SUSTAINABILITY REPORT 2019

SICIT Group

Index

Letter to Stakeholders

SICIT, founded sixty years ago, in 1960, has always combined innovation and sustainability. We were among the pioneers of the circular economy, when the term was not invented yet; as well as one of the first companies in the world to use amino acids and peptides in the biostimulants market for agriculture, becoming a world leader. This path was possible thanks to the work of all of our 137 employees, to automated and technological production plants, state-of-the-art laboratories and constant investments in Research and Development. We have become an international leader in the market, supplying the main players in the agrochemical and industrial sector, thanks to products with high added value for agriculture (biostimulants) and the plaster industry (retarders for plaster).

This year, for the first time and on a voluntary basis, we started the non-financial reporting process to offer our stakeholders and investors a complete report that, not only takes into account the financial results and economic efficiency of the company, but also highlights the social and environmental impacts of the Group in 2019.

The integration of sustainability in SICIT's business translates, in the first instance, into the reuse of waste raw materials deriving from the processing of leather from the tanning industry, from which we are able to obtain totally biodegradable products. These products are safe for public health and environment, of high quality, and allow to reduce the production of waste to almost zero.

SICIT has its roots in the territory from which it comes, and it is an integral part of the value chain of the Valle del Chiampo tanning district, providing a service of strategic importance. Therefore it is inevitable that the Group has demonstrated over time a strong willingness to have a positive impact on the Vicenza economy and the environment, preferring where possible local purchases and investing in modernizing the plants and efficient production processes.

The Sustainability Report is part of SICIT Group's broader development and growth strategy, through the quantitative and qualitative strengthening of the production capacity at the Arzignano and Chiampo sites and the opening of a foreign plant, in order to be closer to our international customers.

The Group will also continue, through constant investments in Research and Development (which already accounts about the 3% of the revenues) in the development of new products, in close collaboration with its customers, in order to be able to adequately respond to the different needs of agricultural and industrial realities.

In light of the health crisis caused by Coronavirus, SICIT's management is working alongside customers and suppliers, as a real partner, to implement all the necessary measures to limit the effects of the health crisis and the economic slowdown. The Group realized all the possible policies in order to contain the inevitable negative effects of the pandemic, applying immediately and rigorously the measures necessary to reduce the risk of infection, also through the implementation of smart working. This has made possible to guarantee, on the one hand, the safety of the workplaces and the continuity of the production activities and, on the other, it has allowed us to keep pace and offer support to customers and suppliers.

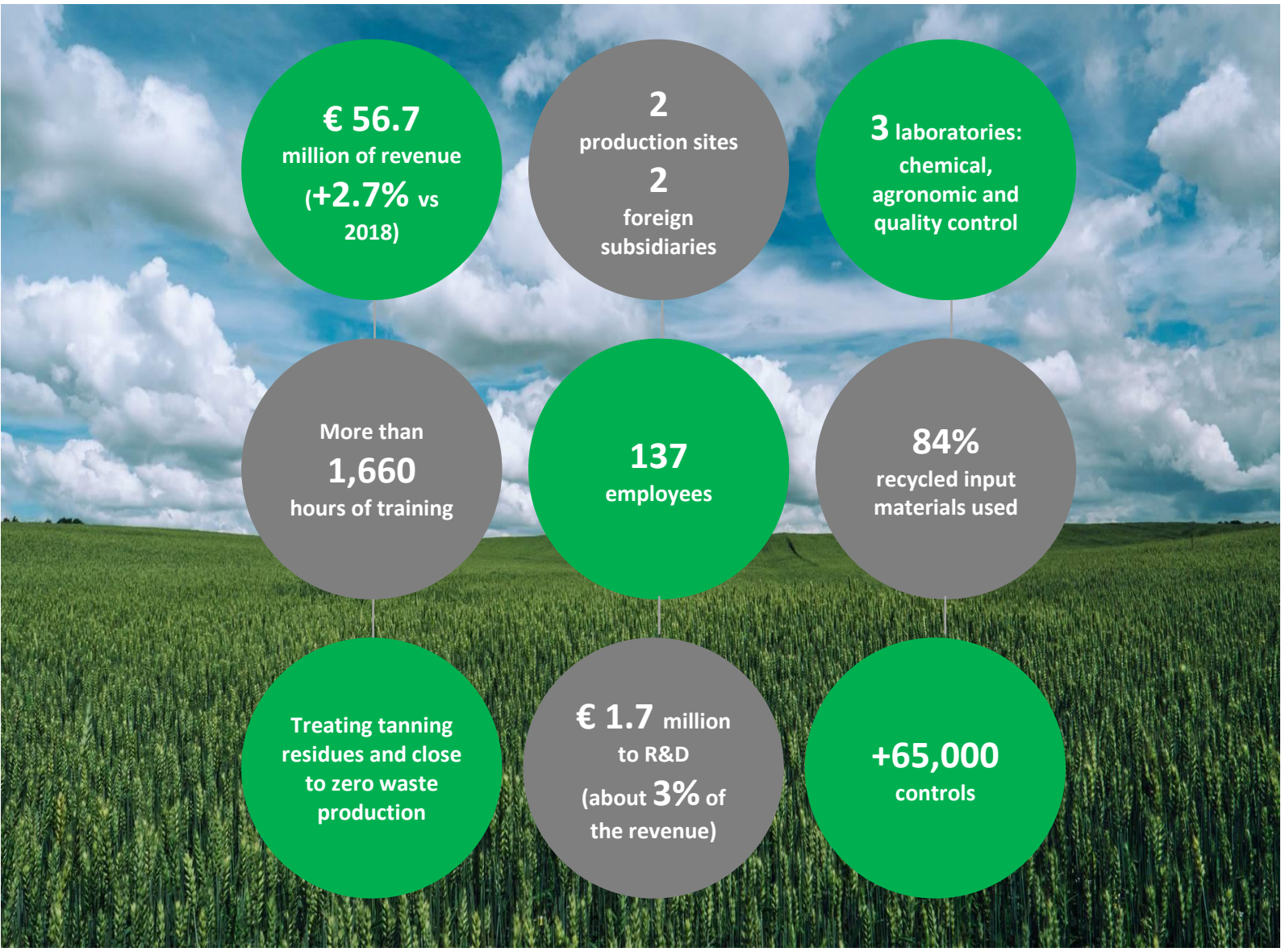
Chairman of the Board of Directors

Giuseppe Valter Peretti


SICIT Group

1. The Company

1.1 SICIT Group highlights



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, limiting the production of waste to almost zero. 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.

To further accelerate the development plan, in May 2019 SICIT concluded the **business combination** with the Special Purpose Acquisition Company (SPAC) SprintItaly: a 100-million-euro operation that led to its listing on the AIM Italia and, in June 2020, on the MTA (STAR segment) and which will allow the company to continue to strengthen its plants and laboratories, as well as to build the first production plant abroad.

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.IT. S.p.A. (acronym for Società Industrie Chimiche Italiane) 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 zootechnical 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 reorganisation, 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 bio-stimulants 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**.

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, limiting waste production to almost zero.

- **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 **Organisational, Management and Control Model**, in compliance with the provisions of Legislative Decree no. 231/01[1]. It has appointed its own monocratic **Supervisory Board**, composed of an external body that meets the requirements of professionalism, honour 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 2019, 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 signalled 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.

[1] Foreign subsidiaries of SICIT Group are excluded.

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 2019 has been sent to the Supervisory Board inbox.

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 favouritism, completeness and transparency of information and legitimacy.

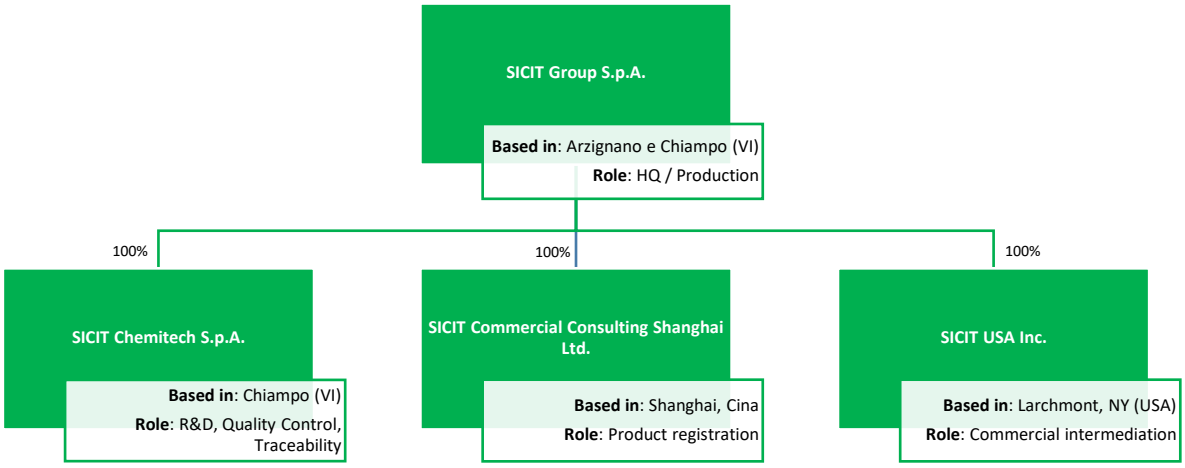
Risk monitoring and management is an integral part of SICIT's business model. Risk exposure is managed through a detailed risk analysis. The **Risk Assessment Document**, approved by the Board of Directors in 2020, provides an initial analysis of the main risk categories and illustrates response strategies 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 organisational 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 (fleshings), as a product for producing biofuel.

The **Group structure** as of 31.12.2019:



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 2019, the share capital of the SICIT Group S.p.A. is composed of the following categories of shares and warrant: 19.6M ordinary shares, 195K special shares owned by Promosprint Holding S.r.l. and 6.8M *warrant*. SICIT Group S.p.A. ordinary shares and warrants are traded on the Mercato Telematico Azionario (MTA, STAR segment), organised and managed by Borsa Italiana. Following the significant ordinary shareholders as of 31.12.2019 are reported (the effects of 195,000 special shares are not included below):

Ownership as of 31.12.2019	%
Intesa Holding S.p.A.	45.81%
PromoSprint Holding S.r.l.	3.21%
Makets	50.98%

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 2019, the Board of Directors was **composed** as follows:

Board of directors as of 31.12.2019	Appointment
Giuseppe Valter Peretti	Chairman
Massimo Neresini	Chief Executive Officer
Paolo Danda	Directors
Rino Mastrotto	Directors
Raymond Totah	Directors
Matteo Carlotti	Directors
Carla Trevisan	Independent directors
Isabella Chiodi	Independent directors
Marina Salamon	Independent directors
Ada Villa	Independent directors

The Board of Directors of SICIT also resolved on 20 April 2020 to establish an **Executive committee**. The executive committee as of 31 December 2019 is composed by five member: Rino Mastrotto (Chairman), Massimo Neresini (Chief Executive Officer), Giuseppe Valter Peretti (Chairman of the board of directors), Raymond Totah and Matteo Carlotti as Directors. 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, honour and professionalism laid down by law.

As of 31 December 2019, the Board of of Statutory Auditors was composed as follows:

Board of statutory auditors as of 31.12.2019	Assignment
Giuseppe Pirola	Chairman
Benedetto Tonato	Standing auditors
Elena Fornara	Standing auditors
Giuseppe Mannella	Alternate auditors
Luca Occhetta	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), the independent director Marina Salamon and the non-executive director 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.

As of 31 December 2019, above internal committees had no competence in relation to the Appointment and Related Parties, assigned by the Board of Directors to the respective Committees in 2020.

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 Regulations[2] 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.

[2] 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 characterised by confidential know-how**. The main products commercialized by SICIT are:

Biostimulant

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:

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

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:

- Optimisation of the plant's metabolic processes;
- Improvement in nutrient absorption and assimilation;
- Efficiency in water use;
- Activation of the natural defence 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.

PROIDRO PROJECT

On 2011, the results of the **conference** ***"Innocuity and efficiency of hydrolysed 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).

Finally, the PROIDRO project was presented to the Standing Committee on Organic Farming (**SCOF**) in Brussels and judged positively. 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 Reg. 889/2008/EC, Annex I.

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 works.

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

Animal fat **derives from the by-product of animal origin (fleshings)** 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. The plant already defined and purchased by highly qualified companies in the petrochemical sector will be operational by the end of 2020.

The fat currently produced by SICIT was of low quality (due to its high sulphur content from tanning processes) and it is sold to fat processors and/or traders to be mixed mainly with a purer fat to be used in the production of biofuels. 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 and will come into operation in 2020.

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

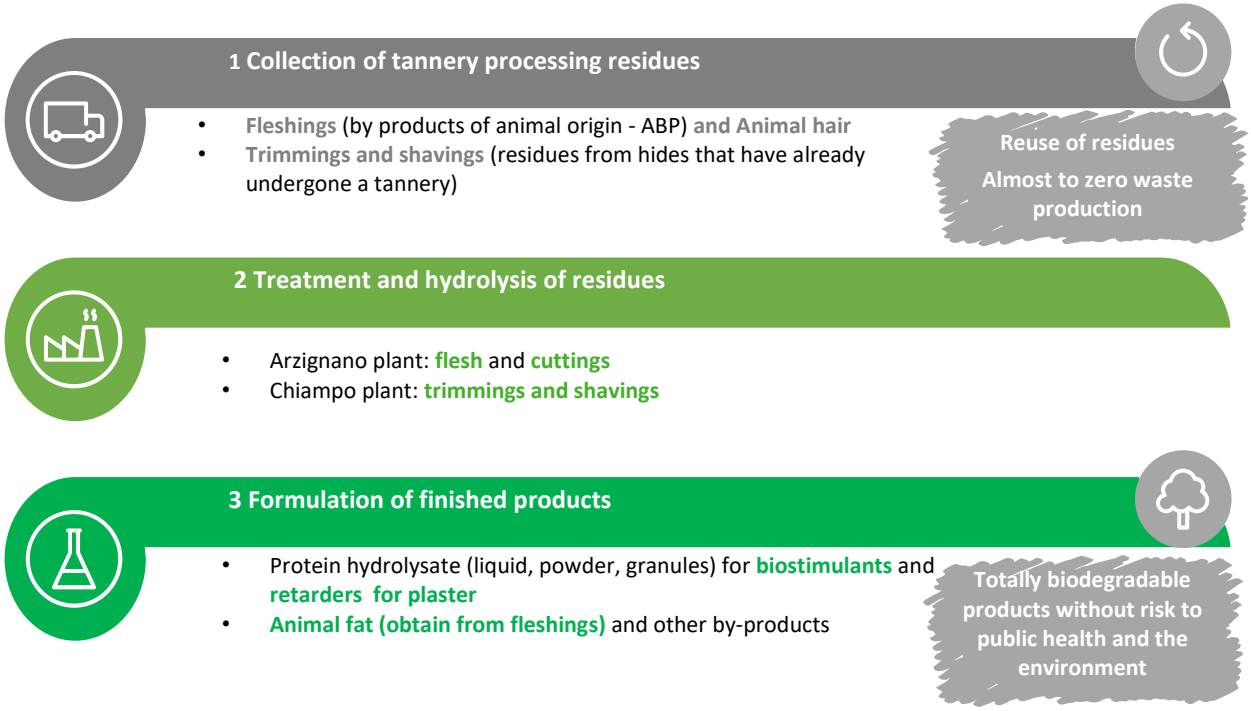
For some years SICIT has been experimenting with various research centres and universities the possibility of producing **biostimulants and/or industrial products with controlled release.**

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 take-back 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.

Compared to post-tanning residues, **animal by-products are putrescible** and, for this reason, must be processed within 48 hours after entering the plant, which makes it necessary to obtain supplies from tanning districts located at a short distance. Although there are no contractual obligations related to the collection of tannery residues, 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. **Trimmings 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 materials 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 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

2. Approach to Sustainability

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

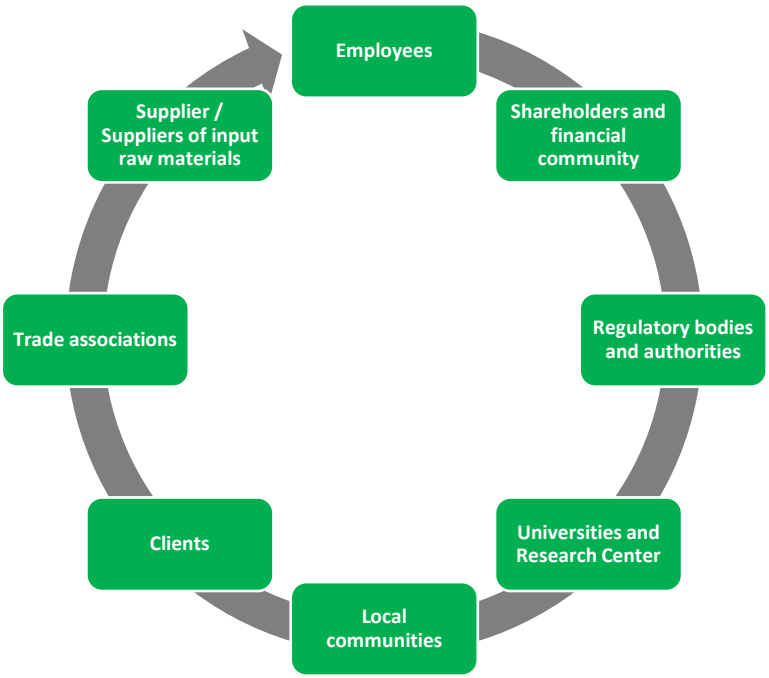
The portfolio selection includes those companies combining **appealing fundamentals** with the highest contribution to the **achievement of the United Nations' Sustainable Development Goals**.

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 **55% 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 summarised 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	- Projects and/or initiatives for company welfare - Breach reporting system - Insertion schemes for new employees - Incontri aziendali di condivisione dei risultati e degli obiettivi futuri - Company meetings to discuss results and future objectives - Communication boards in the plants and offices
Trade associations	- Regular discussions
Clients	- 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	- Regular meetings - Relationship with purchasing department and the Quality Control laboratory
Shareholders and financial community	- Meetings organised throughout the year (e.g. Shareholders' Meeting, presentation to analysts, roadshows for special projects) - Company website ('Investor Relations' section)
Local communities	- Projects to support social initiatives - Participation in local events - Mass media
Regulatory bodies and authorities	- Meetings with representatives of institutions
Universities and Research Center	- 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 organisation'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 systems 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.

Macro-area	Material Topic
Governance and Compliance	• Corporate Governance • Business ethics and regulatory compliance • Anti-corruption
Economic Responsibility	• Economic performance and value creation
Supply Chain Responsibility	• Sustainable supply chain management
Environmental Responsibility	• Environmental impact
Product Responsibility	• Innovation, R&D • Product quality and safety
Social Responsibility - Employees	• Occupational Health and Safety • Employees development and well-being
Social Responsibility - Communities	• Local communities


Quality and
Innovation

3 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 2019, Sicit Chemitech S.p.A. carried out the following controls:

Controls	Number
Intermediate	6,358
Finished product	17,698
Environment	6,149
Research	8,566
External	4,552
Total	**65,366**
Certificates issued	3,513

In compliance with the **Quality Policy**, the laboratory is commited 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 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 2019 there were no episodes of non-compliance concerning impacts on the health and safety of products and services.

REACH Regulation

The "REACH" (*Registration, Evaluation, Authorisation 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** to 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 **optimise 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 "Procurement" functions, in order to verify the actual industrialisation potential of the project and thus reduce the risk that the project will have to be abandoned after the initial development phases;

- the "Operations" and "Commercial" functions, to reduce the risk that any changes to production processes may cause substantial changes 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 at the Arzignano plant to improve research and quality control, which should be completed by the first quarter of 2021. This will make it possible to bring the three laboratories together in a single building adjacent to the management offices and to expand the R&D and Quality Control phases.

SICIT GROUP WINS THE "TECHNOLOGY AND INNOVATION" PRIZE AT THE 2019 GREEN CARPET FASHION AWARDS

SICIT Group was awarded with the "Technology and Innovation" prize at the Green Carpet Fashion Awards ("GCFA") held yesterday in Milan. The event – which has an international resonance and has now reached its third edition – celebrates the sustainability goals achieved by the fashion and luxury industry worldwide.

The award confirms the Company's commitment to sustainable development models: SICIT, forerunner of the circular economy, has been offering since the 1960s **a service of strategic importance for the Vicenza district of the Chiampo valley** – the most important in Italy for the tanning industry and one of the most important in the world – as it collects and transforms the residues of leather processing into high-added-value products for agriculture and industry, limiting the production of waste to almost zero. The bio stimulants and retarders produced by the company are totally biodegradable, without risks for the public health and the environment.


Our people

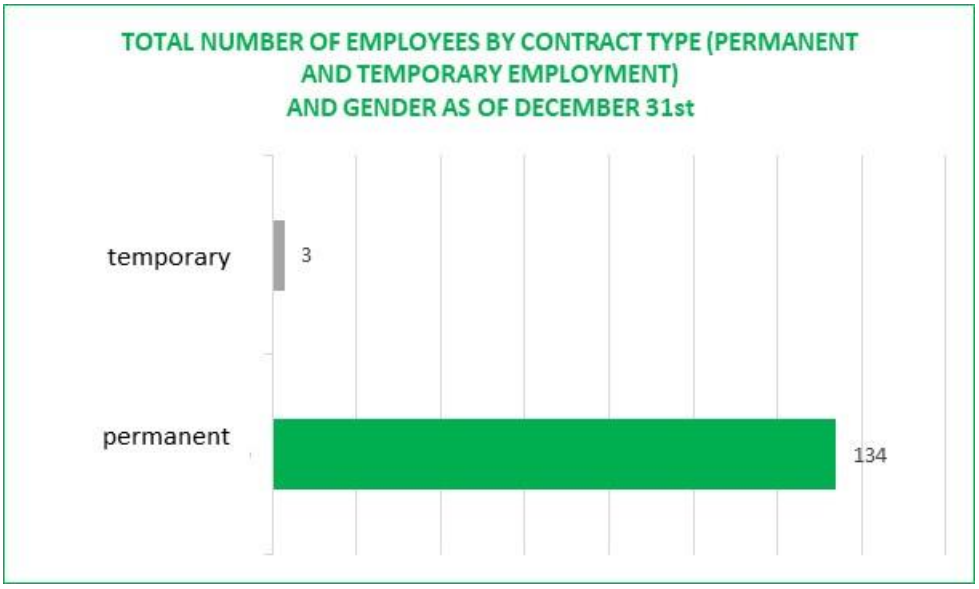
4 Our people

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 137 employees of SICIT.

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 (52%), followed by white-collar workers (36%), middle managers (9%) and executives (3%). SICIT's workforce composition is predominantly in the older age group, between 30 and 50 years of age (50%), while those under 30 represent 19% of the workforce and those over 50 the 31%.

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 2019 were provided more than **1,660 hours of training**, of which 790 were mandatory and 872 non-mandatory. Executives, with 39.8 hours of training per capita, are the professional category that received the highest number of training hours, followed by managers who received 18.5 hours of training per capita.

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 Shareholders' Meeting of SICIT in 2020, on the proposal of the Board of Directors and with the favourable 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.

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 favourable 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.

The approach adopted by SICIT in its industrial relations has always been based on mutual respect for each others 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.

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, the DVR update and assessments of some specific risks have been scheduled.

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 2019, performed 115 medical examinations and found 43 suitabilities and 70 suitabilities with prescriptions. In addition, 2 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. In 2019, a number of interventions aimed at improving worker safety at the two SICIT plants were completed, namely the refurbishment and implementation of the signage and labelling of the plants and pipes, and the analysis of the specific risk of legionnaires' disease.

It should be noted that 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 of 22 February 2012. Training sessions on work at height and work in confined spaces are also carried out. 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. The last training session was carried out during 2020.

For the benefit of employees, SICIT has purchased blood and urine testing equipment. Employees who have particular pathologies can benefit from a series of analytical controls directly in the company infirmary.

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 2019, there were no cases of work-related illness, while a total of three recordable work-related injuries[3] were recorded. Considering the three accidents that occurred in 2019, the rate of recordable work-related injuries[4] registered by the Group was 12.9.

[3] A fracture of the metatarsus, a fracture of the phalanx and a second-degree burn

[4] 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 relates 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 the unavailability of the data. Please note that no accidents occurred at the foreign subsidiaries SICIT Commercial Consulting Shanghai Ltd. and Sicit USA Inc. in 2019. SICIT is committed to extend the scope of this data to the employees of the foreign companies as of the next reporting year.

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, plexiglass separators between desks, constant sanitization of the workplace and smart working.

Environmental responsibility

5 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 82%[5] of revenues, are **100% biodegradable**.

Even **fat**, which represents 12% 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 CO_2 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 times[6] higher than the one generated by biodiesel.

5.2 Energy consumption & CO2 emissions

SICIT promotes since several years 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 2019 the total energy consumption of SICIT was 411,184 GJ. The main source of energy used is methane gas, which represents 90% of total energy consumption because it is the main source of energy in the production process[7] while electricity represents 9.6% of total energy consumption.

The large flow of raw materials (flesh, animal hair, shavings and trimmings) required by the production process involves a significant use of energy. In the three-year period 2017-2019 the Arzignano plant registered a production capacity of about 130,000 tons of animal by-product with a hydrolysate production of about 17,200 tons. In the same period the production capacity of the Chiampo plant was about 35,000 tons of tanning residuals with a production of hydrolysate of about 19,159 tons.

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 will reach its full production capacity at the end of 2020, will allow the reduction of the plant's energy costs. It is also planned to implement a cogeneration plant in the Chiampo plant by the end of 2021.

[5] Sales of agricultural products, equal to 31 million Euros, represent 55% of revenues and sales of plaster retarders amount to 15.3 million Euros (27% of the total). Source: Consolidated financial statements as at Dec. 31, 2019 – Restated according to IFRS principles and drafted or specific purpose (SICIT Group).

[6] Emission factor for diesel 2,54603 kg CO2e/lt and for biodiesel 0,16580 kg CO2e/lt (DEFRA 2020).

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

To further strengthen the commitment of consumption reduction, a photovoltaic system with a capacity of about 120 kWh for industrial use is planned to be installed in the buildings of Arzignano and two electric cars were purchased in 2020, and two charging columns are being installed, to replace the cars used to move employees between the Arzignano and Chiampo plants.

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 EIA process, which ended with a favorable environmental compatibility opinion issued by the Province of Vicenza in 2015. In addition, SICIT submitted in February 2018 a non-substantial change request for the Chiampo production site for the installation of a new filter press section, a post combustion plant for gaseous emissions and a new alkaline hydrolysis plant.

As far as the Arzignano plant is concerned, the Province of Vicenza is currently approving the study of the environmental impact and the documentation relating to the AIA, presented by SICIT in July 2020.

SICIT's production plants are included in the scope of the regulations on emission trading (Directive 2003/87/EC) 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":

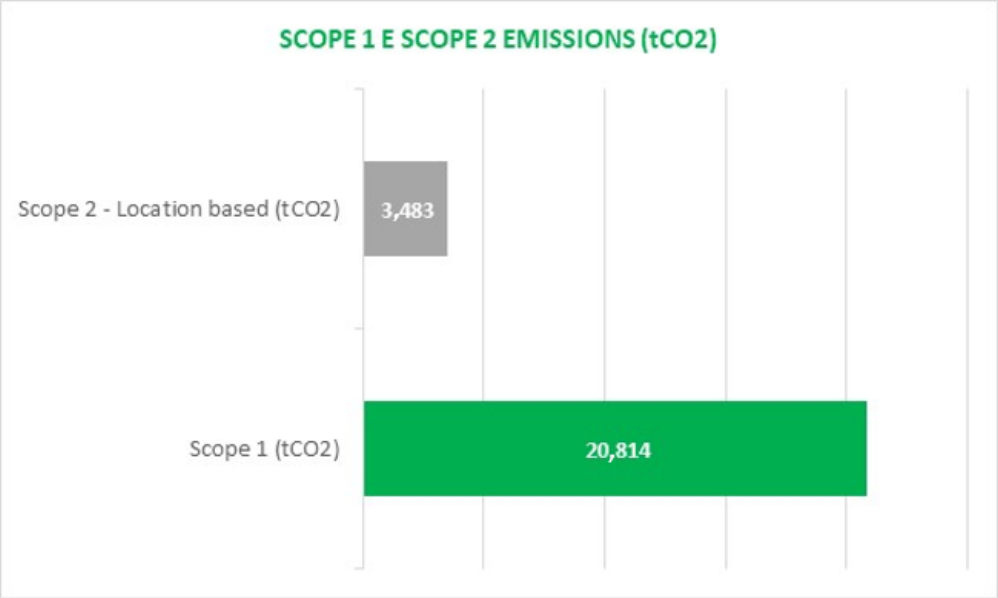
- *Scope* 1: **direct emissions,** associated with sources owned or controlled by the Company, as fuels used for heating and for the operational means needed for the Company's activities;
- *Scope* 2: **indirect emissions,** deriving from the consumption of electricity purchased by the Company. Specifically,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

In 2019, direct emissions of SICIT amounted to 20,814 tCO_2 (Scope 1)[8] derived from methane gas and automotive diesel fuel. Indirect emissions (Scope 2)[9] instead, derived from purchased electricity, were

[8] For the calculation of Scope 1 emissions, the emission factors "ISPRA - National Inventory Report 2019" and Ministry of Environment - National Standard Parameters Table 2019 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.

[9] 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 organisation 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 2019: 466 gCO2/kWh - source: AIB – European Residual Mixes 2018). 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 2019: 316,4 gCO2/kWh - source: ISPRA 2019 - 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.

3,483 tCO_2 based on the *Location based* calculation method; and 5,129 tCO_2 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 24,297 tCO_2.



Moreover, in 2019 SICIT recorded an energy intensity index of **17.23 GJ per ton of produced protein hydrolysate** (23,867 total tons in 2019) and an emission intensity index of **1.02 tCO_2/t** considering the total direct and indirect location-based emissions on tons of **produced protein hydrolysate**. 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 CO_2 emissions per kg of finished product.

ODOROUS EMISSIONS

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 CO_2 emissions, for 2019 the NOx and SOx emissions were 55.25 tons and 3.29 tons respectively; with regard to other emissions, the plants produced 40.38 tons of other emission categories identified in the applicable legislation (NH3) and 2.08 tons of volatile organic compounds (VOC).

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 2017 and 2018, the last date of measurement, the samples taken were submitted to olfactometric analysis for the determination of odour concentration, according to UNI EN 13725:2004. The analysis revealed the following levels of odour effluents:

- Average value of 677 units (ouE/ m_3) for the Chiampo plant[10];
- Average value of 675 units (ouE/ m_3) for the Arzignano plant[11].

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.

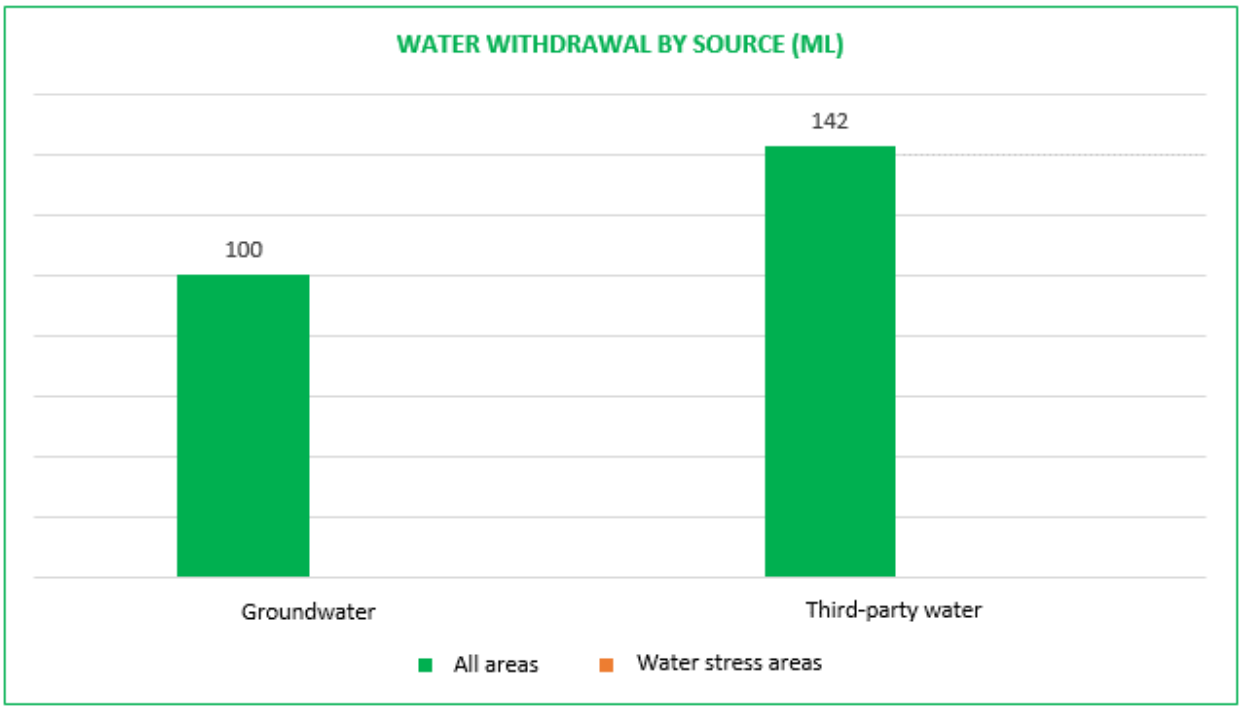
The Chiampo plant takes drinking water for hygienic-sanitary use from the municipal aqueduct while the water used for industrial purposes, used to supply the firefighting water network, the production process and irrigation, is taken from two wells located at the plant.

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 242 mega liters, out of which 100 from the wells and the remaining 142 from the aqueduct.

[10] The data refers to a sample taken and analyzed in December 2018.
[11] The data refers to a sample taken and analyzed in January 2017.



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. In 2019, the plant discharged 95 mega liters of industrial water.

The water discharges of the Arzignano plant are of sanitary, meteoric and industrial type and a 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 sulphates[12]. It should be noted that these parameters have never been exceeded for sewage discharges. In 2019, the Arzignano plant discharged 152 mega liters of industrial water.

In 2019, 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 Institute[13] 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.

[12] 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.
[13] 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

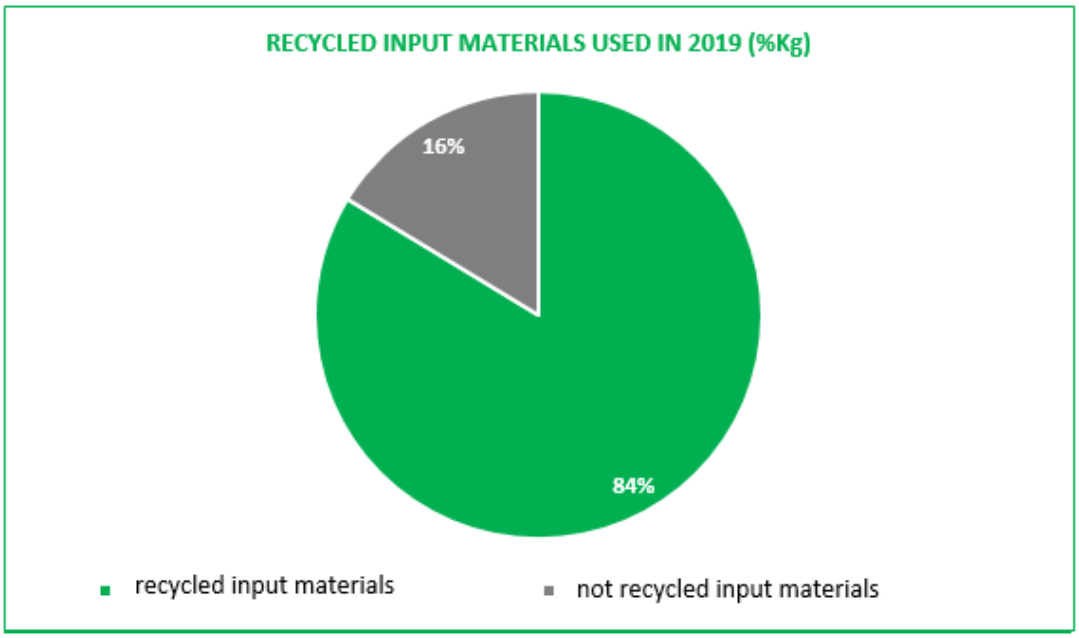
5.4 Materials and waste management

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**, limits waste production to almost zero**.

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 146,000 tons of materials used by SICIT in 2019, 84% 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 GROUP: PRODUCTION OF ANIMAL HAIR PROTEIN HYDROLYSATE AT FULL CAPACITY

Arzignano (VI), June 22nd 2020 – SICIT Group (the "Company") announces that, in the wake of the initiatives already planned in its strategic development plan, in recent weeks it has completed 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.

The production capacity of the new plant is approx. 40 - 60 tons/day of processed animal hair, for a total of over 10,000 tons/year, as originally planned. This will result in an additional production of about 4,000 tons/year of protein hydrolysates, bringing the total produced by SICIT Group at the Arzignano plant to approx. 16,000 tons/year, compared to 12,000 tons/year in 2019. Overall, therefore, the process innovation **will increase the production capacity of animal by-products protein hydrolysate by 33%.**

Moreover, thanks to this initiative, the Company expects:

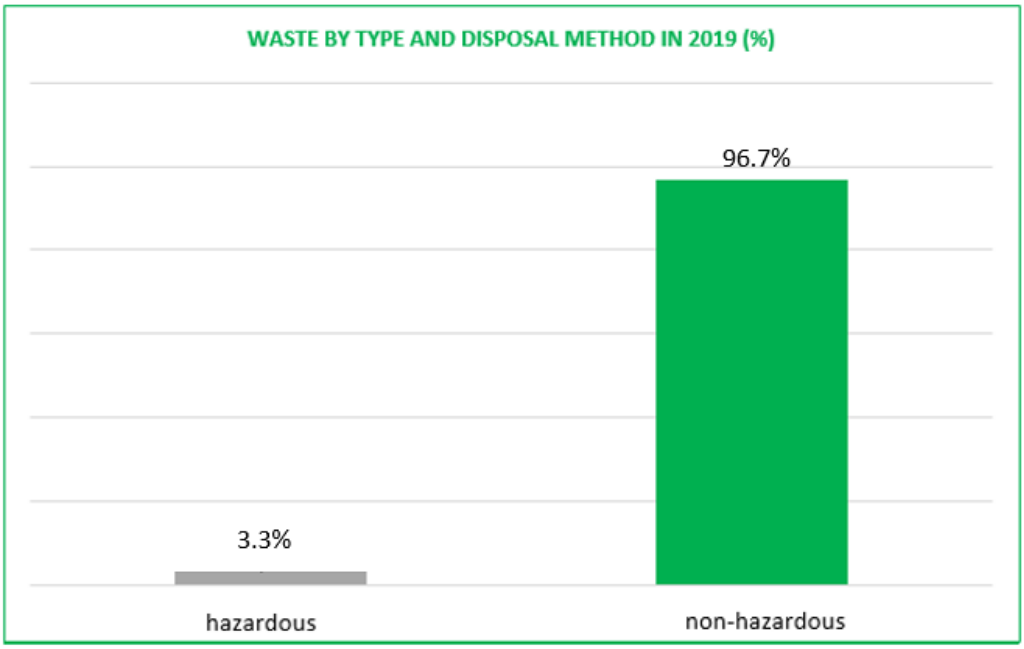
- an **increase in the characteristic value of organic nitrogen in biostimulants**, which will further qualify SICIT Group's offer on world agricultural markets; and
- **the evolution of plaster retarders industrial products**, making SICIT Group's technical offer even more performing and competitive.

Massimo Neresini, CEO of SICIT Group, said: "*The **circular economy has always led SICIT's** action: this plant makes it possible to implement a **further recovery of a residue from the tanning industry**, providing a fundamental service for an extremely-important area for the economy of our country. SICIT is constantly working to guarantee high standards of agronomic performance in all the protein hydrolysates it produces, using the most advanced screening techniques*".

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.

In 2019, the waste produced was equal to 13,131 tons, representing only 9% of the total materials used by SICIT for production. Of these 97% are non-hazardous waste and only 3% hazardous. 95% of the waste produced was disposed of in landfills while the remaining 5% was recycled. 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.

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.



Our positive social impact

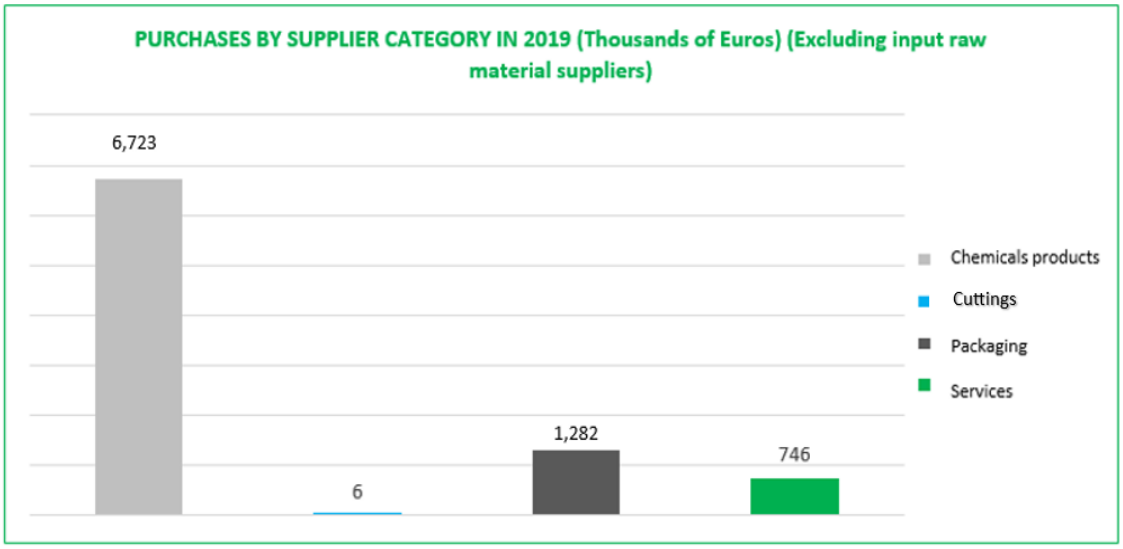
6 Our positive social impact

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.

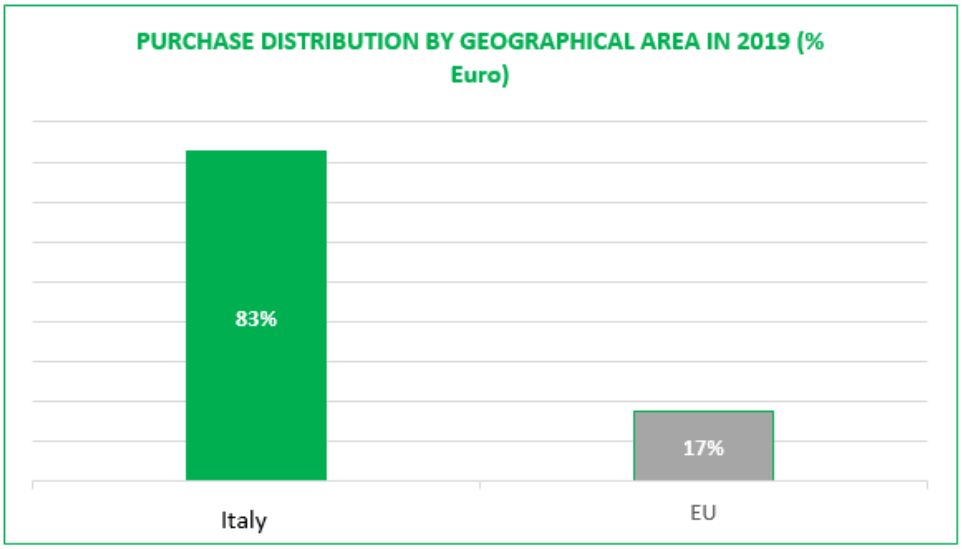
With regard to procurement, a distinction must be made between suppliers of non-recycled materials (such as chemical products mixed with protein hydrolysate, packaging, etc.) and the so-called "suppliers of input raw materials", those subjects, typically tanneries, who provide the "input raw materials"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

In 2019, SICIT counted **82** between **suppliers** and **suppliers of input raw materials** who served both production plants. 24 out of 82 are suppliers of chemical products, for which there is a cost of 6.7 million Euro. 9 out of 82 are packaging suppliers (1.2 million Euro) while 3 are services suppliers (for the collection and transport of materials from tanneries) for a cost of 0.7 million Euro. Purchases of cuttings [14] represent a small percentage of total purchases.

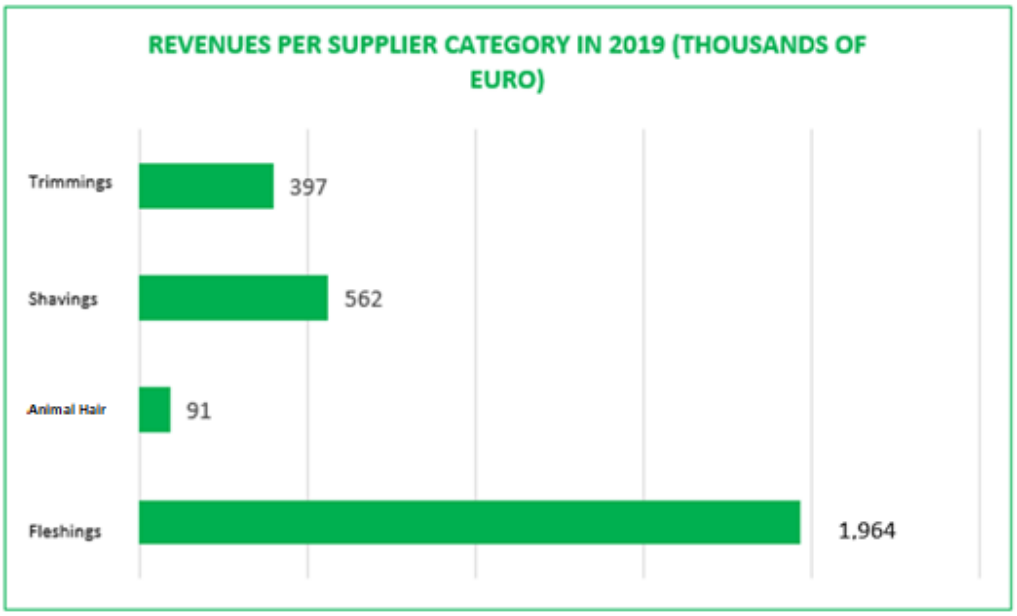


In 2019, **over 80% of SICIT's purchases** (in value) were made by **suppliers based in Italy**.

[14] 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 5 suppliers for a cost of 5,863 thousand Euros.



In 2019, SICIT collected waste material from the leather tanning process from **41 suppliers of input raw materials.** The most significant category in economic terms, in 2019, was the category of suppliers of raw material input from flesh tanning, represented by 24 companies, for a revenue of 34% (1.9 million 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.

In order to follow this commitment, SICIT makes donations to non-profit organizations, foundations and charity projects. During 2019, the group earmarked over €127 thousand for community projects.

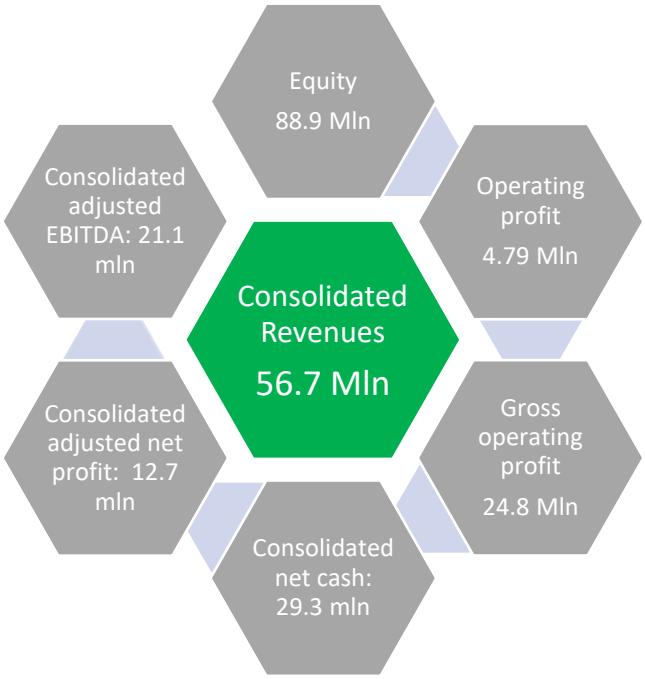
SICIT actively collaborates with the universities of Udine, Padua, Verona and Milan. In addition, it maintains relations with the research centre in Turin and a new collaboration with the University of Pavia is underway.

SICIT Group is doing its part to help the Italian health system and territories to deal with the Coronavirus emergency. In 2020, the Board of Directors of the Company approved two donations in the amount of about 700,000 euros: the first in favour of a hospital in Vicenza, which will be identified among the ongoing projects, for the strengthening of intensive care units; the second in favour of the new Fiera Milano Hospital.

6.3 Direct economic value generated and distributed

Summary of key economic data

The 2019 was a year of profound transformation for SICIT, in which the prerequisites were created to accelerate its medium-long term growth and internationalisation. Overall, thanks to everyone's work, SICIT managed to overcome the many challenges ahead, closing the period with moderate growth and excellent profitability.



The first half of 2020 saw the outbreak of the public health emergency due to the COVID-19 pandemic (Coronavirus) and the adoption of restrictive measures by Governments and Authorities to deal with it. During such period, Sicit Group and its subsidiary Sicit Chemitech continued to operate. Indeed, the above restrictive measures did not apply to their respective activities. The companies have also implemented protocols and measures to protect workers from the risk of contagion in their production sites, in line with regulatory requirements, as well as remote working methods for non-core functions. With respect to production, the Group's production activities continued also by bringing the relevant procedures into line with the new safety protocols introduced from time to time by government decrees. The Group did not make use of employment aids (ordinary or extraordinary lay-off schemes) and all employees remained operational and, with respect to revenue, there were no cancellations of orders by customers, requests to

shift deliveries or delivery difficulties that had a negative impact on revenue in the first half of 2020.

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), public administration (taxes), shareholders (dividends), banks (financial charges) and communities (sponsorships and donations).

The economic value directly generated by SICIT in 2019 is over 57 million euros, driven mainly by the share of consolidated revenues which in 2019 amounted to 56.7 million euros, an increase of 1.5 million euros compared to 2018 (equal to 55.1 million euros, +2.7%).

For further details on SICIT's performance and financial position, please refer to SICIT's Consolidated Financial Statements at 31 December 2019[15].

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED[16]

	2019	
	thousands of euros	*%*
Direct economic value generated	**57,629**	
Economic value retained	**7,182**	
Economic value distributed, of which:	**50,447**	
Remuneration to suppliers	29,346	58%
Remuneration to collaborators	8,489	17%
Remuneration to lenders	14	0%
Remuneration to investors (adjusted)	8,800	17%
Remuneration to public administration (adjusted)	3,691	7%
Community investments	107	0,2%

The economic value distributed amounts to 50.4 million Euros, 58% 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 17% of the economic value distributed while public administration remuneration represents 7%. In addition, 17% of the economic value was distributed to shareholders. During 2019, the resources allocated by SICIT to support the community amounted to over 107 thousand Euros. Finally, the value retained by the Group determined

[15] In order to be consistent with the new accounting standards adopted by SICIT from 2020, the economic data refer to the "Consolidated financial statements as at Dec. 31, 2019 – Restated according to IFRS principles and drafted or specific purpose (SICIT Group)".
[16] Excluding figurative/imputed effects referred to Fair Value for merger and warrants.

by the difference between the economic value directly generated and the economic value distributed was 7.2 million Euros.

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) EFFLUENTS AND WASTE (GRI 306) MATERIALS (GRI 301) WATER AND EFFLUENTS (GRI 303)	Group and Electricity suppliers	Caused by the Group and 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[17] of the Group	Caused by the Group
Local communities	LOCAL COMMUNITIES	Group	Caused by the Group

[17] 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.

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 December 31st 2019		
	Men	Women	Total
Permanent	113	21	**134**
Temporary	-	3	**3**
Total	**113**	**24**	**137**

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

Total number of employees by employment type (full-time and part-time) and gender			
Full-time / Part-time	as of December 31st 2019		
	Men	Women	Total
Full-time	113	20	**133**
Part-time	-	4	**4**
Percentage of Part-time	**0%**	**17%**	**3%**
Total	**113**	**24**	**137**

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

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

Total number of employees by employee category and gender (Percentage)			
Employee category	as of December 31st 2019		
	Men	Women	Total
Executives	100.0%	0.0%	2.9%
Middle Managers	76.9%	23.1%	9.5%
White collar	61.2%	38.8%	35.8%
Blue collar	97.2%	2.8%	51.8%
Total	**82.5%**	**17.5%**	**100.0%**

Total number of employees by employee category and age group				
Employee category	as of December 31st 2019			
	<30 years old	30-50 years old	>50 years old	Total
Executives	0	1	3	**4**
Middle Managers	0	8	5	**13**
White collar	5	34	10	**49**
Blue collar	21	26	24	**71**
Total	**26**	**69**	**42**	**137**

Total number of employees by employee category and age group (Percentage)				
Employee category	as of December 31st 2019			
	<30 years old	30-50 years old	>50 years old	Total
Executives	0.0%	25.0%	75.0%	**2.9%**
Middle Managers	0.0%	61.5%	38.5%	**9.5%**
White collar	10.2%	69.4%	20.4%	**35.8%**
Blue collar	29.6%	36.6%	33.8%	**51.8%**
Total	**19.0%**	**50.4%**	**30.7%**	**100.0%**

Board composition by gender and age group				
Number of people	as of December 31st 2019			
	<30 years old	30-50 years old	>50 years old	Total
Men	-	-	6	**6**
Women	-	1	3	**4**
Total	**-**	**1**	**9**	**10**

Board composition by gender and age group (Percentage)				
Number of people	as of December 31st 2019			
	<30 years old	30-50 years old	>50 years old	Total
Men	0.0%	0.0%	100.0%	60.0%
Women	0.0%	25.0%	75.0%	40.0%
Total	**0.0%**	**10.0%**	**90.0%**	**100.0%**

GRI STANDARDS DISCLOSURE 102-41: Collective bargaining agreements

Percentage of total employees covered by collective bargaining agreements	
Number of employees	as of December 31st 2019
Total number of employees	**137**
Number of employees covered by collective bargaining agreements [18]	134

[18] 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.

Total Percentage	97.8%

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

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

Rate of new employee hires by age group, gender and region.												
Number of people	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 employee turnover by age group, gender and region												
Number of people	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%**

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

Hours of mandatory training for employees by gender and employee category						
Employee category	**N. hours Men**	**N. per capita hours Men**	**N. hours Women**	**N. per capita hours 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 non-mandatory training for employees by gender and employee category						
Employee category	**N. hours Men**	**N. per capita hours Men**	**N. hours Women**	**N. per capita hours 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**

Total training hours for employees by gender and employee category						
Employee category	**N. hours Men**	**N. per capita hours Men**	**N. hours Women**	**N. per capita hours 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**

GRI STANDRADS DISCLOSURE 403-9: Work-related injuries[19]

Employees of the Group	
Work-related injuries	
Number of injuries	**2019**
Total number of fatalities as a result of work-related injury	-
Total number of high-consequence work-related injuries (excluding fatalities)[20]	-
Total number of recordable work-related injuries	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[21]	12.94
Number of hours worked	231,868.50

[19] 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.

[20] 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.

[21] 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. It should be noted that the accident rate recorded by the Group relates 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 foreign subsidiaries due to the unavailability of the data. Please note that no accidents occurred at the foreign subsidiaries SICIT Commercial Consulting Shanghai Ltd. and Sicit USA Inc. in 2019. SICIT is committed, starting next reporting year, to extend the scope of this figure to the employees of the foreign companies.

GRI STANDARDS DISCLOSURE 301-2: Recycled input materials used

Recycled input materials used			
2019	Unit of measurement	Quantity	% of recycled input material
Chemical substances			
Succinic anhydride	kg	867,375	-
Lime	kg	9,783,510	-
Ammonium bicarbonate	kg	3,252,975	-
Nitric acid	kg	271,040	-
Sulphuric acid	kg	5,889,100	-
Caustic soda	kg	2,475,256	-
Hydrochloric acid	kg	132,230	-
Various chemists	kg	1,179,676	-
total		**23,851,162**	-
Waste products of tanneries			
Fleshing	kg	96,065,570	100%
Animal hair	kg	1,214,560	100%
Shavings	kg	18,426,910	100%
Trimmings	kg	6,046,760	100%
Cuttings	kg	671,640	100%
total		**122,425,440**	-
Packaging			
Extensible	pcs	360	-
Tanks	pcs	7,350	-
Drums	pcs	12,452	-
Big bag	pcs	2,085	-
Bags	pcs	76,848	-
Cardboard case	pcs	300	-
Pallets	pcs	7,336	100%
total		**106,731**	

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	
		Total	Total GJ
NON-RENEWABLE FUELS		**10,524,076**	**371,559**
Methane (Natural Gas)	Smc	10,481,027	370,012
Diesel for automotive use	liters	43,049	1,547
Of which generator set	liters	1,120	40
Of which owned and leased long-term	liters	41,929	1,507
ELECTRICITY		**11,007,067**	**39,625**
Electricity purchased	kWh	11,007,067	39,625
Of which from renewable source	kWh	11,007,067	39,625
TOTAL CONSUMPTION			
Total energy consumption	**GJ**	**-**	**411,184**
Renewable energy	GJ	-	-
Non-renewable energy	GJ	-	411,184
ENERGY INTENSITY ON PRODUCTION OF HYDROLYZED PROTEIN	**GJ/ton**	**-**	**17.23**

Conversion factors to GJ

Conversion factors to GJ			
Electricity / Thermal energy	GJ/kWh	0.0036	CONSTANT
Natural Gas	GJ/sm3	0.035303	Min. Ambiente 2019
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

GRI STANDARDS DISCLOSURE 303-3: Water withdrawal

Water withdrawal			
Source of the withdrawal	Unit of measurement	2019	
		All areas	Areas with water stress[22]
Groundwater (total)	**Mega liters**	**100**	-
Freshwater (≤ 1000 mg/L total dissolved solids)	Mega liters	100	-
Other water (> 1000 mg/L total dissolved solids)	Mega liters	0	-
Third party water (total)	**Mega liters**	**142**	-
Freshwater (≤ 1000 mg/L total dissolved solids)	Mega liters	142	-
Other water (> 1000 mg/L total dissolved solids)	Mega liters	0	-
Total water withdrawal	**Mega liters**	**242**	-

GRI STANDARDS DISCLOSURE 303-4: Water discharge

Water discharge			
Water discharge destination	Unit of measurement	2019	
		All areas	Areas with water stress
Groundwater (total)	**Mega liters**	**0**	-
Freshwater (≤ 1000 mg/L total dissolved solids)	Mega liters	0	-
Other water (> 1000 mg/L total dissolved solids)	Mega liters	0	-
Third party water (total)	**Mega liters**	**248**	-
Freshwater (≤ 1000 mg/L total dissolved solids)	Mega liters	248	-
Other water (> 1000 mg/L total dissolved solids)	Mega liters	0	-
Total water discharge	**Mega liters**	**248**	-

[22] 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.

GRI STANDARDS DISCLOSURE 305-1: Direct (Scope 1)[23] GHG emissions

DIRECT SCOPE 1 EMISSIONS		
Scope 1	**Unit of measurement**	**2019**
Methane	tCO_2	20,700
Diesel for automotive use	tCO_2	114
Total Scope 1 emissions	**tCO_2**	**20,814**

GRI STANDARDS DISCLOSURE 305-2: Energy indirect (Scope 2)[24] GHG emissions

INDIRECT SCOPE 2 EMISSIONS		
Scope 2	**Unit of measurement**	**2019**
Electricity purchased – Location Based	tCO_2	3,483
Electricity purchased – Market Based	tCO_2	5,129

TOTAL EMISSIONS

TOTAL EMISSIONS		
	Unit of measurement	**2019**
TOTAL EMISSIONS (SCOPE 1 + SCOPE 2 - Location Based)	tCO_2	24,297
TOTAL EMISSIONS (SCOPE 1 + SCOPE 2 - Market Based)	tCO_2	25,943

GRI STANDARDS DISCLOSURE 305-4: GHG emissions intensity

EMISSION INTENSITY		
	Unit of measurement	**2019**
EMISSION INTENSITY (SCOPE 1) ON PRODUCTION OF HYDROLYZED PROTEIN	tCO_2/t	0.87
EMISSION INTENSITY (SCOPE 1 + SCOPE 2 - Location Based) ON PRODUCTION OF HYDROLYZED PROTEIN	tCO_2/t	1.02
EMISSION INTENSITY (SCOPE 1 + SCOPE 2 - Market Based) ON PRODUCTION OF HYDROLYZED PROTEIN	tCO_2/t	1.09

[23] For the calculation of Scope 1 emissions, the emission factors "ISPRA - National Inventory Report 2019" and Ministry of Environment - National Standard Parameters Table 2019 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.

[24] 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 organisation 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 2019: 466 gCO2/kWh - source: AIB – European Residual Mixes 2018). 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 2019: 316.4 gCO2/kWh - source: ISPRA 2019 - 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 305-7: 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
		Value
NO_X	tons	55.25
SO_X	tons	3.29
Volatile organic compounds (VOC)	tons	2.08
Other standard categories of air emissions identified in relevant regulations (NH3)	tons	40.38

ODOROUS EMISSIONS

Odorous emissions			
Benchmark	Unit of measurement	Approach used for calculating emissions	2019
			Measured value
Odorous effluents	ouE/m3	Olfactory-metric emission detection	1,352[25]

GRI STANDARD DISCLOSURE 306-2: Waste by type and disposal method

Waste by type and disposal method					
Disposal method	2019				
	Unit of measurement	Hazardous	Non-hazardous	Total	%Total
Reuse	t	-	-	**-**	**0.0%**
Recycling	t	15	594	**609**	**4.6%**
Landfill/Incineration	t	418	12,104	**12,522**	**95.4%**
TOTAL	t	433	12,698	**13,131**	**100%**
	%	**3.3%**	**96.7%**	-	-

[25] The detected value refers to a sample taken and subjected to olfactometric analysis for the determination of the odour concentration, according to UNI EN 13725:2004, in January 2017. It should also be noted that the company does not carry out periodic control and monitoring of odour metric emissions.

Methodological note

The first Sustainability Report of the SICIT Group represents a document to describe, in a transparent and articulated manner, the results achieved by SICIT during the 2019 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, that is going to be published annually, was prepared in compliance with the GRI Standards, according to the “in accordance - Core” option, as indicated in the GRI Content Index table. With regard to the Specific Standards “GRI 303: Water and Effluents” and “GRI 403: Occupational Health and Safety”, the Group has adopted the most recent version released in 2018.

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, 2019. 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, 2019. The data and information regarding environmental aspects includes the two SICIT production plants, Chiampo and Arzignano.

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.

With reference to significant changes in relation to the size, organizational structure, ownership structure and supply chain occurred in 2019, Sicit 2000 signed on January 11, 2019, together with the parent company Intesa Holding S.p.A. ("Intesa Holding") a "Framework Agreement" with SprintItaly to carry out the Business Combination, specifically through the merger, subjected to SprintItaly’s acquisition of a non-controlling interest in the share capital of Sicit 2000. This merger was effective to third parties on May 20, 2019. In the context of the Business Combination, on May 2, 2019, SICIT 2000 acquired the entire share capital of Chemitech.

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

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	5	
102-2	Activities, brands, products, and services	13, 15-17	
102-3	Location of headquarters	14	
102-4	Location of operations	13-15	
102-5	Ownership and legal form	11	
102-6	Markets served	13-14	
102-7	Scale of the organization	5-6 Market Cap 199.4 Millions of euros as of 31 December 2019	
102-8	Information on employees and other workers	50	
102-9	Supply chain	45-46	
102-10	Significant changes to the organization and its supply chain	61	
102-11	Precautionary Principle or approach	10	
102-12	External initiatives	25-26, 30, 34, 46-47	
102-13	Membership of associations	UNIC (Concerie Italiane) CRA (Consiglio per la ricerca e la sperimentazione in agricoltura) Confindustria Vicenza	
Strategy			
102-14	Statement from senior decision-maker	3	
Ethics and integrity			
102-16	Values, principles, standards, and norms of behavior	7-10	

Governance			
102-18	Governance structure	11-13	
Stakeholder engagement			
102-40	List of stakeholder groups	21	
102-41	Collective bargaining agreements	52-53	
102-42	Identifying and selecting stakeholders	21	
102-43	Approach to stakeholder engagement	22	
102-44	Key topics and concerns raised	21-22	
Reporting practise			
102-45	Entities included in the consolidated financial statements	61	
102-46	Defining report content and topic Boundaries	22, 61	
102-47	List of material topics	23	
102-48	Restatements of information	This document is the first Sustainability report of Sicit	
102-49	Changes in reporting	This document is the first Sustainability report of Sicit	
102-50	Reporting period	61	
102-51	Date of most recent report	This document is the first Sustainability report of Sicit	
102-52	Reporting cycle	61	
102-53	Contact point for questions regarding the report	61	
102-54	Claims of reporting in accordance with the GRI Standards	61	
102-55	GRI content index	62-68	
102-56	External assurance	69-71	
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	22-23, 49	
103-2	The management approach and its components	47-48	
103-3	Evaluation of the management approach	47-48	
GRI 201: Economic Performance (2016)			
201-1	Direct economic value generated and distributed	48	
Material topic: Sustainable supply chain management			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	22-23, 49	
103-2	The management approach and its components	45-46	
103-3	Evaluation of the management approach	45-46	
GRI 204: Procurement Practices (2016)			
204-1	Proportion of spending on local suppliers	45-46	
Material topic: Business ethics and regulatory compliance			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	22-23, 49	
103-2	The management approach and its components	9-10	
103-3	Evaluation of the management approach	9-10	
GRI 206: Anti-competitive Behavior (2016)			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	In 2019 there were no legal actions taken for anti-competitive 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 2019 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 2019 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 2019 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	22-23, 49	
103-2	The management approach and its components	9-10	
103-3	Evaluation of the management approach	9-10	
GRI 205: Anti-corruption (2016)			
205-3	Confirmed incidents of corruption and actions taken	In the period of reporting 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	22-23, 49	
103-2	The management approach and its components	34-43	
103-3	Evaluation of the management approach	34-43	
GRI 301: Materials (2016)			
301-2	Recycled input materials used	56	
GRI 302: Energy (2016)			
302-1	Energy consumption within the organization	57	
302-3	Energy intensity	57	
GRI 303: Water and Effluents (2018)			
303-1	Interactions with water as a shared resource	38	

303-2	Management of water discharge-related impacts	39	
303-3	Water withdrawal	58	
303-4	Water discharge	58	
GRI 305: Emissions (2016)			
305-1	Direct (Scope 1) GHG emissions	59	
305-2	Energy indirect (Scope 2) GHG emissions	59	
305-4	GHG emissions intensity	59	
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	60	
GRI 306: Effluents and Waste (2016)			
306-2	Waste by type and disposal method	60	
Material topic: Employees development and well-being			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	22-23, 49	
103-2	The management approach and its components	29-30	
103-3	Evaluation of the management approach	29-30	
GRI 401: Employment (2016)			
401-1	New employee hires and employee turnover	53-54	
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	54	
GRI 405: Diversity and Equal Opportunity (2016)			
405-1	Diversity of governance bodies and employees	51-52	

Material topic: Occupational Health and Safety			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	22-23, 49	
103-2	The management approach and its components	30-32	
103-3	Evaluation of the management approach	30-32	
GRI 403: Occupational Health and Safety (2018)			
403-1	Occupational health and safety management system	30	
403-2	Hazard identification, risk assessment, and incident investigation	30-31	
403-3	Occupational health services	31	
403-4	Worker participation, consultation, and communication on occupational health and safety	31	
403-5	Worker training on occupational health and safety	31	
403-6	Promotion of worker health	31	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	31	
403-9	Work-related injuries	31, 55	
Material topic: Product quality and safety			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	22-23, 49	
103-2	The management approach and its components	25-26	
103-3	Evaluation of the management approach	25-26	
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	22-23, 49	
103-2	The management approach and its components	26-27	
103-3	Evaluation of the management approach	26-27	
Material topic: Corporate Governance			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	22-23, 49	
103-2	The management approach and its components	10-13	
103-3	Evaluation of the management approach	10-13	
Material topic: Local communities			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	22-23, 49	
103-2	The management approach and its components	46-47	
103-3	Evaluation of the management approach	46-47	
GRI 413: Local Communities (2016)			
413-2	Operations with significant actual and potential negative impacts on local communities	In 2019 there were no operations with significant actual and potential negative impacts on local communities.	

Independent Auditors' Report

Deloitte.

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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 "the Group") as of December 31, 2019.

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.

Deloitte.

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 "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.

Deloitte.

- For the Arzignano production plant of Sicit Group S.p.A., which we selected based on the activity carried out, the contribution to the performance indicators at the consolidated level and its location, we carried out site visits, during which we have met the management of the plant 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, 2019 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
November 16, 2020

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

SICIT Group

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