Sustainability Report 2023

SACCO system
Supporting food culture & life

FAMILY SPIRIT FOR SUSTAINABILITY

1 TABLE OF CONTENTS

2 INTRODUCTION

2.1 LETTER TO THE STAKEHOLDERS

Dear stakeholders,

Thisyear we would like to open our sustainability report with a reflection on the past. Once upon a time, people were taught not to throw anything away, because many things could be reused. Leftover food was consumed at a later meal, perhaps modified with other ingredients, or fed to animals; paper, even newspaper, was used for packaging (older people will remember roasted chestnuts in newspaper) and was used over and over again. Blank sheets were written on until there was hardly any space left, parcel string was stored for reuse, worn bed sheets became tea towels for the kitchen, and so on. In our garden there was a hole in a secluded corner under large bushes where we threw the leftovers from the kitchen, the ones that not even the animals could eat, and all the garden trimmings. After a year, they had turned into a light and extremely fertile soil. At the time, nobody called it compost, but it was routinely done.

Whyare we telling you this? Because this was the behaviour of a less wealthy and more responsible society than today. We are now rediscovering values that have been common to mankind for millennia and, thanks to today's scientific discoveries, research and technologies, we can be much more effective. So we are very happy that we have all become more aware of the fact that we need to reduce waste and reuse as much as possible, all of us taking care of the Planet with a view to sustainable development.

Inthe field of sustainability so much is done with common sense, almost unconsciously, but until you put what you are doing into writing, you do not realise how much is being done to protect the environment and health, and you cannot set yourself the next challenging goals.
We are therefore writing this paper because it provides a better understanding and overview of the improvements that can be achieved through sustainability. It also serves to show our stakeholders in an organic and rational form all the work we have done in favour of sustainability.

Theyear 2023 saw us committed to developing all the areas that we operate in. Our presence in markets all over the world has been further strengthened, even though in some areas there have been serious difficulties to overcome, such as the extreme tensions in the rennet market due to the lack of raw materials and the consequent abnormal rise in their prices. We have introduced many new crops in the dairy sector and in the food sector in general, paying particular attention to crops with a protective effect, to combat both pathogens and microorganisms that spoil food, to reduce food waste as promoted by the European 'Farm to Fork' philosophy. We have also been very active in proposing solutions for the fermentation of plant products as good alternatives to foods of animal origin, and we have obtained very encouraging results in the use of microorganisms for the well-being of cultivated plants. In the Microbiome division, we have developed new microorganisms for the health of both humans and animals.

For us, thisis the best possible way to contribute to sustainable development and the achievement of the 2030 Agenda goals: to put the enormous potential of microorganisms at the service of the Planet, to create a better future together.

Thank you for being by our side again this year.

The Verga Family

2.2 OUR FIFTH SUSTAINABILITY REPORT

2.2.1 FOREWORD

We are now in the fifth edition of our sustainability report and it is time to take stock of the journey so far and think about the challenges ahead.

Inrecent years, important projects have been undertaken: among the most ambitious are those regarding the circular economy, which have led us to rethink our production cycle in order to 'close the circle', trying to keep materials as long as possible in the value chains and giving a second life to production waste. In recent years, thanks to these initiatives, a 70% reduction in waste production has been achieved, with more than 12,000 t per year of by-products sent to new production cycles. Under the social pillar, on the other hand, attention was paid to the stability of staff employment and their growth and training, especially in uncertain times such as those during and after the Covid pandemic. In this we can point out that over 97% of our contracts are permanent and almost 95% of our staff are involved in training activities.

We believethat sustainability is a strategic element for Sacco System: this is particularly true for our research and development and innovation activities. In particular, we sought to understand how our core business could help create a positive impact and respond to sustainability issues, both local and global, such as reducing food waste, promoting sustainable food supply chains, and preventing and treating disease and other health problems.

SaccoSystem has so far drawn up its sustainability report on a voluntary basis: this choice has allowed us to inform and train, to create engagement and, first and foremost, to learn how to monitor environmental and social parameters that had not previously been taken into account, and on which we have therefore been able to start working to improve.

Starting in 2026, we will be required to prepare our sustainability report, at a consolidated level, as required by the European Union's Corporate Sustainability Reporting Directive (also known as CSRD). This will represent a major challenge for us, that we are already preparing for: we have started to think at group level, involving all companies included in the reporting activities in a progressive manner, and at value chain level; we will update our list of material topics, according to a double materiality perspective, considering their impacts, risks and opportunities: the results of the materiality analysis will be able to provide the corporate board with strategic information on the transformations to be made, in order to align relevant sustainability topics with the corporate strategy, to seize the opportunities of the just and ecological transition and to ensure the sustainability of our business model by meeting the expectations of our stakeholders.

The economic, environmental and social macro-context that we operate in together with all our partners and stakeholders is today complex and rapidly changing. The sustainability challenges to solve the two-fold social and environmental crises are becoming more and more pressing and interconnected, and, as Sacco System, we will strive to contribute to the achievement of sustainable development by adapting and implementing a resilient business model, thanks also to our reporting and engagement activities with our stakeholders.

2.2.2 METHODOLOGICAL NOTE

Sacco System publishes its sustainability report, with the aim of communicating its environmental, social and economic performance in full transparency to all its stakeholders, telling them about the initiatives taken and the results achieved.
Drawing up this document also allows us to monitor our performance trends, so that we can highlight critical and strong points and modulate our efforts and commitment accordingly, to minimise negative impacts and maximise positive ones.
For us, the sustainability report is therefore not only an important communication tool and link with all our stakeholders, but also a fundamental control dashboard, through which we have an overview of our performance, which impacts or contributes to sustainable development.

Thispublication is made up of an introductory section on the Sacco System group, followed by one on the main sustainability objectives and then three chapters dedicated to the most relevant economic, environmental and social aspects, which characterised the company's activities in the financial year 01.01.2023 - 31.12.2023, comparing with previous years where possible. The scope of analysis of these three chapters is the three largest companies, in terms of turnover, size and historical relevance, located in Italy: **Sacco S.r.l.**, **Caglificio Clerici S.p.A.** and **Centro Sperimentale del Latte S.r.l.**.
Within these, reference can be made to the three companies altogether as Sacco System. At the end of the document, the GRI Content Index indicates which GRI information notes have been reported, and will help the reader to find them in the document.

Once again this year, we prepared our report using the main voluntary global reporting standards as a framework: the Global Reporting Initiative's GRI Standards. On our path of gradual improvement in terms of quality and quantity of the information reported, as an upgrade from the previous reporting period, thanks to full compliance with all requirements and principles required by the standards, this year we can say that our sustainability report was prepared 'in accordance' with the GRI Standards. This was considered a crucial step for us, to enable us to gradually approach the reporting obligation enforced by the CSRD (Corporate Sustainability Reporting Directive), which will become binding for us from the financial year 2025.

The 2023 Report was prepared by an internal work group, coordinated by an external consultant (certified as a GRI Sustainability Professional), under the supervision of Senior Management. The frequency of the report was maintained as annually. The choice, calculation and interpretation of the indicators as well as the collection, contextualisation and processing of the necessary data and texts, useful for reporting on each topic, involved various company personalities, area managers or similar competent figures. The areas involved were Finance & Control, Procurement, Production, Operations, Logistics, Human Resources, Research & Development, Scientific, Quality Assurance, Marketing & Communications, Sales.

The final document was reviewed and approved by Senior Management.
With regard to the choice of topics to be reported on, consistency with the documents of previous reporting periods has been maintained: following internal group consideration, we decided to confirm the list of material topics, as we felt that there had been no significant changes, either in our activities or in our context, or in our relations with our stakeholders, such as to influence the sphere and topics of impact. In the course of 2024, we plan, however, to update the materiality analysis with the use of stakeholder engagement, enriching it according to a 'double materiality' approach, taking the EFRAG IG1 'Materiality Assessment' Implementation Guidance as a reference: this will allow us to comply with the GRI Standards and at the same time move closer to reporting according to the European ESRS Standards.

The topics therefore confirmed as material, i.e. corresponding to Sacco System's most relevant impacts on the economy, environment and people, and therefore falling within the scope of this reporting process, are those listed in Table 1.

List of material topics
Water and effluents
Anticorruption
Local Community
Energy
Emissions
Training and education
Employment
Economic performance
Waste
Health and safety
Customer health and safety

Table 1 - List of material topics, in alphabetical order

Similarly, the mapping of its stakeholders remained unchanged (Figure 1).
Sacco System's most relevant stakeholders are those who provide the resources that are essential for the operational functioning of the companies (employees, collaborators, suppliers) or to whom the activities are directly addressed (customers). Then come, in order of relevance, the other parties that our activities indirectly fall on (local community, end consumers) or whose services are functional to Sacco System's activities (research partners, distributors and agents). Finally, we cannot neglect other stakeholders, that we relate with to exchange experiences and share resources, values and knowledge (international networks, trade associations, institutions and public administration, third sector bodies).

Figure 1 - Stakeholder map

2.3 Welcome to SACCO SYSTEM

In October 2016, we announced to the world the beginning of Sacco System, the highly innovative Italian network of biotech industries, encompassing almost a century and a half of knowledge and experience.

Theunion of the four companies Caglificio Clerici, Sacco, Centro Sperimentale del Latte and Kemikalia (now Sacco System Nordic), working in synergy, has enabled us to respond to customers faster and more comprehensively by offering innovative solutions in the food, agri and health sectors. Sacco System, thanks to everyone's good work, is now recognised and valued worldwide by customers, distributors, competitors and industry experts.

Fullysatisfied with the experience of these five years, Sacco System Holding S.r.l. was established in June 2021: a new corporate structure with which the Verga family wants to look ahead, pushing further on group synergies, so as to achieve structured and lasting growth at international level, positioning itself on the market with an increasingly strong and recognised brand. Our products are currently sold in over 110 countries worldwide.

Sacco System has grown and expanded over time: the companies now belonging to Sacco System Holding are shown in Figure 2 and briefly described in Table 2. With the exception of Como Venture s.r.l., Sacco Brazil, Probioetna s.r.l., Fitbiomics Inc. and Infinant Health Inc. (formerly Evolve Biosystem), they are all included in the consolidated financial statements. Compared to the previous year, the new shares in Sacco System (ANZ) Pty Ltd, Sacco System Australia and Inzymes ApS are worth mentioning.

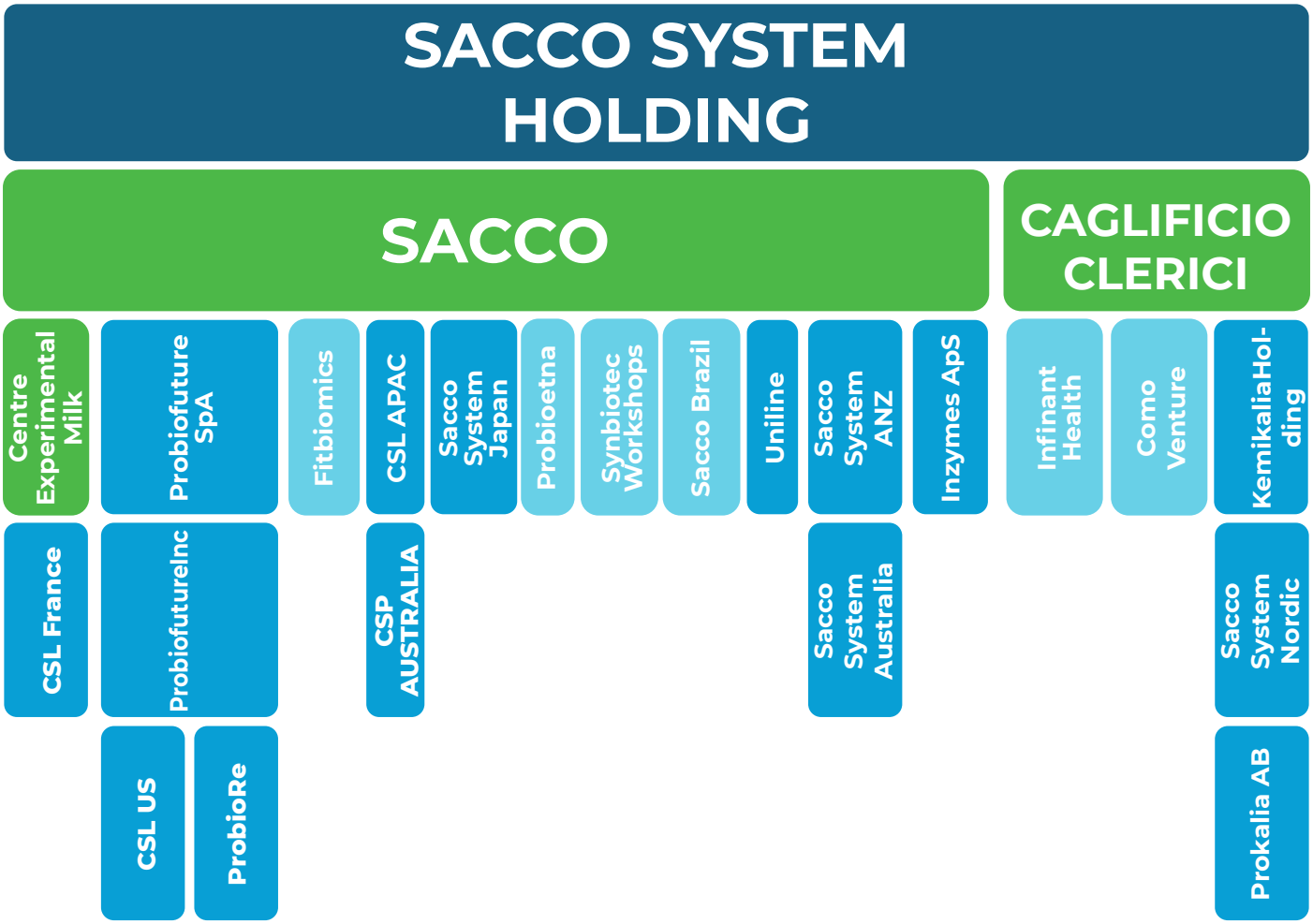


Figure 2 - Corporate structure of Sacco System Holding (in green, bodies included in the sustainability reporting scope; in lighter colour, entities excluded from the consolidated financial statements)

Company name	Location	Activities
Caglificio Clerici S.p.A.	Cadorago, Italy	Administrative offices, R&D, production
Centro Sperimentale del Latte S.r.l.	Zelo Buon Persico, Italy	Administrative offices, R&D, production
Como Venture s.r.l.	Como, Italy	Administrative offices
CSL APAC PTE LTD	Singapore, SG	Administrative and commercial offices
CSL France sas[1]	Echirolles, France	Administrative and commercial offices
Fitbiomics Inc.	New York, USA	Administrative offices
Infinant Health Inc.[1]	California, USA	Administrative offices, production
Inzymes ApS*	Hellerup, Denmark	Administrative offices
Kemikalia HLD AB	Skurup, Sweden	Administrative offices, production
Probioetna S.r.l.	Catania, Italy	Administrative offices, research & development
Probiofuture S.p.A. (Probiofuture Inc., CSL US, ProbioRe)	Milan, Italy Wisconsin, USA	Administrative office Administrative offices, production
Sacco Brazil	Campinas, Brazil	Administrative and commercial offices
Sacco S.r.l.	Cadorago, Italy	Administrative offices, R&D, production
Sacco System (Anz) Pty Ltd*	Yeerongpilly, Australia	Administrative and commercial offices
Sacco System Australia Pty Ltd.*	Yeerongpilly, Australia	Administrative offices, production
Sacco System Japan	Tokyo, Japan	Administrative and commercial offices
Synbiotec Laboratori S.r.l.	Camerino, Italy	Administrative offices, R&D, production
Uniline Ltd.	Moscow, Russia	Administrative and commercial offices

Table 2 - Companies belonging to Sacco System Holding (= new shares 2023)*

1 CSL France will become Sacco System France in 2024, while Evolve BioSystems changed its name to Infinant Health.

2.3.1 Business units

Our mission is to offer the best products that enable improvements in food culture and lifestyle. Customised products based on lactic acid bacteria, probiotics, enzymes, results of the latest research and experiments, applied to our legacy of food science, health and wellness: this is and will remain the secret of our success. Our company works with life, for life, and draws strength from the relationship with its employees and collaborators, Sacco System's most valuable resource: we are a family business that believes in offering the next generation a better future and in boosting the competitiveness of Italian companies.

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

Figure 3 - The four Business Units of Sacco System

2.3.1.1 Food

Sacco System products for the food industry.

A wide range of lactic ferments, microorganisms, probiotics and enzymes to enhance food and life culture, specifically designed for the production of cheese, fresh produce, fermented products, sausages, meat, fish, bakery products and fermented beverages.

2.3.1.2 Microbiome

Microorganisms and active ingredients for human health.

Production, research and development of probiotics for the nutraceutical and pharmaceutical sectors. With our two GMP-certified facilities, we are able to assist companies in the development, process validation and commercial production of probiotics, postbiotics, next-generation bacteria (aerobic and obligate anaerobic strains) and biotherapeutics (BP).

2.3.1.3 Agrovet

Ferments for the Agricultural-Veterinary sector.

Sacco System ferments for the agri-veterinary sector are formulated, tested and manufactured to improve animal welfare and performance, while optimising the health conditions and quality of livestock products, in full respect of the balance of the ecosystem. Sacco System produces ferments for silage, probiotics for plants and agriculture, probiotics for all birds, dogs and cats.

2.3.1.4 Labware

Laboratory instruments, equipment and reagents.

We offer and market more than 10,000 articles: laboratory instruments and equipment, disposable material, rapid kits for chemical and microbiological analysis, thanks to partnerships with more than 250 suppliers, including leading brands such as 3M, Novasina, Bruker, CDR, Unisensor, Prognosis biotech, QualiTru and others, to propose the most innovative products and solutions for the needs of quality control laboratories, production and logistics departments of the food, pharmaceutical and research industries.

2.3.2 Corporate mission

Our mission is to offer the best products that enable improvements in food culture and lifestyle. Customised products based on lactic acid bacteria, probiotics, enzymes, results of the latest research and experiments, applied to our legacy of food science, health and wellness: this is and will remain the secret of our success. Our company works with life, for life, and draws strength from the relationship with its employees and collaborators, Sacco System's most valuable resource: we are a family business that believes in offering the next generation a better future and in boosting the competitiveness of Italian companies.

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

2.3.3 A family history

The story of Sacco System is the story of the Clerici family, now the Verga family. This history of 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 proudly continues today.

Now in its fifth generation of family management, the company continues to believe in the importance of tradition in the service of quality and research. With a history spanning a century and a half, our excellence in industrial innovation is recognised worldwide. Dedication is the silent motor that drives the family in its business decisions: commitment to quality, research, development and Made in Italy technology within the company and around the world.

2.3.3 The values of virtuous growth

In its activities, Sacco System pursues an ambitious mission: to promote virtuous growth in good nutrition, capable of improving the lives of consumers. To achieve this, Sacco System is committed to three values, for which sustainability is a transversal characteristic.

Figure 4 - Sacco System values

2.3.4.1 Family Spirit

a. Family company: the centrality of people and human relations, both within the company and towards customers and suppliers, the promotion of respect, care and availability;

b. Tradition and expertise: a 150-year history of tradition, shared experience, qualitative and technological growth of the company in parallel with the market;

c. Reliability: a solid corporate presence that inspires trust and credibility, translated into consistent performance, product effectiveness and improved results.

2.3.4.2 Creative Intelligence

d. Research and innovation: the harnessing of lively, dynamic minds with solid economic-scientific backgrounds, capable of generating new ideas and foreseeing trends; the desire to improve, grow and progress in the 'food and life' sector, thanks to the synergy between Research & Development and commercial strength and the investment of part of the annual turnover in research and innovation;

e. Constant training: the high specialisation of resources, achieved through customised training courses with internal and external trainers and collaborations with research centres and universities worldwide.

2.3.4.3 Agility

f. Flexibility and customisation: the development of customer-specific projects, the result of constant passion and attention on a small and large scale;

g. Customer satisfaction: the constant endeavour to meet or exceed our customers' expectations, striving to create a stable, ongoing, lasting relationship with them, based on trust and satisfaction of their needs and requirements.

2.3.5 Code of Ethics

In order to continue to be a leader and to successfully meet the challenges of the global market, we must continue towards the goal of excellence, pursuing employee satisfaction, customer satisfaction and environmental protection.

Quality is our credo: our established reliability is based on this. We work with economic sensitivity, respect for legality, the environment and occupational health and safety. We plan our activities and monitor the results in accordance with the principles of transparency in corporate administrative accounting responsibilities. We base our ethical principles on the continuous improvement of health and safety conditions in the workplace and the external environment.

In our Code of Ethics, we express the principles of action and conduct that must govern the activities of every director, manager, employee and collaborator of the Company. They convey all of our preparation, intelligence and will to work with passion, enthusiasm and positive energy.

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

2.3.6 Quality policy and certifications

Sacco System is a biotech company focused on the constant achievement of quality in Agrofood, Health & Nutrition: the companies in the network have always fully complied with the highest quality standards in terms of safety, ethicality and legality of products and services.

In order toachieve this strategic objective, Sacco System relies on a company organisation that promotes a culture and awareness of health and safety issues in the workplace, continuous staff training on hygiene and health issues, and production processes that comply with current legislation and respect the environment.

These are the premises of Sacco System's scientific research, focused on improving health, safety and well-being for the customer and the 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 achieved major certifications over the years, for both quality and religious purposes. Here are the details company by company:

- ISO 9001 (BAG)
- FSSC 22000 (Food Safety System Certification) (CLERICI, SACCO, CSL)
- KOSHER PRODUCTS (CLERICI, SACCO, CSL)
- HALAL PRODUCTS (CLERICI, SACCO, CSL)
- VEGAN PRODUCTS (V-label) (SACCO)
- GMP (Good Manufacturing Practices) AUTHORISATION (SACCO, CSL)
- AUTHORISATION TO MANUFACTURE ZOOTECHNICAL ADDITIVES (CSL)

2.3.7 Companies

2.3.7.1 Caglificio Clerici: family approach

Figure 5 - The entrance to the offices of Caglificio Clerici in Cadorago

Caglificio Clerici is the historic family business: 150 years of passion for quality, research, development and technology, all conducted in Italy but serving the food industry worldwide. Founded in 1872, Caglificio Clerici has been producing animal rennet and other enzymes for the dairy industry ever since.
For 150 years, we have been researching and developing technologies that help dairies process milk in the safest, healthiest and most hygienic way. To achieve this, we select only the best quality abomasum for the production of our rennet. The gentle and careful extraction of enzymes is the key point of our production, an art handed down through generations. Clerici produces rennet with the same dedication and enthusiasm as in the past, but using the new technologies provided by the expert hands of our team of professionals.

2.3.7.2 Sacco: tailor-made innovation

Sacco is the biotech company that, since 1934, has been operating on the international market as a producer and partner in the areas of research, scale-up, production and packaging of selected, freeze-dried and frozen microbial cultures, mainly for use in the dairy and food industry in general. Sacco's expertise and know-how support the food industry in the production of healthier fermented foods, enriched with the characteristics appreciated by customers and end consumers.

Figure 6 - Exterior view of buildings P2 and P3 at the Cadorago production site

The company's strength lies in its Research & Development team, which is able to produce customised crops for the individual customer through validated and guaranteed procedures. Sacco's Labware division also stands out, which operates with the aim of providing customers (food industries, analysis laboratories, research institutes) with products, solutions and technical advice on microbiological and chemical testing of raw materials, finished products and work environments.

2.3.7.3 Centro Sperimentale del Latte: probiotics through science and research

Figure 7 - Aerial view of the Zelo Buon Persico production site

The CSL, Centro Sperimentale del Latte, is the Italian company founded in 1948 with the aim of studying and enhancing lactic acid bacteria and other microorganisms in food. On the teachings of the founder, Dr. Leo Vesely, today's Centro Sperimentale del Latte researches, develops, produces and markets probiotics, milk enzymes, moulds and yeasts for the pharmaceutical, nutraceutical, dairy, food and agri-livestock sectors.
Industrial work is flanked by copious basic and

applied technical and scientific research, which is reflected in over 300 publications, including experimental work and reviews. The customer has always been at the heart of CSL's business, an ideal partner for the study and development of new products and technologies that meet the needs of the individual customer and the market.
Following the acquisition in 2013, Sacco became the Italian benchmark in the field of lactic ferments and is, in fact, the world's fourth-largest production force in the field of bacterial cultures, with a vast collection of microbial strains isolated and selected on the basis of their fermentation and functional characteristics. Our strain library, one of the richest in Europe and beyond, now numbers more than 6000 bacterial strains.

2.3.8 Governance

Sacco System Holding s.r.l. is a company owned by the Verga family, which owns 100% of Sacco S.r.l. (which in turn owns 100% of Centro Sperimentale del Latte S.r.l.) and controls 60% of Caglificio Clerici S.p.A.

Sacco System Holding, Sacco and Centro Sperimentale del Latte are governed by a Board of Directors (BoD), which is vested with all powers for the ordinary and extraordinary management of the company; it is composed of five members of the Verga family, four of whom - including the Chairman - are women. The board of directors of Caglificio Clerici, on the other hand, consists of a chairman and a managing director, both Verga. Board members have always been appointed by direct descent, and the Chairman does not hold management positions at the same time. At CSL, the functions of Plant Manager and General Manager are assigned to two figures who are not members of the Board of Directors; in the same company, the former has been given responsibility for occupational health and safety, being recognised as 'employer' within the meaning of art. 2, lett. b) of Legislative Decree No. 81/08 (Consolidated Law on Safety at Work). There are no other assignments of responsibility for managing impacts on the economy, environment and people in any of the group companies.

The Board of Directors is directly involved in approving and updating the company's mission, guidelines, strategies, policies and objectives, including those related to sustainable development. The Board of Directors, which is always present at production sites, receives relevant information directly from managers and department heads, based on which it then determines and approves the company's long-term strategies and operational choices. Adverse events are also communicated directly to the board members by the function heads: in particular, critical issues concerning health and safety at work are conveyed by the OH&SM or the WSRs (see chapter 'Health and Safety at Work'), while non-conformities by Quality Assurance. Whistleblowing (anonymous reporting) tools can be used to submit reports of irregularities and offences that relate to the activities carried out by companies or individual conduct. The whistleblowing procedure is publicly available on Sacco System's institutional website.

The Board of Directors is also responsible for reviewing and approving this sustainability reporting document, including the list of material issues.
For all four companies, the task of supervising the activities of the directors and checking that the management and administration of the company are carried out in accordance with the law and the articles of association is entrusted to a Board of Statutory Auditors or, in the case of CSL, to an Auditor. Instead, accounting checks are carried out by an auditing company.

The board members' and directors' collective knowledge of sustainable development is constantly updated thanks to their participation in various work groups and involvement in institutional activities carried out in trade associations (Federchimica, EFFCA, Confindustria, AMFEP, AISPEC, MIAF: please refer to the section on 'Associations' for this). The company's internal sustainability activities also involve consultants, experts and professionals with expertise in the field.

2.3.9 People

Sacco System's most valuable resource is its people: every result achieved and every future goal have been and always will be the result of the ingenuity, skills, commitment, expertise and sense of belonging that each employee puts into his or her daily work and responsibilities.
Sacco System's network is first and foremost made up of human relationships, interconnected and functional only in the relationship with each other, guided by principles of exchange, collaboration and reciprocity. In any corporate strategy, we consider the involvement of workers through participation, consultation and skills development to be fundamental.

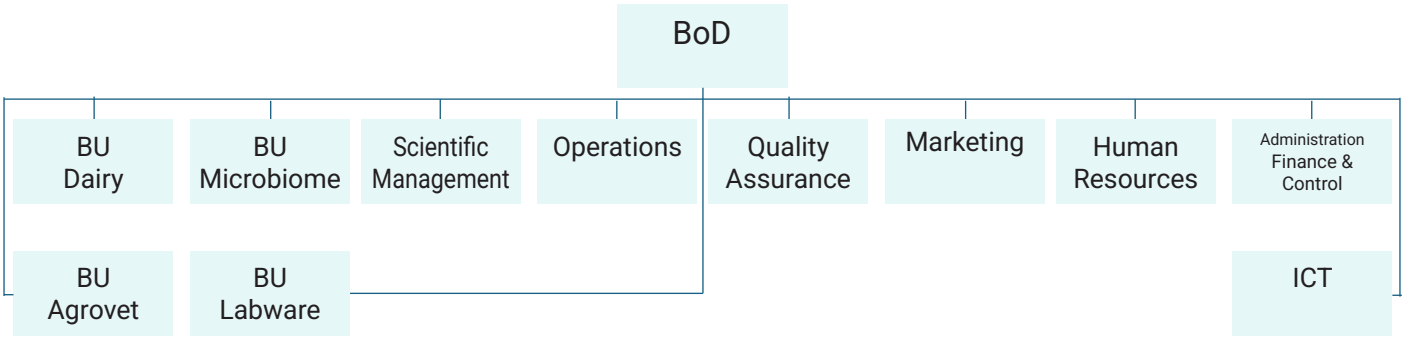


Figure 8 - Sacco Organisational chart as at 31.12.23

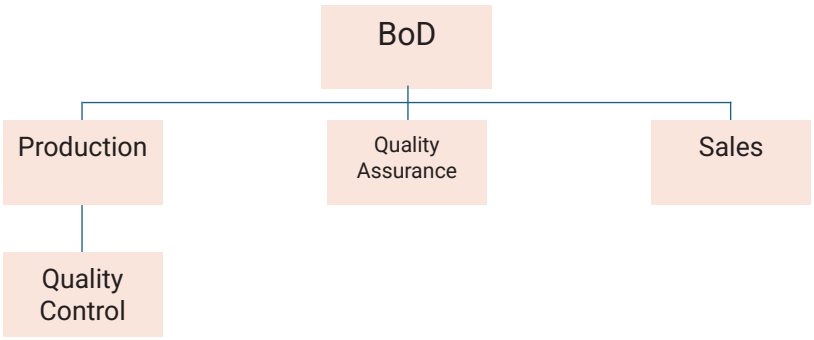


Figure 9 - Caglificio Clerici Organisational chart as at 31.12.23

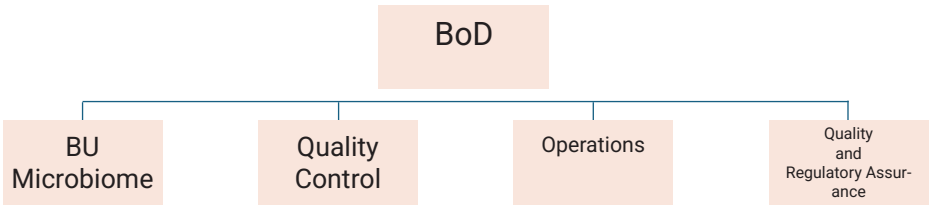


Figure 10 - CSL Organisational chart as at 31.12.23

2.3.10 Partnerships and programmes

In everyday life as well as at work, it is necessary to have strong allies for the achievement of one's goals. Sacco System has thus chosen to join national and international programmes to be stronger in its sustainability strategies.

2.3.10.1 EcoVadis

Caglificio Clerici, Sacco and, from this year, also Centro Sperimentale del Latte, undergo annual assessments by EcoVadis, one of the world's leading providers of sustainability ratings. The assessment process includes a detailed analysis by a panel of experts on environmental performance, ethics and labour and human rights issues.

Thanks to its activities in recent years, Caglificio Clerici has been awarded the EcoVadis Gold Medal for three consecutive years. This result places the company in the top 5% of the best performing companies in terms of sustainability in the dairy production sector, among those of a similar size evaluated by EcoVadis.
Sacco and CSL also placed well, with both being awarded a Bronze Medal.

2.3.10.2 Sodalitas Foundation

Fondazione Sodalitas

Sodalitas is the foundation active in Italy since 1995 that acts as a reference partner for all those companies that want to make Corporate Social Responsibility and Sustainability their own distinctive factor, integrating them into their business strategies. Sodalitas promotes projects in the areas of Youth and Work, Social Inclusion, Sustainable Territories, as well as supporting 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.

2.3.10.3 Responsible Care

Responsible Care®
OUR COMMITMENT TO SUSTAINABILITY

Both companies at the Cadorago production site, Caglificio Clerici and Sacco, participate in 'Responsible Care®', the voluntary global programme to promote sustainable development in the chemical industry, managed in Italy by Federchimica. By joining the programme, companies commit to developing their activities with a constant focus on continuous improvement of safety, health and the environment.

2.3.10.4 Scientific partners

During 2023, Sacco System collaborated on 53 projects with universities and research centres worldwide, including:

2.3.10.5 Associations

Sacco System companies are also members of:

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 Association

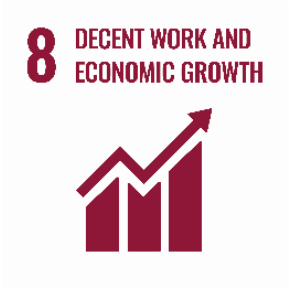
3 OUR COMMITMENT TO SUSTAINABILITY

3.1 SAC 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. Within this document, the 17 Sustainable Development Goals (or SDGs) are listed, which address the great challenges of our time, balancing the three dimensions of sustainability: economic, social and environmental. The objectives aim to stimulate action in areas of crucial importance to humanity and the natural world, in the areas of People, Planet, Prosperity, Peace and Partnership.

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

At Sacco System, with our business strategies and product offerings, we aim to contribute to the achievement of these goals. Among the 17 Goals of the 2030 Agenda, we particularly focus on the following.



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 aim to develop ever higher levels of productivity through diversification, technology upgrading and innovation, with a focus on high value-added sectors such as nutrition, pharmaceuticals and agriculture.

We are committed to achieving double-digit percentage sales growth in the coming years, but at the same time we strive to separate economic growth from environmental impact by progressively improving resource efficiency and adopting clean, environmentally friendly technologies.

We stimulate scientific research, encouraging creativity and innovation, reinvesting 6% of our turnover in research and development and progressively increasing the number of our researchers: more than 30% of recruitment in the last 5 years has been in the laboratories, where we now have more than 100 full-time researchers and other technical staff.

We reinvest in our company to always create new jobs and to improve the health and safety of our employees at all production sites. We have adopted a management model to ensure the best possible protection of health, safety in the work environment and prevention from all potential forms of risk. This policy allows us to maintain a low incidence of accidents, with frequency and severity indices well below the national industry average.

3.1.3 Goal #2

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

It is estimated that around 1.3 billion tonnes of food are lost or wasted every year, which corresponds to one third of all the food produced in the world: it would only take a quarter of this to feed all the people in the world who still suffer from hunger. This waste obviously does not only affect food safety, but also has negative impacts on natural resources, because it means wasting water, soil, electricity, labour and economic capital, which also has consequences for climate change.
Sustainable Development Goal SDG #2 calls for action against this trend; in particular, target 2.4 calls, by 2030, for ensuring sustainable food production systems and implementing resilient agricultural practices that increase productivity and production and help maintain ecosystems. Our biotechnology applied to agriculture (which we will discuss under Goal 15) and food can make an effective contribution to achieving this goal.

Ourlactic acid bacteria used in the production of food are able to drive fermentation in a controlled and absolutely safe manner, minimising non-conformities in processing and thus food losses along the supply chain, maximising yields and resulting in superior quality, healthy and tasty food, while preserving its typicality.

Fermentation, leading to acidification of the food, is a natural method to protect food from other changes caused by pathogenic microorganisms, which do not grow at low pH and would make them unfit for human consumption. In the past, this natural process, which occurred spontaneously in milk and other foods, allowed them to be preserved for fairly long periods of time, thus contributing - already for millennia - to food safety. Even the coagulation of milk, discovered by chance by collecting milk in wineskins made from ruminants' stomachs, allowed our ancestors to preserve the precious foodstuff more easily. The 'randomness' of these biotechnological processes would therefore seem to be a story from another era: today it seems unthinkable to allow food production to take place in a totally uncontrolled manner, both in terms of quality - including health - and quantity. Yet, in certain rural areas in developing countries, where there is limited access to electricity and thus pasteurisation and cold-chain food preservation processes are difficult if not impossible, sometimes worsened by high local temperatures and poor sanitary conditions, the use of lactic cultures can make a favourable contribution to food safety.

For several years, SaccoSystem has been investing in the training of representatives of local populations in Central Africa, teaching the use of our biotechnologies for milk processing; the dissemination of this knowledge even in the most remote rural communities could consequently improve their food self-sufficiency and contribute to better nutrition, thanks to the improved intake of animal proteins in their diet.

Figure 11 - A training session on cheese-making techniques in Burkina Faso

In particular, during the last four years, our field work in Burkina Faso has continued. Through our technical staff and some locally trained agents, training activities were carried out in rural communities, to teach the population, especially women, how to process milk, using enzymes and microorganisms. The teaching of cheese-making and milk processing techniques, using rennet, milk enzymes and probiotics, can help populations improve their livelihoods, prolonging food preservation, improving food security, teaching the production of functional foods with health benefits for people, and providing an additional source of income. Since the activities are predominantly aimed at local women, they will also help to improve the status of women and foster their emancipation by providing means of empowerment and giving them greater economic power (Figure 11).

3.1.4 Goal #12

Ensure sustainable consumption and production patterns

Reinforcing the commitment to combat food losses, this target - and in particular target 12.3 - requires, by 2030, to halve per capita waste at retail and consumer levels and to reduce food losses along the production and supply chain, including post-harvest losses.

In addition to lactic ferments, there are also other bacteria that can help preserve food and keep it fresh for longer: so-called 'protective cultures', selected for their ability to delay spoilage by contaminants - such as yeasts and moulds - in perishable food, in a natural way, without the addition of preservatives. This means that, with the addition of these cultures, we could have a lower incidence of spoilt food, reducing waste, or even lengthening the 'shelf life' of food, thus having a later expiry date.

The advantages of using these cultures are improved hygienic and health, but also organoleptic, quality of the products, reduced food waste at distribution, retail and consumption levels, because the products stay fresh longer, and an economic advantage also for the producers because the incidence of non-compliance is reduced. Added to this is the 'environmental savings' due to the better use of natural resources and the consequent avoidance of CO2 emissions.

4PROTECTION
Food Cultures with Protective Effect

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 the raw materials used, minimising waste, keeping biological and technical materials as long as possible in the value chain, and favouring their revalorisation or reintegration into the biosphere.

For this reason, we have always been careful to reduce the environmental impact of our production processes on the territory and our R&D efforts are continuously directed towards process optimisation, to 'do more, with less'. We are constantly working on the proper management of chemicals, waste and our by-products; we have embarked on a programme to reduce waste and waste generation in every work activity through prevention, reduction, recycling and reuse.

3.1.5 Goal #3

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

In the face of global challenges to improve the health and well-being of the entire human population, we position ourselves as a centre of excellence to study and produce probiotic cultures that 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 live, viable microorganisms that, when administered in adequate quantities, confer health benefits on the host. They are therefore bacteria that, once ingested, manage to survive the gastric acid barrier and reach the gut, colonising it. In sufficient concentrations, such microbial cultures can improve people's wellbeing and prevent or counteract certain diseases, in a safe and natural way, for a better quality of life: clinical studies have demonstrated their ability to improve various ailments including cardiovascular, gastrointestinal, respiratory, skin, oral and oropharyngeal tract disorders, as well as to reduce symptoms in allergic and coeliac persons, strengthen the immune system, improve sports performance and general wellbeing.
We place great emphasis on this goal, which is why we have forged fruitful partnerships with research institutes and universities to study and extract new solutions from the microbiological world to contribute to global health.
Probiotics can also be a surprising solution in playing a role in social development processes, as was the case with the project 'Scholar Yogurito, the social probiotic', conducted in Argentina starting in 2008 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 included the participation of 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 Lactobacillus rhamnosus strain CRL1505: it has been shown to provide protection against bacterial and viral infections in the intestinal and respiratory tracts, stimulating immune responses.

The'Yogurito' social programme involves around 500 schools daily in the province of Tucumán and other provinces and municipalities in Argentina. With the help of the state, it was possible to include these probiotic foods in the schoolchildren's diet three times a week. This led to a significant reduction in gastrointestinal and respiratory infections, not only among the pupils but also in the entire community, thanks to the protective 'herd' effect (Figure 12).

This project is a paradigm of how probiotics can help improve the quality of life of highly vulnerable populations living in poverty, with malnutrition and exposure to pollution or infectious diseases, with difficult access to medical and hospital care. This example of application illustrates the power of probiotics to positively influence the lives of women, men and children along the food chain.

Figure 12 - Snack time with Yogurito in a school in the province of Tucuman, Argentina

3.1.6 Goal #15

Protect, restore and promote sustainable use of terrestrial ecosystems

Under Goal 15 for life on Earth, target 15.1 calls for “conserving, restoring and using terrestrial, freshwater ecosystems and their services in a sustainable manner”. Dairy cultures and probiotics for agri-livestock farming can contribute to this goal, together with target 2.4 mentioned above, in order to increase the productivity and quality of plant and animal production, to ensure they are as healthy as possible, while fully respecting the balance of the ecosystem. Added to these are biocontrol and biostimulation cultures, that Sacco System has more recently been dedicated to.

Sacco System, in fact, 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 plant welfare.
The increasing spread of intensive crops and an ever-increasing demand have forced agriculture to use massive doses of synthetic products in order to obtain ever higher yields, exaggerating the exploitation of the soil and corrupting the balance of their ecosystems. This has led to significant damage to the chemical and physical quality of soils, the risk of groundwater contamination and a reduction in the ability of cultivated plants to utilise nutrients.

Sacco System proposes the use of completely natural microbial species, selected by millions of years of evolution, to be specifically associated with agricultural crops. This plant-bacteria association is essential to ensure and maintain the well-being and protection of plants. The integration of specific microbial cultures in agriculture will in the future lead to even higher yields than today, in an environmentally sustainable, natural and healthy way.
Sacco System started its research activities for the Plant sector (dedicated to plant care and nutrition) in June 2018, setting four main objectives: to develop a collection of bacteria capable of biostimulating plant growth, and/or protecting plants from harmful pathogens; to establish technical, commercial and communication relationships with leading companies in plant biostimulation/biocontrol, and jointly develop new products; to create prototypes of fertilisers and biocontrol agents for the agricultural sector; and to offer consultancy and technical support to companies producing biostimulants and bio-fungicides, for the improvement of their portfolios.

The creation of the strain library for plant application started with the study of the relative scientific literature, followed by in-depth laboratory work for the isolation and analysis of new bacteria from fertile and agronomically sound soils. This work was maximised through the use of state-of-the-art techniques, which ensured both the identification of all positive properties of the new isolated micro-organisms, and to ensure complete biological safety, in accordance with the European Commission's development strategies, crystallised in the 'From Farm to Fork' plan.

In the full spirit of research and innovation that characterises the Sacco System, we have intensified our network of collaborations with many national and international universities to give our discovery work greater scope and perspective.
Thus, a network of collaborations and contacts was developed with several leading companies in the fertiliser and bio-fungicide sector. With some of these companies, we are analysing the possibility of product development, proposing bacteria from our agri strain library. Other companies, on the other hand, are interested in entering into a supply relationship with their fermented strains specifically to increase their production scale (custom fermentation service). This diverse and multifunctional network is essential to be able to broaden our corporate outreach, and at the same time learn while remaining creative and innovative. Our centenary experience in

the production field has thus been put at the service of the preservation of the plant world, while at the same time being enriched with new knowledge and perspectives.

The creation of new products and the definition of new designs are essential peculiarities of Research & Development in this sector. In addition to selecting microorganisms in vitro and studying their physiological characteristics, it is essential to carefully evaluate their efficacy in the field. And this is done both within the company's own dedicated structure (in the greenhouse and growth chambers) and by turning to industry specialists such as CROs (Contract Research Organizations). These facilities play a key role because they develop evidence of efficacy of prototypes, possibly even preparing the registration dossier and including the best formulation to make the final product more effective. These same structures can also function as a business network, to connect Sacco System prototypes to large distributors and vice versa.

In the field of livestock, similarly, biotechnology can help ensure the healthiness, productivity and quality of animal production. One example is probiotics for poultry, a natural solution to treat alterations in the intestinal flora of chickens and hens, which not only negatively affect the digestive function, vitality and productivity of the animals, but also worsen the quality of the farm environment and reduce the hygienic safety of meat and eggs, with increased pathogenic microbial loads.
The strengthening of the intestinal microbial balance can be achieved naturally, through the administration of indigenous lactic acid bacteria, i.e. selected from the chicken's own intestine. These bacteria naturally improve animal health, production yield and egg quality, thus avoiding the use of antibiotics and other chemicals.

For the improvement of livestock production yields, and thus for a further contribution to the goal of developing resilient farming practices through natural solutions, one can also include fermenting cultures for silage, fermented grass for animal feed, which help to guide proper maturation, reducing dry matter losses and increasing nutritional value, reducing the presence of pathogens and producing aromatic substances that animals appreciate. Silage is thus safer, more palatable and nutritious, improving cattle welfare and livestock yields.

3.1.7 Goal #4

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

3.1.8 Goal #5

Achieve gender equality

3.1.9 Goal #10

Reducing inequality

3.1.10 Goal #11

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

Finally, through our corporate policies and in our relations with people and the territory, we contribute to Sustainable Development Goals 4, 5, 10 and 11.

- Knowledge sharing: high specialisation of resources is achieved through customised training courses and collaborations with research centres and universities worldwide;
- We guarantee and demand equal treatment of men and women;
- In our 'family spirit' we embrace a diverse community of more than 20 nationalities;
- We are strongly attached to our local area and community, establishing our activities there, sponsoring local development initiatives and supporting numerous volunteer associations;
- We are constantly working to reduce our impact on the environment in terms of waste, emissions and visual;
- Since 2008, we as a corporate community have been supporting, with periodic donations, some projects by Mani Tese ONG ONLUS in developing countries, to promote basic education, to combat trafficking and modern slavery, and to educate about citizens' rights, with a special focus on the plight of children and young women.

3.2 GOALS AND ACTIVITIES 2023

3.2.1 Facilities and plants

In 2023, the Zelo plant completed the authorisation process for the discharge of wastewater into surface water bodies, and since October it has ceased discharging into the public sewerage system, thus completing the integrated water cycle, which is fully returned to the community for irrigation purposes. Some of the purified water is recovered in the company's internal cycle for technological purposes (boilers and cooling towers). During the year, the quantity recovered was approximately 55,000 cubic metres, representing more than 25% of the water resource used by the plant.
At the operational level, a new mixing system is being tested. In addition, the air-conditioning modernisation project started in 2022 continues, with the aim of improving the air quality in the work places. Between 2022 and 2023, the primary air systems in the laboratories and in production (building Z1), the air conditioning system in the warehouse of Z1 and in the offices were renewed

In Cadorago, modernisation work continued with the commissioning of the new freezer cell for Caglificio Clerici and the installation of new production equipment in the P1 building, which is currently being tested. In the same building, the area available for laboratories and offices was increased, with a more efficient and functional redistribution of staff and their respective departments.
In building P3, a new mixing chamber for agri products was created and, in P2, there were interventions in the pellet department, with the creation of a new hand-mixing room and the revamping of the production plant.
In Cadorago, an inverter was installed to manage one of the two chillers for chilled water production: the intervention allowed and will allow the saving of 15% of the electricity needed to run the machine. The same intervention was also carried out at CSL. During 2023, the new lactic ferment production plant in Wisconsin (USA) became fully operational.

3.2.2 Business results

In terms of sales, the Italian market results of the Food BU remained stable compared to the previous year and recorded a 4% increase in foreign markets, driven mainly by particularly positive results in South America, France, Russia and India. Overall, all product types (ferments, soils, enzymes) performed well: as far as enzyme sales are concerned, there were very good results in the Parmigiano Reggiano area.

In 2023, the newly-formed BU AgroVet marked a major increase in sales volume:
+52% over the previous year, confirming the strategic importance and growing demand for innovation and sustainability in the sector, with interesting prospects and opportunities for growth.
For the probiotics industry as a whole, 2023 was a difficult year, with most companies experiencing a negative trend compared to the previous year. Our Microbiome BU, on the other hand, performed well, with a global growth of 7%: the development of many projects, such as Microbial Therapeutics, some changes in the internal structure, the start of operations in CSL USA and the excellent performance of CSL APAC in China, Australia and New Zealand contributed to this.

Finally, as far as the Labware BU is concerned, 2023 saw a +8.3% increase in sales over the previous year, with the acquisition of more than three hundred new customers. Partnerships were established or strengthened with some important suppliers, such as Interscience, Konica-Minolta and Bioquochem.

3.2.3 Company certifications

To confirm our commitment and level of quality, also in 2023 Sacco, CSL and Caglificio Clerici have maintained ISO 22000 certification and the additional requirements of FSSC 22000; for Sacco's Labware section, ISO 9001 certification.

Also confirmed areKosher, Halal and Vegan religious certifications (the latter for product category 4C). Sacco and CSL also have GMP authorisation for pharmaceutical production. CSL extended the authorisation for the production of zootechnical additives to the new Z2 department.

3.2.4 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 personnel work in the laboratories.
This commitment enabled us to achieve many important results during the year.

3.2.4.1 For all sectors:

In 2023, we particularly focused on the safety and genetic stability of our strains with modern and innovative Whole Genome Sequencing techniques.
We have also defined a more in-depth approach of primary and secondary characterisation of our strain library, in order to get to know each and every one of our microorganisms in greater depth.

3.2.4.2 For the Dairy sector

For the Dairy sector, we focused on the increasingly detailed study of the bacteria used in some specific and well-known product lines on the market: 4Protection, 4Choice, 4Health.
For the 4Protection line in particular, we have increased efficacy studies in systems that mimic our customers' products (yoghurt and mini-cheese systems) in order to have more and more demonstrative data and to understand the mechanisms of action behind the potential extension of the shelf life of products. Our contribution aims at inhibiting microorganisms responsible for food spoilage and increasing food safety through the inhibition of pathogens.

For the 4Choice line, on the other hand, we used high throughput screening tools to identify strains that increase the viscosity of vegetable-based products and produce aromatic notes of cream and milk: the aim is to help our customers produce palatable and healthy products from difficult matrices that are far removed from consumer tastes such as plant products.

For the 4Health line, a clinical study of probiotic CRL1505 on fermented cow's milk products and plant bases has started; we are also evaluating the impact of a probiotic strain on yoghurt, kefir and smetana products.

3.2.4.3 For the Meat & Fish sector

In this area, we have mainly focused on protection crops, in particular against the pathogen Listeria monocytogenes. There are also ongoing studies to reduce the presence of nitrates and nitrites while maintaining the characteristics of fermented products through the use of bacteria with nitric oxide synthase (NOS) activity.

3.2.4.4 For the Vegetables and Fruit sector

Many different possibilities are being explored in this area, enriching our knowledge, for example, work is being done on improving the sensory properties and shelf life of products and on developing fermented drinks with and without alcohol, such as Kombucha.

The project to reduce sugar in fruit juices, thanks to our bacteria, is particularly interesting from a health and nutritional point of view.

3.2.4.5 For the Health & Nutrition sector

The Health&Nutrition sector is particularly lively and sees us engaged on many fronts, starting with the isolation of new strains of potential interest, studies of their probiotic activities (with the innovative SHIME2 system), safety studies and important clinical studies, particularly on the CRL1505 and CA15 strains.

Of particular interest is the study and development of obligate anaerobes, a special group of bacteria that are difficult to cultivate and industrialise but are thought to be the probiotics of the future.

Another strongly developing branch is postbiotics, i.e. the study of the effects of inactivated probiotic strains.

3.2.4.6 For the Agro-Vet sector

In the animal and plant welfare sector, activities are progressing quickly: new products are being studied to treat the whole chain, starting with the bacteria-plant root system interaction, creation of bio-fertilisers, new products for silage treatment, and finally animal welfare studies.
It is also important to mention that Sacco System is a member of ONFOODS https://onfoods.it/, a foundation within one of the fourteen partnerships under the NRP, in the area 'Models for Sustainable Food'.

ONFOODS, through a new sustainable food model, is committed to making a tangible impact on people's wellbeing and health, helping to ensure access to adequate nutrition for all, and preserving the Planet.

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

Figure 14 - A moment of research and development activities in the Cadorago laboratories

3.2.5 Circular economy

At the beginning of 2022, a new evaporation plant went into operation at the Cadorago production facilities, allowing liquid waste from fermentation processes to be concentrated and stored for reuse in other production cycles. Eluate concentrated by vacuum evaporation has been included as a raw material for liquid organic fertilisers in the new EU fertiliser regulation EU 1009/2019, under the trade name NutriLiquid. Its compatibility with other ingredients and fertiliser products on the market has proved successful, with good efficacy results, and commercial discussions are currently underway to enhance the product and position it in the market. In 2023, CSL also extended the scope of delivery of spent fermentation broth to the biogas production sector.

In early 2023, the participation of Sacco and Caglificio Clerici in Federchimica's pilot project, in collaboration with Certiquality and Ergo-Scuola Superiore Sant'Anna in Pisa, for the creation of a circularity measurement tool for the chemical industry was completed. This pilot phase ended in May 2023, with the launch of COACH (Circularity-Oriented Assistance for Chemical companies), a digital tool developed to support chemical companies in measuring and pursuing the circular economy. The participation of the two companies in the project allowed them on the one hand to bring their own experiences and peculiarities to the elaboration of the tool, and on the other hand to obtain an initial assessment of their circularity performance at the Cadorago production site. The final result, rated at 55% circularity, identifies the company's performance as "Highly pro-activist", i.e. as companies that have long since embarked on their circularity journey and have planned future actions to maximise it (Figure 15). This evaluation allowed us to highlight our areas of strength, such as waste management, production and design, but also to identify those where more effort would be needed, such as procurement and distribution

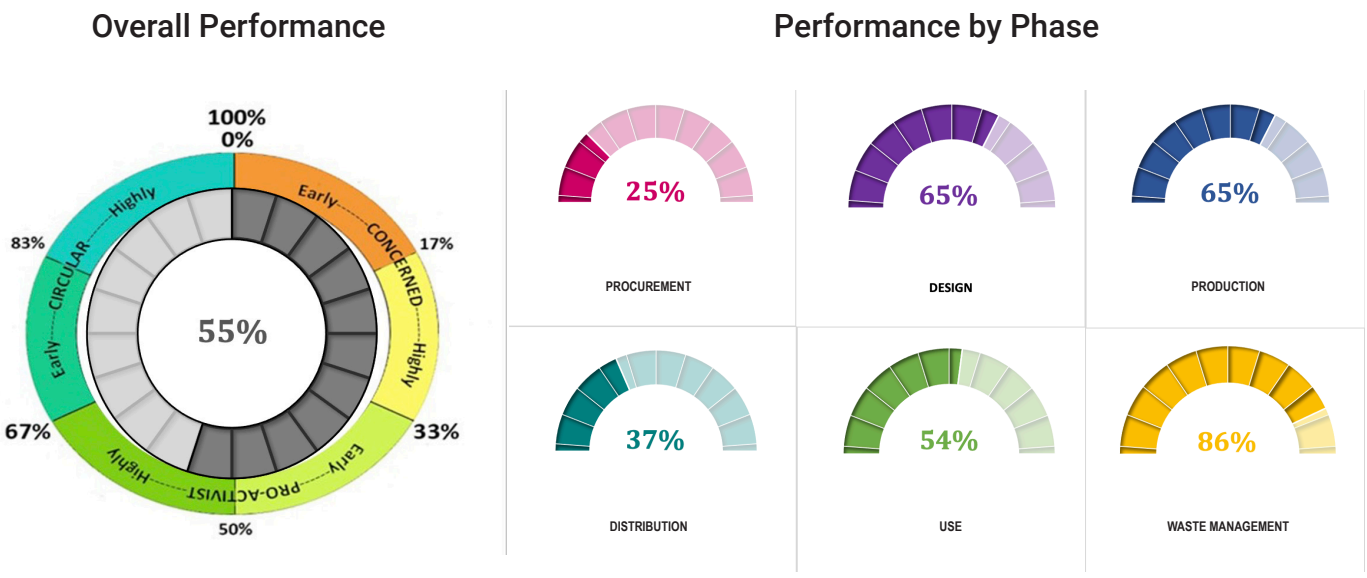


Figure 15 - Summary dashboard of circularity performance of the Cadorago site, calculated using CAT methodology

3.2.6 Relationship with employees

In 2023, Sacco System increased its workforce by 8%, bringing in the professional skills needed to sustain the volumes of growth but, above all, enriching the organisation with new skilled workers, in order to solidly meet the challenges of digital transition, automation and innovation.

Allnew hires were accompanied by the new 'Onboarding' process which aims to welcome new hires, introducing them to their departments with dedicated meetings and accelerating their integration into the company environment. This process is crucial to engage the worker and to make him/her have a meaningful experience from their very first weeks in the company. The 'Good To Know You - new recruits' and 'Good To Know You - World Wide' initiatives continued, flanked by a new internal communication on organisational announcements of new recruits and role changes, to support the development of greater corporate awareness. In order to foster organisational transparency and allow all employees to access open positions in terms of selection, the 'Job Posting' process was launched, i.e. the publication and communication of open roles to allow everyone to apply freely.

With a view to putting people at the centre and listening to requests, actions were planned to respond to the needs identified by the People Survey 2022 in terms of communication, training and skills development. To support dialogue between employees and their supervisors, the competence/performance appraisal process was simplified by focusing on personal development and the identification of shared action plans to support competence development.
English courses were organised for a large corporate population, to support the internationalisation process and to enable more effective management of branch relations.
Pilot training interventions on the development of managerial skills, such as 'Innovative Team' or 'Brainbow', were implemented. A specific course was organised to support the Dairy Customer Service function in dealing with the 'One Customer' integration process, standardising its approach to the customer and supporting the change with positivity.

To support and facilitate the forthcoming digital transformation, Excel courses were provided as a first step towards more widespread IT skills and a 'call to action' was launched to identify, through a digital assessment, a group of Digital Ambassadors, facilitators of the digital transition. Professional refresher courses dedicated to individual functions or in Quality Assurance, HACCP, GMP and all Safety topics also continued.

During the year, with the aim of increasing the spirit of belonging, numerous employee initiatives were implemented: "R-Evolution breakfast", dedicated to managers to stimulate sharing; international meeting with the subsidiaries of the Microbiome and Dairy divisions, to present the implemented projects; "Aperisystem", aperitifs dedicated to all Sacco System people; cheese tasting, in collaboration with ONAF; and finally, the Christmas celebration party, which involved most of the Italian employees. In May, an information event, 'Town hall meeting', was organised, where all the Italian people, all in plenary attendance, were at a presentation of the company's achievements and active strategic projects. For all other Sacco System workers, a summary video was prepared in English, to convey the messages in a clear and inclusive manner.

3.2.7 Dialogue with stakeholders

Communication activities with our stakeholders are extremely important to us, to support and strengthen the relationships of collaboration and trust that nurture and enrich our business relationships.
The INgredients project, launched in 2020 with the aim of communicating, divulging and making the hidden and invisible world of Sacco System ingredients (rennet, ferments and probiotics) known to all consumers, and of discovering the Italian and foreign companies that use these ingredients, continued through a dedicated website, social channels, offline and online communications, and involving nationally and internationally renowned scientific promoters.
The international community on Facebook and Instagram channels is growing steadily and homogeneously.
A new website 'ingredients.saccosystem.com' was launched, as well as two new social profiles in English and Spanish (Facebook and Instagram) to publicise the project abroad and to involve client companies that use our ingredients outside Italy. At the end of the year, a communication campaign for the project was carried out on corriere.it and Mediamond media (tgcom).
Knowledge sharing' activities continued to spread scientific knowledge about our ingredients.
In 2023, we hosted students from the University of Insubria's Department of Biotechnology and Life Sciences and the State University of Milan. We participated for the fifth consecutive year in the 'Deploy your talents' project, organised by the Sodalitas Foundation and VISES, through which we collaborated with the fourth-year classes of the Primo Levi High School in Bollate; the project aims to revive studies in technical-scientific subjects, bridging the gender gap. Again this year, we supported the Majorana High School in Rho (MI) as part of the 'Mad for science' project, for the research and development part in the laboratory.

Figure 16 - The INgredients by Sacco System logo

At Christmas, employees received as a gift a shopping bag made of Sacco System-branded eco-friendly material, with products made with Sacco System ingredients inside; in particular, a Strong Bitter beer was distributed, the recipe of which was the fruit of the imagination and professionalism of an employee, as were the graphics of the customised Sacco System can.
We have participated in several trade fairs around the world, notably Vitafoods in Geneva, FIC in Shanghai, Cibustec in Parma, ABIM in Basel, Macfrut in Rimini, and CPHI in Barcelona.

3.2.8 Prizes and Awards

Again this year, Sacco, with CSL, was among the 800 Champions companies according to a survey conducted by Corriere Economia (economic supplement of Corriere della Sera) and Italypost, on the balance sheets of Italian companies with a turnover between 20 and 120 million, which performed above average between the years 2016 and 2022.

3.3 GOALS AND PROJECTS 2024-2026

3.3.1 Facilities and plants

Over the next three years, several extensions, upgrades and modernisations of buildings and production facilities are planned.

Sacco Labware is expected to relocate to a new dedicated site in Vertemate (CO), a few kilometres away from the site in Cadorago, comprising 700 sqm of office space and 1100 sqm of warehouse space; a structure that will optimise logistics and specific business, thus guaranteeing colleagues ample space for their work. The Vertemate site will also be the site for the production of microbial cultures for plant protection, with fermenters, freeze-dryers and dedicated packaging lines.

In Zelo Buon Persico, the construction project for a new building, the so-called Z3, has been put on hold: the company is currently evaluating possible production increases, without the need for new construction and, therefore, land consumption. Between 2024 and 2025, the revamping of the powder area (weighing, freeze-drying and blending) of the Z1 production departments and an expansion of the Z2 fermentation department are planned.

In Cadorago, the construction of the P4 building, a 4,000 sqm factory, is planned, dedicated to the production of frozen food and the overall expansion of the company's production, and a new temporary storage area for waste, which would respond more efficiently to the increased waste handling needs. The further expansion of the P1 building is also underway, following the 2015 and 2022 interventions, which will also see the renovation of the packaging departments and the revamping of the production facilities, with an increase in fermentation and freeze-drying capacity; the expansion will also include new places for employees to gather and relax.

Also in Cadorago, during 2024, four cooling towers will be replaced with new models with very low acoustic impact and sub-inverter ventilation management: the aim is to reduce both the noise emitted into the environment and electricity consumption. In addition, a steam generator will be replaced with a new one with higher energy efficiency performance than the current one; in return for this investment, sensors will also be installed that will allow the energy efficiency of other generators to be monitored.

In Zelo Buon Persico, the upgrading of the transformation cabin and power centre of the Z1 building will be completed in 2024 and, subsequently, an energy consumption monitoring system for the entire site will be set up: this system will enable the areas with the highest consumption to be clearly identified and thus energy saving measures to be planned for the coming years.

3.3.2 Strategic and commercial activities

In the coming years, we will push for Sacco System's presence in world markets.

We expect the Dairy sector to continue to offer us growth opportunities: in particular, we will focus on large international key accounts and some markets with great potential such as Russia, Brazil and China. We have reconfirmed our investment in probiotics and 4Choice (plant-based alternatives to dairy products); protective cultures remain a focal point of our strategy.
To meet the changing needs of our markets and stakeholders, we will renew and strengthen our Italian sales team and merge Customer Service to offer better service to our customers. We will

also work on the complexity in our portfolio, simplifying it and making it leaner and more flexible.

In the Microbiome BU, we will pay close attention to changes in consumer profiles and preferences, developing our holistic approach to people's health and wellbeing, as well as pay attention to changes in the probiotics market itself, to anticipate risks and seize new opportunities. Microbiome will continue to strengthen its presence in markets that indicate the most interesting growth prospects and will consolidate its business lines, continuing to invest in research and quality, to improve the Active Ingredients line proposal, and in skills, to offer increasingly complete services with high added value (Made4You line).

For the AgroVet BU, promising partnerships are being finalised with major global players in pet food, pet supplement and feed for farm animals, including through the foreign subsidiary CSL USA. Of particular interest, the development and study of a probiotic formula for dolphins, later applicable to other aquatic mammals, in collaboration with SeaWorld in Abu Dhabi. Through CSL USA, we will develop the agro vet sector with an ad hoc business plan for probiotic development and eluate use.
We will strengthen B2B contacts for the Plants sector, with our bacterial solutions for plants and crops, and expand our territorial presence for the Meat sector with new distributors in Europe. We will consolidate the figure of the Agrovet BU as a defined and recognisable reality on the market, through trade fairs, conferences, and the development of the web platform.

In 2024, the Labware BU will start representing GSC in Italy. GSC is a Spanish company that organises proficiency tests, inter-laboratory comparison tests that allow laboratories to validate their analytical performance in specific tests, measurements or calibrations. The move to the new dedicated site in Vertemate (CO) will also begin. In the medium term, they are working on a business plan to introduce an after-sales service and support function, focusing - among other things - on scheduled maintenance and technical interventions, including on-site.

3.3.3 Research and development

In addition to continuing the as yet unfinished 2023 projects, in 2024 we will focus on the development of new products with veterinary applications, with a particular focus on the development of solutions for the health of companion animals (dogs and cats), to promote the health of horses and marine mammals.

3.3.4 Circular economy

Circular economy projects will continue with increasing commitment and investment, particularly those aimed at innovations in production processes to optimise the use of resources and valorise our waste products. Compatibility tests of the concentrated eluates with other commercially available organic fertilisers and field fertilisation efficacy trials on vegetable and intensive crops will continue. We assist our customers in studying application and integration solutions for eluate in agriculture in order to best position it to determine its market strategy.

Inthe course of 2024, the three companies, Sacco, Caglificio Clerici and CSL, will independently assess their circularity performance through self-assessment with COACH, the circularity measurement tool for the chemical industry, issued in its final version after the pilot phase, in which we participated in 2023. This will allow them to assess their strengths and weaknesses

in a timely manner, with the aim of undertaking targeted initiatives to improve their overall performance in terms of the circularity of their operations and along the value chain, and then activate specific projects and initiatives.

Again, with the aim of making processes more efficient and reducing waste production, activities will begin to monitor and reduce so-called 'food waste', with reference to the new requirement for FSSC22000 certification, with the definition of specific indicators and improvement targets concerning the amount of raw materials, semi-finished and finished products discarded or not usable.

Further ways of recovering the by-products of rennet processing will beinvestigated, for their possible use in anaerobic digestion plants for the production of biogas, and the subsequent use of digestates as fertilisers.

Finally, a new liquid rennet packaging machine is being installed at Caglificio Clerici, which will allow the automation of the operation and, at the same time, the replacement of the old PE bottles with new stand-up pouches, flexible pouches with a reduced plastic content (-63% compared to the solution currently in use).

3.3.5 Health and safety

In order to make the monitoring of health and safety indicators in the workplace more effective and immediate and the annual reporting more streamlined, an annual OSH report by the OH&SM and OH&SSO is planned to be produced from 2024 onwards, containing all relevant information, also in response to the requirements of the GRI standards, and a preventive and final reporting of health and safety costs.

Also in 2024, there are plans to reactivate participation in the WHP network, which was interrupted following the covid period, for Sacco and Caglificio Clerici, and at the same time add Centro Sperimentale del Latte to the initiative. The WHP programme, which stands for 'Workplace Health Promotion', is the European programme, recognised by the Ministry of Health, whose main objective is to promote organisational changes in workplaces in order to make them favourable environments for the conscious adoption and dissemination of healthy lifestyles, contributing to the prevention of chronic diseases. The themes of intervention are the fight against smoking and addiction, healthy eating, physical activity, and work-life balance. Through participation in the programme, we intend to build, through a participatory process and with a view to social responsibility, a context that encourages the adoption of behaviour and choices that are positive for the health of our people.

Finally, in 2024, we will install two Automated External Defibrillators (AEDs) at both the Cadorago and Zelo Buon Persico plants. At the same time, we will train a selected group of people in the correct use of the device (AED Team), who will be able to deal with cardiac emergencies and will be ready to intervene if necessary

3.3.6 Relationship with employees

For our workers, we will continue with development initiatives aimed at improving communication skills and making relationships more effective by disseminating a behavioural model called 'Brainbow'. We will activate pathways for empowering the role of managers, supporting managerial skills and reinforcing organisational awareness.

We will accompany the digital transformation, supporting the digital culture with dedicated training on IT tools, reinforcing the necessary skills and activating pathways to support change.

We will involve our people with increasingly widespread activities, such as internal training and information, on new processes or procedures, to spread an inclusive spirit with full respect for all diversities. We will continue to organise events and new initiatives to enhance our 'Family Spirit', involving them and giving space to the faces of our employees and their stories.

With a view to welfare, we will set up a company restaurant in Cadorago in 2024, also aimed at strengthening relations and knowledge between colleagues, business partners and customers.

3.3.7 Marketing and Communication

Next year will see the launch of the new saccosystem.com website, which will have improved features and content of global interest, delving into typical topics of our business in a dedicated blog. There will also be news in the careers section. In parallel, work will also be done on the creation of a new corporate video that will tell the story of what Sacco System is today in the world

3.3.8 Stakeholder engagement and sustainable development

During 2024, Sacco System plans to strengthen and deepen its sustainability strategy, with the involvement of the main European entities included in the consolidation scope. With the creation of a 'Sustainability Committee', an update of the materiality analysis will first be carried out, according to a dual materiality approach (i.e. considering impacts, risks and opportunities related to sustainable development), that our stakeholders will also be involved in. On the outcome of this process, Sacco System will base its medium- and long-term sustainability strategy, set its goals and identify the initiatives and activities to be pursued. This will prepare us for the preparation of sustainability reporting according to the European ESRS standards, which, following the entry into force of the Corporate Sustainability Reporting Directive, will be mandatory for Sacco System from 2026, on data for the financial year 2025.

More broadly, the involvement of our stakeholders will also continue with the dissemination of ferment culture, for both the business and the consumer audience, in line with our mission of 'supporting food culture and life', with several projects concerning the world of INgredients, Microbiome and Agrovet. Special emphasis will be placed on science outreach and employer branding activities for high school and university students. We will return to in person participation at events both in Italy and abroad, in order to increase awareness of our brand, our values and our ingredients.

4 TWO THOUSAND TWENTY THREE IN FIGURES

391	employees
163	M€ revenue
136	t frozen mixtures
391	t freeze-dried mixtures
1,108	t enzymes
939	t growth media
304	t chemicals

5 ECONOMIC RESPONSIBILITY

Economic value at the service of innovation, people and local area

5.1 ECONOMIC PERFORMANCE

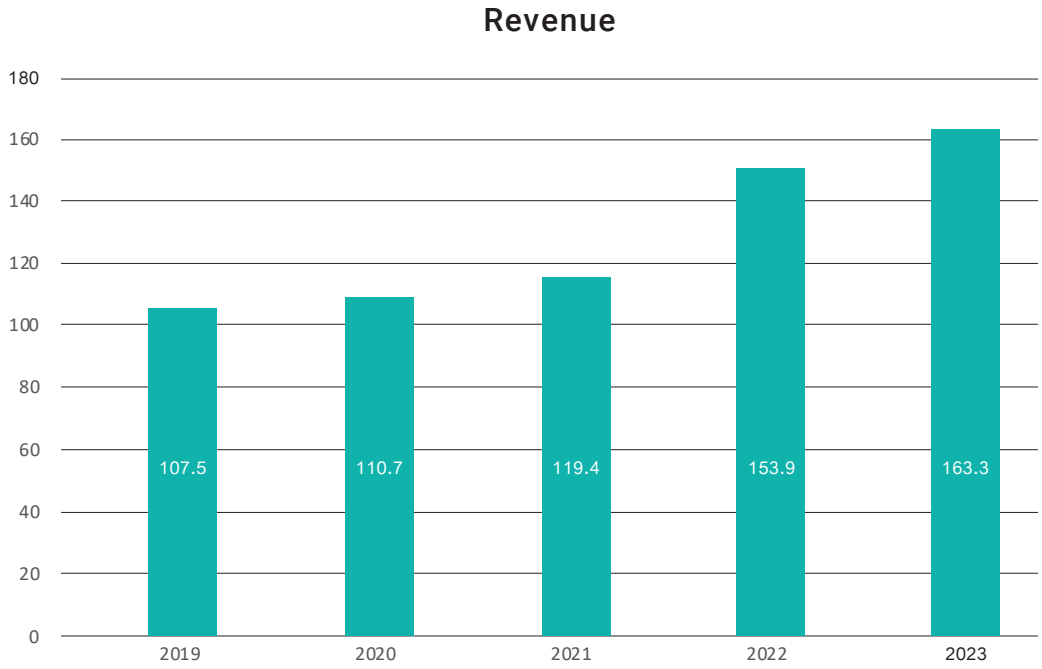
Sacco System is strongly committed to the creation of value for its stakeholders and the measurement of its economic results gives a clear and truthful representation of this in terms of the impacts distributed to them.

For Sacco System, economic performance represents the first element in the evaluation of company results and is measured through the use of indicators that allow the various aspects of management to be balanced within the broader scope of equity and financial performance.

Ownership defines the best organisational structure in order to achieve the corporate strategy by setting priorities, goals, both quantitative and qualitative, and methods for measuring and controlling economic and financial performance. The company policy is clearly oriented towards maintaining corporate integrity, with efficient and effective use of financial resources to ensure long-term sustainable development.

The efficiency and effectiveness of company management is monitored through the use of Key Performance Indicators (KPIs), which are an important part of the company's Management By Objectives (MBOs), together with other non-financial objectives, in an integrated management perspective. The results are periodically analysed at management level in order to determine alignment with set targets and to identify any corrective actions in the event of misalignment

Sacco System has experienced a trend of continuous growth in recent years characterised by positive results. The year 2023 also confirmed this trend, recording over €163 million in revenue (+6% compared to the previous year; see Graph 1).



Graph 1 - Sacco System Revenue, in millions of €

The distribution of economic value provides an indication of Sacco System's wealth creation for its stakeholders; below (Table 3) are the main economic and financial data useful for sustainability reporting for the last two years.[2]

Economic and financial data	2022	2022
Directly generated economic value (revenue)	153,872,376 €	163,258,468 €
Distributed economic value (operating costs, employee salaries and benefits, payments to capital providers and the Public Administration, investments in the community)	133,673,135 €	137,856,932 €
Retained economic value	20,199,241 €	25,401,536 €
Financial assistance received from the government (Industry 4.0 tax credits, Advertising, Research & Development)	2,851,080 €	1,515,942 €

Table 3 - Economic and financial data of Sacco System

2 The figures for 2022 have been corrected from the previous budget: they have been restated for better comparability with the figures for 2023, the calculation methods of which have been revised for greater completeness and better consistency.

5.2 RELATIONS WITH SUPPLIERS

At Sacco System, we understand that the quality and safety of our products is created throughout the supply chain. For this reason, all of our suppliers are carefully selected and checked for compliance with our quality and reliability requirements.

For Sacco and CSL, suppliers of raw materials, soils, proteins, microbial cultures, packaging and production auxiliary material in contact with the product must be ISO22000, FSSC22000, GMP, BRC or IFS certified; suppliers of laboratory material are required to be ISO9001 certified. It is possible to obtain supplier qualification even in the absence of a valid certification, but only after the completion of a thorough questionnaire, validated by our quality assurance system, the performance of audits and/or systematic testing of supplied products. The qualification is reassessed annually, based on the incidence of any non-conformities and following a documentary check.

At Clerici, for rennet production, stomachs are only purchased from slaughterhouses authorised by the health authorities, which are subject to systematic veterinary checks to ensure their suitability for human consumption or classification as category 3 by-products (with little or no health risk). For other products, such as additives, the legally defined purity requirements must be met.

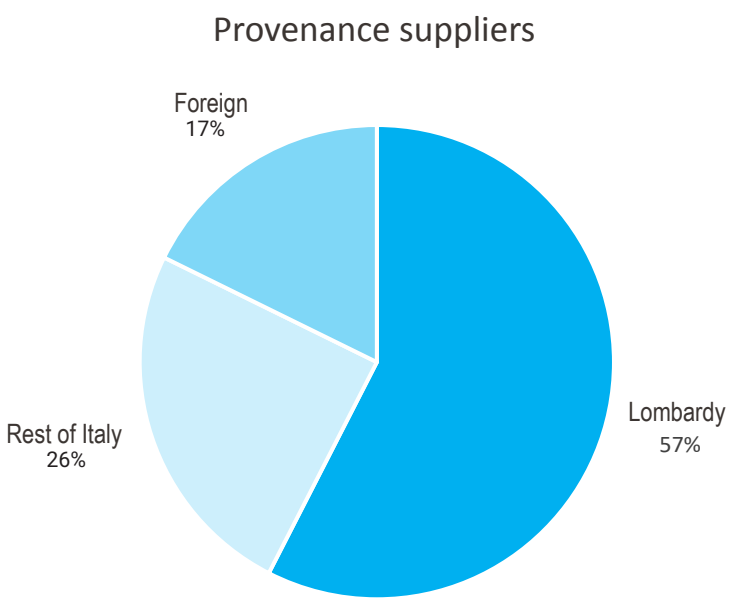
Sacco System also has a policy against food fraud and food defence, that all our suppliers must adhere to.

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

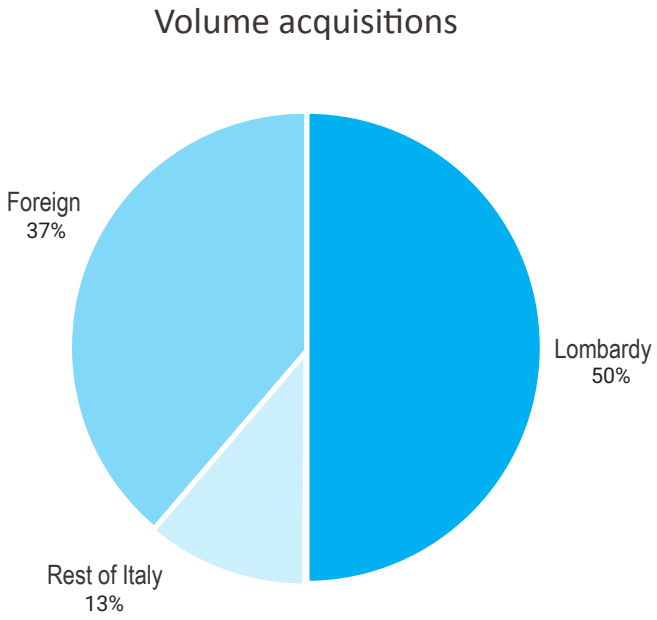
Sacco System has a total of 1,340 different suppliers of services and goods (both manufacturers and distributors); the number increased compared to the previous year (by about 8%). The majority of suppliers, more than 83%, are Italian (57% are located in the Lombardy region), that 63% of the total expenditure goes to: however, it is necessary to consider 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 Sacco and CSL fermentations, the Italian presence is guaranteed by major distributors, while the presence of foreign producers is strong: mainly French, German and Swiss. The presence of non-EU suppliers is extremely limited.

As far as packaging is concerned, we rely on Italian manufacturers (90%), mainly from Lombardy or Emilia Romagna, but the raw materials used to produce the packaging are mainly from abroad.

In 2023, there were no significant changes in the supply chain: the changes that occurred relate to the actual inclusion of new suppliers due to our need to avail of new services or to procure new raw materials, either for our research and development activities or, partially, to pursue the trend of decreasing costs towards lower averages compared to2022.



Graph 2 - Breakdown of the number of suppliers according to their geographical origin



Graph 3 - Breakdown of expenditure to suppliers according to their geographical origin

5.3 ANTI-CORRUPTION AND CONFLICT OF INTEREST

Our stakeholders consider the issues of anti-corruption and conflict of interest as particularly relevant.

In compliance with the principles of efficiency, honesty, transparency and loyalty that it applies in the performance of its activities, Sacco System has adopted and implemented a Code of Ethics, which governs the activities of each director, manager, employee and collaborator of the company and which each of them has a duty to respect. 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.

Sacco System prohibits any of its employees or collaborators from accepting, offering money or any other form of benefit, aimed at obtaining advantages for themselves and/or for the Company. All relations with customers and suppliers must be inspired by the general principles of business ethics.

Each Sacco System employee, 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, between supplier and customers. This applies if an employee pursues an interest other than the company's mission, takes personal advantage of business opportunities or acts against the fiduciary duties associated with his or her position. Therefore, employees must avoid all situations and operations in which a conflict may arise with the interests of the company or which may interfere with their ability to make impartial decisions in the best interests of the company and in full compliance with the law.

In order to facilitate the reporting of possible breaches of these rules, by anyone who becomes aware of them, a special communication tool has been set up with the members of the Supervisory Board, who are responsible for the full compliance with and interpretation of the Code, and who undertake to give a prompt reply, without the reporting party running any risk of suffering any form, even indirect, of retaliation, and taking the necessary corrective and preventive measures to prevent the same episode from being repeated.

In 2023, Sacco, Caglificio Clerici and CSL equipped themselves with a specific procedure and a whistleblowing platform for reporting corporate misconduct, the disclosure of which is available on the Sacco System website. All persons who have a contractual relationship with the companies are entitled to report any offence, that they were directly involved in or that they became aware of, that is relevant under Legislative Decree 231/2001.

During the reporting year, there were no incidents of corruption or conflicts of interest within the sphere of influence of Sacco System.
No specific training or communication initiatives were undertaken on anti-corruption regulations or procedures.

6 ENVIRONMENTAL RESPONSIBILITY

Measuring 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 4 and Graph 4).
The electricity needs are covered both through self-generation, with the natural gas cogeneration plant, in operation since 2022 at the Cadorago site, and the 5kW photovoltaic plant at the Zelo Buon Persico site, and through purchase from external suppliers.

Energy consumption	2021	2022	2023	Δ% a.p.
Natural gas m3	3,310,942	5,235,756	6,582,500	+26%
Purchased electricity (production sites) kWh	22,630,361	20,129,246	15,985,913	-21%
Purchased electricity (car recharges) kWh	2,894	7,843	5,913	-21%
Self-produced and self-consumed electricity (photovoltaic system) kWh	7,000	6,900	6,863	-1%
Unleaded petrol	10,503 litres	13,945 litres	14,034	+1%
Diesel	82,996 litres	72,614 litres	48,055	-34%
Total	**214,146,633 MJ**	**281,632,177 MJ**	**309,383,596 MJ**	**+10%**

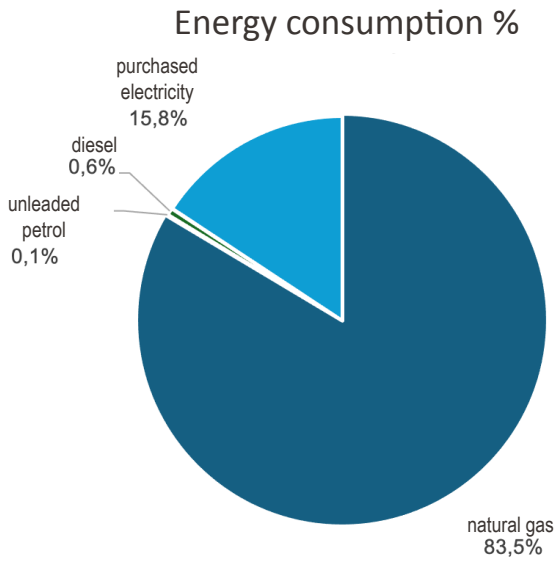
Table 4 - Energy consumption of Sacco System in 2023 divided by source and percentage difference to 2022; total energy consumption expressed in MJ (definitions, sources and methodological note[3])

During 2023, 2,376,106 kWh of heating energy and 4,891,384 kWh of steam energy were generated and directly consumed by the cogeneration plant, a marked increase over the previous year (+68% and +75% respectively)[4], thanks to the plant becoming fully operational;
360 kWh were fed back into the electricity grid and sold. It has been calculated that the co-generator saves us 1400 toe/year. Just under 6,900 kWh were produced by the photovoltaic system and consumed on site directly.

The choice of gas and electricity suppliers is mainly driven by commercial considerations, thanks to the mediation of trade associations. Approximately 46% of the fuel mix of purchased electricity is from renewable sources.[5]

Energy consumption at Sacco System is mainly attributable to the operation of the highly energy-intensive ferment production and refrigeration plants. Energy consumption is constantly monitored and initiatives aimed at containing it are considered, through the introduction of technological solutions and periodic renewal with increasingly efficient equipment.

With a view to improving our energy efficiency and waste reduction, we are undergoing energy audits and, at the plant level, we are equipping all new rooms with LED lighting or replacing existing lighting systems, insulating all piping and installing inverters (to date, more than half of the plants are equipped with them). At CSL, the installation of economisers downstream of two steam generators is planned, resulting in an estimated saving of 60,000 Sm3/year of methane, equal to about 50 toe/year.



Graph 4 - Percentage distribution of energy consumption in 2023

3 The cubic metres of natural gas indicated in the table include the consumption of the cogeneration plant, boilers and other production instruments and equipment. Purchased electricity is understood here to mean only that supplied by external suppliers, not self-generated electricity from cogeneration (detailed in the text).
The MJ/litre of fuel equivalence factors used here are taken from the Legislative Decree no.199 of 8 November 2021, implementing Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources, and the related Decree no. 107 of the Ministry of Environment and Energy Security of 16 March 2023. This value corresponds exactly to what was carried out in previous reporting years, when reference was made to the Clean Vehicle Directive Dir.2009/33/EC, as suggested by the Price and Tariff Observatory of the then Ministry of Economic Development. For this reason, the values of 2023 are comparable with those of previous years.
However, the fuel consumption shows a decrease which may not be realistic, because no data is available for pre-assigned cars.
For the conversion into MJ of the cubic metres of natural gas consumed, reference was made to the higher calorific value (HCV) defined by the supplier in the bill, month by month (weighted average 39,331 MJ/Sm3 for Sacco; 39,085 MJ/Sm3 for Clerici; 39,051 MJ/Sm3 for CSL).
4 Corrigendum: the correct figure for heating energy consumption for 2022 is 1,414,570 kWh; the figure was incorrectly reported in the previous budget due to an extrapolation error. Also to be corrected is the MJ derived from methane gas consumption for 2022, which amounted to 206,048,157 MJ: the figure reported in the 2022 report was misrepresented by a conversion error.
5 Source: GSE. Composition of the initial national mix used to produce the electricity fed into the Italian electricity system in 2023 (pre-final balance): renewable sources 46.31%, natural gas 42.99%, coal 5.27%, oil products 0.90%, other sources 4.53%. At the closing of the preparation of these financial statements, the figures for 2023 of the specific supplier were not yet available.

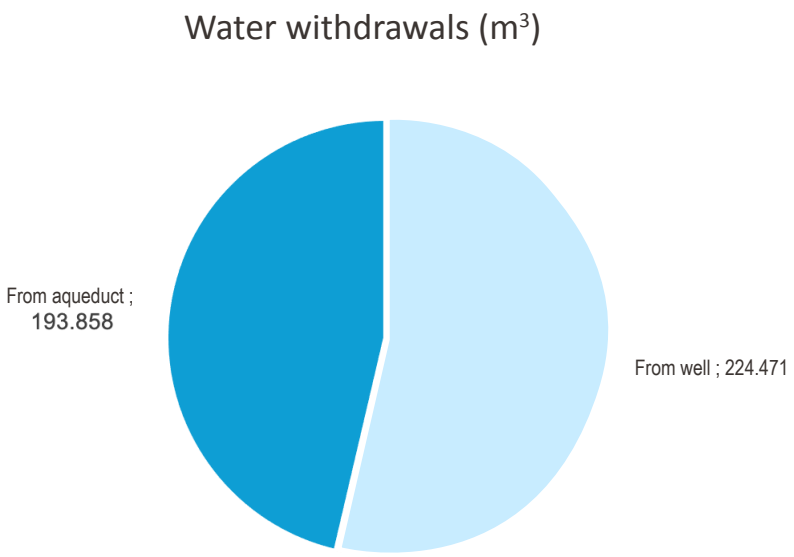
6.2 WATER AND WASTE WATER

Water is a fundamental resource for all production processes at Sacco System. It represents the primary ingredient in fermentation and is necessary for the operation of machinery, as well as to ensure proper hygiene and cleanliness of plants and equipment.

Like any production process in the food or pharmaceutical industry, water recycling and reuse are extremely difficult to implement due to the associated high risk of contamination. Nevertheless, mechanisms are in place for the recovery and recycling of some process water for purely industrial uses, such as the closed loop for heating and cooling water, the recovery of condensation water, washing water 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. None of Sacco System's production sites are located in water-stressed areas.[6]

At our production sites, we use both water from public waterworks and water drawn from wells, with a total annual withdrawal of almost 418 million litres (see Graph 5 and Table 5). The use of water from private wells decreases the impact on the public network.



Graph 5 - Amount of freshwater withdrawals (in m3) by source

As far as effluent management is concerned, at the Zelo Buon Persico site, a purification plant with MBR (Membrane Biological Reactor) technology, capable of treating up to 230,000 cubic metres of effluent per year, has been in operation since February 2022. Following the installation of the purification plant, we completed the authorisation process for the discharge of waste water into surface water bodies, and from October 2023 we will no longer discharge our water into the public sewage system, but it will be fully returned to the ecosystem for irrigation purposes, thus completing the integrated water cycle. A part of the purified water is recovered in the company's internal cycle for technological purposes (boilers and cooling towers): in 2023, the quantity recovered was about 55,000 cubic metres, or more than 25% of the water used by the plant.
At the operating site in Cadorago, on the other hand, waste water undergoes an initial physical

6 The Aqueduct Water Risk Atlas (https://www.wri.org/applications/aqueduct/water-risk-atlas/) indicates the Cadorago area as low-medium risk (it was low in 2022) and the Zelo Buon Persico area as low risk (it was low-medium in 2022). Overall water risk measures all water-related risks, aggregating all indicators selected from the categories Physical Quantity, Physical Quality, Regulatory Risk and Reputational Risk.
Last updated 28/06/2024

treatment in the 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. Since 2022, an evaporator has been in operation to concentrate production eluates (the spent broths from fermentations), which can then be given away as by-products for reuse as fertiliser or animal feed, with a view to encouraging circular and sustainable practices. This process of concentrating the eluates resulted in a significant decrease in the total pollutant load of the wastewater. In 2023, the new process resulted in the processing of 1,270 t of eluate concentrate for the feed and agrochemical industry, which means that approximately 12,700 t of eluate as is, which would otherwise have been discharged as effluent, were processed.
At the same time as the concentration of eluates, and thus the recovery of the organic and inorganic substances they contain, evaporation allows the recovery of water to be reused in the production cycle for technological uses.
At CSL, eluates have already been reused in animal husbandry for years for pig feed: 9,637 t of eluate were thus recovered as feed formula in 2022.
Discharge limits are set by law7 and any exceptions are agreed with the competent territorial authorities. Compliance with these limits is ensured by periodic checks by control bodies or by self-certification. No out-of-specification values were detected in 2023.
The water consumption of Sacco System's activities, understood as water that can no longer be used by the ecosystem or the local community, is given by the residual water contained in our sales products (e.g. liquid rennet, frozen ferments, chemicals in aqueous solution, feed eluates or concentrates) and that evaporated in production processes. There are also consumptions that escape measurement, which are those for domestic use or the irrigation of green areas. Finally, at the production plants, there are tanks for the temporary storage of water, which will then be used in production (see Table 5).

Information on water use	2023
Withdrawals	418,329 m3
Discharges	318,059 m3
Water remaining in products	10,957 m3
Evaporated water	83,000 m3
Unmonitored consumption	6,314 m3
Temporary storage	760 m3

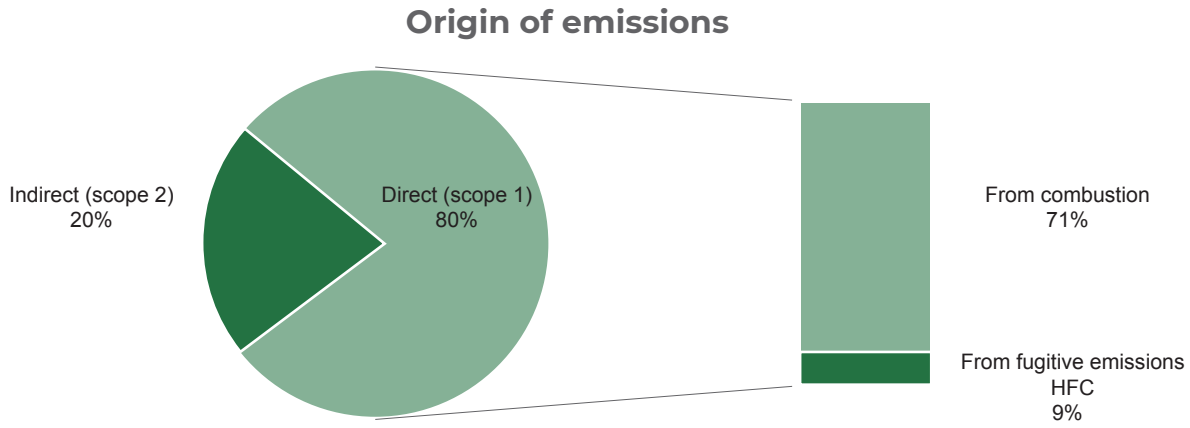
Table 5 - Details of water resource use in 2023

7 Tab.3 second column of Annex 5 to Part Three of Legislative Decree 152/2006

6.3 EMISSIONS

Internal greenhouse gas emissions from Sacco System's production activities can be distinguished between direct and indirect.

Our direct emissions (Scope 1, according to the GHG Protocol) are those resulting from combustion by company-owned or company-controlled machinery (co-generators, boilers, burners, but also means of transport such as company cars), or from F-gas leaks from our refrigeration plants. Direct emissions now account for more than two-thirds of total domestic greenhouse gas emissions (Graph 6). On the other hand, indirect (Scope 2) are those arising from the production of electricity imported and consumed by the company.



Graph 6 - Distribution of greenhouse gas emissions by source

Following these definitions, direct emissions were calculated and converted into tonnes of CO2 equivalent, tCO_{2eq}, using the tools of the GHG Protocol, for natural gas combustion and automotive fuel consumption, and the GWP-ODP Calculator for F-gas (Table 6), while indirect emissions from thermoelectric production were estimated based on the most recent ISPRA coefficients and the latest available energy mix data (Graph 7).

Although there are no specific policies in place on emissions, their reduction remains a sensitive issue for our stakeholders; we believe it is important to deepen the issue of their management and monitoring with a view to the future, considering our impact as not insignificant, by embarking on a path of progressive reduction of our carbon footprint, in order to meet the European climate neutrality objectives at 2050.

Direct GHG emissions	2020 (tCO_{2eq})	2021 (tCO_{2eq})	2022 (tCO_{2eq})	2023 (tCO_{2eq})
From natural gas combustion	5,874.19	6,247.06	9,878.78	12,419.80
From lead free petrol combustion	12.23	23.86	31.68	31.88
From diesel combustion	193.84	222.12	194.34	128.61
From fugitive HFC emissions	831.92	1,380.63	1,837.38	1,714.04
Total	**6,912.18**	**7,873.67**	**11,942.18**	**14,294.33**

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

8 World Resources Institute (2015). GHG Protocol tool for stationary combustion. Version 4.1
9 World Resources Institute (2015). GHG Protocol tool for mobile combustion. Version 2.6.
10 GWP-ODP Calculator https://www.unep.org/ozonaction/gwp-odp-calculator

With the introduction of the cogenerator, there has inevitably been a sharp increase in direct emissions from natural gas combustion compared to the years prior to its commissioning in 2022; emissions from the consumption of automotive fuels, on the other hand, are lower, but the figure may not be realistic (see Energy section).

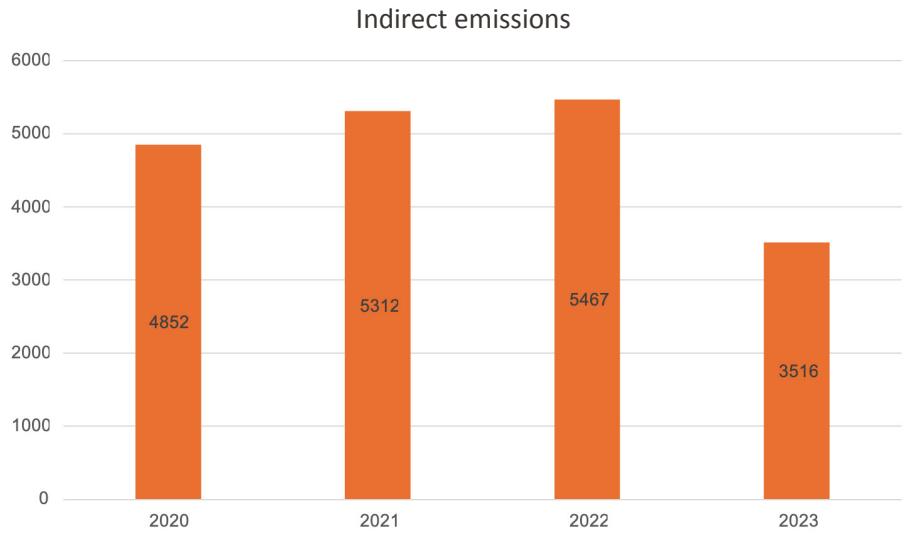
F-gas fugitive emissions, caused by some failures in refrigeration systems, have decreased slightly: with the introduction of new chemical agents for the management of refrigeration systems, their impact on direct emissions will be progressively reduced.

Indirect Scope 2 emissions,calculated using a location-based approach, on the other hand, have fallen sharply since 2022, due to less reliance on energy purchased from external suppliers and a less carbon-intensive energy mix (Graph 7).[12]

In 2023, we were also able to have a measure of the emissions due to the transport of outbound goods entrusted to the courier DHL, which fall under our Scope 3: these were estimated at 29.99 t CO_{2eq}. By joining the programme of the emissions offset provider, GoGreen, it was possible to offset greenhouse gas emissions by an equivalent amount.

With regard toother types of gases emitted, the cogeneration plant is equipped with an emission analysis system, which monitors CO, NO_X, XOX-NO_2, SO_X, NH_3, H_2O emissions in real time: if nearing the limits set by law, the system automatically locks up, while, in the event of accidental overruns, a notification is sent to the relevant provincial authorities.

Other atmospheric emissions are dust from mixing and bagging operations at the Caslino al Piano plant, which are constantly monitored and always well below legal limits.
The refrigerant gases used in our refrigeration systems are not ODS ('ozone-depleting substances').[13]



Graph 7 - Estimated indirect (Scope 2, in tCO2eq) greenhouse gas emissions over the last four years, using a location-based approach

11 Indicators of efficiency and decarbonisation of the national energy system and the electricity sector. ISPRA Report 363/2022. Carbon dioxide emission factors from gross thermoelectric production by fuel (update to 2021 and preliminary estimates for 2022). SINAnet, ISPRA.
12 Source: GSE. Composition of the initial national mix used to produce the electricity fed into the Italian electricity system in 2020, 2021, 2022 (final balance) and 2023 (pre-final balance). At the closing of the preparation of these financial statements, the figures for 2023 of 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. Following the 2022 fuel mix update, the 2022 market-based indirect emissions were corrected from the previous report, from 5628 to 5467 tCO2eq
13 Source: GWP-ODP Calculator https://www.unep.org/ozonaction/gwp-odp-calculator

6.4 WASTE

At Sacco System, waste management is a relevant topic. The variety and complexity of our operations and activities is reflected in a great variability of production waste and refuse. It is crucial for us to manage them in compliance with current regulations and to work to try to reduce the environmental impact they cause.

The waste management procedure at our production sites is inspired by the '4R theory', i.e. it prioritises the Reduction of waste (understood as prevention at source), then, with decreasing priority, Re-use, Recycling and Recovery of energy. Disposal is only used as a last resort. This asset fits in with the circular economy paradigm that we are pursuing in the company, optimising production processes, reducing waste materials, and trying to keep materials in the value chain as long as possible. The waste management system is constantly reviewed with a view to reducing the quantities produced, improving sorting percentages, encouraging recovery and recycling rather than disposal, and ensuring proper handling for the safety of people and the environment. Annually, the quantities produced are assessed in relation to the company's production, with particular reference to their destination, hazardousness and economic impacts.

Waste-related input, output and activity flows are exemplified in Figure 17.

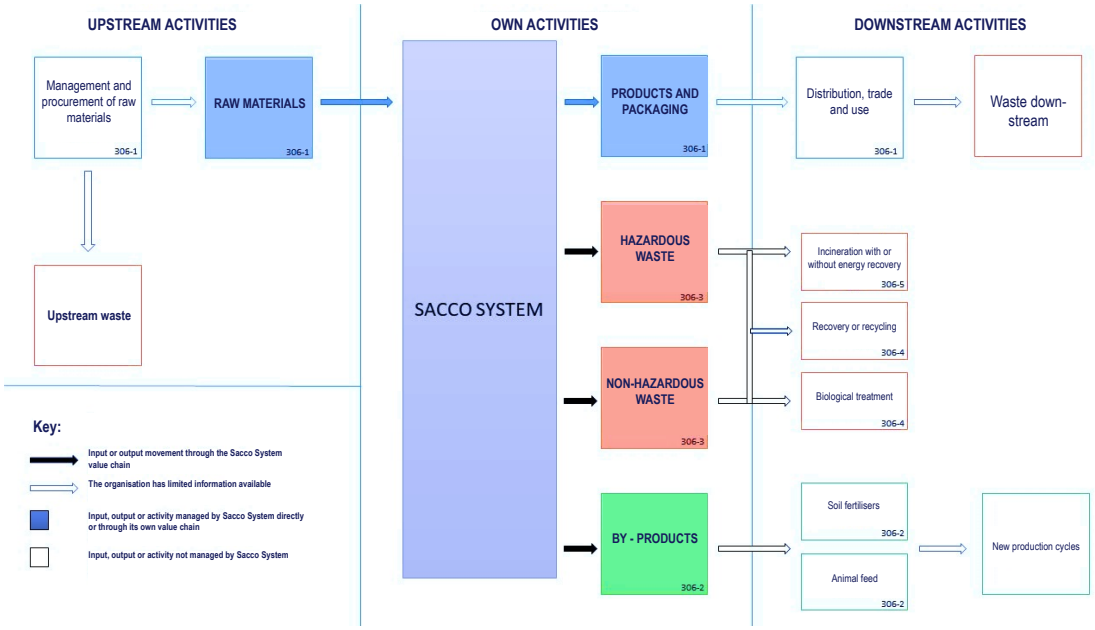


Figure 17 - Process flow for waste generation and its related significant impacts

Sacco System receives raw materials and their packaging from its suppliers; downstream parties, who distribute, trade and use our products, will themselves generate waste from our products, consisting mainly of the empty packaging. The products themselves, being consumable goods, do not become waste unless they are unusable by the end user (e.g. by exceeding the expiry date).

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

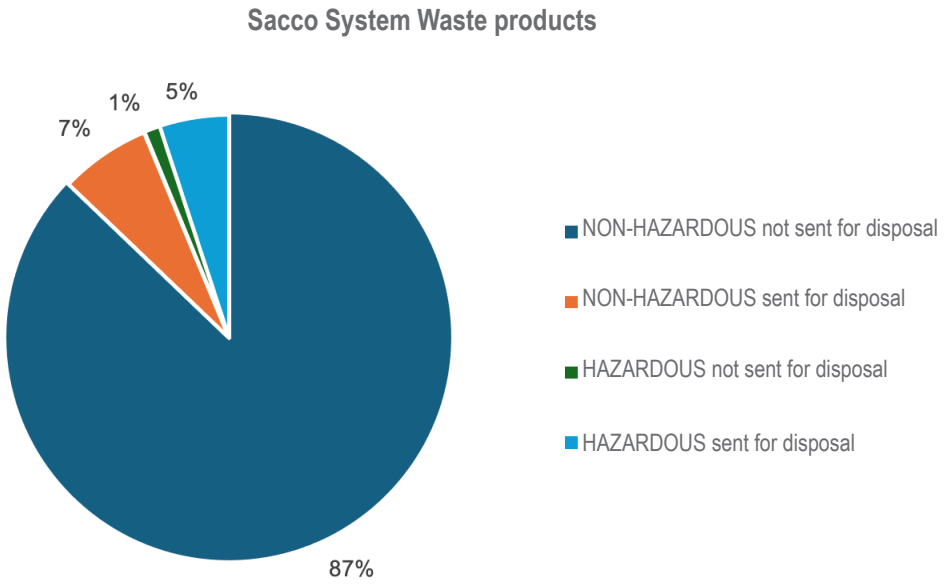
EER CODES	WASTE DESCRIPTION	KG
020502	Sludge from on-site effluent treatment	192,060
150106	mixed material packaging	139,040
150101	paper and cardboard packaging	61,150
150102	plastic packaging	37,500
161002	aqueous liquid wastes other than those mentioned in 16 10 01	25,780
180103*	waste that must be collected and disposed of with special precautions to avoid infection	21,660
150104	metal packaging	21,644
020304	(waste unusable for consumption or processing)	18,980
170405	iron and steel	12,380
170407	Mixed metals	8,180
170402	Aluminium	7,440
060105*	Nitric acid/nitrous acid	4,930
150110*	packaging containing residues of or contaminated by hazardous substances	2,483
130208*	other oils for engines, gears, lubrication	1,700
160214	discontinued equipment (computers etc...)	880
160211*	discarded equipment containing chlorofluorocarbons, HCFCs, HFCs	880
170603*	other insulation materials containing or contained by hazardous substances	870
160506*	Laboratory chemicals containing or consisting of hazardous substances, including	788
130205*	mixtures of laboratory chemicals	660
060205*	mineral oils for non-chlorinated engines, gears and lubrication	640
160303*	other bases	260
150203	inorganic waste containing hazardous substances	120
170401	absorbents, filtering materials, wiping cloths and protective clothing, other than those mentioned in the entry	80
080318	copper, bronze, brass	80
160213*	spent printing toners (non-hazardous)	80
060106*	discarded equipment containing hazardous components	70
150202*	absorbents, filter materials (including oil filters not otherwise specified), rags and protective clothing, contaminated with hazardous substances	50
160604	alkaline batteries	10

Table 7 - List of waste sent for recovery or disposal in the year 2023 (in kg) [14]

Almost 94% of the waste produced is non-hazardous waste. Regarding their destination, 88.3% are sent for recycling, recovery or biological treatment; the remaining 11.7% are destined for disposal: incineration (also with energy recovery) or chemical-physical treatment (Table 8 and Graph 8). All waste is entrusted for further treatment to authorised Italian companies, duly registered with the National Register of Environmental Operators. We have no evidence that our waste is landfilled.

Destination		Kg	%
NON-HAZARDOUS WASTE		**525,444**	**93.74%**
of which	Not for disposal[15]	488,454	87.14%
of which	Destined for disposal[16]	36,990	6.60%
HAZARDOUS WASTE		**35,071**	**6.26%**
of which	Not for disposal[15]	6,723	1.20%
of which	Destined for disposal[16]	28.348	5.06%

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



Graph 8 - Percentage distribution of waste generated by hazardous characteristics and final destination

In the three-year period 2017-2019, animal rennet processing waste accounted for as much as 71% of the total waste produced in Sacco System and almost 95% of Caglificio Clerici's waste, with over 2,300 t total generated. In 2020, their management as Category 2 (not for animal consumption) animal by-products (A.B.P.) became fully operational by sending them to a rendering plant for conversion into fertiliser (Figure 17). This made it possible, as of 2021, to manage all rennet waste as A.B.P.

14 The quantities delivered to the operator in the reference year are taken as 'produced' waste.
15 Waste sent for recycling, recovery or biological treatment.
16 Waste sent for incineration with or without energy recovery, physical-chemical treatment.

The results of this change have had a huge impact on the overall amount of waste produced: with the full implementation of this system, a reduction of more than 90% of the waste produced by Caglificio Clerici was achieved compared to previous periods. To further confirm this remarkable improvement, when comparing the annual quantity of waste produced to that of finished products, this ratio went from values close to 800 t/tonne to values up to fifteen times lower (between 54 and 65 t/tonne). The total amount of rennet processing waste sent to new production processes therefore increased progressively until it reached a maximum quantity of 1215.6 t in 2023, while the waste produced by Caglificio Clerici went from 887,130 kg in 2018 to 72,450 kg in 2023.

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

This was reflected, also at group level, in a gradual and consistent reduction in the years 2019 to 2021; the slight increase in 2022 (+8.5%) is, however, decoupled from the increase in production capacity of +41%. On the other hand, the marked increase in 2023 is mainly attributable to the production of sludge from on-site effluent treatment (EER 020502), deriving from the wastewater treatment plant started up at CSL's production site in Zelo Buon Persico, which increased from just over 8 t in 2022 to over 192 t in 2023, and of aqueous liquid waste (EER 161002), of which almost 28 t were produced for the first time by Sacco (Graph 9), from extraordinary maintenance work on the equalisation tanks.

In the near future, further ways of recovering the by-products of rennet processing will be investigated, with the possible conversion from A.B.P. category 2 to category 3 (slaughterhouse and food industry waste) and their use in anaerobic digestion plants for biogas production, prior to the subsequent transformation of digestates into fertilisers.
Finally, in 2023, to meet the new FSSC22000 management system compliance requirement, a new indicator was introduced at CSL to monitor and reduce product waste. In particular, the disposal of compliant but expired products and raw materials will be monitored. For the year 2023, the percentage of the quantity disposed of out of the total quantity packaged was calculated, with targets to maintain or reduce, for the year 2024. For more details, the plan is to maintain the figure for raw materials and reduce the percentages for intermediates, mixtures and finished products

(Table 9). The required actions concern better stock planning, with an increase in periodic checks of available quantities, increased awareness and attention by the planning department and the commercial division, aimed at greater awareness and attention to the confirmation of orders sent to production. Finally, a new procedure will be introduced, aimed at the recovery of finished products close to expiry. Similar indicators and evaluations will also be implemented during 2024 for Sacco and Caglificio Clerici.

	2023	2024	Actions required
Raw materials	0.09%	0.09%	Preserving good purchasing management
Intermediates (bulk)	1.22%	1.20%	Better stock planning
Mixtures	0.24%	0.20%	Awareness raising of the commercial side
Finished product	0.86%	0.50%	New procedure for the recovery of finished products

Table 9 - Overview of food waste indicators and related improvement actions for 2024 (CSL)

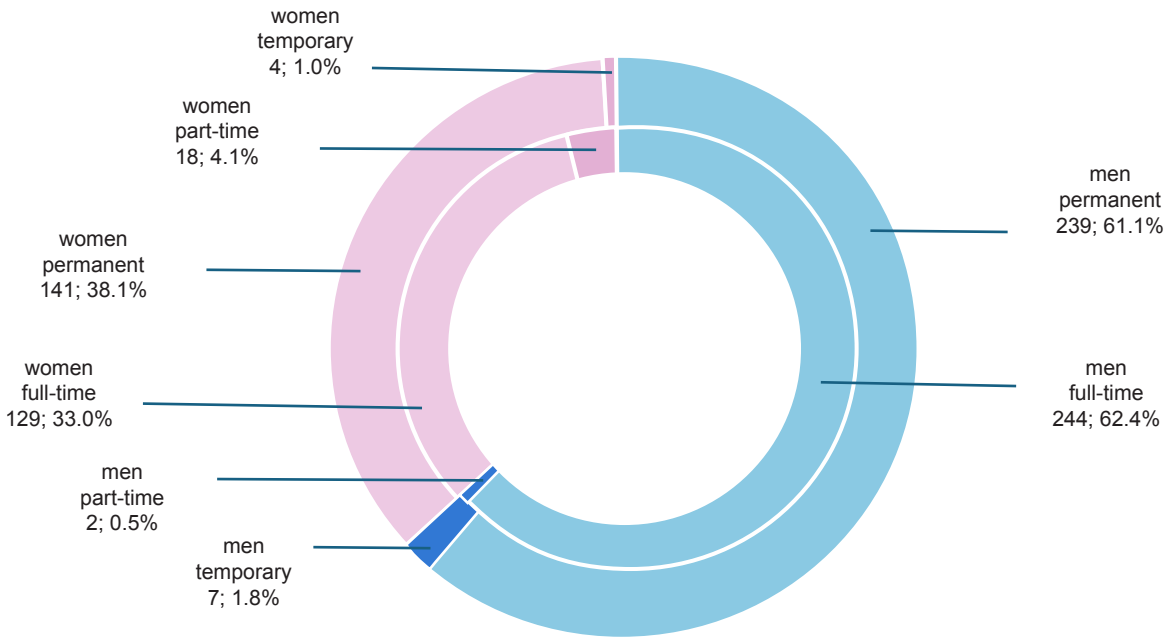
7 SOCIAL RESPONSIBILITY

The strength of human relations, a pillar of our governance

People are a key resource for Sacco System. The importance of human relations, the commitment to constantly ensuring a healthy environment and a safe workplace, and the attention to the well-being and training of our employees are fundamental elements in our personnel management, reflecting the family spirit that characterises our corporate governance.

7.1 EMPLOYMENT

The Sacco System family is constantly growing and evolving, as shown by the positive turn-over figures and the strong demographic growth in recent years. A total of 246 men and 145 women from more than twenty different countries work at Sacco System, all of them covered by collective bargaining agreements (Chemical-Pharmaceutical and Food Collective Bargaining Agreement).17 Almost all of the existing contracts are permanent (97.2%) and full-time (95.4%). During 2023, 68 recruitments (+17.4%) were finalised, against 43 exits (-11.0%) (Graph 10 and Table 10). It is noteworthy that over 60% of our women are university graduates, the vast majority in STEM (Science, Technology, Engineering, Mathematics) subjects.



Graph 10 - Distribution of contract type (permanent or temporary, external ring) and employment type (full-time or part-time, internal ring) by gender

[15] Data as at 31/12/2023

Contract type	Permanent	Temporary	By gender
M	239 (61.1%)	7 (1.8%)	246 (62.9%)
F	141 (36.1%)	4 (1.0%)	145 (37.1%)
by type	**380 (97.2%)**	**11 (2.8%)**	**391 (100%)**

Type of employment	Full Time	Part Time	By gender
M	244 (62.4%)	2 (0.5%)	246 (62.9%)
F	129 (33.0%)	16 (4.1%)	145 (37.1%)
by type	**373 (95.4%)**	**18 (4.6%)**	**391 (100%)**

Recruitment	<30	30-50	>50	By gender
M	25 (36.2%)	17 (24.6%)	1 (1.4%)	43 (62.3%)
F	14 (20.3%)	12 (17.4%)	0	26 (37.7%)
by age	**39**	**29**	**1**	**69 (100%)**

Voluntary resignations	<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%)
by age	**8 (26.7%)**	**20 (66.7%)**	**2 (6.6%)**	**30 (100%)**

Redundancies	<30	30-50	>50	By gender
M	1 (14.3%)	3 (42.9%)	2 (28.6%)	6 (85.7%)
F	0	1 (14.3%)	0	1 (14.3%)
by age	**1 (14.3%)**	**4 (57.2%)**	**2 (28.6%)**	**7 (100%)**

Retirements	<30	30-50	>50	By gender
M	0	0	4 (57.1%)	4 (57.1%)
F	0	0	3 (42.9%)	3 (42.9%)
by age	**0**	**0**	**7 (100%)**	**7 (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 10 - Total number and percentage of employees by employment contract and type of employment, recruitment and turnover in the year 2023, broken down by age group and gender

Part-time employees enjoy the same rights and benefits as full-time employees. Sometimes temporary workers or workers on coordinated and continuous collaboration (Co.Co.Co.) are employed mainly for short-term replacements in the production and packaging departments; there were 10 as at 31/12/2023. The following activities, on the other hand, are usually contracted out to external companies: cleaning of the premises, care of green spaces, installation, ordinary and extraordinary maintenance of certain facilities, equipment and machinery, pest and rodent control service, and catering services.

Our company policy on employment is meritocratic and oriented towards making managers responsible for their employment needs in relation to the company's objectives, planning in the budget a description of the professional figures needed with the consequent organisational solutions and preferentially turning to internal resources for the selection. Company turnover is monitored through targeted interviews with resigning staff for the necessary follow-up.

Remuneration is defined according to the parameters set out in the relevant collective agreements, is weighted according to the responsibilities held by the workers and is reassessed annually. In the first quarter of the year, workers' achievements and performance are evaluated and, depending on the findings, category, levels or salaries may be revised. In the case of increases in responsibility, levels are adjusted; in the case of positive performance, salaries are revised; bonuses may be awarded for the achievement of special projects or activities. Salespeople and managers are evaluated on personal targets that value a variable part of their remuneration.

Salaries are commensurate with responsibilities, organisational risks and business choices. Those with higher salaries take higher risks and allow the entire organisation to benefit from the choices made and to pursue relevant business activities. For Clerici, the highest remuneration is commensurate with the organisational responsibility of the role, which is responsible for managing departments. Neither stakeholders nor external consultants are involved in wage setting; specifically, there is no need to consult the Unitary Union since we apply the National Collective Agreement and refer to market data (Table 11).

	Sacco	CSL	Clerici
Ratio between maximum salary and average of all employees	7.45	7.5	1.9
Ratio between % increase of maximum salary and the average of all employees	1	1	1

Table 11 - Annual total remuneration as the ratio between maximum remuneration and average remuneration, and as the ratio between the percentage increase in maximum remuneration and the average of all employees, for the three companies, with reference to 2023

In addition to the social security contributions required by law, Sacco System guarantees its employees the possibility of joining supplementary pension schemes (Previndai, Alifond and Fonchim, that the severance pay fund is paid into and that 57% of employees adhere to) and health care funds (Faschim, FASA, FASI).

Employees are granted paid absences provided for by law, national contracts and company supplementary contracts, such as: marriage leave, parental leave, for death of family members, etc. For travelling personnel, life insurance, disability or invalidity insurance is also taken out.

In 2023, 14 women (out of 15 eligible) but no men (out of 14 eligible) took parental leave. For mothers, the re-entry rate is 100%; the retention rate after 12 months is 86%.

Sacco System also offers its employees various services and opportunities to improve their work and family life. As far as time management is concerned, employees are given the opportunity to enjoy a time bank, i.e. to convert all or part of their overtime hours into paid leave, to be used as needed.
In addition, all 'day' workers (not shift workers) can take advantage of flexible work hours, both start and end of day, in time slots established department by department, as well as for lunch breaks. Part-time is granted to employees with special family management needs, in particular to mothers with school age children or returning from maternity leave.
In addition to fixed remuneration, employees are paid an annual Performance Bonus, which is calculated on the basis of the achievement of economic and departmental targets and on the satisfaction of environmental-related parameters. Employees are then offered the option of converting this bonus, via the Edenred platform, into welfare services in various areas such as family assistance, vouchers, travel, sport and wellness, leisure, training, health, transport and mobility.

7.2 HEALTH AND SAFETY AT WORK

The health and safety of workers in the workplace is an essential element in all of Sacco System's operations. Decisions on the matter, from the time of their conception, planning, technical choices, to the stage of their implementation and execution, are taken in accordance with the principles and general protection measures provided for by the laws in force, in particular by Legislative Decree no. 81/08, having the mental and physical well-being of personnel as its primary objective. The Sacco System companies have equipped themselves with an Organisation, Management and Control Model to comply with the dictates of Legislative Decree 231/2001, with a special part relating to health and safety in the workplace, consisting of an organic complex of principles, rules, provisions, organisational schemes and related tasks and responsibilities, aimed at preventing, reducing or eliminating existing risks.

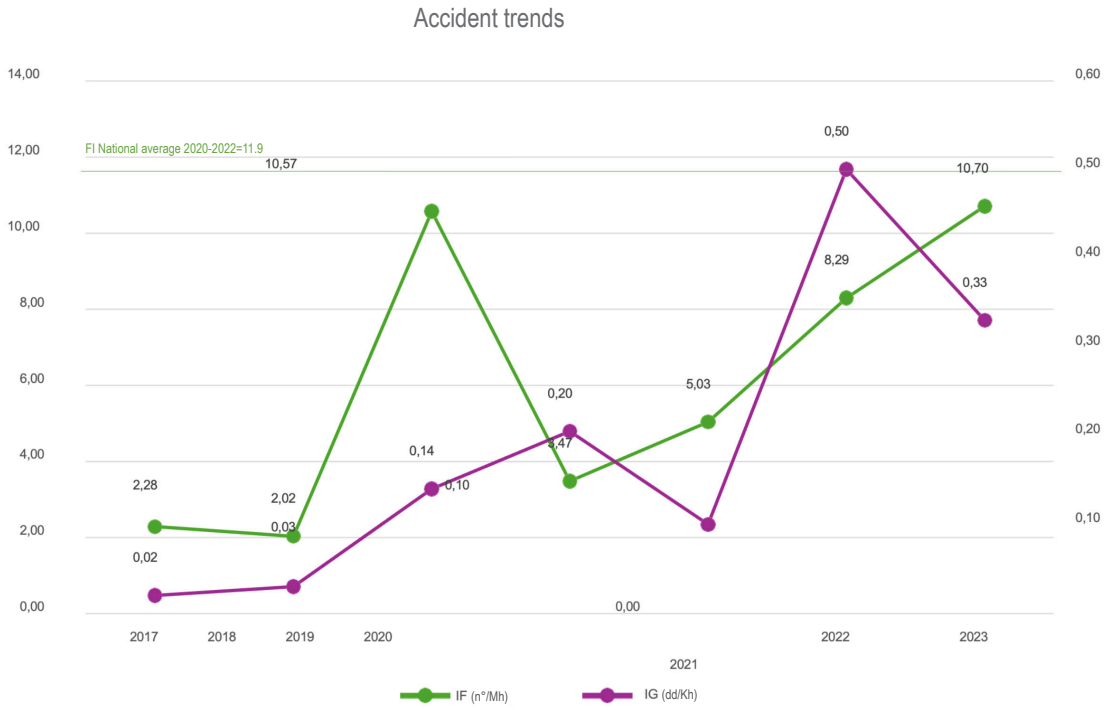
The company's health and safety organisation provides for a hierarchical structure with the EMP (Employer) at the top, who is supported by Managers and Supervisors for implementation and supervision. The Occupational Health and Safety Management System is presided over by the OH&SMSM (Occupational Health and Safety Management System Manager): he/she examines the various issues so that the system is implemented and maintained effectively and cooperates in the coordination of the Risk Protection and Protection Service with the relative manager (OH&SM). Worker consultation is ensured by the presence of the WSR (Workers' Safety Representatives), elected by them. The EMP also appoints the Company Doctor for the health surveillance of workers. Finally, there are teams trained by the fire-fighting, evacuation and emergency and first aid officers.

The monitoring and assessment of existing risk at the company, their minimisation and control, as well as the training of workers, are carried out in accordance with legal provisions, using qualified external personnel. The Risk Assessment Document (RAD) contains a detailed and systematic analysis of the potential hazards present in the workplace and the prevention and protection measures to be taken to mitigate them. This assessment is carried out by taking into account various factors, such as the activities performed, the characteristics of the working environment, the tools used and potential exposures to hazardous substances, through direct observation of the workplace, analysis of safety data, consultation with experts or collection of information from reliable sources.

At Sacco System, the incidence of accidents and occupational injuries is constantly monitored and managed to keep it as low as possible. For years we have been recording frequency (FI = no. of accidents / million hours worked) and severity indices (SI = days off work due to accidents / thousand hours worked) below the national average for the manufacturing industry, for which an average FI of 11.9 is calculated over the period 2020-2022 (source: INAIL; Graph 11). At Clerici, the eight-year accident-free streak continues. The calculation always excludes commuting accidents (in any case none in 2023).

In 2023, there was unfortunately an increase in the number of accidents compared to 2022 (7 vs. 5), but none with serious consequences (i.e. with a full recovery of more than 6 months), leading to a significant lowering of the SI severity index. The accidents that occurred are typically associated with the use of tools and equipment (cutting injuries), falls and manual handling of loads.
When analysing in depth the possible causes behind this increase in indices, a few were considered: a period of particularly high turnover of personnel, some changes in the work system such as shift work and the introduction of new production with new operations, as well as a more accurate reporting system.

Accidents are therefore mainly attributable to the human factor and organisational reasons. Based on the investigation of the causes of the occurrence of these incidents and thanks to the reports of near misses, corrective and preventive measures were put in place to prevent their recurrence in the future.



Graph 11 - Trend in accident frequency and severity indices in Sacco System over the 2017-2023 period

There have been no incidents involving workers who are not employees but whose work or place of work is under our control. No occupational diseases were reported for either employees or other workers.

In the case of the presence of contractors on company sites, the Single Document for the Assessment of Risks from Interference (DUVRI) is prepared and delivered, in order to make the company aware of the risks for the workers present and the prevention and protection measures to be adopted to reduce them.

7.3 TRAINING AND PROFESSIONAL DEVELOPMENT

Sacco System strongly believes in the importance of adequate training and the personal and professional growth of its employees, enhancing their skills. With specific reference to each person, individual professional development plans and training paths are developed and constantly reviewed.
In-company training activities cover both health and safety issues, and the training and updating of personnel on quality, hygiene and good manufacturing procedures, as well as technical and scientific training. Courses are continuously offered throughout the year at the company in the form of seminars and lectures by in-house staff, experts or university professors, or through participation in training courses, off-site conferences and lectures, and field activities, through shadowing or in the classroom. Courses are also offered on soft skills, which aim to develop attitudes and knowledge related to management roles, planning, leading groups, and internationalisation of activities.

All employees receive an annual performance and professional development evaluation. On this occasion, training is planned, gathering the training needs of departmental managers for the professional development of their employees. These needs are made consistent with the organisation and the company's objectives and therefore a training programme is planned for the entire year.

The preliminary collection of general requirements, in addition to better cost planning, enables the involvement of the various functions and people on projects in a comprehensive manner, creating value and synergies between the different skills, knowledge and helps the interaction of people belonging to the various company functions.

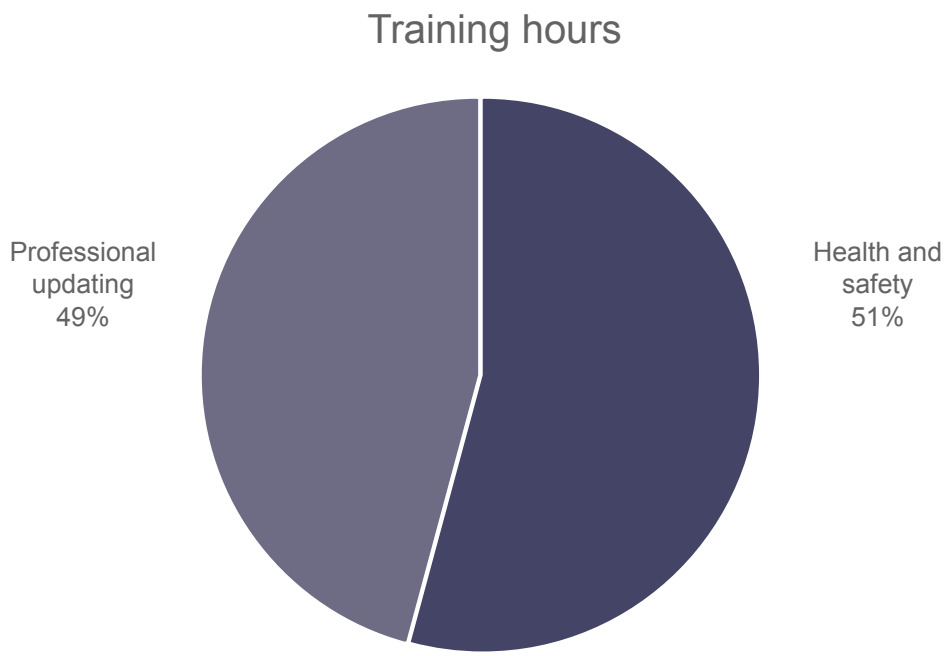
The onboarding of new resources includes a period of instruction and training, according to specific procedures, across company functions, in order to welcome them in the best way within the organisation. Training activities are similarly carried out in job take-over plans, also in cases of generational change due to retirement.

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

A total of 362 employees were involved in training activities in 2023, corresponding to 93% of the total, with 5,016 hours provided (+35% compared to 2022), almost equally divided between compulsory or additional health and safety training and refresher or new skills courses (Graph 12 and Table 12).

	% participants out of total	Average hours per participant
Women	87%	13.8
Men	96%	12.8
Workers	85%	10.8
Employees	98%	17.0
Middle managers	72%	22.0
Executive managers	53%	13.6
Total	**93%**	**12.8**

Table 12 - Participation rate by gender, employee category and average hours of training per participant



Graph 12 - Distribution of training hours provided in 2023 by topic

7.4 LOCAL COMMUNITIES

We have always been linked to the territory where the Sacco System family was born, grew up and developed. There are numerous initiatives that we implement and promote each year to strengthen this bond and involve the local community, seeking to foster the creation and distribution of shared value. In addition, we support international cooperation projects through partnerships with NGOs.

Also in 2023, 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 youth, innovation and research for the well-being of people are some of the values that our company has been promoting for 150 years, also through its products. Values shared by the sports associations we support, which passionately train girls and boys for success, educating them in team play and a life of mental and physical well-being and healthy fun.

Sacco is the official sponsor of A.S.D. Saronno Volley for the men's second division team. Sacco System also sponsors the four women's cycling teams of the Bike Cadorago sports club. Caglificio Clerici is a sponsor of Olimpia San Martino, A.S.D. Olimpia Cadorago and the Cadorago bocce ball club. They also sponsored the FPF team, with crew Ferrarotti-Bizzocchi, at the Como Rally (Figure 18).

7.4.2 Cultural initiatives

Our CEO, Cavaliere del Lavoro Martino Verga, is strongly committed to cultural initiatives in the Como area.

He was President of the Como section of the UCID - Unione Cristiana Imprenditori Dirigenti (Christian Business Owners and Managers Union), the association that unites entrepreneurs, managers and professionals in order to promote and advance in society the development of high professional morality, ensuring effective and fair cooperation between business subjects, placing people at the centre of economic activity, fostering solidarity against all discrimination and developing subsidiarity. He is also President of the Società Storia di Como (Como History Society), custodian of important historical documents of the city and province, and was also, until January 2022, Chairman of the Fondazione della Comunità Comasca (Como Community Foundation), whose aim is to promote the culture of giving and to improve the quality of life of the community in the province of Como.

Cav. 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, for the care, preservation and enhancement of the documentary and book heritage of the historical archives of the Diocese of Como and of the Bishop's Seminary Library. Cav. Martino Verga also personally supports the Collegio Universitario Cavalieri del Lavoro Scholarship.

7.4.3 Solidarity

People's well-being also comes from the joy of giving and the knowledge that they can help the less fortunate.

In this spirit, we have been supporting the 'Mani Tese' NGO since 2008, starting with the initiative of a few employees, through voluntary donations from employees, which have been doubled thanks to the company's contribution. Currently, we are supporting the 'Bambini al sicuro (Children Safe)' project at the Damnok Toek Centre in Poipet, Cambodia, a shelter and place of recovery for children and youth who are victims of trafficking and abuse, where they can regain peace of mind, resume their studies and learn a trade, helping them to build a future away from crime.

Sacco System and the Verga Family also actively support various local volunteer associations and non-governmental organisations: Associazione Genitori di Cadorago, Como Cuore ONLUS, Croce Azzurra Cadorago, the Parish of San Martino di Cadorago, Centro Aiuto alla Vita, LIPU, WWF and Ambrosoli Foundation for the Kalongo hospital in Uganda.

There have never been any actions related to the company's operations with significant negative impacts on local communities.

Figure 19 - Children at the Damnok Toek school in Poipet

7.5 CUSTOMER HEALTH AND SAFETY

The focus is on the food safety of the products sold, when used by both the direct customer and the end consumer. Food safety is ensured through the control of the following aspects: exclusive use of food-grade raw materials (for all three companies); for Clerici only, the purchase of raw materials exclusively from slaughterhouses with health authorisation recognised 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 according to the FSSC 22000 standard, which focuses on food safety.

Companies deploy the necessary resources and policies to ensure the safety of their products. For this purpose, companies have planned a self-check system for production processes based on HACCP principles.
A food protection plan (Food Defense) has also been drawn up to minimise the risk that manufactured products may be deliberately contaminated or adulterated.

The companies put in place a control plan from the raw materials to the packaged product, ensuring traceability throughout the production cycle.

Periodically, companies assess food safety aspects as part of the management system review. Here, process performance, complaints, non-conformities, achievement of objectives, sustainability aspects are evaluated. These evaluations make it possible to identify new improvement targets for the different business sectors.

Companies have a system of prerequisites and internal procedures relating to production processes, designed to prevent the production of non-compliant products that may have an impact on product health and safety. Control plans have been developed to guarantee the healthiness of their products. All products are checked to avoid non-conformities that may be harmful to health. Non-conformity management procedures define the actions to be taken in the case of non-conformities or potentially unsafe products, the responsibilities for resolution and the documentation to be produced. These procedures also define the plans for the development and implementation of corrective, preventive and improvement actions in the food safety management system. There are also procedures in place that establish how complaints are handled and dealt with, and in particular how they are triggered, the information process and the tasks of the various functions involved. They also define the modalities for activating the state of crisis and product recall.

Table 13 shows incidents of non-conformity that could have had an impact on the health and safety of the product, but were promptly managed and resolved so that such impacts did not occur on the end user or consumer.

Analysis of non-conformities	
Internal non-conformities (managed during production)	2
Supplier non-conformities (incoming material checks)	2
Customer non-conformities (returns and complaints)	0
Third-party body non-conformities (veterinarians and certification bodies)	0

Table 13 - Analysis of non-conformities occurring in 2023 by type of report and occurrence

All Labware products marketed by Sacco have CE marking (for equipment) and are accompanied by User Manuals, Technical and Safety Data Sheets, for items that require them. Technical personnel are regularly trained and updated by the parent company, which Sacco represents in Italy, on operation, technical applications, analytical issues and, in some cases, calibrations/ maintenance with regard to diagnostic kits, instruments, chemical and microbiological analysis material.

In the case of products reported by customers as non-compliant or non-functional, intervention is immediate: after an initial remote discussion with the customer, if the non-function or defect is confirmed, we have the product returned for an initial investigation and, depending on the case, proceed directly to replacement to avoid customer downtime; in parallel, an in-depth investigation is initiated with the manufacturer and the repair or replacement procedure is initiated.

8 ANNEXES

8.1 CONTACTS

We are at your disposal, contact us! info@saccosystem.com

8.1.1 CAGLIFICIO CLERICI S.p.A.

Via Manzoni 29
22071 Cadorago (CO)
Phone: +39.031.8859311
Fax: +39.031.904769

8.1.2 SACCO S.r.l.

Via Manzoni 29/A
22071 Cadorago (CO)
Phone: +39.031.8859311
Fax: +39.031.904769

8.1.3 CENTRO SPERIMENTALE DEL LATTE S.r.l.

Strada per Merlino, 3
26839 Zelo Buon Persico (LO)
Phone: +39.02.90696.1
Fax: +39.02.90696.99

8.2 GRI CONTENT INDEX

Declaration of use	Sacco System reported in accordance with GRI Standards for the period 01.01.2023 - 31.12.2023.
Used GRI1	GRI 1: Fundamental Principles 2021

GRI STANDARD	Information	Location	Omitted requirements	Reason	Explanation
GRI2: General Information 2021	2-1 Organisational details	Welcome to Sacco System			
	2-2 Bodies included in the organisation's sustainability reporting	Methodological note			
	2-3 Reporting period, frequency and point of contact	Methodological note Contacts			
	2-4 Review of information	Economic performance Energy Emissions *(Notes in the text)*			
	2-5 External assurance	*Sacco System has not subjected this sustainability report to external verification*			
	2-6 Activities, value chain and other business relationships	Welcome to Sacco System Two thousand twenty three in figures Supplier Relations			
	2-7 Employees	People Employment			
	2-8 External staff	Employment			
	2-9 Structure and composition of governance	Governance			
	2-10 Appointment and selection of the highest governing body	Governance			
	2-11 Chairman of the highest governing body	Governance			
	2-12 Role of the highest governing body in impact management control	Governance			
	2-13 Proxy of responsibility for impact management	Governance			
	2-14 Role of the highest governing body in sustainability reporting	Governance			
	2-15 Conflicts of interest	*There are no conflicts of interest as described in the information note*			
	2-16 Communication of criticalities	Governance			

	2-17 Collective knowledge of the highest governing body	Governance			
	2-18 Evaluation of performance of the highest governing body	Governance			
	2-19 Rules concerning remuneration	Employment			
	2-20 Procedure for determining remuneration	Employment			
	2-21 Ratio of total annual remuneration	Employment			
	2-22 Declaration on the sustainable development strategy	Letter to the stakeholders Foreword Sacco System for sustainable development Goals and projects 2024-2026			
	2-23 Commitment in terms of policy	Quality policy and certifications			
	2-24 Integration of commitments in terms of policy	The quality policy and certifications			
	2-25 Processes to remedy negative impacts	Governance Health and safety at work Customer health and safety			
	2-26 Mechanisms for requesting clarification and raising concerns	Governance Anti-corruption and conflict of interest			
	2-27 Compliance with laws and regulations	*There were no cases of non-compliance during the reporting period*			
	2-28 Membership to associations	Partnerships and programmes			
	2-29 Approach to stakeholder engagement	Methodological note Goals and activities 2023 Goals and activities 2024-26			
	2-30 Collective contracts	Employment			
GRI3: Material topics 2021	3-1 Process for determining 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 generated and distributed economic value	Economic performance			
	201-2 Financial implications and other risks and opportunities resulting from climate change	*No assessments have been made of risks, opportunities and impacts related to climate change*			
	201-3 Obligations concerning defined benefit and other pension plans	Employment			
	201-4 Financial assistance received from the government	Economic performance			

GRI204: Procurement practices 2016	3-3 List of material topics	Relation with suppliers			
	204-1 Proportion of expenditure to local suppliers	Relation with suppliers			
GRI205: Anticorruption 2016	3-3 Management of material topics	Anti-corruption and conflict of interests			
	205-1 Operations assessed to determine corruption-related risks	*No corruption-related risk assessments have been carried out*			
	205-2 Communication and training on anti-corruption regulations and procedures	Anti-corruption and conflict of interest			
	205-3 Confirmed incidents of corruption and adopted measures	Anti-corruption and conflict of interest			
GRI302: Energy 2016	3-3 Management of material topics	Energy			
	302-1 Energy consumed within the organisation	Energy			
	302-2 Energy consumed outside the organisation		302-2-a 302-2-b 302-2-c	Information not available	*No information is available for the reporting of this information note*
	302-3 Energy intensity		302-3-a 302-3-b 302-3-c 302-3-d	Information not available	*Not enough accurate data are available for a reliable calculation of the indicator*
	302-4 Energy consumption reduction	Energy			
	302-5 Reducing the energy requirements of products and services		302-5-a 302-5-b 302-5-c	Not applicable	*Finished products do not require the use of energy*
GRI303: Water and waste water 2018	3-3 Management of material topics	Water and waste water			
	303-1 Interaction with water as a shared resource	Water and waste water			
	303-2 Management of impacts related to water discharge	Water and waste water			
	303-3 Water withdrawal	Water and waste water			
	303-4 Water discharge	Water and waste water			
	303-5 Water consumption	Water and waste water			

GRI305: Emissions 2016	3-3 Management of material topics	Emissions			
	305-1 Direct GHG emissions (Scope 1)	Emissions			
	305-2 Indirect GHG emissions from energy consumption (Scope 2)	Emissions			
	305-3 Other indirect GHG emissions (Scope 3)		305-3-a 305-3-b 305-3-c 305-3-d 305-3-e 305-3-f 305-3-g	*Information not available*	*No information is available for the reporting of this information note*
	305-4 Intensity of GHG emissions		305-4-a 305-4-b 305-4-c 305-4-d	*Information not available*	*No information is available for the reporting of this information note*

GRI305: Emissions 2016	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 emissions	Emissions			
GRI306: Waste 2020	3-3 Topics management	Waste			
	306-1 Generation of waste and significant waste-related impacts	Waste			
	306-2 Management of significant waste-related impacts	Waste			
	306-3 Generated waste	Waste			
	306-4 Waste not intended for disposal	Waste			
	306-5 Waste intended for disposal	Waste			
GRI401: Employment 2016	3-3 Management of material topics	Employment			
	401-1 New recruitments and turnover	Employment			
	401-2 Benefits provided for full-time employees, but not for part-time or temporary employees	Employment			
	401-3 Parental leave	Employment			
GRI403: Health and safety at work 2018	3-3 Management of material topics	Health and safety at work			
	403-1 Occupational health and safety management system	Health and safety at work			
	403-2 Hazard identification, risk assessment and accident investigation	Health and safety at work			
	403-3 Occupational medical services	Health and safety at work			
	403-4 Worker participation and consultation and communication on occupational health and safety	Health and safety at work			
	403-5 Occupational health and safety training for workers	Health and safety at work			
	403-6 Workers' health promotion	Health and safety at work			
	403-7 Prevention and mitigation of occupational health and safety impacts within business relations	Health and safety at work			
	403-8 Workers covered by an occupational health and safety management system	Health and safety at work			
	403-9 Accidents at work	Health and safety at work			
	403-10 Occupational diseases	Health and safety at work			
GRI404: Training and instruction 2016	3-3 Management of material topics	Training and professional development			
	404-1 Average hours of training per employee per year	Training and professional development			
	404-2 Employee skills upgrading and transition assistance programmes	Training and professional development			
	404-3 Percentage of employees receiving regular performance and professional development evaluations	Training and professional development			

GRI413: Local communities 2016	3-3 Management of material topics	Local communities			
	413-1 Activities involving local community involvement, impact assessments and development programmes	Local communities Sacco System for sustainable development			
	413-2 Activities with significant potential and actual 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-conformity concerning impacts on the health and safety of products and services	Customer health and safety			