SACCO system

Supporting food culture & life

FAMILY SPIRIT FOR SUSTAINABILITY

2020

Bilancio di Sostenibilità

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INTRODUCTION

Letter to Stakeholders

We have great pleasure in presenting to you the Sacco System Sustainability Report for the year 2020. It is an important document for us, highlighting our commitment and giving a clear account of all our activities. It also gives a report on our main impacts and results in the economic, environmental and social fields. And it does this referring to a particularly complicated year that is unlike any other.

The novel Coronavirus pandemic has had a tremendous impact on our lives and the way we work. We have had to look at things in a different way, change our habits and reshape our work activities at breakneck speed. We have had some difficulties and worked with the apprehension and inexperience about a totally new situation.

The Sacco System companies have never stopped, but, thanks to the professionalism and commitment of our partners, we have managed to continue to operate safely and with that reliability that distinguishes us, serving the company with essential goods, without interruptions. We had to introduce physical distancing in our working environments and with our usual interlocutors: customers, distributors, suppliers, partners, local community... but we found other ways and channels to remain close at hand, just like before and perhaps even more than before, as a demonstration of the Family Spirit that has always been our hallmark and proved to provide extra support to overcome difficult times.

The health emergency has also made it abundantly clear that scientific research and innovation are the strongest weapons we have to face the challenges of the present and the future. It has also demonstrated that our environmental, social and economic systems are intimately connected and highly interdependent and that only an all-embracing overview can help us to overcome these crises.

We need to maintain our focus on sustainability, to help the transition from all the social and environmental problems laid bare by the epidemic, to a better future in which everyone – individuals, communities, businesses and institutions – works together to improve well-being in society and nature.

In Sacco System we are doing and will continue to do our part: putting people first, contributing to the development of resilient communities and ecosystems, improving our environmental performance, thinking about the continuity and solidity of our business activities to ensure prosperity and a secure job for our employees, continuing to invest in innovation and research to offer solutions for sustainable development with our biotechnologies. Thank you for being part of our big family again this year.

Sacco System, Family Spirit

for Sustainability

Verga Family

Our second sustainability report

Methodological note

Sacco System publishes its second sustainability report, with the aim of communicating its environmental, social and economic performance in full transparency to all its stakeholders, describing the initiatives undertaken and the results achieved in the last year.

The preparation of this document also allows us to monitor the progress of our performance, in order to highlight its critical issues and strengths and consequently modulate our efforts and commitment, to minimise negative impacts and maximise positive ones.

The sustainability report therefore represents for us not only an important tool for communicating and connecting with all our stakeholders, but also a fundamental control dashboard, which we can use to have an overview of our performance and its impact on or contribute to sustainable development.

For the first time, the Report is prepared in accordance with the GRI Standards, Core option. This has required a great deal of study and preliminary analysis, to prepare the draft document in compliance with the requirements of the standards, both in terms of content and quality. The choice of indicators and the preparation of data collection tools took a long time, which is why this document is published with some delay compared to the timeliness principle required by the GRI. The choice of a different set of indicators also implied a certain misalignment with the 2019 Report, in terms of structure and topics covered: the data subject to revision and correction will be appropriately indicated in the document; similarly, continuity and comparability with future financial statements will be guaranteed. Also for this reason, Sacco System has chosen to continue to issue its Reports on an annual basis.

This publication consists of an introductory section on the Sacco System business network, followed by one relating to the main sustainability goals and then by the three chapters dedicated to the most relevant economic, environmental and social aspects, which characterised the company's business in the year 01.01.2020 - 31.12.2020, making a comparison wherever possible with previous years. These three chapters devote their analysis to the three companies located in Italy: Sacco S.r.l., Caglificio Clerici S.p.A. and Centro Sperimentale del Latte S.r.l. Within these chapters, one can refer to the three companies jointly as Sacco System. At the end of the document, the GRI Content Index indicates which GRI information has been reported on, with an indication of the related SDGs, and will help the reader to find them in the document.

The drafting of the 2020 Report was coordinated by the CSR & Sustainability Manager (who holds a GRI Sustainability Professional certificate), under the supervision of Top Management.

An internal working group worked on selecting the material topics, identifying the issues where the company has significant economic, environmental or social impacts and considering the results obtained from the stakeholder engagement activities conducted in 2019 as still valid (Figure 1). The definition and choice of stakeholder groups to be involved in the reporting process led us to design the map shown in Figure 2. Sacco System's most important stakeholders are those who provide the fundamental resources for the operational functioning of our companies (employees, co-workers, suppliers) or those who are the direct recipients of our activities (customers). These are followed, in order of importance, by the other parties who may be indirectly affected by our activities (local community, end consumers) or those whose work services are instrumental in Sacco System's activities (research partners, distributors and agents). Finally, we must not forget the other stakeholders we relate to in order to

exchange experiences and share resources, values and knowledge (international networks, trade associations, institutions and public administration, third sector entities).

The choice, calculation and interpretation of the indicators as well as the collection, contextualisation and preparation of the necessary data and documents, useful for reporting each topic, involved various company representatives, department managers or similarly expert professional figures. The areas involved were Finance & Control, Procurement, Production, Operations, Logistics, Human Resources, Research & Development, Scientific, Quality Assurance, Marketing & Communications. The same group then revised the final document, which was finally reviewed and approved by Top Management.

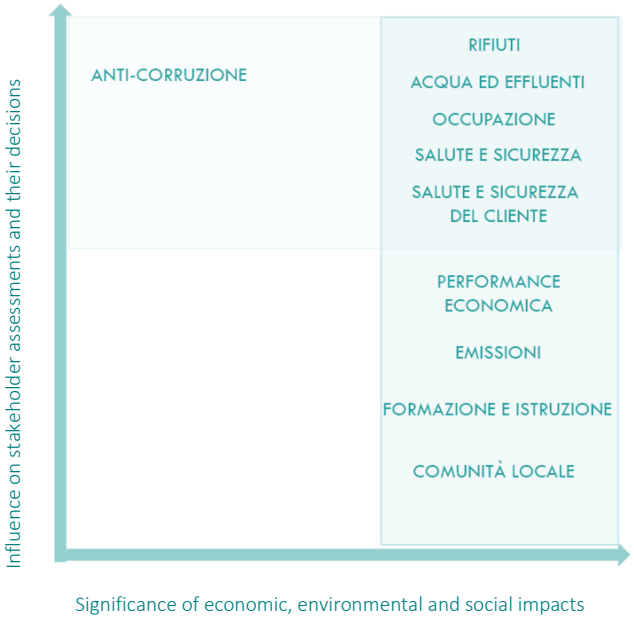


Figure 1 - Representation of material topics

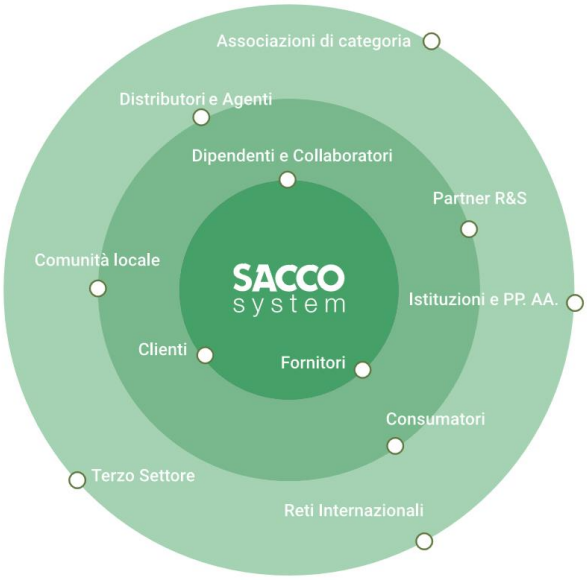


Figure 2 - Map of stakeholders

Welcome to Sacco System

Established in 2016, Sacco System is a highly innovative Italian network of biotech industries, encompassing almost 150 years of knowledge and experience.

The four companies included in the network are Caglificio Clerici SpA and Sacco Srl (owned by the Verga family), Centro Sperimentale del Latte Srl (100% controlled by Sacco) and Kemikalia AB (88% owned by Caglificio Clerici). They operate in a single synergistic system that provides the nutraceutical, pharmaceutical and food industries with know-how and shared resources.

Sacco System has deep-rooted local interests and ramifications all over the world: the four companies run five production plants located between Lombardy and Sweden and the CSL France and CSL APAC commercial offices plus Sacco System Japan, since 2020. Our products are currently sold in over 110 countries around the world.

Our mission is to offer the best products that can produce improvements in food culture and lifestyle. Customised products based on lactic acid bacteria, probiotics and enzymes, resulting from the latest research and experiments, applied to our heritage of food science, health and well-being: this is and will remain the secret of our success. Our company works with life, for life and draws strength from its relationship with employees and co-workers, Sacco System's most precious resource: we are a family business that believes in offering the next generation a better future and in relaunching the competitiveness of Italian companies.

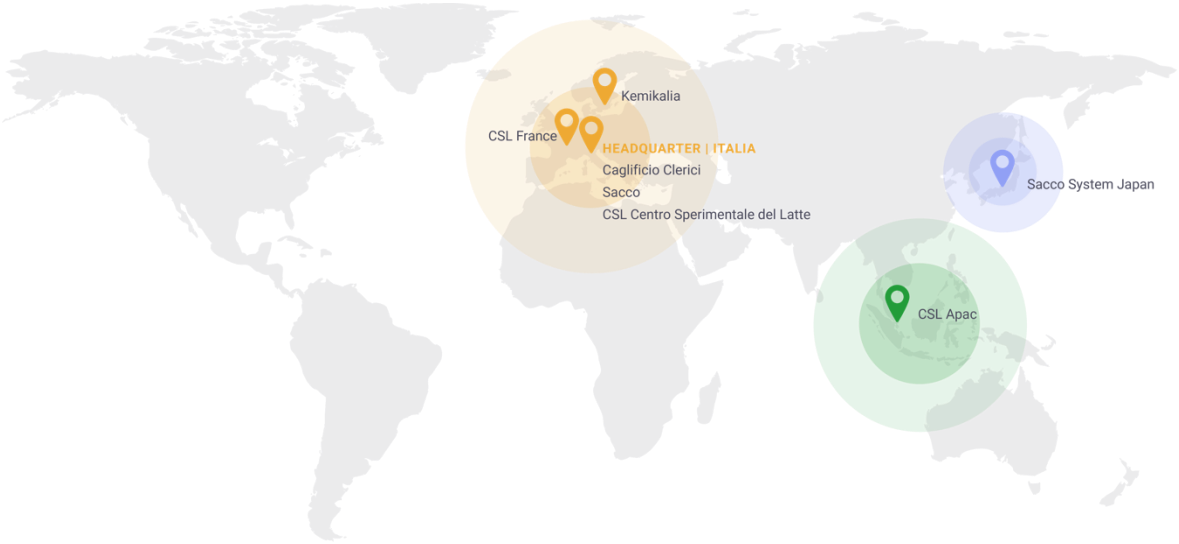
It is a constant challenge, but it allows us to share our values with our network of stakeholders: direct customers, partners, workers, suppliers and end consumers, with the utmost transparency and honesty. With this in mind, Sacco System is open to dialogue and committed to developing a community of talented professionals, enthusiasts and curious consumers. We put all the skills and experience we have acquired at the disposal of our customers. We are evolving in harmony with nature: we talk about healthier, more natural, practical and "tailor-made" products in a new way.

food

probiotics

agrovet

labware



A family story

The Sacco System story is the story of the Clerici family, now the Verga family. This story about deep commitment to quality and research began in 1872, when Martino Clerici founded Caglificio Clerici in Cadorago, 40 km north of Milan, near Lake Como, and the story still proudly continues today.

A family-run business now in its fifth generation, the company continues to believe in the importance of tradition at the service of quality and research. With a history spanning nearly 150 years, our excellence in industrial innovation is recognized around the world. Dedication is the silent engine that guides the family in its business choices: commitment to quality, research, development and Italian technology within the company and in the world.

The values of virtuous growth

Sacco System pursues an ambitious mission in its business: to promote virtuous growth in good nutrition, capable of improving the lives of consumers. To achieve this goal, Sacco System is committed to operating in compliance with 3 values.

FAMILY SPIRIT

a. FAMILY COMPANY: central focus on people and human relationships, both within the company and towards our customers and suppliers, the promotion of respect, care and helpfulness;
b. TRADITION AND EXPERTISE: a history covering almost 150 years, steeped in tradition, shared experiences, qualitative and technological growth of the company in parallel with the market;
c. RELIABILITY: a solid company presence that inspires trust and credibility that turns into consistent high performance, product effectiveness and enhanced results.

CREATIVE INTELLIGENCE

d. RESEARCH AND INNOVATION: the enhancement of lively, dynamic minds, with solid, economic and scientific backgrounds, capable of creating an infinite range of new ideas, always one step ahead of trends; a desire to improve, grow and progress in the “food and life” sector via a synergy between Research & Development and commercial prowess, constantly investing part of the annual turnover in research and innovation;
e. CONSTANT TRAINING: specialised preparation of our staff, achieved by means of tailor-made refresher courses with internal and external trainers and collaborations with worldwide research centres and universities.

VERSATILITY

f. FLEXIBILITY AND CUSTOMISATION: the development of made-to-measure projects for our customers, the result of relentless passion and care no matter the scale;

g. CUSTOMER SATISFACTION: constant commitment to achieve or surpass our customers' expectations, seeking to create a stable, ongoing and lasting relationship, based on trust and on successfully meeting their needs and requirements.

Code of Ethics

To maintain our leadership and successfully face the challenges of the global market, we need to continue on our path towards excellence, pursuing employee satisfaction, customer satisfaction and environmental protection.

Quality is our credo and the basis of our acknowledged reliability. Our business is run with economic sensitivity and respect for the law, the environment and occupational health and safety. We plan our activities and check the results in line with the principles of transparency in corporate, administrative and accounting procedures. We base our ethical principles on continuous improvements to health and safety conditions in the workplace and the external environment.

In our Code of Ethics, we state the principles of conduct and behaviour that must govern the activity of every director, senior manager, employee and co-worker of the Company. They absorb all our preparation, intelligence and willing effort in working with passion, enthusiasm and positive energy.

The Code of Ethics of the three companies (Sacco, Caglificio Clerici and CSL) can be downloaded from our website.

Our quality policy and certification

Sacco System is a biotech network geared towards the relentless achievement of quality in the agri-food, health & nutrition sector: the companies in our network have always achieved the highest quality standards in terms of safety, ethics and legality in providing products and services.

To achieve this strategic objective, Sacco System relies on a corporate organisation that promotes a culture and sensitivity towards issues of health and safety in the workplace, ongoing training of personnel in hygiene and health matters and production processes that comply with current legislation and are environmentally friendly.

These are the pre-conditions for Sacco System's scientific research, focused on improving health, safety and well-being for the customer and end consumer.

Confirming its strong commitment to quality, Sacco System has been awarded the main quality-based and religious certificates over the years. Here are the details for each company:

- ISO 9001 (SACCO)
- ISO 22000 (CLERICI, SACCO)
- FSSC 22000 (Food Safety System Certification) (CLERICI, SACCO, CSL)
- KOSHER PRODUCTS (CLERICI, SACCO, CSL)
- HALAL PRODUCTS (CLERICI, SACCO, CSL)
- GMP (Good Manufacturing Practices) AUTHORISATION (SACCO, CSL)
- AUTHORISATION FOR THE MANUFACTURE OF ZOOTECHNICAL ADDITIVES (CSL)

The Sacco System Companies

Caglificio Clerici: family sentiments

Caglificio Clerici is the historic family business: 148 years of passion for quality, research, development and technology, all conducted in Italy but serving the food industry all over the world. Founded in 1872, the Caglificio Clerici has been producing animal rennet and other enzymes for the dairy industry ever since.

For almost 150 years we have been studying and developing technologies that help cheese factories and dairies process milk in the safest, healthiest and most hygienic way. To achieve this goal, we select only the best quality abomasa for the production of our rennet. The delicate and careful extraction of enzymes is the key element in our production, an art handed down through generations. Clerici produces rennet with the same dedication and enthusiasm as in the past but using new technologies now available to the expert hands of our team of professionals.

Sacco: tailor-made innovation

Sacco is the biotech company that has been on the international market since 1934, as a producer and partner in the fields of research, scale up, production and packaging of selected, freeze-dried and frozen microbial cultures, to be used mainly in the dairy and food industries, in general. Sacco's expertise and know-how support the food industry in the production of healthier cultured foods, enriched by characteristics appreciated by both customers and end consumers. The Company's strength lies in its Research & Development team, able to produce customised cultures for the individual customer, through validated and guaranteed procedures.

The Labware division is also a distinguishing feature of Sacco. It operates with the aim of providing customers (food industries, test laboratories and research institutes) with products, solutions and a technical advisory service relating to microbiological and chemical controls of raw materials, finished products and working environments.

Centro Sperimentale del Latte: probiotics in science and research

CSL, Centro Sperimentale del Latte, is the Italian company founded in 1948 with the aim of studying and enhancing lactic acid bacteria and other food micro-organisms. Following in the footsteps of its founder, Dr. Leo Vesely, the Centro Sperimentale del Latte researches, develops, produces and markets probiotics, live cultures, moulds and yeasts, intended for the pharmaceutical, nutraceutical, dairy, food and agri-zootechnic sectors.

The industrial work is flanked by abundant, basic and applied technical-scientific research, which appears in

over 300 publications, including experimental works and reviews. The customer has always been the focus of the work of CSL, an ideal partner for the study and development of new products and technologies that meet the needs of the individual client and the market.

Following its acquisition in 2013, together with Sacco it became the Italian benchmark centre for the live cultures sector and represents, in fact, the fourth production force worldwide in the field of bacterial cultures, with a vast collection of isolated microbial strains, selected on the basis of their fermentation and functional characteristics. Our strain collection, one of the richest both inside and outside Europe, now has more than 6000 bacterial strains.

Kemikalia: excellence in dairy work and nutraceuticals

Kemikalia is the Swedish market leader in the development, production and marketing of ingredients for the dairy food industry in Sweden, Northern European countries and other EU countries. The years of experience gained since its foundation in 1914 form the foundation of its business today, together with the development of new technologies in step with the times. With the entry of Caglificio Clerici into Kemikalia in 2006, Sacco System bolstered its international vocation with a view to becoming the reference international player in the enzyme sector. In more recent years, Kemikalia has started the production of vitamin supplements to expand its market offer in the nutraceutical sector. The profitable collaboration with customers, suppliers and university centres ensures unmatched quality excellence. Active business management focused on quality and a business culture that encourages employees to seek opportunities for ongoing improvement provide the cornerstones of a continuously developing business.

The People of Sacco System

Sacco System's most precious resource are its people: every past result has been and every future goal will be the result of the ingenuity, skills, commitment, expertise and sense of belonging that each worker fields in their own functions and responsibilities during their daily work.

The Sacco System network consists, above all, of functional, intertwining human relationships with others, guided by principles of exchange, cooperation and reciprocity. We believe that the involvement of workers through participation, consultation and skills development is fundamental in every company strategy.

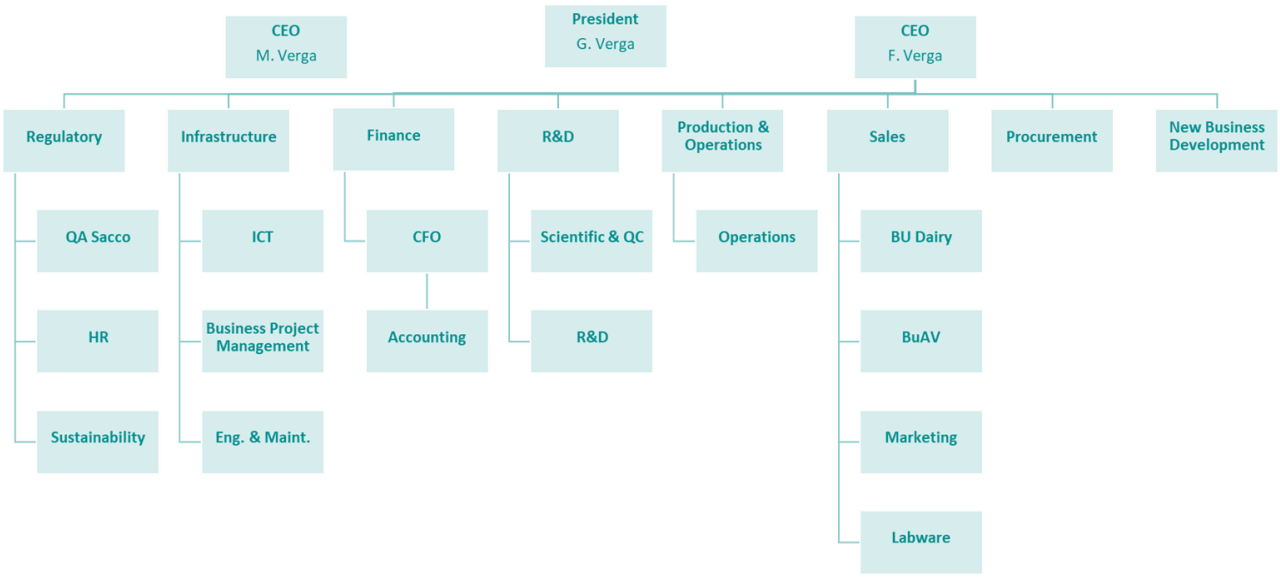


Figure3 - Sacco organisational chart

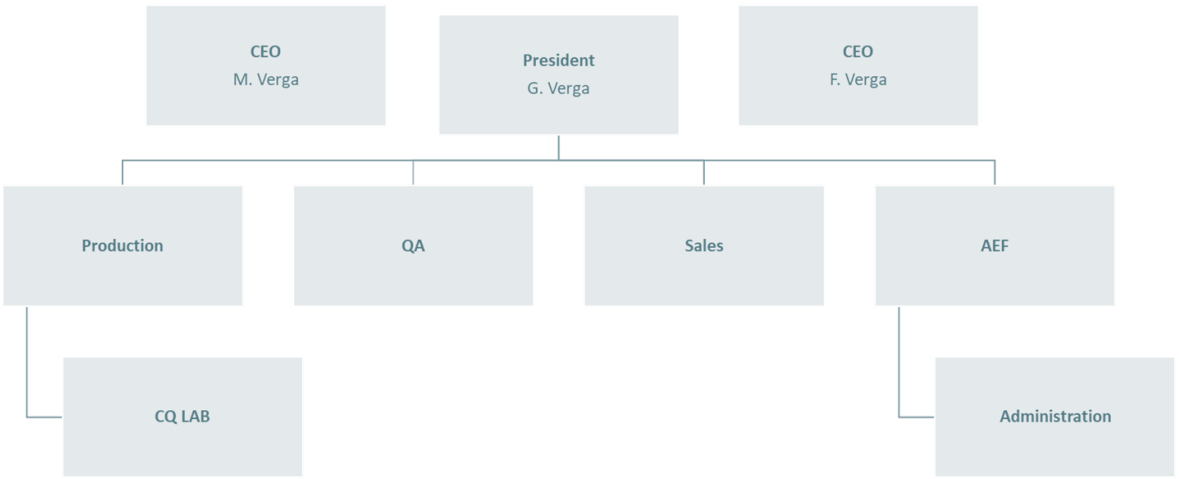


Figure 4 - Caglificio Clerici organisational chart

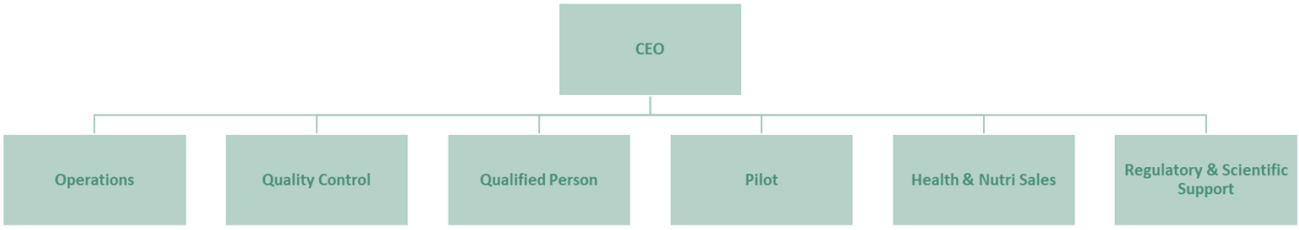


Figure 5 - CSL organisational chart

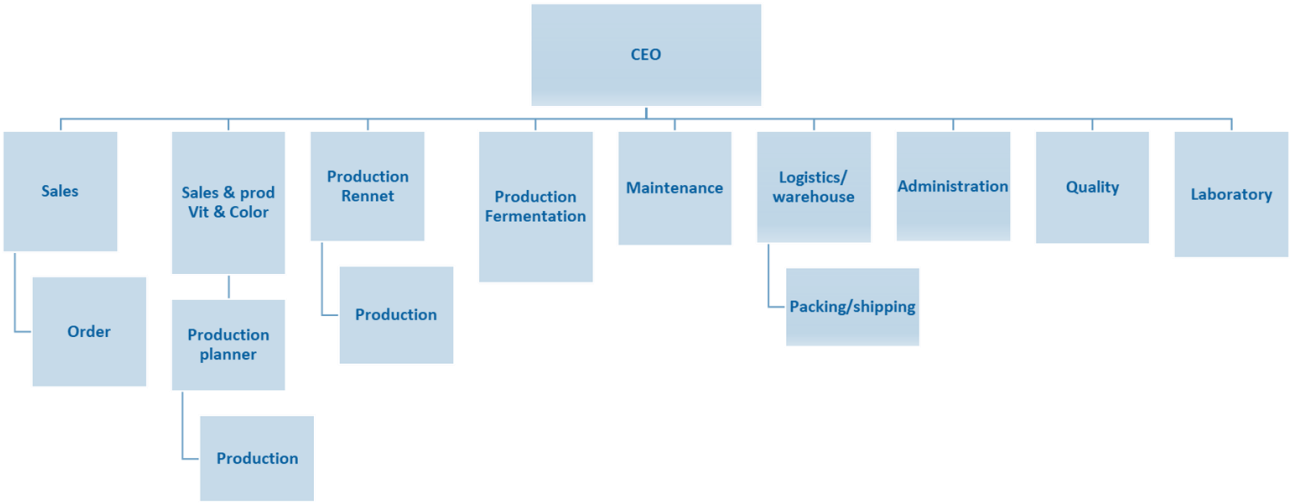


Figure 6 - Kemikalia organisational chart

Partnerships and programs

In everyday life just as in your work life, it is important to have valid allies to help you to achieve your goals. So, Sacco System has chosen to take part in some national and international programs to be stronger in its sustainability strategies.

EcoVadis

Caglificio Clerici and Sacco are assessed on a regular basis by EcoVadis, one of the most important sustainability rating providers in the world. The assessment process includes a detailed analysis by a team of experts in relation to environmental performance, ethics and issues related to work and human rights.

Thanks to the activities conducted in 2020, Caglificio Clerici obtained a score of 71/100 at the beginning of 2021 and its performance was judged to be "advanced". For this result, it was awarded the EcoVadis Gold Medal. This result places the company in the top 1% of best performing companies assessed by EcoVadis, in terms of sustainability for companies of a similar size in the dairy-product sector.

Sacco also achieved an excellent position, with a score above the sector average for all the elements analysed with the consequent award of a Silver Medal.

Fondazione Sodalitas

Sodalitas is a foundation in existence in Italy since 1995 which offers itself as a reference partner for all those companies that want to make Corporate Social Responsibility and Sustainability a distinctive company feature, integrating them into their business strategies. Sodalitas promotes projects in the fields of Youth and Work, Social Inclusion, Sustainable Territories, and also supports networking between companies and the creation of partnerships with institutions, the Third sector, schools, universities and research centres. Fondazione Sodalitas is a national partner of CSR Europe.

Responsible Care

Both companies at the Cadorago production site, Caglificio Clerici and Sacco, participate in "Responsible Care®", the worldwide voluntary program to promote sustainable development in the chemical industry, managed in Italy by Federchimica. By joining the program, companies undertake to develop their business with paying constant attention towards continuous improvement in safety, health and the environment.

European Network Workplace Health Promotion

The European Network Workplace Health Promotion (ENWHP) is a network of companies and institutions that actively work towards bringing good practices into the workplace to promote the health and well-being of their workers and their families. The companies taking part in the program are committed to promoting healthy eating, encouraging the practice of physical exercise, offering people help to quit smoking and combat other addictions, and implement measures to improve well-being at work and outside work.

Club Imprese Eccellenti (Club of the Excellent Companies)

The Club is an initiative of Global Strategy, the international Management Consulting and Corporate Finance company that offers itself as a partner to companies in defining and implementing management solutions. The OsservatorioPMI® (SME Observatory) is a project through which Global Strategy identifies the best Italian companies each year on the basis of stringent economic and financial KPIs. The *Club Imprese Eccellenti* brings together the eligible excellent companies and aims to set up a stable, constructive network of these companies that provides thrust and opportunities for meeting, talking and sharing ideas. The Club was formed in May 2016, and to date is made up of about twenty members.

SMART Project

The SMART Project (whose Italian acronym means Sustainable Strategies and Models of Responsible Businesses in the Cross-border Territory), is part of the Italy-Switzerland Interreg European Regional Development Fund engaging companies in Como, Lecco and Ticino. Its overall objective is to characterise the cross-border zone as a production area that makes sustainability a distinctive element in achieving competitive advantage. SMART fields a series of activities and tools for businesses, in the areas of research, training, accompaniment, communication and promotion of sustainability.

Scientific Partners

Sacco System collaborates in more than 25 projects with universities and research centres all over the world, including:

- 9 in Italy
- 2 in Germany
- 2 in Ireland
- 1 in Denmark
- 2 in Argentina
- 1 in Canada
- 1 in the United States of America.

Associations

The Sacco System companies also subscribe to:

ITALY

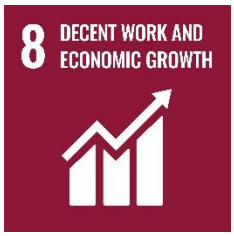
OUR COMMITMENT TO SUSTAINABILITY

Sacco System for sustainable development

On 25 September 2015, the United Nations approved the 2030 Agenda for Sustainable Development, the global action program to achieve a better and more sustainable future for all by 2030. This document lists the 17 Sustainable Development Goals or SDGs, which address the great challenges of our time and balance the three dimensions of sustainable development: the economic, social and environmental. The goals aim to stimulate interventions in areas of crucial importance for humanity and the natural world, in terms of People, Planet, Prosperity, Peace and Partnership.

The 2030 Agenda leaves ample space for the role of businesses, identifying different areas of action (such as the circular economy) in which the contribution of the private sector is absolutely crucial, called to act in favour of sustainability starting from its core business.

With our business strategies and the products we offer, we aim in Sacco System, to make our contribution to the achievement of these Goals. Our attention to the 17 SDGs of the 2030 Agenda focuses in particular on the following goals.



Goal 8

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Goal 9

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

We are striving to develop increasingly higher levels of productivity, through diversification, technological updating and innovation, with particular attention to sectors with high added value, such as nutrition, pharmaceuticals and agriculture.

We are committed to achieving a double-digit percentage increase in turnover over the next few years but at the same time we are putting our efforts into separating economic growth from environmental impact, progressively improving our efficiency in the use of resources and adopting clean and environmentally friendly technologies.

We are driving scientific research, encouraging creativity and innovation, reinvesting 6% of our turnover in R&D and gradually increasing our number of researchers: about 50% of new staff over the last 5 years were hired to work in the laboratory, where we now have nearly 100 full-time researchers and other technical staff.

We reinvest in our company to constantly create new jobs and to improve the health and safety of our workers at all production sites. We have adopted a management model to ensure the best possible health and safety measures in the workplace and prevention from all potential forms of risk. This policy allows us to maintain a low incidence of accidents, with frequency and severity rates well below the national average for the industrial sector.

Goal 2

End hunger, achieve food security and improved nutrition and promote sustainable agriculture

It is estimated that about 1.3 billion tons of food are lost or wasted every year, which corresponds to one third of all food produced in the world: recovering a quarter would be enough to feed all the people who still suffer hunger in the world today. This waste does not only affect food security, it obviously also has negative impacts on natural resources, because it means waste of water, soil, electricity, labour and economic capital, with consequences on climate change as well.

Sustainable Development Goal SDG 2 calls for action against this trend. In particular, Target 2.4 calls on us, by 2030, to ensure sustainable food production systems and to implement resilient agricultural practices that increase productivity and production and help maintain ecosystems. Our biotechnologies applied to agriculture (which we will talk about in the context of Goal 15) and to food can make an effective contribution to achieving this goal.

Our lactic acid bacteria used in food production are able to drive fermentation in a controlled and absolutely safe way, minimising non-conformities during processing and therefore also food losses along the supply chain, maximising yields and obtaining healthy, tasty and superior-quality foods, while preserving their typical, distinguishing characteristics.

Fermentation, leading to food acidification, represents a natural way of protecting food from other adulterations caused by pathogenic micro-organisms which would normally make food unsuitable for human consumption but the low pH conditions do not allow them to grow. In the past, this natural process, which occurred spontaneously in milk and other foods, allowed them to be kept for quite long periods, thus contributing to food security over thousands of years. Even the coagulation of milk, discovered by chance by collecting milk in bags made from the stomachs of ruminants, allowed our ancestors to preserve that precious food more easily. The “randomness” of these biotechnological processes would therefore look like history from other times: today it would appear unthinkable to allow food to be produced in a totally uncontrolled way, both in terms of quality - that also means health - and quantity. Yet, in certain rural areas in developing countries, where there is limited access to electricity, making the processes of pasteurisation and food preservation via the cold chain extremely difficult if not impossible and where there are sometimes more critical conditions due to local high temperatures and poor sanitation, the use of lactic acid cultures can make a favourable contribution to food security.

For several years Sacco System has been investing in the training of representatives from local populations in Central Africa. They are taught how to use our biotechnologies for milk processing and this dissemination of knowledge, even in the most remote rural communities, could consequently improve their food self-sufficiency and make a contribution to better nutrition, thanks to the improved intake of animal proteins in their diet.

In particular, during 2020, our field activity continued in Burkina Faso, with a project that we have called “Let's take mothers to school”. Using our technical staff and some locally trained agents, some training activities were carried out in the rural communities, to teach the population, especially women, how to process milk, through the use of enzymes and micro-organisms. The teaching of cheese

making and milk processing techniques, through the use of rennet, live cultures and probiotics, may help populations to improve their means of support, by prolonging food conservation, improving food security, teaching the production of functional foods with benefits to people's health and providing an additional source of income. Since the main target of these activities is the local female population, it will also contribute to improving the condition of women and to fostering their emancipation, providing means of empowerment and giving them greater economic weight.

Goal 12

Ensure sustainable consumption and production patterns

To reinforce the commitment to fight food losses, this goal - and in particular target 12.3 - requires us, by 2030, to halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses.

In addition to live cultures, there are also other bacteria that can help preserve food and keep it fresh for longer: the so-called “protective cultures”, selected for their ability to delay deterioration in perishable foods due to contaminants - such as yeasts and moulds - using a natural method, without adding preservatives. This means that, with the addition of these cultures, we could have a lower incidence of deteriorated foods, thus reducing waste, or even lengthening the “shelf life” of foods and deferring their “best by” dates.

4PROTECTION
Food Cultures with Protective Effect

The advantages from using these cultures include better product quality in terms of hygiene, health, taste and smell, a reduction in food waste at distribution, retail and consumption levels, because the products stay fresher longer. There is also an economic advantage for producers because the incidence of non-conformities is reduced. Added to this is the “environmental saving” thanks to the better use of natural resources and the consequent avoided emission of CO_2.

In a broader sense, Goal 12 also promotes sustainable production models. This idea fits well with the concept of the circular economy. For us it means optimising production cycles, maximising the productivity of energy resources and the yield of raw materials used, minimising waste, keeping biological and technical materials for as long as possible in the value chain, favouring their revaluation or the reintegration of the biosphere.

For this reason, we have always been careful about reducing the environmental impact of our production processes on the local territory and our R&D efforts are continually aimed at optimising processes, to “do more, with less”. We are constantly working on the correct management of chemicals, waste and our by-products; we have embarked on a program to reduce waste and the production of scraps in every business activity through prevention, reduction, recycling and reuse.

Goal 3

Ensure healthy lives and promote well-being for all at all ages

Faced with the global challenges for improving the health and well-being conditions of the entire human population, we propose to be a hub of excellence for studying and producing probiotics, which can improve people's well-being and combat certain diseases, in a safe and natural way, for a higher quality of life.

Probiotic bacteria are those living and vital micro-organisms which, if administered in adequate quantities, confer benefits to the health of their host. They are therefore bacteria which, once ingested, manage to survive the acid barrier in the stomach and reach the intestine and colonise it. In sufficient concentrations, these microbial cultures can improve the well-being of people and prevent or counteract certain diseases, in a safe and natural way, for a better quality of life. Clinical studies have shown their ability to improve various disorders including those of the cardiovascular system, gastrointestinal tract, respiratory tract, skin, mouth and oropharyngeal tract. They can also reduce symptoms in persons with allergies and coeliac disease, strengthen the immune system and improve the performance of athletes and people's well-being in general.

We are putting a lot of effort into achieving this goal, which is why we have forged fruitful collaborations with research institutions and universities in order to study and gain new solutions all the time from the microbiological world to contribute to global health.

Probiotics can also provide surprising solutions in social development processes, as happened with the "Scholar Yogurito, the social probiotic" project, conducted in Argentina from 2008 onwards thanks to the collaboration between the Centro de Referencia para Lactobacilos (CERELACONICET), the Ministerio de Desarrollo Social, Educación, Salud (Gobierno de Tucumán), and the MinCyT (Ministerio de Ciencia, Tecnología e Innovación Productiva de la Nación) and which, since 2014, has also involved Sacco System as a technology partner. This social program began with the development of a probiotic food, in the form of yoghurt, containing the probiotic strain *Lactobacillus rhamnosus* CRL1505: it was shown that it can provide protection against bacterial and viral infections in the intestinal and respiratory tract by stimulating immune responses.

The "Yogurito" social program involves around 350,000 schoolchildren every day in the province of Tucumán and in other provinces and municipalities in Argentina. Thanks to help from the State, it has been made possible to include this probiotic fermented milk in the diet of schoolchildren three times a week: this has led to a significant reduction in gastrointestinal and respiratory infections, not only among the pupils but also in the whole community, thanks to the protective "herd" effect.

This project is a clear example of how probiotics can contribute to improving the quality of life of highly vulnerable populations, living in conditions of poverty, malnutrition and exposure to pollution or infectious diseases, who do not have easy access to medical and hospital care. This application example illustrates the power of probiotics to positively influence the lives of women, men and children along the food chain.

Good news also comes from probiotics as regards a potential cure against the Novel Coronavirus. A strain, developed in our laboratories, called EDP1815, has been included in a therapeutic trial program in the United States.

Goal 15

Protect, restore and promote sustainable use of terrestrial ecosystems

Under Goal 15 in favour of "life on earth", target 15.1 calls on us to ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services. Lactic acid cultures and probiotics for agri-zootechnics can contribute towards achieving this goal, together with target 2.4 mentioned above, in order to ensure maximum healthiness in animal production and to increase their productivity and quality, in full respect for the ecosystem balance.

One example is probiotics for poultry, a natural solution to treat changes in the intestinal flora of chickens and hens. In addition to having a negative impact on the animals' digestive system, vitality and productivity, these changes also affect the quality of the breeding environment and reduce the health-hygiene safety levels in the meat and eggs, with an increase in pathogenic microbial loads.

Restoring the balance of the intestinal microbiota can be obtained naturally, through the administration of indigenous lactic acid bacteria, i.e. selected from the intestine of the chicken. These bacteria naturally improve animal health, production yield and egg quality, thus avoiding the use of antibiotics and other chemicals.

For improvements in the yields of livestock production, and therefore for a further contribution to the goal of the development of resilient agricultural practices thanks to natural solutions, we can also include live cultures for silage, fermented grass for animal feed, which help to guide the right maturation, reducing the loss of dry matter and increasing the nutritional value, reducing the presence of pathogens and producing aromatic substances that are appetising to animals. Silage is thus safer, more palatable and nutritious, improving livestock welfare and animal farming yields.

Goal 4

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Goal 5

Achieve gender equality

Goal 10

Reduce inequalities

Goal 11

Make cities and human settlements inclusive, safe, resilient and sustainable

Finally, through our company policies and in relations with people and the territory, we make our contribution to sustainable development goals 4, 5, 10 and 11.

- Knowledge sharing: specialised preparation of our staff is achieved by means of tailor-made refresher courses and collaborations with worldwide research centres and universities;
- We guarantee and demand equal treatment between men and women;
- Within our “family spirit” we embrace a varied community made up of over 20 different nationalities;
- We have really strong ties with our territory and with the local community, establishing our activities there, sponsoring local development initiatives and supporting numerous voluntary associations;
- We are constantly working to reduce our impact on the territory in terms of waste, emissions and visual impact;
- Since 2008, as a business community, we have been giving support through regular donations to some of the projects run by *Mani Tese NGO ONLUS* in developing countries, to promote basic education, combat trafficking and modern slavery and educate people about citizens' rights, with particular attention to the condition of children and young women.

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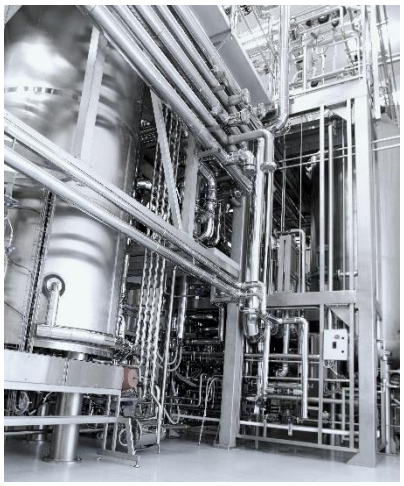
Goals and activities 2020



Structures and systems

During 2020, the new CSL Z2 plant in Zelo Buon Persico became fully operational, with the transfer of all activities from the previous secondary venue in Pasturago. This has allowed a 40% increase in production capacity and the upgrading of all production facilities (new pilot plant, activation of a well for water withdrawal, upgrading of all utilities); in November 2020, the new department obtained authorisation for pharmaceutical production.

A new 40,000-litre fermenter and a new freeze-drying plant have been installed in Sacco to increase production capacity.

Company certificates

To confirm our commitment and level of quality, Sacco, CSL and Caglificio Clerici also maintained the ISO 22000 certification in 2020 and the additional FSSC 22000 requirements; the ISO 9001 certification was maintained for the Labware section of Sacco. The Kosher and Halal religious certifications were also confirmed. Sacco and CSL also have GMP authorisation for pharmaceutical production. CSL has extended its authorisation for the production of zootechnical additives to the new Z2 department.

Research and development

Research and development are a fundamental part of Sacco System's activities: 6% of our turnover is continuously reinvested in research. More than 50 projects were active in 2020 and over 28% of Sacco System personnel works in R&D.

This commitment has allowed us to achieve many important results during the year.

- The development of “Margherita”: a new line of specific cultures for the production of Italian-style pizza-cheese and mozzarella, for the diffusion and protection of this national intangible asset, appreciated all over the world, thanks to the development of a product that is 100% made in Italy.
- The development of the “4Choice” line: the alternative solution consisting of a range of cultures free from known allergens and products of animal origin, developed specifically for vegan consumers or those suffering from allergies and intolerances, so as to improve the organoleptic quality and functionality of plant-based foods.

- The development of “Range 4P”: cultures with a protective effect to be used in the dairy sector and for meat, fish, fruit and vegetable foods; these cultures counteract the development of unwanted micro-organisms in food (Gram negative organisms, clostridia, Listeria, yeasts and moulds), guaranteeing a reduction in food waste and in risks to the health of the consumer.
- Strengthening starter cultures: thanks to some innovative concept projects, we have developed new products that are more resistant against bacteriophages, which allow waste caused by unsuccessful fermentations at customers’ premises to be reduced.
- New bacterial counting methods: the introduction of flow cytometry and the improvement of other laboratory methods have allowed us to increase yields and reduce the use of energy and materials, with a consequent reduction in the waste derived from them.

Circular economy

In 2020, the full implementation of the system for the recovery of rennet processing waste, which is now treated as a by-product and no longer as waste, has allowed us to reduce the production of waste at Caglificio Clerici almost completely, with an overall decrease at a network level of 53% compared to the previous year.

Optimisation studies continue uninterruptedly, thanks to the synergy between our pilot, biomolecular laboratories and the production plants, which allow us to select new, more resistant and better-performing strains and to continuously improve our production yields, while using the same input.

Dialogue with stakeholders

Communication activities with our stakeholders are extremely important to us, to support and strengthen the relationships of cooperation and trust that nourish and enrich our business relationships. In 2020, following the spread of the pandemic, it was even more important for us to stay in touch with our stakeholders - customers, employees, suppliers, consumers and our whole community.

In April 2020, we opened our webinar platform which is still active today: 40 appointments, 33 hours of content and training in three different languages, a total of 3078 people registered for the events.

In October 2020, the communication and dissemination project called INgredients was started up. This aims to raise awareness about the hidden, invisible world of Sacco System ingredients (rennet, enzymes and probiotics) and to discover the Italian companies that use these ingredients, through a dedicated site, social media channels, offline and online communications and the involvement of science popularizers and influencers on the web. Two months after its launch, the site reached 25,000 views; the spot on TV was seen by over 69 million people, while the social networks Facebook and Instagram created an aggregate community of over 1350 people in just two months. All these projects were shared with stakeholders through webinars and meetings. Furthermore, a rich editorial plan on the LinkedIn pages of the companies, our presence in sector magazines and digital events, have allowed us to remain in contact with our stakeholders at all times.

The new website Probiotics, created jointly by the Health & Nutrition, Research and Development and Marketing team has also been online since October. The aim of the site is to make the world of Sacco System Probiotics more accessible to everyone thanks to an interactive platform that can be accessed from a desktop or mobile.

We also continued our "Knowledge sharing" activities with schools and universities to spread scientific knowledge about our ingredients and their contribution to sustainable development. In 2020 we talked with the *Alta Scuola per l'Ambiente* of the *Università Cattolica del Sacro Cuore*, the *SUPSI - Scuola Universitaria Professionale della Svizzera Italiana*, the *Università di Catania* and the YOUNG Project of the Chamber of Commerce of Como and Lecco. In 2020 we also participated in the "Deploy Your Talents" project, for the second consecutive year, in collaboration with VISES, Fondazione Sodalitas and the students from the Liceo Scientifico Vittorio Veneto in Milan. This project aims to promote the study of technical-scientific subjects and overcome the gender stereotypes that are a common feature, by building partnerships between schools and businesses.

Goals and projects 2021-2023

Structures and systems

Over the next three years, we envisage a number of plans to expand, adapt and modernise our production facilities. The start-up in 2021, of a new production facility in the United States and of a cogeneration plant in Cadorago to improve energy efficiency at the production site will be of strategic importance, as will the construction of a sewage treatment plant in Zelo Buon Persico. There are also actions planned for dematerialisation and transformation to the Industry 4.0 mode, by replacing manual systems with automated ones and paper documents with digital ones.

Research and development

The new Plan-T project dedicated to the health and nutrition of plants is underway. Consortia of microorganisms are being studied, which will be able to interact synergistically with plants, safeguarding ecosystems and favouring the productivity of vegetable cultures in a sustainable way.

The Yeasts project is also underway, with the construction of a new production plant for yeasts in Cadorago, and the provision of a large catalogue of cultures for the world market of fermented, alcoholic and non-alcoholic beverages.

In the coming years, other projects will be specifically designed at origin with the aim of contributing to sustainable development and others already underway will continue: expansion of the 4P line, continuous strengthening and improvement of the yields of cultures already in production, improvement to the microbiology of production processes.

Circular economy

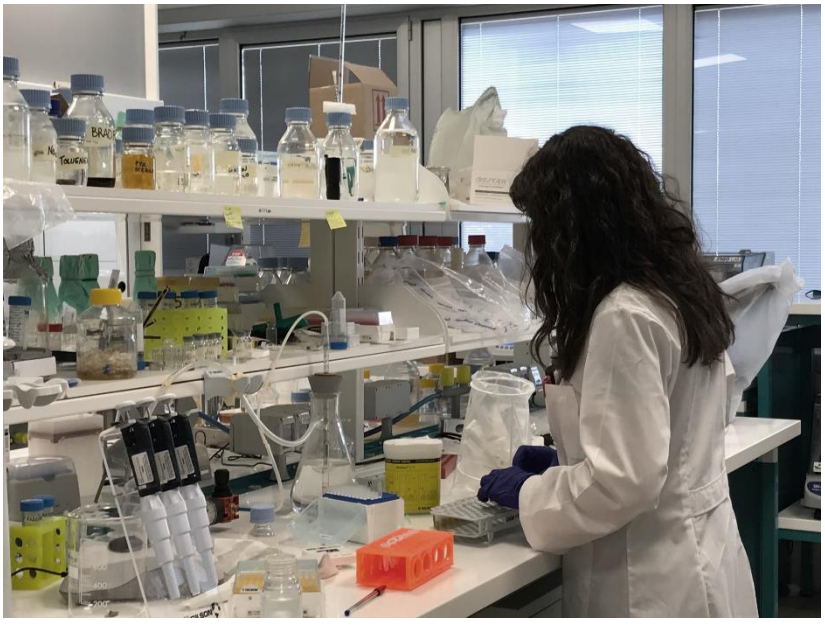
The circular economy projects will continue with increasing commitment and investments, in particular those aimed at innovating production processes for the optimisation of the use of resources and for enhancing the value of our scrap products.

Stakeholder engagement

The work of disseminating a culture of cultures will continue, not only with public businesses but also with consumers, in line with our mission “supporting food culture and life”, with various projects concerning the world: INgredients, Probiotics and Agrovet. Particular emphasis will be given to scientific dissemination and employer branding with high-school and university students. For internal stakeholders, we will activate initiatives aimed at enhancing our “Family Spirit”, engaging our employees and giving them space to tell their stories and to be seen and heard.

Health and safety

We aim to progressively lower the incidence of accidents at work, always keeping our figures below the national averages and moving as close as possible to zero, implementing the necessary preventive and corrective measures and insisting on training and empowering our workers, establishing a climate of collaboration and mutual exchange so as to manage any residual risks effectively.



2020 in numbers

347	employees
€110,720,000	Revenues
114	t frozen mixtures
312	t freeze-dried mixtures
1,100	t enzymes
837	t growth media
345	t chemical products

ECONOMIC RESPONSIBILITY

The economic value at the service of innovation and people

Economic performance

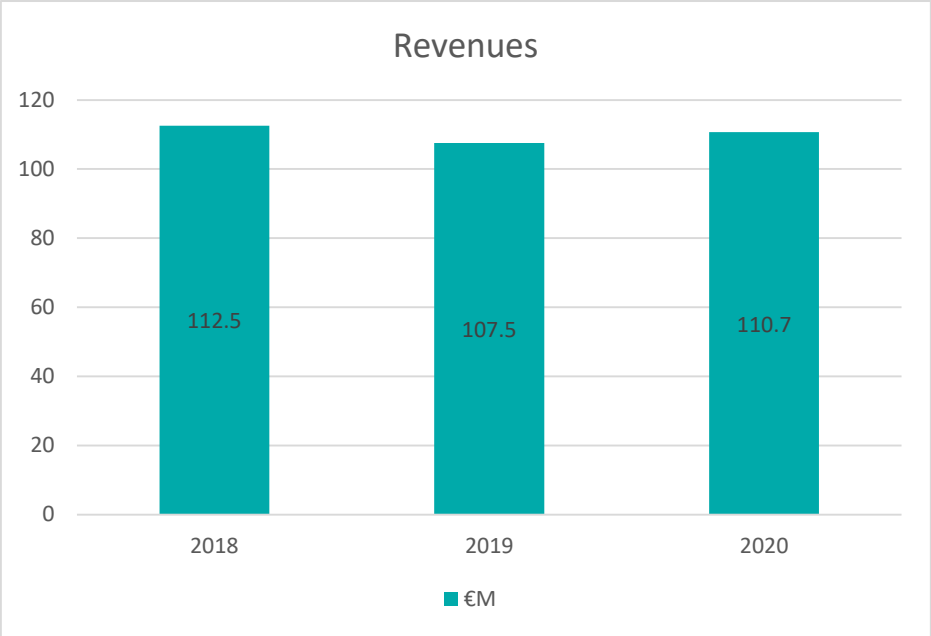
For Sacco System, economic performance represents the prime element when measuring results, through the use of indicators that make it possible to balance the various aspects of company management within the broader perimeter of equity and financial performance. These indicators are defined and agreed at the Management level.

The organisation, represented by the Owners, establishes the priorities, the quantitative and qualitative aims and the methods of implementation and control. Policy is geared to keeping the company intact in all its forms, so that financial resources are used effectively and efficiently to ensure the company's position as a going concern. It defines both individual and collective tasks, responsibilities and objectives. Responsibility in terms of management lies primarily with the Owners, who therefore use the skills of the front-line managers to implement strategy.

Every element in Sacco System contributes to the generation of its economic, equity and financial impacts, because every element of the management generates flows which, in different ways, influence performance. The systems for assessing management effectiveness relate to the monitoring of KPIs and performances, defined individually in the form of MBO (Management By Objectives). The results are commented on by the Owners together with the top-level managers, then they are disclosed in the general reports and lastly in the financial statements, following the close of the financial year, in line with a precise annual calendar.

Sacco System has experienced an extremely positive growth trend in recent years, with double-digit percentage increases in turnover for many consecutive years. 2018 was the first year in which the threshold of € 100 million in revenues was surpassed. 2019 saw a slight decline in turnover, essentially due to a contraction in the foreign market for the probiotics sector, but with consolidation in the other business units. 2020 marked a resumption of growth, especially in the sector affected in 2019, with an increase of 3% compared to 2019, totalling € 110.7 million in revenues (see Graph 1).

The information on the creation and distribution of economic value provides an indication of the creation of wealth by Sacco System for its stakeholders. The main economic and financial data that is useful for sustainability reporting is shown below (Table 1), drawing on the details published in the statutory financial statements.



Graph 1 – Sacco System revenues in € millions

Economic-financial data	2020
Total assets	€ 301,460,924
Shareholders' Equity	€ 235,413,812
Direct economic value generated(revenues)	€ 110,719,767
Economic value distributed (operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments)	€ 80,224,685
Economic value retained	€ 30,495,082
Financial assistance received from the Government (Industry 4.0, Advertising, Research & Development tax credits)	€ 418,469

Table 1 – Sacco System's economic-financial data

Relations with Suppliers

In Sacco System we are aware that the quality and safety of our products are created throughout the supply chain. For this reason, all our suppliers undergo careful selection and controls to verify compliance with our quality and reliability requirements.

For Sacco and CSL, the suppliers of raw materials, media, proteins, microbial cultures, packaging and auxiliary materials for production that come into contact with the products, must have ISO22000, FSSC22000, GMP, BRC or IFS certification; conversely, suppliers of laboratory materials are required to have ISO9001 certification. It is possible to obtain supplier qualified status even in the absence of a valid certification, but only after filling in an in-depth questionnaire, validated by our quality assurance system, by conducting audits and/or by systematic tests

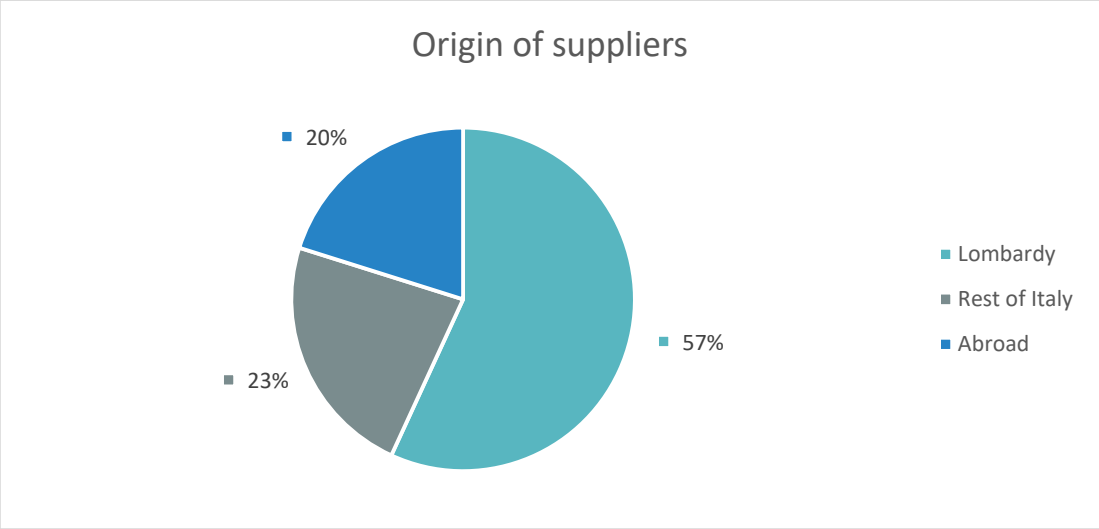
on the products supplied. Qualified status is reassessed annually, based on the incidence of any non-conformities and following a documentary check.

In Clerici, for the production of rennet, stomachs are purchased only from slaughterhouses authorised by the health authorities, subjected to systematic veterinary checks to ensure their suitability for human consumption or their classification as category 3 by-products (whose health risk is minimal or non-existent). For other products, such as additives, the purity requirements defined by law must be respected.

Sacco System also has a policy against food fraud and food defence, which all our suppliers must comply with.

The products of the Labware BU marketed by Sacco are selected not only on the basis of their technical characteristics, the market potential and the company's growth objectives, but also based on the quality of the supplier/manufacturer, taking into account certain parameters such as ISO 9001 certification, CE marking, the availability of Safety Data Sheets for articles that require them and the continuity of supplies (guaranteed in many cases by partial or total exclusivity contracts).

Sacco System has a total of 562 different suppliers of services and goods (both producers and distributors); 80% of suppliers are Italian and 57% are located in the Lombardy Region: almost half (43%) of all purchases we make go to them (Graph 2). [1]



Graph 2 - Breakdown of the number of suppliers based on their geographical origin

For the purchase of the raw materials needed for fermentation by Sacco and CSL, the Italian presence is guaranteed by important distributors, whereas the presence of foreign producers is strong, especially those from France, Germany and Switzerland. There is an extremely limited presence of suppliers from outside the EU (only ten companies, accounting for 0.2% of the volume of purchases).

[1] It was not possible to obtain the data for the Lombardy suppliers of Caglificio Clerici separately from those of the other Italian regions. Therefore, the data for the local suppliers is in any case calculated by default. The data is not comparable with the data relating to 2019 provided in the previous report, due to an improvement in the survey of the suppliers' details.

As for packaging, we rely on Italian producers (90%), especially from Lombardy or Emilia Romagna, but the raw materials used to produce the packaging are mainly of foreign origin.

Compared to 2019, there has been an increase in the number of suppliers engaged: compared to the 77 companies which have not received any further requests to supply goods or services, there are 100 new suppliers, resulting from the search for alternatives to limit the risk of stock out, also due to the COVID emergency. Only one replacement occurred due to a non-conformity of the raw material supplied in the previous year.

On the other hand, Sacco and CSL have had a contraction in overall spending (approximately -9%), equally distributed between Italy and abroad: this is mainly due to a lower circulation of goods and services due to the pandemic. Clerici, conversely, recorded a sharp increase in spending with foreign suppliers (+61%) compared to a slight decrease with national companies (-4%), caused by the difficulty of finding raw materials on the Italian market and the sharp increase in costs.

Anti-corruption and conflict of interest

Our stakeholders consider anti-corruption and conflict of interest issues to be particularly relevant.

In compliance with the principles of efficiency, honesty, transparency and fairness in carrying out its business, Sacco System has adopted and implemented a Code of Ethics, which governs the activities of each director, manager, employee and co-worker in the company and which each of them has a duty to respect.

Sacco System prohibits any of its employees or co-workers from accepting or offering money or other forms of benefits with a view to producing advantages for themselves and/or the Company. Every relationship with customers and suppliers must be inspired by the general principles of business ethics.

Every worker in Sacco System, in compliance with the values of honesty and fairness, is also required to avoid any possible conflict of interest, with particular reference to personal interests, between customers and between suppliers and customers. This applies in the event that an employee pursues an interest that is different from the company's mission, takes personal advantage from business opportunities or acts against the fiduciary duties attached to their position. Therefore, all employees must avoid all situations and activities in which a conflict with the interests of the company may arise or which may interfere with an ability to make impartial decisions, in the best interest of the company and in full compliance with the law.

In order to facilitate the reporting of possible violations of these rules by anyone who gains knowledge thereof, a special communication tool has been prepared with the members of the Supervisory Body, who are responsible for full compliance and interpretation of the Code. In the event of a report, they undertake to give a prompt response, without the whistle-blower running the risk of any form of retaliation, even indirectly, and will take the necessary corrective and preventive measures to avoid the same kind of episode happening again.

The Code of Ethics is distributed to all Sacco System employees and is publicly available for consultation on the website and to those who request it.

In 2020, there were no episodes of corruption or conflict of interest in the sphere of influence of Sacco System.

ENVIRONMENTAL RESPONSIBILITY

Measure impacts as a first step towards improving environmental performance

Energy

Sacco System's energy consumption is mainly attributable to the operation of its culture production and refrigeration plants. The energy sources used in the company are: electricity, whose requirements are so far met completely by purchasing from external suppliers, natural gas, and diesel and petrol fuel for company vehicles (see Table 2 and Graph 3).

Over 40% of the purchased energy mix comes from renewable sources (Graph 4).[2]

Energy consumption	2020	Conversion to Megajoules
Electricity purchased	21,945,256 kWh	79,002,923 MJ
Natural gas	3,113,322 m^3	121,431,130 MJ
Unleaded petrol	5,385 litres	172,320 MJ
Diesel	72,426 litres	2,607,343 MJ
Total		**202,648,937 MJ**

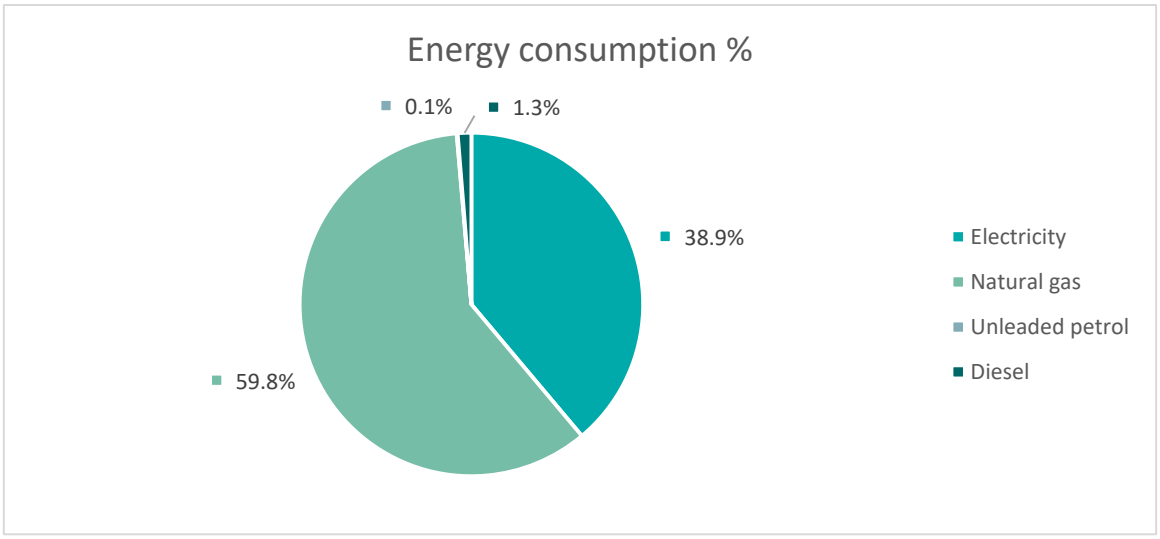
Table 2 - Sacco System's Energy consumption in 2020 and conversion to MJ (Sources [3])

Energy consumption is constantly monitored and initiatives aimed at limiting consumption are taken into consideration, through the introduction of more efficient equipment. The choice of energy suppliers is mediated by trade associations and is mainly guided by commercial considerations.

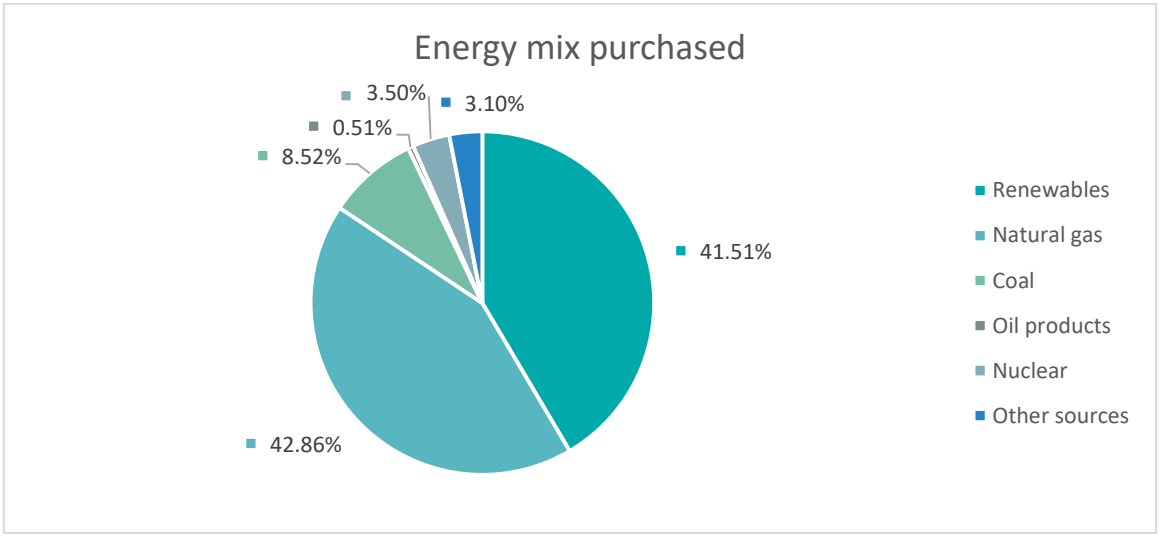
During 2021, a 1500kW natural gas cogeneration plant will be installed and put into operation at the Cadorago production site, which will allow us to produce electricity and heat at the same time, fully covering our energy requirements inside the site and considerably improving our energy efficiency. A saving of 1400 TOE (tons of oil equivalent) per year is estimated.

[2] Source: GSE. Composition of the initial national mix used for the production of electricity fed into the Italian electricity system in 2019 (pre-final balance). 23/10/2020. When the drafting of this Report was completed, the data relating to the year 2020 was not yet available, neither at the national level nor with the specific supplier. As the market-based mix is subject to greater fluctuations from year to year, a location-based approach was preferred.

[3] MJ Equivalence factors/litres of fuel obtained from the Clean Vehicle Directive Dir. 2009/33/EC, as suggested by the Price and Tariff Observatory of the Italian Ministry of Economic Development.
For the conversion into MJ of the cubic metres of natural gas consumed, reference was made to the higher calorific value (PCS) defined by the supplier in the invoice, month by month (weighted average 39.013 MJ/Standard cubic metre for Sacco and Clerici; 38.898 MJ/Standard cubic metre for CSL).



Graph 3 - Percentage distribution of energy consumption in 2020



Graph 4 – Composition of the fuel mix relating to electricity purchased in 2020, according to the location-based approach [2]

Energy intensity estimates were calculated for the three companies separately, due to the dissimilarity of their operations. In the calculation, the MJ from direct consumption of electricity and natural gas were considered as the numerator. For CSL, the energy intensity is given by the ratio between the aforementioned consumption and the tons of freeze-dried mixtures produced; for Clerici, the denominator is represented by the tons of enzymes produced. For Sacco, the data of the Caslino plant (for the production of growth media) were separated from those of the main site, whose denominator only considered the tons of freeze-dried and frozen mixtures produced, as they represent the most significant and energy-intensive productions in the plants, not the chemicals (Table 3).

Energy intensity	2020
Caglificio Clerici – enzymes	3,228 MJ/t
Centro Sperimentale del Latte – cultures	515,619 MJ/t
Sacco – cultures	429,209 MJ/t
Sacco – growth media	1,453 MJ/t

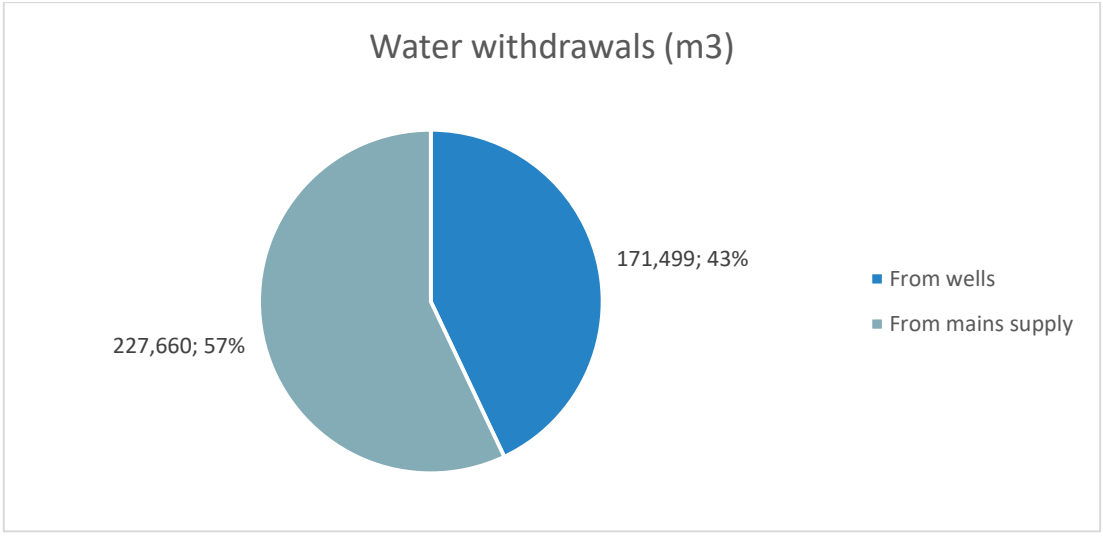
Table 3 - Energy intensity MJ/t for the four production plants

Water and effluents

Water is a fundamental resource for all Sacco System production processes. It is a primary ingredient in fermentation and is necessary for the operation of machinery, and also to ensure adequate hygiene and cleanliness of systems and equipment.

In our production sites we use both water from the mains and from the well, with a total annual consumption of 399.2 million litres (see Graph 5 and Table 4). No Sacco System production site falls into water-stressed areas.[4] The partial use of water from private wells also reduces the impact on the public mains network.

As with any production process in the food or pharmaceutical industry, measures for water recycling and reuse are extremely difficult to apply, due to the associated high risk of contamination. Nonetheless, certain mechanisms are in place for the recovery and recycling of some process water for mere industrial uses (closed cycle heating/cooling water, recovery of condensate, washing and osmosis waste water).



Graph 5 - Amount of fresh water withdrawals (in m³) according to source

[4] *Aqueduct Water Risk Atlas* (https://www.wri.org/applications/aqueduct/water-risk-atlas/) indicates the low-risk area of Cadorago and the low-to-medium risk area of Zelo Buon Persico. The overall water risk measures all water-related risks, aggregating all the indicators selected from the categories Physical quantity, Physical quality, Regulatory and reputational risk.

All our waste water undergoes a first physical treatment phase in equalisation tanks, then they are discharged into the sewerage system, in line with the necessary environmental permits in our possession, and finally sent for purification through the consortium plants. Discharge limits are established by law[5] and through any exceptions agreed with the competent local authorities. Compliance with these limits is guaranteed by regular checks by the control bodies or through self-certification. In 2020, one case of non-conformity was recorded as regards discharge limits.

Water consumption from Sacco System activities, meaning water no longer usable by the ecosystem or by the local community, is given by the residual water contained in our sales products (e.g. liquid rennet, frozen cultures, chemical products in aqueous solution, eluates for feeds) and from that evaporated in production processes. The residual difference between withdrawal and consumption+discharge corresponds to the water used for civil uses or for irrigation and, in part, for evaporation of which we do not have the measurements (see Table 4).

Information on the use of water	2020
Withdrawals	399,159 m^3
Discharges	296,631 m^3
Consumption	59,679 m^3
Civil uses, irrigation, other unmonitored consumption	42,849 m^3

Table 4 - Detail on the use of water resources in 2020

Aspects relating to limiting the consumption of water resources are always taken into consideration in plans to modernise and modify our plants: in Sacco, some new processes are being implemented for the recovery of part of the waste water together with some waste liquid processing; for the Zelo site, a purification plant is under construction, capable of limiting the impact of discharges on the mains network, and at the same time some recycling systems will be implemented in order to return purified water to the cooling towers and boilers. Furthermore, in CSL, the production eluates (the exhausted broths from fermentation) are already being reused in animal husbandry to feed pigs, a perfect example of circular economy: during 2020, 2,843,780 kg of eluate were thus recovered as formulants for feeds. During the year, an important process innovation was performed in Caglificio Clerici, which will make it possible to save 28% of salt in production, the majority of which used to end up in the waste water.

Emissions

Internal greenhouse gas emissions deriving from Sacco System's production activities can be broken down into direct and indirect emissions.

Our direct emissions (Scope 1, according to the GHG Protocol) are those that derive from the combustion in machinery owned or controlled by the company (boilers, burners, but also means of transport such as company cars), or from the losses of HFCs from our refrigeration plants. Conversely, those deriving from the production of electricity imported and consumed by the company are indirect emissions (Scope 2).

[5]Table 3 second column of Annex 5 to the third part of Legislative Decree 152/2006

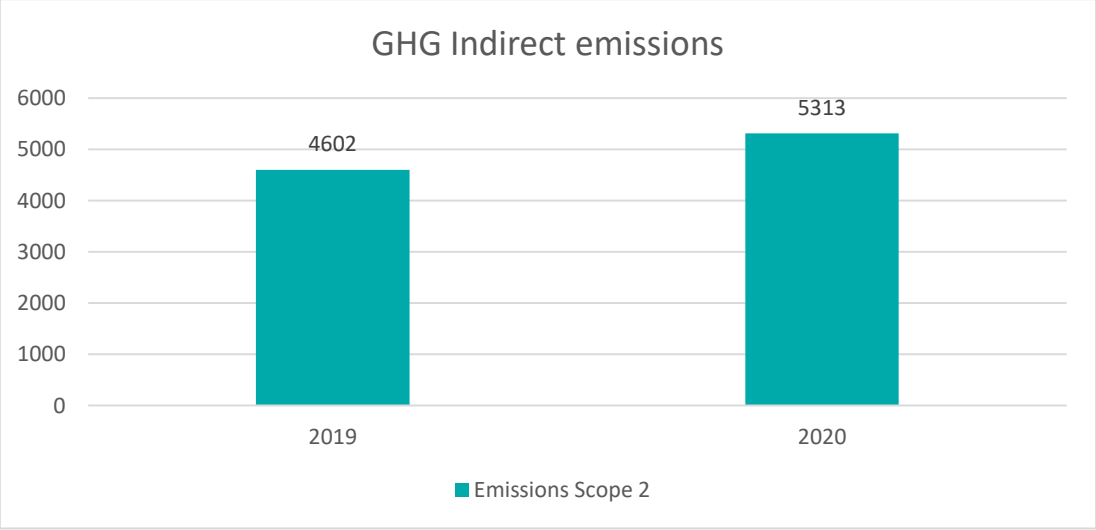
Following these definitions, the direct emissions were calculated and converted into equivalent tons of CO_2, tCO_{2eq}, using the tools of the GHG Protocol, for the combustion of natural gas[6] and the consumption of automotive fuels[7], and of the GWP-ODP Calculator[8] for F-gases (Table 5), while the estimate of indirect emissions from thermoelectric production was carried out on the basis of the most recent ISPRA coefficients[9] and the latest available data relating to energy mixes(Graph 6).

Although there are no specific policies in place regarding emissions, their reduction remains a sensitive issue for our stakeholders; we also believe it is important to examine more closely the subject of their management and monitoring in the future, as we consider our impact as not irrelevant.

GHG Direct emissions	2020	notes
From combustion of natural gas	5,874.19 tCO_{2eq}	
From combustion of unleaded petrol	12.23 tCO_{2eq}	
From combustion of diesel	193.84 tCO_{2eq}	
From HFC fugitive emissions	831.92 tCO_{2eq}	R-404A 164kg; R-134A 30kg; R-410A 2,9kg; R-448A 14kg; R-407F 66kg
Total	**6,912.18 tCO_{2eq}**	

Table 5 - Estimate of direct emissions (Scope 1) of Green House Gases in 2020

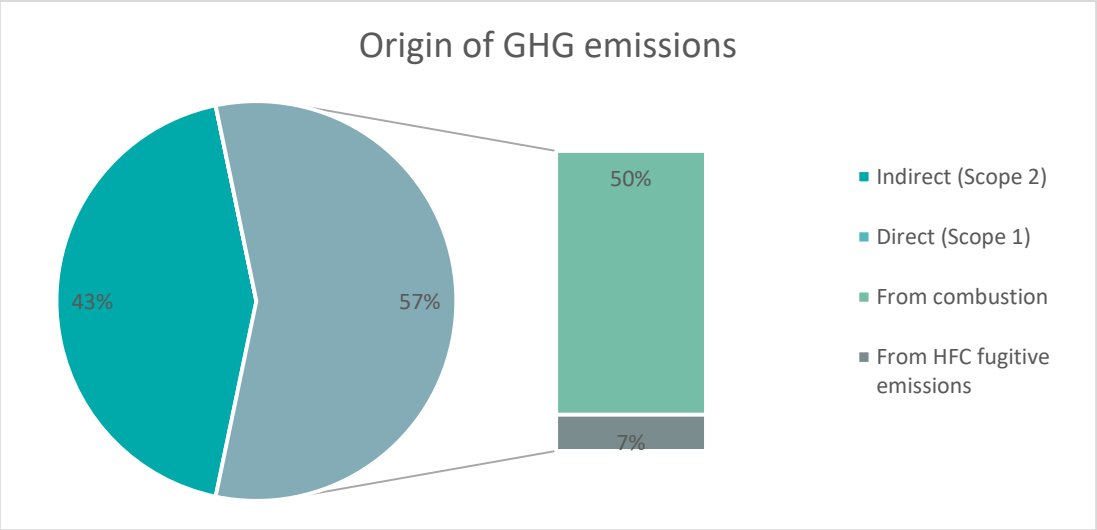
Compared to 2019, there was a 30% increase in emissions deriving from the combustion of natural gas, due to higher consumption, while those from the consumption of petrol and diesel were reduced by 19% and 14% respectively, due to lower circulation of vehicles due to the restrictions dictated by the pandemic.



Graph 6 - Estimate of indirect emissions (Scope 2) of Green House Gases in 2019 and 2020, according to a location-based approach

[6] World Resources Institute (2015). GHG Protocol tool for stationary combustion. Version 4.1
[7] World Resources Institute (2015). GHG Protocol tool for mobile combustion. Version 2.6
[8] GWP-ODP Calculator https://www.unep.org/ozonaction/resources/gwp-odp-calculator/gwp-odp-calculator
[9] Atmospheric emission factors of greenhouse gases in the national electricity sector and in the main European countries. Edition 2020. no. 317/2020. SINAnet, ISPRA.

Indirect emissions, calculated according to a location-based approach, underwent an increase of 15%, due to the corresponding increase in electricity consumption (Graph 6).[10]



Graph 7 - Distribution of greenhouse gas emissions by source of origin

As with the assessments made for energy intensity, the GHG emission intensity estimates were calculated for the three companies separately, due to the dissimilarity of their operations. In the calculation, the tCO_{2eq} totals emitted locally for the combustion of natural gas and fugitive emissions of HFCs and indirectly for the purchase of electricity were considered as the numerator. For CSL, the energy intensity is given by the ratio between the aforementioned emissions and the tons of freeze-dried mixtures produced; for Clerici, the denominator is represented by the tons of enzymes produced. For Sacco, the data of the Caslino plant (for the production of growth media) were separated from those of the main site, whose denominator only considered the tons of freeze-dried and frozen mixtures produced, as they represent the most significant and energy-intensive productions in the plants, not the chemicals (Table 6).

GHG emission intensity	2020	
Caglificio Clerici – enzymes	0.22	tCO_{2eq} /t
Centro Sperimentale del Latte – cultures	29.57	tCO_{2eq} /t
Sacco – cultures	26.40	tCO_{2eq} /t
Sacco – growth media	0.08	tCO_{2eq} /t

Table 6 - Intensity of GHG emissions for the four production plants

[10] Source: GSE. Composition of the initial national mix used for the production of electricity fed into the Italian electricity system in 2019 (pre-final balance). 23/10/2020. When the drafting of this Report was completed, the data relating to the year 2020 was not yet available, neither at the national level nor with the specific supplier. As the market-based mix is subject to greater fluctuations from year to year, a comparison based on a location-based approach was preferred.
Following an update of the conversion coefficients g CO_2/kWh, the 2019 market-based indirect emissions must be corrected with respect to what was reported in the previous report, from 5600.8 to 5674.9 tCO_{2eq}.
Source: Carbon dioxide emission factors from gross thermoelectric production with fuel (coefficients last year available 2019); from: Atmospheric emission factors of greenhouse gases in the national electricity sector and in the main European countries. Edition 2020. no. 317/2020. SINAnet, ISPRA.

From the production activities of Sacco System, there are no other significant sources of emissions, other than the dust deriving from the mixing and bagging operations of the Caslino al Piano plant, constantly monitored and always well below the legal limits.

The refrigerant gases used in our refrigeration systems are not ODS ("ozone-depleting substances").[11]

Waste

In Sacco System, waste management is a relevant issue. The variety and complexity of our operations and activities are reflected in a great variability of production scraps and waste. It is essential for us to manage them in compliance with current regulations and to work to try to reduce the environmental impact that derives from them.

The waste management procedure in our production sites is inspired by the "4R theory", which means it is a priority to have a Reduction of waste (intended as prevention at origin), then, with decreasing priority, Reuse, Recycling and energy Recovery. Disposal is only used as a last resort. This integrates well with the circular economy paradigm that we are pursuing in the company, optimising production processes, reducing waste materials, trying to keep materials for as long as possible in the value chain. The waste management system is constantly reviewed with a view to reducing the quantities produced, improving the percentages of differentiation, encouraging recovery and recycling rather than disposal, and ensuring correct handling for the safety of people and the environment. Annually, the quantities produced in relation to company production are assessed, with particular reference to their destination, their dangerousness, and economic impacts.

The flows of inputs, outputs and activities related to waste are exemplified in the Figure 7.

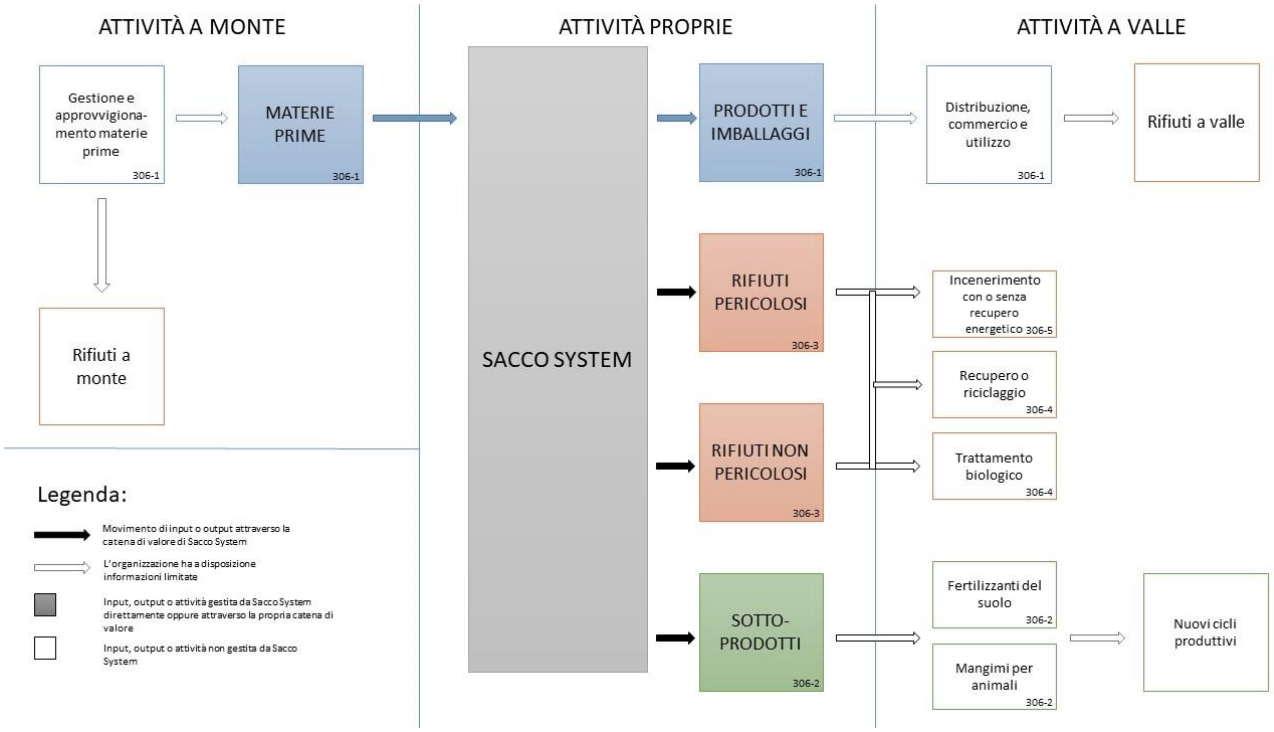


Figure 7 - Process flow for the production of waste and the significant impacts associated with them

[11] Source: GWP-ODP Calculator https://www.unep.org/ozonaction/resources/gwp-odp-calculator/gwp-odp-calculator

Sacco System receives raw materials with the relative packaging from its suppliers; the downstream entities who distribute, trade and use our products will themselves generate waste from our products, essentially consisting of empty packaging. The products themselves, being consumable goods, do not become waste unless they are unusable by the end user (for example, allowing the expiry date to pass).

EWC CODES	WASTE DESCRIPTION	2020 (kg)
020304	materials unsuitable for consumption or processing	188,715
150106	mixed packaging	113,380
150101	paper and cardboard packaging	64,570
150102	plastic packaging	46,400
170405	iron and steel	34,250
180103*	wastes whose collection and disposal is subject to special requirements in order to prevent infection	15,878
150104	metallic packaging	8,420
160709*	wastes from the cleaning of transport and storage tanks and barrels containing other hazardous substances	7,400
160306	non-hazardous organic waste	4,150
150110*	packaging containing residues of or contaminated by hazardous substances	3,180
200307	bulky waste	2,540
160216	components removed from discarded equipment other than those mentioned in 16 02 15	2,400
160211*	discarded equipment containing chlorofluorocarbons, HCFC, HFC	2,090
020501	materials unsuitable for consumption or processing	1,860
130208*	other engine, gear and lubricating oils	1,685
160214	discarded electrical and electronic equipment	1,590
080201	waste coating powders	1,235
110106*	acids not otherwise specified	594
160506*	laboratory chemicals, consisting of or containing hazardous substances, including mixtures of laboratory chemicals	440
170603*	other insulation materials consisting of or containing hazardous substances	60
080318	waste printing toner (non-hazardous)	48
160303*	inorganic wastes containing hazardous substances	30
160213*	discarded equipment containing hazardous components	10
160604	alkaline batteries	3
160602*	Ni-Cd batteries	1
020301	sludges from washing, cleaning, peeling, centrifuging and separation	-
130205*	mineral-based non-chlorinated engine, gear and lubricating oils	-
160601*	lead batteries	-
200121*	fluorescent tubes and other mercury-containing waste	-
	TOTAL	**500,929**

Table 7 - List of waste sent for recovery or disposal in 2020 (in kg)[12]

In carrying out its production and laboratory activities, Sacco System directly produces waste, almost half of which is made up of packaging waste (mixed materials, paper and cardboard, plastic, metal); other categories of waste

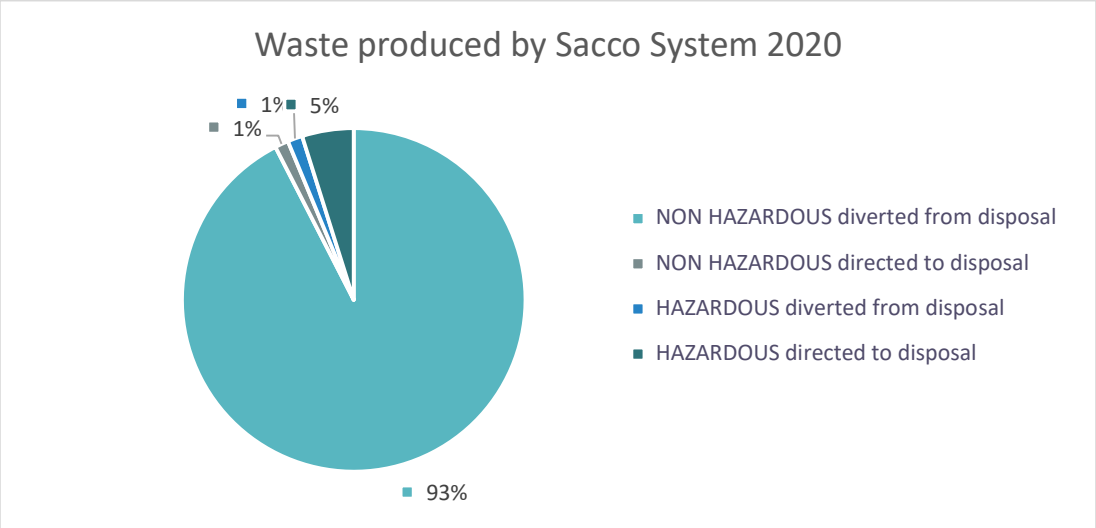
[12] The quantities entrusted to the operator in the reference year are assumed as "produced" waste. For comparison, the list also includes EWC codes that did not move in the reporting year, but which did so in the previous year.

produced ordinarily are unusable scraps (processing scraps, expired or out of specification samples), waste deriving from laboratory activities, discarded equipment, organic and inorganic waste (see Table 7).

Almost 94% of the waste produced is made up of non-hazardous waste. Regarding their destination, 94% are sent for recycling, recovery or biological treatment; the remaining 6% is directed for disposal: for incineration (also with energy recovery) or for chemical-physical treatment (Table 8 and Graph 8). None of our waste is sent to landfills. All waste is entrusted, for their subsequent treatment, to authorised Italian companies, duly registered in the national register of environmental managers.

Waste destination		kg	%
NON-HAZARDOUS WASTE		**469,561**	**93.74%**
of which	Diverted from disposal[13]	463,181	92.46%
of which	Directed to disposal[14]	6,380	1.27%
HAZARDOUS WASTE		**31,368**	**6.26%**
of which	Diverted from disposal[13]	7,026	1.40%
of which	Directed to disposal[14]	24,342	4.86%

Table 8 - Production of hazardous and non-hazardous waste and their final destination

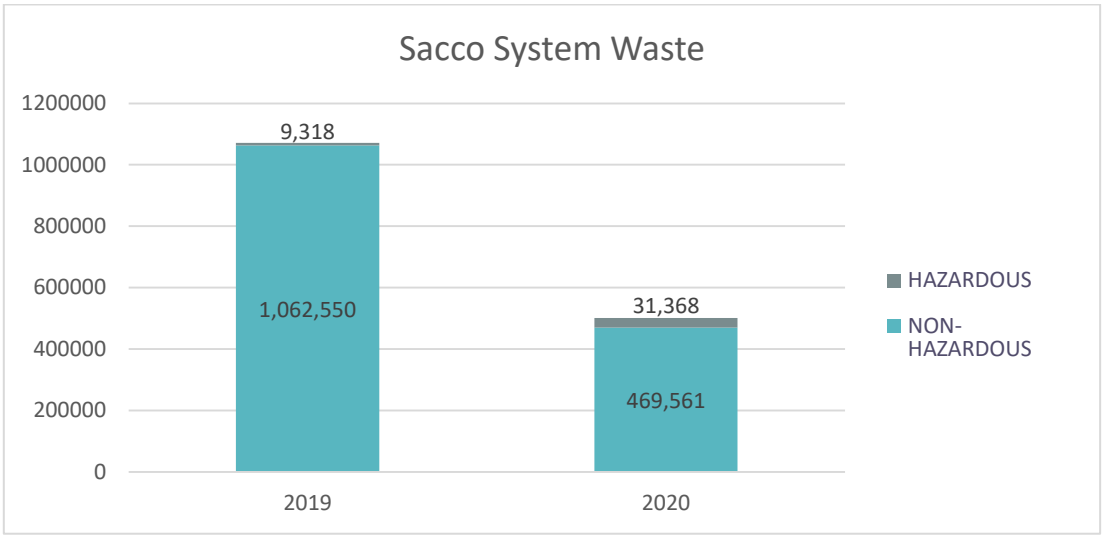


Graph 8 - Percentage distribution of waste produced, broken down according to hazardousness and final destination

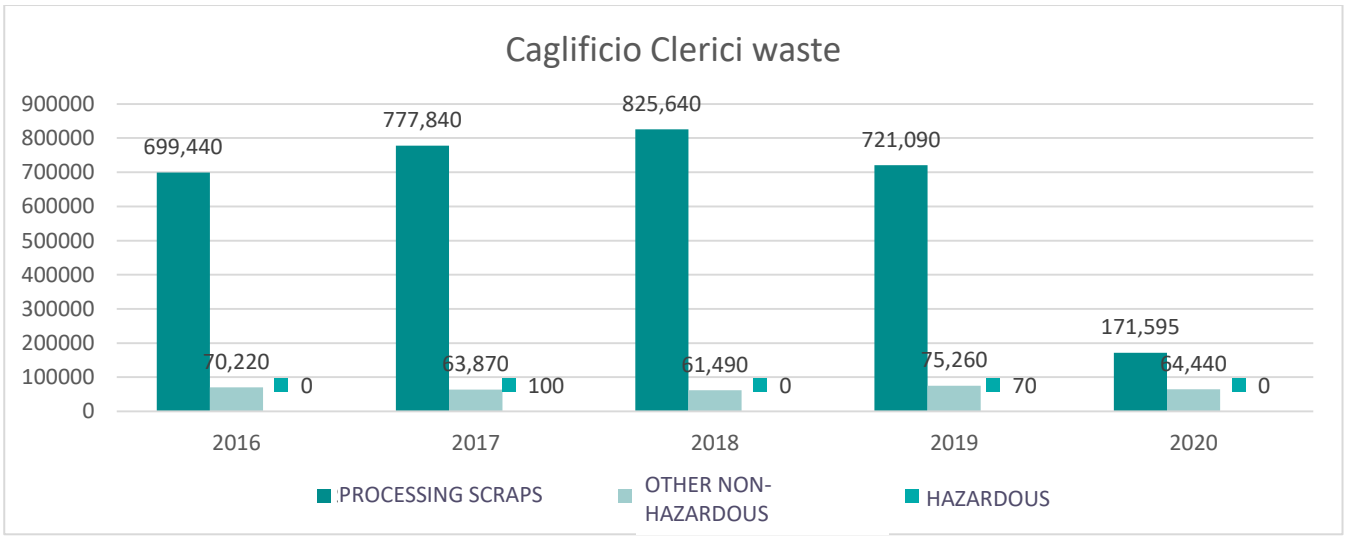
[13]Waste sent for recycling, recovery or biological treatment.
[14]Waste sent for incineration with or without energy recovery, physical-chemical treatment

In the three-year period 2017-2019, animal rennet processing scraps represented 71% of the total waste produced in the Sacco System, with a total of over 2300t generated. During 2020, their management as animal by-products (SOA) became fully operational, and they were sent to a rendering plant for conversion into fertilisers (Figure 7). The results of this change in destination had a huge impact on the overall quantity of waste produced: in 2020 there was a 70% reduction in waste produced by Caglificio Clerici (Graph 10), with a decrease at network level of 53% compared to the previous year. (Graph 9).

The total quantity of rennet processing scraps sent to new production processes in 2020 was equal to 843t. With the full implementation of this system, a reduction of over 90% of the waste produced by Caglificio Clerici is expected compared to previous periods.



Graph 9 - Comparison of overall waste production in the Sacco System network in the two-year period 2019-2020 (in kg)



Graph 10 - Evolution in the production of waste in Caglificio Clerici in the last 5 years

The growth recorded in hazardous waste (from 9 to approximately 31t) was due to the introduction of a new management system for laboratory waste, contaminated packaging and some extraordinary disposals. This increase should not be seen as a negative figure but as an improvement in the management system, based on a "precautionary" principle.

During 2020, there was also the symbolic initiative to eliminate plastic bottles, cups and teaspoons from vending machines. This action, together with the distribution of water bottles and the installation of water fountains, will allow us to save up to 100,000 plastic cups, 100,000 teaspoons and 17,000 bottles per year. With the same purpose of reducing the amount of plastic waste at our customers' premises and the environmental impact of our packaging, the protective elements in plastic are being replaced with paper items with the same function, and also the use of more resistant boxes in non-decolourised cardboard.

SOCIAL ACCOUNTABILITY

The strength of human relations, pillar of our governance

People are a fundamental resource for Sacco System. The importance of human relationships, the commitment to constantly ensuring a healthy working environment and safety in the workplace and the attention to the well-being and preparation of our workers are fundamental elements in managing our personnel, mirroring that family spirit that is a hallmark of our corporate governance.

Employment

The Sacco System family is constantly growing and developing, as shown by the positive turnover figures and the strong demographic growth recorded in recent years.

Overall, 220 men and 127 women work in Sacco System, from 24 different countries, all covered by collective bargaining agreements (Chemical-Pharmaceutical and Food CCNL).[15] It is interesting to underline that 53% of our women are graduates in STEM subjects (Science, Technology, Engineering, Mathematics).

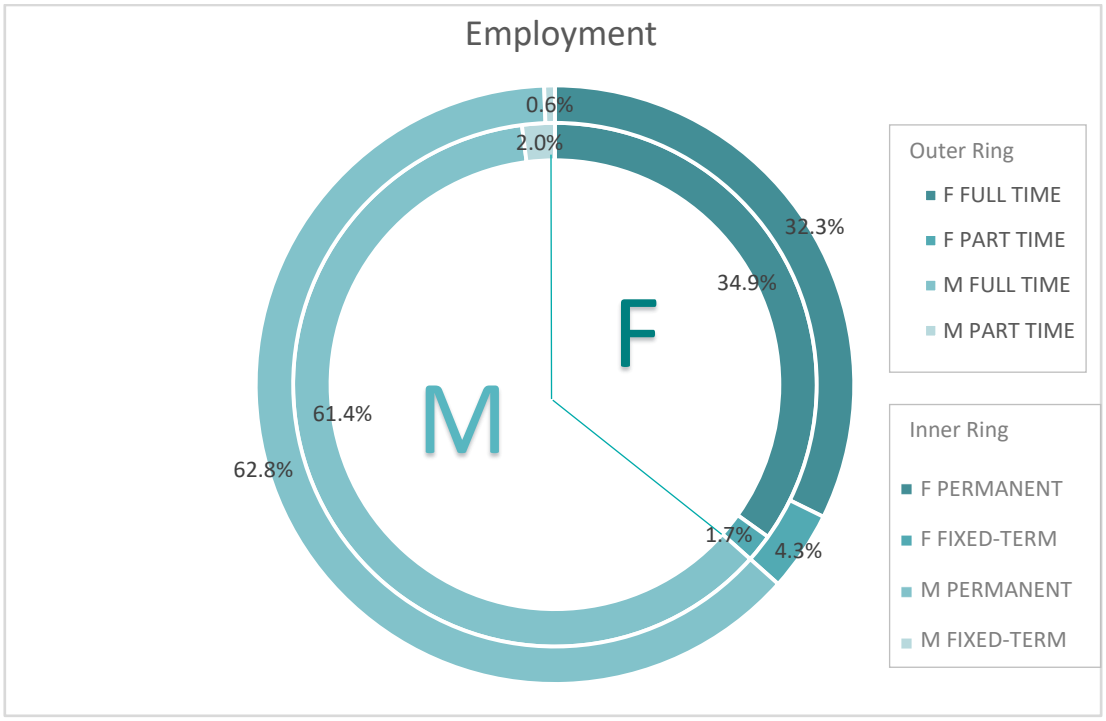
During 2020, 33 employees joined the company (+9.5%), while 19 left (-5.5%) (Table 9).

In Sacco System, almost all existing contracts are open-ended (96%) and full-time (95%) (Graph 11). Part-time workers enjoy the same rights and benefits as full-time workers.

Sometimes we use temporary workers, especially for short-term replacements in the production and packaging departments; there were 4 of these at 31/12/2020. The following activities are usually outsourced to external companies: cleaning of the premises, care of green spaces, installation, ordinary and extraordinary maintenance of certain plants, equipment and machinery, disinfestation and rodent control service, catering services.

Our company employment policy is based on merit and oriented towards empowering managers regarding employment requirements in line with company objectives. During budget preparation, they should provide a description of the professional figures required and seek the consequent organisational solutions, making use in the first instance of internal resources in their search. Company turnover is monitored by means of targeted interviews with outgoing personnel in order to conduct the necessary in-depth analyses.

[15] Data as at 31/12/2020



Graph 11 - Breakdown of contract types (permanent or fixed term, inner ring) and hours (full time or part time, external ring), divided by gender

contract type	PERMANENT	FIXED-TERM	by gender
M	213 (61.4%)	7 (2.0%)	**220 (63.4%)**
F	121 (34.9%)	6 (1.7%)	**127 (36.6%)**
by type	**334 (96.3%)**	**13 (3.7%)**	**347 (100%)**

type of hours	FULL TIME	PART TIME	by gender
M	218 (62.8%)	2 (0.6%)	**220 (63.4%)**
F	112 (32.3%)	15 (4.3%)	**127 (36.6%)**
by type	**330 (95.1%)**	**17 (4.9%)**	**347 (100%)**

HIRINGS	<30	30-50	>50	by gender
M	13 (39.4%)	10 (30.3%)	2 (6.0%)	**25 (75.8%)**
F	6 (18.2%)	2 (6.0%)	0	**8 (24.2%)**
by age	**19 (57.6%)**	**12 (36.4%)**	**2 (6.0%)**	**33 (100%)**

VOLUNTARY TERMINATIONS	<30	30-50	>50	by gender
M	1 (10.0%)	4 (40.0%)	0	**5 (50.0%)**
F	0	5 (50.0%)	0	**5 (50.0%)**
by age	**1 (10.0%)**	**9 (90.0%)**	**0**	**10 (100%)**

DISMISSALS	<30	30-50	>50	by gender
M	1 (50.0%)	0	1 (50.0%)	**2 (100%)**
F	0	0	0	**0**
by age	**1 (50.0%)**	**0**	**1 (50.0%)**	**2 (100%)**

RETIREMENTS	<30	30-50	>50	by gender
M	0	0	5 (83.3%)	**5 (83.3%)**
F	0	0	1 (16.7%)	**1 (16.7%)**
by age	**0**	**0**	**6 (100%)**	**6 (100%)**

DEATHS	<30	30-50	>50	by gender
M	0	0	0	**0**
F	0	0	1	**1 (100%)**
by age	**0**	**0**	**1 (100%)**	**1 (100%)**

Table 9 - Total number and percentage of employees by type of employment contract and hours, hirings and turnover in 2020, with a breakdown of employees by age and gender.

The remuneration policy in Sacco System strives to enhance the value of employees by means of adequate remuneration. For non-senior management personnel, salaries are dictated by the National Collective Labour Agreement and their positions are revalued annually; in addition to the fixed remuneration, a Result Bonus is paid annually, calculated on the basis of the achievement of the economic objectives and other departmental objectives. In addition to the social security contributions required by law, Sacco System provides its workers with the possibility of joining supplementary pension schemes (Previndai, Alifond and Fonchim, where the severance indemnity is paid and which 61% of employees have joined) and healthcare schemes (Faschim, FASA, FASI).

Employees are given paid absences provided for by law, the national contracts and supplementary company agreements, such as: marriage leave, parental leave, for the death of family members, etc...

In 2020, all 23 women who were entitled to parental leave took it and 11 returned from previous leave (with a current return rate of 65%). Conversely, the four men entitled to it did not take it up.

Sacco System also offers its workers various services and opportunities to improve their working and family life. With regard to time management, employees are given the opportunity to make use an “hour bank”, that is, giving them the option of converting all or part of their overtime hours into paid leave, to be used when needed. In addition, all “day” workers (non-shift workers) can take advantage of flexible working hours, at the start and end of the day, within time slots established department by department, as well as for the lunch break. When the Coronavirus emergency occurred, the right to work remotely was extended to all workers whose duties allow it. Part-time work is granted to male and female workers who have particular family organisation needs, especially mothers with school-age children or those returning from maternity leave.

Employees are offered the opportunity to convert their Result Bonus, through the Easy Welfare Edenred platform, into welfare services in various areas such as family assistance, vouchers, travel, sports and wellness, leisure time, education, health, transport and mobility.

Occupational health and safety

The health and safety of workers in the workplace are essential elements in all Sacco System activities. Decisions on such matters, starting from the moment of their planning, design and technical choices right up to the phase of implementation and execution, are adopted in accordance with the principles and general protection measures provided for by the laws in force, in particular by Italian Legislative Decree no. 81/08, with the primary objective being the protection of the psychophysical integrity of all staff. The Sacco System companies have adopted an Organisational, Management and Control Model to comply with the dictates of Italian Legislative Decree 231/2001, with a special part relating to health and safety in the workplace, consisting of a structured set of principles, rules, provisions, organisational schemes and related tasks and responsibilities, aimed at preventing, reducing or eliminating the existing risks.

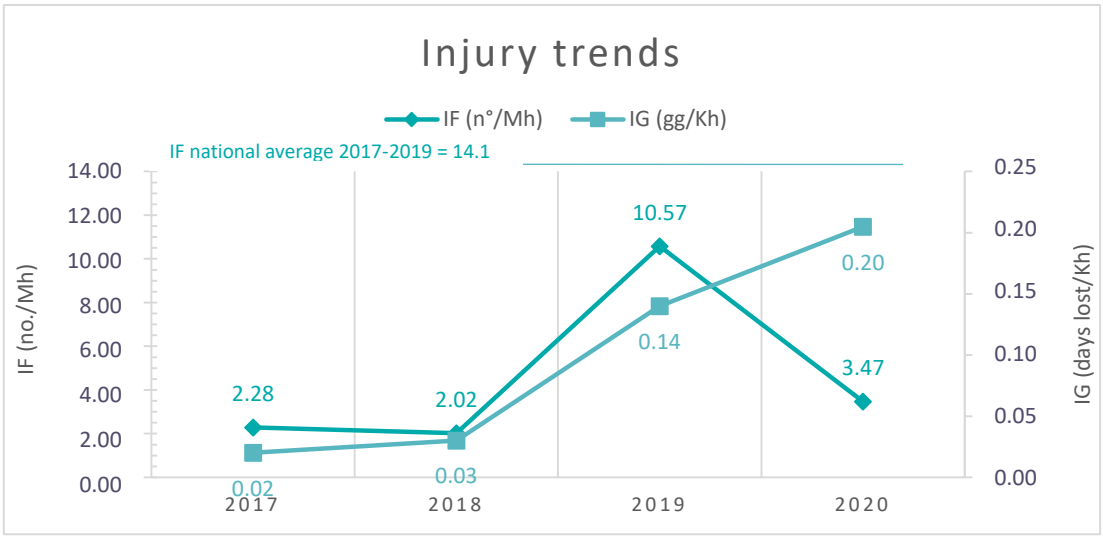
On matters of health and safety, the company organisation envisages a hierarchical structure with the Employer (DL) at the top, who makes use of Senior Managers and Supervisors for implementing and overseeing company policy. The Occupational Health and Safety Management System is chaired by the Head of the Occupational Health and Safety Management System (RSGSSL): he examines the various topics so that the system is implemented and maintained effectively and collaborates in the coordination of the Risk Prevention and Protection Department together with its manager (RSPP). Consultation with workers is guaranteed by the presence of the Workers' Safety Representatives (RLS), elected by them. The Employer also appoints a Company Doctor, who runs the workers' health surveillance program. Finally, there are specially trained workers who make up the fire-fighting, evacuation, emergency and first aid teams.

The existing risks in the company are monitored and assessed so that they can be minimised and controlled, in line with the provisions of the law and using qualified external personnel, as required. Likewise, all workers are given adequate training.

In Sacco System, the incidence of accidents and injuries at work is constantly monitored and managed in order to keep it at the lowest possible levels. For years we have recorded very low rates of frequency (IF = no. of injuries / million hours worked) and severity (IG = days of absence from work due to injury / thousands of hours worked). They are below the national average for manufacturing industry, which records an IF average over the period 2017-2019 of 14.1 (source: INAIL Graph 12). Clerici and Centro Sperimentale del Latte are continuing their positive streak of 5 and 4 years without injuries, respectively. The calculation does not include the accidents that occurred on the way to work (2 in CSL).

The IF rate fell thanks to fewer injuries compared to 2019 (2 vs 6), but there was an increase in the IG rate due to one injury with several days of absence. On the basis of investigations into the causes of accidents and thanks to the "near miss" reports, various corrective and preventive measures have been implemented to prevent their recurrence in the future.

There were no accidents involving workers who are not employees but whose work or workplace is under our control. No occupational diseases were reported for employees or other workers.



Graph 12 - Trends in the frequency and severity of injuries in Sacco System in the 2017-2020 period

If there are any contractors present on company sites, they are given a prepared Single Document for the Assessment of Interference Risks (DUVRI), so that the company can be made aware of the risks for on-site workers and what prevention and protection measures need to be adopted to reduce such risks.

Still on the subject of the health and psychophysical well-being of workers, Sacco and Caglificio Clerici are members of the ENWHP Workplace Health Promotion network, a European initiative promoted by the Lombardy Region and conducted thanks to the help and guidance of the medical and healthcare staff of the Local Health Protection Agency (ATS Insubria). During the year, initiatives were run on combating nicotine addiction, managing the work-life balance, healthy eating and physical activity. To combat tobacco addiction, a commitment was made to free the entire Cadorago production site from smoking from January 2021. Consequently, a program to help smokers deal with this change was launched, through sessions to raise awareness, meetings with doctors and psychologists and the proposal of a program at local hospitals to assist with breaking the habit. To encourage a healthy diet, fountains were installed in the company for the supply of drinking water and the range of items on offer in the vending machines was changed in favour of healthier foods and drinks. A distributor of milk and dairy products produced by a local farm was also installed. This represents an original welfare initiative by the company and also gives the workers the chance to directly experience the fruits of their daily work with foods produced with their help, thanks to a very short supply chain.

Thanks to our commitment, both Sacco and Caglificio Clerici have been awarded, for the second consecutive year, the recognition as “Companies that promote health”.

Training and education

Sacco System firmly believes in the importance of adequate training and the personal and professional development of its workers, so as to enhance their expertise. Individual professional development plans and training programs are drawn up with specific reference to each person and are constantly reviewed.

The in-house training activities concern issues relating to health and safety, the training and updating of personnel in relation to quality, hygiene and good manufacturing procedures, and also technical-scientific training. In-house courses are continuously on offer throughout the year in the form of seminars and lessons given by internal staff, experts or university lecturers. Staff may also attend training courses, off-site meetings and conferences, field activities and coaching in their workplace or in the classroom. We also offer courses on soft skills, which aim to develop attitudes and knowledge related to roles in management, planning, leading groups and internationalisation of business activities.

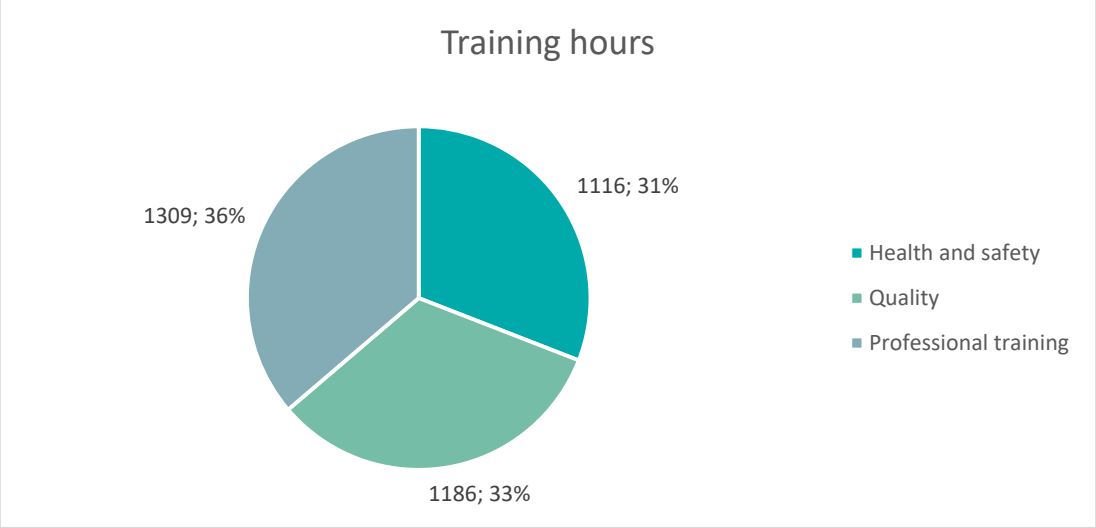
All employees receive an annual performance and professional development assessment. During this meeting, training is planned after collecting information from department managers on the professional growth needs of their workers. These needs are made to fit in with the organisation and company objectives and then a training program is planned for the whole year. The preliminary collection of the general needs and a better planning of costs allows the various functions and people to be involved in the projects in a comprehensive way, creating value and synergies between the various skills and know-how and helps interaction between people belonging to different business functions.

Whichever department they may be joining, the introduction of new resources requires a period of induction, according to specific procedures so that they can be welcomed into the organisation in the best way possible. Training is similarly conducted in line with plans for professional turnover in a specific role and also in cases of generational change due to retirement.

The effectiveness of this management model is verified through the annual performance evaluation systems, which highlight paths for improvement, the need to develop certain skills or consolidate concepts not yet fully acquired.

Overall, in 2020, 302 employees were involved in training activities, corresponding to 87% of the total, with a total of 3611 hours provided, distributed almost equally between compulsory or additional training on health and safety, quality and internal procedures, continuous training and professional development (Graph 13 and Table

10). Due to the restrictions caused by the protocols on Coronavirus contagion containment which limited face-to-face training, these figures are slightly down compared to 2019 (over 5000 hours of training provided to 92% of employees).



Graph 13 - Breakdown of training hours provided in 2020 by topic

	% of participants over total	Average hours per participant
Manual workers	96%	8.8
Office staff	85%	11.9
Middle managers	73%	5.9
Senior Executives	50%	2.3
Total	**87%**	**10.4**

Table 10 - Participation rate by employee category and average training hours per participant

Local Communities

We have always been a business tied to the territory where the Sacco System family was born, grew up and developed. There are numerous initiatives that we implement and promote every year to strengthen this bond and involve the local community, trying to encourage the creation and distribution of shared value. Furthermore, we support international cooperation projects thanks to partnerships with some NGOs.

During 2020 Sacco System and the Verga family chose to support and participate in numerous initiatives of a sporting, cultural and solidarity nature. There was also strong support for the local community in the most difficult times of the SARS-CoV-2 pandemic.

Sport

Tradition, investment in young people, innovation and research for the well-being of people are some of the values that our company has been promoting for almost 150 years, thanks also to its products. Values shared by the sports clubs we support, which enthusiastically train girls and boys for success, educating them about teamwork and a life of psychophysical well-being and healthy enjoyment.

Sacco is the official sponsor of Legnano Baseball Softball ASD for the senior women's team in A2 and for ASD Saronno Volley for the Serie B men's team. Sacco System also sponsors the four women's cycling teams of the Bike Cadorago sports club and the Sci Club Goggi ASD and APS.

Cultural Initiatives

Our CEO, Martino Verga, is strongly involved in cultural initiatives in the Como area. He is President of the Como section of UCID - Unione Cristiana Imprenditori Dirigenti, the association that brings together entrepreneurs, senior managers and professionals in order to promote and advance the development of high professional morals in society, ensuring effective and fair cooperation among all individuals in an enterprise, placing the person at the centre of economic activity, promoting respect and solidarity over all forms of discrimination. Mr. Verga is also President of the Fondazione della Comunità Comasca, whose role is to promote a culture of giving and to improve the quality of community life in the province of Como, and President of the Fondazione Nicolò Rusca, which manages the Study Centre with the same name. Its task is to look after, conserve and enhance the wealth of documents and books in the historical archive of the Diocese of Como and of the Bishopric's Seminary Library. In addition, Mr. Martino Verga personally supports the scholarship of the Collegio Universitario Cavalieri del Lavoro.

Ms. Margherita Verga, Sacco System's Engineering & Maintenance Manager, is President of the Santa Maria di Cadorago nursery school, which welcomes 90 children aged 2 to 6 every year, offering families an important educational and support service.

Solidarity

People's well-being also includes the joy of giving and the awareness of being able to help those who are less fortunate.

With this spirit, on the initial initiative of some employees, we have been supporting the "Mani Tese" (Outstretched Hands) NGO since 2008: whatever voluntary donations are given by workers are doubled by the contribution from the Company. Currently, we are supporting the "Safe Children" project at the Damnok Toek Centre in Poipet, Cambodia. It is a place where children and young people who are victims of trafficking and abuse can find hospitality and rehabilitation so as to regain serenity, resume their studies and learn a job, helping them to build a future away from crime.

Sacco System and the Verga family also actively support various voluntary associations in the area: Associazione Banco Alimentare della Lombardia "Danilo Fossati" Onlus, Caritas Parrocchia di Guanzate, Associazione Genitori di Cadorago, Croce Azzurra Cadorago, Parrocchia di Cadorago, Un Sorriso in Più ONLUS, Asilo Infantile S.Maria.

No legal action has ever been brought in relation to the work of the company which had significant negative impacts on the local communities.

Coronavirus emergency: our response

In Sacco System, following the dictates in the provisions of the public authorities, we have taken every possible measure to protect our workers and all those whose work was necessary in order to ensure the continuity of our activities in conditions of safety. Being part of the food and pharmaceutical supply chain, our plants have never stopped.

We implemented all the prevention measures proposed by the health authorities in the workplace and disseminated the information on hygiene behaviour to be adopted. We distributed to our workers masks, sanitizers made in-house, and sachets of our CRL1505 probiotic, which has demonstrated positive effects on the immune system against respiratory tract infections. We activated remote working methods, where operations and technology allowed this possibility. We consolidated and expanded our remote communication tools for internal meetings and communications with external staff.

The Verga family and the Sacco System companies gave support to the management of the emergency in health facilities through donations to local hospitals: a total of € 35,000 was donated. A very important result was also recorded with the fund raising by the Fondazione Comasca, which Mr Martino Verga is President of. It donated a total of € 4.95 million to hospitals in the province of Como, for the purchase of machinery and equipment, the payment of personnel, drugs, PPE and sanitisation.

Our attention also turned to the community in the area, contributing to the purchase of an ambulance for COVID transport and donating masks and other PPE to the Blue Cross of Cadorago. In addition, Sacco System financed the initiative to give all pupils at primary and lower secondary schools in Cadorago a rapid lateral-flow test to ensure a safe return to school after the Christmas holidays.

The best example of group solidarity, however, came directly from the workers. They worked overtime every day in production, in the laboratories and in the offices, often voluntarily lending a hand and giving effective help to key departments or those in difficulty, so as to serve the company and ensure the supply of essential goods to the population. This is the real “family spirit”, the most important value that unites the companies and people of Sacco System.

Customer health and safety

The reference topic is the food safety of the products sold, when they are used by the direct customer and by the end consumer. Food safety is ensured by controlling the following aspects: exclusive use of food grade raw materials (for all three companies); only for Clerici, purchase of raw materials exclusively from slaughterhouses with health authorisation recognized by the veterinary authorities; for CSL and Sacco, verification of the absolute harmlessness of the strains produced through biomolecular tests.

The three companies are certified under the FSSC 22000 standard, which focuses on food safety.

The companies field the resources and policies necessary to ensure the safety of their products. For this purpose, the companies have planned a self-control system of production processes based on the HACCP standards.

In addition, a Food Defence plan has been developed which allows us to minimise the risk that the products may be deliberately contaminated or adulterated. The companies have implemented a control plan from the raw materials to the packaged product, guaranteeing traceability throughout the production cycle.

Periodically, the companies assess food safety aspects as part of the management system Review. In this context, the assessments cover process performance, complaints, non-conformities, achievement of objectives and aspects of sustainability. These assessments make it possible to identify new improvement objectives for the various company sectors.

The companies have a system of prerequisites and internal procedures relating to production processes designed to prevent the production of non-conforming products that may affect the product health and safety. Control plans have been developed that guarantee the healthiness of the products. All products are checked in order to avoid non-conforming products that may be harmful to health.

Table 11 shows the episodes of non-conformity which could have had an impact on the health and safety of the product, but which were promptly dealt with and resolved so that such impacts did not occur on the user or end consumer.

Non-conformity analysis	
Internal non-conformities (managed in the production phase)	19
Supplier non-conformities (control of incoming materials)	3
Customer non-conformities (returns and complaints)	8
Third-party non-conformities (veterinarian and certification bodies)	6

Table 11 - Analysis of the non-conformities that occurred in 2020 by type of report and occurrence

All Labware products marketed by Sacco have the CE marking (for equipment) and are accompanied by the User Manuals, the Technical and Safety Data Sheets, for those articles that require them.

Annexes

Contact

We are here for you, get in touch! info@saccosystem.com

For information regarding this report:

Eleonora Castelli, CSR & Sustainability Manager e.castelli@saccosrl.it

CAGLIFICIO CLERICI SpA

Via Manzoni 29
22071 Cadorago (CO), Italy
Phone: +39 031.8859311
Fax: +39 031.904769

SACCO Srl

Via Manzoni 29/A
22071 Cadorago (CO), Italy
Phone: +39 031.8866611
Fax: +39 031.904596

CENTRO SPERIMENTALE DEL LATTE Srl

Strada per Merlino, 3
26839 Zelo Buon Persico (LO), Italy
Phone: +39 02.90696.1
Fax: +39 02.90696.99

KEMIKALIA AB

Lilla Västergatan 1
274 32 Skurup - Sweden
Phone: +46 0411.497.50
Fax: +46 0411.497.60

Closing date 03/09/2021

GRI & SDGs Content Index

GRI STANDARD	DISCLOSURE	PARAGRAPH	PAGE	Correlated SDGs[16]
GRI 102: General disclosures 2016	102-1 Name of the organisation	Welcome to Sacco System	5	
	102-2 Activities, brands, products, and services	Welcome to Sacco System Additional information on our website https://www.saccosystem.com/	5	
	102-3 Location of headquarters	Welcome to Sacco System Contact	5 53	
	102-4 Location of operations	Welcome to Sacco System Contact	5 53	
	102-5 Ownership and legal form	Welcome to Sacco System	5	
	102-6 Markets served	Welcome to Sacco System	5	
	102-7 Scale of the organisation	Employment Welcome to Sacco System Economic performance 2020 in numbers	42 5 27 26	
	102-8 Information on employees and other workers	Employment	42	
	102-9 Supply chain	Relations with Suppliers	28	
	102-10 Significant changes to the organisation and its supply chain	Welcome to Sacco System The people of Sacco System Relations with Suppliers	5 11 28	
	102-11 Precautionary Principle or approach	Our quality policy and certification Relations with Suppliers Customer health and safety	8 28 51	
	102-12 External initiatives	Partnerships and programs	13	
	102-13 Membership of associations	Partnerships and programs	13	
	102-14 Statement from senior decision-maker	Letter to Stakeholders	2	
	102-16 Values, principles, standards, and norms of behaviour	The values of virtuous growth Code of Ethics Our quality policy and certification	7 8 8	
	102-18 Governance structure	The people of Sacco System	11	
	102-40 List of stakeholder groups	Methodological note	3	
	102-41 Collective bargaining agreements	Employment	42	
	102-42 Identifying and selecting stakeholders	Methodological note	3	
	102-43 Approach to stakeholder engagement	Methodological note	3	
	102-44 Key topics and concerns raised	Material topics	58	
	102-45 Entities included in the consolidated financial statements	Methodological note	3	
	102-46 Defining report content and topic boundaries	Methodological note	3	
	102-47 List of material topics	Methodological note	3	
	102-48 Restatements of information	Methodological note Text references	3	
	102-49 Changes in reporting	Methodological note	3	

[16] Reference source: Linking the SDGs and the GRI Standards. Last updated March 2021

	102-50 Reporting period	Methodological note	3	
	102-51 Date of most recent report	Methodological note	3	
	102-52 Reporting cycle	Methodological note	3	
	102-53 Contact point for questions regarding the report	Contact	53	
	102-54 Claims of reporting in accordance with the GRI Standards	Methodological note	3	
	102-55 GRI content index	GRI & SDGs Content Index	54	
	102-56 External assurance	Methodological note	3	
GRI 200 SPECIFIC ECONOMIC STANDARDS				
GRI 201: Economic performance 2016	103-1 Explanation of the material topic and its boundary	Economic performance	27	
	103-2 The management approach and its components	Economic performance	27	
	103-3 Evaluation of the management approach	Economic performance	27	
	201-1 Direct economic value generated and distributed	Economic performance	27	
	201-2 Financial implications and other risks and opportunities due to climate change	*No assessments were made on the impacts, risks and opportunities due to climate change*		
	201-3 Defined benefit plan obligations and other retirement plans	Employment	42	
	201-4 Financial assistance received from government	Economic performance	27	
GRI 204: Procurement practices 2016	103-1 Explanation of the material topic and its boundary	Relations with Suppliers	28	
	103-2 The management approach and its components	Relations with Suppliers	28	
	103-3 Evaluation of the management approach	Relations with Suppliers	28	
	204-1 Proportion of spending on local suppliers	Relations with Suppliers	28	
GRI 205: Anti-corruption 2016	103-1 Explanation of the material topic and its boundary	Anti-corruption and conflict of interest	30	
	103-2 The management approach and its components	Anti-corruption and conflict of interest	30	
	103-3 Evaluation of the management approach	Anti-corruption and conflict of interest	30	
	205-1 Operations assessed for risks related to corruption	*No assessments were made on the risks related to corruption*		
	205-2 Communication and training about anti-corruption policies and procedures	Anti-corruption and conflict of interest	30	
	205-3 Confirmed incidents of corruption and actions taken	Anti-corruption and conflict of interest	30	
GRI 300 SPECIFIC ENVIRONMENTAL STANDARDS				
GRI 302: Energy 2016	103-1 Explanation of the material topic and its boundary	Energy	31	
	103-2 The management approach and its components	Energy	31	
	103-3 Evaluation of the management approach	Energy	31	
	302-1 Energy consumption within the organisation	Energy	31	
	302-2 Energy consumption outside of the organisation	*The information needed to make this disclosure is not available*		
	302-3 Energy intensity	Energy	31	
	302-4 Reduction of energy consumption	Energy	31	
	302-5 Reduction in energy requirements of products and services	*Not applicable*		
GRI 303: Water and effluents 2018	103-1 Explanation of the material topic and its boundary	Water and effluents	33	
	103-2 The management approach and its components	Water and effluents	33	
	103-3 Evaluation of the management approach	Water and effluents	33	
	303-1 Interactions with water as a shared resource	Water and effluents	33	

	303-2 Management of water discharge-related impacts	Water and effluents	33	
	303-3 Water withdrawal	Water and effluents	33	
	303-4 Water discharge	Water and effluents	33	
	303-5 Water consumption	Water and effluents	33	
GRI 305: Emissions 2016	103-1 Explanation of the material topic and its boundary	Emissions	34	
	103-2 The management approach and its components	Emissions	34	
	103-3 Evaluation of the management approach	Emissions	34	
	305-1 Direct (Scope 1) GHG emissions	Emissions	34	
	305-2 Energy indirect (Scope 2) GHG emissions	Emissions	34	
	305-3 Other indirect (Scope 3) GHG emissions	*The information needed to make this disclosure is not available*		
	305-4 GHG emissions intensity	Emissions	34	
	305-5 Reduction of GHG emissions	Emissions	34	
	305-6 Emissions of ozone-depleting substances (ODS)	Emissions	34	
	305-7 Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	Emissions	34	
GRI 306: Waste 2020	103-1 Explanation of the material topic and its boundary	Waste	37	
	103-2 The management approach and its components	Waste	37	
	103-3 Evaluation of the management approach	Waste	37	
	306-1 Waste generation and significant waste-related impacts	Waste	37	
	306-2 Management of significant waste-related impacts	Waste	37	
	306-3 Waste generated	Waste	37	
	306-4 Waste diverted from disposal	Waste	37	
	306-5 Waste directed to disposal	Waste	37	
GRI 300 SPECIFIC SOCIAL STANDARDS				
GRI 401: Employment 2016	103-1 Explanation of the material topic and its boundary	Employment	42	
	103-2 The management approach and its components	Employment	42	
	103-3 Evaluation of the management approach	Employment	42	
	401-1 New employee hires and employee turnover	Employment	42	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employment	42	
	401-3 Parental leave	Employment	42	
GRI 403: Occupational health and safety 2018	103-1 Explanation of the material topic and its boundary	Occupational health and safety	45	
	103-2 The management approach and its components	Occupational health and safety	45	
	103-3 Evaluation of the management approach	Occupational health and safety	45	
	403-1 Occupational health and safety management system	Occupational health and safety	45	
	403-2 Hazard identification, risk assessment, and incident investigation	Occupational health and safety	45	
	403-3 Occupational health services	Occupational health and safety	45	
	403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational health and safety	45	
	403-5 Worker training on occupational health and safety	Occupational health and safety	45	

	403-6 Promotion of worker health	Occupational health and safety	45	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational health and safety	45	
	403-8 Workers covered by an occupational health and safety management system	Occupational health and safety	45	
	403-9 Work-related injuries	Occupational health and safety	45	
	403-10 Work-related ill health	Occupational health and safety	45	
GRI 404: Training and education 2016	103-1 Explanation of the material topic and its boundary	Training and education	47	
	103-2 The management approach and its components	Training and education	47	
	103-3 Evaluation of the management approach	Training and education	47	
	404-1 Average hours of training per year per employee	Training and education	47	
	404-2 Programs for upgrading employee skills and transition assistance programs	Training and education	47	
	404-3 Percentage of employees receiving regular performance and career development reviews	Training and education	47	
GRI 413: Local Communities 2016	103-1 Explanation of the material topic and its boundary	Local Communities	48	
	103-2 The management approach and its components	Local Communities	48	
	103-3 Evaluation of the management approach	*There are no formalised systems for assessing management approach*		
	413-1 Operations with local community engagement, impact assessments, and development programs	Local Communities Sacco System for sustainable development	48 16	
	413-2 Operations with significant actual and potential negative impacts on local communities	Local Communities	48	
GRI 416: Customer health and safety 2016	103-1 Explanation of the material topic and its boundary	Customer health and safety	51	
	103-2 The management approach and its components	Customer health and safety Relations with Suppliers	51 28	
	103-3 Evaluation of the management approach	Customer health and safety Relations with Suppliers	51 28	
	416-1 Assessment of the health and safety impacts of product and service categories	Customer health and safety	51	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Customer health and safety	51	

Material topics

The table below shows the results of the materiality analysis carried out through an on-line questionnaire. Respondents were asked to assign a relevance score (from 0 to 4) for each theme relating to sustainability. The same form was put to the stakeholders, the owners and top management, to highlight any misalignments between the corporate line and the expectations of stakeholders. The answers provided by the various stakeholders were weighted according to the degree of relevance of the category: the resulting topics with the highest score contributed to generating the list of material topics presented in the methodological note.

	ECONOMIC PERFORMANCE	PRESENCE ON THE MARKET	ANTI-CORRUPTION	MANAGEMENT OF PROCUREMENT PRACTICES	MATERIALS	ENERGY	WATER AND EFFLUENTS	BIODIVERSITY	EMISSIONS	WASTE	ENVIRONMENTAL ASSESSMENTS OF SUPPLIERS	EMPLOYMENT (stability and formalisation)	EMPLOYMENT (benefits for employees)	EMPLOYMENT (company welfare)	HEALTH AND SAFETY (injuries and incidents)	HEALTH AND SAFETY (occupational diseases)	HEALTH AND SAFETY (general health and well-being)	TRAINING	DIVERSITY AND EQUAL OPPORTUNITIES (inclusion)	DIVERSITY AND EQUAL OPPORTUNITIES (gender gap)	HUMAN RIGHTS	LOCAL COMMUNITY	PUBLIC POLICY	SOCIAL ASSESSMENT OF SUPPLIERS	PRODUCT RESPONSIBILITY (safety and hygiene)	PRODUCT RESPONSIBILITY (quality)	PRODUCT RESPONSIBILITY (marketing)	PRODUCT RESPONSIBILITY (labelling)	PRIVACY
OWNERS	4.00	3.42	2.83	3.33	2.83	3.00	3.00	2.83	2.33	3.50	2.17	4.00	3.33	3.00	4.00	3.83	3.00	3.50	3.33	3.83	3.00	3.83	2.67	2.33	4.00	4.00	2.83	3.67	2.50
MANAGEMENT	3.93	3.80	3.67	3.47	2.80	3.20	3.53	2.60	3.33	3.60	2.87	3.33	3.47	3.27	3.93	3.33	3.13	3.53	3.60	3.67	3.80	2.60	2.33	3.00	3.73	3.67	3.13	3.53	2.80
EMPLOYEE	3.86	3.76	3.62	3.62	3.44	3.54	3.70	3.35	3.66	3.68	3.26	3.62	3.72	3.28	3.85	3.64	3.59	3.62	3.61	3.71	3.67	2.91	2.50	3.15	3.85	3.90	3.55	3.71	3.29
CUSTOMER	3.60	3.00	3.75	3.64	3.62	3.60	3.75	3.57	3.75	3.72	3.60	3.49	3.40	3.30	3.77	3.64	3.64	3.68	3.58	3.75	3.68	3.23	2.60	3.32	3.77	3.79	3.57	3.68	3.38
DISTRIBUTOR / RETAILER	3.80	3.46	3.72	3.54	3.67	3.52	3.74	3.46	3.63	3.70	3.61	3.67	3.57	3.57	3.80	3.67	3.61	3.72	3.69	3.78	3.76	3.31	2.93	3.35	3.89	3.96	3.85	3.89	3.65
SUPPLIER	3.73	3.20	3.73	3.53	3.53	3.20	3.60	3.60	3.53	3.60	3.40	3.40	3.40	3.40	3.80	3.67	3.60	3.47	3.53	3.80	3.80	3.00	2.47	3.27	3.80	3.93	3.67	3.67	3.53
R&D PARTNER	4.00	3.60	4.00	3.80	3.80	3.80	4.00	3.60	3.80	3.60	3.60	3.80	3.60	3.40	4.00	3.60	3.40	3.60	3.80	3.80	3.80	3.00	2.80	3.80	3.60	3.80	3.40	3.80	3.20
CONSUMER / PRIVATE IND.	3.44	3.33	3.67	3.67	3.78	3.44	3.56	3.78	3.89	4.00	3.56	3.44	3.33	3.33	3.56	3.44	3.44	3.33	3.33	3.33	3.44	3.22	3.00	3.22	3.56	3.67	3.44	3.67	3.00
TRADE ASSOC.	3.25	3.50	3.75	3.75	3.75	4.00	4.00	3.75	3.75	4.00	3.50	3.75	3.25	3.25	4.00	3.75	3.50	3.00	3.25	3.50	3.50	3.25	2.75	3.00	3.50	3.50	3.50	3.75	3.00
LOCAL COMMUNITY	3.63	3.31	4.00	3.75	3.75	3.75	3.88	3.88	3.88	3.88	3.50	3.38	3.38	3.63	3.75	3.38	3.75	4.00	3.88	3.75	3.75	3.63	2.88	3.50	4.00	3.88	3.50	3.75	2.88
NGO	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	3.50	4.00	4.00	3.50	4.00	4.00	4.00	4.00	4.00	4.00	3.50	4.00	4.00	4.00	4.00	4.00	3.50