



ANDRIANI

*Natural Innovators
Natural Sustainable*



SUSTAINABILITY
REPORT
2018



This Sustainability Report, the first for the Andriani Group, represents an important stage in the challenging path that has been set in order to help achieve the Objectives of Agenda 2030, the action programme for People, the Planet, and Prosperity signed in 2015 by the member states of the United Nations and for which we make responsible choices in favour of Sustainable Development on a daily basis.



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**SUSTAINABILITY
REPORT
2018**

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GRI CONTENT INDEX

Stakeholder estimates,

in the last three years, the Andriani Group recorded higher than expected results and an overall satisfactory performance, with an average annual increase of 21.6% and a net profit growing 36%.

2018 ended with a total of €55.6 million: an unexpected result that rewards everyone's efforts, fills us with pride, and drives us to work with even greater awareness and a sense of responsibility towards our employees, people, the territory, and the community as a whole.

The Report, while representing the main tool to tell the company's story and its economic-financial performance, is inadequate to describe Andriani's commitment to sustainable growth. One word, sustainability, which represents a founding moral value for our company, is integrated throughout the entire company management and is a major growth driver. Growing, while continuing to invest in innovation and, on the one hand, generating positive externalities for the community, on the other, reducing negative externalities for the planet. Proof of this are the many initiatives we promote in the areas of corporate welfare, food education, energy saving, supply chain, protection of biodiversity, and adherence to international platforms such as the United Nations Global Compact, a strategic corporate citizenship initiative aimed at promoting a sustainable global econo-

my, or the SAI Platform, a non-profit organisation whose mission is the development of sustainable agricultural practices. This is a challenge we are reaffirming by presenting our first Sustainability Report, through which we have chosen to report on and officially certify our commitment to Sustainable Development. It is an important moment along a path of full integration of sustainability in the business, which sees us also engaged in the integration of a strategic plan and also in the identification of specific KPIs that relate to continuous improvement, also aimed at contributing to the objectives of the United Nations (SDGs). Also, in the interests of absolute transparency and being one of the first companies in the industry to adopt it, the decision was made to begin creating a precise annual report according to the GRI Standards and revised through a limited assurance engagement report by Deloitte & Touche S.p.A.

We still have much to do and build. The future calls us and we respond with our customary enthusiasm. But this first milestone would have been impossible to reach without the passionate contribution of all Andriani employees, as well as that of our partners who work alongside us, support us, and along with us believe that doing business in an innovative way is possible. I send all of you my sincere thanks.

Michele Andriani
Chairman of the Board
of Directors



Note on methodology

A reporting system for Agenda 2030

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GRI CONTENT INDEX

The 2018 sustainability report for the Andriani Group is the beginning of an up-standing path in which sustainability will be the heart of the business and the value creation process.

In this perspective, the company management wanted to grasp the related man-made pressures received from its strategic *stakeholders*, seeking to initiate a process to formalise the sustainability mentality present at the inception of the Andriani Group.

In this sense, the 2018 Sustainability Report is the result of a business need which, already in its first edition, presents elements of differentiation that are codified in a type of sustainability reporting focused on sustainable development goals and on how Andriani Group intends to communicate its commitment to the 17 Sustainable Development Goals (SDGs), approved by the United Nations.

The continuous references to the SDGs are, in fact, present in different passages of this report ranging from the letter to the *stakeholders* to the business model, to the materiality analysis, to the sustainability plan, to the GRI Content Index, to arrive, in detail, to the content of the chapters that describe the Group's commitment towards its *stakeholders*.

The contribution to the SDGs is also made possible by the presence of non-financial information on aspects related to governance, human rights, and personal, social, environmental and anti-corruption components that illustrate the Group's diligence and actions during 2018 as well as its objectives and the actions it intends to carry out.

The report also has numerous hypertext links (QR code format in the paper version), facilitating reading, which is enriched by informational content that refers to other documents on the web or to specific content in other sections of the report.

In addition to the specific GRI Sustainability Reporting Standards reference *disclosure*, each paragraph of the document also includes the specific SDGs.

The document is essentially divided into three parts.

The first one illustrates the primary traits of the Andriani Group such as its history, reference industry, Group structure, business model, system of principles, and company values.

The second describes corporate governance, the organisational structure, the strategic *stakeholders* and the strategic sustainability plan.

The third, more analytical section, focuses on material topics, i.e. specific information that populates the six chapters aimed at satisfying the informational needs of several *stakeholders*.

The qualitative and quantitative information contained in the sustainability report refers to the Group's performance for fiscal year 2018 (from January 1 to December 31). In order to allow the data to be compared over time and to evaluate the performance of the Group's activities, a comparison with the previous year has been offered, where possible. The use of estimates has been limited, as far as possible, and if included, they are based on the best available meth-

Agenda 2030

Agenda 2030 for Sustainable Development is an action programme for people, the planet, and prosperity, signed in September 2015 by the governments of the 193 Member States of the United Nations.



odologies and appropriately reported. The scope of reporting non-financial information extends not only to the data of the parent company, Andriani S.p.A., but also to those of the two consolidated companies, Felicia S.r.l. and Cardo Rosso S.r.l., to which must be added the information relating to the subsidiary Terre Bradaniche S.r.l., which, however, is not included in the Andriani Group's consolidated financial statement. The scope of this report does not include data related to the subsidiary, Amendola Center S.r.l., which only had one employee in 2018.

Terre Bradaniche S.r.l., purchased by Andriani S.p.A. in 2018, is included in the non-financial scope of the consolidation because it regards information that refers more specifically to the procurement of raw materials from the legume supply chain, without resorting to the external market, optimising and controlling the quality of the raw materials to be introduced into the production cycle at the source.

In various ways, each of the companies included in the scope of the report presents information relating to environmental and social topics, staff, the respect for human rights, and the fight against corruption issues, useful for a better understanding of business performance, its results and, above all, the Group's impact on these issues.

To provide an accurate representation of company management and the impact resulting from the Andriani Group's activities, the report focuses on non-financial topics identified as being relevant for the materiality analysis (page 10 of this report).

The reporting process included:

- the involvement of all company departments responsible for the relevant areas and the related non-financial data and information presented;
- the contribution of the organisational units was requested during the data collection, analysis, and consolidation phase, with the responsibility of verifying and validating the information included in the report for their particular areas of responsibility. The data contained in the report refer to measurable values. If it was necessary to use an estimate, it was clearly indicated in the document;
- the publication of the report on the Group's website in order to make it available in a transparent and usable manner for all *stakeholders*. The Andriani S.p.A. Board of Directors approved this Sustainability Report in November 2019. The Sustainability Report will be published on an annual basis.



The Sustainability Report was prepared in compliance with the GRI Sustainability Reporting Standards published in 2016 by the Global Reporting Initiative (GRI) according to the option "in accordance - Core."



GRI Content Index

The annex to the document includes the GRI Content Index with details of the contents reported in compliance with the GRI Sustainability Reporting Standards and related informational omissions. This table also includes the connection with the SDGs in accordance with the *SDG Compass Annex: Linking the SDGs and GRI Standards*.



Communication on Progress

The annex to the report also includes the link between the Communication on Progress and the GRI Content Index (page 124 of this Report).

Independent Auditor's Report

The 2018 Sustainability Report was subject to a limited examination ("limited assurance engagement" according to the criteria indicated by the ISAE 3000 Revised standards) by Deloitte & Touche S.p.A.

The interdisciplinary team that collaborated in the preparation of this report

While it involved the entire organisational structure of the Andriani Group in various ways, the sustainability report was created by an interdisciplinary team made up of the following members: Filippo Capurso (Supervisor of the work group), Angela Amendolara, Fabrizio Annese, Mariangela Candido, Giuseppe Capone, Giovanna Inghilterra, Rossella Labarbuta, Luigi Manfredi, Raffaella Moliterni, Domenico Montemurro, Luigi Montemurro, Franco Parisi, Nunzia Pellegrino, Vito Raguso, Raffaele Raso, Salvatore Scaltrito, Mimmo Signorello, Patrizia

Stano, and Annamaria Todisco.

The work group received technical and scientific support from ETX Stp, which all contributed to the content management of the report.

Editing and graphic layout was performed by Interno 15 S.r.l.

Comments and opinions on the sustainability report can be sent by email to: f.capurso@andrianispa.com

Materiality analysis

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AccountAbility 1000 Stakeholder Engagement Standard 2015












































The information reported in the Andriani Group’s 2018 sustainability report is the result of a preliminary materiality activity carried out according to the GRI Sustainability Reporting Standards and, in terms of process, according to the *AccountAbility 1000 - Stakeholder Engagement Standard 2015*.

To do so, the work team conducted an analysis aimed at identifying the material issues that could impact the Andriani Group. At first, the external analysis focused on a benchmark of leading companies operating on a national and international level in the food sectors and that prepare sustainability or non-financial reports. The topics identified were then enhanced with those resulting from industry surveys on a national and international level.

The examination of the documentation resulted in 81 issues, some of them overlapping. The use of content analysis tools and the involvement of the Group’s management team allowed this number to be reduced to 31 themes related to the following six areas: governance and social responsibility, responsibility to human resources, human rights, customers and product responsibility, environmental responsibility, and economic responsibility (suppliers and partners).

The 31 issues were then subject to further analysis by certain internal company *stakeholders*, which led to the definition of 26 issues considered to be of impact to the business and to which 15 SDGs are associated.

AREA	TOPIC	DESCRIPTION	STAKEHOLDER	IMPACT	SDGs
GOVERNANCE AND COMPLIANCE	Corporate Governance and transparency in decision-making processes	Definition of the structure and composition (also in terms of diversity) of the governance bodies, the appointment system, and the separation of powers, remuneration, and evaluation of the performance of Top Management and the Board of Directors (which includes social and environmental responsibility criteria).	Institutions, Shareholders	Internal and external	5 GENDER EQUALITY, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
	Ethics and responsible business	Integrity and transparency in business activities, promotion of Corporate Governance that aspires to the highest ethical standards, integrity, and compliance with laws and regulations. Adoption of a Code of Ethics and principles and national and international guidelines (Global Compact) that include social and environmental responsibility. Transparent communication related to good practices in governance of the organisation.	All	Internal and external	8 DECENT WORK AND ECONOMIC GROWTH, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
	Anti-corruption, fair competition, and legality	Adoption of an Organisation and Management Model 231, internal policy and procedures for compliance with current standards and any specific regulations (e.g., anti-corruption, anti-competitive behaviour, anti-money laundering)	All	Internal and external	8 DECENT WORK AND ECONOMIC GROWTH, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
	Dialogue with associations and institutions	Involvement and dialogue with public and private subjects (including NGO and Category Associations) and Institutions on sustainability issues that could influence business performance; transparent management and effectiveness of contributions from the Public Administration	Community	External	8 DECENT WORK AND ECONOMIC GROWTH, 11 AFFORDABLE AND CLEAN ENERGY, 17 PARTNERSHIPS FOR GOAL
ECONOMIC RESPONSIBILITY	Economic performance	The organisation’s economic and financial performance, financial stability, protection of profitability and economic value generated, positively contributing to the development of the economic and social fabric of the local community. Creation and distribution of value in the short, medium, and long term	All	Internal and external	8 DECENT WORK AND ECONOMIC GROWTH
	Presence on the market and indirect economic impacts	Involvement of the organisation in the local area in which it operates through the definition of specific policies for the hiring, remuneration, and management of locally employed personnel; analysis and management of the indirect economic impacts generated by the business activity, with particular reference to the organisation’s supply chain	All	Internal and external	8 DECENT WORK AND ECONOMIC GROWTH

RESPONSIBILITY TO EMPLOYEES	Diversity and equal opportunity	Development of policies of inclusion, non-discrimination, and management of diversity for minorities (e.g., disabilities, gender, age, ethnicity, sexual orientation, religion); the issue includes equal pay for equal roles.	Employees	Internal	 
	Development and protection of human resources	Promotion of professional growth paths and personal training of organisation employees through development activities aimed at reinforcing the technical, managerial, and organisational skills of employees and consolidating the professionalism required by the job held. Ability to attract and retain talent	Employees	Internal	
	Company welfare	Policies, benefits (economic and other), actions aimed at improving the well-being of employees and creating a comfortable work environment that meets the employees' needs and expectations	Employees	Internal	 
	Health and Safety in the Workplace	Development of practices and programmes that promote the protection of safety in the workplace; promotion of specific training sessions related to employee health and safety, and the monitoring and prevention of accidents in the workplace aimed at decreasing them.	Employees	Internal	
	Shared company culture	Promotion of a shared company culture through the implementation of initiatives and programmes aimed at consolidating the set of principles, programmes, and initiatives through the various operating facilities. Promotion and implementation of surveys related to the organisation's internal climate aimed at dialogue and listening to the staff in order to improve the quality of relationships	All	Internal and external	 
RESPONSIBILITIES REGARDING THE PRODUCT	Product safety and traceability	Production and sale of high quality products through actions aimed at improving the quality and safety of the products created; promotion of best practices related to product safety and the implementation of initiatives for the traceability of the raw materials and products used.	Customers	External	  
	Customer satisfaction	Customer experience and satisfaction surveys related to the quality, safety, and specific characteristics of the products. Support services that meet the needs of the customer/consumer, constant and open dialogue through special channels; management and minimising claims linked to the quality of the products and services offered	Customers	External	 
	Responsible product labelling	Transparent and adequate communication related to the products offered, particularly through labelling in compliance with the legislation and that clearly states the primary characteristics of the products sold	Customers	External	  
	Innovation, and product quality	Offering high quality products that meet the needs of the customers and consumers through ad hoc differentiation of products to meet and satisfy needs according to different diet types (vegetarian, vegan, kosher, <i>gluten free</i> , etc.). This approach also incorporates the creation of excellent recipes to obtain a superior flavour	Customers	External	 
	Nutrition and well-being	Promotion of a healthy lifestyle and the importance of proper nutrition through products, initiatives, and specific communications; preparation of an offer of nutritionally varied and balanced products including organic products.	Customers	External	  
	Research, innovation, control	Control and analysis of the quality standards of the products offered through laboratory research and the adherence to national quality and safety standards. Monitoring of the product's qualitative characteristics and traceability along the supply chain. Research and Innovation in regard to logistical or packaging optimisation	Customers	External	 
RESPONSIBILITY TO SUPPLIERS	Sustainable management of the supply chain	Responsible procurement process management along the organisation's entire supply chain; supplier evaluation and screening based on social and environmental performance, promotion of social responsibility practices and conduct that drive suppliers to adopt sustainable behaviours.	Suppliers	External	 
	Working conditions and Human Rights	Management of the activities along the value chain (suppliers and customers) that can prevent significant risks related to Human rights (forced labour, child labour, freedom of association and collective bargaining, discrimination in the workplace) and any actions undertaken (e.g., training plans related to Human Rights issues)	Suppliers, Employees, Community	Internal and external	
	Procurement from local suppliers	Procurement from local suppliers and promotion of initiatives that encourage the use of locally produced raw materials, increasing the relationship with the community and the reference area and optimising logistics processes	Suppliers	External	 
RESPONSIBILITY TOWARDS THE COMMUNITY	Involvement and support of local communities	Development of business activities in full respect of local communities, promotion of educational/training activities for the development of people and the territory; donations, sponsorships, partnerships, and collaborations with local organisations and associations, in support of the local community	Community	External	 
	Food education	Promotion of a healthy lifestyle and food education through the products offered as well as through the organisation of events and campaigns aimed at raising awareness on topics related to nutrition, food, and related environmental and social issues	Community	External	 
ENVIRONMENTAL RESPONSIBILITY	Management of energy and resources in the atmosphere	Efficient energy management through actions, programmes, and management systems; reduction of energy use from fossil fuels and promotion of the production and purchase of energy from renewable sources; monitoring, prevention, and reduction of greenhouse gas (GHG) emissions and other pollutant emissions	Environment	External	 
	Management of waste, recyclability, and reduction in food waste	Knowledgeable management of the waste generated by the organisation's activities; dissemination of a corporate culture aimed at maximising waste management efficiency by promoting conscious management methods and practices such as: reuse, sorting, and recycling of waste. Promotion of activities to raise awareness regarding food waste inside and outside of the organisation	Environment	External	 
	Management/protection of the area and respect for biodiversity	Responsible and non-invasive management of natural resources with special attention to the containment of environmental impacts linked to supply activities and their production; monitoring and protection of the natural habitat, indigenous species, and local flora and fauna. Protection of the eco-system in its entirety, which could be put at risk by the organisation's activities (production sites and raw materials)	Environment	External	 
	Knowledgeable consumption of raw materials	Efficient use of raw materials and minimisation of waste along the entire production chain; analysis of the environmental impact from the products and services offered by the organisation	Environment	External	  

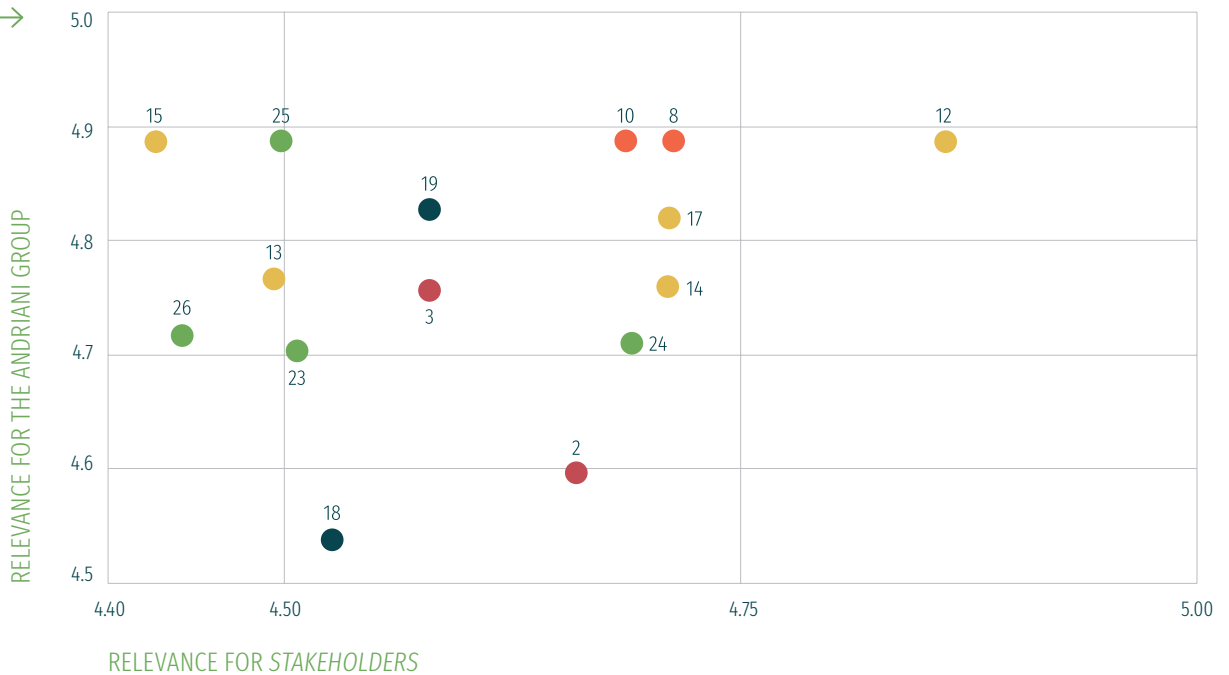
Involvement of the *stakeholders*, primarily mapped based on the criteria of influence, strategic relevance, and proximity, involved a total of 105 *stakeholders* in 8 categories (customers, suppliers, employees, partners, media, university, institutions, and associations).

Data was collected from February 2019 to June 2019 through the use of a non-proprietary software that allowed the management of the responses obtained from the *stakeholders* surveyed. There were 44 responses with 37 from external *stakeholders*.

The *stakeholders* were asked their opinion on the importance of 26 issues by giving each a score from 1 (less important) to 5 (more important).

The results of the survey were analysed and processed in the materiality matrix reported below, which defines the positioning of the material issues, by area, intersecting the different levels of importance assigned to the issues by the type of *stakeholder* and the company's organisational structure.

GRAPH 2018 Materiality matrix



- Governance and Compliance
- Responsibilities regarding the product
- Environmental responsibility
- Responsibility to employees
- Responsibility to suppliers

The materiality threshold, set at a value of 4.4, led to the identification of 15 material issues.

TABLE - Material issues identified

CODE	Material issue	SDGs	GRI Aspect	Impact perimeter	Type of impact
2	Ethics and responsible business	 	Economic performance Market presence Public policy	Andriani Group	Caused by the Group
3	Anti-corruption, fair competition, and legality	 	Anti-corruption Anti-competition behaviour Social and economic compliance	Andriani Group	Caused by the Group and directly connected through a business relationship
8	Development and protection of human resources		Occupation Training and instruction Diversity and equal opportunity	Andriani Group	Caused by the Group
10	Health and Safety in the Workplace		Health and Safety in the workplace	Employees of the Andriani Group ¹	Caused by the Group
12	Product safety and traceability	  	Health and safety of the customers Privacy of the customers	Andriani Group	Caused by the Group
13	Customer satisfaction	 	N/A	Andriani Group	Caused by the Group
14	Responsible product labelling	  	Marketing and labelling	Andriani Group	Caused by the Group
15	Innovation, and product quality	 	N/A	Andriani Group	Caused by the Group
17	Research, innovation, control	 	N/A	Andriani Group	Caused by the Group
18	Sustainable management of the supply chain	 	Procurement practices	Group Andriani, suppliers	Caused by the Group
19	Working conditions and human rights		Non-discrimination Relations between workers and management Child labour Forced labour Evaluation of the respect for human rights	Group Andriani, suppliers	Caused by the Group and directly connected through a business relationship
23	Management of energy and resources in the atmosphere	 	Energy Emissions	Andriani Group	Caused by the Group
24	Management of waste, recyclability, and reduction in food waste	 	Water discharges and waste	Andriani Group	Caused by the Group
25	Management/ protection of the area and respect for biodiversity	 	Environmental compliance	Andriani Group	Caused by the Group
26	Knowledgeable consumption of raw materials	  	Materials	Group Andriani Group	Caused by the Group

¹ 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 collaborators 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.

The table below helps the reader identify the specific *disclosure* connected to the 15 material issues in the document. It should also be noted that the sustainability report includes the following non-material issues: corporate governance, economic performance, diversity and equal opportunity, corporate welfare, shared corporate culture, nutrition and well-being, involvement and support of local communities, and food education.

Responsibility connected to relevant issues	Relevant issues	Chapters
Governance and compliance	Ethics and responsible business	Chapter 2 Governance and compliance
	Anti-corruption, fair competition, and legality	Page 34
Responsibility to employees	Development and protection of human resources	Chapter 4 Responsibility to employees
	Health and Safety in the Workplace	Page 50
Responsibilities regarding the product	Product safety and traceability	Chapter 5 Responsibilities regarding the product Page 68
	Customer satisfaction	
	Responsible product labelling	
	Innovation, and product quality	
Responsibility to suppliers	Research, innovation, control	Chapter 6 Responsibility to suppliers Page 90
	Sustainable management of the supply chain	
Responsibility towards the environment	Working conditions and Human Rights	Chapter 8 Responsibility towards the environment Page 102
	Management of energy and resources in the atmosphere	
	Management of waste, recyclability, and reduction in food waste	
	Management/ protection of the area and respect for biodiversity	
	Knowledgeable consumption of raw materials	

The Andriani Group for Sustainable Development

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See Attachment to the Report **GRI CONTENT INDEX**

Millennium Development Goals



Target 12.6 of Agenda 2030



2015 was an important year for the global economy and our country. During this year, Italy chose to sign the 17 SDGs (*Sustainable Development Goals*) of Agenda 2030, which are the 17 goals that represent the new inescapable challenges in terms of sustainable development to be implemented by 2030, along with the other 192 Member States of the United Nations.

Agenda 2030 surpassed the limits demonstrated by the Millennium Development Goals (MDGs), that, in addition to an extension of the concept of sustainability that is no longer focused solely on the environmental dimension, provides an accountability mechanism able to carry out effective control action towards those countries that have signed the agreement through a complex measurement system based on 17 goals, 169 targets, and over 240 indicators.

The Andriani Group also chose to contribute to target 12.6 of Agenda 2030, which calls for: *“Encouraging businesses, especially large and transnational companies, to adopt sustainable practices and inte-*

grate information on sustainability in the periodic reports”, implementing an accountability process able to responsibly highlight the contribution the company intends to give to the 17 goals.

To do so, it used a multi-level approach based on 4 pillars:

- Choice of a business model aimed at sustainable value creation page 28

- Definition of a strategic plan that includes specific goals broken down by area and related SDGs page 30

- Adoption of transparent governance focused on the SDGs page 36

- Creation of a reporting and communication system based on the SDGs according to a *multi-stakeholder* approach page 32



Using the *SDG Compass* (GRI - UNGC - WBCSD - 2017) as a road map, the Andriani Group initiated a process to steer towards the SDGs, as yet unfinished, divided into five fundamental steps:

- 1 → Understanding the SDGs and evaluating the points of convergence in terms of the business.
- 2 → Selection of strategic priorities downstream of an assessment of the positive and negative external effects produced by the company business.
- 3 → Alignment between the priorities and the SDGs for understand how to contribute to sustainable development.
- 4 → Activation of a process for sharing the SDGs, not only internally (governance bodies and organisational units), but also externally, along the supply chain and reference industry, interacting with an extended social community.
- 5 → Reporting and communication through the use of a system of KPIs connected to the SDGs selected, able to inform the *stakeholder* of the results obtained and future performance to be achieved.

The Andriani Group has chosen a responsible approach to the 17 goals introduced by the United Nations, consciously choosing the objectives on which the Group currently feels it can make an active contribution. Therefore, while aware of the spirit that

drives Agenda 2030, which is to bring the countries and economic organisations that operate within it to contribute effectively to all 17 goals, the company has chosen a more or less impacting contribution on 15 sustainable development goals.

The *SDG Compass* document provides companies with instructions on how to align their strategies and measure and manager their contribution to the achievement of the SDGs.



The contribution to the SDGs can be inferred not only from the specific issues covered in the report in question, but also from the description of the specific actions that the Andriani Group has implemented and is implementing to contribute to Agenda 2030.

GOAL	MATERIAL ISSUE	ACTIONS IMPLEMENTED
 <p>2 ZERO HUNGER</p>	<ul style="list-style-type: none"> - Food education - Management of waste, recyclability, and reduction in food waste 	<ul style="list-style-type: none"> - Definition of a structured “strategic philanthropic” plan beginning with the theme of healthy food - Public-private partnership for spreading the culture of healthy food
 <p>3 GOOD HEALTH AND WELL-BEING</p>	<ul style="list-style-type: none"> - Nutrition and well-being - Innovation, and product quality - Customer satisfaction - Responsible labelling - Health and safety in the workplace - Working conditions and Human Rights 	<ul style="list-style-type: none"> - Active participation in numerous events on the theme of nutrition and well-being - Implementation of the Multigrain mill - Unceasing internal (laboratory) and external (universities, research bodies and institutions) research activities - Compliance to standards regarding labelling and internal and external control activities - Investments in health and safety including specific training activities - Adherence to the Global Compact - Adherence to the SMETA method for respecting Human Rights in the supply chain
 <p>4 QUALITY EDUCATION</p>	<ul style="list-style-type: none"> - Development and protection of human resources 	<ul style="list-style-type: none"> - Constant training activities for employees and partners - <i>Empowering People</i> programme
 <p>5 GENDER EQUALITY</p>	<ul style="list-style-type: none"> - Diversity and equal opportunity 	<ul style="list-style-type: none"> - <i>Diversity management interventions</i>
 <p>6 CLEAN WATER AND SANITATION</p>	<ul style="list-style-type: none"> - Knowledgeable consumption of raw materials 	<ul style="list-style-type: none"> - Hort@ Project for the sustainable legumes chain - <i>Circular economy interventions</i>
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<ul style="list-style-type: none"> - Management of energy and resources in the atmosphere 	<ul style="list-style-type: none"> - Energy efficiency interventions including trigeneration plant and Bühler Ecothermatik™ dryer for long pasta - Dolomiti Energia 100% Clean Energy Certification
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<ul style="list-style-type: none"> - Economic performance and related economic impact 	<ul style="list-style-type: none"> - Increase in added value produced - Interventions for the region and local communities - Interventions for creating a safe and stimulating work environment for its employees - Involvement of local suppliers, also through Terre Bradaniche S.r.l.

GOAL	MATERIAL ISSUE	ACTIONS IMPLEMENTED
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<ul style="list-style-type: none"> - Innovation, and product quality - Research, innovation, control 	<ul style="list-style-type: none"> - Construction of the Smart Building (New Headquarters) - Computerisation of processes - Intensification of audit activities on products and processes
 <p>10 REDUCED INEQUALITIES</p>	<ul style="list-style-type: none"> - Company welfare - Working conditions and Human Rights - Diversity and equal opportunity 	<ul style="list-style-type: none"> - Numerous projects for employees including: Bike to work, Family Day, Arts Academy - Activation of communication channels with its partners - Commitment to safeguard Human Rights through adherence to the Global Compact
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<ul style="list-style-type: none"> - Sustainable management of the supply chain - Working conditions and Human Rights - Management of energy and resources in the atmosphere - Involvement and support of local communities 	<ul style="list-style-type: none"> - Membership to the <i>SAI Platform</i> - Numerous streamlining operations in production and logistics aimed at reducing CO₂ emissions - Andriani Educational Project for schools and families - Initiatives to promote sports and support sports events
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<ul style="list-style-type: none"> - Innovation, and product quality - Responsible labelling - Management of waste, recyclability, and reduction in food waste 	<ul style="list-style-type: none"> - Startup of new research projects in partnership with leading companies in the industry, research organisations, and local organisations - Monitoring and management of claims related to product labelling - Increase in the percentage of waste recycled
 <p>13 CLIMATE ACTION</p>	<ul style="list-style-type: none"> - Management of energy and resources in the atmosphere 	<ul style="list-style-type: none"> - Reduction in energy consumption for the same production volumes
 <p>15 LIFE ON LAND</p>	<ul style="list-style-type: none"> - Management/protection of the area and respect for biodiversity - Sustainable management of the supply chain 	<ul style="list-style-type: none"> - Creation of a sustainable supply chain for legumes - Monitoring of the environmental impact of Andriani products through the Yousustain.net platform that analyses 6 parameters: water, soil, air quality, biodiversity, health, and energy.
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<ul style="list-style-type: none"> - Ethics and responsible business - Anti-corruption, fair competition, and legality - Involvement and support of local communities 	<ul style="list-style-type: none"> - Implementation of the Organisation and Management Model according to Italian Legislative Decree 231/01 - Commitment to fight against corruption through adherence to the Global Compact - Grants to the community
 <p>17 PARTNERSHIPS FOR THE GOALS</p>	<ul style="list-style-type: none"> - Dialogue with associations and institutions - Involvement and support of local communities 	<ul style="list-style-type: none"> - Adherence to third party associations and institutions - Active involvement in <i>stakeholder</i> activities on SDGs and on sustainability issues - Company participation in workshops related to the 17 goals of Agenda 2030

These actions coincide with the activities the Group chose to implement by combining the 10 principles of the Global Compact in terms of Human Rights, labour, the environment, and the fight against corruption.

GRAPH
The 10 principles of the Global Compact

Italian Global Compact Network

TEN PRINCIPLES

HUMAN RIGHTS

Principle 1

Businesses should support and respect the protection of internationally proclaimed human rights;

Principle 2

and make sure that they are not complicit in human rights abuses.

LABOUR

Principle 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4

the elimination of all forms of forced and forced labour;

Principle 5

the effective abolition of child labour;

Principle 6

the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

Principle 7

Businesses should support a precautionary approach to environmental challenges;

Principle 8

undertake initiatives to promote greater environmental responsibility;

Principle 9

and encourage the development and diffusion of environmentally friendly technologies.

FIGHT AGAINST CORRUPTION

Principle 10

Businesses should work against corruption in all its forms, including extortion and bribery.

The 10 principles of the Global Compact



By joining the Global Compact, the Andriani Group has also chosen to communicate to its *stakeholders* the actions it has taken and intends to take in compliance with these principles, not only through this report, but also through other channels of communication.

2018 was the first year in which the Group chose to integrate the ten principles of the Global Contract in its company strategy, culture, and operations, considering the

sustainability report the Communication on Progress (COP), i.e. the document that offers its *stakeholders* information on the organisation's commitment to the 10 principles (actions, results, and goals).

The 10 principles of the Global Compact are associated with the values and principles the Andriani Group strongly believes in and are also present in the Group's Code of Ethics (www.andrianispa.com).

VALUES	PRINCIPLES
Respect for customer expectations	Respect for the Law - Compliance with the laws, transparency and fair management, trust and cooperation with <i>stakeholders</i>
Respect for its human resources and the refusal of any form of discrimination based on age, gender, sexual orientation, health condition, race, nationality, political opinions, or religious beliefs	Honesty - Relationships with <i>stakeholders</i> are based on criteria and behaviours of fairness, collaboration, loyalty and mutual respect
Training, empowerment and involvement at every level of all staff, while ensuring respect for physical and moral integrity	Transparency and Completeness of Information - The fundamental value of correctness of the information transmitted inside and outside the organisation
Rationalisation of company management in all areas	Fairness in corporate management and the use of resources - Compliance with the law, the Articles of Association, and the regulations, ensuring the proper functioning of the corporate bodies and the protection of property rights to safeguard the integrity of the share capital and the real estate and financial assets
Integration of the effectiveness and efficiency goals with the principles of sustainable development and the prevention of injuries in the workplace	Confidentiality - Compliance with the legislation regarding the collection, processing, and storing of personal data and refraining from seeking confidential data through illegal means
Correctness of relations with the Public Administration and with the lending institutions	Respect for the individual - Respect for the physical and moral integrity of the individual and respect in relations with others
Operating in the market in compliance with fundamental ethical principles such as honesty, impartiality, and respect for all current standards (national and Community laws, internal regulations or codes, administrative measures, rules of ethics)	Prevention of conflicts of interests - Removing and preventing present and potential conflicts of interest with its employees and partners Protection of the environment, security, and sustainable development - The environment is seen as a primary asset at the focus of sustainable development for which the constant balance between economic initiatives, company needs, and environmental needs is fundamental in sharing a culture of security and the prevention of financial and other risks

1

The Andriani Group

In this chapter:

- 22 Main steps of a development path
- 26 Food Innovation: a growing and evolving industry
- 28 Our business model
- 30 The strategic plan for sustainability
- 32 Our *stakeholders* and related dialogue tools

Key numbers



OVER
40 YEARS

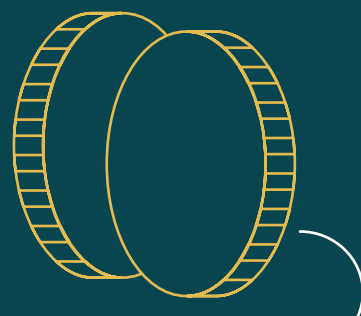
experience gained in the milling industry and, in particular, in the planning, implementation, installation, and maintenance of the primary traditional pasta plants in the country.



5 LEGAL ENTITIES

OPERATING IN CONNECTED INDUSTRIES

With a view towards business diversification, Andriani S.p.A. has chosen to begin initiatives linked to the development of startups and new businesses.



+17m

NET WORTH

The Andriani S.p.A. holding company manufactures gluten free pasta.

Gluten free primacy

The technical partnership developed over decades with the multinational Bühler (headquartered in Uzwil, Switzerland) has permitted the creation of the first facility in the world entirely dedicated to the production of *gluten free* pasta.



1.1 Main steps of a development path

	102-1	102-2
102-3	102-4	102-5

See Attachment to the Report
GRI CONTENT INDEX

“

Gluten free primacy

The technical partnership developed over decades with the multinational Bühler (headquartered in Uzwil, Switzerland) has permitted the creation of the first facility in the world entirely dedicated to the production of *gluten free* pasta.

The spirit that distinguishes the Andriani Group can be summarised by these simple words “*We think positive and we make good innovation*”. Andriani is a Group operating in the *food innovation* sector and considers innovation to be its primary competitive advantage. Innovation meant as a way of thinking, doing, and communicating. Innovation meant as being comprehensive, starting from the product and production processes carried out in a facility dedicated exclusively to *gluten free* product and arriving at concrete daily actions. Innovative thought is what helps us live better and leave fertile ground for future generations.

Andriani’s project began in 2009 with the goal being to conceive, develop, and produce a complete range of *gluten free* pasta that is innovative and with a unique flavour, using a variety of ingredients such as rice, maize, quinoa, buckwheat, amaranth, lentils, peas, and other ingredients, all naturally *gluten free*.

The Andriani Group operates in the *food* sector as both a copacker for major international brands as well as on its own behalf with the production and distribution of Felicia Bio® and Biorì® brand products.

The founding partners of the Andriani S.p.A. holding company are brothers Michele and Francesco, the sons of Felice Andriani, who inherited his 40 years of experience in the milling industry and, particularly, in the design, creation, assembly, and maintenance of the primary traditional pasta plants in the country.

The technical partnership developed over decades with the multinational Bühler (headquartered in Uzwil, Switzerland) has permitted the creation of the first facility in the world entirely dedicated to the production of *gluten free* pasta.



The Andriani Group is an integrated group made up of 5 legal entities operating in connected industries. With a view towards business diversification, Andriani S.p.A. has chosen to begin initiatives linked to the development of startups and new businesses.

ORGANISATIONAL CHART
Andriani Group



Andriani S.p.A.

Holding company in the gluten free pasta manufacturing industry.

Net equity of €17,946,553 (as of 31/12/2018)

Registered office in Gravina di Puglia (Bari)



Felicia S.r.l.

Company that sells Andriani's Felicia brand products.

Net equity of €3,512,708 (as of 31/12/2018)

Registered office in Gravina di Puglia (Bari)



CARDO ROSSO

Cardo Rosso S.r.l.

Innovative start-up that will operate in the production and sales of *gluten free* couscous.

Net equity of €326,053 (as of 31/12/2018)

Registered Office in Bologna



Terre Bradaniche S.r.l.

Operates in the processing and marketing of fertilizers and organic food products in general, as well as in the processing and cleaning of legumes.

Net equity of €264,843 (as of 31/12/2018)

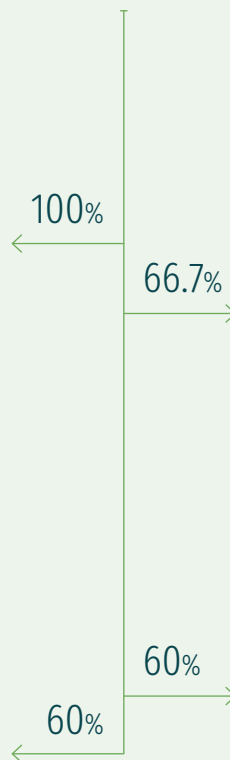
Registered office in Gravina di Puglia (Bari)

Amendola Center S.r.l.

Company operating in the real estate sector.

Net equity of €3,490,264 (as of 31/12/2018)

Registered office in Bari.



Andriani Group History

2009

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

2013

Construction of the gluten free facility in Gravina di Puglia.

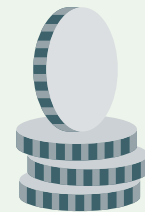
2014

With the startup of the new Nests and Lasagna line, Andriani S.p.A. increases the range of products offered, bringing its production capacity to approximately 16.2 million tonnes per year.

2015

Founding of Felicia S.r.l, company owning the brand of the same name, dedicated to the distribution of gluten free products (share capital €1 million and Net Equity €3 million).

2016



Molino Andriani S.r.l. initiates a reorganisation plan of corporate assets to establish a large-scale player in the Food Innovation sector, Andriani S.p.A., a company that passed a resolution to increase its share capital to €1 million.

Andriani S.p.A. receives the Smau Innovation Award for Italian excellence to the computerisation of its packaging and product storage processes.

Construction of the Multigrain milling plant.

2017

Warehouse opening in Matera.

Andriani S.p.A. receives the “Company to watch” award from Cerved for its good performance in the *gluten free* foods industry.

Andriani acquires the industrial mill factory where the Company’s registered and operating office is located.

The company is admitted to the “Elite” programme of Borsa Italiana S.p.A., an international platform of integrated services created to support companies in their growth path.

With the Puglia Regional Revenue Agency Tax Auditing Office, Andriani signs the preventive agreement (tax ruling) for the determination of the economic contribution for the direct use of intangible assets pursuant to Art. 1(37) of Italian Law no. 190 of 23 December 2014 (commonly named the “Patent Box”) with the resulting tax exemption of income deriving from the use of intangible assets (expertise and trademarks) for the 2015-2019 tax periods.

2018

Andriani S.p.A. issues a minibond of €6 million.



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



Andriani S.p.A. acquires 33% of the share capital (later increased to 66.7%) of Terre Bradaniche S.r.l.

Andriani S.p.A. is selected as one of the 50 best companies for its brand portfolio and for its positioning in the Food Innovation sector

CRIBIS rates Andriani S.p.A. as having the highest economic and commercial reliability.

2019 *preview*



Andriani S.p.A. is awarded by LinkedIn for the “Employer branding” project as a virtuous example of company welfare.

Andriani S.p.A. wins the prestigious Felix Industrial Award during the fifth edition of “Felix Industrial Award - Puglia competes”.



Andriani S.p.A. is recognised by AIDP for the innovative company welfare project, Bike to work.

Andriani files an application for the preventive agreement (tax ruling) for the determination of the economic contribution for the direct use of intangible assets pursuant to Art. 1(37) of Italian Law no. 190 of 23 December 2014 (commonly named the “Patent Box”) with the resulting tax exemption of income deriving from the use of intangible assets (expertise) for the 2020-2024 tax periods.

1.2 Food Innovation: a growing and evolving industry

“

Food Innovation

The segment of *gluten free* products amounts to €320 million, with 27% growth. Even the market for *lactose free* products is not to be outdone, with 18% growth.

In recent years, the international market for *free from* products recorded significant growth rates, due in part to the increase in coeliac disease and lactose intolerance, which represent, respectively, 26% and 66% compared to other types of food intolerances.

The size of the markets in the USA, Australia, Russia, and Europe fluctuate between €47 million and €442 million. There is also a new market emerging in the United Arab Emirates that is recording exponential growth since 2011. In Europe, the countries with the highest turnover are Italy, the United Kingdom, Germany, and France. In fact, in recent years, the business of *free from* products grew by 5.1% in Europe and

reached a turnover of €2.022 million.

In further detail, the segment of *gluten free* products amounts to €320 million, with 27% growth. Even the market for *lactose free* products is not to be outdone, with 18% growth.

It should also be noted that the phenomenon of the spread of gluten free products is increasingly attractive to large distribution, in order to increase the share of branded products of the various brands.

The consumption of pasta accounts for 14% of the *gluten free* market and to meet the increasing therapeutic needs and new styles of eating. These new styles of eating are a direct consequence of the success of

The typical
Andriani consumer



CONDUCTS A HEALTHY
AND NATURAL LIFESTYLE
THROUGH HEALTHY EATING
AND A PROPER LIFESTYLE



IS PHYSICALLY ACTIVE

the new *gluten free* pasta varieties based on legumes and alternative grains.

Such evidence is also confirmed by the Food Innovation market trends for 2019, where about one in two Italians say they are interested in new ingredients, new products, and new types of pasta.

So, this is a sensitive and sustainable consumer with different preferences depending on the type. It is definitely a consumer who, if over 50, continues to prefer a type of pasta made with Italian wheat and whole grain durum wheat. Young consumers (Millennials and Generation Z) differ, raising the innovation and curiosity bar, with a desire to experiment with "special" pastas

made with legume flour, in which legumes become the absolute protagonists of the dough, creating a product that has the same shape, packaging and manufacturer as pasta, but with a different nutritional composition and taste. Along with legumes, there are also preferences for pastas made with maize, rice, and protein flours.



Millennials and Generation Z

Among young consumers, the innovation and curiosity bar is raised towards a desire to experiment with "special" pastas made with legume flour.



SEEKS AN IMPROVEMENT
IN PHYSICAL WELL-BEING



EMBRACES THE "POSITIVE
LIFE" CONCEPT



IS ATHLETIC

1.3 Our business model

102-6 102-7



See Attachment to the Report **GRI CONTENT INDEX**

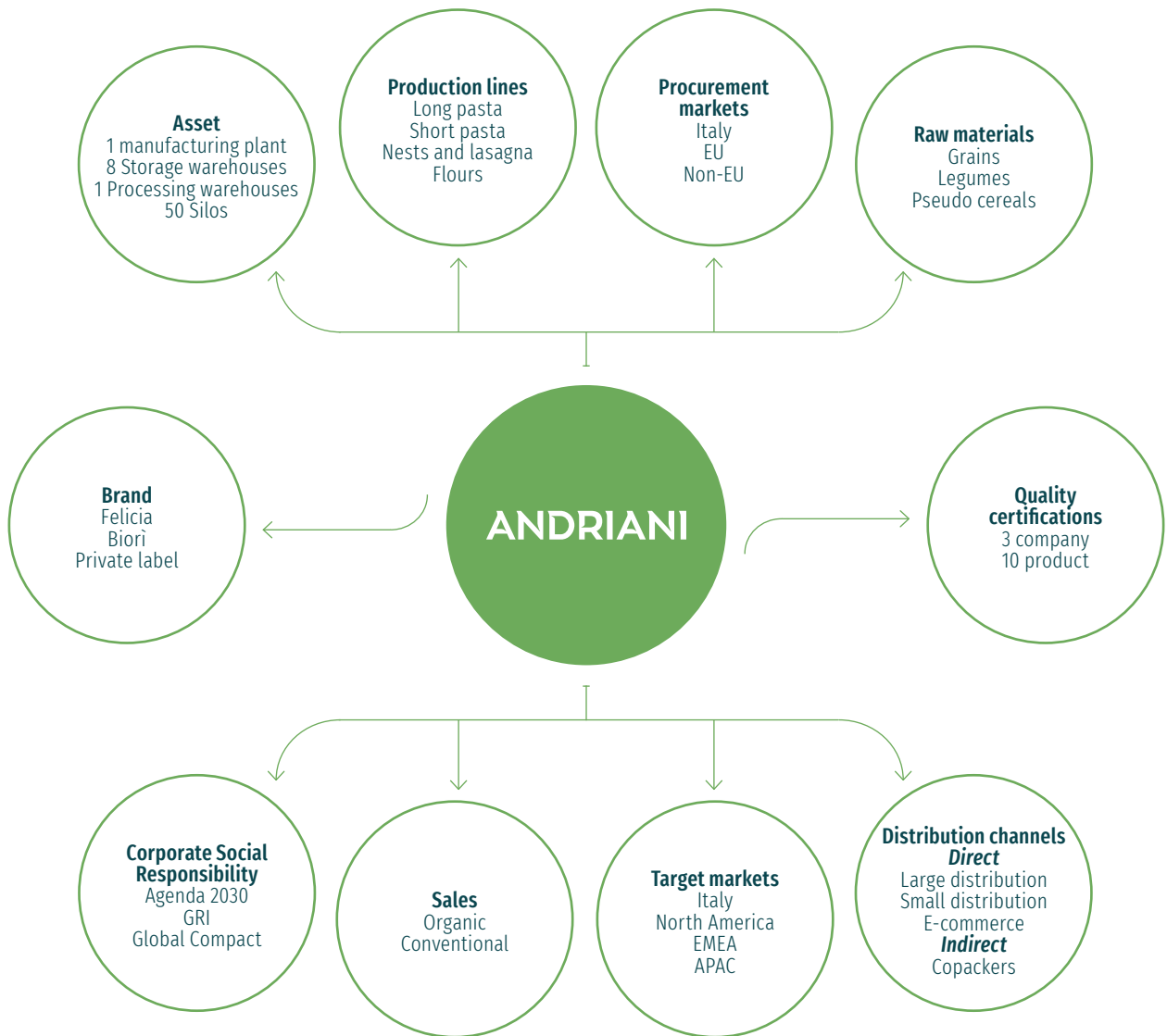
IIRC International Framework



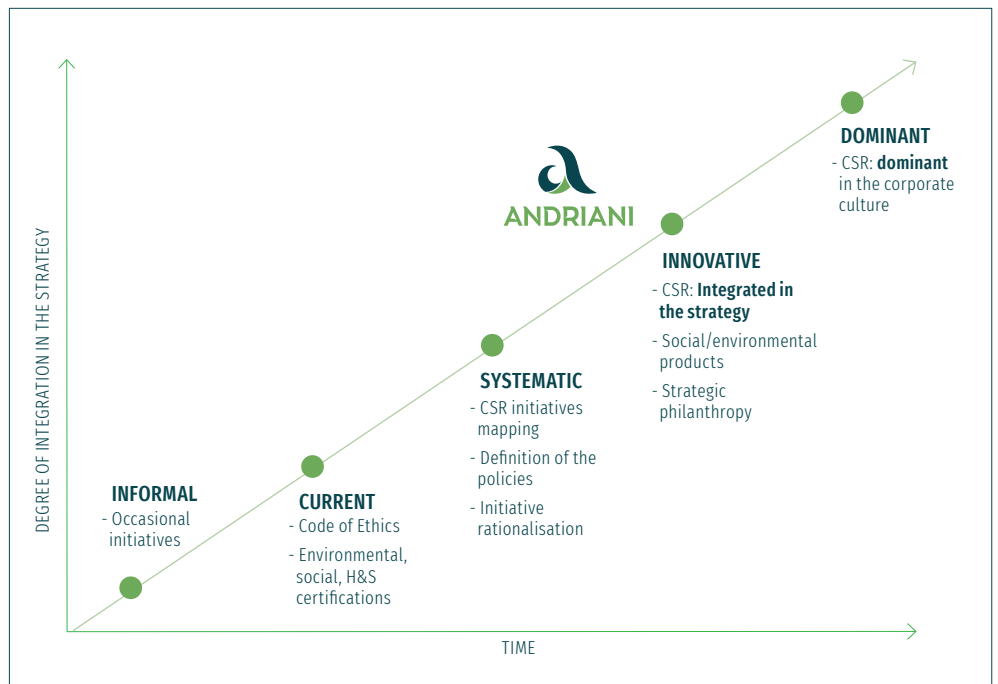
“An organisation’s business model is its system of transforming inputs, through its business activities, into outputs and outcomes that aims to fulfil the organisation’s strategic purposes and create value over the short, medium and long term.”

This definition is contained in the IIRC International Framework, a document that can be considered the only existing standard setter on an international level regarding the integrated report.



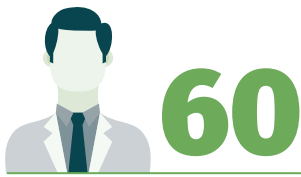


The Andriani Group's business model describes not only the input elements, transformation cycle, and output, but also some strategic drivers in the value creation process, including Corporate Social Responsibility, which is factor for integration with the company's business within the Group.



GRAPH
Positioning of
Andriani S.p.A

1.4 The strategic plan for sustainability



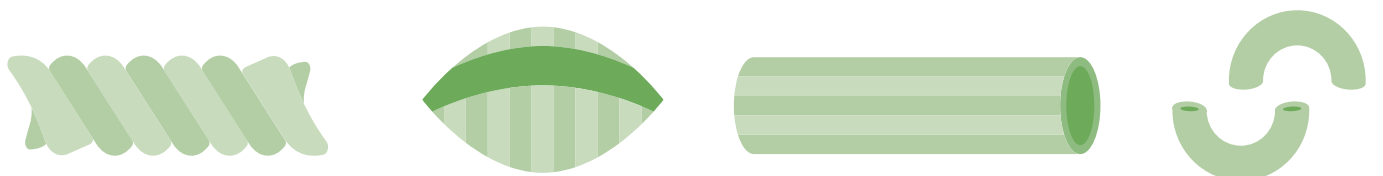
SPECIFIC ACTIVITIES
scheduled in the three-year Strategic Plan 2019-2021

The Andriani Group conducted an internal strategic assessment activity starting from an “as is” photograph in terms of its orientation to CSR and sustainable development and defined a three-year plan consistent with what was defined in the industrial plan.

The Strategic Sustainability Plan is made up of:



The execution of the Plan will be assigned to an interdepartmental project team, assisted by the consulting company Green Reset S.r.l., which specialises in strategic consulting regarding sustainability and circular economies.



GRAPH
Strategic plan
Intervention areas



GOVERNANCE & COMPLIANCE

FIELD

Corporate Governance and transparency in decision-making processes

Ethics and responsible business



STAKEHOLDER ENGAGEMENT

STAKEHOLDER **ISSUE**

Employees	Development and protection of human resources
	Organisation and internal communication
	Company welfare
	Shared company culture
	Health and safety at work
Supply Chain	Sustainable management of the supply chain
	Procurement from local suppliers
Customers	Customer involvement in the Sustainability Strategy
	Customer retention
Local communities	Food education



STRATEGIC SUSTAINABILITY PLAN 2019 - 2021



ECONOMIC PERFORMANCE

FIELD

Economic performance

Monitoring and reporting

Presence on the market and indirect economic impacts



FIELD

ISSUE

Biodiversity Management and protection of the area and respect for biodiversity

Mobility Impacts from logistics

Emissions Management of energy and resources in the atmosphere

Waste Management of waste, recyclability, and reduction in food waste

Water Responsible water management

Raw materials Knowledgeable consumption of raw materials

Responsible packaging

Circular economy Recovery of materials

Reduction of waste



RESPONSIBILITY PRODUCT

FIELD

Research, innovation, and control

Product safety and traceability

Responsible labelling



1.5 Our stakeholders and related dialogue tools

102-21 102-40 102-44



See Attachment to the Report
GRI CONTENT INDEX

The Andriani Group considers its *stakeholders* to determine not only the definition of the material issues referred to in this sustainability report, but also to de-

fine the critical issues and preparatory SWOT analysis for preparing the Strategic Sustainability Plan.



As part of its process of continuous engagement of its *stakeholders*, the Andriani Group chose to focus on increasing dialogue tools and streamlining the feed-

back process in order to better grasp the requests coming from the company *stakeholders*.

The following are the primary dialogue initiatives carried out by the Group by type of *stakeholder*.

	Key issues	Primary dialogue initiatives
Shareholders	<ul style="list-style-type: none"> • Creation of business value and market presence • Anti-corruption • Ethics and responsible business 	<ul style="list-style-type: none"> • Shareholders' meeting and boards • Financial statements • Meetings with the Board of Statutory Auditors and SB 231/01 • Global Compact
Employees	<ul style="list-style-type: none"> • Diversity and equal opportunity • Development and protection of human resources • Company welfare • Health and safety at work • Shared company culture • Respect for Human Rights 	<ul style="list-style-type: none"> • Periodic newsletter • Confidential channel 231/01 • Climate monitoring • <i>Team building</i> • Improvement of safety • Meetings with union representatives
Customers	<ul style="list-style-type: none"> • Product safety and traceability • Consumer satisfaction • Responsible labelling • Price • Innovation and quality • Nutrition and well-being • Research, innovation, and control • Compliance with the laws 	<ul style="list-style-type: none"> • Direct contacts • Customer care and market analysis • Activities in favour of the environment • Pre and post-sales support • Management of <i>digital channels</i> • Research centre
Suppliers	<ul style="list-style-type: none"> • Quality and safety of the raw materials • Sustainable management of the supply chain • Respect for Human Rights • Supplier evaluation • Local suppliers 	<ul style="list-style-type: none"> • Supplier audits • Technical and periodic visits and meetings • <i>Feedback</i> on quality
Community	<ul style="list-style-type: none"> • Involvement and support of local communities • Food education • Respect for Human Rights • Transparency towards the media and the community • Research and development, education, art, and culture 	<ul style="list-style-type: none"> • Projects in collaboration with universities and training schools in Italy and abroad • Cultural and artistic institutions • Conferences and co-organisation of events • Support and participation at local events • Participation at institutional round tables on relevant issues • Participation in projects, tenders, or research • Periodic invitations to primary Authorities and institutional offices
Environment	<ul style="list-style-type: none"> • Management of waste, recyclability, and reduction in food waste • Atmospheric emissions • Water • Production process • Management/protection of the area and respect for biodiversity • Knowledgeable consumption of raw materials • Investments in environmental protection • <i>Packaging</i> • Sustainable agriculture 	<ul style="list-style-type: none"> • Category round tables • Promotion and publication of customer events in favour of the environment

2

Governance and compliance

In this chapter:

- 36 Corporate governance and transparency in decision-making processes
- 40 Fight against corruption
- 40 Respect for human rights

SDGs (Sustainable Development Goals)



Key numbers



3 CORPORATE BODIES

Andriani's governance structure, as well as those of its subsidiaries, is founded on a traditional model, comprised of: Shareholder's meeting, Board of Directors, Board of Statutory Auditors



8 MEETINGS OF THE BOD

With an average duration of 2 hours and 9 minutes for each sitting, and an average participation of 88% of the board members.



38 years

AVERAGE AGE OF MEMBERS OF THE BOARD OF DIRECTORS

Respect for human rights



The Group leverages the skills and potentialities of each one, firmly believing that only exchanges between generations, genders, and cultures can guarantee true success. Today, while the Group does not have specific procedures in place in terms of human rights, it adopts company policies in the same category both in human resources manages and in hiring (Empowering People policy, Family Day, Career Day, etc.).

2.1 Corporate governance and transparency in decision-making processes

102-11	102-15	102-18
102-21	102-22	102-23
102-29	102-32	102-33

See Attachment to the Report
GRI CONTENT INDEX

The corporate governance system of Andriani S.p.A. the company the performs management and coordination activities for other affiliate companies in the Group, has a system of rules, conduct, and processes aimed at ensuring efficient and transparent corporate governance and efficient operation of the governing bodies and control systems. Andriani's governance structure, as well as those of its subsidiaries, is founded on a traditional model, comprised of the following company bodies:

Shareholders' meeting

Body that has the broadest powers provided for by the Italian Civil Code in terms of: appointment and dismissal of directors, approval of the financial statement, distribution of profits, appointment of members of the Board of Statutory Auditors, appointment of independent auditors, and definition of the related remuneration.

Board of directors

Body that performs of strategic guidance, organisational coordination, as well as verification of the existence of the necessary controls to monitor the Company's performance. This body is vested with the broadest powers for the ordinary administration of the Company and, more precisely, has the power to perform all the acts it deems appropriate for the achievement of the Company's objectives, excluding only those acts which are, exclusively, reserved to the Shareholders' Meeting. In addition to the specific matters assigned by the Italian Civil Code, the Board of Directors makes resolutions on the following matters: quarterly/annual financial statement, annual budget, investment plan, strategic plan, acquisition of corporate shareholdings, real estate investments.

Board of Statutory Auditors

Body that supervises the observance of the current legislation 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.



The Board of Directors was appointed by the ordinary Shareholders' Meeting on 28 June 2019 and is made up of three members:



Michele Andriani

Chairman of the Board of Directors, 38 years old, founding shareholder and Sole Administrator of Molino Andriani S.r.l. from its founding. In recent years he gained par-

ticular experience in R&D, marketing, and the management control system. He is also a Director in the subsidiary Cardo Rosso S.r.l.



Francesco Andriani

Deputy Chairman of the Board of Directors, 36 years old, founding shareholder, already manager responsible for the *Sales, Marketing & Business Development* Division of Molino Andriani S.r.l. He also is Sole Admin-

istrator (Chairman) of the subsidiary Felicia S.r.l. In recent years he developed particular experience in the marketing sector and sales of branded products on both the national and international level.



Tommaso Marvulli

Director, 41 years old, manager and partner of the Andriani family since 1999. In recent years he developed particular experience in general accounting, treasury, the management control system, and ordinary and

facilitated finance. Tommaso Marvulli also holds the role of Sole Administrator of the subsidiary Terre Bradaniche S.r.l. and Director of the subsidiary Cardo Rosso S.r.l.

In 2018, the Board of Directors met 8 times for an average duration of 2:09 hours for each sitting, with an average 88% participation of the directors, and, in addition to ordinary management issues, it dealt with issues related to governance and sustainability.

The decisions of the top management are shared and approved by the Board, which, in its function, oversees aspects of management also related to issues regarding sustainability in its various forms.

Company management frequently interacts with the various *stakeholders* on relevant sustainability issues, even using other communication methods (meetings, specific focus groups, etc.). At the moment the Andriani Group has not set up an ad hoc committee for the management of sustainability issues.

The Andriani Group's organisational model is structured as follows:

Area: complex structure directed by top managers, also comprised of several divisions;

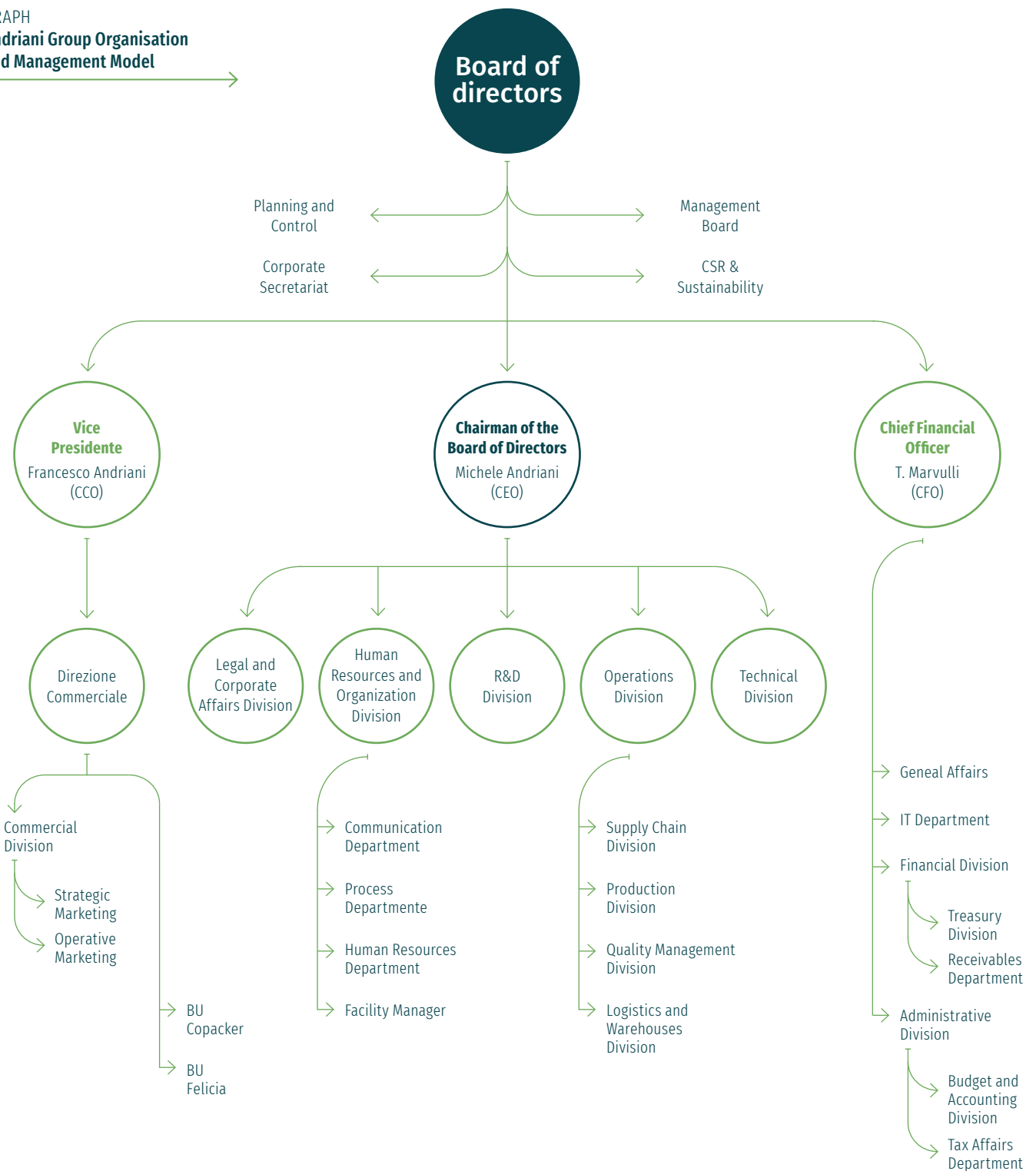
Division: less complex structure com-

prised of offices/departments and headed by junior/senior managers;

Office/Department: basic structure of the business organisation led by middle management/clerical staff.

The Executive Committee supports the Board of Directors in defining the operational planning, investments, and development of the company's business, in accordance with the vision and mission defined by the Board of Directors.

GRAPH
Andriani Group Organisation and Management Model



It also facilitates the integration and coordination between the various Areas and Divisions and their managers.

The Executive Committee is comprised of Area Executives, Division managers, and, based on the topics covered, even by department managers.

The Executive Committee must meet once a month and external consultants may be invited.

Besides the Board of Directors and the Shareholders' Meeting, Andriani S.p.A.'s corporate bodies also include the Board of Statutory Auditors, whose members are:

- Dr. Alberto Longo, Chairman of the Board of Statutory Auditors (61 years of age);
- Prof. Andrea Venturelli, Statutory Auditor (42 years of age);
- Dr. Francesco Paparella, Statutory Auditor (51 years of age);

In order to ensure that the conduct of all those who work on behalf of or in the interest of the Company always complies with the principles of legality, fairness and transparency in the conduct of business and corporate activities, in July 2014, Andriani Group adopted an Organisation and Management Model (www.andrianispa.com) pursuant to Italian Legislative Decree no. 231/2018, prepared according to the indications contained in the Confindustria Guidelines. The new revised and updated version of the Organisation and Management Model was approved by the Board of Directors on 29 March 2019 and is comprised of a General Section and a Special Section, divided into six parts, each dedicated to one type of predicate offence. The Code of Ethics, the founding principles of which were previously mentioned, is an

integral part of the 231 Organisation and Management Model.

Following adoption of the 231 Model, the Andriani S.p.A. Board of Directors appointed the Supervisory Board, which is responsible for monitoring the operation of and compliance with the Model, ensuring that it is kept up to date.

In order to ensure the proper and effective performance of the supervision of the Model, the Supervisory Board is comprised of 2 external and 2 internal figures, with different levels of competence that can be integrated.

To support the approach to risk management, the Board of Directors, through the Model pursuant to Italian Legislative Decree 231/2001, also established a model for the prevention of the main criminal risks, which takes into account the mandatory requirements provided for by Italian Legislative Decree 231/01, *as amended*, combined with the requirements expressed in Art. 30 of Italian Legislative Decree 81/08 regarding accident prevention.

In terms of Enterprise Risk Management, the Andriani Group is management the following types of risk:

- Liquidity risk;
- Market risks;
- Credit risk;
- Risk of corruption in relationships with the Public Administration and between private individuals;
- Environmental risk;
- Risk of false shareholder communications;
- Risk in terms of health and safety in the workplace;
- Computer risk and illegal data processing.



Organisation and Management Model

The new version of the Organisation and Management Model was approved by the Board of Directors on 29 March 2019 and is comprised of a General Section and a Special Section, divided into six parts, each dedicated to one type of predicate offence. The Code of Ethics is an integral part of the 231 Organisation and Management Model.

2.2 Fight against corruption

“

Maximum fairness and transparency

Andriani S.p.A. calls for the scrupulous observance of the law, the Code of Ethics, and the regulations and procedures governing the company's activities, with particular reference to activities involving contacts and relations with the Public Administration.

The Company is committed to the fight against corruption through the identification, prevention, and control of risks of corruption that are part of the 231 Organisation and Management Model and the Code of Ethics, which is as an integral part of it.

More precisely, in the Organisation and Management Model Andriani S.p.A. identified the areas at risk of corruption crimes and the controls put in place to protect against them. To this end, it calls for the scrupulous observance of the law, the Code of Ethics, and the regulations and procedures govern-

ing the company's activities, with particular reference to activities involving contacts and relations with the Public Administration.

Also, in order to establish and maintain any relationship with representatives of the Public Administration based on the criteria of maximum fairness and transparency, the Andriani Group sets out a series of prohibitions for managers, employees, and consultants in various capacities. At the beginning or renewal of any type of relationship, they must sign declarations of formal acceptance of the rules set in the Model.

2.3 Respect for human rights

“

Human rights

The Group applies the provisions of the law (Constitution and Workers' Statute) regarding non-discrimination on the grounds of race, language, gender, disability, age, sexual orientation, and personal beliefs.

The Andriani Group undertakes to uphold, within its sphere of influence, the global standard of conduct in human rights matters by providing:

- human resources management policies and procedures in line with Italian regulations and the main international standards on the subject (principles 1 and 2 of the Global Compact);
- ethical standards referred to in agreements with suppliers;
- ethical parameters such as integrity and respect for human and labour rights in the process of selecting suppliers of raw materials;
- channels for receiving reports on violations of the principles in the Code of Ethics.

In particular, the Group applies the provisions of the law (Constitution and Workers' Statute) regarding non-discrimination on the grounds of race, language, gender, disability, age, sexual orientation, and personal beliefs.

The Group leverages the skills and potentialities of each one, firmly believing that only exchanges between generations, genders, and cultures can guarantee true success.

Today, while the Group does not have specific procedures in place in terms of human rights, it adopts company policies in the same category both in human resources manages and in hiring (Empowering People policy, Family Day, Career Day, etc.).



Felicia
Granio Sorbetto

Natura

Natura

3

Economic responsibility

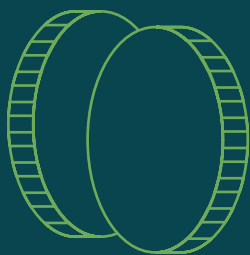
In this chapter:

44 Economic performance

SDGs (*Sustainable Development Goals*)



Key numbers

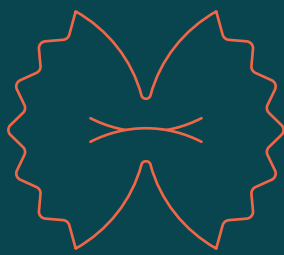


€**55.6**million

TURNOVER 2018

+8,4% COMPARED TO 2017

2018 was characterised by positive growth in both turnover and volumes sold.



+**2.8%**

GROWTH IN SALES VOLUME

The sales volumes for the 2018 fiscal year were approximately 22.2 thousand tonnes.



€**16.3**million

ADDED VALUE

+4,9% COMPARED TO 2017

The “added value” is defined as the ability to create wealth through the company and the Group as a whole.

Americas

13.3%

Europe

23.7%

Asia

0.6%

Italy

62.2%

Other markets **0.2%**

2018 turnover broken down by market (geographic areas)

3.1 Economic performance

102-6 102-7 201-1



See Attachment to the Report **GRI CONTENT INDEX**



2018 SALES VOLUME
+2,8% COMPARED TO 2017

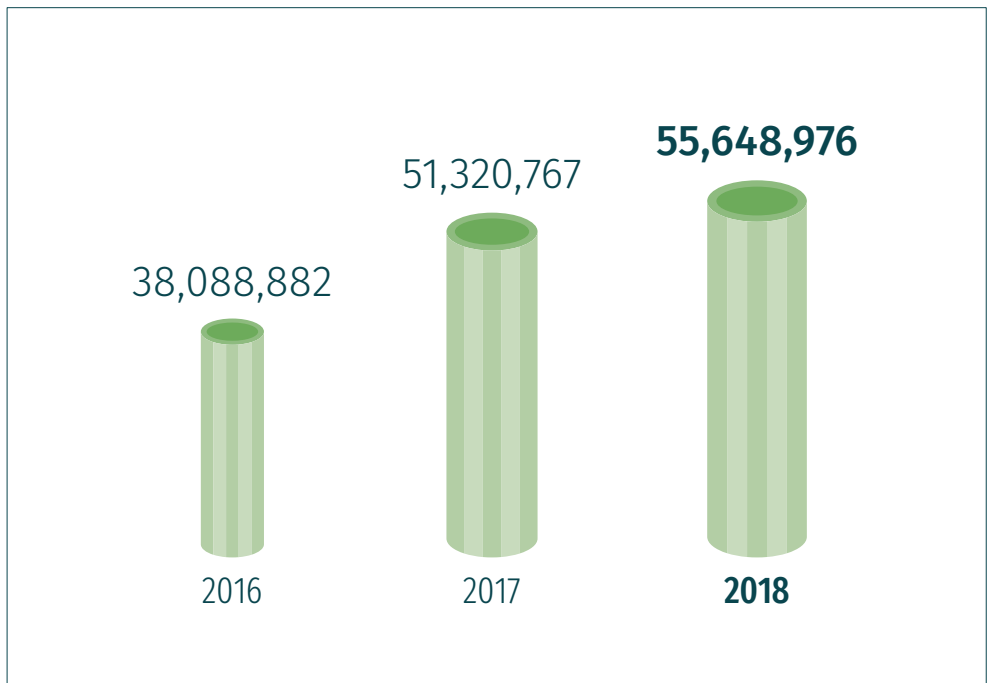
For the Andriani Group, 2018 was characterised by positive growth in turnover that amounts to €55.6 million (+8.4% compared to the financial statement for the previous fiscal year) and in volumes sold of approximately 22.2 thousand tonnes, +2.8% compared to the same period in the previous year. However, analysis of the provisional data as of 30 June 2019 shows a further growth in turnover and sales volumes which amounted to €32.1 million and 13.2 thousand tonnes respectively (data related to Andriani S.p.A.).

Furthermore, a more detailed analysis

of 2018 shows that as the Parent Company, Andriani S.p.A. registered a positive trend in terms of core revenues, equal to €53.1 million (compared to €49.5 million in 2017), with an increase (+7.3%) that can be attributed to higher quantities of product sold and to a trend of increasing sales prices (with an average of €2.38/kg compared to €2.33/kg in 2017).

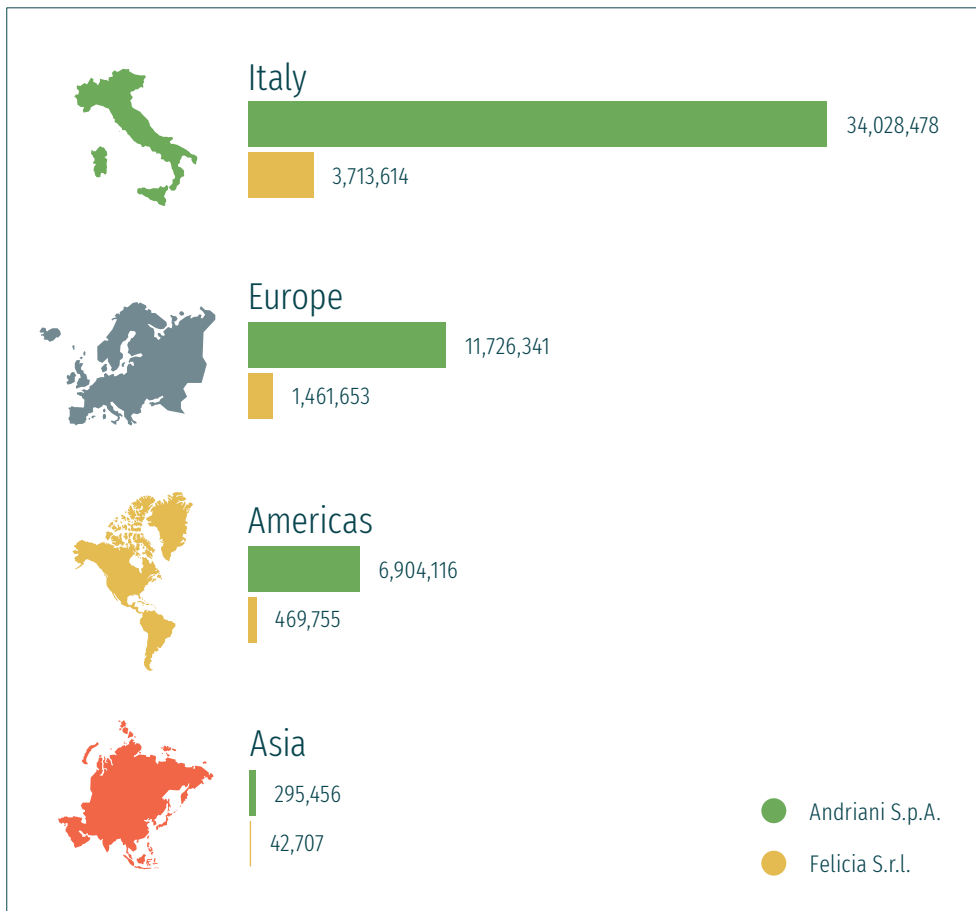
The consolidated turnover trend for the Group shows +46% in a comparison between 2018 and 2016, and +8% in the comparison between 2018 and 2017.

GRAPH Consolidated turnover (Euro)



The leading market for the Andriani Group is Italy, which registered an effect on turnover of approximately 62% in 2018, followed by Europe with 24% and the Americas with 13%. Focusing the analysis on the turnover for

Felicia brand Bio pasta, the percentage effect of the two leading markets rises to 65% for Italy and 26% for Europe, with the American market registering a percentage no greater than 8%.



GRAPH
2018 turnover broken down by market (geographic areas)



Leading market

The leading market for the Andriani Group is Italy, which registered an effect on turnover of approximately 62% in 2018, followed by Europe with 24% and the Americas with 13%.

Felicia S.r.l. (Legal Entity of the Group, whose activity is focused on the sale of private label products) contributed €5.7 million of aggregated turnover, in line with the previous year.

The growth in 2018, although less proportional than in the previous two years, was accompanied by a simultaneous maintenance of margins. In fact, an EBITDA of €9.5 million emerges, a value that is reflected in an EBITDA margin of 17.6%. In further detail, there is a lower incidence of “purchases of raw materials” which, net of the change in them, eroded the value of production by about 50%, thus recording an efficiency gain of about 2.3 percentage points compared to the previous fiscal year. This positive effect can be mostly attributed to the “Multigrain” mill, with its implementation

leading to the desired returns in terms of savings on the cost of raw materials.

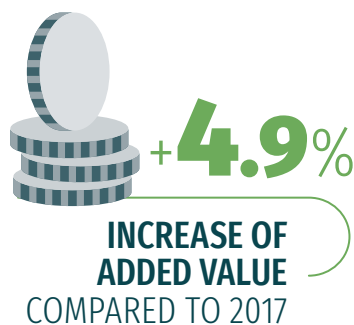
Andriani contributes to the development of the local community, increasing partnerships and relationships with raw materials suppliers, particularly legumes. Through the sustainable legume supply chain development project, in 2018 the Andriani Group purchased approximately €2.5 million in raw materials from local suppliers.

To acquire the economic resources necessary to manage its business, Andriani uses the income from normal and accessory operations. By subtracting the sums needed to purchase raw materials, services, and other goods from these incoming resources, what remains is “added value”, defined as the ability to create wealth through the



Development of the local community

Through the sustainable legume supply chain development project, in 2018 the Andriani Group purchased approximately €2.5 million in raw materials from local suppliers.



company and the Group as a whole. This new wealth is used to provide a return to the various *stakeholders* who provided goods and services, work, investments and public utilities, etc., contributing, in fact, in generating economic wealth.

The table below shows Andriani's added value, calculated according to the method proposed by the Study Group for establishing Social Reporting Standards and provides two different prospectuses:

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

In the 2018 fiscal year, the added value produced was €16,291,083, with an increase of €758,187 compared to the same period in the previous year.

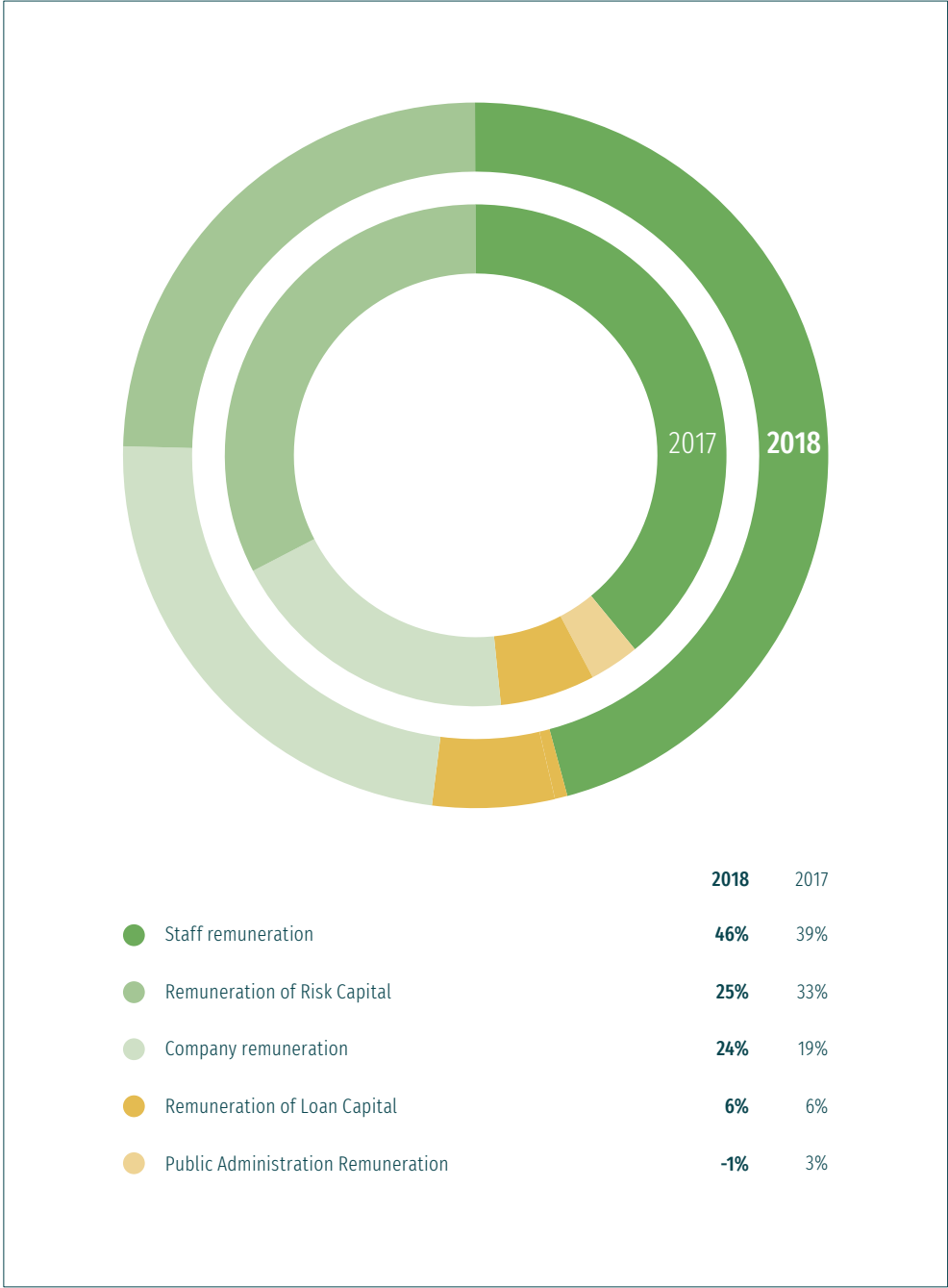
The analysis with the amounts is provided below:

PROSPECTUS FOR DETERMINING THE ADDED VALUE	2018 (Euro)	2017 (Euro)	Delta (Euro)
A) Value of production	55,125,587	53,039,230	2,086,357
Revenues from sales and services	55,648,976	51,320,767	4,328,209
Variation of inventory of finished products and goods	(672,526)	892,580	(1,565,106)
increases of fixed assets from in-house production	-	75,168	(75,168)
Other revenues and income	149,137	750,715	(601,578)
B) Intermediate production costs	38,797,657	37,408,831	1,388,826
For raw materials, consumables and merchandise	28,103,701	28,507,431	(403,730)
Costs for services	10,531,366	7,714,792	2,816,574
Costs for leased assets	422,980	415,767	7,213
Provision for contingencies	-	100,000	(100,000)
Other operating costs	762,224	1,265,009	(502,785)
Variations of inventory of raw and auxiliary materials, consumables and supplies	(1,107,595)	(1,330,106)	222,511
Write down of receivables included under assets forming part of working capital and of liquid funds	84,981	735,938	(650,957)
C) Gross characteristic added value (C=A-B)	16,327,930	15,630,399	697,531
Profits and losses on exchanges	(39,563)	(13,093)	(26,470)
Characteristic added value net of exchange rates	16,288,367	15,617,306	671,061
Accessory management balance	22,123	28,462	(6,339)
Total income from investments	1,643	203	1,440
Total other financial income	20,480	28,259	(7,779)
Adjustments in value of financial assets	(19,407)	(112,872)	93,465
Total revaluations	38,193	-	38,193
Total write downs	57,600	112,872	(55,272)
GROSS OVERALL ADDED VALUE	16,291,083	15,532,896	758,187

PROSPECTUS FOR THE DISTRIBUTION OF THE ADDED VALUE	2018 (Euro)	2017 (Euro)	Delta (Euro)
Staff remuneration	7,549,684	6,064,293	1,485,391
Wages and salaries	4,817,630	4,381,798	435,832
Social security contributions	1,387,497	1,076,116	311,381
Employee severance indemnity	358,960	323,538	35,422
Pension plan and similar items	-	-	-
Other costs	5,189	1,146	4,043
Non-employee remuneration	980,408	281,695	698,713
Public Administration Remuneration	(95,178)	499,974	(595,152)
Taxes on income for the fiscal year	1,103,776	1,962,352	(858,576)
Taxes related to previous fiscal years	(558,556)	(790,636)	232,080
Grants for current fiscal year	(673,495)	(698,228)	24,733
Indirect taxes	33,097	26,486	6,611
Remuneration of loan capital	921,920	950,889	(28,969)
Passive interest	921,920	950,889	(28,969)
Differential from financial instruments	-	-	-
Company remuneration	3,861,181	2,949,341	911,840
Amortisations and write down of fixed assets	3,861,181	2,949,341	911,840
Remuneration of Risk Capital	4,047,776	5,062,079	(1,014,303)
Profit (loss) attributable to the shareholders of the Group	4,105,594	5,098,677	(993,083)
Profit (loss) for the year related to minority interests	(57,818)	(36,598)	(21,220)
Donations and sponsorships	5,700	6,320	(620)
Donations and sponsorships	5,700	6,320	(620)
Contributions for scientific research	-	-	-
GROSS OVERALL ADDED VALUE	16,291,083	15,532,896	758,187

The table below shows the distribution of added value by reference stakeholder, comparing the data between the 2018 and 2017 fiscal years.

GRAPH
Distribution of the added value



“

Added value to employees

The Group increased the share of added value distributed to employees (+7%) and reduced the share of added value distributed to shareholders (-8%).

In the comparison between the two years, the Group shows a significant improvement (+7%) in the share of added value distributed to employees. This figure is even more

important if compared with the percentage of added value distributed to shareholders, which in the comparison between 2018 and 2017 was reduced by about 8%.

In addition to the above, the main balance sheet, profit and loss account, balance sheet, and financial indicators are compared in detail between 2018 and 2017.

TABLE
Comparison of financial
statement indexes

	31/12/2018	31/12/2017
Economic Indexes		
Net ROE	0.30	0.50
Gross ROE	0.34	0.62
ROI	0.08	0.14
ROS	0.10	0.14
Balance Sheet Ratios		
Equity to non current asset ratio	0.48	0.51
Equity plus non current liabilities to equity ratio	1.0	1.0
Financial indexes		
Primary liquidity	0.86	0.82
Secondary liquidity	1.05	1.05
Indebtedness	2.57	2,22
Equity-to-fixed-assets ratio	0.97	0.97



4

Responsibility to employees

In this chapter:

- 52 Diversity and equal opportunity
- 56 Development and protection of human resources
- 58 Company welfare
- 64 Health and Safety in the Workplace
- 66 Shared company culture

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SDGs (Sustainable Development Goals)



Key numbers



139

EMPLOYEES IN 2018
+4% COMPARED TO 2017

134 employees are hired on a permanent basis. In 2018 the rate of new hires was 16% while the negative turnover was 12%.



35%

WOMEN IN RESPONSIBILITY POSITIONS

Andriani intends to safeguard the gender balance and recognise equal opportunity of access to resources and organisational positions, regardless of gender.



40

BICYCLES DELIVERED IN 2018

Introduction of the **Bike to work** project aimed at promoting sustainable mobility and care and safeguarding health and the environment. To date, 65 bikes have been delivered to employees.

Hours of training of employees

Technical Skills	105
IT	583
Legal	92
Languages	1,107
Quality	101
Soft Skills	240

Total 2,228 hours



4.1 Diversity and equal opportunity

66

Diversity Management

This term is used to refer to all recognition, leveraging, and inclusion strategies within the organisation.

The Andriani Group is committed to creating best practices aimed at improving commitment, belonging, social cohesion, personal responsibility, and shared learning. One of these involves acting on the management and leveraging of individual differences to prevent the occurrence of any type of prejudice that could be unproductive and destabilising for the organisation. In a context in which increasingly varied and heterogeneous human resources from at least three different generations (Baby

Boomers, Generation X, and Millennials) find themselves in the same work environment, diversity management is a necessity. This term refers to all those strategies towards recognition, leveraging, and inclusion of the differences inside the organisation in order to create a strong group identity and motivation and psychological and emotional well-being in the workplace, allowing each individual to express his/her potential based on Gardner's multiple intelligences.

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Howard Gardner and the Theory of Multiple Intelligences

American psychologist Howard Gardner proposed the concept of only one type of intelligence that could be summed up in a single intelligence quotient number and introduced the concept of Multiple Intelligences, or rather the existence of various types of intelligence resulting from studies performed on subjects suffering from injuries involving neuropsychology.

Therefore, there are numerous types of intelligence or biological potential present from birth that make each person's intellectual profile unique.

The evolution of each type of intelligence and achieving a more or less elevated level is

partly the result of genetic factors and partly the learning opportunities offered by a particular cultural context.

Gardner identified at least seven different types of intelligence, each one assigned to a different area of human activity:

- logical-mathematical intelligence;
- linguistic intelligence;
- spatial intelligence;
- musical intelligence;
- kinaesthetic or procedural intelligence;
- interpersonal intelligence;
- intrapersonal intelligence;

Later he added naturalist intelligence and existential intelligence.



The Andriani Group believes in intergenerational exchange and the reciprocal enrichment of people who belong to different age groups.

As of 31 December 18, the Group had 139 employees, an increase of 4% compared to the previous year's figure of 134; 16% of the total workforce is represented by women. The average age is around 40. Moreover, the Andriani Group strongly believes in its contribution to local employment: the to-

tality of its senior management comes from its region (Puglia). Approximately 98% of the total number of employees is covered by the National Collective Labor Agreement for employees of the small and medium food industry. Only three employees in charge of private security are excluded. The minimum notice period for operational changes is specified in the National Collective Labor Agreement.

*The total number of employees as on 31.12.2018 and the related breakdowns do not include the employees of the company "Amendola Center S.r.l."

TABLE
Number of employees broken down by gender and position

Professional qualification	31/12/2018			31/12/2017		
	Men	Women	Total	Men	Women	Total
Executives	3	-	3 (2%)	3	-	3 (2%)
Middle Managers	1	-	1 (1%)	2	-	2 (2%)
Clerical staff	27	18	45 (32%)	24	16	40 (30%)
Labourers	86	4	90 (65%)	84	5	89 (66%)
Total	117 (84%)	22 (16%)	139 (100%)	113 (84%)	21 (16%)	134 (100%)

TABLE
Employees divided by age range and professional qualification

Professional qualification	31/12/2018				31/12/2017			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Executives	0	3	0	3 (2%)	0	3	0	3 (2%)
Middle Managers	0	1	0	1 (1%)	0	2	0	2 (2%)
Clerical staff	9	30	6	45 (32%)	6	27	7	40 (30%)
Labourers	11	65	14	90 (65%)	11	64	14	89 (66%)
Total	20 (14%)	99 (71%)	20 (14%)	139 (100%)	17 (13%)	96 (72%)	21 (16%)	134 (100%)



139

EMPLOYEES IN 2018

+4% compared to 2017

The increase in staff by classification level in the comparison between 2018 and 2017 was a total of 5, largely determined by the addition of 5 employees, 4 of whom are men and one woman.

TABLE
Average age of employees broken
down by gender and position



40
YEARS
AVERAGE AGE
OF EMPLOYEES

Professional qualification	31/12/2018			31/12/2017			Change		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	39	-	39	37	-	37	2	-	2
Middle Managers	32	-	32	36	-	36	4	-	4
Clerical staff	42	36	40	45	35	41	3	1	1
Labourers	40	43	40	40	40	40	-	3	-
Total	41	37	40	41	36	40	-	1	-

As shown in the table, the average age of the men is 41 years, while that of the women is 37.

TABLE
Number of employees broken down
by gender and contract type

132
EMPLOYEES HIRED
ON A **PERMANENT**
BASIS

Type of contract	31/12/2018			31/12/2017			Change		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Temporary	5	2	7	2	2	4	3	-	3
Permanent	112	20	132	111	19	130	1	1	2
Total	117	22	139	113	21	134	4	1	5

TABLE
Number of employees divided by
gender and job type

Job type	31/12/2018			31/12/2017			Change		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full-time	114	22	136	110	21	131	4	1	5
Part-time	3	0	3	3	0	3	0	0	0
Total	117	22	139	113	21	134	4	1	5

TABLE
Employee turnover details broken
down by gender and age range

Gender	New hires in 2018				Cessations in 2018			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Men	3	11	3	17 (15%)	1	8	4	13 (11%)
Women	2	3	0	5 (23%)	1	3	0	4 (18%)
Total	5 (25%)	14 (14%)	3 (15%)	22 (16%)	2 (10%)	11 (11%)	4 (20%)	17 (12%)

In 2018 the rate of new hires was 16% while the negative turnover was 12%.



4 October 2018 - BARI JOB MEETING

On 4 October 2018, Andriani took part in the 15th edition of the BARI Job Meeting, an event that offers university graduates a students in Puglia the opportunity to meet local, national, and international companies at stands and in workshops.



Since the beginning of 2018, 10 curricular and extra-curricular internships have been activated through partnerships with various public and private universities, including the following: University of Bari, University of Parma, University of Urbino and University of Pisa (Faculty of Agricultural Sciences and Food Science and Technology), LUM of Bari and ITS - Technical Institute in Organic Agriculture).

35%

WOMEN IN RESPONSIBILITY POSITIONS



GENDER EQUALITY

Andriani intends to safeguard the gender balance and recognise equal opportunity of access to resources and organisational positions, regardless of gender. 35% of responsibility positions are held by women.



4.2

Development and protection of human resources

404-1 412-2



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GRI CONTENT INDEX

“

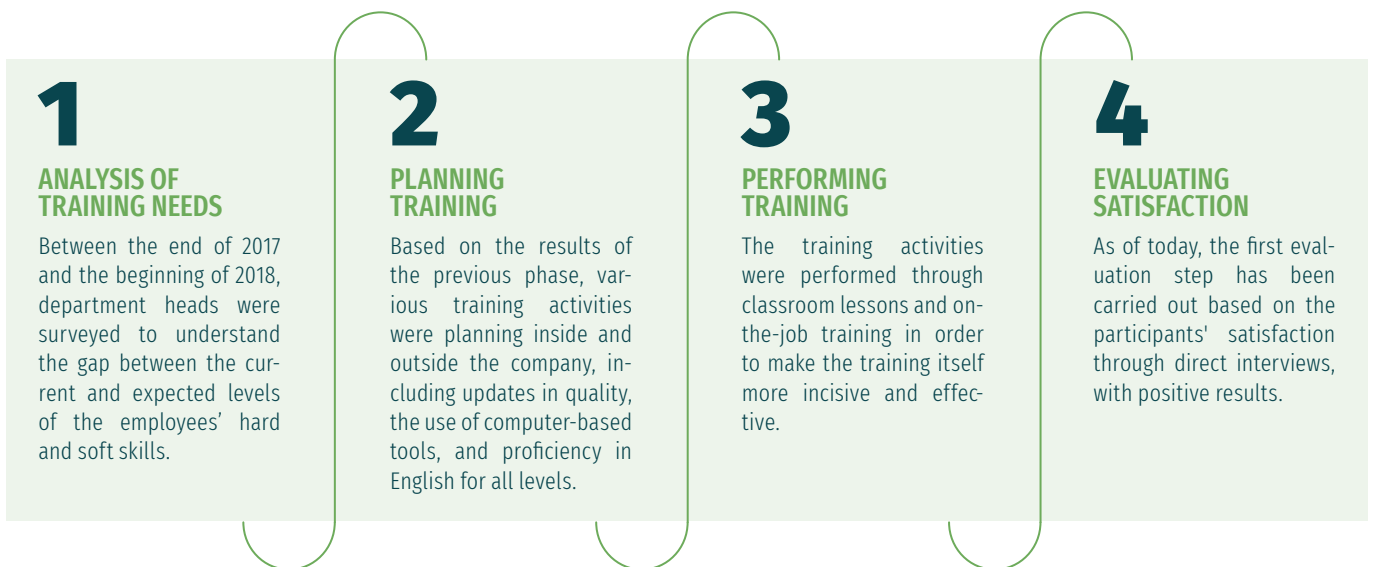
Training

For Andriani, it is a fundamental and strategic element for internal growth and for leveraging and developing skills and potential.

For Andriani, training, an activity aimed at contributing to and stimulating the growth of the individual and the professionalism of teams and work organisations, is a fundamental and strategic element for internal growth and the enhancement and de-

velopment of skills and potential, but also for talent attraction and retention.

In order to make training structured and effective, a linear process based on several development phases was followed:



In 2018, there were 2,228 hours of training for a total of 69 employees, 16 of which were women and 49 men, both clerical staff and labourers, and equal to 50% of the total employees as of 31/12/2018. The Andriani Group is committed to providing training courses on human rights starting from the next reporting years.

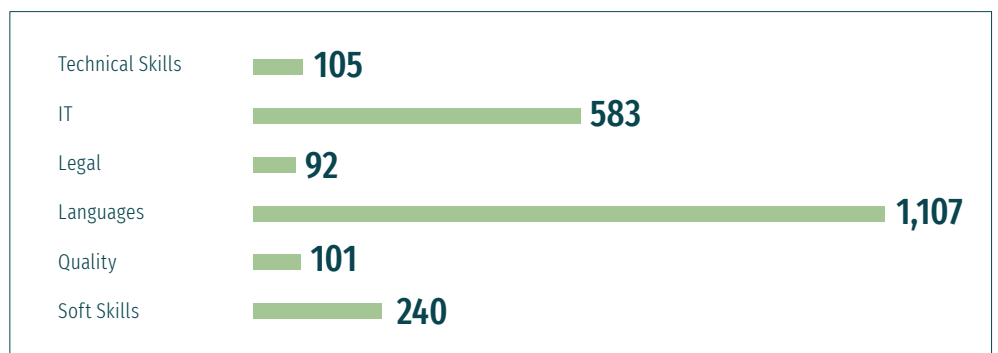
188hours
EXECUTIVE TRAINING

458hours
TRAINING LABOURERS

1,582hours
TRAINING CLERICAL STAFF

Total 2,228hours
TRAINING PROVIDED IN 2018

GRAPH
Hours of employee training broken down by type



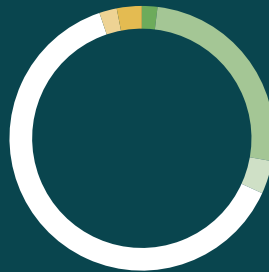
The following is a summary of the types of training provided to employees in 2018, broken down by gender.

Type of training



Technical Skills	5%
IT	26%
Legal	4%
Languages	50%
Quality	4%
Soft Skills	11%

Type of training - women



Technical Skills	1.90%
IT	25.87%
Legal	4.05%
Languages	63.00%
Quality	2.15%
Soft Skills	3.04%

Type of training - men



Technical Skills	6.26%
IT	26.32%
Legal	4.17%
Languages	42.35%
Quality	5.88%
Soft Skills	15.02%

Hours of employee training broken down by type

Soft Skills

- M&A: Grow for external lines
- Leadership Coaching
- Corporate and financial communication as a value
- Equity Story and IPO Simulation
- Fundraising options for the company
- Innovation as an asset for the company
- Internalisation driver for growth
- Risk Management and internal audit
- Talent Management: Human Resources as a driver for growth

Technical Skills

- Buhler Extruder

Languages

- Basic English 1
- Basic English 2
- Intermediate English 1
- Advanced English 1
- Advanced English 2

IT

- Arca - Electronic invoicing
- Advanced Arca
- Basic Arca
- Advanced Excel 1
- Advanced Excel 2
- Basic Excel 1

Legal

- Privacy Law - GDPR

Quality

- FCM: Food contact materials
- Facility Quality Updates

Training average hours

16.0



	Hours	Average
Executives	188	62.7
Middle Managers	0	0
Clerical staff	1,582	35.2
Labourers	458	5.1

Training average hours - women

35.9



	Hours	Average
Executives	0	0
Middle Managers	0	0
Clerical staff	791	43.9
Labourers	0	0

Training average hours - men

12.3



	Hours	Average
Executives	188	62.7
Middle Managers	0	0
Clerical staff	792	29.3
Labourers	458	5.3

4.3

Company welfare

401-1

402-1

See Attachment to the Report
GRI CONTENT INDEX

66

**Empowering People as
a strategic asset for growth**

Campaign involving the leveraging and engagement of human resources to consolidate motivation, increase idea sharing, and attract new talent.

For Andriani, the concept of well-being refers to its consumers, the people and environment that surrounds us, but also and especially all of our employees, who are the Company's vital foundation. This is why, on 23 January 2018, Andriani launched "Empowering People as a strategic asset for growth", an internal campaign involving the leveraging and engagement of human resources to consolidate motivation, increase idea sharing, and attract new talent.

Among its many initiatives, Andriani's Empowering People programme involves the optimisation of the corporate website with the addition of the "careers" section; the activation of communication through social networks on topics such as performance, sustainability, awards, and idea competitions; the organisation of educational and Career Days as well as in-house events; and the planning of outdoor training itineraries.



66

We believe in the value of new ideas, in the contribution that everyone can offer to achieving objectives through active listening, dialogue, and leveraging diversity, with the aim of ensuring a working climate of cooperation and enthusiasm for innovation and growth.

Mariangela Candido, Human Resources Manager at Andriani S.p.A.

In fact, it is essential to be able to satisfy the highest needs on the Maslow scale in order to obtain real motivation, satisfac-

tion and engagement. For this reason, Andriani decided to focus on various welfare initiatives.

Abraham Maslow and the needs pyramid

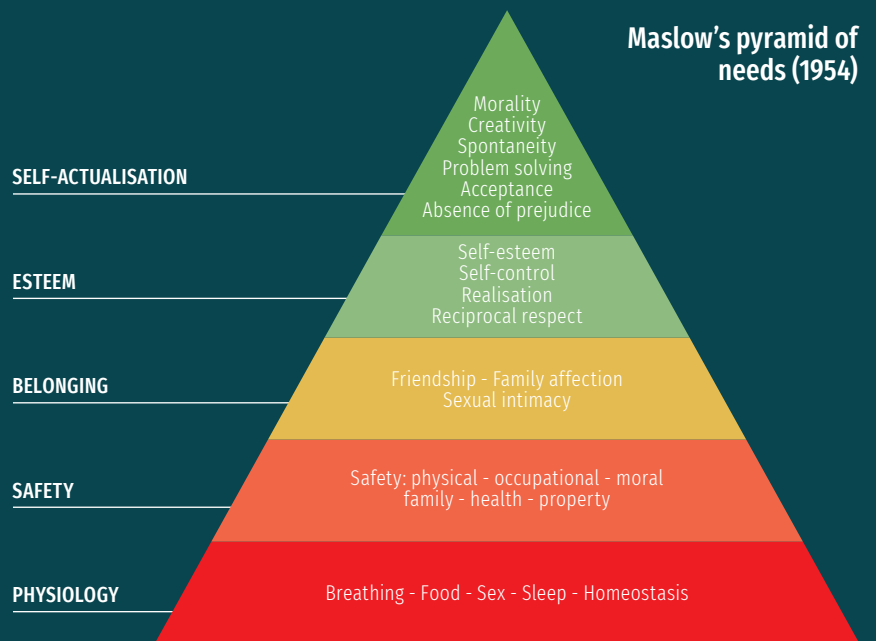
Motivation can be defined as the set of factors behind a person's behaviour to achieve a purpose.

In order to explain the motivational levers determined by a state of need, psychologist Abraham Maslow introduced the concept of the "Pyramid of Needs".

This scale of needs is broken down into five levels, starting with the basic needs necessary for individual survival, and arriving at the most complex, which are found toward the top. Human beings, therefore, satisfy their needs from bottom to top, hence from the more elementary once to social ones.

The Pyramid levels identified by Maslow are as follows:

- Physiological needs;
- Safety, security, and protection needs;
- Belonging needs;
- Esteem, prestige, and success needs;
- Self-actualisation needs.



Company welfare not only considers what happens inside the organisation, but also how work is part of the individual's life, promoting the employees' work-life balance. Welfare aims to improve the climate in the workplace, decrease turnover and absenteeism, and increase the "happy space" for human resources in an anthropocentric

view of the company organisation. In this perspective, the company takes on a social role, positioning itself not only as a simple profit generator, but as a system that directs its economic action towards a common good, where the focus is on both the person and the local area, recovering the Olivetti sense of community.

With this in mind, Andriani created several welfare projects, which are discussed below.

Bike to Work

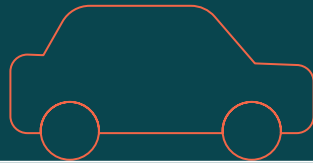
In 2018, the Andriani Group assigned 40 pedal assist bikes to employees who requested them, to be used to transport them between home and work, but also during their free time. This project, aimed at promoting sustainable mobility and the care and safeguarding of health and the environment, falls under Andriani's corporate social responsibility activities based on the integration of business

processes by safeguarding environmental resources and the health and safety of its employees, in view of respecting living beings and the local area.

To promote the use of the bicycle, employees are rewarded a prize based on the km on the home-work journey. They receive 30 cents per km (gross €0.60/km) for a maximum of €5 per day

and €40 per month (€70 gross), which is added to their paychecks.

The distance is calculated based on the shortest road path according to Google Maps using the GPS installed on the e-bike and the B-Track App that employees install on their own smartphones, in compliance with privacy laws.



14,747
KM TRAVELLED

2 thousand
LITRES OF FUEL SAVED²

1,391 kg
CO₂ NOT EMITTED³

40 bici
DELIVERED IN 2018

To date, 65 bikes have been delivered to employees.

The main advantages of the initiative impact not only the employee, but also the company and the local area. These are:

- improvement in the worker's psychophysical well-being - those who ride a bike are on average healthier and less prone to illness, more resilient, arrive at work more awake and have greater concentration, are able to reduce obesity and get better muscle tone, have greater self-confidence, and also perceive a lower level of stress;
- savings for the employee: with less travel expenses, they have more money available to use for better family well-being and for free time activities;
- reduction in time to get to work or return home, avoiding loss of time

- due to traffic;
- increase in worker safety through a decrease in risk of injuries related to car use;
- increase in the number of free parking spaces for customers; suppliers, or anyone who can only arrive at Andriani by car;
- positioning on a talent branding and retention strategy;
- greater engagement of employees who become more enthusiastic about the company;
- promotion of the wellness of the local area, reducing both the level of pollution (less CO₂ emissions) and local traffic (less accidents and less noise pollution).

² The data from the DatiOpen system on the average consumption per km, referred to the registrations made by car in the Puglia Region, were used to calculate the liters of fuel saved.

³ The data from the OpenData system of the Italian Ministry of Infrastructure and Transport were used to calculate the CO₂ not emitted.

Team Building

Team Building, a combination of training, experience, and play activities aimed at creating interaction within a group of people in order to improve their ability to work in a team, fundamental for emphasizing that there is no “I” in the word team. A team is collaboration and sharing opinions through

the acceptance of different points of view, switching from win-lose (one wins at the expense of others) to win-win (everyone benefits).

A group’s efficiency increases in more complex situations and only if it is efficient can the entire organisation be

successful.

Therefore, Andriani committed to planning and implementing various team-building exercises, which will become an integral part of the company’s human resources management policies.

Company mixer with interactive games

During the summer, a company mixer was held with interactive games and a final prize, which was a dinner for the most cohesive and performing team.

Introduction of a Motivational Bulletin Board

A Motivational Bulletin Board was also introduced to encourage reflection on the necessity of mutual trust, collaboration, overcoming conflicts and individualism, instilling good relationships, reciprocal aid, using effective forms of communication, always showing respect and loyalty, and abolishing any type of judgement.

Collaboration and teamwork

For 2019, other team building activities were planned, including an Escape Room, an interactive game in which a group of participants must count on collaboration and teamwork in order to escape a closed room by solving riddles that open key elements, one at a time.



With the intention of pursuing new company welfare initiative, in 2019 Andriani will introduce **ARTS ACADEMY**.

The project calls for expressive art courses for the children of Andriani employees, to guide those aged 4 to 18 towards the art forms they like the most.

The purpose of these courses is mainly to increase the well-being of employees and their families and increase the possibilities of artistic enjoyment

with positive repercussions in terms of cultural enrichment and active citizenship. In particular, art education helps young people greatly, promoting the

fight against forms of discomfort, deviance, and bullying.



1,000

ATTENDANCE AT
FAMILY DAY 2018

Family Day

In 2018, Andriani organised its first Family Day, an event in which the families and friends of employees participated in order to create sharing, participation, a sense of belonging, corporate identity, improvement of the internal climate, and promotion of relationships and communication. It was a major team building occasion.

There were approximately 1000 present,

including children who had fun with the various forms of entertainment, including inflatables, games, and events. Everyone had the opportunity to visit the production facility to learn about the activities carried out there and to experience the company. During the day there were also various entertainment shows, tastings by Chef Massimo Buono, music, and fun.



Prizes received

Andriani was the only Italian company to ever receive a prestigious recognition during the tenth edition of Talent Brand Club at the Dublin European headquarters in March 2019. In fact, it was recognised by LinkedIn in an edition that brought together the problems, strategies, and needs of different businesses and that saw more than 100 companies from all over Europe compete in terms of employer branding.

The company's commitment was recognised by LinkedIn's experts as a virtuous example of corporate welfare, thanks to its ability to effectively communicate its people empowering and environmental sustainability initiatives to all *stakeholders*. There were two primary goals: to identify the best professionalism in the business world and to leverage the value of the staff

through an incentive policy aimed at creating a positive and stimulating climate, promoting the teamwork attitude, and encouraging an optimal balance between private and working life.

The LinkedIn platform has over 610 million users, 12 million of which are in Italy. In 2016, it was acquired by Microsoft for approximately \$26 billion. The collaboration with LinkedIn began in January 2019 through the implementation of the Andriani Life page with content on Welfare, Employer Branding, and Education, with the goal being to communicate the company's commitment in this direction to all *stakeholders*.



4.4 Health and safety in the workplace

403-2



See Attachment to the Report
GRI CONTENT INDEX



-16.7%

INJURIES IN 2018

Andriani has always paid close attention to the health and safety in the workplace of all its employees and partners in compliance with the standards set forth in the Consolidated Safety Act (Italian Legislative Decree 81/08). Besides making the work areas comfortable and safe over the years, Andriani also educated its employees in compliance with current health and safety laws through the use of periodic training courses covering, for example, the use of PPE (Personal Protective Equipment) that, in many circumstances, helped to prevent injuries. The number of injuries decreased by 1 from 2018 to 2017, despite the fact that the workforce increased by 5, as mentioned

before. Also, if we analyse the data on the severity of the injuries, we can see that in 2018 there was an improvement compared to 2017, with a lower number of absences from work. This shows that employees are much more careful than in the past when performing normal and daily work activities, implementing the standards set forth in the “Consolidated Safety Act, Italian Legislative Decree 81/2008”.

GRAPH
Number of injuries broken down by gender

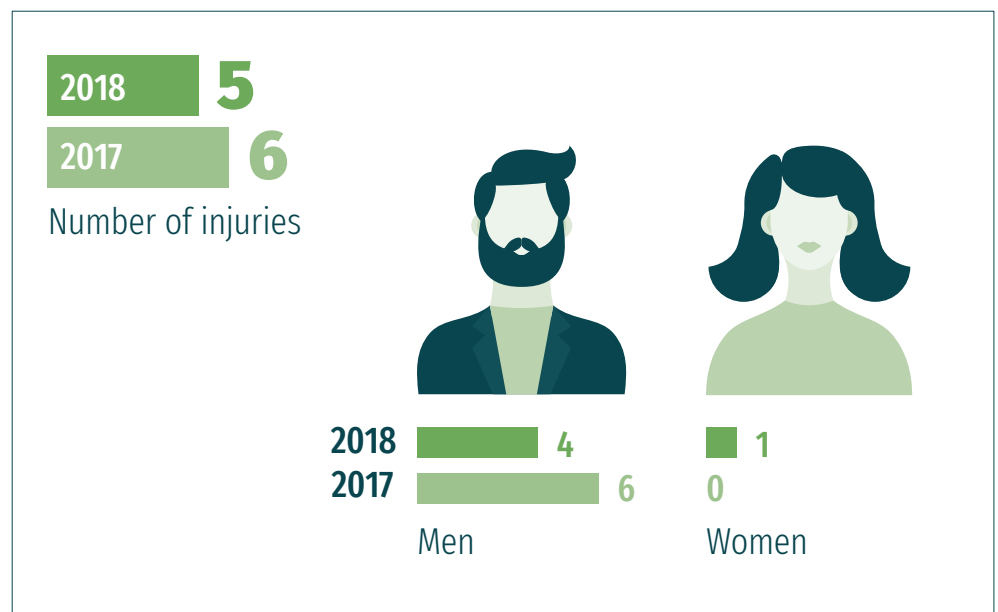


TABLE
Health and safety data
details by gender

	31/12/2018			31/12/2017		
	Men	Women	Total	Men	Women	Total
Number of injuries	4	1	5	6	0	6
Days of absence due to accidents	31	5	36	158	0	158
Severity index	0.13	0.11	0.13	0.71	0.00	0.59
Accident rate	17.1	26.1	18.4	27.4	0.00	23.3
Total number of days of absence	456	776	1,232	268	551	819
Absenteeism rate	1.5%	13.8%	3.5%	1.0%	10.1%	2.5%

Health and safety data details

The **accident rate** was calculated according to the following formula: (workplace accidents / hours worked) * 1,000,000.

The **severity index** was calculated according to the following formula: (days of absence due to accidents and occupational disease / workable hours) * 1,000.

The **occupational disease rate** was calculated according to the following formula: (recognized occupational diseases / hours worked) * 1,000,000.

The **absenteeism rate** was calculated according to the following formula: (days of absence / workable days)%.

Furthermore, in 2018 no cases of occupational diseases were recorded.



4.5 Shared company culture

406-1



See Attachment to the Report
GRI CONTENT INDEX

66

Effective communication

the ability to express oneself in every situation with anyone, both verbally and non-verbally, in a clear manner and consistent with one's own state of mind.

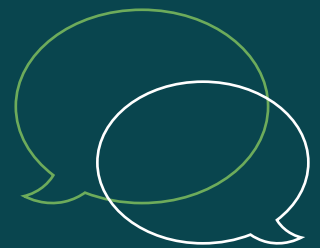
Internal Communication

Effective communication at all levels is essential for achieving high company performance and promoting an internal climate based on the sharing of values, company culture and objectives. This refers to the ability to express oneself in every situation with anyone, both verbally and non-verbal-

ly, in a clear manner and consistent with one's own state of mind, in accordance with the communication axioms of Paul Watzlawick, Andriani has introduced activities and solutions to improve this form of communication.

Paul Watzlawick and the 5 axioms of communication

Paul Watzlawick, an Austrian psychologist who later moved to the United States, was one of the leading exponents of the Palo Alto School, author of the famous text "Pragmatics of Human Communication". Watzlawick illustrated the 5 Axioms of Communication, or the basic elements that make up any form of communication.



1

→ **One cannot not communicate:** in any type of relationship, people are always communicating, even with only gestures, looking into someone's eyes, or even through silence.

2

→ **Content and relationship:** in any act of communication there is a form of meta-communication that regulates the relationship between those communicating.

3

→ **Punctuation and communication sequences:** communication flows are regulated by the punctuation used by those communicating, which changes the meaning of the communication itself and the relationship.

4

→ **Digital and analogue:** communication can be numerical, i.e. based on the lexicon and therefore on the use of words as arbitrary signs organised in a logical syntax, or analogue, i.e. based on non-verbal and paraverbal aspects and on the use of images.

5

→ **Complementary and symmetrical interaction:** interactions between those communicating can be symmetrical if they are on the same level or complementary if they are on different levels.

Clear, comprehensive and relevant information within the organisation enables employees to work efficiently and effectively, and this is fundamental to a functional and consistent image and communication of the company to the outside world.

This communication must therefore be structured and aimed at distributing information that is consistent with the company's aims and the values on which the organisation is based.

Internal communication consists of the organisation's ability to create communication channels for multidirectional circulation of both transversal knowledge, i.e. knowledge of general interest for employees, and specific knowledge, consisting of information relating to specific sectors,

rules and procedures.

In fact, the purpose of internal communication is to:

- provide employees and partners information and clear, complete, and functional methods for performing their work;
- develop information and knowledge that can continuously improve actions toward the preset goals;
- make the information to be circulated uniform and homogeneous;
- spread a set of values throughout the company that can reinforce the employee's sense of identity and belonging within the company.

Andriani basically uses three main types of internal communications.



Internal Communication

Communication channels for multidirectional circulation of both transversal knowledge, i.e. knowledge of general interest for employees, and specific knowledge, consisting of information relating to specific sectors, rules and procedures.



Company Newsletter

A tool for promoting internal culture, the Company Newsletter is sent monthly to employees with a company email address in order to involve them in the organisation and communicate news, events, and company successes and to update them on topics of interest.



Idea Box

In 2018 the Idea Box was introduced where employees can leave suggestions, ideas, opinions, and any critical situations to be resolved. Intended to stimulate active communication at all levels, not just top-down but also bottom-up, the box collected 19 letters whose content was taken into consideration for internal assessments and organisational decisions.



Company Bulletin Board

The Bulletin Board is used to share information with all employees that can be useful in their work and is continuously updated with news, service communications, company regulations, and publications of company events or initiatives.

5

Responsibilities regarding the product

In this chapter:

- 70 Product safety and traceability
- 75 Customer satisfaction
- 78 Research, innovation, and product quality
- 85 Nutrition and well-being

SDGs (Sustainable Development Goals)



Key numbers



11

PRODUCT CERTIFICATIONS

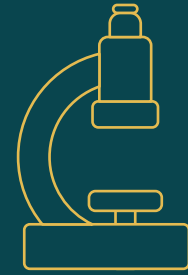
Through various voluntary certification programmes, the company aims to enhance its culture, organisation, and special characteristics of its products.



25

AUDITS INCURRED AND PASSED

During 2018, the company underwent 25 audits by customers and authorities, for a total of 28 days. All of the audits had positive results.



3





MAJOR RESEARCH PROJECTS

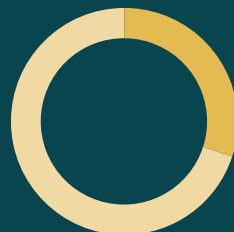
The innovation of Andriani products often comes from research projects that define the most suitable characteristics that raw materials should have for use in pasta making.

20

PROJECTS DEVELOPED IN 2018

New product development projects

 Innovation	80%
 Improvement	20%
 Own brand	30%
 Private label	70%



5.1 Product safety and traceability

Andriani S.p.A. has established, implemented, and documented its food quality and safety management system to offer its consumers high quality products that are securely under the food safety profile and are especially good, with elevated organoleptic and nutritional characteristics.

Innovation, research, transparency, professionalism, accuracy, and attention to the real needs of the consumers have always

guided the choices made by company management.

The process approach and scrupulous risk analysis have led the company to build, over time and with the experience gained, an effective management system based on continuous improvement, consolidation of the company's image, increased customer satisfaction, and risk prevention (HACCP system).

The HACCP team, organised into 9 departments, is comprised of 13 units.



In addition to the application of mandatory regulations, there are numerous voluntary certification standards adopted by the Andriani company. Through various voluntary certification programmes, the company aims to enhance its culture, organisation, and the special characteristics of its products.

The search for increasingly higher standards is also confirmed by the attention and commitment to the needs of new consumers and the requirements linked to characteristics such as nutritional values, safety, organoleptic properties, and other distinctive characteristics of the products.

The primary product certifications are:



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, product quality, and guarantees regarding the origin of raw materials.



Vegan ok and Label Veg

(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.



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.



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.



Kosher

Obtaining the Kosher certificate means having undergone and successfully passed the strict procedures set forth for this certification. The word kosher or kasher means conforming to the laws, suitable, permitted. Kosher certified products are suitable for consumption and comply with Kosher 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.

Besides these certifications, Andriani S.p.A. has long since decided to take part in the large Sedex platform, a worldwide non-profit association that aims to disseminate good practices for the development

of sustainable and ethical businesses and all the components that are part of it. Plus, every year an audit is performed to monitor and evaluate the company's performance.

Andriani S.p.A.'s food quality and safety management system focuses on the following key points:

CONSTANT QUALIFICATION AND MONITORING OF SUPPLIERS



The materials and products supplied and the services provided influence the level of quality of the products produced by Andriani. As a result, suppliers of goods and services are essential not only for the high quality of the *gluten free* and allergen free products produced, but also for the safety of ensuring compliant products, aspects that guarantee a range of products recognised by the end consumer. In order to allow this, Andriani defined and implemented procedures for the selection and monitoring of its suppliers, strict purchase specifications for raw materials, and accurate sampling and analysis plans.

In 2018, 3 visits were made to raw materials suppliers. The documentary assessment of the suppliers for 2018 provided positive results, therefore, all the suppliers have been reconfirmed. At present, the documentary assessment of suppliers for 2019 is underway and the approved list of suppliers will soon be re-issued in 2019. All nonconformities detected on raw materials were recorded. Raw materials that were nonconforming for food safety reasons were not accepted and were returned to the suppliers.



PRODUCT MANAGEMENT NONCONFORMITIES

In the event of a nonconformity, Andriani's quality system calls for researching the causes and implementing corrective actions for its removal. Products found to

be nonconforming, in any phase of the process, are quickly identified and isolated. All nonconformities are also recorded and analysed during the review.

PERFORMANCE OF ANALYTICAL CHECKS

The analytical control plan is continuously reviewed and updated as necessary. Each year, an accurate risk analysis is performed on each raw material and on each supplier

to use only those raw materials that are subject to rigorous monitoring activities. The analytical checks performed in 2018 found 44 cases of nonconformities.

STAFF TRAINING



Raising the culture of quality in those who work at all levels of the organisation has always been one of Andriani's objectives. Periodic informative and training sessions are continuously organised so that all individuals are aware of the importance of their role for collective growth.

Each year a new training plan is defined. All operators are periodically trained on allergens, food consumption, internal reg-

ulations, coeliac disease, claims, and nonconformities. In 2018, all employees in the production, packaging, warehouse, and cleaning areas took part in these training activities (101 total hours of training). In 2019, training in quality will be repeated for the employees, taking into account the new quality standards set forth by international protocols.

TRACEABILITY



The traceability system adopted by the company allows easy identification of batches. The computer systems allow quick information recovery related to the product and all processing undergone up to its distribution. The traceability system is periodically tested. In 2018, some traceability tests were conducted, all of which

were completed in less than 2 hours. In 2018, two recall tests were also performed to check the withdrawal/recall procedure in the event of a crisis. The validity of the procedure was confirmed regarding the respect of time limits and the precision of the methods used.

INTERNAL AUDITS AND HYGIENE INSPECTIONS

Internal audits are planned annually and conducted within the production plant, based on an ad hoc procedure aimed at ensuring that the activities related to quality and the pertinent results are in accordance with what has been specified, also assessing the effectiveness of the quality system adopted. An audit plan is defined annually to monitor all areas of the quality management system. In 2018, 2 internal audits were planned and performed for each company

production department. Unplanned audits may also be performed when required by special situations. The results of the audits are used for the production management review. In 2018, hygiene inspections were performed in the facility each week by internal staff according to what is defined in the procedure. Monthly hygiene audits were also performed by an external consultant and any nonconformities found were promptly managed.

GOOD MANUFACTURING PRACTICE



Good Working Practices are a set of rules, procedures, and guidelines that define the operating conditions and structural requirements necessary to ensure hygiene throughout all product processing phases. Applying good manufacturing practices (GMP) is essential to ensure the quality and safety of a product. To satisfy the GMP, Andriani follows specific conditions such as:

- a cordon sanitaire that isolates the building from the surrounding area;
- a fence to prevent entry of unauthorised individuals;
- screens on all building windows and doors to keep out insects and small animals;
- use of materials certified as suitable for contact with food, etc.

The company also has plans for: pest control, control of foreign bodies (glass, metal, plastic, wood, lubricants, etc.), cleaning and sanitation of buildings and machinery, preventive maintenance, and calibration control of instruments.

Every phase of the production process is monitored. The staff is trained to work in compliance with all hygiene rules and wears protective clothing. All GMP implemented encourage the various company departments to work to ensure that the products are created in safe environments, in compliance with strict protocols, to minimize errors and risks of contamination.



The food defence plan to prevent the risk of intentional product contamination, re-confirmed for 2019, includes the following activities;

- video surveillance of outdoor areas (especially points of entry);
- contract with a security agency for 24 hour surveillance - a guard at the door to the facility;
- restriction and control of access only to authorised staff: keypad and badge readers;
- formalisation of check-in and check-out;
- total traceability of information;
- selection, training, and monitoring of in-

ternal staff;

- selection, checking, and monitoring of suppliers at risk (transport and raw materials suppliers);
- monitoring of computer data.

The annual evaluation of the effectiveness of the system was performed for 2018 by checking the correctness and proper operation of the systems that were implemented. Also, during 2018 there were no cases of unauthorised access or violations of the security system. During 2019, challenge tests were also performed to evaluate the effectiveness of the system.

Food fraud

A hazard analysis was done, performing bibliographic research in the industry and using specific methodology, in compliance with IFS guidelines. The result of the analysis led to the conclusion that Andriani products are not subject to fraud activities.

Pest control

The annual evaluation was performed by a qualified expert from the supplier, Anticimex. Based on what is indicated, the 2018 Pest Control Plan was effective and has been proposed again for 2019.

Management of plastic and glass

The entire facility was mapped in relation to hard plastics and glass (besides the list already present, detailed maps were made for each line, indicating the position of the plastic to be monitored). Checklists and maps were prepared with the position of the various plastics to be monitored. Checks were performed regularly each month and from their results, as well as claims, no reports were received of findings related to plastics or glass from the factory.

The glass is well managed and, therefore, the monitoring frequency and method is reconfirmed.

5.2 Customer satisfaction

The attention the Andriani Group pays to its customers derives not only from the level of quality of the company's products, through incessant research and develop-

ment, but also from the company's intense recording of reports that come from its customers.

The two company brands are: Felicia and Biori.



Felicia is a brand owned by Andriani S.p.A., a leading company in the field of Food Innovation.

The ORGANIC is shown by the stylized leaf with the text "Pure pleasure, natural taste" to denote a pasta made exclusively from organic and naturally gluten free raw materials, such as buckwheat, brown rice, quinoa, and legumes produced according to high quality standards to promote a healthy lifestyle and well-being.

Felicia's DNA is organic and green, which became one of its distinctive traits on the market. Its mission is to promote a healthy, natural lifestyle through a healthy diet and good habits, which also include physical activity, inviting consumers to adopt the "positive life" concept through new

energy, strength, and vitality.

Colourful, tasty, and nutritious, Felicia is the ideal pasta for anyone who has chosen to eat well to live well and is especially indicated for those looking to improve their physical wellness, like athletes and anyone preferring plant-derived protein to animal protein.

One of the brand's strengths is the variety of recipes and formats available to meet the various needs of the markets in which we operate. Today, Felicia is the largest assortment of gluten free and organic pasta available on the market. Not to mention the high quality standard, guaranteed by 11 product certifications and 3 company certifications. With widespread distribution, Felicia can be found in Italian and foreign large distribution, in pharmacies, specialty shops, and online through a dedicated e-shop.

The target market is demanding and knowledgeable, carefully evaluates ingredients, and chooses simple, nat-

ural, organic products, marked by clear and transparent labels. In order to be able to communicate its special features to the customer, Felicia has always followed the *clean label* philosophy, with clear labels on the packing and a legible and transparent ingredient list.

For a brand like Felicia, effective communication requires consistency, loyalty and transparency. Brand communication is purely digital, because it allows the establishment of a direct and personalised dialogue with people, stimulating their curiosity through editorial plans rich in content. A synergistic collaboration was begun with food bloggers and influencers who create innovative recipes to champion good, healthy eating, perfectly in line with our brand's philosophy. Also, PR & Media Relations is increasingly structured, with activities planned in the main trade and consumer magazines and with a focus on issues related to well-being, sustainability, and good living.



The Biori brand was created to meet certain commercial needs. As of today, it does not have a supporting communications plan.

The production activities are also focused on many other national and international brands.

“

Quality Management System

The company records all reports, complaints, and requests from customers and consumers, through a customer care service that processes and sends information and responses to complaints from final consumers of the Felicia and Biorì brands.

In fact, the quality management system requires the company to record all reports, complaints, and requests from customers and consumers, through a customer care service that processes and sends information and responses to complaints from final consumers of the Felicia and Biorì brands.

All requests and reports from customers for whom Andriani produces private brands are managed directly by quality assurance.

During 2018, the company underwent 25 audits by customers and authorities, for a total of 28 days. All of the audits had positive results. All nonconformities and observations were taken into consideration.

The 2018 improvement plan was completed and the 2019 improvement plan is under development (management system and work environments). During 2018, there were also numerous visits from consolidated customers (more than twenty) and from new and potential customers.

All reports are analysed and sorted according to type (quality, safety, etc.) of the comments. Reports received through three channels (email, social networks, telephone) are classified and monitored based on type (marketing or quality).

Complaints and reports management

All nonconformities and complaints received during 2018 were analysed. Recording of the complaints and nonconformities (both internal and external) was entrusted to a new clerical worker in the quality assurance office to improved data recording and analysis.

The most recurring external complaints concern finding different formats, while, in sporadic cases, the reports relate to finding pieces of different formats and recipes within some packages, which are associ-

ated with very rare cases of label printing errors and damaged packages. These complaints, reports and errors were promptly handled by quality control.

Even internal nonconformities are promptly addressed by quality control, which managed a total of 44 of them during 2018.

On the other hand, 172 reports were received by customer care, which managed them with the support of the various company departments.



In 2018, the company recorded only 4 cases of external complaints due to labelling errors. To protect the consumer, Andriani pays great attention to responsible labelling, respecting all provisions of EU regulation 1169/2011 and, in particular, the truthfulness of the information and claims inserted. In fact, product labels are created in compliance with current legislation, ensuring legibility and clarity.

Before being approved, all labels are checked by the various company departments to check their conformity with the reference standards.

Nutritional and health claims and scrupulously verified before being inserted on the label by performing analyses on the pasta. Nutritional values are verified on both the raw and cooked product and subsequently compared to the reference values provided for by Regulation 1924/2006. Labels are sent 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.

“

Consumer protection

Andriani pays great attention to responsible labelling, respecting all provisions of EU regulation 1169/2011 and, in particular, the truthfulness of the information and claims inserted.

Information on the label

The label shows the logos with the certifications tied to the product, in a clear and legible manner. The label gives a recipe suggestion to guide the consumer in consumption of the product, referring them also to all active communication channels (web, social networks).

Each year, Andriani employees are trained and updated by the Legal Office regarding new developments linked to labelling of gluten free products.



5.3 Research, innovation, and product quality

“

R&D Division

In 2018, it worked toward the sustainable development of quality, nutritionally balanced products that are useful for promoting consumer well-being.

Lines launched by Andriani under the Felicia brand

Innovation, quality and continuous improvement are the pillars on which the Research and Development department is constantly working to offer gluten-free pasta in line with current market needs. Andriani's innovation lies primarily in a pasta production that only uses ingredients, such as water and flour, from naturally gluten-free raw materials.

Water and flour are kneaded thanks to the use of highly technological systems and, with no added additives, pasta with an al dente texture is produced. In 2016, Andriani launched a highly innovative pasta under the Felicia brand: it transformed legumes

into pasta, using only legume flour for its production.

A pasta with a high content of fibers and proteins of vegetable origin, which combines the pleasure of eating pasta with the nutritional benefits of legumes, whose cultivation and subsequent consumption helps to enrich the land and reduce CO2 emissions resulting from animal proteins.

The orientation towards more sustainable raw materials and products was consolidated during 2017 and 2018 with the use of new legumes in the pasta production and the implementation of recipes with the use of vegetables.

2016

LEGUME LINE Red lentils and peas

Pure innovation in transforming legume pasta: a high protein pasta rich in fibre and low in carbohydrates, which promotes the consumption of plant-based proteins instead of animal proteins.

2017/18

LEGUME LINE Chickpeas, mung beans, and yellow lentils

A new way to eat beans, an organic, vegan, and naturally *gluten free* alternative for those who have chosen a tasty and natural diet, ideal for the entire family. This same direction includes the launch of 100% green mung beans, 100% chickpeas and yellow lentils, rich in precious nutrients such as fibre, protein, iron, phosphorus, zinc, manganese, and potassium.

2019

LEGUME & VEGETABLE LINE

The perfect combination to obtain protein, fibre, and potassium; a good product as is and nutritious as is, which can be enjoyed even with only a little seasoning.

OATMEAL LINE

Breakfast cereal turned into pasta with a delicate flavour and al dente texture.

Based on the Life Cycle Assessment (LCA) of the raw materials and an objective, discriminating element, in 2018 the R&D division expanded the number of le-

gume-based recipes because they are a more ecological choice compared to grains and because the processing waste can be used in the circular economy.



Life Cycle Assessment

The Life Cycle Assessment is one of the fundamental tools for implementing an Integrated Product Policy as well as the primary operating tool in Life Cycle Thinking. This is an objective method for the evaluation and quantification of energy and environmental loads and for the potential impact associated with a product/process/activity throughout the entire life cycle, from acquiring the raw material to the end of life.

Source: <http://www.isprambiente.gov.it>



“

Improvement projects

They are reinforcing the actions aimed at the use of raw materials, such as vegetables, that are not only fundamental for the daily needs of the consumers, but that also have a low environmental impact.

In 2018, the R&D division began 6 projects related to the development of legume and vegetable pasta products. These are *improvement* products because they are reinforcing the actions aimed at the use of raw materials, such as vegetables, that are not only fundamental for the daily needs of the consumers, but that also have a low environmental impact. Also, the use of vegetable flours allows the use and recovery of the vegetable quota that would otherwise be wasted in the fresh cycle.

Relations with the scientific community allow better targeting of Research and Development (R&D) activities and effectively

investing in them. The synergy with external partners involved in research keeps the knowledge base up-to-date and fuels research creativity and innovation. The result is an advantage in terms of shared expertise and experience that is difficult to estimate in economic terms.

The innovation of Andriani products often comes from research projects that define the most suitable characteristics that raw materials should have for use in pasta making.

To that end, in 2018, 3 major research projects were begun:

ALTIS PROJECT

Functional food based on *Lens culinaris*, typically found in Puglia and Innovative for Health. The project, financed through participation in the Innonetwork - Puglia Region call for tender, provided for the establishment of a Temporary Special Purpose Association through which companies from Puglia, including Andriani, and public and private research centres entered into a close collaboration in order to develop a drink based on yellow lentils. This is a highly innovative project due to its technological competitiveness linked to the following aspects:

- use of sustainable technologies on the environmental level for cultivating and grinding IGP lentils from Altamura without the use of chemical compounds (e.g., glyphosates), which are toxic and/or harmful to human health, and subsequent protection of the territory;
- development of optimised transformation methods that ensure a high

yield without jeopardising the stability and beneficial effects of the substances;

- protein integration during the formulation phase with completely innovative active ingredients and, thanks to the concentration of vegetable material, it will have a remarkable health and protein value. Also, traceability and trackability of the basic elements, guaranteed by the IGP mark held by Altamura lentils, a basic element of the new product to be sold, gives the product a prospective value because there are no protein food supplements currently on the market that use the vegetable proteins contained in the lentils.

The product, which is the result of the research activity for this project, will be supported by a wide range of scientific studies to ensure the product's effectiveness and high quality. The product will be optimised based on the needs of the patients, who will be

selected in order to obtain a suitable form to ensure the correct dosage/day and preserve the chemical-physical and nutritional characteristics of the original raw material. Specifically, Andriani is involved in certain crucial phases of the project, including:

- quantitative and qualitative evaluation of the harvested product, in order to ensure the absence of gluten and allergens in the lentils and determine the quality of the flour
- study and creation of different products from the processing and transformation of IGP Altamura lentils to identify which, among these, have the best characteristics for obtaining the supplement. Particular attention will be paid during this phase to find the best compromise between the quality of the product obtained and energy consumption necessary in order to ensure the environmental sustainability of the production.



RED MENDEL PROJECT

Study conducted in partnership with Barilla, with the goal to improve red lentil pasta. Andriani's scientific commitment was focused on defining the chemical and physical characteristics of the different varieties based on geographic varietal origin and then on the evaluation of the performance of the different varieties during grinding and pasta production in order to identify the one that best meets the technical requirements for pasta.

MAIZE VARIETAL SCREENING PROJECT

The study aims to identify the variety of corn that best lends itself to the extrusion process, in order to make the use of flaked and extruded yellow maize interchangeable in different pasta mixtures. This project led to a collaboration with the Institute of Food Production Sciences of the CNR for further scientific investigations on maize.

Projects carried out in 2018

11 PROJECTS WITH LEGUMES

9 PROJECTS WITH GRAINS

New product development projects



● Innovation 80%
● Improvement 20%

● Own brand 30%
● Private label 70%

Projects with the use of additives



● Emulsifying agent 15%
● No emulsifying agents 85%

● Bio 52%
● Conventional 48%

Multigrain Mill

In order to pursue a process of sequential internalisation of the phases in the technological-productive chain that leads from the field to the finished pasta products, in 2016 Andriani created a multigrain milling plant designed for grinding grains, but also naturally gluten free pseudo cereals and legumes.

The mill, designed in co-partnership with Buhler S.p.A., primarily meets the needs to:

- ensure maximum food safety;
- ensure qualitative and then quantitative consistency of the flours, a fundamental factor of production;
- optimally manage the problems related to product identification and traceability;
- avoid restriction and correct any possible market failures.

Entry of raw materials

The incoming raw materials come mostly from controlled supply chains that, in turn, are based on integrated or organic agricultural production. The finished products, on the other hand, can be classified in two product lines: unaltered (native) flours and pre-gelatinised flours.

Cleaning and hulling

The mill has plants for cleaning (including two optical sorting machines), grinding, and sieving of the raw materials processed. Cleaning consists of a series of operations aimed at removing impurities, foreign bodies, and powders, carried out by exploiting the difference in size, shape, specific weight, and colour of the material to be removed compared to the grain being processed.

Hulling

Some raw materials (e.g., lentils) can require the hulling phase that consists of removing the external coating (outer cuticle).

Grinding

Grinding is a physical operation that consists of the passage of the grains through rolling mills, pairs of suitably spaced cast iron cylinders with a grooved surface that rotate in opposite directions at different speeds to break them up.

Breakage

The breaking passages open, cut, and roll the grains, detaching the endosperm from the tegument, crushing them, and leaving the outer tegument, in the form of intact lamellas, to allow easier removal.

Sieving and storage

The resulting flour is classified by size (sieving) through plansichter (tumblers), machines consisting of a series of flat sieves with a mesh opening matching the grain size of the material being fed. This is then either stored in silos or packaged in big bags.

Composition of the milling division

17

Raw materials
storage silos

2

Roller mills

1

Extrusion line

3

Cleaning lines

1

Hammer mill

3

Mixing lines

Pre-gelatinising

The pre-gelatinising line has an extruder and a dryer.

Pre-cooking and breaking

Products are pre-cooked, depending on the case and method, to improve their taste and shelf life and to stabilise their technological characteristics.

The grains are first subjected to breaking in a hammer mill, according to defined dimensional characteristics, then extruded.

Before being conveyed into the extruder, which consists of a cylinder inside of which there is a rotating twin screw and at the end of which there is a die, the flours pass through a pre-conditioner, in which they are pre-moistened and pre-cooked, in order to improve the performance of the process and the quality of the final product.

Extrusion, drying, and grinding

The water contained in the mixture is subjected to a high temperature for a short time HTST (high temperature/short time) but the operational requirements inside the extruder, i.e. the high pressure, do not allow evaporation. Upon exit from the die there is a sudden drop in tension and the mixture takes the form of a pellet from the holes of the die, cut by special blades to the desired length. The pellet is then dried in order to reduce its relative humidity and then sent to grinding to obtain the final product.

Mixing

Besides the grinding line, the mill is comprised of plants that allow large scale mixing of the various ingredients such as flours, starches, and emulsifying agents to obtain the proper mixtures to then send to pasta making.

Once the formulation is selected, the different ingredients are first dosed by weight in the in-line mixers, then mixed for a defined time, in order to make the products homogeneous, but of different specific weights, viscosity and/or portion.

The plough mixer with rotating reel allows the rapid and complete discharge of the mixed product, which is then transferred to the production line dosing silos.

35

Flour storage silos

11

Production supply silos

8

Regrind storage silos

2

Waste storage silos

4

Semi-finished (pellet) storage silos

12

Ground storage cycles

5

Micro-ingredient supply silos



5.4 Nutrition and wellness

Aware of the importance of sustainable development goals for the good of the planet, Andriani places goal 3 of the Sustainable Development Goals (SDGs) “Ensuring good health and wellness to anyone of any age” at the centre of its business idea.

In this perspective, the company fully embraces the three pillars provided for in the document “Fixing food 2018 - best practice towards the sustainable development goals”, which are:

1. nutritional challenges;
2. sustainable agriculture;
3. food loss and waste.

Andriani’s commitment to the 3 pillars is related in this sustainability report, which includes the description of the company’s main activities to meet the new nutritional challenges through an intense activity to raise awareness of the territories and communities it addresses on the one hand and, on the other hand, to face the difficult challenge of sustainable agriculture that minimizes the use of resources through the careful use of waste, while also protecting biodiversity.

In fact, Andriani firmly believes in a sustainable and circular economy that combines economic growth with protecting the environment and society in which, consistently with the product, values such as transparency, dialogue, cooperation, social relations and eco-sustainable behaviour are rediscovered. Since its founding, the

company has embraced the mission of serving the well-being and health of the population: the production of organic gluten free food to meet the needs of people with coeliac disease.

Regarding nutrition and well-being, in particular, Andriani implemented several initiatives during 2018. In fact, the company has been collaborating for years with nutritionists to define proper menus to propose to its consumers.

This section reports the primary events and initiatives carried out during the year with the goal being to promote a healthy and balanced lifestyle.

“

Sustainable and circular economy

Andriani believes in an economy that combines economic growth with protecting the environment and society in which, consistently with the product, values such as transparency, dialogue, cooperation, social relations and eco-sustainable behaviour are rediscovered.

For more information on the importance of the sustainable development goals, refer to Fixing food 2018 - best practice towards the sustainable development goals.



January 17-18, 2018 "Marca" Fair



On January 17 and 18 2018, Andriani participated in the "Marca" fair, the international exhibition on branded products, organised by Bologna Fiere in collaboration with the Association of Modern Distribution, the only Italian event entirely dedicated to private labelling, which is a key event for all professionals and market leaders in the food sector.

March 3-5, 2018 "Identità Golose", Milan



From March 3-5, 2018, Andriani actively participated in the 14th edition of the "Identità Golose" convention held in Milan.

“

Our intention during these three days was to focus on human relations, the chef and all those around him on the job, from the kitchen to the dining room, to the relationship with customers, and with craftsmen and suppliers beforehand. While not renouncing the enthusiasm for what is on the plate, it is time to shift the focus on connections, on what happens around the table, the meeting point of worlds. If there is one thing we can be sure of, it is that even in ten years we will not be able to purchase conviviality on the internet. Food service will remain one of the most important centres for the development of human relations.

Paolo Marchi
Creator and curator of Culinary Identity

March 9-11, 2018 "Leguminosa. Semi per il futuro"



From March 9 to 11, 2018, Andriani participated in the third edition of the "Leguminosa. Semi per il futuro" project, held in Naples. Legumes is the Slow Food Campania project created in 2012, and over time it has become the story of the extraordinary biodiversity of legumes, proposed to the general public thanks to the experiences, stories and products of Campania, Italy and the world. "Legumes" is, therefore, an itinerary aimed at rediscovering the value of seeds, the culture of the internal areas, and forgotten and bygone flavours.

March 2018



Martina Criscio, the fencing athlete from the Italian national team is the new spokesperson for Felicia for Sports!

April 17, 2018 Felicia on TV on the Gambero Rosso Channel in the "Salutare" programme



On April 17 at 17:00, Andriani was on the **Gambero Rosso Channel**, **Sky** channel 412 in the programme "SALUTARE!", in which Camilla Monteduro created a truly special recipe with our **Organic Green Mung Bean Fusilli**. Wellness is served!

April 2018 "Felicia per lo Sport": a kick-off for the brand experience in fitness & wellness centres



April 9, 2018 saw the beginning of the marketing experience campaign, which combines sports, health, and well-being in major fitness centres in Northern Italy in collaboration with Wellink, a Technogym reference company. Through information corners installed in 15 selected centres in Lombardia, Piemonte, and Liguria, interactive itineraries were created to help discover the benefits of a healthy lifestyle in line with the philosophy of Felicia, the reference brand for organic and *gluten free* pasta. The target audience is athletes looking to fill up with protein in a new and healthy manner.

"Felicia for Sports" contains an interactive quiz, supported by a brand communication corner in each centre, to provide information about the brand and the Felicia legume pasta line. The goal is to create a marketing experience that stimulates curiosity about the products in the assortment through an online quiz.

Anyone wishing to learn more receives a free sample of legume pasta and suggestions for creating tasty recipes, or a discount code for an online purchase at shop.glutenfreefelicia.com.

"Felicia per lo Sport" continues with the sponsorship of major sporting events including: the "Trail of the 5 Oaks" foot race on May 20 in Gravina in Puglia and the stages of the Superenduro - Italian Enduro Series, scheduled for April 22 in Sanremo, May 27 in Calestano (Parma), June 24 in Canazei, and September 2 in Priero (Cuneo).

April 19-20, 2018
Felicia at Fuori Salone del Mobile in Milan



On April 19th and 20th 2018, Andriani was at the Fuori Salone del Mobile in Milan with a stand highlighting its Felicia brand.

May 7-10, 2018
Felicia at CIBUS 2018



On May 7-10 2018, Andriani was at the prestigious international CIBUS food fair, one of the most important in the food industry, with its Felicia brand: a new logo, new packaging, and new areas for its stand.

Felicia presented its new identity: fresher and definitely more social. Bloggers and food lovers were hosted at the tables at the Felicia stand to taste a delicious dish of legume or buckwheat pasta and take fun selfies to share with the hashtag **#iosonofelicia**.

Along with the impromptu moments of tasting and social sharing, there were also real events organised to introduce food lovers to Felicia through the skill of the following chefs: mercurial **Massimo Buono** with his strong inclination towards experimentation and innovation, genial **Peppe Zullo**, the "country cook" who is able to create real magic with legumes, and the Felicia team chef - **Daniele Caldarulo**, cooking star of the first blogger event, an exclusive cooking show for food bloggers most dear to Felicia.

May 2018
New partnership with Sergio Parisse



In May 2018, the captain of the Italian National Rugby team chose Felicia, the athlete's pasta.

May 29-30, 2018
PLMA's World of Private Label



On May 29th and 30th, Andriani participated at the PLMA's World of Private Label fair, the primary event for the Private Label sector that attracts visitors from Europe and North America. The 2018 edition was held at the RAI exhibition centre in Amsterdam and there were approximately 2,600 exhibiting companies in 60 national and regional halls.

8 July 2018
Nicola Visci with Felicia at the Italian road championships



On July 8, 2018, Nicola Visci, A.S.D. Amicinbici Gravina Losacco Bike hopeful, represented Puglia in the students category at the Italian road championships at Comano Terme.

September 7-10, 2018
Sana 2018



September 7-10, 2018, Felicia was once again at "Sana", the leading trade fair for organic and natural products.

September 15, 2018
Felicia Happy Hour



September 15, 2018 was the 1st stop on the Felicia Happy Hour tour with Massimo Buono, for an experience of taste and well-being.

September 17-20, 2018
Felicia at "World Food Moscow"



On September 17-20 2018, Felicia was present at the "World Food" event in Moscow.

September 23, 2018
Zero Barriere (Bari)



On September 23 2018, Felicia was a sponsor of the grand final IPS paratriathlon in Bari.

September 20-24, 2018 Salone del Gusto - Turin

From September 20-24 2018, Andriani was at "Terra Madre" - the Salone del Gusto, the 12th edition of the international convention that Slow Food, the city of Turin, and the Piemonte region organised in Turin to represent good and sustainable food.

As part of "Terra Madre" - the Salone del Gusto, Andriani also organised "Sustainable Food Education", an event aimed at a group of primary school children in Torino. The "Andriani Educational" project presentation workshop was led by Dr. Concetta Pepe, an expert in food education, with the participation of Peppe Zullo. The educational itinerary aims to enhance precious ingredients such as legumes through sustainable consumption methods capable of winning over children and families while respecting Mediterranean tradition, health, and the environment.

“

Participation at Terra Madre 2018 confirms the will to continue our path towards sustainability with determination, to hand draw a path already begun some time ago, with the goal being to protect and improve the lives of people and the planet.

Michele Andriani, President of Andriani S.p.A.



Enhancement and promotion of legumes

In fact, enhancing legumes is part of the recommendations of the FAO, WHO, and all international environmental and health authorities. But, today, the consumption of legumes is definitely lower than the quantities suggested by the experts, especially during childhood and adolescence. Therefore, it is indispensable to promote them in order to encourage sustainable nutritional behaviour for both health and the environment. In particular, thanks to its flavour and nutritional value, pasta made from legumes is a valid alternative to unaltered legumes in family menus, and go together well with other healthy and sustainable ingredients such as vegetables.

October 4, 2018 12th Consumer & Retail Summit



Andriani and Felicia were sponsors of the 12th Consumer & Retail Summit 2018 organised by "Il Sole 24 Ore" that focused on the analysis of the changes in consumer models and the new challenges in the industry in view of innovation and growth.

October 8, 2018 1st "Meet in Cucina" - Puglia



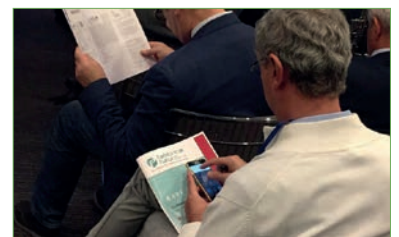
Felicia was present at the 1st edition of Meet in Cucina: the large meeting of cooks in Puglia with the agricultural and food excellent and expertise of the greatest chefs and professionals in the region.

October 14-15, 2018 Felicia holds its 23rd event with "Daunia"



Felicia was present at Daunia 2018, conceived by **Peppe Zullo** on food culture, which has been bringing poets, journalists, intellectuals, chefs, and manufacturers from throughout the world to Orsara di Puglia every year since 1995. The theme for 2018 was "Universal Food", which focused on the relationship between man, the environment, and food.

October 23, 2018 "Fabbrica Futuro" - Bari



On October 23 2018, Andriani was present at the "Fabbrica Futuro" event.

October 21-25, 2018
SIAL Paris, International Food Exhibition



From October 21st through 25th 2018, Andriani participated at SIAL in Paris, the largest international fair dedicated to food innovation, at the Paris-Nord Villepinte exhibition centre.

The event saw key operators, producers and buyers confronting the global issues and challenges that will characterize the agriculture and food industry of tomorrow.

October 25, 2018
Happy World Pasta Day by Andriani



On October 25, 2018, Andriani opened the doors of its facility to a representative of the Altamura-Gravina-Acquaviva Diocese Charity, giving the community a significant amount of organic and gluten free pasta, with the aim of being the spokesperson for good food, that is sustainable and accessible to everyone.

November 12-13, 2018



Andriani renewed its presence at the PLMA in Chicago.

November 2018
“La magia dei Legumi” project



During November 2018, Andriani promoted “La magia dei Legumi”, its new project to promote sustainable foods in schools and a healthy and balanced lifestyle.

Presented at the 12th edition of Terra Madre, inside an educational workshop that involved some classes at the Alessandro MANZONI Institute in Turin, Andriani’s new project began in January by the Gravina elementary schools in Puglia, where the company has its headquarters, and then expanded to Italy and abroad.

“The Magic of Beans” kicked off Andriani S.p.A.’s ambitious Educational project, presenting the first food education programme for elementary schools, to make the students more aware and knowledgeable of the themes of sustainability and the importance of adopting a healthy and natural lifestyle, respecting themselves, others, and the surrounding area.

The project involved the participation of teachers, students, and their families, creating an expanded work group on the theme of sustainable food. The programme includes cooking workshops, research and in-depth studies, school gardens, and other concrete experiences that will also involve food industry experts. Starting with seeds and particularly legumes, the opportunity was given to discover how to develop a more sustainable lifestyle, aimed at well-being for both the individual and the environment, without sacrificing the pleasure of being together and enjoying good food.

Legumes play the leading role in the project. This ingredient from ancient traditions in the Mediterranean diet and recommended by experts for its healthy virtues and positive effects of their consumption on the environment, is not particularly appreciated today, especially by children and youth, so special attention is warranted. Also, other healthy food from the Mediterranean culture, including grains, vegetables, and fruit are highlighted, all of which are inserted in the context of healthy and tasty nutritional habits.

December 2018
Andriani Educational. The success of the Foggia stage



“

Our goal is to spread the principles of sustainable nutrition for health and the environment through research-action and workshops, which are not intended to impart dogma and teach abstract lessons, but to actively involve all participants in stimulating and constructive experiences.

Michele Andriani, President of Andriani S.p.A.

During December 2018, the **Andriani Educational** programme continued with a new stop in Foggia, at the Gabelli Elementary School, and was welcomed enthusiastically by the students, parents, and teachers. It was a fun-filled day in which experiences and concepts were shared in relation to healthy food that respects the health of our planet.

After the instructions from the educators who were able to entertain the audience of children, creating curiosity and fostering their involvement, there was a cooking show by country cook Peppe Zullo who was assisted by the mothers who wore aprons and hats, becoming cooks among the school desks of their children.

All the children received “La magia dei Legumi”, a story to help children better understand the highly important and complex concepts that can be passed along through the fable, one of the best childhood educational tools.

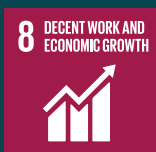
6

Responsibility to suppliers

In this chapter:

- 92 Sustainable management of the supply chain
- 93 Working conditions and human rights
- 94 Procurement of local suppliers

SDGs (Sustainable Development Goals)



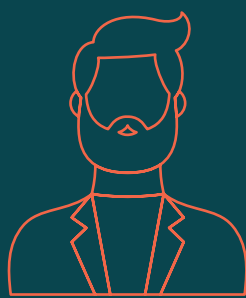
Key numbers



90%

**PROPORTION OF EXPENSE
TOWARDS ITALIAN SUPPLIERS**
+3% COMPARED TO 2017

A comparison between 2018 and 2017 of the data relating to the geographical location of suppliers shows an increase of the percentage of Italian operators to the detriment of EU and non-EU operators in 2018.



37

TOTAL SUPPLIERS
-3 COMPARED TO 2017

Comparing 2018 and 2017, the Andriani Group has reduced the number of its suppliers overall, bringing them from 40 in 2017 to 37 in 2018.



1%

NON-EU SUPPLIERS
-1% COMPARED TO 2017

Aware of the origin, albeit residual in terms of volumes, of raw materials from countries that could be at risk in terms of violation of human rights and exploitation of child labor, the Group intends to strengthen its country risk analysis measures.



**TERRE
BRADANICHE**
LA FILIERA ITALIANA DELLA QUALITÀ



Terre Bradaniche S.r.l.

The promotion of local cultivation is one of Andriani S.p.A.'s objectives, which will allow it to meet its local legume procurement needs with a total of about 30% for 2019, 60% for 2020, and 85% for 2021.

6.1 Sustainable management of the supply chain

102-9 102-10 204-1



See Attachment to the Report **GRI CONTENT INDEX**

“

Identification of suppliers

The Andriani Group collaborates with suppliers and sub-suppliers who are also able to ensure due diligence in adequately developing and applying the management systems, principles, and processes to effectively prevent and combat any type of violation of human rights along the supply chain.

The Andriani Group’s commitment to find the ideal raw materials to create the many innovative products proposed lead continuously to the identification of suppliers and sub-suppliers that guarantee responsible production that is attentive to protecting the natural resources of the planet and can ensure due diligence in adequately developing and applying the management systems, principles, and processes to prevent and effectively combat any type of violation of human rights along the lengthy supply chain.

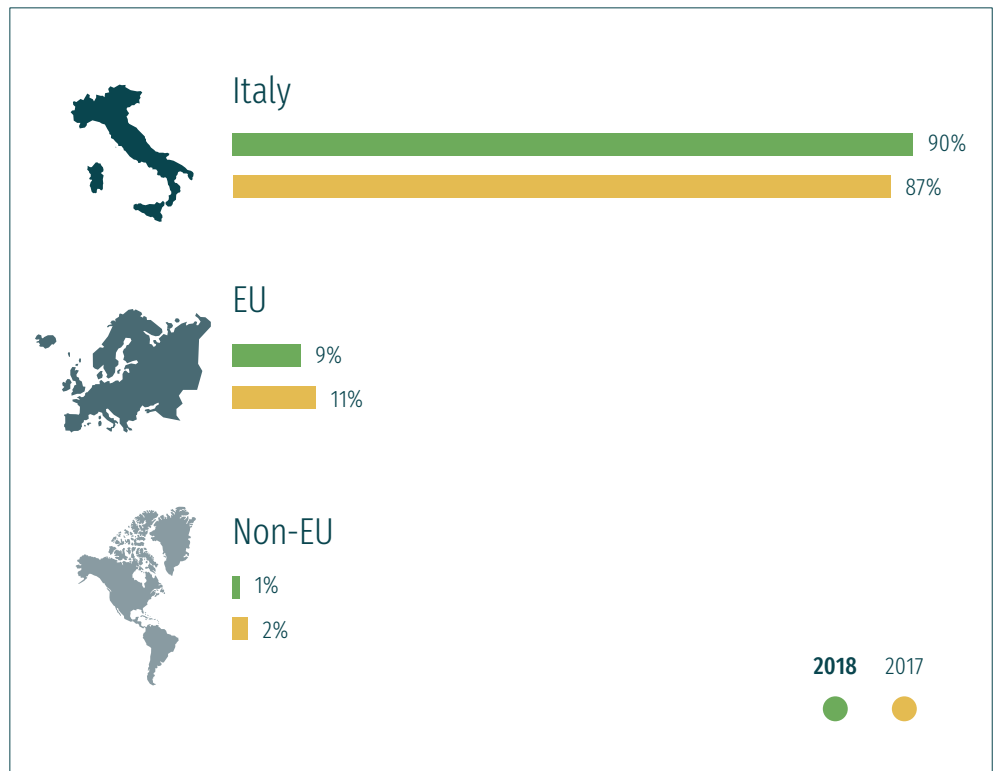
The yearly harvest situations and geopolitical scenarios are almost never certain

and immutable, so, in this continuous interweaving between the need for raw materials procurement and their availability in various areas of the Planet, the daily purchasing choices unfold.

Overall, between 2018 and 2017, the Andriani Group reduced its number of suppliers from 40 in 2017 to 37 in 2018.

Between 2018 and 2017, the data related to the geographical location of the suppliers shows an increase in 2018 in the percentage of Italian operators to the detriment of EU and non-EU operators.

GRAPH
Expense proportion towards local suppliers



6.2 Working conditions and human rights

The Andriani Group is very attentive to the protection and respect of human rights. This attention is also evident in how the Group selects its suppliers through a process of analysis and constant monitoring. The risk of a violation of human rights is, however, an issue that does not have a particular impact on the Group, since it essentially derives from suppliers over whom it is possible to exercise an exclusively indirect influence.

In choosing responsible partners, the Group considers compliance with the company's Code of Ethics a priority, in addition to the quality of raw materials and price and supply conditions.

The Group is also aware of the origin of raw

materials, albeit residual in terms of volumes, from countries particularly at risk in terms of the violation of human rights and exploitation of child labour and intends to strengthen its country risk analysis activities, monitoring aspects such as the Human Development Index and the rate of geopolitical, macroeconomic, climatic, and logistical development.

On the topic of supply chains at risk, which are present in some countries outside of the European Union, it should also be noted that the Group uses the SMETA method for procurement selection. This method is offered by the SEDEX Platform, whose registration is required by all suppliers of the Group who must, as mentioned, adhere to the Andriani Code of Ethics.



Protection and respect of human rights

In choosing responsible partners, the Group considers compliance with the company's Code of Ethics a priority, in addition to the quality of raw materials and price and supply conditions.

Adherence to the parameters established by the Human Development Index



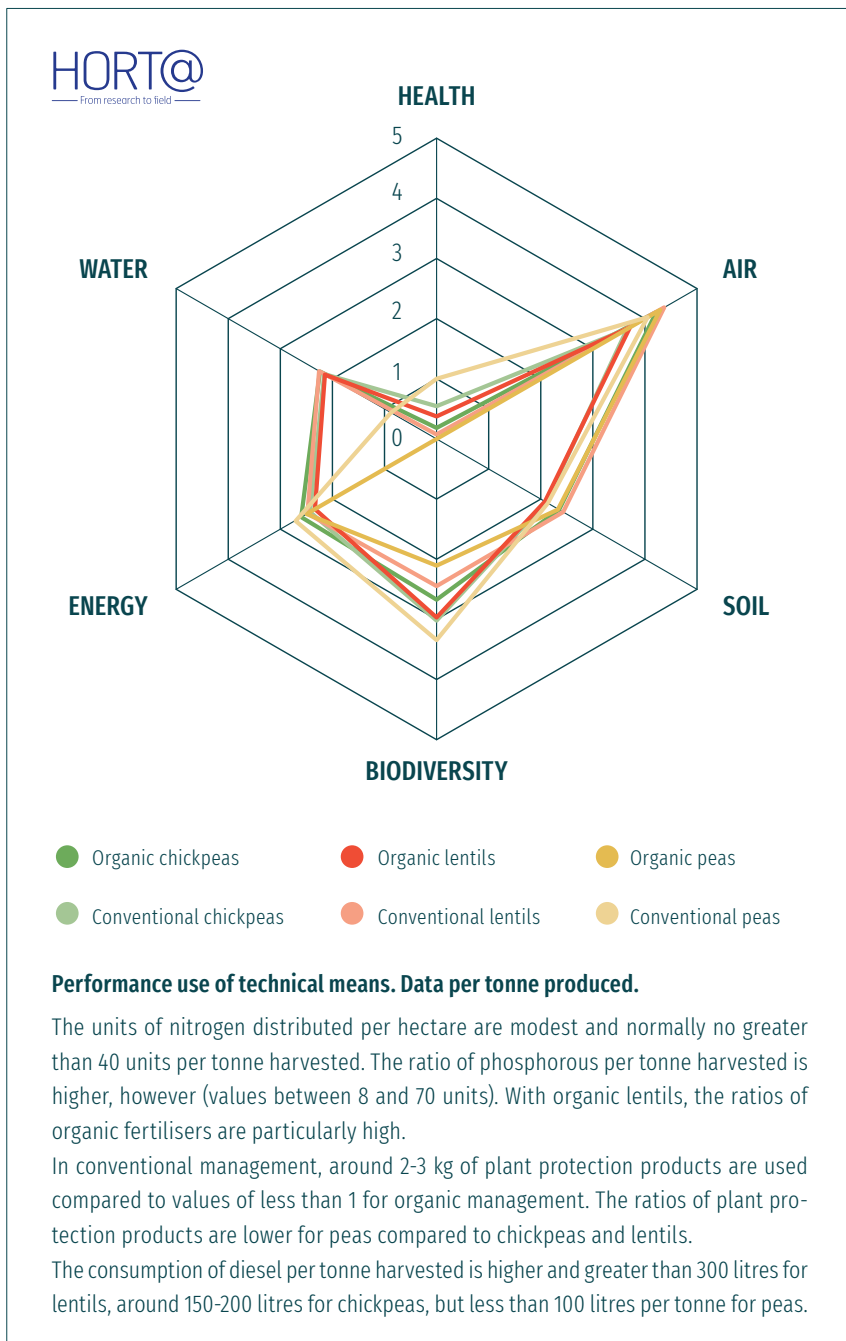
Ethical procurement

Sedex (www.sedexglobal.com) is an international non-profit organisation that aims at the **diffusion of ethical principles along the global supply chains** and is the largest **platform** in Europe that collects and processes data on ethical conduct in supply chains.

The Sedex method proposes a **procedure (SMETA) for conducting supplier audits** and collecting best practices regarding conducting audits in an ethical and social environment.



6.3 Procurement of local suppliers



Andriani S.p.A. believes that the future of agriculture resides in the community in which it operates because that is where there is affection, which translates into food safety, continuous relationships, and innovation.

The areas in which Andriani operates traditionally produce legumes. This aspect convinced the Group’s management to acquire control of the company “Terre Bradaniche S.r.l.”, a company that was tied to Andriani S.p.A. in 2018 through a participatory relationship.

In terms of a sustainable supply chain, the Group aims to activate collaborations with scientific partner plants through a network of agronomists and with its own plants, based on the creation of an exclusively Italian legume supply chain monitored throughout all of its phases (sowing, harvesting, transport, and quality control). Today, this activity is carried out with the support of the subsidiary Terre Bradaniche S.r.l., whose mission is to create value in the stages of the supply chain that also are reflected in the production and sale of products with unique characteristics, without neglecting the creation of value for the entire agricultural system in the area.

A first materiality analysis immediately revealed some challenges for Terre Bradaniche S.r.l. because the cultivation of legumes in Italian areas calls for support to implement:

- genetic development and phenological studies;
- improvement of the cultivation technique;
- development and improvement of products for the nutrition and defence of the plant;
- traceability;
- ad-hoc selection and storage plants.

In 2018, through experimental fields, energy was focused on phenological studies

of the three plant species and subsequent screening of “crop protection” means. In the same year, *process development* studies were also initiated to create an innovative selection plant suitable for legumes.

Terre Bradaniche S.r.l. The promotion of local cultivation is one of Andriani S.p.A.’s objectives, which will allow it to meet its local legume procurement needs with a total of about 30% for 2019, 60% for 2020, and 85% for 2021. There is a 3% reduction in CO₂ emissions associated with that aspect (expressed per quintal of product threshed and calculated through Yousustain.net®).

Membership to the SAI Platform

On June 27, 2018, Andriani S.p.A. joined the SAI (Sustainable Agriculture Initiative) Platform, an international non-profit organisation made up of more than 100 companies, cooperatives, and organisations in the agricultural and food supply chain, whose mission is the development of sustainable agricultural practices.

The mission of the SAI Platform is to develop, adopt, and implement sustainable agriculture practices through the collaboration of all parts of the agricultural and food supply chain.

SAI Platform is the leader in the collaboration of the agricultural and food supply chain. It connects all parts of the value chain (from agricultural cooperatives to distributors), allows the sharing of skills, and creates tools that promote the implementation of good agricultural practices.

This year, as active members in the Crops Working Group, Andriani, like other companies, manages critical issues linked to crop rotation.

LA FILIERA ITALIANA DELLA QUALITÀ



Terre Bradaniche S.r.l.

Its mission is to create value in the stages of the supply chain that also are reflected in the production and sale of products with unique characteristics, without neglecting the creation of value for the entire agricultural system in the area.



SAI Platform

Its mission is to develop, adopt, and implement sustainable agriculture practices through the collaboration of all parts of the agricultural and food supply chain.

For more information:



7

Responsibility towards the community

In this chapter:

- 98 Involvement and support of local communities
- 101 Dialogue with associations and institutions

SDGs (*Sustainable Development Goals*)



Key numbers



9

SPORTS EVENTS

The Andriani Group promotes and supports all types of sports and sports events at any level, with the goal to be a spokesperson of a healthy and balanced lifestyle.



2

WORLD CHAMPIONS OF SPORT

The Andriani Group is making itself a spokesperson of a healthy and balanced lifestyle and has chosen to share this path with 2 world champion athletes: Sergio Parisse - captain of the Italian National Rugby team, Martina Criscio - fencing athlete on the Italian national team.

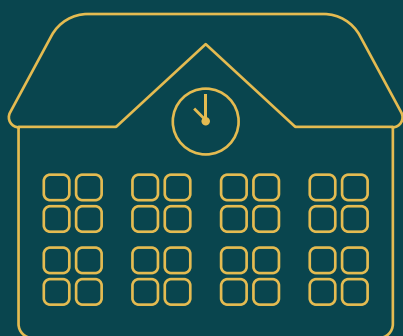


€12 thousand

DONATIONS FREE

In the 2017-2018 two year period, Andriani Group supported international, national, and local institutions and associations that operate in different areas.

ANDRIANI **EDU**



Andriani Educational

The project aims to “sow” the first seeds of a critical conscience in schools to help children and their families become aware and responsible and to cultivate well-being without depriving themselves of the pleasures of good food and togetherness, which has always been an integral part of our cultural tradition.

7.1 Involvement and support of local communities

The Andriani Group promotes and supports all types of sports and sports events at any level, with the goal to be a spokesperson of a healthy and balanced lifestyle.

This led to the choice to share our path

with certain world champion athletes (Martina Criscio and Sergio Parisse).

The table below shows events sponsored by Andriani and the related amounts:

TABLE
Events sponsored by Andriani and the related amount

Sponsored event

5 Oaks Trail 20 May Gravina
Jump Game July / December 2018
Superenduro SE 27 May Calestano
FBC Gravina 2018
Juventus Femminile
Amici in bici - 5° Medio Fondo Bosco Difesa grande April 8, 2018
Play with no barriers
Football Team Sponsorship Collegio Spallanzani

	Amount (Euro)
	2,000
	200
	8,000
	88,000
	3,300
	500
	300
	1,000

December 2018 Bari Paediatric Oncology Hospital Solidarity

A gesture of solidarity to give a smile to the children in the paediatric oncology ward at the Bari Hospital. Andriani's gift for this Christmas: toys, plushes, and an interactive blackboard for the department playroom.





ANDRIANI **EDU**

“

Andriani Educational

Food education programme aimed at children in local elementary schools and, on a national level, which intends to promote a healthy lifestyle, that respects health and the environment, at the table and in daily food choices.

For Andriani, it is also essential to ensure food safety and improve nutrition. For this reason, in September 2018, during the Salone del Gusto organised by Terra Madre, the **Andriani Educational** food education programme was launched. This programme aimed at children in local elementary schools and, on a national level, intends to promote a healthy lifestyle, which respects health and the environment at the table and in daily food choices in order to create “sustainable” habits to generate well-being, using innovative and effective tools that can generate the students’ interest and curiosity and that are easy to use and stimulating for children and teachers.

In particular, the goal is to combine nutrition education with the transmission of good practices through experiential

education, play, and direct experience. Andriani Educational aims to “sow” the first seeds of a critical conscience in schools to help children and their families become aware and responsible and to cultivate well-being without depriving themselves of the pleasures of good food and togetherness, which has always been an integral part of our cultural tradition. In this way, food and nutrition become a way to build and reconstruct our story, the local story, and the international story of a sustainable future.

Through this project, Andriani provides schools and families with its expertise and specialists in the educational sector, a Work Group that promotes the exchange of experience between experts, teachers, students and their families, with the aim of promoting the development of education



on sustainable nutrition. The team is coordinated by Dr. Carla Barzanò, dietitian and expert in nutritional information, with the support of Grillo Editore, a company that has been operating for years in educational publishing and communication. The programme includes cooking workshops, research, and in-depth studies, gardens at schools, and other concrete experiences that will also involve experts in the food industry. Starting with seeds and particularly legumes, participants will be able to discover how to develop a more sustainable lifestyle, aimed at well-being for both the individual and the environment, without sacrificing the pleasure of being together and enjoying good food. Legumes play the leading role in the project. This ingredient from ancient traditions in the Mediterranean diet and recommended by experts for its healthy virtues and positive effects of their consumption on the environment, is not particularly appreciated today, especially by children and youth, so special attention is warranted. Also, other healthy



food from the Mediterranean culture, including grains, vegetables, and fruit are highlighted, all of which are inserted in the context of healthy and tasty nutritional habits. Learning to appreciate a menu full of ingredients that are friendly to health, the environment, and the people who produce them is one of the goals shared by international authorities to promote the spread of a sustainable diet, essential for the protection of well-being. This goal should be pursued from an early age since eating habits take root in early childhood. But it is not easy to achieve.

In fact, the complexity of the food world often transmits contradictory stimuli that are not in harmony with our health and that of the planet.

Therefore, we need strategies to create new daily habits, use new ingredients and recipes, and to reconstruct the daily routine at home and at school in order to promote a balanced and knowledgeable relationship with food. In this scenario, Andriani represents Italian excellence. Committed for years to the production of gluten free flours and pastas, it has been committed to sustainability from the very beginning. The company is attentive to the environment and health through special care of the entire production chain, which rigorously and innovatively respects the criteria of organic farming. Andriani products also ensure maximum quality of raw materials and preserve the characteristics of the starting ingredients: whole grains and organic legumes for flours and pasta rich in precious fibres and primary protective nutrients that reflect that principles of a healthy diet disclosed in the scientific field.

The project was presented in an elementary school in Foggia in December 2018 and begun in 2019 with the activation of 6 workshops in the 5th grade classes in 48 schools in the region, with the intent to extend it to the country.



7.2 Dialogue with associations and institutions

102-13



See Attachment to the Report
GRI CONTENT INDEX

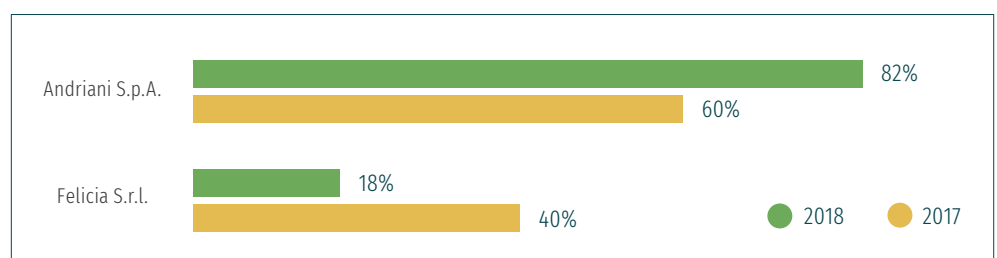
The sharing of Andriani Group's principles and values also takes the form of support for local, national, and international associations and institutions operating in various fields.

Below is a breakdown of the donations and related institutions that Group companies have contributed to support in 2017-2018 for specific events.

Amount in Euro			31/12/2018	31/12/2017
Organisation	Event	Provider		
Colpi di Scena Theatre Company	"Amattori" Grant	Andriani S.p.A.	-	400
AIC Puglia NPO	AIC Conference Grant	Andriani S.p.A.	-	300
Aeroclub Sibari Fly ASD	Voluntary Contribution	Andriani S.p.A.	-	500
St. Michale Patron Saint Festival Committee	Patron Saint Festival Contribution	Andriani S.p.A.	2,000	2,000
Parish of Jesus the Good Shepherd	"Good Shepherd" Festival Contribution	Andriani S.p.A.	200	-
Bari BAR Association NPO	Event Contribution	Andriani S.p.A.	1,000	-
"TRENTATREGIRI" Cultural Musical Association	Voluntary Contribution	Andriani S.p.A.	1,500	-
AMARAM NPO	Rare Diseases Day Voluntary Contribution	Felicia S.r.l.	-	300
Paolo Colonna Athlete	Contribution for sports activity	Felicia S.r.l.	-	500
Our Lady of Grace Parish	Voluntary Contribution	Felicia S.r.l.	-	500
AMREF HEALTH AFRICA	Africa sustainable agriculture donation	Felicia S.r.l.	-	1,000
"ARCOBALENO" Cultural Musical Association	"DUCATO D'ORO" event contribution	Felicia S.r.l.	200	200
A.S.D. C.A.M.D. ARABESQUE Amateur Sports Association	Contribution for the Dance Theatre show, "La Bella Addormentata nel Bosco"	Felicia S.r.l.	300	-
Lions Club Puglia	Voluntary Contribution	Felicia S.r.l.	300	-
"NOI" Cultural Musical Association	Voluntary Contribution	Felicia S.r.l.	200	-
Others		Andriani S.p.A.	-	620
Total			5,700	6,320

The following table shows the details of the grants disbursed by Andriani S.p.A. and Felicia S.r.l. in 2017-2018.

GRAPH
Details of grants awarded in
2017-2018



Felicia S.r.l. has been registered with the Confindustria trade association since 2019.

8

Responsibility towards the environment

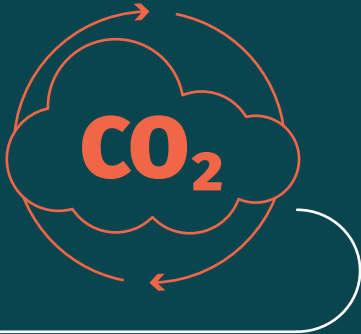
In this chapter:

- 104 Management of energy and resources in the atmosphere
- 109 Management of waste, recyclability, and reduction in food waste
- 110 Protection of the area and respect for biodiversity
- 115 Knowledgeable consumption of raw materials

SDGs (Sustainable Development Goals)



Key numbers



6,989

TONNES OF CO₂ PREVENTED

2017-2018 Two-year period. The tonnes were calculated in terms of electricity generated by renewable sources for the emission factor concerning the national energy mix (AIB - European Residual Mixes 2018).



-7.05%

CO₂ EMISSIONS PER KG OF PRODUCT

Emissions related to the production of one kilogram of product have been reduced by 7.05%.

In calculating this value, the CO₂ emissions relating to the connection tests of the new trigeneration plant were not considered, but only the emissions directly linked to production, i.e. those from the pastry factory.

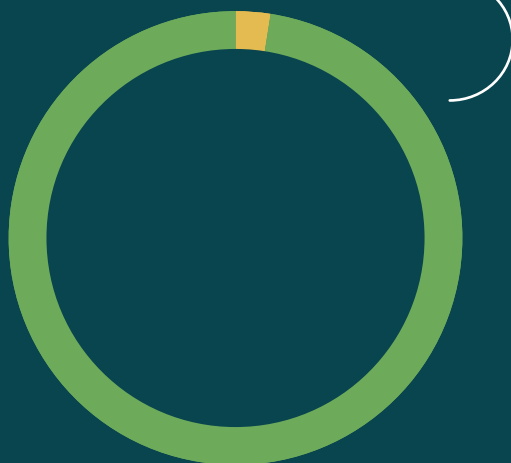


-12.82%

WASTE FOR DISPOSAL

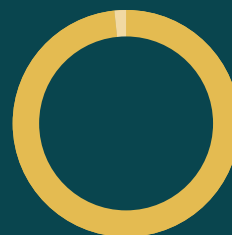
The production of waste is one of the company's most important sustainability indicators. The company pursues the goal of reducing impact thanks to circular economy projects in which production waste can have a new life.

Type of waste (year 2018)



● Recovery 97.5%
● Dump 2.5%

Dump



● Non Hazardous 98.4%
● Hazardous 1.6%

Recovery



● Non Hazardous 99.9%
● Hazardous 0.1%

8.1 Management of energy and resources in the atmosphere

302-1 302-5
305-1 305-2 305-5

See Attachment to the Report
GRI CONTENT INDEX

66

100% Clean energy Dolomiti Energia
Certification proving the renewable sources of the energy used, with origin guaranteed by the Electrical System Manager.

In general, every industrial activity has an impact on the environment due to the use of energy vectors and resources such as: electricity, gas, and water.

One indicator of environmental benefits from the use of electricity coming from the use of renewable sources rather than fossil fuels is the prevention of emissions into the environment.

Since it began its operations, the Andriani Group has always aimed to reduce its emissions with the knowledge that making sustainable choices for the environment

means thinking ahead to future generations.

In 2014, the Group already decided to acquire energy from renewable, green energy sources.

In this sense, the “100% energia pulita Dolomiti Energia” used by Andriani S.p.A. confirms that the energy comes from renewable sources, with its origin guaranteed by the Electrical System Manager through OG (Origin Guarantee) titles that Dolomiti Energia uses every year.

TABLE
Consumption and emissions Andriani S.p.A.

		2018	2017	Change (%)
Electricity	total consumption (kWh)	7,660,792	6,808,351	12.52%
Natural Gas	total consumption (kWh)	11,041,484	10,402,749	-6.14%
Electricity consumption per kg of product	kWh/kg	0.21	0.24	-15.33%
Consumption of natural gas per kg of product	kWh/kg	0.236	0.337	-30.06%
SCOPE 1 - Direct emissions from consumption of natural gas	total emissions (tCO ₂)	2,224	2,095	6.14%
Total emissions per kg of product	kgCO ₂ /kg	0.048	0.052	-7.05%

Scope 1 emissions are expressed in tons of CO₂ since the source used does not report the emission factors of gases other than CO₂. The source used to calculate the Scope 1 emissions is the “Table of national standard parameters for the monitoring and communication of greenhouse gases pursuant to the legislative decree n.30 of 2013” of ISPRA (updated 2018).

In the 2017-2018 two year period, this choice made it possible to prevent emissions of 6,989 tonnes of CO₂ calculated in terms of the product of electricity generated from renewable sources for the emission factor indicated in the ABI document "European Residual Mixes 2018".

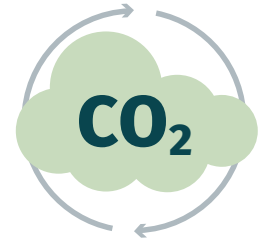
Again for the 2017-2018 period, in environmental terms, the choice is equivalent to planting 15,531 trees (source: ReteClima) with these characteristics:

- tree species with tall trunks;
- planting in cities and temperate climates (therefore in a context with higher environmental stress compared to a natural context);
- with a capacity to absorb approximately 450 kg of CO₂ during the natural life cycle

(estimating an average absorption of 15 kg of CO₂/year and a lifetime of 30 years).

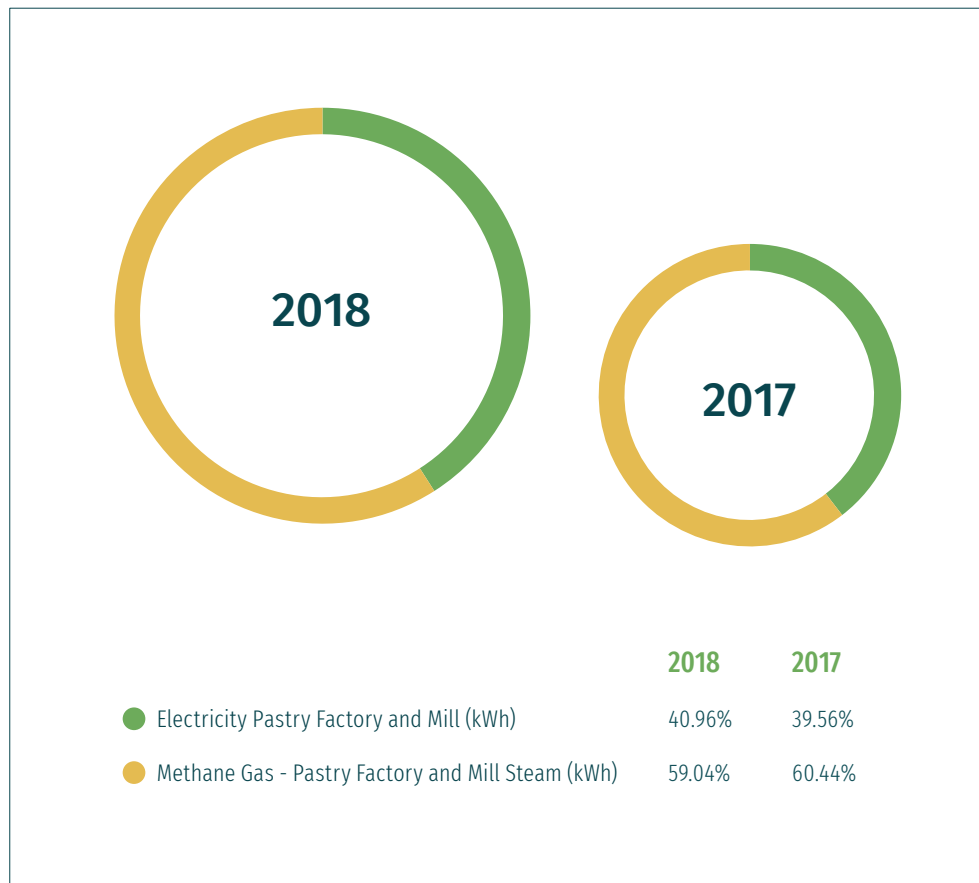
Finally, to reduce environmental impact due to the use of methane, various streamlining solutions are being implemented.

The 13% increase in energy used from 2017 to 2018 is due to the introduction of a new production line, the startup of the milling plant, and technical tests for starting up the trigeneration plant. The increase does not only concern electricity, but also the volumetric consumption of methane gas, albeit to a lesser extent. However, emission values per kg of product have decreased.



6,989
tonnes

OF CO₂ PREVENTED



GRAPH
Energy consumption

“

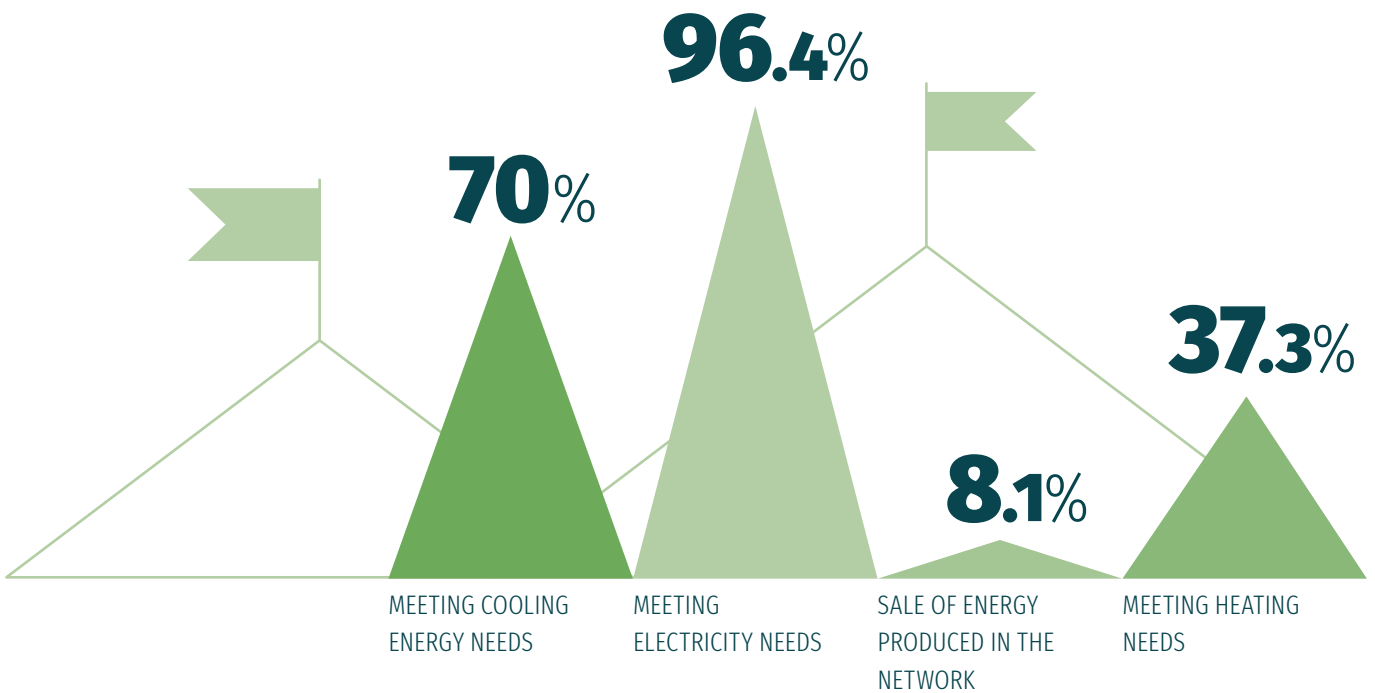
2020 Goal

In terms of energy efficiency, the goal is to begin self-production from the startup of the 800 kWe trigeneration plant.

The concrete objective for 2020, in terms of energy efficiency, is to begin self-production from the 800 kWe trigeneration plant designed by the Innovatec Group, an ESCO UNI CEI 11352 certified holding company op-

erating in the energy efficiency sector listed on the AIM Italia Market, which operates through its subsidiaries on several business lines in the field of energy efficiency and renewable energy.

This choice will allow us to achieve the following results:

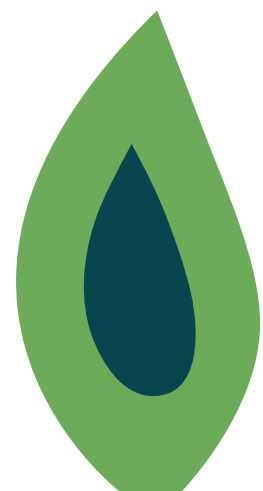


Protection of natural resources

and energy efficiency from self-production with the first trigenerator that prevents 201 tonnes of CO₂ emissions per year, or 9% of the emissions from the previous configuration. These emissions can be compared to what is absorbed by 36 hectares of planted forest as well as what is emitted by 1,206 round-trip flights from Milan to Dusseldorf, or the average electricity consumption of 100 Italian families.



+natural gas
-CO₂





Ecothermatik™ line of long pasta

Of the 5 pasta-making lines (three for short pasta, with the last one in operation since November 2018, one for special formats, and one specifically for long pasta), the Bühler Group Ecothermatik™ dryer deserves special attention. Andriani was the first in the world to use it inside its exclusively Allergen Free facility.

The Bühler Ecothermatik™ drying tunnel is a revolutionary system in the modern production of long pasta and its special features, specified below, offer clear and concrete advantages:

- energy savings: thanks to the sophisticated control of the drying air, there is a 40% reduction in the consumption of thermal energy, 20% reduction in cooling energy, and 10% reduction in electricity;
- greater pasta quality: considerable improvement in the appearance, firmness, tenacity and stabilisation of the product;
- ease of use: the high level of engineering in its construction leads to greater safety when using the plant and easy maintenance.

The lower expenditure of thermal energy will also contribute to a corresponding percentage increase in the environmental sustainability of pasta production.

The following are the instantaneous values of energy consumption for the production of an average of 1,350 kg/h of long pasta from Ecothermatik™ and compared to the values calculated for the line used up to 2015, the C-line, with the subsequent energy savings obtained.

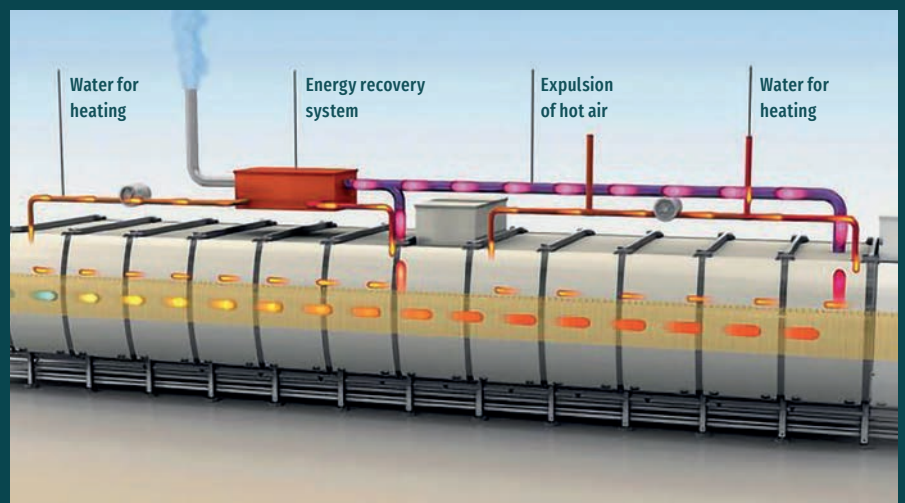
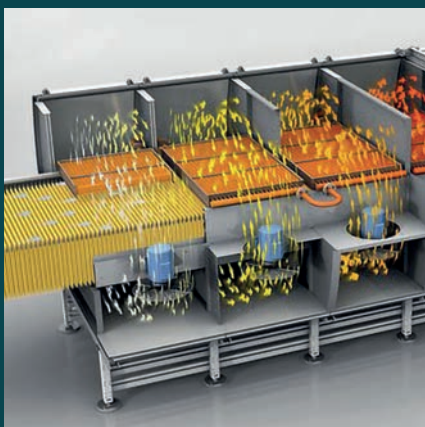
Power	Ecothermatik	C-Line	Energy savings
	Current Value	Calculated Value	Current Value
Electric	168.6 kW	188.3 kW	10.5%
Heat energy	258.9 kW	398.2 kW	35.0%
Cooling energy	54.0 kW	80.2 kW	32.6%

-10%

ELECTRICITY CONSUMED THANKS TO NEW ROTORS

-40%

THERMAL ENERGY CONSUMED THANKS TO THE INTELLIGENT RECOVERY SYSTEM





8.2 Management of waste, recyclability, and reduction in food waste

The Andriani Group has always been committed to reducing the waste produced and adopting methods to recover rather than dispose of it.

Waste production is in fact considered one of the most important indicators of the company's sustainability. It follows, therefore, that the company pursues the goal of reducing impact through circular economy

projects in which waste from production can have a new life.

As shown in the table below, even following a significant increase in total waste produced from 2017 to 2018 due to the increased in the volumes of production (+32.90%), the company sought to decrease the fraction that was disposed of.

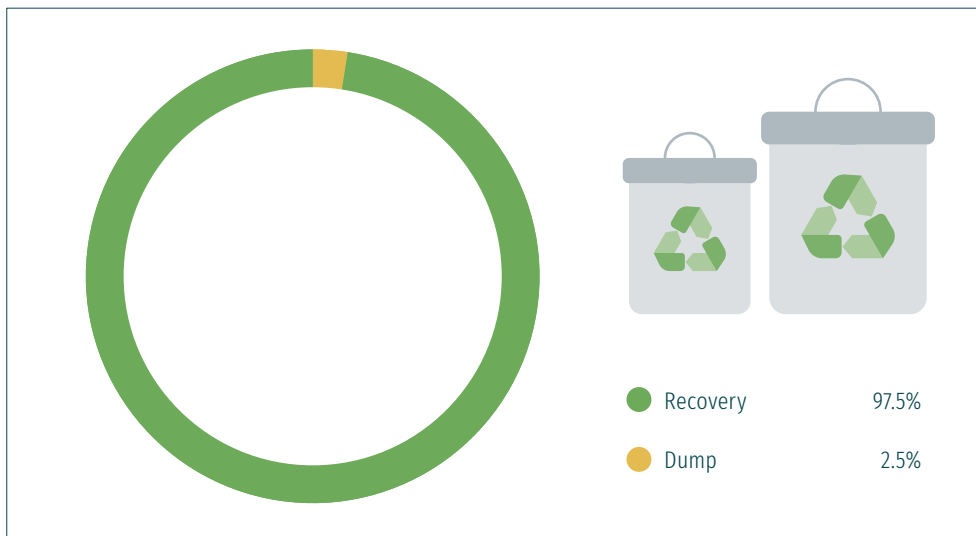
306-2



See Attachment to the Report
GRI CONTENT INDEX

+25.88%

PRODUCTION OF WASTE FROM RECOVERY



GRAPH
Type of waste (year 2018)

	2018 (kg)	2017 (kg)	Change (%)
Waste to dispose of	13,218	15,162	-12.82%
Non Hazardous	13,000	14,780	-12.04%
Hazardous	218	382	-42.93%
Recovery waste	520,212	413,253	25.88%
Non Hazardous	519,756	412,482	26.01%
Hazardous	456	771	-40.86%

TABLE
Details of waste produced and its recovery

8.3

Protection of the area and respect for biodiversity

“

The Sustainable Legumes Supply Chain

The idea comes from practical agricultural needs: to safeguard the soil and the environment, ensure food safety and quality, increase the profitability of all operators in the food chain, and contribute directly to the development of biodiversity.

The theme of sustainable agriculture is one of the fundamental pillars on which Andriani's sustainable development strategy is based. Andriani increasingly feels the need to base its business activities on themes such as organic farming.

Compared to the intensive productions of wheat, the cultivation of legumes allows water savings, produces less carbon dioxide, and therefore has less of an impact on the climate.

Cultivating them, especially in rotation with other plants, such as grains, helps fertilise the soil and improve its yield, while preventing erosion. It also helps control infestations and illnesses, reducing the need to use pesticides.

Legumes have a very low water footprint compared to other protein sources, can be grown in very poor soils, and help reduce the risk of soil erosion and depletion.

Soils combat climate change

Healthy soil is the primary carbon deposit on the planet. If managed sustainably, it performs an essential function in mitigating climate change since it can store carbon (through a process called carbon sequestration), thus decreasing the emissions of greenhouse gases in the atmosphere.

On the contrary, poor soil management and the use of unsustainable agricultural practices, mean that the carbon present in the soil is released into the atmosphere

as carbon dioxide (CO₂) emissions, which contribute to exacerbating climate change.

The most sustainable agricultural practices have multiple benefits:

- they increase organic matter (carbon), making the soil more fertile;
- they keep the surface of the ground covered with vegetation;
- they require less chemicals and promote the rotation of cultivations and biodiversity.

(source: FAO)



The Sustainable Legumes Supply Chain

On 1 February 2017, Andriani S.p.A.'s project for creating a controlled and sustainable Italian legume supply chain was presented.

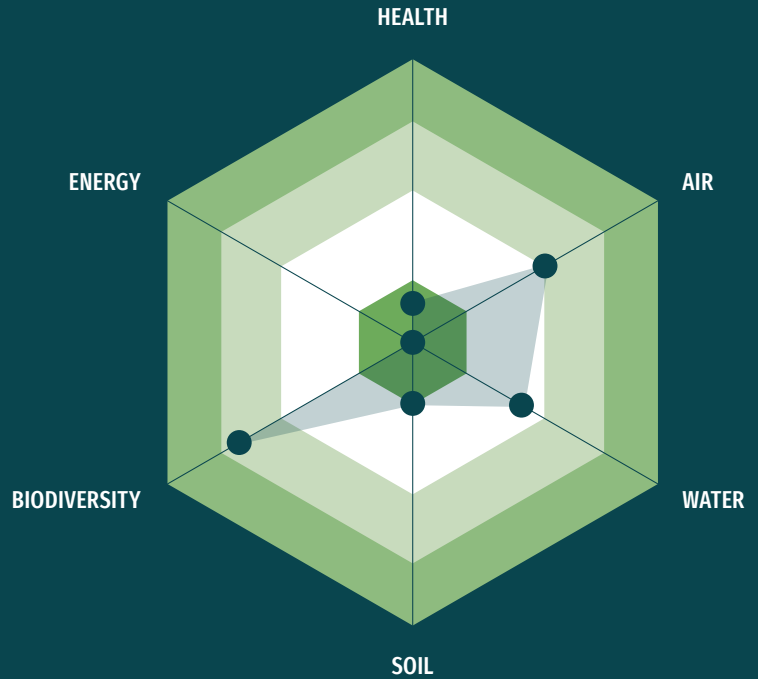
The idea comes from practical agricultural needs: to safeguard the soil and the environment, ensure food safety and quality, increase the profitability of all operators in the food chain, and contribute directly to the development of biodiversity by alternating the intensive wheat productions of recent years with more sustainable legumes.

Given the growing consumption of legumes, Andriani S.p.A. has made a goal to facilitate the rotations of cultivations in Italy, alternating the production, especially of grains, and providing support for decisions such as the use of Legumi.net®, a system developed by Hort@.

Yousustain.net® is a system that determines the environmental impact of a product, analysing its entire production cycle and expressing a sustainability score according to 6 parameters: water, soil, air quality, biodiversity, health, and energy.

This service uses large databases that allow it to associate an environmental impact to every cultivation operation. Thanks to the Register of Cultural Operations (ROC) in Legumi.net® that is compiled by the staff of Terre Bradaniche in collaboration with farmers, it is possible to record all the interventions that have been made in each production unit, that is, in each field of the supply chain.

Yousustain.net system



Health

- Human Tox Score (HTS)
- Dose Area Index (DAI)
- Treatment Frequency Index (TFI)

Air

- Carbon Footprint (CF)
- Carbon Sequestration

Soil

- Ecological Footprint (EF)
- Organic Substance (DAI)
- Soil Coverage
- Erosion
- Soil Compaction

Biodiversity

- Biodiversity
- Eco Tax Score (ETS)

Energy

- Fuel Use
- Renewable Fuel
- Waste

Water

- Water Footprint
- Water Supply
- Water Use Technical Efficiency
- Acidification
- Eutrophication



The efficiency of the sustainable legumes chain

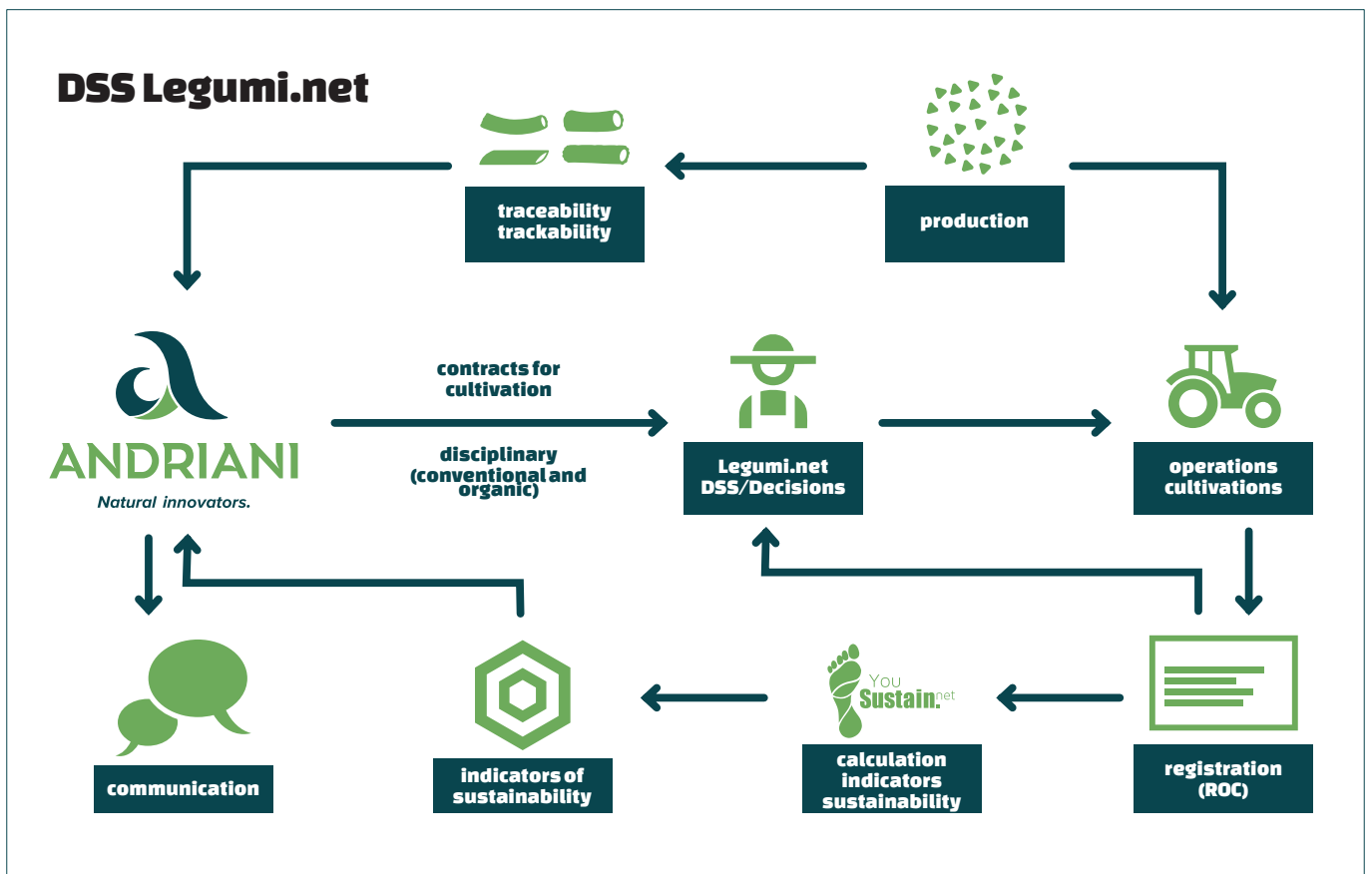
The cultivation of lentils, peas, and chickpeas with Legumi.net® for the 2018 campaign ensures a production with an average protein value of 24% (compared to 21.5% in the literature).

For each intervention, and therefore for each cultivation operation, the system associates an environmental impact expressed according to the parameters mentioned above. At the end of a production unit's process, all the environmental impacts of each cultivation operation carried out are added together, to create a definitive score for the individual production lot of that precise production unit in the chain. Naturally, this is done for each production unit in the chain and, therefore, for every production batch.

Plus, agricultural companies are classified from the point of view of sustainability, i.e. the internal organisation of each of them is analysed in order to give a sort of vote that then influences the final agricultural production score.

Therefore, an agricultural company that is only composed of arable land is certainly less sustainable than one that has wooded areas, permanent meadows, waterways, or any other aspect that promotes the development and conservation of biodiversity, so the final score of each production unit takes into account the cultivation operations and the intrinsic characteristics of each agricultural company involved in the supply chain.

Legumi.net® is an interactive web tool for sustainable cultivation of pulses, particularly chickpeas, lentils, and peas, and is configured as a DSS, i.e. an expert decision support system.



DSSs are computer platforms that collect crop data in real time through sensors and scouting tools (1), organise the data in cloud systems (2), interpret them by means of advanced modelling techniques and big data (3), and integrate them automatically, producing information, alerts, and decision

support (4). Users use this information for precision agronomic crop management (5). Even the data related to cultivation operations are entered in the database (6) in order to generate a continuous flow of information that is always up-to-date between the crop, DSS, and the user.

For further information on the performance of the 2018 campaign, refer to the Scientific Report by Hort@.



After having examined all the environmental indicators and their score from the point of view of the sustainability of the various production units in the specific report for 2018, we wanted to go further in depth on the theme of the impact of the water footprint in our supply chain.

The first part of the study compared the values in the literature for the water footprint of different protein sources for which

the protein content (in %) was subsequently highlighted.

This value, being higher in legumes than in animal protein sources, is precisely what determines that a lower quantity of product is necessary to obtain the same quantity of proteins.

The following shows the effects of the protein sources on the Water Footprint to obtain 1 tonnes (reference value) of protein:

Protein source	Water Footprint, (H ₂ O m ³ /t)	Water Footprint, percentage variation compared to legumes
Legumes	18,856	-
Chicken	34,038	+81%
Pork	57,006	+202%
Sheep and goat meat	63,006	+234%
Beef	111,759	+492%

TABLE
Effects of protein sources
on the Water Footprint

Source: Horta processing

As a last step, after showing that the Legumi.net® Water Footprint calculation is not directly comparable with bibliographic references (given that the method used is

adapted for Italy), the characteristic values of the Andriani Supply Chain and Water Footprint were reported as calculated according to DSS Legumi.net®:

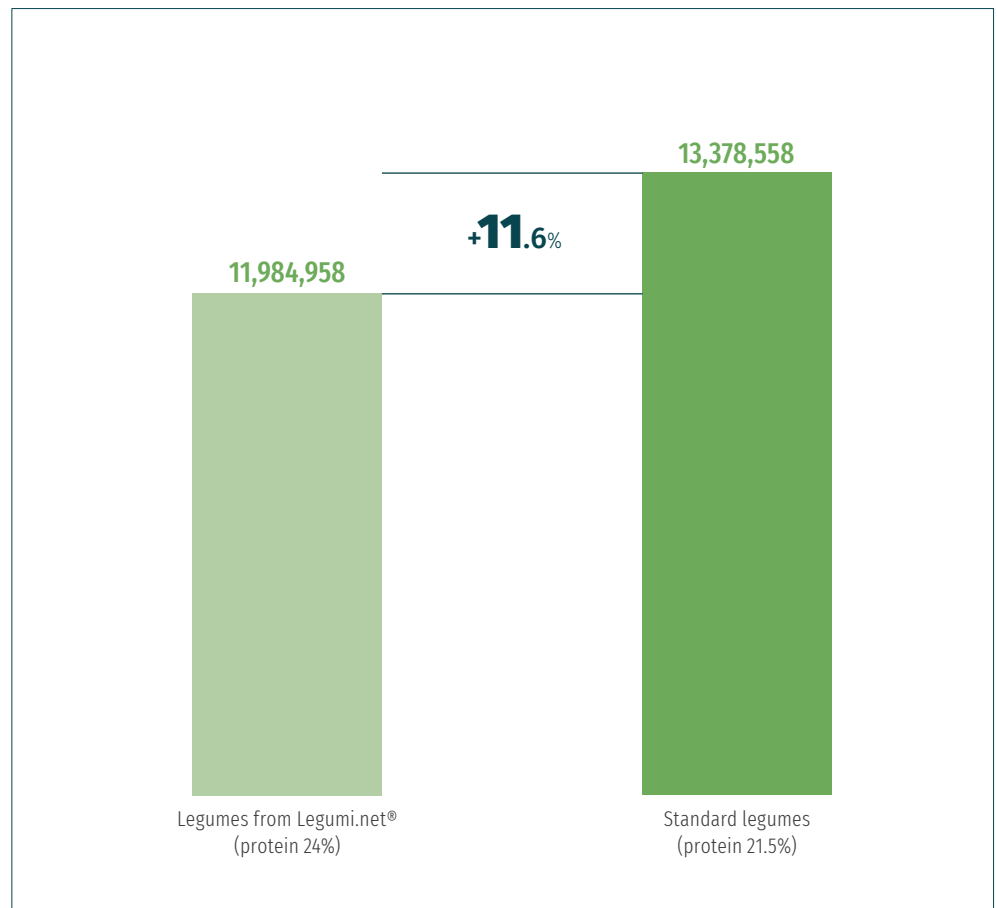
TABLE
Characteristic values of the supply chain according to DSS Legumi.net®

Total surface area in hectares in Legumi.net® (ha)	3,508.9
Pulse produced with Legumi.net® (t)	2,955.6
Protein (%)	24
Total protein produced (t)	709
Water Footprint per tonne produced (H ₂ O m ³ /t)	3,264.9

In conclusion, for the environmental indicator under study, the efficiency of the sustainable legume production chain was analysed, taking into account how the cultivation of lentils, peas, and chickpeas with

Legumi.net® for the 2018 campaign, guaranteed a production with an average protein value of 24% (compared to 21.5% in the literature):

GRAPH
Water Footprint (H₂O m³)



For further information on the performance of the supply chain in terms of the Water Footprint, refer to the Scientific Report by Hort@.



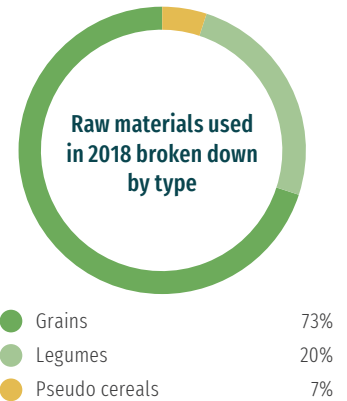
8.4 Knowledgeable consumption of raw materials

301-1 301-2



Andriani has been involved in the production of gluten-free flour and pasta for years and is attentive to the environment and health through special care of the entire production chain, which rigorously and innovatively respects the criteria of organic farming. Andriani products ensure maximum quality of raw materials and preserve

the characteristics of the starting ingredients: whole grains and organic legumes for flours and pasta rich in precious fibres and primary protective nutrients that reflect that principles of a healthy diet. The annual quantities of raw materials used by Andriani are shown to the side.



“
Reduction in packaging
Andriani has undertaken a packaging reduction policy, making it increasingly sustainable by using thicknesses and weights suitable for preventing waste.

Packaging is subject to laws that regulate its relationship with the environment, therefore the reduction of the use of resources at the time of design and their recovery in the post-consumer phase are fundamentally important aspects that Andriani scrupulously checks in advance.

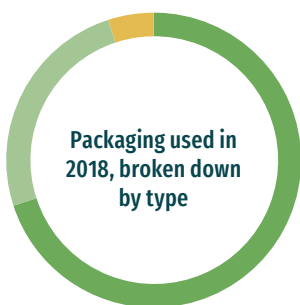
To that end, Andriani has undertaken a packaging reduction policy, making it increasingly sustainable by using thicknesses and weights suitable for preventing waste.

Packaging must be suitable, economical, and designed for packaging systems that contribute to the rationalisation of the production cycle. In fact, distribution asks for packaging that prolongs the *shelf life* of the product to facilitate movement and promote commercial success, while consumers want packaging that ensures the quality of the food, asking for practicality, convenience, and attention to safeguarding the environment.

For 2017, the difference is -10% and -15%, compared to 2018, the values can be detailed as follows for each department:

- corrugated cardboard crates are made of 65% kraft paper (virgin fibre and stronger) and 35% recycled fibres so the whole thing is 100% recyclable;
- folding carton is 100% recyclable, of which 95% is virgin fibre and 5% recycled fibre; 95% is virgin fibre, 2% is FSC certified (Forest Stewardship Council, a non-profit NGO that has created an internationally recognised forest certification system), while 5% is recycled fibre, 70% is pre-consumer (processing waste) and 30% is post-consumer (disposed of, recycled and recovered).
- flexible film is 99% recyclable.

In the near future, the goal is to only use renewable or recyclable resources for production.



Corrugated	70%
Technical paper	25%
Flexible film	5%



Annexes

Contents:

- 117 Global Reporting Initiative Content Index
- 124 Global Compact Principles and GRI
- 127 Independent Auditor's Report

Global Reporting Initiative Content Index

102-55



See Attachment to the Report
GRI CONTENT INDEX

The following is a summary of the main content of the Andriani Group's 2018 Sustainability Report according to the outline required by the GRI Sustainability Reporting Standards published in 2016 by the GRI.

Universal Standards

GRI Standard	Page no.	Omission	Disclosure
GRI 102: General Disclosures			
Organizational profile			
102-1	22		Name of the organization.
102-2	22-23		Activities, brands, products, and services.
102-3	23		Location of headquarters.
102-4	24-25, 29		Location of operations.
102-5	23-25		Ownership and legal form.
102-6	22, 26-27, 29		Markets served.
102-7	43-44; 53-54		Scale of the organization.
102-8	53-54		Information on employees and other workers.
102-9	29, 92		Supply Chain.
102-10	During 2018 there were no significant changes recording in the supply chain.		Significant changes to the organization and its supply chain.
102-11	39		Precautionary Principle or approach.
102-12	14-19		External initiatives.
102-13	101		Membership of associations.
Strategy			
102-14	6		Statement from senior decision-maker.
102-15	39, 110-111		Key impacts, risks, and opportunities.
Ethics and Integrity			
102-16	19		Values, principles, standards, and norms of behavior.
Governance			
102-18	36		Governance structure.
102-21	30		Consulting stakeholders on economic, environmental, and social topics.
102-22	36-37		Composition of the highest governance body and its committees.
102-23	37		Chair of the highest governance body.
102-29	36-37		Identifying and managing economic, environmental, and social impacts.
102-32	37		Highest governance body's role in sustainability reporting.
102-33	39		Communicating critical concerns.

Stakeholder engagement

102-40	12, 32		List of <i>stakeholder</i> groups.
102-41	53		Collective bargaining agreements.
102-42	12		Identifying and selecting <i>stakeholders</i> .
102-43	12, 33		Approach to <i>stakeholder</i> engagement.
102-44	10-12, 32		Key topics and concerns raised.

Reporting practice

102-45	9		Entities included in the consolidated financial statements.
102-46	13		Defining report content and topic Boundaries.
102-47	13		List of material topics.
102-48	This is the Andriani Group's first Sustainability Report		Restatements of information.
102-49	This is the Andriani Group's first Sustainability Report		Changes in reporting.
102-50	8		Reporting period.
102-51	This is the Andriani Group's first Sustainability Report		Date of most recent report.
102-52	9		Reporting cycle.
102-53	9		Contact point for questions regarding the report.
102-54	9		Claims of reporting in accordance with the GRI Standards.
102-55	117-123		GRI content index.
102-56	128-130		External assurance.

Topic-specific Standards

GRI Standard	Page no.	Omission	Information
GRI 200: ECONOMIC SERIES (2016)			
Material topic: ECONOMIC PERFORMANCE			
GRI 103: Management Approach (2016)			
103-1	10-11; 13; 44-45		Explanation of the material topic and its Boundaries.
103-2	44-45		The management approach and its components.
103-3	44-45		Evaluation of the management approach.
GRI 201: Economic performance (2016)			
201-1	46-49		Direct economic value generated and distributed.
Material topic: MARKET PRESENCE			
GRI 103: Management Approach (2016)			
103-1	10-11; 13; 37		Explanation of the material topic and its Boundaries.
103-2	37		The management approach and its components.
103-3	37		Evaluation of the management approach.
GRI 202: Market presence (2016)			
202-2	37		Proportion of senior management hired from the local community.

Material topic: PROCUREMENT PRACTICES

GRI 103: Management Approach (2016)

103-1	10-11; 13; 92		Explanation of the material topic and its Boundaries.
103-2	92		The management approach and its components.
103-3	92		Evaluation of the management approach.

GRI 204: Procurement practices (2016)

204-1	92		Proportion of spending on local suppliers.
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Material topic: ANTI-CORRUPTION

GRI 103: Management Approach (2016)

103-1	10-11; 13; 40		Explanation of the material topic and its Boundaries.
103-2	40		The management approach and its components.
103-3	40		Evaluation of the management approach.

GRI 205: Anti-corruption (2016)

205-3	There were no confirmed incidents of corruption during 2018.		Confirmed incidents of corruption and actions taken.
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Material topic: ANTI-COMPETITIVE BEHAVIOUR

GRI 103: Management Approach (2016)

103-1	10-11; 13; 39		Explanation of the material topic and its Boundaries.
103-2	39		The management approach and its components.
103-3	39		Evaluation of the management approach.

GRI 206: Anti-competitive behaviour (2016)

206-1	In 2018, there were no legal actions pending or completed during the reporting period regarding anti-competitive behavior and violations of anti-trust and monopoly legislation in which the organization has been identified as a participant.		Legal actions for anti-competitive behavior, anti-trust, and monopoly practices.
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GRI 300: ENVIRONMENTAL SERIES (2016)

Material topic: MATERIALS

GRI 103: Management Approach (2016)

103-1	10-11; 13; 115		Explanation of the material topic and its Boundaries.
103-2	115		The management approach and its components.
103-3	115		Evaluation of the management approach.

GRI 301: Materials (2016)

301-1	115		Materials used by weight or volume.
301-2	115		Recycled input materials used.

Material topic: ENERGY

GRI 103: Management Approach (2016)

103-1	10-11; 13; 104-107		Explanation of the material topic and its Boundaries.
103-2	104-107		The management approach and its components.
103-3	104-107		Evaluation of the management approach.

GRI 302: Energy (2016)

302-1	104-105		Energy consumption within the organization.
302-5	106-107	The data are expressed in KWh	Reductions in energy requirements of products and services.

Material topic: BIODIVERSITY**GRI 103: Management Approach (2016)**

103-1	10-11; 13; 110-114		Explanation of the material topic and its Boundaries.
103-2	110-114		The management approach and its components.
103-3	110-114		Evaluation of the management approach.

Material topic: EMISSIONS**GRI 103: Management Approach (2016)**

103-1	10-11; 13; 104-106		Explanation of the material topic and its Boundaries.
103-2	104-106		The management approach and its components.
103-3	104-106		Evaluation of the management approach.

GRI 305: Emissions (2016)

305-1	104-105		Direct (Scope 1) GHG emissions.
305-2	104-105		Energy indirect (Scope 2) GHG emissions.
305-5	104-106		Reduction of GHG emissions.

Material topic: EFFLUENTS AND WASTE**GRI 103: Management Approach (2016)**

103-1	10-11; 13; 109		Explanation of the material topic and its Boundaries.
103-2	109		The management approach and its components.
103-3	109		Evaluation of the management approach.

GRI 306: Effluents and waste (2016)

306-2	109		Waste by type and disposal method.
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Material topic: ENVIRONMENTAL COMPLIANCE**GRI 103: Management Approach (2016)**

103-1	10-11; 13; 104-105		Explanation of the material topic and its Boundaries.
103-2	104-105		The management approach and its components.
103-3	104-105		Evaluation of the management approach.

GRI 307: Environmental compliance (2016)

307-1	There were no significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations during 2018.		Non-compliance with environmental laws and regulations.
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GRI 400: SOCIAL SERIES (2016)**Material topic: EMPLOYMENT****GRI 103: Management Approach (2016)**

103-1	10-11; 13; 53-54		Explanation of the material topic and its Boundaries.
103-2	52-54		The management approach and its components.
103-3	52-54		Evaluation of the management approach.

GRI 401: Employment (2016)

401-1	52-54		New employee hires and employee turnover.
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Material topic: LABOR/MANAGEMENT RELATIONS

GRI 103: Management Approach (2016)

103-1	10-11; 13; 53		Explanation of the material topic and its Boundaries.
103-2	53		The management approach and its components.
103-3	53		Evaluation of the management approach.

GRI 402: Labor/management relations (2016)

402-1	53		Minimum notice periods regarding operational changes.
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Material topic: OCCUPATIONAL HEALTH AND SAFETY

GRI 103: Management Approach (2016)

103-1	10-11; 13; 64-65		Explanation of the material topic and its Boundaries.
103-2	64-65		The management approach and its components.
103-3	64-65		Evaluation of the management approach.

GRI 403: Occupational Health and Safety (2016)

403-2	64-65		Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities.
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Material topic: TRAINING AND EDUCATION

GRI 103: Management Approach (2016)

103-1	10-11; 13; 56-57		Explanation of the material topic and its Boundaries.
103-2	56-57		The management approach and its components.
103-3	56-57		Evaluation of the management approach.

GRI 404: Training and education (2016)

404-1	57		Average hours of training per year per employee.
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Material topic: DIVERSITY AND EQUAL OPPORTUNITY

GRI 103: Management Approach (2016)

103-1	10-11; 13; 53-55		Explanation of the material topic and its Boundaries.
103-2	53-55		The management approach and its components.
103-3	53-55		Evaluation of the management approach.

GRI 405: Diversity and equal opportunity (2016)

405-1	54-55		Diversity of governance bodies and employees.
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Material topic: NON-DISCRIMINATION

GRI 103: Management Approach (2016)

103-1	10-11; 13; 40		Explanation of the material topic and its Boundaries.
103-2	40		The management approach and its components.
103-3	40		Evaluation of the management approach.

GRI 406: Non-discrimination (2016)

406-1	There were no incidents of discrimination during 2018.		Incidents of discrimination and corrective actions taken.
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Material topic: CHILD LABOR**GRI 103: Management Approach (2016)**

103-1	10-11; 13; 93		Explanation of the material topic and its Boundaries.
103-2	93		The management approach and its components.
103-3	93		Evaluation of the management approach.

GRI 408: Child labor (2016)

408-1	The activities of the Andriani Group are not subject to a high risk of child labor. The Group is committed to subjecting its operations to assessments on human rights starting with the next reporting periods.		Operations and suppliers at significant risk for incidents of child labor.
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Material topic: FORCED OR COMPULSORY LABOR**GRI 103: Management Approach (2016)**

103-1	10-11; 13; 93		Explanation of the material topic and its Boundaries.
103-2	93		The management approach and its components.
103-3	93		Evaluation of the management approach.

GRI 409: Forced or compulsory labor (2016)

409-1	The activities of the Andriani Group are not subject to a high risk of forced or compulsory labor. The Group is committed to subjecting its operations to assessments on human rights starting with the next reporting periods.		Operations and suppliers at significant risk for incidents of forced or compulsory labor.
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Material topic: HUMAN RIGHTS ASSESSMENT**GRI 103: Management Approach (2016)**

103-1	10-11; 13; 56		Explanation of the material topic and its Boundaries.
103-2	56		The management approach and its components.
103-3	56		Evaluation of the management approach.

GRI 412: Human Rights Assessment (2016)

412-2	The Andriani Group is committed to providing training related to human rights starting with the next reporting periods.		Employee training on human rights policies or procedures.
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Material topic: LOCAL COMMUNITIES**GRI 103: Management Approach (2016)**

103-1	10-11; 13; 98-101		Explanation of the material topic and its Boundaries.
103-2	98-101		The management approach and its components.
103-3	98-101		Evaluation of the management approach.

Material topic: PUBLIC POLICY**GRI 103: Management Approach (2016)**

103-1	10-11; 46-49		Explanation of the material topic and its Boundaries.
103-2	46-49		The management approach and its components.
103-3	46-49		Evaluation of the management approach.

GRI 415: Public policy (2016)

415-1	The activities of the Andriani Group do not include political contributions.		Political contributions.
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Material topic: CUSTOMER HEALTH AND SAFETY

GRI 103: Management Approach (2016)

103-1	10-11; 13; 70-74		Explanation of the material topic and its Boundaries.
103-2	70-74		The management approach and its components.
103-3	70-74		Evaluation of the management approach.

GRI 416: Customer Health and Safety (2016)

416-2	During 2018, there were no incidents of non-compliance concerning the health and safety impacts of products and services.		Incidents of non-compliance concerning the health and safety of products and services.
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Material topic: MARKETING AND LABELING

GRI 103: Management Approach (2016)

103-1	10-11; 13; 77		Explanation of the material topic and its Boundaries.
103-2	77		The management approach and its components.
103-3	77		Evaluation of the management approach.

GRI 417: Marketing and labeling (2016)

417-2	During 2018, there were four incidents of non-compliance concerning product and service information and labeling.		Incidents of non-compliance concerning product and service information and labeling.
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Material topic: CUSTOMER PRIVACY

GRI 103: Management Approach (2016)

103-1	10-11; 13; 39		Explanation of the material topic and its Boundaries.
103-2	39		The management approach and its components.
103-3	39		Evaluation of the management approach.

GRI 418: Customer Privacy (2016)

418-1	During 2018, no substantiated complaints concerning breaches of customer privacy and losses of customer data were received.		Substantiated complaints concerning breaches of customer privacy and losses of customer data.
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Material topic: SOCIOECONOMIC COMPLIANCE

GRI 103: Management Approach (2016)

103-1	10-11; 13; 39		Explanation of the material topic and its Boundaries.
103-2	39		The management approach and its components.
103-3	39		Evaluation of the management approach.

GRI 419: Socioeconomic compliance (2016)

419-1	During 2018 there were no significant fines or non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area.		Non-compliance with laws and regulations in the social and economic area.
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Global Compact Principles and GRI

The table shows the relationship between the specific *disclosure* set forth in the GRI Sustainability Reporting Standards and the 10 principles of the Global Compact in the 4 categories according to the breakdown reported in the paragraph “The Andriani Group for Sustainable Development” (page 14 of this Report).

GRI disclosure number	GRI Disclosure Title	Global Compact Principles		Categories
102-1	Name of the organization			
102-2	Activities, brands, products, and services			
102-3	Location of headquarters			
102-4	Location of operations			
102-5	Ownership and legal form			
102-6	Markets served			
102-7	Scale of the organization			
102-8	Information on employees and other workers	Principle 6	The elimination of discrimination in respect of employment and occupation	Labour
102-9	Supply Chain			
102-10	Significant changes to the organization and its supply chain			
102-11	Precautionary Principle or approach			
102-12	External initiatives			
102-13	Membership of associations			
102-14	Statement from senior decision-maker			
102-15	Key impacts, risks, and opportunities			
102-16	Values, principles, standards, and norms of behavior	Principle 10	Business should work against corruption in all its forms, including extortion and bribery	Fight against corruption
102-18	Governance structure			
102-21	Consulting stakeholders on economic, environmental, and social topics			
102-22	Composition of the highest governance body and its committees			
102-23	Chair of the highest governance body			
102-29	Identifying and managing economic, environmental, and social impacts			
102-32	Highest governance body's role in sustainability reporting			
102-33	Communicating critical concerns			
102-40	List of <i>stakeholder</i> groups			
102-41	Collective bargaining agreements	Principle 3	Business should uphold the freedom of association and the effective recognition of the right to collective bargaining	Labour
102-42	Identifying and selecting <i>stakeholders</i>			
102-43	Approach to <i>stakeholder</i> engagement			
102-44	Key topics and concerns raised			
102-45	Entities included in the consolidated financial statements			

102-46	Defining report content and topic Boundaries			
102-47	List of material topics			
102-48	Restatements of information			
102-49	Changes in reporting			
102-50	Reporting period			
102-51	Date of most recent report			
102-52	Reporting cycle			
102-53	Contact point for questions regarding the report			
102-54	Claims of reporting in accordance with the GRI Standards			
102-55	GRI content index			
102-56	External assurance			
201-1	Direct economic value generated and distributed	Principle 7	Business should support a precautionary approach to environmental challenges	Environment
202-2	Proportion of senior management hired from the local community	Principle 6	The elimination of discrimination in respect of employment and occupation	Labour
204-1	Proportion of spending on local suppliers			
205-3	Confirmed incidents of corruption and actions taken	Principle 10	Business should work against corruption in all its forms, including extortion and bribery	Fight against corruption
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices			
301-1	Materials used by weight or volume	Principle 8	Undertake initiatives to promote greater environmental responsibility	Environment
		Principle 7	Business should support a precautionary approach to environmental challenges	
301-2	Recycled input materials used	Principle 8	Undertake initiatives to promote greater environmental responsibility	Environment
302-1	Energy consumption within the organization	Principle 7	Business should support a precautionary approach to environmental challenges	Environment
		Principle 8	Undertake initiatives to promote greater environmental responsibility	
302-5	Reductions in energy requirements of products and services	Principle 8	Undertake initiatives to promote greater environmental responsibility	Environment
		Principle 9	Encourage the development and diffusion of environmentally friendly technologies	
305-1	Direct (Scope 1) GHG emissions	Principle 8	Undertake initiatives to promote greater environmental responsibility	Environment
		Principle 7	Business should support a precautionary approach to environmental challenges	
305-2	Energy indirect (Scope 2) GHG emissions	Principle 8	Undertake initiatives to promote greater environmental responsibility	Environment
		Principle 7	Business should support a precautionary approach to environmental challenges	
305-5	Reduction of GHG emissions	Principle 8	Undertake initiatives to promote greater environmental responsibility	Environment
		Principle 9	Encourage the development and diffusion of environmentally friendly technologies	

306-2	Waste by type and disposal method	Principle 8	Undertake initiatives to promote greater environmental responsibility	Environment
307-1	Non-compliance with environmental laws and regulations	Principle 8	Undertake initiatives to promote greater environmental responsibility	Environment
401-1	New employee hires and employee turnover	Principle 6	The elimination of discrimination in respect of employment and occupation	Labour
402-1	Minimum notice periods regarding operational changes	Principle 3	Business should uphold the freedom of association and the effective recognition of the right to collective bargaining	Labour
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities			
404-1	Average hours of training per year per employee	Principle 6	The elimination of discrimination in respect of employment and occupation	Labour
405-1	Diversity of governance bodies and employees	Principle 6	The elimination of discrimination in respect of employment and occupation	Labour
406-1	Incidents of discrimination and corrective actions taken	Principle 6	The elimination of discrimination in respect of employment and occupation	Labour
408-1	Operations and suppliers at significant risk for incidents of child labor	Principle 5	The effective abolition of child labour	Labour
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Principle 4	The elimination of all forms of forced and compulsory labour	Labour
412-2	Employee training on human rights policies or procedures	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights	Human Rights
415-1	Political contributions	Principle 10	Business should work against corruption in all its forms, including extortion and bribery	Fight against corruption
416-2	Incidents of non-compliance concerning the health and safety of products and services			
417-2	Incidents of non-compliance concerning product and service information and labeling			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data			
419-1	Non-compliance with laws and regulations in the social and economic area			



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INDEPENDENT AUDITOR'S REPORT ON THE SUSTAINABILITY REPORT

To the Board of Directors of
ANDRIANI S.P.A.

We have carried out a limited assurance engagement on the Sustainability Report of the Andriani S.p.A. (hereinafter the "Company") as of December 31, 2018.

Responsibility of the Directors for the Sustainability Report

The Directors of the Andriani S.p.A. are responsible for the preparation of the Sustainability Report in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" established in 2016 by GRI – *Global Reporting Initiative* ("GRI Standards"), as stated in the paragraph "Note on methodology - A reporting system for Agenda 2030" of the Sustainability Report.

The Directors are also responsible, for such internal control as they determine is necessary to enable the preparation of the Sustainability 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 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 Report is free from material misstatement. 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 Report are based on our professional judgement and included inquiries, primarily with Company personnel responsible for the preparation of information included in the Sustainability Report, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically we carried out the following procedures:

- Analysis of the process relating to the definition of material aspects disclosed in the Sustainability 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.
- Comparison between the economic and financial data and information included in the chapter "Economic Performance" of the Sustainability Report with those included in the Company's Financial Statements.

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

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- Understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the Sustainability 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 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 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 offices in Gravina in Puglia, which we selected based on its activity, its contribution to the performance indicators at the consolidated level, we carried out site visits, during which we have met the management 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 Report of the Company as of December 31, 2018 is not prepared, in all material aspects, in accordance with the GRI Standards as stated in the paragraph "Note on methodology - A reporting system for Agenda 2030" of the Sustainability Report.

DELOITTE & TOUCHE S.p.A.

Signed by
Claudio Lusa
Partner

Bari, Italy
November 12, 2019

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



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ANDRIANI

*Natural Innovators
Natural Sustainable*

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