

SUSTAINABILITY REPORT 2022



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LETTER TO STAKEHOLDERS

Dear Stakeholders,

This document is the Sabelli Group's second Sustainability Report and aims to build upon the process of internal awareness and external disclosure of sustainability topics that began in 2021. The key addition to this year's report is the inclusion within the reporting scope of Val D'Aveto, a business based in Liguria and specialised in yoghurt and fresh cheese production. Its inclusion not only demonstrates a continuing commitment in line with the Sustainability Report 2021, but an ambition to become more decisive and complete by including a business that differs in terms of product type, but is still part of the Sabelli Group.

Bestowing a central role upon people, traditions and craftsmanship, words that distinguish the businesses of the Sabelli Group, also means taking responsibility for giving something back to the places where we operate and inhabit, especially in terms of respect and transparency. An ongoing commitment to ESG sustainability reporting is one way of conveying this awareness and desire to keep improving to our territory, in combination with a forward-looking approach that signals new developments and solutions, improvements, and sustainable innovations.

At Sabelli, this awareness translates into the primary value attributed to people, the selection of quality raw materials, and the commitment to design and adopt innovative technological solutions for a lower environmental impact.

Choosing a "sustainable" approach is never easy nor does it produce immediate results, but it is a responsible and necessary decision in a changing global context where each player must do whatever they can to contribute. At Sabelli, we believe that we have chosen the right path and that, over time, we will reap its benefits.

Managing Directors

Angelo and Simone,

Successors of Archimede Sabelli



MASTRO ARCHIMIDE
Sabelli
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fior di latte • intrecciati a mano
100% LATTE ITALIANO
CON FERMENTI LATTICI
A. Sabelli

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ANNI
BONTÀ



NOTE ON METHODOLOGY

This document is the Sabelli Group's second Sustainability Report and strives to create a transparent communication of the sustainability strategies of the Group (also referred to as "Sabelli" or the "Group" in this document), in relation to environmental, social and governance performance for financial year 2022 (1 January 2022 to 31 December 2022).

The scope of data and economic information is the same as the Sabelli Consolidated Financial Statements as at 31 December 2022. The environmental and social data and information include the plants of the Sabelli Group in Ascoli Piceno (AP), of Trevisanalat in Resana (TV), of Ekolat in Vipava (Slovenia) and of Val d'Aveto in Rezzoaglio (GE), the latter included as of 2022 for the sake of completeness and greater consideration of the full scope of the Group. Data relating to previous periods (2021) are shown in the Sustainability Report for comparative purposes, to allow for an assessment of performance over time. Please note that some data related to 2021 have been restated following improvements to the calculation methods. For comparison purposes, the 2021 data in the current Sustainability Report also include the Val D'Aveto plant, which was not present in the 2021 reporting scope, but is included as of 2022. In order to ensure the reliability of the data, use of estimates has been limited as much as possible and, where present, is appropriately indicated and based on the best methodologies available.

The annual Sustainability Report has been prepared according to the GRI Sustainability Reporting Standards published by the Global Reporting Initiative (GRI) in line with the level of GRI-referenced application, with reference to the 2021 update, as indicated in the "GRI Content Index" table. In particular, the reported contents were selected on the basis of the results of a materiality analysis carried out in 2021 and updated in 2022, with a specific focus on the analysis of the impacts on the economy, the environment and people, including human rights, generated by the Sabelli Group by its activities. This made it possible to identify the material aspects for the Sabelli Group and its stakeholders, as described in the "Stakeholder identification and materiality analysis" section of this document.

Please note that in 2022 there were no significant changes to the Group's size, ownership structure or supply chain.

The Sabelli Board of Directors approved the Sustainability Report on 11 December 2023.



For further information and suggestions regarding the Sabelli Sustainability Report, please contact the Group at the contact details found at the website www.sabelli.it. This document is also available on the Sabelli website: www.sabelligroup.it.



2022 HIGHLIGHTS¹

THE SABELLI GROUP IN NUMBERS

<p>One hundred years of history</p>	<p>42,000 tonnes of products</p>	<p>4 production sites</p>
ENVIRONMENT <ul style="list-style-type: none"> Commitment and research for sustainable packaging 3 photovoltaic plants 1 cogeneration plant Around 90% of waste sent for recovery	SOCIAL <ul style="list-style-type: none"> 348 employees Fighting food waste Over 5,000 hours of training delivered in 2022	SUPPLY CHAIN <ul style="list-style-type: none"> 65% local suppliers Traceable supply chain GOVERNANCE <ul style="list-style-type: none"> 231 Model Zero cases of corruption or legal action in 2022

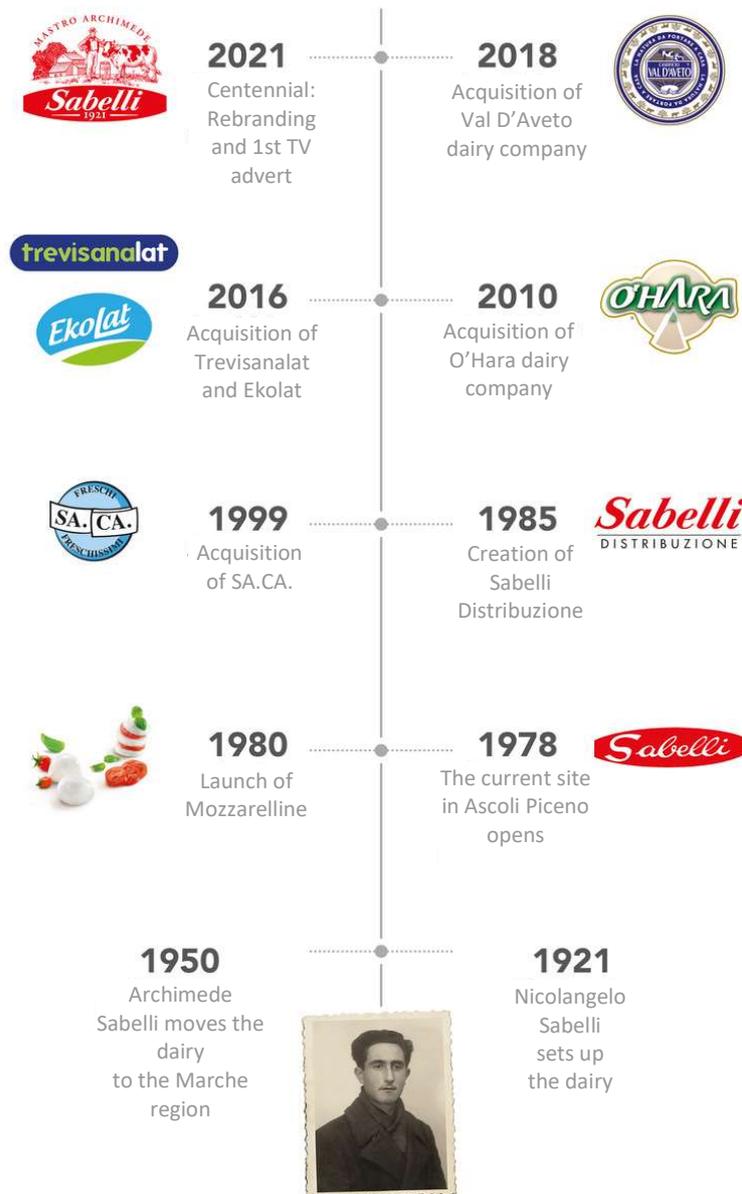


¹ Some of the highlights below contain information pertaining to an individual Group company rather than the Sabelli Group as a whole.



1. THE SABELLI GROUP

The Group as it exists today began with the Sabelli site in Ascoli, a business established by Nicolangelo Sabelli in 1921. Initially a small workshop in Bojano, in the Molise back country, when Archimede succeeded his father in 1967 the company put down roots in Ascoli Piceno. The bond created with the territory has become a fundamental element for Sabelli.





The continuous growth did not, however, lead to a loss of family values, which remain a distinguishing feature alongside dialogue and relationships with the people, workers and farmers who have always characterised the Group's identity. Its nature as a business that both supports and is supported by people has remained steady over time, allowing Sabelli to become a leading player in the Italian dairy scene, through the production of stretched-curd cheese such as mozzarella, burrata and straciatella, ricotta, and fresh cheese, scamorza, caciotta and other dairy products.

In fact, today Sabelli is no longer just the historic plant in Ascoli Piceno, but a Group present with other two plants active in the production of stretched-curd cheese in Resana (TV) and Vipava (Slovenia), and another dedicated to the production of yoghurt and fresh and aged cheeses in Rezzoaglio (GE).

The Sabelli Group mainly has business relationships in Europe, as well as some non-European countries².

² Specifically, the European markets served by the Group are: Bulgaria, Germany, Spain, United Kingdom, Ukraine, Portugal, Romania, Czech Republic, Croatia, Austria, Poland, Greece, Slovenia, Switzerland, Sweden, Belgium, Ireland, France and Lithuania. Outside Europe, the Group serves the markets of Korea, Hong Kong and Japan.



Compared to the 2021 edition of the Sustainability Report, Val D'Aveto has been included in the reporting scope as of 2022. The dairy company was created in 1991 with the aim of relaunching the production of "San Ste", a traditional cheese from Liguria, before creating the first strained yoghurt, a process that removes the whey to achieve a product with a thick and creamy consistency. The Val D'Aveto dairy company joined the Sabelli Group in 2018.



1.1. VALUES AND THE SABELLI BRAND

The concept of the Sabelli brand's identity is found in the Group's DNA. Tradition, Genuineness, Innovation, Quality, and Authenticity are cornerstones and distinctive traits of the Group and its people.

These values constitute the identity of the Sabelli brand, and are reflected in the desire to make its products popular in consumers' homes according to principles of tradition, craftsmanship and pride. The Group's strong link with the territory has allowed it to carve out a leadership role in its sector, consolidating a special relationship with people including thanks to immediate brand awareness that relies on the quality of its products.

In 2021, the year that marked one hundred years of Sabelli, the brand was relaunched, redefining its identity and communication priorities, and conveying a new concept through communication channels such as TV adverts and brand new packaging. In 2022, the Group continued to operate along the same lines as in 2021, with a more decisive use of the digital channel, opting for social media and choosing content creators as Sabelli brand ambassadors.

In 2021, the television campaign "Sa di bianco, sa di buono" was launched – and continued in 2022 – to mark the centennial of Sabelli. It was the first TV advert in the Group's history to create a conceptual territory that conveyed the true essence of Sabelli, with a unique register compared to that of its main competitors. The chosen style was country chic, with warm and colourful features that were also clean and curated. Like the product packaging, the style mainly used Sabelli colours: white for milk, the raw material used by the Group, to make it meaningful, and a bold and energetic red, an unusual colour for a dairy company, but one which gives the Sabelli packaging a strong and clear recognition.

The Val D'Aveto brand – a business that entered the scope of sustainability reporting in 2022 – stands out from its competitors in the world of yoghurt due to its refined and clean image, which perfectly reflects the essence of the product and is unique for the following reasons:

- It is simple, with no unnecessary complications in its recipe or appearance. The packaging is clean, built around the centrality of its logo, and uses a linear font and reassuring blue colour;
- It is refined in form and substance thanks to the choice of classic yet recognisable flavours;
- It is satisfying: high quality standards elevate the different varieties to market reference status, becoming more of a dessert than a yoghurt.



The brand is founded on values including territory, tradition, and genuineness.

1.2. THE GROUP'S SUSTAINABILITY JOURNEY

The agri-food world plays a fundamental role in promoting a series of sustainable initiatives that can bring about truly significant and innovative change. Consumers are increasingly mindful of what they eat and the impact that making a product has on the environment, in terms of raw materials, production processes, and the “end of life” of the product, with reference to the disposal of packaging and the cycle of food waste. Businesses that are responsive to these changing needs and awarenesses must be prepared and innovate their processes along the entire supply chain. They must also equip themselves with certifications that have now become essential for competing in an increasingly dynamic market.

The international regulatory context is also constantly evolving, and revolving, around the Sustainable Development Goals of the United Nations launched in 2015. There is a particular focus on the goals to reduce poverty and world hunger and to promote responsible consumption and production. These issues call for strong action by the agri-food sector in the fight against waste and in the commitment to ensure that everyone has access to a healthy and well-rounded diet, while eliminating malnutrition and food inequality.

Mindful of the growing centrality and importance of sustainability, in 2021 the Sabelli Group embarked on a journey to adopt measures and strategies that would make a tangible contribution to reducing the impact generated.

The process began with the Sustainability Report, now in its second edition, which aims to focus on what the Group already does and what it intends to implement in the near future.

The Group started by identifying Sabelli stakeholders, the parties that are most involved in the Group's work and directly or indirectly impacted by its operations. Then followed a materiality analysis, which enabled the Group to define issues that were considered a priority for its stakeholders.

With a view to continuous improvement and the constant search for innovative solutions with a lower environmental impact in line with consumer requirements, the Group continuously studies and monitors more sustainable alternatives for products as well as packaging. One example is the transition from polystyrene to polypropylene in off-the-shelf and service counter circular tubs for burrata and stracciatella cheeses. The result is a recyclable mono-material rather than a mixed composition product.

STAKEHOLDER IDENTIFICATION AND MATERIALITY ANALYSIS

The stakeholder identification process aims to map the various category stakeholders with an influence on the Group or on which Sabelli has an influence through its activities or strategic choices, so that at a later stage, the issues with a direct or indirect impact on them can be defined.

On the basis of prior benchmarking of its main peers in the agri-food sector, Sabelli’s top management team confirmed the Group stakeholders identified in the first Sustainability Report 2021:



Following confirmation of the parties or categories of parties most involved in the Group’s work and identified by the Sustainability Report 2021, Sabelli’s material sustainability topics were brought into focus. These are areas that reflect the significant environmental, social and economic impacts for the Group or those that are able to influence its stakeholders in terms of decisions and assessments. In this sense, the same approach was used in line with 2021, with a particular focus, however, on the analysis of the impacts of each material topic. The result of this new methodological approach, a consequence of the 2021 update to the GRI Standards, is the following list of material topics in order of priority and grouped by ESG macro-area:



1	Social	Product quality and safety
2	Social	Occupational health and safety
3	Environmental	Waste management and water consumption
4	Social	Research, innovation, and sustainable packaging
5	Social	Responsible supply chain management
6	Social	Customer satisfaction
7	Economic	Business ethics, compliance, and risk management
8	Social	Employee training and development
9	Social	Animal welfare
10	Social	Human resources management
11	Economic	Brand identity
12	Social	Employee attraction, retention and well-being
13	Social	Food waste
14	Environmental	Management of energy consumption and atmospheric emissions
15	Social	Traceability of raw materials

Given the sector in which the Group operates, of all the issues identified through the above materiality matrix, those of particular interest are those related to product quality and safety, the supply chain, and environmental protection, as well as the health and safety of its people.

With reference to the product area, customer satisfaction and the aspects of quality and safety are of particular importance to Sabelli. Making products that respect the highest quality standards and meet the main safety regulations in force is a priority, as is offering good and controlled products to its customers. This is also possible through the relationship established over time with its customers, by building a strong brand that is able to relate to and communicate with consumers.

Sabelli's commitment to producing safe and high-quality products is the result of a careful supplier selection process, using standards and procedures that allow it to apply uniform criteria when choosing raw materials, ensuring greater control over the traceability of raw materials, which, in the dairy sector, are of fundamental importance.

In terms of the environment, the Sabelli Group believes it is important to lower energy consumption and thus reduce the emissions generated by its production activities, as well as adopt a sustainable approach to food waste management and more environmentally friendly packaging.

As such, the Group is very active in the search for increasingly innovative solutions to introduce more sustainable forms of packaging.

Sabelli
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di bianco. Sa

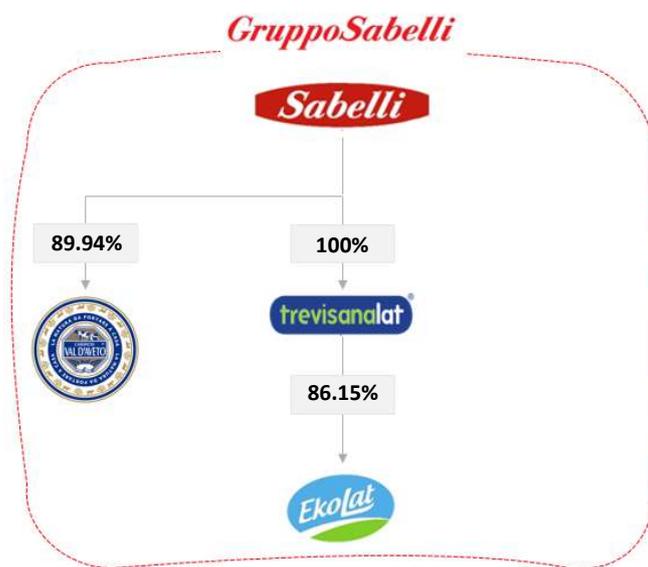




2. GROUP GOVERNANCE

The Sabelli Group’s governance structure guarantees effective and efficient management and timely control over all activities conducted at company level, with the aim of creating value for every stakeholder.

The four companies maintain their own autonomous governance structure, despite the parent company, based in Ascoli Piceno, exercising control and direction over the other three companies. The Sabelli Group’s corporate structure is shown below³.



The parent company’s organisational structure includes a Board of Directors of seven people, chaired by the Legal Representative. There are two Chief Executive Officers, one in charge of Sales and Marketing – thus responsible for the entire Sales Area in Italy and Overseas – and the other in charge of HR, Procurement, Administration, Information Systems, Supply Chain, and Quality.

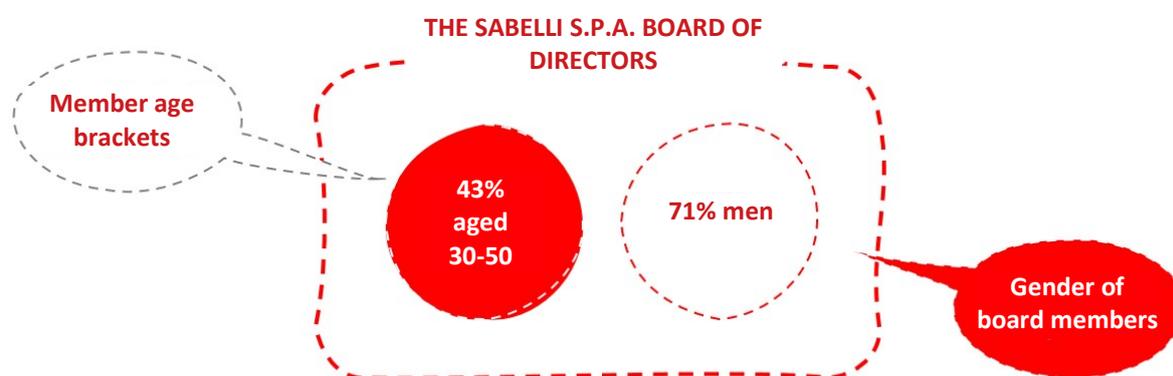
Sabelli is a member of Confindustria Ascoli Piceno.

³ This structure, as mentioned in the Note on Methodology, also includes the Val D’Aveto production plant, which, from the 2022 reporting year, joined the scope of this Sustainability Report.

Composition of the Board of Directors of Sabelli S.p.A. as at 31 December 2022

Gioconda Sabelli	<i>President</i>
Mariagrazia Sabelli	<i>Vice-President</i>
Simone Mariani	<i>Chief Executive Officer</i>
Angelo Davide Galeati	<i>Chief Executive Officer</i>
Ermano Galeati	<i>Director</i>
Marcello Mariani	<i>Director</i>
Pantaleone Contartese	<i>Director</i>

The Board of Directors consists of two women and five men. Three directors are aged 30-50 and four directors are aged over 50; there are no directors under the age of 30.



2.1. COMPLIANCE AND RISK MANAGEMENT

In order to protect the Group from penalties and to develop its reputation, Sabelli pays close attention to quality and safety, and the potential risks. In the spirit of continuous improvement and in compliance with the law, the risk assessment document is constantly updated and its full application guaranteed. At both Sabelli and Trevisanalat, the workers' safety representatives took active part in the risk assessment, before adequate training was then delivered to personnel.



The risk management approach of the Sabelli Group companies is based on a periodic analysis of its processes, in particular those relating to food safety, with accurate controls for each process. Specifically, efforts are made to promote communication with all stakeholders, such as suppliers, customers, consumers, entities and supervisory boards. In addition, workers are ensured that the activities respect safe and ethical labour practices: the work environment, machinery, equipment, products and substances used are compliant with legal requirements and are maintained in an efficient state of use.

THE 231 MODEL

With reference to the legal measures used by the Sabelli Group, the Trevisanalat plant applies the model set out by Italian Legislative Decree 231/2001 on the responsibility of entities and legal persons. Personnel have been adequately trained in this topic. This tool is considered fundamental for raising the awareness of those who represent and act on behalf of the Group, so that they follow fair and correct conduct their work, with the aim of preventing illegal situations.

With regard to the Group's internal control activities, the Food Quality and Safety Manager, together with an external consultancy firm, prepares the Internal Audit Plan on basis of the Group's BRC, IFS, and ISO 14001 certifications. The business areas involved are Management, Human Resources, New Product Development and Production, Sales, Procurement and Logistics, Food Quality and Safety Management, and Environment and Energy Management.

2.2. BUSINESS ETHICS

The Sabelli Group's business is managed according to the values of ethics and transparency, which go hand in hand with the quality of its products. The Group believes that only an approach of integrity and respect towards people will guarantee growth prospects and build a positive image and reputation among its stakeholders.

At the Ascoli Piceno site, during recruitment, all new employees are given a copy of the internal regulations in order to standardise personnel conduct across the company, both on and off site. The document offers guidance on workstation management, the proper conduct to be adopted with colleagues and the company management team, the management of company vehicles, illness, injuries, absences, leave, and all matters related to the correct performance of business activities. A document containing a code of conduct that must be upheld by personnel in the workplace is also delivered. It also outlines appropriate individual personal hygiene and clothing. Employees are also asked to follow the company's guidelines for the protection of the environment and energy savings, both in the offices and inside the production plant, while



production operators are given a code of conduct to be maintained within the food industry (HACCP).

The Resana production site has its own Code of Ethics that outlines the commitments and responsibilities of the company and its stakeholders when conducting all business activities. All activities carried out by Trevisanalat in pursuit of its mission must be in accordance with the following general principles:

- Compliance with the law, which is subject to constant control by the supervisory board, and the respective training activities;
- Professional ethics;
- Consistency and verifiability;
- Social responsibility and attention to the environment.

Sabelli's commitment to promoting a model based on ethics and integrity in every choice and daily action is also demonstrated by the absence, in 2022, of any confirmed cases of corruption, legal actions due to anti-competitive behaviour, antitrust and monopolistic policies, and significant non-compliance with laws and regulations.





3. RESPONSIBILITY OF OUR PRODUCTS

The search for even higher levels of food quality and safety remains a priority for the Group, so as to be able to respond openly to requests from the market and to satisfy all requirements relating to the products and services provided. The manual skill involved in making the product, along with intuition, observation and the sensation deriving from contact with it were always an unwavering priority for Archimede Sabelli. Despite the innovative machinery that allowed the site to grow over time, these key features have never disappeared. This is also why products at the Sabelli Group's sites are mainly made with milk from local suppliers⁴, with the addition of milk enzymes to enhance the flavour and restore unique organoleptic properties to the product that are true to traditional methods of the past. This is how Sabelli products offer end consumers an authentic, rich taste typical of traditional mozzarella.

The materials used to produce or package the products can be divided into raw materials for production (such as milk, selected milk enzymes, cream, food grade salt), associated process materials (such as detergents, coagulants and lubricants), semi-finished products or components, and packaging materials (such as plastic and cartons). By aggregating these four categories, and noting that for a dairy group the highest quantity of materials used to produce or package the products are the raw materials, in 2022 – in line with the figure from the previous year – over 90% of the total materials used was renewable, with the remainder considered to be non-renewable.

3.1. OUR INNOVATIVE SPIRIT

The Sabelli Group is a consolidated company with a constant eye on improvement and the future. Its plants adopt exclusive technology and excellent production techniques, with constant attention to the quality of the products that ranges from the choice of raw materials to investments in technological innovation.

Sabelli bases its production activity on two fundamental pillars: on the one hand, the spirit of innovation, on the other, the intention to preserve the eternal tradition and craftsmanship of its products. Research and development at Sabelli relies on an internal chemical/physical and microbiological laboratory, as well as ongoing collaboration with academia, alongside which it carries out product and process innovation projects. Relations with universities, external laboratories and suppliers play a key role in the product and packaging innovation process.

⁴ A local supplier is an organisation or person who supplies a product or service to the organisation and is based in the same geographic market. In this Report, "local" means a supplier operating in the same country as the company; for the Ascoli, Resana and Rezzoaglio plants, a local supplier is one based in Italy, while for the Vipava site, in Slovenia.

The milk used at the Ascoli Piceno plant is 100% Italian with the exception of some production lines which in certain periods of the year also use a small quantity of milk from the EU. The plant in Resana uses over 80% Italian milk, while the milk used by the dairy in Rezzoaglio is 100% Italian. The Vipava production site is 95% supplied by Slovenian companies, and 5% by Hungarian suppliers and other EU countries.

In particular, the most recent developments include the expansion of the lactose-free range, the study of processes to increase the shelf life of products, and the possibility of adding functional ingredients to the formulations. Packaging solutions development mainly involves the simplification of packaging, weight reduction, and research into alternative materials that could guarantee the same, or better, performance as conventional materials.

In detail, investments have been made in recent years at plant level, aimed at improving not only production activities and product performance, but for positive environmental effects in terms of better production efficiency.



Once of the most recent changes to packaging was made in 2021 when the Ascoli site added packaging machines to its Burrata Department that could “close” the top of the burrata, without the need for ties made of plastic. This innovation made it possible to achieve a significant reduction in the amount of plastic waste generated upstream of the production process, with beneficial effects on the environment.

Also at the Ascoli site, a project began in 2021 to replace the current packaging for the burrata pre-packaged in a takeaway leaf, involving several plastic components. The project aimed to remove unnecessary components that caused overpackaging. In 2022, this package downsizing made it possible to optimise the excess “empty space” compared to the actual space needed to contain the product.

Furthermore, in 2022, the transition from polystyrene to polypropylene for all off-the-shelf and service counter circular tubs for burrata and stracciatella was completed. This material makes it possible to achieve mono-material plastic packaging, which can be sent for recycling.



The demand for innovation and research is internal as well as external in origin. Internally, requests come from the production sector, the quality area, or directly from Management. In this case, requirements might be represented by the desire to improve the production process, for example in terms of yield, functionality, production efficiency, reducing the risks associated with production phases, and reduction of waste. Externally, input can be a result of a request from customers and/or consumers, or the result of a market analysis and the Group’s continuous research and



contact activities with its consumers and customers, aware of the importance of noting the most important industry trends.

RESEARCH AND DEVELOPMENT: OUR JOURNEY

In 2021, the Sabelli Group's commitment to innovation led to the implementation of automated and technologically advanced systems to smoke products traditionally, with wood chips and beech, including cheese and burrata.

In the future, the Group's research and development activities aim to:

1. present new products and packaging systems with a view to sustainability;
2. apply the continuous improvement of production processes to cost reduction and respect for the environment;
3. use technological innovation to increase the shelf life of products, resulting in beneficial effects on environmental impact;
4. add innovative products aimed at specific consumer targets, such as functional foods containing bioactive elements, or lactose-free products.

On the matter of waste related to packaging materials, Sabelli conducts checks on the efficiency of the production and packaging lines. Thanks to plant investments and the ongoing training of operating personnel, in recent years it has been possible to develop operations to reduce off-cuts and waste during the alignment of film reels and product packaging. In particular, as a result of monitoring of the waste produced during the automatic insertion of mozzarella packets into larger packs, the packs were made longer in 2021 to facilitate the insertion of the packets and consequently reduce the plastic waste generated (packaging remodelling to improve machinability and optimise the use of such packaging).

In recent years, the research and development team also adapted the graphics on all Sabelli product packaging films for use in the packaging machines. On the one hand, this allowed for better performance and facilitated the work of the machinist; on the other, it reduced the film waste created during alignment of the reel in the machine and definition of the operating parameters.



LINKS WITH LOCAL UNIVERSITIES

The Sabelli Group collaborates with academic institutions in the territory where it operates in projects such as:

1. The possible development of dairy products enriched with functional ingredients;
2. Extending the shelf life of products through the development of innovative production technologies to limit the development of the main microorganisms responsible for negative sensory changes during the shelf life of the product. Increasing the shelf life could help to reduce food waste, and therefore have a positive effect in terms of environmental impact;
3. Preliminary life cycle assessments (LCA) focusing on mozzarella and the consideration of water, heat and packaging consumption.

Research and further studies will be necessary to define the real-life application of the technologies mentioned for the development of new Sabelli dairy products.

3.2. FOOD QUALITY AND SAFETY

The aim to offer the highest quality products and services, responding as closely and as quickly as possible to customers' needs, is a key part of Sabelli's corporate mission. The Group has always been committed to building relationships of trust with its customers based on experience and the possibility of mutual satisfaction on the market. This is the reason behind the compliance assessments of its products and processes with international food safety and quality standards, which often include audits by independent parties.



SABELLI ASSURES ITS CUSTOMERS THAT ITS PRODUCTS COMPLY WITH EXISTING LEGISLATION AND SPECIFIC REQUIREMENTS THROUGH:

1. the assessment of its suppliers of raw materials, packaging and services with an impact on the quality and safety of finished products;
2. the correct storage of the materials and raw materials purchased;
3. the control of the release into the production cycle exclusively of products that meet legal, quality and food safety requirements;
4. the reporting of non-conformities upon receipt and initiation with its personnel of a timely resolution with a view to continuous improvement;
5. continuous checks on raw materials, semi-manufactured and finished products carried out by external accredited laboratories as well as its own internal laboratory. These checks allow the food quality and safety manager to confirm the suitability for sale of the products made each day by the Sabelli dairy.

In 2022, the Sabelli Group reported one incident of non-compliance with product health and safety regulations that resulted in the payment of a fine and/or a penalty. To assess its impact, a ratio was calculated of this incident to the number of items made and subsequently measured against a sample of 100,000 units of product made. Therefore, there were 0.00069 incidents of non-compliance resulting in the payment of a fine or penalty for every 100,000 units of product made.

With regard to incidents of non-compliance with product health and safety regulations resulting in a warning or limitation or recommendation at Group level, in 2022 Sabelli reported a number substantially in line with 2021. In particular, incidents of non-compliance, understood as the detection of foreign bodies in products (such as plastic or other contaminants) as well as microbiological measurements (such as product alterations, and may have swollen or developed particular colours), have been calculated as a ratio to the number of units made and subsequently measured, to assess the impact, against a sample of 100,000 units of product made. In this way it was found that in 2022 there were 0.019 incidents of non-compliance involving a warning per 100,000 units of product made.

On the other hand, with reference to incidents of non-compliance with internal voluntary codes regarding the health and safety of products and services, the Sabelli Group manages and resolves these in accordance with the "PDCA" model for continuous improvement. A figure substantially in line with 2021 was recorded. Similarly to incidents of non-compliance with product health and safety regulations resulting in a warning or limitation or recommendation, incidents of non-compliance with internal voluntary codes, understood as packaging defects or underweight products, are also calculated as a ratio to the number of units made and subsequently measured, to assess the impact, against a sample of 100,000 units of product made. In this way it was found that there were 0.016 incidents of non-compliance with internal voluntary codes per 100,000 units made.



Quality and food safety monitoring and control activities cover all stage of the value chain, with supplier qualification and selection activities, collection of documentation (including analyses by the suppliers themselves), continuous analysis, and risk assessment.

These actions allow the Group to adapt the frequency of analyses to the critical aspects that emerge and focus its attention and resources more effectively. In particular, checks are carried out when the raw materials enter the production plant and, upon receipt of the goods, quantitative and qualitative tests are carried out.

All analyses of compliance on incoming raw materials, both food and packaging, follow well-defined audit plans based on procedures that envisage risk analysis and follow the procedures set out in the HACCP manual, which aims to ensure the health of food from the perspective of prevention. To this end, Sabelli carries out numerous chemical and microbiological analyses each year, using laboratories at the Group’s sites as well as external laboratories accredited by and affiliated with the Sabelli Group.

The quality and food safety of Sabelli products are ensured through compliance with voluntary quality certification standards **BRC** (British Retail Consortium) and **IFS** (International Food Standard), which are internationally recognised and belong to the Global Food Safety Initiative (GFSI) on food quality and safety throughout the production chain. Sabelli receives annual unannounced inspections by an independent third-party body accredited to issue BRC and IFS certifications.



The Ascoli site is also ISO 14001 certified, while the Trevisanalat site has had a Quality Department since 2006, and has been UNI EN ISO 22000:2018 certified since 2007, a standard designed to harmonise global requirements for food safety management for businesses within the food supply chain, by combining the fundamental characteristics of ISO 9001 and HACCP to provide an effective framework for the development, implementation, monitoring and continuous improvement of a documented food safety management system in the context of the organisation’s overall business risks. Other certifications of the Resana site include IFS and BRC, in their seventh and eighth update respectively. The Ekolat site in Slovenia is also IFS certified. The Val D’Aveto dairy does not have BRC/IFS certifications but follows their guidelines in the process of applying the HACCP system.



The Sabelli Group's company policy on food product safety is underpinned by the systematic and continuous prevention of the onset of critical and emergency situations for food product safety caused by internal factors and, as far as possible, external factors. As part of crisis management, the company adopts a specific procedure that allows for the management of non-conformities in the production, distribution and sales process, in particular the management of "health crises" resulting from non-compliance in the area of food safety, "product" quality or "performance" quality.

This procedure also governs non-conformities that could give rise to product recalls intended to ensure the health of consumers, as the subjects of food safety risk, but also to safeguard the company's reputation and performance. There is a tangible commitment to reduce and eliminate where possible the risks resulting from potential critical situations that could occur through a careful and rigorous handling of complaints and other types of reports or alerts. The number of complaints is monitored using a dedicated system that collects incidents of non-compliance of product quality reported by customers as well as end consumers. In 2021, the Sabelli quality office and Management team implemented a new software for the management of complaints and non-conformities. This software contains forms to manage and store complaints and non-conformities, which can be inserted directly by the Sabelli commercial department, increasing the capacity of the quality system to detect all complaints that were previously handled directly by Sabelli collaborators and that somehow could not be properly documented, thus underestimating the data.



3.3. SABELLI PRODUCTS: QUALITY AND SAFETY

SABELLI HAS TAKEN A NUMBER OF INITIATIVES SINCE 2021 TO ENSURE BETTER QUALITY AND SAFETY OF ITS PRODUCTS, INCLUDING:

1. The implementation of next-generation laboratory instruments to perform chemical/physical and microbiological analyses with even higher analytical precision;
2. Continuous training of internal laboratory and specialised quality assurance personnel;
3. Compliance with the internal self-inspection plan and the one performed by accredited external laboratories, which ensure customers compliance with quality standards that are reflected in the choice of raw materials used, in the control of processing intermediates, and in the finished products. This ensures that all products sold reflect the highest standards of food quality and safety;
4. The ongoing specialisation of the operators who work and make Sabelli products every day, through specific training programmes on awareness and the importance of the concept of food quality and safety. Sabelli makes continuous investments in employees who work in direct contact with the raw materials that will become the Group's finished products.

For a business that is mindful of quality and food safety, animal welfare is one of the key parameters when selecting the assignor and in the decision to continue the supply relationship over time.

Assessing animal welfare means not only analysing the state of affairs, but the willingness of the farm owner to take on the process of adapting to new regulations or provisions, according to a continuous improvement approach. From this perspective, auditing is not only a tool for control and assessment, but a means of sharing with the farmers a constructive critical improvement process, by indicating which areas need to be worked on.

Ensuring better animal welfare not only means guaranteeing better animal health, and thus a higher quality of the milk, but results in less use of pharmaceuticals and less impact on biodiversity. There is a project in the design stage at the Ascoli site that, using a dedicated application, will make it possible to map the farms from which products are sourced (more than 60) and to define an internal procedure on the subject. At Group level, there is a commitment and ongoing collaboration with universities, research institutes, and industry partners to increase the use of the best up-to-date knowledge of science, ethics and animal health and welfare legislation. This is done in parallel with the awareness and encouragement activities for farmers to increase animal welfare levels. A system is being designed at Group level, the introduction of which would make it



possible to monitor compliance of farmers with high standards, with particular reference to the pharmaceuticals and foods chosen for animals.

Another aspect studied closely by Sabelli is food waste: according to FAO data, 1.6 billion tonnes of food is wasted each year, amounting to around one third of total production for human consumption. In particular, in Italy every year 10 to 20 million tonnes of food go to waste, amounting to over 2,000 billion euros of wasted resources. This negative figure reflects the unsustainability of production and consumption models, which still characterises the agri-food supply chain today. In this sense, Sabelli has launched several collaborations with research bodies and specialised companies to find innovative solutions to food waste in the dairy sector. As it stands, expired products are disposed of, as required by Regulation (EC) No 1069/2009 of the European Parliament and of the Council⁵, within subcategory three⁶ then reused for pet food.

THE GROUP'S COMMITMENT TO THE COMMUNITY

At certain times of the year, such as Christmas, in order to combat food waste, the Ascoli site donates cheese or mozzarella in packets to the Zarepta association of Ascoli Piceno, which provides hot meals every day to those in need.

Moreover, to encourage and support social cooperatives in the Ascoli territory, the site in the Marche region decided to outsource some production, such as the ties used to close scamorza. In this case, the production activity is entrusted to the social cooperative Tipori Verso, created in response to the social and employment inclusion needs of disadvantaged people after leaving compulsory education, in the field of bookbinding, paper products, and assembly.

For Sabelli, product quality represents a commitment and a responsibility towards consumers; therefore, particular attention is paid to the entire production process, which involves a careful selection of ingredients alongside innovation and tradition in order to offer a range of products that match the tastes and habits of purchasers, for optimal customer satisfaction. Customer satisfaction has always been at the heart of Sabelli's company strategy.

⁵ Laying down health rules as regards animal by-products and derived products not intended for human consumption and repealing Regulation (EC) No 1774/2002 (Animal by-products Regulation)

⁶ All animal by-products no longer intended for human consumption for commercial reasons or due to problems of manufacturing or packaging defects or because they are expired.



Questionnaires were used in the past to assess customer satisfaction, whereas nowadays, and in 2022, this system has been replaced by the biennial management analysis and its quarterly monitoring through which any complaints or concerns are verified. This is supported by general dialogue with customers, carried out through annual quantitative research to assess the level of appreciation for Sabelli products, as well as how well the brand is known and how it is viewed by consumers, and product sampling activities with consequent analysis on appreciation likelihood to purchase, using the Degusta Box subscription box.

The future reintroduction of the questionnaire system instead of the “indirect” customer satisfaction assessment is being assessed.

The Sabelli Group’s commitment to its customers and consumers means not only guaranteeing safe and quality products, but offering transparency. With this aim, starting in 2021 Sabelli has been focused on the following initiatives:

- The graphic restyling of all Sabelli products, including revisiting the labelling of the packaging used for its products. This graphic change means that all the mandatory and voluntary information that must be conveyed to and received by the customer is clearer and less misleading for consumers;
- A strong focus on the compliance of its labels with legal requirements and requirements for packaging information to be correct, through a continuous verification of legal information, also supported by the use of internal specific checklists to assess the compliance of all this information;
- Attention to effective consumer communication through its packaging, in reference to the inclusion of information on proper disposal of product packaging. As a leading Group in the dairy sector, Sabelli is responsible for paying significant attention to compliance with recycling and environmental policies.





4. THE SUSTAINABLE SUPPLY CHAIN

A sustainable and traceable supply chain is a priority for the Sabelli Group, since ethics and transparency can promote business, helping to disseminate an image of reliability, fairness and transparency of the activities implemented in pursuit of its objectives. For all these reasons, Sabelli has a Quality and Food Safety Management System and an Integrated Environment and Energy Management System. These systems allow for compliance with requirements, the control of the risks associated with the food safety of its products, and the reduction of the main environmental impacts along the supply chain, ensuring:

- Accurate control of production phases, products and processes, with the aim of ensuring effectiveness and efficiency;
- The choice of quality and qualified suppliers through careful selection, the monitoring of their performance and the adoption of sustainability criteria in the purchase of goods and services;
- The same transparency regarding environmental and energy management to all stakeholders, supervisory bodies, and local institutions;
- Proactive, transparent and appropriate systems management programmes and processes for policy requirements, aimed at the continuous improvement of its performance;
- Assessment of the impacts of its activities on the environment and the implementation of reduction measures through sustainable development initiatives that optimise the use of natural resources and limit consumption.

The ways in which Sabelli searches for and defines its suppliers refer to a series of KPIs (*supplier assessment criteria*) as follows:



1. **Quality** of features (material, size, design, durability), quality of production (line and manufacturing techniques), quality and continuous improvement systems
2. **Delivery times** to ensure a limited warehouse of stock
3. **Historical performance** in financial, economic, social, and organisational terms
4. **Guarantees in case of disputes** to allow the Group to receive new products at lightning speed should shipments be disputed
5. **Production capacity** that meets the product requirements of Sabelli
6. Competitive **price**
7. **Technology** and ability to acquire and propose technical and innovative solutions for production, research and development, and procurement improvement
8. Continuous **communication** on order status
9. **Trust** between suppliers and customers
10. **Reputation and market positioning** of the chosen supplier
11. **Supplier profile** in terms of reputation, past performance, and other products
12. **Supplier sustainability** in terms of impacts generated on society. Economy and environment

With reference to the supply chain, in 2022 the Sabelli Group spent over 180 million euros, of which around 65% spent with local suppliers⁷, a slightly lower figure than in 2021, albeit countered with a significant increase in overall spending in 2022, which grew by over 50%.

Periodic assessments

Supplier monitoring and assessment take place according to a series of periodic steps, as described below.

Each quarter, an analysis is carried out on the turnover of each individual supplier with reference to the quantity of goods ordered. This analysis measures indicators such as the punctuality of deliveries, quality reliability, the status of disputes, and other unique aspects of the supplier. Each year, during the management review, the performance of the suppliers that were registered in that year is assessed, and non-compliance and reports related to a supplier and the products or services provided by it are evaluated. This monitoring method allows Management to decide whether to confirm, or in extreme cases replace, the supplier being assessed.

⁷ For the Ascoli, Resana and Rezzoaglio plants, the local supplier is based in Italy, while for the Vipava site, in Slovenia.



In order to ensure that the products and services purchased meet the specified requirements for supplies and are available within the scheduled time frames, procurement process activities include:

- research, acceptability assessment and revaluation of suppliers;
- audit of purchasing data;
- possible verification of products at suppliers and product checks upon receipt.

The type and extent of the audit carried out on suppliers, products and services purchased depend on their influence on food safety, on subsequent product manufacturing activities, and on the quality of the products and the service. A specific procedure has been adopted that indicates the criteria used for the first supplier assessment. The capacity of a supplier is established:

- with a “preventive” assessment, which aims to estimate the supplier’s ability to achieve the performance required by Sabelli;
- with a “final” assessment, based on the supplier’s performance.

Particular attention is paid in the supplier assessment to the food safety risk analysis, in relation to products and supplier.

Furthermore, despite the significant increase in prices affecting all product categories (such as plastic, wood, paper, etc.) due to the ongoing energy crisis (oil, gas, electricity, etc.), exacerbated by the Russian/Ukraine conflict that broke out in early 2022, and which significantly impacted on the possibility to make purchases intended to reduce prices, the Group procurement policy is still to purchase staple goods of absolute quality and sustainability, and at acceptable prices.



A closer look at... Supplier assessment

In order to assess suppliers, a suitability index is created for each one that refers to certain requirements such as price offered, certifications held, reliability, and responsiveness in deliveries. The suitability index resulting from supplier assessments determines: acceptance or full confirmation, acceptance or conditional confirmation, non-acceptance or interruption of relations with the supplier. Sabelli acquires additional information for supplier assessment, which may derive from:

- a sample analysis to be carried out in acceptance or directly during service provision;
- traceability tests (mandatory for suppliers not certified BRC and/or IFS and/or FSC22000 that provide raw materials, semi-manufactured goods, finished products, primary packaging);
- provision of evidence;
- products supplied by other companies;
- audits at supplier premises (mandatory for “High” critical suppliers).

In addition, all information and documentation is forwarded to the Food Quality and Safety Manager, or to the head of the function involved who requested the activation of the new supplier, who will assess the supplier’s ability to provide products/services that meet Sabelli’s requirements. In the event of a positive assessment, all the above information will be reported in the Supplier Database. In the event of a negative assessment of the supplier by the Food Quality and Safety Manager or other function managers, the Procurement Manager is contacted, who will search for another supplier of that product/service.

During the Annual Management Review, the Group re-evaluates and renews qualified suppliers on the basis of their ability to provide products/services that meet Sabelli’s requirements, by examining their performance and checking that there are no situations that would rule out their use.

The Group also ensures, by means of checks upon receipt, that the materials and ingredients intended to become part of the finished products (including packaging) cannot be used in subsequent production activities (production, storage, shipping) without establishing in advance that the requirements specified for procurement have been met.



5. OUR PEOPLE



The development and growth of Sabelli, which over time has become an established and recognisable industrial group, is connected to its people, who are the cornerstone of a business founded on family values, a sense of responsibility, and attention to the surrounding territory. The original artisanal spirit has been kept intact thanks to the contribution of every person who produces fresh, genuine and quality products every day with care, precision and passion.

5.1. EMPLOYEES OF THE SABELLI GROUP

As at 31 December 2022, the Sabelli Group, with reference to the three production plants dedicated to stretched-curd processing, namely Ascoli Piceno, Resana (TV) and Vipava (SLO), and to the plant for fresh cheese and yoghurt in Rezzoaglio (GE), has a workforce of 348 people⁸.

At certain times of the year, the Group also makes use of workers who are not employed but are provided by temporary agencies, or involved in internships.

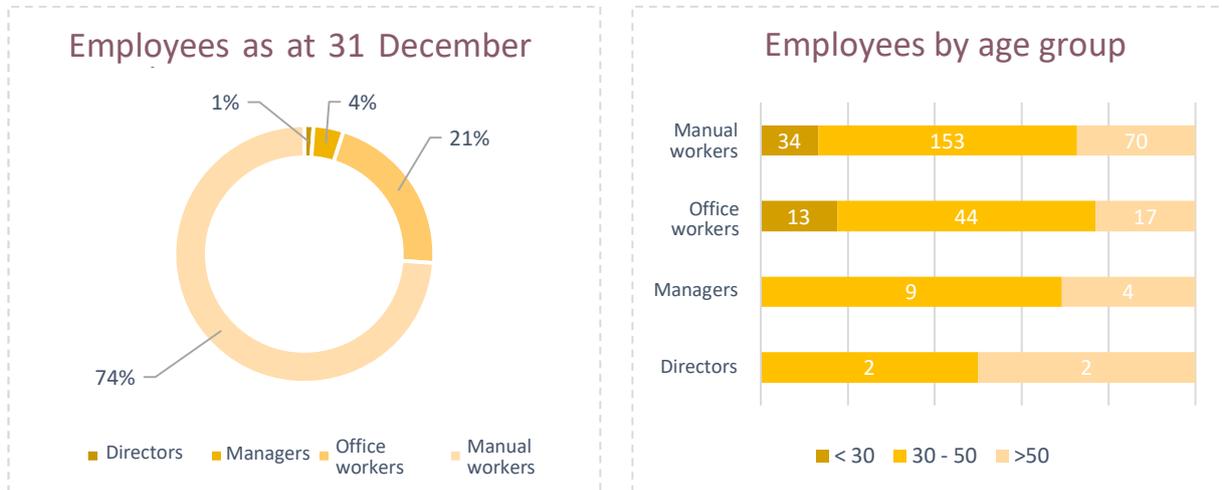
Each plant has its own Director, who, through some collaborators, coordinates, manages and organises all aspects related to people, plans and defines weekly shifts for operators, before reporting to the Owners on any critical issues or reports to be resolved. In the specific case of Sabelli, in 2022, a change was made to the organisation to include a Shift Leader, who plays a coordinating role between the Departments and the Plant Director.

Of the total employees, a large portion is represented by manual workers, dedicated to the various processing and transformation stages of the raw material, while a lower percentage is represented by office staff, such as officer workers, managers, and directors.

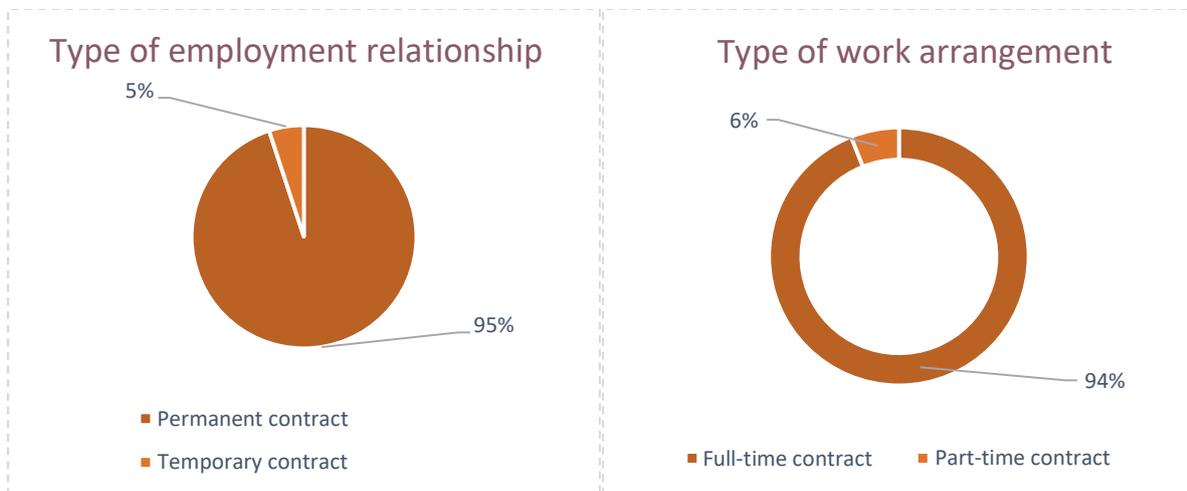
⁸ At certain times of the year, the Group also makes use of workers who are not employed but are provided by temporary agencies, or involved in internships. These workers are not counted as employees and for the year 2022 there are a total of 88, of which 86 temporary and 2 interns, all operating at the Group's two Italian plants.



Employees are made up to a large extent of people between the ages of 30 and 50, while a smaller percentage is aged under 30 and over 50.



Of the total employees, 100% are covered by collective bargaining, and 95% are on permanent contracts, while 94% of employees have a full-time contract.





5.2. RECRUITING AND ONBOARDING

The Sabelli Group has been able to grow considerably over the years through a careful selection of the people who join the business. In this regard, with reference to the number of new employees, compared to 2021 there was an increase of 18, from 366 people to 348, thus recording around a 5% increase in the percentage of total Sabelli people.

In order to contribute to an ever-expanding development, the Group constantly seeks out talent with energy and seriousness, a sense of responsibility and reliability, who are motivated and proactive. To this end, relations with training agencies, employment offices, schools, and universities are fundamental and decisive for attracting new resources in line with business principles and with the necessary skills to remain competitive in the dairy business.

The topic of employer branding, which is increasingly more relevant, is therefore reflected in the activation of additional collaborations with training agencies to raise awareness and appreciation of the Group's business, job opportunities, and possibilities for professional growth.

Partnerships with academic institutions include the University of Teramo, the Polytechnic University of Marche, the University of Camerino, the University of Padua, and ISTAO (Business School of Ancona). In the post-pandemic period, the HR team at the Sabelli Group resumed its participation in career days organised by the faculties of greatest interest to our core business. For example, in October 2022 the team attended a career day at the University of Padua, a chance to tell students about the Group and meet interesting candidates; two people joined the Trevisanalat site following the event. Other forms of collaboration are in place are institutes dedicated to the specific subject of food quality and safety – such as the CTQ Institute in Poggibonsi – or other post-graduate training institutions.

Over the years, all the Group companies have activated and consolidated a series of collaborations with schools, universities, and post-graduate schools. At secondary school level, Sabelli and Trevisanalat collaborate with technical and scientific institutes by launching work-based learning projects and curricular internships in production or the analysis laboratory, to intercept potential talent even before the high school diploma. Thanks to this contact with schools, one student from the ITIS mechanical institute joined Trevisanalat for several months in summer 2022. Recruitment days are often held with those about to graduate from high school, with a brief introduction to the company, a tour of the site and a one-on-one interview with each student



Once the profiles of interest to the Group have been intercepted, the recruitment process involves individual interviews, initially with Human Resources, followed by a technical interview with the representative from the function for which the person is being recruited. For some professional figures, a further interview is held directly with the Owners (Chief Executive Officer).

With specific regard to the Val D'Aveto dairy, it has fewer attraction or retention strategies than the other plants for two reasons: firstly, the size of the dairy, a small plant that employs almost exclusively people from the local area and, secondly, the plant's location in the Ligurian Apennines, in the middle of unspoiled nature and the essence of tradition. A unique and evocative landscape that is not easy to reach from the perspective of logistics.

Nevertheless, should it need personnel, the plant has active contact with the Chiavari employment service and in 2022 a collaboration was launched with the University of Pisa, specifically with the Department of Agricultural, Food and Agro-Environmental Sciences, which made it possible to launch a curricular internship for a student in Quality Control and Food Safety.

5.3. PERSONNEL DEVELOPMENT, TRAINING AND WELL-BEING

The Group has invested and continues to invest in the professional growth of employees, which is why training is present and constant. In addition to mandatory training on occupational safety and food safety and hygiene, thanks to an analysis of training needs and a discussion between Human Resources and the Area Managers, other courses are planned annually to improve the technical and/or managerial skills of a number of roles. Foreign language courses, computer courses, further training schemes, courses on personnel management, refresher courses on food quality and safety, and frequent on-the-job training (particularly in the production departments).

With a view to personnel development, in 2022 Sabelli launched a training course targeted at several plant figures including Shift Leaders, Department Managers and Deputy Department Managers, with the aim of consolidating the concept of the role and responsibilities, together with the importance of communication and collaboration. Follow-up days are planned in 2023 to discuss and assess how effective this course was, and to reflect on the next steps.

At Trevisanalat, the "Fondimpresa" Plan presented in late 2022 included numerous courses related to transversal skills development for workers and several plant figures.

In 2022, employees received 5,746 hours of training, a decrease on 2021. The decrease is mainly due to a reduction recorded at the parent company in Ascoli and the return to mostly in-person training, which reaches a lower number of collaborators than the remote methods used during the period of Covid-19.



With reference to workforce development, the Sabelli Group does not currently have an organic and structured system for evaluating company performance. However, the Group has undertaken a steady expansion in recent years, and is studying the introduction of tools and ways to monitor employee performance with the goal of improving it.

For example, implementation is envisaged in 2023 of an assessment sheet for new production hires, marking an initial step towards launching a monitoring process that encompasses the entire company population. In 2021, a gradual review of duties was launched then intensified in 2022, following an organisational change at plant level, which involved the introduction of a new figure to the organisational chart: the Shift Leader.



SABELLI WELFARE

To date, the Sabelli Group does not have a structured welfare system, though the introduction of one is being studied in collaboration with the trade unions.

However, there is no lack of initiatives to meet the needs of workers in this regard. At the Ascoli site, a number of policies have been implemented to encourage employee motivation and sense of belonging, such as:

- the provision of a 300-euro contribution for every newborn, in order to promote the birth rate, and the allocation of the same sum for each marriage involving a company employee;
- the provision of flexible working hours for working mothers during the first 24 months from the birth of their child;
- the provision for all workers in the workforce, including those provided by temporary agencies, of a company room equipped with canteen service. Meals can be purchased in the store located inside the factory. For these purchases, the company contributes € 5.00 per worker, including those provided by temporary agencies. In addition to these “ordinary” measures introduced for its people, some “extraordinary” ones were introduced. In 2020, in the middle of the pandemic, in order to demonstrate proximity to its employees, bonuses were given for commitment and dedication shown at a tragic and complicated time, for a total of 150,000 euros. In addition, in 2021, the centennial, the Owners decided to distribute to all employees at the Ascoli Piceno plant petrol vouchers worth 500 euros each;
- at Christmas time in 2022, the Owners decided to offer fuel vouchers to all employees at the Ascoli and Resana sites;
- to ensure the well-being of collaborators, several alignment steps were planned, such as sharing all company communications through an app (for Sabelli, Trevisanalat and Val D’Aveto), or the communication of the following week’s shifts every Thursday to allow people to organise their personal and family commitments.



5.4. HEALTH AND SAFETY OF PERSONNEL

The protection of the occupational health and safety of its workers is a priority for the Sabelli Group. For this reason, it is considered essential to develop adequate awareness, among employees, on the risks that may arise in the workplace, and what behaviours and actions should be taken to maintain a safe and healthy working environment.

The Group uses a Risk Assessment Document (DVR), the result of a joint assessment by the Employer, the Occupational Health and Safety Officer, and the company physician, following consultation with the Workers' Safety Representatives. The DVR is reworked during changes to the production process or organisation of work that are significant for worker health and safety, or in relation to how technology develops, prevention and protection, or following significant incidents or where the results of health monitoring show that it is necessary.

The identification and assessment of hazards and risks to worker health and safety are carried out by the Employer, the Occupational Health and Safety Officer, the company physician, the supervisors, and the workers themselves within the scope of the activities carried out by each role, following consultation with the Workers' Safety Representatives, in accordance with Article 17 of Legislative Decree No. 81/08. In particular, the following are considered:

- The choice of work equipment and chemical substances or preparations used;
- The arrangement of workplaces;
- All risks to worker health and safety, including groups of workers exposed to particular risks, such as work-related stress, according to the contents of the European Agreement of 8 October 2004, and pregnant workers, in accordance with Legislative Decree No. 151 of 26 March 2001;
- Risks related to gender differences, age (including child labour), and coming from other countries.

Control activities are reflected in periodic inspections of workplaces by competent persons, analyses of reports received from workers, and by verifying that the indications arising from periodic meetings are followed up where appropriate. At the site in Ascoli workers are able to report the hazards found in the workplace, and near-misses, using a specific form (M-AP-MAN.01.0). In order to avoid any repercussions, the reports are examined anonymously after being collected from a dedicated mailbox.

The topic of occupational health and safety is the subject of mandatory training, as envisaged by Legislative Decree 81/2008, for all categories of workers, regardless of role. A general training session lasting four hours is envisaged for all roles, which details with the concepts of risk and damage, prevention and protection, organisation of business prevention, rights, duties and sanctions for various figures. It outlines the supervisory, control and assistance bodies. Specific



training is provided differentiated by the various roles and with a focus on the risks and dangers associated with the tasks of each role.

In accordance with legal obligations, the Group has also identified and trained fire safety officers and first aiders.

Furthermore, the occupational health and safety management system of Trevisanalat has been certified according to UNI ISO 45001 since 2022.

With reference to work-related injuries recorded at Group level, in 2022 there were 7⁹ work-related injuries, of which two at the Ascoli Piceno plant, three at the Resana (TV) plant, and two at the Vipava (SLO) plant. Of these, no injuries resulted in fatal or serious consequences. The figure is in any case lower than 2021, when a total of 13¹⁰ work-related injuries occurred. No injuries were recorded at the Val D'Aveto plant in 2022.

5.5. DIVERSITY AND EQUAL OPPORTUNITY

The aim of the Sabelli Group is to create a balanced and inclusive workplace where employees can express their distinctive traits and skills in a peaceful environment. The Group pays particular attention to gender, ethnic, religious and social diversity, as well as disabilities, issues that denote a particular sensitivity and are of primary importance for Sabelli, which considers respect for other people as a way to carry forward the Group's values, starting with family spirit, sense of responsibility, and loyalty.

The Group does not place any restriction on access to employment linked to gender, religion and nationality or ethnicity, and in the recruitment process takes care to provide work and wellness tools for all. Anonymous questionnaires are a useful tool for establishing an inclusive climate, as they allow people to express their needs or suggestions for improvements.

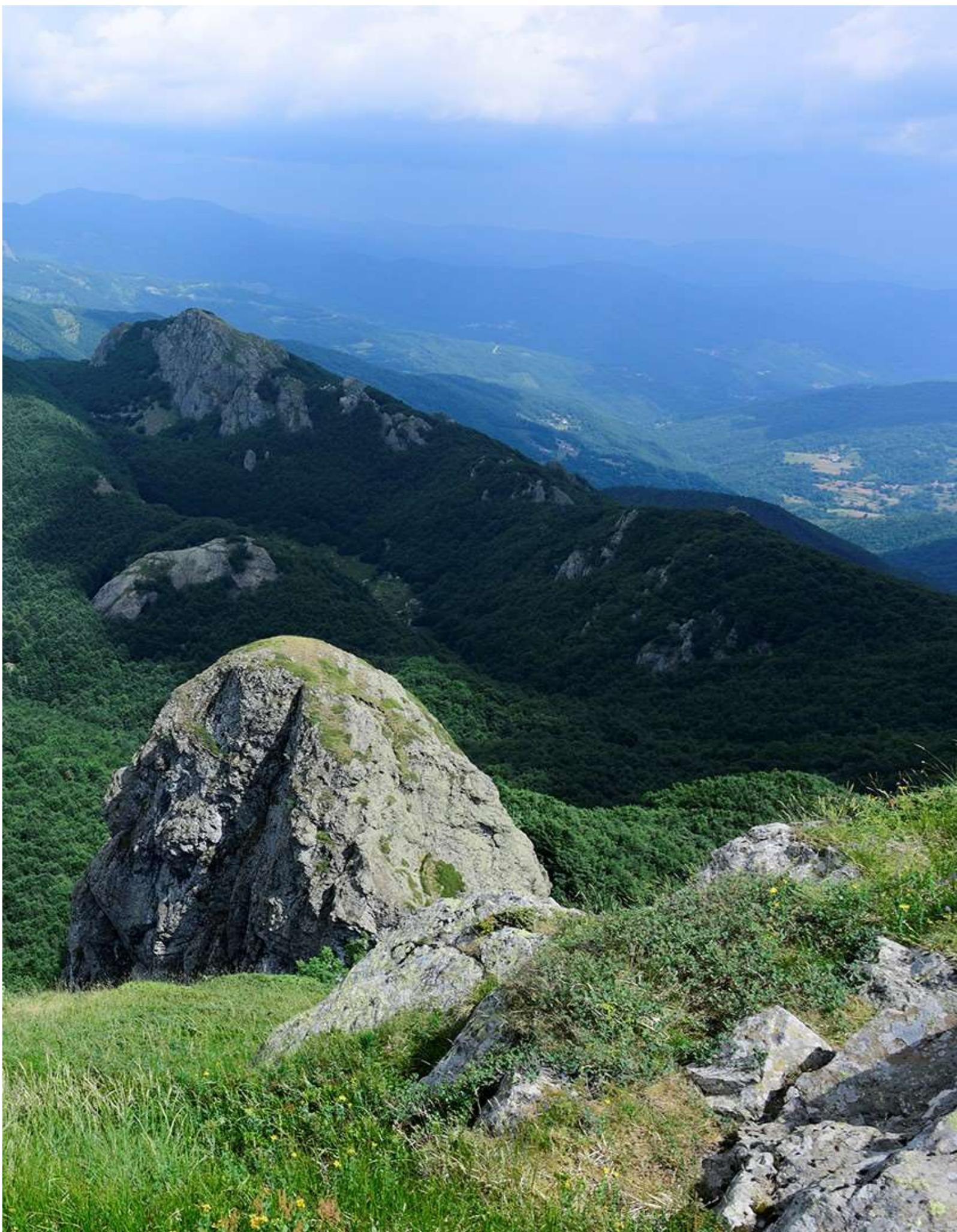
The Sabelli Group is also aware of issues such as the inclusion of foreign nationals to allow for integration into Italian society and work learning. As a matter of fact, the Group believes that the development of practical and work skills is an example of a useful and effective tool, and for this reason Sabelli pays strong attention to related opportunities that arise, participating in them where possible.

⁹ In 2021, at the Trevisanalat plant, there was an employee injury as a result of commuting using own transport, which, however, is not counted among the work-related injuries.

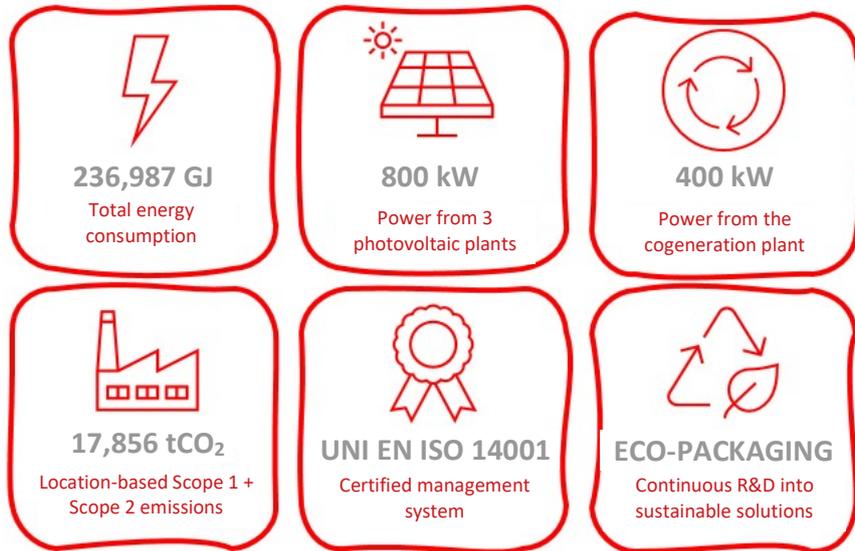
¹⁰ The 2021 figure for injuries at Group level has been corrected and restated.



In 2022, no cases of discrimination on the basis of race, skin colour, gender, religion, political beliefs, nationality, social background, or any other kind of discrimination were recorded at any of the Group's plants.



6. COMMITMENT TO THE ENVIRONMENT



Environmental protection is a challenge that involves all players in society, starting from the economic parties that operate in and have an influence over the ecosystem. In this sense, the food industry plays a fundamental role, considering its growing impact on the environment, and increasing consumer awareness of the issue.

Globally, the food sector is responsible for around 26% of CO₂ emissions¹¹ and it is estimated that by 2050, emissions from the agricultural sector and farms will increase by 30-40%. These data highlight the need to explicitly include limiting emissions from the food sector in the objectives and in national mitigation plans, as an essential strategy for achieving the objectives of the Paris Agreement.

At the behest of the management team and in compliance with national and international regulatory developments, the Sabelli Group pays particular attention to the environmental impacts generated by its activity. In demonstration of this, the site in Ascoli is certified according to ISO 14001:2015 on environmental management. This means that the company assesses, controls and, where possible, reduces to a minimum or prevents the environmental impact of its processes and products, while also respecting all environmental regulations. This standard entails the requirement to perform an environmental and energy analysis of the processes, in order to identify the environmental impacts and energy usage that characterise the business activity, considering normal conditions as well as any exceptional or emergency situations. This environmental and energy analysis is fundamental for implementing measures intended to reduce

¹¹ Source: IPCC, Climate Change and Land (5.4 Impacts of food systems on climate change).



the environmental impact and to improve energy efficiency within the Sabelli Group. The Sabelli Group's commitment to reducing the environmental impact of its production activities, in addition to the adoption of an ISO 14001 compliant system, is also reflected in the following measures:

1. Choice of low-impact packaging, preferring more sustainable packaging, in order to reduce the consumption of materials;
2. Energy efficiency and water saving measures;
3. Promoting proper waste management, thanks to recycling and efficient disposal policies;
4. A sustainable approach to logistics through a centralisation system, close to the production plant at the Ascoli site, of a product cold store with consequent limitation on transport activities.

A closer look at... Sabelli's environment and energy management system

As previously mentioned, the Ascoli site set up an environment and energy management system to ensure maximum commitment to environmental protection and energy saving. The necessary documentation was therefore prepared and the activities that allow for compliance with the requirements of UNI EN ISO 14001:2015 were carried out.

The environment and energy management system documentation certifies that:

- the environmental and energy activities are planned and kept under control;
- the personnel involved in relevant activities from an environmental and energy perspective are adequately qualified and trained;
- the responsibilities for the management of environmental and energy aspects are clearly defined.

As a first step in the implementation of the Integrated Management System, Sabelli carried out an "Environmental and Energy Analysis" of its processes. As part of this analysis, the environmental aspects and energy usage characteristic of the company activities were identified and the impacts and initial consumption were assessed.

The Environment Manager, with the support of all company managers, periodically performs the aforementioned analysis and assesses the possible impacts and consumption using a specific procedure defined as "Identification of environmental aspects and assessment of their impacts". The assessment method consists of assigning a numerical value to each possible aspect/impact and use/consumption according to an algorithm that takes into account the weights attributed to various factors such as the relevance of the impact, its severity rather than the damage that the impact would cause to the company's image.

Depending on the value attributed to each impact or consumption, the Environment Manager can classify its environmental aspect and energy use as "very significant", "significant" or "negligible". Following this classification, the Managers define any operational control or emergency procedures needed to control such aspects.

The aforesaid information must be reported in two documents called "Environmental Aspect/Impact Assessment" and "Energy Use/Consumption Assessment". These documents must be updated at least annually (before the Management Review) or when there are substantial changes to the production process with environmental and energy implications.

The Environment Manager agrees with the company managers on which actions allow for adjustment to any new binding provisions. The framework of applicable legislation is an integral part of the Environmental and Energy Analysis since it is fundamental for assessing environmental impacts and energy consumption.



Before being assigned to new duties, personnel are properly trained and take courses on the correct application of the procedures and instructions. Planning of environmental and energy management system training is carried out and formalised during the System Review through a specific training programme. In particular, the responsibility for coordinating training on topics related to the Integrated Environment and Energy Management System falls to the Environment Manager and the Energy Manager, who carry out and record the training and coaching activities.

6.1. ENERGY CONSUMPTION, EMISSIONS AND CLIMATE CHANGE

The main energy carriers consumed by the Sabelli Group for its activities are natural gas and electricity.

The production site in Ascoli uses natural gas to power the steam boilers used for industrial purposes, for stretching, washes and heating up water, while the remaining component is used to power the site's cogenerator. In addition to natural gas, the Ascoli plant uses electricity, which is partly purchased from the grid, and partly self-generated through a cogeneration plant and a photovoltaic system. The cogeneration plant has a power of 400 kW, and all the electricity it generates is consumed by the company, while the photovoltaic system is formed of three sections (since it was built over time) and has a power of 477 kWp. Again in this case, the self-generated electricity is entirely consumed, with a minimal quantity sold to the grid. In 2022, the site in Ascoli began the construction of a new photovoltaic system with a power of 486 kWp, thus doubling its photovoltaic power; works completion and commissioning are scheduled for 2023. This strategy to self-generate energy reflects the Sabelli Group's commitment to greater sustainability and the adoption of renewable energy sources to reduce the environmental impact of its production activities.

The site in Ascoli also has 11 company cars, of which 10 diesel and one electric, which is powered by the energy generated by the photovoltaic system at the plant, and supplied by the 2 charging stations at the company store, one of which is entirely available for use by customers.

The Resana plant uses natural gas to power the steam boilers required for production activities, as well as electricity. Of this, the majority is purchased, while a significant portion is self-generated and completely consumed thanks to the photovoltaic system at the plant, which has a power of around 127 kW. The site also has a second photovoltaic system with a power of around 211 kW, located at another building leased to another business unrelated to Trevisanalat. The energy self-generated by this second system is considered entirely fed into the grid, even if some is self-consumed by the tenant. Like the plant in Ascoli, the one in Resana also plans to expand its own quota of self-generated electricity with the installation of an additional photovoltaic system. The plant in Veneto also has a company fleet of five vehicles, all powered by diesel.



At the Slovenian site, almost all of the natural gas consumed is for the steam boilers used in production, while the remaining part is used for heating purposes. The electricity consumed is entirely purchased from the grid and comes entirely from a non-renewable source (of which around 65% from fossil fuels and 35% from nuclear).

On the other hand, the Val D'Aveto site does not consume any natural gas for heating purposes, because it uses LPG in its place. There is also moderate diesel consumption (around 7,000 litres in 2022), used to power proprietary industrial vehicles. The energy used by the Ligurian site is entirely purchased from the grid and comes from non-renewable sources.

In 2022, at Group level natural gas consumption was down slightly, while electricity requirements increased compared to 2021.

The energy intensity, determined by the ratio between the total energy consumed within the organisation and the tonnes of finished product, was also calculated. The figure fell in 2022 compared to 2021.

With reference to the emissions generated, the direct and indirect emissions related to the production activities of the Sabelli Group were calculated.

In 2022, direct Scope 1¹² emissions were equal to 13,174 tCO₂ equivalent, while indirect Scope 2¹³ emissions were equal to 4,682 tCO₂ equivalent according to the location-based approach and 7,185 tCO₂ equivalent according to the market-based approach.

Specifically, direct Scope 1 emissions include those generated by the use of natural gas and LPG for heating purposes, those arising from the use of coolant gas and those attributable to the fuel that powers the car fleet. In particular, Scope 1 emissions linked to coolant gas recorded a significant drop in 2022 compared to 2021. With reference to Scope 2 emissions, 2022 is in line with 2021 with respect to the location-based calculation method.

The emissions intensity was also calculated, determined by the ratio of location-based Scope 1 and 2 emissions and tonnes of finished product, and by the ratio of market-based Scope 1 and 2 emissions and tonnes of finished product. The figure fell slightly in 2022 compared to 2021.

¹² GHG Scope 1 emissions are those from sources owned or controlled by an organisation.

¹³ Scope 2 emissions include but are not limited to CO₂ emissions from electricity generation, heating, cooling and steam purchased or acquired, and consumed by an organisation.

Scope 2 emissions are expressed in tonnes of CO₂; however, the percentage of methane and nitrous oxide has a negligible effect on the total emissions of greenhouse gases (CO₂eq) as can be deduced from the technical literature of reference.



6.2. MANAGEMENT OF OTHER ENVIRONMENTAL IMPACTS

WATER RESOURCES

As a Group operating in the dairy sector, Sabelli is in significant contact with water. As a matter of fact, water is an essential resource for various uses, during production, maintenance, and washing of the equipment needed to make the finished product.

Located in an area of high water stress – calculated using the Aqueduct Water Risk Atlas tool – the site in Ascoli draws water from the local water network and from two regularly authorised wells, equipped with litre counters. In particular, the water taken from the local water network is appropriately treated and used in the production process and in the packaging of products, while water taken from the wells is sanitised and used for technological use, specifically for automatic and manual washes, according to procedures and instructions provided in the quality management system.

Water is discharged into public sewers and flows into the purifier managed since 2022 by the consortium CIIP S.p.A. – Cicli Integrati Impianti Primari – which took over as water resource operator, as well as management of the sewerage network and treatment plant. The discharge can be divided, according to origin, into two categories: discharge from rainwater, and industrial/civil discharge, for which a regular AUA (Single Environmental Authorisation) is in place for the discharge of wastewater into public sewerage, which CIIP S.p.A. must verify by planning periodic analyses.

Currently, there is a single system for recording discharges that does not differentiate between discharge quotas by withdrawal source, nor does it exclude rainwater from the measurement. However, sewerage works are being carried out by CIIP S.p.A. and, once complete, they will allow for the separate discharge of rainwater from that of industrial water sent for purification. This step will allow for a more effective and efficient management of water resources and greater control over discharges of wastewater.

At the site in Resana, water is drawn from two authorised wells equipped with litre counters, which allows for a constant monitoring of water consumption. The water taken is then appropriately treated and used in the production process, as well as washes. The company has developed a specific work instruction for the identification and management of the water drawn from the wells.

Industrial and domestic wastewater is discharged into the public sewerage network and flows to the purification plant (with regular Single Environmental Authorisation).



At the Slovenian site, the entire water supply comes from the municipal network and is treated to be used in the production process, in the packaging of products, and for technological purposes. As for discharge, with the exception of rainwater (for which a separate collection and discharge network is envisaged, which flows into the Vipava river), all water used is collected in the equalisation tank, before being treated and sent to the municipal purification plant.

At the site in Val D'Aveto, water is supplied by the public network. The water is used in processing, cleaning and sanitation. The water is discharged into the river with Single Environmental Authorisation. The company has its own chemical/physical purifier and the purified water is discharged into the watercourse not far from the plant

These approaches reflect the Sabelli Group's commitment to a responsible use of water resources, in terms of both withdrawal and discharge management, contributing to the sustainability of the production activities and the protection of the environment.

In 2022, at Group level and with reference to water withdrawal, thanks to precise process efficiency measures and greater attention towards water waste, a decrease was recorded compared to 2021, with a reduction from 721 megalitres to 634 megalitres of water withdrawn.

WASTE

Waste management plays a fundamental role in the Group's sustainable performance. Although Sabelli does not have a single model for waste management and disposal, it undertakes to actively reduce its quantity and promotes greater environmental awareness among its employees through awareness initiatives. The Group's waste management guidelines follow a hierarchy that prioritises the limitation of waste generation, followed, where possible, by the reuse and recycling of waste material. In cases where these options are not feasible, disposal with energy recovery is preferred.

The main waste produced by the Sabelli Group includes paper and cardboard packaging, mono-material and composite plastic, production residues, waste oil, and waste from workshop activities. For the three Italian plants, organic residue (i.e. whey) from production activities are not considered waste but are reused as by-products for other purposes, such as for animal feed or sold to third parties for processing into animal feed.

In 2022, the four sites of the Sabelli Group produced around 1,587 tons of waste, recording a decrease compared to the amount generated in 2021, which was around 1,735 tonnes. The majority of this waste is classified as non-hazardous. Moreover, of the total waste produced in 2022, nearly 90% was sent for recovery, while the remainder was sent to landfill.



The waste arising from production and maintenance activities, such as waste oil, iron/steel, and expired foodstuffs, is sent to authorised parties following preventive temporary storage. The operations related to these types of waste are recorded using forms, loading/unloading records, and MUD (Environmental Declaration Forms). Waste pallets follow the correct management envisaged by regulations in force for waste. Workshop waste (e.g. packaging contaminated by hazardous substances) follows the correct management envisaged by the regulations in force.

In addition, with regard to the site in Ascoli, waste treated as urban waste, such as plastic and paper resulting from office activities, alongside organic waste from the store and canteen, are sent to the public collection service following preventive temporary storage. The Slovenian site outsources the disposal of differentiated waste to specialised companies authorised by the responsible Slovenian ministry.

With a view to reducing waste generated, Sabelli's commitment also concerns the choice of packaging, for example in the packaging design phase in terms of aesthetics, information on the label, and choice of material. The primary goal is to avoid choosing mixed packaging and to opt for materials for separate waste collection that are therefore easy to reuse and recycle. To this end, the company maintains continuous relations with packaging suppliers for the design of new packaging, especially new protective films, which are currently classified as mixed packaging.

This approach demonstrates the commitment of the Sabelli Group towards responsible waste management, in order to minimise the environmental impact, make the most of opportunities to reuse and recycle and, in this way, promote greater sustainability of its operations.

6.3. SUSTAINABLE PACKAGING

The Sabelli Group is driven by the spirit of innovation and continuous research, with the aim of improving the performance of its products and production processes. The Group has a dedicated Research and Development (R&D) Department that constantly works on developing innovative solutions and researching packaging that is increasingly in line with consumer demands and with the need to minimise environmental impacts, including in compliance with the latest trends and European and international regulations. From this perspective, research and development began in 2020 intended to achieve key objectives, such as:

- the reduction of the plastic used in the packaging of products, through downsizing and reduction of film and/or container thickness;
- the increase in the percentage of recyclable plastic used in product packaging;
- the efficiency of packaging lines, with reduction of packaging material waste within the production area, by configuring the packaging machines, training and raising the awareness of personnel, as well as investments at plant level;



- the use of cardboard for secondary packaging in recycled and/or recyclable FSC material, with consequent reduction of the amount of virgin material used;
- the redesign of lighter packaging (trays, cardboard boxes, etc.) and/or reduced sizes, compatible with the functionality and logistics in the dairy;
- the elimination (and/or replacement with alternative materials) of accessory components of packaging that do not play a necessary role at functional level (e.g. plastic lids; plastic ties, etc.);
- the transition to mono-material plastic packaging, which, compared to the mixed plastic currently in use for the packaging of Sabelli products, can be sent for recycling;
- the elimination of the aluminium closure clip of an entire packaging line of mozzarella.

These initiatives demonstrate Sabelli's commitment to pursuing a sustainable management of packaging and the materials used, with the aim of reducing the environmental impact and adopting even more environmentally sustainable practices in the dairy industry.

The company policy pursues the objectives of reducing environmental impact and increasing sustainability in the coming years. Between 2023 and 2024, Sabelli aims to achieve two main objectives: the substantial reduction in the weight of most packaging, and the transition from composite to mono-material plastic packs. With a view to continuous improvement in terms of environmental sustainability, the tests launched in 2020/2021 were also continued, analysed and expanded in the following years. Of particular interest is also the possibility to evaluate the use of alternative materials compatible with the type of products that Sabelli makes. In this regard, in the coming years, the intention is to intensify research and innovation activities, by involving current and potential new suppliers.

The specific actions taken to monitor and verify the effectiveness of the initiatives described thus far involve:

- Preliminary tests conducted on the packaging line, for the assessment of machinability performance and safety of the packaging to be assessed. In the event of a positive outcome, follow-up tests are also conducted on an industrial scale;
- Conducting shelf-life studies in collaboration with personnel from the internal laboratory of the Sabelli dairy, based on the assessment of chemical/physical, organoleptic and microbiological parameters of the products in parallel with the tests conducted on the packaging machine;
- Assessment of the characteristics of the alternative materials proposed by the packaging suppliers, by analysing the information contained in the technical and compliance data sheets of the packaging;



- Assessment of the difference in thickness of innovative materials compared to those currently in use for the packaging of Sabelli products, through the analysis of information contained in the technical data sheets provided by packaging manufacturers;
- Assessment of the real reduction of plastic used in production, following the elimination of unnecessary packaging components (e.g. ties for closing burrata; double casing for burrata contained in a leaf, etc.).



SABELLI'S COMMITMENT TO SUPPLIERS

The Group also works with its suppliers to reduce the environmental impact of packaging. As a matter of fact, collaborations are currently in place aimed at achieving this goal. In particular, suppliers are asked to propose innovative solutions that reduce the impact of packaging in terms of environmental pollution, while ensuring good performances of terms of product safety that matches or exceed the current performance. Moreover, Sabelli intends to adopt a selection, assessment and research policy for packaging suppliers based increasingly on their ability to offer valid alternatives to current solutions, with a focus on sustainability and respect for the environment.

In this sector, in addition to the aspect related to reducing the environmental impact, compliance with the requirements of conformity and functionality of the packaging material in contact with foodstuffs is fundamental; the packaging must ensure that the packaged product retains its integrity and health until the end of its commercial life. Dairy products present particular complications for the use of recycled plastics or alternative materials, since they must ensure the safety, preservation and quality of the foodstuffs. To date, Sabelli is committed to analysing and testing the most innovative solutions in this field, with particular reference to the development of new mono-material packaging, to reduce its weight (by redesigning the packaging or developing intrinsically lighter materials), to use alternatives to plastic or (where possible) recycled plastics. This is all combined with redesign efforts to encourage downstream recycling by the end consumer.





APPENDIX

GRI 2-7 Employees by employment contract and gender						
Type of contract	as at 31 December 2021			as at 31 December 2022		
	Men	Women	Total	Men	Women	Total
ITALY						
Temporary	15	8	23	8	3	11
Permanent	202	105	307	203	96	299
Zero-hours	0	0	-	0	0	-
Total - Italy	217	113	330	211	99	310
SLOVENIA						
Temporary	0	5	5	1	4	5
Permanent	17	14	31	19	14	33
Zero-hours	0	0	-	0	0	-
Total - Slovenia	17	19	36	20	18	38
TOTAL	234	132	366	231	117	348

GRI 2-7 Employees by job type and gender						
FT/PT	as at 31 December 2021			as at 31 December 2022		
	Men	Women	Total	Men	Women	Total
ITALY						
Full-time	213	93	306	207	81	288
Part-time	4	20	24	4	18	22
Zero-hours	0	0	-	0	0	-
Total - Italy	217	113	330	211	99	310
SLOVENIA						
Full-time	17	19	36	20	18	38
Part-time	0	0	-	0	0	-
Zero-hours	0	0	-	0	0	-
Total - Slovenia	17	19	36	20	18	38
TOTAL	234	132	366	231	117	348

GRI 2-8 Workers who are not employees						
External workers	as at 31 December 2021			as at 31 December 2022		
	Men	Women	Total	Men	Women	Total
ITALY						
Interns	0	3	3	1	1	2
Temporary agency workers	36	26	62	51	38	89
Agents	0	0	-	0	0	-
Contractors and freelancers	0	0	-	0	0	-
Other	0	0	-	0	0	-
Total - Italy	36	29	65	52	39	91
SLOVENIA						
Interns	0	0	-	0	0	-
Temporary agency workers	0	0	-	0	0	-
Agents	0	0	-	0	0	-
Contractors and freelancers	0	0	-	0	0	-
Other	0	0	-	0	0	-
Total - Slovenia	-	-	-	-	-	-
TOTAL	36	29	65	52	39	91



GRI 2-30 Collective bargaining agreements		
Number of employees	2021	2022
Total employees	366	348
Number of employees covered by collective bargaining agreements	366	348
Percentage	100%	100%

GRI 401-1 New employee hires										
no. of people	2021					2022				
	<30	30-50	>50	Total	Turnover %	<30	30-50	>50	Total	Turnover %
Men	31	34	18	83	35%	14	24	16	54	23%
Women	24	51	18	93	70%	11	36	15	62	53%
Total	55	85	36	176	48%	25	60	31	116	33%
Turnover %	100%	40%	37%	48%		53%	29%	33%	33%	

GRI 401-1 Employee turnover										
no. of people	2021					2022				
	<30	30-50	>50	Total	Turnover %	<30	30-50	>50	Total	Turnover %
Men	24	28	20	72	31%	17	22	18	57	25%
Women	16	47	19	82	62%	15	42	20	77	66%
Total	40	75	39	154	42%	32	64	38	134	39%
Turnover %	73%	35%	40%	42%	-	68%	30.77%	40.86%	38.51%	-

GRI 403-9 Work-related injuries		
Rate of work-related injuries	2021	2022
Number of fatalities	0	0
Number of high-consequence injuries ¹⁴	0	0
Number of recordable injuries ¹⁵	13	7
Rate of recordable injuries ¹⁶	3.55	2.10
Number of hours worked	2021	2022
Hours worked	732,619	666,871

¹⁴ Includes injuries leading to death or harm from which the worker cannot recover, does not recover or realistically will not recover the state of health prior to the injury within six months.

¹⁵ The figure for the number of recordable injuries relates to the following cases: death, days of absence from work, limitation of work tasks or transfer to another job, medical care beyond first aid or unconsciousness, major injury or disease diagnosed by a doctor or other authorised health professional, even if it is not the cause of death, days of absence from work, limitation of work tasks or transfer to another job, medical care beyond first aid or unconsciousness. Includes injuries as a result of commuting incidents only where the transport has been arranged by the company.

¹⁶ Rate of recordable injuries: this represents the ratio between the total number of recordable work-related injuries and the total hours worked in the same period, multiplied by 200,000.



GRI 404-1 Average hours of training per year per employee						
number of hours	2021					
	Hours - Men	Average hours/men	Hours - Women	Average hours/women	Total hours	Average hours
Directors	477	119	0	0	477	119
Managers	671	96	414	104	1,085	99
Office workers	2,861	65	762	23	3,623	47
Manual workers	2,862	16	1,618	17	4,480	16
Total	6,871	29	2,794	21	9,665	26
number of hours	2022					
	Hours - Men	Average hours/men	Hours - Women	Average hours/women	Total hours	Average hours
Directors	110	37	0	0	110	37
Managers	0	0	120	60	120	17
Office workers	567	21	490	29	1,057	24
Manual workers	1,151	13	761	12	1,912	12
Total	1,828	15	1,371	17	3,199	15

GRI 405-1 Diversity of governance bodies and employees ¹⁷								
Diversity of governance bodies by gender and age group								
Number of people	as at 31 December 2021				as at 31 December 2022			
	<30 years	30-50 years	>50 years	Total	<30 years	30-50 years	>50 years	Total
Men	-	8	7	15	-	8	7	15
Women	-	1	2	3	-	1	2	3
Total	-	9	9	18	-	9	9	18

GRI 405-1 Diversity of governance bodies and employees								
Total number of employees by category and gender								
Number of people	as at 31 December 2021			as at 31 December 2022			Total	
	Men	Women	Total	Men	Women	Total		
Directors	4	-	4	4	-	4	4	
Managers	7	4	11	9	4	13	13	
Office workers	44	33	77	47	27	74	74	
Manual workers	179	95	274	171	86	257	257	
Total	234	132	366	231	117	348	348	
Number of people	as at 31 December 2021				as at 31 December 2022			
	<30 years	30-50 years	>50 years	Total	<30 years	30-50 years	>50 years	Total
Directors	-	2	2	4	-	2	2	4
Managers	-	7	4	11	-	9	4	13
Office workers	11	47	19	77	13	44	17	74
Manual workers	44	157	73	274	34	153	70	257
Total	55	213	98	366	47	208	93	348

¹⁷ The Group's governance bodies include the Boards of Directors of Sabelli, Trevisanalat, and Val d'Aveto, and the Managing Director of Ekolat.



GRI 405-1 (Number of people belonging to protected categories)						
Number of people	as at 31 December 2021			as at 31 December 2022		
	Protected categories	Disability	Total	Protected categories	Disability	Total
Directors	0	-	-	-	-	-
Managers	-	-	-	-	-	-
Office workers	-	-	-	-	-	-
Manual workers	2	18	20	1	18	19
Total	2	18	20	1	18	10

GRI 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services		
Number of incidents	2021	2022
Incidents of non-compliance with regulations resulting in a fine or penalty	0	1
Incidents of non-compliance with regulations resulting in a warning	17	28
Incidents of non-compliance with voluntary codes	25	24

GRI 204-1 Proportion of spending on local suppliers						
	2021			2022		
	Spending [€]	Total annual spending [€]	Percentage of local spending	Spending [€]	Total annual spending [€]	Percentage of local spending
<i>Local</i>	84,039,082.72	120,883,437.66	69.5%	120,510,973.06	186,538,739.36	64.6%
<i>Non-local</i>	36,835,354.94	120,883,437.66	30.5%	66,027,766.30	186,538,739.36	35.4%

GRI 301-1 Materials used by weight or volume		
Materials used (tonnes)	2021	2022
Raw materials for production	174,005	185,058
<i>of which renewable</i>	173,137	184,118
<i>of which not renewable</i>	868	941
Associated process materials	1,139	1,139
<i>of which renewable</i>	124	127
<i>of which not renewable</i>	1,016	1,012
Semi-manufactured goods or parts	6,203	7,997
<i>of which renewable</i>	6,109	7,898
<i>of which not renewable</i>	93	100
Materials for packaging purposes	5,493	5,884
<i>of which renewable</i>	3,393	3,619
<i>of which not renewable</i>	2,099	2,265
Total	186,840	200,079
<i>of which renewable</i>	182,764	195,761
<i>of which not renewable</i>	4,076	4,318


Total energy consumption within the organisation¹⁸ (GRI 302-1)

Fuel type	Unit of measurement	From 1 January to 31 December 2021		From 1 January to 31 December 2022	
		Total	Total GJ	Total	Total GJ
Heating					
Natural gas	cubic metres	4,674,317	185,226	4,328,852	172,130
LPG	litres	114,537	2,990	106,474	2,782
Electricity					
Total purchased	KWh	13,987,105	50,354	15,163,550	54,589
<i>of which from renewable sources</i>	KWh	-	-	-	-
Total self-generated from renewable sources		2,127,504	7,659	1,819,261	6,549
<i>from solar</i>	KWh	776,357	2,795	761,419	2,741
<i>from cogeneration</i>	KWh	1,351,147	4,864	1,057,842	3,808
<i>of which consumed</i>	KWh	1,941,819	6,991	1,656,052	5,962
<i>of which sold to the grid</i>	KWh	185,685	668	163,209	588
TOTAL ELECTRICITY CONSUMPTION (PURCHASED + SELF-GENERATED AND CONSUMED)	KWh	15,928,924	57,344	16,819,602	60,551

Consumption and numbers of company fleet (GRI 302-1)¹⁹

Company fleet	Unit of measurement	From 1 January to 31 December 2021		From 1 January to 31 December 2022	
		Total	Total GJ	Total	Total GJ
Diesel	litres	29,965	1,144	33,047	1,262
Vehicles	no.	16	n/a	16	n/a
Electric	KWh	0	-	0	-
Vehicles	no.	1	n/a	1	n/a

Energy intensity (GRI 302-3)

Energy intensity	Unit of measurement	2021	2022
Finished products	tonnes of finished product	37,784	42,771
Energy consumed within the organisation	Gj	247,400	236,987
Energy intensity	GJ/tonnes of finished product	6.55	5.54

¹⁸ The conversion factors published by DEFRA (UK Government – GHG Conversion Factors for Company Reporting) for 2021 and 2022 were used to calculate the energy consumption.

¹⁹ The data refers exclusively to the Ascoli and Resana plants since they are the only ones with a company fleet. The former has a fleet of 11 vehicles, of which one electric and 10 diesel, while the latter has 6 diesel vehicles. The consumption data of the electric car is not available.



GRI 303-3 Water withdrawal				
Water withdrawal by source (megalitres)	2021 (from 1 January to 31 December)		2022 (from 1 January to 31 December)	
	All areas	Areas with water stress	All areas	Areas with water stress
Surface water (total)	0.22	0	0.22	0
Freshwater ($\leq 1,000$ mg/l of total dissolved solids)	0.22	0	0.22	0
Other water ($> 1,000$ mg/l total dissolved solids)	0	0	0	0
Groundwater (total)	440	146	386	138
Freshwater ($\leq 1,000$ mg/l of total dissolved solids)	294	0	248	0
Other water ($> 1,000$ mg/l total dissolved solids)	146	146	138	138
Third-party water (total)	280	166	248	158
Freshwater ($\leq 1,000$ mg/l of total dissolved solids)	280	166	248	158
Other water ($> 1,000$ mg/l total dissolved solids)	0	0	0	0
Total water withdrawal	721	312	634	296

GRI 303-4 Water discharge				
Water discharge by source (megalitres)	2021 (from 1 January to 31 December)		2022 (from 1 January to 31 December)	
	All areas	Areas with water stress	All areas	Areas with water stress
Surface water (total)	0.2	0	0.2	0
Freshwater ($\leq 1,000$ mg/l of total dissolved solids)	0	0	0	0
Other water ($> 1,000$ mg/l total dissolved solids)	0.2	0	0.2	0
Groundwater (total)	235.4	0	233.4	0
Freshwater ($\leq 1,000$ mg/l of total dissolved solids)	235.4	0	233.4	0
Other water ($> 1,000$ mg/l total dissolved solids)	0	0	0	0
Third-party water (total)	378	264	345	255
Freshwater ($\leq 1,000$ mg/l of total dissolved solids)	378	264	345	255
Other water ($> 1,000$ mg/l total dissolved solids)	0	0	0	0
Total water withdrawal	613.6	264.0	578.6	255.0

Direct (Scope 1) and energy indirect (Scope 2) GHG emissions from energy consumption)²⁰ (GRI 305-1 and 2)

GHG Emissions Scope 1 (tCO ₂ eq) and Scope 2 ²¹ (tCO ₂ eq)		2021 (from 1 January to 31 December)	2022 (from 1 January to 31 December)
Scope 1 [tCO ₂ eq]	Direct emissions from combustion	9,762	8,994
	Emissions from coolant gas leaks	5,322	4,181
	Total Scope 1	15,048	13,174
Scope 2 [tCO ₂]	Location-based	4,321	4,682
	Market-based	6,179	7,185
Total	Scope I and Scope II (location-based)	19,369	17,856
	Scope I and Scope II (market-based)	21,227	20,359

GHG emissions intensity (GRI 305-4)

Intensity of greenhouse gas emissions (Scope 1 + Scope 2 location-based)			
GHG emissions intensity	Unit of measurement	2021	2022
Finished products	Number of products produced in tonnes	37,784	42,771
Emissions (Scope 1 + Scope 2 location-based)	tCO ₂ eq	19,369	17,856
GHG emissions intensity	tCO ₂ eq/Number of products produced in tonnes	0.51	0.42
Greenhouse gas emissions intensity (Scope 1 + Scope 2 market-based)			
GHG emissions intensity	Unit of measurement	2021	2022
Finished products	Number of products produced in tonnes	37,784	42,771
Emissions (Scope 1 + Scope 2 market+based)	tCO ₂ eq	21,227	20,359
GHG emissions intensity	tCO ₂ eq/Number of products produced in tonnes	0.56	0.48

²⁰ The following emission factors were used to calculate the emissions:

- Scope 1: DEFRA (UK Government – GHG Conversion Factors for Company Reporting) 2020 and 2021.
- Scope 2:

- o Electricity (location-based): TERNA – International Comparisons 2018 and 2019;

- o Electricity (market-based): AIB - European Residual Mixes 2020 was used – Source: AIB (2020 and 2021).

The Scope 1 and Scope 2 emissions are expressed in tonnes of CO₂; however, the percentage of methane and nitrous oxide has a negligible effect on the total emissions of greenhouse gases (CO₂eq) as can be deduced from the technical literature of reference.

²¹ Scope 2 emissions are expressed in tonnes of CO₂; however, the percentage of methane and nitrous oxide has a negligible effect on the total emissions of greenhouse gases (CO₂eq) as can be deduced from the technical literature of reference.

GRI 306-3 Waste generated		
Type of waste (tonnes)	2021	2022
MIXED MATERIALS PACKAGING	293	277
of which to disposal (D)	1.9	-
of which recovered (R)	291.1	277.5
of which hazardous	-	-
PAPER - CARDBOARD	219	222
of which to disposal (D)	-	-
of which recovered (R)	219	222
of which hazardous	-	-
PLASTIC PACKAGING	167	177
of which to disposal (D)	-	-
of which recovered (R)	167	177
of which hazardous	-	-
IRON SCRAP (iron - steel)	53	8
of which to disposal (D)	-	-
of which recovered (R)	53	8
of which hazardous	-	-
SEPTIC TANK SLUDGE	911	752
of which to disposal (D)	40	41
of which recovered (R)	871	712
of which hazardous	-	-
SLUDGE PRODUCED BY OTHER TREATMENT OF INDUSTRIAL WASTEWATER	68	130
of which to disposal (D)	68	130
of which recovered (R)	-	-
of which hazardous	-	-
WOODEN PACKAGING	17	12
of which to disposal (D)	-	-
of which recovered (R)	17	12
of which hazardous	-	-
Other (non-hazardous)	5	8
of which to disposal (D)	1	1
of which recovered (R)	4	7
of which hazardous	-	-
Other (hazardous)	1	1
of which to disposal (D)	1	1
of which recovered (R)	-	-
of which hazardous	1	1
Total waste produced	1,735	1,587
of which to disposal (D)	113	172
of which recovered (R)	1,622	1,414
of which hazardous	1	1
% waste recovered of total	94%	89%
% hazardous waste of total	0%	0%





GRI CONTENT INDEX

Declaration on use	The Sabelli Group has reported the information contained in this GRI Content Index for the period from 1 January 2022 to 31 December 2022 with reference to the GRI Standards.
GRI 1 used	GRI 1 - Foundation 2021

GRI STANDARD/OTHER SOURCE	DISCLOSURE	LOCATION
General disclosures		
GRI 2 - General Disclosures 2021	2-1 Organizational details	10-12; 74
	2-2 Entities included in the organization’s sustainability reporting	6-7
	2-3 Reporting period, frequency and contact point	6-7
	2-4 Restatements of information	6
	2-5 External assurance	This Sustainability Report was not subject to external assurance.
	2-6 Activities, value chain and other business relationships	11; 34-37
	2-7 Employees	60
	2-8 Workers who are not employees	60
	2-9 Governance structure and composition	18-19
	2-22 Statement on sustainable development strategy	4
	2-27 Compliance with laws and regulations	21
	2-28 Membership associations	19
	2-29 Approach to stakeholder engagement	15
	2-30 Collective bargaining agreements	61
Material Topics		
<i>Economic series</i>		
GRI 3 - Material Topics 2021	3-1 Process to determine material topics	15-16
	3-2 List of material topics	16



Responsible supply chain management		
GRI 3 - Material Topics 2021	3-3 Management of material topics	34-37
GRI 204 – Procurement practices	204-1 Proportion of spending on local suppliers	63
Business ethics, compliance, and risk management		
GRI 3 - Material Topics 2021	3-3 Management of material topics	19-21
GRI 205 - Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	21
GRI 206 - Anti-competitive behaviour 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	21
<i>Environmental series</i>		
Research, innovation, and sustainable packaging		
GRI 3 - Material Topics 2021	3-3 Management of material topics	23-26; 55-58
GRI 301 - Materials	301-1 Materials used by weight or volume	63
Management of energy consumption and atmospheric emissions		
GRI 3 - Material Topics 2021	3-3 Management of material topics	51-53
GRI 302 - Energy 2016	302-1 Energy consumption within the organization	64
	302-3 Energy intensity	64
GRI 305 - Emissions 2016	305-1 Direct (Scope 1) GHG emissions	66
	305-2 Energy indirect (Scope 2) GHG emissions	66
	305-4 GHG emissions intensity	66
Waste management and water consumption		
GRI 3 - Material Topics 2021	3-3 Management of material topics	53-55
GRI 303 - Water and Effluents 2018	303-1 Interactions with water as a shared resource	53-54
	303-2 Management of water discharge-related impacts	53-54



	303-3 Water withdrawal	65
	303-4 Water discharge	65
GRI 306 - Waste 2020	306-1 Waste generation and significant waste-related impacts	54-55
	306-2 Management of significant waste-related impacts	54-55
	306-3 Waste generated	67
<i>Social series</i>		
Employee attraction, retention and well-being		
GRI 3 - Material Topics 2021	3-3 Management of material topics	41-42; 44
GRI 401 - Employment 2016	401-1 New employee hires and employee turnover	61
Occupational health and safety		
GRI 3 - Material Topics 2021	3-3 Management of material topics	45-46
GRI 403 – Occupational Health and Safety	403-1 Occupational health and safety management system	45-46
	403-2 Hazard identification, risk assessment, and incident investigation	45
	403-3 Occupational health services	45
	403-4 Worker participation, consultation, and communication on occupational health and safety	45
	403-5 Worker training on occupational health and safety	45-46
	403-6 Promotion of worker health	45-46
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	45
	403-9 Work-related injuries	61
Employee training and development		
GRI 3 - Material Topics 2021	3-3 Management of material topics	42-43



GRI 404 – Training and Education	404-1 Average hours of training per year per employee	62
Human resources management		
GRI 3 - Material Topics 2021	3-3 Management of material topics	39-40
GRI 405 - Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	62-63
GRI 406 - Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	47
Product quality and safety		
GRI 3 - Material Topics 2021	3-3 Management of material topics	26-29
GRI 416 - Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	63
Material topics without associated GRI		
Brand identity		
GRI 3 - Material Topics 2021	3-3 Management of material topics	13-14
Customer satisfaction		
GRI 3 - Material Topics 2021	3-3 Management of material topics	31-32
Food waste		
GRI 3 - Material Topics 2021	3-3 Management of material topics	31
Animal welfare		
GRI 3 - Material Topics 2021	3-3 Management of material topics	30-31
Traceability of raw materials		
GRI 3 - Material Topics 2021	3-3 Management of material topics	34-35



TABLE OF RECONCILIATION WITH GRI STANDARDS

Material topics	GRI Standard topic	Area	Impact		Scope of impact	Company involvement
			Positive	Negative		
Business ethics, compliance, and risk management	Anti-corruption (205); Anti-competitive behaviour (206)	Economic	Ethical business management and compliance with legislation and regulations		Sabelli Group	Caused by the Sabelli Group
Brand identity		Economic	Focus on territory and local community		Sabelli Group	Caused by the Sabelli Group and to which the Group contributes
Product quality and safety	Customer Health and Safety (416)	Social	Product quality and safety		Sabelli Group	Caused by the Sabelli Group and to which the Group contributes
Customer satisfaction	-	Social	Customer engagement		Sabelli Group	Caused by the Sabelli Group and to which the Group contributes
Research, innovation, and sustainable packaging	Materials (301)	Social	Creation of shared value		Sabelli Group	Caused by the Sabelli Group
Animal welfare	Employment (401);	Social	Attention to animal welfare		Sabelli Group	Caused by the Sabelli Group and to which the Group contributes
Employee training and development	Training (404)	Social	Active development of employee skills		Employees of the Sabelli Group	Caused by the Sabelli Group
Occupational health and safety	Occupational health and safety (403)	Social		Work-related injuries	Employees of the Sabelli Group	Caused by the Sabelli Group
Human resources management	Diversity and equal opportunity (405); Non-discrimination (406)	Social		Fair and inclusive work environment	Employees of the Sabelli Group	Caused by the Sabelli Group
Employee attraction, retention and well-being	Employment (401)	Social	Creation of jobs; Contribution to the work-life balance of employees		Employees of the Sabelli Group	Caused by the Sabelli Group
Responsible supply chain management	Procurement practices (204)	Social		Responsible supply chain management	Sabelli Group	Caused by the Sabelli Group and directly connected through a business relationship
Traceability of raw materials	-	Social	Promotion of local suppliers	Impact on biodiversity	Sabelli Group	Caused by the Sabelli Group and directly connected through a business relationship
Food waste		Environmental		Food waste	Sabelli Group	Caused by the Sabelli Group and to which the Group contributes
Management of energy consumption and atmospheric emissions	Energy (302); Emissions (305)	Environmental		Contribution to the generation of climate-altering emissions	Sabelli Group and energy providers	Caused by the Sabelli Group and to which the Group contributes



Waste management and water consumption	Water and Effluents (303); Waste (306)	Environmental	Waste management in the production process; Water withdrawal; Generation of wastewater due to the production process	Sabelli Group	Caused by the Sabelli Group and to which the Group contributes
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Sabelli Group

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INDEPENDENT AUDITORS' REPORT ON THE SUSTAINABILITY REPORT

FAO: The Board of Directors of Sabelli S.p.A.

We were appointed to perform a limited assurance engagement of the Sustainability Report of the Sabelli Group (hereinafter the "Group") for the financial year ended as at 31 December 2022.

Responsibility of the Directors for the Sustainability Report

The Directors of Sabelli S.p.A. are responsible for preparing the Sustainability Report in accordance with the Global Reporting Initiative's Sustainability Reporting Standards defined by the GRI ("GRI Standards"), as described in the "Note on Methodology" of the Sustainability Report.

The Directors are also responsible for the part of the internal audit they deem necessary for the purpose of preparing a Sustainability Report that does not contain significant errors due to fraud or unintentional behaviour or events.

The Directors are equally responsible for defining the objectives of the Sabelli Group in relation to sustainability performance, as well as the identification of stakeholders and the significant aspects to be reported.

Independence of the external auditors and quality control

We are independent in accordance with the principles of ethics and independence of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, based on the fundamental principles of integrity, objectiveness, competence and professional diligence, confidentiality and professional conduct.

Our auditing firm applies the International Standard on Quality Management 1, on the basis of which it must configure, implement and put into operation a quality management system that includes directives or procedures on compliance with ethical principles, professional standards, and the applicable legal provisions and regulations.

Responsibility of the external auditors

It is our responsibility to draw, on the basis of the procedures carried out, a conclusion on the conformity of the Sustainability Report with the requirements of the GRI Standards. Our work was carried out according to the criteria indicated in the “International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information” (hereinafter also “ISAE 3000 Revised”), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This standard requires the planning and performance of procedures in order to gain a limited level of assurance that the Sustainability Report does not contain significant errors.

Therefore, our examination involved a scope smaller than that necessary for the performance of a complete examination according to ISAE 3000 Revised (“reasonable assurance engagement”) and, consequently, does not grant us absolute certainty that we uncovered all facts and significant circumstances that could be identified with the performance of such examination.

The procedures performed on the Sustainability Report were based on our professional judgement and included interviews, mainly with personnel from the company responsible for preparing the information presented in the Sustainability Report, as well as document analyses, recalculations and other procedures intended to acquire useful information.

In particular, we performed the following procedures:

- analysis of the process to define the material topics reported in the Sustainability Report, with reference to the methods of analysis and understanding of the reference context, identification, assessment and prioritisation of the actual and potential impacts and the internal validation of the results of the process
- understanding of the processes underlying the generation, measurement and management of the significant qualitative and quantitative information included in the Sustainability Report.

In particular, we carried out interviews and discussions with management personnel from Sabelli S.p.A. and with personnel from Trevisanalat S.p.A. and we carried out limited document checks, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of data and non-financial information to the party responsible for the preparation of the Sustainability Report.

Furthermore, for significant information, taking account of the activities and characteristics of the Group:

- at Group level:
 - with reference to the qualitative information contained in the Sustainability Report, we carried out interviews and acquired supporting documentation to verify its consistency with the evidence available;
 - with reference to quantitative information, we carried out analytical procedures as well as limited checks to ascertain on a sample basis the correct aggregation of data.

- for the companies Sabelli S.p.A. and Trevisanalat S.p.A., which we chose for their activities and contribution to the consolidated performance indicators, we carried out remote visits during which we met with the managers involved in the preparation of the Sustainability Report and we acquired document feedback on a sample basis regarding the correct application of the procedures and calculation methods used for said indicators.

Conclusions

On the basis of the work performed, no element came to our attention that led us to believe that the Sustainability Report of the Sabelli Group relating to the financial year ended as at 31 December 2022 had not been prepared, in all significant aspects, in accordance with the requirements of the GRI Standards as described in the “Note on Methodology” of the Sustainability Report.

DELOITTE & TOUCHE S.p.A.

[illegible signature]

Jessica Lanari

Partner

Ancona, 11 January 2024