

SICIT Group SpA

Agricultural Chemicals Italy MIL:WSICT

ESG Risk Rating

19.4

Updated Aug 11, 2022

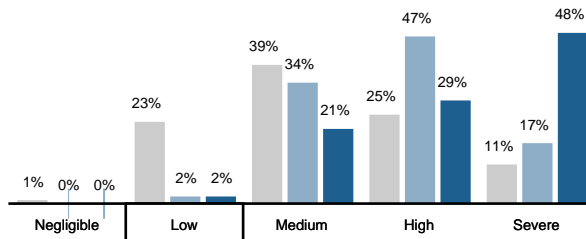
-9.1

Momentum

Low Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = lowest risk)
Global Universe	3275/14490	23rd
Chemicals INDUSTRY	10/464	3rd
Agricultural Chemicals SUBINDUSTRY	1/56	1st

Peers Table

Peers (Market cap \$0.4 - \$0.5bn)

	Exposure	Management	ESG Risk Rating
1. SICIT Group SpA	46.6 Medium	65.4 Strong	19.4 Low
2. Engro Fertilizers Ltd.	56.4 High	35.1 Average	38.6 High
3. Dhanuka Agritech Ltd.	55.8 High	31.7 Average	39.9 High
4. Hextar Global Bhd.	62.0 High	37.4 Average	41.1 Severe
5. Nihon Nohyaku Co., Ltd.	62.0 High	32.4 Average	43.9 Severe

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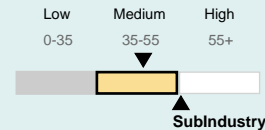
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ESG Risk Analysis

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

ESG Risk Exposure

46.6 **-11.4**
Medium Momentum
 Beta = 0.80



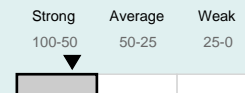
Sicit's processing of animal products and its chemical production of fertilizers and retardants may generate negative environmental externalities. Any mismanagement of these externalities could lead to pollution, triggering potential fines and clean-up costs for the company. In addition, the processing of raw materials is highly energy-intensive. Increasingly stringent carbon regulations, particularly in the European countries where Sicit generates the majority of its revenue (around 55% of FY2021 revenue), expose Sicit to potential compliance and financial costs. Moreover, Sicit's production employees (49% of its total workforce in FY2021) face various health and safety risks associated with the handling of chemicals and industrial equipment. Frequent injuries or fatalities could lead to lawsuits, compensation costs and operational disruptions due to downtime.

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

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

ESG Risk Management

65.4 **+8.8**
Strong 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 board-level committee, suggesting that it integrates ESG matters into its core business strategy.

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	5.3	Medium	49.6	Average	3.2	Low	16.3%
Resource Use	5.3	Medium	51.0	Strong	3.1	Low	16.1%
Emissions, Effluents and Waste	4.9	Medium	54.1	Strong	2.5	Low	13.0%
Corporate Governance	5.0	Medium	57.0	Strong	2.2	Low	11.1%
Community Relations	3.0	Low	38.5	Average	2.0	Negligible	10.1%
Human Capital	4.5	Medium	66.9	Strong	1.6	Negligible	8.5%
Product Governance	2.7	Low	47.5	Average	1.5	Negligible	8.0%
E&S Impact of Products and Services	5.2	Medium	94.6	Strong	1.3	Negligible	6.5%
Occupational Health and Safety	5.4	Medium	83.8	Strong	1.1	Negligible	5.7%
Business Ethics	5.4	Medium	87.5	Strong	0.9	Negligible	4.7%
Overall	46.6	Medium	65.4	Strong	19.4	Low	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

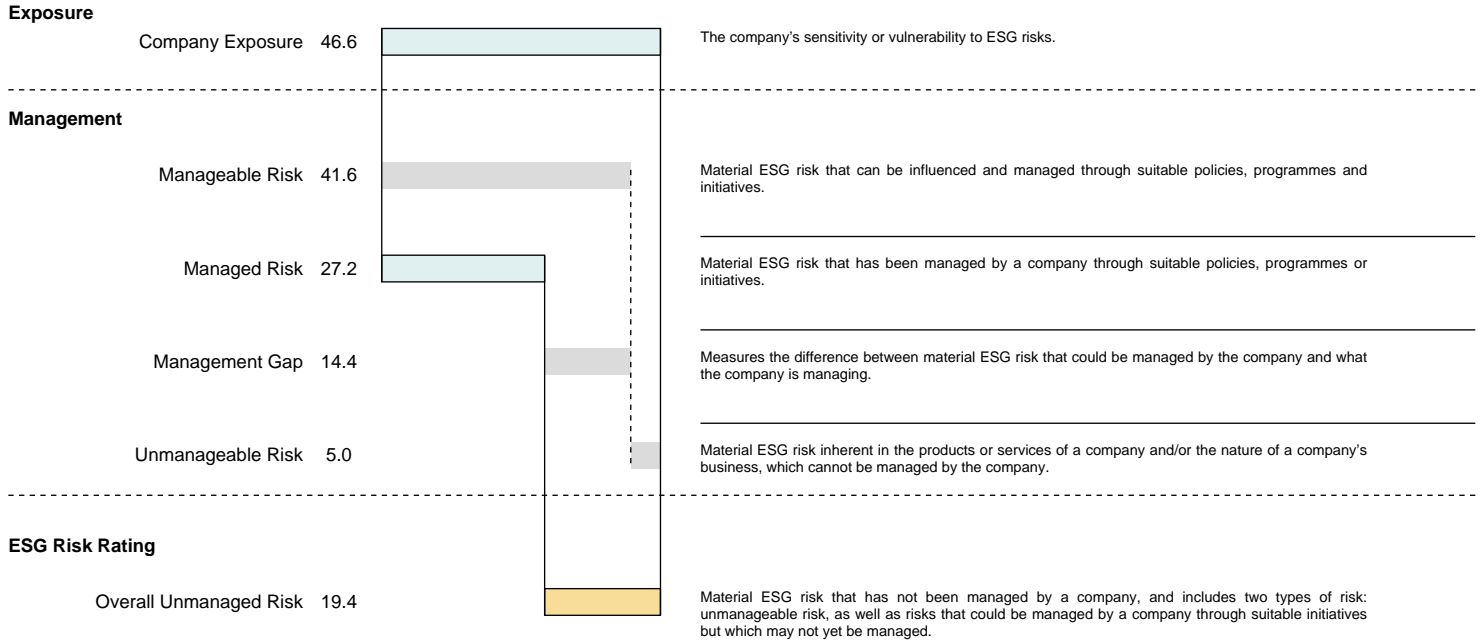
Society - Human Rights

Water Use

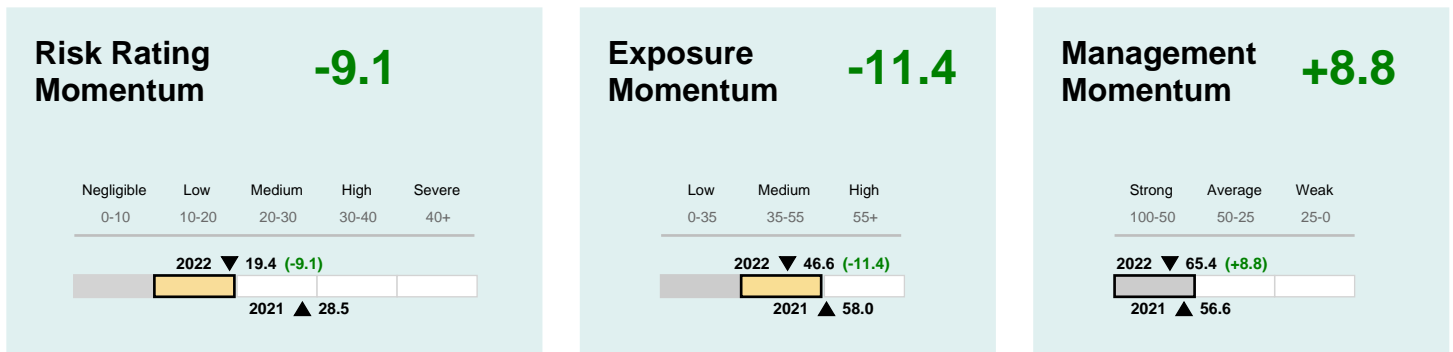
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Risk Decomposition



Momentum Details



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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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