FINE FOODS & PHARMACEUTICALS N.T.M. S.p.A.

2021 Impact Report

Under Law no. 208 of 28.12.2015, Art. 1, paragraphs 382-383

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Introduction

"Fine Foods believes in a fair and sustainable future and works to create long-term value for the benefit of its stakeholders, contributing to the development and well-being of the communities in which it operates."

Based on this vision, Fine Foods amended its Articles of Association to become a **Benefit Corporation** in April 2021. This decision is a formal commitment to common benefit purposes and operating responsibly, sustainably and transparently towards people, communities, regions and the environment, cultural and social assets and activities, bodies and associations and other stakeholders.

What does Benefit Corporation mean?[1]

Benefit Corporations are different from traditional companies because they aim to impact society and the biosphere positively while meeting profit objectives.

The Benefit Corporation is a legal tool that creates a solid basis for aligning the long-term corporate mission with the creation of shared value. This makes it possible to protect the mission even if there is a change in leadership.

Importantly a Benefit Corporation is not a "non-profit." Benefit Corporations are a positive transformation of the dominant models of profit-making enterprises to make them more suitable for the challenges and opportunities of 21st-century markets.

In 2010, the US introduced the Benefit Corporation (equivalent to the Italian Società Benefit) legal status. The impetus came from certified B Corp companies that wanted institutional recognition of their innovative business model.

Certified B Corps receive a certification of their performance calculated based on a study that attests to the achievement of precise standards in terms of environmental, social and economic impact.

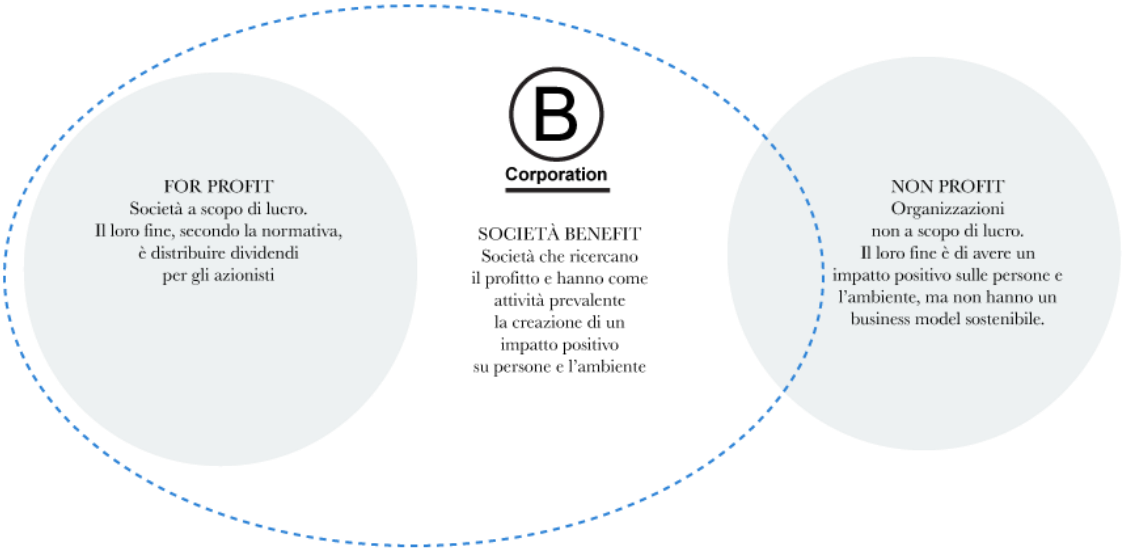
In 2014, the Italian certified B Corps promoted a political and legal project coordinated by Senator Mauro Del Barba to develop an Italian regulation on Benefit Corporations that would align with the USA Benefit Corporation regulations.

[1] www.assobenefit.org - Benefit corporations

The Benefit Corporations regulation came into force on 1 January 2016 and is contained in Law no. 208 of 28/12/2015 (2016 Stability Law) Art. 1, Paragraphs 376-384.

The two models - Benefit Corporation and B Corp- are complementary. To underline this aspect, Italian certified B Corps must convert into a Benefit Corporation within two years from the first certification.

The following image shows the relationship between the different types of companies:



Transparency obligations of Benefit Corporations

Under Law no. 208/2015, Benefit Corporations must prepare an annual report on common benefit objectives attached to the company's financial statements.

This report must include:

a) a description of the **specific objectives**, methods and actions carried out by the directors to implement common benefit objectives and any circumstances that have prevented or slowed it down;
b) an **impact assessment** using the external assessment standard described in Annex 4 to the above law. This includes the assessment areas identified in Annex 5 of the law;
c) a section dedicated to explaining the **new objectives** that the company will implement in the following financial year.

This annual report fulfils these obligations and is published on the Company's website for interested stakeholders.

The common benefit objectives implemented by Fine Foods

The common benefit objectives defined within the Fine Foods Articles of Association are as follows:

1) **operating responsibly, sustainably and transparently** towards people, communities, regions and the environment, cultural and social assets and activities, bodies and associations and other stakeholders;
2) implementing common **society** benefit objectives;
3) implementing common **environmental** benefit objectives;
4) implementing common **community and regional** benefit objectives.

The programme to achieve common **community and regional** benefit objectives was defined through a participatory process that involved Fine Foods employees engaging in the following. During Fine Foods' membership in the Global Compact, the Parent Company's ESG Department circulated a questionnaire among its employees using a survey monkey platform. They were asked to select three United Nations Sustainable Development Goals (SDGs) from the list of seven goals identified by management [2]as priorities and consistent with the Group's business. Each objective was associated with an activity of common interest Fine Foods would start to implement under the social responsibility commitments undertaken through its Global Compact membership and transformation into a Benefit Corporation. The results identified four main areas corresponding to four Sustainable Development Goals (SDGs) on which the Fine Foods Group's common benefit plan for the region and communities will be based:

Training young people
Working with schools to guide young people to choose scientific and technical subjects to prepare them for future challenges.

Health and people care
Lending support to health and people's care organisations in our region through volunteering or donations to purchase equipment.

Responsible Consumption
Promoting an awareness campaign on sustainable resource use, sustainable consumption and environmental education.

Environmental Care
Contributing to projects to protect and restore green areas in our region.

[2] According to the GRI standard, management has identified priority objectives in the materiality analysis. The complete materiality analysis can be found in the Sustainability Report 2021, available at www.finefoods.it – "Sustainability" – "Fine Foods For Future" section.

Programme of objectives and actions to implement common benefit objectives in 2022

The strategic projects and activities to achieve the common benefit objectives defined in the Articles of Association were approved by the Board of Directors as part of the "Fine Foods For Future 2025" Sustainability Plan set out in the "Sustainability Report 2021."

Fine Foods will contribute to 11 of the 17 Sustainable Development Goals (SDGs) of the United Nations 2030 Agenda and the Global Compact Principles. The Sustainability Plan is used to share this Fine Foods process with stakeholders.

Specific targets and KPIs were defined and agreed with the managers of each area.

Purpose 1: Operating responsibly, sustainably and transparently towards people, communities, regions and the environment, cultural and social assets and activities, bodies and associations and other stakeholders.

Objectives	**Target 2022**
Projects for the dissemination and acquisition of skills related to the code of ethics and implementation policies in group companies.	Updating the code of ethics and anti-corruption policy and training all staff.

Purpose 2: Implementing common society benefit objectives

Objectives	**Target 2022**
Implementing campaigns to promote safety in group companies.	At least one campaign to promote safety at work.
Implementing projects to promote healthy lifestyles, encourage prevention measures, increase people's wellbeing and work-life balance and raise people's awareness of diversity and inclusion issues to prepare the company for the future.	1) At least one project to promote prevention and personal well-being. 2) Implementing smart working regulations.
Promoting training courses to develop skills in diversity and inclusion and soft skills.	Activation of a training platform for employees on diversity and inclusion issues.

Purpose 3: Implementing common environmental benefit objectives

Objectives	**Target 2022**
Reducing climate impact.	A least 50 KW installed capacity for energy production from renewable sources.
Water consumption reduction.	Implementing water consumption monitoring network at the Zingonia plant.
Reducing waste sent for disposal.	At least one project to reduce waste sent for disposal.
Reducing product environmental impact.	1) At least one project to develop sustainable products based on eco-design criteria. 2) One training project for acquiring eco-design skills and training 40 per cent of R&D personnel.

Purpose 4: Implementing common community and regional benefit objectives

Objectives	**Target 2022**
Sharing corporate values along the supply chain.	1) 80% of suppliers signing the code of ethics. 2) Group of suppliers accounting for 80% of total expenditure, assessed under Environmental and Social criteria.
Promoting and funding common benefit projects for people care, young people education, environment protection and responsible consumption.	1) At least one common benefit project for people care, young people education, environment protection and responsible consumption. 2) At least 100 people involved in the region in sustainability education projects.

The plan is monitored and updated annually to report on progress.

Common benefit projects carried out in previous financial years

Fine Foods changed its status to Benefit Corporation in April 2021, so this document is the first impact report. As a result, it is impossible to describe the targets achieved in the current financial year since the targets are presented for the first time in this document.

However, Fine Foods has been active on the sustainability front for some time, and common benefit activities were conducted before the Articles of Association amendment. The table below shows the main activities carried out during 2019-2021:

Scope	Assets	Description
People - Safety at work	**"Take care of yourself, you are a masterpiece" campaign**	In December 2021, all Fine Foods employees received a T-shirt emblazoned with the campaign catchphrase. A famous painting was modified so that the portrait subject was shown wearing Personal Protective Equipment (PPE). This includes protective goggles, gloves for handling chemicals or safety shoes. A symbolic and powerful representation to remind you that your body is a work of art, and must be protected and preserved.
People - Workers' well-being	**"Stress management" desk**	The pandemic impacted everyone, even those not affected by COVID and more than many think. Fine Foods, wishing to help its employees to overcome this difficult period or manage situations of discomfort in a personal or professional framework, has decided to offer a psychological assistance desk. The service started at the beginning of 2021 and has been confirmed for 2022 for more than 600 employees working at the Zingonia and Brembate plants.
People - Workers' well-being	**"Nutrition" Desk**	At the beginning of 2021, Fine Foods started an initiative dedicated to spreading the culture of healthy eating. A professional in the nutrition field, available by appointment directly at the infirmary of the Zingonia and Brembate plants, has been appointed to provide nutritional advice to employees who request it, free of charge.
Environment - Climate protection	**Energy produced from renewable sources**	At the Zingonia plant, there is a 300-kW photovoltaic system capable of generating around 300 MWh of energy annually. In 2021, 309 MWh of energy was produced.
Environment - Climate protection	**Energy management**	The Parent Company appointed an Energy Manager to provide a reactive and efficient system to implement the necessary actions to

		rationalise energy use. The Energy Manager oversees consumption and directs investments in effective energy efficiency projects.
Environment - Climate protection	**Energy efficiency**	In 2021, two co-generators went into operation at the Zingonia and Brembate plants, each with a capacity of 1,847 kW. The electricity produced by the new systems is used to meet the energy needs of the two industrial facilities. The thermal energy produced is exploited using hot water and saturated steam, feeding the existing steam and hot water network. The main advantage of installing co-generators is that they can utilise heat that would otherwise be dissipated, generated as a by-product of electricity production from methane gas. With the energy efficiency achieved through the co-generators, Fine Foods has reduced CO_2 equivalent emissions released into the atmosphere in the short term.
Environment - Resource management	**Optimising special waste from packaging**	During 2020, at the Zingonia plant, a system was implemented to further optimise the sorting of mixed packaging (CER 15.01.06) by dividing the plastic into stretch film, cans and big bags. Sorting improved the amount of waste sent for recovery and reduced disposal costs. By implementing vertical presses for compacting the waste, the number of trips was optimised, with considerable savings in transport and related pollutant emissions.
Community and the region - Supplier assessment	**Environmental and social assessment of raw material and packaging suppliers**	In 2021, Fine Foods' Parent Company listed its most important raw material suppliers, i.e. recipients of 80 per cent of the value of raw and packaging materials ordered. Fine Foods assessed 43 suppliers during 2021, corresponding to 75 per cent of the value of raw and packaging materials ordered.
Community and the region - Partnership with schools	**Partnership with schools**	The Company has always partnered with schools related to its business. Fine Foods has partnered with high schools to start school-to-work projects, apprenticeships and internships. In 2021, 12 students were accepted for internships, apprenticeships or school-to-work projects.

Standard used for the impact assessment

Fine Foods used the international standard **B Impact Assessment** for the impact assessment required by the regulations[3]**.**

This management tool, used by over 150,000 companies worldwide, enables companies to measure and manage their social and environmental performance by providing an easy-to-use, in-depth and standardised framework for measuring the company's impact on its stakeholders.

The B Impact Assessment meets the statutory qualifications necessary for Benefit Corporations, mainly reporting and transparency requirements. It is the assessment tool used to verify that a company meets the minimum performance requirements to apply for B Corp certification. The minimum score to apply for B Corp certification is 80 points.

The assessment is divided into five "impact areas": governance, workers, community, environment and customers.

1) The **Governance** area assesses a company's overall mission, commitment to its social and environmental impact, ethics and transparency. This section assesses a company's ability to protect its mission and formally consider stakeholders in decision-making through its corporate structure.
2) The **Workers** area assesses the company's contribution to ensuring its employees' financial security, health and safety protection, well-being, career development and general satisfaction.
3) The **Community** area assesses a company's commitment and impact on the communities where it operates and originates. Topics include diversity, equity and inclusion, economic impact, civic engagement, charity and supply chain management. This section recognises business models designed to address specific community-oriented issues, such as poverty reduction through sourcing or distributing fair trade through micro-enterprises, producer cooperation models, locally-focused economic development and formal charitable commitments.
4) The **Environment** area assesses a company's overall environmental management practices and their impact on air, climate, water, land and biodiversity. This includes the direct impact of a company's operations and possibly its supply chain and distribution channels. This section recognises companies with environmentally innovative production processes and those that sell products or services that have a positive environmental impact. Examples might include products and services that create renewable energy, reduce consumption or waste, preserve land or wildlife, provide less toxic alternatives to the market or educate people about environmental issues.

[3] www.bcorporation.net

5) The **Customer** area assesses a company's management of its customers through the quality of its products and services, ethical marketing, data privacy and security, and feedback channels. This section recognises products or services designed to address a specific social problem, such as pharmaceutical products or educational services, or that improve the social impact of other companies or organisations.

A variable number of questions are asked within each impact area that provide a numerical indicator, ranging from 0 to 200, of a company's positive impact based on its policies, practices, and results.

Impact assessment: Fine Foods B Impact Score

Fine Foods carried out the impact assessment using the B Impact Assessment tool in May 2021.

At the Impact Report's publication date, Fine Foods is awaiting the audit by the certification body B Lab to obtain B Corp certification.

The minimum score to meet the performance requirements to apply for B Corp certification is 80. The B Impact Score obtained by Fine Foods is 105 points.

Below is the detail of the assessment performed for each impact area:

GOVERNANCE

DOMANDE RISPOSTE 30/30 PUNTEGGIO GENERALE 16.2

WORKERS

DOMANDE RISPOSTE 59/59 PUNTEGGIO GENERALE 31.1

COMMUNITY

DOMANDE RISPOSTE 45/45 PUNTEGGIO GENERALE 17.3

ENVIRONMENT

DOMANDE RISPOSTE 78/79 PUNTEGGIO GENERALE 36.2

CUSTOMERS

DOMANDE RISPOSTE 11/11 PUNTEGGIO GENERALE 4.0

Conclusions

This annual report fulfils the obligations under Law no. 208/2015, Art. 1, paragraphs 382-383, and is made available through the Company's website for interested stakeholders.