VALAGRO SUSTAINABILITY REPORT 2018

Valagro®

Where science serves nature

OUR CONTINUOUS COMMITMENT TO REPORTING ON **VALAGRO'S SUSTAINABILITY**

For around 40 years, Valagro has been working to put science at the service of nature with one goal: to help farmers get the best out of their production by optimising the use of resources and production inputs.

This goal cannot be achieved without an underlying consistency that unites not only the solutions we offer to the global market, but also our production processes and corporate culture.

The Sustainability Report is a useful tool that helps us to illustrate, year after year, our consistent and constant commitment to sustainability; it is an act of responsibility towards the wider community in which we operate and with which we hope to nurture a culture that is increasingly environmentally-friendly and attentive to the needs of the collective.

The data shown below refer to Valagro SpA's environmental, economic and corporate results.

THE VALAGRO GROUP IN NUMBERS

80
Countries
distribution and commercial presence

6
key manufacturing facilities in Italy, Norway, India and Brazil

12
Subsidiaries
around the world

€
133,3 million
Total revenue

VALAGRO Spa
604
employees

14
PhD candidates

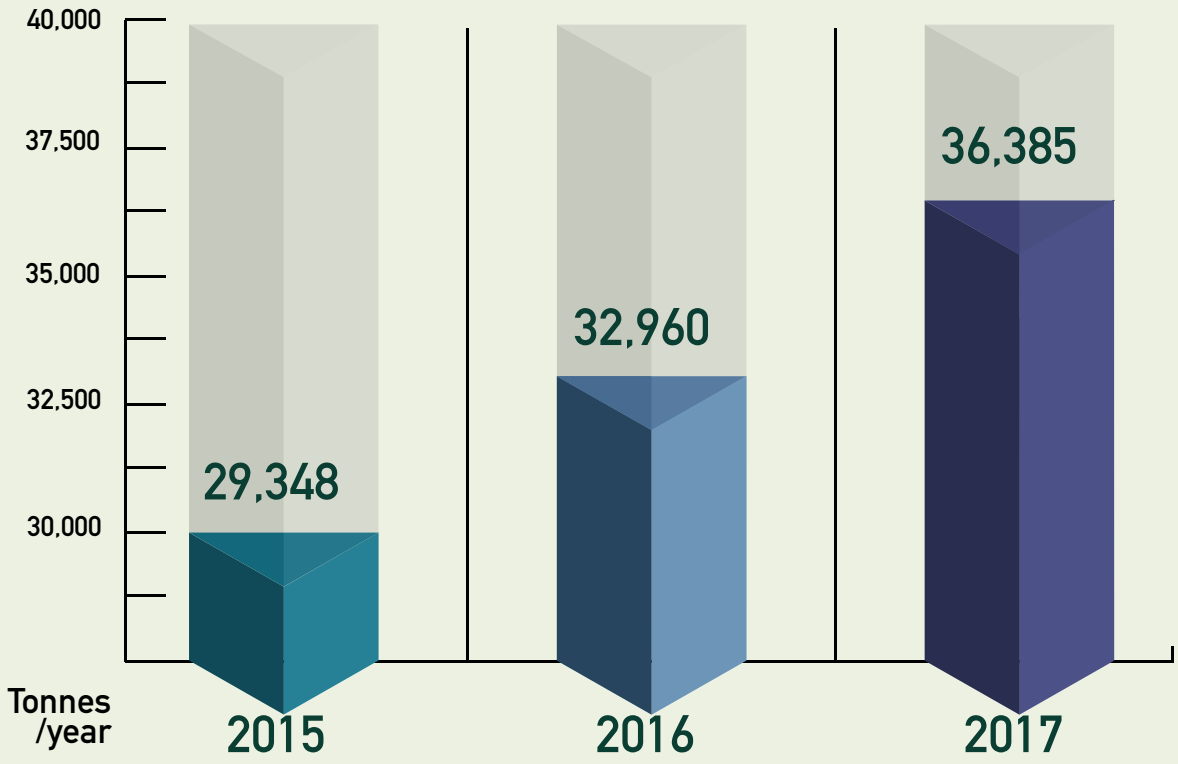
OUR **ENVIRONMENTAL IMPACT**

INTRO

In order to correctly interpret the indicators relating to the business impact of Valagro SpA's activities, we must consider the relationship between these indicators and the **value of production.**

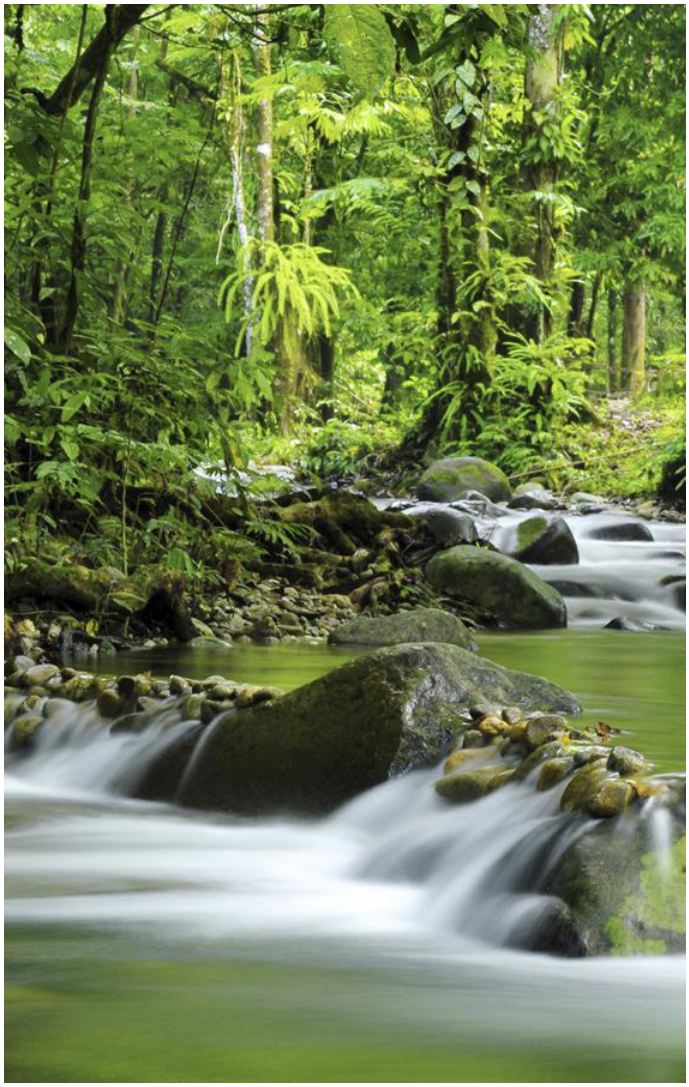
The significant increase in production recorded in the three-year period 2015–2017 was achieved alongside a reduction in **environmental impact** indicators, as shown below.

This fact nicely summarises the effectiveness of the many interventions implemented over this period to favour the sustainability of processes and products.



HIGHLIGHTS

WASTE

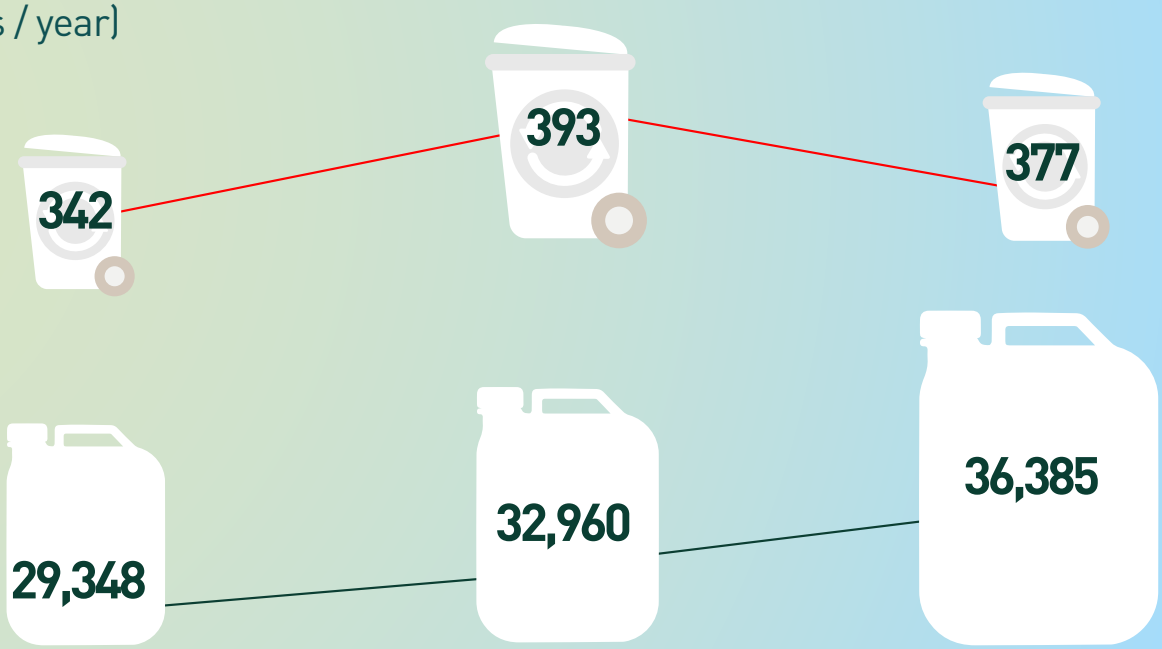


The amount of waste produced – disposed of and recycled – is recognised as one of the main indicators to be taken into account when assessing the sustainability of a company.

Values reported here include all the waste fractions generated within the Atessa plant.

Compared with 2016, waste production fell by 4%, a significant amount – especially if viewed in light of the parallel increase in production value.

WASTE COMPARED TO PRODUCTION
(tonnes / year)

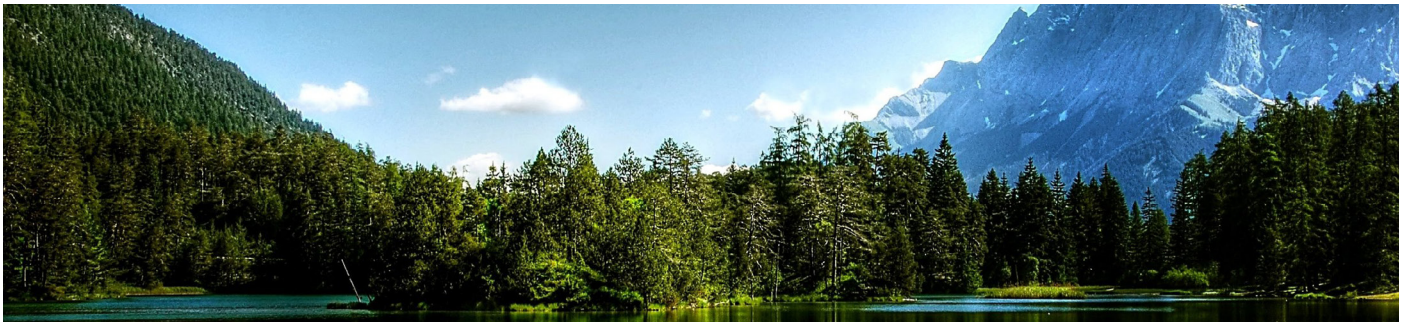


METAL EMISSIONS

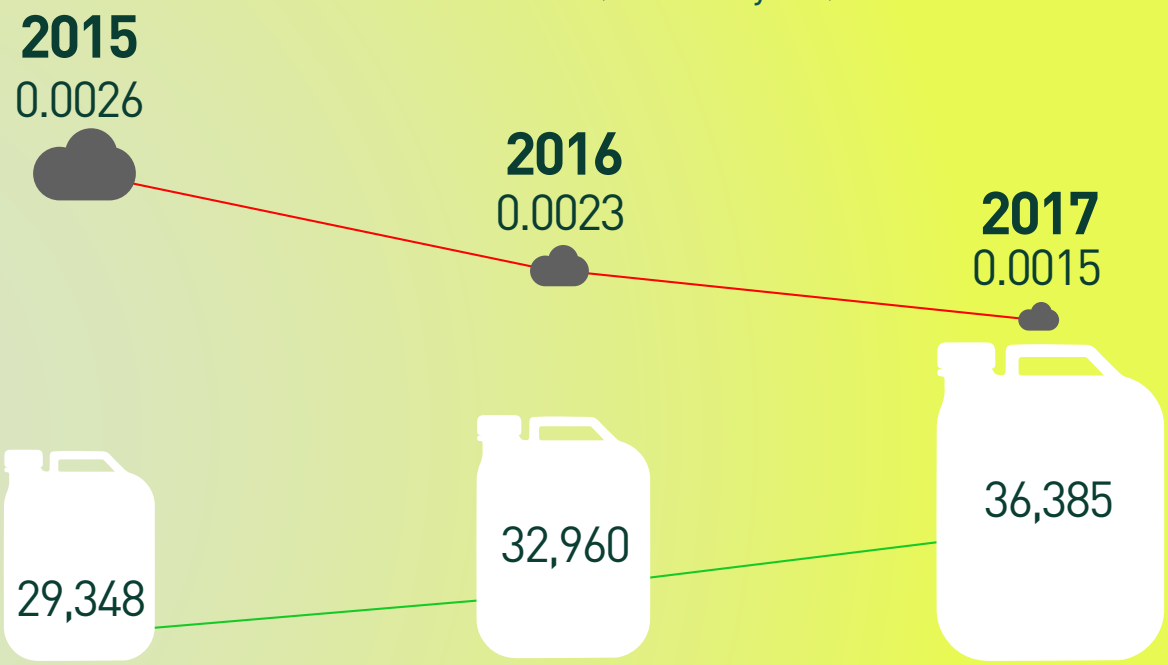
With regard to the reduction of atmospheric emissions, 2017 also shows a positive trend, as reported in the EMAS 2017 Environmental Statement regarding emissions considered significant (dust, metals and volatile organic compounds caused by production) and non-significant (caused by combustion plants and the chemical laboratory).

Ongoing initiatives to improve systems for the treatment of atmospheric emissions have contributed to a significant reduction in emissions, even against a backdrop of increased production.

This result has also been made possible by the careful selection of raw materials to avoid any negative externalities upstream.



METAL EMISSIONS COMPARED TO PRODUCTION
(tonnes / year)



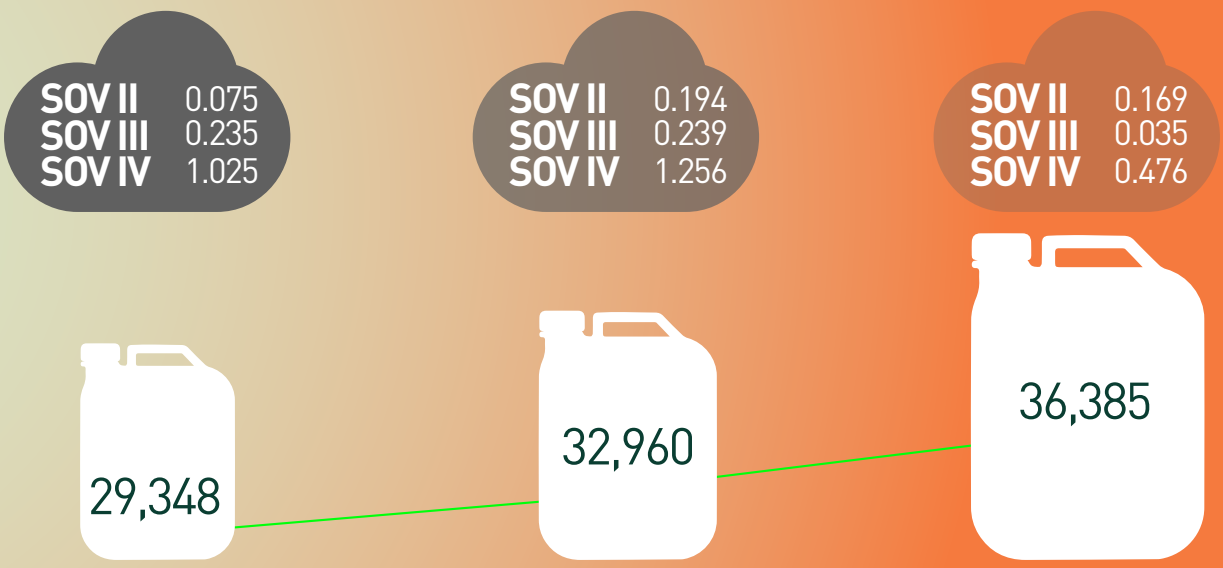
VOLATILE ORGANIC COMPOUNDS (VOCs II, III, IV)

As regards the emissions of volatile organic compounds (phenol, isobutyl alcohol and isobutyl acetate), it is worth noting that the value of substances belonging to class IV (isobutyl acetate) is higher than values seen in other classes, which are strongly influenced by the type of products produced.

It should be noted that overall, in relation to the increase in production, the quantity of VOCs emitted decreased in comparison to 2016. Furthermore, the values always remained well below those permitted by law.

VOC II - VOC III - VOC IV COMPARED TO PRODUCTION

(tonnes / year)

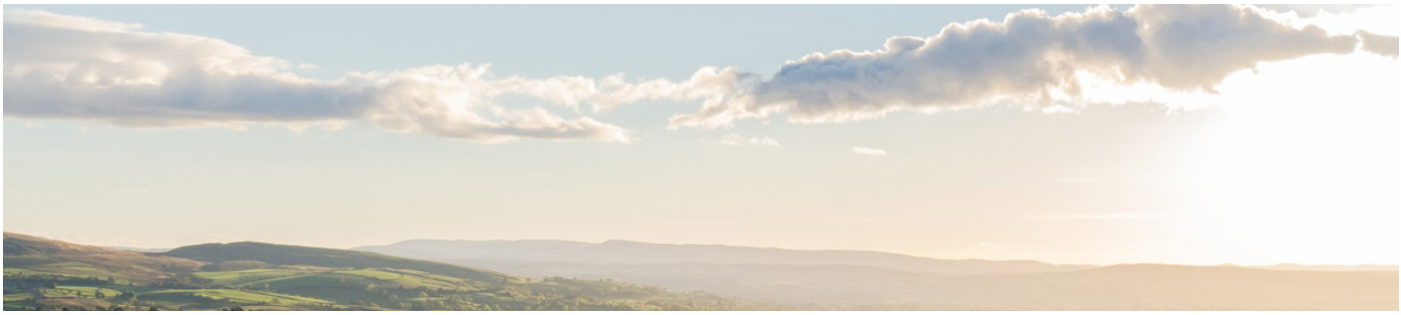


DIESEL CONSUMPTION

A significant contribution to our reduced emissions derives from the reduced consumption of diesel fuel to supply the vehicles used for internal logistics.

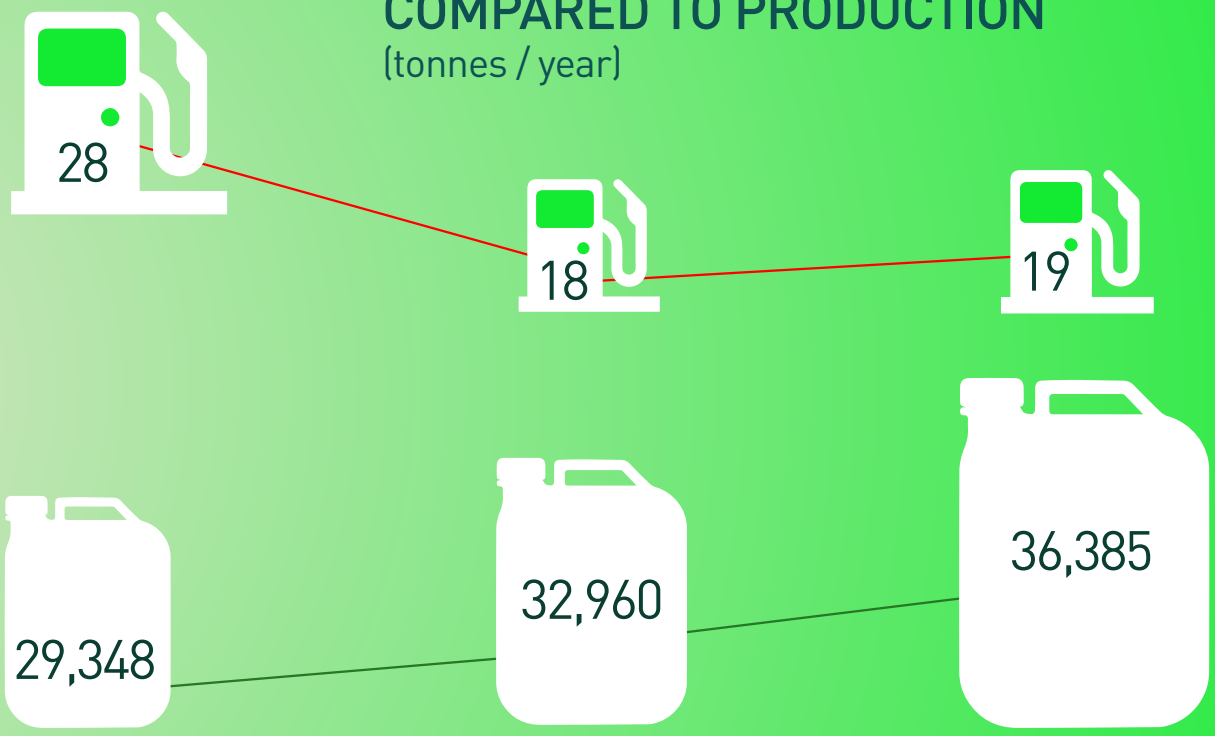
The company continues to replace diesel-powered forklifts with electric ones, a technology that has a smaller impact in terms of emissions and also requires less maintenance.

Since 2016, many forklifts have already been replaced, and about 50% of the total fleet today is made up of electric vehicles.



DIESEL CONSUMPTION COMPARED TO PRODUCTION

(tonnes / year)



CONSUMPTION OF THERMICAL ENERGY

In the chemical industry, heat is an indicator of the technological level of production plants.

The reduction in heat consumption demonstrates the joint efforts of the entire company to move towards the creation of "low carbon products", i.e. products based on sustainable raw materials resulting from high-level research and able to guarantee results with positive environmental externalities.

In 2017, a 10% decrease in the consumption of thermal energy was recorded compared with 2016: clear proof of the effectiveness of this initiative.

CONSUMPTION OF THERMICAL ENERGY

(Tep / Ton PF) x 100

WATER WITHDRAWAL

At a global level, the scarcity of fresh water and the falling quality of water in general (seawater, rainwater and groundwater) are considered to be problems of major importance on a par with climate change.

Valagro considers water an essential asset and its focus on limiting water waste is demonstrated by the data related to the significant reduction in water withdrawal (shown in the graph).

WATER WITHDRAWAL (M^3/year)

2015	2016	2017
24,910	22,161	13,980
		-17% vs 2016
		-29% vs 2015

IN THE SPOTLIGHT

OUR **GREENHOUSE GAS EMISSIONS**

The Earth's climate is changing, and the main cause of this change is the release of so-called greenhouse gases into the atmosphere (water vapour, carbon dioxide, methane, nitric oxide and ozone).

At an international level, the issue of reducing greenhouse gas emissions is the subject of great debate: in 2017, alarm bells were sounded by the Global Carbon Budget Report, which denounced the dangerous increase in carbon dioxide (CO_2) emissions that could jeopardise the objective of limiting climate change as established by the Paris agreements and reiterated by the Bonn Climate Change Conference (COP 23) and the World Economic Forum.

Within this highly complex framework, Italy appears to stand out: in the period from 1995 to 2015, greenhouse gas emissions in Italy decreased by almost 20 percentage points, according to Istat's "SDG Report 2018. Statistical information for the 2030 Agenda in Italy". With a value of 7.3 tonnes per capita, Italy sits below the European average for greenhouse gas emissions (8.8 tonnes).

In line with this focus on the negative effects of climate change, Valagro has implemented a series of initiatives over the years aimed at limiting the emission of greenhouse gases, as shown by the values linked to the production of its solutions, which are well below the values declared for other consumer products.

OUR GREENHOUSE GAS EMISSIONS

COMPARED TO THE GREENHOUSE GAS EMISSIONS OF OTHER COMPANIES

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0.17 ton. of CO_2 / ton. of product

= 170 kg / 1000 kg of product

REDUCTION IN CO_2 EMISSIONS

LED SYSTEM

Among the initiatives that have contributed to the reduction of greenhouse gas emissions, and in particular to the containment of CO_2 emissions, the wholesale replacement of traditional lamps with LED lamps throughout the factory in 2017 is worthy of note.
These lamps, which are equally powerful, have brought about estimated savings of around 170,000 kWh/year, which equates to a reduction of 60 tonnes of CO_2/year.

COGENERATION PLANT

The effort to reduce the company's emissions has been further reinforced by the construction of the cogeneration plant.
Producing both electricity and heat simultaneously, the cogeneration plant has allowed us to reduce our usage of electricity from the Terna grid.
When the plant reaches full capacity, it will consume approximately 360,000 smc/year. This level of consumption will result in a reduction in atmospheric emissions of approximately 315,000 kg of CO_2 per year, deriving from energy produced in-house by the company.

IN TOTAL,
A SAVING OF
375,000 Kg/year

DATA FOR THE CALCULATION:

- 1 kWh of electricity produced by Enel = 0.352 kg CO_2
- 1mc of methane combustion = 1.81 kg CO_2
- Delta gas consumption +50 smc/h
- day of operation TG 300
- h day of operation TG 24

ENERGY INTENSITY

Energy intensity – understood as the amount of energy used to make one kg of product – is a crucial factor for corporate sustainability. Limiting energy intensity by achieving higher levels of efficiency is an important driver for the reduction of climate-changing emissions.

Today, in order to remain competitive, companies are called on to rethink their products and services, taking into account the entire life cycle so that they have less impact during their manufacturing and eventual use. To do so, companies must review their value chain, starting with the efficiency of the supply chain and incorporating better management of all resources.

OUR ENERGY INTENSITY

COMPARED TO ENERGY INTENSITY OF OTHER COMPANIES

SPECIAL PROJECTS

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THE ENVIRONMENTAL PRODUCT DECLARATION (EPD) PROJECT

Innovation for Valagro also means applying research and development to the creation of increasingly efficient and therefore sustainable processes and products. It means analysing how product production stages are structured in order to evaluate their impact and understanding which improvement actions to implement in order to fully align with the quest for sustainability at every level of the company. With this in mind, in 2017 Valagro launched the EPD project, which aims to study the life cycle of all its nutritional solutions for agriculture.

The International EPD® System is a global programme for environmental declarations based on ISO 14025 and EN 15804. The Environmental Product Declaration (EPD) is a document that communicates verified, transparent and comparable information about the life-cycle environmental impact of products.

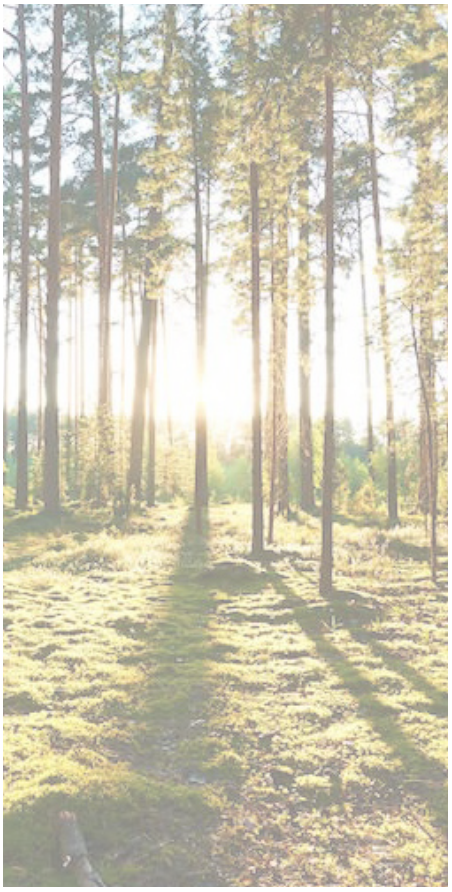
The methodology used is that of Life Cycle Assessment, a complete and exhaustive energy and environmental analysis of production processes that reduces inefficiencies, with significant benefits that are not only environmental but also financial.

This assessment will cover all Valagro products produced in the Atessa plant and will lead to Valagro obtaining the certification in line with the EPD standard for the biostimulant line.

To date, 70 biostimulant and water-soluble products have been subjected to the assessment mentioned above. The project is expected to be completed by 2020.

DIRECT ECONOMIC VALUE GENERATED

93,275,647 MILLION



Added Value summarises the company's ability to produce wealth to then distribute it to the various stakeholders.

Its fundamental components are the Economic Value Generated from ordinary company management and then the distribution in terms of Economic Value Distributed and Economic Value Retained.

The portion of Economic Value Distributed is divided among the main stakeholders: Suppliers, Employees, Partners - Shareholders, Central Administration, Community and the environment. On the other hand, the Economic Value Retained relates to value adjustments, anticipated and deferred taxes, provisions to reserves and profit for the year.

	2015	2016	2017
Generated	80,075,689	85,898,210	99,179,769
Distribuited	68,569,677	74,382,712	93,275,647
Retained	11,506,011	11,515,497	5,904,121

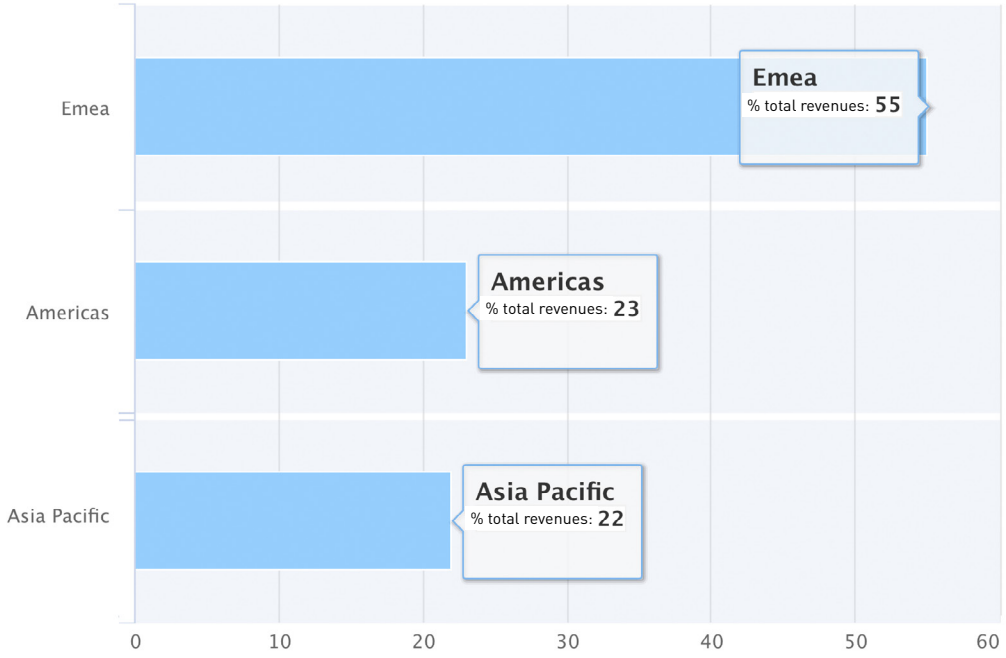
Economic value of Valagro SpA in millions €

REVENUE BY GEOGRAPHIC AREA

Emea: 51,074	**+18%** vs 2016
Americas: 20,975	**+3%** vs 2016
Asia Pacific: 20,893	**+26%** vs 2016

Thousands of Euros

GEOGRAPHIC AREA INCIDENCE ON TOTAL REVENUES (%)



VALAGRO PEOPLE

From a human resources standpoint, an area which has traditionally always been a key facet of the Sustainability Report, 2017 saw the completion of several strategic initiatives designed to maximize the potential of our staff and help them grow within the organization: the Group Performance Management System (GPMS), initially implemented in 2016, was completed in January 2017 with the inclusion of our Indian subsidiary in the system.

The main objective of the GPMS is to help employees to achieve an excellent level of performance, promoting constructive, ongoing dialogue between managers and personnel. In addition, the GPMS tool also allows employees to measure the level of proficiency and skill achieved each year by way of targets updated on an annual basis.

The implementation of the GPMS is closely tied to the formation of Career path, as the results taken from the GPMS are the basis used to define each employee's professional growth. This innovation was launched in 2017, with staff from our headquarters being the first to trial it. The Career path outline the potential development routes that employees can follow within the organization.

Every year, each employee's current position is evaluated by their Direct Manager with support from HR. The results are shared with the employee in order to define and implement a plan that will allow them to reinforce the skills they need to successfully tackle the challenges of the future. With its Career path, Valagro aims to support the professional growth of its employees by making the most of their skills and encouraging them to express their individual potential and motivation.

VALAGRO PEOPLE

HIGHLIGHTS

269
employees
for Valagro Spa

335
in the rest
of the world

29.7%
of the total
are female

21 of 100
new employees
under 30 years

49%
of employees
have a Degree

14
PhD candicates

VALAGRO RESEARCH AND DEVELOPMENT

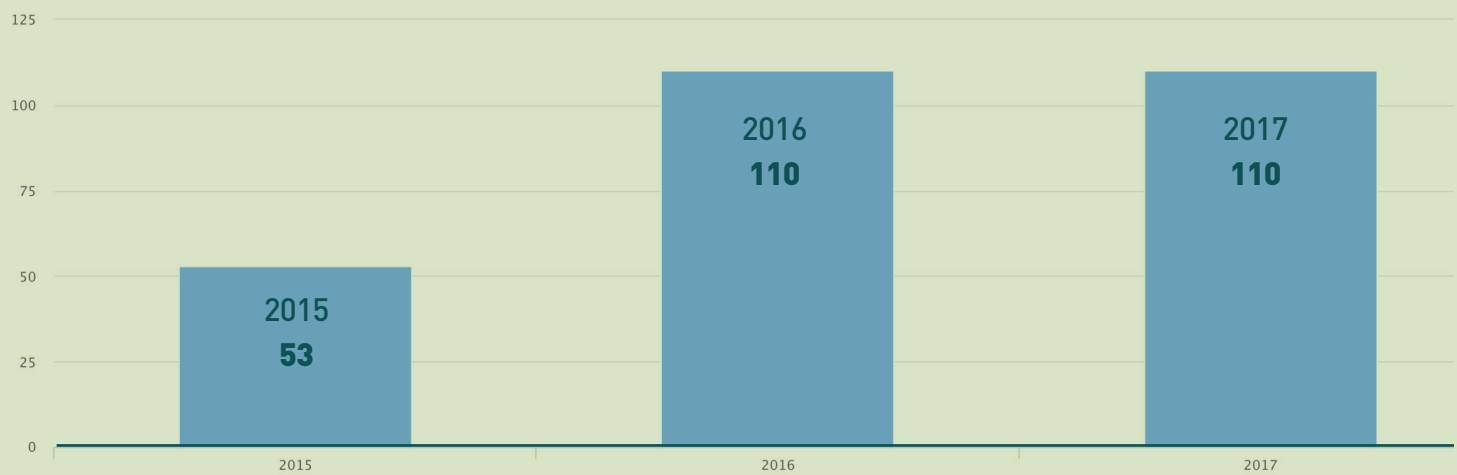
At Valagro, research and development activities are translated into innovation to tackle the challenges of modern agriculture, with the aim of ensuring food security, productivity and the quality of crops around the world, in light of the environmental problems directly linked to the increasing global population and the reduction of arable land.

In 2017, a new organisation was launched within the Global R&D Department. This connects four main platforms (Plant Physiology, Microbials, Agronomy and Chemical Lab) between themselves and with other platforms, namely:

- the Valagro @PlantLab joint laboratory at the Sant'Anna School of Advanced Studies in Pisa;
- the JointLab Valagro @PHENOlab in Metaponto;
- the SRIBIO subsidiary in India;
- the Plant Pathology Lab at the Valagro headquarters;
- the Quality Lab, to guarantee the quality of products and processes.

THE NUMBER OF PROTOTYPES ISSUED BY THE CHEM LAB

INCREASE IN PRODUCTION OF PROTOTYPES RELEASED OVER THE YEARS



VALAGRO RESEARCH AND DEVELOPMENT

HIGHLIGHTS

% of R&D personnel with a **PhD**

25%

% of **non-Italian personnel** on Group R&D staff

42%

Number of **joint laboratories**

2

Number of collaborations/agreements with Top Universities and Research Centers

47

Number of prototypes released

110

Total number of **primary screening** tests

253

THE **G4 GRI** GUIDELINES

Starting with the 2016 edition of the Sustainability Report, we have embarked on a journey of progressive compliance with the international standards set out by the Global Reporting Initiative (GRI). This innovation is an integral part of our commitment to sharing and transparency, because it provides us with objective support that helps us better relate to the whole community, which is the purpose of this report the G4 GRI guidelines help us to communicate the impact of our business activities from a social, environmental and economic point of view.

We chose this standard because of our desire to equip ourselves with an internationally recognised tool that had the specific characteristics of comparability, accuracy, clarity, timeliness and reliability. To highlight this journey, this publication includes indicators provided by our various business departments, expressly specified based on the availability of information required by the standard.

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GRI INDICATORS
CATEGORY ENVIRONMENTAL

CATEGORY: ENVIRONMENTAL
ASPECT: MATERIALS

MATERIALS USED BY WEIGHT OR VOLUME

G4 EN1

Valagro SUSTAINABILITY REPORT 2018

	2015	2016	2017
External Source (tonnes)	28,784,867	31,873,997	35,968,893
Internal Source (tonnes)	985,325	847,834	886,965
Non-renewable materials used	25,268,662	28,194,357	33,131,610

CATEGORY: ENVIRONMENTAL
ASPECT: MATERIALS

RECYCLED INPUT MATERIALS USED

G4 EN2

Valagro SUSTAINABILITY REPORT 2018

Identify the total weight or volume of materials used as reported under G4-EN1	2015	2016	2017
Total weight (tonnes)	3,516	3,679	3,724

CATEGORY: ENVIRONMENTAL
ASPECT: ENERGY

ENERGY CONSUMPTION WITHIN THE ORGANIZATION

G4 EN3

	2015	2016	2017
Identify the types of energy (fuel, electricity, heating, cooling, and steam) consumed within the organization (TJ)	2,240	2,259	2,250
Report fuel consumption for renewable fuel source	4.94	0.66	0.00

CATEGORY: ENVIRONMENTAL
ASPECT: ENERGY

ENERGY INTENSITY

G4 EN5

	2015	2016	2017
Report the energy intensity ratio (TJ/Ton)	7.7	6.9	6.3
Report the types of energy included in the intensity ratio	All	All	All
Report whether the ratio uses energy consumed within the organization, outside of it or both	Within	Within	Within

CATEGORY: ENVIRONMENTAL
ASPECT: WATER

WATER WITHDRAWAL BY SOURCE

G4 EN8

Valagro SUSTAINABILITY REPORT 2018

Identify the total volume of water withdrawn from any water source	2015	2016	2017
Report the total volume of water withdrawn	42,401	36,310	29,961

CATEGORY: ENVIRONMENTAL
ASPECT: WATER

WATER SOURCES SIGNIFICANTLY AFFECTED BY WITHDRAWAL OF WATER

G4 EN9

Valagro SUSTAINABILITY REPORT 2018

Identify water sources significantly affected by water withdrawal by the organization	2015	2016	2017
Report the total number of water sources significantly affected by withdrawal	2	2	2

CATEGORY: ENVIRONMENTAL
ASPECT: WATER

WATER RECYCLED AND REUSED

G4 EN10

Valagro SUSTAINABILITY REPORT 2018

	2015	2016	2017
Report the total volume of water recycled and reused as a percentage of the total water withdrawal reported under Indicator G4-EN8.	3,698	4,971	4,429

CATEGORY: ENVIRONMENTAL
ASPECT: EMISSIONS

DIRECT (SCOPE 1) GHG EMISSIONS

G4 EN15

Identify direct emissions of GHGs from sources owned or controlled by the organization	2015	2016	2017
Report gross direct (Scope 1) GHG emissions in metric tons of CO2 equivalent	3,934.23	3,977.43	3,918.9
Report gases included in the calculation	All	All	All
Report biogenic CO2 emissions	0	0	0

CATEGORY: ENVIRONMENTAL
ASPECT: EMISSIONS

ENERGY INDIRECT (SCOPE 2) GHG EMISSIONS

G4 EN16

	2015	2016	2017
Report gross energy indirect (Scope 2) GHG emissions in metric tons of CO2 equivalent	1,642.65	1,664.94	1,354.33
Report gases included in the calculation	All	All	All

CATEGORY: ENVIRONMENTAL
ASPECT: EMISSIONS

OTHER INDIRECT (SCOPE 3) GHG EMISSIONS

G4 EN17

Valagro SUSTAINABILITY REPORT 2018

	2015	2016	2017
Report gross other indirect (Scope 3) GHG emissions in metric tons of CO2 equivalent, excluding indirect emissions from the generation of purchased or acquired electricity, heating, cooling, and steam consumed by the organization	1,013.98	1,184.23	922,36

CATEGORY: ENVIRONMENTAL
ASPECT: EMISSIONS

GREENHOUSE GAS (GHG) EMISSIONS INTENSITY

G4 EN18

Valagro SUSTAINABILITY REPORT 2018

	2015	2016	2017
Indirect emissions (tonnes)	1,643	1,665	1,354
Other indirect (tonnes)	301	299	301
Flights (tonnes)	714.7	884.96	621.34
Total scope 1,2 and 3 (tonnes)	6,593	6,827	6,258
Turnover M€	70,43	78,91	86,14

Tonnes CO2 /M€	93,61	86,51	72,60
Production	29,348	32,960	36,385
Tonnes CO2/Kg Product	0.22	0.21	0.17
Employees	270	271	274
Tonnes CO2/ Employees	24.42	25.19	22.84

CATEGORY: ENVIRONMENTAL
ASPECT: EMISSIONS

NITROGEN OXIDES (NOX), SULFUR OXIDES (SOX), AND OTHER SIGNIFICANT AIR EMISSIONS

G4 EN21

	2015	2016	2017
NOX	NA	NA	NA
SOX	NA	NA	NA
POP	NA	NA	NA
VOC (UNI EN 13649:2002 UNI EN 13649:2002)	1,335	1,689	681.04
PM (UNI EN 13284-1:2003)	329.12	197.86	249.5
Metals	2.6	2.37	1.56

WATER DISCHARGE BY QUALITY AND DESTINATION

G4 EN22

Rainwater	2015	2016	2017
Destination	836	146	0
Quality of the water including treatment method (kg/year)	COD: 94 Nitrogen: 11 Phosphorus: 2 Metals: 3	COD: 28 Nitrogen: 2,33 Phosphorus: 0,99 Metals: 0,76	COD: 0 Nitrogen: 0 Phosphorus: 0 Metals: 0
Whether it was reused by another organization	No	No	No

Black waters	2015	2016	2017
Destination	Sewerage	Sewerage	Sewerage
Whether it was reused by another organization	No	No	No

CATEGORY: ENVIRONMENTAL
ASPECT: EFFLUENTS AND WASTE

WASTE BY TYPE AND DISPOSAL METHOD

G4 EN23

Identify the weight of waste created by the organization's operations	2015	2016	2017
Hazardous	29,016	36,229	49,157
Non-hazardous	313,046	357,087	328,397
Report the total weight of hazardous and non-hazardous waste, by the following disposal methods:			
Recycling	274,254	324,508	379,517
Composting	4,220	23,190	7,420
Landfill	63,672	42,361	46,978

CATEGORY: ENVIRONMENTAL
ASPECT: EFFLUENTS AND WASTE

TRANSPORT OF HAZARDOUS WASTE

G4 EN25

Total weight of hazardous waste transported by destination	2015	2016	2017
Total weight (kg)	29,016	36,229	49,157

CATEGORY: ENVIRONMENTAL
ASPECT: COMPLIANCE

NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS

G4 EN29

Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	2015	2016	2017
Report significant fines and non-monetary sanctions	0	0	0

CATEGORY: ENVIRONMENTAL
ASPECT: OVERALL

TOTAL ENVIRONMENTAL PROTECTION EXPENDITURES AND INVESTMENTS BY TYPE

G4 EN31

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	2015	2016	2017
Report total environmental protection	220,000	220,000	240,000

GRI INDICATORS
CATEGORY SOCIAL LABOR PRACTICES AND DECENT WORK

CATEGORY: LABOR PRACTICES AND DECENT WORK
ASPECT: EMPLOYMENT

NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER

G4 LA1

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TOTAL NEW RECRUITS BY AGE GROUP W/M	2015	2016	2017
Under 30 years old	6/9	4/5	7/14
30-50 years old	6/17	2/9	27/31
Over 50 years old	0/1	2/0	1/20

STAFF TURNOVER BY AGE GROUP W/M	2015	2016	2017
Under 30 years old	2/2	2/4	4/15
30-50 years old	2/10	3/5	12/31
Over 50 years old	0/1	0/2	1/17

CATEGORY: LABOR PRACTICES AND DECENT WORK
ASPECT: OCCUPATIONAL HEALTH AND SAFETY

WORKERS REPRESENTATION IN FORMAL JOINT MANAGEMENT–WORKER HEALTH AND SAFETY COMMITTEES

G4 LA5

Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs	2015	2016	2017
Report the level at which each formal joint management-worker health and safety committee typically operates within the organization.	1	1	1
Report the percentage of the total workforce represented in formal joint management-worker health and safety committees.	100	100	100

CATEGORY: LABOR PRACTICES AND DECENT WORK
ASPECT: OCCUPATIONAL HEALTH AND SAFETY

TYPES OF INJURY AND RATES OF INJURY, OCCUPATIONAL DISEASES, LOST DAYS, AND ABSENTEEISM, AND NUMBER OF WORK-RELATED FATALITIES

G4 LA6

Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities	2015	2016	2017
Injury	1.54	0	1.34
Occupational diseases	0	0	0
Severity Index	0.25	0	0.08

DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES

G4 LA12

TOTAL GROUP EMPLOYEES (AS OF DECEMBER 31, 2017)	by gender W/M	by age Under 30 years old	by age 30-50 years old	by age Over 50 years old
Governance bodies	0/7	0	1	6
Managers	1/11	0	4	8
Middle managers	10/22	0	23	9
Office and manual workers	59/70	10	91	19

GRI INDICATORS
CATEGORY ECONOMIC

CATEGORY: ECONOMIC
ASPECT: ECONOMIC PERFORMANCE

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

G4 EC1

Valagro SUSTAINABILITY REPORT 2018

DIRECT ECONOMIC VALUE GENERATED (€)	2015	2016	2017
Cash received as interest on financial loans, as dividends from shareholdings, as royalties, and as direct income generated from assets	80,075,689	85,898,210	99,179,769

REVENUE DETAIL FOR REGIONS (€)	2015	2016	2017
Center and South America	11,052	12,956	14,885
Europe	41,404	43,177	51,074
Far East	4,810	5,154	6,865
Middle East and Africa	8,725	10,017	12,165
North America	6,325	7,405	6,090
Oceania	1,355	1,317	1,863
Total revenues	73,671	80,026	92,941
Dividends from subsidiaries	6,283	5,772	6,058
Interest income from subsidiaries	122	100	181
Total Economic value directly generated	80,076	85,898	99,180

CATEGORY: ECONOMIC
ASPECT: ECONOMIC PERFORMANCE

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

G4 EC1

DIRECT ECONOMIC VALUE DISTRIBUTED (€)	2015	2016	2017
Operating costs: property rental, license fees, facilitation payments, royalties, payments for contract workers, employee training costs	52,399,429	54,280,812	61,899,530
Employee wages and benefits: regular contributions as well as other employee	14,387,811	16,229,050	19,213,000
Payments to providers of capital: interest payments made to providers of loans	775,013	921,255	9,389,252
Payments to government: all organization taxes and related penalties paid at the international, national, and local levels	700,839	2,825,903	2,612,346
Community investments: Voluntary donations and investment of funds in the broader community	306,585	125,693	161,520
Total	68,569,677	74,382,712	93,275,647

ECONOMIC VALUE RETAINED	2015	2016	2017
Direct economic value generated' less 'Economic value distributed	11,506,011	11,515,497	5,904,122

DEFINED BENEFIT PLAN OBLIGATIONS AND OTHER RETIREMENT PLANS

G4 EC3

COVERAGE OF THE ORGANIZATION'S DEFINED BENEFIT PLAN OBLIGATIONS

Defined contribution plans offered to employees

A defined contribution plan is a retirement plan under which the Company pays fixed contributions to a separate organisation. The Company has no legal or other obligation regarding the payment of additional contributions if the fund is not sufficient to pay benefits for the working period to all employees. Contribution obligations of employees for pensions and other types of payments are charged to the income statement when incurred.

Defined benefit plans offered to employees

Net obligations related to defined benefit plans mainly consist of employee severance indemnities (TFR) and end director's mandate indemnities (TFM), and are calculated by estimating the actuarial amount of the future benefit that the employees and the directors concerned have accrued in the current financial year and in previous years. The resulting benefit is discounted and is net of the fair value of any related assets. The calculation is carried out by an independent actuary, using the projected unit credit method. Actuarial gains and losses are recognised in the statement of comprehensive income for the year in which they occur.

Following the introduction of new legislation on supplementary pensions, as provided for by Legislative Decree 252/2005 implemented by the Financial Act 2007, the possibility has been given of providing the supplementary pension with the accruing severance indemnity. Consequently, in the actuarial valuation of the employee severance indemnity fund as of December 31, 2008, the effects of these new provisions have been taken into account, by evaluating for IAS/IFRS purposes only the liability relating to the termination indemnity accrued in the company since the further portions accruing are paid to a separate entity (supplementary pension scheme or INPS funds).

Long-Term Incentive Plan

The company adopted a loyalty plan for the 2014-2017 period addressed to the Core Team Member which, subject to certain conditions, provides for the provision of an incentive. According to the provisions of IAS 19 Revised, loyalty plans are classified as "other long-term employee benefits" and the valuation is to be carried out by adopting the "Projected Unit Credit Method" as well as "post-employment benefits".

Contribution rates of supplementary pension fund for FONCHIM category (extract CCNL CHEMICAL INDUSTRY - Part V)

– at the expense of the worker and the company as of 1 January 2001, the contribution rate is set at 1.2% of the payable benefit for the calculation of the TFR;
– at the expense of the company:
  · as of 1 July 2011, the contribution rate is set at 1.65% of the payable benefit for the calculation of the severance indemnity (TFR);
  · as of 1 July 2011, the contribution rate is set at 1.65% of the payable benefit for the calculation of the severance indemnity (TFR);
  · as of 1 March 2017, the contribution rate is set at 2.1% of the payable benefit for the calculation of the severance indemnity (TFR);

As of 1 January 2007, the company must make a further payment for each employee who is registered with FONCHIM, exclusively for the fixed category FUND set at 0.20% of the payable benefit for the calculation of the severance indemnity (TFR), which will be provided to the FUND for insurance coverage in the case of predecease or permanent invalidity, sanctioned by the competent institutions, which determines the termination of the employment relationship.

No contribution is payable by the company if the employee decides to enter a pension scheme other than the contractual scheme.

CATEGORY: ECONOMIC
ASPECT: ECONOMIC PERFORMANCE

FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENT

G4 EC4

	2015	2016	2017
Report the total monetary value of financial assistance received by the organization from governments during the reporting period, including, as a minimum:	0	48,000	471,276

CATEGORY: ECONOMIC
ASPECT: PROCUREMENT PRACTICES

PROPORTION OF SPENDING ON LOCAL SUPPLIERS

G4 EC9

	2015	2016	2017
Calculate the percentages based on invoices or commitments made during the reporting period	34%	34%	41%

GRI INDICATORS
CATEGORY SOCIETY

CATEGORY: SOCIAL - SOCIETY
ASPECT: PUBLIC POLICY

POLITICAL CONTRIBUTIONS

G4 S06

Valagro SUSTAINABILITY REPORT 2018

	2015	2016	2017
Total value of political contributions by country and recipient/beneficiary	0	0	0

The Company did not provide contributions to political parties, political individuals and related institutions during the periods considered.

CATEGORY: SOCIAL - SOCIETY
ASPECT: COMPLIANCE

NON-COMPLIANCE WITH LAWS AND REGULATIONS IN THE SOCIAL AND ECONOMIC AREA

G4 S08

Valagro SUSTAINABILITY REPORT 2018

Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	2015	2016	2017
Highway Code administrative sanctions	8,544	6,365	7,104
Voluntary tax deduction correction	511	0	0
Chamber of Commerce administrative sanctions	128	43	0
Motor vehicle stamp duty	58	291	662
INPS contributions	670	0	0
Prize competition	0	8	0

Stamp duty	0	20	1
Administrators fee deductions	0	144	0
AVIS commercial leases	0	0	50
Equitalia payment folder on the CCIAA Annual Law	0	0	31
LEROY Penal	0	0	1,494
Telepass stolen	0	0	56
Total	9,911	6,872	9,397

GRI INDICATORS
CATEGORY PRODUCT RESPONSIBILITY

CATEGORY: SOCIAL - PRODUCT RESPONSIBILITY
ASPECT: PRODUCT AND SERVICE LABELING

INCIDENTS OF NON-COMPLIANCE CONCERNING PRODUCT AND SERVICE INFORMATION AND LABELING

G4 PR4

	2015	2016	2017
Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	12	10	12


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