

Sustainability Report 2019



FAMILY
SPIRIT FOR
SUSTAINABILITY





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Letter to our stakeholders

In our work at Sacco System, we pursue the ambitious goal of being a biotech centre of international excellence applied to the pharmaceuticals and food industries. With the definition of our mission "Supporting food culture and life", we intend to become both promoters of the culture of food, an element deeply rooted in Italy and appreciated all over the world, and to develop the cultures that we produce for food and for life.

We are aware that nowadays it is essential to take a firm stance in order to continue to act in line with our values. In the same way as we watch over our children and grandchildren, we are also concerned with guaranteeing the continuity of the family-run business's commercial and production activities. This is the only way that we can continue to grow, to create jobs, well-being and prosperity, all of which we can share with our employees, their families, with society, and with the environment that we live in.

For this reason, we believe it is fundamental to include sustainability among the company's objectives, by declaring our commitment to reducing the impact on the environmental and human resources and, wherever possible, generating benefits for them, improving the quality of life inside and outside the company, whilst encouraging growth, innovation and competitiveness. In our long history, the effort and commitment of everyone who has worked for us have allowed us to achieve ambitious goals. With the continued collaboration and engagement of everyone, we are sure that we will obtain excellent results in this new challenge to integrate sustainability even further.

Sacco System. Family Spirit for Sustainability.

The Verga Family



Our first Sustainability Report

"It has been said that something as small as the flutter of a butterfly's wing can ultimately cause a typhoon halfway around the world"

In Sacco System companies, we are aware that all of our activities inevitably have an influence on the environment, on the people who work there, and on the social and economic context. We feel that we have a responsibility towards those around us, because we care about our future and that of those to come.

For this reason, we have always offered solutions for good nutrition and a better quality of life with our products. We work to guarantee our collaborators a stable, healthy and safe workplace, while at the same time taking care to reduce the environmental impact of our production processes.

This commitment of ours manifests itself as a true operating method, ensuring that sustainability becomes an integral element of corporate strategies and choices. It is an ambitious path of continuous transformation, which stimulates us to do better and better.

Two years ago, in Sacco System, we decided to commit to and formalize our journey, creating the Sustainability and Corporate Social Responsibility unit, and establishing the position of the CSR & Sustainability Manager.

We therefore felt that the time has now come to begin to share our good practices, to monitor and report on our impacts, progress, and initial results, and this document aims to be the first such assessment.

This report represents the starting point towards an integrated and continuous vision of our main business processes and operations and their economic, social, and environmental impacts.

We know that the road is long and the horizon is far away, but in our imperfection, there is all the will to change for the better. In fact, monitoring and measuring with objective indicators represents for us the first step towards improvement, embracing the principle according to which "if you don't measure something, you can't improve it." (Lord W. T. Kelvin)

Sacco System

Welcome in Sacco System

Established in 2016, Sacco System is a highly innovative Italian network of biotech industries, which embodies almost a century and a half of knowledge and experience.

Four autonomous companies, Caglifacio Clerici S.p.A., Sacco S.r.l., Centro Sperimentale del Latte S.r.l., and Kemikalia AB, located in the Lombardy region of Italy and in Sweden respectively, with five production plants, operate in one synergistic system that provides the food, nutraceutical and pharmaceutical industries with shared know-how and resources.

The sales offices of Sacco Brasil, Sacco Polska, Clerici Sacco Portugal, CSL France, CSL APAC, and Sacco System Japan complete our network. Sacco System promotes deep local roots and a growing network of branches in strategic global locations.

Our objective is to offer the best products that enable improvements in food culture and lifestyle. Personalized products based on lactic acid bacteria, probiotics, and enzymes,

all resulting from the latest research and experimentation applied to our heritage of food science, health and wellbeing. This is and will remain the secret of our success. Our company works with life, for life, and draws strength from the relationship with its employees and associates who are the most valuable resource of Sacco System. We are a family company that believes in offering the next generation a better future and in relaunching the competitiveness of Italian companies.

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



CORPORATE VIDEO

Introducing Sacco System - Supporting food culture & life

Scan the QR Code to watch the video

Market Areas



Food

Lactic acid bacteria and enzymes to produce and protect dairy products, fermented meats, plant-based products, fermented vegetables and baked products.



Probiotics

Probiotics for human and animals health.



Labware

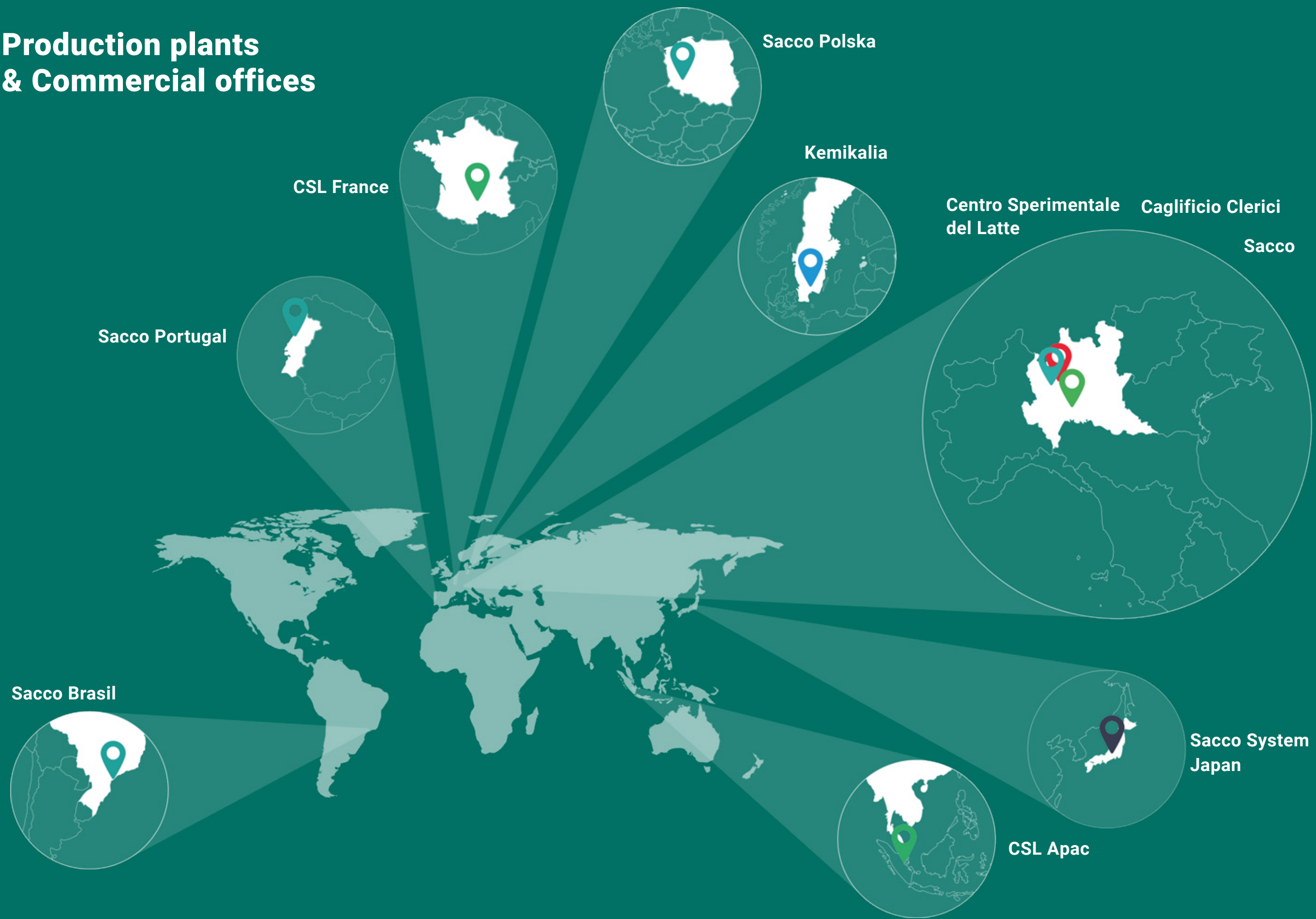
Laboratory instruments and reagents.



Agrovet

Cultures for silage poultry and pets.

**Production plants
& Commercial offices**



A family story

Manufacturers since 1872

The **Sacco System** story is the story of the Clerici family, now the **Verga family**.

This story of deep commitment to quality and research began in 1872, when Martino Clerici founded Caglificio Clerici in Cadorago, 40 km north of Milan, near Lake Como, and this proudly continues today. Now in its fifth generation of family management, the company continues to believe in the importance of tradition at the service of quality and research.

With a history spanning nearly 150 years, our excellence in industrial innovation is recognized around the world. Dedication is the silent motor that guides the family in its corporate choices, commitment to quality, research, development, and Made in Italy technology within the company and



Martino Verga

Appointed **Cavaliere del Lavoro**
by Sergio Mattarella
May 31st, 2019

The values of virtuous growth

Family Company

The centrality of people and human relationships, both within the company and towards customers and suppliers, the promotion of respect, care and availability.

Traditions and Expertise

A history of almost 150 years, made up of tradition, shared experiences, qualitative and technological growth of the company in collaboration with the market.

Creative Intelligence

The enhancement of lively and dynamic minds, with solid commercially scientific backgrounds, capable of always generating new ideas and anticipating trends.

Research and Innovation

The will to improve, grow and progress in the “food and life” sector thanks to the synergy between Research & Development and the Commercial Sales team, and to the investment of part of the annual turnover in research and innovation.

Constant Training

The high specialization of resources achieved thanks to regular and customized training courses with accredited internal and external facilitators, and collaborations with research centers and universities worldwide.

Reliability

A solid company presence that inspires trust and credibility, translated into consistency in performance, product efficacy, and improved results.

Flexibility

The development of tailored projects for the customer, the result of constant passion, and focus on both small and large scale solutions.

Code of Ethics

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

Quality is our credo. We base our consolidated reliability on this. We work with economic sensitivity, respecting the law, the environment, and health and safety at work. We plan our activities and check the results in compliance with the principles of transparency in corporate administrative accounting responsibilities.

We base our ethical principles on the continuous improvement of health and safety conditions in the workplace and the external environment. You can clearly find the direct consequence of this in company daily life, where workers can operate in a healthy environment, in the certainty of constant governance of the risks present, with reliability, quality, and with a reduced environmental impact.

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



CODE OF ETHICS
Sacco System - Code of Ethics
Scan the QR Code to view the pdf

The quality policy and certifications

Sacco System is a biotech reality oriented towards the constant achievement of quality in the food and health sector. The companies in the network have always fully met the highest quality standards in terms of safety, ethics, and legality of products and services.

To achieve this strategic goal, Sacco System relies on a company organization that promotes culture and sensitivity towards the issues of health and safety in the workplace, continuous training of personnel in hygiene and health matters, and production processes compliant with current legislation and environmentally friendly.

These are the prerequisites of Sacco System scientific research, focused on improving health, safety and well-being for the customer and for the final consumer. Confirming its strong commitment to quality, Sacco System has achieved the main certifications over the years, both qualitative and religious.

Here are the company-by-company details:

- **ISO 9001: 2015** (SACK)
- **ISO 22000: 2005** (CLERICI, SACCO, CSL)
- **FSSC 22000 (Food Safety System Certification)** (CLERICI, SACCO, CSL)
- **KOSHER PRODUCTS** (CLERICI, SACCO, CSL)
- **HALAL PRODUCTS** (CLERICI, SACCO, CSL)
- **GMP (Good Manufacturing Practices) AUTHORIZATION** (SACCO, CSL)



CERTIFICATIONS
Quality policy
Scan the QR Code to view the web page

Sacco System Companies

Caglificio Clerici: family feeling

Caglificio Clerici is the historic family company, proudly offering 147 years of passion for quality, research, development, and technology, all conducted in Italy, but intended to serve the food industry around the world.

Founded in 1872, Caglificio Clerici has been producing animal rennet and other enzymes for the dairy industry since the company's inception.

For 147 years, we have been studying and developing technologies that help dairies and

dairies process milk in the safest, healthiest, and most hygienic way. To achieve this, we select only the best quality abomasum for the production of our rennet.

For 147 years, the delicate and careful extraction of enzymes has been the key point of production, an art handed down through the generations. Clerici produces rennet with the same dedication and enthusiasm as in the past but using new technologies made available to the expert hands of our team of professionals.



"The only rennet that loves your milk"



Sacco System Companies

Sacco: tailor-made innovation

Sacco is the biotech company that, since 1934, has been on the international market as a producer and partner in the fields of research, scale up, production and packaging of selected freeze-dried and frozen microbial cultures, to be used mainly in the dairy and food industry generally.

Sacco's expertise and know-how support the food industry in the production of healthier fermented foods, enriched by the characteristics appreciated by customers and end consumers.

The strength of the company lies in the Research & Development team, who are able to produce customized solutions for the individual customer, through validated and guaranteed procedures.

The Labware division also stands out in Sacco. This division develops and markets laboratory instruments and equipment, materials and reagents, all for application in many sectors ranging from agri-food to pharmaceuticals, universities and research facilities.



Sacco System Companies

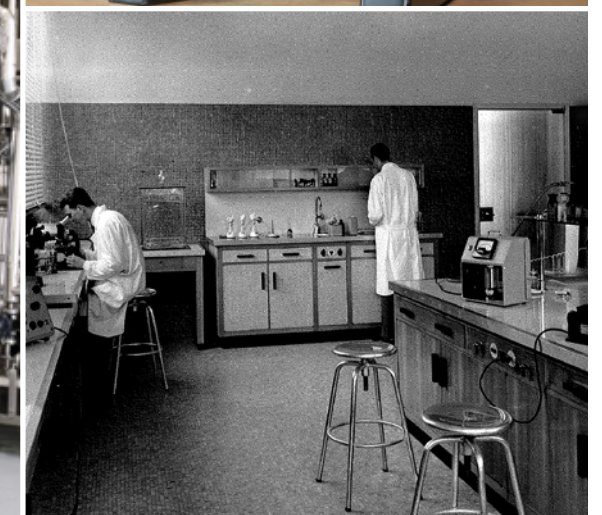
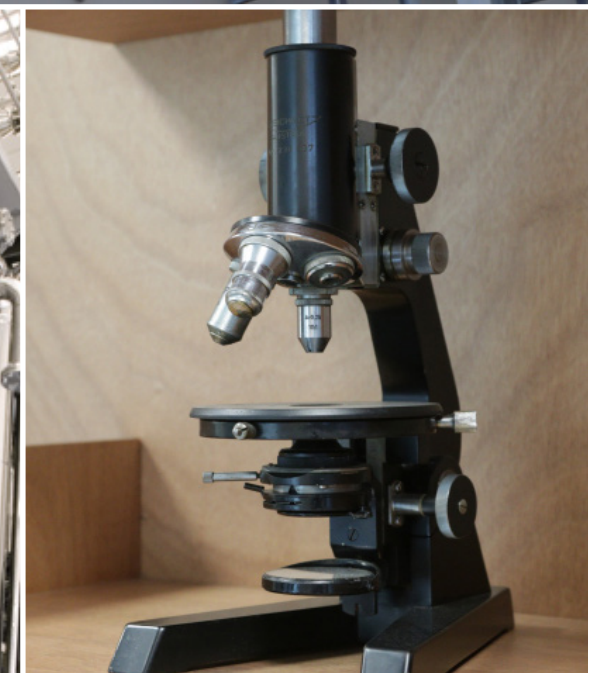
CSL: probiotics between science and research

CSL, Centro Sperimentale del Latte, is the Italian company founded in 1948 with the aim of studying and enhancing lactic bacteria and other food microorganisms. On the teachings of the founder, Dr. Leo Vesely, today the Centro Sperimentale del Latte researches, develops produces and markets probiotics, lactic ferments, moulds and yeasts, all intended for the pharmaceutical, nutraceutical, dairy, food, and agro-zootechnical sectors.

The industrial work is flanked by a copious activity of basic and applied technical-scientific research, which takes shape in over 300 CSL publications between experimental works and reviews. The customer has

always been the focus of CSL's business, the ideal partner for the study and development of new products and technologies that meet the needs of the individual client and the market.

Following the acquisition in 2013, CSL with Sacco has become the Italian reference center in the lactic ferments sector and represents the fourth production force worldwide in the field of bacterial cultures with a vast collection of isolated microbial strains, selected on the basis of their fermentation and functional characteristics. Our strain bank, one of the richest in the European and extra-European panorama, has more than 6000 bacterial strains in its collection.



Sacco System Companies

Kemikalia: excellence in dairy and nutraceuticals

Kemikalia is the Swedish market leader in the development, production and marketing of ingredients for the dairy food industry of Sweden, Northern European countries, and other EU countries.

The years of experience accumulated from its foundation in 1914 up to today form the basis of its activity together with the development of new technologies in step with the times. With the entry of Caglificio Clerici into Kemikalia in 2006, the company strengthens its international vocation, aiming to become the international reference player in the enzyme sector.

In more recent years, Kemikalia has started the production of vitamin supplements to expand its market offer in the nutraceutical sector.

The fruitful collaboration with customers, suppliers, and university centers ensures quality excellence that knows no equal. Active business management focused on quality and a business culture that encourages employees to seek opportunities for continuous improvement are the pillars of a business that is constantly growing.

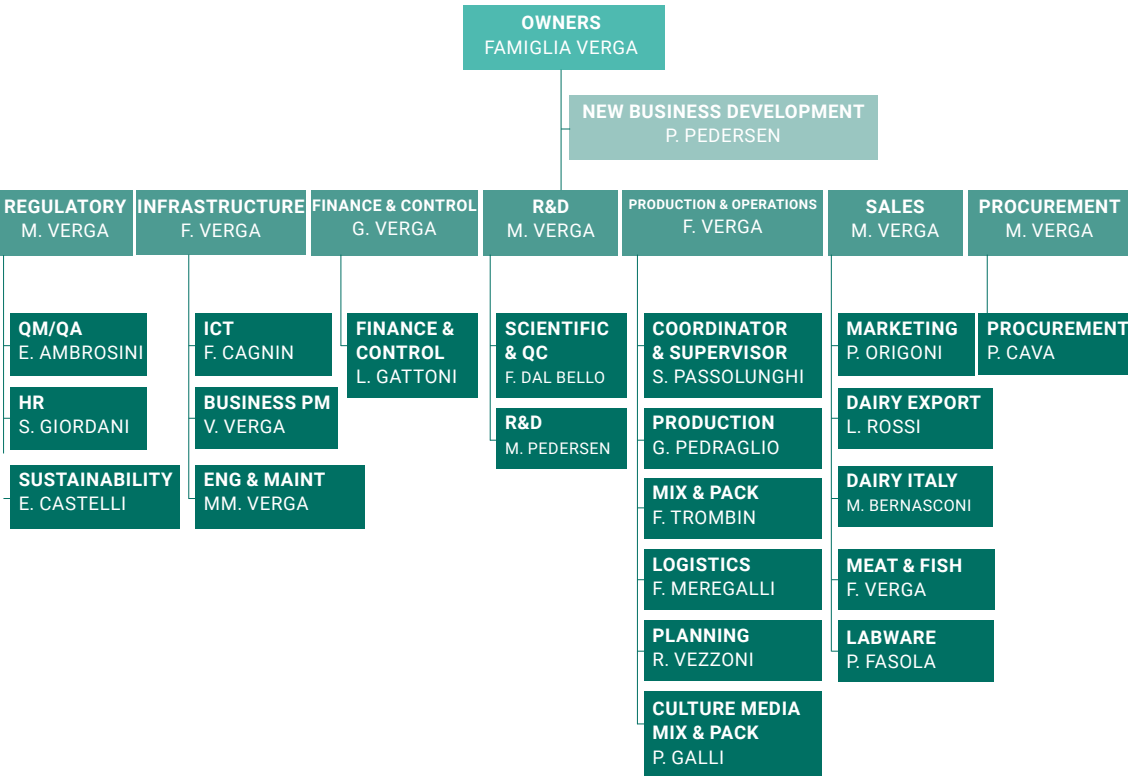


People of Sacco System

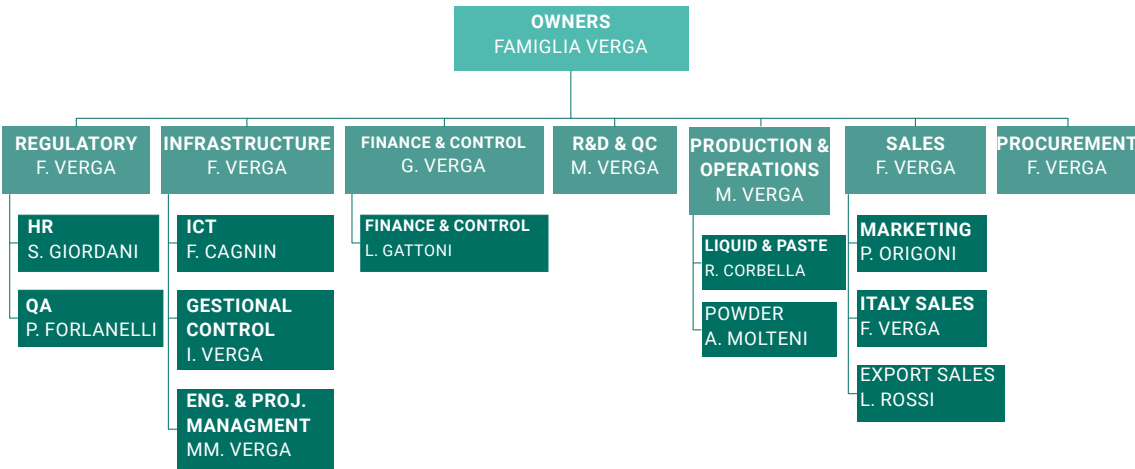
The most precious resource of Sacco System are people: every result achieved and every future goal have been and always will be the result of the ingenuity, skills, commitment and sense of belonging, that each collaborator carries out in its own functions and responsibilities within his daily work. The Sacco System network is primarily

made up of human relationships, which are interconnected and functional only in the relationship with the others, guided by principles of exchange, collaboration and reciprocity. We believe that the involvement of workers through participation, consultation and development of skills is fundamental in every company strategy.

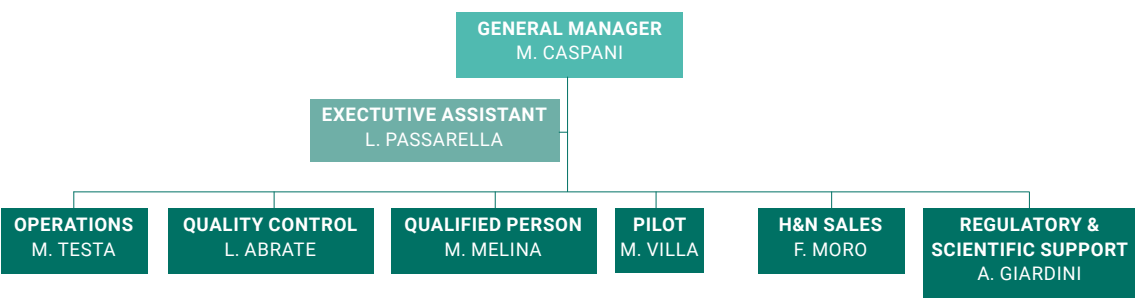
Sacco organization chart



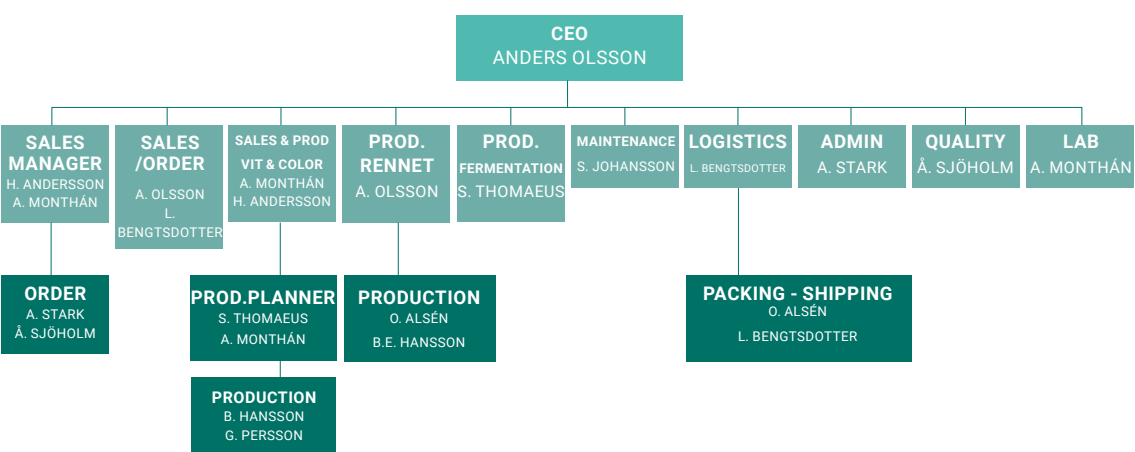
Clerici organization chart



CSL organization chart



Kemikalia organization chart



Partnerships and programs

In everyday life as well as in working life, it is necessary to have well established partners to achieve one's goals. Sacco System has thus chosen to join national and international programs to become stronger in its sustainability strategies for the future.



Sodalitas is the foundation that has been active in Italy since 1995, which acts as a reference partner for all those companies that want to make Corporate Social Responsibility and Sustainability their own distinctive factor by integrating them into business strategies. Sodalitas promotes projects in the fields of Youth and Work, Social Inclusion, Sustainable Territories, as well as supporting networking between companies and the creation of partnerships with institutions, schools, universities, research centres and non-profit organizations. Sodalitas Foundation is a national partner of CSR Europe.



The Club Imprese Eccellenti (that means: Club of the Excellent Companies) is an initiative of Global Strategy, the international Management Consulting and Corporate Finance company that proposes itself as a partner for companies in the definition and implementation of management solutions. The PMI® Observatory is a project through which Global Strategy identifies the best Italian companies each year based on stringent economic-financial KPIs. The Club brings together the excellent applicants and aims to create a stable and constructive network between these realities, becoming the engine and an opportunity for meetings, dialogue and co-operation. The Club was formed in May 2016, and today it consists of about twenty members.

The Sacco System companies also adhere to:



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



The European network ENWHP Workplace Health Promotion is a network of companies and institutions that actively act to bring good practices into the workplace for promoting the health and well-being of workers and their families. The companies participating in the program are committed to promoting healthy eating, encouraging the practice of physical activity, offering opportunities to quit smoking and counteract other addictions, and implement interventions to improve well-being at work and beyond work.

Agenda 2030

Our contribution to the Sustainable Development Goals

On 25th September 2015, the United Nations approved the 2030 Agenda for Sustainable Development, the global action program to achieve a better and more sustainable future for all by 2030.

It lists the 17 Sustainable Development Goals (whose acronym is SDGs), which address the great challenges of our time, balancing the three dimensions of sustainability: economic, social and environmental.

The objectives are intended to stimulate interventions in areas of crucial importance for humanity and the natural world, in terms of People, Planet, Prosperity, Peace and Partnership.

In Sacco System, with our business strategies and the offer of our products, we aim to make our contribution to achieving these goals. Among the 17 SDGs of the 2030 Agenda, in Sacco System we are focusing on the following.

8
DECENT WORK AND ECONOMIC GROWTH

Goal 8

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

9
INDUSTRY, INNOVATION AND INFRASTRUCTURE

Goal 9

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

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

We are committed to maintaining a double-digit percentage increase in turnover for the next few years but at the same time we strive to separate economic growth from environmental impact, progressively improving the efficiency in the use of resources and adopting clean and environmentally friendly technologies.

We stimulate scientific research, encouraging creativity and innovation, reinvesting part of our turnover in research and development, and gradually increasing the number of our researchers: almost 50% of appointments in the last 5 years have been in the laboratory and more than 45 researchers are full time permanent employees.

We reinvest in our company to constantly create new jobs and to improve the health and safety of our more than 360 employees

at all production sites. We have adopted a management model to ensure the best possible protection of health, safety in the workplace, and the prevention from all potential forms of risk.

This policy allows us to maintain a low incidence of accidents with frequency and severity rates well below the national average for the industrial sector.

2
ZERO HUNGER

Goal 2

End hunger, achieve food security, improve nutrition and promote sustainable agriculture.

Every year it is estimated that about 1.3 billion tons of food are lost or wasted, which corresponds to a third of all food produced in the world: it would be enough to recover a quarter to feed all the people who still suffer from hunger in the world today. This waste obviously not only affects food security, but it also has negative impacts on natural resources because it means the wasting of water, soil, electricity, labour, and economic capital, and therefore also has consequences for climate change.

The SDG # 2 urges to act against this trend, in particular target 2.4 that requires by 2030 to ensure sustainable food production systems and the implementation of resilient agricultural practices that increase productivity and production to help maintain our ecosystems. Our biotechnologies applied to agriculture (which we will address in the context of Objective 15) and nutrition can make an effective contribution to achieving this goal.

Our lactic bacteria used in food production are able to drive fermentation in a controlled and safe way, minimizing non-conformities

in the processing phases and therefore food losses along the supply chain, maximizing yields and obtaining food of superior quality that is healthy and tasty, whilst preserving the typicality that distinguishes them.

Furthermore, fermentation leading to the acidification of food, represents a natural method to protect food from other alterations caused by pathogenic microorganisms that do not grow at a low pH and that would make these foods unsuitable for human consumption.

This natural process, which took place spontaneously in milk and other foods, allowed them to be kept for substantial periods of time, even in antiquity long before either pasteurization or the cold chain had been discovered, thus contributing for thousands of years, to food safety. Even the coagulation of milk, discovered by chance when collecting the milk in skins obtained from the stomachs of ruminants, allowed our ancestors to preserve the precious food more easily.

Today it seems unthinkable to allow food production to take place in a such totally uncontrolled way, both for conditions of quality, health, and quantity. Yet, the use of lactic cultures can represent a favourable contribution to food safety. In certain rural areas in developing countries where there is no access to electricity and therefore the processes of pasteurization and the cold chain are hard to control, the storage of milk is sometimes worsened by the high temperatures of the locations and the poor hygienic sanitary conditions.

Sacco has thus invested in the training of some representatives of local populations in Central Africa, teaching the use of our biotechnologies for the transformation of milk. Spreading this knowledge even in the most remote rural communities could consequently improve their food self-sufficiency and contribute to better nutrition, thanks to the improved intake of animal proteins in their diet.



Burkina Faso, Milk Exhibition

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Goal 12

Ensure sustainable production and consumption patterns

To strengthen the commitment to combat food losses, this goal and in particular target 12.3, requires that by 2030, the per capita waste at the retail and consumer level should be halved, and food losses along the production and supply chain including post-harvest losses should also be reduced.

In addition to lactic ferments, also other bacteria can help preserve food and keep it fresh for longer. These are the so-called “protective cultures”, selected for their natural ability to delay spoilage from contaminants such as yeasts and moulds in perishable foods and thereby eliminating the need for the addition of preservatives.

This means that with the addition of these cultures, we could extend the “shelf life” of fermented products such as yoghurt and improve the final product quality.

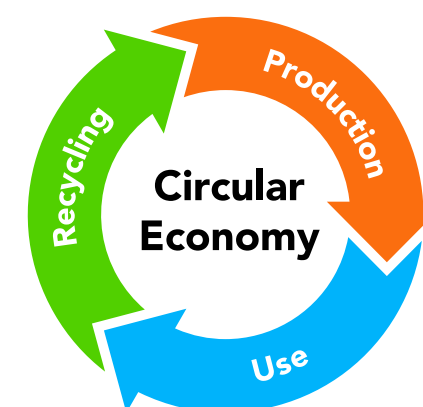
The advantages of using these cultures are a better microbial and organoleptic quality in the final products, together with the reduction of food waste at the distribution, retail, and consumption levels because the products stay fresh for longer.

An economic benefit for the producers is also created because the incidence of non-conformities is reduced. Moreover, we must not forget the resulting “environmental saving”, thanks to the better use of natural resources and the consequent reduction in CO2 emissions.

4 PROTECTION

4Protection cultures help to counteract possible contaminants in a natural way, improving products shelf life.

In a broader sense, Goal #12 also promotes sustainable production models. This idea goes well with the concept of the circular economy. For us, it means optimizing production cycles, maximizing the productivity of energy resources and the yield of raw materials used, minimizing waste, and keeping biological and technical materials for as long as possible in the value chain with the aim of reintegration or recycling back into the biosphere.



For this reason, we have always been careful to reduce the environmental impact of our production processes on the sites and the effort of our R&D is continuously aimed at optimizing processes to “do more, with less”.

We constantly work for the correct management of chemicals, waste and our by-products. We have embarked on a program to reduce waste and the production of waste in every business activity through prevention, reduction, recycling and reuse.

3 GOOD HEALTH AND WELL-BEING



Goal 3

Ensure health and well-being for all and for all ages

Faced with the global challenges for improving the health and well-being conditions of the entire human population, we place ourselves

as a centre of excellence to study and produce probiotic cultures, which can improve people's well-being and combat certain diseases in a safe and natural way, for a higher quality of life. Probiotic bacteria are those live and vital microorganisms, which, if taken in adequate quantities, confer benefits to the health of the host.

They are therefore bacteria that, once ingested, are able to survive the gastric acid barrier and reach the intestine, colonizing it. In sufficient concentrations, these microbial cultures can improve people's well-being and prevent or counteract certain diseases in a safe and natural way for a better quality of life.

Clinical studies have demonstrated their ability to improve various disorders including cardiovascular, gastrointestinal tract, respiratory tract, skin, oral and oropharyngeal tract, as well as in reducing symptoms in allergic and celiac people, strengthening the immune system, and improving the performance of athletes and well-being in general.

We focus a lot on this goal, which is why we have established fruitful collaborations with research institutions and universities to study and snatch new solutions from the microbiological world to contribute to global health.

Probiotics have also been a surprising solution by playing a role in social development processes. It has happened with the “Scholar Yogurito”, the social probiotic project conducted in Argentina dating back to 2008, thanks to the collaboration between the Centro de Referencia para Lactobacilos (CERELACONICET), the Ministerio de Desarrollo Social, Educación, Salud (Gobierno de Tucumán), and the MinCyT (Ministerio de Ciencia, Tecnología e Innovación Productiva de la Nación). Since 2014, Sacco System has been participating as a technology partner.



"Scholar Yogurito, the social probiotic"

This social program began with the development of a probiotic food in the form of yogurt, containing the probiotic strain, *Lactobacillus rhamnosus* CRL1505, where it demonstrated that it was able to provide protection against bacterial and viral infections in the intestinal and respiratory tract, stimulating immune responses.

The "Yogurito" social program involves about

350,000 schoolchildren in the province of Tucumán and other provinces and municipalities in Argentina every day. Thanks to the help of the state, it has been made possible to include this probiotic-fermented milk in the diet of schoolchildren three times a week, which has led to a significant reduction in gastrointestinal and respiratory infections, not only among the pupils, but also in the whole community, thanks to the protective "flock effect".

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



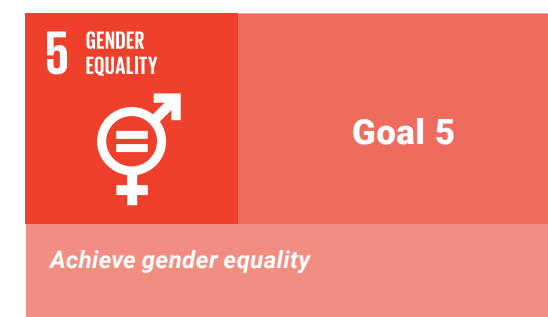
As part of goal 15 in favour of "life on earth", target 15.1 urges all of us to ensure the conservation, restoration, and sustainable use of terrestrial and internal freshwater ecosystems and their services. To achieve this goal, together with the target 2.4 mentioned above, lactic cultures and probiotics for agro-zootechnics can contribute to ensuring maximum healthiness of animal production and to increasing productivity and quality, whilst still fully respecting the balance of the ecosystem.

An example of this are the probiotics intended for poultry, a natural solution to treat alterations in the intestinal flora of chickens and hens, which negatively impact the digestive function,

vitality and productivity of the animals. In addition to this, such alterations worsen the quality of the breeding environment and reduce the hygiene and health safety of both meat and eggs, causing an increase in pathogenic microbial loads.

We can reconstitute the intestinal microbial balance naturally, through the administration of native lactic bacteria, i.e. selected from the intestine of the chicken itself. These bacteria naturally improve animal health, production yield and egg quality, thus avoiding the use of antibiotics and other chemicals.

For the improvement of the yields of livestock production, and therefore for a further contribution to the goal of developing resilient agricultural practices thanks to natural solutions, we can also include fermenting crops for silage, the fermented grass for animal feed. These bacteria help to control the maturation processes, reducing the loss of dry matter, increasing the nutritional value, reducing the presence of pathogens, and producing aromatic substances that are appetising for animals. The resulting silage is thus safer, more palatable and nutritious, and improves livestock welfare and farming yields.



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

- Knowledge sharing: the high specialization of resources is achieved thanks to personalized refresher courses and collaborations with research centers and universities worldwide
- We guarantee and demand equal treatment between men and women
- We embrace in our "family spirit" a diverse community composed from over 20 nationalities
- We are strongly linked to our territory and the local community, establishing our activities there, sponsoring local development initiatives and supporting numerous voluntary associations
- We are constantly working to reduce our impact on the territory in terms of waste, emissions and visual
- Since 2008, as a business community, we have been supporting some projects of Mani Tese NGO in developing countries with periodic donations, to promote basic education, to fight trafficking and modern slavery, and to educate citizens regarding their rights, paying particular attention to the plight of children and young women.

Methodological note

The 2019 Sustainability Report aims to describe the main environmental, social, and economic aspects that characterized the company's activities in the period from 01.01.2019 until 31.12.2019. Where possible, we have also provided a comparison with the data of the previous two years.

The perimeter of analysis is that of the three companies located in Italy: Sacco S.r.l., Caglifacio Clerici S.p.A., and Centro Sperimentale del Latte S.r.l. Within the document, we can refer to the three companies as a whole as Sacco System. Kemikalia AB was excluded from the reporting scope of this document.

The chosen indicators are those suggested by the research project "Focus ON - Sustainability as a factor of competitiveness in the cross-border territory". This project was conducted by GREEN Research Center (Geography, Natural Resources, Energy, Environment and Networks) of Bocconi University and the Management and Entrepreneurship Competence Center of SUPSI - Professional University School of Italian Switzerland, as part of "Progetto SMART", a program referring to the European Regional Development Fund INTERREG Italy - Switzerland.

Progetto SMART (whose acronym stands

for Sustainable strategies and Models of Responsible Businesses in the cross-border Territory) is intended for companies in Como, Lecco and Ticino, with the purpose of characterizing this region as a production area that makes business sustainability its distinctive element and competitive advantage.

One purpose of the research consisted of the identification of a possible set of "territorial" indicators, which allowed for the monitoring of some key issues relating to the quality of life in the region, and to measure the contribution of socially responsible companies to the realization of shared solutions, orienting the policies of the region and businesses with respect to common objectives.

We also related such indicators to the international reporting standards proposed by the GRI (Global Reporting Initiative), as detailed in the Annexes to this document.

The CSR & Sustainability Manager, with the direct supervision of Top Management and the collaboration of the Marketing & Communication office, conducted the drafting of the 2019 Report. The calculation of the indicators saw the involvement of an internal working group, consisting of area managers



or similar figures competent for the collection, contextualization, and processing of the necessary data. The units involved were Finance & Control, Procurement, Production, Operations, Logistics, Human Resources, Research & Development, and Quality Assurance. Finally, we defined the material topics with the consultation of a large sample of

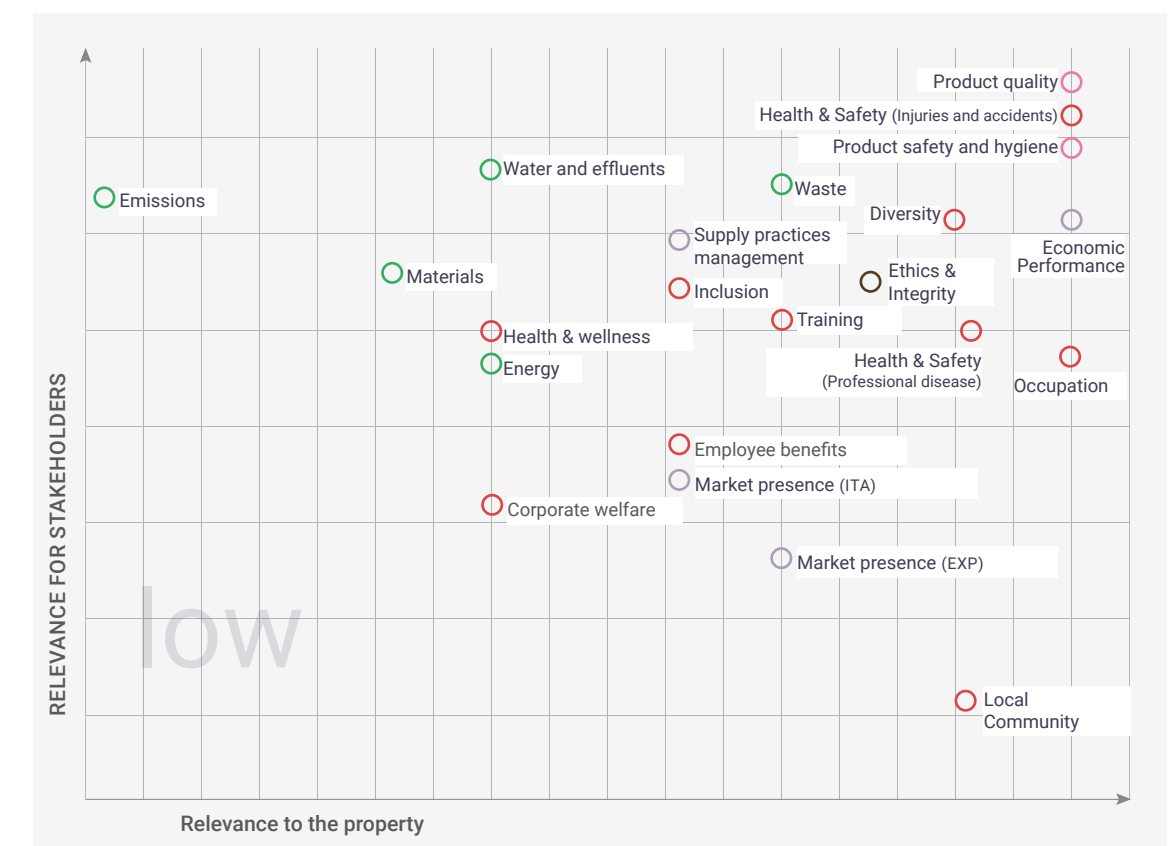
stakeholders, internal and external (for a total of about 270 respondents), by means of an on-line questionnaire, carried out in the first half of the year, and subsequent weighing responses based on the relevance of the category of stakeholder considered, interpreted as the ability to influence company activities and performance.

¹La sostenibilità come fattore di competitività nel territorio transfrontaliero. Progetto di ricerca – FocusON. Autori della ricerca: Michele Merola, Davide Della Valentina, Annarosa Riella (GREEN Bocconi), Jenny Assi, Caterina Carletti, Nikolett Kovacs (SUPSI)- Con la collaborazione di Silvio Genovese (SQS). 2020.

Materiality Matrix

Legenda

○ Governance ○ Economic Responsibility ○ Social Responsibility ○ Environmental Responsibility ○ Products Responsibility



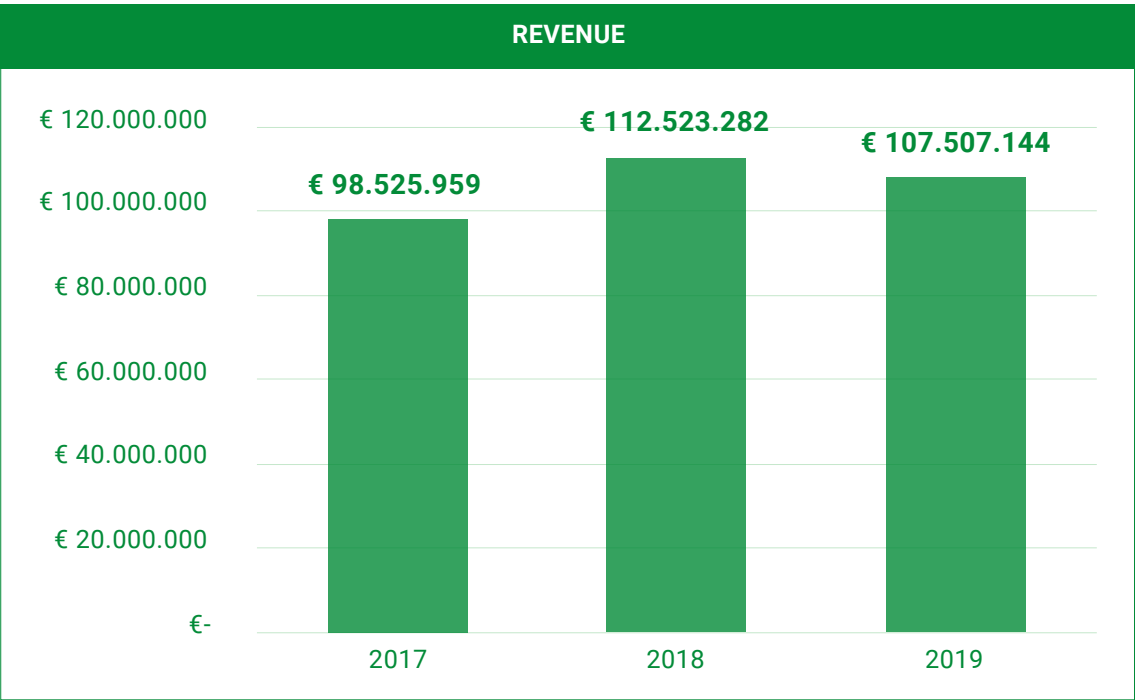
Economic Responsibility

The economic value at the service of innovation and people

Business volume

Sacco System has experienced an extremely positive growth trend in recent years, with double-digit percentage increases in turnover for many consecutive years. In 2018, it largely exceeded the threshold of € 100 million in revenue, with an increase of 14% compared to the previous year.

2019 saw a slight decline in overall sales, essentially due to a contraction in the foreign market for the probiotics sector, but strengthening compared to previous years in the other business units.



Over the years, there have been many awards for our excellent budget management. In 2019, Sacco was selected among the top 500 Italian Champions companies, capable of innovating and investing to promote the growth of the country (L'Economia - Il Corriere della Sera 05/27/19).

It was also recognized as “TOP 2019 Company” among the 30 SMEs of excellence in the chemical-pharmaceutical sector (November 2019) and obtained the Industria Felix Award as the Best Company in the agri-food sector of the Lombardy Region (March 2019). Finally, Sacco and Centro Sperimentale del Latte, were both nominated by the PMI Global Strategy Observatory as “Excellent Companies” (September 2019).



Premio Industria Felix 2019

Distribution of added value

This figure expresses the way in which Sacco System distributes the wealth produced to its stakeholders and therefore what positive economic impact it is able to generate on the social fabric, especially at the local level.

This figure consists of the sum of the wage bill, municipal (IMU + TARI), regional (IRAP) and national (IRES) taxes, financial charges, and donations calculated on an annual basis.

The following table shows how the redistributed value has continuously grown in the last three years. The increase in the wage bill paid to its employees was particularly marked, reflecting the numerical increase in the number of employees appointed to the company.

DISTRIBUTION OF ADDED VALUE	2017	2018	2019
Wage Bill	€ 14.810.682	€ 17.345.406	€ 19.549.000
Taxes	€ 8.664.260	€ 8.663.792	€ 7.455.749
Financial charges	€ 302.018	€ 367.453	€ 255.619
Donations	€ 38.073	€ 56.574	€ 58.653
Total	€ 23.815.033	€ 26.433.224	€ 27.319.021

Investments in innovation and research

In Sacco System, there is a strong vocation for the research and development of innovative products that can meet the needs of our customers and anticipate market trends. We are constantly looking for new technological solutions that can improve our productivity and the quality of our products.

Our annual investment in research and innovation is considerable, both for materials and instruments useful for the implementation of research and development projects at the level of external consultants and R&D personnel. In Sacco System currently, 46 researchers work full time. In 2019, 99 research projects were active, 64 of which were opened in the same year.

INVESTMENTS IN INNOVATION AND RESEARCH	2017	2018	2019
Personell	€ 2.054.000	€ 2.256.776	€ 2.730.174
Consultancies	€ 114.204	€ 96.699	€ 190.341
Materials and instruments	€ 216.000	€ 344.707	€ 527.718
Total	€ 2.384.204	€ 2.698.182	€ 3.448.233

Every year, there are substantial investments aimed at improving or expanding production sites, buildings and their furnishings, for the replacement or purchase of new machinery, and for process innovation, all with the aim of improving productivity, environmental, or social impact.

In the last decade, almost 14 million € has been invested for the buildings of Sacco System, of which over 12 million in the last three years, which, added to the investments for machines and processes, bring the total to 27.8 million €.

INVESTMENTS 2017-2019	
Buildings and furnishings	€ 12.133.700
Machinery	€ 15.402.500
Processes	€ 256.000
Total	€ 27.792.200



LA PROVINCIA

Quei 6mila (buoni) batteri. Il piccolo tesoro di Sacco richiama i cervelli in fuga
Scan the QR code to read the article

Relationship with suppliers

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



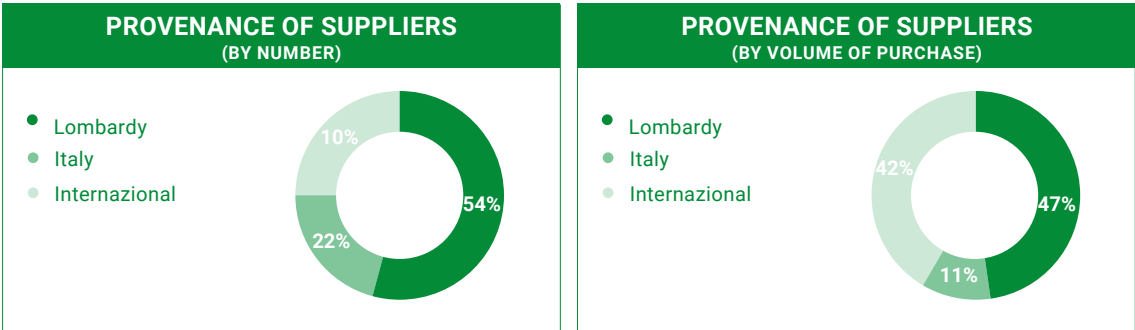
For Sacco and CSL, suppliers of raw materials, media, proteins, microbial cultures, packaging, and auxiliary materials in contact with the product must be ISO22000, FSSC22000, GMP, BRC or IFS certified; ISO9001 certification is required for suppliers of laboratory material and the Labware division.

For the two companies, it is possible to obtain the supplier qualification even in the absence of a valid certification, but only after completing an in-depth questionnaire, validated by our quality assurance system, by conducting audits and / or systematic tests on the products supplied. Supplier qualification is reassessed annually based on the incidence of any non-compliance and following a documentary check.

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

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

Sacco System has 639 different suppliers of goods and services. More than half of them are located in the Lombardy Region and almost half (47%) of all purchases made, go to them.



² Data refer to the year 2019. For Caglicio Clerici it was not possible to obtain the data of Lombard suppliers separately from those of other Italian regions, so the data of local suppliers is still calculated by default.

Social Responsibility

The strength of human relations, pillar of our governance

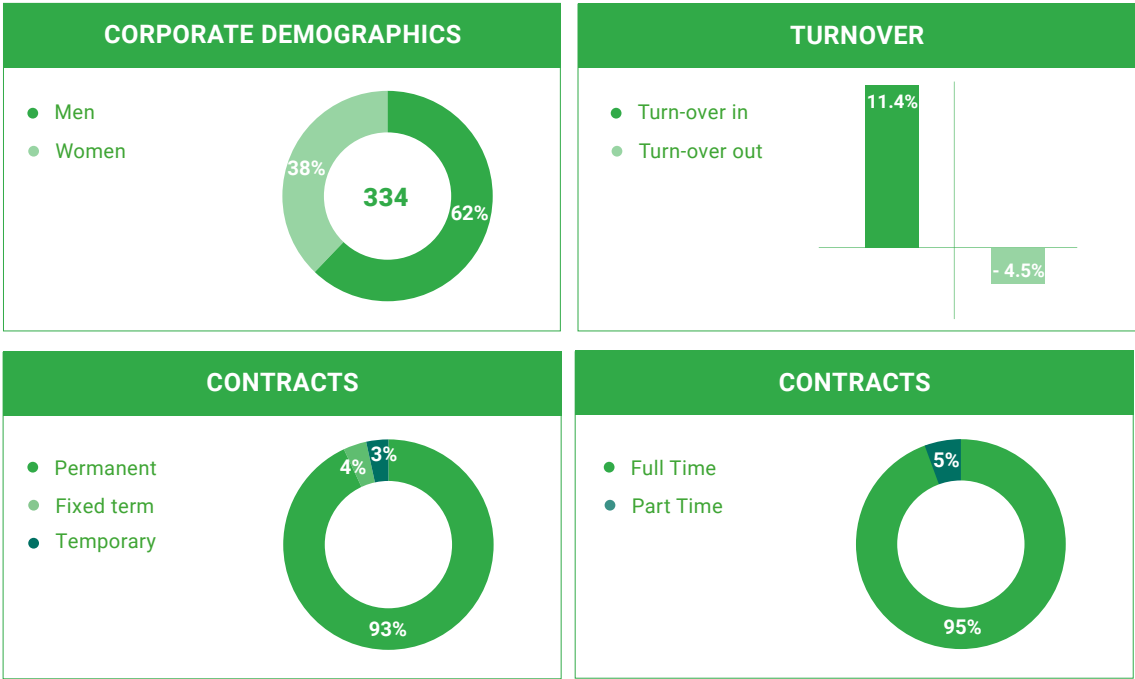
People are a fundamental resource for Sacco System. The importance of human relationships, the commitment towards the healthiness of the environment, the safety of the workplace, and the attention to the well-being and preparation of our collaborators are fundamental elements in our personnel management. These all reflect the family spirit that distinguishes our corporate governance.

Corporate demographics

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

Of the 38 appointments made in 2019 (+ 11.4%), 3 were first-time employees, whilst 5 of the 15 resignations were for retirement. Overall, 207 men and 127 women work in Sacco System, coming from 24 different countries.

To these are added (as of 31/12/2019) 12 temporary workers. In Sacco System, almost all of the existing contracts are open-ended and full-time.



24 Nationalities

Austria, Brazil, Colombia, Denmark, Ecuador, Philippines, Germany, Greece, Guatemala, India, Italy, Morocco, Mauritius, United Kingdom, Romania, Santo Domingo, Syria, South Africa, Switzerland, Ukraine, Uruguay, Venezuela.



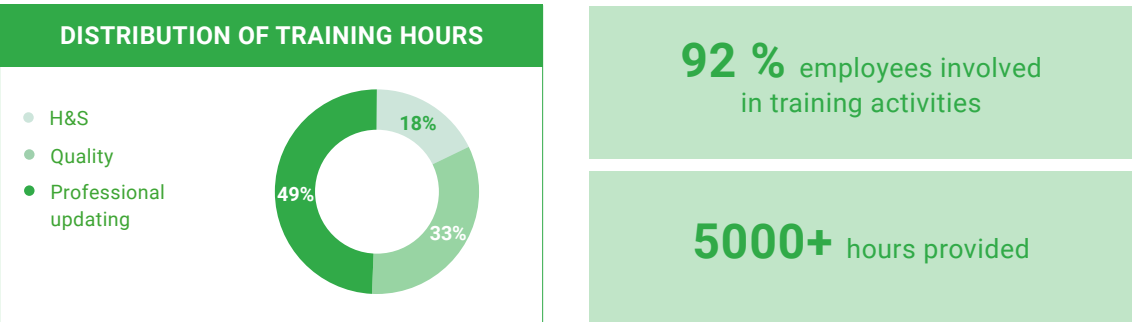
Training and professional growth

Sacco System strongly believes in the importance of adequate training and in the personal and professional growth of its employees.

The training activities in the company concern issues relating to health and safety, quality, hygiene, and good manufacturing procedures. Technical-scientific training is led by external teachers, but also through the exchange of knowledge between colleagues.

In 2019, 306 employees were involved in training activities, with a total of 5052 hours provided. About a fifth was represented by compulsory or additional training on health and safety, a third on quality issues and internal procedures, while almost half concerned continuous training and professional updating courses in the form of seminars and lectures by internal staff, experts, or university professors in the company, or through participation in courses, conventions and off-site conferences.

We frequently offer employees the opportunity to have training experiences at foreign universities or to obtain leave to conclude or undertake educational courses. We organize Italian courses in the company for colleagues from foreign countries. Furthermore, a company library and newspaper library is in operation, continuously updated, and supplied with scientific journals and texts as well as fiction and general culture. All employees receive an annual performance assessment with an indication of their professional growth goals.



Health & Safety

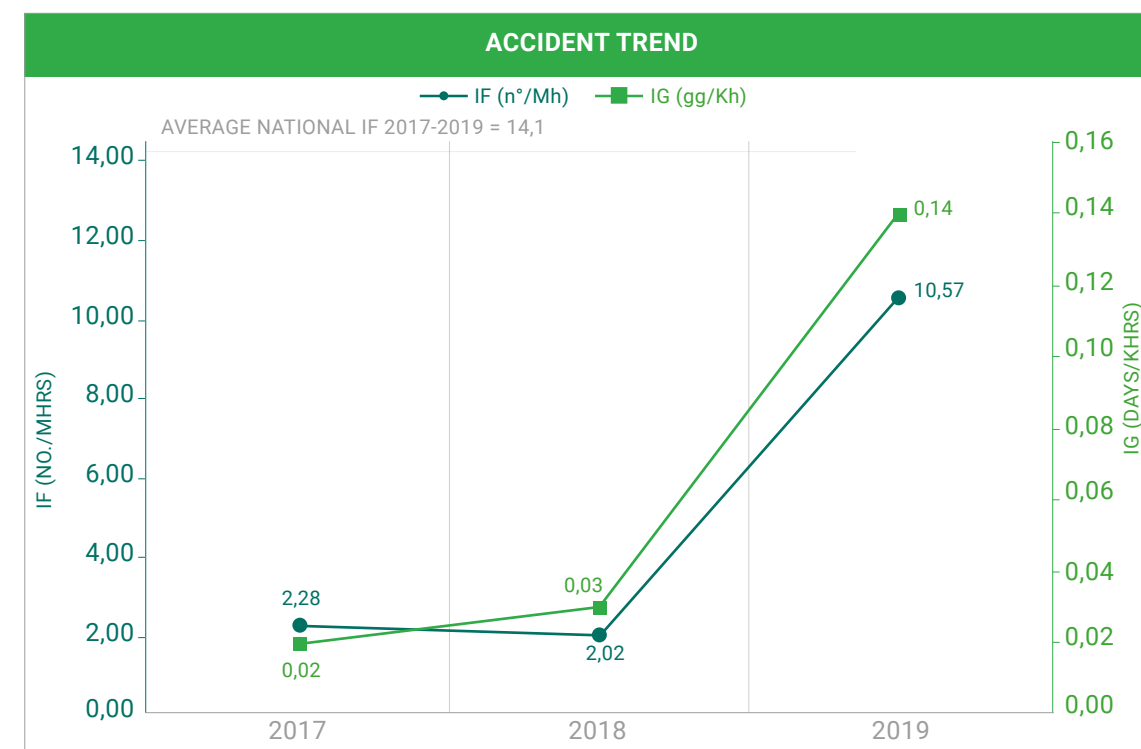
Sacco System's decisions regarding the health and safety of employees in the workplace, starting from the moment of design and the technical choices up to the phase of their implementation and execution are adopted in compliance with the principles and general protection provided by the laws in force. In particular, they comply with the Legislative Decree, 81/08, which as its primary objective, aims to protect the psychophysical integrity of all the staff.

Sacco System has also adopted an Organization, Management, and Control Model to comply with the conditions of the Legislative Decree, 231/2001. Contained in this decree, is a dedicated part relating to health and safety in the workplace, consisting of an organic complex of principles, rules, provisions, organizational schemes, related tasks, and responsibilities, all aimed at preventing, reducing, or eliminating the risks present.

In Sacco System, we constantly monitor and manage the incidence of accidents and injuries at work in order to keep it at the lowest possible values. For years, we have been recording very low rates of frequency (IF = no. of injuries / million hours worked) and severity (IG = days of absence from work due to injury / thousands of hours worked), far below the national average for the industry manufacturing (source: INAIL).

In Clerici and Centro Sperimentale del Latte the positive streak of 4 and 3 years continues, respectively, without accidents. The highest indices for the year 2019 are due to an unusual increase in the number of injuries in Sacco, compared to previous years (6 against an average of one injury per year). However, these were minor injuries, with an average absence of 13 days, for which we put in place corrective and preventive measures to prevent them from happening again in the future.

The calculation does not include accidents in transit (1 in CSL in 2018 and 1 in Sacco in 2019).



Corporate welfare

Sacco System offers its collaborators various services and opportunities to improve their working and family life. With regard to time management, employees are given the opportunity to enjoy an "hour bank", which is giving the option of converting overtime hours into paid leave, to be used when needed. Furthermore, all "daily" workers can take advantage of the flexibility of hours, both in and out, in time slots established department by department, and as well as for the lunch break. In recent years there have been several cases of granting part-time work to collaborators with specific family management needs, in particular, to mothers with children of school age or returning from maternity. Sales staff and some off-site colleagues are given the opportunity to work remotely one or more days a week.

By following the indications of the National Collective Labor Agreement and going beyond the legal requirements, all workers are given the right to benefit from the supplementary pension with Fonchim, Previndai, Faschim, FASI, and Assidai health care funds.

Since 2019, Sacco and CSL employees (for Clerici, starting from 2020) have been offered the opportunity to convert the Result Bonus, calculated on the basis of the achievement of economic and other departmental objectives, into welfare services through the Easy Welfare platform. In 2019, 34 employees benefited from it for almost € 35,000 converted into goods and services for themselves and their families, in various areas such as family assistance, vouchers, travel, sports and wellness, leisure time, training, health, transport and mobility.

With regard to health and well-being, since 2019 Sacco and Caglifacio Clerici have joined the WHP Workplace Health Promotion network, a European initiative promoted by the Lombardy Region, and conducted thanks to the help and guidance of the medical and health staff of the Territorial Health Protection Agency (ATS Insubria). During the year, initiatives were carried out in favour of the fight against smoking and life-work conciliation. Regarding tobacco addiction specifically, we declared the commitment to free the entire production site of Cadorago from smoke by January 2021.

We therefore launched an accompanying path to help smokers face this change through communication campaigns, awareness-raising moments, and meetings with doctors and psychologists. In 2019, as part of the WHP program, 163 hours of training and information were provided with medical and health personnel, attended by 141 colleagues. Thanks to our commitment, both Sacco and Caglifacio Clerici were for the year of 2019 awarded with the recognition as "Companies that promote health".



To promote a corporate culture based on sustainability, we held awareness meetings and created employee engagement initiatives such as the “Suggestion Box”, in which colleagues were able to suggest improvement initiatives for our corporate sustainability. To promote team building, we created some moments of socialization such as inter-company lunches and trekking trips with families.



Social trip Monte San Primo

In 2019, the senior managers, then followed a “full-immersion” training course, called R-Evolution, which not only focused on corporate strategies and hard skills, but also the creation of team spirit and training regarding psychological issues such as the achievement of objectives, the ability to communicate and express oneself effectively, stress management, a positive attitude, and conflict management.

Finally, in 2019, a pilot phase of the corporate volunteer project called “RelazionArti” was launched, with the participation of six colleagues, in collaboration with the local association “Un Sorriso in Più ONLUS”. Thanks to this project, we want to offer the opportunity to volunteer a few hours during working hours for vulnerable people in the local community, with the aim of strengthening relations with the community and at the same time improving the corporate climate, stimulating collaboration, and development of soft skills.

The project, lasting a total of 10 hours, was carried out in three phases: a preparatory meeting with an artist therapist to discover through the artistic materials one’s personal resources and skills to be put to use in the encounter with “the other”, the experience of relationships with the elderly alone in retirement homes and hospitals, and lastly, a review meeting of the experience to evaluate the appropriate new skills learnt and how to apply these in personal and professional relationships.

Social commitment

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

During 2019, Sacco System and the Verga family chose to support and participate in numerous initiatives of a sporting, cultural, and social welfare nature.

Sport

Tradition, investment in young people, innovation, and research for the well-being of people are some of the values that our company, also thanks to its products, has been promoting for almost 150 years. These are the values shared with the sports associations we support, which, with passion, train girls and boys for success, educating them to play as a team and to a life dedicated to psychophysical well-being and healthy fun.

Sacco is the official sponsor of Legnano Baseball Softball A.S.D. for the A2 and A.S.D. Saronno Volley for the Serie B men’s team. Sacco System also sponsors the four women’s cycling teams of the Bike Cadorago sports club.

Furthermore, in 2019, Centro Sperimentale del Latte sponsored the cycling tour in Italy A4D Action4Diabetics, the charity that provides medical assistance and support to young people with type 1 diabetes in Southeast Asia, with the aim of raising awareness among the population regarding this issue.



Women’s cycling, Bike Cadorago

Cultural initiatives

Our CEO, Dr. Martino Verga, is strongly committed to cultural initiatives in the Como area. He is President of the Como section of the UCID - Christian Union of Entrepreneurs & Managers, the association that unites entrepreneurs, managers, and professionals in order to promote and advance the development of a high professional morality in society, ensuring effective and equitable collaboration between the subjects of the company, placing the person at the center of economic activity, promoting solidarity against all discrimination and developing subsidiarity.

Dr. Verga is also President of the “Fondazione della Comunità Comasca”, whose role is to promote the culture of giving and improving the quality of life of the community in the province of Como, and of the Nicolò Rusca Foundation, which manages the Study Center for the care, conservation, and enhancement of the documentary and book heritage of the historical archive of the Diocese of Como, and the library of the bishop’s seminary. Dr. Martino Verga also personally supports the scholarship of the Cavalieri del Lavoro University College. Eng. Margherita Verga, Sacco System’s Engineering & Maintenance Manager, is President of the Santa Maria di Cadorago nursery school, which welcomes 90 children aged 2 to 6 every year, offering an important educational and support service for families.

Solidarity

The well-being of people also depends on the joy of giving and the awareness of being able to help those who are less fortunate.

With this spirit, since 2008, starting from the initiative of some employees, we have supported the NGO “Mani Tese” through voluntary donations from workers, and this has since doubled thanks to the contribution of the Company.

Currently, we are supporting the “Safe Children” project, active at the Damnok Toek Center in Poipet, Cambodia, a place of welcome and recovery for children and young people who are victims of trafficking and abuse, where they can recover serenity, resume their studies and learn job skills, helping them to build a future away from crime.

Sacco System and the Verga family also actively support various voluntary associations in the area: Parents’ Association of Cadorago, Croce Azzurra Cadorago (to which an ambulance was donated in 2017), the Parish of Cadorago, Un Sorriso in Più ONLUS, and Asilo Infantile S.Maria.



Damnok Toek, Poipet, Cambodia



Croce Azzurra, Cadorago

Socio-economic compliance

Sacco System has not identified any non-compliance with laws and / or regulations on socio-economic matters.

Environmental Responsibility

Measuring impacts as a first step towards improving environmental performance

Raw materials and production

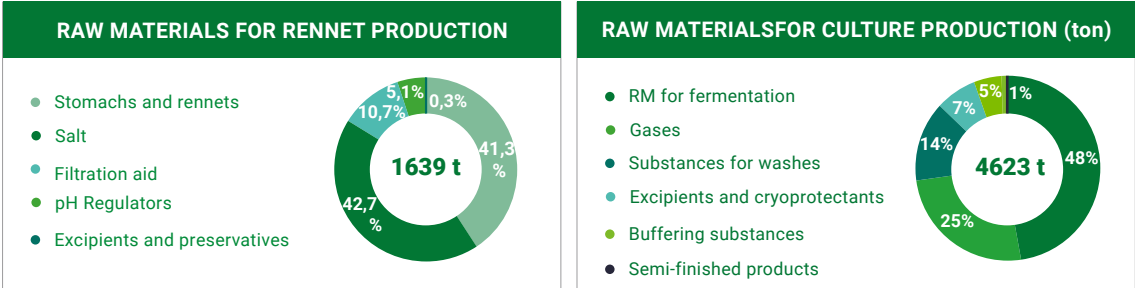
The production effort of Sacco and CSL focuses mainly on the production of bacterial cultures, whilst that of Caglificio Clerici on the production of rennet. Bacterial cultures are produced through fermentation processes in bioreactors with capacities ranging from 600 up to 40,000 liters. Then follow the phases of centrifugation, freeze-drying or pelletizing, mixing, and packaging.

In 2019, 12 340 000 liters were fermented for the production of 158 tons of freeze-dried bulk ferments (pure strains) and 78 tons of frozen ferments. They contributed to the production of 300 tons of freeze-dried blends and 95 tons of frozen blends, to which we added 48 tons of pure enzymes. In total, 4623 tons of raw materials were used for the production of these enzymes in 2019. Those used directly in fermentation represent almost half of this amount, followed by gases, substances for CIPs, excipients and cryoprotectants, buffering substances, and finally, to a small extent, semi-finished products.



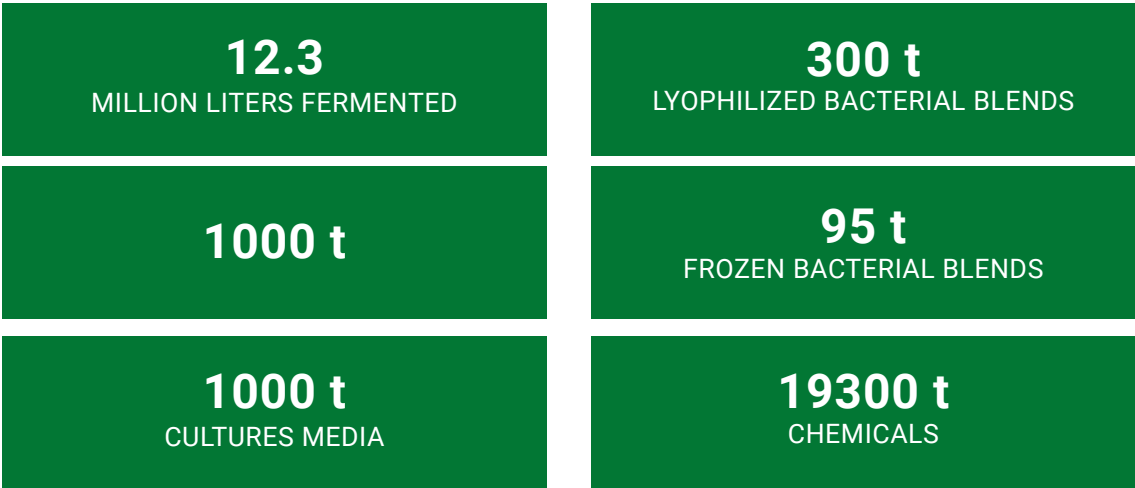
PRODUCTION

Il processo produttivo di Sacco System
Scan the QR code to watch the video



In Clerici, bovine, sheep and goats stomachs, from which the enzymes are extracted, represent over 40% of all raw materials used. In similar percentages, salt (sodium chloride), is used as an enzymatic carrier and preservative. To a lesser extent in descending order, filter aids, pH regulators, flocculants, excipients, and other preservatives also contribute to the production. In one year, over 1000 tons of enzymatic products were produced.

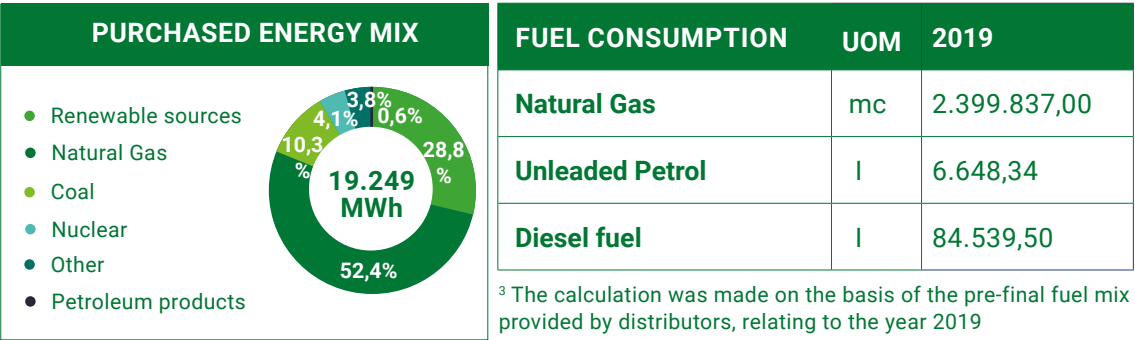
In addition to the “core” activities of the production of enzymes and bacteria, there was also the activities of mixing and packaging of media for the dairy industry and the formulation of chemical reagents for the Labware division, for a total production of 1000 tons of media and 19300 litres of chemicals.



Power

The energy consumption in Sacco System is mainly attributable to the operation of the ferment production and refrigeration plants. The electricity requirement is currently fully covered by purchasing from external suppliers.

The consumption of electricity in 2019 amounted to 19,249,221.53 kWh. The purchased energy mix is represented by just under 30% from renewable sources. (*)



For 2021, the installation of a 1500kW natural gas tri-generation plant is planned at the production site in Cadorago, which will allow us to simultaneously produce electricity, heat and cooling, fully covering our energy needs and considerably improving our energy efficiency. A saving of 1400 TOE (tons of oil equivalent) per year is estimated.

Water

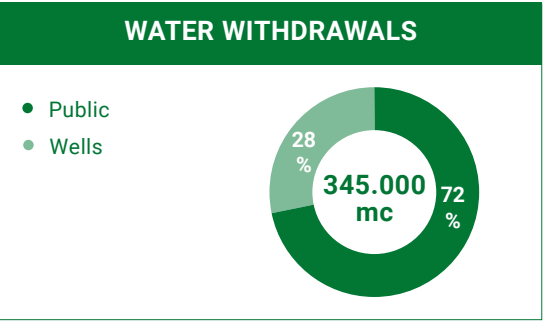
Water is a fundamental resource for all Sacco System production processes. It acts as a primary ingredient in the fermentation processes and is necessary for the operation of machinery as well as to ensure adequate hygiene and cleaning of systems and equipment. In our production sites, we use both water from the public network and from wells, in a ratio of 7:3, with an overall annual consumption of approximately 345 million liters.

As is the case with most production processes in the food or pharmaceutical industry, water recycling and reuse are extremely difficult to apply due to the associated high risk of contamination. Nevertheless, mechanisms are in place for the recovery and recycling of some process water for mere industrial uses, such as heating/cooling water, condensate recovery, washing, and osmosis waste water.

Furthermore, processes are being studied for the recovery of part of the waste water together with some liquid processing scraps. In CSL, all of the production eluates (the exhausted broths of fermentation), are reused in animal husbandry to feed pigs, a perfect example of circular economy. During 2019 3,375,820 kg of eluate was recovered as formulation for feed.

All of our wastewater undergoes a physical treatment in the equalization tanks, then is finally introduced into the sewerage network and sent for purification through the consortium

plants. The waters are subjected to periodic checks by the regional authorities or under a self-certification regime for a total of over 130 annual checks.



Emissions

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

Direct emissions (Scope I, according to the GHG Protocol) are those resulting from combustion by machinery owned or controlled by the company (boilers and burners, but also means of transport such as company cars). Instead, those derived from the production of electricity imported and consumed by the company are indirect (Scope II). They are calculated in tons of CO2 equivalent, tCO2eq.

Following this definition, direct emissions were calculated using the tools of the GHG Protocol, while the estimate of indirect emissions from thermoelectric production was made on the basis of the most recent ISPRA coefficients and the latest available data relating to energy mixes (see paragraph Power).

GHG EMISSIONS – SCOPE I AND II	tCO ₂ eq	Source
Natural Gas	4.528	(*)
Unleaded petrol	15,1	(**)
Diesel Fuel	226,3	(**)
Thermoelectric production	5.600,8	(***)
Total	10.370,2	

(*) Source: World Resources Institute (2015). GHG Protocol tool for stationary combustion. Version 4.1
(**) Source: World Resources Institute (2015). GHG Protocol tool for mobile combustion. Version 2.6.
(***) Source: Fattori di emissione di CO₂ da produzione termoelettrica lorda per combustibile (gCO₂/kWh), da: Fattori di emissione atmosferica di gas a effetto serra nel settore elettrico nazionale e nei principali Paesi europei. Rapporto 303/2019 ISPRA.

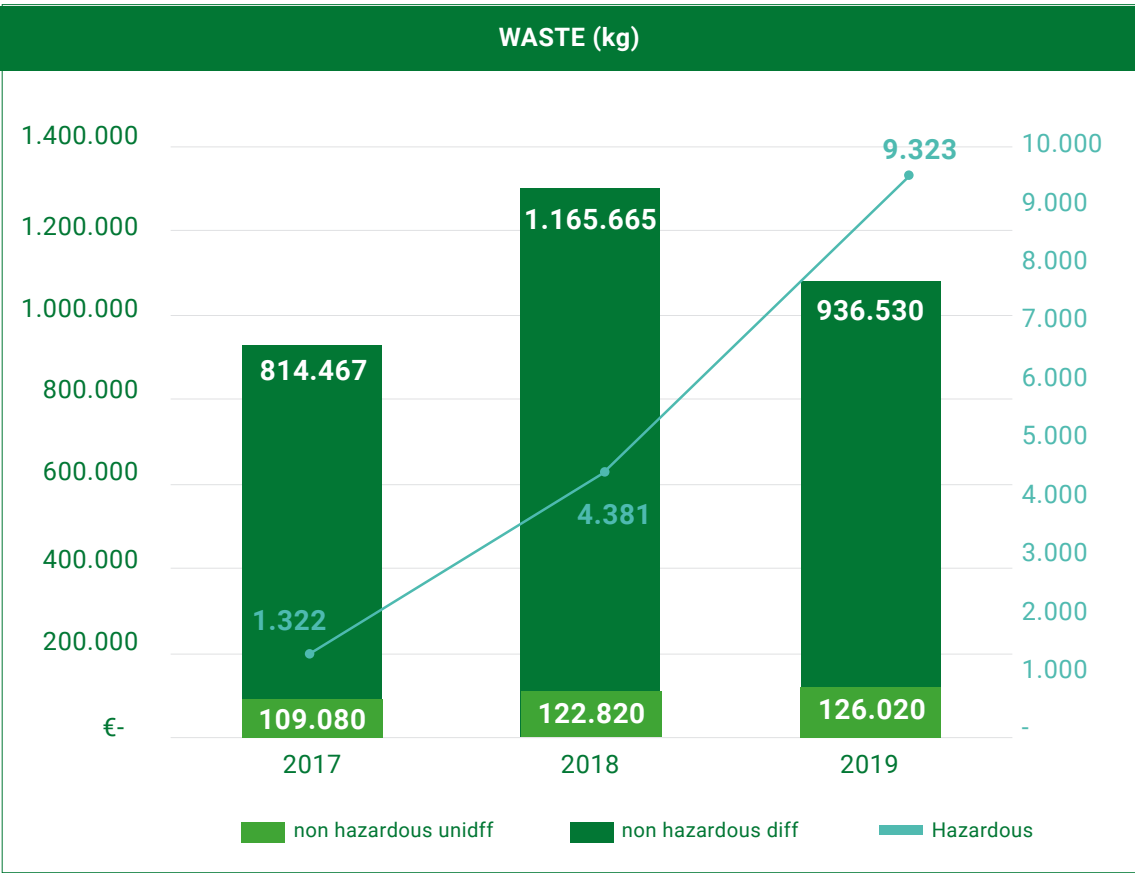
From the production activities of Sacco System, there are no other sources of intentional polluting emissions, other than the dust derived from the mixing and bagging operations of the Caslino al Piano plant which is anyway constantly monitored and always well below the legal limits. To encourage sustainable mobility, in 2019 a free access column for charging electric vehicles was installed.



Waste

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

The waste management procedure at our production sites is inspired by the “4R theory”, that is, it makes the Reduction of waste a priority, therefore, with decreasing priority, Reuse, Recycling and energy Recovery. Disposal is only used as a last resort. This asset is integrated with the circular economical paradigm that we are pursuing in the company - optimizing production processes, reducing waste materials, and trying to keep materials in the value chain for as long as possible.



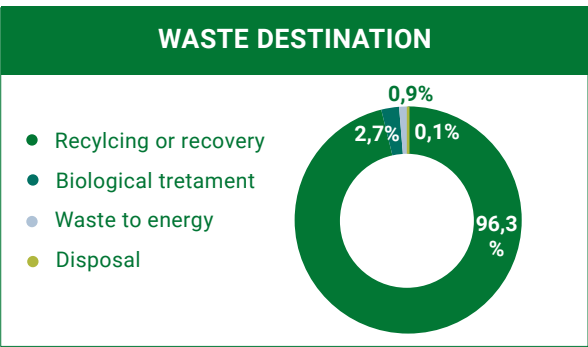
The waste produced in the Sacco System is for the most part classified as non-hazardous. In fact, the hazardous waste represents less than 1% of the total. The marked decrease in the latter over the three years is attributable to a different way of managing and classifying waste resulting from laboratory activities in CSL, the introduction of new EER codes, and the disposal of lubricating oils resulting from extraordinary maintenance in Sacco.

In the three-year period 2017-2019, Caglificio Clerici’s processing waste accounted for 71% of the total waste produced in the Sacco System, with over 2,300 tons generated in total.

Over the past year, we began to manage this waste as animal by-products, sending them to a rendering plant for conversion into fertilizers or secondarily, for waste-to-energy conversions. The results of this change in destination can already be seen in the three year trend with a significant decrease in the overall quantity of waste produced in 2019 despite the fact that company production actually increased. With the full implementation of this system, a reduction of over 90% of the waste produced by Caglificio Clerici is expected. The peak of waste produced in 2018 was also due to the construction of the new warehouse in Zelo Buon Persico, which, due to the excavation activities, generated a substantial amount of excavated earth, which had to be removed.

Furthermore, in 2019, a new management system was implemented at the Cadorago site, aimed at reducing the mixed waste fraction (EER 150106) with the introduction of 5 new EER codes and the adherence to the municipal separate collection. At the site level, if we exclude rennet processing waste from the calculation, the overall quantity of waste increased by 26%, while the so-called “undifferentiated” waste, on the other hand, underwent a significant decrease (-12%). At the site, the ratio between differentiated and undifferentiated was thus unbalanced for the first time in favor of the differentiated ones (from 50:50 to 65:35). The target set for 2019 - a decrease >10% of the fraction of undifferentiated waste – has therefore been reached. This reduction at site level was in fact 30%.

As for the final destination, over 96% of our waste in 2019 was sent for recycling or recovery. In much lower percentages, this waste became destined for biological treatment and energy recovery, with only 0.07% for disposal. All waste for subsequent processing is entrusted to authorized companies.



Environmental compliance

Sacco System has not identified any non-compliance with environmental laws and / or regulations in 2019.

Goals

2019 Goals achieved

Structures and installations

During 2019, numerous interventions were completed for the expansion and modernization of structures and plants in order to increase production capacity, adapt processes to more recent technologies and renewed requirements, increase research and development activities, and scaling-up. For these reasons, Sacco has equipped itself with a new 40,000 liter fermenter, currently the largest in the Sacco System network, and a second reverse osmosis plant for the treatment of process water.

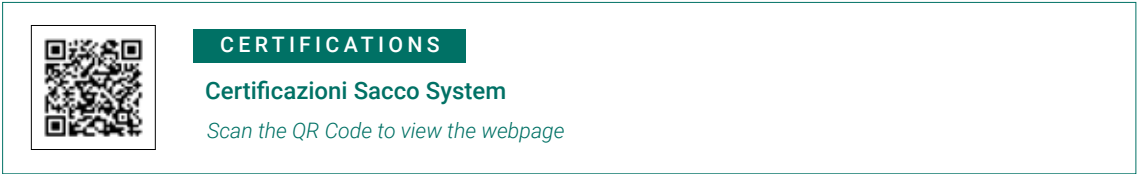
In addition, a new molecular biology laboratory and, for CSL, a new pilot plant were also built. In Clerici, the liquid rennet filtration room has been completely renovated and the old tanks have been replaced with new stainless steel tanks. To improve the use of company facilities by employees, steps were also taken to create a new canteen and to expand the offices at the Zelo Buon Persico headquarters.

Food safety

The safety of our processes and products is our primary objective for us, which is why we constantly work for the complete management of risks and guaranteeing the best quality of our products. In 2019 there was no non-compliance or emergency situation regarding the food safety of our products. During the year, internal inspections for the hygiene index were introduced and carried out for all the production plants in Sacco and CSL with the aim of monitoring and improving the hygiene and safety conditions of structures, processes, personnel, and the production facilities.

Company certifications

To confirm our commitment and our level of quality, in 2019, Sacco, CSL, and Caglifacio Clerici maintained the ISO 22000:2005 certification and the additional requirements of FSSC 22000, and for the Labware section of Sacco, the ISO 9001:2008 certification. The Kosher and Halal religious certifications were also re- confirmed. Both Sacco and CSL also have GMP authorization.



Communication with stakeholders

Communication activities with all our stakeholders have gradually become increasingly important and relevant for us, to support and strengthen the relationships of collaboration and trust that nourish and enrich our business relationships. In 2019 a cloud database was activated that allows customers and distributors to have access to the most important and most frequently requested documents from our quality system. A webinar platform was also implemented for virtual meetings and content sharing with distributors and customers around the world.

During 2019, the first material analysis was carried out to identify the issues relevant to our sustainability, involving all our stakeholders through an online form which contributed, amongst other things to a reward system for each completed questionnaire. This initiative led to the expansion of our company's green spaces and to the allocation of donations for charities.

Research and development

Our R&D activities are constantly growing and evolving, with a high number of active projects annually. Among the projects undertaken and implemented during the year, we highlight the rationalization of our product portfolio and the introduction of new methods and procedures in laboratory analyses, both for quality control and product development.

Circular economy

In 2019, various activities were undertaken for the implementation of the principles of the circular economy in Sacco System operations. In particular, a new destination has been found for rennet processing waste, which is now treated as by-products and no longer as waste, thus entering new production cycles. Furthermore, this will almost totally reduce the production of waste for Caglifacio Clerici.

In Sacco, the waste management system has been revised which includes new procedures for handling, sorting and temporary storage with easier and safer methods for operators whilst at the same time guaranteeing a better differentiation and therefore a further reduction of environmental impact.



Strategic objectives 2020-2022

Structures and installations

For the next three years, various expansion, adaptation and modernization interventions of the production plants are planned. Of strategic importance will be the implementation of a tri-generation plant in Cadorago, for the energy efficiency of the production site, and, in Zelo Buon Persico, the construction of a waste water purification plant.

Circular economy and sustainable development

Circular economy projects will continue with increasing commitment and investments, in particular those aimed at innovations in production processes for the optimization of the use of resources and for the enhancement of our waste products.

We will also focus on the development of products that can provide an effective contribution to sustainable development and the achievement of the 2030 Agenda, with the launch of new business units and the opening to new markets.

Communication with stakeholders

The spread of the culture of ferments will continue, not only to the business public but also to consumers, in line with our mission "supporting food culture and life". For internal stakeholders, we aim to activate initiatives aimed at enhancing our "Family Spirit" by involving employees.

Health & Safety

We aim to bring the incidence of accidents back to levels prior to 2019, implementing the necessary preventive and corrective activities and insisting on the training and responsibility of our collaborators, establishing a climate of collaboration and mutual exchange for the management of residual risks.

Attachments

Attachments

GRI content index

The following table shows the list of the disclosures according to the GRI Sustainability Reporting Standards 2018 (in their Italian translation of 2019), which have been dealt with in this sustainability report, with indication of the paragraph in which they are contained

GRI STANDARD	DISCLOSURE	PARAGRAPH
GRI 101: FOUNDATION 2016		
GRI 102: GENERAL DISCLOSURES 2016	102-1 Name of the organization	Welcome in Sacco System
	102-2 Activities, brands, products, and services	Welcome in Sacco System
	102-3 Location of headquarters	Welcome in Sacco System
	102-4 Location of operations	Welcome in Sacco System
	102-5 Ownership and legal form	Welcome in Sacco System
	102-6 Markets served	Welcome in Sacco System
		Sacco System's companies
	102-7 Scale of the organization	Corporate demographics
		Business volume
	102-8 Information on employees and other workers	The people of Sacco System
		Corporate demographics
	102-9 Supply chain	Relationship with suppliers
	102-12 External initiatives	The quality policy and certifications
		Partnerships and programs
	102-13 Membership of associations	Partnerships and programs
	102-14 Statement from senior decision-maker	Letter to our stakeholders
	102-16 Key impacts, risks, and opportunities	The values of virtuous growth
		Code of Ethics

GRI STANDARD	DISCLOSURE	PARAGRAPH
GRI 102: GENERAL DISCLOSURES 2016	102-46 Defining report content and topic boundaries	Our first sustainability report
		Methodological note
	102-47 List of material topics	Methodological note
	102-50 Reporting period	Methodological note
	102-53 Contact point for questions regarding the report	Contacts
	102-54 Claims of reporting in accor-	Methodological note
GRI 103: MANAGEMENT APPROACH 2016		GRI content index
	102-55 GRI Content index	GRI content index
GRI 200 STANDARD SPECIFICI ECONOMICI		
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Business volume
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Distribution of added value
GRI 300 TOPIC-SPECIFIC STANDARDS: ENVIRONMENTAL		
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Raw materials and production
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Energy
GRI 303: Water and effluents 2018	303-1 Interactions with water as a shared resource	Water
	303-3 Water withdrawal	Water
	303-4 Water discharge	Water
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Emissions
	305-2 Energy indirect (Scope 2) GHG emissions	Emissions
	305-7 Nitrogen oxides, sulfur oxides, and other significant air emissions	Emissions
GRI 306: Effluents and Waste 2016	306-1 Water discharge by quality and destination	Water
	306-2 Waste by type and disposal method	Waste
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	Environmental compliance

GRI 400 TOPIC-SPECIFIC STANDARDS: SOCIAL		
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Corporate demographics
GRI 403: Occupational Health & Safety 2018	403-1 Occupational health and safety management system	Health & Safety
	403-2 Hazard identification, risk assessment, and incident investigation	Health & Safety
	403-5 Worker participation, consultation, and communication on occupational health and safety	Training and professional growth
	403-6 Promotion of worker health	Corporate welfare
	403-9 Work-related injuries	Health & Safety
GRI 404: Training and Education 2016	404-1 Average hours of training per year employee	Training and professional growth
	404-2 Programs for updating employee skills and transition assistance programs	Training and professional growth
	404-3 Percentage of employees receiving regular performance and career development reviews	Training and professional growth
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Corporate demographics
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessment, and development programs	Social commitment
GRI 416: Customer Health & Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	2019 Goals achieved
GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	Socioeconomic compliance

Material topics

The table below shows the results of the materiality analysis carried out through an online questionnaire. Respondents were asked to assign a relevance score (from 0 to 4) for each sustainability issue.

The same form was proposed to both stakeholders and owners; the responses provided by the various stakeholders were weighted according to the relevance of the category, therefore their average was related to the responses given by the owners, to generate the materiality matrix presented in the methodological note.

	Ethics and integrity	Economic performance	Market presence (international)	Market presence (national)	Supply practices	Materials	Energy	Water and effluents	Emissions	Waste
Owners	3,67	4,00	3,50	3,33	3,33	2,83	3,00	3,00	2,33	3,50
Employees	3,55	3,86	3,79	3,74	3,62	3,44	3,54	3,70	3,66	3,68
Customers	3,66	3,60	2,89	3,11	3,64	3,62	3,60	3,75	3,75	3,72
Distributors	3,57	3,80	3,76	3,17	3,54	3,67	3,52	3,74	3,63	3,70
Suppliers	3,67	3,73	2,93	3,47	3,53	3,53	3,20	3,60	3,53	3,60
R&S Partners	3,60	4,00	3,60	3,60	3,80	3,80	3,80	4,00	3,80	3,60
Consumers	3,67	3,44	3,11	3,56	3,67	3,78	3,44	3,56	3,89	4,00
Associations	3,75	3,25	3,50	3,50	3,75	3,75	4,00	4,00	3,75	4,00
Local community	3,63	3,63	3,25	3,38	3,75	3,75	3,75	3,88	3,88	3,88
Non-profit organizations	4,00	4,00	4,00	4,00	4,00	4,00	4,00	4,00	4,00	4,00

Employment	Benefits to employees	Corporate welfare	Health & Safety (accident protection)	Health & Safety (protection against professional diseases)	Health and wellbeing promotion	Professional training	Inclusion	Diversity	Local community	Product safety and hygiene	Product quality
4,00	3,33	3,00	4,00	3,83	3,00	3,50	3,33	3,83	3,83	4,00	4,00
3,62	3,72	3,28	3,85	3,64	3,59	3,62	3,61	3,71	2,91	3,85	3,90
3,49	3,40	3,30	3,77	3,64	3,64	3,68	3,58	3,75	3,23	3,77	3,79
3,67	3,57	3,57	3,80	3,67	3,61	3,72	3,69	3,78	3,31	3,89	3,96
3,40	3,40	3,40	3,80	3,67	3,60	3,47	3,53	3,80	3,00	3,80	3,93
3,80	3,60	3,40	4,00	3,60	3,40	3,60	3,80	3,80	3,00	3,60	3,80
3,44	3,33	3,33	3,56	3,44	3,44	3,33	3,33	3,33	3,22	3,56	3,67
3,75	3,25	3,25	4,00	3,75	3,50	3,00	3,25	3,50	3,25	3,50	3,50
3,38	3,38	3,63	3,75	3,38	3,75	4,00	3,88	3,75	3,63	4,00	3,88
4,00	3,50	4,00	4,00	3,50	4,00	4,00	4,00	4,00	4,00	4,00	4,00

Contacts

CAGLIFICIO CLERICI S.p.A.

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

SACCO S.r.l.

Via Manzoni 29/A
22071 Cadorago (CO)
Phone: +39.031.8866611
Fax: +39.031.904596

CENTRO SPERIMENTALE DEL LATTE S.r.l.

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

KEMIKALIA AB

Lilla Västergatan 1
274 32 Skurup - Svezia
Phone: +46.0411.497.50
Fax: +46.0411.497.60

We are at your disposal, contact us!

info@saccosystem.com

For information about the report:

Eleonora Castelli, CSR & Sustainability Manager

e.castelli@saccosrl.it

Everyone has the power to make the world
a better place.

Sergio Bambarén

