



Sustainability Report 2021



Our commitment to a
SUSTAINABLE future

index

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FINE FOODS 2021 FIGURES



Letter to stakeholders

Dear readers,

We are proud to present our first Sustainability Report for our stakeholders, showing our social responsibility, environmental respect, people and human rights results, commitments and successes.

We present our sustainability strategy, which provides a practical action plan that includes projects and measures that will take the Fine Foods Group into the future. A fair and sustainable future will continue to generate value for investors, customers, and stakeholders.

In 2021 Fine Foods grew through the acquisition of Pharmatek-PMC and Euro Cosmetic. Through these transactions, we expanded our production and opened new international market segments in cosmetics, biocides, and medical devices. This initiated a fruitful partnership in continuous improvement in research and development, technology, knowledge, and innovation. Our people, who are at the heart of our growth strategy, created this change through their talent.

Fine Foods people are essential, which is why we put their safety first and promote programmes to improve protection and prevention standards.

We want the best talent, so we invest in their professional development and training. Our strategic sustainability plan considers it a priority to build a peaceful and inclusive environment where people can express their potential and be valued and rewarded based on their commitment and talent. They are encouraged to contribute to the company's success with the courage of those who are not afraid to evolve.

But there is no success without respect for the environment. We are aware that the changes taking place are bigger than us, but we are convinced that we want to be part of the solution and not part of the problem. We are starting to reduce our climate impact and

will use natural resources available for future value creation. We will implement further energy efficiency projects in our plants. We shall buy more green energy from the grid, use more electrical power from renewable sources, industrialise our customers' products by finding new strategies to decarbonise processes, and minimise the use of natural resources and raw materials, promoting their circular use. We will research and suggest more environmentally friendly materials.

Fine Foods' commitment to an equitable future applies to the social sphere. We will intensify our relationship with schools, a strategic stronghold for long-term value creation. In addition, Fine Foods shall expand by promoting actions of common benefit for the communities where we operate.

Our strategy involves stakeholders' increasingly active and responsible involvement along the supply chain, engaging them to assess and improve their performance in environmental, social and business ethics fields, focusing on human rights.

Fine Foods has created a governance structure that guided the Group towards sustainable success. We established ESG, Risk and Remuneration Committees. In addition, we amended Fine Foods' articles of association, by becoming a Benefit Corporation to formalise our commitment to common benefit objectives for our stakeholders and operate responsibly, sustainably and transparently.

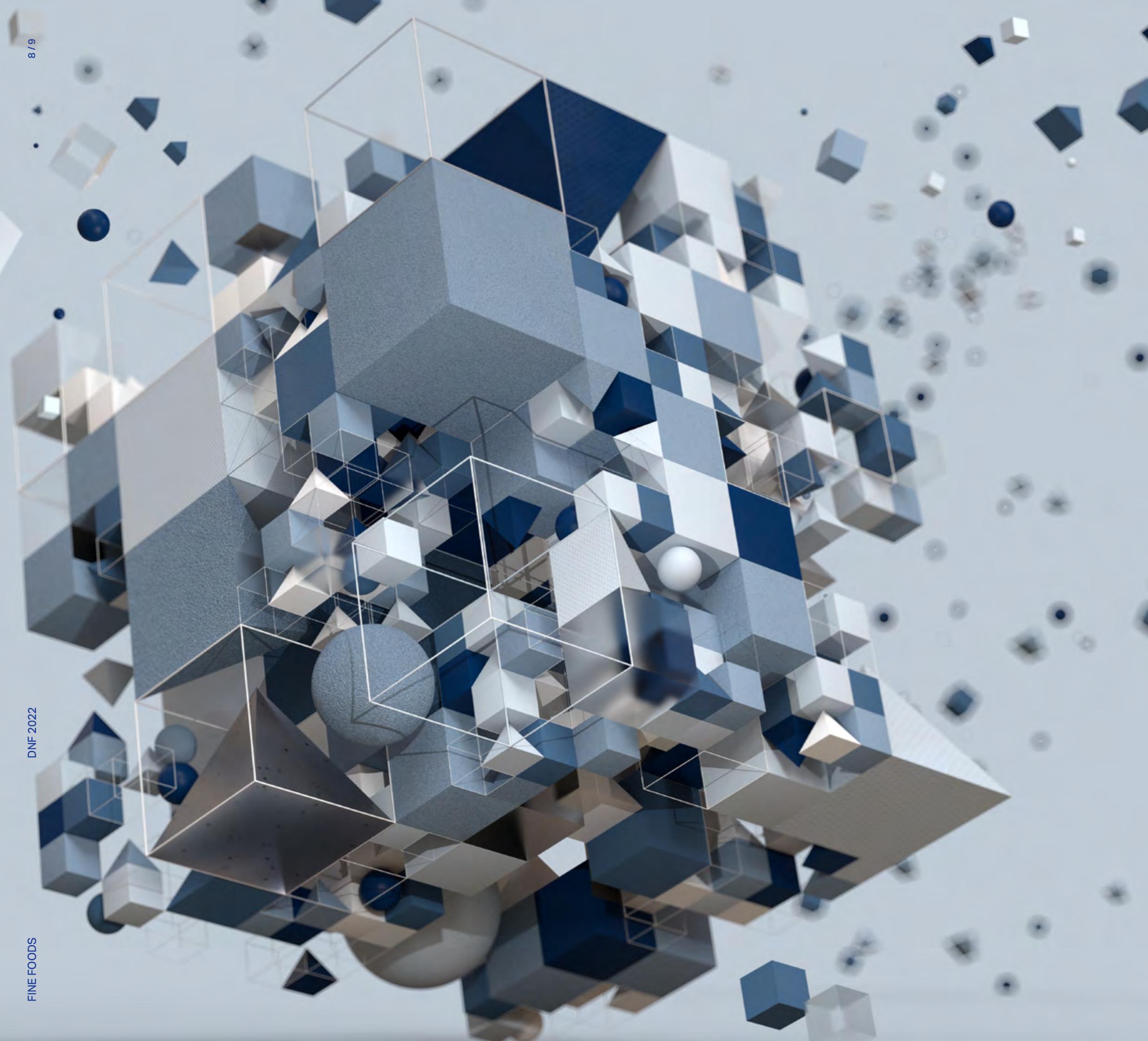
Fine Foods joined the United Nations Global Compact, and is committed to respecting and promoting universal principles of human rights, labour standards, environmental protection and anti-corruption.

We challenged ourselves by having our ESG performance assessed by external companies and undergoing rigorous third-party audits. Fine Foods has successfully passed new examinations (EcoVadis Gold medal) and consolidated the certifications to manage its core processes (ISO certifications).

We are proud of our achievements and look forward to further successes in partnership with our customers and stakeholders.

Marco Eigenmann
President

Giorgio Ferraris
Chief Executive Officer



Fine Foods
Group



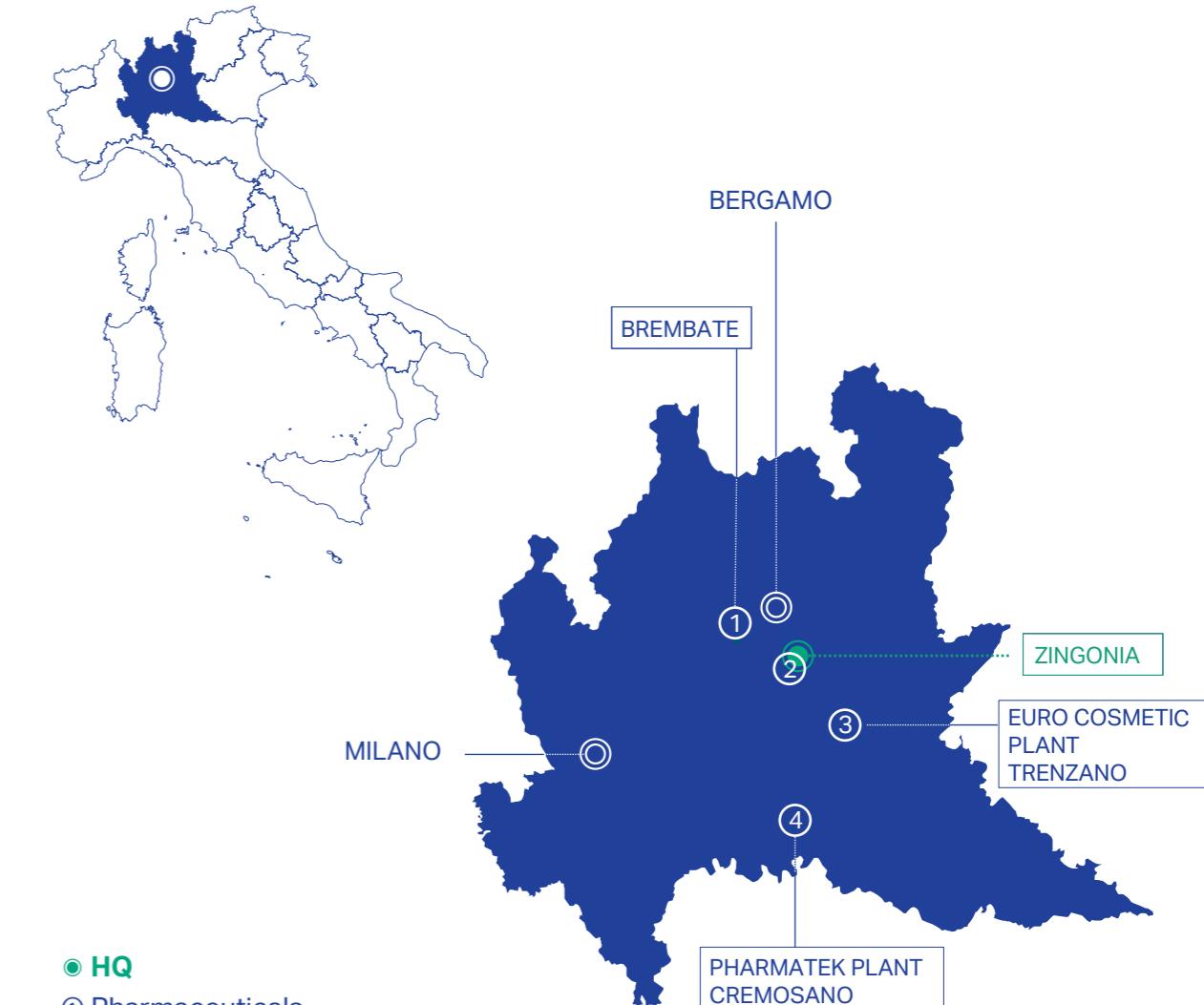
A success story

Founded in 1984 as a fluid-bed granulation laboratory for food and pharmaceutical industries, Fine Foods & Pharmaceuticals N.T.M. S.p.A. started producing excipients and semi-finished products across both sectors.

The company's plant engineering has diversified over the years to meet market demands, allowing solid oral forms (powders, granulates, basic and film-coated swallowable tablets, effervescent tablets, chewable tablets, capsules) and all the relevant types of packaging (sachets, bags, pillboxes, jars, blisters, tubes, strips and sticks) to be manufactured.

With its acquisitions of Pharmatek PMC S.r.l. in January 2021 and Euro Cosmetic S.p.A. in October 2021, the Group expanded its business field to include biocides, medical devices and cosmetics production.

With these acquisitions, Fine Foods has four production plants and more than 760 employees, linked by shared values and a desire to create fruitful partnerships based on research and development, technology, knowledge and innovation for continuous improvement.



● HQ

① Pharmaceuticals

② Nutraceuticals

③ Cosmetics

④ Biocides — Medical Devices — Cosmetics

The four production plants are in Lombardy in Zingonia, Brembate, Trenzano and Cremosano. The Group's headquarters are in Zingonia in the Bergamo province.

Fine Foods aims to grow further by staying faithful to its vocation as a future-oriented company. In November 2021, the company purchased 100,000 square metres of land between Brembate and Filago, to ensure future company development while remaining in the same place. The Trenzano site is being expanded and will enable new production lines to manufacture innovative cosmetics.

1984

- Establishing a laboratory for studying fluid-bed granulation technology

1997

- Zingonia nutraceutical plant opening (4,500 sqm on a total area of 21,000 sqm)

2003

- Expansion of Zingonia production and warehouse (+ 4,000 sqm)

2007

- Expansion of Brembate pharmaceutical production area (+ 1,000 sqm)

2010

- Merger of companies under the Fine Foods & Pharmaceutical NTM Spa brand name

2019

- Expansion of Zingonia - Verdellino and Brembate production sites completed

Fine Foods is orientated towards corporate structure growth. After landing on the AIM Italia market in 2018, in July 2021, the Group transitioned to the STAR segment of Mercato Telematico Azionario managed by Borsa Italiana spa.

1991

- Brembate pharmaceutical plant opening (1,500 sqm)

2004

- New Brembate warehouse (1,000 sqm)

2008

- Acquisition of Omicron Pharma Srl in Nembro
- Zingonia Warehouse expansion
- First expansion phase of Research & Development and Quality Control laboratories

2018

- Listing on AIM

2021

- Acquisition of Pharmatek-PMC
- Translisting to MTA, STAR segment
- Euro Cosmetic acquisition and Fine Foods strengthening in the cosmetics sector

Today, Fine Foods is one of the leading Italian independent companies in the contract development and manufacturing (CDMO) of solid oral forms for the pharmaceutical and nutraceutical industries. In addition, it is working to obtain a leading position in the cosmetics industry.



OUR VISION

Becoming our customers' production plant

OUR MISSION

Our goal is to be the preferred partner for companies operating in the pharmaceutical, nutraceutical and cosmetics sectors, looking for CDMO partners that stand out for their management system's reliability, quality, and sustainability.

Our organisation is recognised for its structural solidity and flexibility, professionalism, and swiftness in handling internal and external customer requests.

Our business model is fuelled by focusing on human resources, the environment, product safety and health, governance and transparency.

We believe in a fair and sustainable future, creating long-term value for the benefit of our stakeholders and contributing to the development and well-being of the communities in which we operate.

Our core values

Fine Foods believes in a fair and sustainable future and works to create long-term value for the benefit of its stakeholders, contributing to the development and well-being of the communities in which it operates.

FINE FOODS BENEFIT CORPORATION

Based on this vision, Fine Foods amended its Articles of Association to become a Benefit Corporation in April 2021. This decision is a formal commitment to benefit purposes and operating

responsibly, sustainably and transparently towards people, communities, regions and the environment, cultural and social assets and activities, bodies and associations and other stakeholders.

Sustainability: a seed planted over ten years ago

Fine Foods' commitment to sustainability has deep roots in the organisation's operational functioning.

Through environmental and social certifications and awards, Fine Foods has



SMETA CERTIFICATION:

Certified ethics on work, health and safety, environment and business ethics.



ISO 45001 (FORMERLY OHSAS 18001) CERTIFICATION:

Continuous improvement in risk prevention and personnel protection.



BENEFIT CORPORATION WITH ESG COMMITTEE:

Our commitment to a comprehensive positive impact, with strategic and organisational support.



SYSTEM 231:

Our organisation, management and controls to fight corruption.



ISO 14001 CERTIFICATION:

The origin of Fine Foods' commitment to continuous improvement on environmental issues.



OUR CODE OF ETHICS¹

Respect for the law and the individual, fairness, fair competition, protection of health, safety and the environment, good corporate governance, combating corrup-

tion and money laundering. These are the fundamental values upheld by Fine Foods and are the basis of the daily actions of people who work with the Group.

WE SUPPORT GLOBAL COMPACT²

In addition to the values expressed in the Code of Ethics, in 2021 Fine Foods joined the UN Global Compact. This international organisation invites companies



Human Rights

- Principle I: Businesses should **support** and **respect** the protection of internationally proclaimed human rights within their spheres of influence; and
- Principle II: Make sure that they are not **directly or indirectly** complicit in human rights abuses.

Labour

- Principle III: Businesses should uphold the **freedom of association** of workers and recognise the right to collective bargaining;
- Principle IV: The elimination of all forms of forced and compulsory labour;
- Principle V: The effective abolition of child labour;
- Principle VI: The elimination of **discrimination** in respect of employment and occupation.

Environment

- Principle VII: Businesses should support a **precautionary approach** to environmental challenges;
- Principle VIII: Undertake initiatives to **promote** greater **environmental responsibility**;
- Principle IX: **Encourage** the development and diffusion of environmentally friendly **technologies**.

Combating corruption

- Principle X: Businesses should **work against corruption** in all its forms, including extortion and bribery.

¹ The code of ethics is detailed in the chapter "Ethics and Governance".

² Homepage | UN Global Compact

WE SUPPORT SDGs³

By embracing the Global Compact principles, Fine Foods commits to the Sustainable Development Goals (SDGs) of the United Nations 2030 Agenda.



FINE FOODS' CONTRIBUTION TO SUSTAINABLE DEVELOPMENT

Fine Foods already contributes⁴ to some of the Sustainable Development Goals.

Good health and well-being

- Employee Psychological counselling desk
- Nutritionist available to employees

Quality education

- University Partnerships
- Talent Factory Organisation
- Local high school partnerships

Gender equality

- Valuing people and ensuring equal opportunities for men and women by investing in training projects and an equal presence of women in management

Decent work and economic growth

- Implementing the best standards for safe workplaces and production processes that respect the environment and people

Climate action

- Fighting climate change
- Increasing the use of energy from renewable sources

DEFINING THE STRATEGY FOR SUSTAINABLE DEVELOPMENT

Through this Sustainability Report, Fine Foods defines its plan of future actions and projects to apply its strategy to support the ten principles of the Global Compact

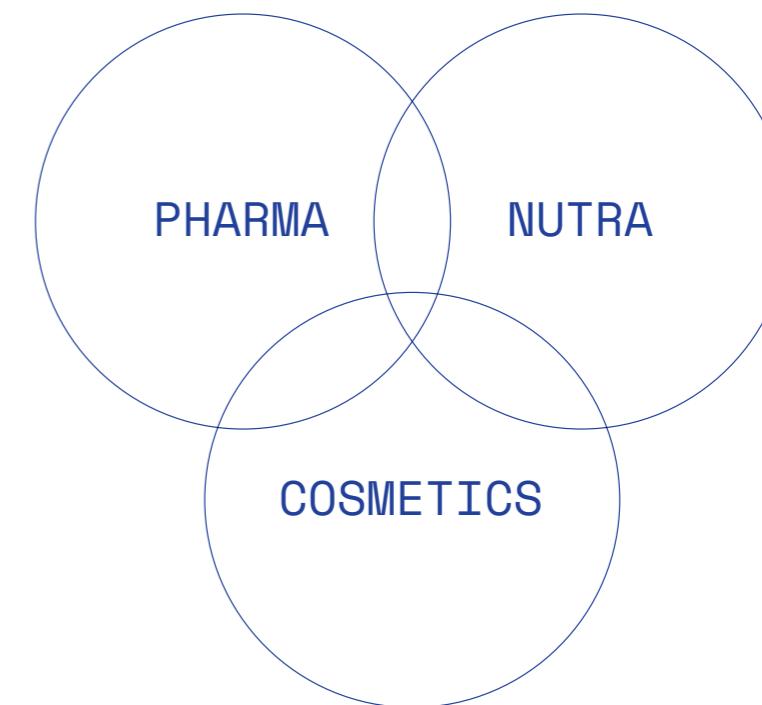
and the SDGs and marks the beginning of tracking and reporting on its sustainability progress.

Creating value for stakeholders

FLEXIBLE PRODUCTION TAILORED TO OUR CUSTOMERS

Fine Foods brings nearly 40 years' knowledge and technical expertise to meet its customers' needs at the highest professional level.

The company specialises in developing and manufacturing solid oral forms for the nutraceutical and pharmaceutical industries. With Pharmatek and Euro Cosmetic acquisitions, the Group has extended its product range into biocides, medical and surgical aids, cosmetics, and medical devices.



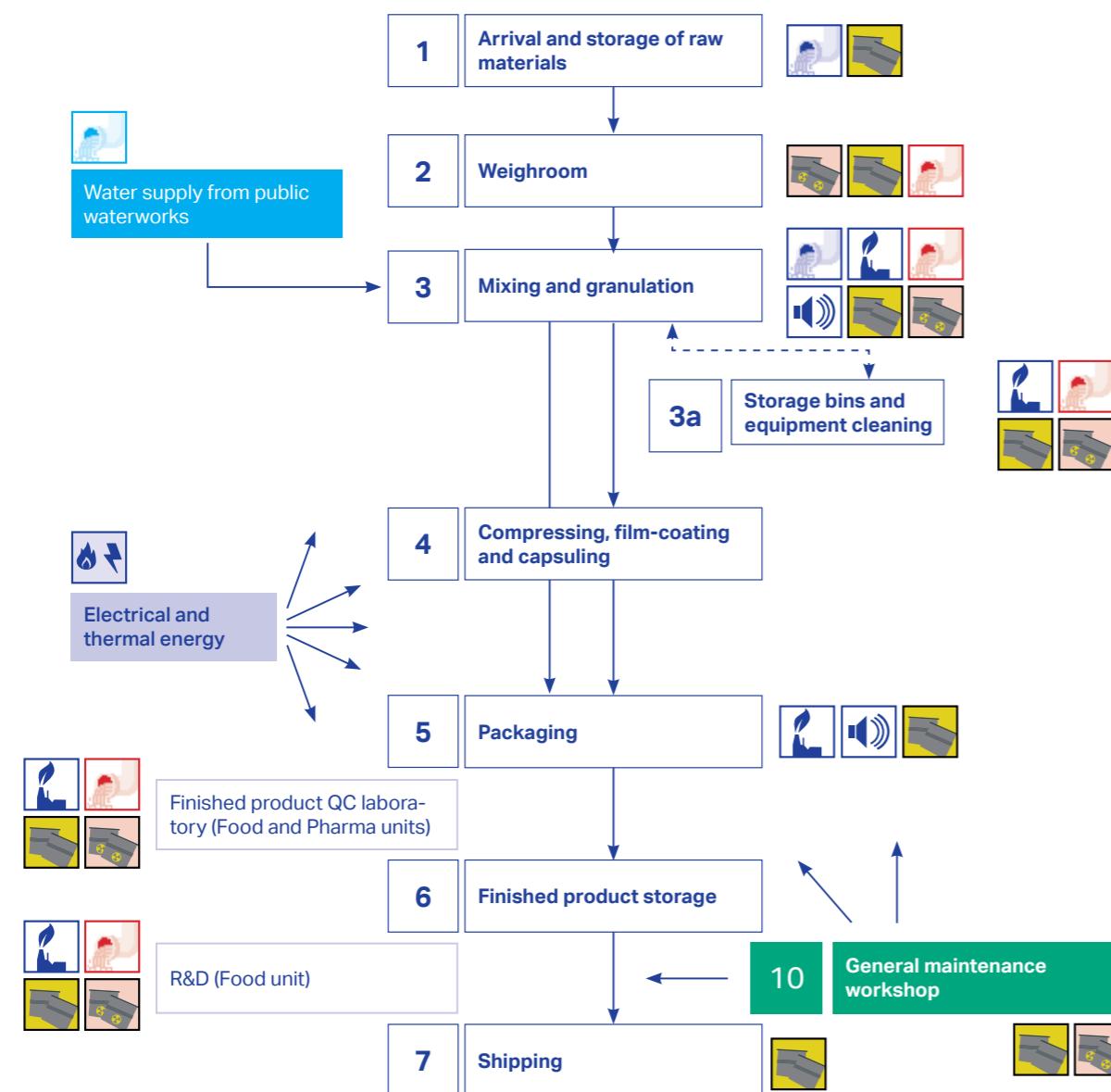
³Making Global Goals Local Business | UN Global Compact

⁴Each activity that contributes to a Sustainable Development Goal will be detailed in the relevant chapters within this document.

PRODUCTION CYCLE

The following is a block diagram of the production cycle's macro-activities for the various production units and details of incoming and outgoing flows of materials and their impact.

KEY:



PRODUCTION OF FOOD SUPPLEMENTS

The Zingonia plant, Europe's largest plant to produce food supplements, offers unique technology and production capacity combination. The production process is managed with efficiency, flexibility and speed. Established procedures and best

practices are applied rigorously to provide competitive and unconventional products that interpret or anticipate market trends. Fine Foods' products meet customers' ready-to-market and tailor-made needs.

ZINGONIA (HEADQUARTERS)

The plant comprises of 45,600 sqm, of which 28,800 sqm is covered. In 2019, the company completed an expansion plan that increased its covered areas by 80 per cent.

VIA BERLINO, 39
24040 ZINGONIA/VERDELLINO (BG) ITALY



FORMS MANUFACTURED



AVAILABLE PACKAGING



- Bags
- Strips
- Sachets
- Sticks
- Pillboxes
- Bottles
- Tubes
- Blisters

PHARMACEUTICAL PRODUCTION

The Brembate plant is an efficient and modern contract manufacturing facility, where speed and attention to detail make technology transfers simple and effective.

Our in-depth pharmaceutical knowledge interprets customer needs to deliver high-quality results in the best possible way at speed.



BREMBATE

The plant comprises of 26,100 sqm, of which 14,200 sqm is covered. In 2019, the company completed an expansion plan that increased its covered areas by 150 per cent.

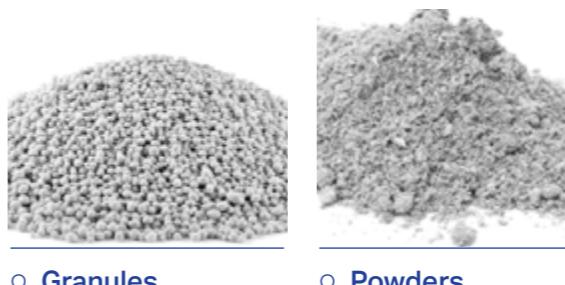
◎ VIA GRIGNANO, 43
24041 BREMBATE (BG) - ITALY



FORMS MANUFACTURED

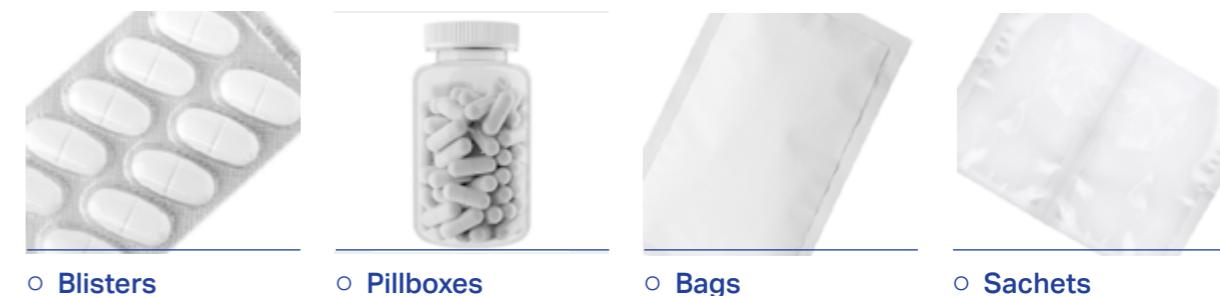


- Capsules
- Tablets
- Film-coated tablets
- Effervescent granules



- Granules
- Powders

AVAILABLE PACKAGING



- Blisters
- Pillboxes
- Bags
- Sachets

CURRENTLY USED APIs

- Acetylcysteine
- Delorazepam
- Naloxone
- Acyclovir
- Diclofenac and its salts
- Naproxen and its salts
- Acetylsalicylic Acid
- Diltiazem HCl
- Nebivolol hydrochloride
- Ascorbic Acid (Vit. C)
- Dimenhydrinate
- Niacin (Vit. PP)
- Benzilic acid
- Diosmin
- Nifedipine
- Folic acid
- Disulfiram
- Nimesulide
- Ursodeoxycholic acid
- Domperidone
- Oxycodone
- Allopurinol
- Enalapril
- Pantoprazole
- Ambroxol hydrochloride
- Erdosteine
- Paracetamol
- Amlodipine besylate
- Blueberry dry titrated extract
- Perindopril
- Amlodipine maleate
- Domperidone
- Piroxicam Beta-cyclodextrin
- Atenolol
- Enalapril
- Potassium canrenoate
- Bisacodyl
- Erdosteine
- Pseudoephedrine
- Bisoprolol
- Flecainide
- Ramipril
- Buprenorphine HCl
- Fluoxetine
- Ranitidine HCl
- Calcium carbonate
- Furosemide
- Ranitidine (Vit. B2)
- Carbidopa hydrate
- Glucosamine sulphate
- Selegiline HCl
- Carbocysteine
- Hydrocortiazide
- Sertraline
- Ketotifen fumarate
- Indapamide
- Simvastatin
- Cyanocobalamin (Vit. B12)
- Isoniazid
- Sodium benzoate
- Cinnarizine
- Isosorbide mononitrate
- Sodium bicarbonate
- Ciprofloxacin
- Ispagula (Psyllium)
- Sodium chromate
- Citalopram
- Ketoprofen lysine salt
- Sulfinpyrazone
- Clopidogrel besylate
- Manidipine hydrochloride
- Terazosin HCl
- Chlorthalidone
- Melevodopa hydrochloride
- Thiamine (Vit. B1)
- Cholecalciferol (Vit. D3)
- Mesalazine
- Ticlopidine HCl
- Chondroitin
- Metoprolol
- Morniflumate
- Delapril

PRODUCTION OF COSMETICS, MEDICAL DEVICES AND BIOCIDES

Through its plants in Cremosano and Trenzano, Fine Foods develops innovative, quality products in line with consumer trends for skincare, personal deodorisation, body care, hair care, perfumery and oral

hygiene. This includes brief, advice, formulation and packaging. The Cremosano plant produces medical devices and biocides, which complete the Group's product range.



TRENZANO

The plant, which includes mixers, packaging lines and laboratories, occupies 16,500 sqm, of which 10,800 sqm is covered.

● **EURO COSMETIC SPA**
VIA DEI DOSSI, 16 – 25030



CREMOSANO

The plant comprises of 9,700 sqm, of which 5,200 sqm is covered.

● **PHARMATEK PMC S.R.L.**
PIAZZA DELLE INDUSTRIE, 3
26010 CREMOSANO (CR) – ITALY



FORMULATIONS

- skin disinfectants
- face creams
- cleansing milk
- body creams
- toner
- moisturiser
- exfoliating scrub
- toothpaste
- mouthwash
- roll-on deodorants
- medical devices
- environmental disinfectants



FORMS MANUFACTURED



○ Liquid



○ Gel



○ Cream



○ Ointment



○ Paste



○ Wipes



○ Tablets

AVAILABLE PACKAGING

- containers from 10 ml to 5 l
- tubes from 20 ml to 250 ml
- single-dose sachets

- wipes
- effervescent tablet strips

Customers and markets

Fine Foods has strengthened its relationships with its long-standing customers and acquired several new customers, increasing its business volume considerably. The Fine Foods Group's more than 260 customers include important Italian and multi-

national pharmaceutical and nutraceutical companies that make the Group active in national and international markets, exporting around 70 per cent of the products' value.

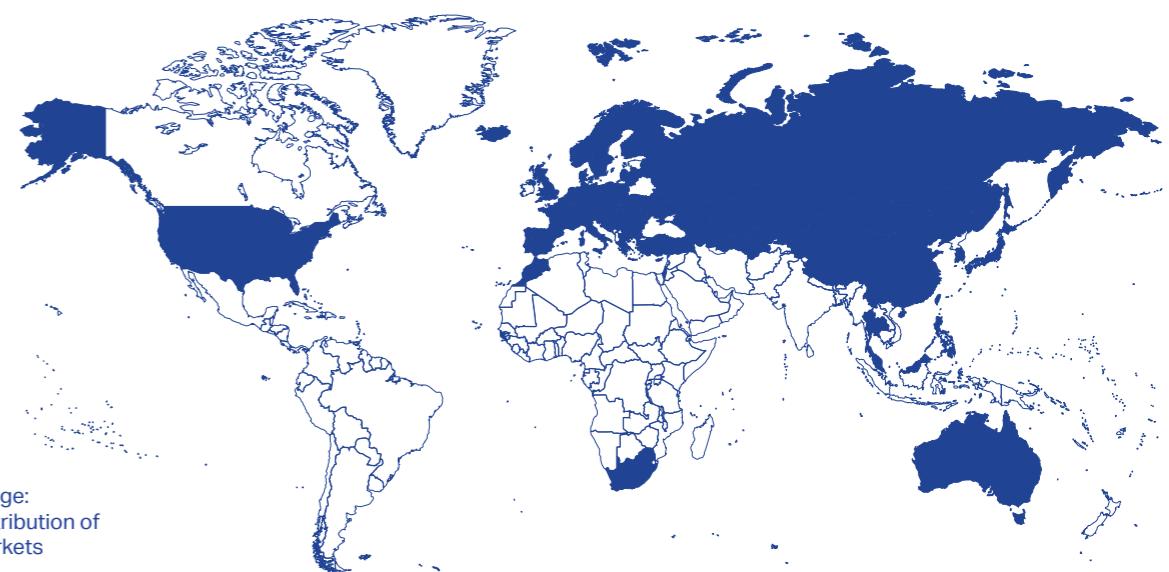
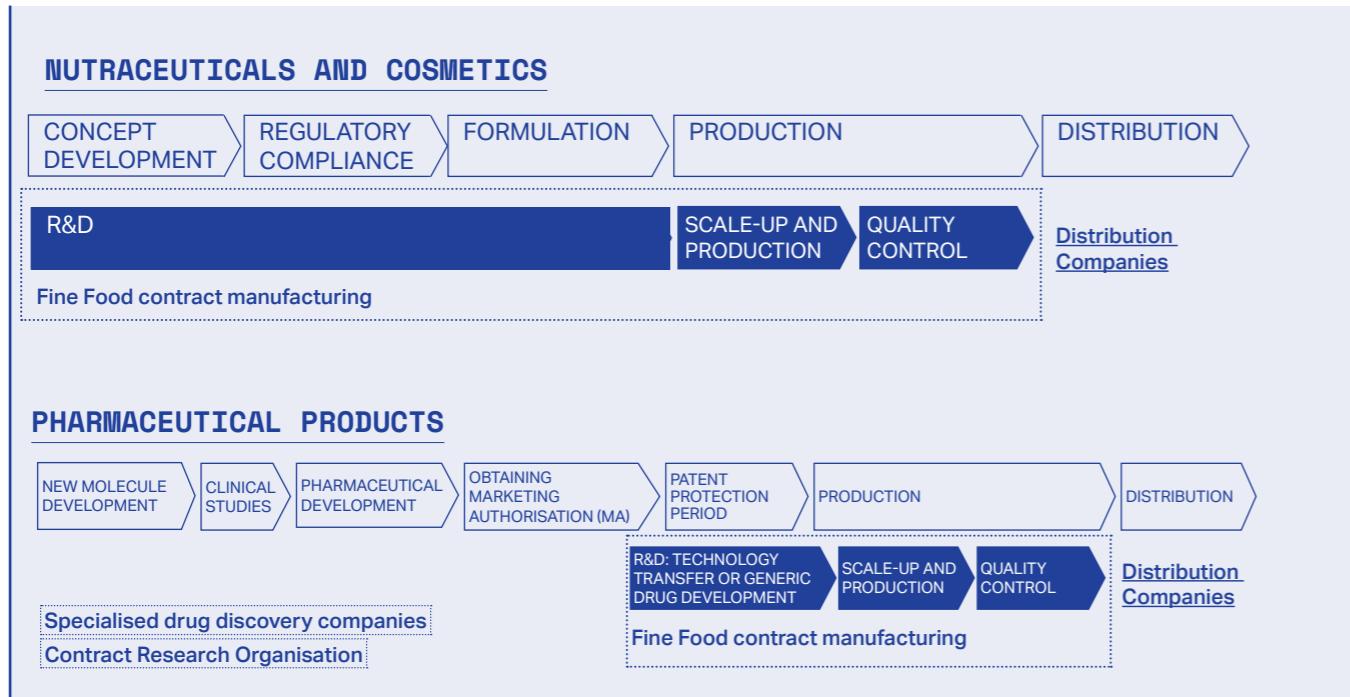


Image:
distribution of
markets

Flexible and integrated business model

Fine Foods is positioned within the value creation chain of pharmaceuticals, nutraceuticals and cosmetics, focusing on

the following main phases: business development, R&D, scale-up and production, and quality control.



Value creation phases



- **Business Development:** The Group develops its business by expanding the trust relationships with its customers and increasing its customer base through direct contact, participation in trade fairs and industry events, digital marketing tools and organising events and ad-hoc sessions where it presents its latest innovations.

- **Research & development:** Through its internal research and development division, Fine Foods studies and formulates new nutraceutical and cosmetic products and checks the transfer of production processes of registered pharmaceuticals to its plants (technology transfer).

- **Scale-Up and Production:** The Group carries out Scale-Up, i.e. the transition from laboratory to industrial scale with smaller plants having the leading production technologies. These make it possible to speed up and streamline manufacturing, intercept and anticipate any problems and critical issues in the processes and launch production in compliance with the expected productivity and quality parameters.

- **Quality Assurance and Control:** The company quality system covers production cycle phases so that its products can meet customer requirements under statutory and regulatory requirements.

Our competitive advantage

Fine Foods' extraordinary success is due to integrating the pursuit of quality and customer satisfaction with a focus on ethics and its human capital within its business model.

- **Product high quality:** The continuous improvement of quality standards across all production cycle phases and the stringent quality controls have enabled the Group to stand out on the market for its finished products' high quality.

- **Synergies between the Strategic Food, Pharma and Cosmetics Business Units:** The Group's presence in the pharmaceutical and nutraceutical sectors provided a competitive advantage by combining the best pharmaceutical and nutraceutical technologies and knowledge. This translated into a higher quality of Food

products given the expertise gained in the manufacturing of Pharma products. With the acquisition of Pharmatek and Euro Cosmetic, R&D synergies multiplied.

- **Flexible production capable of adapting to customer requirements:** Thanks to an ongoing investment policy, the Group can rely on technologically advanced plants and machinery and lean production lines, which allow it to respond quickly to customer demands.

- **Ability to support customers in product development:** The ability to meet customer needs in manufacturing existing products and developing new products under legal and regulatory requirements has enabled the Group to increase its experience and strengthen its position in its operating sectors.

Our approach to continuous improvement

Continuous improvement across departments is essential for Fine Foods' competitive strategy. We identify and implement

development activities that tangibly increase our competitiveness with our many continuous improvement projects.

PROBLEM-SOLVING AND LEAN THINKING BASICS

- Lean thinking simplifies and optimises processes and resources
- Continuous internal assessments to identify improvement opportunities
- Flexible and proactive organisation, with defined and shared roles and responsibilities
- Dynamic approach to innovation,

improvement and problem solving

- Working with the controlling unit to ensure the plans' financial sustainability
- Cross-section involvement of company divisions
- Error capitalisation: we learn from our mistakes

CONTINUOUS IMPROVEMENT PROCESS



Continuous Improvement projects concern all company departments. Each project has a clear and quantifiable objective, a contact person, project sponsor and project leader. A steering committee meets regularly to check the work status.

Projects are shared with all partners at every level by display boards showing the progress and scope of ongoing projects. Project focus meetings are organised and

open to anyone interested in learning more about related topics.

Improved efficiency levels and better resource management, to the benefit of financial and environmental sustainability of the corporate system, are the successful results of applying Continuous Improvement.

Economic performance

With € 192.6 million revenue from asset sales in 2021 and an 11 per cent CAGR⁵ over the last decade, Fine Foods is a growing and strongly future-oriented company.

Considering the directly generated financial value, looking at revenue from asset sales and income from financial investments, the revenue for 2021 was € 198.8 million.

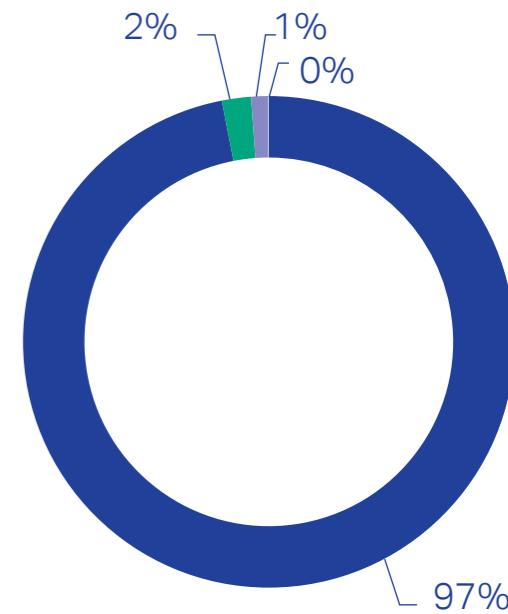
Directly generated financial value

[Million €]	2021	2020	2019
revenues	198.8	176.2	166.8
from asset sales	192.6	172.0	159.7
from financial investments	3.8	2.8	5.1
other revenues	2.3	1.5	1.9
capital gains net of capital losses	0.1	0.0	0.0

⁵ The Compound Annual Growth Rate, or CAGR, represents the average percentage growth within a certain timeframe.

Financial value directly generated in 2021

- Sale of goods
- Financial investments
- Other revenues
- Capital gains net of Capital losses



DISTRIBUTED FINANCIAL VALUE

The data on the distribution of financial value indicates how the Group created wealth for its stakeholders, along the supply chain (operating costs), employees (person-

nel costs), public administration, shareholders (payments to capital providers) and the community.

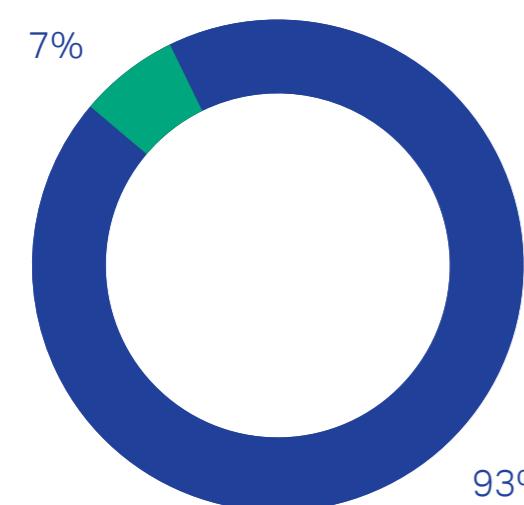
Distributed financial value

[Million €]	2021	2020	2019
Operating costs (purchase of products, materials, rental of buildings, licence fees, payment of contract workers, training costs, personal protective equipment).	149.6	122.4	117
Personnel costs (salaries, benefits, personnel costs).	32.3	29.2	25.7
Public administration (taxes and duties, penalties, etc.).	- 1.0	4.2	2.0
Payments to capital providers (dividends distributed to shareholders)	3.9	3.2	2.7

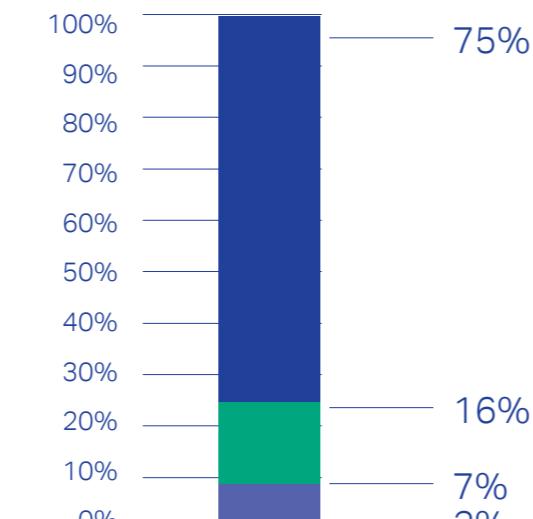
Retained financial value

[Million €]	2021	2020	2019
Wealth retained by the company ("Directly generated financial value" minus "Distributed financial value").	14	17.2	19.4

Distributed and retained financial value 2021



Distributed value detail 2021



Total capitalisation is divided between debt and share capital

	2021
Shareholders' equity	147.2
Debt	155.5
Total Assets	302.7

EBIT

	2021	2020	2019
EBIT	5.0	9.5	8.2

Taxes accrued and paid

	2021
Pre-tax profit/(loss)	-8.1
Tangible assets other than cash and cash equivalents	102.9
Corporate income tax paid on a cash basis	5.2
Corporate income tax accrued on profits/losses	605.0

The difference between the corporate income tax accrued on profits/losses and the tax payable is due to the tax credit for capital goods 4.0 and ACE benefit.

EU taxonomy

Based on the Taxonomy Regulation 2020/852 (TR) of environmentally sustainable economic activities, companies subject to mandatory reporting must declare the alignment of turnover, capital and operating expenditure to the taxonomy (Art. 8 TR). Financial operators use this data to report the alignment of their activities to the taxonomy (Art. 8 TR, for financial operators subject to Non-Financial Disclosure), and the alignment percentage with the taxonomy of products with environmental objectives (Art. 5 and Art. 6 TR, referring to Art. 8 and Art. 9 Sustainable Finance Disclosure Regulation - SFDR products).

Annexes I and II to Delegated Regulation 2020/852, adopted by the Commission to supplement the TR, establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives.

mental objectives.

During its first reporting year, the regulations required the publication of the share of eligible activities, i.e., activities listed in Annexes I and II, regardless of whether the technical screening criteria were met. The Fine Foods Group's operations do not currently fall within the "environmentally sustainable" activities defined in these annexes, and cannot be defined as "eligible" for Taxonomy purposes. The Commission will publish potentially "eligible" activities for the remaining four environmental objectives during 2022. This scope broadening could include the Group's activities. The legislation states that a company carrying out operations not mentioned by Annexes I and II may consider the capital and relevant operational expenditure related to individual measures that achieve low carbon emissions or greenhouse gas reductions. The capital and operational expenditure related to the following accountable items⁶ under the TR is reported:

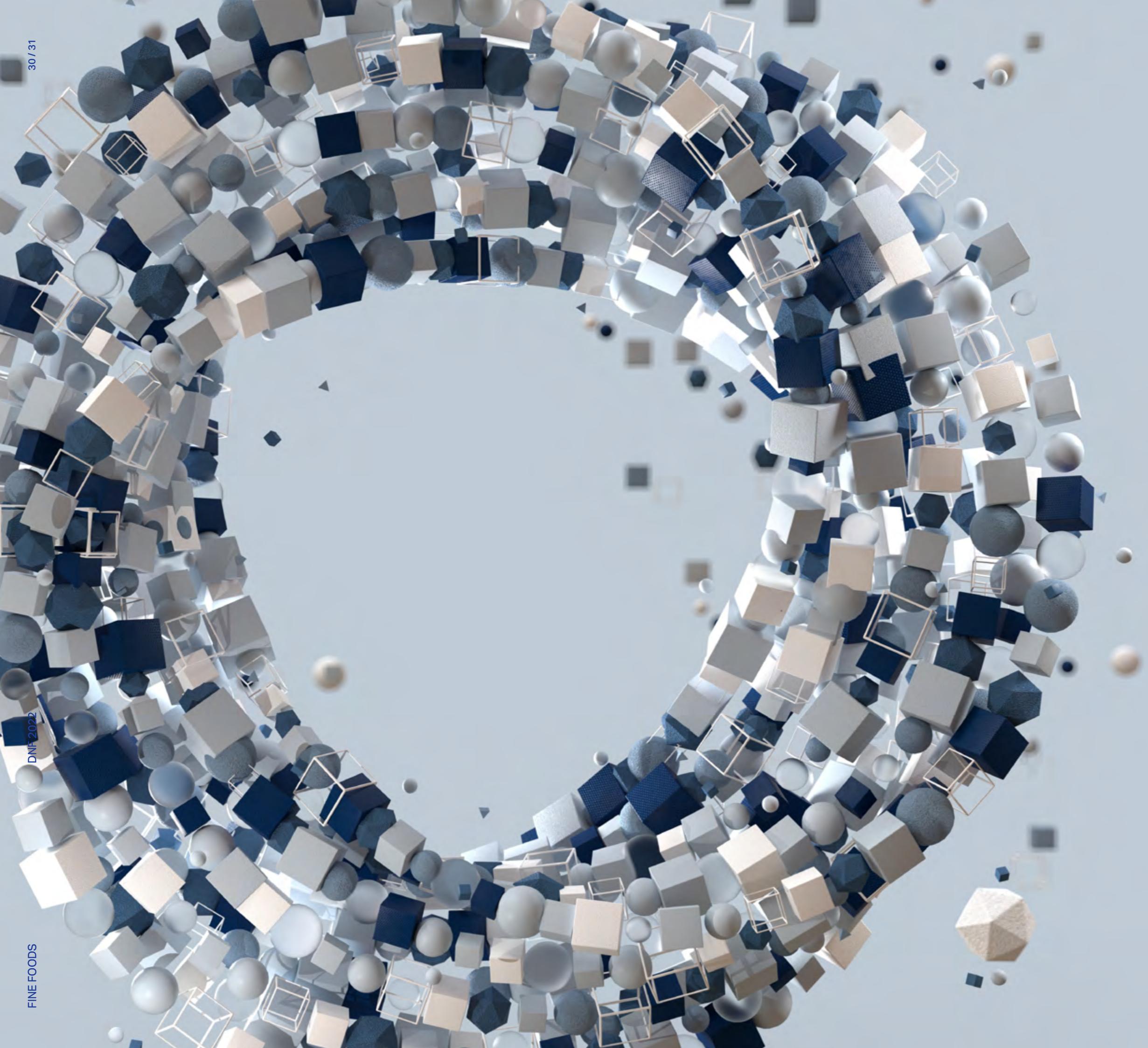
Turnover	CAPEX	OPEX
0%	0% (8,515 €)	0% (12,096 €)

⁶ CAPEX and OPEX expenditure in Table I refers to the following Annex II items:

7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)

7.6. Installation, maintenance and repair of renewable energy technologies

Sustainability Strategy



Stakeholder identification and engagement

Setting up an effective sustainability strategy that generates value in the medium and long term for investors and stakeholders starts by identifying and surveying stakeholder needs.

Their identification was carried out as part of Fine Foods' quality, environment and safety management system. The list was supplemented by studying and analysing the impact caused by ESG issues. The main tools used for the analysis were:

- **ESG issue benchmarking** published by peers, competitors and customers;
- **Industry ESG risk analyses** carried out by recognised ESG rating agencies;
- **Consulting industry** documents and guidelines.

Stakeholder needs have been identified through active (interviews with the sales and marketing department, questionnaires, focus groups) and passive (engagement by customers/investors through questionnaires and meetings) engagement tools.

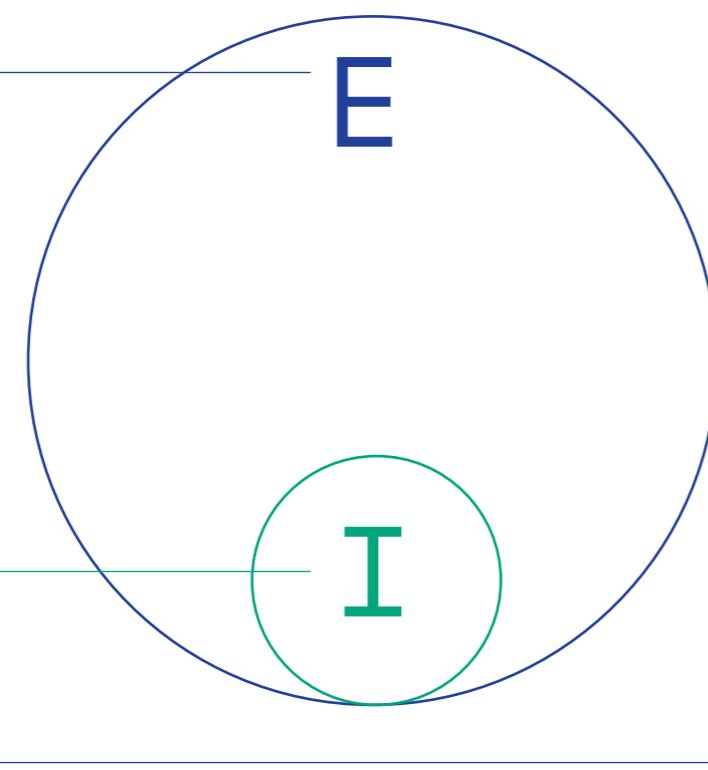
The complete list of priority stakeholders is given below, together with the involvement methods used to identify their needs. The last column summarises the identified needs and expectations:

EXTERNAL

- Customers
- Insurance companies
- Regulatory authorities
- Local authorities
- Banks
- Investors
- Local communities
- Future generations
- Suppliers

INTERNAL

- Employees
- Shareholders



Stakeholder group	Engagement method	Expectations and needs
Employees	<ul style="list-style-type: none"> · Satisfaction questionnaires · Workshops · Surveys on specific topics · Trade union discussions · Internal communication activities (Zucchetti portal, notice boards, etc.) · Training 	<ul style="list-style-type: none"> · Living a stable working condition · Opportunities for professional growth and training · Regular payment of salaries · Carrying out their work safely, effectively and efficiently · Clear work instructions · Objective performance evaluations · Protecting people's psychological and physical well-being · Diversity respect and appreciation · Possibility of using forms of flexibility for work-life balance · Recognising company values · Sustainable use of resources and responsible consumption · Training young people · Supporting community health
Customers	<ul style="list-style-type: none"> · Daily relations with the commercial team · Customer needs surveys · Supplier qualification process 	<ul style="list-style-type: none"> · Products meeting implicit and explicit requirements · Product safety · Meeting delivery times · Organisational structure reliability and risk management capacity · Business continuity · Flexibility · Appropriate ethical factors · Favourable price/quality ratio · Good documentation quality · Ad hoc product development support · Partnership development · Supply chain decarbonisation · Supply chain social and environmental assessment · More sustainable raw materials · Knowledge · Innovation
Shareholders/investors	<ul style="list-style-type: none"> · Investor relations · Shareholders' Meeting · Qualification process 	<ul style="list-style-type: none"> · Share value growth · Investment risks reduction · Corporate Governance · ESG rating
Suppliers	<ul style="list-style-type: none"> · Daily relations with the procurement team · ESG performance rating portal · Supplier qualification process 	<ul style="list-style-type: none"> · Partnership continuity · Compliance with contractual conditions · Partnership development
Future generations	<ul style="list-style-type: none"> · Monitoring channels of the leading international non-governmental organisations (e.g., UN, ILO, GRI, SBT, WWF) · Implementing guidelines · Participating in training events 	<ul style="list-style-type: none"> · Help achieving UN Sustainable Development Goals (SDGs) · Protecting the environment and human rights along the value chain
Local communities	<ul style="list-style-type: none"> · HR team relationship · Cooperation agreements with universities and technical institutes · Agreements to host study-work students 	<ul style="list-style-type: none"> · Partnership continuity · Developing new shared value projects
Local and regulatory authorities	<ul style="list-style-type: none"> · Requesting and granting authorisations · Inspections · Consultations 	<ul style="list-style-type: none"> · Regulatory compliance · Market feedback
Certification bodies	<ul style="list-style-type: none"> · Audits 	<ul style="list-style-type: none"> · Regulatory compliance · Information accuracy
Trade associations	<ul style="list-style-type: none"> · Monitoring update channels · Direct contact for exchanging information on trends and needs of sector companies 	<ul style="list-style-type: none"> · Partnership and constant information flow
Banks	<ul style="list-style-type: none"> · Direct contact with administrative offices 	<ul style="list-style-type: none"> · Information accuracy · Solvency · Financial soundness
Insurance	<ul style="list-style-type: none"> · Contact with administrative/management offices 	<ul style="list-style-type: none"> · Risk forecasting and management



EMPLOYEE INVOLVEMENT IN SUSTAINABILITY ISSUES

When Fine Foods joined the Global Compact, the Parent Company's ESG Department circulated a questionnaire on the SurveyMonkey platform to its employees. They were asked to select the United Nations Sustainable Development Goals (SDGs) from the goals identified by management as priorities and consistent with the Group's operations.

Each objective was associated with an activity Fine Foods would start to implement under the social responsibility commitments undertaken through its Global Compact membership and transformation into a Benefit Corporation.

The results identified four main areas corresponding to four Sustainable Development Goals (SDGs), on which the Fine Foods Group's common benefit activity will focus as defined in the sustainability plan. Below are the results:

- 1. Good health and people's care (SDG3):** Lending support to health and people's care organisations in our area through volunteering or donations to purchase equipment.
- 2. Training young people (SDG4):** Working with schools to guide young people to choose scientific and technical subjects to prepare them for future challenges.
- 3. Responsible consumption (SDG12):** Promoting an awareness campaign on sustainable resource use, sustainable consumption and environmental education.
- 4. Environmental care (SDG15):** Contributing to projects to protect and restore green areas in our country.



PRELIMINARY SURVEY

The following surveys were conducted to obtain a clear overview of the framework in which Fine Foods operates and trace

- Analysis of existing technical documents, codes, regulations and company procedures (e.g. System 231 and annexes, Financial Report, management review minutes, initial environmental review, environmental permits, risk assessment document, management systems manual) to define the background.
- ESG issue benchmarking published by peers, competitors and customers; the analysis of the sustainability reports, sustainability sections of peers, competitors and customers' web pages, and ESG assessment questionnaires received from customers was necessary to define external stakeholders' interests, demands and expectations, the main issues (megatrends) and sector future challenges.

WORKSHOPS WITH MANAGEMENT

The topics identified were directly prioritised by the management which gave greater prominence to those aspects that can positively or negatively influence the organisation's ability to create value. Two workshops were organised in December 2021, attended by first-level executives and managers of the Parent Company. After an introduction that included sharing the preliminary survey results to align all mana-

potentially material topics, based on ESG Committee input and with the ESG Office operational support:

- Industry ESG risk analyses carried out by recognised ESG rating agencies.
- Consulting industry documents and guidelines provides a comprehensive list of potentially material topics for our organisation's present and future (examples of standards used: Corporate Governance Code, SDGs, GRI standards, ISO 26000, International Integrated Reporting Framework <IR>, SASB standards, etc...).

The survey results were submitted to the ESG Committee, which validated the main ESG issues affecting the Fine Foods Group.

gement on sustainability issues, managers rated the relevance of each of the potentially material topics to Fine Foods on a scale of 1 to 5.

Management was asked to assess the topics identified from the stakeholders' viewpoint, each according to their expertise, rating the relevance of each topic on a scale of 1 to 5.

Materiality analysis

The materiality analysis identifies, assesses, and prioritises significant topics from the company and its stakeholders' viewpoints. This process identifies the material topics which are sufficiently important to make their reporting essential.

As prescribed by GRI standards, identifying material topics considers the company operations' internal and external impact, i.e. along the organisation's value chain.

To identify material topics, Fine Foods has identified specific actions to engage its internal and external stakeholders.

The process used for stakeholder identification, consultation and engagement is described in the dedicated section of this report.

EMPLOYEE INVOLVEMENT

Fine Foods' employees were asked to assess the sustainability objectives in the list, which management identified as priorities and consistent with the Group's business. A questionnaire was administered in December 2021 in which stakeholders

selected the sustainable development objectives that were most important.

Please refer to the "stakeholder identification and involvement" section for details.

OTHER STAKEHOLDERS' INVOLVEMENT

In addition to interviews and the Fine Foods managers' workshop, the following methods were used by Fine Foods' Management or commercial team and the business contacts of some of our significant customers at various times during the year to identify the needs of strategic stakeholders for Fine Foods' business:

MATERIALITY MATRIX

The data obtained from assessing the priority topics for stakeholders and management was confirmed and validated by the ESG Committee. This resulted in the materiality matrix. The matrix shows the degree of relevance attributed to the topics on the x-axis from the management per-

- Meetings focused on the presentation of sustainability priorities
- Questionnaires to gather information on how Fine Foods manages sustainability issues.

spective and a y-axis from the stakeholder perspective.

This exercise identified a list of material topics that will be reported in the relevant chapters of this Sustainability Report, under the GRI standards and Legislative Decree 254/2016.

LINK BETWEEN MATERIAL TOPICS AND SDGs

To ensure alignment between Fine Foods' sustainability strategy with the priorities defined by the 2030 Agenda for Sustainable Development defined by the

United Nations, 11 of the 17 Sustainable Development Goals (SDGs) defined by the 2030 Agenda have been associated with material topics for Fine Foods.

LINKING MATERIAL TOPICS WITH THE GLOBAL COMPACT TEN PRINCIPLES

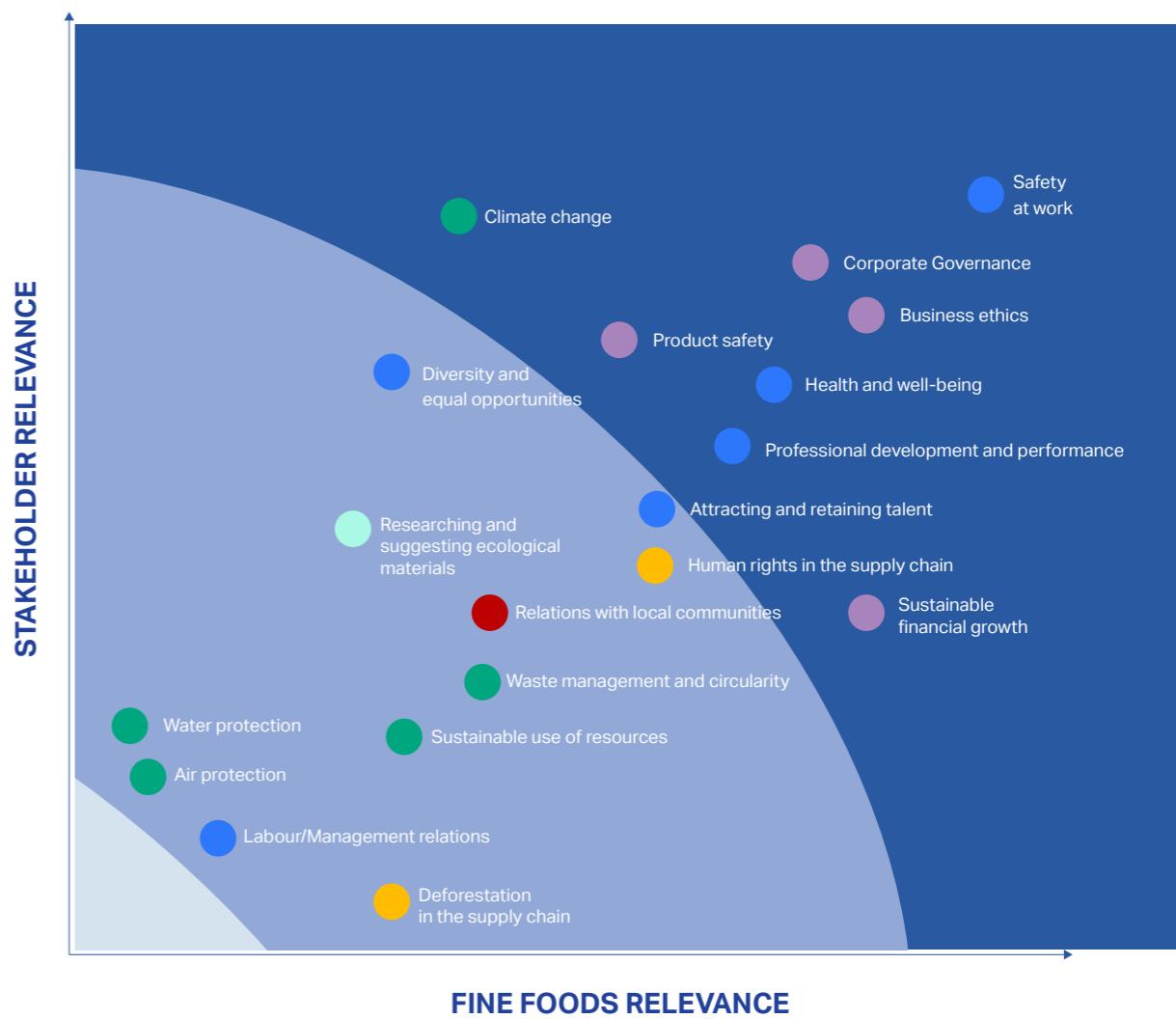
The identified topics have been linked to the Global Compact Principles and to ensure that our strategy is aligned with them.

FINE FOODS GROUP SUSTAINABILITY PILLARS

The 19 topics identified by the materiality analysis have been grouped into six macro-areas to distinguish the areas on which each issue manifests its most significant impact: Ethics and Governance,

People, Environment, Sustainable Products, Supply Chain, Land Development. These are the impact macro-areas that constitute the six pillars of the Fine Foods Group Sustainability strategy.

Image: Materiality matrix



FINE FOODS RELEVANCE

Key:
FINE FOODS
SUSTAINABILITY AREAS

■ Ethics and governance
■ People
■ Environment

■ Sustainable products
■ Supply chain
■ Land development

List of identified material topics, SDGs and associated Global Compact Principles:

1. SAFETY AT WORK



2. CORPORATE GOVERNANCE



3. CLIMATE CHANGE

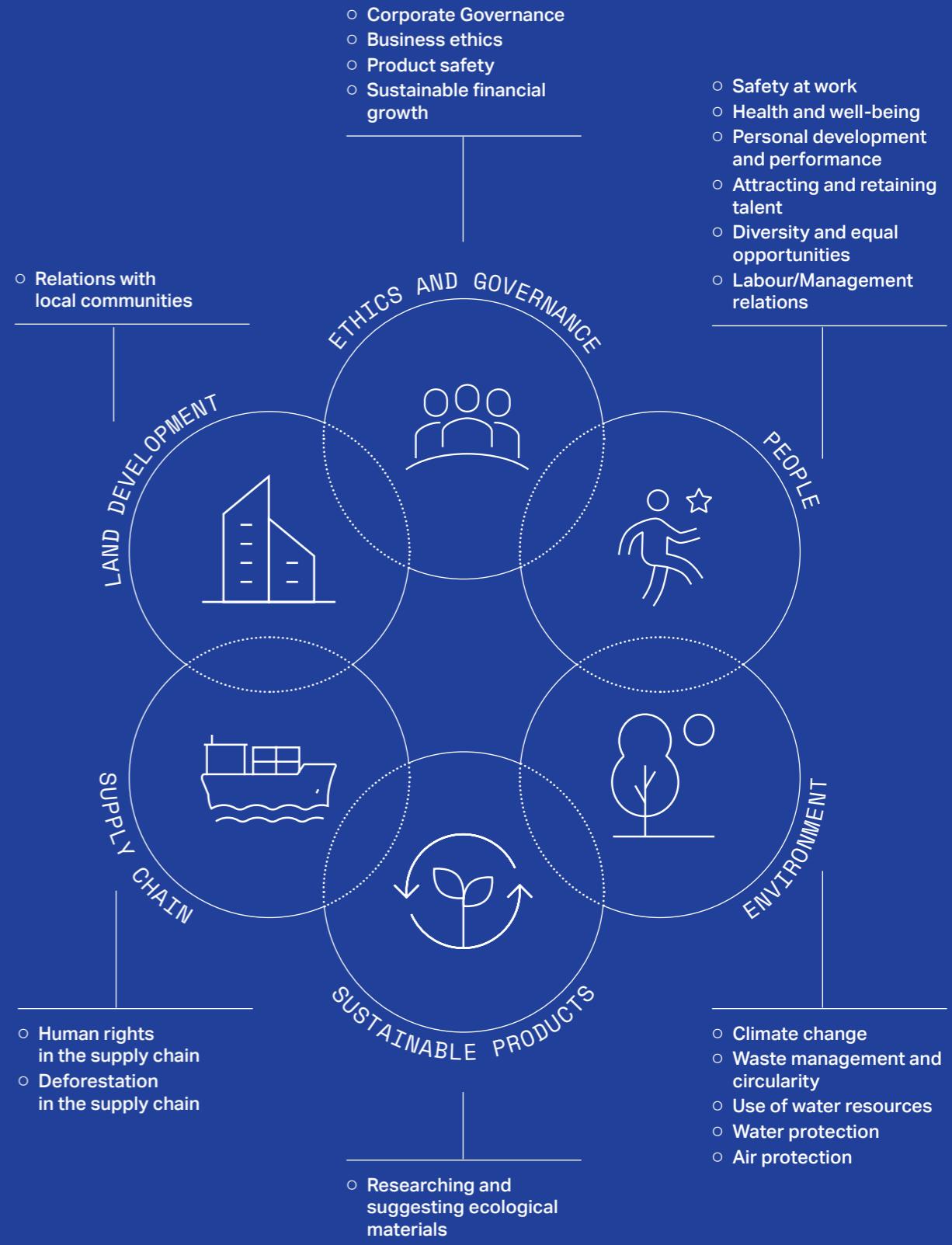


4. BUSINESS ETHICS

5. PRODUCT SAFETY

6. HEALTH AND WELL-BEING	 
7. PROFESSIONAL DEVELOPMENT AND PERFORMANCE	
8. ATTRACTING AND RETAINING TALENT	  
9. SUSTAINABLE FINANCIAL GROWTH	
10. HUMAN RIGHTS IN THE SUPPLY CHAIN	 
11. DIVERSITY AND EQUAL OPPORTUNITY	
12. RELATIONS WITH LOCAL COMMUNITIES	 
13. WASTE MANAGEMENT AND CIRCULARITY	 
14. RESEARCHING AND SUGGESTING ECOLOGICAL MATERIALS	 
15. USE OF WATER RESOURCES	 
16. WATER PROTECTION	
17. AIR PROTECTION	
18. LABOUR/MANAGEMENT RELATIONS	
19. DEFORESTATION IN THE SUPPLY CHAIN	  

The six pillars of the Fine Foods Group Sustainability strategy:



Sustainability plan

Ethics and Governance, People, Environment, Sustainable Products, Supply Chain, Land Development. These are the impact macro-areas that constitute the six pillars of the Fine Foods Group Sustainability strategy.

The elements that make up the strategic sustainability plan are as follows:

1. Strategic objectives arise from the relevance of the material topics that emerged from the materiality analysis and describe the company's sustainability vision.
2. Strategic projects include general activities that the company management intends to implement to achieve the strategic objectives.
3. Targets and KPIs are precise and numerical indicators to monitor strategic projects.

4. KPIs are indicators that the Board of Directors and the ESG Committee monitor to verify the strategic projects' effectiveness.

Fine Foods will contribute to 11 of the 17 Sustainable Development Goals (SDGs) of the United Nations 2030 Agenda and the Global Compact Principles. The Sustainability Plan is used to share this Fine Foods process with stakeholders.

The strategic objectives and projects were proposed by the ESG Committee, with the help of the ESG department, and approved by the Board of Directors when approving this Sustainability Report. Specific targets and KPIs were defined and agreed with the managers of each area. The plan is monitored and updated annually to report on progress.



PEOPLE

Strategic objectives:

Fine Foods puts people's safety first and promotes programmes that improve protection and prevention standards. We want the best talent. Therefore, we consider it a priority to build a peaceful and inclusive environment where people can express their potential, be valued and rewarded based on their commitment and skills. They are encouraged to contribute to Company success.

KPIs

- injury index
- % retention
- Per capita training hours
- % male/female balance in management

Strategic projects:

- All group plants must possess an occupational health and safety management system certified under the ISO 45001 standard
- Implementing campaigns to promote safety in group companies
- Implementing at least one activity annually to promote healthy lifestyles, encourage prevention measures, increase people's wellbeing and work-life balance and raise people's awareness of diversity and inclusion issues to prepare the company for the future.
- Promoting training courses to develop skills in diversity and inclusion and soft skills

TARGETS AND KPIS

2022

- Updating health and safety policy and staff training.
- At least one campaign to promote safety at work.
- At least one project to promote personal well-being
- Implementing smart working regulations
- Keep the injury rate below the average of the last three years

2025

- All Group companies ISO 45001 certified
- At least two completed "Talent Factory" projects
- At least one management training project to spread the feedback culture
- All staff trained on diversity & inclusion policies
- Injury index < 9 [no. of injuries over a million work hours]

Fine Foods for future STRATEGY 2025



ETHICS AND GOVERNANCE

Strategic objectives:

Fine Foods wants a sustainable success-oriented governance. Fine Foods puts product safety first and acts responsibly and transparently towards its stakeholders.

KPIs:

- % employees hired with open-ended contracts
- Value generated [Million €]
- ESG ratings from external companies

Strategic projects:

- Projects for the dissemination and acquisition of skills related to the code of ethics and implementation policies in group companies
- Implementing management reward systems based on ESG criteria to incorporate sustainability objectives in the corporate organisation

TARGETS AND KPIS

2022

- Updating the code of ethics and anti-corruption policy and training all staff

2025

- MBO system on ESG criteria for first- and second-level managers who impact ESG results



ENVIRONMENT

Strategic objectives:

We want to prepare for a climate-neutral future and want to use natural resources available for future value creation.

KPIs

- CO₂ emission intensity Scope 1-2 [Ton. CO₂/Ton produced]
- MWh of energy produced from renewable sources
- % waste sent for recovery
- The intensity of water withdrawn from the network [m³ water/Ton produced]

TARGETS AND KPIS

2022

- Environmental policy updating and staff training
- At least 50 KW installed capacity for energy production from renewable sources
- Implementing water consumption monitoring network at the Zingonia plant

2023

- Aligning decarbonisation targets with science-based targets (SBTi)



SUPPLY CHAIN

Strategic objectives:

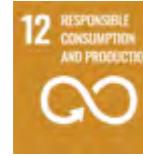
- Fine Foods promotes and shares its values throughout the supply chain and works towards a qualified supply chain in business ethics, focusing on respect for human rights.

KPIs

- % value of purchases of raw materials and consumables from suppliers assessed on ESG criteria

Strategic projects:

- Sharing corporate values along the supply chain
- Environmental and social assessment of suppliers



SUSTAINABLE PRODUCTS

Strategic objectives:

- Fine Foods wants to be its customers' production plant and help them create sustainable products. We will strive to industrialise their products by finding new strategies to decarbonise processes, minimise the use of natural resources and raw materials, promoting their circular use. We will research and suggest more environmentally friendly materials.

KPIs

- Number of sustainable product development projects

Strategic projects:

- Acquisition of LCA (Life Cycle Assessment) internal expertise
- Projects for researching and suggesting greener materials and designing more sustainable products based on LCA analysis

2025

- A minimum of 500 kW installed capacity for energy production from renewable sources
- 100% green energy purchased from the grid
- 100% ISO 14001 certified group companies
- At least four projects to reduce water consumption
- At least four projects to reduce waste sent for disposal

TARGETS AND KPIS

2022

- A training project to acquire LCA skills and 40 per cent of R&D, purchasing, and sales staff trained
- At least 1 more sustainable product development projects based on LCA

2025

- At least 4 more sustainable product development projects based on LCA
- All R&D, purchasing and sales staff trained in LCA



LAND DEVELOPMENT

Strategic objectives:

- Fine Foods builds an equitable future by promoting actions of common benefit to the communities where it operates.

KPIs

- Nº. of people involved
- Nº. of projects launched

Strategic projects:

- Partnership with schools to set up internships and school-to-work projects
- Promoting and funding joint benefit projects for people care, young people education, protecting the environment and responsible consumption

TARGETS AND KPIS

2022

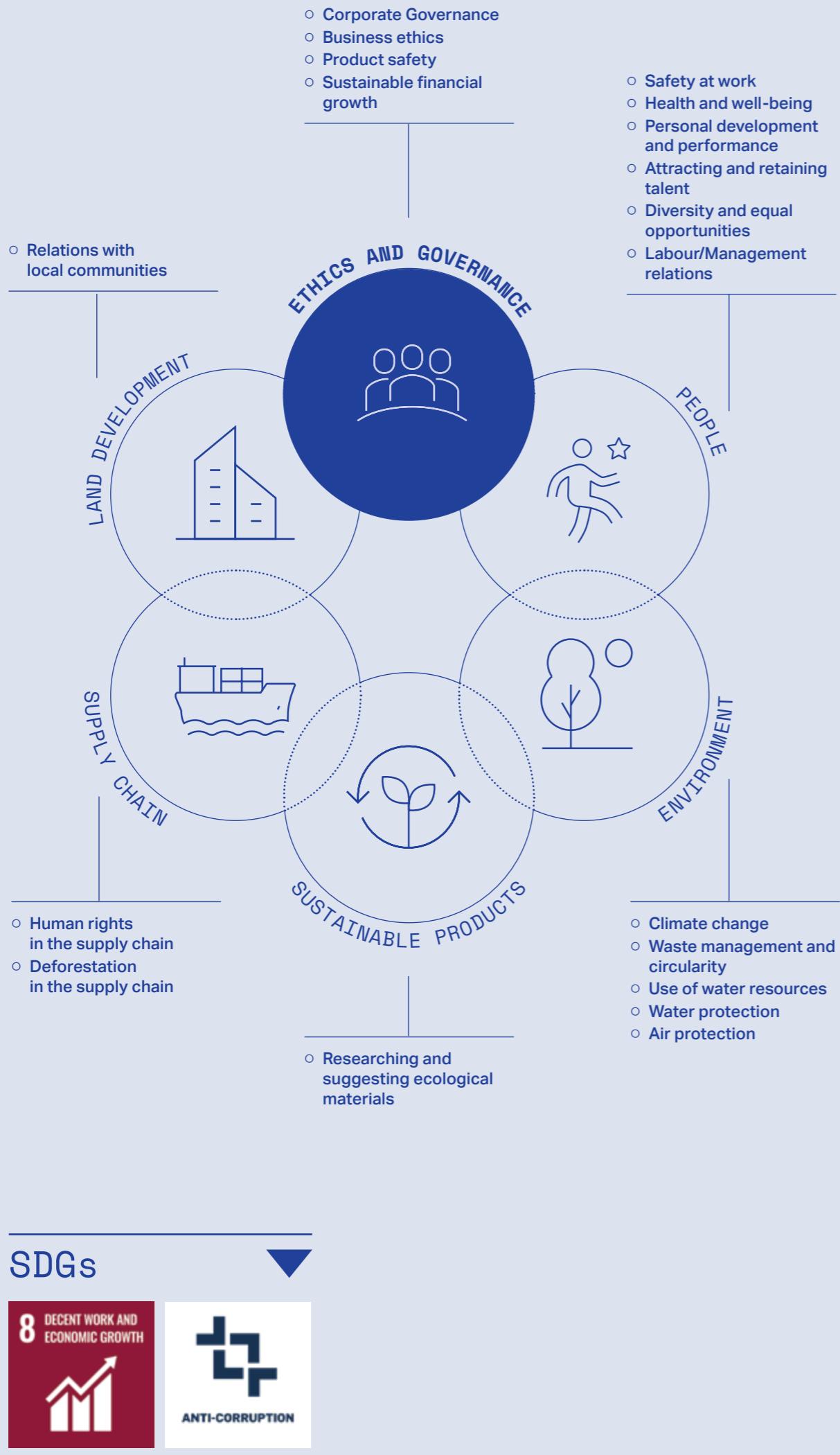
- At least one joint benefit project for people care, young people education, protecting the environment and responsible consumption
- At least 100 people involved in the area in sustainability education projects

2025

- At least four projects launched
- At least 500 people involved



Ethics and Governance



“Fine Foods wants a Group sustainable success oriented governance. Fine Foods puts product safety first and acts responsibly and transparently towards its customers, shareholders, people and the environment, where respect for ethics in business and socially responsible behaviour are the basis of the Company daily actions.”



Our sustainable growth structure

The Fine Foods Group places responsibility towards customers, shareholders, people and the environment at the heart of its business model, where respect for ethics in business and socially responsible behaviour are the basis of its daily actions.

The Parent Company has adopted the following organisational factors:

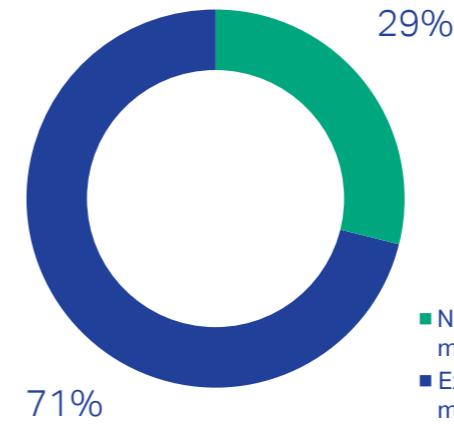
- corporate governance compliant with the Borsa Italiana's Corporate Governance Code;
- articles of association in line with the new objectives to create long-term sustainable value;

- a Code of Ethics containing the principles and values which are the basis of the Company's operations and management;
- an Organisation, Management and Control System under Legislative Decree 231/2001;
- ISO international standards certified systems to monitor the processes and operations considered sensitive for the organisation's smooth-running.

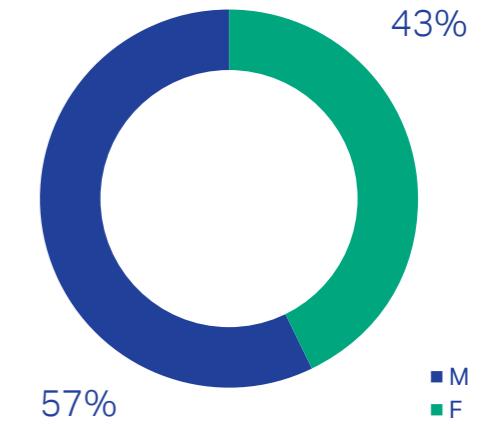
Composition of the Board of Directors by gender and age

Number of members	Fine Foods Parent Company	
	M	F
age		
from 30 and up to 50	0	2
over 50	4	1
TOT	4	3

Non-executive members



Composition of the Board of Directors by gender



M

F

Our Corporate Governance

Fine Foods' Corporate Governance complies with Borsa Italiana's Corporate Governance Code. The Principles and Recommendations set out in that Code define good governance to guide the Company towards sustainable success.

Fine Foods has adopted a traditional governance model and consists of the following corporate bodies:

- Shareholders' Meeting
- Board of Directors
- Board of Statutory Auditors

The Fine Foods' corporate management is entrusted to the Board of Directors (BoD). Its operation is governed by the "Board of Directors Regulations" published on the Parent Company's website ([→ www.finefoods.it](http://www.finefoods.it)).

BOARD OF DIRECTORS

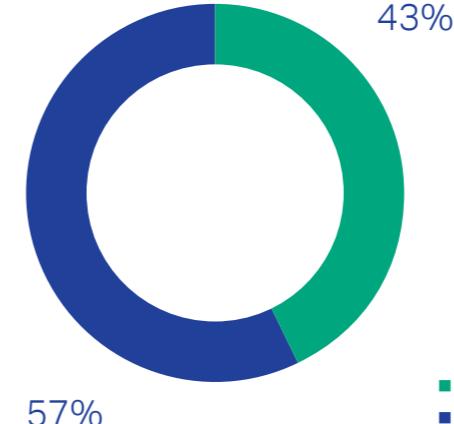
The Board of Directors' main role is to guide the Company towards sustainable success, deciding on its strategic direction and monitoring its implementation. The Board of Directors promotes the best Dialogue with the shareholders and other company-relevant stakeholders.

The Board of directors comprises executive and non-executive directors and a quota of independent directors who have the professionalism and skills appropriate to the entrusted tasks. The Company

applies diversity criteria for its Board of Directors, which must ensure its members adequate expertise and professionalism.

The Parent Company's Board of Directors comprises seven members, three are independent and two non-executive, and 43 per cent of the members are the least represented gender (four men and three women).

Independent members



Independent
Non-independent

COMMITTEES

The Fine Foods Board of Directors has set up three internal committees with advisory and proposal-making functions:

- Environment, Social and Governance or ESG Committee
- Remuneration and Nomination Committee
- Control, Risk and Related Parties Transactions Committee

The **ESG Committee** supports the BoD in integrating sustainability objectives within the business plan. Particularly:

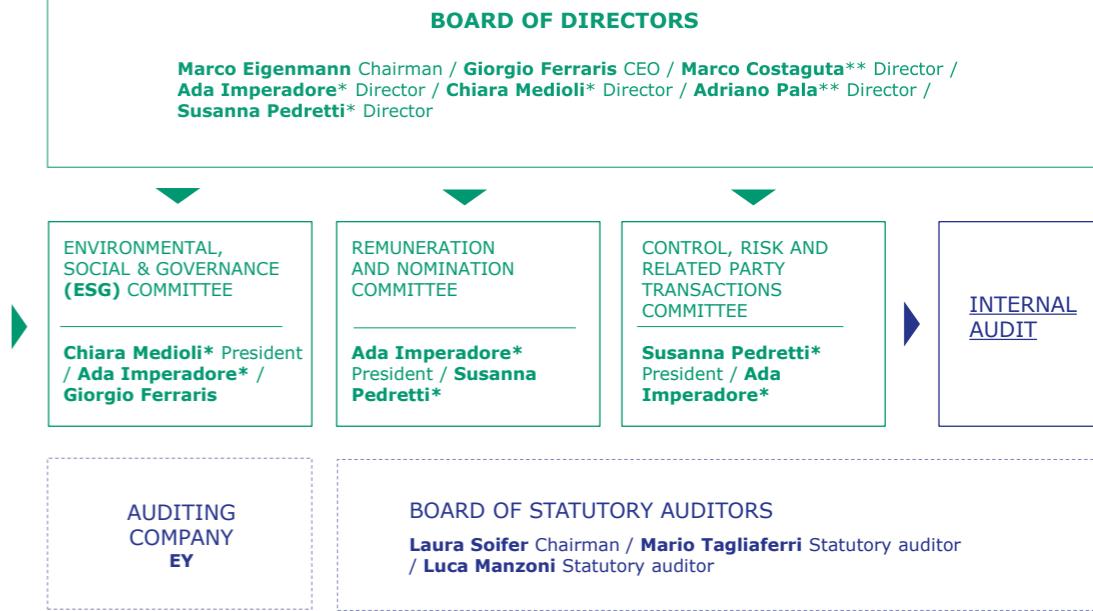
- formulates opinions and makes proposals to define a strategy that integrates sustainability into business processes;
- proposes projects and activities to implement this strategy;

- monitors the progress of activities and projects that implement the Company's sustainability strategy based on previously defined quantitative and qualitative indicators;
- oversees the evolution of sustainability issues by assessing the guidelines, best practices and national and international principles that are gradually emerging on the subject. It monitors the Company's position on the market by participating in initiatives to assess the Company's ESG performance and analysing the sustainability performance of competitors and peers.

The Remuneration and Nomination Committee supports the BoD in defining Directors' remuneration and top management, including those holding special offices. This is carried out under the remuneration and incentive policy drawn up by the BoD and approved by the Shareholders' Meeting.

The Control, Risk and Related Party Transactions Committee supports the Board of Directors' assessments and decisions regarding the Group's business Internal Control and Risk Management System, under corporate strategies, and provides a reasoned opinion on the Company's interest in carrying out Related Party Transactions.

The various Committees' roles, composition, and functioning are defined by specific regulations that implement the principles established by Borsa Italiana's Corporate Governance Code.



*Independent director under art. 148, paragraph 3, TUF (referred to in art. 147-ter, paragraph 4, TUF).

**Non-executive Director

ESG ISSUES OPERATIONAL MANAGEMENT

An ESG operating unit has been set up at the Parent Company. It reports directly to the CEO and carries out the following tasks:

- supporting the ESG committee in proposing and defining the business strategy that integrates sustainability into business processes;
- monitoring performance related to measuring the Group's sustainability, using quantitative and qualitative

indicators defined in advance based on the strategy adopted, and reports the results to the ESG Committee;

- monitoring project status implementing the Group's sustainability strategy, and directly managing part of them in the CSR area;
- supporting the ESG Committee in operational phases to prepare the non-financial statement.

SUPERVISORY FUNCTIONS

The supervisory functions under the law and Articles of Association are entrusted to the Board of Statutory Auditors. The Board of Directors verified that Board members meet the legal requirements of independence, integrity and professionalism.

Auditing and controlling the accounts is assigned to an external auditing company duly registered in the Register of Auditors at the Ministry of Economy and Finance.

Following a work plan approved by the Risk and Related Party Transactions Committee, Internal Audit checks that the mitigation measures identified for the management of each risk classified as relevant to Fine Foods' business are practical and efficient.

To pursue its mission while following its values and principles, the Parent Company has adopted a Code of Ethics, which is a set of behaviours that must be followed for the regular Company operation to guarantee its management reliability and preserve its image and reputation.

SYSTEM 231

The Organisation, Management and Control System adopted by Fine Foods under Legislative Decree 231/2001, drawn up under the Confindustria Guidelines 2014 and Farmindustria instructions, has been implemented to spread the necessary awareness among all those who operate on the Company's behalf. If there is a violation of the System's provisions, these parties may incur a criminal and administrative offence against them, which could involve the Company.

As part of the internal control system, the Code of Ethics is one of the requirements of the Organisation, Management and Control System adopted by Fine Foods under Legislative Decree 231/2001.

The system consists of a general and a special part, which was divided so that each contains a specific category of offence under Legislative Decree 231/01.

The documents that make up the system are as follows:

- Code of Ethics
- Disciplinary system
- Risk assessment
- List of offences

CODE OF ETHICS

The Code of Ethics was approved by the Board of Directors in March 2019 and contains the company core values.

The following are the core values upheld by Fine Foods:

- Respect for the law
- Respect for people
- Fairness
- Protection of competition
- Health, Safety and Environmental protection
- Corporate governance
- Corruption, money laundering and cross-border crimes

The main behaviours referred to in Fine Foods Code of Ethics are as follows:

- We promote transparency in relationships, demanding professional ethics, the moral integrity of individuals, respect for the law.
- We oppose all discrimination against people based on gender, race, language, personal and social conditions, religious and political beliefs.
- We believe in the commitment of each person to grow and improve.
- We encourage teamwork and employee continuous training.
- We dedicate our skills and expertise to our customers to grow together.
- We are focused on customer service and satisfaction.
- We recognise the importance of building a lasting partnership with our suppliers.
- We believe in the importance of working guided by a sound quality management system, protecting people's health and the environment.

COMBATING CORRUPTION

To pursue its mission, Fine Foods is committed to complying with the regulations on the fight against money laundering and corruption towards public officials or private individuals on the national and international front.

- We are convinced that sharing our organisation's principles and values provides the Company with a key competitive advantage.

The rules of conduct concern the following areas of corporate action: responsibility of recipients, relations with human resources, conflict of interest, product quality, use of proprietary assets, data and information confidentiality, relations with suppliers, relations with institutions and public officials, management of gifts, management of communications, third party recipients.

The Supervisory Body has been established and monitors the application of the Code of Ethics, reporting violations and proposing revisions, supervising the proper functioning and updating of the Company's "System 231."

Through the disciplinary system and the "Whistleblowing" procedure, Fine Foods ensures that these values are respected by the organisation's internal and external partners and workers.

There has been no non-compliance with social and financial laws and regulations during the reporting period.

Fine Foods Code of Ethics specifies the conduct to keep with institutions and public officials and manage gifts.

There have been no incidents of corruption during the reporting period.

ANTI-COMPETITIVE PRACTICES

Fine Foods recognises that fair and honest competition is fundamental to business development. All parties involved directly or indirectly with the Fine Foods Group are guaranteed not to engage in any act or behaviour contrary to fair and correct competition between companies.

No legal action has been initiated for anti-competitive practices during the reporting period.

CONDUCT STANDARDS KNOWLEDGE

Fine Foods employees receive an Italian copy of the Code of Ethics when they are hired and once the code is changed or revised.

In 2021, an e-learning platform was implemented to record and track privacy training under System 231 and occupational safety management systems.

Tax policy

Management believes that the contribution derived from taxes paid constitutes a vital channel to participate in the local financial and social development where the Group is established. Responsible and rigorous behaviour in the management of this aspect is one of the requirements for the Group to create value in the medium to long term.

In managing its taxes, Fine Foods operates under the principles of transparency,

professional ethics, moral integrity and respect for the law, as defined in its Code of Ethics. Those involved in commercial and financial processes must avoid offences of receiving stolen goods, money laundering, commitment of money, goods or services of illicit origin and self-laundering. These are described in the relevant section of the Fine Foods Organisation, Management and Control System under Legislative Decree 231/2001.

TAX GOVERNANCE AND STAKEHOLDER ENGAGEMENT

The Parent Company Administrative and Financial Management is responsible for managing tax issues. In addition, it exercises a supervisory, guiding and coordinating function for Group companies' administrative offices. Fine Foods' Administrative and Financial Management is responsible for preparing the consolidated financial statements. The information reported is audited as part of the financial statements statutory audit.

with the Public Administration and national tax authorities, the Group ensures access to relevant information that can demonstrate the integrity of tax processes, declarations and payments made.

Relations with tax authorities are based on the same principles as those mentioned in our Code of Ethics. To develop and maintain cooperative and transparent relations

The Group carries out its tax activities exclusively in Italy. The Administration Department investigates the legal headquarters of counterparties (e.g. tax havens and countries at risk of terrorism), credit institutions and any fiduciary organisations involved in the various transactions to avoid tax irregularities in financial flows to third parties.

TAX RISK MANAGEMENT

The Group assesses the related risks within the Organisation, Management and Control System to pursue its tax strategy.

The specific risk areas have been identified by analysing the activities carried out within the corporate organisation. Under Legislative Decree 231/01 and following the above analysis, the management has set up a control system to prevent offences underlying each identified risk. To ensure that the procedural system is implemented and successful, the Supervisory Board carries out periodic checks on the practices to prevent tax offences.

Risks are periodically reviewed upon input from the Board of Directors or Supervisory Body.

For example, to reduce the risk of tax irregularities, Fine Foods applies the following practices:

- periodic audits carried out by the Board of Statutory Auditors;
- audits of the annual report by an external company of proven professionalism and national and international experience;
- implementation of whistleblowing practices.

Fine Foods uses external professionals for tax consultancy and assistance to interpret regulations correctly and preventively evaluate emerging risks.

Certifications, performance assessment and ESG awards

Fine Foods' Parent Company is assessed by recognised rating agencies and certification bodies and won important recognitions. This assesses the organi-

sation's effectiveness and measures its sustainability performance to be disclosed transparently to customers and investors.

ECOVADIS⁷



EcoVadis provides a service to assess company sustainability by considering its impact on **the environment, human rights, ethics and sustainable purchasing**. Each Company is assessed according to the material issues identified. The assessment is classified and allocated in a scorecard from 0 to 100. This gives information on the Company's sustainabi-

lity maturity level. A score below 45 points is considered improvable, while above 65 points is considered excellent. As evidence of its excellent results in various sustainability areas, EcoVadis awarded Fine Foods' Parent Company a gold medal in August 2021 for achieving 66 points out of 100 in the Sustainability rating prepared by EcoVadis. This score puts Fine Foods in the 92nd percentile of the EcoVadis global ranking, or in the top eight per cent of companies.

SUSTAINALYTICS⁸



Sustainalytics is a rating company that specialises in analysing ESG data of listed companies. It helps investors, through its ratings, to identify and understand the financially relevant ESG risks of the companies in their portfolios. The rating provides clear information on company ESG risk by measuring the size of an organisation's unmanaged risk.

Fine Foods' Parent Company decided to start this Sustainalytics process. This process began in April 2021 and gave its first result in November of the same year. Fine Foods achieved a score of 26 out of 100 (best score is 0), placing it 26th out of 101 in the ranking of companies rated within its industry category and in the average of companies with an ESG rating on the same portal.

SMETA



Fine Foods' Parent Company obtained SMETA certification in 2016. This certification involves stringent third-party audits that include interviews

with management and employees and ensures that decent labour standards and strict business ethics are respected and protect the environment and people's health.

ISO 14001



ISO 14001 is the standard for Environmental Management System certification for all-sized organisations. Adopting policies and procedures under this standard helps to identify, manage and monitor the environmental impact of an organisation's operations to minimise them. By improving its environmental

performance and processes, Fine Foods strengthens the trust of its customers by keeping its environmental and sustainability responsibilities under control. The Zingonia and Brembate plants have been ISO 14001 certified since 2010.

ISO 45001



The 2018 ISO 45001 standard, "Occupational Health and Safety Management Systems", is the first international standard to define minimum good practice standards for the protection of workers

worldwide. Fine Foods⁹ has been adopting this standard since 2014 in its Zingonia and Brembate plants to reduce risks in the workplace, improve workers' health and well-being, and increase its health and safety performance for continuous improvement.

⁷ EcoVadis

⁸ Home – Sustainalytics – Company Ratings – Fine Foods & Pharmaceuticals N.T.M. SpA

⁹ The ISO 45001 certified management system covers all workers at the Zingonia and Brembate plants, employees and those not directly employed by Fine Foods.

Product safety

Fine Foods is active in manufacturing food supplements, pharmaceuticals, medical devices and cosmetics and ensures the safety of those using these products by putting in place product quality and safety practices and control measures.

The Company is committed to investing in advanced material identification and traceability technologies and applying strict protocols to ensure regulatory compliance of components, labelling and hygiene monitoring of environments.

ISO 9001

By adopting a quality management system certified under ISO 9001 standard, Fine Foods guarantees a solid organisation, assessed by an entity above the parties, to

The Group has a quality management system in place across the production cycle. The quality assurance and control system success factors are the ability to manage numerous controls timely, even when highly complex tests are involved.

Production is managed under dedicated operating procedures and industry regulations. The Fine Foods Group's factories have the following certifications based on the product sector:

keep every aspect of its operations under control and guarantee performance reproducibility to maintain manufacturing processes which continuously improve.

ISO 13485

Implementing this standard provides compliance with the Medical Devices Di-

rective and quality requirements.

CERTIFICATE OF COMPLIANCE WITH GMP FOR FOOD SUPPLEMENTS (CFR21 - PART 111)

Compliance with Good Manufacturing Practice (GMP) requirements in the manufacture of food supplements involves com-

pliance with health and processing requirements essential to the quality and safety of the finished products placed on the market.

FSSC 22000

To be certified under the Food Safety System Certification Scheme 22000 (FSSC 22000), means to have the requirements for a food safety management system that demonstrates the ability to control food safety hazards to ensure that food is

safe for human consumption. FSSC 22000 incorporates ISO 22000, technical specification BSI-PAS 220 and ISO/TS 22004, i.e. the guideline for the correct application of ISO 22000.

GLUTEN AND ALLERGEN FREE

Given the ever-increasing demand for gluten-free products, Fine Foods adapted a self-control plan by developing processing protocols to guarantee the absence of

gluten traces in products for coeliacs. Different protocols are applied for the manufacture of products free of other allergens.

GMP CERTIFICATION FOR COSMETIC PRODUCTS - UNI EN ISO 22716

The harmonised standard that describes the cosmetics sector's GMP requirements is UNI EN ISO 22716. This certifica-

tion demonstrates our commitment to the safety and quality of this type of products.

IFS-HPC - HOUSEHOLD AND PERSONAL CARE PRODUCTS

The IFS HPC certification guarantees the quality and reliability of household and personal care products on the international market. With this certification, Fine Foods

ensures that its products are not dangerous for consumer health, complying with national and international applicable regulations.

MINISTERIAL AND LOCAL HEALTH AUTHORITY AUTHORISATIONS

Depending on the product sector, the plants have specific authorisations for the production and packaging of medicines, medical devices, food products and the use of narcotics.

Below are the certifications' details, divided by plant:

- **Trenzano plant (Euro Cosmetic):**
 - ISO 9001
 - ISO 22716
 - Ministerial authorisation to produce medical and surgical aids
 - IFS-HPC - Household and personal care products

● **Cremosano plant (Pharmatek):**

- ISO 9001
- ISO 13485
- IFS-HPC - Household and personal care products
- Ministerial authorisation to produce medical and surgical aids

● **Brembate plant (Fine Foods & Pharmaceuticals):**

- ISO 9001
- Ministerial authorisation for the use of narcotics
- GMP Certificate and Resolution issued by AIFA for the production of medicines for human use
- Authorisation to produce medicines for clinical trials

Table: Non-compliance incidents concerning health and safety impact of products and services

Number of cases	2021
Cases of non-compliance with regulations leading to a fine or penalty.	0
Cases of non-compliance with regulations leading to a warning.	0
Cases of non-compliance with self-regulatory codes.	0

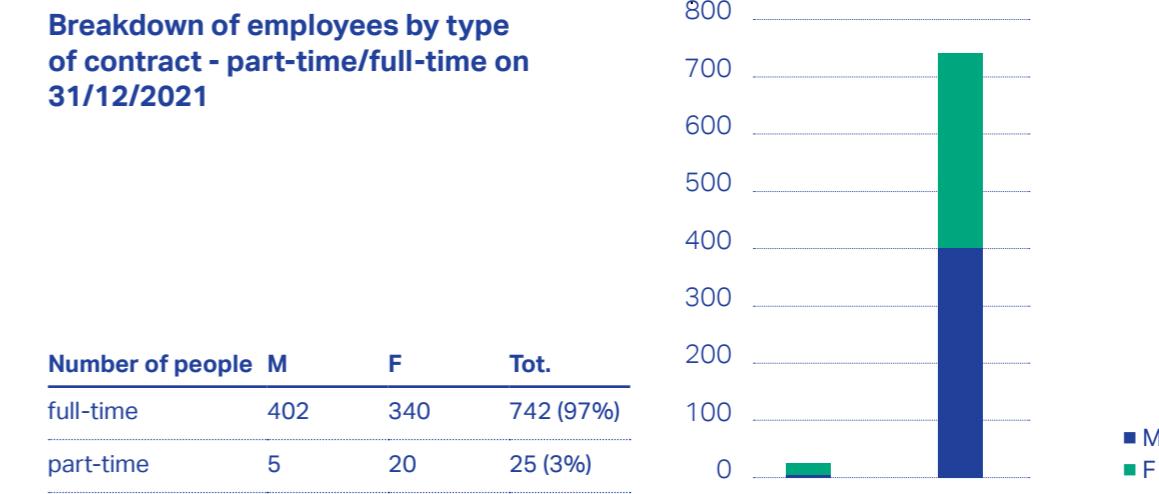
Sustainable Financial Growth

Companies are the main tool to create employment and social welfare. However, they must guarantee decent working conditions for their direct employees and those employed in the supply chain, including contractual conditions.

Fine Foods is convinced that financial performance must be accompanied by sustainable choices on workforce and contracts. Company staff are under a national labour contract. In addition, the Com-

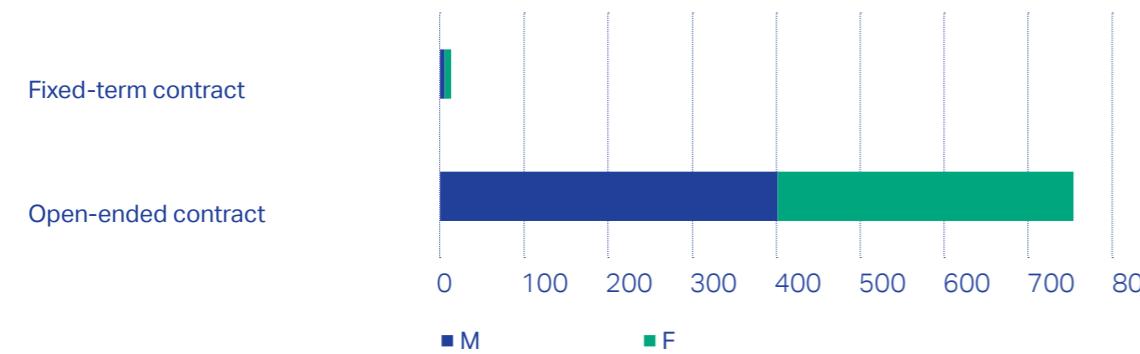
pany's management prioritises hiring under open-ended contracts focusing on youth employment. An open-ended contract can change a person's life because it allows them to plan their future with greater security. This is how the Company practically applies the fundamental value of respect for people under the code of conduct promoted by Fine Foods through its Code of Ethics.

Breakdown of employees by type of contract - part-time/full-time on 31/12/2021



Breakdown of employees by contract type (open-ended and fixed-term) and gender on 31/12/2021

Number of people	M	F	Tot.
open-ended contract	402	351	753 (98%)
fixed-term contract	5	9	14 (2%)



According to production needs, such as a temporary increase in volumes, to avoid overloading the workforce hired

directly, the Company uses a workforce hired through local temporary employment agencies, which are solid and reliable:

Temporary staff on 31/12/2021

Number of people	M	F
temporary staff	31	41

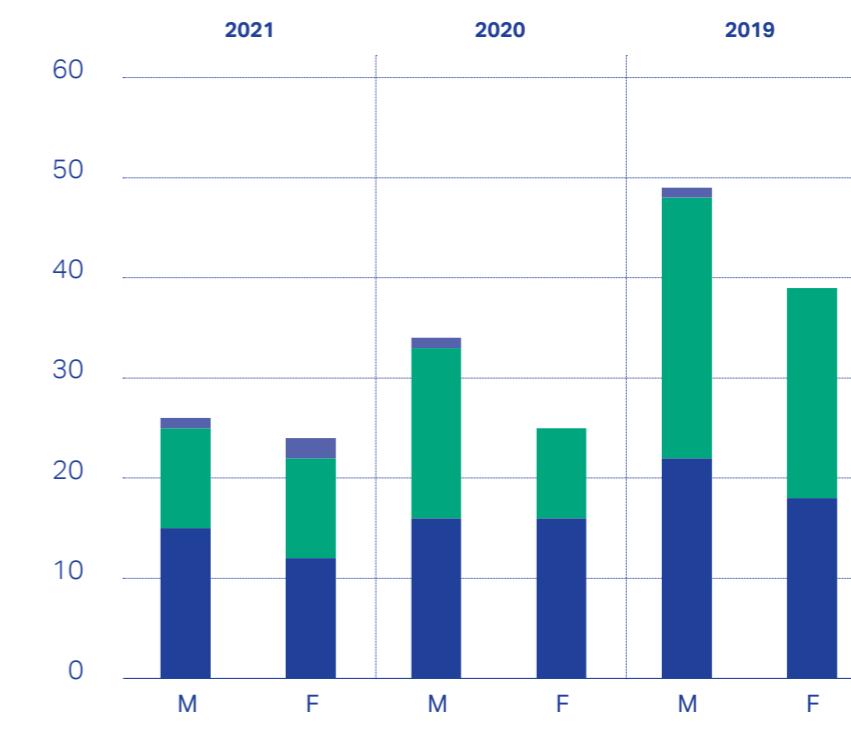
New hires by gender and age

During 2021, 50 new resources were hired at Group plants, with young people,

meaning employees under 30 years of age, making up most of the staff hired.

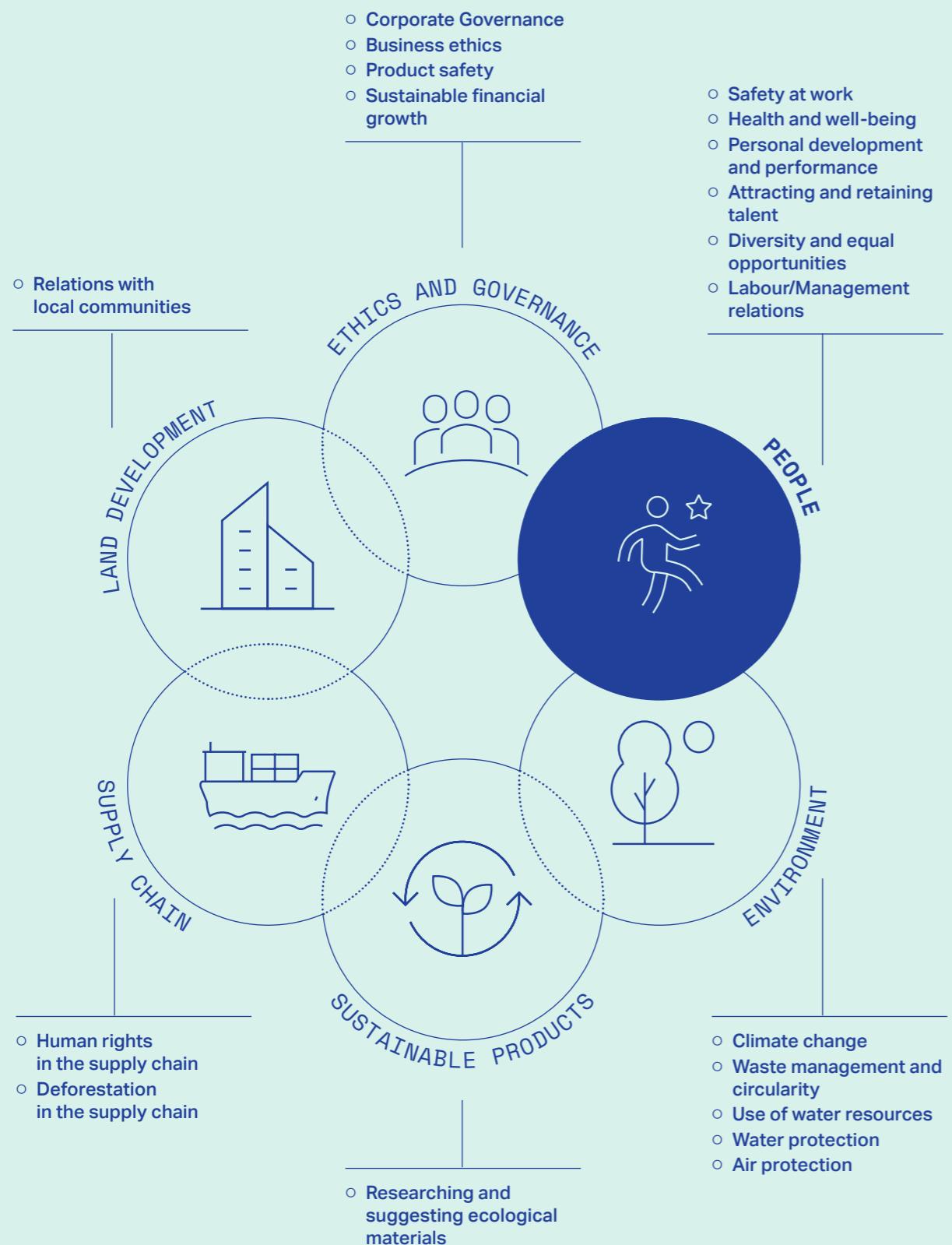
People hired and incoming turnover rate for 2021

age	2021			2020		2019	
	M	F	Tot.	M	F	M	F
under 30	14 (17.9%)	10 (13.3%)	24 (15.7%)	16	16	22	18
between 30 and 50	12 (5.1%)	12 (5.5%)	24 (5.3%)	17	9	26	21
over 50	0 (0.0%)	2 (3.0%)	2 (1.3%)	1	0	1	0
tot.	26 (6.4%)	24 (6.7%)	50 (6.5%)	34	25	49	39



■ Under 30
■ Between 30 and 50
■ Over 50

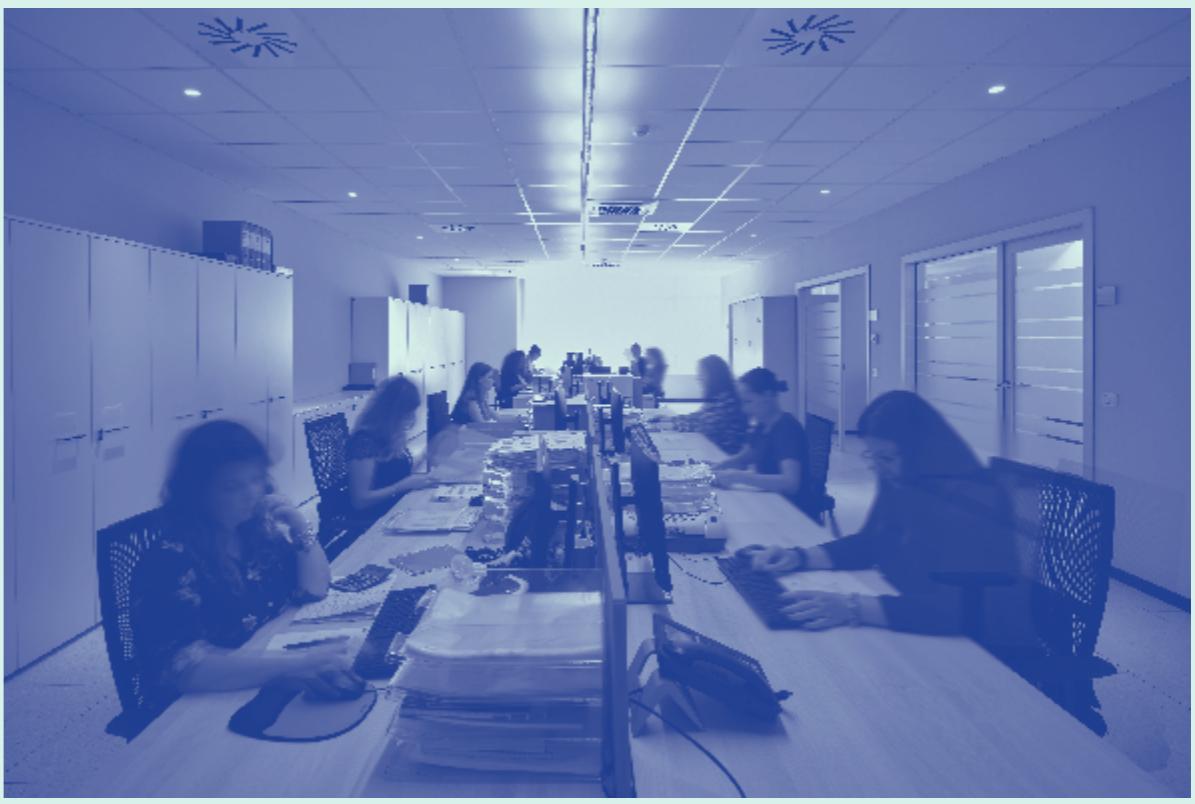




SDGs



“Fine Foods puts people’s safety first and promotes programmes that improve protection and prevention standards. We want the best talent. Therefore, we consider it a priority to build a peaceful and inclusive environment where people can express their potential, be valued and rewarded based on their commitment and talent. They are encouraged to contribute to Company success.”



Safety at work

The Fine Foods Group recognises that the safety of its people must come first. For this reason, the Company is committed to programmes to improve protection and prevention standards continually.

As mentioned in its Code of Ethics, the Company works to avoid any behaviour contrary to applicable regulations that could expose employees, partners and third parties to personal injury.

The Parent Company adopts an ISO

RISK IDENTIFICATION AND ASSESSMENT PROCESS

Legislative Decree 81/2008 defines a proper risk assessment and related responsibilities.

As part of the internal management system, the parent company's HSE department has prepared a particular procedure that establishes the general principles for identifying hazards, assessing risks and defining control actions, roles and responsibilities.

The owner of each group company is responsible for establishing the resources needed for routine and extraordinary risk assessment activities working with the Prevention and Protection Service.

The methodology adopted for identifying hazards and assessing risks has been shared with Worker Safety Representatives (WSR) and is schematically divided into the following phases:

1. Identification of processes, activities, plants and equipment
2. Analysis of operational and time practices
3. Identification of dangers attributable to the organisation
4. Identification of exposed workers
5. Definition of risk assessment criteria
6. Risk assessment, including defining prevention and protection measures

45001-certified occupational safety and health (OSH) management system¹⁰. The traceability of OSH activities is guaranteed by its records system (accidents, near misses, maintenance, training, etc.). The process is divided into delegations, responsibilities and operational tasks. Worker Safety Representatives (WSR) are consulted regularly, and periodic on-site inspections check the working environment's health and safety.

7. Data monitoring or quantitative risk assessment
8. Defining the programme of measures to improve health and safety levels over time.

The risk assessment process considers ordinary and extraordinary operations, emergencies, organisational and management changes, workplace and facility organisational and layout changes.

The plant owners use the risk assessment results to check whether the hazard control measures are adequate or need improvement and whether further measures are required to organise, implement, and maintain the safety management system and define improvement policies and targets.

During the periodic meeting, an improvement plan is defined if improvements or new control measures are required. This contains measures based on the hierarchy principle of Article 15 of Legislative Decree 81/08, i.e., prioritising eliminating hazards and, if this is impossible, reducing the risk first through technical and collective preventive measures, leaving the use of personal protective equipment as the last option.

HEALTH AND SAFETY RISKS

In the Risk Assessment Document, kept by each Group company as required by law, health risks for workers involved in the production cycle and other company activities have been identified. The main health risks are listed below:

1. Chemical agents
2. Carcinogenic agents
3. Biological agents
4. Noise
5. Hand-arm and whole-body vibrations
6. Artificial optical radiation
7. Electromagnetic fields
8. Illuminance
9. Microclimate
10. Manual handling of loads
11. Repetitive movements of upper limbs
12. Pushing and pulling operations
13. Video terminals
14. Work-related stress

The main safety risk factors are listed below:

1. Hazards arising from the presence of moving equipment (collision, being run over, overturning, crushing)
2. Hazards arising from the storage of materials (falling objects, use and presence of handling equipment)
3. Handling stress injuries
4. Mechanical and electrical hazards (electrocution, shearing, dragging, entanglement, entrapment)
5. Workplaces and premises
6. Electrical hazards
7. Work equipment

The health and safety improvement plan is in place and is based on the Risk Assessment Document and Safety Management System for continuous improvement.

EMERGENCY PROCEDURES

As the law requires, we implemented an environmental or health and safety risk management procedure that defines work-related emergencies measures and ensures plans are updated.

The identification, classification and assessment of emergencies is based on an examination of the significant environmental, health and safety impacts associated with the Company's activities, products and services, considering the following factors:

- production technologies
- plant and related services
- raw materials and derived compounds
- site environmental features
- health and safety risks

INJURIES AT WORK AND OCCUPATIONAL DISEASES

Number of accidents	2021		2020		2019	
Employees	M	F	M	F	M	F
Number of injuries at work	8	5	7	3	18	9
With serious consequences ¹¹	1	0	0	0	1	0
Fatal	0	0	0	0	0	0

¹⁰ The ISO 45001 certified management system covers 80 per cent of the Group's employees and is implemented for the Zingonia and Brembate plants. The system covers also non-employee personnel. At the Trenzano and Cremosano plants, procedures are in place to ensure worker health and safety under legislation.

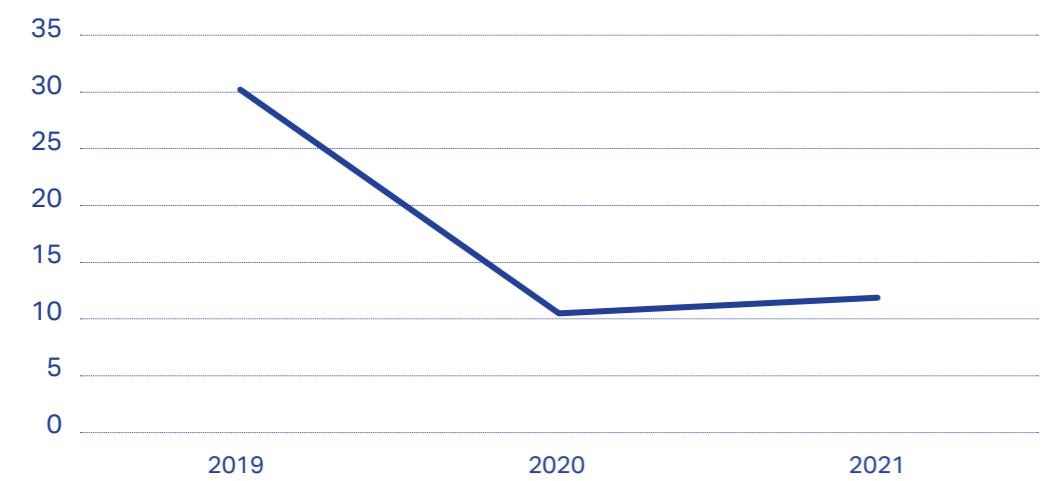
¹¹ "Serious consequences" is defined as an injury from which the worker cannot recover, does not recover, or it is unlikely to expect them to recover fully and return to the state of health before the accident within six months.

Each injury was analysed using a procedure to identify the causes and define the corrective actions to avoid the same circumstance that caused the injury.

Collisions with mechanical handling equipment, distraction or failure to apply work procedures, and failure to use personal protective equipment are the most common causes of injuries. Preventive and protective measures include raising staff awareness of the need to follow procedures and operating practices.

INJURY RATE FOR EMPLOYEES

Injury indices	2021	2020	2019
Hours worked	1,093,344	949,706	892,741
Injury rate [Number of injuries/Number of hours worked*1Million].	11.9	10.5	30.2
Injury rate with serious consequences [number of injuries/hours worked*1Million]	0.9	0	1.1



Considering the trend of the injury index over the last three years, the improvement in injury frequency is evident. An information campaign will be undertaken in 2022 to prevent and further reduce the injury rate, report near misses, and implement an improvement plan prepared within the prevention and protection service. Near misses are events that did not result in

injury or illness but could have. These are situations with an intrinsic danger component, which has not yet resulted in a real accident due to chance. Their reporting is vital to highlight non-conformities that could lead to injuries if not managed. The procedure for reporting near misses is already in place within ISO 45001 but its use is to be promoted further.

Number and rate of injuries for Fine Foods' non-employee workers

Number of accidents and injury frequency rate	2021	2020	2019
Number of injuries at work*	5	0	1
With serious consequences**	0	0	0
Fatal	0	0	0
Hours worked	120,441	83,027	129,538
Number of total days of absence due to injury	68	0	49
Injury rate [Number of injuries/Number of hours worked*1Million].	42	0	7.7

OCCUPATIONAL MEDICINE

Under the law, all Group plants provide their employees with occupational medicine services. Each Group company appoints a company physician who defines the Health Monitoring Plan based on risk

assessment. The Plan sets the medical examinations of workers according to their jobs. The company physician checks the working environment by conducting periodic inspections.

Number of occupational diseases reported and recognised

Number of illnesses	2021	2020	2019
Number of deaths resulting from occupational diseases	0	0	0
Number of cases of occupational diseases registered	0	0	2

Number of occupational diseases for Fine Foods' non-employee workers in 2021¹²

Number of illnesses	2021	2020	2019
Number of deaths resulting from occupational diseases	0	0	0
Number of cases of occupational diseases registered	0	0	0

IMPROVEMENT MEASURES

The main improvement projects implemented between 2019 and 2021 in the Group's plants are outlined below.

Reduction of ergonomic risk

The main project objective was to reduce the frequency of tasks in which operators are required to handle loads manually. Hopper loading in the Food and Pharma process area is mainly carried out using mechanical handling equipment such as

hoists, trolleys and pallet trucks. The remaining loads are handled manually. Implementing the handlers meant completely eliminating manual handling in favour of mechanical handling.

Chemical management software

A document management software used in the Zingonia and Brembate plants manages the documents relating to the chemical products. This allows the operators involved

¹² Injury data for employees hired through staff leasing agencies was collected only for 2021.

in the handling, releasing, and approving of chemical products to download their safety data sheets.

Safety management software

Further management software deals with the prevention and protection service processes. It optimises the management of deadlines for investigations and inspections, safety courses and medical examinations. The management system keeps track of the master records, authorisations and documentation of companies with contract work. In 2020, the new module for managing injuries and near misses was implemented. It monitors improvement measures defined to eliminate and reduce the cause of accidents or near misses.

Reducing noise levels

Measures have been undertaken to improve noise levels in the working environment at the Zingonia and Brembate plants. Part of the existing flooring at the Food plant in Zingonia, consisting of tiles, was covered with a PVC coating to reduce exposure to noise due to the passage of forklifts and reduce exposure to whole-body vibration in forklift drivers. The second project, completed in 2021, involved moving the compressors

HEALTH PROTECTION DURING THE PANDEMIC EMERGENCY

Social responsibility has guided the Fine Foods Group since the COVID-19 pandemic started in February 2020. It has incorporated and anticipated the guidelines from Italian national and local institutions and health authorities, adopting numerous measures to protect staff, reduce the risk of the virus spreading and promote employee wellbeing. This includes employee

at the Pharma plant in Brembate from the first floor to the ground floor to significantly reduce noise and vibration levels in the working environment during their operation. Structural modifications were made to the same equipment to which new soundproofing panels and new shock absorbers were attached to reduce noise levels further.

Reducing injury risks

Each forklift in the Brembate and Zingonia plants was equipped with a "blue spot" device that allows operators in the department to see the forklift's arrival earlier, even in curves and blind spots or in conditions of poor visibility. This reduces the risks produced by forklifts moving through the department.



"TAKE CARE OF YOURSELF, YOU ARE A WORK OF ART" CAMPAIGN



Health and safety are a top priority for Fine Foods. Therefore, the Company decided to renew its internal campaign "Take care of yourself, you are a work of art", a reminder to never neglect everyone's safety. In December 2021, all Fine Foods employees received a T-shirt emblazoned with the campaign catchphrase. A famous painting was modified so that the portrait subject was shown wearing Personal Protective Equipment (PPE). This includes protective goggles, gloves for handling chemicals or safety shoes. A symbolic and powerful representation to remind you that your body is a work of art, and must be protected and preserved.

Attracting and retaining talent: our HR strategy

Fine Foods believes that its people are the key to business success as they provide a true competitive advantage to the organisation. The Group invests so much energy in human resource management and has developed a strategy that attracts and retains the best talent.

"We Engage our Teams"

Communicating and sharing the objectives achieved by the Group at all organisational levels is crucial to maintain high staff motivation and engagement, as it shows the importance of everyone's work in achieving business success.

"We Hire Talents"

The selection process is carried out carefully. We search for candidates in line with the values of fairness, curiosity, preparation, sincerity and honesty that reflect the Group's Code of Ethics and corporate mission.

"We Train our Experts"

When choosing those to be included in the team, priority is given to growth potential. Ad hoc training courses are designed for each employee or broad-based tutoring programmes to bridge any skills gaps.

"We Value our People"

The commitment shows how much importance the Company dedicates to new or existing employees in offering them opportunities for professional growth in an ethically correct and non-discriminatory environment. Implementing flexible working hours and methods demonstrates the organisation gives importance to people and their work-life balance.

WORKER TRAINING AND INFORMATION ON SAFETY IN THE WORKPLACE

During working hours, workers receive compulsory general and specific training according to their job description when hired.



WE ARE THE “FINE FOODS PEOPLE”

- We act with fairness, sincerity and honesty.
- We respect the law and people and avoid any discrimination.
- We are committed to our work, and customer-centric.
- We are knowledgeable, curious and embrace change and innovation.
- We achieve the most challenging goals through teamwork and recognise that diversity is a value.
- We put everyone's safety first.
- Our conduct does not harm the environment.

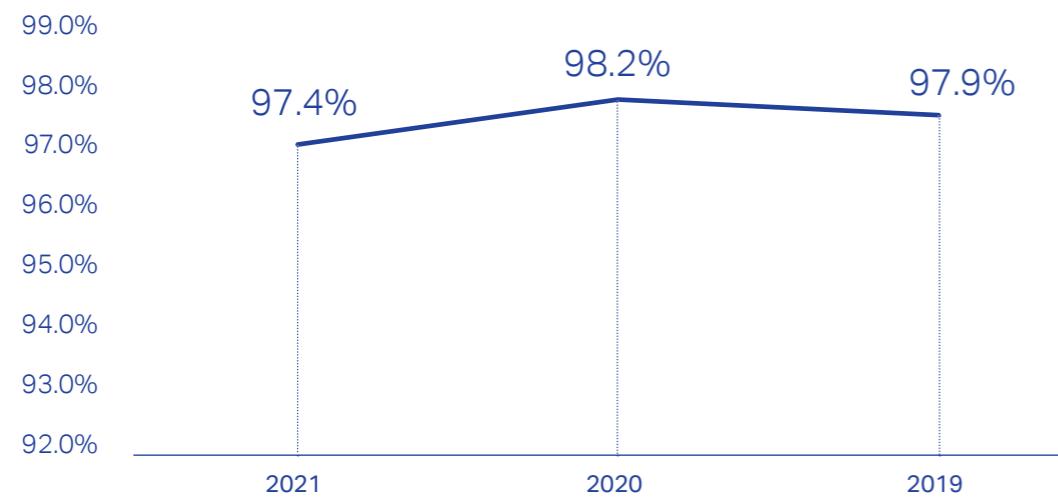
The figures on the retention rate due to voluntary resignations demonstrate the effectiveness of the strategy adopted by the Group over the years. Although there was an increase in resignations in 2021, which is in line with the national and inter-

national situation, the average values of the last three years describe an essentially stable situation, with variability of 0.7% year on year and an average retention rate of more than 97 per cent.

RETENTION RATE FOCUS

% retention	2021	2020	2019
Resignations	21	11	14
Total employees	767	607	567
Resignation turnover	3%	2%	2%
Retention rate	97%	98%	97%

Retention rate



Staff leaving

age	Number of staff leaving						
	2021	2021	2020	2019			
age	M	F	tot	M	F	M	F
under 30	4 (5,1%)	6 (8%)	10 (6,5)	3	1	2	1
between 30 and 50	6 (2,6%)	5 (2,3%)	11 (2,4)	5	5	6	6
over 50	6 (6,4%)	9 (13,6)	15 (9,4)	2	3	3	4
Tot.	16 (3,9%)	20 (5,6%)	36 (4,7)	10	9	11	11

Professional development and performance

THE IMPORTANCE OF TRAINING

Investing in quality education and training is the basis for remaining competitive in the Group companies' sectors. Ensuring continuous, quality training helps keep highly qualified people needed to develop innovative processes and products that allow the company to maintain and increase its market share.

In addition, the “training” factor contributes to improving people's lives. This approach is consistent with the United Nations Sustainable Development Goal (SDG4: Quality Education), to which the Group strongly wants to contribute.

The total number of training hours in 2021 was 11,351.

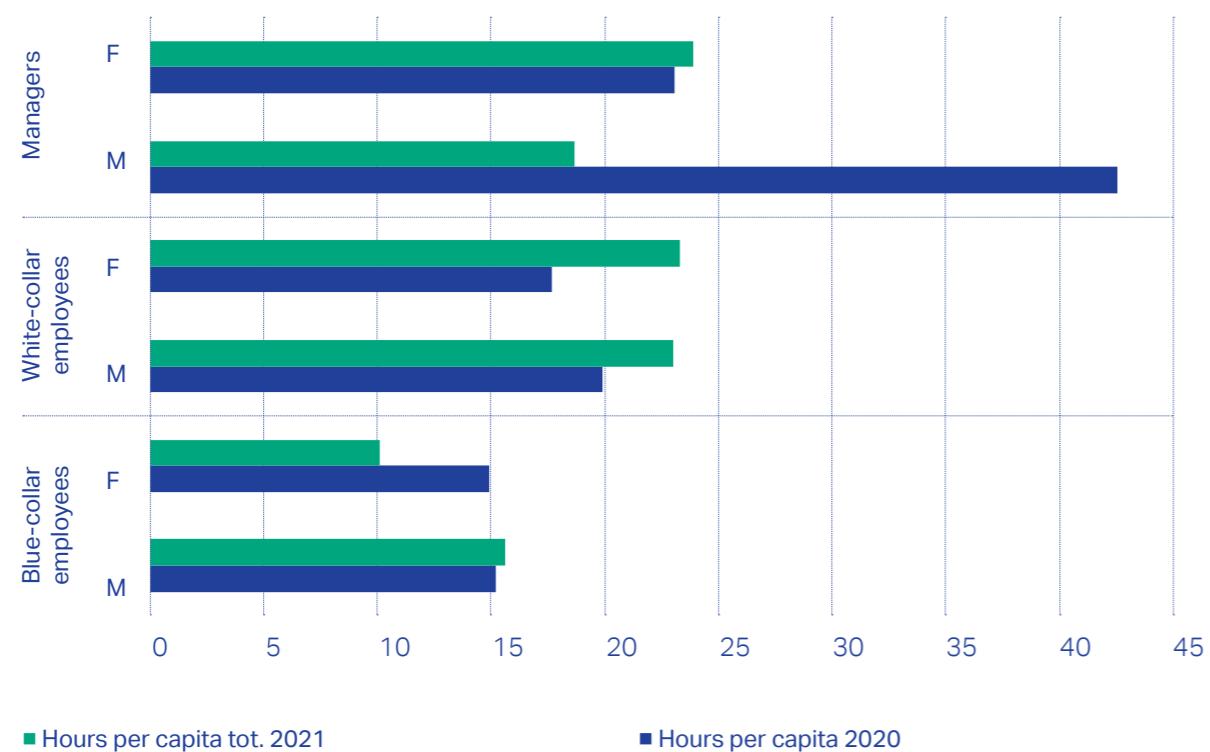
Employee training by gender and job category in 2021¹³

Number of training hours	Blue-collar employees		White-collar employees		Managers		Tot.
	M	F	M	F	M	F	
Training hours	4,209	1,428	990	2,100	1,215	1,408	11,351
Number of employees	270	142	43	90	65	59	669
Hours per capita 2021	16	10	23	23	19	24	17

Employee training by gender and job category in 2020

Number of training hours	Blue-collar employees		White-collar employees		Managers		Tot.
	M	F	M	F	M	F	
Training hours	4,086	2,020	678	1,435	1,915	969	11,103
Number of employees	269	136	34	81	45	42	607
Hours per capita 2020	15	15	20	18	43	23	18

Per capita training hours divided by gender and employee category



TUTOR PROJECT

The independent performance of one's job is preceded by a solid and structured shadowing process, based on procedures that integrate the application of high-quality standards to guarantee product safety with health and safety at work prevention and protection, and environmental protection standards.

Operating manuals have been drawn up for all Zingonia and Brembate plants, to be used as a basis for training new employees.

The manuals cover tasks to be carried out by the production operators, including

line assembly, start-up, running, disassembly and cleaning operations.

The project implementation has increased productivity by decreasing operating times and inefficiencies due to errors.

The project's added value lies in the tutor engagement. Tutors were identified and given a token for each completed training session. This encouraged effective and efficient training,

This mechanism resulted in an effective increase in productivity, decreasing operating times and inefficiencies due to errors.

TALENT FACTORY PROJECT

The first "Talent" project was launched in 2019 to enhance the ideas, experiences and differences of Fine Foods' people by implementing structured projects capable of adding value to the Company's intellectual, human and social assets. The first project involved ten young people with high growth potential, including seven women, from different company departments. The project encouraged the growth of young potential talents by putting them to work on a solid corporate interest topic: "Corporate Social Responsibility." The initiative was re-launched in 2021 and will run throughout 2022. The second Talent Factory theme was Customer Centricity. The aim was to develop ideas, initiatives, activities that would lead the Fine Foods Group to put the customer at the centre, embracing a proactive approach.



¹³ The training hours for the Euro Cosmetic plant staff have not been counted because the Company started to be part of the Group from October 2021. The training courses and the number of people involved in the period do not match the calculation methods under GRI 404-1.



E-LEARNING PROJECT

Equipping the organisation with an e-learning platform to deliver internal training courses more straightforwardly and flexibly, facilitating staff use and participation, was an important step to keep the Company growing, horizontally aligned on issues such as System 231 and Management systems and be ready for the future. The advantages of implementing this



TRAINING PLATFORM

Management software has been implemented for the Zingonia and Brembate plants to manage training activities accurately and have an up-to-date database to provide widespread coverage of internal and external trainees. The software makes it possible to carry out statistical analyses, automatically issue the supporting forms and electronically archive the evidence of

system for a company population that this year will reach more than 80 per cent of the staff include reducing management costs compared to traditional courses (classrooms, teachers) and guaranteeing content repeatability without additional costs for the Company.

PERFORMANCE ASSESSMENT

The performance assessment is carried out on permanent production operators, warehouse staff and maintenance workers at the beginning of each year.

The criteria for the worker assessment are grouped in the following areas:

1. Punctuality
2. Compliance with rules
3. Performance of tasks
4. Flexibility and availability
5. Commitment and attitude
6. Relational skills
7. Proactivity

The performance assessment process involves the following stages:

1. Meeting with Department Managers to define the assessment and self-assessment forms, criteria for awarding the bonus, methods and timing.
2. Communication to staff involved.
3. Sending assessment forms to managers (together with the file for recording scores) and self-assessment forms to staff.
4. Assessment forms completed by the operators and the file with scores returned by managers.
5. Interviews between managers and staff.
6. Discussion of scores and definition of workers to be rewarded by managers.
7. Final file sent to HR.

Once the assessment process is closed, the bonuses payable based on the best performance measured are presented to the CEO for approval. Bonuses are paid out in the payroll.

Remuneration policies

In December 2018, the ordinary Shareholders' Meeting approved the medium-long term stock grant incentive plan for the Company's Management, to guide the Company towards growth.

The Shareholders' Meeting authorised the buyback and disposal of ordinary treasury shares under the terms contained in the explanatory report approved by the Board of Directors in November 2018.

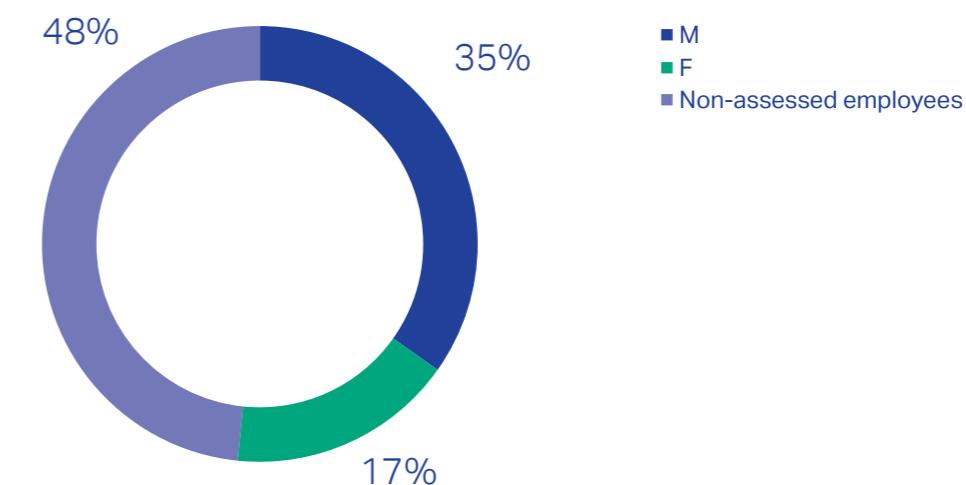
The Plan provides for the free assignment to the rights beneficiaries to receive ordinary shares up to 440,000 shares at the end of the vesting period (31/12/2021). This is subject to the achievement of pre-determined performance objectives identified by the governing body and the maintenance of the beneficiaries' employment relationship.

Another incentive programme is called "EBITDA Bonus¹⁴". Based on the Company's financial result, a bonus is paid to the personnel included in the programme, which corresponds to the percentage increase in EBITDA compared to the previous year multiplied by a coefficient defined by the Company's Management.

Table: workers with periodic performance assessment

Number of staff assessed	
Total staff	393 (52%)
Male	265 (35%)
Female	128 (17%)

Rate of staff with performance assessment



¹⁴ Earnings Before Interest, Taxes, Depreciation and Amortisation

Health and well-being

Fine Foods is aware of its role in implementing measures that ensure health and safety at work for employees and maximise positive contributions to their wellbeing and work-life balance. Under the United Nations

Sustainable Development Goal 3 (Good Health and Well-being), the Company engages in activities to reduce the rate of chronic diseases related to smoking, alcohol, road accidents, sedentariness and nutrition.

“STRESS MANAGEMENT” DESK

The pandemic is impacting everyone, even those not affected by COVID and more than many think. Fine Foods, wishing to help its employees to overcome this difficult period or manage situations of discomfort in a personal or professional framework, has decided to offer a psychological assistance desk. The service started at the beginning of 2021 and has been confirmed for 2022 for more than 600 employees working at the Zingonia and Brembate plants.

NUTRITION DESK

At the beginning of 2021, Fine Foods started an initiative dedicated to spreading the culture of healthy eating. A professional in the nutrition field, available by appointment directly at the infirmary of the Zingonia and Brembate plants, has been appointed to provide nutritional advice to employees who request it, free of charge.

APPLICATION TO IMPROVE ACCESS TO WORK-LIFE BALANCE

In 2021, we implemented an application to allow each manager to approve requests for leave, including smart working, and assess any anomalies directly through the Zucchetti portal. This eliminated the need for paper permits, and made the

process more accessible, fluid and quicker. This allowed easier access for employees, reduced the time needed for managers to carry out checks, saved time for employees and managers, and reduced recording errors or paper document loss.

CLIMATE ANALYSIS

In 2021, the company management called in a consultancy firm to carry out an organisational and corporate welfare survey at the Trenzano and Cremosano plants to provide a comprehensive overview of the new subsidiaries' business process organisation and “employee wellbeing”.

The survey results made it possible to define the current organisational situation, highlighting its strengths and any areas for

improvement to identify corrective actions.

The tools used to carry out the survey were as follows:

- Remote questionnaire
- Individual interviews with the company population
- Interviews with external parties (customers, suppliers)

The consultancy firm was chosen to guarantee opinion impartiality and consistency. It processed and cross-referenced data, providing a detailed report highlighting the organisation's strengths, improvement areas and suggesting corrective actions.

SATISFACTION SURVEY

Each year Fine Foods conducts an employee satisfaction survey on key issues such as workload, job satisfaction and the relationship between colleagues and managers. This survey allows us to verify the

EMPLOYEE BENEFITS

The following is a schematic overview of the benefits that Fine Foods guarantees to its employees, divided by legal entities in the Group:

Fine Foods & Pharmaceuticals N.T.M. S.p.A

- Part-time for a percentage of production staff
- Flexible working hours for office staff
- Supplementary health cover
- Supplementary pension fund
- Meal vouchers
- Smart working for part of the office staff

Euro Cosmetic S.p.A.

- life insurance
- healthcare under NCLA
- COVID assistance
- supplementary healthcare
- disability/invalidity insurance cover
- pension contributions

Pharmatek

- healthcare under NCLA
- supplementary healthcare

Diversity and equal opportunity

Building a peaceful and inclusive environment where people can fulfil their potential and be valued is fundamental for Fine Foods.

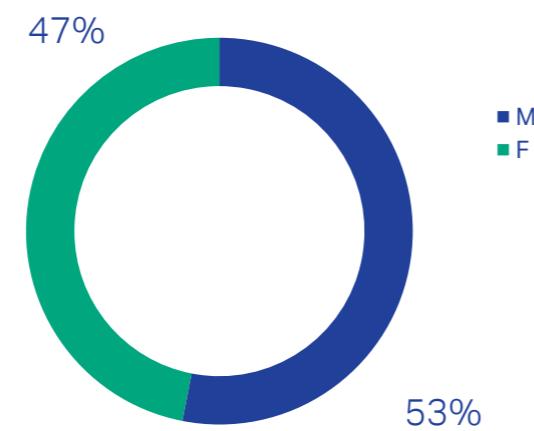
The Company focuses on the United Nations Sustainable Development Goal 5 (Gender Equality) policies. This is evidenced

Workforce breakdown by gender and job

	2021		2020	
	M	F	M	F
Number of employees	407	360	348	259
managers	71	66	52	42
white-collar employees	48	103	34	81
blue-collar employees	288	191	269	136

by the gender balance within the Board of Directors (43 per cent female), mentioned in the “Our Governance” chapter and the percentage of women in Management (48 per cent in 2021). The Group's workforce comprises a slightly higher number of male than female workers.

Workforce breakdown by gender

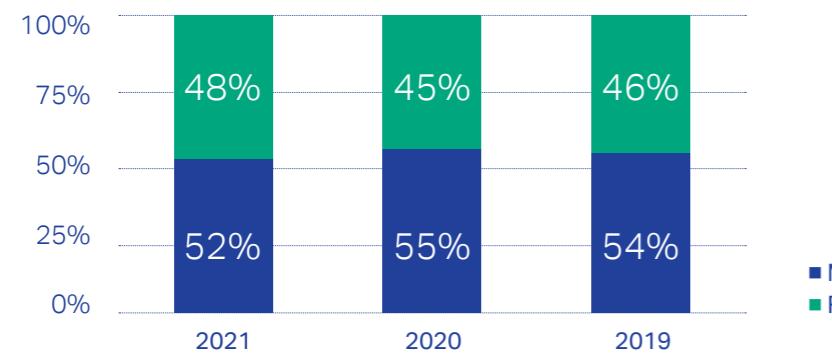


PRESENCE OF WOMEN AND MEN IN MANAGEMENT

	2021		2020		2019	
age	M	F	M	F	M	F
tot. manager	71	66	52	42	47	40
% of managers by gender	52%	48%	55%	45%	54%	46%

*The "Management" category includes all those classified as executives, middle managers who coordinate resources or have responsibility in an organisation (up to level 3A of the Food sector NCLA).

Rate of women and men in Management



The gap is greater if only the category of employees classified as "Executives" is considered. However, there is a tendency to reduce the gender gap also in this category:

	2021		2020		2019	
age	M	F	M	F	M	F
total.	15	4	11	3	10	3
% executives	79%	21%	79%	21%	77%	23%

GENDER PAY GAP

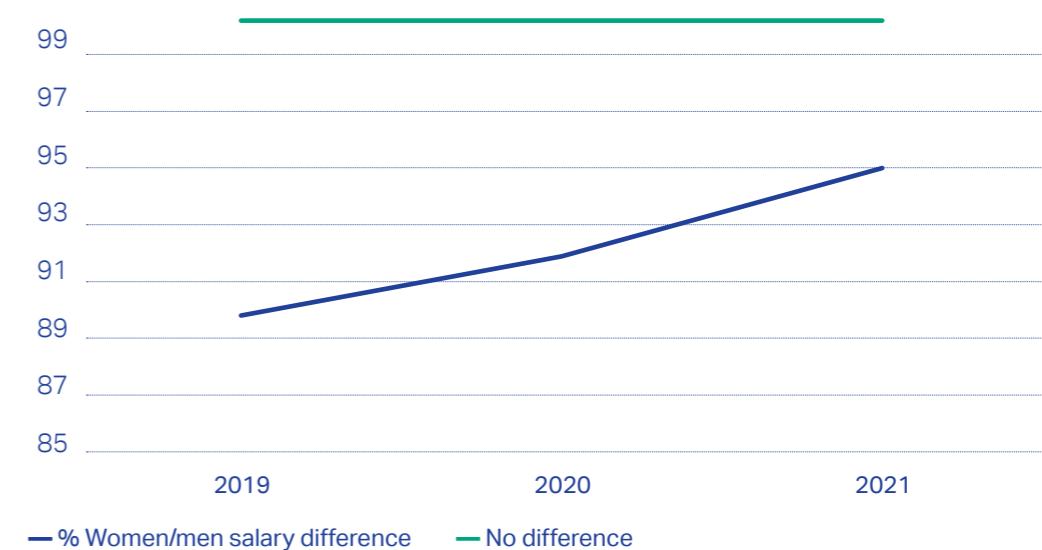
The following is an analysis of the pay gap between men and women by employee category. The overall trend is a progressive narrowing of the gross annual gender pay gap.

Ratio of average women's salary to average men's salary by employee category

→

Woman/man average salary	2021	2020	2019
Executives	95%	92%	103%
Managers	98%	95%	99%
White-collar employees	95%	94%	103%
Blue-collar employees	93%	92%	87%
General average	95%	92%	90%

General trend in average female/male salary ratio



Considering, in addition to the basic salary, also the extras paid to each worker, the total gap reaches 82%. The main cause is the greater number of overtime hours and night shifts performed by "male" workers in production (93% for executives, 92% for managers, 97% for white-collar workers and 82% for blue-collar workers).

PARENTAL LEAVE

Many countries have parental leave legislation, allowing employees to take leave and then return to work in the same or an equivalent job.

As per the NCLA, all Group employees are entitled to leave, however many women are discouraged from taking parental leave because of the negative impact it has on their job security, remuneration, and professional career due to company practices. Men are not encouraged to take the leave to which they are entitled.

Fair and gender-equal choices in maternity and paternity leave and other parental leave entitlements can increase the retention of qualified employees.

Fine Foods believes that women and men have the right to take legally defined leave, ensuring that resources are restored to the workforce without compromising their careers or moral consequences to the individual.

Number of people who have taken leave and returned to work

Number of people	2021		2020		2019	
	M	F	M	F	M	F
Requests for leave	8	39	9	31	1	31
Returns from leave	8 (100%)	25 returned (14 still in leave) (100%)	9 (100%)	31 (100%)	1 (100%)	31 (100%)
Still working after 12 months	8 (100%)	36 (100%)	9 (100%)	31 (100%)	1 (100%)	30 (97%)

PERSONAL PROTECTION CODES OF CONDUCT

Our Code of Ethics prohibits all forms of discrimination, provides basic rules of conduct to avoid discrimination and a disciplinary system for code violations.

The Fine Foods whistleblowing procedure ensures that any incidents of discrimination are reported (more details in the "Code of Ethics" section).

There were no incidents of discrimination during the reporting period.

Relationship between Management and Employees

As mentioned in the HR strategy introduction, Management communicating and sharing objectives achieved and not achieved and challenges at all organisational levels is crucial to maintain high staff motivation and engagement as it positively influences the perception of the importance of everyone's work in achieving business success.

Communication of operational changes

Employees are given advance notice of operational changes or modifications that may affect their organisation. The minimum notice period for low-impact changes is 15 days. An example of a low-impact change might be a request to use the leave period. For significant operational changes, the law and NCLA provisions are followed.

Six-monthly meetings

Every six months, Management organises general meetings to which all Fine Foods employees are invited to share objectives, successes and challenges, answer questions and clarify doubts.

Individual interviews with the CEO

The Fine Foods CEO is open to dialogue weekly with two Fine Foods employees drawn by lot by HR. These meetings allow to collect different personal points of view and give the Management direct feedback on the company climate, on the problems that impact workers the most, and share ideas and suggestions for improvement.

"A sandwich with colleagues" project

Meetings between managers and employees explain how the organisation they manage works and their tasks and responsibilities.



FINE FOODS WINS SDA BOCCONI'S BEST PERFORMANCE AWARD



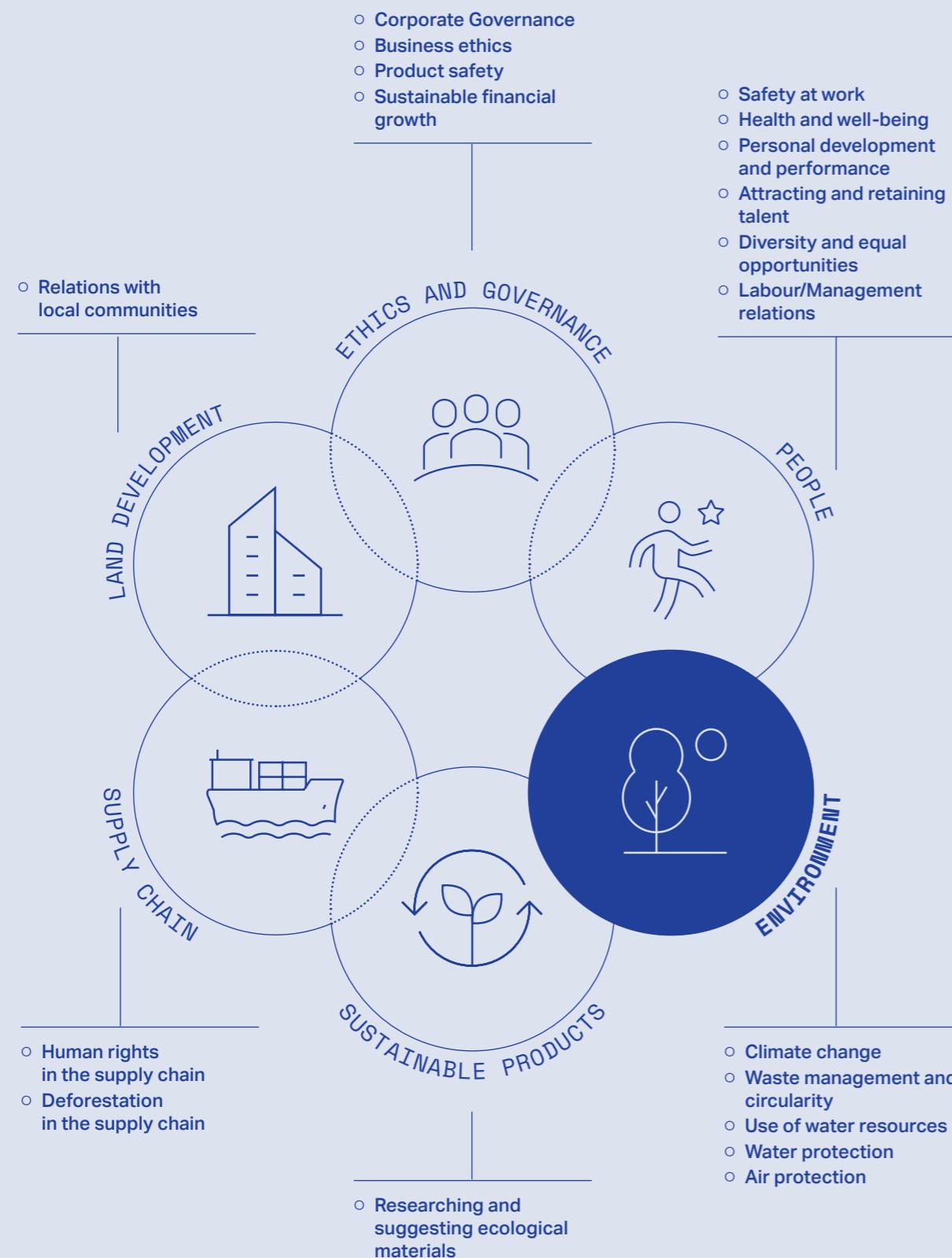
Fine Foods won the Best Performance Award in the Hot Topic category, honouring **Upskilling and Talent Development**. The jury that decided the winners was made up of members of JP Morgan, PwC and SDA Bocconi. The SDA Bocconi Best Performance Award was held in February 2022 and rewarded the best companies that create financial, technological, human, social and environmental value, operating sustainably. It highlights Fine Foods' commitment to value creation, integrating social, environmental and governance criteria. In addition, Fine Foods focuses on human resources to provide employees with interdisciplinarity and human and social compatibility opportunities for professional growth in an ethically correct discrimination-free environment.

The award is for Italian companies with a turnover of between €25 million and €5 billion and confirms Fine Food's excellence. It allows new dialogues with Italian companies and guarantees future growth.

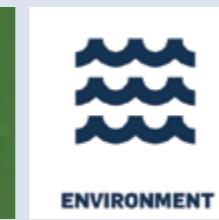
Environment

03





SDGs



“We want to prepare for a climate-neutral future and want to use natural resources available for future value creation”.



Climate strategy

The international scientific community agrees that climate change poses a real threat to future generations and is caused

by human activity, especially the way manufacturers produce energy.

THE INTERNATIONAL REGULATORY LANDSCAPE

In December 2015, the Paris Agreement on Climate Change was signed at the Conference of the Parties (COP21) of the United Nations Framework Convention on Climate Change (UNFCCC). This agreement provides decarbonisation targets to tackle climate change. Signatory governments have committed to:

1. limit the temperature increase to below 2°C compared to pre-industrial levels with efforts to stay within 1.5°C
2. achieve carbon neutrality in the second half of the century.

The European Union aims to achieve carbon neutrality by 2050, i.e. to create an economy with net-zero greenhouse gas emissions. This goal is at the heart of the European Green Deal and under the EU's commitment to global climate action and the Paris Agreement guidelines.

In 2021, Cop26 Glasgow confirmed the commitment to achieve global Carbon Neutrality by 2050, focusing on the immediate reduction of natural gas use.

THE NET-ZERO TECHNOLOGY LANDSCAPE

Several tools are available to reduce the concentration of CO₂ in the atmosphere:

1. preventing the release of carbon dioxide by blocking it at the beginning of the emission process, e.g. using exhaust fume purification systems;
2. trapping carbon dioxide already in the air and storing it underground;
3. preserving the natural ecosystem and increasing natural resources that absorb carbon dioxide by releasing oxygen, such as planting (plants, trees, algae);
4. converting global energy production systems eliminating fossil carbon favouring renewable energies such as photovoltaics, wind, geothermal, etc.
5. making plants, buildings and processes more efficient and less energy-intensive.

The first two systems are technologically and financially not sustainable yet. The third represents an essential but insufficient measure to solve the problem at the source. Therefore, the most convenient method to decarbonise the industrial system is to consume and produce energy from renewable sources and improve production system energy efficiency.

To manage climate change risks and opportunities and potential implications that may derive from it on business, Fine Foods identified the following potentially critical aspects for its companies:

- risks related to the supply of raw materials due to the occurrence of extreme physical events linked to climate change, which may result in the total or partial interruption of the supply chain;
- risks related to water stress due to increasing average temperature scenarios;

- risks related to the energy consumption of production facilities due to increased

energy costs and possible emission offset costs.

OUR STRATEGY

Fine Foods is aware of the issue related to current goods and energy production patterns and their effect on climate and business, and it wants to be part of the solution.

The energy transition is complex because energy production methods that have been established for decades must be quickly transformed into more sustainable models while continuing to provide all the energy the world needs and protecting employment levels. "Sustainable development" means that environmental, social and economic issues must be considered equal.

For these reasons, traditional production models and systems cannot be eliminated overnight but must be included in the transition and transformation process.

The Group started moving to decarbonisation by calculating its Carbon Footprint (scope 1 and 2), and committing to align its decarbonisation targets with science-based targets, including a strategy to reduce emissions produced upstream and downstream of the Fine Foods Group value chain (scope 3), under the GHG protocol by 2023¹⁵.

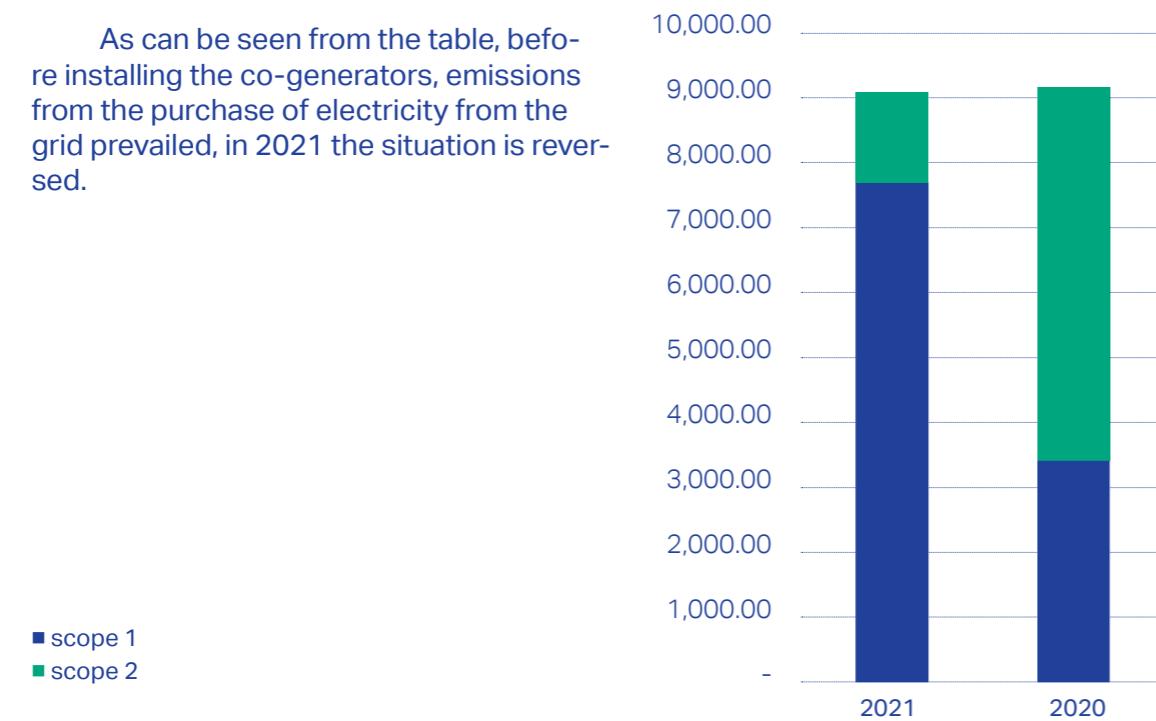
CO₂ Emissions Inventory

Tons of CO ₂	2021	2020
Scope 1+2 total emissions	9,112.1	9,178.2
SCOPE 1		
tot.	7,725.1	3,424.7
natural gas	6,875.2	3,062.3
car fuel	191	137.1
fugitive emissions	658.9	225.3
SCOPE 2 (Market based)		
electricity ¹⁶	1,387.0	5,753.5

¹⁵ www.ghgprotocol.org

¹⁶ The value reported refers to the calculation based on the market-based mode (AIB data, Energy Residual mix). Based on the "location based" conversion factor (TERNA 2019) the CO₂ emitted in 2021 was 1,065.1 Ton CO₂ eq, in 2020 it was 3,987.6 Ton CO₂ eq.

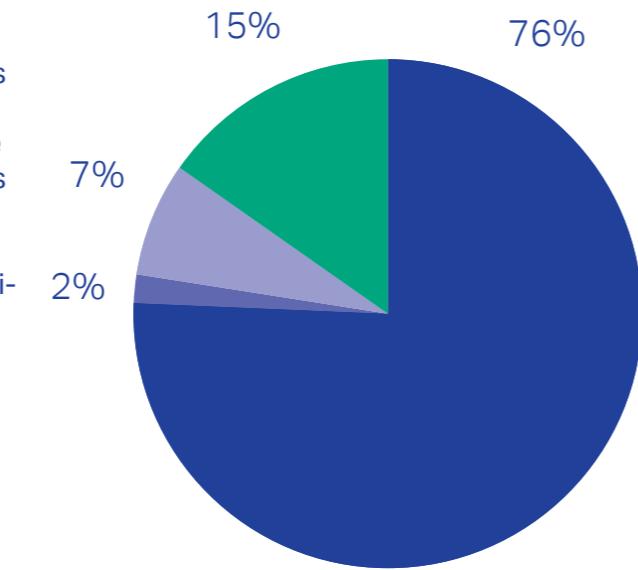
As can be seen from the table, before installing the co-generators, emissions from the purchase of electricity from the grid prevailed, in 2021 the situation is reversed.



CO₂ eq emissions by source

76 per cent of CO₂ emissions come from the combustion of methane gas. This is followed by electricity, which accounts for 15 per cent of total emissions. Fugitive emissions - F-GAS or chlorofluorocarbons used in cooling and air conditioning systems - contribute seven per cent and the company car fleet fuels produce the remaining two per cent.

■ Natural gas
■ Car fuel
■ Fugitive emissions
■ Electricity



With the energy efficiency measures detailed in the next section, an 11 per cent reduction in emission intensity in relation to revenues was achieved in 2021.

CO₂ emissions intensity in relation to revenues

	2021	2020
Revenue [€ Million]	192.60	172
TOT. CO ₂ eq [Ton]	9,112.1	9,178.2
Intensity [Ton CO ₂ / €1 Million]	47	53
% Change in CO ₂ eq. emission intensity 2021 on 2020	-11%	

Actions to reduce CO₂ emissions

Fine Foods' strategy – the following is the hierarchy of solutions part of its decarbonisation plan:

1. installation of systems to produce energy from renewable sources
2. improving the efficiency of processes and systems to reduce energy consumption and CO₂ emissions

3. purchase of green energy from the grid
4. supply chain engagement
5. offsetting non-avoidable GHG emissions

The following paragraphs detail the actions already undertaken to reduce CO₂ emissions and energy consumption.

ENERGY CONSUMPTION MANAGEMENT

The production processes required to prepare product formulations, such as mixing and high-pressure homogenisation, involve heavy industrial equipment and complex heating and cooling systems. It is a top priority to have careful and rigorous energy consumption management. The Parent Company appointed an Energy

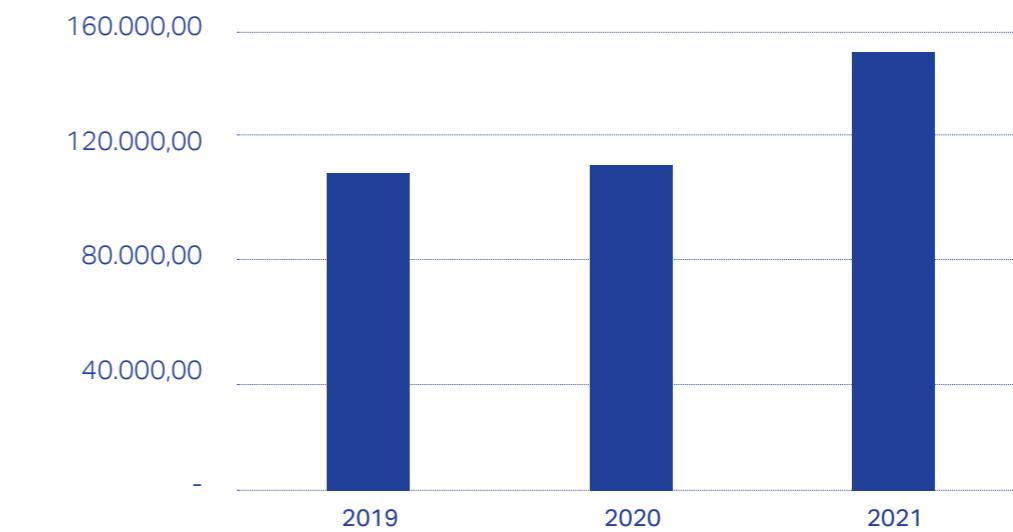
Manager to provide a reactive and efficient system to implement the necessary actions to rationalise energy use.

With the Energy Manager and essential investments, key measures have been taken in the last two years, which led to energy use optimisation.

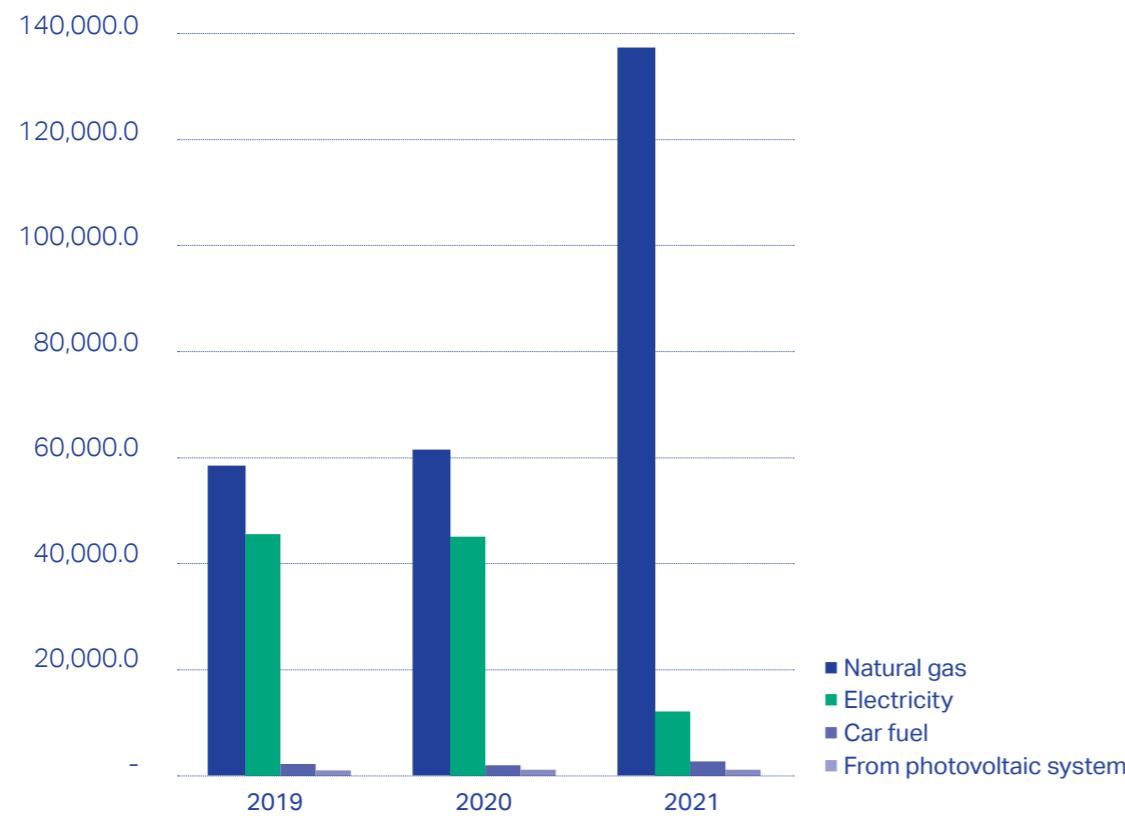
Energy consumption by source category

Energy in GJ	2021	2020	2019
tot. GJ	152,366.7	109,299.8	106,899.8
natural gas	136,198.6	60,936.6	57,956.4
electricity	12,172.7	45,167.8	45,572.4
car fuel	2,883.0	2,68.6	2,305.4
from photovoltaic system	1,112.4	1,126.8	1,065.6

Energy consumption [GJ]



Energy consumption by type of source



CO-GENERATORS

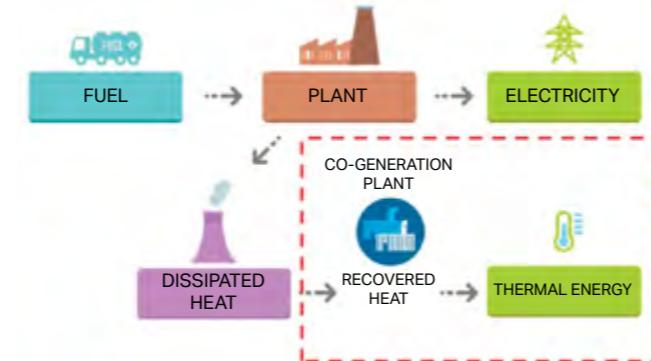
"Co-generation" means the combined production of electricity and heat in an individual plant (combined heat and power/chp),

using a single energy source, in this case methane gas, guaranteeing energy savings compared to separate production.

TRADITIONAL SYSTEM (thermoelectric plant)



CO-GENERATION PLANT



In 2021, two co-generators went into operation at the Zingonia and Brembate plants, each with a capacity of 1,847 kW. The electricity produced by the new systems is used to meet the energy needs of the two industrial facilities. The thermal energy produced is exploited using hot water (85°C) and saturated steam (8 bar and 175.36°C), feeding the existing steam and hot water network. The main advantage of installing co-generators is that they can utilise heat that would otherwise be dissipated, generated as a by-product of electricity production from methane gas.

In addition, the new co-generation systems have significantly reduced energy supply costs by drastically lessening the amount of electricity taken from the grid, which used to account for almost 80 per cent of the company's energy costs.

- better performance of the energy consumption system and reduction of primary energy purchased from the grid;
- avoiding keeping boilers running to generate heat;
- reducing energy losses due to energy transport along the grid;
- reducing purchased energy costs;
- obtaining white certificates.

With the energy efficiency achieved through the co-generators, Fine Foods has reduced CO₂ equivalent emissions released into the atmosphere in the short term.

Replacing natural gas with renewable alternatives is not feasible yet.

Table: Actual energy consumption and CO₂ equivalent emitted by the Zingonia and Brembate plants:

	2021	2020
Natural gas [SM3]	3,385,256	1,546,613
CO ₂ eq [Ton] natural gas ¹⁷	6,702.8	3,062.3
Purchased electricity [MWh]	2,526.5	12,598
CO ₂ eq [Ton] electricity ¹⁸	1,158.6	5,753.5
TOT. CO₂ eq [Ton]	7,861.4 (-11%)	8,815.5

The improvement in CO₂ emissions is seen by dividing emissions by the tons of

product sold during the years under review:

	2021	2020
TOT. CO₂ eq [Ton]	7,861.40	8,815.50
Tons of product sold	19,334	19,037
CO ₂ eq intensity [Ton CO ₂ /Ton of product sold]	0.41	0.46

% reduction in emission intensity

12%

¹⁷ Table of national standard coefficients EU ETS - Italia: News (minambiente.it)

¹⁸ AIB, European Residual Mix, Table 2: Residual mix 2020

REPLACEMENT OF COOLING SYSTEMS

The Zingonia plant had eight chiller units with a cooling capacity of 1,742 kW used for air conditioning in the summer and industrial production cycles. The eight chiller units were eliminated and replaced with two new units of about 1 MW refrigeration capacity, but with inverter power control

allowing higher performance. The replacement of machines with inverters has made it possible to regulate absorption down to 10 per cent of the required load, with considerable annual energy consumption savings.

Chiller annual electricity consumption pre-replacement	2,221,500 [kWh/year]
Chiller annual electricity consumption post-replacement	1,489,500 [kWh/year]
Total kWh/year not consumed	1,268,000 kWh/year ¹⁹
Tons of CO ₂ equivalent not emitted:	581 Ton CO ₂ ²⁰

ENERGY PRODUCED FROM RENEWABLE SOURCES

At the Zingonia plant, there is a 300-kW photovoltaic system capable of generating around 300 MWh of energy annually. In

2021, 309 MWh of energy or five per cent of the Zingonia plant energy needs was produced.

Total kWh/year from renewable sources	309,000 kWh/year
Tons of CO ₂ equivalent not emitted:	141 Ton CO ₂ ²¹

The trend of self-produced energy from the Zingonia photovoltaic plant is detailed below:

Energy in MWh	2021	2020	2019
from photovoltaic plants [MWh]	309	313	296
from other renewable energy plants [kWh]	0	0	0
<i>in GJ</i>	1,112	1,126	1,065
<i>sold [kWh]</i>	0	0	0

ENERGY PURCHASED FROM RENEWABLE SOURCES

The electricity purchased from the grid to meet the energy needs of the Trenzano plant is certified 100% green, i.e. produced entirely from renewable energy sources.

This choice allowed 100% CO₂ emissions reduction considering only the "electricity" source:

Total kWh/year from renewable sources:	356,565 kWh consumption October-December 2021
Tons of CO ₂ equivalent not emitted:	164 Ton CO ₂ ²²

¹⁹ The calculation of the energy saved refers to the theoretical calculation based on the performance of the new systems compared to those replaced, multiplied by the theoretical systems' operating hours. The complete calculation is available in the "Energy Diagnosis 2019 - Zingonia and Brembate plants" document.

²⁰ AIB, European Residual Mix, tabella 2: Residual Mix 2020

²¹ See previous note

²² See previous note

Waste management and resource circularity

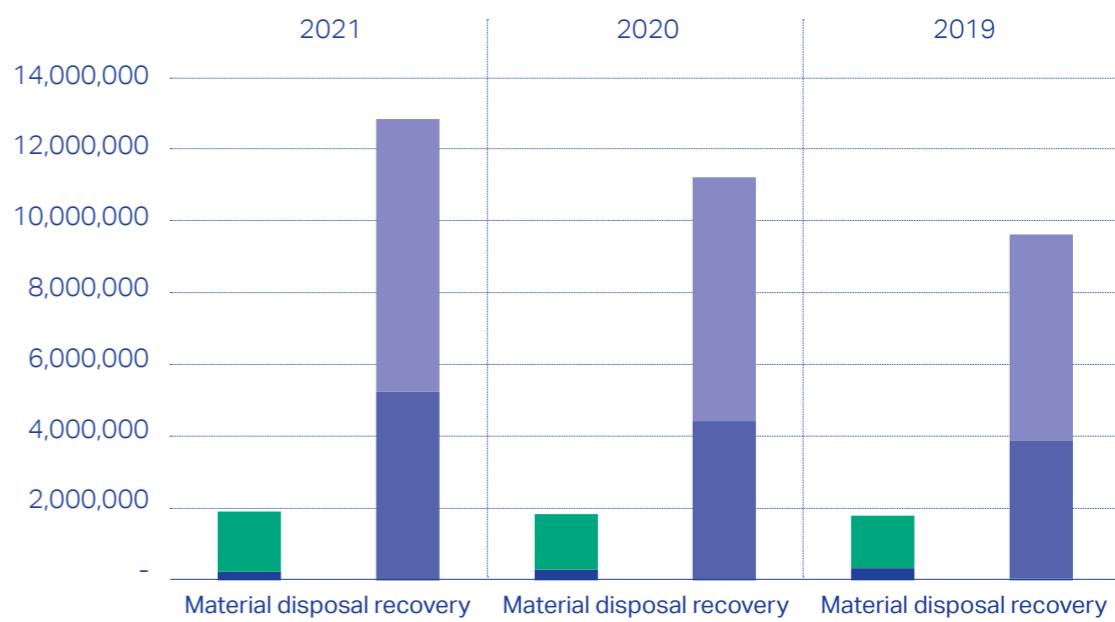
Fine Foods puts the protection of the Environment and its inhabitants first, entrusting the waste management service exclusively to qualified suppliers who possess the necessary authorisations.

The company minimises the amount of waste it produces. Where it is impossible, it reduces the waste sent for disposal to a minimum, systematically favouring production process residues and waste recovery.

Special waste management procedures are in place that regulate tasks and responsibilities for the following activities:

- identification and qualification

kg of waste	2021		2020		2019	
	material recovery	disposal	material recovery	disposal	material recovery	disposal
Total hazardous waste	243,159	5,246,813	290,543	4,421,082	334,579	3,885,703
non-hazardous waste	1,666,344	7,569,760	1,550,630	6,776,149	1,461,961	5,730,070
washing water - hazardous waste	-	5,235,520	-	4,402,990	-	3,846,480
washing water - non-hazardous waste	-	7,569,760	-	6,775,400	-	5,728,070



- Washing water - non-hazardous waste
- Hazardous waste
- Non-hazardous waste

WASTE MANAGEMENT SERVICE PROVIDERS

Waste disposal requires preparing forms certifying the type and quantity of waste delivered to the disposer, using CER codes. The risk might relate to the identification of substances and materials that make up the waste or any non-compliance with the waste producer obligations (for example, the correct management of forms

and/or the assignment of transport or disposal to unauthorised parties). The company set up a procedure to manage waste and disposal service providers. Monitoring transporter and disposer authorisations is carried out at the Food and Pharma plants using management software.

OPTIMISING SPECIAL WASTE FROM PACKAGING

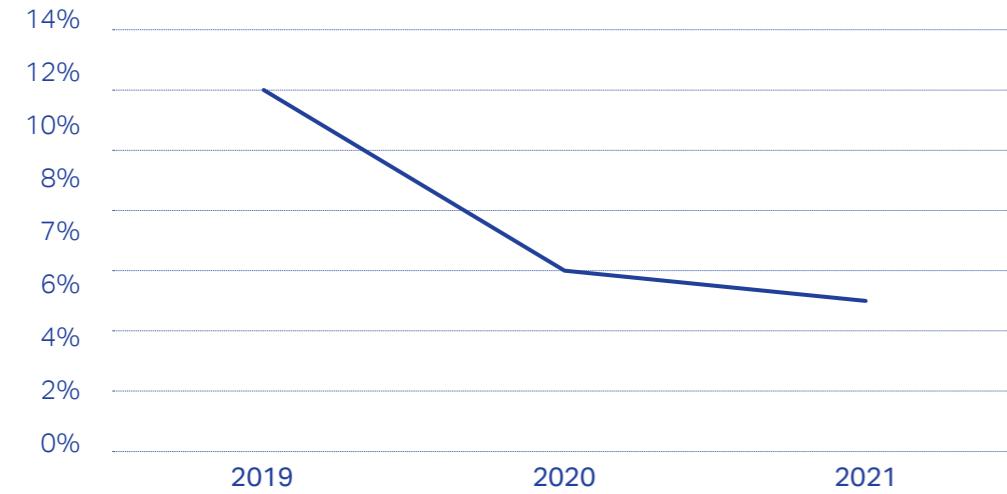
During 2020 at the Zingonia plant, a system was implemented to further optimise the sorting of mixed packaging (CER 15.01.06) by dividing the plastic into stretch film, cans and big bags. Sorting improved the amount of waste sent for recovery and

reduced disposal costs. By implementing vertical presses for compacting the waste, the number of trips was optimised, with considerable savings in transport and related pollutant emissions.

Table: Quantity of solid waste* sent for material recovery or disposal [kg]

years	recovery	disposal
2021	243,159	11,293
2020	290,543	18,092
2019	334,579	39,223

Rate of solid waste sent for disposal



Water consumption management

Food supplement manufacturers such as FF&P rely on water as an ingredient in their products and for washing processes of their equipment to ensure no cross-contamination between the production of items.

According to the WRI Aqueduct Water Risk Atlas, Italy is strongly affected by water stress. Average water stress was recorded, focusing on the Lombardy area, where the Group's production plants are located.

Poor Management of water resources can lead to operational challenges in production processes.

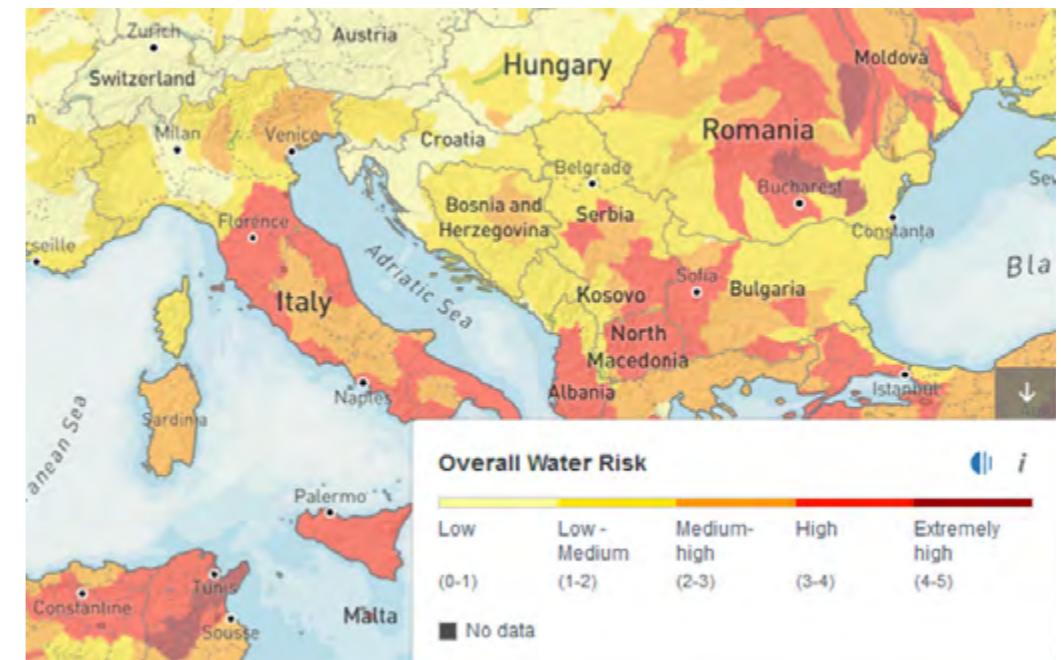


Image: Source "Aqueduct Water Risk Atlas"

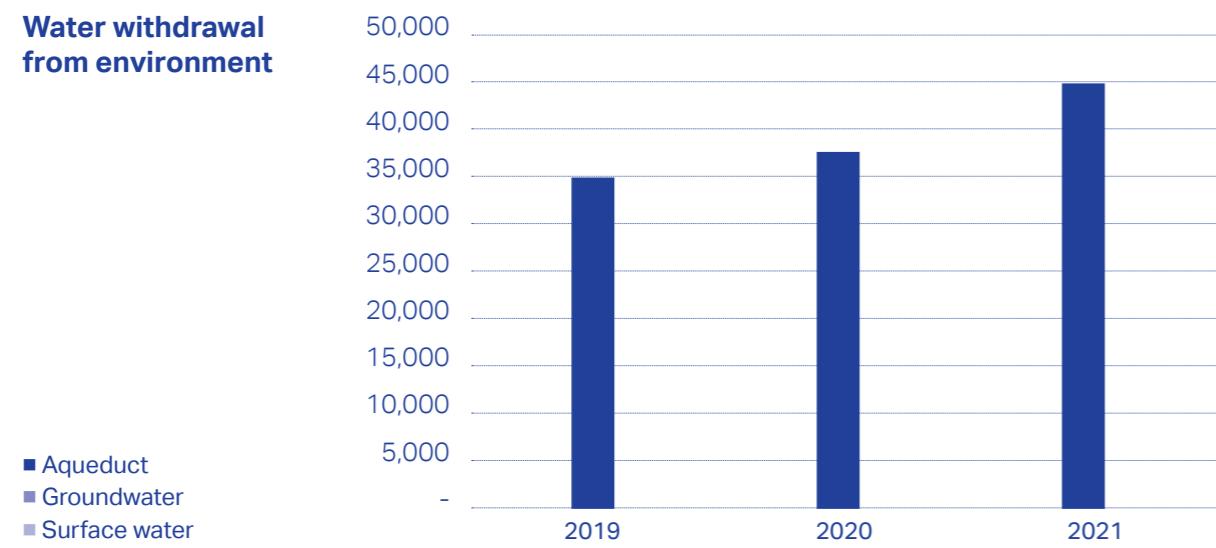
WATER WITHDRAWAL AND USE

The water supply at the Group's production sites is taken from the aqueduct. This means that the water consumed by the Group is fresh. This is defined as water with a total concentration of dissolved solids of less than 1,000 mg/L. Therefore, responsible management is even more critical.

The Group's main production sites adopt an ISO 14001-certified environmental management system, and consumption is regularly monitored, often using specially installed meters. In addition, measures to reduce waste are systematically applied.

WATER WITHDRAWAL FROM THE ENVIRONMENT

[Cubic metres]	2021	2020	2019
aqueduct	50,783	37,664	34,987
groundwater	-	-	-
surface water	-	-	-



A systematic analysis of the reasons for the increase in consumption was carried out. The conclusions pointed to the following leading causes:

Increased staff presence:

- In 2020, reduced staff numbers at the company were due to pandemic restrictions, and employee numbers increased by approximately 50 in 2021. It can be assumed that increased consumption is due to increased water consumption for civil use.

Increase in volumes produced:

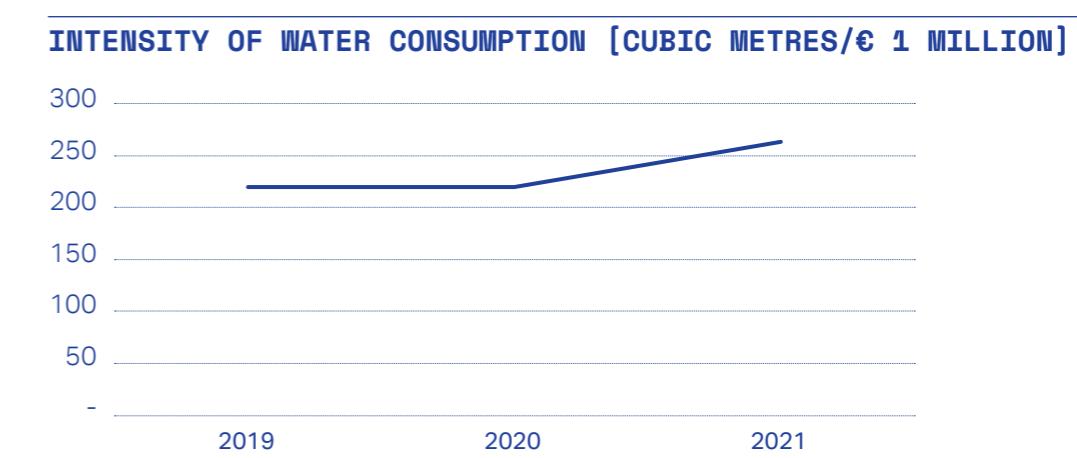
- The periods compared are not consistent in terms of production. The first months of 2020 production were lower due to the pandemic emergency, while the first months of 2021 saw a strong recovery.

More frequent plant washing:

- To ensure final product safety, as part of quality assurance procedures, plant and line washing between the production items is crucial. Due to unavoidable production requirements, the increased number of item changes on the same line required additional washing between changes.

Activities are underway to reduce water consumption, including standardising washing, rationalising and redesigning outdoor areas to reduce the need for irrigation water.

An internal task force meets periodically to monitor improvements and the measures' effectiveness.



INDUSTRIAL WATER DESTINATION

Water used for industrial purposes, such as washing systems and lines, is stored in tanks, delivered to the authorised waste management company and disposed of as special wastewater.

None of the Group's companies discharges industrial wastewater into the public system or surface water, for reporting purposes the withdrawn quantity is equivalent to the consumption quantity.

Protection of environmental matrices: air and water

Environmental protection is of strategic and ethical importance to Fine Foods. The damage to ecosystems caused by the lack of suitable safety systems to prevent spills or emissions of pollutants is a sensitive issue, especially for companies operating in the pharmaceutical sector. For this reason, the Zingonia and Brembate plants are ISO 14001

certified, demonstrating that they have the necessary procedures and safeguards to ensure they can carry out their activities without causing a negative environmental impact.

Companies subject to a Single Environmental Authorisation (SEA) manage updates according to the periodic changes that affect the organisation.

Significant emissions

[Ton] pollutants	2021	2020	2019
Nitrogen oxides (NOx) ²³	5,621.00	-	-
Volatile Organic Compounds (VOC)	0.92	0.89	0.71
Particulate emissions	0.41	0.13	0.53

The emission values for significant pollutants were extrapolated from the analysis reports carried out annually on a sample basis by the emission points subject to authorisation.

The values obtained derive from multi-

plying the measured point value by the estimated number of hours of plant operation.

There are no values measured above the prescribed limits, nor are there any sanctions or convictions for environmental offences during the reporting period.

WATER CONSUMPTION INTENSITY COMPARED TO REVENUE			
[cubic metres /€ 1 million revenue]	2019	2020	2021
Water consumed [cubic metres]	34,987	37,664	50,783
Revenues [Million]	159.70	172	192.60
Intensity	219	219	264

²³ NOx is measured for the first time in 2021 as it depends on the installation of the cogenerators.

Environmental and Safety Policy

Fine Foods & Pharmaceuticals N.T.M. S.p.A., hereafter referred to as **FINE FOODS**, aims to be a benchmark company in the contract manufacturing of pharmaceutical products, food supplements and medical devices. This objective is based on a balance between financial growth, social responsibility, environmental protection and health and safety in the workplace.

The Environment and Safety Policy and the Quality Policy are central elements of **FINE FOODS** business model. They are essential to its sustainability as productivity, efficiency, quality, and new product development.

FINE FOODS production sites are already certified according to the following standards:

- UNI EN ISO 14001:2015 for the Environment
- UNI ISO 45001:2018 for Safety

In addition to these fundamental certifications, **FINE FOODS** implements continuous improvement programmes for environmental impact, injury prevention and employee safety.

Top Management promotes, develops and supports:

- Personnel involvement in disseminating corporate culture for environmental and health protection.
- Constant training and updating focused on improving risk prevention and health protection activities and environmental impact containment.

FINE FOODS set up a Health, Safety and Environment System (HSE) that involves personnel and is applied to all activities carried out within food and pharma plants.

To achieve the objectives described above, the Company Management undertakes to:

- comply with current regulations on environmental protection and Health and Safety in the workplace and any agreements signed with third parties;
- set up an organisational structure aimed at implementing the above and providing the necessary human and instrumental resources;
- involve all personnel through constant information and training activities, optimising response times to change;
- plan improvement strategies for each area;
- constantly monitor the implementation of system management and operational control procedures;



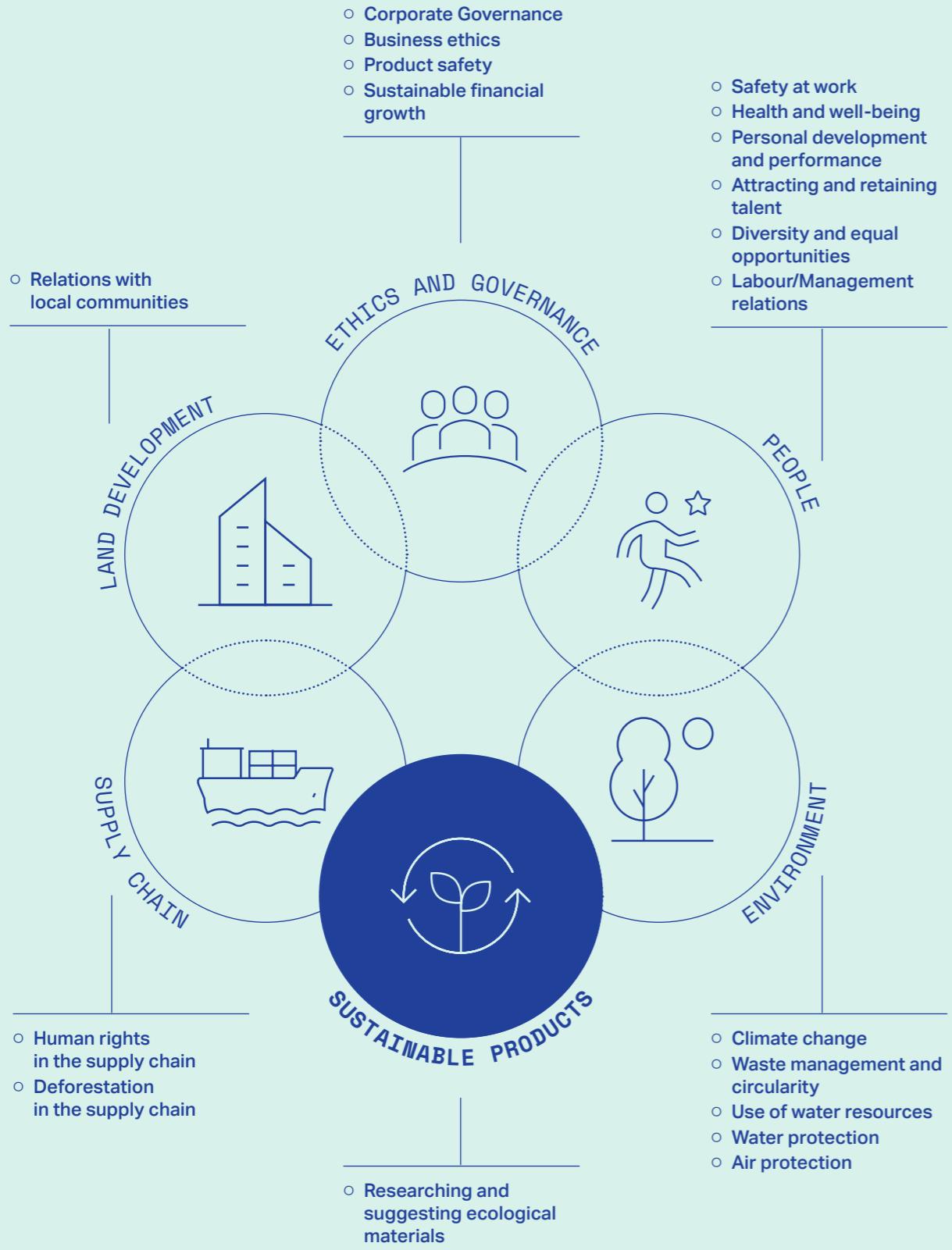
- periodically verify compliance of the HSE management system with company policy and make the organisational and technical changes necessary to pursue such objective.

FINE FOODS Top Management is aware that the environment and safety policy must be consistent with what emerges from the Environmental, Framework and Risk Assessment documents (DVR), understood, implemented and supported at all corporate levels. It provides adequate information and involves personnel through:

- up-to-date communications and information, posted on company notice boards or using other practical communication tools;
- dissemination of the company's environment and safety policy by publishing it on the company website and circulating it among personnel;
- promotion of initiatives to collect suggestions from personnel, improve internal safety and protect the environment;
- activation of training courses on the concepts and application of the environment and safety management systems and compliance with the mandatory rules for preventing pollution and employee safety and health protection.



Sustainable products



SDGs ▼



“We want to be our customers' production plant and support them in creating increasingly sustainable products. We will strive to industrialise their products by finding new strategies to decarbonise processes, minimise the use of natural resources and raw materials, promoting their circular use. We will research and suggest more environmentally friendly materials.”



Resource consumption and use models

Current production and consumption models involve a significant waste of natural resources and damage global ecosystems. It is estimated the world's population will reach 9.6 billion by 2050. This would require the natural resources of three planets to meet global use and consumption needs. It is clear how necessary it is to use natural resources efficiently and redistribute

them equitably. Everyone needs access to electricity, clean water and sufficient food quality and quantity.

Focusing on environmental impact from the design stage is necessary to use renewable rather than non-renewable raw materials. Processes that reduce water and energy consumption in the supply chain need to be designed.

Researching and suggesting ecological materials

The Research and Development department identifies the best tailor-made solution by proactively analysing needs based on market trends, which offers customers a competitive advantage.

This approach supports customers in researching and implementing more sustainable solutions and selecting more

environmentally friendly materials. For example, this could involve replacing plastic cans made from virgin raw materials with recycled plastic (R-HDPE), or using paper with certification of origin from sustainably managed forests (FSC) and ingredients of organic origin.



R&D PROCESS



Verification of technological feasibility in pilot plants

Fine Foods has small-scale plants representative of the leading production technologies present in the various plants to carry out technological feasibility studies and finely-tuned sensory testing. This allows rapid and efficient development of new products.

Product development

Our R&D department, while focusing on sustainability, works with the customer to fine-tune new products, enhancing the key aspects of market interest and making the products usable for the end consumer.

Research into formulation ideas

A synergistic partnership with the best raw material suppliers allows us to collect and test new materials, ideas and market trends. The R&D department can develop and offer formulations supported by scientific evidence, focused on consumer and medical advisor needs.

Stability studies

The small-scale plants allow the production of samples that are more representative of industrial production than small laboratory samples. This allows stability studies to be carried out that represent future products to be placed on the market.

Pilot-scale batch production

Before proceeding with industrial production, pilot-scale batches are carefully monitored by the industrialisation technicians. This makes it possible to spot any issues not highlighted in small-scale R&D tests.



Sustainability certifications

Showing product ingredients' sustainable origin through recognised standards is supported by appropriate certifications.

COSMOS ORGANIC E COSMOS NATURAL



The Euro Cosmetic (Trenzano) and Pharmatek (Cremosano) plants hold the Cosmos Organic and Cosmos Natural certifications. This standard applies to cosmetic products and raw materials used. With this certification, the company assures consumers that the purchased cosmetics are organic or of a natural origin.

Fine Foods customers can obtain ready-to-market or ready-to-formulate products with the prestigious ICEA certified sustainability mark.

BIO ECO COSMESI AIAB



The Italian Association for Organic Agriculture (AIAB) has drawn up specific regulations to enable interested parties to certify their products with the words "Bio Eco Cosmesi" and its mark. The cosmetic products from the Pharmatek plant in Cremosano are certified as complying with the AIAB Bio Eco Cosmesi specifications. This document attests to the producer's ability to comply with the specifications to produce cosmetics bearing the above mark.

ECO BIO COSMESI



The Eco Bio Cosmesi and Cosmesi Naturale Standard certifies cosmetic products, raw materials for cosmetic use and cosmetic products for pets, guaranteeing organic ingredients and chemical substances of natural origin, selected based on environmental sustainability and health criteria.

With this certification, the Trenzano plant can demonstrate that the products guarantee the following requirements:

- Formulations consisting of ingredients of natural origin selected based on environmental sustainability and health criteria;
- Mandatory tests on the finished product to prevent undesirable effects and guarantee its stability;
- Labels with truthful claims supported by tests or reliable scientific bibliography;
- Certification and control under EN 17065 requirements.

QUALITÀ VEGANA (VEGAN QUALITY)



Qualità Vegana is a certification that aims to provide vegan consumers with information to make informed purchases.

The "Qualità Vegana" standard, owned by Alberto Bergamaschi, certifies the highest quality products, differentiating them and promoting them on the market.

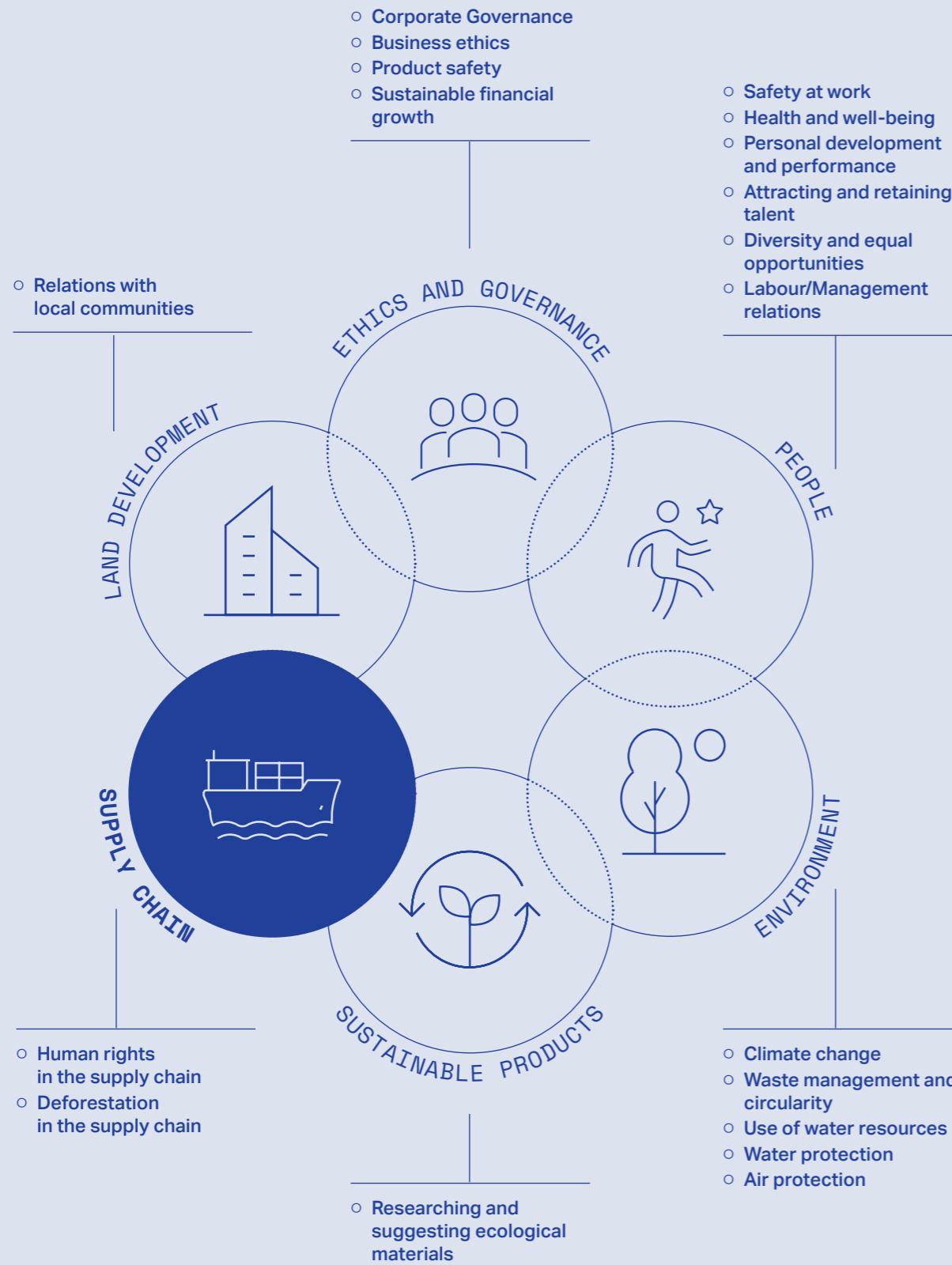
The "Qualità Vegana" certification is based on three different levels.

The Cremosano plant has the first-level certification, which means that the product and packaging are free of ingredients of animal origin.

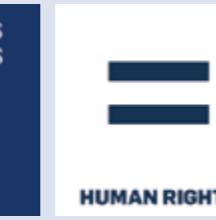


Supply chain

05



SDGs



“Fine Foods promotes and shares its values throughout the supply chain and works towards a qualified supply chain in business ethics, focusing on respect for human rights.”



Supply chain challenges and opportunities

Supply chain relationships are indispensable and a significant source of value creation.

Engagement activities with strategic suppliers can lead to substantial improve-

ments in marketed products' environmental and social impacts. Adopting a supplier assessment and engagement strategy is necessary to manage two key issues: human rights and deforestation.

HUMAN RIGHTS AND REPUTATIONAL RISKS

Ingredients such as soy and active pharmaceutical ingredients (APIs) are used in the Fine Foods business sector. The unethical production of soybeans can be linked to unfair labour practices, with recurring human rights violations and deforestation.

API production presents significant ethical, social and environmental challenges throughout the supply chain. Ultimately, the involvement of suppliers in human rights violations has consequences for the reputation of product brands, indirectly leading to a loss of business for the Fine Foods industry.

VIRTUOUS CIRCLE

By directing their purchasing decisions, companies can promote a virtuous cycle where sustainability commitments

resonate throughout the supply chain, fostering systemic and lasting improvements.

Supply chain features

Fine Foods Group's suppliers are divided into two purchasing categories:

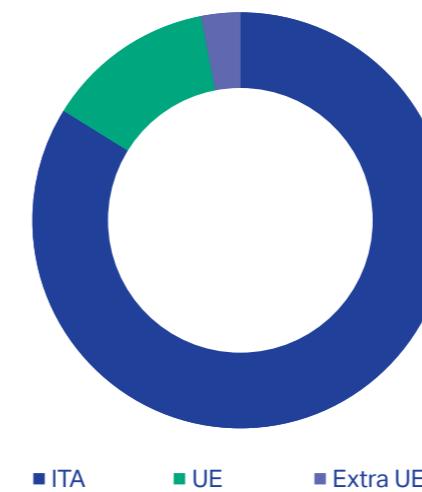
- raw materials and packaging materials
- indirect services and materials²⁴

Based on the geographical distribution of the Group's suppliers, more than 80 per cent of material suppliers are based in Italy, as are almost all suppliers of indirect services and materials:

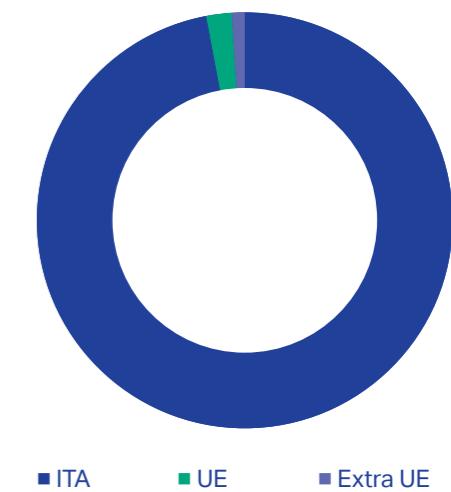
Number of suppliers	Raw materials and packaging	Indirect services and materials
ITALY	83%	98%
EU	13%	2%
Non-EU	3%	1%

²⁴ "Indirect" materials are materials, tools and products that are not part of the finished product.

Number of suppliers of raw materials and packaging



Indirect services and materials



Focusing on the order value, i.e. the total expenditure for the purchase of raw materials and packaging, the percentage varies quite significantly. Expenditure for the purchase of direct materials in Italy is

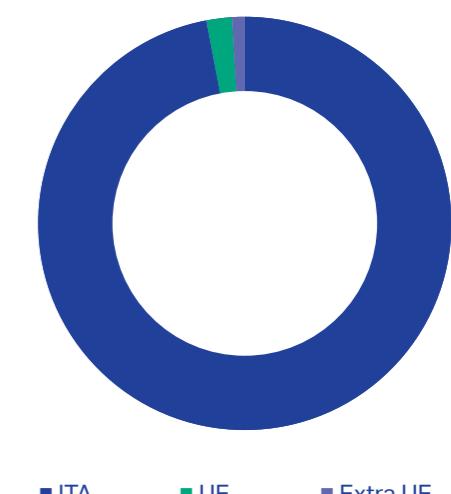
just over 50 per cent. In the remaining European countries, the value of purchased raw materials and packaging reaches almost 40 per cent. Expenditure on indirect services and materials outside Italy is irrelevant:

Order value (€ or %)	Raw materials and packaging	Indirect services and materials
ITALY	54%	97%
EU	39%	2%
Non-EU	7%	1%

Raw materials and packaging order value



Indirect services and materials order value



Supplier social and environmental assessment

During 2021, Fine Foods parent company listed its most important raw material suppliers, i.e. recipients of 80% of the value of the raw materials and packaging materials purchased.

To assess their ESG performance, the company relied on EcoVadis. To reduce reputational risks resulting from unethical conduct by suppliers and move the entire supply chain towards virtuous management, EcoVadis provides a service to assess a company's sustainability by considering its impact on the **environment, human**

rights, ethics and sustainable purchasing. Each company is assessed based on its size, location, and sector according to the material issues identified.

The assessment is classified and allocated in a scorecard from 0 to 100. This gives information on the Company's sustainability maturity level. A score below 45 points is considered improvable, while above 65 points is considered advanced/outstanding.

Below is the table with the scores under EcoVadis coding:

SCORE	CSR PERFORMANCE	DESCRIPTION
85-100	OUTSTANDING	<ul style="list-style-type: none"> Structured and proactive CSR approach Detailed policies and tangible actions implemented on major CSR issues Monitoring and reporting process on major CSR issues Implementing innovative CSR practices and external recognition
64-84	ADVANCED	<ul style="list-style-type: none"> Structured and proactive CSR approach Policies and actions implemented on major CSR issues Monitoring and reporting process on major CSR issues
45-64	CONFIRMED	<ul style="list-style-type: none"> Structured and proactive CSR approach Evidence of implemented policies and actions
25-44	PARTIAL	<ul style="list-style-type: none"> Implementing few CSR actions and policies Early CSR structure
0-24	NONE	<ul style="list-style-type: none"> Evidence of misconduct No CSR policies or actions implemented

Fine Foods assessed 43 suppliers during 2021, representing 75% of the value of the raw materials and packaging materials purchased.

75% of the suppliers analysed were above the acceptability threshold defined by Fine Foods, i.e. scoring 45/100 or higher. None of the suppliers assessed are in the high-risk band (below 25 points). No new suppliers were assessed during this first

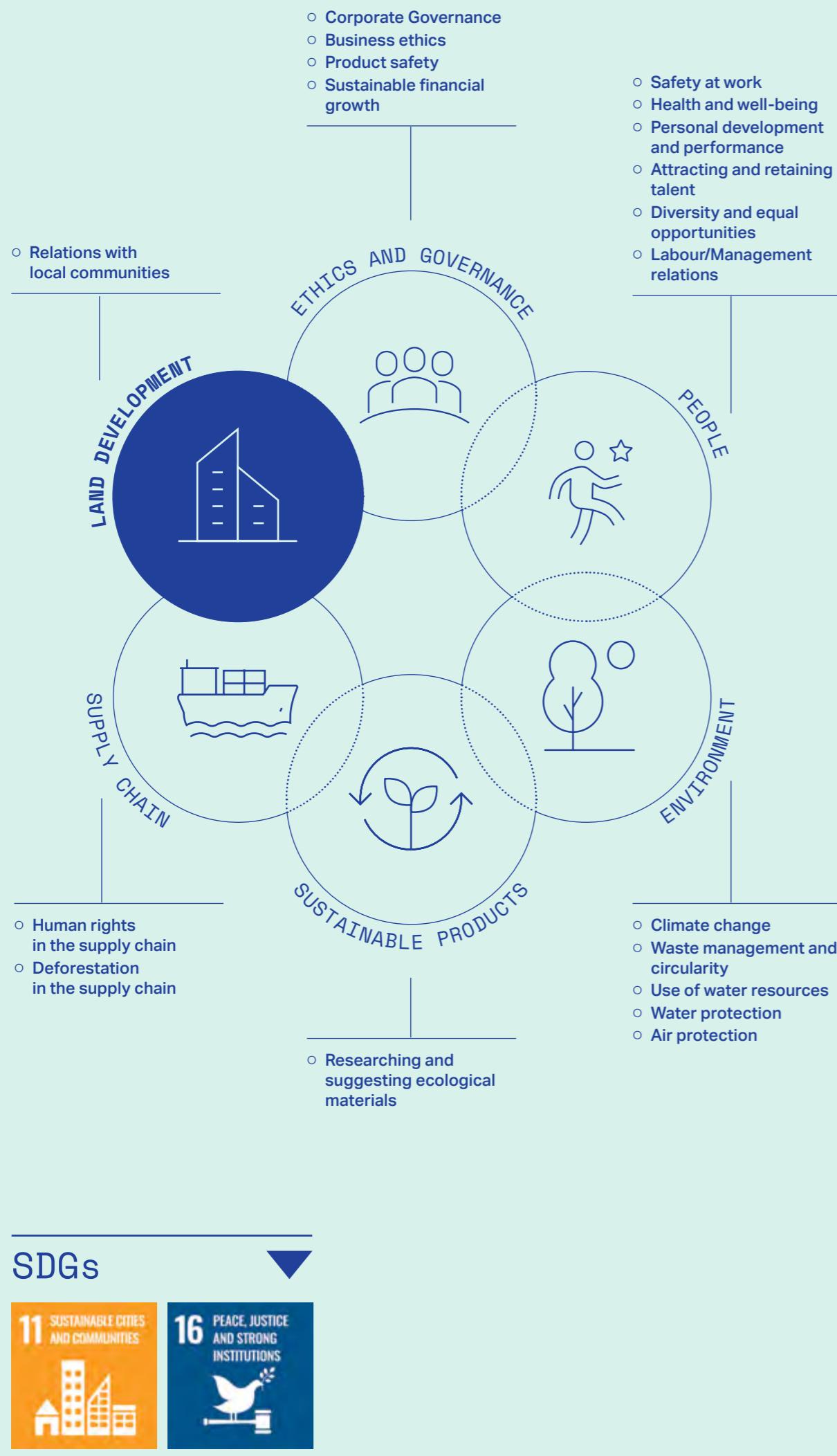
year. While this is a good result for supply chain quality, we are working to improve the ratings of our sub-threshold suppliers through direct engagement.

In addition to the numerical score, EcoVadis provides guidance on the strengths and improvement for the company sustainability rating and on which Fine Foods bases its engagement strategy.

Land development and social responsibility

06





“Fine Foods builds an equitable future by promoting actions of common benefit to the communities where it operates.”



Creating relationships and local value

In April 2021, Fine Foods amended its articles of association to become a Benefit Corporation. This decision is a formal commitment to benefit purposes and operating responsibly, sustainably and transparently towards people, communities, regions and the environment, cultural and social assets and activities, bodies and associations and other stakeholders.

Creating relationships with local communities means building relationships of trust and mutual benefit for the company and external stakeholders.

PARTNERSHIP WITH POLITECNICO DI MILANO IMLAB FOR CONTINUOUS IMPROVEMENT

Fine Foods has started a valuable partnership with Politecnico di Milano's Management Engineering Department to implement selected continuous improvement projects, pursuing the company's strategic objectives to increase production efficiency.

PARTNERSHIP WITH SCHOOLS

The company has always partnered with schools related to its business. Fine Foods has partnered with high schools to start school-to-work projects, apprenticeships and internships.

Below is a detailed list of the activities:

Institution Name	Topic/Event	Activity
University of Bologna	Master's in Nutraceuticals - Marketing	2021: Orientation meeting and company presentation
University of Pavia	Pharmaceutical Sciences	2021: One Internship
Confindustria Lecco-Sondrio	Orientation meeting	2021: Company presentation
University of Pavia	Master's in nutraceutical development	2021: One Internship

The goal is to increase individual and collective well-being by providing skills and resources.

This partnership has always been interconnected with Fine Foods' business, which sees its future in human resources, specialising in technical and scientific subjects. By implementing projects that focus on the education and training of young people, Fine Foods contributes to sustainable development, particularly SDG11, sustainable cities, and SDG4, quality education.

The first project was completed in 2020, despite a complicated year due to the global pandemic and the strict safety measures. Two students apprenticed with technicians from the Engineering department, applying the theories of the Lean Production methodology to practical situations directly in the department.

University of Brescia	Career Day	2021: Orientation meeting, company presentation and four individual interviews
Bicocca University	Career Day	2021: Orientation meeting, company presentation and 13 individual interviews
ITS Nuove Tecnologie della Vita (Bergamo)	Biotechnology	2020: One internship 2021: Two internships
ITS - Job Academy (Bergamo)	Marketing, Sales and Export Management	2021: One Internship
University of Siena	Master's in product quality and certification in agri-food companies	2021: Orientation meeting and company presentation
POLIMI	Engineering	2020: Two students for Talent Development Programme in the Continuous Improvement department 2021: Three students for Talent Development Programme in the Continuous Improvement department
Confindustria Bergamo	Bergamo Job Festival	2020: Participation in the Focus Project
I.S.I.S. Giulio Natta (Bergamo)	Chemical experts	2020: Four students under school-to-work projects 2021: Four students under school-to-work projects
I.T.I.G. Marconi (Bergamo)	Technical experts	2021: Introductory meeting for the presentation of the "Maintenance Academy" project.

Through its activities, skills, and resources, Fine Foods extends its commitment to the local communities.

Through the engagement initiatives that have involved managers and employees in the materiality analysis, areas have been identified where, in the coming years, Fine Foods will implement social and environmental projects involving local commu-

nities. The following are the selected project areas:

1. Health and people care
2. Training young people
3. Responsible Consumption
4. Environmental Care

MEMBERSHIP OF TRADE ASSOCIATIONS

The leading trade associations to which the Fine Foods Group belongs are listed below:

- Food Supplements Europe
- Unione Italiana Food
- Federsalus* (merged into Unione Italiana Food in February 2022)
- Confindustria
- Cosmetica Italia
- Egualia
- Farmindustria

Appendix

GRI index by material topic

SUSTAINABILITY DIMENSIONS/material topic	GRI	GRI description	Correlation Legislative Decree 254/2016, art. 3 paragraph 1.2	SDGs and Scope
ETHICS AND GOVERNANCE				
Corporate Governance	102-14	Strategy	Combating corruption	Fine Foods Group
	102-18	Governance		
	102-35	Remuneration policies		
	102-40:44	Stakeholder engagement		
Business ethics	102-16	Ethics and integrity	Combating corruption	 ANTI-CORRUPTION
	205	Anti-corruption		
	206	Anti-competitive practices		
	207	Tax		
	419	Socioeconomic compliance		
	307	Environmental Compliance		
Product safety	416	Consumer health and safety	Social	Fine Foods Group; Suppliers
Sustainable financial growth	201	Economic performance	Personnel	 LABOUR
	401	Employment		
PEOPLE				
Safety at work	403	Health and safety	Personnel	Fine Foods Group
Health and well-being	401-2	Employee benefits	Personnel	 3 GOOD HEALTH AND WELL-BEING
	403-6	Promotion of worker health		
Professional development	404	Training and education	Personnel	 4 QUALITY EDUCATION
Attracting and retaining talent	401-1	New recruitment and turnover	Personnel	
Diversity and equal opportunity	405	Diversity and equal opportunity	Personnel	 5 GENDER EQUALITY
	406	Non-discrimination		

Labour/Management relations	402	Labour/Management relations	Personnel	 LABOUR	Fine Foods Group
ENVIRONMENT					
Climate change	302	Energy	Environment	 13 CLIMATE ACTION	Fine Foods Group
	305	Emissions			
SUPPLY CHAIN					
Human rights in the supply chain	414	Supplier Social Assessment	Human rights	 17 PARTNERSHIPS FOR THE GOALS	Fine Foods Group; Suppliers
Deforestation in the supply chain	308	Supplier Environmental Assessment	Environment		
SUSTAINABLE PRODUCTS					
Researching and suggesting ecological materials	103	Management approach	Environment	 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Fine Foods Group
LAND DEVELOPMENT					
Relations with local communities	102-12	External initiatives	Social	 11 INCLUSIVE AND SUSTAINABLE CITIES AND COMMUNITIES	Fine Foods Group; Community

Methodological Note

This document is the first Fine Foods Group Consolidated Non-Financial Statement (hereafter CNFS or Sustainability Report).

The CNFS is prepared under Article 4 of Legislative Decree 254/2016 and contains information on environmental, social, personnel-related, human rights and anti-corruption issues. It helps provide stakeholders with an accurate, comprehensive and transparent version of the strategies adopted by the company to pursue sustainable success and its Environmental, Social and Governance (ESG) achievements and commitment.

The Sustainability Report is based on GRI standards, **Core option**. The Report shall:

1. Meet GRI 101-1 requirements
2. Contain at least the following general information (GRI 102):
 - a. Organisation profile (GRI 102-1 to 13)
 - b. Strategy (GRI 102-14)
 - c. Ethics and integrity (GRI 102-16)
 - d. Governance (GRI 102-18)
 - e. Stakeholder engagement (GRI 102-40 to 44)
 - f. Reporting practices (GRI 102-45 to 56).
3. Report its management approach for each material topic (GRI 103).
4. Use the specific GRI standard series to report on material topics (under the GRI Core option, reporting requirements for at least one specific disclosure set out in the related GRI 200-300-400 series must be met).
5. Verify the reason for omissions.
6. Inform the GRI body of using the GRI standard by sending a copy to headquarters.

For each material topic, the following is specified (GRI 103-1):

1. Why the topic is material
2. The boundaries:
 - a. where the impacts occur (geographical area)
 - b. the organisation's involvement in the impacts (caused directly or indirectly by business relationships)
3. Specific limitations

For the management, the following is reported (GRI 103-2):

1. The explanation of how the topic is managed. That approach is described for material topics for which a management approach already exists. Alternatively, the projects underway to implement the process to manage the topic are described, along with why such management does not exist.
2. Statement of the purpose of the management approach.
3. The description of the following elements:

- Policies (state the individuals/committees responsible for approval, references to international standards, widely recognised initiatives, and date of publication/revision)
- Commitments (legally binding or voluntary organisation position, compliance with recognised international standards)
- Objectives and targets (baseline and framework, expected qualitative/quantitative results, timeframe)
- Responsibilities (possible link to performance assessments and incentives)
- Resources (specify financial and human resources allocated and allocation logic)
- Grievance mechanisms (ownership of the mechanism, purpose, activities covered by the mechanism, intended

users, and management of the mechanism and processes to address grievances)

- Specific actions, such as processes, projects, programmes, initiatives (specify if short or long term, priority, if actions are part of a due diligence process and aim to avoid, mitigate or remediate negative impacts with respect to the topic, and if international standards are considered)

An assessment of how each material topic is managed is provided. This assessment includes (GRI 103-3):

- The mechanism for assessing effectiveness (e.g. external or internal audits, ratings, measurement systems, stakeholder feedback, grievance mechanisms)
- Assessment results (e.g. performance reviews, progress achieved)
- Adjustments to management method

GRI content index

The GRI content index by material topic is provided at the end of this note to make it easier for stakeholders to find information of interest.

Reporting cycle

The Report will be published annually with qualitative and quantitative information on 31 December of the previous year.

Reporting scope

This Report relates to the year ended 31 December 2021 and includes data from the parent company (Fine Foods & Pharmaceuticals NTM) and its fully consolidated subsidiaries. Particularly:

- Fine Foods & Pharmaceuticals N.T.M. S.p.A.
- Pharmatek Pmc S.R.L. - from 1 January 2021
- Euro Cosmetic S.P.A. - from 1 October 2021

Any limitations on the scope of consolidation are detailed in the document.

Reporting process and procedures

The report preparation is coordinated and managed by the Parent Company ESG office and the relevant corporate departments. The document is published simultaneously with the Annual Financial Report after approval by the Fine Foods Board of Directors. The Report contains data and information relevant to understanding the Group's business. This relevance was determined through the materiality analysis that identified priority sustainability issues for Fine Foods and its stakeholders.

The reporting process responsibilities are outlined below:

- The ESG department coordinates and involves corporate departments in the data collection, analysis and consolidation phase.
- Each manager (process owner) checks and validates, according to their responsibilities, the information reported in the CNFS.
- The ESG Committee is consulted and involved in the CNFS drafting phase and finally approves the document before presenting it to the Board of Directors.
- The Risk and RPT Committee and the Supervisory Body, according to its responsibilities, provide their opinion to the Board of Directors.
- The Board of Directors approves the CNFS at the same time as the draft financial statements.
- The auditing company EY Spa issues an opinion of conformity ("limited assurance engagement") with a specific "Auditing company Report" reproduced below in this document.

Economic and financial, operational, and governance data is taken directly from the Annual Financial Report, the Committees' Regulations, System 231 annexes and Corporate Governance and Ownership Structure Report.

Environmental and personnel data and data relating to other material topics identified and addressed in the document are collected directly from the related process managers.

The calculation methods used to determine the indicators are reported in the reference paragraphs. Current values have been compared with those of the two previous years, and at least the previous year where it was not technically possible to find the data, using graphs and tables. This is to ensure the comparability of the indicators considered most significant and give the reader the ability to compare the performance. The document highlights positive and negative aspects in equal measure, with a commentary on the results, if necessary.

The future of reporting

On 1 January 2023, the new set of GRI 2021 standards will come into force, where the "universal GRIIs" (GRI 101-102-103) will be substantially amended. The main changes in the new GRI 1, GRI 2 and GRI 3 are materiality analysis and aligning with double materiality, adopting sector-specific standards, and removing the choice between "CORE" or "COMPREHENSIVE" methods. The changes were necessary to better align with the new EU directives regarding the taxonomy of sustainable financial activities, transparency of information on sustainable finance and broadening the scope of non-financial disclosure requirements. The main contents of the new regulatory framework are summarised below.

Corporate Sustainability Reporting Directive (CSRD)

On 21 April 2021, the EU Commission published a legislative proposal updating the NFRD. One of the main changes is the extension of the scope of application: the new Directive would cover all European-based companies with more than 250 employees (currently, the NFRD provides for a threshold of 500 employees) and all SMEs listed on European markets (except for micro-enterprises). In addition, data will have to be reported based on common reporting standards, which will be developed by the European Financial Reporting Advisory Group (EFRAG) and adopted by the EU Commission through delegated acts. The standards will be developed based on the principle of double materiality. Companies will provide information on the environmental and social risks they face and the impact of their business on sustainability factors.

Regulation 2020/852 on the taxonomy of eco-friendly financial activities

(Taxonomy Regulation - TR)

Article 8 of the TR requires companies subject to the Non-Financial Reporting Directive to publish information on the alignment of activities to the taxonomy. On 6 July 2021, the EU Commission published the final version of the delegated act detailing the content, timing, and manner this information must be published. Non-financial companies must publish information on: the share of turnover from products or services associated with taxonomy-aligned economic activities; proportion of capital expenditure (Capex) and operating expenditure (Opex) for assets or processes associated with taxonomy-aligned economic activities. Financial companies are required to publish key performance indicators expressing the taxonomy-aligned percentage of assets under management.

Sustainable Finance Disclosure Regulation (SFDR) 2019/2088

The Regulation requires operators and financial advisers to disclose how they consider environmental, social and governance (ESG) risks and impacts at the entity and product level. The Regulation imposes disclosure requirements for products that promote environmental or social features (Art. 8 SFDR) and products that target sustainable investments (Art. 9 SFDR). Articles 5 and 6 of the TR require products that invest in assets with environmental objectives to provide information on the percentage alignment of the investments with the taxonomy. This is a subset of products among those classifiable as art. 8 or art. 9 of the SFDR.

The company will adapt to any future development of the regulations.

Document availability

Fine Foods Group makes this Sustainability Report available to shareholders and the public within the same timeframe and in the same manner as the draft financial statements through its publication on the website → www.finefoods.it.

This document is part of the Communication On Progress for the United Nations Global Compact.

Contacts for report information

To the attention of ESG Office
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(BG) | Italy
e-mail: esg@finefoods.it
tel: +39 035 4821382

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103-2	Topic management approach	88-89-90-91-92	
103-3	Management approach assessment		
305-1	Direct (Scope 1) GHG emissions	86-87-88	
305-2	Indirect (Scope 2) GHG emissions	87	
305-4	GHG emissions intensity	87	
305-5	Reduction of GHG emissions	88-89-90	
305-7	Nitrogen oxides (NO _x), sulphur oxides (SO _x) and other significant air emissions	97	
306 Waste			
103-1	Materiality and boundaries	36-37-41-42-93-94-	
103-2	Topic management approach	124-125	
103-3	Management approach assessment		
306-1	Waste generation and significant waste-related impact	93-94	
306-2	Management of significant waste-related impact	93-94	
306-3	Waste generated	93-94	
306-4	Waste not intended for disposal	93-94	
306-5	Waste for disposal	93-94	
307 Environmental Compliance			
103-1	Materiality and boundaries	36-37-41-42-96-97-	
103-2	Topic management approach	124-125	
103-3	Management approach assessment		

307-1	Non-compliance with environmental regulations and laws	96-97	
308 Supplier Environmental Assessment			
103-1	Materiality and boundaries	36-37-43-112-113-	
103-2	Topic management approach	114	
103-3	Management approach assessment		
308-1	New suppliers that were screened using environmental criteria	114	It was decided to assess suppliers for 2021 starting from the 2020 updated list. Only Fine Foods parent company's suppliers have been assessed.
GRI 400 SOCIAL DISCLOSURES			
401 Employment			
103-1	Materiality and boundaries	36-37-40	
103-2	Topic management approach		
103-3	Management approach assessment		
401-1	New hires and staff turnover	59	
401-2	Employee benefits	77	
401-3	Parental leave	79-80	
402 Labour/Management relations			
103-1	Materiality and boundaries	36-37-80-81-124-125	
103-2	Topic management approach		
103-3	Management approach assessment		
402-1	Minimum notice periods regarding operational changes	80	
403 Health and safety			
103-1	Materiality and boundaries	36-37-41-64-65-66-	
103-2	Topic management approach	67-68-69	
103-3	Management approach assessment		
403-1	Occupational health and safety management system	64-65-66-67-68-69	
403-2	Hazard identification, risk assessment and accident investigation	64-65-66-67-68-69	
403-3	Occupational medicine services	67-68	
403-4	Worker participation, consultation and communication on workplace health and safety	64-65-68-69	
403-5	Worker training in occupational health and safety	68	
403-6	Promotion of worker health	68	
403-8	Workers covered by an occupational health and safety management system	67-68	
403-9	Work-related injuries	65-66-67-68	
403-10	Work-related ill health	64-65-67	
404 Training and education			
103-1	Materiality and boundaries	36-37-41-71-72-73-	
103-2	Topic management approach	74-75-124-	
103-3	Management approach assessment	125	

404-1	Average hours of training per year per employee	72	Training hours are limited to Fine Foods and Pharmatek for this first reporting year.
404-3	Employees who have received regular performance and professional development assessments	75	
405	Diversity and equal opportunity		
103-1	Materiality and boundaries	36-37-41- 48-49-77- 78-124-125	
103-2	Topic management approach		
103-3	Management approach assessment		
405-1	Diversity of governance bodies	48-49-77- 78	
405-2	Ratio of basic salary and remuneration of women to men	79	The topic is limited to Fine Foods for this first reporting year.
406	Non-discrimination		
103-1	Materiality and boundaries	15-52-70- 80-81	
103-2	Topic management approach		
103-3	Management approach assessment		
406-1	Incidents of discrimination and corrective measures implemented	80	
414	Supplier Social Assessment		
103-1	Materiality and boundaries	27-33-36- 37-42-52- 111-112- 113-114	It was decided to assess suppliers for 2021 starting from the 2020 updated list. Only Fine Foods parent company's suppliers have been assessed.
103-2	Topic management approach		
103-3	Management approach assessment		
414-1	New suppliers assessed using social criteria	114	
416	Consumer health and safety		
103-1	Materiality and boundaries	36-37-56- 57-58	
103-2	Topic management approach		
103-3	Management approach assessment		
416-2	Incidents of Non-Compliance which impact on health and safety of sold products	58	
419	Socioeconomic compliance		
103-1	Materiality and boundaries	48-49-50- 51-52-53- 54-55	
103-2	Topic management approach		
103-3	Management approach assessment		
419-1	419: Non-compliance with laws and regulations in the social and economic area		There were no episodes of non-compliance with socio-economic legislation.
	Sustainable products		
103-1	Materiality and boundaries	36-37-42- 102-103- 104-105- 106-124- 125	
103-2	Topic management approach		
103-3	Management approach assessment		



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**Independent auditors' report on the consolidated disclosure of non-financial information in accordance with Article 3, par. 10, of Legislative Decree 254/2016 and with Article 5 of Consob Regulation adopted with Resolution n. 20267 of 18th January 2018
(Translation from the original Italian text)**

To the Board of Directors of
Fine Foods & Pharmaceuticals N.T.M S.p.A.

We have been appointed to perform a limited assurance engagement pursuant to Article 3, paragraph 10, of Legislative Decree 30th December 2016, n. 254 (hereinafter "Decree") and article 5 of Consob Regulation adopted with Resolution 20267/2018, on the consolidated disclosure of non-financial information of Fine Foods & Pharmaceuticals N.T.M S.p.A. and its subsidiaries (hereinafter the "Group" or "Fine Foods Group") for the year ended on 31st December 2021 in accordance with article 4 of the Decree and approved by the Board of Directors on 30th March 2022 (hereinafter "DNF").

Our limited assurance engagement does not cover the information included in the paragraph "EU Taxonomy" of the DNF, that are required by art.8 of the European Regulation 2020/852.

Responsibilities of Directors and Board of Statutory Auditors for the DNF

The Directors are responsible for the preparation of the DNF in accordance with the requirements of articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" defined by GRI - Global Reporting Initiative (hereinafter "GRI Standards"), identified by them as a reporting standard.

The Directors are also responsible, within the terms provided by law, for that part of internal control that they consider necessary in order to allow the preparation of the DNF that is free from material misstatements caused by fraud or not intentional behaviors or events.

The Directors are also responsible for identifying the contents of the DNF within the matters mentioned in article 3, par. 1, of the Decree, considering the business and the characteristics of the Group and to the extent deemed necessary to ensure the understanding of the Group's business, its performance, its results and its impact.

The Directors are also responsible for defining the Group's management and organization business model, as well as with reference to the matters identified and reported in the DNF, for the policies applied by the Group and for identifying and managing the risks generated or incurred by the Group.

The Board of Statutory Auditors is responsible, within the terms provided by the law, for overseeing the compliance with the requirements of the Decree.

Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants, based on fundamental

principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior. Our audit firm applies the International Standard on Quality Control 1 (ISQC Italia 1) and, as a result, maintains a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the DNF with the requirements of the Decree and of the GRI Standards. Our work has been performed in accordance with the principle of "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This principle requires the planning and execution of work in order to obtain a limited assurance that the DNF is free from material misstatements. Therefore, the extent of work performed in our examination was lower than that required for a full examination according to the ISAE 3000 Revised ("reasonable assurance engagement") and, hence, it does not provide assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

The procedures performed on the DNF were based on our professional judgment and included inquiries, primarily with company's personnel responsible for the preparation of the information included in the DNF, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

In particular, we have performed the following procedures:

1. analysis of the relevant matters in relation to the activities and characteristics of the Group reported in the DNF, in order to assess the reasonableness of the selection process applied in accordance with the provisions of article 3 of the Decree and considering the reporting standard applied;
2. analysis and evaluation of the criteria for identifying the consolidation area, in order to evaluate its compliance with the provisions of the Decree;
3. comparison of the economic and financial data and information included in the DNF with those included in the Fine Foods Group's consolidated financial statements;
4. understanding of the following aspects:
 - o Group's management and organization business model, with reference to the management of the matters indicated in the article 3 of the Decree;
 - o policies adopted by the Group related to the matters indicated in the article 3 of the Decree, results achieved and related key performance indicators;
 - o main risks generated or suffered related to the matters indicated in the article 3 of the Decree.

With regard to these aspects, we obtained the documentation supporting the information contained in the DNF and performed the procedures described in item 5. a) below;

5. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the DNF.
 In particular, we have conducted interviews and discussions with the management of Fine Foods & Pharmaceuticals N.T.M S.p.A., and we have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the management responsible for the preparation of the DNF.

Furthermore, for significant information, considering the Group activities and characteristics:

- at Group level
 - a) with reference to the qualitative information included in the DNF, and in particular to the business model, policies implemented and main risks, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;
 - b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.
- for Fine Foods & Pharmaceuticals N.T.M S.p.A., that we have selected based on its activity, relevance to the consolidated performance indicators and location, we performed a site visit during which we have had discussions with management and have obtained evidence about the appropriate application of the procedures and the calculation methods used to determine the indicators.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the DNF of Fine Foods Group for the year ended on 31st December 2021 has not been prepared, in all material aspects, in accordance with the requirements of articles 3 and 4 of the Decree and the GRI Standards.

Our conclusions on the DNF of the Group do not refer to the information included in the paragraph "EU Taxonomy" of the DNF itself, that are required by art.8 of the European Regulation 2020/852.

Other aspects

The comparative information presented in the DNF for the years ended on 31st December 2019 and on 31st December 2020 has not been examined.

Bergamo, 31st March 2022

EY S.p.A.
 Signed by:
 Marco Malaguti
 Auditor

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

**FINE FOODS
& PHARMACEUTICALS N.T.M. S.p.A.**

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