



Garofalo

PASTA DI GRAGNANO IGP
STORICO PASTIFICIO GAROFALO DAL 1789

SUSTAINABILITY REPORT
2020



Garofalo

SUSTAINABILITY REPORT 2020


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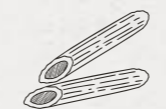
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READER'S GUIDE

For Pastificio Lucio Garofalo S.p.A. (hereinafter also “Pastificio” or “Garofalo”) the Sustainability Report is a move towards a transparent, properly structured communication concerning sustainability, and is an important tool to illustrate what we have achieved with regard to sustainability issues.

This edition of the Sustainability Report regards the period from 1 January to 31 December 2020. The first edition, for which the Pastificio chose to opt for in-house distribution, was drafted with reference to the period 1 January - 31 December 2019.

The scope of the 2020 edition of the report comprises the company Pastificio Lucio Garofalo S.p.A. It does not comprise the activity of the subsidiaries Garofalo USA, Garofalo Nordic, Garofalo France, Garleb Off Shore, Bertagni 1882 S.p.A. and the subsidiary Grani d'Italia.

The Sustainability Report has been drafted in compliance with the “Global Reporting Initiative Sustainability Reporting Standards” defined in 2016 by the Global Reporting Initiative (GRI), according to the option “In accordance - Core”.

The GRI is the most widely used standard at international level for sustainability reporting. It is an independent international association that promotes the development of the voluntary reporting of economic, environmental and social performance. Provided as an appendix to this document is the “GRI content index”, which sets out the qualitative and quantitative information reported, in compliance with the guidelines mentioned above.

The content of this Report has been created using a process of materiality analysis that has made it possible to identify the sustainability issues of greatest importance for Garofalo and its stakeholders.

To present a complete and exhaustive picture of the company's performance, the data published are presented in comparative form where possible. As regards quantitative information, those instances where estimates have been used are duly indicated.

The document has been drafted in cooperation with the area in charge of the quality and safety system and the marketing area. The Sustainability Report has been assessed by the CEO.

This Report has not been reviewed by an independent body.

The Report is available on our institutional website www.pasta-garofalo.com/it and on the website www.comesifagarofalo.it. For information and communications on the Sustainability Report, you can write to ehs@pastagarofalo.it.



Massimo Menna
CEO Pastificio Garofalo
MASSIMO MENNA

LETTER TO THE STAKEHOLDERS

Dear Readers,

2020 was an extraordinary year, which has left its mark on all of us. The entire country experienced – and is continuing to experience – a number of difficulties. In addition, the restrictions imposed by the emergency situation have had a significant social impact, influencing our relations with others and how we work, as well as on our purchasing behaviours.

In this extraordinary year, we are pleased to publish our Sustainability Report: a very important stage of the process the company embarked upon in 2019, and which in a sense represents a challenge for us, made even more difficult by the particularly complex period.

Here at Garofalo, we have risen resolutely to this challenge, tapping into our reserve of resilience to continue offering our consumers a unique, unmistakable product. First of all, we stepped up production to cope with a significant rise in the demand for essential goods, such as pasta. Thanks to the trust placed in us by our consumers and customers, in 2020 we recorded revenue of € 219 million, up 36% compared to 2019.

By remaining faithful to our principles of quality, innovation, transparency and passion, we have been able to respond effectively to the requests of our consumers, who are increasingly informed and attentive to the food they eat. Food safety has always been a priority in which we invest constantly, with rigorous checks and

purchasing specifications that provide for extremely strict criteria regarding the wheat we select, in order to guarantee a superior-quality pasta. We have sought to go one step further, however, tuning in to the renewed awareness of the public and consumers with regard to the use of herbicides and ensuring that glyphosate is not used in our wheat supply chains.

By the same token, with a view to guaranteeing increasing transparency for our consumers, we have decided to replace the general «EU/non-EU» indication on Pasta Garofalo packaging with a specific indication of the country of origin of the wheat, highlighting the quality of the raw material and boosting transparency.

Aware of the role we are able to play in encouraging more attentive behaviours, in 2020, we also took a series of actions designed to communicate and raise awareness of the main social and environmental trends in the food sector, including the circular economy, combating waste, sustainable agriculture and a healthy, environmentally friendly diet.

The dedication we invest in our daily actions is the fruit of the effort and passion of our employees, who are the keepers of a traditional know-how passed down through the generations. It is important for us to value the people that have made our success possible, by guaranteeing an inclusive, safe workplace, especially in this period.

We are aware that what we have achieved so far is just the beginning of a continual process of development and improvement: we approach this challenge as an opportunity, and we are aware that our simple everyday actions can help build a better future for the generations to come.



1. THE GAROFALO WORLD

218.7
mln euros

163
thousand
tonnes

3
main
brands

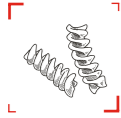
Turnover

Pasta sold

Garofalo
Russo di Cicciano
Santa Lucia



1.1



ABOUT US

Since 1789, our mission has been to produce a unique, unmistakable pasta. We believe that an extraordinary pasta is the result of carefully considered choices that combine craft tradition with industrial innovation, while staying faithful to our origins. The **drive for innovation** and our ceaseless **pursuit of quality** are the distinctive features of Pasta Garofalo.

Today we are one of the leading manufacturers of quality pasta in Italy. Our production lines are entirely dedicated to dried durum wheat semolina pasta. From the Gragnano area, the fame of our quality pasta has spread abroad. Our products are exported to over 60 countries, taking Italian excellence worldwide. Over 65% of these products are destined for export, in particular for the USA, France, Spain, the Scandinavian countries, Canada, the UK, Australia, Austria and Switzerland.

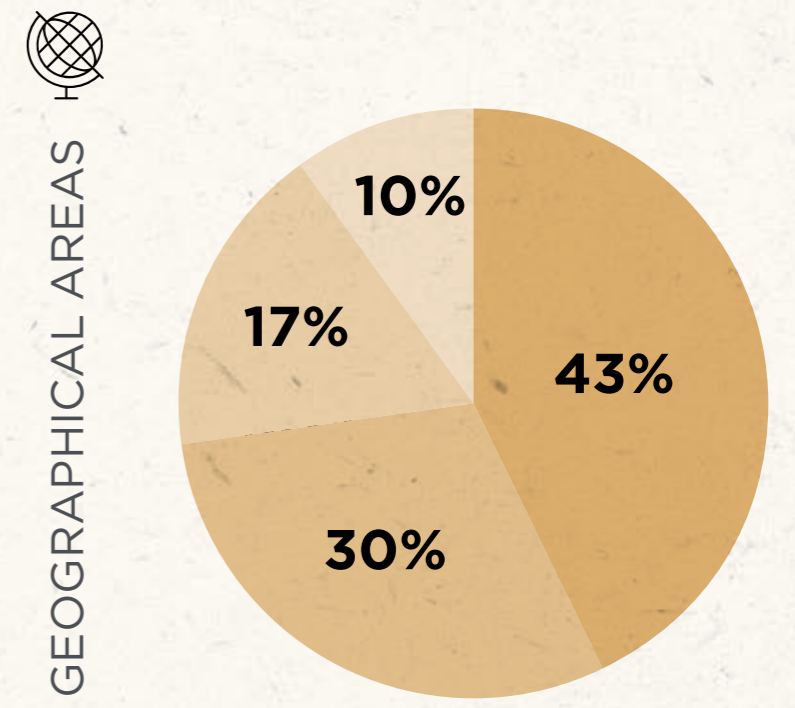
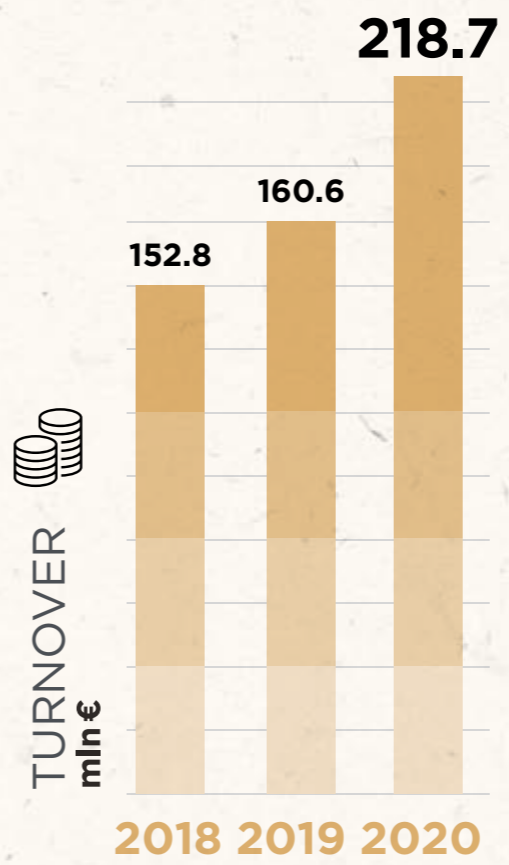
We have also recently launched an e-commerce website, which in 2020 registered a significant rise in online sales, with more than 3500 orders and 2500 new custom-

ers during the year. The health emergency caused by Covid-19 encouraged our consumers to try new purchasing channels, as well as driving consumption in the direction of essential goods such as pasta.

We have one **main brand: Pasta Garofalo** (premium quality, positioning and Image). Our products are also sold under minor brand names and as private labels for the main mass retail chains.

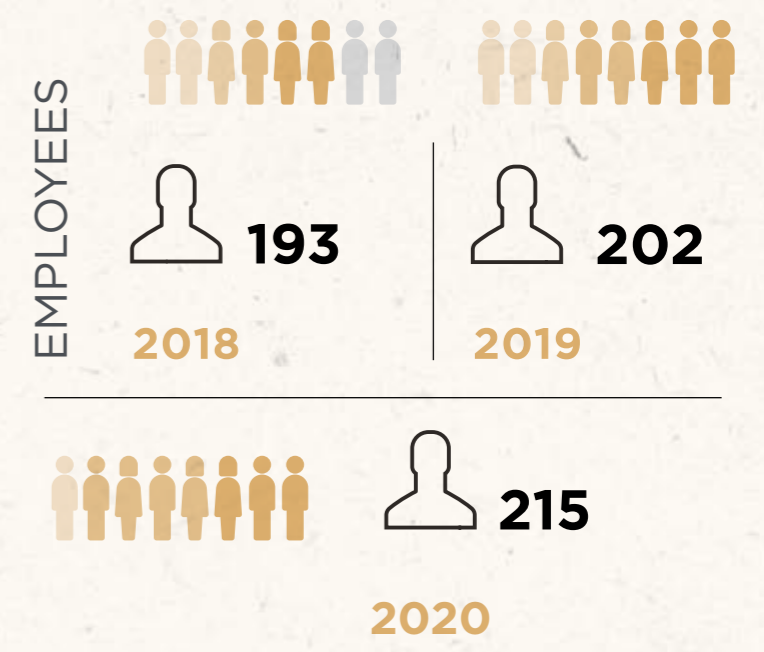
To complete our offer, we use qualified suppliers to sell premium products, or products designed to satisfy emerging food trends, such as gluten-free dry pasta, pasta enriched with pulses, potato gnocchi with and without gluten, flours, extra virgin olive oil, fresh filled pasta, plain fresh pasta, ready-made sauces, couscous, bulgur and quinoa, which represents **about 5% of our turnover**.

GAROFALO IN A NUTSHELL



Note: by value.

- Italy
- Europe
- America
- Asia, Africa, Australia





THE HISTORY OF PASTA...



1789

Garofalo obtained a licence from the municipal council to produce and sell top-quality pasta.

1830

The Introduction of the "Uomo di Bronzo" (an automated dough kneader) by order of the king of Naples, Ferdinand II of Bourbon, marked the official inception of industrial pasta production. This mechanism, introduced for hygiene reasons, replaced the hand-kneading of dough.

Approx.
1850

To handle the new production needs of Gragnano, a major urban restructuring project was developed, involving the demolition of a number of buildings, which were then rebuilt and aligned in such a way as to exploit the winds necessary to dry the pasta slowly.

End of the
1800s

According to the registers of the time, Italy imported 2.5 million tonnes of durum wheat a year from abroad.



...IS OUR HISTORY.

The Menna family held 50% of the company's share capital. This figure would increase to 100% in 1997.

Construction of the factory in Via dei Pastai, which remains the company's only production site to this day.

Production began of a range under the Garofalo brand name, destined for Italy. In 2002, the Garofalo range was launched on the market. Since then, the brand has grown exponentially, in a highly competitive context, and has obtained a leadership position in the premium pasta segment, at both national and international level.

Establishment of the Consortium for the Protection of Gragnano Pasta PGI, thanks to which, in 2013, Gragnano Pasta obtained Protected Geographical Indication Status, the first EU acknowledgement of quality. In 2018, Massimo Menna became President of the Consortium.

Ebro Foods Group, a multinational operating in the sectors of rice, pasta and condiments and listed on the Madrid Stock Exchange, acquired a 52% shareholding in the company. The remaining 48% is controlled by the CEO Massimo Menna, who heads the company.

1952

1987

2001

2003

2014





RECENT AWARDS



Diversity Brand Award 2020

Finalist

The award, organised every year by Focus Management (Bocconi) acknowledges the 20 companies that have done the most to integrate diversity, with projects dedicated to consumers who are normally left on the sidelines.



NC Awards

Best TV campaign

The campaign entitled “Buona pasta non mente” (Pasta is a family affair) took second prize. Based on three mini-films showing different episodes of people gathered around a table, the campaign transmits the transparency of the brand through the various characters in the three commercials. The minute they take the first bite, the dialogues take an unexpected turn, and startling truths come to light.



Brand Awards 2019

Best New Entry

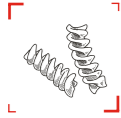
The Spaghettoni Gragnanesi XXL obtained the most votes in a web session dedicated to the products introduced into the modern distribution system in the first five months of the year (not competing for the Brands Award). The award, based on data provided by IRI and GFK, is given for the best annual brand performance in the consumer goods sector.



3 Stars Bellavita Awards and Best Brand Identity award

The “Legumi e Cereali Garofalo” (Garofalo Pulses and Cereals) line obtained an accolade from Bellavita, the online B2B platform dedicated to Italian food and wine products. In addition, Garofalo received an award for the company with the best history in the Heritage category.

1.2



OUR VALUES

What makes our pasta different from all the others?
Every day, what we do is guided by the following values:

QUALITY

Uncompromising excellence has always been a cornerstone of our company credo. When we talk about quality, we're referring not only to the durum wheat used for our pasta, but above all, the people who make it. We pay special attention to the quality of life of the people who form the heart of the company.

INNOVATION

Our long history is deeply rooted in the Gragnano area. A perfect blend of research and technology has allowed us to maintain the unique nature of our product and our premium positioning in a competitive scenario. This is why we place our craftsmanship experience at the service of industrial innovation.

TRANSPARENCY

This is our calling card, right from the packaging. We are the first company to have made our supply chain completely transparent, because we believe quality has no need to be kept secret. This transparent communication is our way of demonstrating our responsibility towards the consumer.

RESPECT FOR DIVERSITY

Pasta formats are not all the same. Each has its own particular consistency, colour and porosity, all of which give it a specific taste. We're well aware of this, and we devote particular attention to each one. Likewise, we believe that bringing on board different people, with different points of view, is a source of inspiration for our business, a resource that allows us to achieve a deeper understanding of society.

PASSION

This is the essential ingredient we put into everything we do: in every choice that regards the brand, from the production phases through to communication. It's this passion that has allowed us to produce the finest pasta since 1789, and to continue to guarantee a unique product. A product to be proud of.

INNOVATION
TRANSPARENCY
QUALITY
PASSION
RESPECT FOR
DIVERSITY

1.3



GOVERNANCE AND ETHICS

COMPANY STRUCTURE

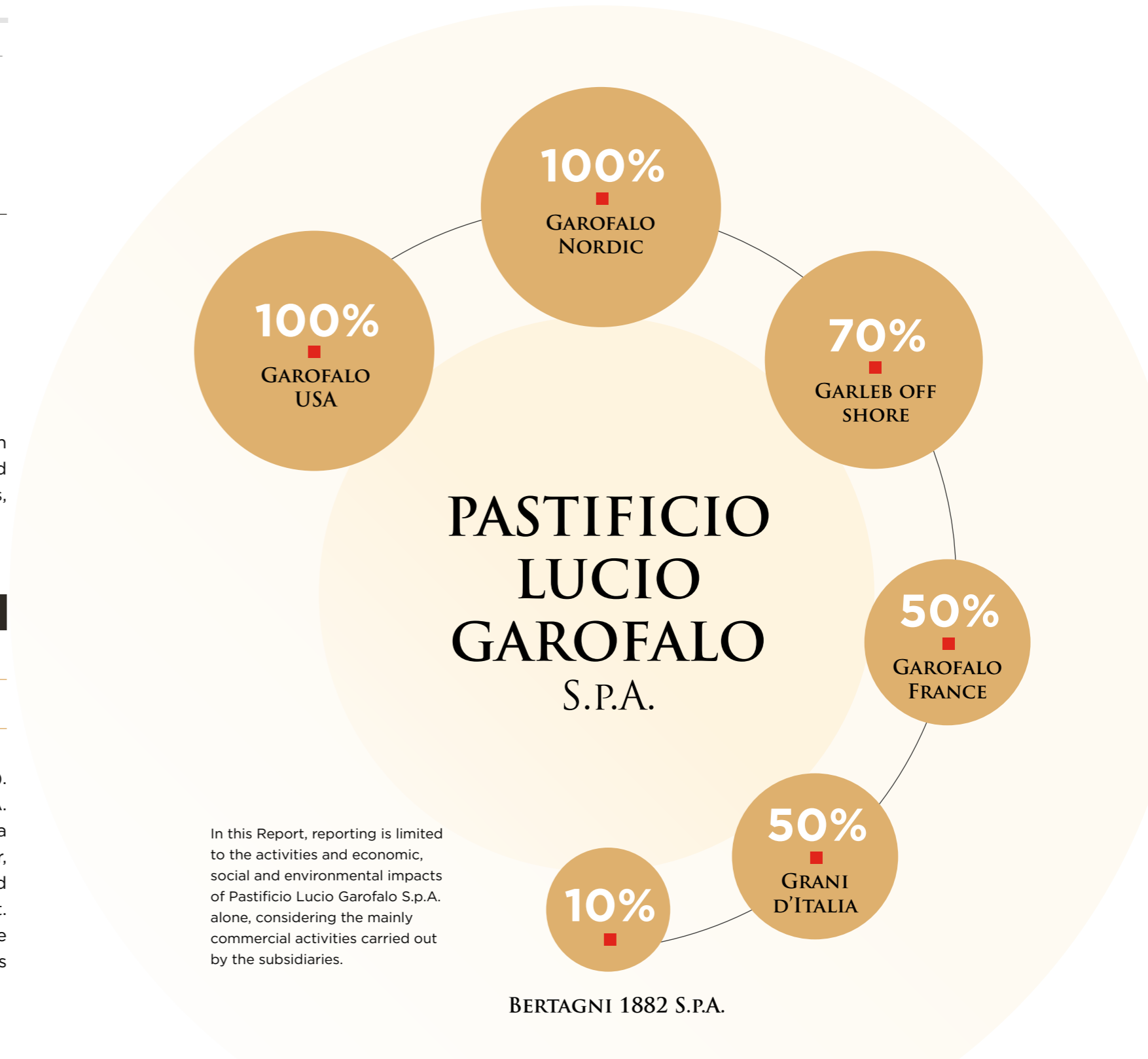
52% of the Share Capital of Pastificio Lucio Garofalo S.p.A is controlled by Semola S.r.l., and 48% by Massimo Menna, the current CEO of the company. Since 2014, Semola S.r.l. has been a subsidiary of Ebro

Foods, a leading multinational group in the production and processing of rice and the production of pasta and condiments, headquartered in Spain.

SHAREHOLDER	NUMBER OF SHARES	VALUE (€)	%
Semola S.r.l.	104,000	1,610,960	52%
Massimo Menna	96,000	1,487,040	48%

Pastificio Lucio Garofalo S.p.A is headquartered in Campania, in Via dei Pastai 42, in the famous Gragnano (NA), also known as the City of Pasta. It is also the parent company of a number of foreign subsidiaries: Garofalo USA, Garofalo Nordic, Garofalo France and Garleb Off Shore, located respectively in the USA, in Sweden, in France and in Lebanon, incorporated to boost the international develop strategy of

Garofalo products (See graph at the side). In 2018, Pastificio Lucio Garofalo S.p.A. purchased a 10% stake in Bertagni 1882, a long-established fresh pasta manufacturer, in order to strengthen its position abroad in the quality fresh filled pasta segment. 2020 saw the purchase of 50% of the share capital of Grani d'Italia, which stores and sells durum wheat.



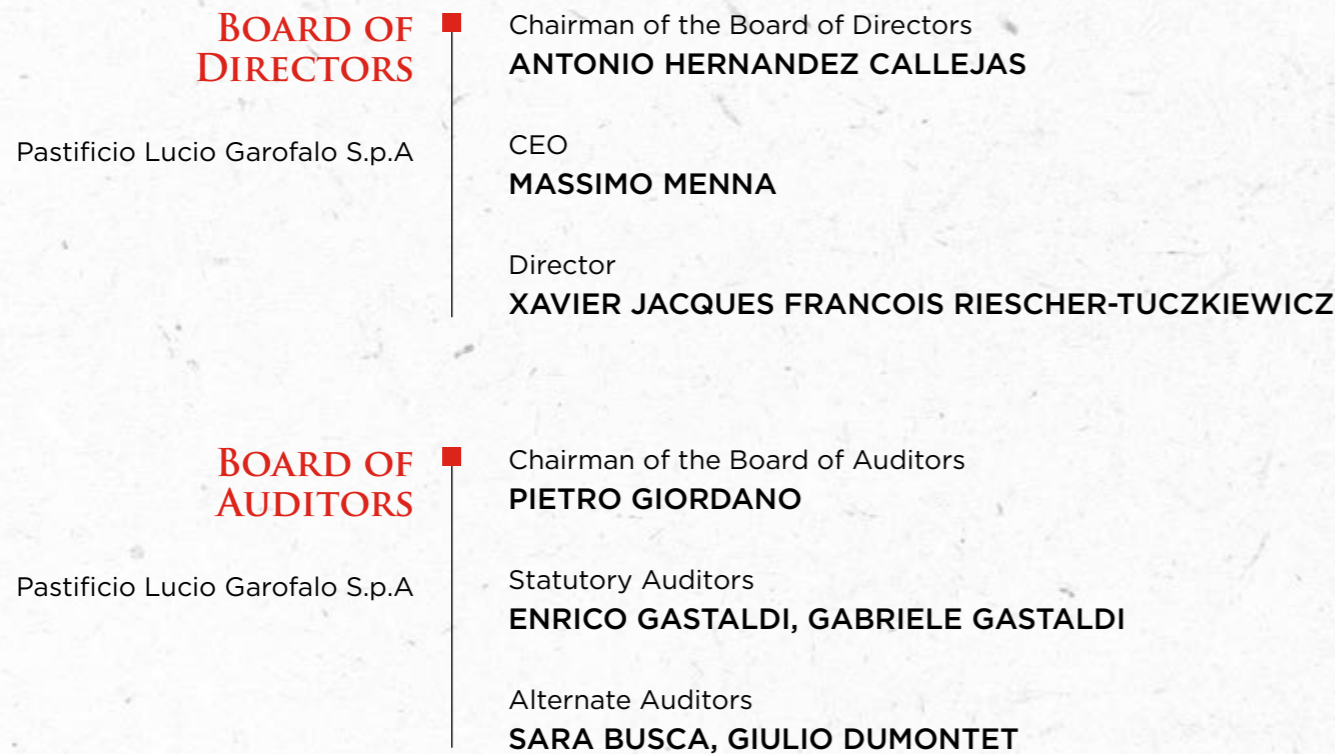
In this Report, reporting is limited to the activities and economic, social and environmental impacts of Pastificio Lucio Garofalo S.p.A. alone, considering the mainly commercial activities carried out by the subsidiaries.



GOVERNANCE MODEL

The administration and control model of the company is structured according to the traditional model. The Board of Directors (BoD) is the main corporate governance body, and is responsible for establishing and pursuing the company's strategic objectives. The BoD of Garofalo is composed of three members: the chairman, the CEO and a Director.

All three members are men, and all are aged over 50. The Board of Auditors is composed of five members: three statutory auditors and two alternate auditors, whose task is to ensure observance of the law and the articles of association of the company, as well as the principles of proper administration.



Finally, the Shareholder's Meeting is tasked with appointing the members of the BoD and of the Board of Auditors, and with approving the Financial Statements.

THE ETHICAL CODE

Garofalo adheres to the Ethical Code drafted by the parent company Ebro Foods. This Code is a guide of conduct with regard to internal and external relations between the people and companies that form part of the Group, in order to ensure said conduct is always inspired by the principles of **transparency, honesty** and **integrity**. Specifically, the Code focuses on observance of ethical principles and correct conduct in dealings with customers, employees, suppliers and other stakeholders, with particular reference

to the **safeguarding of the human rights** and the **health and safety of workers**, the **central role of human resources and their development, environmental protection**, the **importance of social activities** and combating corruption.

Within the company, the Code must be observed and applied by all employees and collaborators, who must sign a letter indicating they are familiar with the Code; a channel is provided for reporting conduct not in line with the Code to central management.

RISK MANAGEMENT AND COMPLIANCE

Regardless of the nature of the activities carried out, companies are always exposed to risks and uncertainty from the outside. An **integrated risk management** system is therefore essential, especially in continually evolving economic and commercial circumstances, which may also create new opportunities if appropriately identified.

Our control system is overseen by the administrative bodies, the executives and the company structure, which - in the carrying out of their functions - seek to mitigate risks and guarantee the achievement of the company's objectives.

The main risks are of several types: risks of a **financial** nature (risks that have direct impacts on the economic result and on the value of the company's assets and which are mainly linked to external factors, such as exchange, credit, interest rate and liquidity risk); risks related to **compliance** (risks connected with failure to comply with laws, regulations or measures adopted by lawmakers and/or the Supervisory and Control Authorities or unfavourable changes to the regulatory framework); risks of a **strategic** nature (risks character-

istic of the specific business, which, when properly managed, can provide a competitive advantage, and if poorly managed, can prevent company objectives from being achieved; consider, for example, the risks linked to uncertainty regarding demand for pasta), and **operational risks** (risks deriving from the inadequacy or inefficiency of processes, people and systems within the company, or as a consequence of events external to the company).



Compliance risks include the potential risks linked to **privacy**. Although this is an issue of marginal relevance for Garofalo's business, we have adopted **suitable measures** to guarantee compliance with the measures set forth in the new European Regulation on the protection of personal data (GDPR - General Data Protection Regulation 679/2016), which became operative on 25 May 2018. Specifically, we are able to count on a user profiling system that allows access to customer data only to those employees dealing with the active cycle. For customers who contact us through the website, a disclosure has been prepared pursuant to articles 13 and 14 of the European Regulation, as well as registration of customers' consent for the processing of their data pursuant to art. 7 of the same. We also adopt adequate safety measures to prevent unauthorised

access to data and the disclosure, modification or destruction of data.

Compliance risks also include any changes to regulations governing **health and safety in the workplace**. In this case, the risks are identified and analysed by the company figures established pursuant to Legislative Decree no. 81/08, who draft the Risk Assessment Documents. These documents include the assessment reports for each task carried out, the actions implemented to create a prevention and protection system and how emergency and first aid situations are responded to. The adequacy of working conditions in our production facility and working premises is thus monitored and assessed constantly.

Although corruption does not represent a significant risk, we do not tolerate it in any form, and we undertake to observe the an-

ti-corruption laws present in all the countries we operate in. We are also working on the implementation of an Organisation, Management and Control Model pursuant to Legislative Decree no. 231/2001, comprising a set of procedures and measures the company must adopt when conducting its business, in order to effectively prevent offences on the part of management and employees. During 2020, the company strived to complete the project, but progress was slowed due to the health emergency. We therefore expect the Model to be fully operative during 2021.

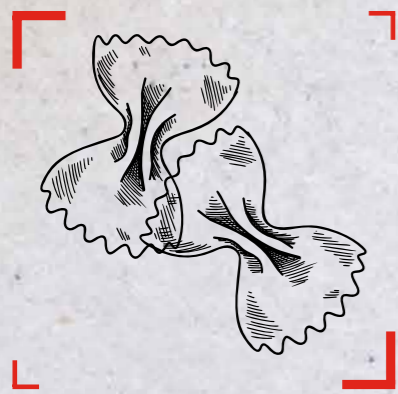
Our risk system is completed by the identification and assessment of risks and opportunities regarding SA 8000 and environmental standards, defined by a dedicated procedure. This analysis, conducted annually, is the responsibility of the **Social**

Performance Team, for SA 8000, and **the Integrated Management System Manager (IMSM)** for the environmental aspect. To identify the dangers that may regard the organisation, the analysis considers all the possible means by which the SA 8000 requisites regarding company processes and activities may be breached. With regard to the environment, the analysis is conducted by determining the risks and opportunities related to direct environmental impacts, conformity obligations, significant context factors and the needs of interested parties decisive for the organisation. Once the significance of a factor has been defined, the probability and seriousness of each event are determined, with the aim of establishing the level of risk and any action to be taken in response.





2. SUSTAINABILITY FOR GAROFALO



that emerged from the materiality analysis

of the sustainability path

that are the main points of reference for the sector

2.1



THE CHALLENGES OF THE SECTOR

Our success and our growth are closely correlated with the dynamics at play in the **agrifood sector**, a delicate system increasingly **conditioned by human activity**, the **exploitation of natural resources** and **climate change**.

To be a sustainable company, we must take into consideration the main social and environmental trends affecting our sector, in order to mitigate the negative effects and maximise the positive impacts of our actions.

THE IMPACT OF THE AGRICULTURAL SECTOR

■ CONTEXT

By 2050, the world population will have reached **10 billion**¹. To satisfy global demand, the agricultural sector will increase its production by 50% compared to 2013. Today's farming practices will very probably lead to more intense competition for natural resources, an increase in greenhouse gas emissions and further deforestation and soil degradation. Today, farming is already responsible for around 70% of the world's fresh water consumption and more than 20% of global greenhouse gas (GHG)² emissions. The sector is therefore working on **research into resilient practices**, i.e. practices able to adapt to the new scenario and to maintain current productivity while limiting its impacts.



■ THE ROLE OF GAROFALO

Agriculture is at the base of our food system and the source where our supply chain begins. Our value chain is very streamlined, and we are in close contact with the mills we use for the purchase of the finest **durum wheat semolina** to produce our superior-quality pasta. We carry out numerous checks to guarantee the quality and safety of our products, but we know there is still more we can do, also in terms of sustainability. This is why we are working hard, for the near future, to **become familiar with the top standards** and the most virtuous practices to promote right along the supply chain.

+50%

TREND OF AGRICULTURAL
PRODUCTION BY 2050
(COMPARED TO 2013)

70%

AMOUNT OF FRESH WATER
CONSUMED IN AGRICULTURE

20%

GREENHOUSE GAS EMISSIONS
PRODUCED BY THE AGRICULTURAL
SECTOR AT GLOBAL LEVEL

CLIMATE CHANGE

■ CONTEXT

The world is increasingly experiencing the effects of climate change. In 2020, the average global temperature of the surface of the earth and the ocean was 0.98 °C higher than the average of 13.9 °C for the 20th century, making 2020 the second hottest year since the 1880s, after 2016³, while at European level it was the hottest year, 1.6 °C above average⁴.

As a result of global warming, **extreme meteorological conditions, lack of water** and progressive **soil impoverishment** are placing the world food system at risk. Increasing variable rainfall, periods of drought and increasingly frequent flooding will have an impact on the quality and quantity of harvests, with consequences for the political, economic and social systems that support the way in which we produce and distribute food. The agrifood sector will be among those most affected by climate change. It is essential to limit greenhouse gas emissions and to build resilient agricultural systems in order to be able to continue feeding the world's citizens.

■ THE ROLE OF GAROFALO

Mitigation of and adaptation to climate change is a systemic issue: businesses, consumers and governments must work together to safeguard the climate and the environment for future generations.

Here at Garofalo we are playing our part by undertaking to increasingly reduce the impacts of our factory: for this reason, we have installed a **trigeneration plant** that runs on natural gas, and we have chosen to invest in solar energy, with our own **photovoltaic plant**. We will be developing these plants further in future, with a view to becoming increasingly self-sufficient in terms of energy production.



2020

SECOND HOTTEST YEAR AT GLOBAL LEVEL

HOTTEST YEAR AT EUROPEAN LEVEL⁵

3. Global Climate Report - Annual 2020, NOAA National Centers for Environmental Information
4. European State of the Climate 2020, Copernicus
5. Since the 1880s

PLASTIC: FRIEND OR FOE?


■ CONTEXT

Over the last 50 years, the production of plastic has increased by almost 2,000%, from **15 million tonnes in 1964** to **311 million tonnes in 2014**, and these volumes are expected to double in the next 20 years.

In 2016, one fourth of the world's plastic was used for product packaging⁶. In an efficient food system, packaging helps make products safe and preserve quality, as well as boosting durability and helping to reduce food waste. Plastic is a lightweight, highly effective packaging material. However, because it is derived from petroleum, it has a high carbon intensity production process, and plastic recycling is not yet a widespread practice at global level: in 2019, **just 18% of plastic was recycled**⁷. In addition, **more than 30% of plastic packaging does not go through plastic collection systems**, and this not only has significant economic costs, but also causes huge damage to natural vital systems such as the oceans⁸.


■ THE ROLE OF GAROFALO

In a more sustainable food system, we must all **promote the reduction, re-use and recycling of waste**, in order to give it a new life. This is what we do here at Garofalo, where we undertake to use **only recyclable plastic packaging**, in order to preserve the quality and guarantee the safety of our products, with no compromises.



+2,000%

PLASTIC PRODUCTION TREND SINCE 1964



25%

OF PLASTIC VOLUMES IS USED FOR PACKAGING

6. The new plastics economy 2016, Ellen MacArthur Foundation
7. World Economic Forum, 2019. www.weforum.org/agenda/2019/10/plastics-what-are-they-explainer/
8. The new plastics economy 2016, Ellen MacArthur Foundation

THE PASTA SECTOR IN ITALY

16.2 million tonnes of pasta were produced worldwide in **2019**⁹, up 8% compared to the previous year. The sector is estimated to reach **15 billion euros in 2024**¹⁰. In Italy alone, the pasta market is worth more than **2.4 billion euros**¹¹. The Italian industry leads the world, thanks to 120 companies that produce a total of 4 million tonnes of pasta, i.e. 26% of the global total¹².

PASTA AND SUSTAINABILITY

Italian consumers consider pasta a healthy food, because it is the emblem of the Mediterranean diet that numerous academics have confirmed is the most sustainable, respectful of the land and of biodiversity¹⁴.

Unlike other industrial categories, pasta has no problematic issues regarding the perception of the end customer. This positive image is aided by the fact it is such a well established feature of our culinary traditions: almost **9 out of 10 Italians** eat pasta regularly, and more than **1 in 3** eats it **every day**¹⁵.

The Italian preference for the main ingredient in the Mediterranean diet was also confirmed during the pandemic, with sales of semolina pasta recording an 8.9% rise compared to 2019¹⁶. The same trend was also observed abroad, with an international study revealing that 1 in 4 people ate more pasta during lockdown, choosing it because it is tasty, healthy, easy to cook, sustainable, and considered a favourite during such a difficult period¹⁷.

Italy also plays an important role on the international scene: 56% of the total production reaches 200 countries, with a turnover of 1.9 billion euros. In other words, **1 out of 4 pasta dishes** eaten in the world (and about **3 out of 4 in Europe**) are made using **Italian pasta**¹³.

As regards combating **food waste**, pasta also offers numerous advantages, including **durability** and the fact production waste can be **easily recovered**. Pasta is also **affordable** and does not require any further energy for storage. It is also perfectly suitable for emerging food trends, such as plant-based (vegetarian and vegan) diets; this enhances its sustainable image.

Thanks to the Unione Italiana Food business association, the pasta sector has embarked on a process of responsibility that in ten years has led to an overall reduction of **20% of water consumption** and **21% of CO₂ equivalent emissions**, thus helping to reduce the ecological impact of the food caused by the sector.

Specifically, according to a study conducted by the WWF in 2013, a portion of 100 grammes of pasta with tomato has an environmental footprint of **0.492 kg** and a water footprint of **231.4 litres**.

9. International Pasta Organization

10. Pasta Market: Global Industry Trends, Share, Size, Growth, Opportunity and Forecast 2019-2024, IMARC

11. Value of the production sold in 2019, Italian National Statistics Institute (ISTAT)

12. Italian pasta industry 2020, Euler Hermes

13. International Pasta Organization

14. Mediterranean Diet Foundation www.fondazionedietaediterranea.it/dieta/sostenibilita/

15. Data from Unione Italiana Food

16. Covid-19 emergency: 4th Report on the supply and demand of food products during the Covid-19 emergency, 2021 ISMEA

17. International Pasta Organization



PASTA IS CONSIDERED SUSTAINABLE BECAUSE...



If any is left over, it doesn't go to waste



It's the base of the Mediterranean diet



It doesn't cost much



It's long-lasting (outside the fridge)

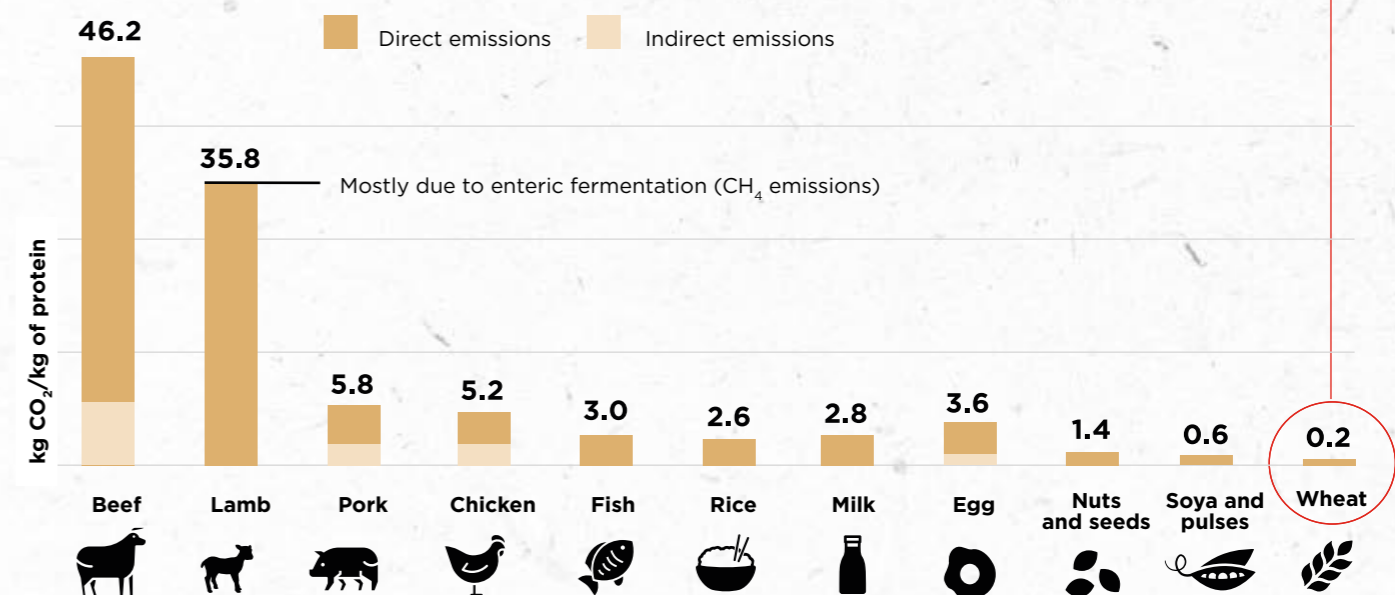


Popular with vegetarians and vegans



It has a lower impact than most food products

INTENSITY OF GREENHOUSE GAS EMISSIONS FOR VARIOUS FOODS



Direct emissions include all the emissions from livestock farms. Indirect emissions include the emissions outside of livestock farms, such as those associated with the industrial processing of foods. Source: McKinsey Agriculture and Climate Change Report - April 2020

EMERGING TRENDS

Another aspect consumers attentive to environmental sustainability are increasingly focusing on is the **origin of the raw material**.

This attention has prompted a number of producers to prefer Italian wheat, driven by the mistaken conviction that wheat from other countries is of inferior quality. Unfortunately, **not all the wheat produced in Italy is suitable for making pasta**, so origin is not necessarily indicative of quality.

Here at Garofalo, we always undertake to purchase semolina of the best possible quality, and we believe that using wheat from abroad allows us to effectively manage the variability of domestic production.

We purchase a very large amount of semolina made from Italian wheat, the percentage of which rose to 26% during 2020, as well as offering a 100% Italian wheat line under the brand name Russo di Cicciano.

Garofalo - a brand with a top positioning in the sector - also chooses to purchase wheat from abroad based on a firm commitment to selecting the best-quality wheat possi-

ble in each season, regardless of where it comes from. Healthy wheat of outstanding quality can also be purchased from the USA and Australia; it is more expensive than Italian wheat, so it is not a question of supply requirements, but a choice made specifically for quality reasons.

Thanks to a more careful selection and differentiated storage, these countries produce wheat with a protein index suitable for pasta making, which is why it **costs more than Italian wheat on average** (up to 10-15% more).

In addition, we place great importance on the safety of consumers, who are increasingly sensitive and attentive to the traces of herbicides that may be present in pasta, especially **glyphosate**. The use of pesticides and glyphosate in agriculture is an issue that currently attracts a great deal of attention, and regards not only consumer safety, but also the sustainability of agriculture. It is no longer sufficient to reassure the public that the amount of glyphosate in a particular pasta is below the legally established limit; consumers now want to know that there is no trace of it.

Although a high level of wheat safety is a top priority for Garofalo, and the traces of glyphosate have always been well below the limits established by the law, we have taken on board this increased awareness on the part of consumers, and have therefore introduced the absence of glyphosate at all stages of wheat growing as a condition required for procurement contracts for wheat from Arizona. In addition, the farms the Italian wheat comes from do not use glyphosate, and are able to guarantee a product with an extremely low level of mycotoxins.

We are the first company to have made our supply chain completely transparent: for each packet of Pasta Garofalo, the website www.comesifagarofalo.it shows not only the origin of the raw material, but also the bacteriological and qualitative analyses, so that everyone can verify that our pasta offers the highest standards in terms of quality and food safety. The real guarantee for our consumers is our **transparent approach**. The challenge is to make the most of our **expertise** and our ability to **select** the finest raw materials, without considering origin only.

BUSINESS ASSOCIATIONS

We believe in the importance of dialogue and the value that derives from a constructive exchange. This is why we take part in a number of organisations at national level, in various areas: from the promotion of Italian pasta worldwide and of sustainability in the sector, to the protection of the brand, as well as support for innovation and for the definition of changes to national and international regulations.

The main associations we belong to:

- **Unione Italiana Food**
- **Unione Industriali Napoli**
- **Gagnano Pasta PGI Protection Consortium**
- **Consorzio per il controllo dei prodotti biologici**
- **Associazione Industrie Beni di Consumo (Consumer Goods Industries Association)**
- **CONAI**



OUR COMMITMENT TO SUSTAINABILITY

Sustainability is a hallmark element in Garofalo's approach to doing business. We respond to the challenges the global scenario presents to our sector by choosing every day to promote the principles that distinguish us, which allow us to continue creating value in the short, medium and long term, not only for our company, but also for the whole system that gives us our strength. These pillars are the cornerstones of our sustainability effort:



A unique product

thanks to raw materials of objectively superior quality, and a production process that has brought on board experience going back a long way and is the result of our on-going research and an original interpretation of flavour. We choose the raw materials with the utmost care, and pay maximum attention to each stage of the production process, without compromising on the checks carried out to guarantee our consumers a pasta that is completely safe and of superior quality.



Key role played by people

in two areas: continual dedication to our employees, whose hard work allows us every day to carry out our activities while respecting our values, and close engagement with the community, with a view to creating relationships of lasting value.



Respect for the environment

which provides us with our essential resources. We are committed to reducing our impacts, paying attention to our energy consumption, emissions and the materials we use to make our products available and safe for the end consumer.

These values take shape in a range of sustainability projects we have been working on for a long time, and which allow us to effectively apply the responsibilities we have taken on vis-à-vis our stakeholders and the context we operate in. Our commitment has also been framed for some time in our **Integrated Management System Policy**, which sets out our objectives with regard to the environment, health and safety and social responsibility.



2.2



OUR STAKEHOLDERS

The stakeholders are all those subjects or groups of people we have dealings with as part of our activity, who can call us to account or contribute to bringing value to the company. The sustainability of our growth therefore also depends on our stakeholders and the attention we pay to their needs and expectations. All these activities are essential in order to continue creating value in the long term. The involvement of the various stakeholders, based on open dialogue and transparency, allows us to **generate shared value**.

We have mapped our stakeholders all the way along the value chain, identifying priority figures based on **our characteristics**, their **influence** (in terms of their ability to influence the company's strategic and operational decisions) and their **dependence** (i.e. the extent to which they depend on the choices, products and activities of the organisation).

The methods of dialogue, interaction and engagement are calibrated based on the different types of stakeholder.



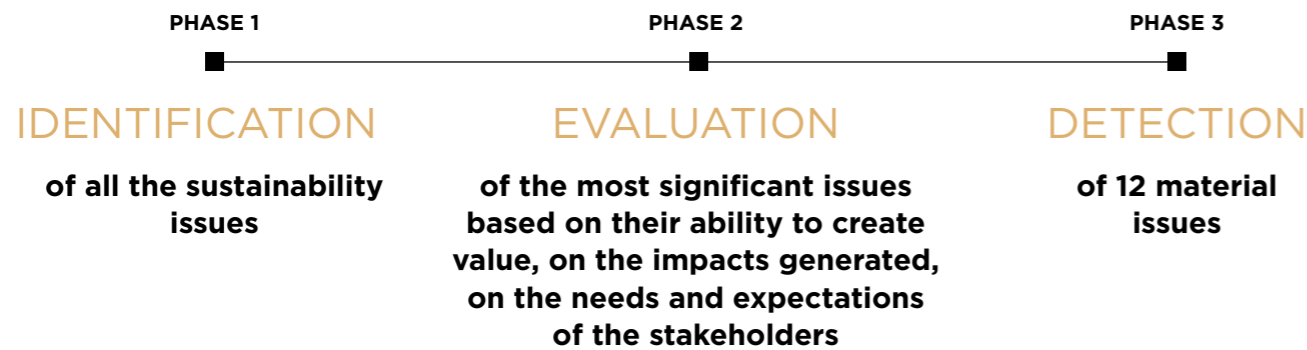
2.2



MATERIALITY MATRIX

The purpose of this report is to illustrate how sustainability supports Garofalo's activity. This document contains complete information on the issues most important to us and to our stakeholders. To identify these issues, we have used the **concept of materiality**, a founding principle of the GRI Standards drafted by the Global Reporting Initiative, the sustainability reporting standard we have decided to adopt. According to the provisions of the GRI,

the extent and detail in which the issues are dealt with reflect the results of the **materiality analysis**, i.e. the process of **identifying, evaluating and prioritising the significant economic, social and environmental aspects** that influence, on the one hand, the business's ability to create value over time, and on the other, the decisions of the stakeholders.



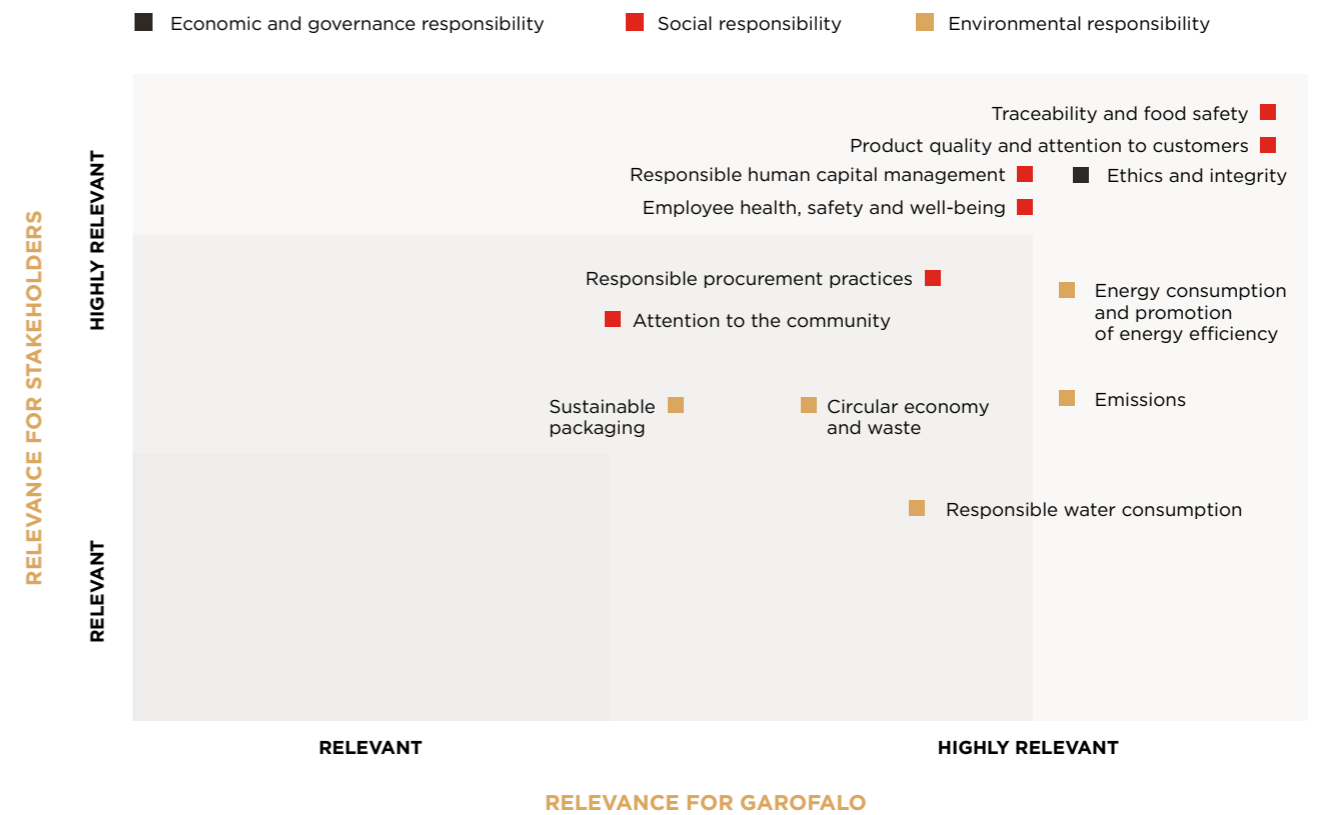
We conducted the analysis of materiality using a process organised into several phases. The first phase consisted of **identifying** the sustainability issues of importance for Garofalo and its stakeholders.

We analysed:

- the sustainability issues of current significance at national and international level, taken from the documents and reports of the most important non-governmental organisations and policy makers;
- the sustainability issues that have the greatest impact on the food sector, according to the sector associations, consumer associations and influencers in the area of sustainability;
- a benchmark that has involved Italian and international companies operating in the food sector and has allowed us to understand the sustainability issues most commonly dealt with and of greatest importance for the sector.

The issues identified were then **evaluated**, taking into consideration, on the one hand, their **significance** in terms of the impacts generated by the company and their **ability to create value** (internal significance) and, on the other, the **needs and expectations** of stakeholders (external significance). This phase saw the involvement of a number of leading company figures, whose contributions and points of view were taken into consideration to determine the **materiality** of the issues, also in relation to the commitment and the sustainability policies already adopted by our company.

The issues that emerged as material for Garofalo and its stakeholders are shown in the materiality matrix.



Specifically, the analysis highlighted **12 material issues**, the position of which allowed us to confirm our **main areas of action**:

- **safe, quality products**: from the choice of raw materials to their traceability and the checks we carry out, safety and quality are important to us and to our stakeholders, as is demonstrated by the high standards we adopt;
- **people**: our success would not be possible without our people, who are the founding element of our competitive advantage; the importance (for us and for our stakeholders) of employee well-being management issues is confirmation of this;
- **environment**: in our way of doing business, protecting the environment - from which we obtain precious resources and raw materials - is an essential requisite. For this reason, environmental issues have a high priority, starting from the responsible use of energy resources and the impact of our emissions on the climate.

3. HOW GAROFALO IS MADE



11

types
of semolina

89.1%

Italian suppliers

+781
bps

increase
in the share
of Italian wheat
compared to 2019

3.1



SUPPLY CHAIN

Our mission is to produce a **superior-quality pasta**, thanks to a **careful selection of raw materials** and **valuable relationships** with our suppliers, based on collaboration, on-going engagement and open dialogue.

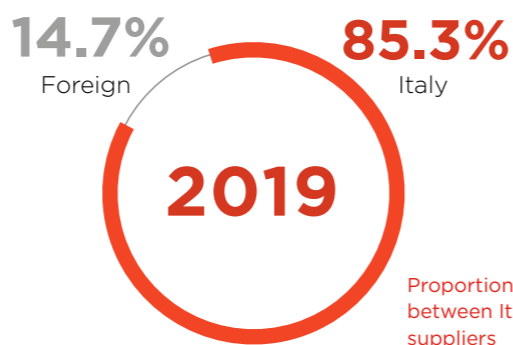
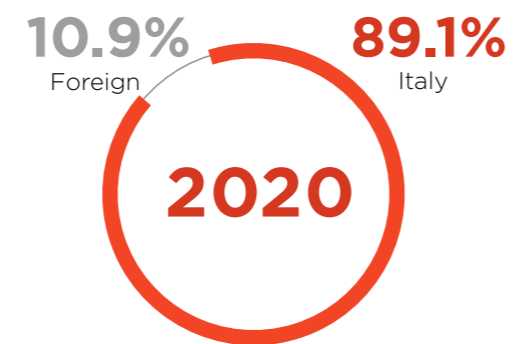
The semolina our pasta is made from is supplied by **mills** that are generally part of the **durum wheat supply chain** only and located in the South of Italy. We choose mills that are not only able to guarantee quality, but that are also located as close to us as possible, so as to maximise transport efficiency and minimise environmental impact.

2020 saw the completion of the acquisition of a 50% stake in Grani d'Italia, which stores and sells durum wheat. Albeit indirectly, the transaction will allow for greater visibility on the Italian wheat supply chain.

Among our strategic **suppliers** are those **who produce pasta for Garofalo** and those **who make products we sell under our brand name**, such as fresh filled pasta and olive oil. These suppliers are particularly important, because they help integrate and diversify our offer with complementary products. Another important chain for our business is represented by the suppliers of **primary and secondary packaging**.

We signed contracts with **6 suppliers** for **11 different types of semolina**, while **13 companies, all of them Italian**, supply us with **packaging** materials. We have **20 strategic suppliers for the products marketed**.

For all our activities, we work with suppliers we trust and with whom we have created a lasting relationship, with a particular preference for the finest Italian manufacturers located as close to our factory as possible. **Italian suppliers account for 89.1% of total spending**, and around 15% of our suppliers are located in our own region, **Campania**. Just 10.9% of our suppliers are located abroad, and these are mainly German companies that produce machinery used on the production lines.



Proportion of spending between Italian and foreign suppliers

SELECTION OF SUPPLIERS

The choice of a supplier is the result of an organised process of research, selection and qualification applied to suppliers of raw materials, ingredients, products marketed, goods made on our account and primary packaging. The approval process is based on **risk assessment**: purchases that fall within the scope of application of this procedure are subjected to a documented assessment of the risks associated with them. For example, for contamination by allergens, microbiological agents or foreign bodies (which is one of the main risks), it is necessary to assess the probability and severity of the damage and to quantify the **total risk of the product** and the **specific risk of the supplier**. The combination of these two factors determines the **final risk**, and the criteria according to which each supplier is to be assessed.

SUPPLIER QUALIFICATION CRITERIA

FINAL RISK	QUALIFICATION CRITERIA FOR SUPPLIERS OF SEMOLINA, INGREDIENTS, MARKETED PRODUCTS AND GOODS MADE ON ACCOUNT OF GAROFALO	QUALIFICATION CRITERIA FOR SUPPLIERS OF PRIMARY PACKAGING
Low	GFSI ¹⁸ certification or questionnaire or audit	<ul style="list-style-type: none"> GFSI¹⁸ certification or questionnaire or audit Certificates of compliance with the pertinent primary packaging regulations
Medium	<ul style="list-style-type: none"> GFSI¹⁸ certification or second-party audit on a three-yearly basis Analytical screening for new suppliers (where contemplated) 	<ul style="list-style-type: none"> GFSI¹⁸ certification or questionnaire or audit Certificates of compliance with the pertinent primary packaging regulations
High	<ul style="list-style-type: none"> GFSI¹⁸ certification or second-party audit on a three-yearly basis Analytical screening for new suppliers (where contemplated) 	<ul style="list-style-type: none"> GFSI¹⁸ certification or second-party audit on a three-yearly basis Certificates of compliance with the pertinent primary packaging regulations Annual migration test¹⁹, if not certified

Based on the final risk, suppliers are classified as critical, moderately critical and non-critical, and are qualified with different levels of approval. The supplier assessment may subsequently be reviewed following the annual performance monitoring activity. The supplier assessment process is completed by the audits, which are generally carried out directly by Garofalo staff and based on a plan determined by the **criticality level of both the suppliers** and the **type of supply**. In the two preceding years, we conducted **70 audits per year, 66 in 2018 and 68 in 2019 on already accredited suppliers and the remainder on new suppliers**. Most of the audits were conducted on suppliers of marketed products, a business area that is relatively recent and therefore requires especially close attention. In 2020, audits were suspended as a result of the health emergency caused by the Covid-19 pandemic. Audit activity will gradually resume starting from 2021.

18. Global Food Safety Initiative Certification

19. The purpose of the migration test is to verify suitability for contact with food

The approval process is also applied to **suppliers of services**, such as disinfection, waste disposal and laboratory analyses. For these suppliers, the risk assessment takes account of the **quality** and **safety** of the products and their compliance with legal provisions.

Since 2006, we have also applied a specific procedure that seeks to define responsibility for the qualification and monitoring of suppliers, sub-suppliers, contractors, collaborators and partners, so that they are assessed and selected based on their ability to satisfy **specific requisites concerning the environment, energy, occupational health and safety, human rights and protection of workers**. Consequently, when purchasing products and services, other than cost, product/service quality, functional efficiency and other variables generally considered at the purchase stage, account must also be taken of the practices applied with regard to the environment and energy, SA 8000 requisites and occupational health and safety conditions.

The choice of suppliers and their supplies is made by the department managers, who are required, prior to purchase, to consult the Integrated Management System Manager (IMSM) with regard to the aspects concerning the environment/energy, health and safety and ethics that may regard the supply. Suppliers are then classified based on the **level of criticality with regard to the environment and energy, compliance with SA 8000 requisites and occupational health and safety**. We take different types of action, carefully considered based on the qualification of the suppliers.

When assessing suppliers identified as moderately critical or critical with regard to one or more standards (SA 8000, ISO 14001, OHSAS 18001, ISO 50001), the first action taken is to verify whether they have the authorisations requested according to the legislation governing the environment, energy, occupational health and safety and collective labour agreements. Once the causes of any shortcomings have been identified, any corrective or preventive actions implemented are recorded in a dedicated register. At the re-examination stage, the management verifies whether the issues have been resolved; if they have not, further corrective actions will be defined, or, for the most serious issues, a supplier may be removed.

During 2020, Garofalo worked on the drafting of a **Code of Conduct for Suppliers**, which will become operative during 2021. Starting from 2021, all suppliers of products and services will have to accept and comply with the contents of the document. The Code is based on the values of integrity and ethics already set out in Ebro's Code of Ethics, and its aim is to create a shared culture guided by the principle of transparency, paying the closest attention to economic, social and environmental sustainability.

OUR RAW MATERIALS

Here at Garofalo, we choose our semolina with care. We purchase it from Italian mills we have a consolidated relationship with, and which offer guarantees from the point of view of both quality and food safety. Our mission is to offer our consumers a top-quality pasta, thanks to a semolina that has a higher-than-average amount of protein - in the specific case of the Garofalo pasta brand, 14% - regardless of the place of origin of the wheat. The Garofalo pasta brand also has a high Gluten Index (higher than 80), which measures the strength and tenacity of the gluten network that can be obtained by mixing the semolina.

Although we are positioned downstream from a closely controlled semolina sourcing process, we are working increasingly hard on analysing our supply chain, using a targeted, analytical method to identify the levers that have to be acted upon indirectly in order to continue to guarantee our customers a safe, quality product that is also virtuous from a social and environmental perspective.

Indicative of this is the extremely close attention we dedicate to glyphosate, which has recently become a matter of increasing concern for consumers, since it is an issue that regards both food safety and environmental sustainability, with particular reference to the damage this herbicide can cause for the environment.

These days, a better informed, more limited use of these products in agriculture is possible, taking concrete action to strengthen this new awareness. This is the vision Garofalo pursues and intends to apply in its raw materials procurement policy, and we aim to transmit this awareness right back along the supply chain to the farms.

OUR APPROACH TO PASTA

Quality Italian pasta is made exclusively from durum wheat, which is milled to obtain a semolina with a coarser grain than soft wheat flour and an amber-yellow colour. This semolina is used to obtain a stronger, more resistant dough, perfect for sustaining the "architecture" of the pasta, i.e. the thickness that helps make for a unique tactile experience when the pasta is tasted. Italian law also establishes other parameters linked to the purity and quantity of proteins. Proteins are an essential element for maintaining pasta *al dente*, because they form the gluten on contact with the water. In a pasta with a low amount of protein, the gluten network can break up during the cooking process, making the pasta soft and gluey. Under the pasta "purity law", Italian pasta must have a minimum of 10.5% protein.

This is why the semolina we buy is not obtained from durum wheat of exclusively Italian origin: first of all, Italian wheat does not always reach the quality standards established in the purity law, and therefore those required by Garofalo, which for the Pasta Garofalo brand are even stricter than the minimum required by law. In Italy, unlike in other countries, differentiated storage according to quality categories is not common practice, and this means that higher-quality products can be mixed up with those of low-medium quality²⁰. The semolina we use is largely made using "**Desert Durum**" wheat from Arizona, considered **one of the best in the world for its high protein content**, which is the result of the particular climate conditions and growing methods used, which allow for the **large amounts of nitrogen**. The other characteristics are the tenacity of the gluten, the colour of the semolina and the stability of the quality parameters of the supplies.

20. CREA considerations on the quality of Italian wheat, 2016

It must also be added that the favourable climate conditions of this geographical area significantly limit the development of mycotoxins, and that the level of safety of wheat from Arizona has always been very high; this is also guaranteed by contractual agreements in which we have established the condition that glyphosate must be absent at all stages of the wheat growing process.

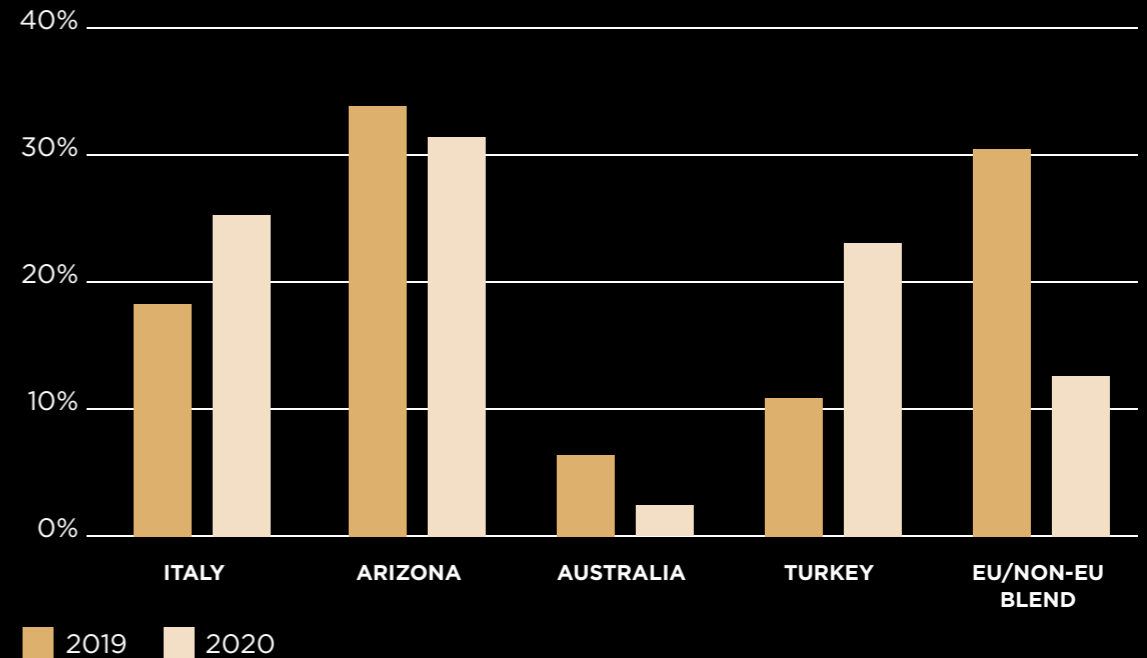
Australia and Turkey are other two countries of origin of the wheat used to produce the semolina we purchase. Although it is not among the world's top producers of wheat, Australia guarantees very high²⁰ quality standards, while Turkey is a country able to produce an excellent organic durum wheat, for which there is a growing demand in Italy and abroad that is not fully covered by domestic production. We use Turkish wheat to produce organic pasta for the overseas market.

The different origins of the wheat has a further advantage: it allows us to manage the variability of Italian production more effectively, in the event of a rise in prices or adverse climate conditions.

In recent years, the supply of top-quality durum wheat with high levels of safety has also grown in Italy, stimulated above all by the growing demand from the pasta industry. In this new scenario, we have gradually introduced excellent-quality Italian wheat, increasing the proportion used according to the availability on the market on a case-by-case basis. For this purpose, we use a storage silo located in the Puglia region, which contains Italian wheats mainly from the southern regions, and where possible, from supply chain agreements. These wheats have excellent characteristics in terms of protein, and come from farms that do not use glyphosate and are thus able to guarantee a product with an extremely low level of mycotoxins.

Our raw material procurement policy is currently focused mainly on wheats from Italy and Arizona, the two geographical areas that at the moment are able to guarantee Garofalo quality, respect for the environment and the highest levels of food safety.

ORIGIN OF THE WHEAT



The "EU/non-EU blend" indicates a semolina already mixed with wheat from Italy, Australia and Arizona.

RAW MATERIALS PURCHASED

In tonnes	2019	2019	2018
Durum wheat semolina	158,467	124,348	115,141
Ingredients (powdered spinach and tomato)	0**	68,596*	89

* The increase in the purchase of ingredients is due to a move from powdered tomato to concentrated tomato.
 ** During 2020, no tomato or spinach was used, because the production of coloured pasta was temporarily outsourced to allow for a modification of the production machinery.



Products of animal origin, such as eggs, dairy products or cured meats contained in the fresh pasta products, are not supplied directly, because they are ingredients of products made by third-party suppliers. Despite this, we are aware of the importance of animal welfare for our consumers, so we ensure that our fresh filled pasta, which pasta sheets contain 30% fresh eggs, is made using Italian free-range eggs, fully in keeping with the Animal Equality campaigns.

3.2



THE FINEST INDUSTRIAL TECHNOLOGY

HOW WE PRODUCE OUR PASTA

The passion for our work is expressed in the continual pursuit of what we consider perfection. To guarantee this, we select a prime-quality raw material and use it in a production process that combines age-old experience with the results of our ongoing research and an original interpretation of flavour. Semolina, durum wheat and water. Although the brands and types of pasta we produce vary, these three ingredients remain unchanged.



1. Selection

We select the varieties of semolina according to Garofalo specifications, which - depending on the different ranges and brand - require different raw material standards: specific weight, purity, protein index, gluten quality and yellow index.



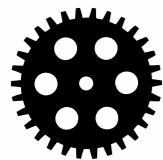
2. Milling

The wheat is sifted, has impurities removed and is then milled. The products of this milling process are refined and unrefined semolina.



3. Dough and particle size

The durum wheat semolina is mixed with water at a controlled temperature in the mixing tanks. It is here that the proteins (gliadin and glutenin) bind with the water to form gluten. The diameter of the particles into which the semolina is ground affects the final quality of the dough.



4. Drawing

During the drawing phase, the pasta dough is drawn through dies that give it the chosen shape. We use bronze dies for most types of Garofalo pasta, which in many cases offers the right balance between the porosity and colour of the pasta. However, this technique does not always guarantee the best possible quality: for capellini pasta, for example, Teflon drawing is more suitable, because it ensures greater tenacity even when the pasta is served in the traditional way, i.e. cooked in stock.



5. Drying

This is a very delicate phase. During the drying phase, the pasta is ventilated with hot, humid air in controlled conditions, in order to gradually reduce its water content, which must be lower than 12.5%.



6. Cooling

At the end of the drying process, the pasta passes through a cooling tunnel that brings it down to room temperature.



7. Packaging

At the end of the production cycle, we package the pasta in flexible plastic packaging.

It is fair to say that the pasta production process has remained unchanged for centuries, but research and technology have made it more efficient, allowing the pasta industry to progressively improve product quality.

Innovation is a key tool to maintain and boost competitiveness, because it allows us to keep pace with the needs and expectations of consumers. For us here at Garofalo, innovation means developing new types of pasta, improving production processes, boosting efficacy and efficiency and develop new packaging solutions in terms of graphics and styles and considering new materials, develop circular economies linked to secondary packaging and invest in on-going research regarding the raw materials used. During 2019, we

worked on 54 innovation products, most of them relate to products and the extension of ranges.

The most recent new products are **Spaghettoni XXL**, launched in 2018, and Scialatiello, introduced in 2019. In 2020 **we completed 63 product innovation projects**, which resulted in a relaunch of the graphics of the wholemeal line, bronze drawing for 15 products of the pasta line (with the consequent acquisition of PGI certification), the launch of the Linguine, Pasta Mista and Ditaloni formats for the wholemeal line, and the launch of the Mezzo Pacchero Rigato and Pennone Rigato formats for the basic line.



63

INNOVATION PROJECTS
IN 2020



Our passion
for what we do
drives our constant pursuit
of what we consider
to be perfection.

We select a prime-quality raw material,
and use it in a production process that combines **age-old experience** with the results of our **ongoing research** and **an original interpretation of flavour**.



3.3



FOCUS ON CONSUMERS

For Garofalo, the attention paid to quality, traceability and food safety takes the form of continual checks carried out on products and processes, both in our own factory and at suppliers' premises. This attention is boosted with **information and awareness-raising activities aimed at our consumers**. In addition to this, we pay close attention to the nutritional profile of Garofalo brand products, which we communicate clearly.

QUALITY CHECKS

In order to guarantee the excellent quality of our products, we conduct painstaking analyses, both at the semolina supply stage and during the processing and distribution of the finished product.

Our in-house quality team, which is organised and operates in accordance with the procedures contemplated in the BRC/IFS certified quality management system, is made up of 10 people, of whom 2 work on quality assurance and 3 on quality control. The remaining five are one laboratory technician and 4 process inspectors. To carry out an even more specific, effective control, during the last months of 2020,

we embarked on a training course to bring on board a further 4 process inspectors and 2 new laboratory technicians. The 6 new resources introduced, which bring the **total number of operators to 16**, will be operative from 2021.

The rigorous checks we carry out to guarantee high quality standards account for a significant portion of spending. In 2020, we invested **1,225 million euros** in our quality structure, an increase of 14.4% compared to 2019. These amounts correspond to 0.6% of our turnover.

QUALITY CHECKS: THE COSTS SUSTAINED

In euros	2020	2019	2018
Cost of personnel	714,068	605,787	515,842
Consulting and certifications	193,095	110,840	91,915
Laboratory material	47,066	32,360	24,020
Pest Control	124,098	129,199	127,402
Personnel quality training	4,211	3,455	2,800
Costs for analyses conducted in-house	142,556	188,882	148,859
Total quality control costs	1,225,094	1,070,522	910,837

QUALITY IN NUMBERS

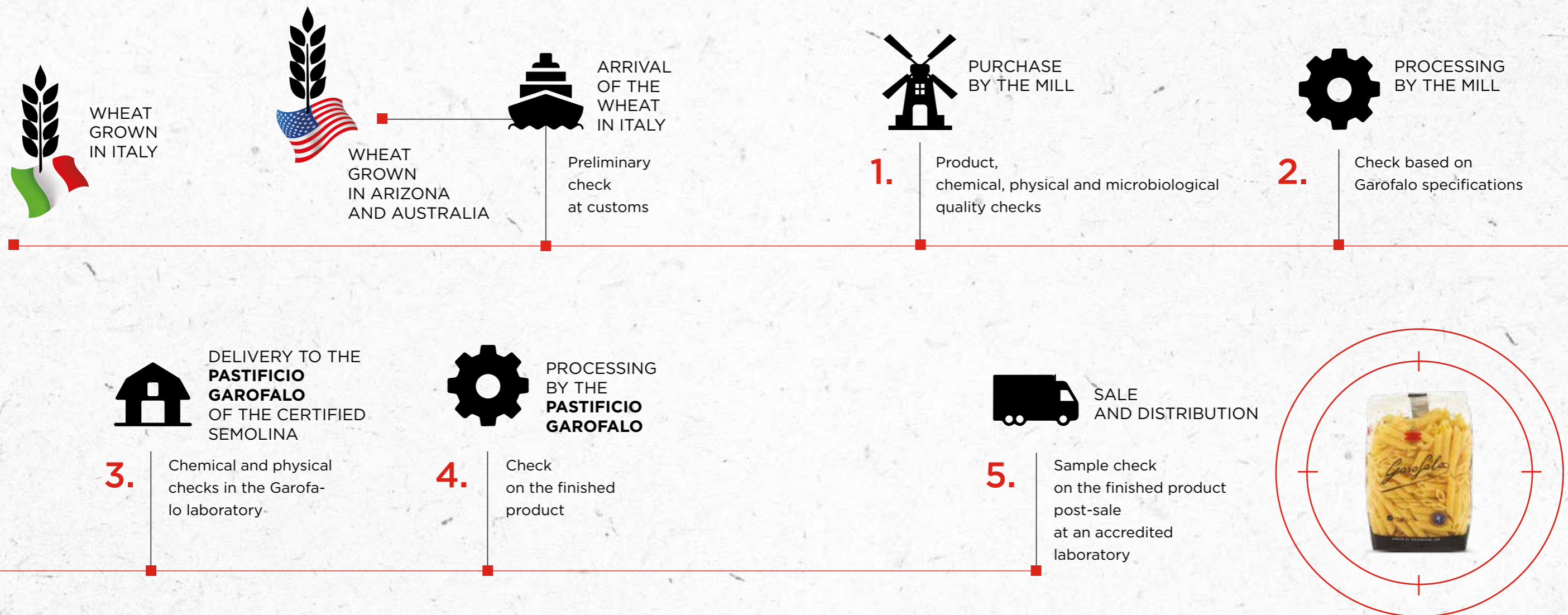


With the Italian mills we use for the purchase and milling of wheat into semolina, we have agreed upon a particularly challenging system of checks. The semolina we purchase from Italian mills must comply with **technical specifications that are often stricter than those required by law**. In addition, annual ordinary and extraordinary checks are scheduled and implemented by the mills, which verify compliance with the various parameters. For each type of semolina, we agree on a specific schedule of checks, which includes:

- analysis of chemical and physical characteristics (such as colour, humidity, quantity and quality of gluten and protein index);
- analysis of microbiological characteristics, which examines bacterial load and the presence of mould or parasites;
- analysis of allergens, especially soya;

- analysis of trace levels of pesticides, including glyphosate, and heavy metals;
- analysis of the presence of solid impurities and mycotoxins.

When we receive semolina in the factory, we ensure it is accompanied by all the necessary certificates from the mill attesting to the checks carried out, and we conduct further checks regarding **ash, humidity, proteins, colour and grain size**, using NIR spectroscopy, for every drum received. In 2020, this operation required **5200 checks on incoming materials**, about 38% more than in 2019, each of them according to a different set of parameters. Once the semolina is accepted, we continue to carry out different checks, first on the semolina and subsequently on the pasta, in our own laboratory or in qualified external laboratories. In line with the previous year, in 2020 we carried out over **200 checks** at external laboratories to verify the presence of pesticides, identify any traces of soya and for comprehensive screening.



CHECKS CARRIED OUT ON SEMOLINA AND PASTA

PHASE OF THE PROCESS	PARAMETERS ANALYSED	MEANS
Entry of semolina	Ash, humidity, proteins, colour and grain size	NIR analysis
Storage of semolina	Gluten, black spots, bran tips	Internal laboratory
	Microbiological characteristics	
	Contaminations	External laboratory
Infestations, mycotoxins, heavy metals, pesticides, allergens		
Extrusion, filtering and cutting	Hygiene conditions of the press (presence of yeast and mould)	Internal laboratory
Drying	Humidity	Check carried out by line operators
Handling and packaging of pasta	Ash, humidity, proteins	Internal laboratory
	Acidity	External laboratory
Product distribution	Plant protection products, pesticides, herbicides, toxins, soya allergen, heavy metals	External laboratory (sampling)

In addition to the checks listed, specific checks are also carried out depending on the type of pasta produced. For example, for Gragnano Pasta PGI, we also conduct a careful analysis of the **nutritional values**, as well as the consistency, even quality, ability to remain firm when cooked and stickiness, to ensure compliance with the premium characteristics of the PGI label.

A further example regards the production of organic pasta, for which we carry out checks on the presence of pesticides to confirm there has been no contamination deriving from previous production.

Naturally, all these checks on the raw material are complemented by other, no less important, checks carried out on the production process, which also include microbiological analyses on powdered spinach and tomato, analytical checks on the water used for the processes, hygiene checks on the machinery and packaging material inspections. Finally, we have also established a detailed schedule of checks for the suppliers of

products marketed by Garofalo. A number of different checks are contemplated, but most of them take place in an external laboratory that verifies levels of toxins, bacteria, heavy metals and pesticides. In 2020, we had **30 checks conducted on sub-suppliers' products**.

In addition to this, specific control plans were embarked on with an external laboratory, to ensure precise measurements and accurate monitoring of the levels of deoxynivalenol, a mycotoxin also known as DON, and of glyphosate, as a consequence of the new procurement contracts that set more restrictive limits for these substances. For the management of in-house analyses, a project has been implemented to carry out checks in the laboratory to detect the presence of DON and traces of soya, so as to increase the number of tests carried out during the year. The first tests will be carried out in 2021.



For Gragnano Pasta PGI, we analyse nutritional values, consistency, even quality, ability to remain firm when cooked and stickiness, to ensure compliance with the premium characteristics of the PGI label.



CERTIFIED QUALITY AND FOOD SAFETY

The quality of Garofalo pasta is guaranteed by a series of important national and international voluntary certifications and standards. Independent, qualified third parties verify and attest to the compliance of the products and/or management system.



Halal certification

The term Halal means "permitted", and therefore indicates what can be consumed according to the rules of Islam: halal foods are not only compliant with Italian and European regulations governing hygiene and food safety, but are also prepared according to the ethical, hygienic and health rules of Islamic law and doctrine.

Factory certification.



IFS certification

International Food Standard (IFS) qualifies suppliers of food products. This standard indicates a commitment to food safety. It builds a management system and makes it operative with a view to ensuring full observance of the quality, safety and legal compliance regulations governing the sector, and is a means to improving food safety management.

Factory certification.



Organic certification

Many Garofalo products have the European Union organic logo, attesting to the fact that these products contain at least 95% organic ingredients, and that the remaining 5% comply with rigorous requisites.

In order to export our organic products to Japan, we have also obtained Japan Agricultural Standards (JAS) certification. JAS organic certification requires organic products to be checked and certified by a Japanese or foreign entity registered with the Japanese Ministry of Agriculture.

- Product certification.
- 33% of Garofalo pasta is certified organic.



Kosher certification

The Hebrew term "kasher" or "kosher" means suitable, appropriate, correct. Kosher certification indicates that a product is suitable for consumption by a person of Jewish religion, because it is in accordance with the Jewish rules governing food.

Factory certification.



Non-GMO Project certification

This certification is issued by a North American non-profit association that guarantees safe products made from traceable raw materials free from GMO. The association entrusts the management of the checks and scientific analyses on products to Global ID Group, an American non-GMO product certification entity. Certification is aligned with European standards, for which products with more than 0.9% GMO ingredients must be labelled and recognisable as such.

- Product certification.



BRC certification Global Standard for Food Safety

BRC is a specific global standard for the quality and safety of agrifood products. The requisites of this certification cover quality management systems and HACCP methodology, as well as GMP (Good Manufacturing Practice), GLP (Good Laboratory Practice) and GHP (Good Hygiene Practice) criteria.

Factory certification.



Gragnano PGI certification

Guarantees the origin and quality of many types of pasta, testifying to the centuries-old pasta making tradition of Gragnano. We are proud of this certification, which guarantees our customers even greater peace of mind, because our production processes are subject to checks by the PGI label supervisory bodies.

- Process and product certification.
- About 50% of Garofalo pasta has PGI certification.



V-Label Vegan certification

V-Label is an internationally recognised mark that allows vegan consumers to identify products obtained without the use of ingredients of animal origin.

- Product certification.

PRODUCTS MADE BY THIRD PARTIES

Gluten-Free certification

The barred ear of wheat, the registered trademark of the Italian Coeliac Association, indicates products that can be consumed by coeliac sufferers, because they have a gluten content of less than 20 ppm (20 mg/kg). Garofalo gluten-free products are also certified by the American Gluten Intolerance Group (GiG) certification body.

- A whole Garofalo range is dedicated to coeliac sufferers.
- Product certification.

BRC Global Standards "AVM Trade Goods"

BRC Traded Goods certification is applicable to food products that normally fall within the scope of application of the BRC Global Standard for Food Safety, but which are not produced, further processed or repackaged in primary packaging on the site subject to review.

TRANSPARENCY? A QUESTION OF RESPONSIBILITY

For us, communication and responsible marketing mean maximum transparency when it comes to conveying the identity of our products, our company and our values, even when we find ourselves dealing with different opinions. So each marketing action is taken responsibly and entirely in keeping with our values and in observance of the pertinent

laws. Each communication activity is always submitted for review, approval and a qualified legal opinion that is frequently requested from outside the company.

Packaging and labelling are essential for providing the information necessary to make informed purchasing choices.



- **The name of the food**
(e.g. durum wheat semolina pasta, wholemeal durum wheat semolina pasta).
- **The figure responsible for product information**
with the address of the production plant.
- **Minimum conservation period**
- **Production lot**
- **Net amount**
- **Ingredients**
(durum wheat semolina) with allergens highlighted.
- **Nutritional statement**
- **Origin**
specifying the country where the wheat was grown and the country where it was milled.



ORIGIN OF THE RAW MATERIAL: EUROPEAN LAW

13 and 14 April 2018 saw the full entry into force of the two interministerial decrees of the Ministries for Agricultural Policy and Economic Development, both of 26/7/2017, contemplating the experimental obligation to indicate the origin of the raw material on the label for rice and for durum wheat semolina pastas. However, a new EU labelling law came into force on 1 April 2020, which will apply only in cases in which the origin may be misleading for the consumer. Specifically, the law establishes that manufacturers are obliged to provide information regarding origin on the label only when the place of origin of the food indicated - or even simply suggested - is different from the origin of the product's main ingredient*. This regulation highlights the fact that the indication of origin is not in itself a guarantee of product quality, but an additional element of information that helps the consumer to make an informed choice.

N.B.: *implementing regulation referring to the implementation of article 26 of European Regulation no. 1169/11

PASTA IS A FAMILY AFFAIR

In recent years, the food sector has been marked by a growing awareness on the part of consumers, who are increasingly likely to ask questions on what they are buying. For this reason, in 2018, we launched the “**Transparency Project**”, a set of integrated information, awareness-raising and marketing tools aimed at **answering all the questions that arise regarding our pasta**, providing more details than those consumers can find on the label.

The element this project is founded on is the website www.comesifagarofalo.it, which explains the choices we make as a pasta factory and illustrates the pasta making process, from the selection of a quality raw material to processes and production. The website includes a section where consumers can find details on the packet of pasta they have bought, tracing the origin of the wheats used and verifying all the checks that have been carried out on the semolina, as well as the results of the sample checks regularly conducted on the finished product by a certified external body.

The website and the communication activities connected with it are linked to the television advertising campaign “Buona pasta non mente” (Pasta is a family affair) launched in 2018-2019 and widely transmitted through PR activities and social media channels. The communication activities on the various media have allowed us to reach about **20 million people**, 300,000 of whom have interacted with the website to find out more about Garofalo pasta. In 2018, we also conducted a survey on a sample of 1,000 people to test the level of popularity of the advertising campaign, with very positive results.

In order to boost our values of quality and transparency, and to convey them through immediate, impactful means of communication, we have begun collaborating with **Casa Surace**, a production house established in Naples in 2015 by a group of friends and flatmates, which has over 3 million fans on internet. With its tongue-in-cheek, sarcastic videos, Casa Surace transmits our values, which are perfectly compatible with those of the typical southern Italian family portrayed in their cycles of videos. Also in collaboration with Casa Surace and for the second consecutive year, we have celebrated World Carbonara Day together, inviting our social media followers to log in to Instagram on 6 April and post a photo of their Carbonara Day.

Internet, and in particular the social networks, are one of the main channels through which we interact with our customers. Thanks to the immediate impact of these resources, we are able to remain constantly up to date on the needs and desires of consumers. Facebook is the channel most widely used by our consumers, and the one they prefer to use to ask us questions about the characteristics and quality of our products. Our **response rate is 100%**.

For any questions they have, our customers can contact the call centre, or write to consumatori@pastagarofalo.it to receive a reply from our marketing and quality departments. In 2020 we received over 900 e-mails, and in **90%** of cases, the reply we provided was considered satisfactory.

OUR SOCIAL MEDIA PRESENCE

SOCIAL MEDIA CHANNEL	UNIT OF MEASUREMENT	2020	2019	2018
Facebook (Global e Italy)	Fan	260,000 ²¹	317,394	298,542
Instagram	Follower	31,000	19,573	13,677
YouTube	Views	11,000,000	89,073 ²²	7,600,000

21. In 2020, Facebook eliminated inactive or duplicate accounts.

The real number of followers was over 30,000 higher in 2020 compared to 2019.

22. The 2019 figure is lower than the 2018 and 2020 figure because it is purely organic.

The 2018 and 2020 figures reflect considerable investments in the YouTube channel made during these years.



BY POPULAR REQUEST

Part of our commitment and attention to consumers involves responding to their needs and engaging them in our projects. Starting out from a widely expressed request for pasta manufacturers to indicate cooking times more clearly on their packaging, we have devised a special-edition pack, bringing in the author of a Facebook post who voiced this request, and the “**Grandi Minuti**” Movement, established for this purpose. The new pack was conceived as an actual tutorial, with coloured arrows making it extremely easy to identify the minutes required. Given the huge success of the pack, and in response to the reactions from consumers, we decided to launch part of the graphics of the special edition on all packs, starting from 2021, so that it will be impossible not to find the cooking time.

Also in response to comments from consumers who - through a variety of channels - requested a clearer indication regarding the origin of the wheat, we decided to replace the wording «EU/non-EU» on Pasta Garofalo packaging with «Italy and USA²³ (Arizona)», to guarantee **complete transparency** and to further highlight the quality of the raw material.

Another action focusing on the needs of particular groups of consumers is a **survey** we will be activating in 2021 among a group of **coeliac consumers** and bloggers. The aim of the survey will be to gather ideas and opinions for renewing the gluten-free line, regarding, in particular, quality, assortment and clarity of information.

23. Excluding the cases in which we also use wheat from Australia.



“WHAT ARE YOU THROWING OUT?”

Most **food waste** occurs at home, and this is why we have decided to launch some engaging **awareness-raising initiatives** aimed at consumers. In 2020, together with LifeGate, a network of information and services for sustainability, and with the irreverent participation of Casa Surace, we worked on the online magazine “**Bontà svelata**” (Goodness revealed) to take a more detailed look at the main social and environmental trends under way in the food sector, including the circular economy, combating waste, sustainable agriculture and a healthy, environmentally friendly diet.

To the same end, we also worked along with Cook, the cooking website of the Corriere della Sera newspaper, on the implementation of a **new skill allowing Alexa** to provide users with indications regarding the sustainable use of products at home and suggestions for healthy recipes. Alexa will be able to suggest the recipe of the day based on location and the outside temperature, adapting the dish not only to the weather, but also to the seasonal availability of ingredients. It will also be possible to use the “clear the fridge” function, which consists of asking Alexa for a recipe using the ingredients we already have at home, preferably those close to their use-by date.

In collaboration with Alta Cucina, a mediatech company and food community, we have launched a **social media campaign** to raise awareness of the problem of food waste, using Instagram and Facebook. By directly engaging the community through surveys and cooking challenges, the campaign aimed at encouraging users to adopt more sustainable behaviours in the kitchen, such as the use of seasonal produce, creative recycling of leftovers and choosing recyclable packaging. The project has proved very popular, gaining 6,300,000 views and generating 310,800 interactions for the video recipes, 3,900,000 impressions for the stories and 182,600 interactions with the surveys.

Finally, we also take part in the work sessions of Union Food on the theme of food waste, collaborating with its communication campaigns.

4. PEOPLE AND TERRITORY

215

Employees

99.5%

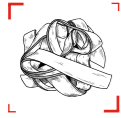
Permanent
contracts

+35.7%

New hires



4.1



EMPLOYEE WELL-BEING

We believe in the indispensable value and importance of the people who invest **experience, passion and commitment** in interpreting our hallmark values and preserving our success. Our people are the keepers of a traditional know-how passed down through the generations, which every day allows them to introduce the finest pasta to consumers all over the world.

The professional and personal development of our employees allows each of them to understand and absorb the values that have guided us from the very beginning, as well as to express their potential and thus guarantee the continual evolution and constant improvement of what we are and what we do. Personal well-being is equally important, and this is why we adopt all the measures necessary to guarantee safety in the workplace, promote an inclusive environment and to help our employees achieve a healthy work-life balance. In addition, at each stage of our employees' professional journey, from the

selection process to opportunities for professional development and right through to the conclusion of the working relationship, we guarantee respect for diversity and equal opportunities, by preventing all forms of discrimination.

This commitment to responsible personnel management is confirmed by the **SA 8000 certification** we first obtained in 2010 and which has been periodically renewed since. Based on the Universal Declaration of Human Rights and the conventions of the ILO, this standard certifies important aspects regarding corporate social responsibility, and specifically, respect for human rights, workers' rights, protection against the exploitation of minors and guarantees of occupational health and safety. Our commitment and attention to our people are also set forth in our **Integrated Management System Policy**, in which we have formalised our social responsibility and health and safety objectives regarding our employees.



Our people
are the keepers
of a traditional
know-how.

passed down through the generations,
which every day allows them to introduce
the finest pasta to consumers all over the world.

OUR PEOPLE

At 31 December 2020, Pastificio Garofalo employed **215** people, **an increase of 6.4%** compared to 2019, thanks to the continual development of the business. **Almost all the employees (99.5%) have a permanent contract**, and most (90.2%) work full-time. We work with a very limited number of external figures. These professionals are not directly employed by Garofalo but work regularly on our premises. In addition to this, in particularly favourable market conditions, we occasionally use agency workers as a temporary pre-hire solution.

EMPLOYEES BY WORK CONTRACT AND GENDER

EMPLOYMENT CONTRACT	2020			2019			2018		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
Permanent	31	183	214	23	176	199	19	172	191
Temporary	1	0	1	1	2	3	0	2	2
Total	32	183	215	24	178	202	19	174	193

EMPLOYEES BY TYPE OF CONTRACT AND GENDER

TYPE OF CONTRACT	2020			2019			2018		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
Full-Time	31	163	194	23	161	184	19	163	182
Part-time	1	20	21	1	17	18	0	11	11
Total	32	183	215	24	178	202	19	174	193

Equality and inclusion are an integral part of our company culture, so we are working towards a growing level of **gender balance**, rewarding the values and identity of each individual. We also seek to aid the integration of new generations into the workplace, at the same time as valuing the skills of those with many years of experience with our company and who have been able to take on board our essence and our values.

At 31 December 2020, there were **32 women working in Garofalo**, accounting for **14.9%** of staff (**a rise of 33.3% compared to 2019**) and working mainly in administrative positions. The majority of men is physiological in a sector that has mainly men working in production departments.

Most of our employees (53%) are in the **30-50 age group**. But there has been an increase in the number of employees under 30, which rose from 14.9% in 2019 to 19.5%.

EMPLOYEES BY PROFESSIONAL CATEGORY AND GENDER

PROFESSIONAL CATEGORY	2020			2019			2018		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
	%	%	%	%	%	%	%	%	No. of employees
Senior Management	-	1.4%	1.4%	-	1.5%	1.5%	-	1.6%	1.6%
Middle Management and Technical Personnel	2.8%	7.0%	9.8%	2.5%	7.9%	10.4%	-	10.4%	10.4%
Administrative Personnel	8.8%	8.8%	17.7%	8.4%	9.4%	17.8%	9.8%	8.8%	18.7%
Blue-collar workers	3.3%	65.6%	68.8%	1.0%	65.8%	66.8%	-	65.8%	65.8%
Other Personnel	-	2.3%	2.3%	-	3.5%	3.5%	-	3.6%	3.6%
Total	14.9%	85.1%	100%	11.9%	88.1%	100%	9.8%	90.2%	100%

PROFESSIONAL CATEGORY	2020			2019			2018		
	No. of employees	No. of employees	No. of employees	No. of employees	No. of employees	No. of employees	No. of employees	No. of employees	No. of employees
Senior Management	-	3	3	-	3	3	-	3	3
Middle Management and Technical Personnel	6	15	21	5	16	21	-	20	20
Administrative Personnel	19	19	38	17	19	36	19	17	36
Blue-collar workers	7	141	148	2	133	135	-	127	127
Other Personnel	-	5	5	-	7	7	-	7	7
Total	32	183	215	24	178	202	19	174	193

EMPLOYEES BY PROFESSIONAL CATEGORY AND AGE GROUP

PROFESSIONAL CATEGORY	2020			2019			2018		
	<30	30-50	>50	<30	30-50	>50	<30	30-50	>50
	%	%	%	%	%	%	%	%	%
Senior Management	-	0.5%	0.9%	-	0.5%	1.0%	-	0.5%	1.0%
Middle Management and Technical Personnel	0.9%	4.7%	4.2%	1.5%	5.0%	4.0%	-	5.7%	4.7%
Administrative Personnel	3.3%	10.2%	4.2%	2.5%	11.9%	3.5%	3.6%	11.9%	3.1%
Blue-collar workers	15.3%	37.7%	15.8%	10.9%	42.1%	13.9%	8.3%	45.1%	12.4%
Other Personnel	-	-	2.3%	-	1.0%	2.5%	-	1.0%	2.6%
Total	19.5%	53.0%	27.4%	14.9%	60.4%	24.8%	11.9%	64.2%	23.8%

PROFESSIONAL CATEGORY	2020			2019			2018		
	<30	30-50	>50	<30	30-50	>50	<30	30-50	>50
Senior Management	-	1	2	-	1	2	-	1	2
Middle Management and Technical Personnel	2	10	9	3	10	8	-	11	9
Administrative Personnel	7	22	9	5	24	7	7	23	6
Blue-collar workers	33	81	34	22	85	28	16	87	24
Other Personnel	-	-	5	-	2	5	-	2	5
Total	42	114	59	30	122	50	23	124	46

At 31 December 2020, Garofalo employed **17 people with disabilities or belonging to protected categories**, 12 of them in the production departments.

The presence of people with very different personal profiles makes for a deeper understanding of society, thanks to the adoption of different points of view. It is a source of inspiration and strengthens the culture of inclusion.



Our sensitivity towards issues regarding diversity and inclusion is demonstrated by our presence, both in 2019 and in 2020, among the 20 finalists for the **Diversity & Inclusion Brand Award**.

ATTRACTING TALENT

Our work is founded on **passion** and the **pursuit of excellence**, values we consider essential when it comes to hiring employees. The candidate selection process, which involves different evaluation procedures depending on the role offered and experience required, guarantees equal opportunities for admission.

In 2020, hiring rose by 35.7% compared to the previous year. **19 new employees** joined our organisation. Sixteen of these people, amounting to 84% of the new hires, are under 30, confirming our **desire to open up to young people** and to recognise the added value they can bring to the company. In 2020, four employees left the company, in line with the two preceding years. This was largely due to retirement.

NUMBER OF NEW HIRINGS BY EMPLOYEE GENDER AND AGE GROUP

GENDER	2020				2019				2018			
	<30	30-50	>50	TOTAL	<30	30-50	>50	TOTAL	<30	30-50	>50	TOTAL
Women	7	1	-	8	2	2	-	4	2	-	-	2
% of employees	53.8%	7.1%	-	25.0%	25.0%	15.4%	-	16.7%	33.3%	-	-	10.5%
Men	9	2	-	11	6	2	2	10	1	4	1	6
% of employees	31%	2%	-	6.0%	27.3%	1.8%	4.3%	5.6%	5.9%	3.5%	2.3%	3.4%
Total	16	3	-	19	8	4	2	14	3	4	1	8
% of employees	38.1%	2.6%	-	8.8%	26.7%	3.3%	4.0%	6.9%	13.0%	3.2%	2.2%	4.1%

NUMBER OF EMPLOYEES LEAVING THE COMPANY BY GENDER AND AGE GROUP

GENDER	2020				2019				2018			
	<30	30-50	>50	TOTAL	<30	30-50	>50	TOTAL	<30	30-50	>50	TOTAL
Women	-	-	-	-	-	-	-	-	-	-	-	-
% of employees	-	-	-	-	-	-	-	-	-	-	-	-
Men	1	-	3	4	-	-	4	4	-	2	2	4
% of employees	3.4%	-	5.6%	2.2%	-	-	8.5%	2.2%	-	1.8%	4.5%	2.3%
Total	1	-	3	4	-	-	4	4	-	2	2	4
% of employees	2.4%	-	5.1%	1.9%	-	-	8.0%	2.0%	-	1.6%	4.3%	2.1%



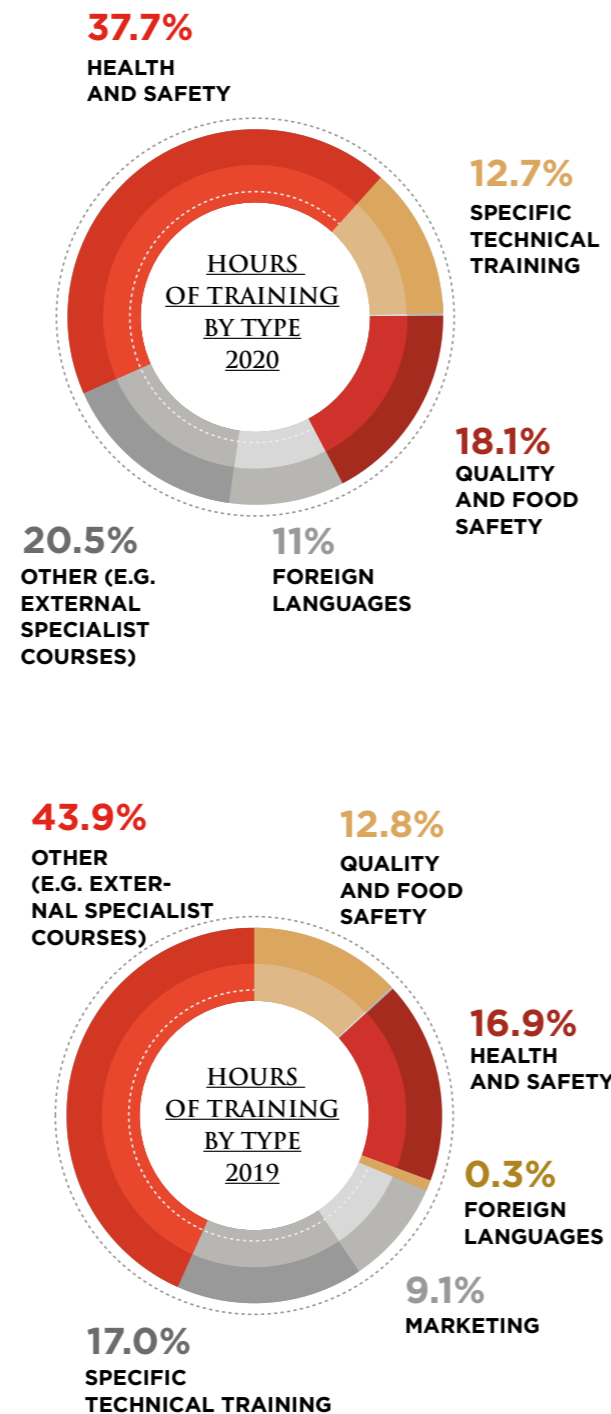
TRAINING AND DEVELOPMENT

Here at Garofalo we believe firmly in the importance of facilitating the constant growth - both professional and personal - of our employees. We consider training activities essential to **assist the development of our staff** and our organisation, and to support cultural advancement by consolidating individual skills and at the same time by promoting our values and our business strategy.

We plan training programmes for the various professional categories and **specific approaches** for highly technical activities. We also monitor and assess training requirements based on individual needs. Training methods range from mandatory online courses to bringing in external professionals where specific technical skills are required, as well as specialist courses. The main types of training offered regard quality and food safety (to provide the necessary knowledge of the sector regulations), occupational health and safety and specific skills required to use particular machinery or to operate in certain areas of the production lines.

In 2020, due to the health emergency and the restrictions imposed on mobility, we were not able to complete the training plan set out for the year. All the activities that involved practical exercises, such as the first aid courses and the courses to obtain equipment user licenses, had to be postponed. Remote learning was used as far as possible.

In 2020, we delivered over **730 hours of training**, and **81 employees** (37.7% of company staff) took part in at least one course. Of the total staff, each employee benefited from an **average of 3.4 hours of training** during 2020.



AVERAGE YEARLY HOURS OF TRAINING PER EMPLOYEE, BY GENDER AND BY PROFESSIONAL CATEGORY

PROFESSIONAL CATEGORY	2020			2019			2018		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
Senior Management	-	2.7	2.7	-	-	-	-	-	-
Middle Management and Technical Personnel	14.2	3.6	6.6	-	3.0	2.3	-	3.1	3.1
Administrative Personnel	3.2	1.3	2.2	28.9	5.7	16.7	10.5	11.5	11.0
Blue-collar workers	3.7	3.3	3.4	-	4.8	4.7	-	6.9	6.9
Other Personnel	-	0.6	0.6	-	4.6	4.6	-	-	-
Total	5.3	3.1	3.4	21.3	4.6	6.5	10.5	6.5	6.9



INDUSTRIAL RELATIONS AND COMMUNICATION WITH EMPLOYEES

Here at Garofalo, we comply with Italian labour regulations and with the conventions of the International Labour Organization (ILO) on workers' rights (freedom of association and collective bargaining, consultation, right to strike, etc.), systematically promoting communication between the parties and listening to the needs of our employees to find solutions able to bring about shared benefits.

100% of our employees are covered by collective bargaining agreements, in particular by the National Collective Labour Agreement for food industry workers. Since 2008, second-level supplementary agreements have been in force regarding the management of round-the-clock shifts and the pertinent remuneration. At contractual level, no minimum period of notice is established for operational changes, such as acquisitions and reorganisations, since these are determined by the occurrence of the various cases.

2020 saw the start of discussions for the renewal of the second-level contract, which will be renewed during 2021, with its effects backdated to December 2019.

Our employees are entitled to establish or take part in trade union organisations with the aim of defending their interests, and to be represented by trade union bodies.

During 2020, on-going talks were held between the management and the trade union representatives (RSU) regarding how to deal with the health emergency. The discussion committee, presided on the part of the company by the Head of the Prevention and Protection Service (RSPP), formally met once a week in the month of April, meeting thereafter on a more agile and informal basis during the rest of the year.

Finally, the small size of the organisation makes it easier to have a **direct, familiar relationship between employees and management and a positive climate in the company**, without the particular need to identify specific company figures for listening to problems or to formalise actual physical meetings. Despite this, we intend to conduct a survey on the climate in the company in 2021 to find out more about the expectations of our employees and to detect any needs that have not been expressed.

Direct communication between employees and management is always encouraged: we have set up dedicated boxes for suggestions and comments, and an e-mail address to report behaviour not in line with the principles set out in the Ethical Code, also anonymously.



HEALTH, SAFETY AND WELL-BEING IN THE WORKPLACE

Here at Garofalo, we consider health, safety and physical and mental well-being of premium importance: for this reason, we undertake to promote a solid culture of safety, in order to guarantee a working environment free from dangers.

Since 2016, our factory in Gragnano has been covered by **OHSAS 18001:2007 health and safety certification**. This certification was updated according to ISO 45001 during 2020. As declared in our Integrated Management System Policy, not only do we comply with all the legislative and other regulatory measures applicable regarding health and safety in the workplace, but we also ensure these aspects are considered essential from the moment new activities are established, as well as to apply systematic procedures for the identification, management and reduction of risk, with the aim of preventing accidents, injuries and occupational diseases.

Specifically, the Integrated Management System involves both Garofalo employees and the employees of contracting companies working in the factory, and provides for a preventive assessment of risks and their elimination and/or mitigation through a formalised procedure.

Risk assessment is a decisive element for the protection of workers' health and safety.

The risk assessment process and the drafting of the pertinent report is the responsibility of the employer, assisted by the Head of the Prevention and Protection Service, an external consultant, the company doctor and the Worker's Safety Representative.

Firstly, the process involves the identification of the risks present in the company and the most appropriate way to evaluate them to obtain a versatile, exhaustive assessment for all those situations not covered by a specific dedicated regulatory framework. Risks are then assessed, starting with those present in the areas divided into the same types, i.e. all those connected with the machinery present in the individual areas and those relating to the operator's specific tasks. This analysis is formalised by means of an assessment organised into three levels that includes all the possible working situations, both ordinary and extraordinary, such as maintenance or the presence on the machines of personnel from external companies. Once all the assessment operations have been completed, an improvement plan is drafted that takes into consideration all the situations of danger and the improvement measures scheduled to reduce the risks, divided into priority levels depending on the severity of the hazard. This document, which is always shared with the workers' representatives in the event of any amendments or additions, allows us to understand the existing situation and identify how improvements can be made. Improvement is guaranteed by the structure of the document, and by a review and constant updating through audits.

Garofalo staff are responsible for their own health and safety and that of the people they interact with, and must stop and/or swiftly report to the department supervisor or Workers' Safety Representative any risk situations or unsafe behaviour, and must also keep away from any processes that may cause injury or occupational diseases.

The risks linked to Garofalo's activities are in any case considered limited. The production and packaging lines are the area that present the greatest risk to health and safety, although this risk is limited.

The SA 8000 standard, to which we have adhered for over 10 years now, plays an important role in safeguarding health and safety. **The pertinent committee, the Social Performance Team, meets at least once a year for a constructive dialogue regarding all the requisites of the SA 8000**, including those regarding workers' safety. The committee is composed of representatives of the trade unions, the operating management, the Integrated Management System Manager and by two workers' representatives for the SA 8000 (one for white-collar and one for blue-collar workers). In addition to these encounters, a periodic meeting is established by law that must take place at least once a year and must be attended by the employer, the company doctor, the Head of the Prevention and Protection Service and the Workers' Safety Representative. A number of important suppliers in terms of the extent of the commercial relationship or who make significant use of manpower are also required to comply with the requisites of the SA 8000 standard, and therefore to provide guarantees regarding health and safety in the workplace.

We ensure that all employees are offered health and safety training pursuant to Legislative Decree no. 81/08, for the transmission of knowledge and procedures useful for carrying out their tasks in the company safely, as well as for the identification, reduction and management of risks. 2020 also saw the implementation of information actions to make all workers aware of the measures adopted for managing the health emergency. We also organise an annual informative meeting with workers, during which we present any changes to processes or areas, the injury situation and the results of the pertinent surveys carried out.

For the occupational medicine service, in keeping with the legal provisions, not only does Garofalo guarantee health monitoring, but also provides a nursing service in the factory twice a week to listen to workers' concerns and provide support. In addition, the company doctor inspects the working environments at least twice a year. By law, the workers' health records are managed by the company doctor and kept in dedicated locked filing cabinets.

Finally, Garofalo adheres to the Food Industry Healthcare Assistance Fund, as per the National Collective Labour Agreement, for the supply of healthcare and preventive screening services. In addition, during 2019, a breast cancer screening programme was coordinated for all our female colleagues and the female partners of our male workers; since 2018, a campaign is organised each autumn for voluntary take-up of a flu vaccination, administered in the infirmary of the company.

MANAGEMENT OF THE HEALTH EMERGENCY

As for any other company, the onset of the pandemic required the implementation of preventive measures and specific protocols to manage all the risks connected with Covid-19 and to make sure our people were able to operate in complete safety.

First of all, a **safety protocol** shared between the government and the social partners was adopted. In addition, we implemented all the **precautionary measures** necessary to minimise the risk of transmission. Specifically, we made it compulsory to wear face masks everywhere in the factory and office premises. The masks were supplied by the company, together with gloves and eye shields. We installed a number of dispensers for sanitising hands, signs to remind workers to comply with social distancing and plexiglass barriers between adjacent desks.

Further useful measures included the measurement of body temperature at the entrance to each department, continual disinfection of the premises, staggered entry and exit times to limit crowds and the organisation of work in established pairs of employees to facilitate contact tracing, as well as the implementation of remote working for the office staff and the distribution of questionnaires for workers returning after sick leave.

As a further preventive measure, **analytical screening campaigns** consisting of molecular and antigen tests were conducted, on the indications of the company doctor and the trade union representatives. Starting from July, Garofalo signed an agreement to have the first molecular tests carried out with an accredited external laboratory, entirely at the company's expense. Subsequently, from October, with the support of the company doctor, rapid antigen tests were carried out weekly, as well as antibody tests, directly by professional operators in the company infirmary.

Although the screening campaigns were voluntary, the opportunity was taken up by all the employees of Garofalo and of the external companies operating on the premises; on request, the service was also extended to those living with the workers. At 31 December 2020, around 500 antibody tests and 3,000 antigen tests had been carried out. The screening measure proved particularly effective, because it allowed for the timely detection of cases of asymptomatic infection among employees.

The company also took out a specific insurance policy to cover the risk of hospitalisation due to Covid-19, but fortunately none of the employees had to use it.

HEALTH AND SAFETY INDEX

In 2020, **9 cases of injury** occurred, regarding men only, compared to the 6 cases recorded in 2019, 5 of which regarded men. These injuries were mainly contusions, and mainly occurred in the packaging department, where most of the factory staff work. In 2020, 3 injuries also occurred among workers not employed by Garofalo working regularly in the factory: specifically, a contusion and a fractured arm suffered by two employees of the warehouse handling company, and a small injury to a cleaning company worker. During the three-year period 2018-2020, there were no cases of fatal injuries or occupational diseases.

2019 saw the introduction of a **lifting device** to make **changing pack sizes** easier for operators, and of a variable-height forklift to improve the **ergonomics** of manual load handling operations.

INJURY INDEXES

HEALTH AND SAFETY INDICATORS REGARDING EMPLOYEES	2020	2019	2018
Total worked hours	373,643	345,415	337,316
Number of high-consequence work-related injuries	-	-	-
Number of recordable work-related injuries	9	6	16
Rate of high-consequence work-related injuries	-	-	-
Rate of recordable work-related injuries ²⁴	4.82	3.47	9.49

HEALTH AND SAFETY INDICATORS REGARDING WORKERS NOT EMPLOYED BY GAROFALO OPERATING IN THE FACTORY	2020	2019	2018
Total worked hours	20,035	3,000	1,500
Number of high-consequence work-related injuries	-	-	-
Number of recordable work-related injuries	3	1	-
Rate of high-consequence work-related injuries	-	-	-
Rate of recordable work-related injuries ²⁵	29.9	66.7	-

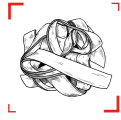
In addition to protecting the health and safety of our employees, we pay attention to their physical and mental well-being.

This is why we undertake to promote solutions to improve their **private life-working life balance**. To this end, employees are entitled to flexible working hours and

a canteen service, while the organisation of operations based on scheduled, clearly defined shifts allows workers to plan their day as effectively as possible. Workers also have an area for consuming food and a laundry service for their working clothes.

24- 25. The injury frequency rate is calculated as the relationship between the number of injuries and the total number of hours worked in the same period, multiplied by 200,000.

4.2



FOCUSING ON THE COMMUNITY

GAROFALO FOR OUR TERRITORY

The close ties that bind us to the Gragnano area have shaped our identity, and our values come from the community around us. This is why our gratitude prompts us to put some of the resources the community has given us back into it. During 2020, we contributed to the well-being of our community in the form of both donations and membership fees, for a total of around **50,000 euros**.

Because our company is a symbol of Gragnano pasta worldwide, in recent years we have chosen to promote and enhance our local area, the Campania region and the city of Naples, supporting art and culture with the project “Garofalo firma il Cinema” and through a partnership with the San Carlo Theatre.

2021 will see the start of a project designed to boost tourism in the city of Naples.

Our commitment to generating shared value goes beyond projects for the community, and also includes developing the **ability to listen and to understand**. Constantly and actively examining the needs and priorities of the local area allows us to

grasp new challenges and to re-define a business model that is increasingly **in harmony with the surrounding community**.

For example, we are aware of the impacts our activities have in terms of the noise produced. We periodically have external noise levels measured using dedicated equipment, during both the day and night.

Although the levels recorded over the years have always been within the limits permitted, we have implemented measures to prevent any inconvenience caused to the people of Gragnano living near the factory, with the installation of sound-absorbing and insulating panels. In 2017, in the compressor area for unloading the tankers - one of the most critical activities in terms of noise -, we decided to install our own compressors to avoid the use of the noisier compressors installed on the tankers. This operation required an investment of around **150,000 euros**.

To further reduce sound emissions, during 2020 we created **green barriers** by planting magnolia and laurel trees near the homes closest to the factory.

GAROFALO FOR YOUNG PEOPLE

■ **Tracce (Tracks), the music of ancient trades**

In 2019, we presented the **project “Tracce - an exploration, to the beat of music, of what we always have inside as we move forward”**. The intention is to give a voice to the stories of a number of young Italian craft operators who have breathed new life into ancient trades through electronic music, thus creating an unexpected partnership between the slow pace of crafts and the bits that make up this kind of music. The project, created in collaboration with **Open, the online newspaper founded by Enrico Mentana**, began with a call to action on the Instagram and Facebook profiles of Garofalo and Open, aimed at selecting four young craft operators from all over Italy who have chosen to dedicate their lives to an ancient trade, such as blacksmiths, lute makers, carpenters, tailors and cobblers. The next step was entrusted to a number of Italian DJs well known in the world of electronic music, who turned the craft work into music by sampling the sounds produced daily by their activity to create novel musical tracks.



■ **Italian Rowing Federation**

To strengthen our bond with the new generations even further, we have placed our experience at the service of young athletes by supporting the **Italian Rowing Federation**, both as a supplier and a kit sponsor. A proper diet, together with physical exercise, is one of the secrets to stay in shape, and pasta is the ideal food for anyone who practises sport, providing carbohydrates that can be turned into the correct amount of energy.



■ **Top-class food with Casa Surace**

Young people were also the stars of the **“Cibo a regola d’arte” festival (Top-class food)** organised by *Corriere della Sera* newspaper in May 2019. Together with **Casa Surace**, we took part in the debate on the diet of the future, with *“Va a zappà...a chi? Il futuro del cibo e del ritorno alla terra”*. (Who are you calling a peasant? A return to the soil and the future of food) Before the event, Casa Surace launched a call to action to its fans, inviting the submission of stories from those who, after university, decided to invest in agriculture by founding a start-up or a cooperative of young entrepreneurs. Three contributors were selected, who presented their stories and their farming products during the debate. These products were then used in the recipes Pasta Garofalo prepared for visitors to enjoy during the festival.



5. QUALITY FOR THE ENVIRONMENT

1,090
GJ

Energy produced
from renewable
sources

- 5%

Reduction
of energy intensity

10,778
tonnes

Scraps recovered
for animal feed



5.1



RESPONSIBLE CONSUMPTION

The quality of our products is an essential priority, which for us goes hand in hand with the attention we pay to the environment.

In our factory in Gragnano, we are continually looking for appropriate measure to reduce the amount of energy we consume and to increase the amount of energy from alternative and renewable sources. Since 2003, the factory is covered by **ISO 14001:2015 certification**, attesting to the compliance of the Environmental Management System with the requisites established for the standard. In our Integrated Management System Policy, linked to the obtaining of the certification, we

undertake not only to observe all the legislative measures and other regulatory requisites applicable to environmental issues, but also to pay constant attention to the responsible consumption of natural and energy resources, monitoring emissions, waste management and controlling soil contamination risks, also by means of transparent communication with all the stakeholders concerned and by promoting a culture of respect for the environment among all our employees.



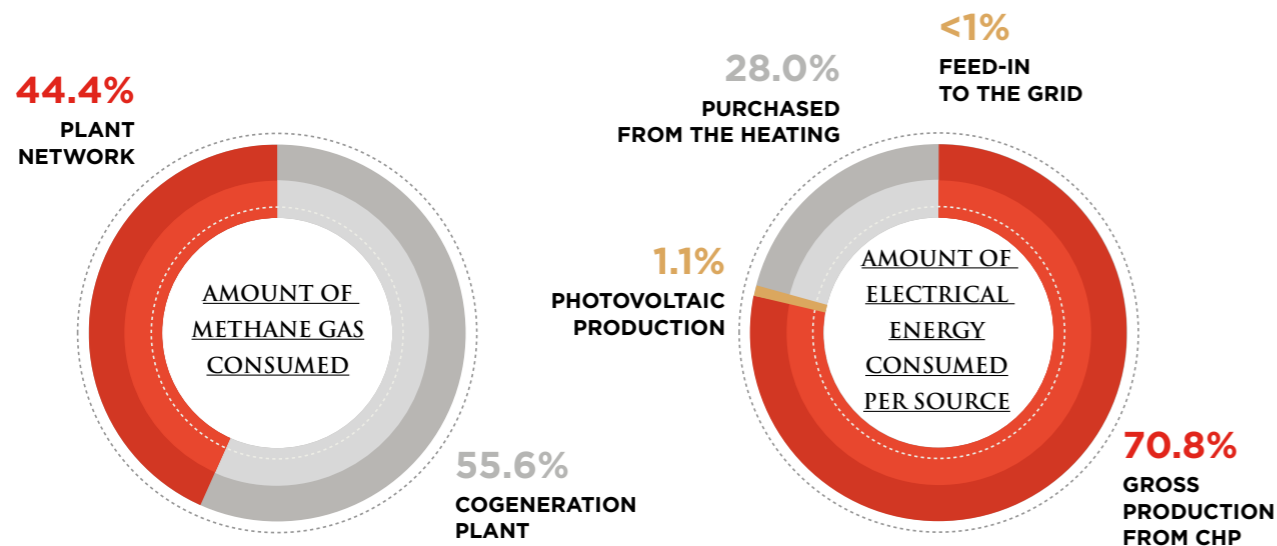
The quality of our products is an essential priority, which for us goes hand in hand with the attention we pay to the environment.

ENERGY

Here at Garofalo, we adopt a systematic approach to the consumption and use of energy; we recognise the importance of **energy efficiency** measures. This approach is testified to by the **ISO 50001:2011 certification** we have held since 2017 and which covers the whole factory, including both main and auxiliary processes.

The main sources of energy consumption are linked to the need for **methane gas and electrical energy**. Around 44% of the methane gas consumed is used for running the generators of overheated water in the heating plant, and the remaining 56% for the cogeneration plant. Electrical energy, on the other hand, is used for the production departments, auxiliary services such as water filtering and treatment plants and general services such as lighting. Part of this energy is purchased from the grid and part is produced by the **cogeneration plant**; a small amount is produced by the **photovoltaic plant**.

In 2020 the factory absorbed energy for about **26,684,746 kWh**, of which about **71% is self-produced** by the cogeneration plant and 1.1% is produced by the photovoltaic plant. Following the increase in production recorded in 2020 to cope with the growing demand for essential goods such as pasta, the proportion of electrical energy purchased rose to 28%, from below 20% in 2019. Consequently, the company initiated the administrative procedures necessary to increase its capacity to produce its own energy, in order to return to the previous situation, in which the cogeneration plant covered up to 90% of the factory's electrical energy needs. The projects envisaged regard the **installation of a new trigeneration plant and the extension of the photovoltaic panels**.



In 2020, the consumption of energy from non-renewable sources totalled 347,739 GJ, up 15.2% compared to 2019 due to the need to step up production. Net energy consumption from renewable sources stood at **1,072 GJ**, slightly lower than 2019 (-7.6%). Despite the increase in energy consumption, energy intensity recorded an improvement, from 2.64 GJ/tonne of pasta in 2019 to 2.51 GJ/tonne of pasta.

DIRECT AND INDIRECT ENERGY CONSUMPTION

in GJ	2020	2019	2018
Consumption from non-renewable energy sources	347,739	301,974	280,742
Methane gas	319,311	289,897	263,872
Non-renewable electrical energy purchased	27,027	10,406	15,373
Diesel for vehicles in leasing ²⁶	1,402	1,671	1,497
Consumption of energy from renewable sources	1,072	1,160	1,147
Energy self-produced from photovoltaic plant and consumed	1,090	1,178	1,197
Energy self-produced from photovoltaic plant and put back into the grid	(17)	(18)	(50)
Total direct and indirect energy consumption	348,811	303,134	281,889
Total energy consumption/tonnes of pasta produced	2.51 (GJ/t)	2.64 (GJ/t)	2.54 (GJ/t)

In the last 15 years, we have sought to boost energy efficiency by making improvements at each stage of the production chain. One of the most recent dates to the end of 2017, and regarded the replacement of all the neon lighting with LED lighting. The investment, which involved the replacement of around 1000 lights, guaranteed an **energy saving of about 488,460 kWh a year**. In addition to this, in the early months of 2020, we replaced one of the refrigerating units in the factory with a higher-efficiency model, equipped with a latest-generation compressor, 20 - 40% more efficient than other corresponding technologies. Considering an annual functioning of the refrigeration unit for about 8280 hours, the new model consumes 1,026,695.39 kWh of electricity, compared to 1,381,932.00 kWh of the previous one, an **annual saving on electrical energy of 355,237 kWh**. September 2020 saw the implementation of a project to optimise the compressed air plant with the installation of a new high-efficiency compressor, the results of which will be evident from 2021.

EMISSIONS

Thanks to the cogeneration plant that runs on natural gas, we have optimised energy consumption, and significantly reduced greenhouse gas emissions. To contain polluting emissions, the generator uses a number of different technologies: the first regards the prevention of the formation of polluting substances with a system that regulates combustion, while the second regards the reduction of the carbon monoxide generated during combustion using an oxidation catalyst.

For monitoring emissions, the heating plant has a flue gas analyser, as provided for by the integrated environmental authorisation pursuant to Legislative Decree no. 152/06. For the cogeneration plant, no continuous analyser is contemplated, but two checks are carried out per year in accordance with the provisions of the integrated environmental authorisation. Our direct emissions are linked to the consumption of methane gas to run the cogeneration plant and the heating plant,

the diesel for the company vehicle fleet, and to a very small extent to leaks of refrigerating gases from the air conditioning systems. In 2020, our direct emissions totalled 16,408 tonnes of CO₂e, up 9.1% compared to 2019, while our indirect emissions were lower, because they are linked to the consumption of electrical energy purchased from the national grid,

although this increased compared to 2019 as a result of the increase required in production capacity. In 2020, these emissions amounted to 2,523 tonnes of CO₂e, based on the location-based calculation method, and 3,656 based on the market-based calculation method²⁷.

DIRECT AND INDIRECT EMISSIONS (SCOPE 1 AND 2)

	2020	2019	2018
Direct emissions ²⁸ (t CO ₂ e)	16,407.9	15,039.6	13,642.6
Direct emissions - Location-based (t CO ₂ e)	2,522.5	1,037.7	1,533.1
Direct emissions - Market-based ²⁹ (t CO ₂ e)	3,656.1	1,407.7	2,079.7
Intensity of direct emissions (t CO ₂ e/t pasta)	0.12	0.13	0.12
Intensity of indirect emissions - Location-based (t CO ₂ e/t pasta)	0.02	0.01	0.01
Intensity of indirect emissions - Market-based (t CO ₂ e/t pasta)	0.03	0.01	0.02

During the annual inspections, we also monitor **nitrogen oxide (NO_x)** and **particulate emissions**. Specifically, NO_x amounted to 40 and 26 kg respectively in 2019 and 2018. In July 2020, we completed the **revamp of the heating plant**, which allowed us to significantly reduce NO_x emissions to 4.34 kg. The revamp of the heating plant also resulted in an increase in average yield of four percentage points in 2H 2020 compared to the first half of the year. Particulate emissions totalled 885 kg in 2020, 954 kg in 2019 and 833 kg in 2018.

WATER CONSUMPTION

In the factory, we use only fresh water³¹, from the municipal network or from underground aquifers. Aqueduct water can potentially be used for the toilets and for the production process. However, since 2003, when the water drawn from the well was declared drinkable, we have been using it for the production process, for the heating plant, for the toilets, for washing the machinery and the service

areas, for the cooling system and for the cogeneration plant. As a result, we use water from the municipal network only when necessary. Once used, waste water is discharged into the local sewer system. In 2020, we drew 154.2 megalitres of fresh water from the well, realigning the amount with the figure for 2018, and 1.6 megalitres from the municipal network.

27. The first reflects the average intensity of the emissions related to the networks that supply the energy, while the second indicates the emissions related to the electricity the company has decided to purchase.

28. The direct emissions related to the consumption of fuel have been estimated based on the costs sustained for the purchase of diesel during the reporting period. Source of the emission coefficients: DEFRA 2020, 2019, 2018.

29. Source of the emission coefficients: Terna, International comparisons 2018 and 2017.

30. Source of the emission coefficients: Association of Issuing Bodies, 2018.

31. Water with a concentration of dissolved solids equal to or lower than 1,000 mg/l.

WATER EXTRACTION AND DISCHARGE

In megalitres	2020	2019	2018
Total water withdrawals	155.8	169.0	156.1
Total water withdrawals / Tonnes of pasta produced (ML/t)	0.0011	0.0015	0.0014
Underground water	154.2	167.9	155.8
Third-party water resources	1.6	1.1	0.3
Total waste water	99.3	109.6	109.2
Underground water	99.3	109.6	109.2
Third-party water resources	-	-	-

Continual optimisation and reduction of the use of water is a prerogative for us. In recent years, we have installed **19 different meters to accurately map consumption** and identify possible areas for improvement. To this end, in the coming years we aim to downsize the cooling circuits of the extrusion heads in order to reduce water consumption and to change the type of water used for the absorption systems of the cogeneration plant, from fresh water to osmotized water.

As part of these operations, in September 2020, we completed the revamp of the cooling circuit of the extrusion heads in order to maintain a closed circulation circuit and reduce the volumes of water used for the process. An improvement was already evident in Q4, in which the water consumption index fell from 1.53 to 1.12 m³/tonne of pasta. It will be possible to quantify the effective improvement following the annual monitoring carried out during 2021.



5.2



RESPONSIBLE, EFFICIENT WASTE MANAGEMENT

USE OF MATERIALS

In our sector, a significant amount of material is used for product packaging, so it is important for us to optimise our environmental impact.

For almost 15 years, we have been using recycled paper for our secondary packaging. This paper is obtained from pulp- ing the paper obtained from the separate waste collection of homes and businesses in the Campania region, and has green- boxX® certification. These materials are subjected to a life cycle analysis (LCA) and certified by the Forest Stewardship Council (FSC), an association that identifies wood from responsibly managed forests. **In 2020, this allowed us to reduce CO₂ equivalent emissions by 350 tonnes³²** as well as save 588,742 cubic metres of water and 6,338,520 kWh of energy.

In 2020, we used 7,500 tonnes of card- board, up 48% compared to 2019. We have planned a circular economy project, beginning in 2021, for recycling the paper collected in the factory and using it to produce the packaging cardboard used for Garofalo pasta.

With a view to guaranteeing uncompro- mising transparency, we have decided to use plastic as the primary packaging for the Garofalo line. Transparent packaging allows consumers to recognise and distin- guish the content of our products on the shelves of supermarket chains, thus giv- ing pasta a leading role and allowing end customers to immediately see what they are buying. In addition, plastic is today an excellent material to **guarantee and pre- serve the physical and chemical charac- teristics of the pasta**, thus ensuring that our customers receive our product in the same condition in which it left the factory. In 2020, we used 1,469 tonnes of plastic, up 11.2% compared to 2019.

We are aware of the impact plastic has on the environment, and are **constantly seeking alternative solutions.** In the past, we have looked into and experiment- ed with the costs and benefits of PLA (Polylactide or Polylactic Acid), a new polymer derived from corn. PLA, which has very high transparency and excellent thermoformability, limits CO₂ emissions, thanks to an eco-compatible production

process and a non-polluting combustion; it is completely biodegradable and can be broken down and composted rapid- ly. However, the experiments conducted showed that there is a significant gap be- tween the cost of this packaging material and the cost of the product it contains. For this reason, **using a 100% recyclable single-material bonded polypropylene film pack seems to be the best choice for the moment, although we are continuing to seek alternative solutions.** We are in- terested in fully understanding the envi- ronmental impact the various alternatives currently available have throughout their life cycle, also taking into consideration the impact of the use of particular inks and chemicals, and the effective capacity of the current disposal, recycling, recov- ery and composting systems.

In 2021, we will be undertaking to analyse and monitor the results of the research carried out by our main suppliers of pri- mary packaging, in search of solutions that may represent practical alternatives to guarantee a more sustainable product.



In the meantime, we are working with the major retail chains to find equally effi- cient alternative solutions for private la- bel products, as well as striving to aid end consumers in the recycling process, with clear, readily understandable instructions on disposal methods.

As regards office materials, although they do not account for a significant amount of the materials we consume, 2020 saw an increase in the consumption of paper and toner, of 80% and 36% respectively compared to 2019, due to the reorgani- sation of remote working as a measure to prevent the spread of the Covid-19 virus.

USE OF THE MAIN MATERIALS BY TYPE

in kg	2020	2019	2018
Product packaging materials			
Cardboard	7,500,000	5,072,316	4,991,542
Plastic	1,469,380	1,321,490	1,256,130
Office materials ³³			
Paper	3,240	1,800	3,125
Toner	189	139	146

33. Weight estimated based on the units purchased, multiplied by unit weight of 2.5 kg for reams of paper and 1 kg for toner

WASTE MANAGEMENT AND CIRCULAR ECONOMY ACTIONS

Here at Garofalo we acknowledge the importance of responsible management of the waste produced during all the activities, and we try to encourage the recycling of as much waste as possible, in order to reduce the amount destined for landfills. In 2020, we produced **694 tonnes of waste, 99.4% of it non-hazardous waste**. Most of this is made up of waste from packaging material (plastic and cardboard), most of which is recycled. The increase compared to the 470 tonnes produced in 2019 was due to the extraordinary disposal of a large amount of damaged boards that were no longer usable (wood and scrap iron). 2020 saw a significant drop (-69%) in the proportion of hazardous waste, which totalled 4.1 tonnes.

WASTE BY DISPOSAL METHOD

In tonnes	2020	2019	2018
Total non-hazardous waste	690.2	456.8	377.1
Recycling	658.2	413.0	351.0
Landfill	32	43.8	26.1
Total hazardous waste	4.1	13.2	18.7
Recycling	0.0	11.9	17.5
Incineration	0.8	0.0	0.1
Landfill	3.3	1.3	1.1
Total waste produced	694.3	470.0	395.8
Tonnes of waste produced / tonnes of pasta produced	0.0050	0.0041	0.0036

Pasta does not generate large amounts of waste, and production waste can be recovered: swarf can be used for the animal food or pet food chain, as sub-products. In 2020, we thus **recovered 10,778 tonnes of production scraps, compared to 5,475 tonnes in 2019**.



ECOLOGICAL STRAWS

In 2015, in the early days of the debate regarding plastic, we came up with an alternative solution for drinking straws, which have a high environmental impact (2 billion are used per year in Italy) and are difficult to dispose of (they take around 500 years to break down completely, creating microplastics). This is how we invented the pasta straws. To devise them, we could have gone down the easy route, using existing pasta shapes that could be applied for the purpose, such as ziti or mezzani. This solution, however, would have had another type of impact, i.e. food waste, so we decided to use the percentage of pasta that is physiologically set aside during the production process, and to regrind it to make the straws. To reduce waste further and optimise resources, the straws are delivered to bars and restaurants in a recycled cardboard box, which can be used to collect the used straws, which are then sent back to our factory, where they are used to generate biogas.

THE I'MPASTA PROJECT

In 2019, we decided to work on a revolutionary food innovation project, I'mpasta: a new type of pasta dough made using durum of gluten-free wheat from pasta processing waste. Pasta dough left over from processing is turned into a sort of mother yeast that is used for dough of various kinds, used for focaccia and bread for making toasties. This dough is softer and easier to digest, does not contain preservatives and does not vary significantly in terms of cost.



GRI CONTENT INDEX



The Garofalo 2020 Sustainability Report was drafted in compliance with GRI Standards: Core option. The table below shows the company information based on GRI Standards, with reference to the analysis of materiality conducted. For all the information provided, reference is made to the pertinent page of the Sustainability Report.

GRI Standard	disclosure	Page number
General Disclosures		
GRI 102: General Disclosures 2016	102-1 Name of the organization	5
	102-2 Activities, brands, products, and services	14
	102-3 Location of headquarters	5
	102-4 Locations of operations	14
	102-5 Ownership and legal form	24-25
	102-6 Markets served	14-15
	102-7 Scale of the organization	14-15
	102-8 Information on employees and other workers	76-77
	102-9 Supply chain	48
	102-10 Significant changes to the organization and its supply chain	24, 48
	102-11 Precautionary Principle or approach	29
	102-12 External initiatives	64, 65
	102-13 Membership of associations	74, 83, 92, 94
	102-14 Statement from senior decision-maker	10-11
	102-15 Key impacts, risks, and opportunities	27-29, 32-41
	102-16 Values, principles, standards, and norms of behavior	22, 23, 27, 74
	102-18 Governance structure	24-26
	102-40 List of stakeholder groups	42-43
	102-41 Collective bargaining agreements	82
	102-42 Identifying and selecting stakeholders	42-43
	102-43 Approach to stakeholder engagement	42-43, 68-71, 82, 88-89
	102-44 Key topics and concerns raised	45
	102-45 Entities included in the consolidated financial statements	9
	102-46 Defining report content and topic Boundaries	44-45
	102-47 List of material topics	45
	102-48 Restatements of information	9
	102-49 Changes in reporting	9
102-50 Reporting period	9	
102-51 Date of most recent report	9	
102-52 Reporting cycle	9	
102-53 Contact point for questions regarding the report	9	
102-54 Claims of reporting in accordance with the GRI Standards	9	
102-55 GRI content index	102-105	
102-56 External assurance	9	

MATERIAL ASPECTS		
TRACEABILITY AND FOOD SAFETY		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	48-67
	103-2 The management approach and its components	48-67
	103-3 Evaluation of the management approach	48-67
GRI 417: Marketing and labeling 2016	417-1 Requirements for product and service information and labeling	66-67
	417-2 Incident of non-compliance concerning product and service information and labeling	In 2018, a minor sanction was applied for a product that did not correctly show information regarding the possible presence of allergens.
PRODUCT QUALITY AND ATTENTION TO CUSTOMERS		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	51-65, 68-71
	103-2 The management approach and its components	51-65, 68-71
	103-3 Evaluation of the management approach	51-65, 68-71
GRI 416: Customer health and safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	64-65
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	In the period 2018-2020, no non-conformities were recorded regarding impacts on the health and safety of products and services.
GRI 417: Marketing and labeling 2016	417-3 Incidents of non-compliance concerning marketing communications	In the period 2018-2020, no non-conformities were recorded regarding marketing communications.
RESPONSIBLE PROCUREMENT PRACTICES		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	48-53
	103-2 The management approach and its components	48-53
	103-3 Evaluation of the management approach	48-53
GRI 204: Procurement practices 2016	204-1 Proportion of spending on local suppliers	48
GRI 412: Human rights assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments	Garofalo supply chains for the procurement of both semolina and packaging materials are characterised by a high level of automation. Therefore, no suppliers have been detected that are exposed to the risk of violating human rights. In addition, all the suppliers of services that operate in the Garofalo factory are requested to comply with the requisites set forth in the SA 8000 standard and regarding employment law; this condition must be accepted at the contract stage.
ETHICS AND INTEGRITY		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	22-23, 27-29
	103-2 The management approach and its components	22-23, 27-29
	103-3 Evaluation of the management approach	22-23, 27-29
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	In the period 2018-2020, no episodes of corruption occurred.
GRI 206: Anti-competitive behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	In the period 2018-2020, no legal action was recorded for anti-competitive and monopolistic practices.

GRI 418: Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	In the period 2018-2020, no substantiated reports were recorded regarding breaches of customers' privacy or loss of their data.
GRI 419: Socioeconomic compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	In the period 2018-2020, no non-conformities were recorded of failure to comply with social and economic laws and regulations.
GRI 307: Environmental compliance 2016	307-1 Non-compliance with environmental laws and regulations	In the period 2018-2020, no cases were recorded of failure to comply with environmental laws and regulations.

RESPONSIBLE HUMAN CAPITAL MANAGEMENT

GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	72, 78, 80, 82
	103-2 The management approach and its components	72, 78, 80, 82
	103-3 Evaluation of the management approach	72, 78, 80, 82
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	79
GRI 402: Labor/Management relations 2016	402-1 Minimum notice periods regarding operational changes	82
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	81
GRI 405: Diversity and equal opportunities 2016	405-1 Diversity of governance bodies and employees	26, 77
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	In the period 2018-2020, no cases of discrimination occurred.

EMPLOYEE HEALTH, SAFETY AND WELL-BEING

GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	83-86
	103-2 The management approach and its components	83-86
	103-3 Evaluation of the management approach	83-86
GRI 403 Occupational health and safety 2018	403-1 Occupational health and safety management system	83-85
	403-2 Hazard identification, risk assessment, and incident investigation	84-85
	403-3 Occupational health services	85
	403-4 Worker participation, consultation, and communication on occupational health and safety	85
	403-5 Worker training on occupational health and safety	85
	403-6 Promotion of worker health	85-86
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	85
	403-9 Work-related injuries	87
	403-10 Work-related ill health	87

ATTENTION TO THE COMMUNITY

GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	88-89
	103-2 The management approach and its components	88-89
	103-3 Evaluation of the management approach	88-89
GRI 413: Local communities 2016	413-2 Operations with significant actual and potential negative impacts on local communities	88

ENERGY CONSUMPTION AND PROMOTION OF ENERGY EFFICIENCY

GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	94-95
	103-2 The management approach and its components	94-95
	103-3 Evaluation of the management approach	94-95
GRI 302: Energy 2016	302-1 Energy consumption within the organization	95
	302-3 Energy intensity	95

EMISSIONS

GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	95-96
	103-2 The management approach and its components	95-96
	103-3 Evaluation of the management approach	95-96
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	96
	305-2 Energy indirect (Scope 2) GHG emissions	96
	305-4 GHG emissions intensity	96
	305-7 Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	96

RESPONSIBLE WATER CONSUMPTION

GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	96-97
	103-2 The management approach and its components	96-97
	103-3 Evaluation of the management approach	96-97
GRI 303: Water and effluents 2018	303-1 Interactions with water as a shared resource	96-97
	303-2 Management of water discharge-related impacts	96-97
	303-3 Water withdrawal	97
	303-4 Water discharge	97

CIRCULAR ECONOMY AND WASTE

GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	98-101
	103-2 The management approach and its components	98-101
	103-3 Evaluation of the management approach	98-101
GRI 306: Effluents and waste 2016	306-2 Waste by type and disposal method	100

SUSTAINABLE PACKAGING

GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	98-99
	103-2 The management approach and its components	98-99
	103-3 Evaluation of the management approach	98-99
GRI 301: Materials 2016	301-1 Materials used by weight or volume	99



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