Sustainability Report 2022

SACCO system
Supporting food culture & life

FAMILY SPIRIT FOR SUSTAINABILITY

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2 INTRODUCTION

2.1 LETTER TO STAKEHOLDERS

Dear Stakeholders,
It is again time to present you with Sacco System Sustainability Report, now in its fourth edition and updated for 2022. It is an important document for us because it sets out, in an organic and comprehensive way, what we are doing for sustainability. We believe that it is important to bring our activities together in one setting, because our choices or actions for sustainability are part of our everyday work and are made almost naturally or unconsciously. But if we do not document or communicate them, we risk fragmentation and loss of evidence of what we are doing and the possibility of generating greater value.
We are therefore preparing this document in the hope that it will provide a better understanding and overview of the improvements that can be achieved by supporting sustainable practices, by showing our stakeholders in an organic and rational way all the work done for sustainability.
The year 2022 was very difficult due to spiralling energy costs, but we have reacted and never stopped: as a demonstration and in recognition of our commitment, turnover still showed excellent growth.
We also achieved some important successes and strengthened our corporate structure: we acquired control of Uniline, our former distributor in Russia, and despite the ongoing war we have managed to make it work.
The year also saw considerable study and research efforts on our part to develop products suitable for fermenting vegetables or vegetable extracts. The vegan and similar markets demand alternatives to animal products, but they need to be better-tasting than the products currently on the market. We think that this market will be economically rewarding in the near future. We have also been engaged in strengthening our global presence and are working to establish offices and subsidiaries in the major world markets, in order to have a direct presence without intermediaries. We will diversify our offer, with a focus on food alternatives, animals, biostimulants and plant protection cultures.
We are developing many products that allow the reduced use of water and pesticides in agricultural crops, and in 2022 some very important companies have shown an increased interest in these products. Also, in adopting the European Commission's “Farm to Fork” strategy, we have developed new food-protecting cultures that reduce the waste of food resources.
In the Microbiome division, we have researched and created new microorganisms that protect human health and wellbeing; they are effective in certain pathologies and make it possible to exploit effective remedies already found in nature.

Famiglia Verga

For us, this is the best possible way to foster sustainable development and the achievement of the 2030 Agenda Goals: doing what we do best by disseminating biotechnological solutions to solve environmental and social problems.
Thank you for being with us again this year.
Sacco System: Family Spirit for Sustainability

2.2 OUR FOURTH SUSTAINABILITY REPORT

2.2.1 Methodological note

Sacco System publishes its fourth sustainability report, with the aim of communicating its environmental, social and economic performance in full transparency to all its stakeholders and 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.
Given that the GRI Standards have been updated to the 2021 version and certain additions are required for full compliance with them, we have chosen this year to prepare this year's report “with reference” to these standards, and have taken the necessary time and effort to align with the new requirements and provide all the disclosures required for compliance in future reporting cycles. The report shall continue to be published annually.
This publication consists of an introductory section on the Sacco System Group, followed by a chapter on the main sustainability goals and then the three chapters on the most relevant economic, environmental and social aspects that characterised the company's group companies in the financial year 01.01.2022 - 31.12.2022. Comparisons are made, wherever possible, with previous years. The scope of analysis of these three chapters is the three largest companies, in terms of turnover, size and historical relevance, sited 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, and will help the reader find them in the document.
The drafting of the 2022 Report was carried out by an internal working group and coordinated by an external consultant (with GRI Sustainability Professional certification), under the supervision of Top Management.
The choice of topics to be reported was consistent with the documents of previous reporting periods (Table 1), as was stakeholder mapping (Figure 1). 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, and Sales. The final document was reviewed and approved by top management.

Table 1 - List of material topics
Water and effluents
Anti-corruption
Local Communities
Emissions
Training and education
Employment
Economic performance
Waste
Health and safety
Customer health and safety

Table 1 - List of material topics

Figure 1 - Map of stakeholders

2.3 WELCOME TO SACCO SYSTEM

In October 2016, we announced worldwide the creation of Sacco System, a high-innovation Italian network of biotech industries built on almost a century and a half of knowledge and experience. The four companies Caglificio Clerici, Sacco, Centro Sperimentale del Latte and Kemikalia (today Sacco System Nordic), united and working in synergy, have enabled us to respond to customers faster and more comprehensively by offering innovative solutions in the food, agri and health sectors. Thanks to everyone's good work, Sacco System is now recognised and valued worldwide by customers, distributors, competitors and industry experts.
Fully satisfied with the experience of the past five years, we created Sacco System Holding S.r.l. was in June 2021: a new corporate structure that will allow the Verga family to look ahead, further leveraging group synergies to achieve structured and lasting international growth. This will allow us to position ourselves on the market with an increasingly strong and recognised brand. Our products are currently sold in over 110 countries around the world.
Sacco System Holding S.r.l. owns 100% of Sacco Srl and Centro Sperimentale del Latte S.r.l. and controls 60% of Caglificio Clerici S.p.A. These are the three companies included in the reporting scope of the Sustainability Report 2022.
The other entities belonging to Sacco System Holding are shown in Figure 2 and briefly described in Table 2; all entities in which there is even a small percentage shareholding are reported. They are all included in the consolidated accounts, with the exception of Fitbiomics Inc. and Evolve Biosystem. Since the previous year, noteworthy events were the acquisition of Uniline Ltd. and the change in Kemikalia's corporate structure.

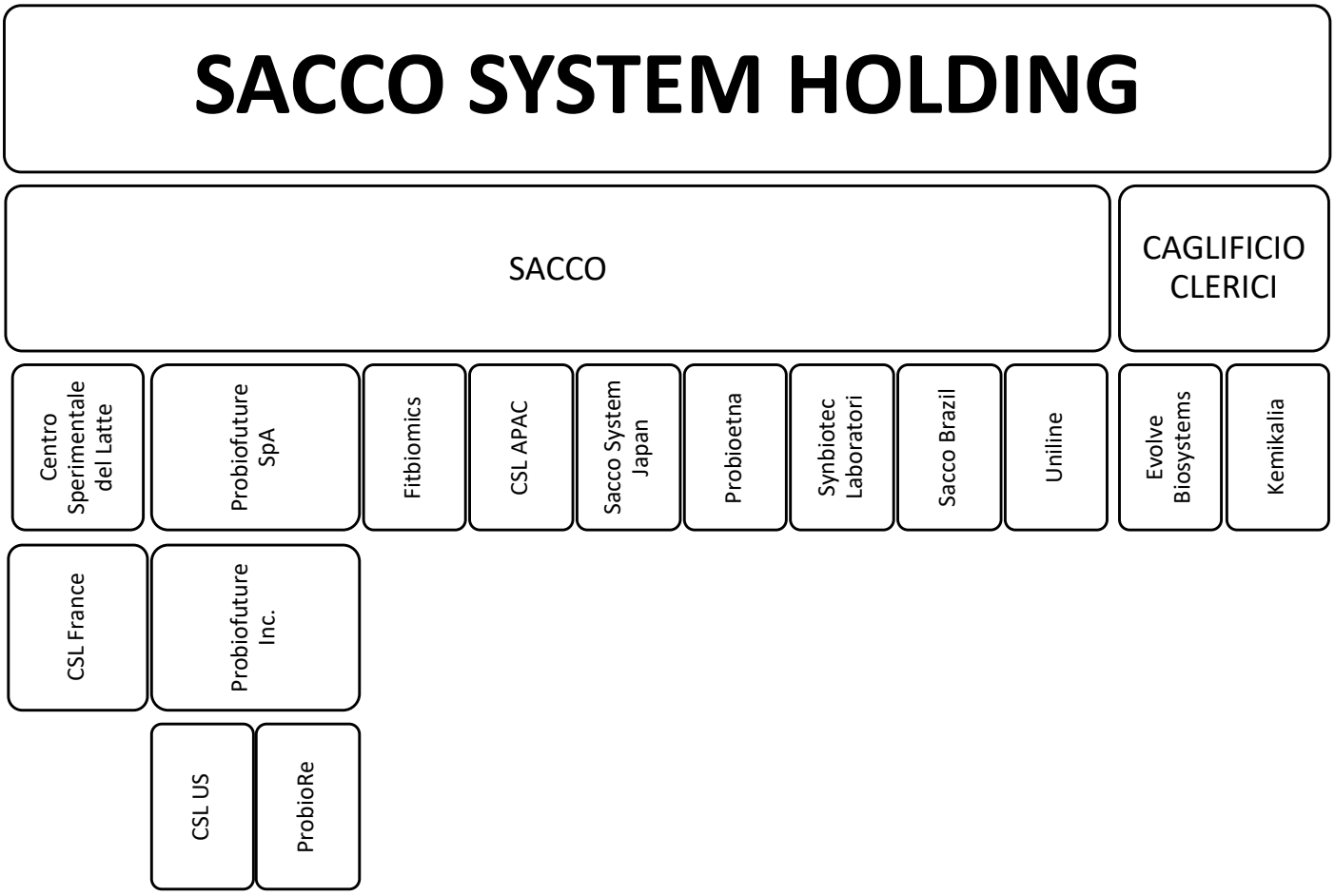


Figure 2 - Corporate structure of Sacco System

Company name	**Locality**	**Activities**
Sacco S.r.l.	Cadorago, Italy	Administrative offices, production
Caglificio Clerici S.p.A.	Cadorago, Italy	Administrative offices, production
Centro Sperimentale del Latte S.r.l.	Zelo Buon Persico, Italy	Administrative offices, production
CSL France sas	Echirolles, France	Administrative and sales offices
Probiofuture S.p.A. (Probiofuture Inc., CSL US, ProbioRe)	Milan, Italy Wisconsin, USA	Administration office
Fitbiomics Inc.	New York, USA	Administrative offices, production
CSL APAC PTE LTD	Singapore, SG	Administrative offices
Sacco System Japan	Tokyo, Japan	Administrative offices
Probioetna S.r.l.	Catania, Italy	Administrative offices
Synbiotec Laboratori S.r.l.	Camerino, Italy	Administrative offices
Sacco Brazil	Campinas, Brasile	Administrative offices, production
Uniline Ltd.	Moscow, Russia	Administrative offices
Evolve BioSystems Inc.	California, USA	Administrative offices
Kemikalia HLD AB	Skurup, Sweden	Administrative offices, production

Table 2 - Companies belonging to Sacco System Holding

2.3.1 Company mission

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. To this end, Sacco System is open to dialogue and is 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.

2.3.2 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 a century and a half, our excellence in industrial innovation is recognised 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.

2.3.3 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. On its journey towards these goals, Sacco System is committed to three core values, each of which is characterised by sustainability.

2.3.3.1 Family Spirit

a. Family company: central focus on people and human relationships, in the company and with our customers and suppliers, the promotion of respect, care and helpfulness;
b. Tradition and expertise: a history covering 150 years, steeped in tradition, shared experiences, qualitative and the company's technological growth at pace 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.

2.3.3.2 Creative intelligence

d. Research and innovation: the optimal use of lively, dynamic minds, with solid, economic and scientific training, 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 synergy between Research & Development and sales strength, and the investment of 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.

2.3.3.3 Agility

f. Flexibility and customisation: the development of made-to-measure projects for our customers, the result of unflagging passion and care no matter the scale;
g. Customer satisfaction: constant commitment to achieve or surpass our customers' expectations, of create a stable, ongoing and lasting relationship, based on trust and on successfully meeting their needs and requirements.

2.3.4 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.

2.3.5 Our quality policy and certification

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. The quality and food safety policy can be downloaded from the "Quality" page of the saccosystem.com website.
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)
- FSSC 22000 (Food Safety System Certification) (CLERICI, SACCO, CSL)
- PRODOTTI KOSHER (CLERICI, SACCO, CSL)
- PRODOTTI HALAL (CLERICI, SACCO, CSL)
- PRODOTTI VEGANI (V-label) (SACCO)
- AUTORIZZAZIONE GMP (Good Manufacturing Practices) (SACCO, CSL)
- AUTORIZZAZIONE ALLA FABBRICAZIONE DI ADDITIVI ZOOTECNICI (CSL)

2.3.6 Companies

2.3.6.1 Caglificio Clerici: a family feeling

Caglificio Clerici is an historic family business: 150 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 150 years we have been studying and developing technologies that help cheese factories and dairies to 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 with the new technologies now available to our expert staff.

2.3.6.2 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 Group, which is 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.

2.3.6.3 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. Based on the work 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 6,000 bacterial strains.

2.3.7 People

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.

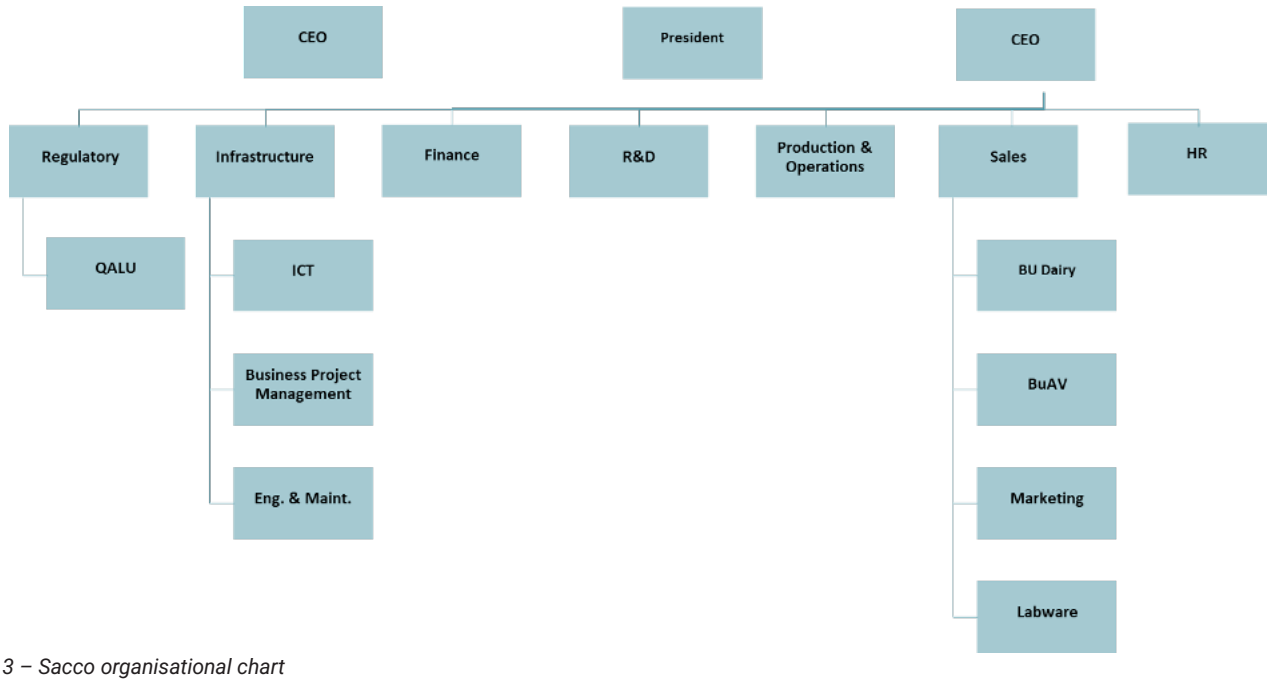


Figure 3 – Sacco organisational chart

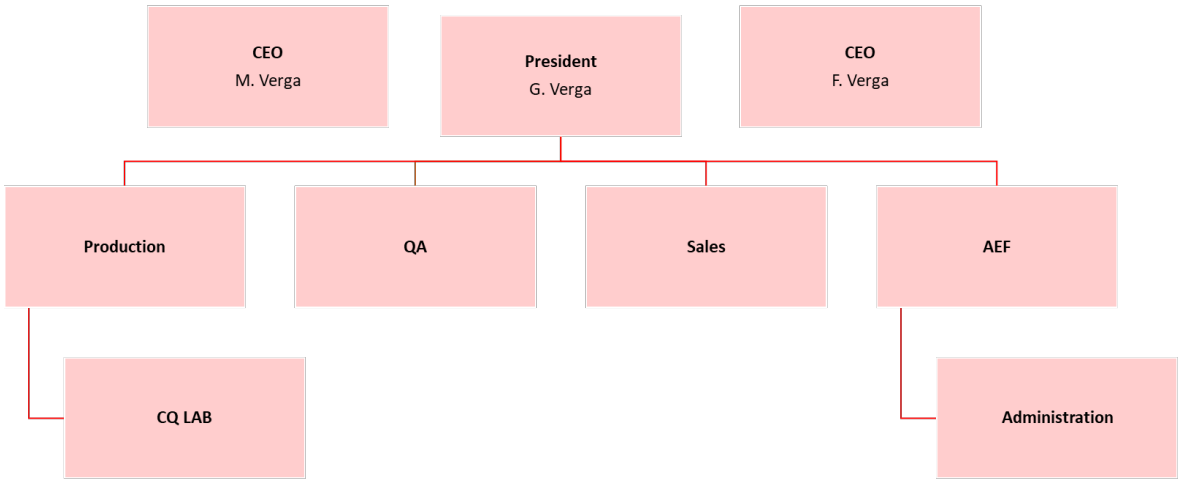


Figure 4 - Caglificio Clerici organisational chart

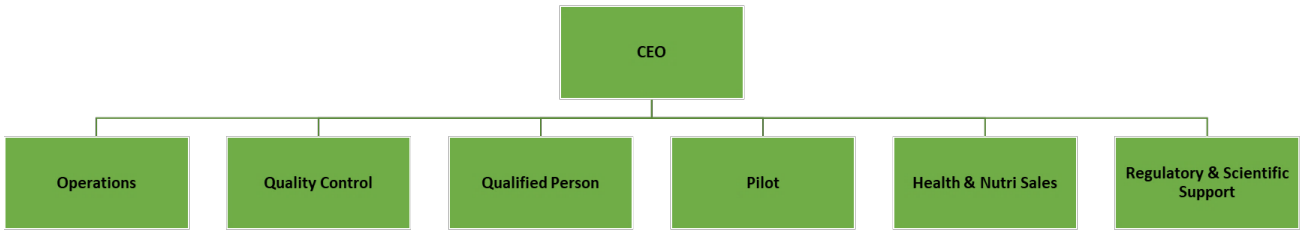


Figure 5 - CSL organisational chart

2.3.8 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.

2.3.8.1 EcoVadis

EcoVadis, one of the most important sustainability rating providers in the world. The assessment process includes a detailed analysis by a Group of experts in relation to environmental performance, ethics and issues related to work and human rights.
The work of Caglificio Clerici in recent years has received recognition in the form of the EcoVadis Gold Medal award. 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.

2.3.8.2 Fondazione Sodalitas

Sodalitas is a foundation active in Italy since 1995 that serves 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 and 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.

2.3.8.3 Responsible Care

Responsible Care®
OUR COMMITMENT TO SUSTAINABILITY

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.

2.3.8.4 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.

2.3.8.5 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, support, communication and promotion of sustainability. During 2022, Sacco and Caglificio Clerici took part in the RE-FIL Responsible Supply Chains Project for the packaging-agrifood sector. The aim was to develop an ecodesign tool that can calculate and compare the environmental performance of different packaging alternatives.

2.3.8.6 Scientific Partners

In 2022, Sacco System participated in more than 50 projects with universities and research centres all over the world, including:

Italia • 16 partner	Danimarca • 2 partner	Spagna • 2 partner	Svezia • 2 partner
Irlanda • 2 partner	Svizzera • 1 partner	Francia • 1 partner	Olanda • 1 partner
Estonia • 1 partner	Austria • 1 partner	Canada • 1 partner	Argentina • 1 partner
Emirati Arabi • 1 partner			

2.3.8.7 Associations

The Sacco System companies also subscribe to:

Confindustria Como

Federchimica AISPEC

Federchimica AISPEC MIAF

Associazione italiana lattiero casearia

Association of Manufacturer and Formulators of Enzyme Products

European Food & Feed Cultures Association

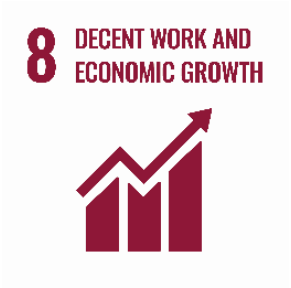
International Dairy Federation

International Probiotics Associationaria

3 OUR COMMITMENT TO SUSTAINABILITY

3.1 SACCO SYSTEM FOR SUSTAINABLE DEVELOPMENT

On 25 September 2015, the United Nations approved the 2030 Agenda for Sustainable Development – the global action programme 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, in Sacco System we aim to make our contribution to the achievement of these Goals. Among the 17 Goals of the 2030 Agenda, we focus particularly on those listed below.



3.1.1 Goal #8

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

3.1.2 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 the number of researchers: more than 30% of newly recruited staff over the last 5 years were hired to work in our laboratories, 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.

3.1.3 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 do not grow in low pH conditions. 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 the last three years, our field work in Burkina Faso has continued. 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.

3.1.4 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.
The advantages of 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 CO2.
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.

4PROTECTION
Food Cultures with Protective Effect

For this reason, we have always been working to reduce 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.

3.1.5 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 programme began with the development of a probiotic food, in the form of yoghurt, containing the probiotic strain Lactobacillus rhamnosus CRL1505: it has been 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 and 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.

3.1.6 Goal #15

Protect, restore and promote sustainable use of terrestrial ecosystems

Under Goal 15 for “life on land”, 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 increase the productivity and quality of plant and animal production and ensure that it is as healthy as possible, in full respect for the balance of the ecosystem. In addition to these are the biocontrol and biostimulation cultures, which Sacco System has been focusing on recently.
Sacco System firmly believes in the importance of sustainable actions to reduce environmental impact, including through the study and production of natural micro-organisms for use in agriculture and for plant health.
The increasing spread of intensive crops and increasing demand have forced farmers to use massive amounts of synthetic products in order to obtain higher yields. This in turn has led to overuse of the soil and has upset the balance of its ecosystems. A further consequence is major damage to the chemical and physical make-up of soils, possible groundwater contamination and cultivated plants’ reduced ability to utilise nutrients.
Sacco System advocates the use of all-natural microbial species, selected on the back of millions of years of evolution, to be specifically associated with agricultural crops. This plant-bacteria association is essential for the well-being and protection of plants. Integrating specific microbial cultures into agriculture will lead to even higher yields in the future, in an environmentally sustainable, natural and healthy way.
Sacco System started its research work in the Plant sector (dedicated to plant care and nutrition) in June 2018, with four main objectives:

- Develop of a collection of bacteria that can biostimulate plant growth, and/or protect plants from harmful pathogens.
- Establish technical, business and communication relationships with leading plant biostimulation/biocontrol companies and develop new products together.
- Create prototypes for fertilisers and biocontrol agents for agricultural use.
- Offer advice and technical support to companies producing biostimulants and bio-fungicides to improve their portfolios.

The strain collection for application to plants was developed by first studying the relevant scientific literature, followed by in-depth laboratory work to isolate and analyse new bacteria from fertile and agronomically sound soils. This work was optimised through the use of highly advanced techniques, which allowed all the positive properties of the new isolated micro-organisms to be identified and ensured complete biological safety in accordance with the European Commission's development strategies, provided for in the “From Farm to Fork” plan.
True to our distinctive Sacco System spirit of research and innovation, we have boosted our network of collaborations with multiple national and international universities to give our discovery work greater scope and perspective. As a result, a series of collaborations and contacts have been set up with several leading fertiliser and bio-fungicide companies. We are examining possible product development partnerships with some of these companies, using bacteria from our agri strain collection. Other companies are instead interested in supplying their own fermented strains so that they can step up their scale of production (custom fermentation service).
Having this kind of diverse, multifunctional network is essential if we are to broaden our corporate

outreach, and at the same time learn while staying creative and innovative. Our hundred years-plus production experience is thus put to use safeguarding plants, and at the same time emerges enhanced with new knowledge and insights.
Creating new products and developing new designs are essential Research & Development activities in this sector. In addition to selecting in-vitro microorganisms and studying their physiological characteristics, it is essential to carefully evaluate their efficacy in the field. This is done in the company's dedicated facility (in greenhouses and growth chambers) and by relying on industry specialists such as CROs (Contract Research Organisations). These structures are key because they develop prototype proofs of efficacy, and may even prepare the registration dossier and include the best formulation to make the final product more effective. These structures can also function as a business network, connecting Sacco System prototypes with large distributors and vice versa.
Similarly, biotechnology can be applied to animal husbandry and can contribute to the healthiness, productivity and quality of animal production. 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.

3.1.7 Goal #4

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

3.1.8 Goal #5

Achieve gender equality

3.1.9 Goal #10

Reduce inequalities

3.1.10 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.

mani tese
UN IMPEGNO DI GIUSTIZIA

3.2 GOALS AND ACTIVITIES 2022

3.2.1 Structures and systems

In 2022, a biological wastewater treatment plant with MBR (Membrane Biological Reactor) technology and a daily flow rate of 750 m3 per day was commissioned at the Zelo Buon Persico production plant. The water shall soon be authorised for discharge into surface water bodies and will therefore be usable for irrigation. Systems have also been installed to recover part of the effluent for technical use (boilers and evaporation towers, after appropriate treatments), with a recovery of about 3,000 m3 of water per month in the company's water cycle.
In Cadorago, a 1500kW cogeneration plant was commissioned to reduce our dependence on bought electricity, improve our energy efficiency and also produce hot water for industrial use.
The Caglificio Clerici production site also underwent a major upgrade with the construction of a new cell with adjoining warehouse to improve storage capacity and optimise warehousing processes.
Construction on the live cultures production site to supply the North American market work also continued in Wisconsin (USA) in 2022, with commissioning scheduled for 2023.
Finally, the new yeast production plant in Cadorago became operational, offering cultures for the dairy market, and in the future, also for the world market of fermented, alcoholic and non-alcoholic beverages.

3.2.2 Company certificates

To confirm our commitment and level of quality, Sacco, CSL and Caglificio Clerici also maintained the ISO 22000 certification in 2022 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 has vegan certification for the 4C product category. 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.

SISTEMA DI GESTIONE PER LA SICUREZZA ALIMENTARE
CQY CERTIQUALITY
UNI EN ISO **22000:2018**

SISTEMA DI GESTIONE PER LA SICUREZZA ALIMENTARE CERTIFICATO
CQY CERTIQUALITY
FSSC **22000**

FSSC 22000

SISTEMA DI GESTIONE QUALITÀ CERTIFICATO
CQY CERTIQUALITY
UNI EN ISO **9001:2015**

3.2.3 Research and development

Research and development are a fundamental part of Sacco System's activities: 6% of our turnover is continuously reinvested in research. There are more than 50 active projects each year and almost 30% of Sacco System staff work in the laboratories.

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

For all sectors:

- Whole Genome Sequencing approach for the characterisation of strains in production (identification, presence of plasmids, antibiotic resistance, antimicrobial resistance and production of biogenic amines);
- Determination of carbohydrates and organic acids using HPLC technology for monitoring and optimising production processes;

For Dairy:
- 4Protection: extension of shelf life and increased food safety (pathogen inhibition);
- 4Choice: development of cultures for the production of alternative foodstuffs similar to yoghurt (spoonable) and cheese (spreadable and moulded);
- Phages: study of the evolution of lactic acid bacteriophages and development of optimal solutions to ensure successful fermentation. Improvement through non-GMO techniques of the resistance of lactic acid bacteria to bacteriophages and the development of complex cultures defined as hardened;
- Development of dairy products (special focus on fresh, semi-hard and hard cheeses).
- Development of functional fermented dairy products;
- Development of mesophilic mixtures with high exopolysaccharide production over a wide range of temperatures;
- Optimisation of thermophilic mixtures containing Streptococcus thermophilus PrtS+;

For Meat:
- 4Protection: longer shelf life and increased safety (especially regarding the pathogen Listeria monocytogenes);
- NOS: elimination/reduction of nitrates and nitrites and maintenance of fermented products' characteristics through the use of bacteria with nitric oxide synthase (NOS) activity;

For Fish:
- 4Protection: development and application verification of cultures with anti-Listeria monocytogenes activity;

For Fruit and Vegetables:
- Improvement of sensory properties and shelf life, development of fermented beverages with and without alcohol;
- Development of cultures for reduced sugar in fruit juice;
- Development of cultures for kombucha production;

For Fruit and Vegetables:
- Improvement of sensory properties and shelf life, development of fermented beverages with and without alcohol;
- Development of cultures for reduced sugar in fruit juices;
- Development of cultures for kombucha production;

For Health&Nutrition:
- Characterisation of probiotic activities and live bacteria action mechanisms;
- Characterisation and development of industrial processes for the production of obligate anaerobes (next generation probiotics);

- Development of industrial processes for the production of inactivated probiotics (postbiotics);
- Clinical studies in the “female health”, “gut health” and “postbiotic” fields;

For Agro-Vet:
- New products for silage production;
- Development of micro-organism based fertilisers;
- Promotion of plant growth and health;
- Use of eluates as an alternative to chemical fertilisers;

Sacco System is also a member of ONFOODS (https://onfoods.it/), a foundation within one of the 14 partnerships envisaged by the PNRR (National Recovery and Resilience Plan), in the “Models for Sustainable Food” area, which provides 114.5 million euros of funding to member institutions for essential industrial research and experimental development projects. Adopting a new model of sustainable nutrition, ONFOODS is committed to making a tangible impact on people's wellbeing and health, with the goal of ensuring access to adequate nutrition for all and helping preserve the Planet.

The Foundation will work synergistically to achieve strategic goals within 36 months, in line with those of the PNRR, the Horizon Europe research framework programme and the UN 2030 Agenda for Sustainable Development (SDGs). The 26 members of the OnFoods Foundation comprise seven private companies (in addition to Sacco System: Barilla, Bolton Food, CirFood, De' Longhi, Tecnoalimenti, Confcooperative as Hub Member) and 19 Italian Universities and Research Institutes.

3.2.4 Circular economy

At the beginning of 2022, a new evaporation plant went into operation at the Cadorago production site, allowing for liquid waste from fermentation processes to be concentrated and stored for reuse in other production cycles. Eluates concentrated by vacuum evaporation have been registered as a raw material for liquid organic fertilisers in the new EU fertiliser regulation EU 1009/2019, under the trade name NutriLiquid. Compatibility with other commercially available organic fertilisers is being evaluated, and follow-up in-field fertilisation efficacy trials on vegetable and intensive crops are underway.
Studies and ongoing tests were concluded at Caglificio Clerici with a 40% reduction in salt used in production, thanks to a process innovation that reduced the quantities eliminated with waste water.

3.2.5 Relationship with employees

The year 2022 was an important one in the history of Sacco System, marking the 150th anniversary of the founding of the historic family business, Caglificio Clerici. The occasion was celebrated with a big party for all past and present Sacco System employees at the prestigious Villa Erba in Cernobbio (CO): a wonderful opportunity to get together and mark this important milestone and to enthusiastically look forward to the future of the company group, which is first and foremost a group of people.
During the year, numerous other initiatives were implemented for employees of companies located in Italy and abroad, aimed at strengthening the team spirit of an ever-growing group. Noteworthy among these projects are: the “People Survey”, which investigates the company climate and tries to identify strengths and weaknesses in human resources management; photo-shoots for all employees, paired with a health-focused tasting session; the “R-Evolution breakfast” for managers, aimed at stimulating initiatives and teamwork; inter-departmental team building initiatives for continuous improvement; an international meeting with the subsidiaries of the H&N and Dairy divisions, to present the projects carried out globally and to set the goals and roadmap for the years ahead; “Aperisystem”, an aperitif hour for all Sacco System people in Cadorago and Zelo Buon Persico; the “Good to Know You - New Entries” and “Good To Know You - World Wide” initiatives, a monthly event for welcoming new hires in Italy and people in the Sacco System abroad; employee events and training courses to stimulate growth, continuous improvement and knowledge sharing; meetings with the group of Ambassadors of the INgredients project, for the creation of new social content and people engagement.

3.2.6 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.
Launched In 2020, the INgredients communication and dissemination project continued to move ahead. The initiative aims to raise awareness about the hidden, invisible world of Sacco System ingredients (rennet, cultures 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 national and international science popularisers. The international community on our Facebook and Instagram channels is growing steadily and evenly. A new video called “Siamo sempre con te” (We are always with you) was made and was aired on RAI's addressable TV channel, the corriere.it and gazzetta.it websites, Mediamond media and some Sky TV channels. In April, we brought the INgredients project to a conference entitled “La tradizione si rinnova” (Renewing tradition) organised by FOOD magazine.
We continued to carry out scientific knowledge-sharing activities, focusing on our ingredients. In 2022, we hosted students from Kold University in Copenhagen, the State University of Milan, the Department of Biotechnology and Life Sciences (DBSV) of the University of Insubria and the Catholic University of Piacenza.
We participated for the fourth consecutive year in the “Deploy your talents” project, organised by the Fondazione Sodalitas and VISES, through whom we were able to work with fifth grade classes of the Liceo Galileo Galilei in Caravaggio (BG). The project aims to bridge the gender gap and boost the study of technical-scientific subjects.
Also this year, we offered research and laboratory analysis support to the Liceo Majorana in Rho (MI), within the “Mad for Science” project.
At Christmas, employees were gifted an INgredients-themed shopping bag containing products

made from Sacco System ingredients. One of the products included was an IPA beer was, developed and created from an employee's imaginative recipe. The employee also devised the graphics on the can, later customised by Sacco System.

3.2.7 Awards and merits

Once again this year, Sacco (with CSL) was one of the 800 “Champion” companies according to a survey run by Corriere Economia (the Corriere della Sera financial supplement) and Italypost. The poll looked at the balance sheets of Italian companies with a turnover between 20 and 120 million and which recorded above-average performance from 2015 to 2021.
Sacco was also listed as one of the Corriere Economia TOP50 companies in the chemical, pharmaceutical and nutraceutical industries, from among companies in the sector with a turnover between 20 and 500 million based on 2015-2021 accounts.

3.3 GOALS AND PROJECTS 2023-2025

3.3.1 Structures and systems

We have a number of plans to expand, adapt and modernise our buildings and production facilities by 2025. Sacco Labware will likely relocate to a new dedicated site in Vertemate (CO), a few kilometres away from the headquarters in Cadorago. Comprising 700 m2 of office space and 1100 m2 of warehousing, the structure will optimise logistics and specific business, thus offering staff ample space for their work. Vertemate will also be the site for the production of microbial cultures for plant protection, with fermenters, freeze-dryers and dedicated packaging lines.

Planning has begun in Zelo Buon Persico for a new multi-storey building named Z3, which will house new production facilities, laboratories and offices.

In Cadorago, the P4 building will be erected. This 4,000 m2 plant will be used for frozen food production, boosting the company's overall output. A further extension of the P1 building is also planned, following the 2015 interventions. The new works will double the size of the quality control laboratories and packaging departments and will also involve a revamp of the existing production facilities, with expanded fermentation and freeze-drying capacity. The upgrade will also include new places for employees to congregate and relax.

3.3.2 Research and development

In the 2023-2025 three-year period, our collaborations will continue with partners all over the world (Italy, Switzerland, Denmark, France, Holland, Spain, Sweden, Estonia, Ireland, Austria, Canada, Argentina and United Arab Emirates) on a total of over 50 projects, with others being constantly added. The main focuses will be:

- Understanding and control of action mechanisms and expansion of the range of protective cultures applied in all areas of company interest;
- Expansion of the range of starter and adjunct cultures for the production of dairy and meat alternatives;
- Improving the technological properties of micro-organisms through the use of non-GMO and NGT techniques;
- Controlling and improving the stability of the
- micro-organisms produced;
- Use of inactivated micro-organisms ('postbiotics') and demonstration of efficacy through clinical trials;
- Development of production processes for the production of live obligate anaerobes;
- Development of fermentation processes for the recycling of food waste and the creation of functional foods.

3.3.3 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. Tests for the compatibility of concentrated eluates with other commercially available organic fertilisers will continue, as will in-field fertilisation efficacy trials on horticultural and intensive crops.

3.3.4 Relationship with employees

For our employees and workers, we will set up initiatives to enhance our “Family Spirit” by involving them and giving them visibility and voice through internal photoshoots and the expansion of the INgredients Ambassadors Club with new activities and tasks.
Regular meetings will be held to present successful projects and the so-called “Town Hall” event, with all departments present for the sharing of company achievements and the presentation of new challenges for 2023-2024.

3.3.5 Stakeholder engagement

The work of disseminating a “culture of cultures” will continue, and will be addressed not only to companies but also directly to consumers, in line with our mission “supporting food culture and life”, through various projects concerning the world of INgredients, Microbiome and Agrovet.

Particular emphasis will be given to scientific dissemination and employer branding with high-school and university students.

We will once again participate in events in Italy and abroad in order to increase awareness of our brand, our values and our ingredients.

In the next two years, we are also planning to get all our stakeholders involved in the updating of the materiality analysis.

4 IL DUEMILAVENTIDUE IN CIFRE

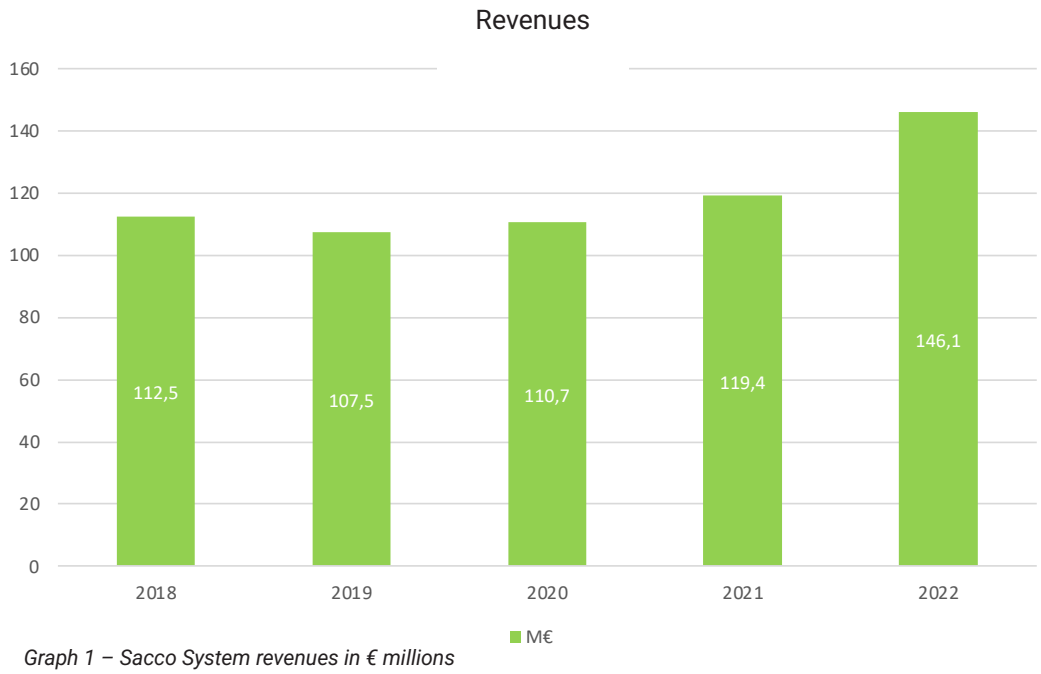
361	employees
146 M€	revenues
151	t frozen mixtures
399	t freeze-dried mixtures
1110	t enzymes
1035	t growth media
300	chemical products

5 ECONOMIC RESPONSIBILITY

The economic value at the service of innovation and people

5.1 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 first-level managers. Then they are disclosed in the general reports and lastly in the financial statements, following the close of the financial year, according to 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 years running. 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. The year 2020 saw a recovery in growth, which was repeated in 2021. 2022 was an extremely positive year, with more than € 146 million in revenue recorded (+22.4% year-on-year; 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



Graph 1 – Sacco System revenues in € millions

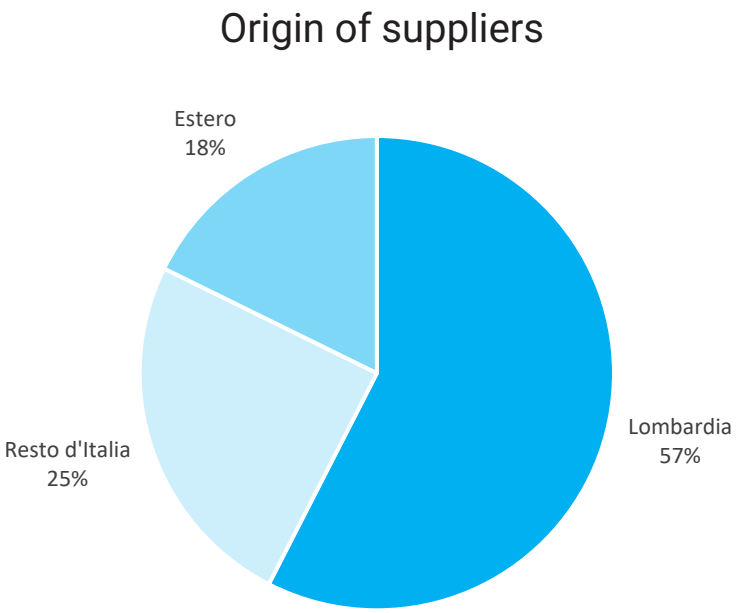
data that is useful for sustainability reporting is shown below (Table 3), drawing on the details published in the statutory financial statements.

Economic-financial data	2022
Direct economic value generated (revenues)	€ 146,127,339
Economic value distributed (operating costs, employee wages and benefits, payments to capital providers, payments to government by country, and community investments)	€ 107,649,211
Economic value retained	€ 38,406,686
Financial assistance received from the Government (Industry 4.0 tax credits, Advertising, Research & Development tax credits)	€ 2,851,080

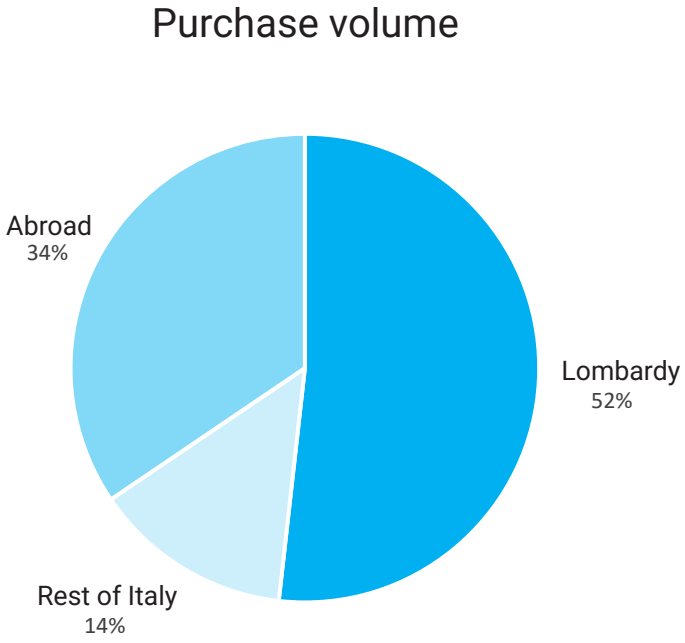
Table 3 – Sacco System's economic-financial data

5.2 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 1241 different services and goods suppliers (including manufacturers and distributors); the figure increased slightly from the previous year by about 5%.
More than 80% of suppliers are Italian (57% of them are in the Lombardy region): however, it should be noted that the majority of Italian and Lombardy suppliers market products of non-national, European or non-European 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. The presence of non-EU suppliers is extremely limited.
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.
Changes in the supply chain in 2022 were dictated by stock management needs for alternatives that could offer technical and documentary guarantees in line with our procedures and product availability. Unfortunately, this did not prevent price increases, which were driven in the first phase by the sudden and dramatic increase in energy costs and then by spiralling inflation fuelled by a general increase in costs across the board. These effects, visible in the increased acquisition costs for all Group companies, will continue in the 2023 report.



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



Graph 3 - Breakdown of spending on suppliers based on their geographical origin

5.3 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 whistleblower 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 2022, there were no episodes of corruption or conflict of interest in the sphere of influence of Sacco System.

6 ENVIRONMENTAL RESPONSIBILITY

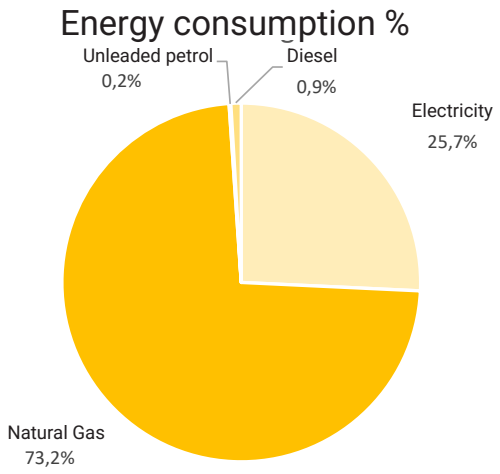
Measure impacts as a first step towards improving environmental performance

6.1 ENERGY

The energy sources used in the company's activities are: electricity and natural gas for production processes and on-site activities, electricity and automotive fuels for company vehicles (see Table and
Graph 4). Electricity needs are covered through purchases from external suppliers and through self-generation, through the natural gas cogeneration plant, active since 2022 at the Cadorago site, and the 5kW photovoltaic plant at the Zelo Buon Persico site.

Energy consumption	2020	2021	2022	Δ% a.p.
Electricity purchased (production sites)	21,945,256 kWh	22,630,361 kWh	20,129,246 kWh	-11%
Electricity purchased (automotive refills)	--	2,894 kWh	7,843 kWh	+171%
Self-generated electricity (photovoltaic system)	--	7,000 kWh	6,900 kWh	-1%
Natural gas	3,113,322 m3	3,310,942 m3	5,235,756 m3	+58%
Unleaded petrol	5,385 litres	10,503 litres	13,945 litres	+33%
Diesel	72,426 litres	82,996 litres	72,614 litres	-13%
Total	**203,213,716 MJ**	**214,146,633 MJ**	**281,632,177 MJ**	**+31%**

Table 4 - Sacco System's energy consumption in 2022 and conversion to MJ (Sources)



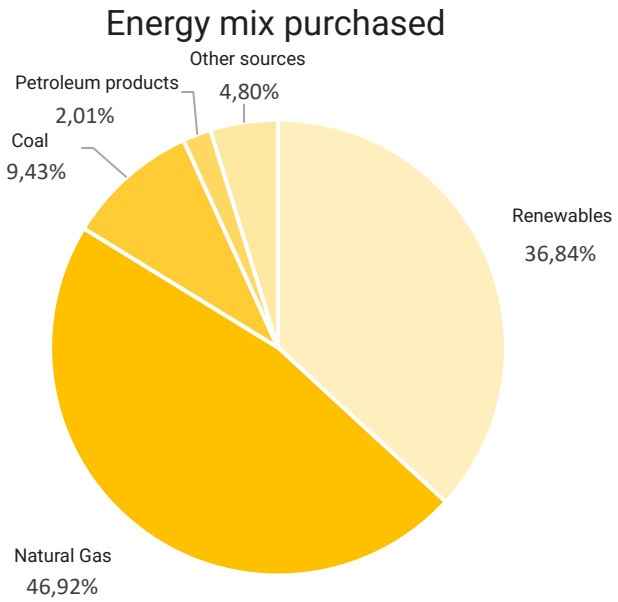
Graph 4 - Percentage distribution of energy consumption in 2022

[1] 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 39.035 MJ/Sm3 for Sacco; 39.095 MJ/Sm3 for Clerici; 39.110 MJ/Sm3 for CSL).

In 2022, approximately 6,900 kWh were produced by the photovoltaic system and consumed entirely on-site. The cogeneration plant generated 142,886 kWh of heating energy and 2,796,778 kWh of steam energy, which was directly consumed; 120 kWh was fed back into the electricity grid and sold. The cogeneration plant will save 1400 toe per year when it is fully operational. In 2022, energy consumption was reduced by 11,565,392 MJ, thanks to the on-site production of electricity, steam and hot water by cogeneration.

The choice of gas and electricity suppliers is mainly driven by commercial considerations, trade associations acting as mediators. Approximately 37% of the fuel mix of purchased electricity is from renewable sources (Graph 5).

Sacco System's energy consumption is mainly attributable to the operation of its highly energy-intensive culture production and refrigeration plants. Energy consumption is constantly monitored and initiatives aimed at limiting consumption are taken into consideration, through the introduction of technological solutions and the periodic renewal of increasingly efficient equipment. In order to improve our energy efficiency and to reduce waste, we are performing an energy audit and in plants we are equipping all new rooms with LED lighting or replacing existing lighting systems. We are also insulating all piping and installing inverters (about half of the plants now have them). At CSL, there are plans to install economisers downstream of two steam generators, for an estimated methane saving of 60,000 Smc per year, corresponding to about 50 toe per year.



Graph 5 – Composition of the fuel mix relating to electricity purchased in 2022, according to the location-based approach 2

[2] Source: GSE. Composition of the initial national mix used for the production of electricity fed into the Italian electricity system in 2022 (pre-final balance). 28/07/2022. When the drafting of this report was completed, the 2022 figures for the specific supplier were not yet available. As the market-based mix is subject to greater fluctuations from year to year, a location-based approach was preferred.

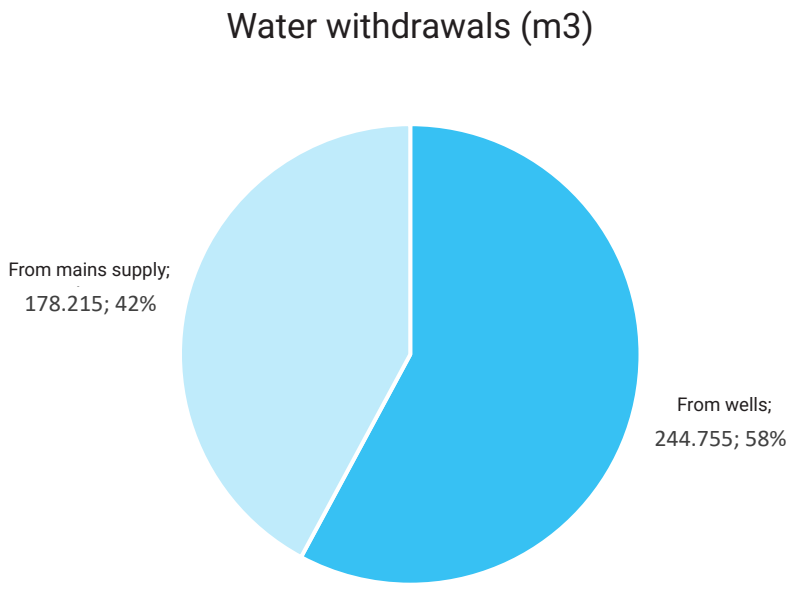
6.2 WATER AND EFFLUENTS

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.

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, mechanisms are in place for the recovery and recycling of some process water for purely industrial uses, such as the closed cycle for heating/cooling water, the recovery of condensate, washing and waste water from osmosis.

In addition, major investments have been made in recent years to implement technological solutions to reduce the impact on water resources, both in terms of withdrawals and discharges. No Sacco System production site falls into water-stressed areas.

In our production sites we use both water from the public mains supply and from wells, with a total annual consumption of almost 433 million litres (see Graph and Table 5). The predominant use of water from private wells also reduces the impact on the public mains network.



Graph 6 - Amount of fresh water withdrawals (in m3) according to source

As regards effluent management, February 2022 saw the commissioning of a purification plant with MBR (Membrane Biological Reactor) technology at the Zelo Buon Persico site, capable of treating up to 230,000 m3 of effluent per year and thus easing the impact on the sewerage system.

Following the installation of the purification plant, we obtained authorisation from the Muzza Bassa Lodigiana Land Reclamation Consortium for discharge into surface water bodies; with the AUA substantive amendment file completed and filed, we are now waiting for authorisation from the Province of Lodi to be able to discharge the effluent into irrigation ditches. In July 2022, a system was launched to reuse purified water for technological use in evaporative towers and steam generators, with a total annual recovery of approximately 16,000 m3.

[3] 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. Last viewed 31/07/2023.

At the operating site in Cadorago, waste water undergoes an initial physical treatment in equalisation tanks, is then fed into the sewage system – for which we have the necessary environmental authorisations – and finally sent for purification through the consortium plants. In 2022, an evaporator was commissioned to allow us to concentrate fermentation eluates; important and promising research and development projects are underway to study their reuse as fertilisers. At the same time, evaporated water may be recovered for technological use in production processes.

At CSL, the production eluates (the spent broths from fermentation) are already being reused in animal husbandry as pig feed, a perfect example of circular economy: in 2022, 4,593 t of eluates were recovered in this way as formulants for feeds. At Sacco, the pilot phases of the eluate re-use project resulted in the processing of 880 t of eluate concentrate, which was destined for the animal feed and agrochemical industry. This means that approximately 8,800 t of eluate was processed, which would otherwise have been discharged as effluent. Finally, at Caglificio Clerici, an important process innovation became fully operational during the year, saving up to 40% of salt in production, much of which previously ended up in waste water.

Discharge limits are established by law and any exceptions are agreed with the competent local authorities. Compliance with these limits is guaranteed by regular checks by the control bodies or through self-certification. In 2022, a control by the competent authorities detected an out-of-specification value related to the nitrous nitrogen and nitric nitrogen parameters in the wastewater from the Zelo plant: as a result, some adjustments were made to the purification plant and the problem was resolved.

Water consumption from Sacco System activities, meaning water no longer usable by the ecosystem or by the local community, calculated as the difference between water withdrawn and water discharged, 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 or concentrated eluates) and from that evaporated during production processes or consumed for civil use. Finally, in the production plants are located tanks for the temporary storage of water, which will then be used in production (see Table 5).

Information on the use of water	2022
Withdrawals	422.970 mc
Discharges	325.170 mc
Consumption	97.800 mc
Storage	660 mc

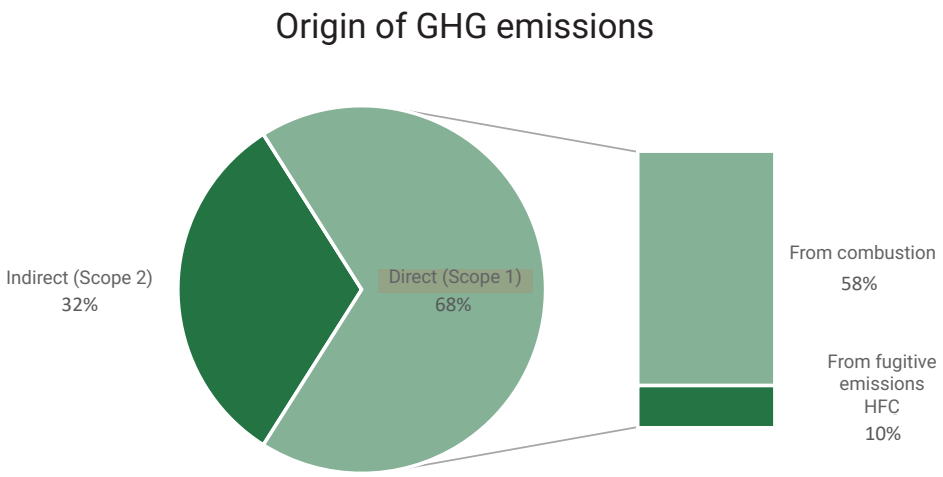
Table 5 - Detail on the use of water resources in 2022

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

6.3 EMISSIONS

Le emissioni interne di gas serra derivanti dalle attività produttive di Sacco System possono essere distinte tra dirette e indirette.

Le nostre emissioni dirette (Scopo 1, secondo il GHG Protocol) sono quelle che derivano dalla combustione da parte di macchinari di proprietà o controllati dall'azienda (cogeneratore, caldaie, bruciatori, ma anche mezzi di trasporto come le auto aziendali), oppure dalle perdite di F-gas dai nostri impianti di refrigerazione. Le emissioni dirette rappresentano oggi oltre i due terzi delle emissioni interne totali di gas a effetto serra (Grafico 7). Sono invece indirette (Scopo 2) quelle che derivano dalla produzione di energia elettrica importata e consumata dall'azienda.



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

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[5] and the consumption of automotive fuels[6], and of the GWP-ODP Calculator[7] for F-gases (Table 6), while the estimate of indirect emissions from thermoelectric production was carried out on the basis of the most recent ISPRA coefficients[8] and the latest available data relating to energy mixes (Graph 8).

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 how they will be managed and monitored in the future, as we consider our impact as not insignificant.

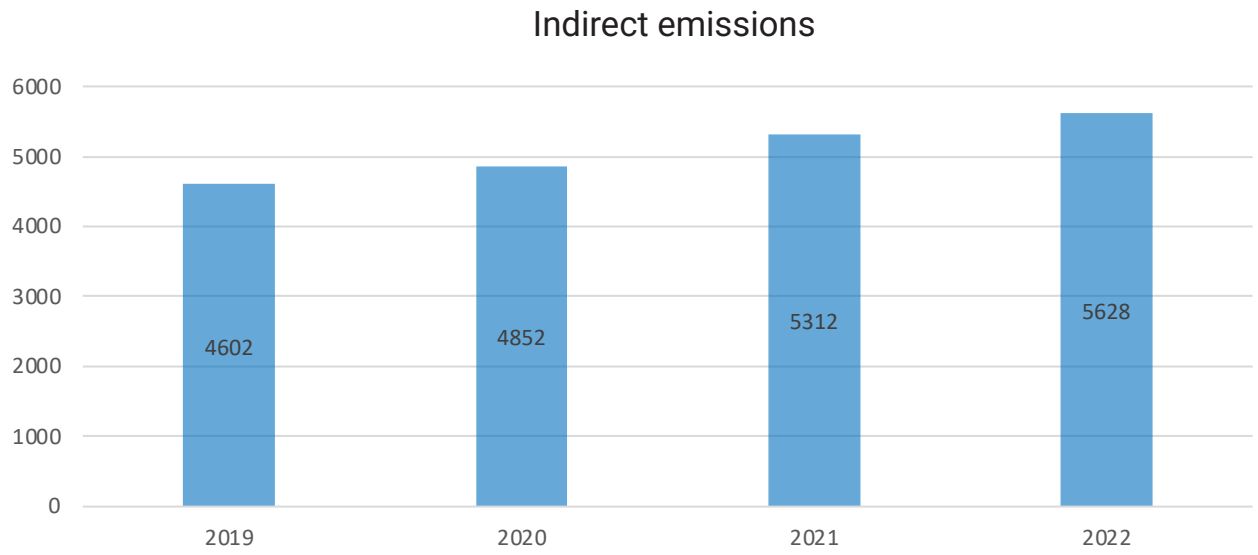
Emissioni dirette GHG	2020 (tCO_{2eq})	2021 (tCO_{2eq})	2022 (tCO_{2eq})
From combustion of natural gas	5.874,19	6.247,06	9.878,78
From combustion of unleaded petrol	12,23	23,86	31,68
From combustion of diesel	193,84	222,12	194,34
From HFC fugitive emissions	831,92	1.380,63	1.837,38
Total	**6.912,18**	**7.873,67**	**11.942,18**

Table 6 - Estimate of direct greenhouse gas emissions (Scope 1) over the last three years

[5] World Resources Institute (2015). GHG Protocol tool for stationary combustion. Version 4.1
[6] World Resources Institute (2015). GHG Protocol tool for mobile combustion. Version 2.6
[7] GWP-ODP Calculator https://www.unep.org/ozonaction/gwp-odp-calculator
[8] Indicators of efficiency and decarbonisation of the national energy system and the electricity sector. ISPRA 363/2022 Report. Carbon dioxide emission factors from gross thermoelectric production by fuel (update to 2021 and preliminary estimates for 2022). SINAnet, ISPRA

Con l'introduzione del cogeneratore, rispetto all'anno precedente, si è inevitabilmente osservato un deciso aumento delle emissioni dirette causate dalla combustione del gas naturale (+58%); per quanto riguarda le emissioni derivanti dal consumo di combustibili per l'autotrazione, si è misurato un incremento per la porzione a carico della benzina senza piombo e una corrispondente diminuzione di quella del gasolio, a fronte di un parziale cambio della flotta aziendale e una riduzione dei litri di carburante consumati (-7%). Le emissioni fuggitive di HFC sono anch'esse aumentate di circa un terzo e sono state causate da alcuni guasti negli impianti di refrigerazione. Si suppone che, con l'introduzione di nuovi agenti chimici per la gestione degli impianti frigoriferi, si riuscirà a ridurre progressivamente l'impatto sulle emissioni dirette.

Le emissioni indirette, calcolate secondo un approccio location-based, hanno subìto un aumento del 6% rispetto al 2021, nonostante un decremento nell'acquisto complessivo di elettricità (-11%), a causa della variazione del fuel mix dell'energia elettrica immessa nella rete nazionale, che ha purtroppo favorito fonti a maggiori emissioni (Grafico 8)[9].



Graph 8 - Estimated indirect emissions (Scope 2, in tCO2eq) of greenhouse gases in the last three years, using a location-based approach

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").[10]

[9] Source: GSE. Composition of the initial national mix used for the production of electricity fed into the Italian electricity system in 2021 (final) and 2022 (pre-final). 28/07/2022. When the drafting of this report was completed, the 2022 figures for the specific supplier were not yet available. 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 the 2021 fuel mix update, the 2021 market-based indirect emissions were corrected from the previous report, from 5269 to 5312 tCO2eq.

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

6.4 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 6.

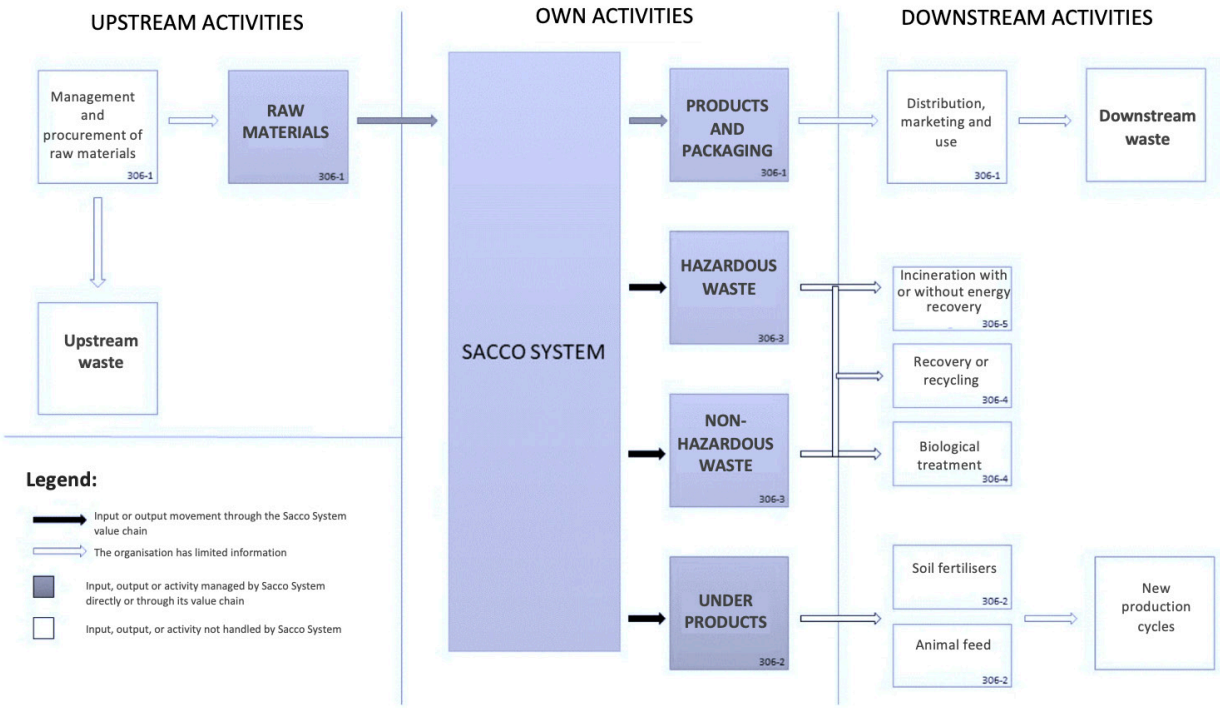


Figure 6 - Process flow for the production of waste and the significant impacts associated with it

Sacco System receives raw materials with their 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).

In the course of its production and laboratory activities, Sacco System directly produces waste, almost 80% of which is made up of packaging waste (mixed materials, paper and cardboard, plastic and metal); other categories of waste routinely produced are those deriving from laboratory or maintenance activities, sludge from equalisation tanks and the purification plant, unusable waste (processing waste, expired or out-of-specification samples), and discarded equipment (see Table 7).

EWC CODES	WASTE DESCRIPTION	KG
150106	mixed packaging	**131.720**
150101	paper and cardboard packaging	**42.560**
150102	plastic packaging	**42.440**
150104	metallic packaging	**20.090**
150101	paper and cardboard packaging	**13.440**
180103*	wastes whose collection and disposal is subject to special requirements in order to prevent infection	**12.498**
020304	(waste unsuitable for consumption or processing)	**10.150**
020502	sludge from on-site effluent treatment	**8.200**
020304	(waste unsuitable for consumption or processing)	**8.180**
180103*	wastes whose collection and disposal is subject to special requirements in order to prevent infection	**6.685**
161001*	aqueous liquid wastes containing hazardous substances	**6.350**
170405	iron and steel	**6.086**
170402	aluminium	**2.544**
170604	insulating materials, not containing asbestos or hazardous substances	**2.460**
150110*	packaging containing residues of or contaminated by hazardous substances	**2.395**
130208*	other engine, gear and lubricating oils	**2.010**
160216	components removed from discarded equipment other than those mentioned in 16 02 15	**1.820**
160214	discarded equipment (computers, etc.)	**1.700**
160506*	laboratory chemicals, consisting of or containing hazardous substances, including mixtures of laboratory chemicals	**698**
160213*	discarded equipment containing hazardous components	**620**
160305*	organic waste containing hazardous substances	**560**
160508*	organic waste chemicals containing or consisting of hazardous substances	**404**
160211*	discarded equipment containing chlorofluorocarbons, HCFC, HFC	**380**
080318	waste printing toner (non-hazardous)	**86**
160604	alkaline batteries	**10**

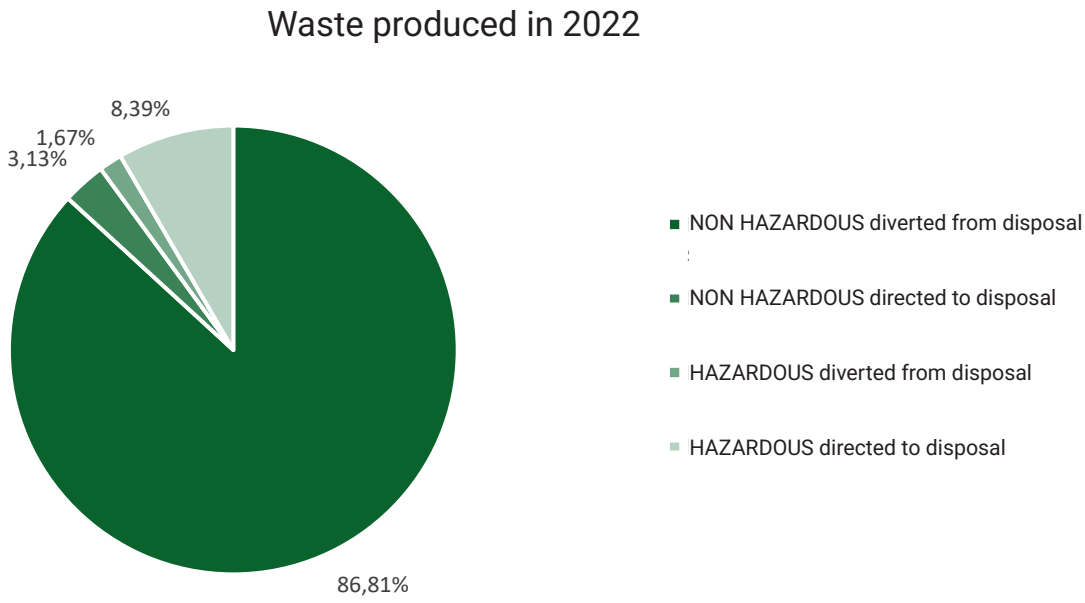
Table 7 - List of waste sent for recovery or disposal in 2020 (in kg) [11]

[11] The quantities entrusted to the operator in the reference year are assumed as “produced” waste.

Almost 90% of the waste generated is made up of non-hazardous waste. Regarding its destination, 88.5% is sent for recycling, recovery or biological treatment; the remaining 11.5% is directed to disposal: either for incineration (including with energy recovery) or for chemical-physical treatment (Table 8 and Graph 9). All waste is entrusted, for their subsequent treatment, to authorised Italian companies, duly registered in the national register of environmental managers. We have no evidence that any of our waste is sent to landfills.

Waste destination		Kg	%
NON-HAZARDOUS WASTE		**291.486**	**89,94%**
of which	Diverted from disposal[12]	281.336	86,81%
of which	Directed to disposal[13]	10.150	3,13%
HAZARDOUS WASTE		**32.600**	**10,06%**
of which	Diverted from disposal[15]	5.405	1,67%
of which	Directed to disposal[16]	27.195	8,39%

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



Graph 9 - Percentage distribution of waste produced, broken down according to hazardousness and final destination

In the three-year period 2017-2019, animal rennet processing waste represented 71% of the total waste produced in the Sacco System, and almost 95% of that at Caglificio Clerici, with more than 2,300 t produced in total. During 2020, its management as Category 2 (not for animal consumption) animal by-products (O.A.S.) became fully operational by sending it to a rendering plant for conversion into fertiliser (Figure 6). This made it possible, starting from 2021, to manage all rennet processing waste as SOA.

[12] Waste sent for recycling, recovery or biological treatment.
[13] Waste sent for incineration with or without energy recovery, physical-chemical treatment
[14] Total waste generated by Caglificio Clerici in 2018 = 887,130 kg; in 2022 = 59,684 kg.

The results of this change have had a huge impact on the overall amount of waste produced: the full implementation of this system has resulted in at least a 93% reduction of waste produced by Caglificio Clerici compared to previous years. The total quantity of rennet processing scraps sent to new production processes in 2022 was equal to 978.5t.

This was reflected, also at group level, in a progressive and consistent reduction: in 2020 there was a 53% reduction in waste produced, compared to the previous year – a trend that was repeated in 2021 with a further 42% reduction. In 2022, production quantities were similar to the previous year: the slight increase (+8.5%) was, however, decoupled from the increase in production capacity of +41% (Graph 10).

Graph 10 - Comparison of overall waste production in the Sacco System network in the two-year period 2019-2020 (in kg)

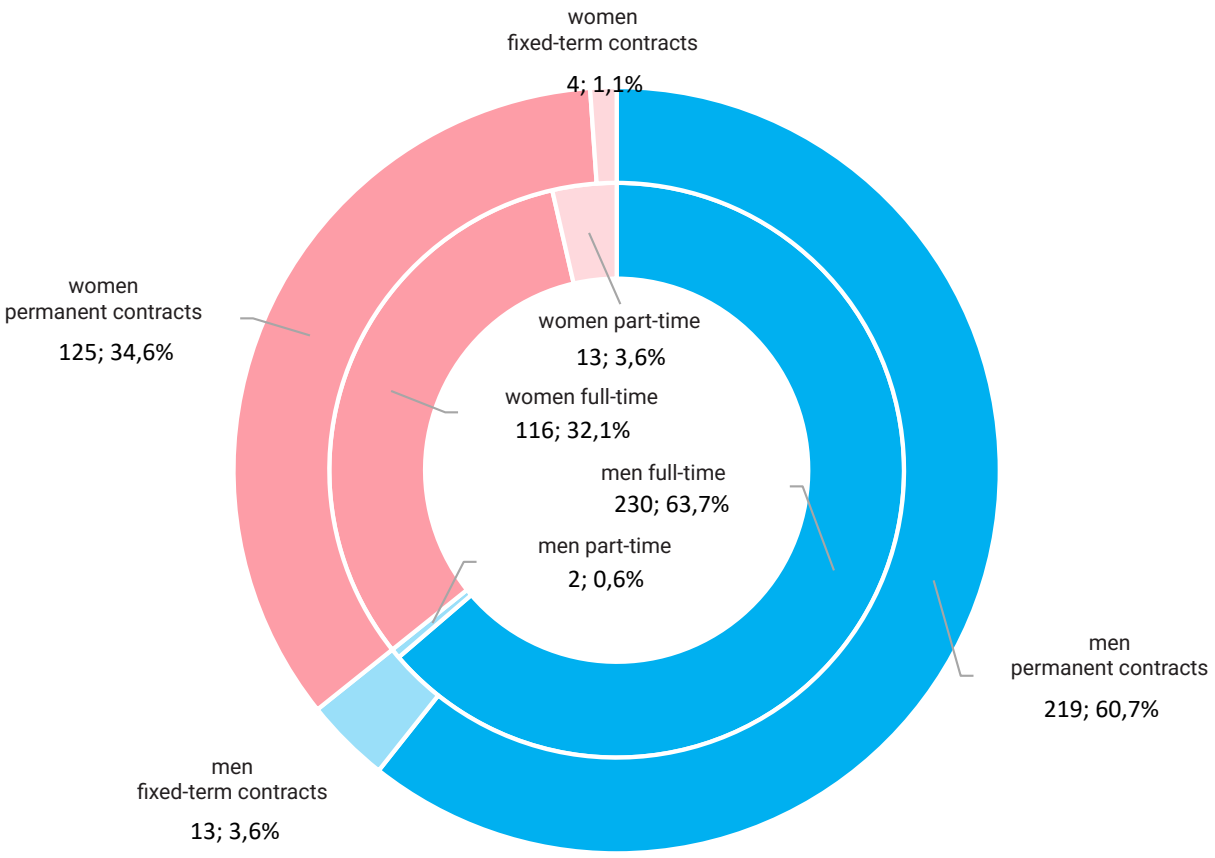
7 SOCIAL RESPONSIBILITY

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.

7.1 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, 232 men and 129 women work in Sacco System, from 24 different countries, all covered by collective bargaining agreements (Chemical-Pharmaceutical and Food CCNL). Almost all existing contracts are permanent (95.3%) and full-time (95.8%). During 2021, 50 new employees joined the company (+13.9%) and 39 left (-10.8%) (Table 9). It is noteworthy that 61% of our women are university graduates, 48% of them in STEM subjects (Science, Technology, Engineering and Mathematics).



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

[15] Data as at 31/12/2022

Contract type	PERMANENT	FIXED-TERM	by gender
M	219 (60.7%)	13 (3.6%)	232 (64.3%)
F	125 (34.6%)	4 (1.1%)	129 (35.7%)
by type	**344 (95.3%)**	**17 (4.7%)**	**361 (100%)**

Type of hours	FULL TIME	PART TIME	by gender
M	230 (63.7%)	2 (0.6%)	232 (64.3%)
F	116 (32.1%)	13 (3.6%)	129 (35.7%)
by type	**346 (95.8%)**	**15 (4.2%)**	**361 (100%)**

Hirings	<30	30-50	>50	by gender
M	16 (32.0%)	20 (40.0%)	2 (4.0%)	38 (76.0%)
F	3 (6.0%)	8 (16.0%)	1 (2.0%)	12 (24.0%)
by age	**19 (38.0%)**	**28 (56.0%)**	**3 (6.0%)**	**50 (100%)**

Voluntary Terminations	<30	30-50	>50	by gender
M	6 (20,0%)	14 (46,7%)	1 (3,3%)	21 (70,0%)
F	2 (6,7%)	6 (20,0%)	1 (3,3%)	9 (30,0%)
per età	**8 (26,7%)**	**20 (66,7%)**	**2 (6,6%)**	**30 (100%)**

Dismissals	<30	30-50	>50	by gender
M	0	1 (33.3%)	0	1 (33.3%)
F	1 (33.3%)	0	1 (33.3%)	2 (66.7%)
by age	**1 (33.3%)**	**1 (33.3%)**	**1 (33.3%)**	**3 (100%)**

Retirment	<30	30-50	>50	by gender
M	0	0	6 (100%)	6 (100%)
F	0	0	0	0
by age	**0**	**0**	**6 (100%)**	**6 (100%)**

Deaths	<30	30-50	>50	by gender
M	0	0	0	0
F	0	0	0	0
by age	**0**	**0**	**0**	**0**

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

Part-time workers enjoy the same rights and benefits as full-time workers. Sometimes we use temporary workers, or workers on coordinated and continuous collaboration (Co.Co.Co.), especially for short-term replacements in the production and packaging departments; there were 21 of these as at 31/12/2022. 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.

The remuneration policy in Sacco System strives to enhance the value of employees by means of adequate remuneration. For non-senior management personnel, base salaries are dictated by the National Collective Labour Agreement and positions are revalued annually; in addition to the fixed remuneration, a Results Bonus is paid annually, calculated on the basis of the achievement of economic, departmental and environmental objectives.
In addition to the social security contributions required by law, Sacco System gives its workers the option of joining supplementary pension schemes (Previndai, Alifond and Fonchim, where the severance indemnity is paid and which 63% of employees have joined) and healthcare schemes (Faschim, FASA and 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 2022, 19 women (100% of those eligible) and 3 men (50% of those eligible) took parental leave. The rate of return is 100%; the retention rate after 12 months is 95% for women and 100% for men. 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. 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.

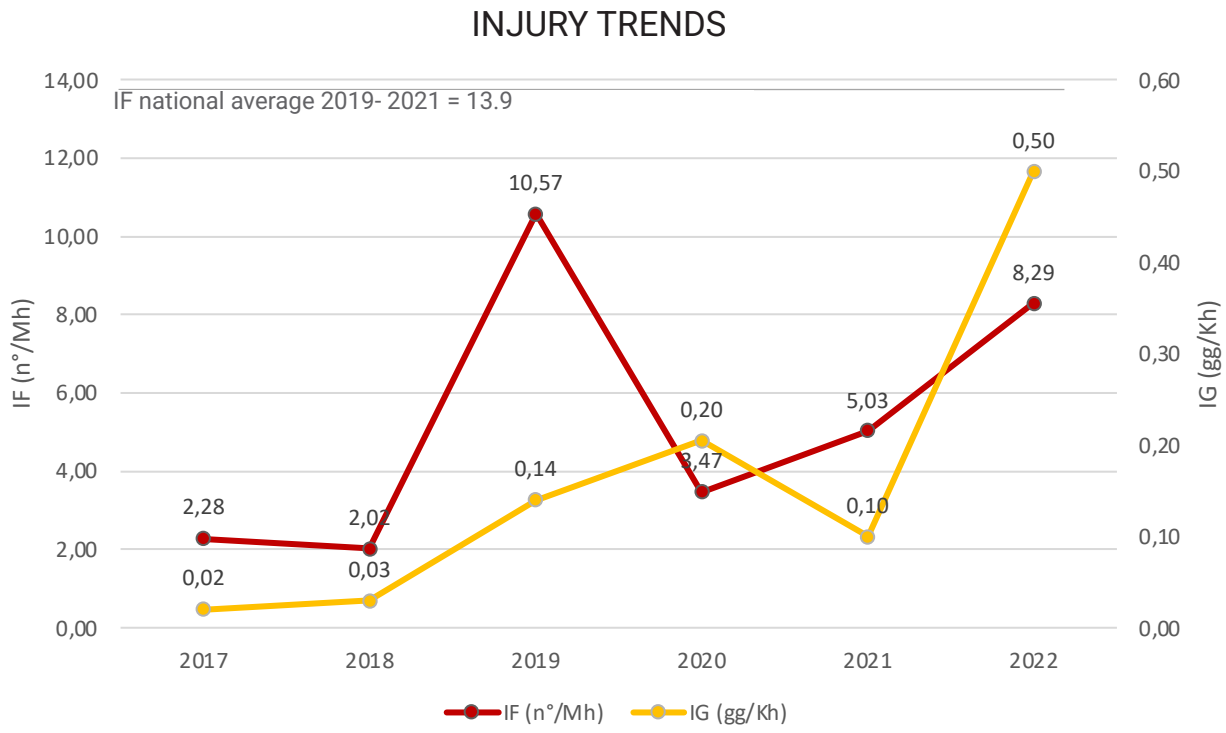
7.2 OCCUPATIONAL HEALTH AND SAFETY

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. The Risk Assessment Document (DVR) contains a detailed and systematic analysis of the potential hazards in the workplace and the prevention and protection measures to be taken to mitigate them. This assessment takes into account various factors, such as the activities performed, the characteristics of the working environment, the tools used and potential exposures to hazardous substances. Methodology involves direct observation of the workplace, analysis of safety data, consultation with experts or collection of information from reliable sources.

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 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 fall below the manufacturing industry national average, which records an average IF of 13.9 for the period 2019-2021 (source: INAIL, Graph 12). In Clerici, the positive streak of seven injury-free years continues. The calculation always excludes accidents during travel to work (in any case not occurring in 2022).



Graph 12 - Trends in the frequency and severity of injuries in Sacco System in the 2017-2022 period

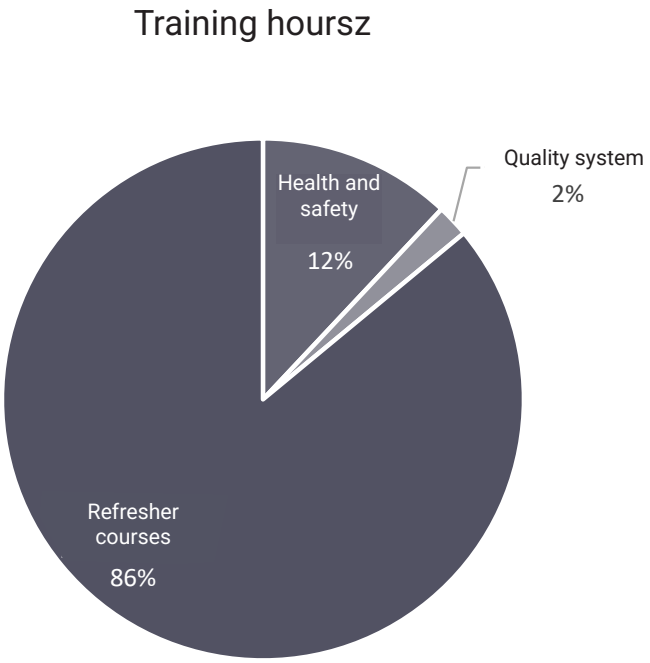
In 2022, an increased number of injuries was measured compared to 2021 (5 against 3, of which one required a full recovery period of more than 6 months), thus negatively affecting the FI and GI indices. The accidents that occurred are typically movement-associated or caused by physical-chemical agents (burns, irritation). When analysing in-depth the possible causes behind this increase in the indices, a few ideas emerged: a year particularly impacted by staff turnover, changes in the work system such as shift arrangements or the introduction of new productions with new operations, as well as a more accurate reporting system. Accidents therefore mainly have human and organisational causes. 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.

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.

7.3 TRAINING AND PROFESSIONAL GROWTH

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.
A total of 322 employees were involved in training activities in 2022, corresponding to 89% of the total number, with 3,720 hours provided. Of these schemes, 86% involved refresher courses and acquiring new skills, 12% compulsory or additional health and safety training, and the remaining 2% concerned training courses on the quality system and internal procedures (Graph 13 and Table 10).



Graph 13 - Breakdown of training hours provided in 2022 by topic

	% of participants over total	Average hours per participant
Women	90%	11.0
Men	89%	11.2
Manual workers	93%	15.9
Office staff	94%	8.3
Middle managers	81%	5.8
Senior Executives	38%	19.6
Total	**89%**	**10.3**

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

7.4 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 2022, Sacco System and the Verga family chose to support and participate in numerous sporting, cultural and solidarity initiatives.

7.4.1 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 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. Caglificio Clerici is sponsor of Olimpia San Martino, ASD Olimpia Cadorago and the Cadorago bowling club. It has also sponsored the FPF team, crewed by Ferrarotti-Bizzocchi, at the Como Rally.


7.4.2 Cultural Initiatives

Our CEO, Cavaliere del Lavoro holder 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. He is also President of the History Society of Como, the custodian of a number of important historical documents of the city and province.

In addition, Mr. Verga was, until January 2022, also President of the Fondazione della Comunità Comasca, whose mission is to promote a culture of giving and to improve the quality of community life in the province of Como. During his mandate, the Foundation had to deal with the Covid-19 health and social emergency. It consolidated its role as a key resource for the community and stepped up its donation promotion activities with the establishment of 67 new funds and more than € 11 million collected.

In addition, Mr. Verga was also a member of the Board of Directors of the Teatro Sociale di Como and Chairman of the Nicolò Rusca Foundation, which manages the Study Centre of the same name. Its task is the care, preservation and enhancement of the document and book heritage of the historical archives of the Diocese of Como and 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, was the long-time President of the Santa Maria di Cadorago nursery school until December 2022. The school welcomes 90 children aged 2 to 6 every year and constitutes an important educational and support service for local families.

7.4.3 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: Cadorago Parents' Association, Como Cuore ONLUS, Cadorago Red Cross, the parish of San Martino di Cadorago and the Santa Maria Nursery School. In the case of the latter, they covered half of the expenses of the renovation work carried out.
No legal action has ever been brought in relation to the company's operations with significant negative impacts on local communities.

7.5 CUSTOMER HEALTH AND SAFETY

The reference topic is the food safety of the products sold, when 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 during production)	5
Supplier non-conformities (control of incoming materials)	3
Customer non-conformities (returns and complaints)	3
Third-party non-conformities (veterinarian and certification bodies)	0

Table 11 - Analysis of non-conformities occurring in 2022 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.

8 ANNEXES

8.1 CONTACT

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

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8.2 GRI CONTENT INDEX

Declaration of use	Sacco System has reported the information mentioned in this GRI content index for the period 01.01.2022 - 31.12.2022 with reference to GRI Standards.
GRI1 used	GRI 1: Basic Principles 2021

GRI STANDARD	Information guidelines	Location
GRI2: Informativa generale 2021	2-1 Organisational details	Welcome to Sacco System
	2-2 Entities included in the organisation's sustainability reporting	Methodological note
	2-3 Reporting period, frequency and contact point	Methodological note
	2-4 Restatements of information	Contact
	2-5 External assurance	*Emissions (notes in text)*
	2-6 Activities, value chain and other business relationships	Sacco System has not subjected this sustainability report to an external audit
	2-7 Employees	Welcome to Sacco System
	2-8 Workers who are not employees	2022 in numbers
	2-29 Approach to stakeholder engagement	Relations with Suppliers
	2-30 Collective bargaining agreements	Welcome to Sacco System Employment
GRI3: Material topics 2021	3-1 Process to determine material topics	Methodological note
	3-2 List of material topics	Methodological note
GRI201: Economic performance 2016	3-3 Management of material topics	Economic performance
	201-1 Direct economic value generated and distributed	Economic performance
	201-2 Financial implications and other risks and opportunities resulting from climate change	*No assessments have been made regarding risks, opportunities and impacts related to climate change*
	201-3 Defined benefit plan obligations and other retirement plans	Employment
	201-4 Financial assistance received from government	Economic performance
GRI204: Procurement practices 2016	3-3 Management of material topics	Relations with suppliers
	204-1 Proportion of spending on local suppliers	Relations with suppliers
GRI205: Anti-corruption 2016	3-3 Management of material topics	Anti-corruption and conflict of interest

	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
	205-3 confirmed incidents of corruption and actions taken	Anti-corruption and conflict of interest
GRI302: Energy 2016	3-3 Management of material topics	Energy
	302-1 Energy consumption within the organisation	Energy
	302-2 Energy consumption outside of the organisation	*The information needed to make this disclosure is not available*
	302-3 Energy intensity	*Data is not sufficiently accurate for reliable calculation of the indicator*
	302-4 Reduction of energy consumption	Energy
	302-5 Reduction in energy requirements of products and services	Not applicable
GRI303: Water and effluents 2018	3-3 Management of material topics	Water and effluents
	303-1 Interactions with water as a shared resource	Water and effluents
	303-2 Management of water discharge-related impacts	
	303-3 Water withdrawal	Water and effluents
	303-4 Water discharge	Water and effluents
	303-5 Water consumption	Water and effluents
GRI305: Emissions 2016	3-3 Management of material topics	Emissions
	305-1 Direct (Scope 1) GHG emissions	Emissions
	305-2 Energy indirect (Scope 2) GHG emissions	Emissions
	305-3 Other indirect (Scope 3) GHG emissions	*The information needed to make this disclosure is not available*
	305-4 GHG emissions intensity	*Data is not sufficiently accurate for reliable calculation of the indicator*
	305-5 Reduction of GHG emissions	Emissions
	305-6 Emissions of ozone-depleting substances (ODS)	Emissions
	305-7 Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	Emissions
GRI306: Waste 2020	3-3 Management of material topics	Waste

	306-1 Waste generation and significant waste-related impacts	Waste
	306-2 Management of significant waste-related impacts	Waste
	306-3 Waste generated	Waste
	306-4 Waste diverted from disposal	Waste
	306-5 Waste directed to disposal	Waste
GRI401: Employment 2016	3-3 Management of material topics	Employment
	401-1 New employee hires and employee turnover	Employment
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employment
	401-3 Parental leave	Employment
GRI403: Occupational health and safety 2018	3-3 Management of material topics	Occupational health and safety
	403-1 Occupational health and safety management system	Occupational health and safety
	403-2 Hazard identification, risk assessment, and incident investigation	Occupational health and safety
	403-3 Occupational health services	Occupational health and safety
	403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational health and safety
	403-5 Worker training on occupational health and safety	Occupational health and safety
	403-6 Promotion of worker health	Occupational health and safety
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational health and safety
	403-8 Workers covered by an occupational health and safety management system	Occupational health and safety
	403-9 Work-related injuries Occupational health and safety	Occupational health and safety
	403-10 Work-related illness	Occupational health and safety
GRI404: Training and education 2016	3-3 Management of material topics	Training and professional growth
	404-1 Average hours of training per year per employee	Training and professional growth
	404-2 Employee skills upgrading programmes and transition assistance programmes	Training and professional growth

	404-3 Percentage of employees receiving regular performance and career development reviews	Training and professional growth
GRI413: Local Communities 2016	3-3 Management of material topics	Local Communities
	413-1 Activities involving local community engagement, impact assessments and development programmes	Local Communities
	413-2 Activities with significant actual and potential negative impacts on local communities	Local Communities
GRI416: Customer health and safety 2016	3-3 Management of material topics	Relations with Suppliers Customer health and safety
	416-1 Assessment of health and safety impacts by product and service categories	Customer health and safety
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Customer health and safety