

SICIT Group SpA

Agricultural Chemicals Italy MIL:SICT

ESG Risk Rating

27.8

Updated Feb 9, 2021

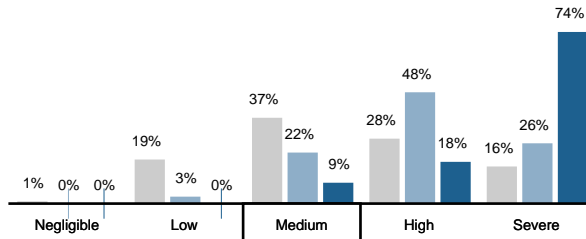
Not
available

Momentum

Medium Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = lowest risk)
Global Universe	6562/13557	49th
Chemicals INDUSTRY	77/446	18th
Agricultural Chemicals SUBINDUSTRY	5/57	8th

Peers Table

Peers (Market cap \$0.2 - \$0.4bn)

	Exposure	Management	ESG Risk Rating
1. SICIT Group SpA	56.9 High	56.7 Strong	27.8 Medium
2. Namhae Chemical Corp	63.2 High	23.0 Weak	50.2 Severe
3. Intrepid Potash, Inc.	65.7 High	22.4 Weak	52.5 Severe
4. Easy Holdings Co., Ltd.	68.2 High	11.8 Weak	61.0 Severe
5. Marrone Bio Innovations, Inc.	71.3 High	14.5 Weak	62.0 Severe

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ESG Risk Analysis

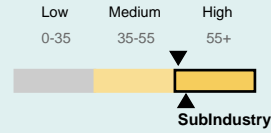
Exposure refers to the extent to which a company is exposed to different material ESG Issues. Our exposure score takes into consideration subindustry and company-specific factors such as its business model.

ESG Risk Exposure

56.9
High

Not available
Momentum

Beta = 0.92



SICIT's processing of raw materials is highly energy intensive. Increasingly stringent carbon regulations, particularly in European countries where the company generates the majority of its revenue (56% of FY2019 revenue), expose SICIT to potential compliance and financial costs. In addition, the processing of animal products and the chemical production of fertilizers or retardants generate negative environmental externalities. The mismanagement of such externalities could lead to pollution, triggering potential fines and clean-up costs for SICIT. Moreover, SICIT's production employees (52% of the total workforce in FY2019) are exposed to a host of health and safety risks associated with the handling of chemicals and industrial equipment. Frequent injuries or fatalities may lead to lawsuits, compensation costs and operational disruptions due to downtime.

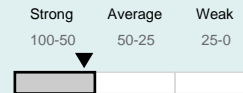
The company's overall exposure is high and is moderately below subindustry average. Carbon - Own Operations, Emissions, Effluents and Waste and Occupational Health and Safety are notable material ESG issues.

Management refers to how well a company is managing its relevant ESG issues. Our management score assesses the robustness of a company's ESG programs, practices, and policies.

ESG Risk Management

56.7
Strong

Not available
Momentum



SICIT's overall ESG-related disclosure follows best practice, signalling strong accountability to investors and the public. The company's ESG-related issues are overseen by a committee, but reporting is insufficient to assess the level of authority in this area.

The company's overall management of material ESG issues is strong.

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Material ESG Issues

These are the Material ESG Issues driving the ESG Risk Rating.

Issue Name	ESG Risk Exposure	ESG Risk Management	ESG Risk Rating	Contribution to ESG Risk Rating
	Score Category	Score Category	Score Category	
Carbon -Own Operations	7.0 Medium	27.4 Average	5.5 Medium	19.6%
Corporate Governance	9.0 High	52.5 Average	4.3 Medium	15.3%
Emissions, Effluents and Waste	7.0 Medium	47.9 Average	4.0 Low	14.3%
Resource Use	5.0 Medium	48.9 Average	3.0 Low	10.9%
Occupational Health and Safety	6.0 Medium	63.1 Strong	2.4 Low	8.6%
Human Capital	5.0 Medium	56.2 Strong	2.3 Low	8.4%
Community Relations	3.3 Low	38.5 Average	2.2 Low	7.7%
Product Governance	3.0 Low	47.5 Average	1.7 Negligible	6.2%
E&S Impact of Products and Services	5.6 Medium	92.2 Strong	1.5 Negligible	5.3%
Business Ethics	6.0 Medium	87.5 Strong	1.0 Negligible	3.6%
Overall	56.9 High	56.7 Strong	27.8 Medium	100.0%

Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

Category (Events)

Severe (0)

High (0)

Significant (0)

Moderate (0)

Low (0)

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Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

Category (Events)

None (20)

Accounting and Taxation

Animal Welfare

Anti-Competitive Practices

Bribery and Corruption

Business Ethics

Community Relations

Emissions, Effluents and Waste

Employees - Human Rights

Energy Use and GHG Emissions

Environmental Impact of Products

Intellectual Property

Labour Relations

Lobbying and Public Policy

Marketing Practices

Occupational Health and Safety

Quality and Safety

Sanctions

Social Impact of Products

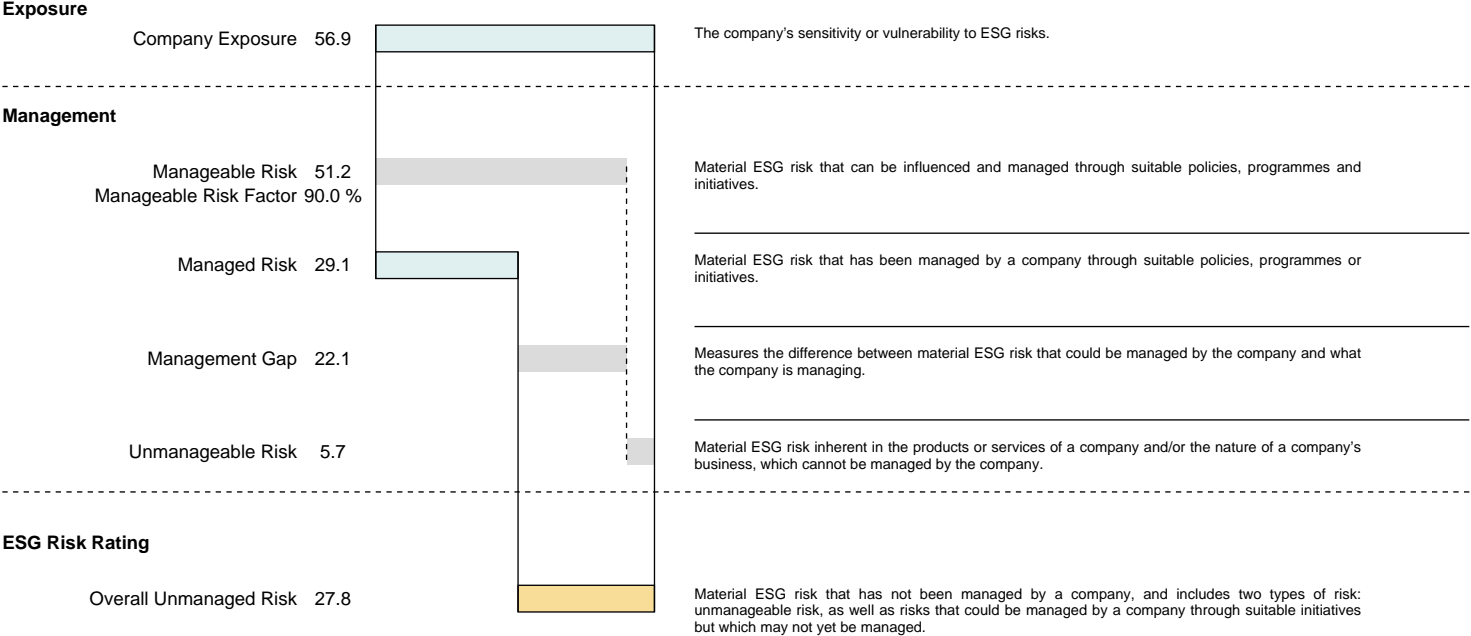
Society - Human Rights

Water Use

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Risk Decomposition



Momentum Details

Not available due to a lack of comparable historical information.

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GLOSSARY OF TERMS

Beta (Beta, β)






A factor that assesses the degree to which a company's exposure deviates from its **subindustry's** exposure on a **material ESG issue**. It is used to derive a company-specific issue exposure score for a material ESG issue. It ranges from 0 to 10, with 0 indicating no exposure, 1 indicating the subindustry average, and 10 indicating exposure that is ten times the subindustry average.

Corporate Governance Pillar

A pillar provides a signal about a company's management of a specific Corporate Governance issue.

ESG Risk Category

Companies' **ESG Risk Rating scores** are assigned to five ESG risk categories in the **ESG Risk Rating**:

-  **Negligible risk:** enterprise value is considered to have a negligible risk of material financial impacts driven by ESG factors
-  **Low risk:** enterprise value is considered to have a low risk of material financial impacts driven by ESG factors
-  **Medium risk:** enterprise value is considered to have a medium risk of material financial impacts driven by ESG factors
-  **High risk:** enterprise value is considered to have a high risk of material financial impacts driven by ESG factors
-  **Severe risk:** enterprise value is considered to have a severe risk of material financial impacts driven by ESG factors

Note that because ESG risks materialize at an unknown time in the future and depend on a variety of unpredictable conditions, no predictions on financial or share price impacts, or on the time horizon of such impacts, are intended or implied by these risk categories.

ESG Risk Rating Score (Unmanaged Risk Score)

The company's final score in the **ESG Risk Rating**; it applies the concept of **risk decomposition** to derive the level of **unmanaged risk** for a company.

Event Category

Sustainalytics categorizes events that have resulted in negative ESG impacts into five event categories: Category 1 (low impact); Category 2 (moderate impact); Category 3 (significant impact); Category 4 (high impact); and Category 5 (severe impact).

Event Indicator

An indicator that provides a signal about a potential failure of management through involvement in controversies.

Excess Exposure

The difference between the company's **exposure** and its **subindustry** exposure.

Exposure

A company or **subindustry's** sensitivity or vulnerability to ESG risks.

Idiosyncratic Issue

An issue that was not deemed material at the **subindustry** level during the **consultation process** but becomes a **material ESG issue** for a company based on the occurrence of a Category 4 or 5 event.

Manageable Risk

Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives.

Managed Risk

Material ESG Risk that has been managed by a company through suitable policies, programmes and initiatives.

Management

A company's handling of ESG risks.

Management Gap

Refers to the difference between what a company has managed and what a company could possibly manage. It indicates how far the company's performance is from best practice.

Management Indicator

An indicator that provides a signal about a company's management of an ESG issue through policies, programmes or quantitative performance.

Material ESG Issue

A core building block of the **ESG Risk Rating**. An ESG issue is considered to be material within the rating if it is likely to have a significant effect on the enterprise value of a typical company within a given **subindustry**.

Subindustry

Subindustries are defined as part of Sustainalytics' own classification system.

Unmanageable Risk

Material ESG Risk inherent from the intrinsic nature of the products or services of a company and/or the nature of a company's business, which cannot be managed by the company if the company continues to offer the same type of products or services and remains in the same line of business.

Unmanaged Risk

Material ESG risk that has not been managed by a company, and includes two types of risk: **unmanageable risk**, as well as risks that could be managed by a company through suitable initiatives, but which may not yet be managed (**management gap**).

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