

# The International Chemical Investors Group (ICIG)

Controversy and Tax Avoidance Scan



**Vincent Kiezebrink**

September 2017

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## Controversy and Tax Avoidance Scan

SOMO

Vincent Kiezebrink

Amsterdam, September 2017

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# 1 Introduction

In 2013, the Italian government's National Research Council produced a study implicating the Italian chemical company Miteni SpA in large-scale water pollution and water contamination across the Veneto Region in northeast Italy.<sup>1</sup> Miteni SpA specialises in the production of fluorochemicals, which are used to make stain-resistant, waterproof or non-stick finishes.<sup>2</sup>

The Italian government's report stated that Miteni SpA was responsible for large quantities of Per and Polyfluoroalkyl Substances (PFAS) leaking into water sources around the chemical manufacturing plant, and of contaminating drinking water.<sup>3</sup> PFAS are resistant to heat, water and oil and do not easily degrade in the natural environment. PFAS can also bio accumulate, meaning their concentration in the blood and organs can increase over time as people ingest these chemicals through their drinking water. PFAS have a multitude of adverse health effects on animals and people, including causing liver damage, cancer and child mortality.<sup>4</sup>

The 2013 research by the National Research Council covered a 150 km<sup>2</sup> area spanning the three Italian municipalities of Vicenza, Padua and Verona in the Veneto region, where between 350,000 and 400,000 people were believed to have been potentially exposed to PFAS.<sup>5</sup> The levels of PFAS in surface water and drinking water in the area were found to be much higher than usual, and concentrations of one specific carcinogenic PFAS called Perfluoro-octanoic Acid (PFOA)<sup>6</sup> were found to be between 230 and 3,600 times the usual level.<sup>7</sup>

Following the National Research Council's findings, in May 2015 the Veneto regional government started a research project to monitor PFAS levels in the blood of 600 local residents.<sup>8</sup> The biomonitoring project uncovered that the concentrations of the carcinogenic PFOA in local people's blood

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- 1 Consiglio Nazionale delle Ricerche, Realizzazione di uno studio di valutazione del Rischio Ambientale e Sanitario associato alla contaminazione da sostanze perfluoro-alchiliche (PFAS) nel Bacino del Po e nei principali bacini fluviali italiani, 2013, [http://www.minambiente.it/sites/default/files/archivio/allegati/reach/progettoPFAS\\_ottobre2013.pdf](http://www.minambiente.it/sites/default/files/archivio/allegati/reach/progettoPFAS_ottobre2013.pdf), retrieved 26 June 2017.
  - 2 United States Environmental Protection Agency website, Basic Information about Per- and Polyfluoroalkyl Substances (PFASs), no date, <https://www.epa.gov/pfas/basic-information-about-and-polyfluoroalkyl-substances-pfass#use>, retrieved on 12 June 2017.
  - 3 Consiglio Nazionale delle Ricerche, Realizzazione di uno studio di valutazione del Rischio Ambientale e Sanitario associato alla contaminazione da sostanze perfluoro-alchiliche (PFAS) nel Bacino del Po e nei principali bacini fluviali italiani, 2013, [http://www.minambiente.it/sites/default/files/archivio/allegati/reach/progettoPFAS\\_ottobre2013.pdf](http://www.minambiente.it/sites/default/files/archivio/allegati/reach/progettoPFAS_ottobre2013.pdf), retrieved on 2 June 2017.
  - 4 United States Environmental Protection Agency website, Basic Information about Per- and Polyfluoroalkyl Substances (PFASs), no date, <https://www.epa.gov/pfas/basic-information-about-and-polyfluoroalkyl-substances-pfass#use>, retrieved on 26 June 2017.
  - 5 Greenpeace, PFC Pollution Hotspots, November 2016, <http://www.greenpeace.org/international/Global/international/publications/detox/2016/PFC-Pollution-Hotspots.pdf>, retrieved on 9 August 2017.
  - 6 International Agency for Research on Cancer, IARC Monographs on the Evaluation of Carcinogenic Risks to Humans, Perfluorooctanoic Acid, 22 December 2016, <http://monographs.iarc.fr/ENG/Monographs/vol110/index.php>, retrieved on 9 August 2017.
  - 7 Greenpeace, PFC Pollution Hotspots, November 2016, <http://www.greenpeace.org/international/Global/international/publications/detox/2016/PFC-Pollution-Hotspots.pdf>, retrieved on 9 August 2017.
  - 8 Regione del Veneto, inquinamento da pfas in Veneto: parte il monitoraggio biologico sulle persone previsto dal piano coordinato e finanziato dalla regione. 600 coinvolti, residenti in 14 comuni, 14 May 2015, [http://www.regione.veneto.it/web/guest/comunicati-stampa/dettaglio-comunicati?\\_spp\\_detailId=2884067](http://www.regione.veneto.it/web/guest/comunicati-stampa/dettaglio-comunicati?_spp_detailId=2884067), retrieved on 9 August 2017.

were as high as 754.5 ng/g (with a median value of 74.21 ng/g), while levels of a different PFAS type called Perfluoro-octanesulfonic Acid (PFOS) were found to be as high as 70.27 ng/g (with a median value of 12.0 ng/g).<sup>9</sup> The median concentrations for PFOA and PFOS in the general Italian population have been reported to be 3.59 ng/g and 6.31 ng/g, respectively.<sup>10</sup> This means that the median concentrations found were more than 20 times higher for PFOA and 1.9 times higher for PFOS than the concentration of those chemicals found in the general Italian population.<sup>11</sup>

A 2017 study by the Universities of Padua and Verona found that incidences of cancer, diabetes and hypertension, as well as mortality rates, among Miteni's workers were found to be significantly higher than average.<sup>12</sup> PFAS levels in Miteni workers' blood were found to be between 5,000 and 10,000 nanograms per litre. The average level of PFAS in people's blood outside the pollution area was found to be 3 nanograms per litre. The pollution by Miteni was found to have poisoned the soil and water of 23 municipalities, affecting a total of 120,000 people.<sup>13</sup> A study of the blood of 14 people living in the polluted area found PFAS levels that were 30 times higher than normal.<sup>14</sup>

In its response to the pollution levels found, the Regional Council of Veneto described the US court case about water pollution – which was more limited in extent and gravity than that caused by Miteni – caused by the American chemical companies Chemours and DuPont. The two companies were deemed responsible by the court for contaminating water and causing pollution, and were ordered to pay US\$670.7 million in damages.<sup>15</sup>

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- 9 Regione del Veneto, Biomonitoraggio: presentazione dati dell'ULSS 5 - 28 aprile 2016, 28 April 2016, <http://www.regione.veneto.it/web/sanita/informazione-e-comunicazione>, retrieved on 8 August 2017.
- 10 Ingelido A. M., Marra V., Abballe A., Valentini S., Iacovella N., Barbieri P., Porpora M. G., Di Domenico A., De Felip E. (2010). Perfluorooctanesulfonate and perfluorooctanoic acid exposures of the Italian general population. *Chemosphere* 80, 1125-1130.
- 11 Greenpeace, PFC Pollution Hotspots, November 2016, <http://www.greenpeace.org/international/Global/international/publications/detox/2016/PFC-Pollution-Hotspots.pdf>, retrieved on 9 August 2017.
- 12 Giradi, P., Merler, E. (2017). Occupational cohort study of Miteni factory workers, 22 February 2017, [www.regioni.it/download/news/501184/](http://www.regioni.it/download/news/501184/), retrieved on 5 September 2017.  
Il Mattino di Padova, Pfas, mortalità superiore alla media fra i lavoratori Miteni, 24 February 2017, <http://mattinopadova.gelocal.it/regione/2017/02/24/news/pfas-mortalita-superiore-alla-media-fra-i-lavoratori-miteni-1.14930717>, retrieved on 26 June 2017.
- 13 Consiglio Regionale del Veneto, Relazione NOE sulla Miteni. la regione cosa aspetta a chiudere lo stabilimento, a bonificare il sito contaminato e a chiedere i danni tramite una causa civile per il risarcimento dei costi sostenuti da comuni, consorzi acquedottistici, allevatori, agricoltori e cittadini?, 16 June 2017, [http://www.consiglio Veneto.it/crvportal/attisp/IRI/Anno\\_2017/IRI\\_0381/testo\\_presentato.html](http://www.consiglio Veneto.it/crvportal/attisp/IRI/Anno_2017/IRI_0381/testo_presentato.html), retrieved on 26 June 2017.
- 14 *Ibid.*
- 15 Consiglio Regionale del Veneto, Relazione NOE sulla Miteni. la regione cosa aspetta a chiudere lo stabilimento, a bonificare il sito contaminato e a chiedere i danni tramite una causa civile per il risarcimento dei costi sostenuti da comuni, consorzi acquedottistici, allevatori, agricoltori e cittadini?, 16 June 2017, [http://www.consiglio Veneto.it/crvportal/attisp/IRI/Anno\\_2017/IRI\\_0381/testo\\_presentato.html](http://www.consiglio Veneto.it/crvportal/attisp/IRI/Anno_2017/IRI_0381/testo_presentato.html), retrieved on 26 June 2017.

In 2016, Greenpeace started working on the Veneto case with the publication of an international report.<sup>16</sup> A year later, in March 2017, Greenpeace Italy launched a national campaign on PFAS contamination, urging the regional government to tackle PFAS discharges in the Veneto Region.<sup>17</sup>

As part of its campaign, Greenpeace Italy asked SOMO to conduct a controversy scan of Miteni SpA's parent company, International Chemical Investors Group (ICIG). The objective of this study is to provide further information about the corporate group that controls Miteni, and the way it manages its operations. This investigation will attempt to identify ICIG's business partners, as well as scanning public records for issues concerning ICIG's corporate governance across its businesses. The research will also try to determine whether the company avoids taxes in any of the jurisdictions where it operates.

This report is divided into five chapters. Chapter 2 describes ICIG's corporate information, including the ownership history of its subsidiary Miteni, as well as providing descriptions about where ICIG operates, and who owns the corporate group. Chapter 3 covers corporate governance issues concerning ICIG that were found, including controversial incidents like accidents or labour conflicts at the company's facilities. In Chapter 4, ICIG's tax practices are discussed, focusing specifically on possible avoidance of corporate income tax by the company. Chapter 5 provides a summary of the red flag issues that were found.

For this report, SOMO gathered relevant information through the use of desk research, media sources and various corporate databases including LexisNexis, Reuters Eikon and Orbis. SOMO also used its own database of non-governmental organisation (NGO) websites and online sources including corporate registries and Chamber of Commerce databanks.

## 1.1 Company review proces

As part of SOMO's internal quality assurance policies, its reports can only be published or shared with external parties after the investigated company has had the right to respond to factual findings. In light of this, International Chemical Investors Group (ICIG) was sent a copy of the report on 15 August 2017, together with a request for review of the report, as well as the list of questions provided in Annex 1. ICIG were requested to respond within two weeks, but up until the first week of September SOMO did not receive a response of any kind to this review request.

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16 Greenpeace, PFC Pollution Hotspots, November 2016, <http://www.greenpeace.org/international/Global/international/publications/detox/2016/PFC-Pollution-Hotspots.pdf>, retrieved on 9 August 2017.

17 Consiglio Nazionale delle Ricerche, Realizzazione di uno studio di valutazione del Rischio Ambientale e Sanitario associato alla contaminazione da sostanze perfluoro-alchiliche (PFAS) nel Bacino del Po e nei principali bacini fluviali italiani, 2013, [http://www.minambiente.it/sites/default/files/archivio/allegati/reach/progettoPFAS\\_ottobre2013.pdf](http://www.minambiente.it/sites/default/files/archivio/allegati/reach/progettoPFAS_ottobre2013.pdf), retrieved 26 June 2017.

## 2 Corporate information

### 2.1 Miteni's ownership history

Miteni SpA is controlled by the International Chemical Investors Group (ICIG), which bought the company from Japanese Mitsubishi Corp. in 2009.<sup>18</sup> Miteni was formerly called Rimar Chimica, which was set up by the Marzotto textile group in 1965. Rimar Chimica was a research and development operation for Marzotto, and was later expanded to develop processes for electrochemical fluorination.<sup>19</sup> In 1988, Rimar Chimica was acquired jointly by Mitsubishi and the Italian company Enichem, which controlled 49 and 51 per cent of the company, respectively. It was renamed Miteni, using the first three letters from each company's name. Seven years later, in 1996, Mitsubishi acquired Enichem's 51 per cent stake in Miteni, bringing the company fully under Mitsubishi's control.<sup>20</sup> In 2009, Mitsubishi sold Miteni to ICIG's German subsidiary, the International Chemical Investors GmbH, for an undisclosed sum.<sup>21</sup> ICIG acquired Miteni from Mitsubishi for a total sum of €1, even though in its 2009 annual accounts ICIG reports a book value for Miteni of €33.9 million. ICIG does not elaborate on the difference between the book value given for Miteni and the actual amount paid for it, and it is not clear why Mitsubishi sold the company for only €1, or whether the pollution Miteni is likely to have caused had any impact on the transaction.<sup>22</sup>

Based on the 2013 study by the Italian National Research Council, it does not appear possible to determine when the PFAS contamination first began.<sup>23</sup> What is clear is that the Veneto Region, where Miteni is located, has been subject to PFAS pollution for decades.<sup>24</sup>

Separately, the study by the National Research Council states that local pollution around the Miteni facilities due to benzotrifluorides that continues to date is suspected to have been caused by the cover up of a malfunctioning waste water tank in 1976, when Miteni was called Rimar and was still owned by the Marzotto group. This pollution issue is separate from the more structural pollution caused by PFAS that spill into the environment as a result of Miteni's operations.<sup>25</sup>

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18 Thomson Reuters Eikon database, International Chemical Investors SE, Company Deals, retrieved on 27 June 2017.

19 Miteni Informa website, La storia, no date, <http://mitenininforma.it/chi-siamo/la-storia.html>, retrieved on 27 June 2017.

20 Jiji Press Ticker Service, Mitsubishi takes full control of Miteni, 4 April 1996, retrieved through the Nexis database, retrieved on 27 June 2017.

21 Thomson Reuters Eikon database, International Chemical Investors SE, Company Deals, retrieved on 27 June 2017.

22 International Chemical Investors SE, 2009 consolidated annual accounts, 27 January 2011, not available online, retrieved on 13 September 2017.

23 Consiglio Nazionale delle Ricerche, Realizzazione di uno studio di valutazione del Rischio Ambientale e Sanitario associato alla contaminazione da sostanze perfluoro-alchiliche (PFAS) nel Bacino del Po e nei principali bacini fluviali italiani, 2013, [http://www.minambiente.it/sites/default/files/archivio/allegati/reach/progettoPFAS\\_ottobre2013.pdf](http://www.minambiente.it/sites/default/files/archivio/allegati/reach/progettoPFAS_ottobre2013.pdf), retrieved 26 June 2017.

24 *Ibid.*

25 *Ibid.*



In light of an investigation by the public prosecutor in the province of Vicenza into the possible pollution caused by Miteni, the police division Nucleo Operativo Ecologico di Treviso researched the case and finished its police report in June 2017. SOMO has received a copy of this report, which details how Miteni has commissioned five environmental assessments to review the pollution caused by its operations over the past 17 years.<sup>26</sup> These investigations were carried out by external consultancy firms that were well known in the Italian chemical industry. The first of these assessments was made in 1990, and was then followed up in 1996, 2004, 2008 and 2009. One of these investigations took place during the joint Mitsubishi-Enichem ownership period, while the rest were undertaken by Miteni while it was owned by Mitsubishi.

According to the police investigation, all the reports in question identified high levels of pollution around Miteni's operations. Although Miteni was aware of the pollution and was legally obliged to share this information with the Italian authorities, the company kept the reports to itself.<sup>27</sup> Miteni's previous director Brian McGlynn was reportedly employed as the company's managing director from 2008 onwards. He has stated that the environmental assessments of Miteni were undertaken not by the company itself, but rather by its parent Mitsubishi, by which he appears to be implying that Miteni itself should not bear responsibility for the cover up.<sup>28</sup>

The police report shows that the PFAS pollution caused by what is now Miteni must have started several decades ago. Although the first pollution assessment was carried out in 1990, the widespread pollution found in that assessment makes it likely that Miteni (and its predecessors) had been responsible for polluting its surroundings in the preceding years as well.

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26 Comando Carabinieri per la Tutela dell'Ambiente Nucleo Operativo Ecologico di Treviso, police report on environmental pollution by Miteni SpA, 13 June 2017, not available online, retrieved on 3 July 2017.

27 Comando Carabinieri per la Tutela dell'Ambiente Nucleo Operativo Ecologico di Treviso, police report on environmental pollution by Miteni SpA, 13 June 2017, not available online, retrieved on 3 July 2017.

28 VVOX, Pfas, Il passato "giapponese" del president Miteni, 13 July 2017, <http://www.vvox.it/2017/07/13/pfas-il-passato-giapponese-del-presidente-miteni/>, retrieved on 6 September 2017.

## 2.2 Corporate structure

ICIG, the corporate group to which Miteni belongs, was founded in 2004 by Mr. Achim Riemann and Mr. Patrick Schnitzer,<sup>29</sup> both of German nationality.<sup>30</sup> ICIG is a privately owned industrial group,<sup>31</sup> and according to its website is one of the world's largest fine chemical companies.<sup>32</sup> According to its website, ICIG's strategy for its investments in companies is to increase their value over longer periods of time, instead of making a profit through the rapid buying and selling of those companies.<sup>33</sup>

ICIG is a group of companies that are based in many different countries. The ICIG corporate group is headed by its ultimate parent company International Chemical Investors SE (ICI SE), based in Luxembourg.<sup>34</sup> In this report the acronym ICIG is used to refer to all International Chemical Investors Group companies collectively, while the acronym ICI SE is used to refer solely to the group's parent company.

ICIG started its operations in 2005, with the acquisition of Rütgers, a chemical company based in Mannheim, Germany.<sup>35</sup> In the 12 years since then, ICIG has acquired another 26 companies, most of which operate in the pharmaceuticals or chemicals sector.<sup>36</sup> This rapid rate of acquisitions has allowed the company to grow swiftly. It now employs around 6,000 people worldwide and has an annual turnover of more than €2 billion.<sup>37</sup>

ICIG has three different business lines including pharmaceuticals, under the Corden Pharma brand; fine chemicals under the Weylchem brand, and chlorovinyls under the Vynova brand. These three brands were created by ICIG, and over the past 12 years have each been bolstered by acquisitions.<sup>38</sup> ICIG also bought companies that were not integrated into one of these brands, including Miteni.

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29 Specialty Chemicals Magazine, Attractive acquisitions?, 11 August 2015, <http://www.specchemonline.com/featuredarticles/attractive-acquisitions>, retrieved on 27 June 2017.

30 Companies House, Vynova Runcorn Limited, Persons with significant control, no date, <https://beta.companieshouse.gov.uk/company/09117971/persons-with-significant-control>, retrieved on 27 June 2017.

31 International Chemical Investors Group website, Who We Are, no date, <http://www.ic-investors.com/who-we-are.html>, retrieved on 27 June 2017.

32 Specialty Chemicals Magazine, Attractive acquisitions?, 11 August 2015, <http://www.specchemonline.com/featuredarticles/attractive-acquisitions>, retrieved on 27 June 2017.

33 International Chemical Investors Group website, Our Approach, no date, <http://www.ic-investors.com/our-approach.html>, retrieved on 27 June 2017.

34 Bureau van Dijk Orbis database, International Chemical Investors SE, Ownership report, retrieved on 27 June 2017.

35 Thomson Reuters Eikon database, International Chemical Investors SE, Company Deals, retrieved on 27 June 2017.

36 Thomson Reuters Eikon database, International Chemical Investors SE, Company Deals, retrieved on 27 June 2017; Thomson Reuters Eikon database, International Chemical Investors GmbH, Company Deals, retrieved on 27 June 2017.

37 International Chemical Investors Group website, Who We Are, no date, <http://www.ic-investors.com/who-we-are.html>, retrieved on 27 June 2017.

38 International Chemical Investors Group website, Who We Are, no date, <http://www.ic-investors.com/who-we-are.html>, retrieved on 27 June 2017.

ICIG is headed by its parent company ICI SE in Luxembourg, but according to information on the ICIG website it appears that the corporate group does not actually have any operations in Luxembourg.<sup>39</sup> ICIG reports that its business operations (29 in total) are spread over Germany (10), Italy (5), France (4), the USA (3), Belgium (2), the UK (2), the Netherlands (1), Poland (1) and Switzerland (1).<sup>40</sup> The number of ICIG subsidiaries, or legal companies that it controls, as reported in the Orbis database, is 91 across 14 countries, as seen below.

**Table 1 Division of ICIG subsidiaries by country<sup>41</sup>**

Countries	# of subsidiaries	Countries	# of subsidiaries
Germany	41	Switzerland	2
Italy	10	Austria	1
Luxembourg	10	Czech Republic	1
France	9	Ireland	1
United States	8	Netherlands	1
Great Britain	3	Russia	1
Belgium	2	Slovakia	1
<b>Total</b>			<b>91</b>

Missing from Table 1 are seven companies that appear to be part of ICIG, which are registered in the US State of Delaware, a known tax and secrecy haven.<sup>42</sup> These subsidiaries are discussed further in Chapter 4.5.

A summary of the group's corporate structure is as follows:

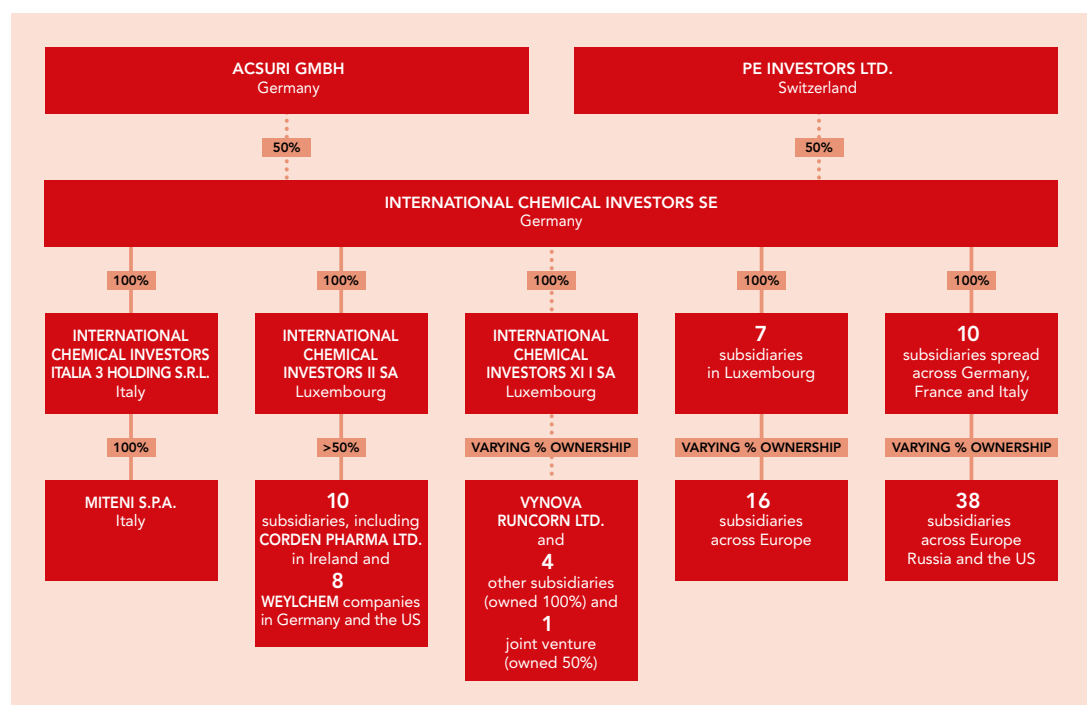
39 International Chemical Investors Group website, Operating Sites, no date, <http://www.ic-investors.com/our-investments/operating-sites.html>, retrieved on 27 June 2017.

40 International Chemical Investors Group website, Locations, no date, <http://www.ic-investors.com/our-investments/locations.html>, retrieved on 27 June 2017.

41 Bureau van Dijk Orbis database, International Chemical Investors SE, Ownership report, retrieved on 27 June 2017.

42 The New York Times, How Delaware Thrives As A Corporate Tax Haven, 1 July 2012, <http://www.nytimes.com/2012/07/01/business/how-delaware-thrives-as-a-corporate-tax-haven.html>, retrieved on 27 June 2017; Financial Secrecy Index, Narrative Report on the USA, 2015, <http://www.financialsecrecyindex.com/PDF/USA.pdf>, retrieved on 27 June 2017.

Figure 1 ICIg's corporate structure<sup>43</sup>



### 2.3 Shareholders

The International Chemical Investors SE shares are equally held by Acsuri GmbH (50 per cent), registered in Germany, and PE Investors Ltd (50 per cent), registered in Switzerland. According to Orbis both companies employ only one person.<sup>44</sup>

Acsuri GmbH is owned by its two shareholders, Susi Riemann (who controls 97.6 per cent of the shares) and Achim Riemann, one of ICIg's known co-founders (who controls 2.4 per cent).<sup>45</sup> Achim Riemann is listed as Acsuri's CEO, and appears to be the only person employed by the company according to a 2015 financial report filed in Germany.<sup>46</sup> The balance sheet included in the report notes that Acsuri has a total capital of €12 million split over about €8 million in shareholder equity

43 Bureau van Dijk Orbis database, International Chemical Investors SE, Ownership report, retrieved on 27 June 2017.

44 Bureau van Dijk Orbis database, International Chemical Investors SE, Ownership report, retrieved on 27 June 2017.

45 Bureau van Dijk Orbis database, International Chemical Investors SE, Ownership report, retrieved on 27 June 2017; Acsuri GmbH, Liste der Gesellschafter – Korrektur der Liste, 22 November 2010, retrieved on 27 June 2017.

46 Acsuri GmbH, Annual Accounts 2015, 11 January 2017, <https://www.unternehmensregister.de/ureg/?submission=language&language=en>, retrieved on 28 June 2017.

and €4 million in liabilities.<sup>47</sup> Acsuri owns 50 per cent of ICIG, and ICIG reported that it has €553 million in shareholder equity in 2015 in its consolidated annual report.<sup>48</sup>

The ownership data for PE Investors Ltd is not publicly available, given that companies in Switzerland are not required to disclose this information. However, ICIG's filings for its UK subsidiary, Vynova Runcorn Limited, offers an indication of who ultimately controls PE Investors Ltd.<sup>49</sup> According to the financial database Orbis, Vynova Runcorn Limited is directly owned by International Chemical Investors XI I SA, which is in turn owned by the corporate group's ultimate parent, International Chemical Investors SE.<sup>50</sup>

In the UK filing for Vynova Runcorn, the company states that three people, including Susi and Achim Riemann and Patrick Schnitzer, hold "significant control" over the firm, which means they are ultimately in control of Vynova Runcorn. According to Orbis, Vynova Runcorn Ltd. is 100 per cent owned by the International Chemical Investors XI I SA, which is 100 per cent owned by ICIG's global ultimate owner, International Chemical Investors SE.

International Chemical Investors SE has two equal shareholders, including Acsuri GmbH (Susi & Achim Riemann) and PE Investors Ltd.

In the Vynova Runcorn Ltd filing, Patrick Schnitzer's address is listed as the same address as PE Investors Ltd,<sup>51</sup> which owns 50 per cent of ICI SE.

Given that Schnitzer's address is the same as PE Investors Ltd, and that he is listed as having "significant control" of Vynova Runcorn Ltd, which is ultimately owned by ICI SE, it is highly likely that Patrick Schnitzer is a shareholder of PE Investors Ltd. This would mean that Susi and Achim Riemann jointly control 50 per cent of ICIG through Acsuri GmbH, while Patrick Schnitzer and any other possible owners of PE Investors Ltd. own the remaining 50 per cent of ICIG through PE Investors Ltd.

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47 *Ibid.*

48 International Chemical Investors SE, 2015 consolidated annual accounts, 4 July 2016, <https://www.rcsl.lu/mjrscs/jsp/IndexActionNotSecured.action?time=1499865127127&loop=1>, retrieved on 3 July 2017.

49 Companies House, Vynova Runcorn Limited, Persons with significant control, no date, <https://beta.companieshouse.gov.uk/company/09117971/persons-with-significant-control>, retrieved on 28 June 2017.

50 Bureau van Dijk Orbis database, International Chemical Investors SE, Ownership report, retrieved on 27 June 2017.

51 The full address is listed as Uetlibergstrasse 132, Zurich, Switzerland.

## 3 Critical issues in ICIG's business practices

### 3.1 Controversies

#### Allessa

Allessa GmbH, which ICIG acquired in 2013 and incorporated into its Weylchem group,<sup>52</sup> runs a coal plant in Fechenheim (Germany). The energy this coal plant produces is used in the chemical production process. Since 2011, local community members have been protesting against the existence of this coal plant, claiming that it pollutes their environment.<sup>53</sup> As the basis for their protest, they refer to a Greenpeace study showing the adverse health impacts of living close to coal plants and they insist that the coal plant should be closed.<sup>54</sup>

In light of the pollution by Allessa's power plant, the company has been sued twice by the local activist organisation Zukunft Fechenheim<sup>55</sup> and once jointly by the city of Frankfurt and Friends of the Earth Germany.<sup>56</sup> All three cases were lost by the complainants, and the coal plant remains in operation.

#### Weylchem Griesheim

Weylchem Griesheim's facilities were acquired from company Clariant AG by ICIG in 2007.<sup>57</sup> In 2015, Weylchem Griesheim planned to open a new combined gas, biomass and coal power plant, despite local protests. Weylchem asked local communities and politicians to discuss the plans.<sup>58</sup> The company finished building the new power plant in 2016.<sup>59</sup>

Separately, an accident happened at Weylchem's facilities in Griesheim in 2016, which resulted in the discharge of a hydrochloric acid cloud. Residents of the nearby towns of Höchst and Unterliederbach

52 Weylchem website, Allessa GmbH, no date, <http://www.weylchem.com/allessa-gmbh.html>, retrieved on 3 July 2017.

53 Verein Zukunft Fechenheim website, Der Verein Zukunft Fechenheim stellt sich vor, no date, <https://verein.zukunftfechenheim.wordpress.com/about/>, retrieved on 3 July 2017.

54 Greenpeace website, 3.100 Todesfälle Durch Kohlekraftwerke, 3 April 2013, <http://www.greenpeace.de/themen/energie/wende/fossile-energien/3100-todesfaelle-durch-kohlekraftwerke>, retrieved on 3 July 2017.

55 Verein Zukunft Fechenheim website, Der Verein Zukunft Fechenheim stellt sich vor, no date, <https://verein.zukunftfechenheim.wordpress.com/about/>, retrieved on 3 July 2017;

Frankfurter Rundschau, „Raus aus der Braunkohle“, 30 September 2016, <http://www.fr.de/frankfurt/kraftwerk-frankfurt-fechenheim-raus-aus-der-braunkohle-a-302446>, retrieved on 3 July 2017.

56 Franfurter Neue Presse, Kohlestaub-Kraftwerk: Nun wird geredet, 4 April 2015, <http://www.fnp.de/lokales/frankfurt/Kohlestaub-Kraftwerk-Nun-wird-geredet;art675,1339461>, retrieved on 3 July 2017.

57 Weylchem website, Weylchem Griesheim GmbH, no date, <http://www.weylchem.com/weylchem-griesheim-gmbh.html>, retrieved on 6 September 2017.

58 *Ibid.*

59 Merkurist, Wie passt ein neues Kohlekraftwerk zum Frankfurter Klimaschutzplan?, 22 August 2016, [https://merkurist.de/frankfurt/einwand-bei-energie-wende-wie-passt-ein-neues-kohlekraftwerk-zum-frankfurter-klimaschutzplan\\_Sml](https://merkurist.de/frankfurt/einwand-bei-energie-wende-wie-passt-ein-neues-kohlekraftwerk-zum-frankfurter-klimaschutzplan_Sml), retrieved on 3 July 2017.

were warned and asked to close their windows and shut off air conditioners.<sup>60</sup> A similar discharge of hydrochloric acid happened nine months earlier in December 2015. In response to the accident, a city councillor with the Social Democratic Party (SPD) called Roger Podstatny publicly questioned the company's ability to comply with safety regulations.

### **Calaire Chimie**

In October 2012, ICI acquired French chemical company Calaire Chimie from the Tessenderloo Group.<sup>61</sup> This acquisition was done using a controversial method of financing called a leveraged buyout, the use of which by ICI is discussed further in Chapter 3.5. A year after the acquisition, ICI sold Calaire Chimie to chemical company Axyntis.<sup>62</sup> Reportedly, Calaire Chimie had been profitable until 2011, or before ICI bought it.<sup>63</sup> However, after being bought by ICI the company reported losses. Calaire Chimie's turnover was reportedly €11.9 million in 2012, and ICI sold the company to Axyntis for €0.5 million.<sup>64</sup>

In their acquisition of Calaire Chimie, Axyntis were reportedly willing to take on 80 out of the 191 people employed by the company.<sup>65</sup> Judging from media reports, the acquisition deal between ICI and Axyntis made the former responsible for firing the remaining 111 of Calaire Chimie's employees.<sup>66</sup> To do so, ICI declared the 111 employees redundant, and offered them a severance package of €12,000 each, amounting to a total payment of €1.4 million.<sup>67</sup> The laid off workers did not agree to this severance package, however, and protested. Mediation efforts by the mayor of Calais and other local government authorities did not lead to a resolution of the conflict.

In 2013, 108 of the affected ex-employees sued ICI, claiming their dismissal had been illegitimate and without real cause.<sup>68</sup> Two years later, the case was dismissed before the labour council, where the judge struck down the labourers' claims. Labour conflict persists at Calaire Chimie, now owned by Axyntis Group, where the 41 workers the company still employs staged a strike in March 2017.<sup>69</sup> The workers refer to the lack of investment and maintenance at Calaire Chimie's facilities and the removal of workers' premiums without workers' consent as their motivation for striking.<sup>70</sup>

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60 Höchster Kreisblatt, Nach Stoffaustritt: Podstatny greift Weylchem an, 4 August 2016, <http://www.kreisblatt.de/lokales/main-taunus-kreis/Nach-Stoffaustritt-Podstatny-greift-Weylchem-an;art676,2144654>, retrieved on 3 July 2017.

61 Thomson Reuters Eikon database, International Chemical Investors GmbH, Company Deals, retrieved on 27 June 2017.

62 L'Usine Nouvelle, Calaire Chimie est repris par le groupe Axyntis, 23 October 2013, <http://www.usinenouvelle.com/article/calaires-chimie-est-repris-par-le-groupe-axyntis.N211599>, retrieved on 28 June 2017.

63 *Ibid.*

64 *Ibid.*

65 *Ibid.*

66 La Voix du Nord, Calaire Chimie (Calais) au tribunal administratif : C'est le pot de fer contre le pot de terre, 13 March 2014, <http://www.lavoixdunord.fr/archive/recup%3A%252Fregion%252Fcalaire-chimie-calais-au-tribunal-administratif-ia33b48581n1981407>, retrieved on 28 June 2017.

67 *Ibid.*

68 *Ibid.*

69 La Voix du Nord, Après le débrayage, dialogue très tendu à Calaire Chimie, 14 March 2017, <http://www.lavoixdunord.fr/132446/article/2017-03-14>, retrieved on 12 July 2017

70 La Voix du Nord, Après le débrayage, dialogue très tendu à Calaire Chimie, 14 March 2017, <http://www.lavoixdunord.fr/132446/article/2017-03-14>, retrieved on 12 July 2017

### Corden Pharma

In 2006, ICIG acquired facilities in Cork, Ireland from a company called Cambrex, after which the facilities were integrated into ICIG's Corden Pharma brand.<sup>71</sup> Two years later, in 2008, an explosion happened at these facilities, in which one employee was killed, and another was seriously injured.<sup>72</sup> A government inspection into the conditions at the facilities led to the conclusion that Corden Pharma had breached safety regulations when it failed to assess the risk of a possible human error in their production process.<sup>73</sup> The company was prosecuted at the Cork Circuit Criminal Court and pled guilty, after which it was convicted and fined €300,000.<sup>74</sup>

## 3.2 Miteni's financial situation amid potential legal liability

As described in the introduction, several studies undertaken by the Italian National Research Council, police and academics from local universities have confirmed the high level of PFAS pollution around Miteni's operations, and have substantiated claims that the company is responsible for that pollution. Based on these studies, it appears possible and increasingly likely that Miteni will face litigation over what appear to have been negligent environmental practices and a potential violation of legal environmental safeguards.

If such a court case were to take place, it is possible that Miteni would be made liable for the costs of cleaning up any pollution it may have caused. Furthermore, the company could be made to pay damages to anyone who has been negatively affected by this pollution. In light of the costs of any such compensation, it is important to take note of Miteni's current financial position. In Table 2, a selection of financial figures concerning Miteni are shown. These were taken from the company's balance sheets in the respective annual financial accounts as filed with the Italian Chamber of Commerce.

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71 Irish Examiner, Ninety jobs lost as Cork pharma firm Corden to close plan, 6 June 2009, <http://www.irishexaminer.com/ireland/ninety-jobs-lost-as-cork-pharma-firm-corden-to-close-plant-93544.html>, retrieved on 6 September 2017.

72 Irish Examiner, Fatal explosion 'one of worst' industry accidents, 27 April 2012, <http://www.irishexaminer.com/ireland/fatal-explosion-one-of-worst-industry-accidents-192004.html>, retrieved on 3 July 2017.

73 The Irish Times, Firm pleads guilty over fatal blast at factory, 27 April 2012, <https://www.irishtimes.com/news/firm-pleads-guilty-over-fatal-blast-at-factory-1.509602>, retrieved on 3 July 2017.

74 The Mirror, Sister tears at loss of best friend, 2 May 2012, <https://www.thefreelibrary.com/Sister+tears+at+loss+of+best+friend%3B+INQUEST.-a0288328487>, retrieved on 3 July 2017.



**Table 2 Miteni's financial position 2011-2016**<sup>75</sup>

x €1,000,000	2011	2012	2013	2014	2015	2016
Liabilities/debt	14.24	14.24	14.68	13.51	10.77	12.77
Debt with banks	6.84	5.97	6.97	7.05	6.28	6.37
Debt with suppliers	5.40	4.21	5.76	4.29	2.99	3.66
Shareholder equity	12.91	10.49	10.04	9.91	8.77	6.85
Profit/loss	-2.48	-2.42	-0.45	-0.14	-1.14	-1.91
Interest payments	0.23	0.22	0.26	0.32	0.26	0.20

For the past six years, Miteni has been making a loss. Furthermore, the figures above show that the company's shareholder equity has been decreasing steadily over those same years, and was almost halved from €12.9 million in 2011 to €6.9 million in 2016. Meanwhile, Miteni's levels of debt have stayed relatively stable, decreasing by about 10 per cent over six years to €12.8 million in 2016. Of this €12.8 million in debt, most was due to banks (50 per cent) and Miteni's suppliers (29 per cent). The figures show that the company is currently financed mostly through debt (65 per cent) with the remainder financed through shareholder equity (35 per cent).<sup>76</sup> Miteni paid an average of €248,000 in interest payments annually on its debt between 2011 and 2016, which increased the losses made by the company. Based on the significant losses and the consequent decrease of nearly 50 per cent in shareholder equity, it can be argued that Miteni's financial position has worsened over the past six years. This has possibly decreased its capacity to deal with any potential liabilities that may arise related to the pollution in the Veneto Region.

### 3.3 ICIG's use of bearer shares

All ten of ICIG's Luxembourg subsidiaries, including parent company International Chemical Investors SE, in their latest available annual accounts (2015) report being owned through the use of bearer shares.<sup>77</sup> Bearer shares allow the ownership of a company to pass to another owner anonymously, as their share certificates do not include a name. Using bearer shares implies that the owner of a company is the person that physically owns, or 'bears', the shares.<sup>78</sup> For example, in the Panama

<sup>75</sup> Miteni SpA, Annual accounts for the years 2011 through 2016, <http://www.registroimpresa.it/>, retrieved on 14 August 2017.

<sup>76</sup> Two line items reported in Miteni's 2016 balance sheet on the liabilities/shareholder equity section were excluded from this calculation, which were "provisions for risks and changes" valued at €634,371 and "subordinated employment" valued at €1.9 million, as their real value could not be determined.

<sup>77</sup> This information comes from the 2015 unconsolidated accounts of the following companies: International Chemical Investors II SA, International Chemical Investors III SA, International Chemical Investors IV SA, International Chemical Investors V SA, International Chemical Investors VI SA, International Chemical Investors VII SA, International Chemical Investors VIII SA, International Chemical Investors IX SA, International Chemical Investors X SA, International Chemical Investors XI SA, and International Chemical Investors SE. These annual accounts can be found at the Luxembourg Registre de Commerce et des Sociétés, <https://www.rcl.lu/mjrcs/jsp/IndexActionNotSecured.action?time=1499865127127&loop=1>.

<sup>78</sup> City A.M., Panama papers scandal: Everything you've ever wanted to know about bearer shares (but were too afraid to ask), 4 April 2016, <http://www.cityam.com/238107/panama-papers-scandal-everything-youve-ever-wanted-to-know-about-bearer-shares-but-were-too-afraid-to-ask>, retrieved on 3 July 2017.

Papers tax avoidance scheme, bearer shares allowed the owners of thousands of companies to remain anonymous.<sup>79</sup> Many countries do not allow the use of bearer shares for transparency reasons, but Luxembourg does allow bearer shares to be used.<sup>80</sup> In the case of ICIG the corporate group's owners (Acsuri GmbH and PE Investors Ltd.) are known, making it unlikely that bearer shares are currently being used with the aim of keeping the group's owners hidden.

### 3.5 ICIG's acquisitions

ICIG's business model appears to be grounded in growing by acquisition, which it states is part of its "long term view of the value creation process".<sup>81</sup> The company has made a total of 27 acquisitions over 12 years. Of the 27 known acquisitions, 20 were done by ICIG's German subsidiary International Chemical Investors GmbH (ICI GmbH). Seven acquisitions were done by the group's parent company, International Chemical Investors SE in Luxembourg.<sup>82</sup>

Luxembourg allows the ICIG's companies based there to publish limited financial information. The financial information that is available shows that ICIG's parent company International Chemical Investors SE (ICI SE) individually – so not including its subsidiaries – has relatively little capital, despite the list of recent acquisitions. The German subsidiary International Chemical Investors GmbH also reports little capital, as can be seen in Table 3. The most recent available financial information for these companies is shown in Table 3.

With regard to the figures in Table 3, ICI SE's financial report filed in Luxembourg states that the firm's current assets consisted mostly of loans provided to its "affiliated companies", or subsidiaries amounting to €45.9 million in 2015. The remainder of its current assets that year were around €10.6 million. The company's fixed assets consisted mostly of shares in subsidiaries (€9.9 million), and intangible assets (€149,000). The only material assets ICI SE had in Luxembourg were the company's office equipment, valued at €69,000.<sup>83</sup> This means that about 84 per cent of ICI SE's assets consisted of shares in and loans to subsidiaries. The implications these loans to subsidiaries have for ICIG's tax obligations will be discussed in Chapter 4.3.

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79 International Consortium of Investigative Journalists website, Explore the Panama Papers Key Figures, no date, <https://panamapapers.icij.org/graphs/>, retrieved on 3 July 2017.

80 City A.M., Panama papers scandal: Everything you've ever wanted to know about bearer shares (but were too afraid to ask), 4 April 2016, <http://www.cityam.com/238107/panama-papers-scandal-everything-youve-ever-wanted-to-know-about-bearer-shares-but-were-too-afraid-to-ask>, retrieved on 3 July 2017.

81 International Chemical Investors Group website, Our Approach, no date, <http://www.ic-investors.com/our-approach.html>, retrieved on 27 June 2017.

82 Thomson Reuters Eikon database, International Chemical Investors SE, Company Deals, retrieved on 27 June 2017.

83 International Chemical Investors SE, 2015 annual accounts, 4 July 2016, <https://www.rcsl.lu/mjrjcs/jsp/IndexActionNotSecured.action?time=1499865127127&loop=1>, retrieved on 3 July 2017.

**Table 3 ICI SE, ICI GmbH and ICI G's balance sheet figures**

x €1,000,000	ICI SE (2015) <sup>82</sup>	ICI GmbH (2015) <sup>83</sup>	ICI G consolidated (2016) <sup>84</sup>
<b>Assets</b>			
Current	56.58	4.98	906.38
Fixed	10.16	2.16	785.94
Other	0.37		
<b>Liabilities</b>			
Equity	47.92	1.67	614.84
Debt	15.96	5.46	529.44
Other	2.90		
<b>Balance total</b>	<b>66.78</b>	<b>7.14</b>	<b>1,692.33</b>

### 3.4 Leveraged buyouts

ICI G – the corporate group – has collectively made 27 acquisitions over 12 years. According to the financial database Eikon, at least two of the acquisitions were financed through a leveraged buyout. A leveraged buyout is where a company takes out a loan in order to buy another company while using the acquired company as collateral for the loan. After it has been bought, the acquired company is then required to pay back the loan that was used to finance its own acquisition. A leveraged buyout allows companies to acquire assets while limiting their own financial liability, by shifting the payment responsibility to the acquired company.<sup>87</sup> The leverage buyout model is also used by companies that do not have enough capital of their own to buy new assets.

The Thomson Reuters Eikon database reports that ICI G used leveraged buyouts for at least two acquisitions,<sup>88</sup> including when it bought Synthacon in 2006<sup>89</sup> and Calaire Chimie in 2012.<sup>90</sup>

84 International Chemical Investors SE, 2015 unconsolidated annual accounts, 12 September 2016, <https://www.rclsl.lu/mjrscs/jsp/IndexActionNotSecured.action?time=1499865127127&loop=1>, retrieved on 3 July 2017.

85 International Chemical Investors GmbH, 2015 unconsolidated annual accounts, 2 September 2016, <https://www.unternehmensregister.de/ureg/?submitaction=language&language=en>, retrieved on 3 July 2017.

86 International Chemical Investors SE, 2016 consolidated annual accounts, 20 June 2017, <https://www.rclsl.lu/mjrscs/jsp/IndexActionNotSecured.action?time=1499865127127&loop=1>, retrieved on 3 July 2017.

87 Reference for Business website, Leveraged Buyouts, no date, <http://www.referenceforbusiness.com/small/Inc-Mail/Leveraged-Buyouts.html>, retrieved on 3 July 2017.

88 Thomson Reuters Eikon database, International Chemical Investors GmbH, Company Deals, retrieved on 27 June 2017. Thomson Reuters Eikon database, International Chemical Investors SE, Company Deals, retrieved on 27 June 2017.

89 Thomson Reuters Eikon database, International Chemical Investors GmbH, Company Deals, retrieved on 27 June 2017.

90 Thomson Reuters Eikon database, International Chemical Investors SE, Company Deals, retrieved on 27 June 2017.

Leveraged buyouts as a way of financing purchases have gained in popularity since the 1980s. At the same time, they have also been controversial,<sup>91</sup> given that some types of leveraged buyouts are seen as predatory.<sup>92</sup> One of the reasons for this is that a leveraged buyout may leave a newly acquired company trying to pay off its debts with too few financial resources to operate effectively.

Such companies may have to cut corners on replacing their property, plant and equipment, repairs and maintenance, as well as research and development.<sup>93</sup> Lack of investment and maintenance were specifically identified by Calaire Chimie's employees as issues troubling their employer, and were the motivation for their strike in 2017, as described in Chapter 3.1. More generally, leveraged buyouts have been blamed for destroying economic and social values.<sup>94</sup>

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- 91 The Harvard Crimson, *Harvard: Making a Profit, The Leveraged Buyout Controversy*, 2 March 1989, <http://www.thecrimson.com/article/1989/3/2/harvard-making-a-profit-pever-abreast/>, retrieved on 3 July 2017; The Washington Post, *There Is Life After A Buyout*, 27 August 1989, [https://www.washingtonpost.com/archive/politics/1989/08/27/there-is-life-after-a-buyout/3dd1145b-716d-43b5-b8cc-34ccf774b453/?utm\\_term=.4608b573ff36](https://www.washingtonpost.com/archive/politics/1989/08/27/there-is-life-after-a-buyout/3dd1145b-716d-43b5-b8cc-34ccf774b453/?utm_term=.4608b573ff36), retrieved on 3 July 2017.
- 92 Investopedia website, *Understanding Leveraged Buyouts*, no date, <http://www.investopedia.com/articles/financial-theory/08/leveraged-buyouts.asp>, retrieved on 3 July 2017.
- 93 Reference for Business website, *Leveraged Buyouts*, no date, <http://www.referenceforbusiness.com/small/Inc-Mail/Leveraged-Buyouts.html>, retrieved on 3 July 2017.
- 94 Corporate Finance Institute website, *What is the LBO model of investing?*, no date, <https://corporatefinanceinstitute.com/resources/knowledge/finance/lbo-model/>, retrieved on 3 July 2017.

## 4 Indications of tax avoidance by ICIG

### 4.1 Domicile in Luxembourg

ICIG's ultimate owner, ICI SE, is based in Luxembourg where it employs 15 people.<sup>95</sup> This seems like a very small number of staff considering the fact that ICIG is a large chemical company that employs 6,000 people around the world.<sup>96</sup> In addition, ICIG appears to have no operations in Luxembourg, and its owners seem to have no link to Luxembourg. Of the other nine ICIG subsidiaries in Luxembourg, only four reported employee numbers, with zero workers in 2015.<sup>97</sup> Given that Luxembourg is a well-known tax haven,<sup>98</sup> the choice of location of ICIG's headquarters and nine of its subsidiaries in a country where it does not have any operations appears to be fiscally motivated.

Luxembourg's authorities have in the past been shown to provide fiscal incentives for companies registered in their country. This was illustrated through the Luxleaks data leak by a former employee of the accounting firm PricewaterhouseCoopers in 2014 that showed how Luxembourg's tax authorities authorised and supported elaborate corporate tax avoidance schemes.<sup>99</sup> The country's tax authorities were shown to provide tax rulings – legally binding documents that provide a company with certainty in advance concerning their tax liabilities. These rulings were referred to as “comfort letters”, often significantly decreasing the taxable base for companies registered in the country and at times leading to effective tax rates of below 1 per cent.<sup>100</sup>

95 International Chemical Investors SE, 2015 annual accounts, 4 July 2016, <https://www.rcsl.lu/mjracs/jsp/IndexActionNotSecured.action?time=1499865127127&loop=1>, retrieved on 3 July 2017.

96 International Chemical Investors Group website, Who We Are, no date, <http://www.ic-investors.com/who-we-are.html>, retrieved on 27 June 2017.

97 International Chemical Investors V, 2015 annual accounts, 20 June 2016, <https://www.rcsl.lu/mjracs/jsp/IndexActionNotSecured.action?time=1499865127127&loop=1>, retrieved on 3 July 2017. International Chemical Investors VII, 2015 annual accounts, 12 September 2016, <https://www.rcsl.lu/mjracs/jsp/IndexActionNotSecured.action?time=1499865127127&loop=1>, retrieved on 3 July 2017. International Chemical Investors IX, 2015 annual accounts, 20 June 2016, <https://www.rcsl.lu/mjracs/jsp/IndexActionNotSecured.action?time=1499865127127&loop=1>, retrieved on 3 July 2017. International Chemical Investors X, 2015 annual accounts, 4 July 2016, <https://www.rcsl.lu/mjracs/jsp/IndexActionNotSecured.action?time=1499865127127&loop=1>, retrieved on 3 July 2017.

98 Financial Secrecy Index, Narrative Report on Luxembourg, 2015, <http://www.financialsecrecyindex.com/PDF/Luxembourg.pdf>, retrieved on 3 July 2017; Politico website, Oxfam: Luxembourg, Ireland, Netherlands among worst tax havens, 12 December 2016, <http://www.politico.eu/article/oxfam-luxembourg-ireland-netherlands-among-worst-tax-havens/>, retrieved on 3 July 2017; Deutsche Welle website, Luxembourg: the EU's top tax haven, 9 April 2013, <http://www.dw.com/en/luxembourg-the-eus-top-tax-haven/a-16729339>, retrieved on 3 July 2017.

99 The International Consortium of Investigative Journalists, Leaked Documents Expose Global Companies' Secret Tax Deals in Luxembourg, 5 November 2014, <https://www.icij.org/project/luxembourg-leaks/leaked-documents-expose-global-companies-secret-tax-deals-luxembourg>, retrieved on 3 July 2017.

100 The International Consortium of Investigative Journalists, Leaked Documents Expose Global Companies' Secret Tax Deals in Luxembourg, 5 November 2014, <https://www.icij.org/project/luxembourg-leaks/leaked-documents-expose-global-companies-secret-tax-deals-luxembourg>, retrieved on 3 July 2017; The Guardian, Luxembourg tax files: how tiny state rubber-stamped tax avoidance on an industrial scale, 5 November 2014, <https://www.theguardian.com/business/2014/nov/05/-sp-luxembourg-tax-files-tax-avoidance-industrial-scale>, retrieved on 3 July 2017.

PricewaterhouseCoopers also refers to Luxembourg as the “preeminent jurisdiction for structuring Private Equity (PE) and Venture Capital funds and deals.”<sup>101</sup> Luxembourg provides private equity firms, with a legal framework that facilitates acquisitions,<sup>102</sup> and provides many fiscal benefits.<sup>103</sup>

## 4.2 ICIG’s effective tax rate

Effective tax rates measure the actual tax obligation of a company, and are calculated by dividing the company’s income taxes by its pre-tax income. Comparing effective tax rates to the statutory corporate income tax rate can point to possible tax avoidance, if the effective tax rate is lower than the statutory corporate tax rate.<sup>104</sup>

Table 4 provides information on the profit and income tax of ICIG in its entirety, based on the consolidated annual accounts of the group’s parent company ICI SE, which were filed at the Luxembourg chamber of commerce.<sup>105</sup> The figures are also given for the pre-tax profit and income tax of ICI SE, which are from the company’s unconsolidated annual accounts.<sup>106</sup> Using these figures, the effective tax rate was calculated for both the parent company and the corporate group, over a period of four years.

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101 PricewaterhouseCoopers, The Luxembourg Limited Partnership, 2017, <https://www.pwc.lu/en/private-equity/docs/pwc-private-equity-lux-limited-partnership.pdf>, page 6, retrieved on 3 July 2017.

102 PricewaterhouseCoopers, The Luxembourg Limited Partnership, 2017, <https://www.pwc.lu/en/private-equity/docs/pwc-private-equity-lux-limited-partnership.pdf>, retrieved on 3 July 2017.

103 Ogier, Structuring and financing private equity & venture capital transactions, September 2016, <https://www.ogier.com/media/publications/Ogier-Structuring-and-financing-private-equity-and-venture-capital-transactions-WEB.pdf>, retrieved on 3 July 2017.

104 SOMO, 2016, Research Methodology. Calculating the effective tax rates of large Dutch companies and identifying tax avoidance.

105 The figures for ICI SE in this table come from International Chemical Investors SE’s 2013, 2014 and 2015 unconsolidated annual accounts. These can be found in the Luxembourg Registre de Commerce et des Sociétés, <https://www.rcsl.lu/mjrjcs/jsp/IndexActionNotSecured.action?time=1499865127127&loop=1>.

106 The figures for ICIG in this table come from the parent company SE’s 2013, 2014, 2015 and 2016 consolidated annual accounts. These can be found in the Luxembourg Registre de Commerce et des Sociétés, <https://www.rcsl.lu/mjrjcs/jsp/IndexActionNotSecured.action?time=1499865127127&loop=1>.

**Table 4 ICI SE and ICI G's effective tax rates**

	2013	2014	2015	2016	Total
<b>ICI SE<sup>106</sup></b>					
Pre-tax profit	€10,493,180	€10,433,156	€3,355,686	€8,256,643	<b>€32,538,665</b>
Income tax	€32,105	€41,400	€392,334	€573,013	<b>€1,038,852</b>
Effective tax rate	0.31%	0.40%	10.50%	6.94%	<b>3.19% (average)</b>
<b>ICI G<sup>107</sup></b>					
Pre-tax profit	€75,065,000	€97,775,000	€201,359,000		
	€116,895,000	€406,630,000			
Income tax	€2,074,000	€5,835,000	€17,084,000	€40,429,000	<b>€7,909,000</b>
Effective tax rate	2.8%	5.9%	8.4%	35%	<b>13.3% (average)</b>

The effective tax rates computed for ICI SE (see Table 4) demonstrate that ICI SE has benefited from an effective tax rate on average of 3.19 per cent, which is far below Luxembourg's official statutory corporate income tax rate of 29.22 per cent over the same period.<sup>109</sup> The consolidated figures – those provided for the entire corporate group – also show an effective tax rate on average of 13.3 per cent, which again is less than the Luxembourg statutory tax rate. These rates also fall below the corporate income tax rates applied in every country where ICI G operates, and where they are also obliged to pay corporate income taxes.<sup>110</sup> For example, between 2013 and 2016 Germany employed a statutory tax rate of over 29 per cent, Italy of over 31 per cent, France of 33 per cent, the USA of 40 per cent, Belgium of approximately 34 per cent, the UK of between 20-24 per cent, the Netherlands of 25 per cent, Poland of 19 per cent and Switzerland of over 17 per cent.<sup>111</sup> Assuming that ICI G's operational subsidiaries have not made tax deals which lower their tax obligation with authorities in the countries where they operate, these companies are likely subject to much higher effective tax rates than their ultimate parent company ICI SE, as well as the ICI G in its entirety.

The 2016 effective tax rate for ICI G – the corporate group – in Table 4 deviates strongly from the other years, and causes the average effective tax rate for the four years to rise from 6.7 per cent to 13.3 per cent. However, it should be noted that a large part of the €40 million income tax reported by ICI G in 2016 consists of deferred tax payments, reported in the consolidated 2016 financial

107 The figures for ICI SE in this table come from International Chemical Investors SE's 2013, 2014 and 2015 unconsolidated annual accounts. These can be found in the Luxembourg Registre de Commerce et des Sociétés, <https://www.rcsl.lu/mjrscs/jsp/IndexActionNotSecured.action?time=1499865127127&loop=1>.

108 The figures for ICI G in this table come from the parent company SE's 2013, 2014, 2015 and 2016 consolidated annual accounts. These can be found in the Luxembourg Registre de Commerce et des Sociétés, <https://www.rcsl.lu/mjrscs/jsp/IndexActionNotSecured.action?time=1499865127127&loop=1>.

109 KPMG website, Corporate tax rates table, no date, <https://home.kpmg.com/xx/en/home/services/tax/tax-tools-and-resources/tax-rates-online/corporate-tax-rates-table.html>, retrieved on 3 July 2017.

110 *Ibid.*

111 *Ibid.*

accounts filed in Luxembourg.<sup>112</sup> These deferred payments consisted of €14 million in “cancellation of temporary differences” and €10.6 million in “changes in losses carried forward”.<sup>113</sup> It is not entirely clear what the meaning of these figures is in real terms, and without information on what exactly these reported deferred tax payments are based on it is not possible to assess whether they will, in the future, lead to actual tax revenues for governments in the countries where ICI G has operations.<sup>114</sup>

### 4.3 Intra-group loans

As described in Chapter 3.3., ICI SE has €45.9 million outstanding in loans to its subsidiaries, and owns €9.9 million worth of shares in its subsidiaries. The company owns €149,000 in intangible assets, which could be patents or trademarks. Together, these three asset types make up 84 per cent of its total €66.8 million in assets. The rest of the company’s assets consist mostly of the money in ICI SE’s bank account and its office supplies.<sup>115</sup> Considering the assets the company has, it is likely that most of its profit (as shown in Table 4 above) is derived from passive income, such as interest payments on loans, dividend payments from shareholdings, capital gains on the sale of subsidiaries and royalty payments for intangible assets. Given that ICI SE’s income is passive, and not derived from the production of goods and services, and that it employs a very limited staff of 15, it is likely this company has little real economic activity.<sup>116</sup>

Given there is little to no economic activity at ICI SE in Luxembourg, it is possible that the loans to subsidiaries are being used to finance operations across the group outside of Luxembourg. The subsidiaries that have loans given by ICI SE would normally pay interest to ICI SE for those loans. The subsidiaries deduct interest payments for the loans from their pre-tax profit, which in practice means that their taxable base is lowered. These interest payments effectively shift profit to ICI SE from its subsidiaries. Considering ICI SE’s relatively low effective tax rate when compared to what ICI G’s operational subsidiaries are likely to be subject to, the income that ICI SE in Luxembourg receives as interest payments from its operational subsidiaries is likely taxed at a lower rate – as shown in Table 4 – than it would have been had it been taxed in the country where it operates. Therefore, ICI SE’s outstanding loans to its subsidiaries of €45.9 million, combined with its low effective tax rate in Luxembourg, are indicators or red flags of possible profit shifting.

A lack of available data in ICI SE’s annual accounts concerning the actual interest payments within the corporate group makes it impossible to come to any final conclusions regarding profit shifting and possible revenue loss for countries where ICI G’s operations are based.

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112 International Chemical Investors SE, 2016 annual accounts, 20 July 2017, <https://www.rcsl.lu/mjrscs/jsp/IndexActionNotSecured.action?time=1499865127127&loop=1>, retrieved on 3 July 2017.

113 International Chemical Investors SE, 2016 annual accounts, 20 July 2017, <https://www.rcsl.lu/mjrscs/jsp/IndexActionNotSecured.action?time=1499865127127&loop=1>, retrieved on 3 July 2017.

114 *Ibid.*

115 International Chemical Investors SE, 2015 unconsolidated annual accounts, 12 September 2016, <https://www.rcsl.lu/mjrscs/jsp/IndexActionNotSecured.action?time=1499865127127&loop=1>, retrieved on 3 July 2017.

116 Financial Times website, Definition of real economy, no date, <http://lexicon.ft.com/Term?term=real-economy&mhq5j=e3>, retrieved on 12 July 2017.



Apart from ICI SE, four of ICI's other companies in Luxembourg also have loans outstanding to affiliated companies.<sup>117</sup> This could be an indication of profit shifting to Luxembourg, in a similar way to what was described above. However, as most of the annual accounts of subsidiaries in Luxembourg do not specify which affiliates are at the receiving end of these loans, this cannot be verified.

## 4.4 A German trademark moved to Luxembourg

ICIG acquired the company Enka GmbH in 2005. Its 'Enka' trademark is controlled by ICI's subsidiary International Chemical Investors IV SA (ICI IV), registered in Luxembourg.<sup>118</sup> In its 2015 annual account, ICI IV report owning €1 million in intangible assets. The company states this €1 million relates primarily to the 'Enka' trademark.

If Enka GmbH uses the 'Enka' trademark, it is likely that Enka GmbH pays ICI IV for the use of its trademark. The price paid in intra-group transactions for the use of a trademark is determined through transfer pricing. This refers to the practice of companies determining the prices of their intra-group transactions. Such transfer pricing is important from a tax perspective when affiliated companies that reside in different jurisdictions do business with one another. The value of any transactions between such related companies has an impact on how much profit each one will make, and thereby influences both companies' tax base in their respective countries. To determine fair value for intra-group transactions, companies are required to treat their affiliated business partner as an unrelated company, in order to arrive at a price that is in line with what would otherwise be paid on the market.<sup>119</sup> This is called an arm's length price.<sup>120</sup> In order to be allowed to use the 'Enka' trademark, Enka GmbH would therefore be required to pay such an arm's length price to ICI IV.

Since 2012, the Organisation for Economic Co-operation and Development (OECD) has attempted to tackle tax avoidance internationally, through their international Base Erosion and Profit Shifting Action Plans. Through this, the OECD "aims to ensure that profits are taxed where economic activities generating the profits are performed and where value is created."<sup>121</sup> Applying this to the

117 These are International Chemical Investors III SA, International Chemical Investors V SA, International Chemical Investors VI SA and International Chemical Investors XI SA. The financial information concerning these loans can be found in the four companies' respective 2015 annual accounts, which have been deposited with the Luxembourg Registre de Commerce et des Sociétés, <https://www.rcsl.lu/mjrscs/jsp/IndexActionNotSecured.action?time=1499865127127&loop=1>.

118 International Chemical Investors IV SA, 2015 annual accounts, 12 September 2016, <https://www.rcsl.lu/mjrscs/jsp/IndexActionNotSecured.action?time=1499865127127&loop=1>, retrieved on 3 July 2017.

119 United Nations, Practical Manual on Transfer Pricing for Developing Countries Chapter 1, June 2011, [http://www.un.org/esa/ffd/tax/2011\\_TP/](http://www.un.org/esa/ffd/tax/2011_TP/), retrieved on 13 July 2017.

120 Organisation for Economic Co-operation and Development, OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations 2010, page 33, 2010, [http://www.oecd-ilibrary.org/taxation/oecd-transfer-pricing-guidelines-for-multinational-enterprises-and-tax-administrations-2010/the-arm-s-length-principle\\_tpg-2010-4-en](http://www.oecd-ilibrary.org/taxation/oecd-transfer-pricing-guidelines-for-multinational-enterprises-and-tax-administrations-2010/the-arm-s-length-principle_tpg-2010-4-en), retrieved on 5-9-2017.

121 Organisation for Economic Co-operation and Development, OECD/G20 Base Erosion and Profit Shifting Project Explanatory Statement, page 4, 2014, <https://www.oecd.org/ctp/beeps-2014-deliverables-explanatory-statement.pdf>, 14 July 2017.

case of the 'Enka' trademark, the value of that trademark was arguably created in Germany, where the company was founded in the nineteenth century, and continues to operate to this day.<sup>122</sup>

Therefore, the value of that trademark was arguably created in Germany and should be taxed there, where all of Enka's operations are located.<sup>123</sup> ICI G acquired Enka in 2005, after which the company's trademark was likely transferred to Luxembourg. As discussed above, if Enka GmbH makes use of its own trademark, it is likely that Enka GmbH pays royalties to its parent company in Luxembourg. Such payments would lower Enka GmbH's profits in Germany, where it would otherwise have been subject to the country's 29.79 per cent statutory tax rate.<sup>124</sup> Meanwhile, these payments are likely to increase ICI IV's profits in Luxembourg. Considering how from 2013 until 2016 ICI IV's parent company, ICI SE, was subject to an effective tax rate (3.19 per cent) far below Luxembourg's statutory tax rate (29.22 per cent), it is likely that ICI G's other companies in Luxembourg also enjoy a favourable tax regime.

As with the loan described in the previous section, this fiscal structure most likely shifts ICI G's profits from Germany to Luxembourg, where they are expected to be taxed at a lower rate.

## 4.5 Other subsidiaries in known tax havens

### Ireland

Until 2014, ICI G undertook research and development (R&D) activities in Ireland, at its subsidiary Corden Pharma Ltd. Corden Pharma Ltd. owned the facilities where in 2008 an explosion happened, as described in chapter 3.1. The company employed 91 people in 2009, nine in 2010, then gradually fewer every year until its operations were discontinued in 2014. The company made annual royalty payments to one of its subsidiaries, called Corden Pharma IP Ltd. for the use of its patents.<sup>125</sup> In the years 2009, 2010 and 2011, these payments amounted to €589,000, €92,000 and €33,000, respectively.<sup>126</sup> During these years, royalty payments from its parent company made up Corden Pharma IP Ltd.'s entire turnover. Due to a lack of publicly available information, any payments that were possibly made in others years could not be identified.

In its 2010 annual accounts, Corden Pharma IP Ltd. reports that its profits arising from patent income was exempted from corporate income tax. This allowed the company to pay nothing in corporate income taxes.<sup>127</sup> Its parent company, Corden Pharma Ltd., was reportedly subject to Ireland's regular

122 Enka website, History, no date, [http://www.enka.de/geschichte\\_en.php](http://www.enka.de/geschichte_en.php), retrieved on 3 July 2017.

123 Enka website, Locations, no date, [http://www.enka.de/standorte\\_en.php](http://www.enka.de/standorte_en.php), retrieved on 3 July 2017.

124 KPMG website, Corporate tax rates table, no date, <https://home.kpmg.com/xx/en/home/services/tax/tax-tools-and-resources/tax-rates-online/corporate-tax-rates-table.html>, retrieved on 3 July 2017.

125 Corden Pharma IP Limited, 2010 Annual Accounts, 9 December 2011, <https://search.cro.ie/company/CompanySearch.aspx>, retrieved on 4 July 2017; Corden Pharma IP Limited, 2011 Annual Accounts, 9 December 2011, <https://search.cro.ie/company/CompanySearch.aspx>, retrieved on 4 July 2017.

126 Corden Pharma IP Limited, 2010 Annual Accounts, 9 December 2011, <https://search.cro.ie/company/CompanySearch.aspx>, retrieved on 4 July 2017; Corden Pharma IP Limited, 2011 Annual Accounts, 9 December 2011, <https://search.cro.ie/company/CompanySearch.aspx>, retrieved on 4 July 2017.

127 Corden Pharma IP Limited, 2010 Annual Accounts, 9 December 2011, <https://search.cro.ie/company/CompanySearch.aspx>, retrieved on 4 July 2017.

12.5 per cent statutory tax rate.<sup>128</sup> However, following the explosion at its facilities in 2008, as discussed above, Corden Pharma Ltd. suffered a loss and subsequently received a tax credit. This tax credit allowed the company to pay zero taxes from 2010 until it was wound down in 2015.<sup>129</sup> For the years 2008 and 2009, the company's unconsolidated annual accounts could not be found, and thus for those years its tax payments could not be determined.

ICIG appears to have had no other operations in Ireland since its inception in 2005. The decision to locate its R&D in Ireland appears at least partially motivated by Ireland's low 12.5 per cent corporate income tax rate, as well as the exemptions on royalty income the country provides.

### Delaware

ICIG likely controls at least seven subsidiaries in Delaware, a known tax and corporate secrecy haven.<sup>130</sup> As no ownership information could be found in publicly available sources, this assumption is based solely on the names of those seven subsidiaries. Three of these companies have Corden Pharma in their names,<sup>131</sup> while three others' names include "Weylchem".<sup>132</sup> Finally, International Chemical Investors Inc. registered in Delaware is also suspected to be part of ICIG.<sup>133</sup> All seven of these entities have The Corporation Trust Company,<sup>134</sup> a corporate service provider, listed as their sole director. Corporate service providers can be commissioned by a company to incorporate and manage subsidiaries belonging to it.<sup>135</sup> The fact that such a corporate service provider manages what appear to be ICIG's Delaware subsidiaries is a strong indication that these subsidiaries are letterbox companies that have no employees, and do not undertake any real economic activity. Therefore, it is likely that the creation of these companies was fiscally motivated.

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128 Corden Pharma Limited, 2014 Annual Accounts, 10 December 2015, <https://search.cro.ie/company/CompanySearch.aspx>, retrieved on 4 July 2017.

129 Corden Pharma Limited, 2010/2011/2012/2013/2014/2015 Annual Accounts, 9 December 2011, <https://search.cro.ie/company/CompanySearch.aspx>, retrieved on 4 July 2017.

130 Financial Secrecy Index, Narrative Report on USA, 2015, <http://www.financialsecrecyindex.com/PDF/USA.pdf>, retrieved on 4 July 2017; The New York Times, How Delaware Thrives as a Corporate Tax Haven, 30 June 2012, <http://www.nytimes.com/2012/07/01/business/how-delaware-thrives-as-a-corporate-tax-haven.html>, retrieved on 4 July 2017.

131 Opencorporates.com website, Search: "Corden Pharma", no date, [https://opencorporates.com/companies/us\\_de?q=corden+pharma&utf8=%E2%9C%93](https://opencorporates.com/companies/us_de?q=corden+pharma&utf8=%E2%9C%93), retrieved on 4 July 2017.

132 Opencorporates.com website, Search: "Weylchem", no date, [https://opencorporates.com/companies/us\\_de?q=weylchem&utf8=%E2%9C%93](https://opencorporates.com/companies/us_de?q=weylchem&utf8=%E2%9C%93), retrieved on 4 July 2017.

133 Opencorporates.com website, International Chemical Investors, Inc., no date, [https://opencorporates.com/companies/us\\_de/4452363](https://opencorporates.com/companies/us_de/4452363), retrieved on 4 July 2017.

134 The Corporation Trust Company is also known as CT Corporation System. State of Delaware, Agent Information, The Corporation Trust Company, no date, <https://corp.delaware.gov/agents/a9000010.shtml>, retrieved on 4 July 2017.

135 Guernsey Registry website, What is a Corporate Service Provider, no date, <http://www.guernseyregistry.com/article/4211/What-is-a-Corporate-Service-Provider>, retrieved on 4 July 2017.

## 5 Red flags

This SOMO scan concludes with an analysis of the red flag issues that were identified concerning ICIG's corporate governance and tax practice, on the basis of the findings described in the previous chapters. These red flags are the following:

### 1 Protests and accidents at ICIG's operations

Several controversies involving ICIG's operations were found. First of all, there have been protests against the company's coal power plants in Griesheim and Fechenheim in Germany, due to communities' fears that they would pollute their living environment. Furthermore, accidents involving chemicals being discharged into the environment happened in 2015 and 2016 at ICIG's Griesheim facilities. Another accident was found to have happened at ICIG's facilities in Cork, Ireland, where an explosion in 2008 caused the death of one employee, and injured another. ICIG was found to have been in violation of safety regulations, to which it pleaded guilty and was fined €300,000.

### 2 Labour conflict at ICIG's operations

In preparation of its sale of French company Calaire Chimie to chemical group Axyntis in 2013, ICIG declared 111 of Calaire Chimie's employees to be redundant after which they were fired. These employees have protested against this decision, and 108 of them sued ICIG in French labour court, claiming their dismissal had been illegitimate and without real cause. Two years later, the judge rejected the workers' claims and ruled in favour of ICIG.

### 3 Growth through leveraged buyouts

ICIG is known to have carried out at least two leveraged buyouts to acquire at least two of its subsidiaries. At Calaire Chimie, which is now under new ownership, this leveraged buyout has possibly been the root of the labour conflict that continues to this day. Leveraged buyouts are a controversial tool used for acquiring assets while limiting the parent company's financial liability. It is unclear how many of ICIG's acquisitions were carried out through leveraged buyouts, although their use could explain how ICIG managed to amass the capital needed for its 27 acquisitions in 12 years.

#### **4 Tax avoidance through tax haven Luxembourg**

ICIG's parent company is registered in Luxembourg, but apart from that the corporate group appears to have only a marginal presence in the country, in terms of employees, operations and the creation of real economic value. The reason ICIG's parent company is located in Luxembourg is not entirely clear, although it is likely that the low effective tax rate the company enjoys there is at least part of the reason. It is likely that, by providing loans as well as licences to use intellectual property from its holding subsidiaries in Luxembourg to its operational subsidiaries abroad, the royalty and interest payments associated with the intellectual property and loans allows ICIG to shift its profits to Luxembourg. Once the profit arrives in Luxembourg it is taxed at a very low effective rate. This was illustrated through the company's effective tax rate at its parent company in Luxembourg, as well as on a consolidated level, from 2013 until 2016. These rates were found to be extremely low when compared to the statutory corporate income tax rates in Luxembourg and in the jurisdictions where ICIG's operations are based. These low effective tax rates are a strong indication that ICIG has avoided taxes by shifting profit to its subsidiaries and parent company in Luxembourg.

# Annex 1

## Questions posed to ICIG

1. Who are the ultimate beneficial owners of the International Chemical Investors Group?
  - Is Patrick Schnitzer the sole owner of PE Investors Ltd., registered in Switzerland?
  - Are Susi and Achim Riemann the sole owners of Acsuri GmbH, registered in Germany?
2. What were the main considerations that led International Chemical Investors Group's founders to register the parent company, International Chemical Investors SE, in Luxembourg?
3. Why are the International Chemical Investors Group's Luxembourg subsidiaries owned through bearer shares?
4. Is it possible for the International Chemical Investors Group to provide more information regarding its acquisitions in the past 12 years?
  - How many acquisitions did the International Chemical Investors Group do since its founding, and which companies or assets were acquired?
  - Were any of these acquisitions financed mostly through debt and if so, which specific acquisitions were they?
5. Can the International Chemical Investors Group provide an explanation for why its effective tax rate in Luxembourg (unconsolidated), as well as on a consolidated group level is lower than would be expected based on the statutory tax rates of the countries its subsidiaries are registered in?
6. When was the Enka trademark moved to International Chemical Investors IV?
  - Why was this trademark moved to International Chemical Investors IV?
7. Are the seven legal entities in Delaware identified in this report in Chapter 4.5 subsidiaries of the International Chemical Investors Group?
  - If so, what is the purpose of these subsidiaries?
8. Is the International Chemical Investors Group aware of recent research indicating that pollution has been caused by Miteni SpA in the past decades?
9. How does Miteni intend to finance the three-year investment plan it reportedly presented to the Regional Government of Veneto in April of 2017?<sup>136</sup>
  - What does Miteni's conversion plan entail?

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136 Regione del Veneto, lavoro: tavolo per la miteni, assessore donazzan, "piano di riconversione e investimenti a garanzia degli occupati e della salute della cittadinanza", 26 April 2017, [https://www.regione.veneto.it/web/guest/comunicati-stampa/dettaglio-comunicati?\\_spp\\_detailId=3111247](https://www.regione.veneto.it/web/guest/comunicati-stampa/dettaglio-comunicati?_spp_detailId=3111247), retrieved on 9 August 2017.

10. Is the International Chemical Investors Group aware that Miteni SpA has likely been the cause of heightened PFAS levels in its environment?
- If so, when did the International Chemical Investors Group become aware of this information?
  - Did the International Chemical Investors Group conduct any kind of environmental assessment on Miteni's operations before buying the company, and if so, what were the conclusions drawn from this assessment?
  - Were Miteni's senior management, including Mr Antonio Nardone and Mr Brian McGlyn, aware that Miteni SpA has likely been the cause of the PFAS pollution before the Italian National Research Council released its 2013 report on the subject? If so, when and how did they become aware of this?

