Sustainability report 2022

Larderello Group

A letter to stakeholders

When an industrial group has been operating internationally for over 200 consecutive years, it's almost natural to conclude that, over time, sustainability has been a fundamental tool in its value-creation process.

In fact, over the course of two centuries marked by tremendous changes and increasingly demanding challenges, our Group has managed to maintain a constructive dialogue with all stakeholders by sharing social and environmental objectives that generate mutual value.

The unique factor that has ensured the Group's competitiveness in the long term is its ability to reconcile the interests of employees and shareholders with an effective response to evolving customer needs, the needs of local communities and the ever-changing demands of legislators.

That is why I am pleased to present our first Sustainability Report — prepared on a voluntary basis — which illustrates the guiding vision of our continuous growth path, where value creation dovetails with a strong sense of social responsibility and environmental conservation.

This sustainability report, which transparently describes the accomplished initiatives, is another important step in the journey our Group has undertaken.

A Group made up of individuals who have a solid track record behind them, but whose sights are always firmly set on the future, never resting on their laurels and always wanting to make an impact, especially for future generations.

Paolo Bonini
Executive Chairman

Our first Sustainability Report

Our Group is a multinational industrial company focused on bioactivation technologies for agriculture and high-value-added chemicals for advanced industrial applications.

Over time, we have developed a **singular business model** that leverages unique synergies between our chemical and agronomic expertise, both industrial and research, generating **a long-term competitive advantage**.

We develop and offer a wide range of innovative, high-value-added bio-activation solutions, both organic and synthetic, that meet the needs and challenges of modern agriculture. We also offer highly specialized chemical products intended for high-tech industrial applications for international customers.

The continuous creation of value and generation of opportunities for our stakeholders is made possible by our **strong ties to the territory** where we operate, and by our constant commitment to creating a sustainable business model, intrinsically connected to the establishment of social responsibility and environmental protection goals.

As a confirmation of this commitment and in keeping with the Sustainable Development Goals (SDGs) set forth in the 2030 Agenda, we have chosen to voluntarily prepare our first Sustainability Report.

Using the Sustainability Report, we intend to promote increasingly transparent communication with our stakeholders by sharing our corporate commitments, implementations, and results regarding the most significant environmental, social, and governance issues, as well as our goals for the future.

Covering the three-year period from 2020 to 2022, the Sustainability Report was prepared in accordance with the "GRI Sustainability Reporting Standards" developed by the Global Reporting Initiative, one of the most widely used non-financial reporting standards internationally.

This decision stems from a desire to provide the Report with a structure that follows a recognized standard, specifically featuring data and information that is accurate, complete, comparable, and verifiable while maintaining clarity in its presentation, with a balanced description of the positive and negative contributions that the Group has or can have within the broader context of sustainable development.

To highlight the results achieved in managing social and environmental aspects, we are planning to publish the Sustainability Report annually, in compliance with the principle of timeliness.

2022 performance highlights

FINANCIAL HIGHLIGHTS			
		2022	vs PY
REVENUES	Mil/€	**94.4**	**+50%**
ADJUSTED EBITDA	Mil/€	**18.1**	**+72%**
EBIT	Mil/€	**10.3**	**+72%**
NET PROFIT	Mil/€	**6.6**	**+57%**
NET FINANCIAL POSITION	Mil/€	**11.3**	**+413%**

KEY FINANCIAL RATIOS			
		2022	vs PY
ROI		**13.1%**	**+5.3 p.p.**
ROE		**15.7%**	**+3.8 p.p.**
ROS		**11.4%**	**+2.0 p.p.**
ADJUSTED NFP/EBITDA		**0.6x**	**+0.4**
NFP/EQUITY		**0.3x**	**+0.2**

PEOPLE			
		2022	vs PY
EMPLOYEES IN 2022		**213**	**+1.0%**
FEMALE EMPLOYEES		**18.8%**	**+3.6 p.p.**
PERMANENT EMPLOYEES		**99.0%**	-

ENVIRONMENTAL KPI			
		2022	vs PY
ENERGY INTENSITY	GJ/t	**4.36**	**-6.4%**
EMISSION INTENSITY	t CO2eq/t	**0.10**	**-41.6%**
ENERGY FROM RENEWABLE SOURCES		**62.2%**	**+17.7 p.p.**
ELECTRICITY FROM RENEWABLE SOURCES		**87.1%**	**+87.1 p.p.**

SUSTAINABILITY REPORT 2022

Between Past and Future: our history

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1.1 Between Past and Future: our history

Larderello Group has just turned 205 years old. It is a time frame far beyond one person's lifetime, but, like DNA, the vision of the company's founder still lingers in present-day operations.

Its founder, Jacques-François Larderel, was born on November 17, 1789, in the midst of the French Revolution. In 1814, just after Napoleon's defeat and exile, he left France and went to Livorno.
The Grand Duchy of Tuscany had just freed itself from Napoleonic rule, and the city saw its economy flourish anew, promising to once again become the Mediterranean's leading commercial port. In other words, it was a great place to try to make one's fortune. And with that goal, Larderel arrived in Montecerboli — the Mount of Cerberus — at that time a tiny town with a castle dating back to the first millennium and a couple hundred inhabitants.

Located in the center of the Devil's Valley (Valle del Diavolo), halfway between Siena and the sea, it apparently inspired Dante in his description of Hell.

Indeed, high and powerful blasts of boiling steam reaching up to 160 °C erupted from the subsoil of this lunar-like area, forming "steam holes" of hot water and mud with high concentrations of chemical elements, including **boric acid**.

In the early 1800s, this substance was highly sought after by the nascent chemical industry as a processing component for glass, enamels, paints, leather, paper, adhesives, and explosives. It came from Tibet and Persia, and was mainly sold in England.

The rumblings of the earth, the columns of steam, the bleak terrain, and a pungent, sulfurous smell did not make the same kind of impression on Larderel that it did on many others. On the contrary,
he believed that the demand for boric acid was growing, and if he could somehow extract it from that hellhole of Montecerboli, he would conquer the English market. He thus entered into a partnership with three Frenchmen and, having obtained a land use concession from the Municipality of Pomarance, worked on creating systems for the extraction and processing of boric acid. He traveled around Europe, building business relationships and keeping abreast of technical innovations. After a laborious start spanning a couple of years, the first successes finally arrived, and the annual export of boric acid quickly reached 7 tons.

British protective tariffs arrived on the scene, thwarting this overwhelming ascent. Sales dropped sharply. Ways to produce more at a lower cost had to be found. To obtain boric acid via evaporation, considerable quantities of wood had to be burned to heat the boilers. But wood was becoming increasingly expensive as there was less and less of it around the Montecerboli area.

But Larderel had as much **steam** as he wanted, for free. It was simply a matter of finding a way to channel the heat from the fumaroles and use it to heat the boilers, instead of wood.

This was in 1827 and was the world's first case of geothermal energy use. With this simple yet ingenious idea, boric acid production skyrocketed to 90 tons per year.

Larderel proved to be a brilliant entrepreneur, skillful and determined yet attentive to relationships with what we now call stakeholders.
He built houses, a daycare, and an elementary school for "his" workers. For the girls, he created a weaving school and drama and music classes. He also opened a food store and a pharmacy with a doctor in residence in addition to the apothecary. Once a desolate and deserted moor, Montecerboli grew into a village of several thousand people. He also set rules for workers' behavior and coexistence, calling them "sacred duties," focusing on the values of family, faith, and loyalty.

In 1846, Grand Duke Leopold II granted him the title of Count of Montecerboli and the privilege of naming the town he founded Larderello.

Towards the end of the 19th century, however, his heirs found themselves dealing with the worst crisis the company had ever experienced. Over in America, in an area of California called Death Valley, the largest borax deposit in the world had been discovered.

The size and organization of American companies left no hope: competition was impossible. But François's grandson refused to give up **and thus an idea was born. To use the steam from the fumaroles to produce an increasingly in-demand commodity: electricity**.

Doing so was not easy, but after many attempts, on July 4, 1904, five light bulbs glowed thanks to a generator operated by an engine powered by steam rising from the earth. This system continued to improve until the construction of a 10,000 kW power plant in 1916, which supplied electricity to factories, illuminated Larderello, and produced energy that was then sold to Tuscan electricity companies. The world's first plant capable of transforming geothermal energy into electricity was born. Yet another revolution bearing the name of Larderello.

The two chemical and electrical companies coexisted successfully until 1962 when ENEL acquired the power plants following the nationalization process (which have since grown to number 30, and today produce 10% of the world's geothermal energy), while **the chemical business merged into what is now known as the Larderello Group, a major international company with production sites and commercial offices in Europe, North and South America, and the Far East.**

Gradually abandoning the use of geothermal steam as a source of boron during the 1960s, a new raw material imported from Turkey was introduced, a calcium borate called colemanite. A new production plant, built in the early 1980s, ultimately led to attaining a boric acid production capacity of more than 60,000 tons/year. In the 1990s, the production of special boric derivatives was launched.

The early 2000s embodied a period of radical rejuvenation, marked by the abandonment of traditional boric acid production and the launch of a diversification project geared toward increasing internationalization and the development of higher-value-added niches.

Beginning in 2010, the Group — having been taken over by new shareholders in the meanwhile — entered a new phase of development, embarking on a strategic plan focused on initiatives aimed at **expanding the sector dedicated to plant nutrition — FertiGlobal® —** through measures targeting both organic as well as external growth.

Branches were thus opened in the USA, Germany, Brazil, China, India, and the Philippines, and an international technical support structure dedicated to the FertiGlobal® business unit was established.

At the Italian plant in Larderello, an R&D center was created for the development of bioactivators and innovative solutions for sustainable agriculture, with an analogous new 4.0 dedicated production facility also being built.

Three industrial companies were acquired: in 2011, Joseph Storey Ltd in Great Britain, specializing in flame retardant production; in 2014, Químicos Essiod SA in Argentina, with the aim of integrating its chelating agents into the FertiGlobal® range; in 2019, Agrigento Fertilizantes in Brazil, for its biostimulants and specialty fertilizers.

Continuous creations are the hallmarks of our history: new ideas, new products, even a new town – Larderello – created from the ground up with its factories, shops, homes, and workers' families. Workers who, for more than 200 years, have built a future for themselves and others, knowing how to imagine what for many is invisible or impossible.

And who know not only courage, but also the solid strength of the pillars that support their history and growth.

The 2030 Agenda for Sustainable Development, approved by the U.N. in 2015, obligates countries to achieve several key goals and urges companies to be part of the solution.

Putting knowledge and technology to work for the market without neglecting the future of the planet is no longer just something to consider, but rather a corporate duty and a human right. We interpret this responsibility in the manner that comes most naturally to us: **by innovating, improving, and growing**.

Today, we are active on five continents, making products for agricultural improvement, nuclear power plant safety, and various applications in the chemical, electronic, and pharmaceutical industries. We discuss and address the very foundations of our existence: nutrition, health, energy, and the environment.

Our goal, just as it was 200 years ago, is to invent solutions for producing more, better. Our research into new classes of fertilizers — which provide better nutrition to plants and help produce healthy foods and protect the environment — is heading in precisely this direction.

We are aware that the challenge today is greater because the world is more complex, but we also know that we will find innovative solutions, just as we always have, to help create a sustainable future.

1.2 Mission, vision, and values

Mission

We develop and offer:

- innovative and environmentally sustainable bio-activation solutions capable of meeting the needs and challenges of modern agriculture, leveraging a technical and commercial team of the highest level;
- highly specialized chemical products able to guarantee long-term reliability to customers operating in high-tech sectors, relying on an extraordinary wealth of experience consisting of flexibility, quality, and service.

We operate an ethical and sustainable business model, developing operations based on principles of quality, reliability, and respect for ethical values.

Vision

We strive to be recognized as leaders in our industries, able to respond to customers' needs by integrating economic and financial objectives with social and environmental aspects, following global principles of sustainable development.

Values

Entrepreneurship - We recognize employees' skills and engage them in order that they may act and conduct themselves as entrepreneurs. Not by following in the footsteps of others, but by identifying new paths to achieve common goals.

Innovation - We think outside the box because we believe that our success lies in our ability to challenge the status quo. We innovate with products and processes because we cannot expect change if we continue to do things the same way.

Collaboration - We promise employees an environment in which they can communicate openly and transparently in order to strengthen team spirit. A team scattered around the world that intends to achieve challenging goals.

Reliability - We leverage our 200-plus years of experience, acquired know-how, and the technical skills of our employees in order to offer high-quality solutions that meet customer demands.

1.3 The products

We develop, manufacture, and distribute innovative specialty solutions through two business units, **FertiGlobal®** and **Specialty Chemicals Larderello**.

FertiGlobal®

This is the Group's business unit specializing in **bio-activation solutions** designed to improve both crop quality and yield. It offers environmentally sustainable solutions able to meet the needs and challenges of modern agriculture.

FertiGlobal® solutions support crops throughout their entire life cycle from germination to maturity, providing all the nutrients they need to grow healthy and strong. Efficient nutrition that, combined with advanced technical services, ensures greater resilience to stresses arising from both climate change and pathogens.

By assessing the essential role of both nutrients and bio-activators in plant biochemistry and physiology, with key focus on plant defense mechanisms, FertiGlobal® has developed advanced **crop management programs** to protect quality and productivity.

Protection intended as support stemming from state-of-the-art nutritional and bioactivating systems that enhance physiological functions and strengthen the plant's intrinsic defenses against any type of stress.

Years of intensive pesticide use in agriculture have caused irreparable damage, polluting our land, water, and air, while increasingly ineffective fungicides and bactericides have made crops less tolerant to stresses and climate change.

Given this troubling scenario, FertiGlobal® management programs allow farmers to progressively reduce their chemical use no matter where they operate, thus embracing a long-term vision of protecting the Earth's future.

The solutions are developed by FertiGlobal's® Italian R&D center, the strategic engine of the business unit which focuses on continuously improving existing technologies, studying the changes that will shape agriculture in the future, and identifying cutting-edge innovations designed to foster sustainable agriculture. The Italian center has an international outlook and collaborates with a number of universities and research centers in Italy and abroad.

Over the last decade, the R&D center has developed eight different technologies, sets of innovative methods for combining biostimulants, bioactivators, and nutrients with the goal of protecting farmers' investments and fostering agriculture that is efficient, profitable, and sustainable.

Powered by EnNuVi® Technology

An innovative patented technology that offers nutrient formulations complexed with bioactive polyphenols in the form of highly concentrated aqueous suspensions. Complexation boosts nutrient performance, improving plant protection from any kind of stress.

Powered by Foliflo® Technology

Highly concentrated water-based suspensions formulated with individual nutrients or a variety of combinations thereof, that provide protection through efficient foliar nutrition.

Powered by Folikel® Technology

High-quality single or multi-element micro granules that ensure rapid vegetative development and deficiency correction as a result of the plant's complete and efficient nutrient uptake.

Powered by Folistim® Technology

Nutrient combinations with biostimulants, such as algae, humic acids, and LSA, which promote vegetative recovery after winter and prevent deficiency symptoms and fruit conservation by improving resistance to abiotic stresses.

Powered by Foliarel® Technology

From a patented molecule that combines Boron and Potassium, solutions that strengthen the synergy between various nutrients, enhancing pollen vitality and ensuring a high level of fruit set, thus providing greater productivity.

Powered by Folimac® Technology

Nutrients combined with an efficient source of slow-release nitrogen that helps make them gradually bioavailable, providing a constant supply during growth stages and ensuring better absorption.

Powered by Foliease® Technology

Solutions that prevent active ingredient and/or product loss, and facilitate foliar application thus protecting the farmer's investment and ultimately helping to reduce the environmental impact.

Powered by Aces® Technology

Extracts and natural compounds that, individually or combined, help create a protective environment around the crop, thus enabling it to better combat various types of stress.

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Specialty Chemicals Larderello

Despite the business unit being subject to a number of transformations, the Group's traditional business has always been chemical specialties.

Following the discontinuation of boric acid production, **a diversification process was initiated in 2002, focusing on research and development of products featuring high levels of quality and performance.**

The business unit works to continuously improve its processes and the quality of its offerings by providing highly specialized chemicals that can guarantee long-term reliability to customers in high-tech industries (nuclear, pharmaceutical, food and beverage, cosmetics, plastics, wires and cables, electronic components, lubricants, and paints).

Cutting-edge research carried out in the laboratories and plants of the Larderello Specialty Chemicals division provides high-purity products aimed at niche applications where superior quality is a must.

The Division is a singular example of integrated production of a variety of specialty products divided into three main categories.

Larderel®

A full range of technologically advanced boron-based products for a wide variety of industrial applications. LARDEREL® brand products deliver an extremely high level of purity, allowing them to be used in technologically advanced fields such as pharmaceuticals and electronics. LARDEREL® boric acid is used in nuclear power plants all over the world to absorb radiation, contributing to reaction control and environmental safety.

Sequel®

From the plant in Argentina, top-of-the-line chelation for a wide range of applications across continents. The preservation capabilities of SEQUEL® products ensure the quality and freshness of fruit-based beverages. SEQUEL® brand products are used in industrial processes ranging from liquid soap production to offshore drilling. Many everyday household products, including food items, contain SEQUEL® preservatives.

Zinflam®

Innovative and eco-friendly flame retardants and smoke suppressants. An exclusive range of non-toxic, zinc-based solutions able to successfully tackle challenges arising from environmental protection. Electrical cables for a wide variety of industrial and construction applications are protected by ZINFLAM® flame retardants. In everyday life, ZINFLAM® products deliver protection and safety in public and private buildings.

1.4 Group structure and composition

The shareholder

SCL Italia S.p.A., the parent company of Larderello Group, is controlled by private investors: 50% by Dr. Paolo Bonini and 50% by Taxis S.r.l., owned by the Pellero family.

The companies

The Group, which has its headquarters in Milan, is composed of the companies listed below as of December 31, 2022.

Manufacturing and Trading Companies

The Group's parent and founding company **SCL Italia S.p.A.** is the primary manufacturer of specialty borics and stannates for the Larderello Specialty Chemicals business unit, and of bio-activators and specialty fertilizers for the FertiGlobal® division. The manufacturing plant is located in the heart of Tuscany in Larderello, in the province of Pisa. It consists of two separate production units, one dedicated to specialized chemistry and the other to bio-activator manufacturing. The unit also houses the FertiGlobal® Research and Development Center.

Pack Industria e Comercio de Productos Agropecuarios Ltda, which operates under the name Agrigento Fertilizantes, is engaged in the production of bio-activators and specialty fertilizers for the FertiGlobal® division. Founded in 1991, the Brazilian company was acquired by the Group at the beginning of 2019. The manufacturing plant, located 150 km from São Paulo in Cerquilho, has been designed to provide maximum production flexibility and easily cover the extensive Brazilian agricultural market.

Químicos Essiod SA is based in Mar del Plata, Argentina, and is engaged in the production of chelates and chelating agents for industrial and agricultural applications. Founded in the late 70's, the company was acquired by the Group at the end of 2014. It is the sole manufacturer of chelates in all of South America and is noted for its excellence in product standards and manufacturing processes. The plant has been designed in compliance with the strictest environmental and safety regulations and uses state-of-the-art equipment and technology.

Trading Companies

SCL Americas
Larderello Group

Sole and exclusive distributor in the United States and Canada. Established in 2007 to provide a frontfacing intermediary for all North American customers, it manages all warehouses located in the United States.

SCL Deutschland
Larderello Group

A sales subsidiary located in southern Germany, established in 2010 to provide technical and logistical support to customers based in German-speaking countries.

Joseph Storey
Larderello Group

English company acquired by the Group in 2011. Following the transfer of production to the Italian plant, it has operated as a sales subsidiary for the UK and Ireland since 2013.

SCL China
Larderello Group

Established in 2018 and focused primarily on the fertilizer market, it provides technical and commercial support to partners in the Chinese market from its headquarters in Beijing.

SCL Filipinas
Larderello Group

A sales subsidiary established in 2021 to foster development in Southeast Asia, its headquarters can be found in the Manila metropolitan area of Taguig, providing easy access to neighboring countries.

SCL Commercial India
Larderello Group

Created in 2022 to accelerate development in India by means of direct and efficient contact with local partners, its location in South Delhi allows it to easily cover the entire Indian market.

Commitment to Sustainability

2

2.1 Sustainability strategy

Continuous creations are the hallmarks of our history: new ideas, new products, even a new town – Larderello – created from the ground up with its factories, shops, homes, and workers' families.

Workers who, for more than 200 years, have built a future for themselves and others, knowing how to imagine what for many is invisible or impossible. And who know not only courage, but also the solid strength of the pillars that support their history and growth. Operating across five continents at present, we make products for agricultural improvement, nuclear power plant safety, and various applications in the chemical, electronic, and pharmaceutical industries. We discuss and address nutrition, health, energy, and the environment: the very foundations of human existence and our own areas of focus and commitment. A commitment that we translate into the study and research of more effective solutions that are safer for humankind and the planet.

Simple solutions that can solve big problems, and, by leveraging the synergies between our staff's superior expertise and our continuous focus on research and development processes, we have been able to establish a truly singular business model.

Our ongoing **commitment to sustainability** has taken on even greater importance since the early 2000s, when we spurred our research efforts into new classes of fertilizers.

"Good" fertilizers, meaning they provide better nutrition to plants and thus deliver richer yields with lower costs. And most importantly, they help provide healthy foods and protect the environment.

Putting knowledge and technology to work for the market without neglecting the future of the planet is no longer a choice, but rather a corporate duty and a human right. That is why we devote our utmost efforts to innovation, focusing on areas that are essential for value creation in accordance with principles of sustainability, such as:

> Development of more sustainable technologies and products through low-carbon production processes, with non-toxic chemicals and recyclable materials

> Responsible water consumption and waste management to prevent soil, subsoil, and most importantly groundwater pollution

> Energy consumption and corresponding greenhouse gas emissions from manufacturing plant operations

> Using sustainable raw materials and alternative products in order to promote good circular economy practices

> Protecting the health and safety of people in the work environment by adopting measures that provide protection for both workers and the surrounding communities

Realizing that we must face these challenges, starting in 2002, following the discontinuation of boric acid production, we embarked on a strategic path consisting of three major phases.

The first phase, between 2003 and 2009, saw us focusing our efforts on the development of high-value-added chemical specialties, investing our resources to ensure high-quality standards and compliance with increasingly stringent environmental requirements, with a strong emphasis on reducing emissions.

The second phase, between 2010 and 2019, saw us further developing the FertiGlobal® line through acquisitions — Químicos Essiod, to complement our portfolio with chelates and chelating agents, and Agrigento Fertilizantes, which produces bio-activators and specialty fertilizers — and investments aimed at restructuring the Italian plant and building a new 4.0 plant for bio-activator production.

And last, the final phase, launched in 2022 after the end of the pandemic emergency, when we further strengthened our commitment to the development of innovative technologies for agriculture in order to gain a valuable competitive edge. By promoting a responsible approach throughout our value chain that reconciles economic growth with environmental protection and social welfare, we are able to achieve a long-term sustainable business model.

The 2030 Agenda for Sustainable Development, approved by the U.N. in 2015, obligates countries to achieve several key goals and urges companies to be part of the solution. We interpret this responsibility in the manner that is most natural to us: by innovating, improving, and growing.

That's why we use our accumulated expertise and experience, as well as our staff's intelligence and intuition and all that technology has to offer, to **make our work better**.

Our goal, just as it was 200 years ago, is to invent solutions for producing more, better. Today, we know that the challenge is even greater because the world is more complex. But we know that we will find innovative and sustainable solutions to help create a more prosperous and just future, just as we always have done.

2.2 Stakeholders

Long-term sustainable growth is also based on the ability to establish and maintain transparent, collaborative, and constructive relationships with all parties directly involved in and/or affected by the business conducted and on the sharing of common values.
The involvement of various stakeholders, based on open dialogue and transparency, makes it possible to build relationships that are mutually beneficial, generating shared value.

We have identified our stakeholders through an analysis of the Group's structure, its various business areas, and the corresponding value chains, as well as the current network of relationships. We have grouped them together by analyzing their degree of proximity: those with whom we interact most, those on whom business operations depend, and those located near corporate sites.

Group 1 (>>>)
- Employees and other collaborators
- Customers
- Shareholders & Backers

Group 2 (>>)
- Suppliers and Vendors
- Insurance
- Transport and Shipping Companies
- Industry Associations

Group 3 (>)
- Local communities
- Monitoring bodies
- Certification bodies

Proximity: HIGH (> >>) MEDIUM (>>) LOW (>)

Stakeholder	DESCRIPTION	ENGAGEMENT
Employees and other collaborators	All direct employees (part-time and full-time; temporary staff and other contractors) and all external collaborators who work on a permanent basis at the Group's operating sites but are employed by third-party companies.	• Sharing the Code of Ethics • Continuous education & training • FertiGlobal® Academy • Company Magazine • Social networking
Customers	Distributors and end users to whom the Group sells its products.	• Events, exhibitions, and fairs • Visits to the production plant • Social networking • Sharing the Sustainability Report
Shareholders & Backers	Providers of capital, both risk and debt capital.	• Sharing the Financial Statements • Sharing the Sustainability Report • Sharing the Code of Ethics • Investor relations activities
Suppliers and Vendors	All suppliers and vendors from which the Group procures goods (raw materials, technologies, equipment, etc.) or services.	• Sharing the Code of Ethics • Sharing Organizational Model No. 231 • Qualification process
Insurance	Operators to whom the Group entrusts the management of the insurance operations necessary for its protection	• Sharing the Financial Statements • Sharing the Sustainability Report • Social networking
Transport and Shipping Companies	Operators to whom the Group entrusts the management of inbound and outbound logistics activities	• Sharing the Code of Ethics • Sharing Organizational Model No. 231 • Qualification process
Industry Associations	Industry Associations with which the Group interacts	• Social networking • Participation in conferences and events • Sharing the Financial Statements
Local communities	The social context of the territories affected by the Group's value chain activities. This category includes families of employees and suppliers, schools, and research institutions, among others.	• Social networking • Participation in conferences and events • Partnerships with universities and research • institutions • Ad hoc projects to support • education
Monitoring bodies	Bodies that verify compliance with specific reference standards.	• On-site compliance checks • Document exchange
Certification bodies	Bodies that certify management systems compliance with the voluntary standards adopted by the Group.	• On-site compliance audits • IMS Certifications • Document exchange

2.3 Materiality analysis

The Sustainability Report is the tool we have chosen to adopt with the aim of comprehensively and transparently sharing and disclosing the methods of managing impacts and the initiatives implemented in the environmental, social, and governance (ESG) spheres to our stakeholders.

In order to identify and assess the most significant sustainability issues, we carried out a materiality analysis, which is a process to identify the most significant impacts to the extent that the Group is able to determine.

The first phase of this analysis involved a survey aimed at identifying all the impacts related to the Group's reference framework. In particular, the following tasks were performed:

- A benchmark analysis against key competitors or comparables in order to identify the environmental, social, and economic impacts deemed most significant and frequent, correlating to the most significant industry impacts;
- An analysis of relevance according to the media and public opinion, surveying the key events that affected the Group in the reporting year and examining the most important industry studies and articles from news outlets;
- An analysis of pressures in the context of sustainability for the relevant sector, identifying the impacts most discussed in the publications of major international associations and organizations (Chemicals Strategy for Sustainability - European Commission, SASB, International Energy Agency (IEA), European Chemical Industry Council (CEFIC), Low-Carbon Emitting Technologies Initiative, etc.);
- an analysis of global sustainability trends and legislative pressures related to business activities, identifying the impacts most widely evaluated by key sustainability rating agencies (S&P Global ratings, MSCI, etc.), international organizations (GRI, World Economic Forum, etc.), and government institutions (EU, UN, European Chemicals Agency (ECHA), etc.).

Mapping impacts made it possible to identify positive and negative and potential or actual impacts generated by the activities of the Group's business units, including those of the relevant value chain. These impacts were then assessed according to the degree of probability of their occurrence and their severity, in order to best define their significance.

This assessment was conducted by involving Upper Management and key business functions in order to weigh a variety of perspectives and determine the most significant impacts among those identified. Once the probability analysis was completed, the materiality threshold was defined, leading to the identification of 12 material impacts. Seven material issues were subsequently associated with these impacts, forming the various chapter contents of this document.

Each material issue was also associated with one (or more) of the Sustainable Development Goals (SDGs) defined by the United Nations in the 2030 Agenda. The Agenda 2030 objectives are important, as they define a common international framework regarding the initiatives to be undertaken and the objectives to be achieved in order to promote sustainable development dynamics, including environmental, social, and economic/governance spheres.

From this point of view, defining the relevant target benchmark(s) for the material issue initiatives allows the Group's contribution to the 2030 Agenda to be made explicit, thus defining its commitment within the broader international reference framework.

The table below provides a brief description of the material issues identified and their related SDGs:

ISSUE	SDGs	DESCRIPTION
Innovation, research and development, value creation	DECENT WORK AND ECONOMIC GROWTH; INDUSTRY, INNOVATION AND INFRASTRUCTURE	We are constantly seeking new business processes and strategies in order to keep the organization competitive and sustainable in the long term, including through the continuous research and innovation of new products and services. We adapt to a constantly shifting market, aiming to create value and contribute to the development of our local communities.
Responsible supply chain management	RESPONSIBLE CONSUMPTION AND PRODUCTION; PARTNERSHIPS FOR THE GOALS	We are committed to reducing the negative impacts of our supply chain, including the use of supplier qualification and monitoring. Our objective is to foster principles of sustainability also in our procurement policies and practices, raising suppliers' awareness of environmental and social aspects in addition to economic aspects.
Human resource development and supporting our communities	QUALITY EDUCATION; SUSTAINABLE CITIES AND COMMUNITIES	We provide a work environment that enhances employee well-being by ensuring equal opportunities for employment and professional development based on merit and skills. We offer programs aimed at improving the skills and consolidating the professionalism of all our employees and that contribute to the development of our local communities in terms of employment and cooperation.
Workplace health and safety	GOOD HEALTH AND WELL-BEING	We promote a culture of workplace safety as an essential element of all activities carried out along the entire value chain. We are committed to promoting initiatives on health and safety and, more generally, to employee well-being by adopting innovative technologies and advanced management systems.
Tackling climate change	CLIMATE ACTION	We curb energy consumption by using optimization practices at all stages of the value chain. We apply decarbonization strategies wherever possible and actively promote a culture of energy conservation, with the objective of reducing greenhouse gas emissions arising from corporate activities.
Protecting water resources	AFFORDABLE AND CLEAN ENERGY; CLEAN WATER AND SANITATION	We protect the environment in the geographical areas in which we operate by minimizing water consumption through efficient use, promoting water reuse, and protecting water sources through runoff management.
Sustainable waste management	RESPONSIBLE CONSUMPTION AND PRODUCTION	We efficiently manage the entire waste process not only by complying with current regulations and adopted standards, but also by implementing a series of actions to minimize the volume of materials produced.

The material issues identified reflect the impacts of our business along **the Value Chain** (Innovation, Research and Development, Value Creation, Responsible Supply Chain Management), on **People** and the **Community** (Human Resource Development, Community Support, Workplace Health and Safety) and on the **Environment** (Climate Change, Water Resource Protection, and Sustainable Waste Management).

A responsible Governance model

3

3.1 Governance

The corporate structure has changed considerably over its 200 years of operation, following the evolutions and transformations that have led a small local business to become an international Group.

Throughout this transformation process, the Group has always adopted a system of corporate governance that would enable responsible and transparent management of business activities, ensuring corporate risk control and quality customer service.

To date, the corporate governance system is based on a traditional structure, including:

- the Shareholders' Meeting;
- the Board of Directors;
- the Management Committee;
- the Board of Statutory Auditors;
- the Supervisory Board, pursuant to Italian Legislative Decree No. 231/2001
- the Independent Auditors (currently PricewaterhouseCoopers S.p.A.).

The Board of Directors

The current Board of Directors was appointed by the Shareholders' Meeting on October 24, 2023, and will remain in office until the approval of the financial statements on December 31, 2024.

ADVISOR	POSITION	ROLE	INDEPENDENCE
Paolo Bonini	Chairman	Executive	No
Alessandro Pellero	General Manager	Executive	No
Francesco Tiso	Advisor	Non-Executive	Yes

The Management Committee

On June 16, 2022, the Board of Directors resolved to establish a Management Committee with a varying composition, with shareholders and the Chief Executive Officer as permanent members. The purpose of the Management Committee is to deliberate on a number of important issues affecting company management and development.

The Board of Statutory Auditors

The current Board of Statutory Auditors was appointed by the Shareholders' Meeting on June 22, 2021, and is in office until the approval of the financial statements on December 31, 2023.

STATUTORY AUDITOR	POSITION
Gaetano Salvioli	Chairman
Annarita De Carne	Acting auditor
Dario D'Alò	Acting auditor
Francesco Drago	Alternate auditor
Camilla Cominelli	Alternate auditor

The Supervisory Board, pursuant to Italian Legislative Decree No. 231/2001

The current Supervisory Board was appointed by the Board of Directors on December 22, 2011, and is still in office at this time.

MEMBER	POSITION
Francesco Barbieri	Chairman
Roberta Galli	In-house member

The purpose of the ***Code of Ethics*** *is to announce the* ***ethical, social,*** *and* ***behavioral values*** *to which we aspire, as well as to establish the underlying fundamental principles for the proper performance and* ***development of the Group.***

3.2 Ethics and integrity

In order to ensure that the same values are shared and respected, and cognizant of the importance of defining a core set of guiding principles of conduct, the Group has adopted **Code of Ethics**, which has since been joined by codes of corporate conduct drawn up at the individual company level to satisfy the requirements of customers and various national regulations.

The purpose of the **Code of Ethics** is to announce the **ethical, social, and behavioral values** to which we aspire, as well as to establish the underlying fundamental principles for the proper performance and **development of the Group**.

The Code of Ethics — which describes commitments and responsibilities when conducting company business and activities, as well as standards of conduct and implementation mechanisms — consists of general principles regarding stakeholder relations, including:

- impartiality, honesty, and integrity in order to avoid any kind of discrimination;
- personal integrity, ensuring the physical and moral integrity of employees;
- equitable exercise of authority, ensuring proper management of relationships;
- propriety, in order to avoid any potential conflict of interest;
- fair competition, refraining from collusive behavior or abuse of position;
- comprehensive transparency, promoting the truthfulness of the information;

- environmental protection and responsibility towards the community, preventing risks to local communities;
- protection of digital information systems, ensuring the confidentiality of data and information.

We have also adopted an **Organizational and Management Model, pursuant to and for the purposes of Italian Legislative Decree No. 231 of June 8, 2011**, which consists of two parts:

- the first, of a general nature, outlines the purposes, recipients, and components of the Model's preventive control system and the structure, operation, and duties of the Supervisory Board, which oversees the Model's operation and the compliance thereof.
- the second, more specialized in nature, contains a description of the types of criminal offenses provided for by Italian Legislative Decree No. 231/2001 and the related sanctions concerning the areas of risk for committing said criminal offenses as identified in the Model.

3.3 Compliance and management systems

The industries in which we operate impose mandatory requirements pertaining to certain qualitative, environmental, health, and safety aspects. We must therefore comply with regulations designed to protect the environment and the level of product quality as prescribed by the regulatory bodies of the various countries in which we operate. These regulations have particularly stringent requirements concerning the processes and products of the Specialty Chemicals business unit, insisting on specific target markets which include nuclear, pharmaceutical, and food sectors.

To guide the organization towards a business model that combines product quality and process sustainability, we have adopted an "**Integrated Management System**" as of 2010 that:

- enables the organization's commitments to quality and environmental and workplace health and safety issues to be achieved;
- optimizes processes by ensuring a single management structure;
- represents the sole reference for documentation and data management, enabling resource optimization, cost containment, and greater integration of skill sets.

An integral part of the Integrated Management System is compliance, understood not only as compliance with current laws and regulations but also as compliance with very high standards of conduct and professionalism.

Using the Integrated Management System, we annually survey our environmental, energy, health, and safety performances and evaluate them with ad-hoc metrics established for the Group's two business units. These indicators are then included in an "**Improvement Plan**" that, following Deming cycle logic (Plan-Do-Check-Act), allows us to adapt to the continuous evolution of our business.

The Improvement Plan specifies the actions to be carried out to improve performance, defines the expected time frame in which these actions are to be carried out as well as the system of monitoring metrics, and allows corrective actions to be established where performance is not meeting expectations.

In particular, the planned review processes include the periodic updating of company policies and internal procedures, as well as the introduction of operational/management best practices established by international standards.

The support of the Integrated Management System enables us to pursue our goals by optimizing business processes in terms of sustainability as well as efficiency. This holistic approach helps to improve business performance and bring it in line with globally defined sustainable development goals.

The **Integrated Policy** is the foundation for the definition of the Group's strategic objectives.

This commitment to complying with recognized standards demonstrates our commitment to ensuring a high level of quality and business efficiency. Furthermore, by making policies and procedures accessible to all employees, it promotes an informed and collaborative work environment.

Sustainable quality

Our commitment is based on the management and maintenance of an Integrated Management System.

In 2022, the Larderello production site passed the certification bodies' routine inspections for ISO 9001:2015 and IS014001:2015 management systems. The Italian plant is also certified in accordance with the Energy Management System standards of ISO 50001:2018 and the Occupational Health and Safety Management System standards of ISO 45001:2018. The Climate Protection Certificate issued by RIGK Gmbh for our contribution to environmental protection was also reconfirmed.

The Mar del Plata plant has obtained certification for ISO 9001:2015 management systems and the Food Safety Certification Scheme FSSC 22000 has been reconfirmed.

A Sustainable Value Chain

4

4.1 Innovation, research, and development

Innovation supported by research and development has driven the Group's growth in its 200-plus years of history and represents its primary operational asset.

4.1.1 Innovation to support sustainable agriculture

The sectors in which our clients operate are constantly evolving: of these, agriculture represents one area in which the issue of sustainability is driving a radical shift toward more efficient and environmentally friendly technologies.

Operating in an industry where complications are mounting requires ever-increasing levels of experience and knowledge.

The ability to innovate and evolve lies in **ongoing training**, one of the pillars of our development strategy.

Thanks to the experience we have gained throughout our long-running industrial operations, for the past two decades we have dedicated ourselves to researching and developing new sustainable solutions to meet the challenges of modern agriculture. Working at the forefront of the global agricultural scene, our primary objective is to propose technologies that ensure healthy plant growth and increased yields at the highest standards.

The revolutionary technologies developed by our R&D center are a set of innovative methods for combining biostimulants, bioactivators, and nutrients in order to protect farmers' investments and foster agriculture that is efficient, profitable, and sustainable. They enable farmers to progressively reduce their use of chemicals, such as fungicides and bactericides, which nowadays not only fail to produce the expected results but also make crops less tolerant to adversity and climate change.

We have developed unique, proprietary technologies such as EnNuVi®, a patent based on the combination of bioactive polyphenols and essential plant nutrients, which aim to radically change the impact of agriculture on the environment while supporting the growing demand for productivity.

By meeting a variety of needs and applying cutting-edge technologies, we will continue to support our partners with customized crop management programs, contributing to further agricultural growth while respecting and caring for the environment, without compromising public health and safety.

4.1.2 FertiGlobal® Academy: providing continuous education

FertiGlobal® Academy

Economically and environmentally speaking, sustainable agriculture incurs additional costs and requires ever-increasing experience and knowledge.

It is necessary **to develop an aptitude for change**, but to achieve this, it is first necessary to increase the ability to learn.

The complexity of modern agriculture — where we often encounter practitioners who know very little about their "production units," i.e., plants — offers us the opportunity to engender knowledge in the crop management sphere and then make it available to our partners, creating a sustainable competitive advantage.

In 2022, we created the FertiGlobal® Academy to provide ongoing educational support, offering all our technical and sales staff scattered around the world in-depth technology training sessions taught primarily by external professionals such as university professors, researchers, and consultants.

With the aim of becoming an "organization that learns," we launched the project in-house with the idea of gradually extending it to the end-users of FertiGlobal® technologies and products.

4.1.3 FertiGlobal® Magazine: strengthening our shared cultures

FertiGlobal®
Company Magazine

To accelerate learning and trigger change, we have identified the need to reinforce a **shared Group culture**.

To this end, FertiGlobal® Magazine was launched in early 2021, through which we began to share information about the Group on a quarterly basis.

Via direct employee participation, the Magazine presents experiences from the various countries where we operate in terms of ongoing activities, development projects, acquired knowledge, and events.

The ongoing exchange of experience and knowledge created through the Magazine is an additional training opportunity for staff, in turn helping to trigger change both within the Group and with stakeholders.

4.1.4 The FertiGlobal® Research and Development Center

In 2019, we established the FertiGlobal® research and development hub at the Larderello site, investing in a wide range of state-of-the-art equipment, growth chambers, and innovative greenhouses.

Sharing a vision in which innovation is the strategic impetus for growth, our researchers — starting from careful observation of the markets we serve and their needs and critical issues — **develop revolutionary technologies that are a driving force in changing the way agriculture operates**.

In an industry where most players are focused on developing solutions for specific problems, we have chosen an approach that considers the plant life cycle as a whole by introducing innovative crop management programs, ultimately delivering solid results to our customers and partners.

4.1.5 The LIFE ENVision Project

In 2019, we participated in the LIFE ENVision project — in cooperation with the Climate Change Mitigation and Adaptation Life sub-programme — promoted by the European Commission.

The goal of the project — which ended in the first half of 2023 — was the commercialization in the European market of an innovative biostimulant based on the exclusive new EnNuVi® technology developed and patented by SCL Italia S.p.A.

EnNuVi® technology (acronym for **En**hance, **Nu**rture and **Vi**talize) offers high titer formulations with nutrients complexed by bioactive polyphenols that:

- **EN**hance meso- and micro-nutrient performance
- **NU**rture and nourish plants with essential elements in a single molecule (a nutrient-polyphenolic compound) to maximize yield
- **VI**talize crops for stronger and healthier growth by bio-activating their natural defenses.

Through the life ENVision project, we have demonstrated that EnNuVi® technology increases the sustainability of European agriculture in the long run because it:

- improves plant nutrition thanks to high nutrient availability;
- bio-activates the plant's natural defenses through a combination of polyphenols and nutrients;
- improves quality and productivity while reducing fungicide use (-65%) and water consumption (-50%).

SUSTAINABILITY REPORT 2022

EnNuVi

ENVision
Enhance, Nurture and Vitalize

120+
trials
in the field

20+
crops
tested

Over
€ 1 million
in received
grants

4 benefits

Increased plant health

Reduced pesticide use

Increased yields

Reduced water consumption

4.2 Creating value

Meeting the expectations of internal and external stakeholders substantially determines our organization's ability to survive and develop. Value creation is therefore inescapably accompanied by a commitment to adequately remunerate our stakeholders, making them participants in the results achieved.

Despite a particularly difficult macroeconomic context, the economic value generated over the past three years highlights the Group's significant growth, demonstrating the strength of the businesses in which we operate and our ability to handle unexpected events. In addition to a strongly results-oriented corporate culture, growth has been driven by the significant investments made in the FertiGlobal® business unit, including those aimed at strengthening the sales network and entering new markets with the opening of sales subsidiaries in India and the Philippines, and by the significant contribution of research and development activities.

During 2022, we generated consolidated revenues **of €94.4 million**, an **increase of +50%** compared to the previous year and **+100% compared to 2020 figures**. Both business units contributed to this development.

Despite mixed effects from rising raw material costs, we have continued to strengthen growth and development by directing our research efforts to innovative projects, including the study, development, and testing of new technologies to make the production of flame retardants and boron derivatives more efficient while reducing environmental impacts (waste and consumption of resources such as water) and the energy cost per unit of output. The activities of the FertiGlobal® Research & Development Center have been directed towards the formulation of new bio-activators, introducing it into the range of technical solutions that not only enrich the post-production quality of crops (vegetable and fruit) but also improve the effectiveness of dormancy interruption to even out flowering and fruit set.

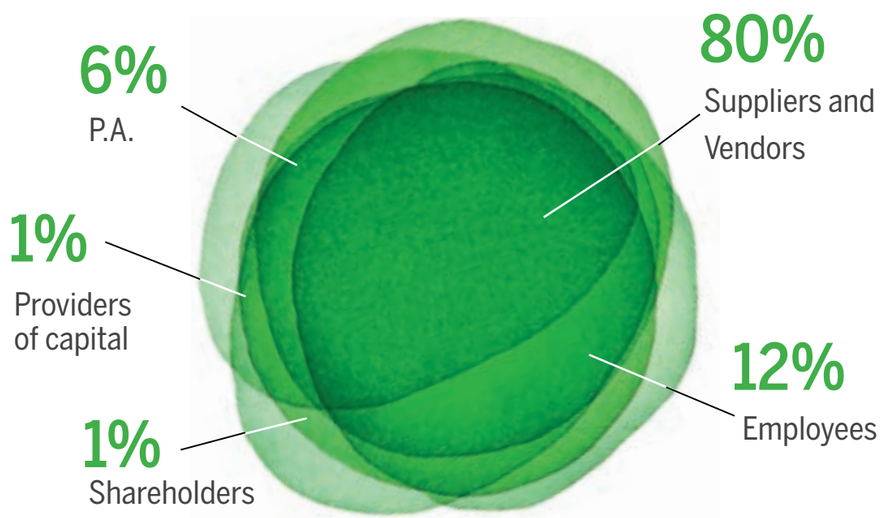
We have continued to invest in improving production processes, reducing environmental impacts, and curbing energy consumption, which is a particularly important activity given the sharp increases in industry costs.

The economic value distributed during 2022 increased by 52.2% compared to 2021 and by 97% compared to 2020. 89% of this value was distributed to the Group's various stakeholders.

Economic value (k€)

	2020	2021	2022
Generated	44,005	65,098	98,904
Distributed	44,369	57,601	87,673
Withheld	363	7,497	11,231

Distribution of generated value 2022



Most of the generated value, corresponding to 80% and amounting to approximately 69 million euros, was allocated to suppliers for the purchase of raw materials and services. 12%, equal to approximately 10 million euros, was distributed to employees in the form of compensation, benefits, social security and welfare costs, and severance pay.

The remaining 8% was allocated to Public Administration in payment of taxes and fees (about 5 million euros), and to capital providers (almost 2 million euros).

4.3 Responsible supply chain management

In order to ensure sustainable quality, we had to intervene in the procurement process. Indeed, a supply chain that shares our principles and values is the fundamental prerequisite for operating responsibly.

We have therefore adopted a supplier selection procedure based on a number of requirements, including:

- The appropriately documented availability of means, including financial means, organizational structures, skills, project resources, and know-how;
- The implementation of appropriate corporate quality systems (e.g., ISO9001, ISO14001, etc.), as well as compliance with health and safety regulations;
- The supplier's procurement of a significant share of added value in cases where the provision includes know-how or third-party rights.

We have also implemented a methodology aimed at assessing suppliers' environmental and social criteria. To date, the adoption of ethical behaviors is verified via a self-assessment process that is updated every three years, including:

- Underage, child, and forced labor are not to be used
- the absence of any kind of discrimination
- compliance with health and safety regulations
- the guarantee of a healthy and suitable workplace
- respect for freedom of association
- the guarantee of a salary and working hours that comply with applicable laws in force

We periodically perform an evaluation of their performance based on indices representative of the quality of the product/service provided (e.g., non-conformity, compliance with economic requirements, retention of certifications). To date, no vendor has been dropped due to the results of the internal evaluation process.

SUPPLY CHAIN ASSESSMENT

Suppliers assessed for social and environmental impacts

2020
19%

2021
26%

2022
30%

Creating a responsible supply chain means giving priority to local suppliers, subject to procurement needs, as outlined below.

LOCAL SUPPLIERS - PROCUREMENT EXPENDITURES (K€)

	2020	2021	2022
Total	**22,507**	**37,830**	**51,166**
of which from local suppliers	12,982	16,842	21,048
Procurement from local suppliers	58%	45%	41%

People-powered development

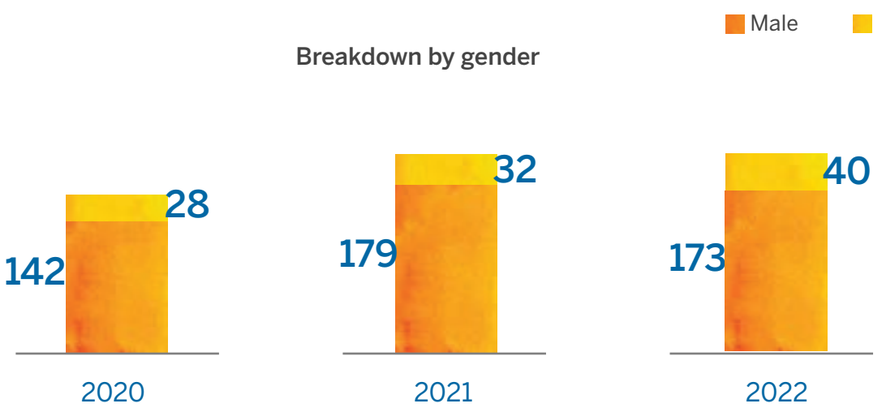
5

5.1 Human resource development

In our pursuit of innovation and sustainable growth, we recognize that a fundamental role is played by the individuals who contribute to our value creation each and every day. This is why we pay particularly close attention to our human capital, ensuring that all workers enjoy conditions that are profoundly respectful of personal dignity and providing them with safe and healthy working environments.

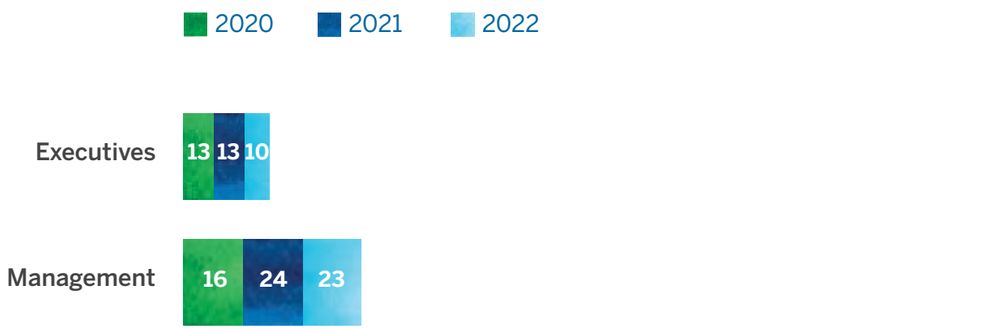
As of December 31, 2022, there are 213 employees on staff, broken down as follows:

Breakdown by gender



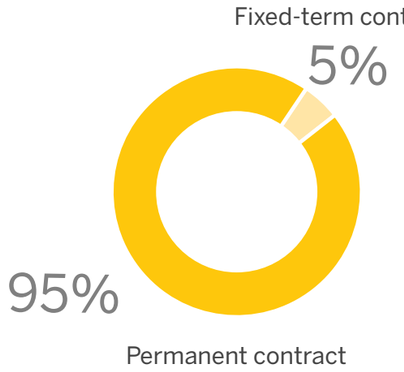
The proportion of women is lower than that of men mainly due to the type of professional categories employed within the Group. Consistent with our type of manufacturing business, the majority of employees are in fact, blue-collar laborers. In keeping with major industry trends, there is thus a greater proportion of women in the white-collar office worker category. Factors affecting diversity include the level of knowledge and skills acquired by women, leading them to obtain higher-skilled roles, and their employment preferences, which are oriented toward non-manual activities.

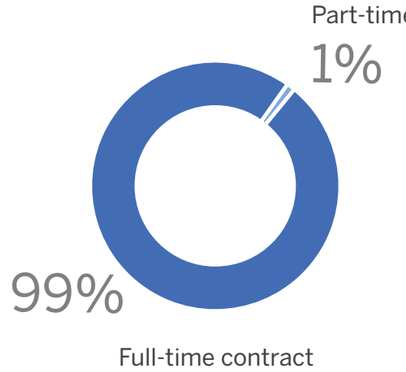
Breakdown by category



When choosing staff employment methods, we prefer permanent contract types (95%), which is reflective of the importance we place on stability and building solid, long-term relationships with our employees. Indeed, we believe that permanent contracts offer employees greater job security and the prospect of long-term employment, fostering a climate of mutual trust.

SUSTAINABILITY REPORT 2022





EMPLOYEES – 2020

	Men	Women	Other[1]	Undisclosed	Total
Permanent	136	25	0	0	161
Fixed-term	6	3	0	0	9
On call	0	0	0	0	0
Part time	0	1	0	0	1
Full time	142	27	0	0	169

EMPLOYEES – 2021

	Men	Women	Other[1]	Undisclosed	Total
Permanent	174	30	0	0	204
Fixed-term	5	2	0	0	7
On call	0	0	0	0	0
Part time	0	1	0	0	1
Full time	179	31	0	0	210

EMPLOYEES – 2022

	Men	Women	Other[1]	Undisclosed	Total
Permanent	164	39	0	0	203
Fixed-term	9	1	0	0	10
On call	0	0	0	0	0
Part time	0	2	0	0	2
Full time	173	38	0	0	211

[1] Gender as specified by the employees themselves.

5.1.1 Employee well-being

Employee well-being is a crucial aspect for the Group's success and sustainability. Creating and maintaining a high level of employee satisfaction over time also leads to indirect benefits in terms of higher productivity, lower absenteeism, and reduced staff turnover.

In order to ensure organizational well-being, we foster employee potential through training and educational opportunities that are designed to boost their professional growth. In promoting these opportunities, we abide by the principles of equality and equal opportunity, avoiding any kind of discrimination and favoritism.

We also pay special attention to balancing work with individual commitments, promoting a culture of flexibility that is able to create a better work-life balance for employees. These aspects, combined with the set of protections provided by national collective labor agreements, define an overall framework in which our workforce is protected and motivated to improve, balancing work commitments with private ones.

The remuneration policies adopted are a crucial factor in creating a healthy and productive work environment, and we therefore provide a fair and equitable wage ratio for the entire corporate workforce, establishing bonuses for achieving specific goals in certain personnel categories. We supplement compensation with corporate welfare systems that directly support employees' well-being by improving their purchasing power.

In 2022, 45 staff members joined our workforce, while terminations involved 43 employees, as broken down below:

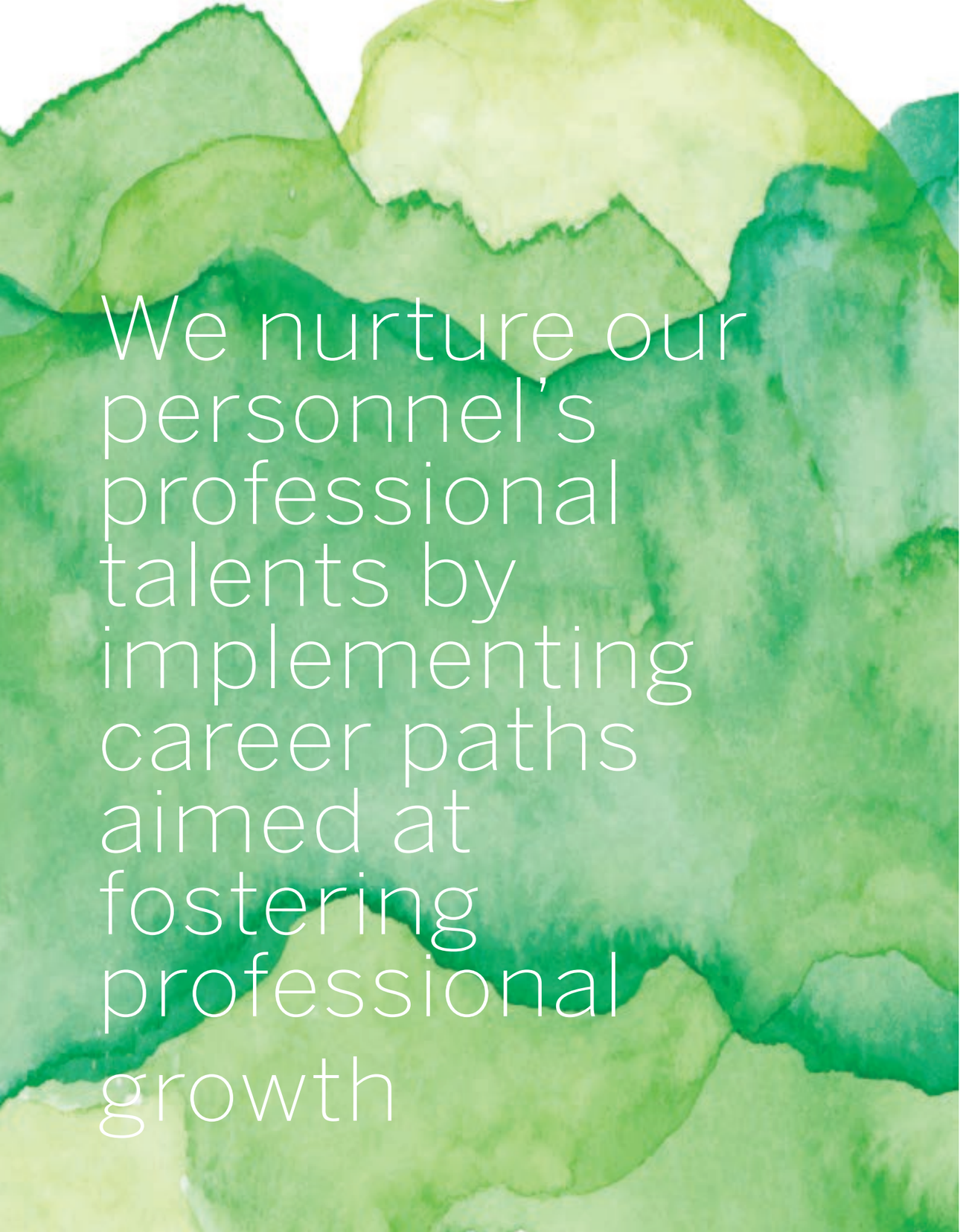
NEW HIRES AND TERMINATIONS BY GENDER AND AGE GROUP (n.)

		2020	2021	2022
NEW HIRES				
Women	Under 30	-	1	3
	Between 30 and 50	4	7	8
	Over 50	-	-	-
Men	Under 30	7	19	17
	Between 30 and 50	5	37	15
	Over 50	2	3	2
	Total	**18**	**67**	**45**
TERMINATIONS				
Women	Under 30	-	1	-
	Between 30 and 50	3	2	2
	Over 50	1	1	1
Men	Under 30	5	8	7
	Between 30 and 50	4	12	32
	Over 50	1	2	1
	Total	**14**	**26**	**43**

HIRING AND TERMINATION RATES BY GENDER AND AGE GROUP

		2020	2021	2022
NEW HIRES				
Women	Under 30	0%	50%	75%
	Between 30 and 50	21%	29%	27%
	Over 50	0%	0%	0%
	Total women	14%	25%	28%
Men	Under 30	30%	66%	52%
	Between 30 and 50	6%	31%	14%
	Over 50	7%	10%	6%
	Total men	10%	33%	20%
	Total	**11%**	**32%**	**21%**
TERMINATIONS				
Women	Under 30	0%	50%	0%
	Between 30 and 50	16%	8%	7%
	Over 50	17%	17%	17%
	Total women	14%	13%	8%
Men	Under 30	22%	28%	21%
	Between 30 and 50	4%	10%	30%
	Over 50	3%	6%	3%
	Total men	7%	12%	23%
	Total	**8%**	**12%**	**20%**

We also rely on the collaboration of some non-employee workers, such as interns, temporary staff, and freelance consultants.



5.1.2 Human resource formation and growth

We believe that professional growth and continuous education and training play an important role in one's sense of accomplishment and that the organization's success stems from the development of technical and soft skills. We therefore strive to maximize our talents through the implementation of initiatives and career paths aimed at fostering professional development and growth.

Within these career paths, we recognize the pivotal importance of feedback and communication regarding performance and the corresponding expectations for the future. With this in mind, considerable attention is paid to the processes of communicating staff strengths and weaknesses, with the aim of fostering an ongoing, positive dialogue that is conducive to engendering professional growth and improvement.

As an example, semi-annual employee performance surveys are conducted in the Brazilian plant. Consistent with the findings of this evaluation process, performance-based bonuses have been established.

Supporting this process, as part of the integrated management system, each year, the Human Resources Unit performs a needs analysis that is then shared with department heads, with the objective of identifying the necessary training both from the perspective of regulatory obligations, mainly in terms of safety and compliance, and from a developmental perspective, such as courses in organizational management, technical, specialized, and/or managerial skills, and digital and technological innovation.

We pay special attention to employee career paths with training and skills development, which are key tools for the professional development of our workforce. Consistent with this approach, the training provided is monitored annually through a series of metrics, with the ultimate goal of promoting the professional development and growth of employees.

Below is the average number of training hours provided in the last three years, broken down by category and gender.

AVERAGE NUMBER OF TRAINING HOURS PER EMPLOYEE PER CATEGORY

	2020	2021	2022
Average total employees	13	23	17
Executives	4	4	4
Management	8	8	3
Office Workers	10	11	12
Manual Workers	16	32	23

5.2 Supporting Communitie

Within the Larderello production site, the "Orto della Tradizione" (Traditional Vegetable Garden) has been operational since the end of summer 2022; our first social project whose purpose is to contribute to improving the well-being of the surrounding area by means of actions that allow us to reciprocate the support local communities have shown us.
The Orto della Tradizione employs inmates from the Volterra Correctional Facility, tasked with cultivating an area of over 3.000 m^2 where the efficacy of products developed in our FertiGlobal® research and development hub is tested.

The project's fundamental goal is to focus on the rehabilitative and therapeutic power of farming and cultivation, to help inmates **reintegrate into society** and find a new way of working.

The project — which also includes a number of participating companies from the hobby gardening world (H&G – Blumen, Compo Consumer, Hozelock, Orto Mio, and Verdemax) — involves the cultivation of both vegetables and fruit trees, allowing the FertiGlobal® technical team to test our Crop Management Programs directly in the field, following each development step by step.

Most of the seeds and plants grown as part of the project come from **the Regional Germplasm Bank of Tuscany**, which preserves native plant genetic resources of agricultural and forestry interest in order to ensure their protection. The Orto della Tradizione has therefore become a Custodial Cultivator with the goal of contributing to the dissemination of local cultivars in order to maintain a high level of rural biodiversity and prevent the loss of a body of knowledge regarding centuries-old customs, cultivation methods, and traditions.

Agrigento Fertilizantes supports **UNICEF, the United Nations Children's Fund**, which has played a vital role in Brazil since 1950, supporting a number of crucial initiatives to improve the living conditions and development of children and adolescents in the country. Its fundamental mission is to promote the protection of children's rights, ensure that their essential needs are met, and contribute to their overall development.

The Químicos Essiod plant is located within the 260-hectare Mar del Plata Industrial Park in Batán, established in 1975.

The **Mar del Plata Industrial Park** plays a significant role in the region's industrial development, contributing to job creation and local economic growth.

The Park is managed by a committee — consisting of executives of the various companies operating within its boundaries — which determines the projects to be carried out for the area's development and the initiatives to be promoted, including sustainability.

5.3 Workplace health and safety

Employee safety, health and well-being are core values that we are committed to protecting through:

- The dissemination and reinforcement of "safety culture", building risk awareness and promoting responsible behavior by all employees;
- implementing preventive actions to protect personnel health and safety by involving not only the organization's internal staff but also customers, suppliers, and partner companies;
- the implementation of a path of continuous improvement, including through technological investments, aimed at the evolution of work processes and conditions and meeting ever-higher standards of quality, safety, and worker comfort.

Protecting employee health and safety is achieved through the design and execution of an articulated safety management system that facilitates proper identification and mitigation of risks related to daily activities, in accordance with applicable regulations in force in the various countries in which we operate.

We have adopted an **Integrated Management System** that, based on best practices and internationally recognized standards in the field, pursues workplace health and safety objectives, among others.

Specifically, well aware of the risks and hazards associated with chemical use and handling, we are committed to employee, consumer, and environmental protection through the assessment and prevention of potential risks associated with our operational activities and the management of potential accidents in order to prevent and limit any subsequent damage. By analyzing and classifying hazards, we can better understand potential sources of danger and, consequently, implement appropriate prevention and protection measures.

In order to ensure compliance with current regulations in force and monitor personnel health and safety, we employ professional specialists, namely company physicians, who perform periodic examinations. We have established internal committees for each of the plants, which are responsible for coordinating, monitoring, and overseeing health and safety aspects.

In addition to these risk prevention measures, we are committed to providing workplace health and safety training in accordance with the applicable regulations in each of the countries in which we operate. Providing in-depth training on the associated risks of handling chemicals — as well as the proper use of workplace and personal protective equipment and emergency procedures — is one of the key elements in preventing workplace hazards.

To verify that personnel receive adequate training in handling job-related hazards, we implement annual training plans, which are monitored periodically.

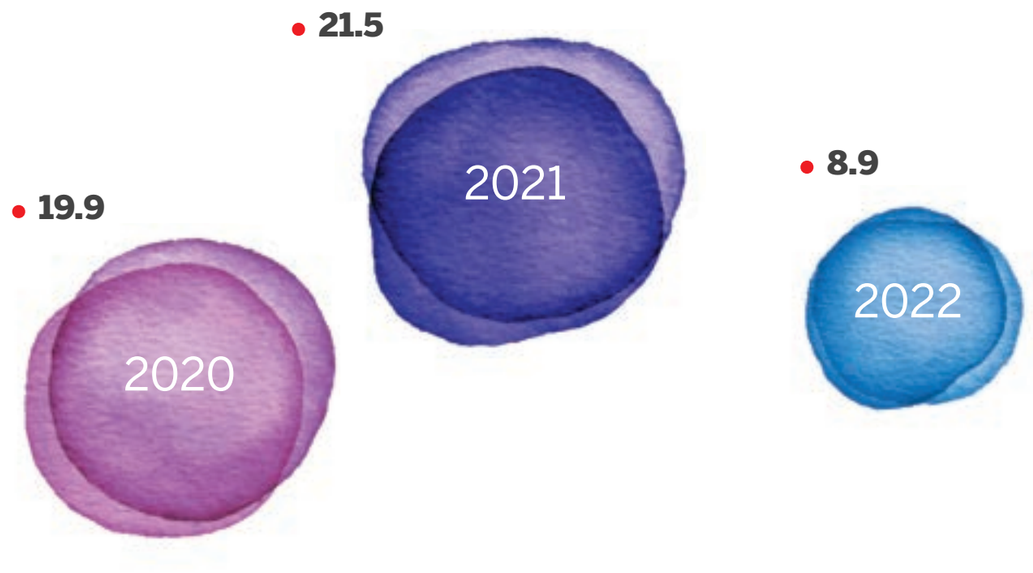
The risk prevention and management measures adopted by the Group to protect employee health and safety have proven effective, as demonstrated by the sharply declining trend in accidents over the three-year reporting period. Three workplace accidents were recorded during 2022, with an overall rate of 8.9%. There were no accidents with serious consequences or deaths during the three-year reporting period.

WORKPLACE ACCIDENTS – EMPLOYEES

	2020	2021	2022
Hours worked	301,231	325,571	338,574
Recordable workplace accidents	6	7	3
Commuting accidents	6	7	2
Workplace accidents with serious consequences[3]	-	-	-
Deaths due to workplace accidents	-	-	-
Rate of recordable workplace accidents	19.9	21.5	8.9
Rate of workplace accidents with serious consequences	-	-	-
Death rate	-	-	-

[3] Accidents that resulted in more than six months of absence from work, excluding deaths.

Accident rate trends



Preserving our environment

6.1 Tackling climate change

Global warming is an ongoing phenomenon that must be taken into account when defining strategic policies if we want a sustainable tomorrow. Throughout 2022, the effects of climate change were dramatically revealed via extreme events such as record droughts, heat waves, forest fires, and floods, causing numerous casualties as well as extensive economic damage.

Against this extremely challenging backdrop, our direct commitment to achieving sustainable development goals in the environmental sphere has continued through a series of initiatives aimed at curbing water, energy, and raw material consumption and reducing CO_2 atmospheric emissions from our operational activities.

Our laboratories are constantly engaged in the search for innovative solutions to mitigate and reduce the environmental effects of our operational activities.

Solutions for the optimization of production processes through the implementation of technologies that make them more energy efficient and make the best use of increasingly scarce natural resources while curbing greenhouse gas emissions.

We have formed our environmental policy by committing ourselves to continually identifying sustainable energy solutions. By extending research to procurement practices as well, we have succeeded in meeting most of our energy consumption needs by relying on the use of renewable energy, chiefly geothermal and hydropower.

We have formulated an annual improvement plan to ensure that the Group maintains high environmental standards. This plan is an important tool for assessing performance and identifying potential development areas, thus enabling us to adapt to changes efficiently.

Through Agrigento Fertilizantes, we have joined the Low Carbon Business Action project, an EU-funded Doing-Business platform that aims to develop B2B relationships between European suppliers of low-carbon technologies and companies based in Brazil, Argentina, Chile, or Colombia that are seeking sustainable solutions.
This initiative focuses on strategic sectors that can contribute to the reduction of greenhouse gas (GHG) emissions and offers opportunities for virtuous collaboration between companies, with the aim of both increasing the competitiveness of Latin American industries as well as contributing to the development of a circular low-carbon economy.

Our Italian plant exclusively uses energy produced by renewable sources such as water, sun, wind, and geothermal heat, certified by the energy service provider's "guarantee of origin" system, according to EC Directive 2009/28/EC. We use elements that are widespread and abundant in nature, ensuring innovative and sustainable solutions generated through clean energy. Geothermal heat supports our every activity, drastically reducing CO_2 emissions, while rainwater collection helps reduce natural resource wastage during manufacturing processes. We have even changed the way we travel, adopting electric solutions that can further reduce pollution.

Through virtuous management of our industrial processes, we are gradually becoming independent from critical energy sources, notably those from foreign countries, which are a limitation that could slow our development and growth.

In addition to these initiatives, we have targeted environmental sustainability as the primary focus of our business by developing innovative solutions to reduce the extensive and often unregulated use of pesticides in agriculture, which has led to negative consequences on the environment and human health, including soil, surface water, and groundwater contamination as well as biodiversity damage and pest resistance.

Well aware of the potential risks associated with pesticide use, for years we have been studying and designing bio-activating solutions at the FertiGlobal® research hub that enable a progressive reduction in chemical use, and offering plant nutrition programs that provide a positive impact on the environment and further sustainable agriculture.

Within this context, the ENVision ("Enhance, Nurture and Vitalize the crops to increase yield and healthy plant growth") project was born, awarded as part of the European LIFE program. The ENVision project is based on the innovative EnNuVi®technology — developed and patented by SCL Italia S.p.A. — which bioactivates the plant's natural defenses through nutrient-polyphenolic molecules.

EnNuVi® technology increases long-term agricultural sustainability by improving plant nutrition through high nutrient availability, activating natural defenses through a combination of polyphenols and nutrients, and improving quality and productivity while reducing fungicide use (-65%) and water consumption (-30%).

This is complemented by customer outreach activities, to whom we provide training and technical support services regarding the proper use of various technologies and their benefits in terms of environmental impacts.

6.1.1 Monitoring and protecting environmental matrices

We use the most advanced procedures in corporate management, complying with the latest technical standards on health, safety, and the environment.

Manufacturing processes are carefully designed and modified where necessary, in order to minimize resource consumption and the potential impact on environmental matrices (air, soil, subsoil, and groundwater).

To simultaneously ensure production activities and environmental protections, specialized monitoring and inspections using targeted internal procedures are conducted on a routine basis. Qualified personnel perform periodic checks on the equipment to ensure its effectiveness and efficiency and to ensure its Qualified personnel perform routine equipment inspections to maintain their efficiency and effectiveness and ensure their environmental compatibility. Accordingly, sampling and analysis of environmental matrices are performed through certified laboratories, self-monitoring, or at the request of competent bodies.

Over time, we have built and modernized our plants, preferring to carry out production in enclosed areas that are technologically suitable for ensuring environmental and human safety. These areas are equipped with waterproof flooring, ventilation systems, noise abatement, safety sensors, and everything else that might be necessary to apply industry best practices.

Our plants have temporary waste storage facilities, properly enclosed and protected, and managed according to internal procedures, which include specific operations to keep waste material destined for disposal or recovery plants in optimal condition. Temporary warehouses are equipped with concrete flooring and containment basins, and personnel from the Quality, Health, Safety, and Environment departments conduct routine inspections to assess their condition.

Per the above, the Italian plant - operational for more than 200 years - also carries out extra specialized activities for characterization and monitoring of environmental matrices in cooperation with supervisory bodies, in addition to the conventional inspections required by the uthorization regime.

All our activities are strongly centered on strict environmental respect and enhancement: accordingly, measures for improvement are implemented on a continuous basis, from product design to process layout, in an ongoing quest for the highest standards of health and environmental protection.

ENVIRONMENTAL KPI

		2022	vs PY
Energy requirements	GJ	120,574	-9.5%
Energy intensity	GJ/t	4.36	-6.4%
Emission intensity	t CO_{2eq}/t	0.10	-41.6%
Energy from renewable sources		62.2%	+17.7 p.p.
Electricity from renewable sources		87.1%	+87.1 p.p.
Water intensity	m^3/t	2.51	+12%
Rainwater consumption		5.1%	-1.1 p.p.
Waste recycle intensity	m^3/t	70.5%	+12.4 p.p.

6.1.2 Energy consumption management

Energy consumption is one of the major critical factors within our manufacturing processes. As such, we promote responsible resource management through careful and constant monitoring aimed at analyzing and optimizing energy use at production sites. Despite significant production growth (+26% compared to 2020) virtuous management of industrial processes has allowed us to reduce our energy consumption by 13%.

Additionally, due to the decision to prioritize the purchase of energy from renewable sources, there has been a significant increase in the **use of green energy** that in 2022 **exceeds 60%** of the total consumption.

ENERGY CONSUMPTION (GJ)

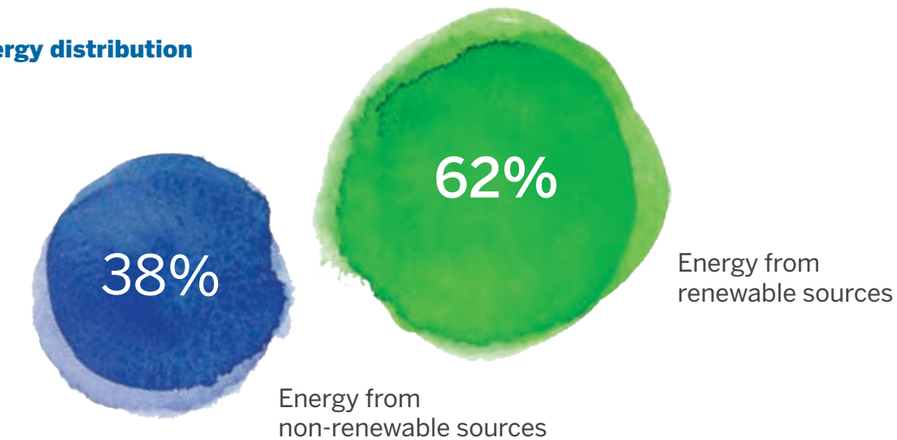
	2020	2021	2022
Total energy consumed	**138,012**	**133,200**	**120,574**
Energy from non-renewable sources	**75,620**	**73,962**	**45,548**
Electricity purchased	23,013	25,119	3,698
Natural Gas	40,855	32,017	24,116
LPG	11,440	16,532	17,354
Automotive diesel fuel	302	245	192
Automotive gasoline	10	50	188
Energy from renewable sources	**62,392**	**59,238**	**75,026**
Electricity purchased	-	-	25,012
Endogenic steam purchased	62,392	59,238	50,014

ENERGY CONSUMPTION/PRODUCTION IN TONS RATIO (GJ)

	2020	2021	2022
SCL Italia			
Total energy consumption	7.30	5.90	5.40
From non-renewable sources	2.32	2.15	0.82
From renewable sources	4.98	3.75	4.58
Agrigento Fertilizantes			
Total energy consumption	0.49	0.45	0.52
From non-renewable sources	0.49	0.45	0.52
From renewable sources	-	-	-
Quimicos Essiod			
Total energy consumption	23.72	15.89	12.91
From non-renewable sources	23.72	15.89	12.91
From renewable sources	-	-	-

By implementing measures to reduce energy consumption —including plant and equipment optimization as well as meticulous planning of maintenance and renovation operations — we are able to gradually improve energy efficiency while reducing the environmental impact of our industrial activities.

Energy distribution



The use of geothermal energy to power the industrial processes ofthe Italian plant is a sustainable and responsible choice as it reduces dependence on conventional sources, helping to mitigate environmental impacts and reduce the Group's greenhouse gas emissions.

Direct greenhouse gas (GHG) emissions (Scope1), meaning emissions from sources owned or directly controlled by the Group, were in fact **18% lower** in 2022 than in 2020, and totaled 2,514 t CO_{2eq}.

DIRECT GHG EMISSIONS (t CO_{2eq})

	2020	2021	2022
Total direct GHG emissions	**3,054**	**2,894**	**2,514**
Natural gas	2,281	1,787	1,346
LPG	750	1,084	1,138
Automotive diesel fuel	22	18	14
Automotive gasoline	1	4	16

DIRECT GHG EMISSIONS/PRODUCTION IN TONS RATIO (t CO_{2eq})

	2020	2021	2022
SCL Italia	0.05	0.05	0.05
Agrigento Fertilizantes	0.03	0.03	0.03
Quimicos Essiod	1.24	0.81	0.64

Indirect GHG emissions (Scope 2) - meaning emissions from the procurement of electricity produced by third parties - have been calculated with both the Location Based approach, which uses a national average emission factor based on the energy sources used (the so-called energy mix), as well as the Market Based approach, which applies emission factors associated exclusively with the production from thermoelectric plants, taking into account any shares of electricity from certified renewable sources.

INDIRECT GHG EMISSIONS (t CO_{2eq})

		2020	2021	2022
Location based		1,937	2,114	311
Market based		2,922	3,190	470

Indirect emissions for 2022 amounted to 311 t CO_{2eq} according to the Location-based method, and 470 t CO_{2eq} according to the Market-based method.

The **sharp drop in indirect GHG emissions (Scope 2)** recorded in 2022 compared to previous years is **due to the increase in renewable energy** among supply sources following the conversion carried out at the Italian plant.

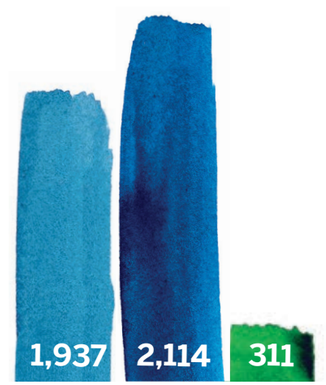
INDIRECT GHG EMISSIONS/PRODUCTION IN TONS RATIO (t CO_{2eq})

	2020	2021	2022
SCL Italia			
Location based	0.14	0.12	-
Market based	0.20	0.17	-
Agrigento Fertilizantes			
Location based	0.00	0.00	0.00
Market based	0.00	0.00	0.01
Quimicos Essiod			
Location based	0.12	0.12	0.13
Market based	0.18	0.18	0.19

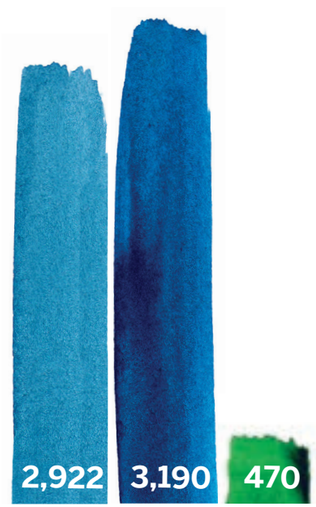
TOTAL GHG EMISSIONS - Scope 1 and Scope 2 (t CO_{2eq})

	2020	2021	2022
Location based	4,991	5,008	2,825
Market based	5,976	6,083	2,984

Indirect GHG emissions trend



Indirect emissions (Location based)



Indirect emissions (Market based)

6.2 Protecting water resources

Water is an indispensable and valuable primary asset, and its availability is progressively decreasing due to climate change.

Conscious of the criticality of water requirements for our business operations, as well as the crucial role of water as a shared resource, we decided to invest in mitigating our impacts on the quantity and quality of available water resources.

We have therefore implemented some best practices aimed at reducing water consumption, reusing rainwater, and recovering wastewater from manufacturing processes.

All Group companies monitor water resource consumption on a regular basis in order to reduce – whenever possible – the corresponding supply required. We are also committed to making the best use of withdrawn water resources: SCL Italia S.p.A. and Agrigento Fertilizantes have implemented a system aimed at purifying and recovering the water used in production processes, thus eliminating past generational practices of dumping effluents into water bodies while providing additional environmental benefits. Químicos Essiod monitors the parameters of the water used in manufacturing processes on a bimonthly basis and runs it through advanced purification processes before releasing it back into nature.

Overall, the water resource supply required totals 69.4 mega liters for 2022, up 9% from the previous year.

TOTAL WITHDRAWALS (Million Litres)

	2020	2021	2022
Total water withdrawal	**54.2**	**64.0**	**69.4**
Non-potable surface water, including rainwater reuse	-	3.7	3.5
Potable groundwater	-	1.2	2.4
Potable water from municipal/national distributors	54.2	59.1	63.5

Following investments made during the two-year 2019-2020 period, in 2022 **the Italian plant was able to cover more than 9% of its consumption through rainwater recovery.**

WATER CONSUMPTION ON THE TOTAL QUANTITY PRODUCED (Liters/Kg)

	2020	2021	2022
Group Total	**2.67**	**2.23**	**2.51**
SCL Italia	2.57	2.53	2.31
Agrigento Fertilizantes	N.A.	0.11	0.26
Químicos Essiod	12.01	10.31	13.73

6.3 Sustainable waste management

We recognize the importance of waste management and disposal activities as a critical factor for sustainable production. We have therefore implemented specific procedures at the local level in full compliance with the current environmental regulations in force in the countries where we operate.

SCL Italia S.p.A. has prepared a specific procedure that establishes the criteria for waste management, classification, and storage, which mainly include:

- non-compliant products;
- materials derived from facility cleaning activities;
- materials from facility maintenance activities;
- packaging, including wooden pallets, sacks and bulk bags, and miscellaneous mixed materials.

In order to reduce the amount of waste generated while fostering and implementing circular economy best practices, the Italian plant reuses raw materials from non-conforming products in manufacturing processes, which are then reprocessed so as to avoid generating waste.

At the Agrigento Fertilizantes plant, most of the waste generated comes from the acquisition of raw materials for product manufacture, primarily plastic and polypropylene (PP) coated paper. Said waste is managed through a Solid Waste Management Plan (SWMP) whose goal is to correctly dispose of all generated waste, with preference towards recycling and recovery, in compliance with regulatory provisions.

The company has also implemented the "5S" Policy which defines a series of measures to promote the transition to a more circular economy within the company.

At the Químicos Essiod plant, waste generated by production activities consists primarily of empty raw material packaging, residues from cleaning production machinery and equipment, laboratory analysis, and machinery and equipment maintenance.

We conduct routine monitoring of generated waste in order to better understand potential intervention areas and measures that should be implemented.

The adopted practices contributed to the excellent results achieved in terms of reducing the amount of waste produced over the three-year period.

A summary of the data is provided below for the purpose of comparison.

WASTE PRODUCED (tons)

	2020	2021	2022
Total waste produced	**2,554**	**1,351**	**690**
Total non-hazardous waste	**1,448**	**821**	**530**
of which not destined for disposal	1,361	754	425
of which destined for disposal	86	68	105
Total hazardous waste	**1,106**	**530**	**160**
of which not destined for disposal	45	31	61
of which destined for disposal	1,061	499	98

WASTE PRODUCED/PRODUCTION IN TONS RATIO (tons)

	2020	2021	2022
SCL Italia			
Total waste	0.198	0.081	0.035
Waste for recovery	0.112	0.050	0.028
Waste for disposal	0.085	0.032	0.006
Agrigento Fertilizantes			
Total waste	0.004	0.002	0.007
Waste for recovery	-	-	0.003
Waste for disposal	0.004	0.002	0.004
Quimicos Essiod			
Total waste	0.031	0.018	0.030
Waste for recovery	-	-	-
Waste for disposal	0.031	0.018	0.030

Methodology notes

GRI content index

Appendix:
Material Issues-Impacts
Correlation Table

METHODOLOGY NOTES

This document constitutes the Group's first Sustainability Report, drawn up on a voluntary basis with the aim of transparently communicating its performance, strategies, and commitments in significant areas of sustainability to the relevant stakeholders.

The process leading up to the Report preparation enlisted the participation of the company's management and the core functions they coordinate.

The reporting scope includes the Group's operating companies – SCL Italia, Agrigento Fertilizantes, and Químicos Essiod – and refers to the 2022 fiscal year (from January 1st to December 31st). The figures are compared with the results of the two-year 2020–2021 period.

The reporting standard adopted for the preparation of this Sustainability Report is the 2021 GRI Sustainability Reporting Standards (hereinafter also "GRI Standards") defined by the Global Reporting Initiative (GRI), according to the "with reference" option.

The principles used to define the contents and guarantee the quality of this Report are the Reporting Principles defined by the GRI 1: Foundation Standard (completeness, sustainability context, accuracy, reliability, clarity, comparability, balance, and timeliness).

This document has not been reviewed by a third party.

Primary calculation criteria

The qualitative and quantitative information contained in this Sustainability Report was gathered through special interviews with the heads of key company departments and areas. Below are the methods used to calculate some of the metrics used in various sections of the Report. A conservative approach was adopted when making any assumptions about environmental data.

Energy consumption

The Group's energy consumption, stemming from electricity, diesel, gasoline, and natural gas, was calculated in terms of Giga joules (GJ). To standardize the various vectors of energy, the conversion factors in the table "UK Government GHG Conversion Factors for Company Reporting – Fuel properties" from the UK Department for Environment, Food & Rural Affairs (DEFRA) were used for the years 2020, 2021, and 2022.

Direct (Scope 1) and indirect (Scope 2) emissions

Greenhouse gas emissions were calculated based on the principles included in the "GHG Protocol Corporate Accounting and Reporting Standard", the standard published by The Greenhouse Gas Protocol Initiative in terms of CO_2 equivalent and determined as shown in the table.

DIRECT GHG EMISSIONS (SCOPE 1)

SOURCE	ACTIVITIES	EMISSION FACTOR	GWP
Diesel, Gasoline, and Natural Gas	Fuel consumption	Emission factors processed by ISPRA (Italian Institute for Environmental Protection and Research)	Only CO_2 emissions were considered

INDIRECT GHG EMISSIONS (SCOPE 2)

SOURCE	ACTIVITIES	EMISSION FACTOR	GWP
Electricity purchased from the national grid - according to the location-based method	Electricity consumption	Emission factors processed by ISPRA (Italian Institute for Environmental Protection and Research)	Only CO_2 emissions were considered
Electricity purchased from the national grid - according to the market-based method	Electricity consumption	AIB – Residual Mix	Only CO_2 emissions were considered

Health and safety

The accident frequency index is calculated as the ratio between the total number of recordable accidents, excluding commuting accidents, and the number of hours worked in the same period, multiplied by 1,000,000.

The serious accident frequency index is calculated as the ratio between the total number of accidents resulting in more than 180 days of absence and the number of hours worked in the same period, multiplied by 1,000,000.

Employees

Employee figures represent the workforce headcount as of December 31st of the reporting periods and not as FTE (full-time equivalent) figures.

The inbound turnover rate was calculated by taking into account the number of new hires out of the total number of employees.

The outgoing turnover rate, expressed as a percentage, however, corresponds to the number of terminations out of the total number of employees.

Information and contacts

For further information on the contents of this Sustainability Report, please contact the following address:

SCL Italia S.p.A.

Via F. Filzi, 25/A

20124 - Milan, Italy

GRI CONTENT INDEX

STATEMENT OF USE	Larderello Group has prepared the report according to the "with reference to GRI Standards" option for the period spanning January 1st, 2022, to December 31, 2022.	
GRI 1 USED	GRI 1: Foundation 2021	
INDUSTRY STANDARDS APPLICABLE GRI'S	N/A	
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GRI 306-3	Waste produced	90-91
GRI 306-4	Waste not destined for disposal	90-91
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GRI 403-1	Workplace health and safety management system	73-75
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SUSTAINABILITY REPORT 2022

APPENDIX:
MATERIAL ISSUES-IMPACTS CORRELATION TABLE

IMPACT	DESCRIPTION	MATERIAL ISSUE	GRI
Contribution to industry innovation	Through our R&D center in Larderello, we contribute to the development of innovative technologies useful for industry development and geared toward promoting increasingly sustainable agriculture.		
Contribution to energy efficiency and material optimization	Through our R&D center in Larderello, we develop innovative projects aimed at creating high-quality products that are more efficient and sustainable.	Value creation, innovation, Research and Development	GRI 201:Economic Performance
Distribution of generated value	Our activities contribute to the creation of wealth for the territories in which the Group's various plants are located.		
Contribution to the development of a sustainable supply chain	Using procedures for assessing and auditing our suppliers, we are able to contribute to the development of a sustainable value chain. In fact, we require our contractors/suppliers to comply with regulations on quality, environment, health and safety, and workers' rights. In the event that we enter into contracts in high-risk countries, we would introduce additional conditions that would require the supplier to assume certain social obligations and to implement on-site audits in order to verify compliance.	Responsible supply chain management	GRI 204: Procurement Practices
Contribution to the local economy	Our factories represent a source of wealth for local economies in the areas where we are established. By preferring to hire staff from communities near our production facilities and by purchasing products and services from local suppliers, given the size of our business, we are a major player capable of attracting investment to the areas where we operate and generating value and wealth for the surrounding communities.		
Contribution to employee well-being	Our initiatives, benefits, and social plans improve the quality of work and life for employees.		
Employee training and professional development	We invest in employee training, incentivizing further development of their skills, abilities, and leadership qualities. We are committed to fully professional development, using the tools available to promote staff development and growth (job rotation, support, training, etc.).	Human resource development and protection	GRI 401: Employment
Employee health and safety	Mindful of the potential risks associated with the nature of the work and tasks performed by employees, we have made investments and implemented collective, individual, procedural, and technical safety measures to minimize job-associated risks (mechanical, electrical, or chemical hazards, exposure, trauma, lightning, stress, magnetic fields, explosions). The Larderello-based plant also implemented the ISO 45000 management system for workplace health and safety.	Workplace health and safety	GRI 403: Occupational Health and Safety
Energy consumption	Our manufacturing processes involve considerable energy consumption. The plant located in Brazil uses hydroelectric power, while the plant located in Larderello uses electricity from renewable sources (with a Guarantee of Origin) and geothermal energy. It also has a policy aimed at reducing energy consumption through constant maintenance of facilities and refurbishment of machinery and equipment.	Climate change	GRI 302: Energy GRI 305: Emissions
GHG Emissions	Our high energy consumption causes indirect emissions (Scope 2) that stem from the production of energy distributed through the national grid. Product transportation also causes indirect greenhouse gas emissions (Scope 1) due to the use of vehicles.		
Water consumption	Water is an essential component of our manufacturing processes. We use internal recycling practices and treat wastewater in order to use it in manufacturing processes. We have created a rainwater collection system.	Protecting water resources	GRI 303: Water and Effluents
Waste production	We generate hazardous and non-hazardous waste, primarily contaminated scrap and construction waste (construction materials, iron, etc.) and municipal waste, which is disposed of in accordance with the law. We have progressively reduced manufacturing waste disposal and implemented systems for the recovery of raw materials and semi-finished products.	Responsible waste management	GRI 306: Waste

Larderello
Group

Via Fabio Filzi, 25/A
20124 – Milan (ITALY)
Phone +39 02 6771681
Fax +39 02 67716820