



Concimi speciali

*the value of experience
the strength of innovation*



SUSTAINABILITY REPORT 2019



Via San Carlo, 2130 | 40059 Medicina, Bologna
tel. 051 6971811 | fax 051 852884
biolchim@biolchim.it
www.biolchim.it



SUSTAINABILITY
REPORT **2019**



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Letter from our President

Sustainability is our core business and must therefore permeate our strategical and organizational choices.

The culture of the Group must reflect the principles and objectives that are necessary to strengthen the development of rational agriculture, in which both organic and conventional farmers may find efficient, effective and sustainable solutions in the innovative agronomic techniques and product technologies that we constantly develop.

However, companies are first and foremost made of people, as well as strategies, technologies and organization, and we are well aware that there can be no sustainability policy that does not give people working in the Group a central role.

Our Group has grown significantly in recent years both in size and complexity.

Today, it includes several industrial, commercial and organizational facilities working everywhere in the world, in many countries with a direct presence. Over the years, this has allowed us to expand, strengthen and perfect the propensity for cultural exchange and integration between companies with different histories and people of different languages, cultures and religions.

With the resources available for a "Small Global Player", we obstinately pursue, by setting an example and through transparent communication, the dissemination and consolidation of simple but genuine values: loyalty, mutual respect, frankness and a strong sense of social corporate responsibility. The company is seen as a creator of employment and development opportunities while respecting the rights and duties of all stakeholders, with great attention to the medium-long term financial and economic sustainability of any business choice we make.

The goal we have with our new business plan is to strengthen and consolidate the virtuous growth process in financial sustainability. This growth will be implemented both internally, by reinforcing the relationship with our clients and opening new foreign branches, and externally by identifying in some key markets companies that are in line with our goals. Our main goal is to develop strategies enabling us to adopt a "close to market" approach to support our business partners and farmers who use our products from a technical point of view and to find increasingly effective solutions through experience sharing and the rationalization of the use of all technical inputs and available natural resources.

Finally, to protect the sustainability of our business, we will continue the fight to ensure that the principle of freedom of competition, an essential stimulus for continuous innovation, is not overwhelmed by extra regulatory burdens creating barriers to entry for small and medium enterprises, rather than effectively protecting consumers' health and rights.



01.

The Biolchim Group



1. The Biolchim Group

1.1 History of the Biolchim Group

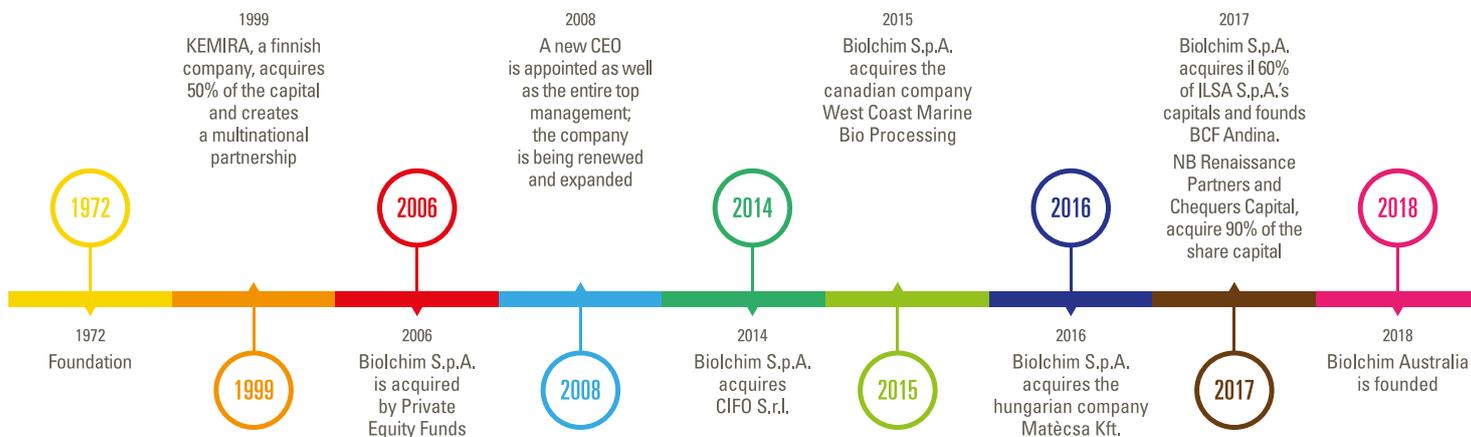
Founded in 1972 **Biolchim** is a leading company for the production and sales of special fertilizers; in particular *Biostimulants*, an innovative range of products for the raw materials composing them and for the agronomical performances they ensure.

Since 2014, **Biolchim** has been the leading company of a wider group of companies including **CIFO**, another Italian company which has been manufacturing special fertilizers for gardening and agriculture since 1965, and Canada’s **West Coast Marine Bio Processing**, a company specialized in the production and trade of *Macrocystis* seaweed-based products.

In 2016, the Hungarian potting soil and substrate manufacturer **Matécsa Kft.** joined the group followed by the Italian **ILSA SpA**, a company founded in 1956 and specialized in the production of biostimulants, organic and organo-mineral fertilizers in both liquid and solid form, perfectly fitting the development and innovation plan of the Biolchim group.

To date, Biolchim is the world's largest industrial and commercial group in the biostimulants sector.

Biolchim’s timeline



1.2 Vision, Mission and Values

The Biolchim Group Vision is to provide innovative, sustainable and eco-friendly technologies to meet the needs of modern agricultural production.

That is why the Group's Mission is to enhance and integrate the experiences and skills of three Italian leading companies in the fertilizer industry, to create a more competitive group on the world market, oriented towards highly innovative and sustainable products.

Aware of the complex situations in which the Group is working and of the need to consider the interests of all stakeholders, the Biolchim Group clearly states its values and responsibilities in the Group **Code of Ethics**.

The Italian companies of the Group, Biolchim S.p.A., CIFO S.r.l. and ILSA S.p.A., have adopted the management and organization model pursuant to Italian law 231/2001, in order to create a set of rules to prevent illegal behaviour by monitoring areas and activities at risk and to ensure the ethical management of its business activities. Furthermore, a whistleblowing system was created, that is to say a variety of reporting channels in case of infringement and illegal behaviour that the employees can use even anonymously. Any retaliation and discrimination against whistle-blowers is strictly forbidden by the corporation.

The Biolchim Group has also adopted the **Code of Conduct for placing plant biostimulants on the market** drafted by the EBIC (European Biostimulants Industry Council) with which the Group undertakes to develop safe, effective products ensuring fair competition in the interests of the consumer and providing clear information for product users, thereby promoting market transparency and consumer awareness.



1.3 Strategy of the Biolchim Group

The success and steady growth of Biolchim are the result of a corporate strategy based on four main pillars:

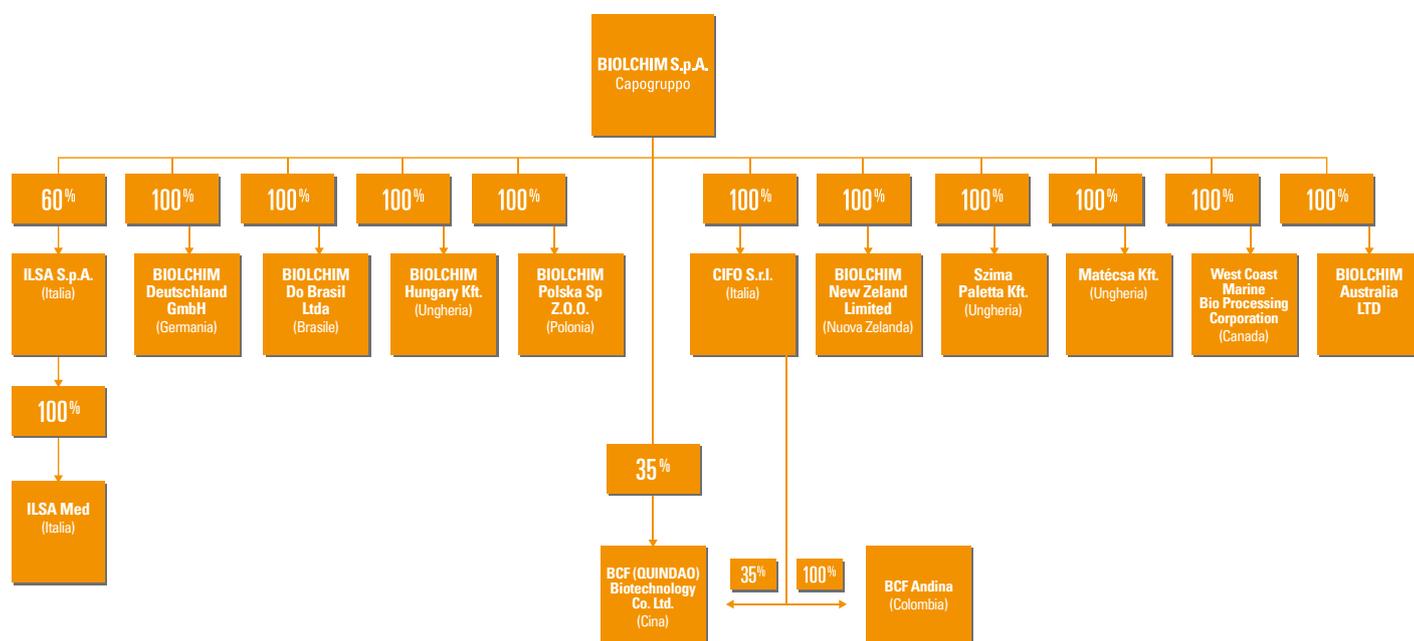
- New branches
- Development of existing distributors
- New markets/ distributors
- Acquisition of companies producing key raw materials
- Acquisition of companies with significant know-how
- Acquisition of leading companies in the related segments



- Continuous training for employees
- Investing in new talents
- High number of science experts specialized in several sectors
- Sharing mission, vision, values and passion to grow together
- Steady research for new molecules
- Continuous efforts for product re-engineering and development
- Investing in innovation



1.4 Organizational chart of the Biolchim Group as of December 31st, 2019



Biolchim SPA is 91.6% owned by Galileo Sarl, a company incorporated under Luxembourg law and equally held by the equity funds NB Renaissance Partners and Chequers Capital and the remaining 8.4% by management.

Based on the traditional system, corporate governance includes the Shareholder's meeting, the Board of Directors and the Board of Auditors. The BoD is responsible for strategic guidance and supervision while the Board of Auditors is responsible for control.

Until the Shareholder's meeting which approves the financial statements as of 31.12.2019, the Board of Directors is made up as follows:

Board of Directors as of 31.12.2019	
President and CEO	Leonardo Valenti
Director	Stefano Bontempelli
Director	Guillaume Planchon
Director	Marco De Simoni
Director	Hervé Philippe Bernard Guerin

60% of the members of the Board of Directors is between 30 and 50 years of age, while the remaining 40% is over 50.

1.5 Market presence

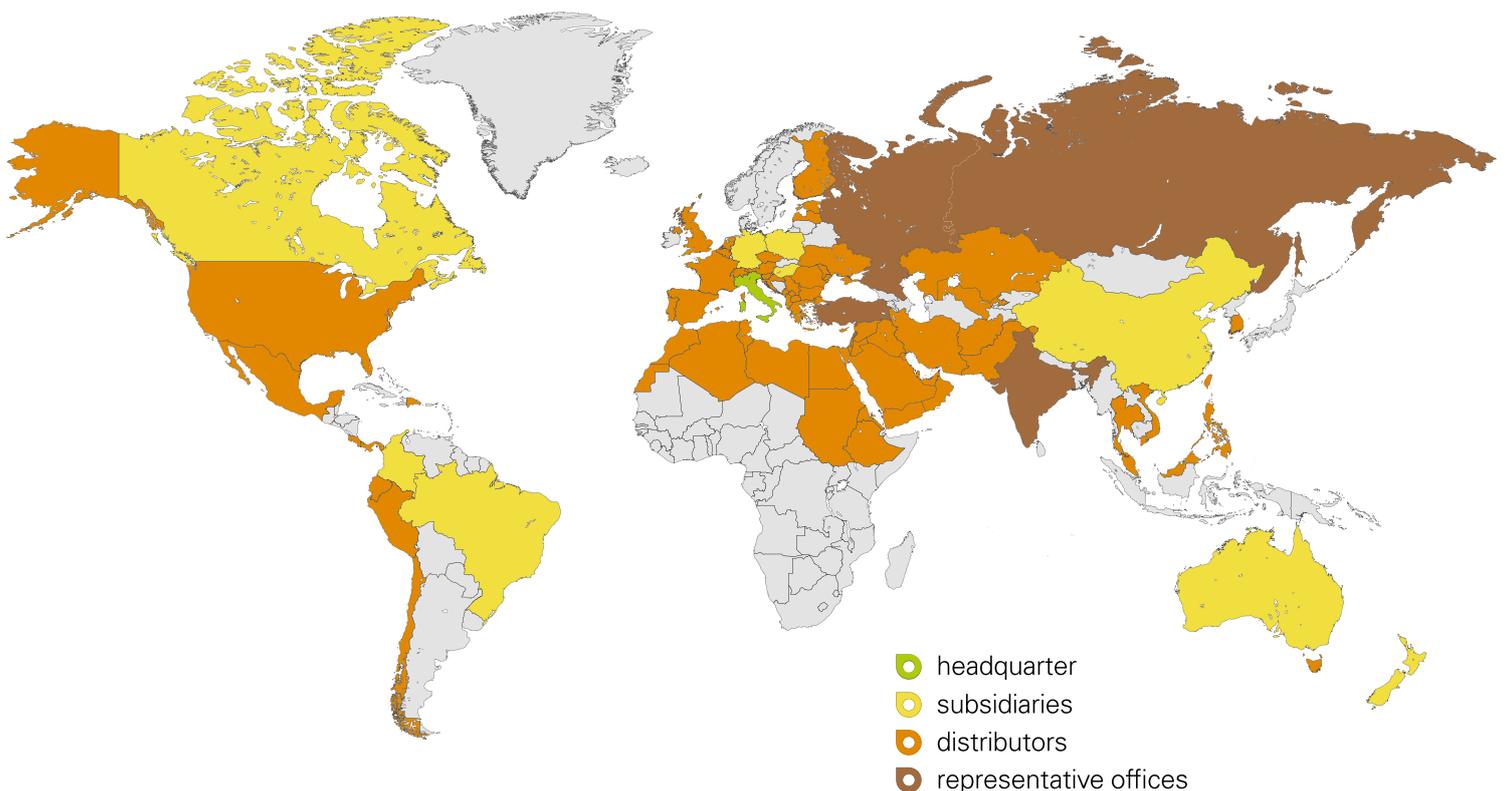
Biolchim's headquarters is in Medicina where products are manufactured, packed and shipped all over the world.

The Group is present in more than 80 countries in Europe, Africa, Asia and Latin America.

At production level, aside from the four Italian factories, the Group has three **production sites** in Canada, Hungary and Brazil, this latter thanks to the non-controlling stake in Ilsa do Brasil, and in China it has a packaging site to divide products received in bulk. Apart from the above-mentioned countries, Biolchim is also present, thanks to **its commercial branches**, in Germany, Poland, New Zealand, Australia and Colombia. Finally, Biolchim works in many other countries thanks to **commercial offices** allowing it to build close collaboration with its local distributors, thanks to the continuous technical and sales assistance in the area.

Biolchim in the world

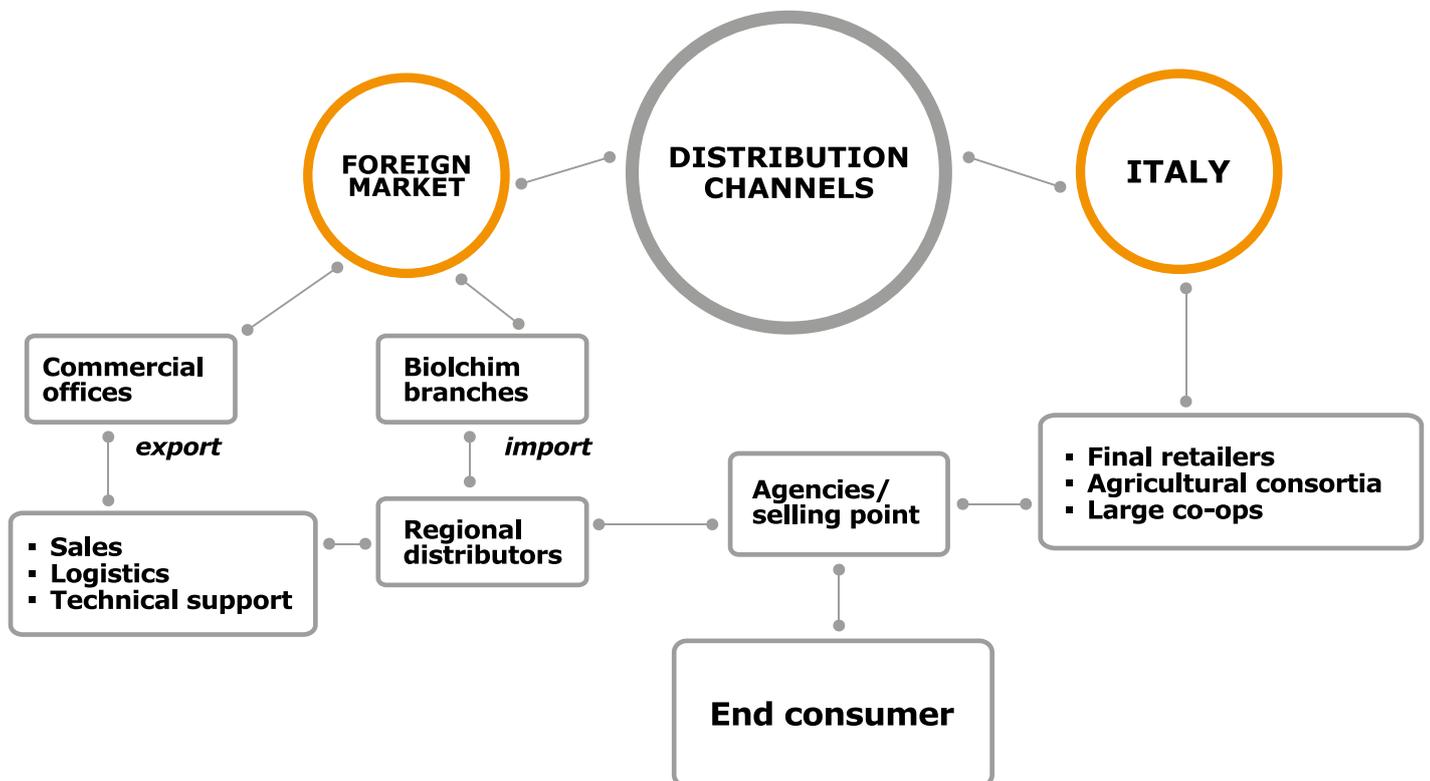
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Biolchim's trade network also covers other countries thanks to agents and distributors; the latter are supported and led by a team of agronomists who work with farmers in the fields every day, suggesting the most suitable fertilizing programs.

The Group has established commercial relationships involving both the domestic market and international export. The goal for the coming years is to continue to internalize its products, paying attention to the needs of customers that vary from country to country.

The distribution network of the Biolchim Group



1.6 The economic impacts

Sector trends and company positioning

In 2019, in a context of significant slowdown in international economic growth, Italy's GDP grew by only 0.3%, while the Italian primary sector recorded a 0.6% drop in production compared to 2018, also due to generally adverse weather conditions (Source: Istat). Therefore, after the 2018 pause, the primary sector GDP has returned to move against the current trend with respect to the country's modest growth. This occurred in an uneven way from sector to sector with very satisfactory performances for oil (+31% due to the bad year 2018) and vegetables and potatoes (+10%), while in the wine sector (-17.2%) and fruit growing (-8.2%) there was a significant decrease in production largely due to unfavourable weather conditions, especially in May and June 2019, to various phytosanitary emergencies including the Asian bug and Xylella, and to a reduction in sales prices.

The number of Italian agricultural companies in 2019 decreased by 1.2% compared to 2018 and by 2.4% compared to 2015 and the production value in 2019 decreased by 0.6% compared to 2018.

The added value, also as a result of the 1.5% increase in production costs, decreased by 2.1% on an annual basis, with efficiency being among the lowest in Europe due to the reduced average size of Italian farms and the high incidence of labour (Source: Centro Studi Confagricoltura). From an income point of view, the above-mentioned increase in production costs further worsened the trading conditions of agricultural companies, which have only partially succeeded in reversing the increases suffered along the upper part of the chain on downstream markets (average increase in sales prices of 1.2%) and partially rebalancing this differential thanks to the increase in transfers (Source: Centro Studi Confagricoltura).

The positive organic farming trend continues. In 2018 (latest available data) it grew in Italy by 2.6% compared to the previous year, with the number of producers increasing by 4% and organic farms accounting for 6.1% of the total, with an average surface area of 15.5% (Source: SINAB – Sistema informazione nazionale agricoltura biologica).

In this context, the industry of organic, special fertilizers and biostimulants has been very lively both in Italy and abroad, confirming the general growth trend that distinguishes organic and sustainable agriculture, to the extent that biostimulants recorded positive performances in 2019 with a forecasted increase in turnover from 2 to 3 billion dollars by 2021 (Source: Federchimica).

On the other hand, the fertilizer market, worth about 1 billion euros in Italy, suffered a setback in 2019, particularly due to the adverse weather conditions in the second quarter of the year. If data is in line with those of the same period in 2018 for mineral fertilizers (approx. -0.7%), the performance of organic and organic-mineral fertilizers was much less encouraging, with a decrease of 2.6% and 5.7% respectively (Source: Federchimica).

In 2020, a higher increase in global demand for fertilizers is expected, in particular in Latin America and Central and South Asia, while fertilizer prices will show a moderate increase, without prejudice to the difficulty with making long-term forecasts due to multiple

economic and geopolitical variables (Source: Studio Osservatorio Fertilizzanti Università di Milano).

For Home & Garden products, 2019 was a year of transition due to the impact of legislation on plant protection products which banned those “over-the-counter” products from 5 May 2020. Although this ban was then postponed for 18 months, the decision was only taken at the last minute (amendment to the Finance Act of 24 December), when all companies in the sector had already taken their decisions. Overall, the market grew by 8.3% (source: Griog) thanks to the high plant protection product sales (because they will soon be out of the market) and to the weather conditions of an early spring that supported sales well until April 2019, month in which Easter was celebrated. The terrible weather conditions in May significantly reduced the growth in the first four-month period.

The results for 2019 show a consolidated net profit of Euro 8,161 (Euro 7,122 on December 31, 2018), after allocating taxes for the year of Euro 2,433, made up of current taxes for Euro 4,284, and the positive balance of deferred tax assets and liabilities and previous years' taxes for an amount of Euro 1,851. The result includes ordinary depreciation and write-downs for Euro 9,484 (Euro 8,087 on December 31, 2018).

Revenues for 2019 amounted to Euro 115,918, growing by 5.5% compared to the previous year, with a net increase of Euro 6,092, mainly due to higher sales through foreign subsidiaries.

The main economic, equity and financial indicators are summarized below:

Economic indicators €/1000	31/12/2019	31/12/2018	Variations	Variations %
Revenues	115.918	109.826	6.092	5,5%
Ebitda	23.561	21.689	1.872	8,6%
Ebitda/revenues	20,3%	19,7%	0,6%	
Ebit	14.065	13.615	450	3,3%
Ebit/revenues	12,1%	12,4%	(0,3%)	
Net income	8.161	7.122	1.039	14,6%
Net income/revenues	7,0%	6,5%	0,6%	

As of 31 December 2019, Ebitda amounted to Euro 23,561, growing by 8.6% compared to the previous year, while the Ebitda margin calculated as the ratio of Ebitda to revenues grew by 0.6%, reflecting the good performance despite the unfavourable context both nationally and internationally. In comparison with 2018, Ebitda 2019 benefits, however, from application of IFRS 16 with a positive impact of approximately Euro 1,236 which is offset at EBIT level by an equal increase in depreciation. The comparison is essentially the same at Ebit level, with an increase of 450 thousand Euros (+3.3%), while net income, also growing by 14.6% compared to the previous year, amounted to Euro 8,161, benefiting, in addition to the effects already mentioned, from a lower financial expense.

Below is a summary of the reclassified balance sheet and financial statements for the two periods compared:

Financial /equity indicators €/1000	31/12/2019	31/12/2018	Variations	Variations %
Net fixed assets	161.867	159.370	2.497	1,6%
Net working capital (NWC)	30.519	32.976	(2.457)	-7,5%
Funds	(5.467)	(5.230)	(237)	4,5%
Net Invested Capital (NIC)	186.919	187.116	(197)	-0,1%
Net Equity	140.878	132.990	7.888	5,9%
Net Financial Debt	46.041	54.126	(8.085)	-14,9%

The decrease in Net Invested Capital (NIC) is due to good management of working capital, while Net Equity increased as a result of the fact that 2018 profit was assigned to reserves, while the decrease in Net Financial Debt (NFP) confirms the good cash generation during the year.

The main economic and equity indicators are summarized as follows:

Economic and equity indicators €/1000	31/12/2019	31/12/2018
NFP/Ebitda	1,95	2,50
Roi (Ebit/NIC)	7,5%	7,3%
Roe (Net income/Equity)	5,8%	5,4%

The **NFP/Ebitda** index, shown as a multiple of Ebitda, is a measurement of the ability of operations to remunerate net financial debt and shows how the company was able to significantly reduce its debt during 2019. An effect that, combined with the growth in EBITA, confirms the company's ability to cope with the debt resulting from the business combination of September 2017.

Roi, i.e. the return on net invested capital, is the ratio of EBIT to net invested capital and is expressed as a percentage. This indicator measures the ability to produce wealth through operational management and therefore to remunerate equity and third party capital.

Roe, i.e. the return on equity, is the ratio of net income for the year to net equity, expressed as a percentage. This indicator measures the return earned by investors on risk.

The comparison of profitability ratios over the two periods shows an improvement in the company's ability to generate wealth through its operations and to remunerate risk capital.

2. Our sustainability approach

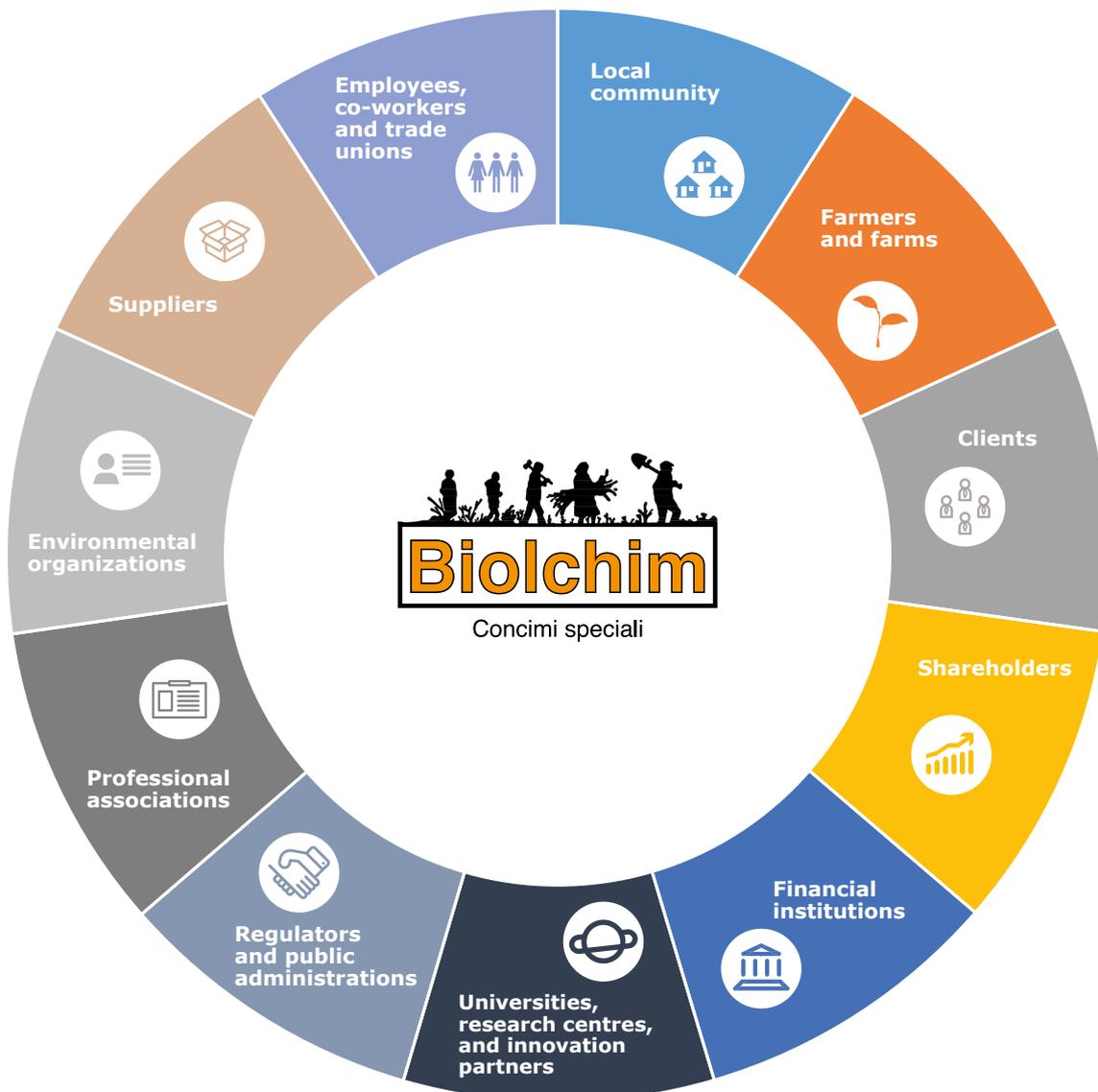
2.1 Materiality Assessment

In 2019, the Biolchim Group carried out a materiality assessment for the first time, to map and prioritise the organization's stakeholders and identify sustainability issues relevant to the Group and to its stakeholders.

During an internal workshop, a work team made up of the Group's top management assessed the relevance of a panel of stakeholders and of social, environmental, economic and governance issues identified on the basis of GRI Standards, of a benchmark analysis and of the industry best practices.

The results of this assessment are explained in the following chapters.

2.2 Our stakeholders



Biolchim deems it necessary to define and maintain an effective, fruitful dialogue with its stakeholders, in order to acquire new stimuli regarding innovation and product quality. The stakeholder mapping, shown below, represents the 11 categories of stakeholders most relevant to the Group.

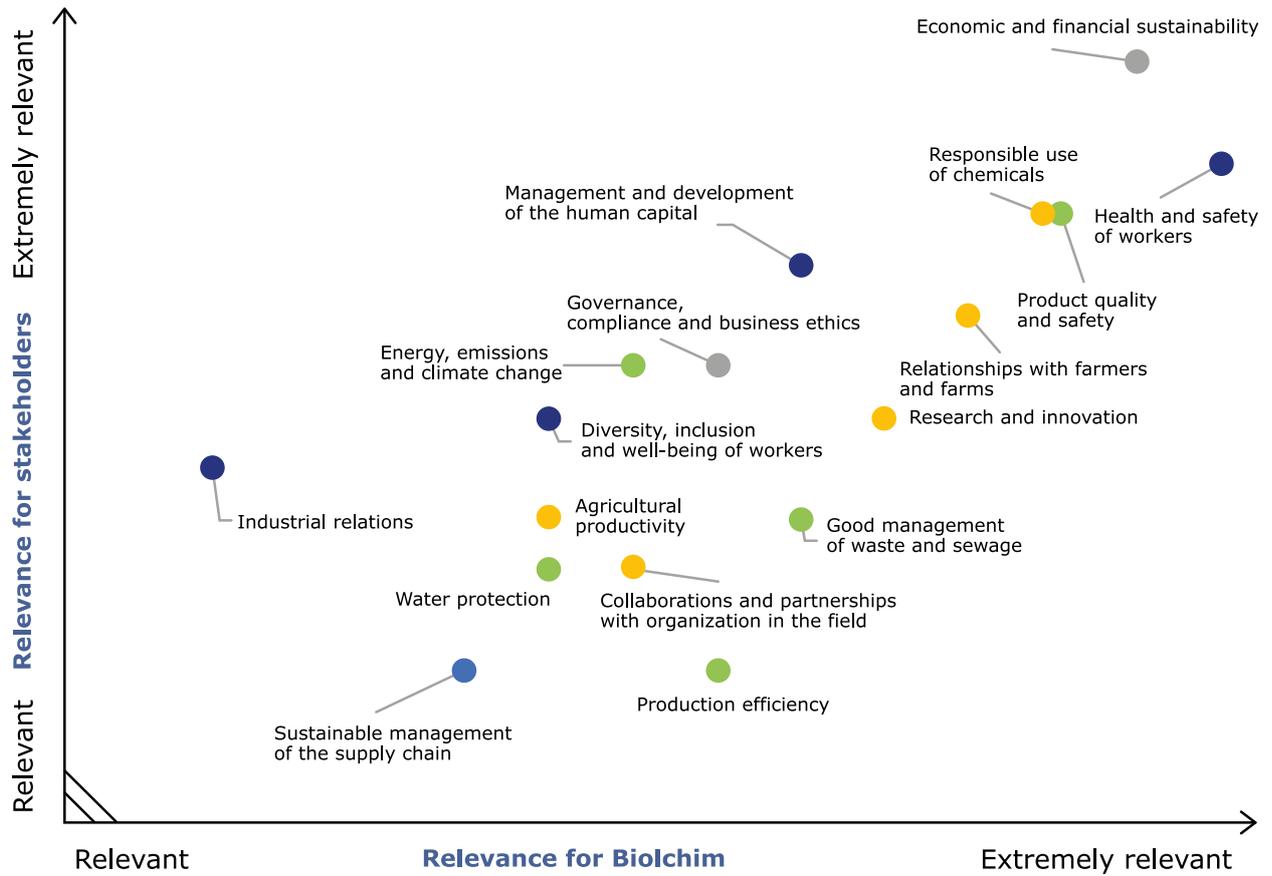
With a view to sharing and improving the relationship with its stakeholders, the Biolchim Group has, over the years, launched several communication and information exchange paths with them: through the website and social media, accessible to all stakeholders, communicating news and initiatives carried out by Group companies; the intranet and corporate events are some of the channels and sharing moments used to communicate with employees; conventions and specialized events in the sector are, instead, the tools used to compare and collect expectations from the market, customers and end consumers.

The continuous dialogue with its stakeholders allows the Group to be increasingly more efficient in responding to the needs and requests that increasingly come from the different stakeholders with whom Biolchim interacts.

2.3 Materiality matrix

As part of the materiality assessment process undertaken by the Group, sustainability issues potentially relevant to the Biolchim Group have been identified and evaluated. Through this process 17 material issues have been identified for Biolchim and its stakeholders.

The assessments that emerged are reflected in the materiality matrix below. In particular, the issues found to be of paramount importance for Biolchim and its stakeholders are economic and financial sustainability, worker health and safety, the responsible use of chemical products and the quality and safety of Biolchim products.



key to symbols

- Economic and governance responsibility
- Responsibility towards people
- Responsibility towards the environment
- Product responsibility
- Responsibility towards suppliers

02.

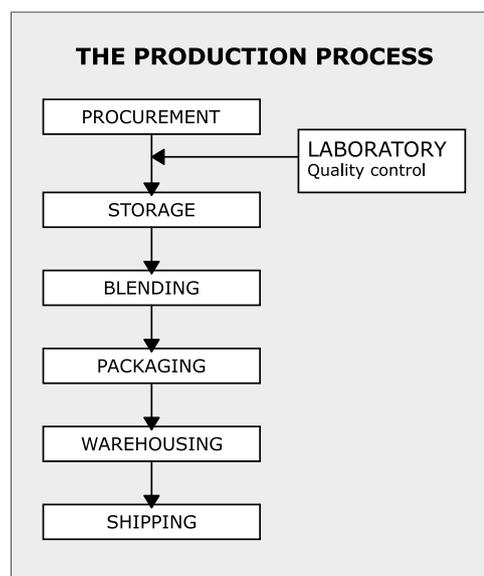
Our products
and our
responsibility
towards clients

Thanks to the experience gained by the organization, Group brands offer farmers a wide range of effective, safe and high quality products. These come from the combination of **research, innovation** and selection of **raw materials**, including **natural** ones, and are able to maximize crop productivity in every agronomic context, in full respect of the environment and people.



Over the years, the Group's product range has **grown continuously** in order to adapt to market demands and the needs of the customer portfolio, which, based on the geographical area and/or type of crop, have highlighted the need for **diversified solutions**. The range has thus been enriched with various types of products and specialties to cover the different needs of crops in different geographical, and therefore climatic, areas, which in turn are different.

This diagram shows the main phases of the Group's production process.



The products provide **nutrition for both the soil and the plant**, in order to help them throughout their life cycle and during the times of greatest need, such as vegetative recovery, flowering and fruiting; biostimulants in particular offer considerable advantages as they enable a balanced, rational use of fertilizers and reduce their impact, while

respecting the environment and biodiversity, as well as the health of farmers and consumers.

All products are in line with the strictest Italian and foreign regulations and are also suitable for organic farming.

Our offer includes the following product ranges:



Growth promoters



Meso and microelements



Foliar NPK



Fertigation products



Special granular products



Organic products



Organic and mineral products



Complementary products



Home & Garden



Our specialties

These are innovative products based on skillfully blended plant extracts and represent Biolchim's winning solution for the problems of every crop in modern, eco-sustainable agriculture.

Originating from vegetal sources, Specialties ensure the intake of several biologically active ingredients that work in synergy to nourish the plant and enhance its metabolism, thus providing, at the same time, high quantitative and qualitative, environmental-friendly standards of production.

This product range includes:

- **Biostimulants and Biopromoters based on plant extracts**
- **Seaweed-based products**
- **Protein hydrolysates products**
- **NPK + Micro based products**
- **Soil Conditioner**
- **Microrganisms**



Biolchim for organic farming

In recent years, organic farming and related issues such as food security, good farming practices and the preservation of ecosystems have gained increasing attention and interest from consumers.

The world of organic farming was the first to chart a new path, setting itself the goal of reducing the use of formulations with a high environmental and residual impact.

The Biolchim Group, which has always been sensitive to respect for the environment and minimization of the environmental impact of products and processes, offers farmers a wide range of products allowed in organic farming. These are highly innovative and completely natural formulations, allowing organic farmers to increase the performance and improve production quality.



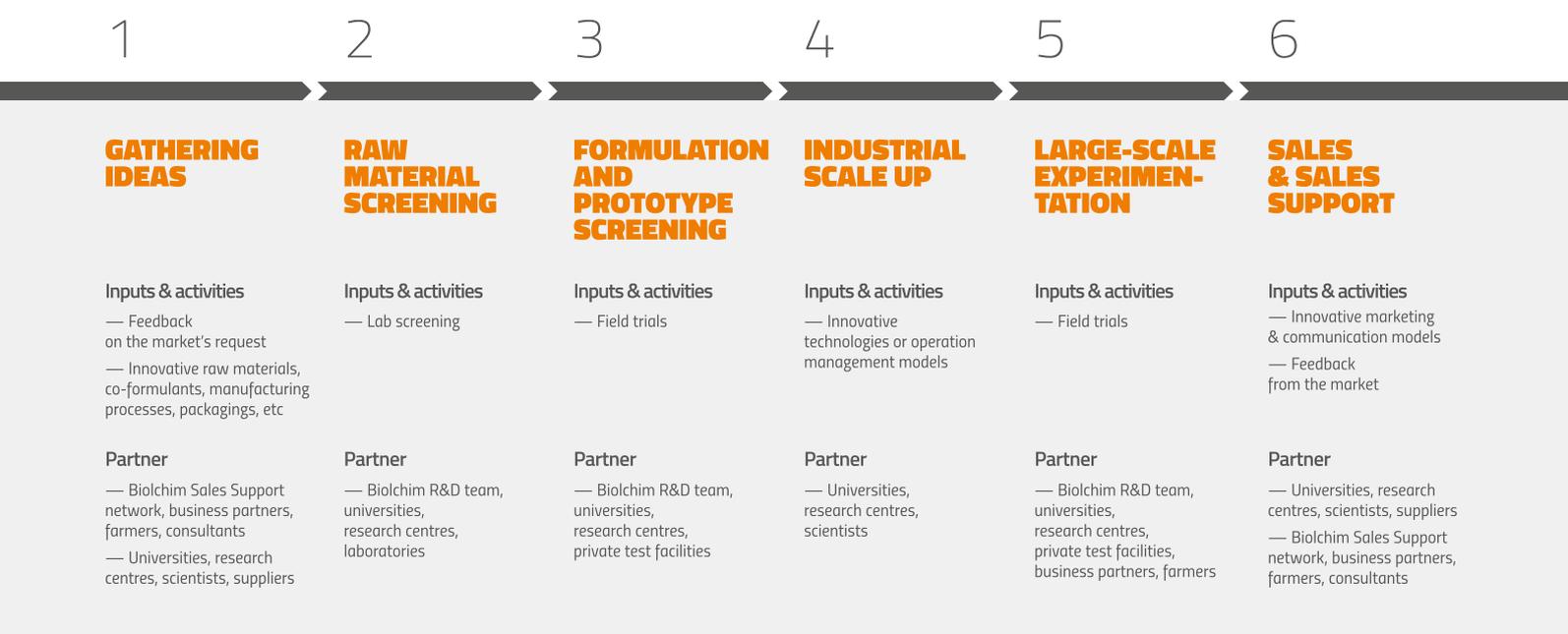
3.2 Research and Innovation

In a constantly evolving industry such as plant nutrition, it is necessary to focus on continuous improvement in order to meet market needs. To this end, the Parent Company invests a significant portion of its annual turnover in Research and Development. The high number of specialties launched or renewed in recent years, several existing patents and numerous research projects in collaboration with Italian and foreign universities and research centers testify to the commitment made in this area.

The approach to the innovation process is based on three fundamental factors:

1. Natural raw materials, to combine agronomic efficiency and environmental sustainability;
2. High-tech industrialization processes to maintain the biological properties of raw materials unaltered;
3. Experimentation on a large scale to ensure product effectiveness, reliability and safety.

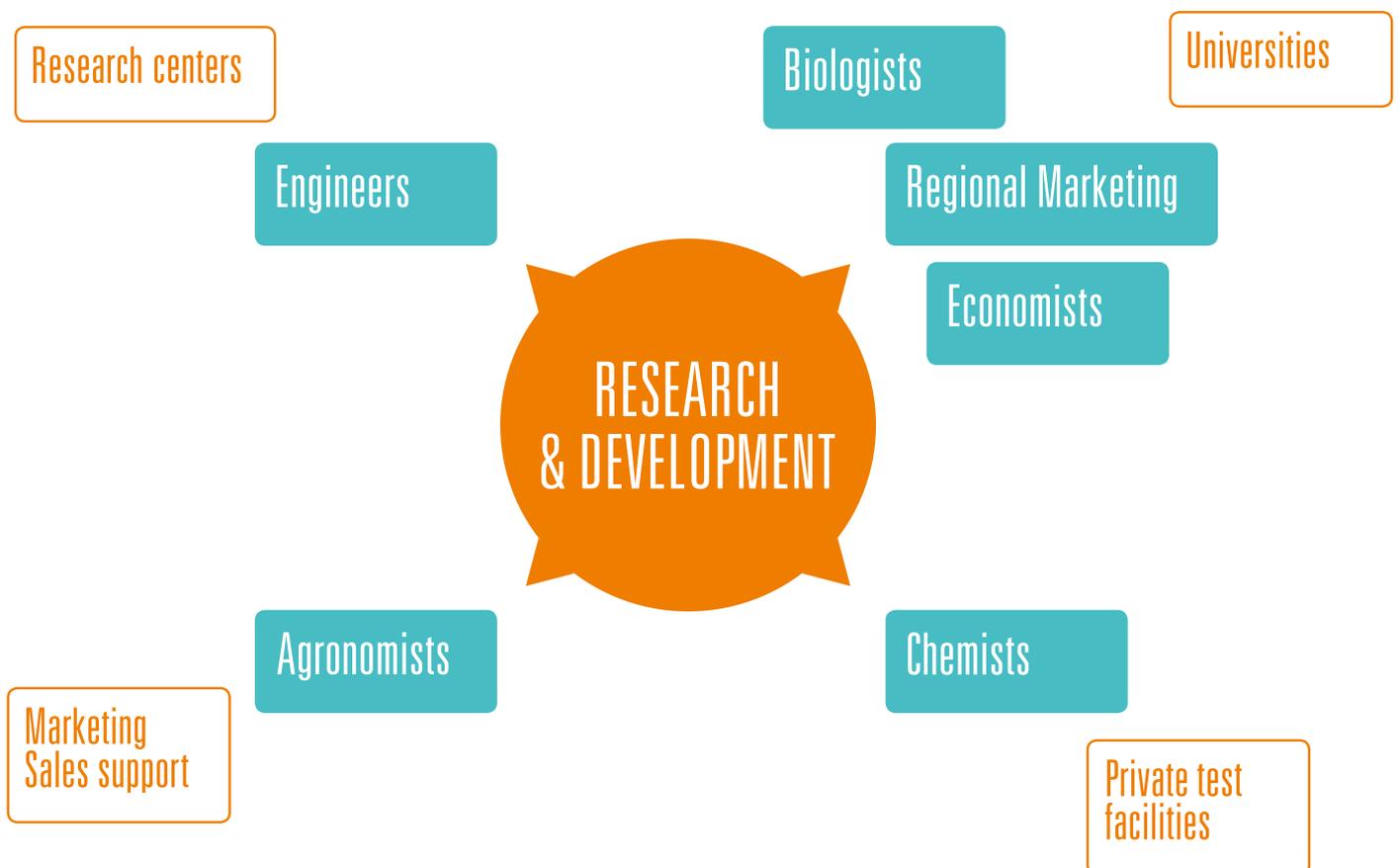
You will find below the stages through which an innovative idea is brought to fruition and the figures involved in this process:



Research projects are divided into four main strategic guidelines:

- Projects to improve products already in the range;
- Projects to develop new formulations and new product technologies;
- Project to improve process technologies;
- Projects to develop new products to widen the range.

Biolchim's Research and Development team is made up of agronomists, biologists, biotechnologists, chemists and engineers who work closely with institutional partners to develop advanced and effective solutions, with the common goal of achieving product and process innovation.



Moreover, the Biolchim Group can count on the most modern industrial equipment and technologies that further support the Research and Development team, allowing the Group's products to stand out for innovation, efficiency and know-how.

In 2015, ILSA's Quality Control Laboratory obtained accreditation under the UNI CEI EN ISO/IEC 17025 standard from the Italian Accreditation Body ACCREDIA, signatory of the international mutual recognition agreements EA MLA (European co-operation for Accreditation Multilateral Agreement), becoming the first company in the industry to be certified.

RESEARCH AND INNOVATION

As of December 31st, 2019

 **99** International Partnerships for innovation
 **Over 20** research projects on going and/or completed

MAIN RESEARCH PROJECTS IN COOPERATION WITH REGIONAL, NATIONAL AND EUROPEAN INSTITUTIONS

LIFE BIOPOL

Project funded by the European Union

LIFE BIOPOL aims to demonstrate the technical performance of an innovative process for producing new and environmentally friendly biopolymers to be used in the tanning industry instead of the chemicals currently used.

The challenge is to find an alternative to highly polluting substances in the tanning industry, by creating new chemical protocols including non-hazardous substances with a low-environmental impact.

RPE PROJECT – Rise Phosphorus Efficiency

Action implemented thanks to the European Regional Development Fund 2014-2020

The heart of RPE is designing and making phosphate fertilizers, especially for organic agriculture, which are based on simple minerals that have not been chemically altered, and organic raw materials which are the waste products of other production chains.

3S 4H PROJECT – Safe, Smart, Sustainable Food for Health

Action implemented thanks to the European Regional Development Fund 2014-2020

It deals with food production from the point of view of safety, productivity, traceability, quality and sustainability, and the promotion of well-being through correct nutrition.



3.3 Product quality and safety

For the Biolchim Group, quality is key and must be guaranteed to its customers. Along all stages of the production process we work to ensure and maintain the highest quality standards.

All Biolchim's products comply with the strictest regulations. The Group is committed, through its functions and dedicated staff, to the continuous updating and strict application of all regulatory requirements to which both finished products and substances used as raw materials are subject.

In this context, the Group's reference is the European REACH Regulation (Registration, Evaluation, Authorization and restriction of Chemicals), adopted to improve the protection of human health and the environment from the risks that can be posed by chemicals.

In addition, all Group companies apply strict technical controls to their products in order to guarantee excellent quality and avoid health risks due to the use of improper materials. In advanced test laboratories, with the use of specialized machinery, all incoming raw materials are analyzed applying the criteria developed by Biolchim to verify material purity, the constant chemical-physical parameters, and the chemical composition.

To ensure the proper quality and safe management of processes, the main Group companies, Biolchim S.p.A., CIFO S.r.l. and ILSA S.p.A., obtained the following certifications:

Certification	Description	Certified companies
ISO 9001:2015	Quality management system	Biolchim S.p.A. Cifo S.r.l. Ilsa S.p.A.
ISO 14001:2015	Environmental management system	Biolchim S.p.A. Cifo S.r.l. Ilsa S.p.A.
OHSAS 18001:2007	Worker's health and safety management system	Biolchim S.p.A. Cifo S.r.l. Ilsa S.p.A.
CCPB	Organic product certification	Biolchim S.p.A.
ISO 50001:2011	Energy management system	Ilsa S.p.A.
ISO 17025:2017	General requirements for testing and calibration laboratories	Ilsa S.p.A.

3.4 How to properly manage chemicals

Managing chemicals is a complex area with environmental and human safety challenges.

For the Biolchim Group, it is essential that all partners in the value chain work together to reduce and better manage the impacts and risks caused by the constant use of chemicals.

Through dedicated functions, policies and procedures, the Group manages, regulates and plans the use of chemical products.

In order to monitor chemicals along their entire manufacturing process cycle, the Group has set up a detailed structure that includes:

- **Regulatory function**, aimed at studying, updating and supervising the correct application of all regulations to which Biolchim products are subject, from raw material to finished product, including chemicals.
- **Mapping process** of raw materials including incoming and outgoing chemicals and their use. All incoming raw materials are subject to control of their regulation and safety compliance, including the use of Safety Sheets and Best use, thus informing about risk management and tested situations that are safe for the human being and the environment. From this point of view and thanks to this process, highly hazardous raw materials or, in any case, materials that do not comply with Biolchim's requirements can be discarded during the product design phase.
- **Procedures** of storage, transport, handling and use of chemicals: once the chemical substances have been introduced into the Group's premises, Biolchim is committed to ensuring that workers are prepared to store, transport, handle and use them responsibly to prevent environmental contamination and/or exposure of workers to possible risks. To this end, Biolchim has set up a dedicated procedure for the storage, transport and handling of substances and products.
All materials entering the warehouse, be they raw materials, semi-finished or finished products, must be clearly identified. Keeping and updating an inventory of chemical products is an important aspect for the Group, enabling it to constantly monitor possible risks.
- **Training** of employees and communication: in order for chemicals to be managed responsibly, all workers who come into contact with them must be familiar with the practices and guidelines for their responsible management. The Group undertakes to train and inform its teams about the correct management of raw material through specific training sessions divided by area.

3.5 Our supply chain

The Biolchim Group recognizes the importance of relations with suppliers that must be based on mutual **trust, fairness, transparency and reliability** to ensure acquisition of goods and services enabling the efficiency and continuity of the company's production processes.

The main Group's supplier categories concern:

- Raw material;
- packaging;
- outsourcing services: transport, contract work, warehouse management;
- technical services: consultancy, spare parts;
- general services: marketing and communication consultancy, administrative services.

As defined in the Code of Ethics, the most significant suppliers, and in particular those enrolled in the register of suppliers, must accept the Code of Ethics in their contractual relations. The organization pays the utmost attention to respect of high quality standards for production processes, also by suppliers and, in particular, by suppliers of raw materials.

Since the chemical sector is characterized by a strong tendency towards raw material instability, the Biolchim Group is committed to adopting the **highest quality standards** in the selection of suppliers and to maintaining a close relationship with existing suppliers. It is also in the Group's interest to prepare assessment tools to verify supplier suitability, also in view of relationship continuity. This attention is based both on an ethical level and on product quality and safety.

Suppliers are assessed and selected on the basis of cost-effectiveness, quality and technical, commercial and financial reliability and periodic assessment of service levels. With equal requirements, preference is given to those suppliers who demonstrate implementation of good social responsibility practices and/or possession of social or environmental certifications.

Before entering into relations with new suppliers, they undergo a complex qualification process in which compliance with industry regulations is examined; the quality of the product offered and its suitability to enter the Group's production processes is also tested. In addition, audits may also be carried out at the suppliers' plants if necessary.

In this regard, audits may be carried out both before and during establishment of the business relationship with suppliers. Both are aimed at verifying the reliability of the supplier and the quality of the service offered, investigating aspects such as workplace health and safety, safety and maintenance of the site or environmental authorizations and performance indicators such as the number of accidents or the number of workers' strikes.

3.6 Our relation with farmers and customer satisfaction

Customer satisfaction is a key objective for the Biolchim Group. **All products are designed and created to best meet the different needs of customers around the world.**

To this purpose, the Group's activities are based on rigorous professional ethics oriented towards the substantial fairness of relationships and the **continuous improvement of performance** through adequate identification of needs and a service characterized by high professionalism, reliability and accuracy.

In all areas of business in which the Group works, Biolchim undertakes to adopt responsible trade and marketing practices and to always respect the interests of the customer.

The Biolchim customer experience is strengthened through the **after-sales services**: these analyze farmers' goals, share their experiences, trace new paths for an increasingly more targeted and performing agricultural crop nutrition.

Thanks to this continuous exchange with customers, the Group is able to offer increasingly more practical solutions in line with customer needs.

A fundamental aspect for the Group is the constant monitoring of **customer satisfaction levels**, both through targeted surveys and through precise orientation of the sales network in this regard.

Complaints management and analysis is also seen as an opportunity for improvement: in this respect Biolchim aims at constructive solutions and the search for elements of convergence with the customer to restore a mutually satisfactory relationship.

A new survey concept was introduced in 2018 that includes all the Group's divisions and regions and provides important insights into key success factors in customer business. A sample of about 250 companies was analysed through a questionnaire: of these, 96% were satisfied or more than satisfied. The strengths were found to be the quality and effectiveness of products, delivery times, the support services provided and the wide range of products offered.



SUPPORTS

- Agricultural engineers
-
- Chemists
-
- Plant pathologists
-
- Biochemists



**AGRICULTURAL PRODUCTIVITY AND PRECISION FARMING:
GIVING LESS TO HAVE MORE!**

From the perspective of quality and customer satisfaction, Biolchim products seek to maximize crop productivity in every agronomic context: this concept should not only be understood as linked to the quality aspect of production but also, and above all, to the aspect of quality and production efficiency. In this respect, therefore, the products developed by the companies of the Biolchim Group have as reference, when possible, the principle of precision farming, i.e. an agriculture that aims to obtain the maximum from crops, rationalizing inputs and substances used, thus providing an increase in production quantity, but above all in the quality of crops, in a sustainable way.

The **Biolchim Group** has a team of specialists including engineers, chemists, pathologists and biochemists who provide solutions to maximize agricultural productivity and customer profitability.

In addition, every year the Biolchim Group organizes or participates in events dedicated to technical research involving sellers, farmers, and other operators in the sector.

Among them, the main events of 2019 were:

- the 2nd national workshop on biostimulants
- MACFRUT 2019
- The 31st Forum of Plant Medicine
- Actinidia Conference
- The 7th edition of the meeting "Vigna e Olivo" in Andria

In January 2020 the important convention linked to the WIN project was held. For further details on the events listed, please refer to chapter 6 of this document.



04.

Environmental responsibility

4. Environmental responsibility

4.1 Our commitment to the environment

As declared in the Code of Ethics, the Group recognizes the importance of proactively managing the environmental impacts associated with its production activities, towards both the communities in which it works and future generations, with a view to medium-long term sustainability.

The Group undertakes to adopt a preventive approach to environmental challenges, implementing an **environmental policy to progressively reduce the direct and indirect impacts of its activities** and spread greater **awareness and commitment** to environmental protection.

The Biolchim Group therefore adopts the most suitable measures to preserve the environment and is committed to minimizing the environmental and landscape impact of its activities by promoting and planning their development in line with this goal.

In order to guarantee correct, organic management of all environmental aspects related to production processes, with a view to continuous improvement, the Italian companies of the Group have established an ISO 14001 certified environmental management system, while the subsidiary ILSA an ISO 50001 certified energy management system.

ISO 14001 Certified environmental management system for BIOLCHIM, CIFO E ILSA plants.

ISO 50001 Certified energy management system for ILSA plant.

The environmental and safety performance reached by Biolchim over the years is the result of a combination of different factors:

- Technological investments;
- Management choices;
- Training for its employees.

Thanks to these actions, each operator is suitably informed of the risks, in terms of collective and individual safety and environmental impact, connected with the activities he/she carries out and is trained on the correct methods to follow in order to operate in a safe, sustainable way.

All operations carried out on the site, especially the "critical" ones from an environmental viewpoint, are carefully planned through special procedures and operating instructions which the personnel involved, who took part in defining them, strictly adhere to.

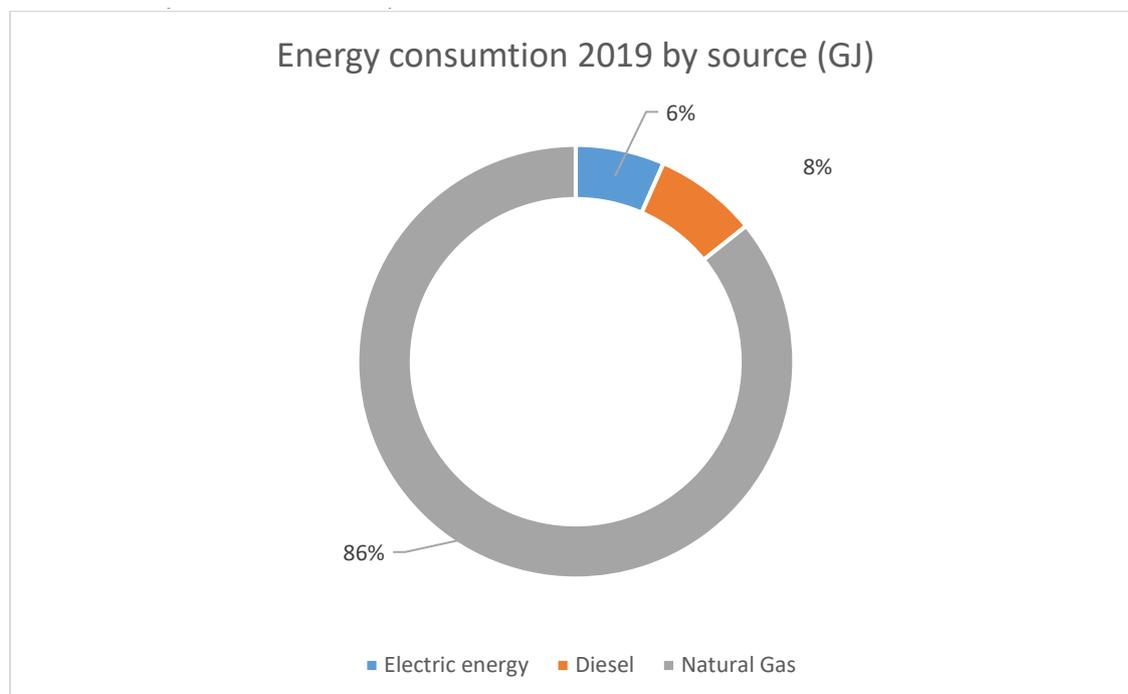
4.2 Energy consumption and emissions

As part of the environmental management systems, companies monitor annually certain indicators that make it possible to constantly assess the **efficiency of the system** in reducing significant environmental impacts¹.

In the Group's Italian manufacturing companies, the main energy consumption is ascribable to:

- Use of machinery equipped with electric motors to implement the corporate production processes and operate growth chambers and greenhouses;
- Use of methane gas to produce the steam needed for production processes;
- Office activities requiring the use of electricity;
- heating offices and warehouses by methane boiler;
- general lighting of the industrial area.

In 2019 the total energy consumption of the Italian production companies was **179,720 GJ**, down by about 3% compared to 2018.



Natural gas accounts for 86% of the Group's energy consumption. This consumption is mainly due to ILSA, which uses this fuel to produce steam used for production processes and to operate the trigeneration plant.

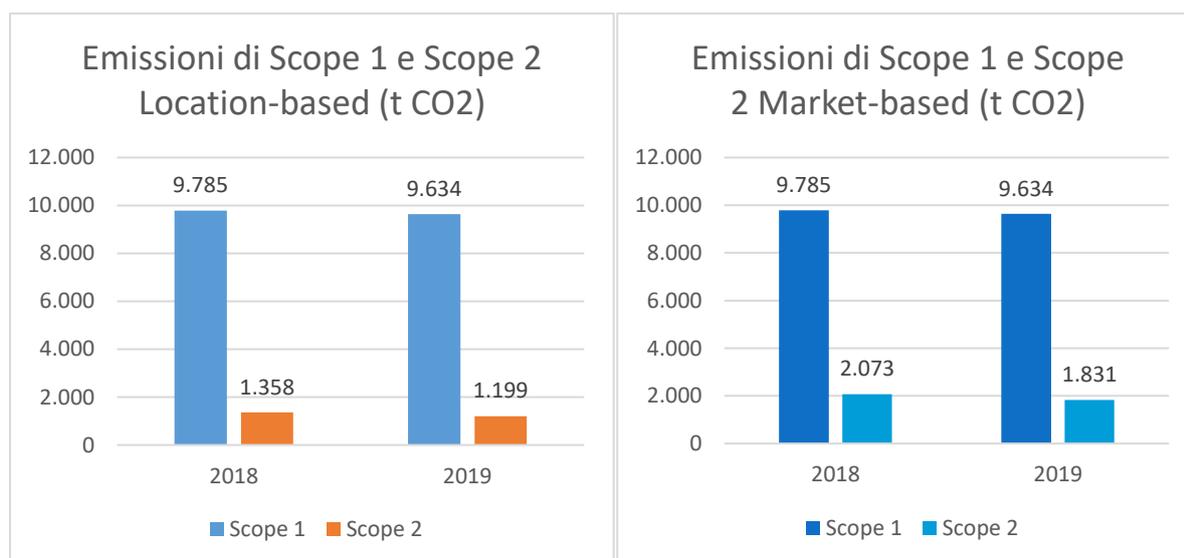
¹ For more information and details on the sources and factors used for energy consumption and CO2 emission data, see the chapter "Performance indicators".

Emissions into the atmosphere

CO₂ emissions associated with the main Group consumption can be divided into two categories:

- Direct emissions (Scope 1): greenhouse gas emissions due to direct fuel consumption by the Group (natural gas, diesel);
- Indirect emissions (Scope 2): greenhouse gas emissions from the consumption of electricity purchased and used by the Group. In particular, Scope 2 emissions can be calculated using two different methodologies: the "Location-based method" relies on the average emission factors for regional, sub-national or national power generation; the "Market-based method" relies on the CO₂ emissions released by the energy suppliers from which the organization buys, through contract, electricity or emission factors related to the reference market.

In 2019, the Italian manufacturing companies produced a total of **10,834 tons of direct and indirect CO₂ emissions**, taking into account the emissions of scope 2 calculated by the location-based method (-**2.8%** compared to 2018). On the other hand, by using the market-based method, the overall CO₂ emissions of the Group account for 11,465 tons (-3.3% compared to 2018).



In addition, the sites of the Italian companies have additional emission sources authorized through the respective Integrated Environmental Authorizations. In fact, the following substances released into the atmosphere during production processes should be noted:

- Dusts deriving from the production process;
- Nitrogen Oxides (NO_x) deriving from the production process;
- Volatile Organic Compounds (VOC);
- Carbon monoxide (CO).

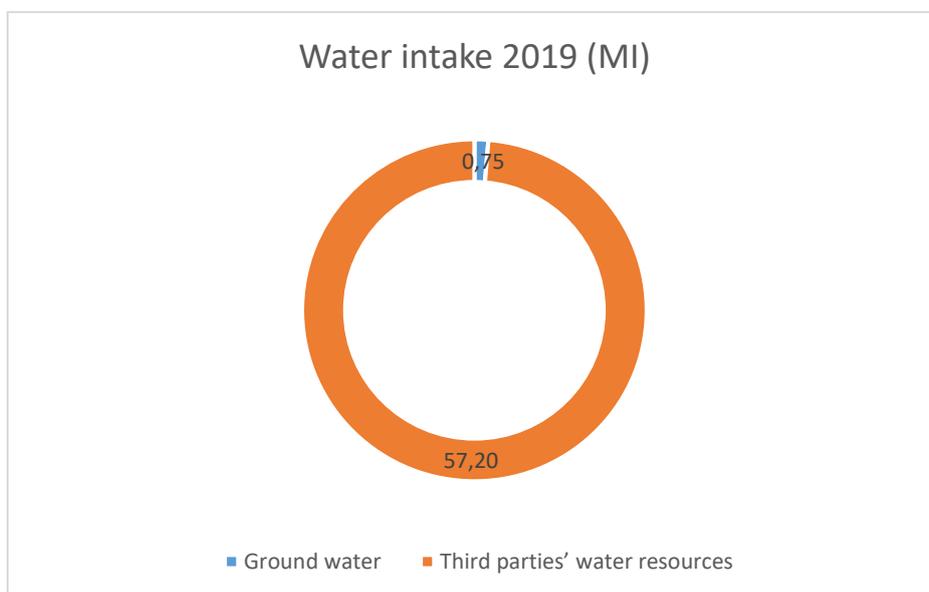
The companies have installed different systems to reduce emissions based on the type of pollutants released (such as fabric filters or active carbon filters) and regularly carry out all controls and measurements required by authorizations.

4.3 Consumption and waste water

With regard to water consumption, Italian production companies use the municipal aqueduct as their main source of supply; only Cifo uses a portion of groundwater from artesian wells.

Water is used for both domestic and industrial consumption: in particular, domestic consumption is due both to sanitary uses and, for ILSA, to the cooling of some water-cooled chillers; industrial use is linked to production processes such as, for example, production of steam.

In 2019, the total water intake was **58 Megaliters**, down by 2% compared to 2018.



Waste water

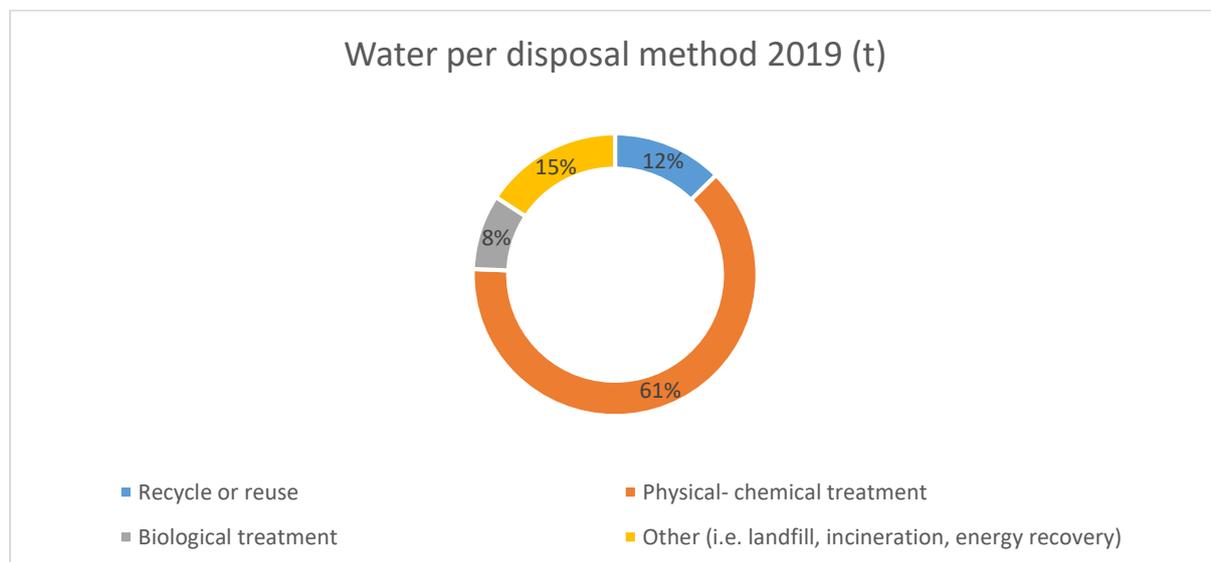
Waste water, although coming from production plants, is classified as similar to civil waste water and flows into the public sewerage system, after treatment. Waste water from production, such as plant washing water, is treated as waste and disposed of by authorized disposal companies.

4.4 Waste management and circular economy practices

The Biolchim group **pays attention to waste management and waste disposal**, in compliance with current environmental regulations, and is aware of the role that correct performance of these activities plays for public health.

Waste derives from production, laboratory and office activities and is sent for disposal in specific recovery centers or in authorized landfills. All companies adopt specific operating instructions to regulate waste collection and management in the different plant areas. Furthermore, correct management of loading/unloading registers and forms allows us to control waste movement inside and outside the plants. All authorized carriers and disposers are selected by the Environmental Manager based on the qualification procedures of service providers.

A total of **2,222 tons of waste** was generated in 2019 (**-14%** compared to 2018), the majority of which was non-hazardous waste (97%). **12%** of waste is sent for **recycling or reuse**, while 62% is sent for physical-chemical treatment.



Circular economy

The subsidiary ILSA carries out a large part of its production from the **waste recovery of the tanning supply chain**, using waste materials from tanneries as raw materials. Since the 1970s, its production process has been **a perfect example of the circular economy**, identifying leather scraps as a raw material rich in proteins that can be reused for plant nutrition.

ILSA AFFIRMS ITS COMMITMENT TO A CIRCULAR ECONOMY BY INVESTING IN THE LIFE BIOPOL PROJECT AND MOBILIZING RESEARCH INTO ECO-FRIENDLY BIOPOLYMERS FOR THE LEATHER SECTOR, DERIVED FROM PLANT AND ANIMAL BIOMASSES.

The Life Biopol project, launched in 2015 and co-funded by the European Union as part of the LIFE 2014-2020 programme, aims to enhance the value of agricultural and land industry waste, using it for products intended for leather tanning processes.

The five public and private bodies involved in the project worked together to synthesize a new class of biopolymers, an alternative to the petrochemical auxiliaries currently used in the tanning industry. The challenge is to find viable alternatives to highly polluting substances, creating new chemical protocols that are free from hazardous substances and have a low environmental impact.

Ilsa, thanks to its research laboratories, has completed the industrial development of four prototypes, one of animal origin and three of vegetable origin.

8 tons have been produced for each new polymer, and it has been possible to demonstrate that these new biopolymers enable the same performance as chrome salts in retanning and traditional products.

Environmental results

The first results of the project showed that the leathers tanned in the Codyeco experimental plant have maintained a constant quality, good light fastness, a brighter colour. The higher quantity of organic substances leads to the production of good biodegradable leather, with a lower environmental footprint of the products up to 77% for substances used in production and 51% for the leather article. Then there was a 15% decrease in chlorides, near elimination of sulphates in production (reduced by 98%) and total nitrogen (reduced by 57%). Encouraging results also for water consumption, with a 25% reduction in the retanning phase. Adding chromium salts was not necessary during the retanning phase.





05.

Our people

5. Our people

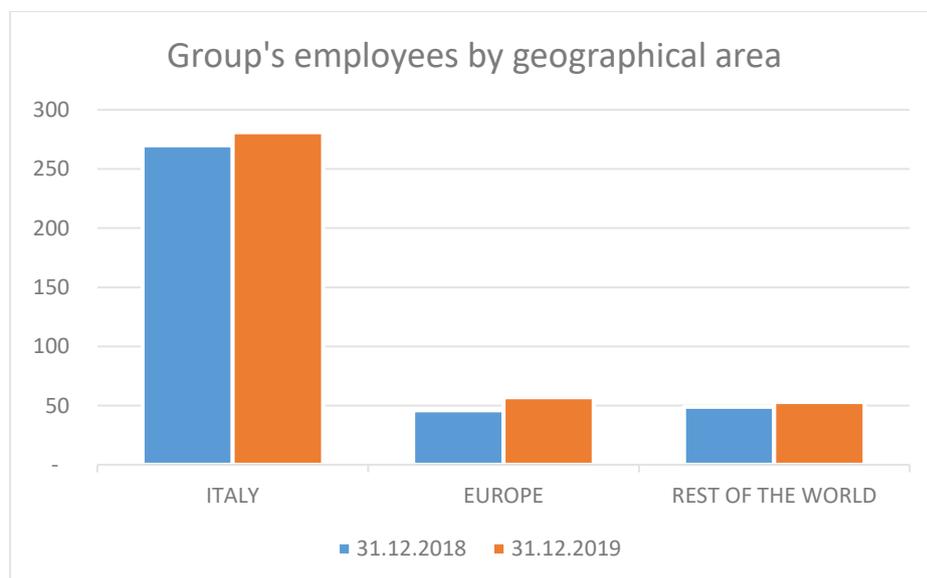
5.1 People of the Group

For the Biolchim Group, **every person has great value**. The company considers the enhancement and development of employees and values such as personal dignity, tolerance, transparency and worker safety of great importance.

The Group aims to maintain a **high level of motivation** among its people, providing the necessary resources and tools to ensure that the high internal expertise level is used to the maximum benefit of the organization.

Group people, when performing their duties, favour a work environment free from any prejudice, respecting the employee's personality.

As of 31 December 2019, the Group had **391 employees, up 7%** compared to the previous year. The majority of the company's workforce is employed in Italy (72% with 281 employees), while the remainder is divided between European countries (mainly in Germany, Poland, Hungary) and non-European countries (mainly in Brazil, Canada, China, Colombia, New Zealand).



55% of Group staff is aged between 30 and 50, followed by 34% over 50 and 11% under 30. **Permanent contracts** are predominant (**90%**), in line with the Group's desire to **create strong, long-lasting professional relationships over time**.

HUMAN RESOURCES

As of 31 December 2019

391 Employees

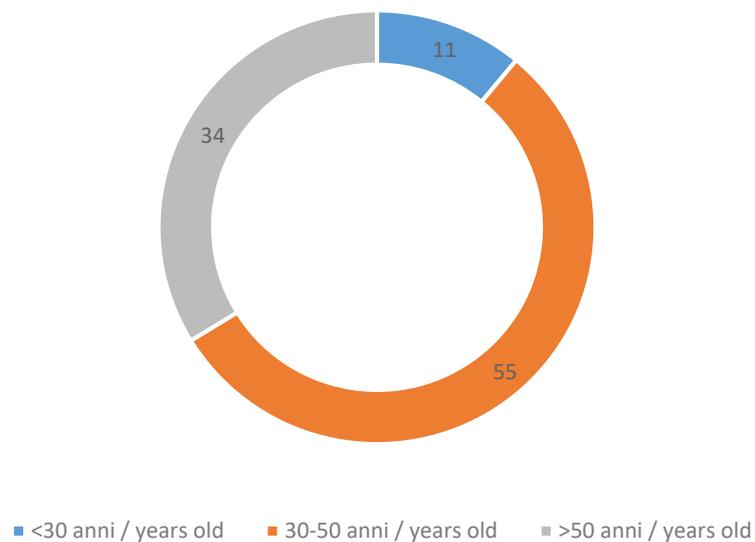
Of whom:

32% Women

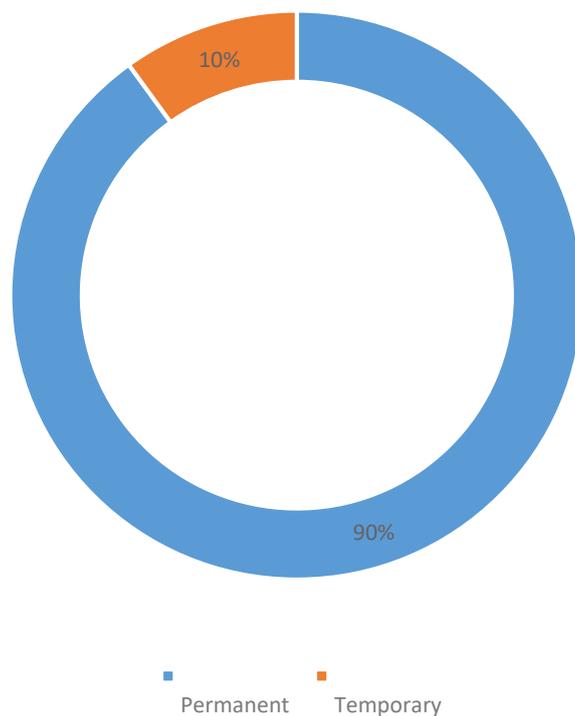
90% Permanent contract

69 New hires

Age division Group's employees as of 31.12.2019



Type of contract Group's employees as of 31.12.2019



In addition to the 391 employees, as of 31 December 2019 the Group has 215 external workers, mostly sales agents, who help the Group disseminate its products and innovations.

Biolchim has always had strong relations with the technical schools of the area, in order to **recruit the best resources**, motivated to take this professional path. In this regard, Biolchim takes part in the so-called "career days" organized by the main technical schools and Universities in the area (Bologna, Ferrara, Padua mainly) to meet students about to obtain their diplomas and degrees.

The Group is committed to maintaining a relationship with the social partners and workers' representatives based on constructive dialogue and inspired by the principles of fairness and transparency. With regard to Group companies, it should be noted that the percentage of employees covered by collective bargaining agreements is 100% of the total for Italian companies, while in the other countries employment contracts are based on different government regulations.

Employee development and retention

Biolchim deems **training** to be fundamental since it is necessary for **career growth** and **skill development**, the pillars of corporate success; therefore, Biolchim promotes continuous training with both refresher courses and courses dedicated to specific topics, in order to enhance the knowledge and skills of each resource in the organization.

Considering the compulsory and non-compulsory training activities carried out by the Group's main production companies, over **2,700 hours of training** were provided in 2019, 68% of which dedicated to employees.²

Proper evaluation and management of the company's resources has become a fundamental tool for Biolchim to correctly orient company management. Thanks to a **self-assessment model**, the individual employee can make training requests to his or her manager who in turn assesses and approves the request based on the employee's skills and aptitudes.

By constantly investing in the development of human capital, the Company has traditionally developed a policy that focuses on staff loyalty. The Group's outgoing turnover rate as of 31.12.2019 was particularly low, i.e. 11%.

² Training hours include Biolchim S.p.A., Cifo S.r.l. and ILSA S.p.A..



5.2 Employee engagement and well-being

The management of human resources in the Biolchim Group aims to **integrate, respect and promote all forms of diversity**, hindering any discrimination resulting, for example, from gender, nationality, sexual orientation, age or political and/or religious opinions; the company considers them growth opportunities for the organization.

To support and promote the well-being of its people, over the years, Biolchim has implemented some welfare initiatives to try to improve the lives of employees in the workplace.

Biolchim has always been a **multicultural** reality and has worked over time to create an inclusive working environment free from discrimination of any kind.

Employee relations are based on respect for the rights and freedom of individuals, as well as of the fundamental principles that affirm equal social dignity without discrimination on the grounds of nationality, language, sex, race, religious belief, political and trade union membership, physical or mental conditions.

No reports of actual or alleged discriminatory practices occurred in 2019.



5.3 Our commitment for employee's health and safety

Biolchim undertakes to **promote and consolidate a culture of safety**. All employees are required, as part of their activities, to consider with the same commitment and intensity not only production aspects but also those of safety and environmental protection.

All Group activities are carried out in full compliance with current legislation and company directives on the prevention and protection of workers, and workplace safety. The Group's Italian manufacturing companies have obtained OHSAS 18001 certification for their workplace health and safety management system. In 2020 that will pass to UNI ISO 45001, to create a culture of health and safety, to promote continuous improvement on these corporate aspects. The management system provides for the presence of all the necessary functions, in line with legal parameters, which include the appointment of Prevention and Protection Service Managers (Responsabile del Servizio Prevenzione e Protezione - RSPP) and of Workers' Safety Representatives (Rappresentanti dei Lavoratori per la Sicurezza - RLS).

Occupational health and safety risks are mapped and assessed within the DVR (Risk Assessment Document – "Documento di Valutazione dei Rischi"). For several years now, a "bottom-up information" system has been implemented, which encourages all employees, in both offices and production, to report any critical issues, so as to contribute, each within the scope of their duties, to identifying and preventing risks and protecting health and safety for themselves, their colleagues and third parties.

The Group's activities are based on the following principles:

- Combat risks at source, and assess risks that cannot be avoided to ensure they are properly managed;
- Adapt work to man, in particular as regards the design of workplaces and the choice of work equipment and working and production methods, in particular to mitigate monotonous and repetitive work and reduce the effects of those activities on health;
- Promote practices and materials that reduce the dangerousness of work, also on the basis of technical innovations in this field;
- Plan prevention, aimed at a coherent whole that integrates technique, work organization, working conditions, social relations and the influence of factors in the working environment;
- Prioritize collective protection measures over individual protection measures, by disseminating appropriate instructions to workers.

OCCUPATIONAL HEALTH AND SAFETY

OHSAS 18001 for
BIOLCHIM, CIFO
and ILSA plants.

**13 work-related
injuries** in 2019

4.6 injury rate in
2019

These principles are adopted by the companies of the Group to take the necessary measures to protect the health and safety of workers, including prevention of occupational risks, information and training, as well as preparation of an organization and the necessary means.

In the Italian companies, 13 work-related injuries were recorded in 2019, in line with the previous year (12 injuries in 2018)³. Near-miss events are monitored in the same way as injuries and workers are made aware of the importance of reporting such events through special training sessions. The RSPP receives and evaluates reports, which are managed together with the RLS.

³ Data refers to the Italian companies: Biolchim S.p.A., Cifo S.r.l., Ilsa S.p.A. and Ilsa Mediterraneo S.p.A. For further information on health and safety performance, see chapter "performance indicators".

RISK MANAGEMENT: COVID-19 PREVENTION

Due to the spread of the Covid-19 pandemic in early 2020, the Group's management has closely monitored the evolution of the situation.

The Biolchim Group has taken steps to implement suitable safety and control measures in order to guarantee operational continuity at the production sites, through careful emergency management and reorganization of work activities to protect people's health and safety. In particular:

- As soon as the virus began to spread, all travel to China was suspended, and soon after all other trips abroad.
- The Behavioural Decalogue issued by the Higher Institute of Health has been implemented and disseminated.
- Restrictions have been applied to the organization of meetings (favouring video-conference communications) and to close contacts with external personnel (through specific operating instructions).
- Training has been carried out for workers to reduce close contact and to respect the behavioural Decalogue.
- Disinfectant and protective masks have been made available to all personnel.
- Periodical disinfection of company premises with products based on sodium hypochlorite has been planned.
- Smart working has been activated, in order to substantially reduce contact inside the offices, and a set of new laptops has been purchased, to increase the number of people who can work from home.
- A special Covid risk insurance policy has been arranged to cover medical expenses for employees who contract the virus;
- Initiatives have been taken to support employee morale such as the distribution of Zero KM food products "Spesa Amica"

Following further restrictions provided for by the Decree of the President of the Council of Ministers 10/03/2020, which established measures to contain Coronavirus contagion to all the Regions of Italy, the directives have been implemented and the self-declaration has been given to all workers who were not able to use smart working in order to protect and motivate movements to and from the company.



06.

Building the future

6. Building the future

6.1 Win project and the Co-creation

In January 2012, Biolchim launched the **WIN Project** (acronym for Worldwide Innovation Network), an international network of collaboration to create innovation. **WIN** is based on the principles of co-creation.



Through **WIN**, **Biolchim** works with its partners in all the phases of product development, from ideation to marketing, with two main goals:

- **to facilitate technology transfer:** by cooperating with universities, research centers, innovative spin-offs and start-ups, **Biolchim** participates in major research projects in plant nutrition, industrial technologies, logistics, marketing, and communication, aiming at turning results into innovative, effective and environmental-friendly products and services;
- **to reduce the time-to-market of the product:** new products are simultaneously tested in the diverse agricultural contexts where commercial partners are operating. In this way, **Biolchim** and its collaborators can accelerate the introduction of new products on local markets. The agronomic data collected in field trials conducted around the world also represents an important source of technical product knowledge available to all participants in the project.

Win is a continuously evolving project; potential partners through the years have been the following:

Win partners

	2012	2014	2017	2019
<i>Universities</i>	3	11	27	28
<i>Research centers</i>	7	14	21	21
<i>Private laboratories</i>	5	7	26	30
<i>Business partners</i>	4	7	20	20
Total	19	39	94	99

Co-creation is a new innovation strategy based on achievement of a corporate value shared and co-generated by all market players. Up to now, the use of external resources in the innovation process by companies has been limited to unidirectional academic collaboration where universities or research centers developed projects designed by companies. In co-creation, collaboration networks are broadened and structured in a bidirectional way: companies, universities, research centres and market players share resources and means to develop ideas born externally or internally for the mutual benefit of all parties involved.



6.2 Networking initiatives and other activities - collaborations

European Biostimulant Industry Council (EBIC)

Biolchim is one of the founders of the **European Biostimulant Industry Council**, which in 2019 can count on 56 members from among the most important companies in the industry. The aim of EBIC is to actively participate in the work of the European Commission on revision of the current fertilizer market regulation (Reg. 2003/2003).



Today's national legislation and existing EU regulations in this area do not define unequivocal rules for the biostimulant market. As a result, the industry is moving in a fragmented, unclear picture.

A specific, harmonized regulation at European level on biostimulants will enable creation of a more robust market, fostering development and innovation and ensuring product safety and effectiveness.

2nd National Workshop on Biostimulants

In September 2019 more than 250 people attended the 2nd National Workshop on Biostimulants, a day of sharing dedicated to the topic of nutrition of agricultural crops.

The Group presented the processes that lead to the formulation of biostimulants, illustrating the phases of product development, experimentation in a controlled environment and large-scale field tests.



MACFRUT2019 Event

Analyzing farmers' goals, sharing their experiences, tracing new paths for an increasingly targeted and performing agricultural crop nutrition. MACFRUT2019 was all this. An opportunity to know, listen, support and solve.



From 8 to 10 May 2019, the booth set up for the international event was a crowded meeting point for many people working in the supply chain. With the effectiveness, security and sustainability of their strategies, the company's staff has done what they do best: paying attention to agronomic problems, offering specific solutions.

MACFRUT 2019

Combi Mais Project: second place in the national Confagricoltura award

The innovative precision farming protocol of Combi Mais Idrotechnologies - in which Cifo, a historical partner, participates with specific products for localized nutrition at sowing and fertigation and with foliar biostimulants - in 2019 won the second place of the **National Confagricoltura Award "Innovation in Agriculture"** in the category "New Frontiers". This category is **dedicated to technological innovations** related to processes, products and services, applied at the enterprise level; it passed the selection of a jury of authoritative representatives from the business and academic world.

The award ceremony was held in Rome, at Palazzo della Valle, in the presence of representatives of the political and institutional world, including Prime Minister Giuseppe Conte and the Minister of Agriculture and Forestry, Gian Marco Centinaio.

The Combi Mais project, part of the Mais in Italy project and in its sixth year, has now become a national reference protocol combining innovation, profitability for farmers and sustainable production of excellent quality.

Amici in Fiore – 5^a Edition



During the school year 2018/19, the 5th edition of the Amici in Fiore educational project took place, with Cifo as its sponsor for the 3rd consecutive year.

The project, for Nursery and Primary Schools, has allowed children to get closer to the plant universe, to understand its benefits and characteristics and foster respect for nature, balance in relationships and respect for differences.

Amici in Fiore made an educational kit available to schools through which classes followed a scientific and emotional knowledge path. The activities ended with a contest in which more than 900 classes took part.

Other initiatives

Discover the other 2019 initiatives through the QR Codes below:



7. Appendix

7.1 Scope of the Material Issues

MATERIAL ISSUES	GRI STANDARD	IMPACT BOUNDARY	TYPE OF IMPACT
Economic-financial sustainability	-	Biolchim Group	Caused by the Group
Governance, compliance and business ethics	ANTI CORRUPTION (GRI 205) UNFAIR COMPETITION UNFAIR COMPETITION (GRI 206) ENVIRONMENTAL COMPLIANCE (GRI 307) SOCIO-ECONOMIC COMPLIANCE (GRI 419)	Biolchim Group	Caused by the Group
Energy, emissions and climate change	ENERGY (GRI 302) EMISSIONS (GRI 305)	Biolchim Group	Caused by the Group
Water protection	WATER AND WASTE WATER (GRI 303)	Biolchim Group	Caused by the Group
Production efficiency	-	Biolchim Group	Caused by the Group
Safe use of chemicals	-	Biolchim Group	Caused by the Group
Proper management of waste and waste water	WASTE WATER AND WASTE (GRI 306)	Biolchim Group	Caused by the Group
Management and development of human capital	EMPLOYMENT (GRI 401) TRAINING AND EDUCATION (GRI 404)	Biolchim Group	Caused by the Group
Diversity, inclusion and well-being of employees	EMPLOYMENT (GRI 401) DIVERSITY AND EQUAL OPPORTUNITIES (GRI 405) NON DISCRIMINATION (GRI 406)	Employees of the Biolchim Group	Caused by the Group
Industrial relations	-	Biolchim Group	Caused by the Group
Health and safety of workers	OCCUPATIONAL HEALTH AND SAFETY (GRI 403)	Employees ⁴ of the Biolchim Group	Caused by the Group
Relations with farmers and farms	-	Biolchim Group	Caused by the Group and directly related to a business relation
Product quality and safety	CUSTOMERS' HEALTH AND SAFETY (GRI 416) MARKETING AND LABELLING (GRI 417)	Biolchim Group	Caused by the Group
Research and innovation	-	Biolchim Group	Caused by the Group and directly related to a business relation
Agricultural productivity	-	Biolchim Group	Caused by the Group
Collaborations and partnerships with organizations in the sector	-	Biolchim Group	Caused by the Group and directly related to a business relation
Sustainable management of the supply chain	-	Biolchim Group	Caused by the Group and directly related to a business relation

⁴ The scope of health and safety data only includes Biolchim S.p.A., Cifo S.r.l., Ilsa S.p.A. and Ilsa Mediterraneo S.p.A. employees. The Group is considering the possibility to collect such data for all employees and for outsourced workers and suppliers, working at the Group's premises.

7.2 Performance indicators

Environmental data

Energy consumption inside the organization (GJ)⁵

Type of consumption	2018	2019
Energy sources	170.613	167.886
Natural gas	156.948	154.137
Diesel	13.665	13.750
Electricity purchased from grid	15.451	13.644
From renewable sources	-	-
From non-renewable sources	15.451	13.644
Self-produced electricity and sold to the grid	961	1.811
From renewable sources	-	-
From non-renewable sources	961	1.811
Total	185.103	179.720

Greenhouse-gas emissions - Scope 1 and Scope 2 (tCO₂)⁶

		2018	2019
Scope 1	Direct emissions (Scope 1)	9.785	9.634
Scope 2	Indirect emissions (Scope 2) Location-Based	1.358	1.199
	Indirect emissions (Scope 2) Market Based	2.073	1.831
Total	Total (Scope 1 and Scope 2 Location-Based)	11.143	10.834
	Total (Scope 1 and Scope 2 (Market-Based))	11.858	11.465

⁵ The following conversion factors were used to calculate energy consumption in GJ:

- Natural gas: for the year 2018 is 35.2 GJ/1000*stdm3 and for 2019 is 35.3 GJ/1000*stdm3 (source: ISPRA 2018; ISPRA 2019);
- Diesel: for the years 2018 and 2019 is 36.0 GJ/1000*l (source: ISPRA 2018; ISPRA 2019);
- Diesel fuel for motor vehicles: for the years 2018 and 2019 it is 35.9 GJ/1000*l (source: ISPRA 2018; ISPRA 2019).

⁶ The emission factors used for the calculation of Scope 1 are:

- Natural gas: for the years 2018 and 2019 it is equal to 1.97 tCO₂/1000*Stdm3 (Source: ISPRA 2018; ISPRA 2019)
 - Diesel: for the years 2018 and 2019 it is 2.65 tCO₂/l (Source: ISPRA 2018; ISPRA 2019)
 - Diesel fuel for motor vehicles: for the years 2018 and 2019 it is 2.64 tCO₂/l (source: ISPRA 2018; ISPRA 2019).
- For the calculation of Scope 2 emissions, in line with the GRI Sustainability Reporting Standards, both calculation methods were used.

Market-based is based on the CO₂ emissions released by the energy suppliers from which the organization purchases electricity through a contract and can be calculated by considering: Energy Origin Guarantee Certificates and direct contracts with suppliers, supplier-specific emission factors, emission factors related to the "residual mix", i.e. unmonitored or unclaimed energy and emissions (methodology used, with emission factor Italy 2019: 483 gCO₂/kWh - source: AIB - European Residual Mixes 2018). The Location-based method is based on average emission factors related to energy generation for well-defined geographical boundaries, including local, subnational or national boundaries (methodology used, with emission factor Italy 2019: 316.4 g CO₂/kWh - source: ISPRA 2019).

The emissions of Scope 1 are expressed in tons of CO₂, as the source used does not report the emission factors of other gases than CO₂. The Scope 2 emissions calculated with the Location-based method are expressed in tons of CO₂, however the percentage of methane and nitrous oxide has a negligible effect on total greenhouse gas emissions (CO₂ equivalent) as inferred from the technical literature.

Nitrogen oxides (NO_x), sulphur oxides (Sox) and other significant emissions (mg/Nmc)

	2018	2019
NO_x	6,8	6,9
Volatile Organic Compounds (VOC)	2,5	29,4
Particulate matter (PM)	8,7	11,3
Other standard categories of emissions identified in the existing regulation	4,3	1,2
Total	22,2	48,7

Water intake per source (MI)⁷

Intake source	2018	2019
Underground water	0,9	0,8
Third parties' water sources	58	57
Total	59	58

Waste water by destination (MI)⁸

Waste water destination	2018	2019
Third parties' water sources	53	55
Total	53	55

Type of waste and disposal method (t)

Disposal method	2018			2019		
	Hazardous	Non hazardous	Total	Hazardous	Non hazardous	Total
Recycle	2	206	208	24	195	219
Reuse	-	64	64	-	53	53
Composting	-	-	-	-	14	14
Energy recovery	-	9	9	14	-	14
Incineration	-	-	-	-	13	13
Landfill	-	-	-	-	31	31
Physical-chemical treatment	-	1.705	1.705	2	1.363	1.365
Organic treatment	-	193	193	-	186	186
Stockpiling	13	217	230	16	186	202
Preliminary deposit	-	-	-	2	17	19
Other	3	170	173	4	101	105
Total	18	2.565	2.583	62	2.159	2.222

⁷ Water intake from areas not subject to water stress.

⁸ Waste water in areas not subject to water stress. Waste water for Biolchim S.p.A. and Cifo S.r.l. was estimated based on water intake and quantities of specific type of liquid waste disposed of, deriving from the use of water resources in the production process.

Data concerning human resources

Total number of employees divided by contractual type (permanent contract and temporary contract)

	31.12.2018			31.12.2019		
	Men	Women	Total	Men	Women	Total
Permanent contract	220	109	329	239	113	352
Temporary contract	26	10	36	26	13	39
Total	246	119	365	265	126	391

Total number of employees divided by contractual type (permanent contract and temporary contract) and geographical area

	31.12.2018				31.12.2019			
	Italy	Europe	Rest of the world	Total	Italy	Europe	Rest of the world	Total
Permanent contract	260	44	25	329	268	54	30	352
Temporary contract	10	2	24	36	13	3	23	39
Total	270	46	49	365	281	57	53	391

Total number of employees divided by full-time and part-time and gender

	31.12.2018			31.12.2019		
	Men	Women	Total	Men	Women	Total
Full-time	241	107	348	254	111	365
Part-time	5	12	17	11	15	26
Percentage Part-time	2%	10%	5%	4%	12%	7%
Total	246	119	365	265	126	391

Total number of outsourced worker divided by gender

	31.12.2018			31.12.2019		
	Men	Women	Total	Men	Women	Total
Agency workers	3	1	4	1	-	1
Agents	201	7	208	208	6	214
Internship	-	-	-	-	-	-
Total	204	8	212	209	6	215

Number and employment rate by gender, age and geographical area

	2018					2019				
	<30 years old	30-50 years old	>50 years old	Total	Rate	<30 years old	30-50 years old	>50 years old	Total	Rate
Italy										
Men	7	14	2	23	14%	7	14	-	21	12%
Women	2	3	1	6	6%	3	7	1	11	10%
Total	9	17	3	29	11%	10	21	1	32	11%
Rate	60%	13%	2%	11%		42%	15%	1%	11%	
Europe										
Men	3	1	3	7	16%	6	10	6	22	42%
Women	1	-	-	1	33%	-	1	1	2	50%
Total	4	1	3	8	17%	6	11	7	24	42%
Rate	80%	3%	27%	17%		75%	31%	54%	42%	
Rest of the world										
Men	2	5	-	7	20%	2	7	-	9	24%
Women	2	3	-	5	36%	2	2	-	4	25%
Total	4	8	-	12	24%	4	9	0	13	25%
Rate	57%	22%	0%	24%		36%	24%	0%	25%	
Total										
Men	12	20	5	37	15%	15	31	6	52	20%
Women	5	6	1	12	10%	5	10	2	17	13%
Total	17	26	6	49	13%	20	41	8	69	18%
Rate	63%	13%	4%	13%		47%	19%	6%	18%	

Number and turnover rate by gender, age and geographical area

	2018					2019				
	<30 years old	30-50 years old	>50 years old	Total	Rate	<30 years old	30-50 years old	>50 years old	Total	Rate
Italy										
Men	1	6	5	12	7%	1	6	7	14	8%
Women	-	1	1	2	2%	-	2	5	7	7%
Total	1	7	6	14	5%	1	8	12	21	7%
Rate	7%	5%	5%	5%		4%	6%	11%	7%	
Europe										
Men	2	3	4	9	21%	3	4	5	12	23%
Women	-	-	1	1	33%	-	1	-	1	25%
Total	2	3	5	10	22%	3	5	5	13	23%
Rate	40%	10%	45%	22%		38%	14%	38%	23%	
Rest of the world										
Men	1	3	-	4	11%	-	7	-	7	19%
Women	2	2	-	4	29%	-	1	1	2	13%
Total	3	5	-	8	16%	-	8	1	9	17%
Rate	43%	14%	0%	16%		0%	22%	20%	17%	
Total										
Men	4	12	9	25	10%	4	17	12	33	12%
Women	2	3	2	7	6%	-	4	6	10	8%
Total	6	15	11	32	9%	4	21	18	43	11%
Rate	22%	8%	8%	9%		9%	10%	14%	11%	

Average number of training hours per year, per person, divided by gender and type of contract⁹

	2018			2019		
	Men	Women	Total	Men	Women	Total
Managers	24	n/a	24	17	n/a	17
White-collar	6	8	7	8	13	10
Blue-collar	25	9	21	11	1	8
Total	15	8	12	10	10	10

Percentage of employees divided by type of contract and gender

	31.12.2018		31.12.2019	
	Men	Women	Men	Women
Managers	94%	6%	95%	5%
White-collar	60%	40%	60%	40%

⁹ Training hours include data concerning Biolchim S.p.A., Cifo S.r.l. and ILSA S.p.A.

Blue-collar	78%	22%	79%	21%
Total	67%	33%	68%	32%

Percentage of employees divided by type of contract and age

	31.12.2018			31.12.2019		
	<30 years old	30-50 years old	>50 years old	<30 a years old	30-50 years old	>50 years old
Managers	0%	33%	67%	0%	33%	67%
White-collar	7%	51%	42%	11%	54%	35%
Blue-collar	4%	48%	48%	5%	47%	48%
Total	7%	55%	38%	11%	55%	34%

Employees belonging to vulnerable categories (e.g. protected categories)¹⁰

	31.12.2018	31.12.2019
White-collar	6%	6%
Blue-collar	8%	9%
Total	6%	6%

Health and safety indicators¹¹

Number of occupational injuries and deaths

	2018	2019
Total number of deaths due to occupational injuries	-	-
Total number of severe occupational injuries (excluding deaths)¹²	-	-
Total number of reportable occupational injuries	12	13

	2018	2019
Hours worked	716.136	569.131
Multiplier for the calculation	200.000	200.000

Death rate and injury rate of employees

	2018	2019
Death rate due to occupational injuries	-	-
Rate of severe occupational injuries (excluding deaths)	-	-

¹⁰ Data refers to the Italian companies: Biolchim S.p.A., Cifo S.r.l., Ilsa S.p.A. and Ilsa Mediterraneo S.p.A..

¹¹ Data refers to the Italian companies: Biolchim S.p.A., Cifo S.r.l., Ilsa S.p.A. and Ilsa Mediterraneo S.p.A..

¹² Occupational injuries leading to an impairment from which the worker cannot recover, does not recover or it is unrealistic to expect him or her to fully recover and return to pre-accident health within 6 months.

Rate of reportable occupational injuries¹³	3,35	4,57
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Note on methodology

This document represents the first edition of the Biolchim Group's Sustainability Report (in the document also "Biolchim" or "the Group") and describes its performance in the field of environmental, social and economic sustainability for the year 2019 (from 1 January to 31 December). In order to allow data comparability over time, a comparison with the data for the year 2018 is also reported.

This annual Sustainability Report has been prepared by reporting on a selection of the GRI Sustainability Reporting Standards published by the Global Reporting Initiative (GRI), as indicated in the "GRI Content Index" table, which provides evidence of the coverage of the GRI indicators associated with each sustainability theme discussed in this document.

In particular, the contents reported have been selected on the basis of the results of an initial materiality analysis carried out in 2019, which made it possible to identify the material aspects for the Biolchim Group and its stakeholders, as described in the chapter "The approach to sustainability" of this document.

The scope of data and economic information corresponds to that of the Consolidated Financial Statements of the Biolchim Group as of 31 December 2019.

The scope of data and social information corresponds to that of the companies fully consolidated in the Consolidated Financial Statements of the Biolchim Group as of 31 December 2019.

With reference to environmental data and information, the scope of reporting includes the main production companies of the Group: the parent company, Biolchim S.p.A., and the subsidiaries Cifo S.r.l. and Ilsa S.p.A.

Any change in scope with regard to individual themes or indicators is expressly stated in the text. In order to ensure data reliability, the use of estimates has also been limited as much as possible. If present, they are appropriately reported and based on the best available methodologies.

In 2019 there were no significant changes in the Group's size, ownership structure and supply chain.

For further information on this document, please write to:

biolchim@biolchim.it

¹³ The injury rate was calculated as the ratio between the total number of injuries and the total number of hours worked, by using a multiplier of 200,000.

GRI Content Index

This material refers to the following GRI disclosures

GRI Standard	Information	Page number	Note
GRI 101: REPORTING PRINCIPLES (2016)			
GRI 102: GENERAL DISCLOSURES (2016)			
Organization profile			
102-1	Name of the organization	8; 57	
102-2	Business, brands, products and services	18-29	
102-3	Headquarter location	9	
102-4	Business location	9	
102-5	Ownership and legal form	8	
102-6	Served markets	9-10	
102-7	Size of the Organization	9-17; 18-20; 38	The indicator is compliant with the requirements A.i and A.ii Of the reference standard.
102-8	Information on employees and other workers	38-39;53	
102-9	Supply chain	27	
102-10	Significant changes to the organization and its supply chain	57	
102-12	External initiatives	5; 25	
Strategy			
102-14	Declaration of a top manager	3	
Ethics and integrity			
102-16	Values, principles, standards and rules of conduct	6	
Governance			
102-18	Governance structure	8	
Stakeholder participation			
102-40	List of the stakeholder's groups	15	
102-41	Collective bargaining agreements	39	
102-42	Identification and selection of stakeholders	15-16	
Reporting practices			
102-45	Companies included in the consolidated financial statement	8; 57	

102-46	Definition of the report content and scope of the issues	14-15; 50; 57	
102-47	List of material issues	16; 50	
102-48	Revision of information	First year of reporting.	
102-49	Changes in reporting	First year of reporting.	
102-50	Reporting period	57	
102-51	Date of the most recent report	First year of reporting.	
102-52	Timing of reporting	57	
102-53	Contacts to enquire about the report	57	
102-54	Declaration on reporting in compliance with the GRI Standards	58	
102-55	Index of contents GRI	58-64	
102-56	External Assurance	The document is not subject to external assurance	
SPECIFIC DISCLOSURE			
GRI Standard	Information	Page number	Note
GRI 200: ECONOMIC SERIES			
Topic: Anti-corruption			
GRI-103: Management method (2016)			
103-1	Explanation of the material issue and its scope	16; 50	
103-2	Management method and its components	6	
GRI-205: Anti-corruption (2016)			
205-3	Established incidents of corruption and actions taken	There were no cases of corruption during 2019.	
Topic: Unfair competition			
GRI-103: Management method (2016)			
103-1	Explanation of the material issue and its scope	16; 50	
GRI-206: Unfair competition (2016)			
206-1	Legal actions against unfair competition, antitrust and monopoly practices	During 2019 there were no legal actions in the areas of unfair competition, antitrust, monopoly practices.	
GRI 300: ENVIRONMENTAL SERIES			
Topic: Energy			
GRI-103: Management method (2016)			
103-1	Explanation of the material issue and its scope	16; 50	
103-2	Management method and its components	31-32	

SPECIFIC DISCLOSURE			
GRI Standard	Information	Page number	Note
103-3	Assessment of the management method	31-32	
GRI-302: Energy (2016)			
302-1	Consumption of energy inside the organization	32; 51	
Topic: Water and waste water			
GRI-103: Management method (2016)			
103-1	Explanation of the material issue and its scope	16; 50	
103-2	Management method and its components	31; 34	
GRI-303: Water and waste water (2018)			
303-3	Water intake	34; 52	The indicator is compliant with the requirement A. and B. Of the reference standard.
303-4	Waste water	52	The indicator is compliant with the requirement A. Of the reference standard.
Topic: Emissions			
GRI-103: Management method (2016)			
103-1	Explanation of the material issue and its scope	16; 50	
103-2	Management method and its components	31; 33	
103-3	Assessment of the management method	31; 33	
GRI-305: Emissions (2016)			
305-1	GHG direct emissions (Scope 1)	33; 51	
305-2	GHG indirect emissions from energy consumption (Scope 2)	33; 51	
305-7	Nitrogen oxides (Nox), sulphur oxides (Sox) and other significant emissions	33; 52	
Topic: Waste water and waste			
GRI-103: Management method (2016)			
103-1	Explanation of the material issue and its scope	16; 50	
103-2	Management method and its components	31; 35	
103-3	Assessment of the management method	31; 35	
GRI-306: Waste water and waste (2016)			
306-2	Waste divided by type and disposal method	35; 52	
Topic: Environmental Compliance			

SPECIFIC DISCLOSURE			
GRI Standard	Information	Page number	Note
GRI-103: Management method (2016)			
103-1	Explanation of the material issue and its scope	16; 50	
GRI-307: Environmental Compliance (2016)			
307-1	Non-compliance with environmental laws and regulations	There were no cases of environmental non-compliance during 2019.	
GRI 400: SOCIAL SERIES			
Topic: Employment			
GRI-103: Management method (2016)			
103-1	Explanation of the material issue and its scope	16; 50	
103-2	Management method and its components	38-39	
103-3	Assessment of the management method	38-39	
GRI-401: Employment (2016)			
401-1	New hires and turnover	54-55	
Topic: Occupational health and safety			
GRI-103: Management method (2016)			
103-1	Explanation of the material issue and its scope	16; 50	
103-2	Management method and its components	42-43	
103-3	Assessment of the management method	42-43	
GRI-403: Occupational health and safety (2018)			
403-1	Management system of occupational health and safety	42	
403-2	Identification of hazards, risk assessment and injury analysis	42	
403-4	Participation and engagement of workers and communication on occupational health and safety	42-43	
403-5	Training of workers about occupational health and safety	42-43	
403-9	Occupational injuries	42; 56	The indicator is compliant with the requirements A.; C.; D.; E; G; of the reference standard.
Topic: Training and education			
GRI-103: Management method (2016)			

SPECIFIC DISCLOSURE			
GRI Standard	Information	Page number	Note
103-1	Explanation of the material issue and its scope	16; 50	
103-2	Management method and its components	40	
103-3	Assessment of the management method	40	
GRI-404: Training and education (2016)			
404-1	Average number of training hours per year, per employee	55	
Topic: Diversity and equal opportunities			
GRI-103: Management method (2016)			
103-1	Explanation of the material issue and its scope	16; 50	
103-2	Management method and its components	6; 38	
103-3	Assessment of the management method	6; 38	
GRI- 405: Diversity and equal opportunities (2016)			
405-1	Diversity of governance bodies and among employees	38-39; 55-56	
Topic: Non Discrimination			
GRI-103: Management method (2016)			
103-1	Explanation of the material issue and its scope	16; 50	
103-2	Management method and its components	6; 41	
103-3	Assessment of the management method	6; 41	
GRI-406: Non-discrimination (2016)			
406-1	Situations of discriminations and corrective measures adopted	41	
Topic: Customers' health and safety			
GRI-103: Management method (2016)			
103-1	Explanation of the material issue and its scope	16; 50	
103-2	Management method and its components	25	
103-3	Assessment of the management method	25	
GRI-416 Customers' health and safety (2016)			
416-2	Non-compliant cases concerning the impacts on product and service health and safety	During 2019, there were no cases of non-compliance with regard to consumer health and safety.	
Topic: Marketing and labelling			
GRI-103: Management method (2016)			
103-1	Explanation of the material issue and its scope	16; 50	
103-2	Management method and its components	6; 28	
103-3	Assessment of the management method	6; 28	

SPECIFIC DISCLOSURE			
GRI Standard	Information	Page number	Note
GRI-417: Marketing and labelling (2016)			
417-2	Non-compliant cases with regard to product and service information and labelling	During 2019 there were no cases of non-compliance with regard to product labelling.	
Topic: Socioeconomic compliance			
GRI-103: Management method (2016)			
103-1	Explanation of the material issue and its scope	16; 50	
103-2	Management method and its components	6	
GRI-419 Socioeconomic compliance (2016)			
419-1	Non-compliance with social and economic laws and regulations	During 2019 there were no cases of non-compliance with regard to social and economic laws and regulations.	
Topic: Economic-financial sustainability			
GRI-103: Management method (2016)			
103-1	Explanation of the material issue and its scope	16; 50	
103-2	Management method and its components	7; 11-12	
Topic: Production efficiency			
GRI-103: Management method (2016)			
103-1	Explanation of the material issue and its scope	16; 50	
103-2	Management method and its components	22-23; 28-29	
103-3	Assessment of the management method	22-23; 28-29	
Topic: Safe use of chemicals			
GRI-103: Management method (2016)			
103-1	Explanation of the material issue and its scope	16; 50	
103-2	Management method and its components	25-26	
103-3	Assessment of the management method	25-26	
Topic: Industrial relations			
GRI-103: Management method (2016)			
103-1	Explanation of the material issue and its scope	16; 50	
103-2	Management method and its components	39	
Topic: Relations with farmers and farms			
GRI-103: Management method (2016)			

SPECIFIC DISCLOSURE			
GRI Standard	Information	Page number	Note
103-1	Explanation of the material issue and its scope	16; 50	
103-2	Management method and its components	28-29	
103-3	Assessment of the management method	28-29	
Topic: Research and innovation			
GRI-103: Management method (2016)			
103-1	Explanation of the material issue and its scope	16; 50	
103-2	Management method and its components	22-24	
103-3	Assessment of the management method	23	
Topic: Agricultural productivity			
GRI-103: Management method (2016)			
103-1	Explanation of the material issue and its scope	16; 50	
103-2	Management method and its components	29	
103-3	Assessment of the management method	29	
Topic: Collaborations and partnerships with organizations in the industry			
GRI-103: Management method (2016)			
103-1	Explanation of the material issue and its scope	16; 50	
103-2	Management method and its components	45-49	
103-3	Assessment of the management method	45-49	
Topic: Sustainable management of the supply chain			
GRI-103: Management method (2016)			
103-1	Explanation of the material issue and its scope	16; 50	
103-2	Management method and its components	27	
103-3	Assessment of the management method	27	



Via San Carlo, 2130 | 40059 Medicina, Bologna
tel. 051 6971811 | fax 051 852884
biolchim@biolchim.it
www.biolchim.it

