

SUSTAINABILITY REPORT 2023

Committed to a sustainable future



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Sustainability
Report 2023



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FINE FOODS 2023 FIGURES

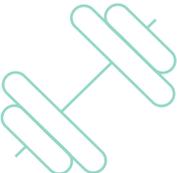
251.8
Million €
turnover



+11%
CAGR* (10-year compound
annual growth rate)



23,443
training hours provided



47%
employed **women**



40%
women in management

-19%
CO₂ emissions per €M
(compared to 2022)



802
MWh/year
of energy produced
from renewable sources



99%

employees hired with open-ended contracts



~40%

participation in health promotion initiatives



500

students involved in meetings on sustainability and orientation issues



9

students accepted for internships and school-to-work projects

16

good practices for health promotion in the company



95%

retention rate



89%

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



83/100

(99th percentile) top one per cent of companies in the EcoVadis ranking

25,8

overall ESG risk score



51,7

Management Score

LETTER TO STAKEHOLDERS

Dear readers,

We are pleased to present the Fine Foods Group's Non-Financial Statement which shows the progress made and goals achieved, as planned in our Sustainability Strategy "Fine Foods For Future 2022-2025."

2023 saw the consolidation of Fine Foods long-standing business model. This model creates value for the company, customers and investors, the environment and people. Our approach follows the UN's 2030 Agenda, which provides an incentive to contribute to the achievement of the 17 Sustainable Development Goals and will remain the guide for the future.

The activities included in the Fine Foods' sustainability plan were carried out in continuity with previous years, with a focus on accurate reporting and planning to reduce our environmental impact.

Under the principles of transparency and credibility that guide our business, the company certified the GHG inventories under UNI ISO 14064 at organisational level. Based on this data we planned actions to reduce our climate-changing gas emissions.

We maintained an effective safety and environmental management system and continued to manage planned projects, such as the Lombardy Region "Workplace Health Promotion - Lombardy WHP Network", which promote physical activity and healthy diet, psychological balance and prevention practices.

We continued our partnerships with local institutions, involving approximately 500 young students and teachers, in experiencing what it means to work in a company like Fine Foods. We provided internships to nine young people in different sectors to help them develop their skills in the region's most in-demand professions.

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 respect for human rights.

We believe that ESG issues enable the growth of our group and the economy, and should be a key factor when making decisions that affect our companies. Our commitment is demonstrated by several awards, including the EcoVadis "Platinum" rating and Morningstar-Sustainalytics ESG rating which rated our ability to manage ESG risks as "Strong."

We operate in a complex international framework. The most recent predictions are for a slowdown in global economic growth, impacted by high inflation, restrictive financing conditions and the geopolitical scenarios that are affecting Europe and the Middle East. The energy cost, although lower than in the previous period, remains a potential critical area.

Despite these scenarios, the Group will develop the business along three main lines - Food, Pharma, and Cosmetics - by strengthening corporate functions' activities. In 2023, the historical business operations showed significant growth in turnover and establishment of long-term projects. In 2023, the recently acquired cosmetics division underwent a transformation, focusing on the redevelopment of production facilities and process reorganisation.

We are convinced that ESG issues, which increasingly integrate environmental and social sustainability into the business models of European companies, are opportunities for us to accelerate the path towards a sustainable future, together with our customers, suppliers, employees and stakeholders.

Marco Eigenmann
President

Giorgio Ferraris
Chief Executive Officer

WE SUPPORT



UN GLOBAL COMPACT STATEMENT

I am pleased to confirm that Fine Foods & Pharmaceuticals N.T.M. continues to support the Ten Principles of the United Nations Global Compact in the human rights, labour, environment and anti-corruption areas.

In this annual report, we reveal our ongoing efforts to integrate the Ten Principles into our business strategy, culture and daily operations and contribute to the United Nations goals, particularly the Sustainable Development Goals.

Giorgio Ferraris

Chief Executive Officer



01

FINE FOODS GROUP

- 01.1** A success story
- 01.2** Our business model
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- 01.5** Target markets and customers
- 01.6** Financial performance and added value distribution
- 01.7** EU Taxonomy Regulation 2020/852

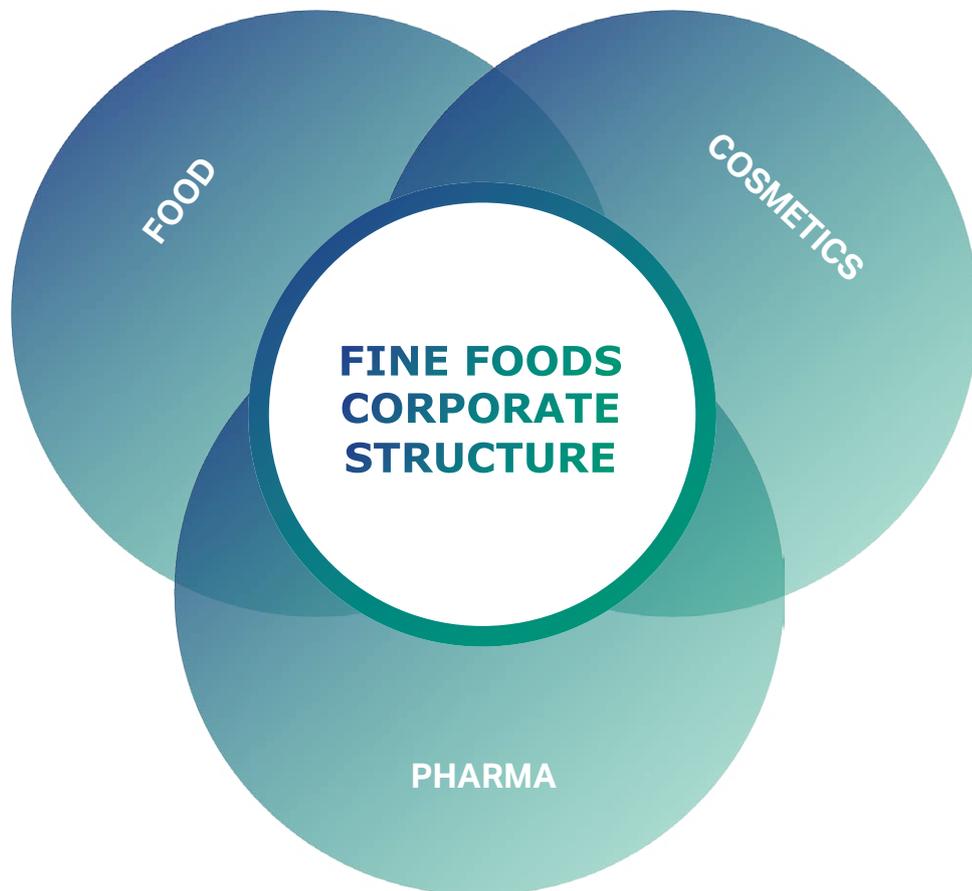




01.1 A SUCCESS STORY

2-1; 2-6

Founded in 1984, Fine Foods is an Italian independent Contract Development & Manufacturing Organisation (CDMO). It develops and manufactures contract products for the pharmaceutical, nutraceutical and cosmetics industries.



It is the first CDMO listed on Euronext STAR Milan. In 2021 it became a Benefit Corporation, strengthening its ethical and transparent business model.

After 40 years, Fine Foods has become a reliable partner skilled in meeting the expectations of the most demanding customers. The quest for excellence enables Fine Foods to anticipate customer needs by evolving together, as if we were part of the same company.

The Group's goal is to be recognised by its customers as a strategic partner for their success, and it bases its operations on three key principles:

- **Reliability**: a reputation based on excellence in results. For 40 years, Fine Foods has been developing and manufacturing contract products, adapting to the market and its needs. The Group builds genuine relationships with its customers, which is why it is a reliable partner. Transparency is in Fine Foods' DNA.
- **Pursuing excellence**: is the driver for achieving success. Quality is applied to every company department and phase. Starting with personnel selection, Fine Foods established an organisation that prioritises excellence. This allows Fine Foods' partners to fully express their potential in the marketplace.
- **Sustainability**: a responsible, ethical and sustainable approach started 15 years ago. As a people-focused company, Fine Foods understands the importance of its social role, and this awareness is reflected in its Sustainability Report. The company obtained several certifications while following the ESG committee ethical and sustainable guidelines. In 2021, Fine Foods changed its articles of association to become a Benefit Corporation, which demonstrates its commitment to a positive impact on society and the environment.

These principles shared within the Group and applied to its mission and vision, are reflected in the company's motto "Committed to your excellence", which summarises its daily commitment for ever-higher standards to contribute to its customers' success.



COMMITTED TO
YOUR EXCELLENCE

01.2 OUR BUSINESS MODEL

2-23; 205; 206

Fine Foods is positioned within the value creation chain of pharmaceuticals, nutraceuticals and cosmetics, focusing on the following main phases: business development, R&D, scale-up and production, and quality control.

VALUE CREATION PHASES

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

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

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

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

Our management systems are certified by third-party bodies to ensure continuous improvement and customer satisfaction.

NUTRACEUTICALS AND COSMETICS



PHARMACEUTICAL PRODUCTS



CERTIFICATIONS



01.3 CUSTOMER FOCUS

2-23; 205; 206

Improving the value chain is one of the Group's priorities to develop and confirm Fine Foods' position as a reliable partner, able to meet the expectations of the most demanding customers.

For sales and customer relations improvement purposes, implementing the CRM supports Fine Foods in managing existing and potential customers, keeping in touch with them, improving relations and interactions with a positive impact on customer satisfaction and loyalty, and simplifying processes and the exchange of information with other departments by improving management times.

The Group prioritises excellence, which allows Fine Foods' partners to fully express their potential in the marketplace. It focuses on customer satisfaction and relationship improvement, by implementing customer voice programmes such as surveys, end-of-year questionnaires and quarterly or half-yearly business review meetings.

These activities enabled Fine Foods to maintain key customer relationships and establish new ones, including those resulting from recent acquisitions in the cosmetics sector, which have strengthened a high customer retention rate.

Fine Foods aims to grow further by staying faithful to its vocation as a future-oriented company. In 2023, the company planned the development of the Brembate plant and carried out expansion works at the Trezano production site to install new production lines focused on 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 contract development and manufacturing organisations (CDMOs) of solid oral forms for the pharmaceutical and nutraceutical industries. In addition, it is working to obtain a leading position in the cosmetics industry.



01.4 FINE FOODS BUILT ON INNOVATION

2-23; 205; 206

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 resulted in a higher quality of Food products and greater reactivity and flexibility when manufacturing Pharma products.

By integrating the acquired cosmetics companies, Fine Foods has started a fruitful partnership in research and development, technology, knowledge and innovation, for continuous improvement.

Supplements are a challenging segment for Fine Foods. Brands need continuous innovation to be competitive and successful and require contractors to contribute to the innovation process. This is a cultural change for CDMOs which started as producers working behind the scenes, and now must be innovative companies capable of anticipating market trends. Fine Foods embraced this role from the beginning. Fine Foods dedicates approximately 16 per cent of its resources to scientific activities and invests about seven to eight per cent of annual revenue in new technologies.

The Group established an innovation-focused team for short, medium and long-term projects. Fine Foods analyses international market research and data to keep abreast of product launches and innovations. It conducts regular surveys to gather customer feedback to identify their needs and expectations.

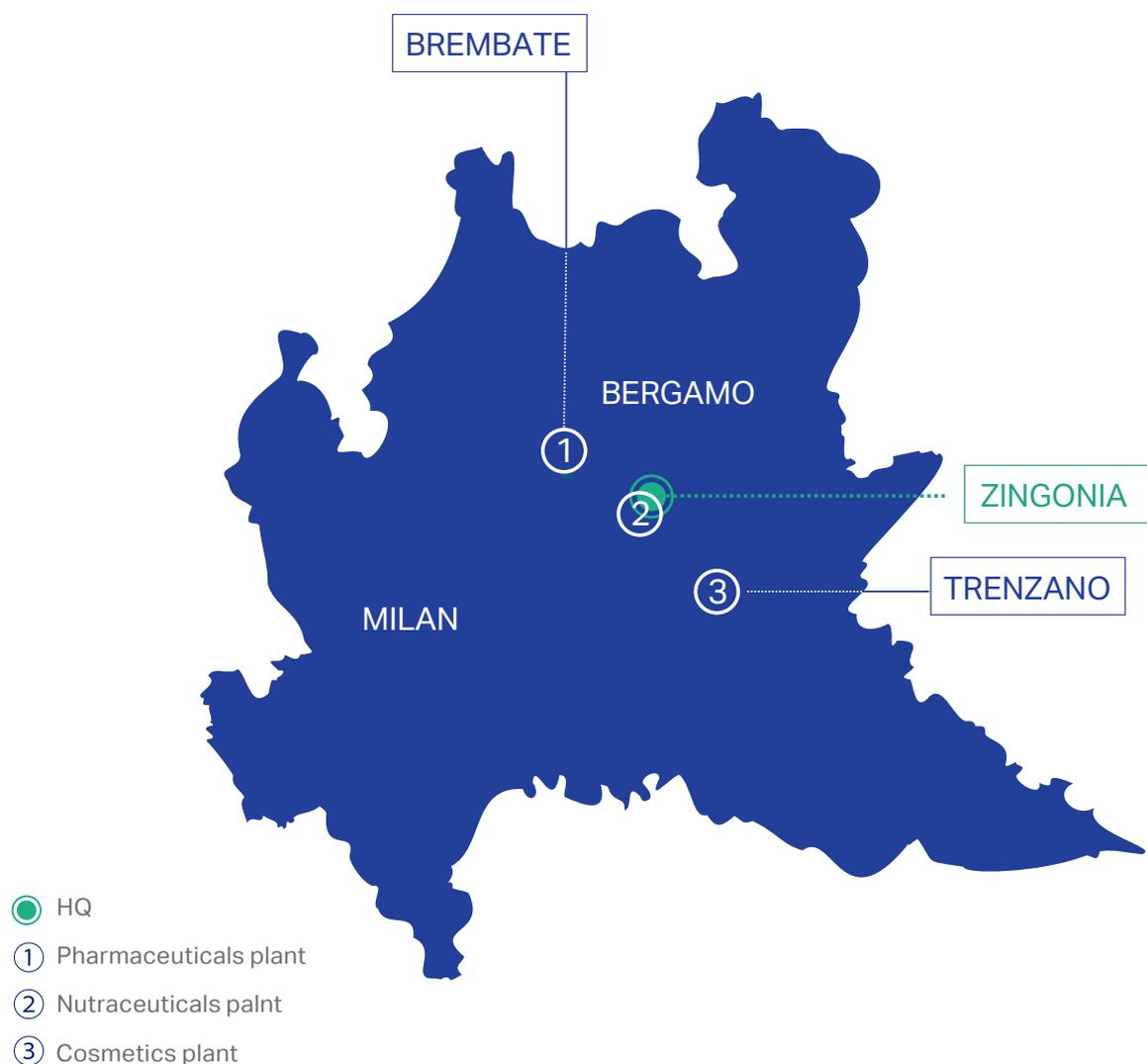
- 
> 18% of employees dedicated to **scientific and technical activities**
- 
> **Innovation team** within R&D department
- 
> Cross-functional team to support **NPD pipeline**
- 
> Investments in **market data** (IQVIA, Euromonitor and Mintel) and **customer voice**
- 
> **7-8% of revenues** invested in new technologies every year



01.5 TARGET MARKETS AND CUSTOMERS

2-23; 205; 206

Fine Foods is a major developer and contract manufacturer of products for the nutraceutical, pharmaceutical and cosmetics industries. The Group developed innovations to manufacture the main oral solid forms available in different packaging for the nutraceutical and pharmaceutical sectors. It has recently extended its production to liquid galenic sticks for the nutraceutical sector. With its recent acquisitions, Fine Foods entered the cosmetics sector.



NUTRACEUTICALS & PHARMACEUTICALS

PHARMACEUTICAL FORMS



Capsules



Tablets



Powders



Granules



Liquids

PACKAGING



Bottles



Jars



Sticks



Sachet



Blister

PLANTS



ZINGONIA

Covered area 28.800 sqm
Total area 45.600 sqm



BREMBATE

Covered area 39.000 sqm
Total area 130.400 sqm

COSMETICS



Liquids



Creams & Lotions



Gels



Toothpaste



Perfumes



Tubes



Roll-on



Bottles



Jars



TRENZANO

Covered area 19.900 sqm
Total area 25.200 sqm

Fine Foods has been adapting to the market for 40 years and can meet the expectations of the most demanding customers who turn to the Group to expand production or extend their product ranges.

Within the sector challenges, supplements are a lively and constantly expanding segment with Italy being the main market in Europe with a volume sales growth of 60 per cent in 10 years. Brands need constant innovation to be successful, and this requires contractors like Fine Foods to contribute to their innovation processes.

Pharmaceutical companies tend to outsource part of their in-house production to Contract Development & Manufacturing Organisations (CDMOs). It is a gradual and continuous transition that is shifting production towards companies like Fine Foods.

These dynamics place Fine Foods in a favourable expanding scenario in the nutraceutical, pharmaceutical and cosmetics segments.

INTERNATIONALISATION

With its operations and production in Italy, which is a European cluster of excellence in the healthcare sector, Fine Foods has an international dimension. Most of its products are destined for export and the Group's customers include major multinational companies with operations and plants throughout European and non-European countries.

The Group works with customers' centres of excellence located in several countries to guarantee excellent results aligned to different customer or country needs.

The Group works with major international companies and has developed a set of skills to improve cooperation with foreign companies so that it can attract new international customers. The sales department, which is most exposed to customers, has a team that speaks seven different languages fluently. Specific training courses in language, culture, customs and business have been carried out over the years to refine skills in different areas including intercultural communication, networking and negotiation, to facilitate the relationship and exchange of information with foreign customers.

The sales team approaches strategic foreign markets and is supported by local agents who help maintaining long-term relationships between the Group and customers.

The Group participates in international events such as trade fairs and B2B events for professionals, online and offline promotional activities that are developed in English and accessible to everyone.

The Group invests annually in the purchase of international market data from various suppliers to monitor market trends, launches and innovations, with international target companies.

01.6 FINANCIAL PERFORMANCE AND ADDED VALUE DISTRIBUTION

201; 207

Considering the directly generated financial value, looking at revenue from asset sales and income from financial investments, the revenue for 2023 was € 254.2 million.

The Group's turnover in 2023 was € 251.8 million compared to € 206.9 million at the end of the previous year (see Sales of goods in the table below). This was generated by the Food Business Unit for € 152.4 (+29.4% compared to 2022), Pharma Business Unit for € 67.9 million (+24.2% compared to 2022) and Cosmetic Business Unit for € 31.4 million (-8.4% compared to 2022). With its 11.1 per cent CAGR5 on turnover over the last decade, the Fine Foods Group is a growing and strongly future-oriented company.

Revenue from financial investments in 2023 was € 1.7 million compared to € -7.7 million as of 31 December 2022. This revenue refers to the change in fair value of the securities portfolio held by the Parent Company, as required by IFRS 9 - Financial Instruments. In January 2019, the Company appointed a leading Credit Institution to perform a discretionary and individualised management service on an investment portfolio that included financial instruments and liquidity. This portfolio was almost entirely disposed of during 2023. At the closing date of the financial year, there was one security in the portfolio of about € 98,000, and on 15 February 2024, the Parent Company fully closed the position.

Other revenue was € 0.6 million as of 31 December 2023, compared to € 0.9 million recorded at the end of the previous year. This item mainly included revenue from the sale of white certificates (€ 304,000), insurance reimbursements and indemnities (€ 114,000), and other income (€ 215,000). Revenue from white certificates derives from the recognition in current assets of energy efficiency securities accrued by the Company in the last three years following the installation of co-generators at the Verdellino and Brembate plants.

The Insurance reimbursements and indemnities item mainly included an indemnity of € 102,000 received from the insurance company for the fire occurred in Brembate in 2022. Other revenue and income mainly included grants received as tax credits.

DIRECTLY GENERATED FINANCIAL VALUE

[Million €]	2023	2022	2021
Revenue	254.2	200.1	198.9
from asset sales	251.8	206.9	194.8
from financial investments	1.7	(7.7)	3.8
other revenue	0.6	0.9	0.1
Capital gains net of capital losses	0.0	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.

[Million €]	2023	2022	2021
Operating costs These costs included purchase of raw and packaging materials, external labour, temporary work, meal vouchers, costs for external processing, energy, ecology, maintenance, other production costs, various rents and leases, consultancy, general expenses and promotional and commercial costs.	190.0	159.7	149.6
Personnel costs These costs included wages, contributions, severance pay provisions and benefits.	38.7	35.6	32.3
Public administration These costs included current Irap and Ires and other taxes (ICI).	0.9	0.4	(1)
Payments to capital suppliers These costs included dividends paid to shareholders during the year and short and medium/long-term financial expenses.	7.0	5.9	3.9

RETAINED FINANCIAL VALUE

[Million €]	2023	2022	2021
Wealth retained by the company ("Directly generated financial value" minus "Distributed financial value").	18.0	(1.5)	14.03

TOTAL CAPITALISATION DIVIDED BETWEEN DEBT AND SHARE CAPITAL

[Million €]	2023	2022	2021
Shareholders' equity	126.9	133.6	147.2
Debt	114.6	166.5	155.5
Total Assets	241.6	299.8	302.7

EBIT (OPERATING RESULT)

[Million €]	2023	2022	2021
EBIT	1.1	(1.0)	5.0

TAXES ACCRUED AND PAID

[Million €]	2023	2022	2021
Pre-tax profit/(loss)	(1.9)	(14.1)	(8.1)
Tangible assets other than cash and cash equivalents	106.9	104.2	102.9
Corporate income tax paid on a cash basis	-	-	5.2
Corporate income tax accrued on profits/losses	0.8	0.2	0.6



01.7 EU TAXONOMY REGULATION 2020/852

In 2020, the European Commission introduced Regulation (EU) 2020/852 - EU Taxonomy Regulation, hereafter referred to as "Taxonomy" or "Regulation". In line with the European Green Deal goal to achieve climate neutrality in Europe by 2050, the "Taxonomy" establishes a unified classification system of economic activities that can be considered environmentally sustainable.

To be classified as such, economic activities must substantially contribute to the achievement of at least one of the six environmental objectives defined in Article 9 of the Regulation, not cause significant harm (Do No Significant Harm - DNSH) to any of the environmental objectives above, respect minimum social guarantees, recognise the importance of international rights and standards, and meet the technical screening criteria defined by the Regulation for each activity.

Under Articles 3 and 9 of the Regulation, starting from FY 2021, companies that fall within the scope of Legislative Decree 254/2016 must report information on turnover, capital expenditure (CAPEX) and operating expenditure (OPEX) for activities identified as Taxonomy-aligned and not Taxonomy aligned for the two climate change-related objectives: Climate change mitigation and Climate change adaptation.

The information provided should show compliance with the technical screening criteria, DNSH criterion and minimum social guarantees. Activities considered environmentally sustainable are defined as Taxonomy-eligible or non-eligible. The company shall analyse economic activities that can be considered Taxonomy-eligible against the other four European Taxonomy objectives:

- 1.** Sustainable use and protection of water and marine resources;
- 2.** Transition to a circular economy;
- 3.** Pollution prevention and control;
- 4.** Protection and restoration of biodiversity and ecosystems.

Fine Foods Group aligned activities

In line with regulatory requirements, an analysis of the Group's activities was carried out to identify eligible activities for the first two Taxonomy objectives - Climate change mitigation and Climate change adaptation. Under the lists of economic activities reported in Annexes 1 and 2 of the Regulation Delegated Act, the following activities were classified as eligible:

- installation of LED light fittings and a new higher efficiency dehumidifier (ref. activity CCM 7.3);
- installation of solar films and roller blinds (ref. activity CCM 7.5);
- activation of a photovoltaic system licence for Euro Cosmetic (ref. activity CCM 7.6).

Under the Regulation (EU) 2020/852 Delegated Acts, the Group carried out an analysis of the aligned activities and the methods for calculating KPIs, relating to turnover, CAPEX and OPEX, based on the activities deemed eligible for the purposes expressed by the Regulation. Specifically:

- for calculating the turnover KPI, revenue from the sale of products and provision of services was considered under IAS 1 paragraph 82(a) and Directive 2013/34/EU, which defines, for the denominator, "Net Turnover" as revenue from the sale of products and provision of services net of VAT, returns and other added taxes;
- the **CAPEX KPI** considers the sum of all additions to tangible and intangible elements of the balance sheet during 2023, including capitalised assets related to R&D and rights of use arising from IFRS 16;
- the **OPEX KPI** considers the sum of operating expenses associated with R&D, maintenance of production facilities, day-to-day servicing of assets and short-term leases.

Based on the instructions in Annex 1 to the Delegated Act 2178/2021, the accounting items to be associated with the KPIs were identified.

During the analysis of the Group's activities, some were identified as eligible but not Taxonomy-aligned:

- construction of a concrete base for dust collectors (ref. activity CE 3.5);
- steam recovery through a steam/water exchanger circuit (ref. activity CCM 4.25 and CCA 4.25);
- new building design preliminary activities - project X (ref. activities CCM 7.1, CCA 7.1 and CE 3.1);
- installation of new light sources, external doors and windows, refrigeration system and revamping thermoregulating electrical system (ref. activity CCM 7.3 and CCA 7.3);
- installation of office curtains (ref. activity CCM 7.5 and CCA 7.5);
- building demolition (ref. activity CE 3.3).

The above activities are not Taxonomy-aligned because the minimum criteria required in Delegated Regulation (EU) 2021/2139 regarding Climate change mitigation and Climate change adaptation objectives and the DNSH principle were not met in 2023.

The instructions in Annex 1 to the Delegated Act 2178/2021, helped identify the accounting items to be associated with the KPIs of turnover, CAPEX and OPEX for the percentage share generated by eligible and non-eligible activities, for the other four taxonomy objectives: Sustainable use and protection of water and marine resources; Transition to a circular economy; Pollution prevention and control; Protection and restoration of biodiversity and ecosystems.

The tables below show the KPIs of turnover, CAPEX and OPEX, i.e. the percentage share generated by aligned and eligible activities for each of the six taxonomy objectives.

	Proportion of CapEx/Total CapEx	
	Taxonomy-aligned by objective	Taxonomy-eligible by objective
CCM	0.05%	12.82%
CCA	0%	12.82%
WTR	0%	0%
CE	0%	12.41%
PPC	0%	0%
BIO	0%	0%



	Proportion of OpEx/Total OpEx	
	Taxonomy-aligned by objective	Taxonomy-eligible by objective
CCM	0%	0%
CCA	0%	0%
WTR	0%	0%
CE	0%	0.11%
PPC	0%	0%
BIO	0%	0%

	Proportion of turnover/Total turnover	
	Taxonomy-aligned by objective	Taxonomy-eligible by objective
CCM	0%	0%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

PROPORTION OF TURNOVER FROM PRODUCTS AND SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ACTIVITIES - YEAR 2023

Financial year N	Year		Substantial contribution criteria							DNSH criteria ("Does Not Significantly Harm")									
	Code(s) (2)	Absolute turnover (3)	Proportion of turnover, year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular Economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular Economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of taxonomy-aligned (A.1) or eligible (A.2) turnover, year N-1 (18)	Category - Enabling activity (19)	Category - Transitional activity (20)
Economic activities (1)																			
Text		Currency	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T

A. TAXONOMY-ELIGIBLE ACTIVITIES

A.1 Environmentally sustainable activities (Taxonomy-aligned)

Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		€ 0.00	0%	0%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%	
Of which enabling		€ 0.00	0%	0%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%	E
Of which transitional		€ 0.00	0%	0%							Y	Y	Y	Y	Y	Y	Y	0%	T

A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)

				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		€ 0.00	0%	0%	0%	0%	0%	0%	0%									0%	
Total (A.1 + A.2)		€ 0.00	0%	0%	0%	0%	0%	0%	0%									0%	

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES

Turnover of Taxonomy-non-eligible activities (B)		€ 251,811,791.00	100%																
Total (A + B)		€ 251,811,791.00	100%																

PROPORTION OF CAPEX FROM PRODUCTS AND SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ACTIVITIES - YEAR 2023

Financial year N	Year			Substantial contribution criteria							DNSH criteria ("Does Not Significantly Harm")								
	Code(s) (2)	CapEx (3)	Proportion of CapEx, year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular Economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular Economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1) or eligible(A.2) CapEx, year N-1 (18)	Category - Enabling activity (19)	Category - Transitional activity (20)
Text		Currency	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T

A. TAXONOMY-ELIGIBLE ACTIVITIES

A.1 Environmentally sustainable activities (Taxonomy-aligned)

Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	€ 4,713.09	0.03%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y			Y	Y		0%	E	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of building	CCM 7.5	€ 2,306.50	0.01%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y						0%	E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	€ 1,000.00	0.01%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y						1.40%	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		€ 8,019.59	0.05%	0.05%	0.05%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%		
Of which enabling		€ 8,019.59	0.05%	0.05%	0.05%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	1.40%	E	
Of which transitional		€ 0.00	0%	0%						Y	Y	Y	Y	Y	Y	Y	0%		T

Financial year N	Year			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
	Code(s) (2)	CapEx (3)	Proportion of CapEx, year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular Economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular Economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) CapEx, year N-1 (18)	Category - Enabling activity (19)	Category - Transitional activity (20)
Text		Currency	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T

A. TAXONOMY-ELIGIBLE ACTIVITIES

A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)

				EL; N/EL															
Production of heat/cooling using waste heat	CCM 4.25	€ 1,795.50	0.01%	EL	EL	N/EL	EL	N/EL	N/EL										0%
Construction of new buildings	CCM 7.1	€ 2,066,973.25	12.35%	EL	EL	N/EL	EL	N/EL	N/EL										0%
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	€ 67,121.35	0.40%	EL	EL	N/EL	N/EL	N/EL	N/EL										0%
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of building	CCM 7.5	€ 3,067.29	0.02%	EL	EL	N/EL	N/EL	N/EL	N/EL										0%
Use of concrete in civil engineering	CE 3.5	€ 11,055.98	0.07%	N/EL	N/EL	N/EL	EL	N/EL	N/EL										0%
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		€ 2,150,013.37	12.84%	12.78%	12.78%	0%	12.41%	0%	0%										0%
Total (A.1 + A.2)		€ 2,158,032.96	12.89%	12.82%	12.82%	0%	12.41%	0%	0%										0%

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES

CapEx of Taxonomy-non-eligible activities (B)		€ 14,583,841.04	87.11%																
Total (A + B)		€ 16,741,874.00	100%																

PROPORTION OF OPEX FROM PRODUCTS AND SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ACTIVITIES - YEAR 2023

Financial year N	Year			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
	Code(s) (2)	OpEx (3)	Proportion of OpEx, year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular Economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular Economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1) or eligible (A.2) OpEx, year N-1 (18)	Category - Enabling activity (19)	Category - Transitional activity (20)
Text		Currency	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T

A. TAXONOMY-ELIGIBLE ACTIVITIES

A.1 Environmentally sustainable activities (Taxonomy-aligned)

Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	€ 4,990.00	0%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y			Y	Y		0%	E	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		€ 4,990.00	0%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%		
Of which enabling		€ 4,990.00	0%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%	E	
Of which transitional		€ 0.00	0%	0%						Y	Y	Y	Y	Y	Y	Y	0%		T

A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)

				EL; N/EL															
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	€ 500.00	0%	EL	EL	N/EL	N/EL	N/EL	N/EL										
Demolition and wrecking of buildings and other structures	CE 3.3	€ 205,804.00	0.11%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								0%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		€ 206,304.00	0.11%	0%	0%	0%	0.11%	0%	0%								0%		
Total (A.1 + A.2)		€ 211,294.00	0.11%	0%	0%	0%	0.11%	0%	0%								0%		

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES

OpEx of Taxonomy-non-eligible activities (B)	€ 183,865,399.00	99.89%																	
Total (A + B)	€ 184,076,693.00	100%																	

Technical evidence

Below is the evidence for meeting the technical screening criteria for the Taxonomy-aligned activities. For 2023, aligned activities contributed substantially to climate change mitigation and the transition to a circular economy, without significantly harming any other environmental objective (DNSH).

7.3 - INSTALLATION, MAINTENANCE AND REPAIR OF ENERGY EFFICIENCY EQUIPMENT

Installation of LED lighting fixtures

For activity 7.3 (Installation, maintenance and repair of energy efficiency equipment), 30 LED light bulbs were installed in 2023, allowing energy savings compared to conventional light bulbs.

New dehumidifier

For activity 7.3 (Installation, maintenance and repair of energy efficiency equipment), the existing dehumidifier was removed in 2023 as it was outdated and had low energy efficiency and high GWP refrigerant gas. The dehumidifier was replaced with a new state-of-the-art system that does not use refrigerant gas, but the steam from the company's co-generator or thermal power plant.

For taxonomy alignment purposes, Fine Foods deems that the above operations comply with the technical screening criteria for activity 7.3, including:

- the activity consists of one of the following individual measures, if compliance with the minimum requirements set for individual components and systems in the applicable national measures implementing Directive 2010/31/EU is met and they are classified in the two highest energy efficiency classes, under Regulation (EU) 2017/1369 and the delegated acts adopted under that Regulation: (d) installation and replacement of energy efficient light sources;
- the activity meets the criteria of Annexes A and C of the Delegated Reg. (EU) 2021 of 04/06/2021 supplementing Reg. (UE) 2020/852.

7.5 - INSTALLATION, MAINTENANCE AND REPAIR OF INSTRUMENTS AND DEVICES FOR MEASURING, REGULATION AND CONTROLLING ENERGY PERFORMANCE OF BUILDING

Solar films and roller blinds

For activity 7.5 (Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of building), in 2023 Fine Foods installed:

- solar control films in the office building - first floor;
- a motorised roller blind made with screen fabric, complete with roller blind holder and accessories for the Brembate premises reception.

For taxonomy alignment purposes, Fine Foods deems that the installation of films and blackout blinds in the Zingonia and Brembate offices complies with the technical screening criteria required for activity 7.5, including:

- installation, maintenance and repair of façade and roofing elements with a solar shading or solar control function, including those that support the growing of vegetation;
- the activity meets the criteria of Annex A of the Delegated Reg. (EU) 2021 of 04/06/2021 supplementing Reg. (UE) 2020/852.

7.6 - INSTALLATION, MAINTENANCE AND REPAIR OF RENEWABLE ENERGY TECHNOLOGIES

Photovoltaic system licence activation

For activity 7.6 (Installation, maintenance and repair of renewable energy technologies), during 2023 the licence for the 500 kWp photovoltaic system installed in Euro Cosmetic's premises in Trezzano was activated.

For taxonomy alignment purposes, Fine Foods deems that the operations of the photovoltaic system licence activation in Euro Cosmetic's premises comply with the technical screening criteria for activity 7.6, including:

- the activity consists of one of the following individual measures, if installed on site as technical building systems: a) installation, maintenance and repair of solar photovoltaic systems and the ancillary technical equipment;
- the activity meets the criteria of Annex A of the Delegated Reg. (EU) 2021 of 04/06/2021 supplementing Reg. (UE) 2020/852.

Methodological Aspects

The process implemented by Fine Foods to verify the eligibility and alignment of its activities with the taxonomy requirements followed the steps below for each of the three KPIs investigated:

- Mapping each eligible activity carried out by the Group companies and subsequent skimming of these activities based on the operations carried out by the individual company.
- For each eligible activity, the technical screening criteria and “Do no significant harm” (DNSH) requirements were mapped to analyse alignment with Climate change mitigation and Climate change adaptation objectives. Evidence of the individual requests was collected.
- After the aligned activities were identified, they were extracted from the accounts, to associate each activity with the relevant economic values as for revenue generated in 2023, the CapEx and OpEx that contribute to preserving or increasing the useful life of the related tangible or intangible assets.
- For the other four taxonomy objectives, the analysis assessed the eligibility of economic activities, no eligible operations for 2023 were detected.

TURNOVER

During 2023, there were no investments related to aligned activities that could contribute to the turnover calculation.

CAPEX

Numerator

The KPI numerator consists of the values for the following Fine Foods activities:

- LED light fixture installation: 0.03% of total CapEx incurred (7.3 “*Installation, maintenance and repair of energy efficiency equipment*”);
- Installation of solar films and roller blinds: 0.01% of total CapEx incurred (7.5 “*Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of building*”);
- Photovoltaic system licence activation for Euro Cosmetic: 0.01% of total CapEx incurred (7.6 “*Installation, maintenance and repair of renewable energy technologies*”).

Denominator

The denominator is formed by considering the sum of aligned and not aligned assets value increases.

The value increases generated during FY 2023 related to tangible and intangible assets and their right of use (under IFRS 16). The values were selected excluding the effects of depreciation, amortisation, impairment and changes in fair value, under the Regulation.

OPEX

Numerator

The KPI numerator consists of the values for the following Fine Foods activities:

- Installation of a new, more efficient dehumidifier: 0.003% of total CapEx incurred (7.3 "Installation, maintenance and repair of energy efficiency equipment").

Denominator

The denominator is formed by considering the sum of *aligned* and not aligned operating cost value increases for 2023.



02

SUSTAINABILITY

02.1 Sustainability Governance

02.2 ESG associations, ratings and indices

02.3 Dialogue with Stakeholders

02.4 Materiality analysis

02.5 Fine Foods For Future 2025 our sustainability plan

02.6 2030 Agenda



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 common 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.

Fine Foods has adopted internal policies to optimally fulfil its sustainability goals:

- Code of Ethics
- Health and safety policy
- Well-being and inclusion policy
- Environment and Climate Protection Policy.



2010

2013

2015



14001:2015

Continuous improvement on environmental issues



22716:2007

Standard describing good manufacturing practices for the cosmetics industry which protects consumers and provides product management guidelines

Organisation, management and control systems under **Legislative Decree 231**, to avoid crimes such as employee corruption, health, safety and corporate issues for which the company may be held liable



9001:2015

Reference standard for implementing a quality management system based on risk assessment and continuous improvement



13485:2016

Reference standard for developing a quality management system in the medical device industry



FSSC 22000

Food Safety System Certification Scheme



45001:2018

Continuous improvement on employees health and safety



Sedex Members Ethical Trade Audit – SMETA, is the world's leading social auditing organisation which assesses companies based on four pillars: labour, health and safety, environment and business ethics

2004

2011

2014

2016

2019

2022



Standard which ensures and promotes consumer safety-oriented risk analysis systems



- Sustainability report
- Impact report (Benefit Corporation)
- Diversity and Inclusion program



EcoVadis: highlighting the excellent results achieved in several important areas of sustainability – Platinum Rating



"Valore D" is the first Italian company network promoting an inclusive culture and diversity



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



EcoVadis - Platinum Rating confirmation, with improved rating score



The annual assessment by Morningstar-Sustainalytics ranked Fine Foods' ability to manage ESG risks as "Strong".



Reference standard for certification of GHG inventories at organisation level

2021

2023

02.1 SUSTAINABILITY GOVERNANCE

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 cooperation with the ESG Committee in the non-financial statement preparation phases.

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

Particularly it:

- 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.

02.2 ESG ASSOCIATIONS, RATINGS AND INDICES

2-12; 2-14; 2-26; 2-28

The Fine Foods Group participates in the following national and international initiatives:

EURONEXT STAR MILAN



Euronext STAR Milan, which is part of Borsa Italiana's Euronext Milan market, was established in 2001 to improve the value of exceptional SMEs and increase their visibility to Italian and foreign investors.

The Borsa Italiana's STAR segment trades securities of companies with medium capitalisation (in Italy between €40 million and €1 billion) which comply with requirements of excellence (transparency, liquidity and governance international standards).

CONFINDUSTRIA



Confindustria represents manufacturing and service companies active in Italy, promoting the protection of their legitimate interests against institutions, public administrations and economic, political, trade union and social organisations.

As part of Confindustria, the Fine Foods Group is a member of the following sector associations:



Farmindustria is the Association for Pharmaceutical Companies. It is a Confindustria, European Federation (EFPIA) and World Federation (IFPMA) member. The scientific-healthcare community and Farmindustria member companies are regulated by a **code of ethics that is one of the most stringent in Europe.**



As a member of Federchimica, **Cosmetica Italia** is the only association representing the sector in Confindustria and the largest at European level as a member of Cosmetics Europe (European association of cosmetics industries).



UNIONE ITALIANA FOOD

Unione Italiana Food is the leading association in Italy for direct representation of food product categories and among the first in Europe.



FOOD SUPPLEMENTS EUROPE

Food Supplements Europe is the representative for the European food supplements industry in IADSA - the International Alliance of Dietary/Food Supplement Associations.

By complying with Food Supplements Europe's code of ethics, Fine Foods ensures a high level of integrity in its activities and believes that stakeholders in the EU food supplements industry should follow the principles to which it aspires.

EGUALIA



Eguale is the official representative body for the industry of generic equivalents, biosimilars (represented by the Italian Biosimilars Group - IBG) and Value Added Medicines (represented by the VAM Group) in Italy.

The Association represents more than 60 pharmaceutical companies which provide high quality medicines at affordable prices to millions of citizens, encouraging competition and innovation in the pharmaceutical sector.



VALORE D

Valore D is the first Italian company network promoting an inclusive culture and diversity. Joining Valore D meant accelerating internal analysis, training and consultancy in the field of inclusion and women's empowerment.

UN GLOBAL COMPACT

WE SUPPORT



The UN Global Compact is the world's largest strategic corporate citizenship initiative.

More than 20,000 businesses from 160 countries have complied with the UN Global Compact. Among these, more than 550 are Italian

By joining the UNGC, Fine Foods commits to the 10 UN Global Compact Principles on human rights, labour, environment and anti-corruption, and the 17 UN Sustainable Development Goals.

Joining the Global Compact has enabled Fine Foods to:

- increase its expertise to address some of the most pressing global challenges, such as climate change and gender equality, and have a major impact on specific goals;
- accelerate ambitious operations and contribute to the achievement of the Sustainable Development Goals;
- meet financial market expectations and promote access to capital;
- measure progress and share it with its Stakeholders;
- share and enhance its commitment to sustainability;
- dialogue with other members and national and international sector experts;
- initiate partnerships and collective actions.



Ratings and awards

LOMBARDY WHP NETWORK



For the second consecutive year, Fine Foods (Zingonia and Brembate sites) received Workplace Health Promotion (WHP)

accreditation, confirming its commitment to providing high standards of health and well-being to its employees. WHP is a process where a company promotes workplace healthy choices by gradually implementing “Good Practices” to improve workers’ health.



ECOVADIS

Fine Foods confirmed its EcoVadis Platinum ESG rating, improving its score to 83 with no performance scorecard below 80 points.

SEDEX ADVANCE

Sedex Advance is a data exchange platform that helps companies identify, manage and mitigate ethical risks in their supply chain. Fine Foods updates its ESG performance in the database and receives regular third-party audits based on the Sedex Members Ethical Trade Audit (SMETA) methodology. SMETA guidelines are based on the Ethical Trading Initiative (ETI) International Code of Conduct and local legislation as compliance assessment tools in four areas:

- Health and safety
- Labour standards
- Environment (optional)
- Business ethics (optional)

Fine Foods received a follow-up audit on **29/05/2023**.



SUSTAINALYTICS



Sustainalytics, founded in the Netherlands in 1992, provides business practice sustainability in-depth analysis and independent assessment of more than 10,000 organisations worldwide.

The risk level assessed as of **April 2023 was 25.8** due to a reliable overall management capability on ESG issues.

ISO 14064



In 2023, the Group certified **its organisation-wide GHG inventories**.

ISO 14064 standards' main purpose is to bring credibility and assurance to the GHG reporting and monitoring processes related to organisations' emission declarations and reduction projects.

SUSTAINABILITY REPORT AWARD

The Department of Economic and Management at the University of Pavia, and Società Italiana dei Docenti di Ragioneria e di Economia Aziendale (SIDREA), STEAMiamoci, Banco Desio and LSEG hosted the fifth Sustainability Report Award event on Tuesday 7 November 2023.

Fine Foods received the award in the Large Companies category (up to 5,000 employees) for the following reason: "The report is highly readable and strongly focused on sustainability issues."



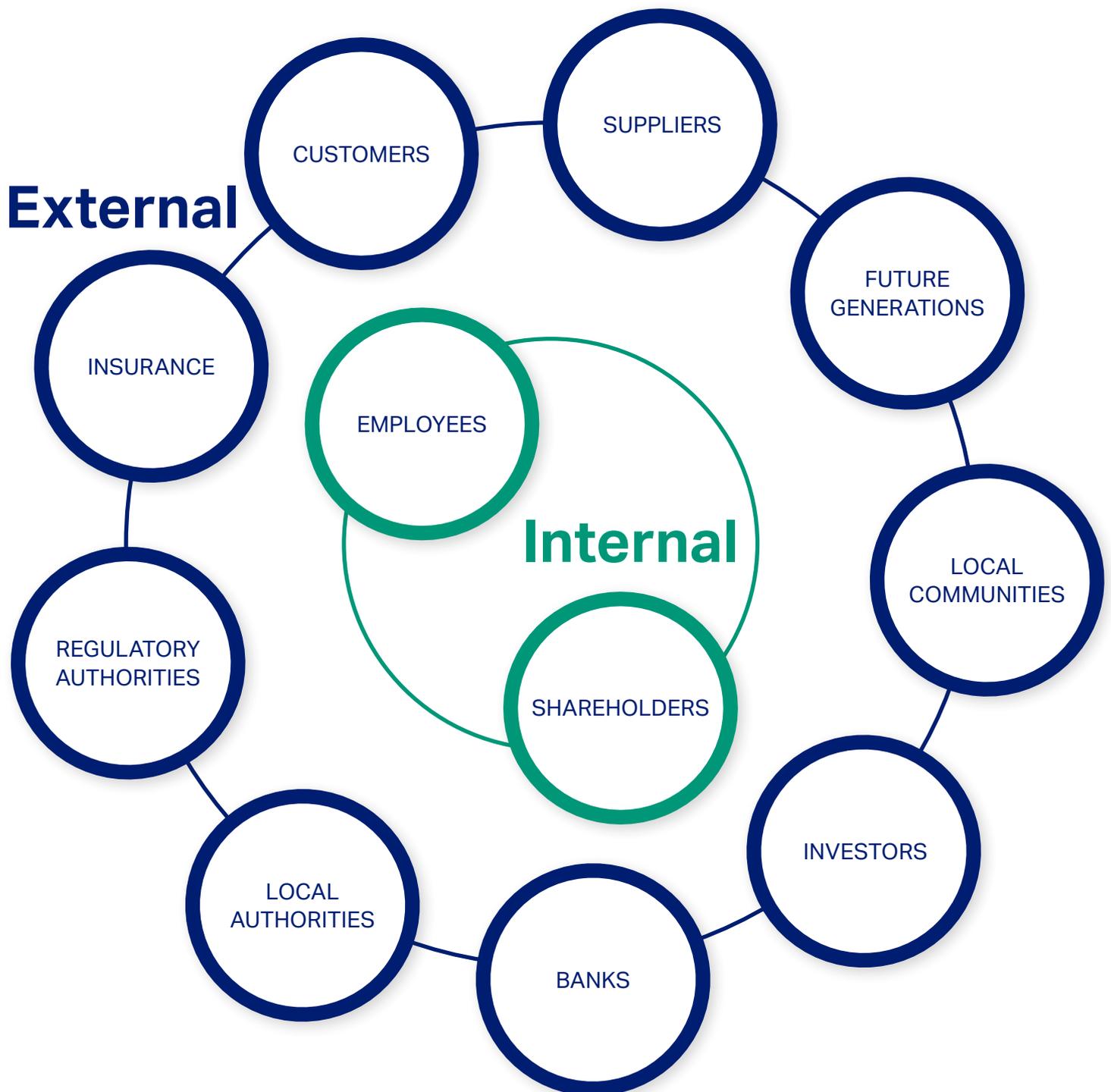
02.3 DIALOGUE WITH STAKEHOLDERS

2-26; 2-29; 3-1

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) • 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 • 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 • Relationship • 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"> • Audits 	<ul style="list-style-type: none"> • Regulatory compliance • Information accuracy
TRADE ASSOCIATIONS	<ul style="list-style-type: none"> • Monitoring update channels • Direct contact for exchanging information on trends and needs of sector companies 	<ul style="list-style-type: none"> • Partnership and constant information flow
BANKS	<ul style="list-style-type: none"> • Direct contact with administrative offices 	<ul style="list-style-type: none"> • Information accuracy • Solvency • Financial soundness
INSURANCE	<ul style="list-style-type: none"> • Contact with administrative/management offices 	<ul style="list-style-type: none"> • Risk forecasting and management

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.

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 aims at raising the level of transparency and involvement of investors, as promoted by the Shareholder Rights Directive II referred to institutional investors and asset managers, as a functional tool to ensure Fine Foods' sustainable success. This is expressed in the generation of long-term value for the benefit of Shareholders, considering the interests of the other Stakeholders and the environmental, social and economic effects of its 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.

02.4 MATERIALITY ANALYSIS

3-1

The materiality analysis identifies the most relevant aspects for the company and its stakeholders. By monitoring stakeholder expectations, it is possible to understand the material topics' evolution and identify objectives to create sustainable value, highlighting their interconnections with the 17 United Nations Sustainable Development Goals (2030 Agenda), in the short and medium to long term.

The materiality analysis was developed based on the most recent publications by international standards such as the GRI Standard 2021.

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).

During 2023, under the GRI Standard principles, the materiality matrix was updated to review the most relevant issues for the company and its stakeholders, when creating and sharing sustainable value.

Following an internal analysis, based on the assessment of several areas (e.g. ESG strategy and plan analysis; investor requests; ESG rating agency assessment; benchmarking with sector companies, corporate risk analysis) and international objectives including the 17 SDGs, we updated and gave additional importance to relevant topics.

Assessment of impacts generated and suffered - double materiality

IMPACT AND FINANCIAL 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.

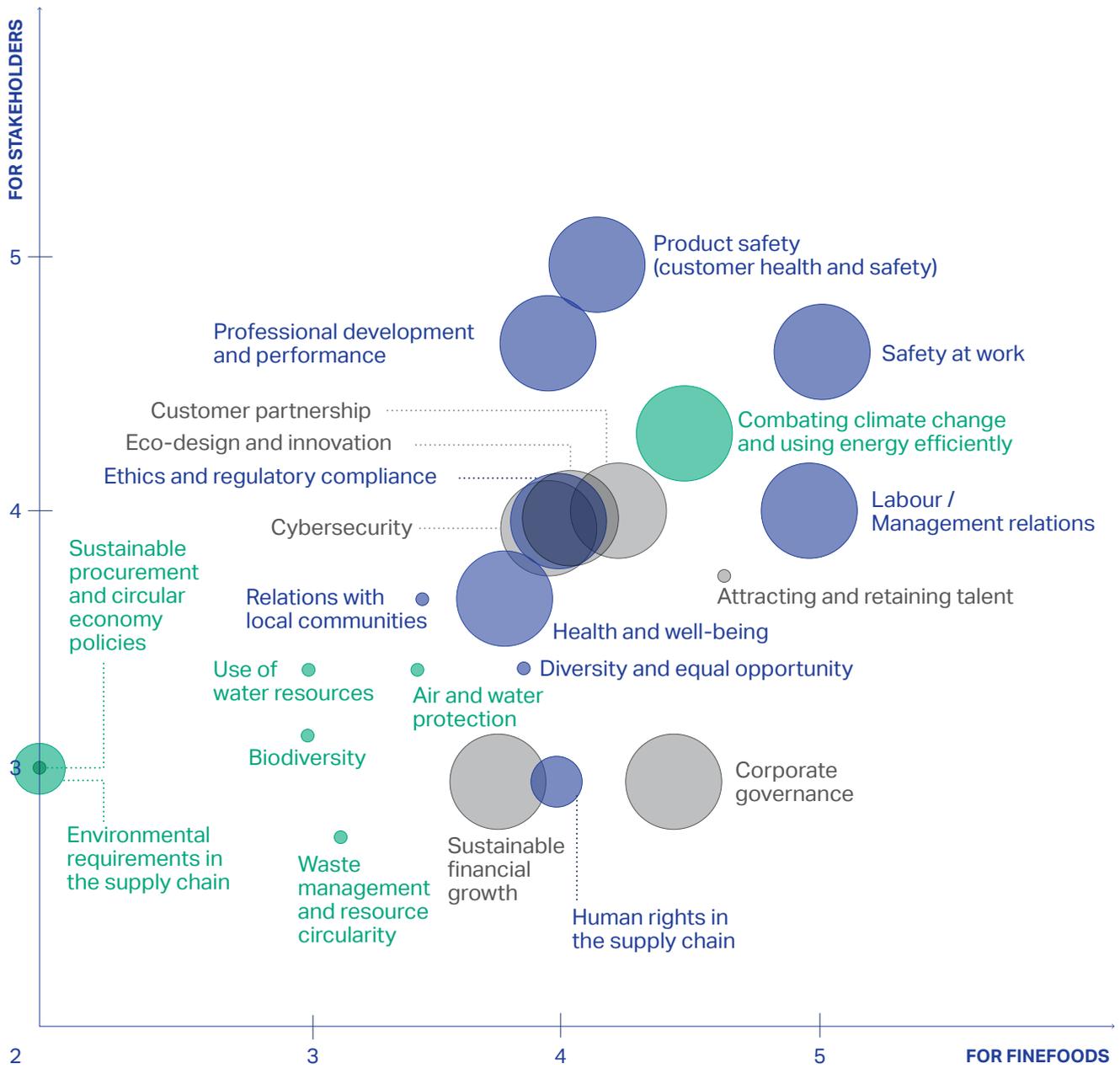
Based on corporate risk analysis results, we have strengthened the methodology used to analyse the impact generated, under the GRI international standards.

We conducted the impact materiality analysis by identifying the impact generated on the economy, environment, and people, including human rights, by assessing the following:

- as risks, the main "negative" events that do not allow us to achieve the objectives specified in the Business and ESG Plans;
- as opportunities, the positive events, which allow us to achieve our strategic objectives.

Once the impacts were identified, based on impact and financial materiality, each topic was assigned a relevance for double materiality purposes using a "high, medium or low" scale, which assigns the importance of the risks and opportunities associated with the topic according to a qualitative approach.

The following matrix graphically shows the results of the double materiality analysis for each ESG topic. The material topics reported related to the most relevant impacts, identified based on severity and likelihood parameters, beyond the stakeholder and organisational materiality analysis.



- Financial materiality **LOW**
- Financial materiality **MEDIUM**
- Financial materiality **HIGH**

- Economic
- Environment
- Social-ethical

SUSTAINABLE PRODUCTS

Area/Colour	Material topic	Impact description	For Stakeholders	For Fine Foods	Financial materiality
ECONOMIC	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. Possible positive financial and reputational impact resulting from successful corporate sustainability strategies.	3.00	4.50	3
	Cybersecurity	Potential negative impact on the economic, capital and financial situation due to the IT system's malicious actions.	4.00	4.00	3
	Sustainable financial growth	Negative impact on people due to a failure to guarantee decent working conditions.	3.00	3.80	3
	Customer partnerships	Positive impact on the Group's financial situation by building stable relationships and partnerships with customers to reach full market potential.	4.1	4.2	3
	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.	3.9	4.7	1
	Eco-design and innovation	Potential positive financial and environmental impact arising from the application of sustainability as drivers of innovation in product design.	4.00	4.00	3
ENVIRONMENT	Combating climate change and using energy efficiently	Negative impact on the environment caused by climate-changing emissions from the Group's activities. 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	4.50	4.50	3

AMBIENTE	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.	3.50	3.00	1
	Waste management and resource circularity	Negative impact on human health and the environment caused by waste production, treatment and disposal.	2.80	3.20	1
	Air and water protection	Negative environmental and economic impact due to possible penalties, produced by a failure to manage releases of pollutants into the environment.	3.50	3.50	1
	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.	3.20	3.00	1
	Environmental requirements 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.	3.00	2.00	2
	Sustainable procurement and circular economy policies	Positive environmental and social impact by adopting purchasing criteria that reward products based on their life cycle.	3.00	2.00	1
SOCIAL-ETHICAL	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.	4.00	4.00	3
	Product safety (customer health and safety)	Negative impact on the health of end consumers due to product quality or safety problems. 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	5.00	4.20	3

SOCIAL-ETHICAL	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. 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.	4.7	5	3
	Health and well-being	Opportunity to positively impact people's health and maximise positive contributions to the well-being of society.	3.90	3.80	3
	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.	3.50	3.90	1
	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.	4.80	4.00	3
	Labour/ Management relations	Negative impact on people and the organisation due to a failure to establish communication channels with employees and their representatives.	4.00	4.90	3
	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.	3.00	4.00	2
	Relations with local communities	Positive impact on individual and collective well-being by building relations with local communities.	3.80	3.50	1



02.5 FINE FOODS FOR FUTURE 2025 OUR SUSTAINABILITY PLAN

3-2

Fine Foods Group sustainability pillars

The 22 material 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
- Regional development

Below 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



Supply chain

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

Sustainable products

- Eco-design and innovation
- Researching and suggesting ecological materials

Regional development

- Relations with local communities

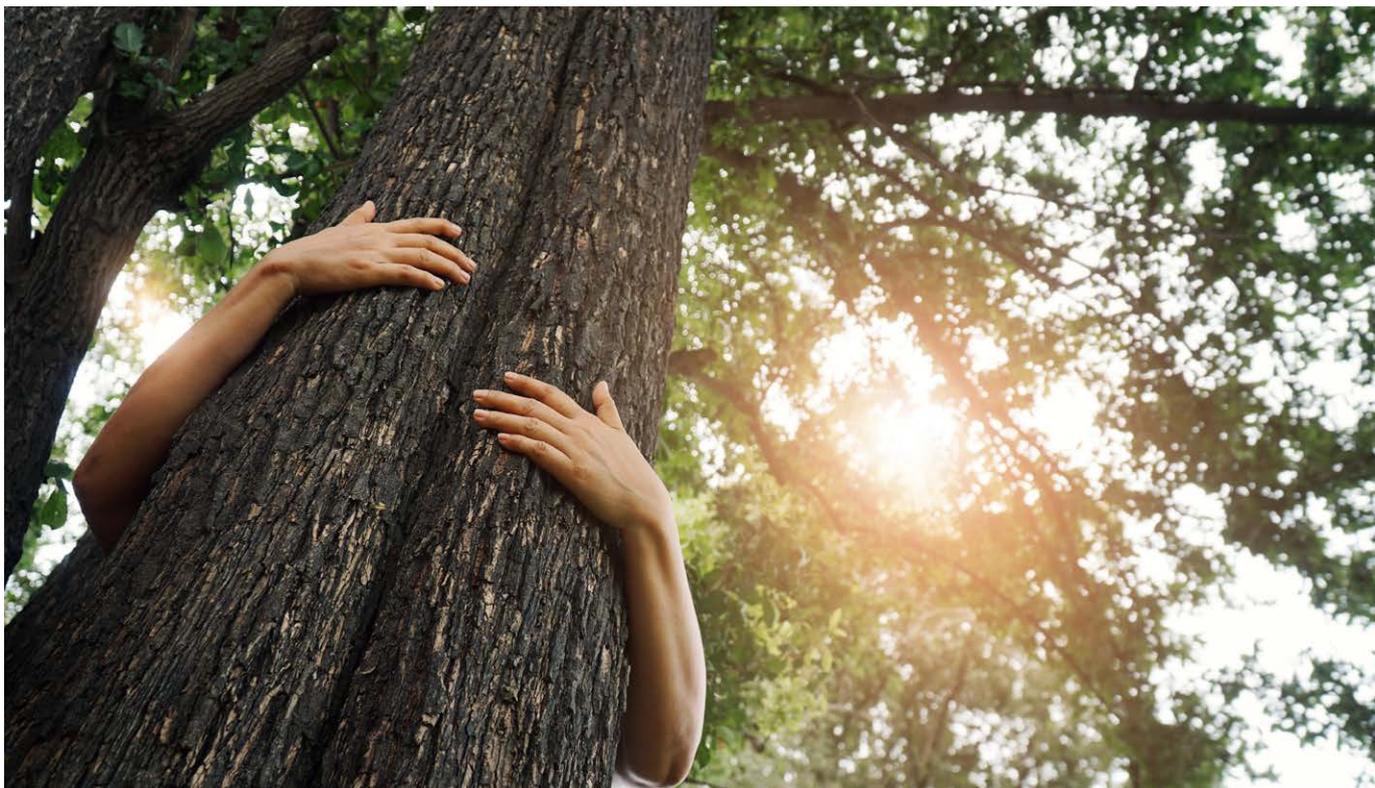
Our strategic plan and targets achieved

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

- **Strategic objectives** arise from the relevance of the material topics that emerged from the materiality analysis and describe the company's sustainability vision.
- **Targets and KPIs** are precise and numerical indicators to monitor the implementation strategic projects. 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. 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. Below is an excerpt from the Group Sustainability Plan. Below is a table listing the actions planned under the 2022-2025 strategy, their status in 2023 and reference to the sustainable development pillars to which each action contributes.





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.

Material topics

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

Area	Target 2025	Status - 2023
Bribery and corruption Anti-competitive practices	Updating the code of ethics and implementing the anti-corruption policy	One anti-corruption policy implemented
	Training all staff on the code of ethics and anti-corruption policy	All staff trained on anti-corruption issues on the "Fine Foods Academy" online portal
	MBO system on ESG criteria for all managers who impact ESG results.	MBO system maintenance on ESG criteria for all first-level managers who impact ESG issues
	Maintaining compliance with law 231/01	Implementing the 231 System in all Group companies
Data security	<ul style="list-style-type: none"> • Maintaining a high level of corporate and customer data security • Defining and updating data processing policy • No n.c. detected 	<ul style="list-style-type: none"> • Ongoing internal auditing and updated risk assessment • No n.c. detected
Product safety	Maintaining zero n.c. on products	Zero n.c. on products



PEOPLE

Strategic objectives

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

Material topics

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

Area	Target 2025	Status - 2023
Employee health and safety	UNI EN ISO 45.001 certification for all sites	Defining a single policy and harmonising procedures
	At least one annual campaign to promote safety at work.	A near miss promotion campaign that led to a significant increase in reports was carried out
	Keeping the injury rate below the average of the last three years	Injury index 4.17
Working conditions	Maintaining WHP Lombardy Region accreditation	Accreditation from the "Lombardy Region" WHP Network with activation of three new practices
Social dialogue	At least one management training project to spread the feedback culture	Planned by 2025
Career management and training	MBO system on ESG criteria for first and second level managers who impact ESG results	All first-level managers who impact ESG issues with MBO on results in 2022.
Child and forced labour, and human trafficking	Maintaining zero n.c.	Zero n.c. detected by SB checks and internal audit
Diversity discrimination and harassment	All staff are trained on diversity and inclusion policies.	Training plan defined Mentoring for strategic figures started
	Implementing at least three Diversity and Inclusion good practices	Qualitative and quantitative data analysis under UNI PDR 125



ENVIRONMENT

Strategic objectives

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

Material topics

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

Area	Target 2025	Status - 2023
Energy and GHG	At least 500 kW installed power	802 kW installed power achieved
	Alignment of decarbonisation target with science-based objectives	Carbon footprint certification under UNI EN ISO 14064
	100% green energy purchased from the grid	100% green energy purchased from the grid.
Water	Implementing group-wide monitoring network	Established at the Zingonia plant
	Maintaining active projects to reduce water consumption during production	<ul style="list-style-type: none"> • -27% water consumption compared to 2022 • -40% water consumption intensity on turnover
Biodiversity	Evaluate any impacts of future activities	Impact assessment started on new production activity
Pollution	100% ISO 14001 certified group companies	Defining common procedures
	Maintaining the decrease in SCOPE 1 and 2 intensity level	-18% kg CO ₂ eq /turnover compared to 2022
Materials and waste	At least one project to reduce waste sent for disposal	-9% ton waste/turnover compared to 2022
Product end-of-life	LCA Analysis of at least one product	Realized three product LCAs and one improvement action



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

Material topics

- Eco-design and innovation
- Researching and suggesting ecological materials

Area	Target 2025	Status - 2023
Eco-design and innovation	A training project to acquire skills in LCA and 40% R&D, purchasing and sales staff trained	Training more than 50% of purchasing, sales, R&D departments
	At least four more sustainable product development projects based on LCA criteria	Implementing three "Carbon Footprint" projects and suggesting eco-design strategies
Researching and suggesting ecological materials	Four projects to replace used materials with materials certified according to sustainability standards	One project implemented





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.

Material topics

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

Area	Target 2025	Status - 2023
Environmental and social performance of suppliers	Group of suppliers that account for 80% of total expenditure assessed under environmental and social criteria	75% value of orders from suppliers assessed under ESG criteria with EcoVadis
	Group of suppliers that account for 80% of total expenditure with signed code of conduct.	100% of new contracts refer to the Group's Supplier Code of Conduct
	Group of suppliers representing 95% of total expenditure assessed under ESG criteria	88% of ordered raw and packaging materials assessed
Internal growth	Training of 100% of purchasing office staff on sustainable procurement issues	100%



REGIONAL DEVELOPMENT

Strategic objectives

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

Material topics

- Relations with local communities

Area	Target 2025	Status - 2023
Relations with local communities	At least one annual common benefit project activated aimed at people care, culture, regional environmental protection and responsible consumption	<ul style="list-style-type: none"> • Financing the "Arca di Leonardo" voluntary association • Supporting Accademia Carrara • Supporting "Letteratura di Impresa" literary competition
	At least 500 people in the region involved in awareness-raising projects	500 people involved in 2023

02.6 2030 AGENDA

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



FINE FOODS' CONTRIBUTION TO SUSTAINABLE DEVELOPMENT

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



- Installation of new photovoltaic systems
- UNI EN ISO 14064 certification for organisation Carbon footprint 2022



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



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



- Suppliers assessed on ESG criteria



- Training on managing Diversity and Inclusion issues for the HR and ESG departments
- Valore D association membership



- New hires
- Investing in training and mentoring



- Skin cancer prevention screening for employees
- Nutritionist and psychological support desks
- Initiatives to adopt healthy lifestyles

03

CORPORATE STRUCTURE

- 03.1** Corporate Governance model
- 03.2** Responsible business management system
- 03.3** Tax liability
- 03.4** Internal control and risk management system





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.

8 DECENT WORK AND ECONOMIC GROWTH



16 PEACE, JUSTICE AND STRONG INSTITUTIONS



ANTI-CORRUPTION

03.1 CORPORATE GOVERNANCE MODEL

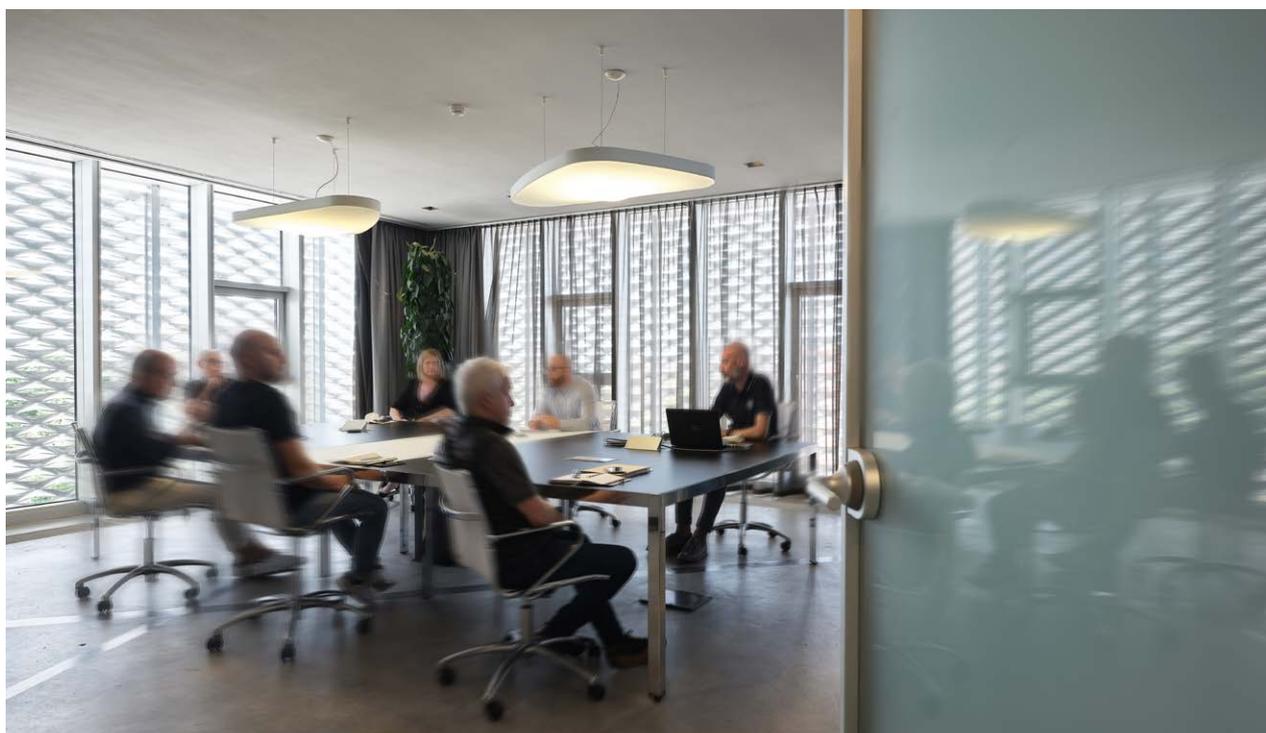
2-9; 2-10; 2-11; 2-12; 2-15; 2-17; 2-20; 405-1; 419; 419-1

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.

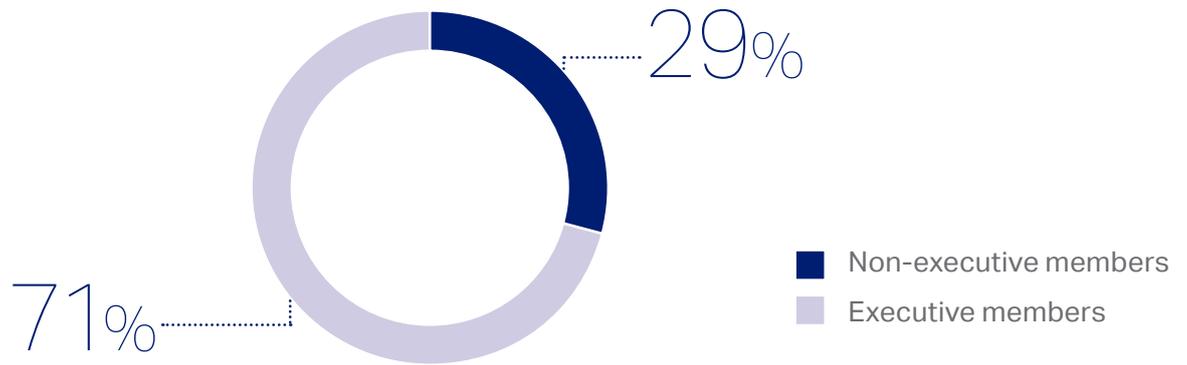
Curricula of Board members are available in the Governance section of the website www.finefoods.it and in the Report on Corporate Governance filed in the same section.

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).

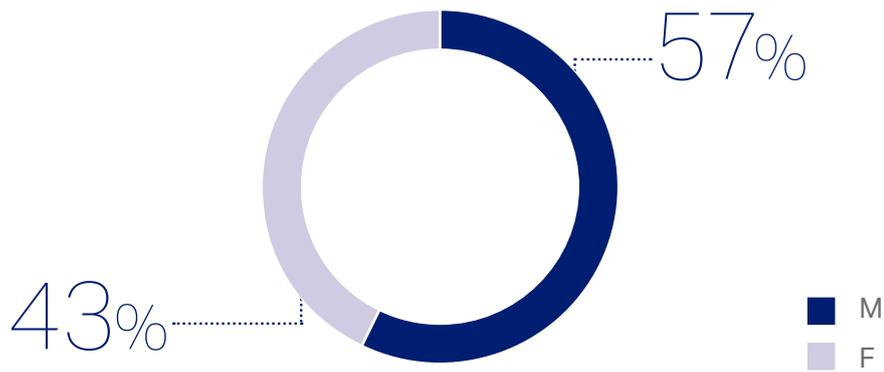
COMPOSITION OF THE BOARD OF DIRECTORS BY GENDER AND AGE

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

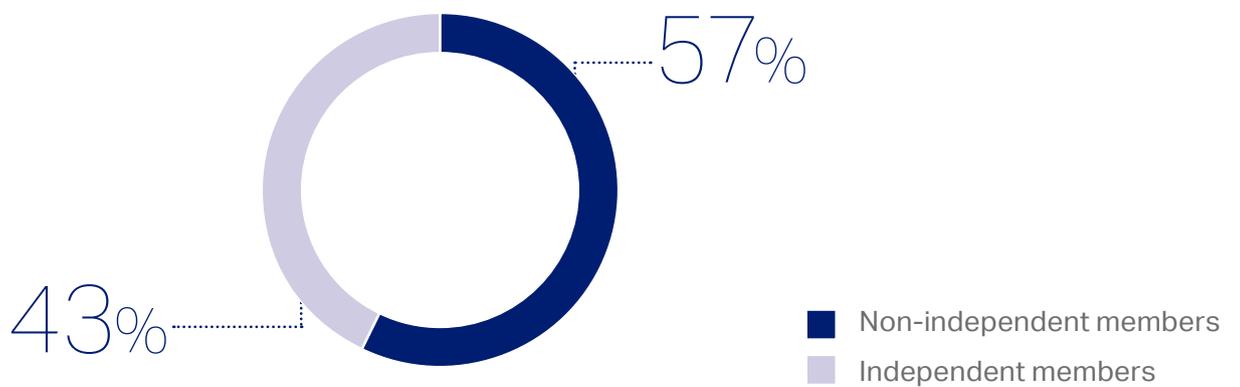
NON-EXECUTIVE MEMBERS



COMPOSITION OF THE BOARD OF DIRECTORS BY GENDER



INDEPENDENT MEMBERS



Diversity criteria and policies in the composition of the Board of Directors 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.



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.

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.finefoods.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.finefoods.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.finefoods.it, Governance section.

Supervisory functions

The supervisory functions in charge of the compliance with 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.



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.

¹ The figure used was taken from the Remuneration Report for 2022, approved by the Board of Directors on 30 March 2023.

² The figure for the average of remuneration paid in 2023 was used.

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 person¹ to the average annual total remuneration of all employees² (excluding the above person) is shown below:

Annual total compensation ratio= 20.68

The ratio of the percentage increase in the remuneration of the highest-paid individual to the average percentage increase in the remuneration of the other employees is -10.61 due to bonuses.



03.2 RESPONSIBLE BUSINESS MANAGEMENT SYSTEM

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

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

The Parent Company has adopted the following organisational factors:

- corporate governance compliant with the Borsa Italiana's Corporate Governance Code;
- articles of association in line with the new objectives to create long-term sustainable value;
- a Code of Ethics containing the principles and values which are the basis of the Company's operations and management;
- an Organisation, Management and Control System under Legislative Decree 231/2001;
- ISO international standards certified systems to monitor the processes and operations considered sensitive for the organisation's smooth-running.

The Fine Foods Group integrates sustainability into its business strategy and management, and with the company departments, defines the objectives to be enhanced in a sustainability plan aligned with a Group business 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.

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 and Farmindustria Guidelines, was implemented and applied to Euro Cosmetic in 2023, to spread awareness among all those who operate on the Company's behalf that 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 Supervisory Body monitors the application of the Code of Ethics, reports violations and proposes revisions, supervises the proper functioning and updating of the Company's "System 231." System 231 is an integral part of the Internal Control and Risk Management System.

For System 231 implementation purposes, there are monitoring activities conducted by the Internal Audit function and the Supervisory Body, which report to the Board of Directors.

Through the disciplinary system and the "Whistleblowing" procedure, which is used to anonymously report any breaches of the company's codes of conduct, 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.

Code of Ethics

The Group Code of Ethics was approved by the ESG Committee and then the Board of Directors in May 2022. An information campaign disseminated its values, at the time of its formalisation. 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.

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 the Code of Ethics and give operational follow-up to Global Compact compliance. This protects the 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 be engaged 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.

All Fine Foods personnel receive training on privacy, anti-corruption, System 231 and management systems for safety at work, code of ethics and Policies using an e-learning platform to ensure training registration and traceability.

03.3 TAX LIABILITY

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.

03.4 INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

2-13; 2-16; 2-26; 416-2

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 uses a Procedure to identify and monitor business risks and 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 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.

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 analyses 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.

For more in-depth analyses and mitigating actions implemented by the Group for the different risk categories, see the chapter on Risk Management Policy in the 2023 Annual Financial Report.

Main sustainability risks

Fine Foods has updated its sustainability risk assessment, using criteria aligned with the Group's risk management methodology.

Below are the main risks and mitigation actions implemented and future objectives for their management:

ENVIRONMENTAL RISKS

Fine Foods is a member of trade associations and uses consultants to maintain its compliance with environmental regulations.

The Group has implemented an environmental risk analysis methodology, which is an integral part of the Environmental Management System certified under ISO 14001:2015 standard.

Fine Foods has carried out an in-depth assessment of the risks deriving from climate change, with a focus on the risks related to climate change and consequent exacerbation of extreme weather events that may affect the Group's production sites, causing material damage and production continuity problems, and a potential dispersion of hazardous substances into the environment.

It carries out operations to reduce water consumption and an internal task force meets periodically to monitor improvements and the implemented measures effectiveness. The Group has insurance coverage for "catastrophic risks."

A further risk related to environmental issues concerns possible non-compliance with chemical product regulations, which are becoming increasingly stringent.

SUPPLY CHAIN MANAGEMENT AND HUMAN RIGHTS PROTECTION

These risks concern the possible non-compliance of suppliers with the Group's Supplier Code of Conduct regarding sustainability issues, the respect of human rights - including human trafficking and modern slavery - environmental protection, occupational health and safety and anti-corruption.

Fine Foods monitors its suppliers through on-site audits and a self-assessment questionnaire under ESG criteria carried out using an internal tool and in cooperation with EcoVadis.

PERSONNEL-RELATED RISKS

Fine Foods identifies and manages health and safety and personnel-related risks.

The commitment to the protection and promotion of health and safety in the workplace translates into careful risk management, as described in the relevant section, by analysing critical issues and adopting a preventive approach, by managing a UNI EN ISO 45.001 certified system.

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 considerable energy in human resource management and developed a strategy that attracts and retains the best talent, starting with the recruiting process. When recruiting personnel, priority is given to growth potential. Ad hoc courses are planned to fill any skill gaps. Various communication channels between employees and management are in place, and meetings for sharing the Group's achieved objectives are organised periodically. Professional growth opportunities in an ethical and non-discriminatory environment are provided. Flexible working hours and working methods are implemented to improve personnel's work-life balance.

RISKS RELATED TO CORRUPTION AND REGULATORY COMPLIANCE

To mitigate this risk, Fine Foods uses the Organisation, Management and Control System (under Legislative Decree 231/2001), which guarantees transparent and ethical conduct by employees and promotes a preventive Group policy, through the Code of Ethics and the Anti-Corruption Policy, updated in 2022.

The Reporting and Whistleblowing Regulations, approved in 2023, allow Stakeholders to report relevant conduct under Legislative Decree 231/01 or involving alleged or confirmed violations of the System 231 or Code of Ethics which includes EU offences and affect the EU's financial interests.

SOCIAL RISKS

One of the most relevant social risks for the Group is product quality and safety.

Fine Foods built a strong quality management system, certified under UNI EN ISO 9001 and the sector's GMP, as specified in the relevant section.

“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.

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



04

PEOPLE

- 04.1** Fine Foods People
- 04.2** Attracting and retaining talent: our HR strategy
- 04.3** Diversity and Inclusion
- 04.4** Professional development and performance
- 04.5** Workers' health and well-being





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 FINE FOODS PEOPLE

2-7, 2-8, 2-30, 401

People are the key element of the Group's success - assets that enable us to innovate and achieve new goals.

Fine Foods focuses on human capital and promotes its growth, development, and skill enhancement.

Group's employees are hired under the national collective labour agreements for Pharmaceutical Chemicals, Plastic Rubber, Glass and NCLA - Food Industry.

In 2023, there were **753** employees working with dedication and commitment.

BREAKDOWN OF EMPLOYEES BY CONTRACT TYPE (OPEN-ENDED AND FIXED-TERM) AND GENDER ON 31/12/2023 - (FTE)

Number of people	M	F	Total
Fixed-term	3	5	8
Open-ended	393	352	745
Total	396	357	753
percentage of full-time personnel	99%	99%	99%

BREAKDOWN OF EMPLOYEES BY TYPE OF CONTRACT - PART-TIME/ FULL-TIME (FTE)

Number of people	M	F	Total
Full-time	392	336	728
Part-time	4	21	25
Total	396	357	753
percentage of full-time personnel	99%	94%	97%

EMPLOYEES	2023 - TOT		Totale
	M	F	
• less than 30 years;	65	60	125
• between 30 and 50 years;	220	218	438
• more than 50 years.	111	79	190
total	396	357	753

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 IN 2023

TEMPORARY STAFF (FTE)	M	F	Total
Fixed-term (FT)	76	66	142
Open-ended	3	9	12
Full-time	79	74	153
Part-time	0	1	1

New hires and resignations by gender and age

During 2023, 104 new resources were hired at Group plants, with young people, meaning employees under 30 years of age, making up a significant portion of the staff hired.

INCOMING STAFF AND INCOMING TURNOVER RATE

age	2023			2022			2021		
	M	F	TOT.	M	F	TOT.	M	F	Tot.
under 30	21 (32%)	19 (32%)	40 (32%)	15 (21%)	14 (20%)	29 (21%)	14 (17.9%)	10 (13.3%)	24 (15.7%)
between 30 and 50	27 (12%)	25 (11%)	52 (12%)	12 (6%)	10 (5%)	22 (5%)	12 (5.1%)	12 (5.5%)	24 (5.3%)
over 50	5 (5%)	7 (9%)	12 (6%)	2(2%)	1 (1%)	2 (2%)	0 (0.0%)	2 (3.0%)	2 (1.3%)
tot.	53 (13%)	51 (14%)	104 (14%)	29 (7%)	25 (7%)	54 (7%)	26 (6.4%)	24 (6.7%)	50 (6.5%)

OUTGOING STAFF AND TURNOVER RATE

age	2023			2022			2021		
	M	F	TOT.	M	F	TOT.	M	F	Tot.
under 30	10 (15%)	10 (17%)	20 (16%)	12 (18%)	8 (13%)	20 (16%)	4 (5.1%)	6 (8%)	10 (6.5%)
between 30 and 50	24 (11%)	26 (12%)	50 (11%)	28 (13%)	13 (6%)	41 (9%)	6 (2.6%)	5 (2.3%)	11 (2.4%)
over 50	6 (5%)	7 (9%)	13 (7%)	11 (10%)	5 (6%)	16 (9%)	6 (6.4%)	9 (13.6%)	15 (9.4%)
Tot.	40 (10%)	43 (12%)	83 (11%)	51 (13%)	26 (7%)	77 (10%)	16 (3.9%)	20 (5.6%)	36 (4.7%)

The turnover rate recently increased, although remaining below the industry average, due to a physiological and widespread reactivation of the labour market and production reorganisation within the group.

As a supplement to the total turnover assessment, the employee retention rate is periodically reviewed. For 2023, it was estimated to be 95% for the Fine Foods Parent Company³.

³ EC retention rate is not considered relevant following the corporate reorganisation in 2023

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.

Remuneration Policies - Performance Assessment

2-19; 404-3

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.

The incentive programme is called "**EBITDA Bonus⁴**". 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.

QC LABORATORY EMPLOYEES

In 2023, a performance assessment and pay system for QC laboratory staff was introduced on a trial basis. It assesses management time for the analyses performed.

72 employees had their performance assessed in 2023, 10% of the company personnel. The assessment of operational staff compared to 2022 has been delayed and is currently undergoing revision.

WORKERS WITH PERIODIC PERFORMANCE ASSESSMENT

MACRO CATEGORY	GENDER	
	M	F
Executive	10	4
Middle manager	3	5
White-collar employees	14	14
QC laboratory employees	11	11

Communication and social dialogue

For Fine Foods, maintaining open and clear communication with employees has consistently been a hallmark of company relationship management.

A demonstration of this strategy is the establishment of a permanent weekly “Human Resources Desk” at various sites, engaging the HR team for 270 hours in 2023. Employees can meet with human resources four times a week to apply for open positions, request information, bring their work problems, etc.

In managing worker safety, the company’s HSE manager regularly communicates through structured meetings and daily interactions with the appointed Employers at each facility and the six Workers’ Safety Representatives present at all plants.

Fine Foods Group maintains an ongoing social dialogue across its facilities, viewing it as a fundamental component of the workplace environment.

Social dialogue embodies the cooperation and synergy among various institutional labour levels. It fosters the growth of employment and production sectors and enhances their quality.

There were 20 trade union representatives elected within the Group in 2023. In 2023, the company management had **21** opportunities for discussions with trade union representatives on various topics, including work organisation and definition of company agreements.

In 2023, trade union representatives managed 12 meetings with workers.

04.3 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 enhancing local awareness through campaigns that promote understanding and acceptance of diversity and inclusion.

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.

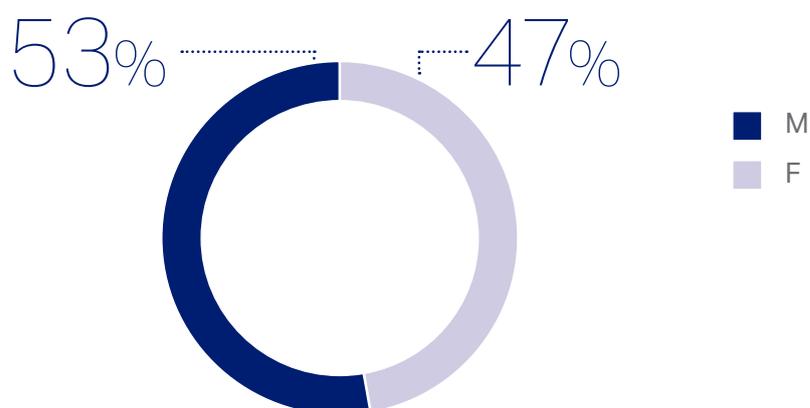
Gender equality

The Company focuses on the United Nations Sustainable Development Goal 5 (Gender Equality) policies. This is evidenced by the gender balance within the Parent Company's 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.

The analysis reported on the gender pay gap showed how corporate remuneration policies were rapidly achieving balance at all levels.

WORKFORCE BREAKDOWN BY GENDER AND AGE

2023														
	< 30 years			30-50 years			> 50 years			Total				
	M	F	tot	M	F	tot	M	F	tot	M	%M	F	%F	tot
Executives	0	0	0	6	1	7	7	4	11	13	72%	5	28%	18
Middle Managers	0	0	0	4	5	9	1	2	3	5	42%	7	58%	12
White-collar employees	19	34	53	59	105	164	19	18	37	97	38%	157	62%	254
Blue-collar employees	46	26	72	153	107	260	84	53	137	283	60%	186	40%	469
Total	65	60	125	222	218	440	111	77	188	398	53%	355	47%	753



Data showed 40% female as executives and managers, with 58% women in middle management.

	Men	Women	Total	% women
Executives	13	5	18	28%
Middle Managers	5	7	12	58%
	18	12	30	40%

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	2023	2022	2021
Executives	93%	90%	95%
Middle Managers	105%	99%	98%
White-collar employees	96%	93%	95%
Blue-collar employees	96%	88%	93%
General average	96%	88%	95%

STAFF ON PARENTAL LEAVE, MATERNITY, PATERNITY

Number of people	2023		2022		2021	
	M	F	M	F	M	F
Leave	18	25	8	25	8	39
Returns from leave	16	12	8	8	8	37
Still on leave as of 31/12	2	13	0	17	0	1
Still working after 12 months	18	24	8	24	8	38

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.



04.4 PROFESSIONAL DEVELOPMENT AND PERFORMANCE

403-5; 404; 404-1; 404-2;

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.

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

The total number of training hours in 2023 was 23,443, an average of **31** hours per person.

Type of training	TOTAL hours
Entry-level training	302
Vocational courses	5,985
Health, Safety and Environment	7,948
Retraining	428
Updating work procedures	7,173
GMP training	1,513
Business ethics and anti-corruption	98
Total	23,443

Employee training by gender and job category

Below are the training hours carried out in the last three years divided by gender and role.

EMPLOYEE TRAINING BY GENDER AND JOB CATEGORY IN 2023

Number of training hours	Worker		White-collar employee		Managers		Tot.
	M	F	M	F	M	F	
Training hours	8,983	6,598	2,742	4,679	244	198	23,443
Number of employees	375	282	123	196	35	10	1,021
Hours per capita	24	23	22	24	7	20	

EMPLOYEE TRAINING BY GENDER AND JOB CATEGORY IN 2022

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

EMPLOYEE TRAINING BY GENDER AND JOB CATEGORY IN 2021

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

In addition to training, specific shadowing courses are organised for new personnel or job changes and their effectiveness is recorded and assessed. In 2023, shadowing courses involving 231 persons were carried out.

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 activated two mentorship programmes with other companies by having a mentor and a mentee from its staff, while providing cross-generational growth paths. The courses lasted two months and met participants' satisfaction.

Mentoring programme: Breakfast with the CEO

To give further impetus and meaning to the mentoring programmes, a “Breakfast with the CEO” initiative was implemented in 2023.

During one-to-one meetings, the CEO shared his professional experiences, answering the questions of participants under 35 years of age and providing suggestions that may help in their career choices.

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.

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 all 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.

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.

04.5 WORKERS' HEALTH AND WELL-BEING

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 system. 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.

Safety management system

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:

- Identification of processes, activities, plants and equipment
- Analysis of operational and time practices
- Identification of dangers attributable to the organisation
- Identification of exposed workers
- Definition of risk assessment criteria
- Risk assessment, including defining prevention and protection measures
- Data monitoring or quantitative risk assessment
- 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 employers 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:

- Chemical agents
- Carcinogenic agents
- Biological agents
- Noise
- Hand-arm and whole-body vibrations
- Artificial optical radiation
- Electromagnetic fields
- Illuminance
- Microclimate
- Manual handling of loads
- Repetitive movements of upper limbs
- Pushing and pulling operations
- Video terminals
- Work-related stress

The main safety risk factors are listed below:

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

Work-related injuries and illnesses	2023		2022		2021	
	M	F	M	F	M	F
Employees						
Number of injuries at work	16	2	8	10	8	5
With serious consequences ⁵	0	0	0	0	1	0
Fatal	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	2023	2022	2021
Injury rate [Number of injuries/ Number of hours worked*1Million]	13.54	15.2	11.9
Injury rate with serious consequences [number of injuries/hours worked*1Million]	0	0	0.9

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

Number of accidents and injury frequency rate	2023	2022	2021	2020
Number of injuries at work*	2	1	5	0
With serious consequences**	0	0	0	0
Fatal	0	0	0	0
Injury rate [Number of injuries/ Number of hours worked*1Million]	2.95	7.7	42	0

⁵ "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.

No occupational diseases were recorded during the reporting period.

NUMBER OF OCCUPATIONAL DISEASES REPORTED AND RECOGNISED

Number of illnesses	2023	2022	2021
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 WORKERS

Number of illnesses	2023	2022	2021
Number of deaths resulting from occupational diseases	0	0	0
Number of cases of occupational diseases registered	0	0	0

EMERGENCY PROCEDURES

Under the regulations, a procedure was implemented to identify possible operational risks and emergencies, how to respond to emergencies, and update emergency plans relating to highlighted environmental or health and safety risks.

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 drew 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.

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.

Health monitoring

Fine Foods personnel are visited when hired and periodically by the occupational physician depending on the risks to which they are exposed or for the following reasons:

- preventive visit
- annual periodical visit
- visit at employee's request
- end-of-contract visit
- visit for change/additional job
- long absence visit

After an average examination, the occupational physician issues a fitness-for-work certificate. The physician supports personnel's health by promoting preventive practices including:

- counselling and minimal medical advice by the Occupational Physician for workers at risk of chronic non-communicable diseases (sedentary lifestyle, overweight/obesity, smoking, etc.).
- Flu vaccination

In 2023, **868** visits were made by occupational physicians.

NEAR MISSES

An information campaign was undertaken to prevent and further reduce the injury rate, report near misses, and an improvement plan prepared within the prevention and protection service. The information campaign was carried out by holding 20 two-hour training meetings, which involved 1073 employees. Near misses reporting is vital to highlight non-conformities that could lead to injuries if not managed.

The procedure for reporting near misses is already part of the ISO 45001 management system but its use needed further promotion.

The awareness campaign was successful. Near-miss reports increased from three in 2022 to 19 in 2023, and reports of dangerous situations rose from two in 2022 to seven.

Health and well-being

401-2; 401-3; 403-6

Since 2022, Fine Foods has received accreditation from the "Workplace health promotion - Lombardy WHP Network" which is based on a model defined by the World Health Organisation (WHO) and described in the document "Healthy Workplace: a model for action."

The Company implements good practices for cancer prevention, promotes physical activity and healthy diet.

Below is a summary table of recognised good practices, active in 2023:

"Nutritionist" Desk	<ul style="list-style-type: none"> • Appointments with a nutrition professional within the company • 444 hours • 108 employees were addressed for problems related to weight loss and well-being needs
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 (Local Health Authority) guidelines
Canteen	Availability of meal areas equipped with refrigerators, microwaves, water dispensers, etc.
Affiliated gyms	Provision of discounts with sports facilities in the area
"Psychological well-being" desk	<ul style="list-style-type: none"> • Appointments with a professional psychologist within the company • 516 hours • 89 cases
"Skin cancer" oncology screening	84 appointments with a dermatologist within the company
Flu vaccine campaign	Flu vaccine available within the company
Occupational physician minimal medical advice	During medical examinations: accurate medical record to identify risk factors and suggestions, advice and support to deal with the problem

Workplace satisfaction

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. The 2023 questionnaire results were satisfactory.

EMPLOYEE BENEFITS

Below is a schematic overview of the benefits that Fine Foods guarantees to its staff, including fixed-term and part-time employees, divided by Group's Legal Entities:

EMPLOYEE BENEFITS, IF IMPROVED THROUGH LEVEL II CONTRACTS

	Fine Foods	Euro Cosmetic
Life insurance	yes for executives	yes
Health care	yes	yes
Insurance cover for disability or invalidity	no	yes
Parental leave	yes	no
Pension contributions	yes	no
Shareholding	yes for executives	no
Other		

Fine Foods & Pharmaceuticals NTM S.p.A. guarantees the following:

- 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.



05

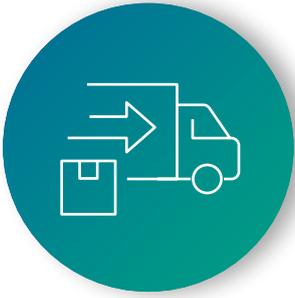
RESPONSIBLE SUPPLY CHAIN

05.1 Supplier network

05.2 Supplier selection and assessment

05.3 Responsible sourcing





Supply chain

- Human rights in the supply chain
- Sustainability 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.

15 LIFE ON LAND



16 PEACE, JUSTICE AND STRONG INSTITUTIONS



17 PARTNERSHIPS FOR THE GOALS



HUMAN RIGHTS

05.1 SUPPLIER NETWORK

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

- raw materials and packaging materials
- indirect services and materials.⁶

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

Number of suppliers	Raw materials and packaging	Indirect services and materials
EN	257	847
EU	100	70
Non-EU	40	29

FINE FOODS is focused on becoming a strategic partner for its customers, capable of managing the entire value chain, including trend scouting, supplier research and selection, product manufacturing and marketing.

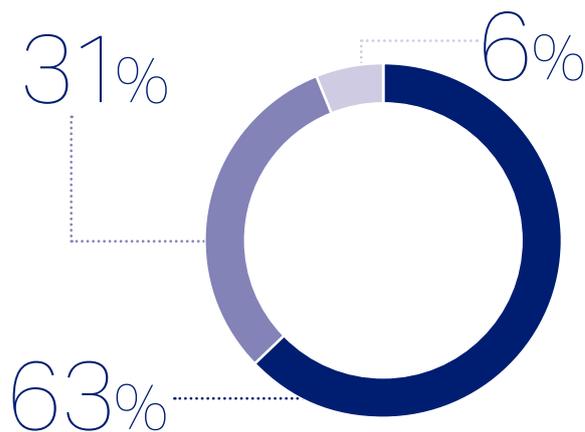
⁶ "Indirect" materials are materials, tools and products that are not part of the finished product.

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 reached 63 per cent.

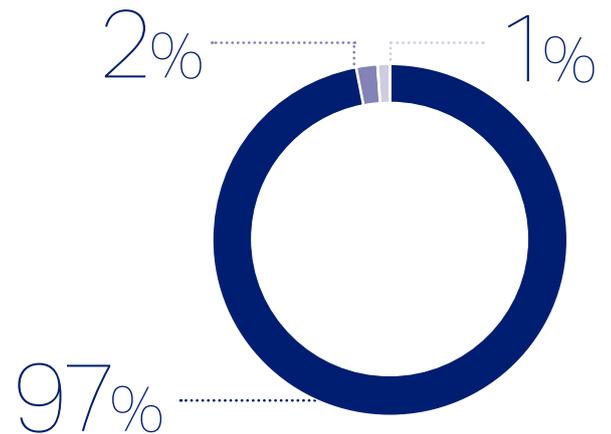
Expenditure on indirect services and materials outside Italy is irrelevant.

Order value (€ or %)	Raw materials and packaging	Indirect services and materials
EN	63%	97%
EU	31%	2%
Non-EU	6%	1%

RAW MATERIALS AND PACKAGING



INDIRECT SERVICES AND MATERIALS



■ ITA ■ UE ■ Non-EU

05.2 SUPPLIER SELECTION AND ASSESSMENT

2-6; 204

Fine Foods defined a structured process for managing its suppliers that aims at promoting stable relations with its partners, and ensuring continuous innovation, improvement of quality and sustainability along the supply chain.

The company has implemented procedures for selecting and assessing new suppliers and monitoring existing suppliers.

This process consists of four main steps:

- 1.** Annual risk assessment, by establishing three different risk matrices (chemical, packaging and service suppliers) to assign a criticality index to each supplier;
- 2.** Planning and implementing monitoring audits;
- 3.** Sending questionnaires to update requirements and data, and monitoring ESG requirements;
- 4.** Performance assessment.

During the selection phase of new suppliers, in addition to the commercial and product quality aspects, Fine Foods focuses on their environmental and ethical-social performance - compliance with health, safety and human rights regulations - and assesses them through audits, document analysis and questionnaires based on their risk level.

In 2023, Fine Foods approved 45 new suppliers out of 46.

Category	Number of new suppliers in 2023
Excipients	28
Packaging	9
Services	8

Supplier monitoring and control activities were carried out through 59 audits:

- 43 audits of API (active pharmaceutical ingredients) manufacturers
- Five audits of excipient suppliers
- Four audits of packaging material suppliers
- Five audits of service providers

Improvement actions were proposed during the visits, and the assessed organisations defined a corrective action plan.



05.3 RESPONSIBLE SOURCING

2-24

The Group has adopted a Supplier Code of Conduct, which is signed by suppliers when entering into a commercial contract. This validates the mutual commitment to pursue a sustainable supply chain, based on international standards such as SA 8000, ISO 14001 and ISO 45001 for the qualification of suppliers, guaranteeing respect for human and workers' rights, fight against discrimination, and to create a safe and healthy working environment.

When sourcing raw materials, our direct stakeholders are part of an extensive supply chain and we ask them guarantees of compliance with our Code of Ethics throughout the supply chain.

In 2023, the qualification process for new suppliers and related supporting tools were partially updated, which led to a training upgrade for all Group buyers.

Sustainability and capacity building

Fine Foods promotes the continuous improvement of its suppliers' sustainability performance by involving them in product innovation processes, for strategic partnerships.

In 2023, using a risk analysis process defined by an internal procedure, the Parent Company Fine Foods defined a list of suppliers of raw and packaging materials to be assessed under ESG criteria.

As of 31/12/2023, Fine Foods assessed suppliers providing 88 per cent of raw and packaging materials ordered, amounting to 262 assessed suppliers.

The assessment was carried out using two different tools based on the organisation's complexity:

- EcoVadis - Internationally recognised ESG rating portal
- ESG Company Questionnaire

	Percentage of order value	
	2023	2022
EcoVadis	75%	77%
ESG questionnaire - Fine Foods	13%	2%

For 2024, the assessment will be carried out for suppliers of services and machinery associated with a significant risk.

In 2023, the Group's Purchasing department promoted joint projects with the R&D and Sales departments to test solutions to improve the environmental impact of supplies.

These projects support the development of skills when managing production processes by analysing them, sharing experiences and approaches to identify improvement solutions.

Palm oil and derivatives

Palm oil is a vegetable substance that, in its raw state or as a derivative obtained by reaction or extraction of specific components, is used in the cosmetics industry to produce foaming surfactants.

Over the past 30 years, palm cultivation has developed mainly in South-East Asia, and is considered the main cause of intense deforestation, together with the timber industry.

To help reduce land and forest exploitation and address the potential risk of indirect involvement in deforestation activities, Fine Foods joined the **Roundtable on Sustainable Palm Oil (RSPO)**, a non-profit association that has defined environmental and social criteria to develop an international standard for sustainable palm oil. Member companies must comply with its standards to produce and market certified sustainable palm oil.







06

INNOVATION AND RESEARCH

06.1 Innovation and Services

06.2 Product innovation and sustainability

06.3 Product safety





Sustainable products

- Eco-design and innovation
- Researching and suggesting ecological materials

The Group distinguishes itself from other manufacturers by being close to customers and sharing the same drive for excellence and success. Fine Foods' goal is to manufacture optimal end products and ensure that customers can reach their full potential in the marketplace - our customers' success is our success.



Fine Foods customers are at the centre of company operations, and every area adjusts to focus on their perception of value. An example is the product range that has evolved over the years to meet different customer expectations, which cover the following themes:

- reduced time-to-market
- high level of innovation
- extensive scientific background
- more sustainable solutions.

Our research and development departments work together with customers to find the best solutions:





> **OPPORTUNITY LAB**
Formulae databank

Opportunity lab: this has developed more than 100 ready-to-market nutraceutical formulas, meeting customers' speed and flexibility needs, and reducing time-to-market.

18 THERAPEUTIC AREAS

~120 PRODUCTS

 STABILITY STUDIES PERFORMED

- IMMUNE SYSTEM
- CIRCULATORY SYSTEM
- GASTROINTESTINAL SYSTEM
- URINARY SYSTEM
- PROBIOTICS
- SLEEP & RELAX
- WEIGHT MANAGEMENT
- MVM
- OSTEOARTICULAR SYSTEM
- WOMEN'S HEALTH
- MEN'S HEALTH
- SPORT
- MEAL REPLACEMENT
- COUGH & COLD
- MUMS & KIDS
- BEAUTY
- HEALTHY AGEING
- MENTAL WELL-BEING



> **INNOVATION LAB**
Innovative products

Innovation lab: with a cross-functional team that meets periodically to address the development of new products and services, Fine Foods can offer customers innovative solutions from its innovation pipeline. These are tailored to the customer's product portfolio and needs or co-developed with the customer by sharing knowledge and best practices.



CUSTOMISATION LAB
Exclusive and customised product

Customisation 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.



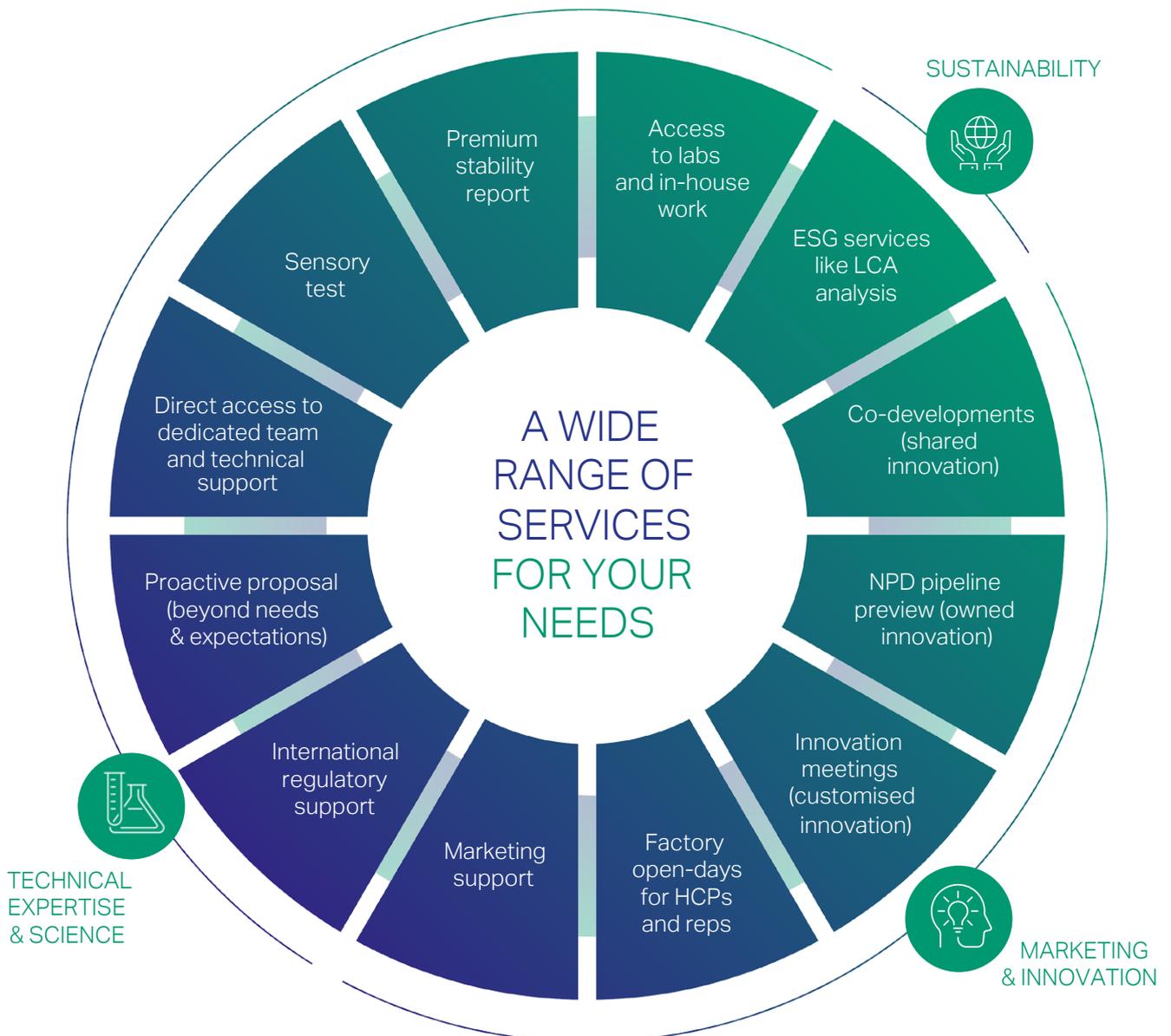
TRANSFER LAB
Efficient technology transfer

Transfer lab: the technology transfer team responsiveness and expertise make Fine Foods the ideal partner for the pharmaceutical, nutraceutical and cosmetics sectors, and allows the production of an existing product to be transferred to its own production facilities (technology transfer).

06.1 INNOVATION AND SERVICES

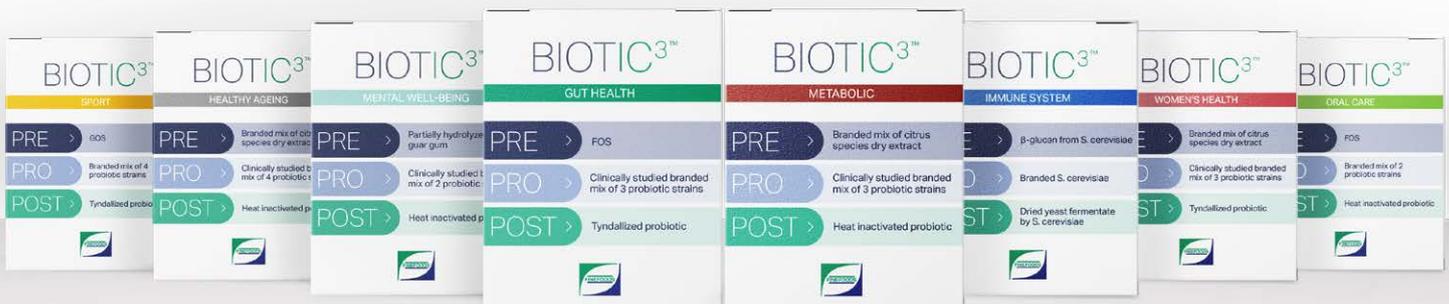
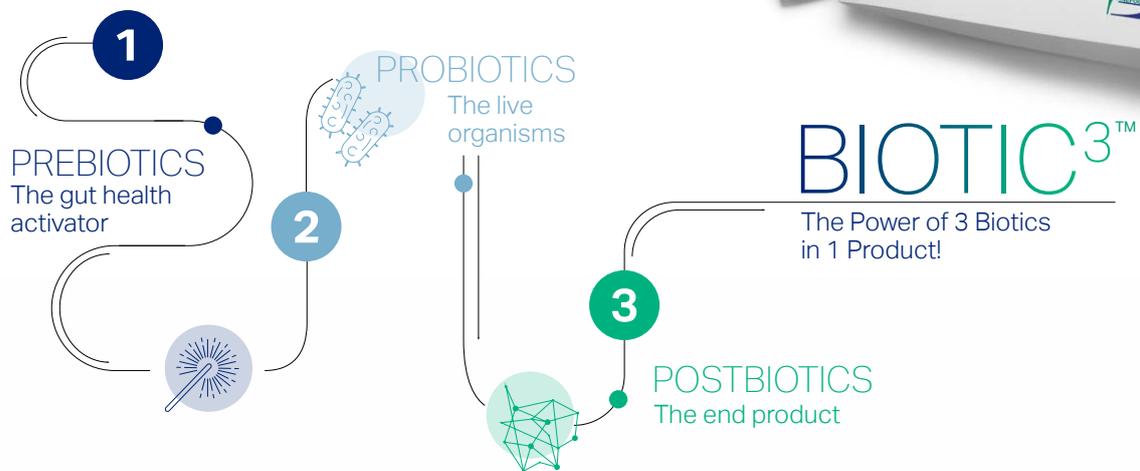
Fine Foods' innovation goes beyond the product and places the customer at the centre when developing new initiatives by creating innovative services that bring value in the areas of sustainability, customer relationships with doctors and pharmacists, and geographic expansion.

The Group's plans are future oriented. New digital technologies supporting nutraceuticals are the next frontier.



Fine Foods accepted the market challenge and presented three nutraceutical trademarked innovations at trade fairs and B2B events in 2023.

- The first is the **Biotic3™** product range, an eight-product line combining prebiotics, probiotics and postbiotics in one successful formulation. With the Biotic3™ range, consumers who normally buy probiotics will find products which best combine the benefits of known prebiotics and probiotics with new “trendy” ingredients such as postbiotics used in other sectors.



- The second innovation is the **Hydralibrium™** product range, which is based on cellular hydration. The powder or liquid gel formulas contain four electrolytes inspired by the difference between intracellular and extracellular concentrations, enriched with selenium to protect cell vitality. This range was designed to provide vitality and strength in different categories to meet different consumer needs.



HYDRALIBRIUM™ ENERGY
Is a dietary supplement designed to recharge your batteries from within.

- Magnesium, Calcium, and B-group vitamins support energy-yielding metabolism
- Calcium and Potassium for normal muscle function

HYDRALIBRIUM™ ENERGY
Energized by the cells

NUTRITIONAL VALUES	PER DOSE (1 stick)	%NRV*DOSE
Potassium	400 mg	20
Chloride	455.3 mg	57
Magnesium	75 mg	20
Calcium	160 mg	20
Selenium	11 mcg	20
Vitamin B2	0.28 mg	20
Vitamin B6	0.28 mg	20
Vitamin B12	0.5 mcg	20
Polydextrose	2.5 g	-

*NRV: nutrient reference value

INGREDIENTS: water, fructose, polydextrose, acidity regulator: citric acid, magnesium pantothenate, potassium chloride, calcium carbonate, sodium citrate, sodium chloride, inositol, niacin, sweetener: sucralose, bisphenol-a-free plastic preservatives: sodium benzoate, potassium sorbate, colour: beta-carotene, vitamin B12 (cyanocobalamin), vitamin B2 (riboflavin)-5-phosphate sodium salt, vitamin B6 (pyridoxine hydrochloride), sodium ascorbate.

HYDRALIBRIUM™
Boost benefits of 4 balanced electrolytes for intense hydration.

Taste our innovative new products for deep hydration, inside and out.

Gluten free and Lactose free claims available on request.

HYDRALIBRIUM™ BEAUTY
Is a dietary supplement designed to help you express your beauty to the fullest.

- A branded raw material clinically studied to naturally maintain healthy skin and reduce oxidative stress
- Biotin and niacin for the maintenance of normal skin
- Selenium to protect cells from oxidative stress

HYDRALIBRIUM™ BEAUTY
Beauty from within

NUTRITIONAL VALUES	PER DOSE (1 stick)	%NRV*DOSE
Potassium	400 mg	20
Chloride	455.3 mg	57
Magnesium	75 mg	20
Calcium	160 mg	20
Selenium	11 mcg	20
Biotin	50 mcg	100
Niacin	8 mg	50
Red orange d.o.	100 mg	-
Polydextrose	2.5 g	-

*NRV: nutrient reference value

INGREDIENTS: polydextrose, acidity regulator: citric acid, potassium chloride, malodeston, magnesium citrate, calcium carbonate, sodium citrate, sodium chloride, red orange (Citrus sinensis L. (Dorset)) fruit d.o., sweetener: sucralose, niacin, biotin, sodium benzoate, potassium sorbate, colour: beta-carotene, anticaking agent: silicon dioxide, zinc D10-biotin, sodium ascorbate.

- Finally, Fine Foods presented three concepts as part of its **QuickSlow2™** brand, for sleep, energy and immunity. These formulations combine the benefits of two products in one on-the-go solution to meet the needs of today's busy life. These allow for a modulated release of ingredients, e.g. ensuring a combination of immediate and prolonged energy throughout the morning.



06.2 PRODUCT INNOVATION AND SUSTAINABILITY

Sustainability is a priority for Fine Foods. The Group has been committed to a responsible ESG approach for 15 years and the company is recognised in the healthcare industry as an expert in sustainability. The Group's business model creates value for the company, customers, investors, the environment and people. The Group adopts measures to improve its environmental, social and governance performance annually.

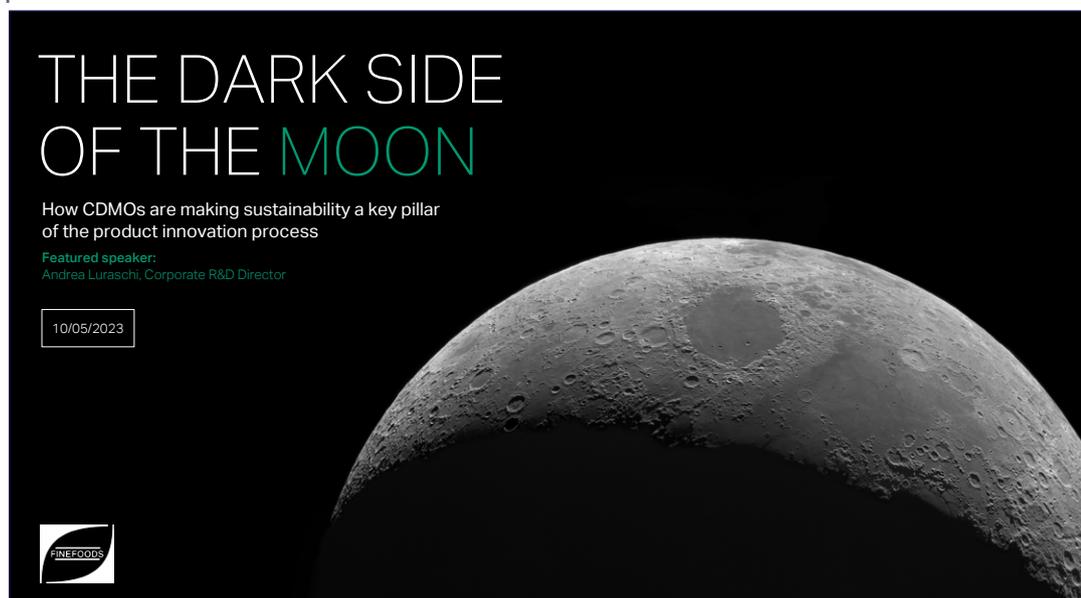
Fine Foods innovative customer services provide ESG expertise and guide customers through the complex sustainability system to help brands make more sustainable choices. Despite consumers becoming more concerned about sustainability issues, companies are doing little in this area. According to estimates, only 0.2 per cent of OTC, vitamins, food supplements, and sports nutrition products worldwide have a "may be recycled" indication on their packaging. Healthcare companies can assist consumers in self-training on sustainability based on trust. The Group has developed a range of services that enable customers to design more sustainable products and enhance current product environmental footprint.

Fine Foods provides support in developing short- and long-term sustainability strategies through product eco-design, carbon footprint calculation and product LCA analysis using an in-house tool. This enables customers to make sustainability improvements and successfully differentiate products in the market through environmental claims on promotional materials, including packaging.

FINE FOODS' SERVICES IN THE ESG FIELD:

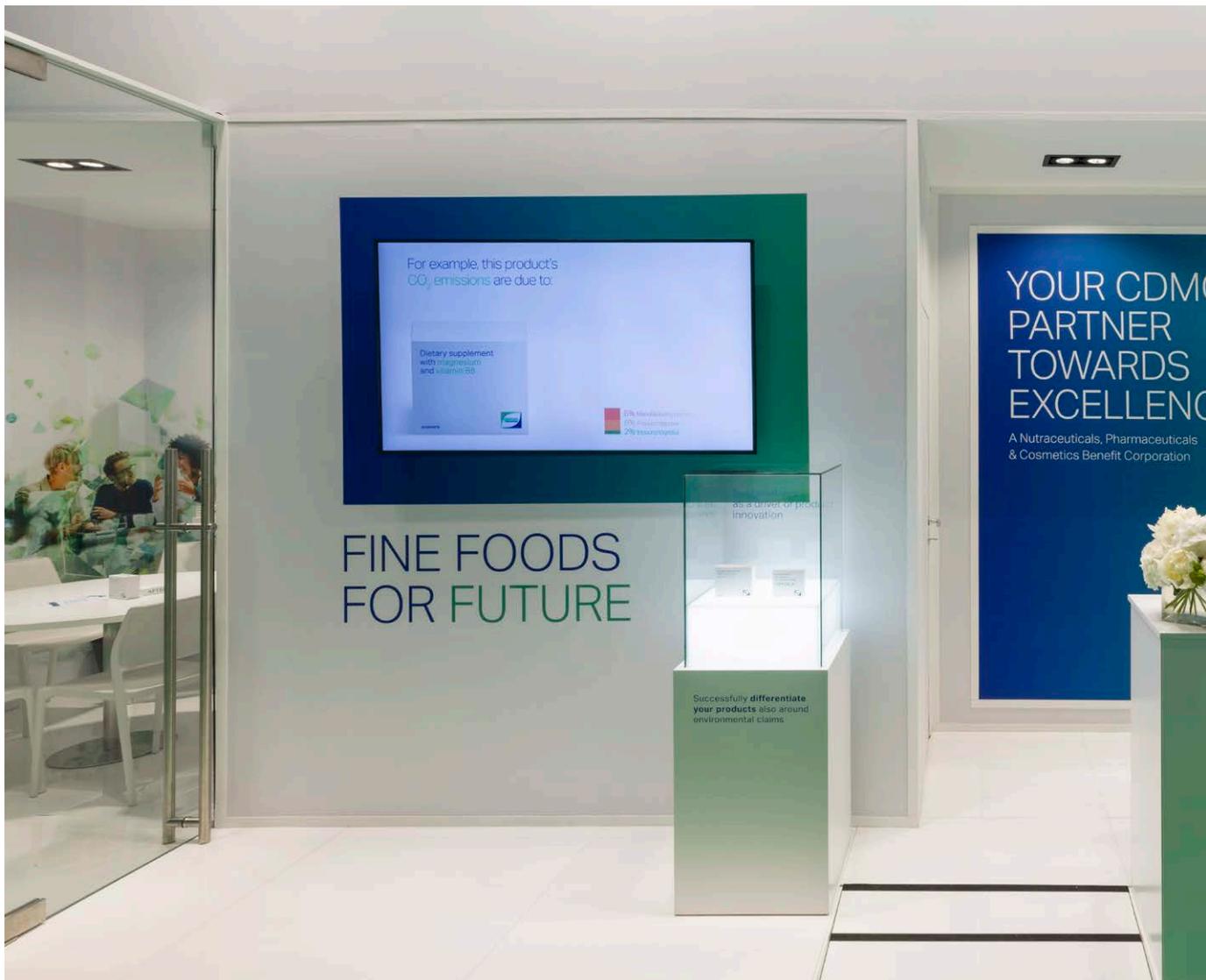
- 
> Product **environmental labelling** consultation
- 
> Product **eco-design** support
- 
> Product **carbon footprint calculation** support
- 
> Product short & long-term **climate strategy** advice
- 
> Product **life cycle assessment (LCA)** study

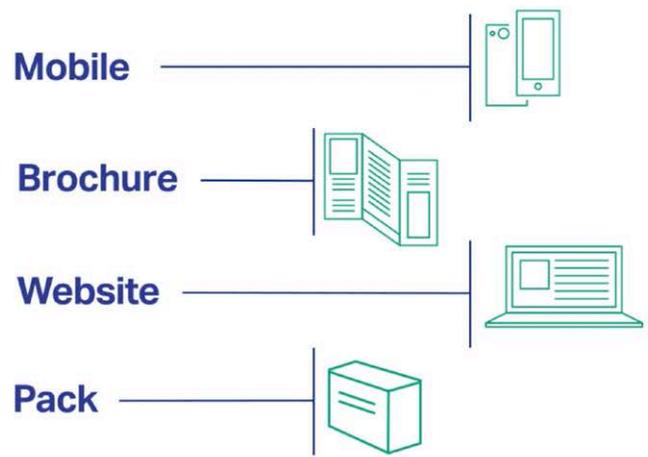
During the Vitafoods 2023 trade fair in Geneva, Fine Foods participated with "The Dark Side of the Moon" presentation which shows the cultural change faced by CDMOs. This presentation included production companies and product innovators that anticipate consumer needs. Sustainability becomes fundamental in the innovation process supporting customer success and having a positive impact on the planet.



As sustainable product innovation, Fine Foods unveiled the “Fine Foods For Future” food supplement in the “New Product Zone”. This product was formulated following **eco-design** principles, which allowed a 43 per cent reduction in carbon emissions compared to the original, generating a positive impact on climate change advertised on product packaging and communication materials.

This was selected to be part of the “Innovation Tours” organised by Vitafoods to show visitors the latest products and how leading suppliers are responding to market trends.





Sustainability as a driver of product innovation

Successfully **differentiate your products** also around environmental claims

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

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 its 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

In 2023, there were no reports of non-conformities, leading to product recalls.

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.

In 2023, there were no reports of non-conformities, leading to product recalls.

07

ENVIRONMENT

- 07.1** Our climate strategy
- 07.2** Energy consumption
- 07.3** Greenhouse gas emissions
- 07.4** Atmospheric pollutant emissions
- 07.5** Water management and use
- 07.6** Waste management





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.



07.1 OUR CLIMATE STRATEGY

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

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 must be included in the transition and transformation process.

The Group has been committed for years to reducing its environmental impact by focusing on its energy consumption. In 2023, it chose to certify its GHG emissions under the UNI EN ISO 14064 standard.

UNI ISO 14064 is a three-part standard that defines international best practices in the management, reporting and verification of Greenhouse gases (GHG) data and information.

The standard is useful to design and manage GHG inventories for organisations (part 1), emission reduction/removal projects (part 2) and provides requirements and principles for the work of bodies that carry out verification and validation of reported data (part 3).

Fine Foods has chosen to certify its organisation-wide GHG inventory with the following objectives:

- Demonstrating consistency, transparency and credibility in emissions measuring, monitoring, verification and reporting;
- Identifying and managing risks and liabilities related to harmful GHG emissions;
- Fostering the design, development and implementation of initiatives and programmes aimed at abating pollutants.

In 2023, there was a steady increase in requests from stakeholders for information on environmental impacts.

Among these stakeholders are customers. Many of these will be involved in activities to identify solutions to reduce the environmental impact of their production chain.

Considering what above and the growing interest of stakeholders - communities, governments, customers, investors - towards environmental and sustainability performance, to maintain an optimal management of its environmental impacts, Fine Foods Maintains an up-to-date Environmental Management System under ISO 14001 standard, which enables the company to meet updated regulatory requirements and implement the tools for minimising its environmental impact and risks.

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

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
2. Climate protection
3. Sustainable use of resources and eco-friendly design



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.

07.2 ENERGY CONSUMPTION

302-1; 302-3; 302-4

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 of the utmost importance to manage energy consumption meticulously and stringently to establish a responsive and effective system. This is essential for taking appropriate measures to streamline energy usage, minimise consumption, and keep emissions

as low as possible. The Parent Company appointed an Energy Manager, with staff that oversee choices related to company energy policies.

Improving energy performance helps maintaining and strengthening the Group's global competitiveness.

Energy efficiency is a crucial component of the production process, influencing the performance of production activities.

Fine Foods Prioritises renewable energy in its energy procurement decisions, and boosted the share of renewable energy it purchased to 100% in 2023. Additionally, the company is enhancing its capacity for self-generated power, by installing photovoltaic systems.

With the Energy Manager and essential investments, key measures have been taken in the last three years, which led to energy use optimisation. In 2023, the following investments were made:

- Reducing compressed air consumption by installing flow regulators;
- Exploiting centralised cold lines within production lines;
- Revamping thermal and cold distribution stations and dated systems (dehumidifiers...)
- Installing additional compressors to meet process requirements;
- Installing circuits to send steam not used for production activities to hot water production.

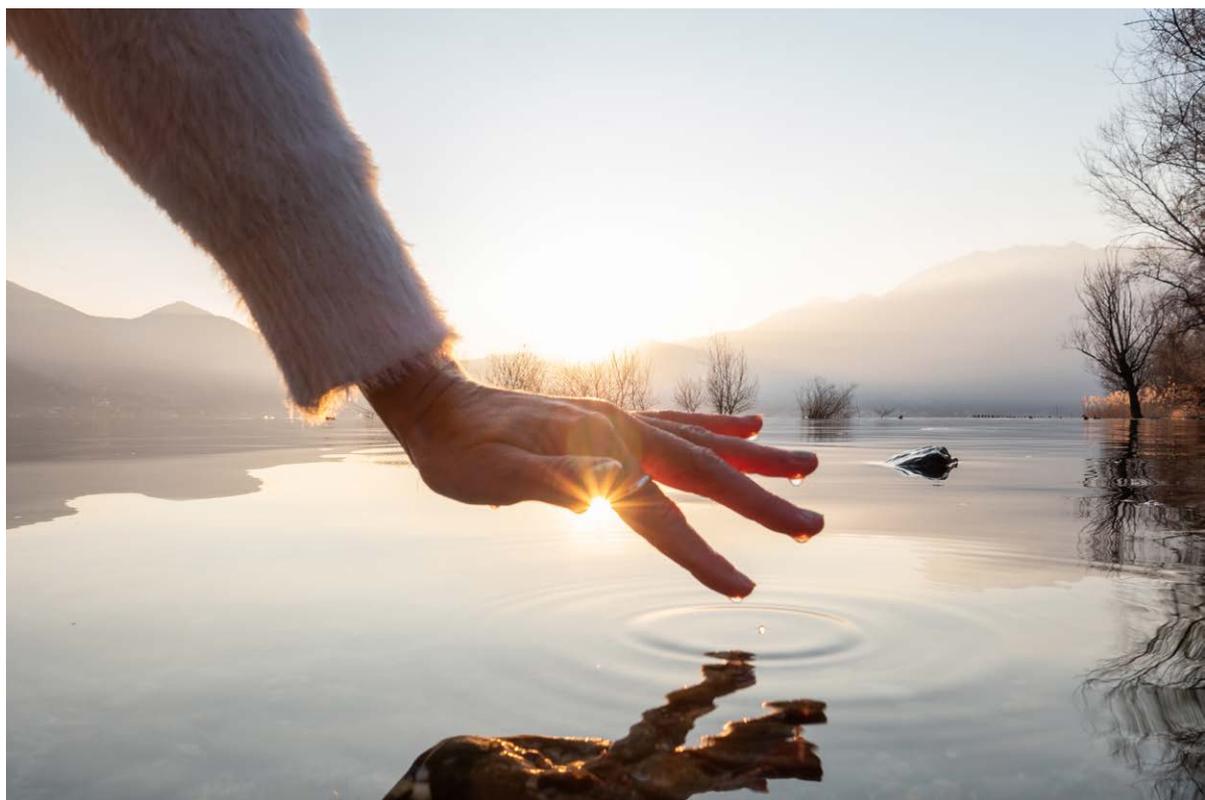
ENERGY CONSUMPTION BY SOURCE CATEGORY

Energy in GJ	2023	2022	2021
tot. GJ	141,849	153,998	152,367
natural gas	122,378	134,592	136,199
electricity	13,350	15,023	12,173
car fuel	3,233	3,048	2,883
from photovoltaic system	2,888	1,336	1,112

The data collected on energy consumption confirmed that the company's efforts to optimise energy use are yielding the expected results. Fine Foods invested in systems that allow it to be more energetically independent, by installing systems that produce electricity, such as photovoltaic panels and co-generators. The MWh of self-produced energy in recent years is shown below.

SELF-PRODUCED ENERGY [MWH] DETAIL

Self-produced electricity	2023	2022
from photovoltaic systems	802	371
from co-generators	11,672	10,650
sold	311	354



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.

Replacing natural gas with renewable alternatives is not feasible yet.

07.3 GREENHOUSE GAS EMISSIONS

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

Corporate Carbon Footprint

In 2023, Fine Foods carried out an analysis to identify, quantify and manage GHG emissions (Carbon Footprint) associated with its production under standard UNI EN ISO 14064-1:2019 "Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals."

The application of this standard allows GHG emissions to be monitored following a transparent and standardised methodology used for analysis and time comparisons.

The Fine Foods Group S.p.A. decided to submit this Corporate Carbon Footprint Report for a third-party audit, providing a reasonable level of assurance agreed with RINA Certification Body.

GHG emissions are reported based on the classification required by the UNI EN ISO 14064-1:2019 standard, i.e. they are identified and accounted for by distinguishing between six categories:

- **CATEGORY 1** - Direct GHG emissions/removals. Direct GHG emissions/removals from sources/absorbers within the organisation, which are owned or controlled by the organisation.
- **CATEGORY 2** - Indirect GHG emissions from imported energy. This category includes indirect emissions related to the combustion of fuels for energy production (electricity, heat, steam, cooling and compressed air). It excludes all upstream emissions (cradle-to-gate) associated with fuels, plant construction, transport and distribution losses.
- **CATEGORY 3** - Indirect transport GHG emissions. These emissions originate from sources physically located outside the organisation from combustion of fuels of transport vehicles (upstream emissions from fuel production and transport/distribution).

- **CATEGORY 4** - Indirect GHG emissions associated with products (goods and services) purchased and used by the organisation. Indirect GHG emissions associated with goods purchased by the organisation. GHG emissions from sources physically located outside the organisation and associated with goods purchased by the organisation for its activities.
- **CATEGORY 5** - Indirect GHG emissions associated with the use of products manufactured and sold by the organisation or provided services. GHG emissions associated with the use and end-of-life of products manufactured and sold by the organisation.
- **CATEGORY 6** - Indirect GHG emissions from other sources. The organisation may include indirect emissions from sources other than those described in the previous categories.

The Group's Corporate Carbon Footprint was calculated by multiplying the "Activity Data", which quantifies the activity, by the corresponding "Emission Factor", as explained below:

$$\text{[GHG emissions]} = \text{[Activity data]} * \text{[EF]}.$$

where:

- Emission Factor is the quantification of GHG emitted by the activity, expressed in tons of CO₂ equivalent (tCO₂eq);
- Activity data is the quantity, generated or used, that describes the activity;
- EF is the emission factor, which can transform the quantity into the resulting GHG emission, expressed in CO₂ equivalent emitted per activity.

The quantification of GHG emissions was carried out by a SimaPro project, using the Ecoinvent database and the "IPCC 2021 GWP 100 years" calculation method (containing the Global Warming Potentials reported in the IPCC Sixth Assessment Report).

The table below shows the results of the quantification of Group GHG emissions for the 2022 calendar year, in absolute terms (tCO₂eq) broken down by company, and in percentage contribution (%).

GROUP GHG EMISSIONS BY CATEGORY (YEAR 2022)

	TOTAL (tCO₂eq)	TOTAL (%)
Category 1	7,030.46	8.77%
Category 2	1,100.74	1.37%
Category 3	15,093.37	18.82%
Category 4	56,969.01	71.04%
TOTAL	80,193.58	100%

The category with the greatest impact relates to the purchase of products (71.04%), followed by indirect emissions from transport (18.82%).

Under UNI EN ISO 14064-1: 2019 (paragraph 5.1 and paragraph 7.3.1), direct GHG emissions are reported below separately for each GHG (in tCO₂eq).

GHG	Unit	Direct emissions
Carbon dioxide, fossil	tCO ₂ eq	6,753.97
Ethane, 1,1,1,2-tetrafluoro-, HFC-134a	tCO ₂ eq	153.82
Methane, fossil	tCO ₂ eq	62.82
Ethane, pentafluoro-, HFC-125	tCO ₂ eq	29.92
Ethane, 1,1,1-trifluoro-, HFC-143a	tCO ₂ eq	24.69
Methane, difluoro-, HFC-32	tCO ₂ eq	2.66
Dinitrogen monoxide	tCO ₂ eq	2.58

Under UNI EN ISO 14064-1:2019 standard, the organisation has developed a procedure, contained in the "Procedure for recalculating the GHG inventory" document which will be kept active and useful to:

- recalculate the environmental impact related to the reference year (e.g. in case of changes to operational/organisational aspects, GHG emission quantification methodology, etc.);
- properly manage GHG-related information;
- store supporting documentation for the design and development of the GHG inventory and records.

Analyses for 2023 data are available for Scopes 1 and 2, for which related annual trends are reported.

CO₂ EMISSIONS INVENTORY

Tons of CO ₂	2023	2022	2021
Scope 1+2 total emissions (location based)	8,352.19	8,482.91	8,790.2
Scope 1+2 total emissions (market based)	7,264.51	8,275.68	9,112.10
SCOPE 1			
tot.	7,264.51	7,147.53	7,725.10
natural gas	7,032.44	6,713.81	6,875.20
car fuel	224.9	222.61	191
fugitive emissions	7.16	211.1	658.9
SCOPE 2			
electricity MARKET-BASED	0	1,128.15	1,387.00
electricity LOCATION BASED ⁷	1,087.68	1,335.38	1,065.1

Although the total emissions have not varied in absolute terms, a considerable decrease is observed when examining the emission intensity.

Emission intensity has decreased since 2022 by 19%

LOCATION-BASED EMISSION INTENSITY OF CO₂ COMPARED TO REVENUE

[Tons CO ₂ /€1 Million]	2023	2022	2021
Revenue [€ Million]	255	207	193
TOT. CO ₂ eq [Ton]	8352	8276	9112
Intensity Ton Co ₂ /turnover	33	40	47

⁷ 2023 ISPRA emission factor, Report no. 386/2023 2022-2021 TERNA 2019 conversion factor

07.4 ATMOSPHERIC POLLUTANT EMISSIONS

305-7

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

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

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

[Tons] pollutants	2023	2022	2021
Nitrogen oxides (NOx)	7.4	5.18	4.48
Volatile Organic Compounds (VOC)	0.78	0.65	0.73
Particulate emissions	0.18	0.59	0.33

07.5 WATER MANAGEMENT AND USE

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.

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]	2023	2022	2021
Aqueduct	64,407	72,960	50,783
groundwater	-	-	-
surface water	-	-	-

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.

The calculation of water consumption intensity showed a significant improvement in the efficiency of its use

WATER CONSUMPTION INTENSITY COMPARED TO REVENUE

[cubic metres/1 Million]	2023	2022	2021
water consumed [cubic metres]	64,407	72,960	50,783
revenue [Million]	255	207	193
intensity	253	353	261

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.



07.6 WASTE MANAGEMENT

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.

WASTE FOR RECOVERY OR DISPOSAL ACCORDING TO HAZARDOUSNESS

Tons	2023		2022		2021	
	Recovery	Disposal	Material recovery	Disposal	Material recovery	Disposal
Hazardous	388	8,923	339	7,223	243	5,247
Non-hazardous	1,924	6,964	1,710	6,942	1,666	7,570
Tot.	2,312	15,887	2,049	14,165	1,910	12,817

WASTE SORTED BY MAIN TYPE

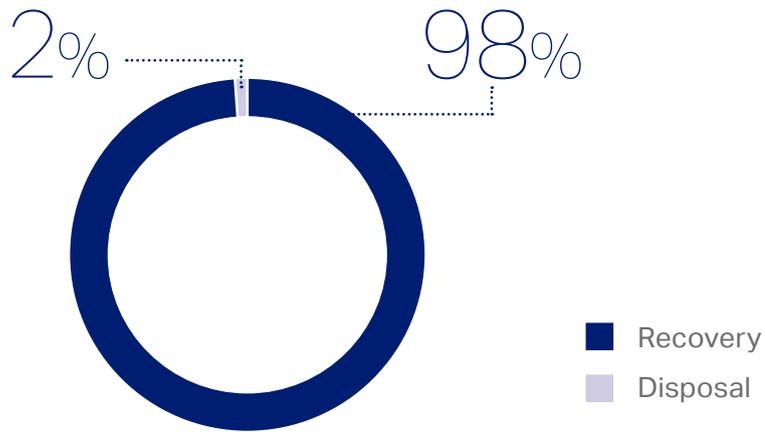
Tons by type of waste	2023	2022
plant washing solutions	15,855.00	14,118.00
packaging and other solid waste	2,343.00	2,096.00
Total	18,198.00	16,214.00

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.

SOLID WASTE DESTINATION DETAIL (PACKAGING AND OTHER SOLID WASTE)

Tons by type of waste	2023		2022	
Destination				
Recovery	2,280.00	98%	1,975.00	94%
Disposal	48.05	2%	120.00	6%
tot.	2,328.05		2,096.00	







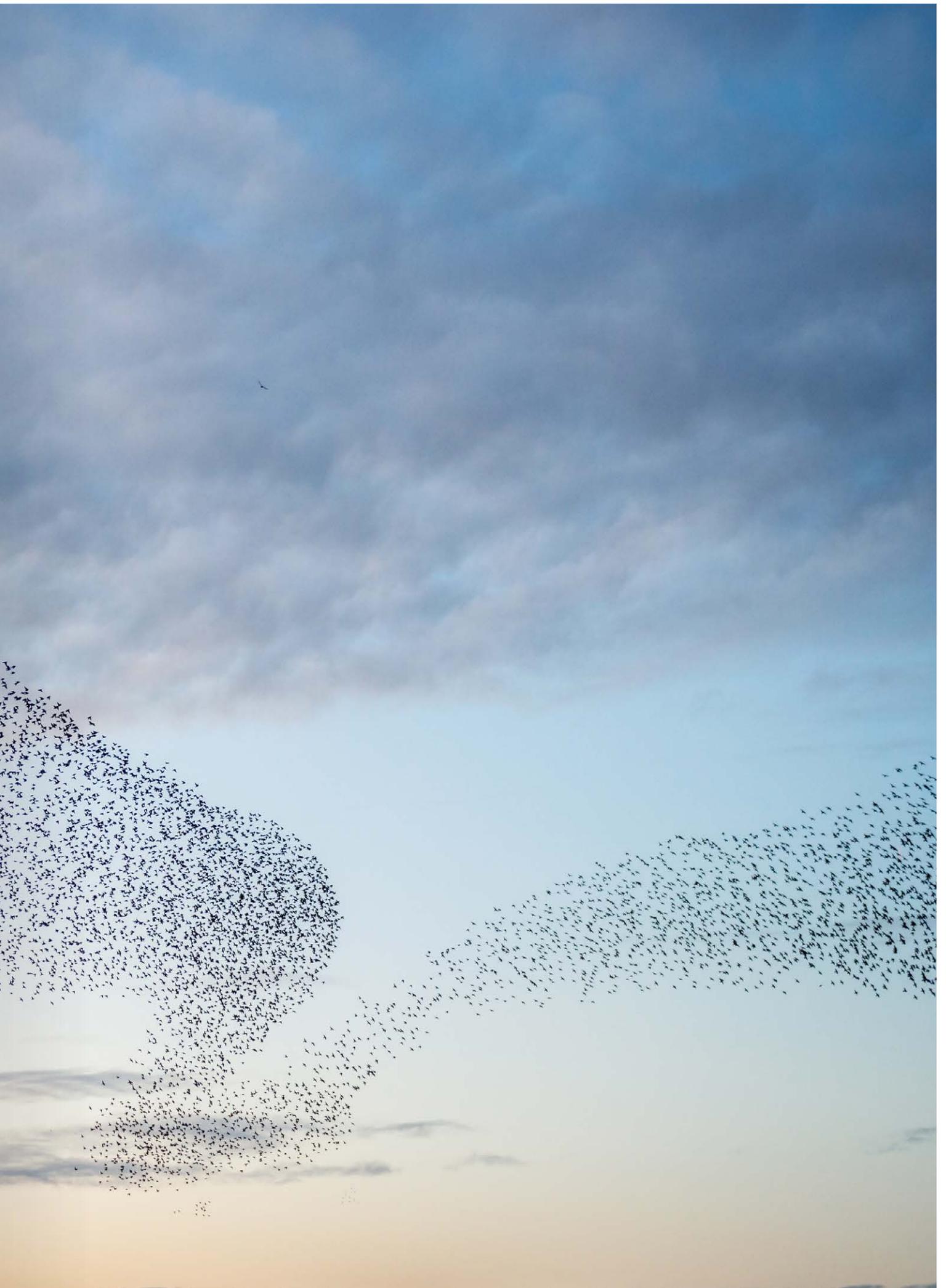
08

COMMUNITY

08.1 Creating opportunities in the region

08.2 Community involvement and development

08.3 Promoting culture





Regional development

- Relations with local communities

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



08.1 CREATING OPPORTUNITIES IN THE REGION

3-3

In April 2021, Fine Foods amended its articles of association to become a Benefit Corporation. This decision is a formal commitment to common 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.

In 2023, several Fine Foods managers and specialists brought their professionalism and experience to second-level primary schools. They created training sessions on STEM 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.

ENTITY	ACTIVITY	No. of people involved
CONFINDUSTRIA BERGAMO	Bergamo Job Festival	50
	PMI Day - Presentation of our company to three Madone eighth-grade classes	60
	Liceo Don Milani project - architectural design of a Fine Foods stand. The winning project was awarded a Feltrinelli shopping voucher	20
	Diagram of choices Video interview + experiment	90
VERDELLINO DISTRICT SCHOOL	Educational workshop for students and training courses for teachers	90
ITS NUOVE TECNOLOGIE PER LA VITA	Company presentation open day	100
	Business Game - Architectural design project for a Fine Foods stand Scholarship funded by the Lombardy Region	20
UNIVERSITÀ DI PAVIA	Undergraduates/graduates meeting Virtual meetings with Pavia University students	20
ITIS MARCONI DALMINE	Company fair - Meetings with final year students	19



08.2 COMMUNITY INVOLVEMENT AND DEVELOPMENT

3-3

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 fundraising initiative was carried out over the Christmas holidays, and other activities will be organised in the years to come.



08.3 PROMOTING CULTURE

3-3

Premio Letteratura d'Impresa «Write a review and win»

Fine Foods & Pharmaceuticals promotes community initiatives supporting literature that provides inspiration for private and professional life.

In 2023, Fine Foods sponsored the "**Premio Letteratura d'impresa**", promoted by ItalyPost and the magazine "L'Economia" of Corriere della Sera. It rewarded editorial content analysing exciting entrepreneurial stories.

FINE FOODS 2024 COMPETITION
"WRITE A REVIEW AND WIN!"



COMMITTED TO
YOUR EXCELLENCE

During the Festival d'Impresa in Vicenza, a jury of experts chose five finalist books and now the readers' jury will give its final opinion.

The winner of the 2023 Award will be announced at the Festival Città d'Impresa event in Bergamo, in November.

Fine Foods considers reading books important for employee development and an essential tool for learning how to deal with complex problems. In 2023, the company combined the "Award" sponsorship with an in-company initiative, launching the first "**Concorso Letterario Fine Foods**" (**Fine Foods Literary Competition**) for its employees.

The company made the first two classified books available free of charge to employees who wished to write reviews. These were assessed by the authors.

The top three reviews won an award in June 2023 during an event involving all participants.



Tutta in voi la luce mia

The company continued its cultural promotion initiatives by backing **Accademia Carrara in Bergamo**, and providing its sponsorship of the "TUTTA IN VOI LA LUCE MIA" exhibition.

The company provided two tickets for each employee.



09

APPENDIX

Methodological Note

GRI content index

GRI index by material topic

Auditor's report





METHODOLOGICAL NOTE

2-2; 2-3; 2-4; 2-5; 2-14; 3-1; 3-2

This document is the 2023 Fine Foods Group Consolidated Non-Financial Statement (hereafter NFS or Sustainability Report).

The NFS 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 INIZIATIVE (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 for risk/opportunity assessment was renewed because organisations must update the list of material topics annually based on any changes, stakeholder interests or company's business changes, and because of the GRI Universal Standards update, which amends 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 supra-national 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>).

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 2023 to 31 December 2023. 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.
- Euro Cosmetic S.P.A. - from 1 October 2021

Any limitations on the scope 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 process owner checks and validates, according to their responsibilities, the information reported in the NFS.
- The ESG Committee is consulted and involved in the NFS 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 NFS 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 owners.

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."

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.

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

Statement of use	Fine Foods & Pharmaceuticals N.T.M. S.p.A. submitted a report under the GRI Standards for the 01/01/2023-31/12/2023 period
GRI 1 used	GRI 1 - Fundamental Principles - version 2021
Relevant Sector GRI Standards	N/A

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION PAGE	OMISSIONS			
			OMISSION REQUIREMENTS	REASON	EXPLANATION	
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GRI INDEX BY MATERIAL TOPIC

SUSTAINABILITY PILLAR / material topic	Correlation Legislative Decree 254/2016, art. 3 paragraph 1.2	SDGs and Global Compact principles
ETHICS AND GOVERNANCE		
Corporate Governance	Combating corruption	
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	

ENVIRONMENT		
Combating climate change and using energy efficiently	Environment	  
Waste management and resource circularity	Environment	 
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	
REGIONAL 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 2023 in accordance with article 4 of the Decree and approved by the Board of Directors on 29th March 2024 (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 2023 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, 29th March 2024

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

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

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

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