed, and published on IMCD's website. It covers our management approach to human rights in our company. IMCD has had no negative employee or supplier complaints or grievances that could be classified as a human rights case. The impact of the policy is a positive one for employees, suppliers and other business partners since it explains where IMCD stands. See the IMCD Group Human Rights Policy on the IMCD website.

Child & forced labour

IMCD has zero tolerance for forced labour and/or child labour. They have no place in IMCD. The chemical distribution industry is not high-risk in this respect, since most IMCD employees are highly-skilled workers active in office environments, we don't manufacture. We monitor and track employees under the age of 20, mainly students, interns, and other young learners and double check with country leaders that these young workers have the right to work in their country or location and concluded that there were no cases of child and forced labour. A prohibition on child labour is included in the IMCD Group Human Rights Policy and the ESG Standards for IMCD Business Partners.

[1] Revised Disclaimer: In accordance with GRI 401-2 (2016), this section focuses on Labour practices and Human Rights across all IMCD companies, deemed to be significant operational locations. Note that the management of in-kind benefits, including employee welfare programs, is handled on a country-specific basis and therefore excluded from this report.

Collective bargaining and employee representation

IMCD respects the right of employees to organise and to join trade unions and representative bodies such as works councils and Health Safety & Environment Committees. This is embedded in IMCD's internal policies and instructions (including in the IMCD Group Human Rights Policy) and communicated as well to business partners through the ESG Standards for IMCD Business Partners.

All employees have the right of collective bargaining. When IMCD acquires companies, these sometimes come with unionised employees and IMCD respects this and nurtures existing relationships. Management measures annually how many workers are covered by collective labour agreements (CLA's). Management has no specific goals or targets for the number of employees covered or not covered by a CLA since this is not a management decision but either mandatory by law or up to the individual, IMCD respects the right of all employees to organise themselves.

Employees covered or not-covered by CLA

	2023	2022
Employees covered by CLA	1,342	1,177[1]
Employees not covered by CLA	3,394	3,146
Total	**4,736**	**4,323**

1 restatement: 56 FTE have been reclassed from not covered to covered by CLA due to missing data for IMCD Benelux NV in 2022

At year-end 2023 IMCD employed 1,342 employees who were covered by some kind of collective labour agreement i.e. 28% of the total workforce. The percentage increased slightly from 26% last year. Management also annually tracks formal employee representation. In 2023, IMCD had 3,284 employees (69% of the workforce) worldwide who were represented in formal joint management and employee Health & Safety Committees and 1,362 employees (29% of workforce) covered by formally elected employee representatives such as works councils, most of them in the EMEA region.

In 2023, IMCD encountered zero employee strikes. No industrial action against the company was reported. In 2023, we did not receive any complaints or grievances indicating that the freedom of association or collective bargaining was at risk in any of our countries, whether through management channels, our Internal Alert Procedure or the IMCD Ethics and Compliance Hotline.

Social dialogue and employee engagement remains strong

Dialogue between employees and management takes multiple forms. The IMCD management approach uses the following three communication channels: 1. Town hall meetings with all staff 2. Employee opinion surveys 3. Regular dialogue between management and employees. IMCD conducted two global town halls for all employees in 2023, one in March and one in November. The topics on the agenda included the introduction of the new CEO, digitalisation, the employee value proposition, the IMCD Pulse engagement survey, the financial results, the sales excellence training, and sustainability. All staff from all countries are invited to all town halls, which are live events with presenters from senior management such as the CEO, CFO, COO and IMCD's global HR director who take live questions. Remaining questions are answered offline.

End of 2022 we conducted a global engagement survey, the IMCD Pulse Survey, and in 2023 all countries have been very active in discussing the feedback to all employees and in determining country specific action plans. We saw a high participation rate of 85% underlining the willingness of employees to share their opinions and in the following action planning and feedback meetings the participation was again very high. Survey outcomes were positive: 72% of all participants were favourable to very favourable about their overall engagement levels, 21% were neutral and only 7% unfavourable. All global results were shared with all employees in local country specific town-halls and global communications on OneIMCD, the company's intranet. The three themes that came out on top were: 1. Values –79% favourable; 2. Management –77% favourable; 3. Alignment & Involvement –77% favourable.

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

Lastly, due to our flat organisational structure and the relatively modest size of our business (in terms of FTE's per country) our country managing directors and their HR teams are in daily contact with their colleagues and co-workers. Changes of department, positions or in job contents can be discussed in an early stage to make sure employees who are affected can engage in discussions. With regard to management of career endings, transition assistance programmes are set up in a case-by-case basis or when needed under local circumstances. If so, these programmes are tailored to local needs and aligned with local laws and regulations.

Flexible and remote work remain popular

Most of our countries have flexible working, remote working policies or instructions in place. A consequence of the Covid-19 period. It is also a recurring theme in discussions with job applicants who often expect some kind of flexibility in office presence although the differences between countries can be striking. In the US for instance this is an important topic and in some of our Asian countries less so. The contents of such flexible and remote work plans differ per function and geography, underlining the freedom to act -one of our values- of local management.

Special leave; parental, compassionate possibilities

In all our regions where we have operations, IMCD offers additional leave to employees for specific purposes such as maternity, paternity, studies, and compassionate leave. In general, both men and women are eligible for these leave categories. The most important special leave is parental leave. In 2023, 749 employees were entitled to parental leave, of which 355 women and 394 men. In total 192 indeed made use of the opportunity (26% take up rate). The take up rate is higher from women (34%) than from men (18%). Already 134 have returned to work (70% voluntary return rate).

Employees that took parental leave

	2023			2022		
	Female	Male	Total	Female	Male	Total
EMEA	68	30	**98**	71	24	95
Americas	30	10	**40**	24	13	37
Asia-Pacific	23	31	**54**	23	15	38
Total	**121**	**71**	**192**	118	52	170

Permanent and full-time contracts dominate

The overwhelming majority of IMCD's employment contracts are permanent: 4,646 or 98% of the year-end workforce. Only 90 (<2%) of the employees were on a temporary contract. IMCD believes that offering regular, indefinite contracts or job offers provides employees with more security and a decent living and this is what employees value most. It is also a distinguishing feature in competitive labour markets. There is very little difference between men and women in this respect. Only 29 of the 2,171 (1%) men are on a temporary contract and 61 of the 2,475 women (2%). A comparable pattern applies to full-time versus part time staff. IMCD employed 4,594 or 97% full-timers (same percentage as the year before) and 142 or 3% part-time employees (measured in FTE). The latter group has requested flexibility in their work patterns to fit their work-life balance or family needs. IMCD offers benefits for full-timers, part-timers, and temporary workers, some benefits require a waiting or vesting period. One of the most important benefits is health/ medical care. No less than 94% of our countries offer this to their employees, either via country specific health care systems or via private care. Employees who work part-time have generally requested flexible arrangements themselves.

Employees by employment contract / region

	2023					2023				
	Permanent		Temporary			Fulltime		Partime		
	Female	Male	Female	Male	Total	Female	Male	Female	Male	Total
EMEA	1,145	916	25	13	2,099	1,057	908	113	21	2,099
Americas	702	601	3	1	1,307	702	602	3	-	1,307
Asia Pacific	628	654	33	15	1,330	657.0	668	5	1	1,330
Total	**2,475**	**2,171**	**61**	**29**	4,736	2,416	2,178	120	22	4,736

Responsible restructuring remains an exception

Due to our flat organisational structure and the relatively modest size of our businesses (in terms of FTE's per country) our country managing directors and their teams are in daily contact with their colleagues and co-workers. Changes in department, positions or job contents can be discussed at an early stage. IMCD informs employees of upcoming changes in the business/organization at an early stage and in detail, and we give people advance notice that complies with the minimum period of notice required locally and/or international level. Given our business model of delegated decision-making by country Managing Directors, we defer to their judgement of the local situation and provide advance notice and transition payments over and above the local legal requirements and/or better than packages resulting from collective bargaining agreements. In 2023, IMCD neither carried out any large-scale redundancies nor implemented workforce reductions/ restructuring/job cuts of more than 5% of the global employee base.

Living wage

IMCD is committed to ensuring that all workers are paid a 'living wage' (i.e. the minimum remuneration to support basic needs) in accordance with applicable local laws. Indeed, a living wage is strongly supported by the 98% of employees on permanent contracts referred to above. The average salary & wages IMCD paid per employee in 2023 was EUR 63,400 per employee (EUR 68,800 in 2022), down 8% year-on-year. This excludes social security, taxes, benefits, and pensions. The year-on-year decrease was mainly due to business acquisitions in countries with lower salary levels and faster growth in APAC.

A cap on working hours
We believe that work should be organized efficiently and should be doable in normal work week and we abide to all local labour laws in this respect. When there is an absence of applicable laws or collectively bargained labour agreements, working hours including overtime may not exceed 60 hours per week, and a minimum of one rest day per week is provided in all our countries.

Regular Board discussions on people topics
People, culture, talent, management appointments, diversity & inclusion, compensation, succession, OHS, and other labour matters are discussed by the Global HR Director and/or the Executive Committee members on a frequent basis with the IMCD Management Board but also with the Supervisory Board throughout the year. These discussions may relate to specific individuals or to important people or social themes for the company. The board involvement on these topics is high.

Impacts on the economy, environment and people
At IMCD, our commitment to responsible labour practices and human rights is fundamental to our operations. This entails examining our positive and negative change both inside IMCD and externally, to the society and economy. The following actual and potential positive and negative impacts were identified for this material topic with reference to GRI 3-3.

Fair employment practices
IMCD's adherence to fair labour practices, including competitive wages, benefits, and opportunities for development, contributes to economic stability and prosperity. By treating employees ethically and providing a supportive work environment, IMCD fosters loyalty, productivity, and long-term commitment among its workforce.

Respect for human rights
IMCD's commitment to upholding human rights standards, both within our own operations and throughout our supply chain, helps protect the dignity and well-being of workers. By ensuring fair treatment, non-discrimination, and freedom from exploitation, IMCD promotes social justice and contributes to a more equitable society.

Employee empowerment
IMCD's emphasis on freedom to act enables workers to voice their concerns, advocate for their rights, and participate in decision-making processes. This fosters a culture of inclusivity, trust, and mutual respect, enhancing job satisfaction, morale, and overall well-being among IMCD's workforce.

Worker safety risks
In the chemicals distribution industry, there may be inherent risks to worker safety and health. Despite implementing safety protocols and training programs, accidents and injuries can still occur, posing risks to employee well-being and potentially leading to reputational damage and legal liabilities for IMCD.

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

Recordable injuries
In 2023 we had 11 reported cases of employee injuries, the causes varied from slips, trips and falls to incidents in warehouses, commuting incidents and injuries due to sports activities in free time. Most injuries were reported in the Americas region (8 cases). None of the group companies reported any fatalities or injuries that prevented employees from working for more than six months in 2023.

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

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

The Global HSEQR & Sustainability Director developed and is responsible for the occupational health and safety management system, which is continually reviewed by him. Based on input from internal audit and recent incidents the policy is reviewed on a regular basis with new lessons learnt e.g. after a warehouse incident in Brazil additional employee awareness training was rolled out. Regional HSEQR Directors provide local support for the creation of local HSEQR plans. Our local HSEQR managers monitor the implementation of and adherence to the policy. We are dedicated to achieving our health and safety objectives by prioritising safe work practices in all processes and operating procedures, by proactively identifying and managing exposure to risk, and by making sure that our business operations adhere to all applicable laws and regulations in the regions in which we operate.

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

Recordable injuries per region

	2023	2022
EMEA	3	5
Americas	8	3
Asia-Pacific	0	6
Total	**11**	**14**

In this process, the hazards are identified, the risks are evaluated, and the necessary improvements to the health and safety management system are decided. Employees are required to report hazards or circumstances at work that they believe could result in an injury or illness and to immediately remove themselves from the situation. For all our third-party logistics activities, we have established strict operating procedures. We track performance and non-conformances via our company wide NCR management. We

conduct annual audits of both internal and external facilities to check for adherence to health and safety policies in addition to our business reviews.

Based on 200,000 hours of labour, the rate of recordable work-related injuries was reduced from 0.31 in 2022 to 0.22 in 2023; the rate of high consequence work-related injuries remained at 0.00 in 2023 (0.00 in 2022), again based on 200,000 hours worked.

Within the reporting year of 2023, zero incidents of non-compliance concerning either the health and safety of our products and services nor product and service information and labelling, have been recorded neither in form of warnings fines or penalties.

We held numerous trainings and briefings on health and safety protocols and/or standard operating procedures, covering more than 75% of all employees. We followed up on accidents with the introduction of first-aid classes, supplemented annual physicals with ergonomic evaluations of the workspaces and equipment, treated slippery surfaces, and assessed the prevention tools available on risky premises. We offer all our workers the legally obligatory medical insurance plans and, where necessary, medical examinations to further ensure their overall health.

Impacts on the economy, environment and people

Economic productivity

IMCD's commitments to occupational health and safety contribute to economic productivity by reducing workplace accidents and injuries. A safe and healthy workforce is more productive and efficient, leading to reduced absenteeism, lower healthcare costs, and higher employee morale and engagement.

Cost savings

By implementing robust occupational health and safety measures, the company can minimise the financial burden associated with workplace incidents, such as medical expenses, workers' compensation claims, and regulatory fines. This helps protect the company's bottom line and preserves resources for investment in business growth and innovation.

Environmental protection

Many occupational health and safety practices also have positive environmental impacts. For example, measures to reduce hazardous material exposure or prevent spills and leaks can help minimise environmental pollution and protect ecosystems. By prioritising environmental stewardship alongside worker safety, IMCD contributes to responsible resource management.

Employee wellbeing

IMCD's focus on employee well-being extends beyond physical safety to encompass mental health and overall wellness. Providing resources and support for stress management, work-life balance, and personal development enhances employee satisfaction and retention, fostering a positive organizational culture and reinforcing the company's reputation as an employer of choice.

Operational costs

While investing in occupational health and safety is essential for long-term sustainability, it can also entail significant upfront costs for implementing safety protocols, training programs, and equipment upgrades.

Regulatory compliance

Non-compliance with occupational health and safety regulations can result in legal penalties, reputational damage, and operational disruptions for IMCD.

Worker resistance

In some cases, particularly in our operational sites, workers may resist certain OH&S measures or perceive them as overly restrictive or intrusive. This resistance can undermine the effectiveness of safety initiatives and create tension between management and employees. Effective communication, training, and employee engagement strategies are essential for overcoming resistance and fostering a culture of safety within IMCD.

3 Environment

3.1 Supply chain decarbonisation

3.1.1 Energy and emissions management: Scope 1, 2 and 3

Management approach to supply chain decarbonisation

Since 2019 (baseline year), IMCD tracked and reported emissions, both generated by own operation, as well as related to the third-party transportation of products purchased and sold.

Given our asset-light company model and minimal internal activities, our direct environmental impact is restricted, but we are aware that Scope 1 and 2 GHG emissions are produced by the energy used in our facilities, transportation, and operational procedures. It is imperative that we reduce these emissions in order to be an example for our downstream and upstream business partners.

The effects that IMCD's operations have on the environment are well recognised and acknowledged by the management of the company. In IMCD's business model, warehouse operations and transport are outsourced to a high degree. Our supply chain decarbonisation activities are centred on our third-party logistic service providers. The Scope 3 emissions we disclose are calculated based on their carbon footprint. We work together with our logistics service providers to reduce carbon emissions through efficient routing, volume-mileage optimisation, and the introduction of sustainable transportation modes. Supply Chain Decarbonisation is a key area for acceleration.

During 2023, we continued to work on enhancing the quality of our data and expanded the scope of our reporting. We improved on data accuracy and further optimised our CO_2 dashboard to provide real-time visibility into the carbon footprints of our third-party logistics partners. Our sales and support teams can utilise this information to highlight efficiency gains to customers and suppliers. The results will be used to fine-tune the management programme. We also reinforced our third-party screening through the collaboration with EcoVadis and TfS. By reporting on our Scope 3 GHG emissions, we provide openness and transparency on operations from assets not owned or controlled by IMCD, but have an impact on our value chain.

The Supply Chain Decarbonisation Programme is built on two pillars: optimising our transport and order management, and collaborating with third-party logistics service providers to drive further improvements. IMCD's corporate supply chain team collaborates closely with local supply chain managers to ensure the most effective routing, the highest volume-mileage ratio, and the adoption of more environmental friendly transportation modes whenever available.

This requires engagement with our main suppliers; we assist them in optimising their logistics setup, with the goal to generate more cost-effective models and faster market access, while lowering carbon impact. Furthermore, where possible, we choose suppliers based on their ESG performance. When this is not possible, we engage, raise awareness, educate, and collaborate. Our engagement with our third-party logistics service providers starts with a commitment to our ESG Standards for Business Partners, followed by self-evaluation, EcoVadis assessment, audits, and collaborative emission-reduction efforts. A global supply chain management policy is in place and the Global Supply Chain Management, HSEQR, and Sustainability Director oversees the supply chain decarbonisation activities. Local supply chain managers are those responsible of implementing and carrying out the programme in each country.

Methodology

Hereby we present estimations, extrapolations and assumptions for all reported indicators, in cases when primary data was not available, as well as comments on the methodology used for calculations. Indicators not described in this section were reported based on the primary data collected by IMCD. Estimations, extrapolations and assumptions necessary for reporting the indicators considered in this section are connected with:

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

Company-specific data used in the calculations is either factual or based on estimations:

1. Factual: data reported by the site with a proof document
2. Estimated: data estimated by the sites not fully covered by complete proof documentation, following the IMCD Sustainability Data Collection & ESG Reporting Manual

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

Scope 1 emissions are caused by using direct energy carriers in our offices, in production locations, for business trips, and for our in-house transport, warehouse and distribution activities. Marginal share is associated with cooling agents in the air conditioning of our working spaces. *(Material topic: "Eco-Efficient operations")*

Scope 2 emissions are the result of using provided energy (mainly electricity) in our offices, in production locations and to a certain extent, in our own warehouse activities. *(Material topic: "Eco-Efficient operations")*

Scope 3 emissions we report represent the emissions originated in transport activities of our contracted third-party logistics service providers, mainly in the combustion of fuel. *(Material topic: "Supply chain decarbonisation")* Emissions originated from outsourced warehousing and storage activities are not included, as no reliable data is available.

Please note, IMCD understands that Scope 1 & 2 falls under material topic "Eco-Efficient operations", however, since management set 1 target for all types of emissions (Scope 1, 2 and 3), emissions related to Scope 1 and 2 are covered in Note 3.1 "Supply chain decarbonisation" to the Sustainability Statements.

Reductions resulting from reduced production or outsourcing are excluded from IMCD's GHG emissions calculations. No carbon offsets took place on behalf of IMCD during 2023, and therefore these were not considered as a category in our GHG emissions calculations.

Energy consumption within the organisation and direct emissions (Scope 1)
Energy consumption within the organisation and emissions associated with it arise from two main source activities: energy use in facilities (space heating and electricity generation, i.e. stationary combustion), and own transport (mobile combustion). Stationary combustion energy consumption data was collected from the sites for 2019-2023 for the volume or mass of the fuels consumed. Some assumptions and estimations were performed to fill the data gaps and derive direct emissions associated with stationary consumption.

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

With regard to own transport, two lines of assessments were used depending on the available data:
1. For the sites that reported fuel used, emissions from transport were estimated based on the reported volumes, standard conversion rates, and emission factors established for different transport modes means when relevant. For locations that have different modes of transport, the estimated fuel use was allocated between the reported vehicles according to the use specified by the reporting locations, or when not available - calculated as assumed for other sites for each of the modes of transport. Emissions were calculated based on the emission factors extracted from the Ecoinvent 3.6 database.
2. Estimations reported by the sites based on the total number of vehicles by type and average distance driven or hours operated (relevant for 2019-2021). The following estimations have been made for these cases:

- For passenger cars, fuel consumption is estimated based on the reported number of vehicles and type of fuel used (primary data), and the average distance driven (estimation or primary data). Fuel use was calculated based on the average passenger car (EURO 4) from the Ecoinvent 3.6 database, modified according to the specified fuel used (petrol, diesel, LPG or natural gas), or, when not available, in a respective mix of petrol, diesel and natural gas. For Scope 1 emissions calculations, the upstream processes were excluded. The same dataset was used to extract the GHG emissions factor balanced using the IPCC (2013) GWP 100a method. For hybrid passenger cars, fuel is used as the predominant consumed energy.
- For diesel, petrol or LPG-fuelled in-house transport vehicles (warehouse transport), energy use is estimated based on the reported number of vehicles (primary data), average hours of operation per day (estimation) and fuel use per hour of operation (based on Ecoinvent 3.6 data set for diesel machine operation, 18.64-74.57 kW in high load – corresponding to average warehouse diesel loader). The same data set was used to extract the GHG emissions factor of combustion of a kg of diesel used in the activity balanced using the IPCC (2013) GWP 100a method.
- For petrol and LPG fuelled warehouse transport, energy consumption per year was estimated to be equal to that of diesel (in MJ/hour), and the associated emissions per kg of fuel were calculated based on the emissions factor for fuel consumption of a passenger car (Scope 1 only, excluding upstream processes).
- For transport by trucks, energy consumption is estimated based on the reported number of trucks (primary data), driven distance per year (estimation), and average

load of a truck by type (small or articulated lorry). Where primary data is available, a distinction is made between trucks fuelled by petrol or diesel. When not available, all transport was assumed to be performed by diesel trucks, Energy consumption was extracted from an Ecoinvent 3.6 data set in respect to tkm transport services (Scope 1 only, excluding upstream processes). The same dataset was used to extract GHG emissions factors per tkm of transport (Scope 1 only). For petrol fuelled trucks, the energy consumption per year was estimated to be equal to that of diesel (in MJ/tkm), and the associated emissions per kg of fuel were calculated based on the emissions factor for fuel consumption of a passenger car (Scope 1 only, excluding upstream processes).

- Conversion between volumes/masses of fuels and consumed energy was implemented based on the heating value of the respective fuels. Additionally to energy consumption associated GHG emissions, the reporting includes fugitive emissions associated with space cooling (air conditioning) in facilities. These Scope 1 fugitive emissions were estimated based on the reported floor area with air conditioning, with assumed split-air AC capacity 60m2 per 1.7kg of charge (R410A as a conservative assumption), and leakage rate according to the IPCCC guidance 2006 (3%). Fugitive emissions of refrigerant from small refrigeration units in own warehouses were assessed to be negligible.

Estimated GHG gases include CO_2 , CH4 , N2O, HFCs, PFCs, SF6 , NF3 , and others. The financial control approach was consistently applied in reporting. Following the approach, fuels consumption for space heating was included into the scope for all own and (IFRS16) leased facilities. 2019 is used as base year in the target setting towards 2024.

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

Relevant energy consumption inside the organisation and the associated emissions relate to energy usage in facilities (space heating, space cooling and electricity usage), and own transport (passenger cars and warehouse). Data on consumption of supplied heating and cooling is provided in GJ.

- Emissions associated with supplied heat consumption were estimated flat for all locations. Emission factors are retrieved from https:// www.co2emissiefactoren.nl/. The choice for the Dutch emission factor was made due to the location of the company's headquarters. Following the precautionary principle, the conservative assumption of CHP district heating was assumed. The emission factor is consistent with the IPCC (2013) GWP 100a method.
- Emissions associated with supplied cooling were calculated based on the data for consumed energy and the respective emission factors. Where possible, emission factors were calculated with a primary databased modelling of cooling production. When this was not possible, the flat emissions factor based on the Ecoinvent 3.6 data set for the global market for cooling energy was used. The emission factors are consistent with the IPCC (2013) GWP 100a method. Data on electricity consumption was obtained from the sites in MWh.
- Emissions associated with electricity consumption were estimated using the location-based approach. Due to lack of market-specific emission factors, the gross market-based energy indirect GHG emissions are reported on the location-based level. Emissions factors were extracted from the Ecoinvent 3.6 datasets for the respective regional electricity mixes, balanced using the IPCC (2013) GWP 100a method. Emission factors include a minor share of the upstream emissions (i.e. emissions occurring in the life cycle of electricity production prior to the electricity generation per se), and thus additionally account for Scope 3 (Category 3) emissions.
- Electricity consumption and Scope 2 emissions associated with transport refer to use of electricity for electric passenger cars, and electric loaders at own warehouses.
- Electricity consumption for transport is estimated based on the number of in-house electric vehicles (primary data), estimated hours of work per year and electricity use per hour of operation assuming a 15% loading time use (based on specifications of a commonly used articulated loader1). When available, primary data on the number of electric passenger cars is used, assuming per-km driven electricity consumption according to the respective Ecoinvent 3.6 dataset for electric passenger car. When not available (years 2019-2020), the share of passenger car transport using electric cars is calculated based on the estimated shares in the Ecoinvent 3.6 datasets, in Europe and the rest of the world separately. The values for electricity consumption for transport are only indicative and used to estimate distribution of electricity usage between transport and facilities.
- Electricity usage for facilities and associated emissions are calculated as the difference between the total electricity usage and electricity usage for transport.

Estimated GHG gases include CO_2, CH4, N2O, HFCs, PFCs, SF6, NF3, and others. GHG trades are excluded from the calculation of gross energy indirect (Scope 2) GHG emissions. The financial control consolidation approach was consistently applied in reporting. Following the approach, energy consumption was included in the scope for all own and leased facilities of the companies of the Group according to IFRS 16. 2019 is used as base year in the target setting towards 2024.

To avoid double counting of fuel consumption, IMCD considers self-generated electricity consumption only under fuel consumption. In 2023, IMCD did not generate energy for self-consumption.

Other indirect GHG emissions (Scope 3)
Scope 3 reporting of emissions is based on the combination of detailed transactional data about the transportation assignments and expert assumptions of our group supply chain management team. Other Scope 3 categories were excluded as they were negligible, irrelevant, or in case reliable data is not available.

Scope 3 transport emissions volume was modelled based on the available data for delivery distance, mass and general mode of transport. Logistics database extracts were used, containing the primary data on the net mass of a product delivered, country and postal code of starting point and country and postal code of the destination point, as well as mode of transportation. For the emissions calculations, the following assumptions and estimations were made:

- Mass of packaging for all of the products was estimated as 3% of the net mass of the delivered products, i.e. the pessimistic estimate provided by the Supply Chain Department and harmonised with the active logistics software.
- Of the products transported, 2% of the products (w/w) is estimated to be transported using refrigerated transport (based on an assumption of the group supply chain management team).
- When mode of transportation is not specified, an assumption is made. All intra-continental transactions are assumed to be performed by road transport (articulated lorry, based on the estimation provided by the Logistics Department). That also applies to all transport in Europe with the island countries (Ireland, UK, Faeroe Islands, Malta and Cyprus). Inter-continental transport includes road and air/sea transport. It is assumed that the following transport is performed 100% by road between: Europe and North Africa; Europe and Central Asia; Asia and Central Asia; Middle East and Central Asia; North Africa and Central Asia. Other intercontinental transport is assumed to be performed by sea (transoceanic ship).
- Rail transportation was calculated with the road transportation, to keep the consistency with the calculation methodologies of previous years, when rail transportation was utilised but not specified.
- Distances for the road transport are calculated as distance by roads (including roads with tolls) from geolocation of starting point to geolocation of destination, using AWS Location Services. The process involves checking for the combination of postal code, city, country, and account name. If no match is found, the system checks for the combination of postal code, city, and country. If there is still no match, the system returns a default location of (0,0). Additionally, if a 3-letter country code is available, it is added as a region filter to enhance precision. The few shipments without distance were added to “mass lost”.
- For air shipments, we use the standardised distance formulation to return the direct line distance between the ship from and ship to geo locations.
- Sea freight distance is calculated as a straight-line distance, similar to air freight distances, but adjusted on the coefficient of 2.1516. The coefficient is extracted based on the analysis of the relation between straight-line distance in AWS Location Services and marine navigation distance for a sample of locations that contained short-, medium-, and long distance freight. The differences are assumed to be coming from the water routes available for navigation, manoeuvring, and navigation dispatching.
- Transport services are calculated by multiplying the mass of the delivered product with packaging by the transport distance. The sum of transportation services volumes in tkm is adjusted, by adding a percentage equal to the percentage of “mass lost”, i.e. mass of products for which no distance calculation was possible. The values extrapolated in this manner contribute less than 3% of the total emissions for the indicators for 2023.
- For each of the types of freight, two generic modes of transport were identified: with refrigeration and without refrigeration. Respective datasets are chosen from Ecoinvent 3.6 and approved as an approximation by the Supply Chain Department. The datasets are used to extract the GHG emissions factors per tkm of transport services, calculated using the IPCC (2013) GWP 100a method.

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

- for 2019: EMEA without Middle East and Africa (South Africa included); Malaysia, Indonesia, India; the USA without Puerto Rico, and transactions of acquired assets of US Food and ET Horn.
- for 2020: scope of 2019 with the addition of Bahrain, Samoa, Hong Kong, Taiwan, Philippines, Singapore, Thailand; added US assets of Puerto Rico, US Food and E.T. Horn.
- for 2021: scope of 2020 with the addition of Canada, Mexico, Kenya, Latvia, Bosnia and Herzegovina, Burundi and Uganda.
- for 2022: scope of 2021 with the addition of Morocco, Japan, Egypt, Saudi Arabia, Israel, and China (two companies of the Group).
- For 2023: scope of 2022 with the addition of Hungary, Bulgaria, an additional company in Mexico, Peru, Colombia, Australia, New Zealand, an additional company in India, China (7 entities) and Korea.

Specific notes for the calculations of Scope 3 emissions:

- For the companies acquired during each reporting cycle, the FTE as at the end of the year is used, while transport transactions and EBITDA are only included as from

the acquisition date onwards. This should be taken into account when looking at the intensity KPI's per FTE.
- For the companies merged during each reporting cycle, the FTE, EBITDA, and tons of product purchased indicators can no longer be separated as from the date of the merger. If transport transactions for these merged entities cannot be included in the calculations, this could lead to possible higher FTE and EBITDA values than actually associated with the included logistics transactions.

The organisational scope consists of group entities with a full year of transactional data in IMCD's global ERP system (scoped-in companies). For the Scope 3 emission calculation, the following transactions are included:
- sales with delivery from the stock to a customer and sales with direct delivery from supplier to the customer,
- purchases with delivery from a supplier to the stock.

Sales volumes based on transactional data are reconciled with sales volumes as used in the financial records. Discrepancies were insignificant in 2023.

Estimated GHG gases include CO_2, CH4, N2O, HFCs, PFCs, SF6, NF3, and others. Biogenic emissions are not relevant as all transportation is assumed to be performed on fossil fuels. GHG trades are excluded from the calculation of other indirect (Scope 3) GHG emissions.The financial control consolidation approach was consistently applied in reporting. 2019 is used as base year in the target setting towards 2024.

Energy intensity and GHG emissions intensity
Scope 1 and 2 along with Scope 3 total GHG emissions intensity is used to measure progress on our targets communicated in the Environment Value chapter. In this note we explain the developments in Scope 1, 2 and 3 emissions in 2023 and our plans for further reductions.

Energy and GHG emissions intensity is calculated by dividing the respective energy consumption or amount of total energy consumption within the organisation, or total emissions (Scope 1 and 2, or Scope 1, 2, and 3) by the intensity base. Three intensity bases are used throughout the report for Scope 1 and 2 intensity and for Scope 1, 2 and 3 intensity calculations:
- FTE: based on the primary data. In 2023, IMCD has 4,736 FTEs
- Mass of product sold: based on the primary data (2023: 1,038,968 tonnes)
- Operating EBITDA:
  - (1) Total Operating EBITDA is taken based on primary data on the Group level. In 2023, operating EBITDA is EUR 548 million.
  - (2) Operating EBITDA per region is calculated as operating EBITDA generated by the companies of the region plus proportionally allocated operating EBITDA of the holding companies. In 2023 the following operating EBITDA used for EMEA: EUR 243 million, Asia-Pacific: EUR 149 million, Americas: EUR 156 million.

For Scope 3 emission intensity calculation, the FTE, mass product sold and operating EBITDA of the group entities with a full year of transactional data in IMCD's global ERP system are used. For 2023, these are:
- FTE: 3,766 FTEs
- Mass of product sold: 933,769 tonnes
- Operating EBITDA: EUR 493 million

Note that for the total emission intensity (Scope 1, 2 and 3) calculation, Scope 1 and 2 emissions include all group entities, whereas the Scope 3 emissions only relate to the group entities with a full year transactional data in IMCD's global ERP system. The divider used for the total emission intensity calculation, comprises all group entities.

Energy consumption and energy-related emissions in Scope 1, 2 and 3 GHG emissions intensity
Overall, 2023 showed positive results in terms of emission intensity for Scope 1 and 2, as well as for Scope 3, compared to our baseline year 2019.

Scope 1 and 2 emission intensity (per million euro of operating EBITDA) increased by 11% compared with 2022 and decreased by 58% compared with 2019. The main driver for the decrease in Scope 1 and 2 emission intensity compared with the baseline year, is a combination of organic growth and acquisition impacts, increased EBITDA levels and optimisation of the energy consumption. Scope 1 and 2 energy consumption decreased by 18% in the period 2019 to 2023.

Scope 1 and 2 emissions intensity increased from 20 tCO_2eq/mln euro in 2022 to 23 tCO_2eq/mln euro in 2023 (+11%). This can be explained by the lower level of EBITDA in 2023, combined with 4% higher energy consumption.

Compared with baseline year 2019 and 2022, Scope 3 emission intensity decreased by 8% respectively 2% in 2023. Absolute emissions increased by 141% compared to 2019, mainly due to the number of entities included in the Scope 3 calculation.

Scope 1, 2 and 3 GHG emissions Intensity per million euro operating EBITDA

	2023	2022	2023/2022 CHANGE	2021	2020	2019	2023/2019 CHANGE
Direct energy carriers use (Scope 1) - global	5,855	5,589	5%	4,762	5,751	7,384	(21%)
Provided energy (Scope 2) - global	6,501	6,273	4%	5,688	6,062	5,879	11%
Third parties logistics (Scope 3) - in available geographical scope	374,797	337,744	11%	339,430	259,079	155,400	141%
Total estimated emissions, tCO_2eq	**387,153**	**349,606**	**11%**	**349,880**	**270,892**	**168,663**	**130%**
Emissions intensity per mln euro of operating EBITDA[1]	707	598	18%	872	1,008	683	3%
Scope 1 and 2 emissions intensity per mln euro of operating EBITDA	**23**	**20**	**11%**	**26**	**44**	**54**	**(58%)**
Scope 3 emissions intensity per mln euro of operating EBITDA	**760**	**777**	**(2%)**	**1,221**	**1,273**	**825**	**(8%)**

1 Emission intensity increase, mainly due to the additional group entities included in Scope 3 emissions.

Direct energy consumption and energy related emissions (Scope 1 and 2)

2023 showed an increase of 4% in both energy consumption as well as associated GHG emissions, compared with 2022. Compared with baseline year 2019, the energy consumption in 2023 as well as the GHG emissions decreased by 18%, respectively 7%. The increase in energy consumption in 2023 compared with 2022 is mainly the result of organic growth and the impact of acquisitions. The growth was more significant in fuel consumption and the associated direct emissions (Scope 1), most prominently seen in increased petrol consumption. This is mainly the result of the business travels with the company's transport as well as additional petrol-fuelled cars of newly acquired entities. A number of group entities shifted from diesel-fuelled passenger cars towards petrol-fuelled.

Energy consumption within the organisation Scope 1 and 2, GJ

ENERGY CARRIER	2023	2022	2023/2022 CHANGE	2021	2020	2019	2023/2019 CHANGE
Direct energy carriers use (Scope 1)	**85,459**	**82,787**	**3%**	**71,959**	**87,600**	**112,643**	**(24%)**
Natural gas	17,297	21,775	(21%)	25,883	33,237	40,199	(57%)
Petrol	36,673	29,333	25%	16,638	13,350	22,574	62%
Diesel	29,300	29,826	(2%)	27,565	37,996	45,425	(35%)
LPG	1,951	1,440	35%	1,479	2,300	2,772	(30%)
Fuel oil	238	413	(42%)	394	717	1,674	(86%)
Fugitive emissions	-	-	-	-	-	-	-
Provided energy (Scope 2)	**42,728**	**40,530**	**5%**	**39,779**	**43,880**	**44,065**	**(3%)**

ENERGY CARRIER	2023	2022	2023/2022 CHANGE	2021	2020	2019	2023/2019 CHANGE
Electricity	38,359	35,314	9%	34,607	38,999	40,492	(5%)
Supplied heating	3,640	3,773	(4%)	3,845	3,848	3,198	14%
Supplied cooling	729	1,443	(49%)	1,327	1,033	376	94%
TOTAL energy consumption within organisation (Scope 1 and 2)	**128,186**	**123,317**	**4%**	**111,738**	**131,480**	**156,708**	**(18%)**
Intensity per tonne merchanded	0.12	0.11	13%	0.10	0.14	0.16	(24%)
Intensity per FTE	27.1	28.5	(5%)	29.9	39.9	52.4	(48%)
Intensity per mln euro of operating EBITDA	234.0	211.0	11%	278.6	489.1	635.0	(63%)
Direct energy carriers use (biogenic)	**750.9**	**1,068**	**(30%)**	**2,232**	**3,825**	**4,097**	**(82%)**
Biodiesel	750.9	1,068	(30%)	2,232	3,825	4,097	(82%)

Energy related emissions Scope 1 and 2, tCO_2eq

ENERGY CARRIER	2023	2022	2023/2022 CHANGE	2021	2020	2019	2023/2019 CHANGE
Direct energy carriers use (Scope 1)	**5,855**	**5,589**	**5%**	**4,762**	**5,751**	**7,384**	**(21%)**
Natural gas	973	1,225	(21%)	1,456	1,870	2,261	(57%)
Petrol	2,550	2,040	25%	1,140	915	1,551	64%
Diesel	2,028	2,038	(1%)	1,913	2,639	3,153	(36%)
LPG	114	88	30%	90	140	169	(32%)
Fuel oil	18	31	(43%)	29	53	124	(86%)
Fugitive emissions	172	167	3%	134	133	126	36%
Provided energy (Scope 2)	**6,501**	**6,273**	**4%**	**5,688**	**6,062**	**5,879**	**11%**
Electricity	6,275	5,976	5%	5,414	5,820	5,754	9%
Supplied heating	118	123	(4%)	125	125	104	14%
Supplied cooling	107	174	(38%)	149	117	21	416%
TOTAL energy related emissions (Scope 1 and 2)	**12,355**	**11,862**	**4%**	**10,450**	**11,813**	**13,263**	**(7%)**
Intensity per tonne merchanded	0.01	0.01	14%	0.010	0.013	0.014	(13%)
Intensity per FTE	2.61	2.7	(5%)	2.8	3.6	4.4	(41%)
Intensity per mln euro of operating EBITDA	22.55	20.3	11%	26.1	43.9	53.7	(58%)
Direct energy carriers use (biogenic)	**52.7**	**75**	**(30%)**	**157**	**268**	**287**	**(82%)**
Biodiesel	52.7	75	(30%)	157	268	287	(82%)

In the period 2019 till 2023, energy consumption decreased by 18%. The most significant decrease was realised in the Americas, followed by EMEA, whereas Asia-Pacific showed an increase mainly due to its organic growth and recent acquisitions. Overall, in 2023, energy consumption increased by 4% compared to 2022. This increase can be attributed to the rise in petrol usage, particularly the transition from diesel to petrol-fuelled cars in countries like Turkey and France, increased business travels and customer visits and the increased electricity consumption resulting from new acquisitions across all regions.

Energy consumption by region (Scope 1 and 2), GJ

	2023	2022	2023/2022 CHANGE	2021	2020	2019	2023/2019 CHANGE
EMEA	55,581	54,590	2%	49,445	48,524	60,838	(9%)
Asia Pacific	22,471	21,680	4%	13,724	12,866	9,775	130%
Americas	50,134	47,048	7%	48,570	70,090	86,095	(42%)
Total	**128,186**	**123,317**	**4%**	**111,738**	**131,480**	**156,708**	**(18%)**

Energy-related GHG emissions (Scope 1 and 2) by region, tCO_2eq.

	2023	2022	2023/2022 CHANGE	2021	2020	2019	2023/2019 CHANGE
EMEA	4,631	4,524	2%	4,096	4,077	1,917	142%
Asia Pacific	4,024	4,029	(0%)	2,771	2,414	6,662	(40%)
Americas	3,701	3,309	12%	3,584	5,322	4,684	(21%)
Total	**12,355**	**11,862**	**4%**	**10,450**	**11,813**	**13,263**	**(7%)**

In 2023, the Americas region experienced the most notable intensity increase, rising by 39% compared to 2022 primarily due to a 7% increase in energy consumption and 12% increase of energy-related emissions. Simultaneously, the Americas region showed a decrease in operating EBITDA of 20%.

In EMEA, Scope 1 and 2 emission intensity increased by 4%, driven by a 2% rise in energy consumption alongside a 2% decline in operating EBITDA. In contrast, Asia-Pacific showed a 4% decline in emission intensity in 2023. This was attributed to a 4% increase in operating EBITDA, while energy-related emissions remain the same compared with 2022.

GHG Emissions (Scope 1 and 2) intensity by region eur per million operating EBITDA

	2023	2022	CHANGE 2023/2022	2021	2020	2019	2023/2019 CHANGE
EMEA	19	18	4%	23	31	36	(47%)
Asia Pacific	27	28	(4%)	24	46	52	(48%)
Americas	24	17	39%	33	62	83	(71%)
Total	**23**	**20**	**11%**	**26**	**44**	**54**	**(58%)**

Transport activities accounted for 53% of IMCD's energy consumption, primarily driven by business trips using company vehicles, followed by internal distribution and warehouse transport. The remaining 47% of energy usage originated from facility operations, mainly attributed to electricity usage and natural gas consumption for heating purposes.

Energy consumption by type, GJ

	2023	2022	2021	2020	2019	PORTION, %
Facilities	60,828	56,241	60,422	73,277	80,838	47%
Transport	67,358	67,076	51,317	58,203	75,870	53%
Total	**128,186**	**123,317**	**111,738**	**131,480**	**156,708**	

Looking at the GHG emissions within the organisation, operating the companies' facilities contributed 61% to total Scope 1 and 2 emissions, while transport activities accounted for 38%, with fugitive emissions from cooling and air conditioning contribute 1%.

GHG emissions by type (Scope 1 and 2), tCO_2eq.

	2023	2022	2021	2020	2019	PORTION, %
Facilities	7,530	6,574	6,516	7,551	7,736	61%
Transport	4,653	5,121	3,800	4,129	5,401	38%
Process and fugitive emissions	172	167	134	133	126	1%
Total	**12,355**	**11,862**	**10,450**	**11,813**	**13,263**	

Emissions from third-party transportation (Scope 3)

Third-party transportation significantly contributes to our Scope 3 carbon footprint. To address this, the company has established a comprehensive logistics database that carefully tracks emissions associated with the shipment of our products. The monitoring of third-party transportation emissions is closely related to the integration of IMCD Group companies into our ERP system. All group entities with a full year of transactional data in our global ERP system are included in the Scope 3 emissions calculation. Given IMCD's ongoing expansion and acquisitions, the on-boarding process continues which leads to an expansion of our reporting scope, hence to and increase in absolute emissions.

In 2023, while new operations were introduced and the scope expanded, the growth was modest compared to the significant on-boarding efforts of 2020 and 2021. The increase in absolute emissions was driven by the inclusion of two major countries (Australia and Signet, in India and China) into the 2023 scope. However, a decline in sales volumes and an increase in orders of smaller sizes by customers both had an impact on the absolute emissions. Consequently, the absolute increase observed in 2023 was lower than in previous years.

Third-party transportation emissions totalled 375 $ktCO_2eq$ in 2023 (2022: 338 $ktCO_2eq$), representing a 11% increase from 2022 emissions, mainly due to the increase in scope of entities included in the calculation.

Road transport is responsible for the majority of emissions, accounting for 70% of total emissions. Air freight accounts for 21% of emissions, with sea freight accounting for the remaining 9%.

Transportation within the Americas continent is the largest contributor, accounting for about 44% of total emissions, due to the long distances travelled. Intraregional American transport is followed by intraregional EMEA transportation, which accounts for up to 22% of total emissions. America accounts for 48% of total Scope 3 transportation emissions, followed by EMEA (31%), and Asia Pacific (21%).

Building on the retaining absolute emissions volume, the emissions intensity associated with third-party transportation decreased compared to 2022 on all bases, except in emissions per tonne sold. Emissions per FTE decreased by 10%, emission intensity per ton sold increased by 7% and emissions relative to the operating EBITDA decreased by 2%.

In 2023, the company's core emissions KPI, ktCO_2eq emission intensity per million euro of operating EBITDA, was 760, compared with 777 in 2022 (-2%) and 825 (-8%) in 2019. IMCD and its business partners initiated projects to reduce emissions, such as supply chain optimisations and the implementation of more sustainable modes of transport.

Even though the vast majority of emissions intensity associated with third-party transportation decreased compared with 2022, the IMCD Sustainability Task Force identified and acknowledged that the carbon footprint in absolute terms did not decrease, which was attributable to organic and acquisition growth of IMCD's business. IMCD, together with its logistics service providers, continue its efforts to further reduce its carbon footprint in the supply chain.

Scope 3 GHG emissions, ktCO_2eq

	2023	2022	2023/2022 CHANGE	2021	2020	2019	2023/2019 CHANGE
Third parties logistics (in established scope)	**375**	**338**	**11%**	**339**	**259**	**155**	**141%**
Road freight	263	267	(1)%	268	213	114	130%
Sea freight	33	21	58%	21	33	12	171%
Air freight	78	50	58%	50	14	29	171%
Emissions intensity per FTE (in established scope)	**100**	**110**	**(10%)**	**128**	**106**	**74**	**35%**
Emissions intensity per ton of sold product (in established scope)	**0.401**	**0.374**	**7%**	**0.381**	**0.331**	**0.285**	**41%**
Emissions intensity per mln euro of operating EBITDA (in established scope)	**760**	**777**	**(2%)**	**1,221**	**1,273**	**825**	**(8)%**

Impacts on the economy, environment and people

The following actual and potential positive and negative impacts were identified for this material topic with reference to GRI 3-3.

Environmental sustainability

IMCD's supply chain decarbonisation efforts contribute to environmental sustainability by reducing GHG emissions associated with the transportation, warehousing and other supply chain activities related to the distribution of our products. By optimizing our logistics, and enhancing our monitoring scope and platform, IMCD can provide reliable information on carbon footprint and identify opportunities of improvement timely to mitigate negative impacts alongside our 3PLs.

Innovation and efficiency

Decarbonising the supply chain often involves adopting innovative technologies and processes that improve efficiency and reduce waste. By promoting the investment in sustainable transportation, energy-efficient operations, and order optimisation within our downstream 3PLs, IMCD fosters innovation and economic growth while minimising resource consumption and environmental degradation.

Market differentiation

IMCD's commitment to supply chain decarbonisation enhances its brand reputation and market competitiveness. As consumers and businesses increasingly prioritise sustainability, products and services with low carbon footprints are in high demand. By offering environmentally responsible distribution services, IMCD can attract customers and gain a competitive edge in the marketplace.

Regulatory Compliance

Decarbonising the supply chain helps IMCD comply with evolving environmental regulations and sustainability standards. By proactively addressing carbon emissions and environmental impacts throughout the supply chain, IMCD reduces the risk of regulatory fines, and reputational damage, ensuring long-term business continuity and resilience.

Costs and investment

Supply chain decarbonisation often requires significant upfront investment in IT upgrades, infrastructure improvements, and employee training. These costs may strain IMCD's budget and human resources, particularly in locations where we maintain small operations and personnel.

Technological barriers

Some decarbonisation technologies may still be in the early stages of development or may not yet be economically viable for widespread adoption. IMCD may encounter technological challenges, such as limited availability of sustainable alternatives of transport or insufficient infrastructure for renewable energy sources within our 3PLs base, which can delay progress toward our decarbonisation goals.

Transition challenges

Transitioning to a low-carbon supply chain may require organisational change and workforce retraining, which can create uncertainty and resistance among our suppliers, especially if it comes with a strong economic investment. Effective collaboration strategies, and supplier engagement are essential for overcoming resistance and fostering a culture of sustainability within IMCD's supply chain.

3.2 Eco-efficient operations

3.2.1 Water management

IMCD recognises that water is a valuable resource that should be preserved responsible along with the local communities where we run our business operations. Taking into consideration our business model and consumption of water mainly for the household-like purposes, this topic remains immaterial for IMCD, however we do promote water-saving practices in all of our facilities and internal processes.

We did not set any targets or water-related goals for 2023, however we keep an eye on water-related indicators as part of our reporting system. Moreover, we are continuously working to develop products that can help our customers to use water more responsibly in their operations. For example, biopharmaceuticals are known to have exceptionally high Process Mass Intensity (PMI) figures, meaning for every 1kg of biological active product produced, typically ~7,000 to 8,000kg kg of raw materials are consumed, namely water in upstream and downstream processing. IMCD team is championing revised techniques to reduce the use of water and improve the CO_2 footprint of biopharmaceutical manufacturing process also by promoting 'adjuvants' that can extend the viability of these biologics.

Methodology

Water consumption and wastewater

IMCD's water consumption mainly relates to general household (cleaning, catering, and sanitation) in our offices, laboratories and warehouses. Being light in assets and production facilities, IMCD uses relatively small volumes of water sourcing mainly from local water providers. We do not commonly source water ourselves, there are only two IMCD companies that harvest rainwater at the facilities, 11 sites that withdraw ground water, and only 2 facilities source surface water for internal processes.

Both water consumption and water withdrawal data are obtained from the sites in m^3 (1,000 litres) when possible. All sites use fresh water supplied by third parties (municipal water) apart from the own surface water withdrawal relating to rain water harvesting (1,633 m^3 in 2023).

- For the sites that could not report water withdrawal, it was estimated based on floor area of the facility (primary data), function of the facility (primary data), and average water withdrawal per floor area by the reported sites based on their function. Water discharge data is obtained from the sites in m^3 (1,000 litres) when possible. The majority of the sites use water for near-to-domestic use purposes or for production (consumed in the process and is not discharged), and pass it on the third parties for treatment (assumed not fresh water at the moment of discharge) via the municipal sewage system. In 2023, 45,822 m^3 of wastewater (2022: 40,387 m^3) was discharged. A small portion of wastewater was discharged to other than the sewage system - amounting to 3,165 m^3 of wastewater that was handed over to third parties not via the sewage system, either due to absence of a sewage system or due to specific substances of concern. In 2023 four (2022: two) sites carry out non-hazardous waste water treatment themselves in accordance with the governmental standards before discharging the treated water to the ground water; no additional internal water quality standards or guidelines were developed. Five sites release wastewater to the surface.
- For sites that could not report water discharge, it was estimated based on the floor area of the facility (primary data), function of the facility (office – primary data), and average water withdrawal per floor area by the reported sites based on their function. This water is discharged via the sewage pipeline. Water consumption is based on local water withdrawal minus discharge. Water withdrawal reporting based on estimations accounts for 29% of the total in 2023 (2022: 32%). Water discharge reporting based on estimations accounts for 38% of the total in 2023 (2022: 42%). No water storage was identified as relevant for the companies of the group. Water stress areas are identified as areas with baseline water stress level high (40-80%) or extremely high (over 80%), based on the data from the World Resources Institute, Aqueduct Water Risk Atlas accessed on November 15th, 2023 for the levels in the reporting year 2023.

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

Water consumption and water intensity
Our global water consumption increased in 2023 by 42%, from 4,5 (1,000 m³) in 2022 to 6,3 (1,000 m³) in 2023 . The increase was due mainly to the new acquisitions within Asia-Pacific region. The water consumption in water-stress areas doubled from 0,3 (1000 m³) in 2022 to 0,6 (1,000 m³) in 2023. The intensity of the water consumption per ton of sales has increased by 55%, from 3.9 litre per tonne of sales to 6.1 litre per tonne of sales.

Water consumption and water intensity

	2023	2022	CHANGE
Total water withdrawal, 1,000m³	**55.3**	**47.3**	**17%**
Water withdrawal from municipal source, 1,000m³	53.7	46.6	15%
of which in areas with water stress[1]	20.1	11.1	
Own withdrawal	1.6	0.7	
of which in areas with water stress[2]	0.6	0.0	
Total water discharge to sewage system and other destination, 1,000m³	49.0	42.8	14%
Total water consumption, 1,000m³	**6.3**	**4.5**	**42%**
of which in areas with water stress[1]	0.6	0.3	
Water consumption intensity (l/tonne sold)[1]	6.1	3.9	55%

1 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.
2 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. Water consumption is based on local water withdrawal minus discharge.

3.2.2 Waste management
Waste management has been one of the vital environmental issues for a few decades already. Even though IMCD does not generate huge amounts of waste that can cause significant adverse effect to our environment, we apply a responsible waste management approach to all our operations. Working with chemicals can involve generating considerable amounts of both hazardous and non-hazardous waste in the companies' operations as well through our supply chain. Therefore, IMCD is committed to meeting all required regulations by local laws and our internal policies, as well as requirements agreed with customers and suppliers regarding waste treatment and disposal. Furthermore, we encourage waste reduction in our value chain by promoting sustainable products and services in our product portfolio and supply chain.

Methodology
Operational waste management
Our own offices, warehouses and limited production sites are the main sources of waste generation. Led by warehousing activities, the waste generated is predominantly non-hazardous (any waste that causes no harm to human or environmental health, e.g. office waste: paper, boxes, folders, plastic, glass). However, certain processes in our laboratories and product storage activities result in the generation of hazardous waste (a solid waste or a combination of wastes, which because of its quantity, concentration, physical, chemical, or infectious characteristics poses a substantial or potential hazard to human health or the environment when not properly treated, stored, transported, disposed of or managed). To ensure that all waste generated by operations is properly identified and sent for disposal by licensed companies in accordance with relevant laws and regulations, a global

< Contents page

At a glance
About IMCD
Performance 2023
Governance & Risk Handling
Sustainability Statements
Sustainability statements - People
Sustainability statements - Environmental
Sustainability statements - Product
Sustainability statements - Ethics and Compliance
Notes to the Sustainability statements
EU-Taxonomy/TCFD
EU Taxonomy
Recommendations of the Task force on Climate related Financial Disclosures (TCFD)
Financial Statements
Consolidated statement of financial position as of 31 December 2023
Consolidated statement of profit or loss and other comprehensive income
Consolidated statement of changes in equity
Consolidated statement of cash flows
Notes to the Consolidated financial statements
Company balance sheet as of 31 December 2023
Company income statement
Notes to the Company financial statements
List of group companies as per 31 December 2023
Other information
Appendices

waste disposal policy is in place as part of both the HSEQR 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 HSEQR Managers are responsible for ensuring that disposals are conducted in compliance with local laws and regulations by accredited disposal companies. In its offices and at other locations, IMCD promotes recycling of used materials and minimising paper consumption.

IMCD promotes the recycling of used material and minimising paper consumption in our offices and at other locations. In our effort to improve the quality of data reporting, in 2023 we again have full factual assessment of hazardous waste generation and both estimated/factual for non-hazardous waste. In 2023 37% of the reported non-hazardous waste generation is based on estimations (2022: 54%).

Waste generation by type

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

- For plastic, paper, glass and bio-waste fractions collected separately: based on the maximum quantity for which removal companies are contracted for, or in case waste is not segregated, based on the average number of bins and/or containers removed per week, multiplied by respective volume and density.
- For electronic and electric waste: based on the average number of employees.
- For other non-hazardous waste, based on the maximum quantity for which removal companies are contracted for; based on the average number of bins removed per week, multiplied by respective volume and density; or based on the reported floor area and a default rate of waste generation per m^2/year.
- Effluents are excluded from waste generation calculations, unless it is required by local legislation to be reported under total waste.

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

Hazardous and non-hazardous waste generated

Both hazardous and non-hazardous waste generated in 2023 showed a slight increase of 4% compared to 2022. This is mainly caused by the new acquisitions. In its offices and at other locations, IMCD promotes the recycling of used material and minimising paper consumption. In our effort to improve the quality of data reporting, in 2023 we continued the 2022 achievement of a full factual assessment of hazardous waste generation. Generation of non-hazardous waste remains almost the same of last year comprising of 1,869t in 2023 (2022: 1,880t).

Hazardous and non-hazardous waste generated by region, tonnes

	2023	2022	CHANGE
EMEA	790	828	(5%)
Asia Pacific	859	661	30%
Americas	743	821	(10%)
Total	**2,391**	**2,310**	**4%**

We continued to improve the treatment of our non-hazardous waste: about 12% (2022: 9%) of such type of waste was diverted from disposal through material recycling activities of 9% (2022: 6%) and other recovery operations such as bio-waste sent for processing of 3% (2022: 4%).

Non-hazardous waste sent for treatment, tonnes

	2023	2022	CHANGE	PORTION, %
Waste sent to recycling	167	110	51%	9%
Waste sent to other recovery (biowaste)	56	67	(17%)	3%
Handed over to 3rd parties for treatment (method unknown)	1,646	1,703	(3%)	n/a
Total	**1,869**	**1,880**	**(0.6%)**	12%[1]

1 excluding "method unknown"

Hazardous waste generation in 2023 has increased by 22% compared to 2022 from 429t in 2022 to 523t in 2023. Major contributors are 4 sites: South Africa, Mexico, Brazil, and Indonesia. This can be explained by the accumulated amount of disposal for several years in a row which led to the spike of waste at the end of 2023. Approximately 49% of the hazardous waste was generated in third-party facilities and 51% on IMCD's own premises.

Hazardous waste generated by facility type, tonnes

	2023	2022	CHANGE	PORTION, %
Hazardous waste (own facilities)	268	198	35%	51%
Hazardous waste (on third party facilities)	254	231	10%	49%
	523	**429**	**22%**	**100%**

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

3.2.3 Raw materials

Methodology

As per IMCD's context, materials used to supply our production processes, such as repackaging (e.g. paper, cardboard and plastic, metallic and plastic drums). The sum of weight of each type of packaging is expressed in kg predominantly based on direct measurements - factual data comprised of 95% in the reporting period. Estimated raw materials comprised of 5% only and the material use (per material type) calculated as: mass of the packaging material per one unit, multiplied by registered number of products packaged per year.

Materials consist of either renewable or non-renewable components.

- Renewable material: material that is derived from plentiful resources that are quickly replenished by ecological cycles or agricultural processes.
- Non-renewable material: material derived from a resource that does not renew in short time periods.

Raw Materials as the source for repackaging

As a distributor, IMCD has only minor own production facilities, which predominantly deal with repackaging. As such, most of the materials used at our facilities are associated with repackaging materials. The materials used in the production and repackaging processes in 2023 totalled 974t (2022: 807t), of which 31% (2022: 29%) were renewable materials.

Raw Materials, tonnes

	2023	PORTION, %	2022	PORTION, %
Renewable	306	31%	232	29%
Non-Renewable	669	69%	575	71%
Total	**974**	100%	807	100%

3.3 Climate strategy

Reference is made to the section addressing the Recommendations of the Task Force on Climate related Financial Disclosures (TCFD), see section 2 Recommendations of the Task force on Climate related Financial Disclosures (TCFD).

Impacts on the economy, environment and people

The following actual and potential positive and negative impacts were identified for this material topic with reference to GRI 3-3.

Risk mitigation

IMCD's climate strategy, enables the identification and mitigation of climate-related risks. By assessing physical risks such as extreme weather events, and transition risks like policy changes and market shifts, IMCD can proactively adapt its operations and investments to minimise potential negative sustainability-related impacts.

Opportunity identification

IMCD's climate strategy is aimed to identify opportunities for innovation and growth in the transition to a low-carbon economy. By leveraging the EU Taxonomy framework, IMCD is able to identify sustainable investments and activities that could contribute positively to climate mitigation and adaptation.

Stakeholder engagement

By disclosing climate-related risks and opportunities in line with TCFD recommendations, IMCD fosters transparency and trust among stakeholders, enhances investor confidence, and strengthens partnerships with suppliers, customers, and communities committed to climate action.

Supply Chain disruptions

Climate-related events, such as extreme weather events or disruptions to raw material supplies, may negatively impact IMCD's supply chain and operations. Despite efforts to mitigate risks, vulnerabilities within the supply chain could lead to delays, increased costs, and reputational damage, affecting the economy, environment, and people dependent on IMCD's products and services.

Regulatory compliance

Changes in climate-related regulations and policies may require IMCD to adapt its business practices and operations to remain compliant. Compliance costs, administrative burdens, and regulatory uncertainties could pose challenges for IMCD's operations and competitiveness, particularly if regulatory requirements vary across regions or are subject to frequent changes.

Transition risks

The transition to a low-carbon economy may pose risks to certain industries, technologies, or business models that are heavily reliant on fossil fuels or high-carbon activities. IMCD has eight Business Groups that attend different industry sectors. Thus, IMCD's portfolio of products and services may face challenges in navigating the transition to a low-carbon economy, including market shifts and changes. IMCD is currently developing a KPI for its Climate Strategy that considers the above-mentioned impacts and prioritises the adoption of climate-related opportunities to ensure its long-term profitability.

4 Product

4.1 Sustainable solutions

IMCD drives Sustainable Solutions in the market when it champions the journey of its suppliers and simplifies the business and the sustainability landscape for its customers.

Definition and Methodology

Sustainable Solutions aims to support our customers in navigating the complexities of green solutions and make it easier to:

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

The solutions are organised into sustainable categories which reflect the market needs. For example, there are eight categories for the Advanced Materials business group: renewable source; CO_2 reduction; recycling; biodegradable; compostable; end-of-life enhancement; waste reduction; and weight reduction. We have identified a gap in our industry in terms of access to sustainability resources that are educational, actionable, and measurable, and we are committed to creating such resources.

Based on our market knowledge we see attractive opportunities for products and formulations with a sustainable profile as they generally tend to offer above market growth potential and differentiation. The initial step was to define a systematic methodology to identify opportunities in our portfolio, taking into market trends, existing and coming regulations as well as consumer pressure. We started recently to apply this to the Advanced Materials product portfolio and intend to roll this out progressively to other Business Groups in the course of 2024.

We engage with our top principal suppliers as well as with customers and associations to collect the most important information needed to implement greener solutions. This market intelligence, together with our technical expertise and product know-how, will enable us to define the Sustainable Solutions that should be at the forefront of the industry.

Products that meet the sustainability criteria and have the supporting scientific data for our suppliers' claims or from our labs are tagged in our product data system and are marketed as sustainable solutions.

This enables IMCD's commercial teams to engage with customers, discuss the business case for alternatives, and push more sustainable solutions. We enable our customers and suppliers to make informed sustainable decisions throughout their product creation.

IMCD has developed 73 laboratories into a global network of technical centres that support its business partners with high-quality technical advice and formulation expertise. IMCD's scientists and technical teams analyse market trends and new technologies, share their technical expertise and product formulations, process and application knowledge to support the sustainable innovations of both its suppliers and customers.

4.2 Safe handling and distribution

Given the company's function as a speciality chemicals distributor, IMCD must ensure the safe handling and distribution of its product line. IMCD ensures that chemicals are handled safely and reliably, that warehouse operations and transportation comply with all necessary regulations, and that waste processing and disposal adhere to the highest standards to avoid spills or negative environmental impact. Together with our suppliers, we ensure the quality and safety of our product portfolio and compliance with environmental, health and safety standards and regulations.

As a chemical distributor, IMCD's everyday operations focus upon the handling, storage, and transportation of both non-hazardous and hazardous materials. As a result, we prioritize protecting our employees, communities, and ecosystems by handling chemicals safely and responsibly. Our goal is to prevent spills and chemical mishandling in our operations. Our global HSEQR Policy and global procedures, as specified by our headquarters' global HSEQR function, provide the fundamental principles of chemical handling in our activities. The policy provides recommendations for the establishment and execution of local procedures and processes by the individual local IMCD operating companies.

Our worldwide HSEQR Policy and procedures require continuous reporting from our local operating companies to the Group headquarters, from which local processes and procedures are formed. Based on these continual reports, an analysis is undertaken to identify potential policy, process, or procedure changes that require action or amendment. During audits of local operating companies by IMCD's Group Internal Audit Staff, the implementation of the HSEQR controls is reviewed and deficiencies reported. Corrective action plans are prepared and tracked in our global risk management system.

For example, at the Group level, a global crisis communication procedure has been implemented, which is consistent with local emergency management procedures. Within these local emergency management procedures, each IMCD operating business specifies communication routes, roles, and responsibilities in the event of an incident.

As part of the procedure, a first point of contact for crisis and emergency situations must be appointed. This person must be thoroughly trained and capable of coordinating communication with all essential stakeholders. Furthermore, the corporate website includes IMCD's 24-hour emergency response line, which can be used to communicate in the event of a crisis. If an emergency occurs, it will be handled locally and reported to IMCD headquarters for further investigation.

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

Given the expanding number of products in our portfolio, we have instituted a stringent item creation process to ensure safe and responsible product management. This procedure obtains and validates mandatory information needed before the product sales process begins. For example, IMCD shall make a Safety Data Sheet (SDS) available in the relevant language if necessary. Our principal suppliers issue the majority of our SDSs, which are then evaluated and authorised by our local HSEQR managers before being placed in our global database.

A SDS comprises information about each chemical's characteristics, physical and environmental health hazards, protective measures, and safety precautions for handling, storing, and transporting the chemical. Our third-party logistics service providers use the SDS information to create transport documents, labels, and workplace safety and storage plans.

As part of our commitment to safe and responsible product distribution, our local HSEQR managers verify that all products supplied by us meet local labelling criteria, including information on content, component source, and environmental or social effect. Established labelling processes are utilised for hazardous products to educate the user about the hazard(s) as well as the risks associated with handling the material. Every order and product that leaves our warehouses is accompanied by a certificate of analysis (COA), SDS, and, if necessary, a Dangerous Goods Declaration (DGD). To prevent errors, this information is transmitted digitally. All labels have a 24-hour helpline number.

Carechem 24 is our multilingual telephone advice service providing access to a team of trained responders, 24 hours a day, 365 days a year. Carechem 24 provides support in dealing with emergency product support during a hazardous material incident. This service helps compliance with responsible care and regulations associated with the transport and handling of dangerous goods while minimising the overall impact and risk to people, the environment, assets, and reputation.

During 2023 we updated our Non-Conformance Reporting (NCR) and rolled it out to all IMCD operating companies. IMCD uses NCRs on a global scale to report and drive continuous improvement. We have been utilising this technology to accurately report internal and external cases of non-compliance due to faulty labelling, markings, or paperwork.

Our approach to our quality management system (QMS) is based on systems and certifications supplied by internationally recognised organisations. Through this approach, we can ensure that our business processes are always focused on meeting customer requirements and raising satisfaction. Based on legal and market requirements, IMCD's operating companies have implemented reputable management systems such as Responsible Care or Responsible Distribution for quality management, ISO 14001 for environmental management (by year-end 2023, 46% of the total workforce worked at ISO 14001 certified sites; 2022: 40%), ISO 22000/HACCP/BRC for food safety management, and GMP+ for good manufacturing practices for food, pharmaceutical, and cosmetic products. GDP for good distribution practices for food, pharmaceuticals, and cosmetics; and ECO for organic items. The majority of IMCD's operational companies engage in the International Council of Chemical organizations' (ICCA) 'Responsible Care' or 'Responsible Distribution' programmes via local organisations, pledging to long-term development and adherence to the global programme's requirements. Independent third-party experts assess conformity with these principles and regulations using the appropriate regional evaluation procedures. Independent experts additionally investigate and document the operating company's environmental performance and chemical safety.

All IMCD's operating companies must adopt quality management systems that meet the internationally renowned ISO 9001:2015 standard. With more operational companies certified in 2023, 78% of our total workforce now works at sites with ISO 9001:2015-certified quality management systems (2022: 75%).

As a consequence of the integration of acquired companies that were not certified when they were incorporated into IMCD, the global coverage rate for ISO 14001 and ISO 9001:2015 is 6% and 3% higher in 2023 than in 2022 respectively. The effect on the overall number varies depending on the extent of the acquisitions completed each year. Our commitment to the highest level of quality and safety in our operations, which applies to all of our enterprises, remains unchanged.

In 2023, there were no reported non-hazardous spills, compared to one in 2022. However, there was one hazardous spill in the reporting period (2022: two). The spill occurred in Indonesia, involving 200 kg of hazardous material - genamic ctac 25. Prompt corrective action was taken, containing the spill with sand and arranging for its safe disposal by a third party. The affected area underwent thorough decontamination and was reinforced with safety signage. Personnel involved in the relevant processes received additional Health & Safety training to reinforce awareness and safe practices. The spill did not do harm to the environment, waterways, or humans, as it was professionally handled before any contact with it.

In order to incorporate the continuous lessons learned in this topic and evaluate its unbiased effectiveness, IMCD is working with an external auditor who is independent and critical in objectively strengthening the audits' efficiency and credibility. This measure is in addition to the policies implemented by IMCD's Global HSEQR Department.

4.3 Sustainable procurement

Approach and Organisation

In our procurement approach, we aim to safeguard ethical and sustainable sourcing from our suppliers and service providers, in order to ensure responsible environmental, social and governance practices.

To better embed sustainable procurement in its organisation, in 2023, IMCD appointed (global) programme leaders for (i) the upstream principals / suppliers and (ii) the downstream logistics service providers. Both roles report to the Global Supply Chain and HSEQR Director, responsible for sustainable procurement, and reporting to IMCD's COO, who has end-responsibility for the topic (and fulfil the role of Chief Procurement Officer).

On local level, the supply chain and HSEQR employees carry out the procurement activities, collaborate with third-party logistics providers and product suppliers in their respective regions, monitor ESG performance using the EcoVadis platform and IMCD ESG screening tool, and carry out audits.

Policies - ESG Standards for IMCD Business Partners

To ensure responsible environmental, social, and governance practices, IMCD requires ethical and sustainable sourcing from its product suppliers and third-party logistical service providers. Sustainable procurement is a critical enabler of the major focus areas of supply chain decarbonisation and sustainable solutions.

IMCD is committed to implementing solid sustainability standards in order to obtain products and logistical services that are sustainable, ethical, and responsible. By focusing on local suppliers, we contribute to strengthen the local economies in which we operate.

IMCD plays a unique position in the supply chain, connecting the principal supplier and customer. As a distributor, we are considered an extension of our principals' sales force. We operate an outsourced logistics strategy, working with logistics service providers on warehousing, shipping, sampling, and repacking. As a result, our value in supply chain sustainability lies in our capacity to influence the logistics service provider landscape and improve their ESG performance.

We have a sustainable procurement policy and global procedures in place to source products or logistical services at the Group level. Externally, we have set standards for our business partners that explain what we expect from them in the field of ESG; the ESG Standards for IMCD Business Partners, available on our website. Throughout 2023, we continued to engage with our third-party logistics providers to increase awareness and adherence to this vendor code of conduct.

The ESG Standards are included into IMCD's contractual agreements with business partners via either the business partner's signature or a contractual condition in a subsequent contract. Furthermore, we expect our business partners to guarantee that their own agents and subcontractors follow the guidelines back-to-back.

In 2023, 95% of existing third-party logistics service providers based on 2023 spending have signed to our ESG standards for IMCD Business Partners, demonstrating their willingness to collaborate to improve ESG performance. We have also added a commitment to the ESG Standards in our contract templates and future procurement criteria for third-party services. For the remuneration purposes, 98% of existing third-party logistics service providers based on 2022 spending that have signed to our ESG standards for IMCD Business Partners were taken into consideration.

As an additional initiative, IMCD launched an EcoVadis assessment for important logistics service providers, with 88% of these ESG evaluated downstream suppliers by the end of 2023 based on FY 2023 spend. 91% of upstream suppliers CSR or in the process of being rated by EcoVadis were also evaluated based on FY 2023 spend. IMCD expanded its collaboration with EcoVadis through Together for Sustainability (TfS) during 2023 to establish aligned tools for supplier evaluation and a global framework of shared infrastructure. In alignment with TfS standards, assessment validity is up to three years based on supplier's EcoVadis score.

For the remuneration purposes, 93% of these ESG third-party logistics service providers based on 2022 spending were taken into consideration.

Further developments in 2023

In 2023, IMCD continued to analyse the sustainability performance of its business partners, with a focus on its downstream supply chain and enhanced partnership with EcoVadis and TfS.

We broadened our sustainable procurement programme by including TfS audits and collaborating with suppliers on education and corrective measures. We started to widen the scope and include the upstream product supply chain as well.

We believe that working together will result in more sustainable, transparent, and resilient supply chains.

Prior to engagement, IMCD assesses third-party service providers' compliance. The types and amounts of products held or carried by the third-party service provider determine how frequently an assessment is undertaken. All new third-party logistics service providers have been evaluated based on social and environmental factors before being contracted. During our appointment process, we assess third-party service providers' sustainability objectives, goals, and progress.

In terms of social requirements, service providers must have proper health and safety precautions in place, as approved by credible organisations. We have implemented a human rights and labour practices check that applies to both new and existing service suppliers. As a consequence of this screening, a potential service provider may be accepted with or without minor revisions, put on hold until the necessary improvements are made, or denied approval.

IMCD requires third-party service providers to hold quality management certifications (such as ISO 9001 and Responsible Care) and to explain how they manage relevant environmental consequences in accordance with local regulations. Furthermore, IMCD has implemented procedures aimed at ensuring that third-party service providers comply with all applicable health, safety, environmental, and legal criteria. As part of our sustainable partnership, we conduct many projects with our partners every year to reduce the effect of our products both upstream and downstream in the supply chain. Our non-conformance reporting mechanism, which is bolstered by quarterly on-site business evaluations, keeps careful track of service level agreements and standard operating procedures.

Because of the nature of IMCD's business, which entails collaborating with prominent international suppliers of speciality chemicals and ingredients, IMCD companies source a large amount of their products from foreign suppliers. Nonetheless, IMCD likes to collaborate with mid-sized and like-minded local businesses for logistics and other services. IMCD supports collaborations with local service providers in which both parties benefit. Local suppliers are companies that offer a product or service to an IMCD company and are located in the same geographic area. In 2023, 87% of services and non-tradable items were acquired locally (compared to 85% in 2022). For this purpose, all companies were deemed to have significant operational locations.

Impacts on the economy, environment and people

The following actual and potential positive and negative impacts were identified for this material topic with reference to GRI 3-3.

Environmental sustainability

IMCD's sustainable procurement practices promote the sourcing of materials, products and logistic services that minimise environmental impact. By choosing suppliers with strong environmental credentials, IMCD reduces pollution, and contributes to long-term environmental sustainability in collaboration with the supply chain.

Social responsibility

IMCD's sustainable procurement programme, in line with the TfS strategy, emphasises ethical labour practices, human rights, and social inclusion throughout the supply chain. By working with suppliers who uphold fair labour standards, respect workers' rights, and promote diversity and inclusion, IMCD contributes to social equity and improves the livelihoods of workers and communities dependent on our supply chain.

Economic development

Our sustainable procurement practices can support economic development by prioritising local sourcing, fair trade, and small business partnerships. By investing in local suppliers and communities, IMCD stimulates economic activity, creates job opportunities, and fosters entrepreneurship.

Risk Management
This material topic helps mitigate risks associated with supply chain disruptions, regulatory non-compliance, and reputational damage. By conducting due diligence on suppliers, assessing their sustainability-related risks, and implementing supplier monitoring and auditing processes, IMCD reduces the likelihood of adverse impacts on its operations, finances, and reputation.

Costs and price premiums
IMCD's sustainable procurement practices may involve higher costs or price premiums compared to conventional sourcing methods. Investments in sustainability assessments or certifications, compliance with ethical standards, and supplier development programmes can increase procurement costs for IMCD and its suppliers in scope.

Supply Chain complexity
The implementation of our Sustainable procurement programme may increase complexity in IMCD's supply chain management processes. Identifying sustainable suppliers, assessing their environmental and social performance, and monitoring compliance with sustainability criteria requires additional resources and expertise, particularly due to our global supply chains with diverse suppliers and stakeholders.

Supplier relations
Adopting sustainable procurement practices may strain relationships with existing suppliers or limit options for sourcing certain materials or products. Suppliers may resist changes to their operations or may not meet IMCD's sustainability criteria, leading to conflicts or disruptions in the supply chain. Therefore, IMCD promotes collaborative partnerships and provides support for supplier capacity-building and transition through the close interaction of our Product Management and Supply Chain Management teams with our business partners, and the provision of EcoVadis and TfS learning platforms to help mitigate these challenges.

Limited availability
In some cases, sustainable alternatives may have limited availability or may not meet the performance or quality standards required by IMCD and its customers. This can restrict the adoption of sustainable procurement practices and hinder progress towards our sustainability goals. IMCD’s collaboration with suppliers and industry partners through the TfS initiative is focused on developing and scaling sustainable product and logistics solutions to address these limitations.

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

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

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

- Integrating sustainability into value propositions and customer experiences, enabled by data visibility for end-users.
- Building capabilities needed to adapt to digital business models that improve the promotion and sales of sustainable products and support customers in navigating the complexities of green solutions.
- Promoting sustainable solutions that help address societal challenges arising from increased climate change awareness and the transition towards a more circular economy.
- Building cloud-based capabilities for making well-informed decisions to use resources and services more efficiently and thus enable sustainability initiatives.
- Exchanging data insights within the organisation and with partners to optimise supply chain decarbonisation, and using data to support actions while ensuring data compliance, privacy, and security.

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

insights. The global and local digital marketing teams collaborate in IMCD's global marketing network, sharing best practices and learnings.

In 2023, we continued the roll-out and scale-up of the MyIMCD portal, our B2B platform that provides access to product information and documentation and order information, while also offering facilities to request product samples, place orders, and collaborate with our technical sales teams on a 24/7 basis. Our MyIMCD portal plays an important role in giving our customers access to our sustainable solutions.

Support by IMCD's IT function

IMCD's IT function, continues to support the digital transformation of the group by involvement in different digital transformation projects, like Sales/Buyer enablement, MyIMCD and Customer Care 360. IMCD's IT department is focused on business alignment by implementing modern and integrated business applications adequately supporting business processes, growth and digital transformation.

The Group IT platform contains IMCD's core applications, including: ERP, CRM, Business Intelligence (BI) and marketing automation, financial consolidation and reporting, content and contract management, data warehouse and collaboration and communication. In 2023, we managed to onboard 20 acquired entities to the group IT platform. Despite challenges to find proper IT resources, we were able to keep our IT organisation steady.

IMCD's IT integration team is an established core department that has matured over the past few years. The investments made in integrations start to pay off in various business projects, ranging from classical (supply chain focused) EDI connections, to new API based CRM-to-CRM connections with principals. Our integration platform and team support multiple scenarios for integration with suppliers, customers and other business partners, and is fundamental for further business process automation. The integration platform has been enriched with automation capabilities, like Robotic Process Automation (RPA).

IMCD's BI team delivers dashboards and underlying data architecture to support all business functions. This department developed from a classical BI function to a modern data management organisation. In 2023 many new and improved dashboards were delivered, including forecasting and cross-selling functionalities. Data management is an area of continuous investment from the group to provide workflows, dashboards and governance to the IMCD Business Groups and countries to facilitate completeness and accuracy of all data objects and attributes. We closely follow the new developments in AI, and started with the exploration of generative AI in several areas such as generation of texts and improvement of data quality.

We follow an agile approach in adopting new AI technologies and will look for business use-cases both on the commercial as on the operational excellence side, but remain cautious when it comes to regulations and security.

Data & Analytics

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

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

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

Impacts on the economy, environment and people

The following actual and potential positive and negative impacts were identified for this material topic with reference to GRI 3-3.

Increased efficiency

Digitalisation of processes within IMCD can lead to increased efficiency and productivity. Automation of repetitive tasks, streamlined workflows, and real-time data analytics enable IMCD to operate more efficiently, reducing costs and improving profitability. This efficiency can contribute to economic growth by freeing up resources for investment in innovation and expansion.

Enhanced customer experience

Digitalisation allows IMCD to offer improved customer experiences through our online platforms, e-commerce solutions, and personalised services. Customers benefit from greater convenience, access to a wider range of products, and faster response times, leading to increased satisfaction and loyalty. A positive customer experience can drive repeat business and attract new customers, stimulating economic activity.

Environmental sustainability

Digitalisation can contribute to environmental sustainability by reducing paper usage and carbon emissions associated with traditional business practices. Remote working arrangements, virtual meetings, and digital document management systems can help reduce IMCD's carbon footprint, contributing to environmental conservation and our climate mitigation efforts.

Skills development

IMCD's digitalisation initiatives provide opportunities for skills development and learning among our workforce. Training programmes on digital tools, software platforms, and data analytics empower employees to adapt to technological changes and enhance their capabilities, improving job satisfaction and employability.

Digital divide

Not all our stakeholders may have equal access to digital tools, technologies, and training opportunities. The digital divide can exacerbate inequalities, particularly among underserved communities. IMCD ensures that its digitalisation efforts are inclusive and accessible to all stakeholders, addressing challenges such as language barriers and access to technology.

Cybersecurity risks

Digitalisation introduces new cybersecurity risks, including data breaches, hacking, and malware attacks. A cyber attack could compromise sensitive information, disrupt operations, and damage IMCD's reputation. To mitigate these risks, IMCD ensures robust cybersecurity measures, employee training, and incident response protocols to protect against cyber threats and safeguard data privacy.

Environmental impact of technology

While digitalisation can contribute to environmental sustainability in some areas, it may also have unintended environmental consequences. The production, use, and disposal of electronic devices and infrastructure components can generate electronic waste (e-waste) and contribute to resource depletion and pollution. In addition, more digitalisation initiatives also imply an increase in energy consumption. IMCD is currently developing a KPI for Digitalisation that considers its above-mentioned impacts and prioritises sustainable technology solutions.

5 Ethics and compliance

5.1 Ethics and Compliance

Compliance approach and organisation

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

In day-to-day management, there is close collaboration between the compliance function and IMCD's legal department, as well as with dedicated roles within other Group Departments for specific topics. Examples of this are collaboration with the HSEQR Department in respect of trade sanctions and export control, with the HR Department on on-boarding and training efforts, and with the Internal Audit and Corporate Control functions on actions for topics such as anti-bribery, anti-corruption, fraud prevention, and internal investigations.

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

Compliance framework

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

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

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

Core elements for compliance

Combatting corruption, bribery and fraud

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

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

The definitions used for **corruption**, **fraud** and **bribery** within IMCD follow international legislation and frameworks, to which IMCD committed itself, for example the United Nations Global Compact. Corruption is an umbrella term and can take many forms that vary in degree from the minor use of influence to institutionalised bribery. In IMCD's policies and (reporting) instructions, bribery is defined to include the (promise of) granting, accepting or promise of any kind of undue reward, being anything of value, including the provision of any service, gift or entertainment or otherwise, with the object of influencing or inducing the behaviour or business decisions of other parties. This also includes acts of illegal facilitation payments or money-laundering. For fraud, we ask our teams to report any encountered (alleged) intentional act by IMCD employees, including management, or by third parties, involving the use of deception to obtain an unjust or illegal advantage (negatively effecting IMCD). This includes acts of theft or misuse of company property, as well as other forms of employee fraud (for example with expense reimbursements, travelling costs or related to fake or undue payments).

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

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

The two confirmed compliance incidents concerning corruption, bribery or (employee) fraud are described in more detail on page 69 in the Performance 2023 section of the Integrated Report.

Preventing anti-competitive behaviour

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

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

VIOLATIONS OF ANTI-COMPETITIVE LAWS OR REGULATIONS	2023	2022
Confirmed compliance incidents concerning anticompetitive behaviour	0	0
Pending or completed legal proceedings concerning competition law breaches	0	0

In 2023, no violations of IMCD's Competition Law Code of Conduct were reported, signifying that there were no incidents, nor were there any pending or completed legal proceedings.

Regulatory compliance, trade sanctions and export control

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

IMCD's global trade sanctions policy and guideline on restrictive measures and export control were updated regularly in 2023 and key employees received refresher training on the revisions. In addition, training material on trade sanctions and export control, developed by external experts, is available in multiple languages in the courses offered on IMCD's e-learning platform.

The procedures described are used in combination with software that enables sanctions screening of business partners. In 2023, a new global risk and compliance screening tool was implemented, increasing the number of databases against which IMCD's contacts are screened automatically (on a daily basis), and screening on adverse media reports was added, which includes a check for (potential) environmental, corruption, and human rights related issues.

Compliance training

In 2023, IMCD's global e-learning platform held over 2,300 compliance-related courses in over 20 languages, available to all employees worldwide (supporting local compliance efforts and ensuring a better understanding of the material).

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

The roll-out of the global group compliance training programme was completed in the course of 2023. As of 2024, all employees in the IMCD group must complete this curriculum (i) during their on-boarding and (ii) at least once every two years by way of refresher. A target is set to achieve 100% completions by end of 2024.

Discrimination

In line with GRI requirements, IMCD reports the number of reported discrimination cases. As explained in section 2 People and culture, IMCD is an equal opportunity employer and has a zero-tolerance approach towards discrimination. This is included in IMCD's Code of Conduct, theIMCD Group Human Rights Policy , confirmed in the IMCD Diversity &

Equal Opportunity Policy Statement, and requested from IMCD's business partners as well through the ESG Standards for IMCD Business Partners.

For the reporting of discrimination cases, the definition used includes (and prohibits) discrimination or harassment based on age, caste, citizenship status, colour, disability or medical conditions, ethnicity, family or marital status, genetic information, gender identity or expression, language, military service, national origin, social origin, physical and mental ability, political affiliation, pregnancy, childbirth and related medical conditions, race, religion or religious creed, sexual orientation, socio-economic status, veteran status, union membership or any other characteristics protected by law.

5.2 Cybersecurity

Approach to Cybersecurity

IMCD's IT and cybersecurity approach is aimed at delivering reliable, secure and fit-for-use applications, that support IMCD's entrepreneurial spirit and growth as a leading distributor of speciality chemicals and ingredients.

Information security organisation and management

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

Organisational measures including an ongoing training programme, awareness campaigns, phishing tests, identity access management and more are in place to prevent cybersecurity risk and create positive impact within IMCD (as mentioned in Risk factors and risk management). In addition, multiple layers of technical safeguards and measures have been established that are designed to protect against cyber attacks and ensure business continuity; these include measures such as network segmentation, multi-factor authentication and backups. Penetration tests are performed on a regular basis to monitor the level of security. The Internal Audit department is also involved to monitor progress at the level of IMCD's local entities.

IT and cybersecurity are discussed annually with the Supervisory Board's Audit Committee. In 2023, the annual cybersecurity review took place with the Audit Committee in June, during which the Information Security Officer reported in detail on the actions taken and focus areas for further improvements.

Data protection

As part of the Information Security Policy, IMCD has implemented a Data Breach Notification Procedure, enabling early discovery of any incidents and a thorough process to quickly and adequately respond to security breaches. This policy was reviewed and updated in 2023.

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

Security awareness

In addition to training, a tool to raise awareness and anchor appropriate security behaviour in the IMCD culture, a Group-wide Security Awareness Month is held annually in October. The focus of the 2023 programme was to educate employees on preventing ransom-ware attacks, recognise phishing scams and social engineering and counter business e-mail compromise. Examples of cyber fraud attacks commonly encountered in IMCD were included in awareness material (for example, CEO-fraud schemes and fake customer purchase requests) and best practices were shared around the use of social media and emerging technologies.

Our actions to increase security awareness throughout the organisation, combined with the multiple layers of technical safeguards and measures, aim for a positive impact on the overall (cyber) security of IMCD's IT environment.

5.3 Tax Strategy & Policy provisions

Taxation is a subject of growing interest in the global society of which IMCD is part. IMCD pursues a principled and transparent tax strategy that is aligned with organisational values and aims to support the overall business strategy and objectives. IMCD sees tax as part of its corporate social responsibility. The tax strategy of IMCD also applies in connection with IMCD’s employees, customers, self-employed contractors and other (sub)contractors.

IMCD's tax strategy is approved by the Management Board, and reported on to the Supervisory Board. Annually, a more in-depth review of the tax strategy and execution takes place by the Audit Committee of the Supervisory Board, with the CFO, Group Director Tax & Treasury, in the presence of the external auditor.

The Group reconciles responsible compliance of its tax obligations with its commitments of sustainable value creation for its shareholders through efficient management of tax costs and benefits. Efficient tax management is based on the support of operational activities and development of business models, adhering to both the letter and the spirit of applicable laws. Decision making by Tax Management is supported by a careful alignment between group departments and local teams taking the company's overall interests into consideration and preventing significant tax risks.

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. Transfer pricing-related issues are dealt with on an arm's-length basis in accordance with IMCD's transfer pricing policy, which is consistent with the internationally accepted standards of the OECD guidelines for multinational companies.

The Company's genuine commercial activities are leading when setting up international structures. Profits are declared and taxes are paid where the economic activity occurs. Tax cost considerations are not the driving force or have a priority over other considerations when establishing an (international) structure. Acquisitions are a significant part of IMCD's business strategy to achieve growth. The different acquisition structures and tax consequences of such transactions are considered and evaluated before carrying out an acquisition to minimize the potential tax risks and tax cost.

IMCD sees tax as part of its corporate social responsibility, IMCD's presence in each country is based on genuine commercial activities and IMCD pays its fair share in taxes over these activities.

IMCD does not make use of tax havens or non-cooperative jurisdictions to avoid taxes. In 2023, IMCD is not present in any country listed on the Dutch or EU lists of low taxed states and non-cooperative jurisdictions for tax matters, except for the United Arab Emirates which is included on the Dutch list. IMCD's presence in United Arab Emirates is purely driven by commercial purposes. IMCD does not obtain any significant tax benefit from its presence in the United Arab Emirates. On 1 January 2024 the United Arab Emirates is removed from the Dutch list.

In accordance with its tax strategy, IMCD takes a conservative approach to tax risks, 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. 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.

Tax risk mitigation is performed by hiring qualified employees with the required experience and knowledge of taxation. Furthermore IMCD is supported by Big 4 accounting firms (and in some countries other larger accounting firms) to support IMCD group departments as well as local IMCD entities. In certain cases IMCD works together with specialized Law firms to address specific tax related questions. With the professional support of these firms we pursue tax risk mitigation by ensuring tax risks are identified on an early basis and are properly addressed. IMCD receives tax advisory support for the following activities (non-exhaustive): Due Diligence, Integration of companies in the IMCD group, transfer pricing, tax structuring and tax compliance. In case any material exposures are identified such risks are escalated within the mechanics of the tax control framework.

IMCD has a tax control framework in place, lastly updated in December 2023, describing the tax risks and controls in detail ensuring that the tax risks are known and controlled. Potential tax-related 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.

IMCD seeks to maintain an open, honest and constructive dialogue with tax authorities based on transparency, respect and trust. IMCD is in search of a mutual and reciprocal understanding, all with the purpose of ensuring the proper application of the tax system, increasing legal security and reducing litigation. 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 accordance with the applicable legal framework within the jurisdiction and considerate of the international tax landscape.

IMCD has no agreements in place with tax authorities that secures an outcome that could not have been obtained based on a common understanding of applicable law and jurisprudence.

In the Netherlands IMCD and the Dutch tax authorities have agreed on an “individual supervision plan” for the years 2023 and 2024. By means of this plan the supervision of the Dutch tax authorities towards IMCD is defined by considering the internal governance of IMCD, its fiscal strategy, fiscal objectives and control measures that are already in place.

IMCD only seeks to apply for government incentives and subsidies to the extent these align with the operational nature of the IMCD business, IMCD’s Tax strategy and IMCD's vision of health, safety, environmental and quality standards.

Furthermore, IMCD makes benefit of several Free Trade Zones. The main purpose of establishing an IMCD entity in these Free Trade Zones is to avoid double import duties when exporting to a country in the region from the entity located in the Free Trade Zone or to supply a supplier's customs bonded warehouse. Any corporate income tax benefit is circumstantial and not the intent of the establishment in the Free Trade Zone.

Tax is an integral part of ESG and IMCD’s impact on society and commitment to the environment. Tax has both a financial impact and an impact on climate and society. IMCD views tax not only as a risk and cost factor but also as an instrument for long-term value creation for the society that IMCD is part of. IMCD applies high standards regarding tax transparency, tax compliance and reporting requirements. IMCD does not pay significant amounts of sustainability driven taxes such as plastic and sugar tax. As part of the OECD country-by-country regulations, IMCD annually files a country-by-country report with the Dutch tax authorities in which it provides on a per-country basis information on matters like its taxes paid, accrued corporate income tax, profit before income tax, accumulated earnings and FTE’s. IMCD has a global presence with business activities in more than 60 countries.

IMCD has a tax policy in place in which IMCD’s view on taxation and the strategy are described and in which guidance is given for all tax-related activities that are carried out by IMCD's corporate tax team and local finance teams of the group companies. The tax policy provides a framework for distinguishing the corporate tax teams' and local finance teams' responsibilities in order to efficiently manage and control tax risks. For example, tax compliance and reporting is managed locally with support and guidance from the corporate tax department and external tax counsel and is periodically monitored through IMCD's corporate controlling department. The tax policy has been discussed with internal stakeholders and is signed off by the IMCD's Management Board. IMCD's management board reviews the tax policy and overall tax strategy on a yearly basis. The tax policy has also been shared with IMCD’s external stakeholders such as tax advisors and the Dutch tax authorities.

In response to new legislation and tax authorities with enhanced capabilities, IMCD’s tax function is designing digital tools. In line with the tax strategy, this will improve efficiency, quality and the compliance process.

6 Other information

Alignment with the UN's SDGs

At the end of 2023, IMCD reviewed the alignment of its activities with the 17 Sustainable Development Goals (SDGs) formulated by the United Nations. The purpose of this exercise was to refresh the analysis of most relevant goals that IMCD can contribute to, influence and support. The re-assessment was undertaken by engaging key internal stakeholders and forming an SDG committee. The committee members gathered insights and followed specific training on the SDGs. Once the internal knowledge of the SDGs was refined, business impacts were assessed during a workshop where the SDG committee gave by-proxy insights for IMCD's stakeholders (customers, principal suppliers, employees and investors).

To become more familiar with the SDG goals and their targets, IMCD identified the ones most relevant based on two entry points:

1. Risk to people and the environment – negative impacts
2. Beneficial products, services or investments – positive impacts

To identify the most relevant goals for IMCD, we used a value chain analysis. In this analysis, the SDG committee documented all the inputs and outputs of IMCD along its value chain and summarised which stakeholders might be impacted. Once the impacts were identified, the most significant ones were prioritised and linked to an SDG.

The relevance of the SDGs to IMCD's context was assessed by prioritising the SDGs, using desk research on the material topics shown in IMCD's materiality assessment, the insights from the SDG Roadmap for the Chemical Industry and SDG Industry Matrix. To provide a comprehensive overview, the SDGs were mapped with the business impacts observed across IMCD's entire value chain. Consequently, the resulting figure illustrates how IMCD addresses both positive and negative impacts along its value chain, thereby showcasing its alignment with specific SDGs.

SDGs integrated in IMCD's value creation model

In the process described above, we identified 10 SDGs to which our activities contribute with varying intensity. The SDG committee classified these SDGs into the following categories:

- **SDGs to which IMCD contributes:** These are the SDGs that we actively contribute to with our business practices and operations. This involves, for example, our efforts towards occupational health and safety, eco-efficient operations, sustainable procurement, decarbonisation, safe handling and distribution of products, and the collaboration on research and knowledge-sharing with principals and customers, including on sustainable solutions.
- **SDGs which IMCD can influence:** These are the SDGs where IMCD can strive to leverage its influence on (business) partners to drive positive change, or mitigate potential negative effects. Means to influence partners for example are our efforts to collaborate on and promote formulations with reduced environmental impact together with our business partners.
- **SDGs IMCD would like to support:** These are the Sustainable Development Goals that align with our culture, values and long-term vision, but where our current activities may not yet have direct involvement or influence.

By refining our alignment with the UN's SDGs, and by communicating this alignment in our organisation, we strive to enable our teams both locally and on global level, to work in a more uniformed and effective way to make a meaningful contribution to the prioritised SDGs.

Approach to our positive impact

	Approach to our positive impact	Approach to our negative impact
Raw Materials	9: Support green chemistry 14, 15: Support resource protection	17: Join partnerships for sustainable raw materials
Suppliers	3: Endorse improving health and safety conditions, well-being 8: Screen for ethical labour practices and respect for human rights 12: Encourage responsible sourcing/ production 13: Promote reduction of CO_2 footprints and waste 17: Collaborate on research and knowledge sharing	12: Promote efficient packaging and sampling processes
Formulations	4: Share knowledge and training on formulations 9: Extend innovation resources 12: Reduce waste production in operations and extend life cycles 14, 15: Advance formulations with reduced environmental impact 17: Co-create formulations with business partners	12: Reduce waste production in laboratory operations
Inbound logistics	13: Optimise delivery and transport routes 17: Long term partnerships	9: Encourage sustainable transport alternatives
IMCD	3: Endorse improving health and safety conditions, well-being 4: Create employee development programs 8: Screen for ethical labour practices and respect for human rights 16: Contribute to institutional strength	13: Increase reporting for transparancy on emissions
Warehousing	3: Endorse improving health and safety conditions, well-being 8: Screen for ethical labour practices and respect for human rights 9: Geo weight warehouses, optimal location 17: Long term partnerships	9: Encourage sustainable warehousing alternatives 12: Promote efficient packaging and sampling processes
Distribution	3: Endorse improving health and safety conditions, well-being 8: Screen for ethical labour practices and respect for human rights 13: Optimise delivery and transport routes 17: Long term partnerships	9: Encourage sustainable transport alternatives 12: Promote reusable packaging
Product use	14, 15: Advance formulations with reduced environmental impact	12: Stimulate responsible consumption through sustainable solutions portfolio
Product end of life	14, 15: Advance formulations with reduced environmental impact	12: Stimulate waste reduction in our operation and product portfolio

Approach to our negative impact

Contribute: 3, 4, 5, 8, 12, 13, 17

Influence 14, 15

Support 9

Our Sustainability targets

Our sustainability targets are outlined alongside the corresponding GRI standards for transparent reporting. Aligned with the SDGs, these targets reflect IMCD's commitment to responsible practices and environmental stewardship.

CONTRIBUTE · INFLUENCE · SUPPORT

MATERIAL TOPIC	TARGET	GRI	SDG 1	SDG 2	SDG 3	SDG 4	SDG 5	SDG 6	SDG 7	SDG 8	SDG 9	SDG 10	SDG 11	SDG 12	SDG 13	SDG 14	SDG 15	SDG 16	SDG 17
ENVIRONMENT																			
Supply Chain Decarbonisation	15% reduction in scope 1, 2 and 3 emissions intensity by 2024, compared to the baseline year 2019	GRI 305-1 GRI 305-2			Contribute									Contribute	Contribute	Influence	Influence		
Eco-efficient Operations	By end of 2025, 50% of diesel and petrol company cars replaced by EV (or HEV if infrastructure does not allow)	GRI 302-1 GRI 302-2 GRI 305-1 GRI 305-2			Contribute					Contribute				Contribute	Contribute	Influence	Influence		
	Zero environmental incidents at all times	GRI 306-1 GRI 306-2 GRI 306-3 GRI 306-4 GRI 306-5			Contribute					Contribute				Contribute	Contribute	Influence	Influence		
	All IMCD premises consume renewable energy by 2030	GRI 302-1 GRI 302-2 GRI 305-1 GRI 305-2			Contribute					Contribute				Contribute	Contribute	Influence	Influence		

MATERIAL TOPIC	TARGET	GRI	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
PEOPLE																			
Talent attraction, retention and development	Achieve at least a 30 training hours average per employee by the end of 2030	GRI 404-1 GRI 404-2				●	●			●									
	IMCD Global Pulse engagement scores at least 75% favourable by end of 2025									●									
OHS & Well-Being	Train 100% of new employees in offices on good OHS practices by end of 2025 ongoing	GRI 403-5			●					●									
	Zero severe and work-related injuries and illnesses at any time	GRI 403-9 GRI 403-10			●					●									
	TRIR <0.2 [per 200 000 working hours] by the end of 2025	GRI 403-9			●					●									
	Ensure continuation of having trained first aid responders at every IMCD own site location by end of 2025[1]	GRI 403-5 GRI 403-7			●					●									
Diversity, Equity and Inclusion	Ensure > 40% of sub-top management positions are taken by women by end of 2025, and onwards	GRI 405-1					●			●									
	Ensure > 33% of women in commercial roles or roles with P&L responsibilities by end 2025 and onwards	GRI 405-1					●			●									
	Ensure 33% women on the Executive Committee by end of 2030	GRI 405-1					●			●									
Labour practices and Human Rights	Zero child and forced labor in IMCD at any time						●			●								●	
PRODUCT																			
Sustainable Solutions	In 2024, define the criteria for lab activities that lead to a sustainable formulation and develop the baseline for monitoring and target setting as of 2025									●				●	●	●	●		
	In 2024, define the criteria for marketing campaigns contributing to the UN SDG's and develop the baseline for monitoring and target setting as of 2025									●				●	●	●	●		
Safe Handling and Distribution	Zero spills and chemical mishandling within our operations at all times				●					●				●	●	●	●		
	80% of employees on IMCD-owned operational sites work under an ISO 14001 certification by 2025				●					●				●	●	●	●		
Sustainable Procurement	95% new and existing downstream suppliers (LSPs) based on spend signed or verified by alternative means, the ESG Standards for IMCD Business Partners (our Supplier Code of Conduct)	GRI 2-24					●			●				●					
	90% new and existing upstream suppliers (Principals) based on revenue signed or verified by alternative means the ESG standards for IMCD Business Partners or IMCD standards are met in their own code of conduct	GRI 2-24					●			●				●					

< Contents page

At a glance

About IMCD

Performance 2023

Governance & Risk Handling

Sustainability Statements

Sustainability statements - People

Sustainability statements - Environmental

Sustainability statements - Product

Sustainability statements - Ethics and Compliance

Notes to the Sustainability statements

EU-Taxonomy/TCFD

EU Taxonomy

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

Financial Statements

Consolidated statement of financial position as of 31 December 2023

Consolidated statement of profit or loss and other comprehensive income

Consolidated statement of changes in equity

Consolidated statement of cash flows

Notes to the Consolidated financial statements

Company balance sheet as of 31 December 2023

Company income statement

Notes to the Company financial statements

List of group companies as per 31 December 2023

Other information

Appendices

MATERIAL TOPIC	TARGET	GRI	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
	90% of suppliers (based on revenue/ spend) CSR rated or in process of being rated via EcoVadis, on an anual basis	GRI 308-1 GRI 414-1					●			●				●					
	Define an action plan to drive improvement of overall score of complete pool of suppliers in scope based on revenue by end of 2024						●			●				●					
	Sustainable Procurement Policy distributed and embedded in SCM and HSEQR policy	GRI 2-24					●			●				●					
ETHICS AND COMPLIANCE																			
Ethics and Governance	Zero substantiated compliance incidents concerning corruption, bribery, fraud or antitrust violations at all times	GRI 205-3																●	
	100 % of employees trained in IMCD's global compliance training programme by end of 2024	GRI 205-2																●	
	Annually, cover at least 80% of operations, measured by revenue, in internal audit risk assessments	GRI 205-1																●	
Cybersecurity	Zero material security incidents at all times[2]	GRI 418-1																●	
	100% of employees trained in IMCD's cyber security awareness programme by end of 2024	GRI 205-2																●	

1 For integration of acquisitions we ensure locations have been trained within 12 months.
2 A security incident is an unwanted or unexpected event in which IMCD's systems or data have been compromised or that measures put in place to protect them have failed. For this KPI incidents are considered material if the loss of confidential data and/ or costs of corrective actions result in financial damages that are significant, meaning EUR 100.000 or more.

7 GRI & SDG Content Index

Statement of use

IMCD N.V. has reported in accordance with the GRI standards for the reporting year 2023.

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

GRI STANDARD	DISCLOSURE	PAGE NUMBER OR URL	REMARKS	UNGC	SDG
ABOUT IMCD					3, 12, 13, 14, 15
GRI 2: General Disclosures 2021	2-1 Organisational details	15, 14, 199, 277			
	2-6 Activities, value chain and other business relationships	15, 19, 121, 71 IMCD Group Code of Conduct		10	
	2-7 Employees	48, 117, 126		6	8, 10
	2-8 Workers who are not employees	117, 126		6	8
	2-9 Governance structure and composition	75, 97	IMCD does not track the number of governance body members that belong to under-represented social groups. None of IMCD's Supervisory Board members represent stakeholder groups.		5, 16
	2-10 Nomination and selection of the highest governance body	97			5, 16
	2-11 Chair of the highest governance body	97			16
	2-12 Role of the highest governance body in overseeing the management of impacts	30			16
	2-13 Delegation of responsibility for managing impacts	120, 160			
	2-14 Role of the highest governance body in sustainability reporting	281, , 178			
	2-15 Conflicts of interest	160, 105			16
	2-16 Communication of critical concerns	160, 97, 79			
	2-17 Collective knowledge of the highest governance body	30, 79			
	2-18 Evaluation of the performance of the highest governance body	97			
	2-19 Remuneration policies	85, 275			

GRI STANDARD	DISCLOSURE	PAGE NUMBER OR URL	REMARKS	UNGC	SDG
	2-20 Process to determine remuneration	85			
	2-21 Annual total compensation ratio	85, 226, 275			
	2-23 Policy commitments	7, 121, 132, 160 List of memberships of industry and other associations		8	16
	2-24 Embedding policy commitments	30, 155			
	2-25 Processes to remediate negative impacts	121, 160			
	2-26 Mechanisms for seeking advice and raising concerns	30, 121, 160			16
	2-27 Compliance with laws and regulations	160			
	2-28 Membership associations	121, List of memberships of industry and other associations			
	2-29 Approach to stakeholder engagement	29, 121			10
	2-30 Collective bargaining agreements	132		3	8
APPROACH TO SUSTAINABILITY					
GRI 2: General Disclosures 2021	2-2 Entities included in the organisation's sustainability reporting	15			
	2-3 Reporting period, frequency and contact point	15, 178			
	2-4 Restatements of information	, 178			
	2-5 External assurance	281			
	2-22 Statement on sustainable development strategy	7			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	30			
	3-2 List of material topics	30			
ENVIRONMENT					
Eco-efficient operations					
GRI 3: Material Topics 2021	3-3 Management of material topics	30, 54, 148, 165			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	118, 151			8, 12
GRI 302: Energy 2016	302-1 Energy consumption within the organization	54, 118, 138	Steam consumption and selling energy is not applicable to IMCD's business model.	7, 8	7, 8, 12, 13
	302-3 Energy intensity	54, 118, 138		8	7, 8, 12, 13

GRI STANDARD	DISCLOSURE	PAGE NUMBER OR URL	REMARKS	UNGC	SDG
GRI 303: Water and effluents 2018	303-1 Interactions with water as a shared resource	148		7, 8	6, 12
	303-2 Management of water discharge-related impacts	148		7, 8	6
	303-5 Water consumption	118, 148,	IMCD's water storage is considered not to have a significant water-related impact.	7, 8	6
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	54, 118, 138	No significant changes in 2023 emissions triggered any recalculation of base year emissions.	7, 8	3, 12, 13, 14, 15
	305-2 Energy indirect (Scope 2) GHG emissions	54, 118, 138	No significant changes in 2023 emissions triggered any recalculation of base year emissions.	7, 8	3, 12, 13, 14, 15
	305-4 GHG emissions intensity	54, 118, 138		8	13, 14, 15
	305-5 Reduction of GHG emissions	54, 138	Partially omitted: Information is unavailable. IMCD is still retrieving the total GHG emissions reductions from its ongoing reduction initiatives. Disclosures 305-5 2.9.2 and 2.9.3 expected to be shared in IR 2024.	8, 9	13, 14, 15
GRI 303: Waste 2020	306-1 Waste generation and significant waste-related impacts	149		7, 8	3, 6, 11, 12
	306-2 Management of significant waste-related impacts	149		8	3, 6, 8, 11, 12
	306-3 Waste generated	118, 149		8	3, 6, 11, 12, 15
Supply chain decarbonisation					
GRI 3: Material Topics 2021	3-3 Management of material topics	30, 54, 138, 165			

GRI STANDARD	DISCLOSURE	PAGE NUMBER OR URL	REMARKS	UNGC	SDG
GRI 305: Emissions 2016	305-3 Other indirect (Scope 3) GHG emissions	138, 138	Taken into account only third party transportation, see more on that: No significant changes in 2023 emissions triggered any recalculation of base year emissions.	7, 8	
	305-4 GHG emissions intensity	138		8	
	305-5 Reduction of GHG emissions	138		8, 9	
Climate change Mitigation & Adaptation					
GRI 3: Material Topics 2021	3-3 Management of material topics	30, 151,			
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change		Partially omitted: Information is unavailable. Financial implications are being assessed. Disclosures 201-2 v and 2.2 expected for the reporting year 2024.		
PEOPLE					
Talent attraction & retention					
GRI 3: Material Topics 2021	3-3 Management of material topics	30, 48, 117, 126			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	126		6	
GRI: 404: Training and Education 2016	404-1 Average hours of training per year per employee	126	Partially omitted: Information is unavailable (404-1a i and ii). Breakdown of training hours per gender and employee category to be reported for 2024.	6	
	404-2 Programmes for upgrading employee skills and transition assistance programmes	126		6	

GRI STANDARD	DISCLOSURE	PAGE NUMBER OR URL	REMARKS	UNGC	SDG
	404-3 Percentage of employees receiving regular performance and career development reviews	126	Partially omitted: Information is unavailable (404-3a). Breakdown of employees receiving regular performance and career development reviews per gender and employee category to be reported for 2024.	6	
Occupational Health and Safety (OHS) & Well-Being					
GRI 3: Material Topics 2021	3-3 Management of material topics	30, 107, 135, 153, 165			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	135		1	
	403-2 Hazard identification, risk assessment, and incident investigation	135			
	403-3 Occupational health services	135			
	403-4 Worker participation, consultation, and communication on occupational health and safety	135			
	403-5 Worker training on occupational health and safety	135			
	403-6 Promotion of worker health	135			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	135			
	403-8 Workers covered by an occupational health and safety management system	135			
	403-9 Work-related injuries	117, 135			
	403-10 Work-related ill health	117, 135			
Diversity, Equity and Inclusion					
GRI 3: Material Topics 2021	3-3 Management of material topics	30, 48, 130, 165			

GRI STANDARD	DISCLOSURE	PAGE NUMBER OR URL	REMARKS	UNGC	SDG
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	97, 130	As of 2023, all IMCD Supervisory board members are over 50+ years old. Management board and Executive committee members are also above 50 years of age, with the exception of Marcus Jordan (both MB and EC member), who is between 30-50 years old.	6	
GRI 406: Non-Discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	130		6	
Labour Practices & Human rights					
GRI 3: Material Topics 2021	3-3 Management of material topics	30, 132, 165			
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	132	Partially omitted: Information is unavailable (401-2a iii). We currently don't track disability and invality coverage at a global level. Expected for the reporting year 2024. Partially omitted: Information is not applicable (401-2a vi). IMCD does not offer stock ownership plans for employees.		
	401-3 Parental leave	117, 132	Partially omitted: Information is unavailable. We are developing the system to track disclosure 401-3d in 2025.		
GRI 402: Labour/Management relations 2016	402-1 Minimum notice periods regarding operational changes	132	IMCD informs employees of upcoming changes in the business/organisation at an early stage and in great detail, while complying with local regulation and granting social dialogue where collective agreements are present.	3	

GRI STANDARD	DISCLOSURE	PAGE NUMBER OR URL	REMARKS	UNGC	SDG
PRODUCT					
Sustainable Solutions					
GRI 3: Material Topics 2021	3-3 Management of material topics	30, 60, 153			
	Topic specific disclosure in development	119	Omission: Information is unavailable. Progress on the KPI will be reported in 2024.		
Sustainable procurement					
GRI 3: Material Topics 2021	3-3 Management of material topics	30, 60, 155, 165			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	155			8
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	155		8	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	155		1, 2	5, 8, 16
Safe handling & distribution					
GRI 3: Material Topics 2021	3-3 Management of material topics	30, 153, 153, 165			
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	135			16
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	153			12
	417-2 Incidents of non-compliance concerning product and service information and labeling	135			16
	Significant spills	119, 153			
Digitalisation					
GRI 3: Material Topics 2021	3-3 Management of material topics	30, 60, 157			
	Topic specific disclosure in development		Omission: Information is unavailable. KPI is in development; expected for reporting year 2024.		
GOVERNANCE					
Ethics & Governance					
GRI 3: Material Topics 2021	3-3 Management of material topics	30, 66, 160			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	191			8, 9
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	107, 66		10	16

< Contents page

At a glance
About IMCD
Performance 2023
Governance & Risk Handling
Sustainability Statements
Sustainability statements - People
Sustainability statements - Environmental
Sustainability statements - Product
Sustainability statements - Ethics and Compliance
Notes to the Sustainability statements
EU-Taxonomy/TCFD
EU Taxonomy
Recommendations of the Task force on Climate related Financial Disclosures (TCFD)
Financial Statements
Consolidated statement of financial position as of 31 December 2023
Consolidated statement of profit or loss and other comprehensive income
Consolidated statement of changes in equity
Consolidated statement of cash flows
Notes to the Consolidated financial statements
Company balance sheet as of 31 December 2023
Company income statement
Notes to the Company financial statements
List of group companies as per 31 December 2023
Other information
Appendices

GRI STANDARD	DISCLOSURE	PAGE NUMBER OR URL	REMARKS	UNGC	SDG
	205-2 Communication and training about anti-corruption policies and procedures	66, 120, 160	Partially omitted: Information is unavailable. A regional breakdown for category of employees cannot be retrieved from internal reporting / training systems (205-2b and e). Partially omitted: Information is unavailable. Information on governance body members was not collected throughout 2023 (205-2d). Disclosures expected for reporting year 2024.	10	
	205-3 Confirmed incidents of corruption and actions taken	66		10	
GRI 206: Anti-Competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	66	In 2023, no violations of IMCD's Competition Law Code of Conduct were reported, signifying that there were no incidents, nor were there any pending or completed legal proceedings.		
GRI 207: Tax 2019	207-1 Approach to tax	69, 162			
	207-2 Tax governance, control, and risk management	162			
	207-3 Stakeholder engagement and management of concerns related to tax	162			
Cybersecurity					
GRI 3: Material Topics 2021	3-3 Management of material topics	30, 69, 162			
GRI 418: Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	69, 162	In 2023, no substantiated complaints from regulatory bodies concerning breaches of customer privacy were received.		

8 About this report

Reporting period and frequency

Reporting is conducted annually, with the current report covering the full year of 2023, in alignment with the Company's financial reporting. There is no restatement of information for the reporting year 2023.

The Integrated Report has been prepared as IMCD's comprehensive report on both Financial and Non-Financial performance as part of the Company's Sustainability Strategy.

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

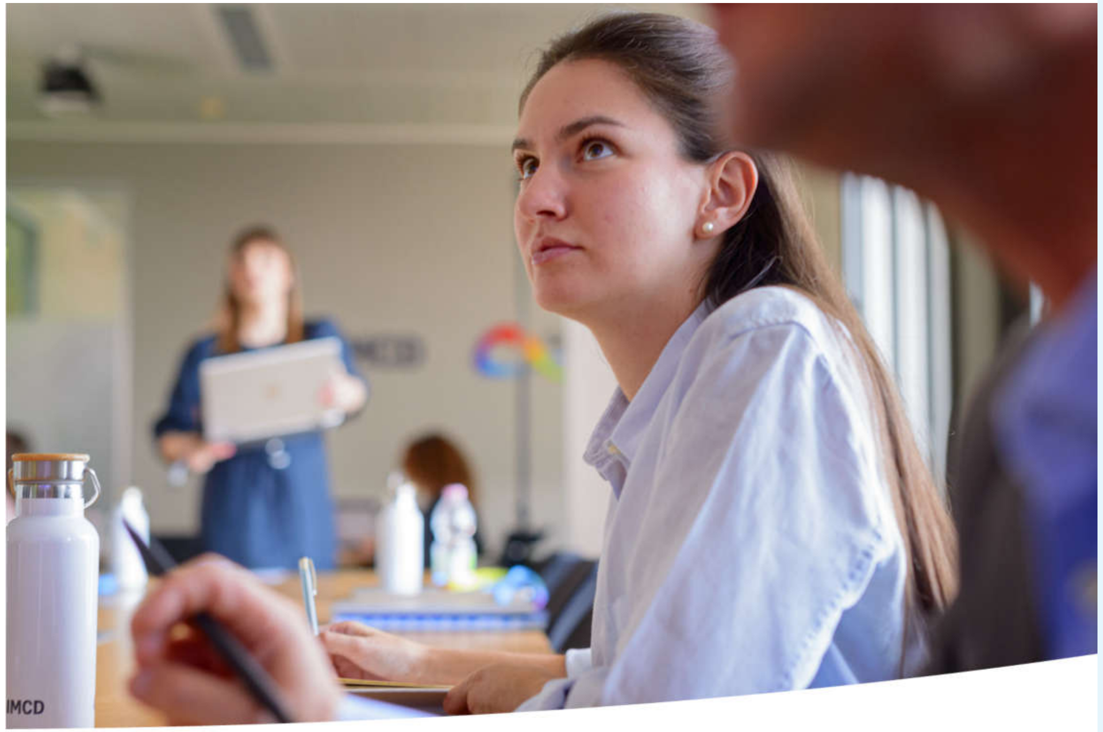
The report's content is defined based on the materiality of the most relevant and impactful ESG topics for IMCD to manage. Based on the GRI Standards, material topics reflect IMCD's significant economic, environmental and social impacts and substantively influence the assessments and decisions of stakeholders. All material topics are included in the report. By the end of 2021, IMCD refreshed its materiality assessment to define key focus areas for sustainability reporting and to comply with the concept of impact materiality in line with the GRI Standards. Therefore, the approach to material topics definition was changed in 2021 (see '2.3 Our Material Topics').

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

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

For questions about the report or reported information, our contact details are specified in this report's Colophon and our website Contact us | IMCD (imcdgroup.com).

Release date: March 01, 2024



EU-Taxonomy/ TCFD

1 EU Taxonomy

Introduction and objective

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

The applicable Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 ("Climate Delegated Act") covers sustainable activities for climate change mitigation ('CCM') and climate change adaptation ('CCA') objectives of the EU Taxonomy. This Climate Delegated Act was modified by the Commission Delegated Regulation (EU) 2023/2485 of 27 June 2023 to include new activities. In addition, the Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 ("Environmental Delegated Act") covers sustainable activities for the remaining four environmental objectives of the EU Taxonomy which are sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems.

In 2023, companies falling under the scope of the EU NFRD (Directive 2014/95/EU), which is the case for IMCD, shall report the eligible share of activities for all 6 environmental objectives, and the aligned share of activities for the climate objectives (CCM & CCA) to the EU Taxonomy. An activity is 'Taxonomy-aligned' when it makes a substantial contribution to at least one environmental objective, meets the technical screening criteria and the 'do no significant harm' principle (DNSH).

Eligibility and alignment assessment based on the Climate Delegated Act and Environmental Delegated Act

IMCD distinguishes four main economic activities.

- Sales & marketing of speciality chemicals and ingredients
- Product analysis and development
- Product manufacturing, and
- Customer, supplier, and employee development services (seminars, workshops and training sessions) .

The economic activity of "Sales & marketing of speciality chemicals and ingredients" is not included in any of the annexes of the EU Taxonomy. The economic activity of "Product manufacturing" entails only a certain set of chemical products for Annex I and II of the Climate Delegated Act, none of which IMCD produces. This means that all turnover linked to these two activities is non-eligible for the EU Taxonomy.

IMCD's two remaining activities, "Product analysis and development", and "Customer, supplier and employee development services" could not be paired with activities in the Taxonomy.

With regards to the activity of 'Product analysis and development,' we analysed a link with our Sustainable Solutions Program. This is a programme that has the potential to be covered by all six of the environmental objectives of the EU Taxonomy. At this point in time, however, it is not possible for us to extract any separate turnover, CapEx, or OpEx linked to the activity 'Product analysis and development' or the Sustainable Solutions program.

For the activity of 'Customer, supplier and employee development services' IMCD concludes that the service it provides for its client does not fall under the description as provided by the EU Taxonomy for the activity 'Education' of climate change adaptation. IMCD's economic activity is aimed at, a.o., new product development in collaboration with our customers' R&D departments, facilitating customers to test product performance, internal training, and explaining the products to the client, which is in the core of every business. In our reading of the Taxonomy this activity does not explicitly make it to be an educational activity. Considering the NACE-code linked to the activity (P85), IMCD's activity does not seem to be included there.

Hence, also for the economic activities of "Customer, supplier and employee development services", and "Product analysis and development", no eligible turnover could be identified.

Since IMCD does not have any eligible turnover for any of the six environmental objectives of the EU Taxonomy we cannot claim any eligible CapEx or OpEx associated with any eligible turnover. IMCD also does not have a CapEx plan in place to expand Taxonomy-aligned economic activities or to allow Taxonomy-eligible economic activities to become Taxonomy-aligned. IMCD does, however, have CapEx and OpEx related to the purchase of output from Taxonomy-aligned economic activities. More specifically IMCD has identified eligible CapEx and OpEx linked to the purchases of output of Taxonomy activities:

- 6.4 Operation of personal mobility devices, cycle logistics
- 6.5 Transport by motorbikes, passenger cars and light commercial vehicles
- 6.6 Freight transport services by road
- 7.1 Construction of new buildings
- 7.2 Renovation of existing buildings
- 7.3 Installation, maintenance and repair of energy efficiency equipment
- 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)
- 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings
- 7.6 Installation, maintenance and repair of renewable energy technologies
- 7.7 Acquisition and ownership of buildings

The purchase of output from Taxonomy-aligned economic activities is determined within the scope of CapEx and OpEx under the EU Taxonomy regulation. In total, 22% of IMCD's CapEx in 2023 is deemed to be eligible for the EU Taxonomy, and 27% of IMCD's OpEx in 2023 is considered as eligible according the EU Taxonomy.

Since none of the activities of IMCD is deemed eligible, and IMCD does not yet have the information on the Taxonomy alignment of the output purchased from Taxonomy activities, IMCD cannot claim to have any aligned turnover, CapEx or OpEx in this reporting year. IMCD will reassess potential alignment for all three KPIs on an annual basis.

In the following tables the eligible revenue, CapEx and OpEx amounts and percentages are presented.

FINANCIAL YEAR	2023			SUBSTANTIAL CONTRIBUTION CRITERIA						DNSH CRITERIA ('DOES NOT SIGNIFICANTLY HARM')									
Economic Activities (1)	Code (2)	Turnover (3)	Proportion of Turnover, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
Text		**Currency**	**%**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**%**	**E**	**T**
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0%**	-	-	-	-	-	-	-	-	-	-	-	-	-	**0.00%**	-	-
Of which enabling		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	E	
Of which transitional		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%	-	-	-	-	-	-										
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		0	0%	-	-	-	-	-	-										
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		**4,442,642**	**100%**														0.00%		
TOTAL		**4,442,642**	**100%**														**0.00%**		

FINANCIAL YEAR	2023			SUBSTANTIAL CONTRIBUTION CRITERIA						DNSH CRITERIA ('DOES NOT SIGNIFICANTLY HARM')									
Economic Activities (1)	Code (2)	CapEx (3)	Proportion of CapEx, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) CapEx, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
Text		**Currency**	**%**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**%**	**E**	**T**
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0%**	-	-	-	-	-	-	-	-	-	-	-	-	-	**0.00%**	-	-
Of which enabling		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	E	
Of which transitional		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Operation of personal mobility devices, cycle logistics	CCM 6.4	567	0.21%	EL	EL	N/EL	N/EL	N/EL	N/EL										
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	7,634	2.87%	EL	EL	N/EL	N/EL	N/EL	N/EL										
Freight transport services by road	CCM 6.6	593	0.22%	EL	EL	N/EL	N/EL	N/EL	N/EL										
Construction of new buildings	CCM 7.1	4,422	1.66%	EL	EL	N/EL	N/EL	N/EL	N/EL										
Renovation of existing buildings	CCM 7.2	6,133	2.31%	EL	EL	N/EL	N/EL	N/EL	N/EL										
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	5	0.00%	EL	EL	N/EL	N/EL	N/EL	N/EL										
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	32	0.01%	EL	EL	N/EL	N/EL	N/EL	N/EL										
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	109	0.04%	EL	EL	N/EL	N/EL	N/EL	N/EL										
Acquisition and ownership of buildings	CCM 7.7	38,500	14.49%	EL	EL	N/EL	N/EL	N/EL	N/EL										
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**57,994**	**21.83%**	**22%**	**22%**	**N/A**	**N/A**	**N/A**	**N/A**								0.00%		
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		**57,994**	**21.83%**	**22%**	**22%**	**N/A**	**N/A**	**N/A**	**N/A**								0.00%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		**207,666**	**78.17%**																
TOTAL		**265,660**	**100%**																

FINANCIAL YEAR	2023			SUBSTANTIAL CONTRIBUTION CRITERIA						DNSH CRITERIA ('DOES NOT SIGNIFICANTLY HARM')									
Economic Activities (1)	Code (2)	OpEx (3)	Proportion of OpEx, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
Text		**Currency**	**%**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**%**	**E**	**T**
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0%**	-	-	-	-	-	-	-	-	-	-	-	-	-	**0.00%**	-	-
Of which enabling		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	E	
Of which transitional		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	1,081	24.18%	EL	EL	N/EL	N/EL	N/EL	N/EL										
Freight transport services by road	CCM 6.6	67	1.50%	EL	EL	N/EL	N/EL	N/EL	N/EL										
Renovation of existing buildings	CCM 7.2	4	0.09%	EL	EL	N/EL	N/EL	N/EL	N/EL										
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	2	0.04%	EL	EL	N/EL	N/EL	N/EL	N/EL										
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	4	0.09%	EL	EL	N/EL	N/EL	N/EL	N/EL										
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	24	0.54%	EL	EL	N/EL	N/EL	N/EL	N/EL										
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	12	0.27%	EL	EL	N/EL	N/EL	N/EL	N/EL										
Acquisition and ownership of buildings	CCM 7.7	7	0.16%	EL	EL	N/EL	N/EL	N/EL	N/EL										
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**1,201**	**26.87%**	**27.00%**	**27.00%**	**N/A**	**N/A**	**N/A**	**N/A**								0.00%		
A. OpEx of Taxonomy-eligible activities (A.1+A.2)		**1,201**	**26.87%**	**27.00%**	**27.00%**	**N/A**	**N/A**	**N/A**	**N/A**								0.00%		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
OpEx of Taxonomy-non-eligible activities		**3,269**	**73.13%**																
Total		**4,470**	**100%**																

Qualitative information referred to in the Disclosures Delegated Act (Section 1.2 of Annex I)

IMCD intends to be fully transparent on its approach with regard to the EU Taxonomy, in the qualitative information accompanying its disclosures on revenue, CapEx, and OpEx.

Accounting policy

For the revenue, the numerator of each of the above-mentioned activities was compiled by taking the total eligible revenue for that activity for the reporting year 2023. The total denominator was equal to revenue of the economic activities "Sales & marketing of speciality chemicals and ingredients, Product analysis and development , Product manufacturing, and, Customer, supplier, and employee development services (seminars, workshops and training sessions)" mentioned above. Please refer to the Note 8 to the Consolidated financial statements 2023 for further disclosure on revenue.

For the CapEx, the numerator was compiled by taking the total eligible CapEx for the reporting year 2023. This is the CapEx that is related to the purchase of output from Taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions, notably the activities 6.4, 6.5, 6.6, 7.1, 7.2, 7.4, 7.5 , 7.6 and 7.7.

For the CapEx, the total denominator (EUR 265.6 million) covers additions to tangible assets (EUR 31.7 million), right-of-use assets (EUR 45.3 million) and intangible assets (EUR 188.6 million) during the financial year considered before depreciation, amortisation and any re-measurements, including those resulting from revaluations and impairments and resulting from business combinations, for the relevant financial year and excluding fair value changes. Reference is made to notes 17 Property, plant and equipment, 18 Intangible assets and 19 Leases.

For the OpEx, the numerator (EUR 1.2 million) was compiled by taking the total eligible OpEx for 2023. This is the OpEx that relates to the purchase of output from Taxonomy-aligned economic activities and to individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions as well as individual building renovation measures as identified in the delegated acts adopted pursuant to Article 10(3), Article 11(3), Article 12(2), Article 13(2), Article 14(2) or Article 15(2) of Regulation (EU) 2020/852 and provided that such measures are implemented and operational within 18 months.

The OpEx, the total denominator (EUR 4.5 million) includes costs relating to short-term leases (EUR 2.3 million), maintenance (EUR 1.1) and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment both by IMCD itself or any third party linked to the operations (EUR 1.0 million).

Assessment of compliance with Regulation (EU) 2020/852

In our assessment of the eligibility of our business activities, we applied the definitions included in the Delegated Acts published by the European Commission on 9 December 2021 (Climate Delegated Act), 10 December 2021 (Disclosures Delegated Act) and 23 November 2023 (Environmental Delegated Act), applicable to all companies falling under the NFRD as of 1 January 2022.

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

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

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

Introduction

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

In 2023, IMCD has further strengthened its sustainability approach by improving its alignment to the Taskforce for Climate-related Financial Disclosures (TCFD) recommendations. IMCD has carried out an in-depth assessment of its alignment to the eleven recommendations and has utilised a qualitative scenario-based approach to assess the impact of physical and transition risks and opportunities. This work has formed the basis of IMCD’s 2022 TCFD Disclosure, for each pillar of Governance, Strategy, Risk Management and Metrics and Targets. IMCD is in the process of developing a TCFD roadmap, which will lay out its plan for further integrating the TCFD recommendations in IMCD's business strategy and financial planning.

Governance

Board’s oversight of climate-related risks and opportunities

IMCD has three levels of corporate governance; the Supervisory Board monitors and supervises the activities of the Management Board and IMCD's general course of business, IMCD’s Management Board manages IMCD's day-to-day operations and is responsible for designing and achieving the company's objectives and strategy, and the Executive Committee supports the Management Board. Climate-related topics are addressed alongside IMCD’s other sustainability topics and mostly from an inside-out perspective, i.e., IMCD’s strategy to reduce its impact on climate. As we develop our understanding of climate-related risks and opportunities from an outside-in perspective, we will consider whether governance structures require updating.

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

The Supervisory Board has three committees, the Audit Committee (AC), Remuneration Committee (RC) and Nomination and Appointment Committee (NAC). Sustainability issues are considered by these committees where relevant to their responsibilities, although this considers sustainability holistically, not in specific reference to climate-related issues. For example, in 2022, a session was held to discuss in more detail the sustainability data collection process, ESG target setting and reporting requirements, in which the Group Director HSEQR and Sustainability, the Director Corporate Control and Group Compliance Officer participated.

The RC is responsible for assessing and preparing the remuneration policy and remuneration proposals concerning the members of the Management Board and the Supervisory Board, including how sustainability performance is included in remuneration decisions. Part of the personal bonus KPIs of the Management Board members was connected to climate-related metrics, including performance against IMCD's ambition to achieve a 15% reduction in emissions intensity by 2024, compared to the baseline year 2019.

Management role in assessing and managing climate-related risks and opportunities.

IMCD's sustainability strategy is determined by its Management Board and Executive Committee. A member of the Executive Committee, has been assigned climate-related responsibility and reports to the Management Board. The Supervisory Board supervises the organisation's climate strategy and climate-related issues.

A member of the Executive Committee chairs the Sustainability Task Force and directly reports to the Management Board. The members of the Sustainability Task Force are functional leaders who work in alignment to assure sustainability integration in all areas of our business and who advise the Management Board. Key sustainability topics including climate-related issues are identified in consultation with external and internal stakeholders, assessed by the Management Board, and are monitored at group level by the Sustainability Task Force. Climate-related topics discussed by the Task Force include the collection of sustainability and climate-related data, performance against emissions reduction targets, and setting new emissions reduction targets. The day-to-day sustainability aspects of IMCD's operational activities are managed by the Business Groups and the countries.

Climate Strategy

Short, medium, and long term climate-related risks and opportunities

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

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

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

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

- **Sustainable solutions** – The Sustainable Solutions Framework Programme is IMCD's market-oriented programme to promote greener products throughout its supply chain. The programme leverages IMCD's market intelligence, technical expertise, extensive laboratory infrastructure, and product knowledge to create a comprehensive green products catalogue. For more information about Sustainable Solutions, see section Sustainable Solutions (see page 66).
- **Supply chain decarbonisation** – IMCD launched its Supply Chain Decarbonisation Programme in 2022 with the aim of reducing GHG emissions across the supply chain. In close cooperation with our logistics service providers, we strive to reduce carbon emissions through efficient routing, optimisation of the volume-mileage ratio and implementation of sustainable transport modes. In 2022, IMCD developed the CO_2 dashboard to provide real-time insight into the carbon footprint of our third-party logistics providers (3PLs). For more information about our supply chain decarbonisation work, see section Eco-efficient operations (see page 28).
- **Eco-efficient operations** – IMCD's direct environmental footprint is limited given its asset-light business model. Nevertheless, reducing its overall operational footprint on the environment is critical for IMCD and its stakeholders. For more information about how we are reducing operational emissions, see section Eco-efficient operations (see page 28).

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

In our commercial and financial forecast and budget process, we make projections of future sales volumes and margins based on the expected macroeconomic and microeconomic market conditions. In addition trends in customer demands, our principal's product and market strategies and expected product availability are considered as well.

Due to our asset-light business model, the impacts of climate related issues on capital expenditures (Capex) are relatively low . IMCD's CapEx mainly relates to improvements to the offices and warehouses, including energy saving measures and the new right-of-use assets related to hybrid and full electric company cars and more energy efficient office and warehouse locations.

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

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

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

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

Scenario Analysis Methodology

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

The scenario analysis commenced with a process of identifying relevant physical and transition risks and opportunities that could have a potential impact on our business, aligned to the TCFD's taxonomy of physical and transition risks and opportunities. Each risk and opportunity was qualitatively assessed using impact and uncertainty ratings and validated with a wide range of stakeholders representing different IMCD Business Groups and functions. Impact ratings were assigned using the same categorisations as applied in our enterprise risk management framework. As climate scenarios are inherently uncertain, the scenario analysis considered the full range of potential impacts from all scenarios, without considering the likelihood of each scenario developing. We considered the uncertainty associated with each item, recognising that items that could have a high impact and high uncertainty should be explored further.

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

TYPE	SCENARIO	2100 WARMING	DESCRIPTION
Physical	IPCC SSP1-2.6	+1.8°C	This scenario is aligned to the current commitments under the Paris Agreement. The world shifts towards a more sustainable path, emphasising more inclusive development, driven by an increasing commitment to achieving development goals. Physical climate risks are more limited.
	IPCC SSP5-8.5	+4.4°C	This is a high-emissions scenario with no additional climate policy (business-as-usual). The push for economic and social development is coupled with the exploitation of abundant fossil fuel resources and the adoption of resource and energy intensive lifestyles around the world. Physical climate risks increase.
Transition	IEA Stated Policies	+2.6°C	This scenario assumes that only currently implemented policies are preserved, with an expected temperature outcome of ~2.6°C. The scenario explores how the energy system may change without major changes from policy makers. It does not take for granted that countries will achieve announced goals.
	IEA Net Zero by 2050	+1.4°C	This is an ambitious scenario that limits global warming to 1.5 °C through stringent climate policies and innovation, reaching net-zero CO_2 emissions around 2050. It represents one potential path to achieve Net Zero and assumes an orderly transition across the energy sector.

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

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

Risk Management

Identification of and assessment of climate-related risks and opportunities

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

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

IMCD’s risk framework integrates climate-related risks in three stages: risk identification, risk assessment and management of risks: Risk Identification Risks are identified by using external sources, internal risk documents, and through risk interviews and risk workshops with senior (country and departmental) management, Executive Committee, Management Board, and others within the Company and through online surveys. In 2022, this included identifying climate change-related risks and the impact of future regulations with regard to climate change.

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

Management of climate-related risks

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

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

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

Identifying, assessing, and managing climate-related risks are integrated into the organisation’s overall risk management

As described above, we considered climate change in the identification, assessment, and management of climate-related risks for the first time in 2022 and evaluated these during 2023. The outcomes of the risk assessment are shown in the following table.

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

Metrics and Targets

Metrics to assess climate-related risks and opportunities

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

Climate-related metrics are incorporated in IMCD remuneration policies. In 2023, non-financial targets had a 30% weighting for the short-term incentive for the Management Board. Three non-financial topics were selected for 2023: social/ employee engagement, diversity, and sustainability. Sustainability-related performance indicators were set for three topics: emissions reduction, supply chain management and sustainable procurement.

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

IMCD measures and monitors Scope 1, Scope 2, Scope 3 upstream and downstream transportation and distribution GHG emissions, calculated in line with the GHG Protocol. For more information on our performance to date against these metrics and methodology, see Note 3.1 in the Notes to the Sustainability statements.

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

In 2019, IMCD set a target to deliver a 15% reduction in its GHG emissions per million euro operating EBITDA by 2024, compared to the 2019 baseline. This includes our Scope 1, Scope 2, and Scope 3 – third-party logistics GHG emissions. For a breakdown of our emissions metrics, and current performance against this target, please see section Energy and emissions management and and the methodology note (see Note 3.1 in the Notes to the Sustainability statement) . We will work to develop targets aligned to the potentially material climate-related risks and opportunities identified in scenario analysis in the coming years.

Next steps & Conclusion

At present, the goals for 2024 seek to:

- Further develop our understanding of Scope 3 emissions to optimise our supply chain decarbonisation strategy.
- Enhance climate governance within the organisation to ensure climate is a major and regular consideration for the Board and executive leadership across the business.
- Continue to embed climate into the business strategy, with particular emphasis on financial planning and resilience.
- Integrate physical and transition risks and opportunities into risk management frameworks alongside business risks.
- Form metrics to manage and targets to monitor these climate-related risks and opportunities.
- Continue to analyse and monitor the impact of physical climate risks on IMCD's supply chain.
- Establish a transition plan that describes IMCD's targets, actions, and financial plans to transition to a low-carbon economy.

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

Financial Statements

Contents

< Contents page

At a glance

About IMCD

Performance 2023

Governance & Risk Handling

Sustainability Statements

- Sustainability statements - People
- Sustainability statements - Environmental
- Sustainability statements - Product
- Sustainability statements - Ethics and Compliance
- Notes to the Sustainability statements

EU-Taxonomy/TCFD

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

Financial Statements

- Consolidated statement of financial position as of 31 December 2023
- Consolidated statement of profit or loss and other comprehensive income
- Consolidated statement of changes in equity
- Consolidated statement of cash flows
- Notes to the Consolidated financial statements
- Company balance sheet as of 31 December 2023
- Company income statement
- Notes to the Company financial statements
- List of group companies as per 31 December 2023
- Other information

Appendices

Consolidated statement of financial position as of 31 December 2023

EUR 1,000	NOTE	31 DECEMBER 2023	31 DECEMBER 2022
Assets			
Property, plant and equipment	17	136,283	113,327
Goodwill		1,612,350	1,386,552
Other intangible assets		648,007	554,552
Intangible assets	18	**2,260,357**	**1,941,104**
Equity-accounted investees	21	53	71
Other financial assets	22	8,396	7,016
Deferred tax assets	23	41,530	35,614
Non-current assets		**2,446,619**	**2,097,132**
Inventories	24	581,485	622,098
Trade and other receivables	25	732,008	702,275
Cash and cash equivalents	26	394,462	222,005
Current assets		**1,707,955**	**1,546,378**
Total assets		**4,154,574**	**3,643,510**

The notes are an integral part of these consolidated financial statements

EUR 1,000	NOTE	31 DECEMBER 2023	31 DECEMBER 2022
Equity	27		
Share capital		9,118	9,118
Share premium		1,051,438	1,051,438
Reserves		(100,308)	(69,511)
Retained earnings		472,262	367,839
Unappropriated result		292,271	313,081
Total shareholders' equity		**1,724,781**	**1,671,965**
Non-controlling interests	28	1,404	1,451
Total equity		**1,726,185**	**1,673,416**
Liabilities			
Loans and borrowings	29	1,250,467	912,889
Employee benefits	30	21,012	22,254
Provisions	31	24,790	13,814
Deferred tax liabilities	23	153,469	130,819
Total non-current liabilities		**1,449,738**	**1,079,776**
Loans and borrowings	29	-	40,000
Short-term financial liabilities	29	429,552	296,042
Trade payables	32	391,230	389,021
Other payables	32	157,869	165,255
Total current liabilities		**978,651**	**890,318**
Total liabilities		**2,428,389**	**1,970,094**
Total equity and liabilities		**4,154,574.16**	**3,643,510**

< Contents page

Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December 2023

EUR 1,000	NOTE	2023	2022
Revenue	8	4,442,642	4,601,493
Other income	9	27,532	24,822
Operating income		**4,470,174**	**4,626,315**
Cost of materials and inbound logistics	24	(3,320,073)	(3,454,345)
Cost of warehousing, outbound logistics and other services		(123,852)	(131,653)
Wages and salaries	10, 12	(288,897)	(278,144)
Social security and other charges	10	(78,040)	(74,980)
Depreciation of property, plant and equipment	17, 19	(33,289)	(30,008)
Amortisation of intangible assets	18, 19	(80,934)	(81,478)
Other operating expenses	13	(116,566)	(113,981)
Operating expenses		**(4,041,651)**	**(4,164,589)**
Result from operating activities		**428,523**	**461,726**
Finance income	14	35,127	22,849
Finance costs	14	(60,556)	(48,726)
Net finance costs		**(25,429)**	**(25,877)**
Share of profit of equity-accounted investees, net of tax	21	(19)	0
Result before income tax		**403,075**	**435,849**
Income tax expense	15	(110,851)	(122,846)
Result for the year		**292,224**	**313,003**
Result for the year attributable to the shareholders of the Company		**292,271**	**313,081**
Result for the year attributable to non-controlling interest	28	**(47)**	**(78)**
Result for the year		**292,224**	**313,003**

EUR 1,000	NOTE	2023	2022
Result for the year		**292,224**	**313,003**
Defined benefit plan actuarial gains/(losses)	30	(2,379)	7,229
Related tax	15	535	(1,007)
Items that will never be reclassified to profit or loss		**(1,844)**	**6,222**
Foreign currency translation differences related to foreign operations		(52,962)	(446)
Effective portion of changes in fair value of cash flow hedges		61	(110)
Related tax	15	915	(30)
Items that are or may be reclassified to profit or loss	14	**(51,986)**	**(586)**
Other comprehensive income for the period, net of income tax		**(53,830)**	**5,636**
Total comprehensive income for the period		**238,394**	**318,639**
Attributable to:			
Shareholders of the Company		238,441	318,717
Non-controlling interests	28	(47)	(78)
Total comprehensive income for the period		**238,394**	**318,639**
Weighted average number of shares	16	56,918,191	56,928,982
Basic earnings per share	16	5.13	5.50
Diluted earnings per share	16	5.13	5.49

The notes are an integral part of these consolidated statements.

Consolidated statement of changes in equity

for the year ended 31 December 2023

EUR 1,000	NOTE	SHARE CAPITAL	SHARE PREMIUM	TRANSLATION RESERVE	HEDGING RESERVE	RESERVE OWN SHARES	OTHER RESERVES	RETAINED EARNINGS	UNAPPRO-PRIATED RESULT	TOTAL SHAREHOLDERS' EQUITY	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance as at 1 January 2023	27	**9,118**	**1,051,438**	**(58,761)**	**(210)**	**(13,580)**	**3,041**	**367,839**	**313,081**	**1,671,965**	**1,451**	**1,673,416**
Appropriation of prior year's result		-	-	-	-	-	-	178,020	(178,020)	-	-	-
		9,118	**1,051,438**	**(58,761)**	**(210)**	**(13,580)**	**3,041**	**545,859**	**135,061**	**1,671,965**	**1,451**	**1,673,416**
Result for the year		-	-	-	-	-	-	-	292,271	**292,271**	(47)	**292,224**
Total other comprehensive income		-	-	(52,047)	61	-	(1,844)	-	-	**(53,830)**	-	**(53,830)**
Total comprehensive income for the year		**-**	**-**	**(52,047)**	**61**	**-**	**(1,844)**	**-**	**292,271**	**238,441**	**(47)**	**238,394**
Cash dividend	27	-	-	-	-	-	-	-	(135,061)	**(135,061)**	-	**(135,061)**
Share based payments	27	-	-	-	-	-	544	(4,133)	-	**(3,589)**	-	**(3,589)**
Transfer of own shares	27	-	-	-	-	4,235	-	394	-	**4,629**	-	**4,629**
Changes in ownership interest without loss of control	27	-	-	-	-	-	-	(51,604)	-	**(51,604)**	-	**(51,604)**
Transfer		-	-	-	-	-	18,254	(18,254)	-	**-**	-	**-**
Non-controlling interest	28	-	-	-	-	-	-	-	-	**-**	-	**-**
Total contributions by and distributions to owners of the Company		**-**	**-**	**-**	**-**	**4,235**	**18,798**	**(73,597)**	**(135,061)**	**(185,625)**	**-**	**(185,625)**
Balance as at 31 December 2023		**9,118**	**1,051,438**	**(110,808)**	**(149)**	**(9,345)**	**19,995**	**472,262**	**292,271**	**1,724,781**	**1,404**	**1,726,185**

The notes are an integral part of these consolidated statements.

EUR 1,000	NOTE	SHARE CAPITAL	SHARE PREMIUM	TRANSLATION RESERVE	HEDGING RESERVE	RESERVE OWN SHARES	OTHER RESERVES	RETAINED EARNINGS	UNAPPRO-PRIATED RESULT	TOTAL SHAREHOLDERS' EQUITY	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance as at 1 January 2022	27	**9,118**	**1,051,438**	**(58,285)**	**(100)**	**(2,172)**	**(3,337)**	**255,888**	**207,276**	**1,459,825**	**1,529**	**1,461,354**
Appropriation of prior year's result		-	-	-	-	-	-	115,047	(115,047)	-	-	-
		9,118	**1,051,438**	**(58,285)**	**(100)**	**(2,172)**	**(3,337)**	**370,935**	**92,229**	**1,459,825**	**1,529**	**1,461,354**
Result for the year		-	-	-	-	-	-	-	313,081	313,081	**(78)**	**313,003**
Total other comprehensive income		-	-	(476)	(110)	-	6,222	-	-	5,636	-	**5,636**
Total comprehensive income for the year		**-**	**-**	**(476)**	**(110)**	**-**	**6,222**	**-**	**313,081**	**318,717**	**(78)**	**318,639**
Cash dividend	27	-	-	-	-	-	-	-	(92,229)	(92,229)	-	**(92,229)**
Issue of shares minus related costs	27	-	-	-	-	-	-	-	-	-	-	-
Share based payments	27	-	-	-	-	-	156	(7,777)	-	(7,621)	-	**(7,621)**
Transfer of own shares	27	-	-	-	-	(11,408)	-	4,681	-	(6,727)	-	**(6,727)**
Changes in ownership interest without loss of control		-	-	-		-	-	-	-	-	-	-
Transfer		-	-	-	-	-	-	-	-	-	-	-
Non-controlling interest	28	-	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners of the Company		**-**	**-**	**-**	**-**	**(11,408)**	**156**	**(3,096)**	**(92,229)**	**(106,577)**	**-**	**(106,577)**
Balance as at 31 December 2022		**9,118**	**1,051,438**	**(58,761)**	**(210)**	**(13,580)**	**3,041**	**367,839**	**313,081**	**1,671,965**	**1,451**	**1,673,416**

The notes are an integral part of these consolidated statements.

Consolidated statement of cash flows

for the year ended 31 December 2023

EUR 1,000	NOTE	2023	2022
Cash flows from operating activities			
Result for the year		292,224	313,003
Adjustments for:			
Depreciation of property, plant and equipment	17	33,289	30,002
Amortisation of intangible assets	18	80,934	81,478
Net finance costs excluding currency exchange results	14	16,917	17,846
Currency exchange results	14	8,512	8,031
Non-recurring operating income	9	-	(21)
Cost of share based payments	12	4,823	4,324
Share of profit of equity-accounted investees, net of tax	21	19	-
Income tax expense	15	110,851	122,846
		547,569	**577,509**
Change in:			
Inventories	24	68,336	(61,393)
Trade and other receivables	25	1,245	(32,486)
Trade and other payables	32	(31,937)	(29,254)
Provisions and employee benefits	30, 31	(873)	(5,189)
Cash generated from operating activities		**584,339**	**449,185**
Interest paid		(40,366)	(20,652)
Income tax paid		(123,965)	(129,691)
Net cash from operating activities		**420,008**	**298,843**

The notes are an integral part of these consolidated statements.

EUR 1,000	NOTE	2023	2022
Net cash from operating activities		**420,008**	**298,843**
Cash flows from investing activities			
Payments for acquisition of subsidiaries, net of cash acquired and divestures	7, 33	(367,561)	(237,248)
Acquisition of intangible assets	18	(16,234)	(10,382)
Acquisition of property, plant and equipment	17	(21,239)	(10,877)
Proceeds from disposals of (in)tangible assets	17 , 18	11,587	3,353
Acquisition of other financial assets		(1,140)	(203)
Net cash used in investing activities		**(394,587)**	**(255,357)**
Cash flows from financing activities			
Dividends paid	27	(135,061)	(92,229)
Purchase and transfer of own shares	27	-	(13,260)
Share based payments	27	(3,763)	(5,410)
Payment of transaction costs related to loans and borrowings	27	(4,696)	(2,171)
Movements in bank loans and other short-term financial liabilities	27	95,291	63,126
Proceeds from issue of current and non-current loans and borrowings	27	843,989	579,251
Repayment of loans and borrowings		(553,261)	(508,937)
Repayment of lease liabilities		(25,526)	(20,391)
Net cash from financing activities		**216,974**	**(20)**
Net increase in cash and cash equivalents		**242,395**	**43,466**
Cash and cash equivalents as at 1 January	26	222,005	177,879
Effect of exchange rate fluctuations		(69,938)	660
Cash and cash equivalents as at 31 December	26	**394,462**	**222,005**

Notes to the Consolidated financial statements

for the year ended 31 December 2023

1 Reporting entity

IMCD N.V. (the ‘Company’) is a public limited company domiciled in the Netherlands and registered in The Netherlands Chamber of Commerce Commercial register under number 21740070. The address of the Company’s registered office is Wilhelminaplein 32, Rotterdam. The consolidated financial statements of the Company as at and for the year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the ‘Group’ and individually as ‘Group entities’). The Company is acting as the parent company of the IMCD Group, a group of leading companies in sales, marketing and distribution of speciality chemicals and pharmaceutical and food ingredients.The Group has offices and warehouses in Europe, Asia-Pacific, Africa, and in North and Latin America.

2 Basis of preparation

2.a Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

The consolidated financial statements were authorised for publication by all members of the Management Board and the Supervisory Board on 29 February 2024.

2.b Basis of measurement

The consolidated financial statements are prepared on a going concern basis and on the historical cost principle, except for the following material items in the statement of financial position:

- derivative financial instruments are measured at fair value
- non-derivative financial instruments at fair value through profit or loss are measured at fair value
- contingent considerations assumed in a business combination are measured at fair value
- the defined benefit asset/liability is recognised as the net total of the plan assets, less the present value of the defined benefit obligation and is adjusted for any effect of the asset ceiling

2.c Functional and presentation currency

These consolidated financial statements are presented in EUR, which is the Company's functional currency. All financial information presented in this report in EUR has been rounded to the nearest thousand, unless stated otherwise.

2.d Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the consolidated financial statements, management considered its climate change and sustainability ambitions. In light of this, management reviewed the material accounting estimates and judgments. This review did not lead to significant changes in these accounting estimates and judgments.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Judgements

Information about judgements made in applying accounting policies that have the most material effect on the amounts recognised in the consolidated financial statements are included in the following notes:

- Notes 7 , 28 and 35: whether the Group has (de facto) control over an investee and whether a non-controlling interest is recognised.
- Note 19 – lease term: whether the Group is reasonably certain to exercise extension options

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that bear a significant risk of resulting in a material adjustment in the financial year are included in the following notes:

- Note 7 – acquisition of subsidiaries: fair value measured on a provisional basis

- Note 18 – impairment test for intangible assets: key assumptions underlying recoverable amounts
- Note 23 – recognition of deferred tax assets: availability of future taxable profit against which carry forward tax losses can be used
- Note 30 – measurement of defined benefit obligations: key actuarial assumptions
- Note 31 and 34: Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources
- Note 33 – measurement of deferred consideration as part of the financial instruments: key assumptions about the future cash flows and expected returns

Measurement of fair values

A number of the Group's accounting policies and disclosures require measurement of fair values for both financial and non-financial assets and liabilities.

The Group has a structured control framework in place with respect to the measurement of fair values. This includes a dedicated team that has responsibility for overseeing all significant fair value measurements, including Level 3 fair values, which reports directly to the CFO.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third-party information, such as broker quotes or pricing services, is used to measure fair values, then management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet IFRS requirements, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- **level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities
- **level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- **level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 7: acquisition of subsidiaries
- Note 12: share-based payment arrangements
- Note 30: employee benefits
- Note 33: financial instruments

2.e Changes in accounting policies

The Group has consistently applied the accounting policies set out in Note 3 to all periods presented in these consolidated financial statements.

Standards and amendments to IFRS effective as of 1 January 2023

The Group has not early adopted any standards or amendments that have been issued but are not yet effective.

The following new standards and amendments became effective as of 1 January 2023:

- IFRS 17 and amendments to IFRS 17 - Insurance Contracts;
- Amendments to IFRS 4 Insurance Contracts - Extension of the Temporary Exemption from Applying IFRS 9;
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 - Disclosure of Accounting Policies;
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors -Definition of Accounting Estimates;
- Amendments to IAS 12 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

These amendments do not have a material impact on the financial statements of the Group.

The Group has adopted the Amendments to IAS 12 as released by the IASB in May 2023 on the temporary exception from the accounting requirements for deferred taxes that arises from Pillar Two legislation. As a result, the Group neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

The Pillar Two Rules have been (substantively) enacted per 19 December 2023 in the Netherlands, following the implementation of the EU Pillar 2 Directive ("Pillar Two Rules"). As the Group falls within the scope of the Pillar Two Rules, it will impact financial years of the Group as of 1 January 2024. Since the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax exposure.

The Pillar Two Rules effectuate that the Group will pay tax on its profits at an effective rate of at least 15% at jurisdictional level. For the jurisdictions where the Group has an effective tax rate which is less than 15%, the ultimate parent company, situated in the Netherlands, will be required to pay top-up tax on the profits.

The Group is in the process of assessing its exposure to Pillar Two legislation for when it comes into effect. Following the Group's assessment on the impact of the Pillar Two Rules via the application of the temporary CbCR Safe Harbour Rules, there is one jurisdiction of the Group that is expected to be exposed to top-up tax in the foreseeable future. The top-up tax for this jurisdiction is however not expected to have a material tax impact on the Group. For the other jurisdictions wherein the Group is active, at least one of the temporary CbCR Safe Harbour Rules is expected to apply, due to which top-up tax on profits of the entities situated in these jurisdictions is deemed to be zero. As such, the overall Pillar Two impact for the Group is not expected to be material.

Due to complexities in applying the legislation and calculating the effective tax rate for Pillar Two purposes, it is difficult at this stage to make a definite quantitative impact assessment. The Group is however assessing the Pillar Two impact on an ongoing basis, following both current and future financial results.

New standards and amendments not yet effective

Below the standards and amendments that are issued, but not yet effective as of 31 December 2023. The Group intends to adopt these standards and amendments, if applicable, when they become effective:

- Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants, applicable for annual periods beginning on or after 1 January 2024, but not yet endorsed in the EU;
- Amendments to IFRS 16 Leases - Lease Liability in a Sale and Leaseback, effective 1 January 2024;
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: - Disclosures: Supplier Finance Arrangements, applicable for annual periods beginning on or after 1 January 2024, but not yet endorsed in the EU;
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates -Lack of Exchangeability, applicable for annual periods beginning on or after 1 January 2025, but not yet endorsed in the EU.

The Group is reviewing the impact of these standards and amendments on the Group's consolidated financial statements. The changes to those standads are not expected to have a material impact on the Group's financial statements.

3 Material accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

3.a Basis of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. An exception on this are deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements which are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Any contingent consideration payable is initially measured at fair value at the acquisition date. If contingent consideration is initially classified as equity, then the amount payable is not remeasured and the related settlement is accounted for as a change in equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss as finance income or costs. Upon exercising of any related call and put option, changes in the fair value are recognised as a change in equity.

Written put options to acquire a non-controlling interest are accounted for by the anticipated-acquisition method. The fair value of the consideration payable is included in financial liabilities; future changes in the carrying value of the put option are recognised in profit or loss throughout the reporting periods. Any change in carrying value at settlement date compared to the previous reporting period is recognised within equity as transaction between equity holders.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred
- plus the recognised amount of any non-controlling interest in the acquiree
- plus, if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree
- less the net recognised amount (at fair value) of the identifiable assets acquired and liabilities assumed

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as at that date.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates. Associates are those entities in which the Group has significant influence, but no control over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated when preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.b Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in profit or loss, except for differences arising on the translation of financial liabilities designated as qualifying cash flow hedges, which are recognised in other comprehensive income.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated into Euro at an average rate for the month in which the transactions occurred. However, if exchange rates fluctuate significantly, the use of the average rate for a period is inappropriate and exchanges rates at the date of transactions are used.

Foreign currency differences on the translation of foreign operations to the functional currency of the group are recognised in other comprehensive income, and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income and are presented in the translation reserve in equity.

The Group operates in two economies that are considered hyperinflationary, Argentina and Türkiye, and applies IAS 29 Financial Reporting in Hyperinflationary Economies for these countries. The impact of the application of IAS 29 is not material for the consolidated financial statements.

3.c Financial instruments

Non-derivative financial assets

Financial assets are classified on the basis of the business model within which they are held and their contractual cash flow characteristics.

The Group initially recognises trade and other receivables that qualify as financial assets and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets:
- trade and other receivables
- cash and cash equivalents
- other financial assets

Trade and other receivables

Trade and other receivables are financial assets held to collect the contractual cash flows. Trade receivables are recognised initially at transaction price minus expected credit losses. Other receivables are recognised initially at fair value plus any directly attributable transaction costs minus expected credit losses. Subsequent to initial recognition trade and other receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they originate. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, other short-term financial liabilities, and trade and other payables that qualify as financial liabilities.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve own shares. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented within share premium.

Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

On initial designation of the hedge, the Group formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the following conditions are met:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio is the same as that resulting from actual quantities of hedged items and hedging instruments used for risk management.

For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Derivatives are recognised initially at fair value at trading date; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity.

Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognised. In other cases the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the hedge ratio will be adjusted so that it meets the qualifying criteria again. If the hedging instrument ceases to meet the qualifying criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecasted transaction is no longer expected to occur, the balance in equity is reclassified to profit or loss.

Other non-trading derivatives

When a derivative financial instrument is not designated in a hedging relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

3.d Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is an integral part of the functionality of the related equipment is capitalised as part of that equipment.

If major components of an item of property, plant and equipment have different useful lives, these components are accounted for separately.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Right of use assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative years are as follows:

Buildings	: 20 - 40 years
Reconstructions and improvements	: 5 - 12 years
Hardware and software	: 3 - 5 years
Other non-current tangible assets	: 3 - 5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

3.e Intangible assets

Goodwill

Goodwill arising on the acquisition of subsidiaries is included in intangible assets. Goodwill is measured at cost less accumulated impairment losses. On disposal of a business, business segment or cash generating unit, the attributable amount of goodwill is assessed and included in the determination of the profit and loss on disposal.

Other intangible assets

Supplier relations

At acquisition date, the supplier relations are recognised at fair value based on the excess earnings method. For all material supplier bases the initial valuation has been performed by an external valuator. Subsequent measurement is based on costs less amortisation. The estimation of the useful life of each supplier base is usually based on a cut-off calculation that excludes future years from the remaining useful life that account for less than 5% of the total present value of the excess earnings, unless this leads to a calculated useful life not being a proper representation of the actual useful life of the supplier relations.

Intellectual property rights, distribution rights, brand names and other intangible assets

In addition to supplier relations, intangible assets include intellectual property rights, distribution rights, brand names, order books acquired and non-compete rights. Other intangible assets acquired as part of business combinations are measured on initial recognition at their fair value on the date of acquisition. Intangible assets acquired separately are measured at cost, where intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses. Subsequently, intangible assets which have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for the current and comparative years are as follows:

IMCD brand name	: indefinite
Intellectual property rights	: 7 years
Supplier relations acquired through business combinations	: 4- 16years
Other distribution, non-compete rights and order books	: (initial) contract term

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.f Leases

The Group assesses at inception of the contract whether a contract is or contains a lease. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee except for short-term leases (defined as leases with a lease term of 12 months or less) and low-value leases. For these leases the Group recognises the lease payments as operating expenses on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date
- The amount expected to be payable by the lessee under residual value guarantees
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercising a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. They are subsequently measured at cost less accumulated depreciation or amortisation and impairment losses.

Right-of-use assets are amortised or depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated or amortised over the useful life of the underlying asset. The depreciation or amortisation starts at the commencement date of the lease.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 3.h.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line “Other operating expenses” in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group presents right–of–use assets that do not meet the definition of investment property in ‘property, plant and equipment’ and 'intangible assets' and lease liabilities in ‘loans and borrowings’ in the statement of financial position.

3.g Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average method and includes expenditure incurred in acquiring the inventories, conversion costs and other costs incurred in bringing them to their existing location and condition. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of inventories.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3.h Impairment

Financial assets

An allowance for expected credit losses (ECL) is recognised for all financial assets not carried at fair value through profit or loss.

An ECL is determined as the difference between the contractual cash flows and the estimated expected cash flows to be collected, considering the potential risk of default.

An ECL is provided for a credit loss that results from a loss event possible within the next 12 months (a 12-month ECL). For credit exposures with a significant increase in credit risk a lifetime ECL is recognised and assessed at each reporting date to determine whether there is objective evidence that it is impaired.

Objective evidence that financial assets require an ECL can include the default of or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers or observable data indicating that there is a measurable decrease in expected cash flows from a group of financial assets.

A simplified approach is used to determine the ECL for trade receivables, contract assets and lease receivables. A loss allowance is determined based on lifetime ECL on each reporting date.
The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

A provision matrix is used to determine the expected credit loss based on the Group’s historical trends of incurred losses, allocated to each aging category, adjusted for specific debtor provisions, insurance coverage and general economic developments. Management judges whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset’s original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised.

When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Equity accounted investees

An impairment loss in respect of an equity accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and other intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated at the reporting date.

An impairment loss is recognised if the carrying amount of an asset or its related cash generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss and recorded as part of amortisation of intangible assets in the consolidated statement of profit or loss and other comprehensive income. Subsequently, impairment losses are separately disclosed in the intangible assets movement schedule in Note 18. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.i Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

The obligation arising from these defined benefit plans are determined on the basis of projected unit credit method. The calculation of the defined benefit obligations is performed annually by qualified actuaries.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value.

The calculation of the other long-term employee benefits is performed using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then these benefits are discounted.

Share based payment transactions

The grant date fair value of equity-settled share based payment awards granted to employees is recognised as personnel expenses, with a corresponding increase in equity, over the vesting period of the awards. The grant date fair value is generally equal to the share price at the grant date, adjusted for:

1. expected dividends
2. marketability discounts for restriction periods (using the Finnerty model)
3. market conditions (using Monte Carlo simulations)

The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

Short-term employee benefits

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.j Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of resources will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

3.k Revenue

Sale of goods

Revenue from the sale of goods in the course of ordinary activities is recognised when the performance obligation is satisfied and transfer of control is established. The amount recognised is the amount of the transaction price allocated to the performance obligation.

If the consideration promised in a contract includes a variable amount, such as discounts and/or rebates, the Group estimates the amount of consideration to which the Group will be entitled in exchange for the sale of goods.

The timing of the transfer of control varies depending on the individual terms of the sales agreement.

Commissions

When the Group arranges to provide goods from the supplier to the customer and does not obtain control over the goods, the Group acts in the capacity of an agent rather than as the principal. The revenue arising from such a transaction is recognised as the net amount of commission made by the Group.

3.l Finance income and expenses

Finance income comprises interest income on funds invested and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, impairment losses recognised on financial assets (other than trade receivables) and losses on hedging instruments that are recognised in profit or loss.

Finance income and expenses includes results of changes of the fair value of contingent considerations classified as financial liabilities.

Borrowing costs that are not directly attributable to the acquisition of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3.m Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future
- taxable temporary differences arising on the initial recognition of goodwill

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.n Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The segmentation used by the Group is based on geography, organisation and management structure and commercial interdependencies.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities and are presented in a separate reporting unit ‘Holding companies’.

The reporting segments used are defined as follows:

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

4 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based the methods described below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability and in Note 33 Financial Instruments.

Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an at arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate. Depreciated replacement cost estimates reflect adjustments for physical deterioration as well as functional and economic obsolescence.

Intangible assets

The fair value of other intangible assets acquired in a business combination is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

Inventories

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

Forward exchange contracts and interest rate swaps

The fair value of forward exchange contracts is based on their quoted price, if available. If a quoted price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

The fair value of interest rate swaps is based on quotes acquired from financial institutions. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

Other non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

Contingent considerations

The fair value of contingent considerations is calculated using the income approach based on the expected payment amounts and their associated probabilities (i.e. probability-weighted). Contingent considerations with a term longer than one year are discounted to present value.

Defined benefit plans

The fair value of the plan assets is based on the actuarial assumptions determined by certified actuaries.

5 Financial risk management

5.a Risk management framework

Risk management tasks and responsibilities

The IMCD risk management policy is aimed at optimising the balance between maximisation of business opportunities within the framework of the Group's strategy, while managing the risks involved.

Although the Group benefits from geographical, market, client and product portfolio spread, the Group’s well structured risk management process should manage its residual risks in a transparent and controlled manner.

The Group's risk management and control systems are established to identify and analyse the risks faced by the Group at various levels, to set appropriate risk controls, and to monitor risks and the way the risks are controlled.

Key activities within the Group's risk management and control systems are:

- identification of key business risks, based on likelihood of occurrence and their potential impact
- setting controls for managing these key risks

Risk management elements

The elements of IMCD’s risk management system are the following:

Control environment, including:

- organisational culture based on ethical conduct and compliance, clear responsibilities and short and open communication lines
- IMCD’s policies including business principles, management instructions and manuals
- continuous compliance training of employees
- risk management embedded in the business processes on all organisational levels
- internal financial reviews and risk assessments performed by the Group, in accordance with Internal Audit

Risk assessment and control procedures, including:

- identification of risks via risk self-assessments coordinated by Corporate Control and Corporate Health, Safety, Environment, Quality and Regulatory (HSEQR)
- implementing and optimisation of effective and efficient control procedures on various levels in the organisation

Information, communication and monitoring, including:

- harmonised reporting on operations, financial results and positions and risks
- periodical reviews of financial results and risk management by the Management Board and Corporate Control
- periodical reviews on HSEQR management by Corporate HSEQR
- regular review meetings between Group and local management

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

5.b Overview financial risks

The Group has exposure to the following financial risks:

- credit risk
- liquidity risk
- market risk
- operational risk

This note presents information about the Group’s exposure to each of the above risks, the Group’s objectives, policies and processes for measuring and managing risk, and the Group’s management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

5.c Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group’s receivables from customers.

The Group’s exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group’s customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. This has been of increased importance due to the COVID-19 pandemic. There is no geographical concentration of credit risk nor significant credit risk on individual customer level.

The Group has established a credit policy in which each new customer is analysed individually for creditworthiness before the Group’s payment and delivery terms and conditions are offered. The Group’s review includes the use of external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represent the maximum open amount. These limits are reviewed periodically.

Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

At the reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that are expected but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets, adjusted for forward-looking information.

To mitigate the counterparty risk with financial institutions the Group's policy is to make use of financial institutions which are investment grade. The Group's main financial institutions are systemically important and are under close supervision by their respective financial regulatory bodies.

5.d Liquidity risks

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient cash to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group typically ensures that it generally has sufficient cash on demand to meet expected operational expenses for the next twelve months, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

In addition, the Group maintains the following lines of credit:

- EUR 600 million multi-currency revolving credit facility with a maturity date of 8 February 2029 and can be drawn in EUR and USD as well as, to an agreed sublimit, in AUD and GBP. The credit revolving facility has an interest margin dependent on credit ratings (S&P, Moody's or Fitch). As of 31 December 2023, the Group had an undrawn revolving facility of EUR 464 million.
- Several credit facilities available to the subsidiaries, mainly in United States, China, Spain, Italy, Australia, India, Indonesia and South Africa.

The following are the contractual maturities of financial liabilities, including estimated interest payments. The contractual cash flows are undiscounted.

31 DECEMBER 2023

EUR 1,000		CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	12 MONTHS OR LESS	1 - 2 YEARS	2 - 5 YEARS	>5 YEARS
Non-derivative non-current financial liabilities							
Bond loan	EUR	299,359	315,000	7,500	307,500	-	-
Bond loan	EUR	297,374	325,800	6,450	6,450	312,900	-
Bond loan	EUR	491,368	621,875	24,375	24,375	573,125	-
Contingent consideration	CNY	47,487	48,650	-	48,650	-	-
	IDR	25,465	26,400	-	26,400	-	-
	GBP	9,516	10,700	-	-	10,700	-
Lease liabilities	[1]	78,498	85,082	-	24,187	47,988	12,906
Other liabilities	EUR	1,400	1,400	-	288	1,112	-
Total		**1,250,467**	**1,434,907**	**38,325**	**437,850**	**945,825**	**12,906**
Non-derivative current financial liabilities							
Contingent consideration	INR	7,489	7,489	7,489	-	-	-
	CNY	4,588	4,588	4,588	-	-	-
	EUR	2,334	2,334	2,334	-	-	-
	ZAR	2,212	2,212	2,212	-	-	-
	GBP	2,014	2,014	2,014	-	-	-
	KRW	1,744	1,744	1,744	-	-	-
	AUD	24	24	24	-	-	-
Lease liabilities	[1]	24,743	28,141	28,141	-	-	-
Other short-term financial liabilities	[1]	384,404	384,404	384,404	-	-	-
Trade payables	[1]	391,230	391,230	391,230	-	-	-
Other payables	[1]	157,869	157,869	157,869	-	-	-
Total		**978,650**	**982,047**	**982,047**	**-**	**-**	**-**

1 Various currencies

31 DECEMBER 2022

EUR 1,000		CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	12 MONTHS OR LESS	1 - 2 YEARS	2 - 5 YEARS	>5 YEARS
Non-derivative non-current financial liabilities							
Bond loan	EUR	594,867	654,750	13,950	13,950	626,850	-
Contingent consideration	INR	197,865	201,407	-	201,407	-	-
	IDR	39,389	41,910	-	-	41,910	-
	CNY	8,821	8,956	-	-	8,956	-
	MXN	4,012	4,065	-	4,065	-	-
	USD	229	248	-	248	-	-
Lease liabilities	[1]	65,782	71,055	-	19,273	34,577	17,206
Other liabilities	EUR	1,923	1,923	-	571	1,353	
Total		**912,889**	**984,314**	**13,950**	**239,513**	**713,646**	**17,206**
Non-derivative current financial liabilities							
Schuldscheindarlehen	EUR	40,000	41,162	41,162	-	-	-
Contingent consideration	INR	11,686	11,686	11,686	-	-	-
	EUR	10,460	10,460	10,460	-	-	-
	COP	612	612	612	-	-	-
	USD	459	459	459	-	-	-
	CLP	45	45	45	-	-	-
	AUD	32	32	32	-	-	-
Lease liabilities	[1]	20,028	22,333	22,333	-	-	-
Other short-term financial liabilities	[1]	252,720	252,720	252,720	-	-	-
Trade payables	[1]	389,021	389,020	389,020	-	-	-
Other payables	[1]	165,255	165,255	165,255	-	-	-
Total		**890,318**	**893,785**	**893,785**	**-**	**-**	**-**

1 Various currencies

Estimated interest payments are based on the EURIBOR, term SOFR and BBSW rates and margins prevailing at 31 December 2023 and 2022. Further details of the non-derivative financial liabilities can be found in Note 29.

5.e Market risks

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. Group management focuses on managing and controlling market risk exposures within acceptable parameters, while optimising the operating result.

The Group buys derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by Group Management. The Group generally seeks to use hedging instruments to manage volatility in profit or loss.

Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Euro (EUR), United States of America Dollar (USD) and the Pound Sterling (GBP).

The Group uses forward exchange contracts to hedge its currency risk, mainly by using contracts having a maturity of less than one year from the reporting date.

Interest on borrowings is denominated in the currency of the borrowing. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily EUR and USD. This provides an economic hedge without derivatives being entered into. Hedge accounting is not applied in these circumstances.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Exposure to currency risk

The Group's net exposure to foreign currency risk based on notional and hedged amounts of monetary assets and liabilities was as follows:

31 DECEMBER 2023

EUR 1,000	USD	CAD	BRL	AUD	INR	CNY	KRW	MXN	GBP	IDR	OTHER	TOTAL
Non-current assets	160	242	-	-	2,254	614	592	978	-	143	996	**5,979**
Current assets	227,006	15,818	51,651	40,212	141,447	47,192	17,958	2,827	29,523	37,827	172,326	**783,787**
												-
Non-current liabilities	(9,412)	(10,878)	(2,505)	(3,778)	(4,420)	(49,887)	(2,015)	(2,179)	(10,081)	(27,931)	(12,245)	**(135,332)**
Current liabilities	(291,692)	(12,278)	(14,143)	(16,692)	(276,085)	(17,865)	(6,776)	(4,909)	(37,338)	(4,322)	(61,703)	**(743,801)**
Net statement of currency risk exposure	**(73,938)**	**(7,096)**	**35,003**	**19,742**	**(136,804)**	**(19,947)**	**9,759**	**(3,283)**	**(17,897)**	**5,718**	**99,375**	**(89,367)**

31 DECEMBER 2022

EUR 1,000	USD	CAD	BRL	AUD	INR	CHF	KRW	ZAR	GBP	IDR	OTHER	TOTAL
Non-current assets	126	360	371	-	997	5	318	6	-	33	810	**3,027**
Current assets	207,766	9,252	33,363	29,735	100,188	(2,813)	22,780	17,758	25,484	31,382	114,167	**589,062**
												-
Non-current liabilities	(12,510)	(7,097)	(965)	(5,825)	(215,295)	(400)	(77)	(12)	(465)	(60,385)	(9,332)	**(312,363)**
Current liabilities	(322,526)	(16,197)	(12,301)	(16,125)	(6,813)	(2,831)	(2,710)	(5,588)	(19,817)	(15,870)	(73,938)	**(494,715)**
Net statement of currency risk exposure	**(127,143)**	**(13,682)**	**20,468**	**7,786**	**(120,923)**	**(6,039)**	**20,310**	**12,164**	**5,202**	**(44,840)**	**31,707**	**(214,990)**

There are no mitigating effects of hedged net liability positions in USD (2022: EUR 0.4 million).

The following significant exchange rates applied during the year:

	2023	2022	2023	2022
	AVERAGE RATE		REPORTING DATE SPOT RATE	
USD	0.925037	0.952017	0.904977	0.937559
CAD	0.684542	0.730563	0.682967	0.692521
BRL	0.185151	0.184733	0.186905	0.179598
AUD	0.613367	0.660255	0.618100	0.635900
INR	0.011203	0.012122	0.010881	0.011342
CNY	0.130588	0.141556	0.127374	0.135903
KRW	0.000706	0.000739	0.000698	0.000744
MXN	0.052288	0.047341	0.053506	0.048121
GBP	1.150166	1.172905	1.150682	1.127485
IDR	0.000061	0.000064	0.000059	0.000061

Sensitivity analysis

A 10% strengthening of the EUR, as indicated below, against the USD, CAD, BRL, AUD, INR, CNY, KRW, MXN, GBP and IDR at 31 December 2023 and 2022 would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

	2023	2023	2022	2022
EUR 1,000	EQUITY	PROFIT OR LOSS	EQUITY	PROFIT OR LOSS
USD	(51,229)	13,862	(49,580)	12,762
CAD	(7,793)	(8)	(8,382)	(12)
BRL	(10,954)	-	(10,730)	-
AUD	(10,305)	(69)	(10,241)	1,868
INR	(42,976)	-	(44,041)	-
CNY	(20,395)	-	(7,292)	-
KRW	(3,780)	-	(3,514)	-
MXN	(7,768)	-	(5,694)	-
GBP	(8,444)	(34)	(4,942)	(825)
IDR	(13,215)	-	(12,632)	-

A 10% weakening of the EUR against the above currencies at 31 December 2022 would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

The Group pursues a policy of ensuring that a substantial part of its exposure to changes in interest rates on long-term financing is on a fixed rate basis, taking into account assets with exposure to changes in interest rates. If required the Group makes uses of interest rate swap contracts.

Interest rate profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

EUR 1,000	2023	2022
Carrying amounts		
Fixed rate instruments		
Financial liabilities	(596,734)	(594,867)
Total	**(596,734)**	**(594,867)**
Variable rate instruments		
Financial assets	394,462	222,005
Financial liabilities	(1,000,817)	(403,748)
Total	**(606,355)**	**(181,743)**

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial asset and liability at fair value through profit and loss.

Fair value sensitivity analysis for variable rate instruments

Note 29 details the variable interest rates applicable for the non-current loans.

5.f Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

5.g Capital management

The primary objective when managing capital is to safeguard the Group's ability to continue as a going concern by means of optimising the debt and equity balance. The Company does not have an explicit return on capital policy. There have been no changes in the capital management policies during the year. The Group is not subject to any externally imposed capital requirements. Capital is considered by the Company to be equity as shown in the statement of financial position.

The Group's net liabilities and adjusted equity at the reporting date are as follows:

EUR 1,000	2023	2022
Total liabilities	2,428,389	1,970,094
Less: Cash and cash equivalents	(394,462)	(222,005)
Net liabilities	**2,033,927**	**1,748,089**
Total equity	1,726,185	1,673,416
Less: Amounts accumulated in equity relating to cash flow hedges	149	210
Adjusted equity	**1,726,334**	**1,673,626**

6 Operating segments

In presenting information on the basis of operating segments, segment revenue is based on the geographical location of the Group´s operations. Segment assets are based on the geographical location of the assets with the exception of assets related to holding companies, which are presented in a separate reporting unit.

Transactions between companies within an operating segment have been eliminated. Transactions between operating segments are based on arm's-length principle and are not included in the reported revenue per segment as the reported revenue per segment relates to revenue with third parties.

A key performance indicator for controlling the results of the operating segments is Operating EBITA.

Operating EBITA is defined as the sum of the result from operating activities, amortisation of intangible assets, and non-recurring items. Non-recurring items, as disclosed in Note 11, include:

- income related to divestments
- cost of corporate restructurings and reorganisations
- cost related to realised and non-realised acquisitions

While the amounts included in Operating EBITA are derived from the Group's financial information, it is not a financial measure determined in accordance with adopted IFRS and should not be considered as an alternative to operating income or result from operating activities as a sole indicator of the Group's performance or as an alternative to cash flows as a measure of the Group's liquidity. The Group uses Operating EBITA as a key performance indicator in its business operations in order to, among other things, develop budgets, measure its performance against those budgets and evaluate the performance of its operations.

The bridge from result from operating activities to operating EBITA is as follows:

EUR 1,000	2023	2022
Result from operating activities	**428,523**	**461,758**
Amortisation of intangible assets	80,934	81,478
Non-recurring items	5,076	11,217
Operating EBITA	**514,533**	**554,453**

The non-recurring income and expenses included in the result from operating activities of 2023 and 2022 mainly relate to income from divestments of business and assets, costs of acquisitions of businesses and costs related to one-off adjustments to the organisation, which included in 2022 the winding down of the operations in Russia.

Operating expenses of non-operating companies are reported in the segment Holding companies. Inter-segmented amounts receivable and amounts payable are not considered in the value of the total assets and total liabilities of each segment. The results of the operating segments are as follows:

EMEA

EUR 1,000	2023	2022
Revenue	1,942,612	2,006,391
Gross profit	529,689	529,731
Operating EBITA	241,984	246,554
Result from operating activities	220,060	215,810
Total Assets	1,152,439	1,074,358
Total Liabilities	364,379	338,321

AMERICAS

EUR 1,000	2023	2022
Revenue	1,413,152	1,591,720
Gross profit	340,380	382,680
Operating EBITA	154,982	194,882
Result from operating activities	136,910	175,249
Total Assets	827,048	801,789
Total Liabilities	228,921	241,934

ASIA-PACIFIC

EUR 1,000	2023	2022
Revenue	1,086,878	1,003,382
Gross profit	252,501	234,736
Operating EBITA	150,604	145,094
Result from operating activities	110,225	107,081
Total Assets	1,609,501	1,346,433
Total Liabilities	570,464	473,076

HOLDING COMPANIES

EUR 1,000	2023	2022
Operating EBITA	(33,000)	(32,078)
Result from operating activities	(38,672)	(36,414)
Total Assets	565,586	420,930
Total Liabilities	1,264,625	916,763

Reported revenue per segment relates to revenue with third parties, hence no inter-segment revenues are included. IMCD and its operating segments have a diverse customer base of about 64,000 customers in many countries and of various sizes. IMCD and its segments do not rely on a single customer or a single group of customers for its operations. With a supplier base of approximately 3,200 suppliers and product portfolio of about 48,000 products, the same applies with regard to the reliance on a single supplier or a single group of suppliers and a single product or range of products.

7 Acquisition of subsidiaries

As a group we remain focused on aligning ourselves with industry leaders, grow our market share organically and through selected acquisitions, and continue to optimise our business model. The Group completed thirteen acquisitions and signed an additional five acquisition agreements during the financial year 2023 (all numbers are based on local GAAP).

7.1 Transactions closed in 2023

On 28 February 2023, IMCD acquired 100% of the shares in Orange Chemicals Ltd (“Orange Chemicals”), a distributor of performance chemicals throughout the UK and Ireland. Orange Chemicals, headquartered in Winchester, generated revenues of approximately EUR 30 million in the financial year 2022 and adds seven employees to the IMCD UK team.

On 15 March 2023, IMCD completed the acquisition of Shanghai Sanrise Industries & Development Co., Ltd. (“Sanrise”), one of the leading distributors in the personal care markets in China. Sanrise offers a wide range of personal care and industrial solutions with a key focus on personal care applications. With approximately 60 employees, Sanrise generated revenues of approximately EUR 90 million in 2022. The transaction took place in two tranches, with first 70% of Sanrise’s share capital was acquired in March 2023, and the remaining 30% will be acquired in 2025.

On 20 April 2023, IMCD acquired 100% of the share capital of ACM AB (“ACM”), a distributor of minerals and chemicals. Based in Sweden, ACM is mostly active within the coatings, adhesives, paper, plastics, rubber, and construction industries. With six employees ACM generated revenues of approximately EUR 13 million in 2022.

On 20 April 2023, IMCD acquired 100% of the shares in Tradeimpex Polymers (India) Private Limited (“Tradeimpex”), a distributor of high-performance polymers and engineering plastics. With 24 employees, Tradeimpex generated revenues of approximately EUR 39 million in the financial year that ended on March 31, 2022.

On 1 May 2023, IMCD acquired the import and distribution business of Tagra Biotechnologies Ltd. (“Tagra Distribution Division”), a distributor and supplier of cosmetic raw materials and ingredients for the beauty and personal care industry in Israel. In 2022, Tagra Distribution Division generated revenues of approximately EUR 7 million and adds seven employees to the IMCD Israel team.

On 19 May 2023, IMCD acquired 100% of the shares of Allianz Group International S.A.S. ("Allianz). Allianz is a distributor of active pharmaceutical ingredients (API) and serves the Colombian market. Headquartered in Bogotá, Colombia, Allianz has 25 employees and generated revenues of approximately EUR 7 million in 2022.

On 7 June 2023, IMCD acquired 100% of the shares of KOI Products Solutions and Engineering Ltd (“KOI Products Solutions”). KOI Products Solutions has partnerships with some of the world’s leading suppliers of speciality products and predominantly serves the composite, paint, cosmetics, coatings, and ink markets. The company, based in Petach Tikva, Israel, generated revenues of approximately EUR 8 million in the financial year 2022, and adds 13 employees to the IMCD Israel team.

On 3 July 2023, IMCD acquired 100% of the shares in CPS Chemical Oil-Tech (Pty) Ltd (“CPS Oil-Tech”), a distributor of raw materials to the petroleum, additive, grease manufacturing and other industry related segments in South Africa. With 8 employees, CPS Oil-Tech generated revenues of approximately EUR 12 million in the financial year that ended on February 28, 2022.

On 13 July 2023, IMCD acquired 90% of the shares of O&3 Limited, (“O&3”), an industry leading supplier of speciality natural ingredients to the global beauty and personal care markets. With 69 employees, across its offices and facilities in Ripon (UK), Warka (Poland) and New York (USA), O&3 generated revenue of approximately EUR 37 million in the financial year that ended on March 31, 2023.

On 2 August 2023, IMCD acquired 100% of the shares of Sachs Chemical and on 29 September 2023, IMCD acquired 100% of the shares of SCI Chemical Logistics SA (jointly "Sachs"). Headquartered in San Juan, Puerto Rico, Sachs is a speciality chemicals distributor, providing customised solutions for the pharmaceutical industry. With 38 employees, Sachs generated revenues of approximately EUR 48 million in 2022.

On 3 August 2023, IMCD acquired 100% of the shares of Representaciones de Materias Primas Industriales Limitada (“MAPRIN”). MAPRIN is a raw materials distributor for the beauty and personal care industry, headquartered in Santiago, Chile. With 20 employees MAPRIN generated revenue of approximately EUR 8 million in 2022.

On 19 October 2023, IMCD acquired 100% of the shares in Needfill Co., Ltd. ("Needfill") in South Korea, Needfill serves the paint, coatings, inks, textiles, electronics, and polymer markets. Needfill, based in Seoul, generated a revenue of approximately EUR 18 million in 2022 and has 18 employees.

On 6 November 2023, IMCD acquired 100% of the shares of the speciality distribution company Brylchem Pte Ltd and the business of Chemipac Pte Ltd. in Singapore, and the business of CMS Marketing Trading Co., Ltd in Vietnam ("jointly Brylchem Group"). Brylchem Group offers a wide range of products in the coatings, construction, advanced materials, agrochemical, home care and industrial cleaning, feed and veterinary, and lubricants industries, for the Singapore and Vietnam markets. With approximately 50 employees, Brylchem Group generated revenues of approximately EUR 58 million in 2022.

The aforementioned transactions added EUR 146.1million of revenue and EUR 11.1 million of result for the year to the Group's results in 2023. If the acquisitions had occurred on 1 January 2023, management estimates that the consolidated revenue would have been EUR 4,588.8 million and the consolidated net profit would have been EUR 303.3 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2023. The total consideration related to the aforementioned transactions, transferred in cash in 2023, amounts to EUR 364.7 million. As of 31 December 2023, the deferred and contingent considerations payable amount to EUR 86.9 million.

7.2 Transactions signed in 2023 and 2024

In addition to the transactions closed in 2023, IMCD signed five agreements.

On 18 May 2023, IMCD signed an agreement to acquire 100% of the shares of the speciality distribution company in Malaysia, Euro Chemo-Pharma Sdn Bhd ("Euro Chemo-Pharma") and its wholly owned subsidiary, Biofresh Green Sdn Bhd ("Biofresh"). Together with 124 employees, Euro Chemo-Pharma and Biofresh are offering a wide range of products, mainly food, pharmaceutical and personal care applications and generated revenues of approximately EUR 55 million in the financial year ended on June 30, 2022. The transaction was closed on 29 February 2024.

On 10 November 2023, IMCD signed an agreement to acquire two business lines from CJ Shah & Company for Cellulose Acetate Butyrate, Coalescing Agent, Polyolefin Polymers, and other chemicals primarily for Paints, Coatings, Adhesives and Lifesciences applications. These two business lines generated a revenue of approximately EUR 25 million in the financial year that ended on March 31, 2023 with 20 employees. The transaction was closed on 22 February 2024.

On 28 November 2023, IMCD signed an agreement to acquire the business of the speciality distribution company Guangzhou RBD Chemical Co., Ltd. in China ("RBD"). RBD focuses mainly on the lubricant additives and represents leading global suppliers. RBD is based in Guangzhou, China, and generated a revenue of approximately CNY 75 million (ca. EUR 10 million) in 2022 and has 12 employees. The transaction was closed on 1 February 2024.

On 22 December 2023, IMCD signed an agreement to acquire the distribution business of Joli Foods S.A.S. ("Joli Foods") to expand its food and nutrition business and product portfolio in Colombia. Joli Foods is based in Bogota and generated a revenue of approximately USD 16 million (ca. EUR 15 million) in 2022 and will add eleven employees to the IMCD Colombian team. The transaction was closed on 14 February 2024.

On 15 December 2023, IMCD signed an agreement to acquire 100% of the shares of Valuetree Ingredients Private Limited ("Valuetree") to expand its beauty and personal care footprint in India. Valuetree employs a team of 44 employees and generated a revenue of approximately INR 4.4 billion (ca. EUR 48 million) in the financial year that ended on March 31, 2023. The transaction will take place in two tranches. On 9 January 2024, IMCD acquired 70% of the share capital from the founders and the remaining 30% will be acquired in 2025.

Next to the five agreements that IMCD signed but did not yet close in 2023, IMCD signed an agreement on 16 February 2024 to acquire the business of the speciality distribution company ResChem Technologies Pty Ltd and ResChem Trust in Australia and New Zealand ("ResChem"). Established in 2007, ResChem specialises in resins, additives and pigments for use in inks, coatings, adhesives and construction applications. ResChem represents leading global suppliers which are complementary to IMCD's portfolio. ResChem is headquartered in Sydney, Australia, generated a revenue of approximately AUD 25 million (ca. EUR 15 million) in 2023 with 15 employees and strengthens IMCD's technical expertise with an application laboratory based in Sydney. The closing of the transaction is subject to customary closing conditions and is expected to take place in the second quarter of 2024.

7.3 Other acquisition related transactions

In December 2023, IMCD exercised its call option to acquire the remaining 30% interest of the shares from the minority shareholders of Signet. The completion of the acquisition of the remaining 30% was executed on the basis of the share purchase agreement of September 2020. As IMCD obtained full control over Signet as per November 2020, this purchase price obligation was included in IMCD's reported net debt position and results of Signet are consolidated in full into the IMCD figures since the November 2020 acquisition date. As a result, this completion, as such, will not impact the reported leverage or earnings levels of IMCD. Refer to Note 27 and Note 29 for details of the transaction.

Payment of the consideration for the remaining 30% of the shares in Signet was effected on 1 February 2024.

7.4 Identifiable assets recognised and liabilities assumed

The identifiable assets recognised and liabilities assumed are recognised on the basis of provisional purchase price allocation. Based on the information currently available we do not anticipate significant adjustments to the purchase price allocation. At the acquisition dates the recognised amounts are as follows:

EUR 1,000	NOTE	SANRISE	SACHS	BRYLCHEM PTE. LTD.	OTHER ACQUISITIONS	TOTAL
Property, plant and equipment	17	650	3,343	51	4,499	**8,544**
Intangible assets	18	76,851	33,118	14,351	48,066	**172,385**
Equity-accounted investees		-	-	-	-	**-**
Deferred tax assets	23	1,880	55	225	2,297	**4,457**
Other financial assets		116	-	27	1,197	**1,340**
Inventories		14,587	2,633	4,364	21,521	**43,106**
Trade and other receivables		9,761	4,299	3,889	32,958	**50,906**
		-	-	-	-	
Cash and cash equivalents		6,213	193	1,989	12,557	**20,952**
Loans and borrowings		(268)	(2,207)	-	(5,159)	**(7,635)**
Other short-term financial liabilities		(3,390)	(678)	-	(10,502)	**(14,570)**
Employee benefits and other provisions	30,31	(7,267)	(522)	-	(2,882)	**(10,671)**
Deferred tax liabilities	23	(19,339)	(1,237)	(2,440)	(10,635)	**(33,651)**
Trade and other payables		(4,536)	(3,962)	(2,410)	(26,119)	(37,027)
Total net identifiable assets		**75,258**	**35,035**	**20,048**	**67,796**	**198,137**

The intangible assets recognised primarily relate to supplier relationships acquired.

The supplier relations have been determined by applying the multi-period excess earnings method. This method considers the present value of net cash flows expected to be generated by the supplier relationships, by excluding any cash flows related to contributory assets. The cash flows which have been used as input were based on the projections made by the sellers, adjusted for future supplier losses due to exclusivity conflicts, projected market developments based on external sources and our own expectations based on our extensive market knowledge. Furthermore, attrition rates are determined based on the annual decrease in revenues related to suppliers (when applicable) in the most recent financial years, adjusted for annual inflation. These attrition rates have been applied in the projections.

The gross contractual value of the trade and other receivables acquired amounts to EUR 53.3 million of which EUR 9.8 million relates to Sanrise, EUR 4.6 million relates to Sachs and EUR 4.2 million relates to Brylchem.

7.5 Goodwill

Goodwill recognised as a result of the acquisitions in the financial year is as follows.

EUR 1,000	NOTE	SANRISE	SACHS	BRYLCHEM PTE. LTD.	OTHER ACQUISITIONS	TOTAL
Total considerations		174,947	72,087	47,528	157,052	**451,614**
Less: Fair value of identifiable net assets		75,257	35,035	22,681	65,164	**198,137**
Goodwill	18	**99,690**	**37,052**	**24,848**	**91,888**	**253,477**

Goodwill recognised as a result of the acquisitions in the financial year relates to Orange Chemicals (UK), Sanrise (China), ACM (Sweden), Tradeimpex (India), Tagra Distribution Division (Israel), Allianz (Colombia), KOI Products Solutions (Israel), CPS Oil-Tech (South Africa), O&3 (UK), Sachs (Puerto Rico), SCI Chemical Logistics (Costa Rica), MAPRIN (Chile), Needfill (South Korea) and the Brylchem Group (Singapore and Vietnam). The goodwill is mainly attributable to the skills and technical talent of the workforce, the commercial relationships, the international network and the synergies expected to be achieved from integrating the acquired companies into the Group's existing distribution business.

Of the total recognised goodwill, 39% relates to Sanrise, 15% to Sachs and 10% to Brylchem and 36% to the other acquired businesses.

Amortisation of the acquisitions are not eligible for deduction from taxable income.

7.6 Acquisition-related costs

In 2023, the Group incurred acquisition-related costs of EUR 7.2 million (2022: EUR 4.5 million) predominantly related to external legal fees and due diligence costs for completed and non-completed acquisitions. The acquisition-related costs are included in other operating expenses.

8 Revenue

The Group generates revenue primarily from the sale and distribution of speciality chemicals and ingredients. Other sources of revenue include revenue from commission where the Group acts as agent in the sale and distribution of speciality chemicals and ingredients.

EUR 1,000	2023	2022
Sales of goods	4,430,812	4,587,514
Commissions	11,830	13,979
Total Revenue	**4,442,642**	**4,601,493**

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer. The nature and timing of the fulfilment of performance obligations is disclosed in contracts with customers upon the sale and distribution of speciality chemicals and ingredients. The Group recognizes revenue when control is transferred which is at the moment that ownership is transferred to the customer, primarily based on agreed incoterms.

In the following tables, revenue from contracts with customers is disaggregated by primary geographical market and their market segments, being Life Science and Industrial.

8.1 Geographical Market

The breakdown of revenue by geographical market is as follows:

EUR 1,000	2023	2022
Netherlands	69,165	85,581
Rest of EMEA	1,873,447	1,920,810
EMEA	**1,942,612**	**2,006,391**
North America	990,691	1,157,248
Latin America	422,460	434,472
Asia-Pacific	1,086,878	1,003,382
Total Geographical Market	**4,442,642**	**4,601,493**

8.2 Market segments

IMCD's business model is based on long lasting relationships with suppliers of speciality chemicals and ingredients. In order to provide more insight in the segmentation per market, IMCD has decided to break down the sales in the market segments Life Science and Industrial.

Life Science consists of the following lines of business: Pharmaceuticals, Beauty & Personal Care, Food & Nutrition and Home Care and I&I. In general, the lines of business within Life Science historically have been less sensitive to economic fluctuations. Furthermore, the Life Science segment consists of lower order volumes and higher margins than the Industrials market segment.

The Industrial segment contains the lines of business of Coatings & Construction, Lubricants & Energy, Industrial Solutions and Advanced Materials. This segment has a more cyclical nature as the performance is dependent on the developments of, amongst others, the housing and real estate, automotive and oil & gas markets.

The breakdown of sales of goods per market segment is as follows:

EUR 1,000	2023	2022
Life Science	2,328,782	2,290,944
Industrial	2,102,030	2,296,570
Total Market Segments	**4,430,812**	**4,587,514**

9 Other income

EUR 1,000	2023	2022
Other income	27,532	24,822
Total Other income	**27,532**	**24,822**

Other income primarily relates to logistic and other services charged separately to customers. In 2023, other income included non-recurring income of EUR 7.2 million, mainly related to the sale of a warehouse in US. Other income of 2022 includes non-recurring income of EUR 4.3 million, mainly related to the sale of a warehouse in Indonesia.

10 Personnel expenses

EUR 1,000	NOTE	2023	2022
Wages and salaries	12	288,897	278,144
Social security contributions		42,715	38,297
Contributions to defined contribution plans		11,453	10,944
Expenses related to defined benefit plans	30	1,148	1,403
Expenses related to termination and other long-term employee benefit plans	30	1,860	1,393
Other personnel expenses		20,863	22,943
Total Personnel expenses		**366,936**	**353,124**

The personnel expenses 2023 include non-recurring severance costs of EUR 3.0 million (2022: EUR 3.3 million).

The average number of employees in the financial year by region and by function, measured in full-time equivalents, is as follows:

FTE	2023	2022
The Netherlands (excluding Dutch Holding companies)	78	74
Rest of EMEA	1,823	1,649
EMEA	1,901	1,723
Americas	1,256	1,104
Asia-Pacific	1,289	1,117
Holding companies	113	101
Total average FTE	**4,559**	**4,045**
Management and administration	717	627
Sales	2,872	2,547
ICT/HSEQR/Warehouse/Other	970	871
Total average FTE	**4,559**	**4,045**

11 Non-recurring income and expenses

The non-recurring income and expenses are recognised in profit or loss and are summarised as follows:

EUR 1,000	NOTE	2023	2022
Other income	9	7,169	4,291
Personnel expenses and other operating expenses	10,13	(12,246)	(15,540)
Finance costs		0	31
Impact on result before income tax		**(5,077)**	**(11,218)**
Non-recurring income tax expenses	23,41	(299)	1,952
Impact on result for the year		**(5,376)**	**(9,266)**

The non-recurring other income for 2023 includes income related to the sale of a warehouse in US of EUR 6.3 million. The non-recurring other income of 2022 includes income related to the sale of a warehouse in Indonesia of EUR 3.4 million.

The non-recurring personnel expenses and other operating expenses for 2023 include severance costs of EUR 3.0 million (2022: EUR 3.3 million) and other operating expenses of EUR 9.2 million (2022: EUR 12.2 million). The other operating expenses mainly relate to professional services fees incurred during acquisition projects and subsequent integration processes.

12 Share based payment arrangements

Description of the share based payment arrangement

As of 1 January 2015, the Group established a long-term incentive plan (LTIP) for the Management Board, the Executive Committee and certain senior managers. Under this equity settled LTIP, performance shares are awarded based on certain performance conditions. Aims of the LTIP are long-term value creation, motivation and sharing of success and the retention of key employees.

The applicable performance conditions for the Management Board are:

- relative Total Shareholder Return performance (market-related condition) compared with a selected group of peer companies and
- cash earnings per share (internal performance condition)

The performance period starts every year on 1 January and lasts three financial years. After vesting, the unconditional shares are subject to a holding period of two years and become unrestricted five years after grant date.

The performance conditions for the Executive Committee and for senior managers are solely internal performance conditions and include:

- growth in cash earnings per share (only for the Executive Committee)
- operating EBITA
- discretionary assessment by the Management Board

The performance period starts every year on 1 January and lasts one year. The shares become unconditional after a service period of three years, i.e. two years after the performance period.

Reconciliation of outstanding performance shares

The number of performance shares granted is as follows:

	2023		2022	
	NUMBER OF SHARES	BASED ON SHARE PRICE	NUMBER OF SHARES	BASED ON SHARE PRICE
Shares granted to the Management Board	14,774	140.83	6,458	195.45
Shares granted to Executive Committee and certain senior managers	24,488	140.83	19,821	195.45

The total number of performance shares granted in 2023 is based on a target performance (100 per cent) with an upward and downward potential for the Management Board and the Executive Committee. The expected total number of performance shares is 104,882 with vesting dates in 2024, 2025 and 2026.

As Marcus Jordan (COO) first participated in the Management Board's LTI Plan in 2023, the shares related to prior year plans are included in the shares granted to Executive Committee and certain senior managers.

The weighted average share price and the number of performance shares are as follows:

	2023		2022	
	WEIGHTED AVERAGE SHARE PRICE	NUMBER OF SHARES	WEIGHTED AVERAGE SHARE PRICE	NUMBER OF SHARES
Outstanding as at 1 January	**102.56**	**134,329**	**85.78**	**172,209**
Forfeited during the year	-	-	105.05	(8,679)
Exercised during the year	74.66	(60,706)	65.18	(70,542)
Granted during the year	135.22	39,262	149.98	26,279
Performance adjustment	-	(8,003)	-	15,063
Outstanding as at 31 December	**127.02**	**104,882**	**102.56**	**134,329**

The weighted average share price of granted shares is equal to the share price at the grant date adjusted for the expected retention and expected dividends, based on the Company's dividend policy, during the vesting period. In addition, the weighted average share price of shares granted to the Management Board is adjusted for market-related performance conditions and for the impact of the restriction period.

Expenses recognised in profit or loss

EUR 1,000	2023	2022
Shares granted	4,823	4,324

13 Other operating expenses

The other operating expenses are as follows:

EUR 1,000	2023	2022
Accommodation and other rental costs	10,776	9,954
Other office expenses	38,660	36,112
Car expenses	8,380	7,036
Business travel and representation expenses	21,708	18,724
Professional service fees	22,000	24,900
Credit sales expenses	1,318	1,351
Insurance costs	5,542	5,256
Other operating expenses	8,182	10,648
Total Other operating expenses	**116,566**	**113,981**

The other operating expenses include an amount of EUR 9.2 million (2022: EUR 12.2 million) related to non-recurring items. The non-recurring items in 2023 and 2022 include professional services fees incurred during acquisition projects and subsequent integration processes and costs related to one-off adjustments to the organisation. The non-recurring items are included in the balances disclosed in Note 11.

14 Net finance costs

The following finance income and finance costs are recognised in profit or loss:

EUR 1,000	2023	2022
Interest income on loans and receivables	3,798	2,836
Change in fair value of contingent considerations	31,329	20,013
Finance income	**35,127**	**22,849**
Interest expenses on financial liabilities measured at amortised cost	(46,484)	(24,765)
Interest expenses on provisions for pensions and similar obligations	(420)	(326)
Interest expenses on lease liabilities	(3,098)	(2,534)
Change in fair value of contingent considerations	(2,042)	(13,070)
Currency exchange results	(8,512)	(8,031)
Finance costs	**(60,556)**	**(48,726)**
Net finance costs recognised in profit or loss	**(25,429)**	**(25,877)**

The net finance costs recognised in profit or loss include the results of the fair value adjustments in the deferred considerations. These relate mainly to Sanrise (income of EUR 15.6 million) and Megasetia (income EUR 12.0 million). Costs resulting from changes in fair value of contingent consideration related to accrued interest.

Finance income and expenses recognised in other comprehensive income are as follows:

EUR 1,000	2023	2022
Foreign currency translation differences of foreign operations	(52,962)	(446)
Effective portion of changes in fair value of cash flow hedges	61	(110)
Tax on foreign currency translation differences and changes in fair value of cash flow hedges recognised in other comprehensive income	915	(30)
Finance income recognised in other comprehensive income, net of tax	**(51,986)**	**(586)**

< Contents page

15 Income tax expense

Income tax expenses recognised in profit or loss

EUR 1,000	2023	2022
Current tax expense		
Current year	117,815	123,744
Adjustment for prior years	1,368	3,747
	119,183	**127,491**
Deferred tax expense		
Reduction in tax rate	30	(358)
Origination and reversal of temporary differences	(8,761)	(3,644)
Recognition of previously unrecognised tax losses	(259)	(247)
Recognition of current year tax losses	(1,547)	(997)
Derecognition of previously recognised tax losses	2,205	601
	(8,332)	**(4,645)**
Total income tax expense	**110,851**	**122,846**

The reported tax expenses include an amount of negative EUR 8.7 million (2022: EUR 8.5 million) related to temporary differences regarding amortisation of intangible assets.

Income tax recognised in other comprehensive income and expenses

	2023			2022		
EUR 1,000	BEFORE TAX	TAX BENEFIT/ (EXPENSE)	NET OF TAX	BEFORE TAX	TAX BENEFIT/ (EXPENSE)	NET OF TAX
Foreign currency translation differences for foreign operations	(52,962)	935	**(52,027)**	(446)	(30)	**(476)**
Cash flow hedges	61	(20)	**41**	(110)	-	**(110)**
Defined benefit plan actuarial gains/(losses)	(2,379)	535	**(1,843)**	7,229	(1,007)	**6,221**
	(55,280)	**1,451**	**(53,829)**	**6,673**	**(1,037)**	**5,635**

< Contents page

The reconciliation between the Company's domestic income tax rate and related tax charge and the effective income tax rate and related effective income tax charge is as follows:

Reconciliation effective tax rate

EUR 1,000	2023		2022	
	%		%	
Profit for the year		292,223		313,003
Total income tax expense	27.5%	110,851	28.2%	122,846
Profit before income tax		**403,074**		**435,849**
Income tax using the Company's domestic tax rate	25.8%	103,993	25.8%	112,449
Effect of tax rates in foreign jurisdictions	1.0%	3,873	1.1%	4,946
Effect of change in tax rate	0.0%	30	(0.1%)	(358)
Tax effect of:				
Income and non-deductible expenses	(0.4%)	(1,724)	0.4%	1,556
Tax incentives and tax exempted income	(0.2%)	(765)	(0.1%)	(471)
Utilisation of tax losses	- %	(143)	- %	(35)
Recognition of previously unrecognised tax losses	(0.1%)	(259)	(0.1%)	(247)
Derecognition of previously recognised tax losses	0.5%	2,205	0.1%	601
Current year losses for which no deferred tax asset was recognised	1.1%	4,575	- %	-
(De)recognition of previously (un)recognised temporary differences	(0.6%)	(2,301)	0.2%	658
Under provided in prior years	0.3%	1,367	0.9%	3,747
	27.5%	**110,851**	**28.2%**	**122,846**

The following countries within the IMCD Group were subject to changes in the applicable corporate income tax rates in the financial year compared with the previous financial year: United Kingdom 25.0% (2022: 19.0%) and Austria 24% (2022: 25%).

16 Earnings per share

Basic earnings per share

The basic earnings per share of EUR 5.13 (2022: EUR 5.50) is determined by dividing the result for the year due to the owners of the Company of EUR 292.3 million (2022: EUR 313.1 million) by the weighted average number of shares in circulation amounting to 56.9 million (2022: 56.9 million). As of 31 December 2023, the number of ordinary shares outstanding was 57.0 million (31 December 2022: 57.0 million).

Profit attributable to ordinary shareholders

EUR 1,000		2023	2022
Profit/(loss) for the year, attributable to the owners of the Company (basic)	(A)	292,271	313,081

Weighted average number of ordinary shares

IN THOUSAND SHARES	NOTE		2023	2022
Issued ordinary shares as at 1 January	27		56,987	56,987
Effect of purchase or transfer of own shares	27		(69)	(58)
Weighted average number of ordinary shares as at 31 December		(B)	**56,918**	**56,929**
Earnings per share (A/B)			5.13	5.50

Diluted earnings per share

The calculation of the diluted earnings per share of EUR 5.13 (2022: EUR 5.49) has been based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares.

The total number of shares granted based on the Group's share based payment scheme are included in the calculation of the diluted weighted average number of shares.

Weighted average number of ordinary shares (diluted)

IN THOUSAND SHARES	NOTE		2023	2022
Weighted average number of ordinary shares (basic) as at 31 December	27		56,918	56,929
Effect of share based payments			78	99
Weighted average number of ordinary shares (diluted) at 31 December		(C)	**56,996**	**57,028**
Diluted earnings per share (A/C)			5.13	5.49

< Contents page

17 Property, plant and equipment

Property, plant and equipment comprises of owned and leased assets:

EUR 1,000	NOTE	2023	2022
Property, plant and equipment owned		36,159	30,385
Right-of-use assets	19	100,124	82,942
		136,283	**113,327**

The movements for the financial year of the property, plant and equipment are as follows:

EUR 1,000	NOTE	LAND AND BUILDINGS	MACHINERY AND EQUIPMENT	HARDWARE & SOFTWARE	OTHER ASSETS	TOTAL
Cost						
Balance as at 1 January 2023		**21,883**	**18,150**	**12,741**	**16,986**	**69,760**
Acquisitions through business combinations	7	3,440	3,793	840	2,439	**10,512**
Additions for the year		3,091	7,945	5,003	5,200	**21,239**
Disposals		(5,568)	(2,012)	(3,801)	(3,671)	**(15,052)**
Effect of movements in exchange rates		(716)	(415)	(210)	(178)	**(1,519)**
Balance as at 31 December 2023		**22,130**	**27,461**	**14,573**	**20,776**	**84,940**
Depreciation and impairment losses						
Balance as at 1 January 2023		**7,241**	**10,933**	**9,397**	**11,804**	**39,375**
Acquisitions through business combinations	7	545	2,841	687	2,082	**6,155**
Depreciation for the year		2,135	2,444	1,827	1,167	**7,573**
Disposals		(1,617)	249	(474)	(1,623)	**(3,465)**
Effect of movements in exchange rates		(328)	(296)	(152)	(81)	**(857)**
Balance as at 31 December 2023		**7,976**	**16,171**	**11,285**	**13,348**	**48,781**
Carrying amounts						
As at 1 January 2023		**14,642**	**7,217**	**3,344**	**5,182**	**30,385**
As at 31 December 2023		**14,154**	**11,290**	**3,288**	**7,428**	**36,159**

EUR 1,000	NOTE	LAND AND BUILDINGS	MACHINERY AND EQUIPMENT	HARDWARE & SOFTWARE	OTHER ASSETS	TOTAL
Cost						
Balance as at 1 January 2022		**22,344**	**15,093**	**12,804**	**12,186**	**62,427**
Acquisitions through business combinations		161	1,109	390	1,473	**3,133**
Additions for the year		1,684	3,283	2,457	3,453	**10,877**
Disposals		(3,125)	(1,546)	(2,838)	(84)	**(7,593)**
Effect of movements in exchange rates		819	211	(72)	(42)	**916**
Balance as at 31 December 2022		**21,883**	**18,150**	**12,741**	**16,986**	**69,760**
Depreciation and impairment losses						
Balance as at 1 January 2022		**6,633**	**9,045**	**9,019**	**9,107**	**33,804**
Acquisitions through business combinations		116	929	345	958	**2,348**
Depreciation for the year		1,975	2,072	1,836	1,270	**7,153**
Disposals		(1,746)	(1,271)	(1,751)	528	**(4,240)**
Effect of movements in exchange rates		263	158	(52)	(59)	**310**
Balance as at 31 December 2022		**7,241**	**10,933**	**9,397**	**11,804**	**39,375**
Carrying amounts						
As at 1 January 2022		**15,711**	**6,048**	**3,785**	**3,079**	**28,623**
As at 31 December 2022		**14,642**	**7,217**	**3,344**	**5,182**	**30,385**

18 Intangible assets

The movements of the intangible assets are as follows:

EUR 1,000	NOTE	GOODWILL	INTELLECTUAL PROPERTY RIGHTS	DISTRIBUTION RIGHTS	BRAND NAMES	SUPPLIER RELATIONS	OTHER INTANGIBLES	TOTAL
Cost								
Balance as at 1 January 2023		**1,391,861**	**104**	**40,602**	**25,000**	**874,492**	**41,229**	**2,373,288**
Acquisitions through business combinations	7	-	-	-	723	170,097	1,565	**172,385**
Additions for the year		253,477	-	10,269	-	33	5,932	**269,711**
Disposals		-	-	(898)	-	-	(9,365)	**(10,263)**
Effect of movements in exchange rates		(27,666)	-	(599)	(10)	(19,384)	(230)	**(47,889)**
Balance as at 31 December 2023		**1,617,672**	**104**	**49,374**	**25,713**	**1,025,238**	**39,131**	**2,757,232**
Amortisation and impairment losses								
Balance as at 1 January 2023		**5,309**	**67**	**24,465**	**-**	**369,631**	**32,712**	**432,184**
Acquisitions through business combinations	7	-	-	-	-	-	-	**-**
Amortisation for the year		-	-	5,717	36	69,566	5,615	**80,934**
Impairment loss		-	-	-	-	-	-	**-**
Disposals		-	-	(897)	-	-	(8,662)	**(9,559)**
Effect of movements in exchange rates		13	-	(297)	-	(6,177)	(223)	**(6,684)**
Balance as at 31 December 2023		**5,322**	**67**	**28,988**	**36**	**433,020**	**29,442**	**496,875**
Carrying amounts								
As at 1 January 2023		**1,386,552**	**37**	**16,137**	**25,000**	**504,861**	**8,517**	**1,941,104**
As at 31 December 2023		**1,612,350**	**37**	**20,386**	**25,677**	**592,218**	**9,689**	**2,260,357**

EUR 1,000	NOTE	GOODWILL	INTELLECTUAL PROPERTY RIGHTS	DISTRIBUTION RIGHTS	BRAND NAMES	SUPPLIER RELATIONS	OTHER INTANGIBLES	TOTAL
Cost								
Balance as at 1 January 2022		**1,262,434**	**104**	**36,811**	**25,000**	**795,858**	**35,537**	**2,155,744**
Acquisitions through business combinations		-	-	180	-	74,353	93	**74,626**
Additions for the year		130,769	-	3,766	-	-	5,400	**139,935**
Disposals		-	-	(546)	-	-	3	**(543)**
Effect of movements in exchange rates		(1,342)	-	391	-	4,281	196	**3,526**
Balance as at 31 December 2022		**1,391,861**	**104**	**40,602**	**25,000**	**874,492**	**41,229**	**2,373,288**
Amortisation and impairment losses								
Balance as at 1 January 2022		**5,423**	**67**	**19,575**	**-**	**297,258**	**25,322**	**347,645**
Acquisitions through business combinations		**-**	**-**	**118**	**-**	-	91	**209**
Amortisation for the year		-	-	4,993	-	62,815	7,275	**75,083**
Impairment loss		-	-	-	-	6,395	-	**6,395**
Disposals		-	-	(473)	-	-	(75)	**(548)**
Effect of movements in exchange rates		(114)	-	252	-	3,163	99	**3,400**
Balance as at 31 December 2022		**5,309**	**67**	**24,465**	**-**	**369,631**	**32,712**	**432,184**
Carrying amounts								
As at 1 January 2022		**1,257,011**	**37**	**17,236**	**25,000**	**498,600**	**10,215**	**1,808,099**
As at 31 December 2022		**1,386,552**	**37**	**16,137**	**25,000**	**504,861**	**8,517**	**1,941,104**

Goodwill impairment testing

For the purpose of goodwill impairment testing, goodwill is allocated to the following cash generating units.

EUR 1,000	2023	2022
EMEA	444,897	386,793
Americas	421,491	376,058
Asia-Pacific	745,962	623,701
	1,612,350	**1,386,552**

A cash generating unit (CGU) represents the lowest level within the Group at which goodwill is monitored for internal management purposes.

Key assumptions used in discounted cash flow projections

The recoverable amount per CGU is based on its value in use and is determined by discounting the future cash flows to be generated from the continued use of the CGUs. The cash flow forecasts were derived from the budget for 2024 and the plan years 2025 and 2026 which were established at the legal entity level and approved by Management Board and Supervisory Board. The forecasted cash flows have been extrapolated to the years 2027 and 2028. For the period after 2029 a growth rate equal to the weighted average of the forecasted annual real GDP growth rate for the period 2029-2054 is taken into account.

The pre-tax weighted average cost of capital (WACC) is estimated per CGU and varies mainly due to differences in risk free rates. The risk-free rates per CGU are equal to the weighted average of the rate of return on local sovereign bonds or strips. The WACC has predominately increased due to higher risk-free rates. The main assumptions used to determine the WACC were assessed by an external certified valuation expert.

The key assumptions for 2023 and 2022 for each CGU are as follows:

	2023		2022	
	PRE-TAX WACC	TERMINAL GROWTH RATE	PRE-TAX WACC	TERMINAL GROWTH RATE
EMEA	14.5%	2.8%	11.0%	2.4%
Americas	16.7%	2.7%	14.2%	2.4%
Asia-Pacific	15.0%	3.5%	15.5%	3.5%

Sensitivity to changes in assumptions

No impairment of goodwill was necessary following impairment tests on all cash generating units within the Group. The discounted future cash flows from all cash generating units exceed the value of the goodwill and other relevant net assets.

It is inherent in the method of computation used that a change in the assumptions may lead to a different conclusion. Therefore, a sensitivity analysis is performed based on a change in a key assumption while keeping all other assumptions unchanged.

The following changes in assumptions are assessed:

- Decrease of the average growth rate 2023-2027 to the terminal growth rate
- Decrease of the terminal growth rate by 1.0%
- Increase of the WACC by 1.0%

The conclusion based on the sensitivity analysis performed is that any reasonable change in the key assumptions would not lead to an impairment. For Asia-Pacific the break-even point is reached earlier than the other segments, but taking into account the considerable growth of the region and the expansion by means of the recent acquisition of Signet this scenario is highly unlikely.

Amortisation and impairment testing of supplier relationships

The supplier relationships consist of supplier bases within the following regions and remaining useful lives (RUL):

EUR 1,000	RUL	2023	2022
EMEA	4-13	115,586	106,307
Americas	5-16	151,953	129,088
Asia-Pacific	4-16	324,679	269,467
		592,218	**504,861**

The remaining useful lives of supplier bases are assessed at each reporting date and adjusted if appropriate. Furthermore, triggering events for a possible impairment are evaluated annually by means of assessing the potential impact of available internal and external information sources.

Impairment testing for cash-generating units containing intangible assets with indefinite useful lives other than goodwill

Brand names relate to the IMCD brand. As no assumption can be made about the durability of its economic use, the brand name has an indefinite useful life. The IMCD brand name is considered as a corporate asset and hence allocated to the individual CGUs for goodwill impairment testing purposes. The carrying amount of the brand name has been allocated to the CGUs as follows: EMEA: EUR 10.9 million (2022: EUR 10.9 million), Asia-Pacific: EUR 6.1 million (2022: EUR 5.5 million) and Americas: EUR 7.9 million (2022: EUR 8.6 million).

19 Leases

Right-of-use assets

Right-of-use assets carrying amounts comprise:

	PROPERTY, PLANT AND EQUIPMENT			
EUR 1,000	LAND AND BUILDINGS	CARS	OTHER ASSETS	TOTAL
Balance as at 1 January 2023	**73,393**	**8,996**	**553**	**82,942**
Acquisitions through business combinations	4,109	24	54	**4,187**
Depreciation and amortisation for the year	(19,683)	(5,662)	(370)	**(25,715)**
Additions for the year	31,483	9,047	573	**41,103**
Disposals	(1,143)	(417)	(29)	**(1,589)**
Effect of movements in exchange rates	(683)	(132)	11	**(804)**
Balance as at 31 December 2023	**87,476**	**11,856**	**792**	**100,124**

	PROPERTY, PLANT AND EQUIPMENT			
EUR 1,000	LAND AND BUILDINGS	CARS	OTHER ASSETS	TOTAL
Balance as at 1 January 2022	**60,812**	**7,809**	**688**	**69,309**
Acquisitions through business combinations	2,435	170	12	**2,617**
Depreciation and amortisation for the year	(17,751)	(4,735)	(368)	**(22,854)**
Additions for the year	29,230	5,754	189	**35,173**
Disposals	(2,510)	(140)	(18)	**(2,668)**
Effect of movements in exchange rates	1,177	138	50	**1,365**
Balance as at 31 December 2022	**73,393**	**8,996**	**553**	**82,942**

The Group leases several assets including offices, warehouses and cars.

Lease liabilities

The balance sheet shows the following lease liabilities:

EUR 1,000	NOTE	2023	2022
Current	29	24,743	20,028
Non-current	29	78,498	65,782
Total lease liabilities		**103,241**	**85,811**

The undiscounted lease liabilities are as follows:

EUR 1,000	2023	2022
Less than one year	28,140	22,333
One to five years	72,175	53,850
More than 5 years	12,907	17,206
Total undiscounted lease liabilities at 31 December	**113,222**	**93,388**

The weighted average discount rate as of 31 December 2023 is 3.99% (2022: 3.32%).

If it is reasonably certain that enforceable extension options will be used, these have been included in the lease.

Amounts recognised in profit and loss

EUR 1,000	2023	2022
Depreciation	25,715	22,849
Amortisation	-	-
Interest on lease liabilities	3,098	2,531
Variable lease payments not included in the measurement of lease liabilities	390	281
Income from sub-leasing right-of-use assets	5	122
Expense related to short-term leases	1,561	879
Expense related to leases of low-value assets, excluding short-term leases of low-value assets	423	388

Amounts recognised in the statement of cash flows

EUR 1,000	2023	2022
Total cash flows for leases (including short-term and low-value leases)	**25,526**	20,183

20 Non-current assets by geographical market

The non-current assets other than goodwill, financial instruments, deferred tax assets and post employment benefit assets, comprise property, plant and equipment, other intangible assets and equity-accounted investees. The aforementioned non-current assets by geographical location are as follows:

EUR 1,000	PROPERTY, PLANT AND EQUIPMENT	OTHER INTANGIBLE ASSETS	EQUITY-ACCOUNTED INVESTEES
Netherlands	5,162	104,598	-
Rest of EMEA	56,973	61,428	53
EMEA	**62,135**	**166,027**	**53**
Americas	42,211	155,676	-
Asia-Pacific	31,937	326,305	-
Total	**136,283**	**648,007**	**53**

21 Equity-accounted investees

The equity accounted investees relates to the 49% share in SARL IMCD Group Algerie. The following table analyses the carrying amount and share of profit and OCI of the equity interest.

EUR 1,000	2023	2022
Balance as at 1 January	**71**	**71**
Capital contributions	-	-
Acquisitions through business combinations	-	71
Divestment	-	(71)
Result for the year	(19)	0
Effect of movements in exchange rates	1	-
Balance as at 31 December	**53**	**71**

The net assets of SARL IMCD Group Algerie consist of total assets amounting to EUR 354 thousand (2022: EUR 520 thousand) and current liabilities of EUR 246 thousand (2022: EUR 434 thousand). The net result for the year 2023 is a loss of EUR 19 thousand. The net result for the year 2022 was nihil. As at 31 December 2023 net equity value of SARL IMCD Group Algerie was EUR 107 thousand.

The shares of Velox China have been transferred to the other shareholder of the joint venture per 4 May 2023. The total assets per 31 December 2022 were amounting to EUR 70 thousand and the net equity value was EUR 55 thousand.

Transactions with associates

At 31 December 2023 the Group has outstanding receivables from SARL IMCD Group Algerie of EUR 255 thousand (2022: EUR 457 thousand).

22 Other financial assets

The other financial assets relate to receivables with a remaining term exceeding one year and includes rent and other deposits.

23 Deferred tax assets and liabilities

Unrecognised deferred tax assets

The Group has unrecognised deferred tax assets of EUR 14.5 million (2022: 10.5 million), consisting of unrecognised deferred tax asset of entities in EMEA EUR 4.6 million (2022: EUR 0.2 million) and entities in Asia-Pacific EUR 9.9 million (2022: EUR 10.3 million). The amount EMEA mainly relates to unrecognised interest losses in the Netherlands with an infinite carry forward period and the amount in Asia-Pacific mainly relates to unrecognised capital losses in Australia with an infinite carry forward period.

Unrecognised deferred tax liabilities

As of 31 December 2023, the group has unrecognised deferred tax liabilities to the amount of EUR 51.5 million (2022: EUR 39.4 million) for potential withholding tax liabilities related to investments in subsidiaries. The liabilities are not recognised because the Company controls the dividend policy of the subsidiaries and does not foresee reversal of the temporary differences in the foreseeable future.

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

EUR 1,000	2023	2022	2023	2022	2023	2022
	Assets		Liabilities		Net	
Property, plant and equipment	1,026	387	959	814	**67**	(427)
Intangible assets	1,618	2,137	146,949	129,465	**(145,331)**	(127,328)
Right-of-use assets	375	496	19,810	15,524	**(19,435)**	(15,028)
Financial fixed assets	985	1,284	173	168	**812**	1,117
Trade debtors and other receivables	3,873	2,405	746	367	**3,128**	2,038
Inventories	7,936	4,584	407	929	**7,529**	3,655
Share based payment reserve	753	660	82	154	**671**	506
Loans and borrowings	255	272	219	-	**36**	272
Lease Liabilities	18,921	15,992	(1,946)	124	**20,867**	15,868
Employee benefits and other provisions	4,999	4,996	1,726	1,452	**3,273**	3,544
Trade and other payables	7,282	8,706	85	1,002	**7,197**	7,704
Other items	3,850	3,350	1,748	21	**2,102**	3,329
Tax loss carry-forwards	6,586	9,545	(561)	-	7,148	9,545
Tax assets/(liabilities)	**58,458**	**54,814**	**170,396**	**150,020**	**(111,939)**	**(95,205)**
Set off of tax	(16,928)	(19,201)	(16,928)	(19,201)	**-**	-
Net tax assets/(liabilities)	**41,530**	**35,613**	**153,469**	**130,819**	**(111,939)**	**(95,205)**

The unused tax losses and unused tax credits include EUR 5.3 million of tax credits (2022: EUR 5.9 million) related to foreign withholding taxes.

Movement in temporary differences during the year

EUR 1,000	BALANCE AS AT 1 JANUARY 2023	RECOGNISED IN PROFIT OR LOSS	RECOGNISED DIRECTLY IN EQUITY	RECOGNISED IN OTHER COMPREHENSIVE INCOME	ACQUIRED IN BUSINESS COMBINATIONS (NOTE 7)	OTHER	BALANCE AS AT 31 DECEMBER 2023
Property, plant and equipment	**(427)**	596	-	-	(93)	(10)	**67**
Intangible assets	**(127,328)**	9,454	-	1,004	(33,367)	4,907	**(145,331)**
Right-of-use-assets	**(15,028)**	(4,548)	-	-	-	141	**(19,435)**
Financial fixed assets	**1,116**	(302)	-	-	-	(2)	**812**
Trade debtors and other receivables	**2,038**	(17)	-	-	1,167	(61)	**3,128**
Inventories	**3,655**	844	-	-	3,079	(50)	**7,528**
Share based payment reserve	**506**	157	-	-	-	8	**671**
Loans and borrowings	**272**	(1,814)	-	(69)	-	1,647	**36**
Lease liability	**15,868**	5,176	-	-	-	(177)	**20,867**
Employee benefits and other provisions	**3,544**	(237)	-	536	(134)	(436)	**3,273**
Trade and other payables	**7,704**	(218)	-	(20)	153	(423)	**7,197**
Other items	**3,329**	1,491	-	-	-	(2,719)	**2,102**
Tax losses carried forward	**9,545**	(2,251)	-	-	-	(147)	**7,147**
Net tax assets/(liabilities)	**(95,205)**	**8,331**	**-**	**1,451**	**(29,194)**	**2,678**	**(111,939)**

The group utilised deferred tax assets related to unused tax losses and unused tax credits to an amount of EUR 0.1 million in the financial year (2022: EUR 0.1 million).

Movement in temporary differences during the year (continued)

EUR 1,000	BALANCE AS AT 1 JANUARY 2022	RECOGNISED IN PROFIT OR LOSS	RECOGNISED DIRECTLY IN EQUITY	RECOGNISED IN OTHER COMPREHENSIVE INCOME	ACQUIRED IN BUSINESS COMBINATIONS	OTHER	BALANCE AS AT 31 DECEMBER 2022
Property, plant and equipment	**(128)**	(301)	-	-	2	-	**(427)**
Intangible assets	**(116,725)**	5,346	-	-	(18,663)	2,713	**(127,329)**
Right-of-use assets	**(11,435)**	(3,596)	-	-	(84)	87	**(15,028)**
Other financial assets	**1,353**	(235)	-	-	-	(1)	**1,117**
Trade and other receivables	**2,109**	(506)	-	-	346	89	**2,038**
Inventories	**2,635**	116	-	-	799	105	**3,655**
Share-based payment reserve	**658**	(165)	-	-	-	13	**506**
Loans and borrowings	**197**	468	-	(606)	-	213	**272**
Lease liabilities	**12,693**	3,230	-	-	-	(55)	**15,868**
Employee benefits and other provisions	**4,503**	(463)	(610)	(583)	610	87	**3,544**
Trade and other payables	**3,657**	2,010	-	-	316	1,722	**7,705**
Other items	**3,025**	1	-	-	119	184	**3,329**
Unused tax losses and unused tax credits	**10,601**	(1,260)	-	-	-	204	**9,545**
Net tax assets/(liabilities)	**(86,857)**	**4,645**	**(610)**	**(1,189)**	**(16,555)**	**5,361**	**(95,205)**

24 Inventories

The value of the inventory is as follows:

EUR 1,000	2023	2022
Trade goods	581,485	622,098
Total Trade goods	**581,485**	**622,098**

Cost of materials and inbound logistics included in profit or loss of 2023 amounted to EUR 3,320.1 million (2022: EUR 3,454.3 million). This cost includes write-downs of inventories to net realisable value of EUR 16.6 million (2022: EUR 14.1 million). The reversal of write-downs amounted to EUR 5.4 million (2022: EUR 2.6 million). The write-down of inventories is mainly due to inventories past their expiration dates or inventories which are not marketable.

25 Trade and other receivables

All trade and other receivables are current.

EUR 1,000	2023	2022
Trade receivables	686,849	661,902
Other receivables	45,160	40,373
Total Trade and other receivables	**732,008**	**702,275**

The composition of the other receivables is as follows:

EUR 1,000	2023	2022
Taxes and social securities	19,791	16,677
Prepaid expenses	17,038	15,856
Receivables from employees	293	316
Derivatives used for hedging	122	180
Other receivables	7,916	7,344
Total other receivables	**45,160**	**40,373**

The Group's exposure to currency risks related to trade and other receivables is disclosed in note 5.

The ageing of trade and other receivables at the reporting date was as follows:

EUR 1,000	2023		2022	
	Gross	Impairment	Gross	Impairment
Current 0 - 30 days past due	710,931	4,007	671,877	1,672
Past due 30 - 60 days	17,887	1,365	19,228	819
Past due 60 - 90 days	5,482	1,173	6,529	1,044
More than 90 days	19,034	14,779	20,470	12,293
Total	**753,333**	**21,325**	**718,104**	**15,829**

Impairment losses

The movement in the allowance for impairment losses in respect of trade and other receivables during the year was as follows:

< Contents page

EUR 1,000	2023	2022
Balance at 1 January	**15,829**	**15,662**
Acquisitions through business combinations	6,075	3,143
Impairment loss recognised	5,551	2,276
Impairment loss reversed	(4,704)	(2,986)
Trade receivables written-off	(1,307)	(2,662)
Currency exchange result	(119)	395
Total	**21,325**	**15,829**

As at 31 December 2023, the total impairment includes an amount of EUR 1,796 thousand (2022: EUR 1,956 thousand) related to customers declared insolvent. The remainder of the impairment loss as at 31 December 2023 relates to several customers who are expected to be unable to pay their outstanding balances, mainly due to economic circumstances, and the general provision for expected credit losses for trade and other receivables. The Group believes that the majority of the receivables that are past due by more than 30 days are still collectable, based on historic payment behaviour and analyses of the underlying customers' creditworthiness.

The maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region was as follows:

EUR 1,000	2023	2022
Carrying amount		
EMEA	299,278	288,275
Americas	202,584	217,557
Asia-Pacific	230,146	196,441
Total Carrying amount	**732,008**	**702,274**

26 Cash and cash equivalents

The cash and cash equivalents are as follows:

EUR 1,000	2023	2022
Cash and cash equivalents	394,462	222,005
Cash and cash equivalents in the statement of cash flows	**394,462**	**222,005**

An amount of EUR 2.3 million IMCD Rus LLC is not freely available for use by the Group. The remaining cash and cash equivalent balances are available for use by the Group.

27 Capital and reserves

Share capital and share premium

As of 31 December 2023, the authorised share capital comprised 150,000,000 ordinary shares of which 56,987,858 shares have been issued. The shares have a nominal value of EUR 0.16 each and all shares rank equally with regard to the Company's residual assets.

The shareholders are entitled to receive dividends and are entitled to one vote per share at meetings of the Company. Following the resolution of the Annual General Meeting in 2023, the Company distributed a dividend in cash of EUR 135.1 million (2022: EUR 92.2 million).

The share premium as of 31 December 2023 amounted to EUR 1,051.4 million (31 December 2022: EUR 1,051.4 million).

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Company's net investment in foreign subsidiaries.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Reserve own shares

The reserve own shares comprises the cost of the Company's shares held by the Group to fund its long-term incentive plan. At 31 December 2023, the Group held 67,774 of the Company's shares (as at 31 December 2022: 101,275 shares). During 2023 the Group transferred 33,501 shares (EUR 4,2 million) to fulfil its annual obligation from the long-term incentive plan.

Other reserve

Other reserves include reserves related to the accumulated actuarial gains and losses recognised in other comprehensive income and to share based payments as well as legal reserves related to 'group companies' of EUR 15.9 million (31 December 2022: EUR 13.7 million, transferred from retained earnings to other reserves in 2023) and to capitalized development costs of EUR 0.8 million (31 December 2022: EUR 1.0 million, transferred from retained earnings to other reserves in 2023).

The item 'group companies' relates to the 'wettelijke reserve deelnemingen', which is required by Dutch law. This reserve relates to any legal or economic restrictions on the ability of affiliated companies to transfer funds to the parent company in the form of dividends.

Other comprehensive income

EUR 1,000	ATTRIBUTABLE TO OWNERS OF THE COMPANY			
	Translation reserve	**Hedging reserve**	**Other reserves**	**Total other comprehensive income**
2023				
Foreign currency translation differences for foreign operations, net of tax	(52,047)	-	-	**(52,047)**
Effective portion of changes in fair value of cash flow hedges, net of tax	-	61	-	**61**
Defined benefit plan actuarial gains and losses net of tax	-	-	(1,844)	**(1,844)**
Total other comprehensive income	**(52,047)**	**61**	**(1,844)**	**(53,830)**
2022				
Foreign currency translation differences for foreign operations, net of tax	(476)	-	-	**(476)**
Effective portion of changes in fair value of cash flow hedges, net of tax	-	(110)	-	**(110)**
Defined benefit plan actuarial gains and losses net of tax	-	-	6,222	**6,222**
Total other comprehensive income	**(476)**	**(110)**	**6,222**	**5,636**

Retained earnings

Retained earnings are the cumulative net earnings or profits of a company after accounting for dividend payments.

In December 2023, IMCD completed the acquisition of the remaining 30% interest in Signet. It was executed on the basis of the share purchase agreement of September 2020. The increase in the consideration payable of EUR 51.6 million resulted from the improved actual level of profitability of Signet, compared with the assumptions used in the previous fair value determination. This increase is accounted through retained earnings. Refer to Note 7 and Note 29 for further details of the transaction.

28 Non-controlling interest

The non-controlling interest relates to IMCD Arabia Trading LLC. IMCD has 75% share and the non-controlling party has 25% share in IMCD Arabia Trading LLC. Profit sharing is determined on a 90%-10% basis, respectively.

As at 31 December 2023, the non-controlling interest amounts to EUR 1,403 thousand. The net loss for the financial year attributed to the non-controlling interest amounts to EUR 47 thousand.

29 Loans and borrowings

This note provides information about the contractual terms of the Group's interest bearing loans and borrowings, which are measured at amortised cost. In addtion this note also includes deferred & contingent considerations, which are measured at fair value to profit and loss. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see Note 5.

Non-current liabilities

EUR 1,000	NOTE	2023	2022
Bank loans		**1,088,101**	**594,867**
Deferred and contingent considerations	7, 33	82,468	250,316
Lease liabilities		78,498	65,782
Other liabilities		1,400	1,923
Total non-current liabilities		**1,250,467**	**912,889**

Terms and debt repayment schedule

The terms and conditions of outstanding non-current loans are as follows:

EUR 1,000	CURR	NOTE	NOMINAL INTEREST RATE	YEAR OF MATURITY	FACE VALUE 2023	CARRYING AMOUNT 2023	FACE VALUE 2022	CARRYING AMOUNT 2022
Bond loan (fix rate)	EUR		2.50%	2025	300,000	299,359	300,000	298,334
Bond loan (fix rate)	EUR		2.13%	2027	300,000	297,374	300,000	296,533
Bond loan (fix rate)	EUR		4.88%	2028	500,000	491,368		
Profit sharing arrangements	EUR		1.53%	2024-2027	1,400	1,400	1,923	1,923
Lease liabilities[1]			0.0% - 26.40%	2024-2055	85,082	78,498	71,055	65,782
Total interest-bearing liabilities					**1,186,482**	**1,167,999**	**672,979**	**662,572**
Deferred and contingent considerations		7, 33			85,750	82,468	256,586	250,316
Total non-current liabilities					**1,272,232**	**1,250,467**	**929,564**	**912,889**

1 Various currencies

The total non-current lease liabilities face value of EUR 85.1 million consist of lease liabilities denominated in various currencies, of which EUR 32.1 million in EUR, EUR 11.8 million in CAD, EUR 11.0 million in USD, EUR 5.0 million in INR, EUR 4.1 million in AUD, EUR 3.4 million in CHF. The remaining amount of EUR 17.6 million is denominated in various currencies.

On 8 February 2023, IMCD completed the refinancing of its multi-currency revolving credit facility. The new facility, with a maturity data of 8 February 2029, amounts to EUR 600 million and can be drawn in EUR and USD as well as, to an agreed sublimit, in AUD and GBP. The credit revolving facility has an interest margin dependent on external credit ratings. For the new revolving credit facility a maximum leverage of 3.75 times EBITDA (with a spike period maximum of 4.25), tested semi-annually is applicable.

On 18 September 2023, IMCD issued an EUR 500 million rated corporate bond loan with institutional investors. This five-year senior unsecured bond loan matures on 18 September 2028 and has a fixed coupon of 4.875%. The bond loan is traded on the EURO MTF market of the Luxembourg Stock Exchange. The proceeds of the bond loan issue will be used for general corporate purposes, including the refinancing of existing indebtedness.

The first senior unsecured fixed rates note, issued by IMCD N.V. on 26 March 2018, had a closing price of EUR 98.42 at 31 December 2023 (31 December 2022: EUR 97,08). The second senior unsecured fixed rates note, issued by IMCD N.V. on 31 March 2022, had a closing price of EUR 95.55 at 31 December 2023. The third unsecured fixed rates note, issued by IMCD N.V. on 18 September 2023, had a closing price of EUR 104.78

The bonds are listed on the Luxembourg Euro MTF market and matures on respectively 26 March 2025, 31 March 2027 and 18 September 2028.

The Group is obliged to meet requirements from the covenants in connection with the interest bearing loan facilities. These requirements relate to ratios for maximum leverage.

The leverage covenants apply to the Group as at 31 December 2023:
- For the revolving credit facility of EUR 600 million, a maximum leverage of 3.75 times EBITDA applies (with a spike period maximum of 4.25), tested semi-annually.

	2023		2022	
	OUTCOME	COVENANT	OUTCOME	COVENANT
Reported leverage	2.3		1.8	
Leverage including pro-forma results	2.3		1.7	
Leverage loan documentation	1.7	max. 3.75	1.2	max. 3.75

The actual reported leverage ratio as at 31 December 2023 was 2.3 times EBITDA (31 December 2022: 1.8 times EBITDA). Including the full year impact of acquisitions completed in 2023, the leverage at the end of the financial year is 2.3 times EBITDA (31 December 2022: 1.7 times EBITDA). The leverage ratio calculated on the basis of the definitions used in the loan documentation applicable as at 31 December 2023 was 1.7 times EBITDA (31 December 2022: 1.2 times EBITDA), which is well below the defined maximum of 3.75 times EBITDA.

For details of the contractual maturities of financial liabilities, reference is made to note 5.

Current liabilities

EUR 1,000	NOTE	2023	2022
Loans and borrowings		**-**	**40,000**
Deferred and contingent considerations	7, 33	20,404	23,294
Lease liabilities		24,743	20,028
Other short term financial liabilities		384,404	252,720
Total Short-term financial liabilities		**429,552**	**296,042**

Other short-term financial liabilities include a revolving credit facility, bank overdrafts, other short-term credit facilities, including discounted bills and discounted notes and the amount payable to the minority shareholders of Signet.

The following table provides an overview of the cash flow and non-cash flow movements of the non-current and current financial liabilities.

Movements financial liabilities

EUR 1,000	2022	CASH FLOW	ACQUISITIONS	RECLASSES	OTHER NON-CASH MOVEMENTS	EFFECT OF MOVEMENTS IN EXCHANGE RATES	2023
Non-current							
Bank Loans	594,867	492,750	1,510	(1,518)	484	8	1,088,101
Deferred and contingent considerations	250,316	-	81,725	(219,195)	(19,142)	(11,236)	82,468
Lease liabilities	65,782	-	2,855	(14,248)	24,718	(610)	78,498
Other liabilities	1,923	(733)	165	-	-	45	1,400
Total non-current	**912,889**	**492,017**	**86,256**	**(234,961)**	**6,060**	**(11,793)**	**1,250,467**
Current							
Bank Loans	40,000	(41,518)	-	1,518	-	-	-
Deferred and contingent considerations	23,294	(23,150)	5,194	26,975	(10,145)	(1,762)	20,404
Lease liabilities	20,028	(25,526)	1,164	14,248	15,192	(363)	24,743
Other liabilities	252,722	(110,693)	16,510	192,220	51,604	(17,959)	384,404
Total current	**336,043**	**(200,887)**	**22,868**	**234,961**	**56,651**	**(20,084)**	**429,551**

The other non-cash movements include fair value adjustments related to a net reduction in the estimated deferred and contingent consideration, mainly related to Sanrise (China) of EUR 15.6 million and Megasetia (Indonesia) of EUR 12.0 million.

The other liabilities include the consideration payable to the minority shareholders of Signet following the completion of the acquisition of the remaining 30% interest in December 2023. The completion was executed on the basis of the share purchase agreement of September 2020. The consideration payable in other liabilities follows from the movements included, a reclassification from the deferred consideration and a non-cash movement (increase) of the consideration payable. The increase of EUR 51.6 million in the consideration resulted from the improved actual level of profitability of Signet, compared with the assumptions used in the previous fair value determination. This increase is accounted through retained earnings. Payment of the consideration for the remaining 30% was effected on 1 February 2024. Reference is made to Note 7and Note 27.

Movements financial liabilities

EUR 1,000	2021	CASH FLOW	ACQUISITIONS	RECLASSES	OTHER NON-CASH MOVEMENTS	EFFECT OF MOVEMENTS IN EXCHANGE RATES	2022
Non-current							
Bank Loans	337,528	295,149	2,413	(40,000)	(490)	267	594,867
Deferred and contingent considerations	275,243	-	19,299	(13,408)	(18,107)	(12,711)	250,316
Lease liabilities	52,712	-	2,119	(12,393)	22,800	543	65,782
Other liabilities	1,369	(584)	1,092	-	6	40	1,923
Total non-current	**666,852**	**294,565**	**24,924**	**(65,800)**	**4,209**	**(11,860)**	**912,889**
Current							
Bank Loans	-	-	-	40,000	-	-	40,000
Deferred and contingent considerations	33,614	(47,265)	11,182	13,408	11,164	1,191	23,294
Lease liabilities	18,017	(20,391)	509	12,393	10,804	(1,304)	20,028
Other liabilities	399,420	(163,295)	9,621		-	6,976	252,722
Total current	**451,051**	**(230,951)**	**21,313**	**65,801**	**21,969**	**6,863**	**336,043**

30 Employee benefits

The liabilities associated with employee benefits consist of net defined benefit liabilities (pension schemes), termination benefits and other long-term employee benefits.

EUR 1,000	2023	2022
Net defined benefit liability	8,322	7,665
Termination benefits and other long-term employee benefits	12,690	14,589
Total employee benefit liabilities	**21,012**	**22,254**

The Group supports defined benefit plans in The Netherlands, The United Kingdom, Canada, Germany, Switzerland, Austria, The United States, South Korea, China and The Philippines.

The net defined benefit liability has decreased as a result of the significant increases in the discount rates.

< Contents page

At a glance
About IMCD
Performance 2023
Governance & Risk Handling
Sustainability Statements
Sustainability statements - People
Sustainability statements - Environmental
Sustainability statements - Product
Sustainability statements - Ethics and Compliance
Notes to the Sustainability statements
EU-Taxonomy/TCFD
EU Taxonomy
Recommendations of the Task force on Climate related Financial Disclosures (TCFD)
Financial Statements
Consolidated statement of financial position as of 31 December 2023
Consolidated statement of profit or loss and other comprehensive income
Consolidated statement of changes in equity
Consolidated statement of cash flows
Notes to the Consolidated financial statements
Company balance sheet as of 31 December 2023
Company income statement
Notes to the Company financial statements
List of group companies as per 31 December 2023
Other information
Appendices

Movement in net defined benefit liability/(asset)

EUR 1,000	2023	2022	2023	2022	2023	2022
	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability/(asset)	
Balance as at 1 January	**57,636**	**82,271**	**49,971**	**68,797**	**7,665**	**13,475**
Included in profit or loss						
Current service cost	1,297	1,492	-	-	1,297	1,492
Past service cost	56	6	-	-	56	6
Settlements	(331)	(95)	(128)	-	(204)	(95)
Interest cost/(income)	2,290	1,360	2,093	1,053	198	307
	3,312	**2,764**	**1,965**	**1,053**	**1,348**	**1,711**
Included in OCI						
Remeasurement; loss/(gain):						
Actuarial loss/(gain) arising from changes in:						
- Demographic assumptions	(252)	110	-	-	(252)	110
- Financial assumptions	3,054	(25,504)	-	-	3,054	(25,504)
- Experience	1,260	981	-	-	1,260	981
Return on plan assets excluding interest income	-	-	2,453	(19,712)	(2,453)	19,712
Asset ceiling	-	-	(490)	(18)	490	18
Effect of movements in exchange rates	1,029	(593)	1,159	(858)	(130)	264
	5,091	**(25,007)**	**3,122**	**(20,587)**	**1,968**	**(4,420)**
Other						
Business combinations	860	-	359	-	502	-
Contributions paid by the employer	-	-	3,069	2,714	(3,069)	(2,714)
Contributions paid by the plan members	2,101	792	2,102	792	(1)	-
Benefits paid	(3,062)	(3,184)	(2,973)	(2,798)	(89)	(386)
	(100)	**(2,392)**	**2,558**	**708**	**(2,658)**	**(3,100)**
Balance as at 31 December	**65,938**	**57,636**	**57,616**	**49,971**	**8,323**	**7,665**

Plan assets

EUR 1,000	2023	2022
Equity securities	8,037	7,648
Government bonds	2,646	1,311
Qualifying insurance policies	26,895	28,328
Other plan assets	23,182	15,284
Asset Ceiling	(3,146)	(2,601)
Total plan assets	**57,614**	**49,971**

The Government Bonds in the UK are moved in 2020 into Liability Driven Investments (LDI's) and the LDI's are considered as other defined benefit plan assets.

Due to the asset ceiling applicable to the UK pension plan, in 2023 the actual fair value of the plan assets (EUR 58.1 million) exceeded the recognized plan assets (EUR 57.6 million) by EUR 490 thousand.

Expense recognised in profit or loss

EUR 1,000	2023	2022
Current service costs	1,297	1,492
Past service costs	56	6
Settlements	(204)	(95)
Expense recognised in the line item 'Social security and other charges'	**1,148**	**1,403**
Interest cost	199	308
Expense recognised in the line item 'Finance costs'	**199**	**308**
Total expense recognised in profit or loss	**1,347**	**1,711**

Actuarial assumptions

Principal actuarial assumptions at the reporting date, expressed as weighted average:

	2023	2022
Discount rate as at 31 December	3.48%	4.03%
Future salary increases	1.57%	1.66%
Future pension increases	1.20%	1.30%
Price inflation	2.02%	2.09%

Assumptions regarding future mortality are based on published statistics and mortality tables. The following tables have been used:

- The Netherlands: AGPrognose2022Hoog 7 based on income class high-middle
- The United Kingdom: before retirement – as per post retirement, after retirement: S3PXA_L CMI 2022 model [1.25%]
- Canada: CPM 2014 Public & Private with 2D projections using Scale B
- Germany: Richttafel 2018G Klaus Heubeck;
- Switzerland: BVG 2020 Generational

The Group expects EUR 3.556 thousand in contributions to be paid to its defined benefit plans in 2024. The Canadian pension plans are partially unfunded. The duration of the funded obligation based on expected cash flows is 11 years, the unfunded plans have an expected duration of 12 years.

Sensitivity analysis

The defined benefit plans in Austria, Germany, the Philippines, The United States relate to a limited number of (retired) employees. For that reason, sensitivity analyses for these plans are not provided. The four significant defined benefit plans are the schemes in The Netherlands, The United Kingdom, Switzerland and Canada.

The plan in the Netherlands was an average salary defined benefit plan until 31 December 2016. The plan is financed through an insurance policy. There are no specific material entity risks to which the plan is exposed and the plan assets are not invested in a single class of investments. From 2016 onwards no additional retirement benefits accrue in the defined benefit plan. The retirement benefits related to employee services in 2017 and onwards accrued in a new pension plan, effective from 1 January 2017. As a result of the parameters in the new pension contract, it classifies as a defined contribution plan.

The plan in the United Kingdom has 29 members and is a final salary defined benefit plan. The plan is financed through a pension fund. The plan assets are not invested in a single class of investments.

The plan in Canada consists of three separate plans: a pension and supplementary retirement pension plan for certain (former) executive members (9 members) and a non-pension post-retirement benefit plan providing extended health, dental, life insurance and accidental death and dismemberment benefits. The supplementary plan and non-pension plan are unfunded.

The pension plans of IMCD Switzerland were revised and harmonised due to the merger between IMCD Switzerland AG and DCS Pharma AG. The revised plan was put in to effect as at 1 January 2022. The plan is financed through a pension fund and the plan assets are not invested in a single class of investments.

The obligations arising from the defined benefit plans mentioned above are determined using the projected unit credit method. The projected unit credit method determines the expected benefits to be paid after retirement, taking dynamic measurement parameters into account and spreading them over the entire length of service of the employees participating in the plan. For this purpose, an actuarial valuation is obtained every year. The actuarial assumptions for the discount rate, salary growth rate, pension trend and life expectancy, which are used to calculate the defined benefit obligation are established on the basis of the respective economic circumstances.

The plan assets measured at fair value are deducted from the present value of the defined benefit obligation (gross pension obligation). Plan assets are assets where the claim to said assets has, in principle, been assigned to the beneficiaries. This results in a net liability or a net asset to be recognized.

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations of the three significant defined benefit plans by the amounts shown below:

EUR 1,000	2023		2022	
	Increase	Decrease	Increase	Decrease
Defined benefit plan The Netherlands				
Discount rate (1% point movement)	(2,268)	2,866	(2,035)	2,564
Defined benefit plan The United Kingdom				
Discount rate (1% point movement)	(2,186)	2,762	(2,029)	2,255
Future salary growth (1% point movement)	46	(46)	56	(56)
Future pension growth (1% point movement)	2,531	(2,071)	2,029	(1,917)
Future inflation (1% point movement)	2,071	(2,071)	2,029	(1,917)
Future mortality (1 year)	460	(460)	451	(451)
Defined benefit plan Canada				
Discount rate (1% point movement)	(876)	1,045	(829)	456
Future salary growth (1% point movement)	16	(14)	27	(26)
Future inflation (1% point movement)	271	(142)	257	(126)
Future mortality (1 year)	(221)	217	(208)	204
Defined benefit plan Switzerland				
Discount rate (1% point movement (2022: 0.5%))	(1,108)	2,246	(1,406)	2,246
Future salary growth (1% point movement (2022: 0.5%))	65	(59)	-	-
Future mortality (1 year)	(218)	217	305	101

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Termination benefits and other long-term employee benefits

The movements in the termination benefits and other long-term employee benefits are as follows:

EUR 1,000	NOTE	2023	2022
Liabilities as at 1 January		**14,589**	**15,783**
Assumed in business combinations	7	317	1,132
Additions (excluding interest cost)		2,042	1,805
Interest cost		-	18
Withdrawals		(4,181)	(644)
Releases		(182)	(412)
Actuarial results		440	(2,455)
Effect of movement in exchange rates		(335)	(639)
Liabilities as at 31 December		**12,690**	**14,589**

The termination and other long-term employee benefits comprises statutory imposed obligations for long or after-service benefits. The main obligations relate to the IFC retirement indemnity benefits in France and the legally required leaving-service indemnity TFR in Italy.

31 Provisions

The movements in provisions are as follows:

EUR 1,000	NOTE	2023	2022
Balance as at 1 January		**13,814**	**6,494**
Assumed in business combinations	7	9,731	7,262
Provisions made during the year		2,783	1,725
Provisions used during the year		(1,256)	(390)
Provisions released during the year		(182)	(836)
Effect of movement in exchange rates		(101)	(441)
Balance as at 31 December		**24,790**	**13,814**

The provision used in 2023 mainly relates to organisational changes. The majority of the provisions as at 31 December 2023 were recognized during the purchase price allocation for business combinations in situations where it was concluded that the acquired company had a legal or constructive present obligation as a result of a past event for which payment is probable and for which the amount can be reliably estimated.

32 Trade and other payables

The trade and other payables are as follows:

EUR 1,000	2023	2022
Trade payables	391,230	389,021
Total Trade payables	**391,230**	**389,021**

EUR 1,000	2023	2022
Derivatives used for hedging	1,627	1,030
Taxes and social securities	34,096	34,311
Pension premiums	2,052	1,821
Current tax liability	14,515	17,270
Other creditors	4,729	10,191
Accrued interest expenses	18,211	10,961
Liabilities to personnel	49,710	54,657
Other accrued expenses	32,928	35,015
Total Other payables	**157,869**	**165,255**

At 31 December 2023, with the exception of some derivatives used for hedging, all trade and other payables have a term of less than one year.

The Group's exposure to currency risk related to trade and other payables is disclosed in Note 5.

33 Financial Instruments

Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 DECEMBER 2023		CARRYING AMOUNT					FAIR VALUE			
EUR 1,000	NOTE	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	AMORTISED COST	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	OTHER FINANCIAL LIABILITIES	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Forward exchange contracts used for hedging	25	122	-	-	-	122	-	122	-	122
Forward exchange contracts used for hedging	32	-	-	1,627	-	1,627	-	1,627	-	1,627
Contingent consideration	29	-	-	102,872	-	102,872	-	-	102,872	102,872

31 DECEMBER 2022		CARRYING AMOUNT					FAIR VALUE			
EUR 1,000	NOTE	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	AMORTISED COST	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	OTHER FINANCIAL LIABILITIES	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Forward exchange contracts used for hedging	25	180	-	-	-	180	-	180	-	180
Forward exchange contracts used for hedging	32	-	-	1,030	-	1,030	-	1,030	-	1,030
Contingent consideration	29	-	-	273,610	-	273,610	-	-	273,610	273,610

Measurement of fair values

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Contingent consideration	*Discounted cash flows:* The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios of forecast EBITDA, the amount to be paid under each scenario and the probability of each scenario.	• Forecast EBITDA margin • Risk-adjusted discount rate	The estimated fair value would increase/ (decrease) if: • the EBITDA margins were higher/ (lower); or • the risk-adjusted discount rates were lower/(higher).
Forward exchange contracts and interest rate swaps	*Market comparison technique:* The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	Not applicable	Not applicable

Financial instruments not measured at fair value

There were no financial instruments that are measured at amortised cost but for which fair value was disclosed classified as Level 3 either in the current year or in the prior year.

Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

EUR 1,000	NOTE	CONTINGENT CONSIDERATION
Balance as at 1 January 2023		**273,610**
Assumed in a business combination	7	86,920
Paid contingent consideration		(23,150)
Reclassification to other liabilities	7, 29	(243,827)
Loss/(Gain) included in profit or loss		(29,287)
Loss/(Gain) included in equity		51,604
Effect of movement in exchange rates		(12,998)
Balance as at 31 December 2023		**102,872**
Balance as at 1 January 2022		**308,856**
Assumed in a business combination		30,481
Paid contingent consideration		(47,265)
Loss/(Gain) included in profit or loss		(6,943)
Loss/(Gain) included in equity		-
Effect of movement in exchange rates		(11,519)
31 December 2022		**273,610**

The amount assumed in business combinations relates to the deferred purchase prices for the acquisitions of Sanrise, O&3, CPS Oil-Tech, Tradeimpex and Needfill.

The net gain included in profit and loss of EUR 29,287 thousand (2022: loss of EUR 6,943 thousand) is the result of remeasuring contingent considerations. The main fair value adjustments in 2023 relate to a reduction in the estimated deferred consideration, consisting of Sanrise (China) of EUR 15.6 million and Megasetia (Indonesia) of EUR 12.0 million. The reductions are the consequence of the actual lower level of profitability of the acquired entities, compared with the assumptions used in the previous fair value determination.

Sensitivity analysis

The fair value of contingent considerations is subject to two principal assumptions. The effects of reasonable changes to these assumptions, keeping other assumptions constant, are set out below.

31 DECEMBER 2023	PROFIT OR LOSS	
EUR 1,000	INCREASE	DECREASE
EBITDA margin (10% movement)	(8,430)	8,272
Risk-adjusted discount rate (discount rate 1% point movement)	1,146	(1,183)

31 DECEMBER 2022	PROFIT OR LOSS	
EUR 1,000	INCREASE	DECREASE
EBITDA margin (10% movement)	(23,881)	25,522
Risk-adjusted discount rate (discount rate 1% point movement)	3,036	(2,995)

Offsetting financial assets and liabilities

Gross amounts of financial assets and liabilities are offset on the basis of offsetting arrangements or are subject to enforceable master netting arrangements or similar agreements that do not meet the requirements for offsetting in the balance sheet.

31 DECEMBER 2023

EUR 1,000	GROSS AMOUNT OF FINANCIAL ASSETS AND LIABILITIES	OFFSETTING	GROSS CARRYING AMOUNTS IN THE BALANCE SHEET	31 DECEMBER 2023 NET AMOUNT
Trade and other receivables	762,672	(30,664)	732,008	732,008
Cash and cash equivalents	394,462	-	394,462	394,462
Other financial assets	8,396	-	8,396	8,396
Trade payables	394,757	(3,527)	391,230	391,230
Other payables	185,005	(27,136)	157,869	157,869
Other short term financial liabilities	429,552		429,552	429,552

31 DECEMBER 2022

EUR 1,000	GROSS AMOUNT OF FINANCIAL ASSETS AND LIABILITIES	OFFSETTING	GROSS CARRYING AMOUNTS IN THE BALANCE SHEET	31 DECEMBER 2022 NET AMOUNT
Trade and other receivables	723,299	(21,024)	702,275	702,275
Cash and cash equivalents	222,005	-	222,005	222,005
Other financial assets	7,016	-	7,016	7,016
Trade payables	390,845	(1,824)	389,021	389,021
Other payables	183,992	(18,737)	165,255	165,255
Other short term financial liabilities	296,505	(463)	296,042	296,042

34 Off-balance sheet commitments

Operating leases

Commitments for minimum lease payments, which include short-term lease payments, in relation to operating leases are payable as follows:

EUR 1,000	2023	2022
Within one year	1,189	769
Later than one year but not later than five years	8,028	9,836
Later than five years	1,604	3,916
Total Operational leases	**10,820**	**14,520**

Guarantees

As at 31 December 2023, the Group has granted guarantees of EUR 87.3 million (31 December 2022: EUR 95.7 million) in total. Those guarantees mainly consist of bank guarantees to customs and tax authorities of EUR 3.3 million (31 December 2022: EUR 2.9 million), office rental guarantees of EUR 3.6 million (31 December 2022: EUR 2.5 million), guarantees for goods and services of EUR 67.8 million (31 December 2022: EUR 88.7 million), letters of credit EUR 11.8 million (31 December 2022: EUR 0.3 million) and other guarantees of EUR 0.6 million (31 December 2022: EUR 1.3 million).

Claims

The Group is a party to a limited number of legal proceedings incidental to its business. As is the case with other companies in similar industries, the Company faces exposures from actual or potential claims and legal proceedings. Although the ultimate result of legal proceedings cannot be predicted with certainty, it is the opinion of the Company's management that the outcome of any claim which is pending or threatened, either individually or on a combined basis and considering the insurance cover available, will not have a material effect on the financial position of the Company, its cash flows and result of operations.

In our Annual Report 2022, IMCD reported on a class action lawsuit including PT Megasetia Agung Kimia ("Megasetia") in Indonesia and its revoked license. On 21 June 2023, Megasetia was removed from the lawsuit and is no longer one of the defendants. On 6 December 2023, Megasetia regained its license to distribute pharmaceuticals materials.

35 Related parties

Identity of related parties

The Group has related party relationships with its shareholders, subsidiaries, Management Board and Supervisory Board and post-employment benefit plans. For an overview of the group companies, reference is made to the List of group companies as per 31 December 2023 on page 277.

Transactions with subsidiaries

The financial transactions between the Company and its subsidiaries comprise financing related transactions and operational transactions in the normal course of business. Transactions within the Group are not included in these disclosures as these are eliminated in the consolidated financial statements.

Transactions with key management personnel

The members of the Management Board and the Supervisory board are considered key management personnel as defined in IAS 24 'Related party disclosures'. For details on their remuneration, reference is made to Note 53.

Transactions with associates

At 31 December 2023 the Group has outstanding receivables from SARL IMCD Group Algerie of EUR 255 thousand (2022: EUR 457 thousand).

Transactions with post-employment benefit plans

The Group's main post-employment benefit plans are the defined benefit plans in the United Kingdom, Canada and The Netherlands.

In the financial year, the contributions to the defined benefit plans were EUR 3,069 thousand (2022: EUR 2,714 thousand). The outstanding payable to the defined benefit plans as at the year-end 2023 is nihil (2022: nihil).

36 Subsequent events

On 18 May 2023, IMCD signed an agreement to acquire 100% of the shares of the speciality distribution company in Malaysia, Euro Chemo-Pharma Sdn Bhd ("Euro Chemo-Pharma") and its wholly owned subsidiary, Biofresh Green Sdn Bhd ("Biofresh"). Together with 124 employees, Euro Chemo-Pharma and Biofresh are offering a wide range of products, mainly food, pharmaceutical and personal care applications and generated revenues of approximately EUR 55 million in the financial year ended on June 30, 2022. The transaction was closed on 29 February 2024.

On 10 November 2023, IMCD signed an agreement to acquire two business lines from CJ Shah & Company for Cellulose Acetate Butyrate, Coalescing Agent, Polyolefin Polymers, and other chemicals primarily for Paints, Coatings, Adhesives and Lifesciences applications. These two business lines generated a revenue of approximately EUR 25 million) in the financial year that ended on March 31, 2023 with 20 employees. The transaction was closed on 22 January 2024.

On 28 November 2023, IMCD signed an agreement to acquire the business of the speciality distribution company Guangzhou RBD Chemical Co., Ltd. in China ("RBD"). RBD focuses mainly on the lubricant additives and represents leading global suppliers. RBD is based in Guangzhou, China, and generated a revenue of approximately CNY 75 million (ca. EUR 10 million) in 2022 and has 12 employees. The transaction was closed on 1 February 2024.

On 22 December 2023, IMCD signed an agreement to acquire the distribution business of Joli Foods S.A.S. ("Joli Foods") to expand its food and nutrition business and product portfolio in Colombia. Joli Foods is based in Bogota and generated a revenue of approximately USD 16 million (ca. EUR 15 million) in 2022 and will add eleven employees to the IMCD Colombian team. The transaction was closed on 14 February 2024.

On 15 December 2023, IMCD signed an agreement to acquire 100% of the shares of Valuetree Ingredients Private Limited ("Valuetree") to expand its beauty and personal care footprint in India. Valuetree employs a team of 44 employees and generated a revenue of approximately INR 4.4 billion (ca. EUR 48 million) in the financial year that ended on March 31, 2023. The transaction will take place in two tranches. On 9 January 2024, IMCD acquired 70% of the share capital from the founders and the remaining 30% will be acquired in 2025.

In December 2023, IMCD exercised a call option to acquire the remaining 30% of the shares from the minority shareholders of Signet, The completion of the acquisition of the remaining 30% interest was executed on the basis of the share purchase agreement of September 2020. As IMCD obtained full control over Signet as per November 2020, this purchase price obligation was included in IMCD’s reported net debt position and results of Signet are consolidated in full into the IMCD figures since the November 2020 acquisition date. As a result, this completion, as such, will not impact the reported leverage or earnings levels of IMCD. Payment of the consideration for the remaining 30% of the shares in Signet was effected on 1 February 2024.

On 16 February 2024, IMCD signed an agreement to acquire the business of the speciality distribution company ResChem Technologies Pty Ltd and ResChem Trust in Australia and New Zealand ("ResChem"). Established in 2007, ResChem specialises in resins, additives and pigments for use in inks, coatings, adhesives and construction applications. ResChem represents leading global suppliers which are complementary to IMCD's portfolio. ResChem is headquartered in Sydney, Australia, generated a revenue of approximately AUD 25 million (ca. EUR 15 million) in 2023 with 15 employees and strengthens IMCD's technical expertise with an application laboratory based in Sydney. The closing of the transaction is subject to customary closing conditions and is expected to take place in the second quarter of 2024.

Apart from the aforementioned transactions, there were no material events after 31 December 2023 that would have changed the judgement and analysis by management of the financial condition at 31 December 2023 or the result for the year of the Company.

Company balance sheet as of 31 December 2023

before profit appropriation

EUR 1,000	NOTE	31 DECEMBER 2023	31 DECEMBER 2022
Fixed assets			
Participating interest in group company	42	2,825,717	2,310,547
Deferred tax assets	43	6,936	10,218
Total fixed assets		**2,832,653**	**2,320,765**
Current assets			
Trade and other receivables	44	146	153
Accounts receivable from subsidiary	45	1,898	1,595
Cash and cash equivalents		450	706
Total current assets		**2,494**	**2,455**
Total assets		**2,835,147**	**2,323,220**
Shareholders' equity	46		
Issued share capital		9,118	9,118
Share premium		1,051,438	1,051,438
Translation reserve		(110,808)	(58,761)
Hedging reserve		(149)	(210)
Other reserves		10,650	(10,539)
Retained earnings		472,262	367,839
Unappropriated result		292,271	313,081
Total shareholders' equity		**1,724,781**	**1,671,965**
Non-current liabilities	47	1,089,188	595,948
Loans and borrowings	48	-	40,000
Accounts payable to subsidiaries	48	1,514	2,282
Other current liabilities	48	19,664	13,025
Current liabilities		**21,178**	**55,307**
Total equity and liabilities		**2,835,147**	**2,323,220**

Company income statement

for the year ended 31 December 2023

EUR 1,000	NOTE	2023	2022
Operating income	39	3,640	3,522
Wages and salaries	40	(3,864)	(3,969)
Social security and other charges	40	(293)	(146)
Other operating expenses		(2,712)	(1,406)
Operating expenses		**(6,869)**	**(5,521)**
Net finance costs		(25,070)	(15,090)
Share in results from participating interests, after taxation	42	324,678	331,870
Result before income tax		**296,379**	**314,780**
Income tax expense	41	(4,108)	(1,699)
Result for the year		**292,271**	**313,081**

Notes to the Company financial statements

for the year ended 31 December 2023

37 General

The company financial statements are part of the 2023 financial statements of IMCD N.V. (the 'Company').

38 Principles for the measurement of assets and liabilities and the determination of the result

For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its company financial statements, the Company makes use of the option provided in Section 2:362 (8) of the Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the company financial statements of the Company are the same as those applied for the consolidated EU-IFRS financial statements. These consolidated EU-IFRS financial statements are prepared according to the standards laid down by the International Accounting Standards Board and endorsed by the European Union (hereinafter referred to as EU-IFRS). Reference is made to the notes to the consolidated financial statements.

Participating interests are valued on the basis of the equity method.

The share in results from participating interests, after taxation consists of the share of the Company in the results of these participating interests. Results on transactions, where the transfer of assets and liabilities is between the Company and its participating interests and mutually between participating interests themselves, are not incorporated insofar as they can be deemed to be unrealised.

39 Operating income

Other operating income predominantly relates to management service fees charged to IMCD Group B.V.

40 Personnel expenses

The personnel expenses 2023 comprise the wages and salaries including bonuses, cost related to the employee benefit plan and social security expenses. Further details are provided in Note 53.

By the end of 2023, the Company had 3 employees (3 FTE's) and the average number of employees in 2023 was 2. All 3 employees reside in the Netherlands.

41 Income tax expenses

The reconciliation between the Company's domestic income tax rate and related tax charge and the effective income tax rate and related effective income tax charge is as follows:

Reconciliation effective tax rate

EUR 1,000	2023		2022	
	%		%	
Profit for the year		292,223		313,081
Total income tax expense	1.4	4,106	0.5	1,699
Profit before income tax		**296,329**		**314,777**
Income tax using the Company's domestic tax rate	25.8	76,453	25.8	81,215
Adjustments in respect of tax exempt income	(26.3)	(78,055)	(23.7)	(74,614)
Effect of change in tax rate	-	-	0.0	45
Tax effect of:				
Income and non-deductible expenses	0.3	777	0.2	613
Current year losses for which no deferred tax asset was recognised	1.5	4,559	-	-
(De)recognition of previously (un)recognised temporary differences	0.2	676	0.1	434
Tax charge other members fiscal unity	(0.1)	(311)	(1.9)	(5,915)
Under provided in prior years	0.0	7	(0.0)	(80)
	1.4	**4,106**	**0.5**	**1,699**

Except for withholding taxes, corporate income tax expenses of the Dutch subsidiaries are allocated to the Company as head of the fiscal unity.

42 Participating interest in group companies

The movements of the participating interest in group companies can be shown as follows:

EUR 1,000	2023	2022
Balance as at 1 January	**2,310,547**	**1,797,333**
Changes:		
Investments in participating interests	450,000	205,000
Share in results from participating interest after taxation	324,678	331,870
Dividends declared	(157,160)	(19,000)
Movement hedging reserve	61	(110)
Exchange rate differences	(52,047)	1,048
Movement other reserves	(50,362)	(5,593)
Balance as at 31 December	**2,825,717**	**2,310,547**
Accumulated impairments at 31 December	-	-

The Company, statutorily seated in Rotterdam, owns the Group through a 100% share in the issued capital of IMCD Finance B.V., statutorily seated in Rotterdam.

43 Deferred tax assets

In 2023 the Company did not recognise previously unrecognised deferred tax assets related to tax losses carried forward (2022: nil). Out of the total deferred tax asset movement in the financial year, the Company utilised deferred tax assets related to tax losses and tax credits of EUR 2.1 million (2022: EUR 1.0 million), recognised EUR 1.0 million new tax credits (2022: EUR 1.0 million), and released EUR 2.0 million resulting from prior year adjustments (2022: EUR 0.4 million).

The deferred tax asset relates to unused tax losses, unused tax credits and share issuance expenses.

EUR 1,000	NOTE	2023	2022
Balance as at 1 January		10,218	13,102
Movements during the year	41	(3,282)	(2,884)
Balance as at 31 December		**6,936**	**10,218**

44 Trade and other receivables

The trade and other receivables primarily relate to prepaid insurance premiums.

45 Accounts receivable from subsidiary (current)

The accounts receivable from subsidiary relates to a receivable from IMCD Group B.V. regarding management service fees.

46 Shareholders' equity

Reconciliation of movement in capital and reserve

EUR 1,000	ISSUED SHARE CAPITAL	SHARE PREMIUM	TRANSLATION RESERVE	HEDGING RESERVE	RESERVE OWN SHARES	OTHER RESERVES	RETAINED EARNINGS	UNAPPRO-PRIATED RESULT	TOTAL SHAREHOLDERS' EQUITY
Balance as at 1 January 2023	**9,118**	**1,051,438**	**(58,761)**	**(210)**	**(13,580)**	**3,041**	**367,839**	**313,081**	**1,671,965**
Appropriation of prior year's result	-	-	-	-	-	-	178,020	(178,020)	-
	9,118	**1,051,438**	**(58,761)**	**(210)**	**(13,580)**	**3,041**	**545,859**	**135,061**	**1,671,965**
Total recognised income and expense	-	-	-	-	-	-	-	292,271	292,271
Share based payments	-	-	-	-	-	544	(4,133)	-	(3,589)
Issue of shares minus related costs	-	-	-	-	-	-	-	-	-
Transfer of own shares	-	-	-	-	4,235	-	394	-	4,629
Cash dividend	-	-	-	-	-	-	-	(135,061)	(135,061)
Changes in ownership interest without loss of control	-	-	-	-	-	-	(51,604)	-	(51,604)
Transfer	-	-	-	-	-	18,254	(18,254)	-	-
Movement in other reserves	-	-	(52,047)	61	-	(1,844)	-	-	(53,830)
Balance as at 31 December 2023	**9,118**	**1,051,438**	**(110,808)**	**(149)**	**(9,345)**	**19,995**	**472,262**	**292,271**	**1,724,781**
Balance as at 1 January 2022	**9,118**	**1,051,438**	**(58,285)**	**(100)**	**(2,172)**	**(3,337)**	**255,888**	**207,276**	**1,459,825**
Appropriation of prior year's result	-	-	-	-	-	-	115,047	(115,047)	-
	9,118	**1,051,438**	**(58,285)**	**(100)**	**(2,172)**	**(3,337)**	**370,935**	**92,229**	**1,459,825**
Total recognised income and expense	-	-	-	-	-	-	-	313,081	313,081
Share based payments	-	-	-	-	-	156	(7,777)	-	(7,621)
Issue of shares minus related costs	-	-	-	-	-	-	-	-	-
Transfer of own shares	-	-	-	-	(11,408)	-	4,681	-	(6,727)
Cash dividend	-	-	-	-	-	-	-	(92,229)	(92,229)
Movement in other reserves	-	-	(476)	(110)	-	6,222	-	-	5,636
Balance as at 31 December 2022	**9,118**	**1,051,438**	**(58,761)**	**(210)**	**(13,580)**	**3,041**	**367,839**	**313,081**	**1,671,965**

Share capital and share premium

EUR 1,000	2023	2022
	Ordinary shares	
In issue at 1 January	**1,060,556**	**1,060,556**
Issue of shares minus related cost	-	-
In issue at 31 December - fully paid	**1,060,556**	**1,060,556**

Ordinary shares

At 31 December 2023, the authorised share capital comprised 150,000,000 ordinary shares of which 56,987,858 shares have been issued. All shares have a par value of EUR 0.16 each and are fully paid.

The holders of ordinary shares are entitled to receive dividends and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Translation reserve

The translation reserve (legal reserve) comprises all exchange rate differences arising from the translation of the financial statements of foreign operations as well as from the translation of liabilities that hedge the Company's net investment in foreign subsidiaries.

Hedging reserve

The hedging reserve (legal reserve) comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Reserve own shares

The reserve own shares comprises the cost of the Company's shares held by the Group. At 31 December 2023, the Group held 67,774 of the Company's shares (31 December 2022: 101,275 shares).

Other reserves

Other reserves include reserves related to the accumulated actuarial gains and losses recognised in other comprehensive income and to share based payments as well as legal reserves related to 'group companies' of EUR 15.9 million (31 December 2022: EUR 13.7 million, transferred from retained earnings to other reserves in 2023) and to capitalized development costs of EUR 0.8 million (31 December 2022: EUR 1.0 million, transferred from retained earnings to other reserves in 2023).

The item 'group companies' relates to the 'wettelijke reserve deelnemingen', which is required by Dutch law. This reserve relates to any legal or economic restrictions on the ability of affiliated companies to transfer funds to the parent company in the form of dividends.

Unappropriated result

At the Annual General Meeting the following appropriation of the result for 2023 will be proposed: an amount of EUR 127,653 thousand to be paid out as dividend (EUR 2.24 per share) and EUR 292 thousand to be added to the retained earnings.

47 Non-current liabilities

The movement in the non-current liabilities during 2023 is as follows:

EUR 1,000	2023	2022
Balance as at 1 January	**595,948**	**338,529**
Additions	490,534	296,044
Redemptions	-	-
Classified as current liability	-	(40,000)
Transaction and other finance costs paid	914	502
Amortisation of transaction and other finance costs	1,792	873
Effect of movements in exchange rates	-	
Balance as at 31 December	**1,089,188**	**595,948**

The non-current liabilities consist of the carrying value of the Bond loans issued in 2018, 2022 and 2023, net of capitalised finance costs.

EUR 1,000	CURR	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	12 MONTHS OR LESS	1 - 2 YEARS	2 - 5 YEARS	>5 YEARS
Bond loan	EUR	1,088,101	1,387,050	38,325	338,325	886,025	-
Loans from subsidiaries	EUR	1,087	-	549	538		-
Total		**1,089,188**	**1,387,050**	**38,874**	**338,863**	**886,025**	**-**

The first senior unsecured fixed rates note, issued by IMCD N.V. on 26 March 2018, had a closing price of EUR 98.42 at 31 December 2022 (31 December 2022: EUR 97,08). The second senior unsecured fixed rates note, issued by IMCD N.V. on 31 March 2022, had a closing price of EUR 95.55 at 31 December 2023. and the third unsecured fixed rates note, issued by IMCD N.V. on 18 September 2023, had a closing price of EUR 104.78

Further details of the bond loans are provided in Note 29 of the consolidated financial statements.

48 Current liabilities

The Company's current liabilities as of 31 December 2023 amounts to EUR 21.2 million (31 December 2022: EUR 55.3 million) and consists of a short-term liability to IMCD Finance B.V. and other current liabilities.

EUR 1,000	2023	2022
Loans and borrowings	-	40,000
Accounts payable to subsidiaries	1,514	2,282
Other current liabilities		
Creditors	574	636
Liabilities to personnel	600	950
Accrued interest expenses	17,548	10,759
Other accrued expenses	942	680
	19,664	**13,025**
Current liabilities	**21,178**	**55,307**

49 Financial instruments

The Company has exposure to the following risks:

- credit risk
- liquidity risk
- market risk
- operational risk

In note 5 to the consolidated financial statements information is included about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

These risks, objectives, policies and processes for measuring and managing risk, and the management of capital apply also to the company financial statements of IMCD N.V.

50 Off-balance sheet commitments

The Company is head of a tax entity for corporate income tax. The Company together with other Dutch group companies form part of this fiscal unity. As a consequence, the Company is jointly and severally liable for the corporate income taxes due by these tax entities.

Pursuant to section 403, Book 2 of the Dutch Civil Code the Company has issued a 403 liability statement for IMCD Finance B.V., IMCD Group B.V. and IMCD Participations II B.V. Pursuant to section 403, the Company has assumed joint and several liability for the debts arising out of the legal acts of these subsidiaries.

51 Fees of the auditor

With reference to Section 2:382a(1) and (2) of The Netherlands Civil Code, the following fees for the financial year have been charged by Deloitte Accountants B.V. and other Deloitte member firms and affiliates to the Company, its subsidiaries and other consolidated entities.

EUR 1,000	2023			2022		
	Deloitte Accountants B.V.	Other Deloitte member firms and affiliates	Total Deloitte	Deloitte Accountants B.V.	Other Deloitte member firms and affiliates	Total Deloitte
Statutory audits of annual reports	1,062	1,805	2,868	1,069	1,666	2,736
Other assurance services	204	2	206	170	-	170
Tax advisory services	-	-	-	-	-	-
Other non-audit services	-	-	-	-	-	-
	1,267	**1,807**	**3,074**	**1,239**	**1,666**	**2,906**

52 Related parties

Transactions with key management personnel

The members of the Management Board and the Supervisory board are considered key management personnel as defined in IAS 24 'Related party disclosures'. For details on their remuneration, reference is made to Note 53.

Other related party transactions

The Company, as service provider, maintains a management service agreement with IMCD Group B.V. for services rendered by the Management Board to the group. The total management service fees charged in 2023 amounted to EUR 3,640 thousand (2022: EUR 3,522 thousand). All related party transactions were priced on an at arm's-length basis.

53 Compensation of the Management Board and the Supervisory Board

The remuneration policies for the Management Board and Supervisory Board are summarized in the Remuneration Report (see page 86).

The Management Board and Supervisory board members' compensation, including pension obligations as intended in Section 2:383(1) of The Netherlands Civil Code, which were charged in the financial year to the Company and group companies is as follows:

As of 31 December 2023, the total number of shares conditionally granted to the Management Board is as follows:

- P.C.J. van der Slikke: 14,875 (31 December 2022: 22,288)
- V. Diele- Braun: 2,263 (31 December 2022: nil)
- H.J.J. Kooijmans: 13,350 (31 December 2022: 17,363)
- M.C. Jordan: 12,528 (31 December 2022: 15,160)

Further details of the Management Board compensation are provided in the Remuneration Report (see page 85).

Compensation Supervisory Board

EUR 1,000	2023	2022
J. Smalbraak	105	105
S.R. Nanninga	75	75
A.E. Hebert	72	65
W. Eelman	70	47
D. Mikkelsen[1]	5	-
V. Diele-Braun	14	70
A.J.Th. Kaaks	-	23
Total	**341**	**385**

1 Remuneration costs since 27/11/2023

In addition to the aforementioned compensation, the Management Board and Supervisory Board members receive reimbursements for out-of-pocket expenses. Since these benefits serve to cover actual costs incurred and are not considered to form part of the remuneration as such, they have not been included in the above totals.

Compensation Management Board

EUR 1,000	YEAR	SALARY[1]	BONUS[2]	SHARE BASED PAYMENT[3]	PENSION[4]	OTHER[5]	TOTAL[6]
P.C.J. van der Slikke	**2023**	**764**	**264**	**806**	**45**	**45**	**1,924**
	2022	710	506	759	42	51	2,068
V. Diele-Braun[7]	**2023**	**213**	**159**	**28**	**63**	**1,157**	**1,620**
	2022	-	-	-	-	-	-
H.J.J. Kooijmans	**2023**	**610**	**211**	**476**	**64**	**51**	**1,412**
	2022	553	394	591	40	50	1,628
M.C. Jordan[8]	**2023**	**521**	**180**	**543**	**66**	**198**	**1,508**
	2022	323	230	365	32	237	1,187
Total	**2023**	**2,108**	**814**	**1,853**	**238**	**1,451**	**6,464**
	2022	1,586	1,130	1,715	114	338	4,883

1 Reported salary fully classifies as short-term employee benefits as defined in IAS 19 - Employee benefits
2 Reported bonus fully classifies as short-term employee benefits as defined in IAS 19 - Employee benefits
3 Reported share based payments fully classifies as share based payment as defined in IFRS 2 - Share based payment
4 Reported Pension fully classifies as post-employment benefits as defined in IAS 19 - Employee benefits
5 Reported Other include items as health insurance premiums, business expense allowances, social security premiums, housing and schooling allowances, company car expenses and for Valerie Diele-Braun specifically a contractually agreed compensation payment of EUR 1,000,000 for the loss on her personal investment in CABB upon leaving the company. The category 'other' fully classifies as short-term employee benefits as defined in IAS 19 – Employee Benefits
6 Reported Total does not include any other long-term benefits or termination benefits as defined in IAS 19 – Employee Benefits
7 Remuneration costs since 1/10/2023
8 Remuneration costs since 2/5/2022

54 Provision regarding the appropriation of profit

At the Annual General Meeting the following appropriation of the result for 2023 will be proposed: an amount of EUR 127,653 thousand to be paid out as dividend (EUR 2.24 per share) and EUR 164,571 thousand to be added to the retained earnings.

55 Subsequent events

On 18 May 2023, IMCD signed an agreement to acquire 100% of the shares of the speciality distribution company in Malaysia, Euro Chemo-Pharma Sdn Bhd ("Euro Chemo-Pharma") and its wholly owned subsidiary, Biofresh Green Sdn Bhd ("Biofresh"). Together with 124 employees, Euro Chemo-Pharma and Biofresh are offering a wide range of products, mainly food, pharmaceutical and personal care applications and generated revenues of approximately EUR 55 million in the financial year ended on June 30, 2022. The transaction was closed on 29 February 2024.

On 10 November 2023, IMCD signed an agreement to acquire two business lines from CJ Shah & Company for Cellulose Acetate Butyrate, Coalescing Agent, Polyolefin Polymers, and other chemicals primarily for Paints, Coatings, Adhesives and Lifesciences applications. These two business lines generated a revenue of approximately EUR 25 million) in the financial year that ended on March 31, 2023 with 20 employees. The transaction was closed on 22 January 2024.

On 28 November 2023, IMCD signed an agreement to acquire the business of the speciality distribution company Guangzhou RBD Chemical Co., Ltd. in China ("RBD"). RBD focuses mainly on the lubricant additives and represents leading global suppliers. RBD is based in Guangzhou, China, and generated a revenue of approximately CNY 75 million (ca. EUR 10 million) in 2022 and has 12 employees. The transaction was closed on 1 February 2024.

On 22 December 2023, IMCD signed an agreement to acquire the distribution business of Joli Foods S.A.S. ("Joli Foods") to expand its food and nutrition business and product portfolio in Colombia. Joli Foods is based in Bogota and generated a revenue of approximately USD 16 million (ca. EUR 15 million) in 2022 and will add eleven employees to the IMCD Colombian team. The transaction was closed on 14 February 2024.

On 15 December 2023, IMCD signed an agreement to acquire 100% of the shares of Valuetree Ingredients Private Limited ("Valuetree") to expand its beauty and personal care footprint in India. Valuetree employs a team of 44 employees and generated a revenue of approximately INR 4.4 billion (ca. EUR 48 million) in the financial year that ended on March 31, 2023. The transaction will take place in two tranches. On 9 January 2024, IMCD acquired 70% of the share capital from the founders and the remaining 30% will be acquired in 2025.

In December 2023, IMCD exercised a call option to acquire the remaining 30% of the shares from the minority shareholders of Signet, The completion of the acquisition of the remaining 30% interest was executed on the basis of the share purchase agreement of September 2020. As IMCD obtained full control over Signet as per November 2020, this purchase price obligation was included in IMCD’s reported net debt position and results of Signet are consolidated in full into the IMCD figures since the November 2020 acquisition date. As a result, this completion, as such, will not impact the reported leverage or earnings levels of IMCD. Payment of the consideration for the remaining 30% of the shares in Signet was effected on 1 February 2024.

On 16 February 2024, IMCD signed an agreement to acquire the business of the speciality distribution company ResChem Technologies Pty Ltd and ResChem Trust in Australia and New Zealand ("ResChem"). Established in 2007, ResChem specialises in resins, additives and pigments for use in inks, coatings, adhesives and construction applications. ResChem represents leading global suppliers which are complementary to IMCD's portfolio. ResChem is headquartered in Sydney, Australia, generated a revenue of approximately AUD 25 million (ca. EUR 15 million) in 2023 with 15 employees and strengthens IMCD's technical expertise with an application laboratory based in Sydney. The closing of the transaction is subject to customary closing conditions and is expected to take place in the second quarter of 2024.

Apart from the aforementioned transactions, there were no material events after 31 December 2023 that would have changed the judgement and analysis by management of the financial condition at 31 December 2023 or the result for the year of the Company.

Rotterdam, 29 February 2024

The Management Board:
V. Diele-Braun
H.J.J. Kooijmans
M.C. Jordan

The Supervisory Board:
J. Smalbraak
S.R. Nanninga
A.E. Hebert
W. Eelman
D. Mikkelsen

List of group companies as per 31 December 2023

The list of group companies is as follows (100% owned unless mentioned otherwise):

ENTITY	CITY	COUNTRY
IMCD Finance B.V.	Rotterdam	The Netherlands
IMCD Group B.V.	Rotterdam	The Netherlands
IMCD Participations II B.V.	Rotterdam	The Netherlands
Internatio Special Products B.V.	Rotterdam	The Netherlands
IMCD Benelux B.V.	Rotterdam	The Netherlands
IMCD Benelux N.V.	Mechelen	Belgium
IMCD France Investments S.A.S.	Paris	France
IMCD Holding France S.A.S.[1]	Paris	France
IMCD France S.A.S.	Paris	France
IMCD España Especialidades Quimicas S.A.	Madrid	Spain
IMCD Portugal Produtos Quimicos Lda	Lisbon	Portugal
IMCD Maroc S.a.r.l.	Casablanca	Morocco
IMCD Tunisia S.a.r.l.	Tunis	Tunisia
S.a.r.l. IMCD Group Algerie (49% of the shares)	Algiers	Algeria
IMCD Deutschland GmbH	Cologne	Germany
Otto Aldag Handel GmbH	Cologne	Germany
IMCD UK Acquisitions Ltd.	Sutton	United Kingdom
IMCD Holding UK Ltd.[2]	Sutton	United Kingdom
IMCD UK Investments Ltd.[2]	Sutton	United Kingdom
IMCD UK Ltd.	Sutton	United Kingdom
Evenlode Foods Ltd.[2]	Milton Keynes	United Kingdom
Orange Chemicals Ltd.[3]	Sutton	United Kingdom
O&3 Limited (90% of the shares)[4]	Sutton	United Kingdom
IMCD Ireland Ltd.	Dublin	Ireland
IMCD Italia S.p.A.	Milan	Italy
IMCD Norway AS	Ski	Norway
IMCD Nordic AB	Malmö	Sweden
IMCD Sweden AB	Malmö	Sweden
ACM (Applied Chemicals and Minerals) AB[5]	Malmö	Sweden
IMCD Finland Oy	Helsingfors	Finland
IMCD Danmark AS	Helsingør	Denmark

ENTITY	CITY	COUNTRY
IMCD Baltics UAB	Vilnius	Lithuania
IMCD South East Europe GmbH	Vienna	Austria
IMCD Czech Republic s.r.o.	Prague	Czech Republic
IMCD Romania srl	Bucarest	Romania
IMCD d.o.o.[6]	Zagreb	Croatia
IMCD Hungary Kft	Budaörs	Hungary
IMCD Bulgaria EOOD[7]	Sofia	Bulgaria
IMCD Switzerland AG	Zürich	Switzerland
IMCD Polska Sp.z.o.o.	Warsaw	Poland
O&3 Polska Sp. Z.o.o (90% of the shares)[4]	Warka	Poland
IMCD Rus LLC	Saint-Petersburg	Russia
IMCD Ukraine LLC	Kiev	Ukraine
IMCD Ticaret, Pazarlama ve Danişmanlik Limited Şirketi	Istanbul	Turkey
IMCD Israel Speciality Chemicals and Ingredients Ltd[8]	Rishon LeZion	Israel
KOI Products Solutions & Engineering Ltd[9]	Maalot Tarshiha	Israel
Internatio Special Products Egypt LLC	Cairo	Egypt
IMCD Egypt LLC	Cairo	Egypt
IMCD Middle East FZCO	Dubai	United Arab Emirates
IMCD Middle East Trading LLC	Dubai	United Arab Emirates
IMCD FZ-LLC[10]	Dubai	United Arab Emirates
IMCD Arabia Trading LLC (75% of the shares)	Riyadh	Saudi Arabia
IMCD South Africa Pty. Ltd.	Isando	South Africa
Chemimpo South Africa Pty. Ltd.	Randburg	South Africa
CPS Chemical Oil-Tech Pty. Ltd.[4]	Durban	South Africa
IMCD Kenya Ltd.	Nairobi	Kenya
IMCD Uganda SMC Ltd.	Kampala	Uganda
IMCD Holdings US, Inc.	Jersey City	United States of America
IMCD US LLC	Cleveland	United States of America

ENTITY	CITY	COUNTRY
MJS Sales Inc.[11]	Cleveland	United States of America
IMCD US Food Inc.	Washington	United States of America
Andes Chemical LLC	Miami	United States of America
Promaplast USA Inc.	Houston	United States of America
O&3 Inc. (90% of the shares)[4]	Delaware	United States of America
IMCD Puerto Rico Inc.	Cayey	Puerto Rico
Sachs Chemical, Inc.[12]	Caguas	Puerto Rico
IMCD Canada Limited	Brampton	Canada
IMCD Mexico S.A. de C.V.	Miguel Hidalgo	Mexico
International Chemical Product Services Mexico S. de RL de CV	Miguel Hidalgo	Mexico
Materias Químicas de México S.A. de C.V.	Mexico City	Mexico
Pluralmex S.A de C.V.	Mexico City	Mexico
Proveedora de Materiales Plásticos S.A. de C.V.	Lerma	Mexico
Promaplast Resinas S.A. de C.V.	Lerma	Mexico
IMCD Dominicana SRL[13]	Santo Domingo	Dominican Republic
Quelaris Dominicana SRL	Santo Domingo	Dominican Republic
IMCD Costa Rica SRL[14]	San José	Costa Rica
IMCD Costa Rica SA[15]	Cartago	Costa Rica
SCI Chemical Logistics SA[16]	Alajuela	Costa Rica
IMCD Brasil Comércio e Indústria de Produtos Quimicos Ltda.	São Paulo	Brazil
IMCD Brasil Farmacêuticos Importação, Exportação e Representações Ltda	São Paulo	Brazil
Vitaqualy Comercio de Ingredientes LTDA	São Paulo	Brazil
Polyorganic Tecnologia Ltda	São Paulo	Brazil
IMCD Chile SpA	Santiago	Chile
Quelaris Chile SPA	Santiago	Chile
Representaciones de Materias Primas Industriales SpA[12]	Santiago	Chile
IMCD Argentina SRL	Buenos Aires	Argentina
IMCD Uruguay SA	Montevideo	Uruguay
IMCD Ecuador SAS	Quito	Ecuador

ENTITY	CITY	COUNTRY
IMCD Colombia SAS	Bogota	Colombia
Siliconas y Químicos SAS[17]	Bogota	Colombia
Quelaris Colombia SAS[18]	Bogota	Colombia
Allianz Group International S.A.S.[19]	Bogota	Colombia
IMCD Perú SRL[20]	Lima	Peru
Quelaris Peru SAC	Lima	Peru
IMCD Guatemala SRL	Guatemala City	Guatemala
IMCD Australasia Investments Pty. Ltd	Melbourne	Australia
IMCD Australia Pty Ltd.	Melbourne	Australia
RPL Trading Pty Ltd	Melbourne	Australia
IMCD New Zealand Ltd.	Auckland	New Zealand
RPL Trading NZ Ltd.	Auckland	New Zealand
IMCD Asia Pacific Sdn Bhd	Shah Alam	Malaysia
IMCD Malaysia Sdn Bhd	Shah Alam	Malaysia
IMCD Asia Pte. Ltd.	Singapore	Singapore
IMCD Singapore Pte. Ltd.	Singapore	Singapore
Brylchem Pte. Ltd.[21]	Singapore	Singapore
IMCD (Thailand) Co., Ltd.	Bangkok	Thailand
IMCD (China) Co. Ltd.	Shanghai	China
IMCD International Trading (Shanghai) Co. Ltd.	Shanghai	China
IMCD Plastics (Shanghai) Co. Ltd.	Shanghai	China
IMCD Speciality Chemicals (Shanghai) Co.,Ltd.[22]	Shanghai	China
Aquatech Speciality (Shanghai) International Trading Co. Ltd	Shanghai	China
Guangzhou Aquatech Speciality Trading Co. Ltd	Guangzhou	China
Shanghai Syntec Additive Limited	Shanghai	China
Shanghai Weike Additive Limited	Shanghai	China
Shanghai Sanrise Industries and development Co.,Ltd. (70% of the shares)[23]	Shanghai	China
Yuanhe HK Ltd.	Hong Kong	Hong Kong
IMCD International Trading (Hong Kong) Ltd.[24]	Kowloon	Hong Kong
IMCD Korea Co., Ltd.[25]	Seoul	South Korea
Needfill Co., Ltd.[26]	Seoul	South Korea
IMCD Japan Godokaisha	Tokyo	Japan
Kuni Chemical Co. Ltd.	Osaka	Japan
IMCD Vietnam Company Ltd	Ho Chi Minh City	Vietnam
IMCD Philippines Corporation	Manila	Philippines

ENTITY	CITY	COUNTRY
PT IMCD Indonesia	Jakarta	Indonesia
PT Sapta Permata	Surabaya	Indonesia
PT Megasetia Agung Kimia (70% of the shares)	Jakarta	Indonesia
IMCD India Pvt. Ltd.	Mumbai	India
Signet Excipients Pvt. Ltd	Mumbai	India
Parkash Dyechem Pvt. Ltd	Delhi	India
Tradeimpex Polymers (India) Pvt Ltd[27]	Gurgaon	India
IMCD Bangladesh Pvt. Ltd.	Dhaka	Bangladesh

1 Since June 2023 merged with IMCD Investments S.A.S.
2 In liquidation
3 Since February 2023, in liquidation
4 Since July 2023
5 Since April 2023, since October 2023 merged with IMCD Sweden AB
6 Formerly known as Polychem d.o.o.
7 Since February 2022, formerly known as Polychem BD EOOD
8 Formerly known as Zifroni Chemicals Suppliers Ltd
9 Since June 2023
10 Since February 2023
11 Since May 2023 merged with IMCD US LLC
12 Since August 2023
13 Formerly known as Andes Chemical Dominicana SRL
14 Since June 2023 merged with IMCD Costa Rica SA
15 Formerly known as Quelaris Costa Rica SA
16 Since September 2023
17 Since February 2023 merged with IMCD Colombia SAS
18 Since October 2023 merged with IMCD Colombia SAS
19 Since May 2023
20 Formerly known as Andes Chemical Peru SRL
21 Since November 2023
22 Formerly known as Shanghai Yuanhe Chemicals Co. Ltd.
23 Since March 2023
24 Formerly known as Welex S.A. Holdings (China) Ltd.
25 Formerly known as Whawon Pharm Co. Ltd.
26 Since October 2023
27 Since April 2023

Other information

Provisions in the Articles of Association governing the appropriation of profit

Article 22 of the Company's articles of association stipulates the following with regard to the appropriation of the profit: The Management Board, with the approval of the Supervisory Board, decides how much of the freely distributable profit will be reserved. The remaining profit shall be at the free disposal of the Annual General Meeting.

Independent auditor's report

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

Report on the audit of the financial statements for the year ended 31 December 2023 included in the Integrated Report

Our opinion

We have audited the financial statements for the year ended 31 December 2023 of IMCD N.V. ("the Company"), based in Rotterdam. The financial statements comprise the consolidated financial statements and the Company financial statements.

In our opinion:
- The accompanying consolidated financial statements give a true and fair view of the financial position of IMCD N.V. as at 31 December 2023, and of its result and its cash flows for the year ended 31 December 2023 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- The accompanying Company financial statements give a true and fair view of the financial position of IMCD N.V. as at 31 December 2023, and of its result for the year ended 31 December 2023 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:
1. The consolidated statement of financial position as at 31 December 2023.
2. The following statements for the year ended 31 December 2023: the consolidated statements of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows.
3. The notes comprising material accounting policy information and other explanatory information.

The Company financial statements comprise:
1. The Company balance sheet as at 31 December 2023.
2. The Company income statement for the year ended 31 December 2023.
3. The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of IMCD N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at €28 million (2022: €30 million). The materiality is based on 7% (2022: 7%) of result before income tax excluding non-recurring items. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

Component audits are performed using materiality levels determined by the judgement of the group audit team, considering materiality for the consolidated financial statements as a whole and the reporting structure for the group. Component materialities did not exceed €13.4 million.

We agreed with the Supervisory Board that misstatements in excess of € 1.4 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

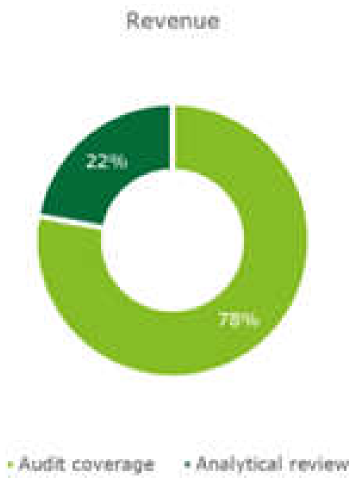
Scope of the group audit

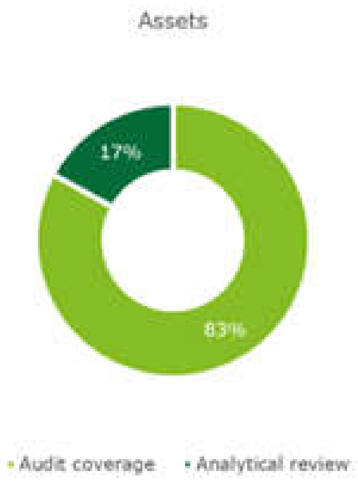
IMCD N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of IMCD N.V.

As we are ultimately responsible for the opinion, we are directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for components. The extent of the procedures has been determined based on the financial significance of components and a number of qualitative considerations such as the maturity of markets these components are operating in.

We selected 10 components for full audit scope and 19 components for audit of specified account balances and/or transactions. For the remaining components we have carried out analytical review procedures on the component financial information. None of the components for which we performed analytical review procedures represented more than 1.9% of total group revenue or total group assets. For those components we performed, among others, analytical procedures to corroborate our assessment that there were no significant risks of material misstatement within those components.

The above approach resulted in a coverage of 78% of the total revenue in audit scope and a coverage of assets is 83% in audit scope.





We have used the work of component audit teams for all component entities in scope (full audit scope and audit of specified account balances and/or transactions). The group audit team provided detailed written instructions to all component auditors to communicate requirements and significant audit areas and (fraud) risks related to management override of controls. Furthermore, we developed a plan for overseeing each component audit team based on its relative significance to the group and other risk characteristics. Our oversight included regular update meetings, performing file reviews, performing on-site visits in the US, Mexico, the UK, Indonesia and China, attending management closing meetings and reviewing component audit team deliverables.

We have performed audit procedures ourselves at IMCD N.V. corporate entities and operations in the Netherlands. Among others we have assessed group-wide internal controls that have been implemented by the Management Board to monitor and manage the financial and operating performance of the various operating segments. Furthermore, the group audit team performed audit procedures on the consolidation, the IT environment, impairment testing for goodwill and impairment (trigger) testing for supplier relations, purchase price allocation of acquisitions, sales and cost of goods sold for entities using the centralized IT system, loans and borrowings and designed the testing approach of manual journal entries. Specialists were involved amost others in the areas of valuations, information technology, forensics, accounting and tax.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the consolidated financial statements.

Audit approach fraud risks

In accordance with Dutch Standards on Auditing, we are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatements, whether due to fraud or error.

Inherent to our responsibilities for the audit of the financial statements, there is an unavoidable risk that material misstatements go undetected, even though the audit is planned and performed in accordance with Dutch law.

The risk of undetected material misstatements due to fraud is even higher, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Also, we are not responsible for the prevention and detection of fraud and non-compliance with all laws and regulations. Our audit procedures differ from a forensic or legal investigation, which often have a more in-depth character.

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the Supervisory Board exercises oversight, as well as the outcomes. We refer to section *Risk factors and risk management* of the Integrated Report for management's (fraud) risk assessment and section *Audit Committee* of the Supervisory Board report in which the Supervisory Board reflects on this (fraud) risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as among other the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in close co-operation with our forensic specialists. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

Following these procedures, and the presumed risks under the prevailing audit standards, we considered fraud risks related to management override of controls. Our audit procedures to respond to these fraud risks include, amongst others, an evaluation of relevant internal controls and supplementary substantive audit procedures, including detailed testing of journal entries and post-closing adjustments based on supporting documentation. Data analytics, including selection of journal entries based on risk-based characteristics, form part of our audit approach to address the identified fraud risks.

We performed the following specific procedures related to the identified fraud risks:
- We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.
- We considered available information and made enquiries of the Management Board and the Supervisory Board.
- We have had a central fraud brainstorm session with the component auditors and our forensic specialists and evaluated which fraud risks were present. We worked closely with the forensic specialists when any new fraud indications were identified.
- In case of any fraud indications, we have had close co-operation with our forensic specialists to determine the appropriate.
  We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.
- We evaluated whether the selection and application of accounting policies by the entity, particularly those related to subjective measurements and complex transactions, may be indicative of fraudulent financial reporting.
- We evaluated whether the judgments and decisions made by management in making the accounting estimates included in the financial statements indicate a possible bias that may represent a risk of material misstatement due to fraud. Management insights, estimates and assumptions that might have a major impact on the financial statements are disclosed in Note 2 of the financial statements. We performed a retrospective review of management judgments and assumptions related to significant accounting estimates reflected in prior year financial statements.

Certain management estimates and judgments are considered most significant to our audit. Reference is made to the section 'Our key audit matters' for further details on those estimates.

For significant transactions such as various business combinations during the year, we evaluated whether the business rationale of the transactions suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets.

This did not lead to indications for fraud potentially resulting in material misstatements.

Audit approach compliance with laws and regulations

We assessed the laws and regulations relevant to the entity through discussion with amongst others, management, corporate general counsel and those charged with governance, reading minutes of board meetings, and reading reports of internal audit.

As a result of our risk assessment procedures, and while realizing that the effects from non-compliance could considerably vary, we considered the following laws and regulations: (corporate) tax law, the requirements under the International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and Part 9 of Book 2 of the Dutch Civil Code with a direct effect on the financial statements as an integrated part of our audit procedures, to the extent material for the financial statements.

We obtained sufficient appropriate audit evidence regarding provisions of those laws and regulations generally recognized to have a direct effect on the financial statements.

Apart from these, IMCD N.V. is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts and/or disclosures in the financial statements, for instance, through imposing fines or litigation.

Given the nature of IMCD N.V.'s business, we considered the risk of non-compliance in the areas of health, safety, environment and quality (HSEQ), data protection, tax and other applicable laws and regulations. In addition, we considered major laws and regulations applicable to listed companies.

Our procedures are more limited with respect to these laws and regulations that do not have a direct effect on the determination of the amounts and disclosures in the financial statements. Compliance with these laws and regulations may be fundamental to the operating aspects of the business, to IMCD N.V.'s ability to continue its business, or to avoid material penalties (e.g., compliance with the terms of operating licenses and permits or compliance with environmental regulations) and therefore non-compliance with such laws and regulations may have a material effect on the financial statements. Our responsibility is limited to undertaking specified audit procedures to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements.

Our procedures are limited to (i) inquiry of management, the Supervisory Board, the Executive Board and others within IMCD N.V. as to whether the entity is in compliance with such laws and regulations and (ii) inspecting correspondence, if any, with the relevant licensing or regulatory authorities to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements.

Naturally, we remained alert to indications of (suspected) non-compliance throughout the audit.

Finally, we obtained written representations that all known instances of (suspected) fraud or non-compliance with laws and regulations have been disclosed to us.

Audit approach going concern

Our responsibilities, as well as the responsibilities of the Management Board and the Supervisory Board, related to going concern under the prevailing standards are outlined in the "Description of responsibilities regarding the financial statements" section below. In fulfilling our responsibilities, we performed procedures including evaluating management's assessment of the Company's ability to continue as a going concern and considering the impact of financial, operational, and other conditions. Based on these procedures, we did not identify any reportable findings related to the entity's ability to continue as a going concern.

Our key audit matters

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

In determining our key audit matters, we have reconsidered those included in the previous years and whether these are still relevant for the current year. Furthermore, we have evaluated whether new key audit matters should be included as well based on current year considerations. Below identified key audit matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter description	How our audit responded to the key audit matter
Impairment of goodwill and supplier relations – Refer to Note 18 of the financial statements IMCD N.V. ("IMCD") grows its business organically and through acquisitions. As a result of these acquisitions, the balance sheet as at December 31, 2023 carries goodwill of €1,612 million and supplier relations of €592 million. In 2023, goodwill and supplier relations increased 16.6% due to acquisitions, with the acquisition of Sanrise Industries & Development Co., Ltd., O&3 Limited, Sachs Chemical Inc. and Brylchem Group (see key audit matter 'Business Combinations') being the most substantial ones for the year. For purposes of impairment testing, IMCD allocates goodwill to three cash-generating units (CGUs). Supplier relations are grouped to the smallest CGUs. For goodwill, IMCD tests its CGUs annually and upon the existence of a triggering event, by comparing the recoverable amounts of the individual CGUs, being the higher of value-in-use and fair value less cost of disposal, to the carrying amounts in accordance with IAS 36. For supplier relations, the recoverable amounts are assessed upon the existence of a triggering event since these are definite life time assets. No triggering event was identified during FY 2023. IMCD discloses the key assumptions used in determining the recoverable amounts and the sensitivity of the impairment test for changes in those assumptions in Note 18 of the financial statements. We identified the risk of impairment of goodwill and supplier relations as a key audit matter because of the amounts involved, the complexity of the assessment process and the significance of management estimates for key assumptions used, including projections of future cash flows, discount rates and (terminal) growth rates. In addition, macro-economic developments related to inflation and interest rates are adding uncertainty to the projection of these key assumptions. .	As part of our audit, we conducted a risk assessment by identifying and assessing risk of material misstatements for each of the CGUs. We also evaluated the historical accuracy of budgeting and the sensitivities in management estimates for key assumptions, including projections of future cash flows, discount rates and long term growth rates. We focused our substantive audit procedures on the assumptions to which the value in use is most sensitive and for which a change could potentially cause a material decline in headroom and trigger an impairment. We obtained an understanding of management's process over the impairment test and the impairment trigger test. We verified whether projections were based on internal budgets and financial plans approved by the Supervisory Board. Furthermore, we challenged and compared revenue projections to, for example, external economic outlook data and expected inflation rates in which we focused on those estimates that could cause a change in the outcome of impairment testing. With the involvement of Deloitte valuation experts, we evaluated the appropriateness and accuracy of the impairment models used by IMCD, the discount rates and long term growth rates applied and compared the methodology and outcomes to relevant industry and capital market information. Additionally, we assessed the various scenarios applied in impairment testing as disclosed in Note 18 to the consolidated financial statements in view of the current market conditions, trends in financial performance and the uncertainty around recovery of the industries in which IMCD operates in view of the current economic developments. **Key observations** Within the context of our audit on the financial statements as a whole and based on the materiality applied, we have no observations regarding the assumptions used in the impairment calculations. Furthermore, we have no observations regarding the disclosure (Note 18 to the consolidated financial statements) of the sensitivity of the impairment test to changes in the most critical assumptions used.

Key audit matter description	How our audit responded to the key audit matter
Business combinations and related deferred considerations – Refer to Note 7 and 29 of the consolidated financial statements IMCD N.V. ("IMCD") completed 13 business combinations throughout the year. The largest acquisitions were Sanrise Industries & Development Co., Ltd., O&3 Limited, Sachs Chemical Inc. and Brylchem Group. IFRS 3 requires management to determine the fair value of identified assets and liabilities and to determine the resulting goodwill and supplier relations to be recognized, along with any applicable deferred consideration. This requires management to apply judgement and to use assumptions at initial recognition and to measure any subsequent changes in deferred considerations. Business combinations in 2023 resulted in a total increase of goodwill, other intangible assets and deferred considerations by €253 million, €172 million and €87 million, respectively. We identified the allocation of the purchase price and the valuation of these assets to be an audit area of focus considering the amounts involved, prevailing uncertainties in global economies and the extent of management judgement involved to estimate the fair values of assets and assumptions such as the discount rate, attrition rate and (terminal) growth rate. For deferred considerations classified as financial liabilities as of December 31, 2023, the change in fair value after the previous determination resulted in a net finance cost of €31 million. The completion and exercise of the call and put option for the remaining 30% interest in Signet Excipients Private Ltd ("Signet") in December 2023 resulted in a reclassification to current liabilities and a change in equity of €52 million following improved levels of profitability in comparison to the previous fair value determination. We identified the accounting for deferred considerations and any subsequent changes therein up to completion and exercise of any call and put option to be an audit area of focus considering the extent of management judgment involved.	The Management Board of IMCD engaged a valuation expert to assist them in performing the purchase price allocations for the acquisitions of Sanrise Industries & Development Co., Ltd., O&3 Limited, Sachs Chemical Inc. and Brylchem Group. We evaluated competence and objectivity of the management's expert and used their work in our audit. We also obtained an understanding of management's process and controls over their assessment and performed testing on the reliability of the key assumptions used in the purchase price allocation, data and outputs used by the management expert. Furthermore, we performed substantive audit procedures on the purchase price allocation. We evaluated whether the preparation of the purchase price allocation was in line with IFRS 3. We inspected the Share Purchase Agreement and other relevant legal documents, evaluated management's identification of assets and liabilities acquired, tested the reliability of data used and challenged management's key assumptions in determining the fair value of the supplier relations. For a certain business combination, we involved a Deloitte valuation expert to help us evaluate the work prepared by the management's expert in terms of appropriateness and accuracy of the models used, discount rates/ growth rates/ attrition rates applied and benchmark certain assumptions (including cash flow projections). In addition, we validated the appropriateness and completeness of disclosures related to IMCD's acquisitions, as included in Note 7 to the consolidated financial statements. We obtained management's assessment for the (re)measurement of deferred considerations. We evaluated the measurement of deferred considerations and changes therein based on the agreed price mechanism and an assessment of relevant business assumptions. For exercised options we have assessed the accounting treatment, reconciled the amounts to the agreed option value calculation and, if settled, reconciled payments to the respective bankstatement. Lastly, we have assessed the appropriateness and sufficiency of the related disclosures in the Integrated Report as disclosed in Note 7 and 29 to the consolidated financial statements. **Key observations** Based on our materiality and procedures performed and in the context of the audit of the consolidated financial statements as a whole, we have no observations regarding management's application of IFRS 3 for the recognition and valuation of assets and liabilities resulting from the allocation of purchase prices for the business combinations completed in 2023. In addition, we have no observations regarding the accounting for deferred considerations and any subsequent changes therein. The business combinations and deferred considerations are appropriately disclosed in Note 7 and 29 to the consolidated financial statements.

Report on the other information included in the Integrated Report

In addition to the financial statements and our auditor's report thereon, the Integrated report contain other information that consists of:

- Report of the Management Board.
- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code.
- Other information included in the Integrated Report.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains all the information regarding the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including report of the Management Board in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Engagement

We were engaged by the Supervisory Board as auditor of IMCD N.V. on June 14, 2023, as of the audit for the year 2023. Since 2016, we have operated as statutory auditor.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

European Single Electronic Format (ESEF)

IMCD N.V. has prepared its Integrated Report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the Integrated Report, prepared in XHTML format, including the (partly) marked-up consolidated financial statements, as included in the reporting package by IMCD N.V. complies in all material respects with the RTS on ESEF.

Management is responsible for preparing the Integrated Report including the financial statements in accordance with the RTS on ESEF, whereby management combines the various components into one single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the Integrated Report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting).

Our examination included amongst others:

- Obtaining an understanding of the company's financial reporting process, including the preparation of the reporting package.
- Identifying and assessing the risks that the Integrated Report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
  - obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance and the XBRL extension

taxonomy files has been prepared in accordance with the technical specifications as included in the RTS on ESEF;

- examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

Description of responsibilities regarding the financial statements

Responsibilities of Management and the Supervisory Board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit. In this respect we also submit an additional report to the Audit Committee in accordance with Article 11 of the

EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, February 29, 2024

Deloitte Accountants B.V.

C. Binkhorst

Limited assurance report of the independent auditor on IMCD N.V.'s sustainability information

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

Our conclusion

We have performed a limited assurance engagement on the sustainability information as included in the chapter “Sustainability Statements” in the accompanying integrated report (“the Report”) for the year 2023 of IMCD N.V. (“the Company” or “IMCD”) at Rotterdam. A review is aimed at obtaining a limited level of assurance.

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

- The policy and business operations with regard to the Sustainability Information presented; and
- The business operations, events and achievements in that area in 2023.

In accordance with the applicable criteria as included in the ‘Reporting Criteria’ section of our report.

Our scope is limited to the sustainability information included in the chapter “Sustainability Statements” on page 115-178 of the integrated report.

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 duurzaamheidsverslaggeving ’ (Assurance engagements relating to sustainability reports). Our responsibilities under this standard are further described in the section ‘Our responsibilities for the review of the sustainability information’ of our report.

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

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

Reporting Criteria

The reporting criteria used for the preparation of the Sustainability information are the Sustainability Reporting Standards of the Global Reporting Initiative (“GRI”) and the applied supplemental reporting criteria as disclosed in the chapter ‘Methodology’ on page 138-142 and page 153 of the Integrated Report.

The Sustainability information is prepared in accordance with the GRI Standards. The GRI Standards used are listed in the GRI Content Index as disclosed on page 170-177 of the Integrated Report.

The comparability of sustainability information between entities and over time may be affected by the absence of a uniform practice on which to draw, to evaluate and measure this information. This allows for the application of different, but acceptable, measurement techniques.

Consequently, the sustainability information needs to be read and understood together with the reporting criteria applied.

Materiality

Based on our professional judgement we determined materiality levels for each relevant sustainability matter. When evaluating our materiality levels, we considered quantitative and qualitative aspects as well as the relevance of information for both stakeholders and the company.

We agreed with the Supervisory Board that misstatements which are identified during the assurance engagement and which in our view must be reported on quantitative or qualitative grounds, would be reported to them.

Scope of the assurance engagement of the group

IMCD N.V. is the parent company of a group of entities. The sustainability information incorporates the consolidated information of this group of entities to the extent as specified in the chapter “8 About this report” on page 178 and ‘Methodology’ on page 138-142 and page 153 of the Integrated Report. .

Our assurance procedures for the assurance engagement of the group consisted of both assurance procedures at group level (consolidated) as well as at group components.

We have determined the scope of our assurance procedures in such a way that we performed sufficient procedures enabling us to provide a conclusion on the Sustainability information. We considered, among other things, the management structure of the group, the nature of the activities of the group components, the business processes and controls and the industry in which the entity operates.

On this basis, we determined the nature and extent of the procedures at component level that were necessary to be performed by the group auditor.

Limitations to the scope of our review

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

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

Our conclusion is not modified in respect to these matters.

Corresponding information not assured

The 2019 (base year) CO2 emission data presented in the “Sustainability statements - Environmental” table have not been part of an assurance engagement and therefore this data and the corresponding sustainability information and the related disclosures are not assured. Our conclusion is not modified in respect of this matter.

Key review matters

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

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

Key review matter

Scope 3 GHG emissions – Refer to page 118, 138-143, 146-147, 167 and 172-173 of the Sustainability Statements

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

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

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

IMCD discloses the scope of countries subject to Scope 3 GHG emissions, the relevant emission factors and assumptions used in determining the Scope 3 GHG emissions in the chapter ‘Methodology’ on page 138-142 (under the headers ‘Other indirect GHG emissions (Scope 3)’ and ‘Energy intensity and GHG emissions intensity’) of the Integrated Report.

How the key review matter was addressed in our review

With respect to the third party logistics emissions we have conducted review procedures which include obtaining an understanding of the methodology for gathering the necessary information of all third party logistic transactional data about the transportation assignments. Furthermore, we had inquiries with IMCD’s management to understand the methodology and assumptions used for the calculation of scope 3 GHG emissions based on the transactional data about the transportation assignments. For the key assumptions presented on page 141-142, we performed reconciliations and recalculations for key elements. Furthermore, we assessed the narrative disclosure of IMCD regarding the methodology used and the rationale to exclude certain parts (i.e. processing and use of sold products) of the scope 3 GHG emissions set out by GRI and the GHG Protocol.

Observations

Based on the review procedures performed, we obtained an adequate understanding of the methods and assumptions used by management, furthermore we have performed testing procedures on the Scope 3 emissions and have no findings to report. We further refer to page 141-142 for the key assumptions used for the calculation of scope 3 GHG emissions.

Responsibilities of the Management board and the Supervisory board for the sustainability information

The Management Board is responsible for the preparation of reliable and adequate Sustainability information in accordance with the reporting criteria as disclosed in the the section '8 About this report', including the identification of stakeholders and the definition of material matters. The Management Board is also responsible for selecting and applying the reporting criteria and for determining that these reporting criteria are suitable for the legitimate information needs of stakeholders, taking into account applicable law and regulations related to reporting. The choices made by the management board regarding the scope of the sustainability information and the reporting policy are summarised in section '7 GRI & SDG Content Index' and '8 About this report' of the Integrated Report.

Furthermore, the Management Board is also responsible for such internal control as the Management Board determines 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 evidence for our conclusion.

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

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

Our limited assurance engagement included among others:

- Performing an analysis of the external environment and obtaining an understanding of relevant social themes and issues, and the characteristics of the company;
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the Sustainability information. This includes the evaluation of the results of the stakeholders' dialogue and the reasonableness of estimates made by the Management Board.
- Obtaining an understanding of the reporting processes for the Sustainability information, including obtaining a general understanding of internal control relevant to our review;
- Identifying areas of the Sustainability information with a higher risk of misleading or unbalanced information or material misstatements, whether due to fraud or error.
- Designing and performing further assurance procedures aimed at determining the plausibility of the Sustainability information responsive to this risk analysis. These procedures consisted amongst others of:
  - Interviewing management (and/or relevant staff) at corporate and local level responsible for the sustainability strategy, policy and results;
  - Interviewing relevant staff responsible for providing the information and consolidating the data in the sustainability information;
  - Determining the nature and extent of the review procedures for KPI's
  - Obtaining assurance information that the sustainability information reconciles with underlying records of the company;
  - Reviewing, on a limited test basis, relevant internal and external documentation;
- Performing an analytical review of the data and trends in the information available at corporate level.
- Evaluating the presentation, structure and content of the sustainability information;
- Considering whether the Sustainability information as a whole, including the disclosures, reflects the purpose of the reporting criteria used;

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

Amsterdam, February 29, 2024

Deloitte Accountants B.V.

C. Binkhorst

Appendices

1 Abbreviations

ABBREVIATION	DESCRIPTION
3PL	Third party logistic service providers
AC	Audit Committee (committee of the Supervisory Board)
AGM	Annual General Meeting
AI	Artificial Intelligence
CHP	Combined Heat and power
CIT	Corporate Income Tax
CLA	Collective Labour Agreement
CNG	Compressed Natural Gas
COA	Certificate of Analysis
CSR	Corporate Social Responsibility
CSRD	Corporate Sustainability Reporting Directive
DGD	Dangerous Goods Declaration
EGM	Extraordinary General Meeting
ESG	Environmental, Social and Governance
Flight risk	Likelihood of employees quitting their jobs and leaving the company.
GDP	Good Distribution Practices
GHG	Greenhouse Gas
GJ	Gigajoules
GMP	Good Manufacturing Practices
GRI	Global Reporting Initiative
GWP	Global Warming Potential)
HACCP	Hazard Analysis and Critical Control Points
HSEQR	Health, Safety, Environment, Quality and Regulatory
ICCA	International Council of Chemical Associations
IEA	International Energy Agency
IPCC	Intergovernmental Panel on Climate Change
KPI	Key Performance Indicator
LMS	Learning Management System
LPG	Liquefied Petroleum Gas
MB	Management Board
MWH	Megawatt Hour
NAC	Nomination and Appointment Committee (committee of the Supervisory Board)
NCR	Non-Conformance Report
NGO	Non-Governmental Organisation
OECD	Organisation for Economic Co-operation and Development
PCF	Product Carbon Footprint
PMI	Process Mass Intensity
QMS	Quality Management System
RC	Remuneration Committee (committee of the Supervisory Board)
SB	Supervisory Board
RSPO	Roundtable on Sustainable Palm Oil
SDGs	United Nations Sustainable Development Goals
SDS	Safety Data Sheet
SME	Small and medium-sized enterprises
TCFD	Task force on Climate-related Financial Disclosures
TfS	Together for Sustainability®
TRIR	Total Recordable Injury Rate
UNGC	United Nations Global Compact

2 Alternative performance measures (APMs)

In presenting and discussing the financial position, operating results and net results and cash generation, certain Alternative Performance Measures (APMs) are used. APMs, also known as non-IFRS measures, are financial metrics used by IMCD management to monitor the company's performance and are disclosed to provide additional insights into its performance beyond what is reported using standard accounting principles.

APM	DESCRIPTION
Adjusted leverage ratio	Net debt divided by last twelve months EBITDA, whereby EBITDA includes the pre-closing EBITDA for businesses acquired in current year
Adjusted EBITDA	Operating EBITDA plus non-cash share-based payment costs minus lease payments
Net capital expenditures	Spending on acquiring, maintaining, or improving property, plant and equipment, less divestments in property, plant and equipment
Cash conversion margin	Free cash flow as a percentage of adjusted operating EBITDA
Cash earnings per share	Result for the year before amortisation (net of tax) divided by the weighted average number of outstanding shares
Central cost allocation charges	The costs charged out by the head office to operating companies worldwide for costs incurred centrally on behalf of the wider group
Constant currency basis	Historical results translated at current year's foreign currency exchange rates
Conversion margin	Operating EBITA as a percentage of gross profit
EBITA	Result from operating activities before amortisation of intangibles and non-recurring items
EBITDA	Result from operating activities before depreciation of property, plant and equipment, amortisation of intangibles and non-recurring items
Free cash flow	Operating EBITDA excluding non-cash share-based payment expenses, less lease payments, plus/less changes in working capital, less capital expenditures
Gross profit	Revenue minus costs of materials and inbound logistics
Gross profit %	Gross profit as a percentage of revenue
Leverage ratio	Net debt divided by last twelve months EBITDA
Net capital expenditure	Acquisition of property, plant and equipment minus proceeds from disposals of property, plant and equipment and intangible assets
Net debt	the total of current and non-current loans and borrowings, short term financial liabilities minus cash and cash equivalents
Non-recurring items	Costs related to acquisitions of businesses and income and costs related to one-off adjustments to the organisation
Operating EBITA	EBITA excluding central cost allocation charges (on consolidated level equal to EBITA)
Operating EBITDA	EBITDA excluding central cost allocation charges (on consolidated level equal to EBITDA)
Operational working capital	Working capital excluding accrued interest expenses and excluding current tax liabilities
Organic growth/decline	The remaining change in the results as compared to the prior period, after changes in results attributable to acquired businesses and the effect of fluctuations in foreign currency exchange rates

3 Ten-year summary

EUR MILLION	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
RESULTS										
Revenue	4,442.6	4,601.5	3,435.3	2,774.9	2,689.6	2,379.1	1,907.4	1,714.5	1,529.8	1,358.3
Year on year revenue growth	(3%)	34%	24%	3%	13%	25%	11%	12%	13%	10%
Gross profit	1,122.6	1,147.1	836.3	647.5	599.3	536.1	428.7	381.6	332.8	287.6
Gross profit as a % of revenue	25.3%	24.9%	24.3%	23.3%	22.3%	22.5%	22.5%	22.3%	21.8%	21.2%
Result from operating activities	428.5	461.7	305.5	190.4	176.1	162.6	125.2	107.5	91.2	82.4
Operating EBITDA	547.8	584.5	401.0	268.8	246.8	207.5	166.0	152.1	131.8	112.7
Operating EBITA	514.5	554.5	373.6	243.2	224.8	202.1	161.7	147.8	128.3	110.0
Year on year Operating EBITA growth	(7%)	48%	54%	8%	11%	25%	9%	15%	17%	14%
Operating EBITA as a % of revenue	11.6%	12.0%	10.9%	8.8%	8.4%	8.5%	8.5%	8.6%	8.4%	8.1%
Conversion margin	45.8%	48.3%	44.7%	37.6%	37.5%	37.7%	37.7%	38.7%	38.5%	38.2%
CASH FLOW										
Free cash flow	554.2	434.4	278.9	277.4	222.2	166.5	161.3	140.4	119.3	94.6
Cash conversion margin	105.3%	76.9%	72.6%	109.4%	97.4%	79.3%	97.2%	92.3%	90.5%	83.9%
BALANCE SHEET										
Working capital	764.4	770.1	612.5	443.7	435.9	399.8	314.3	248.4	227.8	179.7
Total equity	1,726.2	1,673.4	1,461.4	1,252.4	866.5	786.3	729.2	722.1	653.8	530.8
Net debt	1,285.6	1,026.9	940.0	727.0	735.2	610.7	490.0	397.6	437.5	266.6
Adjusted leverage ratio	2.3	1.7	2.3	2.3	2.8	2.8	2.8	2.6	2.9	2.4
EMPLOYEES										
Number of full time employees end of period	4,736	4,323	3,740	3,298	2,991	2,799	2,265	1,863	1,746	1,512
SHARES										
Number of shares issued at year-end (x 1,000)	56,988	56,988	56,988	56,988	52,592	52,592	52,592	52,592	52,592	50,000
Weighted average number of shares (x 1,000)	56,918	56,929	56,940	53,750	52,475	52,443	52,425	52,477	51,612	25,118
Earnings per share	5.13	5.50	3.64	2.24	2.06	1.91	1.47	1.39	1.20	0.79
Cash earnings per share	6.41	6.78	4.64	3.03	2.85	2.53	2.06	2.01	1.79	1.42
(Proposed) dividend per share	2.24	2.37	1.62	1.02	0.90	0.80	0.62	0.55	0.44	0.20

For definitions, reference is made to section 2 Alternative performance measures (APMs) of the appendices.

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

TD Cascade, Amsterdam, The Netherlands

Creation and publication software

Tangelo Software B.V., Zeist,
The Netherlands

Photography

iStock
Shutterstock
Sabine Grothues
Siddharth Shah
Priyesh Vishwakarma
Meghesh Muralidharan
Jake Mathew
Dik Nicolai
Nini Cortadellas
Lenny Photography
Pimlada Thanachoknitiwat