



SICIT GROUP  
SUSTAINABILITY REPORT  
AS OF **DECEMBER 31<sup>st</sup>, 2022**



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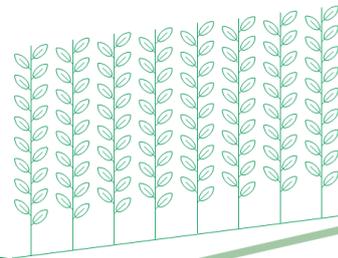
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# LETTER TO STAKEHOLDERS



## Letter to stakeholders

It is with pleasure and pride that we present the third edition of Sicit Group Sustainability Report, document that demonstrates the path of sustainability undertaken and that offers our stakeholders complete and transparent communication of social and environmental impacts of the Group in 2022. SICIT's result for this year are even more important; indeed, we continued to generate value for shareholders, our country, and our community, confirming our role as the driving force of *circular economy*.

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

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

To confirm this commitment, in 2022 SICIT defined its **first sustainability plan**, spanning from 2023 to 2026, with a view to meeting stakeholders' expectations and interests, as well as identifying areas in which to strengthen its ESG commitment. These are concrete actions to enhance the management's commitment and improve the governance on sustainability issues; for example, some of the sustainability objectives defined are the adherence to the Science based Target Initiative (SBTI) as of 2026, the strengthening of the training plan for its employees and the definition of specific targets such as the reduction of water and waste in relation to the quantity of semi-finished product manufactured. Another important milestone, in 2022, was the assessment of SICIT's sustainability performances by the **EcoVadis** platform, as well as, the **third ESG sustainability rating** by **Sustainalytics**, independent sustainability rating agency that has measured the degree of adherence to the most rigorous institutional and international voluntary guidelines on sustainability, with particular reference to the 2021 Sustainability Report. It is also disclosed that in the comparative Sustainalytics ESG Risk Ratings referred to the 2020 Sustainability Report, SICIT Group confirmed its position among the best chemical companies and the best chemical companies in the agricultural chemistry' sector, with a final score of 19.4.

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

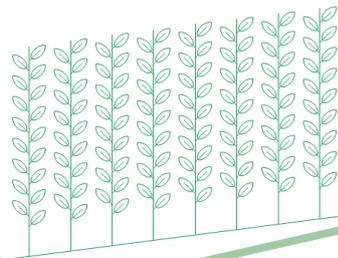
During 2022 the resources allocated by SICIT to local communities amounted to over EUR 0,6 million, demonstrating how active SICIT is in the community in which it operates. Additionally, SICIT actively cooperates with the Universities of Udine, Padova, Verona and Milano, as well as maintaining a collaboration with the Torino research center.

The excellent results achieved in 2022, the outcome of our approach to business, allow us to continue to look forward to a sustainable future.

Chairman  
Rino Mastrotto



# SICIT GROUP



## 1.1 SICIT Group highlights

### HIGHLIGHTS

#### REVENUE

**€ 94,9** mln

+16% vs. 2021

**+86.692**

controls

+4% vs. 2021

### THE COMPANY

**156** employees

+5 vs. 2021

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

**3** commercial branches abroad (2 in Cina, 1 in USA)

**3** laboratories (chemical, agronomic and quality control)

**2,9%** of turnover allocated to R&D

**Over 1.340** hours of training

**89** countries reached

**81%** recycled input materials used



## 1.2 Who we are

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

SICIT is an **Italian excellence of the green and circular economy** that offers a service of strategic importance for the Vicenza leather district, collecting and **transforming residues into high added value products**, totally biodegradable, without risks for the public health and the environment, **significantly limiting the production of waste**. The activity, based on the circular economy model, makes it possible to provide technologically advanced and fully green solutions to customers and, at the same time, contribute to the sustainable management of the tanning chain. A result made possible by the work of a qualified team, automated, high-tech production facilities, three state-of-the-art laboratories and constant investment in research and development.

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;
- **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.

Furthermore, SICIT believes in collaboration with sector associations on a local and national level, and it is member of several institutions like EBIC (European Biostimulant Industry Council), CRA (Consiglio per la ricerca e la sperimentazione in agricoltura) and Confindustria Vicenza.

## 1.3 History and evolution

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

**1963** - Following the analyses related to the carbuncle problem (fleshings were scattered in the fields as fertilizer), **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** one and the **agricultural** one.

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

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

**1991-1996** - SICIT passes under the ownership of **Intesa Holding**, a company founded by a group

of tanners from Arzignano to manage the disposal of residues from the tanning industry. Intesa completes the restructuring project started with the previous ownership, including the separation of the two lines.

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

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

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

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

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

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

**2018** - Establishment of **SICIT USA** (New York), to distribute the products directly on the North American market.

**2019** - On May 20<sup>th</sup>, 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 June 15<sup>th</sup> SICIT completes the translisting to the **MTA** (Italian Equities Market, STAR segment) of **Borsa Italiana**.

**2021** - Start-up of the **new chemical-extractive and agronomic laboratories** at Arzignano Plant. On the 5<sup>th</sup> of August, NB and Intesa Holding, through their subsidiaries Circular Holdco and Circular Bidco, complete the takeover bid for SICIT, which is delisted from the MTA. Additionally, the Chinese branch SICIT (China) Technology Co., Ltd. is set up in October.

## 1.4 Vision and values

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The three pillars of SICIT's vision:

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

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

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

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

- **Higher investment in R&D**

In addition to continuous and important investments in Research and Development, SICIT has three

internal laboratories: a quality control laboratory, a chemical laboratory for product and process Research and Development and an agronomic laboratory for Research and Development of new products for agriculture.

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

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



SICIT and its subsidiary SICIT Chemitech adopt an **Organizational, Management and Control Model**, in compliance with the provisions of Legislative Decree no. 231/01<sup>1</sup>. It has appointed its own monocratic **Supervisory Board**, composed of an external body that meets the requirements of professionalism, honor and independence and is able to ensure the necessary continuity of action. The **Supervisory Board** yearly 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 231 Model.

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

No updates to the 231 Model occurred during 2022; some modifications were made after the end of the financial year, on February 1<sup>st</sup>, 2023. The key points of the update concerned the mapping of business processes in consideration of the internal and external context of the company, the crime risks for each of the mapped processes and the risk assessment and weighting, according to the Risk Assessment criteria of ISO 31000:2018, with the preparation of the risk assessment document. In addition, the General Part has been updated with new regulations and practices and the contents of the annexes have been rationalized.

The Group conducts its internal operating activities and business relations according to principles of ethics and integrity. On the 1<sup>st</sup> of february 2023, as a part fo the updating process of the231 Model, SICIT'S Board of Directors has approved the new **Code of Ethics**, which identifies the Company's responsibilities and ethical commitments to its internal and external stakeholders. The Code of Ethics commits social bodies, management, employees, external collaborators, business partners, The suppliers and all those who have a relationship with the Company.

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.

The Whistleblowing Procedure is designed to properly manage the reporting of any violations and irregularities concerning the Code of Ethics and Model 231. Employees are required to report any violations or suspected violations to their direct superior, or, in cases where an employee's report to his/her superior is not effective or appropriate, to the Chief Executive Officer and/or the General Manager, or directly to the Supervisory Board. The latter is obliged to promptly verify the information transmitted and having ascertained the validity of the report, to submit the case to the competent corporate function for the application of any disciplinary sanctions or for the activation of contractual termination mechanisms. A downloadable form is available on the home page of the website for employees and collaborators who wish to report situations of unlawful or irregular conduct of which they have become aware by virtue of their relationship with the company. The authors of the reports are protected from any form of retaliation or discrimination in the professional sphere, and the confidentiality of their identity is guaranteed within the limits provided for by law or determined by the need to protect the company. Reports can be sent to the Supervisory Board by e-mail to the following e-mail address: [OdV@sicitgroup.it](mailto:OdV@sicitgroup.it), or by letter to the following address: Sicit

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<sup>1</sup> Foreign subsidiaries of SICIT Group are excluded.

Group S.p.A.- Via Del Lavoro n. 114, Arzignano (VI); in this case, in order to benefit from the guarantee of confidentiality, the report must be placed in a closed envelope with the following wording on the outside "personal confidentiality for the Supervisory Board".

For external subjects, a communication channel has been set up by the e-mail address [odv@sicitgroup.it](mailto: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 the 31<sup>st</sup> of December 2022 have been sent to the Supervisory Board inbox.

Any reports of irregularity or criticality may also be presented during the regular meetings between SICIT's CEO and the trade union representatives. With respect to environmental issues in particular, reports may also be made to the environmental delegate, appointed as special prosecutor with appointment on March 12<sup>th</sup>, 2020. The Special Prosecutor undertakes to represent the Company in front of all the institutions and bodies entrusted with the exercise of supervisory, verification and control functions required by environmental legislation.

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

It should be noted that no significant cases of non-compliance with laws and regulations have been recorded in 2022, resulting in the absence of financial penalties and non-financial penalties. In addition, there are no ongoing or completed actions in the field of anti-competitive behavior, or incidents of corruption that have been established and violations of antitrust and monopolistic laws.

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:

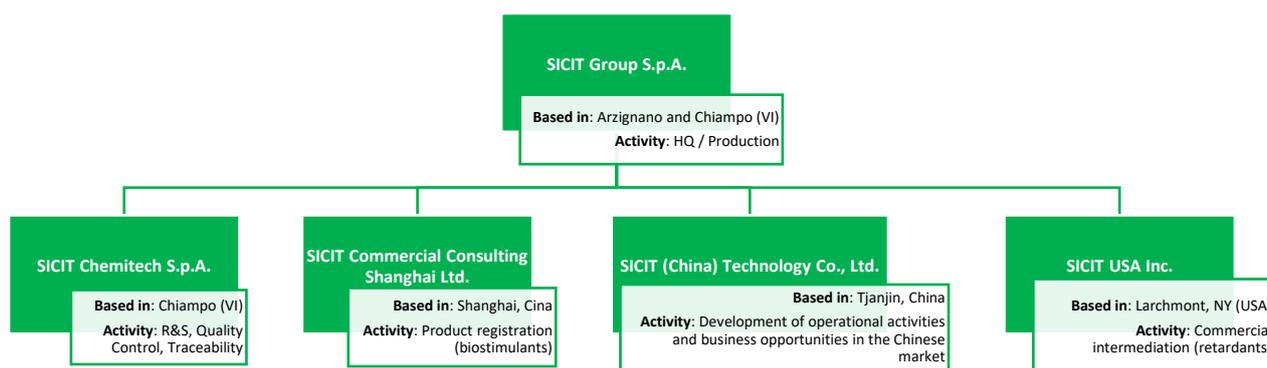
- **External** risks related to the external environment that may impact on the Group's ability to achieve its strategic and operational objectives;
- **Business** risks related to activities and critical aspects of the business;
- **Operational** risks related to the efficiency and effectiveness of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

The Risk Assessment model has been realized considering both the magnitude and the probability of the risky event. The synthetic evaluation of the determined risks has been re-evaluated assessing the mitigation measures adopted by the Group.

## 1.5 Corporate Governance

**SICIT** operates from the Arzignano and Chiampo (VI) sites and is focused on the production and business-to-business biostimulants for agriculture, retarders for plaster with basis of amino acids and peptides and animal fat from the by-product of animal origin (fleshing), as a product for producing biofuel.

The Group **structure** as of 31.12.2021:



**SICIT Chemitech S.p.A.** is based in Chiampo (VI) and it was established 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.** established in 2016, is a company based in Shanghai which mainly operates, on behalf of the Parent company, of the intermediations activities for the sale on the Asian market and the registration of biostimulants in China.

**SICIT (China) Technology Co., Ltd.**, owned with 78% stake and constituted in October 2021 to develop operational activities and commercial opportunities in the Chinese market. Based in Tjanjin, China.

**SICIT USA Inc.**, it is based in Larchmont, New York, USA, was founded in 2018 and dedicated to the commercial development of the North American market. On behalf of the Parent company, it acts as a local distributor of its products, especially retardants.

The reporting perimeter for the purposes of this Sustainability Report has not changed with respect to that for the year 2021; For the sake of completeness, however, it should be noted that, in order to achieve a more efficient reorganization of the Group, on the 16<sup>th</sup> of February 2022, the shareholders' meeting of SICIT Group S.p.A. approved the merger plan by reverse incorporation of the parent companies circular Holdco S.p.A. and circular Bidco S.p.A. into SICIT (hereinafter also "the merger"). This transaction was legally effective with the inclusion of the last notarial act in the business register on May 4<sup>th</sup> 2022, while the accounting and tax effects were recorded retrospectively as of January 1<sup>st</sup>, 2022. Furthermore, no effects on environmental, social or occupational health and safety information reported in this document shall be derived from the merger.

Following the close of the financial year, in May 2023, SICIT Group S.p.A. completed the acquisition of control (51%) of **Patagonia Biotechnology Spa ("Patbio")**, a growing Chilean company that

produces and distributes marine algae biostimulants. The operation is aimed at strengthening the leadership position in the production of biostimulants of natural origin dedicated to the business-to-business market. Sea algae are harvested in the nutrient-rich waters of the Patagonian Sea, where the company has numerous concessions that ensure the competitive advantage of a large supply of raw material.

Patbio is based in Puerto Montt, capital of the Los Lagos region, at the gates of Chilean Patagonia. In 2022, Patbio generated revenues of about 5 million euros, of which 60% from exports to North and South America. As is usual for operations of this kind, shareholders' agreements with minority shareholders have been signed, and the purchase agreement provides for purchase and sale rights that would allow the Parent Company to hold 100% of PatBio. The current Chairman and CEO will remain involved in the management of the company.

At present, the Directors plan to include PatBio in the reporting perimeter of sustainability information starting from the 2023 Sustainability Report.

### Ownership structure

SICIT Group S.p.A. is a joint-stock company registered in Italy at the Vicenza Companies Register.

Following the completion of the merger by inverse incorporation of the parent companies Circular Holdco S.p.A. and Circular Bidco S.p.A. into SICIT, the current shareholders of SICIT are INTESA HOLDING S.p.A. which holds 50% of the share capital and GALILEO OTTO S.A. r.l which holds the remaining 50%.

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, elected by the Shareholders' Meeting. The Shareholders' Meeting, before proceeding with the appointment, determines the number of directors.

On August 6<sup>th</sup>, 2021, 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 December 31<sup>st</sup>, 2023.

As of December 31<sup>st</sup>, 2022, the Board of Directors was **composed** as follows:

Board of Directors as of 31.12.2022	Appointment	Executive / Non-Executive	Date of Appointment	Number of other significant offices held
Rino Mastrotto	Chairman	Non-Executive	06/08/2021	13
Massimo Costantino Neresini	CEO	Executive	06/08/2021	-
Mario Peretti	CEO	Executive	06/08/2021	4
Giuseppe Walter Peretti	Board Member	Non-Executive	06/08/2021	16
Riccardo Grotto	Board Member	Non-Executive	06/08/2021	4
Gianfranco Dalle Mese	Board Member	Non-Executive	06/08/2021	7
Fabio Cosmo Domenico Canè	Board Member	Non-Executive	06/08/2021	13
Tommaso De Bustis Figarola	Board Member	Non-Executive	06/08/2021	3
Matteo Perugi	Board Member	Non-Executive	06/08/2021	-
Andrea Paolo Maria Vallini <sup>2</sup>	Board Member	Non-Executive	25/05/2022	6

The Board of Directors is composed of 100% male councilors, among which there are no independent Directors. Moreover, the Board of Directors express only the expression of the social structure and therefore do not represent third parties or other categories of social subjects or groups.

The procedure for appointing and selecting the Board of Directors is governed by the Shareholders' Agreement. The Agreement provides that the Board of Directors shall be composed of 10 members, to be appointed as follows:

- (i) 4 directors may be appointed by the investor Galileo Otto S.à.r.l.;
- (ii) 4 directors may be appointed by Intesa Holding S.p.A.;
- (iii) 1 Director (who will be Managing Director in the person of the current Managing Director) will be jointly appointed by Galileo Otto S.à.r.l. and Intesa Holding S.p.A.;
- (iv) 1 Director will be appointed by Intesa Holding S.p.A. who hold the position of Chairman.

Moreover, it should be noted that the partners belonging to the "industrial" field with experience in the sector are represented by the directors of Intesa Holding S.p.A., while the members representing Neuberger Berman Renaissance Partners Holding S.à.r.l. have financial, M&A, strategy and ESG skills. It is specified that the Chairman of the Board of Directors does not have any operational powers within the Company.

There is no formalized procedure to prevent and mitigate conflicts of interest concerning the highest governing body. The relations with the related parties, regulated by an internal procedure, are constantly monitored also for financial reporting purposes.

The Board of Directors is responsible for controlling the impacts of the organization on the economy, the environment, and people. It is also entrusted with the task of preparing and approving this document, as well as defining the Group's medium-long-term sustainability objectives.

The working Group responsible for supporting the Board of Directors in preparing this document is coordinated by the Company's CFO and includes the Director of Human Resources and the Environmental Delegate, in addition to the CEO himself, and interfaces with the Board of Directors for the implementation of the above-mentioned aspects. There are currently no Board Committees present, but next year the Group aims to formally assign responsibility in the ESG context to an internal sustainability committee composed of various function managers.

<sup>2</sup> The Board Member Andrea Paolo Maria Vallini has competence with regard to the impact of the organization in the ESG field, being the ESG manager of the NB Renaissance Fund, and having, as an Operating Partner, responsibility for the coordination of the ESG activities of the Fund and of the companies in portfolio. Among SICIT's goals for the following years is for training courses concerning ESG topics to be addressed also to the members of the Board of Directors.

At present, the Group does not have specific formalized processes for evaluating the performance of the Board of Directors in supervising the management of the organization's impacts on the economy, the environment and people, but its definition is one of SICIT's goals for 2023.

Remuneration for the Board of Directors is reserved for the two CEOs: one receives fixed compensation, while the other receives a fixed and variable compensation. The rules on remuneration are not related to ESG goals. The compensation reserved for the members of the Board of Directors are defined by the Shareholders' Meeting.

On December 15<sup>th</sup>, 2022, the Board of Directors of the Parent Company implemented the "Stock option Plan 2022-2028" approved by the Shareholders' Meeting of November 16<sup>th</sup>, 2022, which is a Long term Incentive (LTI) plan intended for the executive directors and employees invested with the most strategically important functions within the Company and its subsidiaries.

The plan provides for the right of beneficiaries to receive from the Company a variable incentive remuneration in shares. The right to receive the incentive remuneration will accrue on the basis of specific conditions such as:

- that there is a divestment by the current shareholders;
- that the divestment shareholders achieve a certain multiple on the investment;
- that the beneficiaries remain in service at the date of divestment.

The plan thus defined has the function, among other things, of aligning, in the medium-to-long-term, the interests of shareholders and with those of managers with apical or strategic functions.

The total annual compensation rate of the SICIT Group for 2022 was 12.08<sup>3</sup>. This value represents the ratio between the annual salary of the highest paid individual (CEO) and the median salary of the employees (excluding the highest paid individual). The indicator is intended to represent the difference in pay between the most paid individual and the working population. In 2022, the total annual compensation of the Company's highest paid individual decreased with respect to 2021. The information required by indicator GRI 2-21 b) is therefore not applicable.

### Board of Statutory Auditors

The Board of Statutory Auditors of SICIT is composed of 1 president and 2 standing auditors. It has been nominated on August 6<sup>th</sup>, 2021 and will remain in office until the date of approval of the financial statement as of December 31<sup>st</sup>, 2023. All members of the Board of Statutory Auditors meet the requirements of eligibility, honor and professionalism laid down by law.

As of December 31<sup>st</sup>, 2021, the Board of Statutory Auditors was **composed** as follows:

Board of Statutory Auditors as of 31.12.2022	Appointment
Maurizio Salom	Chairman
Manfredo Turchetti	Standing auditor
Sergio Zamberlan	Standing auditor

## 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

<sup>3</sup> The annual compensation of the highest paid individual includes fixed and variable remuneration (premiums, incentives, MBO). For the median of employees (excluding the highest paid individual), fixed elements of remuneration and variable elements (overtime, premiums, incentives, MBO, welfare benefits) have been considered.

and supported by (a) a commercial branch in the United States (SICIT USA Inc.) which deals with marketing in the North American market and 2 branches in China (SICIT Commercial Consulting Shanghai Ltd. e SICIT Technology Co., Ltd ), in charge of registering and importing the products on the local market as well as the development of operational and commercial opportunities in the Chinese market.



The distribution model of SICIT differs depending on the products and the respective sectors.

In the biostimulants sector, SICIT distributes its solutions in the final use markets through a business-to-business approach, meaning developing partnerships with companies active in the nutrition and culture defense market, equipped with capillary sales organizations and its own distribution network in the target countries. SICIT's business partners purchase finished products to distribute them as such or to use them as core components of the formulations they produce and market. In most cases, customers have the intellectual property of registering products purchased from SICIT and offer them to the market under their own brand.

Nel settore dei ritardanti del gesso, SICIT intrattiene principalmente rapporti commerciali diretti con gli utilizzatori finali delle proprie soluzioni, fornendo soggetti di natura industriale che producono gesso e pareti di cartongesso. In alcuni Paesi sussistono accordi con distributori, i quali garantiscono supporto tecnico e servizio logistico agli stabilimenti di produzione.

Infine, il grasso prodotto da SICIT viene venduto a soggetti coinvolti nel processo di qualificazione e utilizzo dello stesso negli impianti di generazione dell'energia.

In the field of gypsum retardants, SICIT mainly maintains direct commercial relations with the end users of its solutions, providing industrial subjects that produce gypsum and plasterboard walls. In some countries there are agreements with distributors, who guarantee technical support and logistical service to the production plants.

Finally, the grease produced by SICIT is sold to those involved in the process of qualification and use of the same in power generation plants.

## 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, and 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<sup>4</sup> 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

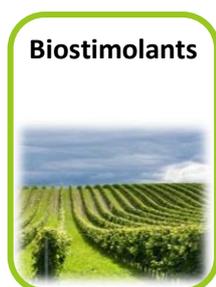
The Chiampo plant processes tanning residues, such as **trimmings and shavings**. Residues from hides have already undergone a tannery transformation process. From the hydrolysis of the residues where the trimmings and shavings are processed a collagen-based hydrolyzed protein is obtained.

### The Labs

SICIT has three **functionally integrated laboratories**:

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

## 1.8 Products



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

Biostimulants 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 help plants overcome the ever-growing conditions of abiotic stress (drought, heavy rain, frost, etc.);
- they increase yield and harvest quality;
- they promote the development of soil microflora;
- they improve the efficiency of nutritional absorption and of the crop defense, so that they can be used in smaller quantities.

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.

<sup>4</sup> Regulation (EC) No 1069/2009, Regulation (EU) No 142/2011.

The **main benefits** in the use of bio stimulants are:



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

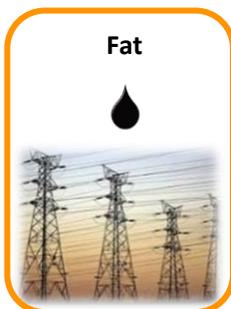
The importance of biostimulants in the European agricultural market has recently been formalized in the new Regulation (EU) 2019/1009 which establishes "rules on the making available on the market of EU fertilizing products". In this framework, a specific "Product Function Categories" (PFC) called biostimulants, defined as those products that "*stimulate plants' natural nutrition processes by improving the plants' nutrient use efficiency, tolerance to abiotic stress, quality traits or increasing the availability of confined nutrients in the soil or rhizosphere*".

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



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

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



Animal fat **derives from the by-product of animal origin (fleshing)** in Arzignano plant. The fat obtained from the first processing stage of the animal by-product (flesh) cannot be used directly as biofuel.

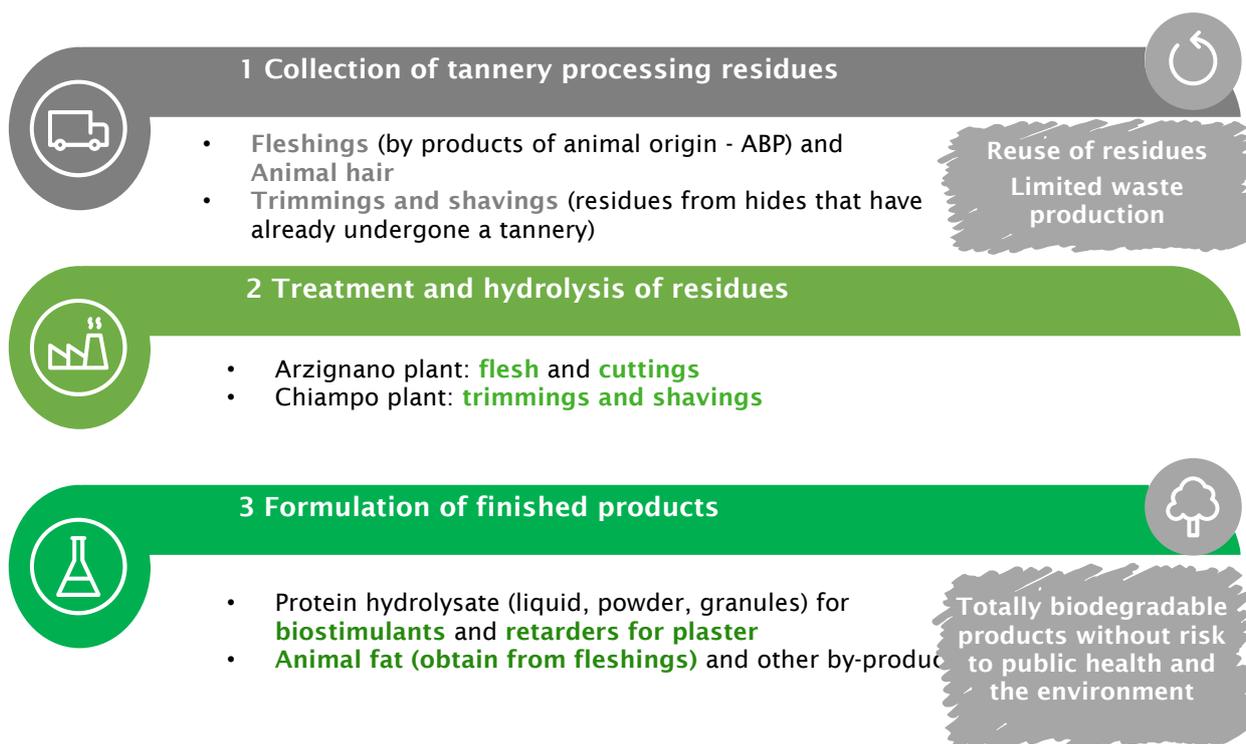
SICIT is also able to refine animal fat with a final reaction step to re-esterify the free acid fats - in addition to a primary refining step to further reduce the content of sulfur and other salts - so that it can easily be used directly as a biofuel.

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

## 1.9 Production processes

production process is divided into three distinct phases:

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



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

SICIT has established a stable and long-term relationship with the tanneries of the Vicenza district, which has led it to guarantee the supply of residues. **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<sup>5</sup> 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 business-to-business channel.

SICIT has **tanks for the storage of hydrolyzed bases** produced which are not immediately utilized for the manufacturing of the finished products. This allows to have a 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.

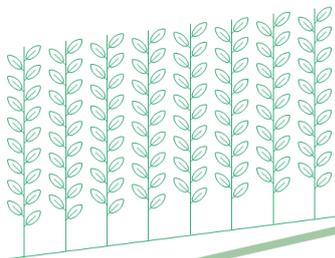
The hydrolyzed protein obtained from the hydrolysis process, which is in a **liquid, dense and viscous form**, undergoes further processing, on the basis of the formulations agreed with the customer, with the aim of associating further components to the amino acid and peptide base and/or modifying its 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,

<sup>5</sup> For fleshings alone once the fat is extracted.

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.



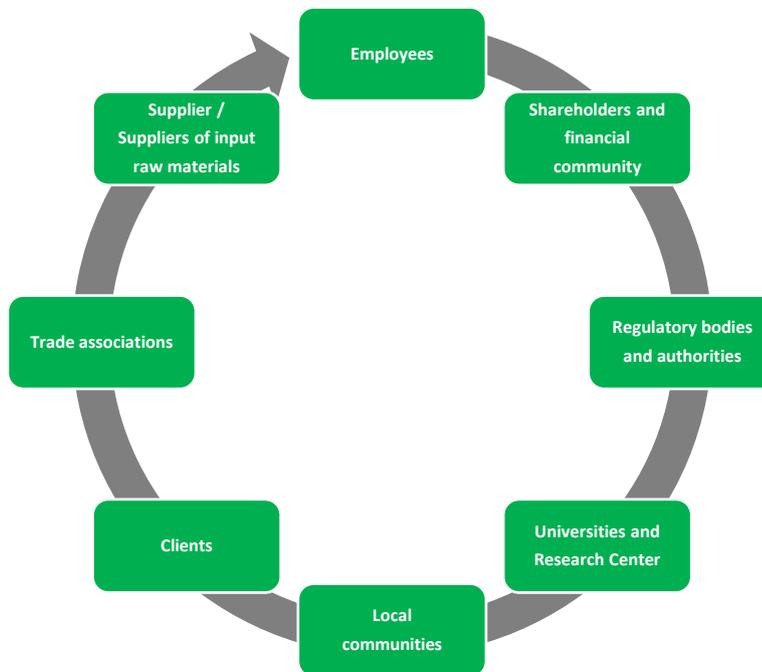
# APPROACH TO SUSTAINABILITY



## 2.1 | Group key stakeholders

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

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



SICIT also adopts practices of dialogue and involvement of the main stakeholders. The main channels of dialogue and interaction are summarized below; the methods and frequency of stakeholder involvement vary according to the issues considered relevant and the opportunities for discussion during the year. Il confronto con gli stakeholder comprende anche il recepimento di indicazioni e aspettative relative al processo di definizione dei temi materiali ai fini della reportistica di sostenibilità, nonché di identificazione dei target in ambito ESG.

Engaging with stakeholder also entails the acknowledgment and assimilation of their indications and expectations with respect to the definition of material topics for sustainability reporting purposes, as well as the identification of ESG targets.

Stakeholder	Engagement/interaction
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Projects and/or initiatives for company welfare</li> <li>• Breach reporting system</li> <li>• Insertion schemes for new employees</li> <li>• Company meetings to discuss results and future objectives</li> <li>• Training programs</li> <li>• Communication boards in the plants and offices</li> </ul>
<b>Trade associations</b>	<ul style="list-style-type: none"> <li>• Regular discussions</li> </ul>
<b>Clients</b>	<ul style="list-style-type: none"> <li>• Regular meetings</li> <li>• Surveys/market research</li> </ul>

	<ul style="list-style-type: none"> <li>• Continuous dialogue through communication channels (e.g., e-mail, telephone, social media, post)</li> <li>• Customer service</li> <li>• Company website</li> <li>• Participation in the main trade fairs</li> <li>• Presence at events</li> </ul>
<b>Supplier/ Suppliers of input raw materials</b>	<ul style="list-style-type: none"> <li>• Regular meetings</li> <li>• Relationship with purchasing department and the quality Control laboratory</li> </ul>
<b>Shareholders and financial community</b>	<ul style="list-style-type: none"> <li>• Discussion moments organized during the year</li> <li>• Company website</li> </ul>
<b>Local communities</b>	<ul style="list-style-type: none"> <li>• Projects to support social initiatives</li> <li>• Participation in local events</li> <li>• Mass media</li> </ul>
<b>Regulatory bodies and authorities</b>	<ul style="list-style-type: none"> <li>• Meetings with representatives of institutions</li> </ul>
<b>Universities and Research Centre</b>	<ul style="list-style-type: none"> <li>• Internship and development of thesis</li> <li>• Collaborations with schools and the academic community to develop new product and process</li> <li>• Research and development</li> </ul>

## 2.2 Materiality Assessment

During 2022, SICIT updated its Materiality analysis in line with the requirements of GRI 3 Material topics 2021, in order to identify the significant impacts of the organization (impact materiality) – negative or positive, current or potential – on the economy, the environment and/or on people, including their human rights, caused by the activities and investments of the organization, its products and/or services or its value chain, in the short, medium and long term. In particular, the analysis of Materiality yes is carried out through the following phases:

1. Context analysis, which included a benchmarking activity that reviewed the main players in the sector, the main sustainability reporting frameworks and specific industry publications;
2. On the basis of this analysis, identification of the positive and negative, current and potential impacts that the Group could generate with its business on the economy, the environment and people, including those on human rights, in its direct activities and business relationships;
3. Impact assessment through the involvement of top management;
4. Prioritization of impacts and aggregation into material subjects.

The Group is committed to involve its stakeholders in this process as well, starting with the 2023 reporting.

The following are the material themes and their associated impacts, which are presented in this Sustainability Report. The theme “Corporate Governance” has no longer been identified as material with respect to the 2021 Sustainability Report, since it is considered an essential element for the correct management of sustainability issues and more generally of the Group's activities, and is therefore subject to detailed disclosure.

2022 Materiality Assessment Results	
Material Topic	Generated Impacts
Management of environmental impacts	<ul style="list-style-type: none"> <li>• Generation of direct and indirect GHG energy emissions (scope 1 and 2)</li> <li>• Generation of indirect GHG emissions (Scope 3)</li> <li>• Energy consumption</li> <li>• Pollutant emissions into the atmosphere</li> <li>• Recycling and reuse of production and general waste</li> <li>• Waste generation</li> <li>• Reduced availability and quality of the water</li> <li>• Raw materials consumption</li> </ul>
Innovation, R&D	<ul style="list-style-type: none"> <li>• Contribution to reducing the use of mineral fertilizers in agriculture</li> <li>• Technological innovation of processes and products</li> </ul>
Occupational Health and Safety	<ul style="list-style-type: none"> <li>• Accidents in the workplace</li> </ul>
Economic performance and value creation	<ul style="list-style-type: none"> <li>• Generation and distribution of economic value</li> </ul>
Employees development and well-being	<ul style="list-style-type: none"> <li>• Violation of human rights within the Group</li> <li>• Training and development of workers</li> <li>• Unfair or discriminatory employee remuneration</li> <li>• Discrimination and non-inclusive practices at work</li> </ul>
Business ethics, anti- corruption and regulatory compliance	<ul style="list-style-type: none"> <li>• Anti-competitive behavior and monopolistic practices</li> <li>• Unethical conduct of business</li> </ul>
Local communities	<ul style="list-style-type: none"> <li>• Local development and community relations</li> <li>• Contribution to local economic activities</li> </ul>
Product quality and safety	<ul style="list-style-type: none"> <li>• Violation of regulations or standards relating to product quality/safety</li> </ul>
Sustainable supply chain management	<ul style="list-style-type: none"> <li>• Environmental impacts generated by suppliers</li> <li>• Human rights violations along the supply chain</li> </ul>

## 2.3 The Sustainability Rating

Following the voluntary preparation of the Group's first 2019 Sustainability Report, SICIT started activities to obtain its first **ESG (Environmental, Social and Governance) sustainability rating**. The Group has voluntarily undergone, on a yearly basis, an independent assessment by Sustainalytics, an extra-financial sustainability rating agency, which has evaluated the degree of adherence to the most rigorous institutional and international voluntary guidelines on sustainability and related governance aspects. Again, with respects to the 2021 Sustainability Report, **SICIT demanded and obtained its second ESG rating from Sustainalytics**.

Sustainalytics' comparative ESG Risk Ratings for the Sustainability Report 2021, **SICIT Group confirmed its position among the best companies in the global chemical industry and among the best in the agricultural chemicals segment, achieving a score of 19,4**. In view of SICIT's business, which is linked to the processing of animal waste and residues, Sustainalytics considered the company's ESG risk exposure to be "medium". The Company's ability to manage these risks was also confirmed as high, following best practices and demonstrating a strong sense of responsibility towards investors and all stakeholders. The considered ESG impact categories were found to be of "low" risk (GHG emissions; emissions, effluents and waste; resource usage; corporate governance) or even "**negligible**" (community relations; human capital; occupational health and safety; responsibility towards customers; environmental and social impacts of products; business ethics).

Furthermore, no specific potentially risky event was identified that could have a negative impact on stakeholders, the environment or the Company's operations.

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

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

During 2022 SICIT ha also undergone the evaluation of its sustainability performance by the **EcoVadis** platform, one of the world's leading providers of enterprise sustainability assessments, information and collaborative tools to improve performance for global logistics chains.

As a result of the EcoVadis assessment of the environment, labor and human rights, ethics and sustainable procurement, SICIT received a scorecard with the "bronze" rating. Among the future objectives defined by the Group is the improvement of the EcoVadis rating, indissolubly linked to a further step toward an increasingly sustainable management of the organization.

## 2.4 Group Policies

Aware of its responsibility to implement Corporate Social Responsibility actions, consistent with Group guidelines, SICIT approved **six Group policies** on **sustainability, human rights, health and safety, environment, diversity** and **anti-bribery**. The policies are published on the Company's website and shared with all the subsidiaries, in order to make aware and strengthen the commitment undertaken by the Group in these areas, as well as the consistency between the actions taken and the values pursued. The policies are based on international standards and best practices and integrated, where possible, with the indications that emerged during the ESG rating process.

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

### **Sustainability Policy**

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

### **Human Rights Policy**

The objective of this policy is to ensure compliance with applicable laws and regulations on human rights. The policy applies not only to SICIT and its subsidiaries, but also to the entities in which it holds a majority stake and to

the facilities it manages. The Company is also committed to working with its business partners to encourage them to sustain human rights principles and to adopt similar policies within their companies.

### Health and Safety Policy

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

### Environmental Policy

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

### Diversity Policy

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

### Anti-Bribery Policy

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

## 2.5 Sustainability Objectives

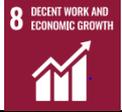
In 2022, SICIT Group implemented its first sustainability plan, which spans from 2023 to 2026, and takes into account the 17 objectives of the 2030 Agenda (SDGs). This plan aims at meeting the expectations and interests of stakeholders, identify areas in which to strengthen SICIT’s commitment and those in which to continue to pursue its chosen approach.

The United Nations have defined the 17 Sustainable Development Goals as a “strategy to achieve a better and more sustainable future for all.” These goals are also known as the 2030 Agenda, which recognizes the close link between human well-being, the health of natural systems and the presence of common challenges for all countries.

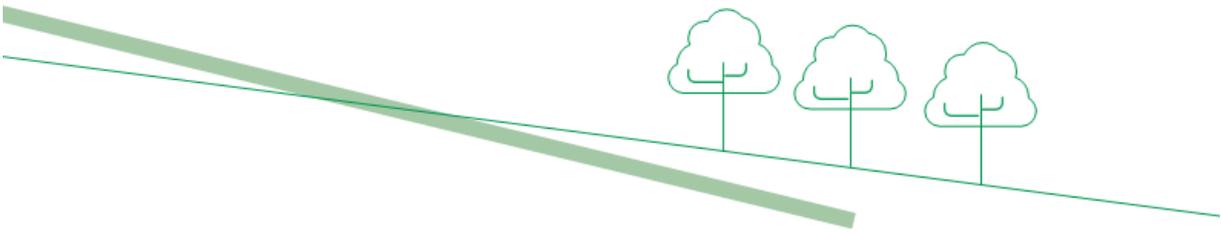
The following are the objectives that the company undertakes to achieve, associated with the respective SDGs:

Macro-Area	SDGs	Objectives	Timeline
Governance	-	Establishment of an internal committee on Sustainability, with the various function leaders (i.e., Operations, HR, Finance, Environment etc.)	2 <sup>nd</sup> Semester 2023
	-	Identification of an ESG responsible	2 <sup>nd</sup> Semester 2023
	-	Definition of MBOs tied to the achievement of ESG objectives	2 <sup>nd</sup> Semester 2024
	-	Continuation of sustainability reporting (Annual Report prepared on	2023

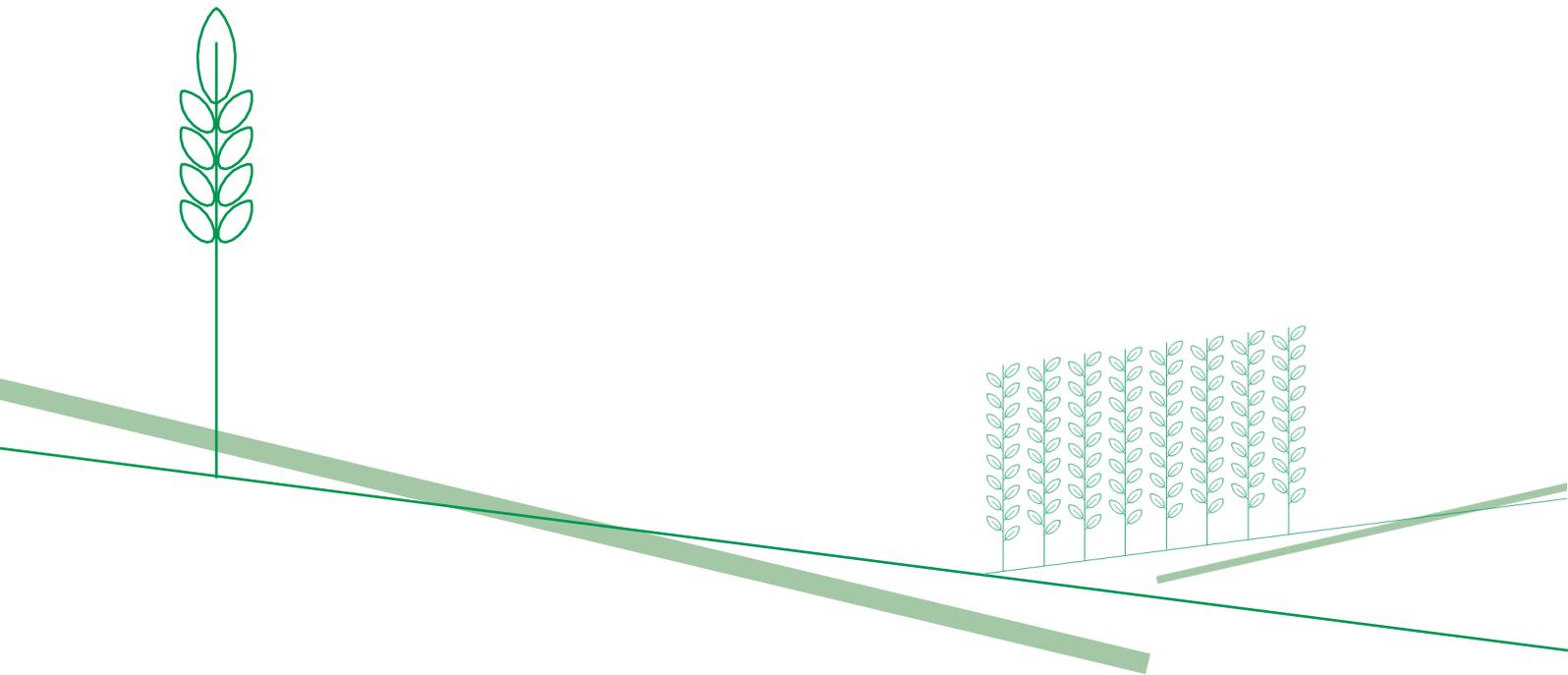
Macro-Area	SDGs	Objectives	Timeline
		a voluntary basis) subject to limited assurance by external auditors	
	-	Updating the existing risk management model (Group Risk Assessment) with incorporation of ESG risk factors.	2 <sup>nd</sup> Semester 2024
		Inclusion of environmental aspects as part of the evaluation of new investments and in the due diligence process, as part of acquisition transactions	2 <sup>nd</sup> Semester 2023
	-	Ecovadis rating improvement from Bronze to Gold	2 <sup>nd</sup> Semester 2026
	-	Involvement of the most significant suppliers in the Ecovadis evaluation process through obtaining timely data on the most significant materials	2 <sup>nd</sup> Semester 2025
	-	Implement a policy for selecting the most significant suppliers including the definition of a decarbonization path as part of the selection criteria	2 <sup>nd</sup> Semester 2025
Social		Defining three-year training plan consistent with the outlined career pathway	2 <sup>nd</sup> Semeste 2023
		Increase by 100% in the per capita non-mandatory training hours figure at Group level compared to 2022 data (4,8 hrs), with a minimum increase of +10% to be achieved in 2023 already.	2 <sup>nd</sup> Semester 2026
		Definition of a welfare/well-being plan	2 <sup>nd</sup> Semester 2024
	-	Review of the ESG-related policies in place	2 <sup>nd</sup> Semester 2024
		Identification of three ongoing projects to support local communities	2 <sup>nd</sup> Semester 2024
		Assessment of the Group's gender diversity maturity and further definition of an improvement plan	2 <sup>nd</sup> Semester 2024

Macro-Area	SDGs	Objectives	Timeline
		Formalization of a performance evaluation process	2 <sup>nd</sup> Semester 2024
	-	Extension of the UNI EN ISO 9001:2015 certified Quality Management System to SICIT Group S.p.A.	2 <sup>nd</sup> Semester 2024
Environment		Feasibility study for self-sufficiency project for electricity consumption	2 <sup>nd</sup> Semester 2024
		Implementation of carbon footprint of organization with Scope 3 inclusion and certification obtained	2 <sup>nd</sup> Semester 2024
		10% reduction (compared to 2022 data) in the amount of sludge (waste) produced per ton of semi-finished product	2 <sup>nd</sup> Semester 2026
		15% reduction (compared to 2022 data) in the amount of ammonium bicarbonate (raw material) purchased per ton of semi-finished product	2 <sup>nd</sup> Semester 2026
		15% reduction (compared to 2022 data) in water discharge per ton of semi-finished product	2 <sup>nd</sup> Semester 2026
		15% reduction (compared to 2022 data) in water discharge per ton of semi-finished product	2 <sup>nd</sup> Semester 2026
		5% reduction (compared to 2022 data) in methane gas consumption (and related emissions) per ton of semi-finished product	2 <sup>nd</sup> Semester 2026
		Evaluation of the possibility of using recycled/reused material (tanks and bags) for packaging	2 <sup>nd</sup> Semester 2024
		Identification of additional direct and indirect emission reduction targets (Scope 1, 2) and identification of Scope 3 emission reduction targets	2 <sup>nd</sup> Semester 2025

Macro-Area	SDGs	Objectives	Timeline
		<p>Join the Science Based Target Initiative (SBTI) regarding our decarbonization strategy, to promote the best-in-class target setting approach in the market and demonstrate the Group's alignment to limit global warming to 1.5°C.</p>	<p>2<sup>nd</sup> Semester 2026</p>



# 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 its approach to a sustainable 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**. It is noted that, since 2021 the laboratory has benefitted both from a significant expansion of the working space, and from technological modernization. Indeed, the increase in size has allowed the Group to purchase new instruments. In particular, during 2022, a new generation LC (liquid chromatography) mass spectrometer and an ICP (inductively coupled plasma) mass spectrometer were purchased. The new instrumentation, used for research, has made it possible to enhance the technology and quality of the controls. To confirm this, R&D expenses increased by approximately +0.5 million Euros, going from 2,2 million Euros in 2021 to 2,7 million Euros in 2022, due to higher external costs for the development of new products and to higher personnel costs, to the strengthening of the structure, as well as amortizations and the introduction of new equipment and laboratory machinery.

In 2022 the following controls were carried out:

Controls	Number
Intermediate	9.891
Bases	8.586
Finished Product	36.470
Raw Material	2.760
Environment	7.920
Research	12.505
External	2.476
<b>Total</b>	<b>86.692<sup>6</sup></b>
Issued certificates	4.348

In compliance with the **Quality Policy**, the laboratory is committed to define, involving process managers, strategies for the continuous updating of technological innovation, promoting the competence, awareness and involvement of personnel with internal and external training plans. The adoption of this policy ensures that the Quality System adopted is compliant with the specifications of the UNI EN ISO 9001 standard. During 2022, the recertification audit was carried out for the renewal of ISO 9001 certification. In this regard, it should be noted that no non-conformity has been recognized by the certifying body, confirming how much SICIT considers quality to be an essential element in its business activities. The only recommendation concerns the best description, in the reference procedure, of the evaluation criteria of suppliers.

The laboratory of SICIT Chemitech has developed over all these years a high experience and an excellent knowledge of the analytical determinations to be carried out for the characterization of

<sup>6</sup> The total number of controls does not equal to the sum of intermediate, bases, finished product, raw material environment, research and external controls because other extemporaneous controls are carried out in the lab.

protein hydrolyzates, not comparable, both economically and from a knowledge standpoint to analyses carried out in external laboratories.

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

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

SICIT is constantly committed to providing an effective and timely response to its customers; during 2021 there were no episodes of non-compliance concerning impacts on the health and safety of products and services.

### REACH Regulation

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

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

## 3.2 Innovation, Research and Development

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

### Product R&D

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

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

- SICIT's **chemical-extractive laboratory** for the development of formulations, both new and changes to formulations already made, both internally developed and defined by clients;
- SICIT's **chemical laboratory** for testing the efficacy of industrial products;
- 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.

### Process R&D

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

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

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

- the "Operations" and "Purchasing" functions, in order to verify, right from the early stages of development, the actual potential industrialization of the project and thus reduce the risk that the project is not implemented after the early stages of development;
- the "Operations" and "Commercial" functions, to reduce the risk that any changes to production processes cause substantial variations to the characteristics guaranteed to customers in the finished products;
- the "Environment" function, to ensure that the introduction of new processes complies with the regulations in force from time to time and thus reduce the risk of non-compliance.

Other than the three laboratories (chemical-extractive, agronomic and for quality control) at the Arzignano headquarters, the chemical research laboratory remains active at the Chiampo site, transformed into a technological laboratory (experimentation and testing of materials for the construction industry and biodegradable plastics).

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

On January 25<sup>th</sup>, 2021, the Italian Ministry of Economic Development (MiSE) signed the agreement to finance the Company's Agrifood project to study and develop innovative products derived from production waste for the agriculture of the future. The project continued in 2022 at the Company's production sites in Arzignano and Chiampo.

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

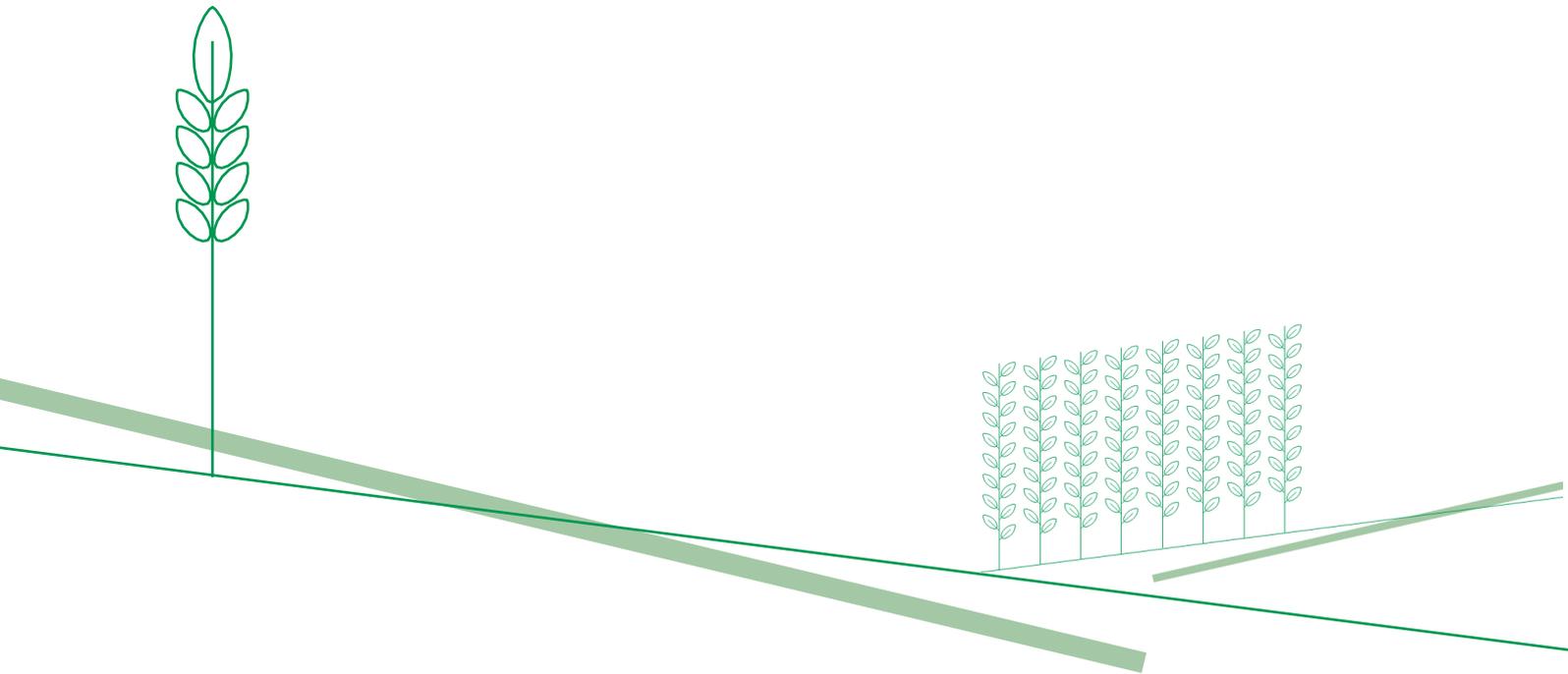
The total costs amount to approximately 12,2 milioni di Euro<sup>7</sup> and will be financed by MiSE and the Veneto Region for an amount of over 3,6 milioni di Euro<sup>8</sup>.

<sup>7</sup> Expected costs include expenses for research and development activities incurred between November 2019 and November 2023, following a 12-month extension.

<sup>8</sup> Of which approximately 2.4 million Euros as a contribution to expenses and approximately 1.2 million Euros as subsidized loans (of which 0.6 million Euros from the Veneto Region). The amounts granted will be released subject to reporting and recognition of expenses actually incurred.



# OUR PEOPLE



## 4.1 Our People

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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 the 31<sup>st</sup> of December 2022, **there are 156 employees of SICIT Group** (+3% from 2021).

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 (99% of total Group employees).

As of the 31<sup>st</sup> of December 2022, there are no workers who are not employees, that is to say those workers performing tasks for the organizations that do not have an employment relationship with it.

The most represented professional category is blue-collar workers (51%), followed by employees (37%), middle managers (11%) and executives (1%). As for the demographic composition of SICIT's staff, most employees are aged between 30 and 50 years (49%). Only 22% of the workers are under 30 years old and 29% of the workforce is above 50.

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

In this regard, gender differences do not play a role in determining salaries and wages; possible average salary differences between men and women are due to situations of professional seniority and role held within the Group. The ratio of the average gross remuneration of women to men in the Group as a whole varies according to professional qualification and, in 2022, stands at 0,80 for middle managers and 0,81 for white collars. These values increase, with a consequent reduction in pay differentials, considering the ratio of basic salary of women to men for each category of employees: 0,88 for middle managers and 0,88 for employees<sup>9</sup>. These results show how the presence of men, given the industrial sector to which they belong, is prevalent and constant over time, with greater average seniority and, therefore, higher salaries. Furthermore, to confirm the aforementioned data, it is highlighted that production work (organized in 3 shifts, for a 24-hour day of work) is only performed by men. The remuneration of shift workers entails a higher compensation, as a shift indemnity, of about 24% of the basic salary.

## 4.2 Development and competence integrity

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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.

In 2022 no actual or alleged instances of discrimination were reported.

With the aim of developing the skills of each employee, specific training activities are carried out about 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. Furthermore, specific courses on the 231 model and on the Company's Code of Ethics; in 2022, these courses have not been issued, but they have taken place in May 2023. It is noted that in 2022 almost all the training courses have been issued remotely.

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<sup>9</sup> The ratio of basic salary and remuneration of women to men for each category of employee is calculated considering only full-time employees of SICIT Group S.p.A. and Sicit Chemitech S.p.A. who have worked for a period of 12 months.

In 2021 more than **1.347 hours of training** were provided, of which 596 were mandatory and 751 were non-mandatory. Executives, with 20 hours of training per capita, are the professional category that received the highest number of training hours, followed by white collars who received 10 hours of training per capita. With respect to 2021, new language courses were issued to the Company's employees.

SICIT is constantly striving to **attract, motivate and retain** key resources.

To this end, a **loyalty bonus** of the amount of one monthly wage granted in June was introduced, as well as a **production bonus** of variable amount according to the results obtained by employees. In the event that said production bonus it is not fully paid out, is set aside by the Company and used to support workers in emergency situations, for example, for the payment of funeral fees or medical examinations. In addition, employees can turn this bonus into a welfare plan, benefiting from a further 30% increase with respect to the cash disbursement. In 2022, a **discretionary reward** was also introduced as an additional benefit to its employees.

Moreover, it should be noted that the categories not involved in the production departments have been given the possibility to work remotely until the 31<sup>st</sup> of August 2022, as permitted by the legislation currently in force.

The approach adopted by SICIT in its industrial relations has always been based on mutual respect for each other's roles and positions, in the constant search for a constructive dialogue. To this regard, it should be noted that no internal strikes have ever taken place and that the corporate decisions taken by SICIT have never been the subject of dispute by employees. Depending on the countries in which SICIT is present and the different regulations in force, employment relationships are governed by national or company collective agreements or by current legislation. Almost all (98%) of SICIT employees are covered by Collective Bargaining Agreements. The remaining part, the five employees who work at 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 for both the Chiampo the Arzignano plants, in accordance with the **OHSAS 18001 standard and, since december 2021, in accordance with the international ISO 45001:2018 standard**. Nel corso del 2022 è stato svolto l'audit per il mantenimento della certificazione dal quale il sistema di gestione è risultato efficace e conforme allo standard. During 2022, an audit was carried out in order to renew the certification from. The management system was found to be effective and compliant with the 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, in 2021, SICIT's external Prevention and Protection Service Manager (RSPP) has updated the DVR and the assessments of certain specific risks. The general DVR is constantly updated with reference to installations, new offices and the laboratory; furthermore, specific DVRs are kept concerning the updating of carcinogenic and electrical risks. In 2022, SICIT's external Prevention and Protection Service Manager (RSPP) has updated the DVR and the assessments of certain specific risks. Specifically, during 2021, the DVR has been updated with respects to the new plants, offices and laboratory, while the specific DVR updates were rolled out with respects to cancerogenic and electric aspects. Furthermore, the ASPP person is present to assist the RSPP in the exercise of activities that concern personnel health and safety.

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.

An external consultant covers the role of prevention service and protection (**RSPP**). SICIT has appointed a **competent physician** who, during 2022, conducted 147 medical examinations, finding 55 suitabilities, 85 suitabilities with prescriptions and/or limitations and 3 temporary unfitnesses. Additionally, 4 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 tracked spider platform.

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 2023 the workers have elected their new Environment, Health and Safety Representatives (RLSSA); during 2022 no election was held.

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, and report them to the RSPP and the ASPP, who are committed to promptly assess and resolve them, improving safety levels at work overtime.

**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 lifttable movable work platforms - AWP) under the State-Regions Agreement. An adequate number of workers have been designated and trained to implement fire prevention and firefighting measures, as well as first aid, to ensure sufficient coverage on all shifts

Specifically, in 2022 **596 hours of health and safety training** were provided regarding the updating of ASPPs/RSPPs, the forklift, the mobile crane, the loading shovel. Refresher courses were issued on the MEWP (Mobile Elevating Work Platforms), the "Expert Person" with education, knowledge and experience in analyzing risks and avoid hazards arising from electricity, as well as the BLS (Basic Life Support Defibrillation). The total number of training hours is lower with respect to the 2021 data (1.046 hours of compulsory training) because it depends on the deadlines set by the regulations in the framework of the planned update plan.

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 2022 there were no cases of work-related illness, while a total of two minor work-related injuries were recorded<sup>10</sup>. Considering the two accidents that occurred in 2022, the rate of recordable work-related injuries<sup>11</sup> registered by the Group was 8, decreasing with respect to the 2021 rate, equal to 11.25. This reduction is linked to a decrease in both the number of injuries and of the working hours, which went from 266.549 in 2021 to 263.506 in 2022

Again in the first semester of 2022, SICIT continued to pay attention to the Covid-19 pandemic, limiting movements within the sites and restricting access to common areas. The group adopted the most stringent initiatives to limit the spread of Covid-19 such as social distancing, use of PPEs like masks and gloves for employees and external workers, plexiglass separators between desks when

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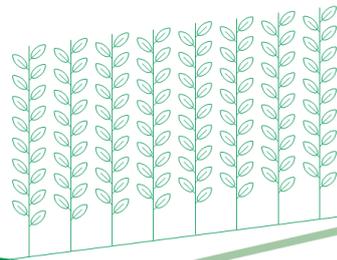
<sup>10</sup> Minor injuries that can be referred to a dislocation, an ankle sprain and an eye contamination.

<sup>11</sup> 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. During 2022 there were no cases of work-related illnesses. The data includes the commuting incidents only where the transport has been organized by the organisation. It should be noted that the injury rate recorded by the Group in 2022 relates to the companies Sicit Group S.p.A., Sicit Chemitech S.p.A., SICIT Commercial Consulting Shanghai Ltd. and Sicit USA Inc. No injuries occurred at the foreign subsidiaries in 2021 and 2022.

necessary, constant disinfection of the working places and remote working.



# ENVIRONMENTAL RESPONSIBILITY



## 5.1 Sicit Group commitment towards the 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.

Like in previous years, also in 2022, between September and October, an Internal audit of EHS related aspects was carried out by the two internal environment and safety functions, using a dedicated checklist. The output of the audit was shared with the ISO 14001 certification body and with the representatives of the directors with health and safety responsibilities. Finally, twice a year, as stated by the supervisory body, internal audits on H&S matters are carried out.

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

### “1.000 trees for 1.000 schools in Italy” Project

In 2022, SICIT sponsored the project “1.000 trees for 1.000 schools in Italy” led by beleafing and Plastic Free OVV Onlus, a voluntary association aimed at raising awareness of the dangers of plastic pollution. The project aims to donate 1 tree for each requesting school up to a maximum of 1.000 participating schools throughout Italy, in order to improve the air and climate of our cities.

It is a strong awareness-raising project on environmental issues that seeks to put the importance of trees at the center through planting events at school institutes.

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 77%<sup>12</sup> of revenues (78% in 2021) are **100% biodegradable**.

Even **fat**, which represents 18,2% 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<sub>2</sub>e 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<sup>13</sup> higher than the one generated by biodiesel.

## 5.2 Energy consumption & CO<sub>2</sub> emissions

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

In 2022 the total energy consumption of SICIT was **433.528 GJ**, marking a 5% decrease with respect

The intensity of natural gas consumption by SICIT Group for **2022**, (expressed in terms of Smc per ton of produced hydrolyzed proteins) is equal to **380.81**, a **reduction of 4%** compared to the **2021** figure of **394.98**.

to 2021. The main source of energy used is methane gas, which represents 93% of total energy consumption because it is the main source of energy in the production process<sup>14</sup>

while electricity represents 6% of total energy consumption. It should be noted that the increase in natural gas consumption between 2021 and 2022 is equal to 6%. This difference is linked both to less processing of animal by-products in 2022 at the Arzignano plant, and to the installation of a better-performing evaporation system at the Chiampo plant.

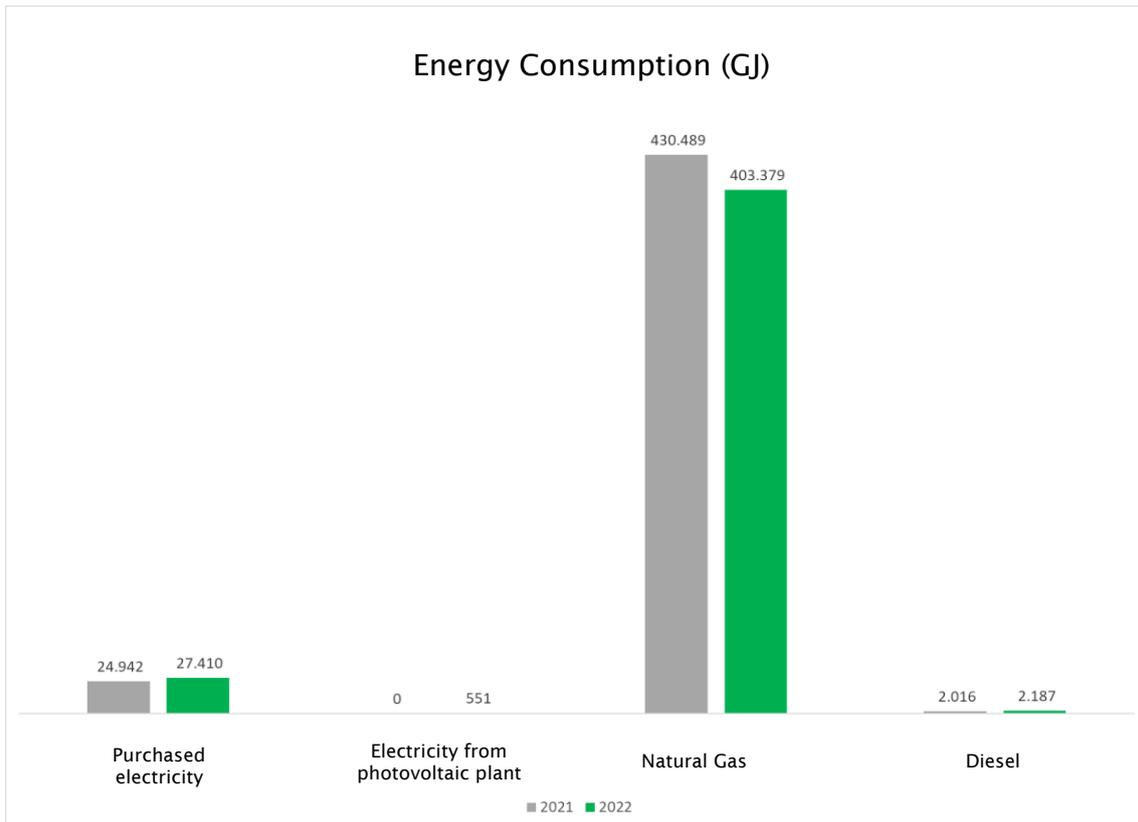
Electricity is supplied from the grid and, since the second half of 2019, **a cogeneration plant for electricity and heating has been in operation at the Arzignano plant**. This plant, which has reached its full capacity at the end of 2020, is functional to the reduction of energy costs of the plant.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

Confirming SICIT's commitment to reducing energy consumption, in 2022 the installation of a photovoltaic plant was completed at the Arzignano plant. The plant, which has a capacity of about 190 kWp, was put into operation for industrial use in the same year. It can produce about 262.000 kWh of electricity every year. During 2022, with the full-speed entry of the photovoltaic system from June, the portion of electricity generated and consumed internally amounted to 153.188 kWh. This plant, together with the co-generator, has made the site of Arzignano almost self-sufficient in terms of electricity consumption (ca. 81% of the total consumed). In addition, also in 2022, the study phase for the implementation of another photovoltaic plant with a capacity of about 328 kWp was launched. This new plant would be installed at the Chiampo plant, with an estimated annual potential of 347.000 kWh. Additionally, **to further lower the group's CO<sub>2</sub> emissions**, Sicit signed an agreement with Enel Energia for the supply of 100% renewable sourced electricity certified "green" by GSE. With this, 6% of the total energy consumed by the group **is renewable**.

<sup>12</sup> Sales of agricultural products, equal to 55,8 million Euros, represent 58.8% of revenues and sales of plaster retarders amount to 17,7 million Euros (18,6% of the total).

<sup>13</sup> Emission factor for diesel 2,55784 kgCO<sub>2</sub>e/lt, while for biodiesel 0,16751 kgCO<sub>2</sub>e/lt (DEFRA 2022).

<sup>14</sup> Natural gas is mostly used to power steam boilers, a cogeneration plant (electricity and steam), a number of plants for the removal of fumes and odorous emissions, and the drying plant.



#### ENEL X AND SICIT GROUP TOGETHER TO PROMOTE ENERGY SUSTAINABILITY

SICIT Group accelerates on the **energy sustainability** front. Thanks to its partnership with Enel X, the company has installed a 192 kWp (peak kilowatt) photovoltaic system capable of producing around 226.000 kWh of electricity that will be used entirely to power the Arzignano (VI) plant, **guaranteeing a saving of over 58 tonnes of CO<sub>2</sub> each year** (Location-Based methodology, with Italy's emission factor for the year 2022: 259,8 gCO<sub>2</sub>/kWh - source: ISPRA 2021 - Atmospheric emission factors of greenhouse gases in the national electricity sector and in the main European countries).

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

In order to reach the maximum treatment potential, the Chiampo plant has carried out a series of plant and structural improvements over the years and has decided, on a voluntary basis, to submit the plant modification to the VIA process ("Valutazione di Impatto Ambientale"), which ended with a favourable environmental compatibility opinion issued by the Province of Vicenza in 2015. In 2019 the Province of Vicenza has issued the authorization to the exercise of the plant approving all changes required in previous years. In 2020, the province of Vicenza released an update to the authorization with the serial number being n.1380 11/11/2020. In 2020, the Province of Vicenza issued determination no. 1380 of 11/11/2020 in which the ownership of the authorization was updated.

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

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

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

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

SICIT has also taken steps to measure the overall emissions impact of both its products and the organization. In particular:

- Starting in 2021, for all finished goods deriving from protein hydrolysate, has realized a product carbon footprint project and obtained the certification of the CFP systematic approach in accordance with ISO14067:2018. Thanks to this result, SICIT is able to calculate the CO<sub>2</sub>eq emissions from the life cycle of its products in accordance with the requirements of ISO 14067:2018.
- Included among the objectives of its sustainability plan the drafting of the organization's carbon footprint including Scope 3 GHG emissions (emissions generated downstream and upstream of the Group's production activity, such as emissions generated by logistics and products during end-customer use) and obtaining its certification by 2nd Semester 2024. In this respect, the Group undertakes to integrate the GHG scope 3 emission reporting into the 2024 Sustainability Report;

In 2022, SICIT's direct emissions were **23.583 tCO<sub>2</sub>** (Scope 1)<sup>15</sup> from natural gas and diesel fuel. Indirect emissions (Scope 2)<sup>16</sup> from purchased electricity were **1.978 tCO<sub>2</sub>** based on the Location based calculation method, and **0 tCO<sub>2</sub>** calculated using the Market based method, taking into account the presence of renewable origin guarantee certificates of purchased electricity in 2022. The largest share of emissions is generated by the consumption of natural gas, followed by the component deriving from the use of electricity. Total emissions (Scope 1 and Scope 2 Location-based) were **25.561 tCO<sub>2</sub>**, down to about 2% with respect to 2021.

Moreover, in 2021 SICIT recorded an energy intensity index of **13,37 GJ per ton of produced protein hydrolysate** (32.385 total tons 2022) (14,81 GJ/ton in 2021, considering 30.892 total tons of hydrolysate) and an emission intensity index of **0,79 tCO<sub>2</sub>/t** considering the total direct and indirect location-based emissions on tons of **produced protein hydrolysate** diminishing of about 7% with respect to 2021 (0,85 tCO<sub>2</sub>/t). The reduction in energy and emission rates is mainly due to the lower

<sup>15</sup> For the calculation of Scope1 emissions, direct emissions from combustion sources were considered, including stationary, mobile, process and fugitive sources. For the calculation, the emission factors "ISPRA - National Inventory Report 2022" and Ministry of the Environment - Table of national standard parameters 2022 were used. Scope 1 emissions are expressed in tons of CO<sub>2</sub>, as the source used does not report the emission factors of other gases other than CO<sub>2</sub>.

<sup>16</sup> The GRI Sustainability Reporting Standards envisage two methods for calculating Scope 2 emissions, 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 CO<sub>2</sub> emissions emitted by the energy suppliers from which the organization purchases, through a contract, electricity and can be calculated considering: energy Guarantee of Origin certificates and direct contracts with suppliers, factors supplier-specific emission factors, emission factors relating to the "residual mix", i.e. energy and unmonitored or unclaimed emissions (methodology used, with Italy emission factor for the year 2022: 457 gCO<sub>2</sub>/kWh - source: AIB 2022 - European Residual Mixes 2021). The Location-based method is based on average emission factors related to energy generation for well-defined geographical boundaries, including local, subnational or national boundaries (methodology used, with Italy emission factor for the year 2022: 259.8 gCO<sub>2</sub>/kWh - source: ISPRA 2021 - Greenhouse gas atmospheric emission factors in the national electricity sector and in the main European countries). Scope 2 emissions are expressed in tons of CO<sub>2</sub>, however the percentage of methane and nitrous oxide has a negligible effect on total greenhouse gas emissions (CO<sub>2</sub> equivalent) as can be deduced from the reference technical literature.

consumption of natural gas per ton of product in the Group's production facilities.

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.

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<sub>2</sub> emissions, for 2022 NO<sub>x</sub> and SO<sub>x</sub> emissions were 64,17 tons and 5,53 tons respectively; with regard to other emissions, the plants produced 22,85 tons of other emission categories identified in the applicable legislation (NH<sub>3</sub>) and 2,36 tons of volatile organic compounds (VOC).

### Odorous Emissions

In 2022, the samples taken were subjected to olfactometric analysis to determine the odour concentration, according to UNI EN 13725:2004, for both the Chiampo and Arzignano plants. The analyses revealed the following levels of odorous effluents:

- Average value of 235 units (ouE/m<sup>3</sup>) for the Chiampo plant;
- Average value of 305 units (ouE/m<sup>3</sup>) for the Arzignano plant.

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 2022, the total water withdrawal of SICIT was equal to **269 megaliters**, of which 132 from the wells and the remaining 137 from the aqueduct. The total quantity of water withdrawn is up 12% with respect to 2021 and is linked to higher produced volumes.

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

The water discharges of the Arzignano plant are of sanitary, meteoric and industrial type and a contract for the sewage and purification service of industrial wastewater 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<sup>17</sup>. It should be noted that these parameters have never been exceeded for sewage discharges.

- The intensity of water withdrawals of SICIT Group for 2022 (expressed in terms of ML per ton of produced hydrolyzed proteins) is equal to 0.0083, up by 7% compared to the 2021 figure of 0.0078 due to an increased production at the Chiampo plant.
- The intensity of the water discharges of SICIT Group for 2022 (expressed in terms of ML per ton of produced hydrolyzed proteins) is equal to 0.0080, with a reduction of 10% compared to the 2021 value of 0.0089 depending on the type of processing carried out in the two production plants of the Group.

In 2022, a total of **260 megaliters of water** were discharged by SICIT (-5,5% with respect to 2021). The reduction in discharges, despite the increase in water withdrawal, is mainly due to a different production mix in the Chiampo and Arzignano plants. With regard to the collection and discharge of water in areas subject to water stress, SICIT uses the Aqueduct Tool developed by the World Resources Institute<sup>18</sup> to identify areas potentially at risk.

According to this analysis, **neither of the two production facilities were found to be located in water-stressed areas.**

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

## 5.4 Materials and waste management

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

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

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

The intensity of the quantity of ammonium bicarbonate purchased by SICIT Group for 2022 (expressed in terms of tons per ton of produced hydrolyzed proteins) is 0.16, with an increase of 20% compared to the 2021 figure of 0.14.

Out of a total of almost 179.000 tons of materials used by SICIT in 2022, **81% 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:**

<sup>17</sup> Regulation of the Integrated Water Service Management Company on the subject of sewerage and purification of wastewater delivered to the industrial sewerage system of 23.07.2018, pursuant to Legislative Decree 152/2006.

<sup>18</sup> 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.

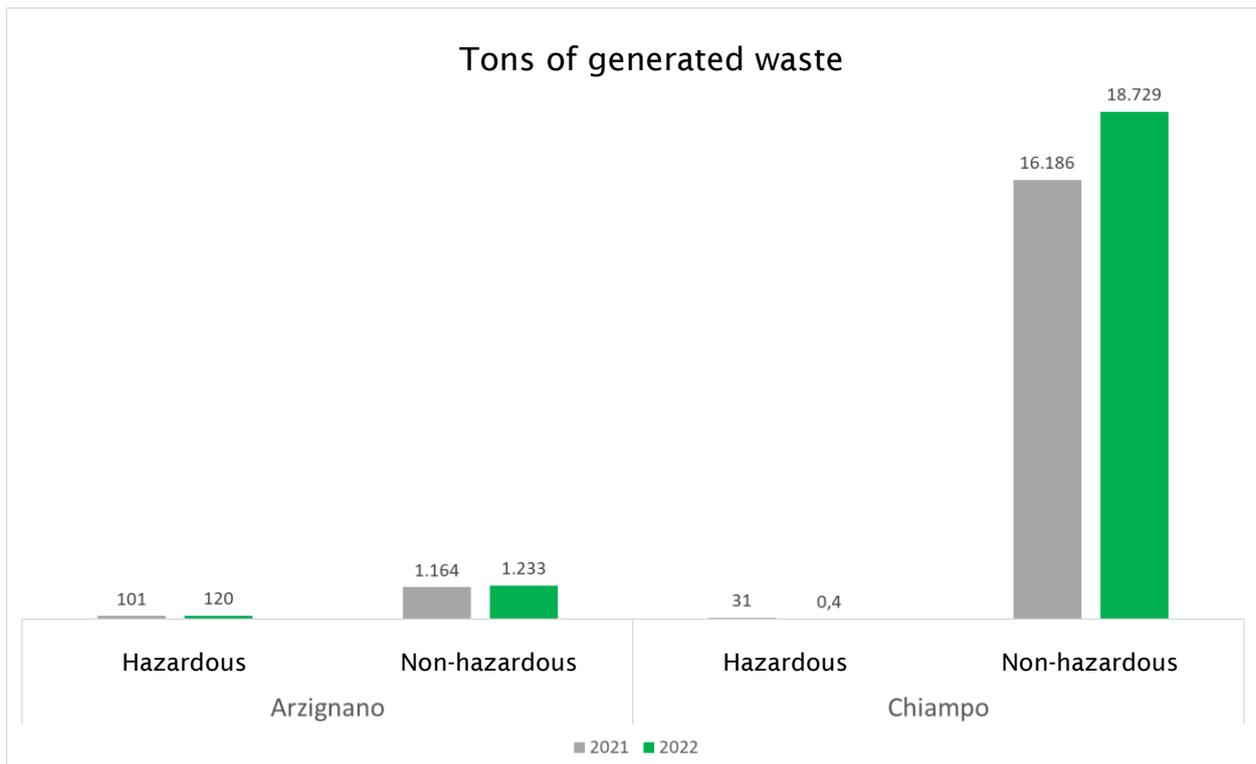
- both of the upstream production sectors (meat production and leather processing), as these materials should be disposed of by the producers with an economic and environmental cost higher than what SICIT has sustained;
- as well as its own relevant production sectors (production of bio stimulants for 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.

- The intensity of waste produced by SICIT Group for 2022 (expressed in terms of tons per ton of produced hydrolyzed proteins) is 0.62, an increase of 10% compared the 2021 figure of 0.57 due to higher production at the Chiampo plant.
- The intensity of sludge produced by the SICIT Group for 2022 (expressed in terms of tons per ton of produced hydrolyzed proteins) is 0.59, an increase of 16% compared to the 2021 figure of 0.50.

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 2022, the waste produced was equal to 20.082 tons, up to 15% with respects to the previous year, due to higher production volumes at the Chiampo plant.



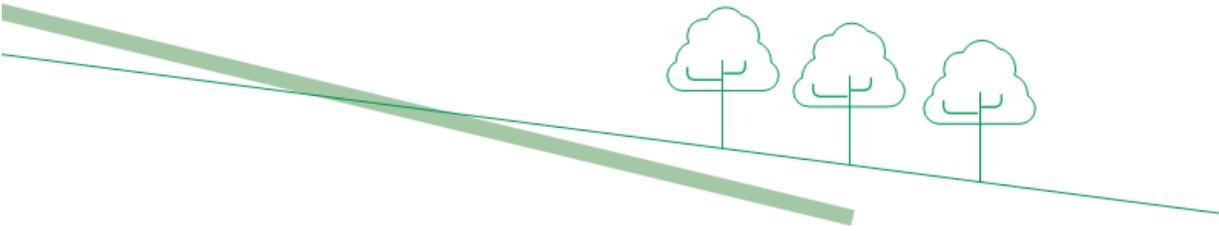
Hazardous waste represents a marginal share and consists mainly of used motor oil, packaging containing residues of hazardous substances and organic waste containing hazardous substances. Waste similar to municipal waste, coming from the canteen and offices, is collected separately and delivered to the 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**. During 2023, such audits of major disposal facilities have been planned. It is reported for each new disposal facility the audit will be planned.

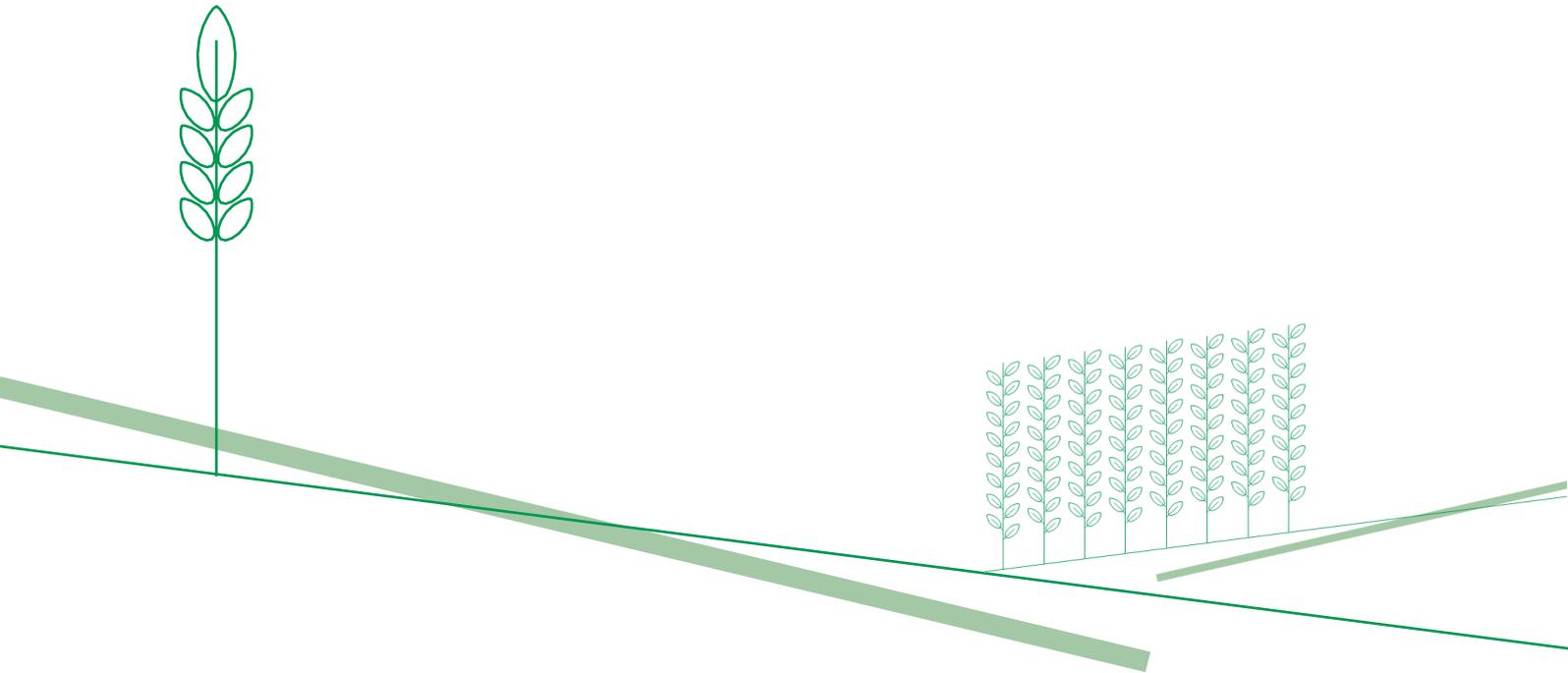
**STAKEHOLDER CONFERENCE 2022:  
THE EUROPEAN CIRCULAR ECONOMY IN THE CONTEXT OF A DOUBLE EMERGENCY**

The 2022 edition of the Stakeholder conference took place in Bruxelles, the first and second days of March. Of all the participants involved, Ellen MacArthur commented: “(...) *From design to education, from business to finance: it is about changing the entire system, building a brand new one. There are encouraging signs that we are moving in the right direction.*”

**Following this direction, Sicit is positioned among the pioneers of circular economy, through the hydrolyzation processing of tanning industry residues, it creates high value biostimulants and retardants. Thanks to a qualified team, automated and technological production plants, state of the art laboratories and constant R&D Investments, Sicit has become a reference player in an international context, delivering to the biggest agrochemical and industrial players.**



# OUR POSITIVE SOCIAL IMPACT



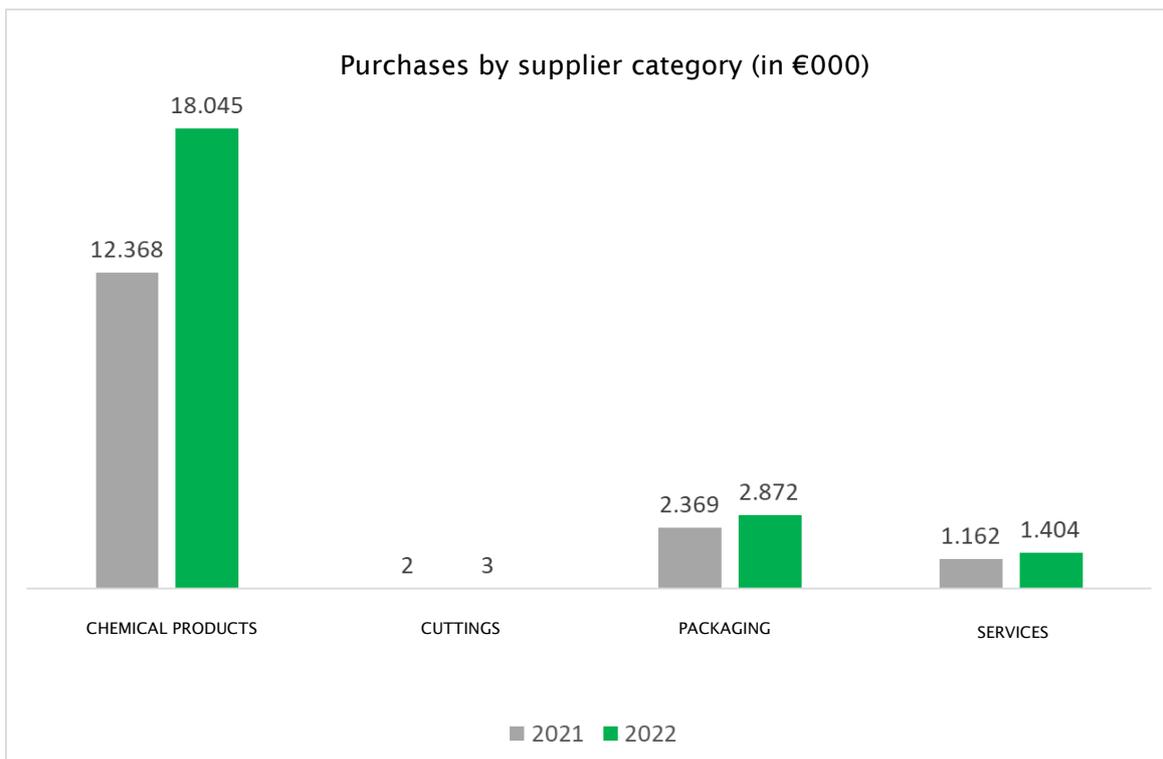
## 6.1 Supply Chain

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.

At present, no social and environmental criteria are adopted in the evaluation of suppliers, but the Group, as evidenced by its sustainability objectives, is committed to implementing a policy of selection of the most significant suppliers that would involve the definition of a decarbonization path as part of the selection criteria.

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

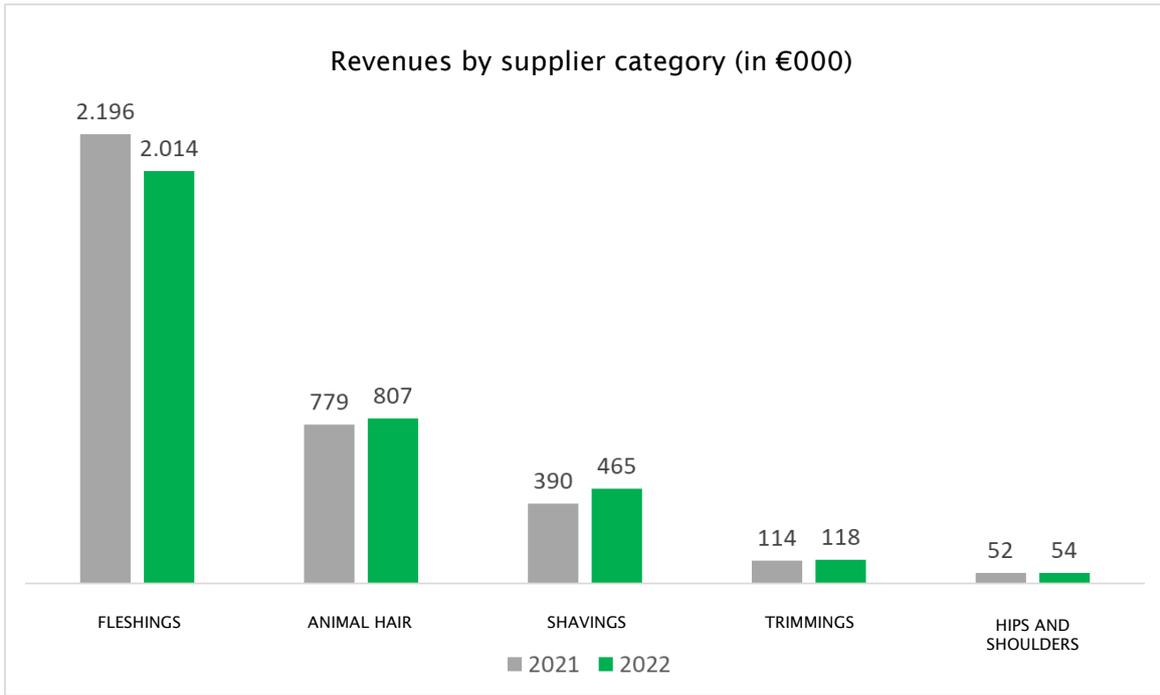
In 2022 SICIT counted **84** between **suppliers** and **suppliers of input raw materials** who served both production plants. 25 are suppliers of chemical products, for which there is a cost of 18 million Euros, 11 are packaging suppliers (2.9 million Euros) while 3 are services suppliers (for the collection and transport of materials from tanneries) for a cost of 1.4 million Euros. In line with 2021, gli purchases of cuttings<sup>19</sup> in 2022 represent a small percentage of total purchases.



In 2022, with an increase of 6 percentage points compared to 2021, **87% of purchases of input raw materials for a total value of 19.4 million Euros** was made by **local suppliers, that is to say companies with their registered office in the Italian territory.**

In 2022 SICIT collected waste material from the leather tanning process from **44 suppliers of input raw materials**. The most significant category in economic terms, in 2022, was the category of suppliers of raw material input from flesh tanning for a revenue of more than 2 million Euros.

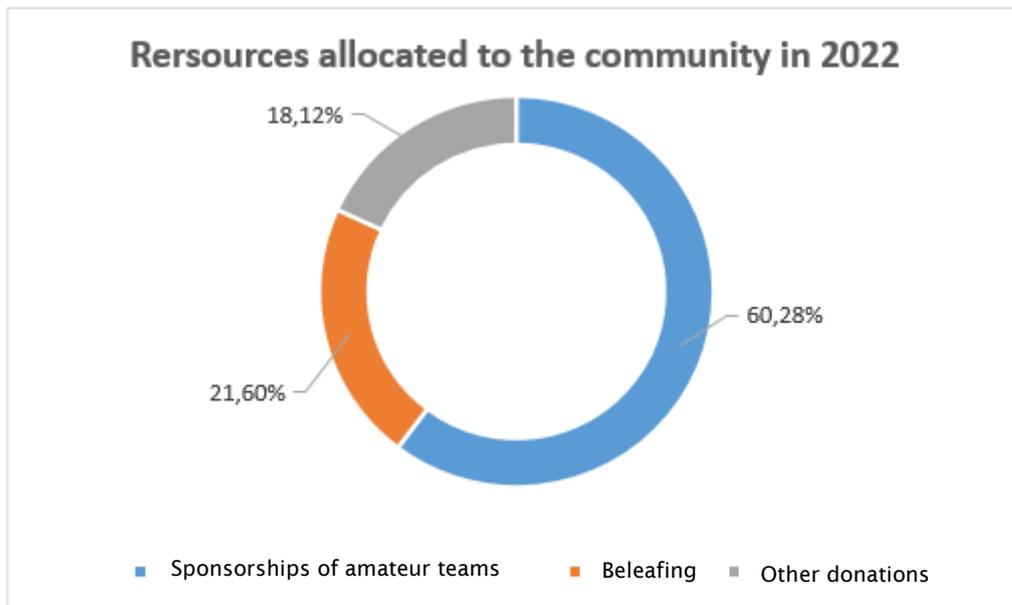
<sup>19</sup> Waste product from tanneries for which SICIT pays a purchase cost instead of receiving a price for the disposal service. The cuttings are supplied by 1 supplier for a cost of 2.858 Euros.



## 6.2 Community relations

Over the years, the Group has built up a close relationship with the areas where it operates. It fosters a spirit of shared solidarity and support within the communities it engages with on a daily basis and contributes to their social, economic and environmental development. SICIT promotes social-welfare type projects and the enhancement of the local areas' cultural heritage. This commitment is reflected in the support for non-profit organizations, foundations, and charitable projects.

During 2022, the Group earmarked about 0.6 million Euros for community projects. Donations focused mainly on sponsorship of amateur teams, the Beleafing project, and other donations, including rest homes, prolocos and municipalities.



## 6.3 Direct economic value generated and distributed

The global market of agricultural biostimulants is currently being pushed by the wind of global scale phenomena that could generate significant growing opportunities, a few examples are the increase in global population and consequent demand for food, the reduction of per-capita farmland, the evolution of agri-food sectors towards a more sustainable nature and the increasing attention and interest towards circular economy.

The biostimulants market is strongly driven by agricultural production for which the industry accompany the use of chemical fertilizers and drugs to biostimulants as natural and eco-compatible products, to increase the plantations' yields and resistance to abiotic stress.

Modern agriculture's growing interest in biostimulants is driven by rising consumer demand for sustainability and ongoing regulatory and legislative interventions in Europe, the US, China, and India, which set ambitious targets for reducing the use of synthetic chemicals.

Globally, the biostimulants market is estimated at around USD 2.56 billion, with a CAGR (weighted average annual growth rate) expected in the next 5 years of around 12%. This compares with values of USD 2,32 billion in 2020 and USD 2,1 billion in 2019. It is estimated that the sector involves more than 500 companies in the world, ranging from start-ups to the most historic companies, operating both exclusively in the biostimulants sector, but also in the fertilizer sector.

The global market for gypsum and plasterboard, where plasterboard retardants are used, is driven by the evolution of the construction sector and in particular by the growing use of these products in construction. Plasterboard walls are preferred by building builders to traditional masonry walls due to their lightness, speed of construction site and the greater fireproof and insulating properties. In addition, the demand for plasterboard walls is supported by the following macro-trends: (i) population growth; (ii) urbanization growth; (iii) higher disposable income and increasing demand for higher-quality housing; (v) an increasingly international regulatory framework focused on the introduction of sustainable housing standards as a result of increasing consumer attention to environmental impact.

The world gypsum market was worth around USD 4,3 billion in 2022, up 2,1% from 2021, and with CAGR's expectation at 2031 of around 6,2% (USD 7,8 billion in 2031).

Worldwide construction production is expected to be substantially stable in 2023 (+0,8%, - 0,1% excluding China), due to high construction material costs and labor shortages.

The deceleration reflects difficult conditions in most markets around the world in the form of high inflation and a tightening of monetary policy that has held back investment.

In the case of animal fat, the product is essentially a commodity, the selling price of which is indexed to quotations on national stock markets which are in turn influenced by quotations on a global scale. In Italy the main reference market for the definition of the sale and purchase price is the Granaria Stock Exchange in Milan. During 2022, the weekly prices of the negotiations continued to grow until the end of summer, when they began to slow down, a trend that was also confirmed in early 2023.

The development of the fat industry – mainly raw material in the production of, among others, biofuels – is linked to the development of the use of renewable energy sources (RES). Below are the Group's main economic data for 2022.



With respect to the different business areas, the Group recorded a strong growth in revenues from bio-stimulants for agriculture (55.8 million Euros, +18.6%) and from animal fat for the production of biofuels (17.3 million Euros, +23.5%); while revenues from residual collection services for tanning residues decreased slightly, from 3.53 million Euros in 2021 to 3.45 million Euros in 2022 (-2%), driven by lower volumes of animal by-product withdrawn. The double-digit growth covered almost all geographical areas: From Europe (including Italy, +17.4%; of which Italy -1.6% and other countries in Europe +32.5%), to APAC (+18.2%), North America (+29.1%) and LATAM (+11,3%). Only the MEA area registered a slight contraction, not significant in absolute terms (-9.8%). The slight decline in Italy was mainly driven by the fat sector where, to strengthen the Group's international presence, traditional Italian customers were partially replaced by customers with a European base. Italy (excluding the fat sector), Europe, and APAC have been driven by a strong growth of both in agricultural products and plaster retardants. In North America and LATAM the results were mainly driven by plaster retardants.

The creation and distribution of value for its stakeholders is a constant commitment of SICIT. The economic value represents the wealth produced by SICIT, distributed to stakeholders. Through its activities, SICIT contributes to the growth of the social, economic and environmental context in which it operates. The economic value generated by SICIT, as illustrated below, is distributed to employees (salaries), suppliers (cost of sales, commercial expenses, R&D expenses and general and administrative costs), public administration (taxes), shareholders (dividends), banks (financial charges) and communities (sponsorships and donations).

The economic value directly generated by SICIT in 2022 is about 99.4 million Euros, driven mainly by the share of consolidated revenues which in 2022 amounted to 94.9 million Euros.

For further details on SICIT's performance and financial position, please refer to SICIT's Consolidated Financial Statements on the 31<sup>st</sup> of December 2022.

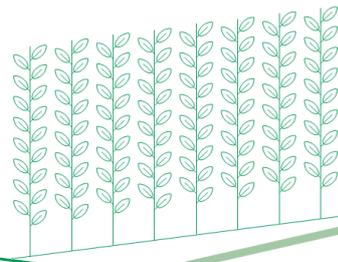
DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED	2022	
	€000	%
Direct economic value generated	99.433	
Economic value retained	27.894	
Economic value distributed, of which:	71.539	
Remuneration to suppliers	52.657	73,6%
Remuneration to collaborators	10.615	14,8%
Remuneration to lenders	6.179	8,6%
Remuneration to investors <sup>20</sup>	-	-
Remuneration to Public Administration	1.482	2,1%
Community investments	606	0,8%

The economic value distributed amounts to 71.5 million Euros, 74% 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 approximately 15% of the economic value distributed. During 2022 the resources allocated by SICIT to support the community amounted to over 0.6 million Euros. Finally, the value retained by the Group determined by the difference between the economic value directly generated and the economic value distributed was 27.9 million Euros.

<sup>20</sup> Please refer to the proposed allocation of profit for the year in the Notes to the Separate Financial Statements of Sicit Group S.p.A. as of December 31<sup>st</sup>, 2022, which does not provide for the distribution of dividends.



# TOPIC BOUNDARY



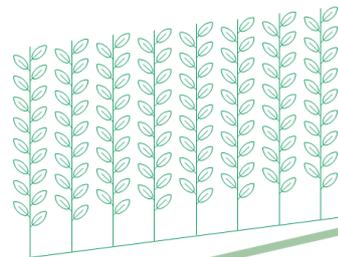
MATERIAL TOPIC	GENERATED IMPACTS	IMPACT NATURE	IMPACT BOUNDARY	INVOLVMENT OF SICIT
<b>Management of environmental impacts</b>	Generation of direct and indirect GHG emissions (Scope 1 e 2)	Negative Actual	Group and electricity providers	Caused by the group
	Generation of indirect GHG emissions (Scope 3)	Negative Actual	Group, through its value chain	Caused by the Group and correlated through its business relationships
	Energy Consumption	Negative Actual	Group	Caused by the Group
	Pollutante missions into the amosphere	Negative Actual	Group	Caused by the Group
	Recycling and reuse of production and general waste	Positive Actual	Group	Caused by the Group
	Waste generation	Negative Actual	Group	Caused by the Group
	Reduced availability and quality of the water	Negative Actual	Group	Caused by the Group
	Raw materials consumption	Negative Actual	Group	Caused by the Group
<b>Innovation, R&amp;D</b>	Contribution to reducing the use of mineral fertilizers in agriculture	Positive Actual	Group	Caused by the Group
	Technological innovation of processes and products	Positive Actual	Group	Caused by the Group
<b>Occupational Health and Safety</b>	Accidents in the workplace	Negative Potential	Employees of the Group <sup>21</sup>	Caused by the Group
<b>Economic performance and value creation</b>	Generation and distribution of economic value	Positive Actual	Group	Caused by the Group
<b>Employees development and well-being</b>	Violation of human rights within the Group	Negative Potential	Employees of the Group	Caused by the Group
	Training and development of workers	Positive Actual	Employees of the Group	Caused by the Group
	Unfair or discriminatory	Negative Potential	Employees of the Group	Caused by the Group

<sup>21</sup> The scope of health and safety data includes employees only. The Group evaluates the possibility of collecting data from employers of external contractors working at Group sites in order to report any injuries.

	employee remuneration			
	Discrimination and non-inclusive practices at work	Negative Potential	Employees of the Group	Caused by the Group
<b>Business ethics, anti- corruption and regulatory compliance</b>	Anti-competitive behavior and monopolistic practices	Negative Potential	Group	Caused by the Group
	Unethical conduct of business	Negative Potential	Group	Caused by the Group
<b>Local communities</b>	Local development and community relations	Positive Actual	Group	Caused by the Group
	Contribution to local economic activities	Positive Actual	Group	Caused by the Group
<b>Product quality and safety</b>	Violation of regulations or standards relating to product quality/safety	Negative Potential	Group	Caused by the Group
<b>Sustainable supply chain management</b>	Environmental impacts generated by suppliers	Negative Actual	Group	Caused by the Group and correlated through its business relationships
	Human rights violations along the supply chain	Negative Potential	Group	Caused by the Group and correlated through its business relationships



# ANNEXES – PERFORMANCE INDICATORS



## Social Responsibility

### GRI STANDARD DISCLOSURE 2-7: Employees

Total number of employees by employment contract (permanent and temporary) and gender						
Employment contract	as of December 31 <sup>st</sup> , 2021			as of December 31 <sup>st</sup> , 2022		
	Men	Women	Total	Men	Women	Total
Permanent	123	25	<b>148</b>	129	25	<b>154</b>
Temporary	2	1	<b>3</b>	1	1	<b>2</b>
<b>Total</b>	<b>125</b>	<b>26</b>	<b>151</b>	<b>130</b>	<b>26</b>	<b>156</b>

Total number of employees by employment contract (permanent and temporary), by gender and region						
Employment contract	as of December 31 <sup>st</sup> , 2021			as of December 31 <sup>st</sup> , 2022		
	Men	Women	Totale	Men	Women	Totale
<b>Italy</b>	<b>122</b>	<b>24</b>	<b>146</b>	128	24	<b>152</b>
Permanent	121	24	<b>145</b>	128	24	<b>152</b>
Temporary	1	-	<b>1</b>	0	0	<b>0</b>
<b>Abroad</b>	<b>3</b>	<b>2</b>	<b>5</b>	2	2	<b>4</b>
Permanent	2	1	<b>3</b>	1	1	<b>2</b>
Temporary	1	1	<b>2</b>	1	1	<b>2</b>
<b>Total</b>	<b>125</b>	<b>26</b>	<b>151</b>	<b>130</b>	<b>26</b>	<b>156</b>

Total number of employees by employment type (full-time and part-time) and gender						
Full-time / Part-time	as of December 31 <sup>st</sup> , 2021			as of December 31 <sup>st</sup> , 2022		
	Men	Women	Totale	Men	Women	Totale
<b>Italy</b>	<b>122</b>	<b>24</b>	<b>146</b>	128	24	<b>152</b>
Full-time	121	20	<b>141</b>	128	20	<b>148</b>
Part-time	1	4	<b>5</b>	-	4	<b>4</b>
Non-guaranteed hours	-	-	-	-	-	-
<b>Abroad</b>	<b>3</b>	<b>2</b>	<b>5</b>	2	2	<b>4</b>
Full-time	3	2	<b>5</b>	2	2	<b>4</b>
Part-time	-	-	-	-	-	-
Non-guaranteed hours	-	-	-	-	-	-
<b>Total</b>	<b>125</b>	<b>26</b>	<b>151</b>	<b>130</b>	<b>26</b>	<b>156</b>
Part-time percentage	0,8%	15,4%	3,3%	0,0%	15,4%	2,6%

## GRI STANDARD DISCLOSURE 2-30: Collective bargaining agreements

Percentage of employees covered by collective bargaining agreements		
Number of Employees	as of December 31 <sup>st</sup> , 2021	as of December 31 <sup>st</sup> , 2022
<b>Total Employees</b>	<b>151</b>	<b>156</b>
Number of employees covered by collective bargaining agreements <sup>22</sup>	146	152
<b>Total percentage</b>	<b>96,7%</b>	<b>97,9%</b>

## GRI STANDARD DISCLOSURE 401-1: New employee hires and employee turnover

New employees hires by gender, age group and region												
Number of People	2021											
	Italy				Abroad				Group			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Men	6	7	1	14	-	2	-	2	6	9	1	16
Women	-	1	1	2	-	-	-	-	-	1	1	2
<b>Total</b>	<b>6</b>	<b>8</b>	<b>2</b>	<b>16</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>2</b>	<b>6</b>	<b>10</b>	<b>2</b>	<b>18</b>

New employees hires by gender, age group and region												
Number of People	2022											
	Italy				Abroad				Group			
	<30	30-50	>50	Totale	<30	30-50	>50	Totale	<30	30-50	>50	Totale
Men	9	3	2	14	-	-	-	-	9	3	2	14
Women	2	1	-	3	-	-	-	-	2	1	-	3
<b>Total</b>	<b>11</b>	<b>4</b>	<b>2</b>	<b>17</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11</b>	<b>4</b>	<b>2</b>	<b>17</b>

Outgoing employees by gender, age group and region												
Number of People	2021											
	Italy				Abroad				Group			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Men	6	7	1	14	-	2	-	2	6	9	1	16
Women	-	1	1	2	-	-	-	-	-	1	1	2
<b>Total</b>	<b>6</b>	<b>8</b>	<b>2</b>	<b>16</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>2</b>	<b>6</b>	<b>10</b>	<b>2</b>	<b>18</b>

<sup>22</sup> CCNL for the chemical, pharmaceutical, chemical fiber, abrasive, lubricant and LPG industries and to the CCNL for the managers of goods and services companies.

Men	-	2	4	<b>6</b>	-	-	-	-	-	2	4	<b>6</b>
Women	-	1	-	<b>1</b>	-	-	-	-	-	1	-	<b>1</b>
<b>Total</b>	-	<b>3</b>	<b>4</b>	<b>7</b>	-	-	-	-	-	<b>3</b>	<b>4</b>	<b>7</b>

### Outgoing employees by gender, age group and region

Number of People	2022											
	Italy				Abroad				Group			
	<30	30-50	>50	Totale	<30	30-50	>50	Totale	<30	30-50	>50	Totale
Men	2	3	3	<b>8</b>	-	1	-	<b>1</b>	2	4	3	<b>9</b>
Women	-	3	-	<b>3</b>	-	-	-	-	-	3	-	<b>3</b>
<b>Total</b>	<b>2</b>	<b>6</b>	<b>3</b>	<b>11</b>	-	<b>1</b>	-	<b>1</b>	<b>2</b>	<b>7</b>	<b>3</b>	<b>12</b>

### Hire rate by gender, age group and region

Number of People	2021											
	Italy				Abroad				Group			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Men	4,8%	5,6%	0,8%	11,2%	0,0%	1,6%	0,0%	1,6%	4,8%	7,2%	0,8%	12,8%
Women	0,0%	3,8%	3,8%	7,7%	0,0%	0,0%	0,0%	0,0%	0,0%	3,8%	3,8%	7,7%
<b>Total</b>	<b>4,0%</b>	<b>5,3%</b>	<b>1,3%</b>	<b>10,6%</b>	<b>0,0%</b>	<b>1,3%</b>	<b>0,0%</b>	<b>1,3%</b>	<b>4,0%</b>	<b>6,6%</b>	<b>1,3%</b>	<b>11,9%</b>

### Hire rate by gender, age group and region

Number of People	2022											
	Italy				Estero				Italy			
	<30	30-50	<30	Total	<30	30-50	<30	Total	<30	30-50	<30	Total
Men	6,9%	2,3%	1,5%	<b>10,8%</b>	-	-	-	-	6,9%	2,3%	1,5%	<b>10,8%</b>
Women	7,7%	3,8%	0,0%	<b>11,5%</b>	-	-	-	-	7,7%	3,8%	0,0%	<b>11,5%</b>
<b>Total</b>	<b>7,1%</b>	<b>2,6%</b>	<b>1,3%</b>	<b>10,9%</b>	-	-	-	-	<b>7,1%</b>	<b>2,6%</b>	<b>1,3%</b>	<b>10,9%</b>

### Turnover rate by gender, age group and region

Number of People	2021											
	Italy				Abroad				Group			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Men	0,0%	1,6%	3,2%	4,8%	0,0%	0,0%	0,0%	0,0%	0,0%	1,6%	3,2%	4,8%
Women	0,0%	3,8%	0,0%	3,8%	0,0%	0,0%	0,0%	0,0%	0,0%	3,8%	0,0%	3,8%
Total	0,0%	2,0%	2,6%	4,6%	0,0%	0,0%	0,0%	0,0%	0,0%	2,0%	2,6%	4,6%

### Turnover rate by gender, age group and region

Number of People	2022											
	Italy				Abroad				Group			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Men	1,5%	2,3%	2,3%	6,2%	0,0%	100,0%	0,0%	100%	1,5%	3,1%	2,3%	6,9%
Women	0,0%	11,5%	0,0%	11,5%	0,0%	0,0%	0,0%	0,0%	0,0%	11,5%	0,0%	11,5%
Total	1,3%	3,8%	1,9%	7,1%	0,0%	100,0%	0,0%	100,0%	1,3%	4,5%	1,9%	7,7%

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

#### Hours of mandatory training by professional category and gender - 2021

Employee category	N. hours Men	N. per capita Men	N. hours Women	N. per capita Women	N. Total hours	N. Total per capita hours
Executives	-	0,0	-	-	-	0,0
Middle Managers	32,0	2,9	-	0,0	32,0	2,3
White Collar	183,0	4,6	32,0	1,6	215,0	3,6
Blue Collar	799,0	11,3	-	0,0	799,0	10,8
Total	1.014,0	8,1	32,0	1,2	1.046,0	6,9

#### Hours of mandatory training by professional category and gender - 2022

Employee category	N. hours Men	N. per capita Men	N. hours Women	N. per capita Women	N. Total hours	N. Total per capita hours
Executives	-	-	-	-	-	-
Middle Managers	12	0,9	-	-	12	0,7
White Collar	206	5,4	46	2,3	252	4,3

Blue Collar	330	4,3	2	0,7	332	4,2
<b>Total</b>	<b>548</b>	<b>4,2</b>	<b>48</b>	<b>1,8</b>	<b>596</b>	<b>4,3</b>

#### Hours of non-mandatory training by professional category and gender - 2021

Employee category	N. hours Men	N. per capita Men	N. hours Women	N. per capita Women	N. Total hours	N. Total per capita hours
Executives	60,0	20,0	0,0	0,0	60,0	20,0
Middle Managers	107,0	9,7	36,0	12,0	143,0	10,2
White collar	324,0	8,1	36,0	1,8	360,0	6,0
Blue collar	67,5	1,0	0,0	0,0	67,5	0,9
<b>Total</b>	<b>558,5</b>	<b>4,5</b>	<b>72,0</b>	<b>2,8</b>	<b>630,5</b>	<b>4,2</b>

#### Hours of non-mandatory training by professional category and gender - 2022

Employee category	N. hours Men	N. per capita Men	N. hours Women	N. per capita Women	N. Total hours	N. Total per capita hours
Executives	47	23,5	--	-	47	23,5
Middle Managers	148,5	10,6	-	-	148,5	8,7
White collar	415,5	10,9	60	3,0	475,5	8,2
Blue collar	80	1,1	-	-	80	1,0
<b>Total</b>	<b>691</b>	<b>5,3</b>	<b>60</b>	<b>2,3</b>	<b>751</b>	<b>4,8</b>

#### Total hours of training by professional category and gender - 2021

Employee category	N. hours Men	N. per capita Men	N. hours Women	N. per capita Women	N. Total hours	N. Total per capita hours
Executives	60,0	20,0	-	-	60,0	20,0
Middle Managers	139,0	12,6	36,0	12,0	175,0	12,5
White collar	507,0	12,7	68,0	3,4	575,0	9,6
Blue collar	866,5	12,2	-	-	866,5	11,7
<b>Total</b>	<b>1.572,5</b>	<b>12,6</b>	<b>104,0</b>	<b>4,0</b>	<b>1.676,5</b>	<b>11,1</b>

#### Total hours of training by professional category and gender - 2022

Employee category	N. hours Men	N. per capita Men	N. hours Women	N. per capita Women	N. Total hours	N. Total per capita hours
Executives	47	23,5	-	-	47	23,5

Middle Managers	160,5	11,5	-	-	160,5	9,4
White collar	621,5	16,4	106	5,3	727,5	12,5
Blue collar	410	5,4	2	0,7	412	5,2
<b>Total</b>	<b>1239</b>	<b>9,5</b>	<b>108</b>	<b>4,2</b>	<b>1347</b>	<b>8,6</b>

## 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 31 <sup>st</sup> , 2021			as of December 31 <sup>st</sup> , 2022		
	Men	Women	Men	Women	Men	Women
Executives	3	-	3	2	-	2
Middle Managers	11	3	14	14	3	17
White collar	40	20	60	38	20	58
Blue collar	71	3	74	76	3	79
<b>Total</b>	<b>125</b>	<b>26</b>	<b>151</b>	<b>130</b>	<b>26</b>	<b>156</b>

Total number of employees by employee category and gender (Percentage)						
Employee category	as of December 31 <sup>st</sup> , 2021			as of December 31 <sup>st</sup> , 2022		
	Men	Women	Totale	Men	Women	Totale
Executives	100,0%	0,0%	2,0%	100,0%	0,0%	1,3%
Middle Managers	78,6%	21,4%	9,3%	82,4%	17,6%	10,9%
White collar	66,7%	33,3%	39,7%	65,5%	34,5%	37,2%
Blue collar	95,9%	4,1%	49,0%	96,2%	3,8%	50,6%
<b>Total</b>	<b>82,8%</b>	<b>17,2%</b>	<b>100,0%</b>	<b>83,3%</b>	<b>16,7%</b>	<b>100%</b>

Total number of employees by employee category and age group								
Employee category	as of December 31 <sup>st</sup> , 2021				as of December 31 <sup>st</sup> , 2022			
	<30 years old	30-50 years old	>50 years old	Total	<30 years old	30-50 years old	>50 years old	Total
Executives	-	2	1	3	-	1	1	2
Middle Managers	-	6	8	14	-	9	8	17
White collar	7	39	14	60	11	32	15	58
Blue collar	20	34	20	74	23	35	21	79
<b>Total</b>	<b>27</b>	<b>81</b>	<b>43</b>	<b>151</b>	<b>34</b>	<b>77</b>	<b>45</b>	<b>156</b>

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

Employee category	as of December 31 <sup>st</sup> , 2021				as of December 31 <sup>st</sup> , 2022			
	<30 years old	30-50 years old	>50 years old	Total	<30 years old	30-50 years old	>50 years old	Total
Executives	0,0%	66,7%	33,3%	<b>2,0%</b>	0,0%	50,0%	50,0%	<b>1,3%</b>
Middle Managers	0,0%	42,9%	57,1 %	<b>9,3%</b>	0,0%	52,9%	47,1%	<b>10,9%</b>
White collar	11,7%	65,0%	23,3%	<b>39,7%</b>	19,0%	55,2%	25,9%	<b>37,2%</b>
Blue collar	27,0%	45,9%	27,0%	<b>49,0%</b>	29,1%	44,3%	26,6%	<b>50,6%</b>
<b>Total</b>	<b>17,9%</b>	<b>53,6 %</b>	<b>28,5%</b>	<b>100,0%</b>	<b>21,8%</b>	<b>49,4%</b>	<b>28,8%</b>	<b>100,0%</b>

### Board composition by gender and age group

Number	as of December 31 <sup>st</sup> , 2021				as of December 31 <sup>st</sup> , 2022			
	<30 years old	30-50 years old	>50 years old	Total	<30 years old	30-50 years old	>50 years old	Total
Men	1	2	7	<b>10</b>	1	1	8	<b>10</b>
Women	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1</b>	<b>2</b>	<b>7</b>	<b>10</b>	<b>1</b>	<b>1</b>	<b>8</b>	<b>10</b>

### Board composition by gender and age group (Percentage)

Number	as of December 31 <sup>st</sup> , 2021				as of December 31 <sup>st</sup> , 2022			
	<30 years old	30-50 years old	>50 years old	Total	<30 years old	30-50 years old	>50 years old	Total
Men	10,0%	20,0%	70,0%	<b>100,0%</b>	10,0%	10,0%	80,0%	<b>100,0%</b>
Women	-	-	-	-	-	-	-	-
<b>Total</b>	<b>10,0%</b>	<b>20,0%</b>	<b>70,0%</b>	<b>100,0%</b>	<b>10,0%</b>	<b>10,0%</b>	<b>80,0%</b>	<b>100,0%</b>

**GRI STANDARDS DISCLOSURE 405-2 Ratio of basic salary and remuneration of women to men**  
<sup>23</sup>

Ratio of basic salary of women to men by category						
Employee category	as of December 31 <sup>st</sup> , 2021			as of December 31 <sup>st</sup> , 2022		
	Men	Women	Ratio	Men	Women	Ratio
Executives	91.539	-	-	91.539	-	0,00
Middle Managers	62.264	54.174	0,87	61.724	54.552	0,88
White collar	36.340	31.110	0,86	35.776	31.568	0,88
Blue collar	30.070	23.065	0,77	30.304	23.233	0,77

Ratio between overall women to man remuneration by category						
Employee category	as of December 31 <sup>st</sup> , 2021			as of December 31 <sup>st</sup> , 2022		
	Women	Ratio	Women	Ratio	Women	Ratio
Executives	127.434	-	-	158.213	-	0,00
Middle Managers	82.532	64.718	0,78	85.571	68.054	0,80
White collar	47.479	34.768	0,73	43.518	35.105	0,81
Blue collar	45.745	26.169	0,57	43.540	26.820	0,62

<sup>23</sup> The ratio of base salary and remuneration of women to men for each category of employee is calculated considering only full-time employees of SICIT Group S.p.A. and Sicit Chemitech S.p.A. who have worked for a period of 12 months.

## GRI STANDRADS DISCLOSURE 403-9: Work-related injuries<sup>24</sup>

Employees of the Group		
Work-related injuries		
Number of injuries	2021	2022
Total number of fatalities as a result of work-related injury	-	-
Total number of high-consequence work-related injuries (excluding fatalities) <sup>25</sup>	-	-
Total number of recordable work-related injuries	3	2
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 <sup>26</sup>	11,25	8
Number of hours worked	266.549	263.507

<sup>24</sup> 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.

<sup>25</sup> 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.

<sup>26</sup> The injury rate was calculated as the ratio of the total number of injuries to the total hours worked, using a multiplication factor of 1,000,000. The figure includes home-work commute injuries only where transportation was handled by the organization. No cases of occupational disease occurred during 2022. It should also be noted that at the foreign subsidiaries SICIT Commercial Consulting Shanghai Ltd. and Sicit USA Inc. no accidents occurred in 2022 and 2021.

## Environmental Responsibility

### GRI STANDARDS DISCLOSURE 301-2: Recycled input materials used

Years		2021		2022	
Materials	Unit of measurement	Quantity	% of recycled Input material	Quantity	% of recycled Input material
<b>Sostanze chimiche</b>					
Succinic anhydride	kg	1.284.000	-	828.250	-
Lime	kg	12.344.880	-	13.525.970	-
Ammonium bicarbonate	kg	4.193.656	-	5.013.880	-
Nitric acid	kg	9.720	-	6.300	-
Sulphuric acid	kg	5.886.090	-	5.694.220	-
Caustic soda	kg	1.769.160	-	1.579.970	-
Hydrochloric acid	kg	171.750	-	163.945	-
Various chemists	kg	6.420.360	-	6.758.947	-
<b>Total</b>		<b>32.079.616</b>	<b>-</b>	<b>33.571.482</b>	<b>-</b>
<b>Waste products of tanneries</b>					
Fleshing	kg	106.337.080	100%	96.592.910	100%
Animal hair	kg	10.425.380	100%	10.821.080	100%
Shavings	kg	19.375.470	100%	23.119.360	100%
Trimmings	kg	3.763.080	100%	4.009.990	100%
Hips and shoulders	kg	8.862.520	100%	10.002.040	100%
Cuttings	kg	446.690	100%	571.560	100%
<b>Total</b>		<b>149.210.220</b>		<b>145.116.940</b>	
<b>Packaging</b>					
Extensible	pz	1.350	-	6.711	-
Tanks	pz	14.140	-	13.536	-
Drums	pz	14.034	-	10.692	-
Big bag	pz	3.246	-	2.146	-
Bags	pz	227.740	-	79.894	-
Cardboard case	pz	788	-	1.432	-
Pallets	pz	8.835	100%	8.243	100%
<b>Total</b>		<b>270.133</b>		<b>122.654</b>	

**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	2021	2022
<b>NON-RENEWABLE FUELS</b>		<b>432.505</b>	<b>405.566</b>
Natural Gas	GJ	430.489	403.379
Diesel for automotive use	GJ	2.016	2.187
<i>Of which generator set</i>	GJ	9	7
<i>Of which owned and leased long-term</i>	GJ	2.007	2.180
<b>ELECTRICITY <sup>27</sup></b>		<b>24.942</b>	<b>27.410</b>
Electricity purchased	GJ	24.942	27.410
<i>Of which from renewable source</i>	GJ	24.942	27.410
<i>Of which from non-renewable source</i>	GJ	-	-
<b>TOTAL CONSUMPTION</b>			
Total energy consumption	GJ	457.447	433.528
Renewable energy	GJ	24.942	27.962
Non-renewable energy	GJ	432.505	405.566
<b>ENERGY INTENSITY ON PRODUCTION OF HYDROLYZED PROTEIN</b>	<b>GJ/ton</b>	<b>14,81</b>	<b>13,39</b>

<sup>27</sup> In 2022, the Group made use of certificates of origin for the purchase of energy from renewable sources.

## GRI STANDARDS DISCLOSURE 303-3: Water withdrawal

Water withdrawal					
Source of the withdrawal	Unit of measurement	2021		2022	
		All areas	Areas with water stress <sup>28</sup>	All areas	Areas with water stress
<b>Groundwater (total)</b>	<b>Megaliters</b>	<b>122</b>	<b>-</b>	<b>132</b>	<b>-</b>
Freshwater ( $\leq$ 1000 mg/L total dissolved solids)	Megaliters	122	-	132	-
Other water ( $>$ 1000 mg/L total dissolved solids)	Megaliters	0	-	0	-
<b>Third party water (total)</b>	<b>Megaliters</b>	<b>118</b>	<b>-</b>	<b>137</b>	<b>-</b>
Freshwater ( $\leq$ 1000 mg/L total dissolved solids)	Megaliters	118	-	137	-
Other water ( $>$ 1000 mg/L total dissolved solids)	Megaliters	0	-	0	-
<b>Total water withdrawal</b>	<b>Megaliters</b>	<b>240</b>	<b>-</b>	<b>269</b>	<b>-</b>

## GRI STANDARDS DISCLOSURE 303-4: Water discharge

Water discharge					
Water discharge destination	Unit of measurement	2021		2022	
		All areas	Areas with water stress	All areas	Areas with water stress
<b>Groundwater (total)</b>	<b>Megaliters</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>
Freshwater ( $\leq$ 1000 mg/L total dissolved solids)	Megaliters	0	-	0	-
Other water ( $>$ 1000 mg/L total dissolved solids)	Megaliters	0	-	0	-
<b>Third party water (total)</b>	<b>Megaliters</b>	<b>275</b>	<b>-</b>	<b>260</b>	<b>-</b>
Freshwater ( $\leq$ 1000 mg/L total dissolved solids)	Megaliters	275	-	260	-
Other water ( $>$ 1000 mg/L total dissolved solids)	Megaliters	0	-	0	-
<b>Total water discharge</b>	<b>Megalitri</b>	<b>275</b>	<b>-</b>	<b>260</b>	<b>-</b>

<sup>28</sup> 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) GHG emissions<sup>29</sup>

Direct Scope 1 Emissions			
Scope 1	Unit of measurement	2021	2022
Natural Gas	tCO <sub>2</sub>	24.196	23.422
Diesel for automotive use	tCO <sub>2</sub>	148	161
<b>Total Scope 1 emissions</b>	<b>tCO<sub>2</sub></b>	<b>24.345</b>	<b>23.583</b>

## GRI STANDARDS DISCLOSURE 305-2: Energy indirect (Scope 2) GHG emissions<sup>30</sup>

Indirect Scope 2 Emissions			
Scope 2	Unit of measurement	2021	2022
Electricity purchased – Location Based	tCO <sub>2</sub>	1.800	1.978
Electricity purchased – Market Based	tCO <sub>2</sub>	-	-

## TOTALE EMISSIONI

Total emissions			
	Unit of measurement	2021	2022
TOTAL EMISSIONS (SCOPE 1 + SCOPE 2 - Location Based)	tCO <sub>2</sub>	26.144	25.561
TOTAL EMISSIONS (SCOPE 1 + SCOPE 2 - Market Based)	tCO <sub>2</sub>	24.345	23.583

<sup>29</sup> For the calculation of Scope 1 emissions, the emission factors "ISPRA - National Inventory Report 2022" and "Ministero dell'ambiente - Tabella parametri standard nazionali 2022" were used. The emissions of Scope 1 are expressed in tons of CO<sub>2</sub>, as the source used does not report the emission factors of gases other than CO<sub>2</sub>.

<sup>30</sup> 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 CO<sub>2</sub> emissions emitted by the energy suppliers from which the organization buys electricity through a contract and can be calculated by considering: certificates of guarantee of origin of energy and direct contracts with suppliers, factors specific supplier emissions, emission factors related to the residual mix, i.e. energy and emissions not monitored or unclaimed ( methodology used, with emission factor Italy for 2022: 457 gCO<sub>2</sub>/kWh - source: AIB 2022- European Residual Mixes 2021). 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 for 2022: 259,8 gCO<sub>2</sub>/kWh - source: ISPRA 2021 - Atmospheric emission factors of greenhouse gases in the national electricity sector and in the main European countries).

Scope 2 emissions calculated with the Location-based method are expressed in tons of CO<sub>2</sub>, however the percentage of methane and nitrous oxide has a negligible effect on total greenhouse gas emissions (CO<sub>2</sub> equivalent) as can be deduced from the reference technical literature.

## GRI STANDARDS DISCLOSURE 305-4: GHG emissions intensity

EMISSION INTENSITY			
	Unit of measurement	2021	2022
EMISSION INTENSITY (SCOPE 1) ON PRODUCTION OF HYDROLYZED PROTEIN	tCO <sub>2</sub> /t	0,79	0,73
EMISSION INTENSITY (SCOPE 1 + SCOPE 2 - Location Based) ON PRODUCTION OF HYDROLYZED PROTEIN	tCO <sub>2</sub> /t	0,85	0,79
EMISSION INTENSITY (SCOPE 1 + SCOPE 2 - Market Based) ON PRODUCTION OF HYDROLYZED PROTEIN	tCO <sub>2</sub> /t	0,79	0,73

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

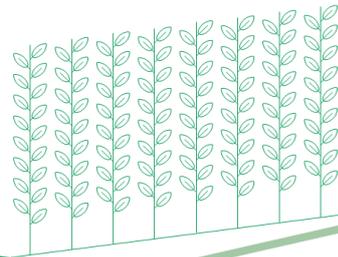
Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions			
Pollutant gases	Unità di misura	2021	2022
		Value	
NO <sub>x</sub>	ton	70,31	64,17
SO <sub>x</sub>	ton	1,33	5,53
Volatile organic compounds (VOC)	ton	2,11	2,36
Other standard emission categories identified by the applicable law (NH <sub>3</sub> )	ton	38,62	22,85

## GRI STANDARD DISCLOSURE 306-3 (2020): Waste generated

Type of waste	Tonnellate	
	2021	2022
<b>Hazardous waste</b>		
Mineral engine, gear, and lubrication oils. non-chlorinated	2,1	0,6
Absorbents, filtering materials, rags and protective clothing, contaminated by substances		0,6
Packaging containing residues of or contaminated by hazardous substances		12,6
Metal packaging containing hazardous porous solid matrices	0,1	-
Discontinued equipment, containing chlorofluorocarbons, HCFCs, HFC		-
Inorganic wastes containing hazardous substances	0,0	4,1
Aqueous washing solutions and mother liquors	44,52	49,3
Waste paints and varnishes, containing organic solvents or other hazardous substances	0,0	0,4
Aqueous liquid wastes, containing or consisting of hazardous substances	30,0	-
Other reaction compounds and residues	38,6	49,1
Other insulating materials containing or consisting of dangerous substances	1,6	2,6
Other emulsions		0,8
<b>Tot.</b>	<b>131,7</b>	<b>120,1</b>
<b>Non-hazardous waste</b>		
Sludge produced by on-site effluent treatment	15.683	18.219
Packaging in mixed materials	99,2	102,2
Unspecified waste	291,0	260,5
Wooden packaging	41,0	20,5
Absorbents, filtering materials, rags and protective clothing	469,7	454,8
Components removed from discarded equipment	0,0	0,1
Plastic	1,4	1,3
Iron and steel	32,1	25,3
Cables	0,0	1,7
Mixed waste from construction and demolition activities		
Other aqueous wastes	630,9	872,6
Saturated or depleted ion exchange resins	-	2,0
Others	101,3	-
<b>Tot.</b>	<b>17.350</b>	<b>19.962</b>
<b>Total</b>	<b>17.481</b>	<b>20.082</b>



# METHODOLOGICAL NOTE



## Methodological Note

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The Sustainability Report of the SICIT Group, in its fourth edition, represents a document to describe, in a transparent and articulated manner, the results achieved by SICIT during the 2022 financial year (from January 1<sup>st</sup> to December 31<sup>st</sup>) in terms of economic, social and environmental issues and it reports the commitment and the initiatives undertaken for sustainable development.

The reporting period coincides with that of the SICIT Group's consolidated financial statements.

This Report, published annually, has been prepared in accordance with the GRI Standards: "in accordance".

As required by the GRI Standards, SICIT identified sustainability issues deemed relevant through an Materiality analysis, described in the paragraph "Materiality Analysis".

The perimeter of economic, financial and social data and information corresponds to that of the SICIT Group's consolidated financial statements on December 31<sup>st</sup>, 2022. The environmental data and information refer only to the two production plants of SICIT in Chiampo and Arzignano, since those relating to the other offices of the companies included in the reporting perimeter are not considered significant.

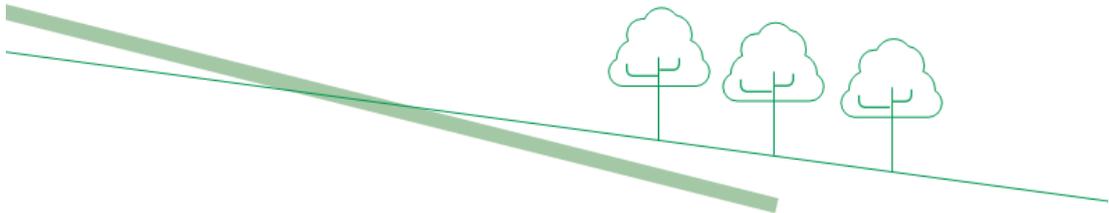
Information for the period under consideration is compared with that for the previous year, where available. In order to ensure the reliability of data, recourse to estimates has been limited as much as possible; where present, such estimates are duly reported and based on the best available methods.

In 2022 there were no significant changes relating to the size, organizational structure and supply chain of the Sicit Group. For the sake of completeness, however, it should be noted that, in order to achieve a more efficient reorganization of the Group, on the 16<sup>th</sup> of February 2022, the shareholders' meeting of SICIT Group S.p.A. approved the proposed merger by reverse incorporation of the parent companies circular Holdco S.p.A. and circular Bidco S.p.A. into SICIT (hereinafter also "the merger"). This transaction was legally effective with the inclusion of the last notarial act in the business register on May 4<sup>th</sup>, 2022, while the accounting and tax effects were recorded retrospectively as of January 1<sup>st</sup>, 2022. Furthermore, no effects on environmental, social or occupational health and safety information reported in this document shall be derived from the merger.

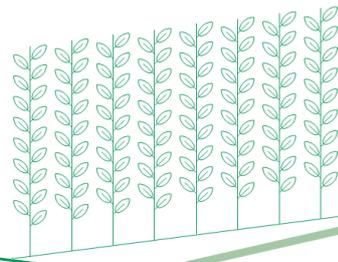
This Sustainability Report as of December 31<sup>st</sup> 2022 was approved by the Board of Directors of SICIT Group S.p.A. on June 29<sup>th</sup>, 2023.

In order to improve the effectiveness of the reporting process and the reliability of the information reported, the Report was subject to limited assurance ("limited assurance engagement" according to the criteria indicated in ISAE 3000 Revised) 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](mailto:info@SICITgroup.com) or visit the website [www.sicitgroup.com](http://www.sicitgroup.com).



# GRI CONTENT INDEX



## GRI Content Index

<b>Statement of use</b>	The SICIT Group has submitted a report in accordance with the GRI Standards for the period from January 1 <sup>st</sup> , 2022 to 31 December 2022
<b>GRI 1 used</b>	GRI 1: Foundation (2021)
<b>Applicable GRI Sector Standard(s)</b>	N.A.

GRI STANDARD	DISCLOSURE	LOCATION	OMISSIONE			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>General disclosures</b>						
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	2-13 Delegation of responsibility for managing impacts	17-18			
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	2-17 Collective knowledge of the highest governance body	16-18			
	2-18 Evaluation of the performance of the highest governance body	16-18			
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	2-25 Processes to remediate negative impacts	26-27				
	2-26 Mechanisms for seeking advice and raising concerns	13-14				
	2-27 Compliance with laws and regulations	14				
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	303-2 Management of water discharge-related impacts	47-48				
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	303-4 Water discharge	72				
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	305-2 Energy indirect (Scope 2) GHG emissions	73				
	305-3 Other indirect (Scope 3) GHG emissions	46	Indirect (Scope 3) GHG emissions in tons of CO <sub>2e</sub>	Information unavailable/incomplete	The information required to calculate indirect GHG emissions (scope 3) is not currently available. The Group undertakes to include these data from the 2024	

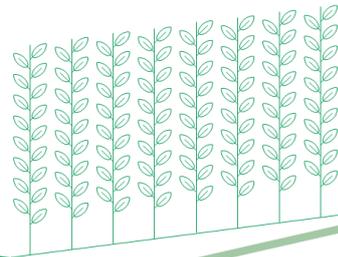
					Sustainability Report	
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<b>GRI 413: Local Communities 2016</b>	413-2 Operations with significant actual and potential negative impacts on local communities	26-27; 58-59				
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# INDEPENDENT AUDITORS' REPORT



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## INDEPENDENT AUDITOR'S REPORT ON THE SUSTAINABILITY REPORT

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

We have carried out a limited assurance engagement on the Sustainability Report of the Sicit Group (hereinafter also "Group") as of December 31, 2022.

### 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 (hereinafter "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 firm applies *International Standard on Quality Management 1*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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

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### Auditor's responsibility

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

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

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

Specifically we carried out the following procedures:

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

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

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

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

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- for the Arzignano and Chiampo production plants of Sicit Group S.p.A., which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out site visits or remote meetings, during which we have met the management 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, 2022 is not prepared, in all material aspects, in accordance with the GRI Standards as stated in the paragraph “Methodological note” of the Sustainability Report.

DELOITTE & TOUCHE S.p.A.

Signed by  
**Cristiano Nacchi**  
Partner

Padova, Italy  
July 13, 2023

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



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