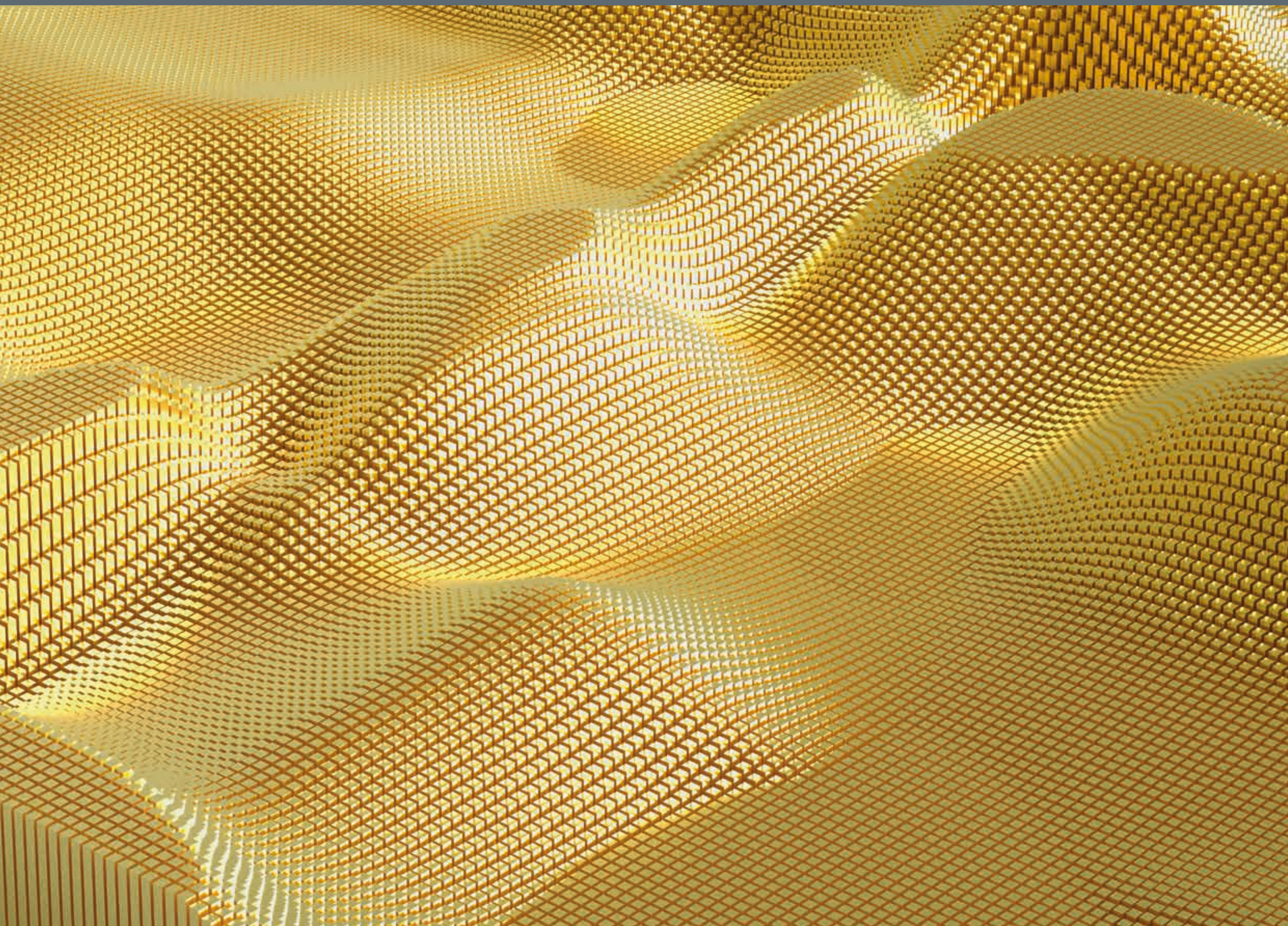
PRECIOUS METALS REFINING

Precious Metals Refiners

2020 Integrated Annual Report



PRECIOUS METALS REFINING

2020 Integrated Annual Report

LETTER TO STAKEHOLDERS

Dear Stakeholders,

This Integrated Annual Report describes T.C.A. S.p.A.'s business and financial performance during the year as well as its environmental and social impacts, using qualitative and quantitative indicators.

TCA carries out its mission conscientiously and responsibly, according to a business logic inspired by sustainable development: it is important to our Company not just to pursue the legitimate objective of profit, but also to build its business based on relationships with its stakeholders characterized by social, ethical and environmental values.

Our Company is still in an important phase of growth and development. Thanks to its positive results, it can continue to invest in research in order to provide the market with innovative solutions focusing on high-quality products and services, starting with those demanded by our customers. With our capabilities and technology we are able to offer excellent products and services.

Mindful that our Company is made up of people, we sincerely thank all those who work for TCA S.p.A. for their ongoing commitment and diligence in implementing the principles that we consider fundamental to our way of doing business.

Despite the crisis generated by the events ensuing from the Covid-19 pandemic and the difficulty of evaluating the effects on the economy that this unprecedented situation could produce, TCA continued to operate at a practically normal pace thanks to: i) above all, adequate prevention and monitoring activities (regular Covid-19 swab testing of all employees and directors); ii) immediate precautionary measures taken when occasional cases of infection were found, mainly outside the Company; iii) the type of activity performed; iv) customer diversification in terms of businesses and geographical locations.

TCA has sought out business opportunities in the market that observe sustainability criteria, among others, and has implemented a model for gathering information to prepare this Report that involves an effective internal control system and ensures the completeness of the information used in the decision-making process of management, Board of Directors and executive committees.

The Board of Directors is satisfied with the control model applied by TCA to assess the exhaustiveness of the information presented in the Integrated Annual Report and assumes responsibility for it. Moreover, the Board has considered the materiality of the information contained herein and has estimated the effect that the presence or absence of some information could have on the accuracy or validity of a statement in the Integrated Annual Report or on a stakeholder's decision.

The general purpose of the Integrated Annual Report is to supply information that could have a significant impact on TCA S.p.A.'s capacity to create value in the short, medium and long term for itself and for its stakeholders. To the best of its knowledge and belief, the Board of Directors is of the opinion that the Integrated Annual Report addresses the matters relevant to the stakeholders' decision-making process by explaining how TCA S.p.A. creates value over time and takes into account the Company's impact on itself, its stakeholders and the environment in which it operates.

Yours faithfully,

Marco Manneschi

TCA Chairman

METHODOLOGY

TCA S.p.A.'s Integrated Annual Report describes its financial and sustainability performance, business model, corporate governance, risk management, regulatory compliance, strategy, and capitals implemented during 2020.

The document represents the tool with which TCA S.p.A. (also referred to herein as "TCA" or the "Company") communicates with its stakeholders, and is an important occasion for illustrating the tie between business strategies, relationship management and the main activities carried out during the year.

The Integrated Annual Report explains TCA's relationship with the local and international community in terms of human resources, worker health and safety, customer relations, supply relations and environmental impact.

TCA continues to prepare this Report on a voluntary basis, as it is aware of the significance of such matters and in the interest of its stakeholders. In fact, Italian Legislative Decree 254/2016, regarding the mandatory disclosure of non-financial and diversity information, does not apply to the Company. TCA chooses to integrate its financial Annual Report with social and environmental data.

The layout of this report is based on the guiding principles of the International Integrated Reporting Framework, published in December 2013, and updated in 2021, by the International Integrated Reporting Council (IIRC), in conformity with the Global Sustainability Reporting Standards published in 2016 and updated in 2018 by the Global Reporting Initiative (GRI), according to the "core" option. The GRI Content Index is included at the end of this report; it sets forth the sustainability topics reported on by the organization.

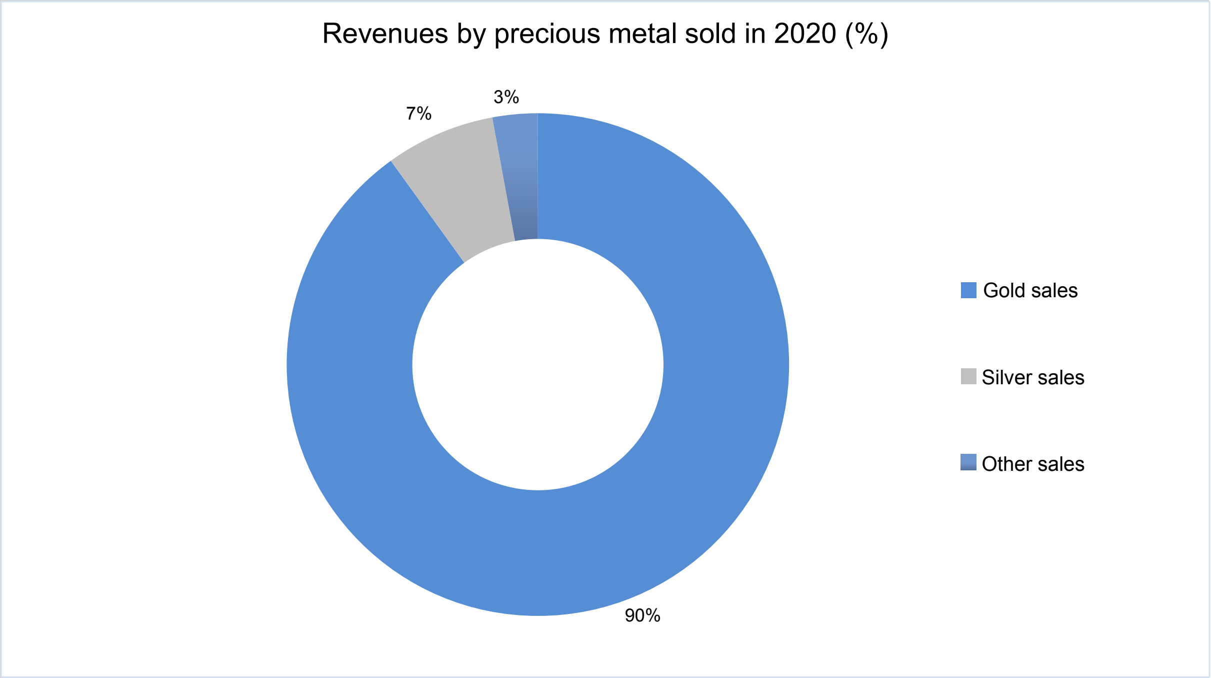
The contents of this Report refer to the year ended December 31, 2020. Data referring to the previous year is provided solely for comparative purposes, to enable an assessment of the business performance over a more extended period of time.

The information herein refers to matters deemed material regarding TCA's three operational facilities, located in Arezzo (headquarters), Vicenza and Valenza.

In order to provide a fair view of the services and ensure reliable information, directly measurable quantities were included while the use of estimates was limited as much as possible.

HIGHLIGHTS

Sales

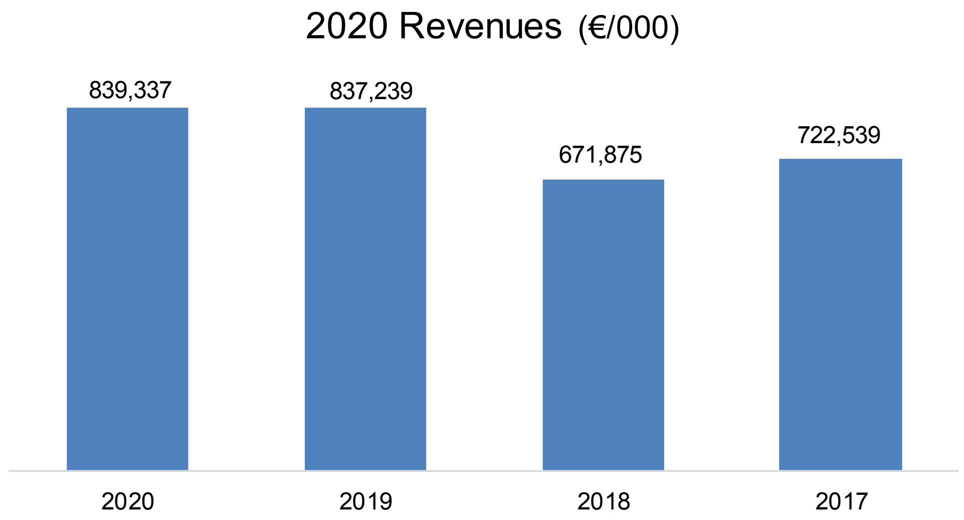


Balance Sheet Indicators

	2020	2019	2018
Total fixed assets (€/000)	27,332	23,654	19,593
Net working capital (€/000)	20,859	7,968	10,514
Equity (€/000)	39,810	28,894	26,557
Capital assets (€/000)	12,478	5,240	6,964

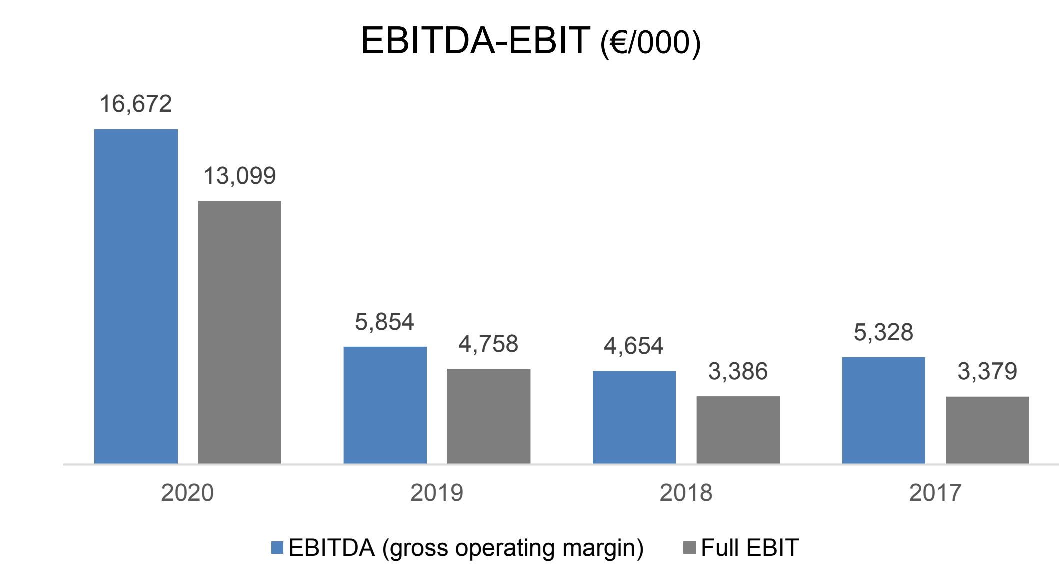
Revenues

In 2020 TCA produced revenues from sales and services in line with those of 2019.



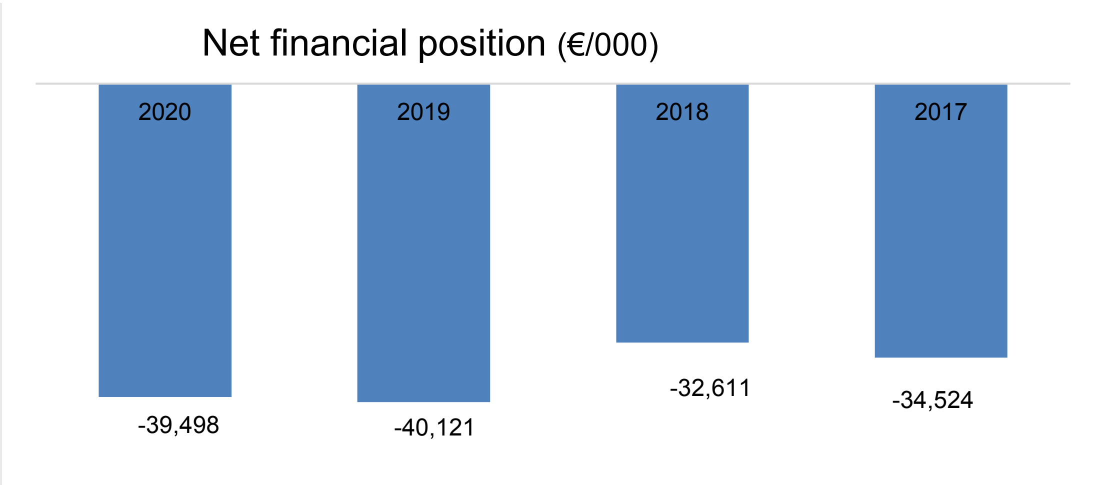
EBITDA

The 2020 EBITDA is € 11 million, up by 185% from that of 2019. As a result of the non-operating income, full EBIT is up by 246.3% from that of 2019.



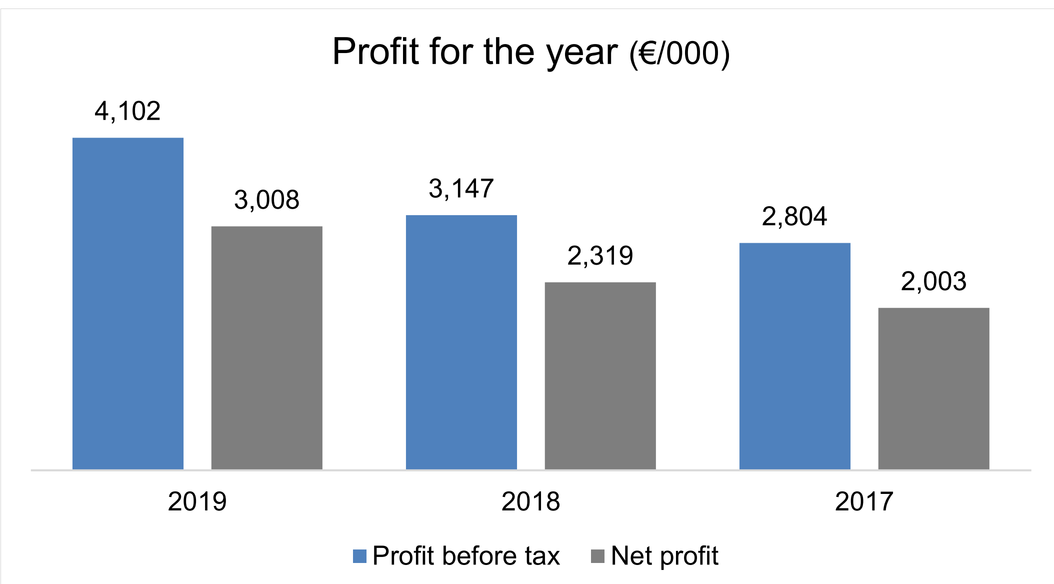
Net Financial Position

In 2020 the total net financial indebtedness increased by € 0.5 million (2%). Significantly, the debt increase is still less than the inventory increase, due in part to the temporary increase of the precious metals in stock and their prices, and in part to capital expenditures incurred for the completion of the new foundry.



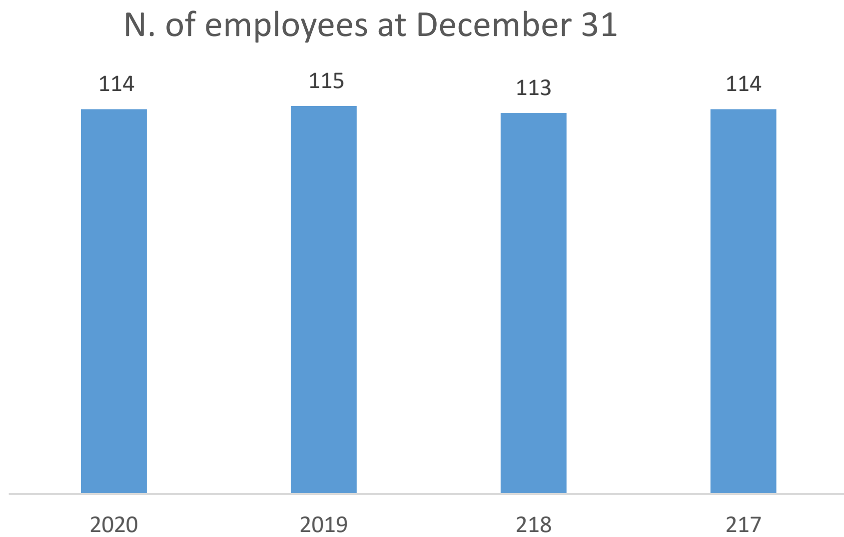
Net Profit

The net profit rose by 200% compared with the prior year.



Total Work Force

TCA's total work force has remained stable on average over the past three-year period.



Certifications and Other Numbers

Responsible Jewellery Council

LBMA GOOD DELIVERY REFINER

ENVIRONMENTAL SYSTEM CERTIFICATION DNV·GL ISO 14001

QUALITY SYSTEM CERTIFICATION DNV·GL ISO 9001

SAFETY SYSTEM CERTIFICATION DNV·GL OHSAS 18001

ACCREDIA L'ENTE ITALIANO DI ACCREDITAMENTO

3 Plants

20 Furnaces at the main plant

10% Turnover rate

355 Suppliers

€ 14,000,000 Share Capital

INTEGRATED REPORT ON OPERATIONS

TCA TRATTAMENTI CENERI AUROARGENTIFERE S.P.A.

Vision, Mission and Values

Services offered:

- Refining
- Laboratory and Research
- Galvanic Technology
- Metals Bank

Resources are not infinite, but recovering and recycling can make them infinite. Increasing the recovery rate of precious metals means reducing mining costs and the environmental impact: recovery costs less than mining, both financially and in terms of carbon dioxide emissions. Precious metals are present in numerous industrial sectors and, consequently, in many waste materials. Europe produces 8.7 million tons of electronic waste per year and recycles just over 2 million; in the United States less than 20 per cent of electronic scrap and only 10 per cent of personal computers is recycled. Considering that one ton of hardware scrap contains approximately 16 grams of precious metal, obviously the rates of gold and silver recovery could be much higher than they are now. Moreover, 50 to 90 per cent of palladium could be brought back into circulation, whereas currently only 5 to 10 per cent is recycled. Low recovery rates are also found in the jewelry-manufacturing, medical and chemical industries.Every day TCA, like a modern Alicanto, the mythological creature that fed exclusively on gold and other precious metals, faces enthusiastically and competently its challenge for a world richer in resources.

Our History

TCA started out in Tuscany, in the pulsating heart of the Italian gold and silver district. Founded in 1977 in Arezzo, where it is headquartered, TCA has two other branches, located in Vicenza and Valenza, for a total of more than 100 employees and three plants. Its partners deliver to TCA their extensive experience and in-depth knowledge of the sector acquired in the Tuscan company, a global industry leader. From its initial specialization of treating ashes containing gold and silver, TCA's expertise has grown to encompass platinum, palladium and rhodium recovery as well.

Plants:

The main plant is situated in Capolona, just outside Arezzo. It occupies an area of approximately 10,000 covered square meters and 20,000 uncovered square meters, with 13 incineration furnaces and 5 smelting furnaces. The plant has an annual production capacity of 2,000 tons of ashes, 220 tons of pure gold, more than 400 tons of silver, and more than 5 tons of platinum group metals (PGMs).

The Vicenza and Valenza plants are important for distribution and serve as collection and preliminary treatment centers for the materials subsequently handled in Arezzo.

Professional competence, concern for safety and care for the environment are the distinctive strengths of our plants, which have become excellent production centers thanks to the investment plan for acquiring new technology and updating professional skills. Our experts are in constant contact with international research institutes and are up to date on the current state of the art.

Governance

T.C.A. has had a traditional governance model since 2004 when, pursuant to the corporate law reform, it transitioned from the previous structure headed by a Sole Director to that of a Board of Directors, currently consisting of eight members, six of whom own 90% of the share capital. With this governance model the Company created a single, integrated body to represent and identify its ownership and governance.

Corporate data	
Name:	TCA S.p.A.
Registered office:	Zona Industriale, 11 - 52010 Capolona Arezzo
Share capital (€):	14,000,000
Share capital fully paid in:	Yes
Chamber of Commerce number:	00279290514
VAT number:	00279290514
Tax identification number:	00279290514
Legal status:	Joint stock company ("S.p.A.")
Classification of economic activity (ATECO):	24.41.00
Company in liquidation:	No
Single-Member Company:	No
Company subject to management and coordination by others:	No

The Board of Directors, in office until the approval of the financial statements for the year ended December 31, 2021, consists of six males and two females, for 8 members in total.

It includes the Chairman, Marco Manneschi, as well as Giacomo Rossi and Tommaso Chiarini, who have been with TCA for years, currently work in the Sales Department, and became full members of the new governance structure last year. The new members are Sara Magnani, Serena Tavanti, Francesco Rossi and Andrea Chiarini, bringing the total to 8 Board of Director members.

The two females, accounting for 25% of the total, are both (100%) between 30 and 50 years of age.

The six males, representing 75% of the total, include 5 members (83%) between 30 and 50 years of age and one member over 50.

Board of Directors		
	Name	**Role**
♂	Marco Manneschi	Chairman
♀	Sara Magnani	Director
♀	Serena Tavanti	Director
♂	Francesco Rossi	Director
♂	Andrea Chiarini	Director
♂	Lorenzo Tavanti	Director
♂	Tommaso Chiarini	Director
♂	Giacomo Rossi	Director

With the appointment of the new Board of Directors and the addition of members who have been directly and continuously involved in TCA's business, the shareholders have marked a turning point in certain decision-making processes.

Their active participation in TCA's daily activities shortens considerably the time needed to make decisions: specific demands in terms of investments, strategies, and decisions regarding ordinary and extraordinary administration are perceived and discussed quickly, and execution is practically immediate.

To this end, the new Board of Director structure has implemented governance policies that include more frequent discussions and meetings (often weekly) than those required by law. During such meetings, the Board members report the needs emerging from new investments in tangible or intangible assets, decisions regarding routine and extraordinary business operations, and the strategic guidelines listed in the agenda. The decision-making process involves analyzing the matters raised and reported, discussing them on the basis of the documentation produced or (in the case of new investments planned) supporting feasibility studies, and passing unanimous resolutions with or without assigning proxies to Board members, as needed to complete all activities directed toward the attainment of the predetermined purpose.

Board of Statutory Auditors	
Name	**Role**
Franco Arrigucci	Chairman of the Board of Statutory Auditors
Fabrizio Cavallini	Standing Statutory Auditor
Pietro Benedetti	Standing Statutory Auditor
Giovanni Grazzini	Alternate Statutory Auditor
Marco Rossi	Alternate Statutory Auditor

According to TCA's Articles of Association, the Board of Statutory Auditors is responsible for the statutory audit of its accounts. TCA S.p.A. assigned the external audit of its financial statements to Deloitte & Touche on a voluntary basis.

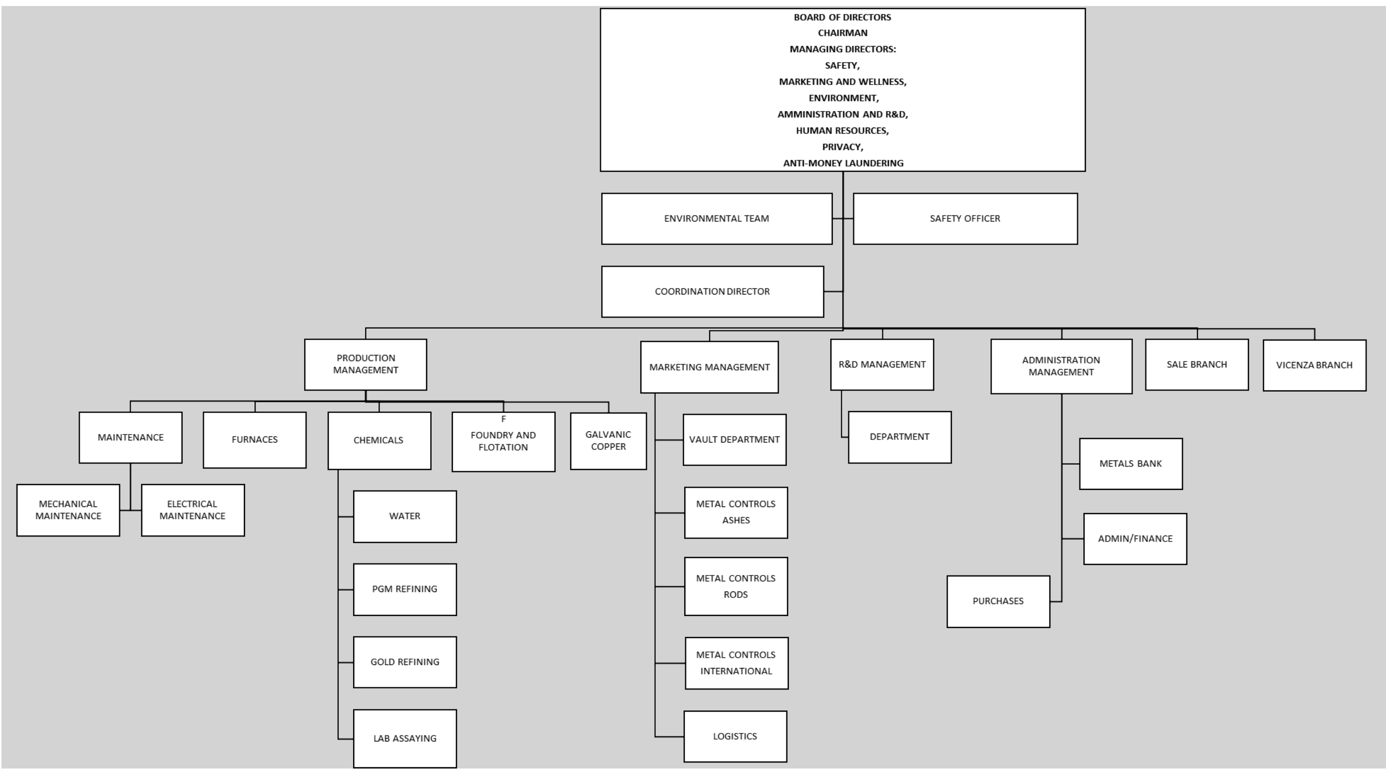
Organizational Model pursuant to Legislative Decree 231/01

Dealings with public entities and institutions are characterized by transparency, ethics and collaboration. As additional assurance of fair conduct toward institutions and all parties involved in its business, in 2014 TCA initiated procedures to comply with Italian **Legislative Decree 231 of June 8, 2001**, which regulates the administrative liability of legal entities.

A Board of Directors' resolution adopted the Organizational Model pursuant to Legislative Decree 231/01 and appointed the Supervisory Board. The purpose of the model is to identify the crimes for which TCA could be held responsible (mainly corporate crime, crimes relating to violation of occupational health and safety regulations, and fraud damaging public entities) and to prevent them from being committed. The model is monitored periodically by the Supervisory Board, which is responsible for supervising the model's effectiveness and observance and for updating the model.

In recent years a **Code of Ethics** was adopted that sets forth the rights, duties and responsibilities of the Company toward all the stakeholders (employees, suppliers, customers, public entities, shareholders, financial markets).

TCA S.p.A. Organizational Structure



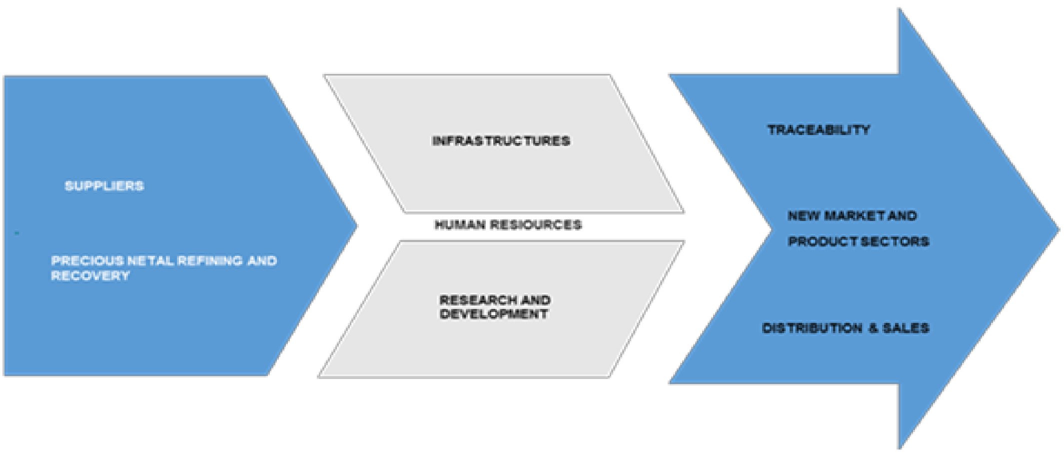
Business Model and Value Chain

TCA was founded as a company serving exclusively the gold jewelry industry in Arezzo: at the beginning of the gold supply chain as a supplier of precious metals, and at the end as a refiner and recoverer of precious metals for jewelry manufacturers.

The Company's business grew over the following decades, but the industry crisis that emerged at the beginning of the new millennium called for a serious, thoughtful revision of its business model. TCA has fixed assets, human resources and a production capacity that greatly exceed the requirement of the local and domestic jewelry market. The know-how and experience acquired over decades of business in the metallurgical and chemical sectors, used for precious metal recovery, are behind TCA's diversification and growth. Hence, diversification of the business model, in terms of the pursuit of new markets, especially abroad, where TCA can make full use of its potential, adding value. New markets and new product sectors, from the manufacturing industry to electronics, the raw chemicals industry to the petrochemical and pharmaceutical industries. The common denominator is the presence of precious metals, even in small quantities, but enough to justify their refining and recovery.

More evidence of the continuous development of the business model is the recent focus on sectors with a substantial use of PGMs: this called for reorganizing and developing the already high capacity for treating and refining platinum, palladium and rhodium, metals used prevalently in industrial applications and characterized by very different cycles and processes from those of the more "traditional" gold and silver ones. In this respect, TCA invested in plant and equipment, thereby increasing considerably its capacity for refining and producing PGMs per unit of time, and invested in scientific and technological research, whereby it obtained very important results that were applied to the processes of treating and recovering precious metals. In this manner the processing time, raw material consumption and environmental impact in terms of waste produced per finished product unit were greatly reduced.

Risk management



TCA operates within a significant, strict regulatory framework, especially concerning environmental and occupational health and safety matters. For the purpose of full compliance with the compulsory regulations, the Company has provided itself with an Integrated Management System regarding Quality, Environment, and Health and Safety, through which it intends to monitor and manage risks and critical factors that could arise or occur in its usual, standard production processes or in the performance of any unusual or emergency activities.

The main risks associated with such topics, identified during the business activities as most significant for TCA, are described hereunder:

Safety:

TCA has complied with Legislative Decree 81/2008 (Occupational Safety Code), fully updating and supplementing the risk assessment (last updated in December 2018). Concerning its Safety Management System, in 2020 the Company transitioned from the BS OHSAS 18001 standard to the UNI EN ISO 45001 standard and maintained the related certification by the accredited certification body, DNV. The Company invested in human resources in 2020, adding two employees to the Prevention and Protection Service. The specialized training program is satisfactory and up to date on health and environmental regulations: a training program is currently underway for all employees.

Environment:

For years the Company has been certified by the accredited certification body, DNV. During 2020, the Region of Tuscany extended its approval of the Environmental Impact Assessment, and we are awaiting the completion of the process for the issuance of the Integrated Environmental Authorization.

In September 2020, the Company's handling and treatment of furnace slag (intermediate products) were investigated by the Operational Unit of the Florence Carabinieri police.

With respect to the European "REACH" (Registration, Evaluation, Authorization and Restriction of Chemicals) regulations, the Company registered gold, silver, palladium and copper in previous years.

Privacy:

TCA has duly complied with the compulsory privacy code, although it does not retain or process internally any sensitive personal data. The Company has implemented a specific management system to comply with the new General Data Privacy Regulation (GDPR), which became effective on May 25, 2018.

Quality:

The quality management system was integrated with the environmental management system and the safety management system; an Integrated Management System Manual was drawn up for this purpose. In 2020, the quality standards of previous years were confirmed; they are monitored constantly and managed satisfactorily. In addition, DNV confirmed the certification of the Integrated Management System.

Responsible Jewellery Council (RJC):

In March 2017, the Company obtained accreditation as a Member of the Responsible Jewellery Council (RJC) in London based on the Code of Practice issued by the RJC in 2013 and the Chain of-Custody ("CoC") standards of 2012.

The Responsible Jewellery Council is a standard setter that oversees the entire jewelry supply chain, from mine to retail. Each supply chain participant contributes with a commitment toward affirmation and observance of responsible sourcing and implementation of responsible business practices.

An audit conducted by Bureau Veritas Italia in January 2020 confirmed the compliance with the specific CoC and CoP standards.

Given the significant demand from the gold and silver markets for precious metals certified with such standards, the Company plans to obtain silver, platinum and palladium accreditation as well in 2021.

Financial risk management:

In accordance with Civil Code Article 2428, paragraph 2, point 6-bis, the following information is provided concerning the use of financial instruments, which is important for assessing the Company's financial position and performance.

Management’s objectives were to mitigate the following risks:

Market risk: this is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices, interest rates, foreign exchange rates and/or precious metal prices, whether the changes arise from factors specific to the individual instrument or its issuer, or from factors that influence all market-traded instruments. TCA hedges the risk of precious metal price volatility by using forward contracts, gold forward sales, metal-denominated bank accounts, and internally by balancing as much as possible purchases and sales conducted in the same currency. Nevertheless, foreign exchange fluctuations could adversely impact the Company's financial position, performance and cash flows.

Cash flow risk: this is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In the case of a variable-rate debt instrument, for example, those fluctuations would cause a change in the effective interest rate of the financial instrument. Much of TCA's debt is structured with variable interest rates. The Company manages its cash flow risk by continuously monitoring its various sources of funding and by fixing the interest rate for short-term credit lines through Interest Rate Swaps (IRS). This hedging instrument converts the variable interest rate of an underlying financial liability into a fixed interest rate. The fair value of this instrument was negative € 32,876 at the reporting date, as reported by the Bank of Italy Central Credit Register.

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. TCA manages insolvency risk on receivables by evaluating its customers' creditworthiness and setting credit limits. In addition, the Company has been insured against insolvency risk on its Metals Bank and Outsourced Processing units for many years. The insurance covers 95% of sales; all credit lines granted and guaranteed by the insurance company are constantly monitored by the latter; each new sales account is checked by performing due diligence using efficient and updated information sources.

Liquidity risk: this is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk may emerge from difficulties in obtaining funding for operating activities in time to meet its commitments.

TCA believes that it can meet its commitments associated with loan repayments and budgeted investments by way of cash flows from operating activities, cash on hand, renewed or refinanced bank loans and capital markets as necessary.

The Company's policy is to have adequate funding by way of sufficient credit lines. Its cash flows, funding requirements and cash requirements are monitored and managed so as to ensure effective and efficient management of financial resources.

General Business Risks:

TCA has mapped out the crime risks to identify business activities where crimes could be committed, in compliance with Legislative Decree 231/2001.

Mapping is fundamental for identifying the risks and determining policies (preventive protocols) to mitigate them.

A Management System designed to monitor and manage the risks associated with the sourcing of gold-containing materials was expanded; in fact, in 2019 TCA stepped up its use of the World-Check One database information and entered into a contract with the CERVED Group for the supply of trade information: the contract provides for access to the VISIUS platform which assists the due diligence activity performed in the Compliance Area, supplying information related to the customer due diligence procedures, in compliance with the recent anti-money laundering regulations of Italian Legislative Decree 90/2017, amending Legislative Decree 231/2007, enacting the European Union Fourth Anti-Money Laundering Directive (Directive (EU) 2015/849). The database provides information concerning the criminal records of individuals and criminal sanctions imposed on legal entities regarding financial crimes, money laundering, terrorism, and the financing of militant groups or criminal organizations, and it identifies PEPs (Politically Exposed Persons). During 2020 the Company obtained another research tool to complete and supplement the information needed to conduct due diligence on new counterparties and stakeholders: it consists of information provided by White List Warranty, an Italian firm whose goal is to supply qualified information for anti-money laundering control and reputational risk purposes, integrating in a relational manner data obtained from Italian public databases (through links based on tax i.d. numbers, VAT i.d. numbers, first and last names and birth dates) and a wide range of third-party databases (Acuris Risk Intelligence).

It is the sole distributor in Italy of the Acuris Risk Intelligence lists, which comply with the EU 4th Directive (GAFI and FATF standards) and with Regulation (EU) 679/2016 – General Data Protection Regulation – GDPR, particularly with Article 10 of the latter regarding the processing of personal data relating to criminal convictions and offenses.

The aforementioned management system was developed according to the Responsible Gold Guidance and Responsible Silver Guidance issued by the London Bullion Market Association (LBMA), the entity from which TCA obtained the status of Good Delivery Refiner of Gold on August 12, 2014 and the status of Good Delivery Refiner of Silver on October 3, 2017, and the Responsible Platinum & Palladium Guidance issued by the London Platinum & Palladium Market (LPPM), the entity at which TCA will begin the process to obtain Good Delivery status for platinum and palladium in 2021. In 2020, pursuant to a special review, auditing firm Deloitte & Touche S.p.A. provided assurance that the Management System is fully compliant with the LMBA and LPPM requisites; based on such audits, it verified and endorsed such compliance and issued the related certifications.

Reputational risk

Due to the nature of its business and the context in which it operates, TCA has given much consideration to its reputation in recent years. Through careful analysis, it has identified the events that produce reputational risk and cause the greatest concern for the business as: I) harm to existing business relationships; II) loss of earnings; III) negative media coverage; IV) limited capacity to develop new business relationships; V) legal disputes; VI) negative brand perception.

Possible causes could be: a) industrial espionage; b) significant legal disputes; c) boycotting of products and services; d) hacking of information systems; e) criminal proceedings; f) factory damages; g) environmental damages.

TCA has appropriate, adequate insurance coverage to meet the crisis management costs and the associated potential financial losses that could ensue from damages and/or incidents that could occur.

Since TCA operates in both the trading and the refining and recovery of precious metals, it deals with recurring transactions and long-standing counterparties on a daily basis, but also with new business opportunities. The compliance standards for the Italian and international financial, legal, currency, tax and money-laundering rules and regulations are increasingly stringent. Therefore, TCA has adopted due diligence and Know Your Customer policies in line with such principles, in order to properly qualify and assess the level of risk for each new business relationship and for ongoing business relationships.

Strategy and allocation of resources

TCA continues to pursue diversification of operations, products, services and markets, in keeping with previous years.

Additional capital gains should be realized in 2021, resulting in part from the forthcoming completion of the new Foundry, which is currently in the start-up phase.

The Status of Good Delivery Refiner accreditation from the LMBA (London Bullion Market Association) for both gold and silver facilitates the Company's business in institutional and international markets. The volumes of materials assigned by third parties for refining purposes have fallen, but TCA has been able to refine its own materials to obtain precious metals sold at remunerative prices.

In 2020 the business regarding the treatment of materials aimed at recovering Platinum Group Metals (PGMs) continued to grow strongly, and the Company seized the new opportunities on the market immediately by putting its excellent refining skills to use.

As noted, in the Trading division, the supply of metal for investment purposes, in various forms and sizes, to Italian and foreign banks, has increased; those banks are currently among the key end markets for the gold produced by the Company.

The substantial increase in precious metal prices in 2020 benefited trading turnover, and especially the turnover from precious metal refining activities. The prices affect favorably the value of the metals owned, which is magnified using the LIFO valuation method.

The complicated global market trend certainly makes it more complex and difficult to obtain results and meet targets. However, up to now the Company has been capable of maintaining a high standing and rating, especially with banks. It has successfully improved its credit score and diversified its financial leverage very well, essential for sustaining its business.

The Company is continuing with the service and target market diversification that has characterized its growth strategy in the past; in 2017 the planning of an important investment was begun, consisting of a New Metallurgical Division; the plan envisioned building a new factory to house new melting equipment. The new Foundry division is expected to be completed and begin operating in 2021. As noted, due to the Operation Permit issued by the Region of Tuscany, the start-up phase intended to fully activate the new continuously running metallurgical plant has begun. Such investment is expected to increase the production capacity considerably and enhance the efficiency of the metallurgical processes, with significant energy savings and a large reduction of lead time.

All investments will enable to speed up the production cycle and thus aid the supply of precious metals to be refined: this means creating financial support by "liquidating" the working capital, an essential and extremely useful part, especially in view of the uncertain future monetary and credit scenarios.

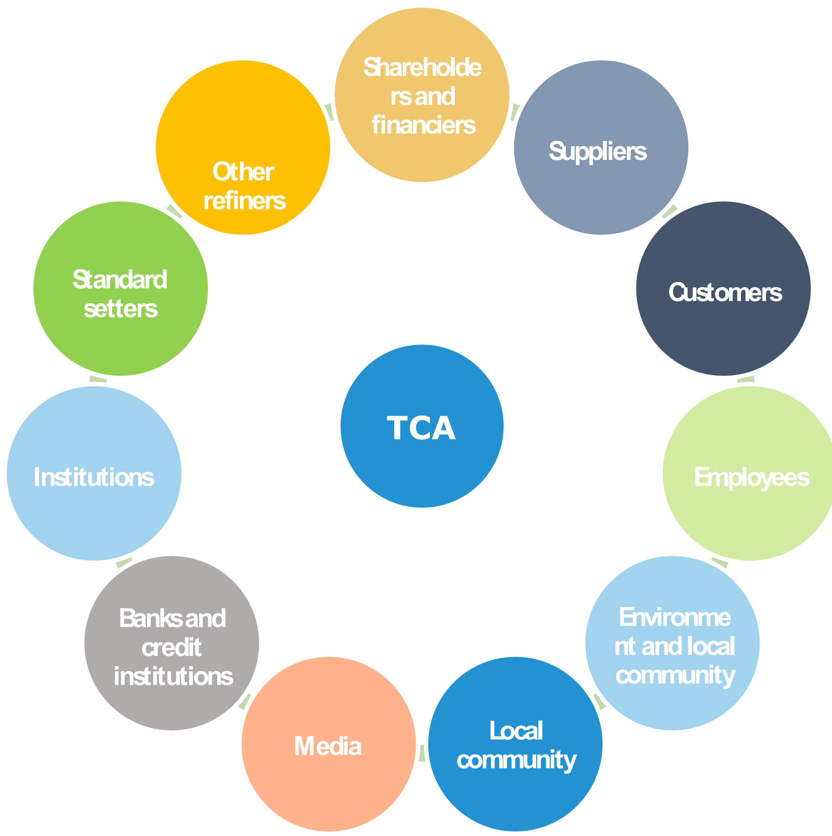
TCA Stakeholders and significant topics

The Stakeholders

TC believes in the importance of building and maintaining a transparent, ongoing relationship with its stakeholders, and the Integrated Annual Report represents TCA's commitment to constantly strengthening such relationship. It encompasses the reporting process that, in addition to the financial statements, describes to stakeholders the steps and progress made and the objectives set with respect to sustainability.

Since 2016 TCA has defined and implemented a process to identify the main categories of stakeholders, which maps out the key stakeholders.

The results of such analysis are provided below, indicating TCA's key stakeholders:



Stakeholders are all those individuals or groups of individuals who influence - or are influenced by - the Company, its activities, its products or services and the related performance.

Due to this broader definition, TCA did not limit itself to including only employees, clients, suppliers, shareholders and lenders, but also added institutions, other refiners, standard setters (LBMA, RJC, etc.), banks, the media, local communities, the environment and the local area.

After identifying the stakeholders, and to strengthen the relationship with them, TCA mapped out the needs and expectations from each one, and the main systems used to maintain a constant, transparent dialogue with them.

This situation is constantly evolving due to the developments of the main business activities and the changes therein. The results of such analysis are provided below; they are also constantly evolving and therefore need to be updated annually.

Stakeholders	Needs and expectations	Main dialogue tools
Employees	- Good company climate - Attention to health and safety in the workplace - Adequate collective bargaining - Implementation of rewarding remuneration policies	- Training on organizational values and conduct - Corporate web portal - Periodic communication (email-newsletters) - Communications from top management - Collective bargaining
Environment and local community	- Attention to emissions and water use in areas with water stress - Biodiversity protection	- Environmental plans - Corporate website
Customers	- Quality services - Compliance with contractual terms - Compliance with compulsory regulations	- Corporate website - Customer satisfaction assessment - Handling of complaints - Marketing communications - On-site visits
Local community	- Less pollution and more respect for the environment - Integration of the community into company activities - Involvement in company initiatives - Employment opportunities	- Corporate website - Meeting and events in local area - Press releases - Activities supporting artistic and cultural heritage in sites of public interest - Sponsorships of cultural and sports activities
Suppliers	- Trust-based relationships - Clear and transparent communication - Constant communication	- Corporate website - Constant direct contact - Contractual relationships - Follow-up activities - On-site visits - Trade events and fairs
Shareholders and Financiers	- Financial performance - Publication of financial and other reports	- Corporate website - Financial reports - Shareholder Meetings - Press releases
Media	- Transparent communications	- Publication of certifications obtained - Advertising - Press releases - Corporate website
Banks and credit institutions	- Contractual compliance - Financial performance - Publication of financial and other reports	- Annual financial statements - Business meetings
Institutions	- Regulatory compliance - Attention to waste disposal	- Financial and other reports - Mandatory disclosures - Information upon request - Sponsorships
Standard setters	- Compliance with applicable rules and guidelines - Compliance with contracts stipulated	- Audits - On-site visits - Corporate website
Other refiners	- Transparent communications - Anti-competitive practices	- Start-up activities and process set-up - Meetings - Business dealings

The stakeholder categories identified demonstrate the context in which TCA operates, which is externally represented by a market made up of: private customers, most of which in Italy; local residents that live in the areas where TCA's activity could potentially have an impact; banks and the financial world in general (rating agencies, partnerships, consultancies, etc.) which have a daily influence on the sales performance in terms of precious metal price variability; suppliers of products and services that are also an important external factor for TCA, because they can affect the capability of the organization to achieve the results aimed for, and the employees, who constitute a strength within the organization.

Moreover, given their actual and potential effect on TCA's capacity to regularly supply its products and services, key stakeholders are also the supervisory entities and authorities, such as the Regional Environmental Protection Agency (ARPAT), the Regional Office for environmental and reclamation permits, the Forestry Commission, the local health authorities (USL), etc.

Material topics and materiality assessment

Aware that the process embarked on in 2016 is increasingly important for the organization, and in order to expand its reporting process, TCA decided to supplement the materiality assessment in compliance with the Global Sustainability Standard Board of the Global Reporting Initiative (GRI) and with the Integrated Reporting (<IR>) Framework.

Up to last year, in its materiality assessment, TCA had identified sustainability material topics related to Environmental, Social and Governance (ESG) aspects that are currently or potentially significant for the organization and influence stakeholders' valuations and decisions substantially.

This year, considering the pandemic, the ensuing strategic changes and the desire to expand its reporting process, TCA decided to analyze the topics more in-depth, and thus introduced the Materiality Matrix for the first time.

The Materiality Matrix is considered, by the main ESG standard setters, one of the primary tools to identify, analyze and define a strategic sustainability process.

It enables to identify the most relevant, influential and forceful sustainability topics, providing an aggregate view of the importance of the topics for stakeholders and the Company.

Since the Materiality Matrix takes into consideration both internal and external strategic visions and involves stakeholders, it is a dynamic tool that must be updated annually based on external factors, industrial mega-trends and changes in the Company's market.

The materiality assessment takes place in the following stages:

- Benchmark analysis to identify material topics, conducted with a panel of TCA's peers and competitors, publications and past material topics;
- Stakeholder engagement in potentially significant topics through online surveys;
- Workshops with top management to prioritize and discuss potentially significant topics;
- Definition of the materiality matrix, produced from the survey results and workshops with top management.

Benchmark analysis

The first part of materiality assessment was a benchmark analysis centered on the identification of potentially significant topics for the organization.

The topics were identified through a document analysis of internal and external sources such as:

- Topics identified last year;
- The main industry peers, both Italian and international;
- Reports, articles and publications on global industry megatrends (e.g., RobecoSam);
- Any regulatory changes (e.g., Decree 254).

This preliminary analysis results in the topics to be studied and voted on by the stakeholders and TCA.

Consistently with the <IR> Framework, the topics were grouped together according to the 5 Capitals: Financial Capital, Human Capital, Natural Capital, Social and Relationship Capital, Intellectual Capital.

Stakeholder engagement

After identifying the material topics, TCA began a process to involve stakeholders, intended to strengthen the materiality assessment procedure, in keeping with the requirements of the GRI standard. TCA created an online survey to send to a panel of stakeholders (60 stakeholders involved, with a 65% response rate).

The survey asked each respondent to state how significant they believed the specific topic was, on a scale of 1 to 5 (1 – not significant, 5 – maximum significance). The responses were analyzed, and such activity enabled to determine the priority of the topics based on the significance assigned to each of them. In addition, the survey asked if it was necessary to add other topics, currently not included in the boundary, deemed by the respondent to be significant; all the stakeholders considered sufficient the topics already identified.

Workshops with top management

In addition to the stakeholders' assessment of the topics, it was necessary for the Company to assess such topics, for the purpose of preparing the materiality matrix in accordance with the Global Reporting Initiative (GRI).

For this reason, on May 12, 2021, the members of the Board met for a Workshop aimed to define the priorities of the material topics according to their significance.

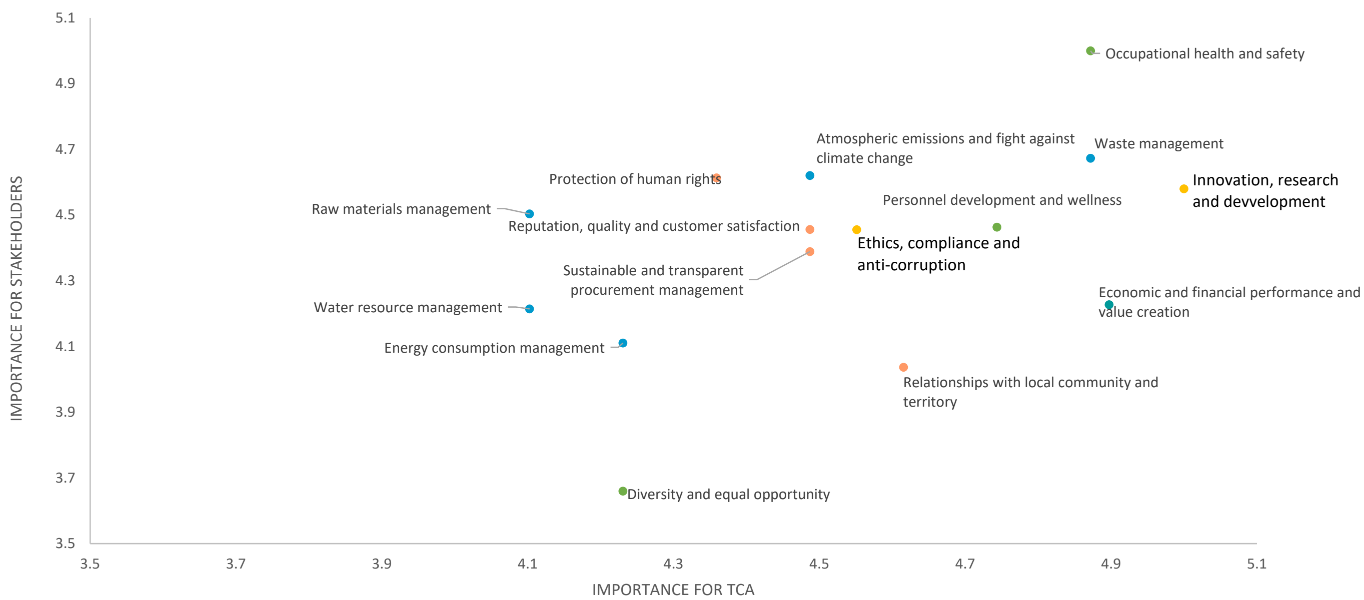
Even in this case, like in the stakeholder survey, the topics were presented, and the participants were asked to state how significant they believed the specific topic was for the Company, on a scale of 1 to 5 (1 – not significant, 5 – maximum significance).

Definition of materiality matrix

The last part of the materiality assessment consists of defining TCA's materiality matrix using the results from the significant topic prioritization emerging from the stakeholder surveys and the workshops with top management. The responses were processed and aggregated to create the matrix.

TCA Materiality Matrix

TCA's Materiality Matrix for 2020 resulting from the materiality assessment is shown hereunder:



The matrix presents 15 significant topics1 from an environmental, social and governance point of view, for both TCA and its Stakeholders.

The matrix presents on the horizontal axis the results of the materiality workshops, with the significance of the topics for TCA's top management, whereas the vertical axis shows the results of the online survey, with the significance of the topics for the stakeholders.

The topics are grouped together according to the 5 capitals, consistently with the <IR> Framework, and placed in the matrix on the basis of prioritized categories.

The topics present in the matrix will be explained subsequently in the descriptions of the various capitals, in accordance with reporting standards, GRI and Legislative Decree 254/20162.

The Materiality Matrix shows the three most important topics:

- Occupational health and safety: Development of practices and programs that assist the protection of safety at the workplace; promotion of specific occupational health and safety training. Monitoring and prevention of accidents at the workplace, particularly at the organization's production sites;
- Waste management: Responsible management of hazardous and non-hazardous waste and the disposal methods used by the organization, through the promotion of conscious management methods and practices such as: reuse, sorting and recycling of the waste and scrap produced and, where financially sustainable, development of circular economy practices and processes;
- Innovation, research and development: Promotion of a strategy characterized by the innovation of processes and digital innovation, in order to improve competitiveness on the market and enhance and strengthen TCA's business.

Since last year, some were combined or added.3

[1] For additional information see pages 117-118, which provide the complete list of the topics and the definitions thereof.
[2] See page 119, which shows the correlation between such aspects and the standards indicated.
[3] For more information see the table in the attachment on page 116

PERFORMANCE AND CAPITAL ANALYSIS

TCA's value creation is based on various forms of Capital, understood as inputs that the Company increases, changes, consumes and uses during the value creation process.

Pursuant to an internal evaluation of the Company, five "Capitals", or key priority areas, have been identified.

Financial Capital: the pool of funds that is available to an organization for use in its activity, by type of source (debt / equity).

Intellectual Capital: organizational capital such as processes, systems, procedures useful for the business management, as well as the set of intangibles (trademarks, patents, etc.) and the organization's know-how.

Human Capital: the set of competencies, capabilities and knowledge of the human resources who work for the organization.

Social and Relational Capital: the intangible resources attributable to the organization's relationships with external parties (suppliers and customers) needed to enhance TCA's image and reputation and to satisfy the customers.

Natural Capital: All renewable and non-renewable environmental resources and processes that provide goods or services that support the organization's activity. The information regards the following topics: energy and water consumption, use of resources and waste management.

The Five Capitals

The following boxes summarize the main inputs identified for each Capital, how TCA produces flows from the various Capitals to meet future demand, and how the Capitals interact with and influence each other to create value.

Financial Capital

Key Inputs

- Diversified business activities
- Complementary business activities
- Industrial production growth
- Structurally high precious metal prices, especially for PGMs

Outputs

- € 839 mln in revenues from sales of precious metals and refining for third parties
- Net profit up by 190% year-on-year
- Substantial investments: € 8 mln in past three years for new foundry

Goals

- Continuous investments to meet logistical demands
- Purchase of more efficient specialized equipment

Trade-offs

- The new metallurgical plant will contribute to a large expansion of the production capacity, acceleration of the production cycle, improvement in the supply of previous metals, self-funding and greater independence from banks with consequentially less finance costs. TCA remains constantly updated in order to keep up high quality standards, increase productivity and reduce environmental risks.

Intellectual Capital

Key Inputs

- Collaboration with universities and research institutes
- Continuous technological research
- Continuous contacts and comparisons with international laboratories
- Laboratory compliant with industry standards
- Certified (UNI EN ISO) managements systems; LBMA, LPPM and RJC accreditation

Outputs

- Development of new protocol for mineralization of hard alloys
- Perfecting assaying with samples melted with sodium peroxide using specific matrix standards
- Perfecting semi-quantitative assaying methods through XRF using specific supports in a helium atmosphere
- Updating various assaying protocols to obtain greater assaying precision and speed
- Development of innovative R&D projects
- Optimization and development of semi-quantitative assaying of the materials arriving at the laboratory through ED-XRF

Objectives

- Development of increasingly suitable and efficient assaying methods to determine precious metal content
- Enhanced accuracy in determining the purity of the precious metals

Trade-offs

- TCA, being accredited by the RJC and LBMA, has consolidated its reputation with its suppliers and customers in the market. This has strengthened partnerships, reduced commercial risks, and increased turnover volumes
- The technological environment affects TCA's capacity to deliver the results expected

Social and Relational Capital

Key Inputs

- Customer satisfaction evaluation system
- Complaint management system
- Constant communication with customers
- Participation in trade fairs
- Certified (UNI ISO 9001) management system
- Collaboration with local entities and associations

Outputs

- € 73 thousand in grants paid to local community in 2020
- Renewal of RJC (CoC and CoP) accreditation
- Received 5 audits (internal and external) at suppliers
- 88% of suppliers based in Italy, of which 42% in Tuscany

Goals

- Increase customer loyalty
- Improve timeliness and quality of customer service
- Increase level of customer service
- Strengthen ties with the local community

Trade-offs

- The product and service quality and related customer loyalty contribute to higher sales revenues and maintaining business continuity.

Human Capital

Key Inputs

- Stable employment offer
- Employee health and safety protection
- Enhancement of human resources
- Development of specific training programs
- Fair remuneration policies

Outputs

- Workforce number in line with past years (114 employees in 2020)
- 96% of employees hired with open-ended contract
- Granting of corporate welfare contemplated by collective bargaining agreement
- 950 hours of training provided to employees
- Accident numbers in line with previous years

Goals

- Increase the preparation and qualification levels of the human resources
- Set annual targets for ongoing improvement in occupational health, safety and hygiene, and check the results obtained

Trade-offs

- In 2020, TCA invested in research and development, generating economic outcomes in terms of saving time and manufacturing costs, improving the Company and its market competitiveness, expanding know-how, developing innovative processes, increasing technological and production efficiency, and reducing the environmental impact.

Natural Capital

Key Inputs

- Certified (UNI EN ISO 14001:2015) environmental management system
- Continued investments in liquid waste and emission management

Outputs

- Energy consumed: 99,158 Gj
- Scope 1 emissions: 3,830.7 tCO_2eq.
- Scope 2 (market-based) emissions: 3,151.7 $tC0_2eq$
- Water withdrawal: 10 Mega liters
- Waste produced: 15,685 t
- Chemicals used to refine precious metals: 6,113 t

Goals

- Improvement in internal refining technology
- Timely monitoring of incoming waste
- Identification of preventative measures to avert natural disasters and ensure worker safety
- Implementation of supplier controls

Trade-offs

- TCA uses processes and technologies that respect the environmental resources so it can reduce as much as possible the impact of its production and economic activities
- Environmental management is supported by environmental training provided to employees
- In recent years, a greater quantity of metals to be refined has led to greater use of chemicals in the metal refining process

The following sections provide detailed information on the resources used and the relationships with which TCA generates influence (the "Capitals"). They describe, for each Capital, the methods with which TCA interacts with the external environment and the trends, i.e. the increases, decreases or transformations of the Capitals caused by TCA's activities and the related output.

Financial Capital

Business performance

It should be recalled that TCA obtained Good Delivery Refiner accreditation for its gold bars in 2014 and for its silver bars in 2017.

In 2020 the Company's sales and service revenues practically coincided with those of 2019, rising by a nominal 0.3%.

However, the mere sale of precious metals (which absolutely generates the most value) does not create significant profits, as metal trading is used to support the industrial services business, which still accounts for nearly all the employment and physical space at the three locations.

In terms of figures:

a) the sales revenues amount to € 834.4 million;
b) refining fees reached € 4.9 million.

Bank borrowings increased by 24%, whereas the trade payables fell by 5%. Net finance costs rose by 35.7%.

The total indebtedness net of liquid assets fell by 1.2%.

- The greater indebtedness is the result of the following factors:
- the arrival of the COVID-19 pandemic with the ensuing repeated lockdowns, which slowed down the global economy dramatically and reduced – not to an important extent – the demand for refining;
- the need to complete the new metallurgical plant, with which it will be possible to treat materials in stock and thus liquidate more rapidly the precious metals contained in them;
- the considerable increase in precious metal prices, already high at the end of 2019, which led to a corresponding increase in short-term indebtedness since the Company must advance the precious metals to customers before completing the refining process for them.

The Company's characteristics and branch locations

Revenues from the refining business with third parties rose thanks to the increase in industrial production and structurally high precious metal prices, which generate and assist growing demand for metal recovery; this activity distances itself increasingly from the domestic jewelry market and makes metal quantities available for sale on the market.

TCA's business is diversified, with activities that complement each other or are related to each other. Its largest volume is achieved with industrial companies, was well as gold jewelry companies operating in the Arezzo and Vicenza markets. It also works substantially with businesses in other countries both within and outside the European Union.

Related parties

TCA did not own any investments in subsidiaries or associates during the year.

Related-party transactions

The Company did not conduct any transactions with related parties that were not carried out on an arm's length basis.

Financial highlights

The following reclassified financial statements, shown against the figures of the prior year, provide a clear view of the 2020 performance:

PROFITABILITY RATIOS	2020	2019
Net R.O.E.	21.8%	10.4%
Gross R.O.E.	30.7%	14.2%
R.O.I. (Operating income / invested capital)	12.5%	5.4%
R.O.S.	1.6%	0.5%
COVERAGE INDICATORS		
Equity coverage margin	12,478,162	5,239,896
Equity coverage ratio	1.5	1.2
Invested capital coverage margin	21,359,926	8,392,411
Invested capital coverage ratio	1.8	1.4
Capital assets	12,478,162	5,239,896
GEARING RATIOS		
Debt-to-equity ratio	1.7	1.9
Financial debt ratio	1.4	1.6
SOLVENCY INDICATORS		
Net working capital	20,859,152	7,968,452
Current ratio	1.4	1.2
Treasury margin	-37,235,302	-41,561,580
Acid-test ratio	0.4	0.2
TURNOVER INDICATORS		
Invested capital turnover ratio	7.9	10.0
Receivables turnover ratio	359.7	225.9
Inventory turnover ratio	14.4	16.9
NET DEBT RATIOS		
Net debt/Gross operating income	2.4	6.9
Net debt/Equity	99.2%	138.9%
OTHER INDICATORS		
Quick ratio	0.4	0.2
Leverage ratio	2.7	2.9
Finance costs / sales	0.1%	0.1%

As at December 31, 2020, the Company had precious metals on loan for use or unallocated gold, as described in the notes to the financial statements.

This specification is necessary because the amounts shown in the financial statements and in the summary above exclude (from the current assets) the value of the metal held on loan for use, and the corresponding amount is excluded from total indebtedness.

The following financial indicators regarding TCA's net assets and performance also exclude the value of the metal held under loan-for-use contracts.

The following ratios show a substantial increase in profitability indicators, thanks to higher margins especially for the refining and recovery of PGM-containing materials, but also more debt, due essentially, as mentioned above, to the increase in the average precious metal prices compared with 2019.

In order to provide readers with meaningful information on TCA's financial position and performance, some significant margins and financial ratios are set forth below (these alternative performance measures are not defined as accounting measures by the applicative accounting standards. The accounting method used by the Company could differ from that adopted by other businesses, so the ratios may not be comparable).

FINANCIAL SUMMARY	2020 (euro/1000)	2019 (euro/1000)	Change (euro/1000)	in %
ASSETS				
Receivables due from Shareholders	0	0	0	--
Property, plant and equipment	93	83	10	12.0%
Intangible assets	27,120	23,327	3,793	16.3%
Financial assets	119	244	-125	-51.2%
Inventories	58,094	49,530	8,564	17.3%
Receivables	3,217	4,178	-961	-23.0%
Current financial assets	0	0	0	--
Cash and bank balances	17,084	5,620	11,464	204.0%
Accrued income and prepaid expenses	501	424	77	18.2%
Total assets	106,228	83,406	22,822	27.4%
LIABILITIES and EQUITY				
Share capital	14,000	14,000	0	0.0%
Reserves	17,125	11,887	5,238	44.1%
Net profit/(loss)	8,685	3,007	5,678	188.8%
Total equity	39,810	28,894	10,916	37.8%
Provisions for risks and charges	2,107	198	1,909	964.1%
Provision for post-employment benefits	406	393	13	3.3%
Payables due after 12 months	6,368	2,561	3,807	148.7%
Payables due within 12 months	57,398	51,167	6,231	12.2%
Accrued expenses and deferred income	138	192	-54	-28.1%
Total liabilities	66,417	54,511	11,906	21.8%
Total balance	106,227	83,405	22,822	27.4%

INCOME STATEMENT	2020	2019	Change	in %
Revenues	839,338	837,239	2,099	0.3%
Internal production	513	689	-176	-25.5%
Value of operating production	839,851	837,928	1,923	0.2%
External operating expenses	818,182	827,407	-9,225	-1.1%
Value added	21,669	10,521	11,148	106.0%

Cost of personnel	4,997	4,667	330	7.1%
Gross operating income	16,672	5,854	10,818	184.8%
Depreciation, amortization, impairment losses and provisions	3,371	1,360	2,011	147.9%
Operating income	13,301	4,494	8,807	196.0%
Non-operating income /(expenses)	-190	120	-310	-258.3%
Financial items (net of finance costs)	-12	144	-156	-108.3%
Full EBIT	13,099	4,758	8,341	175.3%
Finance costs	890	656	234	35.7%
Profit/(loss) before tax	12,209	4,102	8,107	197.6%
Income tax	3,524	1,094	2,430	222.1%
Net profit/(loss)	8,685	3,008	5,677	188.7%

The net profit was allocated in the following manner:

Profit for the year ended December 31, 2020

- 5% to the ordinary reserve
- 95% to the extraordinary reserve

By comparison, the 2020 data show a sharp increase in profitability against a decrease in financial leverage.

Importantly, finance costs rose from € 656 thousand to € 890 thousand. The increase is attributable to the greater total indebtedness and the trend of interest rates on precious metals, which reached extremely high levels, especially for precious metals and rhodium in particular.

Financial indebtedness is shown below against that of the prior year:

NET FINANCIAL POSITION	2020	2019
Short-term bank borrowings	50,297,905	43,180,109
Short-term portion of loans	0	0
Short-term financial payables (+)	50,297,905	43,180,109
Bank deposits	17,079,252	5,612,618
Cash and cash equivalents on hand	4,570	7,602
Cash and bank balances and treasury shares (-)	-17,083,822	-5,620,220
Short-term net financial indebtedness (payables - cash and bank balances)	**33,214,083**	**37,559,889**
Long-term portion of loans	6,284,398	2,560,628
Financial receivables	0	0
Medium/long-term net financial indebtedness	**6,284,398**	**2,560,628**
Total net financial indebtedness	**39,498,481**	**40,120,517**

The table above should be interpreted considering that the Company's working capital consists almost entirely of easily liquidable precious and non-precious metals of very high values.

The financial indebtedness presented above takes into account the nominal values but not the precious metals owned by the Company. By calculating the precious metals listed on official markets that can be sold on the market at any time, present in a physical form and refined at December 31, the net financial indebtedness would improve by € 9.75 million. In particular:

- 2020 short-term net financial indebtedness = € 25.55 million;
- 2020 total net financial indebtedness = € 29.76 million.

Since refined precious metals listed with currencies are fungible, the above table includes the indexes generated by the recalculated net financial indebtedness.

NET DEBT RATIOS	**2020**	**2019**
Net debt/Gross operating income	1.8	5.2
Net debt/Equity	74.8%	105.2%

Additional information

Prudently, the Company did not capitalize a receivable due from a major shipper regarding a theft occurring during carriage. The event resulted in criminal charges and a civil lawsuit against the shipper.

Moreover:

- the Company did not enter into any significant transactions with non-independent entities;
- no notices for lack of legal or regulatory compliance were received from authorities.

Subsequent events

In consideration of the high precious metal prices, particularly for rhodium, in the second half of 2020 the Company initiated transactions to liquidate/monetize batches of precious metals. The transactions will continue in 2021 and, pending the activation of the new metallurgical plant, which will enable treating ten times the quantities handled currently and for which in April 2021 the Region of Tuscany definitively granted the Operation Permit, will provide adequate financial support to enable reducing the net debt.

The Covid-19 pandemic outbreak in 2020 characterized the year ended December 31, 2020. The lockdown beginning in March was eased gradually from May, but in the autumn the infection spread again, and the vaccination campaign did not begin until December.

Thanks to the type of activity performed, but especially to the customer diversification in terms of businesses and geographical locations, TCA's refining performance has not been affected considerably by the crisis, and it has been able to benefit from capital gains due to the increase in precious metal prices.

Business outlook

TCA continues to pursue diversification of operations, products, services and markets, in keeping with previous years.

Additional capital gains should be realized in 2021, resulting in part from the forthcoming completion of the new Foundry.

The Status of Good Delivery Refiner accreditation from the LMBA (London Bullion Market Association) for both gold and silver facilitates the Company's business in institutional and international markets. The volumes of materials assigned by third parties for refining purposes have fallen, but TCA has been able to refine its own materials to obtain precious metals sold at remunerative prices.

In 2020 the business regarding the treatment of materials aimed at recovering Platinum Group Metals (PGMs) continued to grow strongly, and the Company seized the new opportunities on the market immediately by putting its excellent refining skills to use.

As noted, in the Trading division, the supply of metal for investment purposes, in various forms and sizes, to Italian and foreign banks, has increased; those banks are currently among the key end markets for the gold produced by the Company.

The substantial increase in precious metal prices in 2020 benefited trading turnover, and especially the turnover from precious metal refining activities. The prices affect favorably the value of the metals owned, which is magnified by the use of the LIFO valuation method.

The complicated global market trend certainly makes it more complex and difficult to obtain results and meet targets. However, up to now the Company has been capable of maintaining a high standing and rating, especially with banks. It has successfully improved its credit score and diversified its financial leverage very well, essential for sustaining its business.

The Company is continuing with the service and target market diversification that has characterized its growth strategy in the past; in 2017 the planning of an important investment was begun, consisting of a New Metallurgical Division; the plan envisioned building a new factory to house new melting equipment. The new Foundry division is expected to be completed and begin operating in 2021. Such investment is expected to increase the production capacity considerably and enhance the efficiency of the metallurgical processes, with significant energy savings and a large reduction of lead time.

All investments will enable to speed up the production cycle and thus aid the supply of precious metals to be refined: this means creating financial support by "liquidating" the working capital, an essential and extremely useful part, especially in view of the uncertain future monetary and credit scenarios.

Direct economic value generated and distributed

TCA uses the parameter of direct economic value generated and distributed to express the economic value that its business activities generated and distributed to certain important stakeholder categories.

The value represents the wealth produced by the Company and distributed among its stakeholders: a reclassified income statement shows how its creation and distribution by TCA created wealth for stakeholders, by presenting the financial effects produced by the business on the main stakeholder categories.

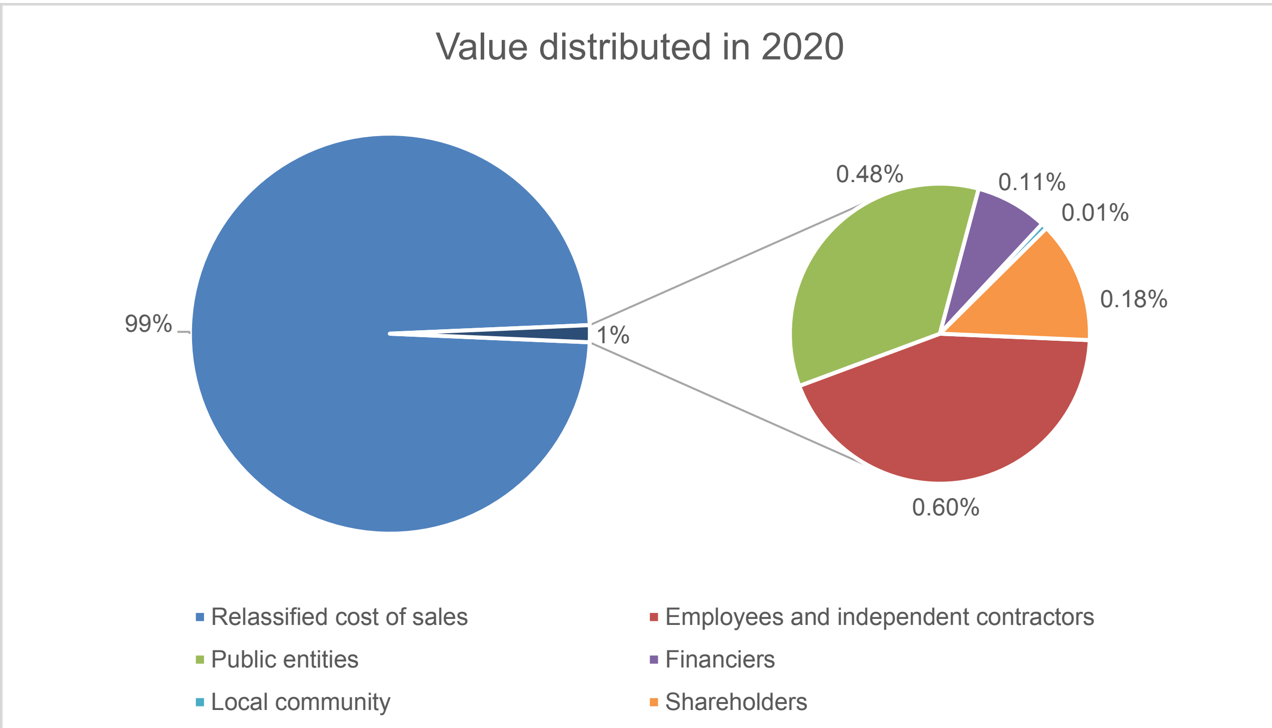
The economic value generated by the Company in 2020 was € 848.34 million, versus € 845.72 million in 2019. The economic value distributed fell from € 842.07 million to € 837.64 million in 2020.

The manner in which TCA distributed the economic value is described hereunder.

Distribution of economic value (€/000)	2020	2019
Reclassified cost of sales	826,797 €	834,877 €
Remuneration of employees and independent contractors	4,997 €	4,667 €
Remuneration of public entities	3,987 €	1,094 €
Remuneration of Shareholders	1,500 €	721 €
Remuneration of local community	73 €	62 €
Remuneration of financiers	890 €	656 €
Total economic value distributed	838,254 €	842,078 €
Economic value retained	10,093 €	3,646 €

According to an analysis of the economic value generated and distributed by TCA in 2020:

- More than € 826 million was distributed to the **cost of sales**, i.e. 99% of the economic value generated by the Company in 2020, in line with the type of business performed by TCA. The cost of sales includes all operating costs, including those for procuring raw materials and services.
- The value distributed to **personnel** is € 4.9 million.
- More than € 10 million of the economic value generated was invested **in the Company**, and represents depreciation, amortization and the annual allocation to the reserves.
- Dividends of € 1.5 million were distributed to **shareholders**, using the amounts allocated to the extraordinary reserve.
- The value distributed to **public entities** was € 3.9 million, being the sum of the duties and taxes for the period.
- The value allocated to **banks and other financiers** was € 890 thousand resulting from interest paid on loans.
- € 73 thousand was distributed to the **local community**, in the form of charitable donations and membership fees incurred in 2020.



Investments and manufacture capital

The capital expenditures totaled € 1.93 million in 2020 and regarded, as in previous years, technological upgrading and the enlargement of the Capolona (Arezzo) industrial area, involving primarily plant maintenance and especially plant modernization. During the year the construction of new equipment (a rotary furnace) progressed and is expected to be completed in the autumn of 2020.

In-house construction work was undertaken in 2020 to expand and create new manufacturing plants. € 792,257 was capitalized.

TCA continues to keep itself updated constantly in order to uphold high quality standards, boost productivity and reduce environmental risks.

Intellectual Capital

Intangible assets and research and development activities

Laboratory and research investments

TCA is a research-based company that puts innovation at the heart of all its development projects. TCA recognizes that innovative processes are the key to success. Operating in highly technological sectors, TCA can recognize new trends and progress and is ready to embrace them. For this reason, TCA has established strong ties with universities to study solutions to problems relating to precious metal chemistry and metallurgy.

A fundamental factor influencing the Company's targets and its capacity to achieve the results expected is technology: therefore, it is the organization's policy, bearing in mind the safeguarding of worker health and safety, to continually pursue technological innovation and tools to manage and control processes and impacts, in the awareness that technological competitiveness is decisive for improving its capacity and results.

In keeping with its internal policies, the TCA laboratory performs assays safely, with automated methods implemented with the best technologies available on the market and monitored by 12 specialized technicians; it is in constant contact with other international laboratories of business counterparties or of international assayers certified for the sampling and assaying of materials treated for refining. It participates regularly in inter-laboratory circuit programs to compare assaying procedures and methods and, naturally, assaying results regarding samples purposely prepared and distributed by higher entities, such as the LBMA (Proficiency Testing Scheme) and the International Precious Metals Institute (IPMI) in the United States, in order to monitor proactively the laboratory results, specifically for the determination of gold and silver. In this context, TCA's Laboratory has always been able to confirm quality levels absolutely in line with those of the other participants and with the standards set by the organizer's regulators. TCA's laboratory is at the forefront PGM assaying as a result of adopting specific procedures to determine the content of PGM alloys and the purity of spongy palladium and platinum produced internally, with the additional possibility of determining the L.O.I. (Loss On Ignition) and L.O.R. (Loss On Reduction). Such protocols enable to verify in relatively adequate time the concentration of PGMs in raw materials at the beginning of the production process and in the finished product at the end of the refining phases.

The continuous pursuit of excellent assaying performance is demonstrated by the development and improvement of methods that in 2020 resulted in:

- The purchase of a new Milestone UltraWAVE for the digestion of samples through the use of high-performance microwaves. Perfecting of new protocols for the digestion of various types of samples: from catalysts, to hard alloys (platinum, iridium, rhodium, ruthenium), to pure metals;
- the updating of various assaying protocols to obtain greater precision and speed.

In order to safeguard mutual interests, it is possible to use an independent laboratory, which up to now has confirmed the assay results of TCA's laboratory tests in most cases.

The chemical laboratory selects and applies the most appropriate assay methods for the type of material in order to determine the precious metal content. The laboratory can carry out both gravimetric analysis (cupellation) and instrumental analysis (ICP and WD-XRF) with the utmost precision. Recently, a new portable ED-XRF analyzer was obtained to ensure the speedy and dynamic analysis of incoming materials. The right combination of traditional assaying methods and instrumental methods assures the exact precious metal content of the materials tested, ranging from traces to 100% purity. Having established the composition of the metals, the most appropriate method to recover the precious metal is determined.

Research and development ("R&D") expenditure

In 2020 TCA carried out research and development activities in pursuit of technological innovation, focusing on particularly innovative projects at the Arezzo plants:

Project 1 - Research of technical solutions to develop an industrial de-cyanidation process through the "chemical destruction" of liquid cyanide.

Project 2 - Research and development of algorithms and calculation models to determine the parameters of "quantitative and selective" precipitation processes for the recovery of precious metals from the water with specific reagents.

Project 3 - Development of experimental tests to determine the mathematical coefficients to be used to develop algorithms to manage the activities regarding the nitric current produced.

Project 4 - Research and development of the thermal digestion method to refine platinum without the formation of ammoniacal byproducts.

Project 5 - Research and development of new techniques to separate "palladium and platinum" from heterogeneous ashes with implementation of stripping element to manage the related byproducts.

Project 6 - Research and identification of a chemical reagent that can enlarge the dendrimer (cathodic bow) to speed up the filtration process.

TCA incurred R&D expenditure of € 238,917 to develop such projects during the year.

The successful outcome of such innovations is expected to generate positive results in terms of sales, with favorable effects on the Company's profits.

For the R&D activities, TCA intends to use the tax credit available under Law 160/2019, Article 1, paragraph 198/209 as amended by Law 178/2020, Article 1, paragraph 1064.

In accordance with Italian Civil Code Article 2426, point 5, Italian accounting standard 24 of the Italian Councils of Accountants and Auditors as revised by the Italian Accounting Board, and Italian Presidential Decree 917/86, Article 108 (Italian Tax Code) and subsequent amendments, the research and development expenditure was treated as a cost for the year and fully expensed in the income statement.

Although legislation allows for choosing whether to expense such costs in the year or to defer the costs over a maximum of five years, and although the purpose of the applied research and pre-competitive development was to create new and improved products or manufacturing processes, it was decided not to capitalize such costs in keeping with the prudence principle, also considering that the recoverableness of such costs through future earnings (an essential requirement for capitalization of R&D costs) can be discerned only through highly subjective random evaluations.

Sustainability management systems

TCA complies with the international standards for quality, environmental and safety management systems. The Company obtained UNI EN ISO 9001:2015 certification for the recovery, refining and sale of precious metals. The ISO 9001:2015 standard sets quality standards and ensures production supervision through controls that optimize the efficiency of business processes and ensure high-quality products and services. TCA voluntarily chose to adopt the UNI EN ISO 14001:2015 standard that sets the requirements for an environmental management system to prevent pollution and keep the impact of its activities under control by systematically improving its production performance in a sustainable manner. The Company obtained certification of its safety management system under UNI EN ISO 45001:2018, replacing OHSAS 18001:2007 (Occupational Health and Safety Assessment Series), the standard that defines the requirements of employee safety and health management systems.

STANDARD	SUBJECT	CERTIFICATION BODY	INITIAL ISSUANCE	LATEST RENEWAL	EXPIRATION
UNI EN ISO 9001	Quality management system	DNV	Feb. 14, 2004	Feb. 11, 2019	Feb. 11, 2022
UNI EN ISO 14001	Environmental management system	DNV	Aug. 3, 2009	Aug. 3, 2018	Aug. 3, 2021
UNI EN ISO 45001	Occupational health and safety management system	DNV	May 5, 2013[4]	May 5, 2019	May 4, 2022

Below are additional qualifying aspects of the business management:

- TCA INVESTMENT bars are created with the most advanced and qualified technologies in the industry. The 999.9 purity of gold is certified;
- TCA is an Associate Member of the London Bullion Market Association (LBMA) and Patron Member of the International Precious Metals Institute (IPMI);
- TAMPER-PROOF PACKAGING - TCA INVESTMENT bars are preserved and delivered to the customer in a resistant tamper-resistant blister pack containing a guarantee certificate.

[4] ISO 45001 certification was obtained, replacing OHSAS 18001, first certified on May 5, 2019.

Responsible metal policy

TCA S.p.A. recognizes the risks and potential adverse impacts that may be associated with extracting, trading, handling and exporting minerals from conflict-affected and high-risk areas, and recognizes the responsibility to respect human rights and not contribute to conflict. For this reason, it has formalized the adoption of a policy for responsible precious metal sourcing from conflict-affected and high-risk areas. The Responsible Metal Policy may be downloaded from the corporate website: www.tcaspa.com.

LBMA/LPPM accreditation

The London Bullion Market Association ("LBMA") sets and oversees the highest standards for refining gold and silver bars in order to ensure that products of exceptional quality and reliability circulate in the precious metals market.

The LBMA produces and publishes Good Delivery Lists, on which TCA S.p.A. has officially appeared since 2014. The Lists present Refiners whose gold and/or silver meets the acceptability requisites established by the physical/metal precious metals market of London. Some of these criteria are:

- at least three years of refining experience;
- annual refined production of at least 10 tons of gold and 30 tons of silver;
- net assets equivalent to at least 15 million pounds sterling;
- proof of ownership and management structures.

The producers submit to periodic quality controls over gold and silver bars: TCA satisfied the LBMA criteria thanks to its ownership, history, production capacity, responsible management and financial standing, and passed LBMA's strict tests with flying colors, which included examination and assays of gold bars and the analysis of the Company's assaying capabilities by international referees.

Since 2017 TCA S.p.A. has been officially included in the Silver Good Delivery List.

The adopted version of LMBA Responsible Silver Guidance ("RSG"), published in September 2017, is based on the OECD Due Diligence Guidance on the subjects of anti-corruption, anti-money laundering and combating terrorist financing.

The Good Delivery List of accredited gold and silver refiners is managed directly by the London Bullion Market Association. The List presents refiners whose gold and/or silver, produced in the form of bars or grain, meets the required standards for acceptance set by the London physical/metallic precious metals market.The List currently includes 75 Gold Refiners and 82 Silver Refiners.

In 2019 TCA underwent both a Responsible Gold Guidance (RGG) audit, adopting the updated version of the RGG (Version 8) in which the scope was extended to include environmental and social matters, and a Responsible Silver Guidance ("RSG") audit following Version 1. Both audits regarded the gold and silver refining and production activities of 2019, which were continued in 2020.

In line with the process embarked on in 2019, when TCA had for the first time a Responsible Platinum & Palladium Guidance (RPPG) audit for the purpose of applying for accreditation as a Good Delivery Refiner for Platinum and Palladium at the London Platinum & Palladium Market (LPPM), the audit was performed and TCA obtained the accreditation.

In order to comply with Version 8 of the LBMA Responsible Gold Guidance, Version 1 of the LBMA Responsible Silver Guidance and Version 1 of the LPPM Responsible Platinum & Palladium Guidance, TCA integrated the management system to meet the standard requisites, and updated the related processes and practices. The risk assessment procedure again produced positive results with respect to qualification and the monitoring of counterparty risk. In 2020 TCA adopted the new, updated version of the RPPG (Version 2), and in 2021 it will adopt the new version of the LBMA Guidance (Version 9).

About the London Bullion Market Association

The LBMA is an international trade association that represents the global over-the-counter market for gold and silver bullion in the form of standard bars. The LBMA undertakes many activities for its members, including setting Good Delivery and Refining standards and criteria, organizing conferences and other events, and acting as a point of contact for other regulatory agencies.

About the London Platinum & Palladium Market Association

The London Platinum & Palladium Market Association is an international trade association that represents the global over-the-counter market for platinum and palladium. The LPPM undertakes many activities for its members, including setting Good Delivery and Refining standards and criteria, organizing conferences and other events, and acting as a point of contact for other regulatory agencies.

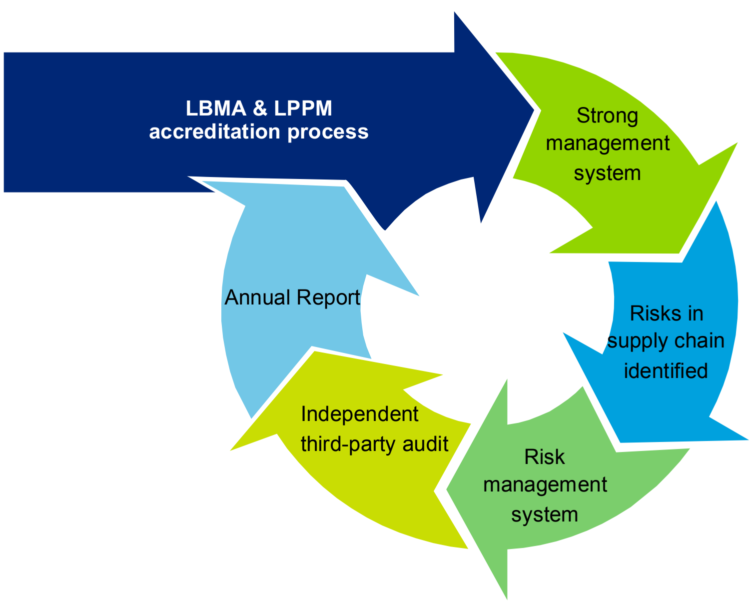
Responsible Gold & Silver Guidance

The LBMA set up the Responsible Gold Guidance and the Responsible Silver Guidance for gold and silver refiners in order to combat systematic or widespread abuses of human rights, to avoid contributing to conflict, and to comply with high standards of anti-money laundering and combating the financing of terrorism. This guidance formalizes and consolidates existing high standards of due diligence among all LBMA Good Delivery Refiners.

Responsible Platinum & Palladium Guidance

The LPPM set up the Responsible Platinum & Palladium Guidance for platinum and palladium refiners in order to combat systematic or widespread abuses of human rights, to avoid contributing to conflict, and to comply with high standards of anti-money laundering and combating the financing of terrorism. This guidance formalizes and consolidates existing high standards of due diligence among all LPPM Good Delivery Refiners.

The following steps were implemented by TCA to obtain LBMA accreditation for gold and silver and LPPM accreditation for platinum and palladium:



TCA voluntarily implemented a responsible gold and silver management system that includes the objectives and policies for the gold and silver supply chains. The Company undertakes to:

- perform adequate diligence that takes into account counterparty risk before initiating any business relationship, continuously monitor the transactions in order to assess the risk of contributing to conflict, money laundering, terrorist financing or serious abuses of human rights, and implement a strategy to respond to the risks identified;
- maintain the documentation regarding the counterparties and the gold and silver transactions in order to demonstrate that appropriate due diligence has been followed;
- develop an ongoing training program for all staff involved in the gold and silver supply chains.

TCA stipulated an agreement with Thomson Reuters for access to the international World-Check One database in order to implement an updated, effective and timely risk assessment procedure. This tool is used constantly with unquestionable success, both in the preliminary risk assessment phase and in the subsequent phases of the rating or reassessment of risks associated with business counterparties. In 2020, consistently with previous years, a continuous monitoring service was performed on counterparties selected specifically by the Company for which, due to the transaction and processed metal volumes involved, constant risk assessment is deemed essential.

In accordance with its risk management policies, TCA monitored all those counterparties in 2020 that in the previous three years had not been checked because of their small size or relevance in terms of gold purchased/sold.

The outcome of such monitoring in 2020 was in line with expectations. During the annual analysis regarding LBMA accreditation, TCA identified some activities to be implemented in 2021 to improve and strengthen the Due Diligence and Risk Assessment systems, while introducing a new Due Diligence survey that includes ESG aspects. In 2021 the survey will be sent to suppliers and customers, and a new Risk Assessment that includes such ESG aspects will be drawn up.

TCA also implemented the steps illustrated above for LPPM accreditation of palladium and platinum, in part by continuously monitoring suppliers and customers, as for gold and silver.

Responsible Jewellery Council (RJC) Certification

In view of the current end markets for gold jewelry production, which require gold supply chain players to comply with ever-stricter anti-money laundering regulations (such as the American Dodd-Frank Act) and to be accredited by international bodies, TCA renewed its Responsible Jewellery Council (RJC) certification in February 2020. TCA obtained accreditation as a Member of the Responsible Jewellery Council (RJC) in London based on the Code of Practice issued by the RJC in 2013 and updated in 2019, and the Chain of-Custody ("CoC") standards of 2017.

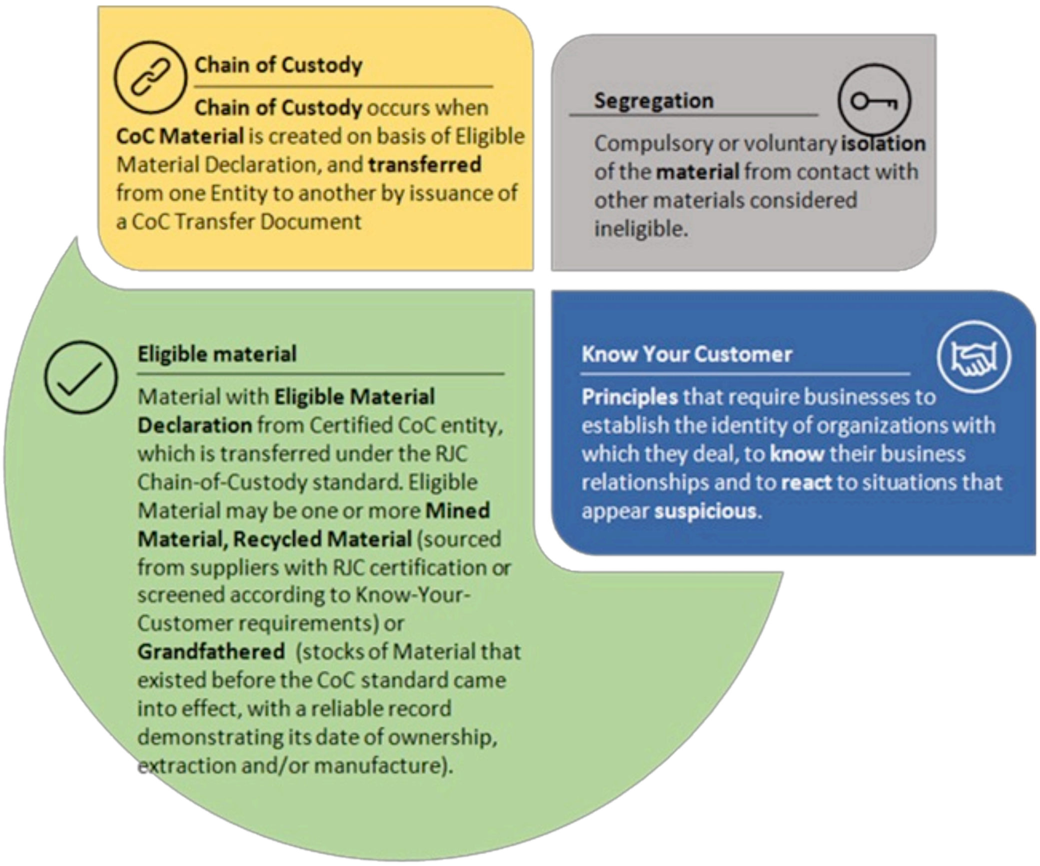
The Code-of-Practice standard promotes and defines responsible ethical, human rights, social, and environmental practices, applicable to all RJC Members throughout the precious metals supply chain. The main topics dealt with and audited regard respect for human rights, employee rights and dignified working conditions, metal and diamond provenance claims, compliance with occupational health and safety regulations, and compliance with and safeguarding of environmental regulations.

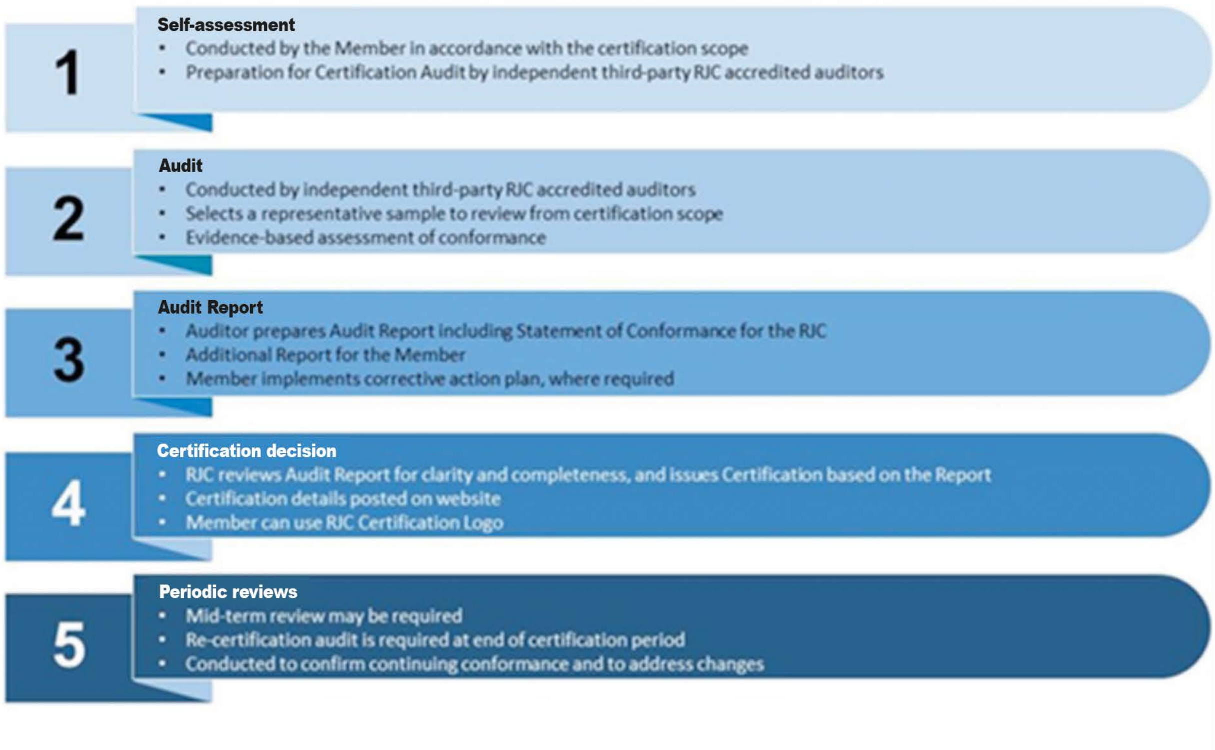
The Chain-of-Custody standard supports responsibly sourced products in jewelry supply chains. Accordingly, the main topics dealt with and audited regard the management system and responsibilities, internal material controls, controls over independent contractors and service companies, eligible recycled/existing materials, eligible material declarations, Chain-of-Custody (CoC) initiation and transfer documents and conflict-sensitive sourcing.

About the Responsibile Jewellery Council

The Responsible Jewellery Council (RJC) is a not-for-profit organization whose mission is to promote responsible ethical, human rights, social, and environmental practices in the gold jewelry and diamond industries, from mine to retail. The organization proposes to reinforce consumer confidence in the precious metals industry by advancing responsible ethical, human rights, social, and environmental practices throughout the jewelery supply chain. RJC's goal is to encourage as many businesses and organizations as possible to implement responsible practices: participants in the RJC system demonstrate that their business practices meet the ordinary responsible practice standards and benefit from international certification. RJC certification helps Members enhance their reputation, as well as the reputations of their suppliers and customers. This undertaking contributes to the creation and reinforcement of business partnerships, reduction of trade risks, and establishment of a solid, secure basis for sustainable growth.

Key RJC concepts




1
Self-assessment
• Conducted by the Member in accordance with the certification scope
• Preparation for Certification Audit by independent third-party RJC accredited auditors
2
Audit
• Conducted by independent third-party RJC accredited auditors
• Selects a representative sample to review from certification scope
• Evidence-based assessment of conformance
3
Audit Report
• Auditor prepares Audit Report including Statement of Conformance for the RJC
• Additional Report for the Member
• Member implements corrective action plan, where required
4
Certification decision
• RJC reviews Audit Report for clarity and completeness, and issues Certification based on the Report
• Certification details posted on website
• Member can use RJC Certification Logo
5
Periodic reviews
• Mid-term review may be required
• Re-certification audit is required at end of certification period
• Conducted to confirm continuing conformance and to address changes

Human Capital

Employment stability and continuity, human resource and skill enhancement, and health and safety protection are TCA's top priorities with respect to its employees. TCA contributes to the preservation and development of local human capital in the local area by way of job creation; in fact, 80% of the employees reside in or around the Capolona (Arezzo) headquarters.

Human resource management policies

TCA considers personnel a fundamental resource for carrying out business processes and achieving objectives, so it has drawn up an employee rating system that takes into account personal traits and experience acquired to determine the responsibilities assigned to the management of each functional unit.

Since TCA's main goal is to improve the effectiveness and efficiency of its structure, its strategy defines:

- the minimum requisites for the key positions of its divisions;
- the objectives of each division;
- the information exchange among divisions to ensure improvement of the business performance.

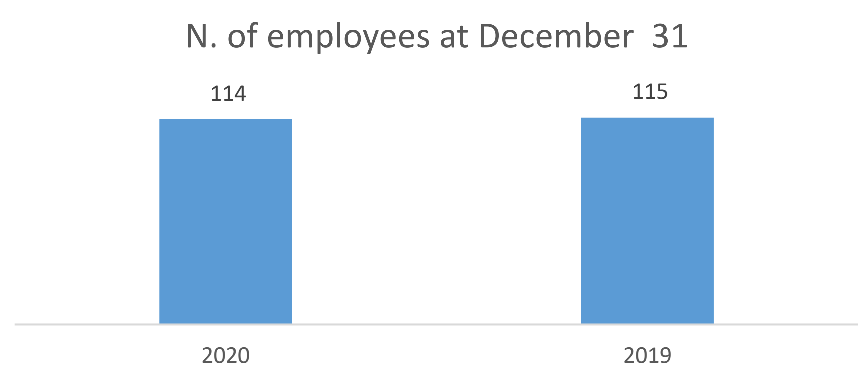
Work force composition and characteristics [5]

In the past few years, the work force has remained stable. At December 31, 2020 there were 114 employees, one fewer than in 2019, representing a 1% decrease.

Considering the personnel composition per category, TCA has achieved an excellent structural level and a good balance among the various professional areas.

Total number of employees by employee category and gender as at December 31

	2020			2019		
	Males	**Females**	**Total**	**Males**	**Females**	**Total**
Upper management	5	-	**5**	1	-	**1**
Lower management	-	-	**-**	1	-	**1**
White-collar and blue-collar employees	91	18	**109**	95	18	**113**
Total	**96**	**18**	**114**	**97**	**18**	**115**



In 2020, 96% of the employees were employed under an open-ended contract, up by 5% from the prior year. Moreover, 96% of the employees work full-time, the same as last year. In detail:

[5] Within the scope of an improved data gathering process, the Company's 2019 data has been restated compared with that published in the 2019 TCA - Integrated Annual Report.

Total number of employees by gender and type of contract as at December 31

	2020			2019		
	Males	**Females**	**Total**	**Males**	**Females**	**Total**
Open-ended contract	93	17	**110**	87	18	**105**
Fixed-term contact	3	1	**4**	10		**10**
Total	**96**	**18**	**114**	**97**	**18**	**115**

Total number of employees by gender and full-time/part-time contract as at December 31

	2020			2019		
	Males	**Females**	**Total**	**Males**	**Females**	**Total**
Full-time contract	96	13	**109**	95	14	**109**
Part-time contract	-	5	**5**	2	4	**6**
Total	**96**	**18**	**114**	**97**	**18**	**115**

In observance of equal opportunity, TCA's work force includes 8 employees of protected categories, up by two individuals from the prior year.

In 2020, most employees (78%) were under 50 years of age. The greatest share consists of employees aged 31 to 50, which account for 66% of the total.

Total number of employees by employee category and age range as at December 31

	2020				2019			
	< 30	**31-50**	**> 50**	**Total**	**< 30**	**31-50**	**> 50**	**Total**
Upper management	-	3	2	**5**	-	-	1	**1**
Lower management	-	-	-	**-**	-	1	-	**1**
White-collar and blue-collar employees	14	72	23	**109**	15	76	22	**113**
Total	**14**	**75**	**25**	**114**	**15**	**77**	**23**	**115**

Corporate well-being

Accountability at all levels, teamwork and constant improvement are the key success factors for achieving new goals.

TCA seeks to develop and motivate its entire work force through:

- the communication and sharing of corporate, individual and team objectives;
- control over the results obtained and related feedback;
- teamwork and knowledge of business processes;
- the development of specific training programs to build up professional skills at all levels;
- the implementation of remuneration policies that ensure internal fairness, competition with the market and recognition of the results achieved.

Moreover, TCA offers additional benefits to its employees, such as life insurance for managers and supplementary insurance policies for certain employees. As of June 2020, a corporate welfare platform can be accessed by TCA's upper management, lower management, white-collar and blue-collar employees. The corporate welfare platform consists of several sections that employees can choose from to spend their welfare allowance.

TCA allocated € 600 for 2021 (June to November) and € 1,200 annually for the next three years.

Some of the services available on the platform are:

- Healthcare services;
- Education (daycare centers, primary and secondary schools, universities / summer and winter camps / textbooks);
- Public transport passes;
- Supplementary retirement funds;
- Shopping or gas vouchers;
- Recreation and sports;
- Long-term care.

In 2019 the Company had begun to promote responsibility and inclusion within the organization among the decision makers and persons in charge of coordination and development. Each contract was reviewed, and their work contribution was awarded with bonuses. Under Company policy, salary increases are used to increase the involved professionals' dedication to the business mission and develop a greater propensity to improve business processes.

In keeping with such approach, TCA is evaluating the possibility of adopting remuneration policies, structured on the basis of specific performance indicators by area/division, that include granting of well-being benefits.

After the draft agreement stipulated in May 2017 and the green light from the union meetings, the new Italian collective bargaining agreement (CCNL) applicable to goldsmiths, silversmiths and jewelers was signed. The most important news regards the introduction of an amount allocated to corporate well-being that will grow over the years. The amounts will be made available as well-being benefits, which can be allocated to pensions, healthcare, the reimbursement of school fees or expenses, assistance to dependents and other care services. As agreed with the employees, TCA granted fringe benefits in 2020 in the form of shopping vouchers

The new agreement provides for additional well-being initiatives: First, the supplementary pension fund was expanded by increasing the Company's contribution to the Cometa Fund (industry pension fund) from 1.2% to 1.6% of the salary, whereas the employee's contribution remained the same (1.2%). Second, concerning healthcare, the new collective bargaining agreement extended the access to the Metasalute healthcare fund to family members of employees. In addition, the amount charged to Company more than doubled: from euro 72 for the year to euro 156.

Consistently with previous years, no cases of discrimination emerged regarding any of the Company's employees in 2020, demonstrating TCA's care for the merits of each one of its employees.

Twelve people left TCA in 2020, resulting in an outgoing rate of 11%, up from that of the prior year. Eleven people were hired, representing an incoming rate of 10% of the total employees, in line with that of the prior year.

Incoming employees by gender and age range

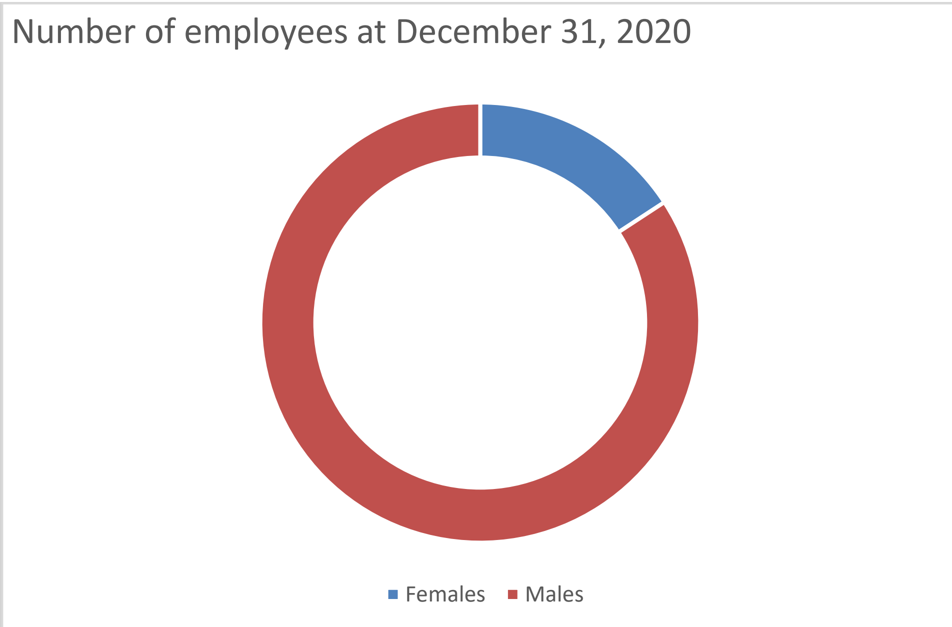
	2020			2019		
	Males	**Females**	**Total**	**Males**	**Females**	**Total**
Age <30 years	2	-	**2**	8	-	**8**
Age 31-50 years	7	1	**8**	3	-	**3**
Age <50 years	1	-	**1**	1	-	**1**
Total	**10**	**1**	**11**	**12**	**-**	**12**
Incoming rate (%)	**10%**	**0.05%**	**10%**	**12%**	**0%**	**10%**

Outgoing employees by gender and age range

	2020			2019		
	Males	**Females**	**Total**	**Males**	**Females**	**Total**
Age <30 years	2	-	**2**	5	0	**5**
Age 31-50 years	6	-	**6**	1	0	**1**

Age <50 years	3	1	**4**	4	0	**4**
Total	**11**	**1**	**12**	**10**	**0**	**10**
Outgoing rate (%)	**11%**	**0%**	**11%**	**10%**	**0%**	**9%**

16% of TCA's employees are female, mainly white-collar employees (females account for 17% of white-collar employees). The rate is not high, but it reflects an industry (manufacturing) in which female participation is typically low for historical and cultural reasons. The gender gap is in line with that of recent years.



Training and human resource enhancement

TCA considers staff training and staying up to date on specific topics to be essential to the business.

Its human resource management handles training and refresher programs for all employees, making them responsible for the continuous improvement of their conduct in keeping with the Company's objectives, and to hone the skills necessary for ensuring high-quality products and services.

The Company draws up a training plan, a document in which training activities for all the Company's employees are described and scheduled.

The 2020 training investment to promote TCA's industrial activities and the professional development of the work force is summarized in the following data:

- 994 total training hours, involving 114 employees;
- 950 training hours regarding quality control, health and safety, and environmental management;
- 44 training hours specifically for the LBMA audit, on Responsible Gold Guidance and Responsible Silver Guidance, analysis of the principles of the Responsible Gold Policy, the topics of traceability and monitoring with a focus on the new trade information collection service, monitoring money laundering risk, and adequate checks over customers based on current regulations, on the Responsible Jewellery Council's guidelines and procedures for managing Chain-of-Custody flows, and a course about the LPPM in which the Responsible Sourcing Programme regarding platinum and palladium was explained.

General training hours (quality, health and safety, environment)

2020						
	Males		**Females**		**Total**	
	n. hours	**Average per person**	**n. hours**	**Average per person**	**n. hours**	**Average per person**
Upper management	70	14	-	-	70	14
Lower management	-	-	-	-	-	-
White-collar and blue-collar employees	772	8.4	108	6	880	8
Total	**842**	**8.7**	**108**	**6**	**950**	**8.3**

2019						
	Males		**Females**		**Total**	
	n. hours	**Average per person**	**n. hours**	**Average per person**	**n. hours**	**Average per person**
Upper management	-	-	-	-	-	-
Lower management	-	-	-	-	-	-
White-collar and blue-collar employees	521	5.3	42	2.33	563	4.85
Total	**521**	**5.2**	**42**	**2.33**	**563**	**4.77**

Training hours for LMBA Compliance Audit

2020						
	Males		**Females**		**Total**	
	n. hours	**Average per person**	**n. hours**	**Average per person**	**n. hours**	**Average per person**
Upper management	23	4.6	-	-	23	4.6
Lower management	-	-		-	-	-
White-collar and blue-collar employees	17	0.18	4	0.2	21	0.19
Total	**40**	**0.41**	**4**	**0.2**	**44**	**0.38**

2019						
	Males		**Females**		**Total**	
	n. hours	**Average per person**	**n. hours**	**Average per person**	**n. hours**	**Average per person**
Upper management	8	8	-	-	8	8
Lower management	-	-	-	-	-	-
White-collar and blue-collar employees	33	0.33	4	0.22	37	0.32
Total	**41**	**0.41**	**4**	**0.22**	**45**	**0.38**

In 2020 the number of training hours was much higher than in 2019, in keeping with the objective stated last year, with an increase in the level of preparation and qualification of TCA's resources through the selection of people who may not have specific work experience but do have the scholastic and academic qualifications needed for the competence required and duties to be performed, as well as through ongoing investments in staff training, with specialized courses on the topics of interest of the specific divisions.

Moreover, TCA continued to invest in research and development in 2020 and decided to retain highly qualified persons responsible solely for research. The investment in know-how is necessary to guarantee the Company's market competitiveness over the long term.

Health and safety

TCA has always believed in and invested in the improvement of the health and safety conditions of both its employees and others, going beyond the legal requirements, in order to reduce and possibly eliminate the risk of accidents occurring. TCA maintained its compliance with the requirements of Legislative Decree 81/2008 (Occupational Safety Code) while updating and fully supplementing the risk assessment and guaranteeing the mandatory training to all employees. TCA completed the transition process from the BS OHSAS 18001 standard to the ISO 45001 model and renewed the related certification through an audit by the accredited certification body, DNV (Det Norske Veritas).

The safety management system includes the following offices and factories: TCA S.p.A., Factory in Castelluccio 11 and via 2 giugno (Arezzo), Factory in Sale (Alessandria), Factory in Altavilla Vicentina (Vicenza). The management system is designed to reduce the possibility of accidents, risk factors and liability for any accidents that do occur: the system has enhanced safety management in the work environment, with accountability assigned to the individuals in charge of work activities especially in the areas most exposed to risk. The risk assessment document is constantly updated and is monitored on a monthly basis. The specialized training is satisfactory and up to date on the new health and environmental regulations: a training program is currently underway for all employees. The employer, assisted by the person in charge of the Prevention and Protection Service, the Company's Physician, and the Employees' Safety Representative, assesses the risks and implements prevention and protection measures to eliminate and reduce risks, and provide for the ongoing improvement in workers' health and safety conditions. The managers, persons in charge of safety and workers collaborate with the structure, organized along the lines of the department and the organization to ensure an accurate and dynamic flow of information.

The results are constantly monitored and analyzed to pursue continuous improvement through the analysis of indicators (monitoring of near misses, accidents, and accident severity and frequency): 5 reports were made in 2020, which led to as many studies of the causes and the implementation of corrective measures and actions.

The analysis and assessment of health and safety risks involve all the input and output processes, and the customers and contractors that interact directly with TCA are included in the boundary.

TCA has always complied with health and safety regulations: in 2020 the accident trend had the same rate as in previous years, with 5 accidents.

In 2020 the following initiatives were taken for health and safety purposes:

- improvements to plant and machinery to comply with safety standards and identify potential risks; monitoring performed through a project partnered with the University of Perugia, department of Engineering, Master's in Engineering and Safety program;
- additional ongoing training of employees on health and safety;
- updating, assessment and analysis of specific, physical, chemical and carcinogenic risks;
- intensification of campaigns to monitor exposure to chemical reagents in the various divisions;
- addition of new Health and Safety staff:
    - 3 managers
    - 1 Protection and Prevention Service Officer
    - 1 Workers' Safety Representative in addition to the one already present
    - New designated personnel
    - New first aid and fire prevention personnel

Hence, TCA is constantly involved in many activities that qualify it from a prevention and protection standpoint. Training plays a fundamental role for on-the-job safety: 950 hours were dedicated to training and informative activities in 2020, more than in the past due to the importance of the organization's focus on health and safety. The health and safety training courses offered by TCA to its employees in 2020 were as follows:

- basic and specific training (regulatory and practical) on workplace risks for all employees (including new hires), updated constantly;
- training on roles and responsibilities (managers and function heads);

- machine use training and qualification (forklifts, power shovels, excavators);
- qualification for handling and road transportation of certain substances;
- constant information and training on specific operating procedures.

In compliance with the regulations currently in force, the Company's management takes opportune initiatives to foster better personal safety and health, and is committed to pursuing the minimal, sustainable impact from the activities carried out within its factories, with a view toward continuous improvement.

The common goals are to:

- comply with all health, safety and hygiene legislation and all other provisions and agreements between the parties that management has decided to adopt and make its own;
- adopt and maintain the health and safety management system under the ISO 45001:2018 standards;
- keep a system active to identify the health and safety risks of workers;
- determine and implement technical, organizational and management activities designed to prevent, where possible, and/or reduce the health and safety risks of workers at the workplace;
- train and inform the internal staff and those who work on behalf of the organization in order to raise their awareness of proper conduct in the area of occupational health, safety and hygiene;
- disseminate the principles of occupational health, safety and hygiene at the plant, among suppliers and service providers;
- set annual targets for ongoing improvement in occupational health, safety and hygiene, and check the results obtained;
- promote all initiatives to prevent the occurrence of incidents that could jeopardize worker safety, and analyze all incidents, accidents and near misses in order to determine corrective measures that could prevent the recurrence of such events.

The activities to promote employee health include TCA's stipulation of an agreement with a health insurer that offers health services in addition to those of the occupational health surveillance and provides for supplying medical examinations, screenings, diagnostic tests, and additional healthcare services not covered by the national healthcare system to all its employees.

Measures to contrast the spread of Covid-19

In compliance with the regulations issued to contrast the spread of the novel coronavirus, the organization implemented immediately all the technical, organizational and procedural measures foreseen in the Prime Minister's Decree, memoranda of understanding between the government and the social partners, and applicable regional regulations. The Covid-19 Committee, composed of the Employer, company doctor, Prevention and Protection Manager and two Employee Safety Representatives, acted under the principle of "maximum precaution", implementing the measures required by law and additional preventive measures, and ensuring business continuity while fully safeguarding the health of employees, even in the periods of peak Covid-19 infection rates, when TCA was still able to operate because it is considered an "essential" business.

Whenever possible, flexible and remote working methods were activated, and shifts were introduced at the offices. Work schedules were changed without reducing the hours, and staff was spread out using additional premises and revising the layout, ensuring physical distancing and separation. Likewise, at the production divisions, the entrance and exit schedules were adapted as needed with the purpose of limiting stays in common areas such as halls, changing rooms and cafeterias. Social distancing was arranged at the production divisions, and training and information was used to raise the workers' awareness of the importance of compliance with the rules and use of personal protective equipment (PPE) and sanitization procedures.

Because of the greater filtering effectiveness, the use of FFP2 filtering masks was mandatory at all premises, and the use of surgical masks and non-medical masks was prohibited expect for outdoor use.

In December 2020, a screening campaign using rapid antigen swab tests was introduced with the collaboration of a contracted healthcare facility and the coordinating company doctor, for all employees and contractors working regularly at the TCA premises. Weekly monitoring was performed on a random sample basis.

The 2020 indicators of employee health and safety are summarized in the table below:

TCA employee accidents at the workplace6

Number of injuries	**2020**	**2019**
Number of fatalities as a result of work-related injury	**-**	**-**
Number of high-consequence work-related injuries (excluding fatalities)	-	-
Number of recordable work-related injuries[7]	5	4
Rate of fatalities as a result of work-related injury	-	-
Rate of high-consequence work-related injuries (excluding fatalities)	-	-
Rate of recordable work-related injuries[8]	26.51	21.20

Main types of injuries

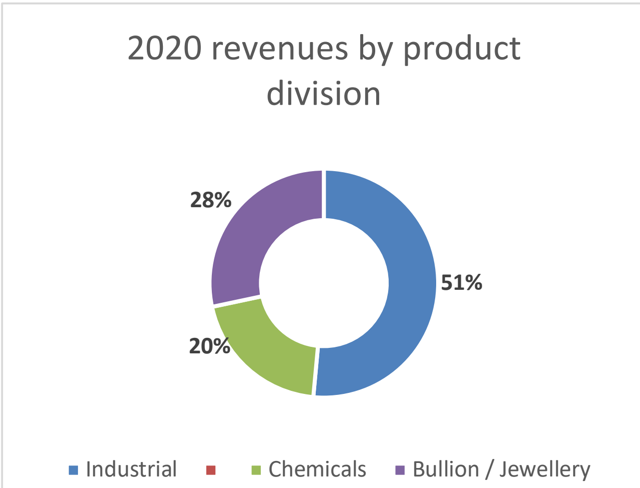
Types of injuries	**2020**	**2019**
Sprained or bruised limbs	2	**3**
Cut	1	-
Acid burn		1
Allergic reaction		-
Bruising trauma	1	
Musculoskeletal trauma	1	
Total	**5**	**4**

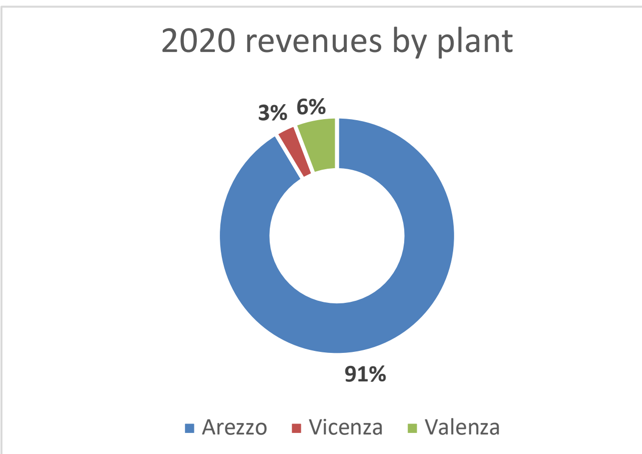
Five accidents occurred in 2020, up by 1 from the 4 accidents of the previous year. The most recurring type of injury was sprained or bruised limbs. The rate of recordable work-related injuries, influenced by the higher number of accidents compared with the prior year, rose accordingly.

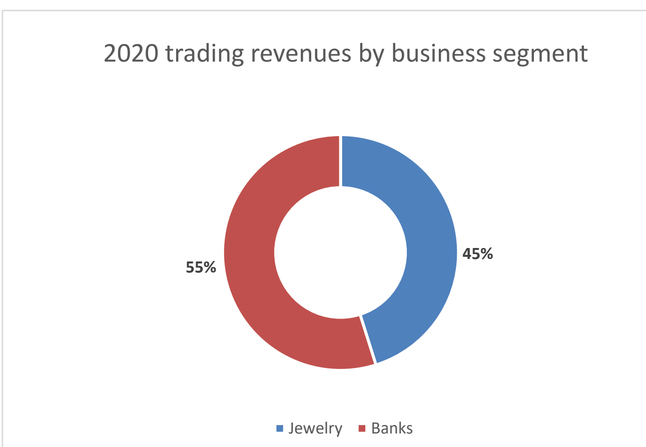
[6] For 2019, the new GRI 403 Standard published by the Global Reporting Initiative (GRI) in 2018 to replace the previous standard (published in 2016), used up to then, was used to report the accident data.
[7] A high-consequence work-related injury is one that results in an injury from which the worker cannot, does not, or is not realistically expected to recover fully to pre-injury health status within 6 months.
[8] The injury rate was calculated by dividing the total number of injuries by the total number of hours worked (188,608 in both 2020 and in 2019), using a multiplication factor of 1,000,000.

Social and Relationship Capital

Customer relationships







In TCA, focus on the customer is very important because it is possible to obtain new special requests or requirements from customers that can identify demand for new types of products. Indeed, TCA's goal is for its products to meet the market demands. Different communication methods may be used with its customers, but TCA aims to maintain active, continuous communication for each relationship in order to guarantee trustworthiness and reliability to the customer. For this reason, ways to improve communication management are continuously proposed.

Trade fairs and conferences in which TCA participated:

LBMA/LPPM Precious Metals Conference 2019 Shenzen – October 2019

Webinar LBMA Assaying and Refining - March 2021

For years TCA has participated in the most important trade fairs of the industry, including Oro Arezzo, the trade fair for Italian-made gold jewelry where prestigious buyers meet in Arezzo and which was held in January and in September, VicenzaOro, and Platinum Week, where events and seminars are organized on precious metal use in recovery, refining and trading, and trends are analyzed, including stock market prices and banking and financial implications.

TCA also participates in the International Precious Metals Institute (IPMI), the largest international association of refiners, bankers and financial institutions, merchants, private and public sector groups, and the general precious metals community, in order to exchange information on activities deriving from precious metal recovery and on technology use.

In 2019, the marketing strategy was to expand its scope by strengthening its position in the Far East markets. For this reason, TCA decided to participate in the Asia Pacific Precious Metals Conference in Singapore in June 2019. The conference emphasized the importance of this geographic area in terms of appeal, given the vast diversity of potential materials to be recovered (E-scraps, industrial waste, spent catalysts).

Due to the good five-year performance of the Italian and European pharmaceutical industry, TCA, aware of the important use of PGMs (palladium, platinum ad rhodium) in the production cycle to develop active principles, put forth greater marketing efforts in the local and European pharmaceutical market, solidifying its existing market positions with major players, and launched marketing campaigns, registering to participate in the CPhI event in Milan, the most important trade fair in Europe, planned for November 2021.

Quality system and customer satisfaction

TCA complies with the international standards for quality, environmental and safety management systems. The Company obtained UNI EN ISO 9001:2015 certification for the recovery, refining and sale of precious metals. The standard sets quality requisites and ensures production supervision through controls that optimize the efficiency of business processes and ensure high-quality products and services.

The 2020 quality management system needed to ensure proper management of the new phase of the Covid-19 crisis, important for the TCA processes. The objective was to provide services to customers while guaranteeing business continuity, maximizing the efforts to protect customers and workers from contagion. Indeed, in 2020 TCA never suspended its business operation, while introducing the mitigation measures required by the Italian healthcare protocols.

Quality audits conducted and received

In 2020 TCA did not undergo any external audits. Seven internal audits were performed, all of which had a positive outcome.

The audits received and conducted were organized by/at some companies certified by the RJC and LBMA, and in many cases they were organized by TCA's and the counterparty's Environmental, Health and Safety Managers.

TCA deduces the customer satisfaction level from day-to-day contacts for sales purposes, but often these evaluations cannot be documented, so it has set up a system to collect and document information to create a customer satisfaction record. With this system, customer satisfaction or dissatisfaction is received and processed, and areas that can be improved are identified. In all cases of customer dissatisfaction, TCA evaluates opportune improvement measures (corrective and/or preventive actions) in order to adopt the right measures to achieve customer satisfaction.

In the event of a customer compliant, the handing of the account is assigned to the Quality, Environment and Safety Manager, who determines the actions to be taken and the management to involve within 15 days from receiving the claim.

Customer complaints are forwarded immediately to the Quality, Environment and Safety Manager, who contacts the customer, helps the customer find a solution to the problem, and investigates whether any nonconformity is attributable to TCA.

If nonconformity is found, the Manager determines the corrective actions to be applied to the internal procedures in order to reduce or eliminate the future possibility of repeating the error that enabled nonconforming products or services to be offered to the customer and agrees on the implementation of such actions with the respective persons in charge.

As in previous years, in 2020 no episodes of nonconformity occurred regarding consumer privacy violations or health and safety impacts of the products supplied to customers.

TCA has always been motivated by the satisfaction of its customers and the other parties involved, conscious that only the performance of a consistently reliable, punctual and efficient service may improve its market position.

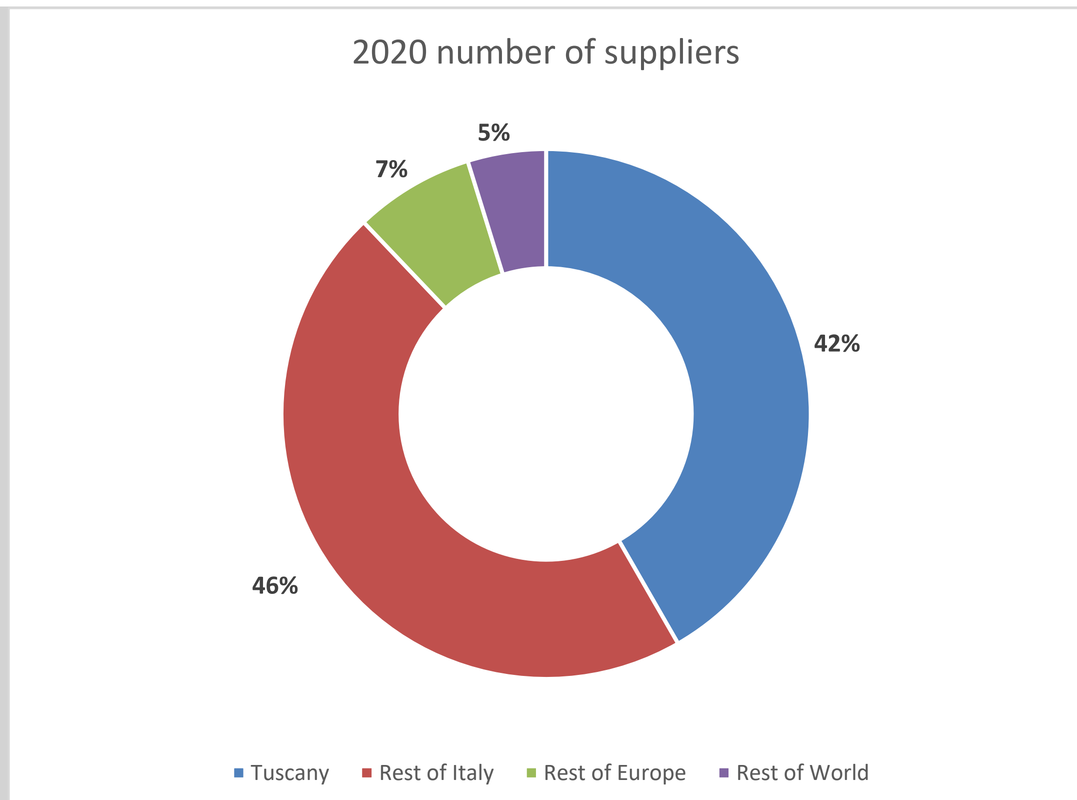
With this in mind, since TCA found a stable market for PGM customers, it decided to proceed with an important project to expand the Sala plant, for which it received a positive opinion in 2020 from the province of Alessandria.

Management recognizes that a quality system compliant with the UNI EN ISO 9001:15 standard can contribute effectively to the achievement of such results. Therefore, they are committed to meeting the applicable requisites and improving continuously through the constant application of the system.

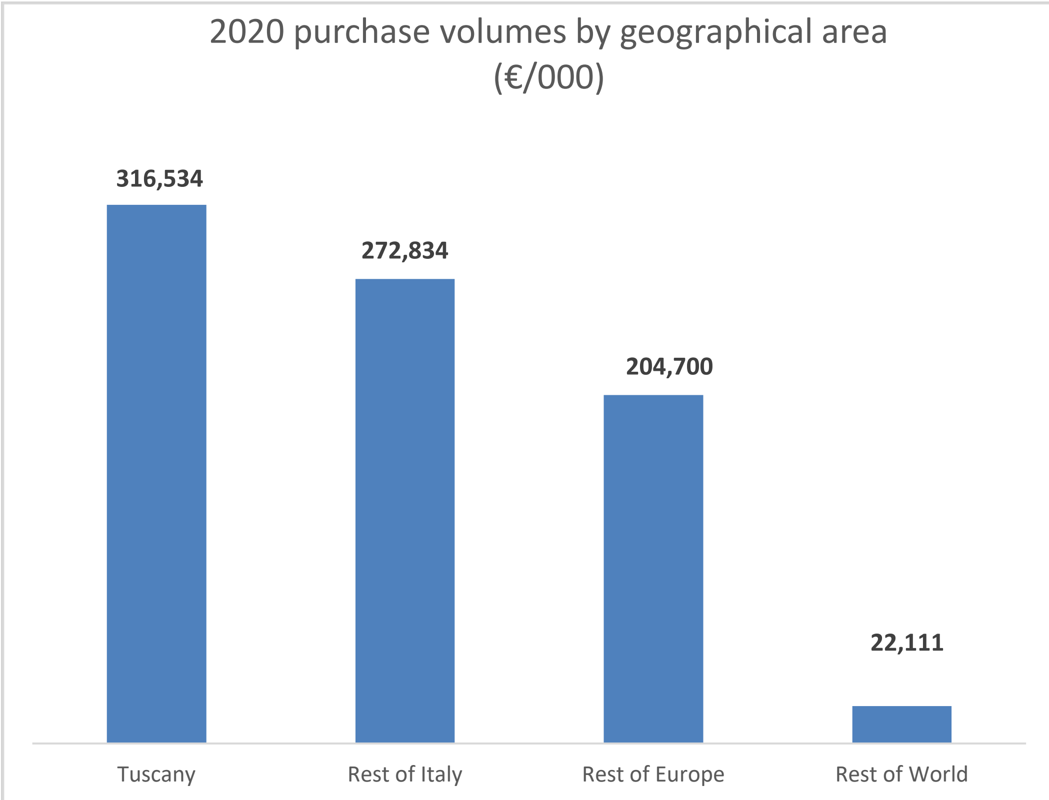
To achieve this, the Company works toward increasing customer loyalty, improving the time needed to carry out the service requested by customers, and expanding the level of assistance offered to customers.

Complaints	**2020**	**2019**
N. of complaints received in the year	-	-
N. of complaints resolved by December 31	-	-

Supplier and business partner relationships



In TCA, procurement is regulated by procedures set up to ensure that the products purchased to process orders and the consumables, vehicles, equipment and services procured externally that influence product and service quality meet the quality, environmental and safety requirements specified by contract and the Company's standards. Such features are communicated clearly by TCA to its suppliers, since it is responsible for ensuring that the supplies purchased correspond to the specifications defined in the sale to the customer.



Specifically, the number of suppliers and respective monetary values of the precious metal supplied, the Company's core business, were considered; in 2020 they amounted to euro 816 million.

88% of the volumes were purchased from suppliers in Italy, and 42% of those refer to suppliers in Tuscany.

The suppliers selected must have systems capable of assuring:

- prevention of manufacturing nonconformity;
- timely activation of necessary corrective actions;
- the supply of only products compliant to the specified requirements.

To this end, TCA has developed an internal methodology to evaluate the supplier's ability to meet the specified requirements and has set up procedures to activate and expand information channels. The procurement process begins with the Company's identification of the need for certain supplies.

Supplier selection and evaluation entails the evaluation of all aspects of the supplier relationship, including the technical, logistical, environmental, safety, administrative and commercial aspects, and the evaluation results are used to establish whether the potential supplier should be selected and, if so, the type and extent of control that should be put into place in relation to the reliability identified and the characteristics of the supplies.

As envisioned in the prior year's report, during 2020 TCA began to supplement its current supplier evaluation system through a stricter analysis of social and environmental matters (in line with the updated LBMA guidelines). The process will be effective in 2021, when surveys with ESG additions will be sent to suppliers and information will be obtained that will enable expanding the risk assessment with those factors as well.

SUMMARY OF RELATIONSHIP WITH SUPPLIERS:

- Seek, evaluate and select suppliers according to the need for a specific type of product or service
- File the technical/business documentation regarding the supplier in the supplier register
- Evaluate, monitor and review suppliers over the course of the supplier relationship (value for money, quality of product/service supplied, meeting of deadlines, certifications held)

TCA has quality and environmental management system certifications under the UNI EN ISO 9001:2015 and UNI EN ISO 14001:2015 standards, is accredited as a Good Delivery Refiner by the LBMA and has recently become a Commercial Member of and is certified by the Responsible Jewellery Council of London according to the Code of Practice – CoP criteria updated in 2019 and based on the 2017 Chain-of-Custody (CoC) standards. (2021 target: RJC COC for silver, platinum and palladium).

Potential suppliers having the same management system certifications or accreditation are considered better qualified.

Qualified suppliers are listed in a register, managed and kept on file by the Purchasing Manager, who is also responsible for checking that the qualification is maintained, during the course of each supplier relationship, through a periodic review of the supply quality. The evaluation methods include examining specific requisites, based on the type of supplier and commodity sector of the products and services supplied.

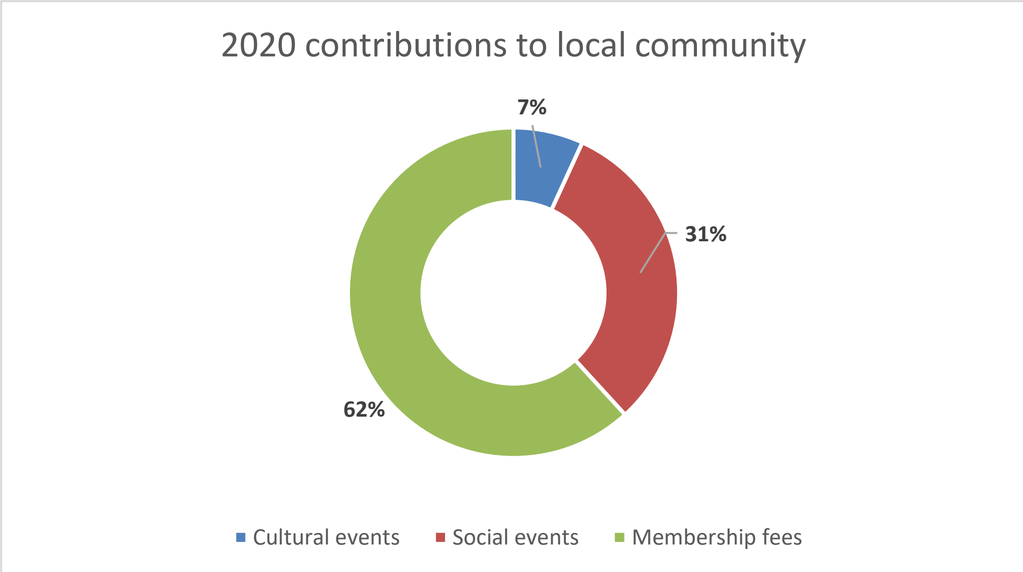
Good Delivery Refiner

Only refiners whose bars have been accredited by the LBMA as meeting the minimum standards for trading on the London market appear in the Good Delivery List.

The LBMA produces Good Delivery Lists for gold and silver bars specifying the names of the accredited refiners, their listing date and the marking details of their bars. Because of the stringent assaying and bar quality criteria that applicants must meet to attain accreditation, the Lists are universally recognized as the *de facto* standard for the quality of gold and silver bars.

The specifications for Good Delivery gold and silver bars include acceptable weight in troy ounces, fineness, physical appearance (including marks and surface quality).

Relationships with the Community and Institutions



TCA is attentive to the needs of the area in which it operates. It has activated constructive dialogue and solid collaboration with the local community and institutions, and has supported various types of charity, cultural and social events. This focus aims at sharing with the local community an awareness of the Company's activities, in order to strengthen a climate of mutual trust and appreciation. In addition, TCA has directly supported numerous social and cultural events through donations and sponsorships totaling € 27,980; including the membership fees paid during the year, the total contribution to the community is just above € 73 thousand.

The contributions to the community remain in line with those of the prior year, underscoring the growing commitment already demonstrated by the Company over the years to initiatives involving the community where it operates.

The monetary values of support to the community are as follows:

Support to community €	2020	2019
Sporting events	-	-
Cultural events	5,000	11,000
Social initiatives	22,980	11,540
Membership fees	45,223	39,311
Total	**73,203**	**61,851**

The Company's initiatives regard support for the various cultural and social areas of interest of the local community through sponsorships for local events and cultural shows, contributions to charitable initiatives and volunteer work.

TCA is evaluating the designation of the school building in Castelluccio purchased in 2015, as it is still being used by the Castelluccio public administration.

TCA is a member of the General Confederation of Italian Industry, "Confindustria", Toscana Sud section, within which the Arezzo Energy Consortium was established in recent years. The Consortium handles purchases of electricity by parties operating in the free market at particularly advantageous rates, which are available to many businesses that are and are not Confindustria members. TCA's CFO, Andrea Susi, is a member of the Consortium's Management Committee, governing body of the consortium group.

Moreover, TCA strengthened its relationship with the community by organizing Open Days in 2021 in order to get the local people to know its internal operations better, involving youths, institutions, and universities, creating synergies and increasing the interest in TCA.

Natural Capital

TCA is run by management that combines conducting business with sustainability. Two key factors are an integral part of our mission, constituting a driving force for business growth: continuous innovation and respect for the environment. TCA pursues its growth objectives responsibly and sustainably, upholding extremely high professional and managerial standards and deploying the most eco-friendly procedures and technologies so as to reduce the impact of its manufacturing and business activities.

Always seeking to attain the highest quality standards, TCA has successfully undertaken a strong internationalization strategy and has built new, important business relationships with the largest global players in the precious metal refining and trading business.

Environmental policy and management system

Environmental policies and certification

TCA's primary activity is the recovery of precious metals (gold, silver, platinum, palladium, rhodium) from special solid, liquid, and muddy waste and from sweeps deriving from jewelry and similar production. The Company's secondary activity is the electrolytic recovery and refining of copper from waste materials generated by the primary activity. TCA carries out waste disposal and recovery under a specific authorization issued by the Province of Arezzo. These are production processes with important environmental considerations: TCA deals with them comprehensively, systematically, consistently and with integrity, as part of the continual improvement of its production processes. Periodic audits assess the compliance of the environmental management system with the current UNI EN ISO 14001:2015 standard.

As mentioned, the Company registered the substances and materials subject to the European REACH regulations, both as a manufacturer and as a downstream user. The substances registered as producers are copper, silver, gold and palladium in the massive form.

To comply with the above policies, the Company engages in the following environmental activities:

- Pursuit of improvement in internal processing technologies in order to reduce the environmental impact and better safeguard worker health and safety;
- Monitoring of all significant environmental aspects to assess their effects;
- Confronting of risks and opportunities for the Company, including those relating to environmental matters;
- Identification of preventive actions to avoid natural disasters and worker safety crises.

Environmental management is also supported by environmental training activities and expenses incurred:

	2020	2019
Environmental training hours	45	58
Expenses/investments for the environment (€)	450,000	300,000

In 2020 the expenses incurred for the environment regarded mainly the purchase of authorized material for waste management and the new internal floors.

TCA environmental impacts

The 2020 environmental assessment revealed TCA's significant environmental aspects: atmospheric emissions, energy consumption, waste generation, and soil and subsoil monitoring.

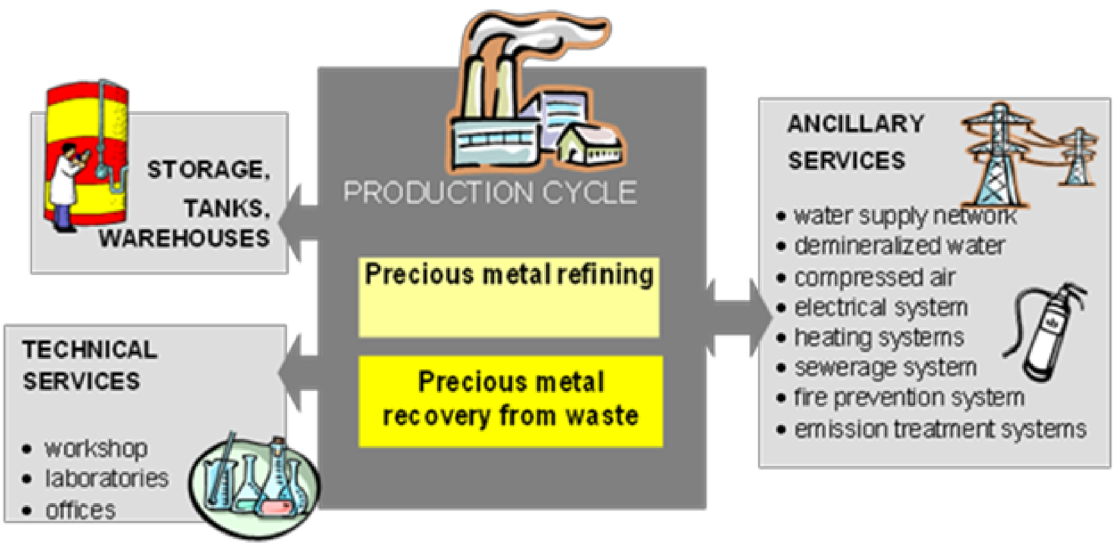
All the amounts found during the atmospheric emission controls are within the legal limits. The new E2 FTIR ACF 5000 ABB Continuous Emission Monitoring System and the new Durag DR300 Dust Monitor were installed, both updated to the UNI EN 14181:2005 standard.

In the past few years, no environmental incidents have occurred, and no significant fines have been imposed for environmental matters. The only fine imposed on TCA in 2019 was caused by exceeding the hourly limits for nitrogen oxides. Concerning this, an assessment was carried out in accordance with Italian Legislative Decree 152 and compliance was verified. There were no further adverse findings by the entity.

In 2019 the Region (upon ARPAT's recommendation) sent a warning to adjust the E2 emission plant, which is now closed. The warning involved mainly a structural regulation, because it required a new, larger and more extensive sampling structure/platform for E2 emissions, and the installation of a hydrogen measuring device inside the emission monitoring system booth.

Since 2016 TCA has been awaiting the new Integrated Environmental Authorization for the Capolona plant, for which greater quantities of authorized manageable waste are anticipated: the long waiting period is due to bureaucratic problems encountered by the public entities (such as the abolition of provinces) during the application's transition from the Province of Arezzo to the Region of Tuscany.

TCA's production activities are briefly illustrated below. They also include technical, ancillary and storage services assisting the main activities carried out on site.



Emissions and abatement systems

TCA has all the tools necessary to treat its own wastewater and exhaust and those of others, and constantly monitors the gas emissions deriving from ash treatment, burning equipment and static furnaces. To avoid diffusing externally the substances used in the production cycle, significant emissions have appropriate abatement systems. The systems are maintained in full working order and are checked continuously to ensure their proper operation. All authorized emissions are monitored regularly by qualified independent laboratories. Liquid outflows from chemical-physical processing are stored and disposed of by authorized independent firms. TCA stays within the authorized limits for noise emissions.

The following parameters objectively represent the Quality and Environment System and its improvement capacity. As shown in the table below, the amounts have decreased from the prior year.

Average Emissions in mg/Nm3	2020	2019	Legal limit
Nitrogen oxides	125.2	119.60	*200.00*
Sulfur oxides	1.28	2.34	*50.00*
Hydrogen chloride	0.08	1.10	*10.00*
Carbon monoxide	0.51	0.70	*50.00*
Heavy metals	0.05	0.03	*0.50*
Particulate matter (PM)	0.04	0.55	*10.00*

Energy management

The energy sources used in TCA are electricity (to power the equipment), natural gas (used for incineration, post-combustion, smelting furnaces, boilers to produce steam and heating), and diesel oil (used only to power the generator/fire pump motors and to propel the internal handling of merchandise). The Company is licensed to produce electricity with its generator, capable of producing 276 kWh to keep some preferential utilities working.

Energy consumption

Description	Unit of measurement	2020	GJ	2019	GJ
Electricity	kWh	6,763,228	24,348	6,138,187	22,097
Natural gas	m^3	1,846,795	73,455	2,078,158	82,657
Diesel oil	liters	35,427	1,356	46,218	1,769
Total	**-**		99,158		106,524

T.C.A. performed the energy diagnosis at the Capolona plant to comply with Italian Legislative Decree 102/2014. The energy diagnosis aimed to provide information on the energy consumption of the plant and identify the presence and technical-economic feasibility of interventions to reduce energy consumption.

> Italian Legislative Decree 102/2014 on energy efficiency requires some types of companies (large companies and energy-intensive companies), including TCA, to make an energy diagnosis.

The direct and indirect carbon dioxide emissions associated with TCA's activity are divided into two scopes:

- Direct emissions (Scope 1): direct greenhouse gas (GHG) emissions due to the Company's direct consumption of fuel (e.g., natural gas, diesel oil and gasoline)
- Indirect emissions (Scope 2): GHG emissions deriving from the consumption of electricity, heat and steam obtained and consumed by the Company.

Scope 1 emissions[9]	Unit of measurement	2020	2019
Natural gas	tCO_2eq	3,735.4	4,219.8
Diesel oil	tCO_2eq	95.2	124.2
Total Scope 1 emissions	**tCO_2eq**	**3,830.7**	**4,343.9**

The emissions produced by the Company in 2020 were generated by the consumption described above. Direct emissions include those related to the use of natural gas for the heating system and diesel oil for the generator and for the transportation and internal handling of merchandise. At the end of 2020, Scope 1 emissions were 12% lower than those of the prior year.

Scope 2 emissions	Unit of measurement	2020	2019
Electricity (market-based)[10]	tCO_2eq	3,152	2,989
Electricity (location-based)[11]	tCO_2	2,272	2,204

The Scope 2 emissions were calculated with two distinct market-based and location-based methods. The first value is based on the location of the company (location-based): it is the result of the calculation of GHG emissions deriving from the production of electricity in the area where the energy is consumed; the second value is based on the market in which the company operates (market-based). In 2020, the Scope 2 emissions (according to the market-based method) were consistent with those of the prior year, with a slight increase of 3% compared with 2019 due to greater diesel consumption in 2020.

Water requirement and waste management

In 2020 the total water withdrawal was 9,910 m3,[12]. Most water was sourced from waterworks and rainwater harvesting. Overall, water consumption fell by 4% in 2020 compared with 2019.

For their operations, all the local units source their water from the municipal water distribution network, wells, rainwater, liquid waste and water-based raw materials. The annual requirement is approximately 10,000 m^3, and the variable factors are initial rainwater treatment and extraction from piezometers.

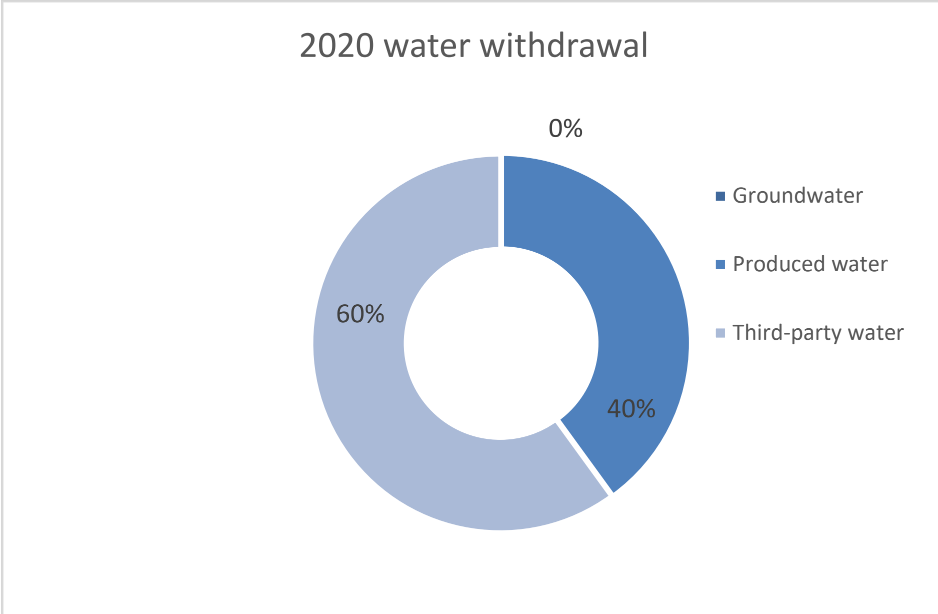
Each environmental aspect is assessed by assigned a score for each ratio and combining the scores achieved, in order to obtain different levels of materiality.

The approach on which the environmental management system adopted by TCA is based is consistent with a life cycle prospect. Based on the context of the organization and considering the significant environmental aspects, compliance obligations and associated risks, the organization determined and assessed the level of control and influence it can apply to the various elements of the life cycle (as explained in the previous paragraph, such controls are attributable exclusively to the waste production phase and research and development of the optimal product process).

According to such process, TCA aims to recover incoming water in its production cycles as much as possible, concentrating the outgoing effluents and discharging liquid waste only at authorized facilities.

TCA also has the possibility of effectively checking the aspect of waste and liquid production; in fact, it has specific indicators and actions adopted to intervene materially.

[9] The emission factor used to calculate Scope 1 emissions for natural gas and diesel oil is: DEFRA - UK Government GHG Conversion Factors for Company Reporting (2020)
[10] The emission factor used to calculate Scope 2 market-based emissions is: AIB_Residual Mix (2020)
[11] The emission factor used to calculate Scope 2 location-based emissions is: TERNA - International comparison table. The data is expressed in non-equivalent carbon dioxide.
[12]The water withdrawal refers solely to the Capolona (Arezzo) site because the consumption for the other locations is exclusively for sanitary use and the quantities are immaterial.



Water withdrawal [13]

	2020		2019	
Withdrawal source (Ml)	All areas	Areas with water stress	All areas	Areas with water stress
Groundwater	**-**	**-**	**-**	**-**
Freshwater	-	-	-	-
Other water	-	-	-	-
Produced water	**4.2**	**4.20**	**3.8**	**3.8**
Freshwater	4.2	4.2	3.8	3.8
Other water	-	-		
Third-party water	**5.7**	**5.71**	**6.5**	**6.5**
Freshwater	4.7	4.7	5.5	5.5
Other water	1.0	1.0	1	1
of which produced water	-	-	-	-
Total	**9.9**	**9.9**	**10.3**	**10.3**

With respect to wastewater discharge, a significant portion of the plant's water consumption is met through recycling, from both harvested rainwater (after treatment) and from the aqueous portion of liquid raw materials. The wastewater generated by TCA is emptied into the public sewer system (domestic wastewater, rainwater), sent back for processing (stormwater from the yards), or disposed of as waste (wastewater from processes and abatement systems). No industrial waste is discharged from the local units.

[13] Since 2019, the new GRI 303 Standard published by the Global Reporting Initiative (GRI) in 2018 to replace the previous standard (published in 2016) has been used to report water withdrawal data. Water stress is the ability, or lack thereof, to meet the human and ecological demand for water; it can refer to the availability, quality, or accessibility of water; it is based on subjective elements and is assessed differently depending on societal values, such as the suitability of water for drinking or the requirements to be afforded to ecosystems (this definition comes from the CEO Water Mandate, *Corporate Water Disclosure Guidelines*, 2014).
In order to assess its impact in sensitive locations, TCA identified the plants located in areas with water stress based on the water stress indicator provided by the Aqueduct Water Risk Atlas of the World Resources Institute.
The Capolona (Arezzo) plant is the only one located in an area with water stress.

TCA disposed 23,600 m^3 into public sewers in 2020 (up by 17% since 2019) and it estimates, in continuation of what it has done in the past few years, that it has succeeded in recycling and reusing approximately 60-70% of its annual water intake through the above processes.

In accordance with the Environmental Management System adopted, TCA monitors waste generation data continuously, ensures proper waste disposal, promotes the separation of waste and favors recycling. Waste is sent for treatment, disposal and/or recycling using authorized transporters.

In 2020 TCA began to revise its internal policies managed within the integrated quality, environmental and safety system. It decided to prioritize waste acceptance procedures, determining all the methods to be used. Accordingly: i) the producer is required to have waste analysis and the related characterization performed by a laboratory; ii) all waste is accompanied by a classification card that the company can use to understand the storage and treatment methods; iii) a table is compiled with TCA's acceptance limits for each waste material based on the workability features. TCA is currently continuing this process, analyzing the control procedures of the waste service providers (disposal firms, intermediaries / transporters).

Details of the waste produced by the Company in 2020 and 2019 are set forth below. The data excludes domestic waste, and the recycling regards waste produced by incinerated metals that are recovered during the process.

2020 waste by disposal method[14]

Disposal method[15]	Unit of measu rement	Hazardous On-site	Hazardous Off-site	Non-hazardous On-Site	Non-hazardous Off-site	Total	% of total
D9	t				12329.43	12329.43	78.6%
D15	t		817.423		935.77	1753.193	11.2%
D8	t				2.5	2.5	0.0%
R5	t				1268.45	1268.45	8.1%
R4	t		23.655		44.344	67.999	0.4%
R13	t		16.401		247.434	263.835	1.7%
TOTAL	**t**		**857**		**14,828**	**15,685**	**100.0%**

[14] The new GRI 306 Standard published by the Global Reporting Initiative (GRI) in 2020 to replace the previous standard (published in 2016) was used to report the water withdrawal data for 2020, so the 2019 data was restated.

[15] The waste disposal method codes are those listed in Annex B, "Disposal Operations", and Annex C, "Recycling Operations", in Section IV of Italian Legislative Decree 152/2006.

2019 waste by disposal method[16]							
Disposal method[17]	Unit of measu rement	Hazardous on-site	Hazardous Off-site	Non-hazardous On-Site	Non-hazardous Off-site	Total	% of total
D9	t				11155	11155	79.7%
D15	t		392		889	1281	9.1%
D8	t				7	7	0.0%
R5	t				1176	1176	8.4%
R4	t		2		33.002	35.002	0.2%
R13	t		30		320.4	350.4	2.5%
TOTAL	**t**		**424**		**13,580**	**14,004**	**100.0%**

Hazardous waste is a small share (5%) of the total waste produced. Compared with 2019, both hazardous and non-hazardous waste has increased slightly.

Materials consumed

TCA pays close attention to the consumption of raw materials processed and the chemicals used in production because it is aware of how important they are for obtaining high-quality products on one hand, and of their environmental impact on the other. Chemical consumption is particularly significant for the Company, and for this reason it is monitored continuously in order to reduce the use of chemicals and keep production processes as efficient as possible. The use of chemicals in the production process tended to be stable in 2020, since technological and industrial progress means less intensive use of precious metals than in the past: a necessary consequence of this is the acquisition and treatment of increasingly different raw materials that have progressively lower precious metal concentrations. The chemicals used to refine gold and silver (the two most important metals in terms of quantities processed) are hydrochloric acid and nitric acid. Another important substance is sodium hydroxide, needed to neutralize the acid solutions produced by the chemical reactions and to reduce the potentially harmful substances released. Other substances are used to refine other metals, such as platinum and palladium.

The materials consumed by the Company are listed hereunder, specifically considering the chemicals used to process raw materials.

Secondary materials			
Type of material	Unit of measurement	2020	2019
Hydrochloric acid	ton	282	292
Nitric acid	ton	421	536
Other acids	ton	74	71
Sodium carbonate	ton	375	537
Liquid oxygen	ton	3938	4,844
Total		**5,090**	**6,280**

[16] The 2019 waste data have been restated as a result of new indicators, as indicated in the previous note.

There were no particular imbalances in 2020 compared with the 2019 data. The trend of improvement continues, especially as regards the consumption of raw materials and energy per product unit.

TCA FINANCIAL STATEMENTS

Balance Sheet

	Dec. 31, 2020	Dec. 31, 2019
Balance Sheet		
Assets		
B) Non-current assets		
I - Intangible assets		
4) concessions, licenses, trademarks, and similar rights	89,532	76,251
7) other intangible assets	3,140	6,373
Total intangible assets	92,672	82,624
II - Property, plant and equipment		
1) land and buildings	12,482,012	10,321,431
2) plant and machinery	7,074,482	5,692,010
3) industrial and commercial equipment	133,853	49,372
4) other tangible assets	307,691	327,621
5) tangible assets under construction and advances	7,122,030	6,936,945
Total property, plant and equipment	27,120,068	23,327,379
III - Non-current financial assets		
1) investments in		
d-bis) other undertakings	102,991	102,991
Total equity investments	102,991	102,991
2) receivables		
d-bis) other receivables		
due after next year	16,133	141,442
Total other receivables	16,133	141,442
Total receivables	16,133	141,442
Total non-current financial assets	119,124	244,433
Total non-current assets (B)	27,331,864	23,654,436
C) Current assets		
I - Inventories		
1) raw and ancillary materials and consumables	57,785,476	49,091,911
2) work in progress and semi-finished products	308,644	437,646
4) finished products and goods	335	475
Total inventories	58,094,454	49,530,032
II - Current receivables		
1) trade receivables		
due within next year	2,333,396	3,705,485
Total trade receivables	2,333,396	3,705,485
5-bis) tax credits		
due within next year	268,477	239,730
due after next year	42,124	0
Total tax credits	310,600	239,730
5-ter) deferred tax assets	512,019	63,676
5-quater) other receivables		
due within next year	60,504	168,740

Total other receivables	60,504	168,740
Total receivables	3,216,520	4,177,630
IV - Cash and bank balances		
1) bank and postal deposits	17,079,252	5,612,618
3) cash and cash equivalents on hand	4,570	7,602
Total cash and bank balances	17,083,822	5,620,220
Total current assets (C)	78,394,796	59,327,882
D) Accrued income and prepaid expenses	500,773	423,959
Total assets	106,227,434	83,406,277
Liabilities		
A) Equity		
I - Share capital	14,000,000	14,000,000
III - Revaluation reserves	3,654,762	0
IV - Legal reserve	1,789,627	1,639,270
VI - Other reserves, disclosed separately		
Extraordinary reserve	11,706,020	10,349,354
Other sundry reserves	2	2
Total other reserves	11,706,022	10,349,356
VII - Cash flow hedge reserve	(24,986)	(101,417)
IX - Profit/(loss) for the year	8,684,602	3,007,123
Total equity	39,810,026	28,894,332
B) Provisions for risks and charges		
2) for taxes, including deferred tax	439	118
3) derivative liabilities	32,877	124,224
4) other provisions	2,074,078	74,078
Total provisions for risks and charges	2,107,394	198,419
C) Provision for post-employment benefits	406,156	393,467
D) Payables		
4) bank borrowings		
due within next year	50,297,905	43,180,109
due after next year	6,284,398	2,560,628
Total bank borrowings	56,582,303	45,740,738
7) trade payables		
due within next year	2,762,139	6,048,661
Total trade payables	2,762,139	6,048,661
12) current tax liabilities		
due within next year	3,078,821	593,530
due after next year	83,815	0
Total current tax liabilities	3,162,637	593,530
13) social security		
due within next year	345,652	389,404
Total social security	345,652	389,404
14) other payables		
due within next year	913,234	955,529
Total other payables	913,234	955,529
Total payables	€ 63,765,965	53,727,861
E) Accrued expenses and deferred income	€ 137,893	192,197
Total liabilities	106,227,434	83,406,277

Income statement

	Dec. 31, 2020	Dec.31, 2019
Income statement		
A) Value of production		
1) revenues from sales and services	839,337,627	837,239,427
2) change in inventories of work in progress, semi-finished products and finished products	337,335	357,411
4) increases in fixed assets due to internally produced work	176,092	331,199
5) non-operating income		
grants for operating expenses	28,139	0
other	253,088	616,926
Total non-operating income	281,227	616,926
Total value of production	840,132,281	838,544,963
B) Cost of sales		
6) raw and ancillary materials, consumables and goods	816,180,173	825,782,231
7) services	8,011,253	6,620,555
8) leases and rentals	2,217,559	2,039,264
9) personnel		
a) wages and salaries	3,473,485	3,347,222
b) social security costs	1,175,591	1,077,106
c) post-employment benefits	288,097	226,280
e) other costs	60,029	16,323
Total cost of personnel	4,997,202	4,666,931
10) depreciation, amortization and impairment losses		
a) amortization of intangible assets	83,313	82,618
b) depreciation of property, plant and equipment	1,281,506	1,267,810
d) writedowns of current receivables and liquid assets	6,366	9,634
Total depreciation, amortization and impairment losses	1,371,185	1,360,062
11) change in inventories of raw and ancillary materials, consumables and goods	(8,227,088)	(7,035,070)
12) risk allowances	2,000,000	0
14) sundry operating expenses	471,228	496,898
Total cost of sales	827,021,513	833,930,871
Difference between value of production and cost of sales (A-B)	13,110,769	4,614,091
C) Financial income and costs		
16) other financial income		
d) income from other sources		
other	36,288	178,358
Total income from other sources	36,288	178,358
Total other financial income	36,288	178,358
17) interest expense and other finance costs		
other	890,066	656,333
Total interest expense and other finance costs	890,066	656,333
17- bis) gains /(losses) on currency exchange	(48,218)	(34,740)
Total financial income and costs (15 + 16 - 17 + - 17-bis)	(901,996)	(512,715)
Income before taxes (A - B + - C + - D)	12,208,773	4,101,376

20) Income tax		
current taxes	3,993,061	1,094,317
taxes relating to prior periods	(5,952)	0
deferred tax expense and income	(462,938)	(64)
Total income taxes	3,524,171	1,094,253
21) Profit/(loss) for the year	8,684,602	3,007,123

Cash Flow Statement, indirect method

	Dec. 31, 2020	Dec.31,2019
Cash Flow Statement, indirect method		
A) Cash flow from operating activities (indirect method)		
Profit/(loss) for the year	8,684,602	3,007,123
Income tax	3,524,171	1,094,253
Interest expense/(income)	901,996	512,715
(Gains)/Losses on disposals of assets	671	18,731
1) Profit/(loss) for the year before income taxes, interest, dividends and gains/losses on disposals	13,111,440	4,632,822
Adjustments for non-cash items not recognized in working capital		
Allocations to provisions	2,294,463	235,914
Depreciation and amortization	1,364,819	1,350,428
Other increases/(decreases) for non-cash items	(189,465)	(25,432)
Total adjustments for non-cash items not recognized in working capital	3,469,817	1,560,910
2) Cash flow before changes in working capital	16,581,257	6,193,732
Changes in working capital		
Decrease/(increase) in inventories	(8,564,422)	(7,392,481)
Decrease/(increase) in trade receivables	1,365,723	(78,983)
Increase/(decrease) in trade payables	(3,225,008)	1,182,187
Decrease/(increase) in accrued income and prepaid expenses	(76,814)	(113,277)
Increase/(decrease) in accrued expenses and deferred income	(54,304)	(50,816)
Other decreases/(other increases) in working capital	2,072,082	749,378
Total changes in working capital	(8,482,743)	(5,703,992)
3) Cash flow after changes in working capital	8,098,514	489,740
Other adjustments		
Interest received/(paid)	(901,996)	(512,715)
(Income tax paid)	(3,524,171)	(1,094,253)
(Use of provisions)	(275,087)	(240,170)
Total other adjustments	(4,701,254)	(1,847,138)
Net cash from/(used in) operating activities (A)	3,397,260	(1,357,398)
B) Cash flow from investing activities		
Intangible assets		
(Investments)	(1,929,642)	(5,628,041)
Divestments	622,571	402,744
Property, plant and equipment		
(Investments)	(93,361)	(81,549)
Financial assets		
(Investments)	(961)	(124,000)
Divestments	126,270	0
Net cash (used in) investing activities (B)	(1,275,123)	(5,430,846)
C) Cash flow from financing activities		
External funding		
Increase/(decrease) in short-term bank borrowings	7,117,796	11,525,500
Loans raised	7,500,000	0

(Repayments of loans)	(3,776,230)	(617,431)
Own funding		
(Dividends and advances on dividends paid)	(1,500,100)	(721,000)
Net cash from/(used in) financing activities (C)	9,341,466	10,187,069
Net increase/(decrease) in cash and cash equivalents (A ± B ± C)	11,463,603	3,398,825
Effect of exchange rates on cash and cash equivalents	0	14,647
Cash and cash equivalents at the beginning of the year		
Bank and postal deposits	5,612,618	2,212,460
Cash and cash equivalents on hand	7,602	8,934
Total cash and cash equivalents at the beginning of the year	5,620,220	2,221,394
Cash and cash equivalents at the end of the year		
Bank and postal deposits	17,079,252	5,612,618
Cash and cash equivalents on hand	4,570	7,602
Total cash and cash equivalents at the end of the year	17,083,822	5,620,220

Notes to the Financial Statements for the Year ended December 31, 2020

Notes to the Financial Statements - Introduction

The financial statements for the year ended December 31, 2020, consisting of the balance sheet, income statement, cash flow statement and these notes to the financial statements, were drawn up in compliance with the regulations currently in force (Italian Civil Code Article 2423 et seq). The legislation on which the financial statement preparation was based was interpreted and supplemented by the accounting standards established by the Organismo Italiano di Contabilità (Italian Accounting Board), using the most updated versions thereof pursuant to Legislative Decree 139/2015, implementing EU Directive n. 34/2013

Where lacking, the standards issued by the International Accounting Standards Board (IASB) were applied, insofar as they are consistent with Italian regulations.

The following is specified:

1. The financial statements correspond to the accounting records, which are duly kept;
2. The financial statements have been prepared with transparency and present a true and fair view of TCA's financial position, financial performance, cash flows and net profit as at and for the year ended December 31, 2020;
3. No exceptional events required using the derogations allowed by Civil Code Articles 2423, paragraph 4 and 2423 bis, paragraph 2.
4. The balance sheet and income statement layouts correspond to the prescribed layouts; no
   - balance sheet or income statement headings have been aggregated;
   - no assets or liabilities fall under multiple headings of the balance sheet layout provided by Civil Code Article 2425;
   - items required to be stated separately by the Italian Civil Code are included in the balance sheet and income statement, only when such items are present. In the same manner, items preceded by Arabic numerals and lowercase letters are omitted when their amounts are zero.
5. These notes to the financial statements contain the disclosures, information and statements required by Italian Civil Code Article 2427.
6. In compliance with Civil Code Article 2423, paragraph 5, the amounts of the balance sheet and income statement are denominated in whole euros, without the use of decimals.

Accounting policies

The same accounting policies used in the prior year were followed to prepare the financial statements.

Basis of preparation

With respect to the financial statement items, in compliance with Civil Code Articles 2423, 2423 bis and 2426:

- the financial statements were prepared in accordance with the prudence principle, on a going concern basis and considering the economic function of the assets and liabilities concerned (with substance prevailing over form);
- only profits realized within the reporting period were recognized;
- income and expenses were recognized on an accrual basis, when earned and incurred, irrespective of their collection or payment date;
- risks and losses pertaining to the reporting period were recognized even if discovered afterward; dissimilar
- items grouped into a single entry were measured separately;
- the accounting policies adopted were the same as those used for the previous financial year;

- income and expenses were classified pursuant to Interpretive Document 1 of the "Interpretazioni" Series of Italian Accounting Standard 12 of the Italian National Council of Accountants and the Italian Accounting Standards Commission, in the revised version of the Italian Accounting Board.

The Company did not conduct any transactions with related parties that were not carried out on an arm's length basis.

In accordance with Civil Code Article 2427 (§22 ter), TCA is not party to any agreements that are not represented in the balance sheet that could generate significant risks and/or benefits, which should be described for a better understanding of the financial statements.

The Report on Operations provides information regarding TCA's business activity and significant events occurring after the reporting date.

Transactions in foreign currency are translated into the presentation currency (Euro) at the exchange rate prevailing on the transaction dates and the difference between such values and the amounts effectively paid or received is recognized in the income statement under item 17 bis, "gains and losses on currency exchange".

Receivables and payables in foreign currency that are outstanding on the reporting date are translated at the end-of-period exchange rates. The resulting gains and losses realized on currency translation are recognized in the income statement under item 17 bis, "gains and losses on currency exchange".

Accordingly, the current receivables and payables include items deriving from such transformation, and any subsequent differences emerging on the settlement date of the items will be recognized in the subsequent reporting period. The net balance of currency translation is a gain, so part of equity was allocated to an undistributable reserve.

Derogation from accounting standards

No exceptional events occurred requiring derogation from Civil Code Article 2423. Any exceptions or peculiarities associated with the specific industry in which TCA operates are reported herein.

The significant accounting policies used to prepare the financial statements are described hereunder.

Going concern assumption

The financial statement items of the reporting period and those of the prior year were measured on a going concern basis, in accordance with Italian accounting standard (OIC) 11, § 21.

With respect to the events described in the "provisions for risks and charges" section, the stated actions were intended to ensure the maximum level of protection and suitability of TCA's responses to the investigations underway and their possible developments. Therefore, the Directors, supported by the opinion expressed by their lawyers, believe that the Company will be able to maintain business continuity in the foreseeable future.

Non-current assets:

<u>Intangible assets</u>

Intangible assets are recognized with the agreement of the Board of Statutory Auditors, as necessary, at their original purchase price net of the amortization calculated over the remaining useful life of the asset.

Intangible assets are amortized annually on a straight-line basis using the following rates: 33.3%
for software;

20% for unamortized capitalized costs.

If an impairment loss is identified in addition to amortization, the asset is written down accordingly; the original value is reinstated in future periods, adjusted solely by amortization, if the reasons for the writedowns cease to apply.

Property, plant and equipment

Property, plant and equipment are stated at their historical cost, which includes their installation costs and the revaluations performed pursuant to Laws 342/2000 and 72/1983, and Law Decree 185/2008, enacted into Law 2/2009.

Improvements are capitalized, as are all other expenses that prolong the lives of assets. As in previous reporting periods, depreciation is calculated over the estimated useful life of the asset.

The depreciation rates have not changed from the previous reporting period.

Most depreciable assets were depreciated using the rates established by the Ministerial Decrees of October 29, 1974 and December 31, 1988, which are considered to adequately account for normal wear and tear in the specific industry in which TCA operates. Other assets, whose useful life was measured on the basis of past experience, were assigned specific depreciation rates in order to more faithfully represent the financial performance and financial position, and to apply correctly the accounting policy that has always been used. The depreciation rates for assets that began to be used during the reporting period were reduced to half for the individual assets, under the assumption that such rates represent a reasonable approximation of the purchases of such assets in the year.

The annual depreciation rates applied are summarized in the table below, the numeration of which corresponds to the sub-item numbers in the financial statements:

Buildings = 3.0%

Lightweight structures = 10.0%
Special-purpose plant and machinery = 6.67-12.5%
General-purpose plant and machinery = 6.67-10.0%
Security and control equipment 30%
Equipment 25.0%

Furniture 12.0%

Electronic office machines 20.0%

Motor vehicles 20-25%

The current market values and economic values associated with the future production capacity of the assets are no less than the carrying values of the assets.

As described subsequently, during the year TCA revalued some tangible assets using the benefit available under Law Decree 104/2020, Article 110.

The revaluation amount was determined with a sworn professional estimate drawn up by a specialized independent firm.

If an impairment loss is identified in addition to depreciation, the asset is written down accordingly; the original value is reinstated in future periods, adjusted solely by depreciation, if the reasons for the writedowns cease to apply.

No writedowns were necessary under Civil Code Article 2426 § 1 and § 3 because no potential impairment losses were identified, as per Italian accounting standard 9.

Financial assets

The (other) equity investments are valued according to the general criteria of acquisition cost plus any additional consideration paid, less any impairment losses.

There are no financial receivables maturing after one year for which the amortized cost method needed to be used.

Inventories

As noted subsequently, consistently with previous reporting periods, inventories are stated by grouping together all the metals owned into raw materials and measuring them as a whole. This method, which has always been used, enables assigning uniform values and avoids valuation difficulties associated with the presence of metals owned by third parties (on loan for use, for processing, etc.) whose physical identification during processing would be arbitrary. The following criteria was adopted:

- raw materials consisting of precious and base metals are measured with the LIFO method on an annual basis;
- other raw and ancillary materials and consumables are stated at their average purchase price;
- work in progress and finished products are measured on the basis of their production costs (generally consisting strictly of the related processing costs).

Consistently with previous reporting periods, raw materials, specifically precious and non-precious metals that were not in a pure state at the end of the period, were measured by taking into account the average standard costs that will be incurred for refining them. This activity is always necessary so that metals included in inventories can be sold or used in production. The net value resulting from the algebraic sum of the foregoing amounts corresponds to the value of materials in stock containing precious metals.

The values obtained with the above criteria do not exceed the market values at the end of the reporting period.

Receivables

Receivables are measured at their estimated realizable value. The nominal value of trade receivables is adjusted to estimated realizable value by means of a provision for doubtful accounts taking into consideration the debtor's solvency, the period in which the receivable falls due, any litigation in progress, general economic conditions, the business segment and country risk of each customer and all enforceable guarantees.

The amortized cost method was not used because the effects were deemed immaterial, since the transaction costs, commissions paid between the parties and all other differences between the initial value and the maturity value are of little significance, and the receivables are short-term.

Cash and bank balances

Cash and bank balances are recorded at their nominal value. Balances denominated in foreign currency are translated at the end-of-period exchange rate.

Accrued income, prepaid expenses, accrued expenses and deferred income

The items represent portions of income and expenses that pertain to the period, but are receivable/payable in future periods, and portions of income and expenses received/paid within the period, but that pertain to future periods, in observance of the accrual basis of accounting and the matching principle.

The conditions that resulted in the initial recognition of long-term prepayments, accruals and deferrals were verified, and adjustments were made as necessary.

Provisions for risks and charges

Provisions for risks and charges are appropriated to cover determinate losses whose timing and/or amount were uncertain at the reporting date. The provisions reflect the best possible estimate based on the information available.

The provisions were estimated in observance of the prudence principle and the accrual basis, and no general risk provisions were set up without economic justification.

Contingent liabilities were recognized in the financial statements and accounted for in the provisions insofar as they are deemed probable and the related cost can be estimated reasonably.

Derivatives designated to hedge future cash flows are stated at their related market value, as required by Italian accounting standard 32. A specific (negative) reserve has been entered as a contra-entry in equity.

Provision for post-employee benefits

The provision for post-employment benefits represents the obligation accrued as at the reporting date toward all TCA's employees, calculated according to the law and the employment contracts currently in force.

This provision is subject to indexed revaluation and corresponds to the total indemnities accrued to the employees at the reporting date, net of any advances paid. It shows the amount that would be payable to the employees if their employment service period should terminate on that date.

Pursuant to Leg. Decree 252 of December 5, 2005 and subsequent legislation, post-employment benefit obligations that have accrued since 2007 were classified based on the following considerations:

- the decision of employees to assign their accrued post-employment benefits to a pension fund (private or set up by trade unions);
- the decision of employees to keep their accrued post-employment benefits with the employer; since TCA has more than 50 employees, this entails paying the benefits into the Treasury Fund set up at the Italian social security institute ("INPS"). At the reporting date, the accrued amounts for the pension funds and those for the INPS Treasury Fund were classified as "social security payables" in the balance sheet under liabilities sub-item D.

The provision represents TCA’s obligation as at December 31, 2017 toward the employees on the Company's payroll at that date, net of any advances paid.

It was used for advances, severance pay, substitute tax and additional payments made to social security authorities and the INPS Treasury Fund.

Payables

Payables are stated at their nominal value, adjusted for any returns or billing adjustments, which is considered to represent their estimated settlement value. Trade payables are discounted to their present value only if the nominal value of the payables exceeds materially the market price of the goods purchased with short-term payment, and if the payment extension granted is considerably beyond the subsequent period. Payables for employees' accrued vacation time and deferred compensation, including social security, are stated on the basis of the amount that would be payable if the related employment should terminate on the reporting date.

The amortized cost method was not used for payables because the effects were deemed immaterial, since the transaction costs, commissions paid between the parties and all other differences between the initial value and the maturity value are of little significance.

Derivative instruments

Derivative instruments are financial assets recognized at their fair value.

Derivatives are designated as hedging instruments when, at the beginning of the hedging relationship, a close correlation exists between the characteristics of the item hedged and those of the hedging instrument, and the hedge effectiveness, verified regularly, is high.

When derivatives cover the risk of variability in the future cash flows of the instruments hedged (cash flow hedge), the effective portion of the gains and losses on the derivative instrument is recognized in equity. Gains and losses associated with the ineffective portion of the hedge are recognized in the income statement. When the related transaction is realized, the accumulated gains and losses recognized in equity up to that point are recognized in the income statement.

Therefore, changes in the fair value of the derivatives are recognized in a specific equity reserve (item AVII, "cash flow hedge reserve") whereby the effects of the cash flow hedged may be offset; any ineffective portion is recognized in items D18 and D19. The cash flow hedge reserve is recognized net of the related deferred tax assets/liabilities.

Income and expenses

All income and expenses were calculated in accordance with the prudence principle and the accrual basis of accounting.

Revenues from sales of products are recognized at the time of transfer of ownership.

Financial income and revenues from services are recognized on an accrual basis.

Grants for operating expenses are accounted for in observance of the matching principle, when it is certain that the grant will be received.

Income tax

Income taxes are calculated on the basis of a prudent interpretation of the tax legislation currently in force and are recognized both in the income statement and in the balance sheet under "current tax liabilities", net of any taxes paid in advance during the year. If the balance of taxes due is less than the advances paid, the resulting receivable is recognized among the balance sheet assets as "tax credits".

Deferred tax assets and liabilities, if any, derive from temporary differences between the carrying amounts of assets and liabilities and their tax base. Deferred tax assets and liabilities are calculated at the rates expected to apply in the period in which the liability is settled or the asset realized, considering the rates currently in force or those expected to be issued in the future.

Deferred tax assets and liabilities are offset when a legal right to offset the current tax assets and liabilities exists, and when they refer to taxes due to the same tax authority; otherwise the deferred tax liabilities are recognized as "provisions for risks and charges" and the deferred tax assets are recognized as "tax credits". Permanent tax differences raise the overall rate of taxation on the annual income.

In accordance with the prudence principle, deferred tax assets are recognized only if reasonable certainty exists that future taxable income will be sufficient to allow absorbing costs that will be deductible in the future based on current tax legislation.

Deferred tax assets and liabilities are calculated on all cumulative temporary differences of the year at the tax rates that will apply when the temporary differences reverse, as enacted by the tax legislation in force at the reporting date.

Use of estimates

The preparation of financial statements under Italian GAAP requires management to use estimates and assumptions that affect the values of the assets and liabilities reported in the balance sheet and disclosures concerning contingent assets and liabilities at the reporting date. The estimates and assumptions are based on past experience and other relevant factors. Therefore, it is possible that in the future the actual results may differ from the current estimates, requiring significant adjustments to be made to asset values, which are obviously unforeseeable and cannot be estimated at this time. Estimates were used primarily for allocations to the provision for doubtful accounts, the valuation of inventories, amortization, depreciation, asset impairment and other allowances and provisions. The estimates and assumptions are reviewed periodically, and the effects of any changes thereof are reflected immediately in the income statement.

COVID-19

With reference to the going concern assumption, TCA did not opt for any derogation from the accounting principles or policies, including going concern estimation derogations.

Emphasis of derogations and special situations

The financial statements were approved using the deadline extension provided by Decree Law 183/2020, Article 3, paragraph 3 (converted with Law 21/2021), which arranges for an automatic general extension of 180 days.

Using the benefit available under Law Decree 104/2020, Article 110, TCA revalued intangible assets, derogating from the recognition criteria of cost inclusive of directly attributable expenses.

The revaluation of trademarks and patents, after the recognition of the 2020 amortization, was conducted using the accounting method of reducing the accumulated amortization and, for any difference from the assessed value, increasing the amortizable value.

The revaluation amount was determined through an estimate drawn up by specialized professionals and independent firms, which identified the related market value. The new revalued amount does not exceed the recoverable amount, and the replacement cost was not exceeded when the revaluation was performed.

Emphasis of derogations and special situations

The financial statements were approved using the deadline extension provided by Decree Law 183/2020, Article 3, paragraph 3 (converted with Law 21/2021), which arranges for an automatic general extension of 180 days.

Using the benefit available under Law Decree 104/2020, Article 110, TCA revalued some tangible assets, derogating from the recognition criteria of cost inclusive of directly attributable expenses. The new values will affect the depreciation of 2021 and subsequent years.

The revaluation, accounted for after having recognized the 2020 depreciation, was conducted using the accounting method of reducing the accumulated depreciation and, for any difference from the assessed value, increasing the depreciable value.

The revaluation amount was determined with a sworn professional estimate drawn up by a specialized independent firm. The new revalued amount does not exceed the recoverable amount, and the replacement cost was not exceeded when the revaluation was performed.

Notes to the Financial Statements - Assets

Non-current assets

Intangible assets

Changes in intangible assets

The balance sheet values result from the movements and transactions presented in the table below.

Any changes that are not accounted for in the tables, such as impairment and reclassifications, did not occur.

	Concessions, licenses, trademarks, and similar rights	Other intangible assets	Total intangible assets
Amount at beginning of the year			
Cost	348,082	367,175	715,257
Accumulated amortization	(271,831)	(360,803)	(632,634)
Carrying amount	76,251	6,373	82,624
Annual changes			
Increases due to purchases	93,361	-	93,361
Annual amortization	80,080	3,233	83,313
Total changes	13,281	(3,233)	10,048
Amount at end of the year			
Cost	441,443	367,175	808,618
Accumulated amortization	(351,911)	(364,036)	(715,947)
Carrying amount	89,532	3,140	92,672

No internally generated development costs were capitalized in the year.

Item B) I. 4 consists of licenses to use software and item B) I 7 consists of remaining expenses incurred for the Vicenza facility and deferred charges capitalized in previous years.

Property, plant and equipment

Changes in property, plant and equipment

The balance sheet values result from the movements and transactions presented in the table below:

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Tangible assets under construction and advances	Total property, plant and equipment
Amount at beginning of the year						
Cost	12,640,294	16,829,083	630,322	2,049,044	6,936,945	39,085,688
Revaluations	1,505,642	1,730,630	86,541	218,186	-	3,540,999
Accumulated depreciation	(3,824,505)	(12,807,761)	(667,490)	(1,939,608)	-	(19,239,364)
Impairment	-	(59,942)	-	-	-	(59,942)

Carrying amount	10,321,431	5,692,010	49,372	327,621	6,936,945	23,327,379
Annual changes						
Increases due to purchases	377,483	546,751	123,020	90,131	792,257	1,929,642
Reclassifications (of carrying amount)	-	-	-	-	(607,171)	(607,171)

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Tangible assets under construction and advances	Total property, plant and equipment
Decreases due to disposals (of carrying amount)	-	-	-	16,071	-	16,071
Revaluations conducted during the year	2,142,177	1,625,618	-	-	-	3,767,795
Annual depreciation	359,079	789,897	38,540	93,990	-	1,281,506
Total changes	2,160,581	1,382,472	84,480	(19,930)	185,086	3,792,689
Amount at end of the year						
Cost	10,930,600	15,858,915	753,342	2,123,104	7,122,031	36,787,992
Revaluations	3,647,819	3,356,248	86,541	218,186	-	7,308,794
Accumulated depreciation	(2,096,407)	(12,080,739)	(706,030)	(2,033,598)	-	(16,916,774)
Impairment	-	(59,942)	-	-	-	(59,942)
Carrying amount	12,482,012	7,074,482	133,853	307,691	7,122,030	27,120,068

Capital expenditures were made to upgrade and renovate production plants in order to restructure and renovate the industrial area.

In 2017 the planning of an important investment was begun, consisting of building a New Metallurgical Division": the plan involved building a new factory to house new melting equipment. The completion of the work, originally expected for 2019, has been delayed for various reasons, not the least among which the Covid-19 outbreak. The plant will be completed and start operating in 2021. Such investment will increase the production capacity considerably and enhance the efficiency of the metallurgical processes, with significant energy savings and a large reduction of lead time.

All investments will enable to speed up the production cycle and thus aid the supply of precious metals to be refined: this means creating financial support by "liquidating" the working capital, an essential and extremely useful part, especially in view of the uncertain future monetary and credit scenarios.

As noted, in 2008 TCA chose to revalue its buildings under Law Decree 185/2008. The revaluation was performed on the basis of an appraisal drawn up by independent professionals engaged specifically for such purpose, who used the criteria of the most probable market value. The net carrying amount of the assets at the reporting date was € 3,973,904 and the appraisal value reported was € 5,158,922; the amount of the revaluation is € 1,185,018.

TCA accounted for the revaluation by using the hybrid method (elimination of accumulated depreciation and revaluation of the residual cost) considering that the buildings would be maintained and updated constantly and regularly in the future, and that the actual loss in value would still be less than the depreciation calculated on the basis of the technical depreciation process; in other words, it was believed that the buildings would retain significant residual value even at the end of their use and depreciation process.

The revaluation reserve, entered net of the revaluation tax originally classified as a tax liability and by now paid in full, was increased to reflect this.

According to the Board of Directors, the higher values reported in 2008 still exist, so the revalued amounts were maintained.

In 2014, the value of the buildings purchased in 2011 and 2013, which included the land on which the buildings stand, was reclassified. The value of the buildings was separated and accounted for on the basis of internal estimates made by TCA, and the value of the land was calculated as the residual amount.

At the same time a provision was prudently entered at liability item B.3 for estimated environmental recovery costs, considering that the area was purchased recently, and TCA does not know what production activities had been performed there.

The capitalization of assets built in-house does not include interest and finance costs, nor has it in previous periods. Capital expenditures on property, plant and equipment, which reached € 1,929,642 in 2020, were invested in technological upgrading and the enlargement of the Capolona (Arezzo) industrial area, as in previous years, involving primarily plant maintenance and especially plant modernization. In-house construction work was undertaken in 2020 to expand and create new manufacturing plants. € 792,257 was capitalized.

After accounting for the deprecation for the year, TCA conducted a careful review of the values of the buildings and plants used for its operating activities, in accordance with Decree Law 104/2021. In addition, the future usability of such assets was estimated in order to determine the expected remaining useful life.

It thus assigned, prudently, higher economic values, which however do not exceed the current values. Taking into account the estimated remaining useful life, which appears longer than what was estimated when the assets were purchased or constructed, it decided to apply the method of reducing the accumulated depreciation, deemed more consistent with the values and the estimated duration of the single assets revalued.

The accounting methodology applied (reduction of accumulated depreciation and, for the difference, increase in depreciable cost) required revising the depreciation schedules of the capital assets revalued.

The derogation was expressly established by Decree Law 104/2021, Article 110, and entails the payment of a 3% substitute tax recognized directly in payables. Although not required to do so, the Company also commissioned a sworn estimate to a specialized firm (ROUX Italia) for an "independent" review of the fairness of the values assigned and the remaining useful life. The provision, entered under liabilities, is net of the substitute tax allocated to the payables.

In detail, the 2020 revaluations are as follows:

	Buildings	**Plants**
Decrease in accumulated depreciation	2,087,177.26	1,516,919.25
Increase in depreciable cost	55,000.00	108,699.10

Finance leases

TCA did not stipulate any finance leases.

Financial assets

The non-current receivables refer to deposits paid for services.

Changes in equity investments, investment securities and non-current positive derivatives

The equity investments regard Genergy spa.

	Investments in other undertakings	Total equity investments
Amount at beginning of the year		
Cost	132,742	132,742
Impairment	29,751	29,751
Carrying amount	102,991	102,991
Annual changes		
Total changes	0	0
Amount at end of the year		
Cost	132,742	132,742
Impairment	29,751	29,751
Carrying amount	102,991	102,991

Changes and maturities of non-current receivables

The non-current receivables refer to guarantee deposits paid under contracts and, in acknowledgment of TCA's intention to continue using the related services in the future, they are considered due after the next year, consistently with previous reporting periods.

	Amount at beginning of the year	Annual changes	Amount at end of the year	Due after the year
Other non-current receivables	141,442	(125,309)	16,133	16,133
Total non-current receivables	141,442	(125,309)	16,133	16,133

Asset item B.III does not include any receivables due after five years.

All the receivables are due from Italian parties.

Non-current receivables by geographical area

Geographical area	Other non-current receivables	Total non-current receivables
Italy	16,133	16,133
Total	16,133	16,133

Current assets

Inventories

	Amount at beginning of the year	Annual change	Amount at end of the year
Raw and ancillary materials and consumables	49,091,911	8,693,565	57,785,476
Work in progress and semi-finished products	437,646	(129,002)	308,644
Finished products and goods	475	(140)	335
Total inventories	49,530,032	8,564,423	58,094,454

Inventories consist mainly of precious metals that TCA accounts for as raw materials since they are used for all TCA's activities (industrial processing for metal refining and the metals bank). Such metals could be considered as raw materials, goods, semi-finished products or finished products according to the activity concerned, but since there is no actual physical separation of them, any type of breakdown would be arbitrary. The valuation method adopted enables the most simple and neutral recognition of metals on loan for use, known for not being fiscally attributable to any one inventory category.

The annual LIFO method was used for all metals in stock on December 31, 2020.

With relatively constant goods in stock, this enables to limit the effects of metal price fluctuations on profit and loss. On the other hand, accounting values differ considerably from actual values, especially when precious metals prices are constantly rising, as they have been in the past two years, reaching record levels.

The LIFO reserve, calculated as the difference between the accounting values and the average prices of the last four months of 2021, exceeds the carrying amount by € 84,312,836. The LIFO reserve recognized in the 2019 financial statements was € 45,445,484, that of 2018 was € 16,450,583, and that of 2017 was € 13,230,544.

The value of the metals in stock also takes into account the average refining costs for metals not in a pure state as at December 31, 2020. With the calculation of those costs, the value is aligned with the market value.

The work in progress and finished products consist of processing work and are measured at the average production cost on the basis of the factors used.

Current receivables

Changes and maturities of current receivables

	Amount at beginning of the year	Annual change	Amount at end of the year	Due within the year	Due after the year	Due after 5 years
Current trade receivables	3,705,485	(1,372,089)	2,333,396	2,333,396	-	-
Tax credits	239,730	70,870	310,600	268,477	42,124	-
Current tax assets	63,676	448,343	512,019			
Other current receivables	168,740	(108,236)	60,504	60,504	-	-
Total current receivables	4,177,630	(961,112)	3,216,520	2,662,377	42,124	0

TCA insures its trade receivables with a leading firm in the business and seeks to keep the credit lines within the limits granted by the firm. Any exceptions are authorized by the Board of Directors.

Current receivables by geographical area

Geographical area	Italy	Rest of Europe	USA	Other	Total
Current trade receivables	2,035,000	220,286	51,185	26,925	2,333,396
Tax credits	310,600	-	-	-	310,600
Current tax assets	512,019	-	-	-	512,019
Other current receivables	60,504	-	-	-	60,504
Total current receivables	2,918,123	220,286	51,185	26,925	3,216,520

Cash and bank balances

The item includes cash on hand, bank deposits, cash funds and demand deposits that are readily convertible into cash and are not exposed to material fluctuation risk. The composition of the item and the changes for the period are summarized in the table below:

	Amount at beginning of the year	Annual change	Amount at end of the year
Bank and postal deposits	5,612,618	11,466,634	17,079,252
Cash and cash equivalents on hand	7,602	(3,032)	4,570
Total cash and bank balances	5,620,220	11,463,602	17,083,822

Accrued income and prepaid expenses

	Amount at beginning of the year	Annual change	Amount at end of the year
Accrued income	0	0	0
Prepaid expenses	423,959	76,814	500,773
Total accrued income and prepaid expenses	423,959	76,814	500,773

The prepaid expenses are detailed below:

- prepaid expenses = € 9,240;
- prepaid insurance = € 331,451;
- the difference regards letter of credit fees, freight, customs, etc.

Notes to the Financial Statements - Liabilities and Equity

Equity

The changes in the equity of the past year are set forth in the table below:

Changes in equity

	Amount at beginning of the year	Allocation of prior period profit/(loss)		Other changes		Profit/ (loss) for the year	Amount at end of the year
		Assignment of dividends	Other allocations	Increases	Decreases		
Share capital	14,000,000	-	-	-	-		14,000,000
Revaluation reserves	0	-	-	3,654,762	-		3,654,762
Legal reserve	1,639,270	-	150,357	-	-		1,789,627
Other reserves							
Extraordinary reserve	10,349,354	-	2,856,766	-	(1,500,100)		11,706,020
Other sundry reserves	2	-	-	-	-		2
Total other reserves	10,349,356	0	2,856,766	-	(1,500,100)		11,706,022
Cash flow hedge reserve	(101,417)	-	-	76,431	-		(24,986)
Profit/(loss) for the year	3,007,123	0	(3,007,123)	-	-	8,684,602	8,684,602
Total equity	28,894,332	0	-	3,731,193	(1,500,100)	8,684,602	39,810,026

Other sundry reserves

Description	Amount
Rounding off to euro	2
Total	2

The increases in the legal reserve and extraordinary reserve are attributable to the allocation of the previous year's profits (5% and 95%, respectively).

The decrease in the extraordinary reserve is due to distributions to shareholders in 2020.

The increase in the revaluation reserve is attributable to the revaluation conduced under Decree Law 104/2021, as detailed in the section on property, plant and equipment.

Availability and use of equity

	Amount	Source / nature	Use possibilities	Available portion	Use in previous three years
					for other reasons
Share capital	14,000,000			-	-
Revaluation reserves	3,654,762	profits	ABC	3,654,762	-
Legal reserve	1,789,627	profits	B	0	-
Other reserves					
Extraordinary reserve	11,706,020	profits	ABC	11,706,020	(2,163,000)
Other sundry reserves	2			2	-
Total other reserves	11,706,022			11,706,022	(2,163,000)
Cash flow hedge reserve	(24,986)	profits	0	0	-
Total	31,125,425			15,360,784	(2,163,000)

	Amount	Source / nature	Use possibilities	Available portion	Use in previous three years
					for other reasons
Undistributable portion				2	
Distributable portion				15,360,782	

Key: A: for capital increase B: for loss coverage C: for distribution to shareholders D: for other statutory obligations E: other

Source, use and distribution of other sundry reserves

Description	Amount	Source / nature	Use possibility	Available portion
Rounding off to euro	2	profits	ABC	2
Total	2			

Key: A: for capital increase B: for loss coverage C: for distribution to shareholders D: for other statutory obligations E: other

Letters A, B and C have the following meanings: A = reserves that can be distributed to shareholders;

B= reserves that can be used for loss coverage;

C= reserves that can be used to increase share capital.

TCA has no additional statutory restraints (table item E).

The reserves for which no letter is shown cannot be distributed or used to cover losses or to increase share capital. By law, the legal reserve may be used solely to cover losses.

Share capital consists of 14,000 ordinary shares with a par value of € 1,000 per share.

TCA did not issue any dividend-paying shares or convertible bonds, or any other securities or similar items.

Changes in cash flow hedge reserve

	Cash flow hedge reserve
Amount at beginning of the year	(101,417)
Annual changes	
Increase due to change in fair value	14,916
Decrease due to change in fair value	91,366
Release to Income Statement	0
Release to adjust asset/liabilities	70,431
Deferred taxes	70,431
Amount at end of the year	(24,986)

Pursuant to the adoption of the accounting standards, the fair value of derivatives must be recognized by TCA in the balance sheet.

The difference between the change in the reserve and the change in the risk provisions (liability item B) is the result of the change in the deferred tax assets associated with the Interest Rate Swap.

The 2020 cash flow hedge reserve is € 24,986.

Provisions for risks and charges

The provision for taxes refers to potential deferred tax liabilities of € 118 calculated on the temporary differences between the taxable income and the related statutory income, which will be absorbed in the following period.

The derivative liabilities of € 33 thousand represent the fair value of the hedge (IRS) on short/medium term bank borrowings. At December 31 the hedging of precious metals associated with the early return of the gold under refining agreements was eliminated.

The other risks and charges consist of estimated future costs for restoring / cleaning up the land on which the buildings purchased in 2011 and 2013 are located, which has been separated from the value of the buildings, and costs regarding a work-related accident involving two employees in 2016, the liability for which has not been requested yet but has been determined under Legislative Decree 231/2001.

In 2020 a provision of € 2,000,000 was set up for a dispute against TCA regarding the management and handling of materials stocked at the industrial site. For a more in-depth analysis of the matter, see the information reported after the table below.

In this regard, TCA believes that it has acted appropriately and has complied with the applicative legal obligations. TCA has dedicated personnel, and for years has undergone controls by the Supervisory Body pursuant to Legislative Decree 231 and obtained the environmental certification.

	Provision for taxes, including deferred tax	Derivative liabilities	Other provisions	Total provisions for risks and charges
Amount at beginning of the year	118	124,224	74,078	198,419
Annual changes				
Allocation for the year	321	0	2,000,000	2,000,321
Use in the year	0	91,347	0	91,347
Other changes	-	-	-	0
Total changes	321	(91,347)	2,000,000	1,908,975
Amount at end of the year	439	32,877	2,074,078	2,107,394

On September 21, 2020, the Public Prosecutor's Office of the Court of Arezzo ordered an inspection of the Company, upon the outcome of which it ordered the “seizure” of a small heap of output material (approximately 15 cubic meters) originating from TCA assigned for disposal with the CER 10.06.01 code (non-hazardous waste), which it considered hazardous instead, on the basis of ARPAT (Regional Environmental Protection Agency of Tuscany) testing (proceeding n. 1322/2020).

While the Public Prosecutor hired a consultant for an unrepeatable assessment of the characteristics of the waste and any profit realized by the Company, TCA has always stated and reiterated that the classification is correct because the waste, deriving from “furnace slag originating from precious metal recovery operations … as stated in Decision 2014/955/EU, [so] — one must start from the identification of the source generating the waste and not from the content…. [it is to be considered] absolutely non-hazardous” (stated in TCA's technical consultant's report, filed at the Public Prosecutor's technical consultant office).

Nevertheless, TCA immediately adopted the following precautionary and corrective measures: i) it adopted - with the dutiful goal of cooperating with the Judiciary - a presumptive criteria of the material as “hazardous”, assigning it code 10.08.01 (classification deemed correct by the Public Prosecutor's technical consultant in its report); ii) it ceased all assignments to the Bucine plant; iii) it assigned an engagement to a firm specialized in environmental law to assist TCA in the proceedings emerging (at the end of September 2020) for the Environmental Impact Assessment extension, in the proceedings regarding the issuance of the authorization pursuant to Article 208 for the operation of the New Foundry (obtained in April 2021), and in the review of various environmental matters; iv) it commissioned in-vitro testing (by ARPA Emilia Romagna) of samples of the material undergoing the unrepeatable assessment, whose results confirmed that the output material was “non-hazardous”; v) it decided to set up a risk provision of € 2,000,000, the best estimate of the presumed profit deriving from the disposal over time of the waste with the non-hazardous code, to be made available to the judiciary with the logic of preventing any precautionary measures that could have adverse effects on its reputation; vi) it internally audited the ISO standards, and obtained a positive opinion on the 2021 renewal of the ISO environmental (14001) and safety (45001) standards by the certification body.

On June 10, 2021, the Public Prosecutor ordered the release of the heap previously subjected to the seizure. On June 30, 2021, the CTPM filed its report confirming the opinion of “hazardousness” of TCA's waste. On November 30, 2020, upon the outcome of the second inspection decree ordered by the Public Prosecutor's Office of the Court of Arezzo, a heap of slag originating from the thermal smelting processes and assigned for subsequent flotation to recover additional precious metals underwent seizure (proceeding n. 4628/2020 RGNR) on the assumption that the Company used that heap to perform unauthorized waste management (Leg. Decree 152/2006, Art. 256, paragraph 1, letters a and b) and dumping (Leg. Decree 152/2006, Art. 256, paragraph 3); the assumption of dumping was justified by references to two previous reports of the heap, in 2005 and in 2014, therefore considering the duration of that heap over time.

The Company explained to the Judiciary that: i) in 2007 the Province of Arezzo had to authorize the coverage of the heap, accepting the definition of it as an “intermediate product”; ii) the heap contains important amounts still to be treated; iii) the heap is to be considered “dynamic” in the sense that it undergoes continuous extractions for starting flotation and likewise constant deposits of material for treatment; iv) the various supervisory authorities over the years (including N.O.E., the Operational Environmental Police Unit, in 2014) never reported any unlawful aspects of the heap, although they acknowledged its existence and the related authorizations.

Even in this case the Public Prosecutor hired a consultant for an unrepeatable assessment of the characteristics of the heap, to describe the Company's production cycle in relation to the authorizations and to check the compliance thereof.

Following this further legal matter (and the news that the assignment of the waste from TCA to the Bucine plant had been mentioned in another criminal proceeding pending at the Court of Florence for various offenses, including organized crime, charging third parties for them), TCA continued with its actions targeted to increasingly attentive environmental management, implementing the previously adopted precautions, i.e.: i) it confirmed its full cooperation with the Judiciary; ii) it began an updating of the Organization Model pursuant to Law 231/2001; iii) it redefined its organization chart, bolstering its environmental office by hiring an environmental engineer with experience in the waste industry; iv) it assigned an engagement to a specialized firm to verify, with an independent review, the existence and appropriateness of the environmental processes followed by the Company, reporting any gaps and necessary improvements; v) it assigned an engagement to one of the most important legal firms specialized in providing preventive “legal protection” pursuant to Law 231/2001 regarding the investigations in progress; vi) it constantly provided full disclosure to all the Company's management bodies.

All such actions were intended to ensure the utmost level of protection and adequacy of the responses by the Company to the investigations and their future developments.

Provision for post-employment benefits

The provision represents TCA’s obligation as at December 31, 2020 toward the employees on the Company's payroll at that date, net of any advances paid.

It was used for advances, severance pay, substitute tax and additional payments made to social security authorities and the INPS Treasury Fund.

The difference between the provision changes and the expenditure recognized in the income statement is attributable to the payments made directly into pension funds, and does not generate an increase in the provision. In other words, the payments made to INPS are not part of the provision because the liability remains with the social security authorities.

	Provision for post-employment benefits
Amount at beginning of the year	393,467
Annual changes	
Allocation for the year	288,097
Use in the year	275,408
Total changes	12,689
Amount at end of the year	406,156

Payables

Changes and maturities of payables

Trade payables are shown net of trade discounts; cash discounts are accounted for at the time of payment. The nominal value was adjusted for returns or rebates (billing adjustments) to the extent of the amount stipulated with the counterparty.

The current tax liabilities include income taxes and withholding taxes due on employee and free-lance salaries and charges paid in December.

The following information is provided on the payable items.

"Other payables" consists primarily of amounts due to employees for accrued compensation and accumulated vacation pay.

No payables are secured by collateral consisting of Company assets.

All the other payables refer to obligations contracted with Italian parties.

	Amount at beginning of the year	Annual change	Amount at end of the year	Due within the year	Due after the year	Due after 5 years
Bank borrowings	45,740,738	10,841,565	56,582,303	50,297,905	6,284,398	600,554
Trade payables	6,048,661	(3,286,522)	2,762,139	2,762,139	-	-
Current tax liabilities	593,530	2,569,107	3,162,637	3,078,821	83,815	-
Social security	389,404	(43,752)	345,652	345,652	-	-
Other payables	955,529	(42,295)	913,234	913,234	-	-
Total payables	53,727,861	10,038,103	€ 63,765,965	57,397,751	6,368,213	600,554

In 2019 the € 1,000,000 loan obtained in 2014 from Mediocredito Italiano (Intesa Group) was paid off.

At the end of August 2016, a variable-rate loan of € 1,000,000 maturing on June 15, 2021 was taken out from Mediocredito Italiano.

On November 28, 2017, a loan of € 1,500,000 maturing on November 28, 2024 was taken out.

On October 29, 2018, a new € 2,000,000 loan maturing on October 28, 2028 was taken out from Banca Cambiano. The amount due after 5 years corresponds to the amount shown in the table above: € 600,554.

During the year the following unsecured loans were taken out:

Unicredit: € 2,500,000, repayable in 12 quarterly installments, maturing in September 2023. Remaining balance at December 31: € 2,291,667. B.P.E.R.: € 2,000,000, repayable in 36 monthly installments, maturing in June 2023. The remaining balance at December 31 was € 1,668,746.

Intesa: € 3,000,000, repayable in quarterly installments, maturing in July 2023. The remaining balance at December 31, 2020 was € 2,750,642.

The bank borrowings were € 56,706,589 as at December 31, 2020, compared with the € 45,740,738 of 2019, and they include the principal, interest and transaction costs accrued and due.

The short-term credit lines are backed by Interest Rate Swap agreements whose terms are set forth below:

Notional principal amount: € 2,000,000
Starting date: June 11, 2020;

Ending date: June 11, 2023

Variable-rate payer: BPER Banca S.p.A.;
Variable rate: 3-month Euribor

Fixed-rate payer: T.C.A S.p.A.
Fixed rate: 0.52%

Liability hedged: Medium/long-term loan; Fair value at December 31, 2020: € -7,993.

Notional principal amount: € 3,000,000
Starting date: July 8, 2020;

Ending date: July 10, 2023

Variable-rate payer: Intesa San Paolo S.p.A.; Variable rate: 3-month Euribor

Fixed-rate payer: T.C.A S.p.A.
Fixed rate: 0.42%

Liability hedged: Medium/long-term loan;

Fair value at December 31, 2020: € -14,365.

Notional principal amount: € 2,500,000
Starting date: December 31, 2020;

Ending date: September 30, 2023

Variable-rate payer: UniCredit S.p.A.;
Variable rate: 3-month Euribor

Fixed-rate payer: T.C.A S.p.A.
Fixed rate: 0.45%

Liability hedged: Medium/long-term loan;

Fair value at December 31, 2020: € -10,518.

Such transactions, designated solely to hedge cash flows, were conducted to protect short-term indebtedness from the risk of interest rate fluctuations.

Payables by geographical area

Geographical area	Italy	Rest of Europe	Other	Total
Bank borrowings	49,986,950	6,595,353	0	56,582,303
Trade payables	2,344,894	382,369	34,876	2,762,139
Current tax liabilities	3,162,637	0	0	3,162,637
Social security	345,652	0	0	345,652
Other payables	913,234	0	0	913,234
Payables	56,753,367	6,977,722	34,876	€ 63,765,965

Payables secured by collateral

TCA has no payables secured by mortgages, pledges, liens or guarantees.

	Payables secured by collateral			Payables not secured by collateral	Total
	Payables secured by mortgages	Payables secured by pledges	Payables secured by special liens		
Bank borrowings	-	-	-	56,582,303	56,582,303
Trade payables	-	-	-	2,762,139	2,762,139
Current tax liabilities	-	-	-	3,162,637	3,162,637
Social security	-	-	-	345,652	345,652
Other payables	-	-	-	913,234	913,234
Total payables	0	0	0	€ 63,765,965	€ 63,765,965

Accrued expenses and deferred income

	Amount at beginning of the year	Annual change	Amount at end of the year
Accrued expenses	192,197	(81,832)	€ 110,365
Deferred income	0	€ 27,528	€ 27,528
Total accrued expenses and deferred income	192,197	(54,304)	€ 137,893

The accrued expenses include interest expense on metal accounts and supplies of methane and propane gas.

The deferred income refers to the grant for plant and equipment in the form of a tax credit obtained to purchase new capital goods in 2020, which was deferred in parallel with the depreciation schedules.

Notes to the Income Statement

All income and expenses were calculated in accordance with the prudence principle and the accrual basis of accounting.

Revenues from sales of products are recognized at the time of transfer of ownership.

Financial income and revenues from services are recognized on an accrual basis.

Grants for operating expenses are accounted for in observance of the matching principle, when it is certain that the grant will be received.

Use of estimates: The preparation of financial statements under Italian GAAP requires management to use estimates and assumptions that affect the values of the assets and liabilities reported in the balance sheet and disclosures concerning contingent assets and liabilities at the reporting date. The estimates and assumptions are based on past experience and other relevant factors. Therefore, it is possible that in the future the actual results may differ from the current estimates, requiring significant adjustments to be made to asset values, which are obviously unforeseeable and cannot be estimated at this time. Estimates were used primarily for allocations to the provision for doubtful accounts, the valuation of inventories, amortization, depreciation, asset impairment and other allowances and provisions. The estimates and assumptions are reviewed periodically, and the effects of any changes thereof are reflected immediately in the income statement.

Value of production

The value of production had the following changes in the year:

Value of production	2019	Change	2020	% Change
1) revenues from sales and services	837,239,427	2,098,200	839,337,627	0.3%
2) change in inventories of work in progress, semi-finished products and finished products	357,411	-20,076	337,335	-5.6%
4) increases in fixed assets due to internally produced work	331,199	-155,107	176,092	-46.8%
5) grants for operating expenses	0	28,139	28,139	
5) other	616,926	-363,838	253,088	-59.0%
Total value of production	838,544,963	1,587,318	840,132,281	0.2%

Revenues from sales and services by business segment

The revenues are reported below by the main business segments.

Business segment	2020
Gold sales	755,775,457
Silver sales	59,148,737
Other income	24,413,433
Total	839,337,627

The total revenue from refining fell from € 6,104,980 to € 4,938,655. The decrease is considered attributable to the Covid-19 pandemic.

Revenues from sales and services by geographical area

The revenues from sales and services are reported below by geographical area.

Geographical area	2020
Italy	678,588,846

Geographical area	2020
Rest of Europe	138,206,060
USA	19,559,469
Other	2,983,252
Total	839,337,627

The value of production includes income regarding tax credits for research and development expenditure. In fact, in 2020 TCA carried out activities meeting the eligibility requirements of Italian Law 160/2019, and so directed significant resources toward the achievement of the following projects at the Capolona (Arezzo) plant:

Project 1 - Research of technical solutions to develop an industrial de-cyanidation process through the "chemical destruction" of liquid cyanide.

Project 2 - Research and development of algorithms and calculation models to determine the parameters of "quantitative and selective" precipitation processes for the recovery of precious metals from the water with specific reagents.

Project 3 - Development of experimental tests to determine the mathematical coefficients to be used to develop algorithms to manage the activities regarding the nitric current produced.

Project 4 - Research and development of the thermal digestion method to refine platinum without the formation of ammoniacal byproducts.

Project 5 - Research and development of new techniques to separate "palladium and platinum" from heterogeneous ashes with implementation of stripping element to manage the related byproducts.

Project 6 - Research and identification of a chemical reagent that can enlarge the dendrimer (cathodic bow) to speed up the filtration process.

TCA incurred R&D expenditure of € 238,917 to develop such projects during the year.

The successful outcome of such innovations is expected to generate positive results in terms of sales, with favorable effects on the Company's profits.

For the R&D activities, TCA intends to use the tax credit available under Law 160/2019, Article 1, paragraph 198/209 as amended by Law 178/2020, Article 1, paragraph 1064.

In accordance with Italian Civil Code Article 2426, point 5, Italian accounting standard 24 of the Italian Councils of Accountants and Auditors as revised by the Italian Accounting Board, and Italian Presidential Decree 917/86, Article 108 (Italian Tax Code) and subsequent amendments, the research and development expenditure was treated as a cost for the year and fully expensed in the income statement.

Although legislation allows for choosing whether to expense such costs in the year or to defer the costs over a maximum of five years, and although the purpose of the applied research and pre-competitive development was to create new and improved products or manufacturing processes, it was decided not to capitalize such costs in keeping with the prudence principle, also considering that the recoverableness of such costs through future earnings (an essential requirement for capitalization of R&D costs) can be discerned only through highly subjective random evaluations.

Cost of sales

The cost of sales had the following changes:

Cost of sales	2019	Change	2020	% Change
6) raw and ancillary materials, consumables and goods	825,782,231	-9,602,058	816,180,173	-1.2%
7) services	6,620,555	1,390,698	8,011,253	21.0%
8) leases and rentals	2,039,264	178,295	2,217,559	8.7%
9) personnel	4,666,931	330,271	4,997,202	7.1%
10) depreciation, amortization and impairment losses	1,360,062	11,123	1,371,185	0.8%
11) change in inventories of raw and ancillary materials, consumables and goods	-7,035,070	-1,192,018	-8,227,088	16.9%
12) risk allowances	0	2,000,000	2,000,000	
14) sundry operating expenses	496,898	-25,670	471,228	-5.2%
Total cost of sales	833,930,871	-6,909,358	827,021,513	-0.8%

Financial income and costs

The financial items had the following changes for the year:

Financial income and costs	2019	Change	2020	% Change
16) other financial income	178,358	-142,070	36,288	-79.7%
17) interest expense and other finance costs	656,333	233,733	890,066	35.6%
17- bis) gains /(losses) on currency exchange	-34,740	-13,478	-48,218	38.8%
Total financial income and costs (15 + 16 - 17 + - 17-bis)	-512,715	-389,281	-901,996	75.9%

Interest expense and other finance costs by type of debt

	Interest expense and other finance costs
Bonds issued	0
Bank borrowings	222,983
Other	667,082
Total	890,066

"Other" comprises the interest related to precious metal purchases from suppliers.

Income tax

Current taxes are calculated on the basis of a prudent interpretation of the tax legislation currently in force.

TCA accounted for the income taxes for the year on an accrual basis, so prepaid taxes are recognized in balance sheet asset item C.II.4 as "deferred tax assets" and deferred tax in liability item B.2 as "provisions for taxes, including deferred tax", with income taxes as the contra account.

Taking into account the assumptions on which temporary differences between the the taxable income and the related statutory income are based, and in accordance with the prudence principle, the Directors accounted for deferred tax assets only to the extent that reasonable certainty exists for their future recovery on the basis of current tax legislation. Deferred tax assets and liabilities are calculated at the rates expected to apply in the period in which the tax effect will materialize.

Accordingly, income statement item 20 consists of deferred tax (expense and income), calculated as shown in the attachment to these notes, and current taxes, calculated as described in this section.

Taxes had the following changes:

Income tax	2019	Change	2020	% Change
current taxes	1,094,317	2,898,744	3,993,061	264.9%
taxes relating to prior periods	0	-5,952	-5,952	
deferred tax expense and income	-64	-462,874	-462,938	723240.6%
Total income taxes	1,094,253	2,429,918	3,524,171	222.1%

Deferred tax assets and liabilities and effects thereof

	IRES	IRAP
A) Temporary differences		
Total deductible temporary differences	2,172,455	142,202

	IRES	IRAP
Total taxable temporary differences	1,829	0
Net temporary differences	(2,170,626)	(142,202)
B) Tax effects		
Provision for deferred tax liabilities /(assets) at the beginning of the year	(58,011)	(5,546)
Deferred tax liabilities (assets) of the year	(462,939)	0
Provision for deferred tax liabilities /(assets) at the end of the year	(520,950)	(5,546)

Deductible temporary differences

Description	Amount at end of prior period	Annual change	Amount at end of reporting period	IRES rate	IRES tax effect	IRAP rate	IRAP tax effect
IRS derivatives	95,024	(70,141)	24,883	24.00%	5,972	0.00%	0
Losses on currency translation	4,983	387	5,370	24.00%	1,289	0.00%	0
Building revaluation	142,204	0	142,204	24.00%	34,128	3.90%	5,546
Alloc. to risk provision	0	2,000,000	2,000,000	24.00%	480,000	0.00%	0

Taxable temporary differences

Description	Amount at end of prior period	Annual change	Amount at end of reporting period	IRES rate	IRES tax effect	IRAP rate	IRAP tax effect
Gains on currency translation	495	1,134	1,829	24.00%	439	0.00%	0

The average tax rate for the year was 32.7%, compared with 26.5% for the previous year. The overall tax rate is calculated from the corporate income tax ("IRES") and the regional business tax ("IRAP") applied to the income before taxes.

Notes to the Financial Statements - Additional information

TCA does not own any investments in entities other than those disclosed as financial assets.

TCA did not capitalize any finance costs as assets presented in the balance sheet or in these notes to the financial statements.

TCA has no commitments other than those reported at the bottom of the balance sheet and described in these notes to the financial statements. TCA did not receive income of any kind from equity investments.

In compliance with the disclosure requirements of the Italian Civil Code, the following information is disclosed:

- TCA did not issue any financial instruments;
- Liability item D does not include any amounts due to shareholders;
- TCA does not own any investments in partnerships;
- TCA is not subject to the direction and coordination of any other company or entity;
- TCA did not conduct any transactions with related parties for material amounts, or any transactions that were not carried out on an arm's length basis.

Regulations on transparency of government grants

TCA did not use any specific government grants in 2020.

Work force

	Average number
Upper management	2
Lower management	1
White-collar employees	46
Blue-collar employees	67
Other employees	2
Total employees	118

The Report on Operations provides more detailed information on this subject.

Remuneration, advances and loans granted to Directors and Statutory Auditors and commitments undertaken on their behalf

	Directors	Statutory Auditors
Remuneration	309,501	30,897

Categories of shares issued by the Company

Description	Opening number	Opening nominal value	Number of shares subscribed during the year	Nominal value of shares subscribed during the year	Closing number	Closing nominal value
Ordinary shares	14,000	14,000,000	0	0	14,000	14,000,000

Off-balance sheet commitments, guarantees and contingent liabilities

TCA had metals on loan for use at the end of 2020. The quantities and values are as follows:

Precious metal	Gold	Silver	Palladium	Platinum	Rhodium
Loan for use	-235,130.25	0.00	0.00	0.00	0.00
Mitsubishi Corp. export advance	-8,177.12	-2,503,996.60	-25,798.52	-37,448.23	-300.70
Standard Bank export advance	44,529.30	-17,428,705.14	0.47	-57,333.59	0.00
SCMI Ltd. export advance	-24,232.75	-3,500,674.99	-39,702.05	-20,045.25	-1,607.91
Banca Cambiano export advance	-335,451.02	0.00	0.00	0.00	0.00
UniCredit AG export advance	-82,424.27				
Total Quantity	-640,886.11	-23,433,376.73	-65,500.10	-114,827.07	-1,908.61

Metal	Quantity	€/gr.	Amount €
Gold	-640,886.11	49.02735	-31,420,947.62
Silver	-23,433,376.73	0.657696615	-15,412,052.55
Palladium	-65,500.10	61.93763863	-4,056,921.52
Platinum	-114,827.07	27.15614181	-3,118,260.20
Rhodium	-1,908.61	435.3240226	-830,863.78
Total			**-54,839,045.68**

Precious metals present at TCA under refining agreements:

Metal	Quantity	€/gr.	Amount €
Gold	333,038.69	49.03	16,328,004.59
Silver	7,456,587.10	0.66	4,904,172.09
Platinum	0.00	27.16	0.00
Palladium	0.00	61.94	0.00
Rhodium	0.00	435.32	0.00
Total			**21,232,176.69**

Subsequent events

2020 featured the global presence of the Covid-19 pandemic.

The virus emerged at the end of 2019 with the first outbreak in China, and then spread throughout the world at an alarming rate.

On March 11, the World Health Organization declared a pandemic to exist, and hospitals were overwhelmed in many countries.

In March the Italian government issued restrictive measures that suspended most economic activities.

TCA promptly adopted all appropriate measures to protect its employees using the equipment available, recommended or required.

Due to the type of activity performed and continuous production plants, TCA continued to operate even during the lockdown, and did not experience significant revenue declines.

The pandemic affected demand, and the refining activity suffered a considerable decline in 2020.

In contrast, the increase in the value of raw materials, including that of rhodium, which rose to levels beyond all expectations, generated capital gains (some realized, some latent) leading to a very high result for the period.

The year 2021 began with an increase in demand, but the prices of the raw materials used by TCA have remained very high. This will represent a very important factor for the earnings expected in the current year.

Information on derivative instruments required by Italian Civil Code Article 2427-bis

The short-term credit lines are backed by Interest Rate Swap agreements whose terms are set forth below:

Notional principal amount: € 2,000,000 Starting date: June 11, 2020;

Ending date: June 11, 2023

Variable-rate payer: BPER Banca S.p.A.; Variable rate: 3-month Euribor

Fixed-rate payer: T.C.A S.p.A. Fixed rate: 0.52%

Liability hedged: Medium/long-term loan; Fair value at December 31, 2020: € -7,993.

Notional principal amount: € 3,000,000 Starting date: July 8, 2020;

Ending date: July 10, 2023

Variable-rate payer: Intesa San Paolo S.p.A.; Variable rate: 3-month Euribor

Fixed-rate payer: T.C.A S.p.A. Fixed rate: 0.42%

Liability hedged: Medium/long-term loan; Fair value at December 31, 2020: € -14,365.

Notional principal amount: € 2,500,000 Starting date: December 31, 2020;

Ending date: September 30, 2023

Variable-rate payer: UniCredit S.p.A.; Variable rate: 3-month Euribor

Fixed-rate payer: T.C.A S.p.A. Fixed rate: 0.45%

Liability hedged: Medium/long-term loan; Fair value at December 31, 2020: € -10,518.

Such transactions, designated solely to hedge cash flows, were conducted to protect short-term indebtedness from the risk of interest rate fluctuations.

Proposal for allocation of profit or settlement of loss

The Board of Directors proposes the following allocation of profit to the shareholders: Profit for the year: 8,684,601;

Legal reserve: € 434,231;

Extraordinary reserve: a € 8,250,370.

Notes to the Financial Statements - Final section

These financial statements, which consist of the Balance Sheet, Income Statement and Notes to the Financial Statements, present a true and fair view of TCA's financial position and the results of its operations for the reporting period, and correspond to the accounting records.

Statement of compliance

I, Carlo Marmorini, an intermediary, hereby state that this document complies with the original, in accordance with Law 340/2000, Article 31, paragraph 2-*quinquies.*

SHAREHOLDERS PURSUANT TO CIVIL CODE ARTICLE 2429

For the Shareholders of TCA S.p.A.

The current Board of Statutory Auditors changed in 2020 due to the resignation, for personal reasons, of three Statutory Auditors, including the Chairman.

At the General Meeting held on October 7, 2020, Pietro Benedetti and Fabrizio Cavallini were appointed to replace the outgoing Statutory Auditors. At that Meeting, Franco Arrigucci, already a Statutory Auditor, was appointed Chairman.

During the year ended December 31, 2020, the activity of the Board of Statutory Auditors, both with its previous composition and with the current one, was based on the law and on the standards of conduct established for Boards of Statutory Auditors of unlisted companies by the Italian National Councils of Accountants and Accounting Experts.

The December 31, 2020 financial statements of TCA S.p.A., drawn up in compliance with the Italian regulations governing their preparation, which show a profit of € 8,684,602, have been submitted to your review. The financial statements were made available to us, with our agreement, with the derogation to the time limit as per Civil Code Article 2429.

The firm responsible for the independent audit of the accounts, Deloitte & Touche spa, has delivered to us its report dated July 22, 2021 containing an unqualified opinion.

As stated in the Independent Auditors' Report, the December 31, 2020 financial statements give a true and fair view of the Company's financial position, financial performance and cash flows and were drawn up in accordance with the Italian laws that govern their preparation.

Although the Board of Statutory Auditors is not responsible for the legal audit, it performed the supervisory activities on the financial statements foreseen by Regulation 3.8 of the Standards of Conduct for Boards of Statutory Auditors of unlisted companies, consisting of a concise overall control intended to verify that the financial statements were prepared correctly. The independent auditors are responsible for verifying the correspondence to the accounting records.

1. Oversight activity pursuant to Civil Code Article 2403 *et seq*.

The Board of Statutory Auditors (also referred to herein as simply the "Board") supervised the observance of the law and the Company's by-laws and the compliance with the principles of sound administration, concerning in particular the adequacy of the organizational structures, the administrative and accounting systems and their proper operation.

The Board attended the general meetings of the shareholders and meetings of the Board of Directors and, based on the information available, did not find any violations of the law or by-laws, or any transactions that were manifestly risky, hazardous, in potential conflict of interest or such as to compromise the integrity of the Company's net worth.

The Board obtained, in part during the meetings held, information concerning the general business performance and the expected business developments, as well as on the most significant transactions, in terms of size or characteristics, carried out by the Company and, based on the information obtained, has no issues to report thereon.

The Board met with and obtained information from the Supervisory Body. Issues emerged, pointed out by the Supervisory Body, concerning the current version of the Organizational Model (which needs to be adequately adjusted to the new regulatory framework and to the current business and corporate structure) and its proper implementation. From constructive discussions between the Company's Supervisory Body and Board of Directors, and with the assistance of highly professional external consultants, interventions and best practices to be implemented in order to resolve such issues were developed and subsequently shared. At the date of this report, to the best of our knowledge, they are now in the final phase of completion and honing.

The Board observed and monitored the adequacy and functioning of the Company’s organizational, administrative and accounting structure, and the measures adopted by the Board of Directors to deal with the Covid-19 emergency situation, including through information obtained from department heads, and have no issues to report thereon.

As within its competence, the Board observed and monitored the adequacy and functioning of the Company’s administrative and accounting systems, including the effects of the Covid-19 emergency on the information and telematics systems, and the reliability of the latter to accurately represent business matters, by collecting information from department heads and by examining corporate documents, and have no particular observations to report thereon.

No claims contemplated by Italian Civil Code Article 2408 were received.

No legal opinions were issued by the Board of Statutory Auditors during the year.

During our supervisory controls, as described above, no additional material issues emerged that should be mentioned in this report, except for the current legal matter, which began on September 21, 2020 with an inspection ordered by the Public Prosecutor's Office of the Court of Arezzo. The notes to the financial statements provide adequate, detailed information thereon in the section on the provisions for risks and charges.

2. Observations on the financial statements

To the best of our knowledge, in preparing the financial statements the Directors did not deviate from regulatory law as per Civil Code Article 2423, paragraph 5.

In consideration of the derogation contained in Law Decree 18, Article 106, first paragraph of March 17, 2020, converted with amendments by Law 27 of April 24, 2020 and subsequent additions, and of the resolution passed by the Board of Directors in the session of April 21, 2021, the ordinary general meeting for the approval of the financial statements was convened within the maximum term of 180 days from the end of the reporting period.

All the Shareholders, by signing the specific statement dated May 28, 2021, expressly waived the term provided in Civil Code Article 2429 for the filing of this Report, relieving us from any disputes.

We confirm that the revaluation of assets performed pursuant to Law 342, Article 11, paragraph 3 of November 21, 2000, referred to in conversion Law 126, Article 110, paragraphs 1 - 7 of October 13, 2020 with the amendments of Decree Law 104 of August 14, 2020, did not exceed the value effectively attributable to such assets as determined under Law 342, Article 11, paragraph 2 of November 21, 2000 and as results in the appraisal drawn up by an independent firm.

As you are aware, with the General Meeting resolution passed on November 18, 2020, and pursuant to the agreed termination of this Board from the previous audit engagement, the Company assigned the three-year (2020 - 2022) audit to Deloitte & Touche, which issued an unqualified opinion on the financial statements for the year ended December 31, 2020, as shown in the copy of the report obtained by the Board, which states: "*the financial statements give a true and fair view of the financial position of TCA SPA as at December 31, 2020 and of its financial performance and its cash flows for the year then ended in accordance with the Italian laws governing financial statements*".

3. Observations and proposals on financial statement approval

Considering the results of our activity and the opinion stated in the Auditors' Report issued by the independent auditors, we request the shareholders to approve the financial statements for the year ended December 31, 2020, as they have been drawn up by the Directors.

The Board of Statutory Auditors agrees with the proposal for the allocation of profit presented by the Directors in the notes to the financial statements.

Capolona; July 23, 2021

Board of Statutory Auditors

Franco Arrigucci (Chairman)

Pietro Benedetti (Statutory Auditor)

Fabrizio Cavallini (Statutory Auditor)

Deloitte.

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of
T.C.A. S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of T.C.A. S.p.A. (the "Company"), which comprise the balance sheet as at December 31, 2020, the statement of income and statement of cash flows for the year then ended and the explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with the Italian law governing financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the T.C.A. S.p.A. for the period ended as of December 31, 2019 has been audited by other auditor that on June 15, 2020 expressed an unmodified opinion on those financial statements.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Italian law governing financial statements, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

Sede Legale: Via Tortona, 25 - 20144 Milano | Capitale Sociale: Euro 10.328.220,00 i.v.
Codice Fiscale/Registro delle Imprese di Milano Monza Brianza Lodi n. 03049560166 - R.E.A. n. MI-1720239 | Partita IVA: IT 03049560166

Il nome Deloitte si riferisce a una o più delle seguenti entità: Deloitte Touche Tohmatsu Limited, una società inglese a responsabilità limitata ("DTTL"), le member firm aderenti al suo network e le entità a esse correlate. DTTL e ciascuna delle sue member firm sono entità giuridicamente separate e indipendenti tra loro. DTTL (denominata anche "Deloitte Global") non fornisce servizi ai clienti. Si invita a leggere l'informativa completa relativa alla descrizione della struttura legale di Deloitte Touche Tohmatsu Limited e delle sue member firm all'indirizzo www.deloitte.com/about.

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In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e) of Legislative Decree 39/10

The Directors of T.C.A. S.p.A. are responsible for the preparation of the report on operations of T.C.A. S.p.A. as at December 31, 2020, including its consistency with the related financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of T.C.A. S.p.A. as at December 31, 2020 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the report on operations is consistent with the financial statements of T.C.A. S.p.A. as at December 31, 2020 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.
Signed by
Gianni Massini
Partner

Florence, July 22, 2021

This report has been translated into the English language solely for the convenience of international readers.

ATTACHMENTS

Correlation of 2019 material topics - 2020 material topics

The differences between the material topics presented in 2019 and those defined and analyzed this year.

2019 TCA IR Material topics	2020 TCA IR Material topics
Financial and economic performance	Financial and economic performance and value creation
Innovation	Innovation, research and development
Procurement practices	Sustainable, transparent procurement management
Social impact and positive impact on local community	Relationships with local community and territory
Health and safety	Worker health and safety
Respect for human rights	Protection of human rights
Management of natural resources and emissions	• Atmospheric emissions • Waste management • Energy consumption management • Water resources management • Raw materials management
• Personnel employment, training and development • Corporate welfare	Personnel development and wellness
• Anti-corruption • Legal and regulatory compliance • Ethics and integrity	Ethics, compliance and anti-corruption
• Quality • Reputation • Customer satisfaction	Reputation, quality and customer satisfaction
• Energy consumption and emissions • Sustainable mobility	Climate change and carbon neutrality

Description of material topics

Financial Capital

Financial and economic performance and value creation	• Efficient management of tangible and intangible assets (e.g., patents, production technology, specific know-how) and of the business activity in order to ensure strong economic performance, value creation in the short term and economic equilibrium in the medium/long term. Conscious management of the economic value generated.

Intellectual Capital

Anti-corruption	• Engagement in the fight against active and passive corruption through the implementation of policies, procedures and mechanisms to report irregularities and unlawful conduct.
Ethics and compliance	• Integrity and transparency in the business through the adoption of Organizational Model 231, a Code of Ethics and/or adherence to international Business Integrity principles and guidelines. Compulsory and voluntary compliance with Italian and international laws and regulations; compliance with current regulations (e.g., anti-trust, monopoly and anti-competitive practices) and any specific environmental regulations.
Innovation, research and development	• Promotion of a strategy characterized by the innovation of processes and digital innovation, in order to improve competitiveness on the market and enhance and strengthen TCA's business.

Human Capital

Diversity and equal opportunity	• Development of inclusion policies and diversity management for minorities (for example in terms of disability, gender, age, ethnic group, sexual orientation, religion) and promotion of equal opportunity, including equal pay for equal work.
Personnel development and wellness	• Career paths and talent retention policies supported by training aimed to strengthen employees' technical, managerial and organizational skills and to consolidate the professional expertise required by the job. Development of policies, benefits (financial and other) and activities intended to improve the wellness of employees and to address and meet their needs, including in terms of balancing work and family life.
Occupational health and safety	• Development of practices and programs that assist the protection of safety at the workplace; promotion of specialized occupational health and safety training. Monitoring and prevention of accidents at the workplace, particularly at the organization's production sites.

Natural Capital

Atmospheric emissions and fight against climate change	• Monitoring, prevention and reduction of greenhouse gas (GHG) and other polluting emissions such as: Ozone Depleting Substances (ODS), nitrogen oxides, sulfur oxides and volatile organic compounds (VOC). Management of any risks, opportunities and financial implications for the activities due to climate change.
Energy consumption management	• Efficient energy management through management actions, programs and systems; reduction of the use of energy deriving from fossil fuels and promotion of the production and purchase of renewable energy.
Waste management	• Responsible management of hazardous and non-hazardous waste and the disposal methods used by the organization, through the promotion of conscious management methods and practices such as: reuse, sorting and recycling of the waste and scrap produced and, where financially sustainable, development of circular economy practices and processes.
Water resources management	• Conscious and efficient water resource management; setting of strategies to make water use more efficient, focusing on any specific uses; monitoring of wastewater discharge quality and implementation of measures that promote improvement of the chemical, physical and biological quality of the discharge.
Raw materials management	• Efficient use of raw materials and responsible procurement along the organization's entire value.

Social and Relational Capital

Sustainable, transparent procurement management	• Responsible management of procurement processes along the organization's entire supply chain, focusing on the procurement of raw materials and semi-finished products; activities relating to supply chain transparency and traceability; supplier evaluation and screening based on social and environmental performance, and encouragement of socially responsible conduct and practices to stimulate suppliers to adopt sustainable practices.
Reputation, quality and customer satisfaction	• Image and brand reputation management, and development of initiatives intended to increase the quality of the end product, and thus increase customer satisfaction and improve the stakeholders' perception of TCA.
Protection of human rights	• Monitoring of activities along the supply chain that could present significant human rights risks (forced labor, child labor, freedom of association and collective bargaining, discrimination in the workplace) and expansion of any activities undertaken (e.g., training on subjects regarding human rights, conflict mineral policies, etc.) in order to protect human rights along the entire value chain.
Relationships with local community and territory	• Growth of the organization's business with full respect for the local territory and communities, promoting policies to include the local communities in activities and decision-making processes as well as projects to enhance the territory where the organization operates.

Correlation of <IR> framework, material topics and GRI aspects

Capitals	Material topics	GRI Aspects[17]
Financial Capital	Financial and economic performance and value creation	GRI 201
Intellectual Capital	Innovation, research and development	NA
Social and Relationship Capital	Sustainable, transparent procurement practices	GRI 204
Social and Relationship Capital	Reputation, quality and customer satisfaction	NA
Social and Relationship Capital	Relationships with local community and territory	NA
Intellectual Capital	Ethics, compliance and anti-corruption	GRI 205, 206, 307, 419
Natural Capital	Atmospheric emissions	GRI 305
Natural Capital	Energy consumption management	GRI 302
Natural Capital	Waste management	GRI 306
Natural Capital	Water resources management	GRI 303
Natural Capital	Raw materials management	GRI 301
Social and Relationship Capital	Protection of human rights	GRI 412
Human Capital	Diversity and equal opportunity	GRI 405
Human Capital	Personnel development and wellness	GRI 401, 404
Human Capital	Occupational health and safety	GRI 403

[17] Material topics that are not attributable to a specific GRI are shown as "not applicable" (NA)

Boundary and impact of material topics

Material topics	Boundary		GRI Topic Reconciliation
	Where impact occurs	Type of impact	
Ethics, compliance and anti-corruption	TCA S.p.A.	Caused by the organization	Anti-corruption
	TCA S.p.A.	Caused by the organization	Socioeconomic compliance
	TCA S.p.A.	Caused by the organization	Environmental compliance
	TCA S.p.A.	Caused by the organization	Anti-competitive behavior
Relationships with local community and territory	TCA S.p.A.	Caused by the organization	N.A.
Financial performance and value creation	TCA S.p.A.	Caused by the organization	Economic performance
Personnel development and wellness	TCA S.p.A.	Caused by the organization	Training Diversity and equal opportunity Employment Non-discrimination
Occupational health and safety	TCA S.p.A.	Caused by the organization	Health and safety in the workplace
Protection of human rights	TCA S.p.A.	Caused by the organization	N.A.
Sustainable, transparent procurement management	TCA S.p.A.	Caused by the organization and directly associated through a business relationship	Procurement practices
Atmospheric emissions	TCA S.p.A.	Caused by the organization and directly associated through a business relationship	Emissions
Energy consumption management	TCA S.p.A.	Caused by the organization and directly associated through a business relationship	Energy
Water resources management	TCA S.p.A.	Caused by the organization and directly associated through a business relationship	Water
Waste management	TCA S.p.A.	Caused by the organization and directly associated through a business relationship	Waste
Raw materials management	TCA S.p.A.	Caused by the organization and directly associated through a business relationship	Property, plant and equipment
Climate change and carbon neutrality	TCA S.p.A.	Caused by the organization and directly associated through a business	Emissions

		relationship	
Reputation, quality and customer satisfaction	TCA S.p.A.	Caused by the organization	N.A.
Innovation, research and development	TCA S.p.A.	Caused by the organization	N.A.

GRI Content Index

TCA's 2020 Integrated Annual Report has been prepared in accordance with the GRI Standards: *Core option*. The following list reports TCA's information based on the GRI Standards referring to the materiality analysis conducted. The information includes the page that may be referred to in the document.

Universal Standards		
GRI Standard	**Page**	**Description**
GRI 102: General Disclosures (2016)		
Organizational profile		
102-1	3	Name of the organization
102-2	9-10	Main brands, products, and/or services
102-3	9	Location of headquarters
102-4	10	Number of countries where the organization operates, and the countries where it has significant operations and/or that are relevant to the sustainability topics covered in the Sustainability Report
102-5	10-11	Ownership and legal form
102-6	9/56-59	Markets served (including geographic locations, sectors served and types of customers and beneficiaries)
102-7	5-8	Scale of the organization
102-8	47-48	Number of employees by contract and gender
102-9	58-60	Description of organization's supply chain
102-10	4	Significant changes occurring during the reporting period in the size and structure of the organization or in its supply chain
102-11	13-16	Method of applying the precautionary principle or approach
102-12	4/12	Adoption of externally developed economic, environmental and social charters, principles, or codes of conduct
102-13	61	Memberships of associations or national or international sustainability advocacy organizations
Strategy		
102-14	3	Statement from senior decision-maker
102-15	13-16	Description of key impacts, risks, and opportunities.
Ethics and integrity		
102-16	12	Values, principles, standards, and norms of behavior adopted by the organization
Governance		
102-18	10-11-12	Governance structure
Stakeholder Engagement		
102-41	18-19	List of stakeholders engaged in the organization
102-42	100% of the employees are covered by collective bargaining agreements.	Percentage of total employees covered by collective bargaining agreements
102-43	18-20	Basis for identifying and selecting stakeholders with whom to engage

102-44	18-20	Organization's approach to stakeholder engagement and an indication of engagement and interaction in report preparation process
102-45	22	Key topics and concerns raised though stakeholder engagement and how the organization responded, including through its reporting List of stakeholder groups that raised the key topics and concerns
102-46	4	All entities included in the organization's consolidated financial statements or equivalent documents
102-47	18-23	Process for defining the report content and the topic Boundaries
102-48	22	Material topics identified in the process for defining report content
102-49	4/47/66/68	Restatements of information given in previous reports, and the reasons for such restatements
102-50	4	Reporting period
102-51	August 2019	Date of most recent report
102-52	4	Reporting cycle
102-53	a.susi@tcaspa.com	Contact point for questions regarding the report
102-54	4	Specify the option of reporting in accordance with the GRI Standards selected by the organization
102-55	122-128	GRI Content Index
102-56	The following document is not submitted to external assurance. The financial information contained in the annual financial statements is verified by an external auditor (pp. 113-115).	External assurance

GRI Standard	Page	Notes/Omissions	Description
Material topics			
ECONOMIC AND FINANCIAL PERFORMANCE			
GRI 103: *Management Approach* (2016)			
103-1	22-23/120-121		Explanation of the material topic and its Boundary
103-2	14-16 / 25, 30-36		General information on the management approach and its components
103-3	14-16 / 25, 30-36		Evaluation of the management approach
GRI 201: *Economic performance* (2016)			
201-1	36-37		Direct economic value generated and distributed
PROCUREMENT PRACTICES			
GRI 103: *Management Approach* (2016)			
103-1	22-23/120-121		Explanation of the material topic and its Boundary
103-2	15 / 58-60		General information on the management approach and its components
103-3	15 / 58-60		Evaluation of the management approach
GRI 204: Procurement practices (2016)			
204-1	59		Proportion of spending on local suppliers

GRI Standard	Page	Notes/Omissions	Description
ETHICS AND INTEGRITY			
GRI 103: *Management Approach* (2016)			
103-1	22-23/120-121		Explanation of the material topic and its Boundary
103-2	12-16		General information on the management approach and its components
103-3	12-16		Evaluation of the management approach
GRI 206: Anti-competitive behavior (2016)			
206-1		In 2020 there were no cases of unfair competition, anti-trust or monopoly practices, or collusion.	Legal action referring to unfair competition, anti-trust and monopoly practices and respective outcomes
ANTI-CORRUPTION			
GRI 103: *Management Approach* (2016)			
103-1	22-23/120-121		Explanation of the material topic and its Boundary
103-2	12 / 15		General information on the management approach and its components
103-3	12 / 15		Evaluation of the management approach
GRI 205: Anti-corruption (2016)			
205-3		In 2020 no incidents of corruption were reported.	Confirmed incidents of corruption and actions taken
MANAGEMENT OF NATURAL RESOURCES AND EMISSIONS			
GRI 103: *Management Approach* (2016)			
103-1	22-23/120-121		Explanation of the material topic and its Boundary
103-2	14 / 62-63 / 68-69		General information on the management approach and its components
103-3	14 / 62-63 / 68-69		Evaluation of the management approach
GRI 301: Materials (2016)			
301-1	68-69		Materials used by weight and volume
GRI 103: *Management Approach* (2016)			
103-1	22-23/120-121		Explanation of the material topic and its Boundary
103-2	14 / 62-64		General information on the management approach and its components
103-3	14 / 62-64		Evaluation of the management approach
GRI 302: Energy (2016)			
302-1	64		Energy consumption within the organization
WATER RESOURCE			
GRI 103: *Management Approach* (2016)			
103-1	22-23/120-121		Explanation of the material topic and its Boundary
103-2	14 / 62-63 / 65-67		General information on the management approach and its components
103-3	14 / 62-63 / 65-67		Evaluation of the management approach
GRI 103: *Water and Effluents* (2018)			

GRI Standard	Page	Notes/Omissions	Description
303-1	65		Interactions with water as a shared resource
303-2	67		Management of water discharge-related impacts
303-3	66		Water withdrawal by source
EMISSIONS			
GRI 103: *Management Approach* (2016)			
103-1	22-23/120-121		Explanation of the material topic and its Boundary
103-2	14 / 62-65		General information on the management approach and its components
103-3	14 / 62-65		Evaluation of the management approach
GRI 305: Emissions (2016)			
305-1	65		Direct GHG emissions
305-2	65		Indirect GHG emissions
305-7	63-64		Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions
WASTE			
GRI 103: *Management Approach* (2020)			
103-1	22-23/120-121		Explanation of the material topic and its Boundary
103-2	14 / 62-63/67-68		General information on the management approach and its components
103-3	14 / 62-63/67-68		Evaluation of the management approach
GRI 306 Waste (2020)			
306-1	67-68		Waste generation and significant waste-related impacts
306-2	67-68		Management of significant waste-related impacts
306-3	67-68		Waste generated
306-4	67-68		Waste diverted from disposal
306-5	67-68		Waste directed to disposal
LEGAL AND REGULATORY COMPLIANCE			
GRI 103: *Management Approach* (2016)			
103-1	22-23/120-121		Explanation of the material topic and its Boundary
103-2	15 / 62-63		General information on the management approach and its components
103-3	15 / 62-63		Evaluation of the management approach
GRI 307 Environmental compliance (2016)			
307-1		In 2020 there were no cases of non-compliance with environmental laws and regulations. Pages 92-93 of the document report an investigation currently underway.	Non-compliance with environmental laws and regulations
GRI 103: *Management Approach* (2016)			

GRI Standard	Page	Notes/Omissions	Description
103-1	22-23/120-121		Explanation of the material topic and its Boundary
103-2	12 / 14-16		General information on the management approach and its components
103-3	12 / 14-16		Evaluation of the management approach
GRI 419: Socioeconomic compliance (2016)			
419-1		In 2020 there were no cases of non-compliance with laws and regulations in the social and economic area	Non-compliance with laws and regulations in the social and economic area
HEALTH AND SAFETY			
GRI 103: *Management Approach* (2016)			
103-1	22-23/120-121		Explanation of the material topic and its Boundary
103-2	13-14 / 52-55		General information on the management approach and its components
103-3	13-14 / 52-55		Evaluation of the management approach
GRI 403-2: Health and safety in the workplace (2018)			
403-1	52		Occupational health and safety management system
403-2	13-14		Hazard identification, risk assessment, and incident investigation
403-3	53-54		Occupational health services
403-4	52-53		Worker participation, consultation, and communication on occupational health and safety
403-5	50 - 53		Worker training on occupational health and safety
403-6	53-54		Promotion of worker health
403-7	53-54		Prevention and mitigation of occupational health and safety impacts directly linked by business relationships
403-9	54-55		Number and rate of recordable work-related injuries, high-consequence work-related injuries and fatalities as a result of work-related injury; main types of injuries.
PERSONNEL EMPLOYMENT, TRAINING AND DEVELOPMENT			
GRI 103: *Management Approach* (2016)			
103-1	22-23/120-121		Explanation of the material topic and its Boundary
103-2	47 / 50 -52		General information on the management approach and its components
103-3	47 / 50 -52		Evaluation of the management approach
GRI 401: Employment (2016)			
401-1	49-50		New employee hires and employee turnover rate
GRI 103: *Management Approach* (2016)			
103-1	22-23/120-121		Explanation of the material topic and its Boundary
103-2	47 / 50-52		General information on the management approach and its components
103-3	47 / 50-52		Evaluation of the management approach

GRI Standard	Page	Notes/Omissions	Description
GRI 404: Training and education (2016)			
404-1	51		Average hours of training per year per employee
GRI 103: *Management Approach* (2016)			
103-1	22-23/120-121		Explanation of the material topic and its Boundary
103-2	11 / 47-48		General information on the management approach and its components
103-3	11 / 47-48		Evaluation of the management approach
GRI 405: Diversity and equal opportunity (2016)			
405-1	11 / 47-48		Diversity of governance bodies and employees
CORPORATE WELL-BEING			
GRI 103: *Management Approach* (2016)			
103-1	22-23/120-121		Explanation of the material topic and its Boundary
103-2	47-49		General information on the management approach and its components
103-3	47-49		Evaluation of the management approach
GRI 401: Employment (2016)			
401-2	48-49		Benefits provided to full-time employees that are not provided to temporary or part-time employees
SOCIAL COMMITMENT AND POSITIVE IMPACT ON LOCAL COMMUNITY			
GRI 103: *Management Approach* (2016)			
103-1	22-23/120-121		Explanation of the material topic and its Boundary
103-2	59-61		General information on the management approach and its components
103-3	59-61		Evaluation of the management approach
RESPECT FOR HUMAN RIGHTS			
GRI 103: *Management Approach* (2016)			
103-1	22-23/120-121		Explanation of the material topic and its Boundary
103-2	12 / 42-46		General information on the management approach and its components
103-3	12 / 42-46		Evaluation of the management approach
REPUTATION			
GRI 103: *Management Approach* (2016)			
103-1	22-23/120-121		Explanation of the material topic and its Boundary
103-2	16 / 39-41		General information on the management approach and its components
103-3	16 / 39-41		Evaluation of the management approach
INNOVATION			
GRI 103: *Management Approach* (2016)			
103-1	22-23/120-121		Explanation of the material topic and its Boundary
103-2	39-41		General information on the management approach and its components

GRI Standard	Page	Notes/Omissions	Description
103-3	39-41		Evaluation of the management approach
QUALITY			
GRI 103: *Management Approach* (2016)			
103-1	22-23/120-121		Explanation of the material topic and its Boundary
103-2	41-46		General information on the management approach and its components
103-3	41-46		Evaluation of the management approach
CUSTOMER SATISFACTION			
GRI 103: *Management Approach* (2016)			
103-1	22-23/120-121		Explanation of the material topic and its Boundary
103-2	56-58		General information on the management approach and its components
103-3	56-58		Evaluation of the management approach

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