



ANDRIANI

Natural innovators.



SUSTAINABLE
DEVELOPMENT REPORT
2019



The Andriani Group's Sustainable Development Report takes up and updates the activities described in the first 2018 Sustainability Report, presents new strategies and new projects undertaken in various areas, and outlines future scenarios that will be pursued.

The guidelines along this path remain the 17 Sustainable Development Goals of the 2030 Agenda, concrete reference points for integrating sustainable operations into daily business decisions.



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Letter to the *stakeholders*

GRI CONTENT INDEX 102-14

Dear *stakeholders*,

It is an honour for me to share with you, for the second consecutive year, this precious document through which we take on the responsibility of reporting and officially certifying our commitment to increasingly sustainable, transparent, and, above all, shared entrepreneurial management.

In fact, we believe that informing you all of the actions taken in to integrate the Global Compact and its principles in the strategy, culture, and operations of the Andriani Group is the first, essential condition for consistently reaffirming our support for the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, the Environment, and Anti-corruption.

Starting from this edition, we have chosen to define the report as a Sustainable Development Report, both to more effectively express our tangible contribution to the 17 goals of the United Nations 2030 Agenda, and to outline its role as a "map" of past and future goals.

The Group looks to the future with clarity and strengthened by a new awareness: if the events of this year have put all of us to the test, undermining certainties and habits that we took for granted, looking at the most difficult moments of the health emergency that involved not only the country, but the whole world, I am proud to be able to affirm that Andriani has shown an extraordinary resilience in facing the dramatic situation.

The Company, in compliance with its sustainable commitment focused on environmental and social protection, immediately took the front line, with concrete actions for the community and focusing on the well-being of its people who, with a great sense of duty, did not

hold back, and worked with passion to ensure production continuity.

Today, despite the country facing a period of economic difficulties, the Andriani Group is proceeding with vigour, proud of the results achieved thanks to the commitment of all and to the courage, foresight, and commitment to innovation and sustainability that distinguish it.

Proof of this is the new Smart Building, equipped with work environments based on sustainability and staff wellbeing, whose construction began well before Covid-19 forcefully brought out the need for a new way of approaching work, and the start of the transformation into a Benefit Company, which marks a profound evolution and aims to be the expression of a new entrepreneurial paradigm aimed at integrating the purpose of generating a positive impact on society and the biosphere in the corporate purpose, in addition to profit objectives.

All of this would not have been possible without the support of you and of the people who make up the Andriani team, whose testimonies are collected in this publication.

To all of you, I dedicate this edition of the Sustainable Development Report and my heartfelt thanks.



Michele Andriani
Chairman of the Board of
Directors and CEO



Methodological note

GRI CONTENT INDEX [102-45](#) [102-50](#) [102-52](#) [102-53](#) [102-54](#)

KEY



External link on the web



External link to Andriani website



Internal link to the document

2019 is the second year in which the Andriani Group has responsibly chosen to continue along the sustainability path it has undertaken, communicating to its stakeholders the passion and commitment that the company and its collaborators pour into the constant pursuit of sustainable development goals.

The decision to name the sustainability report "Sustainable Development Report" derives from a specific desire of the Group to communicate its commitment to sustainability to stakeholders through the tangible contribution to the Sustainable Development Goals (SDGs) approved by the United Nations.

The 2019 Sustainable Development Report is the result of a process of organisational change in which sustainable development is an expression of the creation of shared value which, as such, needs to be reported in an accountable and transparent way, or through an "accountability" process that is in line with the provisions of target 12.6 of the 2030 Agenda.

For Andriani, accountability means communicating in an intelligible way how the Group is contributing to the goals of the United Nations, choosing to do so through non-misleading information based on what the Group is actually doing for sustainable development.

The 2019 Report, in line with the 2018 sustainability report, presents numerous references to the SDGs reporting non-financial information on governance, human rights, personal,

social, environmental, and anti-corruption components.

Andriani's contribution to the SDGs is presented in the letter to the stakeholders (p. 6), in the materiality analysis (p. 11), in the business model (p. 66), in the sustainability plan (p. 26), in the various chapters that describe the Group's commitment to its stakeholders, in the GRI Content Index (p. 137).

This information is enriched by the important challenges that the Group has chosen to pursue in 2019 and in the first months of 2020 with courage and determination, aware of the importance they have in the field of sustainability. These initiatives, all based on SDGs, concern:

- the Covid-19 emergency (p. 20),
- the Smart Building (p. 34),
- the carbon neutrality plan (p. 128),

and constitute specific sections of the Report told through the storytelling activity disclosed through various social channels (Facebook, Youtube, Twitter, LinkedIn).

Hypertext links allow you to guide the reader in a more fruitful reading that is, on the one hand, facilitated by the presence of internal links that refer to information reported in the report and, on the other, deepened by links that refer to other documents on the web or in specific sections of the Andriani Group corporate website.



The reporting period coincides with the 2019 financial year and with that of the Group's consolidated financial statements (data as of 31 December 2019), as well as the reporting perimeter of the non-financial information coincides with that of the same financial statements, except for the two subsidiaries. Amendola Center S.r.l. and Cardo Rosso S.r.l., whose exclusion from the non-financial consolidation period does not affect the full understanding of the Group's business, its performance, its results, and general impacts.

Each of the companies included in the reporting perimeter presents, for various reasons, information relating to environmental, social, personnel, respect for human rights, and the fight against corruption, which is useful for better understanding the performance of the business, its results and, above all, the Group's impact on these issues.

In order to compare data over time and evaluate the performance of the Group's activities, the information relating to 2019 is compared to the previous year's where possible and, only in some cases, with that of the two previous years. The use of estimates has been limited, as far as possible, which, if present, are based

on the best methods available and appropriately reported.

To provide a faithful representation of the company's management and the impacts of the Andriani business as part of the drafting process of the 2019 Sustainable Development Report, they:

- applied the reporting principles envisaged by the most widespread international standards,
- collected the data and context information in which the Group operates,
- identified and reported on material issues, or identified them in the light of the materiality analysis as was relevant.

Also this year, the non-financial reporting process saw the participation of an interdisciplinary team which, in addition to taking care of the collection and wording of information drawn from specific company documentation, actively participated in the engagement and definition of material topics, taking up the new reporting challenges that management has set for the 2019 financial year.



The team that collaborated for the preparation of this report

The interdisciplinary team that oversaw the drafting of the Sustainable Development Report saw the participation of the representatives of the respective functions: Planning and control, CSR & Sustainability, Legal and corporate affairs, Marketing, Communication, Human resources, Research and development, Industrialisation, Production, Supply Chain, Quality, Logistics, General Affairs, Information Technology, Accounting and Budget, Treasury and Tax Affairs.

The head of the working group is Mr Filippo Capurso (Engineer).

The editing and graphic layout was carried out by Interno15 S.r.l.

English translation by EBL Italia.

Comments and opinions on the Sustainable Development Report can be sent to the e-mail: csr@andrianispa.com





The report was prepared in compliance with the GRI Standards: Core option, published in 2016 by the Global Reporting Initiative (GRI) and for the added value prospectus, according to the "Standard GBS 2013 - Principles for drafting the social report", prepared by the Group study for the social report (GBS).



The Board of Directors of Andriani S.p.A. approved this Sustainable Development Report in September 2020. The relationship was subject to a limited examination ("limited assurance engagement") according to the criteria indicated by the ISAE 3000 Revised standard by Deloitte & Touche S.p.A.



The periodicity of the publication of the Sustainable Development Report will be set on an annual basis.

The methodological part of the report is enriched by the following references:



• GRI Content Index - with details of the contents reported in compliance with the GRI Sustainability Reporting Standards and the related omissions of information. With regard to the specific Standards GRI 403 (Health and safety at work) and GRI 303 (Water and water discharges), the most recent version of 2018 was used. In addition, the "Food Processing Sector Disclosures" were taken into consideration, as defined by GRI in 2013;



• 10 principles of the Global compact - which inspired Andriani to prepare the Communication on progress which this year also coincides with this report;



• Linking the SDGs and the GRI Standards - in the new version amended in March 2020 which links the contents of the GRI Content Index with the SDGs;



• AccountAbility 1000 - Stakeholder Engagement Standard - process standard for stakeholder engagement.



For a better reading of the 2019 Sustainable Development Report, the two correlation tables between the GRI Content Index and, respectively, the 17 SDGs of Agenda 2030 and the 10 principles of the Global Compact are attached to the charts.

Materiality analysis

GRI CONTENT INDEX 102-40 102-42 102-43 102-44 102-47

The reporting of non-financial information requires a stakeholder selection process upstream that inclusively defines those subjects or individuals who can be influenced by the company business and can affect the company's ability to implement its strategies.

For the Andriani Group, the selection of stakeholders and the process of involving them is in line with the provisions of the

Standard Accountability 1000.

Customers, employees, suppliers, shareholders, the community (universities and schools, media, associations, and other public institutions), and the environment are the priority stakeholders for the Group, stakeholders with whom there is constant participation in dialogue.

	Key Topics	Main dialogue initiatives
Shareholders	<ul style="list-style-type: none"> • Creation of business value and presence on the market • Anti-corruption • Ethics and responsible business 	<ul style="list-style-type: none"> • Assembly and councils • Budgets • Meetings with the Board of Statutory Auditors and SB 231/01
Employees	<ul style="list-style-type: none"> • Diversity and equal opportunities • Development and protection of human capital • Employee welfare • Occupational health and safety • COVID-19 • Shared corporate culture • Respect for human rights 	<ul style="list-style-type: none"> • Periodic newsletter • Secure channel 231/01 • Climate monitoring • <i>Team Building</i> • Resilience brochure • Useful number for emergency situations • Improved safety • Meetings with trade union representatives
Clients	<ul style="list-style-type: none"> • Product safety and traceability • Customer Satisfaction • Responsible labelling • Price • Innovation and quality • Nutrition and well-being • Research, innovation, and control • Compliance with Laws 	<ul style="list-style-type: none"> • Direct contacts • Customer care and market analysis • Pre-sale and post-sale support • Management of <i>digital</i> channels • Research centre
Suppliers	<ul style="list-style-type: none"> • Quality and safety of the raw material • Sustainable management of the supply chain • Respect for human rights • Supplier evaluation • Local suppliers 	<ul style="list-style-type: none"> • Audit on suppliers • Technical, periodic visits, and meetings • Quality <i>feedback</i>
Community	<ul style="list-style-type: none"> • Involvement and support of local communities • Food education • Respect for human rights • Transparency towards the media and the community • Research and development, education, art and culture 	<ul style="list-style-type: none"> • Collaboration projects with universities and training schools in Italy and abroad • Cultural and artistic institutions • Conferences and co-organisation of events • Support and participation in local events • Participation in thematic institutional tables • Participation in projects, calls or research • Periodic invitations to the main Authorities and institutional offices
Environment	<ul style="list-style-type: none"> • Waste management, recycling, and food waste reduction • Atmospheric emissions • Water • Production process • Management/protection of the territory and respect for biodiversity • Conscious consumption of raw materials • Investments in environmental protection • <i>Packaging</i> • Sustainable agriculture 	<ul style="list-style-type: none"> • Participation in category tables and initiatives on the subject of circular economies • Participation in national and international corporate projects

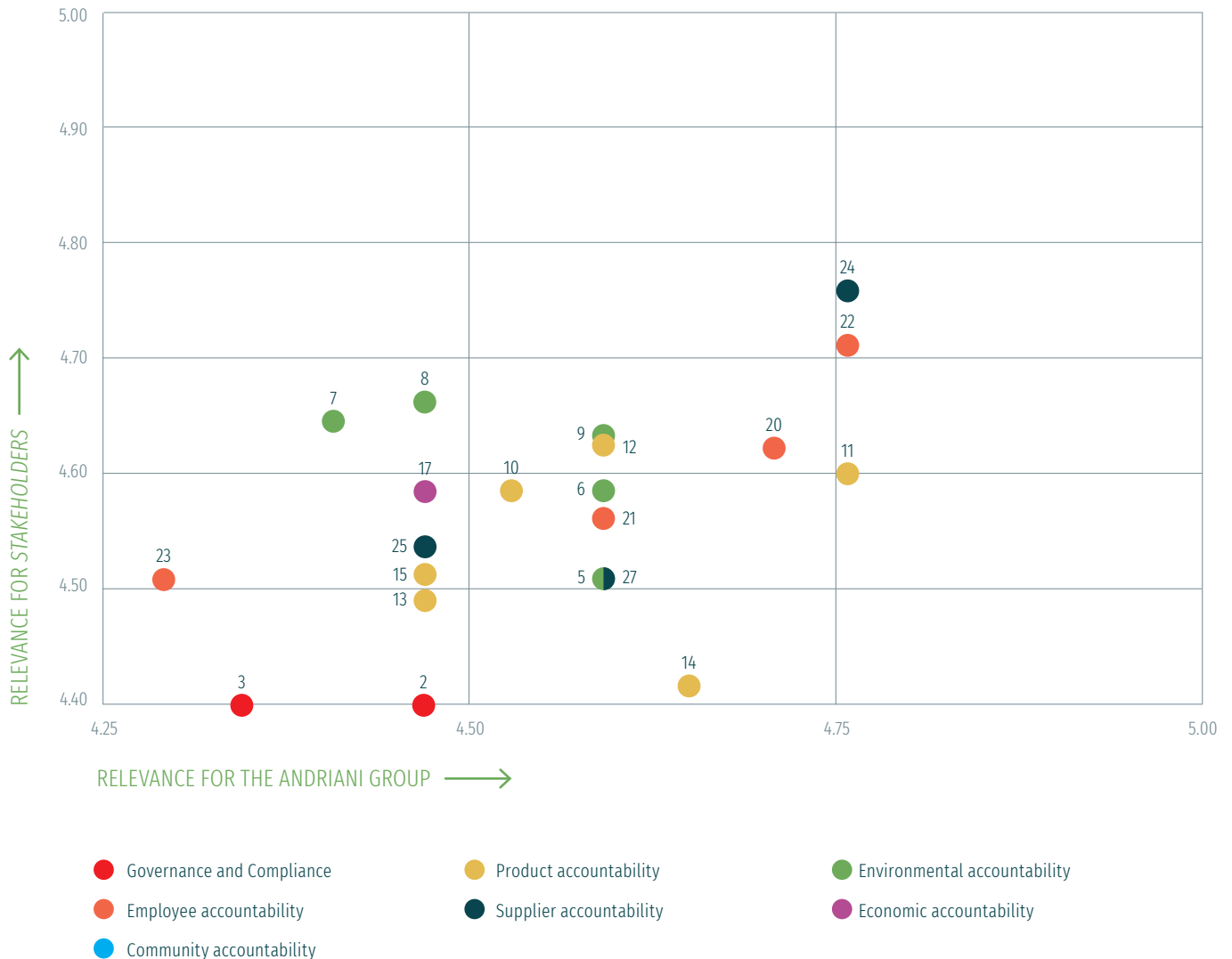
Stakeholders were once again involved in the selection of the issues to be reported this year, following an initial benchmarking activity on the main issues reported by other national and international players in the sector.

In light of the results that emerged from this survey, the working group decided to expand the number of topics on which to ask for feedback, bringing them from 26 to 30 (with the addition of the topics "sustainable investments", "sustainable agriculture", "transport and sustainable mobility", "responsible management of water resources"), divided into seven areas, each of them is linked to the 2030 Agenda targets.

The survey questionnaire, administered anonymously to external and internal stakeholders in the first three months of 2020, recorded 63 responses, 46 of which were from external stakeholders.

The collection and analysis of results, carried out by selecting a materiality threshold value of 4.4, in line with that of the 2018 Sustainability Report, led to the identification of 21 material topics. The most relevant topic that emerged from the analysis relates to sustainable agriculture, a new topic introduced in the 2019 survey.

GRAPH → **Materiality matrix 2019**



From the comparison between the 2019 and 2018 materiality analysis, the material topics that are confirmed for both relevant years mostly concern the two areas of product accountability ("product safety and traceability", "customer satisfaction", "responsible labelling", "innovation and product quality", "research, innovation, and control") and

environmental accountability ("energy and emissions management", "waste management, recyclability, and waste reduction", "Protection of the territory and biodiversity", "conscious consumption of raw materials"). The topics present in both surveys that are growing in importance are: "nutrition and well-being" and "corporate welfare".

Code	Topic	Andriani	Stakeholders	Materiality 2019	Materiality 2018	2019 vs 2018
1	Corporate Governance	4.24	4.13			=
2	Ethics and responsible business	4.47	4.4	•	•	=
3	Anti-corruption, fair competition, and legality	4.35	4.4	•	•	=
4	Dialogue with associations and institutions	4.06	4.2			=
5	Energy and emissions management	4.59	4.51	•	•	=
6	Waste management, recyclability, and waste reduction	4.59	4.58	•	•	=
7	Management/protection of the territory and respect for biodiversity	4.41	4.64	•	•	=
8	Responsible management of water resources	4.47	4.66	•		New
9	Conscious consumption of raw materials	4.59	4.63	•	•	=
10	Nutrition and well-being	4.53	4.58	•		+
11	Product safety and traceability	4.76	4.6	•	•	=
12	Customer satisfaction	4.59	4.62	•	•	=
13	Responsible labelling	4.47	4.49	•	•	=
14	Innovation and product quality	4.65	4.42	•	•	=
15	Research, innovation, and control	4.47	4.51	•	•	=
16	Economic performance	4.29	4.36			=
17	Sustainable investments	4.47	4.58	•		New
18	Market presence and economic impacts	4.18	4.33			=
19	Diversity and equal opportunities	4.18	4.29			=
20	Development and protection of human capital	4.71	4.62	•	•	=
21	Employee welfare	4.59	4.56	•		+
22	Management of Health & Safety at work	4.76	4.71	•	•	=
23	Shared corporate culture	4.29	4.51	•		=
24	Sustainable agriculture	4.76	4.76	•		New
25	Sustainable management of the supply chain	4.47	4.53	•	•	=
26	Transport and sustainable mobility	4.29	4.36			New
27	Working conditions and human rights	4.59	4.51	•	•	=
28	Procurement from local suppliers	4.06	4.2			=
29	Involvement and support of local communities	3.88	4.2			=
30	Food education	4.35	4.18			=



To improve the degree of active participation of stakeholders in the reporting process, the Andriani Group asked them to find out if, in addition to being aware of the publication of the 2018 Sustainability Report, they wanted to evaluate:

- appearance (transparency, completeness, relevance, accuracy, clarity, graphic layout);
- the sections of interest (introductory part and related specific disclosure chapters);
- the contribution to sustainable development (i.e. which of the 17 goals).

The feedback received formed the starting point for the drafting of the 2019 Sustainable Development Report.

By reading the 2018 report, the stakeholders recognise that the Andriani Group mainly contributes to Agenda 2030 to goal 3 (Health and Wellness), goal 8 (Decent work and economic growth), goal 12 (Consumption and responsible production), goal 13 (Climate change), goal 15 (Life on earth), and goal 4 (Quality education).

The table below shows the link between the 21 material topics and the GRI aspects, as well as the related boundary and impact.

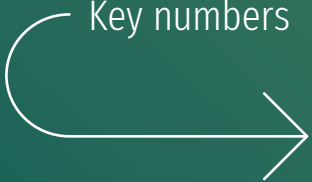
TABLE → **Material topics identified**

COD.	Material topic	GRI aspect	Boundary	Type of impact	SDGs
2	Ethics and responsible business	Economic performance - Market presence - Public policy	Andriani Group	Caused by the Group	 
3	Anti-corruption, fair competition, and legality	Anti-corruption - Anti-competitive behaviour - Socio-economic compliance	Andriani Group	Caused by the Group and directly connected through a business relationship	
5	Energy and emissions management	Energy - Emissions	Andriani Group	Caused by the Group	 
6	Waste management, recyclability, and waste reduction	Effluents and waste	Andriani Group	Caused by the Group	 
7	Management/protection of the territory and respect for biodiversity	Environmental compliance	Andriani Group	Caused by the Group	
8	Responsible management of water resources	Water effluents	Andriani Group	Caused by the Group	
9	Conscious consumption of raw materials	Materials	Andriani Group	Caused by the Group	 
10	Nutrition and well-being	Customer health and safety	Andriani Group	Caused by the Group	 
11	Product safety and traceability	Customer Health and Safety - Customer Privacy	Andriani Group	Caused by the Group	 
12	Customer satisfaction	Topic-specific Standards not present	Andriani Group	Caused by the Group	 
13	Responsible labelling	Marketing and labelling	Andriani Group	Caused by the Group	
14	Innovation and product quality	Topic-specific Standards not present	Andriani Group	Caused by the Group	
15	Research, innovation, and control	Topic-specific Standards not present	Andriani Group	Caused by the Group	 
17	Sustainable investments	Topic-specific Standards not present	Andriani Group	Caused by the Group and directly connected through a business relationship	   
20	Development and protection of human capital	Employment - Training and education - Diversity and equal opportunities	Andriani Group	Caused by the Group	   
21	Employee welfare	Diversity and equal opportunities	Andriani Group	Caused by the Group	
22	Management of Health & Safety at work	Occupational health and safety	Employees of the Andriani Group ¹	Caused by the Group	  
23	Shared corporate culture	Topic-specific Standards not present	Andriani Group	Caused by the Group	 
24	Sustainable agriculture	Topic-specific Standards not present	Andriani Group, suppliers	Caused by the Group and directly connected through a business relationship	    
25	Sustainable management of the supply chain	Procurement practices	Andriani Group, suppliers	Caused by the Group and directly connected through a business relationship	 
27	Working conditions and human rights	Non-discrimination - Labor/ Management relations - Child labor - Forced or compulsory labor	Andriani Group, suppliers	Caused by the Group and directly connected through a business relationship	  

¹ The company will deepen the analysis with respect to the significance of workers who are not employees but whose work and/or workplace is controlled by the organization, in order to assess the need to collect data from the employers of external collaborators and suppliers who operate at the Group sites and/or under the control of the Group, evaluating the quality and accuracy of such data over which it does not exercise direct control.

1 The Andriani Group for Sustainable Development

Key numbers



> 21

INITIATIVES ACTIVATED
BY ANDRIANI

during the Covid-19 emergency,
that can be traced to the 10
principles of the Global Compact.

> **The commitments taken implementing
the 10 Principles of the Global Compact**

- *speech by Patrizia Stano*

*"The commitments undertaken by our company
by joining the Global Compact are to integrate
the principles of the Global Compact into the
company's culture and activities".*

Video created during the TUTTOFOOD International Trade Fair
Milan, May 6-9, 2019





> **+20million**

NET WORTH
(as of 31/12/2019)

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

> **€4million**

Cost of Smart Building between design activities, construction, and technological equipment. Planning time for design and implementation: about 2 years.

In this chapter

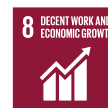


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- 32 Competitive challenges in the innovation foot sector
- 34 The Smart Building






Stakeholder: **all**

SDGs (Sustainable Development Goals)



The path undertaken by the Andriani Group is abased on an approach on several levels, based on 4 distinctive drivers:

Choice of a business model aimed at sustainable value creation	 → page 67
Definition of a strategic plan with specific goals broken down by area and related SDGs	 → page 27
Adoption of transparent governance focused on the SDGs	 → page 52
Creation of a reporting and communication system based on the SDGs according to a multi-stakeholder approach	 → page 137

For each of these drivers, the Andriani Group is carrying out concrete actions through a rapidly expanding network of national and international partners that probably find a common DNA in Andriani of an organization aware of contributing to the welfare of people and the planet through its business.

For the Andriani Group, the partnerships for pursuing the 2030 Agenda goals, become the means through which the three value dimensions – economic, social, and environmental – are not conflicting. In fact, it is quite the opposite. They operate in symbiosis in full respect of the areas (labour, human rights, anti-corruption, and environment) on which the Global Compact's commitment is based.

CHART → The 3 value dimensions

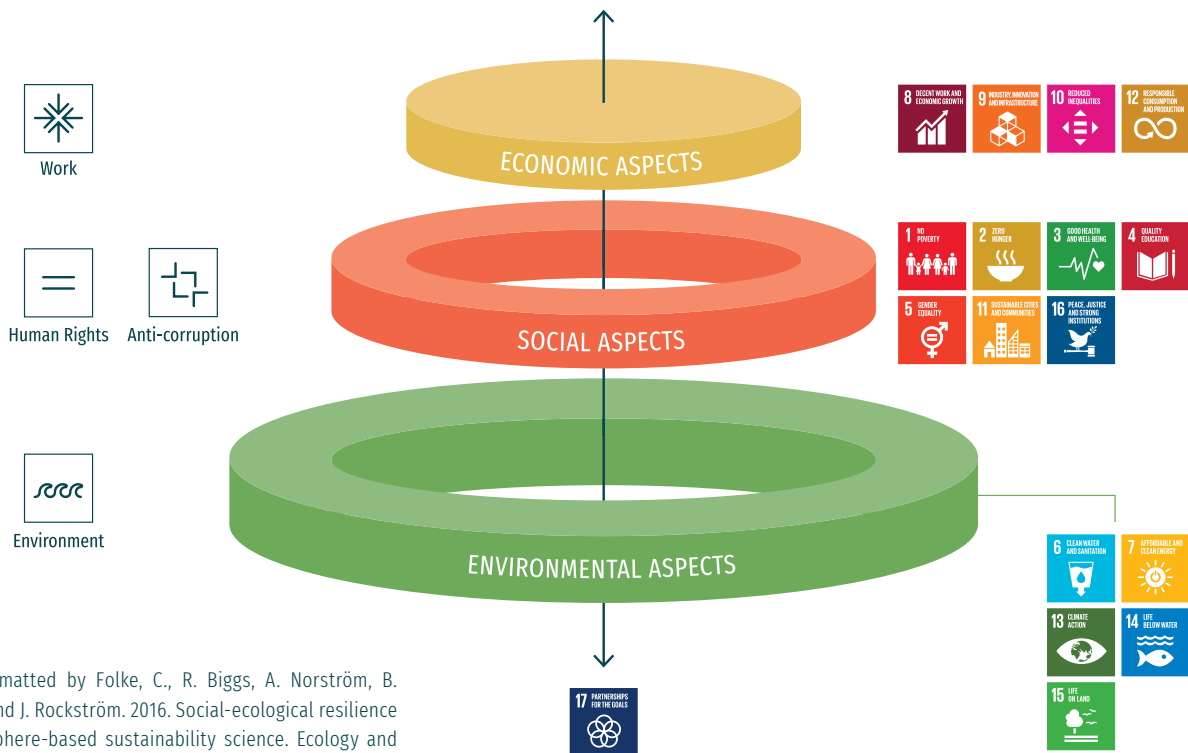


Chart formatted by Folke, C., R. Biggs, A. Norström, B. Reyers, and J. Rockström. 2016. Social-ecological resilience and biosphere-based sustainability science. Ecology and Society 21(3):41.

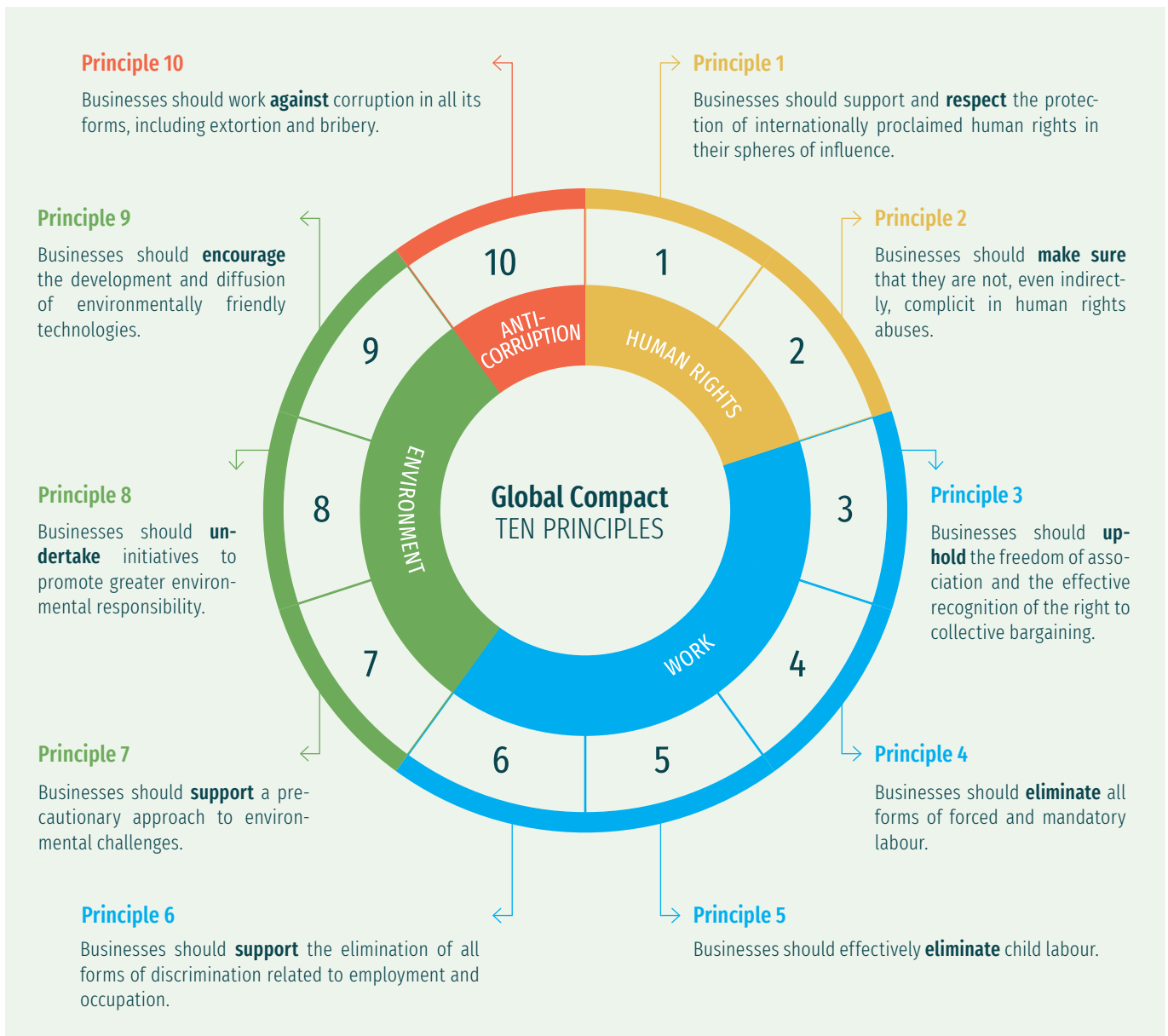
This is why Andriani chose to join the Global Compact, focusing on:

- sharing the Group's commitment on the 10 principles and SDGs through a public profile on the UNGC website;

- strong commitment on the part of its CEO;
- yearly report on the progress achieved through the Communication on Progress.



CHART → The 10 principles of the Global Compact



During 2018, the Andriani Group, while recognizing the relevance of all 17 goals, chose to commit to certain objectives and related targets that have been the starting point for the strategic plan for sustainability.



In this perspective, the Group intends to make precise measurements of the impact its business has on sustainable development and that is why it has chosen to join the SDG Action Manager web-based initiative launched in January 2020 by B Lab and the Global Compact to assess the impact of the company's contribution to the SDGs.



Through this self-assessment, the Andriani

Group intends to:

- identify which SDGs are the most compatible with its company profile and what level of interconnection exists between them;
- Identify not only the impacts, but also the related risk areas at the supply chain and business model level;
- encourage the spread of an internal collaborative environment that carries forward possible improvement actions to achieve better economic, social, and environmental performance;
- improve reporting of sustainability information.





**Mandatory use of
PPE for employees on
company premises**



1.1 Commitment to the fight against Coronavirus

The Covid-19 Pandemic affected the national and international socio-economic context in which the Andriani Group operates.

The impacts from the emergency are currently being defined and concern not only aspects related to the wealth produced, but also issues related to sustainable development since the emergency could change, among other things, the value system, people's habits, consumer preferences, and future choices by policymaker.

In fact, the shock generated by Covid-19 generated negative external effect in terms not only of economic capital (reduction in production capacity, decline in investments, less current and prospective wealth, etc.), but also of human capital (unemployment, training of young people, adults, and workers, etc.) and social capital (relational distancing, operational difficulties in the non-profit sector, etc.).

By firmly endorsing the content of the proposals made in the two documents on Covid-19, recently published by the United Nations, "[Shared responsibility, global solidarity: responding to the socio-economic impacts of COVID-19](#)", and by ASVIS (The Italian Alliance for Sustainable Development), "[Policies for tackling the COVID-19 crisis and implementing Agenda 2030 for Sustainable Development](#)", the Andriani Group gave impetus to a series of initiatives to deal with this emergency, which are consistent with its sustainable commitment focused on environmental and social protection.

The 10 principles of the Global Compact and the SDGs once again inspired Andriani's commitment, as it believes strongly in a project for a new economy and society that is more resilient, healthy, fair, and able to live in balance with nature.











The 21 initiatives that the Andriani Group activated during the Covid-19 emergency in March 2020 can, in fact, be traced back to the [10 principles of the Global Compact](#) and the specific SDGs.




The Andriani Group's commitment to stem the negative external effects of Covid-19, however, not only concerns the emergency phase managed during March 2020, but also the post-Covid phase.

This commitment emerges strongly from the contribution that Andriani Group intends to give to at least 4 goals (3-4-8-9) that are directly impacted by the pandemic emergency at to another 3 (7-11-15) whose impact cannot be currently assessed. The contribution to these 7 goals is, for that matter, recalled in the [Group's strategic plan for sustainability](#).



TABLE → Actions implemented by Andriani to deal with the health emergency

Global Compact	Field	Human Rights		
	Principle	1 Businesses should support and respect the protection of internationally proclaimed human rights in their spheres of influence.		
Andriani Group	Proposed Actions	Protect the right to health of its employees and partners through actions to increase the awareness for the risks connected to the pandemic and information on contagion prevention measures and techniques.	Where possible, favour “flexible working”, making all equipment and technology available, performing suitable coordination, and facilitating communication between remote resources, without penalties in regards to salaries and the granting of assets.	When remote working is not possible, ensure safe entry and exit to and from areas in which production activities are carried out and exceptional sanitizing of work environments; promote the adoption of safe conduct by employees (hand sanitizing, safe distances, use of medical/protective devices, etc.). All this, while staying on top of the companies that are part of its supply chain .
	Actions Implemented	<ul style="list-style-type: none"> Creation of the “Resiliency Brochure” for the staff. Creation of the internal communication plan regarding the Rules of Conduct set forth by the Authorities and to support the staff. 	<ul style="list-style-type: none"> Activation of flexible working for all office employees. 	<ul style="list-style-type: none"> Definition of the company’s internal Crisis Committee. Implementation of hand sanitizing systems and mapping of sanitizing locations. Mandatory use of PPE for employees on company premises. Regulating the movement flow of production personnel to ensure a safe distance. Expanding the changing rooms for the production personnel. Adoption of a specific procedure for haulers.
Agenda 2030	Stakeholders Impacted	Employees and Collaborators	Employees and Collaborators	Employees, Collaborators, and Suppliers
	Goal	    	 	  

Global Compact	Field	Human Rights		
	Principle	2 Businesses should make sure that they are not, even indirectly, complicit in human rights abuses.		
	Proposed Actions	<p>Where access is open to the public for the supply of essential services, ensure a safe environment for users (sanitizing areas, maintaining a safe distance, cleaning surfaces, supply of personal protective equipment upon entry, etc.).</p> <p>Ensure that any measure implemented against COVID-19 is accessible to all individuals, without any type of discrimination such as ethnicity, skin colour, disability, age, gender, religion, political or other affiliations, national or social origin, ownership, origin, sexual orientation, gender identity, or other status.</p>	<p>Public awareness, sharing the World Health Organization's (WHO) instructions for preventing the spread of infections from COVID-19.</p>	<p>Support the World Health Organization (WHO) through contributions to the COVID-19 Solidarity Response Fund or offer support to the local community through financial or in-kind donations aimed at national health systems or other agents working to manage the pandemic.</p>
	Andriani Group	<p>Actions Implemented</p> <ul style="list-style-type: none"> Preparation of a special sanitizing plan for all environments. 	<ul style="list-style-type: none"> External communication: message from the CEO, Michele Andriani, urging a positive attitude and cooperation. 	<ul style="list-style-type: none"> External Communication: Andriani donation of €50,000 to Hospitals in Puglia + actions for employees. External Communication: Felicia donation of €30,000 to the Bergamo Hospital / North&South Initiative.
	Stakeholders Impacted	Internal and external	Internal and external	Local community
Agenda 2030	Goal			

Global Compact

Field

Work

Principle

3

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

4

Businesses should **eliminate** all forms of forced and mandatory labour.

5

Businesses should effectively **eradicate** child labour.

6

Businesses should **support** the elimination of all forms of discrimination related to employment and occupation.



Proposed Actions

Offer **economic support to its employees** through **salary increases, bonuses,** and **ad hoc incentives** to cover extraordinary expenses connected to the emergency.

Offer **further insurance coverage** specifically to cover contagion from COVID-19.

Flexibly manage the employees needs specifically connected to the emergency situation (**holidays, leave, parental leave, scheduling, etc.**).



Andriani Group

Actions Implemented

- €300 reward to employees present in the company.
- Activation of service for Receiving Grocery Deliveries at the Company Premises.
- Activation of service for Receiving Medicine Deliveries at the Company Premises.

- Guarantees and insurance services packet as an additional benefit for all employees.

- Creation of a list of useful contact numbers for the staff.



Stakeholders Impacted

Employees and Collaborators

Employees and Collaborators









Employees and Collaborators

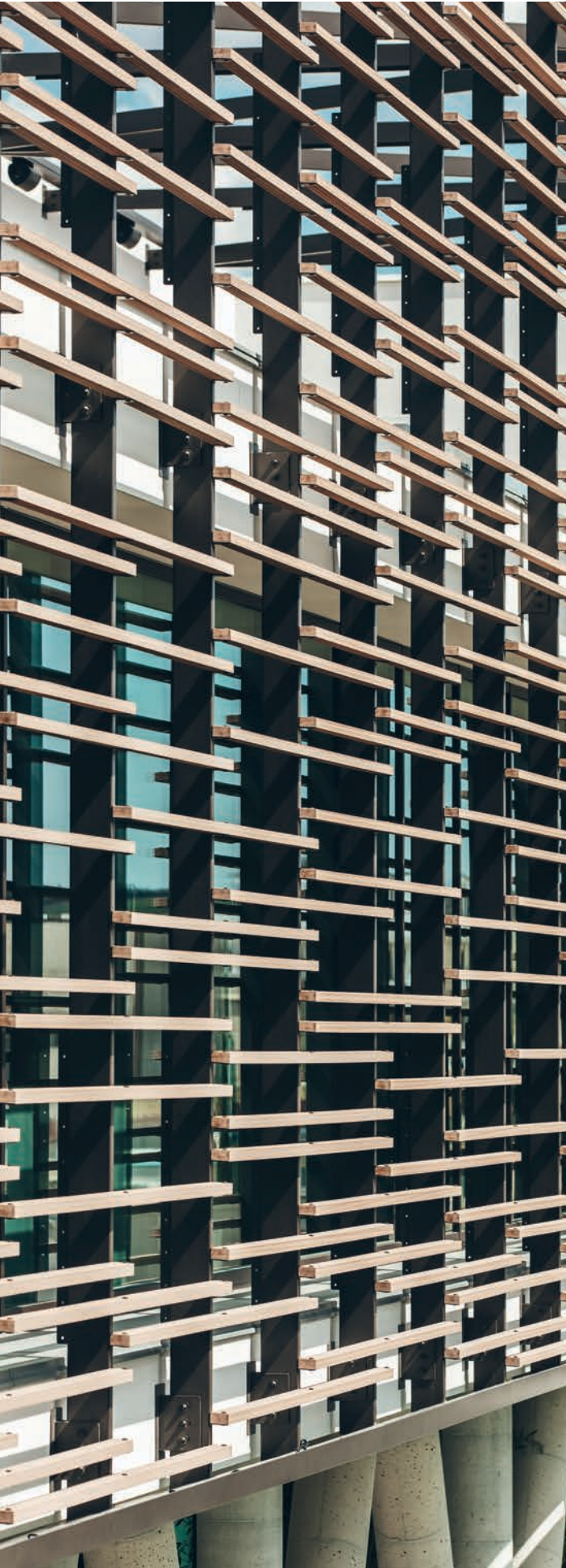


Agenda 2030

Goal



Global Compact	Field	Environment			Anti-Corruption
	Principle	<p>7</p> <p>Businesses should support a precautionary approach to environmental challenges.</p>	<p>8</p> <p>Businesses should undertake initiatives to promote greater environmental responsibility.</p>	<p>9</p> <p>Businesses should encourage the development and diffusion of environmentally friendly technologies.</p>	<p>10</p> <p>Businesses should work against corruption in all its forms, including extortion and bribery.</p>
	Proposed Actions	<p>Encourage telecommuting and virtual meetings that can reduce the negative impact on the environment caused by travel. Make sure to keep track of the positive environmental impacts of telecommuting and virtual reunions on the carbon footprint to evaluate which practices could be encouraged long-term to reduce emissions.</p>		<p>In a short period of time, the COVID-19 crisis has had a positive impact on the environment, reducing global carbon emissions. Even travel and transfers are restored without a doubt, encourage people to consider travel options that are less damaging to the environment such as travel by train, bus, or vehicle sharing, possibly electrical.</p>	<p>Promote a climate of trust inside the organization, promoting the integrity of action and communication transparency between leadership and among the employees themselves.</p>
	Andriani Group	<p>Actions Implemented</p> <ul style="list-style-type: none"> • Daily support of flexible working staff to improve the organization of work at home and personal well-being. 		<ul style="list-style-type: none"> • Suspension of business travel. • Suspension of customer visits and meetings. • Suspension of activities performed by outside companies. 	<ul style="list-style-type: none"> • External communication: message from the CEO, Michele Andriani, urging a positive attitude and cooperation.
	Stakeholders Impacted	Employees and Collaborators		Internal and external	Internal and external
Agenda 2030	Goal	 		   	 



1.2 The strategic plan for sustainable development

Strategic planning in terms of sustainability is entrusted to the Andriani Group's CSR & Sustainability Supervisor (Board of Directors staff function). In addition to overseeing monitoring and compliance with the obligations and voluntary standards on quality, safety at work, and the environment, this individual supports the Group's governing bodies in forecasting and implementing business objectives with limited environmental impact on the territory, as well as in implementing initiatives aimed at encouraging sustainable business styles and promoting ethical and socially active behaviour.

The Strategic Sustainability Plan is made up of:

5 intervention areas

19 fields/issues

11 Sustainable Development Goals (SDGs)

60 Specific activities scheduled in the 2020-2022 three-year period

The CSR Supervisor, as part of the coordination of the cross-functional project team, was also supported in 2019 by Green Reset S.r.l., a consulting company specializing in strategic consulting regarding sustainability and the circular economy. The support activity, which began during the 2018 fiscal year, produced a three-year sustainability plan, today called the plan for sustainable development, which is broken down by intervention areas, SDGs, and specific activities.

As of the date of publication of the report, the update status of the plan is as follows.

CHART → Strategic plan. Intervention areas

STRATEGIC SUSTAINABILITY PLAN 2020 - 2022



1.3 Our milestones

GRI CONTENT INDEX 102-1 102-2 102-3 102-4 102-5

The Andriani project began in 2009 as an initiative by the family of the same name to carry out the ambitious project to innovate the pasta manufacturing and marketing industry by producing a complete range of gluten free pasta that is innovative and with a unique flavour, using a variety of ingredients such as rice, maize, quinoa, buckwheat, amaranth, lentils, peas, and other ingredients, all naturally *gluten free*.

The Andriani Group has always used product and process innovation in its approach to management. From its very origins it launched itself into the many challenges imposed by the food innovation sector due to increasing competitive tension on an international level.

Combining competitiveness with sustainability is the “winning recipe” that the Andriani family always sought to impart to its employees and stakeholders that, today, recognize its role as a leader and trend-setter in the food industry.

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 more than 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 (Barilla, 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.

ORGANIZATIONAL CHART → **Andriani Group**



Andriani S.p.A.
Holding company in the gluten-free pasta manufacturing industry.
Net equity of €20,759,692 (as of 31/12/2019)
Registered office in Gravina di Puglia (Bari).



Felicia S.r.l.
Company that sells Andriani's Felicia brand products.
Net equity of €3,199,184 (as of 31/12/2019)
Registered office in Gravina di Puglia (Bari).



Terre Bradaniche S.r.l.
Operates in the processing and marketing of fertilizers and organic food products in general, as well as in the processing and cleaning of legumes.
Net equity of €217,375 (as of 31/12/2019)
Registered office in Gravina di Puglia (Bari).



Cardo Rosso S.r.l.
Innovative start-up that will operate in the production and sales of *gluten free* couscous.
Net equity of €365,353 (as of 31/12/2019)
Registered Office in Bologna.



Amendola Center S.r.l.
Company operating in the real estate sector.
Net equity of €3,275,893 (as of 31/12/2019)
Registered office in Bari.



This history of the Andriani Group, albeit brief, is populated by numerous milestones and recognitions that make up today's strong, recognizable corporate identity. A reputation that is based, in addition to solid economic and financial performance, on a system of

principles and values that the Group has been able to articulate even in an emergency such as the one caused by Covid-19 during the "reassurance and optimism campaign".



The History of the Andriani Group

2009

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

2013

Construction of the *gluten-free* facility in Gravina di Puglia.

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

Warehouse opening in Matera.

Acquisition of the industrial mill where the Company's registered and operating office is located.



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.).



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

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

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

2019



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

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

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

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

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

2020 *preview*



Inauguration of the Smart Building.

Start of the project for transformation to a Benefit Corporation.

1.4 Competitive challenges in the innovation food sector

As is well known, the Coronavirus emergency has had a devastating impact on all sectors, in Italy and throughout the world. However, it is known that some sectors have been affected less than others by the health emergency and will be less impacted in the future by the contraction in demand for goods and services.

The agro-food sector, in particular, is in the “privileged condition” of having to guarantee continuity in terms of production and of having to preserve safety levels for all operators. This safety can only be obtained by focusing on digital innovation that, today, effects the various parts of the agricultural world.

The bio food market is grafted into this market that has been growing exponentially for years throughout the world and in Italy where, however, now more than ever we must ask ourselves:

- what does the future competitive panorama look like?
- in which food segments is competition more visible?
- what are the success drivers for the big players?

In order to attempt to answer these questions, we must start from a basic observation, that organic food can no longer be considered a niche market, but could have become a mass market and as such being competitive there has become far more complex than in the past. Some factors that certainly contribute to increasing this complexity are:

- diversification and integration of the distribution channels that lead those specializing in organic food to suffer competition from supermarkets and giants in the e-commerce field;
- huge investments in product and process innovation (communication) that agri-food companies must make to differentiate their products from those of the growing number of direct competitors (especially if you look at companies producing organic pasta).

Large companies have consolidated market power and sharp marketing techniques. The thing that makes a company in the organic food market credible is if they make quality products, but even more so if they make sustainable choices





for the company as a whole, i.e., if they follow a strategic and not tactical approach to the organic market.

For those who are no longer pioneers in the sector, they must focus on investments in innovation and research that reward the origin of the raw materials, dedicated organic supply chains, the transition to biodynamics, and the ethical, social, and solidarity footprint.

In looking at the potential of the market, which would seem not to show signs of maturity at all, it would appear in the medium to long term to show growth margins despite the impact of the crisis caused by Covid-19. The real challenge is not how the current market share is divided among the various distribution channels, but the expansion of the number of people interested in organic food and food innovations (new ingredients, new products, and new types of pasta). Growth margins in markets that perform more than others in segments as these would seem to be more promising: Italy,

United Kingdom, Germany, France, United Arab Emirates.

Felicia Bio® and Biorì® products have only be on the *gluten-free* market for a few years and have an even more marginal presence in pharmacies and specialized stores. They are distributed by the subsidiary, Felicia S.r.l., on the EU (24%) and Extra EU (7%) markets with excellent results, although in the last year they have not registered significant increases compared to the previous fiscal year. The reference market is still the domestic one (68%) with a focus on the Hyper+Super channel.

Renewed marketing policies, strengthening of the e-commerce channel, an increasingly widespread presence in the large distribution sector, and the development in the pharmacy and OTC pharmacy market, allow Andriani management to estimate a 8% growth (CAGR) in the next two years and the achievement of a turnover for 2020-2021 of about €7.0 - 7.5 million for the subsidiary, Felicia S.r.l.

1.5 The Smart Building

GRI CONTENT INDEX 403-6

The Smart Building arose from the need to create a new work facility in line with the company philosophy based on innovation and sustainability- Like other initiatives implemented by the Andriani Group in the Sustainable Development field, the Smart Building may represent a driving force to achieve some of the Agenda 2030 SDGs.



To enhance the impact of sustainable construction on the SDGs, the Andriani Group, in fact, began a collaboration with the Italian Green Building Council in March 2020. This non-profit organization is part of the World Green Building Council, a network of national GBCs in more than 70 countries representing the largest international organization in the world in the field of sustainable construction and whose scope is to promote and accelerate the diffusions of a sustainable construction culture that combines, in the best possible way, the market demands with social well-being and environmental protection.



In this perspective, Andriani has chosen to participate in two specific initiatives during 2020:

- the Advancing Net Zero project for the selection of praise-worthy Italian projects related to buildings constructed with decarbonization requirements;
- the Level(S) framework of the European Commission to measure and evaluate the sustainability of buildings and SDGs at a European level.



It is “zero emissions” and focused on the energy exchange principle. The primary source of thermal energy is the ground thanks to the installation of a geothermal plant.



It is the result of a trade-off between organizational development and energy efficiency in which the three ingredients were beauty, design, and requalification of the territory.

In strictly architectural terms, Smart Building is the result of a trade-off between organizational development and energy efficiency (also in consideration of the solar exposure) in which the three ingredients were beauty, design, and requalification of the territory.

To become promoters of architectural beauty and a source of inspiration for other companies operating in the Gravina industrial area, constructing a building entirely "made in Italy" with local skill and craftsmanship in an area where

employment and expertise has been created, is the best return that the Andriani Group could obtain. The highly challenging scope of the Smart Building project has also fostered the consolidation of strategic partnerships with leading companies in integrated home automation, innovative design, and energy efficiency that have worked in synergy with local companies in the Gravina area.

How green offices can provide the foundations towards meeting several Sustainable Development Goals



3 SALUTE E BENESSERE

Green offices can enhance employee's health, wellbeing & productivity

7 ENERGIA PULITA E ACCESSIBILE

Green offices can use renewable energy, making them cheaper to operate

8 LAVORO DIGNITOSO E CRESCITA ECONOMICA

Building green offices creates jobs and boosts the economy

9 IMPRESE, INNOVAZIONE E INFRASTRUTTURE

Green offices can catalyse innovation and be resilient to climate change risks

11 CITTÀ E COMUNITÀ SOSTENIBILI

Green offices are a key part of sustainable cities and communities

12 CONSUMO E PRODUZIONE RESPONSABILI

Green offices use 'circular' principles, where resources are not wasted

13 LOTTA CONTRO IL CAMBIAMENTO CLIMATICO

Green offices produce fewer emissions, helping to combat climate change

15 VITA SULLA TERRA

Green offices can enhance biodiversity, save water resources and help to protect forests

17 PARTNERSHIP PER GLI OBIETTIVI

Through building green offices, we create strong, global partnerships



Materials



No laminates were used

Cement was used to limit the exponential use of iron (a large quantity of CO₂ is emitted to extrude iron)

The walls have natural wood sheets

The fabrics are a result of a recycling formula that uses nanotechnology.

The floors are acoustic and stress-free when walking on them. They are also less pollutant, from recycled material, and are completely recyclable (as well as sound absorbing).

The three basic concepts that characterize Andriani's Smart Building

Discretionality

Understood as individual freedom at the centre of a project that translates into flexible working hours and choice of workplace.

Transparency

Supported by the absence of barriers and the importance of air and light as essential components of a place to do your best work.

Well-being

Since everything that was constructed inside and outside of the Building was designed to improve the physical and mental well-being of those who work there (desks, seats, lights).



In fact, the company chose to focus on improving employee motivation and engagement, not by simply reducing any negative elements, but by enhancing the positive ones that can generate good mood and happiness, with a direct impact on performance and productivity standards.

The Smart Building arose from the need to create a new work facility in line with the company philosophy based on innovation and environmental and social sustainability.

In line with the "Positive Life" Social Purpose that is the basis of the Business Strategy, Andriani introduces "Happiness at work, positive thinking" in the People Strategy Employee Value Proposition.

In this perspective, the company has chosen to focus on improving employee motivation and engagement, enhancing factors that can generate good mood and happiness, in full respect of performance results and productivity standards.

The Smart Building project, starting from considering the workplace as a meaningful "experience" that can contribute to the improvement of the state of well-being, satisfaction, and positivity of the people working there, was designed with a focus on 6 key drivers:

- ergonomics and comfort;
- liquid space;
- aesthetics;
- collaboration;
- concentration;
- creativity.



Ergonomics and comfort



Height-adjustable desks
to allow work while
standing

Thermal comfort thanks
to the combination
of temperature, air
circulation, and humidity

Adjustable seats with
ergonomic lumbar and
back support

One of the biggest enemies of well-being is being sedentary and poor posture. Every year, seven work days are lost due to musculoskeletal problems. In the Smart Building, the first step was to equip workstations with the necessary comfort – adjustable seats equipped with lumbar support and ergonomic backrest. The desks can be raised to make it possible to work while standing and to avoid maintaining the

same position for a long time.

Thermal comfort is essential and is provided by the right combination of temperature, air circulation, and humidity. The balance between these elements is fundamental for physical well-being in the work environment.

Also, the “light” aspect becomes essential in the proper balance between natural and artificial light.

Liquid Space

Single and modular upholstered furniture systems have been inserted forming islands, linear or curved compositions, and modules that can be transformed into shelves or occasional seating. Partitions and mobile elements are abandoned: from containers to archives. In the common areas, sofas become an integral part of the work focus.



The work area needs versatile, resistant, and functional objects that are also beautiful enough to be able to be used as domestic or decorative solutions. The areas are designed to be able to transmit the comfort and well-being of a living room through the use of tactile materials, textiles, finishes and colours, lighting, and acoustics.

> Collaboration



Communication and collaboration take on a primary role for good business operation. The common areas and open spaces were designed for this purpose and, with the introduction of unassigned desks, facilitating teamwork, exchange, and interaction between individuals working on common projects.

> Concentration



Sound insulation with focus work areas guaranteed by phone booth and independent spaces as well as through one or more seats, designed as a capsule office with accessories such as power outlets, USB ports and work surfaces.

Creativity



Thinking “out of the box” leads to new, original, different, and winning results. Therefore, promoting creativity and lateral thinking is fundamental for achieving high innovation standards and the environment is definitely a stimulating factor to be considered.

In fact, specific colour choices were made to enhance concentration and creativity. In particular, a thinking pad was created outside of the building in the style

of an orange grove so that the colour and fragrance stimulate ideas and thoughts, especially since, according to psychology, orange is the colour of creativity and enthusiasm. It transmits strength and courage, symbolizes glory, health, joy, and progress, and is linked to positive messages of balance and openness towards the outside world.

Efficiency energy



The Smart Building was designed in compliance with the ITACA Protocol, which measures the environmental energy sustainability of buildings. The outside of the building was designed with typical attention to the architectural design, orientation, and shielding (to favour natural lighting

and better manage passive solar gains). The power for climate control is produced by a control unit with geothermal heat pumps, the electricity is ensured by a cogeneration system along with a system of photovoltaic panels.

€4million

Overall cost
Smart Building

2years

STAFF
from design
to construction

The overall cost of the Smart Building, including design, construction, and technological instrumentation, amounts to about €4 million and design to construction took about 2 years. Since March 2020, the Building has been available to the Andriani Group's management and employees, who are gradually moving documents and devices from the offices in the previous facility.

The Andriani management is aware of the considerable financial outlay of the investment and is certain of the return that this investment will bring in economic (cost savings, productivity at work), social (welfare and safety of staff, work-life balance), and environmental

(reduction of direct impacts, energy efficiency, circular economies) terms.

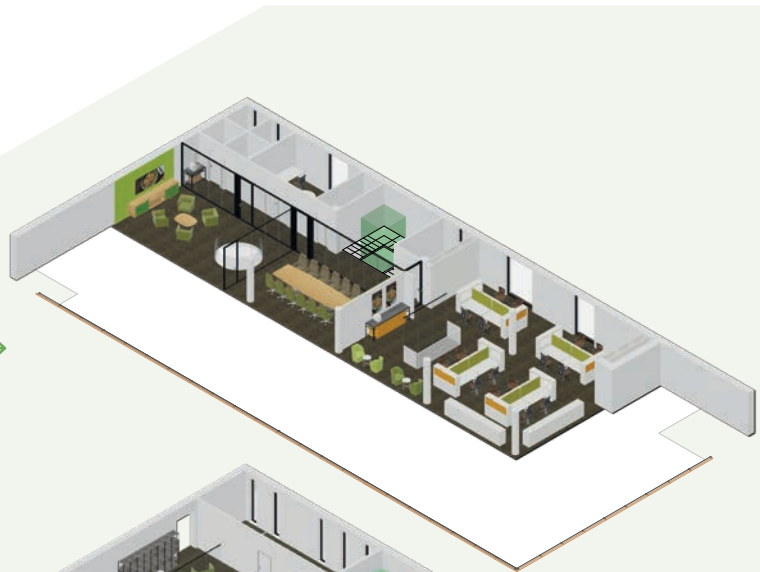
The Smart Building solutions available to all employees who carry out office and operational activities inside the building, have, in fact, promoted not only the implementation of change management actions aimed at both managers and employees (including for example training plans, communication, involvement in work tables, etc.), but also the adoption of new organizational policies in the field of flexible work (including, for example, days working remotely, places where work is performed, desk sharing, hourly flexibility, etc.).



The following is a simplified representation of the physical environments, work spaces, and technologies installed in the body of the Building.

2 FLOOR

- Board of Directors Lounge
- Board of Directors
- Audit Room
- Administration
- Toilets
- Relaxation Terrace



1 FLOOR

- Reception
- Coffee area
- Toilets
- Library
- Work Station
- Print Area
- Phone Area
- Relaxation Terraces
- Server Room



0 FLOOR GROUND

- Reception
- Toilets
- 3 Account Rooms
- 3 Meeting Rooms
- Canteen Area
- Bar+Toilets
- Guest Room



-1 FLOOR BASEMENT

- Reception
- Toilets
- 3 Meeting Rooms
- Kitchen with services (elevators, dressing rooms, toilets, storage rooms)



AREA OUTDOORS

- Perimeter garden with 3 bioclimates
- Botanical garden with aromatic plants
- Thinking Pad with organic Orange Grove

Where and when to work



The staff can opt to spend a minimum of 10% and a maximum of 20% of monthly work hours (based on the National Collective Labour Agreement) in a location other than the work facility that is chosen freely provided that it meets the requirements for safety and confidentiality. In compliance with the maximum hours established, flexible work activity can be carried out in full or half days, from Monday to Friday, excluding public holidays. During flexible work activities, the employee must refer to the normal working hours of the company headquarters, in line with organizational needs. Also, overtime work is not authorized.

During flexible work within normal business hours, company staff must be available for contact using the company devices made available (PC and mobile phone), while safeguarding the right to disconnection.

The Smart Building is open with reception service from 8:00 to 20:00. During office hours, the clerical staff may enter and exit flexibly, according to the activities to be carried out and the goals to be achieved. Communication and collaboration take on a primary role for good business operation. These aspects were the basis for the concept of the new work areas. The common areas and open spaces were designed for this purpose and, with the introduction of unassigned desks, facilitating teamwork, exchange, and interaction between individuals working on common projects.

There are focus work areas guaranteed by phone booth and independent spaces as well as through one or more seats, designed as a capsule office with accessories such as power outlets, USB ports, and work surfaces.

Statistics for flexible working

60

people out of 160 may perform flexible working in 2020.

8

average work days per month per person.

How technology helps



Staff were supplied with a mobile phone and personal computer and collaboration solutions and mobile apps were launched along with IT projects to support flexible working.

With the designed automation system, the Smart Building guarantees on-demand lighting, dimming, and activation of heating with efficiency algorithms in the hybrid system. The automation solutions are designed to offer practicality, comfort, and energy efficiency, which allow employees to maximize their potential in an optimized, safe, comfortable, and convenient work environment.

In addition, the PLEXA user and access control management system designed for the office building allows the following functions:

- booking desks and activating them through personal RFID;
- guest management with automatic registration (Virtual Reception);
- accreditation through personal badge with video information on company internal path;

- ability to contact the sender of an invitation via Skype and/or mail - phone;
- management of staff presence with bookings for canteen, etc.;
- management of out-of-office work through the Cloud.

The EVOKO booking system for meeting rooms and other areas was designed to make the meeting experience easier. Intelligent management of meeting room bookings uses a new generation touch panel. The meeting rooms are equipped with advanced systems for the following functions:

- integrated video conference with all-in-one monitor;
- wireless content sharing with Click Share;
- 4K motorized video cameras for show cooking stations;
- video archiving with the creation of graphic templates for Podcasts and YouTube channels;
- live video for webinars and live channels (e.g., Facebook, YouTube).

There is also quality audio distribution in all environments with the selection of audio channels and custom schedule for each area; video content on monitors and video walls in common areas with customization depending on the location, time, and event; and internal information displayed on monitors positioned in the relaxation areas.

The company is seeking to evaluate the reaction of its employees to the Building and it would seem that there is a very high level of satisfaction. Some quality interviews that were conducted showed an improvement in work-life balance, which is also due to the introduction of projects aimed at employee well-being and work-life balance. These include Andriani Wellness, dedicated to physical and mental well-being with muscle awakening, stretching, cardio-fitness, and transcendental meditation courses taught by an athletic trainer; the high quality of the canteen service offered, run by

a chef and a nutritionist; and the presence of plants, which contribute to the regularization of biological cycles, concentration, and stress reduction, along with a hydroponic garden in the canteen area where vegetables can be grown to eat during the lunch break. In the welfare field, the implementation of a nutritional improvement program for employees through individual paths with biometric data collection is being studied, as well as the introduction of new coaching and team building activities with Lego Serious Play.

There is an internal canteen available to all employees and it is managed by trained and dedicated staff using job rotation, with employees who were involved in packaging for years. The idea materialized through cooking classes, which were welcomed with great enthusiasm and satisfaction.

In the canteen, only Felicia pasta is eaten and the walls will host a hydro-

ponic garden

A partnership has begun with a nutritionist and through an App, guidelines will be created to monitor nutritional needs, which will be managed through each person's badge. One of the macro objectives of the canteen could be, for example, to achieve the concept of a balanced diet (reduction of sugar or salt).

Another important concept is the reduction of **food waste**, which will be managed through the implementation of 3 initiatives:

- leftover food is taken to the office;
- leftover food is taken home;
- food that cannot be re-used becomes organic material for the garden via a composter.

As far as the environmental benefits are concerned, it should be noted that, in terms of emissions produced, the Smart Building is "zero emissions" and is focused on the principle of energy





exchange. The main source of thermal energy is the ground, which, thanks to a geothermal plant that exploits its capacity to ensure stable temperatures above the first layer (about 15mt), allows the geothermal probes to exchange enough thermal energy to meet the facility's heating needs.

In order to reduce the number of probes to be installed in the ground, an innovative system was used that allows the use of the solar field as an additional probe, through a hybrid solar system (photovoltaic and thermal). The energy to be dissipated is yielded to the solar modules, which guarantee the free production of hot water, simultaneously cooling the photovoltaic solar modules and increasing their efficiency. A control system recognizes the energy available in the field, prioritizing renewable energy. In terms of thermal and electrical energy autonomy, the facility has a high-performance

co-generator that greatly contributes to the reduction of energy consumption, especially in relation to the thermal energy produced that is used for industrial process, the heart of the facility (electricity and superheated water).

In order to decrease thermal dispersion while ensuring high air quality, the building was equipped with a mechanical ventilation system that ensures the necessary air exchange, defined for specific intended uses. It is estimated that, thanks to the geothermal system, about 4,170 TEP per year will be saved, equal to 10,533 kg of CO₂.

In terms of water savings, on the other hand, the building is equipped with rainwater collection tanks that accumulate the water collected from the roofs during storms and, after mechanical purification treatment, use it inside the water drains and in irrigating

the green areas of the facility.

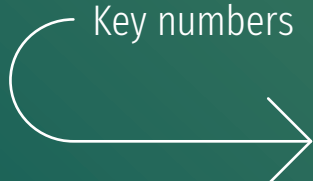
A further contribution to the reduction of potable water consumption is ensured by the installation of jet breaker aerators for taps and double capacity and reduced water flushing tanks.

The flat roofs are made of materials with a reflection coefficient greater than 78%, which along with the green areas, lead to a reduction of the "heat island" effect.

To reduce paper waste, the Building has a document digitalization process that is not aimed at completely eliminating the use of paper but rather to use it more conscientiously and with more awareness. To allow more responsible use of the material, a machine has been purchased that will whiten paper rather than destroy it and allow it to be reused (4-5 times per sheet).

2 Governance

Key numbers



> 5

MEMBERS OF ANDRIANI
S.P.A. BOARD OF
DIRECTORS

+2 compared to 2018.



> **Awareness on the path towards
Sustainable Development**

- *speech by Michele Andriani*

"Sustainability, for Andriani, means operating on a daily basis with respect for the protection of our human resources, the community, and the quality of the product."

Video created for the UBS Conference
The Vocabulary of Sustainability, Smart Investing, Sustainable Investing
Rome, October 7, 2019



> **98%**

PARTICIPATION

of members of the board of directors and the board of statutory auditors at the Board of Directors Meetings.

> **5drivers**

Impacting on the empowerment process:

- expansion of the number of members of the Andriani S.p.A. Board of Directors;
- approval of the Group's Corporate Governance Regulations;
- approval of a new organizational structure;
- establishment of the Management Board;
- establishment of the Nutritional Observatory.

In this chapter

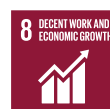


- 52 Corporate governance and compliance
- 60 The Benefit Corporation project
- 61 Risk Management
- 63 Fight against corruption
- 63 Respect for human rights



Stakeholder: **shareholders and community**

SDGs (*Sustainable Development Goals*)



2.1 Corporate governance and compliance

GRI CONTENT INDEX [102-18](#) [102-22](#) [102-23](#) [102-32](#)



→ The Andriani Group voluntarily subscribes to the new Italian Stock Exchange Self-Discipline Code and shares the idea of placing greater emphasis on integrating sustainability in strategies, risk management, and remuneration policies.

In this perspective, the "sustainable success" concept is a key element for the Andriani Group, and is understood as an objective that must guide the actions of the board of directors and that must be substantiated in the creation of long-term value for the benefit of shareholders and other strategic stakeholders.



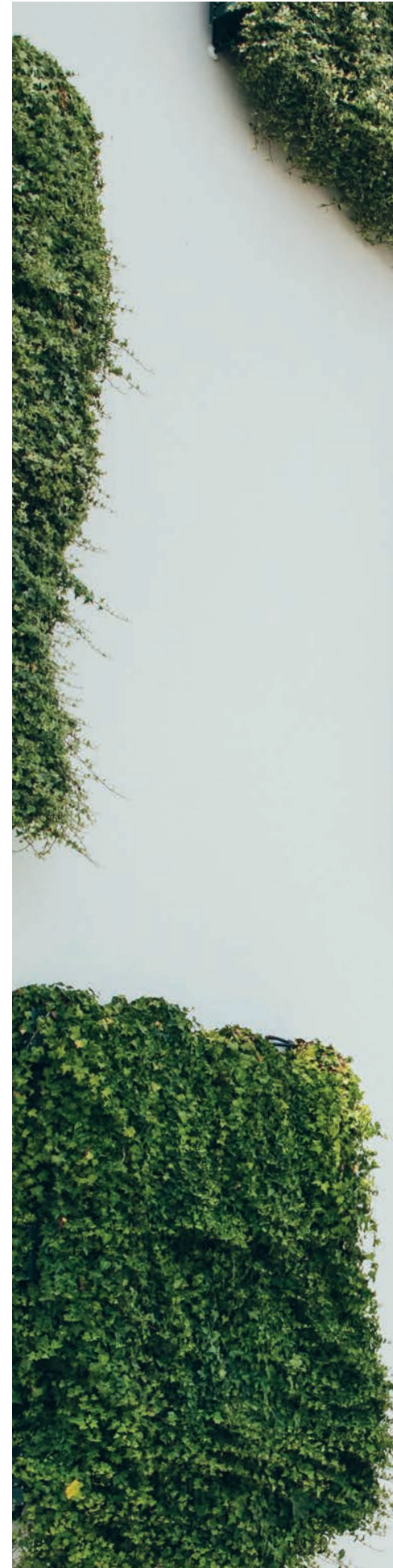
→ According to the recent report "Non-financial information as a driver of transformation" published by the Italian Securities and Exchange Commission, the board's involvement in non-financial themes (i.e., social, environmental, governance, and risks) combined with a high level of knowledge and skill are the three phases of ESG/multicapital integration in governance and the corporate strategy.

In line with what has been highlighted, the Andriani group has chosen, therefore, to initiate a transition process (not yet complete) towards a new "good governance" model aimed at improving specific aspects of corporate governance and the decision-making process that involves, among other things, the differentiation of skills, delegation areas and related responsibility levels, the balance between levels and remuneration, independence, diversity, transparency, integration, and compliance.



→ The drivers with greater impact on those empowerment processes were:

- expansion of the number of members of the Board of Directors of Andriani S.p.A. (Group holding company);
- approval of the Group's Corporate Governance Regulations;
- approval of a new organizational structure;
- establishment of the Management Board and related regulations;
- establishment of the Nutritional Laboratory and related regulations.





Andriani S.p.A.'s corporate governance system, as well as those of its subsidiaries, is founded on a traditional model, comprised of the following company bodies:

Shareholders' meeting

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

Board of Directors

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

Board of Statutory Auditors

Body that supervises the observance of the current 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.

The Board of Directors, with a Shareholders' resolution on 31 March 2020, was expanded from three to five members. In 2019, the Board of Directors met 8 times for an average duration of about 2 hours for each sitting, with an average 98% participation of the directors and board of statutory

auditors, and, in addition to ordinary management issues, it dealt with issues related to governance and sustainability, including the approval of the Sustainable Development Report and the sustainable investments plan.

The Andriani S.p.A. Board of Directors



Michele Andriani

39 years old, with a degree in Corporate Economics, Chairman of the Board of Directors and Managing Director, founding shareholder and Director of Andriani S.p.A. (formerly Molino Andriani S.r.l.) since its establishment. In recent years he has developed particular experience in R&D, marketing, sustainability and management control. In the past, he was the managing director of the operations division. He is also a Member of the Board of Directors of the subsidiary Cardo Rosso S.r.l.



Francesco Andriani

37 years old, high school graduate, Deputy Chairman of the Board of Directors and Managing Director, founding shareholder, formerly manager responsible for the Sales, Marketing & Business Development Division of Andriani S.p.A. He also is Sole Administrator (Chairman) of the subsidiary Felicia S.r.l. In recent years he has developed particular experience in the marketing sector and sales of branded products on both the national and international level.



Tommaso Marvulli

41 years old, Director and Managing Director, formerly manager responsible for the Administrative and Finance division and Andriani family partner since 1999. In recent years he has developed particular experience in general accounting, treasury, management control, ordinary and subsidized finance. He also holds the position of Sole Director (Chairman) of the subsidiary Terre Bradaniche S.r.l. as well as Member of the Board of Directors of the subsidiary Cardo Rosso S.r.l.



Attilio Mazzilli

53 years old, with a degree in Business Economics, Managing Director, chartered accountant, former board member of large companies, and expert in extraordinary finance operations (M&A), corporate and tax law, and corporate restructuring and reorganization. In recent years he has developed particular experience in the field of management consulting for companies operating in the food sector.



Michele Di Paolo

43 years old with a degree in Engineering, Managing Director, manager, and business consultant for the Healthy gluten-free products sector, with twenty years of experience in multinational mechanical and industrial engineering companies in the pasta sector (Bühler Group). In recent years he has developed particular experience and held multiple roles in the industrial sector, developing managerial skills in governance, operations, and commercial functions.

Other Andriani S.p.A. corporate bodies



On 31 March 2020, the Board of Directors of Andriani S.p.A. approved the Corporate Governance Regulations that, inspired by the Self-Discipline Code for companies on the stock exchange, apply exclusively to the companies over which Andriani S.p.A. performs management and coordination activities. The document addresses the precise description of the subjects and bodies, as well as the governance rules and methods, and is based on the assumption of the existing interdependence between strategic effectiveness and management efficiency.

In March 2020, the new corporate organizational chart was also approved, which uses a functional hierarchical model, divided into organizational structures with decreasing complexity (Divisions, Offices/Departments), corresponding to as many areas of homogeneous activities as there are skills and specializations, directed by a Department Manager.

The line departments are responsible for business implementation and, therefore, are aimed at achieving the typical and primary objectives of the Group's companies. These are the Operations Division, Technical Division, and Commercial and Marketing Division. The last one mentioned is broken down by business unit, identified by market sector, and includes the Marketing Department.

The staff functions are responsible for providing the services necessary for the most efficient implementation of the primary business purposes. These are the functions: Human Resources and Organization Division, Administration and Finance Division, Corporate Secretary's Office, Planning and Control Division, Legal and Corporate Affairs Division, CSR (Corporate Social Responsibility) Division, Compliance, and Internal Audit.

Sustainability governance



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 company management (CSR Division), also interacting with the various internal stakeholders who are involved with the relevant sustainability issues, also using other communication methods (meetings, specific focus groups, etc.).

The Board of Directors monitors the Strategic Sustainability Plan and approves the Group's Sustainable Development Report.

The CSR & Sustainability Manager oversees both the division's internal monitoring activities as well as compliance with binding obligations and voluntary standards in terms of quality, safety at work, and the

environment. In particular: (a) supports the Group's governance bodies in forecasting and implementing business objectives with limited environmental impact on the territory, as well as in implementing initiatives aimed at fostering sustainable business styles and promoting ethical and socially active behaviour; (b) implements management models that comply with the most up-to-date voluntary social sustainability standards (SA 8000, etc.); (c) oversees and implements the obligations set forth in the applicable legislation and voluntary standards regarding quality, safety, and the environment, monitoring and controlling the companies activities in those areas that fall under their jurisdiction. The Prevention and Protection Service Supervisor also works in close interaction with this function.

The decision-making process, in line with the structure, is the pyramid hierarchy type. Decision-making responsibility and reporting lines are therefore focused vertically. In any case, cross-functional integration from the establishment of the Management Board, which is not only a support body for the Board of Directors, promotes communication and sharing of information between organizational structures.

In order to facilitate the decision-making process, the organizational tools (organization chart, job description, etc.) are based on the following general principles:

- clear description of the reporting lines;

- knowledge, transparency, and publication of the powers granted (within the Group and to third parties);
- clear and formal delimitation of roles, with a complete description of the tasks for each function and their powers and responsibilities.

In view of the profitable interaction with the market and the coherent and sustainable development of strategic objectives and internal organization, the Andriani S.p.A. Board of Directors recognized the fundamental importance of the advisory bodies without decision-making power: the Management Board and the Nutritional Observatory.

The Management Board

The Management Board 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 regarding the definition of guidelines

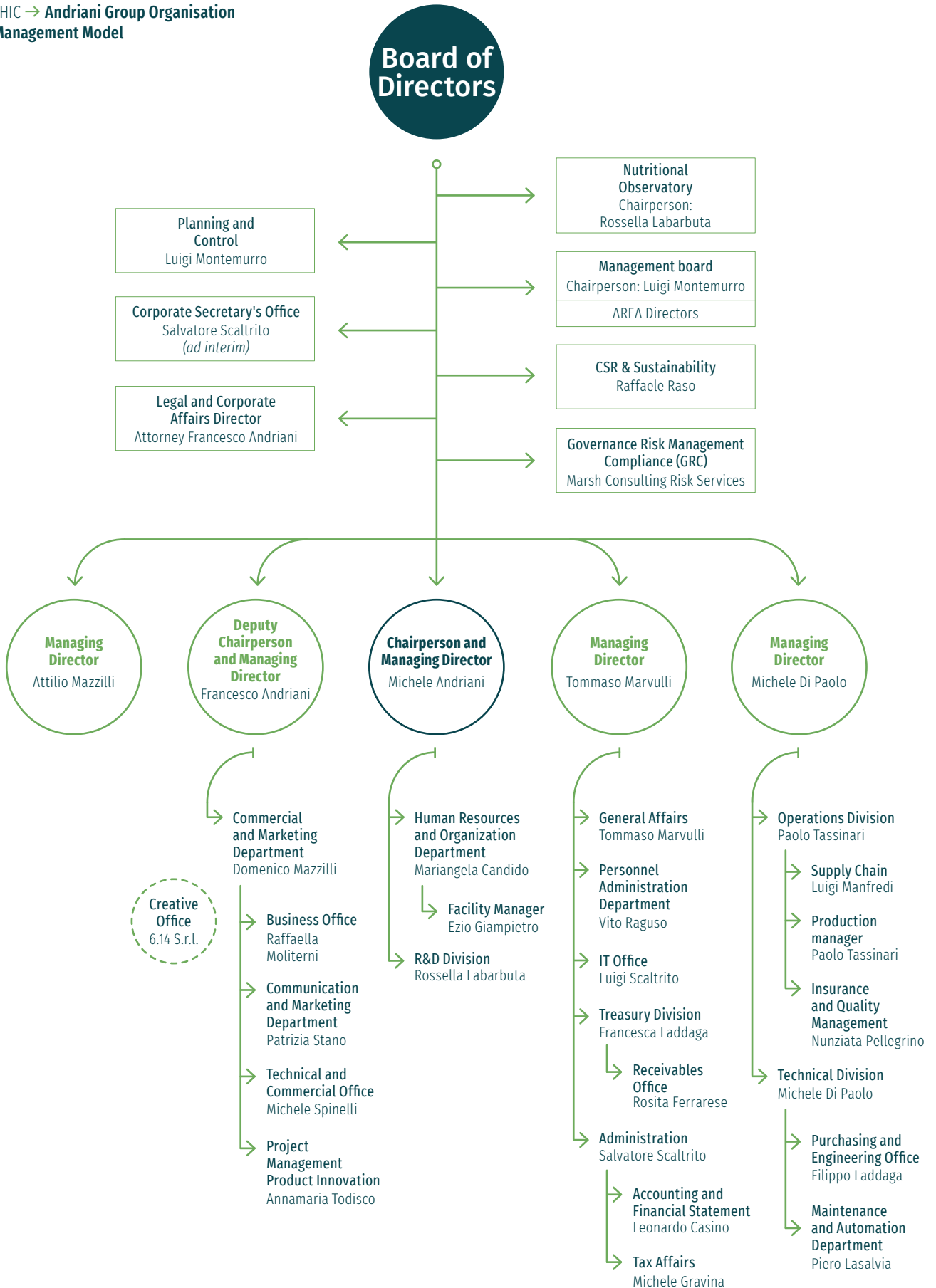
for the internal risk management and control system; (c) contributes to the implementation of the Group's strategy, as well as the preparation of the Industrial Plan and annual budgets; (d) identifies and proposes resolutions to the Board of Directors on corporate issues relating to strategies, extraordinary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

The Nutritional Observatory

The Nutritional Observatory was created for multi-disciplinary coordination of the initiatives related to sustainable nutrition for mankind and the planet. 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 made up of ten members appointed by the Management Board and remains in office for three years. It carries out the following tasks: (a) promotes the use of methodologies and tools for the company's strategic planning; (b) formulates specific evaluations of food policies or operational programmes in the sectors in which the company operates; (c) promotes the sustainable development of quality and nutritionally balanced products to benefit consumer welfare;

(d) promotes and collaborates in scientific research with research bodies (public and private), in order to investigate the potential beneficial physiological effects on the human body from the consumption of certain foods; (e) investigates the effects of modern processing and pasta-making techniques on the nutritional quality of raw materials; (f) establishes educational and training guidelines for a balanced and sustainable diet; (g) implements responsible communication, which allows consumers to make informed food choices and to understand the importance of active lifestyles and a balanced diet (i.e., responsible marketing); (h) analyzes the characteristics of the products and identifies the correct nutritional and health claims; (i) performs a consultative and evaluative function through the elaboration of reasoned opinions for each new ingredient investigated; (j) encourages and promotes the company's participation in conferences and events in the scientific community.

GRAPHIC → Andriani Group Organisation and Management Model





In order to ensure timely compliance with the stringent regulations on economic, governance, social, and environmental aspects, the parent company has also set up a Supervisory Board, consisting of 4 members, 2 external and 2 internal figures with different and compatible expertise, which has the task of supervising the functioning and observance of the 231 Organisation and Management Model. With regard to the Organisation and Management Model pursuant to Italian Legislative Decree no. 231/2001 issued by the Company, the Supervisory Body 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.

Andriani S.p.A.'s 231 Organisation and Management Model, prepared in accordance with the indications contained in the Confindustria Guidelines, was approved by the Board of Directors on March 29th, 2019 and is comprised of a general section and a special section, in turn broken down into specific sections dedicated to the various types of predicate offences. An integral part of the 231 Organisation and Management Model is the Code of Ethics whose founding

principles are: respect for the law, honesty, transparency and integrity, correctness in corporate management and the use of resources, confidentiality, respect for the individual, prevention of conflicts of interest, environmental protection, safety, and sustainable development.

As is well known, Italian Legislative Decree 231/01 introduced administrative responsibility of the company regarding crimes committed by subjects such as directors, employees, agents, consultants, and partners if those crimes were committed in the interest and to the benefit of the company.

Italian Legislative Decree 124/2019, however, recently added to the 231 crimes by introducing crimes of a tax nature, i.e. crimes similar to the following cases: fraudulent declaration by means of invoices for non-existent operations, fraudulent declaration by means of other devices, issue of invoices for non-existent operations, concealment or destruction of accounting documents, and fraudulent deductions from tax payments. In order to respond to these requirements and protect the interests of the governing bodies, the parent company is carrying out an assessment of the levels of risk associated with these types of offences, which will make it possible to rapidly update the 231/01 Model.



2.2 The Benefit Corporation project



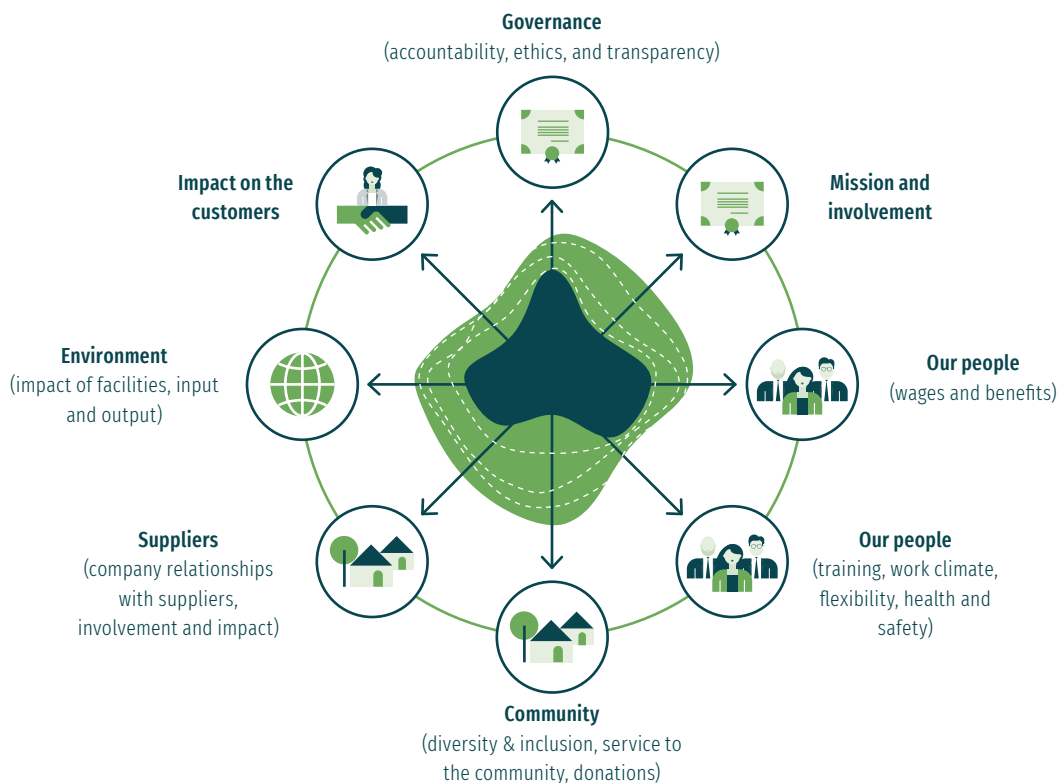
In line with the provisions of the strategic sustainability plan, the parent company Andriani S.p.A. launched a project to transform the company into a benefit corporation, pursuant to Italian Law Decree 1882 of 17 April 2015, which should allow it to acquire this status by the end of 2020.

The decision to transform itself into a benefit corporation responds to a precise purpose that is strongly consistent and in continuity with the vision, mission, and values of the Andriani Group, which aims to enhance and strengthen the path already taken in recent years in terms of sustainability and sustainable development, launching it with additional, more formalized effort to ensure greater depth.

In this perspective, the Andriani Group, in light of the considerable investments made in innovation and sustainability, the promotion of

corporate welfare initiatives, food education, external effects for the community, energy savings, the supply chain, and biodiversity protection, believes, therefore, that it can adopt the Benefit Corporation model, protecting its mission and values, and measuring its economic, social and environmental impact, using the Benefit Impact Assessment tool. Andriani S.p.A.'s goal is to achieve eligibility as a certified B Corp, falling within that small circle (about 100) of virtuous and resilient Italian companies.

In order to undertake this challenging project, the Group has chosen the support of Nativa, the first benefit corporation in Italy and the first Certified B Corp in Europe, which supports Italian companies towards advanced sustainability projects in their business models that generate positive impacts on people and the planet.



2.3 Risk Management

GRI CONTENT INDEX 102-11 102-15

The Andriani Group's approach to managing business risks can be represented by providing a reconstruction of the participants' system, the types of risks, and the actions taken to mitigate these risks.

The risk management system participants include:

- the Board of Directors, which by its very nature defines the guidelines for the internal risk management and control system in line with the company's strategies and assesses the adequacy of the system, at least once a year, with respect to the company's characteristics and the risk profile, as well as its effectiveness;
- the Management Board which, in assisting the Board of Directors in detection, identifies, measures, and evaluates the degree of compatibility of the risks with company management that is consistent with the defined strategic objectives;
- the specific functions of staff, Legal and Corporate Affairs, Compliance, and Internal Audit, which in support of the Board of Directors oversee the specific business risks, i.e., legal risks, nonconformity risks, and risks associated with the internal control system;
- the Board of Statutory Auditors, which, as the subject the oversees management performance and the proper administration, monitors the probability and magnitude of the risks associated with the business community;
- the Supervisory Board, which, as part of the analysis of adequacy of the 231/01 Organisation and Management Model, assesses its effectiveness in mitigating the risks and preventing the commission of the offences associated with them.

On the basis of that highlighted, the various participants in the Andriani Group approach the business risks by identifying them effectively, and by measuring, managing, and monitoring them.

The types of risks monitored by the Andriani Group are:

- external - i.e., risks arising from the country in which the

Group operates and intends to operate (new regulations, technological innovations, changes in demand, competitors' strategies, etc.);

- strategic - i.e., risks 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;
- operational - i.e., risks associated with the inadequacy of internal processes, technological systems, the supply chain, the sales network, or, more generally, resulting from violations of laws or regulations, contractual or extra-contractual responsibilities, or from cases of nonconformity;
- non-financial or related to sustainability - i.e. risks that relate to:
 - the environment (climate change, nonconformities with environmental regulations, waste and hazardous substances management, water management, inefficient energy management, etc.);
 - social (cyber security, quality and safety of products/services, customer and complaints management, IT risks, etc.);
 - staff (nonconformities to standards related to health and safety in the workplace and workers' rights, loss of resources in key positions, etc.);
 - corruption (active and passive crimes of corruption, i.e., money laundering and terrorism financing, fraud and illegal activities, etc.);
 - human rights (human rights violations, inadequate diversity management, discrimination, etc.);
 - the supply chain (social, environmental, and reputational risks connected to careless management of the supply chain);
 - compliance (besides the previous ones, other types of risks of nonconformity with regulations regarding taxes, free competition, privacy, etc.).



To manage and mitigate sustainability risk, the Andriani S.p.A. Holding Company, while drawing inspiration from the integrated approach proposed by the [international guidelines on ESG risks](#) published by COSO and WBCSD, uses the 231/2001 model, which established a model for the prevention of the primary criminal risks set forth in Italian Legislative Decree 231/01, as amended.

The types of risk mapped out in Model 231 and managed through specific prevention protocols are: liquidity risk, market risk, credit risk, risk of corruption in relations with Public Administrations and between private parties, environmental risk, risk of false social

communications, risks related to health and safety in the workplace, IT risk and illegal data processing, and risk of tax offences (in the assessment phase).

With regard to the management and mitigation of operational risks, in the first months of 2020, Andriani S.p.A. initiated an external assessment with an international player to analyze the risk of damages resulting from business interruptions to which the Company might be subject in relation to direct damages that could occur within the organization (Gravina plant) or externally (raw material supply channels and customer network).

2.4 Fight against corruption

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

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

activities involving contacts and relations with the Public Administration.

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

2.5 Respect for human rights

GRI CONTENT INDEX 406-1

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

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

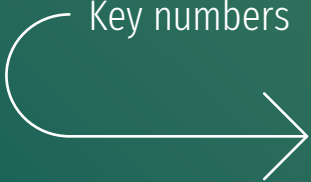
In particular, the Group applies the provisions of the law (Constitution and Workers' Statute) regarding non-discrimination on the grounds of race, language, gender, disability, age, sexual orientation, and personal beliefs.

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

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

3 Economic accountability

Key numbers



> €64,7m

BUSINESS TURNOVER 2019
+16.2% COMPARED TO 2018

For the Andriani Group, 2019 was characterised by a positive growth in turnover and production volumes.



> Wellbeing for our consumers

- speech by Annamaria Todisco

"Nutrition and well-being of our consumers are the objectives that Andriani has always been pursuing".

Video created during the TUTTOFOOD International Trade Fair Milan, May 6-9, 2019





> **+23.9%**

GROWTH OF PRODUCTION VOLUMES

The volumes of pasta production for the year 2019 amounted to approximately 27.7 thousand tonnes.

> **€17,8m**

VALUE ADDED PRODUCT +9.6% COMPARED TO 2018

The value added represents the measure of the increase in value deriving from the use of resources which, due to the realisation of the technical-production cycle, have been transformed into "generated wealth".

In this chapter



- 66 Our business model
- 68 Economic and financial performance
- 70 Creating value for stakeholders



Stakeholder: **shareholders – customers – employees and suppliers**

SDGs (*Sustainable Development Goals*)



3.1 Our business model

GRI CONTENT INDEX 102-6 102-7

The Andriani Group's proactive approach to Sustainable Development is represented in a business model that integrates inputs, business activities, and outputs with impactful results associated with the 17 goals of the 2030 Agenda.

In this perspective, Sustainability represents a strategic driver that produces competitiveness and generates value through the management of operational risks and the assessment of potential reputational sustainability risks linked to corporate

management and planning of investment projects. For the Andriani Group, the sustainability-competitiveness trade-off materialises in the benefits illustrated in the Confindustria document "Guidelines for sustainability reporting for SMEs" which provides a review of the potential benefits that an SME can achieve by carrying out a proactive approach to Corporate Social Responsibility, choosing to voluntarily report non-financial information.



Corporate Social Responsibility

Creation of a sustainable supply chain

The adoption of responsible corporate behaviour can also encourage virtuous behaviour along the entire supply chain.

Attraction and development of human capital

A good corporate reputation favours an effective policy of finding qualified and motivated resources, as well as a more relaxed, innovative, and incentive-based work climate.

Partnership between companies with the same value system

Companies driven by the same principles (ethical, social, and environmental) are naturally led to develop mutual synergistic and collaborative relationships.

Risk assessment and risk mitigation

Reporting non-financial information triggers a risk monitoring activity capable of assessing the level of probability and its impact.

Corporate identity and brand reputation

The selection and reporting of the right information capable of describing the corporate approach to sustainability can generate important competitive returns, which can be translated, among other things, in terms of product/service differentiation and customer loyalty.

Social legitimacy by stakeholders

Sustainable business development, in balance with environmental and social promotion needs, set off mechanisms of social legitimacy that make it possible to better manage participatory relationships with strategic, internal, and external stakeholders.

Better access to credit system resources

In a context such as the current one restricting the bank credit market, it rewards the pursuit of policies in the field of sustainability that require the use of financial resources in a responsible way.



3.2

Economic and financial performance

GRI CONTENT INDEX 201-1

The Andriani Group closed 2019 with a consolidated net profit of €2.76 million.

Below is a summary of the main economic and financial data of the Group relating to 2019, compared with 2018 (values in thousands of euros).

Items	2019	2018	Variation	Variation %
Production value	66,396	55,799	10,597	19.0%
Production costs	61,474	50,247	11,227	22.3%
Gross operating margin (EBITDA)	9,718	9,498	220	2.3%
Net operating margin (EBIT)	4,922	5,552	(630)	-11.3%
Pre-tax result	3,651	4,593	(942)	-20.5%
Result after tax	2,758	4,105	(1,347)	-32.8%
Group shareholders' equity	20,399	17,654	2,745	15.5%
Net financial position	21,962	18,923	3,039	16.1%
Cash flow from operating activities	9,507	7,409	2,098	28.3%
Cash flow investment activities	(9,719)	(10,285)	566	-5.5%
Cash flow from financing activities	7,977	6,086	1,891	31.1%

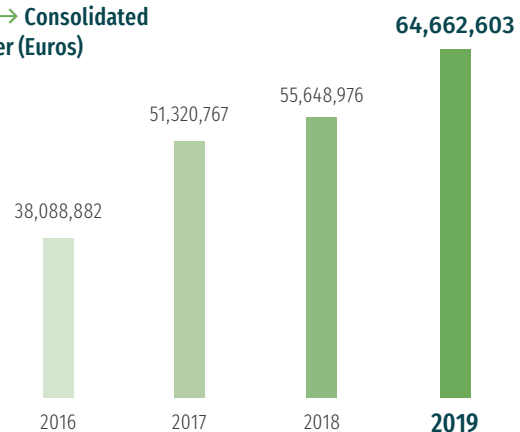
For the Andriani Group, 2019 was characterised by positive growth in turnover amounting to 64.7 million euros (+16.2% compared to the previous year's financial statements) and in the volumes of pasta production, which amounted to approximately 27.7 thousand tonnes, with a +23.9% increase compared to the same period of the previous year. Moreover, from the analysis of the provisional data as of 30 June 2020, a further growth in turnover and production volumes is noted, which amounted to 38.9 million euros respectively (+17.2% compared to 30/06/2019) and about 15.4 thousand tonnes of pasta.

Specifically analysing Andriani S.p.A., it should be noted that the parent company recorded a positive trend in terms of characteristic revenues, equal to 62.3 million euros (vs 53.1 million euros in 2018), with an increase (+17.3%) attributable, in part, to the greater quantities of product sold and also to a tendential increase in sales prices (with an average of 2.39

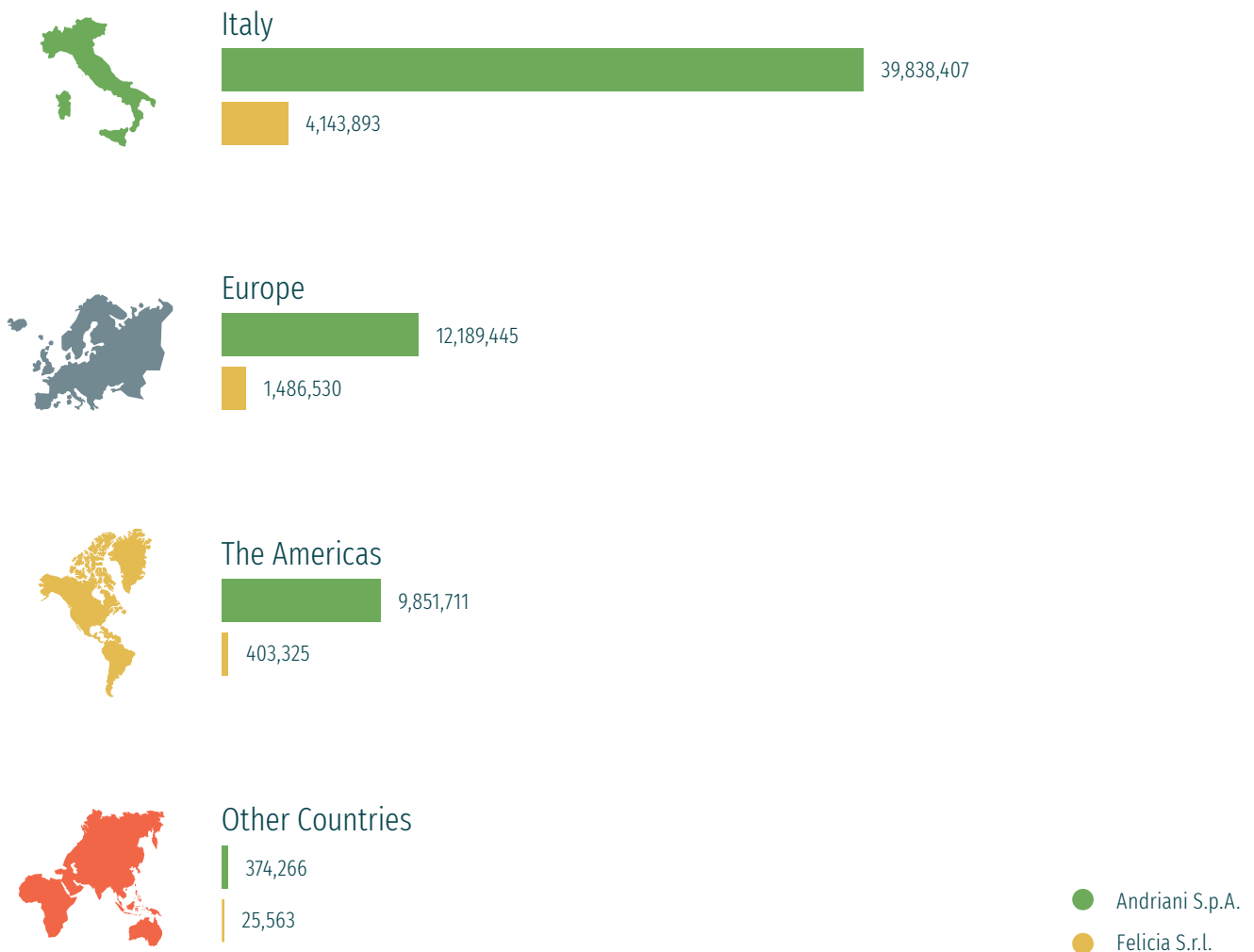
euros/ kg vs 2.38 euros/kg in 2018).

The Group's consolidated turnover trend shows a +70% increase in the comparison between 2019 and 2016 and a +16% increase in the comparison between 2019 and 2018.

CHART → Consolidated turnover (Euros)



GRAPH → 2019 turnover divided by markets (geographical areas)



Felicia S.r.l. (Legal Entity of the Group, whose business is oriented towards the sale of own brand products) contributed 6.1 million euros in aggregate turnover, an improvement on the previous year.

Despite having occurred more than proportionally with respect to the two

previous years, the growth in 2019 was accompanied by a simultaneous maintenance of margins. In fact, an EBITDA of 9.7 million euros emerges, a value which is reflected in an EBITDA margin of 14.6%. More specifically, there is a lower incidence of "purchases of raw materials" which, net of the change in

the same, eroded the value of production by about 43.5%, thus recording an efficiency increase of about 6.5 percentage points compared to the previous year.

3.3

Creating value for stakeholders



**INCREASE IN ADDED VALUE
COMPARED TO 2018**

The Andriani Group contributes to the development of the local community by increasing collaborations and relationships with suppliers of raw materials, in particular, of the legume family. During 2019, through the project for the development of the sustainable legumes supply chain, the Andriani Group purchased approximately half a million euros' worth of raw material from local suppliers.

In order to acquire the economic resources necessary for the management of its business, the Group uses the proceeds deriving from core and ancillary operations.

In this perspective, the added value represents the measure of the increase in value deriving from the use

of resources which, due to the realisation of the technical-production cycle, have been transformed into "generated wealth".

This wealth rewards the corporate stakeholders, who in various ways have supplied raw materials, labour, services, investments, public utility, and other tangible and intangible corporate production factors.

The following table shows the "Consolidated Added Value" scheme of the Andriani Group calculated according to the methodology proposed by the standard of the Study Group for the Social Report (GBS) which provides for the two distinct statements:

- the added value assessment sheet;
- the Added Value distribution sheet.



In 2019, the added value produced was 17.8 million euros, with an increase of 1.5 million euros (+9.6%) compared to the same period of the previous year. Below is the analysis with the amounts:

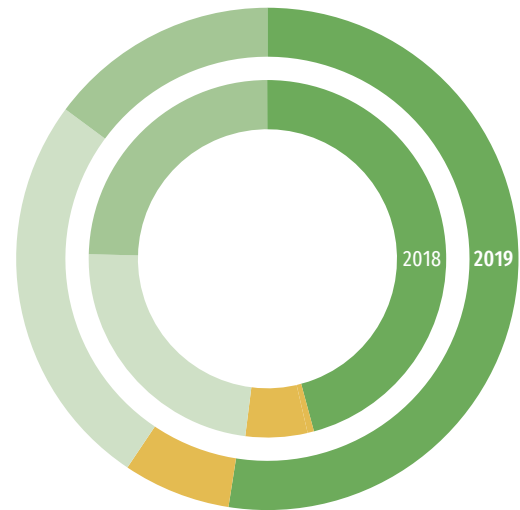
PROSPECTUS FOR DETERMINING THE ADDED VALUE	2019 (Euros)	2018 (Euros)	Delta (Euros)
A) Production value	65,121,962	55,125,587	9,996,375
Revenues from sales and services	64,662,603	55,648,976	9,013,627
Changes in inventories of finished goods	138,187	(672,526)	810,713
Increases in fixed assets for internal operations	60,667	-	60,667
Other revenues and income	260,505	149,137	111,368
B) Intermediate production costs	47,310,349	38,878,489	8,431,860
Raw, ancillary, and consumable materials and goods	27,772,692	25,782,960	1,989,732
Costs for services	17,019,732	13,022,280	3,997,452
Costs for leased assets	540,124	393,868	146,256
Provisions for risks	-	-	-
Sundry operating charges	678,495	701,995	(23,500)
Variations in inventories for raw, ancillary, consumable goods and commodities	1,104,227	(1,107,595)	2,211,822
Impairment of receivables included in current assets and cash equivalents	195,079	84,981	110,098
C) Characteristic gross added value (C = A-B)	17,811,613	16,247,098	1,564,515
Foreign exchange gains and losses	11,477	(39,563)	51,040
Characteristic added value net of exchange rates	17,823,090	16,207,535	1,615,555
Balance for ancillary management	18,779	22,123	(3,344)
Total income from equity investments	203	1,643	(1,440)
Total other financial income	18,576	20,480	(1,904)
Value adjustments to financial assets	(83,040)	(19,407)	(63,633)
Total revaluations	-	38,193	(38,193)
Total impairments	83,040	57,600	25,440
TOTAL GROSS ADDED VALUE	17,758,829	16,210,251	1,548,578

ADDED VALUE DISTRIBUTION SHEET	2019 (Euros)	2018 (Euros)	Delta (Euros)
Personnel Remuneration	9,444,827	7,468,852	1,975,975
Wages and salaries	6,344,699	4,736,798	1,607,901
Social security expenses	1,638,035	1,387,497	250,538
Severance package	476,144	358,960	117,184
Provisions for pensions and similar	-	-	-
Other costs	53,405	5,189	48,216
Non-employee personal remuneration	932,544	980,408	(47,864)
Public Administration Remuneration	(157,152)	(95,178)	(61,974)
Income taxes for the year	975,530	1,103,776	(128,246)
Taxes relating to previous years	3,363	(558,556)	561,919
Contributions in the financial year	(1,185,224)	(673,495)	(511,729)
Indirect taxes	49,179	33,097	16,082
Credit Capital Remuneration	1,217,645	921,920	295,725
Interest expenses	1,217,645	921,920	295,725
Differential from financial instruments	-	-	-
Company Remuneration	4,600,835	3,861,181	739,654
Depreciation and impairment of fixed assets	4,600,835	3,861,181	739,654
Risk Capital Remuneration	2,672,438	4,047,776	(1,375,338)
Profit (Loss) for the year attributable to the Group	2,758,292	4,105,594	(1,347,302)
Profit (loss) for the year attributable to minority interests	(85,854)	(57,818)	(28,036)
Donations and sponsorships	(19,764)	5,700	(25,464)
Donations and sponsorships	69,050	5,700	63,350
Contributions to scientific research	(88,814)	-	(88,814)
TOTAL GROSS ADDED VALUE	17,758,829	16,210,251	1,548,578

The table showing the distribution of added value by reference stakeholder is shown, which compares the data between 2019 and 2018.

GRAPH → **Distribution of value added 2019**

	2019	2018
● Personnel Remuneration	53%	46%
● Risk Capital Remuneration	15%	25%
● Company Remuneration	26%	24%
● Credit Capital Remuneration	7%	6%
● Public Administration Remuneration	-1%	-1%



In the comparison between the two years, the Group shows a significant improvement (+7%) in the share of added value distributed to employees; this data takes on even more relevance

if compared with the percentage of added value of the risk capital which, in the comparison between 2019 and 2018, decreased by approximately 10%. In other words, in the transition from

2018 to 2019, the Group transferred the added value produced by the credit institutions to its employees.

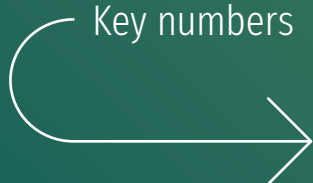
In addition to the above, the main economic, equity, and financial indicators of the financial statements are given in detail, once again as a comparison between 2019 and 2018.

	31/12/2019	31/12/2018
Economic Indices		
ROE, net	0.12	0.30
ROE, gross	0.16	0.34
ROI	0.06	0.08
Balance Sheet Ratios		
Primary structural margin	(24,570,867)	(19,190,949)
Primary structural ratio	0.45	0.48
Secondary structural margin	(2,564,471)	(125,267)
Secondary structural ratio	0.94	1.00
Financial Indices		
Treasury Index	0.82	0.83
Financial autonomy index	0.26	0.26
Index of fixed assets coverage	0.45	0.48

TABLE → **Comparison of financial statement ratios**

4 Accountability towards employees

Key numbers



> **151**

EMPLOYEES IN 2019
+4 COMPARED TO 2018

150 employees have open-ended contracts. In 2019, the rate of new hirings was 8%, while the outgoing turnover rate was 5%.

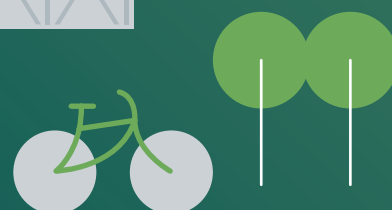
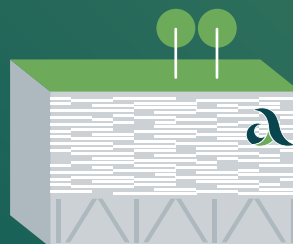


> **Well-being for our employees**

- *speech by Mariangela Candido*

"For Andriani, the concept of well-being concerns not only our consumers and the surrounding environment, but above all at our employees, which is why for some time we have been running Andriani Empowering People".

Video created during the TUTTOFOOD International Trade Fair
Milan, May 6-9, 2019





> **+81%**

**HOURS OF TRAINING
COMPARED TO 2018**

With a view to the continuous valorisation of the competence of its workforce, in 2019 the HR department set up a number of training courses aimed at defining interdisciplinary and technical abilities.

> **45** 

**BICYCLES DISTRIBUTED
IN 2019**

added to those distributed in 2018, a total of 85 electric bicycles have been given, which are used both for travelling to and from work and also for leisure use.

In this chapter



- 76 Diversity and equal opportunities
- 80 Development and protection of human capital
- 82 Corporate welfare
- 87 Shared company culture
- 88 Health and safety in the workplace



Stakeholders: **employees**

SDGs (Sustainable Development Goals)



4.1 Diversity and equal opportunities

GRI CONTENT INDEX 102-7 102-8 202-2 401-1 405-1

The Group has an overall workforce of 151 people as of 31/12/2019, which has increased by approximately 3% (4 people) compared to figures for the previous year of 147 people¹. Figures regarding the percentage of women employed has also improved, reaching 21% as of 31/12/19 compared to the 18% as of 31/12/18. The Andriani Group strongly believes in its contribution to local community employment, 89% of managers hired from the local community (Puglia Region). The composition of the workforce by professional role is as follows:

Composition
of workforce
by professional
role



TABLE → Number of employees by gender and employee category

Employee category	31/12/2019			31/12/2018		
	Men	Women	Total	Men	Women	Total
Directors	9 (100%)	- (0%)	9	3 (100%)	- (0%)	3
Management	1 (100%)	- (0%)	1	1 (100%)	- (0%)	1
White collar	29 (53%)	26 (47%)	55	30 (58%)	22 (42%)	52
Blue collar	81 (94%)	5 (6%)	86	86 (95%)	5 (5%)	91
Total	120 (79%)	31 (21%)	151 (100%)	120 (82%)	27 (18%)	147

¹ For purposes of comparison, the 2018 data regarding the total number of employees and relative divisions have been restated following an update to the calculation methods employed. For previously-published data, reference is made to the 2018 Sustainability Report, published in the Sustainability section of the website www.andrianispa.com.



TABLE → Employees by age group and employee category

Employee category	31/12/2019				31/12/2018			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Directors	- (0%)	5 (56%)	4 (44%)	9	- (0%)	3 (100%)	- (0%)	3
Management	- (0%)	1 (100%)	- (0%)	1	- (0%)	1 (100%)	- (0%)	1
White collar	9 (16%)	39 (71%)	7 (13%)	55	10 (19%)	34 (63%)	10 (19%)	54
Blue collar	9 (10%)	60 (70%)	17 (20%)	86	11 (12%)	62 (70%)	16 (18%)	89
Total	18 (12%)	105 (70%)	28 (18%)	151 (100%)	21 (14%)	100 (68%)	26 (18%)	147

Figures regarding average age, 41, is essentially in line with the previous year (42 for men and 37 for women).

TABLE → Average age of employees by gender and employee category

Employee category	31/12/2019			31/12/2018			Variation		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Directors	50	-	50	39	-	39	11	-	11
Management	33	-	33	32	-	32	1	-	1
White collar	42	36	40	42	36	40	0	0	0
Blue collar	41	44	42	40	43	40	1	1	2
Total	42	38	41	41	37	40	1	1	1

TABLE → Number of employees by gender and employment contract

Employment contract	31/12/2019			31/12/2018			Variation		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Temporary	1	-	1	5	2	7	-4	-2	-6
Permanent	119	31	150	116	24	140	4	6	10
Total	120	31	151	121	26	147	0	4	4

TABLE → Number of employees by gender and employment type

Employment type	31/12/2019			31/12/2018			Variation		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full-time	118	31	149	5	2	7	-3	-2	-5
Part-time	2	-	2	116	24	140	3	6	9
Total	120	31	151	121	26	147	0	4	4

TABLE → Details of new employees by gender and age group

Gender	2019				2018			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Men	1	3	4	8 (7%)	3	11	3	17 (15%)
Women	1	3	-	4 (13%)	2	3	0	5 (23%)
Total	2 (11%)	6 (6%)	4 (14%)	12 (8%)	5 (25%)	14 (14%)	3 (3%)	22 (16%)

TABLE → Details of terminations by gender and age group

Gender	2019				2018			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Men	1	5	1	7 (6%)	1	8	4	13 (11%)
Women	-	1	-	1 (3%)	1	3	0	4 (18%)
Total	1 (6%)	6 (6%)	1 (4%)	8 (5%)	2 (10%)	11 (11%)	4 (20%)	17 (12%)

In 2019, the rate of new hirings was 8%, while the outgoing turnover rate was 5%.

CAREER DAY
3 October 2019



3 October 2019 saw the holding of the Job Meeting event at the Polytechnic of Bari in collaboration with the Cesop HR Consulting Company, which saw an entire day of interviews held with hundreds of students and new graduates from various departments at the University of Bari.



Gender balance

35% WOMEN IN RESPONSIBILITY POSITIONS



Andriani aims to protect gender balance and provide equal opportunities in access to resources and roles within the organisation, independent of gender. In 2019, 35% of responsibility positions are held by women.

4.2

Development and protection of human capital

GRI CONTENT INDEX 404-1

Training

This is a fundamental and strategic element for Andriani in terms of internal growth as well as the valorisation and development of skills and potential.

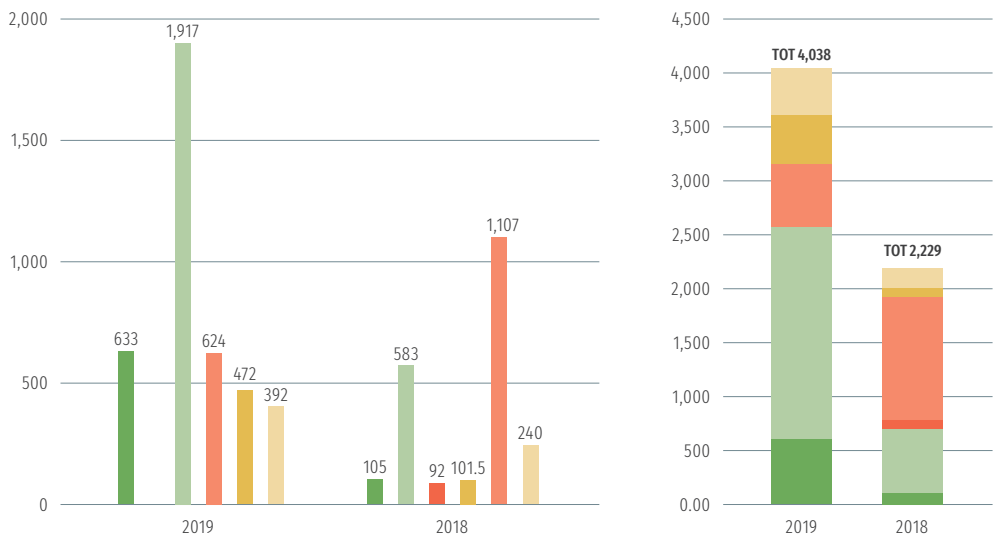
With a view to the continuous valorisation of the competence of its human capital, in 2019 the HR department set up a number of training courses aimed at defining interdisciplinary and technical abilities.

This aspect emerges clearly from the increase in hours of training, +81%, shown in the comparison between 2019 and 2018.

GRAPH → Hours of staff training subdivided by type

- Technical skills
- IT
- Law
- Languages
- Quality
- Soft Skills

+81%
HOURS OF TRAINING COMPARED TO 2018



The total number of hours of training provided amounted to 4,038 for 122 employees (out of a total of 151) and 90 hours for 36 employees of an external cooperative.

The training was organised on the basis of the results of an analysis of the training requirements of department heads and collaborators in terms of hard and soft skills.

4,038
hours
OF TRAINING PROVIDED IN 2019



10
hours
OF TRAINING FOR MANAGEMENT

82
hours
OF TRAINING FOR DIRECTORS

1,728
hours
OF TRAINING FOR OFFICE STAFF

2,218
hours
OF TRAINING FOR WORKERS

Below are outlines of the types of training provided in 2019 for employees, set out by gender.

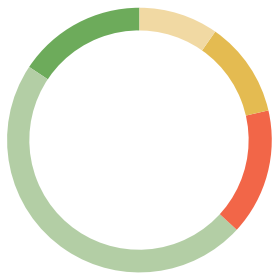


Type of training women

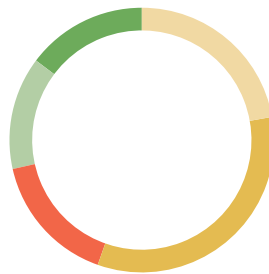


Type of training men

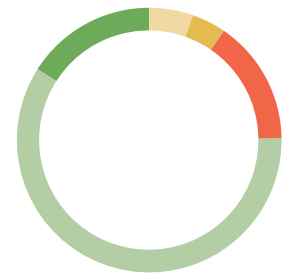
Type of training



Technical skills	15.68%
IT	47.47%
Languages	15.45%
Quality	11.69%
Soft Skills	9.71%



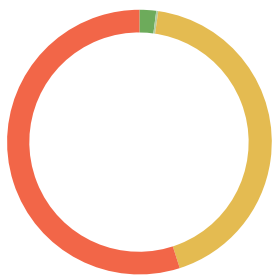
Technical skills	14.74%
IT	13.78%
Languages	16.08%
Quality	33.21%
Soft Skills	22.20%



Technical skills	16.00%
IT	59.24%
Languages	15.24%
Quality	4.18%
Soft Skills	5.35%

Average number of hours of training

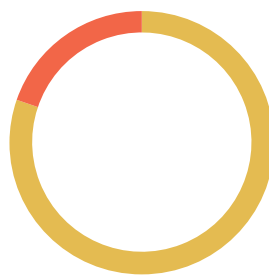
26.7



	Hours	Average
Directors	82	9.1
Managers	10	10.0
Office staff	1,728	31.4
Workers	2,218	25.8

Average number of hours of training women

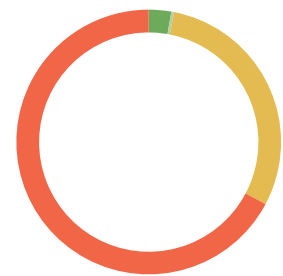
33.7



	Hours	Average
Directors	0	0
Management	0	0
Office staff	839	32.3
Workers	206	41.2

Average number of hours of training men

24.9



	Hours	Average
Directors	82	9.1
Management	10	10.0
Office staff	889	30.7
Workers	2,012	24.8

4.3 Corporate welfare

A positive atmosphere can play both an adaptive and motivational role, encouraging individuals to focus their efforts on current tasks and prepare for future challenges and determining engagement and commitment. For Andriani, the concept of welfare is associated with that of well-being and happiness in the workplace. Nowadays, the term Happiness is interpreted in two ways: hedonistic, referring to im-

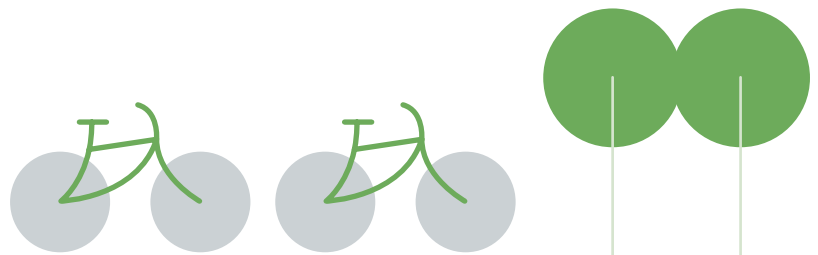
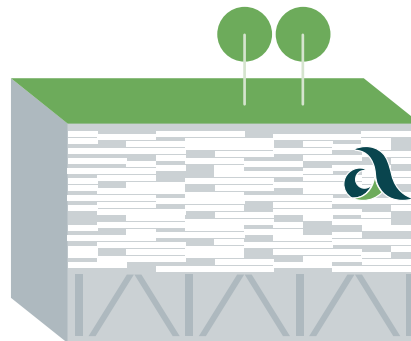
mediate pleasure, and eudemonic, referring to long-term well-being from the positive self-realisation of personal potential. Considering the second type to be longer-lasting, it is therefore necessary to implement welfare initiatives that focus on the management of shortcomings, the promotion of a positive psychological and physical balance, valorisation of personal strengths, self-regulation of emotions,

in other words a reasonable balance between positive and negative emotions, an increase in self-confidence and efficiency, the encouraging of optimism and the redefinition of objectives with a view to the future.

To this end, the Company has consolidated the projects set in motion in 2018 and has added others.

Bike to Work

In 2019, 45 bicycles were distributed, which in addition to those distributed in 2018 come to a total of 85 electric bicycles, which are used both for travelling to and from work and also for leisure use.



49,106

KM TRAVELLED

14,747 in 2018
34,359 in 2019*

7thousand

LITRES OF FUEL SAVED

2,000 LITRES in 2018
5,015 LITRES in 2019*

4,634kg

OF CO₂ NOT EMITTED

1,391 KG in 2018
3,243 KG in 2019*

20.5k€

TOTAL BONUSES
ISSUED IN 2019

Arts Academy



In October 2019, Andriani inaugurated the Andriani Arts Academy. The initiative, aimed at increasing the economic and social well-being of employees by providing artistic education for their children, is considered to be an instrument for well-being and cultural growth, with a firm belief in the importance of art as an instrument for personal expression, self-narration and cultural enrichment, as well as a factor in the fight against social deviance and bullying.

The Arts Academy saw the creation of Sowing, a course aimed at developing expressive arts set out in two forms according to the age of the participants, with a standard focus for children of

between 4 and 9 years of age and a more specialised level for children of between 10 and 18 years of age.

The lessons were held from October 2019 to June 2020, with a duration of 3 hours per week, with the following workshops:

- Theatre workshop
- Singing workshop
- Comic strip and illustration workshop
- Musical instrument workshop
- Contemporary dance workshop.

The workshops, held by sector professionals, featured organised trips to theatres and encounters with theatre actors and musicians which gave the children first-hand experience of the artistic subjects studied.

Family DAY

14 September 2019 saw the second Andriani Family Day, a company event aimed at participation, sharing and friendliness, which saw the participation of more than 1,000 people. The theme of the event was a local celebration, with the reproduction of a farm and typical Puglia town square with illuminations and wooden food stands. Focusing on the values of simplicity, naturalness, sustainability, authentici-

ty and tradition, the event saw a number of team games. The games chosen were all traditional, dating back to the pre-digital era. This choice was based on the idea that traditional games are a cultural right, promoting a sense of belonging and social enrichment, and acting as a universal language that overcomes the obstacles of cultural diversity, becoming a tool for inclusion and global citizenship. Play also means

sharing, which is by definition an element for aggregation and socialisation. Traditional games are a goldmine of knowledge, skill and community, group and individual practices, a symbol of fair play between people and communities bound by a sense of respect, understanding and reciprocal knowledge formed through play.



Team Building

Andriani believes strongly in the value of relationships, sharing, reciprocal support and the perception of being part of a large community of practices, in which to share values and knowledge in order to create shared intelligence and learning.

Being part of a team, or rather of a “tribe”, means sharing a single culture

and language and working together in order to reach a common goal.

With the aim of underlining this concept, the Group organises a range of annual Team Building activities.

In February and March of 2019, 45 employees took part in various types of **Escape Room** exercise.

Escape Room



An Escape Room is an interactive game in which a group of participants need to work together and foster team spirit in order to escape from a locked room by solving a range of puzzles that gradually open a series of key elements. The rooms are themed, reproducing various fantasy scenes, and there is a time limit within which the team has to escape from the room (60 minutes).

First created in the United States, Escape Rooms are not only fun, but also allow for the creation of a positive level of cooperation between the participants, as well as a deepening of reciprocal trust. It is a gaming experience that symbolises daily

work situations. Usually a team of between 4 and 10 people is involved, simulating a company work group, who are locked in a room, representing a problem to be solved. In order to escape, the team has to collect a series of clues and answer a range of puzzles in order to avoid looming danger if time runs out, thus simulating serious company problems. Staff members therefore find themselves called on to bring into play strategies and skills that lead to improvements in performance almost without even realising.

In the process of play, the group tends to unwittingly organise itself into covering the various necessary

roles, spontaneously electing a team leader, in other words the person who best represents the individual members and is able to guide the various opinions, someone who lends support to the others, organising the various options according to priority. These are natural group dynamics that emerge in particular when mutual dependence is established, as noted by Lewin.

Each group aims to develop a “sensation of us” that indicates the level of belonging felt by an individual to the group, which is more than the sum of its parts.



The skills that may therefore be developed during an Escape Room session are:

- **Efficient communication:** in order to successfully escape from the room, it is necessary to find a solution, solve the puzzle. One of the strengths of Escape Rooms is that it highlights true intelligent and intuitive leaders who are capable of listening to others and not only to themselves, involving all of the participants of the game actively. By communicating, it is possible to exchange opinions and theories, practice active listening, and brainstorm without limiting intuition or creativity, thus reaching a definitive decision. A good team knows how to listen and evaluate all points of view. This goal is fundamental in company life in order to grow and improve moods and productivity.
- **Leadership:** The Escape Room allows for the natural and spontaneous identification of a true leader, avoiding authoritarianism, conflict and wasted time

which would lead to failing the test.

- **Lateral thinking and exploitation of differences:** Thinking outside of the box is at times seen as a quality that needs to be hidden rather than highlighted, while within a team it is right for all possibilities to be considered before a solution is reached. Escape Rooms are full of pitfalls which are not easy to avoid, and it is therefore necessary to assess all suggestions, even those that are apparently the most strange or unusual. Learning this skill in company life may lead to a notable improvement in achieving much more ambitious and challenging results.
- **A sense of community:** Individualism is the worst enemy in a team, as it risks leading to a situation where everyone loses. In Escape Rooms, those that think only of themselves without listening to others have no chance of escape, as it is usually only by working together and trusting each other that escape is possible.

- **Positive thinking:** As the minutes pass, it is important to never give up, making the most of one's abilities right until the very end. Even if in the end the team is not successful, everyone can still be certain that they did their very best.
- **A sense of solidarity:** With every step resolved, the team comes together in a symbolic embrace, increasing the spirit of participation and creating a sense of mutual support. This friendly climate is a strong element for a solid company team.
- **Admission of mistakes:** It is often difficult to apologise, admit one's mistakes and listen to someone else. In Escape Rooms, once thing is certain; if the solution is wrong it will lead to a dead end, while time passes relentlessly. In these situations, the group is encouraged to quickly admit their mistakes and not pass judgement.

Partnership

On 1 September 2019, Andriani became a Partner of the Pollenzo University of Gastronomic Sciences. The Club of Strategic Partners of the University of Gastronomic Sciences is made up of some of the most important companies and institutions operating in various sectors of the world of production, sale and consumption of food, all sharing the commitment and strategic vision of UNISG and playing an active role alongside the University in planning and constructing new scenarios of sustainable growth and innovative alimentary and cultural models.

Thanks to this collaboration with the

University of Pollenzo, the Company has had the opportunity to take part in meetings with the other partner companies, sharing goals, strategies and lines of action. Via the UNISG career centre, an apprenticeship programme has also been set up, which focuses on the Ho.Re.Ca project that the company is following in collaboration with the University of Pollenzo. The aim of the project is to develop a specific product for the Ho.Re.Ca channel which responds to sector requirements, placing the company on the cutting edge even in this yet unexplored area.



Awards received

On the occasion of the 48th National Congress of the AIDP, on 10 June 2019 the Italian Association for People Management awarded the Company with

the prestigious AIDP AWARD 2019 “Le aziende si raccontano”. Andriani was placed third for the company welfare project “Andriani Bike to Work”.



4.4 Shared company culture

In line with the Social Purpose “Positive life” which forms the foundation of the Business Strategy, Andriani introduced - as part of its People Strategy - the Employee Value Proposition (a collection of associations and values that a company offers to its staff in exchange for their skills, abilities and commitment) “Happiness at work, positive thinking”.

It is in fact nowadays more necessary than ever to concentrate on factors that may influence the motivation and level of engagement of personnel. It

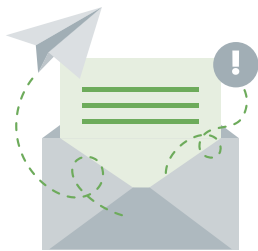
is therefore of the utmost importance to improve the well-being of People, identifying all of the factors that may have a positive effect, and those that may undermine it.

A workplace that does not favour well-being has a negative effect on levels of engagement, with strong repercussions on performance.

However, it is fundamental not only to simply focus on the reduction of negative elements, but also on the valorisation of positive elements that can generate good humour and hap-

piness. To this end, it is necessary to associate the concept of Well-being with Happiness, as set out in “Positive Psychology” by Martin Seligman, who maintains that the cultivation of positive emotions and full involvement in meaningful activities are fundamental elements to this end.

In Andriani, this involvement is supported through an efficient system of internal communication which continues to be driven by the channels presented in the previous edition of the Andriani Group Sustainability Report.



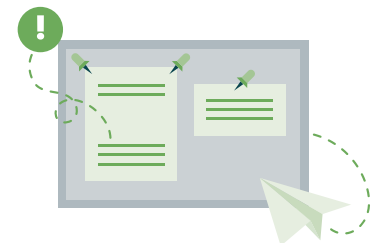
Company Newsletter

A vehicle for the promotion of internal culture, the company newsletter is sent on a monthly basis to staff members with company email addresses with a view to involving them in organisational life, communicating news, events and company successes, and updating them on relative themes of interest.



Suggestion box

The box is a valid instrument for the collection of ideas and suggestions that Andriani Group staff members can contribute through a process of active involvement.



Company Noticeboard

The noticeboard is used to share useful information for staff members in the carrying out of their jobs, and is constantly updated with news, service messages, company regulations and the publication of internal company events and initiatives.

These channels were also further strengthened during the health crisis, in March 2020, in order to provide operational and moral support to the families of company employees.

4.5

Health and safety in the workplace

GRI CONTENT INDEX

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The parent company Andriani S.p.A., as described in chapter 2, has implemented an organisation, management and control model pursuant to Legislative Decree 231/2001 for all employees and collaborators whose work and/or workplace is controlled by the organisation itself.

In particular, the activity of identifying and assessing risks in the workplace is based on careful and systematic examination of all the aspects of work-related activities, which is aimed at establishing:

- what can provoke harm or damage
- if, in the presence of hazards, these can be eliminated
- if elimination is not possible, an indication of what preventative and protective measures are or need to be implemented in order to limit and/or control the risks.

“Risk assessment” in the Andriani Group is a complex operation that - for each work environment or place considered - necessarily requires a series of successive and consequential phases that provide for:

- the identification of sources of risks present in the work cycle
- the identification of the consequential potential risks of exposure in relation to the carrying out of processes, in terms of both risks for safety and for health
- the estimating of the level of risks of exposure identified related to health and safety management.

This assessment process may, for each work environment or place under consideration, lead to the following results:

- absence of risk of exposure
- presence of exposure held within acceptable limits established by regulations
- presence of risk of exposure.

In the first case, there are no problems regarding the carrying out of processes. In the second case, the situation needs to be kept under periodical control. In the third case, necessary preventative and protective measures need to be applied in accordance with the priority scale imposed by Legislative Decree 81/08. The identification of the measures to be adopted for the reduction of hazards not yet under control represent the fourth and final phase, which is fundamental for the purposes relative to the D.V.R., which includes:

- a) a report on the risk assessment carried out in the company’s various work environments or places, including the criteria adopted for its definition
- b) the description of the Preventative and Protective measures implemented in line with the results of the risk assessment.

The framework of the system for safety in the workplace is completed by occupational medical services regularly provided by a company physician responding to the obligations specified in article 25 of Legislative Decree

81/2008.

Access by workers to medical services is provided in a dedicated room, and said services are provided during working hours.

In order to facilitate participation of workers and consultation with the same as part of the development, implementation and assessment of the occupational health and safety management system, and in order to provide access and communicate relevant occupational health and safety information to employees, the company organises periodical risk prevention and protection meetings pursuant to article 35 of Legislative Decree 81/2008 and successive modifications and integrations. These meetings are attended by executives, the Prevention and Protection Officer, the Company Physician and Workers’ Safety Representatives who are elected in a meeting in which all company employees are present.

As provided for by articles 36 and 37 of Legislative Decree 81/08, Andriani S.p.A. ensures that each employee receives sufficient and adequate information and training regarding health and safety, with specific focus on their own workplace and role. This training is repeated with every change in role, every transfer, for new employees and, periodically, with every change in risks or emergence of new risks.

The content of the information and training courses is based on:

- the rights and obligations of employees with regards to health and safety

> Obligations of consultants, partners and suppliers

in the workplace

- safety in the company, with particular focus on health risks and the procedures regarding first aid, fire prevention and employee evacuation
- safety and hygiene
- tasks and responsibilities of specific figures provided for by regulations, such as: Workers' Safety Representative, Occupation Health and Safety Officer, members of the Health and Safety Department, first-aid staff, fire-prevention staff
- risks regarding the workplace and roles, as well as possible hazards and consequential preventative and protective measures and procedures.

Continuing with the theme of employee health, the company protects the confidentiality of personal information regarding employee health in line with the GDPR - General Data Protection Regulation approved with Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 and applicable as of 25 May 2018.

Over the course of 2019, Andriani S.p.A. stipulated health insurance for all employees following the health emergency regarding the spread of the SARS-CoV-2 virus (the so-called "coronavirus"), which causes the COVID-19 illness.

With regards to the prevention and mitigation of the impact of health and safety on work in terms of commercial relations, the company has, furthermore, adopted specific policies and procedures set out in model 231/01.

Any form of behaviour assumed by consultants, partners or suppliers that contrasts with the guidelines set out by model 231/01 to an extent that said behaviour constitutes the risk of a crime being committed may, according to the provisions of the specific contractual clauses included in the mandate or partnership agreement, lead to the resolution of the contractual relationship or the application of any other contractual sanction provided for, without prejudice to any requests for compensation in the event that said behaviour causes tangible damage to the company, such as the application by a judge of the measures provided for by the Decree.

Employees, collaborators, suppliers and partners are obliged to guarantee all clients/users/consumers:

- services of elevated professionalism, excellence and quality
- decent environmental conditions in respect of mandatory regulations regarding health and safety
- complete and transparent information aimed at favouring informed choices for recipients
- the provision of totally accurate information, avoiding all forms of marketing and promotion that are deceptive or based on elements of ambiguity
- efficiency, politeness and rapidity, within the limits of contractual provisions, in order to satisfy the reasonable expectations and requirements of recipients
- the full reaching of set goals in terms of programmed services
- the full respect for the law and for internal procedures for the management and provision of training courses. To this end all employees/collaborators are forbidden from soliciting, asking or demanding from the recipients of training courses (above all if paid) for the preparation and signing of documentation out of line with the actual carrying out of course and non-course related activities with regards to their formal and substantive content.



-4

ACCIDENTS COMPARED TO 2018

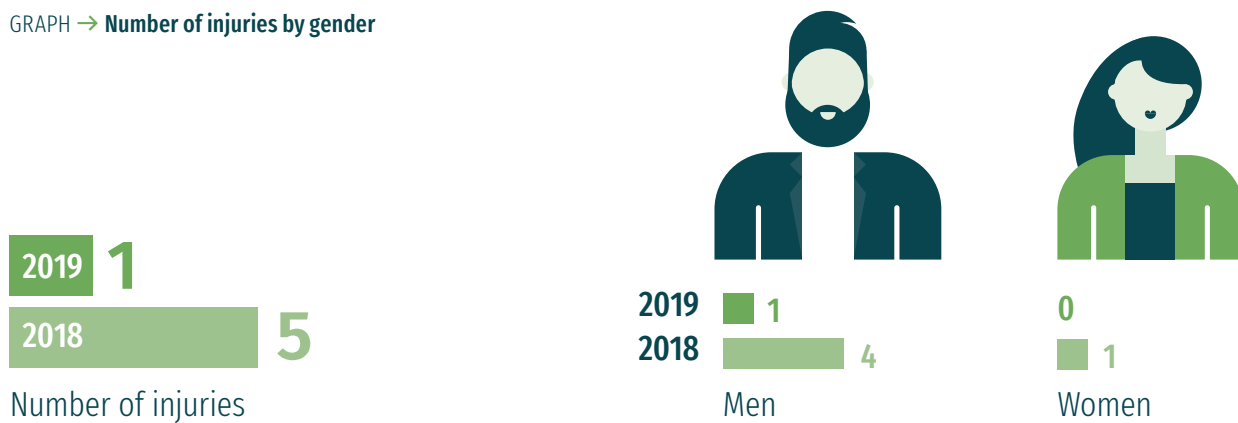
In terms of more quantitative information regarding occupational accidents and illnesses concerning Group employees, it is reported that in 2019, there was only one injury, representing a decrease compared to 2018, despite an increase in the workforce. The accidents that occurred in 2018 led to a higher number of absences than in 2019.

The Group has not suffered any fatalities following work-related injuries or any serious injuries involving their employees. Furthermore, there have been no cases of work-related ill health recorded or any resulting fatalities. Details of the comparison between 2018 and 2019 regarding the number of accidents and relative rates are shown below.

Andriani employees ²	2019	2018
Total number of fatalities as a result of work-related injury	0	0
Total number of high-consequence work-related injuries (excluding fatalities)	0	0
Total number of recordable work-related injuries	1	5
Hours worked by Andriani employees	267,813	271,739
Multiplier	1,000,000	1,000,000
Rate of fatalities as a result of work-related injury	0	0
Rate of high-consequence work-related injuries (excluding fatalities)	0	0
Rate of recorded work-related injuries	3.7	18.4

² The company will extend the analysis to include other non-employed workers, in order to assess the necessity to collect data from the employees of external collaborators and suppliers operating on Group premises and/or under the control of the Group, assessing the quality and accuracy of said data, over which it has no direct control.

GRAPH → Number of injuries by gender



	2019		2018	
	n° of injuries	n° of days lost	n° of injuries	n° of days lost
men	1	3	4	33
women	0	0	1	6

The table regarding the calculation of absenteeism highlights that in 2019, the percentage of absenteeism due to illness was slightly higher than the

previous year (0.03%) This increase was also due to the increase in the workforce and therefore in the total number of days worked. The maternity rate, on

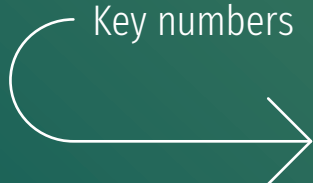
the contrary, fell by 0.06%. A comforting figure is that regarding a reduction in the rate of absenteeism due to accidents seen last year.

2019	men	women
	Absentee rate %	Absentee rate %
illness	1.62	0.23
accidents	0.01	0
maternity	0	1.90

2018	men	women
	Absentee rate	Absentee rate %
illness	1.53	0.29
accidents	0.09	0.02
maternity	0	1.96

5 Product accountability

Key numbers



> 7 visits

TO RAW MATERIAL SUPPLIERS

Andriani S.p.A. believes in fostering interdependent relationships with its suppliers that are based on reciprocal collaboration, in order to improve the ability to create value for both parties.



> **Research and quality for our clients**

- *speech by Giovanna Inghilterra*

"For Andriani, Sustainability is the common factor in the development of new gluten-free pasta products and for guaranteeing quality in production. The R&D division is in fact continuously seeking new solutions and new models in order to guarantee low impact on farming and for individual well-being".



> 10 members

TEAM QUALITY
+4 MEMBERS COMPARED TO 2018

The team is currently made up of food technicians, chemists and biologists who, through innovation, research, transparency, professionalism, accuracy and attention, follow the food quality and safety management system with extreme dedication in order to offer its consumers high-quality products.

> 15

R&D PROJECTS

The R&D projects reflect consumer requirements for foods that are healthy, and above all diversified and balanced. 2019 in fact saw 7 projects conducted with Legumes and 8 with Cereals.

In this chapter



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- 98 Security and traceability
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- 105 Research, innovation, and product quality



Stakeholder: **clienti**

SDGs (Sustainable Development Goals)





5.1 Nutrition and well-being

The pursuing of objective 3 of the 2030 Agenda is a priority for the Andriani Group and can be set out over various categories of stakeholder concerning not only the end consumer but also its own collaborators, suppliers and various figures who, on various levels operate in the same community as the company.

The production of organic gluten-free foods had favoured distinct form of sensitivity and awareness regarding the theme of **nutrition and well-being** that the company carries forward through its business activities and social commitments.

The collaboration with nutritionists, universities and both national and international research organisations bears witness to the Group's constant commitment to the development of products that respond to the ever-growing needs of a range of consumers, such as coeliac disease sufferers, sports enthusiasts, health enthusiasts and children, all with an appreciation of the nutritional value of food and a healthy and balanced lifestyle in common.

Contributing to the nutrition and well-being of its consumers is the equivalent of focusing the utmost attention on a number of closely related activities, concerning:

- the safety and traceability of products
- quality research and innovation
- responsible labelling
- customer satisfaction.

The company's product communication campaign and participation in initiatives and events throughout the country during 2019 and continuing uninterrupted in 2020 despite the COVID-19 emergency provides the most tangible evidence of this commitment towards the consumer.

16-17 January 2019
Marca - Bologna



Two days of presentations, business, workshops and debates for an event that has, in recent years, become one of the most important for the food sector business community, in which the brand industry is provided with the opportunity to build relations with the most important names in mass distribution and small-scale distribution, who annually present and promote their own-brand product policies.

16 January 2019
INITIATIVES WITH UNIVERSITIES



Andriani S.p.A. opened the doors of its plant to students from the Department of Agricultural and Environmental Science (DiSAAT) at the Aldo Moro University of Bari.

The aim of the visit was to present the production processes and the market dynamics that drive the development and growth of the company. At the same time, illustration was made of the marketing and communication strategies adopted by the brand in order to compete on the market.

It was an interesting day for the students, an in-depth educational experience that confirmed the importance of relations with Universities and educational institutes of various levels for Andriani, as culture and the development of skills is the path to the future.

7-9 March 2019
Natural Product Expo West - Anaheim USA



Andriani, with its brand Felicia, took part in the international sustainable well-being event. From organic and natural foods to the health and beauty sector, an event where eco-sustainability was at the forefront, setting out the future of the food industry.

15 March 2019
ANDRIANI EDUCATIONAL



Andriani has confirmed its commitment to education for healthy eating starting at the earliest possible age with a new stage in the Educational project held at the San Francesco d'Assisi Elementary School, which on 15 March opened its doors to children from various European countries: Poland, Greece, Estonia, Sweden and Germany.

The project is perfectly in line with the policy for Diversity & Inclusion that the company is carrying forward in the conviction that the valorisation of differences is a form of wealth for both adults and children.

23-25 March 2019
Identità Golose - Milan



Felicia played a lead role in the first Italian Chef Congress, created and organised since 2005, the year of the first edition, by Paolo Marchi. The event welcomes the most important names from the international world of professional cooking and patisserie.

02 April 2019
COMPANY INITIATIVES



On the occasion of World Autism Awareness Day, Andriani opened the doors of its plant to the Anffas Onlus Altamura association.

The initiative formed part of the Diversity & Inclusion project that the company is carrying forward with the aim of recognising and valorising individual differences in order to maximise everyone's potential.

Participation, curiosity and interaction were the most important ingredients in this day dedicated to sharing.

In this sense, Andriani is spokesperson and a driver for cultural innovation in terms of raising awareness for the social inclusion of disabled people.

10-12 April 2019

Design Week - the International Furniture Exhibition in Milan

Andriani took part in the 58th edition of the International Furniture Exhibition in Milan with an event at the prestigious Estel Group showroom in Corso G. Matteotti, 3, in Milan.

The idea was the result of a joint strategy with the Estel Group, a world leader in the office furniture sector. The three days organised by the historical Vicenza-based company was characterised by a series of important guests and speakers, representatives of innovation and start-ups.

At 6.30 p.m. on 12 April, LIFESTYLE & SOSTENIBILITÀ Tra Cibo e Arredamento took place; a talk show focused on the themes of sustainability and the social responsibility of businesses, as well as the process undertaken by Andriani in this light. The talk show was conducted by Fausto Chiesa, a journalist for the newspaper Corriere della Sera.

The event was concluded with a cooking show featuring the Chef Massimo Buono.

6-9 May 2019

TUTTOFOOD

Represented by its brand Felicia, Andriani took part in TuttoFood, an international food & beverage trade fair and the best global showcase for Italian excellence in the food and agricultural market.

The event offered a privileged opportunity to shed light on the process towards sustainability undertaken by Andriani in order to achieve the Sustainable Development Goals (SDGs) in the 2030 agenda, and was an ideal occasion to present the latest additions to the Felicia brand: Verdipiù, the pasta that becomes a meal, and pasta with oats.

30 May - 2 June 2019

Rimini Wellness

Felicia was one of the main participants at Rimini Wellness 2019, an important trade fair dedicated to fitness, well-being, business, sport, physical culture and healthy eating.

The event brings together all the most important companies from the world of fitness: from manufacturers of equipment for physical activity to gyms, schools and category associations, fitness enthusiasts, spas, rehabilitative sciences, dance and even tourism and design.

06 June 2019

PARTICIPATION IN WORKSHOPS

Creating innovative high-quality and protein-rich food crops that can support not only human health but also protect the environment and its biodiversity. This was the main aim of the workshop "Alternative proteins in food production" organised by Protein 2 Food. Giovanna Inghilterra, the R&D manager for Andriani, took part, discussing technological innovation in the production of legumes and future possibilities.

09 June 2019

Supper club for Felicia

The event dedicated to Felicia was organised in collaboration with Gypsy in the Kitchen, Csa-ba Dalla Zorza, Conosco un posto, Carolina Di Domenico and other important bloggers and influencers from the food and lifestyle world.

The pasta with oats played a leading role, through the focus on social media of its strengths.

The digital event was followed via posts and videos by approximately 200,000 users.

20 June 2019

ANDRIANI EDUCATIONAL

The penultimate stage of the Andriani Educational project took place at the Officine Culturali Hortus. Fourth-year pupils from the schools participating in the project were given hands-on experience of the themes dedicated to sustainable agriculture with the creation of a vegetable garden complete with herbs.

The day's goals included developing the ability to observe natural phenomena and raising awareness of sustainability through field-based experiences.

25 June 2019
ANDRIANI EDUCATIONAL



This day marked the conclusion of the sixth and final stage of the year for the Andriani Educational project, the aim of which was to explore a more sustainable lifestyle in full respect for the environment.

It was an ideal opportunity to thank the school directors, teachers and families who have always played an active role in raising awareness amongst the pupils on the themes of food education and sustainable nutrition.

24 September 2019
PARTNERSHIP with UNISG



Andriani became the new strategic partner of the Pollenzo University of Gastronomic Sciences.

The special day saw the signing of the strategic partnership agreement between Andriani and the Pollenzo University of Gastronomic Sciences, which will allow the two prestigious organisations to collaborate in a range of research projects, sharing their efforts and strategies in order to work together to create new scenarios for the production and consumption of sustainable food on a national and international level.

The strategic partnership is fully in line with the Andriani philosophy which, being oriented towards innovation and the promotion of correct, healthy and enjoyable nutrition, takes the form of a constant commitment in terms of R&D, as always with respect for good practices in all the sectors related to the company.

5-8 October 2019
ANUGA



From 5 to 8 October, Andriani S.p.A. took part in the Anuga Fair in Cologne, the biennial event considered the most important in the world in the food & beverage sector.

Anuga unites ten fairs under the same roof, providing the more than 7,400 visitors from more than 100 nations with a unique experience based on innovation and revolutionary trends regarding the future of the food & beverage industry.

09 October 2019
FELICIA AWARDED



Felicia wins 1st place in the "pasta and cereals" category at the Italian Food Award at Anuga 2019.

VERDIPIÙ Felicia, Lentils and Pumpkin is the PASTA that becomes a MEAL: tasty, complete, nutritious and ready in just 5 minutes.

The latest recognition of the innovative drive of Andriani and its ability to understand and satisfy the new demands of modern consumers.

25 October 2019
WORLD PASTA DAY



In collaboration with Apleti Onlus, Andriani organised a play-based experiential workshop for the children from the Paediatric Cancer ward at the Bari Polyclinic.

The initiative allowed the children to express their vision of the "pasta of the future" through a range of artistic creations.

The activity formed part of the "Smile Nutrizione" project providing support for the children and their families with specific nutrition programmes.

30 October 2019
The Theatrical Show "La Magia dei Legumi"

Andriani S.p.A.'s Food Education project becomes a theatrical production.

500 children attended the Sidion di Gravina theatre to see "Magia dei Legumi" staged by the "i Peuceti 2.0" theatrical company directed by Giorgio Zuccaro and inspired by the tale "Jack and the beanstalk", published in Italy by Il Grillo.

The aim of Andriani for the near future will be to involve other schools on a national level in the project, in the belief that a sustainable future also begins with awareness of what we eat, starting from a very early age.



Video of the performance



5.2 Security and traceability

GRI CONTENT INDEX FP5

One of the most significant characteristics that lends value to Andriani S.p.A. is the planning of quality, seen as the set of activities that lead to the establishing of the processes necessary to efficiently and effectively achieve goals, as well as respecting the established requirements.

Quality goals therefore include all that

is necessary to respond to the demands placed on products through the planning of activities and the implementation of a documentation system in support of the same, all validated by a series of checks.

For Andriani S.p.A., mandatory and voluntary certification is a driver for continuous improvement. A focused

search for ever-increasingly higher standards of quality with the aim of valorising the special qualities of its products.

The commitment to satisfy the many demands of consumers thus takes form in a wide portfolio of voluntary certifications for processes and products in addition to obligatory requirements.

The main product certifications are:



Organic

Organic is a product certification governed by Regulations (EC) 834/2007 and 889/2008. This is a form of certification that guarantees environmental sustainability, product quality and guarantees regarding the origin of raw materials.



Vegan ok and Label Veg

(European Vegetarian Union)

The most widespread ethical standards for the certification of products for vegans and vegetarians.



No GMO Verified

Product certification that guarantees the absence of GMOs from the entire production chain, from raw materials to the final product.



GFCO, GFCP Canada, Spiga Barrata, Gluten-free <10ppm



These are the numerous certifications adopted by the company in order to guarantee the “Gluten-free” claim. *Gluten free* certifications represent the objective instrument used by the company in order to demonstrate its due diligence towards its consumers.



IFS and BRC

The BRC and IFS standards are international frameworks set up by large purchasing groups with the aim of harmonising the various standards adopted by mass-distribution companies. These are the most highly requested product certifications in the food sector. They are voluntary, setting out a series of requirements aimed at the proper management of aspects of hygiene throughout the stages of management, production and distribution in the food processing industry, and represent the foundations of international standards in terms of hygiene and food safety.



Kosher

Obtaining Kosher certification means having undergone and successfully passed the strict procedures required for this certification. The word “kosher” or “kasher” means compliant with the law, acceptable and allowed. Kosher-certified products are suitable for consumption and compliant with Kosher dietary standards, and can therefore be consumed by Jewish people as they conform with their religious principles. However, nowadays Kosher food is not only synonymous with items suitable for consumption by those practising the Jewish religion, but is also considered more trustworthy and controlled. Kosher food is in fact ever increasingly an ideal choice for vegetarians, vegans and sufferers of food intolerances.



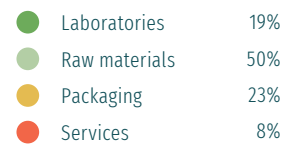
The quality and safety management system adopted by Andriani S.p.A. focuses on the following key points:

QUALIFICATION AND CONSTANT MONITORING OF SUPPLIERS

Andriani S.p.A. believes in fostering inter-dependent relationships with its suppliers, based on reciprocal collaboration, in order to improve the ability to create value for both parties.

7 visits to suppliers of raw materials were planned and carried out over the course of the year.

The actual visit is furthermore supported by a focused and detailed documented evaluation, the result of which was positive for all of the suppliers with whom the company has held relations over recent years.

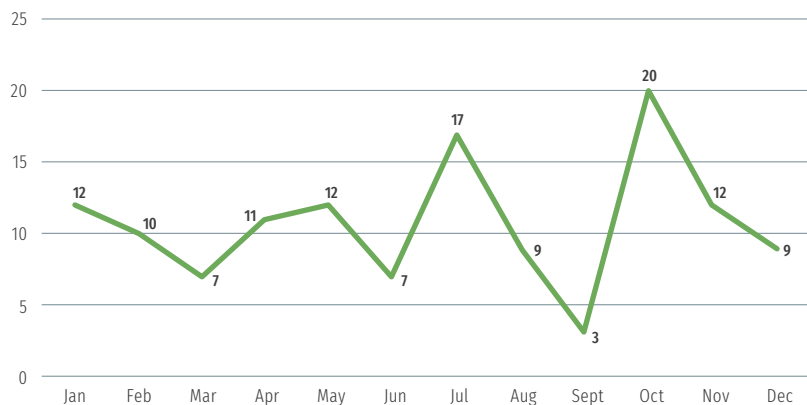


HANDLING OF NONCONFORMING ITEMS

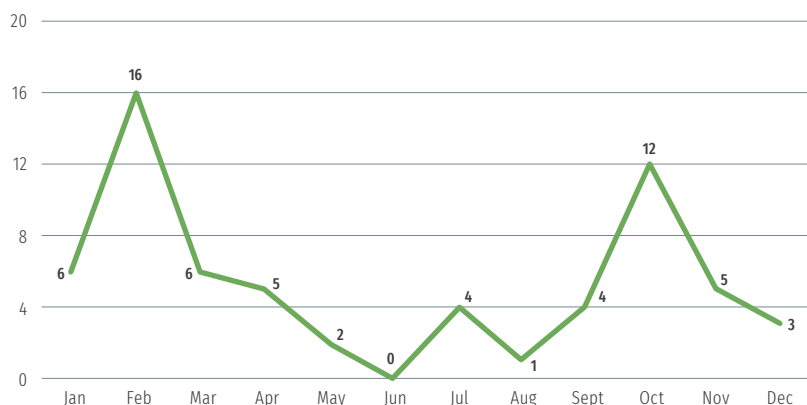
Nonconformities are documented and discussed among the various departments concerned - packaging, maintenance, production and quality - in order to identify an immediate solution and to identify and eliminate the causes with appropriate "corrective actions".

Furthermore, since 2019 the Quality team has deemed it opportune to monitor the annual trend of nonconformities, sharing this information with all company departments in order that each department can contribute to the reduction of waste and defects connected to "non quality", and that, inevitably, would lead to additional costs for the company and harm to the image earned "in the field".

GRAPH → Client complaints (companies) 2019



GRAPH → Internal nonconformities 2019



CARRYING OUT OF ANALYTICAL CONTROL TESTING



- Products 4%
- Chemical 60%
- Physical 28%
- Microbiological 8%

The internal analysis laboratory, which is particularly attentive and constantly updated in terms of methods to use, carries out analytical controls on all of the raw materials that enter the production process, supported by precise analysis of the risks concerning each material and supplier and also making use of historical data.

In 2019 the analysis laboratory underwent structural change aimed at expansion, with the definition of areas dedicated to the different types of analysis (chemical, physical and rheological) in such a way as to provide the experts with cutting-edge instrumentation for constantly up-to-date ana-

lytical controls. Thanks to the considerable amount of work carried out, only 3% of raw materials proved to be nonconforming.



Since 2019, the laboratory operators have been using a form of documentation that allows a permanent view of all of the analyses carried out both in the internal laboratory and in external certified laboratories.

IMPLEMENTATION OF THE QUALITY TEAM

2019 was characterised by continuous investment in the search for professionals to involve in the Quality team.

The team, which in 2018 had 6 members subdivided among the Quality Office, the Analysis Laboratory and Production Line Quality Control, saw an increase in 2019 of professional figures with a view to improving the organisation of work in order to

meet goals with increased clarity.

Currently, the team is made up of 10 members, including food technicians, chemists and biologists who, through innovation, research, transparency, professionalism, accuracy and attention, follow the quality and safety system with the utmost attention in order to offer the company's consumers high-quality products.

TRACEABILITY



Andriani S.p.A. has implemented a traceability system that allows the possibility to identify all the various phases of preparation and commercialisation of the products, beginning with the raw materials used. It has also set out procedures with the aim of collecting data relative to products along the entire production process, organising said data in such a way as to render the product traceable.

The traceability and reverse traceability system is used constantly, both in daily working activities and in inspections.

2019 also saw the carrying out of two recall trials, which tested the withdrawal/recall process in the event of a crisis. The validity of the process was confirmed with regards to respect for timing and the strictness of the methods used.

**INTERNAL AUDITS
(inspections)
AND HYGIENE INSPECTIONS**

As well as continuously ensuring that the quality management system is constantly respected by all the company production departments, the Quality team also sets out an annual programme of internal inspections in order to evaluate activities and relative results, and to ensure that these satisfy the established requirements.

2 complete internal audits for each compa-

ny production department were planned and carried out in 2019. At the same time, these were accompanied by hygienic inspections of the plant, which were carried out on a weekly basis by the team members.

Any nonconformities identified are recorded and duly handled through the sharing of the possible actions to be followed.

**GOOD
MANUFACTURING
PRACTICES**

The Good Manufacturing Practices are a collection of rules, procedures and guidelines that define the operational conditions and the structural requirements necessary in order to guarantee hygiene throughout the stages of manufacturing of a product. It is fundamental to apply Good Manufacturing Practices in order to ensure the quality and safety of a product.

Training, passion and devotion are cornerstones in Andriani S.p.A., allowing for all the GMPs implemented to be respected to such an extent as to guarantee that the products are manufactured in safe environments in line with strict protocols in order to reduce errors and contamination risks to a minimum.



5.3 Clients and end consumer satisfaction

The system of values and the philosophy that lies behind the business ideas of the Andriani Group are represented by its brand Felicia.



Who is Felicia?

Felicia is pure pleasure and natural taste.

Created in 2009 in Italy, in Gravina, Puglia.

An Andriani brand and the pride of food innovation, it represents the company values, bringing to the table an eclectic experience characterised by well-being, taste, harmony and positivity.

Pasta Felicia is totally natural, made with cereals and legumes sourced from organic farming.

Tasty, healthy and nutritious, it is good for everyone and for those who have special dietary requirements.

Felicia. The new frontier of flavour.

Felicia selects only raw materials that are naturally organic and gluten free.

A wide range of pastas rich in flavour and precious nutrients, produced simply by mixing water with legume and cereal flour.

Production takes place in Italy in a 100% allergen-free plant, respecting criteria of quality and food safety and with multiple national and international product certifications.

VALUES

Felicia is freedom to interpret a meal and to change the rules of consumption.

Felicia represents the values and the personality of consumers seeking well-being and creates a bond of sentiment and trust with people.

MANIFESTO

Free to choose to eat healthily.

VISION

Felicia feeds optimism

Ours is an extraordinary world.

Where taste becomes flavour, and flavour becomes emotion.

Where the Italian tradition of good food transforms into new experiences for everyone.

Where alternative choices become tradition. Where people choose to eat well.

Where optimism feeds well-being for everyone. Where our dreams come true.

MISSION

Make eating healthily and naturally more enjoyable.



THE FELICIA CONSUMER

The attitudinal target - Female and a natural optimist

The **Natural Optimist** is modern, open-minded, educated and attentive, she has a sense of aesthetics and love personalised experiences.

For her, well-being is balance and harmony between what is healthy and what makes her feel good.

She is a seeker of *pleasure* and *well-being*, and an expert explorer, informed of the ingredients, the nutritional value and the origin of the food she consumes. She is aware of her own needs and feels free to choose what she wants, when she wants. She is a food polytheist.

The conceptual target - Game changers

- SPORTY/ACTIVE
- FOOD LOVERS
- MILLENNIAL/MULTITASKING

Game changers practice sport because they want to be in shape and in good health. They look after themselves and their family, nourishing body and mind in order to always be on the go, and demand something extra from food.

They choose products that can satisfy both the desire for well-being and for the pleasure of taste.

TONE OF VOICE

“If not now then when”

The tone of voice of the brand has to lead the communication of Felicia via the choice of words and images that define and respect its personality.

The characteristics of the Felicia language:

1) NATURALLY POSITIVE

Felicia combines pleasure and well-being: **“I eat what makes me happy!”**

2) ATTENTIVELY SIMPLE

Clear and reliable: **“I feel what I eat and I eat what I feel”.**

THE BRAND STRENGTHS

The brand strengths include the variety of recipes and formats available in order to satisfy the various demands of the markets in which we operate. Felicia now represents the widest range of gluten-free organic pasta available on the market. Not to mention the high quality standards, guaranteed by 11 product certifications and 3 company certifications. Distribution is widespread. Felicia is present in mass-distribution outlets in both Italy and abroad, in pharmacies, specialised shops and online via a dedicated e-shop.

In order to best inform the consumer on what renders it special, Felicia immediately adopted the *clean label* philosophy, through the use on packaging of clear labels with a legible and transparent list of ingredients. For a brand like Felicia, effective communication must always be coherent, honest and transparent.

The brand communication has a predominantly digital style, as this allows the forming of a direct and personalised dialogue with people, stimulating curiosity through content-rich publishing programmes.

Synergetic collaborations have been set up with food bloggers who, via the creation of innovative recipes, act as spokespeople for good, healthy and natural eating, perfectly in line with the philosophy of our brand. Furthermore, PR & Media Relations activity is increasingly structured, with planning involving the main trade and consumer magazines and with a focus on themes related to well-being, sustainability and healthy living



FELICIA ACTION PLAN

Analysis of markets, trends and consumers suggests undertaking actions in order to support the growth and development of the Felicia brand.

Specifically, the field of action will allow:

- **to increase Brand Awareness** and build Reputation, activating online and offline channels of communication.
- **to generate Conversion and support the Customer Journey**, using channels of direct communication with the consumer (Digital and In Store).

The communication of Felicia is aligned with the goals set out in the strategic and operative marketing plan and will involve the following areas:

- **Packaging**, representing the brand.
- The **shopper experience** in order to valorise the presence of the product in sales outlets, increase recognisability within the target group and stimulate purchasing.
- **PR & Media Relations** in order to amplify the message through the use of content and experiences.
- **Digital Platform** in order to communicate with the consumer and build loyalty.
- **Social Media Activities** in order to strengthen the online reputation and reference the purchase experience.
- **Bloggers & Influencers** in order to divulge reputation and brand values.
- **Events & Visibility** in order to activate engagement among aspirational targets.
- **Trade Shows** to monitor commercial exchange.
- **Observatory** to confirm the functional benefits.

5.4 Reports and complaints

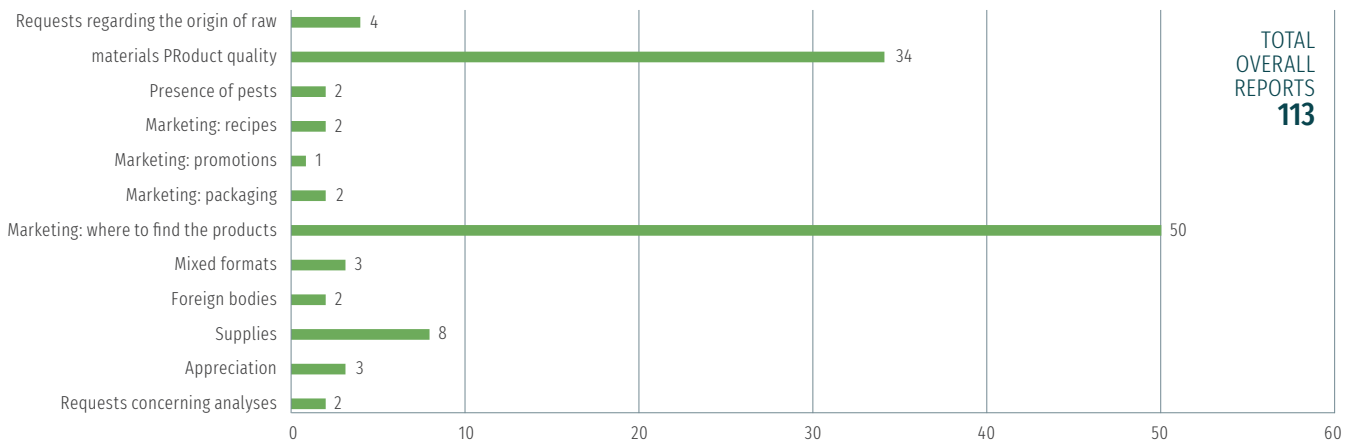
GRI CONTENT INDEX 417-2

In 2019, there were 113 reports made to customer care overall, all of which were handled with the support of the various company departments. In the

same year, there were no external complaints regarding errors in labelling. The majority of the marketing reports received, 50 to be precise, concerned

requests for information on “where to find the products”, therefore not concerning any particular cases requiring special handling.

GRAPH → Customer Care reports



Andriani protects consumers, strictly respecting the provisions of Regulation (EU) 1169/2011 regarding information on labels. The Group is committed to ensuring that labels:

- guarantee the truthfulness of the information and claims shown
- are clear and easy to read.

The monitoring activities regarding the labels involves a number of company departments, which check that the provisions of the relative regulation are being respected.

Every year, Andriani personnel undergo training and refresher courses organised by the Legal Department in order to stay up to date with the latest developments in legal regulations regarding the labelling of gluten-free products.

Before placing the label information on packets of pasta, the following activities are carried out:

1. an attentive check of the health and nutrition claims through analysis
2. a check of the nutritional values of the product both raw and cooked, and a successive comparison with the reference values set out by Regulation 1924/2006
3. the sending of the labels to the Legal Department, which is specialised in labelling and which checks that the information is communicated with extreme clarity to the consumer without leaving any room for ambiguous or false information.

5.5 Research, innovation, and product quality

New products Felicia



2019 saw the launch of two new products in the Felicia brand line, an expression of Andriani's Research and Innovation: Verdipiù and the line of Oat pasta.

In response to the growing demand for natural and healthy products that are tasty and easy to prepare. Verdipiù is an original idea that revolutionises the concept of pasta and transforms it into a quick, complete and nourishing meal that is ready in 5 minutes.

A 100%-natural, organic, vegan and gluten-free concentration of well-being that skilfully combines the beneficial properties of legumes and vegetables.

More than a pasta, more than vegetables, Verdipiù is a new way to eat legumes and vegetables.

All it takes is 5 minutes to serve a pasta dish full of protein, fibre and potassium. The product is cooked in the same way as pasta, in salted boiling water for 5 minutes, and can be enjoyed simply by adding a dash of extra virgin olive oil to exalt the colour and the genuine flavour of the vegetables it is made from.

Verdipiù is available in two flavours: lentils and organic pumpkin, and lentils and organic beetroot, skilfully combined to offer the palate a natural, tasty and nutritious product.



Felicia won first prize at the prestigious Italian Food Awards Anuga 2019 in the Pasta and Cereal category with Verdipiù Lenticchie e Zucca BIO, underlining the innovative strength of Andriani.

On the occasion of the 31st edition of SANA 2019, the International Exhibition of Organic and Natural Products, Felicia launched Pasta with Oats, a new product with a delicate flavour and an al-dente texture, available in three different formats and with a completely new graphic design for the packaging.

Organic, vegan, nutritious and naturally gluten-free, the new Felicia Pasta with Oats is available in Caserecce, Mezzi rigatoni and Penne shapes.

Defined the utmost in beneficial ingredients by the 2019 Imagine Nielsen Observatory, with a growth of 8.6% in

sales in 2018, oats, the classic breakfast cereal, has been transformed by Felicia into pasta, a source of fibre with a unique and delicate flavour that has even been indicated for those wanting to enjoy a pasta dish between meals.

Tasty even served cold, it is very versatile, suitable for both savoury and sweet recipes to be enjoyed at any time of the day.

The secret of this pasta lies in the carefully selected raw materials which, combined with their excellent performance during production, guarantee a high-quality product.



In 2019 the R&D division confirmed its commitment to monitoring and anticipating sector trends and evolutions with the aim of generating value for businesses and increasing Andriani's competitive market advantage. R&D activity is the driver for innovation, which can be seen not only in the diversification of production or the satisfying of new emerging or induced consumer demands, but also in the methods used for planning, the choice of raw materials and in the sustainable technology applied to product development.

In 2019 Andriani continued its industrial research activity, acquiring new knowledge in order to perfect products and processes. To this end, the characterisation of raw materials and the assessment of the impact of processing methods on their nutritional profile have been intensified, with the aim of guaranteeing the consumer products in line with a sustainable system of nutrition.

The R&D projects reflect consumer requirements for foods that are healthy, and above all diversified and balanced. In fact, 2019 saw the conducting of:



7 PROJECTS INVOLVING LEGUMES

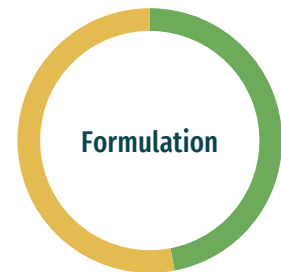
8 PROJECTS INVOLVING CEREALS



- Legumes 43%
- Cereals 57%

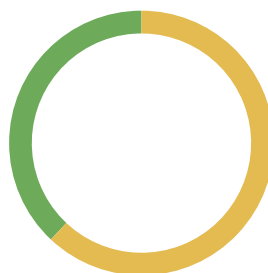


- Innovation 85%
- Improvement 15%

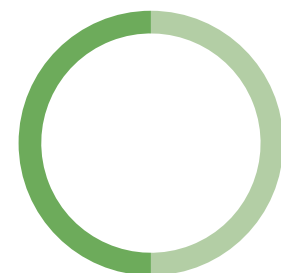


- Mono ingredient 47%
- Blend 53%

As well as generating a driving force for product innovation for the Felicia brand, the R&D division places important focus on the desires and needs of Andriani clients in close collaboration with the Commercial division. The development of new private brand products in fact represents a significant proportion of the work carried out by the division in 2019.



- Own brand 38%
- Contract projects 62%



- Organic 50%
- Conventional 50%

Andriani and the scientific community

Andriani's drive for innovation is also directed at an increase in collaboration with the Scientific Community. In 2019, with the purpose of developing projects of common interest between the company and the academic world,

Andriani opened its doors to industrial doctorates, welcoming a doctorand from the University of Bari to the R&D division, combining training, innovation and work. This led to the creation of a strategic synergy in which the academ-

ic world renders available high-profile figures who can, through training experiences in research work, contribute to increasing company know-how.

Product Engineering

In 2019, with a view to combining product innovation, an increase in production capacity and an improvement in efficiency and sustainability, Andriani S.p.A. highlighted the central role played by product engineering.

Within its relative context, product engineering in face represents the role of coordination and the exponential of company activity for which the achieving of goals is interdependent and compatible.

According to the targets defined in terms of "Design to Cost" and "Time to Market", the activities of the division undertaken over the course of the year:

- n. 12 scale-ups of products to an industrial level which were already tested on a pilot system, with the planning of optimal operational conditions for the ramp-up process.
- n. 2 optimisation processes regarding the performance and costs of pre-existing products.
- n.1 deployment project regarding a highly advanced technological solution capable of responding to production requirements resulting from a change in market demand and, at the same time, achieving an improvement in energy performance.



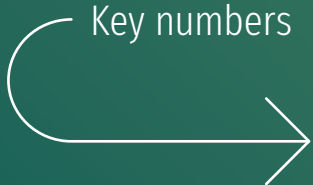
● Scale up	80%
● Improvement products	13%
● Project deployment	7%

The driver for the projects undertaken remains, by definition, innovation, in both incremental and radical terms, leading in the end to the launching onto the market of products that are either new or conceived in a profoundly different and more sustainable manner both in terms of the nutritional profile and of the consumption of environmental resources.

The increase in sustainability is also incorporated into the design of dedicated production systems through the demand for more flexible and modular lines, with significant savings in terms of energy and emissions.

6 Supplier accountability

Key numbers



> **96%**

PROPORTION OF EXPENSES
PAID TO LOCAL SUPPLIERS

+2% compared to 2018



> New projects for sustainable supply chains

- speech by Domenico Montemurro

"For sustainable management of the supply chain, Andriani has chosen to undertake specific supply chain projects."



Video created during the TUTTOFOOD International Trade Fair
Milan, May 6-9, 2019



> **4%**

PROPORTION OF EXPENSES
PAID TO EU SUPPLIERS

> **35%**

share of the Group's raw
material suppliers belonging
to the Sedex platform.



> **37**

OVERALL SUPPLIERS

In this chapter

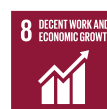


- 110 Sustainable management of the supply chain
- 111 Ethical-social procurement
- 112 Procurement from local suppliers



Stakeholder: **suppliers**

SDGs (Sustainable Development Goals)



6.1 Sustainable management of the supply chain

GRI CONTENT INDEX 102-9 102-10 204-1

In the research and selection of the many raw materials that make up the various innovative products designed and manufactured each year, the Andriani Group is committed to pursuing virtuous practices in choosing suppliers that work in favour of environmental protection, social inclusion, and economic growth.

Therefore, they are required to guarantee the availability of the product needed and a high level of service, and to prove those sought after characteristics of quality and responsible and knowledgeable production that the Group defines as priorities.

In 2019, we collaborated with 34 raw material suppliers and 14 packaging suppliers.

Below is a description of the Group's supply chain with an in-depth analysis of the types of suppliers involved, the suppliers' geographical area, and the estimated monetary value of payments made to suppliers.

The types of suppliers involved can be divided into: primary agricultural producers, producers who also carry out the processing, and processors of agricultural products. From 2018 to 2019 the Group's strategy was to acquire more raw materials from producers logistically close to our plants, thus reducing transport and enhancing the value of local products.

As shown in the diagram, in 2019, the percentage of purchases from Italian suppliers increased, to the detriment of suppliers of EU and non-EU origin.

DIAGRAM → Types of suppliers

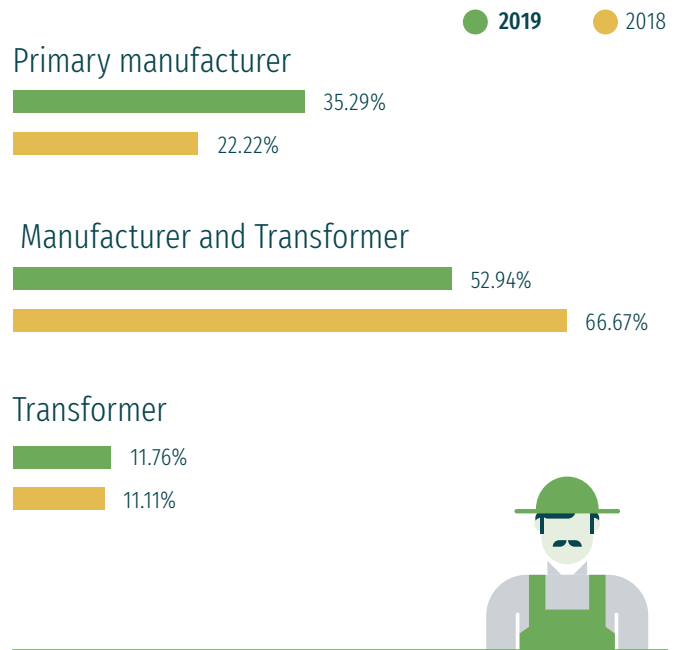
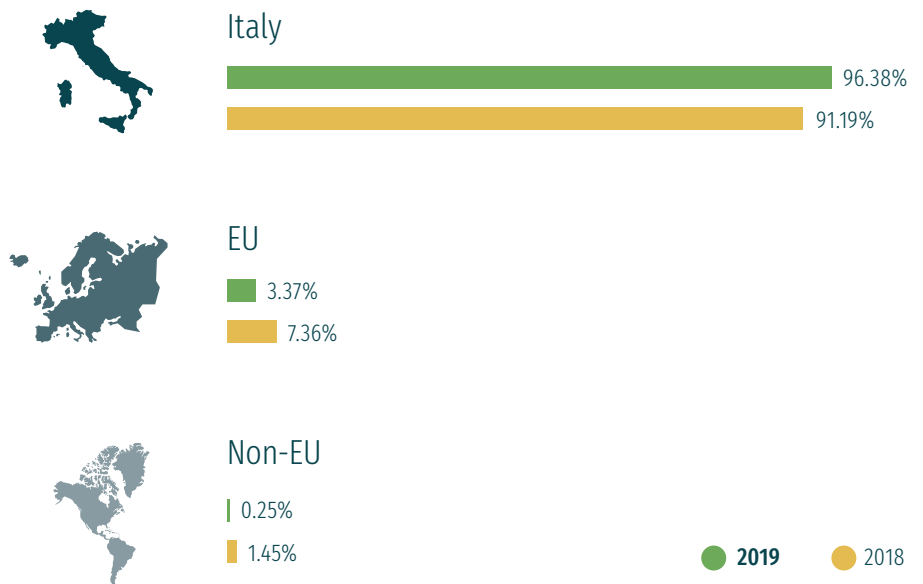


DIAGRAM → Proportion of spending on local suppliers ^{1 and 2}



¹ For comparative purposes, the 2018 data related to the proportion of expenses paid to suppliers broken down by geographical area were reposted following the updating of the calculation method. For the previously published data, refer to the 2018 Sustainability Report published in the Sustainability section of the website www.andrianispa.com.

² Local suppliers refers to those with their operational headquarters in Italy.

6.2 Ethical-social procurement

GRI CONTENT INDEX 408-1 409-1

By joining the Sedex platform, the Andriani Group aims to manage the supply chain in such a way as to share relevant ethical and social information with other participants in the supply chain. The company undergoes an ethical and social audit called SMETA (Sedex Members Ethical Trade Audit), based on the International Code of Conduct ETI (Ethical Trading Initiative).

The audit may be conducted by evaluating four pillars, two of which are voluntary. Andriani S.p.A. decided to submit to the evaluation considering the “Health and Safety” and “Labour Standards” areas.

Andriani S.p.A. was initially engaged internally in the ethical and social area with the definition of a questionnaire that would ask its suppliers for related information. It has now focused its attention on a supply chain linked to these points by become part of the Sedex platform.

As of today, about 35% of the Group's raw material suppliers belong to the Sedex platform, and the goal is to increase the number of members or develop greater volumes of purchases from those who are already members.



DIAGRAM → Sedex Suppliers



6.3 Procurement from local suppliers

In the treatment of the Group's activities, local suppliers refers to those with operational headquarters in Italy and, clearly, those related to the sustainable supply chain project, established in 2017 and which saw its third year in 2019.

DIAGRAM → Purchases (quantity) in 2019 from suppliers, broken down by headquarters location



As shown in the diagram, in 2019 the amounts purchased from suppliers with headquarters in Italy were 95% of the total Group purchases.

Two types of products may be delivered by local suppliers to the Andriani facility, selected products and field products.

In the first case the product meets the technical specifications and quality standards necessary for Andriani production; in the second case, however, the product must follow a processing procedure to be suitable for pasta making.

For the cleaning and selection of

field grains, the Group uses a subsidiary company called Terre Bradaniche which, in addition to guaranteeing the supply of raw materials, supports the local economy by maintaining and strengthening relations with the community year after year.

This company's mission is to follow the legume supply chain project, starting from varietal screening and analysis on the suitability of the seedbed, following the farmer during all the phenological phases of the product, up to threshing which is the final harvest activity consisting of the separation of legumes from straw and pods, thus obtaining a natural product.

The farmer then delivers the product to Terre Bradaniche, which takes care of cleaning and selection, after which it is transferred to the Andriani plant, where it is sampled and its percentage of impurities and moisture is evaluated.

After the first phase of acceptance, the samples are sent to third-party accredited laboratories to be analysed; once conformity is received, the goods are processed and made suitable for pasta-making.

The supply chain and sustainability have a very close link beginning with soil conservation. In fact our legumes supply chain aims to improve soil conditions through crop rotation.

Thanks to the ability to transfer organic nitrogen to the soil, legumes are considered an improving crop that has, therefore, low environmental inputs and also creates benefits to subsequent crops and, consequently, to biodiversity.

The Andriani Group's goal for 2020 is to reach 5,000 hectares of legumes and expand its supply chain projects to other crops such as corn and rice.



Andriani hosts the SAI Platform IEP international programme



Event presentation by
Michele Andriani



To follow up its membership to the SAI Platform international organisation, the Andriani Group hosted the first International Executive Programme on Sustainable Sourcing and Trade from 17 to 19 November 2019. This is an innovative programme of the SAI international platform, the result of collaboration with the International Trade Center and dedicated to value chain professionals.

Created as a pilot project of the International Executive Programme (IEP) and specifically addressed to executives involved in value chains in different parts of the world, this programme has encouraged discussion on specific issues and mega-trends, such as water management, biodiversity, and climate change, and has offered international sharing of good practices and strategies aimed at implementing skills to manage the inevitable transformations that even global food systems have long been forced to face.

The two days of the workshop aimed to identify risks and opportunities in specific contexts; develop approaches

to integrate sustainability and mitigate critical issues in value chains; build solid relationships between functions, entities, and geographical areas; and offer a safe space to share opinions and experiences on how to integrate ecosystem protection into business programmes and personal development.

During the event, all guests of the Masterclass toured the Andriani S.p.A. production facility, identifying the key activities to achieve the SDGs according to the United Nations Agenda 2030.

The program included the International Trade Center's presentation of the Sustainability Map and a new Web App dedicated to the evaluation of the sustainability of farms.

In addition, the participants observed the decision support system legumi.net, used by Andriani to implement a production process in accordance with the principles of integrated organic production.

At the conclusion of the course, Andriani's guests toured the Sassi di Matera, a UNESCO World Heritage Site.



Special thanks go to Denyse Julien of Cranfield University, Mathieu Lamolle of ITC Sustainability, and Yael Fattal, Global Event Manager of the SAI Platform, for moderating and facilitating the daily programmes.

Greetings to all participants from Symrise, PepsiCo, Metro / Makro Cash and Carry, Barilla, Roquette, Agroalimentare sud, Rabobank, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Nature Bio-Foods, Givaudan, and Agriculture Research and Extension Council of Alberta.

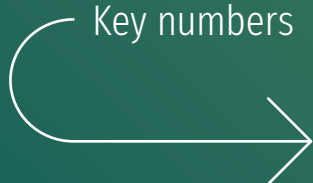


Denyse Julien
Interview during the first SAI Platform
International Executive Programme

Matera/Gravina in Puglia, 17 - 19 Novembre 2019

7 Community accountability

Key numbers



2nd Andriani Family Day
"Sharing, values and play"

EDU

680

STUDENTS INVOLVED IN THE
EDUCATIONAL PROJECT

To date, the students involved attend primary schools in Puglia. In the near future, the course will be extended to schools in Lombardy, Veneto, Tuscany and Lazio.

Arts Academy

Corporate welfare project dedicated to art and culture. Andriani Arts Academy is the new artistic training course that Andriani S.p.A. has set up for the children of employees aged 4 to 18, with the aim of offering children and young people the opportunity to freely express their creativity and achieve their potential.





Michele Andriani

"ENTREPRENEUR OF THE YEAR"

The President and CEO of Andriani S.p.A. has been awarded the "EY Entrepreneur of the Year" award in the Food & Beverage category for his great commitment to sustainability which has resulted in him being able to combine economic growth with protection of the environment and the company, with an eye on innovation.

€69 thousand

CHARITABLE DONATIONS

The Andriani Group also shares its principles and values by supporting international, national and local associations and institutions operating in various fields.

In this chapter



- 116 Involvement and support of local communities
- 123 Dialogue with associations and institutions



Stakeholder: **community**

SDGs (Sustainable Development Goals)



7.1 Involvement and support of local communities

Andriani's commitment in the field of Sustainable Development is reflected in the numerous events in which the company has been actively involved and the details of which have been reported.

3 April 2019

The Territories of Sustainability: Andriani among the main players at the Bari CSR Show



Andriani among the main players of Il Salone della CSR and social innovation in Bari.

Recognised as the most important event in Italy for all organisations that have made sustainability a strategic driver, the show is an opportunity for updating, comparing and networking between all operators who believe in sustainable development.

Through its Sustainability Coordinator, Filippo Capurso, Andriani presented its path towards sustainability "between taste innovation and new production techniques", during the Bari event.

12 April 2019

"Lifestyle and sustainability, between food and furniture"



The speech by Michele Andriani, President of Andriani S.p.A., at the talk show "LIFESTYLE AND SUSTAINABILITY, BETWEEN FOOD AND FURNITURE" on 12 April at ESTEL Group Showroom in Milan.

During the talk show, issues related to the circular economy and the Andriani Group's commitment on its path to sustainability were discussed: "It is important to give value to the solid commitment of companies, aimed at re-sizing the consumerist approach, which allows us to look at production waste not as a problem but as an opportunity".



Furthermore, during the talk show, Mariangela Candido (HR Manager of Andriani) talked about the projects and objectives of the Andriani Group.

"We are strongly committed to achieving the goals of the UN 2030 Agenda, which highlight the importance of social well-being and local communities, as well as education and learning opportunities for all".

Andriani Educational: combining healthy nutrition and sustainability.

"From various studies carried out by the World Health Organisation it has emerged that children consume a very small amount of legumes, which we know are a great source of vitality.

Therefore, we have set ourselves the goal of trying to stimulate a healthy, correct diet from an early age and have set up a food education project aimed at primary school children, known as 'Andriani Educational'.

Based on workshops and interactive games, the project was launched this year in 48 local schools, but our intention is to extend it throughout Italy.

At the same time, Andriani has set up a monitoring activity for the educational project to observe the satisfaction and behavioural changes in the children involved in the project".

6-9 May 2019

TUTTOFOOD Milan



On the occasion of TuttoFood Milano, Andriani presented his contribution to achieving the SDGs goals for the 2030 Agenda through a series of projects and initiatives described by the company team and by partners of international importance.

TUTTOFOOD, the international B2B fair for the food & beverage industry, organised by Fiera Milano, took place from 6 to 9 May 2019. In just 7 editions, it has become the perfect stage for companies to present their products to the national and international market.

TUTTOFOOD is:

- an event exclusively reserved for **B2B**;
- it is the only event in the sector, on the Italian trade fair scene, with a **truly international scope**;
- it is an event that responds both to the needs of companies that look primarily to the Italian market and to those concentrating on **exports**;
- an effective showcase for companies to test their **innovative ideas and experiences**;
- it offers a modern and qualified **professional exhibition**, where market trends can be analysed;
- it is the fastest growing trade fair in Europe;
- it offers important **business opportunities with national and international buyers**;
- it provides the opportunity to compare experiences and analyse **market trends**;
- it hosts **workshops, seminars, conferences and meetings**.

16 May 2019
New skills for the food industry 4.0



Combining technologies and innovation with tradition and craftsmanship, this is the challenge food industries must respond to at the time of the 4.0 Revolution. Andriani's journey on its path towards sustainability continues with a series of activities on the occasion of the event "New skills in the agri-food industry 4.0", Bari 16 May, at Porta Futuro Bari. At the centre of the event, the professional skills and training useful for supporting the growth of the agri-food industry in Puglia, illustrated by important speakers from business and educational sectors.

29 May 2019
"CSR in Italy: an overview of the objectives achieved and the 'paths' to be explored"



According to the data from the Socialis Observatory, presented at the University of Foggia during the meeting "CSR in Italy: an overview of the objectives achieved and the 'paths' to be explored", promoted by the Department's CSR Lab of Economics, directed by Prof. Mauro Romano, in 2018, 52% of Italian companies that have implemented CSR and sustainability activities stated that the existence of a distinctive element attesting to their good practices would have a stabilising effect on investments in CSR.

During the meeting, Filippo Capurso, Sustainability Coordinator of the Andriani Group, highlighted how the entire business of Andriani is oriented towards responsible production: "The company has always tried to attune its business with the impact on the environment in which it operates and on the company. In the coming months we will see our first Sustainability Report materialise, in line with the SDGs, plus a series of other activities on the subject of the circular economy, because we need to give new life to the industrial waste we produce".

31 May 2019
"Industria Felix Award - Puglia is competing"



On the occasion of the fifth edition of the "Premio Industria Felix - La Puglia che compete" award, held on Friday 31 May in Acaya (Le), Andriani, together with numerous other companies, was presented with an award for financial performance: the high budget honour for being competitive and financially reliable. These are the words of Michele Andriani, CEO & president of Andriani, following the award ceremony:

"We dedicate our award to all those companies that want to excel but, unlike us, are forced to fight against economic conditions and other restraining factors that force them to operate in conditions of economic crisis. They always work hard with passion and dedication, sacrificing everything they have, making every effort to maintain their jobs with dignity and to honour their commitments with their suppliers.

For us at Andriani they are the 'best performers' and the real heroes of the Apulian economy".

7 - 8 June 2019
48th AIDP National Congress



On the occasion of the 48th AIDP National Congress, the Italian Association for Human Resources Management, Andriani was awarded the prestigious AIDP AWARD 2019 "The companies tell their story", winning third place thanks to the corporate welfare project "Andriani Bike to Work".

This corporate well-being project is part of Andriani's Corporate Social Responsibility activities, based on combining business activities with the health and safety of employees and the protection of environmental resources. Mariangela Candido, Andriani's HR Manager, stated: "The result achieved makes us proud because cultivating the human aspect in companies also means cultivating the garden of emotions that constitutes an organisation; it is only possible to achieve engagement, motivation and happiness at work by acting on the psychophysical balance of our People.

This is the sentiment that animates the Andriani Bike To Work project: it aims to promote the well-being of employees as well as the environment that surrounds us".

17 June 2019
"the South generates work"



In Naples, inside Palazzo Zevallos Stigliano, Andriani was awarded by "L'Economia del Corriere della Sera" as one of the companies that drive the development of the South thanks to continuous, constant growth and the ability to do business by innovating.

The key figure at the round table "the South that generates work" was Michele Andriani, president & CEO of Andriani. The meeting was dedicated to the success factors of the companies that today represent the engine of growth in the South and that create wealth and jobs every day.

9 September 2019**Michele Andriani at Top Secret: an episode dedicated entirely to the president of Andriani S.p.A.**

The interview conducted by Matteo Valléro revealed to the public the 'secrets' of success of a company that has made innovation a fundamental driver for the growth and development of its business on a course aimed at sustainability. Top Secret, the new format conceived and presented by the Director of Business24, Matteo Valléro, tells about the secrets of success of "top" entrepreneurs, through the words of businessmen, managers and professionals.

A more in-depth programme by Business24, 20 minutes dedicated entirely to a single main player, to truly understand its human and ethical side and its "top secret".

14 September 2019**Sharing, values and play at the 2nd Andriani Family Day**

On Saturday 14 September, Andriani opened its doors to its employees and their families to enjoy a fun festive day together with the aim of rediscovering real values through play and sharing.

The main themes of the event: rediscovering traditional games and passing on the historical memory of the region, with its unique aspects and distinctive features.

The initiative is part of the work-life balance project that the company is carrying out to improve the balance between private and working life, giving each resource the opportunity to satisfy their ambitions for professional growth without giving up the time to dedicate to personal interests.

Large spaces and dedicated play areas were reserved for children, very many of whom participated with enthusiasm and joy.

For the adults, on the other hand, refreshment areas were set up where they could taste organic and gluten-free dishes and, at the end, there was a fun musical show.

3 October 2019**Job Meeting Bari**

Andriani S.p.A. attended the XVI edition of Job Meeting Bari at the Polytechnic of Bari: graduates and undergraduates from all disciplinary areas of the universities of Puglia and neighbouring regions had the opportunity to meet Italian and international companies and business schools at specially set up stands and in the in-depth workshop course.

7 October 2019**The Vocabulary of Sustainability**

AWARENESS is the key word that guided the speech by Michele Andriani, President and CEO of Andriani S.p.A., during the UBS event "The Vocabulary of Sustainability, Smart Investing, Sustainable Investing", held on Monday 7 October in Rome at MAXXI and moderated by Federico Ferrazza, Director of Wired.

"Through knowledge of the product, the environment and culture, we promote awareness of increasingly responsible action".

11 October 2019**"4Agrinnovation"**

On the occasion of the 4AGRINNOVATION by Trevisan & Cuonzo, event held at the Fiera del Levante Congress Centre, Michele Andriani, president and CEO of Andriani S.p.A., explained how innovation is also a determining factor in the agrifood sector.

Michele Andriani's speech entitled "The role of agribusiness in the 4.0 economy" allowed those present to learn about the legume supply chain process initiated by Andriani S.p.A.

Andriani's legume supply chain stems from the need to safeguard biodiversity and the soil, guarantee food safety and quality, while increasing the profitability of all the operators involved.

14 - 15 October 2019**"Italian Business & SDGs Annual Forum"**

The Italian Business & SDGs Annual Forum is a course promoted by the Global Compact Italy Foundation (GCNI) throughout the country that brings together Italian companies that are members of the UN Global Compact and committed to making their business more sustainable. In addition, representatives of institutions, civil society and academic and research bodies also take part.

Now in its fourth edition, the event is an important opportunity for discussion, dialogue and analysis among the members of the United Nations Global Compact and those active in the field of sustainability.

During the event, Filippo Capurso, coordinator of sustainability issues at Andriani S.p.A., participated in the working group on the circular economy, identifying priorities, objectives and actions to enable virtuous strategies on this important topic.

October 2019
"Arts Academy" is established



Andriani Arts Academy, the corporate welfare project dedicated to art and culture, has been established.

Andriani Arts Academy is the new artistic training course that Andriani S.p.A. has set up for the children of employees aged 4 to 18, with the aim of offering children and young people the opportunity to freely express their creativity and achieve their potential.

SOWING is the main theme of the calendar of weekly meetings scheduled from October 2019 to June 2020 and clearly expresses the whole meaning of the initiative, aimed precisely at sowing culture, including in terms of Diversity & Inclusion, as a tool for growth and awareness.

Our company once again affirms its commitment to the social well-being of employees and the community with Andriani Arts Academy, which is part of the Empowering People corporate welfare path.

October 2019
Andriani wins an award from Cribis



Cribis, a company specialising in supplying business information on Italian and foreign companies, recognised Andriani S.p.A. with the Cribis Prime Company award, giving it the highest level of economic reliability.

"We are extremely proud to receive this prestigious recognition that rewards our constant commitment to stand out for reliability vis-à-vis end users as well as suppliers. Considering that the Cribis Prime Company is awarded every year to only 8% of the over 6 million Italian companies studied, the fact that our company was recognised for maximum economic reliability means we can keep the flag of the Puglia region flying high and also reward the excellence of our region with which we have a deep connection", said Tommaso Marvulli, CFO of Andriani S.p.A.

This important recognition therefore confirms the level of economic-commercial solidity of Andriani S.p.A. and is a guarantee for the firms that have chosen the company as a business partner.

8 November 2019
Roadshow "Human and non-human resources - The great transformations"



How to deal with the changes of the 4.0 era?

The objective of the second stage of the Roadshow "Human and non-human resources - The great transformations" organised by Edizioni Este was to try to answer this question by recounting the experiences of various HR managers of companies from all over Italy.

These are the words of Mariangela Candido, HR manager of Andriani S.p.A., among the speakers of the event held in Bari:

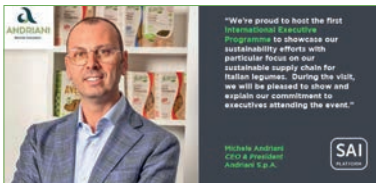
"Cultivate happiness at work and develop emotional intelligence to control great transformations.

In a fluid, changing and dynamic society, it becomes essential to meet the new flexibility requirements of the post-modern business and, at the same time, attract and retain the best talents in the corporate fabric.

Today one of the main HR objectives is therefore guaranteeing happiness at work by developing individual potential to achieve long-term well-being.

Welfare, improving the corporate climate, team building and developing emotional intelligence therefore become substantial levers that allow the human resources management to contribute to creating a work environment in which people experience the great transformations of our era with greater awareness".

18-19 November 2019 1st International Executive Programme on Sustainable Sourcing and Trade



On 18 and 19 November, in Gravina in Puglia, together with Cortiba, Brazil, Andriani S.p.A. hosted the 1st International Executive Programme on Sustainable Sourcing and Trade. The innovative programme resulted from the collaboration between SAI Platform and International Trade Center (ITC) and was aimed at value chain professionals.

The objectives of the two-day workshop were the international comparison of themes and strategies aimed at implementing the skills to manage the inevitable transformations that global food systems will also be forced to face, and the sharing of good practices. In this perspective, the programme included a half-day visit to the company at the Andriani plants, with a focus on raw materials and on Pasta production, to offer an overview of the various Company activities on its sustainability path.

21 November 2019 Michele Andriani wins Ernst & Young's "Entrepreneur of the Year" award



The President and CEO of Andriani S.p.A. was given the "EY Entrepreneur of the Year" award in the Food & Beverage category for his great commitment to sustainability which has resulted in him being able to combine economic growth with protection of the environment and the company, with an eye on innovation.

Now in its 23rd edition, the award is assigned by a jury, independent from EY Careers, and is reserved for entrepreneurs who have significantly contributed to the growth of the Italian economy by demonstrating unparalleled resourcefulness, creativity and commitment.

November 2019 Andriani supports "Made in Prison"



Since November 2019, Andriani has supported MADE in PRISON via the customisation of hand-crafted bracelets.

A 'Second Opportunity' for Women Inmates and a 'Double Life' for fabrics.

A solid, supportive message of hope and respect for the environment.

The products are in fact created using waste materials and fabrics, from Italian companies particularly aware of social and environmental issues.

29 November 2019 "ResearchDay"



On 29 November, at the Department of Business Sciences, Economics and Quantitative Methods of the University of Bergamo, Filippo Capurso, Sustainability Coordinator at Andriani, was one of the speakers at the Research-Day, organised by CSEAR Italy in collaboration with the GBS (company report study group).

The main objective of the Conference was to provide a space for interdisciplinary and engaging dialogues to develop the conceptual foundations, practical implications and critical aspects of the SDGs and their integration into the company and corporate policies and practices.

The aim is to generate and disseminate knowledge, build research capacity and practical skills on understanding and implementing a company based on the SDGs.

2 December 2019 Andriani among the 30 best SMEs in the agri-food sector



A research by ItalyPost, exclusively for Corriere L'Economia, on the financial statements from 2012 to 2018, has revealed the 30 SME Champions of the Agro-food that have performed best in the last 6 years.

Selection and analysis of the financial statements were handled by the ItalyPost Research Department, with the help of the Crédit Agricole group and auxiell.

Educational project

LA MAGIA DEI LEGUMI is the project promoted by Andriani Educational to bring children closer to legumes and sustainable nutrition through a course based on laboratory teaching: a space where children can make tools, environments and knowledge related to sustainability and their relationship with agriculture and food their own, and thus become carriers of “sustainable” messages to their families and the environments they frequent.

To date, 680 primary school children from Puglia have been involved and, in the near future, the course will be extended to schools in Lombardy, Veneto, Tuscany and Lazio. Actions to enhance the project have been planned, including:

- enabling a web space for teachers to provide them with useful ideas for studying the paths proposed in the animations in greater depth and integrating them into their

teaching activities;

- creating a web space for families to share sustainable recipes for the environment and health and also expand children's tastes;
- at the same time, a social communication line was activated to offer children and families new ideas and initiatives to be implemented at home (e.g. Land I love you, The kitchen garden at home);
- a partnership was activated with a local cultural association and this union resulted in the theatrical show The Magic of Legumes, created to enrich the themes of the project with emotional suggestions and cultural stimuli.

ANDRIANI 



Summary of the first phase of the 2019-2020 school year

1 Activities carried out in preparation of the first phase of the 2019-2020 school year

Preparations for running the project during the 2019-2020 school year began from August-September with developing the material for the network.

Teaching sheets were prepared for teachers to be included in the space dedicated to them and the texts relating to the project to be included in the space dedicated to the family.

The recipes for families in the Andriani archive were then revised and modified, as they proved to be unsuitable for the public in question. Therefore, a new series of recipes tailored for families has been developed, but there still remains some work to do on the graphics.

Following evidence of some critical issues highlighted by the exchange with the owners, the working group developed periodic focus groups to work on overcoming strategies.

These included carrying out modifications and in-depth analyses of the monitoring procedures within the working group and changing the final questionnaires aimed at teachers.

Monitoring of the project effectiveness and satisfaction level is under development and the data will be available at the end of January. The film on the theatrical performance was viewed to make the necessary changes to enhance it as an in-depth tool for the teaching course.

2 Expected stages and analyses from January to June

A) Company objectives

One of the priorities is the clarification of the company objectives with respect to the time, methodology, expected results and communication tools.

It is only when the objectives are clarified well that the results achieved can be checked to see if they are in line with expectations.

B) Time

The need for programming in tune with the school calendar, *starting in September and ending in June* of the following year, has clearly emerged. Therefore, it will be necessary to

bring forward communication on the project and the inclusion of new schools to *May of the year preceding the start of activities*.

In the current school year, there is a delay in new schools being included. According to the hypotheses put forward, new schools could join the project in *March and follow it until June*.

In this case, it is recommended that schools allowing an in-depth study on the educational model with a larger and more diverse target group be chosen, to optimise the educational offers addressed to distant schools.

In the meantime, we must in any case work on adapting the model for distant schools, in such a way that it can be presented in May for the start of the new school year.

C) Target group

The age range of the 4th/5th year was confirmed as valid. Initial monitoring data appear to show that even students in the *third* year are able to understand the meaning of the project. First and second year classes can only be accepted under special conditions, to be evaluated individually.

D) Internal working group

The internal working group has set a monthly appointment for a focus group on the critical issues and needs that emerged. There are also constant exchanges on internal monitoring and on the problems to be addressed on an ongoing basis.

E) Extended working group for teachers and families

It is necessary to *develop opportunities for exchange and comparison* both before starting the animations and once they are finished, in order to motivate teachers and families to follow correctly and continue independently.

F) Improving the educational offers, methodology and work tools

The internal working group agreed to reaffirm the importance of the textbook as a teaching tool and urge teachers to use it independently. Furthermore, for the future, it was decided to accept only schools that include the project in the annual or biennial teaching programme, so that they can dedicate the necessary time to it

independently.

Establishing a competition for the classes could stimulate the use of the textbook.

G) Network

It represents an indispensable opportunity to strengthen:

- *communication and educational tutoring by teachers, increasing support and interactivity;*
- *communication with families;*
- *gradual inclusion of the educational material created by the classes.*

Improvement of the network, by constantly updating and improving the material added (recipes, tools for teachers), should therefore represent a priority in order to provide support to distant schools with a view to enlarging the project.

H) Monitoring

The data ready at the end of January will be made available. We still need to decide how and when. It must also be established if and how to continue monitoring with any new schools that may be joining the project.

I) Theatrical show

It can be constructively included in the project if suitably modified and accompanied by teaching tools (see comments 11.12.2019 attached).

J) Other tools

It would be useful to develop a remote communication tool that focuses on the company's vocation for sustainability through a film made by children, in the context of Mediterranean culture. To have a product available in the 2020-2021 school year, it would be necessary to start working on it in January 2020.

K) Special events

A possible communication/training meeting with teachers and families who have finished the project should be defined as soon as possible (hypothesis 9-11 March). Furthermore, it is desirable to foresee an online event for the international day of legumes, announced on 10 February by the FAO with the support of the United Nations, as part of the world year for plant health.

7.2 Dialogue with associations and institutions

Furthermore, the Andriani Group shares its principles and values by supporting international, national and local associations and institutions operating in various fields.

Comparing 2018 and 2019, the Andriani Group considerably increased its contribution in the third sector.

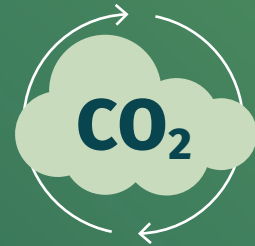
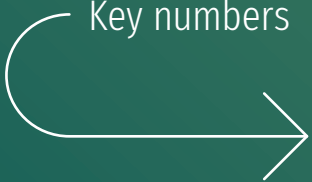
	2019	2018
Andriani S.p.A.	68,200	4,700
Felicia S.r.l.	850	1,000
Total	69,050	5,700

The details of charitable donations and related institutions that the Group companies contributed to supporting in the period 2018-2019 are shown below, also on the occasion of specific events.

Sponsored event	Event	Donor	31/12/19	31/12/18
I Peuceti Theatre Company	Voluntary Contribution	Andriani S.p.A.	8,000	-
AIC Puglia ONLUS	AIC Conference Contribution	Andriani S.p.A.	200	-
S. Michele Patronal Festivities Committee	Patronal feast contribution	Andriani S.p.A.	1,000	2,000
Parish of Gesù Buon Pastore	"Buon Pastore" feast contribution	Andriani S.p.A.	200	200
Federazione Italiana Donne Arti Professioni Affari (Italian Federation of Women Arts Professions Business) - FIDAPA	Voluntary Contribution	Andriani S.p.A.	1,500	-
"N. Ingannamorte" Culture Association	Voluntary Contribution	Andriani S.p.A.	1,500	-
"NOI" Musical Cultural Association	Voluntary Contribution	Andriani S.p.A.	500	-
Associazione Pugliese per la Lotta contro le Emopatie e i Tumori nell'Infanzia (Apulian Association for the Fight against Hemopathies and Cancers in Childhood)	Voluntary Contribution	Andriani S.p.A.	5,000	-
University of Pollenzo	Voluntary Contribution	Andriani S.p.A.	50,000	-
Blaze ASD	Contribution for sporting activities	Andriani S.p.A.	300	-
Bar Association Bari ONLUS	Event Contribution	Andriani S.p.A.	-	1,000
"TRENTATREGIRI" Musical Cultural Association	Voluntary Contribution	Andriani S.p.A.	-	1,500
ASD LUDO BIKE RACING TEAM Ludo Bike Racing Team ASD	Contribution for sporting activities	Felicia S.r.l.	200	-
Associazione Obiettivo Giovani (Youth Target Association) - Gravina in Puglia (BA)	Voluntary Contribution	Felicia S.r.l.	150	-
"ARCOBALENO" Musical Cultural Association	Contribution to the "DUCATO D'ORO" event	Felicia S.r.l.	-	200
CAMD ARABESQUE ASD Amateur Sports Association	Contribution to the Dance Theatre show "Sleeping Beauty"	Felicia S.r.l.	-	300
Lions Club Puglia	Voluntary Contribution	Felicia S.r.l.	-	300
"NOI" Musical Cultural Association	Voluntary Contribution	Felicia S.r.l.	-	200
Other minor amounts		Felicia S.r.l.	500	-
TOTAL			69,050	5,700

8 Environmental accountability

Key numbers



> **4,339**

TONNES OF CO₂
AVOIDED THANKS
TO THE SUPPLY OF
ELECTRICITY FROM
RENEWABLE SOURCES

calculated using the market-based method as required by the World Resources Institute (WRI) GHG Protocol reporting standard.

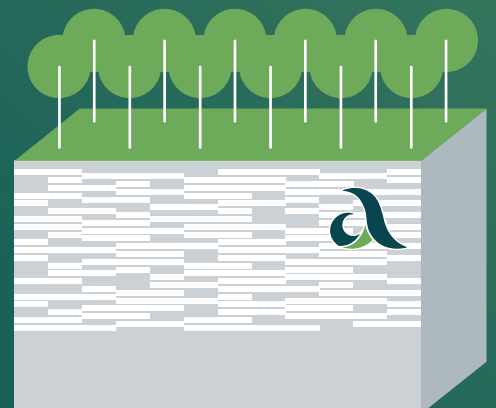


Circular economy initiative

- speech by Filippo Capurso

"Andriani carries out projects and initiatives on the theme of the circular economy that aim to reuse by-products and extend their life cycle".

Video created during the TUTTOFOOD International Trade Fair Milan, May 6-9, 2019



> 2025

ACHIEVING CARBON NEUTRALITY

The ambitious objective, approved by the Board of Directors on 28 November 2019, is the result of a mix of direct and indirect interventions that the group has decided to pursue in the next six years.

> -23.13%

TOTAL EMISSION PER TONNE OF PRODUCT

The data is obtained by reporting the Group's consumption and emission values for 2018 and 2019 with the tonnes of pasta and flour products by the business in the respective years.

In this chapter



- 126 Management of energy and resources in the atmosphere
- 128 Sustainable investments
- 129 Management of waste, recyclability, and reduction in food waste
- 130 Protection of the area and respect for biodiversity
- 134 Responsible management of water resources
- 135 Conscious consumption of raw materials



Stakeholder: **environment**

SDGs (Sustainable Development Goals)



8.1 Management of energy and resources in the atmosphere

GRI CONTENT INDEX 302-1 302-3 305-1 305-2 305-4

Along the path that aims at contributing in an increasingly impactful way to reaching the specific SDGs in terms of access and use of economic, reliable, sustainable, and modern energy systems and the promotion of actions to combat climate change, the Andriani Group has set itself the challenging goal of achieving Carbon Neutrality by 2025 (see paragraph "Andriani Carbon Neutral 2025"), that is, to obtain the balance between residual emissions and the activities to remove carbon dioxide emissions from the atmosphere, "zeroing"/"neutralizing" CO₂ emissions.

In 2014, the Group already decided to acquire energy from renewable, green energy sources. In this sense, the "Dolomiti Energia 100% clean energy" used by Andriani S.p.A. confirms that the energy comes from renewable sources, with its origin guaranteed by the Electrical System Manager through OG (Origin Guarantee) titles that Dolomiti Energia uses every year.

In 2019, Andriani again maintained a 100% supply of electricity from renewable sources, following the collaboration with Dolomiti Energia. This choice allowed the prevention of the emission of 4,339¹ tonnes of CO₂ in 2019 alone, calculated according to the market-based² method, as set forth by the World Resources Institute (WRI) GHG Protocol reporting standard.

Below is a summary of the Group's consumption and emissions amounts in 2018 and 2019 from which we can see an increase in energy consumption (expressed in GJ) due, basically, to the 25.46% increase in production in the last year.

When compared to the tonnes of pasta and flour produced by the activity in the respective years, these values show a 23.13% reduction in total emissions per tonne of product.

TABLE →

Consumption and emissions Andriani S.p.A.

		2019	2018	Variation (%)
Electricity	GJ	32,339	27,579	17.26%
Natural Gas	GJ	45,327	38,652	17.27%
TOTAL ENERGY CONSUMPTION [GJ]		77,666	66,231	17.26%
Electricity consumption per tonnes of product	GJ/t	0.696	0.745	-6.54%
Consumption of natural gas per tonnes of product	GJ/t	0.976	1.044	-6.53%
Direct emissions from consumption of natural gas (Scope 1) ³	tCO ₂	2,611	2,224	17.45%
Indirect emissions (Scope 2 - Market-based method)	tCO ₂	0	0	0%
Indirect emissions (Scope 2 - Location-based method) ⁴	tCO ₂	2,663	2,424	9.88%
Total emissions per tonnes of product ⁵	tCO ₂ /t	0.037	0.048	-23.13%

¹ In 2019, the emissions prevented due to the purchase of electricity from renewable sources, calculated according to the location-based method, were equal to 2,663 tCO₂. The "Location-based" approach calls for the use of average emission factors related to the specific national power generation energy mixes.

² The "Market-based" approach calls for the use of emission factors defined on a contractual basis with the electricity supplier. If there are no specific contractual agreements between the Organisation and the electricity supplier (e.g., purchase of Guarantees of Origin), for the "Market-based" approach the emission factor relative to the national residual mix was used.

³ The Scope 1 emissions are expressed in tonnes of CO₂ since the source used does not report the emission factors of gases other than CO₂.

⁴ The Scope 2 emissions are expressed in tonnes of CO₂, however, the percentage of methane and nitrous oxide has a negligible effect on total greenhouse gas emissions (CO₂ equivalents) as indicated in the ISPRA report "Atmospheric emission factors of CO₂ and other greenhouse gases in the electricity sector".

⁵ In calculating this value, only direct CO₂ emissions (Scope 1) directly linked to production are considered, that is, those from the pasta factory (CO₂ emissions related to the connection tests of the new trigeneration plant are excluded).



The following diagram provides a comparison of the electricity and natural gas consumption between 2018 and 2019, whose proportions have remained constant.

DIAGRAM →
Energy consumption

	2019	2018
● Total Electricity consumption (Gj)	41.6%	41.6%
● Total Natural Gas consumption (Gj)	58.4%	58.4%



TABLE → **Energy consumption emission factors**

Energy source	Emission unit/ Starting unit	2019	2018	Source
Electricity (Location-based method)	kgCO ₂ /kWh	0.29650	0.31640	ISPRA - 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	0.48300	0.48300	AIB - European Residual Mixes 2018 (Vers. 1.2 dated 11/07/2019)
Natural gas	tCO ₂ /Smc	0.002	0.002	Min. Environment - 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 - Table of standard parameters in Italy for the monitoring and reporting of greenhouse gases

TABLE → **Energy consumption conversion factors**

Energy source	Conversion unit/ Starting unit	2019	2018	Source
Electricity	Gj/kWh	0.0036	0.0036	Constant
Natural gas	Gj/Smc	0.0343	0.0343	NIR: ITALIAN GREENHOUSE GAS INVENTORY 1990 - 2017 - NATIONAL INVENTORY REPORT 2019
Natural gas	Gj/l	0.0360	0.0360	NIR: ITALIAN GREENHOUSE GAS INVENTORY 1990 - 2017 - NATIONAL INVENTORY REPORT 2019 FIRE: 2018 Energy Manager Guidelines

8.2 Sustainable investments

Carbon Neutrality

Process based on the adoption of methods, behaviours, and technologies to reduce, and even eliminate, emissions of climate-altering gases through direct interventions inside and outside the company and indirect interventions through green procurement or offsetting.

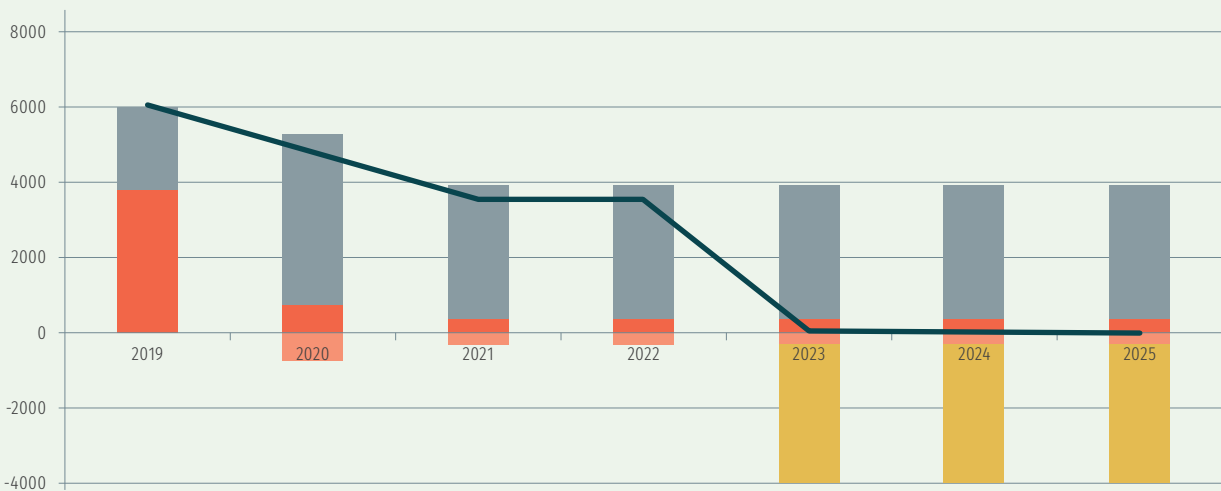
The ambitious goal to reach **Carbon Neutrality** by 2025 was approved by the Board of Directors of the company on 28 November 2019. This path is the result of a mixture of direct and indirect interventions that the Group decided to pursue gradually over the next six years.

- *Direct interventions* i.e., interventions for efficiency and energy saving, renewable sources, and sustainable mobility within the company.

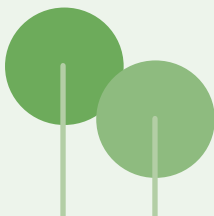
- *Direct interventions* outside the company that result in the construction of a plant from renewable energy sources, an energy saving intervention, or a forestation intervention.

- *Indirect interventions* represented by green procurement (e.g., green procurement of materials from recycling, green energy, etc..) or compensation measures (existing Italian or international projects).

Andriani Carbon Neutral 2025



- Biomethane plant
- Green procurement
- Natural gas
- Electricity



Below are the stages of this decarbonisation process:

- 2020 the 800 kW trigenerator comes into full operation;
- 2021 The 710 kw photovoltaic plant and the 1.5 MWt biomass boiler come into full operation;
- 2020-2025 all residual electricity

comes from plants using renewable energy sources with guarantee of origin;

- starting in 2023 it is assumed that the residual emissions will be offset by the construction of a plant for the production of biomethane.

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

GRI CONTENT INDEX 306-2

The Andriani Group has always been committed to the issue of waste management, monitoring the progress of the activity and constantly searching for the best and most virtuous suppliers that ensure compliance with waste regulation and the increasingly essential activity of taking care of the recovery and recycling.

Their generation comes from the production process, from the maintenance of plants/facilities (hazardous and non-hazardous special waste) and from packaging processes (paper and cardboard packaging, mixed packaging, and plastic and wood packaging).

On this issue, for 2019, some activities not derived from the production activity were also managed, such as the construction of buildings and other building processes.

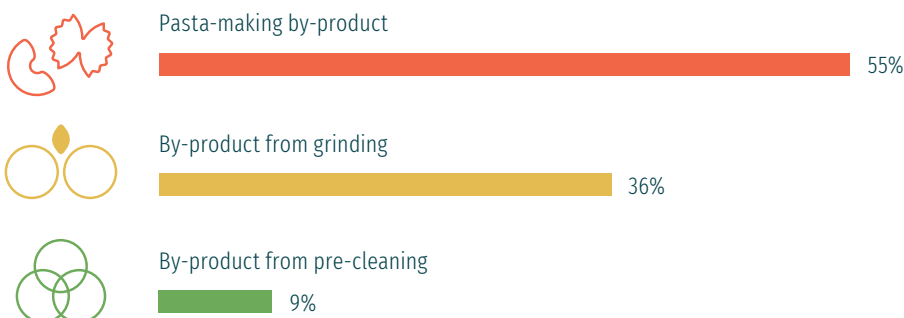


- R13 - Recovery waste 97%
- D15 - Waste to dispose of 3%

TABLE → Details on waste produced and its recovery (kg)

	2019	2018	Change (%)
D15 - Waste to dispose of	14,406	13,218	8.99%
Non Hazardous	13,332	13,000	2.55%
Hazardous	1,074	218	392.66%
R13 - Recovery waste	553,156	520,212	6.33%
Non Hazardous	552,381	519,756	6.28%
Hazardous	775	456	69.96%

DIAGRAM → 2019 Industrial process by-products



As far as the by-products related to the industrial process are concerned, they are fundamentally related to a few types and are required for zootechnical use and for biomass.

8.4 Protection of the area and respect for biodiversity

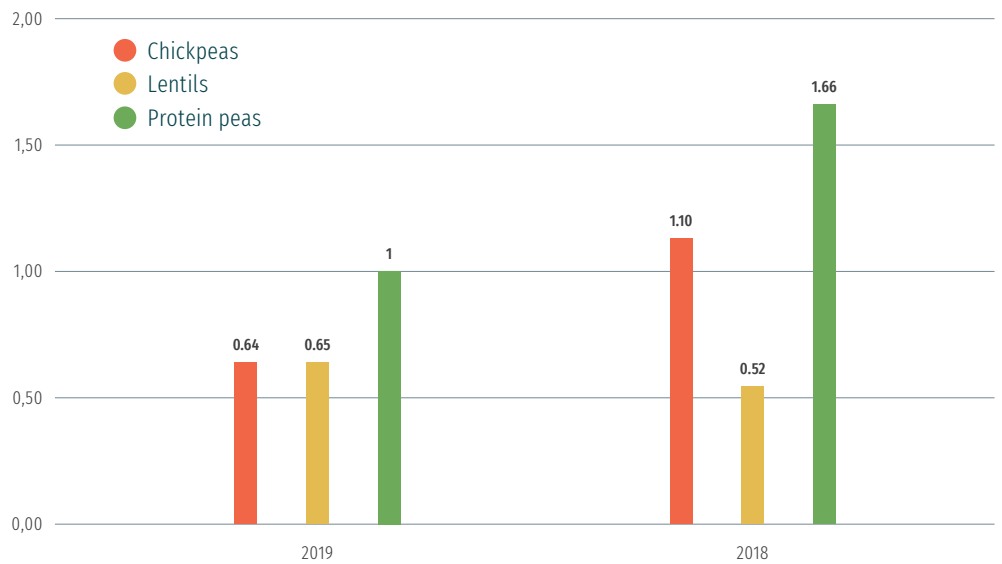
GRI CONTENT INDEX 304-2



The DSS (Decision Support System) legumi.net and the associated calculator yoususustain.net (presented in the 2018 edition of the Andriani Sustainability Report) are the tools we use to evaluate the sustainability of our legume supply chain.

In the overall environmental impact assessment, for the 2019 campaign, we must take into account the reduced number of production units, hectares cultivated and tonnes harvested compared to the previous year.

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



Sustainability Project
Legumi.net® - Yousustain.net®
Horta - Andriani -
Terre Bradaniche





Health Sector

The low use of plant protection products, even in conventional cultivation, has guaranteed low scores for all three crops and all three indicators.



Air Sector

In this sector, the low yields caused high scores (greater than 4) for chickpeas and protein peas. Lentils received lower scores, especially for organic productions. The Carbon Footprint and Carbon Sequestration indicators depend highly on the final yields, therefore, low yields lead to an increase in the environmental impact value.

On the contrary, high yields make it possible to spread the environmental impact over greater production, making cultivation more sustainable.

In addition, with high yields there is a greater sequestration of atmospheric carbon, as a result of increased photosynthetic activity and therefore a higher production of biomass and a lower environmental impact (with a subsequent reduction of the indicator score).



Soil Sector

Again, due to low and below-average yields, the Ecological Footprint indicator received high scores. Values that

were unsustainable (scores higher than 3) also occurred for the Organic matter and Soil coverage indicators. This suggests that the soils tend to have a low organic matter content, and the soil is kept fallow (i.e. without crops, mulch or crops) for many months of the year. This leads to a loss of fertility and increased propensity to develop weeds.



Biodiversity Sector

The farms in the area that grow legumes have low variability in soil management: a large part of the farm is in fact cultivated with arable crops, and with very limited rotations over time. Moreover, the few land use alternatives and the general lack of areas favourable to biodiversity have made the Biodiversity indicator scores always higher than 3.

For the Eco Tox Score, due to the low use of plant protection products and the use of more eco-sustainable products, the final score was very low, showing limited impact on the agricultural ecosystem.



Energy Sector

Fuel oil consumption was average (score between 2 and 3), although the values are higher for organic chickpeas. Renewable fuel oil is rarely used (Renewable fuel indicator score almost at maximum in all crops). On a national level, on average, 7% of fuel

oil on the market is obtained from renewable sources and in the companies studied no fuels with a renewable percentage higher than the national average were used.



Water Sector

All indicators in the water sector have extremely low scores, except for the Water Footprint indicator. The latter depends on the final yield, therefore low yields negatively impact the indicator. However, as far as the organic protein pea is concerned, the minimum value (0.00) was recorded, which shows how the water consumption necessary for the production of one tonne of organic protein pea grains is reduced.

The Water Supply and WUTE (Water Use Technical Efficiency) indicators have scores of zero, as no irrigation has ever been practiced on the crops examined.

The Acidification and Eutrophication indicators have very low scores because only a modest amount of pesticides and fertilizers were used and did not negatively affect the quality of the rainwater (acidification) and surface water (eutrophication of terrestrial water bodies).

By evaluating the average scores per sector, we can see that the biggest problems (highest scores) are found in the Air sector.

With the exception of the Energy and Water sectors, there are no particular differences in the scores as crops and crop management vary: for the water sector, peas are more sustainable than

chickpeas and lentils, while for the energy sector, organic lentil production is the most sustainable.

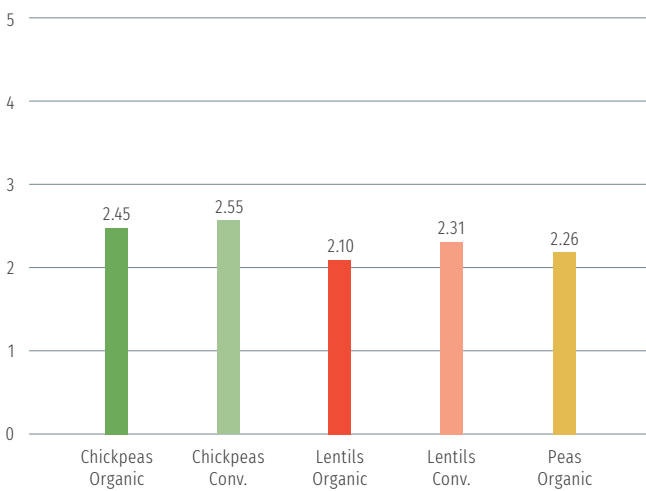
In general, in the organic area there are slightly lower scores (higher sustainability) for the Air, Water and Biodiversity department, while the biological conduction is more impacting than the conventional one (higher scores)

for the Energy sector in chickpeas and the Soil sector in lentils, due to the more frequent tilling aimed at weed management. Tilling, in fact, involves a greater use of fuel, reduces the organic substance of the soil (since it promotes mineralisation) and increases the risk of erosion.

TABLE → Final points

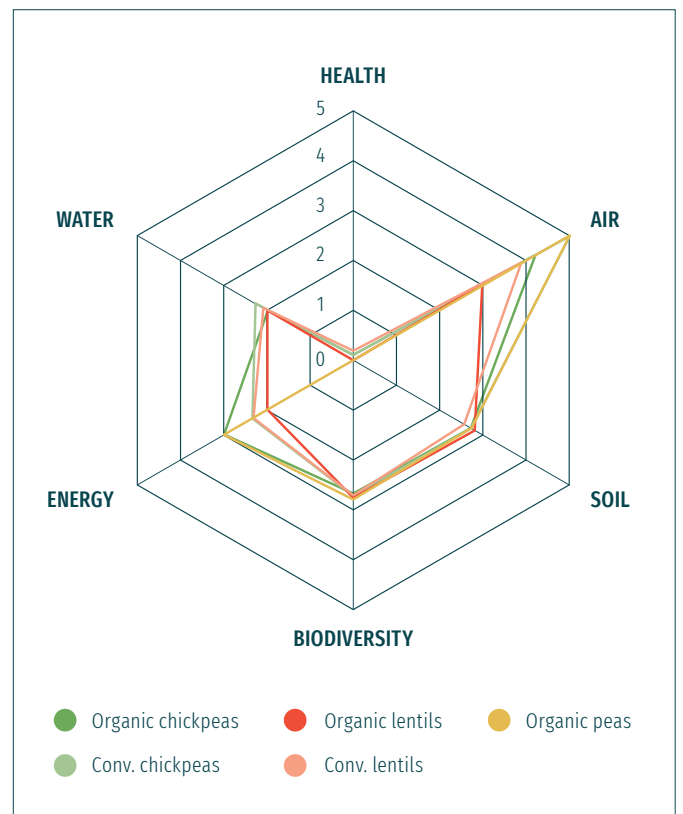
Species	Crop system	Health	Air	Soil	Biodiversity	Energy	Water	Media
Chickpeas	Organic	0.00	4.25	2.73	2.63	3.01	2.08	2.45
Chickpeas	Conv.	0.17	5.00	2.74	2.73	2.38	2.27	2.55
Lentils	Organic	0.00	2.96	2.83	2.80	1.99	2.00	2.10
Lentils	Conv.	0.32	3.76	2.57	2.82	2.32	2.09	2.31
Peas	Organic	0.00	5.00	2.75	2.80	3.02	0.00	2.26

DIAGRAM → Final Score (0-5)



Score 0-5 - The higher the score the lower the production sustainability. Values above 4 highlight critical issues and low production sustainability.

There are no significant differences between the crops and the different crop managements. Only organically-grown lentils obtained a final score (average of all UPs and all indicators) that was slightly lower than the other crops examined (value of 2.1 compared to the general average of 2.33).



As already stated, the 2019 agricultural year was mainly characterized by two elements: a reduced agricultural extension compared to the previous year and a decrease in yields in production units (0.66 t/ha vs. 0.94 t/ha). The co-existence of these two factors makes it difficult to make a linear comparison between the two years without any margin of error in the interpretation of the data: negligible differences in field conditions can give rise to numbers and phenomena that seem important but are not significant from a statistical point of view.

Having said this, the main production parameters are on average lower than in 2018: *Carbon Footprint* (-13%), *Water Footprint* (-4%), fuel oil consumption (-6%) and plant protection products (-25%) per hectare show a general drop, although there are some variations between the various crops. The cultivations of the legumes examined were conducted with low environmental impact, with lentils and peas performing slightly better than chickpeas. Net of the obvious differences between the organic and conventional farming systems (greater sustainability of the former for the *Air*, *Water*, and *Biodiversity* sectors), the use of fertilizers and plant protection products has been rationalized so as not to damage either the terrestrial or aquatic ecosystem. The frugality alone in the use of these products is a factor that is by no means insignificant, since it has proved decisive in keeping some of the most delicate environmental parameters under control such as *Acidification*, *Eutrophication*, and *Eco-toxicity* (all with scores between 0 and 1). If we add the drop in fuel oil consumption, we can conclude that the agricultural system

of reference is a healthy one (average *Health* sector score: 0.09). The results are also encouraging with regard to the management of water resources, used efficiently and protected in a sustainable manner. This is demonstrated by the near-zero scores recorded for all *Water* sector indicators except the *Water Footprint* (whose high score is mainly due to low yields) and for all crops except conventional chickpeas. The final average score is about 2 out of 5: a generally positive picture but that still leaves room for improvement.

A separate discussion is necessary with regard to the resilience of the system itself, i.e. its ability to sustain food production in the long term and to withstand stressful climate or nutritional situations or water stress without seeing its potential compromised. The low yields recorded compared to the previous year have highlighted several critical indicators in this regard: these include the *Soil Coverage*, *Organic Substance*, and *Biodiversity* scores (all above 3), which certainly provide more food for thought in order to achieve significant improvements.

We must take actions that specifically target the indicators mentioned above to ensure the continuity of yields in order to avoid fertility problems that are much more serious than those of today.

Conversely, the increase in yields would contribute to improving the scores for the *Air* and *Soil* sectors in particular, among other things, but we must not ignore the synergies that can be established between distinct interventions, which would ensure positive externalities and additional benefits that can trigger virtuous circles at the

systemic level. Composting and green manure practices and the use of cover crops and associations are examples of useful actions to regenerate valuable natural resources, while improving soil, water and air quality and safeguarding biodiversity. With these indications in mind, we can work on a long-term economic, environmental, and social sustainability strategy.

8.5 Responsible management of water resources

GRI CONTENT INDEX 303-1 303-2 303-3

The procurement of the water resources necessary for the Andriani Group’s production activities comes almost exclusively from the Puglia aqueduct water network. In 2019 it is estimated that about 27.4 Megalitres⁶ were withdrawn, most of which was used in production lines.

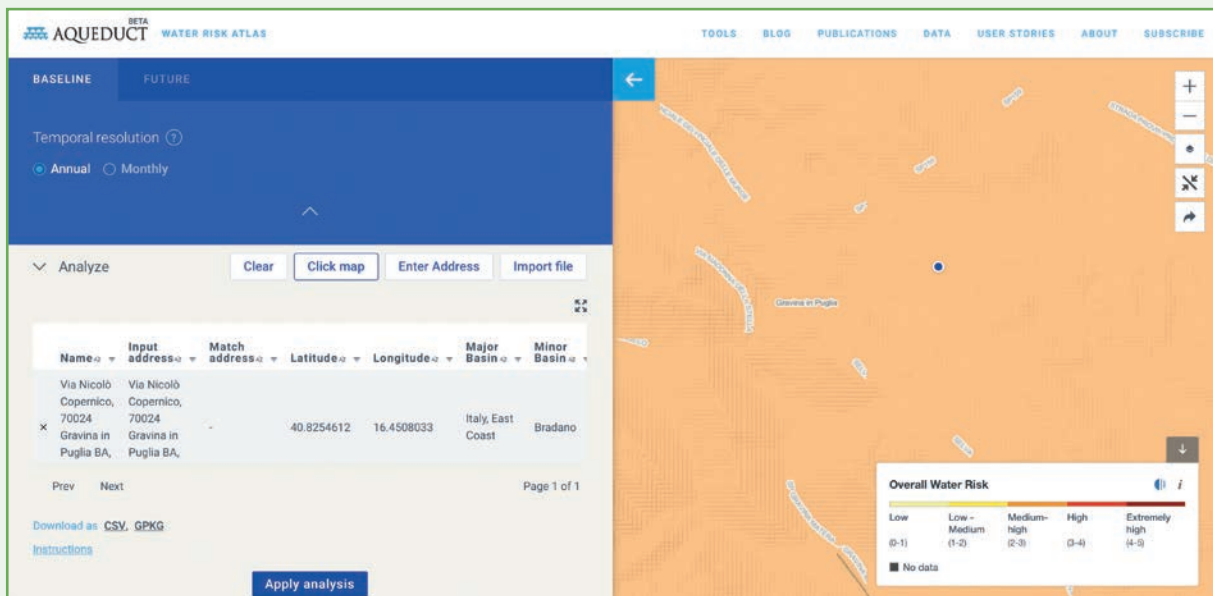
The table to the side summarizes the data regarding water withdrawal and the use of the water resource inside the production plant:

TABLE → Water extraction per sector (2019)

Pasta Factory and Mill	10.9 Ml	40%
Cutter washing	5.4 Ml	22%
Services (changing rooms and offices)	6.1 Ml	20%
General plants	5.0 Ml	18%
Total	27.4 Ml⁷	

Water extraction from water-stressed areas

The issue of water extraction⁷ 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.



⁶ The data related to the 2019 water extraction was the subject of estimation, mainly based on production values. Starting with the upcoming reporting periods, the Andriani Group will provide a precise value for its water extraction.

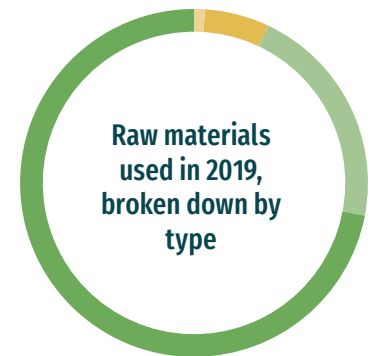
⁷ The water extracted is only freshwater ($\leq 1,000\text{ mg/l}$ of total dissolved solids).

8.6 Conscious consumption of raw materials

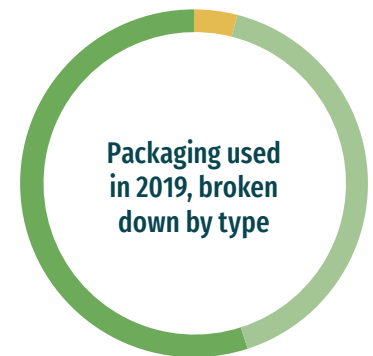
GRI CONTENT INDEX 301-1

The Group's goal regarding sustainable consumption and production is to "do more and better with less", obtaining benefits from economic activity by reducing the use of resources and reducing pollution throughout the entire production cycle.

With this intent, daily actions are performed for the procurement of the various raw materials whose distribution by type is shown in the diagram to the side.



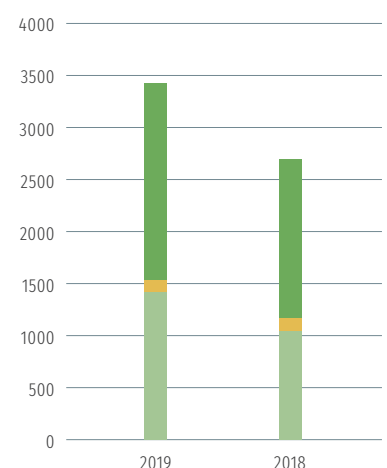
Grains	72%
Legumes	21%
Pseudo cereals	6%
Micro-ingredients	1%



Corrugated	55%
Technical paper	41%
Flexible film	4%

With regard to packaging, the Group has undertaken a reduction policy, making it increasingly sustainable by using thicknesses and weights suitable for preventing waste. In the 2018-2020 three-year period, the purchase of packaging materials is increasingly aimed at renewable and recyclable materials, such as paper. The 2020 projects in tonnes, in %, is as follows: Plastic packaging 3%, Paper and cardboard packaging 97%.

Packaging (Ton)	2019	2018	% change
Flexible	126.80	126.00	0.63%
Corrugated	1,888.00	1,561.00	20.95%
Technical paper	1,398.20	1,054.30	32.62%
Total	3,413.00	2,741.30	24.50%



Corrugated	
Technical paper	
Flexible	

Attachments

In this chapter



- 137 Global Reporting Initiative Content Index
- 145 Global Compact principles and GRI
- 148 Assurance Report


Global Reporting Initiative Content Index





GRI CONTENT INDEX 102-55

Below is a summary of the main contents of the Andriani Group's 2019 Sustainable Development Report, according to the format required by the "GRI Sustainability Reporting Standards", published in 2016 by the GRI.

With regard to the specific Standards GRI 403 (Health and safety at work) and GRI 303 (Water and water discharges), the most recent version of 2018 was used. In addition, the "Food Processing Sector Disclosures" were taken into consideration, as defined by GRI in 2013.

Universal Standards

GRI Standard	Disclosure	Page no.	Omissions	SDGs
GRI 101: Foundation 2016				
GRI 102: General Disclosures				
Organisational profile				
102-1	Organisation name	6, 16-49, 28		
102-2	Activities, brands, products, and services	16-49, 28		
102-3	Location of the main office	16-49, 28		
102-4	Location of operations	16-49, 28		
102-5	Ownership and legal form	16-49, 28		
102-6	Markets served	66		
102-7	Scale of the organisation	66, 76-79		
102-8	Information on employees and other workers	76-79		
102-9	Supply chain	110		
102-10	Significant changes to the organisation and its supply chain	During 2019, there were no significant changes to the organisation or to its supply chain		
102-11	Precautionary Principle	52-59		
102-12	External initiatives	16-49		
102-13	Membership of Associations	123		
Strategy				
102-14	Statement from a senior decision-maker	6		
102-15	Key impacts, risks, and opportunities	52-59		
Ethics and integrity				
102-16	Values, principles, standards, and norms of behaviour	16-49		
Governance				
102-18	The Governance Structure	52-59		

102-22	Composition of the highest governance body and related committees	52-59		 
102-23	Chair of the highest governance body	52-59		
102-32	Highest governance body's role in sustainability reporting	52-59		
Stakeholder involvement				
102-40	List of stakeholder groups	11-15		
102-41	Collective bargaining agreements	100% of the employees are covered by CCNL (CCNL for small and medium agri-food industry, CCNL for managers of commercial companies, CCNL for managers of industrial companies, CCNL for trade, tertiary, distribution and services, CCNL for employees of private security institutions and companies and trust services)		
102-42	Identifying and selecting stakeholders	11-15, 76-79		
102-43	Approach to stakeholder engagement	11-15		
102-44	Key issues and concerns raised	11-15		
Reporting practices				
102-45	Entities included in the consolidated financial statements	8-10		
102-46	Defining report content and topic Boundaries	11-15		
102-47	List of material topics	11-15		
102-48	Restatements of information	8-10		
102-49	Changes in reporting	8-10		
102-50	Reporting period	8-10		
102-51	Date of most recent report	The 2018 Sustainability Report was published on 11 November 2019		
102-52	Reporting cycle	8-10		
102-53	Contact point for questions regarding the report	8-10		
102-54	Claims of reporting in accordance with the GRI Standards	8-10		
102-55	GRI content index	137-144		
102-56	External assurance	148-149		

Topic-specific Standards




GRI Standard	Information	Page no.	Omission	SDGs
GRI 200: Economic series				
Material topic: ANTI-CORRUPTION, FAIR COMPETITION, AND LEGALITY				
GRI 103: Management approach (2016)				
103-1	Explanation of the material topic and its scope	11-12, 15, 63		
103-2	The management method and its components	63		
103-3	Evaluation of the management approach	63		
GRI 205: Anti-corruption (2016)				
205-3	Confirmed incidents of corruption and actions taken	There were no incidents of corruption in 2019		
GRI 206: Anti-competitive behaviour (2016)				
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	In 2019, there were no legal actions to anti-competitive behavior, anti-trust, and monopoly practices		
Material topic: SUSTAINABLE INVESTMENTS				
GRI 103: Management approach (2016)				
103-1	Explanation of the material topic and its scope	11-12, 15, 128		
103-2	The management method and its components	128		
103-3	Evaluation of the management approach	128		
Material topic: ETHICS AND RESPONSIBLE BUSINESS				
GRI 103: Management approach (2016)				
103-1	Explanation of the material topic and its scope	11-12, 15, 66, 70		
103-2	The management method and its components	66, 70		
103-3	Evaluation of the management approach	66, 70		
GRI 201: Economic performance (2016)				
201-1	Direct economic value generated and distributed	68-73		
GRI 202: Market presence (2016)				
202-2	Proportion of senior managers hired by the local community	76		
Material topic: SUSTAINABLE SUPPLY CHAIN MANAGEMENT				
GRI 103: Management approach (2016)				
103-1	Explanation of the material topic and its scope	11-12, 15, 110		
103-2	The management method and its components	110-113		
103-3	Evaluation of the management approach	110-113		
GRI 204: Procurement practices (2016)				
204-1	Proportion of spending on local suppliers	110		
GRI 300: ENVIRONMENTAL SERIES				
Material topic: MANAGEMENT OF ENERGY AND ATMOSPHERIC EMISSIONS				
GRI 103: Management approach (2016)				
103-1	Explanation of the material topic and its scope	11-12, 15, 126		

103-2	The management method and its components	126		
103-3	Evaluation of the management approach	126		

GRI 302: Energy (2016)

302-1	Energy consumption within the organization	126-127		 
302-3	Energy intensity	126-127		 

GRI 305: Emissions (2016)


305-1	Direct GHG emissions (Scope 1)	126		
305-2	Energy indirect (Scope 2) GHG emissions	126		
305-4	GHG emissions intensity	126		

Material topic: WASTE MANAGEMENT, RECYCLABILITY, AND REDUCTION OF FOOD WASTE

GRI 103: Management approach (2016)

103-1	Explanation of the material topic and its scope	11-12, 15, 129		
103-2	The management method and its components	129		
103-3	Evaluation of the management approach	129		

GRI 306: Effluents and Waste (2016)


306-2	Waste by type and disposal method	129		
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Material topic: MANAGEMENT, PROTECTION OF THE TERRITORY, AND BIODIVERSITY

GRI 103: Management approach (2016)

103-1	Explanation of the material topic and its scope	11-12, 15, 130-133		
103-2	The management method and its components	130-133		
103-3	Evaluation of the management approach	130-133		

GRI 307: Environmental compliance (2016)

307-1	Non-compliance with environmental laws and regulations	In 2019, there were no non-compliance with environmental laws and regulations		
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Material topic: RESPONSIBLE MANAGEMENT OF WATER RESOURCES

GRI 103: Management approach (2016)

103-1	Explanation of the material topic and its scope	11-12, 15, 134		
103-2	The management method and its components	134		
103-3	Evaluation of the management approach	134		

GRI 303: Management approach (2018)

303-1	Interactions with water as a shared resource	134		
303-2	Management of water discharge-related impacts	134		

GRI 303: Water and effluents (2018)



303-3	Water withdrawal	134		
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Material topic: CONSCIOUS CONSUMPTION OF RAW MATERIALS

GRI 103: Management approach (2016)

103-1	Explanation of the material topic and its scope	11-12, 15, 135		
103-2	The management method and its components	135		
103-3	Evaluation of the management approach	135		

GRI 301: Materials (2016)


301-1	Materials used by weight or volume	135		 
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Material topic: SUSTAINABLE AGRICULTURE

GRI 103: Management approach (2016)

103-1	Explanation of the material topic and its scope	11-12, 15, 130-133		
103-2	The management method and its components	130-133		
103-3	Evaluation of the management approach	130-133		

GRI 304: Biodiversity (2016)

304-2	Significant impacts of activities, products, and services on biodiversity	130-133		
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GRI 400: Social series

Material topic: ANTI-CORRUPTION, FAIR COMPETITION, AND LEGALITY

GRI 103: Management approach (2016)

103-1	Explanation of the material topic and its scope	11-12, 15, 63		
103-2	The management method and its components	63		
103-3	Evaluation of the management approach	63		

GRI 419: Socio-economic compliance (2016)

419-1	Non-compliance with laws and regulations in the social and economic area	In 2019, no sanctions were received for non-compliance with laws or regulations on social and economic matters		
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Material topic: ETHICS AND RESPONSIBLE BUSINESS

GRI 103: Management approach (2016)

103-1	Explanation of the material topic and its scope	11-12, 15, 66		
103-2	The management method and its components	66, 70		
103-3	Evaluation of the management approach	66, 70		

GRI 415: Public Policy (2016)


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

GRI 103: Management approach (2016)

103-1	Explanation of the material topic and its scope	11-12, 15, 98		
103-2	The management method and its components	98		
103-3	Evaluation of the management approach	98		

GRI 416: Customer health and safety (2016)

416-2	Incidents of non-compliance concerning impacts on the health and safety impacts of products and services	In 2019, there were no cases of non-compliance with regulations on the health and safety of products and services		
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GRI 418: Customer Privacy (2016)


418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	During 2019, no complaints were received regarding violations of privacy and loss of customer data	
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Material topic: RESPONSIBLE LABELLING OF PRODUCTS

GRI 103: Management approach (2016)

103-1	Explanation of the material topic and its scope	98-101, 104	
103-2	The management method and its components	98-101, 104	
103-3	Evaluation of the management approach	98-101, 104	

GRI 417: Marketing and labelling (2016)

417-2	Incidents of non-compliance concerning product and service information and labeling	104	
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Material topic: CUSTOMER SATISFACTION

GRI 103: Management approach (2016)




103-1	Explanation of the material topic and its scope	11-12, 15, 102-103	
103-2	The management method and its components	102-103	
103-3	Evaluation of the management approach	102-103	

Material topic: DEVELOPMENT AND PROTECTION OF HUMAN CAPITAL





GRI 103: Management approach (2016)

103-1	Explanation of the material topic and its scope	11-12, 15, 80-81	
103-2	The management method and its components	80-81	
103-3	Evaluation of the management approach	80-81	



GRI 401: Employment (2016)

401-1	New employee hires and employee turnover	78	  
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GRI 404: Training and education (2016)

404-1	Average hours of training per employee	80-81	   
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GRI 405: Diversity and equal opportunities (2016)


405-1	Diversity of governance bodies and employees	76-78	 
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Material topic: CORPORATE WELFARE

GRI 103: Management approach (2016)

103-1	Explanation of the material topic and its scope	11-12, 15, 82-86	
103-2	The management method and its components	82-86	
103-3	Evaluation of the management approach	82-86	

GRI 405: Diversity and equal opportunities (2016)





405-2	Ratio of basic salary and remuneration of women to men		Confidentiality constraints for GRI 405-2, as the data cannot be disclosed outside the Group	
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Material topic: HEALTH AND SAFETY IN THE WORKPLACE


GRI 103: Management approach (2016)

103-1	Explanation of the material topic and its scope	11-12, 15, 88-91		
103-2	The management method and its components	88-91		
103-3	Evaluation of the management approach	88-91		

GRI 403: Management approach (2018)

403-1	Occupational Health and Safety Management System	88-91		
403-2	Hazard identification, risk assessment, and incident investigation	88-91		
403-3	Occupational health services	88-91		
403-4	Worker participation, consultation, and communication on occupational health and safety	88-91		 
403-5	Worker training on occupational health and safety	88-91		
403-6	Promotion of worker health	88-91		
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	88-91		

GRI 403: Occupational Health and Safety (2018)

403-8	Workers covered by an occupational health and safety management system	88-91		
403-9	Work-related injuries	90		  
403-10	Work-related ill health	90		  

Material topic: WORKING CONDITIONS AND HUMAN RIGHTS


GRI 103: Management approach (2016)

103-1	Explanation of the material topic and its scope	11-12, 15, 76-79		
103-2	The management method and its components	76-79		
103-3	Evaluation of the management approach	76-79		

GRI 406: Non-discrimination (2016)

406-1	Incidents of discrimination and corrective actions taken	In 2019, there were no cases of discrimination	 
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GRI 402: Labor/Management Relations (2016)

402-1	Minimum notice periods regarding operations changes	For the minimum notice period for operational changes, reference is made to the CCNL applied	
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GRI 408: Child Labor (2016)

408-1	Operations and suppliers at significant risk for incidents of child labor	The activities of the Andriani Group are not subject to a high risk of child labour. The Group undertakes to submit its operations to human rights assessments starting from the next reporting years	 
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GRI 409: Forced or compulsory Labor (2016)

409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	The activities of the Andriani Group are not subject to a high risk of forced labour. The Group undertakes to submit its operations to human rights assessments starting from the next reporting years	
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Material topic: NUTRITION AND WELL-BEING

GRI 103: Management approach (2016)

103-1	Explanation of the material topic and its scope	11-12, 15, 94-97	
103-2	The management method and its components	94-97	
103-3	Evaluation of the management approach	94-97	

GRI G4: Food Processing Sector Disclosures (2013)

FP5	Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system standards	100% of the production volume is produced in sites certified by a third party according to internationally recognised food safety management systems (BRC Global standard for Food Safety Issue)	
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Material topic: INNOVATION AND PRODUCT QUALITY

GRI 103: Management approach (2016)

103-1	Explanation of the material topic and its scope	11-12, 15, 105-107	
103-2	The management method and its components	105-107	
103-3	Evaluation of the management approach	105-107	

Material topic: RESEARCH, INNOVATION, AND CONTROL

GRI 103: Management approach (2016)

103-1	Explanation of the material topic and its scope	11-12, 15, 105-107	
103-2	The management method and its components	105-107	
103-3	Evaluation of the management approach	105-107	

Global Compact principles and GRI

The table presents the link between the *specific disclosure* envisaged according to the GRI Sustainability Reporting Standards and the 10 principles of the Global Compact grouped into the respective 4 categories, according to the diagram shown in the chapter "The Andriani Group for Sustainable Development" (page 16 of this Report).

GRI disclosure number	GRI Disclosure Title	Global Compact principles		Categories
102-1	Organisation name			
102-2	Activities, brands, products, and services			
102-3	Location of the headquarters			
102-4	Location of operations			
102-5	Ownership and legal form			
102-6	Markets served			
102-7	Scale of the organisation			
102-8	Information on employees and other workers	Principle 6	Companies are required to eliminate all forms of discrimination in terms of employment and profession	Work
102-9	Supply chain			
102-10	Significant changes to the organisation and its supply chain			
102-11	Precautionary Principle			
102-12	External initiatives			
102-13	Membership of Associations			
102-14	Statement from a senior decision-maker			
102-15	Key impacts, risks, and opportunities			
102-16	Values, principles, standards, and norms of behaviour	Principle 10	Businesses are committed to fighting corruption in all its forms, including extortion and kickbacks	Fight against corruption
102-18	Governance Structure			
102-22	Composition of the highest governance body and related committees			
102-23	Chair of the highest governing body			
102-32	Highest governance body's role in sustainability reporting			
102-40	List of stakeholder groups			
102-41	Collective bargaining agreements	Principle 3	Companies are required to uphold the freedom of association of workers and recognise the right to collective bargaining	Work
102-42	Identifying and selecting stakeholders			
102-43	Approach to stakeholder engagement			
102-44	Key issues and concerns raised			
102-45	Entities included in the consolidated financial statements			
102-46	Defining report content and topic boundaries			
102-47	List of material topics			
102-48	Restatements of information			

102-49	Changes in reporting			
102-50	Reporting period			
102-51	Date of most recent report			
102-52	Reporting cycle			
102-53	Contact points for questions regarding the report			
102-54	Claims of reporting in accordance with the GRI Standards			
102-55	GRI content index			
102-56	External assurance			
201-1	Direct economic value generated and distributed	Principle 7	Businesses are required to support a preventive approach to environmental challenges	Environment
202-2	Proportion of senior management hired from the local community	Principle 6	Companies are required to eliminate all forms of discrimination in terms of employment and profession	Work
204-1	Proportion of spending local suppliers			
205-3	Confirmed incidents of corruption and actions taken	Principle 10	Businesses are committed to fighting corruption in all its forms, including extortion and kickbacks	Fight against corruption
206-1	Legal actions for anti-competitive behaviour, antitrust, and monopoly practices			
301-1	Materials used by weight and volume	Principle 8	Businesses are required to undertake initiatives that promote greater environmental responsibility	Environment
		Principle 7	Businesses are required to support a preventive approach to environmental challenges	
302-1	Energy consumption within the organisation	Principle 7	Businesses are required to support a preventive approach to environmental challenges	Environment
		Principle 8	Businesses are required to undertake initiatives that promote greater environmental responsibility	
302-3	Energy intensity	Principle 7	Businesses are required to support a preventive approach to environmental challenges	Environment
		Principle 8	Businesses are required to undertake initiatives that promote greater environmental responsibility	
303-3	Water withdrawal	Principle 7	Businesses are required to support a preventive approach to environmental challenges	Environment
		Principle 8	Businesses are required to undertake initiatives that promote greater environmental responsibility	
304-2	Significant impacts of activities, products, and services on biodiversity	Principle 7	Businesses are required to support a preventive approach to environmental challenges	Environment
		Principle 8	Businesses are required to undertake initiatives that promote greater environmental responsibility	
305-1	Direct GHG emissions (Scope 1)	Principle 8	Businesses are required to undertake initiatives that promote greater environmental responsibility	Environment
		Principle 7	Businesses are required to support a preventive approach to environmental challenges	
305-2	Energy indirect (Scope 2) GHG emissions	Principle 8	Businesses are required to undertake initiatives that promote greater environmental responsibility	Environment
		Principle 7	Businesses are required to support a preventive approach to environmental challenges	

305-4	GHG emission intensity	Principle 8	Businesses are required to undertake initiatives that promote greater environmental responsibility	Environment
		Principle 7	Businesses are required to support a preventive approach to environmental challenges	
306-2	Waste by type and disposal method	Principle 8	Businesses are required to undertake initiatives that promote greater environmental responsibility	Environment
307-1	Non-compliance with environmental laws and regulations	Principle 8	Businesses are required to undertake initiatives that promote greater environmental responsibility	Environment
401-1	New employee hires and employee turnover	Principle 6	Companies are required to eliminate all forms of discrimination in terms of employment and profession	Work
402-1	Minimum notice periods regarding operational changes	Principle 3	Companies are required to uphold the freedom of association of workers and recognise the right to collective bargaining	Work
404-1	Average hours of training per employee	Principle 6	Companies are required to eliminate all forms of discrimination in terms of employment and profession	Work
405-1	Diversity in governance bodies and among employees	Principle 6	Companies are required to eliminate all forms of discrimination in terms of employment and profession	Work
406-1	Incidents of discrimination and corrective actions taken	Principle 6	Companies are required to eliminate all forms of discrimination in terms of employment and profession	Work
408-1	Operations and suppliers at significant risk for incidents of child labor	Principle 5	Businesses are required to effectively eliminate child labour	Work
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Principle 4	Companies are required to effectively eliminate forced and compulsory labour	Work
415-1	Political contributions	Principle 10	Businesses are committed to fighting corruption in all its forms, including extortion and kickbacks	Fight against corruption
416-2	Incidents of non-compliance concerning safety impacts on the health and safety of products and services			
417-2	Incidents of non-compliance concerning product and service information and labeling			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data			
419-1	Non-compliance with laws and regulations on social and economic area			



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INDEPENDENT AUDITOR'S REPORT ON THE SUSTAINABLE DEVELOPMENT REPORT

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

We have carried out a limited assurance engagement on the Sustainable Development Report of the Andriani S.p.A. (hereinafter the "Company") as of December 31, 2019.

Responsibility of the Directors for the Sustainable Development Report

The Directors of the Andriani S.p.A. are responsible for the preparation of the Sustainable Development Report in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" established in 2016 by GRI – Global Reporting Initiative ("GRI Standards"), as stated in the paragraph "Methodological note" of the Sustainable Development Report.

The Directors are also responsible, for such internal control as they determine is necessary to enable the preparation of the Sustainable Development 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 Sustainable Development 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 Sustainable Development Report is free from material misstatement. Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with *ISAE 3000 Revised*, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

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

Specifically we carried out the following procedures:

- Analysis of the process relating to the definition of material aspects disclosed in the Sustainable Development 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.

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

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- Comparison between the economic and financial data and information included in the chapter "Economic accountability" of the Sustainable Development Report with those included in the Company's Financial Statements.
- Understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the Sustainable Development 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 Sustainable Development 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 Sustainable Development 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 remotely and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

Conclusion

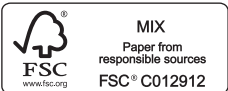
Based on the work performed, nothing has come to our attention that causes us to believe that the Sustainable Development Report of the Company as of December 31, 2019 is not prepared, in all material aspects, in accordance with the GRI Standards as stated in the paragraph "Methodological note" of the Sustainable Development Report.

DELOITTE & TOUCHE S.p.A.

Signed by
Claudio Lusa
Partner

Bari, Italy
September 24, 2020

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



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ANDRIANI

Natural innovators.



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