



 **fruttage**[®] Sustainability Report
2021
SUMMARY

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Fruttigel is a member of IE



Our identity

Reference values

All of Fruttagel's activities are guided by these values:



Food health

Fruttagel's primary commitment is the health of consumers. The food they eat must guarantee their well-being



Environment

Soil protection, respect for natural resources and energy savings are fundamental rules for Fruttagel



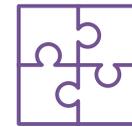
Entrepreneurship

For Fruttagel, entrepreneurship is the production of shared value, interaction with the market, and innovation



Cooperation

The cooperative model and practice are Fruttagel's historical roots, its social intentions, the desire for cooperation between workers inside and outside the plant



Integration

Fruttagel seeks to increase the value of the food production chain and strives to balance the interests of its stakeholders



Community

Fruttagel considers people as individuals with their own relationships, active in their physical and social environments



Responsibility

Fruttagel believes we are all responsible not only for ourselves, but for the whole we are a part of

Fruttagel's Mission

A leading player in the agro-industrial supply chain, one that typifies the cooperative ethos in production, processing and distribution for people's nutritional well-being

Nurture entrepreneurial, professional and human relationships based on responsibility, participation, respect and transparency

Consolidate the equity, industrial and relational value of the company for current and future members and for the development of cooperation

Achieve innovation, service improvements and professional qualification to increase sector efficiency and competitiveness

Adopt technological and organisational systems that ensure the health of consumers and workers and the protection of the environment; contribute to the social development of local communities

Demonstrate that even in situations of considerable industrial complexity, you can do business while respecting people, their work, the competition and the market

Key information

	2020	2021
Member organisations	19	18
Agricultural raw materials supplied (tonnes)	102,202	102,618
Employees	862	842
Turnover €	128,936,468	132,319,441
Operating result €	20,830	27,575
Company capital €	16,031,233	16,031,233
Net assets €	54,360,447	54,497,599
% self-produced energy used (cogeneration plant)	30.17	29.49
% water recovered of total supply (purification plant)	15.81	12.69
Rate of total CO ₂ emissions (tonnes of CO ₂ /tonnes of raw materials processed)	0.131 tonnes of CO ₂ 28,565 tonnes of raw materials 217,280	0.121 tonnes of CO ₂ 28,698 tonnes of raw materials 235,465

Plants

Alfonsine RA

(registered office)

production of fruit juices and plant-based beverages, processing of vegetables and tomatoes

Larino CB

processing of vegetables



Legacoop

www.legacoop.coop/quotidiano



Unionfood

www.unioneitalianafood.it

Biodiversity

Attention to biodiversity will certainly have to be strengthened, through relationships and projects with local institutions and other primary stakeholders, and Fruttigel is ready to play a proactive role in these activities

The Larino plant (in a municipality with a rich history), although not directly located in zones of significant biodiversity interest, is in an area surrounded by wildlife reserves and rivers of major environmental importance.

The Alfonsine plant (in a municipality located between the Argenta Wetlands and the Mezzano Valleys) is in fact situated within the area of the Po Delta Regional Park, which is characterised by a high degree of biodiversity, a large number of plant species and a wide variety of very different plant associations.

This is a predominantly sandy area, subject to subsidence, which Fruttigel is very much aware of (as reflected in the data reported in the environmental report section), and the company is seeking to reduce water extraction from wells (groundwater pumping) and to avoid making full use of the municipal levy authorisation at its disposal.

Our story

There are three basic steps that have led FruttageL to its current configuration:

1

In the early 1960s, Ala Frutta was founded as a cooperative company involved in fresh fruit processing.

In the mid-1960s, the company began processing production waste: apricots, pears, peaches and apples for the production of fruit purées (cremogenates) and for the in-house production of fruit juices.

At the beginning of the 1970s, the first investment was made in a fully automated glass-bottled juice line.

At the end of the 1970s, the first financial problems began, resulting in a composition with creditors and the liquidation of Ala Frutta in August 1981.

2

In November 1981, Parmasole, a cooperative from Martorano di Parma and a market leader in tomato processing, leased the Alfonsine plant owned by Ala Frutta (in liquidation).

1983 saw the installation of a tomato processing plant, the first line of Brik-packed juices and a processing line for solid-pack apples.

In the late 1980s, Parmasole acquired the Arrigoni plant in Cesena (business that had been closed for ten years), although this acquisition did not achieve the desired outcome. The entire Parmasole Group began to struggle, and the Alfonsine production site, which carried the debts of the entire group, requested a composition with its creditors.

3

In 1994, FruttageL was established and acquired the plant in Alfonsine (RA). Two years later, Co.ind, an industrial cooperative based in Castelmaggiore, became a shareholder.

In 1998, the Consorzio FruttageL Molise consortium was established in Termoli (CB) to manage the leased plant in Larino, owned by the Molise Region, for the local production and processing of vegetables.

In 2000, along with other leading Emilia-Romagna companies, FruttageL established the Consorzio AlmaverdeBio consortium to develop and market organic products.

In 2009, the Consorzio FruttageL Molise consortium acquired the Larino plant from the Molise Region. In November, a merger was concluded incorporating this entity into FruttageL.

From 2009 to 2021, no significant corporate changes have taken place.



Institutional and organisational model

*The members of
FruttageL
are classified under
two categories:*

FruttageL is a predominantly mutual cooperative company and is entered in the corresponding register in accordance with Article 2512 of the Civil Code. In the 2020 financial year, it has complied with all of the subjective requirements and objective conditions for predominantly mutual status laid down by Article 2513 of the Civil Code.

Grower cooperative members

These are agricultural or land management cooperatives, which see FruttageL as a tool for completing the agro-industrial production chain and for the economic and strategic exploitation of the goods they produce on the market, of farms and of the work they do in general.

FruttageL's predominantly mutual status is demonstrated in the following table in accordance with Article 2513 of the Civil Code. FruttageL is classified as predominantly mutual because it is supplied with raw materials by its members to a greater extent than by non-members:

Demonstration of predominantly mutual status (tonnes)

Calculation of mutual level	2019	2020	2021
A) Contributions by members (agricultural raw materials and semi-finished goods)	70,559.83	75,339.66	76,549.94
B) Contributions by non-members (agricultural raw materials and semi-finished goods)	41,370.92	38,071.19	34,222.49
C) TOTAL	111,930.75	113,410.85	110,772.43
Ratio (A/C)	63.04%	66.43%	69.11%

Non-grower cooperative members

These are cooperatives that see FruttageL as a means of gaining a presence in the agri-foods supply chain, resulting in greater consumer protection and assurance.

The thing that brings these various entities together – and represents the reason why FruttageL exists – is the concept of “creating value” along the different stages of the agro-industrial supply chain by closely linking production and consumption.

Ethics and supervision

FruttageI has established various methods for the development and consolidation of its corporate ethics, not only for those individuals who are part of the bodies and personnel with operational responsibilities and discretionary powers, but for the entire body of employees, external contractors and suppliers.

In 2019, FruttageI drew up a Code of Ethics (a tool for monitoring the behaviour of the various parties involved in the company) and established the *Ethics Committee*, which was tasked with implementing and disseminating that Code. It also drafted the Membership Charter, which relates more directly to employees. The Code and the Charter have their own bodies responsible for implementation and supervision.

FruttageI applies the *precautionary principle* and is thus focused when planning new investments and designing new products on minimising the use of resources (energy, water, methane, fuels) and the impact of generating waste for disposal.

As will be seen later in the text, FruttageI's operational horizon includes a topic of considerable importance and one that is closely linked to the subject of business ethics: risks and how they are managed.

There are at least two reasons why this issue must be addressed: the increase in uncertainty that has already been widely discussed, and the legislative guidelines that are still being drafted by the EU.

In fact, a directive now under discussion incorporates an obligation of *due diligence*, namely the identification of risk effects sustained or generated by the company. This is why the subject of 'Risks' has been included in FruttageI's Sustainability Plan, as we will see below.

The story of Fruttage1's social responsibility

*This is how
it has grown*

2006

2006

Fruttage1 launched a real social responsibility programme with the first definition of the company's mission/vision, through the involvement of a large working group drawing on staff from across the company, from managers to second lines, while it was also drafting the first strategic plan.

2008

Social responsibility report "number zero", an experimental document, was drafted for internal circulation only.

2009

Several focus groups were run among workers from various areas and levels in order to prepare the first true social responsibility report to be made public. That same year, the Code of Ethics was drawn up and the Ethics Committee was created.

2010

Alongside an in-depth review of management methods, which was dictated in part by stringent questions associated with economic and financial equilibrium, the second social

responsibility report was drafted and presented, ending the so-called "experimental period" for CSR policies.

2011

The document was restructured, with the introduction of the "intangibles" section covering the reporting of non-economic assets (human, structural, relational) held by Fruttage1. The practice of dual-presentation was launched: at the Alfonsine head office and at the Larino plant.

2012

Now in its fourth edition, the social responsibility report was supplemented by the introduction of the "Area Objectives Horizon" summary.

2013

This year saw an important methodological adjustment, with the decision to present the social responsibility report at the same time as the financial statements (which took place in May 2014).

An "internal" version of the report was drafted, more closely coordinated with the business plan, which in 2013 was in its second version.

2014

The social responsibility report took on a definitively public form, which was also distinguished by its design appearance. A new "closing of the cycle" was approaching, with reflection on two fundamental aspects: the "validation" of the document by a certification body and greater adherence to international reporting standards.

2015

The financial year was marked by the preparation of the first sustainability plan. The report on 2014 indicated the main steps to be taken to achieve the desired outcome.

2016

The criterion for identifying stakeholders was further developed and the materiality matrix was refined.

An aspect yet to be completed was the *stakeholder engagement* process, which could only be partially implemented.

2017

The salient aspects concerned stakeholder consultations, the corresponding checking and updating of the sustainability plan, and its integration into the business plan.

A further important aspect was the drafting and launch of the Membership Charter.

2018

The highlight of 2018 was the review of the Code of Ethics, completed in early 2019.

2019

Between the end of 2018 and 2019, Fruttigel received some significant awards related to sustainability and CSR, significantly increasing its reputation as a company strongly committed to these issues:

- **National Library Award for Corporate Social Responsibility Report;**
- **Responsible Innovators Award from the Emilia-Romagna Region;**
- **“Winning Companies” programme promoted by the bank Intesa San Paolo:** special recognition for the top eight Italian excellence successes of the Emilia-Romagna, Marche, Abruzzo and Molise areas.

2020

Bureau Veritas further improved its rating in the report/approval of what Fruttigel has achieved in accordance with ISO 26000 certification.

2021

The company initiated sustainability reporting according to the “core” option of the GRI standard.

2021



The Sustainability Report Award is an initiative of the **Corriere della Sera** and **Bologna Business School**, aimed at rewarding the companies that have best described themselves through their Sustainability Reports, on the basis of specific parameters determined by the organisers with reference to Environmental, Social and Good Governance (ESG) indicators. The comprehensiveness of the subjects covered, the ambitions stated and the quality of reporting were also assessed for each report.

As part of this initiative, **Fruttigel** was ranked among the **five best large companies in the Food category**, on the following basis:

The Fruttigel 2020 Sustainability Report “presents clear objectives that the company ties to the United Nations Sustainable Development Goals, highlighting the corresponding contribution. It also contains appropriate metrics with historical data.”

This is a further important acknowledgement for Fruttigel in the areas of Social Responsibility and Sustainability, and we are proud of this achievement in the light of the significant commitment the company has dedicated to these issues since 2006.





UN 2030 Agenda for sustainable development

*giving life
a future and
the future value*

SDGS
Sustainable
Development Goals
17 Goals
169 Targets

The main references
for Fruttigel

3 GOOD HEALTH
AND WELL-BEING



2 ZERO
HUNGER



8 DECENT WORK AND
ECONOMIC GROWTH



6 CLEAN WATER
AND SANITATION



7 AFFORDABLE AND
CLEAN ENERGY



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



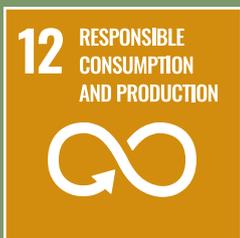
13 CLIMATE
ACTION



5 GENDER
EQUALITY



Services, processing, market



UN 2030 Agenda for sustainable development

The UN says:

Goal 2

“... improve nutrition and promote sustainable agriculture”

Target 2.4 By 2030

Ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters, and that progressively improve land and soil quality

Goal 3

“... ensure healthy lives and promote well-being for all at all ages”

Target 3.9 By 2030

Substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water, and soil pollution and contamination

Goal 12

“Ensure sustainable consumption and production patterns”

Target 12.4 By 2020

Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimise their adverse impacts on human health and the environment

The values in our main investments in recent years: production and optimisation of the supply chain

Soy extraction plant: benefits for producers, product quality, efficiency

Sand separators and optical sorting: quality and efficiency

Compostable pack: biodegradable bag, UNI EN 13432 certified

New root vegetable processing line in Larino: increased processing capacity, waste reduction, efficiency and quality

Two new pea harvesting machines: lower fuel consumption, quality, efficiency

New Tetra Crystal® packaging lines: 200 format, using paper made from less plastic and aluminium

New beverages without added sugar and with low sugar content

Services to grower members and monitoring of the supply chain

FruttageI – Producers

Sharing:
*planning, objectives, rules,
investments*

Retention:
*lasting mutual utility,
common purposes,
industrial and research
investments*

Specialisation:
*innovation, product quality,
market, farming vocation*



Map.
Geographical locations
of grower members
(and associated producers)

The strategic development relationships and expectations that FruttageI intends to build with its grower members will be illustrated extensively in the final section of this report.

In this section we will simply highlight the important, consolidated relationships with growers, which are marked by an increasing need for specialisation and retention.

In this regard, the main projects and trials carried out in recent years are the following:

- Producer database and laboratory diary: shared contribution management for the Quality Control Laboratory and the Pesticides Laboratory;
- Italian asparagus supply chain (fully operational since 2015 with the full functionality of the new packaging line for asparagus at the Larino plant);
- Trialling/cultivation of varieties: cavolo nero (completed successfully and already being harvested and processed by FruttageI);
- Trialling/cultivation of varieties: red and green kale completed successfully over a small surface area and already being processed by FruttageI.

Sowing



1

Checking



2

Harvesting



3

Checking



4

Transporting
to the plant



5

Processing



6

The main activities and services managed and/or supplied by Fruttage for its growers (through the Agronomy Area) are:

- purchase of seeds from the main Dutch and American multinational companies, requesting “GMO FREE” certification;
- availability of 13 harvesting machines, including seven for borlotti beans and peas (between the end of 2019 and 2020, two new high-performance pea/borlotti bean machines were purchased, making it possible to scrap three obsolete machines), four for green beans, and two for leafy products (spinach, chard and chicory);
- transportation of vegetables from the fields to the plant paid by Fruttage (fruit and tomatoes are handled directly by the growers).

The sampling and checking activities that Fruttage carries out merit a more in-depth examination.

In the pre-harvesting phase, **sampling** for pesticides is carried out using specific plans, depending on how difficult it is to reach certain residues in the raw material for the species:

- **peas**: 100% sampling of farms for Organic products and 10% for conventional crops (these have a low degree of cultivation difficulty);
- **green beans**: 100% sampling of the product;
- **leafy products**: 100% sampling (degree of difficulty mainly due to the presence of insects);
- **borlotti beans**: 100% sampling of the product;
- **organic**: 100% pre-harvest sampling (as per EU rules).

Management of the **checks** on agricultural raw materials can be characterised as follows:

Vegetables

Fruttage purchases the vegetable seeds (which it sells to its members at cost) and agrees on a seeding and harvesting plan according to precise specifications, which lay down the technical and organoleptic characteristics of the product according to the requirements of the specific customer. Fruttage engineers periodically check the progress of the product's cultivation. In the pre-harvesting phase, the Quality Department (Pesticides Laboratory) drafts a sampling plan to verify compliance with the specifications and cultivation times. Once the product is ripe, harvesting and transportation are organised. The supply prices are set the year prior to the year of cultivation, according to supply specifications related to the quality level required for freezing and based on the forecast market trends.

Tomatoes

Agronomic assistance for production is entrusted directly to the POs (Producer Organisations), and Fruttage is only responsible for the product from the point when it is supplied until processing has been completed.

Fruit

Daily or weekly supply schedules are prepared to enable constant updates of requirements on the basis of market price trends.

The checks on fruit and tomatoes are carried out by sampling only at the point when they are supplied or purchased.

Processing

The production lines represent a key point in determining the quality of the finished product.

The following section describes the main characteristics of Fruttage's two production lines: cold line for frozen vegetables and hot line for fruit juices and tomato products.

Processes on the cold line

The cold line carries out the tasks involved in processing leafy products (spinach, chard, chicory, beet tops), green beans, peas and borlotti beans, and those for mixing vegetables for minestrone mix (chopped, mixed vegetables for making minestrone), the packaging lines for frozen foods and the tomato production line for frozen cubes. The cold lines work alternately for about ten months a year, except for the frozen packaging line, which operates on a continuous basis.

The Larino plant only has cold-line processing, with a line for processing leafy products (spinach, chicory, chard and beet tops) and for processing courgettes and carrots into slices and cubes, celery into cubes, savoy cabbage, leeks, potatoes, broccoli, cauliflower and asparagus. Since 2019 there has been a new complete root vegetable processing line, which has significantly increased processing capacity.

The plant also has a line for grilling eggplant, courgettes, peppers and potatoes, and a line for processing and packaging asparagus.

Processes on the hot line

The hot line includes the processing of fruit into juice and nectars (apricots, peaches, pears and apples), tomato processing (pulp and puree (passata)), and processing of plant-based beverages (in particular soy, oat and rice) in various types of packaging, sizes and formulations.

For products sourced from grower members and those arriving as semi-finished products in frozen barrels or zero-degree tanks, Fruttage carries out checks to ensure that quality assurance for processing is not compromised. Pesticide checks are carried out on each incoming raw material. For tomatoes, which Fruttage is also responsible for growing, these checks are also carried out in the field to further validate their quality.

Organic products

The quantity of organic vegetables and fruit certified in 2021 represents 26.17% of total ARM (agricultural raw materials) processed. The quantity of organic tomatoes processed during the year decreased in percentage terms compared to the total tomatoes processed over the previous two years. Conversely, organic vegetables as semi-finished and finished products, along with fruit and plant-based beverages, are increasing.

Overall, these figures represent a consolidation of Fruttage's role as the leading processor of organic raw materials in Italy.

Agricultural raw materials (ARM) processed in the three-year period (tonnes)

ARM	2019	2020	2021
Total ARM	102,307.78	102,201.84	102,617.82
Total organic ARM	24,685.17	30,857.26	26,858.87
% Organic of TOTAL ARM	24.13	30.19	26.17

Vegetables in the three-year period (tonnes)

ARM – vegetables	2019	2020	2021
Total ARM	53,821.71	47,107.60	46,229.01
Total organic ARM	9,447.86	10,629.97	9,177.32
% Organic of TOTAL ARM	17.55	22.57	19.85

Semi-finished vegetables (including purchased)	2019	2020	2021
Total semi-finished	43,974.80	40,690.45	40,483.04
Total organic semi-finished	6,890.74	7,408.00	8,236.50
% Organic of TOTAL semi-finished	15.67	18.21	20.35

Finished products – vegetables	2019	2020	2021
Total FP	42,928.50	39,629.05	39,582.85
Total organic FP	6,687.77	6,317.25	7,291.37
% Organic of TOTAL finished products	15.58	15.94	18.42

ARM = agricultural raw material

Tomatoes in the three-year period (tonnes)

ARM – tomatoes	2019	2020	2021
Total ARM	33,486.60	43,464.29	44,808.06
Total organic ARM	12,220.95	17,738.99	15,949.02
% Organic of TOTAL ARM	36.50	40.81	35.59

Semi-finished tomatoes (including purchased)	2019	2020	2021
Total semi-finished	45,352.56	53,882.16	52,658.06
Total organic semi-finished	16,268.54	21,373.63	18,267.23
% Organic of TOTAL semi-finished	35.87	39.67	34.69

Finished products – tomatoes	2019	2020	2021
Total FP	32,552.87	35,310.92	35,101.90
Total organic FP	9,969.45	12,476.19	11,408.26
% Organic of TOTAL finished products	30.63	35.33	32.50

Fruit in the three-year period (tonnes)

ARM - fruit	2019	2020	2021
Total ARM	14,999.47	11,629.95	11,580.75
Total organic ARM	3,016.36	2,488.30	1,732.53
% Organic of TOTAL ARM	20.11	21.40	14.96

Semi-finished fruit and tea (including purchased)	2019	2020	2021
Total semi-finished	21,848.60	19,735.67	19,731.69
Total organic semi-finished	4,003.94	3,049.40	3,762.99
% Organic of TOTAL semi-finished	18.33	15.45	19.07

Finished products - fruit and tea	2019	2020	2021
Total FP	60,015.47	54,962.97	56,292.74
Total organic FP	6,553.42	4,979.14	6,274.42
% Organic of TOTAL finished products	10.92	9.06	11.15

Organic plant-based beverages (oat, soy and rice) in the three-year period (tonnes)

ARM	2019	2020	2021
Total ARM	891.41	1,111.73	1,262.50
Total organic ARM	501.58	744.44	905.46
% Organic of TOTAL ARM	56.26	66.96	71.72

Semi-finished products (including purchased)	2019	2020	2021
Total plant-based beverages	9,204.25	10,916.51	11,047.65
Total organic plant-based beverages	7,069.75	9,130.54	9,004.62
% Organic of TOTAL semi-finished	76.81	83.64	81.51

Finished products	2019	2020	2021
Total plant-based beverages	10,661.39	13,641.41	14,205.54
Total organic plant-based beverages	6,544.62	9,566.04	9,855.51
% Organic of TOTAL finished products	61.39	70.12	69.38

The tables provided above show the quantity of agricultural raw materials entering the plants, semi-finished products including purchases, and products leaving that have undergone a processing and packaging process.

Marketing

Fruttigel is a company that produces primarily distributor-label food products. Some of its activities are also focused on the own-brand market.

Fruttigel generates its sales mainly through the following channels:

- *Distribution to end-consumers;*
- *Distribution for the restaurant and catering industry;*
- *Distribution for large-scale catering (school and non-school);*
- *Door-to-door distribution;*
- *Supplies for industrial production;*
- *Through its subsidiary Almaverde Bio Ambiente SpA, in the online shop (<https://shop.almaverdebio.it/>) specifically for sales of Almaverde Bio grocery products.*

Brands

The brands that Fruttigel manages directly are:

Almaverde Bio

for frozen vegetables, side dishes and soups, fruit beverages and juices, teas, puréed (passata) and chopped organic tomatoes;

Sucor, Sica and Sungel

for conventional frozen vegetables;

Il Giardino dei Sapori

an “umbrella” brand that brings together and promotes grocery products in domestic and international markets (tomato passata, plant-based beverages, nectars, 100% juices and fruit beverages, teas).



Sales by product line

Overview of the market

When analysing the results achieved to end 2021, we need to be aware of the changes in purchasing behaviour caused by the Covid-19 pandemic. During 2020, in fact, there was a sharp contraction in restaurant/catering and tourist consumption, which was counterbalanced by an extraordinary growth in home consumption, both in the domestic market and abroad.

In 2021, which began with a period of lockdown, there were phases when activities and consumption restarted, with a consequent resumption in people leaving their homes, followed by new periods of confinement.

The dynamics of 2020 and 2021 generated by the pandemic have greatly affected Fruttigel's sales results, making the two years difficult to compare.

Fruit juices, beverages and nectars

As far as the consumer-facing distribution channel is concerned, in 2021 the Italian market for beverages, juices and nectars with 25% to 100% fruit content was stable overall compared to 2020.*

Like other food sectors, the market for fruit-based juices, nectars and beverages is increasingly affected by wellness and health trends. As a result of this, the "no added sugar" segment is driving growth at the expense of standard formulations.

As far as the retail channel is concerned, Fruttigel picked up on this trend in 2021 through the intensive work carried out by its R&D teams, which led to the formulation of recipes with high fruit content and no added sugar. We have therefore been able to offer fruit beverages differentiated by target (children/adults) under the Almaverde Bio, Il Giardino dei Sapori and distributor-label brands: this has allowed Fruttigel to maintain a constant sales level by replacing standard products with value-added products (with more fruit and no added sugar).

In terms of the performance of the brand in the restaurant and catering channel, 2021 saw a recovery in consumption compared to the slump experienced in 2020. However, this positive trend, involving a particular consumer focus on health and wellness (premium products, organic, no added sugar, etc.), including in situations involving restaurant/catering consumption, has not offset the severe losses of the last financial year**. Fruttigel achieved results in this channel in line with the market trend.

Plant-based beverages

For plant-based beverages, the market in 2021 showed a double-digit positive trend, both in volume and value (+ 11%)***, which we believe is linked to increased consumption in homes during breakfast. The soy and rice segments are still predominant and show moderate growth (+ 3%), while all other alternative types are growing, in particular oats (+ 36% in volume) and almond (+ 21% in volume). Fruttigel has closed the year with a result that shows strong growth for plant-based beverages.

In 2021, a new plant-based beverage concept was launched under the brand name Almaverde Bio. Made from a mix of cereals and dried fruit, with no soy and no added sugar, and with a delicate, natural taste, the new Almaverde Bio plant-based beverage is available in two versions: *So di Buono* intended for end-consumers and *L'Alternativa vegetale* for the restaurant/catering sector and for export.

*Source:
IRI, AT December 2021
Channels: Hyper + Super + Minimarkets
+ Traditional + Discount

**Source:
IRI, Wholesalers + C&C

***Source:
IRI, AT December 2021
Channels: Hyper + Super + Minimarkets
+ Traditional + Discount

Frutttagel invested in this segment in 2021 by offering – through R&D, sales, marketing and production – new formulations that will be launched in 2022 under customer brands, which we are confident will further develop our presence in this market.

Tomato derivatives

****Source:
IRI, FY 2021
Geographical scope: Tot
Italy + Discount + C&C

In 2021, tomato derivatives (both conventional and organic) fell by 2% in value (€) and 5% in volume (kg) compared to 2020****. In this segment Frutttagel achieved results in line with market trends and saw positive performance for Almaverde Bio pulp and passata products in Tetra Recart® packaging and for export opportunities (Canada). The figures in the table show a slight decrease in turnover due to a selection of the products sold by Frutttagel.

Frozen vegetables

****Data from IIAS
Italian Frozen Foods Institute

In 2021, the frozen food market consolidated overall sector growth, following an extraordinary boom in 2020. In fact, as of October 2021, the data show growth of + 10.5% over 2019, but a contraction compared to 2020, when performance was quite extraordinary as a result of the pandemic.***** On the other hand, in 2021, the restaurant/catering channel, where Frutttagel is present through its own sales structure, recorded a recovery with sales figures equivalent to 2019 (pre-pandemic). The sum of the comparisons of the two channels produces the positive result shown in the table below.

Organic

*****Source:
Health Watchdog 2021 – Nomisma
processed using data from Nielsen,
Assobio, Ismea

As far as organic products are concerned, the domestic market confirms the positive trend encouraged by the growing focus by Italian consumers on green and sustainable products. This is confirmed by the increasing number of purchasing households: 89% of Italian households bought organic products at least once during 2021 and 54% use organic products at least once a week*****. This is a general, cross-sector observation for the organic segment, in which Frutttagel invested in 2021 in the development of new Almaverde Bio branded products with innovative formulations in the plant-based beverage segment.

Frutttagel's organic turnover for 2021 of €35,017,000 shows a total increase for all Italian and foreign channels compared to the previous financial year (€31,159,162). This growth is driven by the recovery of post-pandemic sales in the school group, along with the excellent performance recorded in distribution to end-consumers, in both the grocery and frozen ranges.

Frutttagel sales invoicing by product line: trend 2019-2021

Sales invoicing/000	2019	%	2020	%	2021	%
Fruit juices, fruit beverages, plant-based beverages and teas	49,731	37.36	47,839	37.10	50,677	38.30
Frozen vegetables	62,853	47.21	60,613	47.01	62,929	47.55
Tomato products	17,698	13.30	18,033	13.98	16,670	12.70
Other income	2,833	2.13	2,451	1.91	2,043	1.45
TOTAL	133,115	100	128,936	100	132,319	100

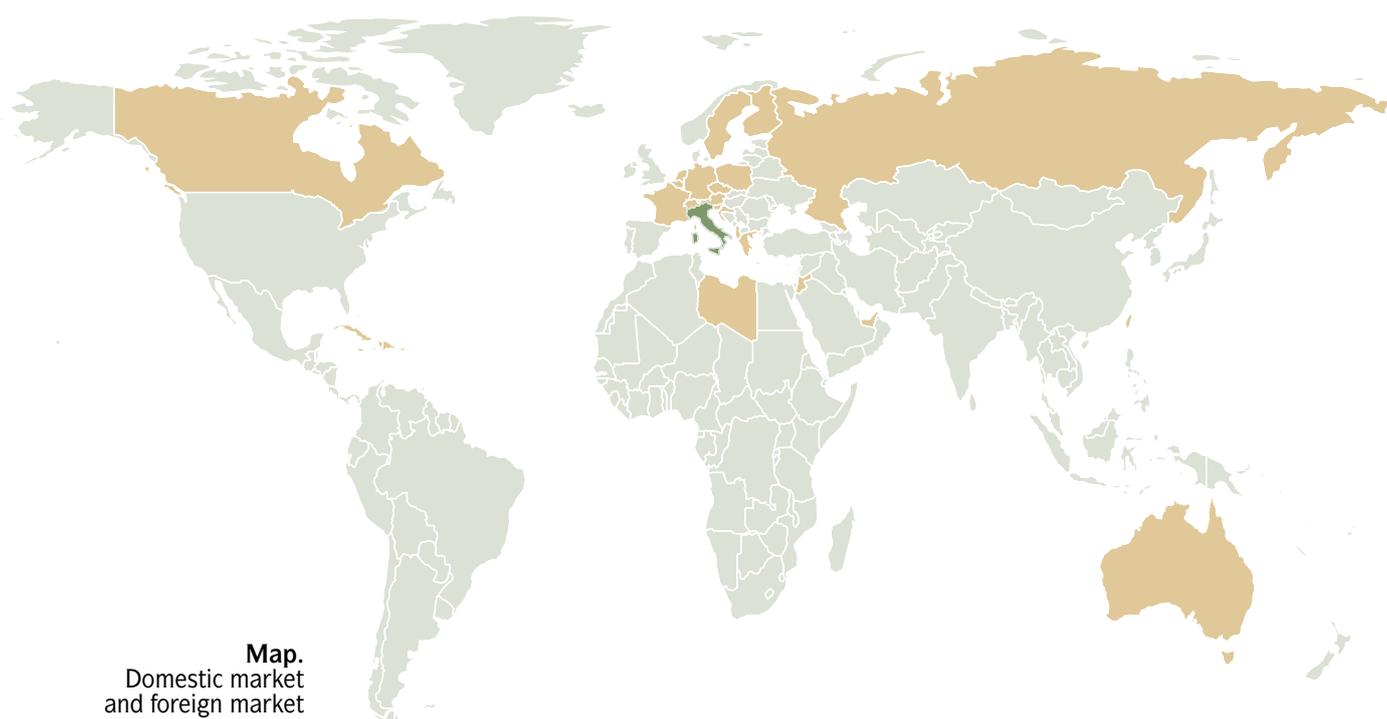
Source: Financial statements, 2021 financial year

Foreign sales invoicing, also considering invoicing in Italy but for products intended for abroad: trend 2019-2021 (% of total invoicing)

Foreign invoicing/000	2019	%	2020	%	2021	%
Fruit juices, fruit beverages, plant-based beverages and teas	949	1.9	952	1.9	531	1.04
Frozen vegetables	1,045	1.6	1,711	2.8	1,736	2.76
Tomato products	6,676	37.7	6,341	35.1	6,078	36.46
Other income	0	0	32	0.9	0	
TOTAL	8,670	6.5	9,036	6.9	8,345	6.17

Invoicing of foreign organic sales 2021

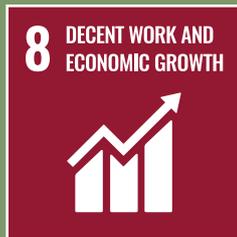
	Organic	Non-organic
Fruit-based beverages and juices line	20	104
Plant-based beverages line	390	17
Tomato line	2,838	3,240
Frozen line	872	864
TOTAL	4,120	4,225
OVERALL TOTAL		8,345



Countries making up the foreign market

Countries 2021	Sales	Export share of total
Albania	€3,293	0.04%
Australia	€316,242	3.79%
Austria	€85,641	1.03%
Belgium	€1,103,103	13.21%
Canada	€18,509	0.22%
South Korea	€1,263	0.02%
Croatia	€178,610	2.14%
United Arab Emirates	€7,780	0.09%
Finland	€1,004,283	12.02%
France	€1,561,580	18.70%
Germany	€350,184	4.19%
Greece	€155,036	1.86%
Hong Kong	€3,870	0.05%
Israel	€66,114	0.79%
Luxembourg	€7,219	0.09%
Malta	€4,171	0.05%
Monaco	€7,276	0.09%
New Zealand	€108,657	1.30%
Holland	€78,981	0.95%
Russia	(through ABA numbers reported)	0.00%
San Marino	€13,416	0.16%
Slovakia	€3,697	0.04%
Slovenia	€79,373	0.95%
Sweden	€3,047,267	36.48%
Switzerland	(through ABA numbers reported)	1.71%
Taiwan	€4,214	0.05%
TOTAL	€8,352,897	100%

Employment



UN 2030 Agenda for sustainable development

The UN says:

Goal 8

“Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”

Target of interest for Fruttigel

Target 8.5 By 2030

Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

Target 8.8 By 2030

Protect labour rights and promote safe and secure working environments of all workers, including migrant workers, particularly women migrants, and those in precarious employment

Work values at Fruttigel

*Some
key aspects*

No labour lawsuits/disputes

***Full implementation of compulsory recruitment obligations
under Law No 68/99***

Ordinary and social solidarity training and internships

Corporate welfare system

Stability of temporary staff employment relationships

Correct use of employment contract types

Search and selection 2021



Searches implemented
15



Selection interviews
162



Hires
35

Internships/Work placements: 2017-2021



Internships/work-school placements
61



Hires from internships (from 2012 to 2021)
17

Employees by gender, job title and plant as at 31 December 2021

Alfonsine employees				Larino employees			
	Total	Men	Women		Total	Men	Women
Executives	7	7	0	Executives	1	1	0
Managers of which PT 3 Women	14	9	5	Managers	0	0	0
Employees of which PT 8 Women	65	25	40	Employees	6	2	4
White-collar apprentices	4	0	4	White-collar apprentices	0	0	0
Permanent workers	43	43	0	Permanent workers	5	5	0
Blue-collar apprentices	3	3	0	Blue-collar apprentices	0	0	0
Temporary workers	536	98	438	Temporary workers	158	34	124
Grand TOTAL	672	185	487	Grand TOTAL	170	42	128

Health and safety

The main objectives of the company's occupational health and safety policy focus on reducing occupational accidents and illnesses, planning regular educational, informative and training activities, performing regular inspections of the workplace by the Prevention and Protection Department, choosing technologies and equipment that can prevent risks to workers' health and safety, and paying careful attention to internal and external communication processes, so as to develop a "sense of belonging" and the growth of workers and their representatives, based on a commitment to complying with all legal and regulatory requirements applicable to Fruttigel.

This "sense of belonging" is developed by involving workers (directly and through their representatives) in the choice of new plant and equipment solutions or simply organisational changes.

With this in mind, Frutttagel promotes and encourages regular meetings between the Prevention and Protection Department and the workers' safety representative, actively involving the workers themselves in "practical" choices intended to improve the general safety of the working environment.

General objectives

Spread and consolidate a safety culture and risk awareness among employees, requiring responsible behaviour from everyone

Safeguard the health and safety of visitors and suppliers that have access to the company's premises, requiring responsible behaviour from them also

Workplace health and safety area	Qualitative objectives	Indicator (KPI)	Quantitative objectives (2020-2021)
Employment UN 2030 Agenda for sustainable development Goal 8 (promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all)	Reduced accidents, prevention of occupational illnesses, continuous improvement in health and safety in workplaces (already in the phase involving design and choice of technologies and installations).	Risk index (RI)	2% reduction in the number of jobs exposed to noise risk
	Focus on the maintenance "process"	Number of interventions recorded on MIG/number of interventions carried out	<i>Currently being determined</i>
Staff training Qualify and reward employees' work and behaviours. Ensure that employees are competent (particularly in their ability to identify hazards) and aware of their contribution to the effectiveness of the general workplace health and safety system.	Improve the safety culture by increasing skills and encouraging workers to report accidents or unsafe situations promptly.	Number of hours of training in addition to legally required (= non-binding)/ number of hours worked	1.5%
	Encourage the recording of near misses, and reports of "non-conformities" by all employees or interested parties (such as external firms)	Increase in reporting of near misses	<i>Currently being determined</i>
	Strengthen opportunities for discussion, listening and information through regular initiatives intended for all employees, on Frutttagel's activities and results, on the choices made on projects, and on critical issues to be managed (participation and consultation)	Continuity in training activities for intermediate functions with greater responsibilities, with a specific focus on the issue of knowledge of the organisation and of the proper exercise of responsibilities	
Safety and belonging Strengthen the sense of belonging and the work culture and improve employee relations. Participation in the system of rules	Evaluate and implement a behaviour-based safety (BBS) approach to monitor critical worker behaviour and create behavioural prerequisites aimed at reducing injuries	Specific behavioural training for new recruits within 30 days of employment	<i>Currently being determined</i>
	Encourage consultation and participation of all workers, including those without managerial functions, both in reporting hazardous situations and in change management phases	Non-conformities	5% reduction in the number of non-conformities due to behavioural factors
	Provide continuity in the use of the tools already implemented	Regular release of <i>Noi di Frutttagel</i>	Quarterly
Supplier qualification Optimise procedures concerning suppliers of goods and services, with particular reference to the management of interference risks. Monitoring and coordination	Ensure that suppliers and visitors are aware of the health and safety risks to which they may be exposed at Frutttagel	Signing of supplier commitment to SA8000 ethical requirements for service providers/technical area	<i>Currently being determined</i>

Quality, food safety and innovation



UN 2030 Agenda for sustainable development

The UN says:

Goal 12

“ensure sustainable consumption and production patterns”

Target of interest for Fruttage

Target 12.4 By 2020

achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimise their adverse impacts on human health and the environment

***The values underpinning
the choices (production
and consumption)
made by Fruttage:
quality and nutritional
well-being***

Actions taken

***The development of organic food:
over 26% organic ARM processed***

Checks:

over 455,498 internal and 1,370 external analyses

Projects with schools

on correct diet and sustainable consumption:

eight years / 735 recipient classes / 18,375 students and families

Certifications

***Quality = > 40 audits by organisations, customers, supervisory
bodies and competent authorities for a total of 66 days***

	YEAR	CERTIFICATION		
Alfonsine	15/10/2004	BRC	GLOBAL STANDARD FOOD SAFETY global standard for food safety TOMATOES AND DERIVATIVES	
	13/10/2009	BRC – IFS FOOD	GLOBAL STANDARD FOOD SAFETY global standard for food safety EXTENSION OF BRC STANDARD TO BEVERAGES, NECTARS, JUICES AND ADDITION OF IFS FOOD STANDARD	
	21/09/2010	BRC – IFS FOOD	GLOBAL STANDARD FOOD SAFETY global standard for food safety EXTENSION TO FROZEN PRODUCTS	
	12/03/2009	UNI EN ISO 9001	QUALITY MANAGEMENT SYSTEM	
	16/04/2015	SMETA	Verification of ethical criteria in the supply chain according to the SMETA methodology assessment criteria based on the ETI (<i>Ethical Trade Initiative</i>) code, supplemented by applicable national and local laws	
		FAIR TRADE	INCLUSIVE FRUIT JUICES	
Larino	17/04/2011	UNI EN ISO 9001	QUALITY MANAGEMENT SYSTEM	
	13/12/2016	BRC – IFS FOOD	GLOBAL STANDARD FOOD SAFETY global standard for food safety	
Alfonsine	Larino	08/11/2011	ITALIAN PRODUCT	ITALIAN ORIGIN OF THE AGRICULTURAL RAW MATERIAL FROM INTEGRATED PRODUCTION processed at the Larino and Alfonsine plants
		08/11/2011	INTEGRATED PRODUCTION	Agricultural raw material grown according to INTEGRATED PRODUCTION GUIDELINES
		08/01/2015	ISO 14001	ENVIRONMENTAL MANAGEMENT SYSTEM
		08/01/2015	OHSAS 18001	OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM
		19/02/2019	Transition from OHSAS 18001 to ISO 45001	OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM
		2016	KOSHER	Certifying food products that are “PERMITTED AND COMPLIANT” WITH THE RULES OF JEWISH LAW FROZEN PRODUCTS, TOMATOES, PLANT-BASED BEVERAGES
			ORGANIC PRODUCTION	FOR ORGANIC PRODUCTION According to EC Regulation (EC) No 834/2007
		12/04/2017	OK COMPOST	Certificate for use and awarding of the label “OK COMPOST” FOR FROZEN FOOD FILMS
		Since 2018	ISO 26000	Related to governance in the field of CORPORATE SOCIAL RESPONSIBILITY
		Since 2020	GRI ASSURANCE	Compliance of the Sustainability Report according to the GRI STANDARD

Quality and sustainability

In recent years, agri-food supply chains have become the subject of increasing interest, for two main reasons:

- **food quality and safety**
- **sustainability, namely the assessment of the impacts they have on the surrounding environment**

Achieving QUALITY

Achieving QUALITY for the food industry means integrating the efforts of all those involved in the agro-industrial complex: agricultural production, processing, distribution, preparation and consumption.

Maintaining food quality and safety throughout the food chain requires operational procedures and monitoring systems to ensure that operations are carried out properly.

The safety of a food product is not based solely on chemical or microbiological analysis, but is achieved through a process of correct formal and substantive traceability, involving all actors in the supply chain.

Being SUSTAINABLE

Being SUSTAINABLE means integrating environmental protection, proper nutrition and economic development of the local area throughout the entire supply chain. This involves creating a lasting balance on several fronts: environmental, social and economic.

The following is the FAO's schematic illustration of the relationships between agriculture, processing and consumption that can have a positive influence on sustainability.

	Environmental Aspects	Nutritional Aspects	Economic Aspects	Socio-cultural Aspects
Agriculture 	<ul style="list-style-type: none"> Applying sustainable farming practices Fostering resilience of production systems Developing and maintaining diversity 	<ul style="list-style-type: none"> Promoting different food varieties Producing nutrient-rich food 	<ul style="list-style-type: none"> Developing cost-effective cultivation practices Promoting self-sufficiency through local production 	<ul style="list-style-type: none"> Maintaining traditional farming practices and promoting local varieties
Food production 	<ul style="list-style-type: none"> Reducing the impact of production, processing and marketing 	<ul style="list-style-type: none"> Preserving nutrients throughout the food chain 	<ul style="list-style-type: none"> Strengthening local food systems Producing food at affordable prices 	<ul style="list-style-type: none"> Producing culturally accepted food
Consumption 	<ul style="list-style-type: none"> Reducing the environmental impact of food consumption 	<ul style="list-style-type: none"> Promoting a diversified, balanced and seasonal diet 	<ul style="list-style-type: none"> Promoting the affordability of a varied diet 	<ul style="list-style-type: none"> Safeguarding food traditions and culture Meeting local tastes and preferences

2021 projects FROZEN PRODUCTS AREA

Total projects
studied/developed
26
Percentage success
of environmental
projects
> 80.5%

43
New products
released onto the market

3
Projects being studied

2
Research projects

5
Projects

Environment area comprises:

Fruit-based juices/nectars/beverages

Plant-based beverages

Tomatoes

The development projects related to the Environment Area were based on the following guidelines:

- reduction and/or elimination of additional sugars, for products aimed at both adult and child target groups;
- increase in the percentage of fruit used;
- focus on the origin of the raw material, favouring those from Italy (where possible);
- enrichment with vegetable proteins and functional ingredients: such as vitamins, minerals and fibre;
- selection of increasingly natural flavourings and components.

Projects that have led to new products being launched on the market or ready to be launched:

- > **Conventional and organic fruit beverages for the retail channel**
- 200 ml, 1 L and 1.5 L Brik - glass bottle
- > **Conventional and organic plant-based beverages for the Italian and foreign markets, characterised by different flavour combinations, different functionalities** (such as the Barista line, ideal for preparing cappuccino at home just like in a cafe), and different sizes: 200 ml, 500 ml and 1 L Brik
- > **Vegetable beverages reformulated to reduce added sugar while preserving the existing taste profile**
- > **Functional plant-based beverages** (enriched with protein, beta-glucans, fibre and omega 3)
- > **Organic fruit and plant-based beverages reformulated to increase naturalness** (Organic Regulation No 848/2018)
- > **Ready-made tomato and other sauces, excellent as ready-to-use condiments or ingredients in culinary preparations** – 500 ml glass bottle

Projects being studied with a view to increasing production efficiency, environmental sustainability and economic competitiveness

- > **Tetrapak UHT system** for plant-based beverages
- > **Internal extraction of oats** (in addition to rice and soy)
- > **Paper straws**

Research projects on the circular economy in cooperation with Rimini and Bologna Universities

Research project on the recovery of vegetable by-products with a start-up from Emilia-Romagna

Project suspended/annulled

2021 projects
FROZEN PRODUCTS
AREA

Total projects
studied/developed

13

Percentage success
of frozen products
projects
> 76.5%

Projects that have led to new products being launched on the market or ready to be launched:

- > Insourcing of chain/production for frozen tomato slices
- > Study and development of new conventional and organic products for the retail channel, large-scale catering and door-to-door
- > Study of four products for the French market
- > Development of new organic products for the Israeli market
- > Processing tests on new vegetables that could be potentially of interest for the Italian and foreign markets (such as red turnips and purple carrots)

5

New products
released onto the market

1

Project being studied

Projects being studied with a view to increasing production efficiency, environmental sustainability and economic competitiveness

- > Analysis and testing of paper packs

1

Research projects

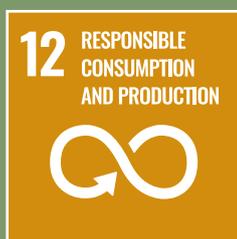
Research project in cooperation with Trento University, for the benefit of the community, in particular concerning the prevention of chronic diseases related to age and obesity; development of a specific light vegetable mix

3

Projects

Project suspended/annulled

Environment



UN 2030 Agenda for sustainable development

The UN says:

Goal 3

Target of interest for Fruttagel

3.9 By 2030 substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water, and soil pollution and contamination

Goal 6

Target of interest for Fruttagel

Target 6.3 By 2030 improve water quality by reducing pollution, eliminating dumping and minimising release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally

Target 6.6 By 2020 protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes

Goal 7

Target of interest for Fruttagel

Target 7.3 By 2030 double the global rate of improvement in energy efficiency

Goal 12

Target of interest for Fruttagel

Target 12.3 By 2030 halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses

12.5 By 2030 substantially reduce waste generation through prevention, reduction, recycling, and reuse

Goal 13

Target of interest for Fruttagel

Target 13.2 By 2030

Integrate climate change measures into national policies, strategies and planning

The values in the environmental choices at Fruttigel

Corporate

- water recovery 165,006 cubic metres in 2021; attention to groundwater extractions – subsidence reduction
- entrusting the management of the plant to Hera SpA and specific investments to reduce the consumption of electricity and oxygen and improve plant efficiency

Cogeneration

energy use efficiency – attention to CO₂ emissions

Compostable pack

Biodegradable bag, UNI EN 13432 certified

New automated frozen food warehouse (mobility and reduced CO₂)
(47,000 litres of diesel fuel not used by shuttles; over 120 tonnes of CO₂ not emitted)

Relamping of the Larino and Alfonsine sites
to maximise energy efficiency

2021 actions aimed at increasing energy efficiency and those planned for 2022

Relamping of the Alfonsine site

Relamping activities at the Alfonsine site were commenced in 2020. This involved the replacement of light fixtures with LED bulbs in the following departments:

- Automatic hot warehouse and picking zone
- Automatic cold warehouse and adjacent external area (perimeter lights)
- Leaf department and adjacent tunnel
- Green beans/peas department (already completed prior to 2020)
- Cellars • Small format Tetra department • Cold store 3

Compared to the previous situation, this investment will result in an expected saving of 465,296 kWh/year and a calculated saving of CO₂-eq of 128 tonnes.

Relamping activities in the following departments/areas are planned in 2021:

- Juices and A2 department • Large format Tetra department
- External perimeter and lorry movement areas • Cold store 1
- Frozen packaging department and mixing department
- Paper and cardboard packaging store and trolley reloading area

These activities will result in an additional saving calculated as 295,678 kWh/year. Following completion of the relamping activities, the company expects to avoid an annual total of 209 tonnes of CO₂-eq.

2021 revamping of oxidation tank B and work on the water treatment plant

2020 saw the replacement of the submerged aerator units in oxidation tank B in the water treatment plant using a system of air diffusion through micro-bubbles.

In addition to being a system for diffusing air into the waste/slurry mix that is much more efficient in terms of solubilisation of the dissolved oxygen, this technology also consumes much less energy.

Planned actions 2022-2024

The works carried out will enable more precise management of the plant, and have therefore made it possible to achieve a total year-on-year saving of around 444,511 kWh compared to 2019, reducing consumption by the water treatment plant by 18.7% and thus avoiding approximately 149 tonnes of CO₂-eq (source: green report, Herambiente).

For 2021, given the results achieved with this system on a single oxidation tank, Fruttigel installed the same system in oxidation tank A. Currently, all air-powered submerged aerators in the oxidation tanks have been replaced with submerged micro-bubble plates. The micro-bubble air diffusion system provides advantages in terms of both energy savings and better air diffusion in the aerated mass (due to the creation of micro-bubbles).

In 2021, the plant only worked with two oxidation tanks (A and B with micro-bubbles) and tank C was only used as a buffer tank for the purpose of smoothing flow peaks and/or peaks due to weather events. All wastewater collected in tank C was then returned to the treatment plant and treated. The non-utilisation of tank C and the higher energy efficiency of the plates compared to the previously installed technology resulted in an energy saving of 27.5% (approximately 530,534 Kwh) compared to 2020.

Work on the central heating plant

Increased efficiency of the central heating plant through replacement of the Mingazzini 2005 (E) with four smaller machines capable of much more efficient modulation of plant steam demand.

Description of intervention

The design-level energy saving associated with this intervention will enable Fruttigel to:

- Save 861,000 Sm³/year of methane by modulating the operation of the new boilers in relation to plant steam demand.
- Save 261,000 Sm³/year due to the higher output efficiency of the new machines compared to the current scenario.

A total saving of approximately 1,122,000 Sm³/year of methane can therefore be expected.

Work on the new warehouse

New automated frozen food warehouse (under way – development period approximately three years).

Description of intervention

The construction of a new automated frozen food warehouse will drastically reduce the shuttle operations currently required to bring finished or semi-finished products to rented units.

The new-generation unit will also provide greater efficiency than the current units.

The work, which was to go ahead in 2021, has slowed due to the global economic situation, which is still affected by issues associated with the Covid-19 pandemic and currently rising prices of all commodities also due to the situation in Ukraine.

Circular economy

We at FruttageL are strongly convinced that the first rule of sustainable food production is the full exploitation of all components of the raw materials used and therefore also the parts remaining following the production of human foodstuffs, and we have long been allocating a considerable proportion of processing waste for biomass plants for electricity generation (through the combustion of biogas obtained by anaerobic digestion or through direct combustion of wastes, in the case of stones from the processing of summer fruit).

For the three-year period 2019/2021, the volumes recorded for this process are shown in the following table:

Kgs of processing by-products in accordance with Article 184-bis of Legislative Decree No 152/06 intended for anaerobic digestion in biogas production plants or for combustion

		2019	2020	2021
Fruit and vegetable processing residues	Anaerobic digestion	1,988,540	1,268,690	1,366,550
Residues obtained from the processing of fresh peas	Anaerobic digestion	579,030	533,620	579,510
Residues obtained from the processing of green beans and fresh beans	Anaerobic digestion	742,580	714,880	696,050
Tomato hulls	Anaerobic digestion	659,490	928,920	902,780
Residues obtained from the extraction of grains of soy, rice and oats	Anaerobic digestion	1,511,290	2,053,900	2,036,680
By-products from packaging of plant-based beverages	Anaerobic digestion	1,988,540	278,550	0
Peach and apricot stones	Combustion	369,810	218,750	252,630

Although the trend in the production of these processing wastes has been fairly predictable and constant over the years, they can often vary substantially depending on the processing year and the fluctuating availability of raw materials.

The energy recovery of by-products, in the context of environmental policies, generates a concrete reduction in the volumes of waste produced and a substantial reduction in CO₂ released into the atmosphere.

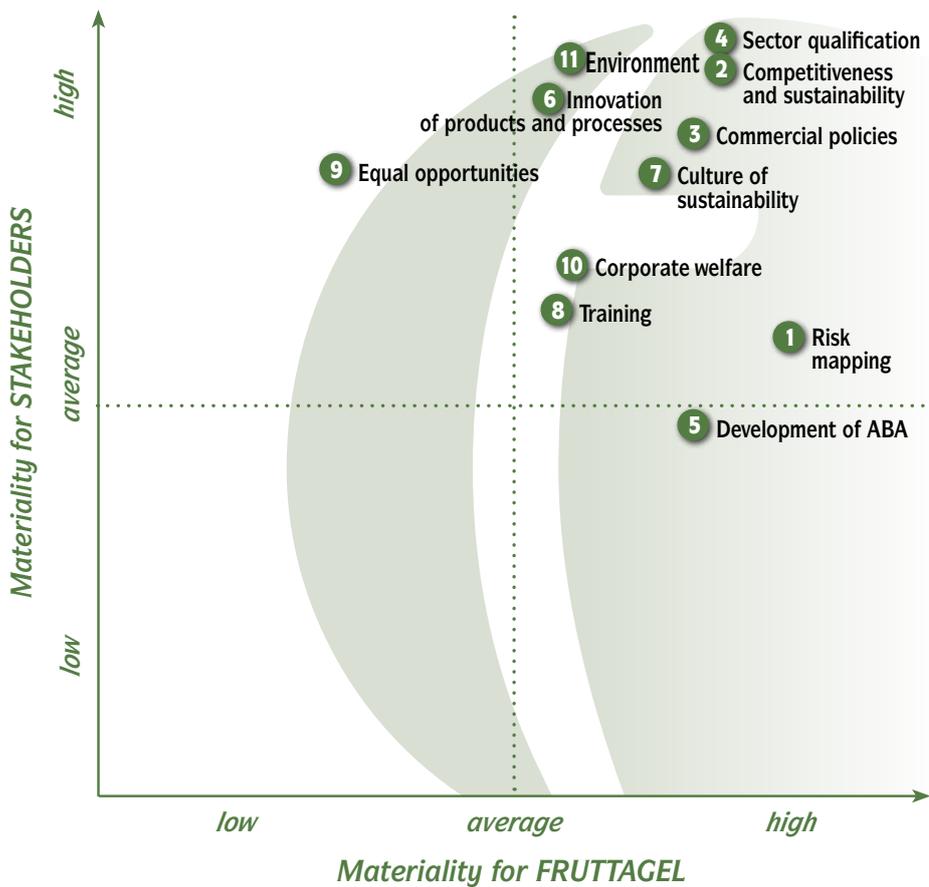
Furthermore, over 2020, FruttageL commenced a cooperative project with the University of Bologna and the Rimini Technical Centre in order to verify, through ad hoc projects, the possibility of obtaining nutrients and micronutrients from processing waste that can then be used by the food, nutraceutical and cosmetics industries as functional ingredients for enriching health products and/or making food supplements.

At present, as at 2021, this study has led to an initial characterisation of some by-products in terms of percentage of proteins and antioxidant substances. The quantitative characterisation may provide information about the future use of these wastes for purposes other than anaerobic digestion with a view to regenerative circulation of resources.

Materiality matrix

A materiality matrix is the most effective tool to demonstrate an organisation's sustainability strategy, namely how the company's interests are aligned with those of its stakeholders.

The company's interest in a specific policy (project, activity) is indicated on the horizontal axis.



The vertical axis shows the interest of the stakeholders assessed mainly through stakeholder engagement.

The upper right quadrant is called the "materiality quadrant", the point where the company's highest expectations meet those of the stakeholders. This is therefore the area where the possibility of producing shared value is greatest.

Stakeholder relevance is based on a stakeholder perception in the context of the existing relationship.

Materiality analysis

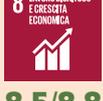
The following table shows the materiality analysis, namely the description of FruttageL's sustainability policies. The table takes into account two important issues:

- the need to provide continuity in the description of the company's activities, and thus to describe the results relative to the commitments made at the time,
- the existence of the new Sustainability Plan that has reorganised the themes, introducing new ones and restructuring existing ones.

The themes in the table are all relevant, and therefore essential for the development of FruttageL's sustainability policies. However, there are some that do not yet show specific achievements because they are newly introduced (risks being one of these). For many others, as mentioned in the introduction to this section, reference has been made to the commitments previously made, even if the name of the theme has changed.

Sustainability policies

	Relevant area	Theme	Description
Corporate governance and development	1. Mapping of risks, impacts and due diligence	Description and assessment of risks, evaluation of the relationship with local contexts and key stakeholders	Broad identification of risks and impacts (2022). Analytical development and mapping, mitigation and/or elimination plan (2023)
	2. Competitiveness and culture of sustainability	Competitiveness and sustainability in processing and logistics	Construction of a new frozen vegetable warehouse, in operation (presumed) in 2024. Qualification and rationalisation in the production of plant-based beverages. In function by end 2022
	3. Commercial policies and culture of sustainability	Improved positioning and economic sustainability; action on demand to contribute to its characterisation with a view to sustainability and consumerism	The preferences of customers and consumers match those of Fruttage! in terms of greater product sustainability, which concerns the processed product, the packaging, the guarantee of aseptic status and the total absence (distance) of any animal protein
Healthy, sustainable consumption	4. Sector qualification	Improved performance of ARM growers to produce increased value and a greater contribution of the entire supply chain to sustainability	Fruttage!'s growth prospects depend on two factors concerning growers: aggregation and specialisation, with a view to sustainability. On the horizon: a cohesive group, specialising in ARM for industrial processing
	5. Development of AlmaverdeBio Ambiente (ABA)	Development of the brand as the first demonstration of the sustainability and strategic relevance of organic production	The brand and its development represent the first indication of the development of organic production and Fruttage!'s commitment to this sector. The issue is closely linked to the qualification of the growers in this sense
	6. Innovation of products and processes	Adaptation of products and processes in line with growth objectives and the vision of sustainability; consistent commercial and communication initiatives	The ability to continue innovating products and processes is an essential part of Fruttage!'s development. This must be accompanied by specific, qualified communication activities
Work and people	7. Culture of sustainability	Sustainability – in all its meanings – as a shared focus for employees at all levels	The overall sustainability of the company depends on awareness at all levels of the new and necessary logical and professional framework related to sustainability and business ethics
	8. Training	Professional awareness and social ethics. Digitisation as a necessary cultural and competitive environment	Staff training has always been a core focus for Fruttage!, as a driver for a continuous improvement in skills, which is crucial for meeting future digitisation needs
	9. Diversity, differences, equal opportunities	Need for updating/adaptation in line with social and regulatory requirements	The issue of equal opportunities is considered an essential factor in sustainability policies and derives from the company's traditional sensitivity to gender issues and differences, typical of the cooperative tradition
	10. Corporate welfare	Application and development of Fruttage!'s policies on this issue	Corporate welfare at Fruttage!, established through a trade union agreement in 2018, is seen as an essential tool for further commitment to the company and for improving people's lives
Environment	11. Environment: a. emissions and wastes b. energy c. water	Improvement in Fruttage!'s environmental balance sheet by setting and monitoring specific reduction targets for the indicators mentioned	The focus on environmental sustainability is now the most essential factor in Fruttage!'s strategy, fully integrated into its business plan and sustainability report

Target	SDGs and Target
<p>Carry out a thorough assessment of the elements influencing sustainability. Ensure compliance with regulatory and disciplinary developments (from an ESG perspective)</p>	 2.4  13.1
<p>Reduce vehicle movements (and therefore emissions); concentrate volumes handled with less energy consumption. Eliminate PET for plant-based beverages, increase volumes, reduce energy use, reduce CO₂</p>	 2.4  8.2/8.8  12.2
<p>For 2022, 2023 and 2024, carry out and consolidate:</p> <ul style="list-style-type: none"> • moving away from plastic (PET) and film in packaging • development of products without added sugar • fully aseptic production operations 	 3.9  2.4
<p>In 2022-23, stabilise and increase organic production and the ethical quality of the supply chain ("quality businesses"). Between 2023 and 2024, achieve a greater (more efficient, more profitable) degree of aggregation among growers, including from an organisational point of view and through the appropriate cooperative projects</p>	 6.3  8.4  2.4
<p>Increase the volumes handled, with an increase planned for the three-year period 2022-24. Gradually adopt a communication strategy over the years designed to promote the sector</p>	 3.9
<p>Increase the quality and profitability of products and formulations by involving more players in the supply chain. Implement the development of products without added sugar. Cooperate with the university and scientific research world</p>	 8.2
<p>In 2022-23, concentrate efforts on consolidating the Code of Ethics through the establishment of a group of business ethics "ambassadors". In 2022, revise and adapt the Code to reflect the new cultural framework resulting from major changes (pandemic, international instability, etc.)</p>	 8.3/8.5
<p>Reward and capitalise on people's work, improving skills, commitment and internal climate. Manage Industry 4.0 investment projects</p>	 8.2/8.8
<p>Finalise policy planning in order to reach the level envisaged by the legal provisions and regulatory guidelines on issues of differences and equal opportunities, linking this to the nature and character of the company</p>	 8.5/8.8  5.5
<p>Further implement knowledge and use of the corporate welfare system</p>	 8.3/8.5
<p>Improve the company's carbon footprint in the areas indicated. Reduce energy consumption through specific investment choices and water consumption by implementing water recovery</p>	 7.2/7.3  13.1  6.3  8.4

1.

Mapping of risks

This topic was not explicitly present in previous reports, but it proved to be necessary and deserving of independent treatment in line with the reasoning serving as the basis for the formulation of the Sustainability Plan 2022-2024.

The reasons are closely linked to the changes in regulations and legal provisions, which require that companies demonstrate a greater level of “environmental awareness”. In this case, “environmental” means not only aspects relating to the natural environment and its protection, but also the system of relationships that the company must manage in all contexts, both economic and social, and those related to natural resources.

This therefore only refers to forward-looking aspects, as the subject is only now being introduced into the reporting. The general objective is to carry out an analysis, namely *a description and assessment of risks as an alignment with due diligence activities, and thus the need for explicit knowledge and assessment of relationships with local contexts and stakeholders.*

These are the foreseeable commitments in the medium term.

What we are committing to do

- **In 2022:** focus on the subject, highlighting the needs in terms of skills and tools required, and produce an initial outline (typological) description of risks and impacts.
- **In 2023:** complete the mapping and draft an initial version of the risk plan (threats, mitigation options and related objectives).
- **In 2024:** bring the method up to speed and move on to the management of process, monitoring and planning aspects that enable regular adaptation of the Risk Plan. This also considers the regulatory requirements that can be expected.

2. Competitiveness and culture of sustainability

The aim here is to express the relationship existing between the objectives of increasing productivity/competitiveness and the concept of sustainability, understood as a cultural approach intended to combine the economic benefits of investment choices with environmental and social benefits.

The content of these relationships, which is also the macro-objective of the strategic plan, is intended to be expressed through three main objectives:

- greater autonomy and competitiveness in the processing and logistical management of frozen vegetables (above all the construction of the new automated warehouse);
- improvement in the productivity of the entire hot processing department and increase in processing capacity for plant-based beverages (complete overhaul of the large-size Tetra department, new pasteurisation plant, decommissioning of the PET department);
- increase in organic products, production efficiency, and energy, water and waste management efficiency, with maximum achievable integration of environmental and social sustainability issues (this will be detailed in the last item in this section).

What we are committing to do

The business and investment plan for the next three years has therefore been developed based on these objectives and commitments, quantifying economic and environmental benefits as follows:

Principal actions	Economic benefits generated each year	Type of benefits generated	Quantity of environ. benefits
Relamping Alfonsine site	€100,000	Energy reduction; better visibility	– 270 tonnes of CO ₂
Steam generators	€200,000 + ETS exit (€900,000 in 2021)	Reduction in methane	– 1,200 tonnes of CO ₂
New WMS/internal logistics restructuring using RTLS technology	€200,000	Greater efficiency and drastic reduction in errors – increased workplace safety	Shorter routes for forklifts
Oxygen diffusers in purification plant tanks	€100,000 + improvement in plant management	Energy reduction	– 150 tonnes of CO ₂
Decommissioning of PET department and modernisation of Tetra departments	Increased productivity and margins	Energy reduction/Cert. B Reduced impact of plastic use	– 123 tonnes of CO ₂
New frozen food warehouse	€1,000,000	Energy reduction. Fewer shuttle operations	– 480 tonnes of CO ₂
Potable water and microfiltration plant	To be quantified	Reduced use of potable water Increased purification recovery	To be quantified
Harvesting machine	€120,000	Reduced fuel use (+ quality prod.)	– 16 tonnes of CO ₂

3. *Commercial policies and culture of sustainability*

The uncertainties linked to the pandemic, which still persist, and the current situation, the extraordinary increases being experienced in the prices of energy, packaging and certain raw materials, and the different types of markets and channels through which Fruttigel operates with its products, have made it more relevant than ever to approach the commercial policies contained in the business plan with due prudence and above all with the aim of generating qualified and sustainable growth in the company's business.

With this in mind, particular attention has been paid to reconciling customer and consumer preferences with the further development of more environmentally and nutritionally sustainable products.

Specific consideration has also been given to the foreign market, where work and resources have been better focused/directed, with the goal of driving development accompanied by greater guarantees of business continuity.

This was done first by analysing the quantitative and qualitative data on exports of Italian-made products, by product categories of interest to Fruttigel identified through customs codes, in the various EU and non-EU countries. A number of brokers were also involved, with whom discussions were held about possible development opportunities for the various types of Fruttigel products, in particular with regard to frozen food and tomato derivatives.

What we are committing to do:

Sustainable product and packaging qualification:

- further development of juices and drinks without added sugars;
- PET packaging to be phased out by January 2023, with consequent increased use of Tetrapak bio-based paper packaging;
- further implementation of the use of compostable films for frozen products.

Foreign development

The qualitative and quantitative objectives for the 2022 financial year are:

- identify the commercial offerings operating on markets that seek out and reward Italian products and guaranteed-quality organic products;
- promote "Fruttigel brands" abroad, starting with the AlmaverdeBio brand;
- increase turnover: close the 2022 financial year with foreign sales of €11,6 million (compared to €8,4 million for 2021).

4. Sector qualification

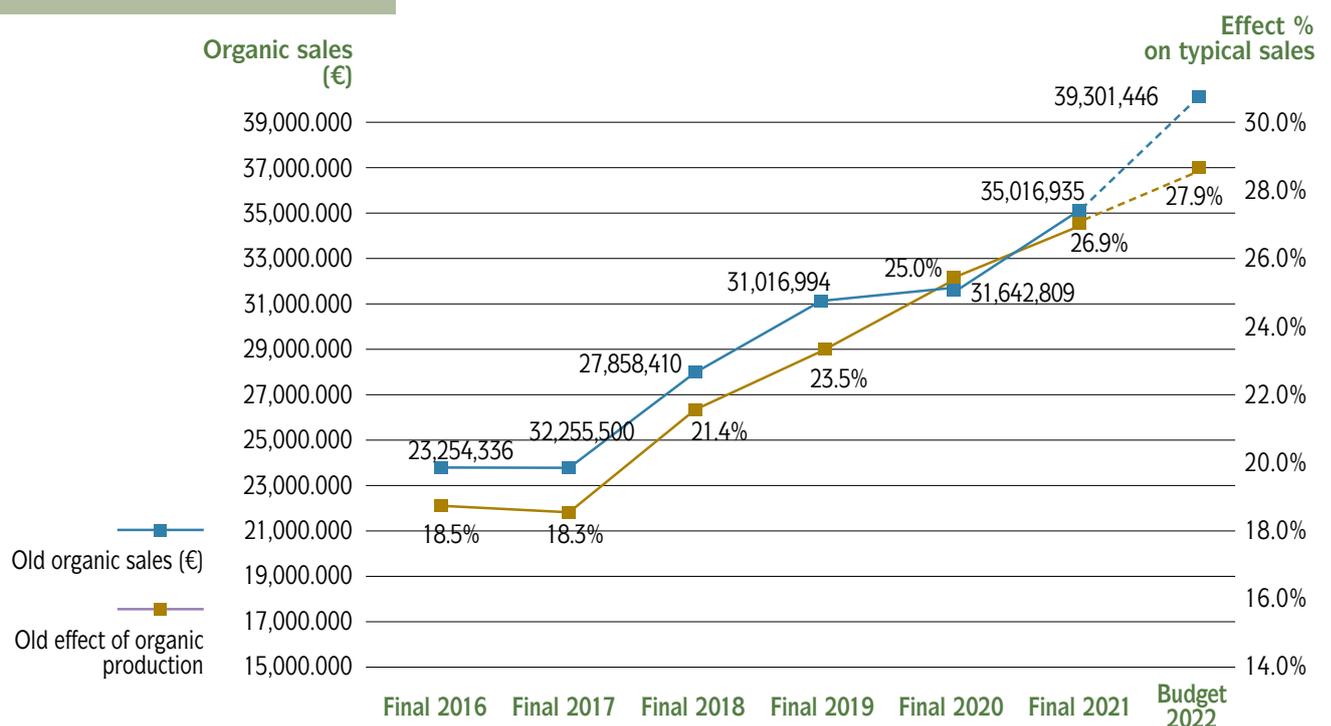
What we said

The areas where qualification of the supply chain is intended to be addressed relate to three main aspects:

- an increase in organic production, where FruttageL has been a leader in Italy for some years;
- the ethical qualification of ARM growers (through the Quality Agricultural Work Network as recognition of ethical standards);
- the rewarding of growers and an increase in the value of the relationship (leading to increased and more stable profitability in the medium to long term, fostering a greater degree of aggregation and specialisation)).

What we have done

With regard to organic products, the following graph illustrates the development of organic product sales in the financial years from 2017 to 2021 and its impact on FruttageL's total typical turnover, showing its steady growth in recent years that is also expected to continue in the 2022 budget.



The ethical qualification of growers through inclusion in the Quality Agricultural Work Network was first introduced in the previous report to monitor respect for human rights and working conditions throughout the supply chain.

The Network (Law No 116 of 11 August 2014) was set up within the Italian social security agency INPS to select agricultural companies and other organisations indicated by the applicable legislation that, on presentation of an appropriate application, stand out because of their compliance with the requirements for employment and social legislation.

4. Sector qualification

At the end of 2021, Fruttigel therefore monitored the number of grower producers (both members and non-members of the company that have actually delivered product) enrolled in the Quality Agricultural Work Network, verifying achievement of the targets stated for the previous year and setting new targets as described in the following paragraph.

Although they are still objectives sought by Fruttigel and its agricultural partners, rewarding growers and increasing the value of the relationship were certainly not favoured by the economic and market conditions that existed in the second half of 2021. The exponential increase in costs that has affected the entire supply chain and the fact that these increases cannot be fully absorbed through a corresponding increase in prices has led some producers to opt for certain/immediate benefits from more profitable crops, which unfortunately are products that are not of interest to Fruttigel.

What we are committing to do

The first objective related to organic production is to meet the overall 2022 budget forecasts highlighted in the graph above, stabilising or implementing those forecasts through specific strategies, including a reduction in certain conventional crops.

The following table shows the specific quantity and sales targets for the year 2022 for the main product types.

Organic product	Sown quantity 2020 (Ha or t)	Sown quantity 2021 (Ha or t)	Budget 2022 Sowing (Ha or t)
Peas	931.83 Ha	650 Ha	570 Ha
Green beans	180.70 Ha	145 Ha	170 Ha
Leafy vegetables (spinach, chard)	141 Ha	142 Ha	160 Ha
Borlotti beans	69.60 Ha	72 Ha	52 Ha
Fruit	2,488 t	1,680 t	2,040 t
Tomatoes	17,700 t	15,925 t	19,000 t

Note: Ha = hectares / t = tonnes

In relation to ethical qualification and issues relating to respect for rights and working conditions along the ARM supply chain, Fruttigel's primary objective and commitment is still to increase the number of grower producers enrolled in the Quality Agricultural Work Network, assessing the results achieved at the end of the year and, where possible, the reasons that could have made enrolment in the Network impossible (given the specific nature of the requirements for enrolment and the fact

4. Sector qualification

that a failure to meet those requirements is not necessarily an indicator of “ethical” shortcomings). In fact, these activities were not possible in 2021 because of the difficulties mentioned above, including those linked to the continuing pandemic.

Below we have provided the data concerning the total quantity of products supplied to the Fruttigel plants in Alfonsine and Larino (from both member producers and producers of purchased goods), broken down by the number of producers registered with the QAWN and the tonnage of products attributable to those producers.

The 2022 implementation targets for raw material growers registered with the QAWN will start with members as a matter of priority and will then be extended to producers of purchased goods.

QAWN-registered growers	2020		Target 2021	2021		Target 2022 vs 2021
	Number	Tonnes		Number	Tonnes	
NORTHERN area						
A. All producers	363	79,355	1 + 30% number of QAWN- registered	387	81,167	1 + 18% number of QAWN- registered
B. QAWN-registered producers	68	32,945		78	38,797	
C. Percentage B of A	19%	42%	2 + 15% tonnes from QAWN- registered	20%	48%	2 + 10% tonnes from QAWN- registered
SOUTHERN area						
A. All producers	119	25,513	1 + 30% number of QAWN- registered	160	21,804	1 + 20% number of QAWN- registered
B. QAWN-registered producers	16	2,388		36	5,401	
C. Percentage B of A	13%	11%	2 + 15% tonnes from QAWN- registered	22%	25%	2 + 10% tonnes from QAWN- registered

Outcomes for 2021 targets

Alfonsine target 1: the plant did not achieve the 30% increase in the number of QAWN-registered growers, but an improvement was nonetheless obtained (78 vs 68 = + 15%);

Alfonsine target 2: the plant achieved the 15% increase in tonnes of product from QAWN-registered growers (38,797 vs 32,945 = + 17.73%);

Larino target 1: the plant achieved the 30% increase in the number of QAWN-registered growers (36 vs 16 = + 125%);

Larino target 2: the plant achieved the 15% increase in tonnes of product from QAWN-related growers (5,401 vs 2,388 = + 126.1%).

5. *Development of AlmaverdeBio Ambiente (ABA)*

A readiness to invest in the development of AlmaverdeBio branded products has been a core feature of the three-year business plan as an objective closely related to the development of all aspects of the organic production sector, including in terms of communication, and to the need to maximise our business characteristics, our history (cooperative company, grower members, organic production in existence for a very long time, etc.) and the differences in focus on specific issues such as environmental sustainability, with respect to the market and the competition.

The first step in this direction, and notwithstanding some management difficulties, was taken with the acquisition of control of the company AlmaverdeBio Ambiente in 2018, which was followed by significant development of specific marketing activities, both independently by Fruttage and in cooperation with the Consorzio AlmaverdeBio consortium, of which Fruttage is a founding member.

What we have done

The investment in direct brand management was implemented by strengthening the direct structure through the hiring of a sales manager and by reinforcing the specific back office structure.

This was followed by an overhaul of the agent network (in terms of the quantity and quality of contract agents), boosting ABA Marketing and expanding the range of products marketed in order to drive shelf presence.

The company has now begun to approach the foreign market with greater conviction and impact, achieving a turnover in 2021 on Almaverde-branded products marketed by Fruttage of around €150,000 (compared to a substantial lack of foreign invoicing in 2020).

This has been achieved despite the obvious difficulties caused by the effects of the pandemic and the unsatisfactory economic results recorded by the Almaverde Bio Ambiente structure, due in particular to a lack of recovery of sales in the Bar channel and lower sales development in Retail.

5.

Development of AlmaverdeBio Ambiente (ABA)

What we are committing to do

Commitments to the development of AlmaverdeBio-branded products (both Ambient and Frozen) will continue, regardless of whether AlmaverdeBio Ambiente continues to exist as a company. Given the less than positive management results and the gradual disengagement of other project partners, specific discussion on this issue will be needed in 2022.

In fact, the trend in sales of products made by Fruttagel within the Almaverde brand (both Ambient and Frozen) and the development forecasts are definitely positive.

The following table shows the development targets for the next three years.

Almaverde Bio	Invoicing 2021	Invoicing 2022	Invoicing 2023	Invoicing 2024
Fruit juices/beverages	949,000	1,140,000	1,267,000	1,263,000
Plant-based beverages	52,000	315,000	425,000	425,000
Tomatoes	287,000	410,000	405,000	412,000
Frozen foods	4,828,000	5,567,000	6,100,000	6,134,000
Totals	6,116,000	7,432,000	8,207,000	8,234,000

6. *Innovation: products and processes*

What we said

Innovation at Fruttigel takes the form of projects that combine internal product and process skills with the ability to approach customers as a proactive counterpart able to innovate (thus also raising the company's external visibility), tapping into new market trends and therefore new consumer needs, with high added-value or increasingly "gourmet" solutions.

The speed and effectiveness of these projects is clearly greater when Fruttigel can directly reach the consumer (B2C) or user (B2B) through its own brands.

However, we believe that the same scale can also be achieved when innovation is conveyed through private label customers, although a true, responsible and constructive partnership relationship is needed for this to happen.

What we have done

In line with the above, Fruttigel has been pushing hard in recent years on the issue of the integration of agricultural, productive, commercial, and research and development functions, investing heavily on the latter in terms of human resources and assets.

The main projects implemented and concluded concerning both product and process innovation are:

- expansion of the Almaverde Bio frozen range: new single-ingredient products as well as the new oil-free creamed range, with new product launches for both the Food Service and Retail channels;
- implementation and completion on the main legumes/cereals for internal production of the bases for plant-based beverages;
- insourcing of production chains for broccoli, cauliflower and vegetables with high added-value;
- development of fruit beverages and nectars, aimed at both adults and children, with either reduced sugar or no added sugar, according to the recommendations for proper, healthy nutrition;
- development of compostable packaging films for frozen products: already adopted by several customers;
- analysis of the environmental impact of the various forms of packaging (on the basis of a full life-cycle analysis (LCA)) and evaluation of alternative packs that are more compatible with the environment, for both the Ambient and Frozen areas.

6.

Innovation: products and processes

What we are committing to do

The commitments for the coming years – in line with the current inflationary crisis and the resulting difficulties for customers in accelerating the development of new products – revolve around Fruttigel's ability to design and create modern, functional high-quality products, implementing cooperative projects with universities and research institutions but staying focused at all times on the issues of nutritional well-being and environmental and social sustainability.

The company's main quality objectives are therefore the following:

- increase the profitability of our products by introducing products and processes that are new for Fruttigel, involving more and more players in the supply chain (cherry tomatoes and other varieties, soups, new plant-based beverages, new fruit-based beverages, new tomato sauce concepts);
- implement the development of products without added sugar;
- build stable forms of cooperation with the university and scientific research world;
- continue "circular economy" projects dedicated to the exploitation of production waste/by-products (in this regard, a specific project developed with the Rimini Technology Centre and the company Valfarma, concerning the protein and vitamin characterisation of certain by-products to assess opportunities for use in the nutraceutical field, is at an advanced stage).

7. Culture of sustainability

In order to make sustainability issues more generally meaningful, the plan envisages acting at all levels of the organisation, starting with a particular focus on workers and then touching on other levels, such as the governance structure, growers and other suppliers.

In particular and as indicated above, the commitment will be aimed primarily at workers in the current financial year, and then, based on an evaluation of results and opportunities, will be extended to other individuals. It should be noted that the judgement on the sensitivity of the management team (Management and Executive Committee) with regard to this issue is good, while it is at middle management level that efforts should be concentrated.

What we said

For some years now, the theme of belonging has been one of the main elements of Fruttage's employment policies. The aim was and is to strengthen a cooperative working culture and generate a greater sense of attachment to the company, supported by corporate well-being and consequently greater efficiency of the entire company.

With this in mind, the instruments put in place in recent years have been the following:

- the Membership Charter, which establishes a series of ethical, virtuous and sustainable behaviours that should guide employees' actions;
- a revision of the Fruttage Code of Ethics, taking into account the new policies on social responsibility towards stakeholders and the changed attitudes resulting from those policies. Specific policies to ensure dissemination and involvement have been put in place, especially for this second instrument.

What we have done

For 2021, the plan envisaged the commitment to ensuring the widespread dissemination and understanding of the Code, both for Fruttage employees and for external associates and other stakeholders. The onset of the pandemic made it impossible to achieve this outcome, as had already been feared in the previous report, and it was therefore agreed to postpone the activities until the current financial year. However, it is necessary to highlight the preparatory activities that will have a practical outcome in this exercise.

Towards the end of the year, a board resolution was passed to replace one of the members of the Ethics Committee.

In terms of incidents reported, these were limited in number and all are still protected by anonymity. Reference should be made to the report from the Chair of the Ethics Committee to the Board for a more in-depth discussion on this issue. It should be noted that the path to a proper understanding of the value and use of the Code still seems rather difficult at present.

As far as the Membership Charter is concerned, the activities in 2021 and the corresponding results from the audits can be summarised as follows: The number of breaches recorded was 43 in 25 checks carried out, and therefore a ratio of 1.72 breaches detected for every check completed.

7. Culture of sustainability

Approach based on educating about the culture of work and of belonging to the company: duties, values, principles, best practices, ethical conduct, solidarity and sustainability.

Year	Number of checks	Number of breaches	Ratio breaches/checks
2019	34	45	1.32
2020	39	69	1.76
2021	25	43	1.72

What we are committing to do

For the Membership Charter, the commitment for 2022 is to continue the checks and the work of sharing and listening and of implementing any resulting activities.

With regard to the new Code of Ethics:

- the review of the content and form of the Code, in accordance with the Code itself. The expiry of the terms of office of the members of the Committee, and the consequent need for renewal (or confirmation), should also be noted;
- the implementation of training activities aimed at the establishment of an initial group of “disseminators”, namely managers and supervisors who can act as effective transmitters of the content of the Code. This will be carried out through dedicated activities, gradually covering the entire middle management team. About ten people are expected to be involved. These activities are expected to take place during the second half of the year;
- a more general action, intended for the entire target group (employees and external associates), concerning “how to use” the Code, considering that, from the first activities onwards, the use of the Code has appeared to be slightly more problematic than expected.

In the first months of 2022, the Committee has already met three times to operationally define the activities, to prepare the report for the Board, and to examine in depth the aspects concerning the alerts received.



Structure of the Charter

Set of virtuous behaviours:

- Work, communication, relationships*
- Safety and the environment*
- Food hygiene and quality*

8. Training

What we said

This area, and in particular the provision of proper training and information for employees, will increasingly be the key to strengthening their sense of belonging to the company and their awareness of what they will need to be and know about corporate strategies and operations, in terms of what is happening as a result of the continuation of the Covid-19 emergency in 2021.

Growth of knowledge and skills, actions on integration between company functions and between the Alfonsine and Larino plants and actions to raise awareness of the impact of an employee's work on that of others have always been considered by Fruttigel as some of the most valuable aspects for improving the corporate climate and consequently business performance. In fact, these aspects will become the essential element with which to best manage how we handle the near future.

Lastly, the ability to assess and where necessary anticipate future needs for skills and knowledge is becoming increasingly important, given the organisational, technological and digital changes in prospect in an Industry 4.0 world, which are already under way and are set to grow further.

What we have done

In 2021, the following actions were taken in the areas described above:

- participation, in cooperation with Impronta Etica and CSR Europe, in the "Upskill 4 Future" project intended specifically to address the issue of changes that are affecting the labour market, the new roles and skills required by companies (and how these aspects are being managed), and the risk of certain profiles leaving the labour market;
- project to improve efficiency for the frozen packaging department and the Tetra department, the OrtoCollettivoGenova (OCG) project;
- managerial training: cycle of internal seminars on current issues or topics related to Fruttigel's strategic interests. Qualification of company managers through participation in the MIC (master's degree in management of cooperative companies);
- three issues of *Noi di Fruttigel*, the in-house magazine published each quarter;
- two events for all personnel (one at Alfonsine and one at Larino), providing information on company performance, the sustainability report and the Membership Charter;
- sharing of specific induction training sessions for new hires on the content of the Membership Charter and issues relating to food hygiene and the use of resources;
- specific training sessions on the dissemination of the new Code of Ethics and on sustainability;
- with regard to increased digitisation and Industry 4.0, training on the WMS project and an integrated shift organisation system will be provided in 2022 (shift workers make up around 85% of staff).

8. Training

What we are committing to do

The Covid-19 emergency and the fact that it has been impossible to carry out initiatives/activities in a face-to-face context have certainly impacted Fruttigel's activities in 2020 and 2021 and, at least in part, will probably continue to have an effect in 2022.

Fruttigel will in any case continue with the actions commenced, hoping that the chances of achieving the following objectives will have improved:

- two periodic initiatives intended for all employees, covering Fruttigel's activities and results, the choices made, the company's vision, and the critical issues to be managed;
- resumption of the traditional four issues of the in-house magazine *Noi di Fruttigel*;
- convening of a Management Meeting at least once a month and of the Executive Committee at least every two months;
- continuity in training activities for intermediate functions with greater responsibilities and with a specific focus on the issue of knowledge of the organisation and of the correct exercise of responsibilities;
- continuation of the "Upskill 4 Future" project with Impronta Etica and CSR Europe.

9. *Diversity, differences, equal opportunities*

This subject was present in previous reports, though it was not treated as a stand-alone point but rather as one of the aspects associated with implementation of the human resources policy. The decision was made to make it one of the core elements of Fruttage's sustainability policies because of certain specific reasons:

1. the need for updating/adaptation in line with social and regulatory requirements, particularly with regard to the EU guidelines contained in the new Corporate Sustainability Reporting Directive (CSRD) now being discussed in the European Parliament and the widespread conventions now accepted by major companies;
2. the need to provide a formal framework for the company's traditional sensitivity to gender and difference issues, typical of the cooperative tradition, which nevertheless need to be better focused, planned and described.

Because this is a new reporting area, it is not possible in this report to describe and measure what has been achieved (please refer to the topics "Welfare" and "Culture of Sustainability"), although it is possible to consider the expected outcomes.

What we are committing to do

- **By 2022:** clarify and adapt the concept – presenting it publicly – so as to determine Fruttage's criteria and objectives in this area, with particular reference to the provisions of the Governance Code with regard to the more institutional and corporate governance-related aspects.
- **By 2023:** reach the level envisaged by legal provisions and regulatory guidelines on difference and equal opportunities policies, linking this to the nature and character of the company, with possible consideration of the creation of a diversity manager role (or similar position).

10.

Corporate welfare

What we said

The corporate welfare system established in 2018 as part of the supplementary contract signed with the trade unions has become the main feature of labour policies and employment contract management at Fruttigel, improving the sense of belonging to the company and the income level of employees by containing costs and increasing organisational and productive efficiency.

What we have done

The main measures that characterise welfare at Fruttigel are as follows:

- a fixed sum of €82, to reimburse expenses incurred for welfare purposes (health, social and welfare), as an addition and **not an alternative** to the performance bonus;
- convertibility of the performance bonus to corporate welfare payments, at the discretion of the employees;
- an 8% increase paid by the company in remuneration for female workers on optional maternity leave, for the entire duration;
- recognition for personnel under temporary employment contracts (who are otherwise not covered by the regulations and national collective labour agreement) of specific paid leave in case of marriage leave (five days), for mourning (four days) and for study reasons;
- flexibility in managing working hours and lunch breaks for working mothers on day shifts;
- supplementary health care (in addition to the provisions of the national collective labour agreement) for managers;
- agreements with health facilities in the Molise and Ravenna areas at which employees can benefit from health services at very favourable prices and take advantage of Fruttigel's direct payment to the facility.

Concerning the quantitative objectives for use of the measures, it was not possible to achieve these objectives in 2021 because of the behaviours induced by the Covid-19 pandemic (lack of willingness to undergo check-ups and examinations; lengthy school closures), and the results are therefore limited to the following:

- percentage of eligible employees who have benefited from the sum usable as a refund (€82) of expenses incurred for welfare: **35%** (the target was set as 50%);
- percentage of employees who opted to convert the performance bonus into corporate welfare payments amounting to **29%** (in this case, the target of 40% was not reached).

What we are committing to do

The commitment for 2022 is to further improve the structure, usability and understanding of the corporate welfare system. Specific goals:

- implementation of free consultations for employees on nutritional and food health issues;
- achievement of a level of 55% for the number of employees who benefit from the amount that can be used as a refund of expenses incurred for welfare services (€82);
- achievement of a level of 40% for the number of employees who choose to convert the performance bonus into a reimbursement of expenses incurred for welfare services.

11.

Environment

- a. emissions and wastes
- b. energy
- c. water

What we said

Environmental sustainability is an integral part of Fruttigel’s Mission and the issues, concerns, investments and related reporting have always been present in the company’s social and sustainability reports. Providing detailed information about all aspects (investments, energy, research and innovation) of Fruttigel’s continued focus on ensuring sustainable production, consumption and investment patterns is therefore a priority, as demonstrated by the wealth of data provided in the Environmental Report chapter in the second part of this report.

What we have done

We developed the content of the business plan with this in mind. As already highlighted in the “Competitiveness and culture of sustainability” section of this report, this has included a detailed integration of the theme of investment and development with the themes of environmental and social sustainability. In recent years, the company’s focus on environmental sustainability has been demonstrated by various operational and investment projects that have been concluded or are under way. The main projects are illustrated in the following table.

	Water and local area	Atmospheric emissions	Energy use	Reduction of plastics
Corporate purification system and new investments 2020/2021 New oxygen diffusion system	2021: Water recovery 166,000 m ³ ; groundwater pumping 510,000 m ³ (authorised uptake 750,000 m ³) containment of the subsidence that the Alfonsine area is prone to	Fewer emissions 149.4 tonnes of CO ₂ resulting from reduced energy use	For the new diffusers reduced energy use for wastewater treatment equal to 260 MWh	
Cogeneration plant		Fewer emissions	Maximised energy efficiency	
Relamping for Larino and Alfonsine plants (2020/2021)		Fewer total emissions 277 tonnes of CO ₂ resulting from reduced energy use	Replacement of all light fixtures with LED technology Reduced energy consumption equal to 1,005 MWh and better illumination	
Meters for electrical and thermal measurements			Metering of specific consumption Development of plans for increased energy efficiency in departments	
Compostable pack				Biodegradable bag for frozen products, UNI EN 13432 certified, made of fully compostable material
New Tetra Crystal® 200 ml line/format 1 line in 2020 1 line in 2021	Format designed 86% using vegetable sources, 7% reduction in the surface area of the pack	Fewer CO ₂ emissions, equal to 14% compared to previous pack		Greater use of paper and reduced presence of plastic and aluminium
Ikea-Almaverde Bio project on 200 Brik without straw	Project intended to enable sustainable consumption by encouraging the consumer to drink fruit juice in Briks without straws			Avoid the use of plastic straws, which are harmful for the environment

11.

Environment

- a. emissions and wastes
- b. energy
- c. water

In recent years, in particular, a further specific focus on environmental sustainability issues has been added, namely the circular economy.

Fruttigel has dedicated itself to this subject through important projects that are being implemented in particular with Bologna University, the Rimini Technology Centre (on an alternative use of processing waste and by-products) and the Hera Group. The conclusion of the Hera Business Solution Protocol in 2020 has strengthened a very valuable partnership on energy, water and waste management efficiency.

Other opportunities in the area of management and reuse of certain waste categories are being explored with specialised partners.

Under the Hera Business Solution Protocol, the Hera Group produced the *Circular Economy Report* in 2021 concerning management of wastes and the purification plant.

Circular Economy Report – Hera Group



15.6 kg
Non-hazardous
wastes managed for
each tonne of product
100% recovered

21%
Water recovered

980 tonnes of CO₂
Greenhouse gas
emissions avoided for
wastes diverted from
landfill



-40%
Energy consumed
per m² of wastewater
treated compared
to 2019

Zeroing of the
quantity of oxygen
consumed per m²
of wastewater
treated

307 tonnes of CO₂
Greenhouse gas
emissions avoided
through energy efficiency
actions compared to
2019

What we are committing to do

Commitments relating to environmental sustainability and the resulting projects on the circular economy and efficiency gains (energy and water consumption, steam use, waste management) have been specifically addressed in quantitative and qualitative terms in the business plan.

The following table highlights the timing or degree of completion (as well as the benefits generated) of the quality commitments made in the previous report or already approved as part of the three-year investment plan for 2022-2024:

11.

Environment

- a. emissions and wastes
- b. energy
- c. water

Commitments	Benefits generated	Timing/ Completion status
Relamping of the Alfonsine site	Energy reduction; better visibility – 270 tonnes of CO ₂ emitted	Completed
Steam generators	Reduction in methane and energy use – 1,200 tonnes of CO ₂ emitted	Completed June 2022
New WMS/internal logistics restructuring using RTLS technology	Greater efficiency and drastic reduction in errors – better workplace safety and shorter routes for forklifts	Completed by 2022
Oxygen diffusers in purification plant tanks and new compressors	Energy reduction; better purification plant management – 150 tonnes of CO ₂ emitted	Completed
Decommissioning of PET department and modernisation of Tetra departments	Energy reduction – 123 tonnes of CO ₂ emitted Reduced impact of plastic use Improved efficiency/productivity	Completed by end 2022
New frozen food warehouse	Energy reduction – 480 tonnes of CO ₂ emitted Fewer shuttle operations (– 130,000 km)	Completed by 2024
Potable water and microfiltration plant	Reduced use of potable water Increased purification recovery	Completed by 2023
Harvesting machine	Reduced fuel use (+ quality prod.) – 16 tonnes of CO ₂ emitted	Completed by 2024
Replacement of plastic straws with straws with less environmental impact	Elimination of single-use plastics	Completed
Projects to reuse vegetable by-products or processing waste – waste management	Reduction in quantities currently managed as wastes	Currently being assessed

The following table assesses the achievement of the quantitative targets set in the previous report and highlights the new environmental sustainability targets for 2022.

Areas – indicators	Description	Data for 2020	Target 2021	Data for 2021	Target 2022
Energy efficiency	Reduction in total consumption in tonnes of finished product rate kWh/t finished product	kWh consumed 35,978,628 Tonnes of finished product: 200,214 Rate 180	Reduction vs 2020: 3% YES	kWh consumed 35,118,294 Tonnes of finished product: 219,267 Rate 160	Reduction vs 2021: 3%
Emissions of CO₂	GHG Protocol: Scope 1 and 2; Scope 3 on harvesting machines	Tonnes of CO ₂ 23,686 Rate of tonnes of CO ₂ /tonne of finished product: Alfonsine 0.12	Reduction vs 2020: NO Improvement in ratio rate YES	Tonnes of CO ₂ 23,965 Rate of tonnes of CO ₂ /tonne of finished product: Alfonsine 0.11	Improved ratio rate
Water efficiency	Reduction in water consumption per tonne of finished product: rate m ² /t	Consumption: 1,473,382 m ² Tonnes of finished product: 200,214 Ratio: 7.36	Reduction vs 2020 in ratio: 4% YES	Consumption: 1,465,227 m ² Tonnes of finished product: 219,267 Ratio: 6.68	Reduction vs 2021 in ratio: 2%
	Increase in quantity recovered by treatment system	M ² recovered by the treatment system: 196,288	Increase in m ² recovered: + 10% NO	M ² recovered by the treatment system: 165,066	Increase in m ² recovered: + 15%
Waste management	Reduction in ratio between total non-hazardous wastes and tonnes of finished product	Wastes produced: 8,787 Tonnes of finished product: 200,214 Ratio: 0.044	Reduction vs 2020 in ratio: 5% YES	Wastes produced: 9,252 Tonnes of finished product: 219,267 Ratio: 0.042	Reduction vs 2021 in ratio: 4%

GRI Assurance Statement



Assurance Statement addressed to Fruttigel S.C.p.A. stakeholders

1. INTRODUCTION

Fruttigel S.C.p.A. has commissioned Bureau Veritas Italia S.p.A. (“Bureau Veritas”) an independent assurance of its 2021 Sustainability Report (“Report”), for the purpose of providing findings over:

- *the accuracy and quality of published information concerning its sustainability performance*
- *the correct application of those reporting principles outlined in the Report’s methodology, in particular Global Reporting Initiative version Core (GRI)*
- *the identification of company contribution to SDGs.*

2. RESPONSIBILITY, METHODOLOGY AND LIMITATIONS

Fruttigel S.C.p.A. alone had the responsibility of collecting, analyzing, collating and presenting information and data included in its Report. Bureau Veritas responsibility has been to perform an independent assurance against defined objectives and to reach the conclusions reported in this Statement.

The assurance performed has been a Limited Assurance in accordance to the ISAE 3000 standard, through sample application of audit techniques, including:

- *review of Fruttigel S.C.p.A.’s policy, mission, values, commitments;*
- *review of records, data, procedures and information-gathering systems;*
- *interviews to members of the working group responsible for drafting the Report;*
- *interviews to company representatives from various functions and levels, including top management;*
- *overall verification of information and general content of the 2021 Sustainability Report.*

The assurance activities have been performed remotely at the company’s site in via Nullo Baldini n° 26. 48011 Alfonsine (RA) Italy and we believe we have obtained sufficient and adequate evidence to support our conclusions.



The assurance has covered the whole 2021 Sustainability Report, with the following limitations: for economic and financial information, Bureau Veritas only verified their consistency with the company's annual reports and accounts.

3. CONCLUSIONS

Following the assurance activities described above, nothing has come to our attention to indicate that information and data in the Report are inaccurate, incorrect or unreliable. In our opinion, the Report provides a trustworthy representation of Fruttage S.C.p.A. activities conducted by during the year 2021 and of main results achieved. Information is reported generally in a clear, comprehensible and balanced manner; in those exceptional cases where data and indicators could not be collected and analyzed with absolute precision, this has been reported in a transparent manner.

We also confirm that the Report complies with GRI requirements for a Core Application Level and that our assurance activities also met the GRI requirements for external assurance.

For the future, we recommend to Fruttage S.C.p.A. to share its Materiality Matrix with its key external stakeholders, as already planned.

4. DECLARATION OF INDEPENDENCE, IMPARTIALITY AND COMPETENCE

Bureau Veritas is a global organization specialized in independent assurance, inspection and certification activities, with over 190 years history, 79.000 employees and an annual turnover of 4,9 billion euro in 2021. Bureau Veritas applies internally a Code of Ethics and we believe there were no conflicts of interest between members of the assurance team and Fruttage S.C.p.A. at the time of the assurance.

*Bureau Veritas Italia S.p.A.
Milan, May 20th 2022*

*Giorgio Lanzafame
Local Technical Manager*

A handwritten signature in blue ink, appearing to read 'Giorgio Lanzafame'.

ISO 26000 Approval



Assurance Statement over the approach to Corporate Social Responsibility

Upon request from management at Fruttigel S.C.p.A., Bureau Veritas Italia has performed an independent assessment of the company's approach to and systems for the management of Corporate Social Responsibility (CSR) issues and responsibilities against principles and guidelines in ISO26000 standard.

Assessment activities were carried out in May 2022, based on the activities performed in previous years, in order to measure the progress occurred.

Following these assessment activities, Bureau Veritas Italy has produced this statement.

Bureau Veritas internally applies a Code of Ethics and we believe there were no conflicts of interest between members of the assurance team and Fruttigel S.C.p.A. at the time of the assurance.

Objective of the assessment

The objective is the assessment of the CSR approach and systems in Fruttigel S.C.p.A. In particular, Third Party evaluation was performed in order to determine if and to what extent the ISO26000 principles have been converted into a set of policies, responsibilities and procedures, integrated into existing company systems and processes and maintained and improved.

Scope of the assessment

The scope of the Third Party assessment was focused on operations directly managed and controlled by Fruttigel S.C.p.A., within the integrated management system scope. The assessment was performed remotely and includes: document review of policies, mission, principles, strategic management and management systems adopted; the deepening of the process of defining material themes and the company's strategic plan; interviews with corporate functions directly involved in the management of key social responsibility issues; data and information contained in the Sustainability Report 2020 & 2021.

Assessment methodology

Bureau Veritas Italia focused its assessment on the following core subjects from ISO26000:

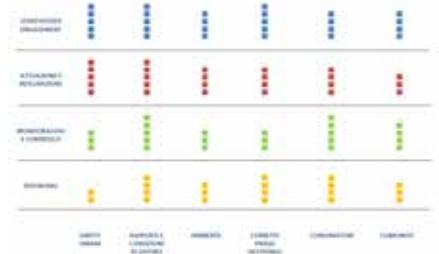
- ▶ Human Rights
- ▶ Labour Practices and Conditions
- ▶ Environment
- ▶ Fair Operating Practices
- ▶ Consumer Issues
- ▶ Community Involvement and Development
- ▶ Governance

The assessment was carried out against the following parameters:

- ▶ **STAKEHOLDER ENGAGEMENT:** How are stakeholders engaged on CSR issues? How are stakeholders' expectations embedded in the decision making process?
- ▶ **IMPLEMENTATION:** What policies, systems and procedures are in place governing CSR issues?
- ▶ **MONITORING AND CONTROL:** How are CSR systems and processes monitored for effective implementation and achievement of targets? Which indicators are used?
- ▶ **REPORTING:** How is information communicated internally and externally to stakeholders?

Results

Reported below are the summary assessment results for each core subject, ranging from 1 (less structured approach) to 5 (best in class). ISO26000 core subject "Governance" has been assessed according to UNI/PdR 18:2016, the result of the assessment is organization "Compliant and committed to excellence".



Opinion of Bureau Veritas Italia

Based on assurance activities performed, Bureau Veritas Italia believes that CSR issues at Fruttigel S.C.p.A are addressed through an adequate set of policy, procedures and systems. Processes in place are particularly robust to enable the governance of Social Responsibility issues, as identified by ISO 26000, also taking into account the expectations of Stakeholders. Specific goals on social responsibility have been set and actions for continuous improvement on material themes are taken, involving internal and external stakeholders. Management and staff are strongly involved in the topics, actively contributing to the development of CSR issues. One of strengths is the Sustainability Report, a document that illustrates the objectives, actions and trends applied by the company to guarantee governance and management practices aligned with the strategic plan, as well as to fully report on trends and results of what has been done in order to concretely plan future developments. The Report shows the company's strong commitment to sustainability issues, in particular environmental issues, in addition to the various activities and projects implemented on Social Responsibility.

Milan, June 2022

Giorgio Lanzafame - Local Technical Manager

Move Forward with Confidence



BUREAU
VERITAS

***“We have learned to fly the air like birds
and swim the sea like fish,
but we have not learned the simple art
of living together as brothers”***

(Martin Luther King)

*We at Fruttigel wish for an immediate end to the war in Ukraine and all
other wars*

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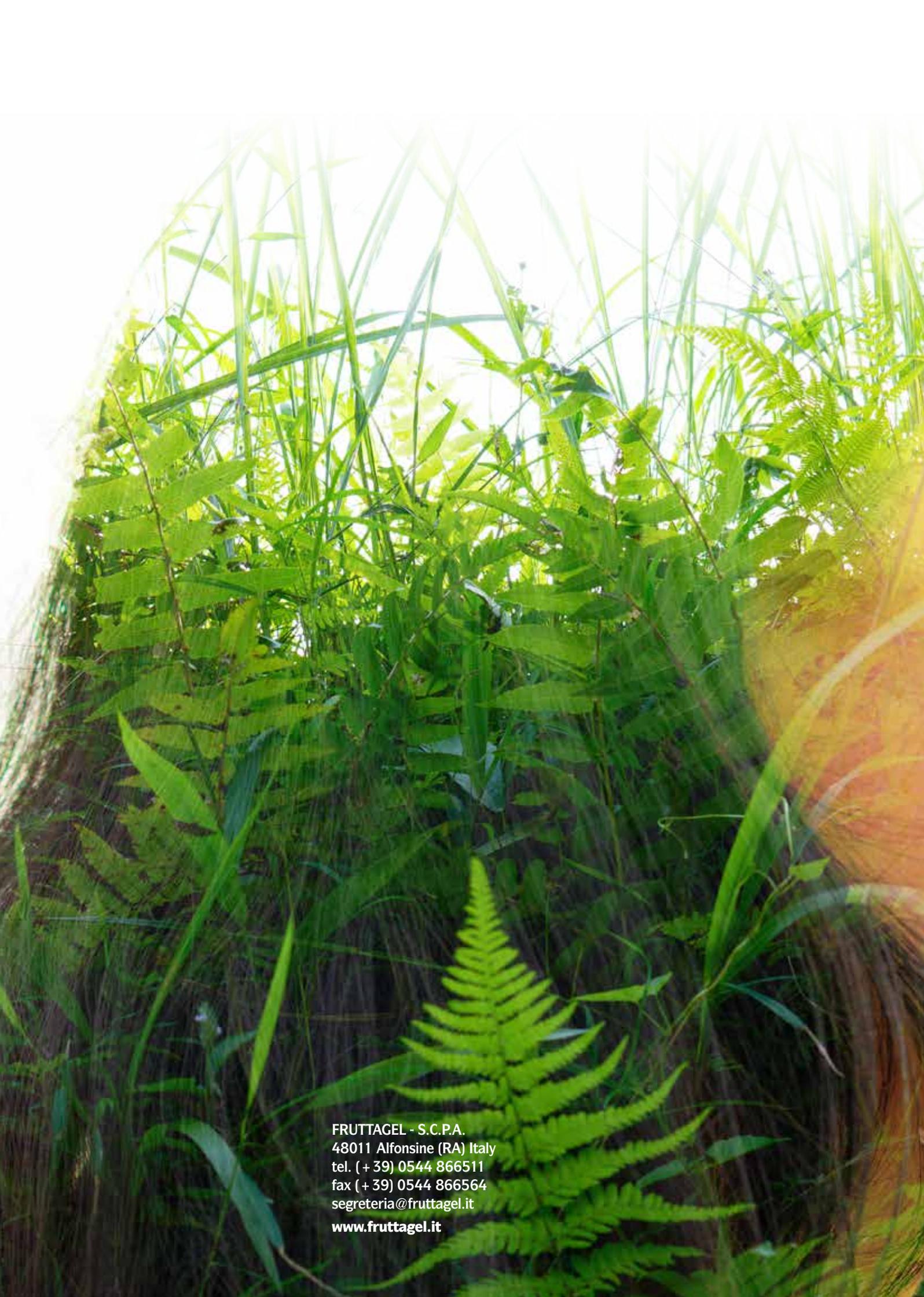
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