

SUSTAINABILITY REPORT 2022

Our commitment to a sustainable future



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Sustainability
Report 2022



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FINE FOODS 2022 FIGURES


206.9
Million €
turnover



+10%
CAGR* (10-year compound
annual growth rate)



15,168
Number of **training**
hours provided




47%
women in management




42%
women Executives and up to first level

-16%
CO₂ emissions per € Million
(compared to 2021)



371
MWh/year
energy produced
from renewable sources



98%

employees hired
with open-ended contracts



~40%

Participation
in **health promotion initiatives**



+230

students involved
in meetings on sustainability
and orientation issues



9

good practices implemented
for **health promotion** in the company



TOP 1%

companies in the Ecovadis
ranking. (Advanced level)

79%

value of raw and packaging
materials from suppliers
assessed on ESG criteria





LETTER TO STAKEHOLDERS

Dear readers,

we are pleased to present the Fine Foods Group's second Sustainability Report which shows the progress made and goals achieved, as planned in our Sustainability Strategy "Fine Foods For Future 2022-2025" suggested by our ESG Committee and approved by the Board of Directors last year.

2022 saw the consolidation of the business model that Fine Foods adopted by changing into a "Benefit Corporation" in 2021. This model creates value for the company, customers and investors, the environment and people.

Many activities have been completed and others initiated.

We obtained accreditation from the Lombardy Region as a "Workplace Health Promotion - Lombardy WHP Network" by implementing good practices in cancer prevention, promoting physical activity and healthy diet. Among the most appreciated activities there was the skin cancer screening programme, which was attended by more than 280 employees.

We contributed to the fight against climate change by starting two new photovoltaic systems at the Trezzano and Brembate plants that increased the power of electrical energy installed by 550 kW which were entirely supplied by renewable sources.

We fulfilled our regional commitments by involving more than 230 young students and teachers in actively experiencing what it means to work in a company like ours. We tackled issues related to valuing diversity, and how companies are required to integrate sustainability into their business model.

We supported our customers in calculating the carbon footprint of their products and we looked for strategies to make them more sustainable. We are selecting and testing new materials for the circular economy.

Our strategy included the increasingly active and responsible involvement of players along the supply chain. We expanded the number of suppliers engaged in the process of assessing and improving their environmental and social performance, with a focus on respecting human rights.

In 2022, we disclosed non-financial data for the first time through the Sustainability Report, updated and issued Policies that integrate the latest internationally recognised guidelines and published our Sustainability Strategy.

The above are just some of the actions implemented between 2021 and 2022 which further improved our ESG performance.

This is shown by several awards, including the following. The EcoVadis rating, obtained in August 2022, which went from “Gold” to “Platinum” in just a year. We are in the top one per cent of the 100,000 companies rated by the agency globally. Morningstar-Sustainalytics rated our ability to manage ESG risks as “Strong” in its annual rating, placing Fine Foods in the top 16 per cent of all companies in this category.

We are aware of the challenges posed by environmental and social circumstances. The impact of events such as the war in Ukraine has severely tested our manufacturing company, which had to manage significant and financially impactful fluctuations in energy and raw material costs. Despite this, we are confident and convinced that the new rules, which increasingly integrate environmental and social sustainability into the business models of European companies, are opportunities for us to seize to accelerate the path towards a sustainable future, together with our customers, suppliers, employees and stakeholders.

Marco Eigenmann
CEO

Giorgio Ferraris
Chief Executive Officer

01

FINE FOODS GROUP

- 01.1** A success story
- 01.2** Our core values
- 01.3** Creating value for stakeholders
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- 01.5** Flexible and integrated business model
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01.1 A SUCCESS STORY

2-1; 2-6

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.

Over the years, Fine Food's management has improved the company's plant to handle solid oral formats in different packaging types for future market trends. The company created new opportunities in the supplement sector for pharmaceutical companies interested in diversifying their production and improving the synergy between the pharmaceutical and nutraceutical sectors. The nutraceutical sector became the company's predominant focus.

With its recent acquisitions - Pharmatek-PMC in January 2021 and Euro Cosmetic S.p.A. in October 2021, Fine Foods entered the biocides, medical devices and cosmetics manufacturing sectors.

With these acquisitions, Fine Foods has four production plants and 750 employees, linked by shared values and a desire to create fruitful partnerships based on research and development, technology, knowledge and innovation for continuous improvement.

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,



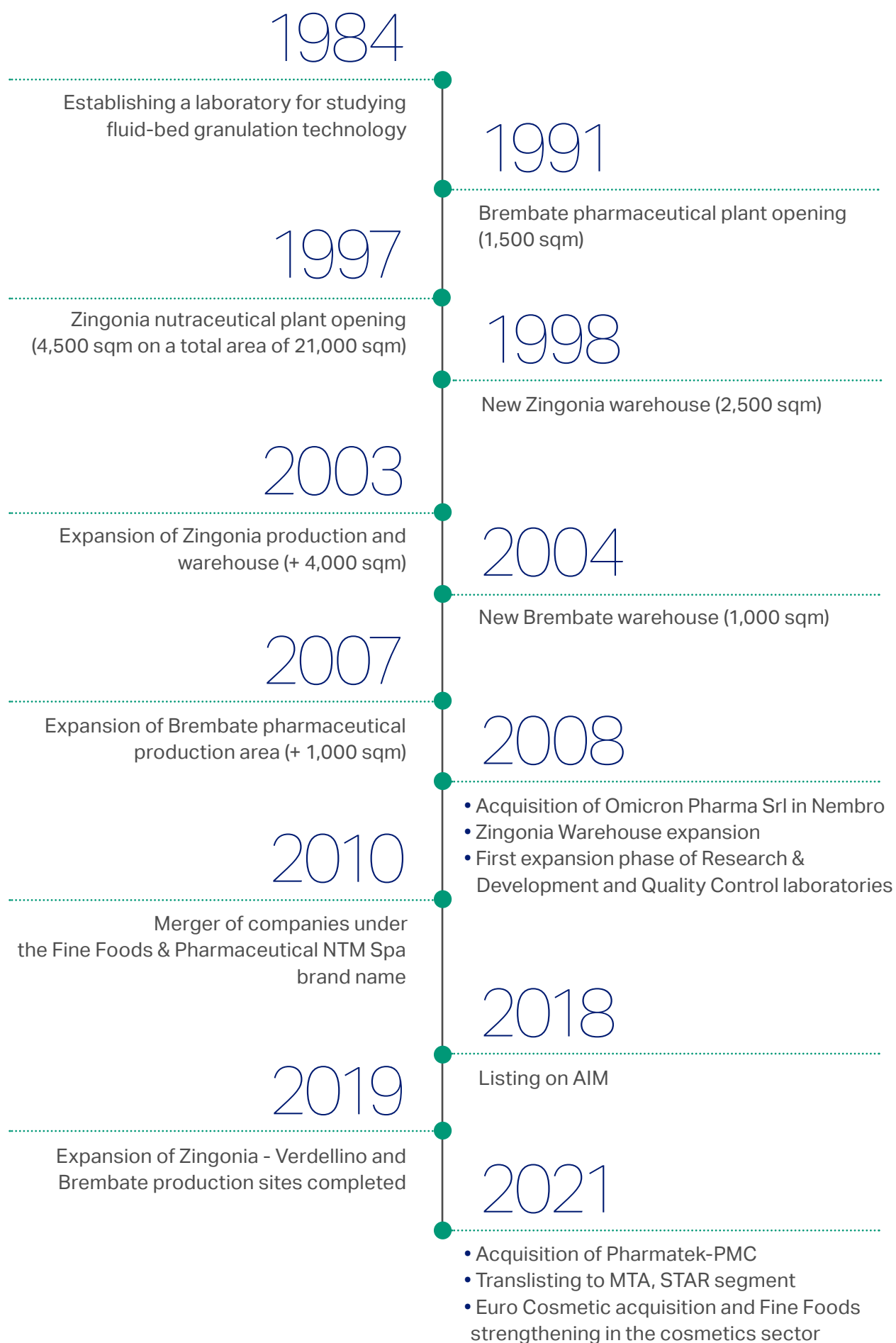


The four production plants are in Lombardy in Zingonia, Brembate, Trenzano and Cremosano. The Group's headquarters are in Zingonia in the Bergamo province.

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.

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.

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.



01.2 OUR CORE VALUES

2-23; 205; 206

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.

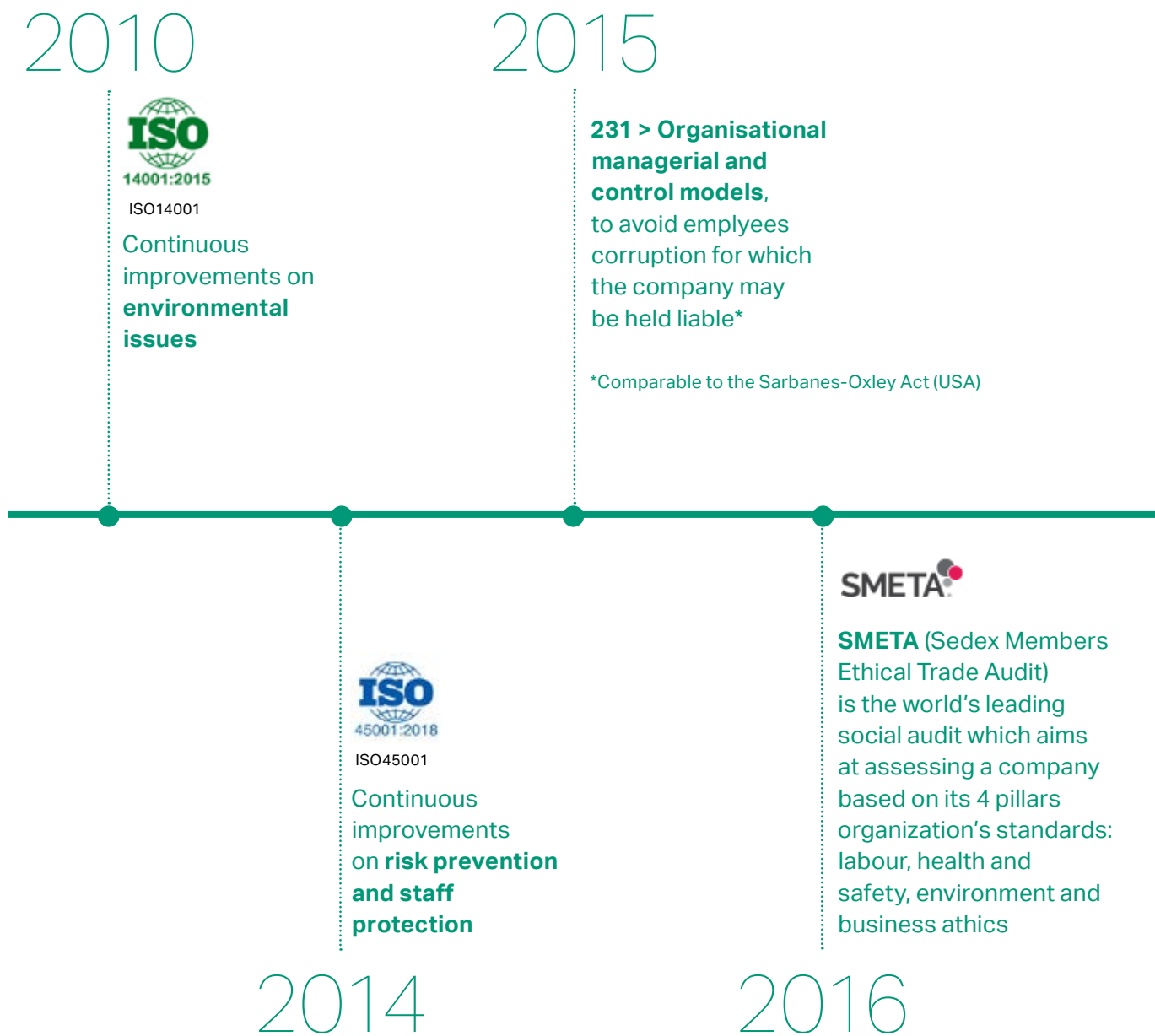
Through environmental and social certifications and awards, Fine Foods has proven to be a strategic and reliable partner based on its financial and environmental, social, and corporate governance criteria.

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 corruption 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.

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

ONGOING PAST INITIATIVE



FEATURED INITIATIVE

2021

- **ESG Committee**
- **ESG manager**
- **Benefit corporation by law**
- **Global Compact Commitment**



2025

- **Decarbonisation target (SBTi)**
- **Workplace Health Promotion certificate**
- **Donations to charity associations**
- **100% Electricity from renewable sources**
- **E&S Supplier assessment**
- **Eco-design product solutions**



- **Sustainability report**
- **Impact report (Benefit Corporation)**
- **Diversity and inclusion program**



Sustainabiliy
25.6 point (medium risk)



Ecovadis highlighting the excellent results achieved in several important areas of sustainability

2022

HEALTH, SAFETY, WELFARE, AND INCLUSION POLICY

Fine Foods adopted a Policy to create a peaceful and inclusive working environment in 2022 to implement the Group Code of Ethics. This allows people to meet their potential and be valued and rewarded based on their commitment and talent. In addition to the Company's strong commitment, the well-being and inclusion Policy embraces and implements the Global Compact's Principle VI, which requires eliminating any employment discrimination; the Sustainable Development Goals (SDGs) of the United Nations 2030 Agenda, particularly, health and well-being (SDG 3), quality education (SDG 4) and gender equality (SDG 5). This policy is inspired by the ISO 45001 standard on "Occupational Health and Safety Management Systems", the "Workplace Health Promotion - Lombardy WHP Network" programme and the UNI/PdR Reference Practice 125:2022 "Guidelines on the management system for gender equality, which requires the adoption of KPIs (Key Performance Indicator) relating to gender equality policies in organisations."

ENVIRONMENT AND CLIMATE PROTECTION POLICY

In 2022, the ESG Committee approved the Environment and Climate Protection Policy which, in continuity with the HSE Policy already defined within the ISO 14001 and ISO 45001 management system, updates and implements the current global strategy for a sustainable future. Fine Foods contributes to the Sustainable Development Goals of the United Nations 2030 Agenda: affordable and clean energy (SDG7), responsible consumption and production (SDG12), and climate action (SDG13).

SUPPLIER CODE OF CONDUCT

Supply chain relationships are indispensable to ensure business model sustainability.

Fine Foods believes that involving its strategic suppliers makes it possible to significantly improve the environmental and social impact of the products it markets.

The Fine Foods Group Supplier Code of Conduct, approved by the ESG Committee in 2022, is consistent with the values expressed in the Fine Foods Group Code of Ethics and refers to the primary internationally recognised standards such as the United Nations (UN) Universal Declaration of Human Rights, International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work, UN Global Compact, Pharmaceutical Supply Chain Initiative (PSCI), Sustainable Development Goals of the UN 2030 Agenda (SDGs), Paris Agreement of the COP21 (Conference of the Parties) and European Green Deal.

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 worldwide to respect and promote ten universal principles on human rights, labour standards, environmental protection and the fight against corruption:



United Nations
Global Compact

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.



WE SUPPORT SDGS³

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



³ Making Global Goals Local Business | UN Global Compact

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

FINE FOODS' CONTRIBUTION TO SUSTAINABLE DEVELOPMENT

Fine Foods contributes⁴ to 11 Sustainable Development Goals defined by the United Nations.



- Installation of new photovoltaic systems



- Testing new packaging materials
- Partnership on product carbon footprint calculation
- Implementing the cross-departmental eco-design process



- Project for inclusion and experimentation initiated with schools
- Study guidance meetings and discussion on sustainability issues



- Supplier Code of Conduct publication and dissemination
- Suppliers assessed on ESG criteria



- Training on managing Diversity and Inclusion issues for the HR and ESG departments.
- Valore D association membership
- Publication of the new Policy for safety, health, well-being and inclusion.



- New hires



- Skin cancer prevention screening for employees
- Initiatives to adopt healthy lifestyles

VALORE D ASSOCIATION MEMBERSHIP TO PROMOTE DIVERSITY AND INCLUSION

In 2022, Fine Foods joined the first Italian company network promoting an inclusive culture and diversity, the "Valore D" Association.

"Valore D" comprises more than 270 companies and was founded in 2009 by Astrazeneca S.p.A., Enel S.p.A., Ikea Italia Retail S.r.l., UniCredit S.p.A., Vodafone Omnitel N.V., Nuovo Pignone S.p.A., Consortium of Johnson & Johnson Companies, Microsoft S.r.l., McKinsey & Company Inc., Italy, The McGraw-Hill Companies S.r.l., Luxottica Group S.p.A. and Intesa Sanpaolo S.p.A., as associate founding member.

Being a "Valore D" member is a sign of a tangible commitment to equal opportunities, inclusion and anti-discrimination. It requires training and targeted activities throughout Fine Food's employees. The membership means that Fine Foods' management receives cutting-edge tools to integrate diversity and inclusion policies which are part of its "Fine Foods for Future 2025" sustainability strategy.

Fine Foods believes that diversity is a core value that enables it to attract the best talent and show their value as individuals. Such a policy generates employee satisfaction and encourages an innovation-rich and creative environment which responds effectively to future challenges.

valore^D

SUSTAINABILITY STRATEGY 2022-2025: PROGRESS IN 2022

In 2021 Fine Foods defined its sustainability strategy until 2025: 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 Sustainability Plan, which is part of the sustainability strategy, describes the path chosen by the organisation to prepare for the future and is a tool to share the process through which Fine Foods will contribute to 11 of the 17 Sustainable Development Goals (SDGs) of the United Nations 2030 Agenda and the Global Compact Principles with stakeholders.

Many activities have been completed and others initiated. Through this Sustainability Report, Fine Foods communicates the progress made and the goals achieved, as planned in the Sustainability Strategy "Fine Foods For Future 2022-2025" to its stakeholders.

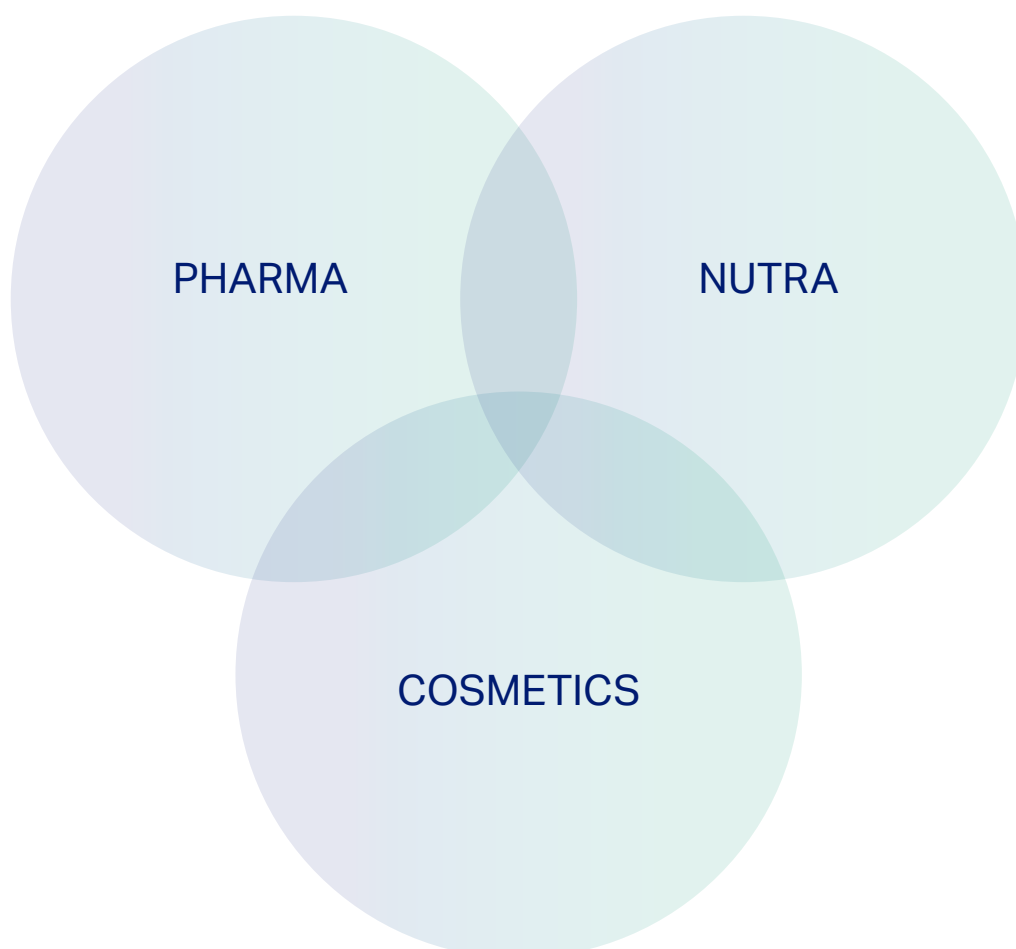


01.3 CREATING VALUE FOR STAKEHOLDERS

FLEXIBLE PRODUCTION TAILORED TO OUR CUSTOMERS

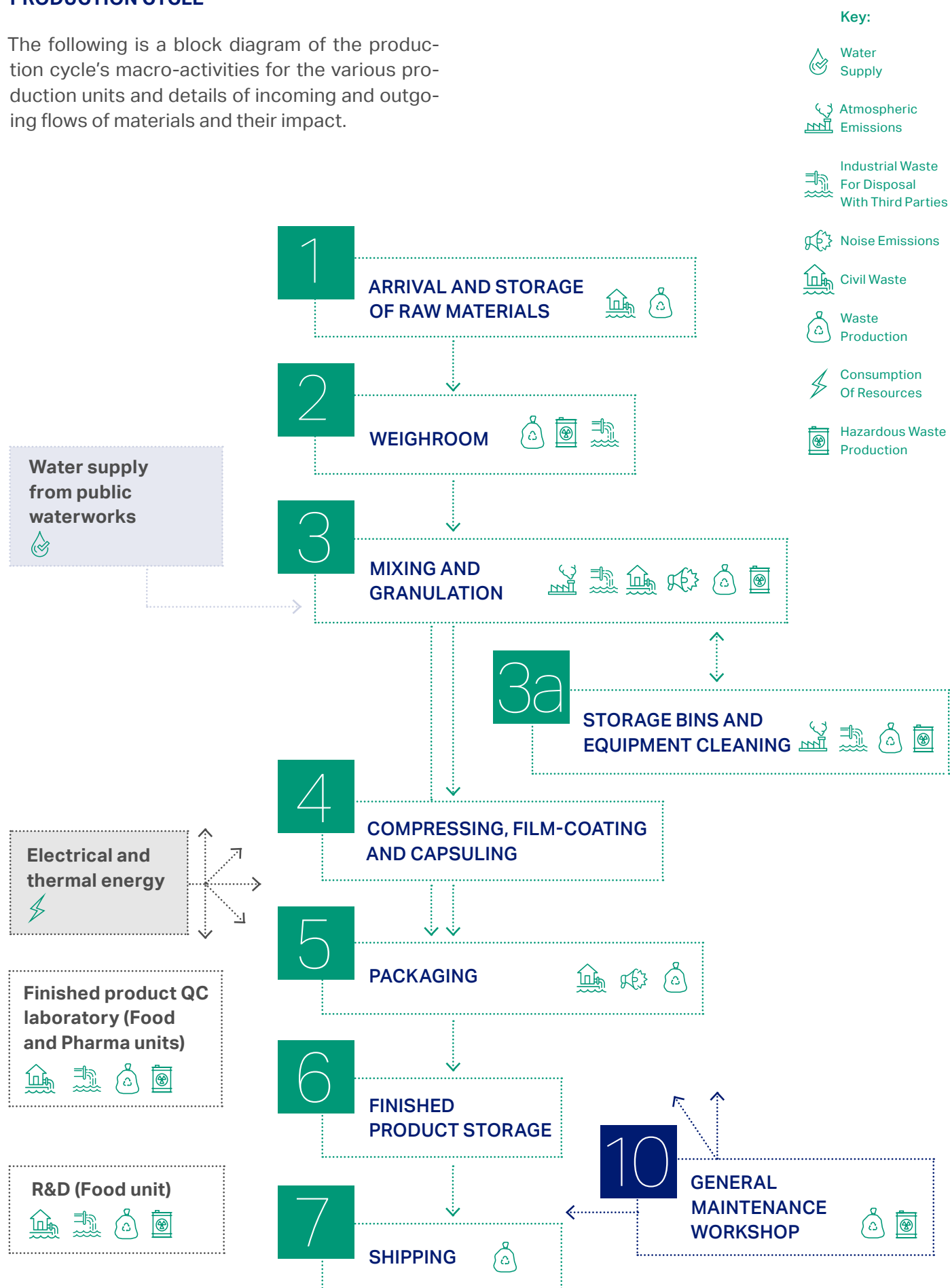
FFine Foods brings nearly 40 years' knowledge and technical expertise to meet its customers' needs at the highest professional level.

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.



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.



PRODUCTION OF FOOD SUPPLEMENTS

The Zingonia plant, one of Europe's most important food supplements producers, 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 (HEADQUARTER)

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

CAPSULES

EFFERVESCENT
GRANULES

GRANULES



POWDERS

CHEWABLE
TABLETSEFFERVESCENT
TABLETS

TABLETS

SOLUBLE
TABLETSFILM-COATED
TABLETS

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.

FORMS MANUFACTURED

CAPSULES



TABLETS



FILM-COATED
TABLETS



EFFERVESCENT
GRANULES



GRANULES



POWDERS



AVAILABLE PACKAGING

BLISTERS



PILLBOXES



BAGS



SACHETS





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.

CREMOSANO

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



Euro Cosmetic Spa - Via Dei Dossi, 16
25030 Trenzano (BS) - Italy



Pharmatek Pmc Srl - 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



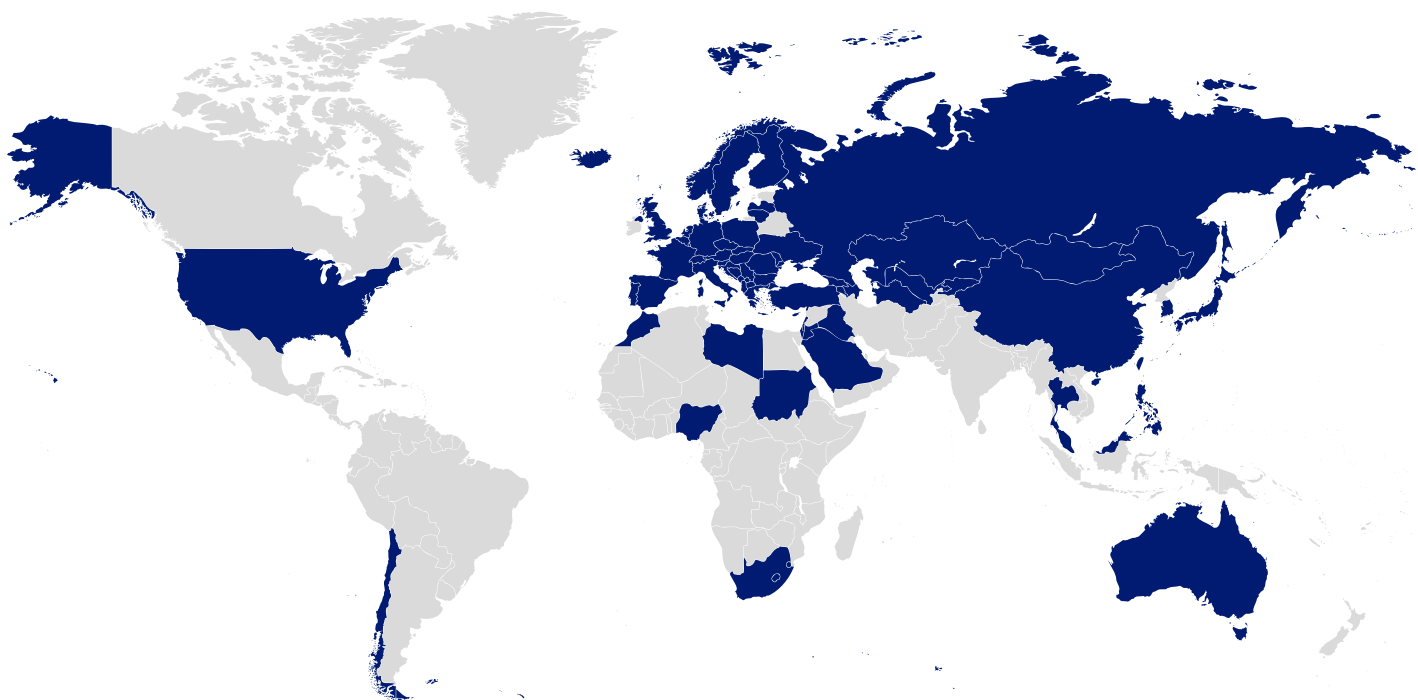
01.4 CUSTOMERS AND MARKETS

2-6

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 multinational pharmaceutical and nutraceutical companies that make the Group active in national and international markets.

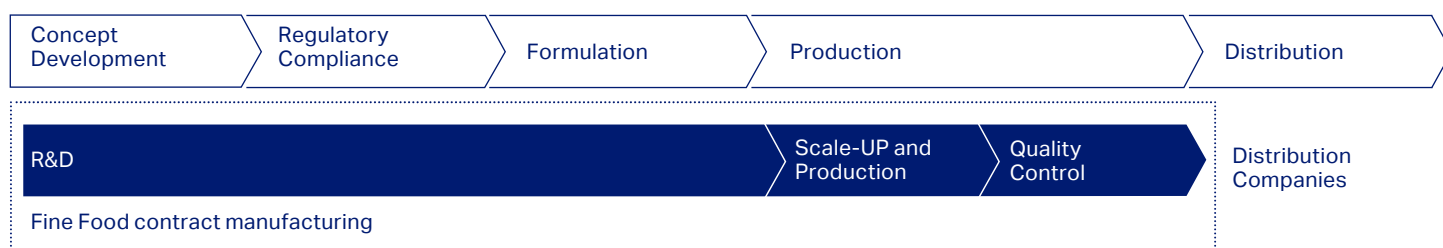
Image: distribution of markets



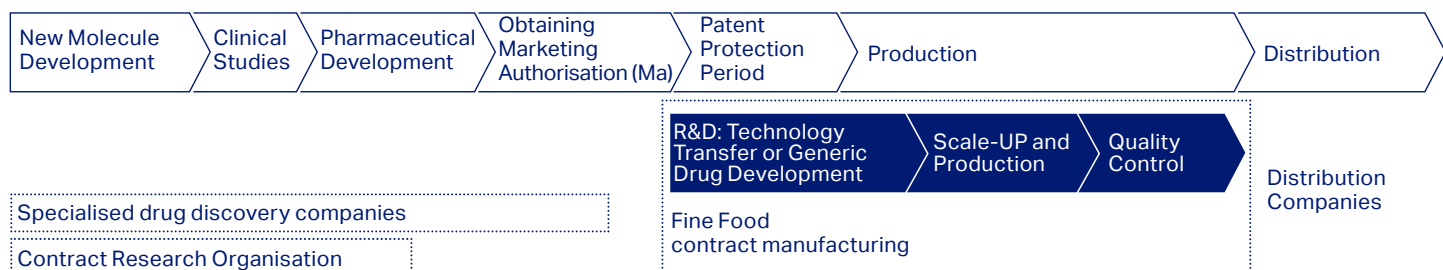
01.5 FLEXIBLE AND INTEGRATED BUSINESS MODEL

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.

NUTRACEUTICALS AND COSMETICS



PHARMACEUTICAL PRODUCTS





Business Development



Research & development



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.

Scale Up
and Production



Quality Assurance
and Control



01.6 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.

01.7 ECONOMIC PERFORMANCE

201-1

With € 206.9 million revenue from asset sales in 2022 and a 10.1% CAGR⁵ over the last decade, Fine Foods Group 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 2022 was € 200.1 million.

DIRECTLY GENERATED FINANCIAL VALUE

[Million €]	2022	2021	2020
Revenues	200.1	198.9	176.2
from asset sales	206.9	194.8	173.4
from financial investments	(7.7)	3.8	2.8
other revenues	0.9	0.1	-
capital gains net of capital losses	0.1	0.1	-

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

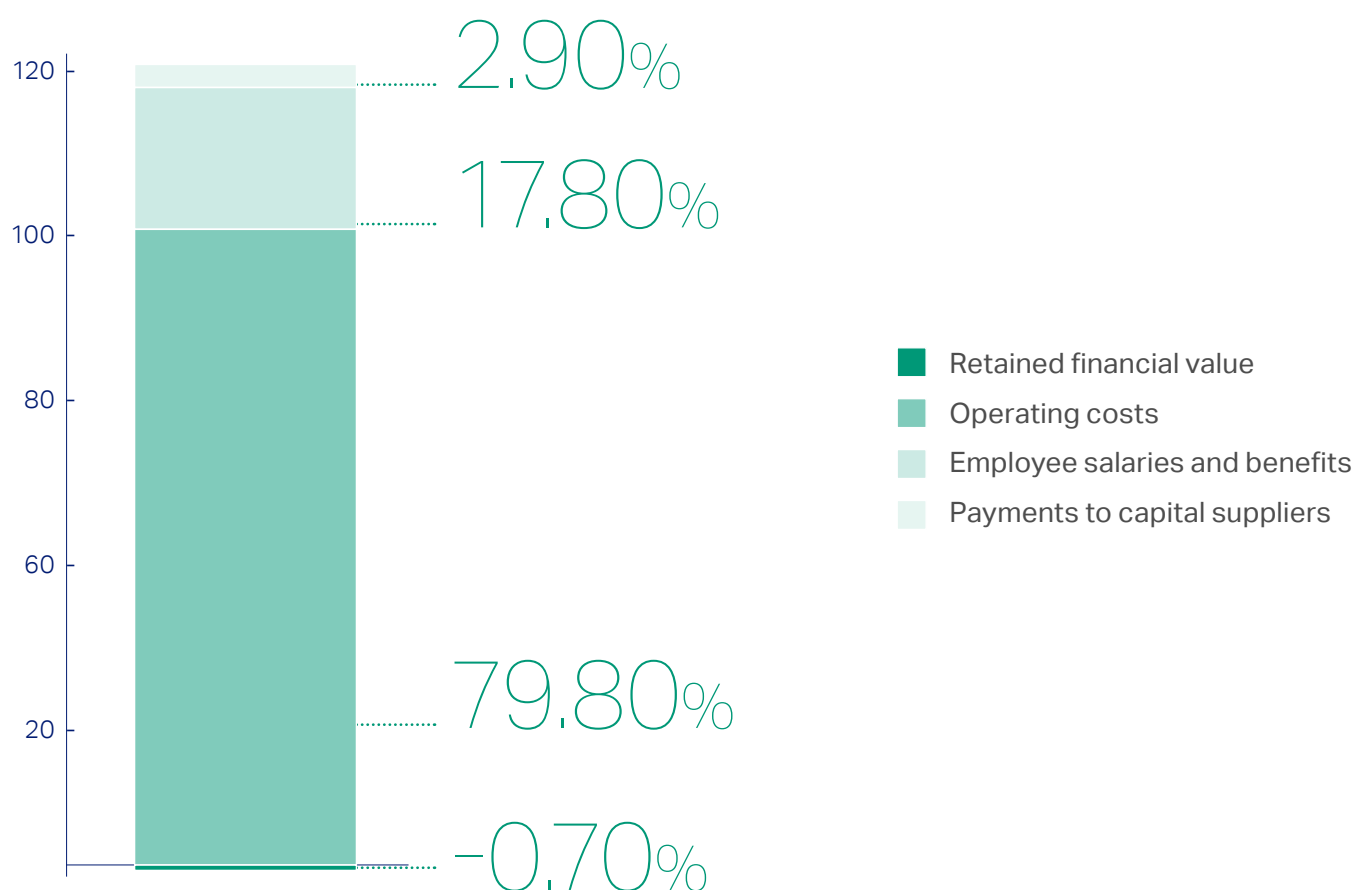
DISTRIBUTED FINANCIAL VALUE

[Million €]	2022	2021	2020
Operating costs (purchase of products, materials, rental of buildings, licence fees, payment of contract workers, training costs, personal protective equipment)	159.7	149.6	122.4
Personnel costs (salaries, benefits, personnel costs)	35.6	32.3	29.2
Public administration (taxes and duties, penalties, etc.)	0.4	(1.0)	4.2
Payments to capital providers (dividends distributed to shareholders)	5.9	3.9	3.2

RETAINED FINANCIAL VALUE

[Million €]	2022	2021	2020
Wealth retained by the company ("Directly generated financial value" minus "Distributed financial value").	(1.5)	14.03	17.2

DISTRIBUTED VALUE DETAIL 2022



TOTAL CAPITALISATION IS DIVIDED BETWEEN DEBT AND SHARE CAPITAL

[Million €]	2022
Shareholders' equity	133.6
Debt	166.5
Total Liabilities	299.8

EBIT (207-4)

[Million €]	2022	2021	2020
EBIT	(1,011,413)	5,034,230	9,484,561

EBIT (207-4)

[Million €]	2022	2021
Pre-tax profit/(loss)	(14,198,912)	(8,062,592)
Tangible assets other than cash and cash equivalents	104,162,050	102,886,510
Corporate income tax paid on a cash basis	-	5,220,015
Corporate income tax accrued on profits/losses	155,643	604,978

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.

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, Art. 8 and Art. 9 Sustainable Finance Disclosure Regulation – SFDR referring to products).

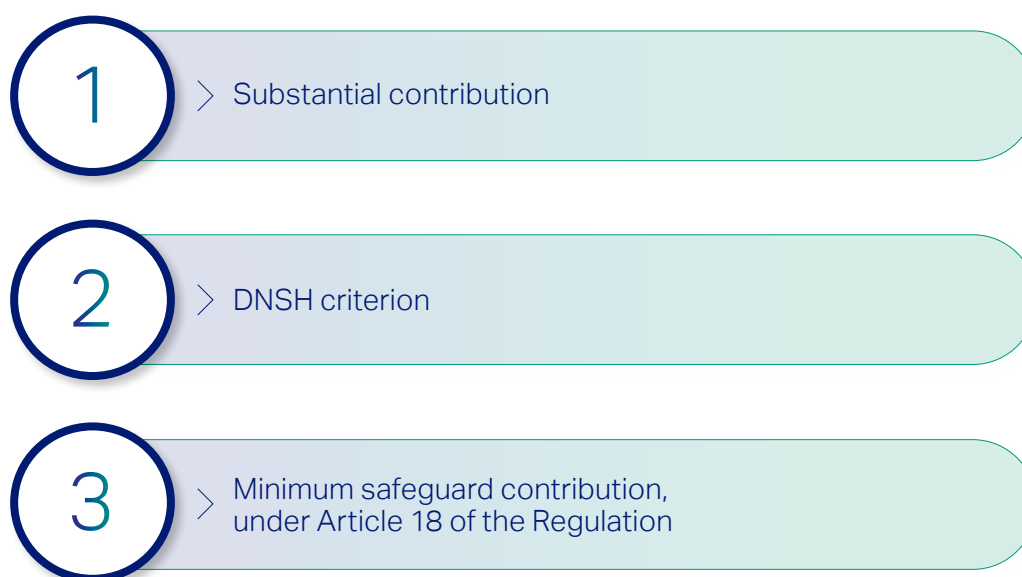
Annexes I and II to Delegated Regulation 2139, adopted by the Commission to supplement the TR, establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environments.

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 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 as "eligible".

We highlight the eligibility of activity 7.6, as the subject of point c of §1.1.2.2. of Annex I to the Regulation, due to the CAPEX and OPEX, incurred for the installation and maintenance of the photovoltaic systems at the Trezzano, Zingonia and Brembate plants.

ELIGIBILITY ANALYSIS AND ALIGNMENT

If the activity is eligible for taxonomy but unaligned, the justification must be disclosed. There are three analysis levels:



1

> Substantial contribution to climate change

An economic activity makes a substantial contribution to climate change mitigation if it contributes to stabilising greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system, in line with the long-term temperature objective of the Paris Agreement by avoiding or reducing greenhouse gas emissions or increasing greenhouse gas removals, including through innovative products or processes.

For activity 7.6, related to the installation and maintenance of photovoltaic panels, under paragraph 1.1.2.2, the numerator corresponds to the portion of capital expenditure included in the denominator that meets condition (c) of that paragraph:

(c) are related to the purchase of products from taxonomy-aligned economic activities and individual measures that enable the target activities to achieve low carbon emissions or greenhouse gas reductions, particularly the activities listed in Annex I, points 7.3 to 7.6 [...].

2

> Do-No-Significant-Harm (DNSH)

Under Article 3, letter b), considering the life cycle of products and services provided by an economic activity, including evidence from existing life cycle assessments, this activity causes significant harm to other objectives.

To verify compliance with the DNSH principle for the climate change adaptation objective,

the legislation requires the identification of climate risks that practically affect the economic activity through a climate risk and vulnerability assessment. As a precautionary measure, Fine Foods' investment will be Taxonomy-aligned upon completion of the climate risk analysis carried out on the production asset.

3

> Minimum Safeguard Criteria

The minimum safeguards under Article 3, letter c) are procedures implemented by an enterprise conducting an economic activity to ensure that it is in line with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights, including the principles and rights outlined in the eight core conventions identified in the International Labour Organisation's Declaration

on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

For details on Fine Foods' minimum safeguards, please refer to Chapter 3 "Ethics and Governance" and Chapter 7 "Responsible Supply Chain", particularly Section 7.6 "Environmental and Social Assessment of Suppliers."



REPORTING ON INVESTMENTS ELIGIBLE BUT TAXONOMY UNALIGNED

Capex and Opex calculating method

For total "Capex" costs, the value is the increase in group assets in 2022; for total "Opex" costs, the

value is the sum of Costs for raw materials consumption, change in inventories of finished goods and work in progress + Group Costs for Services in 2022.

The capital and operational expenditure related to the accountable items under the TR is reported:

TURNOVER KPI

Economic activities	Code(s)	Absolute turnover	Proportion of turnover	Substantial contribution criteria						DNSH criteria ("Does No Significantly Harm")						Minimum safeguards	Taxonomy -aligned proportion of turnover, year 2022	Taxonomy -aligned proportion of turnover, year 2021	Category (enabling activity ⁶)	Category (transitional activity ⁷)
				Climate change mitigation	Climate change adaptation	Water and marine resource	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resource	Circular economy	Pollution	Biodiversity and ecosystems					
A. TAXONOMY - ELIGIBLE ACTIVITIES		M€	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0	0	0	-	-	-	-								0			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0																	
Total (A.1 + A.2)		0	0														0			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities (B)		206.9€	100%																	
Total (A + B)		206.9€	100%																	

⁶ Enabling economic activity shall qualify as contributing substantially to an objective by directly enabling other activities to make a substantial contribution to one or more of those objectives.

⁷ Transitional activity refers to an economic activity for which there is not technologically, and economically feasible low-carbon alternative. It shall qualify as contributing substantially to climate change mitigation where it supports the transition to a climate-neutral economy consistent with a pathway to limit the temperature increase to 1,5°C above pre-industrial levels.

CAPEX KPI

Economic activities	Code(s)	Absolute CapEx	Proportion of CapEx	Substantial contribution criteria						DNSH criteria ("Does No Significantly Harm")						Minimum safeguards	Taxonomy -aligned proportion of CapEx, year 2022	Taxonomy -aligned proportion of CapEx, year 2021	Category (enabling activity ⁸)	Category (transitional activity ⁹)
				Climate change mitigation	Climate change adaptation	Water and marine resource	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resource	Circular economy	Pollution	Biodiversity and ecosystems					
A. TAXONOMY - ELIGIBLE ACTIVITIES		M€	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0	0	0	-	-	-	-								0			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Installation, maintenance and repair of renewable energy technologies	7.6	0.206€	1.4%																	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																				
Total (A.1 + A.2)		0.206€	1.4%														0			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy-non-eligible activities (B)		14.694€	98.6%																	
Total (A + B)		14.900€	100%																	

⁸ Enabling economic activity shall qualify as contributing substantially to an objective by directly enabling other activities to make a substantial contribution to one or more of those objectives.

⁹ Transitional activity refers to an economic activity for which there is not technologically, and economically feasible low-carbon alternative. It shall qualify as contributing substantially to climate change mitigation where it supports the transition to a climate-neutral economy consistent with a pathway to limit the temperature increase to 1,5°C above pre-industrial levels.

OPEX KPI

Economic activities	Code(s)	Absolute OpEx	Proportion of OpEx	Substantial contribution criteria						DNSH criteria ("Does No Significantly Harm")						Minimum safeguards	Taxonomy -aligned proportion of OpEx, year 2022	Taxonomy -aligned proportion of OpEx, year 2021	Category (enabling activity ¹⁰)	Category (transitional activity ¹¹)
				Climate change mitigation	Climate change adaptation	Water and marine resource	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resource	Circular economy	Pollution	Biodiversity and ecosystems					
A. TAXONOMY - ELIGIBLE ACTIVITIES		M€	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0	0	0	-	-	-	-								0			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Installation, maintenance and repair of renewable energy technologies	7.6	0.004€	0.0%																	
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																				
Total (A.1 + A.2)		0.004€	0.0%														0			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-non-eligible activities (B)		153.219€	100.0%																	
Total (A + B)		153.223€	100%																	

¹⁰ Enabling economic activity shall qualify as contributing substantially to an objective by directly enabling other activities to make a substantial contribution to one or more of those objectives.

¹¹ Transitional activity refers to an economic activity for which there is not technologically, and economically feasible low-carbon alternative. It shall qualify as contributing substantially to climate change mitigation where it supports the transition to a climate-neutral economy consistent with a pathway to limit the temperature increase to 1,5°C above pre-industrial levels.



02

SUSTAINABILITY STRATEGY

- 02.1** Material topics identification
- 02.2** List of Material topics
- 02.3** Fine Foods Group Sustainability Pillars
- 02.4** Sustainability plan
- 02.5** Sustainability plan progress
- 02.6** ESG Performance Indicators
- 02.7** Action plan for 2023



02.1 MATERIAL TOPICS IDENTIFICATION

3-1

The material topics identification process, which was already conducted when the first Sustainability Report 2021 was drawn up, needs to be renewed this year because organisations must update the list of material topics annually based on any situation, stakeholder interests or company's business changes, and because of the GRI Universal Standards update, which amend the way material topics are identified. Evolving legislation on non-financial reporting forces greater transparency in the data reported and alignment with the Sustainable Development Goals (SDGs), and financially, with the EU Taxonomy.

THE REGULATORY LANDSCAPE

On 28 November 2021, the EU Commission formally adopted the Corporate Sustainability Reporting Directive (CSRD), which updates the Non-Financial Reporting Directive (NFRD) transposed in Italy by Legislative Decree 254/2016. Changes include the widening of the reporting obligations application (the new Directive applies to all Europe-based companies with more than 250 employees and SMEs listed on European markets except for

micro-enterprises). Data must be reported based on common reporting standards (European sustainability reporting standards - ESRS), which are developed by the European Financial Reporting Advisory Group (EFRAG).

The standards are based on the **double materiality** principle: companies must provide information on the environmental and social risks to which they are exposed, and which may generate a financial impact. They must report on the impact their activities have on the environment and people.

Under the Taxonomy Regulation (TR), Article 8 of Regulation (EU) 2020/852 requires companies subject to the Non-Financial Reporting Directive (NFRD and future CSRD) to publish information on the alignment of their activities with the taxonomy. They must declare 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.

GRI STANDARDS

Fine Foods prepares its Sustainability Report based on the Global Reporting Initiative (GRI) Standards since the first Financial Statements in 2021.

GRI Standards have a modular system that allows companies to choose material indicators for each type of organisation from a predefined set of ESG indicators. This is an excellent tool that companies can use to understand their ESG impact and communicate these results in a comparable and credible way to stakeholders.

Considering the imminent entry into force of the ESRs, Fine Foods decided to integrate the “double materiality” concept into its reporting process. This concept is the main new European standards innovation. In addition to the GRI, the materiality assessment covers the impact of the company’s activities on the environment and society (Impact materiality) and the effects of sustainability factors on the company’s financial situation (Financial materiality).

PROCESS TO DETERMINE MATERIAL TOPICS

3-1-a

The materiality analysis identified, assessed, and prioritised significant topics from the company and its stakeholders’ viewpoints under the GRI Universal Standard 103, which is no longer in force. This process identified the material topics which were sufficiently important to make their reporting essential.

With the entry into force of the new GRI 3, this process undergoes a substantial change. This maintained its ultimate objective which is identifying the material topics to be reported while changing the methods used for their identification.

The process to determine “material topics” is carried out by performing the following steps:



1

> The organisation's **context**

3-1-a-i

The following surveys were conducted to obtain a clear overview of the framework in which Fine Foods operates and trace potentially material topics, based on ESG Committee input and with the ESG Office operational support. These included:

- 1) the organisation's activity (mission, business model, products and services provided, business sectors, employees and type of relationship with the company)
- 2) the type of relationships with its business partners and suppliers: type of business relationship, nature of the relationship (long or short-term, project-based, or for a specific activity, etc.), partner's geographical location;
- 3) the sustainability context: identification of the existing correlations between the company's activities and local and global environmental, social and economic challenges (e.g. climate change, forced labour, poverty, water stress, etc.) and the responsibilities/obligations under international agreements and mandatory regulations);
- 4) stakeholders: identifying their needs.

Below are the main tools used to conduct the in-depth analysis necessary to define the above:

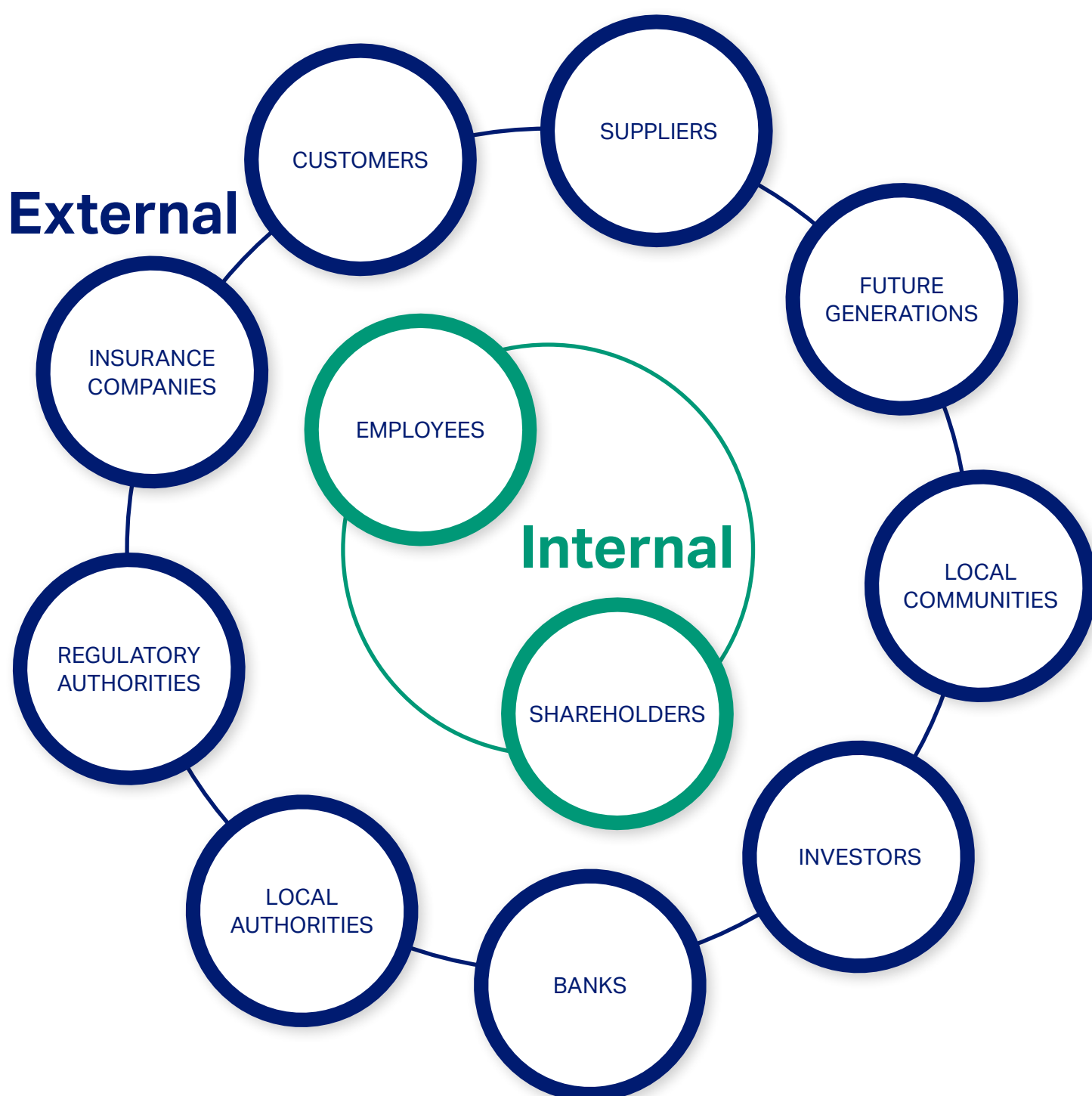
- analysis of existing technical documents, codes, regulations and company procedures (e.g. System 231 and annexes, Financial Report, management review minutes, initial environmental review, environmental permits, risk assessment document, management systems manual) to define the background;
- ESG issue 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;
- 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...);
- stakeholder engagement;
- industry ESG risk analyses carried out by recognised ESG rating agencies.

FOCUS ON STAKEHOLDER IDENTIFICATION AND ENGAGEMENT

2-26; 2-29; 3-1-b-ii

The Fine Foods quality, environment and safety management system was used to identify stakeholders that may impact on Fine Foods' business or which are impacted by Fine Foods. 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;
- analysis of the national, EU and non-EU legal and regulatory landscape.



Identifying the impact generated or suffered by stakeholders was carried out through active (interviews, questionnaires, and focus groups) and passive (customer/investor engagement through questionnaires and specific meetings) engagement tools.

The complete list of priority stakeholders is given below, together with the involvement methods used to identify their expectations and needs to define the impact:

Stakeholder group	Involvement 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 commercial and technical teams (R&D, REG, QA) • Interviews detecting the needs and relationship satisfaction • Business review meetings at least every six months • F2F meetings in the company or at industry events/fairs • Innovation meetings • Product campaigns to promote the latest innovations • End-of-year questionnaire to assess the level of service offered by the company • Supplier qualification process 	<ul style="list-style-type: none"> • Quality • Product safety • Organisational structure reliability and risk management capacity • Ethics and integrity • Favourable price/quality ratio • Partnership development • Professionalism • Report • Availability and cooperation • Fast reaction times • Meeting delivery times • Flexibility • Business continuity • Technical team support • Knowledge and skills • Ad hoc product development support • Innovation • Promoting new product ideas • Good documentation quality • Support developing products with a lower environmental impact • Support providing data to calculate the product's carbon footprint • Supply chain decarbonisation
SHAREHOLDERS/ INVESTORS	<ul style="list-style-type: none"> • Investor relations • Shareholders' Meeting • Qualification process • ESG rating agencies 	<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 • Meetings with the management of schools in the area 	<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"> • Audit 	<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

WORKSHOPS WITH MANAGEMENT

Managers were involved in the quantification of ESG risks and opportunities that intersected with the management of their department.

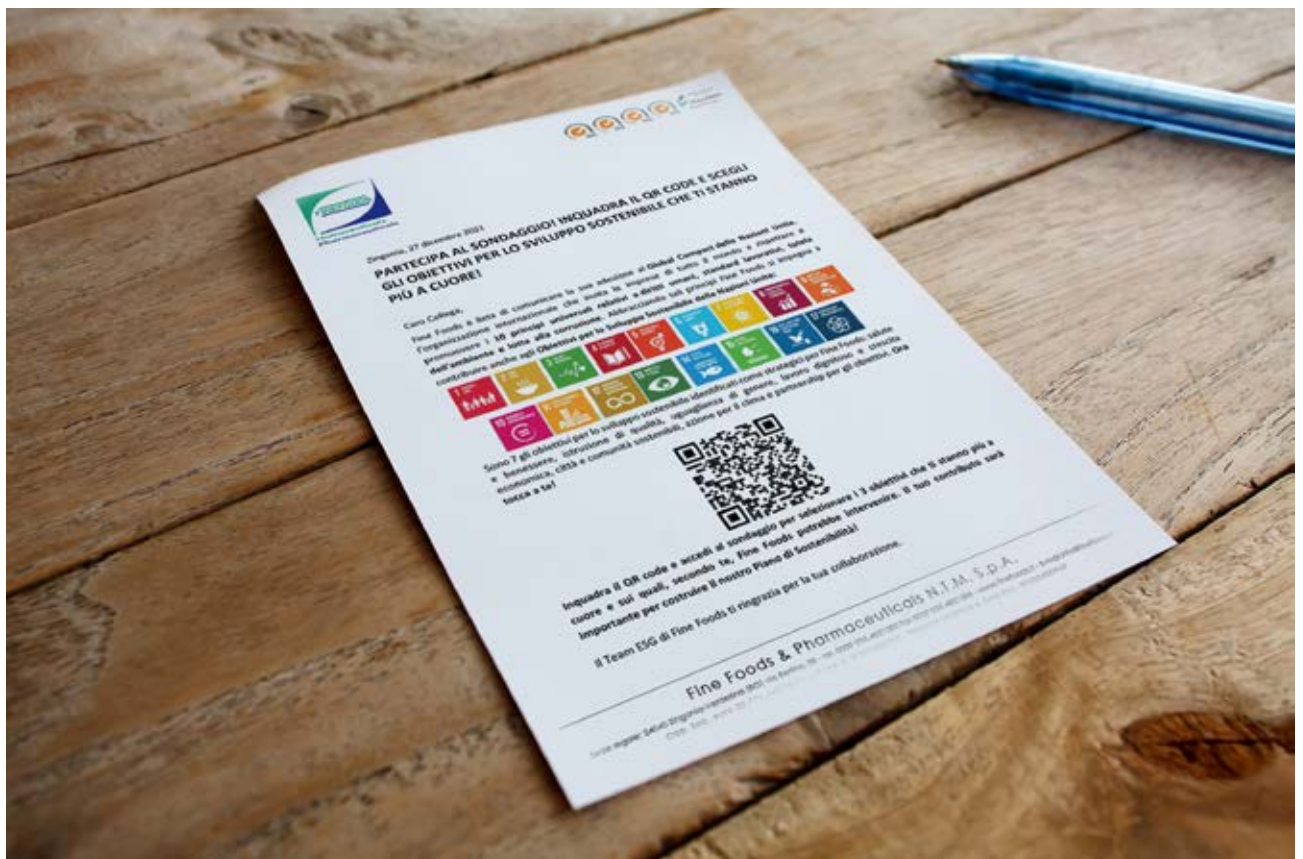
The results of the previous year's KPIs were shared with the managers who returned their input related to setting future targets and assessing the risks/opportunities for each line of action. The results obtained were summarised and presented to the ESG Committee in the "Guidance document: risk assessment", for validation.

EMPLOYEE INVOLVEMENT

A questionnaire was administered in December 2021 in which stakeholders selected the sustainable development objectives that were most important.

For details, please refer to **"Employee involvement in sustainability issues."**

Two questionnaires were administered to employees during 2022. The first surveyed the general workforce satisfaction and the second investigated the problematic issues which emerged from the previous questionnaire.



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.



2

> Identify actual and potential **impacts**

The results which emerged from the organisation's context survey were collected in the internal document "Guidance document for drafting the Non-Financial Statement - Edition 2022".

A process **identifying the list of positive and negative, actual or potential impacts affecting Fine Foods** was conducted. With the large

amount of information gathered, the organisation could identify the environmental financial and social impacts, including its human rights impact, that affect the organisation and entities with which Fine Foods maintains a business relationship.

3

> Assess the significance of the impacts

After identifying potentially significant impacts, Fine Foods classified them according to its ability to generate negative (damage) or positive (benefit) consequences of varying severity and likelihood.

IMPACT MATERIALITY

Assessing impact materiality followed the principles and methodology defined in the internal procedure to identify and monitor risks foreseen by the corporate risk management system, which is based on the "Enterprise Risk Management" framework guiding principles.

To align the assessment of impacts generated by the company's activities on the environment and society (impact materiality) with GRI, it was necessary to consider the following aspects to correctly define the damage severity:

- impact severity on society and the environment;
- impact extent (e.g. number of people affected);
- difficulties in counteracting or remedying the resulting damage.

The severity was classified from "very high" to "very low" for the assumed consequences of a harmful event.

The likelihood of an event was classified from "frequent" to "rare" based on the assessments, management experience and technical-scientific literature on the topic.

If there are potential negative impacts on human rights, the severity of an impact supersedes the likelihood of its occurrence.

FINANCIAL MATERIALITY

A similar process was adopted when assessing the impact materiality from a financial perspective. The principles expressed in the internal procedure for identifying and monitoring risks, which is based on the guiding principles of the "Enterprise Risk Management" framework, were applied. This time, the damage was classified from "very high" to "very low" for the assumed organisational, financial and reputational consequences associated with a harmful event.

This approach is indispensable for determining the "financial materiality", i.e. negative or positive financial impact on the organisation produced by the possible occurrence of a specific event.

The likelihood of an event was classified from "frequent" to "rare" based on the assessments, management experience and technical-scientific literature on the topic.



4

> Prioritise the most significant impacts and identification of material topics for reporting

If the first three steps were necessary to identify an impact, this last step defines the “material topics” that will be reported in this Sustainability Report.

The threshold within which an impact must be defined as significant was specified.

An impact that was “medium” and “high” according to one of the double materiality criteria (financial and material) was associated with the respective material topic and is reported in this Sustainability Report.

RISK ASSESSMENT MATRIX

The set of possible risk level values is shown in the following matrix:

SEVERITY	Very High	5	10	15	20	25
	High	4	8	12	16	20
	Medium	3	6	9	12	15
	Low	2	4	6	8	10
	Very Low	1	2	3	4	5
		Rare	Improbable	Unlikely	Likely	Frequent
LIKELIHOOD						



Risk was categorised into three classes according to the following scores:



- high risk = 16 to 25
- medium risk = 8 to 15
- low risk = 1 to 7

Impact assessment

Below is the **“medium” or “high”¹² impact assessment list**, where the impact was identified as material, and associated with the respective material topic:

ETHICS AND GOVERNANCE

Material topic	Negative/positive impact description	R ¹³ /O ¹⁴		
			Impact materiality	Financial materiality
Corporate Governance	Negative environmental and social impact caused by the company's failure to meet its strategic sustainability objectives, as a result of not implementing good governance policies.	R	●●●	●
	Possible positive financial and reputational impact resulting from successful corporate sustainability strategies.	O	●●●	●●●
Ethics and regulatory compliance	Negative impact on the economic, financial, capital and reputational situation, produced by committing civil and criminal offences against individuals and the entity in violation of applicable regulatory requirements.	R	●●●	●●●
Product safety (customer health and safety)	Negative impact on the health of end consumers due to product quality or safety problems.	R	●●●	●●●
	Negative impact on the group's economic, capital and financial situation due to liability actions and/or compensation claims as a result of unintended effects on consumer health.	R	●●●	●●●
Cybersecurity	Potential negative impact on the economic, capital and financial situation due to the IT system's malicious actions.	R	●	●●●
Sustainable financial growth	Negative impact on people due to a failure to guarantee decent working conditions.	R	●●	●●
Customer partnerships	Positive impact on the group's financial situation by building stable relationships and partnerships with customers to reach full market potential.	O	●●	●●

 generated impact on the environment and people  financial/reputational impact suffered

¹²The “impact materiality” and “financial materiality” columns include the following:

●●● high impact ●● medium impact ● low impact

¹³R= risk: describes a negative or potentially negative impact

¹⁴O= opportunity: describes a positive financial, environmental or social impact.

PEOPLE

Material topic	Negative/positive impact description	R ¹³ /O ¹⁴	Impact materiality	Financial materiality
Safety at work	Negative impact on people due to possible injuries, or increase in the frequency and severity of injuries due to the failed implemented or unimplemented prevention and protection measures.	R	●●●	●●
	Negative impact on the group's economic, financial and capital situation deriving from the application of administrative monetary sanctions or injunctions, including suspensions or interruptions of production.	R	●●●	●●●
Attracting and retaining talent	Negative impact on people due to the lack of policies capable of retaining highly qualified personnel to maintain or increase market share, with possible negative financial effects.	R	●●●	●●
Health and well-being	Opportunity to positively impact people's health and maximise positive contributions to the well-being of society.	O	●●	●●
Diversity and equal opportunity	Positive impact on people and the company due to an increase in innovation and retention rate, by investing in Diversity Management.	O	●●●	●●
Professional development and performance	Negative impact on people and the company's competitiveness levels due to a failure to update skills in the group's professional development plans.	R	●●	●●
Labour/ Management relations	Negative impact on people and the organisation due to a failure to establish communication channels with employees and their representatives.	R	●●	●●

ENVIRONMENT

Material topic	Negative/positive impact description	R ¹³ /O ¹⁴	Impact materiality	Financial materiality
Combating climate change and using energy efficiently	Negative impact on the environment caused by climate-changing emissions from the group's activities.	R	● ● ●	●
	Failure to invest in climate impact reduction with a negative effect on the income statement due to increases in operating costs and exposure to fluctuations in energy prices and possible regulatory provisions.	R	● ● ●	● ●
	Defining a climate strategy aligned to international standards with potential positive impact on the group's resilience, competitiveness and brand reputation.	O	● ● ●	● ●
	Negative financial impact associated with the procurement of raw materials due to extreme climatic events, which may result in the total or partial interruption of the supply chain.	R	●	● ●
	Negative impact on the group's economic, financial, capital and real estate situation due to plant shutdowns caused by extreme weather events that may damage service infrastructure, buildings, plant and machinery.	R	●	● ●
Use of water resources	Negative financial impact due to productivity problems related to low availability of water for industrial use as a result of prolonged periods of drought caused by climate change.	R	●	● ●
Waste management and resource circularity	Negative impact on human health and the environment caused by waste production, treatment and disposal.	R	● ●	●
Air and water protection	Negative impact on the environment produced by a failure to manage the release of pollutants into the environment.	R	● ● ●	●
	Negative impact on the group's economic, financial and capital situation due to the accidental contamination of the environmental matrices upon which the company operates.	R	●	● ●
Biodiversity	Impact on terrestrial and marine biodiversity resulting from the company's activities with risks related to scientific community, regulatory bodies and public opinion assessments.	R	● ●	●

SUSTAINABLE PRODUCTS

Material topic	Negative/positive impact description	R ¹³ /O ¹⁴	Impact materiality	Financial materiality
Eco-design and innovation	Potential positive financial and environmental impact arising from the application of sustainability as drivers of innovation in product design.	O	●●●	●

RESPONSIBLE SUPPLY CHAIN

Material topic	Negative/positive impact description	R ¹³ /O ¹⁴	Impact materiality	Financial materiality
Deforestation in the supply chain	Negative impact indirectly generated on ecosystems due to the lack of supply chain due diligence with possible negative effects on the group's economic and financial situation due to unmet market expectations or non-transposition of new EU regulations.	R	●●●	●
Human rights in the supply chain	Negative impact indirectly generated on human rights due to the lack of supply chain due diligence with possible negative effects on the group's economic and financial situation due to unmet market expectations or non-transposition of new EU regulations.	R	●●●	●
Sustainable procurement and circular economy policies	Positive environmental and social impact by adopting purchasing criteria that reward products based on their life cycle.	O	●●	●

LAND DEVELOPMENT

Material topic	Negative/positive impact description	R ¹³ /O ¹⁴	Impact materiality	Financial materiality
Relations with local communities	Positive impact on individual and collective well-being by building relations with local communities.	O	●●	●

02.2 LIST OF MATERIAL TOPICS

3-2

ESG impact classified as “HIGH” and “MEDIUM” has been associated with the respective ESG topic and defined as “material” for this statement purposes.

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) 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.

LIST OF IDENTIFIED MATERIAL TOPICS, SDGS AND ASSOCIATED GLOBAL COMPACT PRINCIPLES:

ETHICS AND GOVERNANCE



Corporate governance



Ethics and regulatory compliance



Product safety



Cybersecurity



Sustainable financial growth



Customer partnerships



PEOPLE



Safety at work



Health and well-being



Attracting and retaining talent



Professional development and performance



Diversity and equal opportunity



Labour/Management relations

ENVIRONMENT



Combating climate change and using energy efficiently



Use of water resources



Waste management and resource circularity



Air and water protection



Biodiversity



SUSTAINABLE PRODUCTS



Eco-design and innovation

RESPONSIBLE SUPPLY CHAIN



Human rights in the supply chain



Deforestation in the supply chain



Sustainable procurement and circular economy policies

LAND DEVELOPMENT



Relations with local communities

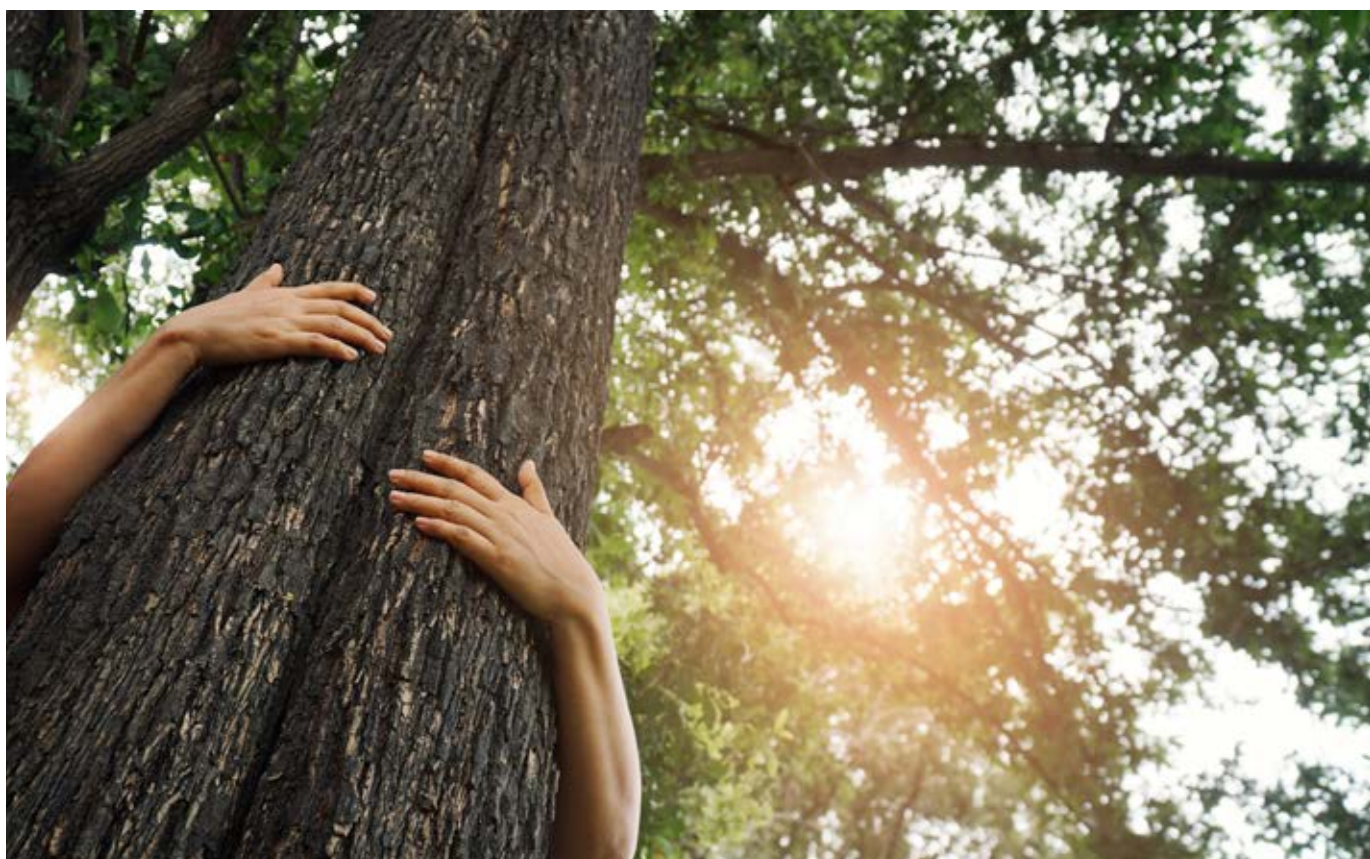
Compared to the analysis previously performed according to GRI Standards 103, the following additional topics were found to be material:

- Customer partnerships
- Biodiversity
- Eco-design and innovation
- Sustainable procurement and circular economy policies

02.3 FINE FOODS GROUP SUSTAINABILITY PILLARS

The 22 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.



Environment

- Combating climate change and using energy efficiently
- Use of water resources
- Waste management and resource circularity
- Air and water protection
- Biodiversity

People

- Safety at work
- Health and well-being
- Professional development and performance
- Attracting and retaining talent
- Diversity and equal opportunity
- Labour/Management relations

Ethics and Governance

- Corporate governance
- Ethics and regulatory compliance
- Product safety
- Cybersecurity
- Sustainable financial growth
- Customer partnerships

The six pillars of the Fine Foods Group Sustainability strategy:

Supply Chain

- Human rights in the supply chain
- Deforestation in the supply chain
- Sustainable procurement and circular economy policies

Sustainable Products

- Eco-design and innovation

Land Development

- Relations with local communities

02.4 SUSTAINABILITY PLAN

2-22

Ethics and Governance, People, Environment, Sustainable Products, Responsible 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 the 2021 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.

"Fine Foods For Future" Strategy 2022-2025

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.

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.



PERSONE

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.

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 annual activity to promote healthy lifestyles.
- Promoting training courses to develop skills in diversity and inclusion and soft skills.



ENVIRONMENT

Strategic objectives

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

Strategic projects

- All plants must possess the environmental
- Management system certification under ISO 14001
- Implementing measures to reduce emissions
- Implementing innovative strategies to decarbonise products/processes
- Projects to reduce water consumption
- Projects to reduce the amount of waste for disposal.



SUSTAINABLE PRODUCTS



Strategic objectives

We help our customers reach their full market potential by creating long-term partnerships. We are committed to creating increasingly sustainable products, where sustainability is the innovation driver.

Strategic projects

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

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.

Strategic projects

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

LAND DEVELOPMENT



Strategic objectives

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

Strategic projects

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

02.5 SUSTAINABILITY PLAN PROGRESS





















2-22; 2-23; 205-2

Below is a table listing the actions planned under the 2022-2025 strategy, their status in 2022 and reference to the sustainable development goals to which each action contributes:






























ETHICS AND GOVERNANCE

Targets and KPIs 2022-2025	Results 2022	Status	SDGs
Updating the code of ethics and anti-corruption policy.	Documents updated and published on the website.	 Achieved	
Training all staff on the Code of Ethics and Anti-Corruption Policy.	Course included in the "Fine Foods Academy" e-learning platform. Employees are enrolled when they join the company.	 Ongoing	
<ul style="list-style-type: none"> • MBO system on ESG criteria for first and second level managers who impact ESG results. • Second level managers scheduled by 2025. 	All first level managers who have influence on ESG issues with an MBO on results obtained in 2022.	 Achieved	





PEOPLE

Targets and KPIs 2022-2025	Results 2022	Status	SDGs
Updating health and safety policy and staff training.	Health, Safety, Well-being and Inclusion Policy published.	 Achieved	
At least one campaign to promote safety at work.	Promotion campaign for reporting near misses launched.	 Achieved	
At least one project to promote personal well-being.	<ul style="list-style-type: none"> • Cancer screening service and other best practices to promote healthy lifestyles, nutrition and physical activity (tot. nine actions) implemented. • Accreditation from the "Lombardy Region" WHP Network obtained. 	 Achieved	
Implementing remote working regulations.	Remote working regulation implemented.	 Achieved	  
<ul style="list-style-type: none"> • Keeping the injury rate below the average of the last three years, equal to 17.5 injuries/million hours worked. • Injury index lower than 9 by 2025. 	Injury index 2022: 15.2	 Achieved	
Certifying all group companies under ISO 45001 standard by 2025.	Reorganising HSE governance at a Group level, defining internal responsibilities and procedures.	 Ongoing	
Completing two "Talent Factory" projects.	<ul style="list-style-type: none"> • A "Talent Factory" project on customer centricity completed. • Second "Talent Factory" planned by 2025 	 Achieved	
At least one management training project to spread the feedback culture.	Planned by 2025	 2025	
<ul style="list-style-type: none"> • Training all staff on diversity & inclusion policies. • Training all staff by 2025. 	An additional 90 hour training for employees in HR and ESG departments to implement diversity & inclusion strategies.	 Ongoing	









ENVIRONMENT

Targets and KPIs 2022-2025	Results 2022	Status	SDGs
Environmental policy updating	Environmental and climate protection policy published.	 Achieved	    ENVIRONMENT
Employee environmental policy training	Training course started. In-attendance courses and course uploaded to e-learning platform implemented.	 Ongoing	    ENVIRONMENT
<ul style="list-style-type: none"> Installing at least 50 kW capacity for energy production from renewable sources. Installing at least 500 kW capacity by 2025. 	<ul style="list-style-type: none"> A 50 kW photovoltaic system at the Brembate plant implemented. A 500 kW photovoltaic system at the Trezzano plant implemented. 	 Achieved	  ENVIRONMENT
<ul style="list-style-type: none"> Implementing water consumption monitoring network at the Zingonia plant. At least four projects to reduce water consumption by 2025 	Water consumption monitoring network implemented at the Zingonia plant.	 Achieved	  ENVIRONMENT
Aligning decarbonisation targets with science-based targets.	Technical assessments to quantify the reduction of CO ₂ emissions ongoing	 Ongoing	 ENVIRONMENT
Purchasing 100% green energy from the grid.	Implementation from 2023.	 2023	  ENVIRONMENT
Certifying all group companies under ISO 14001 standard.	Work in progress for 2025 planned certification.	 Ongoing	    ENVIRONMENT
<ul style="list-style-type: none"> At least one project to reduce waste sent for disposal. At least 4 projects to reduce waste sent for disposal by 2025. 	Project feasibility assessment ongoing	 Not achieved	  ENVIRONMENT







SUSTAINABLE PRODUCTS

Targets and KPIs 2022-2025	Results 2022	Status	SDGs
<ul style="list-style-type: none"> A training project to acquire LCA skills and training 40 per cent of R&D, purchasing, and sales staff. Training all R&D, purchasing and sales staff in LCA by 2025. 	At least half of purchasing, commercial, and R&D departments trained.	 Achieved	 ENVIRONMENT
<ul style="list-style-type: none"> At least one project to develop more sustainable products based on LCA criteria. At least four projects to develop more sustainable products based on LCA criteria by 2025. 	A product Carbon Footprint project implemented and eco-design strategies suggested.	 Achieved	 ENVIRONMENT

RESPONSIBLE SUPPLY CHAIN

Targets and KPIs 2022-2025	Results 2022	Status	SDGs
<ul style="list-style-type: none"> • Group of suppliers representing 80 per cent of total spend, with signed code of conduct. • At least 95 per cent planned by 2025. 	92 per cent value of orders from suppliers who comply with our values or whose engagement is in line with the Group's Code of Ethics.	 Achieved	  
<ul style="list-style-type: none"> • Group of suppliers accounting for 80 per cent of total expenditure, assessed under Environmental and Social criteria. • At least 95 per cent planned by 2025. 	79 per cent value of orders from suppliers assessed using ESG criteria.	 Not achieved	  

LAND DEVELOPMENT

Targets and KPIs 2022-2025	Results 2022	Status	SDGs
At least one annual common benefit project for people care, young people education, environment protection and responsible consumption.	Financing the "Arca di Leonardo" voluntary association's activities.	 Achieved	 
<ul style="list-style-type: none"> • At least 100 people involved in the region in sustainability education projects. • 500 people planned to be involved by 2025. 	<ul style="list-style-type: none"> • An experimentation and inclusion project launched in partnership with IC Verdellino. • Six study orientation meetings carried out • +230 students involved. 	 Achieved	  

02.6 ESG PERFORMANCE INDICATORS

The sustainability plan effectiveness is verified by monitoring the following performance indicators identified for each sustainability pillar.

The results obtained are used by the Board of Directors and ESG Committee to verify the strategic projects' effectiveness.




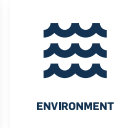
ETHICS AND GOVERNANCE

Sustainability Pillars	KPIs: Results 2022	Status
 	Employees hired with open-ended contracts [% employees with open-ended contracts/total employees] 98%	■
	ESG ratings from external companies • EcoVadis: 78 - Platinum medal (ESG performance improved by 12 points) • Sustainalytics: 25.6 (risk level 0.4 points lower)	▲
	Generated value [net sales turnover in € Million] €206.9 Million (an increase of 12.1 Million compared to 2021)	▲

PEOPLE

Sustainability Pillars	KPIs: Results 2022	Status
   	Injury index [Number of injuries/Number of hours worked*1Million] 15.2 (-2.3 compared to the average of the last three years, +3.3 compared to 2021)	■
	Retention rate [% total employees minus outgoing employees due to resignations/total employees] 94% (-3% compared to the average of the last three years)	▼
	Per capita training hours [training hours/total employees] 20 (an increase of three hours per capita compared to 2021) 15,168 training hours provided	▲
	Women in Management [% top and middle manager women over total top and middle managers] 47% (-1% compared to 2021)	■
	Women in management based on the 2023 reclassification [% Executives and up to first level of the NCLA] 42%	NEWS

ENVIRONMENT

Sustainability Pillars	KPIs: Results 2022	Status
   	CO₂ emission intensity Scope 1-2 [Ton. CO ₂ /€ million] -16% (-9% in absolute terms compared to 2021)	▲
	MWh of energy produced from renewable sources 371 MWh (+20% compared to 2021)	▲
	Waste sent for recovery [waste sent for recovery/total waste produced] 13% 94% solid waste (packaging and other solid materials other than washing water)	■
	Intensity of water withdrawn from the network [m ³ water/€ million] 353 (it cannot be compared to 2021: See "Water Management" paragraph in the Environment Chapter) Intensity of water withdrawn for Food and Pharma BUs 192 (-26 m ³ water/€ million compared to 2020)	

SUSTAINABLE PRODUCTS

Sustainability Pillars	KPIs: Results 2022	Status
 	Number of sustainable product development projects +1 Carbon footprint/eco-design project	▲

SUPPLY CHAIN

Sustainability Pillars	KPIs: Results 2022	Status
  	Value of raw and packaging materials ordered from suppliers assessed according to social and environmental criteria 79% of orders (+4% compared to 2021) 106 raw material and packaging suppliers assessed (+50% compared to 2021)	▲

LAND DEVELOPMENT

Sustainability Pillars	KPIs: Results 2022	Status
 	Number of people involved in sustainability issues +234 students	▲
	No. of projects launched +1 workshop and inclusion project +6 higher education orientation meetings for students	▲



The ESG performance indicators' trend is generally positive, with an improvement in almost all group Strategy's sustainability pillar indicators. Particularly interesting is the absolute and intensity reduction in CO₂ emissions due to the photovoltaic energy installed and energy efficiency measures. As for the "People" pillar indicators, the 2022 reorganisation was a necessary measure following the incorporation of Euro Cosmetic

and Pharmatek into the Fine Foods group. This affected the "employee" retention rate, which has worsened compared to the trend recorded in previous years. The indicators quantifying the value and number of suppliers of raw and packaging materials assessed according to environmental and social criteria and the number of people involved in the area on sustainability issues were very positive.

02.7 SUSTAINABILITY ACTION PLAN FOR 2023

Considering the 2022 results, the table below shows the updated sustainability plan actions for 2023-2025:

ETHICS AND GOVERNANCE

Target 2023	Target 2025	SDGs
Maintaining the MBO system on ESG criteria for all first level managers who have influence on ESG issues	All first and second level managers who have influence on ESG issues with an MBO on results obtained in the previous year.	
Implementing the 231 System in all Group companies		

PEOPLE

Target 2023	Target 2025	SDGs
At least one campaign to promote safety at work.	At least four campaigns to promote safety at work.	
Maintaining Lombardy Region WHP network accreditation: implementing at least two new good practices in two new thematic areas	Maintaining Lombardy Region WHP network accreditation: implementing at least six new good practices in all thematic areas	
Implementing at least one diversity & inclusion good practice	Implementing at least three diversity & inclusion good practices	
Keeping the injury rate below the average of the last three years.	Injury index lower than nine.	
	Certifying all group companies under ISO 45001 standard by 2025.	
	At least two "Talent Factory" projects.	
	At least one management training project to spread the feedback culture.	
Training at least half of staff on diversity & inclusion policies.	Training all staff on diversity & inclusion policies.	

ENVIRONMENT

Target 2023	Target 2025	SDGs
At least one awareness campaign on environmental education and responsible consumption issues	At least two awareness campaigns on environmental education and responsible consumption issues	   
At least one project to reduce water consumption.	At least two projects to reduce water consumption.	 
Aligning decarbonisation targets with science-based targets.		
Purchasing 100% green energy from the grid.		 
	Certifying all group companies under ISO 14001 standard.	  
At least two projects to reduce waste sent for disposal.	At least one annual project to reduce waste sent for disposal.	

SUSTAINABLE PRODUCTS

Target 2023	Target 2025	SDGs
Implementing a product Carbon Footprint project and suggesting eco-design strategies.	Implementing one annual product carbon footprint project and suggesting eco-design strategies.	

RESPONSIBLE SUPPLY CHAIN

Target 2023	Target 2025	SDGs
Group of suppliers representing 95 per cent of total spend on raw and packaging materials, with signed code of conduct	Group of suppliers representing 99 per cent of total spend on raw and packaging materials, with signed code of conduct	  
Group of suppliers accounting for 90% of total spend on raw and packaging materials, assessed under Environmental and Social criteria.	Group of suppliers accounting for 95% of total spend on raw and packaging materials, assessed under Environmental and Social criteria.	  
Prioritising sustainable procurement and implementation of at least one project in indirect procurement	Prioritising sustainable procurement and implementation of at least three projects in indirect procurement	  

LAND DEVELOPMENT

Target 2023	Target 2025	SDGs
At least one common benefit project for people care, young people education, environment protection and responsible consumption.	At least one annual common benefit project for people care, young people education, environment protection and responsible consumption.	 
Involving at least 100 people in the region in sustainability education projects.	Involving at least 500 people in the region in sustainability education projects.	  



03

ETHICS AND GOVERNANCE

- 03.1** Our sustainable growth structure
- 03.2** Policies for Shareholder Dialogue
- 03.3** Diversity criteria and policies in the composition
of the Board of Directors and Company organisation
- 03.4** Our Corporate Governance
- 03.5** Our business ethics
- 03.6** Certifications, performance assessment and ESG awards
- 03.7** Long-Term Customer Partnerships
- 03.8** Product safety
- 03.9** Sustainable Financial Growth
- 03.10** Cybersecurity and privacy





Ethics and Governance

- Corporate governance
- Ethics and regulatory compliance
- Product safety
- Cybersecurity
- Sustainable financial growth
- Customer partnerships

Fine Foods wants a 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.



03.1 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.

Fine Foods intends to contribute to precise ESG objectives by improving its business objective performance.

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.

During FY2022, Fine Foods started to strengthen and implement the values of ethics, integrity and responsibility, respecting people, the environment and society. Its aim was to integrate sustainability into the strategy and management of its business, defining with the various company departments the objectives to be enhanced in a sustainability plan aligned with a Group industrial plan.

It manages dialogue with its shareholders through correct, transparent and differentiated forms of engagement. It believes that establishing and maintaining a stable and ongoing relationship with the main stakeholders is in its interest and a duty towards the market.

03.2 POLICIES FOR SHAREHOLDER DIALOGUE

2-29

On 30 March 2022, the Board of Directors approved a **Shareholder Dialogue Policy** to conform the rules of corporate governance and management of dialogue with Shareholders to the principles set out in the Corporate Governance Code. This policy enhances transparency and investor engagement, as promoted by the Shareholder Rights Directive II for institutional investors and asset managers, to ensure the sustainable success of Fine Foods by creating long-term value for the benefit of Shareholders. This considers the interests of other stakeholders and the environmental, social and financial impact of Fine Foods operations.

The Board of Directors adopted the **"Procedure for Related Party Transactions"**, available on the Company's website, establishing the general criteria for identifying transactions with related parties.

Detailed information on the above procedures and policies can be found in the Report on Corporate Governance on the website www.finefoods.it, governance section.

03.3 DIVERSITY CRITERIA AND POLICIES IN THE COMPOSITION OF THE BOARD AND COMPANY ORGANISATION

2-9; 2-10; 405-1

National and European law guarantees and promotes diversity in terms of age, gender, nationality and skills among the members of companies' governing bodies. Legislative Decree no. 254 of 30 December 2016 requires that the Report on Corporate Governance and Ownership Structure under Art. 123-bis of the Consolidated Law on Financial Intermediation (TUF) provides information regarding the policies adopted on diversity according to the "comply or explain" principle. Under Art. 147-ter, paragraph 1-ter of the TUF, the Articles of Association of listed companies must require directors to be elected based on a criterion that ensures a balance between genders, for six consecutive terms.

Consequently, under the provisions of current regulations and Principle VII of the Corporate Governance Code, Fine Foods applied the diversity criteria, including gender, in the composition of the Board of Directors, ensuring adequate expertise and professionalism of its members.

Under Article 16 of Fine Foods' Articles of Association and Recommendation 8 of the Corporate Governance Code, without prejudice to compliance with the criterion on gender balance, each list consisting of several candidates not exceeding 7 (seven) must contain and specify at least one Director who meets the independence requirements established under applicable law and regulations. If the composition of the Board of Directors does not allow compliance with the provisions on gender balance, the candidate of the most represented gender elected as the last in numerical order of the only list submitted or the Majority List if more than one list is submitted, shall be excluded and shall be replaced by the first unelected candidate, taken from the same list, belonging to another gender; until candidates equal to the minimum number required by applicable rules on gender balance are elected.

Recommendation 22 of the Corporate Governance Code requires a self-assessment on the operation of the Board and its Committees at least every three years before the renewal of the Board of Directors. This must consider the following general principles on the diversity of its composition:

- age, seniority and international experience;
- gender equality;
- diversity of professional and managerial skills.

To implement the provisions of applicable legislation, on 30 March 2022 the Board of Directors adopted the “**Diversity Policy**.” The purpose of this Policy is to:

- ensure that the Board of Directors and Board of Statutory Auditors have a sufficient diversity of viewpoints and expertise to provide proper

understanding of business and long-term risks and opportunities related to the Company’s business operations;

- make the decision-making process more effective and thorough;
- enrich the discussion within the Company’s governance bodies with general strategic or specific technical expertise;
- enable the members of the governing bodies to challenge management decisions constructively.

The **Diversity Policy** refers to the composition of the Board of Directors and Board of Statutory Auditors. It is addressed to those involved in the selection and appointment of Company Board of Directors and Board of Statutory Auditors’ members.



03.4 OUR CORPORATE GOVERNANCE

2-9; 2-10; 2-11; 2-12; 2-15; 2-17; 405-1; 419; 419-1

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).

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.

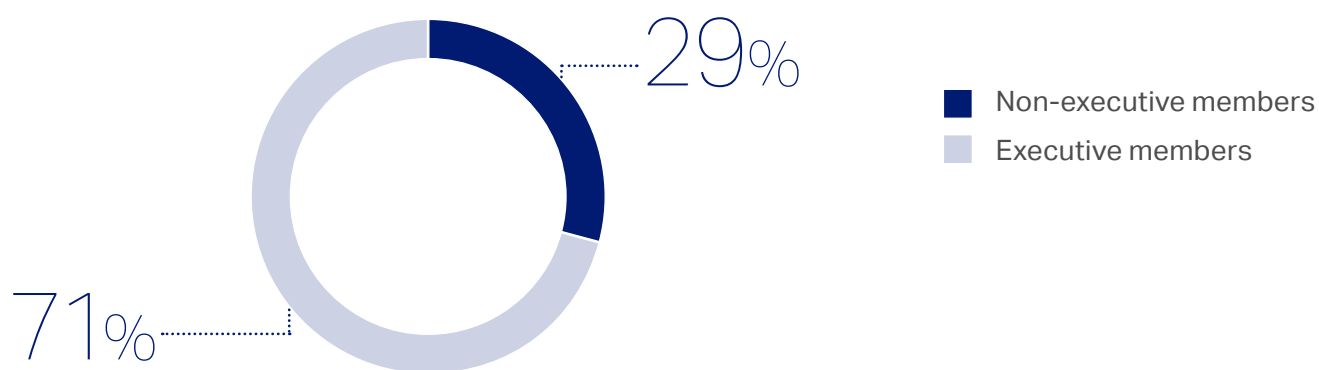
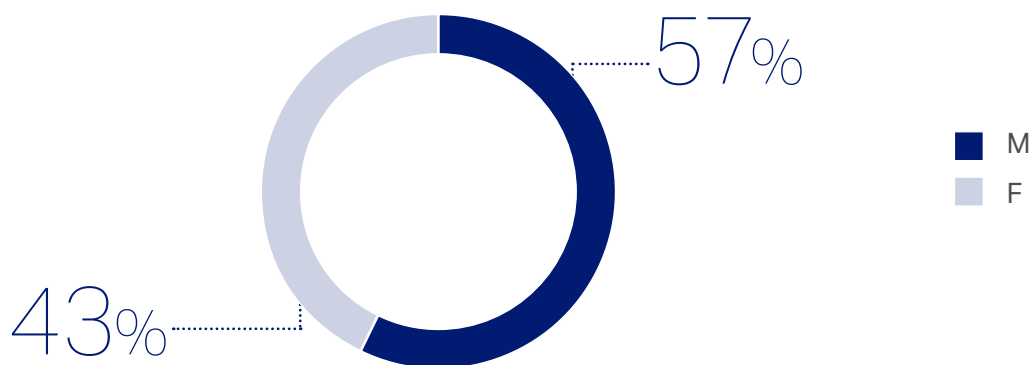
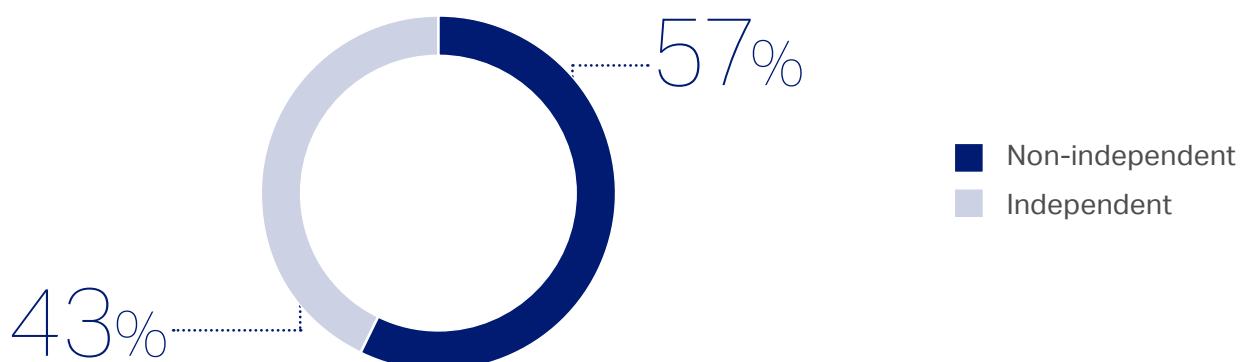
The Board of directors comprises executive and non-executive directors and a quota of independent directors who have the professionalism and skills appropriate to the entrusted tasks. The Company applies diversity criteria for its Board of Directors, which must ensure its members adequate expertise and professionalism.

Curricula of Board members are available in the Governance section of the website www.finefoods.it and in the Report on Corporate Governance filed in the same section.

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).

COMPOSITION OF THE BOARD OF DIRECTORS BY GENDER AND AGE

Number of members age	Fine Foods Parent Company	
	M	F
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****INDEPENDENT MEMBERS**

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.

For information on this section, please refer to the relevant parts of the Report on Remuneration policy and Compensation published under Art. 123-ter of the TUF on the website www.fine-foods.it, Governance - Corporate documents section.

The Committee's roles, composition, and functioning are defined in the Report on Corporate Governance available on the website www.fine-foods.it, Governance section.

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 Committee's roles, composition, and functioning are defined in the Report on Corporate Governance available on the website www.fine-foods.it, Governance section.

SUPERVISORY FUNCTIONS

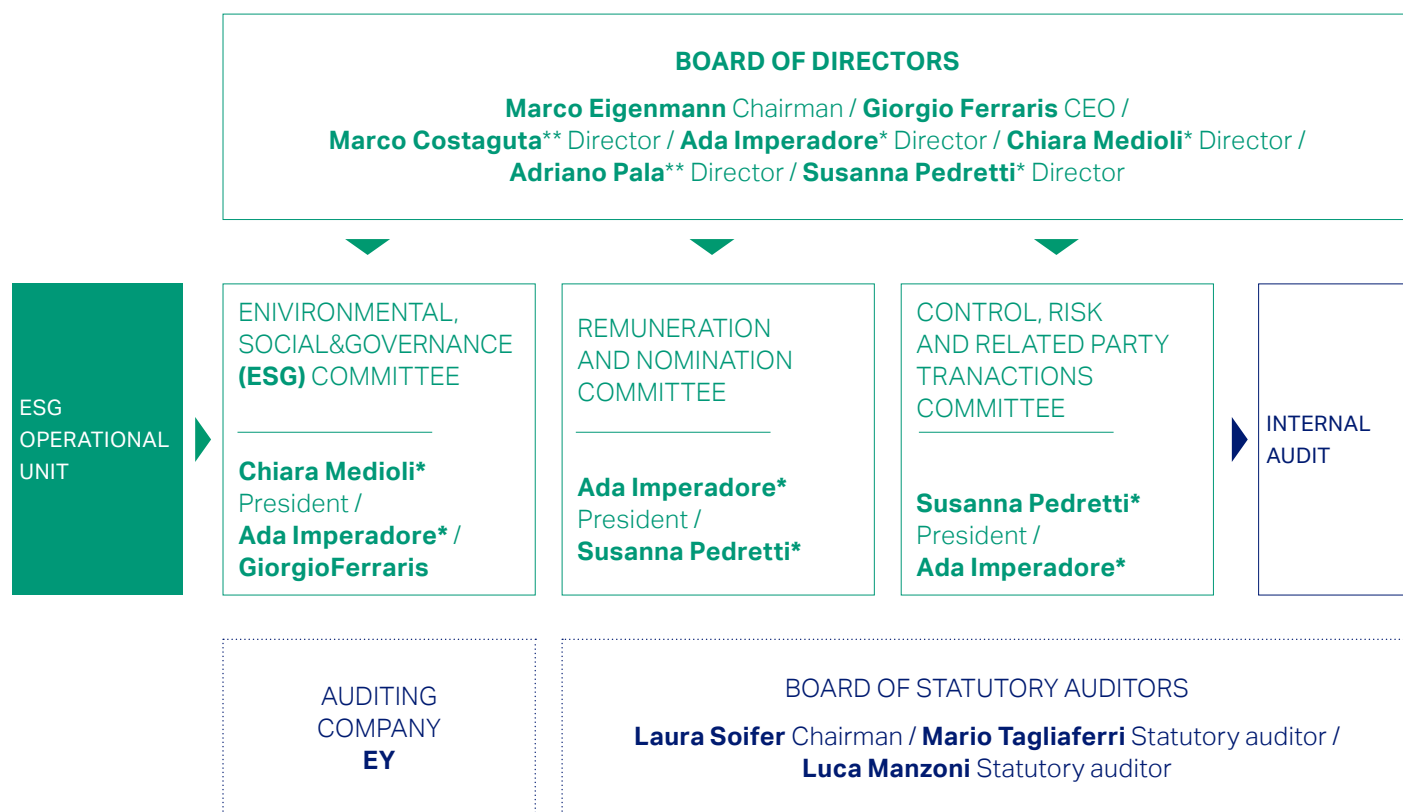
The supervisory functions under the law and Articles of Association are entrusted to the **Board of Statutory Auditors**. The Board of Directors verified that Board members meet the legal requirements of independence, integrity and professionalism.

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.

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

**Non-executive Director



NON-FINANCIAL REPORTING AND OPERATIONAL MANAGEMENT OF ESG ISSUES

2-12; 2-14; 2-26

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;
- preparing the non-financial statement in co-operation with the ESG Committee in the non-financial statement preparation phases.

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 based on the impact on people and the environment.

The reporting process description, data origin and methods used to calculate indicators, are detailed in the Methodological Note at the end of this document.

REMUNERATION POLICY

2-18; 2-19; 2-20; 2-21; 205-1

The Remuneration Policy ensures an overall remuneration structure that recognises the managerial value of those involved and their skill-based contribution to Company growth. The annual Remuneration Policy establishes remuneration that meets the following requirements:

- attract, retain and motivate managers with the professional qualities required to manage the organisational and managerial Company and Group complexity successfully;
- align their interests to create value for shareholders in the medium-long term, contributing to the implementation of the Company's strategy, medium-long term interests and sustainability;
- keep a significant part of the total remuneration linked to the achievement of qualitative and quantitative performance objectives, defined in advance and consistent with the Company and Group's development guidelines.

The Remuneration Policy, in line with the general purposes explained above, is based on the following principles and criteria:

- favouring the Company sustainable success;
- providing a balance between the fixed and variable components that is appropriate and consistent with the Company's strategic objectives and risk management policy, considering the Company's business and sector, where the variable portion represents a significant part of the overall remuneration;
- setting maximum limits for variable components, linking them to qualitative and quantitative, predetermined, measurable performance objectives related to the creation of value for shareholders in the short and medium-long term;
- fostering the loyalty and protection of the Group's essential resources, providing incentives for them to remain with the Group.

The Remuneration Policy requires fixed and variable components (the latter are based on the achievement of specific objectives and performance) are expressed according to different principles and methods related to the different types of recipients. The latter are classified according to their responsibilities and strategic role in:

- Executive and non-executive Directors
- Board of Statutory Auditors
- Key Management Personnel

Details on remuneration, criteria for calculating the short-term and medium/long-term variable portion, are described in the document "Remuneration Report" in the "Governance" section of the website www.finefoods.it.

The ratio of the annual total remuneration of the highest paid person¹⁵ to the average annual total remuneration of all employees¹⁶ (excluding the above person) is shown below:

annual compensation ratio = 25.35

OUR INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT PROCESS

2-16; 2-26

Managing the main Fine Foods Group's risks is the essential purpose of the internal control and risk management system. This consists of the set of rules, procedures and organisational structures for the effective and efficient identification, measurement, management and monitoring of the main risks to contribute to the company's sustainable success.

The internal control system safeguards the company's assets, efficiency and effectiveness of corporate operations, reliability, accuracy and timeliness of financial reporting, and compliance with laws and regulations.

The risk management system adopted by the Group is inspired by the "Enterprise Risk Management Aligning Risk with Strategy and Performance", COSO ERM Framework. However, these inspiring principles do not imply a full adoption of the COSO ERM Framework.

The Framework is a reference model and a guide for companies wishing to adopt robust risk management processes that can align strategies with performance, suggesting a framework used by an organisation to integrate risk management processes into its business management to build a strategy, improving result measurement and creating long-term value.

The goal is to help the Board of Directors adopt informed decision-making processes enabling it to effectively manage risks that could jeopardise the ability to achieve the company's strategies and objectives with a view to continuous performance improvement.

¹⁵ The figure taken from the Remuneration Report for 2021, approved in March 2022, was used.

¹⁶ The figure for the average of remuneration paid in 2022 was used.

The link between risk management and corporate strategy provides a guide for the organisation to identify events that are most relevant to the achievement of strategic objectives within the overall corporate risks. This allows the Board and management to focus on a more critical set of risks - the "top risks" which require greater attention.

The internal control and risk management system's organisational structure is consistent with the "Three Lines Model" suggested by the Institute of Internal Auditors (IIA):

- 1) The governing body guides the company pursuing its sustainable success and promoting the best dialogue with the shareholders and other company-relevant stakeholders.
- 2) Management supports the governing body pursuing sustainable success. Particularly:
 - a. First level management:
 - directs the actions (including risk management) and application of resources to achieve the organisation's objectives;
 - maintains an ongoing dialogue with the governing body and reports on planned, actual and expected results related to the organisation's objectives;
 - establishes and maintains structures and processes for managing operations and risks (including internal control);
 - ensures compliance with legal, regulatory and ethical expectations.
 - b. Second level management:
 - provides complementary support and monitoring skills to achieve risk management objectives (e.g. compliance with laws, regulations and acceptable ethical behaviour, internal control, sustainability, quality assurance, etc...)
 - provides analysis and reporting on the risk management adequacy and effectiveness (including internal control).

3) Internal Audit works independently of management and provides assurance and insight into the adequacy and effectiveness of governance and risk management (including internal control).

4) The external auditor provides additional assurance to:

- a. meet legislative and regulatory expectations to protect stakeholder interests;
- b. meet requests from management and the governing body to supplement internal assurance sources.

RISK IDENTIFICATION PROCESS

To identify business risks, each Manager or Process Manager is responsible for assessing and managing risks relevant to their area of activity.

Based on the risk assessment, the Manager identifies the most significant risks and assesses the associated risk and its impact (severity and likelihood) on the company's business. This may be discussed in advance with the CEO.

The impact value of each risk is based on the presumed organisational, financial and reputational consequences associated with a harmful event for the organisation.

The likelihood of an event is based on management experience, scientific literature, external and internal sources of proven reliability.

Based on the above criteria, the risk (R) is calculated, which is the product of the likelihood (P) of an event multiplied by its impact (I):

$$R = P \times I$$

The set of possible risk level values is shown in the following matrix:

IMPACT	Very High	5	10	15	20	25
	High	4	8	12	16	20
	Medium	3	6	9	12	15
	Low	2	4	6	8	10
	Very Low	1	2	3	4	5
		Rare	Improbable	Unlikely	Likely	Frequent
LIKELIHOOD						

The risk is classified as high, medium or low according to the following scores: :

- high risk = 16 to 25
- medium risk = 8 to 15
- low risk = 1 to 7

The net risk is recalculated based on the mitigation measures and mitigating operational procedures implemented by the company.

Mitigating factors are internal and external to the Group and can contribute to mitigating or nullifying the described risk, while mitigating operating procedures are organisational processes the Group has in place to mitigate, monitor and assess individual risks on an ongoing basis.

The net risk assessment is obtained through the same methods used to calculate gross risk.

Risks for which no mitigation measures exist are considered. The residual risk coincides with the gross risk.

Gross risks classified as "high" and "medium" are entered by the CEO into the corporate risk matrix:

Based on the residual risk level, the Board of Directors defines the risk management strategy. This strategy may involve:

- 1) avoiding the risk (e.g. disposing of a business unit, production line, market segment, avoiding new initiatives that could give rise to significant risks);
- 2) reducing risk to acceptable levels (e.g. diversifying a product range, setting operational limits, increasing the level of management involvement, increasing the control level);

- 3) monitoring risks (e.g. constant monitoring by the company);
- 4) accepting the risk (e.g. self-insure against losses).

Mapping risks is done by coordinating the CEO with the Board of Auditors and Control and Risk Committee.

The CEO updates the risk matrix at least annually, which they submit to the Board of Directors for approval to define the risk management strategy. This update is preferably carried out during financial report approval.

The CEO must inform the Managers and Process Managers of the risk matrix.

Risk monitoring is carried out by Internal Audit according to the following procedure:

- the CEO provides the risk matrix to Internal Audit;
- based on the matrix, Internal Audit draws up the Audit Plan to constantly monitor the organisational controls put in place by the Group to mitigate and control the main risks highlighted;
- the Audit Plan is presented and approved by the Board of Directors at least annually;

- the activities carried out within the Audit Plan framework are reported by Internal Audit periodically and contain information on the way risk management is conducted, and compliance with risk containment plans. The periodic reports shall assess the internal control and risk management system suitability;

- Internal Audit sends the periodic reports to the CEO and the Chairpersons of the Board of Statutory Auditors, Control and Risk Committee and Board of Directors;

- Internal Audit coordinates with the other control bodies, Supervisory Body and Board of Statutory Auditors, for supervisory activities on the internal control system.

The Control and Risk Committee may entrust Internal Audit with checks on specific operational areas.

The Board of Statutory Auditors supervises the internal control and risk management system's effectiveness.

Information on financial risks is published annually in the Group Financial Statements.

03.5 OUR BUSINESS ETHICS

2-15; 2-23; 2-24; 2-27; 205; 205-3; 206; 206-1; 207; 419

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.

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.

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 Farindustria 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.

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

After the 2021 acquisitions, the Fine Foods Code of Ethics was adapted from a Group perspective, to ensure that its principles were extended without contradictions or exclusions.

A paragraph on "Harassment and Discrimination in the Workplace" was included. This is a phenomenon that requires the utmost attention and proactivity by Management to combat it and protect its victims.

The Code of Ethics was approved by the ESG Committee and the Board of Directors in May 2022.

An information campaign disseminated its values, at the time of its formalisation.

"FINE FOODS PEOPLE" VALUE

To inform and update the company staff of the new values that Fine Foods wanted to promote through the new version of its Code of Ethics, a campaign was organised to reach everyone within the organisation. Training sessions were organised, panels were placed at the entrances and badge holders were delivered to each employee with the following sentence printed on them:

We are the "Fine Foods People"

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



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 reject any intimidation, threat, verbal or physical behaviour or offence, and request for personal favours that hinder work's peaceful and standard performance.
- 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.
- 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.

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.

The **Anti-Corruption Policy** was drawn up to implement what is expressed in the Code of Ethics and give operational follow-up to Global Compact compliance. This implements the 10th Principle, which reads as follows;

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

The Policy protects organisation and its stakeholders by preventing corrupt offences and contains the conduct that those working with Fine Foods Group companies must follow.

The document was shared and approved by the Committee members, and approved by the Board of Directors in May 2022.

The full policy is available on the company website www.finefoods.it in the "Code of Ethics and Policies" section.

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, Code of Ethics and Policies.

FINANCIAL REPORTING AND TAX POLICY

207-1, 207-2; 207-3

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.

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 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.

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.

"NON-COMPLIANCE" STATEMENT

2-27; 205-3; 206-1; 406-1; 416-2

During the reporting period, there were no corruption incidents, no legal action was initiated for anti-competitive practices, there were no overruns in the values measured by monitored emission points, or other penalties or convictions for environmental offences, or discrimination incidents.

There were no cases of product health and safety non-compliance with regulations that would result in a fine or penalty, or a warning, or cases of non-compliance with self-regulatory codes. In 2022, the company received a sanction for non-compliance of a product placed on the market by Pharmatek in 2020, i.e., prior to the acquisition by the Fine Foods Group.

There were no cases of non-compliance with social and economic laws and regulations.

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

ECOVADIS¹⁷

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 sustainability 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,

Fine Foods achieved a Platinum rating in the EcoVadis Sustainability Rating 2022, entering the top one per cent of companies in the EcoVadis global ranking (out of more than 100,000 companies analysed).

EcoVadis analysts said that Fine Foods showed an advanced sustainability management system that effectively covered the four issues.

A year earlier (August 2021) Fine Foods received a Gold Medal from EcoVadis for achieving 66 out of 100 sustainability rating points - 92nd percentile of the EcoVadis global ranking, i.e. in the top eight per cent of high-scoring companies. A year later, the achieved score increased by 12 points to 78 out of 100.

¹⁷ [EcoVadis](#)

The Ecovadis Platinum Rating is an award that provides a reliable global benchmark for the company's ESG performance and offers independent proof of Fine Foods' commitment to sustainability across the business. This confirms and emphasises the Group's well-established holistic approach to ESG issues.



SUSTAINALYTICS¹⁸

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.

In the latest assessment (2 February 2023), the score achieved was 25.6. This score improved over the previous year by 0.4, against an increase in the ESG risk exposure of our business category of +3.3 points.



While maintaining the same risk level (medium), the "risk management" level improved from "medium" to "strong". This places Fine Foods in the top 20 per cent of companies assessed within its industry category for the "risk management" parameter and in the top 16 per cent of all companies assessed, regardless of industry.

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 Foods¹⁹ 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.



¹⁹ The ISO 45001 certified management system covers all workers at the Zingonia and Brembate plants, employees and those not directly employed by Fine Foods.

03.7 LONG-TERM CUSTOMER PARTNERSHIPS

3-3

A relentless search for customer satisfaction drives the company's focus on continuous innovation, research and development, quality and sustainability.

Fine Foods is a trusted partner, working alongside customers by analysing needs, based on market trends, identifying the best tailor-made solution which provides a competitive advantage. The R&D team works closely with customers in finalising the most ambitious projects or by devising out-of-the box solutions presented at innovation meetings where the latest ideas are presented.

This flexible and proactive organisation supports a dynamic approach to innovation, and creates a fertile environment to develop problem solving and Lean

Thinking skills. This approach allowed Fine Foods to create long-lasting partnerships with its customers in Italy and abroad, develop its product and service range to best meet customer needs. In addition to the various certifications and awards received from leading agencies assessing the ESG performance of industries, tangible proof of this is the more than 260 customers Fine Foods acquired and maintained over the years, in Italy and abroad.

Using innovative tools for launching products according to different needs, Fine Foods is the ideal partner for customers who wish to exploit market opportunities:

OPPORTUNITY LAB

The R&D department has developed more than 100 nutraceutical formulas, meeting customers' speed and flexibility needs, and reducing time-to-market.

INNOVATION LAB

With a cross-functional team that meets periodically to address new product development using an integrated approach, Fine Foods can offer customers out-of-the box solutions and innovation meetings where the latest ideas are presented.

CUSTOMIZATION LAB

Fine Foods knowledge and recognised expertise in product finely-tuned sensory properties allow it to work closely with customers to develop customised solutions for the most challenging projects.

TRANSFER LAB

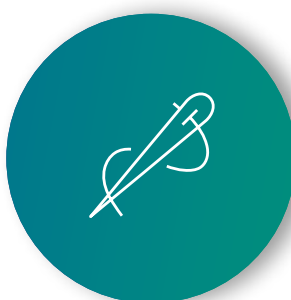
Fine Foods allows the production of an existing product to be transferred to its own production facilities (technology transfer) for a more complete and advantageous service.



OPPORTUNITY LAB



INNOVATION LAB



CUSTOMISATION LAB



TRANSFER LAB

FOOD SUPPLEMENTS & COSMETICS

BIOCIDES

MEDICAL DEVICES

PHARMACEUTICALS

03.8 PRODUCT SAFETY

3-3; 416; 416-1; 416-2

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.

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:

ISO 9001

By adopting a quality management system certified under ISO 9001 standard, Fine Foods guarantees a solid organisation, assessed by an accredited entity, to 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 Directive 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 compliance 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 chemical, physical and biological hygiene 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 that surpasses legal requirements. 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. The certification based on this standard 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:

Zingonia plant (Fine Foods & Pharmaceuticals):

- ISO 9001
- ISO 13485
- FSSC 22000
- GMP Food Supplements Certificate of Conformity
- Ministerial authorisation for food supplements production and packaging
- ATS authorisation for the Food plant

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 solid oral medicines for human use
- Authorisation to produce medicines for clinical trials

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.

PHARMACEUTICAL SAFETY

A pharmaceutical plant must have a manufacturing authorisation (MIA) issued by the relevant authority (AIFA = Agenzia Italiana del Farmaco (Italian Medicines Agency)).

The authorisation is issued after an inspection to certify that the company complies with the European Union's "current Good Manufacturing Practices" (EU cGMP).

The GMP goal is to ensure that the patient takes a quality medicine that is safe and effective.

The company set up a robust quality assurance system that applies GMP standards, from the early stages of drug development to the final product. The supply chain's quality is managed and monitored (starting with suppliers).

Fine Foods complies with the anti-counterfeiting European Directive 2011/62/EU (Falsified Medicines Directive - FMD), which requires serialisation of the packs and anti-tampering devices (ATD) on the packs (for Europe, except Italy where traceability is guaranteed by the application of a sticker (bollino)). The requirement is applied to other non-EU markets, such as Russia, where the product is serialised and undergoes an aggregation process.

MATERIAL AND PROCESS CONTROL

Materials are sourced from approved or qualified suppliers. Incoming materials are identified, sampled and analysed for suitability.

An annual risk assessment identifies the most critical suppliers and subject them to inspections. All suppliers are subject to a performance monitoring plan that leads to a rating. The score assigned must be above a predetermined threshold, otherwise supplies are blocked.

Raw materials are carefully assessed for regulatory compliance and screened by R&D to certify their technological suitability.

Production processes are validated to ensure reliability and reproducibility and are conducted in monitored environments using qualified machinery.

High hygiene standards and validated safety measures prevent drug cross-contamination.

Data integrity is ensured through the application of ALCOA Plus principles to prevent intentional or unintentional alteration or loss of GMP records and provide maximum evidence of regulatory compliance of the quality system and manufactured products.

Finished product batches are analysed in-house using validated methods to establish compliance with requirements before being released for sale, authorised by Qualified Persons (QPs).

Any complaints from the market are promptly investigated to identify the cause of defects and are removed through corrective and preventive actions.

03.9 SUSTAINABLE FINANCIAL GROWTH

2-7; 2-8; 2-30; 202; 401

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 Company's management prioritises hiring under open-ended contracts focusing on youth employment.

BREAKDOWN OF EMPLOYEES BY CONTRACT TYPE (OPEN-ENDED AND FIXED-TERM) AND GENDER ON 31/12/2022

Line Labels	Fixed-term	Open-ended	Total	percentage of personnel with open-ended contracts
F	12	347	359	97%
M	5	383	388	99%
Total	17	730	747	98%

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 31/12/2022

Number of people	M	F	TOT
temporary staff	59	54	113

BREAKDOWN OF EMPLOYEES BY TYPE OF CONTRACT - PART-TIME/FULL-TIME

Number of people	Full-Time	Part-Time	Total	percentage of full-time personnel
F	339	20	359	94%
M	383	5	388	99%
Total	722	25	747	97%

NEW HIRES BY GENDER AND AGE

During 2022, 54 new resources were hired at Group plants, with young people, meaning employees under 30 years of age, making up most of the staff hired.

INCOMING STAFF AND INCOMING TURNOVER RATE

Number of people	2022			2021			2020	
age	M	F	TOT.	M	F	Tot.	M	F
under 30	15 (21%)	14 (20%)	29 (21%)	14 (17.9%)	10 (13.3%)	24 (15.7%)	16	16
between 30 and 50	12 (6%)	10 (5%)	22 (5%)	12 (5,1%)	12 (5.5%)	24 (5.3%)	17	9
over 50	2 (2%)	1 (1%)	3 (2%)	0 (0.0%)	2 (3.0%)	2 (1.3%)	1	0
tot.	29 (7%)	25 (7%)	54 (7%)	26 (6.4%)	24 (6.7%)	50 (6.5%)	34	25

03.10 CYBERSECURITY AND PRIVACY

3-3

Companies are exposed to the risk of accidental events or malicious actions to computer systems (hardware, software, databases, etc.) that impact their reliability, with potential negative effects on the Group's economic, capital and financial situation.

The Group implements security procedures and policies to ensure proper IT systems management. It has perimeter and internal security equipment. Infrastructures are equipped with high reliability

techniques for critical systems and are checked annually.

The Group has a disaster recovery plan to ensure the reliability of its IT systems. The Group's IT systems comply with the General Data Protection Regulation.

The IT systems department is subject to internal audits, by Quality Assurance, and external audits, by certification bodies and customers.



04

PEOPLE

- 04.1** Safety at work
- 04.2** Attracting and retaining talent: our HR strategy
- 04.3** Professional development and performance
- 04.4** Remuneration policies
- 04.5** Health and well-being
- 04.6** Diversity and equal opportunity
- 04.7** Relationship between Management and Employees







People

- Safety at work
- Health and well-being
- Professional development and performance
- Attracting and retaining talent
- Diversity and equal opportunity
- Labour/Management relations

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.



04.1 SAFETY AT WORK

2-13; 3-3; 403-1; 403-2; 403-3; 403-4; 403-5; 403-8; 403-9; 403-10

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 45001-certified occupational safety and health (OSH) management system²⁰. 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.

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:

²⁰ 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 Trezzano and Cremona plants, procedures are in place to ensure worker health and safety under legislation.

- 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
- 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.

MANAGEMENT OF OCCUPATIONAL SAFETY IN PROCUREMENT

403-7

The workplace health and safety impact prevention and mitigation issues apply to procurement processes.

As part of the internal management system, the parent company's HSE department drawn up a special procedure to define roles, responsibilities and actions that must be taken if work, services and supplies are entrusted to contractors or self-employed workers within Fine Foods. This procedure includes the management of work safety at temporary or mobile sites where construction or civil engineering work is carried out.

Every company or worker operating within Fine Foods under a contract, subcontract, service, or staff leasing contract must possess the documentation required by the form, under Legislative Decree 81/08.

The procedure describes the methods for managing the contracting process.

During the works, in-process checks and coordination meetings are carried out. If, during these events, new serious risks are identified, which may jeopardise worker safety, or there are risks of pollution or non-compliance with environmental regulations, the Single document on the assessment of risk from interference (DUVRI) will be updated or modified to restore normal safety conditions promptly.

The procedure mentions the possibility of suspending work if there is a violation of safety or environmental regulations, contract termination or suspending the Fine Foods qualification.

WORK-RELATED INJURIES AND ILLNESSES

Number of accidents	2022		2021		2020		2019	
	M	F	M	F	M	F	M	F
Employees								
Number of injuries at work	8	10	8	5	7	3	18	9
With serious consequences ²¹	0	0	1	0	0	0	1	0
Fatal	0	0	0	0	0	0	0	0

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	2022	2021	2020	2019
Injury rate [Number of injuries/Number of hours worked*1Million]	15.2	11.9	10.5	30.2
Injury rate with serious consequences [number of injuries/hours worked*1Million]	0	0.9	0	1.1

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 the ISO 45001 management system but its use is to be promoted further.

²¹ "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

NUMBER AND RATE OF INJURIES FOR FINE FOODS' NON-EMPLOYEE WORKERS

Number of accidents and injury frequency rate	2022	2021	2020	2019
Number of injuries at work	1	5	0	1
With serious consequences ²¹	0	0	0	0
Fatal	0	0	0	0
Injury rate [Number of injuries/Number of hours worked*1Million]	7.7	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	2022	2021	2020
Number of deaths resulting from occupational diseases	0	0	0
Number of cases of occupational diseases registered	0	0	0

NUMBER OF OCCUPATIONAL DISEASES FOR FINE FOODS' NON-EMPLOYEE WORKERS²²

Number of illnesses	2022	2021
Number of deaths resulting from occupational diseases	0	0
Number of cases of occupational diseases registered	0	0

²² Occupational diseases data for employees hired through staff leasing agencies was collected only from 2021

IMPROVEMENT MEASURES

The main improvement projects implemented between 2019 and 2022 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 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 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.

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 welfare measures such as smart working, redistribution of working hours, staggering entrances and exits, activating premises sanitisation processes and extraordinary sanitisation procedures when there are positive cases. An internal committee has been set up, meeting periodically to monitor any critical issues and act accordingly.

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.

NEAR MISSES CAMPAIGN



Health and safety is a top priority for Fine Foods. Through the company Intranet platform and various training initiatives, the "Near-misses - recognise, report, and prevent" campaign was launched.

It is crucial to identify dangerous situations in advance and highlight near misses that may occur in the work environment to identify preventive measures.

Injuries are only the tip of the iceberg. RISKY BEHAVIOUR, DANGEROUS SITUATIONS and NEAR MISSES are the part that cannot be seen. Every mistake must be brought to light, understood and analysed to bring about a change in attitudes and behaviour. Near misses analysis allows an investigation of risk factors and causes to prevent the situation from recurring and producing an injury or accident.

04.2 ATTRACTING AND RETAINING TALENT: OUR HR STRATEGY

401-1; 404-1

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 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 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 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.

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.

Maintaining a strong human resources orientation is crucial to mitigate and manage voluntary resignations, which, due to a dynamic labour market, are particularly high especially for technical and specialised profiles.

OUTGOING STAFF AND TURNOVER RATE

	2022			2021		
Age	M	F	TOT	M	F	tot
Under 30	12 (18%)	8 (13%)	20 (16%)	4 (5.1%)	6 (8%)	10 (6.5%)
Between 30 and 50	28 (13%)	13 (6%)	41 (9%)	6 (2.6%)	5 (2.3%)	11 (2.4%)
Over 50	11 (10%)	5 (6%)	16 (9%)	6 (6.4%)	9 (13.6%)	15 (9.4%)
Tot.	51 (13%)	26 (7%)	77 (10%)	16 (3.9%)	20 (5.6%)	36 (4.7%)

In addition to the labour market dynamism, the 2022 reorganisation was a necessary measure following the incorporation of Euro Cosmetic and Pharmatek into the Fine Foods group. This affected the employee retention rate, which worsened compared to the trend recorded in previous years, although it was close to the average recorded regionally.²³

RETENTION RATE FOCUS

% retention	2022	2021	2020	2019
Resignations	48	21	11	14
Total employees	747	767	607	567
Voluntary resignations turnover	6%	3%	2%	2%
Retention rate	94%	97%	98%	97%

²³ Handsout 06/2022, Centro Studi Assolombarda: turnover rate recorded in Lombardy in 2021: 24 per cent; turnover rate for voluntary resignations recorded in Lombardy in 2021: 5%

04.3 PROFESSIONAL DEVELOPMENT AND PERFORMANCE

404; 404-1

THE IMPORTANCE OF TRAINING

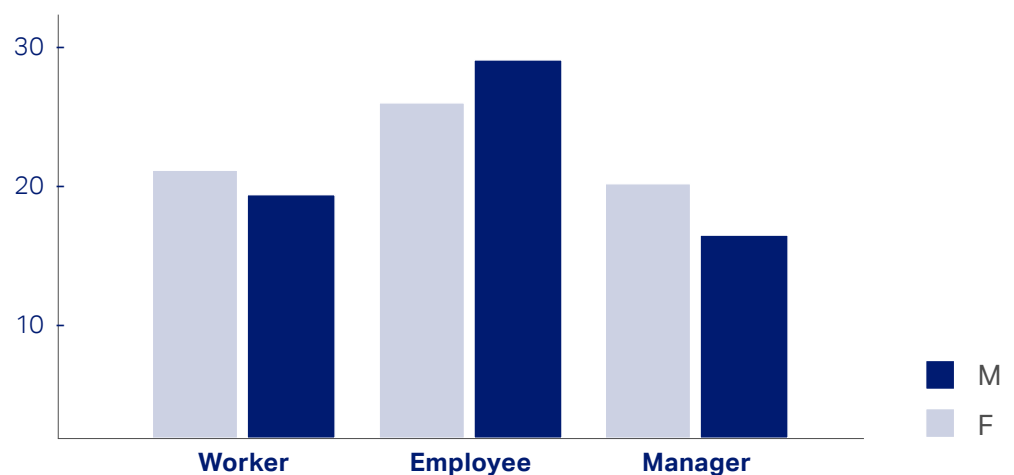
Investing in quality education and training is the basis for remaining competitive in the Group companies' sectors. Ensuring continuous, quality training helps keep highly qualified people needed to develop innovative processes and products that allow the company to maintain and increase its market share.

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 2022 was 15,168.

EMPLOYEE TRAINING BY GENDER AND JOB CATEGORY IN 2022

Number of training hours	Worker		White-collar employee		Manager		Tot.
	F	M	F	M	F	M	
Training hours	3,811	5,076	2,814	1,384	1,093	990	15,168
Number of employees	190	274	112	50	57	64	747
Hours per capita	20	18	25	28	19	15	20



TREND IN AVERAGE TRAINING HOURS PER CAPITA

	2022	2021	2020
Training hours	15,168	11,351	11,103
Hours per capita	20	17	18

EMPLOYEE TRAINING BY GENDER AND JOB CATEGORY DURING THE YEAR

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

EMPLOYEE TRAINING BY GENDER AND JOB CATEGORY DURING THE YEAR

Number of training hours	Blue-collar employees		White-collar employees		Managers		Tot.
	M	F	M	F	M	F	
Total hours of training	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

EMPLOYEE SKILLS UPGRADING AND TRANSITION ASSISTANCE PROGRAMMES

404-2

Fine Foods supports the development and growth of its personnel through technical and soft skills training programmes, to accompany them in the changes that affect our company and the labour market.

Technical programmes are structured based on requests from managers who, after adequate analysis of any training gaps or resource interests, organise ad hoc training projects.

A first example of a technical training path is the "Tutor Project." This programme pairs future machinists with one of several tutors identified and selected by HR for their interpersonal skills and skills transfer. This is helped by consulting specific technical manuals for each line or plant, prepared with Continuous Improvement.

A second example is a programme dedicated to the maintenance team re-skilling, structured in partnership with Confindustria. The course provides the technical basis for working on Industry 4.0 production plants.

The HR team annually collects the training needs of individual departments for transversal skills programmes which are built to develop specific soft skills.

Usually, these courses involve mixed and inter-departmental groups of participants for sharing different points of view and insights useful for the development of topics such as leadership, the importance of feedback, openness to change, etc.

An example of a soft skill training programme is the "Skills to Support Management" project, which supports our newly appointed managers and provides them with the best tools to manage and develop their teams.

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 lays 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 ran 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.

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 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.

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 the training carried out by personnel.

For continuous improvement, this project resulted in considerable time savings in registering courses and consulting recorded data. This allows rigorous compliance with the GMP regulation.

This will help the implementation of an increasingly paperless system significantly.

04.4 REMUNERATION POLICIES

2-19

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 Bonus²⁴". 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.

PERFORMANCE ASSESSMENT

404-3

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.

WORKERS WITH PERIODIC PERFORMANCE ASSESSMENT

GRI 404-3	Number of staff assessed
Total staff	364 (49%)
Male	240 (62%)
Female	124 (35%)



04.5 HEALTH AND WELL-BEING

401-2; 401-3; 403-6

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.

In 2022, Fine Foods received accreditation as a "Workplace Health Promotion - Lombardy WHP Network" by implementing good practices in cancer prevention, promoting physical activity and healthy diet. Among the most appreciated activities there was the skin cancer screening programme, which was attended by more than 280 employees.

Below is a summary table of recognised good practices, active in 2022:

"Nutritionist" Desk	<ul style="list-style-type: none"> • Appointments with a nutrition professional within the company
Healthy snacks in vending machines	<ul style="list-style-type: none"> • Producing an information leaflet with advice on healthy eating during breaks • Agreement to provide snacks with nutritional features under ATS guidelines.
Canteen	<ul style="list-style-type: none"> • Availability of meal areas equipped with refrigerators, microwaves, water dispensers, etc.
Affiliated gyms	<ul style="list-style-type: none"> • Provision of discounts with sports facilities in the area
"Stress management" desk	<ul style="list-style-type: none"> • Appointments with a professional psychologist within the company
"Skin cancer" oncology screening	<ul style="list-style-type: none"> • Appointments with a dermatologist within the company
Flu vaccine campaign	<ul style="list-style-type: none"> • Flu vaccine available within the company.
Minimal medical advice by the Occupational physician	<ul style="list-style-type: none"> • During medical examinations: accurate medical record to identify risk factors and suggestions, advice and support to deal with the problem.

WHP PROGRAMME: ALL-ROUND HEALTH

The "Workplace Health Promotion - Lombardy WHP Network" programme is based on a model defined by the World Health Organisation (WHO) and described in the document "Healthy Workplace: a model for action." Based on this, a "healthy workplace" is where workers and managers cooperate as part of a continuous improvement process based on identified needs, to protect and promote the health, safety and well-being of workers and company sustainability.

The Programme prioritises disseminating effective and structural actions to promote organisational changes in the "workplace" to make health-friendly environments.

Based on the engagement carried out to identify good practices and related areas (meeting with workers' representatives, occupational physicians, management and company management), a series of initiatives were planned, organised and implemented in the fields relating to healthy eating, physical activity and prevention.

Below is a list of the good practices implemented:

- "Nutritionist" Desk
- Healthy snacks in vending machines
- Meal areas equipped with refrigerators, microwaves, water dispensers, etc.
- Affiliated gyms
- Stress management" desk
- "Skin cancer" oncology screening
- Flu vaccine campaign
- Occupational physician advice

The project was presented in September 2022 through the "Fine Foods For Future: All-round health" campaign. Among the most appreciated activities there was the skin cancer screening programme, which was attended by more than 280 employees.

The "Book Exchange Point" is one of the related activities, but not officially part of the WHP programme. This is designed to put used books back into circulation and stimulate the desire to read and share.



"STRESS MANAGEMENT" DESK

Fine Foods, wishing to help its employees to overcome and manage situations of discomfort in a personal or professional framework, has decided to offer a psychological assistance desk. The service was created to help people who underwent traumatic situations during the harshest period of the COVID-19 pandemic, and was 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 Trezzano 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 effectiveness of measures taken to manage human resources.

After analysing the results of the 2021 Employee Satisfaction Questionnaire, some issues were investigated to increase company employees' well-being.

An in-depth questionnaire was developed to further investigate the following areas:

- Feedback and its use
- Sharing ideas and suggestions
- Sharing personal aspects
- Corporate communication
- Training opportunities

A resource management training course was activated, to emphasise the importance of communication and feedback.

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 NTM spa

- 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

04.6 DIVERSITY AND INCLUSION

3-3; 401-3; 405; 405-1; 405-2; 406; 406-1

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

In 2022, Fine Foods adopted the Health, Safety, Welfare and Inclusion Policy. To implement the Group Code of Ethics and under the United Nations Universal Declaration of Human Rights, the core conventions of the International Labour Organisation (ILO), the United Nations 2030 Agenda and the Global Compact Principles, this Policy provides the guidelines that Group companies must follow to ensure equal dignity and opportunities to people regardless of their country of origin, gender, age, culture, sexual orientation and any other personal feature and style.

Group companies must commit to disseminating a culture of inclusion and enhancement of diversity, and develop awareness among employees and associates, always ensuring dignity, respect and fairness. It is crucial to recognise the value of work-life balance by developing ad-hoc programmes and initiatives.

One of the measures to be implemented is forging relationships with public, private and educational institutions to partner in raising diversity and inclusion awareness.

Fine Foods included gender equality principles applied to employee careers, from recruitment to retirement. This ensures equal career opportunities, up to the most important top positions, equal financial conditions, work-life balance conditions appropriate to the different life stages and proactive in rebalancing family loads between men and women. Fine Foods implemented a work environment that rejects discrimination, and physical, verbal and digital abuse and promotes a culture of diversity and inclusion.

During 2022, the HR and ESG teams participated in a training programme proposed by Valore D, the association of companies whose mission is to enhance all forms of diversity, and acquire the skills and methodology to implement "Diversity & Inclusion" policies in the company.

The total 2022 training hours were 88.

The main titles are as follows:

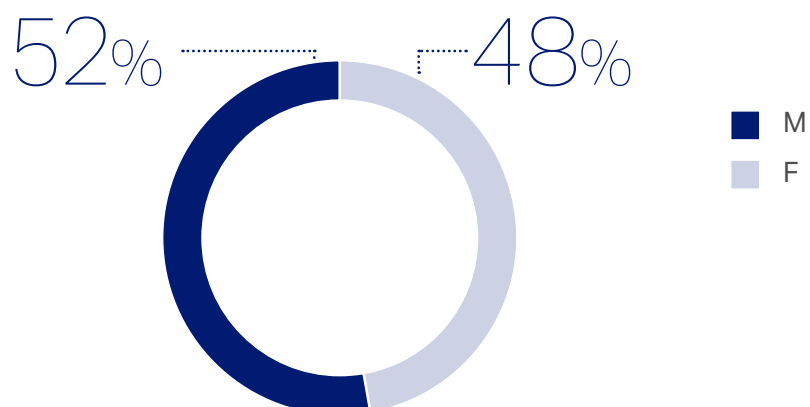
Course Description	Departments involved
Personal impact and role balance	HR
Being an anticipating leader	HR
Merit and power: careers between expertise and strategy	HR
"My" leadership	HR
Personal impact and role balance	HR
Self management	HR
Managing relationships with others	HR
Managing the organisational system	HR
The energy formula	HR
Remote working, the future of work in terms of inclusion	HR
Disability and inclusion	HR
Diversity and inclusion training: measuring for improving	ESG
Beyond diversity, skills that include	ESG

GENDER EQUALITY

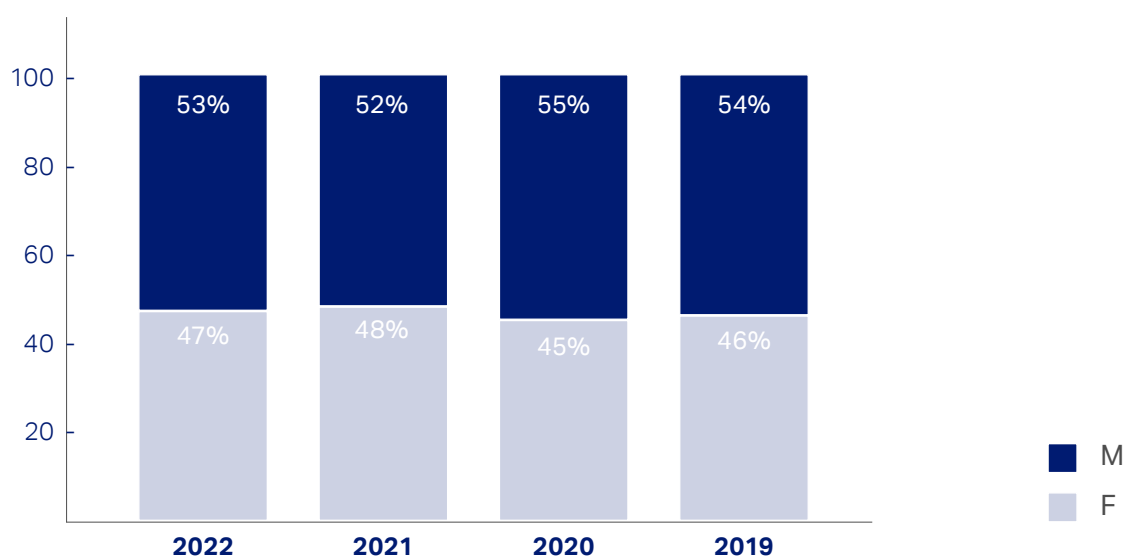
The Company focuses on the United Nations Sustainable Development Goal 5 (Gender Equality) policies. This is evidenced by the gender balance within the Board of Directors (43 per cent female), mentioned in the "Our Governance" chapter and the percentage of women in Management. The Group's workforce comprises a slightly higher number of male than female workers:

WORKFORCE BREAKDOWN BY GENDER AND JOB

	2022		2021		2020	
	M	F	M	F	M	F
Managers	64	57	71	66	52	42
White-collar employees	50	112	48	103	34	81
Blue-collar employees	274	190	288	191	269	136
Number of employees	388	359	407	360	348	259

WORKFORCE BREAKDOWN BY GENDER**PRESENCE OF WOMEN AND MEN IN MANAGEMENT***

	2022		2021		2020		2019	
	M	F	M	F	M	F	M	F
Managers	64	57	71	66	52	42	47	40
% of managers by gender	53%	47%	52%	48%	55%	45%	54%	46%



*The "Management" category includes all those who have a minimum job classification level for coordinating resources or have responsibility in an organisation/process (up to level 3A of the Food sector NCLA).

The gap is greater if only the category of employees classified as “Executives” is considered. However, there is a much greater balance in the band immediately below, which shows a focus on gender policies in succession plans:

“EXECUTIVES” (TOP MANAGEMENT)

	2022		2021		2020		2019	
	M	F	M	F	M	F	M	F
Tot.	15	4	15	4	11	3	10	3
% executives	79%	21%	79%	21%	79%	21%	77%	23%

“MANAGERS” AND UP TO LEVEL 1 OF THE REFERENCE NCLA (SENIOR MANAGEMENT)

	M	F
Count of	19	21
% senior managers	48%	52%

GENDER PAY GAP

The following is an analysis of the pay gap between men and women by employee category.

RATIO OF AVERAGE WOMEN'S SALARY TO AVERAGE MEN'S SALARY BY EMPLOYEE CATEGORY

Woman/man average salary	2022	2021	2020
Executives	90%	95%	103%
Managers	99%	98%	95%
White-collar employees	93%	95%	94%
Blue-collar employees	88%	93%	92%
General average	88%	95%	92%

Considering the basic salary and extras paid to each employee, the total gap reaches 87 per cent:

RATIO OF ANNUAL²⁵ AVERAGE WOMEN'S SALARY TO AVERAGE MEN'S SALARY BY EMPLOYEE CATEGORY CONSIDERING EXTRAS, BONUSES AND OVERTIME:

Salary including overtime, extras, bonuses.	2022
Executives	91%
Managers	79%
White-collar employees	89%
Blue-collar employees	89%
General average	87%

NEW CLASSIFICATION FOR GENDER EQUALITY REPORTING

To make the "gender equality" objectives in line with the Group's sustainability strategy and data more comparable based on the main methodologies adopted for classifying employees²⁶, from 2023 onwards, data collection and KPIs relating to gender equality will be calculated according to the following classification:

- Executives
- Senior Managers
- First level NCLA
- White-collar employees
- Blue-collar employees

Employees classified as "managers" are divided as follows:

- Executives
- Senior Managers
- First level NCLA

²⁵ The salary of those who have worked less than 12 months in the company (due to leave or date of hire after the beginning of the calendar year) do not contribute to the indicator calculation.

²⁶ Composition of the employees by gender and classification, Source: ISTAT - I.Stat Information System; Italian Civil Code art. 2095.

PRESENCE OF WOMEN AND MEN IN MANAGEMENT ACCORDING TO THE NEW CLASSIFICATION²⁷

	First Level NCLA	Senior Managers	Executives	Tot.
F	13	8	4	25
M	14	5	15	34
Total	27	13	19	59
% women	48%	62%	21%	42%

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. Under the collective labour agreement, 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.

STAFF ON PARENTAL LEAVE, MATERNITY, PATERNITY

Number of people	2022		2021		2020	
	M	F	M	F	M	F
Leave	8	25	8	39	9	31
Returns from leave	8	8	8	37	9	31
Still on leave as of 31/12	0	17	0	1	0	0
Still working after 12 months	8	24	8	38	9	31

²⁷ "managers": employees classified as Executives and up to the first level of the relevant NCLA; "white collar" or "blue collar" all other employees

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.

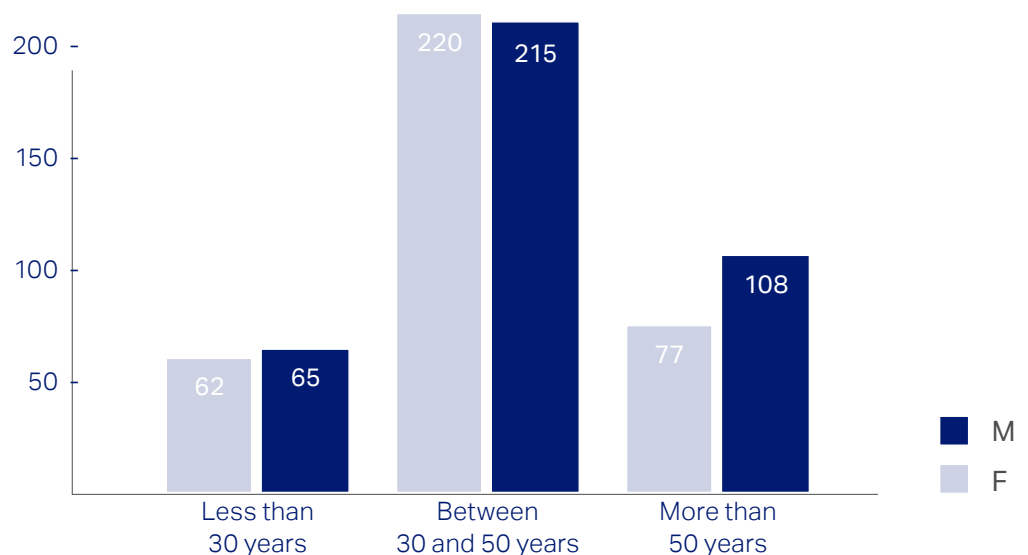
DIVERSITY BETWEEN GENERATIONS

With the gradual shift in retirement age and the entry of "generation Z"²⁸ into organisations, for the first time there are four generations working side by side.

This leads to a complex ecosystem but capable of generating opportunities for fruitful exchanges of skills and values. These exchanges, if properly managed, can be an important driver for innovation and improvement of business processes.

Creating opportunities for cross-mentoring (or bi-directional mentorship) within the company and providing the skills and tools everyone to contribute to innovation constructively and harmoniously are indispensable to transform this "multi-generational" framework into fertile ground.

EMPLOYEES BY GENDER AND AGE GROUP



²⁸ In journalistic jargon, "generation Z" refers to the generation of digital natives, born between 1997 and 2012. It includes teenagers and young people under 25. This demographic group, together with millennials, has lived much of its life after the 2008 economic crisis and during the climate crisis (source: treccani.it).

EMPLOYEES BY GENDER AND AGE GROUP

	F	M	Total	% age group
Less than 30 years	69	70	171	19%
Between 30 and 50 years	217	215	400	58%
More than 50 years	73	103	176	24%
Total	359	388	747	

CROSS-COMPANY MENTORSHIP WITH VALORE D

Corporate mentorship is a development methodology adopted to enable inclusion and support people's growth through a series of one-to-one meetings between an experienced (senior, mentor) and a less experienced employee (junior, mentee) to help them develop personal, professional and social skills.

Fine Foods participates in the Valore D programme, and will activate a mentorship programme with other companies in 2023 by having a mentor and a mentee from its staff, while providing cross-generational growth paths.

MENTORING WITH SCHOOLS

In 2022, several Fine Foods "managers" and "specialists" brought their professionalism and experience to second-level primary schools. They created training sessions on STEM²⁹ subjects, enhancing diversity and gender equality, and brought "role models" from which young students could be inspired to learn successful behaviours applicable in their professional life.

The details of the 2022 events and meetings are described in the "Land Development" chapter.

MENTORING PROGRAMME: BREAKFAST WITH THE CEO

To give further impetus and meaning to the mentoring programmes, a "Breakfast with the CEO" initiative is planned for 2023.

During one-to-one meetings, the CEO will make himself available to share his professional experiences, answering participants' questions and providing suggestions that may help in their career choices.

²⁹ STEM stands for science, technology, engineering and mathematics, is used to indicate scientific-technological disciplines and the related courses of study.

04.7 RELATIONSHIP BETWEEN MANAGEMENT AND EMPLOYEES

402-1

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.



05

ENVIRONMENT

05.1 Climate strategy

05.2 Actions to reduce CO₂ emissions

05.3 Waste management and resource circularity

05.4 Water consumption management

05.5 Protection of environmental matrices: air and water

05.6 Biodiversity





Environment

- Combating climate change and using energy efficiently
- Use of water resources
- Waste management and resource circularity
- Air and water protection
- Biodiversity

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

3 GOOD HEALTH
AND WELL-BEING



7 AFFORDABLE AND
CLEAN ENERGY



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



ENVIRONMENT

05.1 CLIMATE STRATEGY

305-1; 305-2; 305-4; 305-5

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.

CLIMATE CHANGE RISKS

Fine Foods has identified the following potentially critical aspects when managing climate change risks and any consequences they may have on the company's business:

- negative impact on the environment, caused by climate-altering emissions produced by the Group's activities;
- failure of investments to reduce climate impact with negative effects on the Group's economic, capital and financial situation due to increases in operating costs, greater exposure to energy price fluctuations and possible regulatory measures;
- negative financial impact related to the supply of raw materials due to extreme weather, which may result in the total or partial interruption of the supply chain.
- negative impact on the Group's economic, financial, capital and real estate situation due to plant shutdowns caused by extreme weather damaging service infrastructure, buildings, plant and machinery;
- negative financial impact due to productivity problems linked to the low availability of water for industrial use following prolonged periods of drought.

The company highlighted the following potential opportunity:

- defining a climate strategy under international principles with potential positive impact on the Group's resilience, competitiveness and brand reputation.

OUR STRATEGY

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

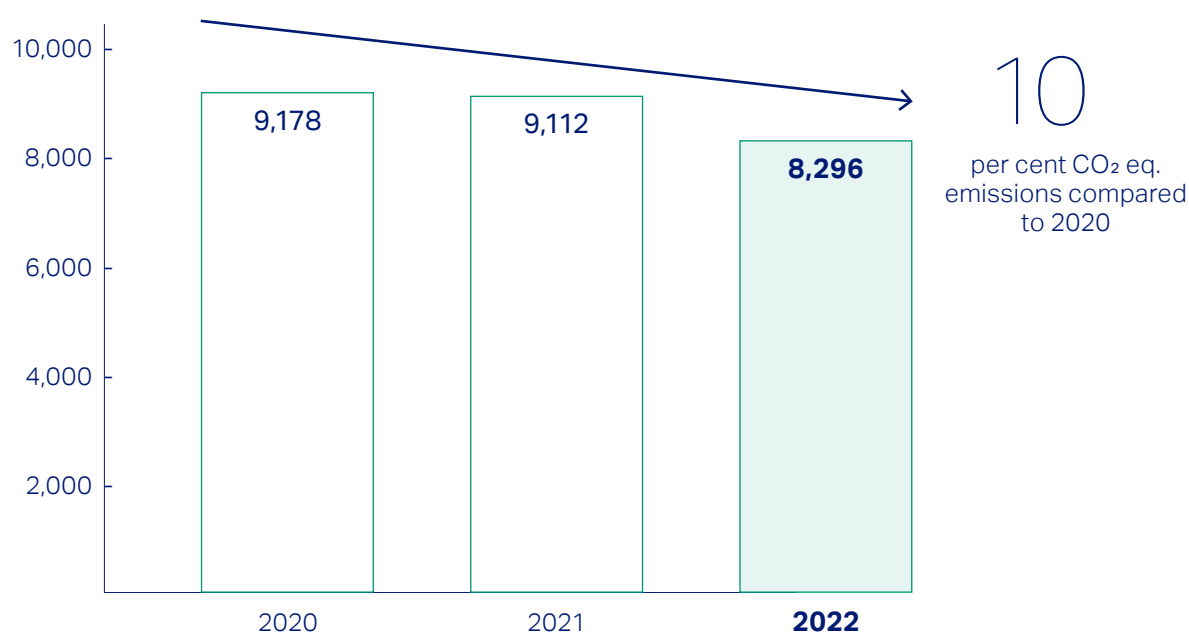
The energy transition is complex because energy production methods that have been established for decades must be quickly transformed into more sustainable models while continuing to provide all the energy the world needs and protecting employment levels. "Sustainable development" means that environmental, 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 2023³⁰.

CO₂ EMISSIONS INVENTORY

Tons of CO ₂	2022	2021	2020
Scope 1+2 total emissions	8,275.68	9,112.1	9,178.2
SCOPE 1			
Tot.	7,147.53	7,725.1	3,424.7
Natural gas	6,713.81	6,875.2	3,062.3
Car fuel	222.61	191	137.1
Fugitive emissions	211.10	658.9	225.3
SCOPE 2 (Market based)			
Electricity ³¹	1,128.15	1,387	5,753.5

We saw an improving trend from 2020 to 2022. From 2021 there was a decrease in emissions of -9 per cent in absolute terms. There was a decrease of 10 per cent in absolute terms compared to 2020.

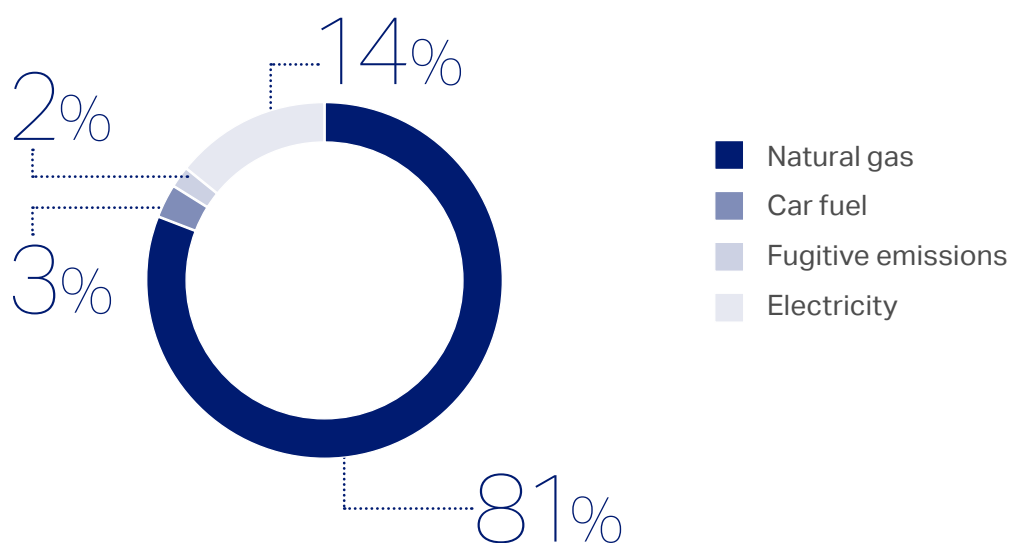


³¹ The value reported refers to the calculation based on the market-based mode (AIB data, Energy Residual mix). Based on the "location based" conversion factor (TERNA 2019) the CO₂ emitted in 2021 was 1,065.1 Ton CO₂ eq, in 2022 it was 1,335.38 Ton CO₂ eq.

ANALYSIS OF SOURCES OF CO₂ EQ. EMISSIONS

81 per cent of CO₂ emissions come from the combustion of methane gas. This is followed by electricity, which accounts for 14 per cent of total emissions. Fugitive emissions - F-GAS or chlorofluorocarbons used in cooling and air conditioning systems - contribute two per cent and the company car fleet fuels produce the remaining three per cent.

CO₂ EQ EMISSIONS BY SOURCE



With the energy efficiency measures detailed in the next section, a 15 per cent reduction in emission intensity in relation to revenues was achieved in 2022.

CO₂ EMISSIONS INTENSITY IN RELATION TO REVENUES

[Ton CO ₂ / €1 Million]	2022	2021	2020
Revenue [€ Million]	206.9	192.60	172
TOT. CO ₂ eq [Ton]	8,275.68	9,112.1	9,178.2
Intensity	40	47	53

% CHANGE IN CO₂ EQ. EMISSION INTENSITY IN RELATIONS TO REVENUES

2022 on 2021	-16%
2022 on 2020	-27%

05.2 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

302-1

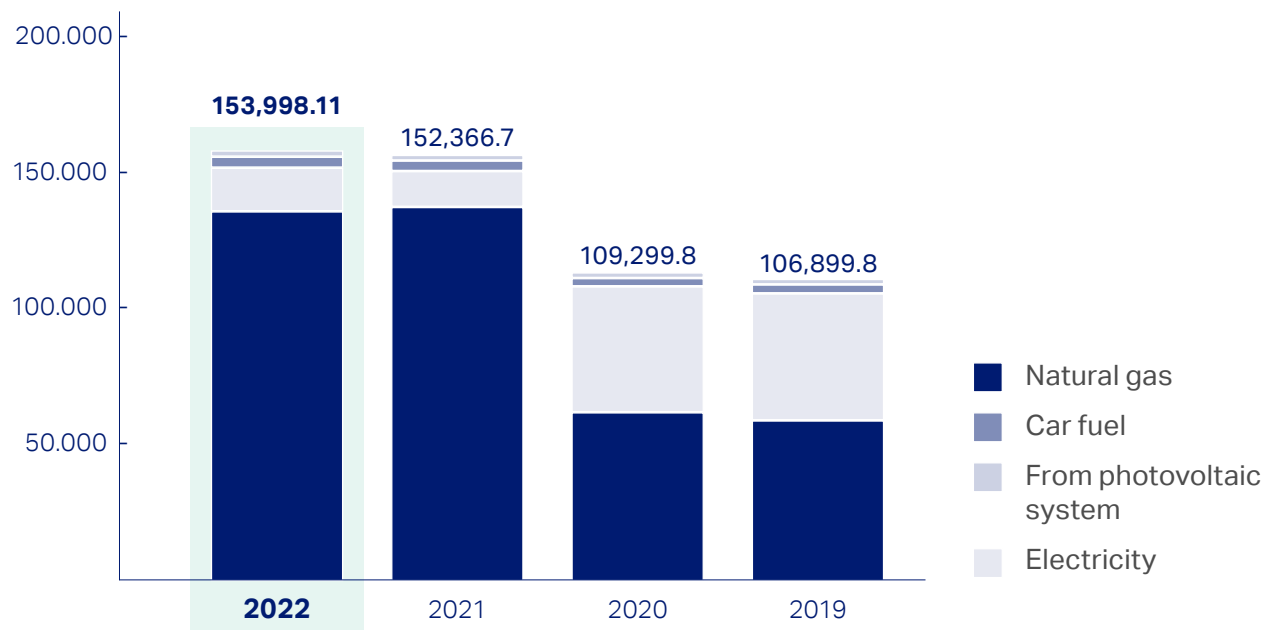
The production processes required to prepare product formulations, such as mixing and high-pressure homogenisation, involve heavy industrial equipment and complex heating and cooling systems. It is a top priority to have careful and rigorous energy consumption management. The Parent Company appointed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

ENERGY CONSUMPTION BY SOURCE CATEGORY

Energy in GJ	2022	2021	2020	2019
Tot. GJ	153,998.11	152,366.7	109,299.8	106,899.8
Natural gas	134,591.62	136,198.6	60,936.6	57,956.4
Electricity	15,022.99	12,172.7	45,167.8	45,572.4
Car fuel	3,047.91	2,883	2,068.6	2,305.4
From photovoltaic system	1,335.6	1,112.4	1,126.8	1,065.6

ENERGY CONSUMPTION BY TYPE OF SOURCE [GJ]



BUILDING ENERGY SAVINGS BY DESIGN

Compared to previous years, the new warehouse at the Trezzano plant went into service in 2022.

The technological installations of this building entailed an increase in the company's energy absorption.

The technical solutions adopted guarantee a good level of quality standards particularly energy efficiency.

Solutions adopted for energy saving purposes:

- Lighting system with LED luminaries;
- Automatic system for managing light switching;
- 500 kWp photovoltaic system;
- Low-loss power transformer.

LIGHTING SYSTEM WITH LED LUMINARIES

The lighting system is composed of the latest-generation fixtures, with features suitable for the installation environment, with LED technology, and guarantees the correct lighting value required by the standards, without excess and waste and providing maximum energy saving. There is an automatic system consisting of presence and brightness detectors, connected to the supervision, which manages and optimises the lighting system by switching on and off according to the hourly programming, outdoor brightness and movement of goods inside. Compared to a traditional solution, this resulted in energy savings of 79,668 kWh, which translates into non-emitted CO₂ of 36 tons.

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.

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.

The main benefits are the following:

- 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. In 2022, the CO₂ emissions savings increased as the machines operated at full capacity throughout the year (in 2021 they had started in March).

Replacing natural gas with renewable alternatives is not feasible yet.

TABLE: ACTUAL ENERGY CONSUMPTION AND CO₂ EQUIVALENT EMITTED BY THE ZINGONIA AND BREMBATE PLANTS AND EMISSION REDUCTIONS COMPARED TO 2020:

	2022	2021	2020
Natural gas [SM ₃]	3,218,850	3,385,256	1,546,613
CO ₂ eq [Ton] natural gas ³²	6,326.3	6,702.8	3,062.3
Purchased electricity [MWh]	1,729.7	2,526.5	12,598
CO ₂ eq [Ton] electricity ³³	789.7	1,158.6	5,753.5
TOT. CO₂ eq [Ton]	7,116 (-19%)	7,861.4 (-11%)	8,815.5
	Compared to 2020	Compared to 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/year³⁴

Tons of CO₂ equivalent not emitted: 581 Ton CO₂³⁵

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.

In September 2022, the photovoltaic plant in Trezzano went into operation. With 500 kWh of power, it is the largest system installed at the Group's plants and generated more than 61 MWh of energy in four months.

The 50 kW power plant installed in Brembate became definitively operational in the last months of the year, producing about 1 MWh of energy.

Total kWh/year from renewable sources: 371 MWh/year

Tons of CO₂ equivalent not emitted: 171 Ton CO₂³⁶

³² Table of national standard coefficients 2020 EU ETS - Italia: News (minambiente.it)

³³ AIB, European Residual Mix, Table 2: Residual mix 2020

³⁴ 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.

³⁵ AIB, European Residual Mix, Table 2: Residual mix 2020

³⁶ See previous note

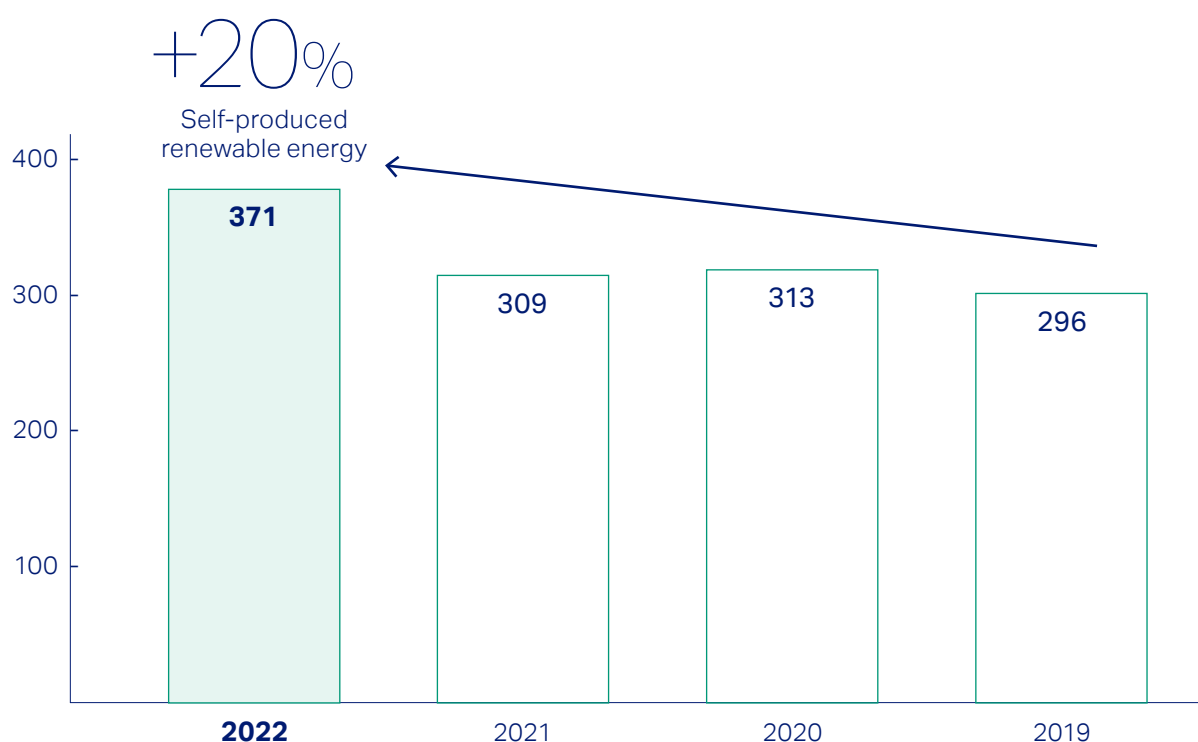
The trend of self-produced energy from the Zingonia photovoltaic plant is detailed below:

SELF-PRODUCED ELECTRICITY

	2022	2021	2020	2019
From photovoltaic plants [MWh]	371	309	313	296
From other renewable energy plants [MWh]	0	0	0	0
in GJ	1,335	1,112	1,126	1,065
Sold [kWh]	0	0	0	0
From photovoltaic system	1,335.6	1,112.4	1,126.8	1,065.6

Compared to 2021, 20 per cent more energy was produced from renewable sources.

SELF-PRODUCED RENEWABLE ENERGY [MWH]



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: 1,801 MWh consumption in 2022

Tons of CO₂ equivalent not emitted: 822 Ton CO₂³⁷

³⁷ See previous note

05.3 WASTE MANAGEMENT AND RESOURCE CIRCULARITY

3-3; 306-1; 306-2; 306-3; 306-4; 306-5

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.

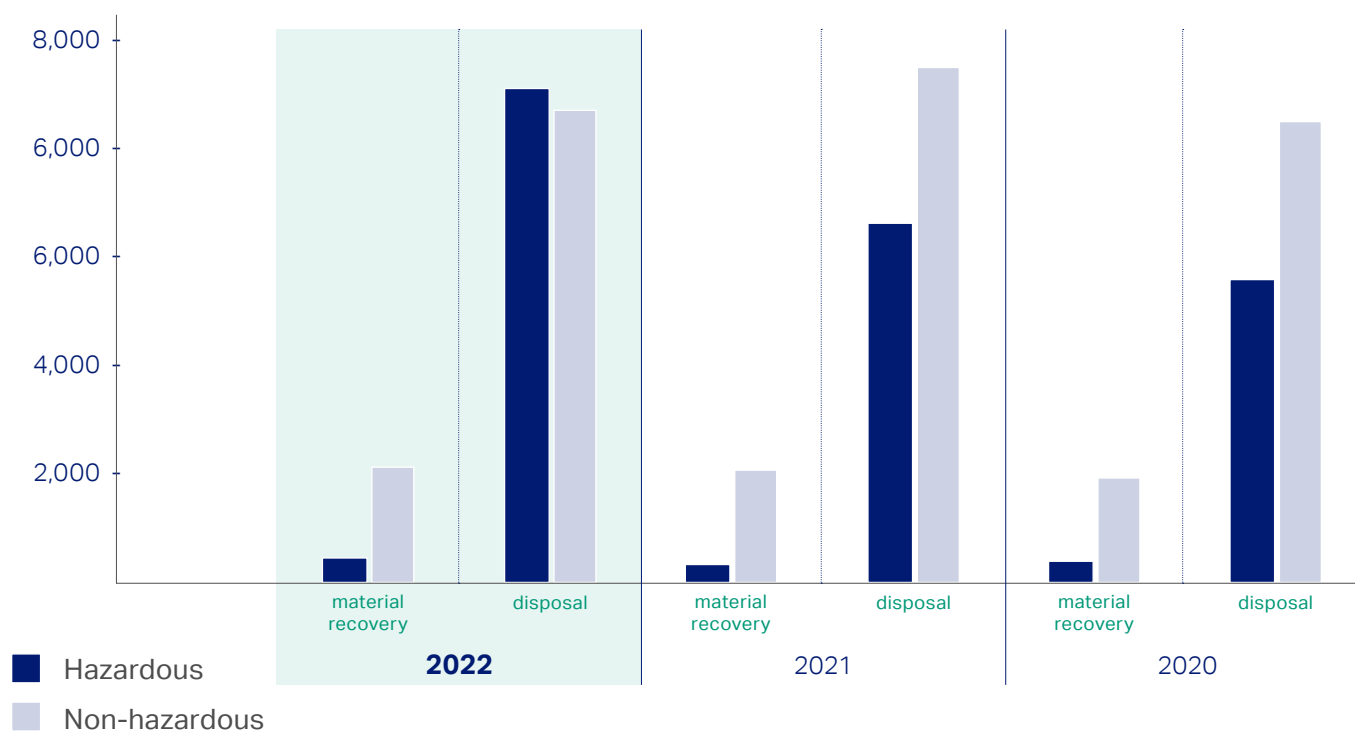
Special waste management procedures are in place that regulate tasks and responsibilities for the following activities:

- identification and qualification
- temporary storage areas and basin management
- sending for recovery and disposal.

The higher quantity of waste in absolute terms is due to the entry of Euro Cosmetic S.p.A. into the reporting scope for the entire calendar year instead of the last quarter in 2021.

WASTE FOR RECOVERY OR DISPOSAL ACCORDING TO HAZARDOUSNESS

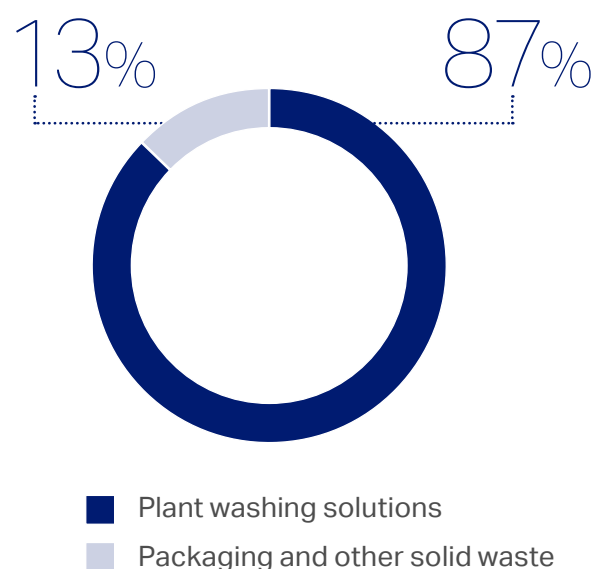
Tons	2022		2021		2020	
Type of waste	material recovery	disposal	material recovery	disposal	material recovery	disposal
Hazardous	339	7,223	243	5,247	291	4,421
Non-hazardous	1,710	6,942	1,666	7,570	1,551	6,776
Tot.	2,049	14,165	1,910	12,817	1,841	11,197



Most of the waste comprises plant washing water, which is not discharged but disposed of as special hazardous waste or non-hazardous waste, based on specific analyses performed every six months.

WASTE SORTED BY MAIN TYPE

Tons	2022
Type of waste	
Plant washing solutions	14,118
Packaging and other solid waste	2,096
Total	16,214



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

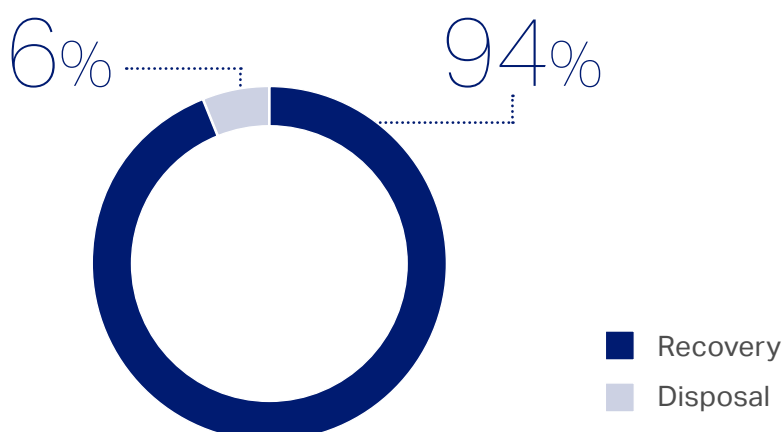
During 2020 at the Zingonia plant, a system was implemented to further optimise the sorting of mixed packaging (CER 15.01.06) by dividing the plastic into stretch film, cans and big bags. Sorting improved the amount of waste sent for recovery and reduced disposal costs. By implementing vertical presses for compacting the waste, the number of trips was optimised, with considerable savings in transport and related pollutant emissions.

The solid part of waste produced is almost totally recovered.

SOLID WASTE DESTINATION DETAIL (PACKAGING AND OTHER SOLID WASTE)

Tons	2022
Destination	
Recovery	1,975
Disposal	120
tot.	2,096

As can be seen from the diagram, 94 per cent of solid waste is destined for recovery.



05.4 WATER CONSUMPTION MANAGEMENT

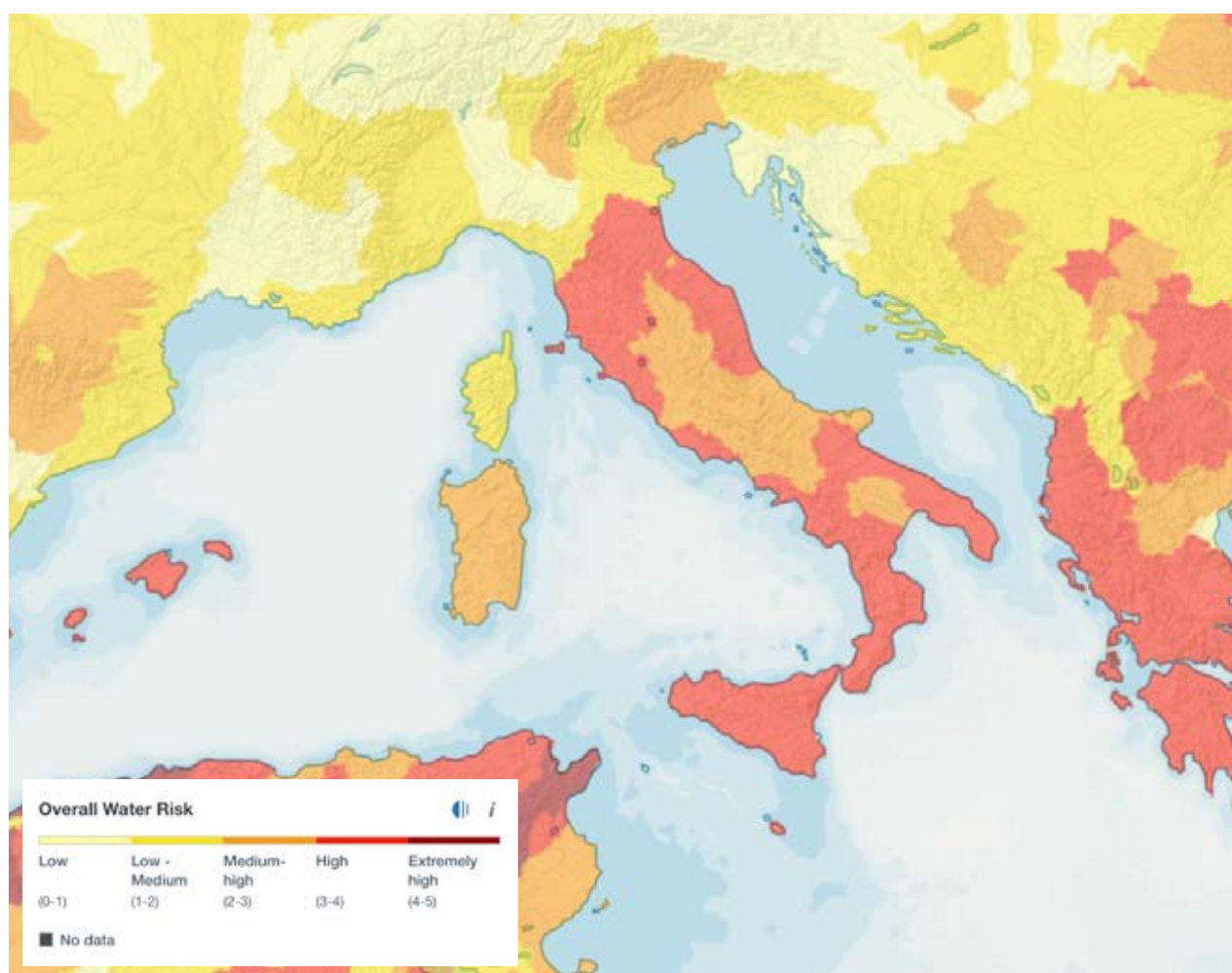
303-1; 303-3; 303-5

The Fine Foods production cycle involves the use of water as an ingredient in products (cosmetic business unit) and in equipment washing processes 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.



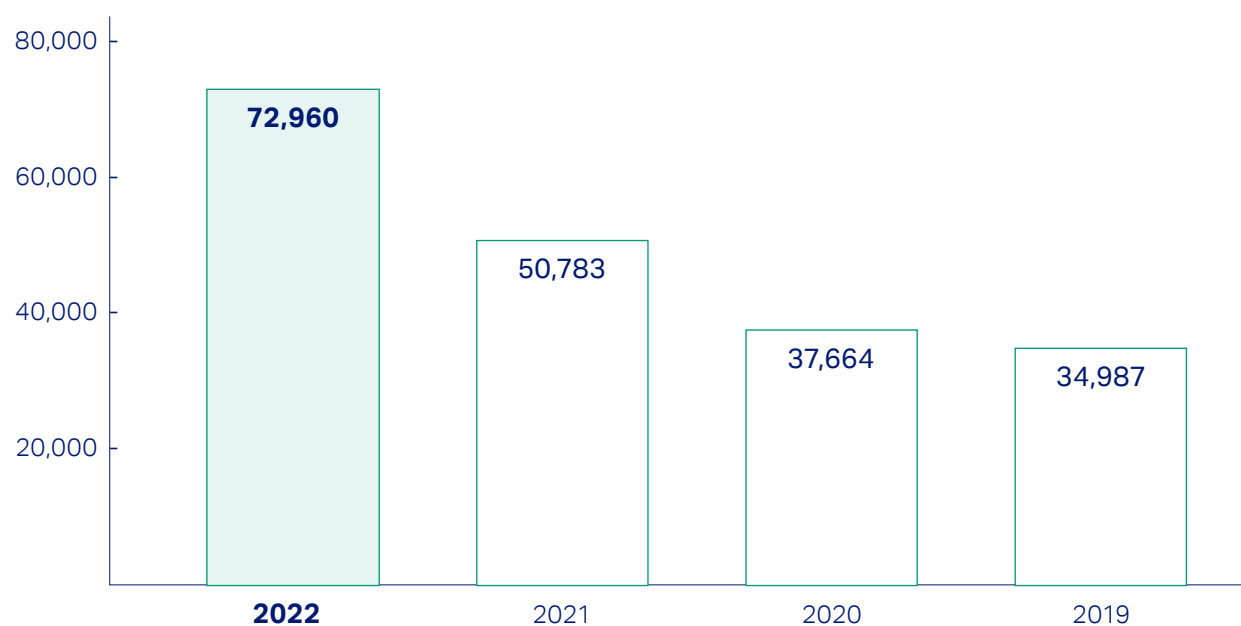
WATER WITHDRAWAL AND USE

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]	2022	2021	2020	2019
Aqueduct	72,960	50,783	37,664	34,987
Groundwater	-	-	-	-
Surface water	-	-	-	-



The increase in consumption in absolute terms is due to the entry of Euro Cosmetic SPA into the reporting scope for the entire calendar year instead of the last quarter in 2021.

The type of production involves the use of water as a product component (e.g. personal cleansers, moisturising creams, mouthwashes, etc.). This results in intense water consumption that is not comparable with the period before the acquisition of Euro Cosmetic and Pharmatek (Cosmetic BU) in the Fine Foods Group.

WATER CONSUMPTION INTENSITY COMPARED TO REVENUE

[cubic metres/1 Million]	2022	2021	2020	2019
Water consumed [cubic metres]	72,960	50,783	37,664	34,987
Revenues [Million]	206.9	192.6	173	159.7
Intensity	353	261	218	219
Intensity Pharma and Food BUs	192	264	218	219

Actions to reduce water consumption are ongoing, including standardising washing processes and installing meters for each line.

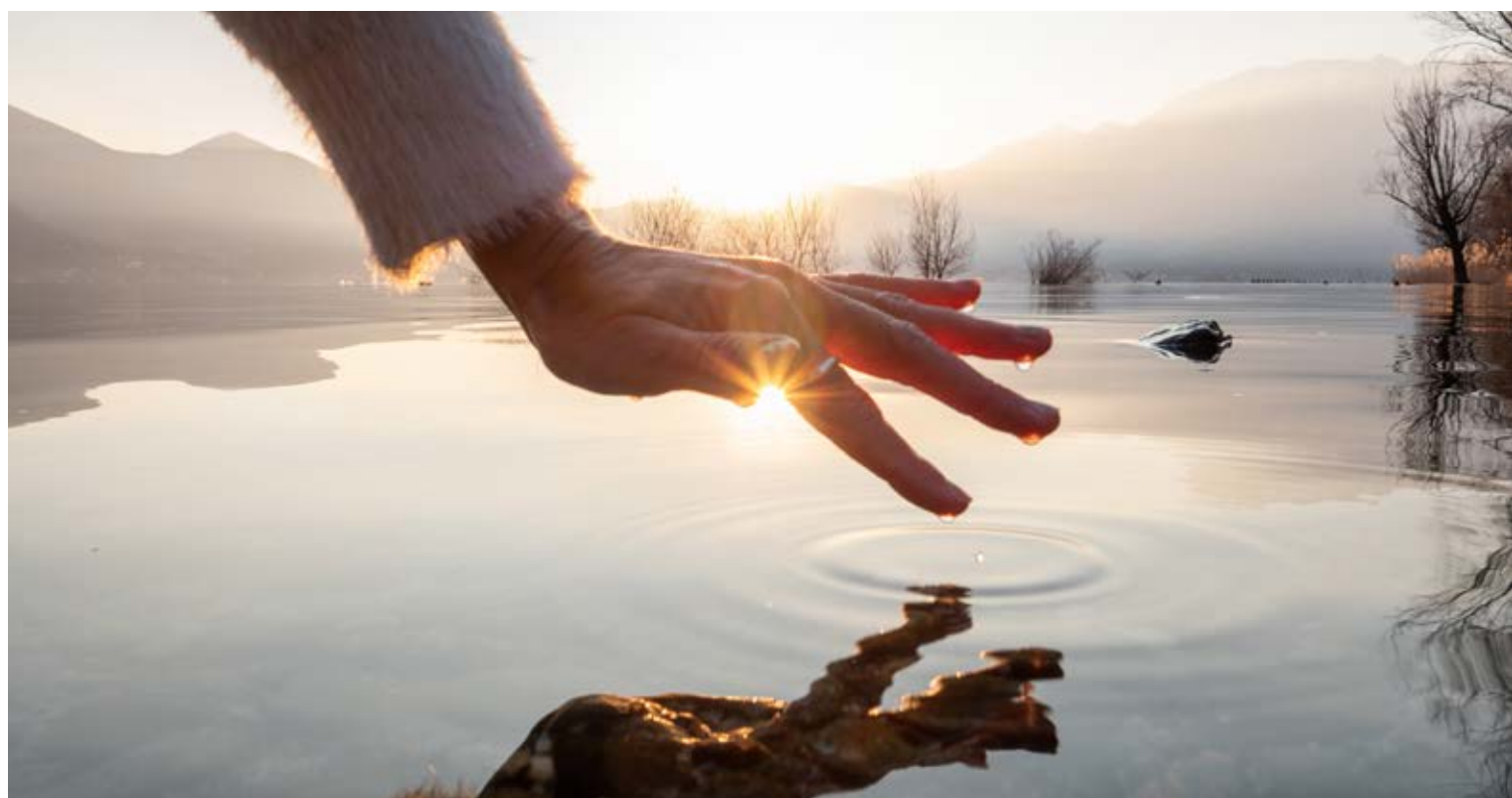
An internal task force meets periodically to monitor improvements and the measures' effectiveness.

INDUSTRIAL WATER DESTINATION

303-2; 303-4

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.



05.5 PROTECTION OF ENVIRONMENTAL MATRICES: AIR AND WATER

2-23; 2-25; 305-6; 307-1

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.

In February 2022, the new Autorizzazione Unica Ambientale (Single Environmental Authorisation) was issued with permit order no. 232 of 3 February 2022. With this measure, four new atmospheric emission points were authorised for the extraction and abatement of dust in the production cycle.

The reason for the increase in the amount of dust emitted is due to the commissioning of the new emissions in May 2022.



SIGNIFICANT EMISSIONS

[Tons] pollutants	2022	2021	2020
Nitrogen oxides (NOx) ³⁸	5.18	4.48	-
Volatile Organic Compounds (VOC)	0.65	0.73	0.71
Particulate emissions	0.59	0.33	0.10

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.

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

The values obtained derive from multiplying the measured point value by the estimated number of hours of plant operation.



³⁸ NOx were measured for the first time in 2021 as they depend on the installation of the co-generators that started operation in the same year.

05.6 BIODIVERSITY

3-3;

Protecting biological diversity is important to ensure the survival of animal and plant species, genetic diversity and natural ecosystems. Natural

ecosystems provide clean air and water and contribute to food security and human health. Biodiversity contributes directly to the livelihoods of local communities, becoming essential for poverty reduction and facilitating sustainable development.

ENVIRONMENT AND CLIMATE PROTECTION POLICY

In 2022, the ESG Committee approved the Environment and Climate Protection Policy which, in continuity with the HSE Policy already defined within the ISO 14001 and ISO 45001 management system, updates and implements the current global strategy for a sustainable future. Fine Foods contributes to the Sustainable Development Goals of the United Nations 2030 Agenda: affordable and clean energy (SDG7), responsible consumption and production (SDG12), and climate action (SDG13).



ENVIRONMENTAL AND CLIMATE PROTECTION POLICY: FINE FOODS' COMMITMENT

The three pillars on which the Environmental and Climate Protection Policy is based are as follows:

1) ENVIRONMENTAL PROTECTION

Environmental protection and health of people in the areas where Fine Foods is established is a priority. The company implements processes for the systematic reduction of its impact on the environment. It adopts the best available practices to guarantee the protection of environmental matrices - air, water and soil - and avoid accidental or voluntary pollution.

2) CLIMATE PROTECTION

Fine Foods is aware of the issue related to current goods and energy production models and their effect on climate, 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. Reducing energy consumption and using green energy are some of the solutions we can implement today. The players involved in the supply chain are part of the solution and must be engaged in decarbonising processes.

3) SUSTAINABLE USE OF RESOURCES AND ECO-FRIENDLY DESIGN

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 partnership with other players in the supply chain need to be designed.

IMPLEMENTATION

The implementation measures set out in this Policy provide the Group guidelines towards its commitment. These include the rules for making sustainable purchases, employee initiatives to spread a corporate culture for environmental protection and sustainable development, and strategies for product eco-design.



06

SUSTAINABLE PRODUCTS

06.1 Resource consumption and use models

06.2 Eco-design and innovation

06.3 Sustainability certifications





Sustainable products

- Eco-design and innovation

We help our customers reach their market potential by creating long-term partnerships. We are committed to creating increasingly sustainable products, where sustainability is the innovation driver.



06.1 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 basic services such as electricity, clean water and sufficient food quality and quantity.

CIRCULAR ECONOMY AND SUSTAINABLE PRODUCTS: THE EUROPEAN STRATEGIC FRAMEWORK

The Circular Economy Action Plan published by the European Commission in March 2020 defined the framework for fostering the transition to circular production and consumption models.

The "Circular Economy Package I" was published in 2022 and contains the planned Ecodesign Sustainable Product Regulation (ESPR) and draft Directive to raise green transition consumer awareness through communication and information best practices, including "green claims."

This regulatory action forces manufacturers, importers and distributors to sell products that comply with specific environmental performance, which must be proven and communicated by possessing a digital product passport (DPP).

Some materials could be banned in the future - not because they are hazardous to health (which already occurs regularly in Europe) but because, for example, they are not recyclable and will be excluded from the new circular model.

R&D PROCESS

Attentive to market needs, Fine Foods suggests innovative ideas and technologies based on an unavoidable scientific rigour. With its innovation and marketing teams, Fine Foods provides solutions and services that accompany customers from product concept development to production. Its broad portfolio of ready-to-market products allows it to seize market opportunities quickly. The technology transfer team responsiveness and expertise make Fine Foods the ideal partner for the pharmaceutical sector. Its business model sustainability, the synergy between business units, flexibility and production capacity, with an ESG issues holistic approach, are the group's core values.

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.

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.

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.



06.2 ECO-DESIGN AND INNOVATION

302-5; 3-3

Focusing on environmental impact from the design stage is necessary to use renewable rather than non-renewable raw materials and grant lower environmental impact. Processes to reduce water and energy consumption should be designed, starting from the supply chain.

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**, helping them select greener materials based on their environmental impact throughout their life cycle. This approach is a **driving force for product innovation** and allows them to exploit a competitive advantage, recognised by the market. This enables them to adapt in advance to a regulatory framework oriented towards a circular and climate-neutral economy transition.

Fine Foods is structured to provide services that enable it to seize market opportunities:

- consulting on environmental labelling for packaging;
- research and testing of raw materials and packaging with less environmental impact;
- support for environmentally friendly product design through eco-design strategies;
- roadmap definition through actions to improve a product's environmental profile;
- support in defining a solid short- and medium-long term strategy to create business opportunities for product sustainability;
- support in calculating a product's carbon footprint;
- supplier assessment and selection based on ESG criteria

The service package value is guaranteed by Fine Foods history. For more than 10 years its business strategy included financial, social and environmental sustainability principles. Fine Foods is recognised by its customers as a "sustainability pioneer" due to its solid ESG identity and "Fine Foods For Future" sustainability strategy which looks ahead to 2025 and contains ambitious and practical targets and objectives.



06.3 SUSTAINABILITY CERTIFICATIONS

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

COSMOS ORGANIC AND 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 Trezano 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

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.

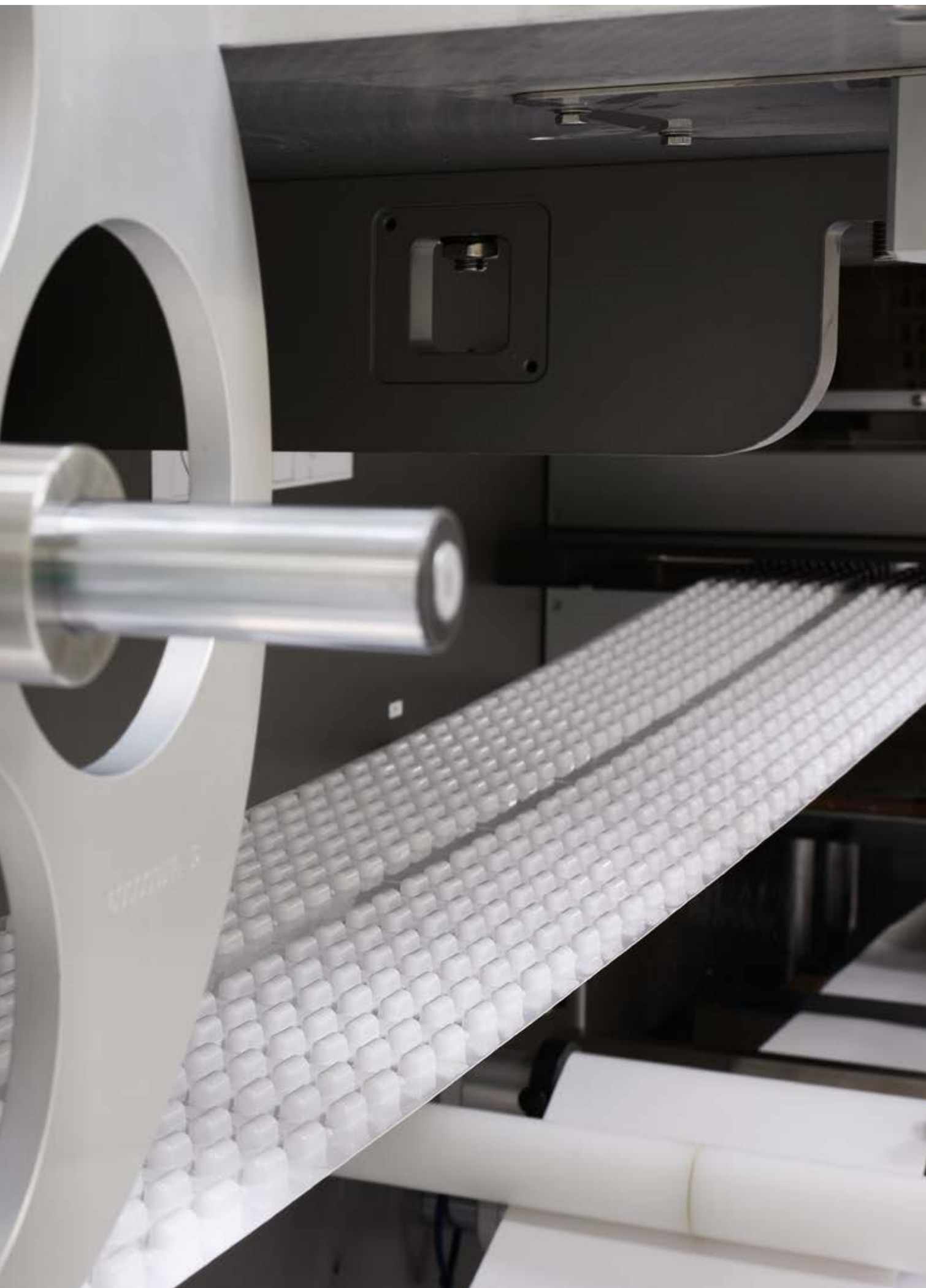




07

RESPONSIBLE SUPPLY CHAIN

- 07.1** Supply chain challenges and opportunities
- 07.2** Supply chain features
- 07.3** New Fine Foods Group Supplier Code of Conduct
- 07.4** Human rights in the supply chain
- 07.5** Deforestation in the supply chain
- 07.6** Supplier social and environmental assessment
- 07.7** Responsible procurement policies





Responsible Supply Chain

- Human rights in the supply chain
- Deforestation in the supply chain
- Sustainable procurement and circular economy policies

Fine Foods promotes and shares its values throughout the supply chain and works towards an environmentally and socially responsible supply chain, focusing on respect for human rights.

8 DECENT WORK AND ECONOMIC GROWTH



15 LIFE ON LAND



17 PARTNERSHIPS FOR THE GOALS



HUMAN RIGHTS

07.1 SUPPLY CHAIN CHALLENGES AND OPPORTUNITIES

Supply chain relationships are crucial to achieve short- and long-term goals.

Engagement activities with strategic suppliers can lead to substantial improvements 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.

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.

07.2 SUPPLY CHAIN FEATURES

2-6; 204

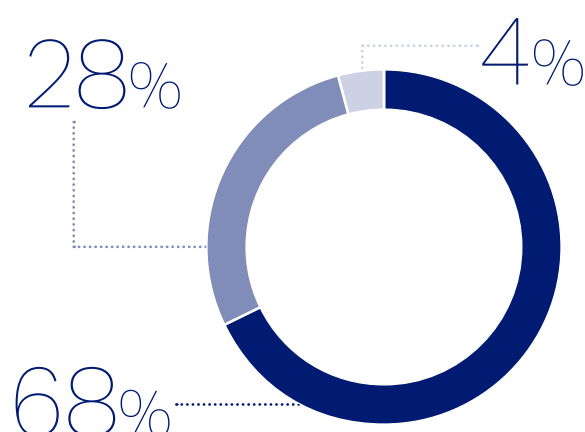
Fine Foods Group's suppliers are divided into two purchasing categories:

- raw materials and packaging materials
- indirect services and materials

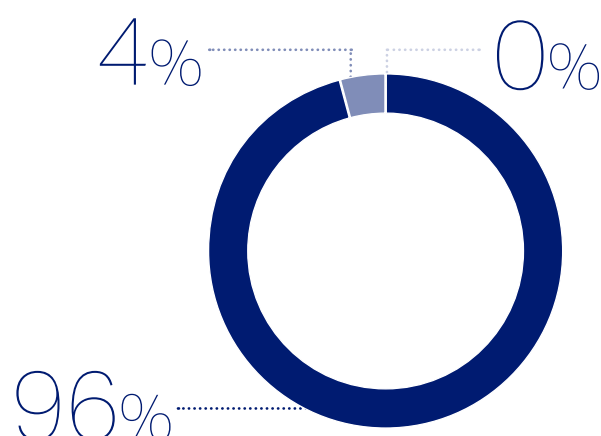
Based on the geographical distribution of the Group's suppliers, almost 70 per cent of material suppliers are based in Italy, as are almost all suppliers of indirect services and materials³⁹:

Number of suppliers	Raw materials and packaging	Indirect services and materials
ITALY	68%	95.4%
EU	28%	4.3%
Non-EU	4%	0.3%

NUMBER OF SUPPLIERS OF RAW MATERIALS AND PACKAGING



NUMBER OF SERVICE PROVIDERS



■ ITALY ■ EU ■ Non-EU

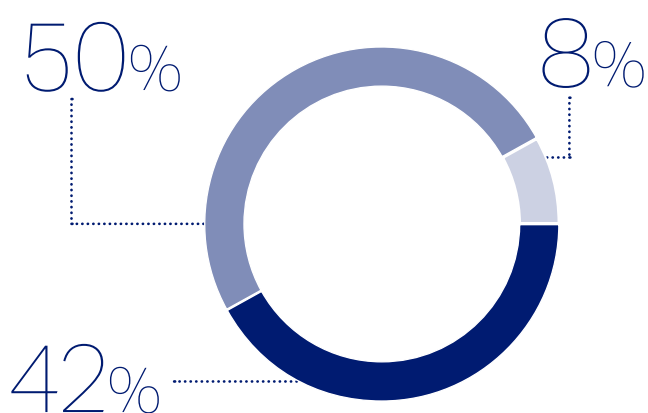


RAW AND PACKAGING MATERIALS, SERVICES AND INDIRECT MATERIALS

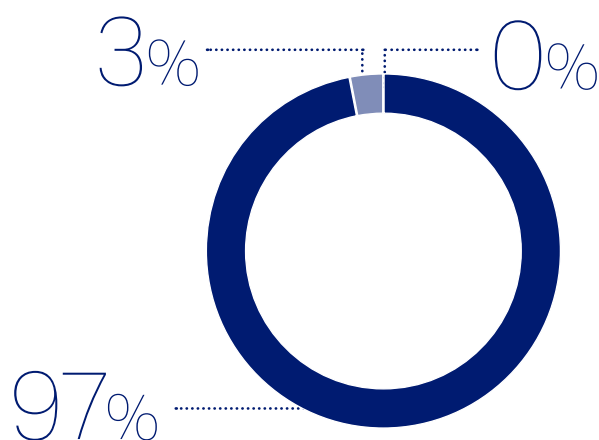
Focusing on the order value, i.e. the total expenditure for the purchase of raw materials and packaging, the percentage varies quite significantly. Expenditure for the purchase of direct materials in Italy is just over 40 per cent. In the remaining European countries, the value of purchased raw materials and packaging reaches 50 per cent. Expenditure on indirect services and materials outside Italy is irrelevant:

Order value (€ or %)	Raw materials and packaging	Indirect services and materials
ITALY	42%	96.9%
EU	50%	2.8%
Non-EU	8%	0.2%

RAW MATERIALS AND PACKAGING ORDER VALUE



INDIRECT SERVICES AND MATERIALS ORDER VALUE



■ ITALY ■ EU ■ Non-EU

07.3 NEW FINE FOODS GROUP SUPPLIER CODE OF CONDUCT

2-6; 204

The new Fine Foods Group Supplier Code of Conduct was approved by the ESG Committee in 2022. The Code of Conduct was drafted consistently with the Group Code of Ethics' values. It refers to the primary internationally recognised standards such as the United Nations (UN) Universal Declaration of Human Rights, International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work, UN Global Compact, Pharmaceutical Supply Chain Initiative (PSCI), Sustainable Development Goals of the UN 2030 Agenda (SDGs), Paris Agreement of the COP21 (Conference of the Parties) and European Green Deal.

The Code applies to and must be followed by Fine Foods Group companies' suppliers. Direct suppliers must ensure that their employees and suppliers comply with the same principles.

The basic Code of Conduct principles include compliance with the law and regulations and ensure product safety and conformity.

Suppliers' goods and services must comply with applicable laws and regulations on quality and safety, and meet industry quality and safety standards inspired by internationally recognised best practices and reference standards. To meet quality requirements, Suppliers must carefully select raw materials and semi-finished products and provide requested supply chain information necessary to verify their safety and quality and assess their environmental and social impact.

ENDORISING THE CODE OF CONDUCT PRINCIPLES

92 per cent of raw and packaging materials are sourced from suppliers who have signed the Fine Foods Group Code of Conduct or provided documentation to verify that their Code of Ethics coincides with the Group's Code.

07.4 HUMAN RIGHTS IN THE SUPPLY CHAIN

The connection between the EU economy and millions of workers worldwide through global value chains entails a responsibility to protect worker rights. This is why the EU requires companies to carry out human rights and environmental due diligence.

The suggested Corporate Sustainability Due Diligence Directive (CSDD), which will apply to companies with more than 500 employees and a worldwide net turnover of more than € 150 million in the last financial year, requires these companies to ensure:

- due diligence integration into their policies;
- actual or potential negative impact identification;
- prevention and mitigation of potential negative impact and stopping actual negative impact;

- complaints procedure establishment and maintenance
- monitoring policy and due diligence effectiveness.

The chapter on Human Rights in the Fine Foods Group Supplier Code of Conduct is relevant. Suppliers must prevent all forms of forced and child labour; they must guarantee the absence of discrimination within the company and fair treatment, guarantee freedom of association and comply with health and safety standards.

If Suppliers fail to comply with the Code of Conduct, Fine Foods may require them to plan and implement the necessary corrective actions, and decide to exclude them from the supply chain.



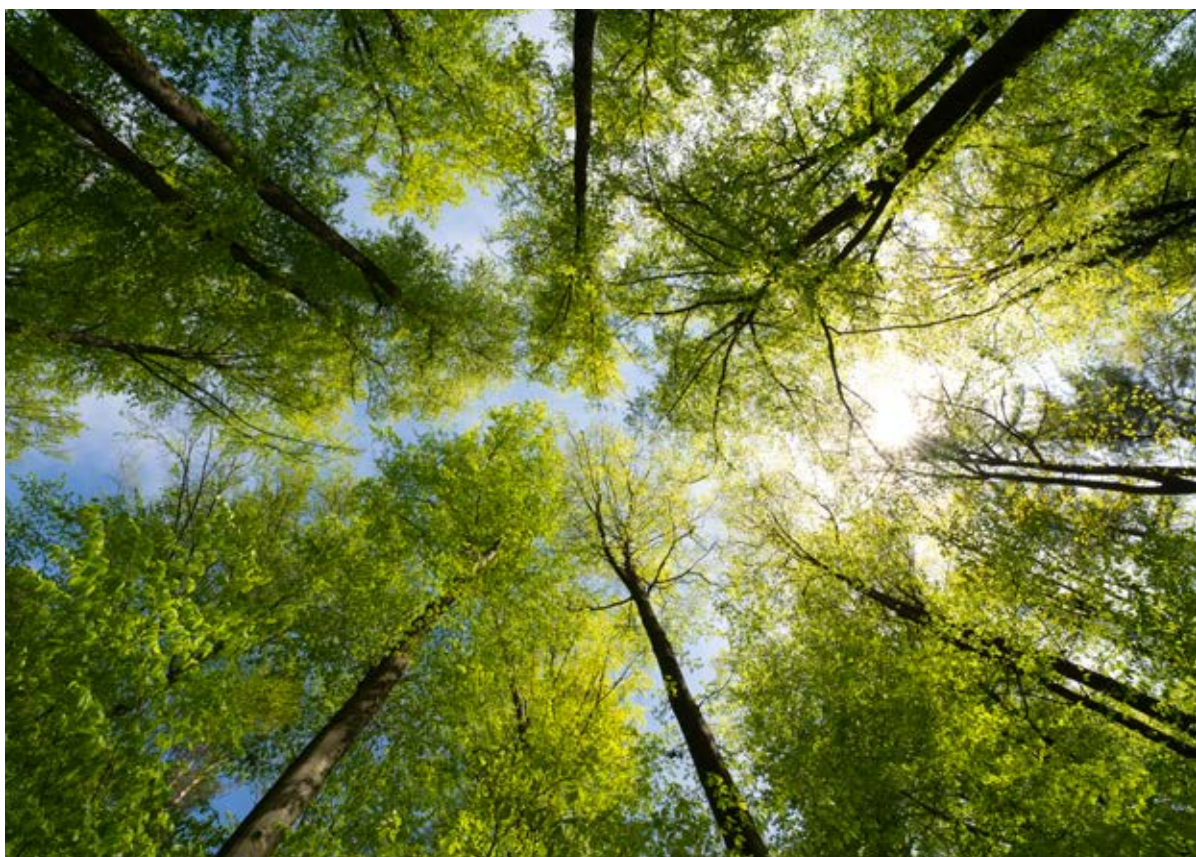
07.5 DEFORESTATION IN THE SUPPLY CHAIN

2-6; 204

The FAO (Food and Agriculture Organisation of the United Nations) estimates that 420 million hectares of forest, an area larger than the EU, were lost to deforestation between 1990 and 2020. EU consumption is estimated to account for about 10 per cent of global deforestation. To combat climate change and biodiversity loss, the European Parliament will require companies to ensure that products sold in the EU do not come from deforested or degraded land.

The rules will apply to specific product categories (e.g., palm oil, soya, cocoa, coffee, etc.). The list of included product categories might be extended in the future.

Environmental protection principles and environmentally friendly innovation promotion are additional founding principles underlying Fine Foods supply chain selection. These principles are described in the Fine Foods Group Supplier Code of Conduct.



07.6 SUPPLIER SOCIAL AND ENVIRONMENTAL ASSESSMENT

3-3; 308-1; 308-2; 414; 414-1; 414-2

To monitor the effective compliance with Fine Foods Group Code of Conduct's principles and fulfil its duty under the main EU regulatory suggestions, the company assesses suppliers from an ESG perspective according to their potential to negatively impact human rights and the environment.

During 2021, Fine Foods parent company defined the list of Suppliers to be assessed under ESG criteria, selecting those from whom 80 per cent of raw and packaging materials were purchased. In 2022, this list was extended. New criteria were added to classify a supplier for ESG risk. Suppliers of raw and packaging materials up to 99 per cent of the ordered value were assessed.

Starting with the risk level, suppliers were assessed according to two separate methods: EcoVadis or ESG assessment based on criteria defined internally by the Fine Foods ESG and Procurement departments (Fine Foods ESG Assessment).

FINE FOODS ESG ASSESSMENT

Suppliers located in EU countries or other countries with a low risk of human rights violations, gender gaps and corruption, and with an order value of less than 80 per cent of the total, are managed through the assessment questionnaire developed using strict criteria defined internally by the ESG business unit in cooperation with the Fine Foods Group Procurement department. Fifteen per cent of the assessed suppliers (two per cent of the ordered value) were assessed according to these criteria. Based on the results, the companies were classified as "high", "medium" or "low" ESG risk.

ECOVADIS

Suppliers are assessed through EcoVadis if in the previous year they were in the group of suppliers from which Fine Foods purchased 80 per cent of raw and packaging materials, or if they have their production site in countries where the risks of human rights violations, gender gaps and corruption are higher. Suppliers of strategic raw materials are assessed through Ecovadis based on instructions from the Fine Foods Group Procurement Management.

ECOVADIS RATING

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 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/excellent.

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	NEGATIVE	<ul style="list-style-type: none"> • Evidence of misconduct • No CSR policies or actions implemented

The average score obtained through the evaluation through Ecovadis is 58.5 points compared to an overall average of companies evaluated in Ecovadis of 44.8 points. Eighty-nine per cent of suppliers had their score increased by an average of 4.1 points compared to the previous year.

More than 75 per cent 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).

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.



RESULTS

Fine Foods assessed suppliers providing 79 per cent of raw and packaging materials ordered as of 31/12/2022, amounting to 106 assessed suppliers (in 2021, there were 43, or 75 per cent of the ordered value).

Based on each supplier assessment, a specific action plan was defined, and includes the request for immediate corrective actions for high-risk suppliers, and inclusion of advanced suppliers in the list of strategic suppliers.

SUPPLIERS BY ASSESSMENT METHOD

	Number of suppliers assessed	Based on ordered value
Ecovadis	75%	77%
ESG questionnaire - Fine Foods	15%	2%

TABLE FOR THE CLASSIFICATION AND MANAGEMENT OF ESG-RATED SUPPLIERS

Score	Meaning	Actions	"ESG Level"
High Risk	High risk suppliers. Evidence of violations (e.g. corruption, pollution, etc.). These are a potential risk for the company (e.g. reputational damage, supply interruption, regulatory non-compliance).	Request for immediate improvement	NEGATIVE
Medium Risk	Medium risk suppliers. Few practical actions implemented	Request for actions to be completed within the next assessment	SUFFICIENT
Low Risk	Low risk suppliers.	No request for improvement	GOOD
Advanced Level	Strategic suppliers. Possible partnerships to stimulate innovation, market recognition, creation of shared value.	Inclusion in the list of strategic suppliers	ADVANCED

75 per cent of the companies assessed fall within the "good" and "advanced" ESG performance level. 25 per cent fall within the "sufficient" level. No new suppliers were assessed, i.e. not already

used in 2021. The ESG performance improvement request campaign is ongoing for suppliers with ESG performance below the "good" level.

07.7 RESPONSIBLE PROCUREMENT POLICIES

2-3

Moving the supply chain towards a management respectful of human rights and the environment is possible by adopting tools to assess the environmental and social impact of players involved along the value chain, and by purchasing products and services that guarantee the best environmental performance for the same functionality.

The Environment and Climate Protection Policy adopted by the Fine Foods Group companies makes the criteria for sustainable purchasing explicit. This must be adopted by each employee, particularly the procurement unit, to make their commitment to society and the environment effective.

The main criteria for sustainable procurement are as follows:

- avoiding the use of substances classified as hazardous;
- choosing products derived from renewable raw materials (e.g., of vegetable origin) and, whenever possible, certified sustainable origin (e.g. FSC paper, organic farming, etc.);
- choosing products or raw materials from recycled sources, where possible;
- considering "sharing" or "second-hand" solutions as an alternative to purchasing;
- avoiding disposable products;
- purchasing products designed to be repaired, reused, refurbished or recycled;
- choosing products designed under "green chemistry" criteria (e.g. chemicals which do not remain in the ecosystem, or comprising plant-based ingredients, etc.);
- choosing products with a longer shelf life;
- selecting products that guarantee a service which extends the product's useful life;
- choosing products that are eco-efficient throughout their life cycle by comparing the environmental declarations of several equivalent products (e.g. product carbon footprint, EPD - Environment Product declaration) or through certifications (e.g. Ecolabel, Blue Angel, Nordic Swan, etc.);
- zero waste and buying what is necessary.

The background of the entire page is a close-up photograph of green fern fronds, creating a dense, textured pattern of small, pointed leaves.

08

LAND DEVELOPMENT AND SOCIAL RESPONSIBILITY

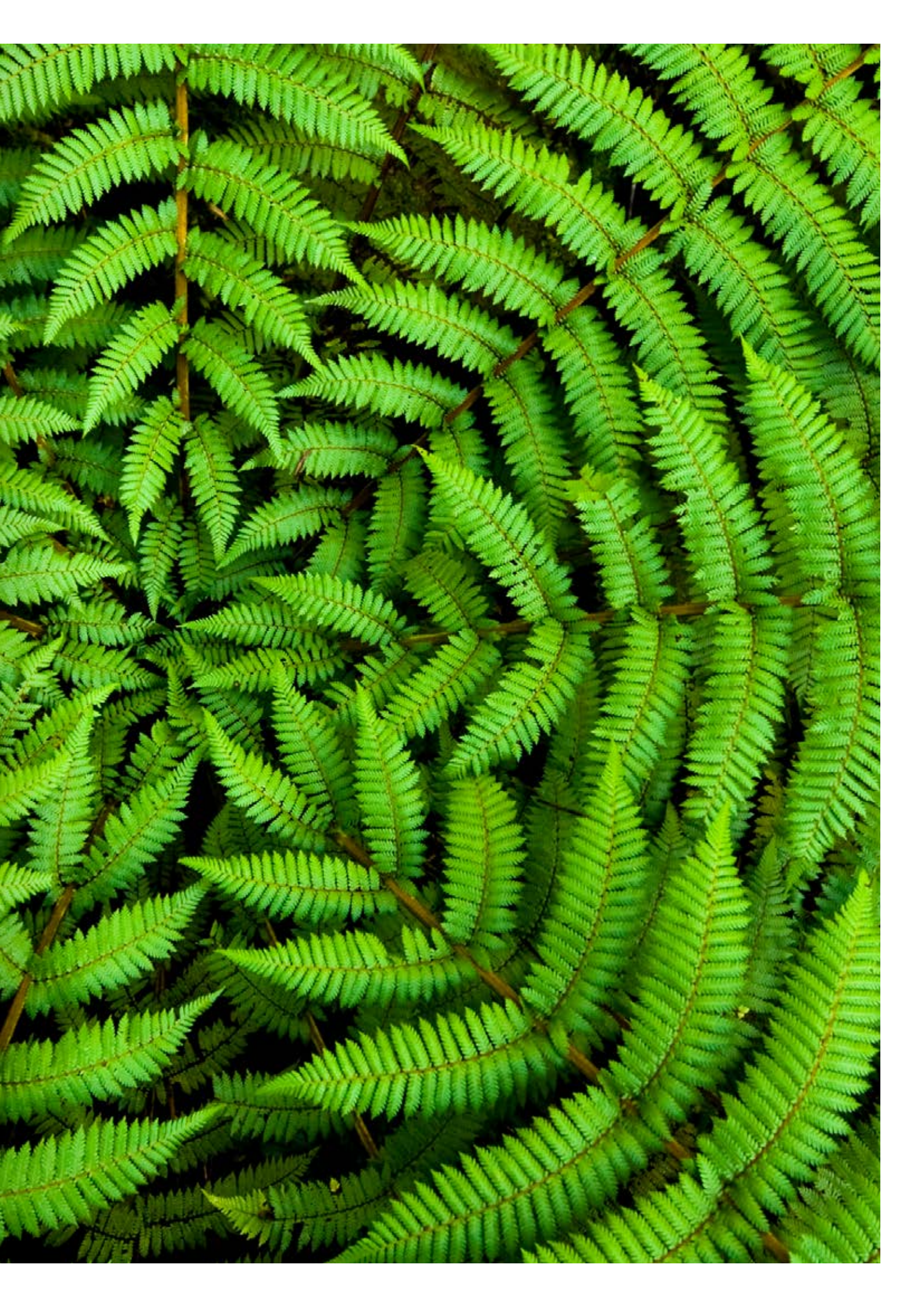
08.1 Creating relationships and local value

08.2 Partnership with schools

08.3 SPIN Project

08.4 Corporate social responsibility: people care projects

08.5 Membership of Trade Associations





Land development and social responsibility

- Relations with local communities

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

4 QUALITY EDUCATION



11 SUSTAINABLE CITIES AND COMMUNITIES



16 PEACE, JUSTICE AND STRONG INSTITUTIONS



08.1 CREATING RELATIONSHIPS AND LOCAL VALUE

3-3

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.

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.

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.

Between 2020-2022, six students were apprenticed with technicians from the Engineering and Continuous improvement departments, applying the theories of the Lean Production methodology to practical situations directly in the department.

08.2 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 activities carried out in the last three years in cooperation with universities and middle and high schools:



Institution Name	Institute/ Event Details	Activity
UNIVERSITY OF BOLOGNA	Master's in Nutraceuticals - Marketing	2021: Orientation meeting and company presentation
UNIVERSITY OF PAVIA	Pharmaceutical Sciences	2021: One Internship 2022: Three internships started
CONFINDUSTRIA LECCO-SONDRIO	Orientation meeting	2021: Company presentation
UNIVERSITY OF PAVIA	Master's in nutraceutical development	2021: One Internship
UNIVERSITY OF BRESCIA	Career Day	2022 and 2021 Orientation meeting and company presentation
BICOCCA UNIVERSITY	Career Day	2021: Orientation meeting and company presentation 2022: meeting carried out in 2022
ITS NUOVE TECNOLOGIE DELLA VITA (BERGAMO)	Biotechnology	2020: One internship 2021: Two internships 2022: Two internships in Quality
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 2022: Two internships started in R&D, IT
CONFINDUSTRIA BERGAMO	Bergamo Job Festival	2020: Participation in the Focus Project 2022: participation
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.
I.T.S. PER L'INNOVAZIONE DEL SISTEMA AGROALIMENTARE (LECCO)	Agrifood	2022: One internship in Production
ISTITUTO EINAUDI	Scientific High School	2022: One traineeship in Quality
ENAIP DALMINE	Chemical production and logistics systems	2022: Partnership and one internship in Production

08.3 SPIN PROJECT

Fine Foods' commitment to sustainability is measured by how the company strives to generate a positive impact on the region. The **SP.IN.** - "Sperimentazione e Inclusione" (Experimentation and Inclusion) project was created. This acronym sums up Fine Foods' plan, i.e. organise quality training events in schools using its people's knowledge and the method which includes everyone directly from schools, and involves equity and sustainability. Each meeting tackled several issues related to valuing diversity, gender equality and how companies are required to integrate sustainability into their business model.

In 2022, four workshop meetings and a course for teachers on company sustainability issues were organised. Three events were organised in partnership with Confindustria Bergamo, which has been active in organising orientation activities for students who are about to choose their study path.

Through these initiatives, the commitments made to the region as part of the 2022-2025 Sustainability Plan were fulfilled. This involved 234 young students and teachers of first level secondary school classes on sustainability and study orientation issues.

Institution Name	School/Event	Activity
I.C. VERDELLINO (BG)	First level secondary school, third year	2022: Three STEM workshops, a teacher training course
I.C. CAMOZZI (BG)	First level secondary school, third year	2022: A STEM workshop
PROVINCIA DI BERGAMO E CONFARTIGIANATO	Fiera dei mestieri	2022: STEM training and sustainability
PROVINCIA DI BERGAMO E CONFINDUSTRIA BERGAMO E CONFARTIGIANATO	Catalogue of choices	2022: video interview on sustainability issues
CONFINDUSTRIA BERGAMO	SME Day	2022: STEM training and sustainability

YOUNG FORMULATORS AT WORK... IN THE VERDELLINO SCHOOL

In partnership with the maths and science teachers of the Verdellino District School, the Fine Foods interdisciplinary team brought a fragment of the company's production reality directly into the classroom to let students experience working in a pharmaceutical-nutraceutical company.

Once divided into small groups, students simulated the experience of being formulators and production operators and created food supplements in capsules, choosing the active ingredient, calculating and weighing the required amount of excipients and verifying the conformity of the finished product using a disintegration test.

Students participated in the experience and successfully completed the activity.



08.4 CORPORATE SOCIAL RESPONSIBILITY: PEOPLE CARE PROJECTS

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 Fine Foods implemented social and environmental projects involving local communities. The following are the selected project areas:

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

TAKING CARE OF PEOPLE

L'Arca di Leonardo is a Voluntary Organisation that works in favour of vulnerable children and elderly alone or in financial, social, psychophysical or family hardship. The Association is committed to the right to play and fun as a driving force for the development of a healthy and successful life and valuable experiences and relationships (www.arcadileonardo.org). Trips

to mountains, lakes, nature and amusement parks. Theatre courses, museum visits and many projects to integrate different generations, entertain and teach.

In the first five years, l'Arca di Leonardo involved more than 1,000 young and elderly people. In the last year, there were 250 users, 608 events, including 288 social telephone calls to the elderly, 245 home visits, more than 70 trips, for more than 1,200 hours of voluntary work for children and the elderly.

The association's activities follow Fine Foods' Sustainability Plan 2022-2025, particularly the decision to "support organisations for the health and care of people in our area, through volunteering or donations." The Association's mission is to give support to children and the elderly in difficulty. The Association covers the Province of Bergamo.

Fine Foods contributed financially to the Association's rental costs to allow its activities to continue. During 2022, a fund-raising initiative was carried out over the Christmas holidays, and other activities will be organised in the years to come.

08.5 MEMBERSHIP OF TRADE ASSOCIATIONS

2-28

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
- Egualea
- Farmindustria



09

The background of the page is a dark, high-contrast photograph. It features a mechanical component, possibly a part of a scale or a testing machine, with a visible scale marked from 1 to 5. Below the mechanical part, there is a large pile of fine, green, granular material, which could be a type of soil or a specialized aggregate. The lighting is dramatic, highlighting the textures of the metal and the granules.

APPENDIX

Methodological Note

GRI indices

Audit Report



METHODOLOGICAL NOTE

2-2; 3-1; 2-4; 3-2; 2-3

This document is the second 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, 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.

GLOBAL REPORTING INITIATIVE (GRI)

The sustainability report has been prepared according to the GRI Standards 2021 and contains the content shown in the following paragraphs.

GENERAL DISCLOSURES

The disclosures include the mandatory principles specified in GRI 2: General Disclosures 2021.

Grounds for omission are allowed for all disclosures in GRI 2 except for:

- Disclosure 2-1 Organisational details
- Disclosure 2-2 Entities included in the organisation's sustainability report
- Disclosure 2-3 Reporting period, frequency and contact point

- Disclosure 2-4 Restatements of information
- Disclosure 2-5 External assurance
- Disclosure 3-1 Process to determine material topics
- Disclosure 3-2 List of material topics

The organisation specified any permissible omissions in the GRI table of contents.

"Permitted omissions" may relate to non-applicability, confidentiality constraints, specific legal prohibitions, or unavailable information.

MATERIAL TOPICS IDENTIFICATION

The organisation must identify its material topics based on specific circumstances. The material topics identification process, which was already conducted when the first Sustainability Report 2021 was drawn up, needs to be renewed this year because organisations must update the list of material topics annually based on any situation, stakeholder interests or company's business changes, and because of the GRI Universal Standards update, which amend the way material topics are identified.

The organisation reported on the following:

- process to determine material topics (GRI 3-1);
- list of material topics (GRI 3-2);
- management method disclosures (GRI 3-3).

SPECIFIC SERIES

The organisation used the GRI specific series to report on material topics (GRI 200-300-400). The reasons for any “non-applicability” of the omission disclosures were provided.

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.

NON-FINANCIAL STATEMENT UNDER LEGISLATIVE DECREE 254/2016

The Sustainability Report meets the legislative requirements under Legislative Decree 254/2016.

The Non-Financial Statement (individual and consolidated) must contain information on relevant environmental, social, personnel, human rights, and anti-corruption issues, to the extent necessary to understand the performance, results and impact of the company’s activities (Articles 3 and 4 of the decree). It is necessary to describe (Art. 3, paragraph 1):

- the company’s management and organisation system, including the system adopted under Legislative Decree no. 231/2001;
- the company policies, including due diligence, results achieved and relevant non-financial key performance indicators;
- the main risks related to the issues covered by the Non-Financial Statement and arising from the company’s business, its products, services or commercial relationships, including supply chains and subcontracting, if relevant.
- Minimum information on these issues must be provided. These are further specified in the decree (Art. 3, paragraph 2):

- use of water and energy resources, distinguishing between those produced from renewable and non-renewable sources;
- greenhouse gas and pollutant emissions into the atmosphere;
- impact on the environment and health and safety, associated with the above or other relevant environmental health risk factors based on realistic assumptions or medium-term scenarios;
- social and personnel management aspects, including actions taken to ensure gender equality, measures to implement international and supranational organisations’ agreements, and social partners dialogue procedures;
- respect for human rights, measures adopted to prevent human rights violations, and discriminatory attitudes and actions;
- fight against active and passive bribery and corruption, specifying the measures adopted.

The Non-Financial Statement must provide the information by comparing it with what specified in previous years and mentioning the reporting standard adopted.

Legislative Decree 254/2016 requires using performance indicators from recognised standards. GRI Standards have been chosen by all Italian companies that are obliged to draw up the NFS (<https://www.consob.it/web/area-pubblica/soggetti-che-hanno-pubblicato-la-dnf>)

COMMUNICATION ON PROGRESS UN GLOBAL COMPACT

This document is Communication On Progress for the United Nations Global Compact: <https://unglobalcompact.org/what-is-gc/participants/148662-FINE-FOODS-PHARMACEUTICALS-N-T-M-S-P-A->.

REPORTING CYCLE

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

REPORTING SCOPE

Fine Food reported under GRI Standards during the period from 1 January 2022 to 31 December 2022.

This Report 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.

ASSURANCE

The Report has been subjected to limited assurance engagement with an "Auditor's Report", under the criteria set out in the "International Standard on Assurance Engagements ISAE 3000 Revised - Assurance Engagements Other than Audits Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board (IAASB), by EY S.p.A., which expresses its opinion through an "Independent Auditor's Report" shown below in the document. The audit is carried out according to the procedures specified in the "Independent Auditor's Report." The analysis of material topics according to the double materiality method is not subject to limited scrutiny by EY SPA.

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

Via Berlino, 39

24040 Zingonia-Verdellino (BG) - Italy

e-mail: esg@finefoods.it

tel: +39 035 4821382

GRI CONTENT INDEX

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Ethics and regulatory compliance	Combating corruption	
Product safety	Social	
Sustainable financial growth	Personnel	 
Cybersecurity	-	
Customer partnerships	-	 
PEOPLE		
Safety at work	Personnel	
Health and well-being	Personnel	
Professional development and performance	Personnel	  
Attracting and retaining talent	Personnel	
Diversity and equal opportunity	Personnel	
Labour/Management relations	Personnel	

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Use of water resources	Environment	
Air and water protection	Environment	
Biodiversity	Environment	 
SUSTAINABLE PRODUCTS		
Eco-design and innovation	Environment	
SUSTAINABLE SUPPLY CHAIN		
Human rights in the supply chain	Human rights	 
Deforestation in the supply chain	Environment	 
Sustainable procurement and circular economy policies	Environment	
LAND DEVELOPMENT		
Relations with local communities	Social	 

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") for the year ended on 31st December 2022 in accordance with article 4 of the Decree and approved by the Board of Directors on 30th March 2023 (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 Group's consolidated financial statements;
4. understanding of the following aspects:
 - Group's management and organization business model, with reference to the management of the matters indicated in the article 3 of the Decree;
 - policies adopted by the Group related to the matters indicated in the article 3 of the Decree, results achieved and related key performance indicators;
 - 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 & Pharmaceuticals N.T.M. S.p.A. for the year ended on 31st December 2022 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.

Bergamo, 31th March 2023

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
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