



*Garofalo*

**PASTA DI GRAGNANO IGP**  
STORICO PASTIFICIO GAROFALO DAL 1789

**SUSTAINABILITY REPORT**  
**2022**



*Garofalo*

# SUSTAINABILITY REPORT 2022

**PASTIFICIO LUCIO GAROFALO S.p.A.**  
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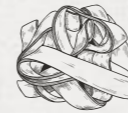
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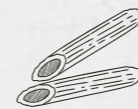
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*Massimo Menna*  
CEO Pastificio Garofalo  
**MASSIMO MENNA**

## LETTER TO THE STAKEHOLDERS

Dear Readers,

We find ourselves in challenging times, with high inflation and international tensions threatening to influence consumers' purchasing choices and potentially shift the focus away from sustainability. Luckily, in our case, it seems that Italians are not willing to forget a delicious plate of pasta made with high-quality ingredients, as the cornerstone of a healthy Mediterranean diet. Despite the challenging landscape, demand has increased, and to meet this, we've had to ramp up our pasta production.

At the same time, we've continued our journey, developing an action plan through to 2026 to further integrate social and environmental aspects into our operations and products.

This plan is structured around four pillars that help us better understand and build upon ESG criteria, which are becoming increasingly important. An increasing number of responsible companies, including us, are following these criteria to stay ahead in a competitive business environment. This means we need to think about more than just profits; we must also consider how our business affects society and the environment, both positively and negatively.

At Pastificio Garofalo, we've been aware of this for some time. In 2022, we rolled out new investments and projects on various fronts.

For instance, in terms of energy, 64% of it comes from our cogeneration plant, and 1% from our photovoltaic plant. We're also planning to set up a new cogeneration system and extend the photovoltaic

park in 2024. Additionally, we've embarked on several energy efficiency projects, and our investments will be completed by August 2023.

But, of course, our commitment centres around the product and its packaging. For five shapes in particular, we've developed a new pack that will be on all shelves this year, and is composed of 30% recycled plastic.

And what could we define as "sustainable packaging"? It wouldn't really be "sustainable" if it didn't give clear, honest, and accurate information, could it? Well, that's always how we've communicated with our consumers.

For instance, in 2022, when energy prices shot up, we started looking at things like "passive cooking", which means cooking with the burner off and a lid on the pot. To show the real advantages of this method over traditional cooking, we ran some tests in our lab. This way, we collected all the data to help people cook more sustainably without giving up taste, providing consumers with complete and accurate information so they can make informed choices.

We believe that informed choices must be based on science, even in everyday decisions, balancing economic and environmental considerations and without overlooking any details.

Our sustainability plan isn't just about dreams; it's built on clear, measurable KPIs, comparable year-on-year and following the world's best standards.

That's why, once again this year, we're sharing our results and promises with you. We hope it keeps you informed about our journey.

Happy reading!



# 1. THE GAROFALO WORLD

259.8  
m euros

158  
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. 57% of these products are destined for abroad, in particular for the USA, France, Spain, the Scandinavian countries, Canada, the UK, Australia, Austria and Switzerland.

We are also online with an e-commerce website for consumers who want to try

out new purchasing channels. In 2022, this platform recorded about 1,700 orders and 1,000 new customers.

We have three **main brands: Pasta Garofalo** (premium quality, positioning and image), **Russo di Cicciano** (100% Italian wheat) and **Santa Lucia** (destined for export). 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**.

### OUR BRANDS



# GAROFALO IN A NUTSHELL



SALES VOLUMES

**158k**

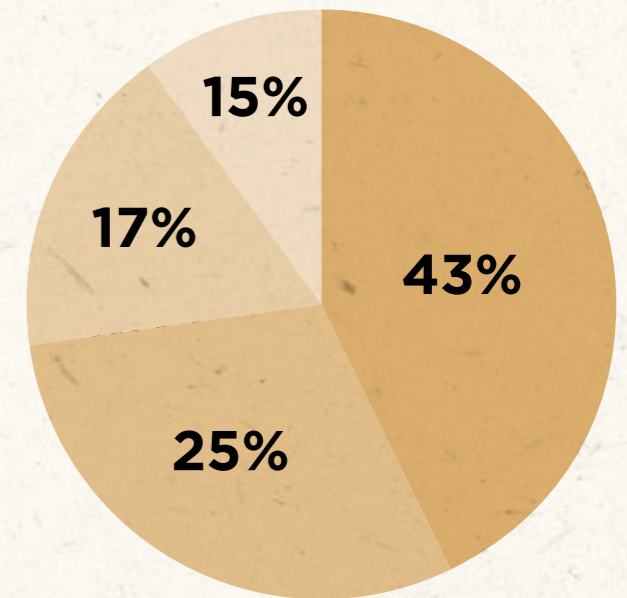
tonnes pasta sold in 2022

**99k**  
ABROAD

**59k**  
ITALY



GEOGRAPHICAL AREAS

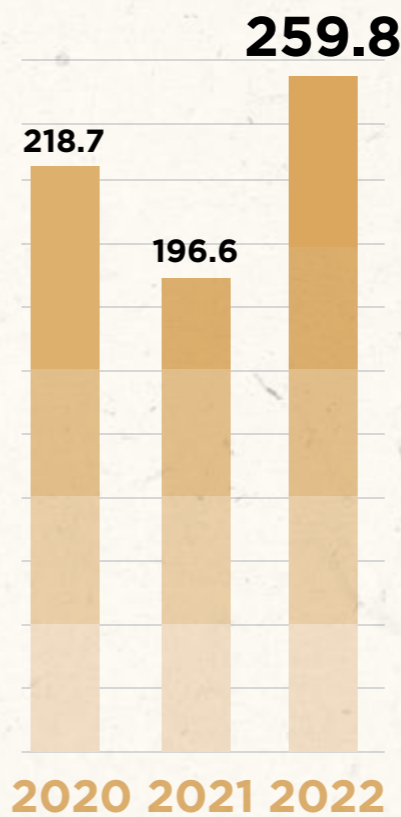


Note: by value.

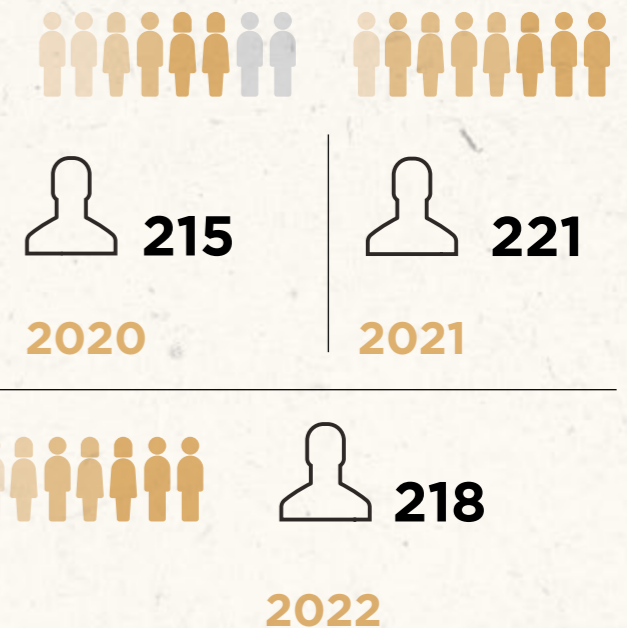
- Italy
- Europe
- America
- Asia, Africa, Australia



TURNOVER  
m€



EMPLOYEES





# 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, every year, Italy imports 70% of its durum wheat 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 IGP, 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.

Garofalo signed the first durum wheat supply chain contract, with the aim of increasing the quantity of Italian wheat procured and guaranteeing the quality, sustainability and traceability of the flour.

1952

1987

2001

2003

2014

2021





## 1.2



# OUR VALUES

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

### PRODUCT

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 types are not all the same. Each has its own particular consistency, colour and porosity, all of which give it a specific taste. We are 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 Semolatre Srl Unipersonale, owned 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%
Semolatre Srl Unipersonale owned by 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.



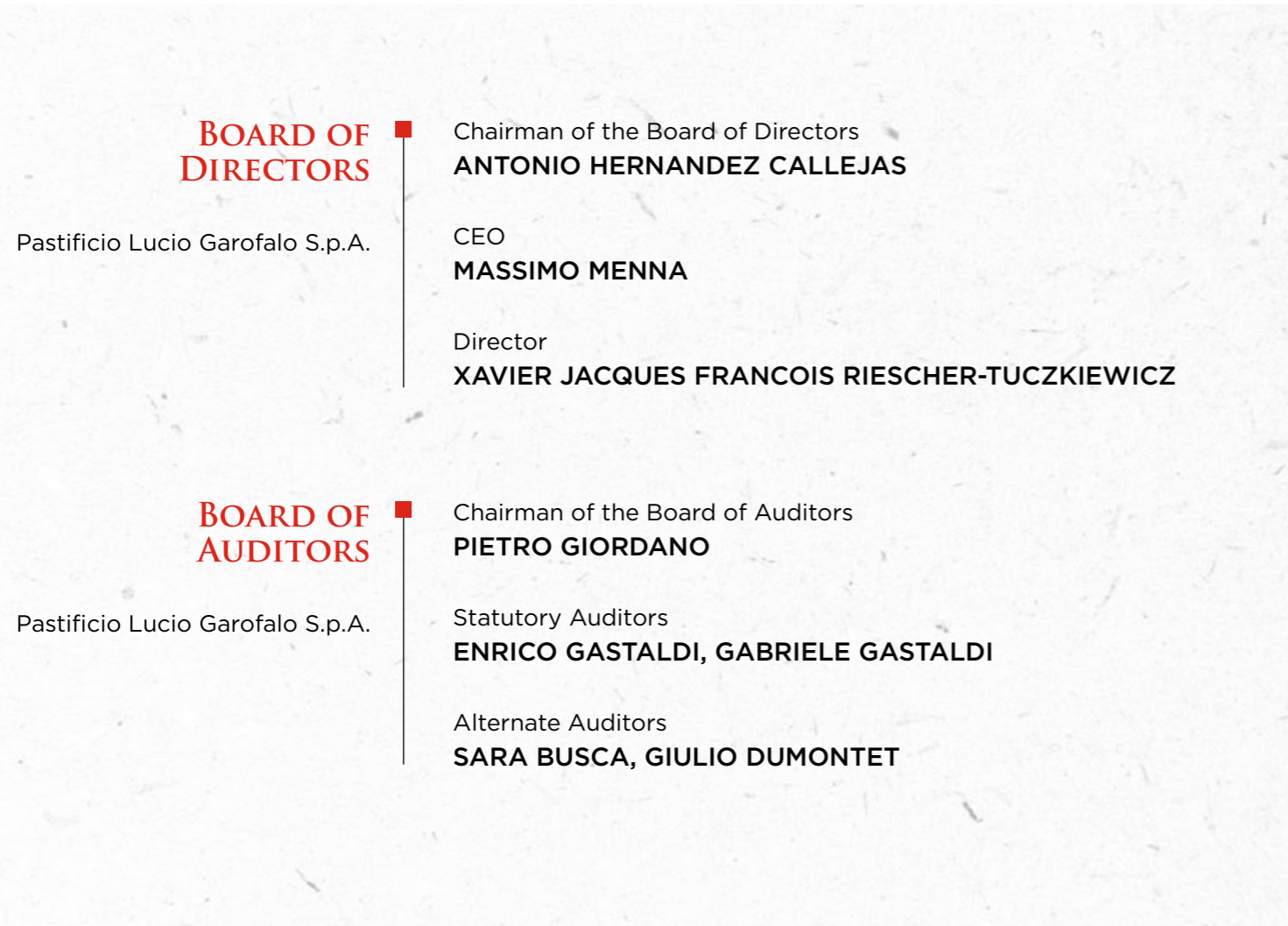
## GOVERNANCE MODEL

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 to 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 refer-

ence 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 characteristic 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).



### FINANCIAL

**DIRECT IMPACTS ON THE ECONOMIC RESULT AND ON THE VALUE OF THE COMPANY'S ASSETS**



### STRATEGIC

**CHARACTERISTIC OF THE BUSINESS, LINKED TO THE ACHIEVEMENT OF THE COMPANY'S OBJECTIVES**



### OPERATIONAL

**DERIVING FROM THE INADEQUACY OR INEFFICIENCY OF INTERNAL PROCESSES, PEOPLE AND SYSTEMS, OR FROM EXTERNAL EVENTS**



### COMPLIANCE

**FAILURE TO COMPLY WITH LAWS AND REGULATIONS**

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 anti-corruption laws present in all the countries we operate in.

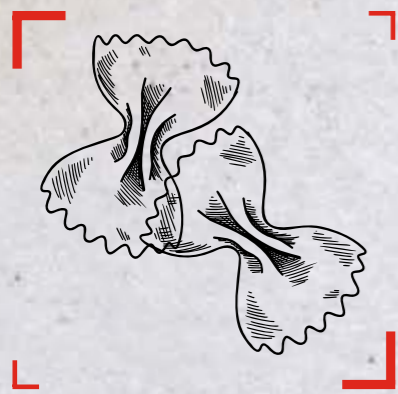
In 2022, we also completed the process of implementing an **Organisation, Management and Control Model in accordance with Italian Legislative Decree 231/2001**; this was formally adopted by the Board of Directors in January 2023. This is a set of procedures and measures the company must adopt when conducting its business, in order to effectively prevent offences on the part of management and employees. 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



<b>13</b> priority topics	<b>4</b> pillars	<b>6</b> associations
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revealed by the materiality analysis

of the sustainability plan

that are the main benchmarks

## 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.

# AGRICULTURE AND CLIMATE CHANGE

## BREAKING THE VICIOUS CIRCLE

Agriculture is the fourth largest contributor to the global greenhouse gas emissions generated every year.



### THE DIMENSION OF CLIMATE CHANGE



# +1.15°C

INCREASE IN GLOBAL AVERAGE SURFACE TEMPERATURE WITH RESPECT TO PRE-INDUSTRIAL LEVELS<sup>1</sup> IN ITALY, THE HOTTEST YEAR ON RECORD SINCE 1800



# +0.9%

INCREASE IN GLOBAL EMISSIONS COMPARED TO 2021 REACHING 36.8 BILLION TONNES OF CO<sub>2</sub>e<sup>2</sup>



### THE IMPACTS OF AGRICULTURAL ACTIVITIES



# 23%

OF GLOBAL GREENHOUSE GAS EMISSIONS GENERATED BY AGRICULTURE AND LAND USE EACH YEAR



# 70%

FRESHWATER USE IN AGRICULTURE EVERY YEAR<sup>3</sup>

Note: These figures refer to 2022

1. WMO, 21 April 2023, Annual report highlights continuous advance of climate change

2. IEA March 2023. CO<sub>2</sub> Emissions in 2022

3. IPCC 2019. Special Report on Climate Change and Land

Over-exploitation of land resources causes negative impacts on ecosystems. At the same time, land is becoming increasingly vulnerable to the effects of climate change, and agriculture itself amplifies these effects.



### IMPACTS OF TRADITIONAL AGRICULTURAL PRACTICES ON ECOSYSTEMS

- Greenhouse gas emissions fuelling climate change and its effects
- Loss of soil nutrients due to pesticide and fertiliser use
- Consumption and contamination of water resources
- Loss of biodiversity



### LAND INCREASINGLY VULNERABLE TO THE EFFECTS OF CLIMATE CHANGE

- Reduced soil resilience to extreme weather events (floods, droughts, etc.)
- Less capacity of soil to retain moisture
- Increased exposure to disease  
Loss of the soil's capacity to store carbon
- Decreased crop yield
- Reduction in arable area

However, if managed correctly, land resources and agricultural activities can become a key ally in combating climate change and ensuring food security. The European Union recognises and encourages the role that agriculture can play in the ecological transition.



### EU STRATEGIES

- Farm to Fork strategy (2020)
- Biodiversity strategy (2020)
- Soil strategy (2021)



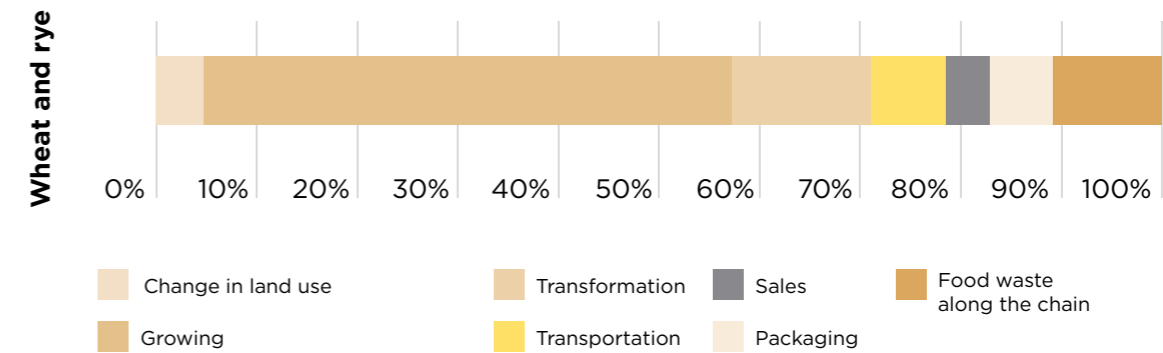
### TARGET ACTIONS

- Reducing the use of pesticides and fertilisers
- Adopt precision agriculture practices that can optimise the use of resources
- Ensure seed security and diversity
- Introduce biodiversity-rich natural elements to farmland
- Facilitate the presence and health of pollinators

## DURUM WHEAT PRODUCTION

Life cycle studies of grain-based food products confirm that the cultivation phase is the largest contributor to GHG emissions generated.

### GREENHOUSE GAS EMISSIONS GENERATED ALONG THE VALUE CHAIN<sup>4</sup>



Note: Emissions are measured in kilograms of CO<sub>2</sub> equivalents per kilogram of product (kgCO<sub>2</sub>e per kg). The data does not account for the food consumption phase

Like all other crops, however, durum wheat suffers from the effects of climate change, including rising temperatures and water scarcity.



>28°C

TEMPERATURE ABOVE WHICH THE QUALITY AND YIELD OF DURUM WHEAT CROPS FALL<sup>5</sup>



-10%

REDUCTION IN THE YIELD OF DURUM WHEAT PRODUCTION IN ITALY IN 2022 COMPARED TO 2021<sup>6</sup>

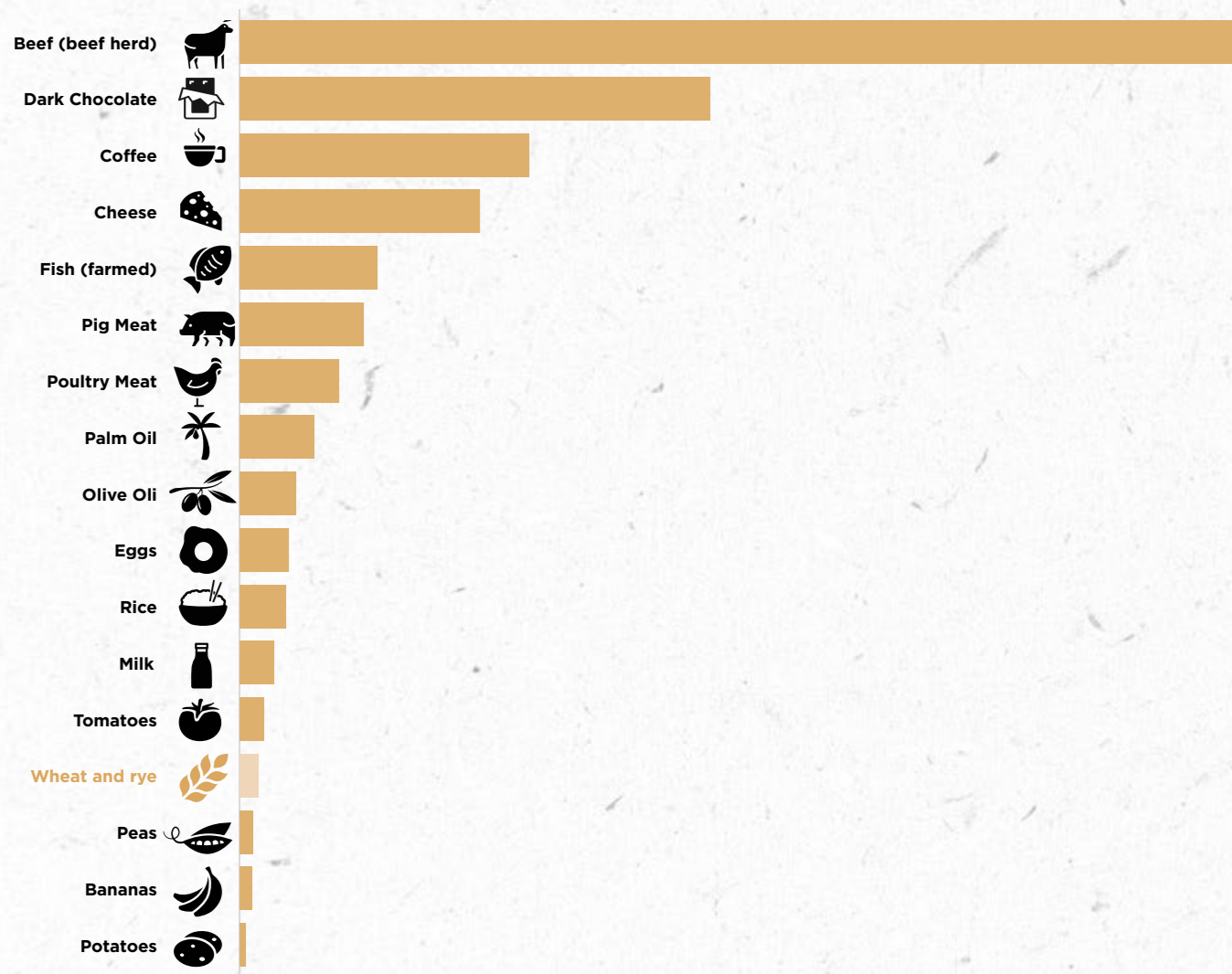
4. Hannah Ritchie and Max Roser (2022). Published online at OurWorldInData.org and based on data published in a study by Joseph Poore and Thomas Nemecek (2018)

5. Banca d'Italia, October 2022. Questioni di economia e finanza. The effects of climate change on the Italian economy. A Bank of Italy research project

6. Italian National Statistics Institute (ISTAT) 2023

GREENHOUSE GAS EMISSIONS GENERATED ALONG THE VALUE CHAINS OF DIFFERENT FOOD PRODUCTS

When compared to other food categories, the overall impact of food production from wheat and rye is among the lowest<sup>7</sup>.



Therefore, it is strategically advisable for an agrifood company like Garofalo to work together with the supply chain to transition towards sustainable and regenerative models.

7. Hannah Ritchie and Max Roser (2022). Published online at OurWorldInData.org and based on data published in a study by Joseph Poore and Thomas Nemecek (2018)

# A CIRCULAR APPROACH TO PACKAGING

Packaging plays an essential role in ensuring the quality, preservation and safety of food products. On the one hand, it helps reduce waste but, on the other hand, it consumes natural resources and inevitably becomes waste. The challenge is to find the best compromise to ensure optimum function while minimising environmental impacts.

Plastic is still one of the most widely used materials for packaging food, given its many advantages in terms of protection and convenience. However, cutting plastic pollution is a must to protect land and marine ecosystems.



As part of the circular economy action plan, the European Commission put forward a revision of the Packaging and Packaging Waste Directive (PPWD – Directive 94/62/EC) in 2022. The initiative will amend present regulations and establish targets in the following key areas:

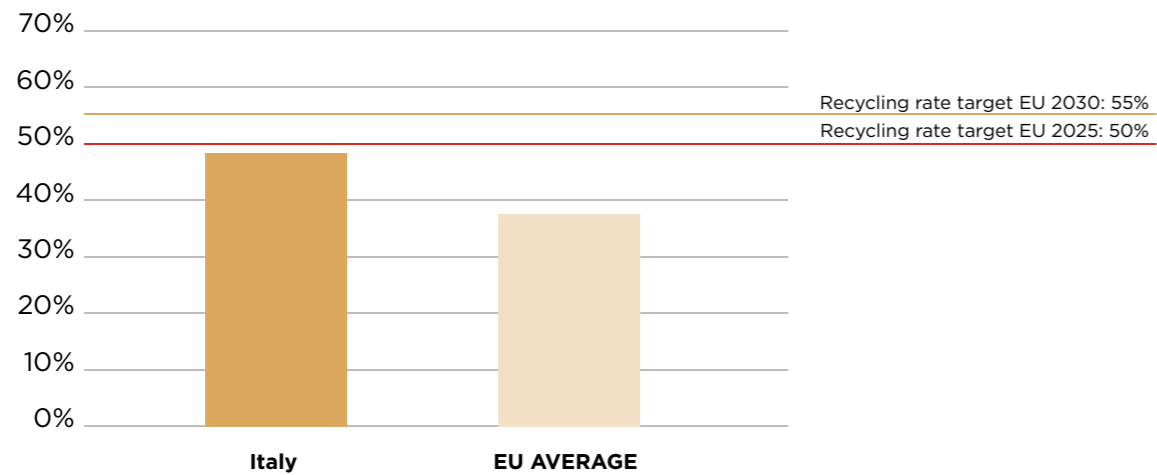
- Reduce packaging weight and volume**
- Ensure full recyclability of packaging**
- Ensure a minimum percentage of recycled content**

8. Ecco April 2022. Plastic in Italy A vice or a virtue? Technical Report



At the same time, the EU has set recycling targets for municipal waste: data on the recycling rate of plastic packaging show that Italy is above the European average and on track to achieve the 2025 and 2030 targets.

**RECYCLING RATE OF PLASTIC PACKAGING WITH RESPECT TO EU TARGETS<sup>9</sup>**



9. Foundation for Sustainable Development, FISE UNICIRCULAR (Association of Circular Economy Companies), 2021. Italy of Recycling 2021



# THE PASTA SECTOR IN ITALY

In Italy, pasta is a byword for culture, conviviality and simplicity and is a tradition that has been handed down from generation to generation. This is why the Italian pasta industry has always been a world leader.



10. Statista. Production volume of pasta in Italy from 2017 to 2022

11. Euler Hermes. L'industria della pasta: Report 2022

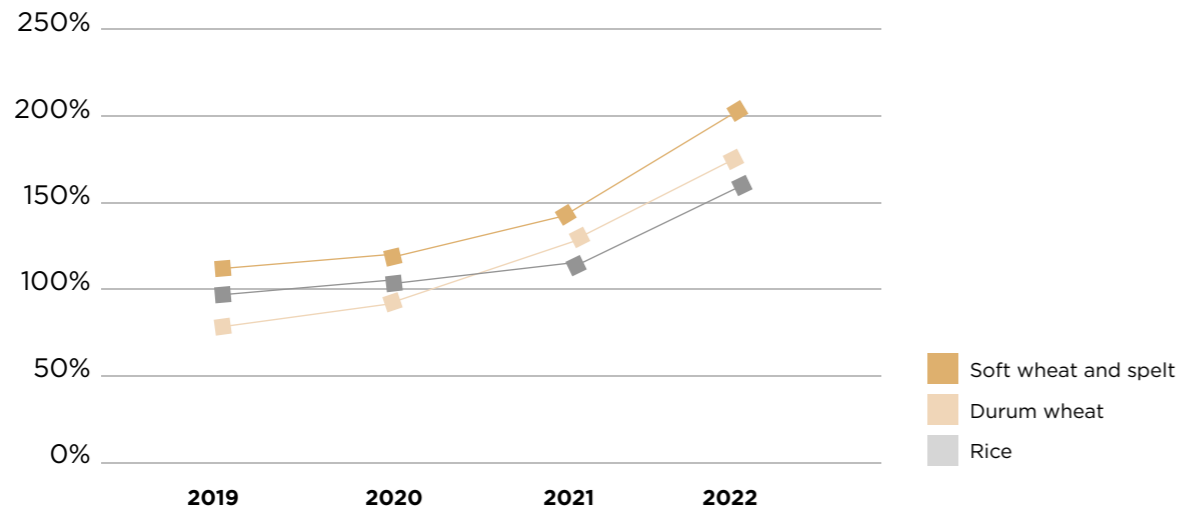
## THE ECONOMIC FRAMEWORK

In 2022, the pasta industry was also affected by the geopolitical and economic situation arising from the conflict in Ukraine. The global dimension of the energy crisis and inflationary pressure has had devastating effects on the costs of resources and services and on the prices of agricultural products.

According to calculations made by the Farm Accountancy Data Network (FADN) on the basis of Eurostat data, the general index for goods and services changed by 31% in 2022 compared to 2021, reaching peaks of up to 90% for fertilisers and 106% for simple nitrogen fertilisers. The increase was also significant for energy products (+53%)<sup>12</sup>.

This increase spilled over into the purchase price of durum wheat - whose index rose by 35% - and into production costs in general. Consequently, the end price of pasta has also risen over the past year, in line with inflation measured by the consumer price index.

### TRENDS IN THE PRICE INDICES OF AGRICULTURAL PRODUCTS



Note: the indices refer to prices in the European Union (EUR).

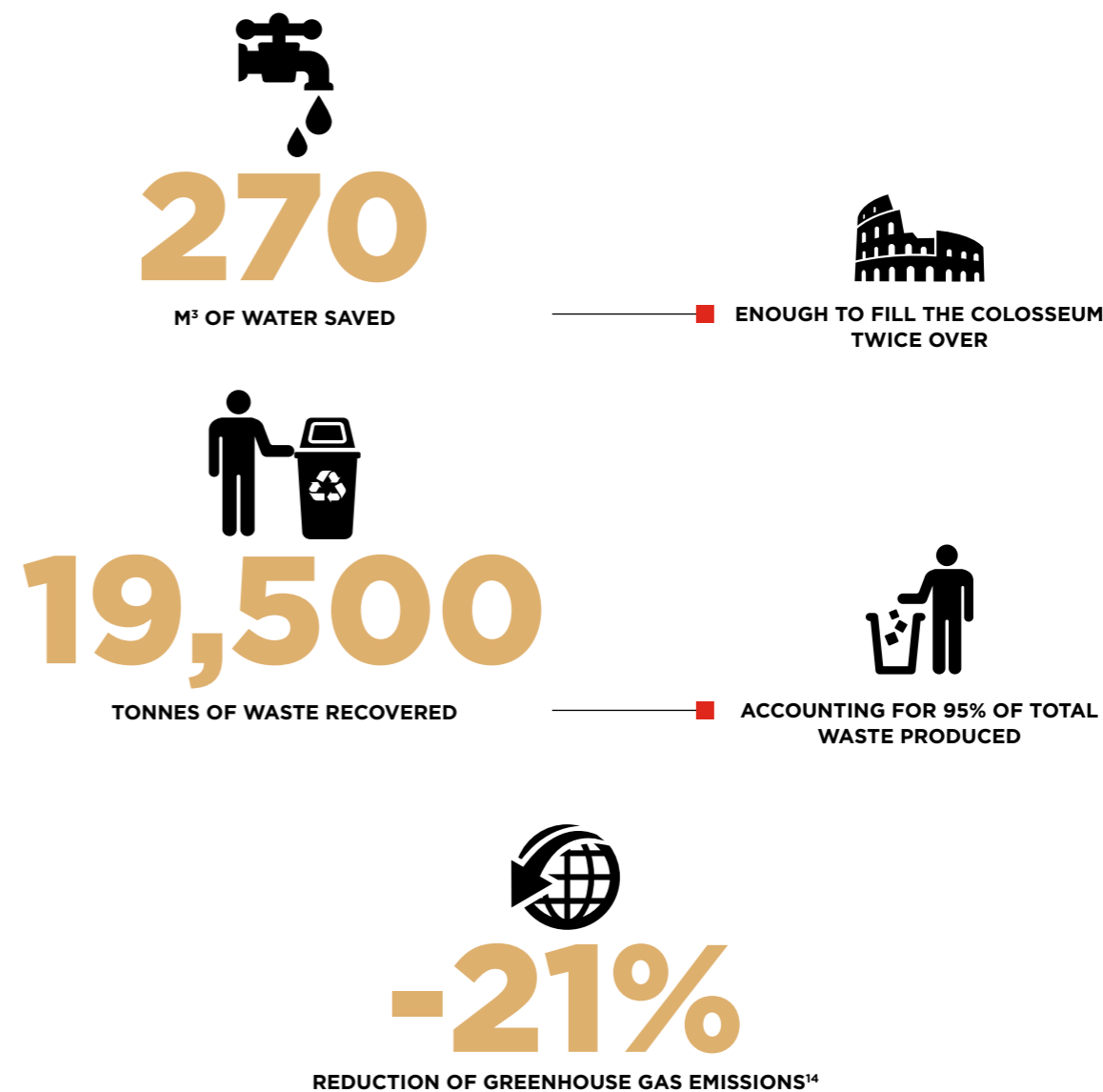
Source: Eurostat (2023). Price indices of agricultural products, output (2015 = 100) - annual data

12. CREA - Agricultural Policies and Bioeconomy Research Centre, 2023

## FOR SUSTAINABLE GROWTH

Despite the challenging macroeconomic framework, Italian pasta makers continue to uphold their supremacy by focusing on quality and innovation. Extensive investments for a more modern, safe and, above all, sustainable production are growing. It is estimated that pasta producers invest over half a billion euros a year in research and development, around 10% of the industry's turnover<sup>13</sup>.

Recent efforts by Italian companies have yielded significant results:



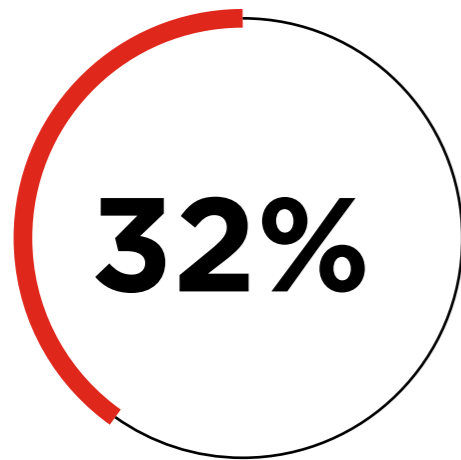
Note: data refers to the period between 2013 and 2019

13. Pastai Italiani (22 September 2022). Pasta sostenibile: il settore investe ogni anno oltre mezzo miliardo di euro. Dal 2013 ridotti del 20% i consumi idrici e del 21% l'emissione di anidride carbonica [Sustainable pasta: the sector invests more than half a billion euros every year.

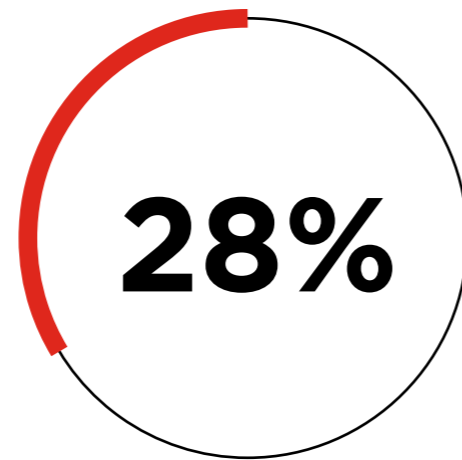
Since 2013, water consumption has been reduced by 20% and carbon dioxide emissions by 21%.]

14. Unione Italiana Food. 2020 Sustainability Report

Sustainability has become a relevant topic not only for companies, but also for consumers, who are increasingly attentive to healthy eating habits with a lower environmental impact. Almost 4 out of 5 Italians consider climate change the biggest global challenge<sup>15</sup> and this sensitivity is also starting to be seen in their buying choices.



PERCENTAGE OF ITALIANS WHO SELECT ENVIRONMENTALLY FRIENDLY FOOD PRODUCTS



PERCENTAGE OF ITALIANS WHO PREFER FOOD PRODUCTS WITH SUSTAINABLE PACKAGING<sup>16</sup>

15. SWG 2022. Survey: "Gli italiani e il clima" [Italians and the climate]

16. Nomisma (September 2021) Towards COP26. The contribution of the agrifood chain to climate neutral targets



## PASTA IS CONSIDERED SUSTAINABLE BECAUSE...

An infographic with six icons and their corresponding text:
 

- Leftovers don't go to waste**: Icon of a plate with a lid.
- It's the cornerstone of the Mediterranean diet**: Icon of a map of Italy.
- It doesn't cost much**: Icon of stacks of coins.
- It lasts a long time (without requiring a fridge)**: Icon of an hourglass.
- It keeps vegetarians and vegans happy too**: Icon of an apple.
- It has a lower impact than most food products**: Icon of a recycling symbol.

## WE PARTICIPATE IN DEVELOPMENT

At Garofalo, we believe in the importance of dialogue and the value of constructive feedback to contribute to the growth of the sector from an innovative and sustainable perspective. 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 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**
- **Gragnano Pasta PGI Protection Consortium**
- **Consorzio per il controllo dei prodotti biologici**
- **Associazione Industrie Beni di Consumo (Consumer Goods Industries Association)**
- **CONAI**

As part of our sustainability-related initiatives, in 2022 we took part in a study of Italian agrifood companies promoted by Unione Italiana Food in collaboration with the University of Siena, which developed the Food Industry Sustainability Index (FISIndex) methodology. The aim of the study was to investigate the sector's level of coverage in the areas of product, processes, supply chain management and good corporate citizenship. The evidence gathered provided a useful contribution to the international debate on due diligence measures in agrifood supply chains, ahead of the G7 Summit in 2022.

## 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 consultation 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 consultation, interaction and engagement are tailored to the different types of stakeholder.



## 2.3

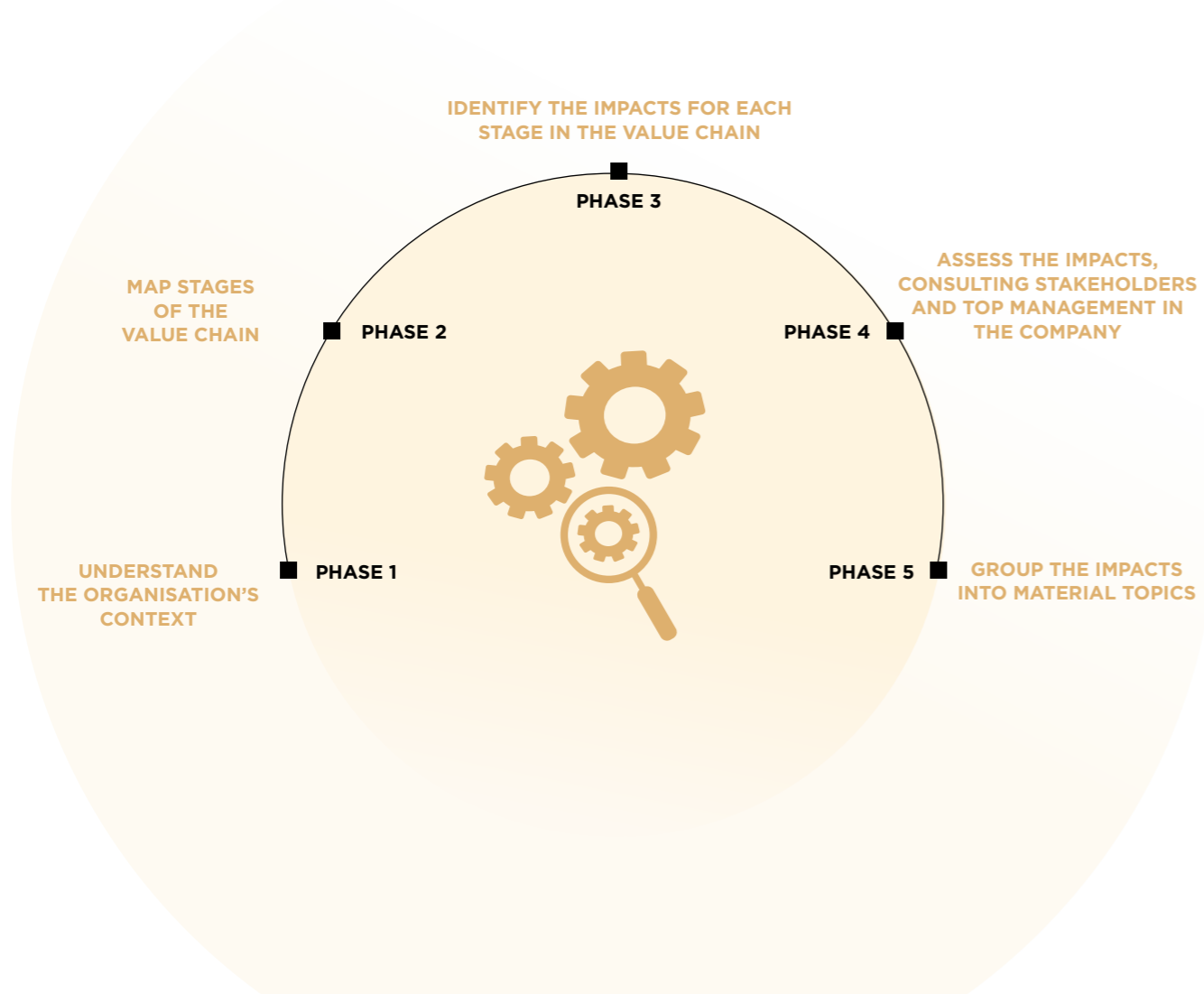


# MATERIALITY ANALYSIS

As a complement to the ordinary methods of consultation, we engaged customers, industry associations and a number of publications specialised in the food and large retail sector in an activity aimed at updating **Pastificio Garofalo's materiality assessment** in accordance with the new methodology guidelines introduced by the GRI Standards in 2021.

The materiality assessment is the process contemplated by the reporting standard to identify, assess and prioritise the economic, social and environmental aspects that, integrating the new focus on the concept of **impact**, represent the most significant negative and positive effects that Garofalo generates on the environment, people, human rights and the economy.

### THE STEPS IN THE PROCESS



In order to understand the organisation's context, the risks, opportunities and trends identified in the relevant regulatory framework, in the publications of the main agrifood associations and observatories and in the competitive scenario were examined. As a result, it was possible to identify the types of impact specific to the sector and supply chain of Garofalo.

Garofalo's value chain was broken down into its stages, from upstream to downstream. The negative and positive impacts, current or potential, directly or indirectly caused by Garofalo's activities on the economy, environment, people and their human rights were then identified for each stage. Relations with stakeholders were also studied to understand which categories are exposed to the various impacts and to what extent.

External consultants specialising in sustainability reporting then assessed and prioritised the impacts in accordance with the GRI Standard, and these were validated by corporate management.

At this point, the stakeholders were asked to complete an online questionnaire assessing the significance of the impacts identified by scoring them from 1 to 10 to define the perceived severity of negative impacts or how beneficial the positive impacts may be. The stakeholders' assessment was basically the same as the assessment of impacts conducted internally.

Lastly, the impacts were grouped into material topics, and arranged in order of priority from most to least significant. Therefore, the list of material topics defines the scope that the report focuses on, specifically with respect to the measures put in place by Garofalo to manage them, and to the most strategic aspects for the company's sustainable development. The results of the materiality assessment were also taken into account when preparing Garofalo's 2023-2026 action plan.

## ANALYSIS OF IMPACTS

### ■ NEGATIVE IMPACTS

The table below shows the negative impacts associated with each material topic, specifying whether they are actual or potential impacts and identifying the categories of stakeholders most affected. The impacts were arranged in the order of significance on the basis of the assessment of scale, scope and irremediable character. Where the

significance was the same level, impacts with a higher likelihood of happening took precedence. Similarly, in the case of the same level of likelihood, impacts directly affecting human rights took precedence. The highest level of likelihood was assigned to the actual impacts, i.e. those already occurring.

MATERIAL TOPICS	NEGATIVE IMPACTS	TYPE OF IMPACT	STAKEHOLDERS ENGAGED	SIGNIFICANCE	LIKELIHOOD
Procurement practices	Violation of workers' and human rights along the supply chain	Potential	Workers in the supply chain		
Food safety, traceability and quality	Hazards to human health linked to consumption of products: presence of biological/microbiological agents, foreign bodies, chemical residues and allergens	Potential	Consumers and potential consumers		
Emissions	Direct and indirect GHG production	Actual	The community		
Energy consumption and promotion of energy efficiency	Direct consumption of energy resources/fossil fuels	Actual	The community		
Procurement practices	Pollution and impoverishment of ecosystems and loss of biodiversity caused by the farming practices adopted and substances used in growing the raw materials	Actual	The community		
Circular economy and waste	Excessive consumption of renewable and non-renewable materials (e.g. paper and plastics for packaging)	Actual	The community		
Packaging	Contamination of ecosystems and release of microplastics caused by the dispersal of packaging waste	Actual	The community		
Responsible water	Consumption of water resources in production processes, cleaning and restrooms	Actual	The community		
Health and safety	Work-related injuries and occupational diseases	Potential	Employees and contractors		
Management of human resources	Unfair practices in the workplace: discrimination, restriction on freedom, unfair treatment	Potential	Employees and contractors		
Integrity, compliance and protection of economic value	Damage to partners related to economic losses and/or lost profits due to organisational shortcomings	Potential	Employees and contractors Suppliers		
Procurement practices	Inadequate remuneration of farmers in the supply chain with consequences for industry development and quality	Potential	Growers in the supply chain		
Customer focus	Influence on consumer choice due to misleading, unclear or unverified communications	Potential	Consumers and potential consumers		
Integrity, compliance and protection of economic value	Damage to third parties or the public administration resulting from unethical or criminal behaviour in business management (e.g. corruption, conflict of interest, unfair business practices)	Potential	Public Administration Competitors Suppliers The community		
Circular economy and waste	Waste of food resources due to production waste	Potential	The community		
Customer focus	Consumer dissatisfaction and failure to handle complaints	Potential	Consumers		
Integrity, compliance and protection of economic value	Breach of privacy and misuse of sensitive data	Potential	Consumers Suppliers Customers Employees		
Attention to the community	Noise and light pollution in the areas around the production facility	Potential	Local communities		

■ POSITIVE IMPACTS

The table below shows the positive impacts associated with each material topic, specifying whether they are actual or potential impacts and identifying the categories of stakeholders most affected. The impacts were arranged in the order of significance on the basis of the assessment of the benefits and scope. Where the significance was the

same level, impacts with a higher likelihood of happening took precedence. Similarly, in the case of the same level of likelihood, impacts directly affecting human rights took precedence. The highest level of likelihood was assigned to the actual impacts, i.e. those already occurring.

MATERIAL TOPICS	NEGATIVE IMPACTS	TYPE OF IMPACT	STAKEHOLDERS ENGAGED	SIGNIFICANCE	LIKELIHOOD
Food safety, traceability and quality	Assurance of consumer safety through a comprehensive and meticulous control plan	Actual	Consumers and potential consumers		
Food safety, traceability and quality	Guarantee of the best product quality through the selection of raw materials	Actual	Consumers and potential consumers		
Customer focus	Affordable access to healthy and safe commodities	Actual	Consumers and potential consumers		
Education and awareness	Increase in consumer and stakeholder awareness of environmental issues and adopting responsible behaviour	Actual	Customers Consumers Suppliers Employees		
Health and safety	Protection of workers' health and wellbeing through risk and welfare training	Actual	Employees and contractors		
Integrity, compliance and protection of economic value	Generation of economic value in the long term	Actual	Shareholders Employees Local communities The community		
Procurement practices	Creation of opportunities for economic development for the supply chain and sector (e.g. creating jobs along the supply chain, partnerships for innovative projects, etc.)	Actual	The community Other business Workers in the supply chain		
Attention to the community	Sharing the economic value generated with the community by means of donations, sponsorships, partnerships and social projects	Actual	Local communities The community		
Management of human resources	Support the growth of professional and personal skills of employees and contractors	Actual	Employees and contractors		
Water consumption	Conservation of local water resources through efficiency, treatment and reuse measures	Actual	The community		
Attention to the community	Creation of jobs and support for families and surrounding communities	Actual	Local communities		
Packaging	Adoption of the best packaging options available to ensure both product quality and the best environmental compromise	Potential	The community		
Energy consumption and promotion of energy efficiency	Reduction in consumption of natural resources through investments in energy performance and own onsite generation	Actual	The community		
Attention to the community	Promotion and preservation of cultural heritage linked to the Gragnano pasta production	Actual	Local communities		
Emissions	Contribution to energy transition through investments in renewables (own onsite generation, buying electricity with GOs)	Potential	The community		
Circular economy and waste	Reduction in consumption of natural resources and materials and prevention of waste production	Potential	The community		



# MATERIAL TOPICS



People
  Environment
  Economy and governance

Following the update of the materiality analysis, the significance of some material topics changed. In addition, some topics were reformulated to better express the impacts associated with them.

The topic of *quality* remains a priority and in this revised version it has been combined with the areas of *food safety* and *traceability* to highlight the company's integrated approach. Whereas, *customer focus* has been separated from the quality topic to concentrate on the areas of listening and transparent communication. *Health and safety* - already considered very relevant - becomes more significant, particularly from the perspective of external stakeholders. The topics

related to *procurement practices* remain very relevant, while *emissions* and *energy consumption and the promotion of energy efficiency* were more significant than in the previous year. The topics related *integrity in business management* and *concern for communities* si ranked lower because the severity of the associated impacts, assessed in relation to Garofalo's business, were less critical. Lastly, a new material topic was expressed, *education and awareness*, which embodies Garofalo's commitment to promote a culture related to pasta, food and sustainability based on objective evidence and transparent information.

## OVER TO THE STAKEHOLDERS

After consulting employees and suppliers in the previous year, in early 2023 Garofalo expanded its stakeholder engagement initiatives, reaching out to a representative sample of large retail customers and associations and specialist food and retail publications. In addition to assessing the proposed impacts, respondents were given the opportunity to express their views on issues such as traceability, packaging, climate action and consumer perception.

Priority issues included a focus on the upstream stages of the supply chain in terms of promoting both sustainable agricultural models and responsible social practices. Monitoring, dialogue with suppliers and traceability are therefore the key elements to ensure a transparent supply chain.

Reducing energy consumption and the impact on climate change is another key topic for stakeholders. In this regard, Garofalo has already put in place investments to increase efficiency and its own onsite generation of energy from renewables.

Lastly, packaging is also a topic of particular interest to stakeholders, who are positively responding to the Garofalo pasta packaging renewal project that the company worked on during 2022 and launched in early 2023 (see page 111).



## OUR COMMITMENT TO SUSTAINABILITY

Sustainability is a hallmark element in Garofalo's approach to doing business. 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 to respond to the challenges the global scenario represents for our sector. Every day, we choose to promote our signature principles, 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 underpinning it.

These pillars represent the evolution of our sustainability journey:



### Cultivate passion and experience

The value and goodness of our pasta is based on the commitment, passion and wealth of expertise nurtured by the people who work with us. This is why we are committed to creating a supportive environment conducive to personal and professional development, valuing the resources of the Gagnano area and encouraging the transmission of this heritage from one generation to the next.



### Promote responsibility from farm to fork

We believe in the importance of engaging in dialogue and collaboration with our partners and customers to help make the entire supply chain more transparent, fair and in harmony with natural ecosystems.



### Respect the planet

Here at Garofalo we are convinced that in order to be excellent and express our values, not only must pasta guarantee the highest quality and health safety, it must also be produced with the smallest possible footprint on the environment around us.







### Spread the value of a healthy, low-impact diet

We use our expertise and our products to contribute to innovation in the industry and to promote awareness and responsible habits for health and the environment among consumers.



## 2023-2026 ACTION PLAN

■ PILLAR	■ GOAL	■ ACTIONS	■ TIMEFRAME
 <p><b>Cultivate passion and experience</b></p>	Promoting a positive, fair and inclusive working environment	Regular review of remuneration levels to ensure gender equality	Continuous
	Making employees an active part of the company's journey towards sustainable growth	Conducting a specific climate survey to assess employees' perceptions of Diversity, Equity, Inclusion (DEI) topics to consider future actions	2025
	Passing on know-how to future generations	Introducing specific activities on sustainability topics in training plans	2024
		Promoting the transmission of professional knowledge and skills by offering employees' sons and daughters opportunities to join the company	Continuous
 <p><b>Promote responsibility from farm to fork</b></p>	Promoting environmental and social sustainability along the supply chain	Tightening relations with mills to assess and promote the inclusion of social and environmental criteria in procurement practices	2024
		Training programme addressing key sustainability topics for sales staff to foster shared sustainability values along the value chain	2024
 <p><b>Respect the planet</b></p>	Promoting energy transition	Increasing the share of renewables through own onsite generation by extending the photovoltaic system	2024
	Reducing impacts associated with packaging and secondary packaging	Expanding recovery and reuse initiatives for secondary packaging materials, also in conjunction with suppliers and customers	2026
	Optimising the use of raw materials by making production processes more efficient	Increasing the recovery of by-products within production processes	2026
 <p><b>Spread the value of a healthy, low-impact diet</b></p>	Cultivating relationships with customers and consumers based on listening and transparency	Conducting market research and periodic consumer listening activities to ascertain emerging dietary trends and needs and assess their level of awareness on sustainability issues	Continuous
		Continued investment in the development of products that respond to new dietary demands	Continuous
		Measuring and monitoring the level of customer and consumer satisfaction, also with respect to the perception of Garofalo's sustainability positioning	2025
	Actively contributing to the sector's sustainable development, making Garofalo a benchmark	Participating in events and speaking opportunities	Continuous
		Joining national or international sustainability initiatives	Continuous
		Collaboration in research projects or industry studies in partnership with institutions and organisations	Continuous
	Raising awareness among current and future consumers about healthy, sustainable and waste-free food	Making a comparative analysis of the carbon footprint of wheat supply chains with the aim of raising consumer awareness about informed purchasing choices	2024
		Introducing food education projects in local schools	2025
Rolling out structured initiatives to raise awareness among consumers about food waste in regular meetings and columns		2026	

### 3. HOW GAROFALO IS MADE



11

types  
of semolina

87.2%

Italian suppliers

34%

percentage of  
Italian wheat  
in total amount  
purchased

### 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.

We signed contracts with 6 suppliers for 11 different types of semolina. 2020 saw the completion of the acquisition of a 50% stake in Grani d'Italia, which stores and sells durum wheat. Furthermore, with the aim of creating more visibility for the supply chain, in 2021, we completed the first supply chain contract for the purchase of Italian durum wheat. This long-term project is intended to negotiate stable economic conditions to encourage fair remuneration for production and the reinvestment of profits in the development of Italian durum wheat, at the same time defining criteria for the product and

technical quality of the raw material that incentivise high quality, sustainable crops. In addition, the supply chain contracts require suppliers to register for a Decision Support System (DSS), an online portal that collects and processes information and data to produce guidance on best practices to optimise agricultural practices and thus reduce impact throughout all phases of cultivation, based on site-specific soil and climate trends.

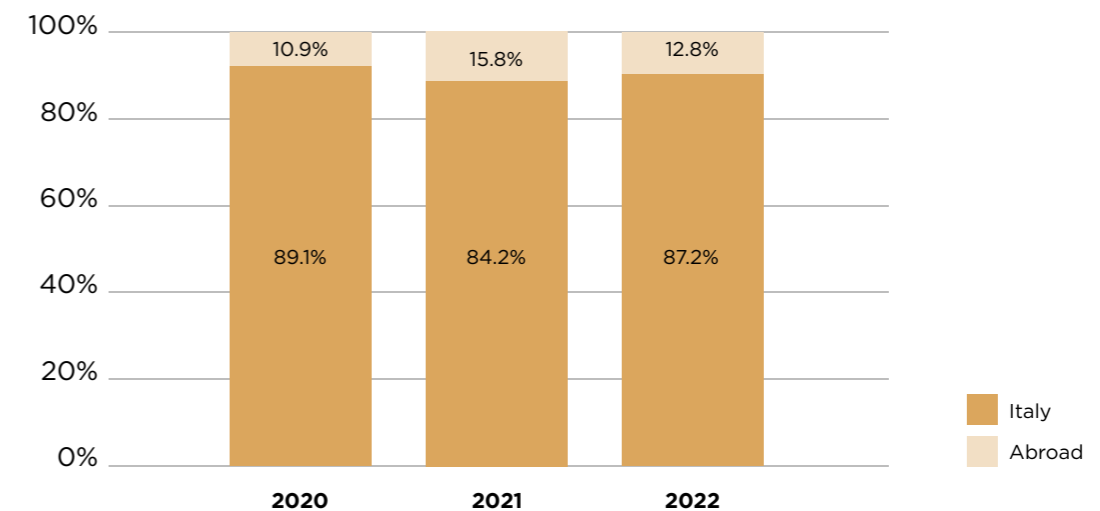
Among our strategic suppliers are 20 companies that produce pasta for Garofalo and that make products we sell under our brand name, such as fresh filled pasta and olive oil, helping to integrate and diversify our offer with complementary products. After expanding our production capacity, in 2021 we reduced the amount of pasta produced under contract at external pasta factories. However, the support of these partners continues to be essential for us to be able to meet peaks in demand, as was the case in the last four months of 2022.

Another important chain for our business is represented by the suppliers of **primary and secondary packaging**. We select the solutions that best fit the specific characteristics of individual prod-

ucts to optimally protect and preserve our pasta, placing our trust in 13 different companies, all of which are Italian. 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 87.2% of total spending**, and around 15% of our suppliers are located in our own region, **Campania**. Just 12.8% 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	<ul style="list-style-type: none"> <li>GFSI<sup>17</sup> certification or questionnaire or audit</li> </ul>	<ul style="list-style-type: none"> <li>GFSI certification or questionnaire or audit</li> <li>Certificates of compliance with the pertinent primary packaging regulations</li> </ul>
Medium	<ul style="list-style-type: none"> <li>GFSI certification or second-party audit on a three-yearly basis</li> <li>Analytical screening for new suppliers (where contemplated)</li> </ul>	<ul style="list-style-type: none"> <li>GFSI certification or second-party audit on a three-yearly basis</li> <li>Certificates of compliance with the pertinent primary packaging regulations</li> </ul>
High	<ul style="list-style-type: none"> <li>GFSI certification or second-party audit on a three-yearly basis</li> <li>Analytical screening for new suppliers (where contemplated)</li> </ul>	<ul style="list-style-type: none"> <li>GFSI certification or second-party audit on a three-yearly basis</li> <li>Certificates of compliance with the pertinent primary packaging regulations</li> <li>Annual migration test<sup>18</sup>, if not certified</li> </ul>

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 **criti-**

**cality level of both the suppliers** and the **type of supply**. In 2020, we were forced to suspend our regular audits to prevent the spread of the Covid-19 pandemic. We began them again the following year, albeit to a somewhat limited extent. In 2022, five audits were conducted on companies that we considered important to monitor directly. These included one new supplier and four already accredited suppliers.

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, account must be taken not only of variables such as the cost, product/service quality, functional efficiency and other variables generally considered at the purchase stage, in addition to 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. Any corrective or preventive actions taken once the causes of any shortcomings have been identified 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.

In 2021, we introduced a **Supplier Code of Conduct**, which we shared with all our partners. 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 of attention to economic, social and environmental sustainability.

17. Global Food Safety Initiative Certification

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

## 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 particu-

lar reference to the damage this herbicide can cause for the environment. Following appropriate checks, we only accept semolina that has zero or borderline detectable content.

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.

To this end, in 2023 we intend to **strengthen relations with the mills** where we purchase our raw materials, opening a discussion on the topics of **due diligence in the procurement processes** with the aim of exploring virtuous practices and assessing the inclusion of further ESG criteria in the purchasing policies.

## 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. 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. Instead, we also source semolina from the areas of the world most suited to the cultivation of durum wheat. 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 confused with those of low-medium quality<sup>19</sup>.

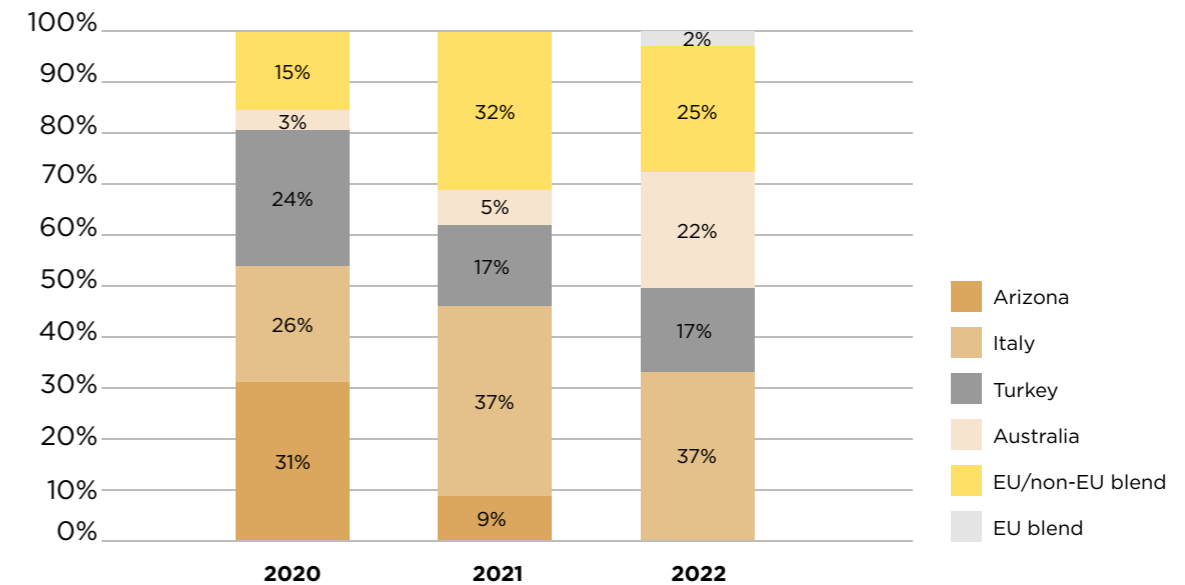
On the other hand, the quality of wheat grown in the same region can be affected from year to year by contingent factors related, for example, to weather conditions or agricultural policies implemented by governments. This is supported by the fact that much of the semolina we use is largely made using “Desert Durum” wheat from Arizona, considered one of the best in the world for its high protein content. There was a drastic shortage of this type of wheat in 2022, and in order to maintain the quality standards necessary to produce our pasta, we decided to increase the percentage of coarsely milled durum wheat from Australia. Indeed, the quality of the wheat grown in Australia’s desert climate is high in terms of protein content, gluten quality, colour and specific weight of the grain. Turkey is another country whose wheat is used to produce the semolina we purchase. It produces 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. Therefore, the different origins of the wheat allow 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 at the time. 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 blends of wheat from Italy, Australia and Europe, the 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



Note: The “EU/non-EU blend” indicates a semolina already mixed with wheat from Italy, Australia and North America

### RAW MATERIALS PURCHASED

<i>in tonnes</i>	2022	2021	2020
Durum wheat semolina	147,906	132,240	158,470
Italian durum wheat purchased through supply chain agreements	2,300	1,067	0
Ingredients (powdered spinach and tomato)	36	31	0*

\* 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. Domestic production gradually restarted in 2021.

Although demand stabilised in 2022 after the sharp increase triggered by the pandemic, production volumes continued to grow. This resulted in a 12% year-on-year increase in the quantities of semolina purchased. In addition to semolina and wheat procured through supply chain agreements, in 2022 we also purchased 5,000 tonnes of durum wheat from farms not participating in supply chain agreements and, indirectly, another 5,154 tonnes through our subsidiary Grani D'Italia.

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, the pasta sheets for which contain 30% fresh eggs, is made using Italian free-range eggs, fully in keeping with the Animal Equality campaigns.

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

## 3.2



# THE FINEST INDUSTRIAL TECHNOLOGY

### HOW WE MAKE 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.



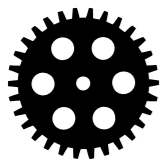
#### 2. Milling

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.

In 2020 and 2021, we worked on 98 innovation products, most of them related to products and the extension of ranges. Among these, we relaunched the graphic design of the wholemeal line, expanded the number of bronze-drawn products (with the consequent acquisition of PGI certification) and launched new shapes for both the wholemeal line and the basic line. In 2022, we developed an additional **56 product innovation projects**. These include the introduction of three new shapes for the gluten-free line targeting the international market, the expansion of the recipes of the fresh filled pasta line, and the renewal of the Garofalo brand product pack, comprising a recycled plastic portion.



56

INNOVATION PROJECTS IN  
2022



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

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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, includes **16 operators**. Of these, 2 people work on quality assurance, 3 on quality control and another 3 are laboratory technical staff. The remaining 8 are process inspectors.

The rigorous checks we carry out to guarantee high quality standards account for a significant portion of spending. In 2022, we invested almost **1.6 million euros** in our quality structure, an increase of 20% compared to 2021. These amounts correspond to 0.6% of our turnover. The investments made in the past year included over 70,000 euro for the purchase of new laboratory equipment for testing moisture, ash and protein parameters.

#### QUALITY CHECKS: THE COSTS SUSTAINED

In euros	2022	2021	2020
Cost of personnel	919,657	722,111	714,068
Consulting and certifications	164,886	158,640	193,095
Laboratory material	58,697	43,078	47,066
Pest Control	188,337	184,325	124,098
Personnel quality training	17,113	13,200	4,211
Costs for outsourced tests	215,599	178,254	142,556
<b>Total quality control costs</b>	<b>1,564,288</b>	<b>1,299,608</b>	<b>1,225,094</b>

## QUALITY IN NUMBERS

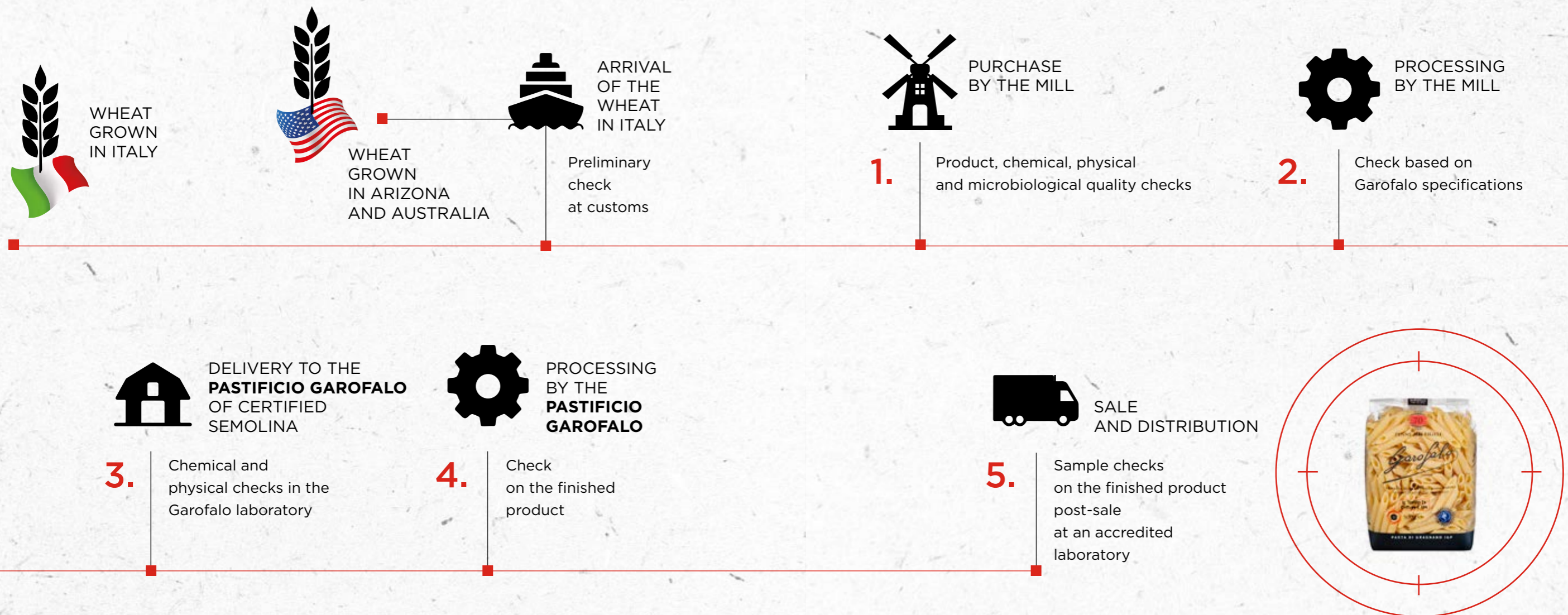


With the Italian mills we use for the purchase and milling of wheat into semolina, we have agreed upon a particularly challenging system of checks. The semolina we purchase from Italian mills must comply with **technical specifications that are often stricter than those required by law**. In addition, 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 2022, this operation required **4,720 checks on incoming materials**, according to ten different chemical and physical 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. Compared to the previous year, in 2022 we increased the checks conducted at external laboratories – already doubled in the previous year – by 10% to verify the presence of pesticides, identify any traces of soya and for comprehensive screening, to the point of ordering **480 checks**.



## 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	Internal laboratory
	Contaminations	External laboratory
	Infestations, mycotoxins, heavy metals, pesticides, allergens	External laboratory
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 they comply with the characteristics that have earned it PGI recognition.

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 2022, we had **48 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, in 2021 a project has been implemented to carry out checks in the laboratory to detect the presence of DON and traces of soya. The first 700 tests conducted in-house between 2021 and 2022 did not reveal any critical concerns.



For Gragnano Pasta PGI, we analyse nutritional values, consistency, even quality, ability to remain firm when cooked and stickiness, to ensure they comply with the characteristics that have earned it PGI recognition.



# CERTIFICATIONS IN THE AREA OF FOOD SAFETY AND QUALITY

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
- About 20% 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.



## FSMA VQIP certification

The Voluntary Qualified Importer Program (VQIP) of the Food Safety Modernization Act (FSMA) is a third-party certification programme accredited by the US Food and Drug Administration (FDA). This certification is essential for US importers, to guarantee the rapid entry of food products into the USA.

Product 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.



## PACKAGING AND GREENWASHING, LET'S GET THIS STRAIGHT

In view of the launch of new packaging made of recycled plastic in 2021, with the support of external consultants, we assessed in detail possible critical concerns, especially in terms of environmental claims, with reference to legislation on unfair business practices, misleading advertising and environmental labelling. The study confirmed that consumers are increasingly attentive to food packaging. As packaging becomes a purchasing lever, it is essential to clearly communicate both the type of materials it is made of and any sustainability benefits of the food it contains. We therefore delved into the best ways to communicate these features to consumers, so that packaging and label become "talking points", i.e. an extension of the storytelling of our sustainability strategies. The study turned out to be strategic with respect to the evolving regulatory

environment. In fact, in March 2023, the European Commission published its proposal for a Directive on Green Claims (environmental declarations), which will be followed by a period of consultation and negotiation before it is approved. We will follow the process closely in order to build into our analysis the elements that emerge from this new European action, while continuing to ensure accurate, transparent communication. We completed the study by carrying out industry benchmarking and best-in-class benchmarking of the food sector, which revealed that there is plenty of potential to make better use of that device. This tool is important for correct product storage and wholesomeness, as well as being an actual communication and branding channel.

## GOODNESS BEHIND THE SCENES TOO

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 “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 made on the finished product by a certified external body.

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](mailto:consumatori@pastagarofalo.it) to receive a reply from our marketing and quality departments.

## OUR SOCIAL MEDIA PRESENCE

Social media channel	Unit of measurement	2022	2021	2020
Facebook (Global and Italy)	Fans	178,306	320,000	260,000 <sup>20</sup>
Instagram	Followers	44,202	45,000	31,000
YouTube	Views	6,290,000	15,000,000	11,000,000

20. In 2020, Facebook eliminated inactive or duplicate accounts. The real number of followers was over 30,000 higher in 2020 compared to 2019

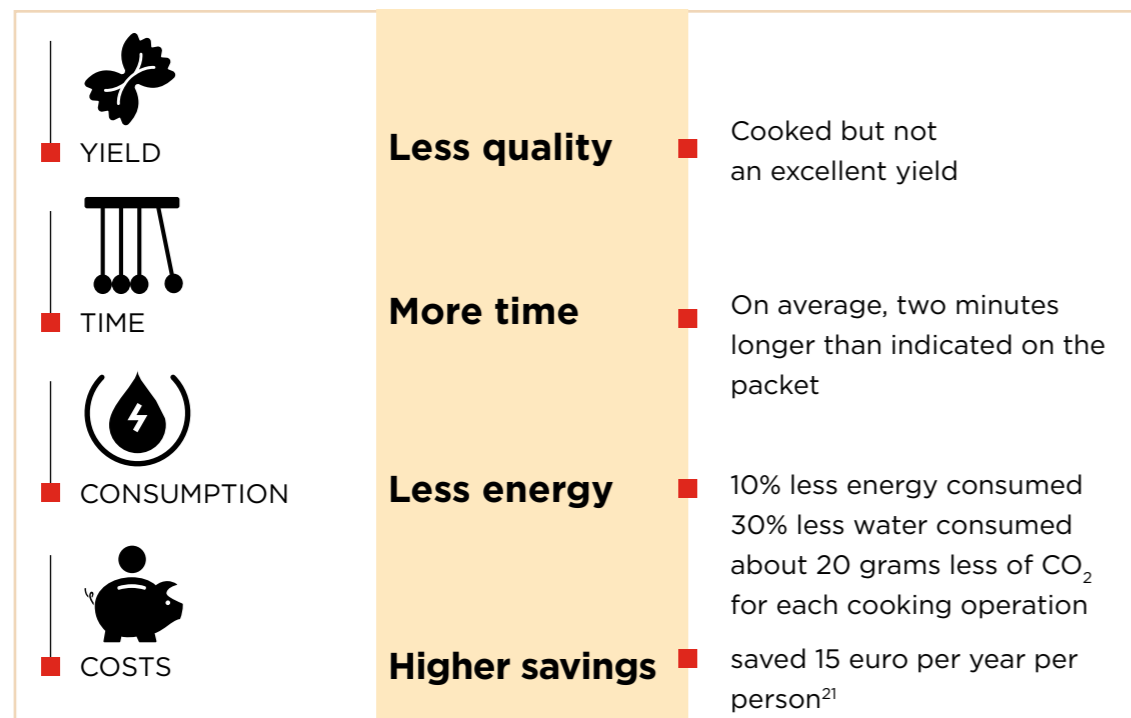


## THE ART OF CHOOSING WISELY

Focusing on consumers also means responding to their doubts and accommodating their needs, getting them involved in our projects. Initiatives in recent years include the redesign of our packaging to make cooking times more legible, taking up the cue launched by consumers who created the Grandi Minuti Movement on social networks, and the survey dedicated to coeliac consumers to better understand their specific needs, which we followed up in 2021 with the launch of new gluten-free pasta shapes. In 2022, with increasing consumer awareness of sustainability issues and a sharp

rise in energy prices brought about by the political and economic situation, the focus on practices such as passive cooking, meaning cooking with the burner off and the lid on, became widespread in order to curb household consumption. To shed light on the reports floating around on this subject, at Garofalo we decided to take a closer look at the **pros and cons of passive cooking compared to traditional cooking** by conducting instrumental tests on the yield of pasta in our laboratory and measuring the energy consumption associated with the two techniques.

### PASSIVE COOKING VS TRADITIONAL COOKING. THE RESULTS



With this analysis we wanted to gather all the data necessary for an overall assessment of passive cooking compared to traditional cooking and to give some evidence-based advice for more sustainable cooking without sacrificing taste, like paying attention to the amount of water

used and the time between coming to a boil and adding the pasta. We consider it extremely important for **consumers to be fully and correctly informed so they can make responsible choices.**

21. Savings calculated on an average of 300 cooking operations per year on an induction hob with reference to the electricity market prices of October 2022

## AWARDS

### Grocery&Consumi Awards 2022

**Best new media campaign for Pasta**  
**Best co-marketing initiative**  
**Charity initiative**

The "Sii Turista" (Be a Tourist) campaign and the "Amici per la Pasta" (Friends for Pasta) competition launched in collaboration with Disney Pixar in 2021 were awarded by Tespi Mediagroup for their efforts in creating and implementing marketing and communication activities. Garofalo was also recognised for awarding a scholarship at Women in Food, the event that brings together Italian and international female professionals from the world of food and wine.

## THE HEROES OF THE SILVER SCREEN MEET THE MAGIC OF PASTA

In 2022, after the experience for the release of the film Luca, we consolidated our collaboration with Disney Italia with the project "The Cooking Universe" to coincide with the release of three Marvel Studios films in cinemas: Doctor Strange in the Multiverse of Madness, Thor: Love and Thunder; and Black Panther: Wakanda Forever. The initiative invited fans and food lovers to indulge their imagination and creativity to try and win the prizes. In addition to the competition, we launched an Instagram challenge to spark off cooking recipes with unusual and creative ingredients inspired by the stories and heroes of the films. To mark the occasion, we also created three custom-made Garofalo pasta shapes based on the protagonists of the film Thor.





## 4. PEOPLE AND TERRITORY

218

employees

99.5%

permanent  
contracts

+56%

more training  
hours compared  
to 2021



## 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 have brought on board and preserve traditional skills and knowledge handed down through the generations, which every day allow 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.

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## OUR PEOPLE

At 31 December 2021, Pastificio Garofalo employed **218**, compared to 221 in 2021. **Almost all the employees have a permanent contract**, with only one employee on a temporary contract. Most of them (89.5%) work full-time. We also made use of the services of 20 non-employees, including 18 temporary agency workers – often contracted in this way as a solution prior to employment – and two consultants who work permanently in our premises.

### EMPLOYEES BY WORK CONTRACT AND GENDER

Employment contract	2022			2021			2020		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
Permanent	32	185	217	33	188	221	31	183	214
Temporary	1	-	1	-	-	-	1	-	1
<b>Total</b>	<b>33</b>	<b>185</b>	<b>218</b>	<b>33</b>	<b>188</b>	<b>221</b>	<b>32</b>	<b>183</b>	<b>215</b>

### EMPLOYEES BY TYPE OF CONTRACT AND GENDER

Type of contract	2022			2021			2020		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
Full-time	32	163	195	32	165	197	31	163	194
Part-time	1	22	23	1	23	24	1	20	21
<b>Total</b>	<b>33</b>	<b>185</b>	<b>218</b>	<b>33</b>	<b>188</b>	<b>221</b>	<b>32</b>	<b>183</b>	<b>215</b>

Equality and inclusion are an integral part of our company culture, so we are working towards a growing level of **gender balance** in order to reward 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 2022, in line with 2021, there were **33 women working in Garofalo**, accounting for **15.1%** of staff 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 (55%) are in the **30-50 age bracket**, followed by the over-50s (28%) and the under-30s (17%).

## EMPLOYEES BY PROFESSIONAL CATEGORY AND GENDER

PROFESSIONAL CATEGORY	2022			2021			2020		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
	%	%	%	%	%	%	%	%	%
Senior Management	-	3.7%	3.7%	-	1.4%	1.4%	-	1.4%	1.4%
Middle Management and Technical Staff	2.8%	6.9%	9.6%	2.7%	7.7%	10.4%	2.8%	7.0%	9.8%
Office Staff	8.7%	7.8%	16.5%	8.6%	9.5%	18.1%	8.8%	8.8%	17.7%
Blue-collar workers	3.7%	63.8%	67.4%	3.6%	63.8%	67.4%	3.3%	65.6%	68.8%
Other Staff	-	2.8%	2.8%	-	2.7%	2.7%	-	2.3%	2.3%
<b>Total</b>	<b>15.1%</b>	<b>84.9%</b>	<b>100%</b>	<b>14.9%</b>	<b>85.1%</b>	<b>100%</b>	<b>14.9%</b>	<b>85.1%</b>	<b>100%</b>

PROFESSIONAL CATEGORY	2022			2021			2020		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
	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	-	8	8	-	3	3	-	3	3
Middle Management and Technical Staff	6	15	21	6	17	23	6	15	21
Office Staff	19	17	36	19	21	40	19	19	38
Blue-collar workers	8	139	147	8	141	149	7	141	148
Other Staff	-	6	6	-	6	6	-	5	5
<b>Total</b>	<b>33</b>	<b>185</b>	<b>218</b>	<b>33</b>	<b>188</b>	<b>221</b>	<b>32</b>	<b>183</b>	<b>215</b>

### EMPLOYEES BY PROFESSIONAL CATEGORY AND AGE GROUP

PROFESSIONAL CATEGORY	2022			2021			2020		
	<30	30-50	>50	<30	30-50	>50	<30	30-50	>50
	%	%	%	%	%	%	%	%	%
Senior Management	-	0.9%	2.8%	-	0.5%	0.9%	-	0.5%	0.9%
Middle Management and Technical Staff	0.9%	6.0%	2.8%	1.4%	5.0%	4.1%	0.9%	4.7%	4.2%
Office Staff	2.3%	10.1%	4.1%	2.3%	11.8%	4.1%	3.3%	10.2%	4.2%
Blue-collar workers	14.2%	38.1%	15.1%	14.5%	39.4%	13.6%	15.3%	37.7%	15.8%
Other Staff	-	-	2.8%	-	0.5%	2.3%	-	-	2.3%
<b>Total</b>	<b>17.4%</b>	<b>55.0%</b>	<b>27.5%</b>	<b>18.1%</b>	<b>57.0%</b>	<b>24.9%</b>	<b>19.5%</b>	<b>53.0%</b>	<b>27.4%</b>

PROFESSIONAL CATEGORY	2022			2021			2020		
	<30	30-50	>50	<30	30-50	>50	<30	30-50	>50
	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	-	2	6	-	1	2	-	1	2
Middle Management and Technical Staff	2	13	6	3	11	9	2	10	9
Office Staff	5	22	9	5	26	9	7	22	9
Blue-collar workers	31	83	33	32	87	30	33	81	34
Other Staff	-	-	6	-	1	5	-	-	5
<b>Total</b>	<b>38</b>	<b>120</b>	<b>60</b>	<b>40</b>	<b>126</b>	<b>55</b>	<b>42</b>	<b>114</b>	<b>59</b>

In 2022, the company onboarded a new **person belonging to a protected category**, bringing the total number of employees to 20 (15 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, in 2020, among the 20 finalists for the **Diversity & Inclusion Brand Award**, and in 2021 among the 50 finalists.

## 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 2022, **2 new hires** joined our organisation, a man and a woman, both in the 30-50 year-old age bracket. Following the increase in new hires recorded in 2021 (7 incoming) and 2020 (11 incoming), also associated with an increase in production volumes, the trend stabilised at a more modest level in the last year.

Five people left in 2022, a slight increase compared to three terminations in 2021 and four in 2020, attributable to resignations and retirements.

## NUMBER OF NEW HIRINGS BY EMPLOYEE GENDER AND AGE GROUP

GENDER	2022				2021				2020			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Women	-	1	-	1	1	1	-	2	7	1	-	8
% of employees	-	5.0%	-	3.0%	10.0%	5.3%	-	6.1%	53.8%	7.1%	-	25.0%
Men	-	1	-	1	4	2	1	7	9	2	-	11
% of employees	-	1.0%	-	0.5%	13.3%	1.9%	2.0%	3.7%	31%	2%	-	6.0%
<b>Total</b>	-	<b>2</b>	-	<b>2</b>	<b>5</b>	<b>3</b>	<b>1</b>	<b>9</b>	<b>16</b>	<b>3</b>	-	<b>19</b>
<b>% of employees</b>	-	<b>1.7%</b>	-	<b>0.9%</b>	<b>12.5%</b>	<b>2.4%</b>	<b>1.8%</b>	<b>4.1%</b>	<b>38.1%</b>	<b>2.6%</b>	-	<b>8.8%</b>

## NUMBER OF EMPLOYEES LEAVING THE COMPANY BY GENDER AND AGE GROUP

GENDER	2022				2021				2020			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Women	1	-	1	2	-	-	-	-	-	-	-	-
% of employees	11.1%	-	25.0%	6.1%	-	-	-	-	-	-	-	-
Men	1	1	1	3	-	-	3	3	1	-	3	4
% of employees	3.4%	1.0%	1.8%	1.6%	-	-	5.9%	1.6%	3.4%	-	5.6%	2.2%
<b>Total</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>5</b>	-	-	<b>3</b>	<b>3</b>	<b>1</b>	-	<b>3</b>	<b>4</b>
<b>% of employees</b>	<b>5.3%</b>	<b>0.8%</b>	<b>3.3%</b>	<b>2.3%</b>	-	-	<b>5.5%</b>	<b>1.4%</b>	<b>2.4%</b>	-	<b>5.1%</b>	<b>1.9%</b>



## TRAINING AND DEVELOPMENT

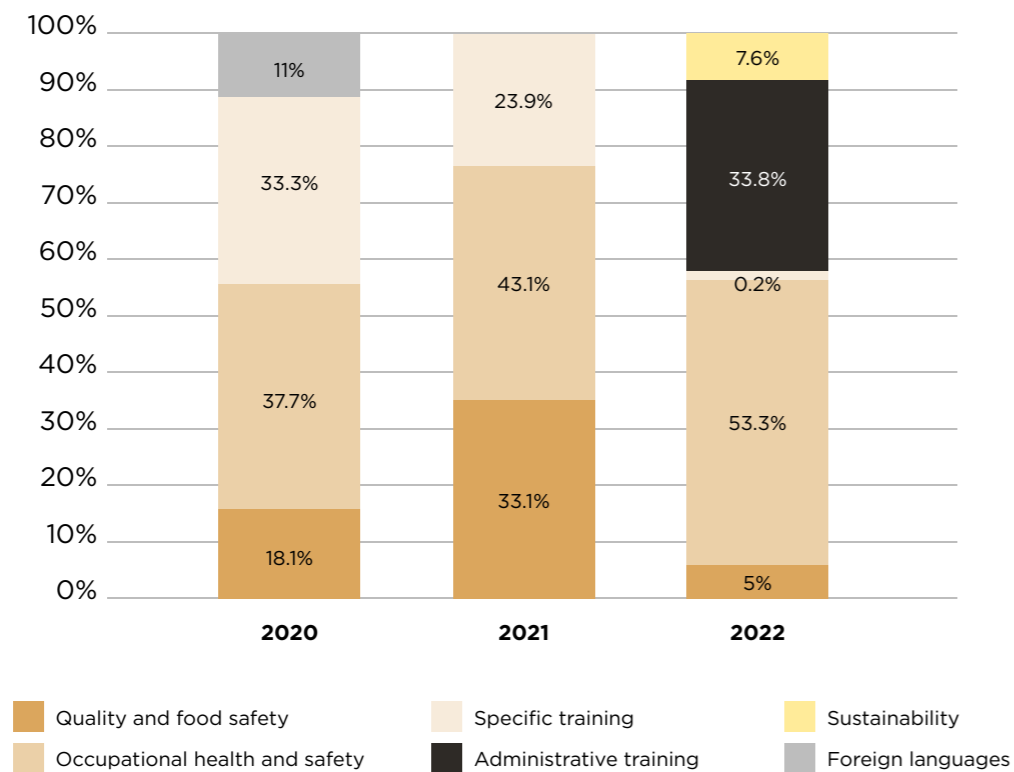
Here at Garofalo we believe firmly in the importance of facilitating the constant growth - both professional and personal - of our employees. We consider training activities essential to **assist the development of our staff** and our organisation, and to support cultural advancement by consolidating 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 2021, despite the difficulties caused by the continuing health emergency, we were able to resume some training activities that had been suspended in 2020, completing the plan set out for the year.

In 2022, we provided **1,687 hours of training**, up from 2021 (+56%) and 2020 (+48%), two years when in-person training was restricted as a measure to prevent the spread of the Covid pandemic. **184 employees**, 84% of the company population, participated in at least one course. In relation to the total staff, each employee benefited from an **average of 7.7 hours of training** in 2022.

### HOURS OF TRAINING BY TYPE



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

Professional category	2022			2021			2020		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
Senior Management	-	7.0	7.0	-	10.0	10.0	-	2.7	2.7
Middle Management and Technical Staff	2.7	4.5	4.0	13.0	10.0	10.8	14.2	3.6	6.6
Office Staff	17.1	24.4	20.6	1.1	1.9	1.5	3.2	1.3	2.2
Blue-collar workers	2.3	5.6	5.4	2.8	5.1	5.0	3.7	3.3	3.4
Other Staff	-	2.0	2.0	-	-	-	-	0.6	0.6
<b>Total</b>	<b>10.9</b>	<b>7.2</b>	<b>7.7</b>	<b>3.7</b>	<b>5.1</b>	<b>4.9</b>	<b>5.3</b>	<b>3.1</b>	<b>3.4</b>



## 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.

**99.5% 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. In 2021, the second-level contract was renewed, with its effects backdated to December 2019. The new agreement introduced an increase in the value of restaurant tickets and an increase in remuneration for the sixth working day. At contractual level, no minimum period of notice is established for operational changes, such as acquisitions and re-organisations, since these are determined by the occurrence of the various cases.

In addition to the provisions of the second-level agreement, we gave further concrete support to staff to help them cope with the consequences of rising energy costs and inflation by issuing shopping vouchers worth EUR 1,500 to each employee and EUR 500 in fuel vouchers for employees who do not have a company vehicle.

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 2022, on-going talks were held between the management and the trade union representatives (RSU) to negotiate the renewal of the second-level contract and for the management of production activities. The discussion committee, presided on the part of the company by the Prevention and Protection Service Manager (RSPP), formally met on a quarterly basis, 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 to find out more about the expectations of our employees and to detect any needs that have not been expressed.

In the meantime, 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 out of 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 the 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**. ISO 45001 certification was updated during 2020. As declared in our Integrated Management System Policy, we undertake not only to comply with all the legislative and other regulatory measures applicable regarding health and safety in the workplace, but also to 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 Prevention and Protection Service Manager, 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 evalu-

ate 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. We also conduct a work-related stress risk assessment every three years. 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 Prevention and Protection Service Manager 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. 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. The last two-year period also saw the implementation of information actions to make all workers aware of the measures adopted for managing the health emergency.

For the occupational medicine service, in keeping with the legal provisions, Garofalo not only guarantees health monitoring, but also has 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, a campaign for voluntary flu vaccinations to be carried out at the infirmary has been promoted every autumn since 2018. Over the last two years, as an additional measure to prevent the spread of the Covid-19 virus in the company, since the first wave in 2020 we have conducted analytical screening campaigns at Garofalo consisting of molecular-based and rapid antigen tests. 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. The screening continued in the following years, and about 3,000 rapid antigen tests were conducted in 2022. The initiative proved particularly effective, because of 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 INDECES

In 2022, **5 cases of minor injury** occurred, regarding men only, an increase compared to the 2 cases recorded in 2021, but a 44% decrease compared to the 9 cases in 2020. These injuries were mainly abrasions and contusions, which mostly occurred in the packaging department, the area where most of the factory staff work. In 2022, no injuries occurred among workers not employed by Garofalo working regularly in the factory. During the three-year period 2020-2022, there were no cases of fatal injuries or occupational diseases.

In recent years, we have taken steps to reduce the risk of accidents in the workplace. In 2021, the motorisation of the overhead crane for handling the dies and the installation of pedestrian protection systems for foot traffic in the pasta factory yards were completed. More recently, we renewed the equipment in the machine shops to improve their reliability and adopted a new mobile platform to make operations at height safer. We also installed additional pedestrian protection systems in the pasta factory yards.

### INJURY INDECES

Health and safety indicators regarding employees	2022	2021	2020
Total hours worked	378,840	391,451	373,643
Number of serious injuries	-	-	-
Total recordable injuries	5	2	9
Serious injury frequency rate	-	-	-
Total recordable injury frequency rate <sup>22</sup>	2.64	1.02	4.82

Health and safety indicators regarding workers not employed by Garofalo operating in the factory	2022	2021	2020
Total hours worked	18,632	5,508	20,035
Number of serious injuries	-	-	-
Total recordable injuries	-	2	3
Serious injury frequency rate	-	-	-
Total recordable injury frequency rate <sup>23</sup>	-	72.6	29.9

22- 23. 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

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

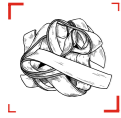
This is why we undertake to promote solutions to improve their **private life-working life balance**. To this end, employees

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.





## 4.2



# FOCUSING ON THE COMMUNITY

## GAROFALO FOR OUR AREA

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 2022, we contributed to the well-being of our community in the form of both donations and membership fees, for a total of more than 78,000 euros. A portion of this was donated to the Italian Red Cross to provide aid to people affected by the conflict in Ukraine.

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 has 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 A FAIR SOCIETY

### I Bambini delle Fate

The non-profit association called “I Bambini delle Fate” has set up **La Banca del Tempo Sociale** (social time bank), an initiative that, with continued contributions from organisations, aims to offer children with autism and disabilities opportunities for inclusion. It also gives high school students the positive experience of getting to know non-profit work in a structured organisation. Garofalo has also decided to support I Bambini delle Fate by providing financial backing for its initiatives in the Campania region.



**I BAMBINI DELLE FATE**  
per l'inclusione sociale

### Love in all shapes and sizes

In 2022, during Pride month, Pasta Garofalo supported the **Rome Pride, Milan Pride and Naples Pride** associations, with a campaign celebrating diversity and freedom of expression. Just as in the kitchen everyone is free to experiment according to their own tastes, embracing tradition but also innovation, so too did we want to promote the values of freedom and inclusiveness in love. We celebrated these values with a special edition of Pasta Garofalo in which various types are packaged together in a variety of shapes, colours and tastes to celebrate love in all shapes and sizes.



# 5. QUALITY FOR THE ENVIRONMENT

1,133  
GJ

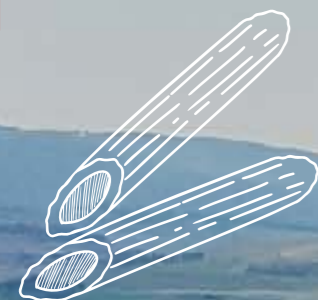
-9%

100%

Energy produced  
from  
renewable sources

water consumed  
for production  
compared to 2020

waste 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 for 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.



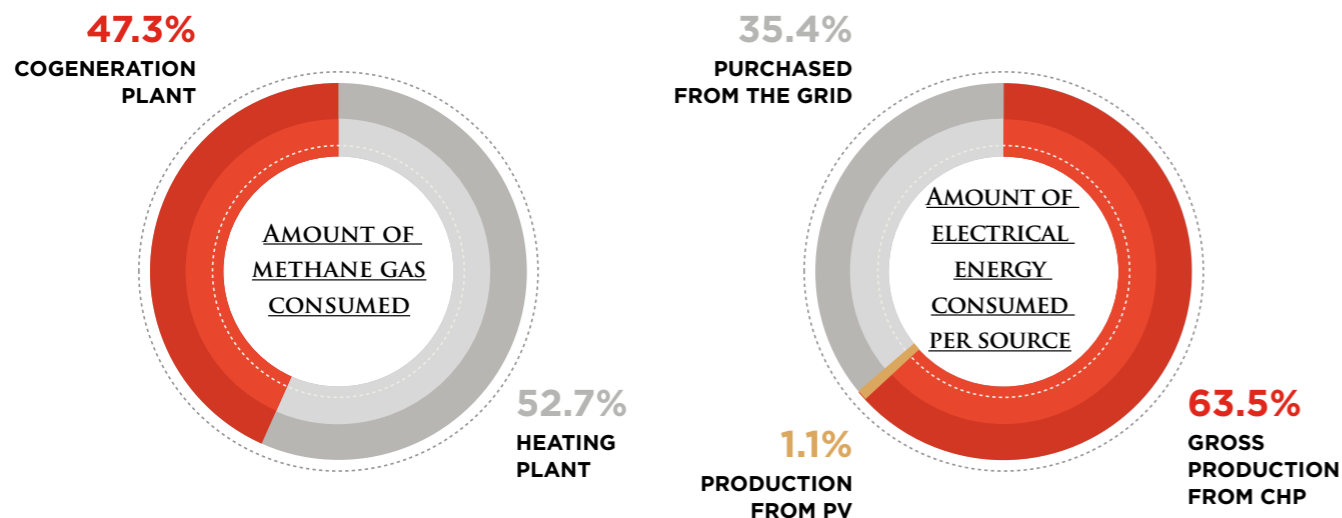
## ENERGY

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 53% of the methane gas consumed is used for running the generators of overheated water in the heating plant, and the remaining 47% 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 2022, the factory used about **27,594 kWh** of energy, about **64% from our own** cogeneration plant and 1% by our photo-

voltaic plant. So, we buy about 35% of the electricity we use. As a result of extraordinary servicing of the photovoltaic plant, its productivity was increased by 24%, bringing it back into line with 2020 levels. On the other hand, compared to 2021, the generation capacity of the CHP plant decreased by 15% because there was no heat recovery during the approximately one-month plant downtime required for scheduled servicing. Consequently, to meet the company's needs, the portion of purchased electricity increased by 42%. Given the growth in production volumes over the last few years compared to the pre-pandemic period, Garofalo has commenced the administrative procedures to increase its own energy production capacity in order to return to the previous situation, when the CHP plant supplied up to 90% of the its electricity needs. Planned projects include the installation of a new cogeneration plant and the extension of the photovoltaic array in 2024.



In 2022, the consumption of energy from non-renewable sources totalled 347,854 GJ, up 4.1% compared to 2021. This increase is related to both the shutdown of the CHP plant and the expansion of auxiliary services in view of the increase in production capacity. In 2022, the consumption of energy from non-renewable sources totalled **1,133 GJ**, up 32.7% compared to 2021. In 2022, the energy intensity<sup>24</sup> of 2.56 GJ/tonne of pasta improved by 5% over the previous year (2.70 GJ/tonne of pasta), bringing it back in line with 2020 levels (2.51 GJ/tonne of pasta). This is mainly due to the increase in production volumes, which contributed to an improvement in efficiency as a result of the implementation of economy of scale mechanisms.

### DIRECT AND INDIRECT ENERGY CONSUMPTION

In GJ	2022	2021	2020
Consumption from non-renewable energy sources	347,854	334,238	347,739
Methane gas	310,659	309,333	319,311
Non-renewable electrical energy purchased	35,252	23,286	27,027
Diesel for vehicles in leasing	1,943	1,618	1,402
Consumption of energy from renewable sources	1,133	854	1,072
Energy self-produced from photovoltaic plant and consumed	1,138	867	1,090
Energy self-produced from photovoltaic plant and put back into the grid	(5)	(13)	(17)
<b>Total direct and indirect energy consumption</b>	<b>348,987</b>	<b>335,092</b>	<b>348,811</b>
<b>Total energy consumption/tonnes of pasta produced (GJ/t)</b>	<b>2.56</b>	<b>2.70</b>	<b>2.51</b>

In the last years, we have sought to boost energy efficiency by make improvements at each stage of the production chain. In 2020, we replaced one of the refrigeration units in the factory with a more efficient model equipped with a new generation compressor, 20 - 40% more efficient than other corresponding technologies. A project to optimise the compressed air plant was also implemented, with the installation of a new high-efficiency compressor. Between 2021 and 2022, we initiated major servicing of the heating plant and the photovoltaic system to ensure the highest levels of plant efficiency and, consequently, their optimal energy output. In addition, another refrigeration unit was replaced with a new model that uses a lower-impact refrigerant, and an additional, more energy efficient refrigeration system was installed in production. More recently, we have begun replacing two boilers and two Air Handling Units (AHUs), which we expect to complete by August 2023.

24. Calculated as the aggregate of natural gas, electricity purchased from the grid, own electricity generated by the photovoltaic plant and consumed, and fuel, as a ratio of annual domestic production

## 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 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 2022, our **direct emissions** totalled 16,098.5 tonnes of CO<sub>2</sub>e, up 1.5% compared to 2021. Our indirect emissions, on the other hand, were lower, because they are linked to the consumption of electrical energy purchased from the grid. In 2022, these emissions amounted to 2,636.9 tonnes of CO<sub>2</sub>e, based on the location-based calculation method, and 4,497.9 based on the market-based calculation method<sup>25</sup>, a year-on-year increase of 56% and 52% respectively. This difference is explained by the reduced efficiency associated with the CHP plant and the consequent use of more electricity purchased from the grid.

In 2023, we plan to install a solar thermal system for the production of domestic hot water used in the staff changing room building. The measure is expected to save about 4,000 SCMs of natural gas per year, avoiding about 7.6 tonnes of CO<sub>2</sub> in emissions.

During the annual inspections, we also monitor **nitrogen oxide (NOx)** and particulate emissions. Specifically, in 2022 NOx emissions amounted to 7.51 tonnes, a decrease over 2021 of 15.08 tonnes. The **revamp of the heating plant** completed in July 2020 resulted in a reduction in NOx emissions compared to the levels recorded in previous years. Particulate emissions amounted to 223.6 kg in 2022, up from 2021, when levels had dropped significantly due to the replacement of the burners, but still 75% lower than in 2020.

<i>In kg</i>	2022	2021	2020
Nitrogen oxide (NOx)	7,512.0	15,079.2	4,335.1
Particulate Matter (PM)	223.6	7.2	884.9

### DIRECT AND INDIRECT EMISSIONS (SCOPE 1 AND 2)<sup>26</sup>

	2022	2021	2020
Direct emissions <sup>27</sup> (t CO <sub>2</sub> e)	16,098.5	15,863.3	16,407.9
Indirect emissions - Location-based <sup>28</sup> (t CO <sub>2</sub> e)	2,636.9	1,690.1	1,961.5
Indirect emissions - market-based <sup>29</sup> (t CO <sub>2</sub> e)	4,497.9	2,967.1	3,461.9
Intensity of direct emissions (t CO <sub>2</sub> /t pasta)	0.12	0.13	0.13
Intensity of indirect emissions - Location-based (t CO <sub>2</sub> /t pasta)	0.02	0.01	0.01
Intensity of indirect emissions - Market-based (t CO <sub>2</sub> /t pasta)	0.03	0.02	0.03

25. 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

26. Figures in tonnes of equivalent CO<sub>2</sub> emissions. For calculation purposes, the following greenhouse gases were considered: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O and HFCs (R407C and R410A)

27. Source of the emission coefficients: DEFRA 2023, 2021, 2020

28. Source of the emission coefficients: Ispra Italian Greenhouse Gas Inventory 1990 - 2020 National Inventory 2023 (for the 2022 data); Ispra Italian Greenhouse Gas Inventory 1990 - 2019 National Inventory 2022 (for the 2021 and 2020 data). Emission factors for CH<sub>4</sub> and N<sub>2</sub>O are based on calculations by ABI Lab (2021 Guidelines)

29. Source of the emission coefficients: European Residual mixes Association of Issuing Bodies, 2021, 2020, 2019. Emission factors for CH<sub>4</sub> and N<sub>2</sub>O are based on calculations by ABI Lab (2021 Guidelines)



## WATER CONSUMPTION

In the factory, we use only fresh water<sup>30</sup>, 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 2022, we drew 122.1 megalitres of fresh water from the well, up by 16% compared to 2021 but down by 21% compared to 2020, and 0.9 megalitres from the mains supply.

Continual optimisation and reduction of the use of water is a prerogative for us. In recent years, we have installed **21 different meters to accurately map consumption** and identify possible areas for improvement. To this end, we downsize the cooling circuits of the extrusion heads in order to reduce water consumption. 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.

As a result of these actions, the water consumption index improved by 9%, from 0.41 m<sup>3</sup>/tonne of pasta in 2020 to 0.37 m<sup>3</sup>/tonne of pasta in 2022.

### WATER EXTRACTION AND DISCHARGE

<i>in megalitres</i>	2022	2021	2020
Total water withdrawals	123.0	109.7	155.8
Total water withdrawals / Tonnes of pasta produced (ML/t)	0.0009	0.0009	0.0011
Underground water	122.1	105.4	154.2
Third-party water resources	0.9	4.2	1.6
Total waste water	72.5	60.6	99.3
Underground water	72.5	60.6	99.3
Third-party water resources	-	-	-

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



## 5.2



# MATERIAL AND WASTE MANAGEMENT

We try to make the most of resources and keep raw materials and materials circulating for as long as possible, facilitating recovery and recycling to prevent waste and wastage.

In our industry, organic by-products from the production process do not represent a critical impact. With respect to total production, the amount of waste raw materials is small and is fully recovered for use in other supply chains.

More significant, on the other hand, is the use of materials for product packaging. For this reason, careful management and the search for innovative solutions are important for us to optimise our environmental impact.

### USE OF MATERIALS

Packaging and wrapping materials are the main category of materials we use. **For 15 years, we have been using recycled paper for our secondary packaging.** This paper is obtained from pulping the paper obtained from the separate waste collection of homes and businesses in the Campania region, and has greenbox<sup>®</sup> 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 2022, this allowed us to reduce CO<sub>2</sub> equivalent emissions by 243.5 tonnes<sup>31</sup>.

In 2022, we used a total of 6,889 tonnes of cardboard, slightly down over 2021, and down by 8% compared to 2020. 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 uncompromising transparency, we have decided to use plastic as the primary packaging for the Garofalo line. Transparent packaging allows consumers to recognise and distinguish the content of our products on the shelves of supermarket chains, thus giving 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 preserve the physical and chemical characteristics of the pasta, thus ensuring that our customers receive our product in the same condition in which it left the facto-



Here at Garofalo we acknowledge the importance of responsible waste management and we undertake to recycle as much as possible



ry. In 2022, we used 1,822 tonnes of plastic, up 20% compared to 2021 due to the higher volume of pasta produced.

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 experimented 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 CO<sub>2</sub> emissions, thanks to an eco-compatible production process and a non-polluting combustion; it is completely biodegradable and can be broken down and composted rapidly. However, the experiments conducted showed that there is a significant gap between the cost of this packaging material and the cost of the product it contains, which runs counter to our goal of offering a quality, healthy and affordable product. For this reason, **using 100% recyclable in single-material bonded polypropylene film pack seems to be the best choice for the moment.**

Nevertheless, we have not discontinued our efforts to improve our packaging. In 2022, **we worked on a new packet** to bring to market in 2023 that, while remaining transparent, affordable, single-material and of course food safe, can help reduce our environmental impact and stimulate a more virtuous and circular packaging supply chain. In comparison

with the traditional plastic film pack, the new packaging will **consist of a percentage of recycled material.** With this initiative, we are therefore experimenting with possible solutions to align ourselves as soon as possible with the packaging targets proposed by the European Union.

In addition to this, we have joined LifeGate's Zero Impact project to offset the CO<sub>2</sub> emissions generated during the manufacture and marketing of packaging for Garofalo brand products for the Italian market from 1 July 2022 to 30 June 2023, with the intention of continuing in the second half of 2023.

In the meantime, we are working with the major retail chains to find equally efficient alternative solutions for private label 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, 2022 saw a drop in the consumption of paper and toner, of 57% and 91% respectively compared to 2021, due to a partial return to normal working conditions following the spread of the pandemic, which had increased materials consumption in 2020 because of the need to reorganise remote work.

## THE NEW PASTA GAROFALO PACK

In keeping with the principles of the circular economy, we focused our study and research for the new packaging on reducing the consumption of virgin material and reusing resources already in circulation. This is why we have focused on a pack **made from 30% recycled plastic**, obtained from the chemical recycling of plastic packaging waste.

As the first in the pasta industry to explore this innovative solution, we hope that our support for this recycling process will help it become more widely available. After all, it opens up unprecedented recycling possibilities for hitherto difficult-to-recycle types of waste such as household plastics. Using chemical recycling, pyrolysis oil can be obtained from the breakdown of the polymers that make up traditional plastic packaging waste, converting them into the raw material that can be used to pro-

duce plastic again, equivalent in quality to virgin material.

The new pack will initially be adopted for five pasta shapes with a commitment to extend it to other products in the line and progressively increase the percentage of recycled plastic material.

And when we launch the new pack, we will also join the Zero Impact initiative in collaboration with LifeGate to offset the CO<sub>2</sub> emissions generated for its production, by purchasing carbon credits that will finance conservation projects for growing forests with the goals of prevention, protection and local development. In addition, the initiative will be accompanied by a communication campaign to explain the project with transparency and clarity and to raise people's awareness to adopt informed habits in the kitchen.





## USE OF THE MAIN MATERIALS BY TYPE

in kg	2022	2021	2020
<b>Product packaging materials</b>			
Cardboard	6,888,500	7,002,000	7,500,000
Plastic	1,821,530	1,519,970	1,469,380
<b>Office materials<sup>32</sup></b>			
Paper	1,235	2,880	3,240
Toner	16	179	189

## WASTE AND BY-PRODUCT MANAGEMENT

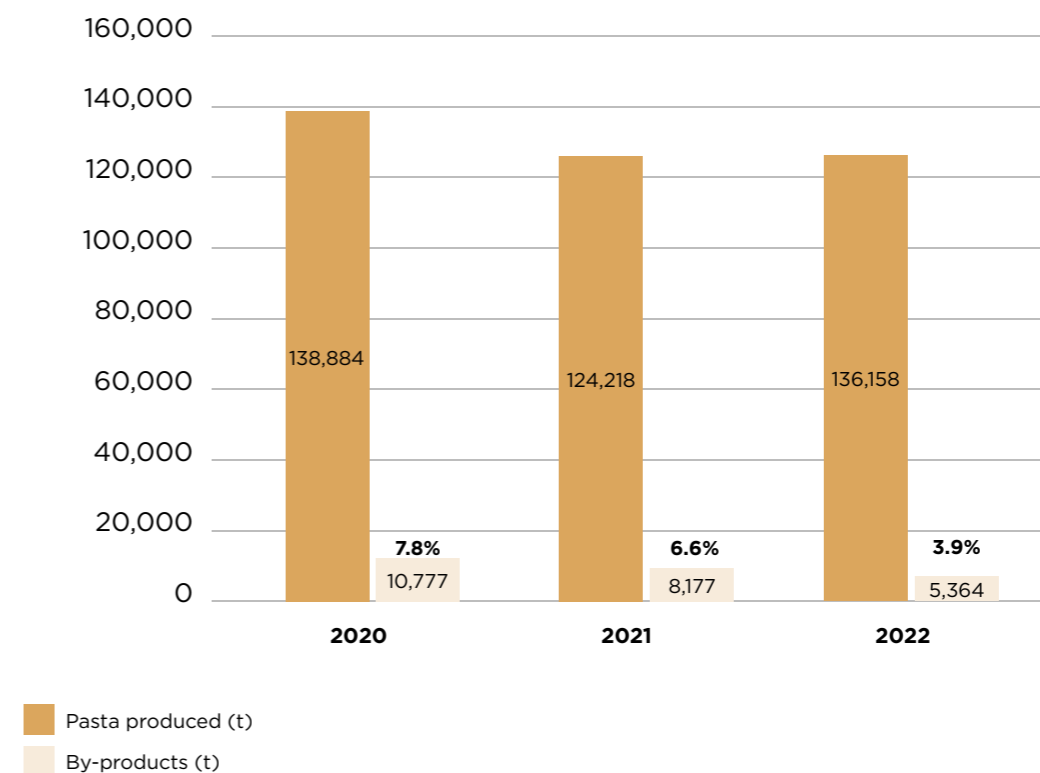
Here at Garofalo we acknowledge the importance of responsible management of the waste produced during all the activities, and we try to encourage the recycling of as much waste as possible, in order to reduce the amount destined for landfills. In 2022, we produced **922 tonnes of waste, 99.1% of it non-hazardous waste**. Despite a 6% increase in total waste compared to the previous year, the ratio of waste generated to tonnes of pasta produced improved by 3%. Most of this is made up of waste from packaging material (plastic and cardboard), most of which is recycled. In 2022, the proportion of hazardous waste, corresponding to 8.2 tonnes, increased from 3.4 tonnes in 2021 as a result of building work and extraordinary maintenance.

### WASTE BY COMPOSITION<sup>33</sup>

in tonnes	2022	2021	2020
<b>Total non-hazardous waste</b>	<b>914.23</b>	<b>864.74</b>	<b>683.81</b>
Paper and cardboard packaging	246.83	249.88	258.90
Plastic packaging	136.92	124.40	126.48
Wood packaging	296.90	368.24	169.84
Mixed packaging	46.81	55.04	9.58
Iron and plastic from demolitions	50.49	26.68	52.34
Mixed materials from demolitions	121.76		
Unsorted municipal waste	6.26	10.26	49.75
Sewage sludge	-	22.90	3.66
Other waste	8.26	7.34	13.25
<b>Total hazardous waste</b>	<b>8.15</b>	<b>3.40</b>	<b>4.30</b>
Waste oils	4.44	3.04	3.30
Contaminated packaging	0.43	0.11	0.70
Oil filters	0.05	0.23	0.22
Bituminous mixtures	3.04		
Lead batteries	0.15		
Other waste	0.05	0.02	0.08
<b>Total waste produced</b>	<b>922.38</b>	<b>868.13</b>	<b>688.10</b>
<b>Tonnes of waste generated / Tonnes of pasta produced</b>	<b>0.0068</b>	<b>0.0070</b>	<b>0.0050</b>

We recover 100% of the by-products derived from the processes by directing them to the animal feed or petfood chain. In 2022, we reduced the amount of by-products generated by 34% compared to the previous year, from 8,177 tonnes to 5,364 tonnes, thus demonstrating an increase in the level of efficiency of our production processes.

### BY-PRODUCTS GENERATED IN RELATION TO THE VOLUME OF PASTA PRODUCED



We also work with a local company that has set up a circuit for the recovery and recycling of **PP/PE plastic waste**. In 2022, we delivered more than 209 tonnes of plastic waste which, following a mechanical recycling process, was transformed into secondary raw material used for the production of plastic crates. A guarantee certificate assures the composition and quality of the recycled material obtained.

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

33. The figures in the following table do not include scraps recovered as by-products for animal feed



## ABOUT THIS REPORT

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 the commitments and actions taken with regard to sustainability issues.

This fourth edition of the Sustainability Report - regarding the period from 1 January to 31 December 2022, reports the progress made and new commitments undertaken as part of Garofalo’s sustainability journey, presented in the previous edition, which covered the period from 1 January to 31 December 2021.

The scope of the 2022 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 and the controlled companies, Bertagni 1882 S.p.A. and Grani d’Italia.

The Sustainability Report has been drafted in compliance with the “Global Reporting Initiative Sustainability Reporting Standards” defined in 2021 by the Global Reporting Initiative (GRI), on the basis of the “in accordance with” reporting option. The GRI is the most widely used benchmark 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 materiality assessment process that has made it possible to identify the most relevant sustainability themes 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. Please also note that we have clearly specified where previously published comparative data are restated in the document.

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](http://www.pasta-garofalo.com/it) and on the website [www.comesifagarofalo.it](http://www.comesifagarofalo.it). For information and communications on the Sustainability Report, you can write to [ehs@pastagarofalo.it](mailto:ehs@pastagarofalo.it).

# GRI CONTENT INDEX



The Garofalo 2022 Sustainability Report was drafted in compliance with GRI Standards. The table below shows the company information based on GRI Standards, with reference to the materiality assessment conducted. For all the information provided, reference is made to the pertinent page of the Sustainability Report.

GRI Standard	Disclosure	Page number	Notes / Omissions
<b>General disclosures</b>			
<b>GRI 2: General disclosures 2021</b>	2-1 Organizational details	18-19, 115	
	2-2 Entities included in the organization's sustainability reporting	115	
	2-3 Reporting period, frequency and contact point	115	
	2-4 Restatements of information		There have been no significant changes in the information reported in 2020 and 2021.
	2-5 External assurance	115	
	2-6 Activities, value chain and other business relationships	10-11, 54-55, 68-69	
	2-7 Employees	84	
	2-8 Workers who are not employees	84	
	2-9 Governance structure and composition	20	b) There are no committees within the governance body responsible for decision-making and monitoring the management of the organisation's impacts on the economy, environment and people. c) The highest governance body consists of Antonio Hernandez Callejas, Chair of the Board of Directors; Massimo Menna, Director and Chief Executive Officer; Xavier Jacques Francois Riesher-Tuczkiwicz, Director. All three members are male, independent, represent shareholders, do not represent under-represented social groups and have expertise in economic, environmental and social issues.
	2-10 Nomination and selection of the highest governance body		a) The board of directors is appointed by the annual general meeting of shareholders and remains in office for three financial years. b) No criteria have been formalised for the appointment of the members of the highest governance body.
	2-11 Chair of the highest governance body		a) The Chair of the highest governance body does not hold management positions within the organisation. b) Not applicable.
	2-12 Role of the highest governance body in overseeing the management of impacts		a) Through senior managers delegated to specific functions, the highest governance body oversees and approves the development of the mission, strategies and policies for managing impacts on the economy, environment and people. b) The BoD promotes the preparation and conduct of periodic due diligence processes to identify and assess the significance of impacts. More specifically, management oversees and approves the execution of the materiality assessment that requires evaluating the significance of the impacts generated by the organisation on the environment, economy and people. Stakeholder engagement in the control of due diligence processes is delegated to the operational roles that implement strategic guidelines, through the organisation of specific engagement activities or on periodic occasions, such as meetings between management and trade union representatives (RSU). c) The effectiveness of the processes is periodically verified by management during the review required by the integrated management system.
	2-13 Delegation of responsibility for managing impacts		The highest governance body has not delegated responsibility for managing the organisation's impacts on the economy, environment and people to managers or other employees.
	2-14 Role of the highest governance body in sustainability reporting		The CEO verifies and approves the process of defining material topics and the information reported in the annual Sustainability Report.

GRI Standard	Disclosure	Page number	Notes / Omissions
<b>General disclosures</b>			
<b>GRI 2: General disclosures 2021</b>	2-15 Conflicts of interest		a) In January 2023, Garofalo adopted its Compliance Model pursuant to Italian Legislative Decree 231/2001, a tool designed to ensure the utmost fairness and transparency in conduct inside the Company and to prevent offences from being committed. The Oversight Committee, consisting of an independent member from outside the Company, endowed with autonomous powers of initiative and control conferred by the Board of Directors, monitors compliance with the principles and rules laid down in the Model and specified in Garofalo's Code of Ethics, which is part of the Compliance Model. Preventing conflicts of interest falls within the areas regulated and monitored in the application framework of the Compliance Model. b) Any conflicts of interest that may arise are reported to stakeholders.
	2-16 Communication of critical concerns		a) Garofalo gathers and analyses all information received through its communication channels and at periodic meetings with stakeholders (reports to the Oversight Committee, reports to Customer Care, meetings with trade union representatives, etc.) and if this information includes any critical concerns in terms of actual and potential negative impacts, these are reported to the highest governance body. b) No critical concerns were reported to the highest governance body during the reporting period.
<b>GRI 2: General disclosures 2021</b>	2-17 Collective knowledge of the highest governance body		The collective knowledge, skills and experience of the highest governance body with regard to sustainable development are enhanced and promoted through discussions with relevant officers at board meetings.
	2-18 Evaluation of the performance of the highest governance body		a) There are currently no formalised measures for evaluating the performance of the highest governance body in monitoring the management of impacts on the economy, environment and people. b) Not applicable. c) Not applicable.
	2-19 Remuneration policies		a) The remuneration of the members of the Board of Directors is decided by the shareholders at the time of their appointment. Their compensation is fixed; there are no bonuses, benefits or variable fees. b) Remuneration of members of the highest governance body and senior executives is not based on performance targets and results with respect to managing the organisation's impact on the economy, the environment and people.
	2-20 Process to determine remuneration		a) The remuneration of the members of the Board of Directors is decided by the shareholders at the time of their appointment. b) Not applicable.
	2-21 Annual total compensation ratio		The annual total compensation ratio between the person receiving the highest remuneration and the average annual total remuneration of all employees was 6.52 in 2022, 5.46 in 2021 and 5.55 in 2020. The ratio of the percentage increase of the two remunerations was 7.68 in 2022, 0.40 in 2021 and -0.49 in 2020.
	2-22 Statement on sustainable development strategy	7	

GRI Standard	Disclosure	Page number	Notes / Omissions
<b>General disclosures</b>			
<b>GRI 2: General disclosures 2021</b>	2-23 Policy commitments		<p>a) The Integrated Management System Policy sets out the organisation's commitments in the fields of environment, social responsibility and safety:</p> <p>i. the commitments refer to the international standards defined by ISO 14001, ISO 50001, ISO 45001, SA8000;</p> <p>ii. the commitments require the implementation of a due diligence process that includes the assessment of the reference context, the monitoring of impacts and risks, the selection and monitoring of suppliers and partners, and the periodic evaluation of management performance;</p> <p>iii. in assessing impacts and risks, the organisation adopts an approach based on the precautionary principle;</p> <p>iv. the commitments require respect for human rights and workers' rights.</p> <p>b) i. The commitments defined in the SA8000 Social Policy - part of the Integrated Management System - require respect for the rights referred to in the International Labour Organisation (ILO) Conventions, the United Nations Convention on the Rights of the Child, the Universal Declaration of Human Rights and in all relevant national and international laws;</p> <p>ii. the social commitments concern all the workers employed directly by Garofalo and by suppliers along the supply chain, with particular attention to the rights of minors, pregnant workers and new mothers and other vulnerable categories;</p> <p>c) Integrated Management System Policy <a href="https://www.pastagarofalo.it/pdf/La-Politica-del-SGI-rev5.pdf">https://www.pastagarofalo.it/pdf/La-Politica-del-SGI-rev5.pdf</a></p> <p>d) The organisation's policies are approved by the CEO</p> <p>e) The commitments made apply not only to employees, collaborators, suppliers and business partners, but also to other persons who have dealings with the Company.</p> <p>f) The Integrated Management System Policy is shared internally and made available on the Company's website.</p>
	2-24 Embedding policy commitments		<p>a) i. The assignment of responsibility for implementing the commitments described in the Integrated Management System Policy to the various levels of the organisation is referred to in the management manual and in the attached procedures;</p> <p>ii. The policies and procedures adopted at corporate level are defined in such a way as to ensure that the principles of the Code of Ethics and the Integrated Management System Policy are echoed in the conduct of all persons working on behalf of Garofalo. Furthermore, investigation and sanction mechanisms are in place in the event of violations of the Code of Ethics;</p> <p>iii. The organisation conducts periodic monitoring activities with respect to requirements and audits of suppliers;</p> <p>iv. Management systems certified by accredited third-party bodies establish the requirements for providing training activities for the implementation of principles aimed at individuals in positions of responsibility.</p>
	2-25 Processes to remediate negative impacts		<p>a) In addition to the whistleblowing channels (Oversight Committee and reporting procedures set out in the Code of Ethics), the organisation has set up other channels for reporting complaints:</p> <ul style="list-style-type: none"> <li>- dedicated web form for customer service</li> <li>- dedicated e-mail address for the company population</li> </ul> <p>b) The aforementioned channels address specific categories of stakeholders. Complaints are handled by the relevant department and, in the case of critical concerns, communicated to the governance body.</p> <p>c) In addition to the complaint procedures, Garofalo implements other actions aimed at remedying environmental and social impacts respecting the principles laid down in the Integrated Management System Policy and the procedures thereof.</p> <p>d) Currently, stakeholders are not directly involved in the planning and review of complaint procedures.</p> <p>e) The organisation records and monitors complaints received. In addition, in the case of customer service, for example, it monitors the response rate to users.</p>

GRI Standard	Disclosure	Page number	Notes / Omissions
<b>General disclosures</b>			
<b>GRI 2: General disclosures 2021</b>	2-26 Mechanisms for seeking advice and raising concerns		Stakeholders can use the contact details of the Oversight Committee, as indicated in the organisation's Code of Ethics to seek advice about the implementation of the organisation's policies and practices for responsible business conduct and raise concerns about the organisation's business conduct.
	2-27 Compliance with laws and regulations		In the 2020-2022 three-year period, there were no recorded instances of non-compliance with laws and regulations.
	2-28 Membership associations	37	
	2-29 Approach to stakeholder engagement	38-41, 47, 56-57, 76, 82	
	2-30 Collective bargaining agreements	90	
<b>MATERIAL TOPICS</b>			
<b>GRI 3: Material Topics 2021</b>	3-1 Process to determine material topics	40-45	
	3-2 List of material topics	46-47	
<b>HEALTH AND SAFETY</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	91-93	
	<b>GRI 403 Occupational health and safety 2018</b>		
<b>GRI 403 Occupational health and safety 2018</b>	403-1 Occupational health and safety management system	91	
	403-2 Hazard identification, risk assessment, and incident investigation	91	
	403-3 Occupational health services	92-93	
	403-4 Worker participation, consultation, and communication on occupational health and safety	91-92	
	403-5 Worker training on occupational health and safety	92	
	403-6 Promotion of worker health	93	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	91	
	403-9 Work-related injuries	94	
	403-10 Work-related ill health	94	
	<b>FOOD SAFETY, TRACEABILITY AND QUALITY</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	66-73	
<b>GRI 416: Occupational health and safety 2016</b>	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services		In the period 2020-2022, no non-conformities were recorded regarding impacts on the health and safety of products and services.
<b>EMISSIONS</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	104-105	
	<b>GRI 305: Emissions 2016</b>		
<b>GRI 305: Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions	104	
	305-2 Energy indirect (Scope 2) GHG emissions	104	
	305-4 GHG emissions intensity	104	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	105	

GRI Standard	Disclosure	Page number	Notes / Omissions
<b>ENERGY CONSUMPTION AND PROMOTION OF ENERGY EFFICIENCY</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	102-103	
<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organization	103	
	302-3 Energy intensity	103	
	302-4 Reduction of energy consumption	103	
<b>PROCUREMENT PRACTICES</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	54-61	
<b>GRI 204: Procurement practices 2016</b>	204-1 Proportion of spending on local suppliers	55	
<b>PACKAGING</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	108-111	
<b>GRI 301: Materials 2016</b>	301-1 Materials used by weight or volume	112	
<b>MANAGEMENT OF HUMAN RESOURCES</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	82, 84, 86, 88, 90	
<b>GRI 401: Employment 2016</b>	401-1 New employee hires and employee turnover	87	
<b>GRI 402: Labor/Management relations 2016</b>	402-1 Minimum notice periods regarding operational changes	90	
<b>GRI 404 Training and education 2016</b>	404-1 Average hours of training per year per employee	89	
<b>GRI 405: Diversity and equal opportunities 2016</b>	405-1 Diversity of governance bodies and employees	20, 85	
<b>GRI 406: Non-discrimination 2016</b>	406-1 Incidents of discrimination and corrective actions taken		No cases of discrimination occurred in the 2020-2022 period.
<b>WATER CONSUMPTION</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	106-107	
<b>GRI 303: Water and effluents 2018</b>	303-1 Interactions with water as a shared resource	106-107	
	303-2 Management of water discharge-related impacts	106-107	
	303-3 Water withdrawal	106	
	303-4 Water discharge	106	
<b>CUSTOMER FOCUS</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	74-75, 78	
<b>GRI 417: Marketing and Labeling 2016</b>	417-1 Requirements for product and service information and labeling	74-75	
	417-2 Non-conformity regarding information and labeling of products and services		In the 2020-2022 period, no non-conformities were recorded regarding information and labelling of products and services.
	417-3 Incidents of non-compliance concerning marketing communications		In the period 2020-2022, no non-conformities were recorded regarding marketing communications.

GRI Standard	Disclosure	Page number	Notes / Omissions
<b>CIRCULAR ECONOMY AND WASTE</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	112-113	
<b>GRI 306: Waste 2020</b>	306-1 Waste generation and significant waste-related impacts	112-113	
	306-2 Management of significant waste-related impacts	112-113	
	306-3 Waste generated	112	
<b>INTEGRITY, COMPLIANCE AND PROTECTION OF ECONOMIC VALUE</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	21-23	
<b>GRI 205: Anti-corruption 2016</b>	205-3 Confirmed incidents of corruption and actions taken		In the period 2020-2022, no episodes of corruption occurred.
<b>GRI 206: Anti-competitive behavior 2016</b>	206-1 Legal actions for anti-competitive, antitrust and monopolistic practices		In the period 2020-2022, no legal action was recorded for anti-competitive, antitrust and monopolistic practices.
<b>GRI 418: Customer Privacy 2016</b>	418-1 Substantiated reports regarding breaches of customers' privacy or loss of their data		In the period 2020-2022, no substantiated reports were recorded regarding breaches of customers' privacy or loss of their data.
<b>EDUCATION AND AWARENESS</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	76-78	
<b>ATTENTION TO THE COMMUNITY</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	96-97	
<b>GRI 413: Local communities 2016</b>	413-2 Operations with significant actual and potential negative impacts on local communities	96	





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