



# INTEGRATED 2022 REPORT

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BONDALTI





# 01

## Governance and Strategy

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# Governance and Strategy

**Consolidation** of the Water Treatment Business

**Updating** of Bondalti's Values

**Development** of new business areas

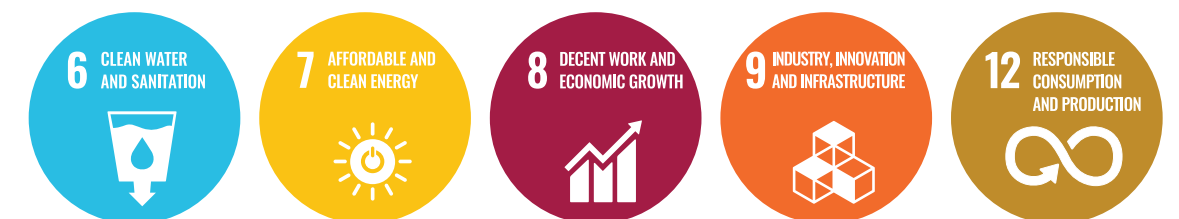
**85%** of Bondalti's suppliers are local suppliers

**+32%** in purchases to suppliers over 2021

**48%** of clients asked about their level of satisfaction



## Strategic SDGs:



## Impacted SDGs:





01. Governance and Strategy

# Identity

## Purpose

Contribute to a better world,  
by creating an innovative  
and sustainable Chemistry



## Values



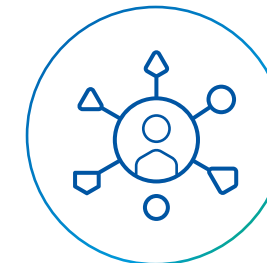
### Competence

Bondalti encourages a permanent attitude of doing more and better, through individual responsibility and teamwork, striving for excellence and consistency.



### Innovation

Bondalti fosters an entrepreneurial culture and an open and curious mindset, continuously searching for new solutions and value-creating opportunities.



### Human Development

Bondalti places people's dignity at the heart of its decision-making and contributes to the development of their skills, promoting autonomy and continuous learning.



### Integrity

Bondalti promotes ethical and honest behaviour, creating relationships of trust and loyalty, treating everyone fairly and truthfully.



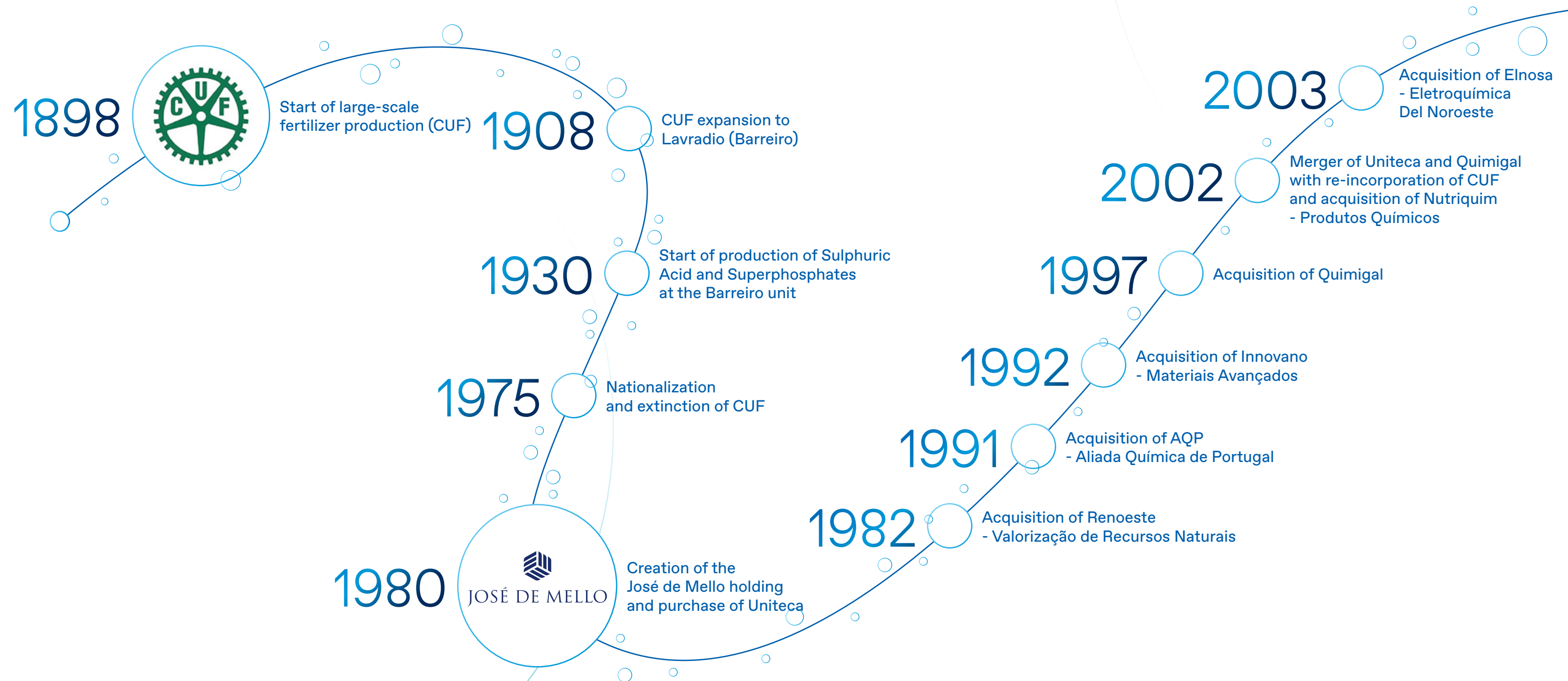
### Responsible care

Bondalti continuously pursues high standards of quality, safety and respect for the environment, seeking to add value to the communities where it operates, protecting people and the planet.



At Bondalti, everyone is united by innovation at the service of people's well-being.

The Company is the largest chemical company in Portugal and continues to be inspired by the passion of its founder, Alfredo da Silva, who 120 years ago showed that it was possible to rely on national inventiveness and excellence.





2004

Acquisition of Dolopand  
- Investimentos Imobiliários e Turísticos

2005



Change of CUF's brand image

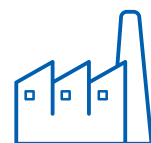
2006

Expansion of the Estarreja  
Chemical Complex

2008

Sale of the fertilizer business  
and focus on Industrial Chemicals

2009



Completion of the  
expansion of the Estarreja  
Chemical Complex

2017

Acquisition of Miralcalis  
- Ativos de Produção de Cloro

2018



Change of brand  
from CUF to Bondalti

2019

Expansion of Chlor-Alkalis production  
to a new plant in Spain, Cantabria

2021

Entry into water treatment with the  
acquisition of Enkrott and Grupo AEMA

2022

Entry into New Businesses

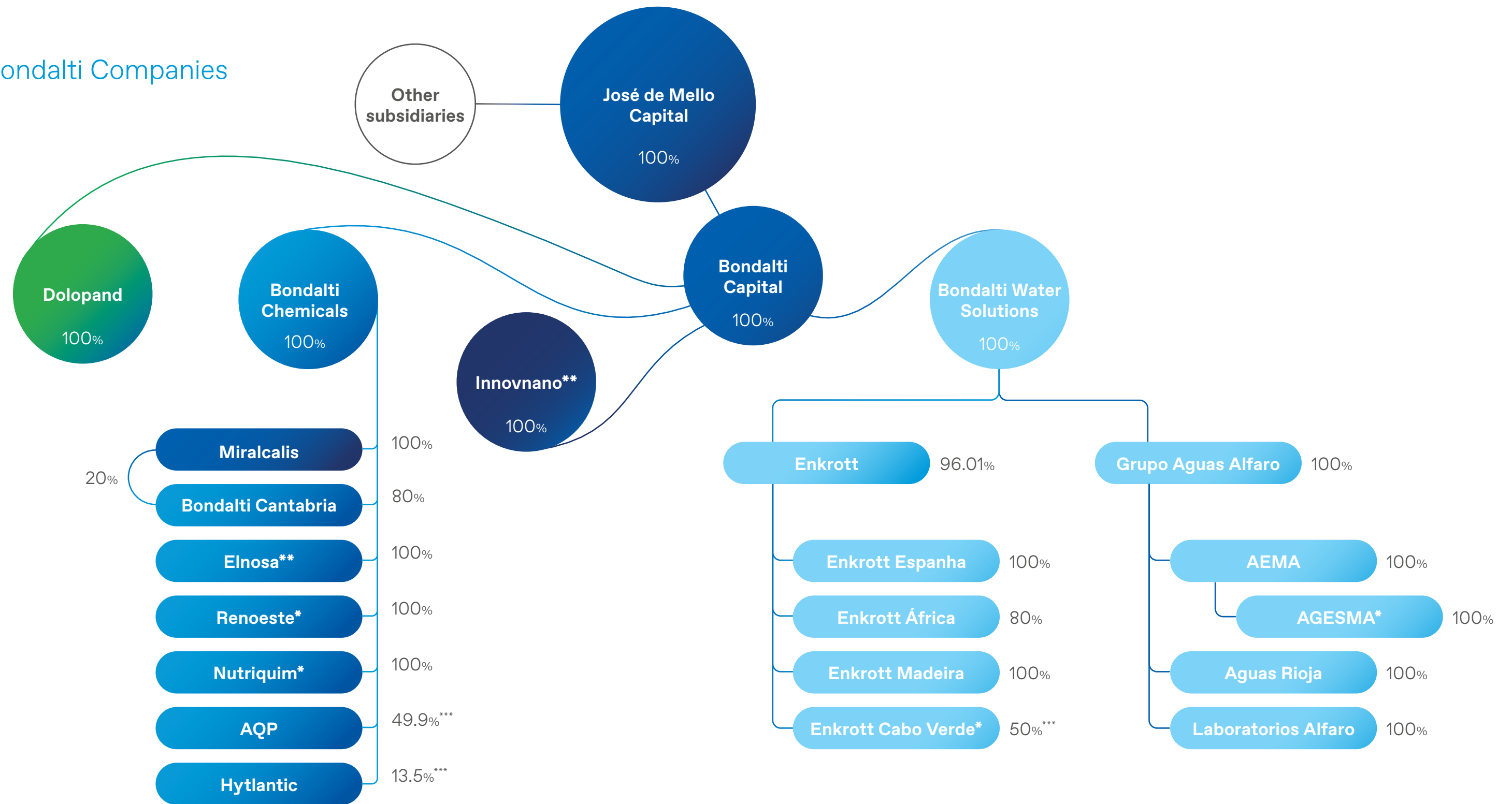
2023

BONDALTI

Changing of Bondalti  
Brand Image



## Bondalti Companies



\* Discontinued activity

\*\* Discontinued industrial activity

\*\*\* Does not consolidate in Bondalti Capital

Equity Holders

Real Estate

Nanomaterials

Industrial Chemicals

Water Treatment





01. Governance and **Strategy**

## Business Areas



### BONDALTI CHEMISTRY

#### Organic Chemicals

- Aniline and by-products

#### Inorganic Chemicals

- Chlor-alkalis

As a leading chemical industry with a competitive position in the market where it operates, Bondalti core business is the production of Chlor-Alkalis (PCA), in the inorganic chemical segment, and Aniline and Derivatives (PAD), in the segment of organic chemicals.

Currently Bondalti is the largest Iberian producer of chlorine and hypochlorite and European leader in sales of aniline and mononitrobenzene (MNB), as well as one of the world's leading non-integrated aniline producers.

To produce its chemical products, Bondalti relies on two industrial units that are dependent on raw materials such as benzene, salt, ammonia and hydrogen, as well as utilities such as electricity. Bondalti is a national reference in the hydrogen ( $H_2$ ) value chain, as it is the second largest Iberian producer of  $H_2$  without direct use of natural gas.

As for the production sector of inorganic products in the Chlor-Alkalis sector, Bondalti supplies inorganic products mainly to the Iberian market. On the other hand, with regard to the production of organic products (aniline and by-products), in Estarreja, these (chlorine, soda and aniline) are supplied via pipeline to the main client-partner of the Estarreja Chemical Complex (CQE). These products are also integrated into the production of partners, which is essentially for export.





























Additionally, Bondalti supplies organic products to several clients in the international market, such as Belgium, Spain, the USA, Germany and the Netherlands.

Bondalti products have different applications in everyday life, playing a relevant role in different and varied industries, with countless direct or indirect purposes.

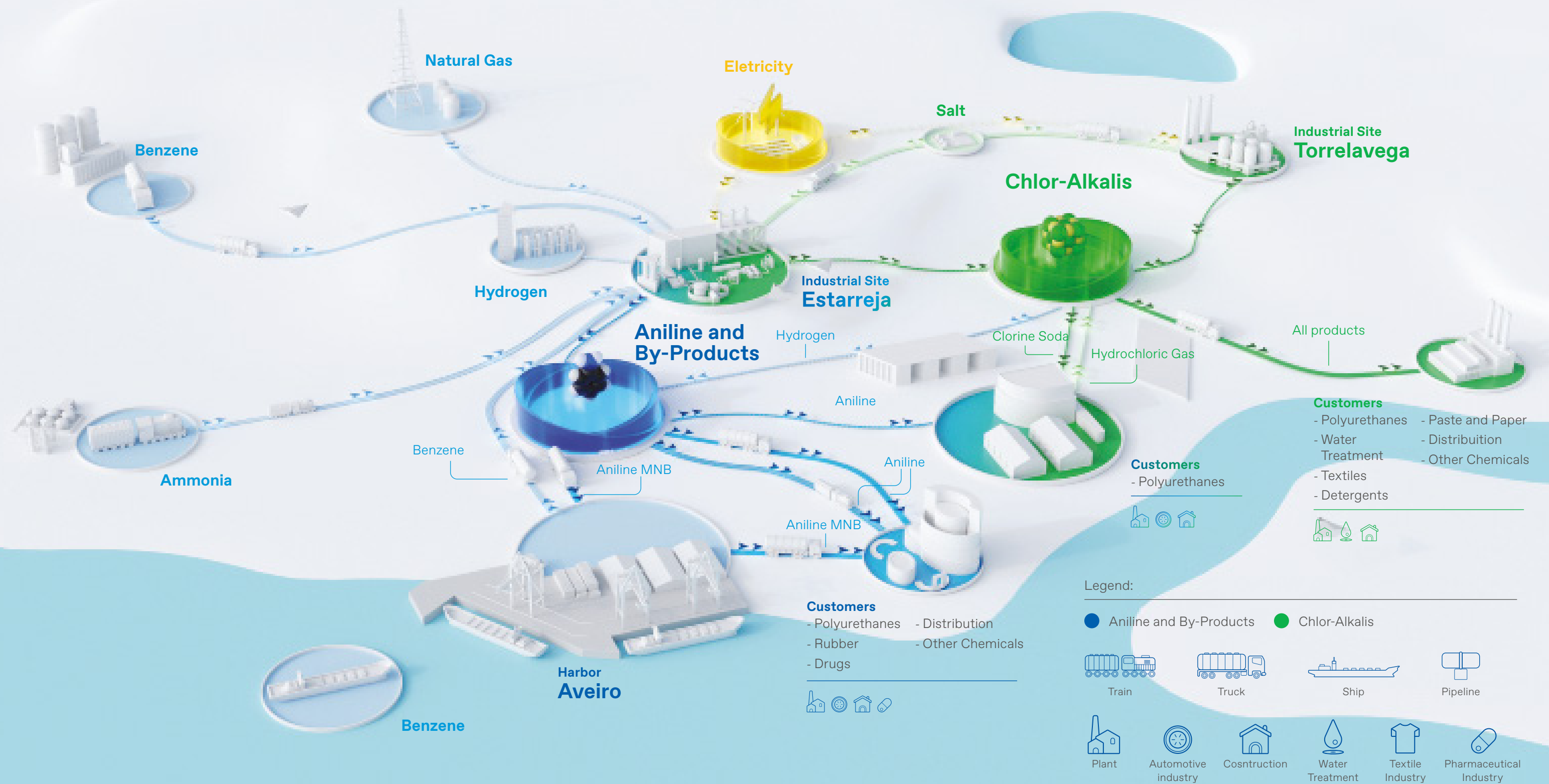






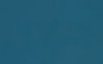
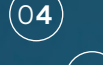
	Nitric Acid	Sulphanilic Acid	Aniline	Mononitrobenzene	Hydrochloric Acid	Chlorine	Sodium Hypochlorite	Caustic Soda
<div></div> <div><b>Chemical Industry</b> The chemicals produced form part of the beginning of the value chain for countless clients</div>								
<div></div> <div><b>Paints and Pigments</b> The composition of paints involves water-insoluble chemicals and oily substances</div>								
<div></div> <div><b>Rubber Industry</b> The rubber industry uses organic chemicals in rubber composition</div>								
<div></div> <div><b>Pharmaceutical Industry</b> Pharmaceutical industry products require a very high degree of purity</div>								
<div></div> <div><b>Hygiene and Cleaning Products / Detergents and Soaps</b> Cleaning products are used for the effective removal of oils and greases and the disinfection of surfaces</div>								
<div></div> <div><b>Water Treatment</b> Chlorine-based products act in the disinfection of public water and for human consumption</div>								
<div></div> <div><b>Paper Industry</b> The manufacturing of paper and its by-products depends essentially on inorganic products</div>								





## INDUSTRIAL CHEMICALS VALUE CHAIN





Bondalti Chemicals, S.A.'s two main production sectors (organic and inorganic) are located at the Estarreja industrial unit. Bondalti operates in Spain, more precisely at Torrelavega, through Bondalti Cantabria, S.A., exclusively in the inorganic production sector. Also in Spain, specifically at Pontevedra, Elnosa - Electroquímica del Noroeste, S.A. major activity is the trading of products from the two industrial units.

As a chemical company, Bondalti is focused on providing solutions with ambitious environmental goals, both globally and at European Union level.

Legend:



Production units



Logistics centers



Offices

Location of the Industrial Chemicals operations







Bondalti operates in the Water Treatment solutions market in Portugal, Spain and Angola, as well as globally, exporting solutions all over the world since 2020.

In this business area, Bondalti specialises in two large groups of complementary activities:

- **Design and Engineering:** Design, production, marketing and installation of highly reliable and competitive water and wastewater treatment equipment and solutions.
- **Maintenance and Operation:** follow-up of each client with an offer of continued support, including comprehensive management, operation, preventive and/or corrective maintenance, while maintaining a close relationship with the client's interlocutors.

Serving high-demand clients for whom water is a critical asset, especially in the industrial, health, tourism and large buildings and facilities sectors.

Establishing the water-energy-resources connection, by taking advantage of its capacities in order to allow and promote the reuse of water, the increase of water and energy efficiency, as well as the recovery of waste and the generation of biogas from wastewater.

This business area reflects a long-term commitment to and in line with global trends in sustainable development, including the United Nations Sustainable Development Goals (SDGs), with emphasis on the efficient use, supply and access to drinking water (SDG 6) and on ensuring sustainable consumption and production patterns (SDG 12), among others.

The portfolio of solutions for water and wastewater treatment comprises numerous solutions and technologies for the production of water for human consumption, industrial water process and utilities, as well as for wastewater and waste treatment. We highlight the following:

- Solutions with membrane technologies, such as reverse osmosis or ultrafiltration;
- Electrodeionization equipment;
- Advanced biological solutions, such as MBR membrane bioreactor solutions;

- Advanced biological solutions allowing energy recovery and reduction of emissions and waste, such as UASB type anaerobic reactors;
- Solutions with physical-chemical treatments, advanced oxidation systems and sludge treatment;
- Customized chemical dosing equipment for water treatment or other applications;
- Solutions for the reuse of wastewater for various purposes;
- Advanced monitoring and control solutions associated with Bondalti products.

This technical portfolio comprises the supply of services focused on two key pillars: the regular operation and maintenance of client facilities, and technical assistance whenever requested, providing a quick and efficient response, ensuring ongoing operation, and applying the best techniques, resources and consumables.

This activity is assisted by a chemical and biological analysis laboratory, accredited in Spain, which supports internal activity and provides high quality analysis and inspection services.





Bondalti has over 350 professionals, located in Portugal, Spain and Angola, serving local markets and exporting to international markets.

This services portfolio was developed from an innovation perspective, through various internal projects or in partnership with various international entities, whether in the development of anaerobic reactors (eg LIFE-MultiAD 4 AgroSMEs project) or in the search for efficient integrated solutions in industrial sectors (eg Giatex project, under the PRR), among others.

Location of Water Treatment activities



Legend:



Production units

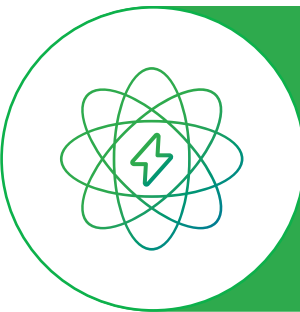


Logistics centers



Offices





**BONDALTI**  
ENERGY

Green Hydrogen

Sustainable Lithium

Bondalti Energy was set up in 2022 in the wake of several decades of development of technologies and processes in the field of industrial chemicals. Taking into account the growing demand for solutions with a positive impact on the sustainability of industries, Bondalti now has the opportunity to apply these developments in the value chains of new industries, namely in the Energy sector. The Energy area translates Bondalti's commitment to a sustainable track record, a mission based on four vectors. One of the most relevant vectors is the potential for decarbonisation, i.e. the mission to create products and processes with a lower carbon footprint than current industry alternatives. A second crucial vector in Bondalti Energy's mission is the potential for circularity, which translates into the integration of waste, by-products or end-of-life products, whether coming from Bondalti's value chain or other. If, on the one hand, the impact of the mission is of the utmost significance, the way to achieve it is equally critical – Bondalti's competitive advantage. Thus, a third essential vector is the integration into Bondalti's value chain, incrementally, whether upstream or downstream. Finally, a fourth fundamental vector is the application of Bondalti's skills, technologies or processes, both proprietary and acquired from third parties.

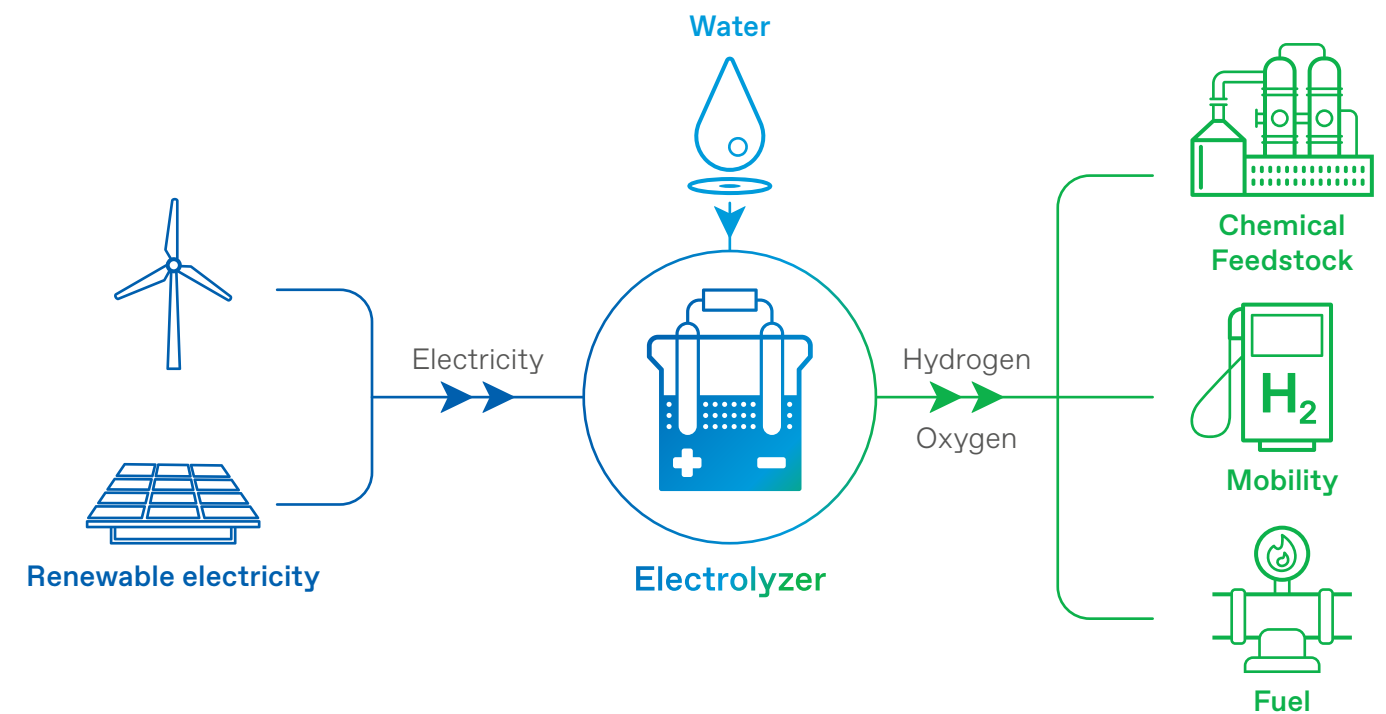
Currently, Bondalti Energy's scope of action is essentially focused on the areas of Green Hydrogen and Sustainable Lithium, which are described in more detail below.

## Green Hydrogen

"Fit for 55" is a European Union initiative aimed at reducing greenhouse gas emissions by 55% by 2030, for which green hydrogen will play an important role in terms of the decarbonisation capacity of European economies. Logically, Bondalti's vision and its strategic objectives for 2030, which include, among others, the significant integration of green hydrogen in its value chain, reflect the ambition to decarbonise its current operations and contribute to European

climate and energy goals, complying with the "Fit for 55" goals for the chemical sector.

The Estarreja Chemical Complex (CQE) is currently the national site with the most developed hydrogen value chain. Currently, Bondalti is the second largest Portuguese consumer of hydrogen, having already considerable knowledge in the production of hydrogen via electrolysis, through the chlor-alkali production process. Within the scope of the latter, Bondalti developed knowledge about membrane cell technology and implemented characterisation tools and operational procedures aimed at reducing costs. These two facts – the current existence of a hydrogen value chain in Estarreja and the experience in electrolysis technology and its operation – provide a competitive edge to Bondalti's bet on positioning itself as a future producer of green hydrogen.



Bondalti is developing a green hydrogen project, the "H2Enable", which was recently recognized as an IPCEI-H2 project by the European Commission, having also been approved in 2022 for funding under the Recovery and Resilience Plan. The project is in line with the European decarbonisation and reindustrialisation goals, based on advanced, intelligent and efficient technologies, low environmental impact, orientation towards more qualified products with greater added value, as well as the principles of circularity.



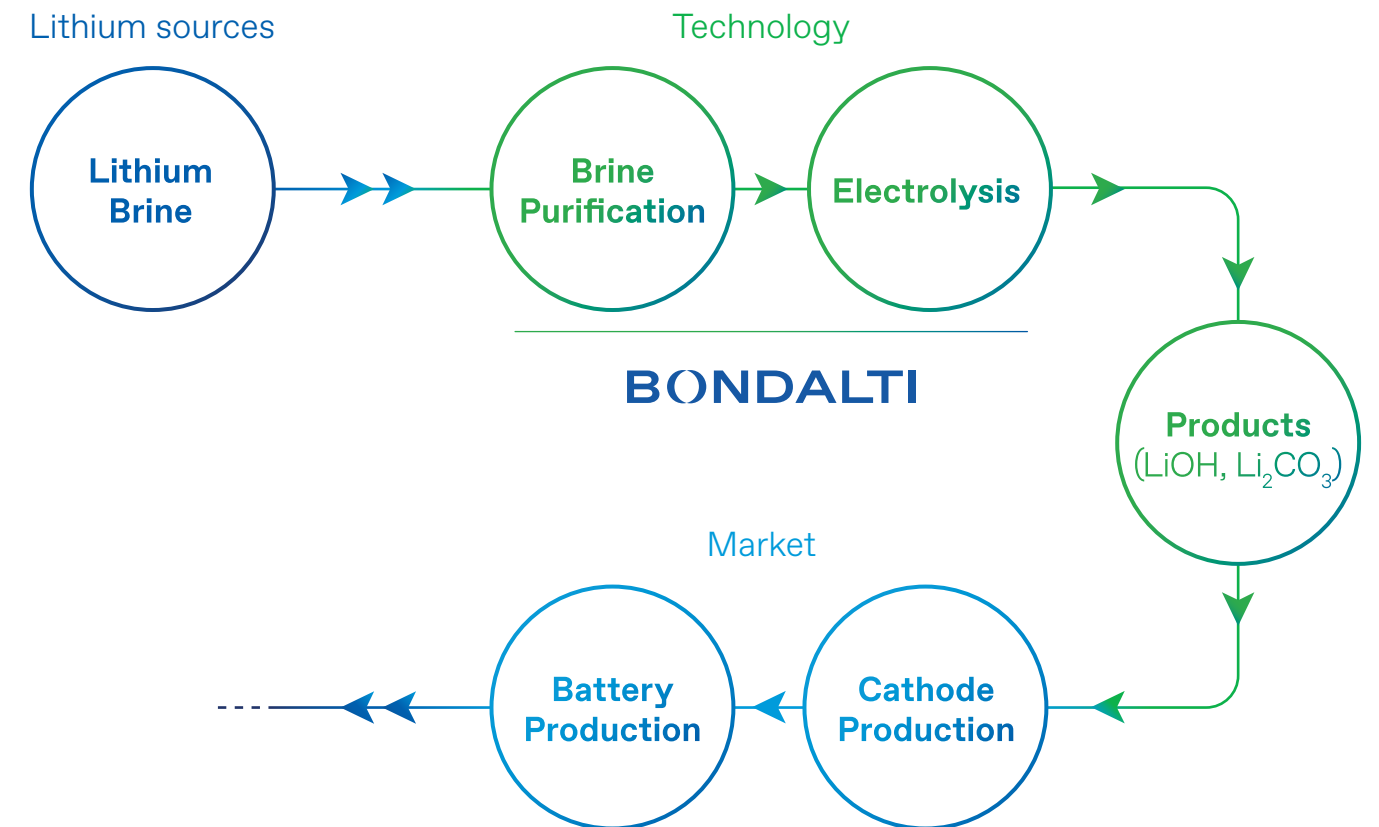


Bondalti is also part of a consortium formed by 13 entities that aims to develop a new green hydrogen production project in Sines, entitled “GreenH2Atlantic”. This project was one of three selected for funding by the “Horizon 2020 – Green Deal”, to demonstrate the viability of green hydrogen on an unprecedented scale of production and technological application.

## Sustainable Lithium

Simply put, the lithium battery production value chain begins with the exploitation of lithium sources. The ore is subsequently purified and refined (usually converted to lithium hydroxide or lithium carbonate). Afterwards, the refined products are delivered to cathode producers and finally integrated into batteries.

In this value chain, Bondalti seeks to operate in the purification and refining segment, producing lithium hydroxide. The main reason is the possibility for Bondalti to adapt its brine electrolysis technology used in the chlor-alkali sector for several decades, and replace conventional processes, which have a larger carbon footprint and higher costs, with this process powered by electricity from renewable sources. In addition to lithium hydroxide, this process results in chlorine and hydrogen, by-products that are easily integrated into Bondalti’s current value chains.



At the end of their life, batteries are recycled and there is also a specific value chain for this purpose. The batteries are first collected, grouped, discharged and disassembled; an essentially mechanical process then follows that ends with the production of the so-called “black mass”, an agglomerate of metals including lithium, manganese, cobalt and nickel. Lastly, a chemical process takes place that allows the separation of these metals and subsequent delivery to cathode producers.

In this value chain, the positioning that matters most to Bondalti is where it adds the most value, which is naturally the development of the chemical process for separating metals, again following the logic of increasing sustainability and reducing costs through circularity and integration into the company’s existing value chains.

The activities that will allow Bondalti to be a player in the production of lithium hydroxide and in the recycling of lithium batteries are being developed within the scope of the “New Generation Storage” project, approved in 2022 for funding under the Recovery and Resilience Plan.



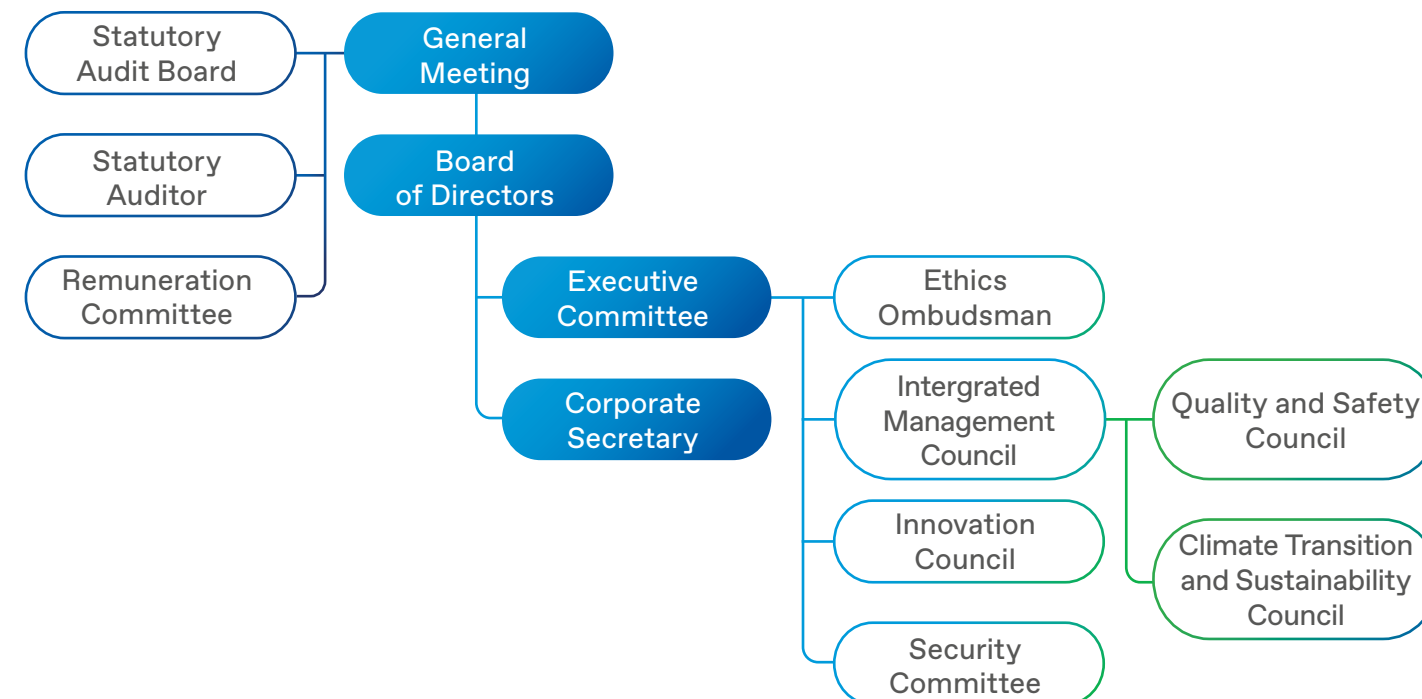


## 01. Governance and Strategy

# Principles of Governance

Bondalti Capital, S.A. owns a group of companies dedicated to the management of industrial chemicals and water treatment businesses. Bondalti Capital, S.A. is responsible for defining cross-corporation responsibilities such as mission, vision, values, or strategy, as well as for coordinating the management of all the subsidiaries.

Bondalti's governance model is based on ethical and transparency principles, operated by different bodies responsible for guiding, managing, and supervising the activity.



## General Meeting

The General Meeting is formed by shareholders with voting rights and its operating rules and attributions are defined in the Articles of Association, complying with the provisions of the Commercial Companies Code. The General Meeting is convened and chaired by the chairman of the respective board, which is also made up of a secretary; they are both elected by General Meeting for a term of office of four years. The members of the Board of Directors and of the Supervisory Board must also participate in the meetings of this body, without the right to vote.

It is incumbent upon the General Meeting to appraise the report of the Board of Directors; discuss and vote on the balance sheet and accounts and resolve on the appropriation of results for the year; elect the Board of the General Meeting, the Board of Directors, the Statutory Audit Board, and the Remuneration Committee; resolve on any amendments to the articles of association and capital increase; among others.

### Board of the General Meeting

#### Chairman

Alexandre Cabral Corte-Real de Albuquerque

#### Secretary

Pedro Jácome da Costa Marques Henriques





## The Statutory Audit Board and Statutory Auditor

The supervision of the company is the responsibility of the Statutory Audit Board, made up of three effective members and an alternate, elected at the General Meeting, for the current four-year period. The structure, composition, powers, and duties of this body are stipulated in articles 413 to 423 of the Commercial Companies Code.

It falls to this body to supervise the administration of the company; monitor compliance with the law and the Articles of Association; verify the regularity of the books, accounting records and supporting documents; oversee the process of preparing and disclosing financial information; among others.

Statutory Audit Board	<b>Chairman</b>
	Maria do Rosário Mayoral Robles Machado Simões Ventura
	<b>Members</b>
	José Miguel Tavares Mora do Vale
	Romualdo Luís Ribera Salcedo
	<b>Alternate</b>
	Igor Amarii
Statutory Auditor	ERNST & YOUNG AUDIT & ASSOCIADOS – SROC S.A.

## Remuneration Committee

The Remuneration Committee’s duty is to define the remuneration policy of the members of corporate bodies, subject to the approval of the General Meeting, and fix the remuneration of the members of the corporate bodies.

## Board of Directors

The management of the company is exercised by a Board of Directors, elected by the shareholders at the General Meeting for a renewable term of four years. In January 2021 the General Meeting elected the Board of Directors for the 2021-2024 period, having re-elected the Chairman of the previous term, as well as the members of the Executive Committee (EC).

This body is responsible for managing the business, actions and operations related to the corporate object; act on the company’s behalf; establish the technical-administrative organization and internal functioning rules, among others. The Chairman of the Board of Directors is responsible for ensuring the correct execution of the decisions of this body, as well as for coordinating its activity. The meetings of the Board of Directors must be held on a monthly basis and are convened by the Chairman.

Board of Directors	<b>Chairman</b>
	João Maria Guimarães José de Mello*
	<b>Members</b>
	André Cabral Côrte-Real de Albuquerque*
	João Jorge Gonçalves Fernandes Fugas
	João Pedro Ribeiro de Azevedo Coutinho
	João Pedro Stilwell Rocha e Melo
	Luís Augusto Nesbitt Rebelo da Silva*
	Luís Henrique Marcelino Alves Delgado*
	Marisa Poncela García
	Vasco Luís José de Mello

\*Executive Committee





João Maria Guimarães  
José de Mello

João de Mello is Chairman of the Board of Directors and Chairman of the Executive Committee of Bondalti Capital, as well as member of the Board of Directors and Executive Committee of José de Mello Capital, SA, the shareholder of Bondalti.

With over 30 years of professional experience in the chemical sector, in addition to his functions at Bondalti, he represents Bondalti with the General Council of COTEC (Portuguese Business Association for Innovation); he is Vice-chairman of the General Meeting of AIP (Portuguese Industrial Association), member of the Board of ACEGE (Christian Association of Entrepreneurs and Managers) and Vice-chairman of the Board of the General Meeting of APQuímica (Chemical, Petrochemical and Refining Industry Association).

João de Mello studied Business Administration at École d'Administration et de Direction d'Entreprises, in Switzerland, having completed his university studies at Catholic University de Louvain, in Tournay, specialising in Industrial Textile Techniques. In addition, he trained in several management areas, having completed the Leadership Management Training Program for Top Managers, at IMD International.



André Cabral Côrte-Real  
de Albuquerque

With 10 years of experience in the chemical sector, André de Albuquerque is member of the Board of Directors and Executive Committee of Bondalti Capital. André de Albuquerque is also member of the Board of FEIQUE, and Business Angel accredited by IAPMEI (Competitiveness and Innovation Agency).

Over the years, André de Albuquerque held management positions in companies and sectors as different as Printed Electronics, Nanotechnology, Civil Explosives or Fertilizers, having gained large experience in several functional and sector areas.

André de Albuquerque has a degree in Business Administration from Universidade Católica Portuguesa, and postgraduate studies from the same University and AESE Business School.



João Jorge Gonçalves  
Fernandes Fugas

João Fugas is Non-Executive Member of the Board of Directors of Bondalti Capital and Auditor at the Instituto de Defesa Nacional (Institute of Homeland Defence).

João Fugas has over 35 years of professional experience in various industries, having held top management positions in various industrial and services companies of the Sonae Group.

João Fugas holds a degree in Chemical Engineering from Faculdade de Engenharia da Universidade do Porto. In addition, João Fugas has completed several management training programs, including the Leadership Program for Top Managers at IMD International and the Senior Business Management Program at the AESE Business School.



João Pedro Ribeiro  
de Azevedo Coutinho

João Azevedo Coutinho is Executive Director of José de Mello Capital and non-executive member of the Board of Directors of Bondalti Capital.

With over 35 years of professional experience, he started his career at Coopers & Lybrand and was the manager responsible for the Investment Banking Division of Deutsche Bank in Portugal. João Azevedo Coutinho was member of the Executive Committee of Banco Mello de Investimento, Executive Member of the Board of Directors and CFO of Brisa, being also responsible for several areas and subsidiaries of the Brisa Group. He was also a member and later Chairman of the Board of Directors of CCR - Companhia de Concessões Rodoviárias in Brazil.

Graduated in Business Administration and Management from Universidade Católica Portuguesa, he completed the Leadership Management Training Program for Top Managers at IMD International and the Advanced Management Program at Harvard Business School.



João Pedro Stilwell  
Rocha e Melo

Pedro Rocha e Melo is Executive Director of José de Mello Capital, Non-executive Director of Bondalti Capital, Vice-chairman of CUF and Vice-chairman of ACEGE.

He was Vice-chairman and Executive Director of Brisa Autoestradas de Portugal and Chairman of Via Verde Portugal. Before joining Brisa, he worked in Investment Banking, as CEO of Banco Mello de Investimentos, Director of Banco Mello, Companhia de Seguros Império and Mello Valores. He was also a member of the Board of the Portuguese Chamber of Commerce and Industry.

Pedro Rocha e Melo has a degree in Mechanical Engineering from Instituto Superior Técnico and a MBA (Master of Business Administration) from Universidade Nova de Lisboa.



Luís Augusto Nesbitt  
Rebelo da Silva

Luís Rebelo da Silva is member of the Board of Directors and the Executive Committee of Bondalti Capital and member of the Board of Directors of the European Chemical Industry Council (CEFIC).

At the beginning of his career, Luís Rebelo da Silva worked for ICEP (Portuguese Trade and Investment Institute), and in the venture capital industry as an investment analyst. Prior to joining Bondalti, Luís Rebelo da Silva worked for more than 18 years in several other companies of the José de Mello Group, where he held top management positions.

Luís Rebelo da Silva graduated in Business Administration from Instituto Superior de Economia e Gestão in Lisbon.





Luís Henrique Marcelino  
Alves Delgado

Luís Delgado is member of the Board of Directors and of the Executive Committee of Bondalti Capital and Chairman of APQuímica.

Luís Delgado joined the José de Mello Group as head of the Strategic Planning, Development and Control Division of José de Mello, having subsequently held positions in several companies of the group, among which Efacec Power Solutions, where he was Executive Director, acting on behalf of shareholders José de Mello and Têxtil Manuel Gonçalves.

Luís Delgado holds a B.S. in Electro technical and Computer Sciences Engineering from Instituto Superior Técnico, and a MBA from Universidade Nova de Lisboa.



Marisa Poncela  
García

Marisa Poncela García is member of the Board of Directors of Bondalti Capital, holding non-executive functions.

Marisa Poncela García graduated in Economic Sciences from the University of Zaragoza, having begun her professional career in 1984, as technician at the Ministry of Economy and Commerce, and pursued a relevant career in the Spanish public administration, as General-Secretary for Science and Innovation, State Secretary for Trade, chairman of ICEX Espanha Exportações e Investimentos and, until 2020, international director of Renfe Operadora.

Marisa García was also a professor in several master's programs and general manager of Fundação Abbott and co-founder of Addtalentia S.L. Currently, Marisa Poncela García is also non-executive director at Talgo, a company in the railway sector; Idom, Engenharia e Consultoria; Salvat Laboratories, in the pharmaceutical area; and Amber, a communications technology and engineering company.



Vasco Luís  
José de Mello

Vasco Luís José de Mello is the General Manager of José de Mello Capital and a Non-Executive Member of the Board of Directors of Bondalti Capital.

With over 30 years of professional experience, he began his career in the mergers and acquisitions department of Hambros Bank in London and Lisbon. He joined the Corporate Finance area of Banco Mello de Investimentos and was the manager responsible for the Strategic Planning and Control area of José de Mello. He worked in the health area and was Executive Director of CUF, having held various positions, namely President of the Executive Committee of Hospital CUF Infante Santo and Hospital CUF Descobertas, Executive Director of Quirón (Spain), and he was also Chairman of the Board of Directors Hospital de Braga, PPP and Hospital de Vila Franca de Xira, PPP. He returned to the parent company as General Manager, with responsibility for the areas of Strategic Planning, Control and Accounting.

Graduated in Mechanical Engineering at the Catholic University of Louvain, Belgium, Vasco Luís José de Mello completed a Master's in Business Management at the same University and participated in several management courses at IMD, INSEAD (Institut Européen d'Administration des Affaires) and MIT Sloan.



Executive Committee

The Board of Directors delegates the day-to-day management of the company to the Executive Committee (EC), namely the monitoring of all activities and projects developed in the Bondalti companies.

As a rule, this body’s meetings take place on a weekly basis, and aim to manage critical and priority issues of any of the Organization’s departments, so that decisions are taken in a timely and responsible manner. The regular follow-up carried out by the EC is crucial for managing risk and assessing the fulfilment of short-, medium- and long-term goals.

The performance assessment of this body is based on objectives defined for a specific time horizon and in different areas, namely the economic, social and stakeholder perception areas.

The Directors who form the Executive Committee are responsible for managing the coordination of different areas and departments:

João de Mello	André de Albuquerque	Luís Delgado	Luís Rebelo da Silva
- Communication and Brand	- Chemistry and Hydrogen Business	- Lithium Business	- Water Treatment
- Internal Audit and Risk Management	- Coordination of Industrial Sites		- Bondalti Water Solutions Structures
- IT, Information Security, Digitalisation and Innovation	- Commercial		- Administrative and Financial
- People	- Business Development and Market Intelligence		- Legal
- Sustainability & Climate Transition	- Integrated Production and Energy Planning		- Real Estate, Insurance, General Services and Fleet Management
	- Safety, Environment and Quality		- Management Planning and Control
	- Supply Chain		
	- Technology		

Bondalti has other advisory bodies to support the management of relevant and wide-ranging themes within the Organisation.

Ethics Ombudsman

The mission of the Ethics Ombudsman is to monitor and supervise all matters related to the application of the Bondalti Code of Ethics. The Code of Ethics demonstrates the organization’s commitment to acting ethically and with integrity under all circumstances, always respecting the rights of its stakeholders. The Code of Ethics and Ombudsman Regulations provide the internal and external advisory and reporting mechanisms for behaviours that might be deemed unethical, unlawful, or lacking integrity.

The Ethics Ombudsman is appointed or dismissed by the Executive Committee and acts in direct coordination with corporate bodies, committees, and structures of the Organisation.

Integrated Management Council

The Integrated Management Council is responsible for the implementation of the different areas Management Systems, namely Quality, Occupational Health and Safety, Environment and Energy at Bondalti Chemicals and Bondalti Cantabria, viewing to improve performance, sustainable development, employee health and safety protection and prevention of serious industrial accidents.

This body is sub-divided into two, according to the subjects and areas concerned, the **Quality and Safety Council**, for issues relating to Quality, Occupational Safety and Health and Industrial Safety, and the **Climate Transition and Sustainability Council**, for Environment, Energy, Environmental Sustainability and Climate Change related matters.





## Innovation Council

The Innovation Council is an advisory body created to define and guide the strategy and policy of Bondalti with regard to innovation, proposing and following up the general lines of the Research, Development & Innovation System implemented at Bondalti Chemicals according to NP 4457, with a view to improve its performance, whilst continuously promoting sustainable innovation focused on a better efficacy and efficiency of processes and/or exploiting growth opportunities paving the way for disruptive innovation.

## Security Committee

The Security Committee is responsible for the Security of Information strategy, and for controlling its implementation. It is the responsibility of this Committee to: analyse and monitor Bondalti's compliance with legal and regulatory obligations concerning Security of Information; discuss and propose initiatives in this field to improve the level of internal control; promote discussion about significant changes within the Organisation; identify and analyse the impacts at Information Security level and the risk profile of the Organisation; and control performance indicators relating to Security of Information.





01. Governance and Strategy

# Key indicators and value creation



Intellectual Capital

- Development of innovation capacity
- Production operational efficiency
- Development of scientific knowledge
- Higher visibility and recognition



Natural Capital

- Production operational efficiency
- Reduction of environmental impact
- Protection of biodiversity and ecosystems



Financial Capital

- Creation of sustainable value
- Growth of the organisation



Human Capital

- Development of skills
- Reconciliation between personal and professional life
- Protection of Employees
- Safe working environment



Social Capital

- Confidence in products and services
- Increase in Client satisfaction
- Increase in safety and efficiency
- Increase in recognition
- Development of Local Community





Effort

Results



Financial Capital

€M 356.8 in Cost of Goods Sold  
€M 114.7 in Supplies and Services  
€M 35.6 in Personnel Expenses

€M 595.1 in Turnover  
€M 102.6 in EBITDA  
€M 51.9 in Net Profit  
€M 69 in Net Debt



Intellectual Capital

91 ideas submitted by Employees  
€M 3.2 in RDI costs and investment  
9% of Employees allocated to RDI activities

€M 1.7 cumulative return on implemented ideas  
39 RDI initiatives and/or projects  
68 RDI partnerships



Human Capital

744 Employees (440 in Portugal, 223 in Spain, 81 in Angola)  
€k 1 021 in employment benefits  
37 624 training hours

efr certification from Fundación MásFamilia  
14 non serious occupational accidents with sick leave  
Incidence rate of 0.022



Social Capital

€k 2 291 invested in the Community  
206 stakeholders assessing performance in Sustainability  
157 clients assessing Industrial Chemicals

82 out of 100 in the EcoVadis sustainability survey  
4.14 out of 5 in the Stakeholder Sustainability assessment  
4.29 out of 5 in the Clients assessment



Natural Capital

547 kt of raw materials used at Industrial Chemicals  
1 988 k m<sup>3</sup> water consumed  
3 112 kGJ energy consumed

1 777 kt of Industrial Chemicals products  
1 081 k m<sup>3</sup> of effluents  
16 969 t of waste  
140 kt CO<sub>2</sub> eq. emitted





01. Governance and Strategy

# Strategy and Materiality

Achieving effective sustainable development requires acting on current needs without compromising future needs, while assessing the balance between economic growth and the protection of the environment and social well-being.

Bondalti is well aware of this and therefore, the company adjusts its strategy and operations to current and future needs.



Consolidate **sustainability, climate transition and energy** into strategic priorities



Provide the **Business Units** with the **solidity** required to achieve their ambitions



Maintain, at the corporate centre, the responsibility for proposing **cross-cutting policies**

Bondalti's material sustainability themes are defined based on the Organisation's strategy, as well as on the process of consulting internal and external stakeholders, supported by trend and benchmark analyses.

The company carried out a bibliographical survey on relevant sector issues and trends in global terms, in order to identify the themes to consider in the materiality assessment process.

The materiality matrix of the Sustainability themes emerged from this survey, taking into account the importance of the theme for the company vs. importance to stakeholders. This exercise was carried out through a questionnaire to stakeholders; in 2023 Bondalti plans to carry out a general review of this strategy and update material themes.

Bondalti's material themes were updated at the beginning of 2022 in line with stakeholder consultations carried out at the end of 2021.

## Material Themes







This materiality analysis is also relevant for the identification of the SDGs most impacted by the Organisation, whether positively or negatively. The SDGs encompass the United Nations 2030 Agenda for Sustainable Development, a new global model, which must be implemented by all, to promote prosperity and overall well-being, while protecting the environment and fighting climate change. Bondalti contributes to several SDGs, most relevantly to the following:



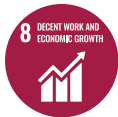
Clean Water and Sanitation

Bondalti takes effective measures aimed at reusing water, monitoring **water efficiency and effluent emission**. Some of the products produced by Bondalti are essential in water treatment methodologies.



Affordable and Clean Energy

Bondalti develops a range of energy efficiency measures and continuously monitors its emissions. Bondalti aspires to **increase renewable energy** consumption in the global energy matrix.



Decent Work and Economic Growth

Bondalti is focused on the sustainable development and expansion of its activity, banking on **operational efficiency** and **human capital**.



Industry, Innovation and Infrastructure

Bondalti is a relevant company in the Portuguese industrial landscape, banking on **RDI activities** to achieve operational efficiency and technological and functional modernization.



Responsible Consumption and Production

Bondalti invests in **circular economy** initiatives, fostering a responsible and more competitive business growth, with less impact on social and natural capital.

Economic Performance					
Energy Management					
Client Satisfaction					
Process Innovation					
Emissions					
Health and Safety at Work					
Ethics / Transparency / Anti-corruption					
Development and Training of Employees					
Corporate Governance					

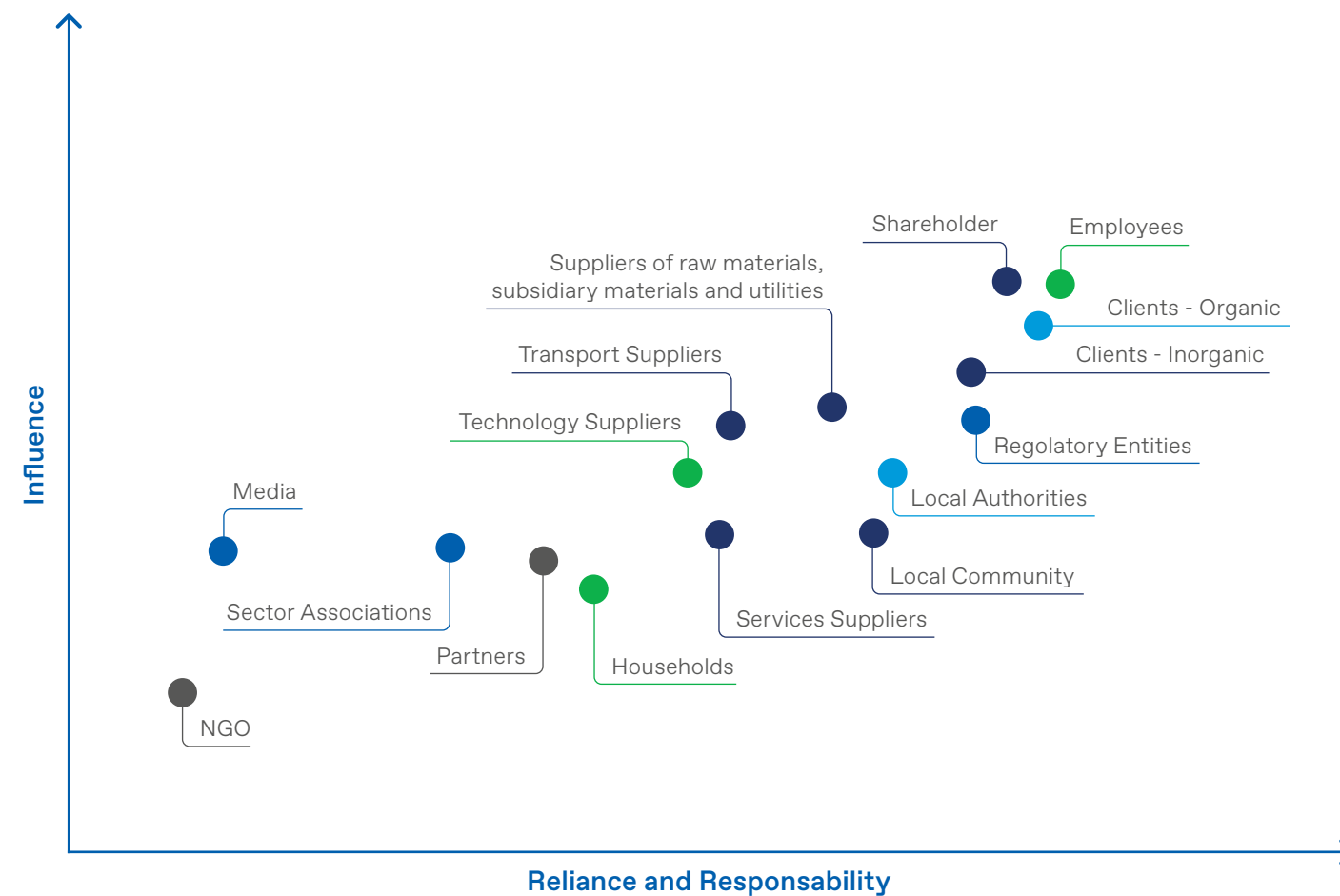


01. Governance and Strategy

# Management of Stakeholders

For Bondalti, an effective identification of stakeholder groups is a crucial step towards value creation. These different groups of stakeholders are defined in a matrix in which their relevance is assessed according to their influence and their dependence on Bondalti (and vice versa), as well as the responsibility that the Organisation has towards these groups.

Matrix of Stakeholders



Every two years, the Organisation carries out a consultation survey with its most relevant stakeholders in order to understand their perception of Bondalti's sustainable performance, assess their degree of satisfaction and also to know their main requirements and expectations. The latest consultation was carried out in the second half of 2021.

Though it does not assess in detail each of the topics covered, this listening exercise is relevant to determine the themes requiring greater focus, the opportunities for improvement and also the Involvement Plan for each group of stakeholders.

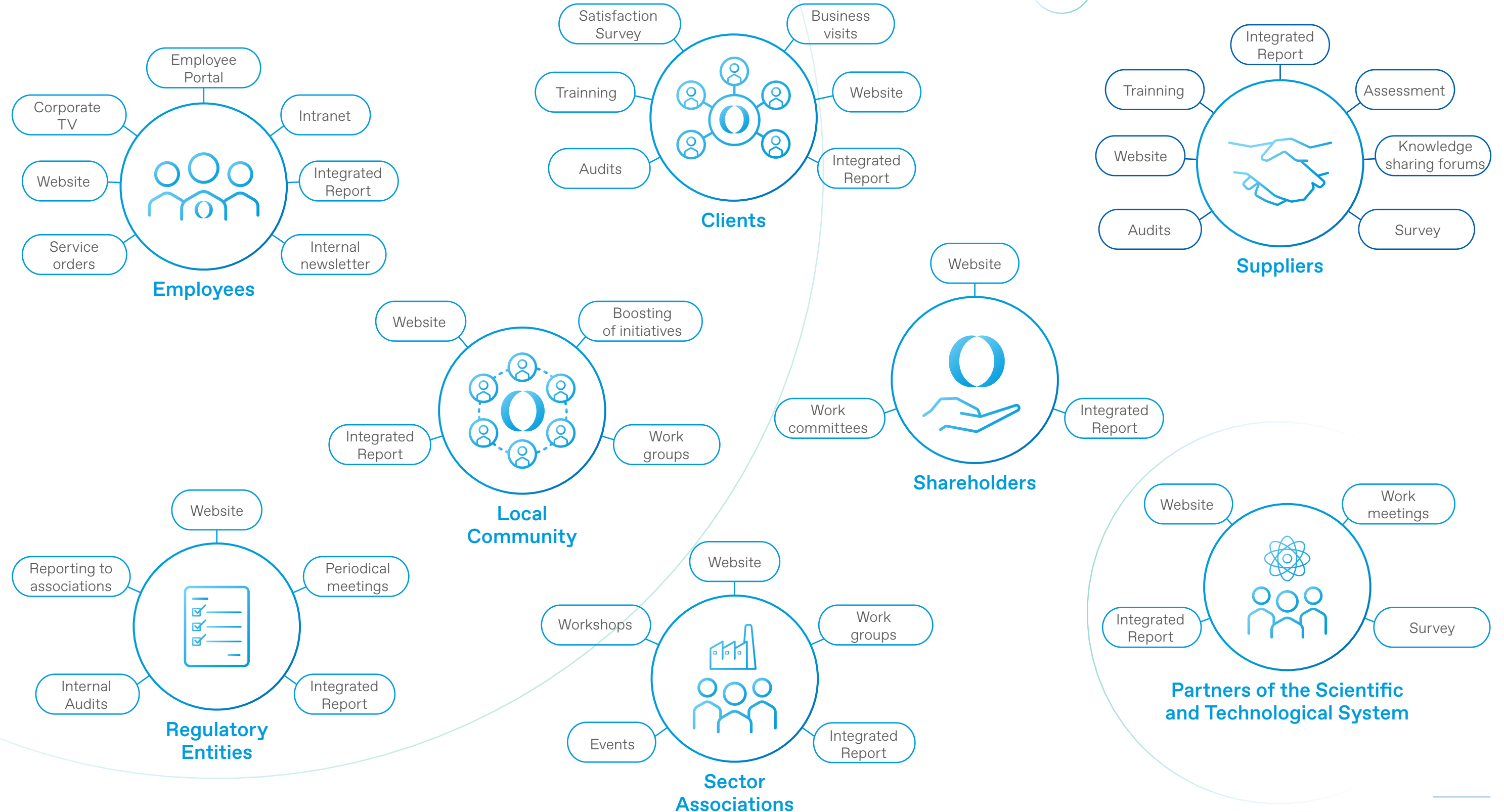
The stakeholder consultation survey established some of the sustainability practices of Bondalti's main Clients and Suppliers, providing very important results for the analysis of the Organisation's Value Chain.







## Communication Channels with Stakeholders





## Suppliers

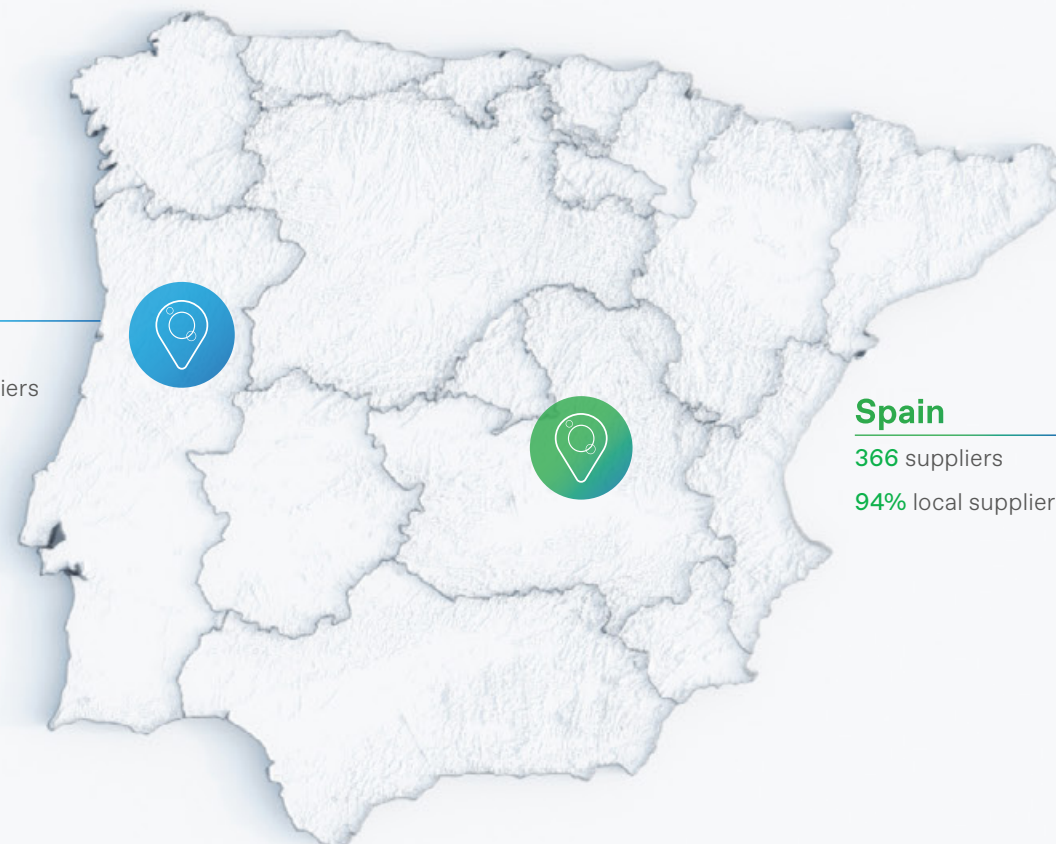
With the aim of ensuring that its suppliers are also aligned with the principles of sustainable development, since 2021 Bondalti has implemented its Suppliers Conduct Code, which sets out the main guidelines in the areas of Environment, Safety and Health; Human and Labour Rights; and Ethics and Governance. Bondalti expects its suppliers to recognise and act in accordance with the contents of this Code, in addition to complying with their contractual obligations and Bondalti's General Purchase Terms.

In relation to the supply chain and considering the respective places of operation of Industrial Chemicals, local suppliers are considered to be those located in Portugal and Spain.

### Operations in Industrial Chemicals

#### Portugal

903 suppliers  
84% local suppliers



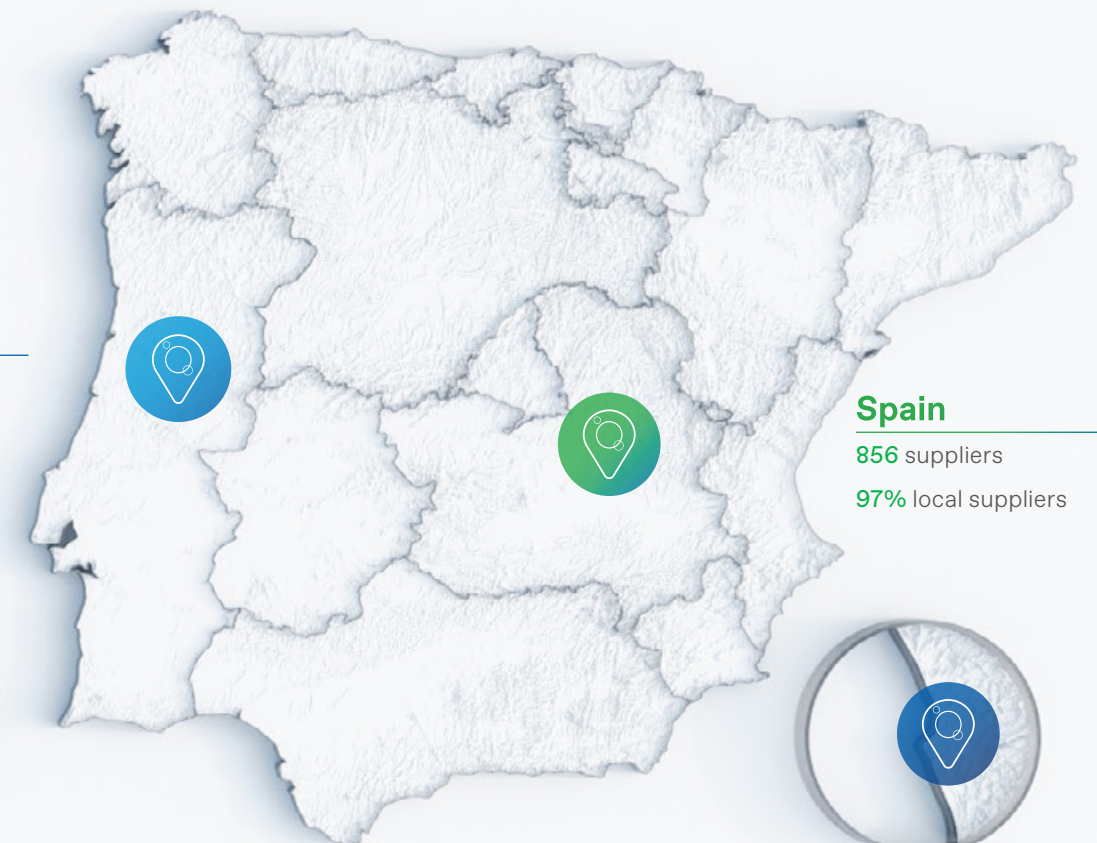
#### Spain

366 suppliers  
94% local suppliers

### Operations in Water Treatment

#### Portugal

552 suppliers  
91% local suppliers



#### Spain

856 suppliers  
97% local suppliers



#### Angola

101 suppliers  
100% local suppliers





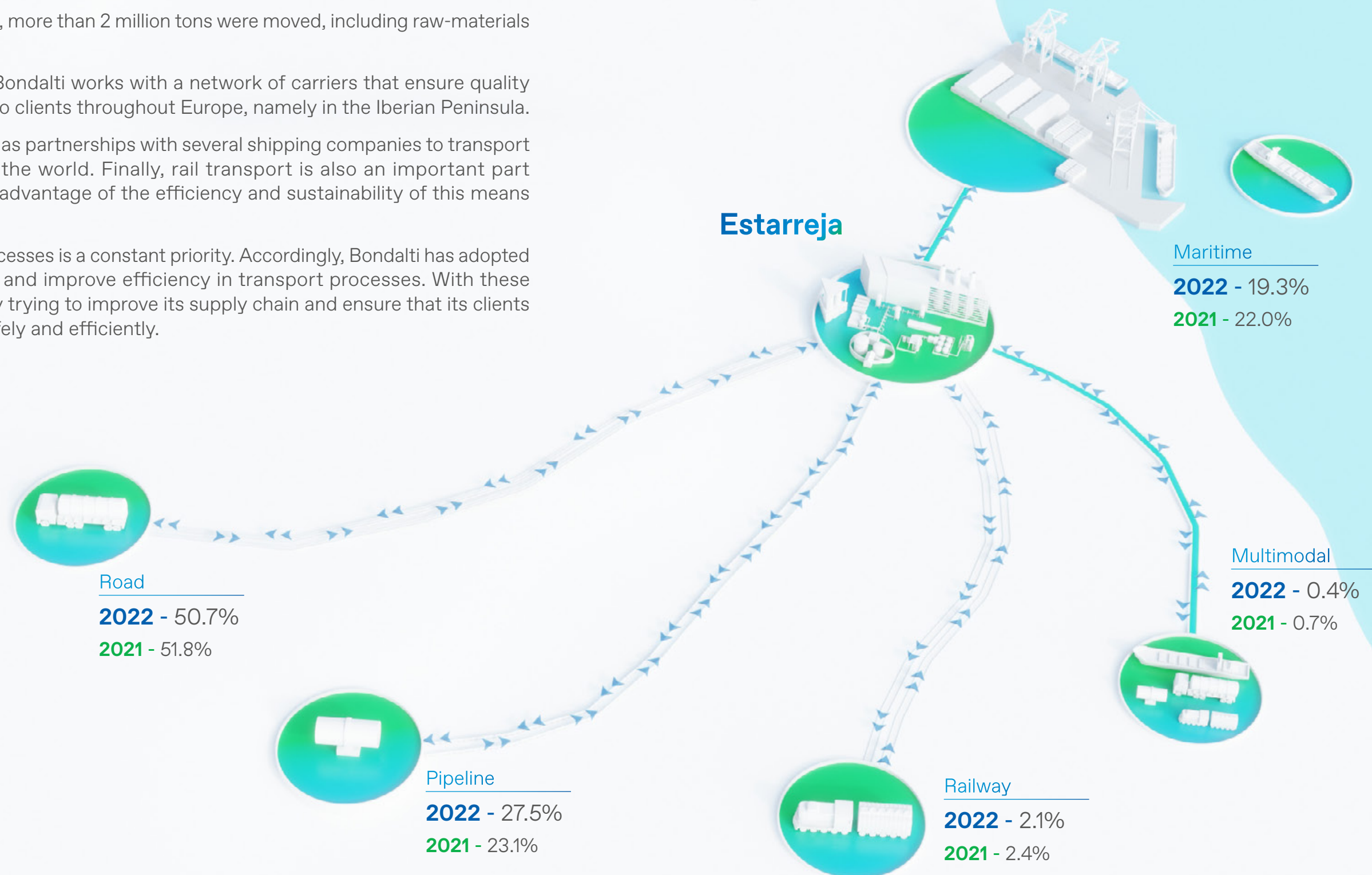
## Logistics

In 2022, in the Estarreja complex, more than 2 million tons were moved, including raw-materials and finished products.

With regard to road transport, Bondalti works with a network of carriers that ensure quality in the transport of its products to clients throughout Europe, namely in the Iberian Peninsula.

In maritime transport, Bondalti has partnerships with several shipping companies to transport its products to clients around the world. Finally, rail transport is also an important part of the logistics strategy, taking advantage of the efficiency and sustainability of this means of transport.

The optimisation of logistical processes is a constant priority. Accordingly, Bondalti has adopted lean practices to reduce waste and improve efficiency in transport processes. With these measures, Bondalti is constantly trying to improve its supply chain and ensure that its clients will receive products quickly, safely and efficiently.







## Product Regulations

(EU) Regulation 2020/878 introduced changes to the structure and content of Safety Data Sheets; all Bondalti Safety Data Sheets were revised during 2022 in order to comply with this requirement.

To this end, the Company carried out continuous monitoring of proposed regulatory changes arising from the Strategy for the Sustainability of chemical products, such as the revision of the REACH and CLP Regulations and also the restriction of PFAS. Within this scope, a first legal framework was also carried out for the Energy business.

## ISCC Plus Certification

With regard to raw materials, Bondalti has set the objective of integrating raw materials with a lower carbon content and of sustainable origin in its value chain, such as Bio-benzene and Energy from renewable sources. In this light, Bondalti is currently working to obtain ISCC Plus certification for the acquisition of sustainable raw materials.

ISCC Plus is a certification system that allows the implementation and certification of sustainable supply chains, supporting companies in defining and achieving their sustainability goals.

## Fulfilment of Sustainable Procurement

In 2022, Bondalti began implementing the ISO 20400 guidelines for sustainable procurement, which is the best way to structure and create a methodology for incorporating sustainable procurement into everyday life.

ISO 20400 is a guide of good practices for sustainable procurement, which aims to ensure that decision-making relating to procurement is not merely a matter of cost-effectiveness and specifications, but that environmental parameters, working conditions and equality issues are also considered. The process takes place in 4 phases: understanding the fundamentals of the standard; defining a sustainable procurement strategy; setting goals and involving stakeholders; integrating procurement sustainability into processes.

For the development of this work, Bondalti opted to involve suppliers to test the model and validation of the qualification matrix in order to perceive the attractiveness of the model and results.







01. Governance and Strategy

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## Clients

Client satisfaction is one of Bondalti's material themes; therefore, client involvement is very important for the Organisation.

At Bondalti Chemicals in Estarreja a survey is carried out every two years to determine the level of satisfaction of clients with regard to the products and services that Bondalti provides, as well as possible opportunities for improvement in the areas of customer service, commercial service, product, documentation, supply and technical assistance. In 2022 a customer satisfaction survey was carried out regarding Bondalti Chemicals activity in 2020; the overall response rate of was 77%, based on a total of 157 responses.

In the Water Treatment area, both the Enkrott Group and the AEMA Group carry out different surveys to assess customer satisfaction. At the Enkrott Group, the survey was made to clients with over € 20 thousand turnover; the response rate was 75%, reflecting an overall assessment of 83% on a percentage scale, and a Net Promoter Score of 65%; 95% of clients gave an evaluation equal or better compared to the previous year. At AEMA Group, clients assessed the performance of the different companies in the Group, resulting in an average of 7.86 on a scale of 1 to 10.

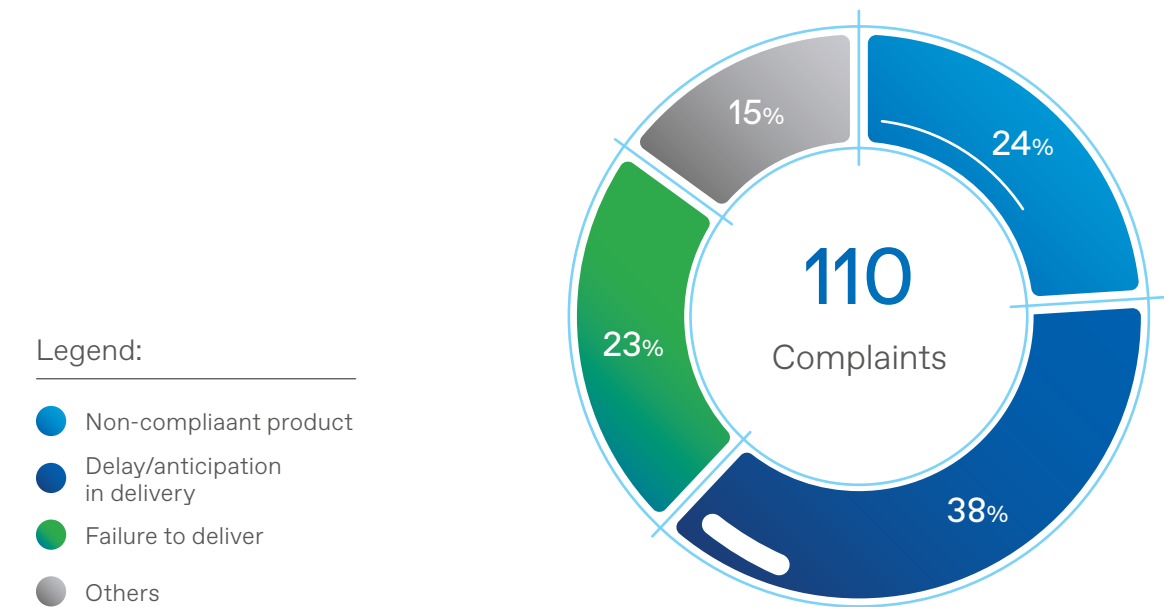
Customer satisfaction is one of Bondalti's main concerns as Organisation. In order to minimize claims, Bondalti analyses and monitors all complaints received. The company implements resolution and mitigation measures to respond to claims; support teams deal with matters carefully and ensure that all claims are solved.

## Management of Claims and Complaints

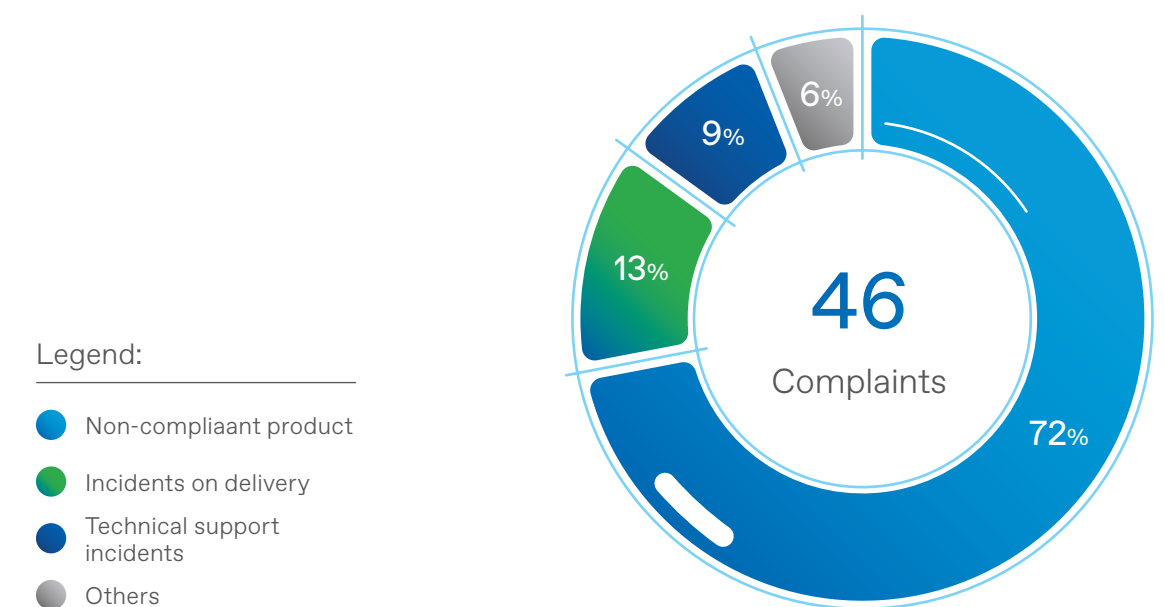
Customer satisfaction is a material issue for Bondalti and, to deal with it, the company continuously invests in the development of solutions for resolving claims and complaints, as well for improving the experience of its customers and the careful handling of its teams in order to resolve every issue.

In order to minimize claims, Bondalti analyses and monitors all complaints received.

### Customer Complaints in Industrial Chemicals



### Customer Complaints in Water Treatment





Bondalti is aware of the methodologies required for a safe use of products, and therefore makes updated Safety Data Sheets available to everyone. Its products are also labelled in accordance with national and EU regulations in force. In 2022, Bondalti's Industrial Chemicals had 16 products (11 in Estarreja and 5 in Torrelavega) duly identified with a Safety Data Sheet. In order to guarantee the correct use of its products, Bondalti Chemicals also conducts training, audits and visits to its clients and suppliers.

#### Audits to Clients



**28** clients

**Chlorine**  
storage conditions



**14** clients

**Corrosive liquids**  
storage conditions

In the Water Treatment segment, Bondalti Water Solutions Group companies have 326 products (204 in the Enkrott Group and 122 in the AEMA Group) duly identified with a Safety Data Sheet.

The organisation has put in place solid practices to ensure that all activities related to the production, storage, transport and use of products follow best safety practices. In 2022 Bondalti carried out 36 audits, including 25 internal audits. In the Water Treatment segment, 13 audits were carried out within the scope of management systems.







01. Governance and Strategy

# Risk management

With more than 120 years of experience in the chemical sector, Bondalti has a strong risk management culture.

Due to the labour and environmental regulatory obligations (Seveso Directive) to which Bondalti is subject, the Organization has adhered voluntarily to various Management Systems - Quality (ISO 9001), Environment (ISO 14001), Occupational Safety and Health (ISO 45001), Energy (ISO 50001), Research, Development and Innovation (NP 4457:2007) and Responsible Family Entity (efr 1000) – for which Bondalti is certified.

Bondalti's risk management - governance and procedure - covers six structuring pillars:

- Bondalti's Risk Taking Policy
- Three lines of defence model
- Integrated management system (covers all implemented certification systems)
- Principles of ISO 31000:2018 and COSO ERM (Enterprise Risk Management) Framework
- Risk Management Process Cycle
- Internal Audit and Risk Management Division

## Bondalti's Risk Taking Policy

Bondalti's strategic goals and management practices are aligned with a very low level of risk taking as concerns people and the environment, and an even lower level of risk taking as concerns economic, reputation and ongoing operation risks, seeking a sustainable development by banking on research, development, and innovation.

### Risk Management Process

#### 1 Context

Identification of Bondalti's action context in order to circumscribe the identification of risks, considering for instance, the geographical, foreign exchange, sector or regulatory scope

#### 2 Identify

Key risks are identified at internal and external levels in order to build a glossary of Bondalti risks

#### 3 Analyse

The main causes (risk events) of identified risks are established, including consequences, impacts and likelihood occurrence

#### 4 Assess

Characterisation of the likelihood levels and impact of related risk (level of risk exposure) and major mitigation measures

#### 5 Treat

Identification for each Top Risk:

- of existing and additional mitigation measures;
- of the associated controls (what, who and when) and to be associated with each of the mitigation measures;
- of the associated risk indicators;
- of a plan with a view to mitigating the risk to a level within the defined acceptance levels.

#### 6 Communicate and Monitor

Promotion of a cross-cutting risk culture by communicating the activities developed at risk management level. Quarterly and Annual Risk Reporting, control of action plans and disclosure of frameworks





Bondalti analyses its external and internal context to identify risks that could bring significant uncertainty to the pursuit of the Organisation's objectives.

Context analysis is performed in three stages: (i) a formal, systematic, proactive and participatory analysis that involves, the Executive Committee, all directors and heads of supporting areas, and which is carried out every two years; (ii) in the budget process, when each area presents its action plans; and (iii) the continuous monitoring of the risk context of each activity by the person in charge.

From this analysis, and according to their potential impact on the company's activity, as well as on the probability of occurrence, Bondalti identified 26 Top Risks requiring continuous treatment and monitoring.

Top Risks are characterised in terms of impact, probability, risk events, mitigation measures, controls and risk indicators, and Sustainability and Climate Transition risks are addressed in the management of each of them.







## 01. Governance and Strategy

# Recognitions and Certifications

In line with its commitment to responsible activity, Bondalti is certified according to various management systems that help to ensure the implementation of best practices, as well as the continuous improvement of all its operations:

- **ISO 9001:2015** – Quality Management System – Bondalti Chemicals, Bondalti Cantabria;
- **ISO 14001:2015** – Environmental Management System – Bondalti Chemicals, Bondalti Cantabria;
- **ISO 45001:2018** – Occupational Safety and Health Management System – Bondalti Chemicals, Bondalti Cantabria;
- **ISO 50001:2018** – Energy Management System – Bondalti Chemicals, Bondalti Cantabria;
- **NP 4457:2007** – Research, Development & Innovation Management System – Bondalti Chemicals.

In the Water Treatment activity, Bondalti seeks to offer the highest degree of quality and commitment to the client and the environment, holding the following certifications:

- **ISO 9001:2015** – Quality Management System – Enkrott SA; Enkrott Espanha; AEMA; Aguas Rioja;
- **ISO 14001:2015** – Environmental Management System – AEMA; Aguas Rioja;

- **ISO 45001:2018** – Occupational Safety and Health Management System – AEMA; Aguas Rioja;
- **UNE-EN ISO/IEC 11731:2017** – Certification to carry out of physical-chemical, microbiological and legionella analyses - Laboratorios Alfaro;
- **UNE-EN ISO/IEC 17020:2012** – Accreditation as Inspection Entity by ENAC number 177/EI321 – Laboratorios Alfaro;
- **UNE-EN ISO/IEC 17025:2017** – Accreditation as a testing laboratory laboratory by ENAC under number 524/LE1135 - Laboratorios Alfaro.

The commitment to sustainable development was again recognised in the annual reassessment carried out by EcoVadis of the sustainability practices of Bondalti Chemicals (Estarreja and Torrelavega sites), as the company upheld its Platinum medal – with a score of 82 out of 100, relative to the 2021 performance, obtained thanks to improvements implemented in the “Environment” category. Bondalti Chemicals thus maintains its position in the Top 1% of companies in its sector assessed by EcoVadis – ranking 36 points above the average. In 2022, a comprehensive work was carried out to gather further evidence, mainly in terms of the Social, Ethics, Labour Practices and Human Rights vectors, to introduce improvements where needed.

The EcoVadis assessment is crucial to meet customer requirements, and in some cases it may be a critical factor in the internal assessment of suppliers.



In May 2022, following a client request, Bondalti began the registration and evaluation of Bondalti Chemicals (Estarreja and Torrelavega sites) in the CDP (Carbon Disclosure Project). This marks the start of a more in-depth assessment involving the gathering of various indicators and figures from different areas of the company. The part of the questionnaire relating to Climate Change was completed in July 2022; Bondalti Chemicals obtained a Level C result at the end of the year (the sector average is at level B-). In view of this result, an analysis began in 2022 to identify potential improvements, with a view to obtaining recognition at higher level. Bondalti will answer all categories of the CDP questionnaire in an independent way.

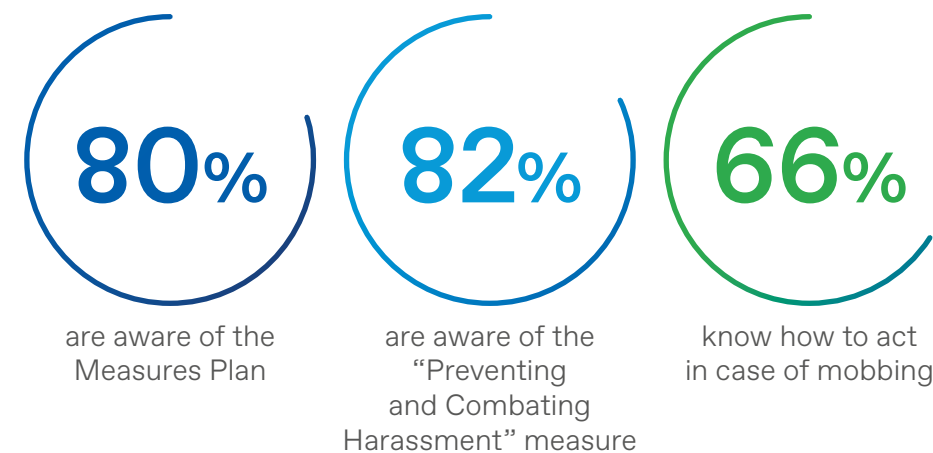


Bondalti is efr certified (Family Responsible Entity) in the area of Industrial Chemicals since 2020. This certification is promoted by Fundación MásFamilia. This process is continuous and it is audited and monitored according to a set of indicators that are essential for assessing the success of implemented efr measures. In accordance with the certification's regulations, 13 indicators are monitored measuring aspects such as, labour reconciliation, job stability, time and spatial flexibility, respect for motherhood and the presence of women, equal access to employment, communication, personal development, training and satisfaction with efr measures.





In the 1st half of 2022, the Satisfaction Assessment of the efr Measures was carried out for all Bondalti employees, which included the assessment of 37 measures.



In the 2nd quarter of 2022, Bondalti participated in the National Sustainability Award Ceremony (Jornal de Negócios, Deloitte), following an application made in 2021 for the "Preservation of Natural Capital" project.

Also at the end of 2022, Bondalti again submitted two applications for the National Sustainability Award under the "Preservation of Natural Capital" project and the "H2Enable - The Hydrogen Way for Our Chemical Future" project.

In the same quarter, Bondalti was distinguished with the "Vasco da Gama" business excellence award for 2022, promoted by the Hispano-Portuguese Chamber of Commerce and Industry. The award-giving event took place in Madrid and was attended by more than a hundred personalities from the business world and official bodies from both countries. The Chairman of the Board of Directors, João de Mello, was present at the event, having mentioned the following:

“The award gives us great satisfaction as it recognises the success of our internationalisation strategy. We strongly believe in an Iberian market dynamic.”

- João de Mello



Bondalti's H2Enable project was recognized as "Important Project of Common European Interest" by the European Commission and consists of the construction of an infrastructure for the production of green hydrogen at the Estarreja Chemical Complex (ECC). This project is also part of the mobilisation agendas of the PRR (Recovery and Resilience Programme) with projected capital expenditure of around € 142 million until 2026. The project is led by Bondalti and includes other partners, such as Air Liquide, Faculdade de Engenharia do Porto, APQuímica and HyLab.

“This notification by the European Commission represents the recognition of the validity and competence of the project led by Bondalti in the hydrogen chain, as well as its strategic relevance for the decarbonisation targets defined by Portugal and Europe until 2050. With this validation from the European Union, an important step is taken towards the implementation of H2Enable.”

- João de Mello

