

# SUSTAINABILITY REPORT 2021





LETTER FROM THE CEO \_\_\_\_\_ 5

COMPANY MISSION,  
VISION AND VALUES \_\_\_\_\_ 7

OUR SUSTAINABILITY STRATEGY \_\_\_\_\_ 9

Our first sustainability report \_\_\_\_\_ 13

Our stakeholders \_\_\_\_\_ 15

Materiality assessment  
and materiality matrix \_\_\_\_\_ 16

LBG JOINS THE 2030 AGENDA FOR  
SUSTAINABLE DEVELOPMENT \_\_\_\_\_ 19

Sustainability as a foundation for  
growth \_\_\_\_\_ 20

1	THE COMPANY'S STORY: INTERNATIONAL PRESENCE WITH ROOTS IN THE TERRITORY	29
	Our history	30
	The evolution of a family business	33
	The history of the carob tree	35
	Our products	37
	Product innovation	41
2	THE ECONOMIC ENVIROMENT	44
	Economic and financial performance	47
	Industry 4.0	49
3	THE PRODUCTION OF CAROB SEED FLOUR: A JOURNEY FROM PLANT TO FINISHED PRODUCT	51
	The short supply chain and the importance of vertical integration	53
	The carob tree: a economical and environmentally sustainable plant	56
	Our circular economy	58

4	THE PILLARS OF THE PRODUCTION PROCESS: ENVIRONMENTAL COMPLIANCE, QUALITY, BUSINESS CONTINUITY PLAN	63
	Our commitment for the environment	64
	Energy consumption and emissions	66
	Water resources management	68
	Waste	69
	The focus on quality and certifications	71
5	OUR HUMAN RESOURCES: AT THE HEART OF OUR BUSINESS	75
	Human capital	77
	The online communication	79
	Training and professional development	80
	Working in a healthy environment	83
	Empowering talents	85
	Authenticity, diversity and inclusiveness	87



## Dear Stakeholders,

we are delighted to be able to share with you **our first Sustainability Report**, an important exercise in articulating what we have always cared about.

We firmly believe that **sustainability** is the basis for healthy corporate growth and respect for the world we will leave to those who come after us.

The year 2021 was a unique year that saw dramatic impacts around the world, socially, economically, and politically. One impact, in particular has intensified our stakeholders' focus on sustainability. We have noticed increasing interest from both clients and investors especially on important issues such as climate change and sustainable agriculture, as well as social issues such as human rights in terms of diversity, equity, authenticity, and inclusion .

This interest only underlines the need for transparency in our operations and in the value chain we generate, and is the best and only way to identify and address whatever challenges remain in meeting sustainability goals.

Looking at 2022 and beyond, we are aiming to further deepen our stakeholder engagement. We know that as organisations begin to align with external programs, such as the United Nations Sustainable Development Goals, we can begin to leverage the expertise of customers and nongovernmental organizations (NGOs) to accelerate progress collectively.

In this first sustainability report we have pulled together the principles that characterise us and the numbers that tell our story, certain that they can be the starting point for future development in harmony with LBG Sicilia's many stakeholders.

We want to constantly improve. That is also why we are working to strengthen our efforts within LBG Sicilia by evolving our culture toward a path of sustainability and by establishing an advisory and executive working group to give continuity in results to our sustainability strategy and goals.

With all these changes, I look forward to our continued growth in sustainability and the exciting opportunities this continues to bring to our business and our relationships with key stakeholders.

Thank you for your interest and for taking the time to read this statement.





## COMPANY VISION, MISSION AND VALUES

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LBG Sicilia was born in 2001 in Ragusa from the inspiration of the founder and CEO, Sir Giovanni Carlo Licitra (knighted for services to industry), who decided to convert his father's carob business into an enterprise specialising in industrial transformation of raw material into carob seed flour, a 100% natural and sustainable food stabiliser.

To have roots in this business is to have a feeling of care and a sense of responsibility for the community. These roots are the foundation for building something of value that the community recognises and supports. In just a few years, the company established itself in the market gaining a leadership position.

These motivations and the challenges overcome by LBG Sicilia have taken the company to new levels: from managing the flour production chain, being creators of a product sophisticated in terms of quality, reliability and naturalness, to creating new jobs. The underlying reason why LBG Sicilia accepted the challenge was the desire to offer the city of Ragusa a chance for redemption. In twenty years LBG Sicilia got on its feet, letting a volcanic energy take shape and transform carob production from an agronomic into an industrial activity always in foment, that never stops investing and innovating. Over time, the necessary team was built to

face the challenges of the market and make a difference, generating passion, commitment to the company and a sense of belonging. LBG's mission is perfectly encapsulated within the company's claim:

WE ADD VALUE,  
NATURALLY.





## OUR SUSTAINABILITY STRATEGY

## OUR SUSTAINABILITY STRATEGY

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Business development in compliance with environmental, social and economic sustainability is the foundation on which LBG Sicilia's strategy is based. Construction of the value chain for a product of excellence also requires transparency.

The company has always paid special attention to the protection of the environment and natural resources, technological innovation, the development of the territory and appreciation of its workers.

The essence that distinguishes LBG Sicilia is summed up in these simple words:

## WE ADD VALUE, NATURALLY.

LBG Sicilia is a company operating in the food, pet-food and feed sector, which considers innovation its main competitive advantage.

Innovation conveyed as a way of thinking, of doing, of communicating.





LGB Sicilia's sustainability strategy is based on these four pillars:

#### SUPPLY CHAIN AND TERRAIN TRACEABILITY

Promoting sustainable farming practices, ensuring traceability of the integrated supply chain (from carob tree to flour/ locust bean gum), careful selection of suppliers based on ethical and environmental criteria, partnership with farmers for raw material of high quality and protein content, and paid fairly.

#### RESPONSIBILITY TO THE ENVIRONMENT

Reduction of plastic packaging consumption, energy efficiency initiatives, recovery of waste materials and water used in the processes with a view to circular economy (lifecycle management practices).

#### NEW PRODUCT RESEARCH AND DEVELOPMENT

Research and development of new food products to meet emerging food needs, ensuring and maintaining the highest food quality and safety.

#### HUMAN CAPITAL AND COMMUNITY

Attention to our employees and their health and safety in the management of the pandemic, promotion of talent, promotion of social and economic development of the territory, fighting food waste.



## OUR FIRST SUSTAINABILITY REPORT

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Nowadays, product quality in the food industry is not the only prerequisite; transparency in building the value chain of a product of excellence is also required. Business development with respect to environmental, social and economic sustainability is the foundation on which LBG Sicilia's strategy is based.

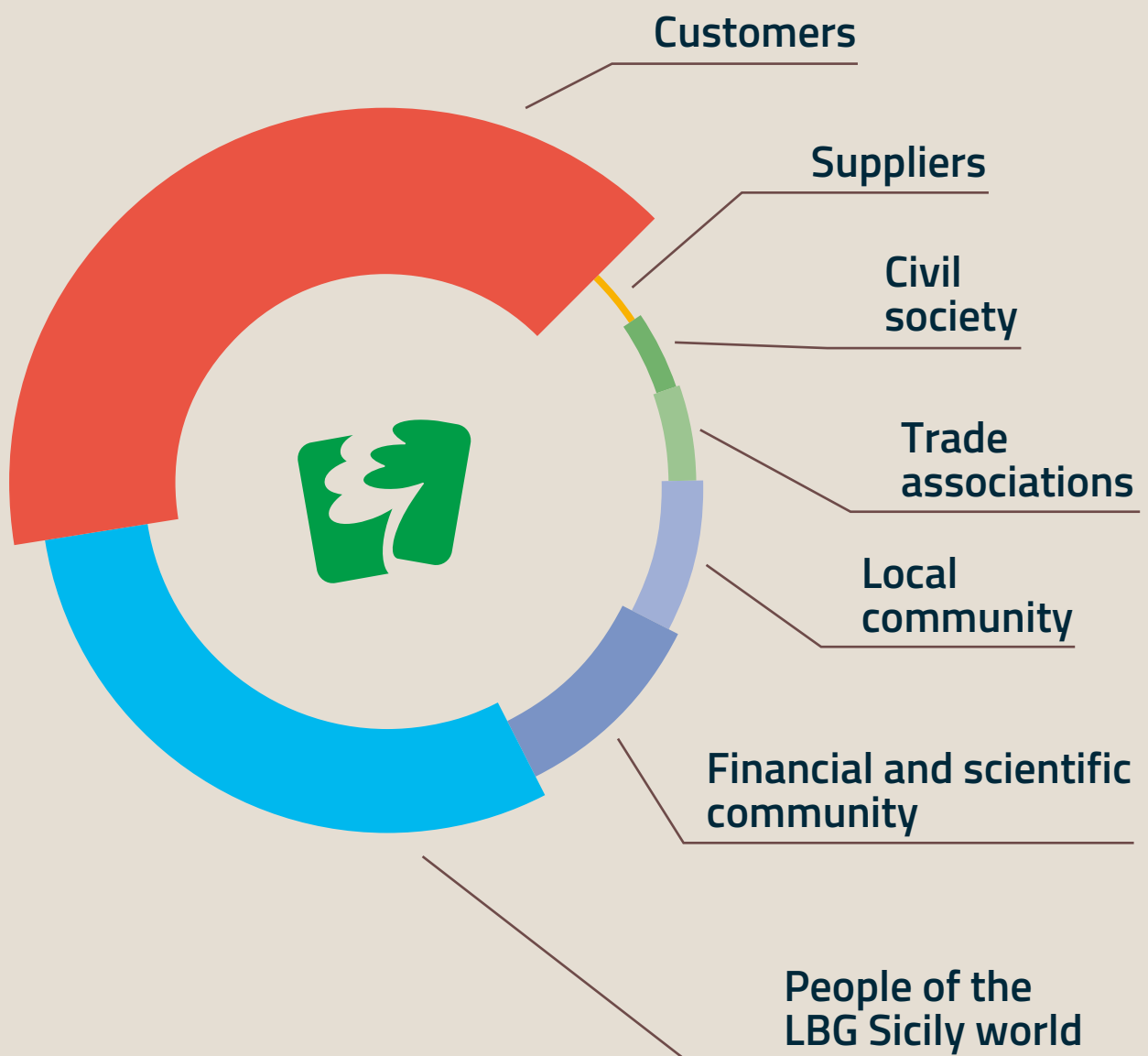
The company has always paid special attention to the **conservation of the environment** and natural resources, **technological innovation**, the **development of the territory** and the **people** who represent its heart.

To give a voice to these characteristics of LBG Sicilia's business, the company has decided to publish its first Sustainability Report for the period January 1 - December 31, 2021, a non-financial report to enhance and highlight the values and principles that inspire the company's activities.

Value creation is supported by strategic choices, underpinned by the cardinal principle on which corporate development is based:

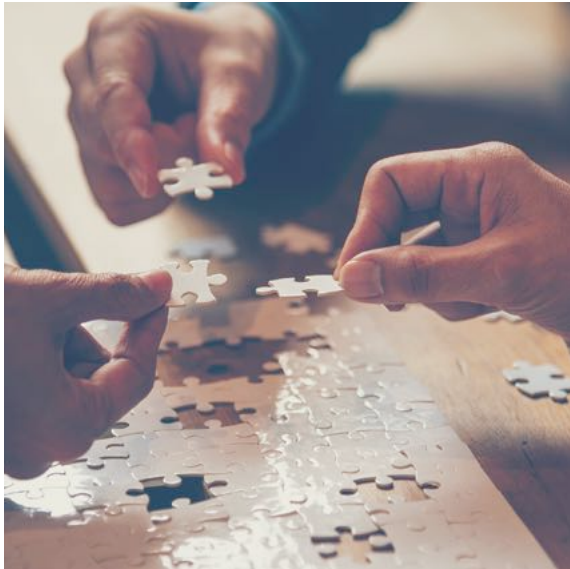
SUSTAINABLE  
INNOVATION.

## STAKEHOLDERS MAP



## OUR STAKEHOLDERS

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In our commitment to a sustainable and profitable growth, we are oriented toward conducting our business legally and responsibly for the welfare and safety of people, the community, and the environment. The involvement of our stakeholders is something we firmly believe in, and we give them all equal importance.

LBG Sicilia has always believed in the value and importance of its people, crucial building blocks in the development of work that can be called virtuous. Ensuring a safe and serene workplace for each person involved is an crucial prerogative within our company. With this in mind, for all employees and collaborators, the company has adopted a

Code of Ethics, defined in compliance with the law.

In a very short time LBG has put in place a plan to start the process of engagement with its stakeholders. In order for the dialogue to be long-lasting, LBG Sicilia, through internal surveys with company departments in charge of daily stakeholder relationship management, has compiled the stakeholders map shown on the previous page.

In 2021, LBG Sicilia began sending out questionnaires, starting from the very heart of the company, “THE PEOPLE OF THE LBG WORLD”.

The results are presented in the chapter on human resources. For us, the method of conducting and collecting data is a tool that will soon be extended to all stakeholders identified by LBG Sicilia. This tool represents a valuable opportunity to create a two-way dialogue: listening to the voice of our stakeholders and letting them impact the reality and the territory in which the company operates.



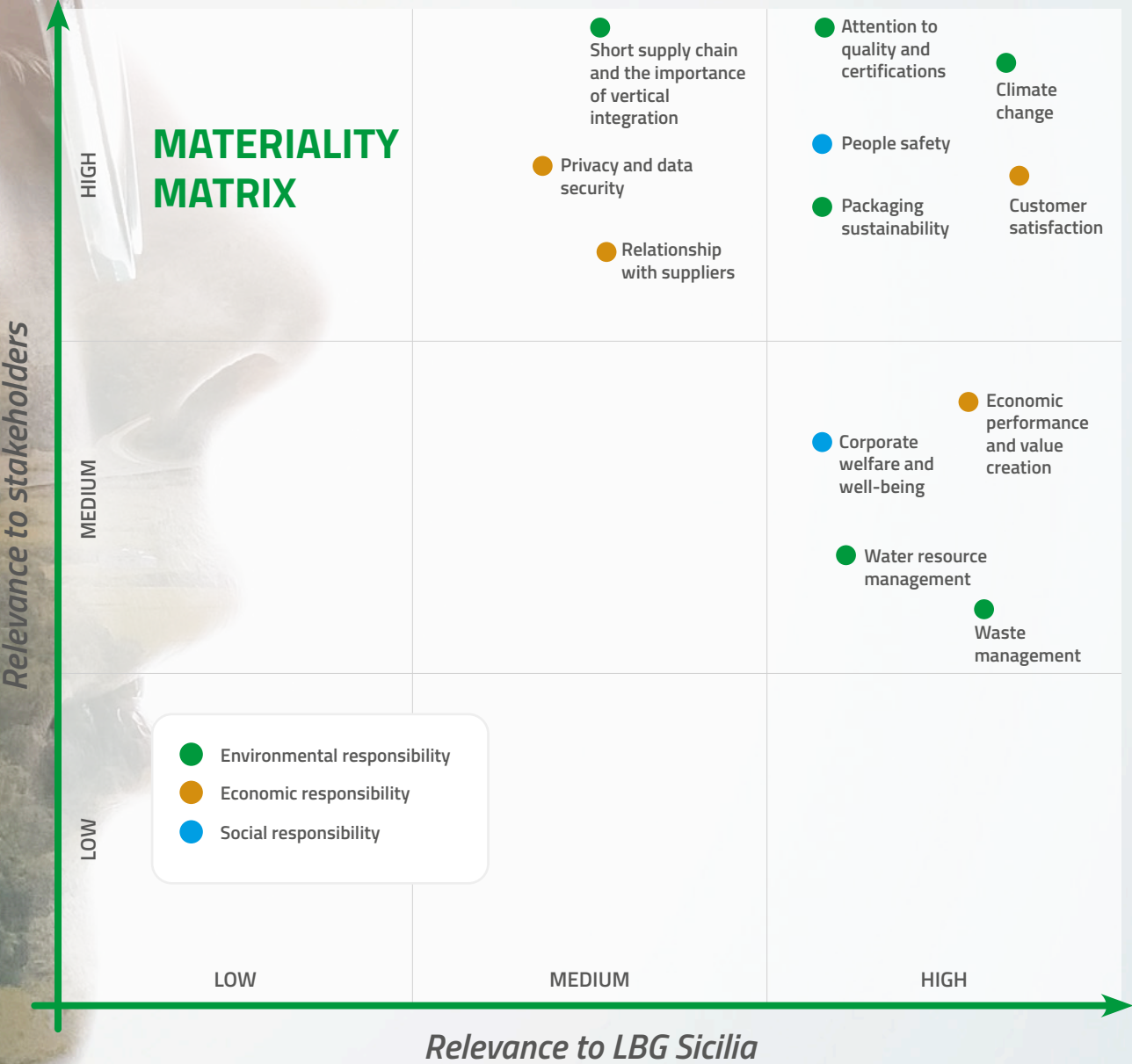
## MATERIALITY ASSESSMENT AND MATERIALITY MATRIX

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The contents being reported refer to the 2021 financial year and have been selected on the basis of the results of the materiality assessment by which relevant topics for LBG Sicilia and its stakeholders were identified. The materiality assessment process underlying the Sustainability Report was built on the methodological references provided by the GRI Standards. The identification phase selected topics relevant to LBG Sicilia (in terms of objectives and strategies) and the external context (in terms of sectoral issues and topics of interest to key stakeholders).

It was developed through an initial analysis of documentary sources, both internal and external. Through the involvement of managers from all business functions and areas, the list of potentially relevant issues was refined and validated, and information was gathered on priorities in corporate strategies, current management approach, major risks and impacts, and any emerging regulatory stimuli.

Reporting in the sustainability report is delineated by the material themes, that is, the most significant issues in terms of positive or negative impacts for LBG Sicilia's activities in the social, environmental and economic spheres. The analysis of the themes was carried out by considering both key aspects for the company and those of its stakeholders. We used an international methodological approach by adhering to industry best practices with the GRI Sustainability Reporting Standards. The outcomes of the materiality assessment carried out in 2020 have been graphically reported in the Materiality Matrix that shows the relevance of each material theme to LBG Sicilia on one axis and to its stakeholders on the other.





LBG SICILIA JOINS  
THE 2030 AGENDA  
FOR SUSTAINABLE  
DEVELOPMENT

WE SUPPORT



The 2030 Agenda for Sustainable Development, adopted on 25 September 2015 by the United Nations General Assembly, identifies a set of 17 Sustainable Development Goals (SDGs), valid for the period 2016-2030, aimed at improving human conditions as a whole, such as eradicating extreme poverty, reducing inequality and conserving the environment.

It is an ambitious action plan that recognises the role of the private sector as an indispensable actor in achieving these goals.

LBG Sicilia intends to actively contribute to the generation of positive change at the global level, aware of the significance of the impact of its business on the Sustainable Development Goals.



# SUSTAINABILITY AS A FOUNDATION FOR GROWTH

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Sustainability has always permeated LBG Sicilia as a whole, becoming a fundamental element in defining business objectives and consequent corporate growth. In fact, it has become automatic to align and link the company's strategic objectives with the goals for sustainable development dictated by the UN, which will be presented in the next chapters of this Sustainability Report.



## GOAL 2

### END HUNGER, ACHIEVE FOOD SECURITY AND IMPROVED NUTRITION AND PROMOTE SUSTAINABLE AGRICULTURE

#### Target 2.4

The goal of the United Nations 2030 Agenda is to end hunger and all forms of malnutrition worldwide by 2030. Given the rapid population growth, particularly in developing countries, food production will have to increase dramatically to meet the growing demand. The quality of food is just as important as the quantity of food. Indeed, the goal aims to end all forms of malnutrition, a very sensitive issue even for developed countries. Further aim of this goal is also to develop sustainable forms of agriculture that protect the preservation of the environment.

**Worldwide:** hunger is again on the rise globally and undernourishment continues to afflict millions of children. In 2017, 821 million people were reported to be undernourished worldwide. Public investments in agriculture is decreasing in many countries, and in particular small-scale food producers and farmers need better support and increased investment in infrastructure and technology to accelerate the transition to sustainable agriculture.

**In Italy:** in 2018, 1.5% of Italian households show signs of food insecurity while 30% of children aged 3 to 5 are overweight. In 2018, the areas dedicated to organic farming accounted for 15.5% of the utilised

agricultural area in Italy, more than double the EU average (7.5%), increasing from the previous year and up more than 75% since 2010.

**Our contribution** is to offer products with high nutritional value, which can be used to produce food that can provide a cornerstone of a healthy and balanced diet by consumers. In addition, it has already been a few years that LBG Sicilia has been showing its commitment to the development of organic farming and the study of techniques for researching and extracting fibres and protein from the raw materials used, techniques that are also being developed to the most sustainable agronomic practices, in order to have raw materials of increasing quality.



### GOAL 3

## ENSURE HEALTHY LIVES AND PROMOTE WELL-BEING FOR ALL AT ALL AGES

### Target 3.4

By 2030, reduce premature mortality from non-transmittable diseases by one-third through prevention and treatment and promote mental health and well-being.

**Worldwide:** about 15 million preterm infants are born around the world each year. Although their survival rate is continuously improving, preterm birth remains an ongoing challenge and there are great inequalities in care. About 30,000 preterm babies are born in Italy (6.9% of births). This still remains the lowest figure compared to the rest of European countries and the rest of the world.

The results of the new edition of “Being Mind-Healthy” were recently presented: the AXA Mental Health and Well-Being Study conducted by Ipsos. The survey was carried out by involving a sample of 11,000 people aged between 18 and 75 in 11 countries, including Italy, and reveals a picture on mental health: from the perception of emotional distress to that of stress and anxiety, investigating the behaviours and actions implemented to cope with stress and improve one’s mental and physical well-being.

**In Italy:** the Ipsos survey conducted for AXA confirms the trend that had already emerged from last year’s survey that saw women and younger people, particularly in Europe and especially in Italy, among the categories most affected in well-being and mental health due to the Covid-19 pandemic (48% in Italy vs. 33% global). In contrast, men show a better state of mental well-being also linked to greater job and income security, as the sectors most affected by the pandemic are those that see greater female employment, such as schools, health-care and hospitality. Also in Italy, 78% of respondents (vs. 38% of the

average for other countries) say they have lost access to childcare and schooling while on a waiting list.

Italy, along with France and Japan, is among the countries where the population has been most affected in their mental health, but, despite this, Italians tend not to broach the subject with their children and are among the least likely in Europe to seek support from family and friends in case of psychological distress. In addition, Italy is also the only European country in which the number of people who have self-diagnosed exceeds the number of those who have turned to a specialist, and this is also associated with a high perception of stress: more than half of Italian respondents reported feeling stressed.

Italians tend to consider Covid-19 as one of the variables that affected their mental health the most, second only to the economy and employment. At the same time, however, they are among those who show a good level of optimism for the future and take a positive approach to overcoming difficulties (63% Italy vs. 55% global average).

Finally, only 24% of Italian respondents believe that the public health system provides adequate support, and only 31% believe that their employer provides support to their employees regarding wellness and mental health.

**Our contribution:** questionnaires were provided to assess the corporate well-being of its people and research was undertaken, again through a questionnaire, to assess the eating habits and health status of people working at LBG Sicilia. This will inform a series of corrective and preventive actions to ensure staff mental health and well-being.



## GOAL 6 ENSURE AVAILABILITY AND SUSTAINABLE MANAGEMENT OF WATER AND SANITATION FOR ALL

### Target 6.4

By 2030, increase water efficiency substantially to be used in all sectors and ensure freshwater extraction and supply to address water shortage and substantially reduce the number of people affected by drought.

**In the world:** the availability of water reserves in the world is an asset that needs to be preserved and managed as best as possible. In fact, if we consider the distribution of water and especially the management of water reserves by each individual country, the situation is, not only very varied, but also complicated.

At 10 trillion cubic meters, water covers more than 70% of the earth's

surface, of which only about 3% is fresh and potentially potable water, a vital nutrient for humans that has become increasingly valuable over the years, so much so that it is referred to as “blue gold.” Most of the fresh water constitutes glaciers and perennial snows (68.9%), and is not available for human consumption, while 29% is confined underground where it conveys into numerous underground aquifers, up to tens of meters deep, from which water of high purity and quality can be drawn, but only, if pumps or other facilities are available. Only 0.3%, or 0.008% of the total water on the planet, is easily accessible in rivers and lakes. In fact, of all this fresh water, about 8% is used, of which

- 70% in agriculture
- 22% in industry
- only 8% for human consumption and in the service sector

The most water-rich countries include South America, Oceania, North Asia, and North America, especially Canada, water giant, with per capita water availability ranging from 10 thousand to 50 thousand litres per person. In contrast, the United States has an average availability of 10 thousand litres, as do the most water-rich European countries, namely the Scandinavian countries, Iceland, and Ireland.

In fact, in Europe there is an inequality between northern and central and southern territories. In particular, availability varies between 5,000 and 8,000 litres in Great Britain, France, Italy, Spain, Portugal, and Greece and then drops to 5,000 litres for Germany, Poland, and Romania.

**In Italy:** it is the most water-rich country in the Mediterranean basin and southern Europe due to the presence of the Alps, one of the main reservoirs of water resources in Europe. In Italy, however, great inequalities are observed between the North, which is rich in drinking water, and the South, which is poor and at risk of drought during the hot season. While on the one hand there are countries such as South America and Canada that have significant water supplies, averaging 30-40 thousand litres of water per person per year, on the other hand there are countries in Africa where in some areas we struggle to reach 3,000 thousand per year. Italy, with 428 litres per inhabitant per day, is first in the EU for extraction of drinking water, but the daily supply for drinking use is actually quantifiable at 220 litres per inhabitant, due to network leakage.

This is a figure that alarms us but that for years we have been trying to solve with the introduction of increasingly strict governance of water extractions, management, control and recycling, actions aimed at improving the use of this good by ensuring drinking water in an increasingly sustainable way.



**Our contribution:** our production process does not require large amounts of water. This allows us to significantly reduce water consumption. LBG Sicilia aims to create a system of rainwater collections in order to increase the efficiency of rainwater reuse.

## GOAL 7 ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY FOR ALL

### Target 7.2

By 2030, significantly increase the share of renewable energy in the global energy mix.

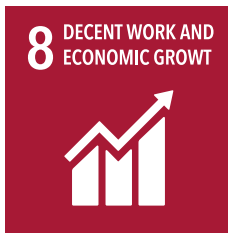
### Target 7.3

By 2030, double the global rate of energy efficiency improvement.

**In the world:** in recent years, the access to electricity in developing countries has increased, energy efficiency has improved, and renewable energies have an increasing weight among sources of energy production. However, if goal 7 is to be achieved by 2030, further increases in all major energy indices are needed. Despite progress, more than 800 million people still lack access to electricity.

**In Italy:** the share of energy consumption from renewable sources on the total gross energy consumption stood at 17.8% in 2019. In particular the share of renewables in gross domestic consumption of electricity shows a sharp increase in 2019, up to a 34.3%. Italy is among the not many EU countries that have already reached the national target set in 2020.

**Our contribution.** we already have a photovoltaic plant system but LBG Sicilia has decided to enhance the self-production of energy from renewable sources by increasing the capacity of its photovoltaic plant to 499 kWh.



## GOAL 8:

# PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL

### Target 8.4

This objective is dedicated to promoting a new model of economic development that combines growth and environmental protection, ensuring inclusion and equity in the distribution of economic resources and working conditions. Monitoring economic growth refers to the performance of economies and their productive capacity, to be sustained and strengthened by stimulating diversification, technological progress and innovation. The subject of labour is addressed with the aim of ensuring full employment and decent work for all, including groups at higher risk of exclusion (women, people with disabilities, migrants), ensuring fairness in wages, improving safety conditions in the workplace and eliminating all forms of labour exploitation.

**In the world:** labour productivity and unemployment have shown positive trends in recent years. However, economic growth has slowed down. A higher growth rate would be needed to increase employment opportunities, particularly by reducing the gender wage gap.

**In Italy:** the last two years show a slowdown in the growth of GDP per capita, which in 2021 stands at + 6.6%, with a growth of 7.5% compared to the year 2020. Irregular employment unfortunately still dominates a significant portion of the economic picture. The share of irregular employment in the total is 13.1%. Compared to 2020, the 2021 employment increased by 169,000, registering +0.8%. However, this improvement in the number of workers is counterbalanced by that of unemployment at +2.9 % (66 thousand units) bringing the employment rate to 9.5%.

**Our contribution:** LBG is committed to fair and inclusive employment, offering adequately remunerated working conditions and ensuring continuous improvement of its occupational safety standards. New investments for technological productions, are in the pipeline for LBG, envisaging for this goal an increase in work units of about 40% more staff.



## GOAL 9:

# BUILD RESILIENT INFRASTRUCTURE, PROMOTE INCLUSIVE AND SUSTAINABLE INDUSTRIALISATION AND FOSTER INNOVATION

## Target 9.4

**Our contribution:** a major new project has been initiated that will lead to the doubling of production capacity, storage capacity, R&D laboratories and an expansion of the product portfolio to include a range of proteins and vegetable fibres. Through the new plant, designed according to Industry 4.0 logic, the company will be able to count on a new production facility that is more effective and efficient with the aim of not only improving the technical performance of the product but to make the already highly sustainable production processes even more efficient.



## GOAL 12:

# ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS

## Target 12.2

By 2030, achieve sustainable management and efficient use of natural resources.

## Target 12.3

By 2030, halve global per capita food waste in retail and consumers and reduce food losses along production and supply chains, including post-harvest losses.

## Target 12.5

By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

**In the world:** material consumption has increased rapidly, as has the material footprint per capita, threatening the achievement of Goal 12. Urgent interventions are therefore called for to reverse course on material consumption and prevent over-exploitation of resources leading to environmental degradation. The next steps must therefore be aimed at improving efficiency, reducing waste to encouraging sustainable practices.

**In Italy:** progress has been seen in the field of waste management, albeit with an increase in urban waste per capita. Urban waste sent to landfills amounts to 21.5% of the total. The percentage of waste recycled has increased, reaching 51%, a level that allows Italy to exceed the 2021 target for the first time.

**Our contribution:** All waste such as paper and plastic are sent for recycling, food waste is recovered for the production of food for live-stock use. This is because LBG is committed to applying circular economy principles along the entire production line: from the raw material to the production of the finished product. LBG Sicilia aims to convert our primary packaging into packaging that is 100% recyclable in every component. A corporate culture of sustainability permeates our company, even and especially in everyday work: such as completely eliminating the use of plastic bottles.





# 1 THE COMPANY'S STORY: INTERNATIONAL PRESENCE WITH ROOTS IN THE TERRITORY

## OUR HISTORY



# 1955

The Licitra family starts in carob pod trading, becoming a reference in the territory of Ragusa.

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# 1980

Construction of the first kibbling plant. In just a few years, the company becomes the most important carob seed supplier in Italy.

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# 2001

By continuing with the vertical integration process, from an idea of Giovanni Carlo Licitra, LBG Sicilia is born. A company which produces flour from the carob seed (locust bean gum) branded SEEDGMU®

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# 2012

LBG Sicilia becomes the World's second largest locust bean gum manufacturer and a key supplier of the most important food and beverage companies around the World.



# 2013

Two new divisions are born: Solmix® and Blendtech®. The first to research, develop and produce functional systems for the food industry, the second as contract blending service.



# 2017

The beginning of a new important project to double the production capacity, through a more efficient production plant with Industry 4.0 technology.



# 2021

Completion of the expansion of the production site, with doubling of the production capacity through processes with Industry 4.0 technology, totaling about 20,000 m<sup>2</sup> between production, warehouses, offices and laboratories





## THE EVOLUTION OF A FAMILY BUSINESS

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LBG Sicilia was born in 2001 in Ragusa, from an idea of Founder and CEO, **Sir Giancarlo Licitra** (knighted for services to industry), who decided to convert his father's carob business into an enterprise specialising in industrial transformation of raw material into carob seed flour, a **100% natural and sustainable** food stabiliser.

In just a few years, the company emerged as a leader in the global market of natural functional ingredients. Underlying the company's development is a constant focus on investment in R&D, **innovation and human capital**, while always having as a point of reference a conscious and sustainable use of available resources.


In fact, in 2013 the company made a major investment with the aim of expanding its R&D center, equipped with a chemical, physical and microbiological laboratory, and a new plant for the design and production of stabilising and texturising mixtures for the food industry.

Ambition for development never stops, and by **2022** the expansion of the plant will be ready, completing the construction of a technologically-sophisticated production plant for a doubling of production capacity. The new technology is capable of enhancing a centuries-old milling tradition and raising



standards of excellence and food safety with increasingly sustainable processes. Investments allocated to product research and development are a priority to succeed in emerging and growing in our category and we look forward to a series of innovations in the product portfolio with the introduction of a range of proteins and vegetable fibres.

This commitment to innovation, evident in the numbers achieved in 2021, manifests in our current place as the N° 1 manufacturer worldwide.



*"Oh dear friend, it is enough for us to paint with the ink of the soul ..  
a clear arrow. . .  
pointing in the right direction to our carob tree".*

Samih al Qasim

## THE HISTORY OF THE CAROB TREE

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It is said that as the centuries pass, the tree does not age. That it instead becomes more leafy, sturdy and imposing. At a hundred years old the carob tree is indeed still young, so much so that it produces as much as 200 kilograms of fruit. Native to Palestine, where it was known as far back as four thousand years ago and where it was loved by the best contemporary poets, it arrived in Italy with the Greeks. It was not until the Middle Ages, with the Arabs (who called it *kharrub*) that its use became fully established in the West. As a good Palestinian, the carob tree is one of the trees most attached to the earth in which it grows. Its roots are capable of penetrating deep, inserting themselves into crevices, splitting and encompassing limestone rocks. Extracting it most often means killing it.

The carob tree is often found in places not far from the sea and prefers limestone, stony or rocky soils.

In ancient times the seeds of its fruit were considered to be of uniform size and weight so not surprisingly they were used as a unit of weight in the gemstone trade.

In fact, from the Greek *κεράτιον* and Arabic *qīrāṭ* o “*karat*” comes the name of the unit of measurement “carat”, in use for precious stones and gold, equivalent to one-fifth of a gram.

In truth not all carob seeds have equal size and weight. The weight variation of carob seeds taken in bulk is as much as 25%, and they were probably used as a unit of weight because the dimensional difference can be noticed by the naked eye.



## I. THE COMPANY'S STORY



## OUR PRODUCTS

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LBG Sicilia produces and develops natural ingredients through a process using sustainable and 100% chemical-free technologies.

SEEDGUM® brand carob seed flour is a 100% natural and chemical free hydro-colloid, a key differentiating feature from competitors. Our production process is free-of-contamination guaranteed, and using specific software we have also implemented a precise traceability system. Currently our SEEDGUM® production capacity is 6000 t/year destined for the food industry and 1500 t/year destined for petfood. LBG Sicilia is positioned as the world's leading producer of carob seed flour, capturing a market share greater than 25%.

Our SEEDGUM® line is used to improve the yield and efficiency of ice cream, cream cheeses, jams, candies, sauces and dressings.

SEEDGUM® products have always been Natural, NON-GMO, Organic, Gluten Free, BRC and ISO22000 Certified, Kosher and Halal.



## I. THE COMPANY'S STORY



## THE MAIN FUNCTIONALITIES OF SEEDGUM®

**Ice cream or frozen desserts** relate to increased bulk, maintenance of a smooth texture on the palate, increased creaminess and richness. It also ensures greater resistance to thermal shock.

**Dairy products** mainly concern increased stability, innovative texture characteristics in yoghurt and dairy products, characteristic texture in cheese ripening, nutritional and health benefits due to reduced sugar and fat, and finally increased creaminess on the palate and excellent control of syneresis phenomena.

**Fruit-based jellies and preparations** concern a rebalancing of carbohydrate levels without compromising texture, improved stability during cooking

**Soups, sauces and dressings** concern their stabilisation with excellent emulsification, thickening and suspension. It ensures nutritional balance despite calorie reduction, exceptional texture and viscosity modification.

SEEDGUM®	VISCOSITY	FEATURES	APPLICATIONS
A-200	3.000 +/- 200 cps	Extra Quality Grade	Where quality applications, viscosity, purity and appearance are required to be at the top
A-175	3.000 +/- 200 cps	Premium Quality	Where high viscosity and superior appearance are required
B-175	2.800 +/- 200 cps	Standard Quality / High Viscosity	Where high viscosity is necessary
C-175 S	Min 2.400 cps	Standard Quality / Medium Viscosity	For its economy of use in applications where viscosity and superior appearance are not critical
D-175	2.200 +/- 200 cps	Standard Quality / Low Viscosity	For its economy of use in applications where viscosity and superior appearance are not critical



## PRODUCT INNOVATION

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From the *single ingredient* to blends, LBG Sicilia is able to assist its customers by providing them with suitable solutions for different applications.

SOLMIX® brand blends, stabilisers, and texturisers are designed and crafted by laboratory technicians to enhance the taste experience of the end consumer.

SOLMIX® blends are created through a *tailor-made* process developed within a state-of-the-art laboratory in which technicians have the opportunity to recreate final recipes by perfectly testing the functionality of SOLMIX® blends.

SOLMIX® products are made through advanced technologies that achieve pharmaceutical-standard precision. These are made in the R&D laboratory built in 2013 with a dedicated space of 1,000 square meters inside which there is an icecream machine, an industrial kitchen dedicated to heating, cooling and vacuum technologies, a 250 bar high-pressure homogenisation plant, a 400 l/h industrial continuous freezer, a homogeniser and some dedicated equipment for UHT, mixers, test kitchen with small equipment for minor batches or tests.

The mixing plant currently has a production capacity of 10,000 t/year. Thanks to automated management of barcodes 100% traceability and food safety is guaranteed and an innovative systems allow prevention of cross-contamination. The accuracy of the plant is excellent; in fact it has a margin of error of  $\leq 50\text{g}$  per tonne. We have automated packaging and palletising machinery and a warehouse for raw materials with a capacity of more than 2,000 pallets.

## I. THE COMPANY'S STORY



## SOLMIX® FEATURES AND APPLICATIONS

1. **SOLMIX® IC:** ice cream stabilisers, provide improved creaminess, prevention of ice crystal formation, improved texture on the palate, better control of the thawing process and improved emulsion stability.
2. **SOLMIX® S:** natural stabilisers for sauces and dressings, ensure improved texture, better emulsion stability and increased viscosity.
3. **SOLMIX® D:** natural stabilisers for dairy products, provide improved texture, increased creaminess, better control of moisture release and improved stability of milk protein.
4. **SOLMIX® J:** natural stabilisers for jellies and fruit products, provide better appearance to texture, allow gelling, excellent creaminess, spreadability and stability in baking.

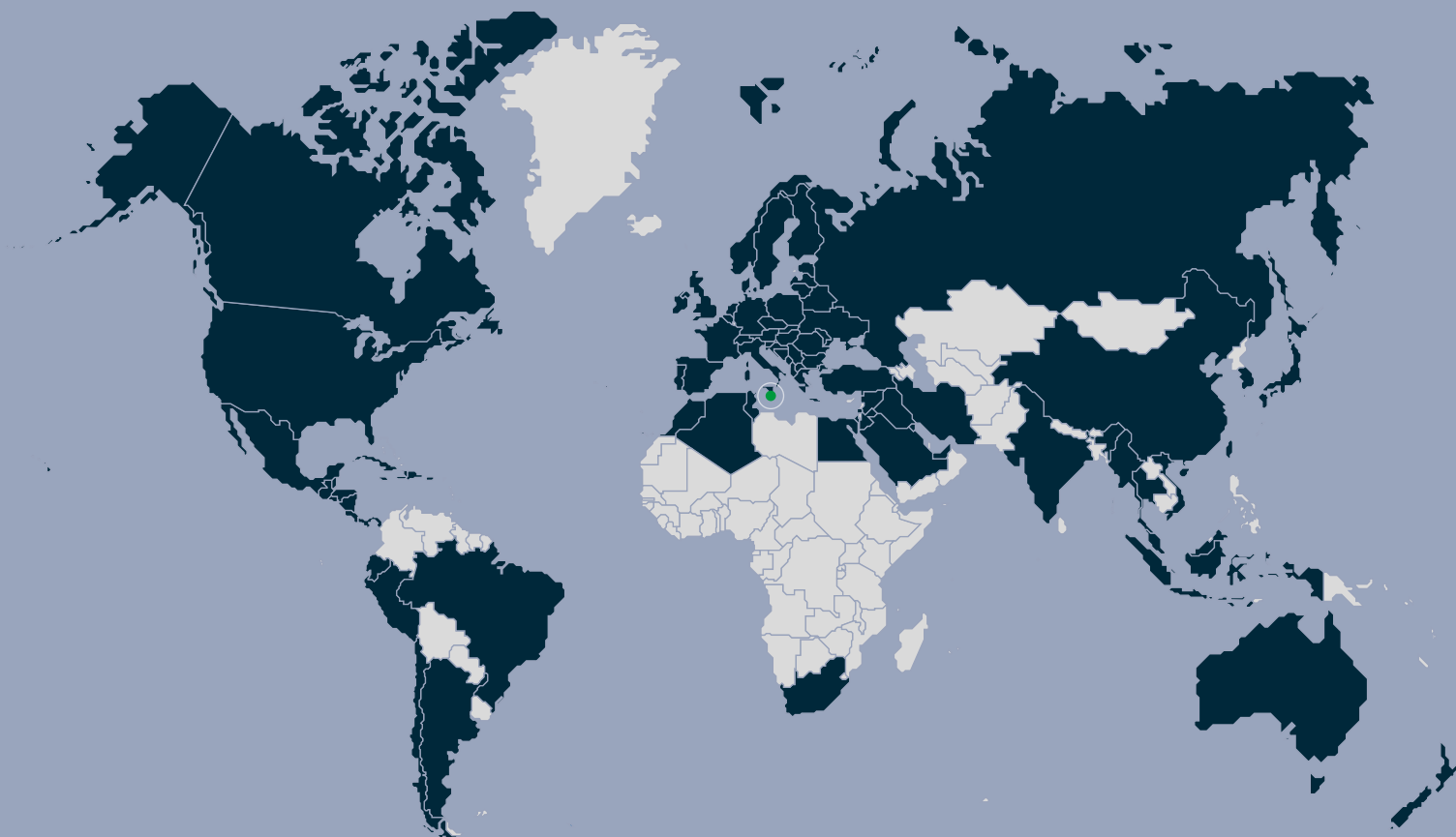
SOLMIX® team of food technologists provides all-around support and technical assistance with tailored solutions to meet customer needs: developing new recipes, listening to customer requests and needs, improving a product recipe, performing customer-requested analysis with analytical and in-application tests.





## 2 THE ECONOMIC ENVIROMENT





We are present in **more than 90** countries worldwide today, including: Italy, the EU, UK, Lithuania, Latvia, Estonia, Ukraine, Serbia, Russia, Belarus, USA, Canada, Mexico, Chile, Brazil, Peru, Argentina, Guatemala, Australia, New Zealand, China, Japan, Taiwan, Singapore, Malaysia, Thailand, India, Indonesia, South Korea, Vietnam, Morocco, Tunisia, Egypt, Iran, Turkey, Israel, UAE

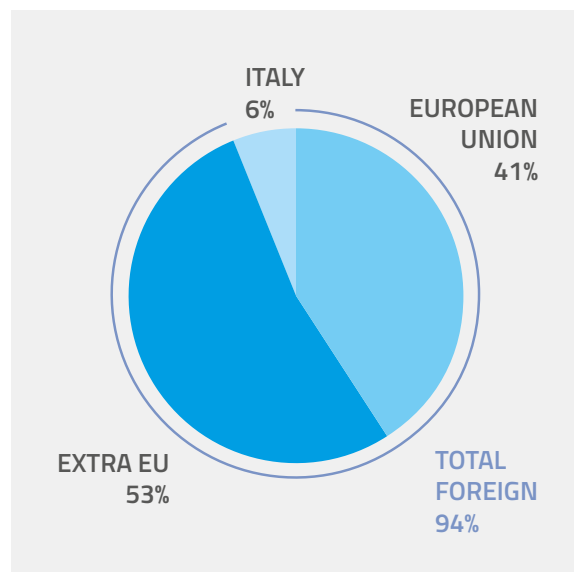
## ECONOMIC AND FINANCIAL PERFORMANCE

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The year 2021 for LBG Sicilia was characterised by positive growth in turnover, which amounted to 155 million euros (+99% compared to the previous year's budget) and in sold volume, which amounted to c. 14,305 tonnes, with a +23% compared to the same period of the previous year.

The leading market for LBG Sicilia is the overseas market, which represented around 94% of sales in 2021, (41% EU and 53% non-EU) with the domestic market being the remaining 6%.

In overseas markets, export is directed to major companies and multinationals in the food and petfood sectors. Our internationalisation process began soon after we opened our business in 2001, initially with sales in Italy and Europe, gradually followed by an increasing presence in non-EU markets. Over the years more and more fulfilling results have followed, leading to greater acquisition of market share in foreign markets.





## INDUSTRY 4.0

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Today there is much talk of “Industry 4.0” as the fourth industrial revolution based on technological combinations of robotic, sensors, networking and the Internet of Things (IoT). These technologies will be applied for more sustainable design and production, as well as for monitoring and tracking of resource consumption and product utilisation.

This fourth industrial phase is transforming all sectors including the food industry. The two key features of this new industrial revolution are, on the one hand, the development of the systemic concept of the network and, on the other, its exponential development. The keywords of the industry of the future are: network, connection, systemic approach and systemic development. LBG Sicilia wishes to be in line with the new concept of Industry 4.0 and for this reason its desire for development does not stop.

A new expansion project has been carried out which will lead to the doubling of production capacity, storage capacity and R&D laboratories as well as an expansion of the product portfolio to include a range of proteins and plant fibres



# 3 THE PRODUCTION OF CAROB SEED FLOUR: A JOURNEY FROM PLANT TO FINISHED PRODUCT

# 1 CULTIVATION AND CAROB PODS HARVEST



Kibbling process



Carob pulp



QUALITY CONTROL OF RAW MATERIALS



# 2 CAROB SEED



CHEMICAL FREE PRODUCTION PROCESS



Carob germ



QUALITY CONTROL OF THE END PRODUCT



# 3 CAROB SEED FLOUR



QUALITY CONTROL OF THE END PRODUCT



# 4 SOLMIX BLENDS



## THE SHORT SUPPLY CHAIN AND THE IMPORTANCE OF VERTICAL INTEGRATION

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**The origin of carob:** worldwide, carob groves are mainly located along the Mediterranean coast as they enjoy the mild climate of this geographical area. The harvest period varies slightly according to the country's climate but falls between July and September. LBG Sicilia has its own carob grove consisting of 5,000 plants. This is an experimental plantation with the purpose of studying and analysing the different cultivars and also allows monitoring of the harvest.



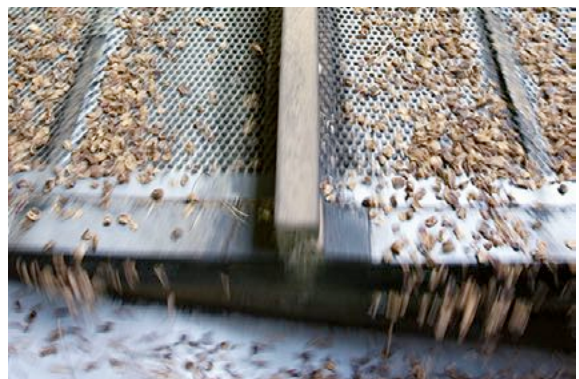
**The purchase of carob:** LBG Sicilia purchases whole carobs from Sicilian producers, the most important geographical area of carob cultivation in Italy. The commercialisation of carob began as early as the 1950s, and the company is now a reference point for the national trade having established steady relationships with suppliers.

After harvesting, the carob is stored inside the warehouse as it must reach the right

level of drying before being processed.



**Carob crushing:** the extraction of the seed from the carob is done through the crushing process that allows the pulp to be separated from the seed. The process is mechanical and does not involve any use of chemicals that could alter the properties of the fruit, compromising its naturalness. LBG Sicilia has its own crushing plant from which it extracts the seed by separating it from the pulp.





**The purchase of the seed:** to meet its needs, LBG Sicilia also buys the carob seed from other suppliers since its own production would not be sufficient. The company purchases the raw material from all producing countries having established over the years a relationship of collaboration and partnership with its suppliers.

**Seed travel:** LBG Sicilia's geographic location in the heart of the Mediterranean has a strategic importance of proximity to the supply market. Seed travels in containers that arrive at the nearest destination ports, Pozzallo or Catania, ensuring the shortest possible transit time. Each container received is checked with monitoring checklists that verify the overall condition, integrity of seals and any other possible damage or non-compliance.



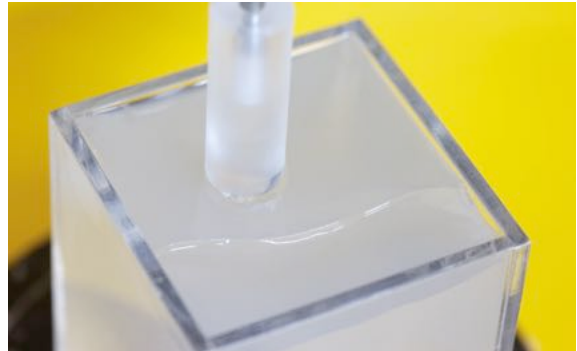
**Seed arrival and quality control:** Before storage inside the silos, a product sample is taken from each container and analysed by the in-house laboratory for impurities and correspondence with what is stated in the purchase contract. After the controls, the seed is stored differentiated by origin to ensure zero risk of contamination while leaving the characteristics of the raw material unchanged.

**Sales:** LBG Sicilia exports carob seed flour under the SEEDGUM® brand name. It supplies the most important multinationals in the food industry and caters to both users and distributors. The sales and after-sales service offered has always been an element of great distinction for the company, which has developed a thorough knowledge of the international laws and markets.

**Processing:** through a thermo-mechanical and absolutely chemical free process, the seed is peeled and ground until carob seed flour is produced. During the process, the carob germ, an important protein filler, is extracted. The company has always eschewed any processing that involves the use of chemicals, choosing instead a natural and sustainable process that preserves the characteristics.

**Blending:** to provide complete solutions to its customers, LBG Sicilia also offers stabilising and texturising blends for different applications sold under the SOLMIX® brand. The company offers a range of blends that contain carob seed flour under the SEEDGUM® brand name, but in order not to limit the scope of applications, blends without this ingredient have also been developed. Pre- and after-sales assistance is fundamental and LBG Sicilia is able to offer a complete service counting on specialised technicians and a state-of-the-art laboratory and plant.

Every single batch produced is systematically controlled through specific quality checks, which allow to guarantee food and safety standards as per the BRC certification.



## THE CAROB TREE: A ECONOMICAL AND ENVIRONMENTALLY SUSTAINABLE PLANT

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Carob cultivation is among the most sustainable crops as a source of plant protein, dietary fiber and sugars for the following reasons:

- No or very little irrigation and fertiliser application
- No phytosanitary treatment

This is compared with other crops such as corn, soybean, protein pea and sugar beet, which instead require the heavy use of water and chemicals, both in the agricultural and processing stages.

It is a drought-tolerant plant that adapts

even to territories with high levels of aridity. It adopts a “water spending” strategy by continuing to transpire even in the most extreme situations and managing to absorb water from deep soil layers. Its strong drought resistance allows efficient water use: 500 mm of annual rainfall, in line with the rainfall levels of the Mediterranean climate, allows the carob tree to live and bear fruit without the need for additional watering. Thanks to these characteristics, carob plantations are a viable choice for the reforestation of marginal areas of the Mediterranean basin where water shortage is the major limiting



factor for plants development in this ecosystem.

In 2019 a collaboration was initiated with “Biodiversity”, a nursery operating in the area of Ragusa, for the procurement of wild seedlings to be planted and grafted in the field in the following 3/5 years. This project is in partnership with other farms in the area through the presentation of specific “Supply Chain and District Contract Mipaaf” as lead partner aimed both at increasing the areas invested in carob and almond orchards, the productivity of existing ones, as well as primary processing. With the same

aims and modalities, we are presenting an “Integrated Supply Chain Project” (Progetto Integrato di Filiera-PIF) with regard to the nut sector. We have also joined the establishment of the “Dry Fruit Production District of Sicily” as recognized by D. A. No. 1291 of July 7, 2020, for the processing of carob and nuts in general (almonds, hazelnuts, pistachios, walnuts, etc.).

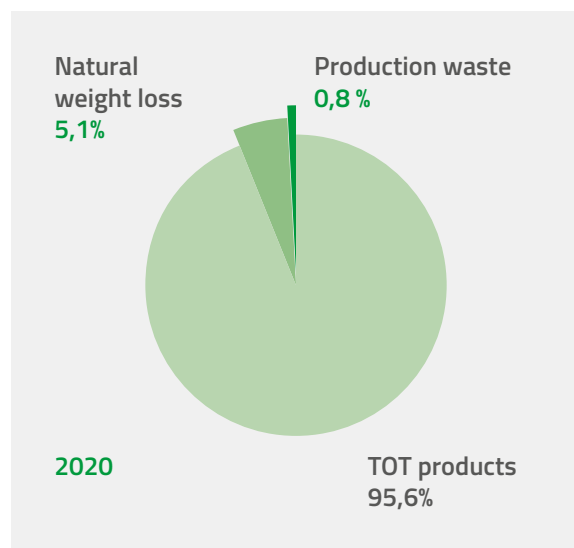


## OUR CIRCULAR ECONOMY

The carob tree is a plant of many resources and from which a variety of products are derived. In fact, one should not only consider the seeds, from which flour is produced, but the plant as a whole. From the pulp of the fruit products can be extracted for both human and animal consumption.

From the flowers nectar can be extracted for the production of honey, and from the stem edible mushrooms (*Laetiporus sulphureus*) are obtainable. Due to its high fibre and protein content process waste is also used as feed. Specifically, the company currently produces and sells two by-products: carob pulp and carob germ.

LBG has implemented an investment program for technological process innovations, which will allow for incremental product innovations in the food sector too. This program will also have positive social economic spillover effects on the local area and the general national supply chain. LBG Sicilia's investment upgrades will be aimed at creating innovative products from plant by-products, according to *circular economy*. The just mentioned by-products are the basic ingredient for the creation of even better “*food grade*” vegetable-only products with high



2021 VS 2020 RAW MATERIAL PROCESSING (CAROB)	2021	2020
Raw material processed	100,0%	100,0%
TOT products	95,6%	94,2%
Natural weight loss	3,8%	5,1%
Production waste	0,6%	0,8%

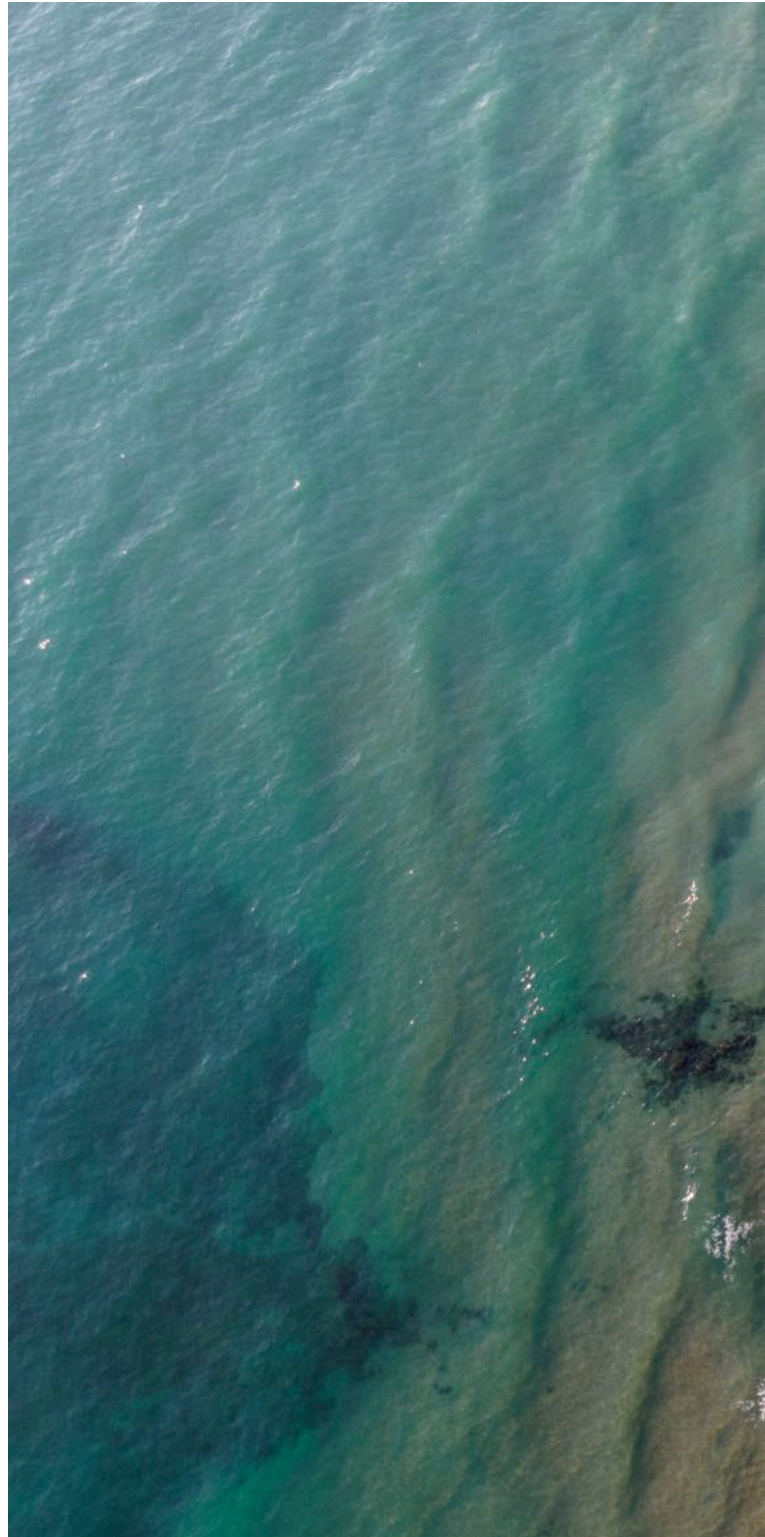
added value to be spent in the Food Industry market, in a smart and sustainable way. The recovery of carob processing by-products will take place specifically from **processing by-products of carob seed and pulp**, closing the production cycle and exploiting 100% of the initial carob fruit (*Ceratonia siliqua*), realising a “Zero-Waste” process. LBG Sicilia’s investment, in addition to representing an economic efficiency and a complete reuse of all processing waste, also aims to represent a concrete response to environmental, social and process sustaina-

bility challenges, compared to the traditional methods used by companies operating in the same food sector.

It is the intention of LBG Sicilia to integrate into its workforce modern “green” process technologies, such as *cavitation ultrasonic extraction* and *molecular filtrations with organic nano molecule media*, which aim to exclude the use of organic process solvents in order to obtain food products with high added value, and with sparing use of water, the latter representing a precious commodity, “blue gold” in the years to come.

### 3. THE PRODUCTION OF CAROB SEED FLOUR

To drive environmental sustainability, process energy expenses will be drastically reduced, with a consequent decrease of global CO<sub>2</sub> emissions, and the inclusion of an integrated recycling process of what it would be mainly water. The innovative technologies in which LBG Sicilia plans to invest also aim to generate a positive and rather than merely neutral social and economic impact on the Sicilian and national territory.







# 4

## THE PILLARS OF THE PRODUCTION PROCESS: ENVIRONMENTAL COMPLIANCE, QUALITY, BUSINESS CONTINUITY PLAN

## OUR COMMITMENT FOR THE ENVIRONMENT

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Environmental conservation is high on the agenda of both governments and major corporations globally.

For many years LBG has shown particular attention and sensitivity to this issue. As reiterated in the Environmental Policy, drafted as part of the implementation of the SGA (Sistema Gestione Ambientale) in accordance with the ISO 14001 Standard, LBG's main efforts are aimed at minimising environmental impacts and increasing awareness of these issues among its employees and business partners. The current production plant attained ISO 14001 certification for the SGA in 2020. Work is also already underway to extend environmental monitoring and recording of the new area being completed as expansion of the production facility.

## ENERGY CONSUMPTION AND EMISSIONS

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In 2021, total energy consumption was 3,576,514 kWh. The main energy source used is electricity that powers a high-efficiency generator at the plant. In 2021 a robust growth in production (+5.5% tonnes SEED-GUM® products and +10% tonnes SOLMIX®) was matched by an equal increase in energy consumption: therefore, the energy intensity ratio of production increased compared to the previous year.

The focus on the use of clean energy sources is evident in the fact that self-produced electricity consumption comes 100% from renewable sources.

The energy needs of the current plant are met by two photovoltaic systems with a total capacity of 159.81kWp. The photovoltaic systems cover an area of about 880m<sup>2</sup>.

In addition to the existing photovoltaic plants, there is the new plant not yet connected to the grid, producing an additional 340.17 kWp over an area of about 1660 m<sup>2</sup> for a total self-produced energy of 499.98 kWp.

On a yearly basis the company is planning to request and obtain energy efficiency certificates from the Energy Services Provider (Gestore Servizi Energetici GSE).



3.576.514 KWH  
OF ENERGY  
CONSUMED  
IN 2021

LBG SICILIA ENERGY CONSUMPTION		U.M	2020	2021	VAR.%
TOTAL PRODUCTION*		t	5.475	5.809	6,1%
NATURAL GAS	Total gas consumption	Mc	330.000	493.759	49,6%
	Gas / Total production*	Mc/t	60,3	85,0	41,0%
ELECTRICITY	Total electricity purchased and consumed	kWh	2.687.872	3.576.514	33,1%
	Purchased electricity / Total production*	kWh/t	490,9	615,7	25,4%
	Total electricity auto-produced and consumed	KWh	111.395	130.990	17,6%
	Total auto-produced electricity / Total production*	kWh/t	20,3	22,5	10,8%

\* represents the total in tonnes of the production of SEEDGUM® and SOLMIX®.

Although the results reported in the above tab show an increase of energy consumption between 2020 and 2021, this increase should be contextualized with respect to the actual activity. The increased production of the company (+6.1%) has led to an increase of energy consumption. Furthermore, must be considered that in 2021 LBG Sicilia carried out several start-up tests on the new plant, therefore additional energy not directly related to the production was consumed. 2021 has to be considered as a transition year between the old configuration of the plant and the new one, which will be fully operational by 2023.

Carob is a perennial crop that once started requires few operations (pruning and harvesting) with zero environmental impact. Being a nitrogen fixer and strongly absorbing CO<sub>2</sub>, it reduces issues related to the greenhouse effect and excessive overload of nitrogenous substances in soils, as well as preventing hydrogeological disruption.

Besides the benefits in the agricultural phase, there are also important benefits in the processing phase. LBG's production processes for processing carob seed are much greener than the technologies normally used, which involve the use of chemicals (solvents), much

more water and energy and as a result produce more CO<sub>2</sub>, and waste that cannot be easily recycled except with further energy-intensive treatments.

## WATER RESOURCES MANAGEMENT

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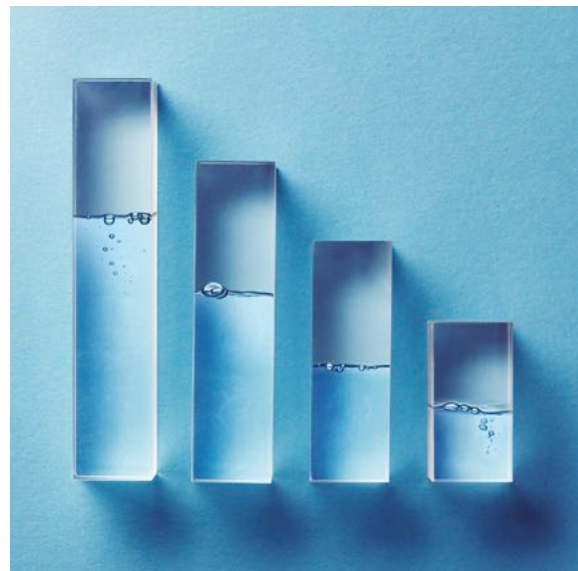
Attention to conscientious consumption of water resources is present in all major production phases of LBG.

In both offices and recreational areas and production areas numerous measures have been carried out to decrease water consumption, reducing waste to a minimum.

In the year 2021, the total water consumption was 6,260 cubic meters. For the type of production activities carried out by LBG, the use of water in production stages is very low.

The company's commitment in this sense is reflected in the numbers: against a significant increase in total production (SEEDGUM® + SOLMIX®) in the year 2021 (+6.10% tonnes) there is a proportion in the variation of the percentage of water consumed, against a percentage increase in production.

A substantial reduction in water use from which a consequent decrease in unit consumption, achieving increasingly ambitious efficiency targets.



2021

WATER 6.260 m<sup>3</sup> /

Total Production

9.854,00 ton

2020

WATER 5.475 m<sup>3</sup> /

Total Production

7.396,40 ton

VAR. -14,2% m<sup>3</sup>/ton

## WASTE

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Within LBG Sicilia, waste management and its proper disposal take place in accordance with current regulations and the lines dictated by the Environmental Management System (Sistema di Gestione Ambientale).

LBG's investments to make the production process more efficient, thanks to highly technological facilities, also have positive implications on waste management from the perspective of circular economy, which are reflected in a lower use of raw materials and therefore waste generated, with consequent benefits for the environment.

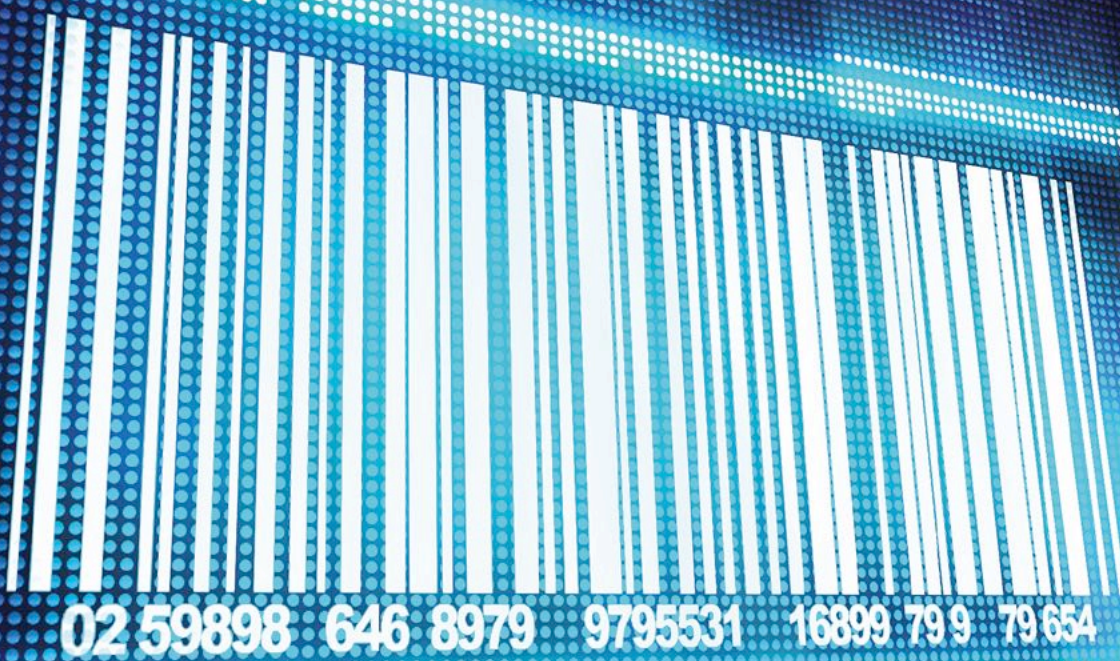
LBG Sicilia, moreover, has initiated an additional new project to encourage the recovery of almost all of its production waste, avoiding sending it for disposal.

As for the raw material (carob seed) nothing is wasted: about 75-80% of the seed is used.

Of the seed about 42-46% (endosperm) is processed into flour (SEEDGUM®) 23-25% into germ (used for livestock feed, then sold to animal feed factories as plain feed. The remaining 30-33% is peel, for which research and development studies are in action. Thanks to this project, the investment in new facilities will enable 99,85% utilisation of the raw material, so that there is only 0.15% total waste.

Recycling waste is carried out throughout the LBG plant. Since 2020 it was also extended to all offices. The remaining waste consists mainly of paper, cardboard and plastic packaging, which is sent for recycling.

#### 4. THE PILLARS OF THE PRODUCTION PROCESS



## THE FOCUS ON QUALITY AND CERTIFICATIONS

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From SEEDGUM® Extra, to the medium product as well as to the petfood, the company's motto is the same: very high quality and food safety, proven by strict internal and external checks and analyses, carried out during different stages of the process (on impurities, weight or contaminants) and compliance with the most important International Standards. Based on the hazard analysis, LBG Sicilia, has compiled a strict quality control plan concerning:

- THE RAW MATERIALS
- FINISHED PRODUCTS

Product analyses are carried out internally, following the methods reported in the dedicated procedure and include, thanks to the presence of the company's in-house laboratory, an accurate analysis of protein, moisture, dimensional (grain size) and organoleptic (viscosity) characteristics and confirmation of viscosity of the finished product.

As an additional control measure, we require confirmation of analyses performed internally from external laboratories, to verify, among others, microbiological analysis, mycotoxin and allergen detection and product hygienic quality. Food safety analyses are committed only to external laboratories accredited according to UNI EN ISO

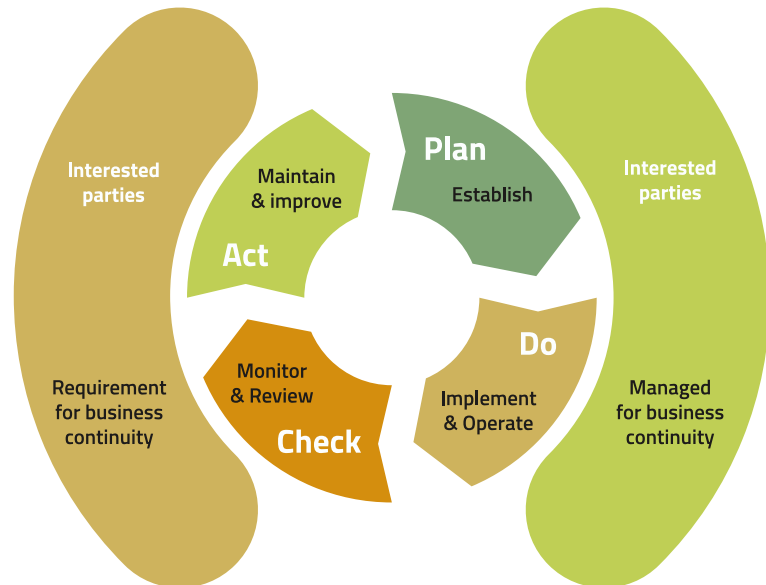
17025 standards.

From the analyses and controls carried out, for the financial year 2021, there were no cases of non-compliance with regulations or self-regulatory codes regarding health and safety of products. As a guarantee of the quality of its management processes, LBG Sicilia holds the ISO 22000 and BRC food safety certifications, which aim to facilitate the effective selection of food suppliers in the market of multinational companies, which aim for suppliers capable of providing safe products that comply with contractual specifications and legal requirements. They represent the most important standards related to food safety and recognised by the Global Food Safety Initiative (GFSI), an initiative whose main purpose is to strengthen and promote food safety throughout the supply chain.

Product quality and food safety are hallmarks of LBG Sicilia. Thanks to the complete automation of the plants, we can claim to be able to zero the possibility of human error. A sophisticated Bar Code Automated Management system allows the monitoring and control of raw materials, lastly, the automatic palletising system zeroes the physical effort required to the workers.

LBG, which has always been attentive to

## CONTINUAL IMPROVEMENT OF BUSINESS CONTINUITY MANAGEMENT SYSTEM



the international market, has also attained KOSHER certifications, in compliance with Jewish dietary rules, HALAL regarding the compliance of Islamic food specifications.

For its organic line of products, the company has obtained organic certification, issued by an appropriate body, which recognises companies acting in various fields (e.g., production, preparation, marketing and import of organic agricultural products and food, livestock, animal husbandry and others) to achieve specific standards, imposed by the European Union.

Trust and respect for shared values are the foundations for the relationship that LBG Sicilia establishes with its suppliers. Following the drafting of a Suppliers Code of Conduct (SCC), LBG Sicilia has begun a process of dissemination of the same among all suppliers in order to initiate a dialogue on sustainability issues, have an effective control of the supply chain regarding the respect of values and the Company's fundamental principles.

By accepting the principles contained within the SCC, Suppliers agree to behave in a manner that conforms to the values and










principles outlined in that document.

LBG Sicilia has decided to adopt and implement a Business Continuity Plan with the aim of always guaranteeing the maximum satisfaction of its customers and a high standard of service, even in crisis situations. For the definition of its Business Continuity Management System, it was decided to adopt an international standard recognised worldwide and in accordance with ISO 22301: 2012.

Through a PLAN-DO-CHECK-ACT model, new internal procedures have been defined and developed. Concerning the company as a whole, they allow emergency and crisis situations to be managed by adopting an action plan that always guarantees the continuity of business activities. Reliability and flexibility are inescapable characteristics of LBG Sicilia and the basis of all the business relationships that the company establishes with its customers.

Attention to the improvement of its quality standards is a constant goal in the definition of the company's strategy.

## OUR CERTIFICATIONS

DESCRIPTION		BENCHMARK
<b>BRC</b>		Production and packaging of carob seed flour (E410). Production and packaging of functional preparations for the food industry.
<b>ISO 22000</b>		
<b>KOSHER</b>		Entire SEEDGUM® range and some SOLMIX® products.
<b>HALAL</b>		Entire SEEDGUM® range and some SOLMIX® products.
<b>ORGANIC</b>		Preparation, distribution, market launch, storage and import. Carob and its derivatives (SEEDGUM), functional preparations for the food industry (SOLMIX®).
<b>VEGAN</b>		Granting of trademark use on products that comply with the specification.
<b>SMETA</b>		Extended to the entire Corporate Organisation
<b>ISO 14001</b>		Extended to the entire industrial site
<b>ECOVADIS</b>		Recognition of Ecovadis rating on the appropriate environmental and social practices adopted by the organisation.



A photograph of two men in an office setting. The man in the foreground is wearing glasses and a dark blue button-down shirt, looking off to the side. The man in the background is wearing a brown jacket and a light blue shirt, also looking in the same direction. The image has a dark, moody tone with a semi-transparent dark blue overlay in the center where the text is located.

# 5 HUMAN RESOURCES: AT THE HEART OF OUR BUSINESS

## 5. AT THE HEART OF OUR BUSINESS



## HUMAN CAPITAL

LBG Sicilia's staff members represent valuable and indispensable human capital, the driving force behind the company's success. Indeed, it is thanks to their commitment, dedication, ethics and professionalism that LBG is able to meet the growing market demand for sustainable and high-quality products. LBG's daily goal, therefore, is not only to ensure production excellence, but also to be a workplace that people can consider a second home.

The photograph of LBG from December 31, 2021, shows a total of fifty employees (up six from the previous year) of whom nearly 24% are women.

WOMEN  
OVER 24%  
ONGOING  
CONTRACT  
OVER 74%  
6 NEW  
EMPLOYEES

### WORKERS BY OCCUPATIONAL CATEGORY AND GENDER AS OF 31.12.2021.

	MALES	FEMALES	TOTAL
TOTAL EMPLOYEES	76%	24%	50
WORKERS	52%	-	26
OFFICE WORKERS	18%	22%	20
MANAGERS	2%	-	1
EXECUTIVES	4%	2%	3

In order to ensure greater transparency in its relationship with its employees and to make the company's human resources policies accessible both inside and outside LBG, LBG has combined the Code of Conduct as well as all its policies, best practices and procedures in a single document.

Also stated within the Code of Conduct are LBG's commitments in the areas of human rights and employee rights. In particular, LBG repudiates any form of child labor and forced labor and is committed to operating in full compliance with the law in these areas. Any form of mental, physical or sexual harassment or abuse that violates a person's right to dignity and respect in the workplace is also considered unacceptable.

In addition, the Code of Conduct, dictates the behaviour guidelines for the prevention of corruption: the company's relations with customers, suppliers, public institutions and any public administration are based on the principles of fairness, transparency and co-operation.

These policies aim to determine the relationship between the company and its employees and are based on the principle of equality, fairness and non-discrimination.

The company places special importance on

recruitment. New talents represent an added value for LBG Sicilia and so the time of professional induction is carefully managed to make it as easy as possible for the newly hired employee to play their role in all functions.

An ongoing goal is the creation of the "Welcome Pack". Newcomers will be provided with a Welcome Pack that conveys LBG's culture and thus invites those who have just joined to be part of it. The pack will include, among other things, an initial overview of some of the key topics for LBG Sicilia:

- Guide to sanitation practices (in force in the company and related training)
- Guide to safety regulations (in the workplace and related training)
- Guide to eco-sustainability in the company

The hiring rate in the time frame from 1/1/2021 to 31/12/2021 was **18% (six new employees in the year 2021)** slightly up from the previous year, with most of the new staff members being in the 25-40 age group.

## THE ONLINE COMMUNICATION

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LBG understand that the most influential ambassadors of their products are the employees. A transparent, informative business environment with clear goals empowers a sense of belonging and positive culture.

The website and online communication in general are a valuable resource to communicate to all stakeholders. With this in mind, LBG Sicilia uses this channel to reinforce its

brand identity and positioning. Like LBG, the website is in constant evolution with the objective to be more than a simple shop-front, but rather a space to talk about the history and origins of the company, the values, along with the people and the commitment on which the company is founded on.



## TRAINING AND PROFESSIONAL DEVELOPMENT

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The enhancement of talent through constant training and professional development is of strategic importance for LBG Sicilia, as it enhances people's skills and contributes to the competitiveness of the entire company by supporting continuous growth.

LBG's Training Plan includes both mandatory and non-mandatory training delivered to the entire company. In 2021, more than **532.5 hours** of training were delivered across all employees.

In particular, for non-mandatory training, each department is responsible for submitting specific training requests for its staff. This makes it possible to have targeted and differentiated paths of qualification, retraining and profes-

sional development for each professional category. Some of the training activities, which are not mandatory, have been funded and therefore certified.

In the area of compulsory training, the course is developed on three complementary pillars:

- Mandatory training related to food safety
- Mandatory training related to worker safety in the workplace
- Mandatory management training.

The modes of delivery over the past two years have included mandatory e-learning. The overall training proposal stems from careful internal analysis and includes not only ensuring compliance with regulations



and the company's high standards of quality, but also the introduction of new courses, defined on the basis of the evolution of the internal organisation and external scenarios; elements that contribute to the definition of employees' desired skills. In some cases the planned courses respond to ad hoc needs reported by specific departments.

In addition to compulsory training, there is a wide range of non-compulsory technical-managerial training customised for different areas including: commercial, production, sustainability and environment, human resources and procurement.

The company began an important training path in 2019 by joining the Elite Net-

work of Borsa Italiana, where both training courses and workshops are organised on a near-monthly basis. Lecturers from qualified consulting firms, and from SDA Bocconi's School of Business Management, address topics ranging from ESG issues to Human Resources, Corporate Finance to Environmental Sustainability issues, and Compliance and Governance activities in order to be prepared for a potential listing on the stock exchange in the future.



5. AT THE HEART OF OUR BUSINESS



## WORKING IN A HEALTHY ENVIRONMENT

**Occupational health and safety:** the theme refers to the prevention and protection of its employees in order to minimise the exposure of workers to work-related risks, such as accidents and occupational diseases, as well as health and safety training initiatives and awareness-raising activities for employees.

LBG Sicilia considers the protection of occupational health and safety a paramount commitment, guaranteeing all employees working in the company's offices, production areas and sales healthy and safe working environments. LBG has carried out a thorough risk assessment and identified the tasks that expose workers to greater hazards. These require recognised professional

skills, specific experience, and adequate education and training.

The following are the guiding principles of LBG's action on occupational health and safety:

- carry out an accurate assessment of risks and strive for their containment and reduction;
- “adapting work to people,” particularly with regard to the design of workplaces and the choice of work;
- continuous training for workers based on clear and available procedures.

LBG's focus on H&S issues has resulted in no accidents with serious consequences nor

WORKPLACE INJURY RATE	2020	2021
TOTAL RECORDED INJURIES	1	-
OF WHICH WITH SEVERE CONSEQUENCES	-	-
(more than 6 months of sick leave)	-	-

RATE OF INJURY	2020	2021
RATE OF INJURIES	0%	0%
WITH SEVERE CONSEQUENCES	0%	0%

workplace accidents with fatal outcomes or occupational health issues. The accident rate recorded in 2021 (0%) is clearly down from the 2020 figure (2.27%).

Among LBG's upcoming goals is the implementation across the company of an occupational health and safety management system in accordance with the ISO 45001 Standard, INAIL guidelines and Legislative Decree 81/2008. The identification of business processes, assignment of tasks and implementation of a functional and named organisation chart, of procedures and work instructions are already in place. The completion of the expansion of the new production area is awaited in order to complete the implementation and have it assessed by the Certification Peak Body.

Pivotal role of this management system is the process of risk identification and assessment, formalised in the Risk Assessment Document (Documento di Valutazione dei Rischi-DVR) and kept constantly updated.

LBG workers can report work-related hazards and dangerous situations via e-mail, text message, WhatsApp. LBG has implemented and continues to implement a series of actions aimed at identifying and eliminating hazards and minimising risks.

## HEALTH AND SECURITY.



## EMPOWERING TALENTS

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LBG is always looking for talent, to be brought into the company, as well as taking advantage of opportunities from institutions. Thanks to these, in 2018 an Agreement was signed between us and the “CRUI Foundation of Italian Universities” and selected a PhD student from the University of Catania, Faculty of Agriculture, former ICREA-Mipaaf collaborator and author of numerous studies and agronomic texts on

locust beans. His function is to assist our raw material supplier companies (farmers) requesting advice in the various cultivation operations necessary to improve yields and preserve the Sicilian cultivars “latinissima, racemosa and pasta” (planting, pruning, relief irrigation, BIO organic fertilisation, grafting on wild rootstock, etc...).

With this research we try to make a contribution to regional production, and to the dissemination, conservation and varietal and agronomic improvement of carob in the southern range.

*By 'culture of authenticity' I mean that conception of life according to which each person has a specific way of realizing his or her own humanity and that it is important to discover and live that originality, rather than to conform individually to a model imposed from outside, from society, from previous generations, or from religious or political authority.*

Charles Taylor

*A secular age; tr. it.: L'età secolare, Feltrinelli, Milano 2009*

## AUTHENTICITY, DIVERSITY AND INCLUSIVENESS

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Always present in LBG's philosophy is the awareness of allowing its staff to be authentic. In this way, LBG intends to discover their abilities, aptitudes, tastes, emotions and conception of the world around them.

The daily role of the Human Resources Department is to ensure that the company is a place of growth for young talent and fulfillment for experienced professionals, in which everyone can make their best contribution towards the achievement of the company's goals.

It is a focus of the company to combat any form of discrimination against its employees, encouraging decision-making and evaluation processes based on shared objective criteria.

In relations between employees and anywhere in the hierarchy, LBG Sicilia, demands respect for the person and prohibits any form of negative social conditioning.

It is among the intents of our Mission to make explicit the higher purpose of our business, so that it bridges all aspects of the organisation and decision-making processes, to help our employees and collaborators understand their work to the fullest and make them feel part of something bigger and useful. The goal is to involve all resources that are part of the company workforce at all levels.

The principles of diversity and inclusion have always been core values that characterise the multicultural reality of LBG, which is committed to creating an inclusive work environment free of discrimination.



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