





SICIT GROUP
SUSTAINABILITY REPORT
AS OF 31 DECEMBER 2020



SICIT Group S.p.A.

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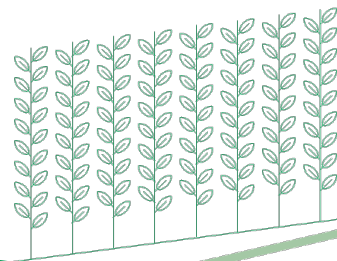
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LETTER TO STAKEHOLDERS



Letter to Stakeholders

It is with pleasure and pride that we present the second edition of Sicit Group Sustainability Report, document that demonstrates the path of sustainability undertaken and that offers our stakeholders and investors complete and transparent communication of social and environmental impacts of the Group in 2020.

Despite the effects of the COVID19 pandemic, SICIT in 2020 has shown values such as strength, decisiveness and resilience. We continued to operate even during periods of increased restrictions thanks to the implementation of protocols and the necessary protective measures and thanks to the constant and continuous search for new solutions in order to meet the need for input raw materials and satisfy customers' growing demand. In this sense, we offered our customers full operation and supplies during the lockdown in 2020.

For these reasons, SICIT's results for 2020 are even more important; indeed, we continued to generate value for shareholders, our country and our community, confirming our role as the driving force of circular economy.

These achievements are also the result of the sustainability path we have been pursuing since 2019, which has seen us increasingly committed to all stakeholders in positioning ourselves among the best companies in the global chemical industry also in terms of sustainability, an important competitive factor for our business model. This path has historically been articulated in a plurality of projects in each of the three ESG areas (Environment, Social and Governance):

- **Environment:** green and sustainable products, minimization of waste and emissions, certifications, increased use of renewable energy;
- **Social:** emphasis on transparency, legality and proper relations with all stakeholders;
- **Governance:** full compliance with all applicable Regulations, Codes and best practices.

To confirm this commitment, SICIT approved in early 2021 six Group policies on sustainability, human rights, health and safety, environment, diversity and anti-bribery. The policies are published on our website, in order to guarantee the consistency between actions taken and values.

Another important milestone in the area of sustainability is that SICIT obtained its **first EGS rating** by Sustainalytics, independent sustainability rating agency that has measured the degree of adherence to the most rigorous institutional and international voluntary guidelines on sustainability, with particular reference to the 2019 Sustainability Report.

Given SICIT's business, which is related to the processing of animal waste and residues, Sustainalytics rates the company's ESG Risk Exposure potentially "high", considering high the Company's ability to manage such risks. In Sustainalytics' comparative ESG Risk Ratings, **SICIT Group ranks in the top 18% of the best companies within the global chemical industry and in the top 8% of peers within the agricultural chemicals segment, achieving a score of 27.8.**

This result confirms the strong sense of responsibility that the Group has towards all stakeholders and in particular investors and public to ensure transparency and reliability of our non-financial information.

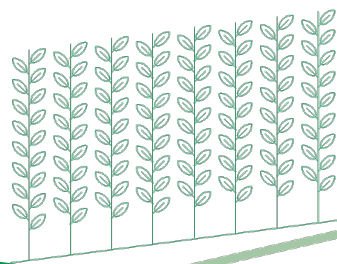
During 2020, the resources allocated by SICIT to local communities amounted to over 730 thousand euros (+ 603 thousand euros compared to 2019), demonstrating how active SICIT is in the community in which it operates. This significant increase is link to donations to the Hospitals of Vicenza and Milan in support of the fight against the COVID-19 pandemic. In addition, SICIT actively collaborates with the Universities of Udine, Padua, Verona and Milan and it maintains collaborative relationships with the Research Centre of Turin.

The excellent results achieved in 2020, the result of our approach to business, allow us to continue to look forward to a sustainable future.

Massimo Neresini
Chief Executive Officer



SICIT GROUP



1.1 SICIT Group highlights

HIGHLIGHTS

REVENUE

€ 63.2 million

+11.5% vs. 2019

+69,800

controls

+7.4% vs. 2019

THE COMPANY

140 employees

+3 vs. 2019

2 production sites in Italy (Arzignano and Chiampo, Vicenza)

2 commercial branches abroad (SICIT China and SICIT USA)

3 laboratories (chemical, agronomic and quality control)

2.4% of turnover allocated to R&D

+1,380 hours of training

89 countries in which it operates

83% recycled input materials used



1.2 Who we are

Founded in 1960 in Chiampo (VI), in the heart of leather-tanning district of the Chiampo Valley, **SICIT Group S.p.A.** (hereinafter "SICIT") was one of the first companies in the world to use amino acids and peptides in the market of biostimulants for agriculture, of which it is now the world leader. In its plants in Arzignano and Chiampo (Vicenza), SICIT (acronym for Società Industrie Chimiche Italiane) **transforms the processing residues from leather tanning** into protein hydrolysates, mainly used as **biostimulants for agriculture and retarders for plaster industry**, supplying the main players in the agrochemical and industrial sectors. The company also extracts from the tanning residues **animal fat** that can be easily used as bio-fuel.

SICIT is an **Italian excellence of the green and circular economy** that offers a service of strategic importance for the Vicenza leather district, collecting and **transforming residues into high added value products**, totally biodegradable, without risks for the public health and the environment, **significantly limiting the production of waste**. The activity, based on the circular economy model, makes it possible to provide technologically advanced and fully green solutions to customers and, at the same time, contribute to the sustainable management of the tanning chain. This is the result of important investments in R&D and the contribution of its three cutting-edge laboratories.

SICIT products meet the requirements of a **production model** based on **sustainability** and **efficient use of resources**. In this sense, the main **competitive advantages** that characterize the Group as a leading operator in the sector compared to its competitors are:

- Product **quality**;
- Constant **innovation** of process and product;
- Technical support to customers;
- Industrialization of the production process of the hydrolyzed protein that allows to **maintain high standards of service** for important international customers;
- Wide **availability** and **privileged access** to the main raw materials;
- **Direct relationship with suppliers** of the main raw materials;
- Finished **product deriving from processing residues** in a green and eco-sustainable perspective.

1.3 Story and evolution

1960 - **Giuliano Guardini** founds **S.I.C.I.T. S.p.A.** in Chiampo (Vicenza). The initial intent of the company was to extract chromium from the leather tanning residues and sell it to tanneries. The idea was not successful and SICIT converted to protein extraction through the hydrolysis process.

1963 - Following the analyses related to the carbuncle problem (fleshings were scattered in the fields as fertiliser), **SICIT is indicated as the only entity suitable to treat the tanning residues**: the SICIT protocol becomes a legal obligation and all tanneries start delivering their residues to the company. In this period SICIT products were destined for industrial farming of calfs.

1968-1970 - Start-up of the experimental plant to process the fleshing and obtain a protein hydrolysate for agriculture. SICIT can thus count on a **double market**: the **zootechnical** and the **agricultural** ones.

Mid-1970s - Start of **fat** production, then destined to feed mills.

1989-1991 - SICIT passes under the management of Z. Filippi. A short but rich phase of investments, including the start of the project to separate the treatment of fleshing from shavings. This will allow the **construction of two lines to separate the sludge** (for landfills) from the calcium corrective (for agriculture).

1991-1996 - SICIT passes under the ownership of **Intesa Holding**, a company founded by a group of tanners from Arzignano to manage the disposal of residues from the tanning industry. Intesa completes the restructuring project started with the previous ownership, including the separation of the two lines.

1996 - The diffusion of the so-called "Mad Cow" involves a period of great restructuring for SICIT: the Research & Development division is dedicated to new products for the agricultural and industrial sectors. Working together with the University of Edinburgh, SICIT succeeded in **developing a more effective hydrolysis process for processing animal by-products from the tanning industry**. This process becomes the only one allowed for the production of protein hydrolysates of animal origin, also allowed for zoo technical use, and considered the state of the art in the processing of animal by-products.

2000 - Start of construction of the plant in Arzignano (VI).

2000 - Following an internal reorganization, two new companies are created: **SICIT 2000 S.p.A.** and **SICIT Chemitech S.p.A.** The first one dedicated to the production and sale of amino acids and peptides for agriculture: thanks to the two plants and a total production capacity of 100 MT/day of liquid products and 40 MT/day of powdered products, it becomes **the world's largest producer of amino acid-based biostimulants and peptides for the agricultural sector**. SICIT Chemitech is responsible for quantity control, product traceability and research and development (R&D) of new formulations and processes.

2004 - Inauguration of the new **plant in Arzignano**.

2006 – 2011 - Renovation and automation of the **Chiampo plant**.

2016 - Establishment of **SICIT Commercial Consulting Shanghai**.

2018 – Establishment of **SICIT USA**, to distribute the products directly on the North American market.

2019 - On 20 May 2019, the **business combination** of Sicit 2000 S.p.A. into SprintItaly S.p.A. became effective. Following the business combination with the Special Purpose Acquisition Company (SPAC) SprintItaly, SICIT Group is founded and in May is listed on the AIM Italia.

2020 – On 15 June SICIT completes the translisting to the **MTA** (Italian Equities Market, STAR segment) of **Borsa Italiana**.

2021 - Start-up of the **new chemical-extractive and agronomic laboratories** at Arzignano.

1.4 Vision and value

The three pillars of SICIT's vision:

- **SICIT is the world's major producer of Hydrolyzed Protein of animal origin**

Hydrolyzed protein obtained is then sold in the agricultural sector as biostimulants and in the industrial sector as retarders for plaster, supplying the most important players in the agronomic, agrochemical and industrial sectors.

- **Italian excellence of the green and circular economy**

SICIT withdraws and transforms toxic and harmful residues into products with high added value, totally biodegradable, without risks to public health and the environment, significantly limiting the production of waste.

- **Higher investment in R&D**

In addition to continuous and important investments in Research and Development, SICIT has three internal laboratories: a quality control laboratory, a chemical laboratory for product and process Research and Development and an agronomic laboratory for Research and Development of new products for agriculture.

“SICIT wants to be the ideal partner, supporting its clients in the development of a complete range of amino acid and peptide based fertilizers”

It is not capital that makes a company grows, but all **winning ideas** and a **flexible organizational** structure capable of adapting quickly to a market’s context characterized by uncertainties and turbulence.



SICIT and its subsidiary SICIT Chemitech adopt an **Organizational, Management and Control Model**, in compliance with the provisions of Legislative Decree no. 231/01¹. It has appointed its own monocratic **Supervisory Board**, composed of an external body that meets the requirements of professionalism, honor and independence and is able to ensure the necessary continuity of action. The **Supervisory Board**, by 30 April each year, reports on its activities, which it presents to the Board of Directors and the Board of Statutory Auditors.

The adoption of the **231 Model** took place at the end of a risk assessment project relating to the types of offences established in Legislative Decree 231. Model 231 is aimed at preventing the commission of particular types of offences which criminal liability of active subjects and administrative liability of the company. The Board of Directors constantly updates this Model.

SICIT and SICIT Chemitech will provide dedicated training on the contents of the 231 Model and its impact on its employees and collaborators.

The Group conducts its internal operating activities and business relations according to principles of ethics and integrity. In 2020, the Board of Directors of SICIT approved an updated version of the **Code of Ethics** that identifies the responsibilities and ethical commitments of the Company towards its internal and external stakeholders. The Code of Ethics is addressed to corporate bodies, management, employees, external collaborators, business partners, suppliers and all those who have relations with the Company.

The Company will:

- guarantee maximum circulation of the Code among its personnel and third parties involved in relations with the Company;
- guarantee that the Code is kept updated, in relation to changes in company needs and laws in force;
- guarantee every possible cognitive and clarification instrument for Code regulation interpretation and implementation;
- carry out verifications on every piece of information on Code violation, evaluating the facts and – in the case of ascertained violation - implementing suitable penalties.

The Code of Ethics is published on the company Website. A paper copy is distributed to all personnel and collaborators that work for the Company. To ensure that the Code of Ethics is being understood, SICIT has prepared an information plan that guarantees its full divulgation and explanation.

The Whistleblowing Procedure is designed to correctly manage the reporting of any violations and irregularities concerning the Code of Ethics and Model 231.

Employees must inform their direct superior about any violations or suspected violations; in cases where a violation was signaled but the result was not effective or opportune, employees must inform the CEO, or the Supervisory Body. The latter is required to promptly check the information transmitted and, once the report has been verified as well founded, to submit the case to the competent corporate department for the application of any disciplinary sanctions or for the activation of contractual termination mechanisms.

For external subjects, a communication channel has been set up by the e-mail address odv@sicitgroup.it, to which only members of the Supervisory Board may access. Alternatively, reports may be sent writing directly to the Supervisory Board at the address Supervisory Board, c/o SICIT Group S.p.A. - Via Del Lavoro no. 114, Arzignano (VI).

This procedure is designed to ensure the confidentiality of the reporter and the confidentiality of the information received, as well as its validity.

No grievances as of 31 December 2020 has been sent to the Supervisory Board inbox.

¹ Foreign subsidiaries of SICIT Group are excluded.

In carrying out its activities, SICIT is committed to the fight against corruption and the prevention of risks related to illegal practices. In this context, SICIT ensures that business is conducted in line with fairness, excluding any form of corruption or favoritism, completeness and transparency of information and legitimacy.

Risk monitoring and management is an integral part of SICIT's business model. Risk exposure is managed through a detailed risk analysis.

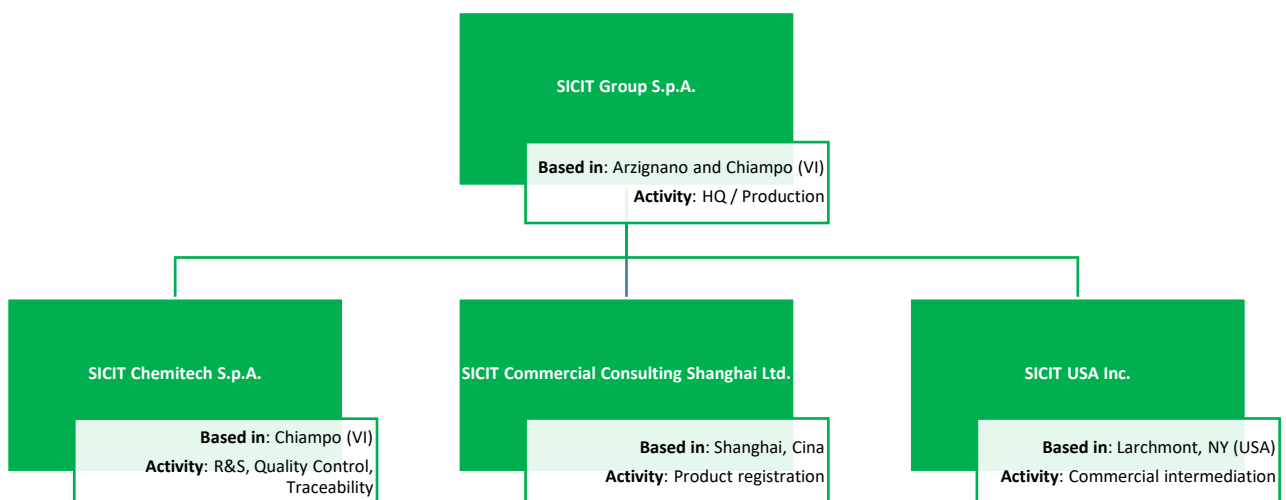
The **Risk Assessment Document**, approved by the Board of Directors in 2020, provides an initial analysis of the main risk categories and illustrates response strategies to mitigate the risks identified. The main risk categories identified are:

- External risks related to the external environment that may impact on the Group's ability to achieve its strategic and operational objectives
- Business risks related to activities and critical aspects of the business
- Risks related to the efficiency and effectiveness of business operating processes with impact on Group performance
- Risks related to human resources management and the effectiveness of the organizational structure
- Risks related to financial planning processes and financial reporting activities, management of financial and insurance instruments
- Risks related to availability, accessibility, integrity of information infrastructures and systems and data security
- Risks related to compliance with national and international laws and regulations and Group policies.

1.5 Corporate Governance

SICIT operates from the Chiampo (VI) headquarters and the Arzignano (VI) branch. The Group manufactures and business-to-business sells of biostimulants for agriculture, retarders for plaster with basis of amino acids and peptides and animal fat from the by-product of animal origin (fleshing), as a product for producing biofuel.

The Group **structure** as of 31.12.2020:



Sicit Chemitech S.p.A.: it is based in Chiampo (VI) and it was incorporated in 2000, mainly carries out analysis and quality control activities for the Group. It provides its services almost exclusively to

the Parent. It carries out quality control services (in particular analysis and laboratory tests), production and issuing of technical documentation and certificates, and technical consultancy to the commercial department. It also provides support to SICIT's Research and Development laboratories.

SICIT Commercial Consulting Shanghai Ltd., it is based in Shanghai, was established in 2016 to develop business opportunities in the Chinese market and for registration of bio stimulants in China.

SICIT USA Inc., it is based in Larchmont, New York, USA, was incorporated in 2018 to distribute the products in the North American market. It operates in the retarders for plaster for the gypsum industry.

Ownership structure

SICIT Group S.p.A. is a joint-stock company registered in Italy at the Vicenza Companies Register. As of 31 December 2020, the share capital of the SICIT Group S.p.A. is composed of the following categories of shares and warrant: 19.7M ordinary shares, 195K special shares owned by Promosprint Holding S.r.l. and 6.7M warrant. SICIT Group S.p.A. ordinary shares and warrants are traded on the Mercato Telematico Azionario (MTA, STAR segment), organized and managed by Borsa Italiana. Following the significant ordinary shareholders as of 31.12.2020 are reported (the effects of 195,000 special shares are not included below):

Ownership as of 31.12.2020	%
Intesa Holding S.p.A.	46.51%
PromoSprint Holding S.r.l.	3.72%
Treasury shares	1.30%
Markets	48.46%

In answering in an effective way of its stakeholders' interests, SICIT has adopted a **traditional administration and control model** that requires the presence of the Assembly, the Board of Directors, the Board of Statutory Auditors, and of the independent auditors. Therefore, the business management is entrusted to the Board of Directors, the supervision functions to the Board of Statutory Auditors, and the audit of the accounts, as well as the accounting control, to the independent auditors appointed by the Shareholder Assembly.

Board of Directors

The Board of Directors is composed of a number of directors between 7 and 11, including non-members, elected by the Shareholders' Meeting. The Shareholders' Meeting, before proceeding with the appointment, determines the number of directors.

On 20 April 2020, the Ordinary Shareholders' Meeting of SICIT Group S.p.A. elected current Board of Director, which will remain in charge until the approval of the financial statements as of 31 December 2022.

As of 31 December 2020, the Board of Directors was **composed** as follows:

Board of directors as of 31.12.2020	Appointment
Giuseppe Valter Peretti	Chairman
Massimo Neresini	Chief Executive Officer
Paolo Danda	Directors
Mario Peretti	Directors
Rino Mastrotto	Directors

Raymond Totah	Directors
Matteo Carlotti	Directors
Carla Trevisan	Independent directors
Isabella Chiodi	Independent directors
Marina Salamon	Independent directors
Ada Ester Giovanna Villa	Independent directors

On the same date, The Board of Directors of SICIT also resolved to establish an **Executive committee**. The executive committee as of 31 December 2020 is composed by five member: Rino Mastrotto (Chairman), Valter Peretti, Massimo Neresini, Raymond Totah and Matteo Carlotti. The Executive Committee has the task of ensuring that the operational management of the Company is developed in harmony with the general management guidelines established by the Board of Directors, also supporting the activities of the Managing Director.

Board of Statutory Auditors

The Board of Statutory Auditors of SICIT consists of three standing auditors and two alternate auditors who, in accordance with the law, remain in charge for three financial years, expiring on the date of the ordinary Shareholders' Meeting called to approve the financial statements for the third financial year of their office and may be re-elected

The Board of Statutory Auditors in charge was elected on 20 April 2020 and remains in office until the date of the approval the financial statements as of 31 December 2022 during the Shareholders' Meeting. All members of the Board of Statutory Auditors meet the requirements of eligibility, honor and professionalism laid down by law.

As of 31 December 2020, the Board of Statutory Auditors was composed as follows:

Board of Statutory Auditors as of 31.12.2020 ²	Assignment
Paolo Ludovici	Chairman
Manfredo Tucchetti	Standing auditors
Elena Fornara	Standing auditors
Sergio Zamberlan	Alternate auditors
Michele Aprile	Alternate auditors

Due to the election of the Board of Directors by the Ordinary Shareholders' Meeting on 20 April 2020 and the adaptation of the Company's governance structure in relation to STAR issuer qualification, the Board of Directors of the Parent Company deliberated to set up **internal committees** in order to implement the provisions of the Conduct Code, in details:

- **Remuneration and appointment committee**, composed by three non-executive directors, two of whom are independent, in the persons of the independent director Carla Trevisan (Chairwoman), Marina Salamon and Matteo Carlotti;
- **Control, risk and related party committee**, composed by three independent directors, in the persons of Carla Trevisan (Chairwoman), Isabella Chiodi and Ada Villa.

In addition, it should be noted that on February 26, 2021, the Board of Directors also entrusted the Control, Risk and Related Parties Committee with **tasks relating to sustainability**, so that this committee can provide support and advice to the Board of Directors in managing and developing

² Following the resignation of Paolo Ludovici and Michele Aprile with effect from January 1, 2021, the Shareholders' Meeting of April 29, 2021 appointed Michele Graziani as Chairman of the Board of Statutory Auditors and Francesca Cecchin as Alternate Auditor.

these matters.

1.6 Activities and markets

SICIT **sells its products both in Italy and abroad**, in all continents. Europe is the main market for bio stimulants and fat, while Europe and Asia represent the first market for plaster retarders. In order to guarantee a global presence, SICIT has a commercial network coordinated by HQ in Italy and supported by (a) a commercial branch in the United States (SICIT USA Inc.) which deals with marketing in the North American market and (b) a branch in China (SICIT Commercial Consulting Shanghai Ltd.) which deals with the registration of products for import into the local market.



1.7 Group plants

SICIT has two owned, highly automated plants, both located in the heart of the tanning district of Vicenza. The Chiampo plant, built in 1960 and renovated in 2006, is the first one and then the more recent plant in Arzignano, whose first phase of construction began in 1995 with the construction of the warehouse and drying plant and, subsequently, the current plant, which became operational in 2004.

Arzignano plant

In the Arzignano plant, entirely designed by SICIT Chemitech - at the time this plant was also involved in R&D and engineering services - **are processed only animal by-products (ABP) of tanning, such as flesh and animal hair**. From the hydrolysis process where the ABP are processed hydrolyzed protein and fat are obtained. The processing of animal by-products for the production of hydrolyzed protein is subject to specific European Regulations³ and requires a specific production procedure. Animal by-products are in fact putrescible and must be processed, according to the law, within 48 hours, a circumstance that limits their transportability, unless refrigerated transport is used to allow them to be stored for a longer period.

Chiampo plant

The Chiampo plant processes **tanning residues**, such as **trimmings and shavings**. Residues from hides have already undergone a tannery transformation process. From the hydrolysis of the residues where the trimmings and shavings are processed a collagen-based hydrolyzed protein is obtained.

³ Regulation (EC) No 1069/2009, Regulation (EU) No 142/2011.

Laboratories

SICIT has **three functionally integrated laboratories**:

- a chemical-extractive laboratory for product and process development;
- an agronomic laboratory for the efficacy tests of bio stimulant products, and research on new products for agriculture;
- a laboratory in SICIT Chemitech dedicated to the quality control of all finished and semi-finished products and related production processes, in order to ensure that the products comply with the standards required by customers. This laboratory also offers support to customers, providing the necessary analyses for the import of products into their markets, in accordance with applicable local regulations, and provides support to other SICIT laboratories in product development activities.

1.8 Products



For the development and production of its products, SICIT uses and manages **production processes characterized by confidential know-how**. The main products commercialized by SICIT are:

SICIT produces bio stimulants of animal origin based on amino acids and peptides, both liquid and solid, generally suitable for foliar application and/or soil for irrigation or root treatment.

Bio stimulants of animal origin are able to **stimulate/accelerate the metabolic activities of plants** because:

- help plants overcome the ever-growing conditions of abiotic stress (drought, heavy rain, frost, etc.);
- increase yield and harvest quality;
- optimize the use of agrochemical products and chemical fertilizers which, if used incorrectly, degrade the soil and are always less appreciated by consumers;
- improve the absorption of the nutrients contained in fertilizers;

The use of biostimulants, integrated with the correct use of other means of production (nutrition and crop protection) allows the implementation of **production systems based on sustainability criteria**. In addition, biostimulants do not involve **any residue on crops and no environmental impact problems** since they are of natural origin and completely biodegradable.

Main benefits in the use of bio stimulants are:



- Optimization of the plant's metabolic processes;
- Improvement in nutrient absorption and assimilation;
- Efficiency in water use;
- Activation of the natural defense mechanisms of the plant with consequent reduction of pesticides and other chemical substances;
- Improvement in germination and root development;
- Increased quantitative or productive yield and crop quality;
- Increased resistance and tolerance to abiotic stress.

The importance of biostimulants in the European agricultural market has recently been formalized in the new Regulation (EU) 2019/1009 which establishes "rules on the making available on the market of EU fertilizing products".

In this framework, a specific "Product Function Categories" (PFC) called biostimulants, defined as those products that "*stimulate plants' natural nutrition processes by improving the plants' nutrient use efficiency, tolerance to abiotic stress, quality traits or increasing the availability of confined nutrients in the soil or rhizosphere*".

This measure, on the one hand, overcomes the regulatory fragmentation among EU countries, creating a harmonization that facilitates the access of biostimulants to the EU market, and on the other hand, creates the conditions for the recognition of quality products and proven efficacy at the expense of products of dubious origin and quality.

PROIDRO PROJECT

On 2011, the results of the conference "*Innocuity and efficiency of hydrolyzed proteins for nitrogen fertilization in organic farming*" (PROIDRO), held in Chiampo (Vicenza), were presented. The conference and the research project were coordinated by Dr. Anna Benedetti of CRA-RPS, Council for Research and Experimentation in Agriculture - Research Centre for the Study of the Relations between Plant and Soil, with the patronage of MIPAAF (Italian Ministry of Agriculture, Food and Forestry).

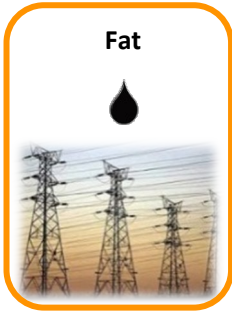
PROIDRO project was approved by EG-TOP (Expert Group for Technical Advice on Organic Production) in 2011. Therefore, hydrolyzed proteins of animal origin have been officially proposed to be included among the fertilizers and soil conditioners authorized for use in organic farming according to (EC) 354/2014.

Retarders for plaster



Retarders for plaster are amino acid-based products **used to slow down the setting time of the plaster and increase its workability**; they are used in the preparation of plaster for industrial use (e.g. plasterboard) and in civil work.

SICIT produces retarders for setting plaster both in liquid form (Plast Retard L and Plast Retard XCL) and in powder form (Plast Retard PE and Plast Retard XCP). Gypsum-based formulations contain at least one retarders. Generally **Plast Retard is used as the only retarders**, but can also be combined with others.



Animal fat **derives from the by-product of animal origin (fleshing)** in Arzignano plant. The fat obtained from the first processing stage of the animal by-product (flesh) cannot be used directly as biofuel. It is necessary to refine animal fat with a final reaction phase with glycerol to re-esterify the free fatty acids - in addition to a primary refining phase to break down the sulphur and other salt content -so that it can be easily used as a biofuel.

In 2017, in Arzignano, the first phase of the fat quality improvement process was started, whose refining process aimed at reducing the sulphur content was brought to full capacity in 2018.

In 2020 SICIT completed a new refining plant that allows the animal fat to be refined with a final reaction step to re-esterify the free fatty acids - in addition to a primary refining step to further break down the sulfur and other salt content - so that it can be easily used directly as a biofuel.

Moreover, from the production process SICIT obtains the soil improver (calcium sulfate precipitate), which is used as a calcium soil conditioner/corrective for land whose use is regulated by Legislative Decree 75/2010 on fertilizers.

NEW SYSTEM FOR THE PRODUCTION OF HYDROLYZED PROTEINS IN GRANULES OR TABLETS

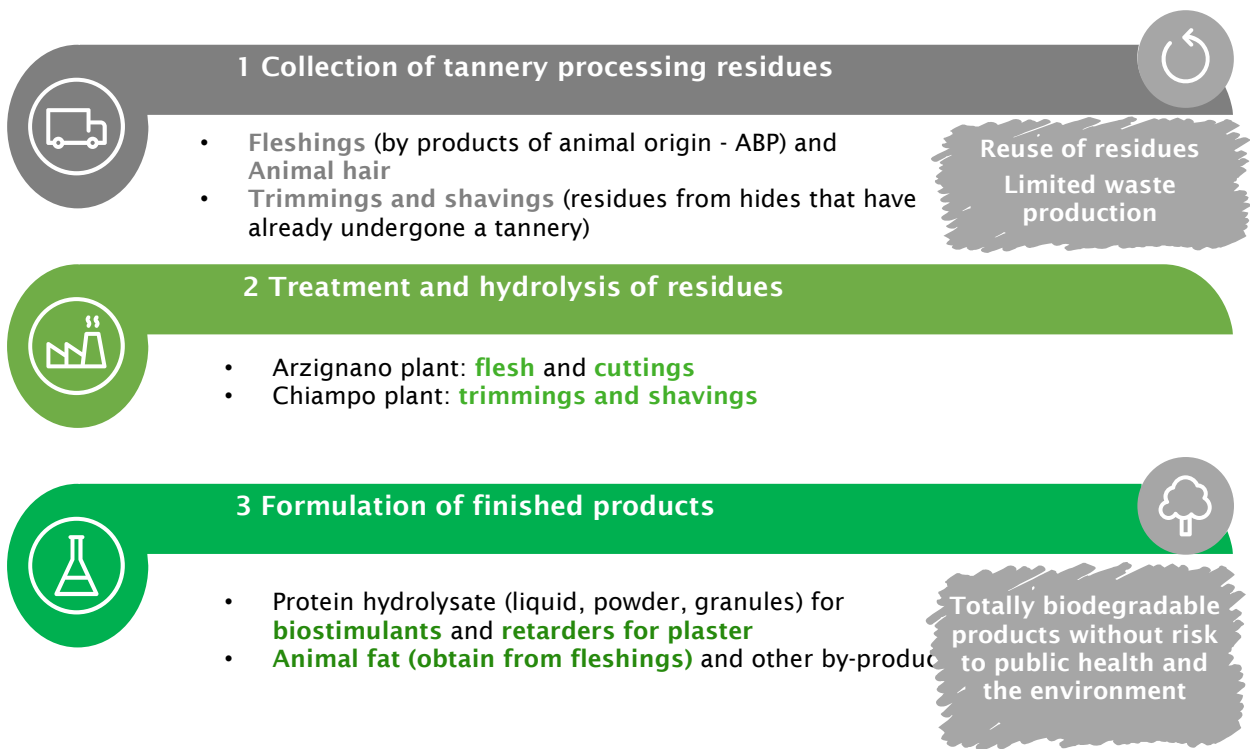
For some years SICIT has been experimenting with various research centers and universities the possibility of producing **biostimulants with controlled release**.

In 2020 a pilot plant was installed for the production of special "tablets/tabs" that will be used as tests with customers. Also with regard to granules, the Research and Development Department, in collaboration with the Commercial Department, is launching pilot productions that will also be tested by customers. In addition, the project for the installation of a production plant has already begun, which will come into operation at the end of 2021.

1.9 Production processes

SICIT's production process is divided into three distinct phases:

1. **collection of tannery processing residues**;
2. **treatment phases and hydrolysis** of residues;
3. **formulation of finished products** for the bio stimulants and plaster retarders sector.



SICIT obtains raw materials from tanneries, mainly in the Vicenza district and, secondarily, from Tuscany and other Italian and European production areas, to which it provides a paid service as an alternative to the cost of treatment and disposal in landfills or other production sites with higher disposal charges. This takeback service represents an **opportunity for the tanning industry to sustainable management of residues**. Otherwise, residues can be destined for disposal with a high impact on the environment. Through the Quality Control laboratory and the ABP take-back management teams (in Arzignano) and tanned residues (in Chiampo), SICIT monitors the quality and quantity of incoming raw materials on a daily basis in order to intercept potential trends and plan the take-back service with suppliers of incoming raw materials.

SICIT has established a stable and long-term relationship with the tanneries of the Vicenza district, which has led it to guarantee the supply of residues. **Trimblings and shavings** are not perishable and so SICIT evaluates retreats from tanneries according to its production needs and can more easily obtain supplies from other tanning districts both in Italy and abroad.

Raw materials⁴ undergo a **process of treatment and hydrolysis** (thermal process in an acid and/or alkaline environment) in order to extract amino acids and peptides from the protein matrix (collagen). This process is carried out in the two plants of SICIT, in Arzignano for the processing of animal by-products and in Chiampo for the processing of post-tanning residues. The treatment and hydrolysis phases generate the **hydrolyzed protein** that represent semi-finished products (so-called bases) for the next phase of preparation of the finished product. These protein hydrolysates - individually or mixed with each other and/or with other products of organic and/or inorganic origin - give rise to **finished products**, sold by SICIT in the B2B channel.

SICIT has **tanks for the storage of hydrolyzed bases** produced. This allows to have a potential warehouse volume suitable to reduce the business risk deriving from the impossibility to collect the tanning residues, in the months in which the sales volumes are higher than the volumes collected.

The hydrolyzed protein obtained from the hydrolysis process, which is in a **liquid, dense and viscous form**, undergoes further processing, on the basis of the formulations agreed with the customer, with the aim of associating further components to the amino acid and peptide base and/or modifying its physical state (formulation in powder, flakes or granules). The products thus obtained can be sold as such or packaged in industrial packaging and made available for sale to SICIT customers, who will sell them under their own brand. When the product is not sold unpackaged, it

⁴ For fleshings alone, once the fat is extracted.

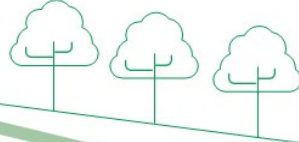
is packaged directly in SICIT's plants in industrial packaging, i.e. tanks and drums of variable volume for liquid products or industrial bags for powdered products. The packaging of the product for marketing to the end user is the responsibility of the customers.

THE FIRST "NATURAL CAPITAL" ASSET FUND

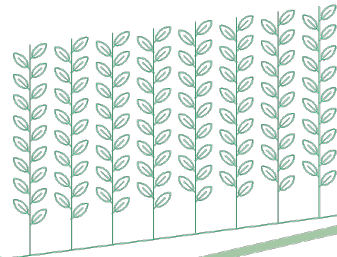
The collaboration between HSBC Global Asset Management, a \$470 billion investment company, and Pollination Group, a climate change-consulting firm, has resulted in **HSBC Pollination Climate Asset Management (HSBC)** focusing on "natural capital", with the aim of giving value to resources such as water, soil and air and to cooperate in **protecting the environment**.

During 2021, HSBC will strive to **attract capital from institutional investors**, sovereign wealth funds, pension funds and insurers of up to **\$1 billion**, which will be allocated to investments that **"preserve, protect and improve nature in the long term"**: sustainable forestry, regenerative and sustainable agriculture, water supply, **natural biofuels** or projects that generate returns from greenhouse gas emission reductions.

This confirms the growing role played by chemical companies such as SICIT in contributing to **sustainable development**, the creation of products with less environmental impact and less risk.



APPROACH TO SUSTAINABILITY



SICIT has been included in the portfolio of **Italian Corporates for Sustainability** (mid/small selection) in the report dedicated to Corporate Social Responsibility published by Equita SIM on July 2020.

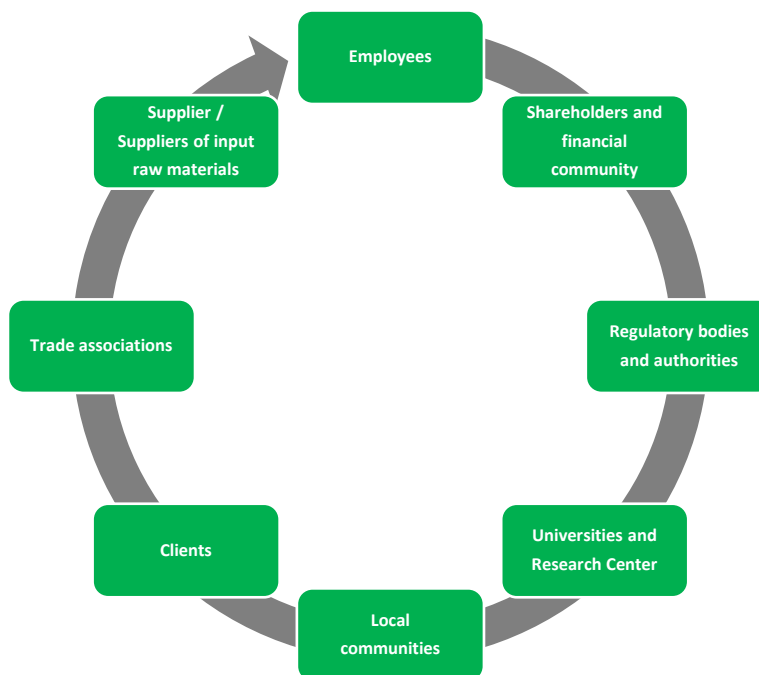
The portfolio selection includes those companies combining **appealing fundamentals with the highest contribution to the achievement of the United Nations' Sustainable Development Goals**.

According to the report, SICIT is exposed to government's initiatives aimed at fostering precision farming (UN SDG #2: end hunger, achieve food security and improved nutrition and promote sustainable agriculture) as **60% of its revenues stem from bio stimulants produced through the recycling of waste from the tanning industry**.

2.1 Group key Stakeholders

Stakeholders play a key role in the Group's growth and sustainable development path. SICIT is committed to taking their needs and expectations into account when defining and implementing its business strategies.

The main stakeholders of SICIT have been identified through an analysis of the context in which SICIT operates, regarding the reference sector and the activities carried out.



SICIT also adopts practices of dialogue and involvement of the main stakeholders. The main channels of dialogue and interaction are summarized below; the methods and frequency of stakeholder involvement vary according to the issues considered relevant and the opportunities for discussion during the year.

Stakeholder	Engagement/interaction
Employees	<ul style="list-style-type: none"> - Projects and/or initiatives for company welfare - Breach reporting system - Insertion schemes for new employees

	<ul style="list-style-type: none"> - Company meetings to discuss results and future objectives - Training programs - Communication boards in the plants and offices
Trade associations	<ul style="list-style-type: none"> - Regular discussion
Clients	<ul style="list-style-type: none"> - Regular meetings - Surveys/market research - Continuous dialogue through communication channels (e.g. e-mail, telephone, social media, post) - Customer service - Company website - Participation in the main trade fairs - Presence at events
Supplier/ Suppliers of input raw materials	<ul style="list-style-type: none"> - Regular meetings - Relationship with purchasing department and the Quality Control laboratory
Shareholders and financial community	<ul style="list-style-type: none"> - Discussion moments organized during the year (e.g. Shareholders' Meetings, presentations to analysts, meetings organized by the Stock Exchange and corporate brokers) - Company website ("Investor Relations")
Local communities	<ul style="list-style-type: none"> - Projects to support social initiatives - Participation in local events - Mass media
Regulatory bodies and authorities	<ul style="list-style-type: none"> - Meetings with representatives of institutions
Universities and Research Centre	<ul style="list-style-type: none"> - Internship and development of thesis - Collaborations with schools and the academic community to develop new product and process - Research and development

2.2 Materiality Assessment

In order to identify the economic, social and environmental aspects that are relevant to SICIT and that influence or could significantly influence stakeholders' assessments, actions and decisions, SICIT carried out in 2020 its first materiality analysis. This analysis highlighted the most relevant issues that **reflect the organization's significant economic, environmental and social impacts and substantially influence stakeholder assessments and decisions**

The analysis also included a *benchmarking* activity that reviewed the sustainability issues on which the main players in the sector report and the issues identified by the main reporting principles or in sector publications.

Below there are material topics arising from the analysis, divided by macro-area, which will be reported in this Sustainability Report.

No significant changes occurred in 2020 that would alter the Group's strategic and operational approach. The issues that emerged as relevant in the last materiality analysis conducted for the 2019 Sustainability Report were found to be in line with the priorities of the Group and its stakeholders for fiscal year 2020 as well.

Macro area	Material Topic
Governance e Compliance	<ul style="list-style-type: none"> • Corporate Governance • Business ethics and regulatory compliance • Anti-corruption
Economic Responsibility	<ul style="list-style-type: none"> • Economic performance and value creation
Supply Chain Responsibility	<ul style="list-style-type: none"> • Sustainable supply chain management
Environmental Responsibility	<ul style="list-style-type: none"> • Environmental impact
Product Responsibility	<ul style="list-style-type: none"> • Innovation, R&D • Product quality and safety
Social Responsibility - Employees	<ul style="list-style-type: none"> • Occupational Health and Safety • Employees development and well-being
Social Responsibility - Communities	<ul style="list-style-type: none"> • Local communities

2.3 The Sustainability Rating

Following the voluntary preparation of the Group's first 2019 Sustainability Report, at the end of 2020 SICIT started activities to obtain its first **ESG (Environmental, Social and Governance) sustainability rating**.

The Group has voluntarily undergone an independent assessment by Sustainalytics, an extra-financial sustainability rating agency, which has evaluated the degree of adherence to the most rigorous institutional and international voluntary guidelines on sustainability and related governance aspects.

In Sustainalytics' comparative ESG Risk Ratings, **SICIT Group ranks in the top of the best companies within the global chemical industry and in the top within the agricultural chemicals segment, achieving a score of 27.8.**

Given SICIT's business, which is related to the processing of animal waste and residues, Sustainalytics rates the company's ESG Risk Exposure potentially "high", but ESG Risk Management is "strong", as "follows best practice, signaling strong accountability to investors and the public".

The "medium" risk areas include only carbon-own operations and corporate governance. **For all other categories, the risk is rated as "low"** (emissions, effluents and waste; occupational health and safety; human capital; community relations) or even "**negligible**" (product governance; E&S impact of product and services; business ethics). Furthermore, there are no events that may negatively impact stakeholders, the environment or the Company's operations.

Aware of its role as a market leader and the resulting responsibilities, since 2019 the Company has undertaken a solid and formalized path to strengthen its approach to sustainability, implementing projects in each of the three ESG areas, including:

- **Environment:** green and sustainable products, minimization of waste and emissions, certifications, increased use of renewable energy;
- **Social:** emphasis on transparency, legality and proper relations with all stakeholders;
- **Governance:** full compliance with all applicable Regulations, Codes and best practices.

2.4 Group policies

Aware of its responsibility to implement Corporate Social Responsibility actions, consistent with Group guidelines, SICIT approved **six Group policies** on **sustainability, human rights, health and safety, environment, diversity** and **anti-bribery**.

The policies are published on the Company's website and shared with all the subsidiaries, in order to make aware and strengthen the commitment undertaken by the Group in these areas, as well as the consistency between the actions taken and the values pursued.

The policies are based on international standards and best practices and integrated, where possible, with the indications that emerged during the ESG rating process.

The following is a summary of the policies related to ESG issues, approved by the Board of Directors of SICIT Group S.p.A. on January 29, 2021.

Sustainability Policy

The Sustainability Policy identifies those values that inspire and guide SICIT Group and its strategies in all dimensions of Sustainability: environment, society and governance (ESG). The purpose of this policy, together with the Code of Ethics, is to establish guidelines for directors, managers, employees, agents, consultants, intermediaries and other third party representatives of SICIT and its subsidiaries and affiliates in the field of Sustainability, with the aim of protecting the respect of people, the natural environment and communities; the policy is an integral part of SICIT Group's Vision, Mission and daily activities.

Human Rights Policy

The objective of this policy is to ensure compliance with applicable laws and regulations on human rights. The policy applies not only to SICIT and its subsidiaries, but also to the entities in which it holds a majority stake and to the facilities it manages. The Company is also committed to working with its business partners to encourage them to sustain human rights principles and to adopt similar policies within their companies.

Health and Safety Policy

The objective of this policy is to ensure compliance with applicable laws and regulations on health and safety, considering that the protection of health, safety and welfare of people are fundamental values for SICIT Group in the conduct and development of its activities. The long-term objective of the policy is to achieve the reduction to zero, as far as reasonably possible, of the number of injuries at work and their impact on the working environment, leveraging investments in technology, new active policies for the human factor and training and information for employees.

Environmental Policy

The objective of this policy is to ensure compliance with applicable environmental laws and regulations, given that SICIT attaches the utmost importance to the protection of the environment in which it operates and encourages the development of initiatives aimed at progressively reducing the impact of its activities and improving the awareness and sensitivity of all interested parties.

Diversity Policy

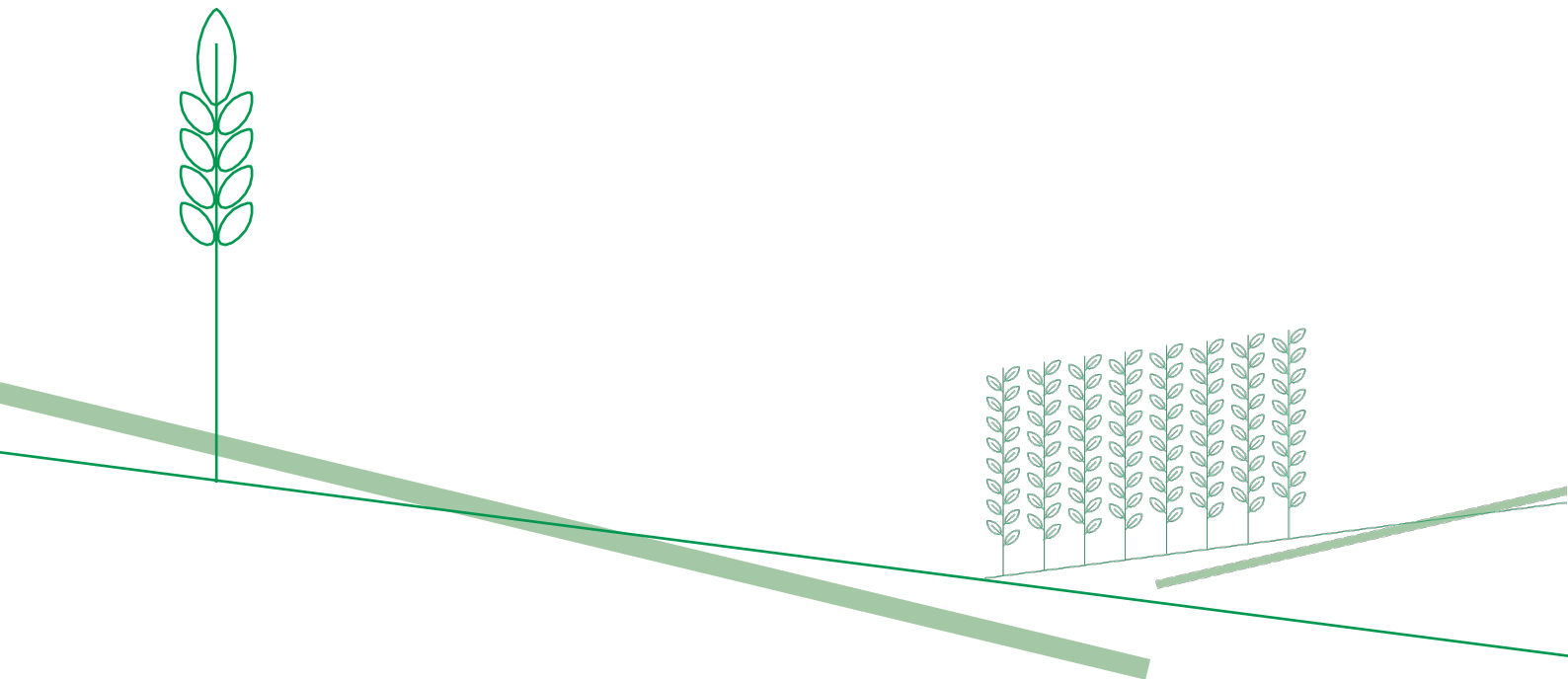
The purpose of this policy is to ensure compliance with applicable Diversity laws, regulations and principles. A violation of applicable Diversity laws has the potential to expose both SICIT and the individuals involved to serious criminal and civil penalties.

Anti-Bribery Policy

This policy contains the principles of conduct and practices to be followed in interactions with Public Officials, Private Persons and their families with the objective of ensuring compliance with applicable anti-corruption laws.



QUALITY AND INNOVATION



3.1 Product quality and safety

The health and safety of SICIT products has always been a central aspect of the way of doing business.

Sicit Chemitech S.p.A. Quality Control laboratory provides analytical support to the Group's activities, controlling the risks that may impact on the ineffectiveness of the service. Right from the acceptance phase, the Quality Control laboratory carries out controls on incoming chemical products, semi-finished products during the production cycle and final products. It also ensures compliance with technical specifications and product quality standards, as well as the correctness of the production process and provides support to customers. Sicit Chemitech S.p.A. has adopted a quality management system in compliance with **UNI EN ISO 9001:2015**.

In 2020 Sicit Chemitech S.p.A. carried out the following controls:

Controls	Number
Intermediate	8,005
Bases	5,766
Finished Product	30,843
Raw Material	1,537
Environment	5,905
Research	11,171
External	3,645
Total	69,863
Certificates issued	3,747

In compliance with the **Quality Policy**, the laboratory is committed to define, involving process managers, strategies for the continuous updating of technological innovation of monitoring and measurement resources, promoting the competence, awareness and involvement of personnel with internal and external training plans. The adoption of this policy ensures that the Quality System adopted is compliant with the specifications of the UNI EN ISO 9001 standard.

Sicit Chemitech laboratory has developed, during these years, high experience and excellent knowledge of analytical determinations to be performed for the characterization of hydrolyzed protein, that are not comparable to analyses performed in external analysis laboratories.

The **traceability procedure** used in plants makes it possible to identify every single batch of the final product that is specifically numbered, making it possible to trace the corresponding batch of raw material through the registers managed by the production department. In this way, complete traceability of the material and process is guaranteed. The traceability system not only provides the customer with detailed information on the product but also allows the prompt management of any non-conformities.

All complaints and reports from consumers are handled by the Commercial Department, while for analytical non-conformities or organoleptic aspects, the Quality Control Department is involved.

SICIT is constantly committed to providing an effective and timely response to its customers. During 2020 there were no episodes of non-compliance concerning impacts on the health and safety of products and services.

REACH Regulation

The "REACH" (Registration, Evaluation, Authorization of Chemicals) Regulation regulates the registration, evaluation, authorization and restriction of chemicals in the European Union, providing, in particular, that manufacturers and suppliers of such substances must provide information on the risks posed by substances and how to handle them throughout the supply chain.

SICIT, in accordance with REACH Regulation, **provides for the registration of new chemicals** the European Chemicals Agency (ECHA) with the aim of **promoting the safe use of chemicals**.

3.2 Innovation, Research and Development

Product and process innovation has been one of the main growth factors for SICIT in recent years and will be one of the strategic elements for its development in the future. Research and development activity concerns the product and process.

Product R&D

Product R&D is aimed at **designing new products with high added value** that meet customers' needs and **optimize raw material yields in terms of marginality and quality**. The area carries out research into new formulations and raw materials, product improvement, sampling, preparation of instructions for use, production support and verification of product regulations, testing and validation

The research and development activity related to the product is carried out for the chemical, chemical-physical and bacteriological control phases in the SICIT laboratories in collaboration with the Sicit Chemitech S.p.A. Quality Control laboratory. In particular:

- SICIT's **chemical-extractive laboratory** for the development of formulations, both new and changes to formulations already made, both internally developed and defined by clients;
- the **agronomic laboratory** of SICIT, where the various phytotoxicity and efficacy tests are carried out;
- the **quality control laboratory** of SICIT Chemitech, in support of the previous ones.

The R&D function carried out independently basic and applied research activities

Following this, the development of new products is carried out in close collaboration with the "Commercial" and "Operations" Functions in order to verify, from the very first design phases, the actual interest of customers in potential new products. Moreover, the close collaboration of the two functions enables to verify the purchase for sufficient volumes to justify the increase in complexity in the planning of production and purchase.

This activity is conducted by a team of seven people.

Process R&D

Process R&D is dedicated to the **basic design phases and plant fine-tuning with laboratory tests and experiments** with pilot plants, in order to increase efficiency and production yield, as well as to introduce new processes with consequent new commercial opportunities.

The area collaborates with the internal design technical office or with external technicians for the definition of the executive project of the production plants. Dedicated resources and laboratory technicians carry out the activity.

The development of new production processes is carried out in close cooperation with:

- the "Operations" and "Purchasing" functions, in order to verify, right from the early stages of development, the actual potential industrialization of the project and thus reduce the risk that the project is not implemented after the early stages of development

- the "Operations" and "Commercial" functions, to reduce the risk that any changes to production processes cause substantial variations to the characteristics guaranteed to customers in the finished products
- the "Environment" function, to ensure that the introduction of new processes complies with the regulations in force from time to time and thus reduce the risk of non-compliance.

SICIT started the construction of new laboratories (chemical-extractive, agronomic and for quality control) at the Arzignano headquarters to improve its research and quality control activities⁵. This will make it possible to bring together the three laboratories in a single building adjacent to the management offices and to expand the R&D and Quality Control phases. The current chemical research laboratory will remain active at the Chiampo site and will be transformed into a technological laboratory (experimentation and testing of materials for the construction industry and biodegradable plastics).

AGREEMENT WITH THE MiSE TO SUPPORT THE INNOVATIVE AGRIFOOD PRODUCTS OF SICIT

On January 25, 2021, the Italian Ministry of Economic Development (MiSE) signed the agreement to finance the Company's Agrifood project to study and develop innovative products derived from production waste for the agriculture of the future.

The aim of the Company's project is to study and develop new products and, consequently, new production processes, so as to introduce a new way of understanding crop support action in the field of professional agriculture.

The project will be carried out at the company's production sites in Arzignano and Chiampo. Total expected costs amount to approximately 12,2 million of euro⁶ and will be financed by MiSE and the Veneto Region for an amount of over 3.6 million Euros⁷.

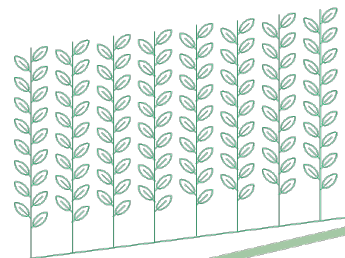
⁵ The Quality Control lab expansion will be completed in the second half of 2021.

⁶ Expected costs include expenses for research and development activities incurred during the three-year period November 2019 - November 2022.

⁷ Of which approximately 2.4 million euros as a contribution to expenses and approximately 1.2 million euros as subsidized loans (of which 0.6 million euros from the Veneto Region). The amounts granted will be released subject to reporting and recognition of expenses actually incurred.



OUR PEOPLE



4.1 Sicit Group employees

SICIT safeguards and promotes the value of its human resources, considered fundamental for the pursuit of corporate targets, committing itself to avoid discrimination of any kind and ensuring equal opportunities of professional growth, offering working conditions that are respectful of individual dignity and safe and healthy working environments.

As of 31 December 2019, there are 140 employees of SICIT (+2% from 2019).

SICIT is committed to **enhance the professional contribution of each of its employees and to build lasting relationships** based on the values of loyalty, mutual trust and collaboration. Almost all employees are employed with permanent contracts (98% of total Group employees).

Blue-collar workers are the most represented professional category (51%), followed by white-collar workers (38%), middle managers (9%) and executives (2%). SICIT's workforce composition is predominantly in the older age group, between 30 and 50 years of age (53%), while those under 30 represent 19% of the workforce and those over 50 the 28%

The Group's commitment to respect for diversity, equal opportunities and non-discrimination is expressed in the **Code of Ethics**, the **Diversity Policy** and the **Human Rights Policy**.

In this regard, gender differences do not play a role in determining salaries and wages; possible average salary differences between men and women⁸ are due to situations of professional seniority and role held within the Group. The ratio of the average gross remuneration of women to men in the Group as a whole varies according to professional qualification and, in 2020, stands at 0.88 for middle managers and 0.71 for white collar workers. These values increase, with a consequent reduction in pay differentials, considering the ratio of basic salary of women to men for each category of employees: 0.89 for middle managers and 0.80 for white collar workers. These results show how the presence of men, given the industrial sector to which they belong, is prevalent and constant over time, with greater average seniority and, therefore, higher salaries.

4.2 Development and competence integrity

SICIT is committed to developing the skills and competences of its employees, pursuing a policy based on equal opportunities and merits, considering professionalism a key condition and a guarantee for the entire community. Research, selection, recruitment and career development respond to objective assessments of job quality, without any discrimination.

With the aim of developing the skills of each employee, specific training activities are carried out on the subjects of worker safety, development of specific skills for operational personnel, English language courses for all employees covering non-operational roles, English, French, Spanish and Portuguese language courses for the commercial figure and specific refresher courses for laboratory technicians regarding the use and maintenance of the plants.

In 2020 were provided more than **1,380 hours of training**, of which 749 were mandatory and 637 non-mandatory. Executives, with 51.2 hours of training per capita, are the professional category that received the highest number of training hours, followed by white collars who received 11.2 hours of training per capita. Compared to 2019, total training hours delivered decreased by 17% due to the effects of the COVID -19 pandemic in managing classroom courses. New features compared to 2019 include the course "Istruzioni base agli addetti al trattamento dati personali" on GDPR in compliance with EU Regulation 679/2016 Privacy, in order to educate and raise awareness among employees in the IT field.

SICIT is constantly striving to **attract, motivate and retain** key resources. For this purpose, an **incentive compensation plan** ("2020-2022 Incentive Plan") was approved by the Ordinary

⁸ The ratio of basic salary and remuneration of women to men for each category of employee is calculated considering only full-time employees of SICIT Group S.p.A. and Sicit Chemitech S.p.A. who have worked for a period of 12 months.

Shareholders' Meeting of SICIT in 2020, on the proposal of the Board of Directors and with the favorable opinion of the Remuneration and Appointments Committee in office, which provides for the payment of a bonus to beneficiaries linked to SICIT's corporate performance objectives, individual objectives and performance on the Stock Exchange. It is important to note that on January 29, 2021, SICIT's Board of Directors approved the identification of the beneficiaries for fiscal year 2021, including the CEO, as well as defining the objectives for the same fiscal year 2021.

In addition, the Shareholders' Meeting of April 29, 2021 approved, on the proposal of the Board of Directors, the provision of a **Share-based Compensation Plan** having as its object the allocation of 100 SICIT shares to each employee regardless of their category or level of classification and regardless of the achievement of any performance targets. The Plan is aimed at all categories of employees (blue-collar workers, white-collar workers, middle managers or executives) who, as of the Assignment Date, are linked to the Company or the Subsidiary by an employment relationship with an open-ended contract.

In addition, a **loyalty bonus** in the amount of one month's salary was disbursed in June and a **performance based production bonus** that, if not fully disbursed, is set aside by the Company and used to support workers in emergency situations, such as payment of funeral fees or medical examinations, have been introduced.

In order to create favorable working conditions and support work-life balance, in order to cope with the lock-down period caused by the Covid-19 health emergency, total or partial smart working has been granted to categories not involved in production departments.

Despite the significant reduction of volumes of withdrawn material from tanneries and of hydrolysed proteins produced in the second quarter of 2020, SICIT has not resorted to any reduction plan, even temporary, of the workforce. Therefore, SICIT engaged production workers in plant maintenance activities.

The approach adopted by SICIT in its industrial relations has always been based on mutual respect for each other's roles and positions, in the constant search for a constructive dialogue. To this regard, it should be noted that no internal strikes have ever taken place and that the corporate decisions taken by SICIT have never been the subject of dispute by employees. Depending on the countries in which SICIT is present and the different regulations in force, employment relationships are governed by national or company collective agreements or by current legislation. Almost all (98%) of SICIT employees are covered by Collective Bargaining Agreements. The remaining part, i.e. the three employees who work at the headquarters of SICIT Commercial Consulting Shanghai Ltd. and SICIT USA Inc., are hired under corporate or individual contracts having as reference the local market rules and practices.

4.3 Workplace health and safety

SICIT primary values are policies for safety and protection of the working environment, with the aim of reducing and, in the future, eliminating the number of accidents in the workplace, with technological investments, new policies and training for workers.

Starting in 2013, the company has adopted a **Health and Safety management system** for workers in the workplace, in accordance with the **OHSAS 18001 standard**. With the new international standard **ISO 45001:2018**, which replaces and integrates BS OHSAS 18001:2007, SICIT started the transition to the new standard in 2020, which was successfully completed for both plants in Chiampo and Arzignano.

SICIT adopts a preventive approach by actively involving all stakeholders and a scrupulous **assessment of health and safety risks**. To this end, a Risk Assessment Document (DVR) has been prepared for both production plants. The document identifies the risks by departments and work activities (tasks/stations) as well as the related prevention and protection measures adopted. Due to the plant and structural changes that have affected the sites, in 2020, SICIT's external Prevention and Protection Service Manager (RSPP) has updated the DVR and the assessments of certain specific risks. In addition, an ASPP (Prevention and Protection Service Employee) was hired in 2020 to assist

the RSPP in carrying out activities concerning health and safety in the company.

SICIT has set up a specific body to ensure the correct and adequate performance of activities aimed at eliminating or minimizing risks, to guarantee the correct flow of information between employer and worker on workplace risks.

During 2020, in the context of the due diligence on environmental, health and safety aspects of the Arzignano and Chiampo production plants, in preparation for the transition to the MTA market, an **audit** was carried out to verify the application of the mandatory requirements in terms of **worker safety and management of environmental aspects**. The audit included a visit to the plant, review of relevant documentation and an interview with plant representatives.

An external consultant covers the role of prevention service and protection (**RSPP**). SICIT has appointed a **competent physician** who, during 2020, performed 131 medical examinations and found 46 suitability and 75 suitability with prescriptions. In addition, 5 medical examinations for retirement at the end of the employment relationship were carried out. The competent doctor has also the task to carry out the Drug Test on operators for the forklift truck, the mechanical shovel, the mobile elevating work platform (AWP), the spider. Workers also elected their **Safety Representatives**.

Annually, a periodic **safety meeting** is held for both production plants, during which health and safety issues are discussed in accordance with Article 35 of Legislative Decree 81/2008.

A number of interventions aimed at improving worker safety at SICIT's two plants were completed in 2020, specifically:

- the installation of additional paneling in the gypsum loading area on trucks in order to increase safety measures with respect to workers;
- upgrading of evacuation/fire plan plans;
- conducting courses for places suspected of pollution.

A **near-missing process of reporting and management of missed accidents and dangers** is in place, which makes it possible to promptly identify and solve problems that may expose workers to health and safety risks, improving safety levels in the workplace over time.

Employee training on Health and Safety issues is managed through a specific software through which the training hours provided and any need to update the training according to the deadlines by regulations in force, are monitored.

SICIT workers have attended the mandatory training sessions on Health and Safety and those related to the use of equipment (e.g. forklifts and liftable movable work platforms - AWP) under the State-Regions Agreement.

An adequate number of workers have been designated and trained to implement fire prevention and firefighting measures, as well as first aid, to ensure sufficient coverage on all shifts.

Specifically, in 2020, **749 hours of health and safety training were provided** regarding the updating of ASPPs/RSPPs, work environments, equipment and PPEs (Personal Protection Equipment) for work organization, self-propelled industrial trucks and Covid-19.

Working relationships with third parties not directly dependent on SICIT are regulated by Article 26 of Legislative Decree 81/08 on obligations related to contracts for tenders, of works or supply contracts.

During 2020, there were no cases of work-related illness, while a total of three work-related injuries were recorded⁹.

⁹ Minor injuries similar to contusions.

Considering the three accidents that occurred in 2020, the rate of recordable work-related injuries¹⁰ registered by the Group was 12.4, compared to 12.9¹¹ of 2019.

In order to tackle the rise in spreading of the recent Covid-19 pandemic, during 2020 SICIT implemented all the policies aimed at containing the inevitable negative effects of the pandemic, reducing as much as possible internal movement within the sites and limiting access to common areas. SICIT immediately applied the strict rules aimed at containing the spread of the pandemic, such as social distancing, the use of personal protective equipment such as masks and gloves for both employees and external workers, Plexiglas separators between desks, constant sanitization of the workplace and smart working.

A COVID committee was appointed, composed of the Safety Manager and the two production site managers. This committee, through periodic meetings, verified the adequacy of company procedures to meet the requirements of the Italian DPCM. Moreover, SICIT has granted each worker half an hour of overtime to compensate increases in working time due to new procedures implemented to avoid gatherings in the changing rooms.

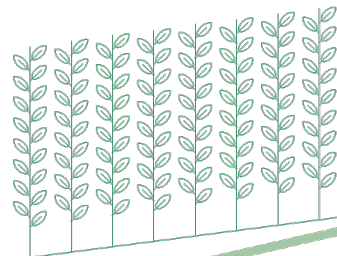
Finally, the SPISAL ("Servizio Prevenzione Igiene e Sicurezza negli Ambiti di Lavoro") carried out inspections at both plants, Chiampo and Arzignano, in 2020 and did not find any irregularities in the application of company procedures in relation to COVID-19.

¹⁰ The injury rate has been calculated as the ratio between the total number of injuries and the total hours worked, using a multiplication factor of 1,000,000. The data includes the commuting incidents only where the transport has been organized by the organisation. It should be noted that the injury rate recorded by the Group in 2020 relates to the companies Sicit Group S.p.A., Sicit Chemitech S.p.A., SICIT Commercial Consulting Shanghai Ltd. and Sicit USA Inc. No injuries occurred at the foreign subsidiaries in 2020 and 2019. In 2018 no cases of fatalities, high-consequence work-related injuries and recordable work-related injuries.

¹¹ The injury rate recorded by the Group in 2019 is related to the companies Sicit Group S.p.A. and Sicit Chemitech S.p.A., as the figure for total hours worked does not include the hours worked by employees of the foreign companies due to unavailability of the data.



ENVIRONMENTAL RESPONSIBILITY



5.1 Sicit Group commitment to environment

SICIT considers of utmost importance the protection of the environment in which it operates and fosters the development of initiatives that gradually decrease the impact of its activities and improve the awareness and sensitivity of all stakeholders involved. In line with this commitment, the two plants in Chiampo and Arzignano have adopted an Environmental Management System certified according to the **UNI EN ISO 14001:2015 standard**, periodically certified.

Environmental targets:

- Promoting **employees' responsibilities** towards environmental protection by conducting training courses;
- **Minimizing the consumption of natural resources, materials and waste** production;
- **Reducing the impact of activities** on the environment, foreseeing the possible impacts of new activities, in order to prevent and manage possible emergency situations;
- **Ensuring environmental protection** during the **design of new products and processes**, by periodically reviewing them to minimize environmental impacts;
- Defining **environmental objectives and targets** consistent with the operational management of the plant and company development strategies.

As previously described, in 2020, as part of the due diligence on environmental, health and safety aspects of the Arzignano and Chiampo production plants as part of the transition to the MTA market, an **audit** was carried out to verify the compliance with the mandatory requirements regarding **environmental management**.

Despite the fact that there are no significant risks in the activities carried out, SICIT identified the consumption of natural resources (electricity, natural gas, water, raw materials) and the emissions into the atmosphere (greenhouse gases and pollutants) among the potential environmental impacts. These impacts are constantly monitored and managed to guarantee the compliance with relevant regulations in force where SICIT operates and will be discussed in this chapter.

SICIT believes that promoting employee engagement and individual responsibility for environmental actions is an important part of its success. Therefore, it encourages employees to take an active part in the process by sharing information on environmental and sustainability issues. In its Code of Ethics, SICIT states that the **Group's primary values are policies related to respect for environmental issues**. In particular, it pursues the continuous improvement of its environmental performance, committing itself to:

- maintain compliance with all applicable environmental laws and regulations;
- pursue continuous improvement, minimizing, where technically possible and economically sustainable, any negative impact of its activities on the environment, by preventing pollution.

BELEAFING PROJECT

SICIT is main sponsor of BeLeafing, **one of the few web platforms in the world that allows, once a tree has been planted for free on site, to follow its growth online**. All trees are planted directly by those who have booked the tree from the website and contribute to environmental, social and economic benefits. Each tree in BeLeafing has an online page, is geolocated and photographed, and can be preserved.

In confirmation of SICIT's commitment to minimizing the environmental impact of its business, it should be noted that the **biostimulants and retarders for plaster** marketed by the Group, which

account for 83%¹² of revenues (82% in 2019) are **100% biodegradable**.

Even **fat**, which represents 11% of the Group's consolidated revenues, is marketed by SICIT for the production of biofuel, an **eco-sustainable fuel alternative to diesel fuel that allows to significantly reduce CO2 emissions into the atmosphere**. The consumption of 1 liter of diesel fuel, in fact, contributes to an emission of carbon dioxide in the atmosphere 15 times¹³ higher than the one generated by biodiesel.

5.2 Energy consumption & CO2 emissions

SICIT promotes since several years, in line with its Environmental Policy, a careful and responsible management of its energy consumptions (electricity and methane gas); these derive mainly from the production plants, as well as from lighting, heating and cooling of the working environments. In addition to these consumptions, there are also the fuel consumption by the generator set and the company's own logistic means. Electricity and methane gas are the main energy sources used in production processes.

In 2020 the total energy consumption of SICIT was **406,303 GJ** (-1% vs. 2019). The main source of energy used is methane gas, which represents 93% of total energy consumption because it is the main source of energy in the production process¹⁴ while electricity represents 7% of total energy consumption.

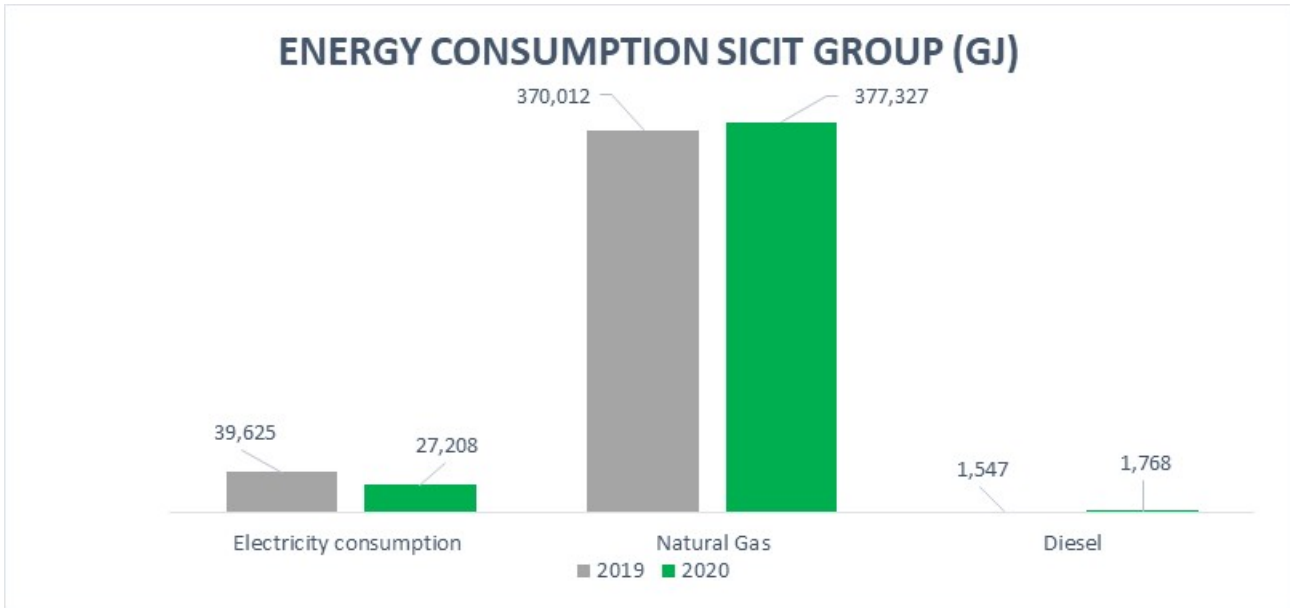
Electricity is supplied from the grid and, since the second half of 2019, a **cogeneration plant for electricity and heating has been in operation at the Arzignano plant**. This plant, which has reached its full capacity at the end of 2020, is functional to the reduction of energy costs of the plant. The energy produced by the cogenerator is in fact entirely self-consumed, thus reducing the supply from the grid. The cogeneration plant has led to a decrease of about 31% in the purchase of electricity from the grid from 2020 to 2019. It is also planned to implement a cogeneration plant in the Chiampo plant by the end of 2021.

To further strengthen the commitment of consumption reduction, in the beginning of 2021, a **photovoltaic system with a capacity of about 190 kWh for industrial use** has been installed in the buildings of Arzignano. It is expected that this plant, together with the cogenerator, will ensure the Arzignano site, almost auto-sufficiency for electricity consumption about 95% of total consumption. Moreover, two electric cars were purchased in 2020 and two charging columns are installed, one in Arzignano and one in Chiampo.

¹² Sales of agricultural products, equal to 38 million euros, represent 61% of revenues and sales of plaster retarders amount to 14 million euros (22% of the total). Source: Consolidated annual financial report as at Dec. 31, 2020.

¹³ Emission factor for diesel 2.54603 kg CO₂e/lit and for biodiesel 0.16580 kg CO₂e/lit (DEFRA 2020).

¹⁴ Methane gas is used as a post-combustion fuel to power the cogenerator and a product drying plant (skydryer).



ENEL X AND SICIT GROUP TOGETHER TO PROMOTE ENERGY SUSTAINABILITY

SICIT Group accelerates on the **energy sustainability front**. Thanks to the partnership with Enel X, the company will install a 192 kWp (peak kilowatt) photovoltaic system capable of producing approximately 226,000 kWh of electricity each year, which will be used entirely to power the Arzignano (VI) plant, guaranteeing **savings of over 83 tons of CO2 each year**.

At the same time SICIT has decided to submit its production cycle to the analysis of the Enel X Circular Economy Report, a tool able to identify the circular maturity level of the company and provide a road-map with possible solutions to improve it. SICIT thus aims to intervene in its production cycles in order to further **reduce its environmental footprint and ensure a sustainable future** for the company, the supply chain and the territory.

The commitment to the environment and energy sustainability is part of the important '2022 investment plan' approved by SICIT and is shown by various energy efficiency measures that, at the beginning of 2019, involved both the Arzignano plant (cogeneration plant) and the Chiampo plant, where the post-combustion plant for environmental improvement is fully operational and guarantees a 98% reduction in pollutants emitted into the atmosphere.

Thanks to the measures taken in the past and the green photovoltaic plant - which will also be used to power the company's electric cars - SICIT's Arzignano plant will reach the highest level of energy efficiency.

With determination no. 1624 of December 29, 2020, the province of Vicenza released to SICIT the integrated environmental authorization (AIA) pursuant to Legislative Decree 152/06 for the Arzignano plant. In addition, SICIT has obtained the renewal of the integrated environmental authorization (AIA) for the operation of the Chiampo plant with validity until 2029. This permit covers waste management, water discharge and emissions into the atmosphere and provides the requirements that must be adopted.

In order to reach the maximum treatment potential, the Chiampo plant has carried out a series of plant and structural improvements over the years and has decided, on a voluntary basis, to submit

the plant modification to the VIA process (“Valutazione di Impatto Ambientale”), which ended with a favorable environmental compatibility opinion issued by the Province of Vicenza in 2015. In 2019 the Province of Vicenza has issued the authorization to the exercise of the plant approving all changes required in previous years.

SICIT's production plants are included in the scope of the regulations on emission trading (Directive 2003/87/CE) and are listed in the register of companies authorized to emit greenhouse gases.

SICIT carefully monitors greenhouse gas emissions, aware of the implications that these have on climate, annually drafting the **Monitoring and Control Plan (PMC)**.

Below are the main types of emissions related to the above mentioned energy sources. In particular, to report greenhouse gas emissions, SICIT has joined the **Greenhouse Gas (GHG) Protocol**, which requires the distinction of emissions into categories or "Scope":

- *Scope 1*: **direct emissions**, associated with sources owned or controlled by the Company, as fuels used for heating and for the operational means needed for the Company's activities;
- *Scope 2*: **indirect emissions**, deriving from the consumption of electricity purchased by the Company. Specifically, in compliance with GRI reporting standards, they are calculated according to Location and Market based methodologies, using appropriate emission factors.

In 2020, direct emissions of SICIT amounted to 21,349 tCO₂ (Scope 1)¹⁵ derived from methane gas and automotive diesel fuel. Indirect emissions (Scope 2)¹⁶ instead, derived from purchased electricity, were 2,098 tCO₂ based on the Location based calculation method; and 3,522 tCO₂ based on the Market based method. The largest share of emissions is generated by natural gas consumption, followed by the amount deriving from the use of electricity. Total emission (Scope 1 and Scope 2 Location-based) was 23,447 tCO₂ (-3.5% compared to 2019).

Moreover, in 2020 SICIT recorded an energy intensity index of **15.48 GJ per ton of produced protein hydrolysate** (26,251 total tons in 2020) (17.23 GJ/ton in 2019, considering 23,867 tons) and an emission intensity index of **0.89 tCO₂/t** considering the total direct and indirect location-based emissions on **tons of produced protein hydrolysate** (-13% compared to 2019).

For comparative purposes, the energy and emission intensity indicators have been calculated by comparing the total energy consumption and emissions to the total production in tones of protein hydrolysate for both production plants of the Group because the latter is used as the basis for the finished product and common to both production plants.

Finally, a Carbon Footprint project was launched in 2020, at the end of which SICIT will be able to estimate CO₂ emissions per kg of finished product. The project is expected to be completed and certified by September 2021.

¹⁵ For the calculation of Scope 1 emissions, the emission factors “ISPRA – National Inventory Report 2020” and Ministero dell’Ambiente - Tabella parametri standard nazionali 2020 – were used. The emissions of Scope 1 are expressed in tons of CO₂, as the source used does not report the emission factors of gases other than CO₂.

¹⁶ The GRI Sustainability Reporting Standards provide two Scope 2 emissions calculation methods, the “Location based method” and the “Market based method”. For the calculation of Scope 2 emissions, in line with the GRI Sustainability Reporting Standards, both calculation methods were used. The Market-based is based on the CO₂ emissions emitted by the energy suppliers from which the organization buys electricity through a contract and can be calculated by considering: certificates of guarantee of origin of energy and direct contracts with suppliers, factors specific supplier emissions, emission factors related to the residual mix, i.e. energy and emissions not monitored or unclaimed (methodology used, with emission factor Italy 2020: 466 gCO₂/kWh - source: AIB – European Residual Mixes 2019). The Location-based method is based on average emission factors relating to the generation of energy for well-defined geographic borders, including local, subnational or national borders (methodology used, with emission factor Italy 2020: 277.6 gCO₂/kWh - source: ISPRA 2020 - Fattori di emissione atmosferica di gas a effetto serra nel settore elettrico nazionale e nei principali Paesi Europei). Scope 2 emissions calculated with the Location-based method are expressed in tons of CO₂, however the percentage of methane and nitrous oxide has a negligible effect on total greenhouse gas emissions (CO₂ equivalent) as can be deduced from the reference technical literature.

SICIT **constantly monitors all emissions of pollutants produced** by its production plants into the atmosphere, to guarantee the safeguarding of health and respect for the environment.

In accordance with the regulations in force, each emission is regularly monitored so that the legal limits are respected: the chemical analyses carried out on the emissions measured by the chimneys are carried out by an external laboratory commissioned by SICIT.

With regard to the quantification of other emissions into the atmosphere different than CO₂ emissions, for 2020 the NO_x and SO_x emissions were 71.74 tons and 15.76 tons respectively; with regard to other emissions, the plants produced 14.70 tons of other emission categories identified in the applicable legislation (NH₃) and 2.08 tons of volatile organic compounds (VOC), this last figure is in line with 2019.

Odorous emissions

The Chiampo and Arzignano plants are subject to the assessment of **odorous emissions** by local authorities as part of the issuing of the Single Environmental Authorization in compliance with Legislative Decree 152/06.

In 2020 and 2018, the last date of measurement, the samples taken were submitted to olfactometric analysis for the determination of odor concentration, according to UNI EN 13725:2004. The analysis revealed the following levels of odor effluents:

- Average value of 677 units (ouE/m₃) for the Chiampo¹⁷ plant;
- Average value of 473 units (ouE/m₃) for the Arzignano¹⁸ plant.

These levels are within the legal limits and have been discussed with the province of Vicenza. SICIT, moreover, in order to significantly reduce odorous emissions, generated in particular by the processing of animal by-products, has installed regenerative afterburners in both plants for the continuous monitoring and recording of the emitted fumes.

5.3 Management of water

SICIT is constantly looking for projects aimed at reducing water consumption in the various stages of production.

The Chiampo plant takes drinking water for hygienic-sanitary use from the municipal aqueduct while the water used for industrial purposes, used to supply the firefighting water network, the production process and irrigation, is taken from two wells located at the plant.

The plant carries on a voluntary basis the **analysis of heavy metals and the bacterial load of the water taken from the wells**. PFAS (Perfluorooctanesulfonic Acid) **analysis** is also performed annually. From the latest analyses performed, no critical points have been found.

The Arzignano plant supplies drinking water for sanitary use from the civil aqueduct, while the water used for industrial purposes, used to supply the fire-fighting water network, the production process and irrigation, is drawn from the industrial aqueduct.

In 2019, the total water withdrawal of SICIT was equal to **239 mega liters** (-1.2% vs 2019), out of which 106 from the wells and the remaining 133 from the aqueduct.

As far as water discharge is concerned, the Chiampo plant has two separate drainage lines: a line for rainwater from roofing downspouts and second rainwater and a line for black/industrial water. The site has obtained an authorization to discharge wastewater from the production process and rainwater from first rainwater into the industrial sewerage system managed by Acque del Chiampo S.p.A.

The water discharges of the Arzignano plant are of sanitary, meteoric and industrial type and a

¹⁷ The data refers to a sample taken and analyzed in December 2018.

¹⁸ The data refers to a sample taken and analyzed on 22 October 2020 and it is computed as the average of the three samplings carried out in the three different time slots.

contract for the sewage and purification service of industrial waste water is in force with Acque del Chiampo S.p.A.. Industrial discharges are subject to laboratory analysis to monitor the discharged water quality, which must comply with a series of parameters, amongst the main chemical parameters, chlorides and sulphates¹⁹. It should be noted that these parameters have never been exceeded for sewage discharges.

In 2020, a total water discharge of SICIT was equal to **248 mega liters**.

In order to assess its impact in sensitive areas, with reference to the withdrawal and discharge of water in areas subject to water stress, SICIT makes use of the Aqueduct Tool developed by the World Resources Institute²⁰ to identify areas potentially at risk. According to this analysis, **neither of the two production facilities were found to be located in water-stressed areas**.

It is also important to underline that no accidental leaks or spills of hazardous substances into the environment were reported during the year.

5.4 Materials and waste management

SICIT was founded to address the problems of solid waste recycling in the tanning district of Arzignano (VI) and has established itself as the **Italian excellence of the green and circular economy**, which, by collecting and processing waste, **significantly limits the production of waste**.

SICIT fully embraces the principles of a circular economy, an economic system designed to reuse materials in subsequent production cycles, while reducing waste to a minimum.

The biostimulants, retarders for plaster and animal fat made by SICIT represent in fact a typical example of circular economy, in which the operators supply themselves with the scraps of the tanning industry that are transformed into finished products used in the agricultural and industrial sector. From the processing of leather comes a variety of waste, some of which can be recovered in various ways, with consequent environmental and economic benefits. Through the process of hydrolysis of animal proteins, in fact, free amino acids or short peptide chains are obtained to be used in the production of protein hydrolysates, in addition to the separation of animal fat. This plant and market solution is the one used in the SICIT plants for the treatment of animal by-products and other residues of tanning activities.

Out of a total of more than 155,000 tons of materials used by SICIT in 2020, **83% comes from the recycling** of animal by-products and other residues of tanning activities.

It is important to emphasize that the **waste materials** that SICIT obtains and recycles come from the production cycle of meat and leather transformation and processing. Thanks to its activities SICIT contributes to **reduce waste and the environmental impact to zero**:

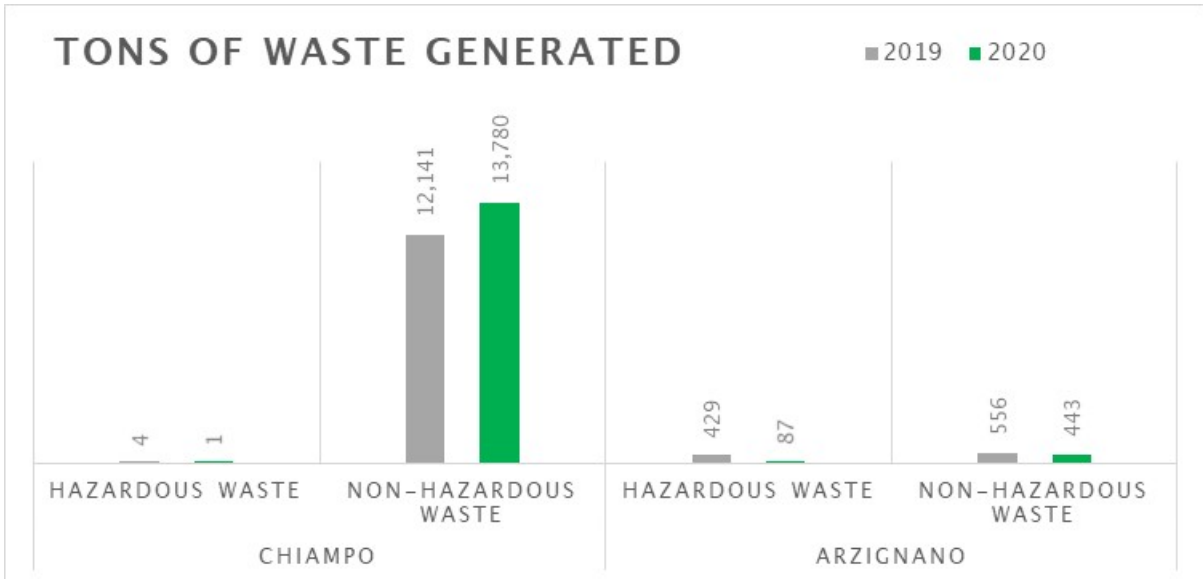
- both of the upstream production sectors (meat production and leather processing), as these materials should be disposed of by the producers with an economic and environmental cost higher than what SICIT has sustained;
- as well as its own relevant production sectors (production of biostimulants for agriculture, production of industrial additives, and production of biofuel from alternative sources to oil, such as animal fat), drastically reducing the need for specific production from scratch to feed its production flow.

SICIT is careful about the management and disposal of waste in accordance with current regulations and as part of its commitment to environmental protection. Waste is disposed of in compliance with Legislative Decree 152/06 and is sent to special treatment plants and/or landfills.

¹⁹ Regulation of the Integrated Water Service Management Company on the subject of sewerage and purification of waste water delivered to the industrial sewerage system of 23.07.2018, pursuant to Legislative Decree 152/2006.

²⁰ The WRI tool is available online at <https://www.wri.org/our-work/project/aqueduct>. For the analysis, the results from the "baseline water stress" column have been taken into account

In 2020, the waste produced was equal to 14,312 tons²¹, representing 9% of the total materials used for production, in line with the previous year's incidence.



Hazardous waste represents a marginal share and consists mainly of used motor oil, packaging containing residues of hazardous substances and organic waste containing hazardous substances. Waste similar to municipal waste, coming from the canteen and offices, is collected separately and delivered to the municipal collection service.

The containment of the amount of waste produced has always been an objective considered a priority in the Group's corporate policies. In view of the fact that hazardous waste presents a greater risk to the environment and human health, the SICIT Group has implemented specific reduction programs with changes to the production process, and between 2020 and 2019 the **tons of hazardous waste produced fell by more than 79%**.

As part of the Environmental Management System UNI EN ISO 14001:2015, SICIT periodically and independently carries out specific **audits** at landfills in order to verify **the correct disposal of waste according to the law**.

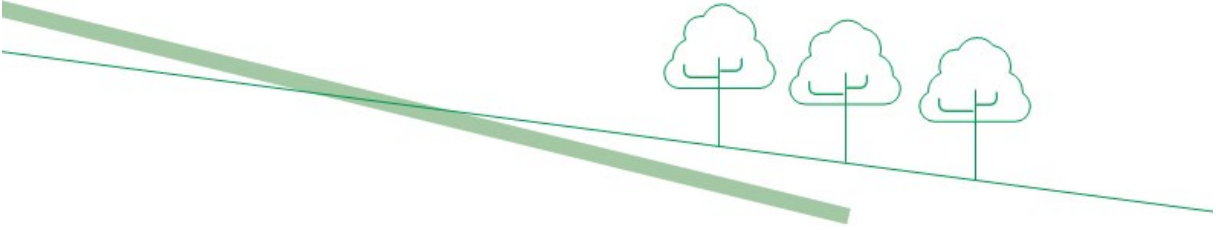
²¹For 2020, waste data is reported using the new GRI Standard 306, published by the Global Reporting Initiative (GRI) in 2020 to replace the version used to date, published in 2016. For comparative purposes, the data for 2019 have therefore been restated from those published in the previous Sustainability Report. For previously published data, please refer to the 2019 Sustainability Report, published on the website www.sicitgroup.com, in the "Sustainability" section.

SICIT GROUP: PRODUCTION OF ANIMAL HAIR PROTEIN HYDROLYSATE

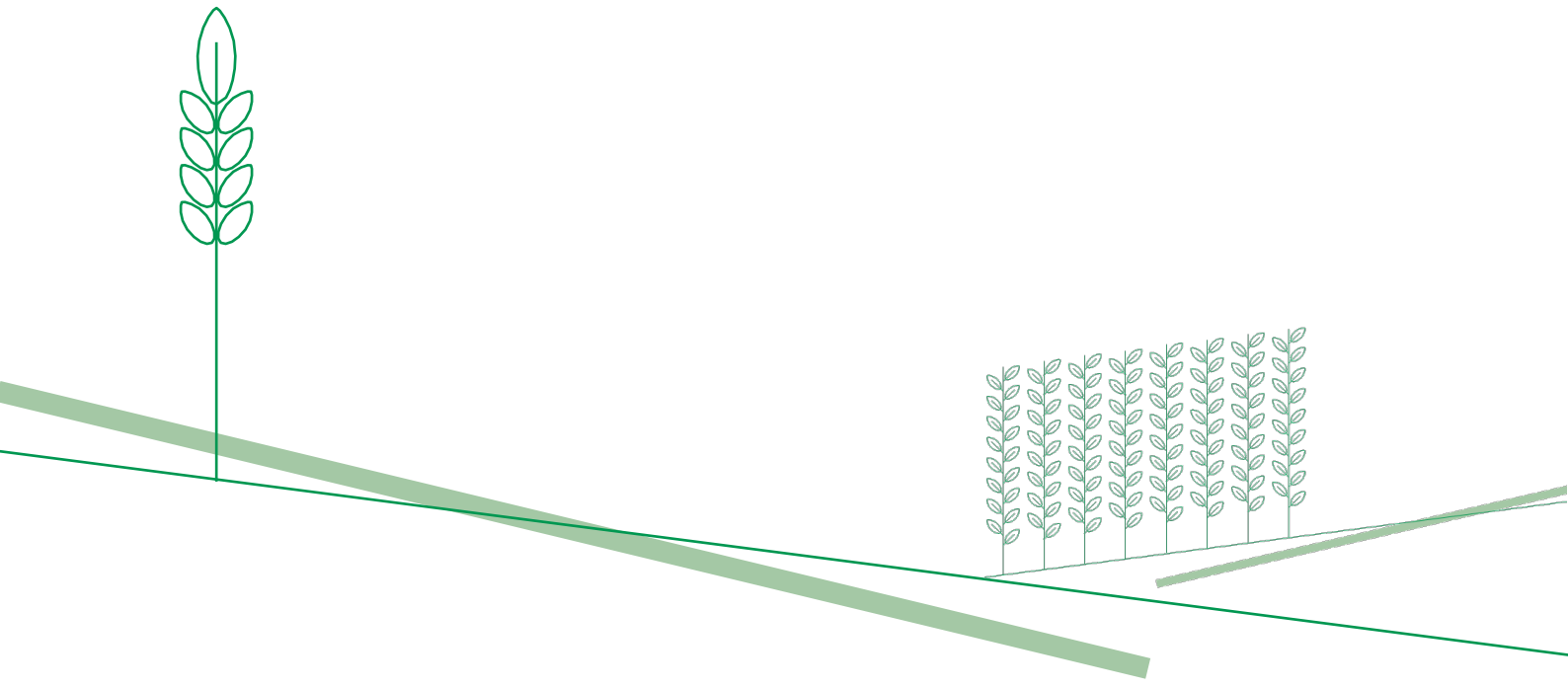
In the wake of the initiatives already planned in its strategic development plan, in recent weeks SICIT has completed the set-up of the plant for the **production of animal hair protein hydrolysate, remaining from the Vicenza tanning business**, at the Arzignano plant. Animal hair is a product rich in keratin, an important protein suitable for producing agriculture bio stimulants.

The **innovative production process**, developed internally by the Company, guarantees the complete safety of the operations and the possibility to obtain different types of final hydrolysate. A special system of reactors and grinding mixers (an exclusive SICIT's technology) guarantees the complete hydrolysis of keratin, following the necessary hydrolysis treatment, as required by Regulation (EC) no 1069/2009, allowing to obtain an **extremely safe and proven-effective product**. All keratin-based products have largely passed the tests: both in vitro, under controlled laboratory conditions, and according to randomized protocols in open field, allowing to assist clients with essential information to use these new formulations in the most effective way possible.





OUR POSITIVE SOCIAL IMPACT

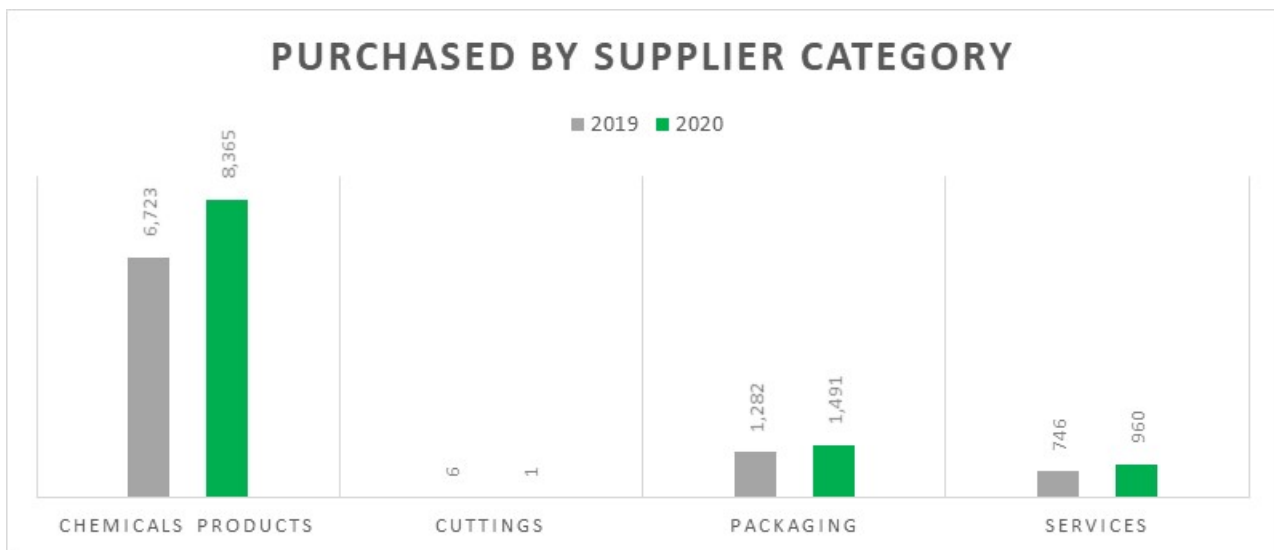


6.1 Supply Chain

SICIT strives for maximum competitive advantage in purchasing processes, promoting criteria of conduct in relations with its suppliers based on mutual loyalty, transparency and collaboration.

With regard to procurement, a distinction must be made between suppliers of non-recycled materials (such as chemical products mixed with protein hydrolysate, packaging, etc.) and the so-called "suppliers of input raw materials", those subjects, typically tanneries, who provide the "input raw materials" (animal byproducts and other tanning residues). SICIT provides the take-back service, for a fee, of these "input raw materials".

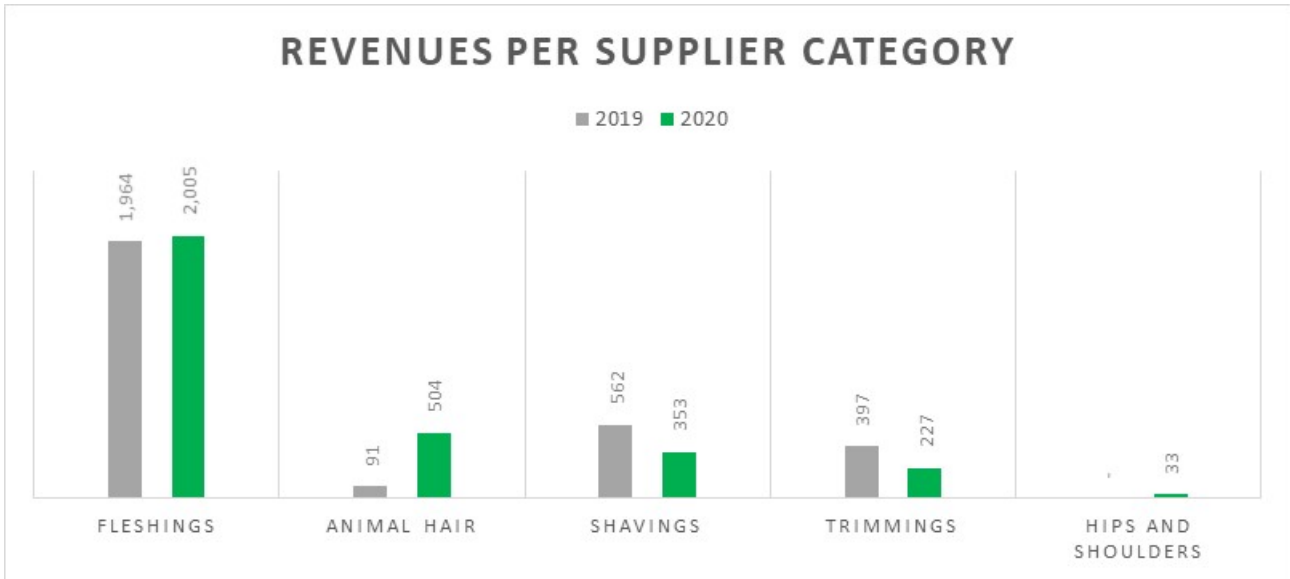
In 2020, SICIT counted **82** between **suppliers** and **suppliers of input raw materials** who served both production plants. **25** out of 82 are suppliers of chemical products, for which there is a cost of 8.4 million Euro. **9** out of 82 are packaging suppliers (1.5 million Euro) while **4** are services suppliers (for the collection and transport of materials from tanneries) for a cost of 0.9 million Euro. In line with 2019, purchases of cuttings²² in 2020 represent a small percentage of total purchases.



In 2020, as in 2019, **83% of SICIT's purchases (in value) were made by suppliers based in Italy**, for a value of 8.9 million Euro.

In 2020, SICIT collected waste material from the leather tanning process from **44 suppliers of input raw materials**. The most significant category in economic terms, in 2020, was the category of suppliers of raw material input from flesh tanning for a revenue of more than 2.0 million Euros. In addition, it should be noted that compared to 2019, SICIT has withdrawn a new type of waste material, namely the hips and shoulders, which led to a revenue of about 32 thousand Euro.

²² Waste product from tanneries for which SICIT pays a purchase cost instead of receiving a price for the disposal service. The cuttings is supplied by 2 suppliers for a cost of 1,029 Euros.



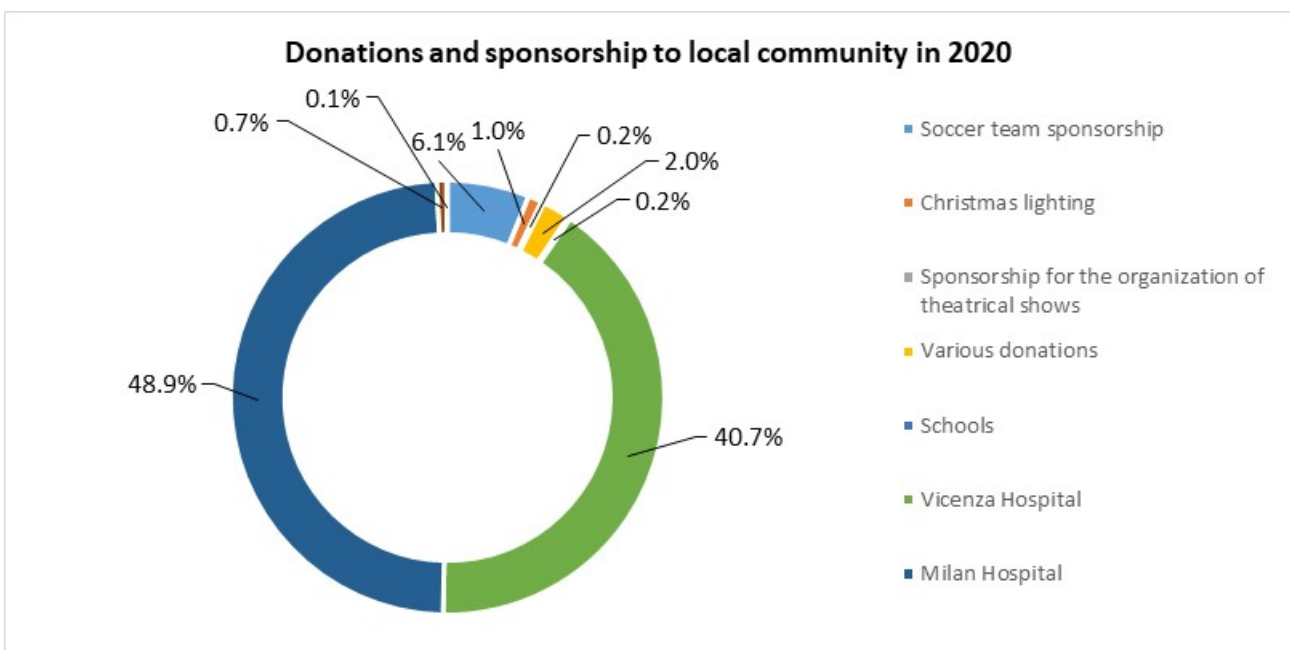
6.2 Community relations

Over the years, the group has built up a close relationship with the areas where it operates. It fosters a spirit of shared solidarity and support within the communities it engages with on a daily basis and contributes to their social, economic and environmental development. SICIT promotes social-welfare type projects and the enhancement of the local areas' cultural heritage.

This commitment is reflected in the support for non-profit organizations, foundations and charitable projects.

During 2020, the group earmarked over 730 thousand euros for community projects. Compared to 2019, these resources have increased significantly (127 thousand euros in 2019) in order to support the community in which SICIT operates.

The significant increase over 2019 is due to extraordinary donations to the Vicenza and Milan Hospitals of approximately 0.7 million euros to support the fight against the COVID-19 pandemic. SICIT actively collaborates with the universities of Udine, Padua, Verona and Milan. In addition, it maintains relations with the research center in Turin.



6.3 Direct economic value generated and distributed

Despite the dramatic impact of the COVID-19 pandemic, SICIT's response was prompt, strong and robust. SICIT continued to operate even during periods of increased restrictions, implementing all necessary protocols and protective measures and finding new solutions in order to meet the need for input raw materials and satisfy customers' growing demand.

In the second quarter of 2020 there was a significant reduction in the flow of material from tanneries, whose activities were temporarily suspended in observance of the lock-down policies promoted by the Italian government to tackle the health crisis.

During this period, we turned to new suppliers, used alternative raw materials and increased the production of protein hydrolysate from animal hair. SICIT offered its customers full operation and supplies by using its stocks.

The combination of these measures has enabled the Group, starting from the third quarter of 2020, to recover the lower production suffered during the second quarter and to continue to generate value for shareholders, the territory and the community in which it operates. The main economic figures achieved in 2020 by the Group are shown below.



With respect to our business segments, turnover from biostimulants for agriculture rose significantly (Euro 38.3 million, +23.6%) as did that from animal fat for biofuel production (Euro 7.1 million, +8.8%). However, the increase in revenue from collection services concerning leather tanning residues was more modest (Euro 3.1 million, +3.6%). Overall, this enabled us to offset the slowdown in retardants for the gypsum industry (Euro 14.1 million, -8.3%), mainly due to the effects of the pandemic on the global construction market.

Growth related to almost all geographical segments: from Europe (including Italy, +7.6%; of which Italy +14.4% and other countries in Europe +3.0%), to APAC (+19.4%) and LATAM (+39.9%). Conversely, North America (mainly in respect of retardants, -1.6%) and the Rest of the world (MEA, -1.9%) show a decrease. Growth in Europe and the APAC region was mainly driven by agricultural products, partially offset by the decline in retardants for plaster. The LATAM region performed well in terms of both biostimulants and retardants, in contrast to other geographical segments.

The creation and distribution of value for its stakeholders is a constant commitment of SICIT.

The economic value represents the wealth produced by SICIT, distributed to stakeholders. Through its activities, SICIT contributes to the growth of the social, economic and environmental context in

which it operates. The economic value generated by SICIT, as illustrated below, is distributed to employees (salaries), suppliers (cost of sales, commercial expenses, R&D expenses and general and administrative costs), public administration (taxes), shareholders (dividends), banks (financial charges) and communities (sponsorships and donations).

The economic value directly generated by SICIT in 2020 is over 69 million euros, driven mainly by the share of consolidated revenues which in 2020 amounted to 63.2 million euros, an increase of 11.5% compared to 2019.

For further details on SICIT's performance and financial position, please refer to SICIT's Consolidated Financial Statements at 31 December 2020.

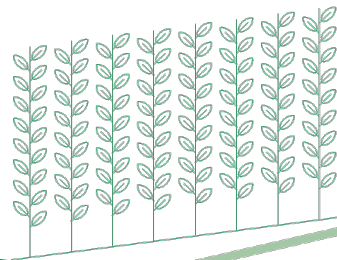
DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED ²³	2020	
	<i>thousands of euros</i>	%
Direct economic value generated	69,285	
Economic value retained	16,325	
Economic value distributed, of which:	52,960	
Remuneration to suppliers	31,200	58.9%
Remuneration to collaborators	9,437	17.8%
Remuneration to lenders	4	0.01%
Remuneration to investors (adjusted)	11,408	21.5%
Remuneration to public administration (adjusted)	175	0.3%
Community investments	736	1.4%

The economic value distributed amounts to 52.96 million Euros, 59% of which derives from the remuneration to suppliers that is composed of the cost of sales, research and development costs, commercial costs and distributed general and administrative costs. Collaborators remuneration represents almost 18% of the economic value distributed while 21.5% of the economic value was distributed to shareholders. During 2020, the resources allocated by SICIT to support the community amounted to over 730 thousand Euros. Finally, the value retained by the Group determined by the difference between the economic value directly generated and the economic value distributed was 16.3 million Euros.

²³ Excluding figurative/imputed effects referred to Fair Value for warrants

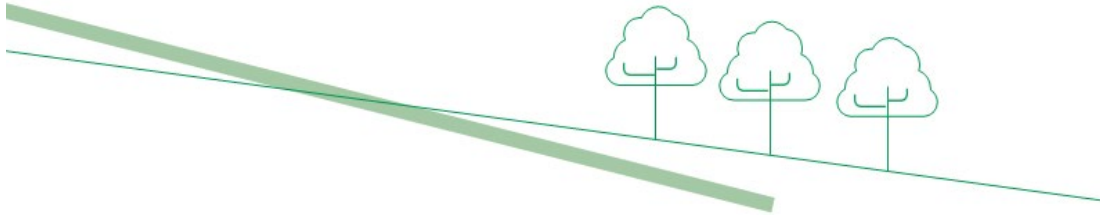


TOPIC BOUNDARY

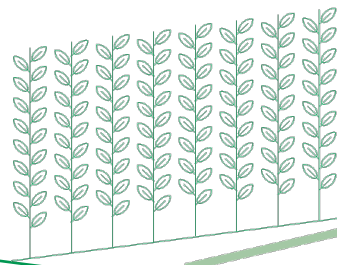


MATERIAL TOPIC	GRI STANDARD	IMPACT BOUNDARY	INVOLVEMENT OF SICIT
Corporate Governance	-	Parent Company	Caused by the Group
Business ethics and regulatory compliance	ANTI-COMPETITIVE BEHAVIOR (GRI 206) SOCIOECONOMIC COMPLIANCE (GRI 419) ENVIRONMENTAL COMPLIANCE (GRI 307) NON -DISCRIMINATION (GRI 406)	Group	Caused by the Group
Anti-corruption	ANTI-CORRUPTION (GRI 205)	Group	Caused by the Group
Economic performance and value creation	ECONOMIC PERFORMANCE (GRI 201)	Group	Caused by the Group
Sustainable supply chain management	PROCUREMENT PRACTICES (GRI 204)	Group	Caused by the Group
Environmental impact	ENERGY (GRI 302) EMISSIONS (GRI 305) WASTE (GRI 306) MATERIALS (GRI 301) WATER AND EFFLUENTS (GRI 303)	Group and Electricity suppliers	Caused by the Group directly linked to the Group through its business relationships
Product quality and safety	CUSTOMER HEALTH AND SAFETY (GRI 416)	Group	Caused by the Group
Innovation, R&D	-	Group	Caused by the Group
Employees development and well-being	NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER (GRI 401) TRAINING AND EDUCATION (GRI 404) DIVERSITY AND EQUAL OPPORTUNITY (GRI 405)	Group	Caused by the Group
Occupational Health and Safety	OCCUPATIONAL HEALTH AND SAFETY (GRI 403)	Employees of the Group ²⁴	Caused by the Group
Local communities	LOCAL COMMUNITIES (GRI 413)	Group	Caused by the Group

²⁴ The scope of health and safety data includes employees only. The Group assesses the possibility of collecting data from external collaborators, in order to report any accidents.



ANNEXES – PERFORMANCE INDICATORS



Social Responsibility

GRI STANDARDS DISCLOSURE 102-8: INFORMATION ON EMPLOYEES AND OTHER WORKERS

Total number of employees by employment contract (permanent and temporary) and gender						
Employment contract	as of 31 December 2019			as of 31 December 2020		
	Men	Women	Total	Men	Women	Total
Permanent	113	21	134	115	24	139
Temporary	-	3	3	-	1	1
Total	113	24	137	115	25	140

Total number of employees by employment contract (permanent and temporary), by gender and region						
Employment contract	as of 31 December 2019			as of 31 December 2020		
	Men	Women	Total	Men	Women	Total
Italy	112	22	134	114	23	137
Permanent	112	19	131	114	22	136
Temporary	-	3	3	-	1	1
Abroad	1	2	3	1	2	3
Permanent	1	2	3	1	2	3
Temporary	-	-	-	-	-	-
Total	113	24	137	115	25	140

Total number of employees by employment type (full-time and part-time) and gender						
Full-time / Part-time	as of 31 December 2019			as of 31 December 2020		
	Men	Women	Total	Men	Women	Total
Full-time	113	20	133	115	21	136
Part-time	-	4	4	-	4	4
Percentage of Part-time	0%	17%	3%	0%	16%	3%
Total	113	24	137	115	25	140

GRI STANDARDS DISCLOSURE 405-1: Diversity of governance bodies and employees

Total number of employees by employee category and gender						
Employee category	as of 31 December 2019			as of 31 December 2020		
	Men	Women	Total	Men	Women	Total
Executives	4	-	4	3	-	3
Middle Managers	10	3	13	10	3	13
White collar	30	19	49	33	20	53
Blue collar	69	2	71	69	2	71
Total	113	24	137	115	25	140

Total number of employees by employee category and gender (Percentage)						
Employee category	as of 31 December 2019			as of 31 December 2020		
	Men	Women	Total	Men	Women	Total
Executives	100.0%	0.0%	2.9%	100.0%	0.0%	2.1%
Middle Managers	76.9%	23.1%	9.5%	76.9%	23.1%	9.3%
White collar	61.2%	38.8%	35.8%	62.3%	37.7%	37.9%
Blue collar	97.2%	2.8%	51.8%	97.2%	2.8%	50.7%
Total	82.5%	17.5%	100.0%	82.1%	17.9%	100.0%

Total number of employees by employee category and age group								
Employee category	as of 31 December 2019				as of 31 December 2020			
	<30 years old	30-50 years old	>50 years old	Total	<30 years old	30-50 years old	>50 years old	Total
Executives	-	1	3	4	-	1	2	3
Middle Managers	-	8	5	13	-	8	5	13
White collar	5	34	10	49	5	36	12	53
Blue collar	21	26	24	71	21	30	20	71
Total	26	69	42	137	26	75	39	140

Total number of employees by employee category and age group (Percentage)

Employee category	as of 31 December 2019				as of 31 December 2020			
	<30 years old	30-50 years old	>50 years old	Total	<30 years old	30-50 years old	>50 years old	Total
Executives	0.0%	25.0%	75.0%	2.9%	0.0%	33.3%	66.7%	2.1%
Middle Managers	0.0%	61.5%	38.5%	9.5%	0.0%	61.5%	38.5%	9.3%
White collar	10.2%	69.4%	20.4%	35.8%	9.4%	67.9%	22.6%	37.9%
Blue collar	29.6%	36.6%	33.8%	51.8%	29.6%	42.3%	28.2%	50.7%
Total	19.0%	50.4%	30.7%	100.0%	18.6%	53.6%	27.9%	100.0%

Board composition by gender and age group

Number	as of 31 December 2019				as of 31 December 2020			
	<30 years old	30-50 years old	>50 years old	Total	<30 years old	30-50 years old	>50 years old	Total
Men	-	-	6	6	-	-	7	7
Women	-	1	3	4	-	1	3	4
Total	-	1	9	10	-	1	10	11

Board composition by gender and age group (Percentage)

Number	as of 31 December 2019				as of 31 December 2020			
	<30 years old	30-50 years old	>50 years old	Total	<30 years old	30-50 years old	>50 years old	Total
Men	0.0%	0.0%	100.0%	60.0%	0.0%	0.0%	100%	63.6%
Women	0.0%	25.0%	75.0%	40.0%	0.0%	25.0%	75.0%	36.4%
Total	0.0%	10.0%	90.0%	100.0%	0.0%	9.1%	90.9%	100.0%

GRI STANDARDS DISCLOSURE 102-41: Collective bargaining agreements

Percentage of total employees covered by collective bargaining agreements

Number of employees	as of 31 December 2019	as of 31 December 2020
Total number of employees	137	140
Number of employees covered by collective bargaining agreements ²⁵	134	137
Total Percentage	97.8%	97.9%

²⁵ Please refer to the CCNL for employees in the chemical, chemical-pharmaceutical, chemical fibre and abrasives, lubricants and LPG industries and to the CCNL for managers of companies producing goods and services.

GRI STANDARDS DISCLOSURE 401-1: New employee hires and employee turnover

Total number of new employee hires by age group, gender and region												
Number	2019											
	Italy				Abroad				Group			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Men	7	1	3	11	-	-	-	-	7	1	3	11
Women	2	3	-	5	-	1	-	1	2	4	-	6
Total	9	4	3	16	-	1	-	1	9	5	3	17

Total number of new employee hires by age group, gender and region												
Number	2020											
	Italy				Abroad				Group			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Men	3	3	1	7	-	-	-	-	3	3	1	7
Women	1	1	-	2	-	-	-	-	1	1	-	2
Total	4	4	1	9	-	-	-	-	4	4	1	9

Total number of employee turnover by age group, gender and region												
Number	2019											
	Italy				Abroad				Group			
	<30	30-50	>50	Totale	<30	30-50	>50	Totale	<30	30-50	>50	Totale
Men	1	1	2	4	-	-	-	-	1	1	2	4
Women	-	-	-	-	-	-	-	-	-	-	-	-
Total	1	1	2	4	-	-	-	-	1	1	2	4

Total number of employee turnover by age group, gender and region

Number	2020											
	Italy				Abroad				Group			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Men	-	-	5	5	-	-	-	-	-	-	5	5
Women	-	-	1	1	-	-	-	-	-	-	1	1
Total	-	-	6	6	-	-	-	-	-	-	6	6

Rate of new employee hires by age group, gender and region

Number	2019											
	Italy				Abroad				Group			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Men	6.2%	0.9%	2.7%	9.7%	0.0%	0.0%	0.0%	0.0%	6.2%	0.9%	2.7%	9.7%
Women	8.3%	12.5%	0.0%	20.8%	0.0%	4.2%	0.0%	4.2%	8.3%	16.7%	0.0%	25.0%
Total	6.6%	2.9%	2.2%	11.7%	0.0%	0.7%	0.0%	0.7%	6.6%	3.6%	2.2%	12.4%

Rate of new employee hires by age group, gender and region

Number	2020											
	Italy				Abroad				Group			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Men	2.6%	2.6%	0.9%	6.1%	-	-	-	-	2.6%	2.6%	0.9%	6.1%
Women	4.0%	4.0%	0.0%	8.0%	-	-	-	-	4.0%	4.0%	0.0%	8.0%
Total	2.9%	2.9%	0.7%	6.4%	-	-	-	-	2.9%	2.9%	0.7%	6.4%

Rate of employee turnover by age group, gender and region

Number	2019											
	Italy				Abroad				Group			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Men	0.9%	0.9%	1.8%	3.5%	0.0%	0.0%	0.0%	0.0%	0.9%	0.9%	1.8%	3.5%
Women	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	0.7%	0.7%	1.5%	2.9%	0.0%	0.0%	0.0%	0.0%	0.7%	0.7%	1.5%	2.9%

Rate of employee turnover by age group, gender and region

Number	2020											
	Italy				Abroad				Group			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Men	-	-	4.35%	4.35%	-	-	-	-	-	-	4.35%	4.35%
Women	-	-	4.00%	4.00%	-	-	-	-	-	-	4.00%	4.00%
Total	-	-	4.29%	4.29%	-	-	-	-	-	-	4.29%	4.29%

GRI STANDARDS DISCLOSURE 404-1: Average hours of training per year per employee

Hours of mandatory training for employees by gender and employee category - 2019

Employee category	N. hours Men	N. per capita Men	N. hours Women	N. per capita Women	N. Total hours	N. Total per capita hours
Executives	8.0	2.0	-	-	8.0	2.0
Middle Managers	14.5	1.5	12.0	4.0	26.5	2.0
White collar	42.5	1.4	49.5	2.6	92.0	1.9
Blue collar	651.5	9.4	12.0	6.0	663.5	9.3
Total	716.5	6.3	73.5	3.1	790.0	5.8

Hours of mandatory training for employees by gender and employee category - 2020

Employee category	N. hours Men	N. per capita Men	N. hours Women	N. per capita Women	N. Total hours	N. Total per capita hours
Executives	16	5.3	-	-	16	5.3
Middle Managers	45.5	4.6	-	-	45.5	3.5
White collar	169	5.1	80	4.0	249	4.7
Blue collar	430.5	6.2	8	4.0	438.5	6.2
Total	661	5.7	88	3.5	749	5.4

Hours of non-mandatory training for employees by gender and employee category - 2019

Employee category	N. hours Men	N. per capita Men	N. hours Women	N. per capita Women	N. Total hours	N. Total per capita hours
Executives	151.0	37.8	-	-	151.0	37.8
Middle Managers	213.0	21.3	1.0	0.3	214.0	16.5
White collar	308.0	10.3	139.0	7.3	447	9.1
Blue collar	60	0.9	-	-	60.0	0.8
Total	732.0	6.5	140.0	5.8	872.0	6.4

Hours of non-mandatory training for employees by gender and employee category - 2020

Employee category	N. hours Men	N. per capita Men	N. hours Women	N. per capita Women	N. Total hours	N. Total per capita hours
Executives	137.5	45.8	-	-	137.5	45.8
Middle Managers	78.5	7.9	7.5	2.5	86	6.6
White collar	260	7.9	82.5	4.1	342.5	6.5
Blue collar	69	1.0	1.5	0.8	70.5	1.0
Total	545	4.7	91.5	3.7	636.5	4.5

Total training hours for employees by gender and employee category - 2019

Employee category	N. hours Men	N. per capita Men	N. hours Women	N. per capita Women	N. Total hours	N. Total per capita hours
Executives	159.0	39.8	-	-	159.0	39.8
Middle Managers	227.5	22.8	13.0	4.3	240.5	18.5
White collar	350.5	11.7	188.5	9.9	539.0	11.0
Blue collar	711.5	10.3	12.0	6.0	723.5	10.2
Total	1,448.5	12.8	213.5	8.9	1,662.0	12.1

Total training hours for employees by gender and employee category - 2020

Employee category	N. hours Men	N. per capita Men	N. hours Women	N. per capita Women	N. Total hours	N. Total per capita hours
Executives	153.5	51.2	-	-	153.5	51.2
Middle Managers	124	12.4	7.5	2.5	131.5	10.1
White collar	429	13.0	162.5	8.1	591.5	11.2
Blue collar	499.5	7.2	9.5	4.8	509	7.2
Total	1,206	10.5	179.5	7.2	1,385.50	9.9

GRI STANDARDS DISCLOSURE 405-2 Ratio of basic salary and remuneration of women to men²⁶

Ratio of basic salary of women to men						
Employee category	as of 31 December 2019			as of 31 December 2019		
	Men	Women	Ratio	Men	Women	Ratio
Executives	112,000	-	-	110,289	-	-
Middle Managers	59,739	53,110	0.89	60,229	53,638	0.89
White collar	37,816	29,160	0.77	38,497	30,855	0.80
Blue collar	29,506	24,965	0.85	29,742	-	-

Ratio of remuneration of women to men						
Employee category	as of 31 December 2019			as of 31 December 2019		
	Men	Women	Ratio	Men	Women	Ratio
Executives	217,827	-	-	122,926	-	-
Middle Managers	71,817	63,817	0.89	66,301	58,497	0.88
White collar	45,033	30,906	0.69	44,084	31,241	0.71
Blue collar	39,440	27,187	0.69	41,096	-	-

²⁶ The ratio of base salary and remuneration of women to men for each category of employee is calculated considering only full-time employees of SICIT Group S.p.A. and Sicit Chemitech S.p.A. who have worked for a period of 12 months.

GRI STANDRADS DISCLOSURE 403-9: Work-related injuries²⁷

Employees of the Group		
Work-related injuries		
Number of injuries	2019	2020
Total number of fatalities as a result of work-related injury	-	-
Total number of high-consequence work-related injuries (excluding fatalities) ²⁸	-	-
Total number of recordable work-related injuries	3	3
Rate of work-related injuries		
Rate of fatalities as a result of work-related injury	-	-
Rate of high-consequence work-related injuries (excluding fatalities)	-	-
Rate of recordable work-related injuries ²⁹	12.94	12.38
Number of hours worked	231,868.50	242,304.50

²⁷ The scope of health and safety data includes employees only. The Group assesses the possibility of collecting data from external collaborators, in order to report any accidents.

²⁸ Work-related injuries that have led to an injury from which the worker cannot recover, does not recover or it is unrealistic to expect him to fully recover and return to pre-accident health within 6 months.

²⁹ Injury rate is calculated as number of workplace injuries divided by the number of hours worked, multiplied per 1,000,000. The figures include injuries as a result of commuting incidents only where the transport has been organized by the organization. During 2019, there were no cases of occupational illness. The injury rate recorded by the Group in 2019 related to Sicit Group S.p.A. and Sicit Chemitech S.p.A. not include the hours worked by employees of the foreign subsidiaries due to the unavailability of the data. The injury rate recorded by the Group in 2020 does include them. No cases of injuries occurred at SICIT Commercial Consulting Shanghai Ltd. and Sicit USA Inc. in 2020 and 2019. Finally, there were no fatalities, high-consequence work-related injuries and work-related injuries in 2018 at SICIT Group.

Environment Responsibility

GRI STANDARDS DISCLOSURE 301-2: Recycled input materials used

Years		2019		2020	
Materials	Unit of measurement	Quantity	% of recycled Input material	Quantity	% of recycled Input material
Chemical substances					
Succinic anhydride	kg	867,375	-	1,121,250	-
Lime	kg	9,783,510	-	0,637,400	-
Ammonium bicarbonate	kg	3,252,975	-	3,450,000	-
Nitric acid	kg	271,040	-	122,280	-
Sulphuric acid	kg	5,889,100	-	5,521,960	-
Caustic soda	kg	2,475,256	-	1,783,420	-
Hydrochloric acid	kg	132,230	-	138,990	-
Various chemists	kg	1,179,676	-	3,400,588	-
Total		23,851,162	-	26,175,888	
Waste products of tanneries					
Fleshing	kg	96,065,570	100%	95,256,800	100%
Animal hair	kg	1,214,560	100%	6,753,520	100%
Shavings	kg	18,426,910	100%	16,823,770	100%
Trimming	kg	6,046,760	100%	4,439,030	100%
Hips and shoulders	kg	-	100%	6,265,970	100%
Cuttings	kg	671,640	100%	205,870	100%
Total		122,425,440	-	129,744,960	
Packaging					
Extensible	pcs	360	-	1,080	-
Tanks	pcs	7,350	-	9,746	-
Drums	pcs	12,452	-	10,984	-
Big bag	pcs	2,085	-	-	-
Bags	pcs	76,848	-	102,096	-
Cardboard case	pcs	300	-	336	-
Pallets	pcs	7,336	100%	6,481	100%
Total		106,731		130,723	

GRI STANDARDS DISCLOSURE 302-1: Energy consumption within the organization

GRI STANDARDS DISCLOSURE 302-3: Energy intensity

Energy consumption			
Types of consumption	Unit of measurement	2019	2020
NON-RENEWABLE FUELS		371,559	380,865
Methane (Natural Gas)	GJ	370,012	377,327
Diesel for automotive use	GJ	1,547	1,768
<i>Of which generator set</i>	GJ	40	1
<i>Of which owned and leased long-term</i>	GJ	1,507	1,767
ELECTRICITY ³⁰		39,625	27,208
Electricity purchased	GJ	39,625	27,208
<i>Of which from renewable source</i>	GJ	-	-
<i>Of which from non-renewable source</i>	GJ	39,625	27,208
TOTAL CONSUMPTION			
Total energy consumption	GJ	411,184	406,303
Renewable energy	GJ	-	-
Non-renewable energy	GJ	411,184	406,303
ENERGY INTENSITY ON PRODUCTION OF HYDROLYZED PROTEIN	GJ/ton	17.23	15.48

Conversion factors to GJ

Conversion factors in GJ			
Electricity / Thermal energy	GJ/kWh	0.0036	CONSTANT
Natural Gas	GJ/sm ³	0.035281	Min. Ambiente 2020
Diesel for automotive use	GJ/ton	42.7800	ISPRA 2019 FIRE: Linee guida Energy Manager 2019
Diesel (Density)	kg/liters	0.8400	FIRE: Linee guida Energy Manager 2019

³⁰ The Group did not use certificates of origin to purchase energy from renewable sources. In addition, it should be noted that in 2018, the Group's consumption amounted to: 350,878 GJ of natural gas, 1,402 GJ of diesel for automotive use and 46,557 GJ of electricity. Total consumption in 2018 amounted to 398,837 GJ.

GRI STANDARDS DISCLOSURE 303-3: Water withdrawal

Water withdrawal					
Source of the withdrawal	Unit of measurement	2019		2020	
		All areas	Areas with water stress ³¹	All areas	Areas with water stress
Groundwater (total)	Megaliters	100	-	106	-
Freshwater (\leq 1000 mg/L total dissolved solids)	Megaliters	100	-	106	-
Other water ($>$ 1000 mg/L total dissolved solids)	Megaliters	0	-	0	-
Third party water (total)	Megaliters	142	-	133	-
Freshwater (\leq 1000 mg/L total dissolved solids)	Megaliters	142	-	133	-
Other water ($>$ 1000 mg/L total dissolved solids)	Megaliters	0	-	0	-
Total water withdrawal	Megaliters	242	-	239	-

GRI STANDARDS DISCLOSURE 303-4: Water discharge

Water discharge					
Water discharge destination	Unit of measurement	2019		2020	
		All areas	Areas with water stress	All areas	Areas with water stress
Groundwater (total)	Megaliters	0	-	0	-
Freshwater (\leq 1000 mg/L total dissolved solids)	Megaliters	0	-	0	-
Other water ($>$ 1000 mg/L total dissolved solids)	Megaliters	0	-	0	-
Third party water (total)	Megaliters	248	-	248	-
Freshwater (\leq 1000 mg/L total dissolved solids)	Megaliters	248	-	248	-
Other water ($>$ 1000 mg/L total dissolved solids)	Megaliters	0	-	0	-
Total water discharge	Megaliters	248	-	248	-

³¹ With reference to water withdrawal and discharge in areas subject to water stress, SICIT uses the Aqueduct Tool developed by the World Resources Institute to identify potential risk areas. According to this analysis, neither of the two production plants are located in water-stressed areas. The WRI tool is available online at <https://www.wri.org/our-work/project/aqueduct>. For the analysis, the results from the "baseline water stress" column were taken into account. In 2018 the total water withdrawal amounted to 218 Megaliters: 123 withdrawn from aqueduct and 95 from well.

GRI STANDARDS DISCLOSURE 305-1: Direct (Scope 1) GHG emissions³²

DIRECT SCOPE 1 EMISSIONS			
Scope 1	Unit of measurement	2019	2020
Methane	tCO2	20,700	21,219
Diesel for automotive use	tCO2	114	130
Total Scope 1 emissions	tCO2	20,814	21,349

GRI STANDARDS DISCLOSURE 305-2: Energy indirect (Scope 2) GHG emissions³³

INDIRECT SCOPE 2 EMISSIONS			
Scope 2	Unit of measurement	2019	2020
Electricity purchased - Location Based	tCO2	3,483	2,098
Electricity purchased - Market Based	tCO2	5,129	3,522

TOTAL EMISSIONS

TOTAL EMISSIONS			
	Unit of measurement	2019	2020
TOTAL EMISSIONS (SCOPE 1 + SCOPE 2 - Location Based)	tCO2	24,297	23,447
TOTAL EMISSIONS (SCOPE 1 + SCOPE 2 - Market Based)	tCO2	25,943	24,871

³² For the calculation of Scope 1 emissions, the emission factors "ISPRA - National Inventory Report 2020" and Ministero dell'ambiente - Tabella parametri standard nazionali 2020 were used. The emissions of Scope 1 are expressed in tons of CO2, as the source used does not report the emission factors of gases other than CO2.

³³ The GRI Sustainability Reporting Standards provide two Scope 2 emissions calculation methods, the "Location based method" and the "Market based method". For the calculation of Scope 2 emissions, in line with the GRI Sustainability Reporting Standards, both calculation methods were used. The Market-based is based on the CO2 emissions emitted by the energy suppliers from which the organization buys electricity through a contract and can be calculated by considering: certificates of guarantee of origin of energy and direct contracts with suppliers, factors specific supplier emissions, emission factors related to the residual mix, i.e. energy and emissions not monitored or unclaimed (methodology used, with emission factor Italy 2020: 466 gCO2/kWh - source: AIB - European Residual Mixes 2019). The Location-based method is based on average emission factors relating to the generation of energy for well-defined geographic borders, including local, subnational or national borders (methodology used, with emission factor Italy 2020: 277.6 gCO2/kWh - source: ISPRA 2020 - Fattori di emissione atmosferica di gas a effetto serra nel settore elettrico nazionale e nei principali Paesi Europei). Scope 2 emissions calculated with the Location-based method are expressed in tons of CO2, however the percentage of methane and nitrous oxide has a negligible effect on total greenhouse gas emissions (CO2 equivalent) as can be deduced from the reference technical literature.

GRI STANDARDS DISCLOSURE 305-4: GHG emissions intensity

EMISSION INTENSITY			
	Unit of m	2019	2020
EMISSION INTENSITY (SCOPE 1) ON PRODUCTION OF HYDROLYZED PROTEIN	tCO ₂ /t	0.87	0.81
EMISSION INTENSITY (SCOPE 1 + SCOPE 2 - Location Based) ON PRODUCTION OF HYDROLYZED PROTEIN	tCO ₂ /t	1.02	0.89
EMISSION INTENSITY (SCOPE 1 + SCOPE 2 - Market Based) ON PRODUCTION OF HYDROLYZED PROTEIN	tCO ₂ /t	1.09	0.95

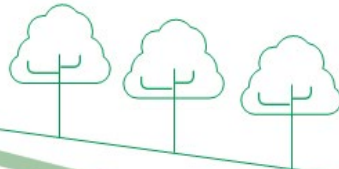
GRI STANDARDS DISCLOSURE 305-7: Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions

Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions			
Polluting gases	Unit of measurement	2019	2020
		Value	
NO _x	tons	55.25	71.74
SO _x	tons	3.29	15.76
Volatile organic compounds (VOC)	tons	2.08	2.08
Other standard categories of air emissions identified in relevant regulations (NH ₃)	tons	40.38	14.70

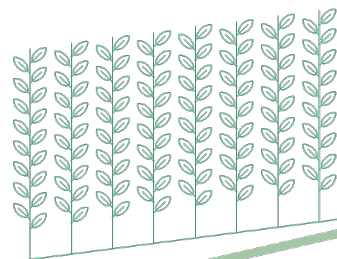
GRI STANDARD DISCLOSURE 306-3 (2020): Waste generated³⁴

Type of waste	Tons	
	2019	2020
Hazardous		
Mineral engine, gear, and lubrication oils. non-chlorinated	0.7	1.1
Absorbents, filtering materials, rags and protective clothing, contaminated by substances	0.0	0.2
Packaging containing residues of or contaminated by hazardous substances	13.5	12.6
Metal packaging containing hazardous porous solid matrices	0.1	0.0
Discontinued equipment, containing chlorofluorocarbons, HCFCs, HFC	0.0	1.2
Inorganic wastes containing hazardous substances	0.2	0.0
Hazardous components removed from discarded equipment	0.1	0.0
Discontinued equipment. containing hazardous components	0.0	0.0
Aqueous washing solutions and mother liquors	408.6	72.5
Organic wastes containing hazardous substances	1.3	0.2
Laboratory chemicals containing or consisting of hazardous substances	0.2	-
Waste organic chemicals containing or consisting of hazardous substances	0.6	-
Lead Acid Batteries	0.7	-
Nickel-cadmium batteries	-	-
Other insulation materials containing or consisting of hazardous substances	7.1	0.9
Total	433.1	88.6
Non-hazardous		
Sludge produced by on-site effluent treatment	11700.4	13338.3
Packaging in mixed materials	70.4	58.6
Unspecified waste	365.1	296.2
Plastic packaging	0.2	-
Wooden packaging	14.7	29.4
Glass packaging	1.1	-
Absorbents, filtering materials, rags and protective clothing	390.0	411.4
Discontinued equipment	0.7	-
Components removed from discarded equipment	0.1	9.6
Plastic	7.1	1.5
Iron and steel	132.4	21.9
Cables	1.7	0.6
Mixed waste from construction and demolition activities	13.7	56.1
Total	12,697	14,223
Total	13,130	14,312

³⁴ For 2020, it was decided to proceed with the reporting of waste data using the new GRI Standard 306, published by the Global Reporting Initiative (GRI) in 2020 to replace the version used to date, published in 2016. For comparative purposes, the data for 2019 have therefore been restated from those published in the previous Sustainability Report. For previously published data, please refer to the 2019 Sustainability Report, published on the website www.sicitgroup.com, in the "Sustainability" section.



METHODOLOGICAL NOTE



Methodological Note

The Sustainability Report of the SICIT Group, in its second edition, represents a document to describe, in a transparent and articulated manner, the results achieved by SICIT during the 2020 financial year (from January 1 to December 31) in terms of economic, social and environmental issues and it reports the commitment and the initiatives undertaken for sustainable development.

This Report, published annually, has been prepared in accordance with the GRI Standards: "in accordance - Core" option, as indicated in the table "GRI Content Index". For the specific GRI Standards 303 (Water and water discharges) and GRI 403 (Occupational health and safety), the most recent 2018 versions have been adopted, while for the specific GRI Standard 306 (Waste), the most recent 2020 version has been used.

The contents presented in this Report were selected based on the results of a preliminary analysis carried out in 2020, which identified the material aspects for the Group and its stakeholders, and it is presented within this document.

The scope of economic data reported is the same as of the SICIT Group Consolidated Financial Statements as of December 31, 2020. The scope of data and information regarding social aspects includes the companies consolidated line-by-line in the SICIT Group Consolidated Financial Statements as of December 31, 2020. The data and information regarding environmental aspects includes the two SICIT production plants, Chiampo and Arzignano.

The information for the reference period is compared with that of the previous year, where available. In order to ensure the reliability of the data, the use of estimates was limited as much as possible, and, if present, are duly reported and based on the best available information.

Regarding 2020, there were no significant changes to the organization's size, structure, ownership, or supply chain.

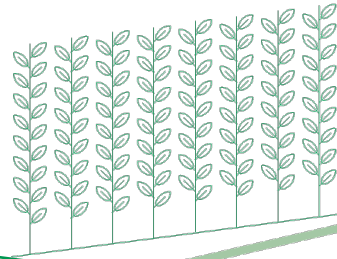
SICIT adopts a risk-based approach in all its decision-making and operational processes in order to monitor and manage risk situations related to social, environmental, ethics and integrity in the business and regulatory compliance issues.

In order to improve the effectiveness of the reporting process and the reliability of the information reported, the Report was subject to limited assurance by Deloitte&Touche S.p.A.; the verification carried out was concluded with the "Independent Auditors' Report"

For more information and suggestions on SICIT Sustainability Report, please email the following address: info@SICITgroup.com or visit the website www.sicitgroup.com.



GRI CONTENT INDEX



GRI CONTENT INDEX

This report has been prepared in accordance with the GRI Standards: Core option.

GRI Standards	Disclosure	Page	Omission
GRI 102: GENERAL STANDARD DISCLOSURES (2016)			
Organizational profile			
102-1	Name of the organization	2	
102-2	Activities, brands, products, and services	17-20	
102-3	Location of headquarters	17	
102-4	Location of operations	17-18	
102-5	Ownership and legal form	15	
102-6	Markets served	17	
102-7	Scale of the organization	9 Market Cap 242.7 million euros as of 31 December 2020	
102-8	Information on employees and other workers	33, 54	
102-9	Supply chain	47	
102-10	Significant changes to the organization and its supply chain	70	
102-11	Precautionary Principle or approach	14	
102-12	External initiatives	30, 34, 38	
102-13	Membership of associations	UNIC (Concerie Italiane); CRA (Consiglio per la ricerca e la sperimentazione in agricoltura) and Confindustria Vicenza	
Strategy			
102-14	Statement from senior decision-maker	7	
Ethics and integrity			
102-16	Values, principles, standards, and norms of behavior	11-13	
Governance			
102-18	Governance structure	15-16	

Stakeholder engagement			
102-40	List of stakeholder groups	24	
102-41	Collective bargaining agreements	56	
102-42	Identifying and selecting stakeholders	24	
102-43	Approach to stakeholder engagement	24-25	
102-44	Key topics and concerns raised	24-25	
Reporting practice			
102-45	Entities included in the consolidated financial statements	70	
102-46	Defining report content and topic Boundaries	52	
102-47	List of material topics	25-26	
102-48	Restatements of information	70	
102-49	Changes in reporting	There are no significant changes from previous reporting periods in the list of material topics and topic boundaries.	
102-50	Reporting period	70	
102-51	Date of most recent report	70	
102-52	Reporting cycle	70	
102-53	Contact point for questions regarding the report	70	
102-54	Claims of reporting in accordance with the GRI Standards	70	
102-55	GRI content index	72-78	
102-56	External assurance	80-82	
TOPIC-SPECIFIC STANDARDS			
Material topic: Economic performance and value creation			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	25-26, 52	
103-2	The management approach and its components	49-50	

103-3	Evaluation of the management approach	49-50	
GRI 201: Economic Performance (2016)			
201-1	Valore economico direttamente generato e distribuito	50	
Material topic: Sustainable supply chain management			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	25-26, 52	
103-2	The management approach and its components	47-48	
103-3	Evaluation of the management approach	47-48	
GRI 204: Procurement Practices (2016)			
204-1	Proportion of spending on local suppliers	47	
Material topic: Business ethics and regulatory compliance			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	25-26, 52	
103-2	The management approach and its components	11-14	
103-3	Evaluation of the management approach	11-14	
GRI 206: Anti-competitive Behaviour (2016)			
206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	In 2020 there were no legal actions taken for anticompetitive behavior, antitrust and monopoly practices.	
GRI 419: Socioeconomic Compliance (2016)			
419-1	Non-compliance with laws and regulations in the social and economic area	During 2020 the Group did not receive any sanction for non-compliance with laws and regulations in the social and economic area.	
GRI 307: Environmental Compliance (2016)			
307-1	Non-compliance with environmental laws and regulations	During 2020 the Group did not receive any sanction for non-compliance with environmental laws and regulations.	
GRI 406: Non-discrimination (2016)			
406-1	Incidents of discrimination and corrective actions taken	In 2020 there were no incidents of discrimination.	
Material topic: Anti-corruption			

GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	25-26, 52	
103-2	The management approach and its components	13-14	
103-3	Evaluation of the management approach	13-14	
GRI 205: Anti-corruption (2016)			
205-3	Confirmed incidents of corruption and actions taken	In 2020 there were no reported incidents of corruption	
Material topic: Environmental impact			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	25-26, 52	
103-2	The management approach and its components	38-45	
103-3	Evaluation of the management approach	38-45	
GRI 301: Materials (2016)			
301-2	Recycled input materials used	63	
GRI 302: Energy (2016)			
302-1	Energy consumption within the organization	64	
302-3	Energy intensity	64	
GRI 303: Water and Effluents (2018)			
303-1	Interactions with water as a shared resource	42-43	
303-2	Management of water discharge-related impacts	42-43	
303-3	Water withdrawal	65	
303-4	Water discharge	65	
GRI 305: Emissions (2016)			
305-1	Direct (Scope 1) GHG emissions	66	
305-2	Energy indirect (Scope 2) GHG emissions	66	
305-4	GHG emissions intensity	67	

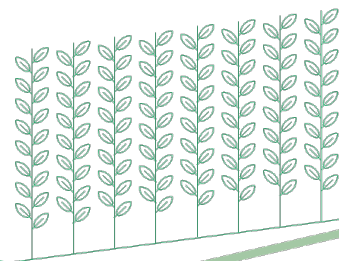
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	67	
GRI 306: Waste (2020)			
306-1	Waste generation and significant waste-related impacts	43-44	
306-2	Management of significant waste-related impacts	43-44	
306-3	Waste generated	68	
Material topic: Employees development and well-being			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	25-26, 52	
103-2	The management approach and its component	33-34	
103-3	Evaluation of the management approach	33-34	
GRI 401: Employment (2016)			
401-1	New employee hires and employee turnover	57	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Benefits normally provided to full-time employees are provided also to temporary or part-time employees.	
GRI 404: Training and Education (2016)			
404-1	Average hours of training per year per employee	59-60	
GRI 405: Diversity and Equal Opportunity (2016)			
405-1	Diversity of governance bodies and employees	55-56	
405-2	Ratio of basic salary and remuneration of women to men	61	
Material topic: Occupational Health and Safety			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	25-26, 52	
103-2	The management approach and its component	34-36	
103-3	Evaluation of the management approach	34-36	
GRI 403: Occupational Health and Safety (2018)			
403-1	Occupational health and safety management system	34-36	

403-2	Hazard identification, risk assessment, and incident investigation	34-36	
403-3	Occupational health services	34-36	
403-4	Worker participation, consultation, and communication on occupational health and safety	34-36	
403-5	Worker training on occupational health and safety	34-36	
403-6	Promotion of worker health	34-36	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	34-36	
403-9	Work-related injuries	62	
Material topic: Product quality and safety			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	25-26, 52	
103-2	The management approach and its components	29-30	
103-3	Evaluation of the management approach	29-30	
GRI 416: Customer Health and Safety (2016)			
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	In 2019 there were no incidents of non-compliance concerning the health and safety impacts of products.	
Material topic: Innovation, R&D			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	25-26, 52	
103-2	The management approach and its components	30-31	
103-3	Evaluation of the management approach	30-31	
Material topic: Corporate Governance			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	25-26, 52	
103-2	The management approach and its components	14-16	
103-3	Evaluation of the management approach	14-16	

Material topic: Local communities			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	25-26, 52	
103-2	The management approach and its components	48	
103-3	Evaluation of the management approach	48	
GRI 413: Local Communities (2016)			
413-2	Operations with significant actual and potential negative impacts on local communities	In 2020 there were no operations with significant actual and potential negative impacts on local communities	



INDEPENDENT AUDITORS' REPORT



Independent Auditors' Report

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INDEPENDENT AUDITOR'S REPORT ON THE SUSTAINABILITY REPORT

To the Board of Directors of
Sicit Group S.p.A.

We have carried out a limited assurance engagement on the Sustainability Report of the Sicit Group (hereinafter also "Group") as of December 31, 2020.

Responsibility of the Directors for the Sustainability Report

The Directors of Sicit Group S.p.A. are responsible for the preparation of the Sustainability Report in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" established by GRI - Global Reporting Initiative ("GRI Standards"), as stated in the paragraph "Methodological note" of the Sustainability Report.

The Directors are also responsible, for such internal control as they determine is necessary to enable the preparation of the Sustainability Report that is free from material misstatement, whether due to fraud or error.

The Directors are also responsible for the definition of the Group's objectives in relation to the sustainability performance, for the identification of the stakeholders and the significant aspects to report.

Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the *International Ethics Standards Board for Accountants*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our auditing firm applies *International Standard on Quality Control 1 (ISQC Italia 1)* and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

Sede Legale: Via Tortona, 25 - 20144 Milano | Capitale Sociale: Euro 10.328.220,00 i.v.

Codice Fiscale/Registro delle Imprese di Milano/Monza/Brianza/Lodi n. 03049560166 - R.E.A. n. MI-1720239 | Partita IVA: IT 03049560166

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Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the Sustainability Report with the GRI Standards. We conducted our work in accordance with the criteria established in the *"International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information"* (hereinafter *"ISAE 3000 Revised"*), issued by the *International Auditing and Assurance Standards Board (IAASB)* for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the Sustainability Report is free from material misstatement.

Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on the Sustainability Report are based on our professional judgement and included inquiries, primarily with Company personnel responsible for the preparation of information included in the Sustainability Report, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically we carried out the following procedures:

- 1) analysis of the process relating to the definition of material aspects disclosed in the Sustainability Report, with reference to the methods used for the identification and prioritization of material aspects for stakeholders and to the internal validation of the process results;
- 2) comparison between the economic and financial data and information included in the paragraph *"Direct economic value generated and distributed"* of the Sustainability Report with those included in the Group's Financial Statements;
- 3) understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the Sustainability Report.

In particular, we carried out interviews and discussions with the management of Sicit Group S.p.A. and with the personnel of Sicit Chemitech S.p.A. and we carried out limited documentary verifications, in order to gather information about the processes and procedures, which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the Sustainability Report.

In addition, for material information, taking into consideration the Group's activities and characteristics:

- at the parent company's and subsidiaries' level:
 - a) with regards to qualitative information included in the Sustainability Report, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
 - b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data;

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- for the Arzignano and Chiampo production plants of Sicit Group S.p.A., which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out remote meetings, during which we have met the management of the plants and have gathered supporting documentation on a sample basis with reference to the correct application of procedures and calculation methods used for the indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the Sustainability Report of the Sicit Group as of December 31, 2020 is not prepared, in all material aspects, in accordance with the GRI Standards as stated in the paragraph “Methodological note” of the Sustainability Report.

DELOITTE & TOUCHE S.p.A.

Signed by
Cristiano Nacchi
Partner


Padova, Italy
July 22, 2021


This report has been translated into the English language solely for the convenience of international readers.



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