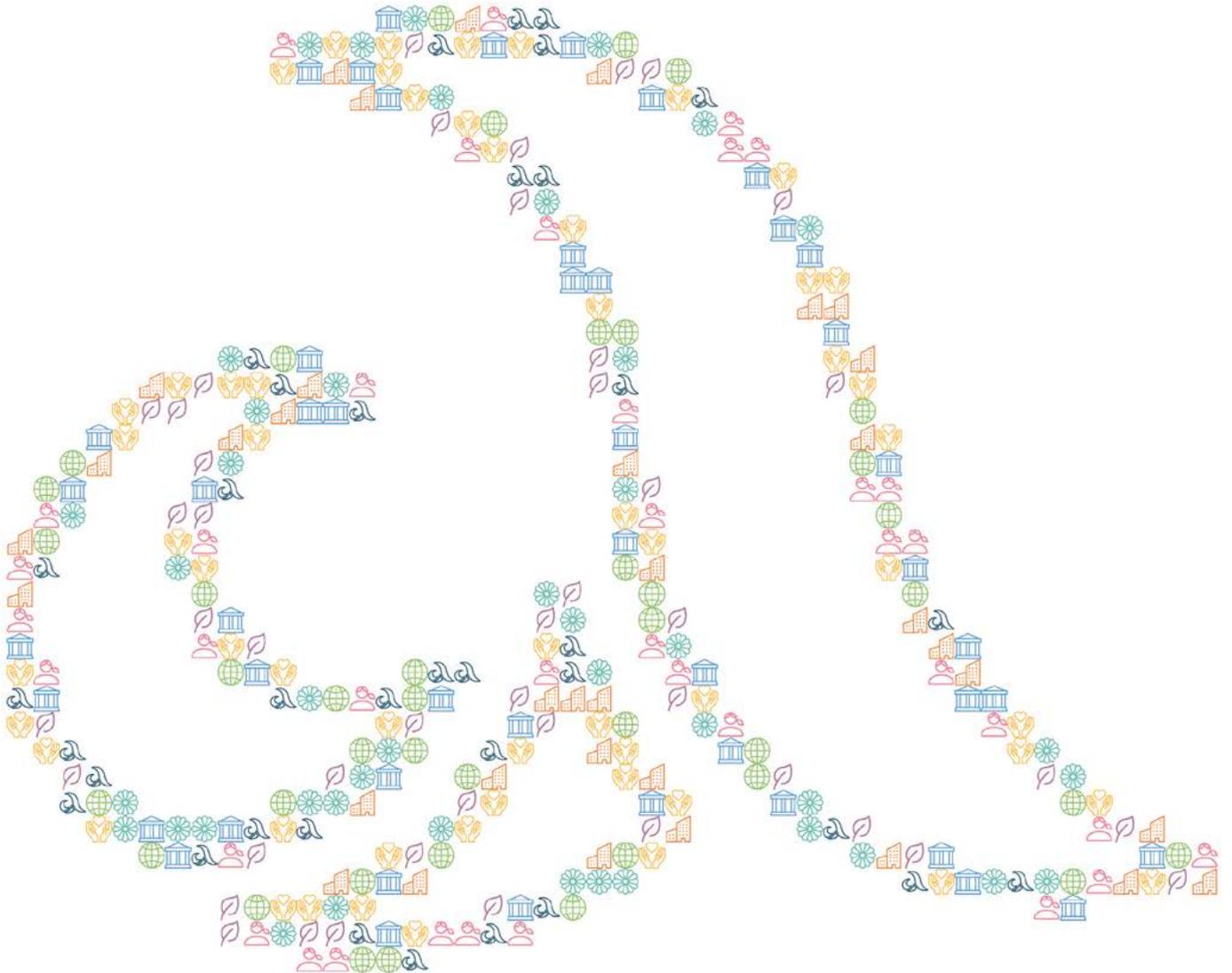




ANDRIANI

Natural innovators for conscious food



2022
Sustainability
Management
Report



The Sustainability Management Report is the document through which the Andriani Group discloses both the economic and financial information required by Article 2428 of the Italian Civil Code and the information on the Group's sustainability performance (environmental and social sustainability, the fight against corruption, and respect for human rights), along with the disclosure on its commitment and results achieved in terms of the SDGs and actions for the common benefit.

Information on the reporting methodology and the multidisciplinary team that prepared it can be found on pages 8, 9 and 10 of this report.

The ESG information was subject to voluntary performance measurement in relation to the reference industry according to the proprietary methodology of Cerved Rating Agency S.p.A, a company subject to the management and coordination of Cerved Group S.p.A.

The ESG Rating prepared on the Andriani Group's 2022 data highlighted the following evaluation:

SECTOR
Industrials
INDUSTRY
Agri-Food & Beverage
SUB-INDUSTRY
Agricultural Products & Food
COUNTRY
Italy





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 Disclosure required by Art. 2428 of the Italian Civil Code

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Letter to the stakeholders



| 2-22 | ESG

Dear Stakeholders,

In order to give you a clear and increasingly transparent picture of our actions and efforts, last year we launched a new sustainability reporting format combining ESG objectives, activities, outcomes, and effects with strictly economic-financial components in a single report.

Our journey, which is shared with all of you, to a more ethical and sustainable supply chain model imposes new paradigms that are built into our business model, renovates our facilities, suggests cutting-edge technology, necessitates unanticipated skills, but most importantly, marks the moments of reporting and telling the story of our work with growing pride.

Prior to presenting the work completed in 2022, I would first like to highlight the kindness of the Andriani people. Despite the numerous hurdles encountered in meeting the demands of the previous year, all coworkers, from every department, truly tried their best to develop fresh approaches to fresh issues, never failing in smiles and enthusiasm. To them we express our most heartfelt and sincere thanks.

It is the enthusiasm shared by all that motivates our CSR team, which has produced the 2022 Sustainability Management Report for the fifth consecutive year and with great expertise, I applaud them for their hard work, which has also been rewarded by the Oscar di Bilancio awards they have received over the past two years.

As always, the document places great emphasis on highlighting the contribution made to the pursuit of the UN 2030 Agenda goals, undertaken with the intention of giving a regenerative twist to the company's role.

In fact, we have chosen to be agents of change to redistribute value and widespread prosperity in favour of people, the ecosystem, and the community through the implementation of specific initiatives, which you will find described in this report.

2022 was also a good year for our governance and corporate structure. In fact, the partnership with NUO S.p.A. offers the supply chain in which we operate the chance to accelerate our growth in terms of values and quality, sustainability and processes, as well as an incredible opportunity to spread new, creative, and sustainable food models for the environment and health among a larger population, attentive to their own well-being and that of the planet on which they live.

"We are proud to be part of a new business vision in which the prosperity of people and the planet are equal to profit and financial growth. We all share the ambition to create a system of expertise and interpersonal relationships, a project with global aspirations and designed to benefit all parties now and in the future. We are ready to do our part, deploying additional human and financial resources to respond with discipline, resilience, and determination to meet the challenges and stimuli that will arise along the way, so that the long-term goals can be achieved," said Tommaso Paoli, CEO of NUO S.p.A.

So, I would like to thank everyone who worked toward this achievement, confirming that they believe in us and in our entire organisation.

Thank you for your continued confidence.

Michele Andriani
Chairperson of the Board of Directors and CEO



Methodological note

| 2-2 | 2-3 | **ESG**

Key

-  → [External web link](#)
-  → [Internal document link](#)
-  Disclosure required by Art. 2428 of the Italian Civil Code
- ESG** Sustainability Disclosure



Again in FY2022, Andriani S.p.A. Benefit Corporation and B Corp (hereinafter also “Andriani” or “Company”) decided to continue as had been done for FY2021 and prepare a Sustainability Management Report (hereinafter “Report”), i.e., a document that includes the mandatory notification set forth in Art. 2428 of the Italian Civil Code - primarily of a financial nature - with information on the Group’s sustainability performance (environmental and social sustainability, fight against corruption, and respect for human rights), together with a disclosure on its commitment and the results in terms of SDGs and actions for the common benefit.

Therefore, the Report combines in a single document the Management Report pursuant to Article 2428 of the Italian Civil Code, i.e. a mandatory disclosure, and the Sustainability Disclosure, i.e. a disclosure that is currently voluntary. Through this reporting approach, the company is already following the path outlined by the [Corporate](#)

[Sustainability Reporting Directive](#) (“CSRD”), which envisions a similar reporting obligation for large companies such as Andriani starting with reporting activities performed for FY2025.

It goes without saying, therefore, that including this information in the Management Report, in addition to anticipating the CSRD requirements by as much as three years, constitutes a reporting effort that heads toward the full **integration of economic-financial and sustainability reporting**.

Therefore, although this Report is a single document, it contains both types of specific information (mandatory and voluntary). In particular, the mandatory disclosure specifically required by Art. 2428 of the Italian Civil Code was marked with the  infographic while the sustainability disclosure was marked with the **ESG** infographic.



In accordance with the provisions of the [2021 Sustainability Management Report](#), the 2022 Sustainability Management Report will include references to different international standards ([GRI](#), [BIA](#)), to which the Sustainability Accounting Standard Board ([SASB](#)), the US standard for sustainability reporting that Andriani has chosen to follow to represent the financial materiality of its business.

The [guidelines](#) on Sustainable Development Goals Disclosure (SDGD) Recommendations, which are the international reference framework for reporting performance on key SDGs, make up the set of methodological references for the 2022 Report.



Reporting scope

The reporting period coincides with FY2022. It should be noted that, while the 2021 Sustainability Management Report was prepared with a reporting scope coinciding with the Group's consolidated financial statements prepared for that year, as a result of a number of transactions that took place in 2022, which led to a different corporate structure, the reporting scope for this Sustainability Management Report is different from the previous year and, as far as financial reporting is concerned, refers only to Andriani S. p.A. Benefit Corporation and B Corp (as an accompanying document to the separate financial statements). As far as sustainability reporting is concerned, it also includes the subsidiaries Felicia S.r.l, Terre Bradaniche S.r.l., and ApuliaKundi S.r.l., in order to more fully represent performance and environmental, social, personnel, human rights,

and anti-corruption impacts. The ESG performance of the subsidiary Nove Alpi S.r.l., a shareholding acquired in 2022, was not included in the scope of sustainability reporting due to the inability to obtain the necessary data in time. This information will be included in the next report, in line with the new sustainability plan launched in 2023. Due to the change in the reporting scope, it was necessary to redetermine the information and comparative balances presented in the 2022 Report, which, therefore, differ from those in the previous report. The ESG performance of Birrificio Artigianale B31 S.r.l., a subsidiary of Andriani until 21 October 2022, were considered up to that date, unless otherwise indicated.

Reporting process and methods

The use of estimates has been limited, as far as possible, and if included, they are based on the best available methodologies and appropriately reported.

In order to provide a true representation of the company management and the impact of its business activities, the following have been provided:

- the sustainability reporting principles set forth in the most widely used international standards were applied;
- data and information regarding the context in which Andriani operates were collected;
- the material topics were identified and reported, i.e., identified as relevant in light of the materiality analysis.

The Report was prepared in accordance with the **2021 GRI Standard** and includes the added value statement according to the "GBS 2013 Standard - Corporate Financial Statement Drafting Principles", prepared by the Study Group for Social Reporting (GBS).

The Andriani S.p.A. Benefit Corporation Board of Directors approved the Management Report on 28 February 2023. This document, which also fulfils

the financial disclosure obligations pursuant to Article 2428 of the Italian Civil Code, accompanies the Andriani S.p.A. financial statement submitted to the Shareholders' Meeting.

The disclosure required by Art. 2428 of the Italian Civil Code was verified by the Deloitte & Touche S.p.A. Audit Firm as part of its declaration of consistency with the consolidated financial statement pursuant to Article 14, paragraph 2, letter e) of Italian Legislative Decree 39/10.

The ESG disclosure in this Report was subject to assurance (limited assurance engagement) by the same audit firm according to the criteria indicated by the ISAE 3000 Revised standard.

The audit firm's opinion and related verification activities did not cover the disclosures related to the requirements of SASB, BIA, and Global Compact Principles, which are summarised in the tables below the Audit Firm's Report.

The Sustainability Management Report is published yearly.

The following ESG references enrich the methodological part of the report:

- GRI Content Index - with details of the contents reported in compliance with





- the 2021 GRI Sustainability Reporting Standards and related informational omissions;
- [SASB Materiality MAP \(Food & Beverage Sector\)](#) - which details the reporting metrics required for the food processing sector;
 - [10 principles of the Global Compact](#) - which Andriani drew from in preparing the Communication on Progress that coincides with this report;
 - [Linking the SDGs and the GRI Standards](#) - in the new version amended in March 2020 that compares the contents of the GRI Content Index with the SDGs;
 - [Complementary Use and Linkage of the GRI Standards and B Lab's B Impact Assessment](#) - document dated

- February 2021 that compares the contents of the GRI Content Index with the B Impact Assessment;
- [AccountAbility 1000 - Stakeholder Engagement Standard](#) - process standard for involving stakeholders.

For improved reading of the Report, the three correlation tables between the GRI Content Index and the 17 SDGs (p. 121) of the UN 2030 Agenda, the 10 principles of the Global Compacts (p. 132), and the B-LAB BIA standard (p. 130) are attached. These are supplemented by the [SASB Content Index](#) (p. 133), which shows the connection between the data in this report and the sector metrics required by the SASB.



The team that collaborated in preparing this report

The 2022 Report was prepared by the Andriani Board of Directors and was drafted by qualified professionals inside and outside the company.

In particular, the interdisciplinary team that took part in preparing the Sustainability Management Report involved contacts from the following corporate functions: CSR & Sustainability, Administration, Accounting, Legal and Corporate Affairs, Marketing & Communication, Sales Account, Human Resources, Research and Development, Planning and Control, Procurement, Production Supply Chain, Quality, Logistics, General Affairs, Information Technology, Treasury, and Tax Affairs.

Engineer Filippo Capurso was the head of the Work Group.

The methodological coordination and content management was the responsibility of Value a.t.p. - contact person Saverio Petruzzelli (saverio.petruzzelli@valueatp.com).

Editing and graphic layout was carried out by Interno15 S.r.l. (info@interno15.it).

The English translation of the text was carried out by EBL Italia (info@ebl-italia.it).

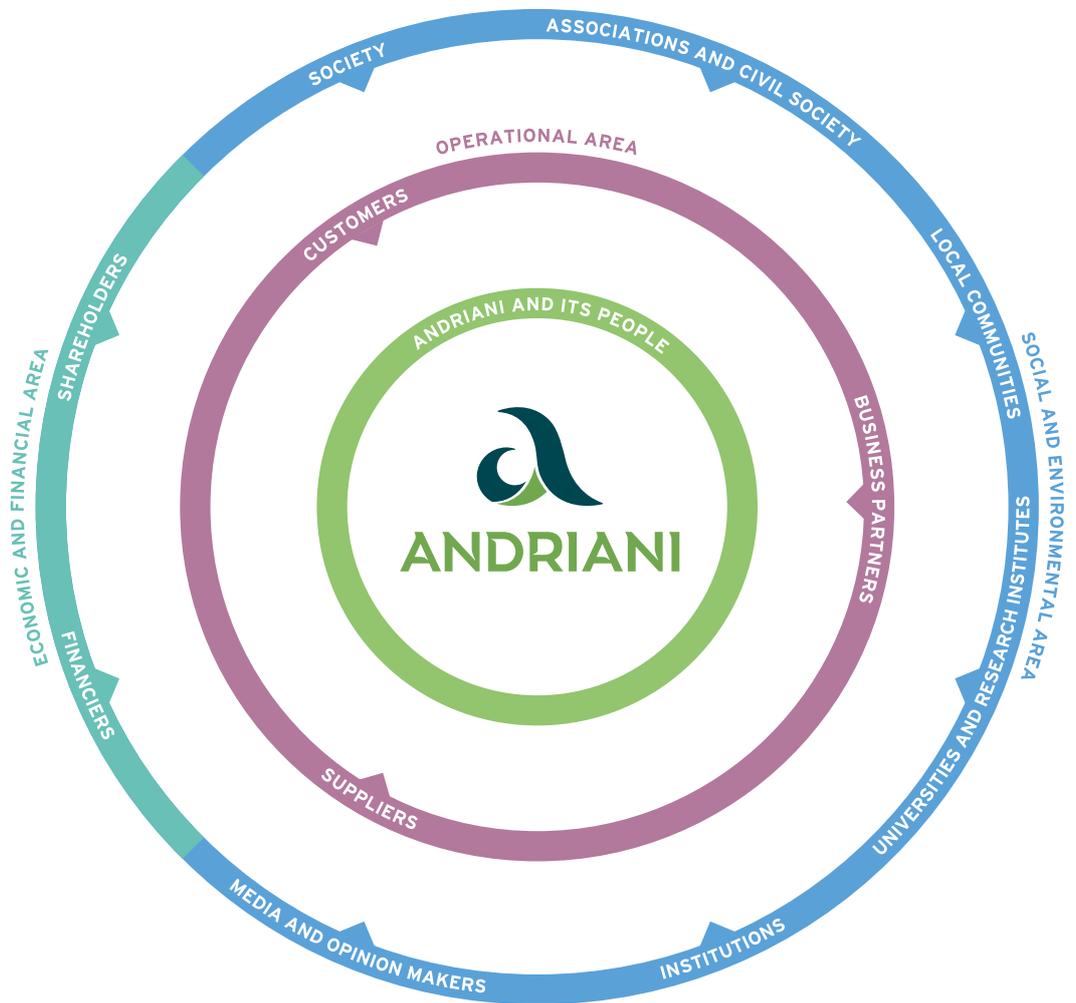
Comments and opinions on this report can be sent by email to csr@andrianispa.com.

Stakeholder engagement

| 2-29 | ESG

Ever since the implementation of the first sustainability report, the Andriani Group activated a dialogue process with its stakeholders, selected in full compliance with the principle of inclusiveness set out in the AccountAbility 1000 standard.

Graph
Stakeholder Map



The main characteristic of the engagement channels is two-way communication. The stakeholder engagement process has evolved over time from a simple listening exercise to an engagement activity, frequently including multi-stakeholder initiatives.

The following are our primary stakeholder engagement methods:

| Stakeholder categories | Dialogue channels |
|---|--|
| Communities Institutions Associations and Civil Society Media and opinion makers | <ul style="list-style-type: none"> Active involvement in institutional forums and supranational organisations regarding sustainability (including the Italian Global Compact Network) Specific meetings Public meetings Webinars Focus groups Workshops Conferences and co-organisation of events Support and participation at local events <p>For a detailed description, refer to Chapter 7 (p. 110).</p> |
| Universities and Research Institutions | <ul style="list-style-type: none"> Partnerships and collaborations Conducting research projects in collaboration with Universities and Research Institutions Nutritional Observatory Activities Hosting Italian university graduate students and trainees <p>For a detailed description, refer to Chapter 5 (page 78) and Chapter 7 (p. 110).</p> |
| Governance bodies | <ul style="list-style-type: none"> Presentation of the Financial Statement and Sustainability Report Presentation of the Impact Report Meetings with the Board of Statutory Auditors and the Supervisory Board <p>For further details, refer to Chapter 2 (page 32).</p> |
| Suppliers and Business Partners | <ul style="list-style-type: none"> Focus group Issues workshop Supplier Code of Conduct Questionnaires on sustainability issues Specific meetings Supplier audits Periodic technical visits Feedback on quality and the results of the raw materials analysis Partnership Supply chain agreements <p>In regard to the focus group, see the disclosure below. For other supplier-related initiatives, see also Chapter 5 (page 78).</p> |
| Customers | <ul style="list-style-type: none"> Customer satisfaction surveys Management of reports to Customer Care Feedback to claims received Specific meetings Follow-up to audits received Market analysis Pre and post-sales support Management of social media and digital channels Research centre activity <p>For further details, refer to Chapter 5 (page 78).</p> |
| Funders | <ul style="list-style-type: none"> Specific meetings Presentation of the Financial Statement and Sustainability Report |
| Employees | <ul style="list-style-type: none"> Engagement of almost all employees in assessing the relevance of the material topics Focus on the impact of the material topics with the CSR team Andriani Wellness Project Andriani Bike to Work Project Great Place to Work Family Day 2022 Periodic newsletter Training and Coaching Projects Confidential channel 231/01 Climate monitoring Team building Andriani Arts Academy Health and workplace safety monitoring Meetings with union representatives <p>See Chapter 4 (p. 60) for more details.</p> |

As proof of the improvement process involving its stakeholders, the Group chose to dedicate ample space to the involvement of its supply chain, dedicating a specific Focus Group activity to certain types of strategic suppliers.

Supplier focus group

In view of Andriani's sustainable development objectives, stakeholder engagement is key to finding solutions to present and future challenges. Moments of sharing and exchanging ideas are crucial for formulating corporate strategy. Moreover, recognition as a B Corp company, which was attained in 2022, is a further impetus for **supply chain collaboration** through open innovation and dialogue, a widespread awareness focused on continuous improvement.

Andriani is committed to transferring its experience to suppliers through synergies, sharing knowledge and expertise in projects that support the achievement of collective and integrated results. The company intends to further increase its supply chain players' awareness using analysis as a starting point, encouraging them to adopt sustainable growth models and collaborate on goal-setting.

Graph Supplier engagement process



The supplier engagement process, which started with an initial focus group in February 2022, involved sending a questionnaire on the following ESG macro topics to those who had signed the [Code of Conduct](#):



The results of the questionnaires were positive, particularly for social topics. These positive elements are in stark contrast to several critical aspects linked to measuring environmental consequences and the challenges involved in providing to the related questions.

A second update Focus Group was held in December 2022, and many categories of corporate suppliers actively participated (both in-person and online). In particular, the following participated at the meeting:

5 Supply chain farmers

11 Supplier companies
4 in raw materials, 5 in packaging, and 2 in outsourcing services

The topics to be discussed were as follows:

| | | |
|---|--|--|
| <p>Use of ethical procurement platforms</p>  | <p>Waste management awareness (=measurement) of the amount of waste generated and the proper disposal methods</p>  | <p>Carbon neutrality difficulties resulting from collection and monitoring of the necessary data and scarceness of integrated plans</p>  |
| <p>Sharing training experiences on sustainability in agriculture promoted by industry organisations and entities</p>  | <p>Importance of collaboration between upstream parties in the supply chain and production companies</p>  | <p>Methods and practices to mitigate the impacts of the climate crisis in the agricultural sector</p>  |

The Andriani CSR team also summarised the results of the ambitious Alga Spirulina circular cultivation project, emphasizing the use of **“doing more with less”**.

In conclusion, the common appreciation for moments of exchange such as those organised by Andriani is emphasized, since they:

- give greater prominence to the topics covered;
- strengthen relations between stakeholders;
- enable a closer look at the social, environmental and economic scenario;

- increase the ability to grasp the interconnections between different areas of sustainable development.

Safeguarding the environment is both a collective and individual goal and concerns all people living on our planet. It is essential that businesses create a thorough sustainability strategy and put it into practice in a responsible and proactive manner, not just in response to market demands or merely as a part of their marketing efforts.

Materiality Analysis



| 3-1 | 3-2 | ESG

Andriani, consistent with the new [GRI 3 approach to materiality: 2021 Material Topics](#), has implemented a material topics determination process based on:

- determination of the material topics on which to report;
- identification and evaluation of impacts on an ongoing basis.

Andriani carried out the following steps as part of the material topics assessment process:

- 1) understanding of the context of the organisation;
- 2) identification of the effective and potential impacts;
- 3) evaluation of scale and scope of the impacts;
- 4) prioritisation of the most important impacts for reporting.

For phases 1 and 2, the workgroup benchmarked a sample of comparable companies consisting of national companies and benefit corporations in the same sector and foreign award-winning companies in the food sector and considered having the best practices in the industry.

To identify the effective and potential impacts, the following international documents were analysed:

- [White paper WBCSD \(2018\) - Materiality in corporate reporting - a White Paper focusing on the food and agriculture sector](#) - in 2018 the WBCSD carried out an initial attempt at reconciliation between “sustainability materiality” and “financial materiality”. The analysis showed that the main sectoral issues for agrifood companies are: emissions management, energy management, health and safety, and waste management. The results underline how the approach to sustainability in the agrifood sector is not yet fully aligned with financial dynamics;
- [Hub UE EitFood Innovation - We guide and accelerate food innovation to transform the food system. We focus on inclusive systems innovation, which enables all people and places to participate and benefit](#) - The topic of impact was also analysed by the EITFood platform, one of the main EU-funded initiatives on food safety. The platform identified six material topics of reference for the sector (protein diversification, circular food system, digital traceability, sustainable agriculture, sustainable aquaculture, and targeted nutrition) through a logic primarily oriented towards the protection of welfare and sustainability in its broadest sense. These topics are subject to continuous monitoring by the organisation, which periodically publishes reports in support of the initiatives undertaken;

- [Sector Standard - GRI 13: Agriculture, Aquaculture and Fishing Sectors 2,022](#). Beginning in 2021, the GRI started the first working tables concerning the publication of its new industry guidelines. In regard to the Agrifood sector, 2022 saw the publication of the standard “GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022” which defined a set of 24 possible material topics of interest for the industry, in relation to the 2030 Agenda SDGs;
- [Industry Standard - SASB \(2,018\): Food & Beverage Sector - Agricultural Products](#) - Using business intelligence systems, the US standard traced the main sustainability impacts of interest to agrifood companies to the following eight macro topics: Energy Management, Water Management, Food Safety, Health and Nutrition, Product Labelling & Marketing, Packaging Lifecycle Management, Environmental & Social Impacts of Ingredient Supply Chain, Ingredient Sourcing.

To evaluate the extent of the impacts a risk assessment system was implemented that is capable of distinguishing the impacts generated by the company through different perspectives:

- type of externality: positive/negative;
- impact severity: low, medium, high;
- time profile: short, medium, and long term;
- sectoral or general.

In line with the dual materiality approach of the [Corporate Sustainability Reporting Directive](#), Andriani approached financial materiality in addition to impact materiality:

- selecting, as previously mentioned, as part of the follow-up activity on the material topics, some of the SASB Materiality MAP (Food & Beverage Sector);
- reporting the related SASB metrics associated with the 9 topics, i.e., verifying Andriani’s level of alignment.

The link between the SASB metrics and the related information contained in this report is shown in the attached [SASB metrics correlation table](#).



GRI 3



White paper WBCSD



Hub UE EitFood Innovation



GRI 13



Industry Standard



Corporate Sustainability Reporting Directive



Page 133

The steps involved in the 2022 materiality process are as follows:

Framing

Starting with the set of topics chosen for the 2021 materiality study (16 topics allocated to the relevant 5 impact categories), the Work Group amended the selection of topics in the period between November 2022 and January 2023 on

the basis of the benchmarking work mentioned above. From this analysis, **17 topics emerged**, which are shown in the table below, in connection with the 5 impact areas and the 8 SASB topics.

Table Connection of the 17 themes with the 5 impact areas and 8 SASB topics

| Topics | Areas of impact | SASB |
|---|---|--|
| Sustainable management of the supply chain | Production chain and sustainable agriculture | Environmental & Social Impacts of Ingredient Supply Chain |
| Digital transformation and innovation | Health and well-being | Healthy Nutrition |
| Product safety and traceability | | Food safety |
| Consumer well-being | | |
| Inclusive and sustainable communities | Development and enhancement of the area | Ingredient Sourcing |
| Climate change risk and carbon neutrality | Climate change and circular economy | Energy Management |
| Energy and emissions | | Water Management |
| Transition toward a circular economy | | Packaging Lifecycle management |
| Biodiversity and ecosystems | | |
| Packaging sustainability and waste management | | |
| Governance, impact and risk management | Developing individuals and group identity | Product labelling & Marketing |
| Strategy and business model | | |
| Anti-corruption | | |
| Creation of shared value | | |
| Diversity and development of human resources | | |
| Health and well-being in the workplace | | |
| Human rights and decent work | | |

Engagement

Compared to the previous fiscal year, Andriani increased the scope of its stakeholder engagement process, bringing the total number of stakeholders involved (chosen on the basis of influence and proximity) to 452, through an online questionnaire administered between December 2022 and February 2023. The engagement activity had a redemption rate of about 95% (155 responses out of a total of 163) for internal stakeholders (governance members and contract workers) and about 26% (74 responses out of 289) for external stakeholders (banks, business partners, B2B customers, communities, end consumers,

suppliers, institutions, press and media). In addition to these questionnaires, focus group activities were also carried out regarding certain specific stakeholder categories (employees, contract workers, and suppliers) to whom more detailed documents on the principal impacts of Andriani’s business were provided. This activity led to an improvement in those stakeholders’ awareness and, consequently, the quality of their feedback.

Materiality

Assigning a materiality threshold value of 4.5, 7 topics emerged, 4 of which are related to “Climate change and circular economy”, 1 to “Valuing people and Group identity”, 1 to “Production chain and sustainable agriculture”, and 1 to “Health and well-being”. The most relevant sustainability impact topics are “Sustainable supply chain management”, “Energy and emissions”, “Transition to a circular economy”, and “Climate change risks and carbon neutrality”. The

four topics were among the material topics in the previous fiscal year. On the other hand, issues such as those listed below were not confirmed as relevant to the stakeholders in comparison with the 2021 materiality analysis: “Human resources and decent work”, “Biodiversity and ecosystems”, “anti-corruption”, “Product safety and traceability”, which do not meet both materiality thresholds defined by Andriani management for FY2022.

Table List of 2022 material topics

| Topic | Area of impact | Topic number | Internal stakeholder assessment (x) | External stakeholder assessment (x) | Beyond the materiality threshold |
|---|--|--------------|-------------------------------------|-------------------------------------|----------------------------------|
| Sustainable management of the supply chain | Production chain and sustainable agriculture | 1 | 4.52 | 4.78 | ● |
| Digital transformation and innovation | Health and well-being | 2 | 4.43 | 4.42 | |
| Product safety and traceability | Health and well-being | 3 | 4.48 | 4.64 | |
| Inclusive and sustainable communities | Development and enhancement of the area | 4 | 4.11 | 4.14 | |
| Climate change risk and carbon neutrality | Climate change and the circular economy | 5 | 4.60 | 4.65 | ● |
| Energy and emissions | Climate change and the circular economy | 6 | 4.59 | 4.68 | ● |
| Transition toward a circular economy | Climate change and the circular economy | 7 | 4.55 | 4.65 | ● |
| Biodiversity and ecosystems | Climate change and the circular economy | 8 | 4.39 | 4.43 | |
| Governance, impact and risk management | Value of the people and Group identity | 9 | 4.09 | 4.25 | |
| Strategy and business model | Value of the people and Group identity | 10 | 4.33 | 4.45 | |
| Anti-corruption | Value of the people and Group identity | 11 | 4.23 | 4.26 | |
| Packaging sustainability and waste management | Climate change and the circular economy | 12 | 4.51 | 4.57 | ● |
| Creation of shared value | Value of the people and Group identity | 13 | 4.38 | 4.32 | |
| Diversity and development of human resources | Value of the people and Group identity | 14 | 4.41 | 4.51 | |
| Health and well-being in the workplace | Value of the people and Group identity | 15 | 4.55 | 4.55 | ● |
| Human rights and decent work | Value of the people and Group identity | 16 | 4.46 | 4.61 | |
| Consumer well-being | Health and well-being | 17 | 4.60 | 4.59 | ● |

Graph
Materiality matrix for topics with a value of 4.5 or above (for both internal and external stakeholders)



Table Link between material topics (in bold) and GRI aspects

| Code | Topic | GRI Aspect | Scope of impact | Type of impact | SDGs | Area of impact |
|------|--|---|---|--|--|--|
| 1 | Sustainable management of the supply chain | Procurement practices | Andriani and its subsidiaries - Suppliers and Business Partners | Caused by Andriani and its subsidiaries and directly connected through a business relationship |   | Production chain and sustainable agriculture |
| 2 | Digital transformation and innovation | Topic not present - specific Standards | Andriani and its subsidiaries | Caused by Andriani and its subsidiaries |    | Health and well-being |
| 3 | Product safety and traceability | Customer health and safety - Marketing and labelling | Andriani and its subsidiaries | Caused by Andriani and its subsidiaries |   | |
| 4 | Inclusive and sustainable communities* | Topic not present - specific Standards | Andriani and its subsidiaries | Caused by Andriani and its subsidiaries |   | |
| 5 | Climate change risk and carbon neutrality | Emissions | Andriani and its subsidiaries | Caused by Andriani and its subsidiaries |  | Climate change and the circular economy |
| 6 | Energy and emissions | Energy - Emissions | Andriani and its subsidiaries | Caused by Andriani and its subsidiaries |    | |
| 7 | Transition toward a circular economy | Water and water discharges - Materials - Water discharges and waste | Andriani and its subsidiaries | Caused by Andriani and its subsidiaries |      | |
| 8 | Biodiversity and ecosystems* | Biodiversity - Environmental compliance | Andriani and its subsidiaries | Caused by Andriani and its subsidiaries |   | |
| 9 | Governance, impact and risk management* | Anti-competitive behaviour - Socio-economic compliance - Customer privacy - Market presence - Public policy | Andriani and its subsidiaries | Caused by Andriani and its subsidiaries |   | Value of the people and Group identity |
| 10 | Strategy and business model* | Topic not present - specific Standards | Andriani and its subsidiaries | Caused by Andriani and its subsidiaries |   | |
| 11 | Anti-corruption* | Anti-corruption | Andriani and its subsidiaries | Caused by Andriani and directly connected through a business relationship |  | |
| 12 | Packaging sustainability and waste management | Marketing and labelling | Andriani and its subsidiaries | Caused by Andriani and its subsidiaries |     | Climate change and the circular economy |
| 13 | Creation of shared value* | Economic performance - Market presence | Andriani and its subsidiaries | Caused by Andriani and directly connected through a business relationship |    | Value of the people and Group identity |
| 14 | Diversity and development of human resources* | Employment - Training and education - Diversity and equal opportunity | Andriani and its subsidiaries | Caused by Andriani and its subsidiaries |     | |
| 15 | Health and well-being in the workplace | Health and safety at work | Andriani and its subsidiaries - Employees* | Caused by Andriani and its subsidiaries |     | |
| 16 | Human rights and decent work* | Non discrimination - Relationships between workers and management - Child Labour - Forced Labour | Andriani and its subsidiaries | Caused by Andriani and directly connected through a business relationship |     | |
| 17 | Consumer well-being | Health and safety of the customers | Andriani and its subsidiaries | Caused by Andriani and its subsidiaries |    | Health and well-being |

(*) Even if not material, the topics are reported on inside the different chapters of the Management Report.

(**) The company will further analyse the significance of other non-employee workers in order to assess the need to collect data from employers of external contract workers and suppliers working at Group sites and/or those under Group control, assessing the quality and accuracy of the data over which it does not exercise direct control.

Impact assessment and management

| 3-3 | ESG

The *impact assessment* returned an initial breakdown of the impact assessment of the sustainability issues being reported on. The analysis involved a group of 19 stakeholders (5 internal and 14 suppliers) that have a background in planning, management, and sustainability reporting as well as an overall view of the different implications of Andriani’s business.

Below are tables and graphs describing the results of the identification, assessment, and prioritisation of impacts on the environment and people related to the material issues described above.

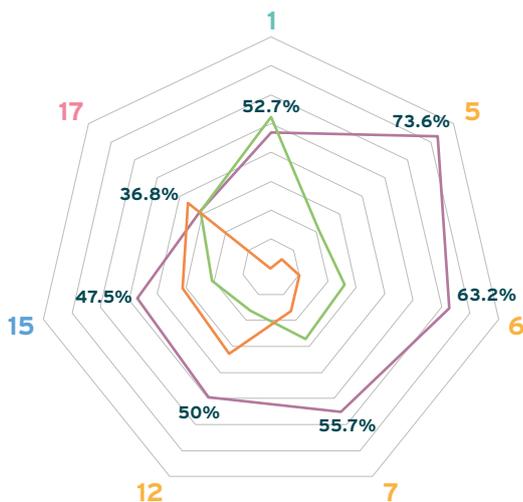
Table Impact analysis

| Topics | Duration | | | Severity | | | Industry | | |
|--|----------|--------------|-----------|----------|--------|-------|----------|-------|-------|
| | < 1 year | 2 <> 5 years | > 5 years | low | medium | high | Andriani | Food | All |
| Sustainable management of the supply chain | 0.0% | 52.7% | 47.3% | 5.6% | 33.3% | 61.1% | 0.0% | 33.3% | 66.7% |
| Digital transformation and innovation | 36.8% | 36.8% | 26.4% | 15.7% | 21.0% | 63.3% | 15.7% | 42.1% | 42.2% |
| Product safety and traceability | 31.5% | 42.1% | 26.4% | 5.2% | 26.4% | 68.4% | 15.7% | 31.7% | 52.6% |
| Inclusive and sustainable communities | 26.3% | 31.5% | 42.2% | 11.2% | 50.0% | 38.8% | 21.0% | 5.2% | 73.8% |
| Climate change risk and carbon neutrality | 5.2% | 21.2% | 73.6% | 10.5% | 5.3% | 84.2% | 0.0% | 15.8% | 84.2% |
| Energy and emissions | 10.5% | 26.3% | 63.2% | 5.2% | 21.2% | 73.6% | 21.0% | 10.5% | 68.5% |
| Transition toward a circular economy | 16.6% | 27.7% | 55.7% | 11.1% | 16.6% | 72.3% | 5.8% | 5.8% | 88.4% |
| Biodiversity and ecosystems | 11.1% | 33.4% | 55.5% | 11.2% | 33.3% | 55.5% | 0.0% | 33.3% | 66.7% |
| Governance, impact and risk management | 38.8% | 38.8% | 22.4% | 11.1% | 50.0% | 38.9% | 27.7% | 5.7% | 66.6% |
| Strategy and business model | 5.5% | 33.3% | 61.2% | 5.5% | 33.3% | 61.2% | 5.5% | 16.8% | 77.7% |
| Anti-corruption | 33.3% | 33.3% | 33.3% | 0.0% | 38.9% | 61.1% | 27.7% | 0.0% | 72.3% |
| Packaging sustainability and waste management | 33.3% | 16.7% | 50.0% | 0.0% | 27.7% | 72.3% | 11.1% | 11.1% | 77.8% |
| Creation of shared value | 11.1% | 50.0% | 38.9% | 5.5% | 50.0% | 44.5% | 22.2% | 5.5% | 72.3% |
| Diversity and development of human resources | 16.6% | 33.4% | 50.0% | 16.8% | 27.7% | 55.5% | 27.7% | 0.0% | 72.3% |
| Health and well-being in the workplace | 31.5% | 21.0% | 47.5% | 5.2% | 21.2% | 73.6% | 21.0% | 0.0% | 79.0% |
| Human rights and decent work | 15.7% | 31.5% | 52.8% | 0.0% | 42.2% | 57.8% | 0.0% | 15.7% | 84.3% |
| Consumer well-being | 36.8% | 31.6% | 31.6% | 15.7% | 21.0% | 63.3% | 15.7% | 31.5% | 52.8% |

Graph
Impact Analysis

Duration of impacts

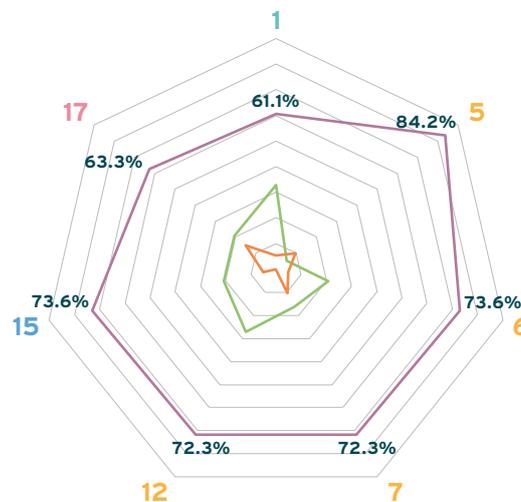
- < 1 year
- 2 < 5 years
- > 5 years



- 1** Sustainable management of the supply chain
- 5** Climate change risk and carbon neutrality
- 6** Energy and emissions
- 7** Transition toward a circular economy
- 12** Packaging sustainability and waste management
- 15** Health and well-being in the workplace
- 17** Consumer well-being

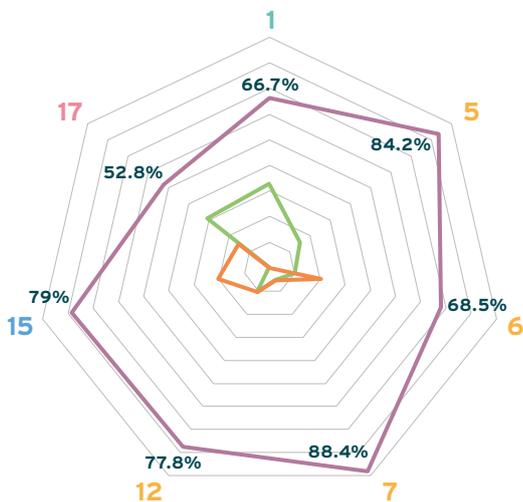
Severity of impacts

- low
- medium
- high



Sectorality of the impacts

- Andriani
- Food
- All



The impact analysis shows a short-term impact time frame for the sole topic of "Consumer well-being", which is related to product sustainability rather than process sustainability, in contrast to practically all the other themes, which mostly indicate a medium- to long-term *time frame*. However, topics such as "Sustainable Supply Chain Management" and "Climate Change Risks and Carbon Neu-

trality" confirm a medium- and long-term influence of Andriani's business, respectively, in line with what becomes apparent from reading international surveys. On the other hand, stakeholders generally agreed that the magnitude of impact for each of the 7 material topics was high, which is consistent with the findings of the materiality analysis. For

non-material issues such as "Inclusive and sustainable communities", "Governance, impact, and risk management", and "Creating shared value", the severity appears to be medium-low. According to the examination of sectoral implications, almost all of the chosen issues, with the exception of "Digital Transformation and Innovation", are influenced regardless of the type of business.

The analysis just illustrated is directly related to Andriani's commitment to the common good as a Benefit Corporation, which is assessed by active participation in the 5 impact areas connected to the pertinent topics. The B Impact Assessment is used in this instance to quantify the impact that Andriani's business has on governance, employees, the community, the environment, and customers.

Overall B Impact score

Based on the B Impact Assessment (BIA), Andriani S.p.A. obtained an overall score of 85.4, broken down in the 5 areas as follows:

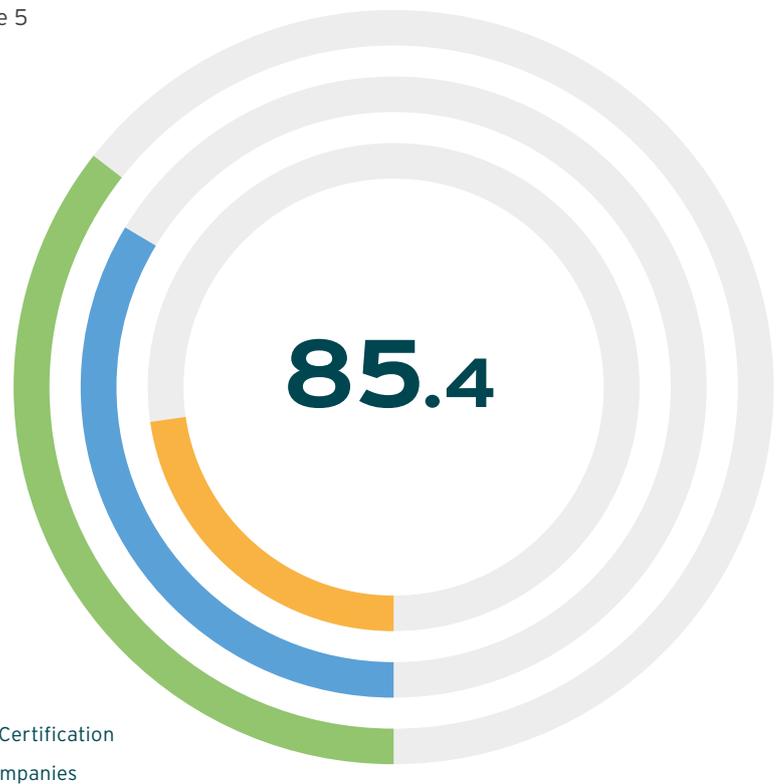
Sustainability 14.8

Workers 22

Community 18.1

Environment 23.5

Customers 6.9



- 85.4 Overall B Impact score
- 80 Minimum threshold for B Corp Certification
- 50.9 Average score of ordinary companies



As a result, Andriani's two primary impact management methods are impact materiality and the B Impact Assessment, which are used in accordance with two global standards, the GRI and BIA, which can be traced back to two reputable international organizations, such as the [Global Reporting Initiative](#) and [B Lab](#). The assessments in question have also been validated, with the first equal to the results of the annual audit on the sustainability disclosure conducted by the Audit Firm Deloitte & Touche, and the second traced back to the B Corp certification by B Lab obtained in June 2022, with an overall score of 85.4. Additionally, it should be

mentioned that the impact materiality and BIA led to the creation of a three-year sustainability plan that is organized by material themes, SDGs, and related stakeholders, on the one hand, and the implementation of an impact plan concentrated on the five related impact areas and broken down into sub-areas and actions, on the other.

Finally, it should be noted that the Andriani Board of Directors reviewed and discussed the findings of the aforementioned materiality analysis during their meeting on 28 February 2023.

1

The Andriani Group for Sustainable Development

In this chapter

| | | |
|-----|---|----|
| 1.1 | Mission and values | 24 |
| 1.2 | Group History and Structure | 26 |
| 1.3 | NUO for Andriani | 29 |
| 1.4 | Sustainable business model and value creation process | 30 |
| 1.5 | Andriani's commitment to the common benefit and sustainable development | 31 |

Key numbers and relevant facts



June 2022

B Corp certification with a score of 85.4



Global Compact
Network Italia

July 2022

Communication on Progress to reiterate commitment to the UN Global Compact

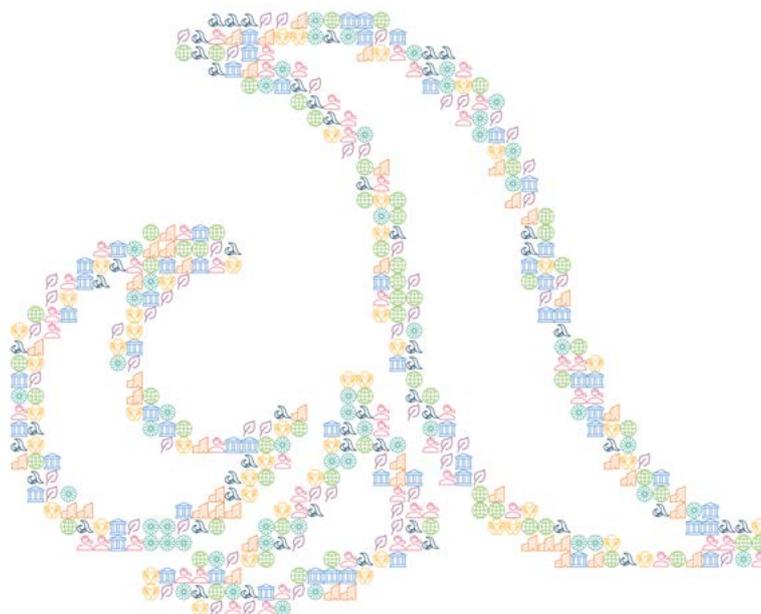
Stakeholders

All

1.1 Mission and values



| 2-23 | ESG



In addition to focusing on profit, Andriani also pursues purposes of the common benefit, expressly inserted in the Articles of Association following its transformation into a Benefit Corporation. The approach is based on the following aspects:

- a business model that incorporates sustainable development concepts in the supply chain, providing its goods an added value that is fully recognised in the market and helps to create shared value for its stakeholders in order to pursue the SDGs (Sustainable Development Goals) of the 2030 Agenda;
- a follow-up strategy based on a medium to long-term strategic sustainability plan that presents quantitative and qualitative goals linked to specific actions and prioritised SDGs integrated with the actions and goals of the improvement plan that Andriani is pursuing as a Benefit Corporation, consistent with the standard B Impact Assessment;
- a renewed governance that is more participatory and open to issues of diversity and inclusion, and

that has begun a process of analysis and assessment of the impacts of its business, acting more responsibly in pursuit of the objectives of common good and sustainable development, in part thanks to the contributions of specific bodies (Management Committee, Ethics Committee, Nutritional Observatory, and Impact Manager);

- a flexible organizational structure with young professionals having expertise in sustainability and digitalization that adheres to the principles of management efficiency and effectiveness, including better control of the various corporate risks, including ESG risks, subject to external and internal assessment;
- a reporting system that continues in the path toward fully connecting the Management Report and the Impact Report – two distinct documents but connected by a table that links the GRI Content Index's contents with the B Impact Assessment's responses – in order to further integrate financial and sustainability reporting.

These aspects are based on corporate ethics that the Andriani Group revised on the basis of acquiring its status as a Benefit Corporation, and that is now formalised in a vision, a mission, a manifesto, and 11 ethical values underpinned by the 10 principles of the Global Compact:

Mission

Learning from consumers.

Innovating food production.

Inspiring the entire supply chain to achieve excellence. Learning, understanding, and even anticipating nutritional trends is the most important part of our work because it gives us a fundamental goal to achieve. Always being on the cutting edge of how we grow, process, and create our products is not just something to be proud of, but an obligation to those who put their trust in us. Ensuring that all of our suppliers and distributors respect the environment, the community, and the consumer, just as we do, is essential, as is helping them do so when asked.

Vision

The future is a place towards which we are travelling.

Where we never stop learning.

Where being a forerunner is a vocation, to improve everyone's life.

Where everything is transparent, especially on labels.

Where consciously produced food leads to a more sustainable life.

Values

| | |
|--------------|----------------|
| Practicality | Transparency |
| Awareness | Respect |
| Commitment | Culture |
| Sharing | Justice |
| Innovation | Sustainability |
| Quality | |

Manifesto

We transfer the consumer's expectations from the table to the field and bring what they are looking for from the field to the table.

10 principles of the Global Compact

1. Businesses should support and **respect** the protection of internationally proclaimed human rights in their spheres of influence.
2. Business should **make sure** that they are not, even indirectly, complicit in human rights abuses.
3. Businesses should **uphold** the freedom of association and the effective recognition of the right to collective bargaining.
4. Business should **eliminate** all forms of forced and mandatory labour.
5. Business should effectively **eliminate** child labour.
6. Businesses should **support** the elimination of all forms of discrimination related to employment and occupation.
7. Businesses should **support** a precautionary approach to environmental challenges.
8. Businesses should **undertake** initiatives to promote greater environmental responsibility.
9. Businesses should **encourage** the development and diffusion of environmentally friendly technologies.
10. Businesses should work **against** corruption in all its forms, including extortion and bribery.

1.2 Group History and Structure

| 2-1 | 2-6 |  ESG

Below is a list of the key events that have defined Andriani's recent history.

2009 The Andriani family founds Molino Andriani S.r.l.

2015  Founding of Felicia S.r.l, the company owning the brand of the same name, dedicated to the distribution of *gluten-free*.

2016 Molino Andriani S.r.l. becomes Andriani S.p.A. through a transaction to increase the share capital to €1 million.

Construction of the Multigrain milling plant.

2017  **BORSA ITALIANA**
ITALIAN EXCHANGE
Andriani S.p.A. is admitted to the Italian Stock Market's "Elite" program.

2018  **CARDO ROSSO**
Andriani S.p.A. acquires the controlling share in Holos Italia S.r.l. (now Cardo Rosso S.r.l.).

2018  **TERRE BRADANICHE**
LA FILIERA ITALIANA DELLA QUALITÀ
Andriani S.p.A. creates the company Terre Bradaniche S.r.l. operating in the processing and marketing of fertilizers and organic food products in general, as well as in the processing and cleaning of legumes.

2019 Andriani S.p.A., together with the SAI Platform, supports the development of sustainable agricultural practices, hosting the 1st International Executive Programme on Sustainable Sourcing and Trade.

2020 Inauguration of the new Smart Building centred on innovation and sustainability.

Strengthening governance by increasing the number of members of the Board of Directors from three to five, assigning the relevant powers and setting up the Management Board and the Nutrition Observatory.

Transformation of Andriani S.p.A. into a Benefit Corporation.

 **ApuliaKundi**
Green Food – Energy for life
Andriani S.p.A. acquires the controlling share of ApuliaKundi S.r.l. with registered office in Gravina in Puglia (manufacture and sale of alga Spirulina).

2021

Andriani S.p.A. becomes a founding member of the Italian Global Compact Network.

Andriani S.p.A. acquires Birrificio Artigianale B31 S.r.l. with registered office in Gravina in Puglia (manufacture and sale of craft beer).

Andriani S.p.A. creates a NewCo in partnership, headquartered in the province of Modena, active in the production of flour from grains and legumes.

Andriani governance becomes more transparent through the appointment of the Ethics Committee.



Andriani wins the "Oscar di Bilancio" in the Benefit Corporation category

2022

Andriani S.p.A. acquires control of Nove Alpi S.r.l. with registered office in Pistoia (manufacture of dietetic bakery products).



Andriani S.p.A. becomes part of the B Corp movement.

2022



Andriani receives the Communication Prize in the Benefit Corporation category of the Oscar di Bilancio, and is confirmed on the winner's platform.

Entry of NUO S.p.A. in Andriani's capital as a partner to finance a process of ambitious growth and internationalisation.

Andriani obtains S-Loan ESG financing from Intesa Sanpaolo to support its growth in favour of increasingly sustainable development.

Appointment of the new Board of Directors with 7 members (including 1 woman and 4 independent directors).

2023 preview

Continuation of the Improvement Plan to increase the Group's sustainability performance.

Launch of the operational part of the ESFAI Project - Ethical and Solidarity Engagement in Ethiopia.

Strategic Sustainability Plan for subsidiary Nove Alpi

Launch of internationalisation project in the United States.

The Andriani project began in 2009 with a precise idea: to innovate the pasta production and marketing sector by creating a gluten-free, healthy, and uniquely flavoured product with a variety of new ingredients that are naturally without gluten. Product and process innovation has always characterised Andriani's management approach of the Andriani Group, always combining competitiveness with sustainability.

Andriani operates in the food sector as both a packer for major international brands as well as on its own behalf with the production and distribution of Felicia® and Biori® brand products.

In April 2022, in order to undertake a process of reorganisation of the Andriani Group, the shareholders of Andriani S.p.A. established the holding

company F.Ili Andriani Partecipazioni S.r.l., and transferred their shares in Andriani S.p.A. to it. Then, in October 2022 and November 2022, the newly established holding company received a transfer of the shares in the following companies: Amendola Center S.r.l., Birrificio Artigianale B31 S.r.l. Cardo Rosso S.r.l. and AP Multigrain S.r.l. This reconfiguration was created to launch the international growth and development process, promoted by the entry of an investor in the Andriani S.p.A. capital.

Andriani S.p.A. is a privately owned company, held by the shareholders F.Ili Andriani Partecipazioni S.r.l. and NUO S.p.A.

The structure of the Andriani corporate group is shown below.

Structure of the corporate group

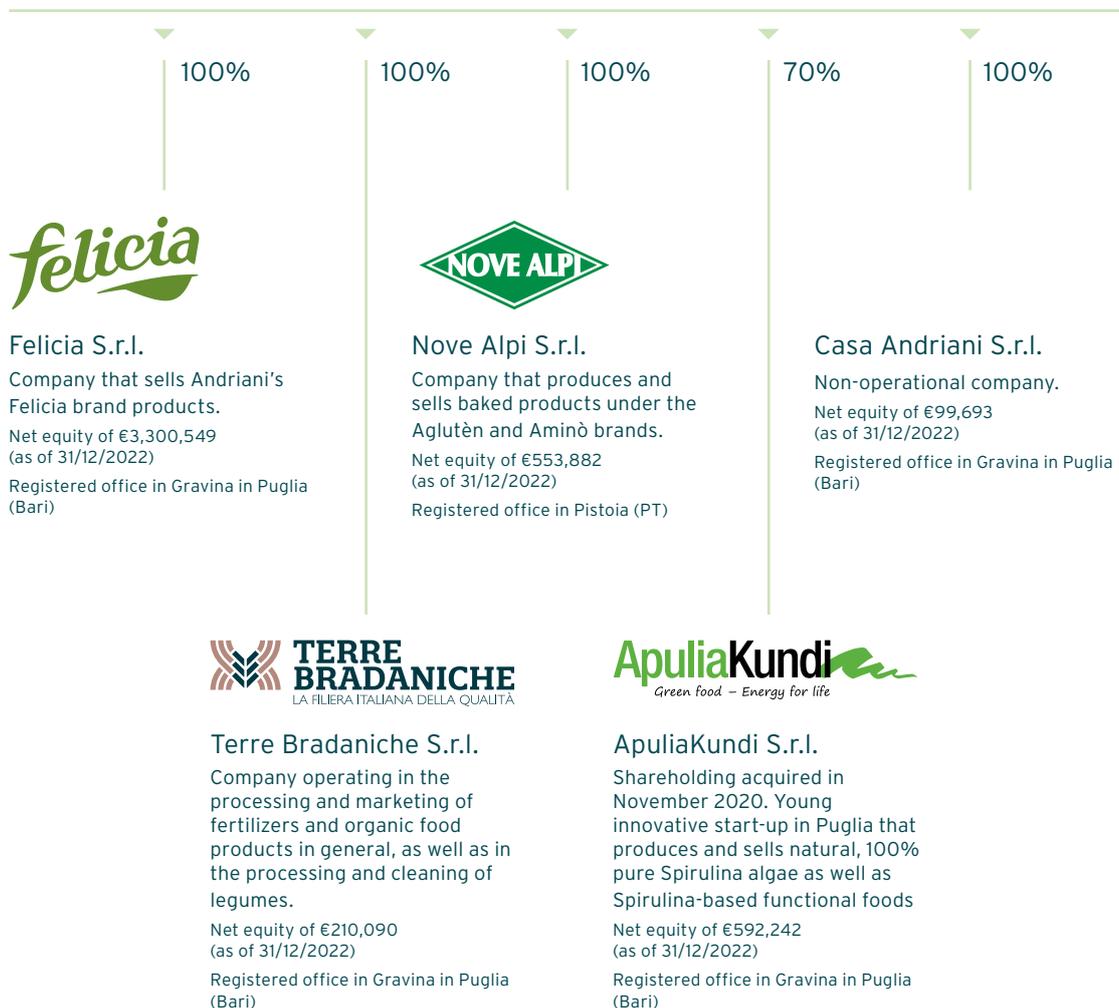


Andriani S.p.A. Benefit Corporation

Holding company in the gluten-free pasta manufacturing industry.

Net equity of €57,632,554 (as of 31/12/2022)

Registered office in Gravina di Puglia (Bari)



1.3 NUO for Andriani



ESG



NUO S.p.A. was founded in June 2021 by a partnership between Exor, one of Europe's largest diversified holding companies controlled by the Agnelli family, and World-Wide Investments founded by Sir Yue-Kong Pao, now Hong Kong's oldest family office with over 60 years of experience in Asia.

In the meaning of its name, NUO reflects the **promise** and the goal of an ambitious project, through an *“investment approach that continues tradition by creating added value and innovation”*, focusing on excellence, i.e. on medium-sized Italian companies capable of meeting the new challenges of digitalization and internationalisation.

In order to carry out this initiative for the relaunch of Italian quality, NUO has concentrated on businesses that, like Andriani, are synonymous with excellence in terms of brand and corporate reputation:

- Ludovico Martelli, that has been making products created for personal care and beauty since 1908, including renowned brands such as Proraso, Marvis, Valobra and others;
- Montura, leader in technical and athletic clothing, that designs and creates outdoor apparel, is a brand for those who want to make the mountains their home.

NUO's support of Andriani's vision comes from the company's strategic positioning with regard to ESG issues and its dedication to actively advancing the Sustainable Development Goals of the UN 2030 Agenda.

In order to pursue its corporate mission based on responsibility and prosperity, NUO plans, not only as a company (direct approach), but also as an investor (indirect approach), to work toward three distinct principles in line with the UN's objectives:

- the preservation of Natural Capital (SDGs 12 and 13), the adoption of a CO₂ responsible strategy for people and businesses, the assessment and adaptation of a containment and regeneration culture, and, in particular, the influence and support of investors in the transition to a greener value chain;
- the development of Human Capital (SDGs 4 and 8), emphasising that people are the key, training

and empowering as many individuals as possible, believing that education is crucial for the development of human capital, and that investments should be made to stimulate diversity, talent, and creativity for tomorrow's leaders and the larger community; as investors by enacting rules and principles that ensure a fair workplace for all;

- the management of Financial Capital (SDGs 10 and 17), concentrating on a practical plan that places ESG considerations at the forefront of investment decisions, pursuing the goal of growth in Italian excellence through fair, responsible, and transparent administration, choosing to manage Financial Capital with an ethical sense, incentivizing inclusion, the reduction of inequalities, and collaboration to achieve a greater sharing of values.

In this perspective, Andriani's rigorous approach to contributing to the SDGs, which entails the materiality process, strategic plan, governance, and reporting on its ESG performance, serves as a catalyst for NUO to encourage the pursuit of the previously mentioned principles and the SDGs.

1.4 Sustainable business model and value creation process

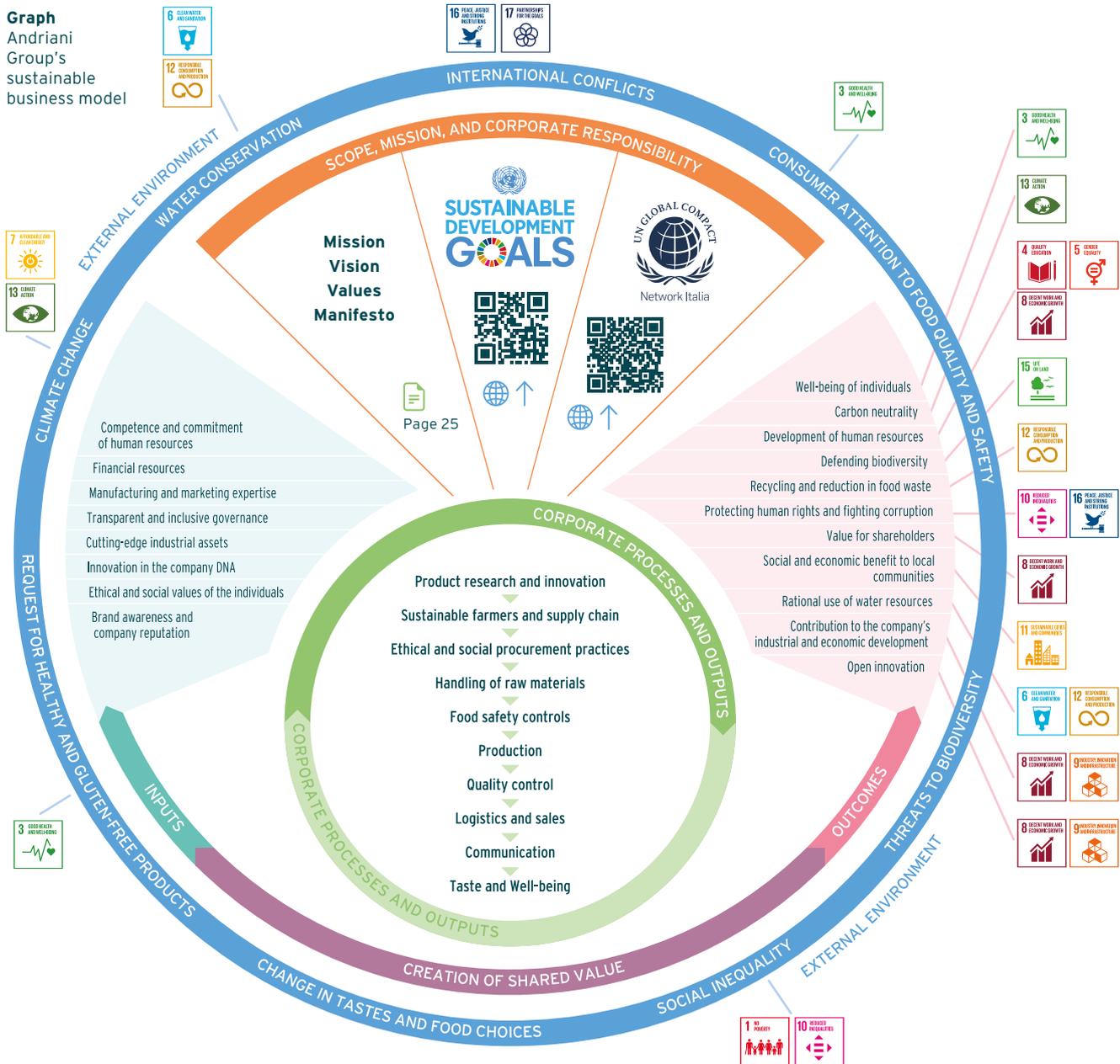
Material Topics no. 10, 13 ESG



The proactive approach of the Andriani Group's Sustainable Development is represented in a business model and value chain that combines inputs, activities, and corporate processes, outputs and outcomes in terms of impact on its stakeholders, in line with the SDGs the Group pursues and recorded in the various chapters of this Report. In Andriani's sustainable business model, the inputs represent the most significant tangible and intangible resources that generate the value creation process through the

performance of the typical company activities. The model shows the primary steps in the production of pasta and other naturally gluten-free products, thus pursuing the company's mission of innovative, high-quality nutrition. The business model aims to create shared value, expressing direct and indirect results and benefits (outcomes), which are measurable for all stakeholders, in line with the impact areas as a Benefit Corporation and the goals of the United Nations 2030 Agenda.

Graph
Andriani Group's sustainable business model



1.5

Andriani's commitment to the common benefit and sustainable development



Material Topics no. 7, 14, 16 ESG

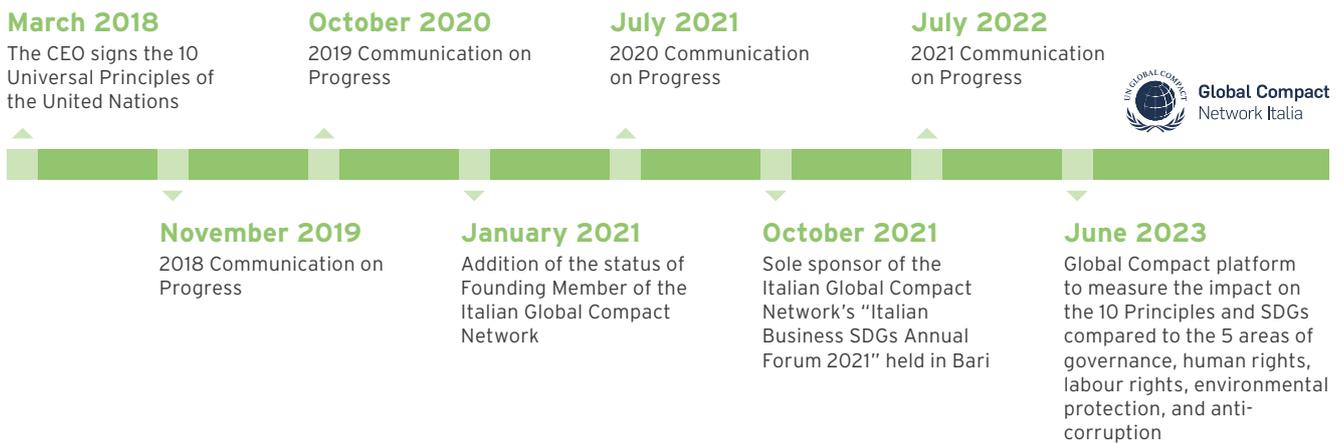
Andriani's status as a Benefit Corporation and its pursuit of the common benefit have accelerated its institutional commitment and, as a result, its *advocacy* actions towards broad issues like carbon neutrality, the circular economy, migration, human rights, and *diversity & inclusion*.

Having planned for the expansion of a business purpose that does not have profit as its exclusive aim in the articles of association, but also the higher and nobler objective of common benefit, has helped to "give form to the substance"

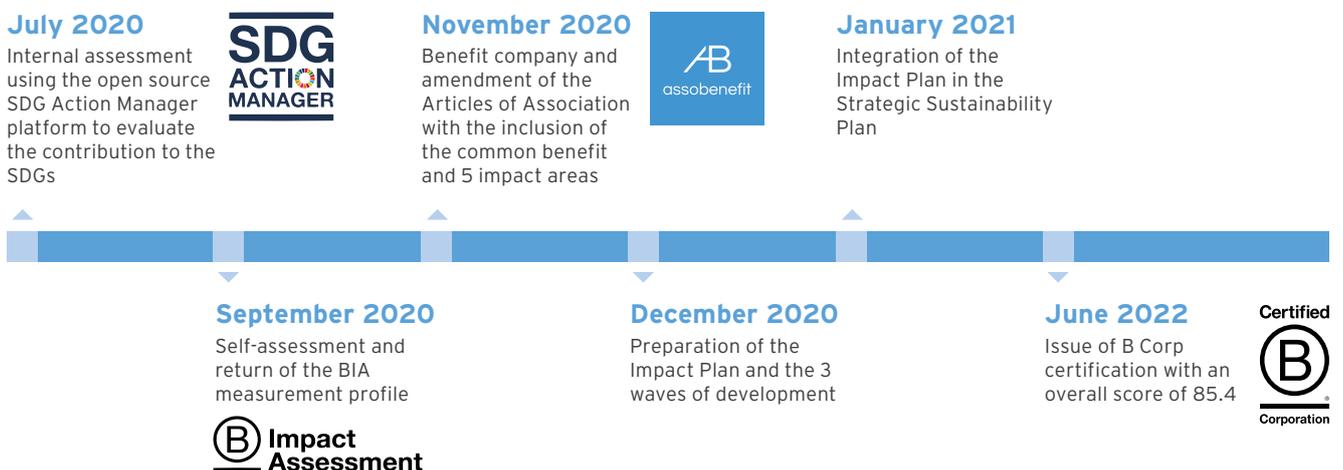
– that is, to formalize a type of approach that now involves careful planning aimed at the pursuit of specific objectives that are measured through indicators, not only of results but also of impact.

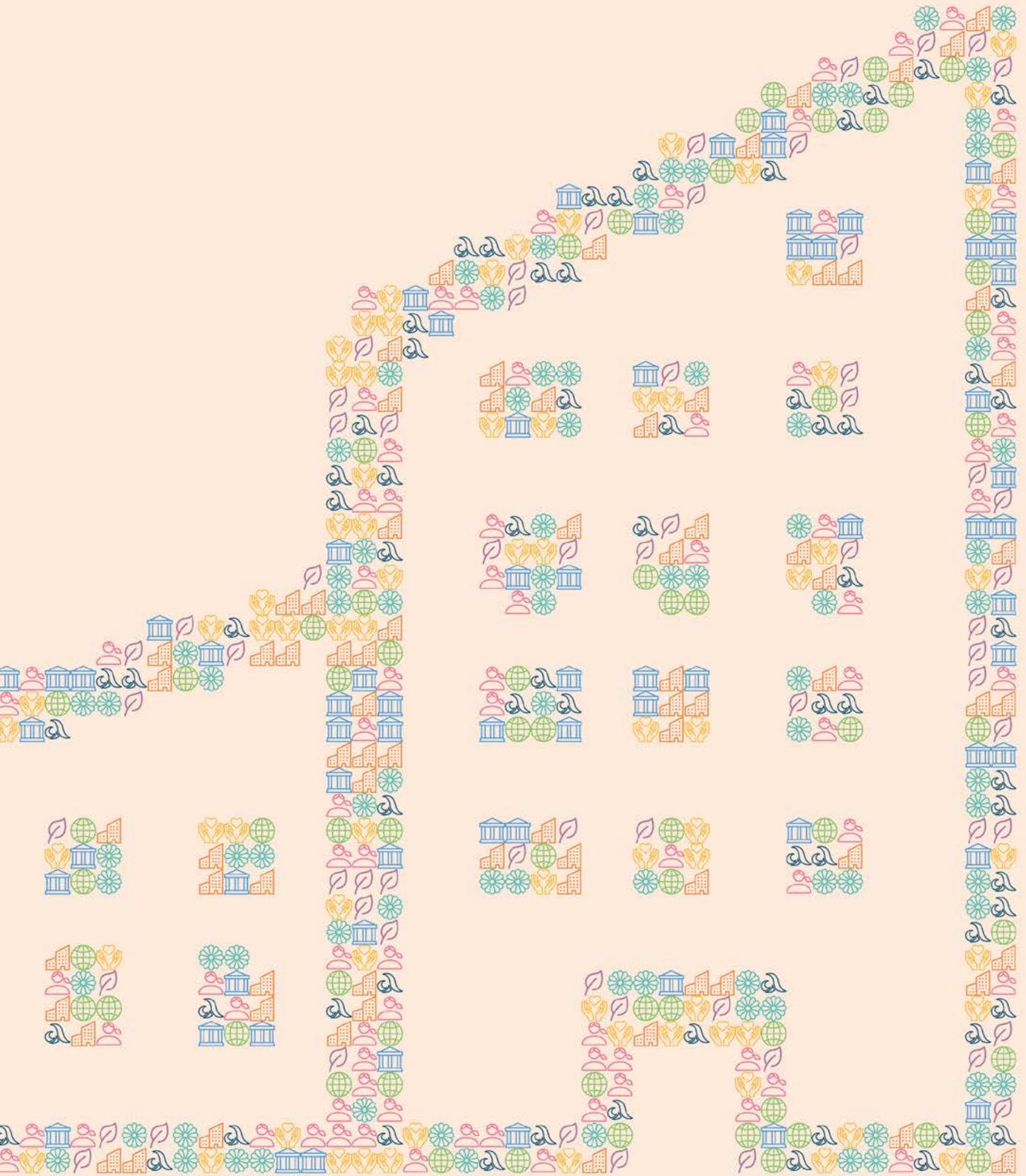
Andriani's internal organisation and all of its management have committed to the pursuit of the common benefit and sustainable growth. Below, we retrace the steps of this two-fold convergent journey.

Steps for the pursuit of the common benefit



Steps for the pursuit of sustainable development





2

Governance

In this chapter

| | | |
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| 2.1 | Transparent governance | 34 |
| 2.2 | Corporate Governance actors | 35 |
| 2.3 | Andriani's Organisational Structure | 41 |
| 2.4 | Corporate Due Diligence | 42 |

Stakeholders

Shareholders, providers of financial capital, community

Key numbers and relevant facts

7 Members of the Board of Directors
+2 compared to 2021

31% women

in the governance bodies (Board of Directors-Board of Statutory Auditors-Supervisory Board-Management Committee-Nutritional Observatory-Ethics Committee)

57%

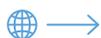
independent members of the Board of Directors

46 years

Average age of the members of the Board of Directors

2.1 Transparent governance

ESG



OECD
GUIDELINES



CORPORATE
CODE

The significant level of complexity that affects the decision-making and management processes of large companies today is impacted not only by the new geography of global risks (economic, environmental, social, geopolitical, and technological), whose likelihood and magnitude has grown exponentially as a result of known events, but also by the extraordinary regulatory acceleration that Europe is devoting to the topic of sustainable and digital transformation. The governance structures of SMEs, which play a significant part in the value chains of giant corporations, must undergo a "cultural and organizational leap" in order to be able to compete.

The OECD Guidelines on Due Diligence for Responsible Business Conduct and the Code of Corporate Governance serve as additional primary regulatory references that, when combined with the Corporate Sustainability Due Diligence (CSDD) and the Corporate Sustainability Reporting Directive, form Andriani's "cardinal points" of governance. Andriani intends to approach the issue of sustainable success in a responsible manner, fostering economic development but, at the same time, maintaining social responsibility, evaluating the impact of the company business in the trade-off between risks and opportunities.

As a result, Andriani has made the decision to embark along a path of sustainability planning, management, and reporting. This decision is based on the knowledge that today, the corporate governing body is required to evaluate and incorporate interests and associated risks into its strategy and governance.

To do this, Andriani has decided to focus on three lines of direction:

- 1) broadening the scope of the materiality study while including its stakeholders more fully and effectively through the use of new technologies, and doing a mapping analysis of the risks and consequences connected to the pertinent strategic concerns;
- 2) enhancing the collaboration, digital competence, and sustainability knowledge of the members of the Board of Directors to more precisely target the strategic strategy through more efficient ESG performance monitoring;
- 3) initiating the process of strengthening organizational structures through the adoption of procedures and the management of information flows to prevent potential negative economic, social, and environmental impacts.

Point 1) focuses on enhancing the stakeholder engagement process in terms of both quantitative and qualitative listening, i.e., by increasing the number of internal and external stakeholders and the method of engagement, managed no longer only through surveys but also through in-depth sessions based on focus groups, in person and remotely, with specific categories of stakeholders. Andriani has demonstrated in recent years how its two-way communication and involvement in the selection of strategic issues that are therefore deserving of reporting has increased stakeholder awareness, which has resulted in the implementation of a process to evaluate the duration, severity, and specificity of the impact of Andriani's business on each individual issue.

Point 2) is based on the recent reinforcement of the governance structure, which has led to significant advancements in sustainable governance, including the creation of non-profit organisations like the Nutritional Observatory and the Ethics Committee. This has set the stage for a comparison with a Board of Directors that, in its current makeup, includes independent figures with a strong managerial background who have handled extremely challenging problems, including those that are socio-environmental in nature, in various product sectors and in local, national, and international contexts. However, the governance evolution process cannot be completed by merely appointing these individuals; rather, it must aim to fully involve them in the decision-making process while minimising information asymmetries and concentrating on *induction* sessions on industry sustainability profiles and the associated implications of a proper use of new technologies.

Point 3 involves "implementing" a sustainability management system, which refers to defining a set of policies, processes, actions, and related tools for each pertinent problem in conjunction with an organizational structure that is specified in terms of roles, responsibilities, and resources. In recent years, Andriani has been working toward formalising good practices in this area in accordance with the most prevalent best practices on a national and international scale.

2.2 Corporate Governance actors

| 2-9 | 2-10 | 2-11 | 2-14 | 2-15 | 2-16 | 2-18 | 2-19 | ESG

Andriani adopts a traditional governance model made up of the following bodies: Shareholders' Meeting (Voluntary Body), Board of Directors (Executive Body), Board of Statutory Auditors (Supervisory Body). In addition to these bodies, which are required by law, the following bodies round out

Andriani's governance system: Audit Firm (assignment of the statutory audit assignment), Supervisory Board 231/01, Executive Committee, Impact Manager, Nutritional Observatory, and Ethics Committee.

Corporate governance



Following the entry of NUO S.p.A. as an investor in the Andriani Spa shareholding structure, the shareholders defined new governance rules in the new version of the Benefit Corporation Articles of Association approved at the Extraordinary Shareholders' Meeting of 23 November 2022, which provide for:

- the establishment of a Board of Directors consisting of seven members, four of whom—including the Chairman—are appointed at the founder member's discretion and three at the investor member's discretion (Article 12.1 of the Articles of Association);
- the duration and related requirements for the appointment/termination of directors (Article 12.2 of the Articles of Association);
- the procedures for electing the Chairman and Vice-Chairman of the Board of Directors, as well as the related mechanisms for electing and assigning proxies for specific managerial figures, including the Chief Executive Officer, General Manager, Chief Financial Officer, and the heads of international markets (Article 12.3 of the Bylaws).

Board of Directors ("BoD")

The Board of Directors is entrusted with the tasks provided for by the Italian Civil Code, i.e. to implement the decisions made by the Shareholders' Meeting and to implement the overall business management activities.

The Board of Directors at Andriani plays a significant role in the corporate governance system because, in addition to overseeing the strategic guidelines, risk management, and internal control system of Andriani Spa and its subsidiaries Felicia S.r.l., Apulia Kundi S.r.l., and Nove Alpi S.r.l., and intervening in strictly *financial* matters, it has ample latitude to oversee all management aspects, including sustainability-related issues in its various divisions.

As it carries out this governance activity, the Board of Directors interacts with the "system of actors" that, in various roles, assist the corporate decision-making process on ESG issues (Nutritional Observatory, Ethics Committee, Impact Manager, CSR & Sustainability Function). Specific sustainability management issues over which the Board of Directors has authority include:

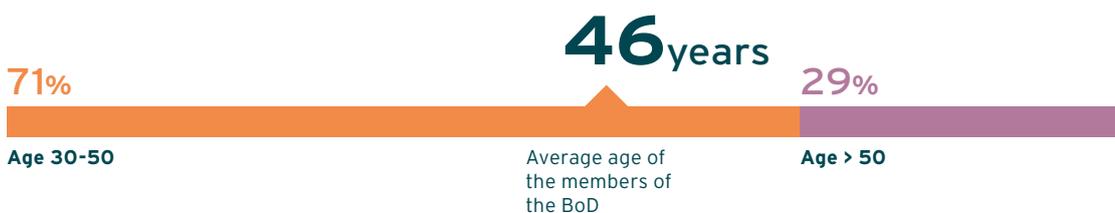
- approval of different policies on ESG issues;
- approval of the results of the materiality analysis and related topics;

- approval of the strategic sustainability plan and investment plan on carbon neutrality and the circular economy;
- preparation of the sustainability management report and the impact report.

Regarding this last aspect, it should be further noted that because Andriani is a Benefit Corporation, the directors are subject to additional responsibilities beyond the regular ones stipulated by the Italian Civil Code, which include:

- balancing the members' interests, i.e. the pursuit of profit, with the pursuit of common benefit purposes and the interests of the stakeholders, in accordance with the provisions of the articles of association;
- appointing the responsible party to be entrusted with functions and tasks aimed at pursuing the common benefit purposes;
- preparation of the annual impact report concerning pursuit of the common benefit.

Age of members of the BoD expressed in %



Gender diversity expressed in %



Education title expressed in %





Members of the BoD



| | Date Appointed | End date | Date of birth | Independent | Executive | Title |
|--|----------------|---|---------------|-------------|-----------|-----------------------------------|
| Michele Andriani ¹ | 23/11/2022 | Approval of the financial statements as of 31/12/2024 | 18/3/1981 | | ✓ | Degree in Business Administration |
| Francesco Andriani ² | 23/11/2022 | Approval of the financial statements as of 31/12/2024 | 24/11/1983 | | ✓ | Diploma |
| Eugenio Conforti | 23/11/2022 | Approval of the financial statements as of 31/12/2024 | 18/5/1981 | ✓ | | Degree in Engineering |
| Michelino Di Paolo ³ | 23/11/2022 | Approval of the financial statements as of 31/12/2024 | 24/2/1976 | | ✓ | Degree in Engineering |
| Alessandra Fornasiero | 23/11/2022 | Approval of the financial statements as of 31/12/2024 | 28/7/1975 | ✓ | | Degree in Mathematics |
| Giuseppe Morici | 23/11/2022 | Approval of the financial statements as of 31/12/2024 | 10/11/1969 | ✓ | | Degree in Political Science |
| Tommaso Paoli | 23/11/2022 | Approval of the financial statements as of 31/12/2024 | 21/10/1970 | ✓ | | Degree in Engineering |

1 Chairperson of the Board of Directors and CEO
2 Vice-Chairperson of the Board of Directors and Managing Director
3 Managing Director

The Shareholders' Meeting of 23 November 2022 provided for the entire Board of Directors to be paid an annual total remuneration; therefore, no variable pay component linked to the achievement of specific financial or ESG objectives was envisaged for the Board members.

The achievement of the economic, equity, and financial sustainability objectives of Andriani and its subsidiaries, approved by the Board of Directors at the beginning of each year, will be rewarded with additional variable remuneration components for the Chairperson and Vice-Chairperson of the Board of Directors, in addition to the fixed emoluments paid annually and the related benefits and expense reimbursements. By virtue of the two board members' roles and authority, it is also possible that they may take part in a long-term variable

incentive scheme, should the Company decide to implement one.

With the exception of some specific matters that are solely within the purview of the Board of Directors as a whole, the Chairperson and Vice-Chairperson are granted the broadest range of regular and extraordinary administrative powers (to be exercised by the Vice-Chairperson in the event of the Chairperson's absence or impediment).

Board of Statutory Auditors

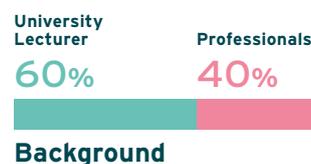
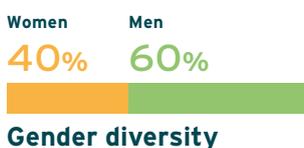
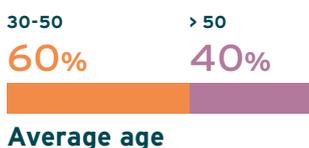
The Board of Statutory Auditors supervises the observance of the current regulations and the corporate by-laws, the observance of the principles of correct administration, the adequacy of the organisational structure for the aspects falling within its competence, the internal control system and the administrative and accounting system, as well as the reliability of the latter in representing management events and the adequacy of the instructions given by the parent company to its subsidiaries. The Board of Statutory Auditors acquires knowledge of and supervises the company's activities falling within its competence. In terms of reporting, in particular, it supervises the financial statement formation process and the compliance of the

Impact Report In fact, because Andriani Spa is a Benefit Corporation, the Board of Statutory Auditors must evaluate the directors' actions in terms of striking a balance between the pursuit of profit and the pursuit of the common benefit, as well as responsible, sustainable, and transparent management toward all stakeholders. In this perspective, the supervisory body is required to verify the adequacy of organisational structures, the presence of the person responsible for the common benefit, the effective preparation of the impact report by the administrative body, and the compliance of the reporting with legal provisions.

Table Members of the Board of Statutory Auditors



| Members of the Board of Statutory Auditors | Date Appointed | End date | Date of birth | Role | Title |
|--|----------------|---|---------------|------------------|--|
| Vincenzo Maria Marzuillo | 23/11/2022 | Approval of the financial statements as of 31/12/2024 | 26/3/1969 | Chairperson | Chartered accountant and auditor |
| Andrea Venturelli | 23/11/2022 | Approval of the financial statements as of 31/12/2024 | 16/11/1976 | Effective member | Associate Professor of Business Administration, Chartered Accountant and Auditor |
| Francesco Lenoci | 23/11/2022 | Approval of the financial statements as of 31/12/2024 | 7/4/1958 | Effective member | University Lecturer in Methodologies and Quantitative Determinations of Businesses, Chartered Accountant and Auditor |
| Arianna Francesca Provasi | 23/11/2022 | Approval of the financial statements as of 31/12/2024 | 9/10/1988 | Alternate member | Chartered accountant and auditor |
| Rossella Leopizzi | 23/11/2022 | Approval of the financial statements as of 31/12/2024 | 22/11/1979 | Alternate member | Researcher in Business Administration, Chartered Accountant and Auditor |



Supervisory Board per Italian Legislative Decree 231/01

With regard to the Organisation and Management Model pursuant to Italian Legislative Decree no. 231/2001 approved by the Company, the Supervisory Board is responsible for constantly monitoring: (a) its compliance by the recipients; (b) its effectiveness in preventing the commission of

offences; (c) the implementation of the provisions contained therein; (d) updates to it in the event of the need for adjustments related to changes in the organizational structure or the Applicable Legislation.

Table Members of the Supervisory Board

| Members of the Supervisory Board | Date Appointed | End date | Date of birth | Role | Title |
|----------------------------------|----------------|---|---------------|-----------------|---|
| Vincenzo Acquafredda | 23/07/2021 | Approval of the financial statements as of 31/12/2024 | 28/04/1973 | External member | Attorney, expert in intellectual property rights |
| Francesco Andriani | 23/07/2021 | Approval of the financial statements as of 31/12/2024 | 20/07/1966 | Internal member | Attorney, Head of Legal Affairs for Andriani S.p.A. |
| Salvatore Scaltrito | 23/07/2021 | Approval of the financial statements as of 31/12/2024 | 22/08/1977 | Internal member | Chartered Accountant and Auditor, Head of Administrative and Accounting Department of Andriani S.p.A. |



Audit Firm

The Audit Firm Deloitte & Touche Spa was entrusted with the external audit activities on Andriani Spa's required and voluntary disclosures, including the audit on the financial statements as of 31 December 2022, and the limited assurance on the sustainability disclosures reported in this annual report for the same year.

Table Members of the Audit Firm

| Name | Date of appointment | Appointment period | Assignment | Scope |
|---|---------------------|--|--|--------------------------------------|
| Deloitte & Touche Spa (Audit) | 23/07/2021 | Three years, until approval of the financial statement of 31 December 2023 | Statutory audit of the financial statement | Andriani S.p.A. |
| Deloitte & Touche Spa (Sustainability & Climate Change) | 18/01/2022 | Three years | Limited assurance on the management report sustainability disclosure | Andriani S.p.A. and its subsidiaries |

Executive Committee

The Executive Committee plays an investigative, consultative, and proactive role with the Board of Directors in the preparation of, among other things, the strategic plan, definition of the budget, monitoring performance, and business development in line with the strategic objectives. The body, appointed by the Board of Directors, is made up of the executive managers and carries out the following tasks: (a) defines and oversees special projects at the Group level; (b) formulates proposals regarding the definition of guidelines for the internal risk

management and control system; (c) contributes to the implementation of the Group's strategy, as well as the preparation of the Industrial Plan and annual budgets; (d) identifies and proposes resolutions to the Board of Directors on corporate issues relating to strategies, extraordinary operations, policies for the development and growth of human resources, as well as for the achievement of the expected operating result emerging from the Industrial Plan and annual budgets.

7
Members

Composition
Planning and Control, General Management, Operations, Administration and Finance, Human Resources, Research and Development, Investments

2/7
Women
28%

49 years
Average age, 3 of which are under age 45

Nutritional Observatory

The Nutritional Observatory is a consulting body of the Board of Directors with purely consulting and technical and scientific support functions for research and development activities and the promotion of initiatives related to the goals of Andriani S.p.A., and with the task of making assessments and suggestions about the scientific developments in the programmes adopted by the Company and its partners. The Nutritional Observatory is appointed by the Executive Committee and remains in office for three years.

10
Members
5 of which are external

Composition
5 external: Supervisory Board Member, Internal Medicine Lecturer, Agrarian Microbiology Lecturer, Nutritional Education Lecturer, Paediatrician;
5 internal: Research and Development, Supply Chain, Production, Communication, Visual Designer

3/10
Women
30%

49 years
Average age, 5 of which are under age 45

Ethics Committee

The Ethics Committee is the guarantee and ethical representative body with consultative and proactive functions with the Board of Directors. Its task is to preliminarily verify the existence of all the requirements of an ethical nature (also in terms of sustainability) for third party companies with which the Company intends to set up partnerships, temporary associations of companies, joint ventures, or other forms of cooperation agreements between companies, especially in the context of participation in public procedures.

7
Members

Composition
CEO, Human Resources Division, Human Resources Management, Industrialisation, CSR, Corporate Business Development, Communication

4/7
Women
57%

43 years
Average age, 6 of which are under age 45

2.3 Andriani's Organisational Structure

ESG

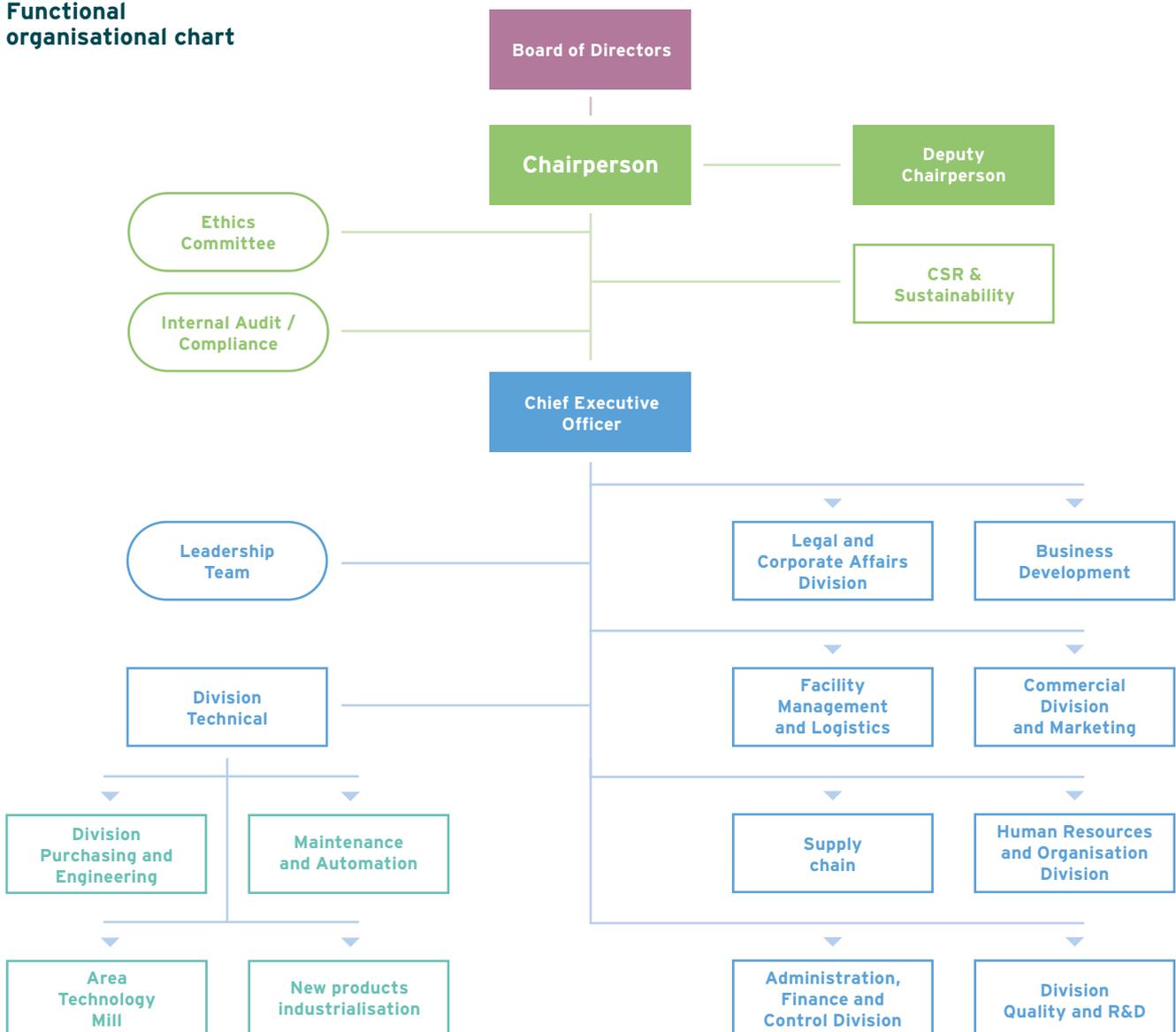
The Andriani Group's organisational structure (functional and not corporate), which is hierarchical and functional in nature, is divided into organisational structures of decreasing complexity (divisions, offices/departments), grouped by levels of homogeneous activities directed by a supervisor/manager.

Integration between the multifunctional structure and the BoD is ensured by the presence of an Executive Committee

made up of the function heads. The line functions, which are responsible for achieving typical business goals, are the Operations, Technical, Sales, and Marketing Divisions.

The staff functions, which are responsible for providing the services necessary to implement the primary business purposes, are: R&D, Human Resources, Administration and Finance, Corporate Secretary, Planning and Control, Legal and Corporate Affairs, and CSR & sustainability.

Functional organisational chart



2.4 Corporate Due Diligence



Andriani's dedication to putting sustainability due diligence into practice is focused on adhering to the guidelines in the draft Corporate Sustainability Due Diligence (CSDD), the draft [ESRS 1 General Requirements](#), the [GRI 1 General Requirements](#), the [OECD Guidelines on Due Diligence for Responsible Business Conduct](#), and the [UN Guiding Principles on Business and Human Rights](#). For Andriani, this process can only be accomplished through a strategic and operational approach meant to detect, prevent, mitigate, and disclose any real (where applicable) and/or possible negative effects that the company's operations

may have on the environment and/or people. To do so, the company intends to follow a path—part of which has already been started—that entails governance, strategy, and the related business model, active stakeholder engagement, identification and assessment of adverse effects on people and the environment, appropriate action to address these effects, and monitoring and reporting on the efficacy of these actions. Below is a systematised breakdown of how Andriani organises its internal processes for impact and risk analysis, management, and reporting.



Impact management

| 2-12 | 2-13 |



For a firm like Andriani, which became a Benefit Corporation in December 2020 after beginning a strategic positioning path in terms of sustainability and sustainable development in 2018, the topic of business effect has two implications expressed in the following:

- In the [impact materiality](#), i.e., in that process of assessing the impacts of material topics from the inside-out, from the company to the stakeholders;
- in pursuing the common benefit by monitoring the goals associated with the five impact areas (production chain and sustainable agriculture, health and well-being, land development and enhancement, climate change and circular economy, value of the people and group identity).

Please refer to the [Materiality Analysis](#) chapter for the results of the [impact materiality](#) assessment, which are the outcomes of the activity to identify the current and anticipated, positive and negative impacts on the economy, the environment, and people, including those on human rights, as well as the outcomes of the process to prioritise the impacts to be reported, and to the results from monitoring the objectives associated with the five impact areas of Andriani as a Benefit Corporation.

The impact assessment activities are monitored by the CSR & Sustainability Division, in full coordination with the Impact Manager, who supports the Board of Directors on the various ESG issues in the relevant decision-making process.

Impact Manager

Role established pursuant to Italian Law 208/15 following Andriani S.p.A.'s acquisition of Benefit Corporation status, it is entrusted to pursue the common benefit goals set forth in the articles of association. Among other things, the impact manager is responsible for the following tasks: 1) to ensure the involvement of all corporate functions in the implementation of the plan for the achievement of the goals, as well as its improvement; 2) to support the directors by providing information and data on the internal and external context in which the company operates; 3) to promote the transparency of the impact results by ensuring their publication on the website and through appropriate channels.

Risk Management

| 3-3 | 205-3 |

The corporate governance bodies, primarily the Board of Directors, coordinate the mechanisms that regulate risk management activities (detection and monitoring of business and ESG risks). A specific company policy has not yet been formalised, pending the appointment of a Chief Risk Of-

ficer. This absence has not stopped the company from mapping the primary risk categories to which it is exposed or from putting a number of preventative, management, and mitigation mechanisms into place.

Graphic
Risk Mapping



The Company faces risks as it conducts its business because of outside variables related to the macroeconomic and competitive context of reference, which are linked, particularly in the food industry, to rising levels of dynamism on the part of direct competitors and potential entrants that impose strategic choices regarding not only product differentiation but also dimensional growth. On the one hand, external risks include the typical financial risks, i.e., those credit, exchange rate, and liquidity risks that impact business continuity more than others, and, on the other hand, the risks of climate change and natural disasters to which Andriani is particularly exposed as it purchases raw materials that are present in nature and subject to cultivation activities within specific supply chains.

In addition to operational risks, which include compliance risks associated with non-compliance arising from violations of laws or regulations, internal risks include risks arising from inadequate internal processes, the supply chain, the sales network or, more generally, from contractual or extra-contractual liability, as well as risks associated with

business interruption. Personnel related risks are associated with the management of aspects such as health and safety in the workplace, resource development, training, inclusion, and diversity. In addition to these risks, which are always of an operational nature, there are also the typical IT risks related to the security of IT infrastructures and related sensitive data.

Strategic risks are associated with the deterioration of the company's capital position and profitability resulting from erroneous business decisions, unprofitable or late-paying investments, or inadequate implementation of business plans and strategies.

The remaining, but no less significant, ESG-type risks—which relate to all those issues other than the previous ones and concern corruption, respect for human rights, the protection of biodiversity, and the related impacts—round out the overview of risks. These impacts are not only financial, but above all reputational.

In compliance with Article 2428, paragraph 3, point 6-bis, of the Italian Civil Code, Andriani reports information on the use of financial instruments, as relevant to the assessment of the balance sheet and financial position, more specifically, the management's objectives, policies, and criteria used to measure, monitor, and control financial risks. The following detailed information is provided to give an indication of the size of the company's risk exposure.

Liquidity risk

The liquidity risk can manifest itself in difficulty obtaining financial resources in the time and manner needed to ensure normal business operations. To minimise it, the following primary activities are implemented:

- constant verification of the forecasted financial needs in order to promptly implement any necessary actions;
- obtaining adequate lines of credit;
- consistency of the net financial debt compared to investments performed;
- proper division between short-term and long-term debt.

It is also declared that:

- the company owns financial assets for which

there is a liquid market and that can be sold promptly to satisfy the need for liquidity:

- there are debt instruments or other credit lines to meet liquidity needs;
- the Company owns financial assets for which there is no liquid market but from which cash flows (principal or interest) are expected to be available to meet liquidity needs;
- the Company has deposits at credit institutions to satisfy liquidity needs;
- there are different funding sources;
- there are no significant concentrations of liquidity risk from the financial asset side or the funding source side.

Credit risks

The Company's financial assets are considered to have good credit quality, despite the continuing economic downturn. Accounts receivable are Andriani S.p.A.'s exposure to potential losses arising from the failure of counterparties to meet their obligations; this activity is monitored on an

ongoing basis in the normal course of business.

To date, there have been no significant cases of non-performance by counterparties and there are no significant concentrations of credit risk by area and/or customer.

Market risks

Market risk arises from demand in the sector in which the Company operates, from raw material and energy prices, from fluctuations in interest rates, and from exchange rates between the Euro and other currencies in which the business operates. This risk consists of the possibility that

such external market factors may adversely affect the value of assets, liabilities, and/or expected cash flows. In regard to market demand risk, the Company faces this risk through constant market presence with adequate sales structures and product diversification.

Policies related to different coverage activities

The Company has implemented transactions to hedge against exchange rate risks related to medium- and long-term financing. For more details, refer to the Explanatory Note.

In order to mitigate the negative impacts of the factors associated with the risks outlined above, the Company uses its own system of actors (Board of Directors and other corporate governance bodies, corporate functions, independent external supervisory bodies, rating agencies, etc.) by deploying the following instruments:

- Code of Ethics
- Code of Conduct
- 231/01 Model
- Whistleblowing procedure
- Conflict of Interest procedure
- Anti-corruption tools
- HSE organisation model
- SDG action manager
- B Impact Assessment
- Global Compact Communication on Progress
- Cerved ESG Rating

Code of Ethics

Andriani's transformation into a Benefit Corporation in December 2020 led to the need to update the 231/01 Model and, consequently, the related Code of Ethics, which, therefore, introduces the relevant areas of impact before regulating the mission, vision and fundamental ethical principles, rules of conduct, and related levels of responsibility that the Company recognises, respects, and assumes as a value and binding imperative

for recipients both in relations with each other (internal relations) and with third parties (external relations). Andriani's ethical and moral principles include honesty, fairness, information transparency and traceability, fair competition, protection of individuals, their fundamental rights and welfare, protection of health and safety in the workplace, protection of the company image, and protection of personal data.

Supplier code of conduct

Andriani established its first Supplier Code of Conduct in 2022 with the purpose of upgrading its business model in light of the UN 2030 Agenda goals. Using this instrument, the firm seeks to actively involve its suppliers in a path towards sustainable development.

The Code of Conduct addresses a number of needs, including how to improve Andriani's impact profile through targeted actions on products and services in its supply chain, which includes dialoguing with suppliers in the spirit of cooperation, transparency, and commitment to pursue ambitious goals that go beyond legal requirements, encouraging innovative approaches oriented towards multifunctionality, research, and reporting as drivers of conscious action.

The fundamental tenet of the Code is the idea

of extended responsibility, which holds that no one is exempt from questioning the conventional production methods. Instead, all suppliers are encouraged to set up targeted plans and cutting-edge monitoring techniques that are appropriate for their respective sectors in order to gradually implement actions to improve their environmental and social performance.

The Code is comprised of 11 material topics. Each topic has two series of requirements: mandatory and voluntary. This approach reflects Andriani's willingness to put confrontation at the centre of the engagement strategy, assessing, along with suppliers, the actions to be implemented with the highest priority, as well as the methods and timing of intervention.

Organisation, management and control model per Italian Legislative Decree 231/01

A system of administrative liability for entities for offences committed, in their interest or to their advantage, by natural persons holding representative, administrative, or management positions within those entities, or by natural persons subject to their supervision or management, was introduced into the Italian legal system by Legislative Decree No. 231/2001.

On 20 September 2021, the Andriani Spa Board of Directors approved the adaptation of the 231/01

Organisational Management and Control Model (OMM), which includes, in addition to the general part and relevant annexes (Code of Ethics, Mapping of risk areas, Supervisory Board Regulations, Disciplinary System), the relevant special part consisting of a total of 11 protocols, including the procedure for anonymous communications (whistleblowing) and the procedure for managing conflicts of interest.

Whistleblowing procedure

In addition, a specific procedure on *whistleblowing*, within the framework of the OMM 231/01, was put in place to facilitate the effective communication of any irregularities to corporate governance and is aimed at encouraging reporting any potentially unlawful conduct that is to the detriment of the public interest. The purpose of this procedure is

to provide the reported (Supervisory Board or HR Manager) clear operating instructions regarding the subject, recipients, and methods for transmitting the report as well as on the types of protection that the current legislation sets forth regarding the prevention of corruption.

Procedure for managing conflict of interest

To protect against risks that could lead to conflict of interest situations for all those who work on behalf of and in the interest of Andriani (Board of Directors, Board of Statutory Auditors, Supervisory Board, department heads, all employees and external consultants), the Andriani Board of Directors, in 2021, approved specific guidelines that place this case within the scope of all those *“factual circumstances in which a secondary interest (private or personal) has the potential to interfere with the company's ability to act in accor-*

dance with its own primary interest and, therefore, in accordance with the provisions of the Articles of Association and the company's applicable regulations. A specific procedure has been formalised to enable the application of these guidelines. It calls for referral to precise regulatory references, the adoption of pertinent conduct, the signing of a specific declaration regarding the absence of conflicts of interest, and the maintenance of a specific register by the Supervisory Board.

Anti-corruption tools

Andriani's commitment to the fight against corruption can be particularly seen through a series of actions regarding not only policy aspects but also compliance and reporting. In terms of policy, the Group, “serving as a founding member of the Global Compact since 2020, has chosen to raise its level of commitment, proactively pursuing principle 10 of the Global Compact, that is, renewing its management approach to fighting corruption by repudiating and prohibiting corruption without exception (both with public and private counterparts) and committing to comply with the anti-corruption laws in all the countries to which the Group exports its products.

This commitment is particularly accompanied by the implementation of a Code of Conduct for its suppliers, i.e. a manifesto of good conduct in the direct and indirect pursuit of the Group's material topics, including, precisely, the issue of anti-corruption. On this point, in particular, the Group

requires its suppliers to comply with mandatory requirements that are based, on one hand, on corporate integrity: corruption and the reporting policy, and, on the other, on fair competition between suppliers.

For Andriani, corruption risks also extend to possible privileged relationships between Company employees and contract workers and public officials or individuals in charge of a public service; undue allocation of funding to the Company by the PA; disbursement of contributions and sponsorships in favour of public entities, foundations and associations, as vehicles for bribery/extortion conduct, even indirectly, against representatives of the PA; commission of corrupt conduct through the recruitment, promotion, and remuneration of personnel having a direct relationship with persons belonging to the PA.

There were no cases of corruption during 2022.

HSE organisation model

Through a continuously updated improvement program and a monitoring and control system of the actions necessary to make the previously mentioned model more effective and efficient in preserving the health of all company employees, Andriani is firmly committed to the development of a management model for health and safety in the workplace, in compliance with the provisions of Italian Legislative Decree no. 81/08, as amended. The individuals in control, who are included in the organisational chart for corporate safety, make sure that certain numbers are consistently present for each work shift in the manufacturing facility and the smart building.

The organisational structure includes: the employer, the safety manager pursuant to Article 18

of Italian Legislative Decree no. 81/08 (with special power of attorney), the prevention and protection service supervisor (PPSS), 2 prevention and protection service officers (PPSO), 2 workers' safety representatives, 18 officers, 30 first aid officers and 48 firefighting emergency officers, and an company physician.

A health surveillance procedure was also approved as of 1 November 2023 for the mitigation of hazards associated with microclimates.

Further details can be found in section 4.2 of Chapter 4.

SDG Action Manager and B Impact Assessment

Platform with open source SDG Action Manager for internal assessment regarding the contribution to the 17 goals of the 2030 Agenda. The tool is able to relate the B-Lab B Impact Assessment system, the 10 principles of the Global Compact, and the SDGs through a self-assessment, benchmarking, and *continuous improvement* process. The data management activity produced an impact measu-

rement profile that was consistent with prioritisation of the SDGs when matched with the pertinent materiality analysis topics, i.e., a prioritisation that sees an active contribution to Goals 3 (Health and Well-Being), 12 (Responsible Consumption and Production), and 8 (Decent Work and Economic Growth), in that order.

Global Compact Communication on Progress

The journey that led to Andriani's commitment to the Global Compact's 10 principles began in March 2018, when the CEO signed the company's commitment to the 10 principles for the first time. This commitment, which has been carried out over the last four years (2018-2021) with the drafting of the Communication on Progress, which coincides for Andriani with the Management Report and which includes the link between the 10 GC principles and the GRI disclosure, will continue with the compilation of:

- The CEO Statement reaffirming the company's commitment to the 10 principles and expressing sustained support for the UN Global Compact

program;

- questionnaire on corporate actions and performance in relation to the 10 Sustainable Development principles and goals.

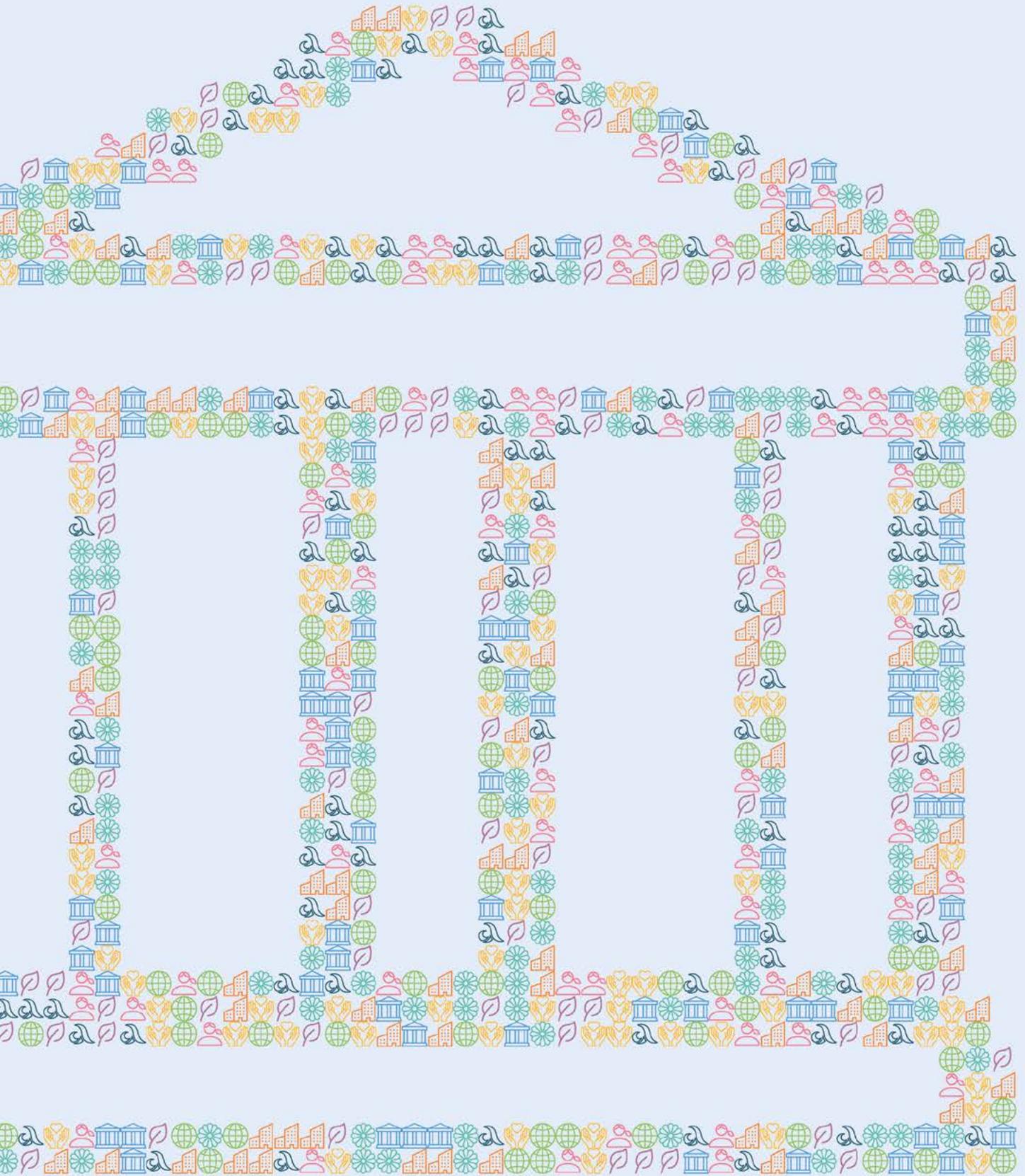
In order to do this, Andriani has identified an in-house work group with the task of focusing on the upcoming deadline of 30 June 2023. The questionnaire, in particular, will allow the company to more accurately evaluate its impact on the 10 principles and the SDGs with respect to the five areas of governance, human rights, labour rights, environmental protection, and anti-corruption.

Cerved ESG Rating

Since 2020, Andriani has opted to have an ESG-type rating provided by Cerved Rating Agency in order to better manage ESG-type risks. This rating will evaluate the company's management of environmental, social, and governance concerns via the examination of financial statement disclosures and much more.

The ESG Rating is an independent and standardised evaluation of a company's position in relation to their oversight and respect for ESG risk issues. The data extracted from the sustainability reports created in accordance with global reporting standards by the companies under analysis is imported into the Cerved Rating Agency's private database and subjected to analysis using the calculation algorithm that generates a synthetic score known as the ESGe score that expresses the issuer's ESG positioning. Sector analysts conduct a qualitative examination of non-financial data to generate the ESGe Rating, which is a supplement to the ESGe Score. Cerved Rating Agency's ESG rating model adopts around 180 ESG indicators divided into four

sections Environmental, Social, Governance, and Economic Impact. These indicators are grouped into 27 thematic macro-indicators called key indicators, each with a specific weighting. The ESGe Rating is determined as a weighted average of the ESGe sections and related thematic macro-indicators. Under certain circumstances, the ESG analyst has the discretion to modify the Rating Category that the model has given the company under consideration. The ESGe Scorecard is a representative scorecard of a company's competitive positioning compared to selected indicators. For each indicator, the company's value, the sample's median value, and the company's semaphorical score in relation to the reference industry are expressed. The Key ESGe Analytical Comment presents a detailed analysis of the macro-indicators investigated by the Cerved Rating Agency model. The macro-indicators in sections E, S, G, and e display the value that the company has assumed for a given indicator and the median value of the reference sample (Source: Cerved).



3

Economic and financial performance

In this chapter

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Stakeholders

Shareholders, suppliers, providers of financial capital, business partners, customers, employees, institutions

Key numbers and relevant facts

€1.3MM

Net profit 2022

€94.2MM

Turnover 2022
(+23% compared to the previous fiscal year)

10.12%

Ebitda margin

€57.6MM

Net equity as of 31/12/2022

€18.1MM

NFP (-40% compared to the previous fiscal year)

€6.9MM

Investments in tangible fixed assets

€25.6MM

Global added value
(produced and distributed)

3.1 Summary of the economic and financial performance



Material topic no. 13

The fiscal year that ended on 31 December 2022 shows a **positive result** of **€1,316,919** net of income tax of €952,914 and depreciation, amortisation, and write-downs of €5,338,739.

The summary of the 2022 financial statement data compared to FY2021 is as follows:

| Table | Financial statement highlights | 31/12/2022 | 31/12/2021 | Change | Change % |
|---|--------------------------------|--------------|--------------|-------------|----------|
| Summary of 2022 consolidated financial statement data | Turnover | 94,233,847 | 76,480,517 | 17,753,330 | 23.21% |
| | Operating income | 96,811,604 | 80,168,922 | 16,642,682 | 20.76% |
| | Costs of production | 92,615,705 | 78,752,810 | 13,862,895 | 17.60% |
| | EBITDA | 9,534,638 | 5,082,062 | 4,452,576 | 87.61% |
| | EBITDA % | 10.12% | 6.64% | 3.47% | - |
| | EBIT | 4,195,899 | 1,416,112 | 2,779,787 | 196.30% |
| | EBIT % | 4.45% | 1.85% | 2.60% | - |
| | Result before taxes | 2,269,833 | 335,862 | 1,933,971 | 575.82% |
| | Net equity | 57,632,554 | 47,462,194 | 10,170,360 | 21.43% |
| | Net financial debt | (18,105,167) | (29,957,490) | 11,852,323 | (39.56%) |
| | Net Working Capital | (10,337,631) | (3,623,531) | (6,714,100) | 185.29% |

As can be seen from the figures provided above, and as discussed in more detail below, in the fiscal year under review, turnover increased significantly by €17,753,330 (23.21%) compared to the previous fiscal year to €94,233,847, reflecting the increase in production activity and the timely increase in list prices to counteract the significant increase in costs since the end of the previous fiscal year

EBITDA amounted to €9,534,638, an increase of 87.61% over the previous year. As will be further explained below, the increase in margins is mainly attributable to the effects

listed above. Consequently, the pre-tax profit of €2,269,833 increased by €1,933,971 compared to the previous fiscal year.

The company's net financial position (NFP) decreased by €11,852,233 compared to the previous fiscal year. The reduction in net debt is primarily attributable to the share capital increase with related share premium in November 2022, described in the explanatory note to the financial statement.

Information on management performance, as well as other information and analyses required by Article 2428 of the Italian Civil Code, are provided below.

Activity performed

The Company is active in the *innovation food* industry and, in particular, in the production of gluten-free pasta and flour, operating both as a *co-packer* for major food brands worldwide, and on its own behalf with the production of Felicia® and Biori® brand products, the distribution of which has been granted under an exclusive 15-year licence for use to the subsidiary Felicia S.r.l. as of 2016.

Pursuant to Article 2428 of the Italian Civil Code, it should be noted that the business is conducted at the registered and operative office in Gravina in Puglia.

From a legal point of view, the Company controls the companies listed below, which perform activities that are complementary and/or functional to the Group's core business:

| Table | Subsidiaries | Participation | Control | Activity performed |
|----------------------------|-------------------------|---------------|---------|---|
| Scope of the consolidation | Felicia S.r.l. | 100% | Direct | Distribution and sales of brand products |
| | Terre Bradaniche S.r.l. | 100% | Direct | Processing and sales of legumes and grains |
| | Nove Alpi S.r.l. | 100% | Direct | Production and marketing of gluten-free baked products |
| | ApuliaKundi S.r.l. | 70% | Direct | Production and marketing of alga spirulina-based products (innovative start-up) |
| | Casa Andriani S.r.l. | 100% | Direct | Newly constituted, non-operative company |

3.2 Sector performance



General economic performance

The issues associated with the spread of Covid-19 and the ensuing limitations on economic activity imposed by the relevant national and international agencies gradually disappeared during FY2022. Following a severe recession in 2020, the Italian economy saw a quick rebound. Six quarters of stronger-than-anticipated growth resulted in the GDP rising by 0.6 percentage points in the second quarter of 2022 compared to the average level of 2019, the year before the pandemic began. The average level of employment rose by 3.1% throughout the first seven months of 2021, surpassing that of the months prior to the epidemic.

The industrial production index and business confidence both declined over the summer of 2022, along with other key economic indices.

The global economy and the European economy are in a marked slowdown. Indications of a possible reversal of the expansionary business cycle can be attributed to two factors.

The first is an increase in energy costs brought on by a combination of factors, including a rebound in global demand as well as Russia's restriction of natural gas supplies to Europe, which began last year and was tightened following Russia's aggression against Ukraine and in reaction to EU sanctions. Recent figures on industrial production in Italy show that energy-intensive industries have experienced the most significant declines.

The second cause of slowing global growth, closely linked to the first, is the sudden rise in interest rates in response to rising inflation. The latter rose to their highest levels in forty years, leading many central banks to abandon their expansionary policies, stop or drastically cut back on their acquisition of assets, and start a string of interest rate increases that have never before occurred in recent memory, notably in the case of the US Federal Reserve.

Soaring prices have substantially increased the cost of domestic energy imports. While the trade balance excluding energy showed a surplus of over €46 billion in the first seven months of the year, the energy balance showed a deficit of €60 billion, which is more than three times larger than in the same period of 2021. This significant transfer of resources to nations that produce energy, including Russia, shows how important the ecological transition is not just for the environment but also for the nation's stability and economic security.

At the same time, the increase in inflation resulted in tax revenue dynamics that far exceeded previous official projections. The Italian government has monitored this trend and used the additional revenue generated to lower electricity and gas bills, support the most vulnerable households

and businesses most affected by rising energy prices, and mitigate fuel price increases (*source: MEF*).

National food industry performance

According to data collected through September 2022, the food business saw a +18.8% increase in revenue over the same period a year earlier, matching the parallel growth of the entire industry. All evidence suggests that the cost-price effect has a significant impact on the data for both production indices. The proof is the Istat calculation of the "volume" increase in the total industrial turnover, which indicates a much smaller increase of +4,6% for the month of September 2022/2021. In terms of consumer prices, November's figures still show inflation at its highest level but being stable, confirming the trend rate of +11.8% in October. However, certain deviations do appear within it. In fact, the price of "processed" food continued to rise, with a trend of +14.4% in November 2021 after +13.3% in October. "Unprocessed" food, on the other hand, slowed marginally, with +11.3% after the +12.9% trend in October. This demonstrates how persistent the pressures are in the food business, particularly in the processing market.

The momentum in consumer prices is driven by the increase in production prices, which, not surprisingly, in October reached a trend of +17.1% after +16.4% in September. In line with the previously reported worsening trends in consumer food prices, a distinct negative counter-trend in food prices can also be seen here as compared to the overall statistic. In fact, it must be noted that while producer prices in the food industry continued to increase, those in all of industry fell in October to +28.0% following +41.8% in September due to the return of electricity supply costs.

Thus, an underlying phenomenon is confirmed. The food industry continues to be the market segment that is suffering the most in terms of sales volumes and pricing. This indicates, among other things, that rather than getting closer, the recovery of food consumption levels from 2019, the final year before the pandemic, is moving farther away. Not least because the "away from home" industry, which clearly got more dynamic throughout 2022, has not yet fully regained its 2019 activity levels, and the restaurant sector in particular has not yet entirely adjusted its prices to the increase in costs. In essence, it can be conservatively and perhaps optimistically estimated that the final 2022 figures for overall food sales will be -3.5% in volume and +5.0% in value.

3.3

Management performance



| 2-6 | 201-1 | Material topic no. 13 ESG

In FY2022, the Company increased its turnover and value of production compared to the previous fiscal year in which a particularly significant decrease occurred. This result is very important because it confirms the company's ability to strengthen its production and commercial capacity in a challenging and complex external environment, as outlined in the previous section.

Maintaining both economic results and those of common benefit, as voluntarily chosen by Andriani in 2020, when it resolved to amend its Articles of Association in order to become a Benefit Corporation, is an entrepreneurial challenge that is not easy. However, the company management and our employees firmly believe that value creation and benefits should be "shared" as much as possible.

In 2022, the Company continued to invest significant economic and organisational resources to reinforce brand awareness of the Felicia® brand, which has only been on the gluten-free market since 2015. These marketing efforts allowed the Company to increase sales of Felicia brand products by 12% in quantity compared to the previous fiscal year.

The renewed marketing policies, strengthening of the e-commerce channel, and an increasingly widespread presence in the various markets allow the company to consolidate its leadership in the *gluten-free and healthy food* sector.

Turning to the analysis of the economic data, an examination of the summary table provided above and the reclassified profit and loss account shown below reveal the following:

- 23% increase in turnover and over 20% in the value of production thanks to the price adjustment policy carried out during most of the year;
- 18% increase in the costs of production. This result is predominantly affected by four factors: 1) 76% increase in energy costs (mainly natural gas for the trigeneration plant); 2) 25% increase in transport services; 3) 25% increase in packaging material costs; 4) 27% increase in food raw material purchase prices. The increase in energy

costs and related transport costs along with the soaring prices of raw materials are well-known extraordinary phenomena, as already illustrated in the previous paragraph:

- in FY2022, Andriani S.p.A. Benefit Corporation increased its workforce by 14% to a total of 213 employees. This is a significant investment, which the Company considers strategic to strengthen and increase the company's business and its presence in national and international markets, with the awareness of the central nature and value of Andriani's people. In fact, even during 2022, the Group proactively implemented its action plan to invest in qualified human resources with the introduction of managerial figures and qualified operators into the workforce, strengthening or even creating specific strategic and function divisions, which is why the cost of employees increased by approximately 9%.

With regard to the analysis of the financial data, shown in the summary table and the reclassified balance sheet table below, the following is noted:

- Investments in intangible fixed assets of €4,651,447. For more information, refer to the explanatory note to the financial statement.
- Investments in tangible fixed assets of €7,597,821. For a description of the principal investments in fixed assets made during the year, please refer to the specific paragraph *below* and to the comments in the explanatory note to the financial statement.
- acquisition of strategic investments, such as the one finalised in 2022 related to the total shareholding in Nove Alpi S.r.l.

Financial Situation

The net financial position is as follows:

Table
Net financial position

| Net financial position | Balance as of 31/12/2022 | Balance as of 31/12/2021 | Change |
|--|--------------------------|--------------------------|---------------------|
| Bank deposits | 28,307,165 | 4,896,972 | 23,410,193 |
| Cash and cash equivalents | 14,189 | 10,762 | 3,427 |
| Cash funds and treasury shares | 28,321,354 | 4,907,734 | 23,413,620 |
| Financial assets not of a fixed nature | 771,164 | 122,702 | 648,462 |
| Bonds (within 12 months) | - | 2,480,123 | (2,480,123) |
| Amounts due to banks (within 12 months) | 20,469,729 | 20,057,358 | 412,371 |
| Amounts due to other financial institutions (within 12 months) | - | - | - |
| Short-term financial debts | 20,469,729 | 22,537,481 | (2,067,752) |
| Short term financial receivables | 600,070 | 1,375,000 | (774,930) |
| Net financial position in the short term | 9,222,859 | (16,132,045) | 25,354,904 |
| Bonds (over 12 months) | - | - | - |
| Amounts due to banks (over 12 months) | 27,323,149 | 16,700,445 | 10,622,704 |
| Medium-long term financial debts | 27,323,149 | 6,700,445 | 10,622,704 |
| Medium-long term financial receivables | - | 2,875,000 | (2,875,000) |
| Net financial position in the medium-long term | 27,323,149 | (13,825,445) | (13,497,704) |
| Net financial position | (18,100,290) | (29,957,490) | 11,857,200 |

To complete the examination of the Company's situation and the performance of the management result, the following section provides reclassifications of the financial statement, as well as the main alternative performance indicators.

Financial and economic situation

In order to make the 2022 financial statement easier to read, the equity, financial, and economic reclassifications, as well as the main balance sheet indices are provided below.

Table
Reclassified balance sheet

| Reclassified balance sheet | Balance as of 31/12/2022 | Balance as of 31/12/2021 | Change |
|---|--------------------------|--------------------------|--------------------|
| Net intangible fixed assets | 11,736,454 | 9,072,636 | 2,663,818 |
| Net tangible fixed assets | 66,807,463 | 63,633,792 | 3,173,671 |
| Shareholdings and other long term receivables | 10,561,767 | 11,218,073 | (656,306) |
| Fixed assets | 89,105,684 | 83,924,501 | 5,181,183 |
| Inventory stocks | 7,254,567 | 6,721,464 | 533,103 |
| Trade receivables | 7,697,647 | 6,880,158 | 817,489 |
| Other receivables | 6,431,422 | 6,146,582 | 284,840 |
| Accrued income and deferred liabilities | 142,598 | 103,864 | 38,734 |
| Current short-term assets | 21,526,234 | 19,852,068 | 1,674,166 |
| Short-term amounts payable to suppliers | 20,210,366 | 14,762,455 | 5,447,911 |
| Short-term taxes and social security payables | 2,499,591 | 1,739,691 | 759,900 |
| Other short-term payables | 5,284,422 | 2,703,386 | 2,581,036 |
| Accrued expenses and deferred income | 3,869,486 | 4,270,067 | (400,581) |
| Current short-term liabilities | 31,863,865 | 23,475,599 | 8,388,266 |
| Net working capital | (10,337,631) | (3,623,531) | (6,714,100) |
| Provisions and employee severance indemnity | 2,769,979 | 2,328,019 | 441,960 |
| Medium-long term amounts payable to suppliers | - | 280,000 | 280,000 |
| Medium-long term taxes and social security payables | 265,230 | 273,267 | (8,037) |
| Medium-long term current liabilities | 3,035,209 | 2,881,286 | 153,923 |
| Invested capital | 75,732,844 | 77,419,684 | (1,686,840) |
| Net equity | (57,632,554) | (47,462,194) | (10,170,360) |
| Net financial position in the short term | 9,222,859 | (16,132,045) | 25,354,904 |
| Net financial position in the medium-long term | 27,323,149 | (13,825,445) | (13,497,704) |
| Equity and net financial indebtedness | (75,732,844) | (77,419,684) | 1,686,840 |

The income statement reclassified at added value is as follows:

Table
Reclassified income statement

| Reclassified income statement | 2022 | 2021 | Change |
|--|-------------------|-------------------|------------------|
| Net revenue | 94,076,218 | 77,367,633 | 16,708,585 |
| External costs | (70,986,231) | (59,820,711) | (11,165,520) |
| Increase in value | 23,089,987 | 17,546,922 | 5,543,065 |
| % of revenue | 24.5% | 22.7% | 1.9% |
| Cost of labour | (13,555,349) | (12,464,860) | (1,090,489) |
| EBITDA | 9,534,638 | 5,082,062 | 4,452,576 |
| % of revenue | 10.1% | 6.6% | 3.6% |
| Amortizations, write-downs, and provisions | (5,338,739) | (3,665,950) | (1,672,789) |
| EBIT | 4,915,899 | 1,416,112 | 2,779,787 |
| % of revenue | 4.5% | 1.8% | 2.6% |
| Financial income | 16,943 | 1,463 | 15,480 |
| Financial charges | (2,013,918) | (1,187,947) | (825,971) |
| Exchange rate differences | 73,109 | 60,634 | 12,475 |
| Result of ordinary management - current | 2,272,033 | 290,262 | 1,981,771 |
| % of revenue | 2.4% | 0.4% | 2.0% |
| Revaluations | - | 45,600 | (45,600) |
| Write-downs | (2,200) | - | (2,200) |
| Income before taxes | 2,269,833 | 335,862 | 1,933,971 |
| % of revenue | 2.4% | 0.4% | 2.0 |
| Taxes | (952,914) | (200,587) | (752,327) |
| Net Income | 1,316,919 | 135,275 | 1,181,644 |
| % of revenue | 1.4% | 0.2% | 1.2% |

Below are the economic, financial, equity, and efficiency ratios.

Table
Economic, financial, and equity ratios

| Economic, financial, and equity indices | 31/12/2022 | 31/12/2021 | Change |
|--|--------------|--------------|------------|
| Economic | | | |
| Net R.O.E. | 2.29% | 0.29% | 2.00% |
| Gross R.O.E. | 3.94% | 0.71% | 3.23% |
| R.O.I. | 2.99% | 1.25% | 1.74% |
| R.O.S. | 4.35% | 1.77% | 2.58% |
| Liquidity | | | |
| Primary liquidity index | 0.55 | 0.45 | 0.10 |
| Secondary liquidity index | 0.64 | 0.61 | 0.03 |
| Debt ratio | 1.79 | 1.38 | 0.41 |
| Balance sheet | | | |
| Equity minus fixed assets | (31,723,130) | (43,587,307) | 11,864,177 |
| Equity to non current asset ratio | 0.64 | 0.52 | 0.12 |
| Equity plus (non current liabilities minus non current assets) | (8,218,192) | (18,632,613) | 10,414,421 |
| Fixed asset to equity capital and medium-long term debt ratio | 0.91 | 0.80 | 0.11 |

Environment, safety, and health

Taking into account the company's social role as highlighted in the management report document from the National Board of Chartered Accountants and Accounting Consultants, we feel it is appropriate to provide the following information pertaining to the environment and staff.

Staff

The Company has long since implemented a system for occupational health and safety.

In particular, Andriani's commitment to safety must be seen in the context of existing regulatory requirements. Italian law regarding safety (Italian Legislative Decree 81/2008 "Consolidated Law on the protection of health and safety in the workplace", as amended) is one of the most stringent in Europe and requires companies to carry out an analytical assessment of risks to employee health and safety. In addition, the company management pays particular attention to these important issues.

During the fiscal year there were no deaths in the workplace of staff registered in the company employee registry, for which company liability was definitively established. During

the fiscal year, there were no serious accidents at work that resulted in serious or grievous injury to staff registered in the company employee registry, for which company liability was definitively established.

During the year there were no charges regarding occupational diseases for employees or former employees and suits regarding bullying, for which the company was declared definitively responsible. Moreover, during the fiscal year, the company made significant investments in staff safety.

With the intention to continuously enhance the skills of its human capital, in 2022 the HR department continued to promote the implementation of several training courses aimed at defining interdisciplinary and technical skills.

This is clearly seen in the incremental hours of training: +58% compared to 2021. There were a total of 9,321 trainings for 213 employees. Training was begun based on the results of the analysis of the training needs of department heads and associates related to both *hard skills* and *soft skills*.

Environment

During the year there was no environmental damage for which the Company was found guilty. During the year, no fines or penalties were imposed on our Company for environmen-

tal violations or damage. Moreover, during the fiscal year, the company made significant investments in environmental matters.

Research and development activities

The following disclosures are made pursuant to Article 2428 paragraph 3 number 1.

In 2022, the Research and Development (R&D) Division anticipated domestic and international market trends, with a constant eye on the North European and US markets. As in previous years, the R&D Division pursued the major goal of further characterizing and reinforcing Andriani's image on the healthy pasta market for both Felicia brand products and private label (PL) products.

In 2022, the R&D Division primarily worked on developing new products, improving already existing products, and characterising new or already used raw materials in pasta making. Paying special attention to the welfare of those consumers belonging in the more fragile categories, a study was launched to develop a new pasta product aimed at people with special dietary and nutritional needs.

3.4 Investments

| 2-6 | Material Topics no. 1, 5, 6, 7, 13  ESG



During the year, investments were made in the following areas:

| Table | Fixed Assets | Acquisitions during the fiscal year |
|--------------------------------------|-------------------------------------|-------------------------------------|
| Investments in tangible fixed assets | Land and buildings | 1,449,232 |
| | Plants and machinery | 5,201,865 |
| | Industrial and commercial equipment | 57,201 |
| | Other assets | 203,388 |

The consolidation and expansion of the business in North America is one of the primary pillars of Andriani's strategic development plan. As part of this project, the company decided to build a new production *plant* in the region in order to offer a better level of service to its customers, reduce operational risks in the supply chain, and guarantee the necessary production capacity to take advantage of market opportunities. The appraisal phase for the *plant's* location is now at an advanced stage, and the plan is to begin production at the

new plant in early 2024.

Furthermore, during 2023, significant and challenging investments will be made to support the carbon neutrality and production efficiency of the Gravina in Puglia site. These include the installation of a biomass boiler, the completion of the second photovoltaic plant, and a new *pet food* production line.

3.5 Creation of shared value and tax social responsibility



| 2-6 | 201-1 | 207-2 | Material topic no. 13 **ESG**

In order to provide an indication of the Andriani Group’s economic contribution to its stakeholders, the added value represents the increase in value from the use of resources that, due to the implementation of the technical and productive cycle, were transformed into “generated wealth”.

This wealth remunerates the company’s stakeholders, who in various ways have provided raw materials, labour, services, investments, utilities, and other tangible and intangible production factors.

The table below shows the Andriani Group’s “Con-

solidated Added Value” calculated according to the method proposed by the Study Group for Social Reporting (GBS), which provides two different prospectuses:

- the prospectus for determining the Added Value;
- the prospectus for the distribution of the Added Value.

During FY2022, the added value produced was €25.6 million, with an increase of approximately €5 million compared to 2021.

Table
Prospectus for determining the added value

| Prospectus for determining the added value | 31/12/2022 | 31/12/2021 | Change |
|---|-------------------|-------------------|-------------------|
| A) Operating income | 99,452,270 | 81,992,183 | 17,460,088 |
| Revenues from sales and services | 98,498,647 | 78,512,470 | 19,986,176 |
| Change in inventory of finished products and goods | (451,660) | 1,354,592 | (1,806,252) |
| Increases in fixed assets through in-house work | 338,709 | 221,872 | 116,837 |
| Other revenues and income | 1,066,574 | 1,903,248 | (836,674) |
| B) Intermediate production costs | 73,983,518 | 61,543,885 | 12,439,634 |
| For raw materials, subsidiary materials, consumables and goods | 52,373,450 | 42,494,972 | 9,878,478 |
| Costs for services | 19,798,556 | 17,657,352 | 2,141,204 |
| Costs for the use of leased assets | 694,073 | 632,853 | 61,220 |
| Provisions for contingencies | - | - | - |
| Other operating costs | 1,340,846 | 1,227,465 | 113,381 |
| Variations of inventory of raw and auxiliary materials, consumables and supplies | (513,573) | (800,039) | 286,466 |
| Write down of receivables included under assets forming part of working capital and of liquid funds | 290,166 | 331,282 | (41,116) |
| C) Gross characteristic added value (C=A-B) | 25,468,752 | 20,448,298 | 5,020,454 |
| Exchange rate gains and losses | 71,921 | 60,661 | 11,260 |
| Characteristic added value net of exchange rates | 25,540,673 | 20,508,959 | 5,031,714 |
| Accessory management balance | 18,215 | 1,463 | 16,752 |
| Total financial income from investments | 2,123 | 81 | 2,042 |
| Total other financial income | 16,092 | 1,382 | 14,710 |
| Adjustments in value of financial assets | (2,200) | 45,600 | (47,800) |
| Total revaluations | - | 45,600 | (45,600) |
| Total write downs | 2,200 | - | 2,200 |
| Global gross added value | 25,556,688 | 20,556,022 | 5,000,666 |

Table
Prospectus for the distribution of the added value

| Prospectus for the distribution of the added value. | 31/12/2022 | 31/12/2021 | Change |
|---|-------------------|-------------------|------------------|
| Staff remuneration | 16,142,809 | 14,878,157 | 1,264,652 |
| Wages and salaries | 10,815,028 | 10,393,685 | 421,343 |
| Social security contributions | 2,561,666 | 2,085,566 | 476,100 |
| Employee severance indemnity | 1,035,714 | 684,419 | 351,295 |
| Pension plan and similar items | - | - | - |
| Other costs | 146,478 | 132,835 | 13,643 |
| Non-employee remuneration | 1,583,923 | 1,581,652 | 2,271 |
| Public Administration Remuneration | (114,042) | (155,471) | 41,429 |
| Taxes on income for the fiscal year | 801,356 | 371,127 | 430,229 |
| Taxes related to previous fiscal years | 334,814 | (6,304) | 341,118 |
| Grants for current fiscal year | (1,342,354) | (608,464) | (733,890) |
| Indirect taxes | 92,142 | 88,170 | 3,972 |
| Remuneration of loan capital | 2,203,722 | 1,267,523 | 936,199 |
| Passive interest | 2,203,722 | 1,267,523 | 936,199 |
| Differential from financial instruments | - | - | - |
| Company remuneration | 5,910,991 | 4,312,238 | 1,598,753 |
| Amortisations and write down of fixed assets | 5,910,991 | 4,312,238 | 1,598,753 |
| Remuneration of Risk Capital | 1,393,080 | 228,675 | 1,164,405 |
| Profit (loss) attributable to the shareholders of the Group | 1,393,080 | 228,675 | 1,164,405 |
| Profit (loss) for the year related to minority interests | - | - | - |
| Donations and sponsorships | 20,128 | 24,900 | (4,772) |
| Donations and sponsorships | 20,128 | 24,900 | (4,772) |
| Contributions for scientific research | - | - | - |
| Global gross added value | 25,556,688 | 20,556,022 | 5,000,666 |

Tax Social Responsibility

Andriani's tax approach is centred on adopting company policies able to ensure full compliance with the regulations in terms of corporate taxation (Article 25 *quinquiesdecies* of Italian Legislative Decree no. 231 of 8 June 2001).

The organisational structure has a corporate function - Administrative, Finance, and Control Division - which, together with the contact person for the tax area:

- prepares accounting, social security and tax documents to be submitted to the competent corporate bodies for approval;
- prepares, signs and submits - including through authorised intermediaries - any tax declaration required by the tax legislation in force from time to time.

The supervision and control role in corporate tax governance is carried out by subjects such as: the Board of Statutory Auditors, within the scope of its

functions of supervising compliance with the law and the Articles of Association, as well as of proper administration; the Supervisory Board pursuant to Italian Legislative Decree no. 231/01, through the control of tax risks; the Audit Firm, in charge of the legal audit of Andriani S.p.A.'s financial statements.

Specifically, Andriani's 231/01 model devotes a special section to the management and control of risks related to tax fraud. In fact, the issue of tax fraud has a dual significance as it affects both the dynamics closely related to the company's core business and the Group's image. Procedure 231/01 on the prevention of tax offences governs control mechanisms aimed at mitigating the types of risk associated to sensitive areas/processes considered to be at risk.

Table
Areas and types
of tax risk

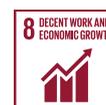
| Sensitive areas/processes at risk | Types of risk |
|---|---|
| Preparing tax returns and managing tax obligations | The theoretical risk is non-compliance, i.e. the mendacious fulfilment of duties and obligations under tax, administrative, and social security regulations in order to obtain an unfair advantage for the Company |
| Correct bookkeeping | The theoretical risk relates to the booking invoices and other documents for non-existent transactions |
| Donations, gifts, and sponsorships | Sponsorship payments and, in general, initiatives of a liberal nature in favour of Foundations, Public Entities, and associations could be a vehicle for receiving invoices and other documents for non-existent transactions |
| Management of money and financial flows | The abstract risk consists of the possibility of paying invoices for non-existent services |
| Management of inspections by public entities or those in charge of a public service (Revenue Agency, Italian Financial Police). Management of relations during tax audits | Risk of non-compliance with tax regulations and laws and incorrect handling of relations with tax auditors |
| Capital and Extraordinary Transactions | The theoretical risk is linked to elusive conduct in relation to extraordinary transactions (contributions, mergers, demergers, acquisitions, etc.) |

The periodic tax review by the Auditor within the scope of the audit of the financial statement and the related direct and indirect taxation is a further safeguard to ensure compliance with the highest standards of ethics and legality.

Tax risk control is supported by an accountability

process centred on the principle of transparency. Over the years, Andriani has embarked on a process of accountability aimed at fostering an understanding of the contribution it makes to the development of the country system and the regional and local contexts in which it operates.

3.6 Business outlook



Material topic no. 13

The global economic outlook is less bleak than it was a few months ago, despite concerns brought on by the international backdrop (the crisis between Russia and Ukraine) and price dynamics. Global growth is slowing down, but it is better than the October forecast. In its October update of the *World Economic Outlook*, the International Monetary Fund (IMF) forecast predicted world GDP growth of 2.9% (slowing from 3.4% last year) in 2023, rising to 3.1% in 2024. The forecast for 2023 is 0.2 points higher than what was estimated in autumn, but below the historic average (2000-19) of 3.8%.

Focusing on the Company's economic performance outlook, an increase in turnover of around 15%

is expected in 2023, with a significant recovery in marginality considering, on the one hand, the adjustment of sales lists, begun during 2022, and on the other, the effects of the actions to expand sales markets and commercial penetration.

Further cost optimisation policies, with investments in machinery and organisation, will allow for an improvement in operations for the next fiscal year, with expected effects in terms of Gross Margin and EBITDA.

3.7 Other information



Treasury shares and shares/holdings in parent companies

As of 31 December 2022, there was no direct or indirect ownership of treasury shares, nor were any transactions carried out in this regard during the fiscal year.

Relationships with subsidiaries, affiliates, parent and other subsidiaries of the parent company

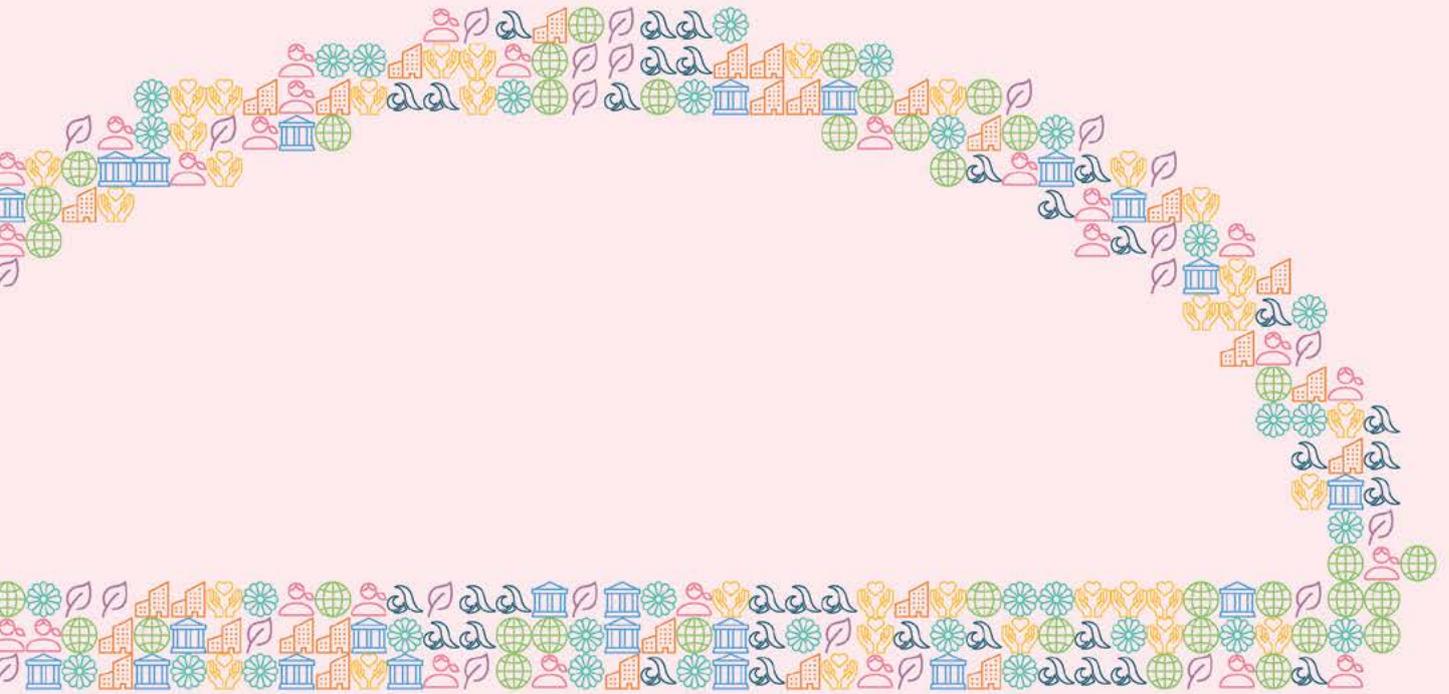
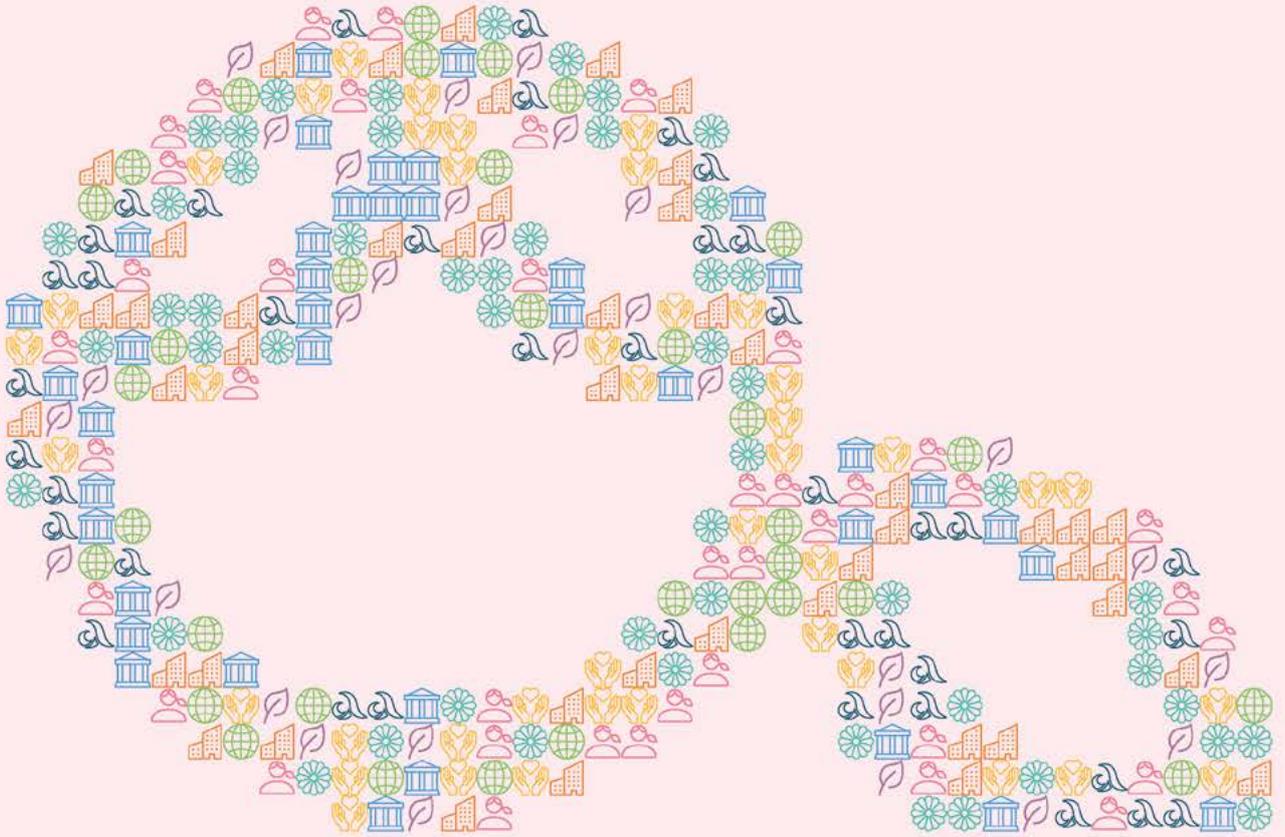
During the period, the following transactions were made with subsidiaries:

| Type | F.Ili Andriani Partecipazioni S.r.l. | Felicia S.r.l. | Terre Bradaniche S.r.l. | ApuliaKundi S.r.l. | Nove Alpi S.r.l. | Amendola Center S.r.l. | Birrificio Artigianale B31 S.r.l. |
|---|--------------------------------------|----------------|-------------------------|--------------------|------------------|------------------------|-----------------------------------|
| Commercial transactions | | | | | | | |
| Receivables | - | 553,604 | 21,960 | - | 681,221 | - | - |
| Payables | - | 345,935 | 1,813,569 | 8,685 | - | - | 9,858 |
| Costs for goods and services | - | 320,839 | 3,805,314 | 113,240 | - | - | - |
| Revenue from goods and services | - | 7,230,236 | 72,000 | 18 | 1,968,982 | - | - |
| Financial and other transactions | | | | | | | |
| Receivables | 298,205 | - | - | 250,213 | - | 51,865 | 15,239 |
| Payables | - | - | - | - | - | - | - |
| Guarantees and obligations | | | | | | | |
| | - | - | - | - | - | - | - |

These reports, which do not include atypical and/or unusual transactions, are governed by normal market conditions.

Secondary offices

The company had no secondary offices as of 31 December 2022.





Human capital

In this chapter

| | | |
|-----|---|----|
| 4.1 | Our resources | 62 |
| 4.2 | Health, safety, and well-being at work | 66 |
| 4.3 | Training and development of human resources | 74 |

Stakeholders

Employees

Key numbers and relevant facts

228 employees

in 2022 (+11.8%) compared to the previous year

9,321 hours

of non-mandatory training in 2022: +3,426 hours (+58%) compared to the previous year. Total employees involved: 228



The Company Theatre

as a method for team-building and development personal and communications skills



Factory of the Future

new collective coaching path for improving and streamlining production



Best Workplace for Blue Collar Workers Award

Andriani ranked 1st among Italian companies where workers prefer to work



Best Workplaces Italia

Andriani is one of the Best Workplaces in Italy for the 2nd consecutive year



Welfare Champion Award

as part of the 2022 SME Welfare Index

4.1 Our resources



Material Topics no. 15, 16 ESG

Our people are the heart of Andriani. They bring dynamism and value through their skills, interests, and diversity. For this reason, each year Andriani aims to be a spokesperson for inclusion and respect for differences, in order to continuously improve the relationship with its human resources. Health, safety and wellbeing of the workers, training, rights and respect for diversity and gender

equity, remuneration policies, professional growth, and listening to employees are at the heart of the initiatives that drive the company organisation.

The definition and management of personnel policies are the responsibility of Human Resources, in accordance with the guidelines issued by the Board of Directors.

Staff composition and characteristics

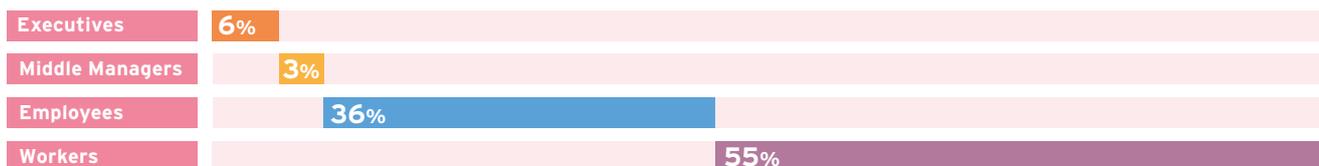
| 2-7 | 2-30 | 202-2 | 401-1 | 402-1 | 405-1 |

For Andriani, the central role of the people is also demonstrated by the continuous and significant investment in human resources, the **growth of which in 2022** was by a good **24 individuals** (+11.8%) compared to the previous year. **As of 31 December 2022, the overall number of employees was 228.** The increase particularly involved workers and middle managers.

Table Number and percentage of employees by category and gender

| Professional Position | 31/12/2022 | | | | 31/12/2021 | | | | Change | | |
|-----------------------|----------------|---------------|-----------------|--|----------------|---------------|-----------------|-----------|-----------|-----------|--|
| | Men | Women | Total | | Men | Women | Total | Men | Women | Total | |
| Executives | 12 86% | 2 14% | 14 6% | | 12 86% | 2 14% | 14 7% | 0 | 0 | 0 | |
| Middle Managers | 7 88% | 1 13% | 8 3% | | 5 83% | 1 17% | 6 3% | 2 | 0 | 2 | |
| Employees | 49 60% | 32 40% | 81 36% | | 49 60% | 32 40% | 81 40% | 0 | 0 | 0 | |
| Workers | 120 96% | 5 4% | 125 55% | | 97 94% | 6 6% | 103 50% | 23 | -1 | 22 | |
| Total | 188 82% | 40 18% | 228 100% | | 163 80% | 41 20% | 204 100% | 25 | -1 | 24 | |

Composition of employees by professional position



The company's goal is to **contribute to local employment** in the areas in which it operates. In fact, about 79% of its managers are employed by the local community (Puglia region), and it offers a **predominantly open-ended contractual framework**, which provides greater job security. This is clearly shown in the data presented below.

Table Number of employees in 2022 with open-ended contracts, broken down by gender and geographical region

| Residency | Men | Women | Total |
|-------------------------|-----|-------|-------|
| Puglia residents | 168 | 35 | 203 |
| Non-residents of Puglia | 13 | 5 | 18 |

Table Number of employees in 2022 with fixed contracts, broken down by gender and geographical region

| Residency | Men | Women | Total |
|-------------------------|-----|-------|-------|
| Puglia residents | 5 | 0 | 5 |
| Non-residents of Puglia | 2 | 0 | 2 |

Table Number of seasonal workers in 2022, broken down by gender and geographic region

| Residency | Men | Women | Total |
|-------------------------|-----|-------|-------|
| Puglia residents | 0 | 0 | 0 |
| Non-residents of Puglia | 0 | 0 | 0 |

Table Number of full-time employees in 2022, broken down by gender and geographical region

| Residency | Men | Women | Total |
|-------------------------|-----|-------|-------|
| Puglia residents | 172 | 35 | 207 |
| Non-residents of Puglia | 15 | 5 | 20 |

Table Number of part-time employees in 2022, broken down by gender and geographical region

| Residency | Men | Women | Total |
|-------------------------|-----|-------|-------|
| Puglia residents | 1 | 0 | 1 |
| Non-residents of Puglia | 0 | 0 | 0 |

Table Percentage breakdown of employees by category and age range

| Professional Position | 31/12/2022 | | | 31/12/2021 | | |
|-----------------------|------------|------------|------------|------------|------------|------------|
| | <30 | 30-50 | >50 | <30 | 30-50 | >50 |
| Executives | 0% | 50% | 50% | 0% | 57% | 43% |
| Middle Managers | 0% | 100% | 0% | 0% | 100% | 0% |
| Employees | 10% | 78% | 12% | 11% | 79% | 10% |
| Workers | 12% | 73% | 15% | 12% | 72% | 16% |
| Total | 10% | 74% | 16% | 10% | 75% | 15% |

The table below provides details on the average age of employees, which, generally, is fairly similar to the data for 2021.

Table Average age of employees

| Type of contract | 31/12/2022 | | | 31/12/2021 | | | Change | | |
|------------------|------------|-----------|-----------|------------|-----------|-----------|----------|----------|----------|
| | Men | Women | Total | Men | Women | Total | Men | Women | Total |
| Executives | 49 | 46 | 49 | 51 | 45 | 50 | -2 | 1 | -1 |
| Middle Managers | 37 | 39 | 38 | 39 | 38 | 39 | -2 | 1 | -1 |
| Employees | 42 | 39 | 41 | 41 | 38 | 40 | 1 | 1 | 1 |
| Workers | 40 | 43 | 40 | 41 | 43 | 41 | -1 | - | -1 |
| Total | 41 | 40 | 41 | 41 | 39 | 41 | - | 1 | - |

Also for FY2022, the number of open-ended contracts increased compared to 2021. Below are comparative tables on the number of employees broken down by gender, contract type, and type of employment.

Table Number of employees broken down by gender and contract type

| Type of contract | 31/12/2022 | | | 31/12/2021 | | | Change | | |
|------------------|------------|-----------|------------|------------|-----------|------------|-----------|----------|-----------|
| | Men | Women | Total | Men | Women | Total | Men | Women | Total |
| Fixed-term | 7 | - | 7 | 4 | 1 | 5 | 5 | 0 | 4 |
| Open-ended | 181 | 40 | 221 | 159 | 40 | 199 | 26 | 2 | 28 |
| Total | 188 | 40 | 228 | 163 | 41 | 204 | 31 | 2 | 33 |

Table Number of employees broken down by gender and employment type

| Employment type | 31/12/2022 | | | 31/12/2021 | | | Change | | |
|-----------------|------------|-----------|------------|------------|-----------|------------|-----------|-----------|-----------|
| | Men | Women | Total | Men | Women | Total | Men | Women | Total |
| Part-time | 1 | - | 1 | 1 | - | 1 | - | - | - |
| Full-time | 187 | 40 | 227 | 162 | 41 | 203 | 25 | 1- | 24 |
| Total | 188 | 40 | 228 | 163 | 41 | 204 | 25 | 1- | 24 |

Below is information on the number of contracts were initiated and ended in 2022:

Table Incoming employees: new hires broken down by gender and age range

| Incoming employees | 2022 | | | | 2021 | | | |
|--------------------|---------------|---------------|--------------|---------------|--------------|---------------|-------------|---------------|
| | <30 | 30-50 | >50 | Total | <30 | 30-50 | >50 | Total |
| Men | 9 | 28 | 5 | 42 | 4 | 17 | - | 21 |
| Women | 1 | 0 | 0 | 1 | 4 | 6 | - | 10 |
| Total | 10 43% | 28 16% | 5 14% | 43 19% | 8 38% | 23 15% | 0 0% | 31 15% |

Table Outgoing employees: terminations broken down by gender and age range

| Outgoing employees | 2022 | | | | 2021 | | | |
|--------------------|-------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|
| | <30 | 30-50 | >50 | Total | <30 | 30-50 | >50 | Total |
| Men | 2 | 10 | 5 | 17 | 1 | 5 | - | 6 |
| Women | 0 | 2 | 0 | 2 | - | 2 | - | 2 |
| Total | 2 6% | 12 8% | 5 14% | 19 8% | 1 5% | 7 5% | 0 0% | 8 4% |

Finally, with regard to relations between workers and management, refer to the applicable CCNL (SME Food National Collective Labour Agreement) for the minimum notice period for operational changes. Andriani's contractual relationships are all governed by the National Collective Labour Agreement. In particular, for managers by the Industrial National Collective Labour Agreement and the Commerce National Collective Labour Agreement, and for other professional categories by the SME Food National Collective Labour Agreement and Commerce National Collective Labour Agreement.

Independent workers

| 2-8 |

In 2022, Andriani welcomed **16 independent workers in its production facilities**; their responsibilities were controlled by Andriani. These are essentially workers contracted through authorised agencies, employed in a blue-collar capacity as part of production activities (packaging, production, etc.).

| Table Number of independent workers in 2022 (full-time equivalent) | Position | 31/12/2022 | | | Employment | 31/12/2022 | |
|---|--------------|------------|----------|-----------|--------------|-------------|-----------|
| | | Men | Women | Total | | No. workers | Total |
| | Workers | 16 | 0 | 16 | Full time | 16 | 16 |
| | Total | 16 | 0 | 16 | Total | 16 | 16 |

Upon reaching 24 months of contracted work, 22 independent workers were hired by Andriani.

Inclusion and the value of diversity

| 405-1 | 406-1 |

Andriani, with its goal to achieve gender equity, commits itself every year to promote this aspect starting with staff recruitment. As of 31 December 2022, the percentage of women workers was 18% of the company population. The number of women in management roles, on the other hand, is 14% of all executives. Andriani intends to safeguard the **gender balance** and recognise equal opportunity of access, career, training and professional growth to every individual, regardless of gender and other diversity aspects.

Gender equality in the food industry, historically known for

its clear male dominance (especially in Southern Italy), is certainly a challenging and difficult goal. Nonetheless, at every stage and aspect of the employment relationship, Andriani continues to strive to contribute to achieving the best possible gender balance, eliminating all types of discrimination (gender, age, personal and ideological beliefs, diverse abilities), being aware of the **importance of inclusiveness and diversity**.

It should be noted that during 2022 there were no reported episodes of discrimination.

Andriani for the International Day for the Elimination of Violence against Women: "ESSE at the Sidion theatre in Gravina".



In collaboration with the Fondazione Libellula (Dragonfly Foundation), Andriani promoted an awareness initiative for respect for gender involving all employees and the community to foster reflection and understanding. On 25 November 2022, at the Sidion Cinema in Gravina, a number of Andriani employees, together with professional actors, starred in ESSE, a theatrical performance focusing on female characters who stood out for their revolutionary choices, non-conformism and social commitment: Frida Kahlo, Lady Diana, Marlene Dietrich, Eva Perón, and Luisa Spagnoli. Admission was free, with donations welcome, and all proceeds were donated to Fondazione Libellula to carry out a **project supporting women who are victims of violence**. All of the activities promoted by Andriani are part of a path dedicated to Diversity & Inclusion, with a broad scope and long-term development.



Further information



4.2 Health, safety, and well-being at work



Material topic no. 16 ESG

Occupational health and safety at work management system

| 403-1 |

The Andriani Group has long since implemented a system for occupational health and safety. In particular, Andriani’s commitment to safety must be seen in the context of existing regulatory requirements. Italian law regarding safety (Italian Legislative Decree 81/2008 “Consolidated Law on the protection of health and safety in the workplace”, as amended) is one of the most stringent in Europe and requires companies to carry out an

analytical assessment of risks to employee health and safety. In addition, the company management pays particular attention to these important issues. The occupational health and safety management system is a part of the Organisation, Management, and Control Model pursuant to Italian Legislative Decree 231/2001 and concerns all dependent and independent workers whose work and/or workplace is controlled by the organisation.

Risk assessment

| 403-2 |

Risk assessment is a process whose goal is to estimate the risks to the workers’ health and safety from dangers present in the workplace. This consists of a close and systematic examination of all aspects of the work activity aimed at establishing: a) what could cause injury or damage: b) the elimination of hazards where possible: c) where elimination is not possible, the implementation of preventive and protective measures to limit and/or control risks.

With reference to Italian Legislative Decree 81/2008, the Andriani employer proceeded to carry out the various risk detection phases and then to compile the final document following the methods indicated in Articles 28 and 29 of the previously mentioned legislative decree. “Risk assessment” is a complex operation that requires a series of phases for each area or workplace, the call for:

- identification of the sources of risks present in the work cycle;
- identification of the subsequent potential risks of exposure in relation to carrying out operations, both for risk to safety and to health;
- estimating the extent of exposure risks associated with the identified prevention situations.

The risk analysis and assessment is documented

in the Risk Assessment Document (RAD), which includes:

- a report on the risk assessment carried out in the various company environments or workplaces, including the criteria adopted for its definition;
- the description of the prevention and protection measures implemented, consistent with the results of the risk assessment.

The RAD also provides the description of the processes available to the workers to report the presence of any hazardous situations at work, to move away from work situations that are believed to cause occupational injuries or illnesses, and the processes used to investigate possible occupational accidents, in order to determine the corrective actions and improvements necessary for occupational health and safety.

The RAD is updated periodically: lastly in June 2022.

Occupational health services

| 403-3 |

The occupational health services are provided by a company physician, whose obligations are set out in Article 25 of Italian Legislative Decree no. 81/2008, and who, with full organisational and time autonomy and as compatible with company needs, is required to:

- collaborate with the employer and the prevention and protection service in assessing the risks and for planning, where necessary, any health monitoring, in the implementation of measures protecting the health and psycho-physical well-being of the workers, in training and information activities for the workers within the scope of their functions and in organizing the first aid service;
- collaborate in the development and implementation of voluntary health promotion programmes according to the principles of social responsibility;
- plan and perform health monitoring;

- provide information to workers on the meaning of the health monitoring to which they have been subject and, if exposed to any agents with long-term effects, any possible need to undergo health checks;
- visit the work environments at least once a year, or at a different frequency based on the risk assessment;
- participates in the planning of checking worker exposure checks; the results must be provided in a timely manner for the purposes of risk assessment and health monitoring.

The workers' access to medical services is guaranteed in the company, where there is a clinic. The services are provided during work hours. All Andriani workers are subject to health monitoring.

Participation and consultation of the workers

| 403-4 |

To facilitate worker participation and consultation in the development, as well as the implementation and evaluation of the occupational health and safety management system, and in order to provide access to and communicate relevant occupational health and safety information to workers, Andriani organises periodic risk prevention and protection meetings pursuant to Article 35 of Italian Legislative Decree no. 81/2008, as amended. These meetings are attended by the executives, the Prevention and Protection Service Supervisor, the Company Physician, and the Workers' Safety Representatives who are elected at a meeting attended by all the

company's workers.

In accordance with their obligations under Article 20 of Italian Legislative Decree 81/2008, all workers must immediately report to any problems with the protective means and devices to the workers' safety representative, as well as any dangerous conditions they encounter, taking direct action, in the event of an emergency, within the scope of their responsibilities and possibilities, to eliminate or reduce situations of serious and imminent danger.

Training on safety in the workplace

| 403-5 |

Staff training in health and safety in the workplace is managed by the Andriani S.p.A. Human Resources Department, in close cooperation with the Supervisory Board in accordance with Italian Legislative Decree 231/2001. Periodically, and at least yearly, this department proposes a training plan to the Supervisory Board, which is responsible for verifying the adequacy of the contents of the aforementioned training plan in regard to the rele-

vant aspects pursuant to the Decree and proposing any appropriate additions.

The training plan calls for variously detailed interventions depending upon where the location of the training recipients in the company and the specific risk areas such as: classroom training; new-hire training regarding Corporate Social Responsibility, a contextual analysis of issues regarding the Decree.

As set forth in Articles 36 and 37 of Italian Legislative Decree 81/2008, Andriani ensures that each worker receives sufficient and adequate training and information regarding health and safety, with particular reference to their own workstation and responsibilities. The information and training courses cover:

- workers' rights and duties related to health and safety in the workplace;
- organisation of safety inside the company, with particular attention to health risks and procedures regarding first aid, fire fighting, and the evacuation of the workers;
- safety and hygiene;
- tasks and responsibilities of specific individuals set forth by the standards such as the Workers' Safety Representative, Prevention and Protection Service Supervisor, Company Physician, members of the Prevention and Protection Service, first-aid officers, fire-fighting officers;
- risks regarding the workstation and jobs, as well

as the possible damage and subsequent prevention and protection measures and procedures;

- interpersonal communication techniques in relation to the role.

The training courses were carried out in person and also remotely in synchronous mode, as provided for in the August 2022 update in note 75 to Art. 37 of Italian Legislative Decree 81/2008.

As set forth in Articles 71 and 73 of Italian Legislative Decree 81/08, Andriani ensures that, for each item of work equipment made available, the workers assigned to use it have all the necessary information and instruction and receive appropriate safety training regarding:

- equipment use conditions;
- predictable abnormal conditions.

The employer also provides training for the workers regarding the equipment placed at their disposal.

Relationships with consultants, partners, and suppliers

| 403-7 |

In the context of relations with parties outside of Andriani such as consultants, partners, and suppliers, specific information is guaranteed on the safety policies and procedures adopted by the company, based on the Organisation, Management and Control Model, as well as the texts of the contractual clauses usually used in this regard. In accordance with the provisions of the specific contractual clauses included in the letters of appointment or partnership agreements, any conduct by consultants, partners, and suppliers that conflicts with the lines of conduct indicated in the Organisation, Management and Control Model, which entails the risk of a crime or offence being committed, may result in the termination of the contractual relationship or in any other contractual sanction specifically set forth, without prejudice to any claim for compensation, if substantial damage to the company results from such conduct. The company has prepared the Unified Document for Assessment of Interferential Risks to promote

cooperation and coordination, when work, services, and supplies are entrusted to contractors or self-employed workers within the company, indicating the measures taken to eliminate or, where not possible, minimise risks from interference.

When there are several companies operating at the same time in the same place, safety problems may arise due to the interactions between the staff and the company operations. To reduce the risks created by those interactions, the customer and contracting companies must coordinate their activities and be informed of the specific risks present in the environment in which they will be operating.

A proper and transparent relationship with customers, suppliers, and partners is important for the Group's success.

Occupational illnesses and injuries

| 401-3 | 403-9 | 403-10 |

Quantitative data on accidents show that, despite an increase in hours worked, there were fewer accidents in 2022 than there were in 2021. Also, there were no cases of occupational illnesses. Below is the table with all of the detailed information.

Table
Quantitative information on injury cases

| Andriani Staff | 2022 | 2021 |
|--|-----------|-----------|
| Total deaths due to occupational injuries | 0 | 0 |
| Total occupational injuries with serious consequences (excluding deaths) | 0 | 0 |
| Total no of occupational injuries reported | 1 | 4 |
| Hours worked by Andriani employees | 409,945 | 329,450 |
| Multiplier | 1,000,000 | 1,000,000 |
| Rate of deaths due to occupational injuries | 0 | 0 |
| Rate of occupational injuries with serious consequences | 0 | 0 |
| Rate of recorded occupational injuries * | 2.44 | 12.14 |

* Rate of recorded occupational injuries + Tot. no. Injuries recorded x Multiplier / Tot. Hours Worked

The table below provides the information related to the rate of absenteeism, which increased slightly due to illness; however, this data should be read in relation to the significant increase in the number of hours worked in 2022 compared to the previous year.

Table
Absenteeism (%)

| Reason | 2022 | | 2021 | |
|-----------|------|--------|------|--------|
| | Male | Female | Male | Female |
| Illness | 3.31 | 4.80 | 1.75 | 0.61 |
| Accident | 0.33 | 0 | 0.24 | 0 |
| Maternity | 0 | 0.28 | 0 | 0.68 |

It should be noted that, with reference to workers who are not employees but who worked at Andriani's work sites, no serious accident cases occurred during 2022. Additionally, in 2022, one employee requested and received hourly parental leave with a reduction in daily work, and later returned to work.

Care for the workers' well-being

| 403-6 |

Andriani firmly believes that it is crucial to **promote happiness** and a state of **mental and physical well-being at work**, which is based on a eudemonic concept, i.e. the production of happiness in the long term, as opposed to one that has limited benefits over time. All **People Care** initiatives initiated by the company have this goal that, as proven by scientific studies and analysis, is strictly related to the increase in intrinsic motivation and the sense of belonging at the company, as is the increase in company productivity.

The focus on the workers' health and well-being is manifested in numerous company initiatives.

The company provides a wellness program, with the help of experts in the industry, that encourages

all employees to lead active, healthy lifestyles by taking into account the significance of physical and nutritional well-being.

A **fitness area** with equipment including bikes, elliptical machines, and treadmills is one of the services offered to Andriani employees. Additionally, **Pilates, yoga, and postural gymnastics courses** are highlighted. Each attending employee has a personalised training card to follow that was created following an extensive postural assessment.

In addition to these classes, there are three morning **mountain bike rides** a week that last around 120 minutes. Over time, employee involvement in these rides has grown.

It was also determined that, in 2022, for the entire year, bookings for the fitness area, which are made via a special app, averaged around 200 employees.

With regard to employees' nutritional wellbeing, the organisation supports monthly consultations with a nutritionist who creates customised meal plans, for those who request them, based on the chef's suggested menu.

Physical and nutritional well-being work together to provide a more comfortable work environment that encourages higher productivity and, most importantly, **employee happiness** at work. This focus on employees has a significant impact on **socialisation** and leading a **proper and healthy lifestyle**.

Andriani Wellness

The Andriani Wellness project features a series of initiatives aimed at promoting the physical and mental wellbeing of its employees in order to guarantee the most positive and well-balanced personal and work life that is possible. Andriani's macro-goals are:

- improving physical health, with targeted awareness and prevention pathways on critical issues that are widespread within the company;
- optimisation of the person's psycho-emotional balance through psychological support and the creation of particular pathways, which enable individuals to deal with challenging situations, have more energy in daily life, express their strengths, and work on areas requiring improvement, increasing self-empowerment and engage-

- ment, and strengthening coping mechanisms;
- promotion of a healthy lifestyle, which is characterised by personal behaviour directed toward reaching the best possible health condition and discouraging undesirable habits or attitudes;
- reducing physical and mental stress through a safe and healthy workplace with a suitable micro-climate and ergonomic *equipment*;
- promoting safety at work through the encouragement of the use of PPE and continuous training on the subject;
- increasing the company's commitment to achieving Goal 3 - *Good Health and Well-being* of the UN 2030 Agenda.

The following initiatives were implemented:



Increase in **training hours on safety, risks** linked to the job and work environment, and **use of PPE** with a consolidation of prior knowledge



Improvement in the micro-climate conditions and noise inside the facility to prevent any damages, injuries, or occupational illnesses



Individual consultations with the company physician for a thorough history of **mental and physical health**, to recommend potential specialist examinations or appropriate behaviour to enhance well-being



Raising awareness about addiction to prevent dysfunctional behaviour and initiation of individual psychotherapeutic support paths for issues including addiction to psychoactive drugs or inappropriate behavioural patterns



Prevention of cardiovascular illnesses by monitoring specific parameters and risk conditions



Free anonymous psychological support for everyone, active through the toll-free wellness line, available 24/7



Creation of training pathways for **stress management and prevention**



Introduction of plants inside and outside the Smart Building, which contribute to the regularisation of biological cycles, concentration and stress reduction

International Women's Day

On International Women's Day, Andriani chose to dedicate attention to the health of its employees. For this reason, all female staff over 40 were given the opportunity to participate in a **free screening** for the prevention of ovarian cancer, thanks to the collaboration with the Control Clinical Analysis Laboratory.



Following up on the Bike to Work initiative, the Andriani Group increased the number of e-bikes available to its workers in 2022 to 107 in order to promote a healthy lifestyle and encourage a more sustainable commute to work.



Parent training course: Say it with a Fairy Tale

In 2022, a new parenting support project was launched, based on using fairy tales as a communication and participation tool. The course was designed for the entire company population, including those who are parents, want to be parents, are unable to become parents, are unsure if they want to become parents, are caring for someone, or are just interested in learning more about the topic.

The story-writing phase provided the chance to read about the varied life pathways and approaches to the different aspects of life within each

story, encouraging thinking about potential fresh approaches to overcoming challenges and rediscovering skills and resources that are inherent in everyone. Therefore, Andriani launched a training project to delve further into various caring and parenting-related topics. Participants learned how to write fairy tales from psychologists skilled in the process so they could learn how to express any message simply and directly.

Support services to directors and executives

| 401-2 |

The project is part of Andriani’s Corporate Social Responsibility and Wellbeing activities, in full alignment with the values and goals of Andriani Empowering People. The advantages of the initiative are for directors and executives, through the contribution of ASSIDIM, an association that is exclusively for welfare and non-profit purposes, registered since 2010 with the Register of Supplementary Funds at the Italian Ministry of Health. The association ensures economic assistance and services in the event of illness, injury, death, disability, loss of self-sufficiency and serious illnesses, and provides:

- supplementary health care - reimbursement of health care costs incurred by directors and

executives (and their families) as a result of injury or illness, with benefits covering both hospitalisation and out-patient treatment, as well as reimbursement for high-diagnostic services, medical and specialist examinations, dental and orthodontic treatment and other collateral services;

- occupational and non-occupational accident coverage - coverage for permanent disability and death resulting from occupational and non-occupational accidents;
- permanent disability coverage due to illness from any cause whatsoever;
- life and total permanent disability coverage.

How outsiders evaluate us

In 2022, Andriani won several awards for the well-being initiatives it had introduced, demonstrating the merit of the programs that were implemented and their positive impact on the workforce, who shared their opinions and levels of job satisfaction in response to internal and external surveys and climate analysis conducted throughout the year.

Best Workplace for Blue Collar Workers Award

Andriani was named Best Workplace for Blue Collar Workers, placing first out of 45 Italian companies that Great Place to Work analysed, in addition to receiving the **Great Place to Work** certification for a second consecutive year and being listed in the **Best Workplaces** ranking out of 60 Italian companies as the only manufacturing company for 2022.



Further information



Andriani is one of the Best Workplaces in Italy for the second consecutive year



Further information



HR Mission 2022 Award

Andriani won 2nd place in the Sustainability Category for the 2022 edition of the HR Mission award. AIDP and the Fondazione AIDP Lavoro e Sostenibilità (AIDP Work and Sustainability Foundation) established the prize to honour achievements in human resources management. This year's edition was dedicated to the theme "Working with and for People".



Welfare Champion 2022 (2022 SME Welfare Index Report)

Andriani received the **Welfare Champion 2022** award alongside 120 other businesses chosen from more than 6,500 businesses across Italy at the presentation of the **2022 SME Welfare Index Report**, sponsored by Generali Italia under the patronage of the Presidency of the Council of Ministers. This report evaluates the level of corporate welfare

in small and medium-sized Italian businesses. The distinction accorded to Andriani, which won in the "Industry" category, is the result of an assessment that looked at the breadth, depth, and originality of the numerous initiatives as well as their capacity to engage workers.

Libellula Inspiring Company Award

Andriani won the Libellula Inspiring Company award as confirmation of a process, carried out in collaboration with the Fondazione Libellula, that acknowledged the value of special projects carried out to combat gender-based violence, create an inclusive culture, and overcome stereotypes, prejudices, and discriminatory behaviour.



4.3 Training and development of human resources



Material topic no. 15 ESG

Human resources training

| 404-1 |

Andriani continuously invests in the training and development of human resources because it believes that everyone must be given the opportunity to express their potential and professional aspirations in order to create quality and added value in all organisational roles.

In order to continue the skill improvement process begun in previous years, **9,321 hours of non-com-**

pulsory training were provided in 2022, an **increase of 58% (+3,426 hours)** over the year before, for a **total of 228 employees**. Training was begun based on the results of the analysis of the training needs of department heads.

Table Hours of training broken down by position and gender

| Professional Position | 2022 | | | | | 2021 | | | | |
|-----------------------|------------------|-------------|------------------|-------------|--------------|------------------|--------------|------------------|--------------|--------------|
| | Women | | Men | | Total Hours | Women | | Men | | Total Hours |
| Total Hours | Average | Total Hours | Average | Total Hours | | Total Hours | Average | Total Hours | Average | |
| Director | 220 | 110 | 1,256 | 104.7 | 1,476 | 132 | 66 | 439 | 36.58 | 571 |
| Middle Manager | 94 | 94 | 895 | 127.9 | 989 | 103 | 103 | 261 | 52.2 | 364 |
| Office worker | 2,634 | 82.3 | 3,409 | 69.6 | 6,043 | 1,130 | 35.31 | 1,899 | 38.76 | 3,029 |
| Hourly worker | 65 | 13 | 748 | 6.2 | 813 | 53 | 8.83 | 1,878 | 19.36 | 1,931 |
| Total | 32% 3,013 | 75.3 | 68% 6,308 | 33.6 | 9,321 | 24% 1,418 | 34.59 | 76% 4,477 | 27.47 | 5,895 |

The training activities were conducted to develop technical skills using an approach of ongoing updating and professional specialization as well as to enhance transversal skills. In 2022, there was a **24% increase in training hours in soft skills** compared to 2021, while **for D&I the increase was +355%**.

Table Hours of training broken down by position and relative skills

| | 2022 | | | | Overall Total |
|----------------------|--------------|---------------|---------------|----------------|---------------|
| | Director | Office worker | Hourly worker | Middle Manager | |
| Coaching | 6 | 31 | 376 | 6 | 419 |
| Technical skills | 264 | 1,465 | 156 | 606 | 2,491 |
| Computer Skills | 24 | 120 | 0 | 12 | 156 |
| Language Skills | 168 | 1,676 | 24 | 48 | 1,916 |
| D&I | 22 | 189 | 194 | 14 | 419 |
| Soft Skills | 882 | 2,223 | 63 | 303 | 3,471 |
| Sustainability | 110 | 339 | 0 | 0 | 449 |
| Overall Total | 1,476 | 6,043 | 813 | 989 | 9,321 |

Main courses carried out in 2022

Self Efficacy

In addition to classroom instruction and one-on-one coaching, an outdoor training activity was conducted at an adventure park as part of the training course designed to develop **Self Efficacy** competence, or awareness of individual capabilities in achieving individual and team goals. This helped everyone overcome their personal limitations and rely on the team to improve and grow. The Adventure Outdoor Training gave participants the chance to try their hand

at various challenges and occasionally "experiment" with the strategies and ideas they had learned. These training methods used physical activities that were never strenuous and did not place a focus on individual performance, but rather served as effective tools for identifying and nurturing **individual and/or group potential**. The adventure is a means to an end for learning, not the destination itself.

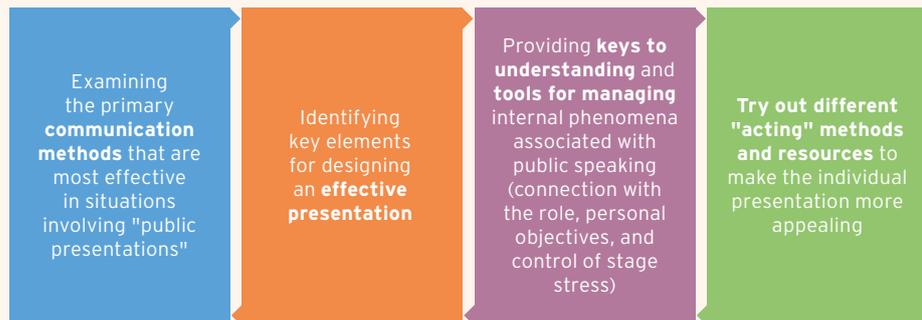
The Company Theatre

To increase involvement, **edutainment**, participation, and engagement, the corporate theatre training technique was implemented in 2022. In particular, a training course was established in "Building the team spirit. Building and implementing effective public speaking through self-awareness."

- use of the voice, emotional shading;
- expressive gestures;
- management of several factors that are more internal to the speaker's world: clarity of individual purpose, management of stress and anxiety, perceived self-efficacy.

The purpose was to **develop the personal and communication skills** involved in the **public speaking** process. Therefore, the expressive component was covered:

The course was overseen by two lecturers: a trainer who prepared the expository/recitative portion and a professional actor who oversaw the project-related portion. Both saw the accomplishment of the following goals:



The training had a strong practical focus, alternating between "stage" learning, mentored reflection, and direct application to actual organisational contexts while always keeping in mind the participants' true goals. The latter were called upon to move forward simultaneously on the aspects of expository effectiveness and personal awareness.

The course and the tips provided to the participants ensured the following benefits:

- **FLEXIBILITY:** The format allows each partici-

- participant to build and refine their own style, consistent with their subjective characteristics;
- **RECOGNITION:** Acquiring common tools and techniques for developing a distinctive communication style that helps an organisation establish a recognisable identity;
- **INNOVATION:** Familiar themes can be recovered and revisited through the use of theatrical approaches, bringing them to life and allowing participants to have a valuable and fun learning experience.

Emotional intelligence

A training program on **enhancing Emotional Intelligence** was carried out in 2022 in conjunction with Stimulus. The course's goal was to increase participants' understanding of the subject and aid them in discovering their own personal "style." Goal of the course:

- 1) understand what emotional intelligence is;
- 2) benefit from Group relations as a source of learning;
- 3) provide participants with thought-provoking material and practical tools.

"Emotional intelligence involves the ability to perceive, evaluate, and express emotion; the ability to access feelings and/or create them when they facilitate thoughts; the ability to understand emotion and emotional knowledge; and the ability to regulate emotions to promote emotional and intellectual growth".

Wine tasting

With the goal of promoting the development of extra-professional skills closely linked to personal development and striving for a **balance between private and professional life**, a "Wine Tasting and Discovery" training course was implemented, held by a wine and food consultant and trainer.

Factory of the Future

With the support of BIP, Andriani implemented a collective coaching course aimed at all staff entitled "Future Factory" to involve all operators in **the improvement and production efficiency processes**. In June 2022, all Andriani resources committed and dedicated to Production, Warehouse and Packaging activities were involved. The event was planned with the intention of informing and educating participants on the subjects of **digital transformation**, the **impact of technolo-**

gy on work processes and methods, and the **opportunities that technology can provide in terms of safety and activity quality**, collecting and stimulating ideas and suggestions for a targeted application of technology on current production processes and cycles in businesses. These suggestions were compiled in a report and presented to management, with an eye toward continuous improvement and the involvement of the entire business in forward-thinking initiatives and changes.

MAIN COURSES CARRIED OUT IN 2022

The company pursues the enhancement of **relations with leading Italian universities and educational institutions**, including the Pollenzo University of Gastronomic Sciences, with which it is an official partner, the L. Bocconi University in Milan, the Turin Polytechnic University, the University of Bari, ITS Cuccovillo (and various local technical institutes), LUM, the University of Salento, the University of San Raffaele di Roma, and the Mediterranean Agronomic Institute (CIHEAM) based in Valenzano (BA). Among other things, the latter has been involved for years in organising master's courses for students from all the countries of the Mediterranean basin. The collaboration is founded on Andriani's previous participation in a work project with a group of students who were given a challenge by a corporate team, supervised

by CIHEAM tutors, to develop a teff-based functional food product.

Andriani also took part in the Agrifood Week, a series of conferences with the participation of major Italian and foreign institutional and entrepreneurial representatives on the same themes on which CIHEAM's existence is based, as well as the presentation, selection, and engagement of one among 15 start-ups of young Tunisians, Lebanese, and Palestinians under the banner of the WaterMedyin project.

More on the WaterMedyin project



People empowerment, culture of diversity and sharing

Andriani firmly believes in the mingling of knowledge, combining ideas, potential, and aptitudes. This goal is therefore pursued by encouraging the formation of **interdisciplinary and intergenerational project teams, job rotation** programs, and ongoing initiatives to **develop skills and empower each** person. This is done through the continuous confrontation of the individual attributes and specialties of each individual.

The adoption of an inclusive and participatory leadership system, in which everyone can feel involved in accomplishing the company's goals and building Andriani's success,

supports the process of **respecting diversity**. Empowering each employee, regardless of role and function, recognising everyone's autonomy and trust, and harnessing the creative and innovative potential in every area of the company makes it possible to work in a stimulating and growth-promoting environment.

Andriani continuously seeks to elicit ideas, suggestions and proposals from each of its employees, because true innovation is achieved through a communication process that is both top-down and bottom-up.

Family Day 2022

Andriani firmly believes in creating events and moments that allow sharing, participation, a sense of belonging, corporate identity, improvement of the internal climate, and the promotion of relationships and communication. In fact, Andriani organises the Family Day each year, a time for gathering, amusement, and fun for family members and friends of employees and contract workers. This event is held in a festive and enthusiastic atmosphere that enables participants to both have a happy day and reflect at the same time.

The **5th Andriani Family Day**, which was held on **June 18, 2022**, was primarily focused on **celebrating the individual attributes** that make each person special and unique. The event included a children's



play area, a puppet theatre that focused on **themes of inclusiveness**, and a cuisine area with food from many different international culinary traditions. Additionally, the University of Gastronomic Sciences of Pollenzo demonstrated how **diverse culinary experiences** might facilitate **true cultural integration**.

The day came to a close with the performance of "Up and Down" by Paolo Ruffini, an amusing and poignant journey that celebrates the inherent beauty of diversity.



Video



Photo gallery



Meet the author

As part of its cultural commitment to the community and its employees, Andriani has launched a new initiative. Invited authors spark conversation and debate on certain topics, encouraging thought-provoking discussion and the sharing of ideas while promoting reading as a vital activity for development, enrichment, and evolution.

The "Rise of the Giants" author Francesco Casolo was the guest speaker at the company this year on a day that was well-attended by staff members.

Video



5

Natural innovators for conscious food

In this chapter

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| 5.3 | Product safety and traceability | 88 |
| 5.4 | Research and innovation | 91 |

Stakeholders

Suppliers, customers, business partners

Key numbers and relevant facts

+9% Increase in the proportion of **spending at local suppliers** compared to 2021

+11% Increase in **volume product sales**, compared to the previous year

+23% Growth in **international market sales shares** compared to 2021

3 new ready-to-cook and ready-to-eat solutions developed in 2022

10 research and development projects



Supplier code of conduct follow-up and focus groups



Participation in the "RESO Project" to contribute to the development of southern agro-food supply chains



2022 Best Food Product Award for Felicia Spirulina Spaghetti

5.1 Sustainability of the supply chain

Material Topics no. 1, 3, 7 ESG



Raw materials and supply chain

| 2-6 | 204-1 |

The **quality of raw materials** and the **sustainability of the supply chain** play a key role in Andriani's shared value creation process.

Purchases of raw materials used in production activities, and related company supplies, consist mainly of food raw materials (69.3%) and packaging (22.7%), as shown in the following table.

Table
Purchase of raw materials, consumables, and merchandise

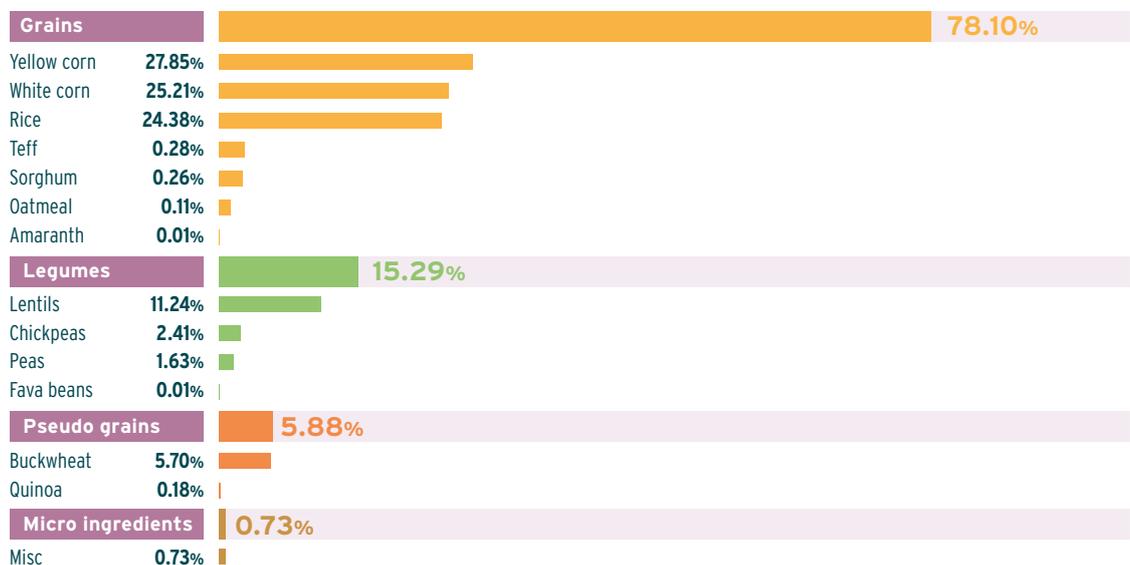
| | 31/12/2022 | | 31/12/2021 (*) | |
|----------------------|-------------------|-------------|-------------------|-------------|
| Food Raw Materials | 36,314,555 | 69.3% | 30,277,823 | 71.3% |
| Packaging | 11,861,808 | 22.7% | 9,484,643 | 22.3% |
| Fuel for heating | 3,261,681 | 6.2% | 1,756,914 | 4.1% |
| Finished products | 5,980 | 0.0% | 30,550 | 0.1% |
| Consumables | 348,276 | 0.7% | 374,880 | 0.9% |
| Fuels and lubricants | 90,747 | 0.2% | 63,578 | 0.1% |
| Merchandise | 18,076 | 0.0% | 30,100 | 0.1% |
| Others | 467,456 | 0.9% | 452,673 | 1.1% |
| Total | 52,368,579 | 100% | 42,471,160 | 100% |

* Comparable amounts are different compared to the 2021 report following a variation in the reporting scope (see the Note on methodology)

Overall, there was a 23% increase in value purchases in 2022 compared to 2021: +20% for food raw materials, and +25% for packaging.

Moving on to the quantity analysis, in 2022 Andriani purchased food raw materials with a total volume of 39,946 tonnes. The percentage breakdown of those quantities is as follows:

Table
Percentage composition of volumes of purchases of food raw materials



When choosing its raw materials, Andriani demands complete adherence to quality standards from its suppliers as well as the sourcing of raw materials from ethical manufacturing, a crucial factor for the Group.

In 2022, the procurement of food raw materials involved **38 suppliers**, essentially represented by **processing companies with their own agricultural supply chain**:

2022 Food raw material suppliers



Farms in the legume chain (No. 195) and those with Terre Bradaniche, a supplier and member of the Andriani Group, are not taken into account in this breakdown. An in-depth look at the 2022 crop year for the legume chain can be found in Chapter 6.

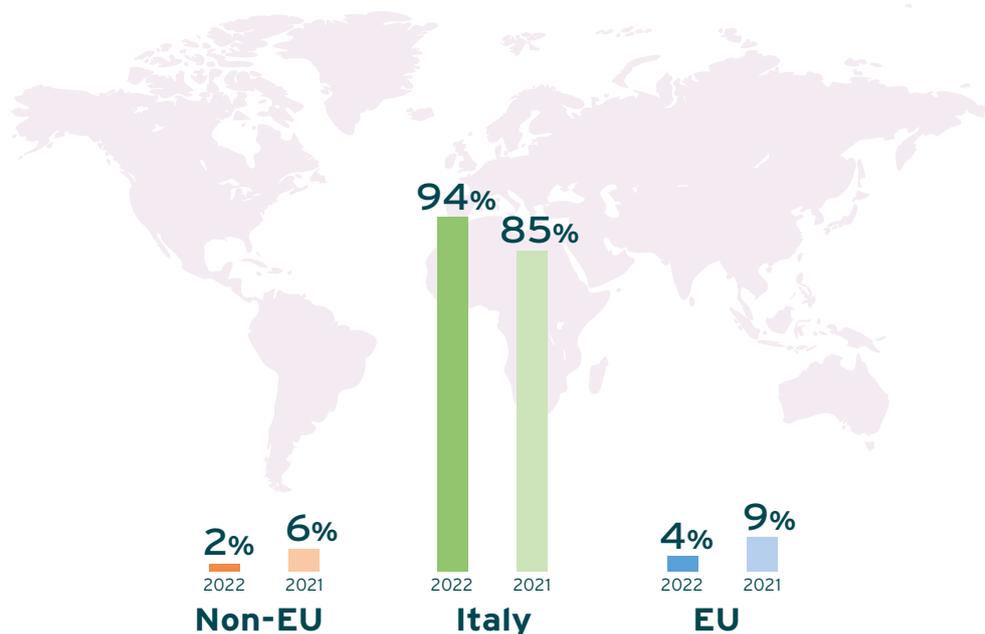
The various types of suppliers involved by Andriani in the procurement phase in 2022 are indicated below.



Regarding the geographic distribution of suppliers, the following graph demonstrates that, compared to the previous fiscal year, in 2022 more money was spent on suppliers with headquarters in Italy (+9%), while less money was spent on suppliers with origins in the European Union (-5%) and out-

side of Europe (-4%). The numbers above demonstrate the Group's commitment to **favouring local suppliers** for social, environmental, and economic factors.

Graph
Proportion of expenditures to local suppliers¹ by Andriani (in % of food raw materials procured)



¹ Local suppliers refers to those with their operational headquarters in Italy.



The sustainable management of supply chains represents a challenge that inevitably passes through the definition of shared objectives. In this way, networking opportunities between companies are significant nodes of exchange within the business network and help to form a plural perspective on sustainable development issues applied to the supply chain.

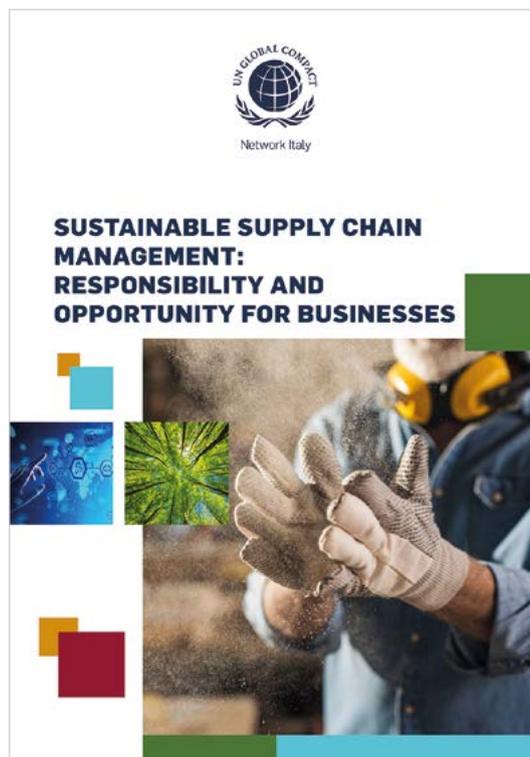
As proof of the active contribution it intends to make to the discussion, Andriani shared its experiences and projects on two important occasions: on 20 July 2022 in Bari, during the day entitled "Sustainability in the supply chain: a value shared with the territory", organised by Edison and with the participation of the Italian Alliance for Sustainable Development (ASviS), Cerved, Business Integrity Forum (BIF), and Global Compact Network Italia (GCNI).

In addition, the Andriani Group actively participated in the writing of the Position Paper "Sustainable Supply Chain Management: Between Responsibility and Opportunity for Businesses," which was published in October 2022 by the UN Global Compact Network Italy. The Position Paper, which is also the outcome of a group effort and whose goal is to increase member companies' commitment to managing their supply chains in a sustainable manner, identifies associated issues and opportunities while beginning with vertical insights on the following topics:

- reduction of Scope 3 emissions;
- promotion and protection of human rights and decent work;

- the management of adverse effects through circular strategies.

The document offers helpful platforms and tools for businesses to engage suppliers, along with the sharing of approximately 30 business practices, including Andriani's "Regenerative Supply Chain" project.



Supplier Code of Conduct 2022 Follow up

In 2022, Andriani was committed to involving its supply chain both commercially and through meetings with suppliers. In fact, two workshops were organised to discuss and debate the adoption of the Supplier Code of Conduct and the commitment to the issues it contains.

The purpose of the first of these meetings, which took place in February, was to present the recently undertaken project. The second meeting, which took place in December, was intended to provide an update and return the findings of the sustainability questionnaires, followed by a thorough discussion. This allowed for the early identification of some potential paths for improvement for each of

the examined supplier categories (food raw materials, packaging, transportation, and other services). All of the strategic suppliers who participated in the program are based in Italy and have a closer bond with Andriani than the others. More information on the Focus Group held in December 2022 can be found on [pages 13-14](#).

Co-evolutionary business partnerships are strengthened by starting a group journey to share best practices and objectives across all facets of sustainable growth. The goal for the future is to gradually extend the scope of the **"Regenerative supply chain"** project to a growing number of suppliers by sharing the Code of Conduct and related survey.



 Focus group
02/02/2022

7

raw materials
suppliers

3

packaging
suppliers

2

transport/logistics
companies

12

Total suppliers
involved

 Focus group
16/12/2022

5

supply chain
farmers

4

raw material
suppliers

5

packaging
suppliers

2

providers
of services

16

Total suppliers
involved

Food safety inspections on the raw materials and suppliers

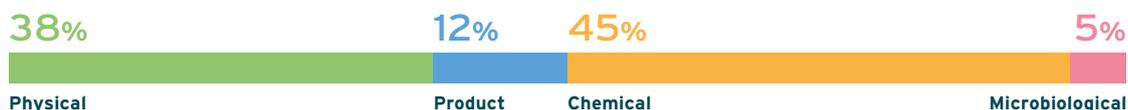
Paying close attention to the quality standards of raw materials to ensure healthy and safe finished products, the Quality Department, as it does each year, conducted a risk assessment in 2022 that resulted in the definition of a **control plan** covering the entire process from raw material to finished product.

Allergens, pesticides, heavy metals, and micro-toxins are, in this manner, constantly monitored. **Each raw material is analysed.** For FY2022, this resulted in **2%** of non-compliant raw materials being rejected.

Raw materials 2022



Analytical checks 2022



Each supplier is subject to the **qualification process** annually. The **supplier register list** is constantly updated and reports all actors in the supply chain.

Also in 2022, the supplier audit program was drawn up. In fact, **6 audits** were carried out on

the premises of **raw materials suppliers**, focusing on new suppliers. The documentary qualification procedure is still valid, and the outcome was positive for all suppliers with whom relations had been maintained in previous years.

Ethical and responsible procurement

| 408-1 | 409-1 |

In 2022, Andriani renewed its membership in **SEDEX**, an online platform for sharing information on **ethical and social performance** across the **value chain**. In this context, a SMETA audit was completed in January, and all four audit methodology pillars yielded favourable results:

- *Labour Standards;*
- *Business Ethics;*
- *Environment;*
- *Health & Safety.*

Andriani also encouraged its suppliers to adopt this tool, especially sub-suppliers operating in countries at risk.

In 2022, **22%** of Andriani suppliers permanently adopted the SEDEX platform, in line with the numbers from the previous year. For all others, the performance of SMETA audits is assessed on an individual basis and restricted to cases where there is a proven need, especially if it is in response to explicit customer requests.



5.2 Product quality



Material Topics no. 3, 17 ESG

Our concept of food innovation

| 2-6 |

The Andriani Group develops and produces an innovative and complete range of **gluten-free pasta** using a variety of **naturally gluten-free ingredients**. These include grains (rice, corn, oatmeal, buckwheat), legumes (lentils, peas, chickpeas, etc.), and alga spirulina. Pasta is produced in the 100% allergen-free Andriani facility in Gravina in Puglia, in complete compliance with food quality and safety criteria.

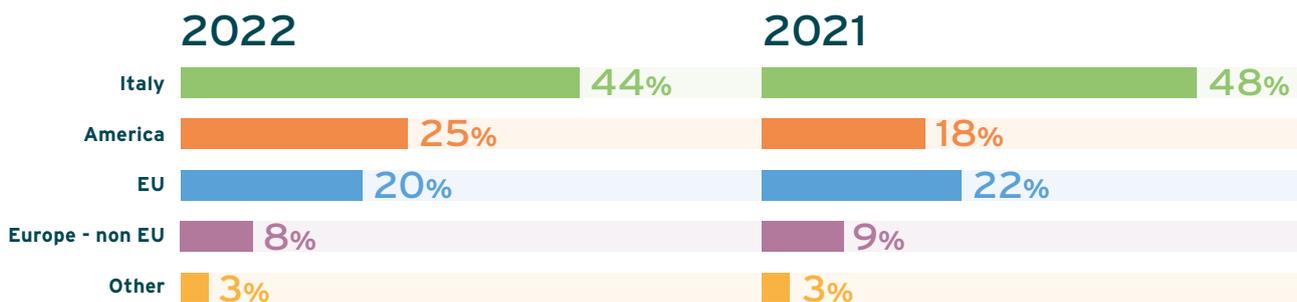
Table
Percentage of sales by quantity

| | 2022 | 2021 (*) |
|---|-------------|-------------|
| Gluten-free Pasta from Grains | 71.3% | 64.8% |
| Gluten-free pasta from Organic Grains | 12.1% | 13.4% |
| Gluten-free pasta from Legumes | 7.2% | 9.6% |
| Gluten-free pasta from Organic Legumes | 9.1% | 11.9% |
| Gluten-free mixes for sweet and savoury foods | 0.3% | 0.3% |
| Total | 100% | 100% |

* Sales recalculated compared to the previous report following a variation in the reporting scope

The products are intended to be sold both domestically, 44% of the total in 2022, and internationally, as shown in the graph below. Compared to the previous fiscal year, the percentage of international sales has increased, especially in America.

Graph Breakdown of sales by quantity by geographic area



Overall, the **quantities sold in 2022** were confirmed at 34.6 thousand tonnes (31.1 thousand tonnes in 2021), demonstrating an **overall increase of 11.3%** over the previous year. Also, all sales outside the domestic market increased (+23% compared to 2021), a sign of **the Group's greater international reach**.

For the most part, sales were made up of private label (PL) products and the Felicia and Biori

brands. Private label sales are intended for customers represented by large food groups, while Felicia and Biori products are aimed primarily at end consumers.

The **Felicia** and **Biori** brands are owned by Andriani and are registered with EUIPO, the European Union Office for intellectual property as well as in other countries and related intellectual property protection registries.



Felicia is an Andriani brand and spokesperson of its values: transparency, ethics, inclusion, and sustainability. Furthermore, it aims straight at personal well-being, extending its reach to the territory and the environment.

Since 2015, Felicia brand products have led the pasta shelf revolution in the large distribution retail trade channel in Italy, introducing the new category of special and alternative pasta.

Felicia is one of the largest assortments of organic, naturally gluten-free pasta available on the market. Its many varieties and formats make it possible to meet the diverse needs of evolved and knowledgeable consumers looking to feel secure about their nutrition and that of their family, as well as those who have specific dietary needs. Felicia pasta is made of ingredients such as legumes and grains, e.g., buckwheat, whole-grain rice, oats, chickpeas, and lentils, along with innovative raw materials such as spirulina or teff. Felicia is rich in valuable nutrients (fibre, protein, minerals, etc.) and is totally natural, since it is made only with water and flour. Today, Felicia is a reference point in **healthy food** and its mission is to bring more flavour to healthy and natural eating.

Felicia unifies everyone while also addressing the growing customer desire for transparency and safety, which is also represented in the decision to use straightforward, linear packaging that is made of fully recyclable cardboard and primarily features the colours green and white. This choice stands out on the shelf and makes the brand instantly recognisable. On the back, a clear and legible label provides the consumer with details in order to gain their full trust, according to the clean label logic consistently upheld by the brand.

More information on foodweb.it



Food labelling

| 417-1 | 417-2 | 417-3 |

Andriani protects the consumer by strictly complying with the European requirements on labelling information, as well as the environmental labelling of packaging. The Group is committed to ensuring that labels:

- report all the information set forth in the laws;
- guarantee the truthfulness of the information and the claims made;
- are clear and legible.

The label checking activity involves several corporate functions that verify compliance with the requirements set forth in the regulations.

Each year, Andriani employees participate in training and refresher activities carried out by the Legal Office regarding new developments linked to labelling of gluten free products. Before labelling the pasta packages, the Company:

- 1) scrupulously verifies the nutritional and health claims through analysis;
- 2) checks the nutritional values reported on the label and compares them with the values set forth in Regulation 1924/2006;
- 3) sends the labels to a Legal Office specialising in labelling, which also makes sure the information is communicated with extreme clarity to consumers, without ambiguous and/or untruthful communications.

The company procedures described above allow food products to be placed on the market with the necessary information for their safe use in order to protect the health of the end consumer. As previously described, the raw materials used to manufacture pasta are naturally free of gluten and

are without allergens. In fact, the products are specifically formulated for people who are intolerant to gluten. As per applicable regulations, the origin of the raw materials is indicated on the packaging. Similarly, even Private Label products from organic farming have the “bio” logo and indicate the origin of the raw materials. Andriani’s Felicia and Biori products also include information on the proper disposal of the packages/packaging.



In 2022, 318 reports were received by customer care, a decrease from the previous year (374), and they were managed with the support of the various company departments. They are broken down by type below:

Reports on products received in 2022

92
Commercial requests

110
E-commerce

53
Quality

64
Marketing

319
Total no. reports

Most of the reports received concerned requests for information on Felicia’s e-commerce (discount codes, initiatives, and information on current orders), “where to find products” and “commercial information”, thus not detecting any particular cases to be handled. No non-conformities with regulations and/or self-regulations codes emerged.

It should be noted that in 2022, the Company had no recorded cases of non-conformity with the

regulations and/or self-regulation codes regarding information and labelling of products and services. In 2022, there were no cases of nonconformities with regulations and/or self-regulation codes regarding marketing (advertising, promotions, and sponsorships).

5.3 Product safety and traceability



Material topic no. 3 ESG

At Andriani, quality planning plays a central role as it is understood to be the totality of activities by which the necessary processes are established to effectively and efficiently achieve objectives, as well as compliance with set requirements. Therefore, the quality objectives include what is necessary to meet the product requirements through the planning of the activities and the implementation of a documentary system to support them, all validated by a series of checks. For the Andriani Group, mandatory and voluntary certifications are

a drive for continuous improvement. The careful search for ever higher quality standards enhances the special characteristics of its products. The Group's commitment to satisfying the many needs of consumers is added to the responsibility that demonstrates its focus on guaranteeing the highest possible standard for its products, through a **large number and different types of voluntary process and product certifications**, in addition to the compulsory ones.

Primary product certifications



Organic

Organic is a product certification whose regulatory focus is EC Reg. 834/2007 and 889/2008. It is a certification that ensures environmental sustainability, and product quality, and guarantees regarding the origin of raw materials.



IFS and BRC

The BRC and IFS standards are international systems developed by large purchasing groups, with the aim of harmonising the different standards adopted by the large distribution sector. They are the most requested product certifications in the food industry. They are voluntary, define a series of requirements aimed at proper hygiene control in all phases of the management, production, and distribution processes in the food processing industry, and represent the world's reference standards in terms of hygiene and food safety.



Vegan OK V-Label (European Vegetarian Union)

The most widespread ethical standards for certification of vegan and vegetarian products.



No GMO Verified

Product certification to guarantee the absence of GMOs in the entire supply chain, from the raw materials used to the finished product.



Kosher

Obtaining the Kosher certificate means having undergone and successfully passed the strict procedures set forth for this certification. The word kosher or kosher means conforming to the laws, suitable, permitted. Kosher certified products are suitable for consumption and comply with food standards and therefore can be consumed by Jewish people as they are guaranteed to be in compliance with the rules of their religion. Today, Kosher means more than just being suitable for consumption by members of the Jewish religion. These foods are also considered to be more reliable and scrutinised. In fact, Kosher foods are increasingly becoming the ideal choice for vegetarians, vegans, and those suffering from food intolerances.



GFCO, GFCP Canada, Crossed Grain, Gluten <10ppm

These are the numerous certifications adopted by the company to ensure the "Gluten free" claim. Gluten free certifications are the tool used by the company to demonstrate its due diligence toward consumers.

Claims from customers and management of nonconforming products

| 416-2 | 418-1 |

The Andriani Group's quality team takes into consideration all complaints or disputes from its customers. Then, a process is started to analyse the causes and, if necessary, fix the non-conformity. In 2022, there was a decrease in customer complaints compared to the previous year, as shown in the graph below:

Graph
B2B
complaints



During 2022, there were no cases of nonconformities to regulations and/or standards related to the health and safety of the products and services. Finally, there were no claims regarding customer privacy breaches and/or loss of customer data.

Internal product quality control system

Updating all parts of the Quality System allows the Andriani Group to gather insights for constant and continuous improvement from the numerous audits conducted. In 2022, **7 audits** were carried out by certification organisations to maintain the certifications to which the Group decided to adhere.

The Group received the highest score **AA+** for the BRC standard and **"higher level"** for the IFS standard. In addition, **17 audits** were carried out to verify the standards agreed upon with custo-

mers. The in-person audits allowed for inspections of the facility and production areas to allow the assessment of the Quality System. The internal inspection programme was prepared, with **4 audits** broken down by time and area, was analysed and made available through a report shared with the various company departments in order to continuously improve the company's production process.



Traceability

Andriani implemented a traceability system whose elements make it possible to identify all its various preparation and marketing phases, starting from the raw materials that make up the products. Specific procedures were used to **collect the data** related to the product **throughout the entire production process**, organizing it so that the product can be tracked. The traceability and tracking system is used constantly, both in daily work and in inspections and audits,

in order to follow all phases of the production process, upstream and downstream, and vice versa. Each product is identified with a batch, a code that identifies it and tells its story. For Andriani, it is important to ensure that this fundamental traceability tool is always performing. For this reason, twice a year a **Mock recall test** (product withdrawal/recall test) is carried out to check the time frames and efficiency and effectiveness of the traceability system.

Awards

In 2022, Andriani received a number of awards for its products. The primary ones connected to production innovation are reported below:



Special innovation award:
2022 Best Food Product, FELICIA Spaghetti Spirulina



Andriani won the Save the Brand Award



Felicia won the 2022 USA Italian Food Awards



Events



6 APRIL 2022

Andriani at the Bologna Marca

19 APRIL 2022

Andriani and Felicia at Identità Golose

27 APRIL 2022

Andriani and Felicia, leading players at Cibus 2022

20 MAY 2022

Andriani, a leading player at the Amsterdam PLMA

9 - 14 JUNE 2022

Andriani at the Summer Fancy Food

25 JULY 2022

Andriani, a leading player at the Nuremberg Biofach

10 OCTOBER 2022

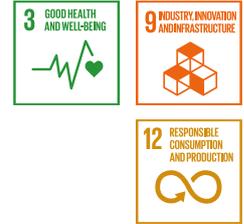
Andriani and its Felicia brand, leading players at the Paris Sial

11 NOVEMBER 2022

Andriani and Felicia, leading players at the Chicago PLMA

5.4 Research and innovation

Material Topics no. 2, 3 ESG



The Research and Development (R&D) Division concentrated on studying the domestic and international markets in 2022, paying close attention to emerging global trends and aiming to meet the rising demands of consumers, who are becoming more aware of and drawn to products that are nutritionally sound and environmentally friendly.

In particular, the R&D team completed the majority of the 2022 projects in cooperation with outside businesses, exchanging knowledge and technology to create outsourced goods. Product development projects for third-party brands included **special medical pasta products** for consumers with specific dietary needs.

Additionally, internal R&D activities concentrated on the study and analysis of scientific literature

and market trends to find new raw materials, especially functional ingredients that can improve the nutritional quality of pasta products, with the overall goal of providing the consumer with a **meal solution**.

The R&D Division developed **3 new** ready-to-cook and ready-to-eat solutions, i.e. products with a high service content that optimise preparation and consumption times.

These initiatives enabled the creation of new products under the Felicia and PL brands that fell into product categories different from dry pasta with the intention of establishing Andriani in untapped markets. In total, work was done on **10 projects**:

Graph R&D projects

10

R&D projects

3 projects

In cooperation with new **copackers**:

- 2 **buy** projects
- 1 **outsourcing** project

2 projects

On products based on **legumes**

5 projects

40% of pasta products **made from grains** add veggies to increase **vitamin and mineral content** to create products that are nutritionally complete

The following graphs show the projects carried out by the Andriani R&D Division in 2022.

Trends in new product development/improvement



R&D activities



PL Projects vs Felicia Projects



R&D KPI activities

3
new product line projects

17
raw material characterisation studies

9
new blends tested

3
new partnerships begun with copackers

1
Felicia brand product improvement project

5
new raw materials tested

5
new product categories developed

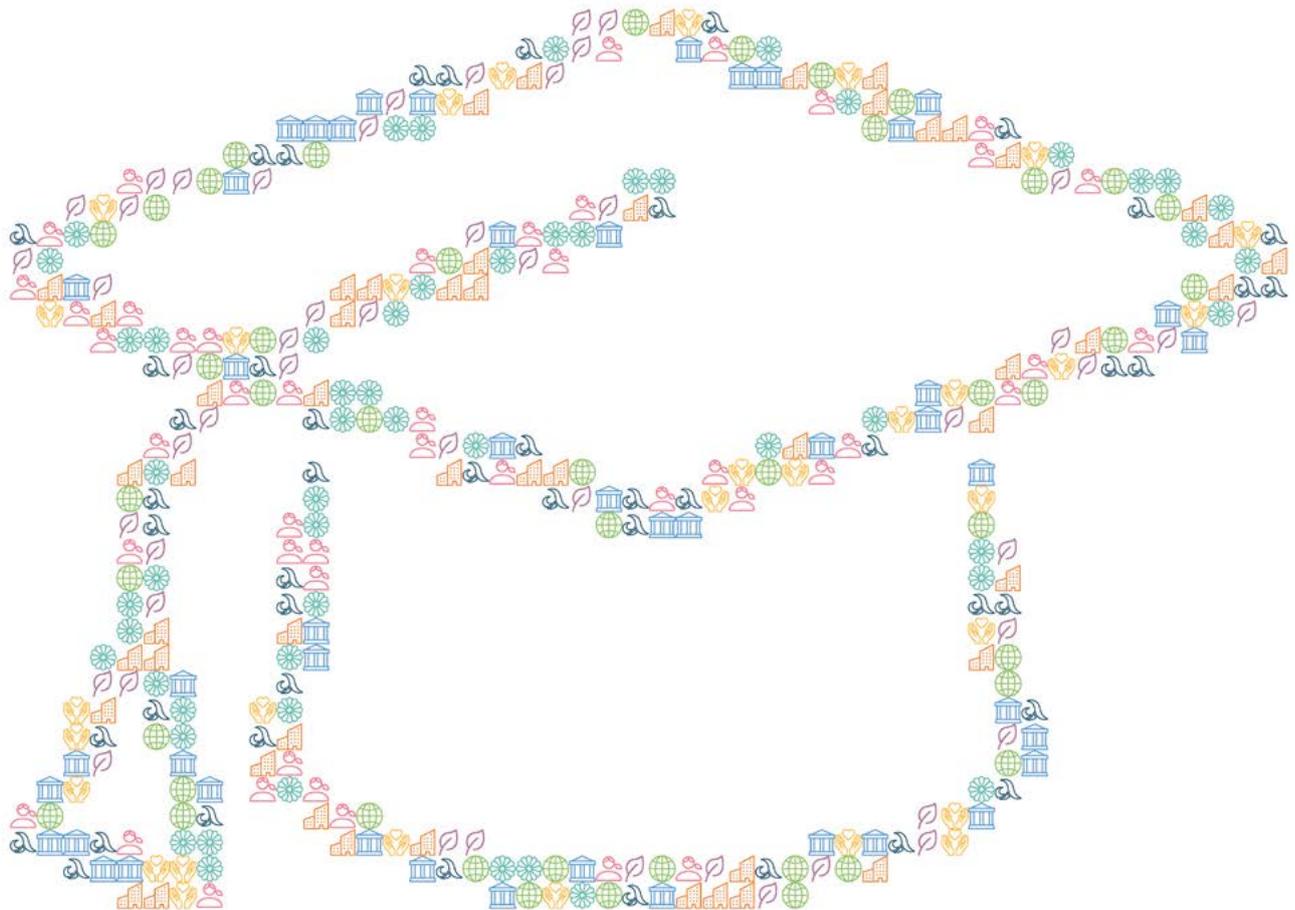
Research projects in collaboration with Italian universities

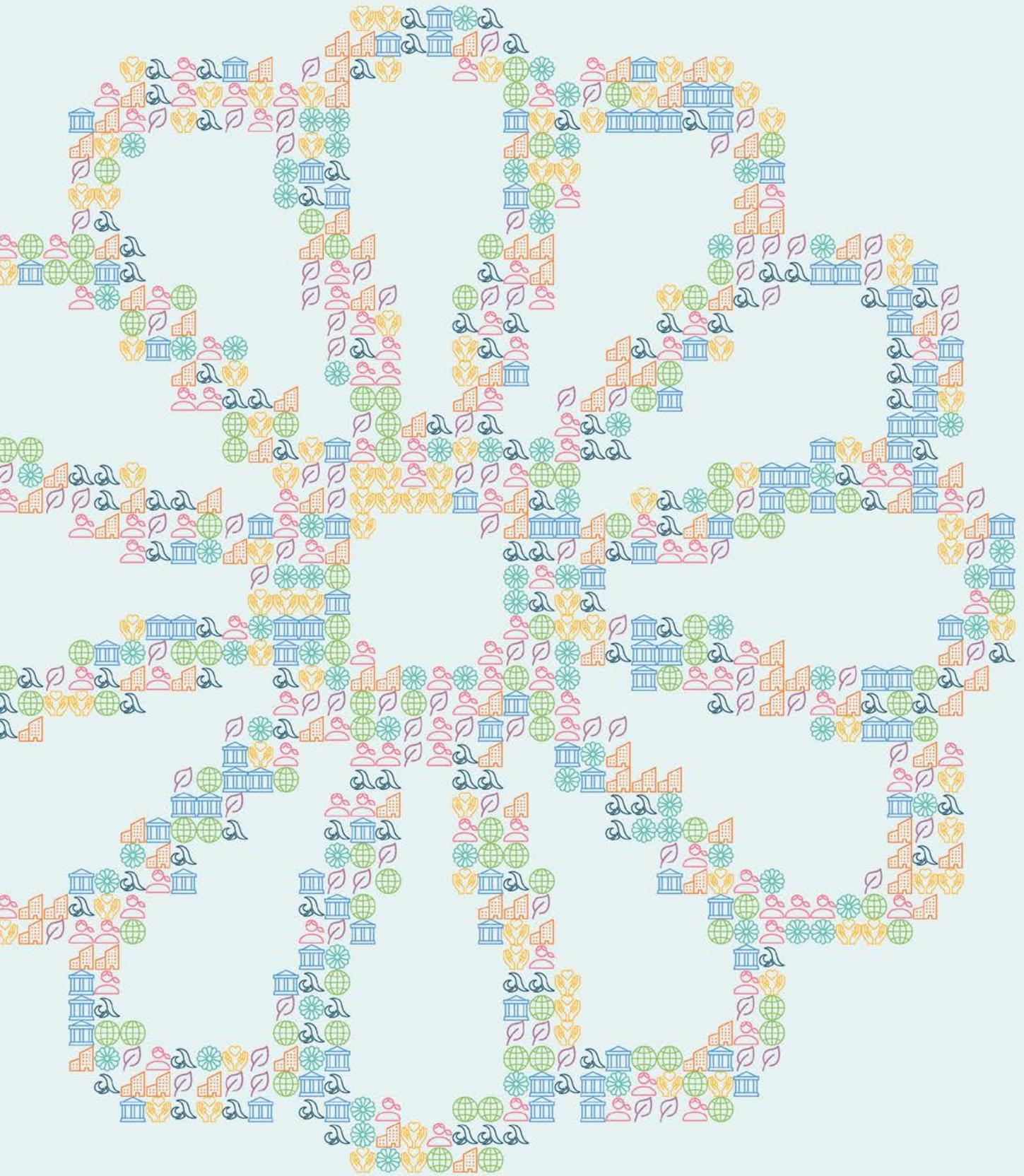
During 2022, the study of the functional properties of Felicia brand pasta products, which began in 2020, was completed in collaboration with a group of researchers from the University of Bari. The research team, which was in charge of doing the research and gathering the data for this effort, updated the Andriani team on the findings from the previous two years. The data gathered will be applied to the creation of content to assist in customer communication.

As evidence of Andriani's genuine openness to the academic community, a student from the Faculty of Food Science and Technology at the University

of Bari was also welcomed in 2022 for a Master's degree internship.

Additionally, Andriani participated in the "RESO Project" in 2022 with the intention of contributing to the **development of agri-food supply chains in the south**. The R&D Team coordinated actions aimed at the production and characterization of legumes from its own legume chain in order to meet its intended goals for the current year.





6

Environment

In this chapter

| | | |
|-----|---|-----|
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| 6.3 | Materials | 105 |
| 6.4 | Waste, recyclability, and reduction in food waste | 106 |
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| 6.6 | Water resources | 109 |

Stakeholders

Civil society, national and international institutions, environmental associations, universities, and research entities

Key numbers and relevant facts

-9%
energy intensity compared to 2021

10,142tCO₂
prevented in 2022

95%
waste produced and sent to recovery

-11%
complex water extraction compared to 2021

6.1 Energy



| 302-1 | 302-3 | Material topic no. 6 ESG

The geopolitical turmoil of 2022 had a significant impact on European energy security. The energy tensions brought on by Russia's invasion of Ukraine put the spotlight on Europe's acknowledged energy vulnerabilities and dependencies, forcing it to implement emergency plans of energy supply diversification and cost cutting. The good news is that this strategy has, overall, expedited the transition away from fossil fuels and toward the adoption of green technologies, in line with the European Green Deal's "Fit for 55" package.

In order to lower risks and alleviate any potential critical issues, the Andriani Group has consequently established a plan of adaptation to changing energy conditions, consisting of three

key synergetic actions:

- continuous monitoring of the markets;
- management of self-generated energy, as outlined in detail in relation to the Trigenerator and Photovoltaic Plants;
- timely energy efficiency interventions in the production processes.

The table below shows:

- the energy conversion factors used, with the related sources;
- the energy needs of the Andriani, Terre Bradaniche, and B31 facilities during 2021-2022;
- summary values of the Group's energy consumption and energy intensity for 2021-2022 compared.

Table
Energy consumption conversion factors

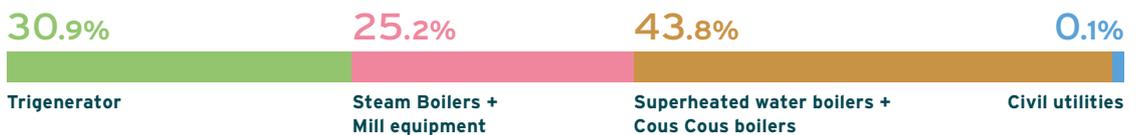
| Energy source | Emission unit/ Source unit | 2022 | 2021 | Source |
|---------------|-------------------------------|--------|--------|--|
| Electricity | GJ/kWh | 0.0036 | 0.0036 | constant |
| Natural gas | GJ/Smc | 0.0353 | 0.0353 | Min. Environment - 2022 Table of standard parameters in Italy for the monitoring and reporting of greenhouse gases |

Graph and table
Andriani facility energy requirements



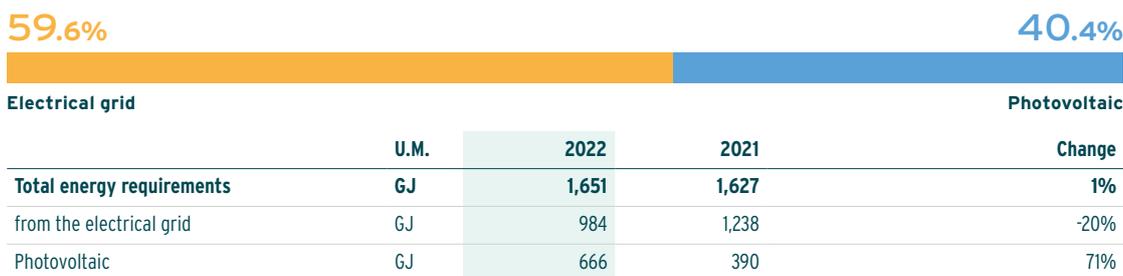
| | U.M. | 2022 | 2021 | Change |
|---------------------------------------|-----------|---------------|---------------|--------------|
| Total electricity requirements | GJ | 39,851 | 39,976 | -0.3% |
| from the trigenerator | GJ | 10,778 | 21,641 | -50% |
| from the electrical grid | GJ | 27,394 | 17,415 | +57% |
| from photovoltaic panels | GJ | 1,680 | 920 | +83% |

Graph and table
Andriani facility natural gas requirements



| | U.M. | 2022 | 2021 | Change |
|---|-----------|---------------|---------------|-------------|
| Total natural gas requirements | GJ | 79,063 | 94,172 | -16% |
| Trigenerator | GJ | 24,459 | 48,960 | -50% |
| Steam Boilers + Mill equipment | GJ | 19,946 | 19,001 | +5% |
| Superheated water boilers + Cous Cous boilers | GJ | 34,594 | 26,142 | +32% |
| civil utilities | GJ | 65 | 70 | -7% |

Graph and table
Terre Bradaniche facility electricity requirements



Graph and table
B31 facility energy requirements

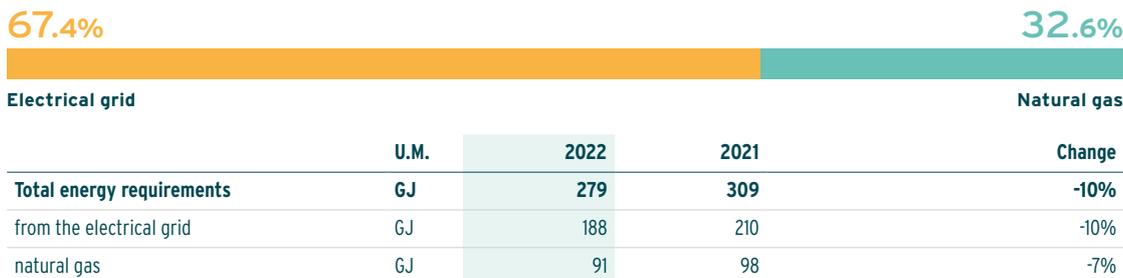


Table
Overall Group energy consumption

| Energy source | U.M. | 2022 | 2021 | Change |
|---------------------------------|-----------|----------------|----------------|--------------|
| Electricity* | GJ | 30,912 | 20,172 | +53% |
| Pastificio Andriani** | GJ | 29,074 | 18,335 | |
| Terre Bradaniche | GJ | 1,651 | 1,627 | |
| B31 brewery | GJ | 188 | 210 | |
| Natural gas | GJ | 79,154 | 94,270 | -16% |
| Pastificio Andriani | GJ | 79,063 | 94,172 | |
| Terre Bradaniche | GJ | 0 | 0 | |
| B31 brewery | GJ | 91 | 98 | |
| Total energy consumption | GJ | 110,066 | 114,442 | -3.8% |

*Electricity produced by trigenerators, which is counted in the use of natural gas, is excluded to prevent duplicate counting.
**Includes ApuliaKundi

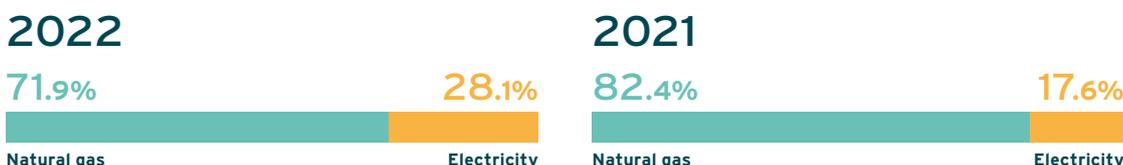
Table
Group's energy intensity

| Energy intensity | U.M. | 2022 | 2021 | Change |
|---------------------------------------|-------------|--------------|--------------|------------|
| Electricity/Tonne of finished product | GJ/t | 0.882 | 0.609 | +45% |
| Natural Gas/Tonne of finished product | GJ/t | 2.258 | 2.845 | -21% |
| Total | GJ/t | 3.139 | 3.453 | -9% |

As we can see, the above-mentioned strategy resulted in a 3.8% reduction in total energy consumption in 2022 compared to 2021, with an increase in production of around 6%, and a 9% reduction in energy intensity (relative to production volumes).

Additionally, the trigenerator was only partially utilised throughout 2022, as will be explained in more detail in the corresponding section, which is why there was an increase in electricity consumption and a concurrent decrease in natural gas usage.

Graph
Energy Consumption in the 2021-2022 two year period



Trigenerator

Page 99

The purpose of the natural gas trigeneration plant, installed in July 2020 as part of the Andriani facility's carbon neutrality plan (paragraph 6.2) is to self-produce part of the electricity, heat, and cooling needed for the facility's production operations, through the efficient use of available incoming energy. Due to the extraordinary volatility of the energy

markets in 2022, a method for tracking and analysing them was put in place, allowing the plant's cost/benefit ratio to be optimized year-round. The trigenerator was in operation for 3,714 hours, or about 42% of the year, resulting in primary energy savings of about 21%, as well as a reduction in net emissions of about 380 tCO₂^{eq}.

Table
2022
Trigenerator
Performance

| Data | Value | U.M. |
|--|-----------|-------------------|
| Total natural gas consumed | 692,154 | SMC |
| Combustible fuel supply energy | 6,987,694 | kWh |
| Electricity produced | 2,993,827 | kWh _{el} |
| Electricity consumed | 194,482 | kWh _{el} |
| Thermal Energy | 2,519,021 | kWh _{th} |
| Cooling Energy | 645,110 | kWh _{fr} |
| Engine operating hours | 3,714 | h |
| Primary Energy Savings PES | 21 | % |
| Average overall efficiency (absorber ON): | 88.1 | % |
| Average overall efficiency (absorber OFF): | 78.9 | % |

Photovoltaic systems

The photovoltaic systems installed on the Andriani and Terre Bradaniche facilities provided 4.3% and 40.4% of their electricity needs, respectively. The status and performance of both plants are monitored via a cloud-based monitoring and management platform developed by SolarEdge. The table below shows the performance of the systems in line with the anticipated yearly production values.

Tables
2022
Photovoltaic
system
performance

→ Andriani

| Data | Value | U.M. |
|--------------------------|---------|-------------------|
| Nominal power installed | 413 | kW |
| Total energy produced | 466,640 | kWh _{el} |
| Total requirements share | 4.22 | % |

→ Terre Bradaniche

| Data | Value | U.M. |
|--------------------------|---------|-------------------|
| Nominal power installed | 199 | kW |
| Total energy produced | 185,055 | kWh _{el} |
| Total requirements share | 40.36 | % |

Smart Building



The Andriani Smart Building embraces the company's core values of openness, innovation, sustainability, and well-being in its physical and organizational design, as extensively discussed in earlier editions of this report, to which you are kindly directed for more information.

In addition, to meet the logistical needs related to the Smart Building's activities (i.e. canteen and refreshment service, shuttle service for off-site customers/employees to/from the airport/accommodations), the company has an electric vehicle, Nissan E-NV200, which travelled 16,456 km in 2022, providing a net savings of about 1.8 tCO₂^{eq} compared to an average internal combustion vehicle (considering an average car emission value in Europe of 107.5 gCO₂/km, as reported by the [European Environment Agency](#)).

6.2 Emissions and carbon neutrality



| 305-1 | 305-2 | 305-4 | Material topic no. 5 ESG

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Page 96

Page 80

The Andriani Group commits to tracking and reporting its carbon footprint in great detail and openly each year in order to locate and evaluate the primary sources of emissions that occur inside its perimeter. One of the Group's primary goals in this regard is to achieve Carbon Neutrality (see paragraph 6.3 for details) at the Andriani plant by 2025 by implementing interventions and technological advancements meant to lessen its environmental impact.

The reporting scope, which includes the Andriani, Terre Bradaniche, ApuliaKundi, and B31 facilities, is constantly being monitored for direct (Scope 1) and indirect (Scope 2) GHG emissions. Aware that its own impact can never be less than that of its supply chain, as of 2023 the Andriani Group will undertake a mapping exercise (as per the program already initiated for the “suppliers” stakeholder category within the related Code of Conduct (paragraph 5.1) and, subsequently, a strategic plan to monitor and reduce Scope 3 emissions.

The emission figures for 2022 are broken down by scope in the paragraphs that follow. The Carbon Neutrality Plan also includes a full description of the effects of the actions taken to lessen and/or offset these emissions.

The table below shows the total emission values for the reporting scope, with the specific values referring to finished product and turnover, respectively. Due to increased solar power production (see paragraph 6.1) and decreased natural gas consumption in contrast to increased energy purchases from certified renewable sources, there is a significant decrease in emissions, both overall and particular, compared to the year 2021. The offsetting of Scope 1 emissions, however, also makes a massive contribution to reducing the specified emission values.

Table
Overall emissions value in relation to the reporting scope

| Emissions Summary | GHG | U.M. | 2022 | 2021 | Change % |
|---|-----------------|------------------------------------|-------|-------|----------|
| Scope 1 + Scope2* Emissions (excl. offsetting) | CO ₂ | tCO ₂ ^{eq} | 4,551 | 5,395 | -16% |
| Scope 1 + Scope2* Emissions (net offsetting**) | CO ₂ | tCO ₂ ^{eq} | 89 | 102 | -13% |
| Total emissions per tonnes of finished product (excl. offsetting**) | CO ₂ | kgCO ₂ ^{eq} /t | 129.8 | 139.5 | -7% |
| Total emissions per tonnes of finished product (net offsetting**) | CO ₂ | kgCO ₂ ^{eq} /t | 2.55 | 3.07 | -18% |
| Total emissions on turnover (excl. offsetting**) | CO ₂ | kCO ₂ ^{eq} /k€ | 49.71 | 63.53 | -22% |
| Total emissions on turnover (net offsetting**) | CO ₂ | kCO ₂ ^{eq} /k€ | 0.97 | 1.40 | -31% |

*Market-based Method

**The use of offsetting Scope 1 emissions related to the reporting scope will be discussed at length in the paragraphs below

The emission factors used for the calculations are reported in the table below.

Table
Emission factors and related sources

| Energy source | Emission unit/ Source unit | 2022 | 2021 | Source |
|-------------------------------------|---------------------------------------|--------|--------|---|
| Electricity (Location-based method) | kgCO ₂ /kWh | 0.2598 | 0.2598 | ISPRA - Atmospheric emission factors of greenhouse gases from the power sector in Italy and in the main European countries (2021) |
| Electricity (Market-based method) | KgCO ₂ /kWh | 0.459 | 0.459 | AIB - European Residual Mixes 2021 (Ver. 1.1, 2022-05-31) for the Market-based method |
| Natural gas | tCO ₂ /10 ³ Smc | 1,991 | 1,983 | Min. Environment - Table of standard parameters in Italy for the monitoring and reporting of greenhouse gases 2022 |
| Heating oil | tCO ₂ /t | 3,169 | 3,155 | Min. Environment - Table of standard parameters in Italy for the monitoring and reporting of greenhouse gases 2022 |
| Diesel for Road Haulage | tCO ₂ /t | 3,129 | / | Min. Environment - 2022 Table of standard parameters in Italy for the monitoring and reporting of greenhouse gases |

Scope 1

In 2022, more effort was put into monitoring direct greenhouse gas emissions, taking into account not only emissions from the combustion of methane gas but also fugitive emissions of HFCs intercepted within the Andriani plant and those from the consumption of diesel fuel by the six main company-owned vehicles. This was done in line with the gradual process of intercepting all of the Group's emission sources. The Group will also work to monitor these emission

sources in the other entities within the reporting scope in the upcoming years.

The table below lists direct emissions, net of any applicable offsetting made possible by funding specific carbon offsetting initiatives, which are covered in more depth in the section titled "Offsetting Projects."

Table
Details of direct emissions

| Emission source | GHG | U.M. | GWP | Offsetting | 2022 | 2021 |
|---|-----------------|-------------------------------------|-------|------------|-------|-------|
| Natural Gas Combustion | CO ₂ | tCO ₂ ^{eq} | 1 | Partial | 65 | 6 |
| Andriani facility* | CO ₂ | tCO ₂ ^{eq} | 1 | Yes | 60 | 0 |
| Terre Bradaniche | CO ₂ | tCO ₂ ^{eq} | 1 | No | 0 | 0 |
| the B31 facility | CO ₂ | tCO ₂ ^{eq} | 1 | No | 5 | 6 |
| Fugitive Gases** | R-410A (HFC) | tCO ₂ ^{eq} | 2.088 | Partial | 60 | / |
| Diesel Combustion for Road Haulage | CO ₂ | tCO ₂ ^{eq} | 1 | Yes | 0 | / |
| Total emissions per tonne of finished product | CO ₂ | kgCO ₂ ^{eq} /t | 1 | / | 1.85 | 0.167 |
| Total emissions on turnover | CO ₂ | kgCO ₂ ^{eq} /k€ | 1 | / | 0.708 | 0.076 |

*Includes ApuliaKundi

**Only the Andriani facility, not monitored prior to 2022

According to the data in the table, it is clear that the introduction of 2 new emission sources in the previous year, which were not previously monitored and therefore not estimated, is what is primarily responsible for the change in the level of total and specific emissions from 2021 to 2022. However, given the decreased usage of natural gas (see paragraph 6.1), it was necessary to offset a smaller quantity of emissions, as will be demonstrated below.



Offsetting projects

From January to September 2022, the Group decided to purchase natural gas for the Andriani plant (the largest consumer within the reporting scope) through a contract known as "100% CO₂ compensation," which entails the total offsetting of natural gas withdrawn and consumed by funding an environmental preservation project promoted by the Italian NGO COOPI in southern Ethiopia.

As of October 2022, the decision was made to internalise the process of offsetting direct emissions to ensure more transparency and freedom in choosing

which projects can be financed from among those most in line with the company's vision. In order to almost completely offset the residual emissions that could not be offset by the aforementioned initiative, 952 carbon credits were bought through the consulting firm Carbonsink.

The table below provides an overview of the offsets made and the projects sponsored.



100% CO₂ offset



Carbonsink



Table Funded offsetting projects

| | 2022 Credits | 2021 Credits | Project Type | Location | Register | Project code |
|-----------------------------|-----------------------------------|--------------|--|------------|---------------|--------------|
| 100% CO ₂ offset | 3,511 (will be withdrawn in 2023) | 5,288 | Improved Cookstoves for Environmental Conservation | Ethiopia | Gold Standard | GS5658 |
| Carbonsink | 952 (will be withdrawn in 2023) | 0 | Domestic Cooking Stoves substitution programme | Mozambique | UNFCCC CDM | PRC-9981-003 |
| Total | 4,463 | 5,288 | | | | |

Scope 2

Page 96

Regarding Scope 2 emissions, the Andriani, Terre Bradaniche, and ApuliaKundi facilities have maintained a 100% supply of electricity from renewable sources, especially solar, covered by a Guarantee of Origin. Only the electricity consumption related to the B31 plant, which contributes about 0.6% to the total electricity needs, is not covered by the Guarantee of Origin from renewable sources, thus constituting the Andriani Group's only source of Scope 2 emissions, as can be seen in the tables below. It should be noted that the percentage increase in *location-based* emissions is mostly attributable to the higher power demand in 2022

compared to 2021, primarily as a result of the Trigeneration plant's lower utilization (for more information, see [paragraph 6.1](#)).

However, reductions in emissions are noted using the *market-based* approach, which takes into account the sourcing of energy from renewable sources, as a result of the interaction between rising company productivity (and turnover) and the volume of supply covered by the Guarantee of Origin.

Emissions
Table (location-based method)

| Emission source | U.M. | Guarantee of Origin | 2022 | 2021 | Change % |
|---|--------------------------------------|---------------------|-------|-------|----------|
| Electricity from the national grid - Location-based | tCO ₂ ^{eq} | N/A | 2,231 | 1,455 | +53% |
| Andriani facility* | tCO ₂ ^{eq} | N/A | 2,098 | 1,323 | +59% |
| Terre Bradaniche | tCO ₂ ^{eq} | N/A | 119 | 117 | +1,7% |
| B31 facility | tCO ₂ ^{eq} | N/A | 14 | 15 | -6,7% |
| Total emissions per tonne of finished product | kgCO ₂ ^{eq} / t | N/A | 63.6 | 43.9 | +45% |
| Total emissions on turnover | kgCO ₂ ^{eq} / k€ | N/A | 24.4 | 20.0 | +22% |

Emissions
Table (market-based method)

| Emission source | U.M. | Guarantee of Origin | 2022 | 2021 | Change % |
|---|--------------------------------------|---------------------|------|------|----------|
| Electricity from the national grid - Market-based | tCO ₂ ^{eq} | Partial | 24 | 96 | -75% |
| Andriani facility* | tCO ₂ ^{eq} | Yes (solar) | 0 | 0 | 0% |
| Terre Bradaniche | tCO ₂ ^{eq} | Yes (solar) | 0 | 69 | -100% |
| B31 facility | tCO ₂ ^{eq} | No | 24 | 27 | -11% |
| Total emissions per tonne of finished product | kgCO ₂ ^{eq} / t | N/A | 0.7 | 2.9 | -76% |
| Total emissions on turnover | kgCO ₂ ^{eq} / k€ | N/A | 0.26 | 1.32 | -80% |

**Includes ApuliaKundi

Carbon Neutrality

Beginning in 2018, Andriani set out on an ambitious path to become Carbon Neutral by gradually reducing and ultimately offsetting the emissions of greenhouse gases from its manufacturing operations. The path entails a number of investments in energy efficiency, circular and efficient resource use, and self-production of energy from renewable sources, all of which not only benefit the environ-

ment but also ensure that the business is strategically positioned to succeed in its target market.

The Scope 1 and Scope 2 emissions from the Andriani and Terre Bradaniche plants are included in this pathway (using a *from gate to gate* method). After achieving this goal, the Group intends to apply the same strategy to all the companies located within the reporting scope.

The path involves the iterative implementation of the following 3 steps:

- 1) monitoring of emissions and calculation of the company's carbon footprint;
- 2) Implementation of emission reduction measures *on site*;
- 3) offsetting of residual emissions

The goal is to gradually reduce emissions to a level that is close to zero, with offsetting only necessary

for emissions below what is deemed "physiological" given the technology and resources now in use.

The following tables show, on the one hand, the Carbon Footprint of the Andriani and Terre Bradaniche facilities and, on the other hand, the emissions avoided in 2022 thanks to the measures implemented.

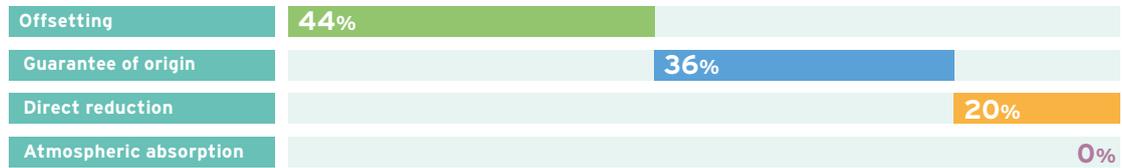
Table
Carbon footprint
(Andriani and
Terre Bradaniche
facilities)

| Source of emissions | tCO ₂ ^{eq} | Scope |
|------------------------------|--------------------------------|-----------------------------|
| Natural Gas | 4,455 | 1 |
| from the trigenerator | 1,378 | 1 |
| AS + cous cous boilers | 1,949 | 1 |
| steam boilers + mill | 1,124 | 1 |
| civil gas | 4 | 1 |
| Fugitive Gases | 61 | 1 |
| Road haulage | 7 | 1 |
| Electricity (market-based) | 3,917 | 2 - Market-based |
| pasta factory | 3,650 | 2 - Market-based |
| warehouses | 57 | 2 - Market-based |
| Terre Bradaniche | 210 | 2 - Market-based |
| Electricity (location-based) | 2,217 | 2 - Location-based |
| pasta factory | 2,066 | 2 - Location-based |
| warehouses | 32 | 2 - Location-based |
| Terre Bradaniche | 119 | 2 - Location-based |
| Total | 8,440 | 1 + 2 (market-based) |

Table
Emissions
prevented in
2022

| Source avoided | tCO ₂ ^{eq} | Details | Method | Scope |
|----------------------------|--------------------------------|---|------------------------|-------|
| Natural Gas | -4,455 | Offsetting 100% CO ₂ Offset + Carbonsink | Offsetting | 1 |
| Natural Gas | -310 | Production of superheated water from high yield cogeneration | Direct reduction | 1 |
| Fugitive Gases | -1 | Offsetting through Carbonsink carbon credits | Offsetting | 1 |
| Road haulage | -7 | Offsetting through Carbonsink carbon credits | Offsetting | 1 |
| Electricity | -3,618 | Guarantee of Origin (GO) 100% renewable energy | Guarantee of origin | 2 |
| Electricity | -214 | Andriani self-production of renewable energy - Photovoltaic | Direct reduction | 2 |
| Electricity | -85 | Terre Bradaniche self-production of renewable energy - Photovoltaic | Direct reduction | 2 |
| Electricity | -1,374 | Self-production with high yield cogeneration | Direct reduction | 2 |
| Electricity | -74 | Production of cooling energy from high yield cogeneration | Direct reduction | 2 |
| Road haulage | -2 | Replacement of ICE vehicle with electric vehicle | Direct reduction | 1 |
| CO ₂ absorption | -2 | Direct absorption by photosynthesis | Atmospheric absorption | 1 |
| Total | -10,142 | | | |

Emissions prevented in 2022



The graph below also shows that, in 2022, the level of net emissions obtained is around 2% lower than the Carbon Footprint that the facilities under discussion would otherwise have, thanks to a combination of technological interventions and off-setting. Starting in 2023, new investments will help to increase the share of direct emission reductions by reducing the purchase of carbon credits for offsetting.

These interventions will primarily be:

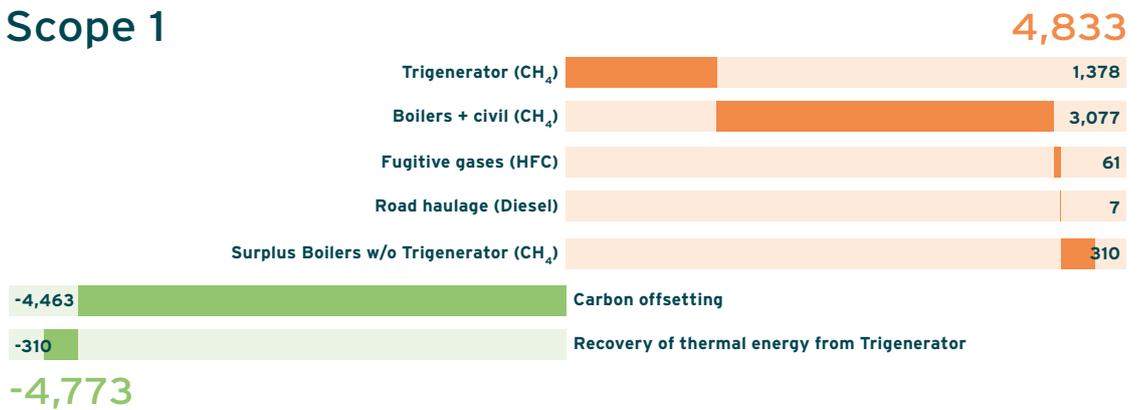
- **expansion of the photovoltaic system** installed

on the roof of the Andriani facility to 1.1 MW_{el} nominal power, capable of supplying up to 12% of needs and resulting in a 600 tCO₂^{eq}/year reduction;

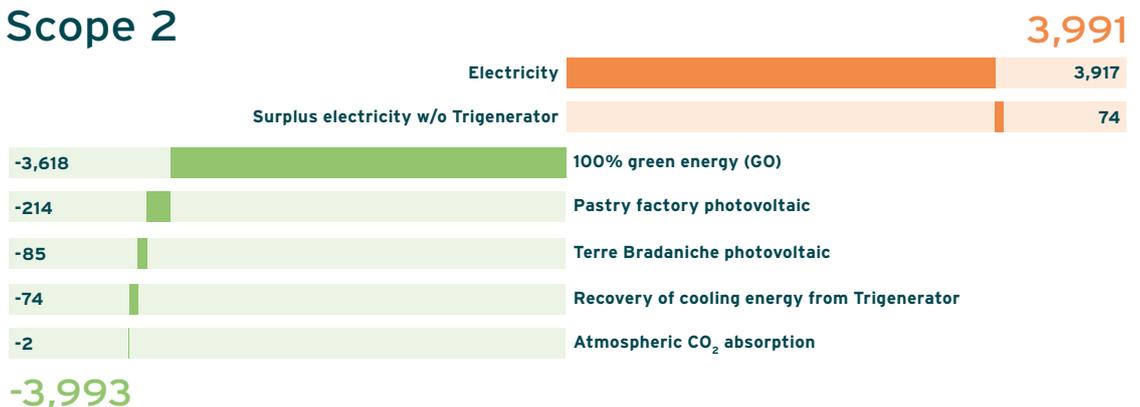
- **biomass boiler** for generating thermal energy from a renewable source, almost completely replacing the existing gas boilers and reducing natural gas consumption by around 90%. The intervention will thus encourage more sustainable resource management and prevent the emission of up to 4,000 tCO₂^{eq}/year from fossil fuels.

Graph
Comparison of carbon footprint and emissions reduction interventions in 2022

Scope 1



Scope 2



Alga Spirulina

The ApuliaKundi plant went into full operation in 2022, utilizing all of its production capacity and optimising the use of the water required to wash the pasta-making dies at the Andriani facility.

In addition to being a product with excellent nutritional properties, Alga Spirulina is cultivated respecting its natural seasonal cycle in order to minimise its environmental impact, as well as making a positive contribution to the reduction of greenhouse gases through the natural absorption of CO₂ by photosynthesis.

Given the considerable added value of the finished product and the positive synergy between ApuliaKundi and Andriani in the circular re-use of resources (see the 2021 version of this report for

more details), a second production plant, identical to the first, is scheduled to be installed in 2023, as well as the development of a new pasta format based on Spirulina algae.

Approximately 1,133 kg of Spirulina were produced during the year, through the re-use of 1,680,000 litres of water and the subsequent capture of approximately 2,000 kg of CO₂ from the atmosphere (thanks to the natural process of photosynthesis).

In-depth information on alga Spirulina and its environmental and nutritional benefits



6.3 Materials



| 301-1 | Material topic no. 7 ESG

The consumption of packaging materials for 2022 follows a similar distribution to the previous year: the graph contains the exact percentage breakdown of the materials used.

Graph
Percentage breakdown of materials used (of which 96.3% is renewable material)

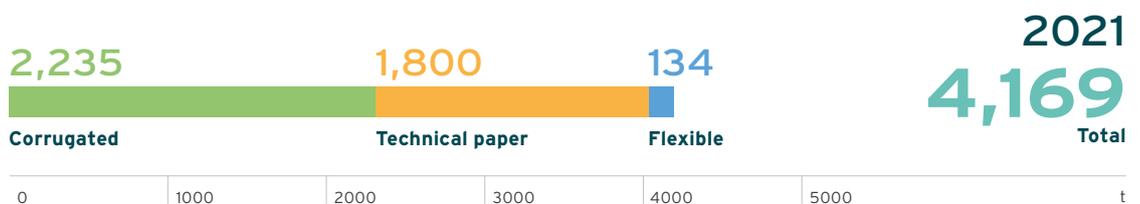
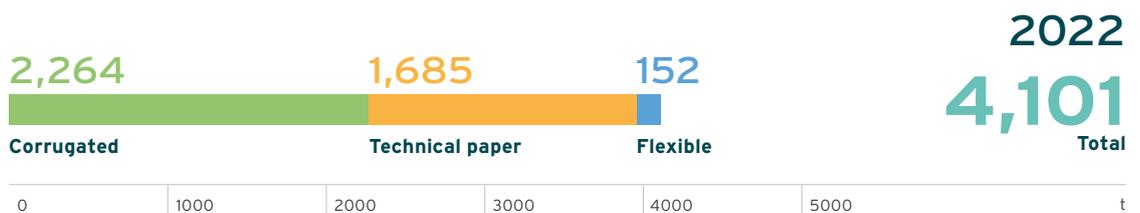


The following table and related graph compare the quantitative information from 2022 with the previous fiscal year. While production volumes increased by 5% compared to 2021, the use of packaging materials did not follow the same trend. This is particularly evident in the use of paper (-6%), where the company's policy of reduction and efficiency

has yielded more satisfactory results. This was made possible by the collaboration between Andriani's technical department and the technical departments of the suppliers to improve the carton designs. Flexible film usage has increased by 14%, which can be attributed to an increase in client requests for this packaging option.

Table and Graph
2022 quantitative information compared to 2021

| | U.M. | 2022 | 2021 | Change |
|-----------------|------|-------|-------|---------|
| Corrugated | t | 2,264 | 2,235 | +1.30 % |
| Technical paper | t | 1,685 | 1,800 | -6.39% |
| Flexible | t | 152 | 134 | +13.43% |



As usual, it should be noted that while "corrugated" and "paperboard" packaging are both made of cellulose-based materials (paper and cardboard), "flexible" packaging is made entirely of plastic (including 4 tonnes of stretch film used for tertiary packing).



6.4 Waste, recyclability, and reduction in food waste

| 306-1 | 306-2 | 306-3 | 306-4 | 306-5 | Material Topics no. 7, 12 ESG

Following up on the correct management to send the special waste generated by production activities for recovery (as the first option), in 2022 several objectives were achieved in connection with the improvement plan, set out previously, and related to both the reduction of environmental impacts (reduction and optimisation of transport with the use of low environmental impact vehicles and consequent reduction of the average kilometres travelled per year) and the reduction of job costs

(reduction of the economic impact of transport, recovery of materials and optimisation of collection with relative reduction of waste volumes and consequent reduction of related energy consumption).

Each EWC's final recovery and/or disposal operation's tonnes handled are mentioned below, along with the types of packaging used and the installation of an additional press-container (starting in August 2022) for EER 150102:

Table
Tonnes of waste managed with final recovery and/or disposal operation in 2022

| Type of waste | Initial operation | Intermediate operations | Final destination | Output | Volumes (t) | Volumes (% t) |
|-------------------------------|------------------------------|-------------------------|--|--|---------------|---------------|
| Paper and cardboard packaging | R13 - Initiation of recovery | R12/R3 | MPS - Recovery at paper mill | Recycled paper | 384.26 | 67.21% |
| Plastic packaging | R13 - Initiation of recovery | R12/R13/R3 | MPS - Plastic recovery | Recycled plastic | 39.05 | 6.83% |
| Wooden packaging | R13 - Initiation of recovery | R12/R13/R3 | MPS - Recovery in consortiums | Wood panels | 82.3 | 14.39% |
| mixed packaging | R13 - Initiation of recovery | R12/R13 | MPS/R1 - Recovery of the respective matrices and energy production | Recycled mixed materials and SSF for energy production | 39.98 | 6.99% |
| Waste aqueous solutions | D8 - Disposal initiation | | Biological treatment | Wastewater complying with legal limits | 26.18 | 4.58% |
| Overall Total | | | | | 571.77 | 100% |

The graph below shows both the classification and type of waste produced in 2022 and compared with 2021. This comparison shows increasingly virtuous percentages.

Graph
Waste classification and type



It is also feasible to determine how much less hazardous trash was generated last year compared to this year from the detailed table below:

Table
Detail on garbage intended for off-site disposal and recovery

| R13/D8 | Hazardous/Non hazardous | t 2022 | t 2021 | Change (%) 2021-2022 |
|----------------------|-------------------------|---------------|---------------|----------------------|
| D8 | Non Hazardous | 26.18 | 39.78 | -34.19% |
| | Hazardous | 0 | 0.75 | -100.00% |
| D8 Total | | 26.18 | 40.53 | -35.41% |
| R13 | Non Hazardous | 545.59 | 666.25 | -18.11% |
| | Hazardous | 1.8 | 1.16 | 55.57% |
| R13 Total | | 547.39 | 667.41 | -17.98% |
| Overall Total | | 573.57 | 707.94 | -18.98% |

The tables were used to calculate the tonnes of CO₂ equivalent released into the atmosphere for transportation over the previous two years: UK Government GHG Conversion Factors for Company Reporting, and, in order to avoid underestimating emissions, it was decided to assume the worst-case scenarios—full load and diesel fuel—as a precaution.

The FIRs handled in 2022 indicate a predominant shift to the use of trucks as a means of transport.

This means that even though handling increased by 13 FIRs and 93.37 tonnes in 2022, there was a 3.61 CO₂^e tonne decrease.

-3.61 tCO₂^e
emissions savings
from 2021 to 2022

5.98 tCO₂^e
emitted in 2022
with journeys made with
tractor and lorry
(instead of 10.29 tCO₂^e if all journeys
had been made with tractor)

9.59 tCO₂^e
emitted in 2021
with all journeys made
with **tractor**

2.03 tCO₂^e
38 journeys with **tractor**

3.95 tCO₂^e
77 journeys with **lorry**

47.30 km
Distance between the
Andriani facility and
the destination facility

1.13 kgCO₂^e
Tractor - Diesel
load 100%

1.08 kgCO₂^e
Lorry - Diesel
load 100%

Data used: UK Government GHG Conversion Factors for Company Reporting

Production activities generated the following amounts of trash and by-products:

2021
Industrial
process
by-products

39.94%
Grinding
by-product

58.11%
Pasta-making
by-product

1.96%
Pre-cleaning
by-product

6.5 Biodiversity



| 304-2 | ESG

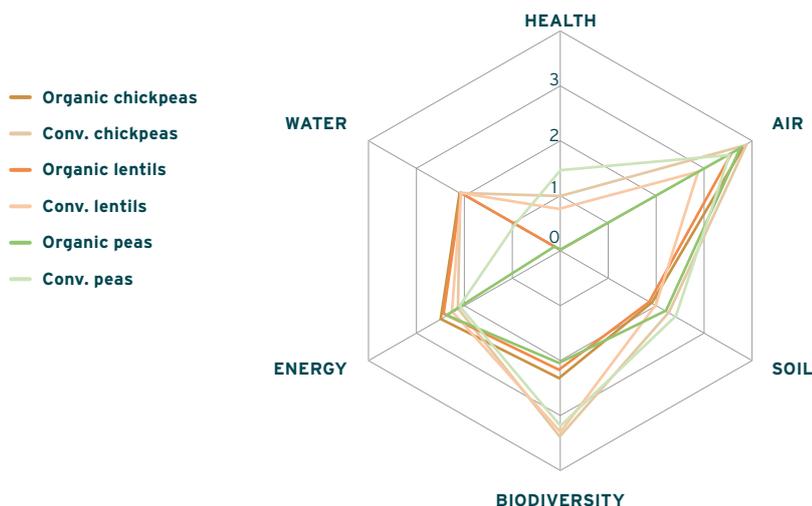


2022 campaign report

The sixth year of the Italian legume chain included 195 farmers and covered a total area of 2,424 hectares. There was a physiological decrease in areas compared to 2021, due to the requirements dictated by the four-year rotation, which is why leguminous plants cannot be cultivated on the same land until four years have elapsed. In addition, the absence of contamination by *Orobanche*, a widespread plant with a particularly pronounced parasitic behaviour towards leguminous plants, is

a key land selection criterion. These reasons, combined with drought conditions in spring (especially for lentils) and wild boar infestations (for chickpeas and peas), led to production losses of around 30% of the areas. According to the monitoring provided by DSS *legumi.net*, 1,979 hectares were harvested and delivered at Terre Bradaniche. On the latter, the average yield values did not deviate significantly from those recorded last year.

Graph 2021-2022 agricultural year



In terms of the sustainability indices, which are divided into the *Health*, *Air*, *Soil*, *Biodiversity*, *Energy*, and *Water* compartments, the *Air* compartment (composed of carbon footprint and carbon sequestration) has the highest impact scores, with no clear distinction between organic and conventional production methods. The reasons lie in the strong dependency linking these indicators to yields.

The scenario is different in the *Biodiversity* compartment, where organic crops clearly outperform conventional crops (average score 2, compared to a score of more than 4 for conventional crops). However, the interrelated issues of crop landscape diversification and land use management (primarily arable land, which lacks natural habitats and ecological infrastructure) remain unresolved, contributing to the overall increase in biodiversity impact ratings.

Finally, the *Health* compartment is the most positive of all due to the low use of phytosanitary products, with very low scores for conventional production and zero for organic production: the sector's average score is 0.52, indicating a supply chain that is safe for humans.

There are no relevant considerations with regard to the *Water*, *Energy*, and *Soil* segments, whose values are average (between 2 and 3). The timely monitoring carried out by Terre Bradaniche technicians in the field, along with the support of the DSS, has made it possible to contain the impacts on the use of water resources, soil erosion and the use of energy (fuels for agricultural vehicles) in all cultivation phases.

6.6 Water resources



| 303-1 | 303-2 | 303-3 | Material topic no. 7 ESG

Water, which is an indispensable resource for the production processes carried out in the various facilities belonging to the Andriani Group, is procured from Acquedotto Pugliese. The table below shows the consumption related to the Andriani, Terre Bradaniche, and Birrificio B31 facilities in the 2021-2022 two year period.

Table
Water extraction per sector 2021-2022

| | 2022 | 2021 | Change |
|---------------------------------------|-------------|-------------|---------------|
| Sampling location | (MI) | (MI) | [%] |
| Andriani facility | 35.8 | 40.7 | -11.8% |
| Pasta Factory and Mill | 13.6 | 15.4 | -11.8% |
| Cutter washing | 6.8 | 8.9 | -23.9% |
| services (changing rooms and offices) | 7.5 | 8.1 | -7.4% |
| General plants | 6.8 | 7.3 | -7.0% |
| ApuliaKundi Spirulina tanks* | 1.2 | 0.9 | +36.2% |
| Terre Bradaniche Facility | 0.6 | 0.9 | -36.2% |
| B31 Facility | 1.8 | 1.2 | +44.4% |
| Total | 38.2 | 42.9 | -10.9% |

*Amount of water taken from the aqueduct



The following observations should be noted:

- The total water consumption in the Andriani facility decreased by nearly 11% in 2022 compared to the previous year, saving approximately 4,600 m³ of water. This reduction is primarily due to streamlining the use of process water.
- The intensity of water consumption per litre of beer produced at the B31 brewery has stayed relatively consistent during the two-year period, implying that the rise in water consumption is due to a proportionate increase in beer output;
- The increased water extraction by the Apulia-Kundi facility in 2022 compared to 2021 is due to a malfunction that occurred in January 2022, resulting in the loss and subsequent replenishment of about 300 m³ of water from the tanks. Net of this higher consumption, the water extraction in 2022 is the same as the previous year, equivalent to the quantity required for initial tank filling (supplemented by water recovered after die washing) and irrigation.

The issue of water extraction from areas considered to be under water stress is a sensitive one for the Group that, relying on the [Aqueduct Water Risk Atlas](#) tool from the World Resources Institute, indicated by the GRI as among the reliable tools for the assessment of water stress areas, has found that the risk for the intervention area is medium-high. Andriani has implemented a procedure that defines the method used to guarantee the use of healthy and clean water intended for the production of food products, so that it does not represent a risk factor for the safety of food products (Italian Legislative Decree no. 31/2001). Also, in order to follow and trace the entire water flow, the healthiness of the wastewater from industrial activities is monitored through the implementation of a targeted analysis plan.



Community engagement

In this chapter

| | | |
|-----|------------------------------------|-----|
| 7.1 | Community relations | 112 |
| 7.2 | Economic support for the community | 119 |

Key numbers and relevant facts

1,335 students

Involved in the project "**The Magic of Legumes**", with the participation of 67 classes and 79 teachers



"Terra ti voglio bene"

Educational project focusing on climate change and protecting the planet's resources, involving **728 students**, 33 classes and 60 teachers

Stakeholders

Local communities, civil society and associations, national and international institutions, universities and research institutions

7.1 Relationships with the communities

Material topic no. 4 ESG



During 2022, the Andriani Group continued to support initiatives and events aimed at **creating shared value**. The Group, convinced that the common benefit is a means of becoming an active participant in a process of social, cultural, and environmental change, has engaged local communities and other stakeholders in meetings and the sharing of ideas, initiatives, and knowledge, the majority of which relate to specific **social and environmental sustainability issues or topics**.

The organization is devoted to involving the local community in a variety of ways and methods with the goal of understanding the existing and possible consequences on the people involved in order to define their expectations and requirements. According to the feedback received, the impacts on local communities have been positive, and they

have also served to improve the management of engagement, sharing, and exchange initiatives, as well as in developing some social development programs, such as the educational ones described below.

At the *engagement* level, community interactions occur at various levels, including inside the various areas and functions that comprise the organization, via a company-wide outreach.

Andriani, believing strongly in the potential of the **younger generations**, has sought to maintain direct contact with the younger groups of stakeholders, both through tried and tested in-person activities and an increase in activity on the major social networks, as evidenced by the data summarised below.

Social network



Facebook
7,144
 Followers
17,262
 Interactions
70
 Posts published



LinkedIn
10,626
 Followers
4,738
 Reactions
112
 Comments
268
 Shares
28,256
 Unique visitors

Other social profiles



@andrianiedu



@andrianispa



@andrianispa

“The Magic of Legumes” educational project



During 2022, the “Andriani Educational - The Magic of Legumes” project, now in its fifth year, focused on education for an increasingly sustainable and healthy diet in which legumes played a leading role.

The success from prior years made greater scholastic involvement possible, reaching 1,335 students. The initiative was also proposed throughout the country with the help of the Dialogues Network for Global Citizenship Education, and new modules were deployed after an analysis of monitoring plans based on surveys administered to instructors and students involved in the project.

As of this year, the relationship with secondary schools has been strengthened through PTCO (Percorsi Trasversali per le Competenze e l'Orien-

tamento - Transversal Skills and Orientation Pathways), which strengthen direct contact between schools and the world of work while also raising awareness among new generations of students on economic, social, and environmental issues.

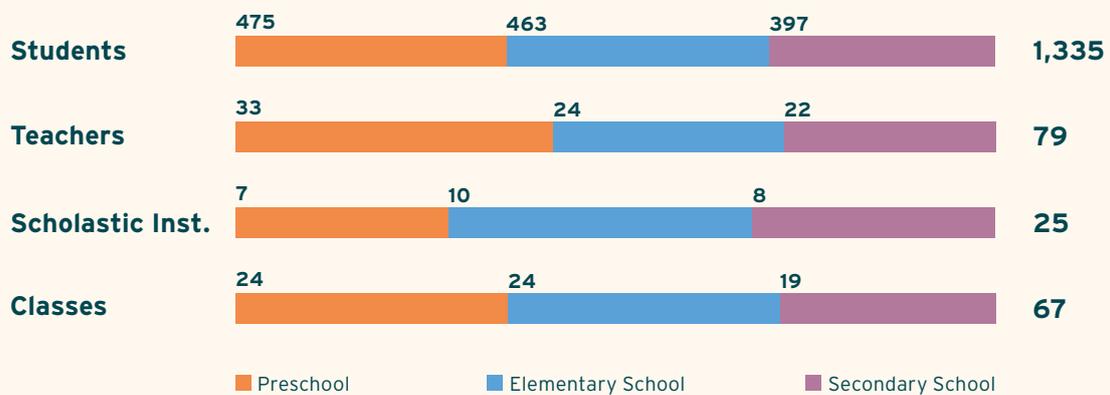
These shared moments also serve as an authentic exercise for the employees involved in communication efforts, with the goal of improving relationships with the school and university world, as well as producing constant innovation to/from the region.

In 2022, Andriani's interest in sharing sustainability topics at universities continued, with the company's case study of the main CSR projects being presented.

A learning community that fosters exchange between generations

The Andriani Educational project is aimed at instructors specialising in various disciplines in schools of all levels across the country, with a focus on the requirements of different age groups and family engagement.

Graph Data related to engagement of education institutions during the 2021-2022 school year



Pillars of the project

13 

province of origin

Arezzo, Bari, Bergamo, Lucca, Milan, Naples, Palermo, Padua, Pavia, Rome, Turin, Treviso, Venice

65 

hours of training

(15 hours in the virtual classroom and 50 hours of educational activities carried out by the teachers in classes)

6 

trainers

of 6 different disciplines (nutrition, agriculture, beekeeping, cultural resources and archaeology, sustainability, food production and biodiversity)

Teacher training in virtual classroom

3 guide tutor + **2** accompanying tutor 

to work with 3 work groups broken down by geographical areas

Support for student education with networked experts in the classrooms



Activities by project partners

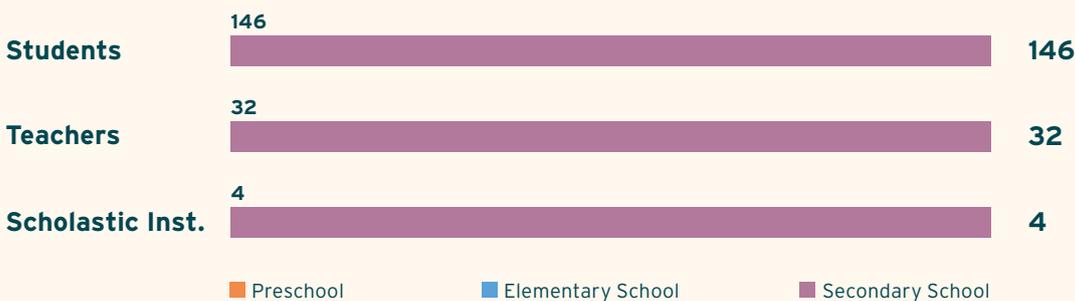
- Content and verification processes/ongoing training with participants
- Management of teacher network (Dialogues Network)
- Creation of editorial products, teaching kits, material return arrangement, tutor management

The Taste of the Future

«The Taste of the Future», aimed at teenagers, is Andriani's first educational project for DE&I. The three-year sustainable food education project, which adopts the UN 2030 Agenda objectives, engages high school youths in an action-research pathway aimed at discovering traditions and new food models, enabling intergenerational dialogue, and promoting sustainability and the prevention of eating disorders.



Graph Data related to engagement of education institutions during the 2021-2022 school year



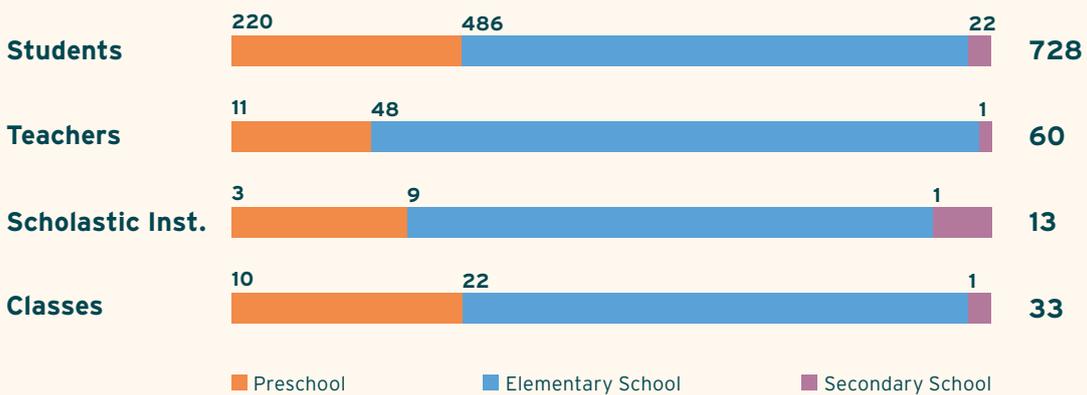
"I love you Earth" educational project

Andriani Educational's World Earth Day project focuses on **climate change** and the **preservation of the planet's resources**. This project provided teachers with the opportunity to learn new skills while also earning ministerial training credits through participation with the **Dialogues network**. The project is intended for all teachers, those belonging to "The Magic of Legumes" and those who

do not. This initiative represents the integration of various paths that can be joined in isolation or in parallel with other activities; it also provides for an exchange between schools and classes, allowing for the sharing of experiences and the launch of an emotional choral message addressed to the community.



Graph Data related to engagement of education institutions during the 2021-2022 school year



Research, action, planning, and communication workshops

The workshops are the project's fulcrum and include research, experiences, and the development of narrative material to be synthesised into choral messages to be distributed and shared over the web, via videos created with the assistance of specialised tutors.



Talks

A series of meetings and events featured the Andriani Group in venues and moments of dialogue at the national and international level.



Mariangela Candido, HR Director of Andriani Spa Benefit Corporation and B Corp was one of the speakers at the “Employee well-being as a lever for competitiveness, productivity, and efficiency” conference organised by Confindustria.



Andriani among the Green Heroes



Michele Andriani among the speakers at the event “The economic and social responsibility of Italian agribusinesses”.



AndrianiLIFE: in arrivo questa settimana

| | |
|--------------|--|
| 03/10 | SALONE DELLA CSR Mattia Caravella in "La transizione ecologica parte dai cibi: come cambia il rapporto con la terra" |
| 04/10 | SALONE DELLA CSR Filippo Capurso in "Società Benefit e B-Corps: è che punto siamo?" |
| 05/10 | SALONE DELLA CSR Filippo Gaveria in "La neutralità carbonica come tappa del percorso verso lo sviluppo sostenibile" |

AndrianiTALKS: in arrivo questa settimana

| | |
|---|---|
| 11/11 9:00 - 17:00 UnaHotels Regina Bari | TROVARE E TRATTENERE LE PERSONE GIUSTE: LA RICETTA DI ANDRIANI Mariangela Candido Human resources & organization director ANDRIANI |
| | SVILUPPO SOSTENIBILE ED ECONOMIA CIRCOLARE Maria Teresa Burdo Food trust & CSR communication specialist ANDRIANI |

fabbrica futuro

QR code and globe icon

AndrianiTALKS: in arrivo questa settimana

16/11

HR FORUM 2022
Il welfare come strumento di engagement aziendale

Mariangela Candido
Human resources & organization director ANDRIANI

il libro possibile
XXI edizione
festival 2022

TERRAFUTURA
Dialoghi con Papa Francesco sull'ecologia integrale

ANDRIANI felicia

Michele Andriani one of the speakers at “Il Libro Possibile”



Raising awareness on topics of collective interest

INTERNATIONAL DAY OF EDUCATION

Changing course, transforming education



WORLD PULSES DAY

Interview with the Director of Terre Bradaniche, Michele Potenza



WORLD ENERGY SAVING DAY

Read the CSR team's article on the unsuspected ecological footprint of email



WORLD WATER DAY

Dual interview with ApuliaKundi



WORLD FAMILY DAY

Andriani joins the Lifesteep training program on parenting



WORLD BEE DAY

Andriani EDU: I love you Earth and for you I protect the bees



WORLD EATING DISORDERS DAY

Discover the TASTE OF THE FUTURE playlist



WORLD ENVIRONMENT DAY

Joint activity with the Alta Murgia National Park



WORLD FOOD DAY

More information on the Andriani EDU Project



WORLD PASTA DAY

Our commitment to producing pasta in an increasingly sustainable manner, with respect for the environment and for people



WORLD ARBOR DAY

Andriani EDU: I love you Earth and for you I protect the plants



ANDRIANI FOR SOCIAL NETWORKS:

Special Olympics: lighting the torch of solidarity



Other initiatives



Awards and recognition



Andriani obtains the 2022 Oscar di Bilancio Communication Award



Michele Andriani among the FORBES 100 leaders of Italian companies



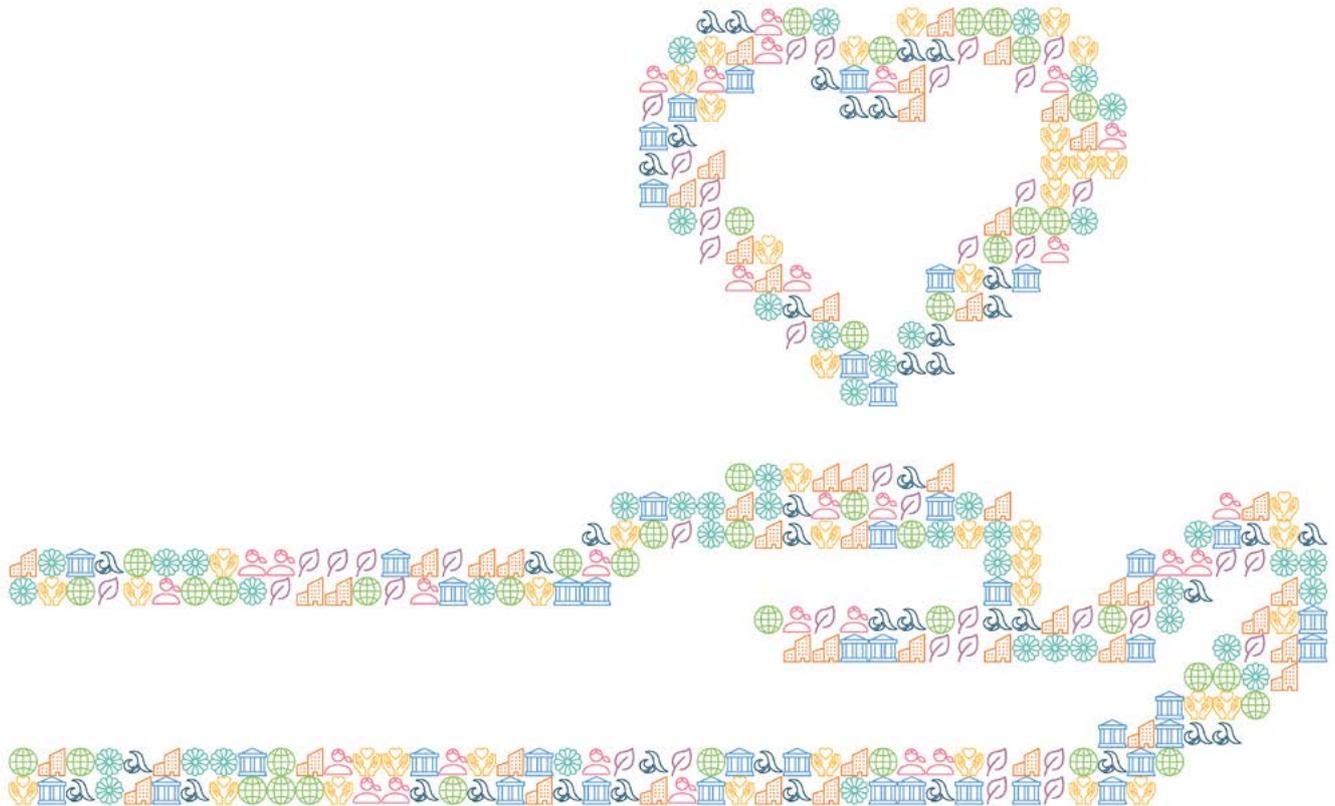
Andriani wins the Best Managed Companies award

7.2 Economic support for the community

ESG

Andriani S.p.A. Benefit Corporation and B Corp work in accordance with the principles and values it advocates, selecting particular initiatives deemed worthy of the company's backing and supporting, including financially, community-benefiting activities. Andriani's commitment is present in social projects involving donations, and pursuing important objectives for the Group such as inclusiveness and support for local communities.

In FY2022, Andriani made liberal donations of €20,128 to support projects and ideas with social value coming from local communities.



a

Annexes

| | |
|--|-----|
| Global Reporting Initiative Content Index | 121 |
| Independent Auditor's Report | 125 |
| Global Compact Principles and GRI | 129 |
| SASB Content Index | 130 |

Global Reporting Initiative Content Index

The following is a summary of the main content of the Andriani Group's 2021 Sustainability Management Report according to the outline required by the 2021 GRI Standards.

| | |
|---|---|
| Declaration of use | Andriani S.p.A. submitted a financial report compliant with GRI Standards for the period 1 January 2022 - 31 December 2022. |
| GRI used | GRI 1 - Fundamental Principles - 2021 version |
| Pertinent GRI industry standards | N/A |

Universal Standards

| GRI Standard | Disclosure | Paragraph/Notes | Page no. | Omission | | | SDGs |
|---|---|---|----------------------------|-----------------------------|--|-------------|------|
| | | | | Omitted requirements | Reason | Explanation | |
| GRI 2: 2021 General Disclosures | 2-1 Organisational Details | Group History and Structure | 26-28 | | | | |
| | 2-2 Entities included in the organisation's sustainability report | Note on methodology | 8-10 | | | | |
| | 2-3 Reporting period, frequency, and contact person | Note on methodology | 8-10 | | | | |
| | 2-4 Restatement of information | Note on methodology | 8-10 | | | | |
| | 2-5 External Assurance | Audit Firm Report (Sustainability Assurance) | 129 | | | | |
| | 2-6 Activities, value chain, and other commercial relations | Group History and Structure/Raw materials and supply chain/Quality of the products | 26-28 | | | | |
| | 2-7 employees | Staff composition and characteristics | 62-65 | | | | |
| | 2-8 Independent workers | Independent workers | 65 | | | | |
| | 2-9 Governance structure and composition | Corporate Governance actors | 35-40 | | | | |
| | 2-10 Appointment and selection of the top governance body | Corporate Governance actors | 35-40 | | | | |
| | 2-11 Chairman of the top governance body | Corporate Governance actors | 35-40 | | | | |
| | 2-12 Role of the top governance body in impact management control | Impact management | 42 | | | | |
| | 2-13 Delegation of responsibilities for impact management | Impact management | 42 | | | | |
| | 2-14 Role of the top governance body in sustainability reporting | Corporate Governance actors | 35-40 | | | | |
| | 2-15 Conflicts of interest | Corporate Governance actors | 35-40 | | | | |
| | 2-16 Communication of critical issues | Corporate Governance actors | 35-40 | | | | |
| | 2-17 Collective knowledge of the top governance body | Human resources training | 74-76 | | | | |
| | 2-18 Evaluation of the performance of the top governance body | Corporate Governance actors | 35-40 | | | | |
| | 2-19 Pay standards | Corporate Governance actors | 35-40 | | | | |
| | 2-20 Procedure for determining wages and salaries | Wage and salary policies are established by HR, except those related to the Directors. Independent members of the Board of Directors do not control the wage and salary procedure determination. Shareholders only intervene in defining certain aspects of executive pay, subject to authorisation by the Board of Directors, and in any case within the provisions of the relevant National Collective Labour Agreement. Remuneration policies for other categories of employees are determined by the HR function on the basis of the relevant National Collective Labour Agreement, usually without taking into account stakeholder opinions, with the exception of blue collar workers, which are discussed with trade union representatives. There are no consultants in charge of determining remuneration policies. | | | | | |
| 2-21 Yearly total wages and salaries report | | | 2-21 a 2-21 b 2-21 c | Confidentiality obligations | Disclosure 2-21 was not reported for confidentiality reasons. Andriani S.p.A. has no public disclosure of salary and is not subject to any regulatory duties in this regard. | | |

| GRI Standard | Disclosure | Paragraph/Notes | Page no. | Omission | | | SDGs |
|---------------------------------|--|---|----------|----------------------|--------|-------------|------|
| | | | | Omitted requirements | Reason | Explanation | |
| GRI 2: 2021 General Disclosures | 2-22 Sustainable development strategy statement | Letter to the stakeholders | 6 | | | | |
| | 2-23 Commitment in terms of policy | The mission and values | 24-25 | | | | |
| | 2-24 Integration of the commitments in terms of policy | The mission and values | 24-25 | | | | |
| | 2-25 Processes aimed at remedying negative impacts | Risk Management | 43-47 | | | | |
| | 2-26 Mechanisms for requesting clarifications and raising concerns | Whistleblowing Procedure | 45 | | | | |
| | 2-27 Compliance with laws and regulations | It is specified that there were no instances of non-compliance with laws and regulations in FY2022. | | | | | |
| | 2-28 Membership in associations | Community relations | 112-118 | | | | |
| | 2-29 Approach to stakeholder engagement | Stakeholder engagement | 11-14 | | | | |
| 2-30 Labour agreements | Staff composition and characteristics | 62-65 | | | | | |

Topic Specific Standards

| GRI Standard | Disclosure | Paragraph/Notes | Page no. | Omission | SDGs |
|---|---|---|-------------------------|----------|------|
| MATERIAL TOPICS | | | | | |
| GRI 3: 2021 Material Topics | 3-1 Process for determining material topics | Materiality analysis | 15-18 | | |
| | 3-2 List of material topics | Materiality analysis | 15-18 | | |
| Material topic: Health and well-being in the workplace | | | | | |
| GRI 3: 2021 Material Topics | 3-3 Management of material topics | Impact analysis and management/Risk management/Health, safety, and well-being at work | 19-21 43-47 66-69 | | |
| GRI 401: Occupation | 401-1 Recruiting new employees and employee turnover | Staff composition and characteristics | 62-65 | | |
| GRI 401: Occupation | 401-2 Benefits set up for full time employees but not for part-time employees or those with a fixed-term contract | Support services to directors and executives | 72 | | |
| GRI 401: Occupation | 401-3 Parental leave | Occupational illnesses and injuries | 69 | | |
| GRI 403: Health and safety at work | 403-1 Occupational health and safety at work management system | Occupational health and safety at work management system | 66 | | |
| GRI 403: Health and safety at work | 403-2 Identification of the dangers, assessment of risks and investigations of accidents | Risk assessment | 66 | | |
| GRI 403: Health and safety at work | 403-3 Professional health services | Occupational health services | 67 | | |
| GRI 403: Health and safety at work | 403-4 Participation and consultation of workers and communication regarding health and safety at work | Participation and consultation of the workers | 67 | | |
| GRI 403: Health and safety at work | 403-5 Workers' training regarding health and safety at work | Training on safety in the workplace | 67-68 | | |
| GRI 403: Health and safety at work | 403-6 Promotion of the workers' health | Care for the workers' well-being | 69-71 | | |
| GRI 403: Health and safety at work | 403-7 Prevention and mitigation of impacts related to health and safety at work directly linked to business relationships | Relationships with consultants, partners, and suppliers | 68 | | |
| GRI 403: Health and safety at work | 403-9 Occupational injuries | Occupational illnesses and injuries | 69 | | |
| GRI 403: Health and safety at work | 403-10 Occupational illnesses | Occupational illnesses and injuries | 69 | | |

| GRI Standard | Disclosure | Paragraph/Notes | Page no. | Omission | SDGs |
|--|---|--|-------------------------|----------|------|
| GRI 404: Training and instruction | 404-1 Average number of training hours per employee per year | Human resources training | 74-76 | | |
| GRI 405: Diversity and equal opportunity | 405-1 Diversity in governance bodies and among employees | Inclusion and the value of diversity/Staff composition and characteristics | 62-65 | | |
| GRI 406: Non-discrimination | 406-1 Episodes of discrimination and corrective measures adopted | Inclusion and the value of diversity | 65 | | |
| Material topic: Sustainable management of the supply chain | | | | | |
| GRI 3: 2021 Material Topics | 3-3 Management of material topics | Impact analysis and management/Risk management/Supply chain sustainability | 19-21 43-47 66-69 | | |
| GRI 204: Procurement procedures | 204-1 Percentage of expenditures with local suppliers | Raw materials and supply chain | 80-84 | | |
| GRI 304: Biodiversity | 304-2 Significant impacts of activities, products and services on biodiversity | Biodiversity | 108 | | |
| GRI 408: Child labour | 408-1 Activities and suppliers at significant risk of episodes of child labour | Ethical and responsible procurement | 84 | | |
| GRI 409: Forced or compulsory labour | 409-1 Activities and suppliers at significant risk of episodes of forced or compulsory labour | Ethical and responsible procurement | 84 | | |
| Material topic: Transition toward a circular economy | | | | | |
| GRI 3: 2021 Material Topics | 3-3 Management of material topics | Impact analysis and management/Risk management/Supply chain sustainability | 19-21 43-47 66-69 | | |
| GRI 204: Procurement procedures | 204-1 Percentage of expenditures with local suppliers | Raw materials and supply chain | 80-84 | | |
| GRI 301: Materials | 301-1 Materials used based on weight or volume | Materials used | 105 | | |
| GRI 303: Water and effluents | 303-1 Interactions with water as a shared resource | Water resources | 109 | | |
| GRI 303: Water and effluents | 303-2 Management of impacts linked to water drainage | Water resources | 109 | | |
| GRI 303: Water and effluents | 303-3 Water extraction | Water resources | 109 | | |
| GRI 306: Waste | 306-1 Generation of waste and significant impacts related to waste | Waste, recyclability, and reduction in food waste | 106-107 | | |
| GRI 306: Waste | 306-2 Management of impacts related to waste | Waste, recyclability, and reduction in food waste | 106-107 | | |
| GRI 306: Waste | 306-3 Waste generated | Waste, recyclability, and reduction in food waste | 106-107 | | |
| GRI 306: Waste | 306-4 Waste not sent to the landfill | Waste, recyclability, and reduction in food waste | 106-107 | | |
| GRI 306: Waste | 306-5 Waste sent to the landfill | Waste, recyclability, and reduction in food waste | 106-107 | | |
| GRI 408: Child labour | 408-1 Activities and suppliers at significant risk of episodes of child labour | Ethical and responsible procurement | 84 | | |
| GRI 409: Forced or compulsory labour | 409-1 Activities and suppliers at significant risk of episodes of forced or compulsory labour | Ethical and responsible procurement | 84 | | |
| Material topic: Packaging sustainability and waste management | | | | | |
| GRI 3: 2021 Material Topics | 3-3 Management of material topics | Impact analysis and management/Risk management/Quality of the products/Waste, recyclability, and reduction in food waste | 19-21 43-47 66-69 | | |
| GRI 306: Waste | 306-1 Generation of waste and significant impacts related to waste | Waste, recyclability, and reduction in food waste | 106-107 | | |
| GRI 306: Waste | 306-2 Management of impacts related to waste | Waste, recyclability, and reduction in food waste | 106-107 | | |
| GRI 306: Waste | 306-3 Waste generated | Waste, recyclability, and reduction in food waste | 106-107 | | |
| GRI 306: Waste | 306-4 Waste not sent to the landfill | Waste, recyclability, and reduction in food waste | 106-107 | | |
| GRI 306: Waste | 306-5 Waste sent to the landfill | Waste, recyclability, and reduction in food waste | 106-107 | | |

| GRI Standard | Disclosure | Paragraph/Notes | Page no. | Omission | SDGs |
|--|---|--|-------------------------|----------|------------------|
| GRI 416: Health and safety of the customers | 416-2 Episodes of nonconformity regarding impacts on the health and safety of products and services | Claims from customers and management of nonconforming products | 89 | | |
| GRI 417: Marketing and labelling | 417-1 Requirements related to labelling and information on products and services | Food labelling | 87 | | |
| GRI 417: Marketing and labelling | 417-2 Episodes of nonconformities concerning labelling and information on products and services | Food labelling | 87 | | |
| GRI 417: Marketing and labelling | 417-3 Episodes of nonconformities concerning marketing communications | Food labelling | 87 | | |
| GRI 418: Privacy of the customers | 418-1 Complaints about breaches of client privacy and data loss | Claims from customers and management of nonconforming products | 89 | | |
| Material topic: Consumer well-being | | | | | |
| GRI 3: 2021 Material Topics | 3-3 Management of material topics | Impact analysis and management/Risk management/Quality of the products/Product safety and traceability | 19-21 43-47 66-69 | | |
| GRI 416: Health and safety of the customers | 416-2 Episodes of nonconformity regarding impacts on the health and safety of products and services | Claims from customers and management of nonconforming products | 89 | | |
| GRI 417: Marketing and labelling | 417-1 Requirements related to labelling and information on products and services | Food labelling | 87 | | |
| GRI 417: Marketing and labelling | 417-2 Episodes of nonconformities concerning labelling and information on products and services | Food labelling | 87 | | |
| GRI 417: Marketing and labelling | 417-3 Episodes of nonconformities concerning marketing communications | Food labelling | 87 | | |
| GRI 418: Privacy of the customers | 418-1 Complaints about breaches of client privacy and data loss | Claims from customers and management of nonconforming products | 89 | | |
| Material topic: Energy and emissions | | | | | |
| GRI 3: 2021 Material Topics | 3-3 Management of material topics | Impact analysis and management/Risk management/Energy | 19-21 43-47 66-69 | | |
| GRI 302: Energy | 302-1 Consumption of energy within the organisation | Energy | 96-98 | | |
| GRI 302: Energy | 302-3 Energy intensity | Energy | 96-98 | | |
| Material topic: Climate change risk and carbon neutrality | | | | | |
| GRI 3: 2021 Material Topics | 3-3 Management of material topics | Impact analysis and management/Risk management/Emissions and Carbon Neutrality | 19-21 43-47 66-69 | | |
| GRI 305: Emissions | 305-1 Direct emissions of greenhouse gases (GHG) (scope 1) | Emissions and carbon neutrality | 99-104 | | |
| GRI 305: Emissions | 305-2 Indirect emissions of greenhouse gases (GHG) from energy consumption (Scope 2) | Emissions and carbon neutrality | 99-104 | | |
| GRI 305: Emissions | 305-4 Intensity of greenhouse gas (GHG) emissions | Emissions and carbon neutrality | 99-104 | | |
| GRI Reported standards not related to any material topic | | | | | |
| GRI 201: Economic performance | 201-1 Economic value generated and distributed | Summary of economic - financial performance/ Management performance/Creation of shared value and social responsibility tax | 56-58 | | |
| GRI 202: Market presence | 202-2 Percentage of managers recruited from the local community | Staff composition and characteristics | 62-65 | | |
| GRI 205: Anti-corruption | 205-3 Confirmed corruption cases and measures adopted | Risk Management | 43-47 | | |
| GRI 207: Taxes | 207-2 Tax governance, risk control and management | Creation of shared value and social responsibility tax | 62-65 | | |



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INDEPENDENT AUDITOR'S REPORT ON THE SUSTAINABILITY MANAGEMENT REPORT

To the Board of Directors of
Andriani S.p.A.

We have carried out a limited assurance engagement on the Sustainability Management Report of the Andriani S.p.A. (hereinafter the "Company") as of December 31, 2022.

Responsibility of the Directors for the Sustainability Management Report

The Directors of the Andriani S.p.A. are responsible for the preparation of the Sustainability Management Report in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" established by GRI – Global Reporting Initiative ("GRI Standards"), as stated in the paragraph "Methodological note" of the Sustainability Management Report.

The Directors are also responsible, for such internal control as they determine is necessary to enable the preparation of the Sustainability Management Report that is free from material misstatement, whether due to fraud or error.

The Directors are also responsible for the definition of the Company's objectives in relation to the sustainability performance, for the identification of the stakeholders and the significant aspects to report.

Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the *International Ethics Standards Board for Accountants*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our auditing firm applies *International Standard on Quality Control 1 (ISQC Italia 1)* and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the Sustainability Management Report with the GRI Standards.

We conducted our work in accordance with the criteria established in the "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.

The standard requires that we plan and perform the engagement to obtain limited assurance whether the Sustainability Management Report is free from material misstatement.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona
Sede Legale: Via Tortona, 25 - 20144 Milano | Capitale Sociale: Euro 10.328.220,00 i.v.
Codice Fiscale/Registro delle Imprese di Milano Monza Brianza Lodi n. 03049560166 - R.E.A. n. MI-1720239 | Partita IVA: IT 03049560166

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Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with *ISAE 3000 Revised*, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on the Sustainability Management Report are based on our professional judgement and included inquiries, primarily with Company personnel responsible for the preparation of information included in the Sustainability Management Report, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically, we carried out the following procedures:

1. Analysis of the process relating to the definition of material aspects disclosed in the Sustainability Management Report, with reference to the methods used for the identification and prioritization of material aspects for stakeholders and to the internal validation of the process results.
2. Comparison between the economic and financial data and information included in the chapter “Economic and financial management performance” of the Sustainability Management Report with those included in the Company’s Financial Statements.
3. Understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the Sustainability Management Report.

In particular, we carried out interviews and discussions with the management of Andriani S.p.A. and we carried out limited documentary verifications, in order to gather information about the processes and procedures, which support the collection, aggregation, elaboration and transmittal of data and information to the department responsible for the preparation of the Sustainability Management Report.

In addition, for material information, taking into consideration the Company’s activities and characteristics:

- at the company’s level:
 - a) with regards to qualitative information included in the Sustainability Management Report, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
 - b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data;
- for the office in Gravina in Puglia, which we selected based on its activity and its contribution to the performance indicators at the consolidated level, we have met the management during online meeting and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the Sustainability Management Report of the Company as of December 31, 2022 is not prepared, in all material aspects, in accordance with the GRI Standards as stated in the paragraph “Methodological note” of the Sustainability Management Report.

DELOITTE & TOUCHE S.p.A.

Signed by
Claudio Lusa
Partner

Bari, Italy
March 15, 2023

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

BIA Linkage

The table shows the linkage between the specific disclosure set forth in the GRI Standard and the different areas of impact set forth in the BIA Standard when applying the “Complementary Use and Linkage of the GRI Standards and B Lab’s B Impact Assessment.”

| BIA Impact Area | BIA Impact Topic | GRI Standards (2021) | Disclosure | Section | Page no. |
|--------------------------|---------------------------------|----------------------|---|--|----------|
| Community | Economic Impact | 204-1 | Percentage of expenditures with local suppliers | Raw materials and supply chain | 80-84 |
| Community | Economic Impact | 202-2 | Percentage of managers recruited from the local community | Staff composition and characteristics | 62-65 |
| Community | Economic Impact | 401-1 | Recruiting new employees and employee turnover | Staff composition and characteristics | 62-65 |
| Community | Diversity, Equity, & Inclusion | 405-1 | Diversity in governance bodies and among employees | Inclusion and the value of diversity/ Staff composition and characteristics | 62-65 |
| Community | Supply Chain Management | 408-1 | Activities and suppliers at significant risk of episodes of child labour | Ethical and responsible procurement | 84 |
| Community | Supply Chain Management | 409-1 | Activities and suppliers at significant risk of episodes of forced or compulsory labour | Ethical and responsible procurement | 84 |
| Community | Supply Chain Management | 417-1 | Requirements related to labelling and information on products and services | Food labelling | 87 |
| Customers | Customer Stewardship | 417-1 | Requirements related to labelling and information on products and services | Food labelling | 87 |
| Customers | Customer Stewardship | 418-1 | Complaints about breaches of client privacy and data loss | Claims from customers and management of nonconforming products | 89 |
| Disclosure Questionnaire | Disclosure Outcomes & Penalties | 205-3 | Confirmed corruption cases and measures adopted | Risk Management | 43-47 |
| Disclosure Questionnaire | Disclosure Outcomes & Penalties | 303-1 | Interactions with water as a shared resource | Water resources | 87 |
| Disclosure Questionnaire | Disclosure Industries | 303-1 | Interactions with water as a shared resource | Water resources | 87 |
| Disclosure Questionnaire | Disclosure Outcomes & Penalties | 403-9 | Occupational injuries | Occupational illnesses and injuries | 69 |
| Disclosure Questionnaire | Disclosure Outcomes & Penalties | 403-10 | Occupational illnesses | Occupational illnesses and injuries | 69 |
| Disclosure Questionnaire | Disclosure Outcomes & Penalties | 406-1 | Episodes of discrimination and corrective measures adopted | Inclusion and the value of diversity | 65 |
| Disclosure Questionnaire | Disclosure Practices | 408-1 | Activities and suppliers at significant risk of episodes of child labour | Ethical and responsible procurement | 84 |
| Disclosure Questionnaire | Disclosure Industries | 408-1 | Activities and suppliers at significant risk of episodes of child labour | Ethical and responsible procurement | 84 |
| Disclosure Questionnaire | Supply Chain Disclosure | 408-1 | Activities and suppliers at significant risk of episodes of child labour | Ethical and responsible procurement | 84 |
| Disclosure Questionnaire | Disclosure Industries | 409-1 | Activities and suppliers at significant risk of episodes of forced or compulsory labour | Ethical and responsible procurement | 84 |
| Disclosure Questionnaire | Disclosure Outcomes & Penalties | 416-2 | Episodes of nonconformity regarding impacts on the health and safety of products and services | Claims from customers and management of nonconforming products | 89 |
| Disclosure Questionnaire | Disclosure Outcomes & Penalties | 417-2 | Episodes of nonconformities concerning labelling and information on products and services | Food labelling | 87 |
| Disclosure Questionnaire | Disclosure Outcomes & Penalties | 417-3 | Episodes of nonconformities concerning marketing communications | Food labelling | 87 |
| Disclosure Questionnaire | Disclosure Outcomes & Penalties | 418-1 | Complaints about breaches of client privacy and data loss | Claims from customers and management of nonconforming products | 89 |
| Environment | Air & Climate | 302-1 | Consumption of energy within the organisation | Energy | 96-98 |
| Environment | Air & Climate | 302-3 | Energy intensity | Energy | 96-98 |
| Environment | Air & Climate | 305-1 | Direct emissions of greenhouse gases (GHG) (scope 1) | Emissions and carbon neutrality | 99-104 |
| Environment | Air & Climate | 305-2 | Indirect emissions of greenhouse gases (GHG) from energy consumption (Scope 2) | Emissions and carbon neutrality | 99-104 |
| Environment | Air & Climate | 305-4 | Intensity of greenhouse gas (GHG) emissions | Emissions and carbon neutrality | 99-104 |
| Environment | Land & Life | 306-2 | Waste by type and disposal method | Waste, recyclability, and reduction in food waste | 106-107 |
| Environment | Environmental Management | 306-2 | Waste by type and disposal method | Waste, recyclability, and reduction in food waste | 106-107 |

| BIA Impact Area | BIA Impact Topic | GRI Standards (2021) | Disclosure | Section | Page no. |
|-----------------|--------------------------------------|----------------------|---|--|----------|
| Environment | Land & Life | 304-2 | Significant impacts of activities, products and services on biodiversity | Biodiversity | 108 |
| Environment | Water | 303-1 | Interactions with water as a shared resource | Water resources | 109 |
| Environment | Water | 303-3 | Water extraction | Water resources | 109 |
| Environment | Land & Life | 417-1 | Requirements related to labelling and information on products and services | Food labelling | 87 |
| Sustainability | Ethics & Transparency | 205-3 | Confirmed corruption cases and measures adopted | Confirmed corruption incidents and measures adopted | 43-47 |
| Sustainability | Mission & Engagement | 408-1 | Activities and suppliers at significant risk of episodes of child labour | Ethical and responsible procurement | 84 |
| Workers | Health, Wellness, & Safety | 306-2 | Waste by type and disposal method | Waste, recyclability, and reduction in food waste | 106-107 |
| Workers | Engagement & Satisfaction (Hourly) | 401-1 | Recruiting new employees and employee turnover | Staff composition and characteristics | 62-65 |
| Workers | Engagement & Satisfaction (Salaried) | 401-1 | Recruiting new employees and employee turnover | Staff composition and characteristics | 62-65 |
| Workers | Engagement & Satisfaction | 401-2 | Benefits set up for full time employees but not for part-time employees or those with a fixed-term contract | Support services to directors and executives | 72 |
| Workers | Health, Wellness, & Safety | 401-2 | Benefits set up for full time employees but not for part-time employees or those with a fixed-term contract | Support services to directors and executives | 72 |
| Workers | Engagement & Satisfaction (Hourly) | 401-3 | Parental leave | Occupational illnesses and injuries | 69 |
| Workers | Health, Wellness, & Safety | 403-1 | Occupational health and safety at work management system | Occupational health and safety at work management system | 66 |
| Workers | Health, Wellness, & Safety | 403-2 | Identification of the dangers, assessment of risks and investigations of accidents | Risk assessment | 66 |
| Workers | Health, Wellness, & Safety | 403-3 | Professional health services | Occupational health services | 67 |
| Workers | Health, Wellness, & Safety | 403-4 | Participation and consultation of workers and communication regarding health and safety at work | Participation and consultation of the workers | 67 |
| Workers | Health, Wellness, & Safety | 403-5 | Workers' training regarding health and safety at work | Training on safety in the workplace | 67-68 |
| Workers | Health, Wellness, & Safety | 403-6 | Promotion of the workers' health | Care for the workers' well-being | 69-71 |
| Workers | Health, Wellness, & Safety | 403-9 | Occupational injuries | Occupational illnesses and injuries | 69 |
| Workers | Career Development (Hourly) | 404-1 | Average number of training hours per employee per year | Human resources training | 74-76 |
| Workers | Engagement & Satisfaction | 406-1 | Episodes of discrimination and corrective measures adopted | Inclusion and the value of diversity | 65 |

Global Compact Principles and GRI

The table shows the connection between the specific disclosure provided according to the 2021 GRI Standards and the 10 principles of the Global Compact merged into their respective areas: Work, Environment, and Fight against corruption.

Global Compact Linkage

| Global Compact Principles | Disclosure | Category | GRI Standards | GRI Disclosure | Section | Page no. |
|---------------------------|---|--------------------------|---------------|---|--|----------|
| Principle 4 | Businesses should eliminate forced or compulsory labour | Labour | 409-1 | Activities and suppliers at significant risk of episodes of forced or compulsory labour | Ethical and responsible procurement | 84 |
| Principle 5 | Businesses should eliminate child labour | Labour | 408-1 | Activities and suppliers at significant risk of episodes of child labour | Ethical and responsible procurement | 84 |
| Principle 6 | Businesses should eliminate all forms of discrimination related to employment and occupation. | Labour | 202-2 | Percentage of managers recruited from the local community | Staff composition and characteristics | 62-65 |
| Principle 6 | Businesses should eliminate all forms of discrimination related to employment and occupation. | Labour | 401-1 | Recruiting new employees and employee turnover | Staff composition and characteristics | 62-65 |
| Principle 6 | Businesses should eliminate all forms of discrimination related to employment and occupation. | Labour | 404-1 | Average number of training hours per employee per year | Human resources training | 74-76 |
| Principle 6 | Businesses should eliminate all forms of discrimination related to employment and occupation. | Labour | 405-1 | Diversity in governance bodies and among employees | Inclusion and the value of diversity/Staff composition and characteristics | 62-65 |
| Principle 6 | Businesses should eliminate all forms of discrimination related to employment and occupation. | Labour | 406-1 | Episodes of discrimination and corrective measures adopted | Inclusion and the value of diversity | 69 |
| Principle 7 | Businesses should support a precautionary approach to environmental challenges | Environment | 302-1 | Consumption of energy within the organisation | Energy | 96-98 |
| Principle 7 | Businesses should support a precautionary approach to environmental challenges | Environment | 302-3 | Energy intensity | Energy | 96-98 |
| Principle 7 | Businesses should support a precautionary approach to environmental challenges | Environment | 304-2 | Significant impacts of activities, products and services on biodiversity | Biodiversity | 108 |
| Principle 7 | Businesses should support a precautionary approach to environmental challenges | Environment | 305-1 | Direct emissions of greenhouse gases (GHG) (scope 1) | Emissions and carbon neutrality | 99-104 |
| Principle 7 | Businesses should support a precautionary approach to environmental challenges | Environment | 305-2 | Indirect emissions of greenhouse gases (GHG) from energy consumption (Scope 2) | Emissions and carbon neutrality | 99-104 |
| Principle 7 | Businesses should support a precautionary approach to environmental challenges | Environment | 305-4 | Intensity of greenhouse gas (GHG) emissions | Emissions and carbon neutrality | 99-104 |
| Principle 8 | Businesses should undertake initiatives to promote greater environmental responsibility | Environment | 302-1 | Consumption of energy within the organisation | Energy | 96-98 |
| Principle 8 | Businesses should undertake initiatives to promote greater environmental responsibility | Environment | 302-3 | Energy intensity | Energy | 96-98 |
| Principle 8 | Businesses should undertake initiatives to promote greater environmental responsibility | Environment | 304-2 | Significant impacts of activities, products and services on biodiversity | Biodiversity | 108 |
| Principle 8 | Businesses should undertake initiatives to promote greater environmental responsibility | Environment | 305-1 | Direct emissions of greenhouse gases (GHG) (scope 1) | Emissions and carbon neutrality | 99-104 |
| Principle 8 | Businesses should undertake initiatives to promote greater environmental responsibility | Environment | 305-2 | Indirect emissions of greenhouse gases (GHG) from energy consumption (Scope 2) | Emissions and carbon neutrality | 99-104 |
| Principle 8 | Businesses should undertake initiatives to promote greater environmental responsibility | Environment | 305-4 | Intensity of greenhouse gas (GHG) emissions | Emissions and carbon neutrality | 99-104 |
| Principle 8 | Businesses should undertake initiatives to promote greater environmental responsibility | Environment | 306-2 | Waste by type and disposal method | Waste, recyclability, and reduction in food waste | 106-107 |
| Principle 10 | Businesses should work against corruption in all its forms, including extortion and bribery | Fight against corruption | 205-3 | Confirmed corruption cases and measures adopted | Risk Management | 43-47 |

SASB Content Index

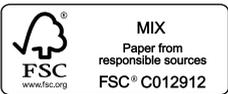
The following are Andriani's Accounting and Activity Metrics. The indicators were selected in accordance with the SASB "Food & Beverage" industry guidelines.

Activity metrics

| Activity metrics | Link/Comments |
|-------------------------------------|----------------------|
| Weight of products sold (in tonnes) | 34.6 thousand tonnes |
| Number of production plants | 3 |

Accounting Metrics

| Topic | Accounting Metrics | KPI |
|--|---|---|
| Energy Management | Total energy consumed by the organisation | 30,912 GJ |
| | Percentage of electricity drawn from the grid | 92.4% |
| | Percentage of electricity from renewable sources | 31.7% |
| Water Management | Total water extracted by the organisation | 38.2 MI |
| | Number of cases of nonconformities associated with permits, standards, and regulations in relation to the management of water resources | 0 |
| | Description of risks related to the management of water resources and related risk mitigation policies | Andriani has implemented a procedure that defines the method used to guarantee the use of healthy and clean water intended for the production of food products, so that it does not represent a risk factor for the safety of food products (Italian Legislative Decree no. 31/2001). Also, in order to follow and trace the entire water flow, the healthiness of the wastewater from industrial activities is monitored through the implementation of a targeted analysis plan. |
| Food safety | Total number of food safety violation notices received and percentage correct | 0 |
| | Number of recalls issued and total quantity of food recalled (in tonnes) | 2% |
| Health & Nutrition | Description of the process of identifying and managing products and ingredients used in the production process | Paying close attention to the quality standards of raw materials to ensure healthy and safe finished products, the Quality Department, as it does each year, conducted a risk assessment in 2022 that resulted in the definition of a control plan covering the process from raw material to finished product. |
| Product labeling & Marketing | Number of cases of nonconformities related to labelling and marketing | 0 |
| Packaging Lifecycle management | Total monetary loss amount resulting from legal proceedings associated with labelling and/or marketing | 0 |
| | Total weight of plastic packaging | 148 t |
| | Percentage of packaging made using recycled and/or renewable materials | 96.27% |
| | Percentage of recyclable, reusable, and/or compostable packaging | 96.27% |
| | Description of strategies related to reducing the environmental impact of packaging | While production volumes increased by 5% compared to 2021, the use of packaging materials did not follow the same trend. This is particularly evident in the use of paper (-6%), where the company's policy of reduction and efficiency has yielded more satisfactory results. This was made possible by the collaboration between Andriani's technical department and the technical departments of the suppliers to improve the carton designs. Flexible film usage has increased by 14%, which can be attributed to an increase in client requests for this packaging option. |
| Environmental & Social Impacts of Ingredient Supply Chain | Percentage of food ingredients certified according to environment or social standards | 5.1 Sustainability of the supply chain |
| | Rate of nonconformities of supplier social and environmental responsibilities audits | 0% |
| | Rate of corrective actions associated with the supplier social and environment responsibilities audits | 0% |
| Ingredient Sourcing | Percentage of food ingredients from regions with high or extremely high water stress | 0% |
| | List of the most relevant food ingredients and discussion of supply risks due to environmental and social considerations | The Andriani Group develops and produces an innovative and complete range of gluten-free pasta using a variety of naturally gluten-free ingredients containing grains (rice, corn, oatmeal, buckwheat), legumes (lentils, peas, chickpeas, etc.), and alga spirulina. The group produces its pasta and other products in the Andriani S.p.A. 100% allergen free facility in Gravina in Puglia. All production is carried out in Italy, in full compliance with food quality and safety criteria. |



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Andriani towards sustainable development



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Andriani S.p.A. Benefit Corporation

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