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ANDRIANI

Natural innovators for conscious food

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

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

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

The ESG Rating prepared on the Andriani Group's 2021 data highlighted the following evaluation:

SECTOR:	Industrials	A	73,9
INDUSTRY:	Agri-food & beverage	ESGe Rating	ESGe Score
SUB-INDUSTRY:	Agricultural products & food		
COUNTRY:	Italy	ESGe Risk Management Capability: HIGH	





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Natural innovators for conscious food

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 Art. 2428CC

Disclosure required by Art. 2428 of the Italian Civil Code


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Letter to the stakeholders

Dear Stakeholders,

I am pleased to present the first edition of the Sustainability Management Report, a document that we believe is innovative and anticipates the new European directive in consultation (the “CSRD”), as it expands the content of the management report, as required by Article 2428 of the Italian Civil Code, with sustainability reporting in the social and environmental spheres. It is a single report that continues in the wake of the Andriani Group’s sustainability report, now in its fourth year, and integrates ESG (Environmental, Social, Governance) objectives, activities, results, and impacts with more strictly economic and financial aspects, placing great emphasis once again this year on describing the Group’s contribution to the pursuit of the United Nations 2030 Agenda Goals.

I hope you will appreciate the enormous effort that the entire agri-food chain is making in pursuing not only operating results, but above all in working concretely towards a radical transition. 2021 has been a truly exciting year for us, and I hope for you too. At last society as a whole, institutions, governments, and citizens are urging us to make a rapid and real change.

At Andriani, we are aware of how sustainability can be the answer to inequality, climate change, and food crises and, with a profound sense of responsibility, we are also attempting to confront the topic of internal and external risk management by continuing our proactive commitment to Sustainable Development by supporting the 10 Principles of the UN Global Compact and the 17 Goals of the 2030 Agenda in the areas of Human Rights, Labour Rights, the Environment, and Anti-corruption. We are particularly devoted to reducing GHG emissions into the atmosphere in line with the set goal of achieving carbon neutrality by 2025, supporting local communities, and sharing our founding ethical values with workers and partners through concrete actions and projects.

For example, as part of a co-evolutionary path, we have defined the Code of Conduct along with our suppliers in order to create a regenerative supply chain, which contributes positively to our impact profile.

Convinced that sustainability is an inclusive process, we promote the concept of *open innovation* and shared value, which makes us open to collaboration and cooperation with third parties as a solution for virtuous and knowledgeable growth based on shared competencies.

Our growing involvement in the Italian Global Compact Network initiatives and our commitment to creating business value by operating ethically to pursue positive impact and shared well-being over time, consistent with our nature as a Benefit Company, is headed in this direction.

In terms of economic performance, in 2021 we reached the important goal of achieving a value of production of over €86 million, +9% compared to 2020. This result is associated with the production of a global added value of over €24 million, which is also an increase of about 9% compared to 2020, largely represented by the increase in the share of added value distributed to our employees, our primary stakeholders.

Lastly, I would like to emphasise that this document is a valuable tool for us to communicate with you all in a comprehensive, transparent, responsible, and clear manner. In 2020 our Sustainable Development Report was included in the Consumer Lab Future Respect Index, underlining its comprehensibility to consumers as well, while last year it won the Oscar di Bilancio for Benefit Corporations, an important recognition for which I would like to thank Ferpi, Borsa Italiana, and Bocconi University as promoters of the initiative. This is a significant milestone for us, spurring us on to do more and better, for our Group, for you, for the community.

Once again, thank you all and I hope that together we will continue to build a better future for everyone.




Michele Andriani
Chairperson of the Board of Directors
and CEO





Methodological note

Key

-  External web link
-  Internal document link
-  Art.2428CC Disclosure required by Art. 2428 of the Italian Civil Code


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

This Report is intended to anticipate the requirements of the new European directive on Corporate Sustainability Reporting (CSRD), which introduces significantly differ-

ent elements compared to the previous edition of Directive 2014/95/EU, including the placement of sustainability disclosure within the management report. Therefore, the Group’s Sustainability Management Report combines the Management Report pursuant to Article 2428 of the Italian Civil Code and the sustainability information previously reported in the Sustainable Development Report into a single document.

While it is a single document, this Report contains specific information (financial and non-financial) with special infographics in the different sections of the document. In particular, the disclosure specifically required by Art. 2428 of the Italian Civil Code has been marked with the following infographic:  Art.2428CC



In line with what was already implemented in the 2020 Sustainable Development Report, the Sustainability Management Report includes references to the different standards (GRI, GBS, BIA) and the Sustainable Development Goals Disclosure (SDGD) guidelines, in adherence to the relevant reporting principles.



Reporting scope

The reporting period coincides with **FY2021** and with the **Group’s consolidated financial statement** (dated 31 December 2021) as the sustainability disclosure report scope coincides with that of the financial statement.

In various ways, each of the companies included in the scope of the report (Andriani S.p.A., Felicia S.r.l., Terre Bradaniche S.r.l., ApuliaKundi S.r.l., Amendola Center S.r.l., Casa Andriani S.r.l., Birrifficio Artigianale B31 S.r.l., and Casa Andriani S.r.l.) 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.

Moreover, with reference to Cardo Rosso S.r.l., Amendola Center S.r.l., and Casa Andriani S.r.l., it should be noted that the disclosure on performance and environmental impact has not been reported in Chapter 6 (Environment) due to their insignificance.

Reporting process and methods

In order to allow data comparability over time and assess the progress of the Group's activities, the information related to the fiscal year in question is compared with that of the previous fiscal year except when not possible. The use of estimates has been limited, as far as possible, and if included, they are based on the best available methodologies and appropriately reported.

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

- the sustainability reporting principles set forth in the most widely used international standards were applied,
- data and information regarding the context in which the Group operates were collected,
- the material topics were identified and reported, i.e., identified as relevant in light of the materiality analysis that, starting this year, includes not only a sustainable impact materiality analysis, but also a financial impact analysis.

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

The Andriani S.p.A. Benefit Corporation Board of Directors approved the Sustainability Management Report on 30 May 2022. This document, which also fulfills the financial disclosure obligations pursuant to Article 2428 of the Italian Civil Code, accompanies the Group's con-

solidated financial statement submitted to the Shareholders' Meeting.

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

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

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

- GRI Content Index - with details of the contents reported in compliance with the 2021 GRI Sustainability Reporting Standards and related informational omissions;
- 10 principles of the Global Compact - which Andriani drew from in preparing the *Communication on Progress* that coincides with this report again this year;
- Linking the SDGs and the GRI Standards - in the new version amended in March 2020 that compares the contents of the GRI Content Index with the SDGs;
- Complementary Use and Linkage of the GRI Standards and B Lab's B Impact Assessment - document dated February 2021 that compares the contents of the GRI Content Index with the B Impact Assessment;
- AccountAbility 1000 - Stakeholder Engagement Standard - process standard for involving stakeholders.



Page 14



For improved reading of the Report, the three correlation tables between the GRI Content Index and the 17 SDGs (p. 117) of the 2030 Agenda, the 10 principles of the Global Compacts (p. 123), and the B-LAB BIA standard (p. 121) are attached.

The team that collaborated in drafting this report

The Sustainability Management Report is prepared by the Andriani Board of Directors and was drafted by qualified professionals inside and outside the company. In particular, the interdisciplinary team that took part in preparing the Sustainability Management Report involved contacts from the following corporate functions: CSR & Sustainability, Administration, Accounting, Legal and Corporate Affairs, Marketing & Communication, Sales Account, Human Resources, Research and Development, Planning and Control, Procurement, Production Supply Chain, Quality, Logistics, General Affairs, Information Technology, Treasury, and tax affairs.

Engineer Filippo Capurso was the head of the Work Group.

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

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

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

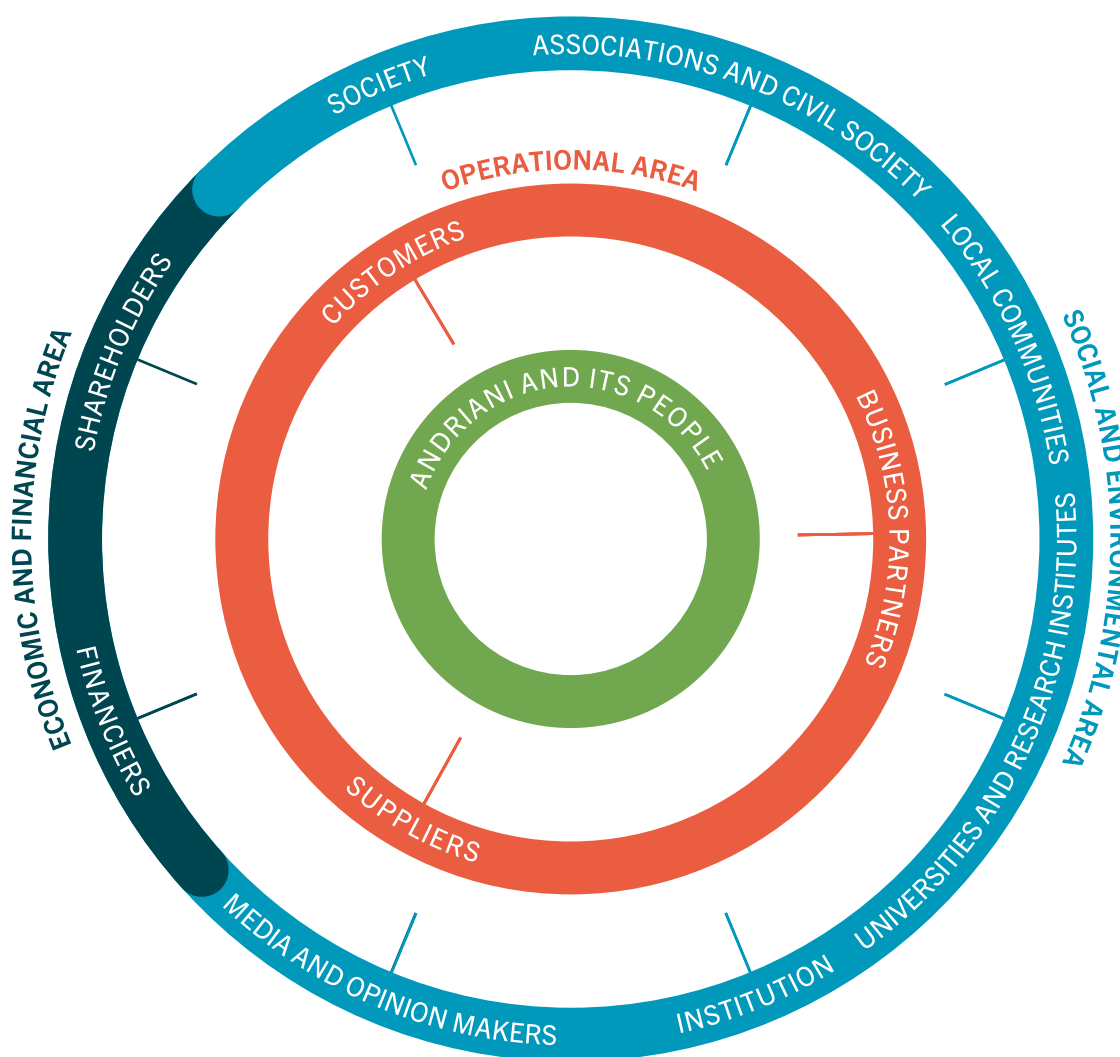
Comments and opinions on this report can be sent by email to csr@andrianispa.com.

Relationships with stakeholders

| 2-29 |

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

GRAPH
Stakeholder Map



Over the years, this process was enhanced, changing from a mere listening activity to one of involvement.

The following are the primary stakeholder engagement methods:

Stakeholder groups	Dialogue/engagement channels
Community Local Communities Institutions Associations and Civil Society Media and Opinion Makers	<ul style="list-style-type: none"> Active involvement in institutional forums and supranational organisations regarding sustainability (including the Italian Global Compact Network) Specific meetings Public meetings Webinars Focus groups Workshops Conferences and co-organisation of events Support and participation at local events <p>For a detailed description, refer to Chapter 7 (p. 104).</p>
Universities and Research Institutions	<ul style="list-style-type: none"> Partnerships and collaborations Conducting research projects in collaboration with Universities and Research Institutions Nutritional Observatory Activities <i>Hosting</i> Italian university graduate students and trainees <p>See Chapter 5 (p. 72) and Chapter 6 (p. 90).</p>
Shareholders	<ul style="list-style-type: none"> Shareholders' meetings and boards Presentation of the Financial Statement and Sustainability Report Meetings with the Board of Statutory Auditors and the Supervisory Board <p>See Chapter 2 (p. 26).</p>
Suppliers and Business Partners	<ul style="list-style-type: none"> Focus groups Issues workshop Supplier Code of Conduct Questionnaires on sustainability issues Specific meetings Supplier audits Periodic technical visits Feedback on quality and the results of the raw materials analysis Partnerships Supply chain agreements <p>For a detailed description, refer to the paragraph Supplier focus groups (p. 12) and Chapter 5 (p. 72).</p>
Customers	<ul style="list-style-type: none"> <i>Customer satisfaction surveys</i> Management of reports to <i>Customer Care</i> Feedback to claims received Specific meetings <i>Follow-up</i> to audits received Market analysis Pre and post-sales support Management of social media and digital channels Research centre activity <p>See Chapter 5 (p. 72) for more details.</p>
Funders	<ul style="list-style-type: none"> Specific meetings Presentation of the Financial Statement and Sustainability Report
Employees	<ul style="list-style-type: none"> Andriani Wellness Project Andriani Bike to Work Project Great Place to Work Family Day 2021 Periodic newsletter Training and Coaching Projects Confidential channel 231/01 Climate monitoring <i>Team building</i> Andriani Arts Academy Health and workplace safety monitoring Meetings with union representatives <p>See Chapter 4 (p. 54) for more details.</p>

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

Suppliers focus group



Planning engagement activities aimed at achieving common benefits - in line with Benefit Corporation status - is a central aspect in the definition of shared environmental and social sustainability goals. In this sense, the open dialogue is one of the primary instruments that Andriani intends to adopt in its relationship with its stakeholders.







The goals for 2021-2022, which are also stated in the [2020 Impact Report](#), all point toward a regenerative supply chain with regard to topics such as sustainable agriculture, circular economy, support for research, etc.

These goals are also widely reflected in the European Commission's **Farm to Fork** (F2F) strategy, the 10-year plan to guide the transition to an agri-food system that is more sustainable for the environment and more re-

sponsible to the industry operators. Now more than ever, meeting these challenges requires a cooperative approach, where sharing objectives is complemented by sharing resources, knowledge, and technology.

Aware of the urgent need for a change in pace toward this attitude, Andriani organised and held a **Code of Conduct Focus Group** presentation dedicated to the company's **suppliers**, demonstrating the strategic role they play in relation to the mentioned objectives. The Supplier Focus Group was an online meeting held on 2 February 2022 involving 12 Group suppliers, 7 of raw materials, 3 of packaging, and 2 of transport/logistics.

The following topics were covered with the participants:

 <p>Environmental, social, and economic issues</p>	 <p>Enabling technologies for the production chain</p>	 <p>Development and enhancement of the area</p>
 <p>Training on sustainable development</p>	 <p>Biodiversity and climate change</p>	 <p>Ethical and sustainable procurement platform</p>



Discussions with suppliers revealed a certain willingness to undertake improvement paths with regard to various aspects of their respective core businesses. In addition, participants appreciated Andriani's proactivity in providing suggestions and support, and recognised the importance of sustainability training as an opportunity to grow and empower the community in the near future. Unfortunately, the open innovation approach that Andriani has tested in this area is still not very widespread as suppliers have repeatedly pointed out the scarcity of similar initiatives by other companies. This last element clearly shows the need to reshape the relationship between stakeholders towards greater openness, an essential ingredient in getting rid of the frequent misunderstandings encountered when discussing sustainability.

As for the discussion on responsible business practices already in place, some of the stakeholders consulted have initiated processes to reduce their environmental impact, mostly in the area of energy (use of renewable energy to power plants, recovery of CO₂ emitted and its reuse in downstream stages of the production process).

Regarding development and enhancement of the territory, some suppliers pointed out the importance of procurement from local suppliers. Finally, in the area of ethical-social procurement, one aspect recognised as potentially critical is the multiplication of available online platforms that can create quite a few difficulties for companies when different customers demand different

platforms as a requirement. Besides, the platforms in question often tend to overlap in terms of topics covered, making reporting obligations even more burdensome. Nevertheless, it is generally agreed that such tools are still a useful paradigm for managing responsible procurement practices.

To draw some conclusions, we can first of all confirm that the Focus Group fulfilled its primary function, i.e. an initial assessment of the level of supplier involvement related to sustainable development. On the other hand, moments like these serve several other purposes, the least of which is not to highlight issues on which there is still uncertainty, perplexity, or a general sense of disorientation. With regard to these elements, the comparison serves as a true gap analysis that can be used to take the first steps towards considered and more informed interventions. Finally, the innovation in the methods chosen to conduct the meeting also gave greater dignity to the human and ecological dimension of B2B relations. Companies are called upon not only to compare themselves to each other from a business perspective, but to embrace a holistic perspective in which economic sustainability is combined with environmental and social sustainability.

Materiality analysis

| 3-1 | 3-2 |

Andriani Group's materiality analysis continues in the wake of a continuously improving process in line with the development that the Group has been devoting to the quality of its sustainability reporting since the first year.

In this perspective, the 2021 approach to materiality presents innovative, and in some ways anticipatory, elements, based on a two-pronged analysis for each topic, assessing its relative materiality of impact and financial materiality, in line with the provisions of the proposed Corporate Sustainability Reporting Directive.

Materiality of impact refers to the impact that can be associated with a topic in non-financial terms, i.e. in terms

of its impact on the company and the environment where that issue's relevance is directly attributable to stakeholders such as consumers, civil society, employees, responsible investors. The concept of shared value is directly linked to this materiality.

Financial materiality, on the other hand, refers to the impact related to a topic in financial terms, i.e., in terms of how it impacts the company's value where the relevance of that topic is directly attributable to shareholders, investors, and funders. This materiality is directly associated with the concept of *enterprise value*, i.e. the economic capital of an enterprise.



The Andriani Group approached the topic of financial materiality already in 2020 by selecting, as part of the follow-up activity on material topics, a number of SASB Materiality MAP (Food & Beverage Sector) topics, reporting their related metrics.

Continuing with that approach, the Group, therefore, chose to submit the issues subject to the materiality impact analysis to some of Andriani Spa's internal financial

stakeholders (shareholders, managing directors, and managers), asking them to express an evaluation (from 1 to 5) on the relative impact they could generate on the company's value and more directly on the factors that contribute to the formation of value itself.

The steps involved in the 2021 materiality process are as follows:

Framing

Starting from the set of topics selected for the 2020 materiality analysis (the result of an analytical benchmarking exercise on a number of comparables that have reported on material issues in their sustainability reports, non-financial statements, and impact reports), between December 2021 and January 2022, the working group revised the choice of topics in order to better match the 5 impact areas in which Andriani, as a Benefit Corporation, is required to report. This analysis resulted in 16 topics assigned to the 5 respective areas of impact.

TABLE
Link between topics and areas of impact

	Topic	Impact area
1	Sustainable management of the supply chain	Production chain and sustainable agriculture
2	Open innovation in sustainability	Health and well-being
3	Product safety and traceability	
4	Development and enhancement of the area	Development and enhancement of the territory
5	Climate change risk and carbon neutrality	Climate change and circular economy
6	Energy and emissions	
7	Circular economy and responsible use of resources	
8	Biodiversity	Developing individuals and group identity
9	Transparent governance and corporate identity	
10	Resilient business model	
11	Anti-corruption	
12	Tax contribution	
13	Creation of shared value	
14	Diversity and development of human resources	
15	Health and well-being in the workplace	
16	Human Rights	

Engagement

The Group reached out to a total of 259 stakeholders (chosen based on influence and proximity) through an online questionnaire administered between February and April 2022. The engagement activity had a redemption rate of about 86% (30 responses out of a total of 35) for internal stakeholders (governance members and contract workers) and about 23% (50 responses out of 214) for external stakeholders (banks, business partners, B2B

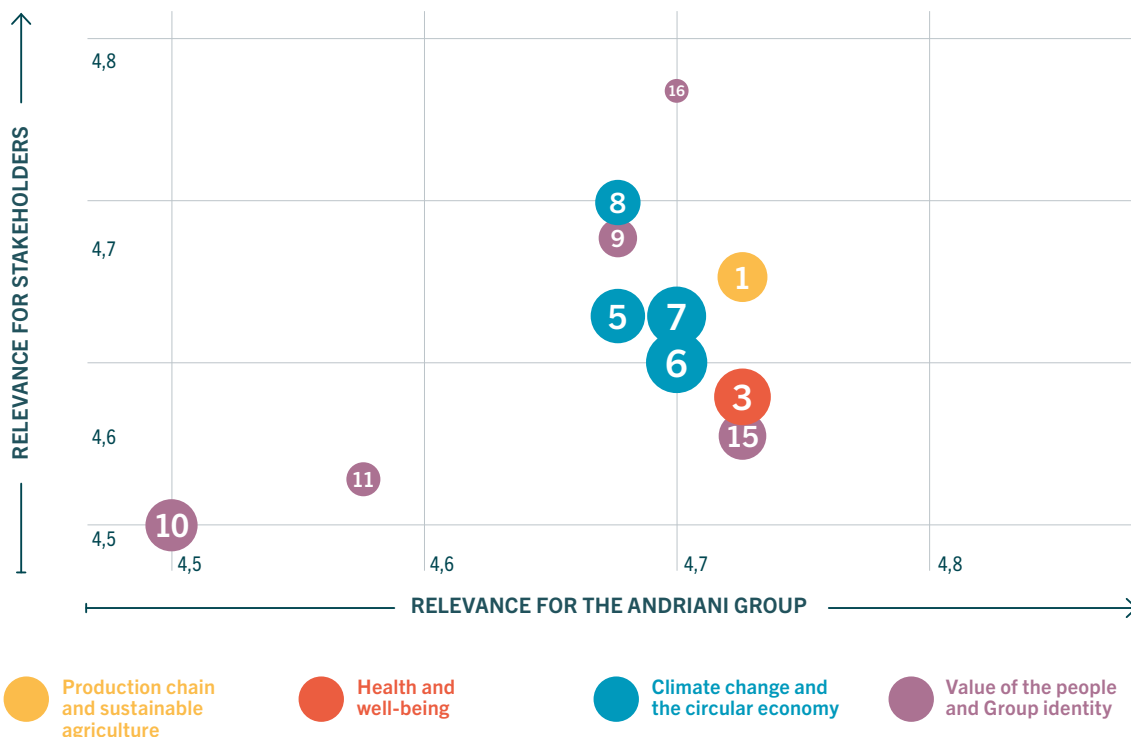
customers, communities, end consumers, suppliers, institutions, press and media). Financial stakeholders and management were also asked to assess the financial impact of the 16 topics. In this case, the redemption rate was 76% (10 responses out of a total of 13) and the questionnaire was administered after the questionnaire on the materiality of impact.

Materiality

Assigning a materiality threshold value of 4.5, 11 topics emerged, 5 of which are related to “Valuing people and Group identity”, 4 to “Climate change and circular economy”, 1 to “Production chain and sustainable agriculture”, and 1 to “Health and well-being”. The most relevant sustainability impact topics are “Human Rights”, “Sustainable Supply Chain Management”, “Biodiversity”, and “Transparent Governance”. The topics “Diversity and development of human capital” and “Open innovation and sustainability” falling under the 2020 material topics, do not meet the materiality threshold defined by

management for the 2021 sustainability management report. Looking at the bubble size, it is clear from a comparison with other material topics that the ones mentioned are not perceived as value relevant, i.e. directly impacting the corporate value. The topics considered mostly highlight an environmental and social relevance that underlines an impact from the company towards stakeholders, consumers, civil society, employees and the environment.

GRAPH
2021 Materiality matrix



Focalization

As detailed in the “Relationships with Stakeholders” section, the materiality analysis also involved 12 suppliers who were asked to carry out a type of validation test of the 11 material topics, i.e. to express an assessment of the level of priority/relevance of these topics. This engagement activity provided 11 responses that were not fully aligned with the findings of the materiality matrix. Suppliers of raw materials, services, and packaging assign a higher priority to the topics “Circular Economy and Use of Resources” and “Health and Safety in the Workplace”, while they consider the topics prioritised by the Group’s 2021 materiality matrix to be less relevant, namely: “Transparent governance and Corporate Identity”, “Sustainable Management of the Supply Chain”, and Risk of Climate Change and Carbon Neutrality”. This difference in perceptions between the Group and its suppliers clearly underlines how the Andriani Group’s engagement with the supply chain must continue in the direction outlined, generating coherent impact between the internal and external perimeter of the Group by sharing risks, strategies, and related indicators.

Topic	Priority
7 Circular economy and responsible use of resources	4,64
15 Health and well-being in the workplace	4.55
10 Resilient business model	4.45
16 Human Rights	4.45
8 Biodiversity	4.45
3 Product safety and traceability	4.45
6 Energy and emissions	4.45
11 Anti-corruption	4.27
9 Transparent governance and corporate identity	4.18
1 Sustainable management of the supply chain	4.18
5 Climate change risk and carbon neutrality	4,09

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

Code	Topic	GRI Aspect	Impact perimeter	Type of impact	SDGs	Impact area
1	Sustainable management of the supply chain	Procurement practices	Andriani Group - Suppliers and Business Partners	Caused by the Group and directly connected through a business relationship	 	Production chain and sustainable agriculture
2	Open innovation in sustainability**	Topic not present - specific Standards	Andriani Group	Caused by the Group	  	Health and well-being
3	Product safety and traceability	Customer health and safety - Marketing and labelling	Andriani Group	Caused by the Group	 	
4	Development and enhancement of the area**	Topic not present - specific Standards	Andriani Group	Caused by the Group	 	Development and enhancement of the area
5	Climate change risk and carbon neutrality	Emissions	Andriani Group	Caused by the Group		Climate change and circular economy
6	Energy and emissions	Energy - Emissions	Andriani Group	Caused by the Group	  	
7	Circular economy and responsible use of resources	Water and water discharges - Materials - Water discharges and waste	Andriani Group	Caused by the Group	    	
8	Biodiversity	Biodiversity - Environmental compliance	Andriani Group	Caused by the Group	 	
9	Transparent governance and corporate identity	Anti-competitive behaviour - Socio-economic compliance - Customer privacy - Market presence - Public policy	Andriani Group	Caused by the Group	 	Value of the people and Group identity
10	Resilient business model	Topic not present - specific Standards	Andriani Group	Caused by the Group	 	
11	Anti-corruption	Anti-corruption	Andriani Group	Caused by the Group and directly connected through a business relationship		
12	Tax contribution**	Taxes	Andriani Group	Caused by the Group		
13	Creation of shared value**	Economic performance - Market presence	Andriani Group	Caused by the Group and directly connected through a business relationship	  	
14	Diversity and development of human resources**	Employment - Training and education - Diversity and equal opportunity	Andriani Group	Caused by the Group	   	
15	Health and well-being in the workplace	Health and safety at work	Andriani Group - Employees*	Caused by the Group	   	
16	Human Rights	Non discrimination - Relationships between workers and management - Child Labour - Forced Labour	Andriani Group	Caused by the Group and directly connected through a business relationship	   	

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

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

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1

The Andriani Group for Sustainable Development



In this chapter



Stakeholders

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Key statistics and relevant facts



Sustainable business model

Always increasingly oriented towards the creation of shared value for its stakeholders and an impact perspective based on its contribution to the 2030 Agenda goals



Shared corporate governance

Open to the topics of diversity and inclusion, with input from internal boards, supervisory/control bodies, and the Impact Manager



A combination of innovation and sustainable development

The Andriani business case was the subject of an in-depth study carried out by a team of researchers from three Italian universities and one British university

1.1

Mission and values



| 2-23 |

Aware that value creation must necessarily be shared, in addition to its economic purposes, Andriani also pursues those that are of common benefit, expressly inserted in the Articles of Association following its transformation into a Benefit Corporation.

Starting in 2021, Andriani became a Founding Member of the Global Compact Network, further proof of the company’s mission and commitment to reaching the Sustainable Development Goals.

The approach is based on the following aspects:

- a sustainable business model, increasingly oriented towards the creation of shared value for its stakeholders and an impact perspective based on its contribution to the 2030 Agenda goals;
- a follow-up strategy based on a medium to long-term strategic sustainability plan that presents quantitative and qualitative goals linked to specific actions and prioritised SDGs integrated in 2021 with the actions and goals of the improvement plan that Andriani S.p.A. is pursuing as a Benefit Corporation, consistent with the standard B Impact Assessment;
- increasingly shared corporate governance, open to diversity and inclusion issues, drawing on the contribution of internal boards (Executive Committee, Ethics Committee), supervisory/control bodies (Board of Statutory Auditors, Supervisory Board) as well as the

Impact Manager, whose responsibility for pursuing the common benefit goal overlaps with the goal of sustainable success;

- a dynamic organisational structure that, in addition to including new young professionals specialising in sustainability and digitalisation, also guarantees greater efficiency and effectiveness to the operations through better control of strategic, financial, operational, compliance, and ESG risks, subject to external and internal assessment;
- broad and continuously evolving corporate reporting that, besides the Sustainability Management Report, also includes the Impact Report - two stand alone documents that, in order to “talk to each other” better are compared in a table that links the contents of the GRI Content Index with the responses of the B Impact Assessment.

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

Mission	Vision	Values	Manifesto	10 principles of the Global Compact
<p>Learning from consumers. Innovating food production. Inspiring the entire supply chain to achieve excellence. Learning, understanding, and even anticipating nutritional trends is the most important part of our work because it gives us a fundamental goal to achieve. Always being on the cutting edge of how we grow, process, and create our products is not just something to be proud of, but an obligation to those who put their trust in us. Ensuring that all of our suppliers and distributors respect the environment, the community, and the consumer, just as we do, is essential, as is helping them do so when asked.</p>	<p>The future is a place towards which we are travelling. Where we never stop learning. Where being a forerunner is a vocation, to improve everyone’s life. Where everything is transparent, especially on labels. Where consciously produced food leads to a more sustainable life.</p>	<p>Practicality Awareness Commitment Sharing Innovation Quality Transparency Respect Culture Justice Sustainability</p>	<p>We transfer the consumer’s expectations from the table to the field and bring what they are looking for from the field to the table.</p>	<ol style="list-style-type: none"> 1. Businesses should support and respect the protection of internationally proclaimed human rights in their spheres of influence. 2. Business should make sure that they are not, even indirectly, complicit in human rights abuses. 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining. 4. Business should eliminate all forms of forced and mandatory labour. 5. Business should effectively eliminate child labour. 6. Businesses should support the elimination of all forms of discrimination related to employment and occupation. 7. Businesses should support a precautionary approach to environmental challenges. 8. Businesses should undertake initiatives to promote greater environmental responsibility. 9. Businesses should encourage the development and diffusion of environmentally friendly technologies. 10. Businesses should work against corruption in all its forms, including extortion and bribery.



1.2

Andriani's History and Group Structure

| 2-1 | 2-6 | This history of the Andriani Group is populated with numerous milestones and recognitions that make up today's strong, recognizable corporate identity.

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

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

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

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

Construction of the Multigrain milling plant.


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

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

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

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

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

2019  Andriani S.p.A. is awarded by LinkedIn for the "Employer branding" project as a virtuous example of company welfare.

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

Michele Andriani wins the "Entrepreneur of the Year" award from Ernst & Young in the Food&Beverage category for his great commitment to sustainability.

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

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

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

2020  **ApuliaKundi**
Green food - Energy for life
Andriani S.p.A. acquires the controlling share of ApuliaKundi S.r.l. with registered office in Gravina in Puglia (manufacture and sale of alga Spirulina).

2021 Andriani S.p.A. becomes a founding member of the Italian Global Compact Network.


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

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

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

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

2022 preview Andriani S.p.A. acquires control of Nove Alpi S.r.l. with registered office in Pistoia (manufacture of dietetic bakery products).

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

The Andriani project began in 2009 with a precise idea: to innovate the pasta production and marketing sector by creating a gluten-free, healthy, and uniquely flavoured product with a variety of new ingredients (rice, corn, quinoa, buckwheat, amaranth, lentils, and peas). Product and process innovation has always characterised the management approach of the Andriani Group, which has always combined competitiveness with sustainability.

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 Biori® brand products.

The founding partners of the Andriani S.p.A. holding company are Michele and Francesco, the sons of Felice Andriani, who inherited the expertise from his over 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 (Barrilla, De Cecco, Divella, Casillo, etc.).

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.

CORPORATE STRUCTURE
Andriani Group



Andriani S.p.A.
Benefit Corporation
Holding company in the gluten-free pasta manufacturing industry.
Net equity of €47,462,194 (as of 31/12/2021)
Registered office in Gravina di Puglia (Bari)



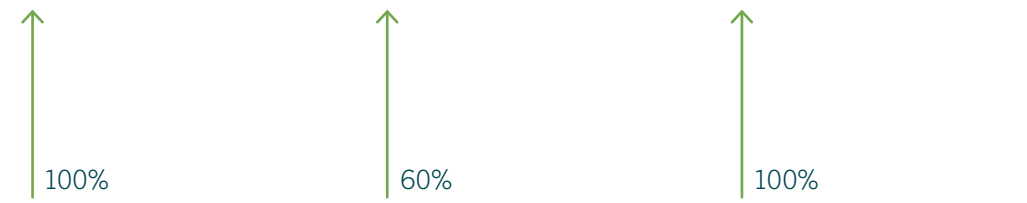
Felicia S.r.l.
Company that sells Andriani's Felicia brand products.
Net equity of €3,270,856 (as of 31/12/2021)
Registered office in Gravina di Puglia (Bari)



Cardo Rosso S.r.l.
Innovative start-up that operates in the production and sales of *gluten-free couscous*.
Net equity of €282,808 (as of 31/12/2021)
Registered Office in Bologna



Amendola Center S.r.l.
Company operating in the real estate sector.
Net equity of €7,161,089 (as of 31/12/2021)
Registered office in Corato (Bari).



Terre Bradaniche S.r.l.
Company operating 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 €191,023 (as of 31/12/2021)
Registered office in Gravina di Puglia (Bari)



ApuliaKundi S.r.l.
Shareholding acquired in November 2020. Young innovative start-up in Puglia that produces and sells natural, 100% pure Spirulina algae as well as Spirulina-based functional foods.
Net equity of €573,570 (as of 31/12/2021)
Registered office in Gravina di Puglia (Bari)



Birrificio Artigianale B31 S.r.l.
Company that manufactures and sells craft beer.
Net equity of €97,230 (as of 31/12/2021)
Registered office in Gravina di Puglia (Bari)

1.3

Sustainable business model and value creation process

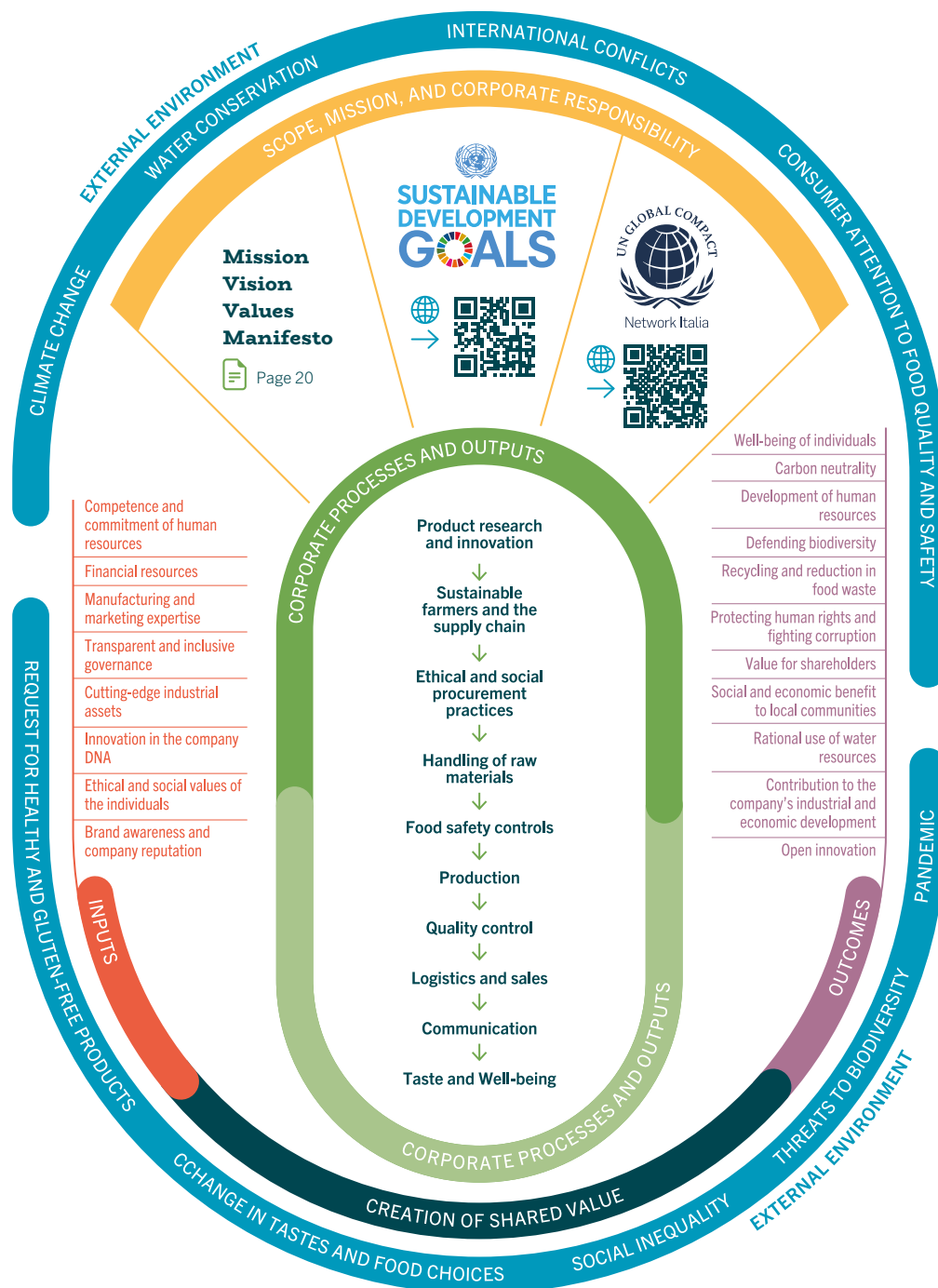


The proactive approach of the Andriani Group’s Sustainable Development is represented in a business model that combines inputs, activities, and corporate processes, outputs and outcomes in terms of impact on its stakeholders, in line with the SDGs the Group pursues and recorded in the various chapters of this Report.

In Andriani’s sustainable business model, the inputs represent the most significant tangible and intangible resources that generate the value creation process through the performance of the typical

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

DIAGRAM
Andriani Group’s sustainable business model



1.4

Open innovation

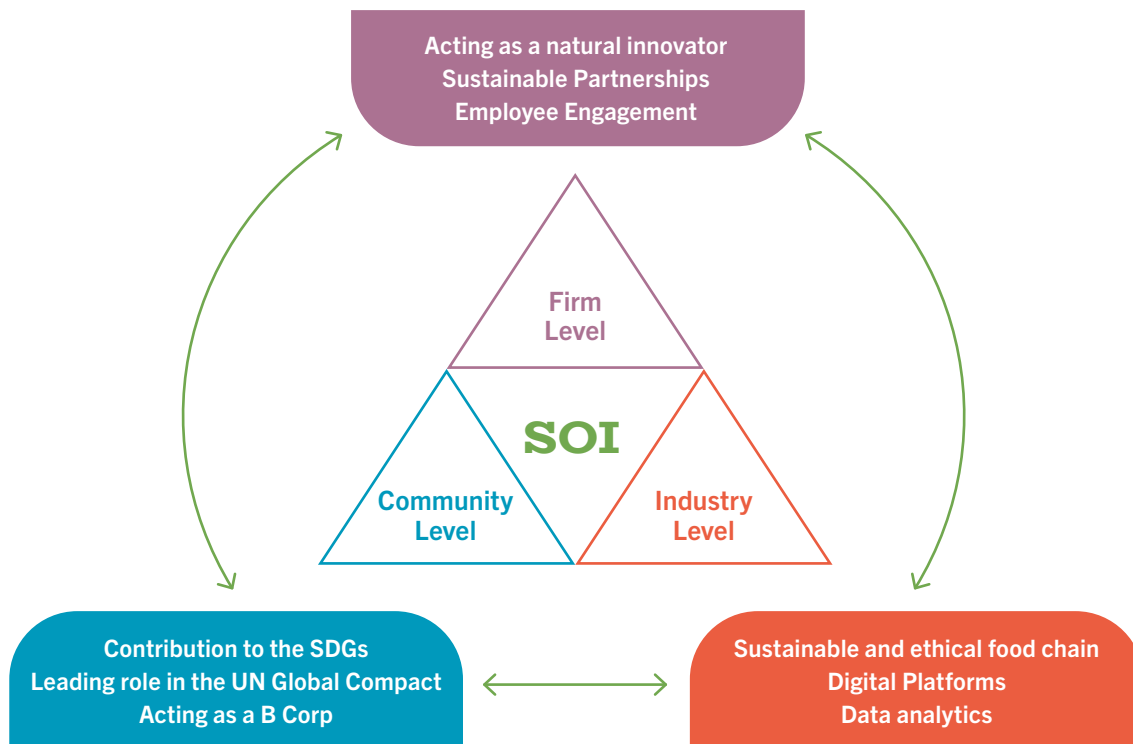


Andriani's commitment to promoting the open innovation paradigm in the field of sustainable development was the subject of an in-depth study carried out by a team of researchers from three Italian Universities (University of Salento, University of Trento, and University of Palermo) and one British University (University of Lincoln). The paper entitled **"A dynamic framework for sustainable open innovation"** published in a special issue of the international magazine **"British Food Journal"** proposes a new **theoretical framework** in the food industry based on the

combination of innovation and sustainable development, through the analysis of the Andriani business case. The study shows how the pursuit of the SDGs, institutional collaboration with international organisations like the Global Compact, and the transformational path towards the B Corp model have been, in Andriani's case, enabling factors for implementing a business model based on the Sustainable Open Innovation paradigm.



DIAGRAM
New theoretical framework



In this path of open innovation in the agri-food sector, the creation of a sustainable supply chain in which suppliers become strategic partners in ensuring agricultural and food production characterised by product traceability, quality, and safety also becomes fundamental.

Andriani, therefore, focused on this aspect by promoting a further research project entitled "Innovating food chain: data analysis and development of an integrated evaluation system for a more sustainable supply chain" in partnership with the University of Salento Department of Economics (DSE) and financed by the Puglia Region

under the **"Riparti - Assegni di Ricerca per riPARTire con le Imprese"** (Restart - Research grants for reSTARTing with Businesses) programme. Through this programme aimed at promoting university research and the access of young people to the world of applied research by spreading the sustainability culture, the entire cost of an 18-month research grant for a young scholar who will research the topic, partly at the DSE site and partly at the Andriani site, will be financed for the period July 2022-December 2023.

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2

Governance



In this chapter



Stakeholders

2.1	Transparent governance and corporate identity	28	Shareholders, funders, community
2.2	Andriani's commitment to common good and for the B Corp movement	34	
2.3	Risk Management	36	
2.4	Fight against corruption	39	

Key statistics and relevant facts



Impact Report

2021 was the first year in which Andriani was able to report on the goals achieved and related methods for pursuing them.



Executive Committee

7 members with an average age of 48. The committee performs an investigative, consultative, and proactive role with the parent company Board of Directors



B Team

Established to manage the B Corp certification process

2.1

Transparent governance and corporate identity

| 2-9 | 2-11 | 2-14 |



The Andriani Group, in line with the recent publication in February 2022 of the proposed Directive on Corporate Sustainability Due Diligence, recognises the strategic central nature of the theme of due diligence, especially those companies that operate in the food industry and should act on their supply chain and value chain *even in the area of their own scope of consolidation) in respect for human rights and safeguarding the ecosystem and biodiversity. In this perspective, the Directive introduces an obligation for directors of large companies to supervise the implementation of due diligence processes and the integration of due diligence into the corporate strategy, mitigating the related human rights and climate change risks and assessing the impact of decisions made regarding these aspects by the governance body.

Although it is aware that it does not fall within the mandatory scope of application of this directive, the Andriani Group has embarked on a course of action under which it is carrying out a series of actions that impact the issue of due diligence and risk mitigation on the aforementioned topics in various capacities.

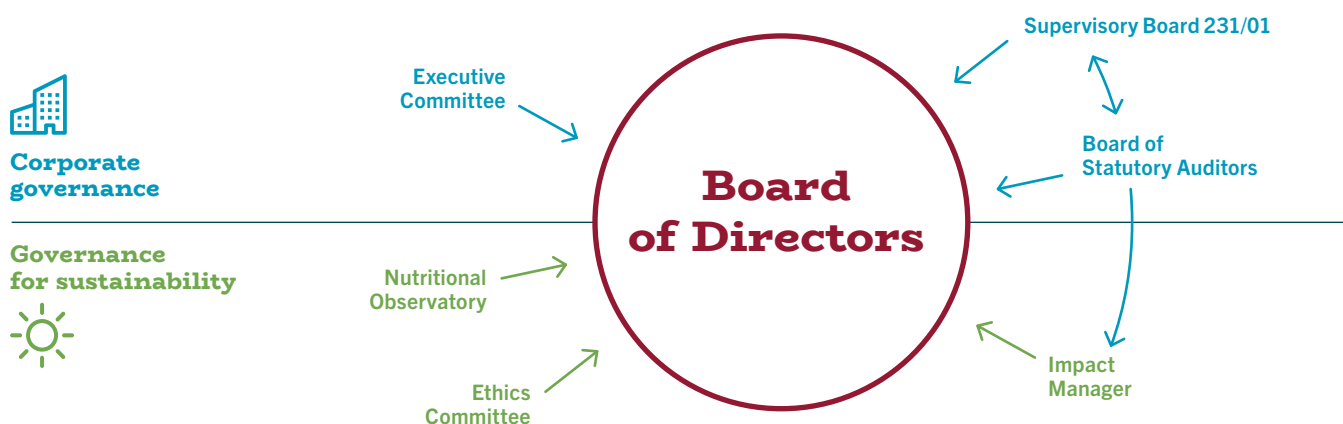
The 2022 implementation of a code of conduct for suppliers, in adherence to an evolutionary framework based on the SDGs and related material topics in which the Andriani Group is engaged, is an important milestone in the area of human rights and climate change, which is in

addition to a series of other interventions carried out in recent years by the Group, including:

- membership in the SEDEX platform to improve labour conditions and social-ethical standards;
- the application of the international B Impact Assessment standard to measure the impact on the environment and society;
- membership in the SDG Action Manager open source platform to assess the contribution to the 2030 Agenda SDGs;
- the Impact Report to assess the pursuit of the common benefit of Andriani S.p.A. as a Benefit Corporation.

These projects, better detailed within the 2021 Sustainability Management Report, could not have been realised without the important commitment of a governance, including the requests of strategic stakeholders, that has chosen to pursue sustainable success by encouraging corporate decisions in terms of environmental (climate and biodiversity), social, human, and economic impact, pursuing a medium to long term perspective in which to create value for shareholders and other stakeholders.

GRAPH Corporate governance





Corporate Governance actors



Board of Directors (BoD)

The Board of Directors oversees management aspects related to sustainability issues in its various forms. In carrying out this governance action, the Board of Directors works with the other governance and management bodies that preside over ESG issues, interacting with the various internal stakeholders who are involved with the relevant sustainability issues, using other communica-

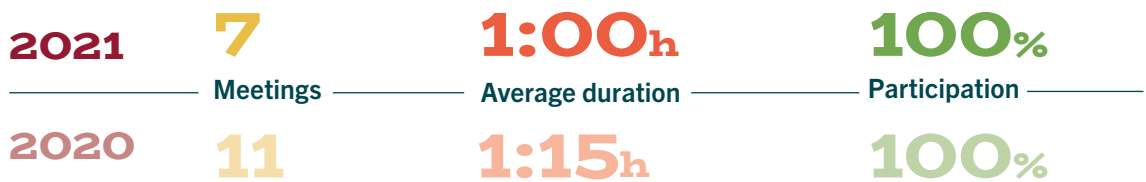
tion methods (focus groups, webinars, CAWI, etc.). For the entire Group, the Board of Directors approves the Strategic Sustainability Plan, the Plan for investments in Carbon Neutrality and the Circular Economy, the Group Sustainable Management Report, and the Andriani Benefit Corporation Impact Report.

TABLE
Members of the BoD

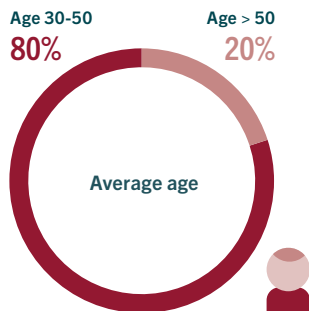
Members	Background	Appointing date	Delegation area	Age
Michele Andriani	Degree in Business Administration	28/6/2019	CEO – HR Division	41
Francesco Andriani	Diploma	28/6/2019	CMO – Commercial and Marketing Division	39
Tommaso Marvulli	Diploma	28/6/2019	CFO – AFC Division	43
Attilio Mazzilli	Chartered accountant and auditor	31/3/2020	Corporate Strategy and M&A	55
Michele Di Paolo	Degree in Engineering	31/3/2020	CTO - Operation, Investment & Maintenance Division	45

45 years
Average age of the members of the BoD

GRAPH
Comparison of meetings held in 2021 and 2020



GRAPH
Age of members of the BoD expressed in %



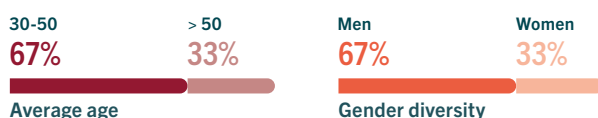
Board of statutory auditors

Body that supervises the observance of the current regulations and the corporate by-laws, the observance of the principles of correct administration, the adequacy of the organisational structure for the aspects falling within its competence, the internal control system and the administrative and accounting system, as well as the reliability of the latter in representing management events and the

adequacy of the instructions given by the parent company to its subsidiaries. The Board of Statutory Auditors acquires knowledge of and supervises the company's activities falling within its competence. In terms of reporting, in particular, it supervises the financial statement formation process and the compliance of the Impact Report

TABLE
Members of the Board of Statutory Auditors

Members	Background	Role	Appointing date	Gender	Age
Andrea Venturelli	Associate Professor of Business Administration, Chartered Accountant and Auditor	Chairperson	23/07/2021	M	45
Francesco Lenoci	Contract Lecturer in Methodologies and Quantitative Determinations of Businesses, Chartered Accountant and Auditor	Effective member	23/07/2021	M	64
Rossella Leopizzi	Researcher in Business Administration, Chartered Accountant and Auditor	Effective member	23/07/2021	F	42



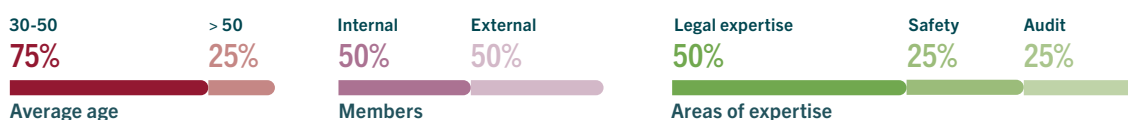
Supervisory Board 231/01

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

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

TABLE
Members of the Supervisory Board 231/01

Members	Background	Role	Appointing date	Gender	Age
Giovanni De Pascale	Engineer, corporate security expert	Chairperson (external)	23/07/2021	M	42
Vincenzo Acquafredda	Attorney, expert in intellectual property rights	External member	23/07/2021	M	49
Francesco Andriani	Attorney, Head of Legal Affairs for Andriani S.p.A.	Internal member	23/07/2021	M	56
Salvatore Scaltrito	Chartered Accountant and Auditor, Head of Administrative Management for Andriani S.p.A.	Internal member	23/07/2021	M	44



Executive Committee

Previously called the Management Board, it plays an investigative, consultative, and proactive role with the Board of Directors of the Parent Company in the preparation of, among other things, the strategic plan, planning and budget, monitoring performance, and business development in line with the strategic objectives. The body, appointed by the Board of Directors, is composed of the managers and remains in office for 12 months. It carries out the following tasks: (a) defines and oversees special projects at the Group level; (b) formulates proposals re-

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

7

Members

Composition

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

2/7

Women

48 years

Average age, 3 of which are under age 44

5

Number of meetings in 2021

Audit Firm

Members	Activity performed
Deloitte & Touche Spa (Audit)	External audit of the Andriani S.p.A. financial statement and the Andriani Group consolidated financial statement
Deloitte & Touche Spa (Sustainability & Climate Change)	Assurance on the management report sustainability disclosure





Sustainability Governance actors



Nutritional Observatory

It is a consulting body of the Andriani S.p.A Board of Directors with purely consulting and technical and scientific support functions for research and development activities and the promotion of initiatives related to the goals of the Parent Company, and with the task of making

assessments and suggestions about the scientific developments in the programmes adopted by the Company and its partners. The Nutritional Observatory is appointed by the Management Board and remains in office for three years.

10
Members

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

3/10
Women

48 years
Average age, 6 of which are under age 50

11
Number of meetings in 2021



Ethics Committee

The Ethics Committee is the guarantee and ethical representative body with consultative and proactive functions with the Board of Directors. Its task is to preliminarily verify the existence of all the requirements of an ethical nature (also in terms of sustainability) for third

party companies with which the Company intends to set up partnerships, temporary associations of companies, joint ventures, or other forms of cooperation agreements between companies, especially in the context of participation in public procedures.

7
Members

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

4/7
Women

42 years
Average age, 6 of which are under age 50



Impact Manager

Role established pursuant to Italian Law 208/15 following Andriani Spa's acquisition of Benefit Corporation status, it is entrusted to pursue the common benefit goals set forth in the articles of association. Responsibilities include:

- 1** ensure the involvement of all company departments in implementing the plan to achieve those goals as well as its improvement:
- 2** support the directors, providing information and data related to the internal and external context in which the company operates:
- 3** promote transparency of the impact results, ensuring publication on the website and through the appropriate channels.

Organisation

The Andriani Group's organisational structure, which is hierarchical and functional in nature, is divided into functions and departments of decreasing complexity (divisions, offices/departments), grouped by levels of homogeneous activities and directed by a supervisor/manager. Integration between the multifunctional structure and the BoD is ensured by the presence of an Executive Committee made up of the function heads. The line functions for achieving the typical business purposes are:

Operations Division, Technical Division, and Commercial and Marketing Division. The staff functions responsible for providing the services necessary for implementing the primary business purposes are: R&S Division, Human Resources Division, Administration and Finance Division. Corporate Secretary's Office, Planning and Control Division, Legal and Corporate Affairs Division, CSR & Sustainability Division.

CSR & Sustainability Department

To support the governance and implementation of the sustainability strategy, the Group has had a CSR & Sustainability department for some years now. It currently consists of 6 resources with a deliberately multidisciplinary approach and training/professional background.

Compared to 2020, the CSR & Sustainability Team was reinforced with the addition of 2 resources. The Department, which is directly involved in the development of

the Strategic Sustainability Plan by involving the other departments in the achievement of the various activities in the light of the values of common benefit, consists of:

- CSR & Sustainability Manager;
- Sustainability Coordinator;
- Sustainable Sourcing Specialist;
- Food trust & CSR Communication Specialist;
- D&I Specialist;
- Green Energy Specialist.



2.2

Andriani's commitment to common good and for the B Corp movement



Material topics no. 9, 10

Andriani's commitment is continuous, trying to make a tangible contribution to the achievement of the common good that, for Andriani's management and all its employees, is not a statutory constraint, but rather an opportunity to talk about how to keep faith with the commitments made, with a deep sense of responsibility. These goals fall within the five impact areas: production chain and sustainable agriculture, health and well-being, land development and enhancement, climate change and circular economy, value of the people and group identity. 2021 was the first year in which the Company was able to report on the objectives achieved in 2020 and how they were pursued, through the [Impact Report](#), giving evidence of the specific actions carried out and

describing their progress through the measurement of the related impact indicators. The CSR & Sustainability team added further KPIs to the impact indicators that are able to better evidence the company's impact on the relevant 5 areas. This integration is evidence of the evolution of a constantly improving accountability process, in which the BIA Standard and the GRI Standard converge in respect of the SDG reporting framework.



Goals and pursuing methods

- 1 Improving awareness and analysis of the impact along the **production chain** of gluten-free grains and legumes, creating value for all stakeholders and introducing **sustainable and integrated farming principles to the greatest possible extent**;
- 2 Promoting **health and well-being** for individuals and consumers through diet and a healthy and dynamic lifestyle, including through the research, development, and promotion of increasingly healthy products through the ongoing study of new solutions in terms of flavour and nutritional profile;
- 3 **Developing and enhancing the region** in which the Company operates, acting on the cultural identity and social welfare of the community, both at the national and local level, with initiatives to raise awareness on sustainable development and the common good, also involving stakeholders and adopting values such as transparency, dialogue, and cooperation;
- 4 Promoting **the circular economy and innovation** to protect the planet, mitigating **climate change** and propagating practices that respect the environment and biodiversity. The continuous commitment to the sustainability of all company practices and processes are aimed at minimising impact and promoting the responsible use of resources through the reduction in food waste.
- 5 Creating a strong **group identity** and a positive work environment by **enhancing the potential of individuals** and constant attention to their well-being for continuous growth of the sense of belonging and satisfaction in the workplace.



In the wake of this ambitious project of common benefit impact reporting, Andriani chose not to stop at Benefit Corporation status, but to espouse the paradigm of open innovation, joining the [B Corp](#) movement, which aims to spread the most evolved paradigm of value-based business, focusing on an impact perspective.

For this ambitious goal, a B Team was established that was made up of different corporate areas (Planning and Control, CSR & Sustainability, Legal and Corporate Affairs, Marketing, Communication, Human Resources, Research and Development, Industrialisation, Production, Supply Chain, Quality, Logistics, General Affairs, IT, Accounting, Treasury and Tax Affairs) supported by consultants from **Nativa Srl SB**, Italy's first Benefit Corporation specialising in the formulation of corporate evolution strategies in the field of sustainability and B Corp models.

Overall B Impact Score

Based on the B Impact Assessment, Andriani S.p.A. earned an overall score of 85.4. The median score for ordinary businesses who complete the assessment is currently 50.9.

- Governance 14.8**
- Workers 22**
- Community 18.1**
- Environment 23.5**
- Customers 6.9**



- 85.4 Overall B Impact Score
- 80 Qualifies for B Corp Certification
- 50.9 Average Score for Ordinary Businesses



Following up on the assessment activity carried out internally and initiated in 2020 through the open source [SDG Action Manager](#) platform and in order to measure the contribution of the company's business towards the 17 Sustainable Development Goals, the B Team carried out the Strategic Plan activities ([paragraph 1.3 SDR 2020](#)) integrated in the light of the BIA Standard.

Along this evolutionary path, the Andriani B Team constantly interfaced with B Lab's external audit team, whose process was concluded in June 2022 with the issuing of the B Corp certification and the awarding of the overall score of 85.4.

Andriani, therefore, strengthens its Mission, becoming part of this [global movement](#).

2.3

Risk Management

| 3-3 | Art.2428CC



Material topic no. 9



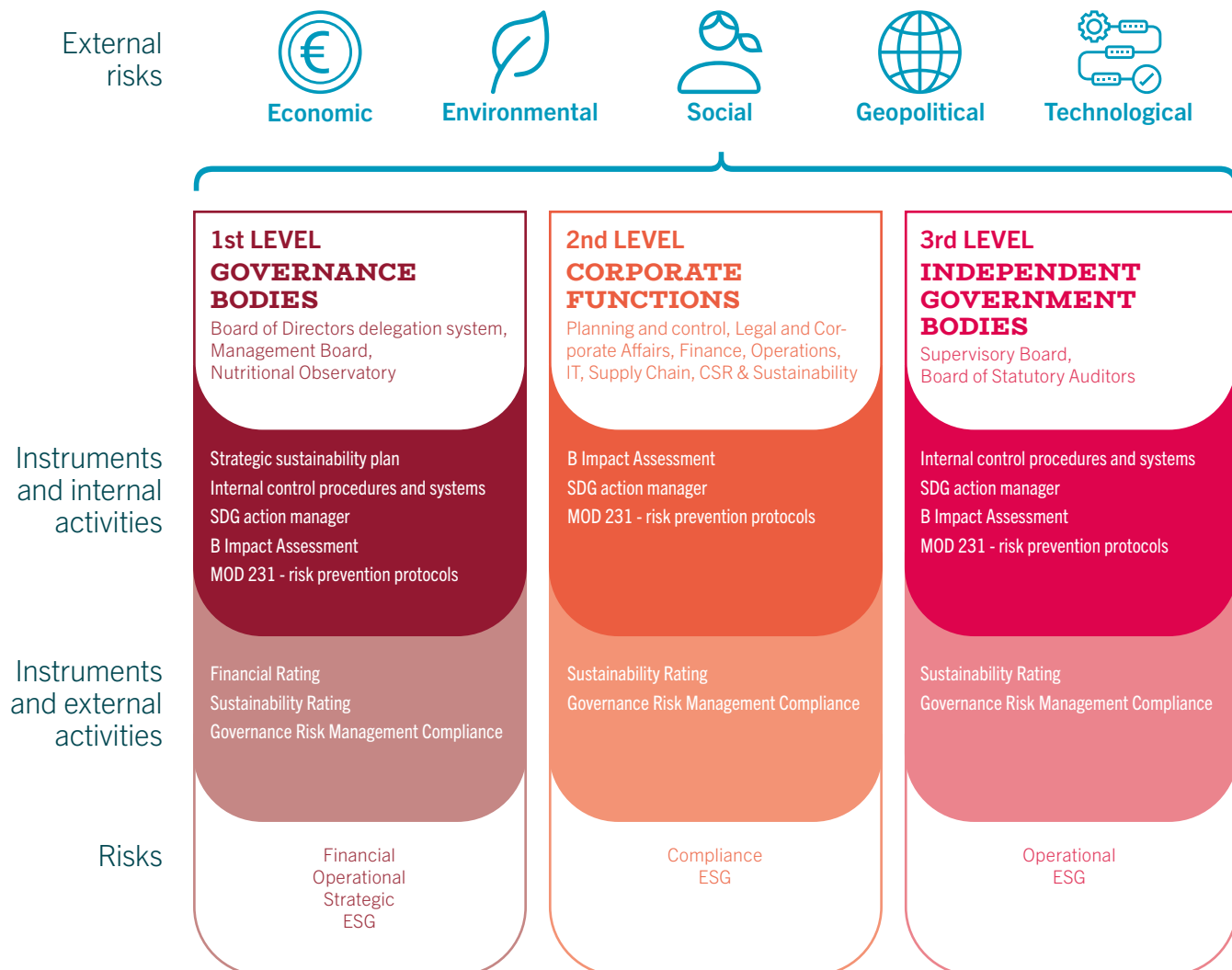
The new geography of global risks makes companies increasingly aware that it is now necessary to introduce a proactive approach into any type of complex system for the management and mitigation of economic, environmental, social, geopolitical and technological risks whose probability and level of impact are changing almost continuously. In this scenario, the Andriani Group is exposed not only to external risks related to the referenced macroeconomic context, but also to internal risks related to the business activity and the sector in which the companies falling within the Group's scope are exposed.

structure, which now includes a system of internal and external actors and related tools capable of analysing the probability and magnitude of the main types of risk present, proposing and implementing mitigation tools and related monitoring.

In this regard, take note of the risk assessment activity, implemented in 2021, for revising the 231/01 organisational model, which led to the mapping of specific risks/processes at risk associated with 9 offences for which an equal number of ethical-organisational protocols were defined.

Based on these assumptions, the Andriani Group is carrying out an activity to strengthen its organisational

GRAPH Risk Management System



To date, the Andriani Group organisational structure does not include a Chief Risk Officer. However, the Group is taking steps to introduce a risk management and internal auditing organisational unit capable of implementing a risk management and monitoring system, i.e. an ERM-type system with the following key components:

- Governance and risk culture - where governance defines the organisation's tone and, through the definition of structures, responsibilities, and supervisory systems, ensures the balance of all interests involved in the business system and with stakeholders. The culture of risk, understood in a broad sense, is the basis for upholding shared ethical values, integrity, transparency and accountability within the organisation;
- Strategies and objectives - a component that focuses on strategic planning and how the organisation can understand the effect of internal and external factors on risk;

- Performance - having developed the corporate strategy in line with the risk profiles and considering the identification and assessment of risks, adequate performance must be defined in order to achieve goals and set specific priorities;
- Review and revision - the assessment and review of ongoing changes and any related risks, the reshaping of initiatives undertaken in the face of performance deviations, and the possible revision of strategies undertaken are intrinsic to this component;
- Information, communication and reporting - the sharing and prompt circulation of information within the organisation is essential. Systems and technologies must be put to good use both to communicate risks, in terms of uncertainties and opportunities, and to capture, process, manage and report on specific risks.

ESG Risks



ESG risks, i.e., environmental, social, personnel, corruption, human rights, and governance risks, are monitored by the three control levels through internal and external instruments. The former include 231/01 protocols and

the BIA and SDG Action Manager assessment platform, while the others include the assessment system carried out by the Cerved rating agency for issuing the [Sustainability Rating Report](#).

Strategic, operational and compliance risks

The strategic risks are associated with the deterioration of the company's equity position and profitability resulting from erroneous business decisions, or inadequate implementation of company plans and strategies, as well as poor responsiveness to changes in the external environment. These risks, which fall under the responsibility of the entire Board of Directors, the Executive Committee, and the Nutritional Observatory, are subject to monitoring within the Strategic Sustainability Plan.

The operational risks, i.e., those associated with the inadequacy of internal processes, technological systems, supply chain, sales network or, more generally from contractual or non-contractual responsibility, are managed

by the specific corporate functions under the control of the Supervisory Board, which verifies the adequacy of the organisational model and the proper functioning of the specific protocols. In addition to this supervisory activity, Marsh Risk Consulting carried out an external assessment to profile insurance coverage instruments capable of guaranteeing business continuity.

The compliance risks associated with cases of nonconformity resulting from violations of the laws or regulations are the responsibility of the legal and corporate affairs department, which can rely on the supervision of the Board of Statutory Auditors and the 231/01 Supervisory Board.

Financial risks: credit, exchange and liquidity

The Andriani Group's financial risks include credit, exchange, and liquidity risks that are exclusively managed by the Managing Director (Administration and Finance) and the Executive Committee, with the support of Planning and Control and Finance, whose control activities is

carried out by the Board of Statutory Auditors and the External Audit Firm. In addition to the existing procedures and control systems, there is the assessment system carried out by the Cerved rating agency for issuing [financial ratings](#).



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

Liquidity risk

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

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

It is also declared that:

- The Group owns financial assets for which there is a

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

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

Credit risks

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

ongoing basis in the normal course of business.

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

Market risks

Market risk arises from demand in the sector in which the Group operates, from raw material and energy prices, from fluctuations in interest rates, and from exchange rates between the euro and other currencies in which the Group operates. This risk consists of the possibility that these external market factors may adversely affect the

value of assets, liabilities, and/or expected cash flows.

In regard to market demand risk, the Group handles it through constant market presence with adequate sales structures and product diversification.

Policies related to different coverage activities

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

2.4 Fight against corruption

Material topic no. 11

| 205-3 |

The Andriani Group's commitment to the fight against corruption can be seen through a series of actions regarding not only policy aspects but also compliance and reporting.

In terms of policy, by being a Founding Member of the Global Compact since 2021 and choosing to raise the level of its commitment, the Group is proactively pursuing Principle 10 of the Global Compact. For this reason it renewed its management approach to fighting corruption by repudiating and prohibiting corruption without exception (both with public and private counterparts) and committing to comply with the anti-corruption laws in all the countries to which the Group exports its products.

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

On this subject, in particular, the Group requires its suppliers to comply with mandatory requirements that are based, on one hand, on corporate integrity: corruption and the reporting policy, and, on the other, on fair competition between suppliers. For Andriani, promoting corporate integrity in its suppliers means:

- prohibiting any type of corruption, extortion, and undue appropriation;
- not paying or accepting bribes or using illegal incentives in business or government dealings to obtain undue or improper advantage;
- not accepting expensive gifts or financial benefits aimed at influencing corporate and business decisions or ob-

taining improper advantage;

- implementing mechanisms that allow workers to communicate openly and interact with corporate management to report problems or illegal activities in the workplace while ensuring that their identity and safety are respected (*whistle-blowing*).

Respecting fair competition among suppliers means for the Group to conduct business in compliance with the principles of fair competition and relevant antitrust laws, striving to establish policies aimed at fostering fair and equitable competition among suppliers at the local level.

Regarding the compliance plan in terms of anti-corruption, a central element to this approach is the 231/01 organisational model and the Code of Ethics, both good governance tools that the Group reviewed in their entirety during 2021, providing specific protocols aimed at fighting active and passive corruption and, therefore, specific types of crime.

The Board of Directors receives annual training and/or information on both documents, during which it is informed of the primary changes to the general and special parts of the OMC 231/01 and to the rules of conduct and penalties set forth in the Code of Ethics. This training activity also covers the fight against corruption.

The distribution of the OMC 231/01 and the Code of Ethics within the corporate organisational structure is monitored by the Supervisory Board, which also verifies that both documents are updated

Corruption risks for Andriani

- possible privileged relations between Company employees and collaborators and public officials or persons in charge of a public service;
- allocation of funds to the Company by the PA;
- disbursement of contributions and sponsorships in favour of public entities, foundations, and associations, as a vehicle for corruption/extortion, including indirect extortion of representatives of the PA;
- corruption through the hiring, promotion, and payment of individuals having direct relationships with subjects belonging to the PA.

Tools for countering those risks

- the protocol for the prevention of crimes against the PA, the protocol for the prevention of corporate crimes, and the regulation for the selection and hiring of personnel, tools on which Andriani governance bodies, employees, and collaborators will receive specific training;
- specific *whistle-blowing* procedure aimed at encouraging the emergence of potentially unlawful conduct to the detriment of the public interest. The purpose of this procedure is to provide the reported (Supervisory Board or HR Manager) clear operating instructions regarding the subject, recipients, and methods for transmitting the report as well as on the types of protection that the current legislation sets forth regarding the prevention of corruption;
- a conflict of interest procedure for all those individuals (Board of Directors, Board of Statutory Auditors, Supervisory Board, department heads, all employees, and external consultants) who work on behalf of and in the interests of Andriani S.p.A., or who receive a task from it. There were no cases of corruption during 2021.

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3

Economic and financial performance



In this chapter



Stakeholders

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Shareholders, suppliers, funders, business partners, customers, employees, institutions

Key statistics and relevant facts

€1.5million
Consolidated net profit

€78.6million
Group turnover

€86.6million
Group production value

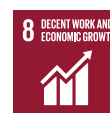
€47.1million
Consolidated net equity

€24.1million
Global gross added value

€6.6million
Investments in tangible fixed assets

3.1

Summary of the economic and financial performance



Art. 2428CC

| 2-6 | 201-1 |

The fiscal year that ended on 31 December 2021 shows a **consolidated profit of €1,510,298** (profit attributable to the Group €1,536,382), net of income tax of €2,371,027 and depreciation, amortisation, and write-downs of €4,709,471.

In consideration of the express provision in the Articles of Association for the preparation of the consolidated

financial statement, the directors of the parent company availed themselves of the longer deadline (within one hundred and eighty days from the end of the fiscal year) to convene the ordinary shareholders' meeting to approve the financial statement.

The summary of the 2021 consolidated financial statement data compared to FY2020 is as follows:

TABLE
Summary of 2021 consolidated financial statement data

Consolidated financial statement highlights	31/12/2021	31/12/2020	Change	Change %
Turnover	78,589,041	77,909,522	679,519	0.87%
Production value	86,576,606	79,735,273	6,841,333	8.58%
Production costs	81,474,994	73,914,500	7,560,494	10.23%
Gross operating margin (EBITDA)	10,011,083	10,957,800	(946,717)	-8.64%
Gross operating margin (EBITDA) %	11.56%	13.74%	-2.18%	-15.86%
Net operating margin (EBIT)	5,101,612	5,820,773	(719,161)	-12.36%
Net operating margin (EBIT) %	5.89%	7.30%	-1.41%	-19.28%
Result before taxes	3,881,325	4,655,625	(774,300)	-16.63%
Group net equity	46,775,609	46,904,448	(128,839)	-0.27%
Consolidated net equity	47,060,907	47,120,293	(59,386)	-0.13%
Net financial debt	(38,324,287)	(27,346,548)	(10,977,739)	40.14%
Net Working Capital	(1,443,693)	(1,426,647)	(17,046)	1.19%

As can be seen from the figures provided above, and as discussed in more detail below, in the fiscal year under review, turnover increased slightly by €679,519 (0.87%) over the previous fiscal year to €78,589,041, reflecting the increase in production activity.

The gross operating margin (EBITDA) amounted to €10,011,083, a slight decrease of 8.64% compared to the previous year. Profit before tax amounted to €3,881,325, which also decreased by 16.63% compared to the previous year. As will be discussed in more detail below, the decrease in margins is mainly attributable to the effects of significant increases in energy and raw materials prices, extraordinary factors in 2021 that were not reflected in corresponding increases in the selling prices of finished goods.

The EBITDA *margin* calculated in relation to turnover is 12.74% (14.06% in 2020), while in relation to the value of

production it is 11.56% (13.74% in 2020). Even though it is a slight increase compared to the previous fiscal year, it should be noted that the value posted in 2021 shows a high level of marginality, especially considering that these excellent results were achieved in a difficult year.

The Group's net equity of €46,775,609 remained at a reasonable level, also thanks to the revaluations made in the previous fiscal year.

It should be noted that the Group's net financial position (NFP) increased by €10,977,739 compared to the previous fiscal year due to the significant investments made, in particular, in the last six months of 2021, as well as in connection with the increase in turnover.

Consolidation scope

Parent company

Andriani S.p.A. Benefit Corporation
Registered office in Gravina di Puglia (Bari)
Via N. Copernico Zona PIP snc
Share Capital: €15,000,000.00, fully paid
Registered with the BARI Chamber of Commerce
Tax Identification Code and Business Registry No.: 06880780728
VAT number: 06880780728 – Economic and Administrative Index No.: 516296

Subsidiaries

Felicia S.r.l.

Registered office in Gravina in Puglia (Bari)
Via N. Copernico Zona PIP snc
Share Capital: €500,000.00, fully paid
Registered with the BARI Chamber of Commerce
Tax Identification Code and Business Registry No.: 07833110724
VAT number: 07833110724 - Economic and Administrative Index No.: 584837

ApuliaKundi S.r.l.

Registered office in Gravina in Puglia (Bari)
Via N. Copernico Zona PIP snc
Share Capital: €10,000.00, fully paid
Registered with the BARI Chamber of Commerce
Tax Identification Code and Business Registry No.: 07855980723
VAT number: 07855980723 - Economic and Administrative Index No.: 586297

Amendola Center S.r.l.

Registered office in Corato (Bari)
Via Paolucci no. 9
Share Capital: €3,000,000.00, fully paid
Registered with the BARI Chamber of Commerce
Tax Identification Code and Business Registry No.: 07736320727
VAT number: 07736320727 - Economic and Administrative Index No.: 578021

Birrificio Artigianale B31 S.r.l.

Registered office in Gravina in Puglia (Bari)
Via N. Copernico Zona PIP snc
Share Capital: €30,000.00, fully paid
Registered with the BARI Chamber of Commerce
Tax Identification Code and Business Registry No.: 08279910726
VAT number: 08279910726 - Economic and Administrative Index No.: 616708

Terre Bradaniche S.r.l.

Registered office in Gravina in Puglia (Bari)
Via Archimede no. 6
Share Capital: €150,000.00, fully paid
Registered with the BARI Chamber of Commerce
Tax Identification Code and Business Registry No.: 08156780721
VAT number: 08156780721 - Economic and Administrative Index No.: 608213

Casa Andriani S.r.l.

Registered office in Gravina in Puglia (Bari)
Via N. Copernico Zona PIP snc
Share Capital: €100,000.00, fully paid
Registered with the BARI Chamber of Commerce
Tax Identification Code and Business Registry No.: 08620120728
VAT number: 08620120728 - Economic and Administrative Index No.: 638716

Cardo Rosso S.r.l.

Registered office in Bologna
Via Della Zecca no. 2
Share Capital: €640,000.00, fully paid
Registered with the BOLOGNA Chamber of Commerce
Tax Identification Code and Business Registry No.: 04222220404
VAT number: 04222220404 - Economic and Administrative Index No.: 544778

3.2

Sector performance

General economic performance

During 2021, the world economy showed a recovery (+6.1%, according to data released by the International Monetary Fund in its publication *World Economic Outlook - April 2022*) compared to 2020, a year that was sadly unique in modern world economic history, characterised by a GDP decrease of 3.1% due to the outbreak of the pandemic. In particular, the advanced economies (North America, the Eurozone, Japan, and the UK) recorded an overall GDP growth of 5.2% in 2021. GDP recovery in 2021 was more noticeable in emerging markets and developing economies, notably India (+8.9%) and China (+8.1%).

Turning to the national economic trend, the latest analyses released by Istat (Italian State Statistics Institute) indicate that the Italian GDP grew by 6.6% in 2021, supported by various components (imports and exports of goods and services, domestic demand and household expenditures, investments, housing, buildings, plants and machinery, etc.), thus allowing the recovery of a large part of the decrease recorded in 2020.

National food industry performance

The food industry overview offered for analysis presents some overlapping and contrasting situations. On one hand, there is the encouraging production and export figures (estimated at +5.5% and +9.0% in 2021, respectively), while on the other, there is the strong pressure on the prices of agricultural commodities, which have risen by an average of 15%. The increase in prices of current means of production was also evidenced by the index compiled by Ismea (Italian Institute of Agricultural Food Market Services), which in the fourth quarter of 2021 showed an increase of 10.3%, mainly due to the prices of fertilisers (+27.4%), energy products (+19%), and animal feed (+14.8%).

In general, in 2021 the Italian food and beverage industry held up well after the shock of the pandemic. The slight decrease in agricultural added value (-0.8%) occurred in parallel with the growth in industrial production (+6% compared to 2020), driven by recovering exports that jumped (+11%) and reached a record value of €52 billion at the end of the year.

With regard to domestic consumption, food purchases in 2021 showed a very slight decrease in value (-0.3%), especially compared to the exceptional previous year. Food and beverages spending was around €87.3 billion, 7.5% higher than pre-crisis consumption.

However, the rising cost of raw materials and energy weighs heavily on both the primary sector and the food industry, adding to the problems that have been negatively impacting transport and logistics for some time now. The great difficulties in finding cardboard and glass for the sectors concerned is added to this.

In 2021, Italian food and beverage products saw an increase in exports to countries such as Germany, China, Russia, and the USA. Furthermore, in a climate where particular attention is paid to sustainability, Italian products are among the most controlled in terms of quality and compliance with regulations, and are also among the greenest. This raises a number of considerations on the subject of respect for the environment, which is increasingly central to production phases (carbon footprint, reduction of emissions, etc.), the materials used for packaging, and transport, which, like never before, could undergo a marked change in approach with a view to saving money, as a result of the difficulties linked to logistics, but also linked to greater attention to pollution.

Finally, Italy has already been the absolute leader in organic products for several years now.

3.3

Economic and financial performance



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In FY2021, the Group consolidated and increased its turnover and value of production compared to the previous fiscal year in which a particularly large increase of 20% was achieved. This result is very important because it confirms the Group's ability to strengthen its production and commercial capacity in a challenging and complex external environment, as outlined in the previous section.

In 2021, the Group invested significant economic and organisational resources to reinforce brand awareness of the Felicia® brand, which has only been on the gluten-free market since 2015. These marketing efforts allowed the Group to increase sales of Felicia brand products by 13% in quantity compared to the previous fiscal year.

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

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

- Increase in turnover of approximately 1% and in the value of production of approximately 9%. The increase in turnover is essentially attributable to sales of Felicia products. As mentioned above, the important consolidation result of private label sales is worth mentioning. The increase in the value of production was also affected by the positive results of real estate transactions.
- 10% increase in production costs. This result is predominantly affected by four factors: 1) 245% increase in energy costs (mainly natural gas for the trigeneration plant); 2) 25% increase in transport services; 3) 11% increase in packaging material costs; 4) 3% increase in food raw material purchase prices. The increase in energy costs and related transport costs along with

the soaring prices of raw materials are well-known extraordinary phenomena, as already illustrated in the previous paragraph.

- In October 2021, the Group adopted a policy of passing on extraordinary and unexpected production costs to its sales lists. This will make up for the drop in margins in terms of EBITDA and EBIT recorded in the fiscal year under review.
- In FY2021, the Group increased its work force by 15% in numeric terms, bringing it to 204 individuals. Staff costs increased by about 18%, mainly related to the change in the number of staff. This is a significant investment, which the Group considers strategic to strengthen and increase the company's business and its presence in national and international markets, with the awareness of the central nature and value of Andriani's people. In fact, during 2021, the Group proactively implemented its action plan to invest in qualified human resources with the introduction of managerial figures and qualified operators into the workforce, strengthening or even creating specific strategic and function divisions, which is why the cost of employees increased by approximately 18%.

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

- Investments in intangible fixed assets of €3.2 million. For more information, refer to the explanatory note to the consolidated financial statement.
- Investments in tangible fixed assets of €6.6 million. For a description of the principal investments in fixed assets made during the year, please refer to the specific paragraph *below* and to the comments in the explanatory note to the consolidated financial statement.
- The net working capital is substantially in line with the data posted in the previous fiscal year.

Financial situation

The net financial position is as follows:

TABLE
Net financial position

Net financial position	Balance as of 31/12/2021	Balance as of 31/12/2020	Change
Bank deposits	7,414,473	6,461,096	953,377
Cash and cash equivalents	44,987	50,373	(5,386)
Cash funds and treasury shares	7,459,460	6,511,469	947,991
Financial assets not of a fixed nature	122,702	77,102	45,600.
Bonds (within 12 months)	2,480,123	1,463,916	1,016,207
Amounts due to banks (within 12 months)	23,481,788	15,962,543	7,519,245
Amounts due to other financial institutions (within 12 months)	27,657	175,793	(148,136)
Short-term financial debts	25,989,568	17,602,252	8,387,316
Short term financial receivables	3,213	3,110	103
Net financial position in the short term	(18,404,193)	(11,010,571)	(7,393,622)
Bonds (over 12 months)	-	2,480,123	(2,480,123)
Amounts due to banks (over 12 months)	19,841,814	13,862,854	5,978,960
Amounts due to other financial institutions (over 12 months)	85,280	-	85,280
Medium-long term financial debts	19,927,094	16,342,977	3,584,117
Medium-long term financial receivables	7,000	7,000	-
Net financial position in the medium-long term	(19,920,094)	(16,335,977)	(3,584,117)
Net financial position	(38,324,287)	(27,346,548)	(10,977,739)

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

Financial and economic situation

In order to make the 2021 financial statement easier to read, the equity, financial, and economic reclassifications, as well as the main balance sheet indices are provided below.

TABLE
Reclassified balance sheet

Reclassified balance sheet	Balance as of 31/12/2021	Balance as of 31/12/2020	Change
Net intangible fixed assets	9,878,266	7,901,960	1,976,306
Net tangible fixed assets	66,945,762	72,421,331	(5,475,569)
Shareholdings and other long term receivables	15,274,306	69,640.	15,204,666
Fixed assets	92,098,334	80,392,931	11,705,403
Inventory stocks	9,480,320	7,406,705	2,073,615
Trade receivables	8,136,333	15,545,072	(7,408,739)
Other receivables	6,585,747	6,306,442	279,305
Accrued income and deferred liabilities	96,204	142,890	(46,686)
Current short-term assets	24,298,604	29,401,109	(5,102,505)
Short-term amounts payable to suppliers	16,315,812	18,954,792	(2,638,980)
Short-term taxes and social security payables	2,734,157	2,794,129	(59,972)
Other short-term payables	2,121,147	4,171,995	(2,050,848)
Accrued liabilities and deferred income	4,571,181	4,906,840	(335,659)
Current short-term liabilities	25,742,297	30,827,756	(5,085,459)
Net working capital	(1,443,693)	(1,426,647)	(17,046)
Provisions and employee severance indemnity	4,716,180	2,991,049	1,725,131
Medium-long term amounts payable to suppliers	280,000	760,000	(480,000)
Medium-long term taxes and social security payables	273,267	748,394	(475,127)
Medium-long term current liabilities	5,269,447	4,499,443	770,004
Invested capital	85,385,194	74,466,841	10,918,353
Group net equity	(46,775,609)	(46,904,448)	128,839
Minority net equity	(285,298)	(215,845)	(69,453)
Net financial position in the short term	(18,404,193)	(11,010,571)	(7,393,622)
Net financial position in the medium-long term	(19,920,094)	(16,335,977)	(3,584,117)
Equity and net financial indebtedness	(85,385,194)	(74,466,841)	(10,918,353)

The reclassified income statement is as follows:

TABLE
Reclassified
income
statement

Reclassified income statement	2021	2020	Change
Net revenue	79,715,417	78,138,463	1,576,954
External costs	(56,432,081)	(55,923,276)	(508,805)
Increase in value	23,283,336	22,215,187	1,068,149
% of revenue	29.21%	28.43%	0.78%
Cost of labour	(13,272,253)	(11,257,387)	(2,014,866)
Gross operating margin (EBITDA)	10,011,083	10,957,800	(946,717)
% of revenue	12.56%	14.02%	-1.47%
Amortizations, write-downs, and provisions	(4,909,471)	(5,137,027)	227,556
Net operating margin (EBIT)	5,101,612	5,820,773	(719,161)
% of revenue	6.40%	7.45%	-1.05%
Financial income	1,463	5,753	(4,290)
Financial charges	(1,315,459)	(1,080,208)	(235,251)
Exchange rate differences	60,661	(85,893)	146,554
Result of ordinary management - current	3,848,277	4,660,425	(812,148)
% of revenue	4.83%	5.96%	-1.14%
Revaluations	45,600	-	45,600
Write-downs	(12,552)	(4,800)	(7,752)
Income before taxes	3,881,325	4,655,625	(774,300)
% of revenue	4.87%	5.96%	-1.09%
Taxes	(2,371,027)	(1,296,090)	(1,074,937)
Consolidated net income	1,510,298	3,359,535	(1,849,237)
% of revenue	1.89%	4.30%	-2.40%
Minority interest	(26,084)	(15,818)	(10,266)
Group net income	1,536,382	3,375,353	(1,838,971)
% of revenue	1.93%	4.32%	-2.39%

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

TABLE
Economic,
financial, equity,
and efficiency
indices

Economic, financial, and equity indices	31/12/2021	31/12/2020	Change
Economic			
Net R.O.E.	3.21%	7.13%	-3.92%
Gross R.O.E.	8.25%	9.88%	-1.63%
R.O.I.	4.11%	5.00%	-0.89%
R.O.S.	5.89%	7.30%	1.41%
Liquidity			
Primary liquidity index	0.43	0.74	-0.16
Secondary liquidity index	0.62	0.98	-0.12
Debt ratio	1.63	1.47	0.16
Balance sheet			
Equity minus fixed assets	(45,044,427)	(33,279,638)	(11,764,789)
Equity to non current asset ratio	0.51	0.59	-0.08
Fixed asset to equity capital and medium-long term debt margin	(19,847,886)	(12,437,218)	(7,410,668)
Equity plus non current liabilities to equity ratio	0.78	0.85	-0.07

3.4

Investments

Art. 2428CC

9 INDUSTRY INNOVATION AND INFRASTRUCTURE


12 RESPONSIBLE CONSUMPTION AND PRODUCTION


13 CLIMATE ACTION


Material topics no. 5, 6, 7

| 2-6 |

During the fiscal year, investments in tangible fixed assets were made in the following areas:

TABLE
Investments in tangible fixed assets

Fixed Assets	Acquisitions during the fiscal year
Land and buildings	1,722,844
Plants and machineries	4,273,579
Industrial and commercial equipment	231,991
Other assets	431,130

The increases in land and buildings essentially refer to work done on the parent company’s industrial plants in Gravina in Puglia as well as investments connected to the “Smart Building”.

electricity from renewable resources, both carried out by Andriani S.p.A. Benefit Corporation referred to in section 6.2.

The increases in plants and machinery mostly refer to investments in new production lines (long past and special formats - lasagne) and the installation of new photovoltaic systems aimed at expanding the production of

For more information, refer to the explanatory note to the consolidated financial statement.

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3.5

Creation of shared value and tax social responsibility



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 | 207-2 |

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

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

The table below shows the Andriani Group’s “Consolidated Added Value” calculated according to the method proposed by the Study Group for Social Reporting (GBS), which provides two different prospectuses:

- the prospectus for determining the Added Value;
 - the prospectus for the distribution of the Added Value.
- During the FY2021, the added value produced was €24.1 million, with an increase of approximately €2 million compared to 2020 (+ 8.9%).

TABLE
 Prospectus for determining the added value

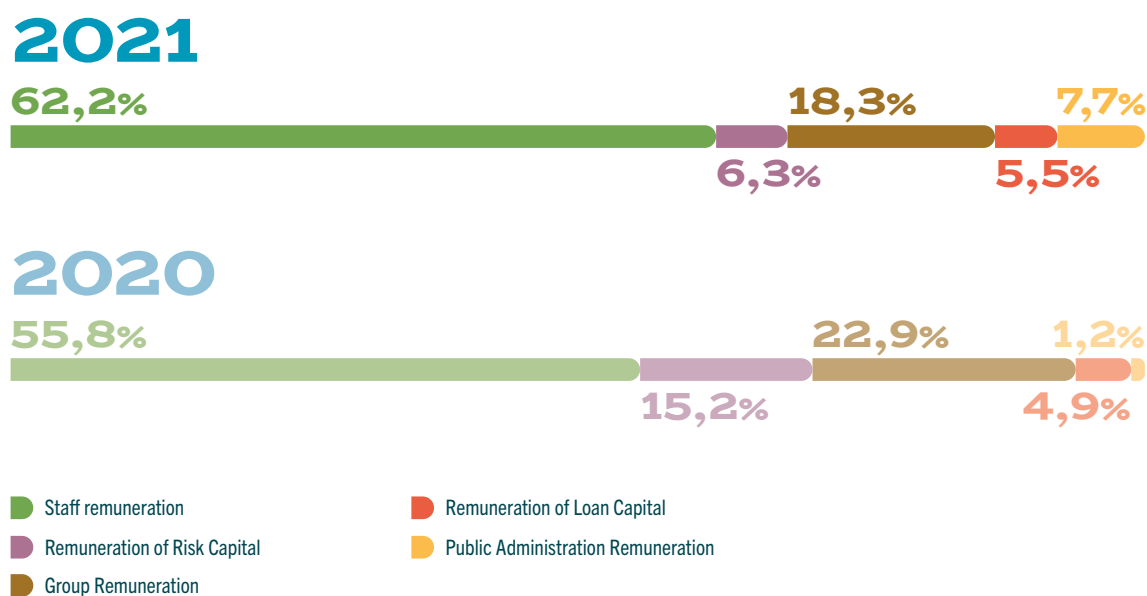
Prospectus for determining the added value	2021	2020	Change
A) Production value	85,944,798	78,574,809	7,369,989
Revenues from sales and services	78,589,041	77,909,522	679,519
Change in inventory of finished products and goods	1,126,376	228,941	897,435
Increases in fixed assets through in-house work	221,872	79,814	142,058
Other revenues and income	6,007,509	356,532	5,650,977
B) Intermediate production costs	61,908,704	56,324,556	5,584,148
For raw materials, subsidiary materials, consumables and goods	42,561,336	39,459,983	3,101,353
Costs for services	17,806,663	17,845,982	(39,319)
Costs for the use of leased assets	616,721	588,111	28,610.
Provisions for contingencies	200,000	-	200,000
Other operating costs	1,259,753	1,332,779	(73,026)
Variations of inventory of raw and auxiliary materials, consumables and supplies	(826,702)	(2,961,982)	2,135,280
Write down of receivables included under assets forming part of working capital and of liquid funds	290,933	59,683	231,250
C) Gross characteristic added value (C=A-B)	24,036,094	22,250,253	1,785,841
Exchange rate gains and losses	60,661	(85,893)	146,554
Characteristic added value net of exchange rates	24,096,755	22,164,360	1,932,395
Accessory management balance	1,463	5,753	(4,290)
Total financial income from investments	81	-	81
Total other financial income	1,382	5,753	(4,371)
Adjustments in value of financial assets	33,048	(4,800)	37,848
Total revaluations	45,600	-	45,600
Total write downs	12,552	4,800	7,752
Global gross added value	24,131,266	22,165,313	1,965,953

TABLE
Prospectus for the distribution of the added value

Prospectus for the distribution of the added value.	2021	2020	Change
Staff remuneration	15,013,066	12,301,673	2,711,393
Wages and salaries	10,473,352	8,542,085	1,931,267
Social security contributions	2,106,847	2,160,061	(53,214)
Employee severance indemnity	692,054	555,241	136,813
Pension plan and similar items	-	-	-
Other costs	81,856	78,175	3,681
Non-employee remuneration	1,658,957	966,111	692,846
Public Administration Remuneration	1,849,005	255,179	1,593,826
Taxes on income for the fiscal year	2,377,058	1,350,650	1,026,408
Taxes related to previous fiscal years	(6,031)	(54,560)	48,529
Grants for current fiscal year	(631,808)	(1,143,009)	511,201
Indirect taxes	109,786	102,098	7,688
Remuneration of loan capital	1,315,459	1,080,208	235,251
Passive interest	1,315,459	1,080,208	235,251
Differential from financial instruments	-	-	-
Company remuneration	4,418,538	5,077,344	(658,806)
Amortisations and write down of fixed assets	4,418,538	5,077,344	(658,806)
Remuneration of Risk Capital	1,510,298	3,359,535	(1,849,237)
Profit (loss) attributable to the shareholders of the Group	1,536,382	3,375,353	(1,838,971)
Profit (loss) for the year related to minority interests	(26,084)	(15,818)	(10,266)
Donations and sponsorships	24,900	91,374	(66,474)
Donations and sponsorships	24,900	108,829	(83,929)
Contributions for scientific research	-	(17,455)	17,455
Global gross added value	24,131,266	22,165,313	1,965,953

The distribution of the global gross value added in percentage terms is summarised in the graph below:

GRAPH
Distribution of the global gross value added



Comparing the two years shows an increase in the percentage related to the staff, which has always been considered a central and key element, and to the public administration and to the loan capital, against a reduction in the incidence of company and risk capital remuneration.

Social responsibility tax

The Social Responsibility Tax (SRT) topic takes on specific significance within national and international policy agendas. Companies adopting tax approaches centred on the principles of ethics and legality is, in fact, an effective lever through which to raise the quality of services provided by state and local authorities, which see tax revenues as one of their main sources of funding.

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

The organisational structure has a corporate function - administrative management - which, together with the contact person for the tax area:

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

To complete the governance in the area of corporate taxation, we would like to point out the role of tax-related risk control carried out, on one hand, by the Supervisory Board pursuant to Italian Legislative Decree 231/01, and, on the other, by the Audit Firm in charge of the legal audit of Andriani Spa's financial statement and the Group's consolidated financial statement. Specifically, Andriani's 231/01 model devotes a specific section to the management and control of risks related to tax fraud. In fact, the issue of tax fraud has a dual significance as it affects both the dynamics closely related to the company's core business and the Group's image.

Procedure 231/01 on the prevention of tax offences governs control mechanisms aimed at mitigating the types of risk associated to sensitive areas/processes considered to be at risk.

TABLE
Areas and types of tax risk

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

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

Tax risk control is supported by an accountability process centred on the principle of transparency. Over the years,

the Group has embarked on a process of accountability aimed at fostering an understanding of the contribution it makes to the development of the country system and the regional and local contexts in which it operates.



3.6

Business outlook



Art. 2428CC

The macroeconomic outlook for 2022 reflects uncertainties stemming from the international context (Russian-Ukrainian conflict) and price dynamics. The slow-down in international activity continues, influenced by geopolitical tensions, inflationary pressures, and a change in the tone of economic policies. The most recent forecast by the International Monetary Fund (IMF) decreased its estimate of world GDP growth in 2022 to 3.6%. According to the IMF, the Eurozone should grow by 2.8% in 2022, with an estimate for Italy of +2.3%.

In recent weeks, the continuing conflict between Russia and Ukraine and the uncertainty related to its evolution and duration have continued to keep energy commodity prices high, especially natural gas and oil, which in April 2022 showed moderate declines compared to the previous month due to increases in supply.

Focusing on the Company's economic performance outlook, an increase in turnover of around 10% is expected

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

In this regard, it should be noted that, starting as early as 2022, initiatives and investments are planned to reach and preside over the North American market, making it possible to increase both sales and, in particular, to streamline and contain transport costs for products destined for these markets.

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

3.7

Other information

Art. 2428CC

Treasury shares and stocks/shares of parent companies

There was no direct or indirect ownership of treasury shares as of 31 December 2021. No transactions involving treasury shares were conducted during the fiscal year.

Relationships with subsidiaries, affiliates, parent and sister companies

During the year, there were no transactions with unconsolidated subsidiaries, affiliates, parent and sister companies.

Secondary offices

The Parent Company Andriani S.p.A. Benefit Corporation does not have branch offices as of 31 December 2021.

B

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4

Central role of the people



In this chapter



Stakeholders

4.1	Andriani's people	56	Employees
4.2	Health, safety, and well-being at work	60	
4.3	Company culture and development of human resources	66	

Key statistics and relevant facts

204

Employees in 2021

+27 compared to 2020
15.3% increase in human resources

5,895

Hours of training provided in 2021

+19.2% compared to 2020

20%

Number of female employees

+2% compared to 2020



Great Place to Work Italia Certification
2nd consecutive year

4.1

The people of Andriani

Art.2428CC



The value of diversity and inclusion

Human resources are the real driving force behind the company's life and activities, which is why Andriani has always attached special importance to the value and central role of its people. The staff's rights, training, and development play an important role in the company's organisation, which promotes careful planning of training activities.

Andriani's commitment to its employees is characterised by:

- Attention to health, safety, and well-being in the workplace;
- Respect for diversity and attention to gender equality;
- Investments in training in order to increase technical and professional skills;

- Promotion of career paths and professional development;
- Improvement in the work environment and climate, promoting a shared company culture;
- Listening to employees and *team-building*;
- Wage and welfare policies.

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

Staff composition and characteristics

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

In 2021, continued to grow its human resources. In fact, **the number of employees increased to an overall 204 units as of 31 December 2021**, a **15.3% increase (+27)** compared to 2020, when the total number of employees was 177. The increase affected all job categories. In addition,

the company's goal is to contribute to local employment, with approximately 93% of executives having been hired from the local community (Puglia region).

TABLE Number and percentage of employees by category and gender

Professional Position	31/12/2021			31/12/2020			Change		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	12 86%	2 14%	14	12 86%	2 14%	14	0	0	0
Middle Managers	5 83%	1 17%	6	3 100%	0 0%	3	2	1	3
Clerical staff	49 60%	32 40%	81	34 58%	25 42%	59	15	7	22
Labourers	97 94%	6 6%	103	96 95%	5 5%	101	1	1	2
Total	163 80%	41 20%	204	145 82%	32 18%	177	18	9	27

Composition of employees by professional position



TABLE Percentage breakdown of employees by category and age range

Professional Position	31/12/2021			31/12/2020		
	<30	30-50	>50	<30	30-50	>50
Executives	0%	57%	43%	0%	57%	43%
Middle Managers	0%	100%	0%	0%	100%	0%
Clerical staff	11%	79%	10%	19%	69%	12%
Labourers	12%	72%	16%	18%	67%	15%
Total	10%	75%	15%	16%	68%	16%

The average age of the employees is in line with the previous fiscal year, as shown by the table below:

Professional position	31/12/2021			31/12/2020		
	Men	Women	Total	Men	Women	Total
Executives	51	45	50	50	44	49
Middle Managers	39	38	39	39	0	39
Clerical staff	41	38	40	42	37	40
Labourers	41	43	41	40	45	40
Total	41	39	41	41	39	41

41
years
Average age of employees

On the other hand, with regard to the type of contract, as can be seen from the tables below, the number of open-ended contracts increased in the fiscal year under review, representing almost all existing employment relationships.

TABLE Number of employees broken down by gender and contract type

Type of contract	31/12/2021			31/12/2020			Change		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Fixed-term	4	1	5	3	1	4	1	0	1
Open-ended	159	40	199	142	31	173	17	9	26
Total	163	41	204	145	32	177	18	9	27

TABLE Number of employees broken down by gender and employment type

Type of impact	31/12/2021			31/12/2020			Change		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Part-time	1	0	1	1	0	1	0	0	0
Full-time	162	41	203	144	32	176	18	9	27
Total	163	41	204	145	32	177	18	9	27

Information on staff development compared to the previous year is given below:

→ Incoming employees

New hires broken down by gender and age range

2021

	<30 years	30-50 years	>50 years	Total
Men	4	17		21 (13%)
Women	4	6		10 (24%)
Total	8 (38%)	23 (15%)	0 (0%)	31 (15%)

2020

	<30 years	30-50 years	>50 years	Total
Men	10	19	2	31 (21%)
Women		2		2 (6%)
Total	10 (53%)	21 (16%)	2 (7%)	33 (19%)

← Outgoing employees

Terminations broken down by gender and age range

2021

	<30 years	30-50 years	>50 years	Total
Men	1	5		6 (4%)
Women		2		2 (5%)
Total	1 (5%)	7 (5%)	0 (0%)	8 (4%)

2020

	<30 years	30-50 years	>50 years	Total
Men		3	3	6 (4%)
Women		1		1 (3%)
Total	0 (0%)	4 (3%)	3 (11%)	7 (4%)

Finally, with regard to relations between workers and management, refer to the applicable CCNL (SME Food National Collective Labour Agreement) for the minimum notice period for operational changes.

Diversity and equal opportunity

| 405-1 | 406-1 |

Gender equality is still difficult to achieve in the food industry, which has a higher proportion of male employees. However, it should be taken into account that the company is committed to promoting equality right from the recruitment phase, with career development paths and considering the employees' professional contribution based on competence and performance criteria. In addition, Andriani is committed to eliminating all forms of discrimination based on gender, age, or personal and ideological beliefs in order to foster a harmonious and stimulating working environment.

The **increase in the percentage of female workers to 20% as of 31/12/2021** is noteworthy (18% on 31/12/2020). By contrast, the number and percentage of women in management positions remained stable at 14.3% of the total number of executives.

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

It should be noted that during 2021 there were no reported episodes of discrimination.

20%
overall pink quota

14.3%
female executives



In January, in collaboration with the **Fondazione Libellula (Dragonfly Foundation)**, Andriani decided to commit to combating and preventing violence against women and gender discrimination. This activity, which is part of the path towards inclusive education based on respect, involved training sessions for the various project teams:

- Gender and language;
- Certifying Gender Equality in the company;
- Gender, power, and leadership;
- Sharing experience and best practices among network companies;
- Harassment at work: recognising and addressing it together and HR Gender Focused.

In order to initiate change regarding being inclusive, it was considered important to first develop awareness of the underlying cultural mechanisms. A webinar was addressed all company personnel on the topic of gender stereotypes, their genesis and effect in the world of work and society. Subsequently, attention was focused on the phenomenon of violence and discrimination and the representation of gender

within our context, offering a Dragonfly Survey on stereotypes divided into four areas:

- awareness of the phenomenon of gender violence and discrimination;
- direct and/or indirect experience of violence and discrimination;
- representations and beliefs about violence, gender relations, and discrimination;
- violence, stereotypes, and gender relations within the organisation.

The results showed that violence and discrimination is very much present in organisational contexts, supported by limiting views and beliefs about gender relations.

A company-wide, in-person training course for all employees entitled “Gender Stereotypes at Work: Recognising and Deconstructing Them” began at the end of 2021. The result of the initiative appeared satisfactory, which is why inclusion-based projects are also planned for 2022.

Ensuring diversity and inclusion in the workplace should not only be the responsibility of human resources, but should be part of a broader corporate strategy promoted by top management. This is the only way to foster the true necessary change and to innovate; it is not merely about promoting new goals, policies and practices, but about embracing a truly inclusive culture.

For this reason, in 2021, a **targeted professional was hired in D&I** who is halfway between the emerging needs in HR and those in CSR.

For most of the year, this training professional participated in the **D&I Monitoring Unit in close cooperation with the Italian Global Compact Network** and various companies, which allowed us to develop the D&I insight document containing Italian policies and good practices at the end of the year.



Global Compact
Network Italia

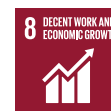
Italian Global Compact Network D&I Monitoring Unit

Seventeen companies from various sectors were involved in the **Diversity & Inclusion Monitoring Unit**, with members from HR, Sustainability, CSR, and D&I. The working group was coordinated by the **Italian Global Compact Network** and included key contributions from supranational organisations (International Labour Organisation - ILO) and national associations (Italian Association of Personnel Management), with the goal being to provide local regulatory overviews and guidelines from the perspective of international conventions. The round table’s goal was to reflect and share the deeper meaning of the concepts of diversity and inclusion and the

differences most commonly encountered in the workplace: disabilities, ethnicity, gender, age. Coordination of the group started in March 2021 and lasted 8 months, with meetings held on a monthly basis. Subjects of discussion and debate were: the regulatory framework, methods for mapping people’s needs and collecting data, participants’ paths and projects, and certifications and tools for measuring and communicating transparency towards stakeholders and within the company. The guidelines defined in this document were then enhanced by company testimonies on the topics covered in the sessions.

Health, safety, and well-being at work

Art.2428CC



Material topic no. 15

Occupational health and safety at work management system

| 403-1 |

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

safety. In addition, the company management pays particular attention to these important issues.

The occupational health and safety management system is a part of the Organisation, Management, and Control Model pursuant to Italian Legislative Decree 231/2001 and concerns all dependent and independent workers whose work and/or workplace is controlled by the organisation.

Risk assessment

| 403-2 |

Risk assessment is a process whose goal is to estimate the risks to the workers' health and safety from dangers present in the workplace.

This consists of a careful and systematic examination of all aspects of the work activity aimed at establishing:

- what could cause damage or injury;
- if possible, when there are dangers, eliminate them;
- if it is not possible, indicate the preventive and protective measures taken or that must be implemented to limit and/or control the risks.

With reference to Italian Legislative Decree No. 81 of 9 April 2008, the Andriani employer proceeded to carry out the various risk detection phases and then to compile the final document following the methods indicated in Articles 28 and 29 of the previously mentioned legislative decree.

"Risk assessment" is a complex operation that requires a series of phases for each area or workplace, the call for:

- identification of the sources of risks present in the work cycle;
- identification of the subsequent potential risks of exposure in relation to carrying out operations, both for

risk to safety and to health;

- estimating the extent of exposure risks associated with the identified prevention situations.

The risk analysis and assessment is documented in the Risk Assessment Document (RAD), which includes:

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

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

The RAD is updated periodically: lastly in January 2021.

Occupational health services

| 403-3 |

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

- collaborate with the employer and the prevention and protection service in assessing the risks and for planning, where necessary, any health monitoring, in the implementation of measures protecting the health and psycho-physical well-being of the workers, in training

and information activities for the workers within the scope of their functions and in organizing the first aid service;

- also works on the development and implementation of voluntary health promotion programs according to the principles of social responsibility;
- plan and perform health monitoring;
- provide information to workers on the meaning of the health monitoring to which they have been subject and, if exposed to any agents with long-term effects, any possible need to undergo health checks;
- visit the work environments at least once a year, or at a different frequency based on the risk assessment;

- participates in the planning of checking worker exposure checks; the results must be provided in a timely manner for the purposes of risk assessment and health monitoring.

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

Participation and consultation of workers

| 403-4 |

To facilitate worker participation and consultation in the development, implementation, and evaluation of the occupational health and safety management system, and in order to provide access to and communicate relevant occupational health and safety information to workers, Andriani organises periodic risk prevention and protec-

tion meetings pursuant to Article 35 of Italian Legislative Decree no. 81/2008, as amended. These meetings are attended by the executives, the Prevention and Protection Service Supervisor, the Company Physician, and the Workers' Safety Representatives who are elected at a meeting attended by all the company's workers.

Training on safety in the workplace

| 403-5 |

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

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

As set forth in Articles 36 and 37 of Italian Legislative Decree 81/08, Andriani ensures that each worker receives sufficient and adequate training and information regarding health and safety, with particular reference to their own workstation and responsibilities. The information and training courses cover:

- workers' rights and duties related to health and safety in the workplace;
- organisation of safety inside the company, with particular attention to health risks and procedures re-

garding first aid, fire fighting, and the evacuation of the workers;

- safety and hygiene;
- tasks and responsibilities of specific individuals set forth by the standards such as the Workers' Safety Representative, Prevention and Protection Service Supervisor, Company Physician, members of the Prevention and Protection Service, first-aid officers, fire-fighting officers;
- risks regarding the workstation and jobs, as well as the possible damage and subsequent prevention and protection measures and procedures;
- interpersonal communication techniques in relation to the role.

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

- equipment use conditions;
- predictable abnormal conditions.

The employer shall also ensure that workers are informed of the risks to which they are exposed when using work equipment, of the work equipment present in their immediate surroundings, even if not used directly by them, and of any changes to that equipment.

Relationships with Consultants, Partners, and Suppliers

| 403-7 |

In the context of relations with parties outside of Andriani such as consultants, partners, and suppliers, specific information is provided on the safety policies and procedures adopted by the company, based on the Organisation, Management and Control Model, as well as the texts of the contractual clauses usually used in this regard.

In accordance with the provisions of the specific contractual clauses included in the letters of appointment or partnership agreements, any conduct by consultants, partners, and suppliers that conflicts with the lines of conduct indicated in the Organisation, Management and Control Model, and which entails the risk of a crime or offence being committed, may result in the termination of the contractual relationship or in any other contractual sanction specifically set forth, without prejudice to any claim for compensation, if substantial damage to the company results from such conduct.

The company has prepared the **Unified Document for Assessment of Interferential Risks** to promote cooperation and coordination, when work, services, and supplies are entrusted to contractors or self-employed workers within the company, indicating the measures taken to eliminate or, where not possible, minimise risks from interference.

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

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

Injuries and occupational diseases.

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

With regard to quantitative information on injuries and occupational diseases affecting the Group's employees, it should be noted that in 2021 there were 4 injuries reported and no deaths. The increase in injuries, while still

low, is related to the increase in both the number of employees (+15.3%) and the increase in work hours per year *+15.7%). There were no cases of occupational disease.

TABLE
Quantitative information on injury cases

Andriani Staff	2021	2020
Total deaths due to occupational injuries	0	0
Total occupational injuries with serious consequences (excluding deaths)	0	0
Total no of occupational injuries reported	4	1
Hours worked by Andriani employees	329,450	284,738
Multiplier	1,000,000	1,000,000
Rate of deaths due to occupational injuries	0	0
Rate of occupational injuries with serious consequences	0	0
Rate of recorded occupational injuries ¹	12.14	3.5

¹ Total number of injuries reported x Multiplier ÷ Total Hours worked

The following is quantitative information on the rate of absenteeism, which must be considered to be positive due to both the 15.7% increase in total hours worked in 2021 and the 15.3% increase in the workforce compared to the previous fiscal year.

TABLE
Absenteeism (%)

Reason	2021		2020	
	Male	Woman	Male	Woman
Illness	1.75	0.61	2.04	0.66
Injury	0.24	0	0.01	0.00
Maternity	0	0.68	0	0.77

It should be noted that, with reference to workers who are not employees but who worked at Andriani's work sites, only one case of a non-serious accident occurred during 2021. Also, in 2021, 1 female employee requested and used parental leave, subsequently returning to work.

Company welfare

| 403-6 |

For Andriani, the concept of corporate well-being is at the heart of all *People Care* activities, with the intent being to promote **happiness at work**. This is essential for high intrinsic motivation, quality production, engagement, a sense of belonging, performance, and productivity.

For this reason, in 2021, the company created a series of initiatives aimed at promoting its workers' health in order to increase internal **well-being** even further.

Well-being

Among the services provided are activities carried out in the gym and supervised by a physical trainer, such as muscle awakening, postural and functional respiratory gymnastics, cardio and G.A.L. exercises using the equipment present on-site such as bikes, ellipticals, and treadmills.

In 2021, there was a satisfactory number of participants, reaching around 200 per month. Table tennis and table football tournaments, morning mountain bike excursions to



explore the area, afternoon 7-a-side football matches, and yoga classes promoted socialisation and team spirit, aligning with the company's team building policy.

To develop a healthy lifestyle, employees were able to meet personally with a nutritionist in order to improve their health and physical fitness. A special menu was also created in collaboration with the company chef.





Following up on the Bike to Work initiative, the Andriani Group increased the number of e-bikes available to its workers in 2021 to 95 in order to promote a healthy lifestyle and encourage a more sustainable commute to work.



85,750km

TRAVELLED IN 2021

8,146kg*

CO₂ NOT EMITTED IN 2021

* Data from the Ministry of Infrastructure and Transport's OpenData system were used to calculate the amount of CO₂ not emitted.

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

- improving physical health, with targeted awareness and prevention pathways on critical issues that are widespread within the company;
- optimising each person's mental and emotional balance with psychological support and with the implementation of specific pathways that allow them to express their strengths and work on areas for improvement, with an increase in self-empowerment and engagement, and strengthening their coping strategies (adaptation and reduction of work stress);
- promoting a healthy lifestyle;
- reducing physical and mental stress through a safe and healthy workplace with a suitable microclimate and ergonomic equipment;
- promoting safety at work through the encouragement of the use of PPE and continuous training on the subject;
- increasing the company's commitment to achieving goal 3 of the 2030 Agenda.

These initiatives were introduced following a survey that anonymously investigated emerging needs regarding personal health, both physical and psychological, in order to provide services in line with the real needs of the people.

The following initiatives were implemented:

- increase in training hours on safety, risks linked to the job and work environment, and use of PPE with a consolidation of the knowledge learned through the training;
- improvement in the micro-climate conditions and noise inside the facility to prevent any damages, injuries, or occupational illnesses;
- individual meetings with the company physician for a comprehensive history of physical and psychological health;

- awareness-raising on addiction, to prevent dysfunctional behaviour and implementation of individual psychological and therapeutic support paths;
- prevention of cardiovascular illnesses by monitoring specific parameters and risk conditions;
- implementation of an anti-smoking campaign to reduce the number of smokers and the amount of cigarettes smoked daily. The ultimate goal could be to become a *Smoke Free* facility.

In addition, a **psychological support service** was implemented through a **Toll-free Wellness Number** active 24/7, which allows all employees to receive remote psychological support anonymously, confidentially, and free of charge. The service offers professional support on topics related to **work-life balance**, stress management, and improving wellness at work and in private life.

Andriani decided to implement a **Corporate Welfare Plan** to express its obligation to its employees.

This Plan consists of providing all employees with a Welfare credit for the use of goods and services, especially in the Personal Services Area, to which each interested party can adhere to create an individualised package to meet their personal and family needs. The goal is to increase employee satisfaction, which can be understood as a strategic and fundamental element for corporate success.

The recipients of the first application of the Welfare Plan, Art. 2 of the "Corporate Regulations. Andriani Welfare Plan", are Andriani S.p.A. employees hired on a permanent basis and employed by the company on the effective date of disbursement, except as reported in the appropriate sections. The Plan excludes temporary employees or interns.

The Plan is routine in nature and remains valid until 31/12/2021 with the possibility of being supplemented and/or modified.

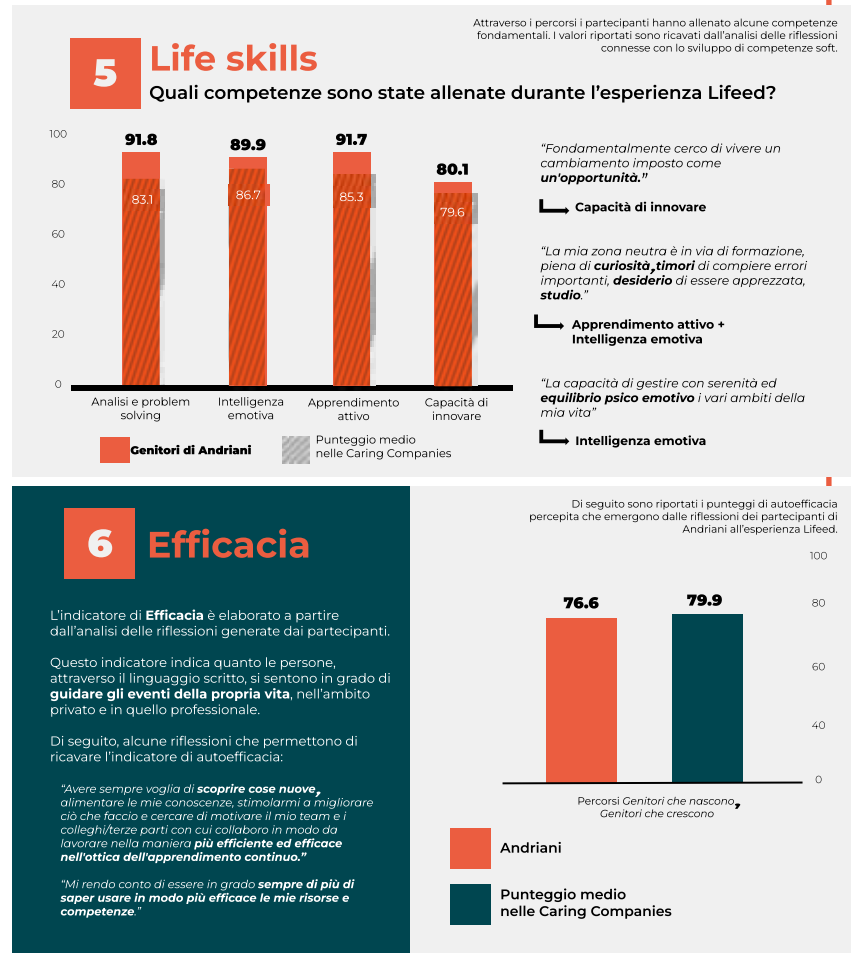
Parents by birth, Parents through growth

In 2021, the Andriani Group initiated a parent support project in partnership with **Lifeed** (Life Based Value S.r.l.) to enhance diversity and recognise the benefits from the life-work synergy as a precious asset that leads to an overall increase in efficiency and well-being. Through digital masters, webinars, and *Life Based Learning* tools, the learning method based on life, including care experiences such as being a parent, become opportunities to develop valuable broad-based skills that are essential both at work and at home. The Lifeed project involved all employees and made the following support activities available:

- Lifeed Parents by birth, Parents through growth: the program to transform the parenting experience into a soft-skills master (for parents of children 0-18 years of age);
- PARENTS BY BIRTH (for parents with children 0-3 years of age);
- PARENTS THROUGH GROWTH (for parents with children 4 - 18 years of age);
- Lifeed Multi-ME: the digital tool for building a multidimensional portrait, becoming aware of the richness of various life roles.

The project was also suitable for those who are experiencing a transition phase in their personal or work life, still in view of applying acquired and matured soft skills in various life roles.

This has enabled us to receive the **Caring Company 2022 award** from Lifeed for our appreciation of the synergy between life and work and for our ability to act as a model of caring leadership that promotes the diversity of each individual.



From Lifeed report, Andriani “Parents by birth, Parents through growth”

Support services to directors and executives

| 401-2 |

The project is part of Andriani's Corporate Social Responsibility and Well-being activities, in full alignment with the values and goals of *Andriani Empowering People*. The advantages of the initiative are for directors and executives, through the contribution of ASSIDIM, an association that is exclusively for welfare and non-profit purposes, registered since 2010 with the Register of Supplementary Funds at the Italian Ministry of Health.

The association ensures economic assistance and services in the event of illness, injury, death, disability, loss of self-sufficiency and serious illnesses, and provides:

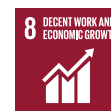
- Supplementary health care - reimbursement of health care costs incurred by directors and executives (and

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

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

4.3

Company culture and development of human resources



Material topics no. 15, 16

People empowerment and sharing

Andriani believes deeply in enhancing the skills, potential, and decision-making abilities of each individual. For this reason it promotes widespread leadership and a fluid organisation, which allows everyone to feel involved in the company's decision-making processes by empowering and enhancing each employee's contribution with the creation of work teams across the board, made up of

different roles from different company areas. Regardless of their function in the organisation, everyone can participate in project teams deemed strategic by the company as project managers or *subject matter experts*. Every team member is invited to freely share their suggestions, ideas, and proposals.

Team building, sharing and sense of belonging

The company places great value in informal get-togethers, such as Team Building events, a set of educational, experiential, and recreational activities aimed at creating interaction within a group of people in order to improve their ability to work as a 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).

Andriani firmly believes that each person is unique and the value of diversity, which is why it bases its activities and processes on a corporate philosophy of inclusion and promoting uniqueness. For this reason, the company feels that it is important to consolidate the informal contract that it creates with each employee by encouraging intrinsic motivation, which allows the creation of engagement, attachment to the company, and corporate identity.

Group sports activities are often organised to create opportunities for recreation, fun, and interaction (mountain biking, table tennis and table football tournaments), since Andriani believes that, as emphasized by the Council of the European Union, sports are a source and driver of **social inclusion** and an excellent tool for the **integration of minorities** through the establishment of a real **working group** with a goal to be achieved and using predetermined methods and tools. The **experiences** (physical exertion, competition, strain, joy and disappointment, and the final result of defeat or success) are always **shared** and never suffered in solitude, especially the negative ones.

This leadership model makes it possible to push for innovation while overcoming the resistance to change that can inhibit business development. By enhancing soft skills and training leadership skills, the company has the opportunity to open up to innovation, become anti-fragile and thus make the best out of unexpected and far-reaching situations.

The following soft skills are considered strategic for the operation of this type of organisation, with the creation of broad-based, multidisciplinary teams:

- agility – managing uncertainty, picking up and inter-

preting even weak signals, accepting the short-term and reformulating the strategy several times if necessary;

- authenticity - being accessible, authentic, and welcoming, showing balance in thoughts, emotions, and behaviour;
- neuroleadership - deeply understand each individual's unique attributes, to pool everyone's energy;
- adaptability - being flexible in order to draw on the employees' strengths while at the same time valuing diversity and transforming it into energy and convergence in terms of results;

- humanisation - controlling the drive towards digitisation by finding the right mechanisms to allow people to guide the process;
- humility - being able to recognise and develop others' talents to benefit the team;
- innovation - promoting independent thought, encouraging others to always try new solutions and ideas.

Andriani is focusing heavily on strategies to improve employee well-being, introducing more and more flexibility in order to create both immediate and medium- to long-term well-being, fostering excellent work-life balance and increasing intrinsic motivation at work, so that everyone can come to work with a smile.

Working in the Smart Building

The **Smart Building** was designed to introduce an innovative work philosophy based on flexibility, autonomy, responsabilisation, sharing, and communication. The Smart Building is the concrete image of this approach: the building provides **bright** and **comfortable offices** to perform different tasks, with **dedicated spaces** for breaks. The adjacent company gym is the location for all of the activities in the **Andriani Wellness** project dedicated to physical and mental wellbeing with muscle awakening, stretching, cardio-fitness, yoga, and bicycle excursions. Various qualitative interviews in the company revealed great



enthusiasm and a deep sense of pride in being part of the great Andriani Team.

Great Place To Work

In November 2021, for the second year in a row, Andriani participated in the GREAT PLACE TO WORK project by the research and organisational company of the same name that measures and analyses the quality of the workplace, accompanies companies in their growth, and awards the best organisations in Italy, Europe, and throughout the world. Andriani once again received **GREAT PLACE TO WORK 2021-2022** certification due the use of two tools validated by thirty years of research and analysis in organisations throughout the world, i.e., internal company policy and climate analysis. Also, in the beginning of 2022, Andriani was the only company in southern Italy to be entered in the **Best Workplaces** ranking, being classified among the 60 best Italian companies to work for and in the 11th place in the 150/499 employees category. These results confirm the positive impact the company's People Care and Personnel Management policies have on human re-



sources, who are placed at the centre of all company activities and processes as the driving force of the entire Group.

48,546 people attended the award ceremony for the Great Place to Work Italy's Best Workplaces 2021 ranking, demonstrating the great interest in issues related to "working well" and well-being in the workplace.

Family Day



Andriani firmly believes in creating events and moments that allow sharing, participation, a sense of belonging, corporate identity, improvement of the internal climate, and the promotion of relationships and communication. Each year Andriani organises its **Family Day**, a gathering and entertainment, involving family members and friends of employees and contract workers, in order to provide a unique and enjoyable experience.

The **4th Andriani Family Day** took place on 10 September 2021, attended by employees with their family and friends, in compliance with Covid-19 regulations. The event involved a pleasant lunch in the outdoor area behind the Smart Building, accompanied by musical performances. Frisbee tournaments were also organised and children were able to play inside the Kid's Area where there were inflatable party jumpers, sports activities, and a puppet theater which presented stories based on the **themes of Diversity & Inclusion**".

There were also speeches present on the following topics:

- New FELICIA Advertising Campaign;
- Presentation of the WINK WEEK game: a board game created by Andriani to teach children the basics of healthy and sustainable nutrition;



- Andriani Benefit Corporation;
- D&I and psychological support at the company.

A lottery was also held during the event for employees and their children and the short film, "Granddad, this is Felicia" interpreted by the children of the Andriani Arts Academy was also presented. In addition, there were messages placed around the event area aimed at promoting an inclusive culture and a D&I inspired mural created by a known Italian artist.

Human resources' training and growth

| 404-1 |

In order to continuously enhance the skills of its human resources, there were 5,895 hours of training offered in 2021, and increase of 19.2% over the previous year, for a total of 185 employees. Training was begun based on the

results of the **analysis of the training needs** of department heads and associates related to both **hard skills** and **soft skills**.



Average hours of training
28.90



Average hours of training - women
34.59



Average hours of training - men
27.47

TABLE

Hours of training broken down by position and gender

Professional position	Total Hours	Women	Men	Total Hours
		Average	Average	
Director	132	66.00	36.58	571
Middle Manager	103	103.00	52.20	364
Office worker	1,130	35.31	38.76	3,029
Hourly worker	53	8.83	19.36	1,931
Total	(24%) 1,418	34.59	(76%) 4,477	5,895

GRAPH

Hours of training broken down by position and skill

571

hours of training executives

364

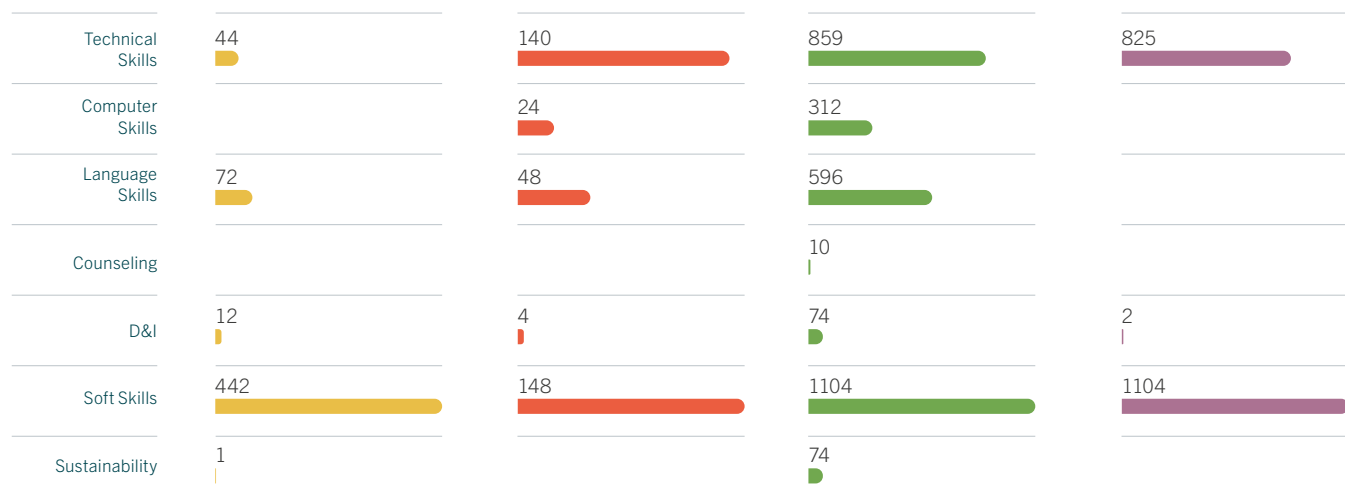
hours of training middle managers

3,029

hours of training clerical staff

1,931

hours of training labourers



5,895 Hours of training in 2021

Managerial training - Ambrosetti

The managerial training course, in collaboration with **Ambrosetti** involved educational activities to train and measure themselves in terms of skills and results. Participants were able to observe and study the relational and organisational processes in which they are immersed on a daily basis, but which are often invisible. The course allowed them to train, try, and experiment, developing different and more effective methods for relating with others, with the help of expert consultants. The methodological matrix combines *Group Relations* experiences, autobiographical storytelling

techniques and physical activation and exploration exercises. Learning is organised on the following levels:

- Analytical - analysis, processing, and development of awareness of psychological dynamics that intervene in teams and leadership relationships;
- Experiential - experimentation of situations and relational group behaviour;
- Transfer - reflection and re-planning on the transformation of personal participation methods and influencing group activities.

Psya Stimulus

In order to **enhance and improve mental wellbeing a stress management** course was offered to prevent stress, whether work-related or from other areas of life. The purpose of the course, carried out in partnership with **Psya Stimulus**, a company specialising in services for the promotion of corporate well-being, was to:

- Create a space for discussion and training related to

stress management, to provide useful approaches for recognising the symptoms of stress and anxiety, and tools for responding appropriately;

- Provide a professional yet informal method for discussion and sharing, with the goal being to create a space for reflection, recognition, and discussion.

The company pursues the enhancement of relations with leading Italian **universities and educational institutions**, including the Pollenzo University of Gastronomic Sciences, with which it is an official partner, the L. Bocconi Business University in Milan, the Turin Polytechnic University, the University of Bari, ITS Cuccovillo, and the Mediterranean Agronomic Institute (CIHEAM) based in Valenzano (BA). The latter has been involved for years in organising Master's courses, among other things, aimed at students from all countries in the Mediterranean basin and with a strong vocation for internationalisation, youth entrepreneurship, and open innovation. The collaboration is founded on Andri-

ani's previous participation in a work project with a group of students who were given a challenge by a corporate team, supervised by CIHEAM tutors, to develop a teff-based functional food product.

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



Career Day

In 2021, Andriani participated in a series of **Career Days** to promote excellent *employer branding* and **attract talents** in line with the company's needs. The various events, which took place from January to September 2021, involved direct dialogue with **students from certain scholastic institutions**

or universities to facilitate the selection of candidates for company internships, especially in the Export Management and Sustainability areas, to match the profiles of students interested in an internship experience with the company's needs.



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5

Natural innovators for conscious food

In this chapter

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Suppliers, customers, business partners

Key statistics and relevant facts

New Supplier Code of Conduct

for a path of co-evolution between Andriani and its suppliers, aimed at sustainability

Important boost to research and development activities

8

raw material characterisation studies

2

projects for improving Felicia products

5

new blends tested

3

new raw materials tested

1

scientific publication in international periodical

1

new product line project

5.1

Quality of raw materials and sustainability of the supply chain



Raw materials and supply chain

| 2-6 | 204-1 |

The supply chain has a significant impact on responsible company management. For this reason, the Andriani S.p.A. Benefit Corporation directors and management consider the procurement of raw materials to play a

central role in the company's operations. The economic value of the raw materials purchased from suppliers, in comparison to the previous year, is broken as follows:

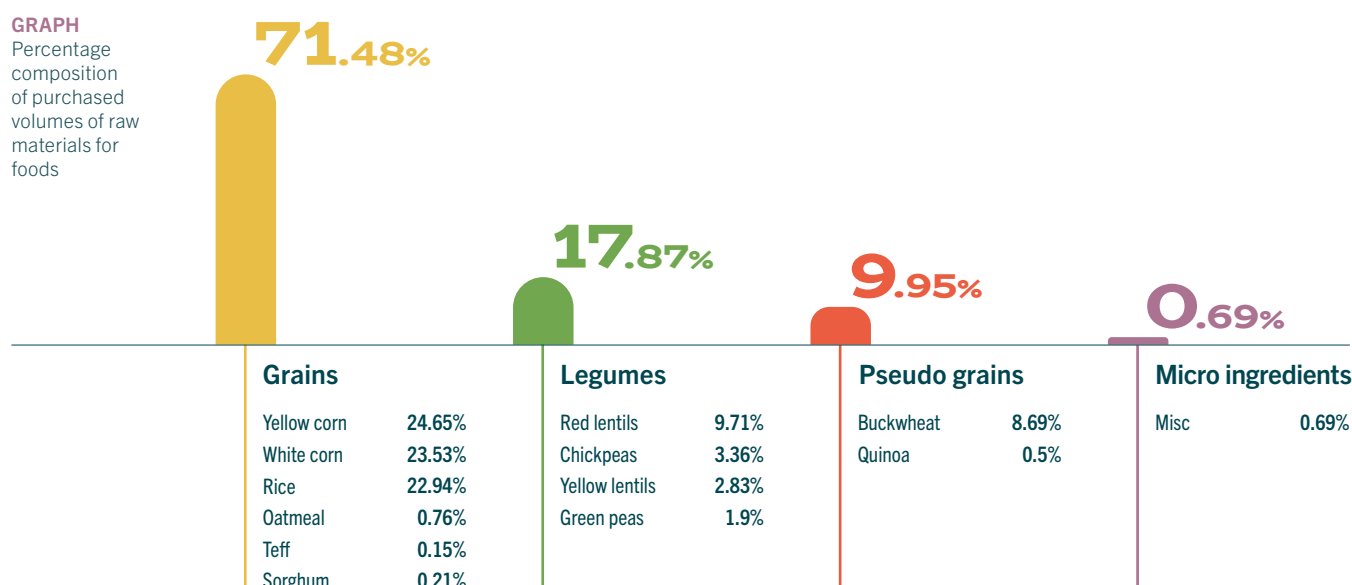
TABLE
Raw materials, subsidiary materials, consumables and goods

	31/12/2021		31/12/2020	
	Euro		Euro	
Raw materials	30,321,662	71.2%	29,437,230	74.6%
Packaging	9,502,629	22.3%	8,567,569	21.7%
Fuel	1,756,914	4.1%	509,850	1.3%
Consumables	396,614	0.9%	475,960	1.2%
Fuels and lubricants	64,233	0.2%	39,540	0.1%
Finished products	28,970	0.1%	238	0.0%
Merchandise	30,100	0.1%	7,652	0.0%
Others	460,214	1.1%	421,944	1.1%
Total	42,561,336	100%	39,459,983	100%

As shown in the previous table, the purchase of **food raw materials** (agricultural and flour products) is the main component of procurement, at **71.2%**. Another significant item is packaging, used primarily for finished prod-

ucts, at 22.3%. The table and graph below, on the other hand, show the percentage acquired of food raw materials used in processing and production, broken down by raw material types:

GRAPH
Percentage composition of purchased volumes of raw materials for foods



In researching raw materials, Andriani requires high quality standards from its suppliers, considering the raw materials to be the basis of the goals the Group intends to achieve in offering consumers safe and quality products. In addition, suppliers are chosen considering responsible and knowledgeable production, concepts that Andriani deems indispensable.

- food raw materials and ingredients for pasta making;
- packaging;
- consumables.

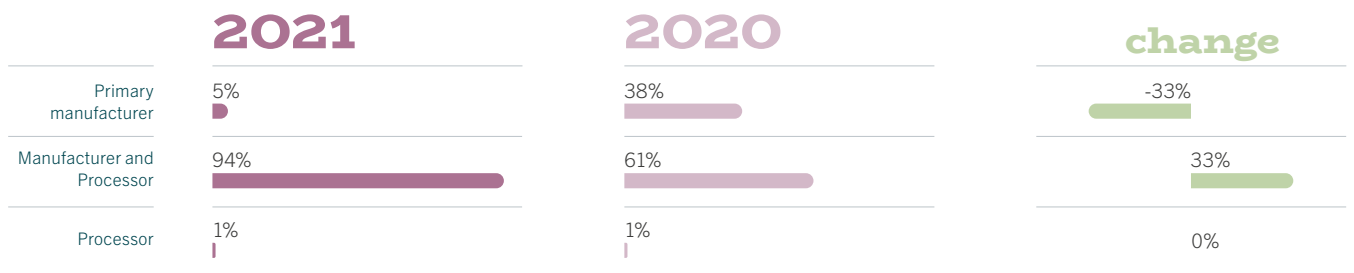
The following are the different supplier categories, most being logistically close to the Group's headquarters in order to promote and enhance local products and to have a lesser impact on the environmental impact related to transport.

In 2021, the Group collaborated with suppliers in the following primary areas:



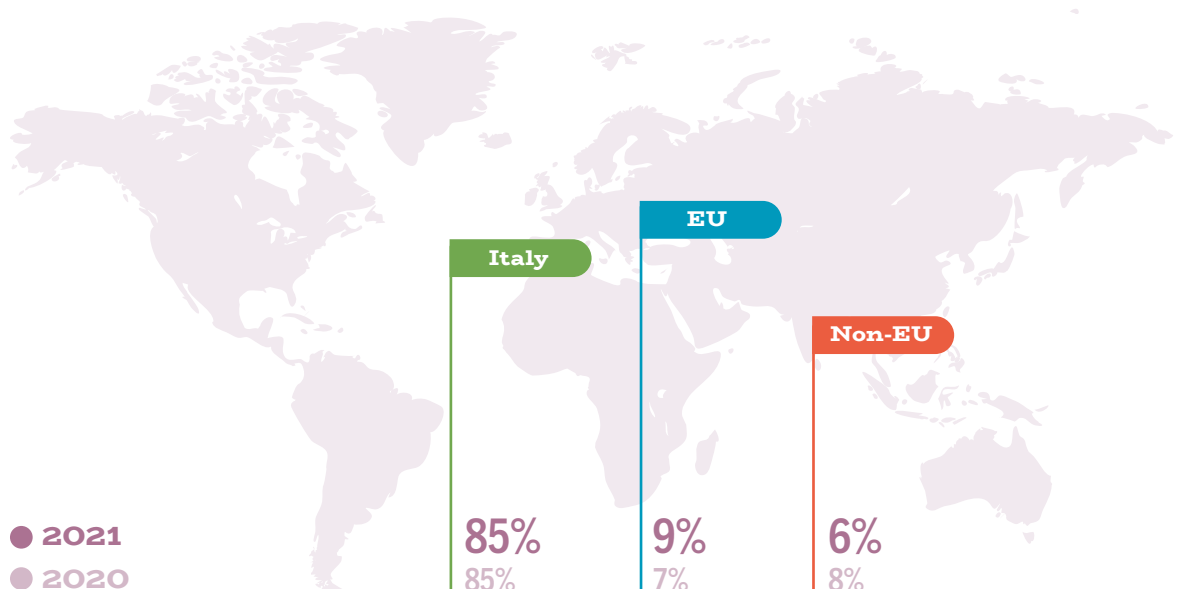
In regard to the type of suppliers selected, in 2021, 94% of turnover was developed at primary manufacturing and processing companies. Primary manufacturers alone, however, account for 5% of expenditures. 2% was for only processing companies. Therefore, compared to the previous year, there was a significant increase in expenditures related to manufacturers and processors (+32.37%).

GRAPH Percentage of expenditures by supplier type (in % of purchases of food raw materials)



In reference to the proportion of expenditures to local suppliers¹, the percentages are in line with those of the previous year, as shown below:

GRAPH Proportion of expenditures to local suppliers¹ (in % of food raw materials procured)



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

The data related to expenditures related to local suppliers may be viewed in light of two different and interrelated considerations:

- 1) choosing local suppliers economically supports the national and regional market, fostering the growth of local companies and increasing the employment rate;
- 2) preferring local suppliers contributes to environmental sustainability initiatives through the enhancement of local cultivation (for food raw materials) and the reduction of pollution from transport, e.g. by road, which is considered highly polluting.

Through these choices, the Andriani Group can be considered a virtuous example for other companies given its commitment to sustainability in manufacturing processing, advocating change in the corporate culture. For this reason, in 2021, Andriani continued the projects established in 2020, committing to high ethical and quality standards.

New Supplier Code of Conduct

Continuing the commitments made in the previous year, in 2021, Andriani officially initiated activities, in collaboration with its partner, **Nativa S.r.l Benefit Corporation**, related to a major supply chain co-evolution project. The initiative began with the need to implement suitable tools for monitoring suppliers. Formulating clear expectations in terms of reducing environmental impact and achieving and maintaining high **business ethics** standards, suppliers are involved in a continuous performance improvement path.

The project began with **mapping the supply chain** through the identification of product groups or purchase categories. All employees involved in any manner with suppliers on a daily basis were called to take part in one-on-one interviews to describe their interactions.

The goal of this step was to get a clear view of the company's procurement network in order to identify risks and define a baseline to calibrate subsequent interventions in all areas of sustainable development.

The mapping provided a set of suppliers that make up the Andriani supply chain:

- food raw materials;
- packaging;
- transport;
- services (including financial institutions and temp agencies);
- consumables (canteen, office materials, etc.);
- machinery and maintenance services for core processes.

In addition, the purchase categories identified were classified according to a double criteria:

- 1) relevance of the supplier for Andriani;
- 2) relevance of sustainability themes for the supplier.

In this manner, the average readiness of each category to implement sustainability practices could be represented. This step was essential because it allowed the characterisation of opportunities and barriers that characterise the supplier's business in terms of sustainable development.

In the second phase of the project, the topics to be included in the **co-evolution** process were determined, drafting a **Code of Conduct** based entirely on suppliers, and implementing a new **questionnaire for selecting, qualifying, and evaluating suppliers** based on the contents of the Code. This practice allows sustainability to be integrated with other purchasing requirements (cost, quality and service level), encouraging all suppliers to embark on the path of continuous improvement followed by Andriani.

The list below shows the **Material Topics** considered:

- 1) Transparent governance;
- 2) Anti-corruption;
- 3) Human Rights;
- 4) Safety and wellbeing in the workplace;
- 5) Quality, Safety, and Traceability;
- 6) Energy, emissions, and mitigation of climate risks;
- 7) Sustainable mobility;
- 8) Circular economy;
- 9) Biodiversity;
- 10) D&I and development of human resources;
- 11) Open Innovation & Shared Value.

The aim of the project deliverables is to initiate an open dialogue aimed at **integrating sustainability practices into the business models** of all those who, in various ways, are part of the **company's supply network**. Thanks to the contribution of all of the supply chain operators, Andriani aims to raise sustainability standards through open innovation and collaboration approaches in fulfilling specific commitments.



Food safety inspections on raw materials and suppliers

| FP5 |

Consumer health is of fundamental importance to the Andriani Group. For this reason, following a careful risk analysis, the **Quality Department** defined a **monitoring plan** to cover the process from the raw materials up to the finished product. Allergens, plant protection products, heavy metals, and mycotoxins are constantly monitored.

The Andriani Raw Materials Analysis Laboratory along with contracted external laboratories, perform daily in-

spections so that the pasta-making process is free of contaminations from allergens – first and foremost gluten – or residues of plant protection products – such as glyphosate.

Each supplier is subject to a careful qualification process. The supplier register lists all actors in the supply chain. Each raw material supplied is analysed and as a result, **3%** of raw materials that were rejected as nonconforming.

Raw materials



Analytical checks



For the second consecutive year, the inspection audit programme at the suppliers' premises was defined considering all restrictions resulting from the pandemic. 5 visits were made to raw material suppliers, favouring new suppliers. The documentary qualification procedure remained valid, and the outcome was positive for all suppliers with whom relations had been maintained in previous years.

Ethical and social procurement

| 408-1 | 409-1 |



Andriani pays constant attention to the respect for human rights and endeavours to transmit these values to its suppliers as well, rejecting all forms of forced labour, child labour, or coercion of employees' personal freedoms.

Also, the Group has joined the **SEDEX** platform in 2021, confirming its commitment to bringing these issues increasingly to the forefront of business dynamics. In 2021, the percentage of food raw materials and packaging suppliers that use the platform was at 22%, a decrease from the previous years *-21%) primarily due to memberships that were not renewed. This figure does not raise any alarm related to guaranteeing respect for human rights in the companies concerned, most of which are located in non-risk countries, have certifications equivalent to

the SMETA audit, or with which Andriani has had supply relationships for several years. However, this data indicates the need to take on commitments that are not mere reactions to external stimuli but rather that come from a rooted awareness of the importance of the theme throughout the supply chain (see the **Italian Global Compact Network VI SDG Annual Forum**, chapter 7).

In 2021 there were no recorded episodes of forced labour or child labour. Finally, Andriani decided that it will consider the membership with SEDEX or the presence of certification schemes equivalent to SMETA on the above-mentioned issues, as a requirement for the selection and qualification of suppliers, including through appropriate references within the new Code of Conduct.

Procurement from local suppliers

The Group maintains business relationships with local suppliers, i.e., suppliers with operational headquarters in Italy and that are connected to the sustainable supply chain project that Andriani has been carrying out since 2017.

89.49%
 Volumes from local suppliers in 2021

In 2021, volumes from local suppliers amounted to 89.49% of the total, with smaller shares for EU and non-EU suppliers (both about 5%). The data are in line with what emerged in 2020, in fact the changes compared to the previous year are insignificant, indicating a stable supply chain.

Two types of products are primarily delivered by local suppliers:

- 1) selected products, ready for grinding;
- 2) field products that require cleaning and sorting, an activity carried out and monitored by the subsidiary Terre Bradaniche S.r.l. This company is also involved in supporting the local economy through a renewed commitment to building strong relationships with the local community.



5.2

Nutrition, well-being and customer satisfaction

Our products

| 2-6 |



Andriani, a leader in the **food innovation** industry, develops and produces an innovative and complete range of gluten-free pasta using a variety of naturally gluten-free ingredients. These include grains such as rice, corn, oatmeal, buckwheat, spirulina and legumes such as lentils, peas, chickpeas, beans, etc.

The group produces its pasta and other products in the Andriani S.p.A. 100% allergen free facility in Gravina in Puglia. All production is carried out in Italy, based on food quality and safety criteria.

TABLE
Sales results by quantity

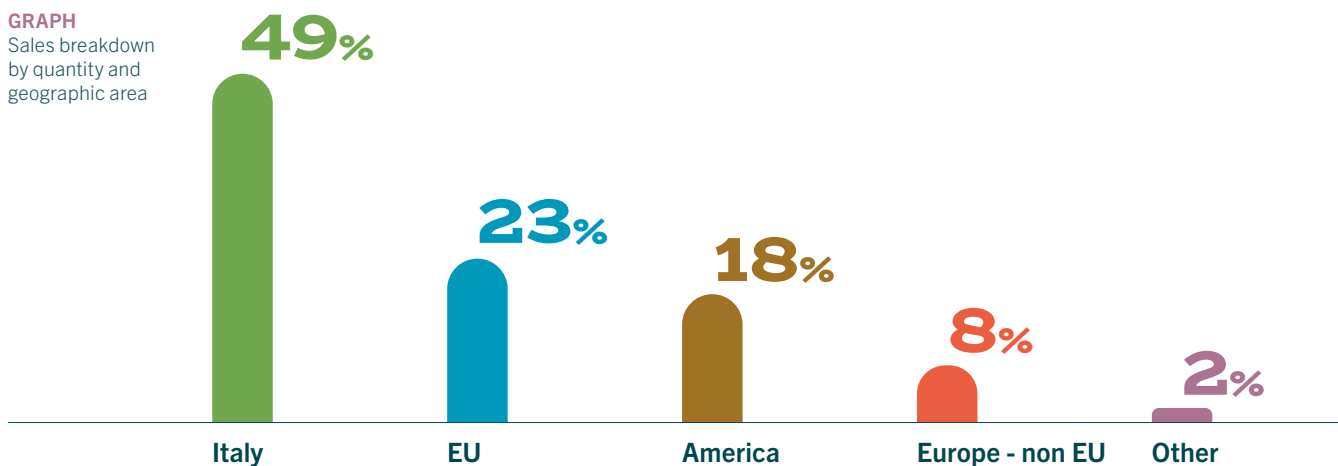
Description	2021	2020
Gluten-free pasta from grains	65.7%	62.4%
Gluten-free pasta from organic grains	13.0%	12.4%
Gluten-free pasta from legumes	9.5%	11.7%
Gluten-free pasta from organic legumes	11.5%	13.1%
Gluten-free mixes for sweet and savoury foods	0.3%	0.4%





Sales are intended for both the national (49% in 2021) and international markets.

GRAPH
 Sales breakdown
 by quantity and
 geographic area



Overall, the quantity sold in 2021 is 31.1 thousand tonnes (31.7 thousand tonnes in 2020). Compared to last year, all sales outside the domestic market increased, a sign of the Group's greater international reach.

For the most part, sales were made up of private label (PL) products followed by the brands **Felicia** and **Biori**. Private label sales are intended for customers represent-

ed by large food groups, while Felicia and Biori products are aimed primarily at end consumers.

The Felicia and Biori brands are owned by the Andriani S.p.A. Benefit Corporation and are registered with EUI-PO, the European Union Office for intellectual property as well as in other countries and related intellectual property protection registries.





Felicia is an Andriani Benefit Corporation brand and is a spokesperson for its values. On the market since 2015, today it has one of the largest assortments of organic and naturally gluten-free pasta available on the shelf, with many varieties and formats to meet the needs of an evolved and conscious consumer who wants to feel reassured about his family's diet.

Pasta Felicia is innovative because it is an alternative to the traditional product. It is made using legumes and grains such as buckwheat, brown rice, oatmeal, chickpeas, and lentils, and is rich in precious nutrients such as fibre, protein, and minerals. In addition, it is completely natural because it is made using only water and flour.

We feed optimism

Felicia's TV debut is part of a development roadmap covering the next 3 years, with the goal being to increase *brand awareness* and consolidate the new strategic position.

At the same time, the new felicia.it web portal and e-commerce was launched. In addition, promotional activities were organised in large-scale retail outlets featuring the *product hero* of the advertising campaign: pasta with oats, which responds to current market and consumer trends characterised by a growing demand for *healthy products*.

On 3 April 2021, it made its TV debut on the Mediaset networks, with spokesperson Alessia Marcuzzi.

"We feed optimism" is the campaign claim in the new spot directed by Gabriele Mainetti. The spot uses a split screen to illustrate the great variety of Felicia pasta in terms of ingredients and flavours as well as how it can be consumed. Besides traditional TV, the campaign includes significant On Demand, Social and Programmatic Video planning.



In 2021, Felicia presented **its new image: clear, simple, and highly identifiable, with an unprecedented packaging system** that presides over the shelves of large retailers.

sonality of Felicia, that has always used clear labels and legible and transparent ingredient lists. The new packaging also emphasizes distinctive production aspects, such as the **100% Italian organic and sustainable** legume pasta **supply chain**, produced in Italy's only allergen-free pasta factory with built-in multigrain mill.

The new Felicia Packaging System launches an unequivocal message: to become a recognisable icon of healthy and innovative food, a symbol of Italian food innovation, with a focus on sustainability. In a continuously growing market of healthy products, Felicia's uniqueness comes from differentiating itself from the competition as the **first brand in the sector** to offer the widest variety of high quality alternative pastas, tailored to the needs of each individual in terms of taste and consumption patterns.

For clear and correct communication of the pasta cooking time, the words "ready from" were introduced on the label, followed by the cooking minutes.

The new, completely recyclable packaging communicates the benefits of the raw materials used and reflects the per-

sonality of Felicia, that has always used clear labels and legible and transparent ingredient lists. The new packaging also emphasizes distinctive production aspects, such as the **100% Italian organic and sustainable** legume pasta **supply chain**, produced in Italy's only allergen-free pasta factory with built-in multigrain mill.

Nutrition and well-being

Andriani aims to pursue the goals of the UN 2030 Agenda. In particular, goal no. 3 concerns the focus on health and well-being in relation to the different types of stakeholders with whom the company works.

These partnerships lead to healthy products that are able to meet the growing needs of people following a healthy and balanced lifestyle such as coeliacs, health-conscious people, athletes, and children.

The sensitivity shown towards consumers' dietary needs has materialised through the distribution of gluten-free organic food, which the company produces to grow its business and as a project resulting from its commitment to meeting consumers' needs.

- The activity, therefore, strives for:
- product safety and traceability;
 - quality research and innovation;
 - responsible labelling;
 - customer satisfaction.

In order to approach the end consumer's need and tastes, Andriani collaborates with experts and professionals.

Product information and labelling

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

Andriani protects the consumer by strictly complying with the requirements of EU Regulation 1169/2011 on labelling information, as well as the environmental labelling of packaging. The Group is committed to ensuring that labels:

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

The label checking activity involves several corporate functions that verify compliance with the requirements set forth in the regulations. Each year, Andriani employees are trained and updated by the Legal Office regarding new developments linked to labelling of gluten free products. Before labelling the pasta packages, the Company:

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

The company procedures described above allow food products to be placed on the market with the necessary information for their safe use in order to protect the health of the end consumer. As previously described, the raw materials used to manufacture pasta and the other company products are naturally free of gluten and are without allergens. In fact, the products are specifically

formulated for people who are intolerant to gluten. All **Felicia** and **Biori** products use organic raw materials. As per applicable regulations, the origin of the raw materials is indicated on the packaging.

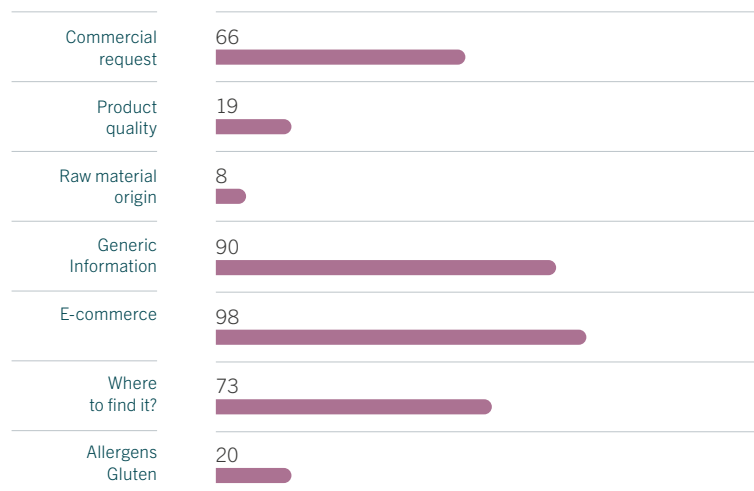
The Felicia 2021 pack also includes information on the region in which the raw materials were cultivated. Similarly, even private label products from organic farming have the “*bio*” logo and indicate the origin of the raw materials. Andriani’s Felicia and Biori products also include information on the proper disposal of the packages/ packaging.

In 2021, **374** reports were received by customer care, a net increase from the previous year (236), and they were managed with the support of the various company departments.

TABLE Type and number of reports

Type of report	No. of reports
Allergens / Gluten	20
Where to find it?	73
E-commerce	98
Miscellaneous information	90
Raw material origin	8
Product quality	19
Commercial request	66
Total no. reports	374

GRAPH Complaint type count



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

It should be noted that in 2021, the Company had no recorded cases of non-conformity with the regulations and/or self-regulation codes regarding information and labelling of products and services. In 2021, there were no cases of nonconformities with regulations and/or self-regulation codes regarding marketing (advertising, promotions, and sponsorships).

5.3

Product safety and traceability



Material topic no. 3

| FP 5 |

Quality planning stands out among the values that inspire the Group. This is the totality of activities by which the necessary processes are established to effectively and efficiently achieve objectives, as well as compliance with set requirements. Therefore, the quality objectives include what is necessary to meet the product requirements through the planning of the activities and the implementation of a documentary system to support them, all validated by a series of checks. For the Andriani Group, mandatory and voluntary certi-

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

The main 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.



IFS and BRC

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



Vegan OK 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.



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.



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

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



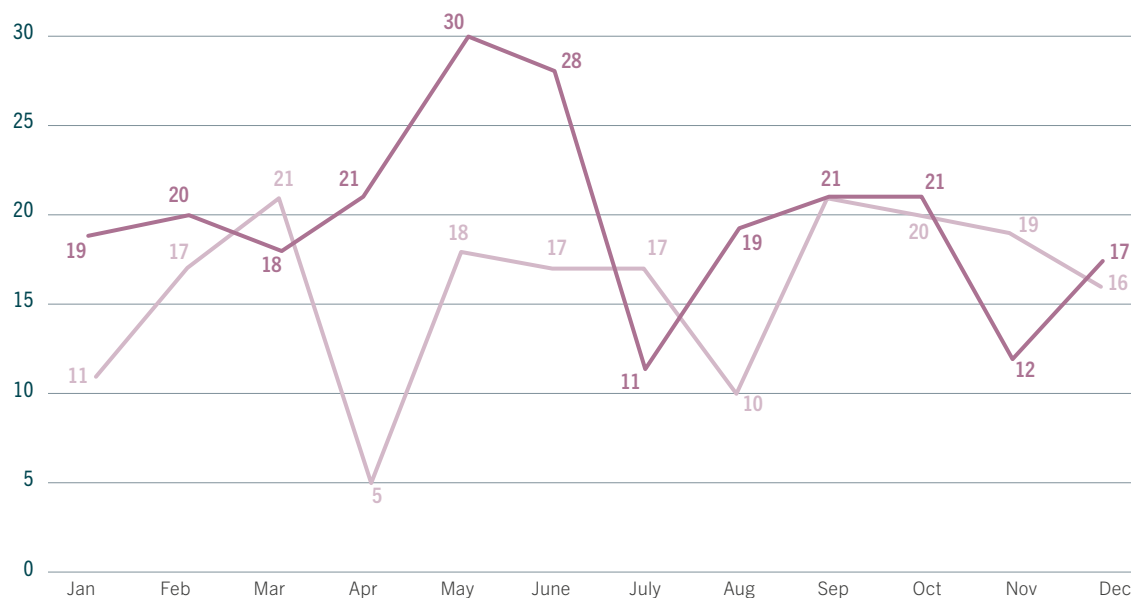
Claims from customers and management of nonconforming products

| 416-2 | 418-1 |

Overall, complaints from B2B customers show no significant differences from the previous year. In general, the Andriani Group takes into consideration all complaints or disputes from its customers. A procedure is then initiated to correct the nonconformity and the subsequent corrective action to be implemented, if one is necessary.

GRAPH
B2B complaints

— 2021
— 2020



GRAPH
Source of complaints for 2021



Whatsapp

117



info@andrianispa.com

83



info@felicia.it

174

Total

374

During 2021, there were no cases of nonconformities to regulations and/or standards related to the health and safety of the products and services. Finally, there were no claims regarding customer privacy breaches and/or loss of customer data.

Internal product quality control system

Andriani strives constantly to update all parts of the Quality System. This is also and above all as a result of the many insights resulting from the audits. In 2021, 6 audits were carried out by certification organisations to maintain the certifications to which the Group decided to adhere. The Group received the highest score **“AA+”** for the **BRC standard** and **“higher level”** for the **IFS standard**. In addition, 14 audits were carried out to verify the standards agreed upon with customers.

The in person and remote audits allowed for tours of the facility and production areas to allow the assessment of the Quality System.

The internal inspection programme was prepared, with 4 audits broken down by time and area, was analysed and made available through a report shared with the various company departments in order to continuously improve the company's production process.

Traceability

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

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

Good manufacturing practices (GMP)

“Good Manufacturing 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.

Through the Group’s training, passion, and dedication, all GMPs implemented can be respected in order to ensure that the products are created in safe environments, in compliance with strict protocols to minimize errors and contamination risks.

GRAPH
 Good
 Manufacturing
 Practices



5.4

Research, innovation and product quality

Art.2428CC



Material topic no. 3

Research and innovation

In 2021, the Research and Development (R&D) Division followed domestic and international market trends, with a constant eye on the North European and US markets. The pandemic defined the current challenges for the food industry to work in parallel with the rapidly changing eating habits of consumers who are increasingly attracted to *healthy* products with high dietary-nutritional and environmental value and to *convenience foods*. As in previous years, the R&D Division pursued the major goal of further characterizing and reinforcing Andriani's image on the healthy pasta market for both Felicia brand products and private label (PL) products.

This corporate department was engaged on various fronts while remaining consistent with the guidelines of its work in terms of:

- developing new forms of convenience food;
- nutritional improvement of already existing products;
- development of new products from innovative raw materials;
- openness to the customisation of recipes and formats based on customer requests;
- reduction in waste and the promotion of a sustainable food system.

All activities are characterised by basic research that involves staying up-to-date by studying scientific literature and analysing the latest discoveries and developments in the world of food.

In 2021, the R&D Division primarily worked on developing new products, improving already existing products, and characterising new or already used raw materials in pasta making. Paying special attention to the welfare of

those consumers belonging in the more fragile categories, a study was launched to develop a new pasta product aimed at people with special dietary and nutritional needs.

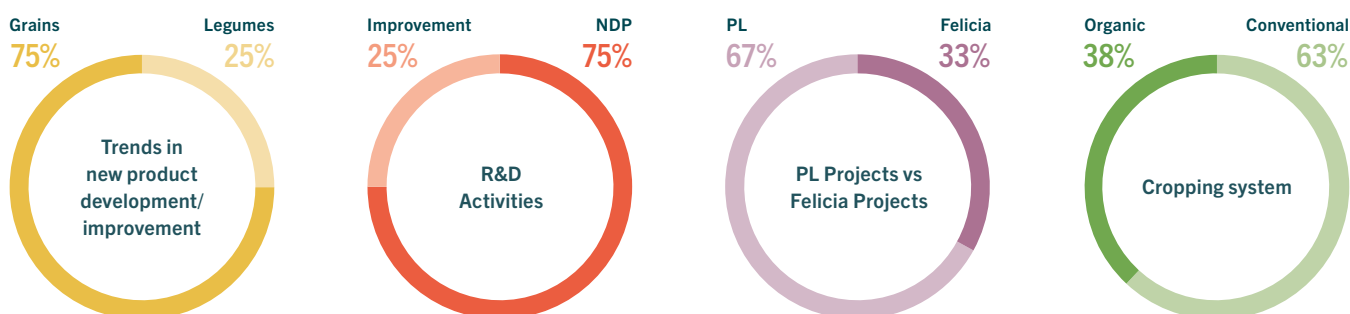
In addition, the ambitious goal was set to seek solutions able to reconcile the organoleptic properties of pasta products with their nutritional properties, so that these products taste good yet have increasingly beneficial health effects. This approach comes from the awareness that consumers are increasingly attentive to nutritional choices, preferring ingredients that are sustainable for people and the environment. In this regard, **25% of the 2021 projects** focused on the **improvement of Felicia brand products** to ensure a greater dietary-nutritional benefit for the consumer.

The chemical-physical and rheological characterisation studies covered 8 raw materials with the goal being to acquire useful information to improve both the process and product.

Drawing inspiration from the latest market trends and the increased consumer demand for *ready-to-cook* and *time-saving foods*, the R&D Area undertook the development of a new product by distinguishing two types of offerings that will allow a new range of products with a high service content to be placed on the shelf.

Overall, the work was carried out on 8 projects, 2 of which were on legume-based pasta and 6 on grain-based pasta. All of the projects are grouped in two macro areas:
 1) new product development (NPD);
 2) improvement of existing products.

The following graph shows the projects carried out by the Andriani R&D Division in 2021.





3 research projects in collaboration with Italian universities:

1

Functional studies for Felicia pasta in Collaboration with the Soil, Plant, and Food Science Department at the University of Bari.

2

Felicia Ho.Re.Ca project in collaboration with the Pollenzo University of Gastronomic Sciences.

3

Industrial doctorate project in collaboration with the Soil, Plant, and Food Science Department at the University of Bari.

R&D activities' KPIs

8

raw material characterisation studies

2

projects for improving Felicia products

5

new blends tested

3

new raw materials tested

1

scientific publication in international periodical

1

new product line project

Relationships with universities and the scientific community

The **industrial doctorate project** begun in 2018 in collaboration with the University of Bari was completed in 2021. During the industrial doctorate course, the R&D Division was involved in writing a scientific article published in April 2021 in the international journal **LWT-Food Science and Technology** entitled "Production of extruded-cooked lentil flours at industrial level: effect of processing conditions on starch gelatinisation, dough rheological properties and techno-functional parameters". The aforementioned article was based on the as-

essment of the nutritional rheological, and functional properties of yellow lentil flour extruded under various process conditions.

In addition, the study of the functional properties of Felicia brand pasta products continues, in collaboration with the University of Bari. This study involves a specific academic scientific research group with the aim of acquiring information to be able to elaborate content to support consumer communication.

B

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6

Environment



In this chapter



Stakeholders

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6.5	Biodiversity	101
6.6	Water resources	103

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

Key statistics and relevant facts

-96.88%

Total emissions per tonne of product

(Scope 1 + Scope 2 market-based)

55%

Electricity produced on-site

2

Photovoltaic systems

installed in June 2021 for Andriani and Terre Bradaniche facilities

10,889 tonnes

Equivalent CO₂ emissions

prevented in 2021

6.1

Energy and emissions

Art. 2428CC



Material topic no. 6

| 302-1 | 302-3 |
| 305-1 | 305-2 |
| 305-4 |

**+130%
ton**
of CO₂ equivalent prevented
(compared to 2020)

Over the course of recent years, the Andriani Group took on a strategic commitment related to energy efficiency. The purpose is to mitigate the impact on the environment by reducing climate-altering gas emissions. The mission is to achieve decarbonisation by 2025. The path provides for the implementation of various measures and technological solutions to reduce CO₂ emissions, including the possible annual offset of residual emissions.

In 2021, one of the Group's greatest challenges was passing on this commitment to the new entities that officially entered its perimeter, a path that has not yet been completed, but which has provided the first positive feedback. In this context, compared to 2020, Andriani maintained 100% of its electricity supply from **renewable sources** thanks to its partnership with **Dolomiti Energia**, including the Terre Bradaniche and ApuliaKundi facility in the clause.

As for natural gas supply, the **100% CO₂ offset** initiative was signed for all of 2021. Andriani joined it in November 2020, excluding only the emissions related to Birrifficio B31, which provides a minimum contribution *about 0.1%) to the gas consumption of the entire Group.

In addition to the initiatives to procure renewable energy and offset natural gas consumption, the Group continued

its commitment aimed at increasing its energy self-production capacity and concretely reducing direct (Scope 1) and indirect (Scope 2) CO₂ emissions through the implementation of various renewable energy and circular economy projects, as described in more detail in section 6.2.

Together, these choices prevent the emission of 10,889 tonnes of CO₂ equivalent, about **130%** more compared to last year.

Below are summary values of the Group's consumption and net emissions from 2020 to 2021 showing an increase in energy consumption compared to 2020 of 20.7%, mainly due to the expansion of the reporting perimeter and the increase in productivity of approximately 12%.

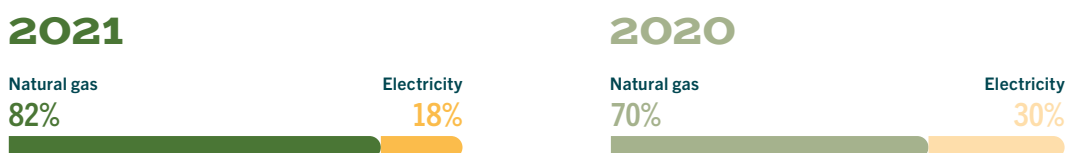
The data in the table show that, over the entire reporting period, the adoption of renewable energy supply measures and offsetting natural gas consumption led to a 96.88% reduction in total emissions per tonne of product. Finally, residual emissions from natural gas and electricity consumption from the grid result from the expansion of the reporting perimeter to include the Terre Bradaniche and Birrifficio B31 facilities.

TABLE
Consumption and emissions

		2021	2020	Change
Electricity	GJ	20,172	28,220	-28.52%
Natural gas	GJ	94,270	66,598	+41,55%
TOTAL ENERGY CONSUMPTION	GJ	114,442	94,818	+20,70%
Electricity consumption per tonne produced	GJ/t	0.33	0.52	-36.11%
Natural gas consumption per tonne produced	GJ/t	1.55	1.23	+26,51%
Direct emissions from consumption of natural gas (Scope 1)	tCO ₂	6	2,915	-99.81%
Indirect emissions (Scope 2 – Market-based method)	tCO ₂	96	0	100.00%
Indirect emissions (Scope 2 - Location-based method)	tCO ₂	1,456	2,176	-33.10%
Total emissions per tonne of product (Scope 1 + Scope 2 market-based)	tCO ₂ /t	0.002	0.054	-96.88%
Total emissions on turnover (Scope 1 + Scope 2 market-based)	kgCO ₂ /k€	1.30	37.41	-96.54%

The graph below shows the evolution of energy consumption, described so far, comparing the 2021 results to 2020.

GRAPH
Energy consumption



Energy flow monitoring

In order to enable analysis and plan energy efficiency efforts within the Andriani facility, installation began of the **SMET (SMart Energy Tool)**, an integrated sensor and energy flow monitoring system. This system collects data from the measurement instruments installed in the field and processes it visually on a cloud platform.

Specifically, monitoring of the thermal plant (natural gas boilers) for the production of superheated water and steam is currently operational and measuring the following parameters:

- electrical consumption;
- natural gas consumption;
- heat produced;
- thermal energy produced;

- boiler thermal efficiency;
- flow rate and temperatures of superheated water;
- flow rate and temperature of steam.

The SMET system is forecast to be expanded in 2022 to the following:

- photovoltaic plant;
- trigeneration plant;
- facility water system;
- Andriani Smart Building.

Subsequently, there are plans to expand the monitoring systems to the Group's other production facilities (Terre Bradaniche, Birrificio B31, and ApuliaKundi).

TABLE
Energy consumption emission factors

Energy source	Emission unit/ Source unit	2021	2020	Source
Electricity (Location-based method)	kgCO ₂ /kWh	0.2598	0.2776	ISPRA - 2021 Atmospheric emission factors of greenhouse gases from the power sector in Italy and in the main European countries
Electricity (Market-based method)	KgCO ₂ /kWh	0.459	0.466	AIB - European Residual Mixes 2019 (Ver. 1.0, 2021-05-31) for the Market-based method
Natural gas	tCO ₂ /Smc	0.002	0.002	Min. Environment - 2021 Table of standard parameters in Italy for the monitoring and reporting of greenhouse gases
Heating oil	tCO ₂ /t	3.155	3.155	Min. Environment - 2021 Table of standard parameters in Italy for the monitoring and reporting of greenhouse gases

Below are the conversion factors for energy consumption over the two-year period.

TABLE
Energy consumption conversion factors

Energy source	Emission unit/Source unit	2021	2020	Source
Electricity	GJ/kWh	0.0036	0.0036	Constant
Natural gas	GJ/Smc	0.0353	0.0353	Min. Environment – 2021 Table of standard parameters in Italy for the monitoring and reporting of greenhouse gases

100% CO₂ OFFSET



Andriani opted to purchase *Gas 100% CO₂ Offset*, thus contributing, along with Dolomiti Energia S.p.A. (100% funder) to finance **a project developed with the Italian NGO COOPI**, which consists of the distribution of *efficient cooking stoves* in some rural communities in southern Ethiopia.

These stoves *reduce wood consumption* and the resulting CO₂ emissions and *climate impact* as well as the *health risk* (respiratory and eye diseases, increased infant mortality) caused by inhaling combustion fumes.



Smart Building Energy Performance



As extensively outlined in the 2019 Sustainable Development Report, to be referred to for further details, the Andriani Smart Building was designed and constructed in accordance with the principles of the [Itaca Protocol](#), which assesses the environmental and energy sustainability of buildings.

At the same time as what was stated previously and in order to accurately quantify the real impact of the building in environmental terms, monitoring systems are being designed to analyse all of the building's energy flows and exchanges, through specific strategic KPIs. For this purpose, the thermal perfor-

mance monitoring system for the Smart Building's heating and cooling system consisting of a geothermal heat pump has been active since March 2021. In particular, compared to the use of a gas boiler for heating, the heat pump maintained a high level of comfort inside the building while, at the same time, saving 98,127 m³ of natural gas, equivalent to about 194 tonnes of CO₂. The table below shows the heat pump's thermal performance for March-December 2021. Note how Scope 2 emissions are zero, given the total supply of renewable energy, both from direct (photovoltaic panels) and indirect sources (purchase of hydroelectric power only).

TABLE Winter heating capacity

Thermal energy produced	kWh _{th}	894,915
Electricity consumption	kWh _{el}	170,090
COP		5.26
Tonne of Oil Equivalent	toe	80
CO ₂ emissions prevented (Scope 1)	tCO ₂	-194
CO ₂ emissions produced (Scope 2)	tCO ₂	0

TABLE Summer cooling capacity

Cooling energy produced	kWh _{tr}	1,298,184
Electricity consumption	kWh _{el}	518,711
EWC		2.50
CO ₂ emissions produced (Scope 2)	tCO ₂	0

6.2

Carbon neutrality and climate change



Art.2428CC



The awareness of how important it is to explicitly address the *global climate emergency* is reflected in the Group's commitment to decarbonisation. We should note participation in the initiative promoted by the *Italian Global Compact Network* to draft the Position Paper "Italian companies towards decarbonisation: a fair and inclusive transition", in which the Andriani case is discussed.

In particular, the path taken started in 2020 thanks to the partnership with the *Innovatec Power Group* aimed at energy efficiency and achieving **carbon neutrality** con-

tinued in 2021 with the following results:

- Implementation of the 800 kW_{el} trigeneration plant that provides electricity, heat, and cooling to the Andriani facility;
- installation of two photovoltaic plants, on the Andriani and Terre Bradaniche facilities, for a total of 612 kW;
- inauguration of the alga spirulina cultivation plant through ApuliaKundi;
- purchase of an electric vehicle for Smart Building logistics operations.

Trigenerator

The purpose of the natural gas trigeneration plant, installed in July 2020 as part of the Andriani Group's carbon neutrality plan is to self-produce part of the electricity, heat, and cooling needed for the facility's production operations, through the efficient use of all available incoming energy. Throughout 2021, the plant worked 7,480 hours, that is 85% of the year, producing:

- 54% of the yearly electricity requirement;
- 30.5% of the yearly superheated water requirement;
- 50% of the yearly chilled water requirement.

Besides ensuring the self-production of approximately half of the facility's electricity needs, the recovery of

thermal energy by the Trigenerator reduces gas consumption by the boilers, while the production of cooling energy provides chilled water for half of the plant's production lines.

The plant's operating parameters were periodically monitored and analysed throughout the entire year of operation at full capacity, showing savings of approximately **23% of primary energy through cogeneration**, as well as a reduction in net emissions of approximately 780 tonnes of CO₂ equivalent, which, when considering the total offset of emissions due to natural gas consumption, rise to 2,922 tCO₂.

TABLE
2021
Trigenerator
performance

Data	Value	U.M.
Total natural gas consumed	1,387,710	SMC
Combustible fuel supply energy	13,767,906	kWh
Electricity produced	6,011,501	kWh _{el}
Electricity consumed	312,195	kWh _{el}
Hot water energy produced	2,277,190	kWh _{th}
Chilled water energy produced	1,420,812	kWh _{tr}
Superheated water energy produced	2,743,984	kWh _{th}
Engine operating hours	7,480	h
Primary Energy Savings from cogeneration PES	23.05	%
Average overall efficiency (absorber ON):	90.5	%
Average overall efficiency (absorber OFF):	80.13	%
CO ₂ emissions (Scope 1)	2,142	tCO ₂ ^{eq}
CO ₂ emissions compensated (Scope 1)	-2,142	tCO ₂ ^{eq}
CO ₂ emissions prevented (Scope 2 market-based method)	-2,922	tCO ₂ ^{eq}
Total emissions prevented (Scope 1 + Scope 2 market-based method)	-2,922	tCO₂^{eq}

Photovoltaic systems

With a view to a transition towards an ever-increasing share of renewable energy and an increase in the share of energy self-production, two photovoltaic systems were installed on the roofs of the Andriani and Terre Bradaniche plants in June 2021, more details on their respective

performances are given in the tables below. The status and performance of both plants are continuously monitored through a management and monitoring portal developed by **SolarEdge** that will soon be integrated into the entire SMET system.

TABLE

Photovoltaic plant performance Andriani 2021

Data	Value	U.M.
Nominal power installed	413	kW
Total self-consumed energy	255,464	kWh _{el}
CO ₂ emissions prevented (Scope 2 Market-based method)	-117	tCO ₂ ^{eq}

TABLE

Photovoltaic plant performance Terre Bradaniche 2021

Data	Value	U.M.
Nominal power installed	199	kW
Total self-consumed energy	108,204	kWh _{el}
CO ₂ emissions prevented (Scope 2 Market-based method)	-50	tCO ₂ ^{eq}

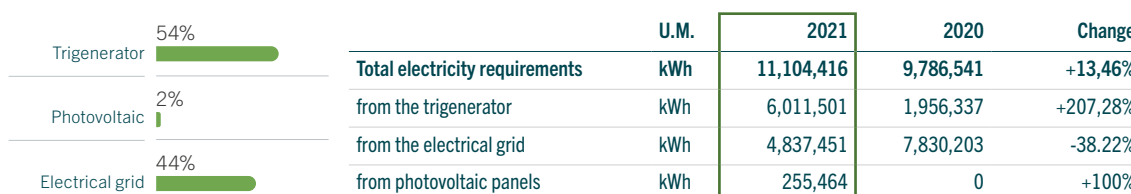
It should be emphasised that under appropriate solar irradiation conditions the Terre Bradaniche plant can satisfy the entire energy requirements of the complex for a good part of the day, especially during the summer, providing a potential annual coverage of 71% of the facility's needs, which will be verified after one year of operation. The photovoltaic plant related to the Andriani pasta fac-

tory provides a less relevant contribution to the energy requirements due to the high energy consumption at the facility and partial coverage of the available area. Possible expansion of the plant are currently being studied in order to increase the share of electricity self-produced from renewable sources up to 10-12% of the total requirements of the facility.

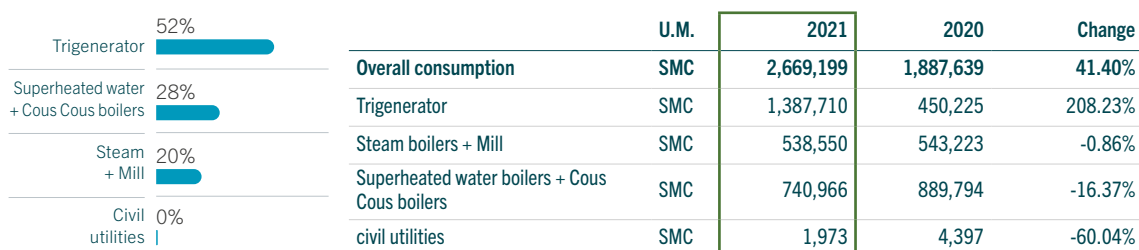
Graphs and tables related to the energy requirements and consumption of the Andriani and Terre Bradaniche facilities during 2021 are provided below.

GRAPH and TABLE

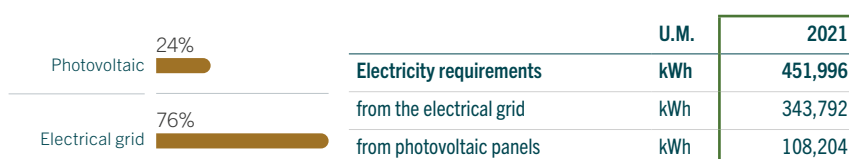
Electricity requirements Andriani facility 2021



GRAPH and TABLE
Gas consumption Andriani facility 2021



GRAPH and TABLE
Electricity requirements Terre Bradaniche facility 2021



Cultivation of Alga Spirulina – Apuliakundi



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

As mentioned in the previous Sustainable Development Report, the organic alga Spirulina cultivation plant managed by the young business **Apuliakundi S.r.l.**, in cooperation with the Andriani Group, was inaugurated in September 2021.

The cultivation of alga Spirulina, respecting the seaweed's natural seasonal cycle to minimise its environmental impact, aims to market a product with excellent nutritional properties while preserving the planet's natural resources, such as water and air. In fact, the plant installed uses water from Andriani's production process, particularly from washing the dies used in pasta making, as a medium for Spirulina cultivation, after appropriate purification through an oxidation plant combined with a reverse osmosis plant. In addition, the growth of the alga

through natural photosynthesis, absorbs CO₂ from the atmosphere and contributes to the reduction in greenhouse gases. For each kilogram of alga Spirulina cultivated, about 2 kg of CO₂ is captured from the atmosphere.

Once the algae has reached maturity, after appropriate filtration and drying, the food is marketed in various forms, including a new format of Felicia pasta, the Spirulina-based spaghetti, completing the virtuous circular economy process.

In 2021, starting with the inauguration of the plant in September, approximately 800 kg of Spirulina were produced using 420,000 litres of water and subsequently capturing approximately 1500 kg of CO₂ from the atmosphere.



Electrical vehicle



In 2021, Andriani purchased a Nissan E-NV200 electric vehicle to meet the logistical needs of the Smart Building (i.e., canteen and catering service, shuttle for customers/employees outside of the office to/from the airport/lodgings). During the year, the vehicle travelled 28,315

km with a net savings of approximately **3.46 tonnes of CO₂^{eq}** compared to an average diesel vehicle (considering average emissions of cars in Europe being 122.3 gCO₂/km as reported by CO₂ performance of new passenger cars in Europe (europa.eu)).

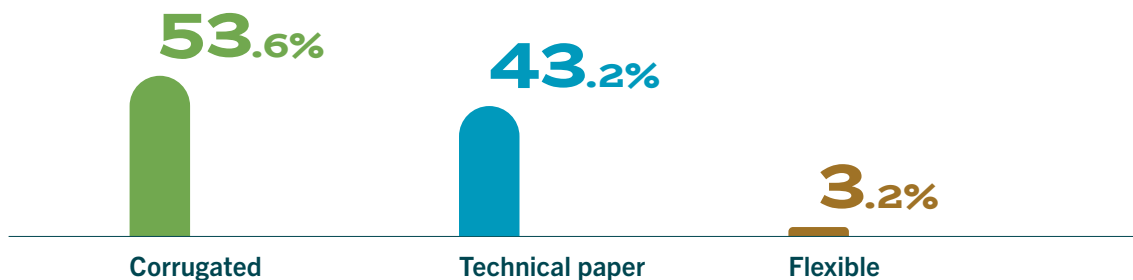
6.3

Materials used

| 301-1 |

Andriani also undertook a policy to reduce packaging materials through a series of actions aimed at preventing waste. Packaging material consumption is similar to the previous fiscal year. The graph shows an estimate of the amount of packaging material used.

graph
Estimate of the amount of packaging material used

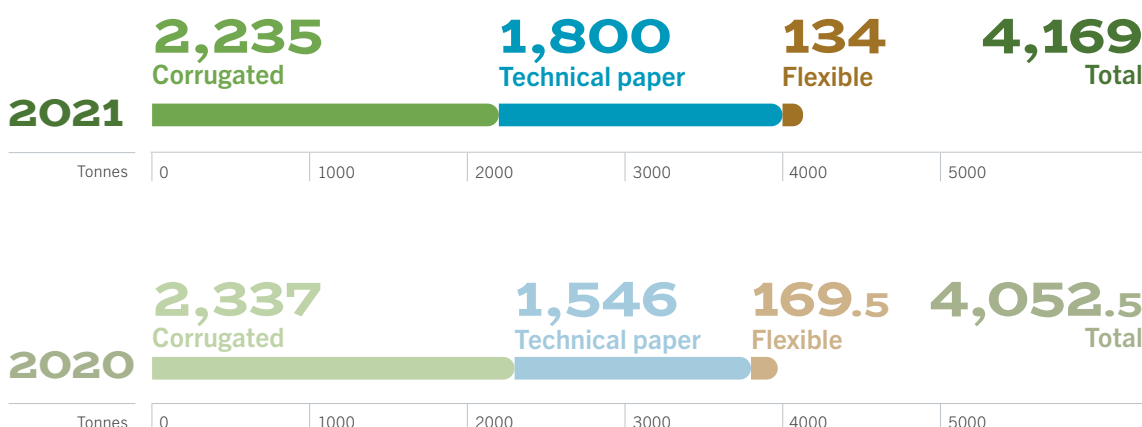


The following table and related graph compare the quantitative information from 2021 with the previous fiscal year. Consistent with the corporate policy to prefer packaging solutions with less impact, the use of plastic as a

primary packaging materials decreased by 21% in 2021 with a corresponding increase in the use of technical paper (+16% compared to 2020).

TABLE and GRAPH
2021 quantitative information compared to 2020

	U.M.	2021	2020	Change
Corrugated	Tonnes	2,235	2,337	-4%
Technical paper	Tonnes	1,800	1,546	16%
Flexible	Tonnes	134	169.5	-21%



It should be noted that packaging indicated as “flexible” is primarily made up of plastic while “corrugated” and “technical paper” are made up of cellulose-based material (paper and cardboard) and are therefore renewable in the short term.

6.4

Waste, recyclability, and reduction in food waste



Material topic no. 7

Art. 2428CC

| 306-2 |

Starting in April 2021, Andriani relies on the expertise of **Herambiente Servizi Industriali (HASI)**, a Herambiente Group company specialising in waste management and related environmental services for companies.

Andriani signed the Global Waste Management (GWM) contract in order to have an added value service that is not limited to merely waste transport and handling.

The collaboration considers various aspects linked to waste management including:

- standard consulting;
- technical waste assessment in order to identify more sustainable solutions;
- logistical management of waste coming out of the facility;
- waste certification;
- periodic inspections.

All of these activities are coordinated by a Project Manager who is the HASI contact person for all of Andriani's needs.

In 2021, HASI managed **479 ktonnes/year** of waste produced by the Gravina facility.

This waste is typical of the type of business to Andriani's business type. The largest volumes produced by the plant are food waste to which packaging of various kinds is added: paper and cardboard, wood, mixed, and plastic.

About 97% of the entire waste production was recovered to produce new **secondary raw materials** to be given a new life in the form of recycled material. Recovering waste means diverting it from disposal, such as a landfill, then leveraging it.

From 2022 forward, the logistics of certain waste streams will also be optimised in order to reduce the environmental impact of transport as well as to save money on operating costs.

97%

Waste recovered to produce new raw materials

TABLE Waste flows out of the Gravina in Puglia (BA) facility managed by HASI during 2021

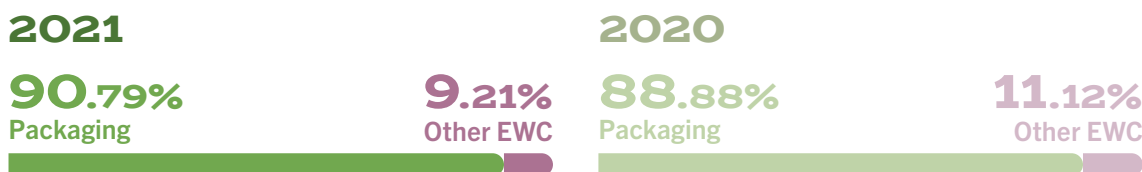
Type of waste	Initial operation	Intermediary operations	Final destination	Output	Volume (tonnes)	Volume (% tonnes)
Paper and cardboard packaging	R13 - Initiation of recovery	R12/R3	MPS – Recovery at paper mill	Recycled paper	285.07	59.51%
Wood packaging	R13 - Initiation of recovery	R12/R13/R3	MPS – Recovery in consortiums	Wood panels	90.86	18.97%
Packaging in mixed materials	R13 - Initiation of recovery	R12/R13	MPS/R1 – Recovery of the respective matrices and energy production	Recycled mixed materials and SSF for energy production	47.46	9.91%
Plastic packaging	R13 - Initiation of recovery	R12/R13/R3	MPS – Plastic recovery	Recycled plastic	41.23	8.61%
Sludge from stormwater treatment plant	D8 - Disposal initiation		Biological treatment	Wastewater complying with legal limits	13.78	2.88%
Other motor, gear, and lubrication oils	D8 - Disposal initiation		Biological treatment	Wastewater complying with legal limits	0.6	0.13%
Overall Total					479	100%

The importance of the traceability of each flow, i.e. its path from when it leaves the Andriani plant to the treatment/disposal operation, is guaranteed, certified and transparently communicated on the operator's website. This way, Andriani can verify the path of each flow and analyse the performance and trends related to its waste

management.

The graphs below show the classification and type of waste produced in 2021 compared to 2020 (refer to the total 2021 production, which corresponds to 707,938 tonnes).

GRAPH
Classification and type of waste produced in 2021 and 2020



Comparative information on the breakdown by type (“disposal” and “recovery”) and hazardous characteristics of the waste is shown below.

TABLE
Details on waste produced and its recovery (kg)

R13/D15	Hazardous/Non hazardous	2021 tonnes	2020 tonnes	Change
D15	Non Hazardous	39.78	27	47.33%
	Hazardous	0.753	0.501	50.30%
D15 Total		40,533	27,501	47.39%
R13	Non Hazardous	666,248	656,218	1.53%
	Hazardous	1,157	1.09	6.15%
R13 Total		667,405	657,308	1.54%
Overall Total		707,938	684,809	3.38%

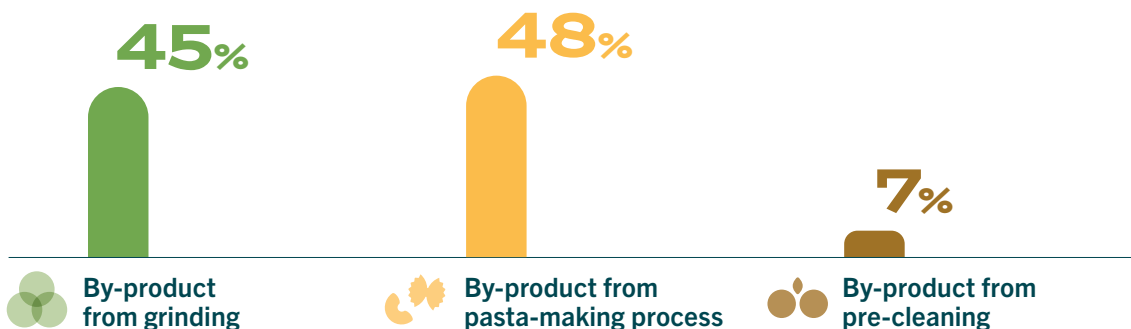
The percentage of waste “for recover” is greater than the previous fiscal year. Non hazardous waste to be disposed of, on the other hand, increased compared to 2020.

GRAPH
2021 Type of Waste



The percentages in the graph below show the generation of by-products and scrap from the milling and pasta-making activity.

GRAPH
2021 Industrial process by-products



6.5

Biodiversity



Material topic no. 8

| 304-2 |

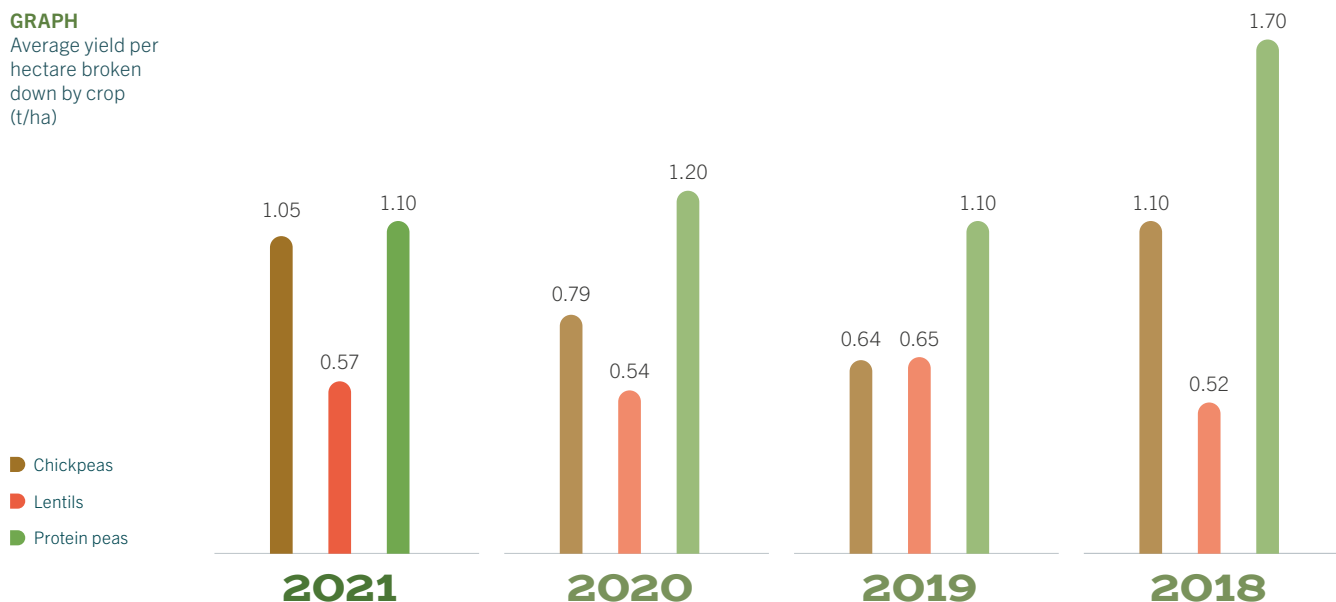


In 2021, Andriani continued its project on the Italian legume supply chain for the fourth consecutive year with, as usual, the scientific supervision of partner Horta S.r.l. and DSS legumes.net. For more information, refer to the [specific report](#).

Overall, the extension of the supply chain for the 2020/2021 crop year was about 4500 hectares, located mainly in Puglia and Basilicata, but also in Abruzzo, Marche, Calabria, and Sicily. 2667 of these actually made it to harvest, while 1759 failed to yield due to extreme

weather events (spring hailstorms and frost, combined with prolonged dry spells during the summer period that resulted in severe water stress at crucial stages of the crop cycle) or other biotic factors. The most significant fact is that the crop year was penalising climate-wise, although the yield indices improved compared to the previous two years (especially for chickpeas and peas) and were in line with those of 2018

GRAPH
Average yield per hectare broken down by crop (t/ha)



However, management of the agricultural supply chain through the use of decision support systems has been instrumental in limiting impact. The **Health** sector indicators offer evidence of substantial hardiness of the agricultural system due to the prudent use of plant protection products and other pollutants that could pose a risk to the health status of natural ecosystems and water bodies.

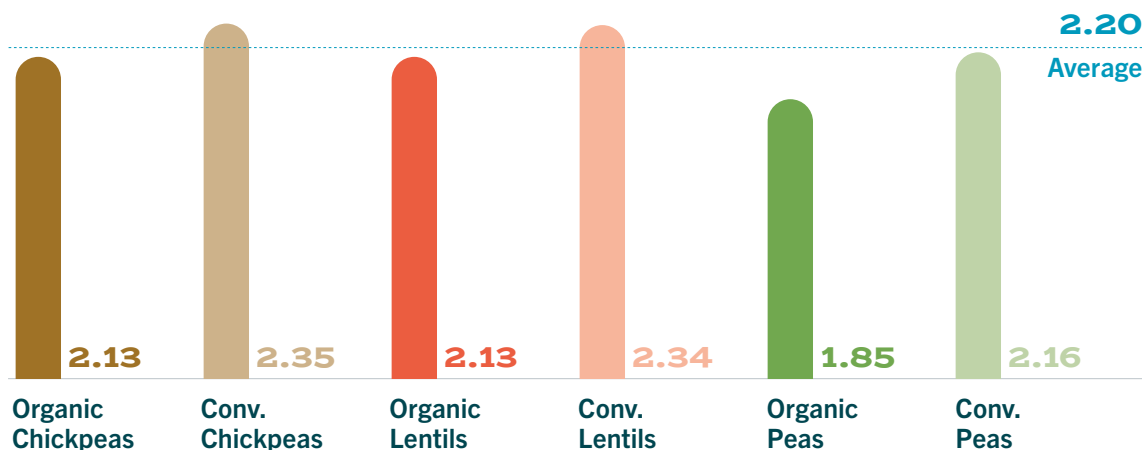
The values for the **Soil** and **Water** sectors are average (with scores between 2 and 3, except for peas, which is one of the most water-resilient crops), highlighting on

the one hand a medium-low organic substance content in most soils (one of the main limiting factors for productivity) and, on the other, a careful management of water resources that takes into account their scarcity, especially in the farming systems in Southern Italy. The water footprint is still the critical indicator, but abstaining from irrigation and water acidification values close to 0 have largely contributed to mitigating this. Erosion, on the other hand, has been effectively controlled thanks to the root systems of leguminous plants.

Air and Energy are negatively affected by tilling the land, which affects fuel consumption, - and carbon sequestration penalised by sub-optimal yields (high carbon footprint scores). Broad access to biofuels from renewable

sources is still a remote prospect, while climate adversity has limited the efficiency of the photosynthetic activity of crops.

GRAPH
Final score (0-5)
- 2021

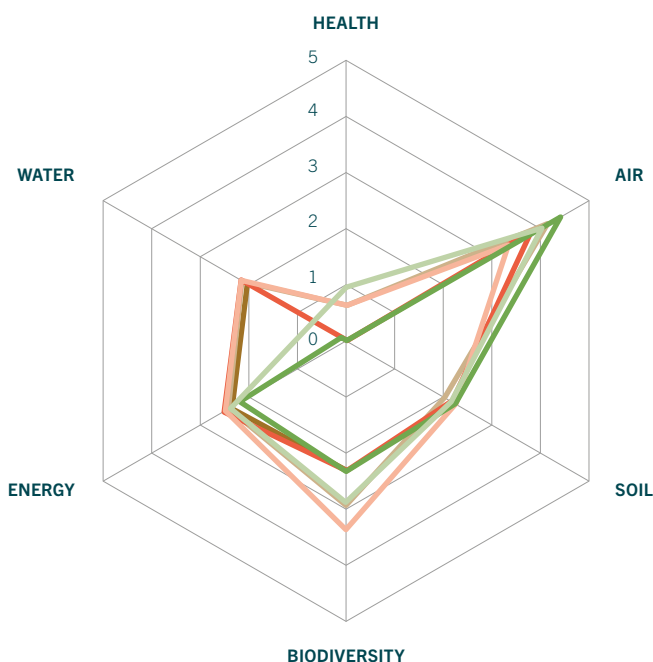


Considering the values of certain critical indicators, Andriani has undertaken various study initiatives in partnership with certain research institutions and professionals to evaluate the implementation of improvement measures compared to the environmental performance of the supply chain. These include the use of pollinating insects and more organic fertilisers from circular processes to replace more conventional synthetic fertilisers. Finally, a

detailed map of the land uses of all the farms in the chain has begun, which will allow closer monitoring of local **Biodiversity**. There is a significant dichotomy in this sector as well between optimal toxicological risk management (low values for the Eco Tox Score indicator) and poor agro-ecosystem diversification (high values for the Biodiversity indicator).

GRAPH
2021 agricultural year

- Organic chickpeas
- Conv. chickpeas
- Organic lentils
- Conv. lentils
- Organic peas
- Conv. peas



6.6

Water resources

Art.2428CC



Material topic no. 7

| 303-1 | 303-2 |
 | 303-3 |

Water, which is an indispensable resource for the production processes carried out in the various facilities belonging to the Andriani Group, is procured from Acque-

dotto Pugliese. The table below shows the consumption related to the Andriani, Terre Bradaniche, and Birrificio B31 facilities in 2021.

TABLE
 Water extraction by sector 2021-2020

	2021 (MI)	2020 (MI)	Change
Andriani	40.7	31.9	27.40%
Pasta Factory and Mill	15.4	12.7	21.0%
Cutter washing	8.9	6.3	40.1%
Services (changing rooms and offices)	8.1	7.0	15.8%
General plants	7.3	5.9	27.4%
ApuliaKundi Spirulina tanks ¹	0.9	0	100%
Terre Bradaniche	0.935	n/a	n/a
Birrificio B31	1.245	n/a	n/a
Total	42.9	31.9	34.5%

The increase in water consumption compared to 2020 (+34.5%) is mainly due to the following factors:

- startup of the alga Spirulina cultivation plant;
- increase in the production capacity of the Andriani plant;
- reporting perimeter extended to the Terre Bradaniche and Birrificio B31 facilities.

The issue of water extraction from areas considered to be under water stress is a sensitive one for the Group that, relying on the **Aqueduct Water Risk Atlas** tool from the World Resources Institute, indicated by the GRI as among the reliable tools for the assessment of water

stress areas, has found that the risk for the intervention area is medium-high.

Andriani has implemented a procedure that defines the method used to guarantee the use of healthy and clean water intended for the production of food products, so that it does not represent a risk factor for the safety of food products (Italian Legislative Decree no. 31/2001). Also, in order to follow and trace the entire water flow, the healthiness of the wastewater from industrial activities is monitored through the implementation of a targeted analysis plan.

¹ Amount of water taken from the aqueduct



B

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7

Commitment towards the community

In this chapter

Stakeholders

- | | | | |
|-----|--|-----|---|
| 7.1 | Involvement in local communities, development programmes, sharing of ideas and initiatives | 107 | Local communities, national and international institutions, universities and research entities, associations, and civil society |
| 7.2 | Economic support for the community | 115 | |

Key statistics and relevant facts



Andriani, the only sponsor of the **Italian Business & SDGs Annual Forum**, an annual event promoted by the **Italian Global Compact Network**



Benefit Corporation Category

Andriani is the only company from Southern Italy to win the most important national recognition for excellence in corporate reporting.



Verso un'economia circolare

Award for excellence

Thanks to the 2025 Carbon Neutrality project, Andriani earned one of the most important awards in sustainable development.



For the Andriani Group, the involvement of local communities; participation in meetings; making statements, communicating, and sharing the company's choices and its social and environmental commitments; investments in sponsorships; partnerships; and donations are important elements, not only to enhance the value of the territories to which it belongs, but also to increasingly broaden its *commitment* to the various communities and stakeholders. For the Group, this represents the implementation of the transparency and dialogue process,

consistent with the choice to become a Benefit Corporation.

The investments and projects to which Andriani devotes particular attention tend to achieve two primary objectives:

- 1) Involvement in local communities with development programmes and the sharing of ideas and initiatives;
- 2) economic support (donations).



7.1

Involvement in local communities, development programmes, sharing of ideas and initiatives

Material topic no. 16

Andriani S.p.A., Benefit Corporation pursues goals that combine the company’s economic benefit with the communities’ social, economic and environmental benefit. Andriani’s activity includes a series of events and projects aimed at community involvement, sharing, and attention. The following timeline shows the most relevant initiatives carried out during 2021 in addition to those already commented on in previous chapters.

15 January 2021 Mariangela Candido, HR Director, participated in the Talk **“Caring for #wellbeing”** organised by “Parole di Management” in terms of corporate welfare policies that Andriani implements to support its employees and contract workers.

18 January 2021 The CSR team met with students from the Palombaio middle school to discuss climate change and sustainable lifestyles.

23 January 2021 Filippo Capurso, Sustainability Coordinator, took part in **Vatican Radio’s** programme, “Il buon vento - Idee e storie di chi cambia il mondo” (Fair wind - Ideas and stories from those who are changing the world) to discuss Andriani Group’s commitment to sustainable development in reference to its **partnership with Circularity**.

24 January 2021 For **#InternationalDayofEducation**, Andriani discussed its **Andriani Educational** training path that aims to provide students in schools of all levels education regarding development and sustainable food.

5 February 2021



Food waste remains a liability in the household budget as well as a distraction from the cultural and human resources that produce food and negatively affect the environment.

On the **#internationaldayofawarenessoffood-lossandwaste**, Andriani provided 6 simple tips to reduce waste.

10 February 2021



Andriani shared **FAO’s** commitment to promote the production, knowledge, and use of quality pulses and reinforced its plans to promote them on **World Pulses Day**. A virtual trip - **World Pulses Day** - was organised to discover the special characteristics of pulses and raise awareness of their importance to nutrition. In-depth study by Dr. Carla Barzanò.

11 February 2021

Mariangela Candido told ESTEL Group about the objectives and peculiarities behind the new **Smart Building**, which introduced smart working in the company at an early stage and for which Andriani received the prestigious **Great Place to Work Italia** award.

22 February 2021

Andriani supported the **Bari Polytechnic University Level II Masters in Circular Economy**, offering a scholarships to students interested in learning technical skills and management tools for managing the business transformation process consistent with the **circular economy**.

4 March 2021

On **World Obesity Day**, Andriani shared IBDO's second *Italian Obesity Barometer Report* as a tool to provide information and insight into the incidence of overweight and obesity in our country.

19 March 2021

For **World Climate Day** and the fight against climate change, Andriani supported the protection of environmental resources and, with its energy efficiency path, is committed to zero CO₂ emissions from the facility by 2025 with sustainable supply chains and biodiversity protection. The Group works with young people in schools to spread awareness through virtuous processes and concrete initiatives.

20 March 2021

Andriani celebrated the **International Day of Happiness**. Through its "Andriani Empowering People" programme, the company created a series of initiatives aimed at increasing its **employees' level of happiness and wellbeing**, cultivating personal skills and positive emotions.

22 March 2021



As part of **World Water Day**, Andriani proposed the theme **"I protect the water and teach my friends to do the same"** to students of all grade levels in the state schools, as part of the **"I love you Earth"** educational path that collects contributions from schools in the Earth Museum, set up in Andriani Educational's virtual space. Through these initiatives, Andriani reinforced its commitment to protect and respect the water, in line with the goals of the United Nations 2030 Agenda.

26 March 2021

Andriani S.p.A. Benefit Corporation discussed by an excellent narrator: the GreenHeroes column by **Alessandro Gassman** in "Il Venerdì di Repubblica" (Friday of the Republic).

31 March 2021

Mariangela Candido, HR Director, was one of the guests on the talk show **HREvolution**, in which direct experiences were presented related to corporate values and the sense of belonging to the company were presented, highlighting how the human factor can influence companies and their performance.

1 April 2021



Filippo Capurso, Sustainability Coordinator, was a guest on Nonsoloambiente's **Sustainable Talks**. The interview focused on innovation in the food industry, the sustainable supply chain, and the **From Farm to Fork** strategy.

7 April 2021



During the **2021 World Health Day**, Andriani confirmed its commitment to providing support for quality education, one of the tools for reducing health inequalities.

22 April 2021



Earth Day: young people working together to strengthen a community capable of change.

The theme of the second stage of the project is **"I love you Earth"**, which started last year with the support of Andriani Educational along with Rete Dialogues, The food plain, and Magia Verde Onlus.

This year the main theme is **water**, which has stimulated interest in students who are motivated to discover its functions in nature, the environment, culture, food, and everyday life, with the intent being to identify strategies to protect it.

28 April 2021

Mariangela Candido and Filippo Capurso shared with the **Young Entrepreneurs of Confindustria Bari and BAT** Andriani's solid experience regarding corporate wellbeing and sustainability topics as part of the **"Sustainability" webinar** organised by HREvolution.

3 May 2021

Work project on **"Sustainable Packaging"** in collaboration with All4Labels and the students at the Milan Polytechnical Institute.

6 May 2021

Mariangela Candido, HR Director, was one of the guests of **Gympass Italia Pills**.

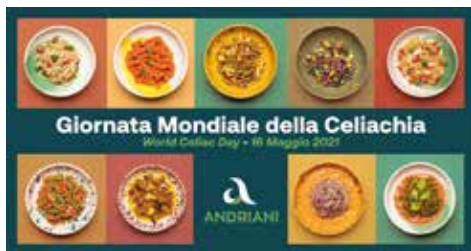
The webinar discussed how to support HR with initiatives for employee psychological and physical wellbeing.

13 May 2021



Michele Andriani, President and CEO of Andriani S.p.A., Benefit Corporation took part in the sixth edition of the **Business & SDGs High-Level Meeting** promoted by the **Italian Global Compact Network Foundation** and hosted by Acea. The closed-door meeting was an opportunity for CEOs and Chairpersons of Italian companies participating in the United Nations Global Compact to discuss and share their commitment to decarbonisation, with a view to promoting a fair and inclusive transition, to give new impetus to a business approach that is responsible towards the planet and to emphasise how sustainable development is a real opportunity for company innovation and growth.

16 May 2021



On **World Coeliac Disease Day**, through its wide range of organic and gluten-free pasta, Andriani stood out for its constant search for new naturally gluten-free raw materials, rich in valuable nutrients, always implementing the best choice of varieties.

17 May 2021



As part of the **“B-Corp: benefits for the company and stakeholders - The Andriani S.p.A. case”**, organised by **Positive Impact**, Filippo Capurso, Sustainability Coordinator discussed how Andriani is developing its actions for sustainable development. The topics discussed were related to the goal for carbon neutrality by 2025 and immigration in agriculture, which will be a central theme in the next “SDGS Annual Forum” of the Italian Global Compact Network Foundation, of which Andriani is a founding member.

18 May 2021



Filippo Capurso participated in the webinar **“Benefit Corporations in the Food & Beverage Industry”** to discuss the company’s point of view in becoming a Benefit Corporation according to the regulatory and social aspects, providing an analysis of the institute’s characteristics that make it a model for an inclusive and sustainable future.

19 May 2021

An article regarding Andriani appeared in **Food Science and Technology**, a prestigious international scientific journal. The article explores issues related to the production of industrially **extruded-cooked lentil flours**.

7 June 2021

Mariangela Candido was a guest of the **HR TREND** podcast and discussed **Empowering People** topics, illustrating Andriani’s initiatives related to training, coaching, and work-life balance.

9 June 2021



As part of the initiatives and commitments related to **Diversity and Inclusion (D&I)** issues, students in the Master’s Degree Programme at the Pollenzo University of Gastronomic Sciences gave their final presentation of the **“Inclusive Horticulture” pilot project** business plan.

10 June 2021



Andriani was a guest of the **Pollenzo University of Gastronomic Sciences** to discuss sustainability and the future of nutrition. As a supporting member and strategic partner, the Group supports the University’s research and educational activities, taking part in research projects, and sharing its commitment and strategies for new sustainable food production and consumption scenarios at the national and international level.

2 July 2021

Michele Andriani, President and CEO of Andriani was one of the speakers at **“The Food Industry Monitor - The Challenge of Sustainable Growth for the Food Industry”** organised by the Pollenzo University of Gastronomic Sciences. During the round table, data on the economic performance of Italian companies in the food sector were presented, with a focus on strategic choices in terms of sustainability and innovation.

2 July 2021



Andriani promoted the **right to education** through various initiatives supporting young people, including offering a **scholarship** to students of the University of Gastronomic Sciences. The Ceremony in honour of the Scholarship Supporters was also an opportunity for supporters and faculty members to meet and get to know each other.

16 July 2021



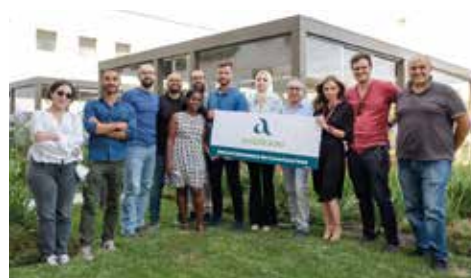
L'Unione Fa la Pasta (Unity makes pasta) is the docu-series covering stories of men and women at work during emergencies. Each episode highlights the commitment of individuals who, moved by a sense of duty and responsibility during the most difficult moments of the Covid-19 pandemic, chose not to stop and continued working to make their contribution to the country's economy.

The project was the result of an idea of Massimiliano Sisto, network coordinator of the TRM Network, and the desire of Michele Andriani to thank his employees who, with commitment and determination were able to ensure the production continuity of an essential product such as pasta during the various phases of the epidemic crisis. The stars were the company employees, whom Director Francesco Giase filmed from a real and spontaneous point of view to arouse immediate empathy in those watching.

All episodes are available online on the Andriani S.p.A. **Youtube** channel as well as on the connected social network profiles.



22 July 2021



Final presentation of the Work Project in collaboration with **CIHEAM** and company visit by the **Master in Open Innovation & Youth Entrepreneurship** work group.

30 July 2021



For the twentieth edition of the Festival **“Il Libro Possibile”** (The Possible Book) in the fabulous backdrop of the city of Vieste, Michele Andriani discussed the theme of **“Rules for a world without rules”** with **Oscar Farinetti**, patron of Eataly and **Giuseppe Stigliano**, CEO of Wunderman Thompson Italy, sharing his point of view on corporate sustainability of the younger generations.

9 August 2021



Andriani presented the first **Impact Report** created following the company's transformation into a Benefit Corporation, which occurred in November 2020. The Report covers the impact that occurred in five specific areas, which correspond to the common benefit goals included in Andriani's new articles of association.

15 September

Michele Andriani was a guest of **Italy's Economies, Corriere della Sera's** journey through the Italian regions to discover their industrial and production fabric.

The magic of legumes

The magic of legumes is the nutritional education path promoted by Andriani for young children. Through the **Andriani Educational** project, the company set the goal of encouraging healthy and sustainable food choices among children in line with its role of promoting a culture of wellbeing for people, the environment, and society.

In its first two years, the project **involved 670 children in primary schools** in various parts of Puglia. In the last year, thanks also to the collaboration with the **Dialogues Network for Global Citizenship Education**, the educational path has been perfected on the digital level and has been expanding nationally, managing to guarantee the constant support of tutors and experts and the exchange between teachers, as well as the support of an educational kit available to all participants.



27 September 2021

Andriani S.p.A. Benefit Corporation was one of the participants in the national roadshow promoted by **AIDP - Associazione Italiana per la Direzione del Personale** (Italian Human Resources Management Association) regarding CSR and Sustainability in the Sustainable Development Festival. During the visit in Puglia the **company's D&I projects** were illustrated. The event contributes to the dissemination of social responsibility issues in HR functions and to the promotion of dialogue and discussion on these important issues through regional working tables.

8-10 October 2021

During **Mental Health Week**, Andriani inaugurated the Ben-Essere (Wellbeing) project devoted to its employees, which also includes a 24/7 psychological support service.

The Ben-Essere (Well-Being) project, which is part of the company's CSR and wellbeing activity plan, aims to foster a positive effect on mental wellbeing, the cultivation of positive emotions, the personal/work life balance, and business success in Andriani's employees and contract workers.

12 October 2021



At **Smau Milano**, Andriani's CSR team showed the company's commitment to **Carbon Neutrality** through which the company's production plant will achieve carbon neutrality well ahead of the European target set for 2030. During the event Open Innovation experiences were shared with other companies as part of co-innovation.

13 October 2021



Andriani was among that 230 organisations that participated at the ninth edition of **"Il Salone della CSR e dell'innovazione sociale"** (CSR and Social Innovation Fair) promoted by Bocconi University, CSR Manager Network, the Italian Global compact Network Foundation, and ASviS - Alleanza Italiana per lo Sviluppo Sostenibile (Italian Alliance for Sustainable Development), which aims to spread the culture of social responsibility.

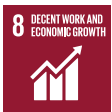
16 October 2021



"Better production, better nutrition, better environment, and better life", this is the key principle behind the **2021 World Food Day** called by the FAO.

The commitment for a better future is also reflected in the innovative circular economy project dedicated to the cultivation of **Spirulina algae**, implemented in cooperation with ApuliaKundi.

19-20 October 2021



The sixth edition of the *Italian Business & SDGs Annual Forum* promoted by the **UN Global Compact Network Italia** was held on October 19th and 20th in mixed mode: in-person at the Bari Chamber of Commerce and remotely. The forum was entirely sponsored by Andriani S.p.A. Benefit Corporation and was sponsored by the Municipality of Bari, the Puglia Region, and the Bari Chamber of Commerce.

The theme of the edition, which the various companies were able to discuss and share their own experiences, was: **MIGRATIONS AND DECENT WORK THE BUSINESS COMMITMENT FOR AGENDA 2030**. Thanks to the work of Dr. Lavinia Conca, Andriani presented a report on business challenges and the stock of migrants in Italy with a long-term analysis from the entrepreneurial point of view of the dual scenario related to the destination country and the origin country of migrants and refugees.



Michele Andriani, President of Andriani S.p.A. Benefit Corporation emphasised the importance the company attaches to joining the UN Global Compact, which is fundamental in raising awareness of the role the private sector, particularly supply chains, can play in achieving the SDGs, especially in the area of migration. The Data Migration Portal estimates that there will be 13.6 million foreigners in Italy by 2030 (more than 45 million by 2050), 83% of whom will be working migrants, contributing to the country's economic growth. This new demographic will also generate a change in the supply and demand for certain products and services, which will have to meet the needs of other cultures and may therefore stimulate business innovation processes. Since one of the main causes of migration is climate change, companies have a great responsibility to reduce their emissions and decarbonise their operations, including supply chains and fragile territorial contexts.

Mariangela Candido, Human Resources & Organization Director, Andriani S.p.A. Benefit Corporation explained Andriani's perspective in enhancing the concept of the worker's dignity, which must consider, from a holistic perspective, all aspects of the individual including educational background and needs, without being limited to their daily professional role.

For companies, respect for the worker as a person means creating "humanism" in work and promoting the individual's attributes, including the various forms of diversity. This translates into a responsibility, but also opportunities to be seized to improve the company culture, with activities to promote employee physical and mental health, with training and awareness-raising to eliminate all forms of discrimination, and to ensure work flexibility for work-life balance.



Service provided by TRM h24



In-depth materials



19 October 2021



Guided tour of the **Spirulina Park** for students from the Pollenzo University of Gastronomic Sciences.

22-26 October 2021

Felicia, an Andriani brand, met with the public and Italian and foreign companies at **TUTTOFOOD Milan**, the B2B trade fair for the entire agri-food system, to showcase the latest developments in the widest range of naturally gluten-free pasta on the market, illustrating innovation and sustainability, the result of targeted investments in the circular economy.

15 November 2021

Mariangela Candido was one of the speakers at the thirteenth edition of the **"2021 Human Resources Forum"**. During the event, directors and *opinion leaders* from the HR world discuss current and future people management, how to relaunch work and help the country get back on its feet.

19 November 2021



Andriani S.p.A. Benefit Corporation was one of the partners in the **Level I International Masters in Open Innovation & Young Entrepreneurship in the Mediterranean Agrifood Sector**, organised by CIHEAM Bari and the University of Bari. The Master is for young talents from the Mediterranean region, Africa, Europe, and Italy who wish to apply for the role of Innovation Manager with various companies in order to participate in increasing their level of innovation and foster economic and social development in their countries of origin.

27 November 2021



Domenico Mazzilli, General Director of Andriani, was one of the starts of the **Food Economy** episode on **Class CNBC** conducted by Tarsia Trevisan, discussing the Italian food and beverage industry from the economic point of view.

2 December 2021

Andriani S.p.A. participated in the **Third National Benefit Corporation Day** organised by Assobenefit. At this yearly event, significant topics and experiences regarding benefit corporations and the evolution of the economic development model are shared.

11 December 2021

Cliclavoro, the portal of the Ministry of labour and Social Policies published an article dedicated to Andriani S.p.A. covering a chat with Mariangela Candido on innovative products, attention to the environment, and the promotion of organisational wellbeing.

Awards and recognitions

18-21 January 2021



Verso un'economia circolare

With the **2025 Carbon Neutrality project**, Andriani won the **National Award for Excellence, "Towards a circular economy"** in the in the World of Enterprise category with a turnover of more than €30 million. The award, now in its fourth edition, represents one of the most important recognitions in the field of sustainable development and is promoted by **Fondazione Cogeme Onlus** in collaboration with Kyoto Club.

At the award presentation, Michele Andriani expressed the Group's commitment to sustainable development with a focus on the 2025 Carbon Neutrality plan aimed at zero climate altering gas emissions from the facility.

23 April 2021



Great Place to Work® Italy Award: Andriani was the only company in southern Italy to be included in the *2021 Best Workplaces Italy* ranking.

By introducing the *Employee Value Proposition "Happiness at work, positive thinking"* human resources management strategy, Andriani created an innovative approach that encapsulates the meaning of the cultural transformation for which the company is the spokesperson and virtuous example.

This path involves all company departments through training and coaching activities that support the enhancement of soft skills and technical skills.

5 July 2021



For the third consecutive year, **Industria Felix** awarded and entered Andriani S.p.A. Benefit company among the 90 excellent enterprises in Puglia, Basilicata, and Molise during the presentation of the annual survey on the entrepreneurial fabric of southern Italy, conducted on 50,000 financial statements by Industria Felix Magazine, a quarterly supplement to "Il Sole 24 Ore", and Cerved Group S.p.A. rating company Studies Office.

28 September 2021



Andriani S.p.A. Benefit Corporation was recognised as one of the **Best Managed Companies in Italy** by Deloitte Private.

The company was one of the winners of the fourth edition of the award promoted by Deloitte Private to support and recognise Italian business excellence.

24 October 2021



Andriani S.p.A. Benefit Corporation and its Felicia brand received the **"Ethics and Sustainability of the Better Future Award 2021"** for the ESFAI sustainable supply chain project promoted in Ethiopia for Teff cultivation.

The recognition for food excellence, promoted by Gdweek and MARKUP in collaboration with TUTTO-FOOD Milan awarded three categories: innovation, ethics and sustainability, and packaging.

Agriculture can offer nutritious food for everyone and generate adequate income, supporting rural development that respects the environment and focuses on people.

26 November 2021



Andriani won the 2021 "Oscar di Bilancio" financial communication award in the Benefit Corporation category

The "Oscar di Bilancio", now in its 57th edition and promoted by FERPI - Federazione Relazioni Pubbliche Italiana (Italian Public Relations Federation), in collaboration with the **Italian Stock Market** and **Bocconi University**, is the most important national awards for excellence in corporate reporting and rewards the reporting activities of organisations that use financial statements to account for their activities and share results and objectives with their stakeholders. The reasons Andriani, the only company in southern Italy to reach the top step of the podium, won the award particularly include how the company is ahead of the game *"in terms of sustainability reporting standards, distinguishing itself in the integration of the various aspects that contribute to the creation of value."* The "Oscar di Bilancio" is further confirmation of the quality of the Company's path, in which it interprets and promotes Sustainable Development.



27 December 2021



Andriani S.p.A. Benefit Corporation became a **Caring Company**. The prestigious recognition from Lifeed was given to Andriani for enhancing work-life balance and for its ability to be a model for *caring leadership*, which promotes diversity.

7.2

Economic support for the community

Andriani Group’s principles and values materialise through economic support to various associations, institutions, and groups working in a variety of areas. This commitment to the community is articulated through concrete projects for social development of the areas and donations determined and provided according to a logic of inclusion and support. In 2021, besides the various initiatives already discussed in this and previous chapters, the Group wished to support various ideas, projects, and initiatives, all of which share an interest in community development.

Andriani shared ideas and goals with the various organisations it came in contact with, collaborating and providing support of more than just a financial nature.

In 2021, the Andriani Group contributed €23,320 to the non-profit sector. The primary disbursements were related to projects supporting the local community to participate in the development of the community. In particular, the Group decided to allocate €20,000 to contribute to constructing a new sports facility. This initiative is in line with the company’s mission, which considers psychological and physical well-being to be a fundamental aspect of individual and collective well-being. The other initiatives focus on the theme of solidarity, as in the case of the **Friends of ONLUS** (Non-profit organisation) sponsored by the Megamark Foundation.





Annexes

Global Reporting Initiative Content Index	117
Global Compact Principles and GRI	123
Independent Auditor's Report	124



Global Reporting Initiative Content Index

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

The Food Processing Sector Disclosures defined by the GRI in 2013 were taken into consideration.

Universal Standards

GRI Standards (2021)	Disclosure	Section	Omissions		Page no.	SDGs
			Cause	Reason		
2-1	Profile of the organisation	Group History and Structure			22-23	
2-2	Report consolidation scope	Note on methodology			8-9	
2-3	Reporting period	Note on methodology			8-9	
2-4	Presence of restatements	The 2021 Sustainability Management Report does not contain restatements compared to the 2020 Sustainable Development Report			8-9	
2-5	Audit Firm Report	Audit Firm Report			123	
2-6	Value chain and supply chain reports	Group History and Structure			22-23	
2-7	Employees	Staff composition and characteristics			56-58	
2-8	Outsourced workers	Staff composition and characteristics	Information not available	For FY2021, the Andriani Group is unable to provide the information requested by indicator 2-8. The Group will provide this information starting with FY2022.		
2-9	Governance structure	Transparent governance and corporate identity			28-33	
2-10	Senior management appointment procedure	Corporate Governance actors			29	
2-11	President of the highest governance body	Chairperson of the Board of Directors, Dr. Michele Andriani, is not an employee/manager of any company in the Andriani Group.				
2-12	Senior management's role in the processes related to managing and measuring impact	Transparent governance and corporate identity			28-33	
2-13	Management delegations in sustainability	Sustainability Governance actors			29	
2-14	Head of sustainability reporting	Transparent governance and corporate identity			28-33	
2-15	Management of conflicts of interest	During 2021, the Andriani SB Spa Board of Directors approved the revision of the Organisation and Management Model per Italian Legislative Decree 231/01 that provides specific guidelines for managing conflicts of interest (general section of the OMM) and a procedure aimed at managing conflicts of interest (special section of the OMM). The company internally reported the contents of the OMM on the topic to the relative stakeholders. The Articles of Association also governs the Directors' conduct in situations in which there may be a conflict of interest (Art. 24).				
2-16	Mechanisms for employees to report critical issues encountered	Fight against corruption			39	
2-17	Senior management's responsibilities in terms of sustainability	Transparent governance and corporate identity			28-33	
2-18	Performance evaluation systems		Information not available	For FY2021, the Andriani Group is unable to provide the information requested by indicator 2-18. The Group will provide this information starting with FY2022.		
2-19	Remuneration policies		Information not available	For FY2021, the Andriani Group is unable to provide the information requested by indicator 2-19. The Group will provide this information starting with FY2022.		
2-20	Processes related to determining remuneration		Information not available	For FY2021, the Andriani Group is unable to provide the information requested by indicator 2-20. The Group will provide this information starting with FY2022.		
2-21	Annual remuneration rate		Information not available	For FY2021, the Andriani Group is unable to provide the information requested by indicator 2-21. The Group will provide this information starting with FY2022.		
2-22	Sustainable development strategy statement	Letter to the stakeholders			6	

GRI Standards (2021)	Disclosure	Section	Omissions		Page no.	SDGs
			Cause	Reason		
2-23	Sustainability policies	The mission and values			20-21	
2-24	Implementation of sustainability policies	Andriani's commitment to the common good and for the B Corp movement			34-35	
2-25	Processes to remedy negative impact	Risk Management			36-38	
2-26	Dispute settlement mechanisms		Information not available	For FY2021, the Andriani Group is unable to provide the information requested by indicator 2-26. The Group will provide this information starting with FY2022.		
2-27	Compliance with laws and regulations	Fight against corruption		It is specified that there were no instances of non-compliance with laws and regulations in FY2021.	39	
2-28	Participation in associations	Involvement in local communities, development programmes, sharing of ideas and initiatives			107-114	
2-29	Stakeholder engagement	Relationships with stakeholders			10-11	
2-30	Collective bargaining agreements	Andriani Staff			56-59	
3-1	Materiality analysis	Materiality analysis			14-17	
3-2	Material topics	Materiality analysis			14-17	
3-3	Management of material topics	Materiality analysis/Risk Management			14-17, 36-38	

Topic Specific Standards

GRI Standards (2021)	Disclosure	Section	Omissions	Page no.	SDGs
Material topic: Circular economy and responsible use of resources					
3-3	Management of material topics	Materiality analysis/Risk Management		14-17, 36-38	
204-1	Proportion of expenses paid to local suppliers	Raw materials and supply chain		74-76	
301-1	Materials used by weight or volume	Materials used		98	 
303-1	Interaction with water as a shared resource	Water resources		103	 
303-2	Management of the impacts related to water drainage	Water resources		103	
303-3	Water extraction	Water resources		103	
306-2	Waste by type and disposal method	Waste, recyclability, and reduction in food waste		99-100	    
Material topic: Product safety and traceability					
3-3	Management of material topics	Materiality analysis/Risk Management		14-17, 36-38	
204-1	Proportion of expenses paid to local suppliers	Raw materials and supply chain		74-76	
416-2	Episodes of nonconformity regarding impacts on the health and safety of products and services	Product safety and traceability		86	
417-1	Requirements related to information and labelling of products and services.	Product information and labelling		84	
417-2	Episodes of nonconformity related to information and labelling of products and services	Product information and labelling		84	
417-3	Cases of nonconformities regarding marketing communications	Product information and labelling		84	
FP5	Percentage of the volume produced in certified locations by a third party according to internationally recognised food safety management systems.	Food safety inspections on the raw materials and suppliers/Product safety and traceability		78	

GRI Standards (2021)	Disclosure	Section	Omissions	Page no.	SDGs
Material topic: Energy and emissions					
3-3	Management of material topics	Materiality analysis/Risk Management		14-17, 36-38	
302-1	Energy consumed within the organisation	Energy and emissions		92-94	   
302-3	Energy intensity	Energy and emissions		92-94	   
305-1	Direct GHG Emissions (Scope 1)	Energy and emissions		92-94	    
305-2	Indirect GHG emissions from energy consumption (Scope 2)	Energy and emissions		92-94	    
305-4	Intensity of GHG emissions	Energy and emissions		92-94	  
Material topic: Biodiversity					
3-3	Management of material topics	Materiality analysis/Risk Management		14-17, 36-38	
304-2	Significant impacts of activities, products and services on biodiversity	Biodiversity		101-102	  
Material topic: Resilient business model					
3-3	Management of material topics	Materiality analysis/Risk Management		14-17, 36-38	
201-1	Economic value directly generated and distributed	Economic and financial management performance/Creation of shared value and social responsibility tax		42-49	 
207-2	Tax governance, risk control and management	Creation of shared value and social responsibility tax		49-51	  
Material topic: Anti-corruption					
3-3	Management of material topics	Materiality analysis/Risk Management		14-17, 36-38	
205-3	Confirmed incidents of corruption and actions taken	Fight against corruption		39	
Material topic: Health and well-being in the workplace					
3-3	Management of material topics	Materiality analysis/Risk Management		14-17, 36-38	
403-1	Occupational health and safety at work management system	Occupational health and safety at work management system		60	
403-2	Identification of the dangers, assessment of risks and investigations of accidents	Risk assessment		60	
403-3	Occupational health services	Occupational health services		60-61	
403-4	Participation and consultation of workers and communication regarding health and safety at work	Participation and consultation of the workers		61	 
403-5	Workers' training regarding health and safety at work	Training on safety in the workplace		61	
403-6	Promotion of the workers' health	Company welfare		63	
403-9	Occupational injuries	Injuries and occupational diseases.		62-63	  
403-10	Occupational illnesses	Injuries and occupational diseases.		62-63	  
Material topic: Human Rights					
3-3	Management of material topics	Materiality analysis/Risk Management		14-17, 36-38	
202-2	Proportion of senior managers hired from the local community	Andriani Staff		56-58	
401-1	New hires and turnover	Andriani Staff		56-58	  
401-2	Benefits set up for full time employees but not for part-time employees or those with a fixed-term contract	Andriani Staff		65	
401-3	Parental leave	Andriani Staff		62-63	 
402-1	Minimum notice period for operational changes	Staff composition and characteristics		56-58	

GRI Standards (2021)	Disclosure	Section	Omissions	Page no.	SDGs
404-1	Average yearly training hours per employee	Company culture and development of human resources		69-70	
405-1	Diversity in governance bodies and among employees	Staff composition and characteristics/Diversity and equal opportunity		56-58	
406-1	Episodes of discrimination and corrective measures adopted	Diversity and equal opportunity		58-59	
Material topic: Climate change risk and carbon neutrality					
3-3	Management of material topics	Materiality analysis/Risk Management		14-17, 36-38	
305-1	Direct GHG Emissions (Scope 1)	Energy and emissions		92-97	
305-2	Indirect GHG emissions from energy consumption (Scope 2)	Energy and emissions		92-97	
305-4	Intensity of GHG emissions	Energy and emissions		92-97	
Material topic: Transparent governance and corporate identity					
3-3	Management of material topics	Materiality analysis/Risk Management		14-17, 36-38	
205-3	Confirmed incidents of corruption and actions taken	Fight against corruption		39	
418-1	Evidence of customer privacy breaches and loss of customer data	Claims from customers and management of nonconforming products		86	
Material topic: Sustainable management of the supply chain					
3-3	Management of material topics	Materiality analysis/Risk Management		14-17, 36-38	
204-1	Proportion of expenses paid to local suppliers	Raw materials and supply chain		74-76	
408-1	Activities and suppliers at significant risk of episodes of child labour	Ethical and social procurement		78	
409-1	Activities and suppliers at significant risk of episodes of forced or compulsory labour	Ethical and social procurement		78	
Material topic: Tax contribution					
3-3	Management of material topics	Materiality analysis/Risk Management		14-17, 36-38	
207-2	Tax governance, risk control and management	Creation of shared value and social responsibility tax		49-51	
Material topic: Creation of shared value					
3-3	Management of material topics	Materiality analysis/Risk Management		14-17, 36-38	
201-1	Economic value directly generated and distributed	Economic and financial management performance/Creation of shared value and social responsibility tax		42-49	

BIA Linkage

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

BIA Impact Area	BIA Impact Topic	GRI Standards (2021)	Disclosure	Section	Page no.
Community	Economic Impact	204-1	Proportion of expenses paid to local suppliers	Raw materials and supply chain	74-76
Community	Economic Impact	202-2	Proportion of senior managers hired from the local community	Staff composition and characteristics	56-58
Community	Economic Impact	401-1	New hires and turnover	Staff composition and characteristics	56-58
Community	Diversity, Equity, & Inclusion	405-1	Diversity in governance bodies and among employees	Staff composition and characteristics/ Diversity and equal opportunity	56-58
Community	Supply Chain Management	408-1	Activities and suppliers at significant risk of episodes of child labour	Ethical and social procurement	78
Community	Supply Chain Management	409-1	Activities and suppliers at significant risk of episodes of forced or compulsory labour	Ethical and social procurement	78
Community	Supply Chain Management	417-1	Requirements related to information and labelling of products and services.	Product information and labelling	84
Customers	Customer Stewardship	417-1	Requirements related to information and labelling of products and services.	Product information and labelling	84
Customers	Customer Stewardship	418-1	Evidence of customer privacy breaches and loss of customer data	Claims from customers and management of nonconforming products	86
Disclosure Questionnaire	Disclosure Outcomes & Penalties	205-3	Confirmed incidents of corruption and actions taken	Fight against corruption	39
Disclosure Questionnaire	Disclosure Outcomes & Penalties	303-1	Interaction with water as a shared resource	Water resources	103
Disclosure Questionnaire	Disclosure Industries	303-1	Interaction with water as a shared resource	Water resources	103
Disclosure Questionnaire	Disclosure Outcomes & Penalties	403-9	Occupational injuries	Injuries and occupational diseases.	62-63
Disclosure Questionnaire	Disclosure Outcomes & Penalties	403-10	Occupational illnesses	Injuries and occupational diseases.	62-63
Disclosure Questionnaire	Disclosure Outcomes & Penalties	406-1	Episodes of discrimination and corrective measures adopted	Diversity and equal opportunity	58-59
Disclosure Questionnaire	Disclosure Practices	408-1	Activities and suppliers at significant risk of episodes of child labour	Ethical and social procurement	78
Disclosure Questionnaire	Disclosure Industries	408-1	Activities and suppliers at significant risk of episodes of child labour	Ethical and social procurement	78
Disclosure Questionnaire	Supply Chain Disclosure	408-1	Activities and suppliers at significant risk of episodes of child labour	Ethical and social procurement	78
Disclosure Questionnaire	Disclosure Industries	409-1	Activities and suppliers at significant risk of episodes of forced or compulsory labour	Ethical and social procurement	78
Disclosure Questionnaire	Disclosure Outcomes & Penalties	416-2	Episodes of nonconformity regarding impacts on the health and safety of products and services	Claims from customers and management of nonconforming products	86
Disclosure Questionnaire	Disclosure Outcomes & Penalties	417-2	Episodes of nonconformity related to information and labelling of products and services	Product information and labelling	84
Disclosure Questionnaire	Disclosure Outcomes & Penalties	417-3	Cases of nonconformities regarding marketing communications	Product information and labelling	84
Disclosure Questionnaire	Disclosure Outcomes & Penalties	418-1	Evidence of customer privacy breaches and loss of customer data	Claims from customers and management of nonconforming products	86
Environment	Air & Climate	302-1	Energy consumed within the organisation	Energy and emissions	92-94
Environment	Air & Climate	302-3	Energy intensity	Energy and emissions	92-94
Environment	Air & Climate	305-1	Direct GHG Emissions (Scope 1)	Energy and emissions	92-94
Environment	Air & Climate	305-2	Indirect GHG emissions from energy consumption (Scope 2)	Energy and emissions	92-94
Environment	Air & Climate	305-4	Intensity of GHG emissions	Energy and emissions	92-94
Environment	Land & Life	306-2	Waste by type and disposal method	Waste, recyclability, and reduction in food waste	99-100
Environment	Environmental Management	306-2	Waste by type and disposal method	Waste, recyclability, and reduction in food waste	99-100
Environment	Land & Life	304-2	Significant impacts of activities, products and services on biodiversity	Biodiversity	101-102
Environment	Water	303-1	Interaction with water as a shared resource	Water resources	103
Environment	Water	303-3	Water extraction	Water resources	103

BIA Impact Area	BIA Impact Topic	GRI Standards (2021)	Disclosure	Section	Page no.
Environment	Land & Life	417-1	Requirements related to information and labelling of products and services.	Product information and labelling	84
Governance	Ethics & Transparency	205-3	Confirmed incidents of corruption and actions taken	Fight against corruption	39
Governance	Mission & Engagement	408-1	Activities and suppliers at significant risk of episodes of child labour	Ethical and social procurement	78
Workers	Health, Wellness, & Safety	306-2	Waste by type and disposal method	Waste, recyclability, and reduction in food waste	99-100
Workers	Engagement & Satisfaction (Hourly)	401-1	New hires and turnover	Staff composition and characteristics	56-58
Workers	Engagement & Satisfaction (Salaried)	401-1	New hires and turnover	Staff composition and characteristics	56-58
Workers	Engagement & Satisfaction	401-2	Benefits set up for full time employees but not for part-time employees or those with a fixed-term contract	Support services to directors and executives	65
Workers	Health, Wellness, & Safety	401-2	Benefits set up for full time employees but not for part-time employees or those with a fixed-term contract	Support services to directors and executives	65
Workers	Engagement & Satisfaction (Hourly)	401-3	Parental leave	Injuries and occupational diseases.	62-63
Workers	Health, Wellness, & Safety	403-1	Occupational health and safety at work management system	Occupational health and safety at work management system	60
Workers	Health, Wellness, & Safety	403-2	Identification of the dangers, assessment of risks and investigations of accidents	Risk assessment	60
Workers	Health, Wellness, & Safety	403-3	Occupational health services	Occupational health services	60-61
Workers	Health, Wellness, & Safety	403-4	Participation and consultation of workers and communication regarding health and safety at work	Participation and consultation of the workers	61
Workers	Health, Wellness, & Safety	403-5	Workers' training regarding health and safety at work	Training on safety in the workplace	61
Workers	Health, Wellness, & Safety	403-6	Promotion of the workers' health	Company welfare	63
Workers	Health, Wellness, & Safety	403-9	Occupational injuries	Injuries and occupational diseases.	62-63
Workers	Career Development (Hourly)	404-1	Average yearly training hours per employee	Human resources training and growth	69-70
Workers	Engagement & Satisfaction	406-1	Episodes of discrimination and corrective measures adopted	Diversity and equal opportunity	58-59

Global Compact Principles and GRI

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

Global Compact Linkage

Global Compact Principles	Disclosure	Category	GRI Standard	GRI Disclosure	Section	Page no.
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Labour	402-1	Minimum notice period for operational changes	Staff composition and characteristics	56-58
Principle 4	Businesses should eliminate forced or compulsory labour	Labour	409-1	Activities and suppliers at significant risk of episodes of forced or compulsory labour	Ethical and social procurement	78
Principle 5	Businesses should eliminate child labour	Labour	408-1	Activities and suppliers at significant risk of episodes of child labour	Ethical and social procurement	78
Principle 6	Businesses should eliminate all forms of discrimination related to employment and occupation.	Labour	202-2	Proportion of senior managers hired from the local community	Staff composition and characteristics	56-58
Principle 6	Businesses should eliminate all forms of discrimination related to employment and occupation.	Labour	401-1	New hires and turnover	Staff composition and characteristics	56-58
Principle 6	Businesses should eliminate all forms of discrimination related to employment and occupation.	Labour	404-1	Average yearly training hours per employee	Human resources training and growth	69-70
Principle 6	Businesses should eliminate all forms of discrimination related to employment and occupation.	Labour	405-1	Diversity in governance bodies and among employees	Staff composition and characteristics/Diversity and equal opportunity	56-58
Principle 6	Businesses should eliminate all forms of discrimination related to employment and occupation.	Labour	406-1	Episodes of discrimination and corrective measures adopted	Diversity and equal opportunity	58-59
Principle 7	Businesses should support a precautionary approach to environmental challenges	Environment	301-1	Materials used by weight or volume	Materials used	98
Principle 7	Businesses should support a precautionary approach to environmental challenges	Environment	302-1	Energy consumed within the organisation	Energy and emissions	92-94
Principle 7	Businesses should support a precautionary approach to environmental challenges	Environment	302-3	Energy intensity	Energy and emissions	92-94
Principle 7	Businesses should support a precautionary approach to environmental challenges	Environment	303-2	Management of the impacts related to water drainage	Water resources	103
Principle 7	Businesses should support a precautionary approach to environmental challenges	Environment	304-2	Significant impacts of activities, products and services on biodiversity	Biodiversity	101-102
Principle 7	Businesses should support a precautionary approach to environmental challenges	Environment	305-1	Direct GHG Emissions (Scope 1)	Energy and emissions	92-94
Principle 7	Businesses should support a precautionary approach to environmental challenges	Environment	305-2	Indirect GHG emissions from energy consumption (Scope 2)	Energy and emissions	92-94
Principle 7	Businesses should support a precautionary approach to environmental challenges	Environment	305-4	Intensity of GHG emissions	Energy and emissions	92-94
Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility	Environment	301-1	Materials used by weight or volume	Materials used	98
Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility	Environment	302-1	Energy consumed within the organisation	Energy and emissions	92-94
Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility	Environment	302-3	Energy intensity	Energy and emissions	92-94
Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility	Environment	303-2	Management of the impacts related to water drainage	Water resources	103
Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility	Environment	304-2	Significant impacts of activities, products and services on biodiversity	Biodiversity	101-102
Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility	Environment	305-1	Direct GHG Emissions (Scope 1)	Energy and emissions	92-94
Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility	Environment	305-2	Indirect GHG emissions from energy consumption (Scope 2)	Energy and emissions	92-94
Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility	Environment	305-4	Intensity of GHG emissions	Energy and emissions	92-94
Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility	Environment	306-2	Waste by type and disposal method	Waste, recyclability, and reduction in food waste	99-100
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery	Fight against corruption	205-3	Confirmed incidents of corruption and actions taken	Fight against corruption	39

Independent Auditor's Report



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INDEPENDENT AUDITOR'S REPORT ON THE SUSTAINABILITY MANAGEMENT REPORT

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

We have carried out a limited assurance engagement on the Sustainability Management Report of the Andriani S.p.A. (hereinafter the "Company") as of December 31, 2021.

Responsibility of the Directors for the Sustainability Management Report

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

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

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

Auditor's Independence and quality control

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

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

Auditor's responsibility

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

We conducted our work in accordance with the criteria established in the "*International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information*" (hereinafter "*ISAE 3000 Revised*"), issued by the *International Auditing and Assurance Standards Board* (IAASB) for limited assurance engagements.

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

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

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Codice Fiscale/Registro delle Imprese di Milano Monza Brianza Lodi n. 03049560166 - R.E.A. n. MI-1720239 | Partita IVA: IT 03049560166

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

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

Specifically, we carried out the following procedures:

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

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

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

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

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the Sustainability Management Report of the Company as of December 31, 2021 is not prepared, in all material aspects, in accordance with the GRI Standards as stated in the paragraph “Methodological note” of the Sustainability Management Report.

DELOITTE & TOUCHE S.p.A.

Signed by
Claudio Lusa
Partner

Bari, Italy
June 29, 2022





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