INALCA®

SUSTAINABILITY REPORT

2020

Sustainability Report
INALCA 2020

INALCA GROUP
Sustainability Report 2020

The previous reports are available online at **www.inalca.it**

Luigi Cremonini
The president

Letter from the President

Dear members, collaborators, and partners,

as we all well know, 2020 brought us the most dire international health crisis in recent history, a disaster that affected every area of manufacturing, pushing food and production to the front lines in order to ensure supply to supermarkets and other vital places providing products during lockdown.

INALCA played its part, ensuring that every plant was operational, with the primary goal of fully protecting every employee in accordance with the company's concerted effort to enforce social sustainability.

At the beginning of the pandemic in Italy, INALCA was one of the first companies to examine a precise protocol in coordination with social practices and validated by health authorities, making operations management optimal.

The company continues to invest, in tandem with the difficulties that Covid 19 has presented, in sustainability. We have installed over 18.000 high-technology solar panels in 13 plants that not only provide 6 megawatts of energy, but save 2.800 tons of Co2 emissions, yet another step towards decarbonization.

We are also making our supply chain more efficient by converting the biogas derived from our agro-industrial processes into liquid bio-methane destined for the automotive sector. By 2022, we can use this to fuel our company trucks' product delivery to supermarkets.

I am proud that, in this particular moment, the company has maintained its ethics of sustainability. INALCA'S seventh Sustainability Report is thanks to the efforts of our employees and stakeholders on every level, that have supported and shared the growth of our company in Italy and around the world.

Luigi Cremonini
The president

METHODOLOGICAL NOTE

The INALCA Group's seventh Sustainability Report refers to the period January 1st - December 31st, 2020, and has been prepared in accordance with the Global Reporting Initiative Sustainability Reporting Standards, hereinafter GRI Standards, in compliance with the "In accordance- Core" option. The 2020 GRI specific standard 306 (Waste) has been adopted, and the Company's report was subject to a limited assurance engagement according to the criteria set out by the ISAE 3000 Revised Principles.The engagement was carried out by Deloitte & Touche S.p.A..
The Report is published annually. The information included in the Report refers to topics identified as of relevance to the INALCA Group and its stakeholders through the process of materiality analysis. For further information concerning the analysis conducted, refer to chapter 2.0 PRINCIPLES AND VALUES in this document.

INALCA drafted this report adopting the following geographical classifications in territories where the Group operates production plants, logistical infrastructures, and commercial offices: Italy, Europe, Asia, Australia, and North America.
This geographical aggregation identifies macro-areas where INALCA experienced historic growth in line with their adopted business model.

The scope of the economical-financial data and information is the same as the Consolidated Financial Statements as of December 31, 2020 Report. The scope of data and information relating to human resources includes only Group companies consolidated on a line-by-line basis in the Consolidated Financial Statements, while data and information pertaining to health and safety includes INALCA S.p.A. (Capo D'Orlando; Castelvetro; Ospedaletto Lodigiano; Pegognaga; Reggio Emilia; Rieti), Ges.Car S.r.l. (Castelvetro Modena; Ospedaletto Lodigiano; Rieti; Capo D'Orlando; Rossano), and Italia Alimentari S.p.A. (Gazoldo; Busseto; Postalesio; Mandatoriccio; Soragna). The environmental data and information cover 14 production plants, including 6 from INALCA S.p.A., 3 from Italia Alimentari S.p.A., 2 from Fiorani S.p.A., 1 from OOO Marr Russia,1 from OOO Orenbeef, and 1 from Realbeef S.r.l., as well as agricultural company Corticella S.r.l., agricultural waste recovery center Sara S.r.L., and the fat to energy transformation plant, Unitea S.r.l.

There are 55 distribution platforms, 4 commercial offices not significant in terms of environmental impact, 8 of the 9 farming companies, and 10 of the 24 production plants excluded from the environmental data and information scope.
Below are outlined the significant developments that occurred during the 2020 reporting period, including:

- **The former Nava plant in Agrate Brianza (Milan)*:** Purchased during the 2020 financial year as part of a bankruptcy arrangement, the slaughterhouse continues to be managed by a company that exclusively supplies INALCA with all final product.
- **Plant in Castelnuovo Rangone (Modena)*:** Plant purchased from subsidiary Castelfrigo LV s.r.l during the 2020 financial year, to produce cuts of pork, pancette, and above all pancettoni destined for Italia Alimentari's plants' production of cold cuts and bacon, as well as third party clients
- **Plant in Castelvetro (Modena):** Currently in the rendering phase, destined to transform bovine fat and bone processing, as well as frozen hamburgers, and a new hide processing plant.
- **Plant in Ospedaletto (Lodi):** Current construction of a storage warehouse for frozen food pallets.
- **Plant in Pegognaga (Mantova):** current construction of a manure drying and a leather processing and storage plant.
- **Plant in Sochocin (Poland)*:** Current construction of a new slaughterhouse.
- **Plant in Sochi (Russia)*:** A new distribution platform was inaugurated during the year.

To ensure data accuracy, the use of estimation has been limited. Where estimates were used, they were based on the best available methodology.

* Production plants excluded from financial and environmental information and data relative to the December 31, 2020 report.

1.0
THE GROUP'S IDENTITY

INALCA - ***Castelvetro di Modena plant (MO)***

1.1 | THE GROUP'S VALUES AND ROOTS

INALCA's founding principle is immersed in **millenary Italian agriculture, a tradition that inspires and supports its developmental model.** INALCA identifies with **farming heritage and values, as well as the social identity of land and food that have always defined Italy.**

This said, **the company focuses on creating an increasingly integrated and sustainable beef supply chain** that places particular emphasis on social context, environmental protection, and the demands of the agricultural world. The company has adopted these issues directly within **their chain of values,** acting as part of their concrete identity and fueling their competitive spirit.

The company's success is linked to their **ability to combine efficiency and economic results,** guaranteeing growth and employment closely linked to the territory where the company conducts its business. This is the only way to **effectively fight hunger by providing healthy, accessible food for all.**

Bonifiche Ferraresi - Jolanda di Savoia (FE)

Marchesina breeding farm - Rosate (MI)

1.2 | OUR HISTORY

Continuous growth since 1963

1963
YEAR OF FOUNDATION

1970 – 1980

1969
EXPANSION OF THE CASTELVETRO PLANT
1,000
head/week

1971
ACQUISITION OF THE CORTICELLA FARM

1976
ACQUISITION OF THE MONTORSI SALUMIFICIO

1980 – 1990

1982
EXPANSION OF THE CASTELVETRO PLANT
3,000
head/week

1985
BURGHY FAST FOOD CHAIN

1986
ACQUISITION OF THE ICAR FACTORY IN RIETI

1990 – 2000

1990
ACQUISITION OF THE MONTANA BRAND

1999
1st MEAT TRACEABILITY SYSTEM

1999
INALCA OPENS IN OSPEDALETTO THE LARGEST EUROPEAN PLANT

2000 – 2010

2002
ACQUISITION OF THE IBIS PLANT IN BUSSETO AND OF A PLANT IN POSTALESIO

2000 — 2010

2004
NEW SLAUGHTERING AND MEAT PROCESSING PLANT IN AVELLINO

2006
INALCA EXPANDS AND CONSOLIDATES PRESENCE IN AFRICA OPENING THE FIRST PLANT IN LUANDA

2009
INALCA IS SELECTED BY MCDONALD'S TO PRODUCE AND SUPPLY HAMBURGERS IN RUSSIA

2009
INALCA ACQUIRES THE CAPO D'ORLANDO (ME) PLANT

2010 — TODAY

2010
MODERN HAMBURGER PRODUCTION PLANT IN RUSSIA IN FEBRUARY INAUGURATED

2012
IF&B, A FUNDAMENTAL COMPANY FOR THE SUPPLY CHAIN OF INTERNATIONAL DISTRIBUTION IS BORN

2013
THE CREMONINI GROUP CELEBRATES SINCE 50 YEARS OF INALCA'S FOUNDATION

2014
INAUGURATED INTEGRATED SLAUGHTER AND DEBONING PLANT IN RUSSIA, ORENBURG

2015
INALCA IS THE PROTAGONIST AT EXPO 2015, WITH A LARGE STAND IN THE CIBUS ITALIA PAVILION

2016
INALCA ACQUIRES HISTORIC CANNED MEAT BRAND "MANZOTIN"

Manzotin

2016
ACQUISITION OF UNIPEG, THE SECOND LARGEST ITALIAN GROUP IN THE BEEF SECTOR

GRUPPO UNIPEG
ASSOFOOD

2017
INALCA AND CDP ANNOUNCE A PROTOCOL OF UNDERSTANDING FOR THE DEVELOPMENT OF THE FOOD INDUSTRY IN ANGOLA

C.N.A.
PECKINALCA

2018
INALCA/MONTANA MEAT AND THE ENVIRONMENT: CALCULATED FOR THE FIRST TIME THE ENVIRONMENTAL IMPACT OF HAMBURGERS IN ITALY

2019
AGREEMENT WITH THE RUSSIAN SOVEREIGN FUND RDIF FOR THE CONSTRUCTION OF BOVINE FARMING IN RUSSIA

2020
INALCA ACQUIRES CASTELFRIGO AND BECOMES THE 5° ITALIAN PLAYER IN THE PORK SECTOR

1.3 | THE GROUP IN ITALY

Inalca, with over 6.000 employees, is the Italian leader and major European player in the beef market, and a leader in Italy within the pork, cured meats, and snack sectors. The company is also amongst the top food distributers with their own logistics platforms in several emerging countries.

The company's Italian industrial structure is made up of **16 specialized plants,** of which **11 are dedicated to meat processing** (slaughtering, deboning, processing, packaging, and distribution), and **5 in the production of cold cuts, snacks, and bacon.**

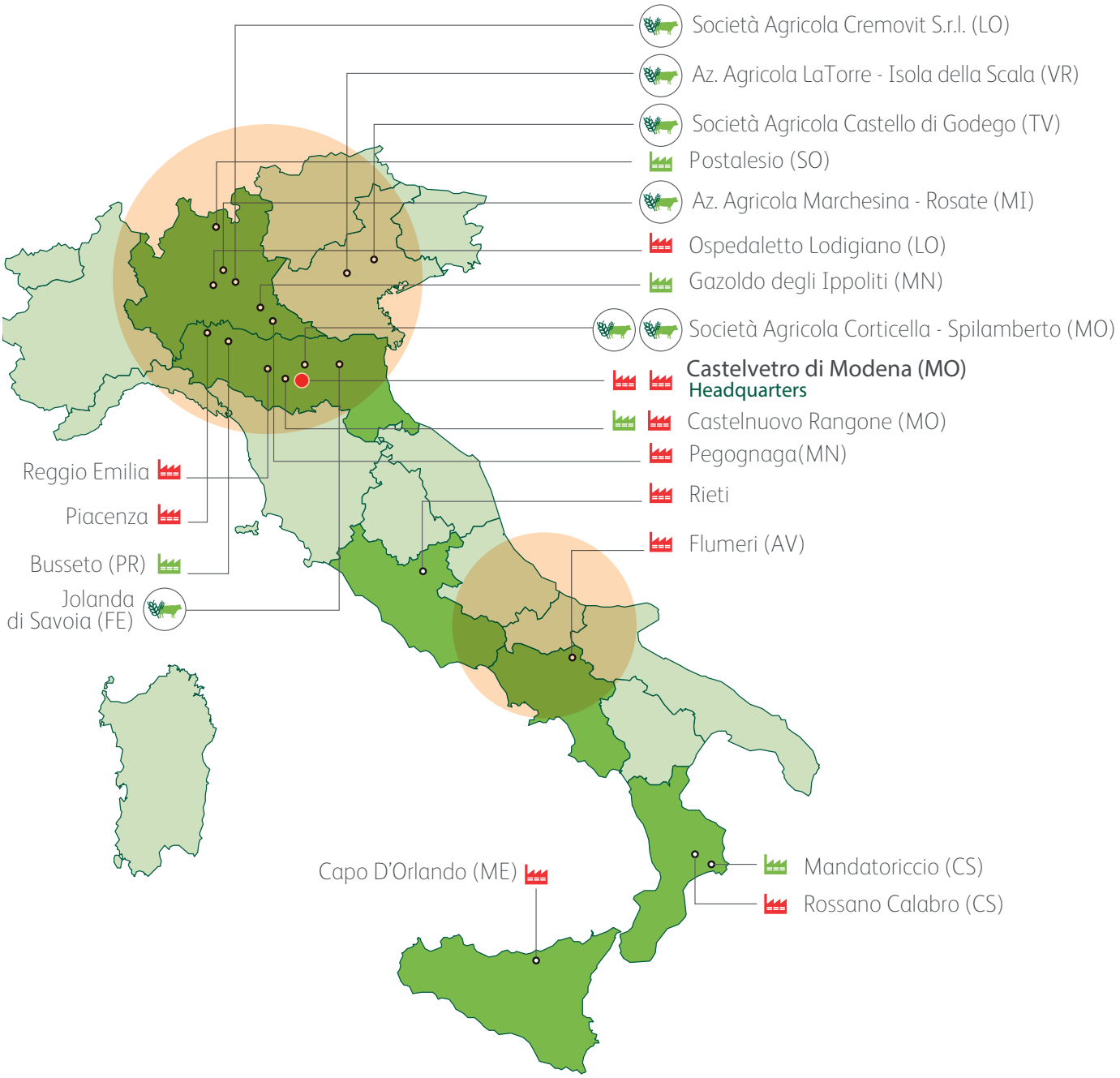
Throughout 2020, the Group acquired new plants for pork processing and has further established their presence in the country with directly controlled and recuperated farming locations. The company fully manages 7 agricultural companies located in Lombardia, Emilia, and Veneto, producing **180,000 cattle per year.**

OUR PLANTS ARE LOCATED IN AREAS THAT PRODUCE

84%

OF ITALIAN CATTLE PER YEAR

Allevamento Orzinuovi - (BS)



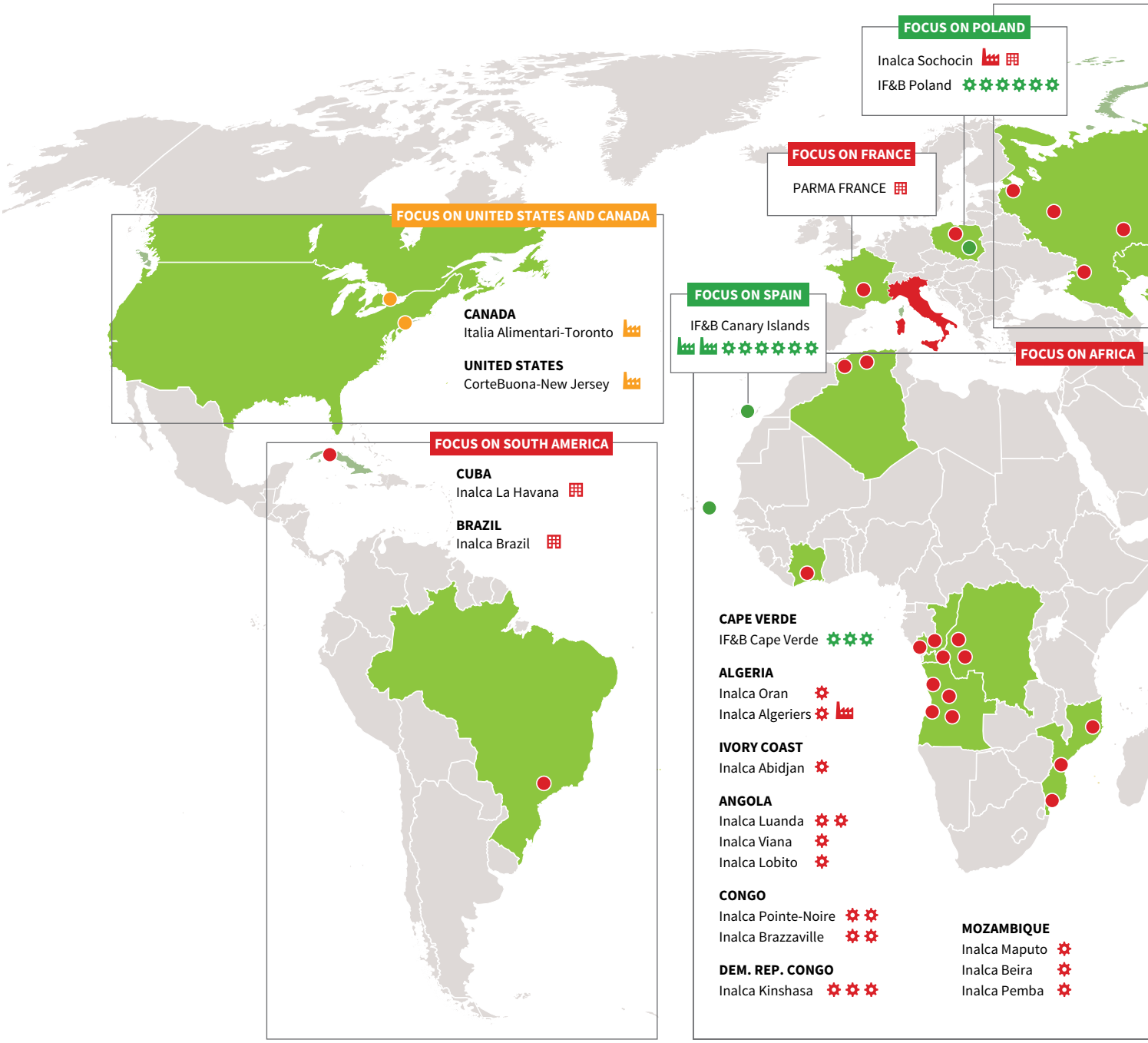
11
Beef plants

5
Cured meats & snacks plants

7
Farms

1.4 THE GROUP WORLDWIDE

Inalca has **8 worldwide plants** in 7 different countries: Russia (2), Poland, Canada, the United States, and Hong Kong. A network of **55 distribution platforms,** allow INALCA to directly manage **26 distribution centers located in Russia** (Moscow, Saint Petersburg, Ekaterinburg, Novosibirsk, Rostov, Samara, and Sochi), Kazakistan (Astana, Almaty), **and Africa** (Algeria, Angola, Congo, Democratic Republic of Congo, Mozambique, and the Ivory Coast. The INALCA group's **additional 29 platforms are overseen and managed by INALCA Food&Beverage** (IF&B), specialized in the sale and distribution of internationally known products that are part of the Made in Italy brand. In 2020, construction began on the INALCA plant in Sochocin, Poland, and on a large distribution plant in Sochi, Russia.



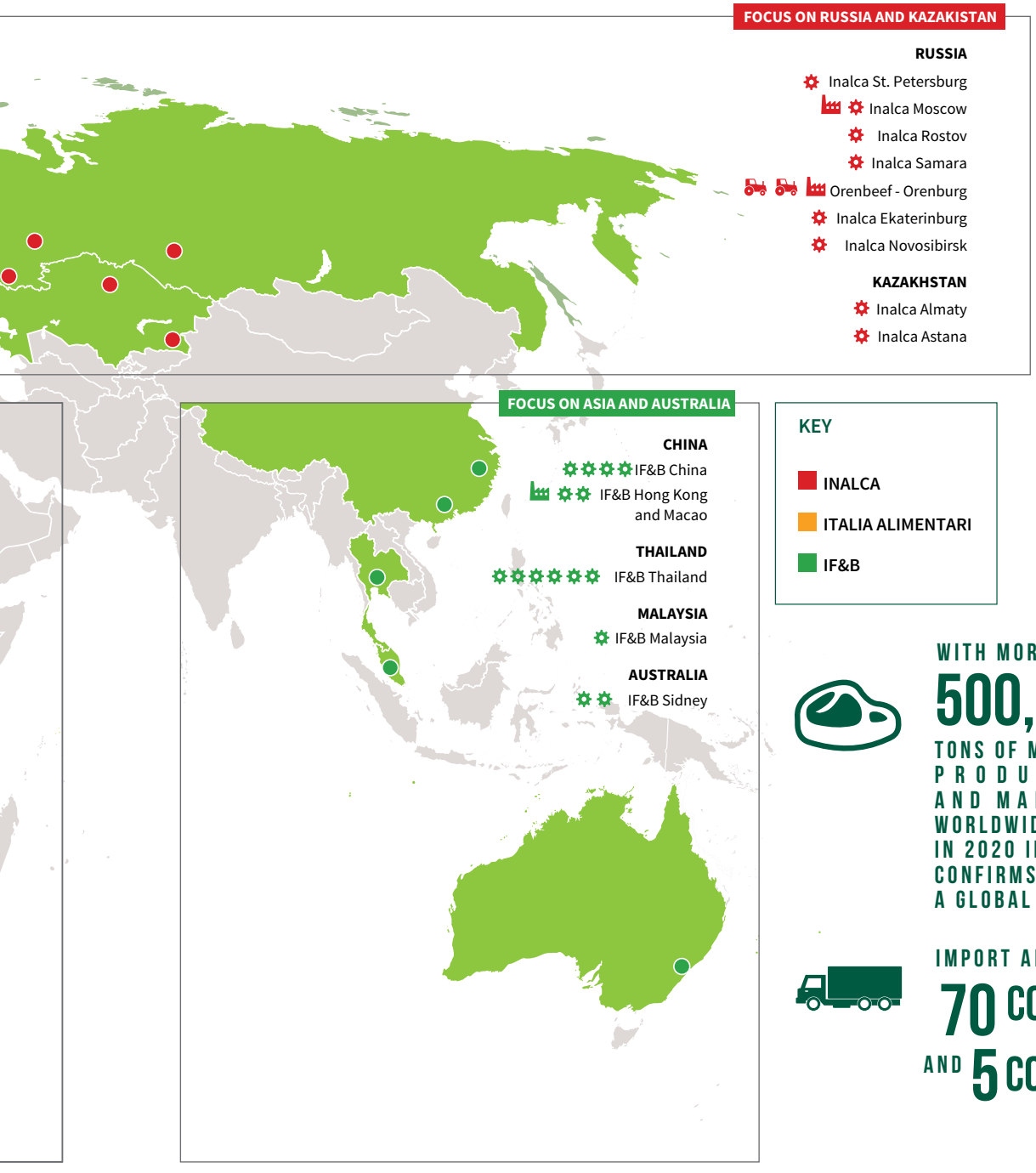
INALCA GROUP

24 PRODUCTION PLANTS
- **16** IN ITALY
  - **11** INALCA
  - **5** ITALIA ALIMENTARI
- **8** WORLDWIDE
  - **3** INALCA
  - **3** IF&B
  - **2** ITALIA ALIMENTARI

55 DISTRIBUTION PLATFORMS
- **55** WORLDWIDE
  - **25** INALCA
  - **30** IF&B

9 FARMS
- **7** IN ITALY
  - INALCA
- **2** WORLDWIDE
  - INALCA

4 COMMERCIAL OFFICES
- **4** WORLDWIDE
  - INALCA



WITH MORE
500,000
TONS OF MEAT PRODUCED AND MARKETED WORLDWIDE IN 2020 INALCA CONFIRMS ITSELF A GLOBAL PLAYER

IMPORT AND EXPORT TO
70 COUNTRIES
AND **5** CONTINENTS

1.5 CORPORATE GOVERNANCE, CONDUCT CODES, AND THE ORGANIZATIONAL MODEL

Cremonini S.p.A. controls 71.6 % of INALCA, and as of 2014, the remaining 28.4% is held by IQ MADE IN ITALY INVESTMENT COMPANY S.p.A., a joint venture between FSI-Qatar Holding e CDP (Gruppo Cassa Depositi e Prestiti). Family governance effectively solidifies the nature of an industrial approach aimed at creating value in the long term. As the owner communicates defined growth and development strategies, the managerial group is able to plan medium and long-term actions to continue significant growth as a global player within the sector. The Parent Company has adopted a corporate governance model comprised of a Board of Directors, chaired by Luigi Cremonini, and a Board of Statutory Auditors, chaired by Alberto Baraldi. The Board of Directors holds the largest and most powerful scope of strategic direction. The Board of Statutory Auditors is responsible for monitoring compliance with the law and the Articles of Association, compliance with the principles of proper administration, and, in particular, the adequacy of the internal control system. The Supervisory Body completes the governance system, with Chairman Marcello Elia chosen as pursuant to the 231/2001 legislation and the Internal Audit function. Price Waterhouse Coopers S.p.A. is in charge of auditing the consolidated statutory financial statements. The share capital of INALCA S.p.A. as of December 31st, 2020 is 187 million Euros, unchanged from the previous year.

BOARD OF DIRECTORS

President	LUIGI CREMONINI
CEO	PAOLO BONI
CEO	LUIGI PIO SCORDAMAGLIA
Managing Director	VINCENZO CREMONINI
Managing Director	SERAFINO CREMONINI
Managing Director	FRANCESCO FORMICA
Managing Director	KALIFA KHALID A. AL-THANI

COMPLIANCE

Chief Compliance Officer	GIOVANNA BARBIERI

SUPERVISORY BOARD

President	ALBERTO BARALDI
Statutory Auditor	MARIO LUGLI
Statutory Auditor	CLAUDIA MEZZABOTTA

SUPERVISORY BODY

President	MARCELLO ELIA
Internal member	RAFFAELLO CARNÀ
Internal member	GIOVANNI SORLINI

The organizational model* established by the 231/2001 legislation represents a tool for managing corporate conduct.
The system of procedures and guidelines addresses the most sensitive aspects of business activity, such as corrupt behavior and correct commercial conduct, relations with public bodies, and entertainment expenses, sponsorships, hiring criteria, selection of suppliers, consultants, and external professionals, as well as environmental protection and work safety procedures. The model provides training activities, internal and external auditing, and allows free and anonymous reporting of any non-compliance or negligence in proper application.
The Supervisory Body, together with the Legal Compliance and HR departments are responsible for evaluating the reports and applying any corrective actions.

https://www.inalca.it/wp-content/uploads/2020/03/Pieghevole_DLG231_INALCA-2020.pdf

* The organizational model established by the 231/2001 legislation is applied to the following Group companies: INALCA S.p.A., Ges.Car S.r.l., GUARDAMIGLIO S.r.l., INALCA FOOD & BEVERAGE S.r.l., Italia Alimentari S.p.A. e Società Agricola Corticella.

INALCA - ***Ospedaletto Lodigiano plant - (LO)***

1.5.1 - RISK MANAGEMENT ACTIVITIES

INALCA has developed an analysis, evaluation, and mitigation system that addresses the main risks attributed to each geographic area when the company operates. Each risk is periodically reviewed within the company.

FINANCIAL RISK FACTORS

LOW RISK

Risks related to interest rates

Seeing that the group utilizes external financing to cover necessities, it is subject to changes in interest rates. Given that interest rates, particularly related to the Euro, have remained relatively stable, the Group has applied standard hedging methods to only a portion of its debt, focusing on medium to long term positions when confronting the risk of a possible increase in interest rates.

LOW RISK

Credit risk

Credit risk is the company's possible exposure to losses due to a lack of fulfillment of obligation by counterparts, and is measured in sales terms correlating to the type of client, contractual agreements and sales parameters, as well as financial terms related to the selected counterparts for varying transactions. The Group applies practices that control credit risk through the analysis of clients requesting payment extensions, limiting the sale of products and/or services to clients lacking adequate credit and guarantee. Clients are monitored based upon continuing information and data collection, and the observance of individual evolving credit scores. Received balance is also monitored throughout the year to ensure that non-performing positions are properly managed. The Group's national and international credit are insured. Credit risk is additionally controlled through an even distribution of multiple clients and turnover, limiting position concentration. The Group protects itself from the use of liquid funds by hindering credit exposure through individual financial institutions. Trade credit management is entrusted to each singular company, and monitored by the Parent Company as established by formalized assessment and dispute management procedures by assigned and approved business partners.

LOW RISK

Currency exchange risk

The INALCA Group works internationally and is subject to changes in exchange rates affecting operational and transactional financial currency flow outside the European currency (Euro). The Group principally engages in sales transactions using the US Dollar, but also deals with the Australian Dollar, Russian Rubles, Angolan Kwanza, Polish Zloty, Algerian Dinar, and the Mozambican Meticais.

Exchange risks presented by currencies outside the scope of each company are individually identified with an analysis of the timing between incurred costs and acquired revenue in relation to high-risk exchange rates.

LOW RISK

Assets volatility risk

Risk related to the potential lack of financial resources or liquid market assets to cover payment obligations, negatively impacting the company if additional costs are incurred, or in extreme cases, insolvency that puts the business's future at risk.

This risk is managed through a control and planning process that includes the availability of liquid funds allocated to activities through a financial structure that offers a wide range of financial resources at competitive costs. It guarantees adequate liquidity while minimizing the relative cost opportunities while striking a balance with debt duration and terms.

Working capital is also monitored to optimize use and reduce the necessity for financing.

NATURAL RISK FACTORS

LOW RISK

Epidemic risks (Covid-19) due to loss of personnel

The company implemented efficiently structured procedures in every production site to ensure employee health and curb health risks related to the spread of the virus. The flexible business model allowed for the distribution of these procedures throughout production plants.

LOW RISK

Earthquakes

The risk is present in Italy as some plants are located in areas experiencing heightened seismic activity. The 2012 earthquake that occurred in the province of Modena did not damage the Castelvetro (MO) plant. A similar situation occurred with the 2016 earthquake that hit the Rieti area, where another Group plant is located. After the seismic events, all the plants were carefully checked and further consolidation measures for the older parts of the plant were undertaken, even in the absence of particular risk.

LOW RISK

Climate change - risks related to limiting further global warming

Rising levels of greenhouse gases have worsened natural disasters (storms, tornadoes, hurricanes, and flooding), all phenomena that pose risk to the Group's locations. Additionally, there are indirect risks linked to the redefinition of business models, corporate assets becoming obsolete, regulatory compliance, and sudden acceleration of technological innovation. The company has implemented improved plans that use resources more efficiently, therefore reducing costs, the conversion of fossil fuel sources to clean technology, economic return due to product and services innovation, and access to new markets or the repositioning of existing markets.

MEDIUM RISK

Risks related to workplace health and saftey

Every INALCA plant complies with both EU and local legislation (AIA-Integrated Environmental Authorization) and apply BAT (Best Available Technologies) to every production category. Additionally, the Ospedaletto Lodigiano, Castelvetro di Modena, Pegognaga, and Rieti (INALCA S.p.A.) plants have obtained the ISO 14001 certification.

MEDIUM RISK

Risk of sanctions and convictions resulting in financial loss and damage to reputation due to law infringement

These risks are prevented through a system of procedures, an ethical code, conduct code, and internal auditing and surveillance (the internal audit and compliance office) and by independent third parties (board of auditors, auditors, and the supervisory board). There are also anonymous report and complaint mechanisms in place.

COMPLIANCE RISK FACTORS

MEDIUM RISK

Health risks related to to non-compliance with food safety regulations

INALCA'S plants conform to the voluntary IFS-International Food Standards. INALCA actively participates in food safety platforms and institutions to prevent possible safety issues. Animal wellbeing and the responsible use of antibiotics emerge as principle issues to be addressed. INALCA has established relationships with certain highly active NGOs (non-governmental organizations) to protect their animals' wellbeing, aligning the organization's politics with their stakeholders'. INALCA has an accredited internal laboratory in compliance with the ISO 17025 standard, responsible for food safety verification of final products available on the market.

MEDIUM RISK

Risks related to incorrect labelling and advertising of final products

INALCA adopts a precautionary approach to labelling and advertising products, and each label is subjected to an internal authorization. Advertising campaigns have received voluntary third-party certification or verification by an independent organization.

MEDIUM RISK

Risks derived from intentional offenses listed in the D. LGS. 231/2001Legislation

The organizational model instated by the Compliance Office according to the D. LGS. 231/2001 legislation governs the company's code of conduct. The model is applied through training, internal and external auditing, and provides open, anonymous possibility to report any incidence of non-conformity or negligence. The Supervisory Board, along with the Compliance Office, Human Resources, and Legal offices evaluate reports and eventual corrective actions.

COMPETITIVE RISK FACTORS

LOW MEDIUM RISK

Export difficulties

The company has developed export procedures for each target market, constantly updated thanks to an allocated staff.

Food fraud related to the refinement or voluntary counterfeiting of products

Risk assessment and mitigation through corporate Food Fraud procedures.

SOCIAL RISK FACTORS

MEDIUM RISK - AFRICA

Government crisis

Risks related to political unrest in areas where INALCA operates. INALCA only operates in countries with stable governments, creating solid relationships with officials, associations, and establishments. There is limited activity in emerging or developing markets; in this case, the general risk is mitigated per individual country, is low, and distributed through multiple areas.

MEDIUM RISK - AFRICA

Risks due to lack of personnel - Strikes

Company policy ensures adequate product stock should production temporarily slow or cease. Administration and personnel offices have consistently maintained good relationships with the Unions.

TECHNOLOGICAL AND PRIVACY RISK FACTORS

LOW MEDIUM RISK

Risks related to security breach and device of software failure

Evaluation and mitigation of risks is carried out through company procedures and external consultants specializing in technological safety, procedural implementation, and progressive improvement of control and security systems.

PHYSICAL RISKS

LOW RISK

Risks related to the intentional sabotage of equipment and/or final products

Within each plant, the company applies Food Defense, using a technical supervisory staff to implement company procedures that evaluate and mitigate risk.

1.5.2 - COMPANY POLICIES AND CODES OF CONDUCT

INALCA has company policies and codes of conduct in the following sectors:

- Code of ethics;
- Code of commercial conduct;
- Adoption of the principles of the "*Modern slavery Act*";
- Adoption of EU Reg. 679/2016 (GDPR-Privacy);

- Video surveillance;
- Fraud prevention;
- Management of audits and surprise checks;

- External Social Media Policy Management;
- Internal Social Media Policy Management;
- Internal Social Media Policy for employees/contact persons, department managers involved in the opening and management of Sites and Social Media;

- Quality-Environment-Safety-Social Responsibility Policy
- Sustainable procurement protection of the Amazon rainforest;
- Good hygiene, health, safety and environmental practices of the plants;
- Quality policy INALCA's laboratory for food safety;

- Good Breeding Practices;
- Animal welfare during transport;
- Animal welfare at slaughterhouse plants;
- Conscious use of medication;
- Control of animal welfare from breeding to slaughter;
- Best hygiene practices against the coronavirus (2019-nCoV).

INALCA S.p.A laboratory has a key function in preventing fraud and ensuring food safety. Determining the breed through DNA analysis is especially important for beef, and **INALCA systematically carries out testing, including research on residue and contamination.** In addition to technical aspects regarding product control, the company places **particular emphasis on supplier approval based on shared values and principles pertaining to business relations and fraud prevention.**

https://www.inalca.it/en/commercial-code-of-conduct/

1.6 MANAGEMENT SYSTEMS FOR SUSTAINABLE DEVELOPMENT

INALCA's management system complies with the principle international voluntary standards on the protection of quality, safety, and sustainable development. This sees shared international semantics on the best production, environmental, worker protection, consumer, and stakeholder communication standards. Rules and procedures are regulated through independent verification, confirming INALCA's effective implementation of standards in these categories. Certified systems verified by third parties ensure integrity and transparency concerning product claims and in general, promotional information and advertising reaching the consumer. INALCA utilizes the following management systems regarding quality, safety, and sustainable development.

Table 1 - Sustainability - people, environment, quality and safety[1]

SAFETY AND PRODUCT RESPONSIBILITY
IFS INTERNATIONAL FEATURED STANDARD (FOOD)
ISO 17025 GENERAL REQUIREMENTS FOR THE COMPETENCE OF TEST LABORATORIES
PRIVATE STANDARDS FOR THE MANAGEMENT OF FOOD SAFETY
ISO 9001 QUALITY MANAGEMENT SYSTEM
EC REGULATION 1760/2000; e **EC REGULATION 1169/2011** LABELLING OF PRODUCTS AND COMMUNICATION TO THE CONSUMER
VOLUNTARY PRODUCT CERTIFICATIONS (MEAT FROM ITALIAN-RAISED ANIMALS, DPO, PGI)
ISO 22005 TRACEABILITY SYSTEM IN THE FEED FOOD CHAIN
ORGANIC PRODUCTION CERTIFICATION

ENVIRONMENTAL RESPONSIBILITY
ISO 14001 ENVIRONMENTAL PROTECTION IN PROCESSES
EPD ENVIRONMENTAL PRODUCT DECLARATION

SOCIAL RESPONSABILITY
ISO 45001 WORKER HEALTH AND SAFETY
D. LGS. 231/2001 ADMINISTRATIVE RESPONSIBILITY OF COMPANIES
PRIVATE CODES OF CONDUCT ADOPTED WITHIN THE SUPPLY CHAIN

ECONOMIC, SOCIAL, AND ENVIRONMENTAL SUSTAINABILITY
GRI STANDARD GUIDELINES SUSTAINABILITY REPORTING

[1] - For the full list of the Group's facilities subjected to management system certifications and product certifications, see section "attachments"

1.7 QUALITY, FOOD SAFETY, AND INNOVATION

INALCA considers food safety to be a fundamental pre-requisite in every phase of production. The company's long-standing presence on strictly regulated markets, including those located in **the European Union, Russian Federation, USA, Canada, and Japan,** and application of principle food safety standards have led INALCA to develop the most modern and advanced hygiene and risk prevention techniques in the food sector, implemented through an integrated management system within each of the Group's production plants. The entire system is based on the identification of critical control points within every manufacturing process, and provides for the elimination or acceptable reduction of food safety hazards as stated in the HACCP (Hazard Analysis and Critical Control Points) model.

The following are INALCA's food safety principles applied to every level of their *supply chain*:

Principle 1 - CENTRALITY
An optimal level of food safety is considered a prerequisite for all company production and is assessed with risk analysis methodologies.

Principle 2 - DEMONSTRABILITY
All business activities and processes that can affect food safety must be managed, monitored and documented, according to a defined hierarchy of references: laws and regulations, international technical standards, specific requirements of the companies that use the company's products.

Principle 3 - GOVERNANCE
Food security's specific figures and the governance system are clearly identified.

Principle 4 - TRANSPARENCY
Food Safety Information must be accessible and understandable to customers, consumers and third-party authorities.

Principle 5 - CONTROL
The company uses internal auditing activities, external audits of client companies and, where present, certification audits according to voluntary technical standards and independent international bodies to establish control criteria. The control and accuracy of information managed in the company's product identification and traceability system is a fundamental element in support of every action taken for quality, food safety and communication to the consumer.
As with food safety, also in the field of labelling and consumer communication, INALCA adopts controls **carried out by independent third parties** aimed at verifying the integrity, transparency and accessibility of information regarding products placed on the market.
In 2020, the company began to integrate the CsA, food safety culture concept, in accordance with the GFSI certification principles and the latest version of the Codex Alimentarius. The CsA food safety culture ensures that the company and all employees adhere to a given set of values and behavior.

INALCA - *Traceability system*

1.8 | BRANDS AND PRODUCTS

INALCA produces and offers a full assortment of fresh and frozen beef products, vacuum packed, ready-made processed meat, canned meat, and meat extracts all packaged in a sterile environment.
The company operates through Italia Alimentari to produce a full range of D.O.P. and I.G.T. cured meats, snacks, and sandwiches, and is specializes in cooked bacon. INALCA controls 51% of Fiorani e C. S.p.A., a company producing a full range of portioned and ready-made beef and pork products.

THE NUMBERS

180,000 heads reared per year

over **500,000** tons per year of processed and sold meat

100,000 tons per year of hamburger meat

200,000,000 cans per year

7,000 tons of bacon per year

30,000,000 snacks per year

100,000,000 pre-sliced trays per year

over **40,000** tons of cured meat per year

BRANDS

MONTANA, Manzotin, ibis SALUMI, FIORANI, Salumificio Corte Buona

Montagna, JELLY BEEF, Dorada, Spanesino, MONTEX, BEEF PÂTÉ, TEXANA, Mandriana, BILL BEEF, Tina

MONTANA

Manzotin

FIORANI

Montagna

ibis SALUMI

1.9 | THE GROUP'S PEOPLE

The group has a solid number of personnel: **6,038**[2] **employees, of which 4,023 are part of the INALCA Italia Group and affiliates, and 2,015 in foreign subsidiaries.** The Group increased employment in 2020 thanks to the opening of new pork processing plants.

These graphics illustrate the selected indicators:

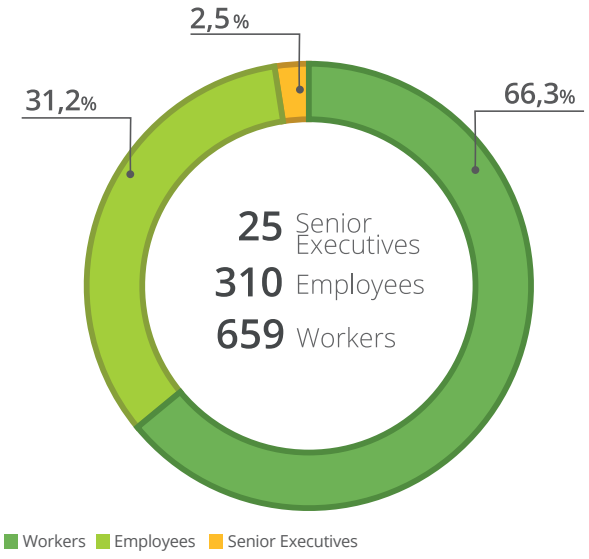
- Breakdown of personnel by professional classification;
- Breakdown of personnel by gender;
- New employees and their breakdown by age.

The INALCA Group presently acquires national contracts specific to each sector, and each precisely references the health and safety of employees.
Collective bargaining is offered to outsource labor as well.

1.9.1 - DISTRIBUTION OF INALCA'S ITALIAN STAFF[3]

INALCA ITALY INCLUDES **994 STAFF MEMBERS**

BREAKDOWN OF PERSONNEL BY PROFESSIONAL CLASSIFICATION



FEMALE PRESENCE IN THE WORKPLACE

26%
259 Women
735 Men

YOUNG WORKERS

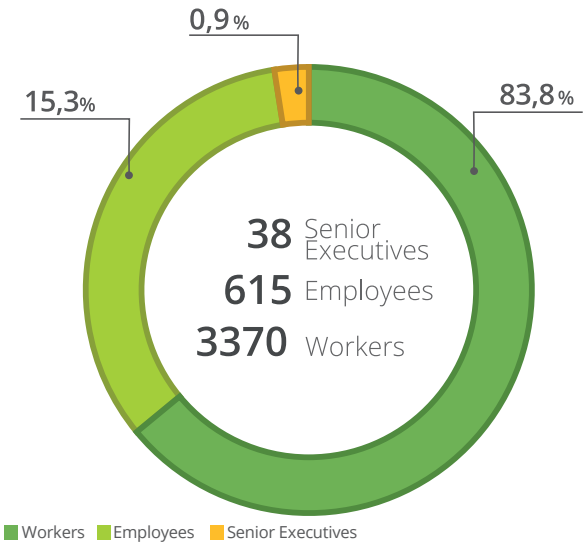
12%
People under the age of 30

[2] - The number provided in this report for the Group's employees as at 31 December 2020 varies from the number presented in the Consolidated Financial Statements as at 31 December 2020, due to differing data collection and treatment methodologies

[3] - The breakdown of personnel structure by professional classification of Inalca spa as at Dec. 31 2020 varies from the classification presented in the Consolidated Financial Statement as at Dec 31 due to differing data collection and treatment methodologies

INALCA'S TOTAL PERSONNEL COUNT IS **4,023 PEOPLE**
(INALCA and controlled companies)

BREAKDOWN OF PERSONNEL BY PROFESSIONAL CLASSIFICATION



FEMALE PRESENCE IN THE WORKPLACE

23%
934 Women
3089 Men

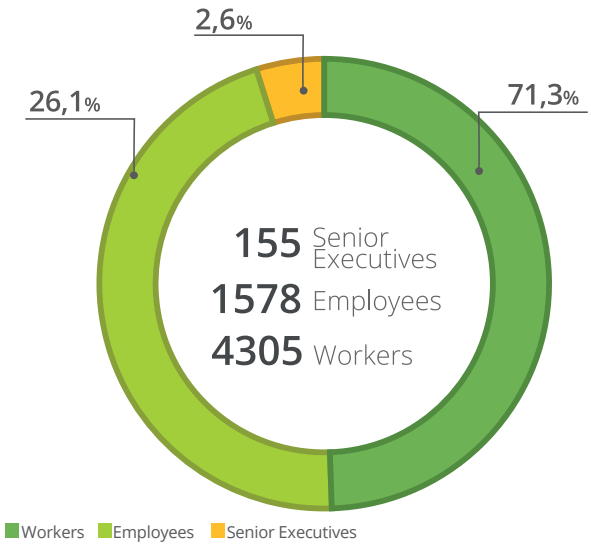
YOUNG WORKERS

14%
People under the age of 30

1.9.2 - PERSONNEL DISTRIBUTION THROUGHOUT ITALY, EUROPE, ASIA, AND AMERICA

THE INALCA GROUP HAS **6,038 EMPLOYEES** THROUGHOUT ITALY, EUROPE, ASIA, AND AMERICA

BREAKDOWN OF PERSONNEL BY PROFESSIONAL CLASSIFICATION



FEMALE PRESENCE IN THE WORKPLACE

26%
1587 Women
4451 Men

YOUNG WORKERS

15%
People under the age of 30

2.0
INALCA'S REPORT: VALUES AND PRINCIPLES

2.1 THE 4 PILLARS OF INALCA'S SUSTAINABILITY

For INALCA, sustainable development is defined as the continuing improvement of all practices and activities and management of the economical, environmental, and social impacts related to our supply chain. Our commitment is in identifying operations that will reduce these impacts, progressively aligning them with the stakeholders' expectations and the United Nation's sustainable development goals (SDGs). The Sustainability Report represents a synthesized tool for transparently and inclusively communicating said goals with various company Stakeholders.
INALCA's sustainable development is based on the following 4 pillars, in line with the 2,3,7,8,9,12,13 SDGs.

AN INTEGRATED AND SUSTAINABLE CHAIN

Contrary to Italy's historical developmental process, the company has applied a downstream, or "***From Farm to Fork***" - approach to their supply chain, and instead abroad, has adopted a "***From Fork to Farm***"- upstream approach. The integration process develops along a defined, planned sequence in these countries, product sale (construction of logistical infrastructures for storage and distribution, construction of meat processing plants making ready-to-eat products, production plants for raw materials), up to establishing bovine livestock farms. This model has permitted stable development in the countries the company has chosen to operate, fully integrating within the territory and local communities (SDGs 8, 12).

SHARING VALUE WITH THE AGRICULTURAL WORLD

INALCA believes that sharing knowledge of ket sustainability factors based upon an integrated supply chain approach is a pivoting factor in success and long-term growth. The company thus believes that the foundation of sustainable development is sharing knowledge of the progressive functional and economic integration of the best available techniques within agricultural activities. (SDGs 2, 3, 8,12,13).

CONTROL OF IMPACT AND CONSUMPTION

Controlling impact and consumption, use of clean, renewable energy, and committing to fight climate change are all challenges that citizens, businesses, and institutions face; INALCA has placed these commitments at the center of its business activities, promoting best practices for the optimal environmental performance of processes and products throughout the supply chain (SDGs 7, 12,13).

GOVERNANCE AND TRANSPARENCY IN COMPANY PROCESSES

INALCA ensures competence, transparency and accessibility to stakeholders and consumers through the extensive application of international technical standards in the fields of quality, safety and social responsibility, creating increasingly informed food consumption awareness (SDGs 9.12).

INTEGRATED AND SUSTAINABLE CHAIN

SHARING VALUE WITH THE AGRICULTURAL WORLD

CONTROLS OF IMPACTS AND CONSUMPTION

GOVERNANCE AND TRANSPARENCY IN COMPANY PROCESSES

2.2 INALCA'S SUSTAINABLE DEVELOPMENT MODEL

INALCA'S strong Italian identity, synonymous with food quality and excellence, led it to initially develop business abroad within emerging economic regions, in particular, the Russian Federation, Eurasian republics, and Africa. Contrary to Italy's historical developmental process, the company has applied a downstream, or "***From Farm to Fork***", approach to their supply chain, and instead abroad, has adopted a "***From Fork to Farm***". upstream approach. In fact, the business model applied to non-European markets, initially seeks the stable and continuous sale of food products to local operators, in a B2B context and mainly in the Catering and Ho.re.ca segment, with the support of local commercial offices. This first phase is followed by the construction of logistical and distribution infrastructures, in particular cold storerooms, warehouses and transport vehicles, and then development of profound knowledge concerning the markets in reference, and the construction of plants dedicated to the on-site production of local processed products preferred by the specific demographic. Following the third phase, the company progressively applies "upstream" industrial processes until reaching primary production and transformation, better known as the breeding and slaughter of cattle. The development model progressively integrates a supply chain that unifies complete production processes to definitive immersion in the local social context. This a business model based on long-term vision and powerful territorial integration. The developmental model proved to be efficient during the Covid-19 pandemic, thanks to its heightened flexibility within the Group's corporate network of plants and above all, the increased ability to adapt the supply chain to production needs, guaranteeing continuity during the crisis.

This model has been completed and is undergoing further consolidation in Russia. The next step is the African continent, in particular Angola, where a process of verification and analysis of opportunities is underway.

EVOLUTION OF INALCA'S SUPPLY CHAIN IN ITALY

FROM FARM TO FORK

EVOLUTION OF INALCA'S SUPPLY CHAIN ABROAD

FROM FORK TO FARM

INALCA - ***Deboning room, Castelvetro di Modena (MO)***

2.3 | LISTENING TO STAKEHOLDERS

2.3.1 - LISTENING TO STAKEHOLDERS

INALCA has planned a new priority analysis (the so-called "materiality analysis") in response to media debate concerning the complexities of the beef supply chain and the evolution of stakeholder sensitivity to increasingly delicate issues of the meat sector. **The analysis seeks to identity the prime intervention of the Group, the issues to explore, and which stakeholder activities to strengthen.**
The analysis of priorities is based on the international *AA1000 Stakeholder Engagement Standard*, and INALCA conducted a new materiality analysis in the first half of 2021. The organized listening of stakeholders' prime issues of interest is the main tool for company to define and direct its sustainable development trajectories. Throughout 2020, the stakeholders that continue a dialogue with INALCA was reviewed and is reported below. INALCA also identified additional stakeholders, and widened their dialogue and listening process to other geographic areas.
In 2021, INALCA began an internal communications campaign to involve their community in their efforts concerning Global Goals (4). In 2020 the Group developed specific comparisons with breeders' associations and organizations active in the field of animal welfare, and provided a substantial contribution through active participation in debates and working groups within both national and international trade and sector Associations in which they are a member. Particular importance was placed on technological platforms focusing on local and global bovine sustainability, as well as agricultural organizations and institutional tables analyzing and evaluating new regulations. Among themes authoritative and qualified are **GRSB, SAI Platform, and Coldiretti,** and INALCA is an active participant in each. The technical platforms are entities that aggregate industry leaders, scientists, and stakeholders, and identify the guiding values and sustainable production techniques within the bovine sector, promoting their application on all levels of the supply chain. For the analysis of materiality, INALCA has identified the topics to be submitted to its external and internal stakeholders and collected them in a check list. Topic identification for comparison and discussion with stakeholders takes into account the GRI standard and knowledge derived from INALCA's participation in sectoral associations and technological platforms. Stakeholders were identified and involved according to the following criteria:

- **Influence:** stakeholders who have direct influence on INALCA's decision-making processes;
- **Proximity:** stakeholders with whom INALCA interacts most and directly;
- **Collaboration:** stakeholders who collaborate effectively with INALCA in economic or financial terms;
- **Representation:** stakeholders who, through the regulation of representation, or by custom, can legitimately be the spokesperson for an instance.

Further references in the dialogue and listening process are established by the codes of conduct and sustainable development policies signed by INALCA in the context of its supply chain. After topic identification for stakeholders, individual discussion sessions and focus groups were created, collecting and weighing the results of each discussion in the data collection checklists on a scale of importance; stakeholders assigned them one of five classes. The details identified by the stakeholders are provided below.

(4) https://www.globalgoals.org/

Table 2 - Stakeholder

2.3.2 - MATERIALITY ANALYSIS

The materiality analysis conducted in the first half of 2021 focused on context and main sector trends, leading to the evaluation of topics to be evaluated both by the Group and stakeholders in terms of relevance; both internal and external stakeholders were involved.

The issues' relevance was decided with the following:

- A Workshop with INALCA's top management to define and vote on sustainability topics relevant to the Group. Results were carefully discussed by both Top Management and the entire Work Group involved in the process.
- An online survey directed at a selection of stakeholders identified main priorities and medium to long term expectations.

The African and Russian stakeholder involvement analysis was entrusted to company and plant directors operating within these areas, with the support of the project manager.

The results concerning stakeholder engagement and Top Management's thematic observations led to INALCA'S materiality matrix, then shared with Top Management and the entire Work Group involved in the analysis process.
The Group's relevant themes and relative descriptions as per the materiality matrix are to follow.
The materials listed in Table 3 received a 3.5 or above evaluation according to those interviewed, as seen in the upper-righthand table. INALCA placed emphasis on these particular subjects.

Considering a materiality threshold of 3.5, the issues that emerge as the most relevant are:

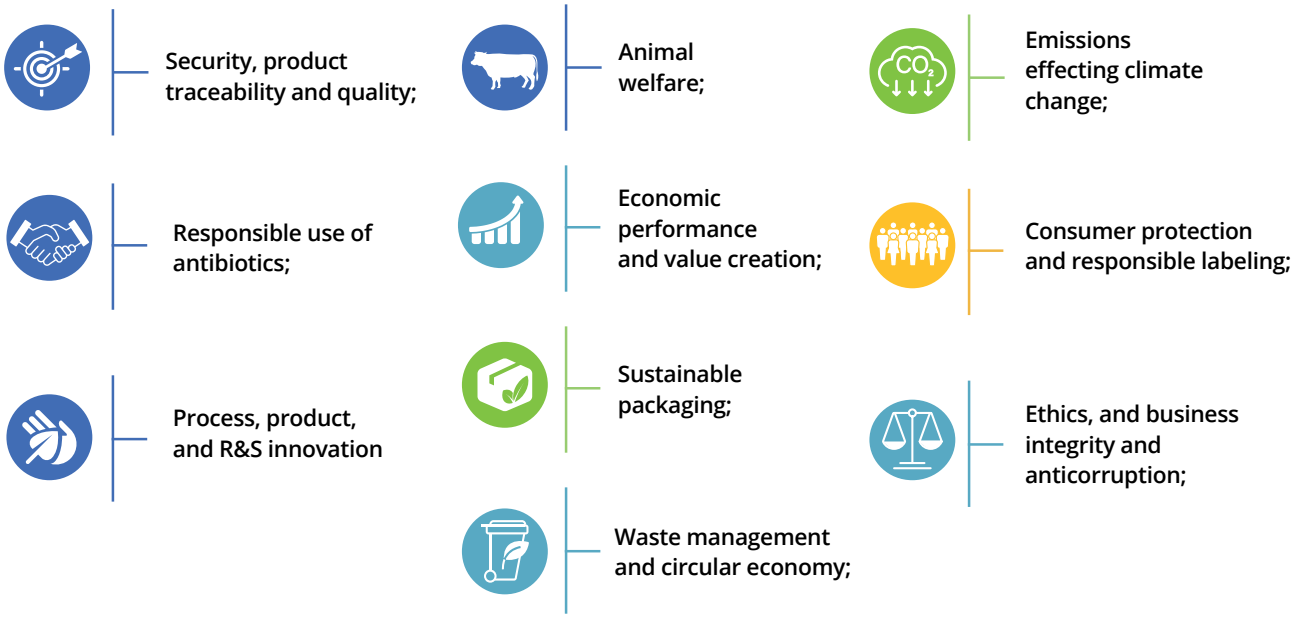
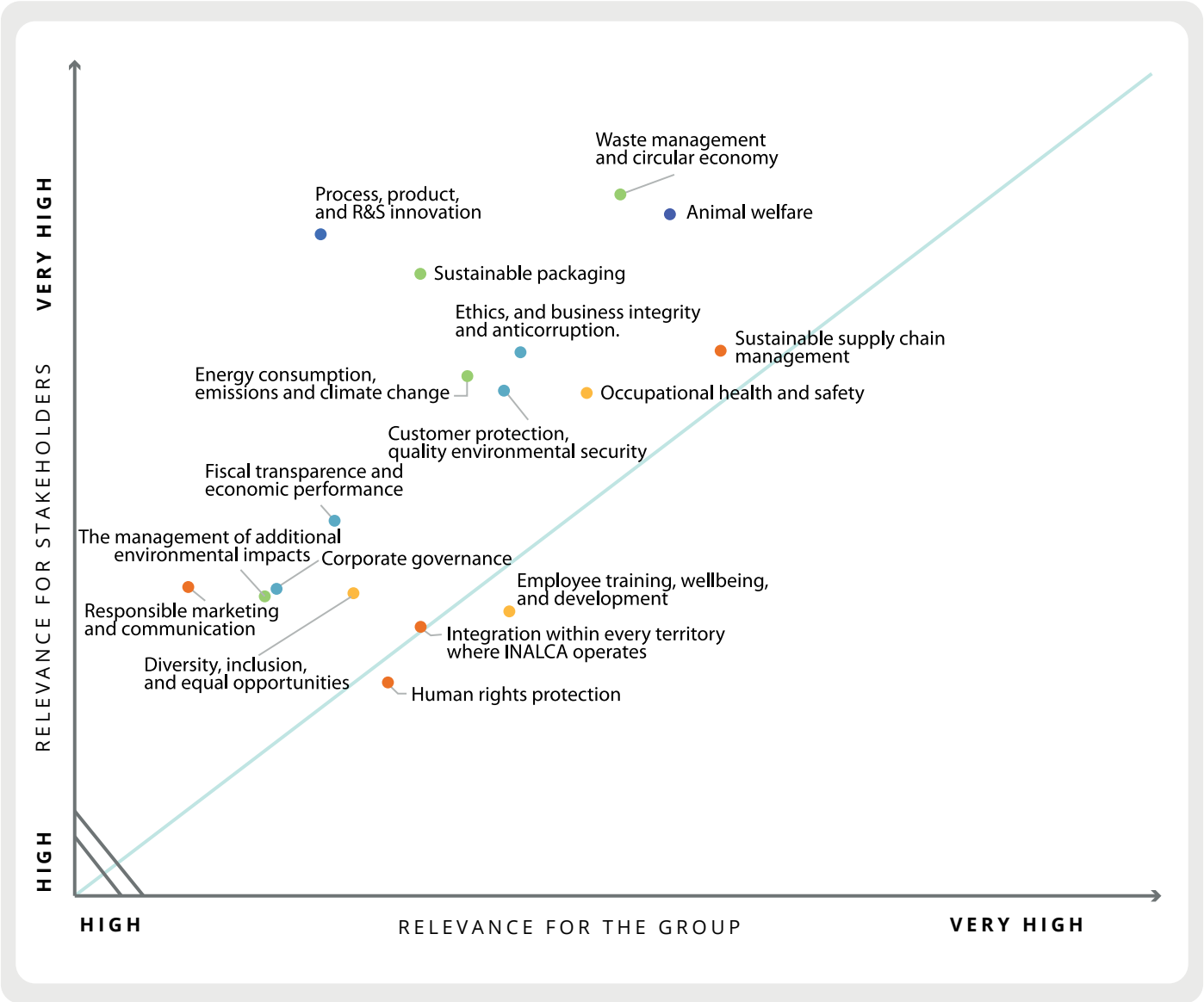


Table 3 - Materiality Matrix

The process resulted in the following matrix.



LEGEND

- Governance, ethics, economic performance and integrity
- Product responsibility
- Environmental responsibility
- Personnel responsibility
- Social responsibility

Table 4 - INALCA materials and macro categories

MATERIAL TOPICS	DESCRIPTIONS
Governance, ethics, economic performance and integrity	
Corporate governance	The structural and compositional (including diversity) definition of governing bodies, appointment system, separation of powers, and remuneration.
Ethics, and business integrity and anticorruption	Ethics, integrity and transparency in business activity which includes the adoption of policies and procedures in compliance with current legislations in and any specific regulations and in the fight against active and passive corruption (eg. Code of ethics, Model 231). The presence of policies and mechanisms dedicated to reporting critical issues concerning the Parent company and subsidiaries' unethical or illegal conduct. Adherence to national and international guidelines concerning social and environmental responsibility within the Group's places of business. The identification, evaluation, and management of economical, social, and environmental risks, both present and potential, that INALCA faces.
Fiscal transparence and economic performance	The successful, efficient allocation of resources, resulting in short-term, positive economic results, and a guarantee of medium to long-term economic balance. The redistribution of stakeholder held value with the goal of generating value throughout the supply chain. A strategical approach towards taxation in line with regulatory compliance, business procedures, and integrated risk management. Policies and procedures for reporting critical unethical or illegal taxation practices.
Environmental and social responsibility	
Quality environmental security	Commitment to assuming responsible and ethical behavior concerning consumer protection based on compliance with national and international standards and codes. The production of high-quality products that ensure consumer safety and wellbeing. Management systems that ensure product quality and traceability, and control processes and practices of raw and finished materials. The implementation of systems that report lack of conformity concerning clients and consumers.

MATERIAL TOPICS	DESCRIPTIONS
Governance, ethics, economic performance and integrity	
Process, product, and R&S innovation	The innovation or procedures that reduce environmental impact. Research and development for new, sustainable products.
Environmental responsibility	
Energy consumption, emissions and climate change	The efficient management of energy through programs, actions, and systems that favor a decrease in consumption caused by the use of fossil fuels, an increase in self-production, and energy from renewable resources. The implementation of technology and plants that favor low-energy production. The observance, prevention, and reduction of greenhouse gas emissions (GHG) and other emissions, including Ozone Depleting Substances (ODS), NOx, SOx, and VOC. This topic also includes possible opportunities, risk, and economic implicational management of future climate change.
The management of additional environmental impacts	The description and implementation of a strategy favoring biodiversity geared towards the protection, management, and renewal of habitats affected by the Group's activities. The conscious and efficient management and use of water resources. The monitoring of water discharge quality, and the implementation of processes that favor chemical, physical, and biological improvement in this field. The optimization of timely logistics and transportation shared with the client, while ensuring that environmental impact is efficiently reduced.

MATERIAL TOPICS	DESCRIPTIONS
Waste management and circular economy	The responsible management of hazardous and non-business related waste, the diffusion of a corporate culture that reflects this style of waste management, promoting methods and practices of reuse and recycling. The promotion of activities favoring circular economy and waste recovery. The development of awareness through tools and solutions that improve normal production practices in order to optimize the use of materials and reduce waste.
Sustainable packaging	Particular attention paid to product packaging sustainability with the goal of reducing non-recyclable materials and promoting waste recovery. The use of innovative materials that reduce environmental impact, and the development of "intelligent" packaging that guides clients to properly recycle them.
Personnel responsibility	
Occupational health and safety	Policies, practices, and programs that favor health and security in the workplace, including periodic monitoring of major indexes, as well as specific training concerning employee health and safety.
Diversity, inclusion, and equal opportunities	The development of policies geared towards inclusion, enhancing diversity for minorities (disabilities, gender, age, ethnicity, and religion), and the promotion of equal opportunities, including equal pay for the same role.
Employee training, wellbeing, and development,	Guidance regarding professional growth, training, and talent retention aimed at enhancing the technical, managerial, and organizational skills of employees, and at consolidating the professionalism required for the covered position. Policies, benefits (both economic and non-economic), and actions aimed at improving employees' well-being, striving to create a comfortable work environment and promote balance between their professional and private lives. The respect and enhancement of Group employee and suppliers' rights, and monitoring of said rights, including relationships with trade unions.

MATERIAL TOPICS	DESCRIPTIONS
Social responsibility	
Responsible marketing and communication	The adoption of policies that that guarantee transparent and responsible communication towards all targets, ensuring the promotion and support of healthy lifestyles. The development of necessary analysis concerning company reputation with a specific focus on sustainability, and policies governing the responsible transmission of sales information and communication.
Customer protection	Respect for Group employees and associated workers' human rights, especially within the supply chain. Adopting monitoring systems to protect human rights within the groups activities and by suppliers.
Integration within every territory where INALCA operates	The support of local communities through the distribution of generated value (salaries, local purchasing, development initiatives and contribution to the local socio-culture). The organization and development of socio-economic, cultural, and athletic initiatives through donations and collaboration with local organizations and associations.
Sustainable supply chain management	The responsible management of supply chain procurement, with particular attention paid to a selection of suppliers meeting social and environmental criteria. Systems that monitor suppliers' social responsibility (human and worker rights protection) and environmental responsibility, as well as the promotion of socially responsible behavior and practices through the selection of certified raw materials. Local suppliers are preferred.
Animal Welfare	
Animal Welfare	Protection of animal well-being throughout every industrial phase, from breeding to transport, respecting community regulations to be applied. Guaranteeing animals access to fresh water, a healthy diet, adequate physical space, as well as proper behavioral characteristics, conditions and care that do not involve psychological suffering (eg, the "five freedoms"). The further reduction of antibiotic use to avoid the diffusion of antibiotic resistance.

2.3.3 - INALCA AND THE ECONOMIC COMMUNITY

INALCA is an active member of the main international meat producer organizations. The trade associations represent a fundamental element for the acquisition of technical knowledge and regulations regarding the international markets in which the company operates. In fact, the complex economic and health regulations of meat markets, the continuous evolution of sector regulations, and the specific peculiarities of each country all require structures able to interface with local institutions when addressing specific producer issue in compliance with the roles and the institutional semantics. The purpose of these associations is therefore to strengthen and develop organic Public-Private relations and to establish a transparent and effective system of exchange between economic operators and institutions.

ASSOCARNI, the main trade association belonging to the Confindustria circuit.

https://www.assocarni.it

Through Assocarni, INALCA is part of the International Meat Secretariat (IMS) which represents the meat and livestock sector globally and the related European association Clitravi.

https://www.meat-ims.org

In the Russian Federation, INALCA participates in the Russian North-West Meat Association (NWMA), which includes those producing main meat and agricultural products in the North-West Federal District of the Russian Federation.

https://www.nwmeat.org

INALCA is a member of the Russian National Meat Association, which includes the main meat producers of the entire Russian Federation.

https://www.natmeat.ru

ASSICA, the Industrial Association of Meat and Cured Meats, is the national trade organization that, within Confindustria, represents the production of cured meats (processed pork and beef products) and pork-slaughtering companies.

https://www.assica.it

Federalimentare represents, protects, and promotes the Food and Beverage Industry in Italy, the second largest manufacturing sector in the country. Federalimentare is committed to promoting a food model based on safety and quality requirements alongside institutions, providing a guide of entrepreneurial skills designed to seize the best business opportunities in Italy and abroad by promoting the food excellence of Made in Italy.

https://www.federalimentare.it

Filiera Italia is an alliance to protect and represent the true distinct qualities and excellence of Italian agri-food production. The two priority objectives of the association are the fight against non-Italian imitations and the defense and promotion of the Mediterranean Diet.

https://www.filieraitalia.it

2.3.4 - THE PARTNERSHIP WITH RESEARCH

Production development is closely linked to organic collaborations with universities, research bodies and technological platforms, the most important of which are:

SAI - Sustainable Agriculture Initiative Platform - is the food & beverage industry's main initiative promoting the development of sustainable agriculture around the world. During 2016, INALCA implemented a pilot project for the analysis of sustainability of Italian livestock farms based on the SAI Platform standard called "Farmer Self-Assessment" (FSA). The Farmer Self-Assessment was conceived for the European framework and is expected to be adapted to the Italian framework. The pilot project, called "Sustainable Breeding", is managed in Italy together with Coldiretti and DQA – Agrifood Quality Department - within the framework of the new European ERBS platform.

https://www.saiplatform.org/activities/working-groups/beef/beef-fsa-pilot

GRSB - The Global Roundtable for Sustainable Beef - is a global multi-stakeholder platform developed to advance continuous sustainability improvements across the bovine value chain through leadership, science, stakeholder engagement, and collaboration. Besides defining sustainability principles and practices in the bovine sector, GRSB plays a role in promoting and coordinating the main regional platforms, namely the European, Canadian, US, Brazilian, and Australian platforms. INALCA participates in and promotes the improvement of sustainability in the bovine sector on a European, as well as global scale.

https://grsbeef.org/

CLAN - Cluster Nazionale Agrifood - is a multi-stakeholder community that operates at national level to defend and increase competition in the national agri-food chain in all its components. Through innovation stimulation, the enhancement of scientific research activities and technology, and the collaboration between research bodies, companies, institutions, and public administration. INALCA contributed to the definition of the national research agenda concerning sustainability in the agri-food sector.

https://www.clusteragrifood.it/it/

EIT FOOD - INALCA, together with the University of Bologna and other companies in the region, has launched the participatory project on the European Union's EIT Food platform, a community aimed towards research and innovation. The platform seeks to accelerate the transformation of the food sector, driving it towards more sustainable production through the joining of companies and research institutions.

https://www.eitfood.eu/

Carni Sostenibili - In 2012, a group of operators in the livestock sector, including the three main trade associations Assocarni, Assica and Unaitalia, founded Sustainable Meat, an association created with the aim of supporting scientific studies. Considering the logics of pre-competitive transparency, they launched the "Sustainable Meat" project, followed by a web portal, as well as the publication of the scientific document "The sustainability of meats and cured meats in Italy" (published by Franco Angeli). The site addresses all the topics related to the world of meat in a transversal way: an unprecedented project in Italy which, with a training approach, aims to contribute to balanced information on health, nutrition and sustainability.

https://www.carnisostenibili.it/

EnelX - the Enel Group is dedicated to product and technological development regarding energy and reduced carbon emissions. For INALCA, the company has become an essential stakeholder in the transition to accelerated circularity, creating sustainable solutions for companies. In 2021, there will be a Circular Economy Report, to measure current levels within the company and offer a roadmap of innovative solutions that will increase environmental, energetic, and economic savings.

https://www.enelx.com/it/it

2.3.5 - LOCAL COMMUNITIES AND TERRITORIAL TIES

INALCA's commercial activities within a given territory are fully integrated with local social dimensions, starting with direct contribution via employment and paying local taxes. Social responsibility isn't limited to these elements; it requires direct support of social institutions and initiatives following the SDG objectives: quality instruction (4), reduced inequalities (10), and sustainable cities and equalities (11). These were the main objectives addressed throughout 2020.

Covid Crisis: the pandemic had grave effects on social lives, provoking pain, suffering, and financial difficulty spread over multiple classes; it is no surprise that the company dedicated a large part of their social efforts in 2020 towards supporting associations and institutions that operated within territories during the pandemic crisis

PUBBLICA ASSISTENZA VIGNOLA

The PUBBLICA ASSISTENZA VIGNOLA is a non-profit organization with almost 40-years experience in the Terre dei Castelli territory, where INALCA is based. The company donated a special ambulance stocked with advanced instruments for treating infected patients. The vehicle has a bio-containment capsule with negative or positive pressure to ensure both patient and ambulance operators. Upon delivery, it was the only vehicle in Modena province with these characteristics.

https://www.pavignola.org

CROCE ROSSA ITALIANA

The CROCE ROSSA ITALIANA played an exceptional role during the pandemic, and INALCA contributed to multiple locations in many territories by donating products for employee meals and field cafeterias, totaling around 4 tons of canned meat and ragù.

https://cri.it/

EMERGENCY

"NO ONE LEFT BEHIND" was Emergency's theme when taking on Covid-19 with new projects that responded to the people's needs, including social support that saw the distribution of necessary food products and other basic necessities. INALCA donated around 2.5 tons of canned meats and ragù.

https://www.emergency.it/

Policlinico Gemelli - The Day Hospital Post-COVID-19 Project

Rome's Policlinico Gemelli was one of the major hospitals on the front lines of the pandemic, managing the largest number of patients in the Lazio region. To meet the massive requirement of human resources, and economical and technological investments, the Policlinico's Fondazione activated a fundraising effort; INALCA participated in the Day Hospital Post-COVID-19, an innovative project that sought to evaluate healed patients that manifest symptoms correlated to long Covid syndrome

https://www.policlinicogemelli.it/

PORTOBELLO - MODENA'S SOCIAL EMPORIUM

Porta Aperta has coordinated all of the Emporio Sociale Portobello's activities since 2017. The community project involves numerous associations from the territory, the Comune di Modena, and a selection of local and national companies. It is a unique supermarket where families experiencing temporary economical difficulties, each selected by the Comune di Modena through a budget of points attributed to their fiscal earnings. INALCA contributed various donations throughout the year.

FONDAZIONE MADONNA DEL SOCCORSO ONLUS

The Fondazione Madonna del Soccorso Onlus is a non-profit organization managing varying educational and welfare activities in Fauglia, Pisa, including a residential care home for the elderly, a nursery, and a network of assistance for families in need. During the most critical phase of the pandemic, the foundation had difficulty providing food goods in rural areas isolated from city centers. INALCA contributed by providing canned meats and ragù.

http://madonnadelsoccorsofauglia.it

Continual activities:

THE RONALD MCDONALD HOUSE CHARITY

The Ospedale Niguarda's North Block, pavilion 14, second floor hosts the Family Room Ronald McDonald, a project aimed at creating a welcoming space for the families of sick children who pass long hours in the wing, allowing them to stay close. An agreement between the Ronal McDonald House Charity, ASST Grande Ospedale Metropolitano Niguarda, with the contribution of INALCA and additional companies allowed for this project, the third in Italy after those in Bologna and Alessandria.

https://www.fondazioneronald.org/it-it

ANT

The Fondazione ANT is Italy's largest non-profit organization committed to complimentary socio-health home assistance for cancer patients. From 1985 to today, ANT has aided 138,000 patients without charge, with teams spread throughout 31 provinces and 11 regions. Every year 10,000 patients receive assistance in Italy, and INALCA has contributed to the organization for over 20 years. Throughout 2020 the Group has supported various projects, including the full funding of a family in Vignola, Modena, the "Paniere delle eccellenze", a food selection provided to families in need, and a product donation to the traditional "Asta della Solidarietà" auction

https://ant.it/

LILT

INALCA has supported LILT (Lega Italiana per la Lotta contro i Tumori), an organization fighting against cancer, for years. During the pandemic, the Group received a specific request from the association's branch in Mantova, where they have operated for decades and own two essential plants. To aid volunteers assisting with activities, INALCA donated a significant amount of food packages.

https://www.lilt.it/

3.0
OBJECTIVES AND PATHS TOWARDS SUSTAINABLE DEVELOPMENT

3.1 - DEFEATING HUNGER

3.2 - HEALTH AND "ONE HEALTH" WELLNESS

3.3 - CLEAN AND ACCESSIBLE ENERGY

3.4 - DIGNIFIED WORK AND ECONOMIC GROWTH

3.5 - BUSINESS, INNOVATION, AND INFRASTRUCTURE

3.6 - SUSTAINABLE PRODUCTION AND CONSUMPTION MODELS

3.7 - THE FIGHT AGAINST CLIMATE CHANGE

3.1 | DEFEATING HUNGER

3.1.1 - INALCA'S COMMITMENT TO SUSTAINABLE AGRICULTURE

SCENARIO

Farming contributes to providing 14% of total calories and 33% of proteins in the human diet globally. Livestock production provides an important contribution to food security, helping to combat micronutrient deficiencies, ensuring essential proteins, vitamins and minerals. Another vital role connected to the livestock sector is linked to **fertilization** which helps to increase **crop productivity.** The breeding of ruminants allows **non-edible plant products (86%) for humans, such as fodder, crop residues and agricultural by-products, to be transformed into proteins with high biological value.**

"Feed contains edible products or is grown on land that could be used to produce food."

This alleged divergence is the foundation of the debate on whether or not animal husbandry is efficient in converting feed into food. In reality the two sectors are not divergent, but **complementary**. A ruminant's diet is based **92%** of vegetable parts such as crop residues, grass and hay that are rich in cellulose and are not digestible by humans, which are converted into **proteins with high biological value.** This percentage drops to 86% if other animal species are also taken into consideration. On the other hand, the use of organic matter or manure in soil fertilization is increasingly important to avoid the use of chemical substitutes, which has led to less enriched and drier soil over recent decades. Abandoned land has also led to a reduction of agricultural areas, favoring single crops on the one hand and the abandonment of pastures on the other, resulting in agricultural areas that cannot be used for anything other than pastures for cattle and other ruminants. To strengthen the livestock sector's contribution towards the fight against hunger, it is necessary to increase efficiency in feed use and reduce competition for agricultural resources by favoring food industry by-products and non-edible feed for humans.

Global agricultural production, like all anthropogenic activities, has an impact on the environment, water reserves, soil and biodiversity. On a global level, in fact, it is estimated that 25% of greenhouse gas emissions derive from agricultural production, both in directly and indirectly, while in more advanced areas of food production, for example the EU, the incidence is much lower, about 11%, seeing a decrease of 20.5% in the period spanning 1990 - 2019 (EEA, Annual European Union greenhouse gas inventory 1990–2019 and inventory report 2021). According to the most recent Ispra data, the Italian agricultural sector (excluding escludendo LULUCF (Land Use, Land-use Change, and Forestry), accounts for 7.1% C02 emissions, falling below the European average (Ispra, Italian Greenhouse Gas Inventory 1990- 2019, National Inventory Report 2021).

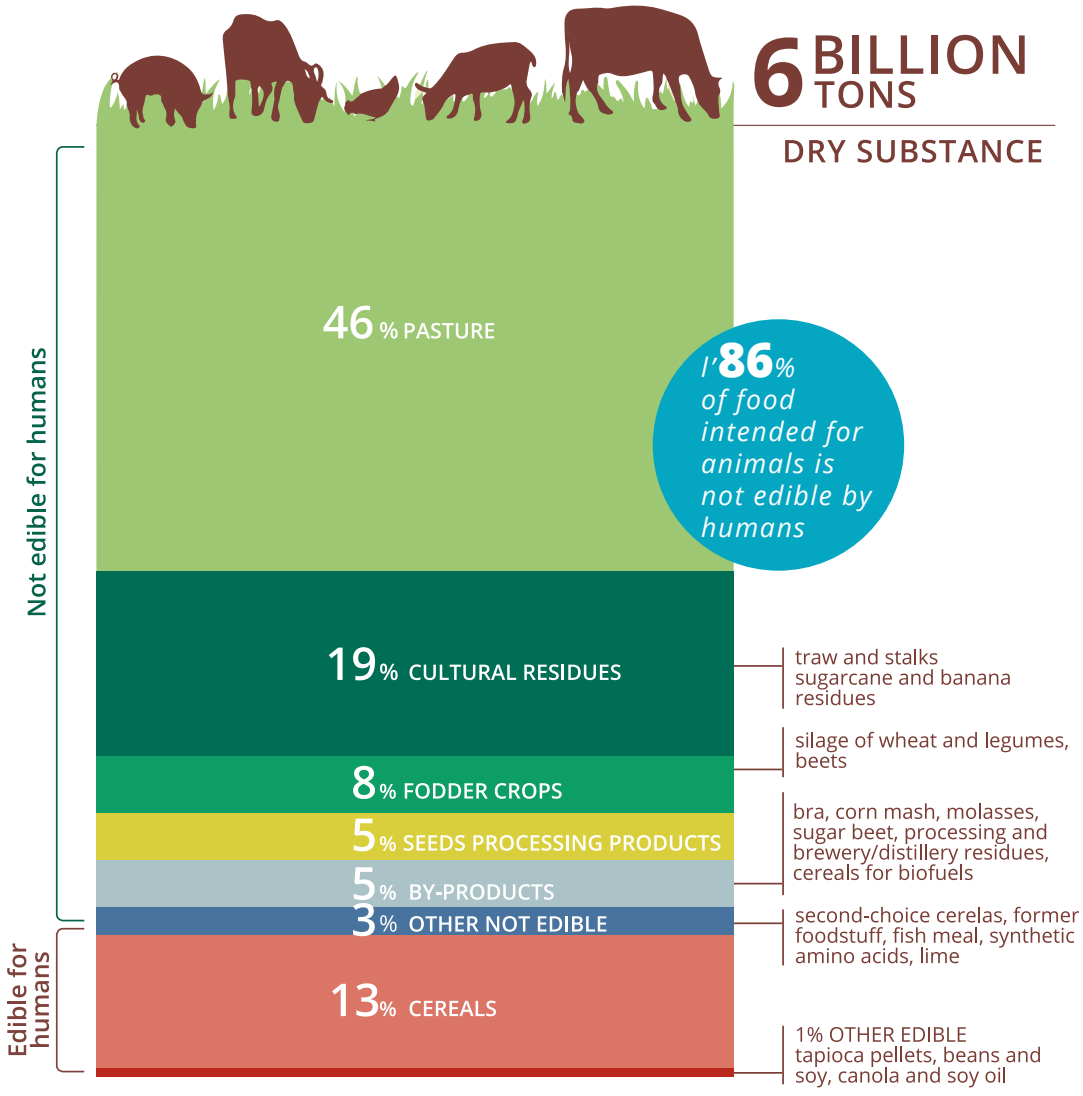
https://www.eea.europa.eu/publications/annual-european-union-greenhouse-gas-inventory-2021

We see a similar situation when specifically considering livestock production: globally it represents about 14.5% of the total emissions produced by man, while in Europe, animal production contributes 7.2% of the total anthropogenic emissions (EU - COM(2020) 381 final). The data **reveals that Italy** is even more efficient with a percentage that has decreased to **5,6%**. **The beef (both meat and milk) sector represents only 3.7% in Italy** (*Ispra, Italian Greenhouse Gas Inventory 1990-2019, National Inventory Report 2021*).

SCENARIO

This is very simple data, revealing how extremely different situations from the point of view of production models: **they show how the most advanced and technologically and scientifically equipped production systems are able to significantly improve impacts and consumption, while maintaining high levels of productivity.** While livestock production certainly has an impact on the environment, on the other hand, there is a growing demand for products originating from animals, especially from developing countries, following the increase in population and the improvement of social and economic conditions.

Table 6 - The overall global average composition of rations administered to main livestock species



Fonte: FAO, Global Livestock Feed Intake (.fao.org/ag/againfo/home/en/news_archive/photo/2017_Infografica_6billion.jpg

INALCA'S COMMITMENT

INALCA's challenge to fight hunger therefore focuses on the adoption of sustainable agricultural practices **that increase production while reducing the environmental impact** pressure on natural resources. The promotion of new livestock **production models exhibiting high intensity of scientific and technological** knowledge represents the main way to respond to this challenge. It is therefore based on a development model of the integrated **supply chain,** the use of the best scientific and technological knowledge in the agricultural field, and the promotion of cases of excellence. INALCA's the key element is in supporting **IBF Servizi:** a company created through the partnership between **Bonifiche Ferraresi S.p.A.** and **ISMEA – Institute of Services for the Agrifood Market,** aimed at providing **precision agricultural** to Italian agricultural companies in order to increase their competitiveness in terms of cost reduction, improvement of product quality, and overall environmental impact.

OBJECTIVE

- Further effort towards "Sustainable Breeding", sponsored by **INALCA. The collaboration between Inalca, McDonald's Italia, Coldiretti** and **AIA - Italian Breeders Association** - begun in 2017 brought together the shared vision of planning sustainability pathways within the beef supply chain.

- The project is based on the sustainability principles of the **ERBS - European Roundtable for Beef Sustainability,** a multi-stakeholder platform focused on improving European beef sustainability.

The goal of the project is to encourage the adoption and dissemination of sustainable farming practices, strengthening the competitiveness of primary production. Below are the four priority areas of intervention shared at national and European levels:

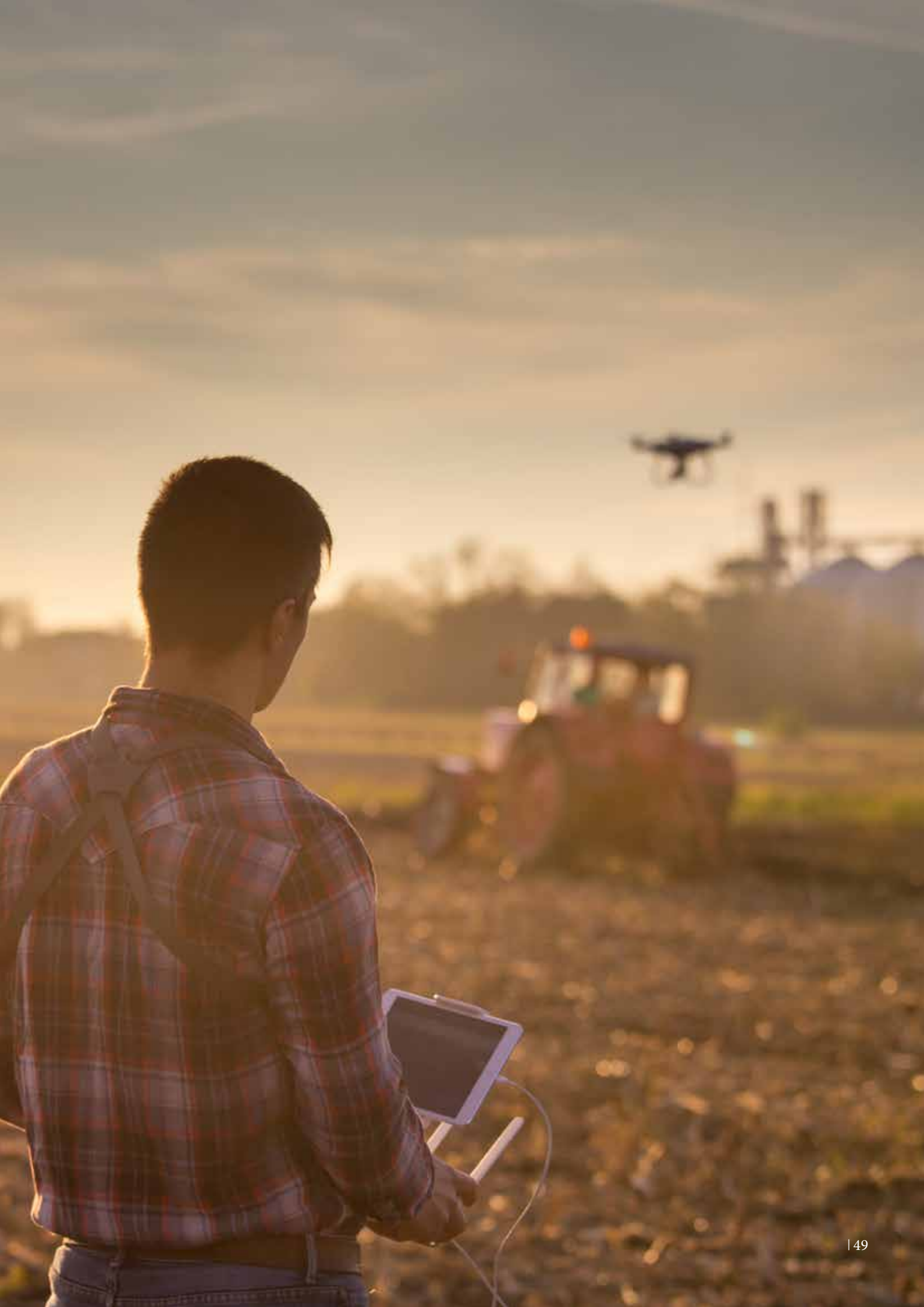
- **ENVIRONMENT**
  Reduction of greenhouse gas emissions;

- **VETERINARY MEDICINAL PRODUCTS**
  Reduction of the consumption of antimicrobial drugs;

- **HEALTH AND WELFARE OF ANIMALS**
  Improvement of welfare conditions on the farm;

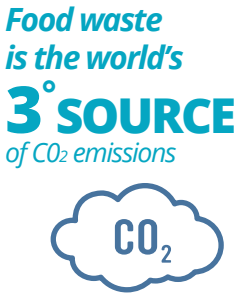
- **FARM MANAGEMENT**
  Improvement of the technical and managerial skills of agricultural entrepreneurs.

The Italian working group has started the selection of the farms and the creation of a software dedicated to data collection on farms to evaluate the current business performance and define activities and improvement objectives in each area of intervention. The project plans to obtain a first representative sample of **800 farms** on which to start the data collection activity. The project initially created for dairy cow farms is now being evaluated for INALCA's beef and veal supply chain.



3.1.2 - REGENERATING FOOD WASTE AND BY-PRODUCTS

SCENARIO



FAO has estimated that around one third of all food produced in the world is lost or wasted every year. This phenomenon prevents the improvement of food safety and mitigation of environmental impacts and the resources used in food systems. Although high awareness and knowledge of the main environmental implications has been activated, the effects of waste from this point of view have only recently been carefully analyzed. As well as a threat to food safety, it substantially affects the overall environmental impact of food production, with particular reference to CO2 emissions.
The global volume of waste can be estimated at **1.6 gigatons of "equivalent primary production",** of which the total waste of the edible parts alone is **1.3 gigatons.** This volume can be compared with the total agricultural production (for food and non-food purposes) which corresponds to about **6 gigatons.**
Removing GHG emissions generated by the agricultural conversion of land, **the carbon footprint of food produced and not consumed can be estimated at 3.3 gigatons of CO2 equivalent: in this respect, food waste is classified as the third largest emission after the USA and China.** Globally, the blue water footprint (the direct consumption of surface and deep water) of food waste corresponds to about 250 km3 equivalent to the annual discharge of the Volga River, or three times the volume of Lake Geneva. **Lastly, the food produced but not consumed occupies about 1.4 billion hectares of land, an area close to 30% of that used for agricultural production throughout the world.** Although it is difficult to estimate impacts on biodiversity globally, food waste unacceptably worsens the negative effects of monocultures and agricultural expansion into wilderness, creating loss of biodiversity, including mammals, birds, fish, and amphibians.

INALCA'S COMMITMENT

The recovery and enhancement of waste and by-products throughout the supply chain is therefore a pillar in the fight against hunger: **the recovery processes, in addition to generating greater value for the company, contribute to the overall improvement of sustainability in the meat sector.** In addition to raising attention to recovery processes, an effort that has been underway for decades, the new challenge is aimed at increasing the level of enhancement and quality of by-products, **with strong priority on use their destination for human consumption.** Now the best technologies make it possible to obtain important semi-finished products for human consumption from by-products that are currently being allocated to other supply chains. Even though it is true that all parts of the animal have always been fully recovered in numerous production processes, it is equally true that the part consumed for human nutrition is still too small. A necessary prerequisite for the pursuit of this goal is still the INALCA business model, based on productive integration along the supply chain, which allows efficiency and productivity in recovery processes.

OBJECTIVE

- **By 2021,** Inalca aims to open a new cast fat production plant in Castelvetro di Modena. **The new plant will be based on two lines specialized in the recovery of bones for the production of protein and food tallow.**

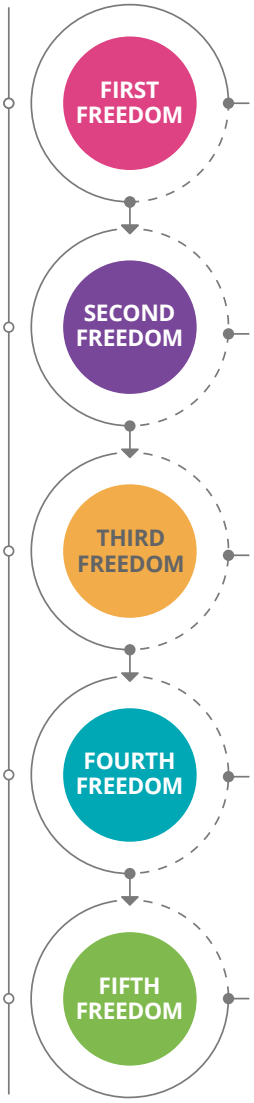
Biogas plant of Corticella breeding farm (MO)

3.2 | HEALTH AND "ONE HEALTH" WELLNESS

3.2.1 - ANIMAL WELLNESS

SCENARIO

The control and improvement of animal welfare conditions on farms is an element of growing sensitivity and attention on the part of consumers and stakeholders. Failure to respect animal welfare and the media coverage of animal abuse cases are leading younger consumers to reject the world of animal production and changes in eating habits based on ethical reasons that can negatively affect health. INALCA has developed a series of principles, values and operational rules aimed at controlling and measuring the conditions of animal welfare on its farms. The guiding principle is represented by the **"5 FREEDOMS"**. The principle of the "Five freedoms" constitutes the basic criterion of inspiration that INALCA has adopted for the breeding phase (Farm Animal Welfare Council 1979).



From hunger, thirst and poor nutrition, guaranteeing the animal access to fresh water and a diet that keeps it in full health.

To have an adequate physical environment; providing the animal with an environment that includes shelter and a comfortable resting area.

From pain, injury, disease, preventing or diagnosing and treating them quickly.

To manifest their own species-specific behavioural characteristics by providing the animal with sufficient space, adequate facilities and the company of animals of its own species.

From fear and discomfort, ensuring conditions and care for the animal that do not involve psychological suffering.

COMMITMENT INALCA

Based on these general principles of inspiration, INALCA has developed its own techniques concerning animal welfare. For correct animal welfare management, INALCA use of a team of veterinarians who update and develop these rules through all supply chain stages: breeding, transport and slaughter. It is a set of procedures and indicators that constitutes a complete system of management and evaluation of animal welfare, documented and accessible, then shared with breeders through the website and activities in the field of training and auditing, in connection with agricultural associations.

https://www.inalca.it/it/qualita-e-sostenibilita/sostenibilita-sociale/benessere-animale/

The criteria for overall assessment of Animal Welfare are:

- Absence of hunger;
- Absence of thirst;
- Access to comfortable rest areas with a suitable ambient temperature and possibility of movement;
- Absence of trauma, injury or pain resulting from improper management practices;
- Expression of the species typical behavior, good relationship with humans, absence of negative emotions.

Additional factors, defined as "objective indicators", are used to judge if the breeding environment is suitable for ensuring full compliance with the conditions of animal welfare, taking the main structural and technological parameters that characterize breeding into consideration.
In fact, the study of animal welfare does not only aim at evaluating behavior in relation to a more or less hospitable environment, but above all at understanding the way in which animals interpret and live the environment in which they are raised in the most objective way possible, evaluating all the different factors that can positively or negatively affect animal welfare (dangers and benefits). The concept of welfare is the result of the animal's full adaptation to its environment, the respect for the 5 freedoms, and therefore the result of positive, satisfying and gratifying experiences capable of producing positive and effective adaptation responses. Animal welfare is communicated to the consumer in a controlled manner through the voluntary system provided for by Regulation (EC) no. 1760/2000 relating to the labelling of beef and beef-based products, which ensures transparency, technical consistency and independent control. Inalca has achieved the goal set for 2019 and has defined a new protocol for the assessment of animal welfare in the beef sector, published in 2020 as the "Best Practice Breeder's Manual".

OBJECTIVE

INALCA adopts the official standard issued by the Ministero della Salute and developed by the Centro di Referenza Nazionale per il Benessere Animale (CReNBA) regarding animal welfare. The methodology was developed in the Experimental Livestock Institute located in Lombardia and Emiglia Romagna, part of the Brescia area.

https://www.classyfarm.it/

INALCA has set up, together with the University of Milan and the CRPA Research Studies Foundation of Reggio Emilia, additional systems for assessing animal welfare in the beef and pork sector:

- **Definition of a new voluntary protocol for the assessment of welfare in the pig sector by 2021.**

3.2.2 - RESPONSIBLE USE OF ANTIBIOTICS IN BREEDING

SCENARIO

Antibiotics are essential medicines for human and animal health, and correct use is the foundation for curing and therefore the welfare of farm animals. Antimicrobial resistance (AMR) is a natural biological phenomenon in which some microorganisms adapt as a result of genetic mutations or acquisition of resistance genes from other microorganisms, allowing their survival and growth in the presence of an antimicrobial agent. The antibiotic phenomenon has reached worrying levels due to the uncontrolled use of antibiotics in humans, pets and production animals; it poses a threat to the health of both humans and animals.

INALCA'S COMMITMENT

In order to combat the phenomenon, INALCA has identified some guidelines that it believes are applicable at all levels and in every geographical area in which it operates; the first is their commitment to diffusing correct drug use practices. INALCA also promotes the adoption of agricultural practices aimed at reducing the use of antibiotics in quantitative terms, with particular reference to the categories defined as critical in human medicine by the WHO (World Health Organization).

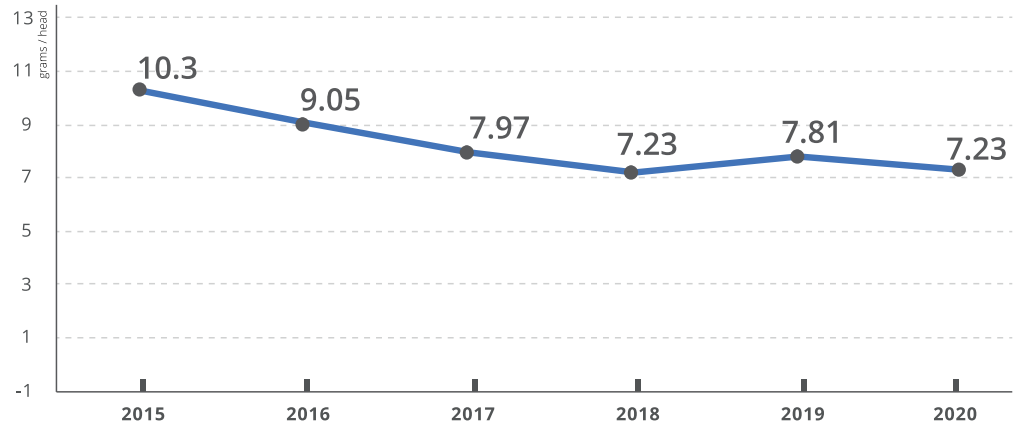
Regarding the criteria of use, INALCA requires:

- Antibiotics and medicines chosen are exclusively used according the pharmaceutical company's indications;
- Are purchased only following a veterinary prescription;
- Are administered in the quantities and times expressly indicated in the dosage of use.

Different methods of use can only be indicated by the company's veterinarian. In addition to technical rules and controls, INALCA promotes processes for the transfer of scientific knowledge to farms, cases of excellence and concrete evidence of model farms that have started successful paths in this field. INALCA considers it important to collaborate with institutions researching alternative animal care solutions to substitute antibiotics.
Based on the experience acquired, INALCA has:

- Created production chains that guarantee the exclusion of antibiotic use in the last 4 months of breeding, the result of a long task of implementing good practices in the use of drugs, professional growth of company management, and maintaining high conditions of welfare and biosecurity within the farms;
- Promoted the new professional figure, Company Veterinarian, for supplier farms as a tool to increase the health and safety level of the farms;
- Reduced antibiotic use by 30% throughout the supply chain;
- Developed a data collection system on the use of antibiotics in the supply chain;
- Enforced vaccination protocols designed by breeding veterinary professionals.

*Table 5 - Average trend of drug administration grams/head**



*Data relating to a sample of 7 high conferring INALCA farms.

OBJECTIVE

INALCA will address this field by following the **"Sustainable Breeding"** pilot project, aligned with the **ERBS European platform** defining sustainability in the bovine sector. It provides for:

- **The total use of antibiotics below 10mg/PCU by 2023;**
- **A 50% reduction in the use of critically important antibiotics (HP-CIAs) by 2023;**
- **Promote the conscious use of drugs as a cornerstone of their policies.**

Corticella breeding farm (MO)

3.3 CLEAN AND ACCESSIBLE ENERGY

3.3.1 - FROM DIESEL TO METHANE: INTEGRATED ENERGY NETWORKS

SCENARIO

The production of **green energy from manure** through anaerobic digestion processes represents an alternative to fossil fuels on farms. Anaerobic digestion systems produce **biogas** which can be used for the production of heat, electricity and, in the future, bio-methane for agricultural and transport vehicles. The **residual digestate** is a fertilizer that enriches agricultural soil with organic matter, reducing the use of chemical fertilizers. Supporting the recovery of manure can significantly contribute to the distribution of renewable energy to a wide range of users and production systems. The production of solar energy makes it possible to significantly increase the presence of energy from renewable sources, especially in industrial plants that ensure self-consumption of all the energy produced. INALCA utilizes solar energy to produce electricity.

INALCA'S COMMITMENT

INALCA owns the following plant self-producing renewable energy:

PRODUCTION OF ENERGY FROM RENEWABLE SOURCES AND METHANE COGENERATION

PLANT LOCATION	COMPANY NAME	PRODUCTION TECHNOLOGY	MW POWER	PRODUUCTION 2020 (MWH)	ENERGY SOURCE
OSPEDALETTO LODIGIANO (LO)	INALCA S.P.A.	ANAEROBIC DIGESTION	1.0	**6.787**	SLAUGHTERING WASTE
PEGOGNAGA (MN)	INALCA S.P.A.	ANAEROBIC DIGESTION	0.5	**4.194**	SLAUGHTER/FOOD WASTE
SPILAMBERTO (MO)	SOC.AGRI. CORTICELLA S.R.L.	ANAEROBIC DIGESTION	0.3	**2.497**	LIVESTOCK LIQUIDS
ROSATE (MI)	Az. Agr. La Marchesina	ANAEROBIC DIGESTION	1.0	**8.625**	LIVESTOCK LIQUIDS
ISOLA DELLA SCALA (VR)	Az. Agr. La Torre	ANAEROBIC DIGESTION	1.0	**8.562**	LIVESTOCK LIQUIDS
ISOLA DELLA SCALA (VR)	CA BIANCA 30%	ANAEROBIC DIGESTION	1.0	**2.563**	LIVESTOCK LIQUIDS
CAPO D'ORLANDO (ME)	INALCA S.P.A.	PHOTOVOLTAIC	0.1	**142**	SOLAR POWER
ROSATE (MI)	Az. Agr. La Marchesina	PHOTOVOLTAIC	0.4	**411**	SOLAR POWER
PIACENZA	FIORANI & C.	PHOTOVOLTAIC	0.5	**542**	SOLAR POWER
PEGOGNAGA (MN)	UNITE S.R.L.	ENDOTHERMAL COMBUSTION	4.8	**33.572**	CAST FATS

INALCA has launched a project for the enhancement of digestates for quality fertilizers (target 100% digestate production initiated for recovery processes for quality fertilizers) in partnership with a leading fertilization company. **This product is formulated with about 30% of dried digestate produced by INALCA and 70% with transformed manure.**

This project has received European funding through the EIT food platform.
The production cycle lasts about 6 months in order to obtain balance with the soil, avoiding further fermentation, mould formation, or ammonia fumes. With a high content of organic carbon, it is a useful product for preparing the soil for all crops and situations in which the soil requires the additional organic matter.

OBJECTIVE

7 AFFORDABLE AND CLEAN ENERGY

- **Enhance 100% of digestates to produce sustainable and quality fertilizers** through drying processes with recovered thermal energy **by 2021**;
- **Activate the first bio-methane production plant** and a completely sustainable transport chain **by 2023**;
- **Increase the share of renewable energy** in the company's energy mix by 20% **within 2025**;
- **Strengthen international cooperation to facilitate access to clean energy technology, including renewable energy research,** and efficient and advanced energy technologies, by promoting investment in energy infrastructure and clean energy technologies **by 2025;**
- **Create infrastructures and technologies for the supply of modern and sustainable energy services** in developing countries where INALCA operates **by 2030;**

Biogas plant - Ospedaletto Lodigiano (LO)

3.4 DIGNIFIED WORK AND ECONOMIC GROWTH

3.4.1 - FAIR WORK

SCENARIO

The INALCA Group applies national category employment contracts for the sector to which the individual company belongs wherever possible. They cover 100% of employees in Italy and over 90% of those abroad. Collective sector agreements also contain precise references to the health and safety aspects of workers. Collective bargaining is also applied to workers operating in an outsourcing regime.

INALCA'S COMMITMENT

INALCA wants to contribute in contrasting all forms of labour exploitation, particularly in the agricultural sector, and **guaranteeing stable employment and access to young people;** training, safety and protection of workers are fundamental pillars for their development in full respect of human rights and equal opportunities.

3.4.2 - STAFF TRAINING

INALCA'S COMMITMENT

INALCA conducts systematic training at all company levels. Training is entrusted to expert teams operating in various business areas.
Training topics essentially include:

17,880 hours of training in Italy

- the insertion of new employees, combining training and educational actions;
- health, occupational safety and environmental protection;
- the hygiene of processing and the principles of quality;
- **the ethical principles and codes of conduct adopted as part of the corporate organizational model.**

In 2020, 17,880 hours of training were carried out in Italy. Currently this data is exclusively collected in Italy. During 2021, data collection will extend to companies included in this report. The Covid-19 pandemic required the company to utilize remote training wherever possible, ensuring continuity and staff updates.

3.4.3 - SAFE AND PROTECTED WORKING ENVIRONMENTS

INALCA'S COMMITMENT

INALCA conducts systematic health and workplace safety activities, focusing on health surveillance and worker safety by maintaining the ISO 45001 certification standard within all Italian INALCA plants.

HEALTH IN THE WORKPLACE

Health surveillance includes a series of medical examinations aimed at identifying and eliminating hazards and minimizing risks at work and in the workplace. Preventative medical visits focused on specific roles help to evaluate if employees are fit for their specific job, and **periodic medical examinations,** established by health protocol, express both general worker health as well as job compatibility. An occupational physician establishes these visits based on the employer's risk assessment analysis. If the **assigned doctor** finds that a worker is partially or completely unfit to fill their assigned role, the employer will work with the company's prevention and protection service to apply the doctor's orders regarding the employee, and if possible, assign a different job compatible with their current state of health. Any employee, at any time, can request a medical examination if the assigned doctor verifies that it is correlated to professional risks or health conditions. Medical visits and controls are conducted when employees change positions or return to work after a prolonged period, ensuring that they are prepared to work, and their compatibility with the assigned role. The employer also ensures that employees assigned to specific tasks posing health and safety risks to third parties are free of any kind of drug, narcotic, or psychotropic addiction, intervening with preventative and educational measures. Employee health and occupational risk records are private, and are made available to the worker when they leave the company, or specifically request them.

INALCA's Top Management and Quality, Environment, Health, and Safety Management are collaborating continuously to update and improve health and safety in the workplace through periodic reviews. These reviews are conducted at least once a year, based on trimester results concerning environmental, health, and safety conditions evaluated by managerial systems. These management reviews verify whether the systems in place are appropriate, adequate, and effective, producing consistent and effective results that reflect the pre-established Quality, Environmental, Health, and Safety objectives and policies. INALCA encourages employees to access supplementary medical assistance through services provided by the national health system within the Group's Italian locations. These integrated supplementary services include activities outside the workplace, ensuring the promotion of worker and family member health whenever possible.

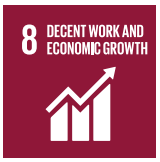
COVID-19 CRISIS

INALCA confronted the problems created by Sars-CoV2 by implementing detailed best practice policies throughout the group both in Italy and abroad. Particular attention was paid to employees through thermo-cameras to take their temperatures, and rapid swabs and molecular tests to monitor infections. Medical services were provided to employees tested positive, and the assigned occupational doctor conducted examinations were before those recovered from the virus were permitted to return to work to ensure competency.

WORKER INVOLVEMENT

INALCA encourages worker participation and consultation regarding health and safety in the workplace through communication, including flyers indicating goals that have been achieved and future objectives established by management on company bulletin boards, and periodic meetings on safety. These meetings are extremely important to the organization and and management of company security, decisive moments that enhance the attention paid to company characteristics, present risks, and above all, useful in creating measures to reduce said risks, or eliminate them completely. The yearly meetings involve employers, managers and employees working within the internal prevention and protection services, occupational doctors, and workers' representatives to make deacons on workplace health and safety, as well as others concerning work locations.

OBJECTIVE



INALCA and **Coldiretti** promote the improvement of work conditions in agriculture through the **"Sustainable Breeding"** project. They have adopted European objectives from the ERBS platform, including:

- **A 10% reduction in breeding injuries.**
- **Maintaining the goal of no fatal accidents.**
- **The development of a questionnaire dedicated to breeders.**

The **"Sustainable Breeding"** project saw the establishment of a group that monitors the number of incidents within the company and raise awareness amongst field operators.

3.5 | BUSINESS, INNOVATION, AND INFRASTRUCTURE

3.5.1 - HIGH-EFFICIENCY INFRASTRUCTURE

SCENARIO

A significant number of people depend on the livestock sector, including the jobs guaranteed by adjoining sectors like feed production, processing and sales. The processing of animal products is one of the fastest growing sectors in emerging economies but mainly involves large-scale farms, excluding small producers. Market access by small producers should be guaranteed by adequate investments and policies in developing countries.

INALCA'S COMMITMENT

INALCA, together with **COLDIRETTI,** has started a project **to relaunch animal husbandry in southern Italy,** involving farmers in the **Calabria, Sicily and Sardinia regions.** The model can be replicated in Africa and Russia. **The project's objective is the repopulation of cattle herds in the grazing areas of the south,** areas that are traditionally suited to this kind of production but subject to substantial decline over recent years. The breeding criteria adopted by INALCA for the production of meat animals includes **a first phase of grazing and a second in protected farms. From birth till about 10-12 months, the animal lives at pasture in an extensive breeding area, then it is transferred to stables where it is fed with a more nutritious and energetic diet.** INALCA supports this livestock model through the promotion of the **cow-calf line** in the farms participating in the project, using a style of breeding where the calf is born on the same farm where it will carry out the first stages of breeding. The farmer not only grazes the animals, but is responsible for reproduction and restocking of the herd. One can consequently obtain genetic improvement and select breeds in order to produce animals that are as profitable and the highest quality possible in line with consumer expectations. It is not a negligible aspect; developing the cow-calf line is in fact the starting point for bringing the farm back to its rural dimension, adapting farming methods and herds to the specific characteristics of the territory. **It increases the biodiversity of the various cattle breeds and improving the integration between humans, animals and the environment.** Ultimately it means ennobling beef from a mere food product to the **cultural expression of a territory.**

This integrated supply chain model allows for technology transfer activities for the application of sustainable production techniques, precision agriculture and animal husbandry, boosting innovation thanks to INALCA's participation in research institutions and active and competent technological platforms in the field of agro-industrial sustainability.

Agricultural systems must exhibit efficient infrastructures that bring value to livestock production, allowing access to the market. **The project puts primary production and subsequent processing into a system to allow small producers to access the most rewarding segments of the market.** INALCA's effort also focuses on the construction of new production infrastructures and distribution, in all the regions in which it operates to achieve this.

OBJECTIVE

BUILDING A RESILIENT INFRASTRUCTURE AND PROMOTING INNOVATION AND FAIR, RESPONSIBLE, AND SUSTAINABLE INDUSTRIALIZATION

- The main objective is to upgrade infrastructure **by 2025 and modernize plants to make them sustainable,** increasing efficiency in the use of resources and greater adoption of clean technologies that respect the environment and industrial processes;
- A additional objective is to strengthen scientific **research by 2025, and promote technological and innovation al capacities, particularly in developing countries.**

Cow-calf line - Orzinuovi breeding farm (BS)

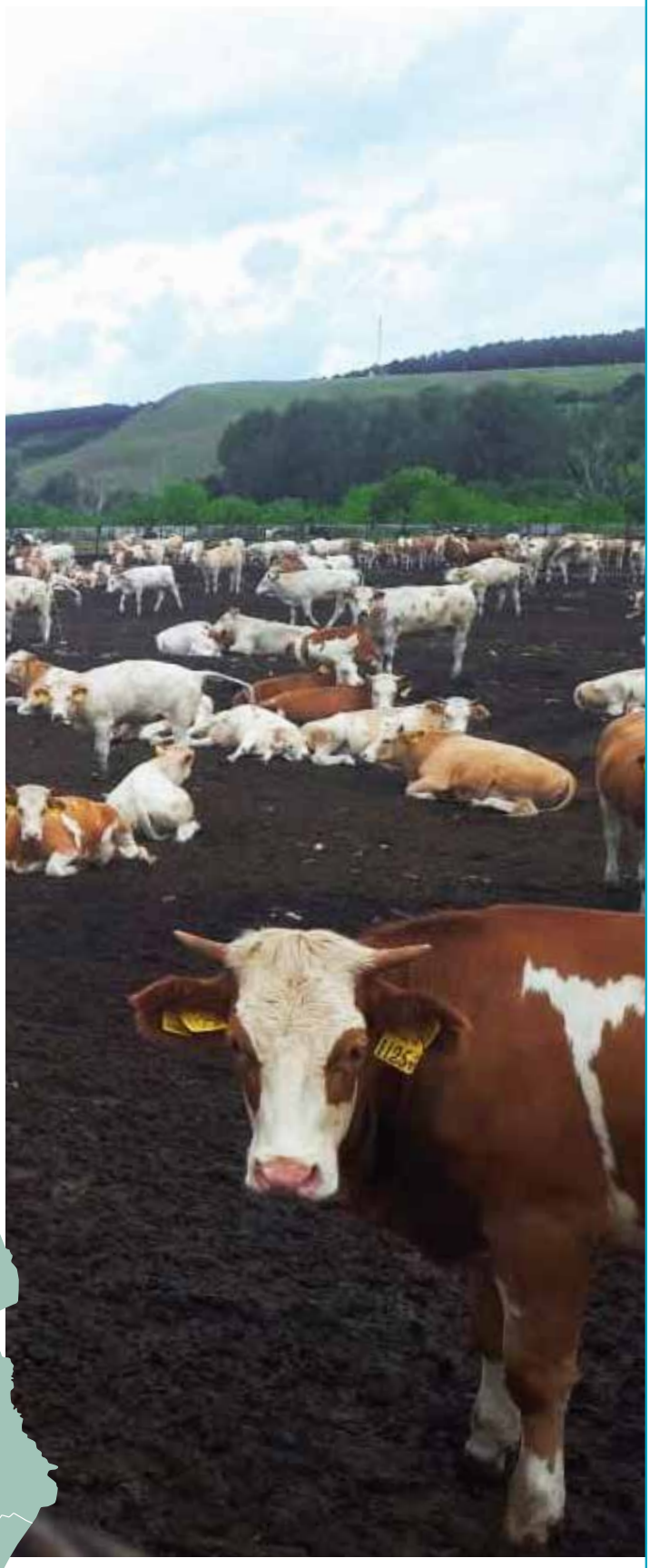
POLAND

A plant is under construction in Poland, located in the Middle Eastern region of the country in the municipality of Sochocin, an area with a strong livestock vocation.

In contrast to the rest of the European Union, Poland is a country defined by the growth of cattle breeding and by strong identity and values linked to the agricultural world. The plant will slaughter locally produced animals and consequently, related meat processing, including the production of hamburgers for the local market and neighboring countries.

The Group intends to apply its **integrated and sustainable development model** to the community market as well: thanks to the slaughterhouse, **INALCA will in fact be able to make long-term, direct agreements with breeders, creating a local supply chain.**

This approach represents an important step forward, since Poland is traditionally an agricultural reality, based mostly on commercial intermediaries and less on direct contribution between livestock and the processing industry. Thanks to the group's European network, **INALCA will give breeders access to the highest segments of the market and optimal positioning for every part of the animal in the local and community market,** including Italy, which is a strong consumer of Polish meat, highly favored by the catering and restaurant sectors.



RUSSIA AND THE EURO-ASIAN REPUBLICS

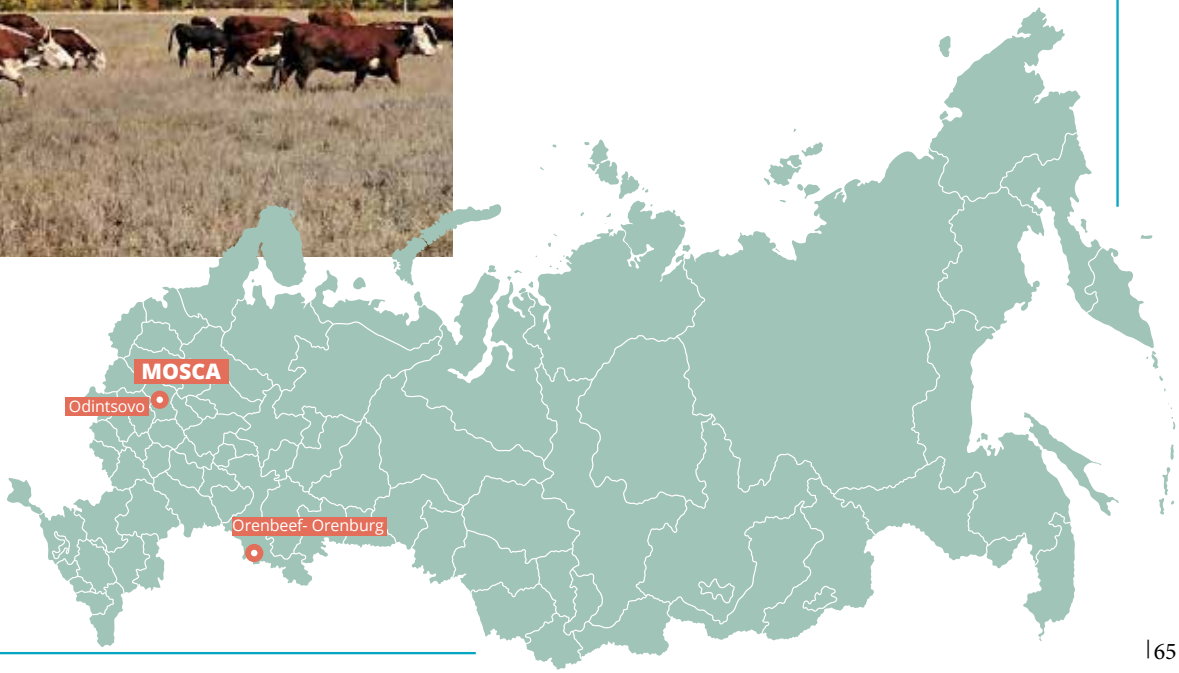
The Group operates in the sectors of food distribution and industrial meat production in the Russian Federation. They distribute through articulated system of platforms and logistic infrastructures that covers most of the country, the main operating base is located in Odintsovo, in Moscow's metropolitan area.

Industrial production is organized according to an integrated supply chain that involves two production sites: the first, responsible for the primary activities of slaughtering and cutting, located in **Orenburg,** a region defined by strong agricultural vocation. In addition to slaughtering, the production of anatomical cuts for local distribution and industrial processing is carried out in the **Odintsovo** plant (Moscow). This production site, in addition to the aforementioned food storage and distribution activity, carries out **hamburger and bacon production, destined in particular for the catering and restaurant sectors.**

Pork destined for bacon processing, unlike beef, is entirely sourced from local suppliers. The Russian food production system is growing rapidly and this allows INALCA to use an increasing number of local suppliers for other types of foods besides pork for distribution in the Russian territory and for industrial use. INALCA's core business, the bovine sector, the productive and commercial integration between the two plants has allowed an increase in the share of locally produced meat, reducing dependence on foreign imports. It is an important result which, in addition to contributing to the development of the territory and rationing of the local agricultural supply chain, represents an **element of reliability and support for future initiatives in this country** for INALCA. More importantly, meat supply in the Russian Federation is still based on imports, as the country is not completely self-sufficient. Imports are also difficult due to geopolitical events such as the 2014 embargo, which reduced the number of potential exporting countries to the Russian Federation and the related commercial competition; to this must be added the adoption by Russia of health-related non- tariff barriers, which constitute a further obstacle to imports. An overall picture of strong instability, which causes frequent operational difficulties in procurement from abroad and commercial tensions.

During the development of the local beef supply chain through the company Agrosakmara, the livestock sector in the area has been expanded. Through this company, **the production of Hereford cattle was initially started in the Chelyabinsk region,** to then implement the launch of similar initiatives both in the Orenburg region and in Tatarstan, in particular in the provinces of Sol-Ilesk, Saraktash, Piervamaika , Sharlik, Novoorsk, Buinsk and Kukmor. **The construction of one of the most important feedlots in the Republic of Bashkortostan (or Bashkiria) is also in planning.**

In 2020 an important distribution center was inaugurated in Sochi.



3.6 SUSTAINABLE PRODUCTION AND CONSUMPTION MODELS

3.6.1 - RESPONSIBLE COMMUNICATION AND CONSUMER AWARENESS

SCENARIO

FAO estimates that the demand for products of animal origin is growing; in countries where food consumption is increasing, the diet generally includes more animal products, vegetable oils and sugars. **These three food groups now make up 29% of total calories in developing countries, 20% more than thirty years ago.** This share is expected to increase to **35% by 2030,** while it has stabilized in industrialized countries. A growing number of studies claim that reducing the proportion of animal-based foods in the diet could have health and environmental benefits. Also bearing in mind the variability of dietary regimes at a global level, a rebalancing of quotas to reach nutritional targets could contribute to greater global efficiency in the food system. At least one third of the food produced is wasted from farm to table. For every pound of meat produced globally, about 200 grams are lost, especially at the end of the supply chain (distribution and consumption).

Domestic consumption accounts for nearly 50% of wasted meat. In developing countries, food waste occurs mainly in the processing phase (40%). In the case of meat, the greatest losses occur in the production phase, especially in sub-Saharan Africa due to poor animal health. Limiting waste, considering regional priorities, would improve efficiency and sustainability.

INALCA'S COMMITMENT

INALCA promotes the balanced consumption of all foods, in line with the nutritional indications provided by the main research bodies and following the principles of the Mediterranean diet. The **"Carni Sostenibili"** Association, owned by Assocarni, to which Inalca is associated, has published the third report on the sustainability of meat in Italy (Ed. Franco Angeli).

http://carnisostenibili.it/documenti/

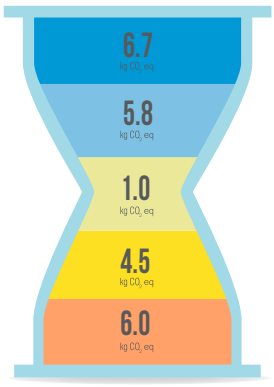
It is a complete and updated document that summarizes the state of scientific knowledge and information on the 5 fundamental issues of meat sustainability in Italy: safety, nutrition, environment, economy, and food waste. The report aims to constitute a clear and documented basis for discussion and confrontation among meat producers, without pre-established or intransigent truths. In fact, various organizations and stakeholders with different motivations participate in the debate on the subject of meat: animal welfare and environmental associations, media, which base their criticisms on data and information from different contexts, often from overseas countries and which are not always adaptable to the national context.

OBJECTIVE

GUARANTEEING SUSTAINABLE MODELS OF PRODUCTION AND CONSUMPTION

- **By 2030,** extend **sustainable production also to the supply chain in Africa and Poland** by bringing value and locally applying precision agriculture and livestock techniques for an efficient use of natural resources.
- Encourage companies in INALCA's supply chain to **adopt sustainable practices.**
- **By 2030, strengthen responsible communication** in the food sector so that people around the world have relevant information and awareness on the subject of sustainable development and consumption, balanced food lifestyles for both health and the environment

THE ENVIRONMENTAL HOURGLASS REPRESENTING THE CARBON FOOTPRINT OF WEEKLY FOOD CONSUMPTION



TOTAL 24 kg CO_2 eq/week

PORTIONS PER WEEK

14	MEAT, FISH, EGGS LEGUMES, CURED MEAT
24	MILK, YOGURT, CHEESE
21	CONDIMENT, OIL, FATS
51	BREAD, PASTA, RICE BISCUITS, POTATOES
35	FRUITS, VEGETABLES

"The Sustainability of meats and cured meats in Italy" (Ed. Franco Angeli) highlighted how a balanced consumption of meat also constitutes a fundamental contribution to the protection of people's health and does not cause significant impacts to the environment. The publication also revealed how the real per capita consumption of meat in Italy is essentially in line with the portions indicated by INRAN (now CREA), according to the most recent consumption data. Starting from all the above assumptions, the **Environmental Hourglass** graphic was created to visually exhibit how eating meat in a balanced way is sustainable for health and the environment.

https://youtu.be/5U0jqAZwR1g

The Environmental Hourglass is based on the consumption frequencies suggested by INRAN (now CREA) in the 2003 guidelines for an adult's Kcal intake of 2,100 per day, and the portions indicated by SINU with the 2012 guidelines.

3.6.2 - PLASTIC AND PACKAGING: REDUCTION, RECOVERY, AND RECYCLING

SCENARIO

Stakeholders and consumers feel strongly about the responsible and conscious use of packaging material, and INALCA has undertaken this commitment and applied it to their supply chain. Recent national market research shows that customers are increasingly more attentive to the materials used in packing, packaging, and shipping a product, and favor brands utilizing eco-sustainable packaging. Consumers' growing attention to recycling and respecting the environment is proving to be a continuing trend that strongly extends to younger generations.

https://www.nielsen.com/us/en/insights/article/2015/sustainable-selections-how-socially responsible-companies-are-turning-a-profit/)

INALCA'S COMMITMENT

INALCA uses various types of packaging: the main ones are made of plastic, paper and cardboard intended for the packaging of fresh and frozen meat. Tinplate and aluminum are used for canned meat; the goal is to use the least amount of plastic by type of packaging, to favor, where technology permits, recyclable mono-material packaging to encourage the replacement of secondary disposable packaging with reusable packaging.

45% *recycled paper for packaging* = **4,955** *tons saved*

Throughout 2020, particular attention was paid to the increasingly widespread use of mono-material packaging, including trays, mono-Pet films, and mono-PE films.

INALCA's plant based in Reggio Emilia replaced tray pads with draining pads in meat packaged in ATM in 2020, reducing the amount of non-recyclable materials. INALCA's plant based in Rieti decreased aluminum use by producing tins that were 0.01 mm less thick, from 0.18 to 0.17, reducing environmental impact and saving 6.3 tons of aluminum.

17% *recycled plastic for packaging* = **1,016** *tons saved*

The third line of development is to use materials suitable for promoting recovery and recycling processes downstream of the supply chain: aluminum and steel for cans, PET for trays and film, PE for film and bags, recycled paper for secondary packaging. The production of packaging is a complex technology and the partnership with the supplier is a fundamental requirement for the pursuit of improvement results. For this purpose, **INALCA adopts a criterion for selecting packaging suppliers based on 3 principles:**

- Technical competence;
- Ability to provide assistance and technological innovation;
- Consolidated experience with large industrial groups.

72% *recycled aluminum and steel for packaging* = **1,112** *tons saved*

Italia Alimentari has applied a strategy of responsible and conscious material use in their packaging over the past years. The first project beginning in 2018 saw a reduction in plastic thickness and weight, saving 45,000 kg in 2020, and an additional 17,500 kg thanks to the efficient optimization of product packaging within plants. The majority of these are cold cut trays in PET-PE and from 45 to 65% in PET-1. Italia Alimentari has also studied the possibility of packaging made from materials other than plastic, in particular, paper trays with FSC and Aticelca B certified materials. From packaging development to the technology that controls packaging plants, partners are essential elements selected according to INALCA's criteria evaluating the same quality standards governing the company.

OBJECTIVE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

INALCA PROMOTES PROJECTS TO IMPROVE PACKAGING SUSTAINABILITY IN ORDER TO:

- Reducing the thickness and weight of plastic packaging, both in absolute value and per, unit/ kg, thus obtaining a reduction in the quantity of materials used;
- Use recycled materials wherever possible;
- Use PET, a light, safe, inert material, which helps to contain carbon dioxide emissions
- Use of mono-material plastic packaging suitable for facilitating recovery and recycling as they trickle down the supply chain;
- Use, as secondary packaging, collapsible reusable PP crates, discarding the corrugated cardboard packaging
- Reduce the weights of cellulose packaging and replace virgin composition with recycled paper;
- Providing the consumer with final product packaging that can be recycled.

3.6.3 - RECOVERY AND RECYCLING OF WATER

SCENARIO

Water and all related services are fundamental elements for economic growth, citizen's wellbeing, and environmental sustainability. Consumer attention to water conservation and water recovery is increasing and water recycling must be one of the main drivers in the management of companies on the territory.

INALCA'S COMMITMENT

INALCA is aware of the value of water resources, and has been pursuing improvement objectives for some time, both in terms of reducing consumption and increasing recovery and reuse.
For its production sites INALCA does not use water from surface sources, but only groundwater, which offers greater guarantees in terms of quality.
Over 90% of the water supplies are also managed directly by INALCA, both for the phase of withdrawal from the water table and for the distribution, use, and purification phase.

95,017
purified water cm/year directed towards recovery

The water cycle completely managed by INALCA, ensures **"waste-free"** management of water resources as the distribution network is particularly manned and controlled. Furthermore, water discharges have a chemical-physical composition that makes them easy to purify, given a balanced relationship between the so-called Chemical oxygen demand (COD) and the Biological oxygen demand (BOD).

OBJECTIVE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

- INALCA's main plants are equipped with **modern purification plants** that ensure high purification yields. Furthermore, for the Castelvetro di Modena, Ospedaletto Lodigiano, and Pegognana plants, INALCA has set more restrictive discharge limits than those envisaged by the environmental authorizations of the plants for some time.
- In the case of the Italian plant in Ospedaletto Lodigiano, the reduction level has reached 50% of the authorized limit for the COD parameter at unloading. Where sector regulations allow it, INALCA initiates the recovery of the purified process water. In the last three years, INALCA has sent to recovery **approximately 95,017 cubic meters/year of purified water.** In 2020 the indicator was maintained and the company goal is to maintain these levels constant over time.

3.6.4 - REDUCTION, RECOVERY, AND RECYCLING OF WASTE

SCENARIO

Exactly like recovery and recycling of plastics and water, the correct disposal and treatment of waste is one of the major issues in global discussions on environmental sustainability and the circular economy. **Waste represents an enormous opportunity for sustainable growth in terms of reducing the consumption of natural resources and the development and implementation of technologies for material recycling and energy recovery.**
Despite seeming contradictory, waste currently represents one of the greatest opportunities for the European system for sustainable growth and for our country in particular, which lacks primary resources. In fact, **waste constitutes an enormous reserve of resources** which, if properly managed and exploited, can guarantee a sustainable and continuous supply of materials and energy over the years.

INALCA'S COMMITMENT

99%
of INALCA's waste is recovered

17,000
tons of biomass transformed into

47,734 *MWh*
of green energy

The Group's organic waste management facilities, in addition to producing efficiency and energy savings, allows it to address the new and more stringent environmental regulations aimed at discouraging the use of sludge directly in agriculture. The system favors more advanced solutions targeting **biological transformation through biogas or composting techniques,** which ensure greater control of environmental impact and the elimination of microbial flora potentially harmful to animals and the environment.

Thanks to a careful and scrupulous collection and separation of waste production sites, the recovery rate remained constant in 2020, at 99% of the waste produced. **Anaerobic digestion** with **biogas production:** the active plants are in Rosate Milanese with a capacity of 1 MW, located at the La Marchesina farm; the one in Spilamberto (Mo) operating at the subsidiary Az. Agr. Corticella, with a power of 0.3 MW, those located in Isola della Scala (VR) of the Azienda Agricola La Torre, with a power of 1 MW, and those of the Azienda Agricola Cà Bianca with a power of 1MW. These four agricultural plants allow the recovery and energy valorization of manure from farmed cattle. It is important to emphasize that, unlike other similar plants that are based on potential food plant matrices such as corn, **INALCA's agricultural plants only use non-food matrices without competing and subtracting resources from human and animal nutrition.**

Two other plants operate at an industrial level: the Pegognaga (MN) industrial complex, with a capacity of 0.5 MW, and the second, in the Ospedaletto Lodigiano plant with a capacity of 1MW. They increase the amount of internally **recovered waste, sewage sludge and manure in particular,** while augmenting internal energy production from renewable sources. In 2020, a total of about **17,000 tons of biomass per year were destined for energy valorization.**

Composting: INALCA, through its subsidiary **S.A.R.A. S.r.l.,** manages a plant for composting and **recovering some forms of waste and obtaining products for agriculture.** The waste transformed into compost includes the final products obtained from the Group's anaerobic digestion plants.

The combination of biogas and composting treatments therefore allows **INALCA to manage its waste in a complete and integrated manner,** spanning waste production to its complete reuse and regeneration into products for sustainable agriculture.

OBJECTIVE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

- **S.A.R.A S.r.l.** obtained approval in **2016** for the technical adaptation and expansion of the plant, a project that looked **to improve environmental management and productivity. Following an integrated territorial management model concerning environmental issues,** adapting the system will allow for the recovery of additional matrices from the Group's agricultural production and the surrounding urban area.
- The adaptation should be completed over **the span of 2021.**
- There is a predicted agreement in 2020 between Cremonini Group and Enel Group to install solar panel systems within INALCA and Sara S.r.l.'s major production sites.

3.7 | THE FIGHT AGAINST CLIMATE CHANGE

13 CLIMATE ACTION

3.7.1 - REDUCING THE PRODUCTS' CARBON FOOTPRINT

SCENARIO

Climate change has not only environmental impact, but indirectly effects production in the food sector, compromising agricultural yields and animal health. The scientific community increasingly identifies direct correlations between health and the environment according to an approach now called "One Health".

INALCA'S COMMITMENT

CO_2

CO_2 Emissions avoided through renewable energy production

- 22,244

tons/year/2020

INALCA intends to address the issue of energy and efficiency with a contribution towards the fight against climate change, a global objective defined by FAO from 2015 to 2030, sanctioned by the Paris Climate (COP21) international agreement, signed by 195. In the European Union, the agreement became binding on November 4th, 2016. For over 20 years INALCA has focused its efforts on energy efficiency and the production of energy from renewable sources to reduce its greenhouse gas emissions. The company is now **able to self-produce over 99% of its energy needs** with a combination of plants achieving maximum efficiency in the use of **fossil fuel sources and progressive increase of the share obtained from renewable sources.** The next few years present challenges concerning the transition of biogas plants from electricity to bio-methane for sustainable road transport, entrusting **electric production to solar power.**

INALCA gathered necessary data from 2020 to estimate their GHG emissions ultimately measure their Carbon Footprint. This is done through the PCC (Intergovernmental Panel on Climate Change) methodology, and the emissions are calculated in CO2 equivalent tons, applying the GWP (Global Warming Potential) coefficient for every compound considered. The results are expressed through two indicators: Scope 1 addresses the company's direct emissions, including combustion for energy production, company vehicles, and manufacturing, and Scope 2, encompassing indirect emissions, including purchased electricity not generated within the company confines.

TOTAL EMISSIONS FOR SCOPE 1 AND SCOPE 2 IN 2020

1 SCOPE

DIRECT GHG EMISSIONS

	Units of measure	2020
Methane Gas	tC02 eq	63,477.98
LPG	tC02 eq	1.46
Diesel Generator Group	tC02 eq	14.33
Diesel For Boiler	tC02 eq	28.40
Diesel - Company Fleet	tC02 eq	688.25
Biogas	tC02 eq	6.89
Fat Casting	tC02 eq	5,310.63
Total Emissions Scope 1	tC02 eq	69,527.94

2 SCOPE

INDIRECT GHG EMISSIONS

	Units of measure	2020
Total Emissions Scope 2 (Location-based)	tC02 eq	37,090.55
Total Emissions Scope 2 (Marked-based)	tC02 eq	51,441.06

OBJECTIVE

INALCA began an in-depth study of emissions in 2020 within some of the group's plants, collecting initial data on climate change, deforestation, water security, and the supply chain through the CDP (Carbon Disclosure Project) platform, to be published in Scope 3 during 2021.

3.7.2 - SOLAR ENERGY AND COGENERATION

INALCA'S COMMITMENT

INALCA self-produces over*

99.9%

of its energy needs

of which

35.7%

from renewable sources

**for the plants in Castelvetro; Ospedaletto, Rieti; Pegognaga; Capo D'Orlando; Fiorani Piacenza; Busseto*

INALCA's main tool in improving its energy performance are cogeneration systems. To date, INALCA has **6 natural gas-fired cogeneration engines** located in 4 of its main Italian plants: two at Castelvetro di Modena (MO), two at Ospedaletto Lodigiano (LO), Rieti e Busseto (PR), for a total methane cogeneration power of 14.1 MW. In addition, there are **2 cogeneration plants using renewable sources** which include the joint participation, together with the TEA Group of Mantua, of a **large plant powered by animal fats** with a power of 4.7 MW, as well as the Group's 6 other biogas plants powered by sludge purification and manure, for a further 4.8 MW. **INALCA's cogeneration technology is based on natural methane, biogas and animal fat,** allowing it to be combined with another virtuous technology for the recovery of slaughtering waste and by-products: **anaerobic digestion with the production of biogas.** The anaerobic digestion process ignites the **energy recovery of biomass** that is otherwise useless, a compound of organic waste, manure and other non-edible by-products of slaughter. In addition to cogeneration systems, INALCA is also developing solar energy for a future total power of over 5MW.

Photovoltaic and Biogas system - Marchesina Farm - Rosate (MI)

OBJECTIVE

PROMOTE ACTIONS ON ALL LEVELS TO COMBAT CLIMATE CHANGE

- **INALCA** foresees a **full transition to bio-methane energy within the Group's Biogas plants by 2026**;
- **Development of the composting plant in an anaerobic digestion plant;**
- **Enhancement of solar energy production.**

This chapter was drawn up with the technical support of the Bocconi University SDA - "Public Management and Policy" Department. A special thanks to Prof. Francesco Bertolini and to Dr. Ilaria Bergamaschini for writing the texts and researching sources and data.

4.0
FOCUS AFRICA

DEFEAT POVERTY

DEFEAT HUNGER

HEALTH AND WELLNESS

INCLUSIVE AND EQUALITY EDUCATION

GENDER EQUALITY AND EQUAL OPPORTUNITIES

AVAILABILITY AND MANAGEMENT OF WATER RESOURCES

REDUCTION OF INEQUALITIES WITHIN AND BETWEEN COUNTRIES

DECENT WORK AND ECONOMIC GROWTH

INNOVATION AND INFRASTRUCTURE

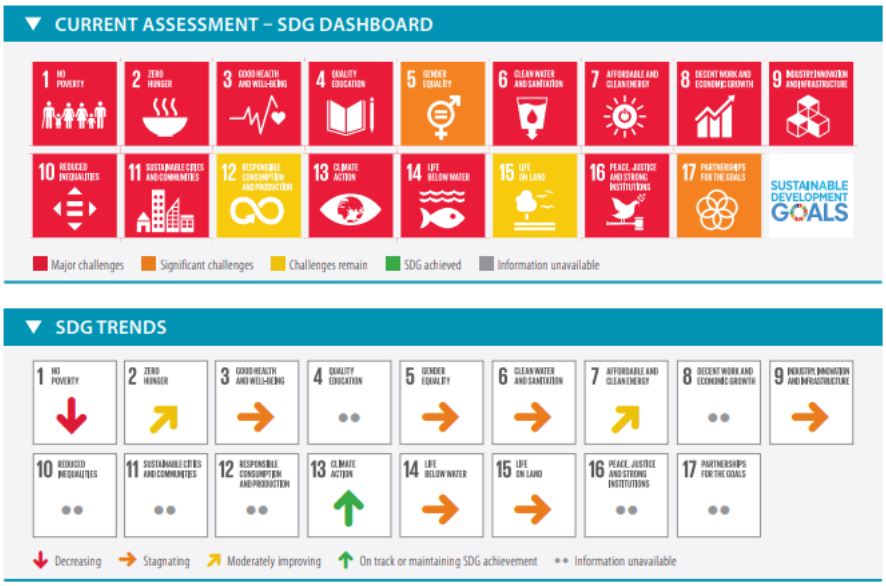
SUSTAINABLE CITIES AND COMMUNITIES

Luigi Cremonini - Kamabatela, Angola

4.1 THE INALCA MODEL IN ANGOLA

INALCA's commitment to the SDGs finds its maximum effort in Angola, one of the foreign countries in which INALCA has been operating for almost 30 years. In terms of SDGs rating, Angola ranks among the last places in the ranking (149 out of 162). In the 2020 report, no African country has achieved a satisfactory score for SDG 2 (zero hunger), SDG 3 (good health and well-being), SDG 4 (quality education), SDG 5 (gender equality), SDG 6, (clean water and sanitation) SDG 8 (decent work and economic growth), SDG 9 (industry) 10 (inequality) SDG 11 (sustainable cities and communities), SDG 14 (life below water), SDG 16 (peace, justice and strong institutions). For this reason, INALCA's commitment in Angola takes on even greater significance; **the investments that the group is making in this country represent an innovative and interesting model because they allow us to understand how they can affect the goals, beginning a path that can become a model for other foreign investments in the country or in other African countries.** INALCA therefore proposes itself as a promoter of more sustainable development models, even more fundamental models in areas of the world where many economic, social and environmental parameters require important efforts to bring them to acceptable levels.

Table 6 - Trend SDGs Angola



Fonte: Sustainable Development Report 2020

FAO has identified the following long-term priorities for Angola:

- Increase food security and support the growth and competitiveness of the agricultural sector, also addressing the problem of the lack of formal social protection;
- Improve the coordination and sustainable management of natural resources;
- Strengthen the resilience and the ability of small producers and fishermen to adapt to the impact of climate change, with particular attention to strengthening the capacity of institutions to anticipate and coordinate the management of the impacts of climate change on production systems and on general food and nutritional security.

The SDGs objectives for Angola have been identified in the context of a general lack of an organic monitoring and data collection system, as well as a variability of sources and methodologies. Rather than characterising the real situation of the country in a specific way, the indicators reported therefore want to represent a methodological starting point for identifying reference parameters capable of positioning Inalca's activities in Angola. **INALCA has nevertheless adopted the FAO objectives for Angola and believes that its development model is fully aligned with the general expectations of the country.**

INALCA - Distribution Platform, Angola

DEFEATING POVERTY

In Angola, the third country in sub-Saharan Africa by GDP after Nigeria and South Africa (World Bank 2017), 42% of the population still lives below the poverty line of 3.2 dollars a day (SDG Dashboard 2020). The country's economy is closely linked to oil: the sector accounts for a third of GDP and more than 90% of exports (World Bank 2019), but 85% of employment is in the agricultural sector (Angola Country: Strategic Information and Developments, International Business Publications, USA 2013).

MINIMUM WAGE FOR THE PRIVATE SECTOR *(Minister of Public Administration, Labour and Social Security, Angola 2019):*
USD 67,5 monthly *(agriculture)*
USD 62.8 monthly *(sales and manufacturing)*
USD 102 monthly *(mining industry)*

ANGOLA AVERAGE WAGE
USD 617 *(Salary Explorer 2019)*

INALCA ANGOLA EMPLOYEES AVERAGE WAGE *(not considering expats)*
EMPLOYEES *(White collar workers)* - 630 USD net monthly
WORKERS *(Blue collar workers)* - 230 USD net monthly

DEFEATING HUNGER

In Angola, agriculture accounts for less than 10% of GDP, a situation that forces the country to import a large part of its food despite being among the top five countries with the greatest agricultural potential in the world. Angola possesses 58 million hectares of arable land, the equivalent of the area of a country larger than France (FAO, Macahub).

23.9% of the population does not get an adequate amount of calories from food to lead a healthy and active life (Prevalence of undernourishment - Sustainable development report 2019. Average figure for sub-Saharan Africa: 22.8).

Food imports into Angola for the past 3 years (2016-2018) are valued at USD 8.6 billion (National Bank of Angola). **INALCA placed 14,133 tons of food products on the Angolan market including meat, fish, milk, oil, pasta, preserves, etc.** through its logistical infrastructures (4 distribution centers located in Luanda, Viana and Lobito) in 2020. In the coming years, the company intends to develop an integrated and sustainable supply chain that will allow a significant increase in local production of meat and other foodstuffs. A further development concerning meat production is the goal of creating breeding centers and an industrial slaughtering and processing structure able to contribute in a fundamental way to the revival of local animal husbandry, similarly to what has already been implemented by INALCA in Russia and Italy.
The next few years see a development model including the construction of a new food processing and distribution centre in the capital Luanda (CNA National Agro-food Centre). INALCA's future commitment in Angola is to encourage internal self-sufficiency, concentrating its efforts in the agricultural production, livestock and processing phases, as well as for the development of the distribution network, infrastructure and refrigeration systems.

HEALTH AND WELLNESS

Angola still has some of the worst health indicators in the world today, particularly concerning maternal and infant health (WHO).

Infant mortality (under 5 years old) is equal to 74.7 per 1000 live births (75.5 being the average of the sub-Saharan region) (target 25) (WHO, SDGs Dashboard 2019). Maternal mortality rate: 241 per 100,000 live births (target 70) (WHO, SDGs Dashboard). Universal health coverage (UHC) (measured on a scale of 0 to 100 as access to the preventive, curative, rehabilitative and palliative health services needed, of sufficient quality to be effective,) is 40 (WHO, SDGs Dashboard).

100% of INALCA workers have access to medical insurance/private care/dedicated services in terms of health and prevention.

INALCA's logistics and distribution network in Angola allows access to safe foods, with better guarantee from a health and quality point of view.

INCLUSIVE EDUCATION FOUNDED ON EQUALITY

Almost 70% of the Angolan population is under 24 years old. 25% of children aged 6 to 11 do not attend school, rising to 40% in rural areas (Education Policy Data Centre 2018).

Literate population (15+): 80% of men and 53% of women (EPDC, Angolan National Education Profile 2018). The secondary education completion rate is lower: 20.9%.

INALCA's projects for the construction of industrial and logistic infrastructures require a strong commitment to training activities.

INALCA provided specialized training activities in 2020 to its employees (men/women):

30% of the company population participated in various training activities corresponding to an amount of 20 hours per employee. The percentage of employees who have attended training courses (men/women) is 50% of men and 50% of women.

35% of INALCA employees in Angola have primary education, 55% secondary, and 10% tertiary.

DECENT WORK AND ECONOMIC GROWTH

In Angola, **only 29% of adults** (15+) **have a bank account** or other financial institutions, or are paid with a mobile payment service (SDG Dashboard). The unemployment rate in Angola is slightly higher than in the sub-Saharan region (7.3 vs 6.1, World Bank 2018). **In Angola, more than 100 INALCA employees** have regular employment contracts and **100% of them have bank accounts** or similar. The business model developed in the country therefore helps to improve the working conditions of the population by contributing to the economic stability of its employees.

FAIR WORK IN AGRICULTURE

The livestock sector accounts for 40% of agricultural GDP and is one of the fastest growing sectors in developing countries (+ 2.5% per year, in the last twenty years). It is therefore a key sector for increasing global economic growth, through training, technological improvement and innovation, not only in the production phase but throughout the supply chain.

In Angola, child labour in the sector is more widespread in animal care and pastoralism, where children are involved from the age of 5-7 with serious consequences in terms of education and health risks (Livestock and SDGs FAO). Governments must therefore work with producer organisations, communities and the private sector to limit child activities and to reduce risks for all workers.

http://www.livestockdialogue.org/

In all the countries where it operates, **INALCA protects labour rights, does not resort to any form of child labour and promotes a healthy** and safe working environment for all workers and at all levels of the supply chain, from agricultural production to processing and distribution of products.

GENDER EQUALITY AND EQUAL OPPORTUNITIES

INALCA's employment is 40% female, a statistic in line with the country's average of a **50% female presence in the workplace.** (World Bank).

AVAILABILITY AND MANAGEMENT OF WATER RESOURCES

Angola is a country rich in water resources, and yet only **49%** of the population has access to basic services of drinking water (SDG Dashboard 2019). The mortality rate of children under 5 in Angola is among the highest in the world (81.1 per 1000); about 10% of deaths under the age of 5 are caused by diarrhea, often due to water contamination (Unicef 2019, Europeaid European Union 2015).

INALCA's current water consumption is a mere **4,700,000 liters yearly,** used for washing vehicles and premises, evidence that the company is sensitive to the importance of this essential resource.

INNOVATION AND INFRASTRUCTURE SUSTAINABLE CITIES AND COMMUNITIES

The distribution of Angola's infrastructure networks largely follows the distribution model of the population and natural resources, with a greater density of transport, energy and ICT infrastructures along the western half of the country.

The road network is quite extensive, with better conditions in the western areas. There are numerous deficits at the national electricity grid level, there are in fact numerous isolated power systems, with minimal local transmission links, although a supporting structure is provided. Angola's optical fibre is already much more developed than its electricity grid, connecting all the major cities on the western side of the country (Angola country report, World Bank 2011). **In Angola, the "Logistics performance Index",** which indexes the quality of infrastructure for trade and transport (from 1 = low to 5 = high) was calculated in 2019 at 1.9 (SDGs Dashboard 2019). In Italy the same indicator is estimated at 3.9 and in South Africa 3.2. **INALCA already operates in the country with 4 modern distribution centres, with their own vehicles that serve the local Horeca market. The management model applied in Italy in the distribution centres was in fact replicated in Angola.** The creation of an agrifood hub in Angola could have significant effects in terms of creating an efficient logistics chain for the supply of food products as well as a cold chain that guarantees the safety of food products, consistent with objectives 9 and 11.

Kamabatela, Angola

5.0
PERFORMANCE AND SUPPLY CHAIN

5.1 ECONOMIC PERFORMANCE

5.1.1 - ECONOMIC RESULTS FROM 2020

Despite the restaurant and catering crisis caused by the pandemic, INALCA was able to evenly balance their activities in 2020, with sales of **2.123 million euros.** These results are thanks to increased meat sales in Italy, coupled with the optimal performance of cold cuts, offsetting negative variations in the foreign market. This particular period was in part victim to the pandemic's negative effects, but the Group continuously pursued their growth objectives, moving forward with a long-sighted and expansive approach resulting in the daily management of over sixty companies looking to establish themselves as leaders in the countries in which they operate.

CONSOLIDATED INCOME STATEMENT

(in thousands of Euro)	YEAR 2019	% Incidence	YEAR 2020	% Incidence
TOTAL REVENUES	**2,246,951**	100%	**2,123,621**	100%
EBITDA	**145,879***	6.49%	**166,322**	7.83%
EBIT	**74,661***	3.32%	**96,687**	4.55%
GROUP NET PROFIT	**19,149***	0.85%	**52,600**	2.48%
CAPEX	**92,249**		**88,589**	
NET FINANCIAL POSITION	**(418,644)***		**(407,207)**	
GROUP SHAREHOLDERS EQUITY	**443,580**		**464,165**	
NUMBER OF EMPLOYEES	**5,561**		**6,069**	

*Includes IFRS 16 adoption effects

BREAKDOWN OF REVENUES BY GEOGRAPHICAL AREA

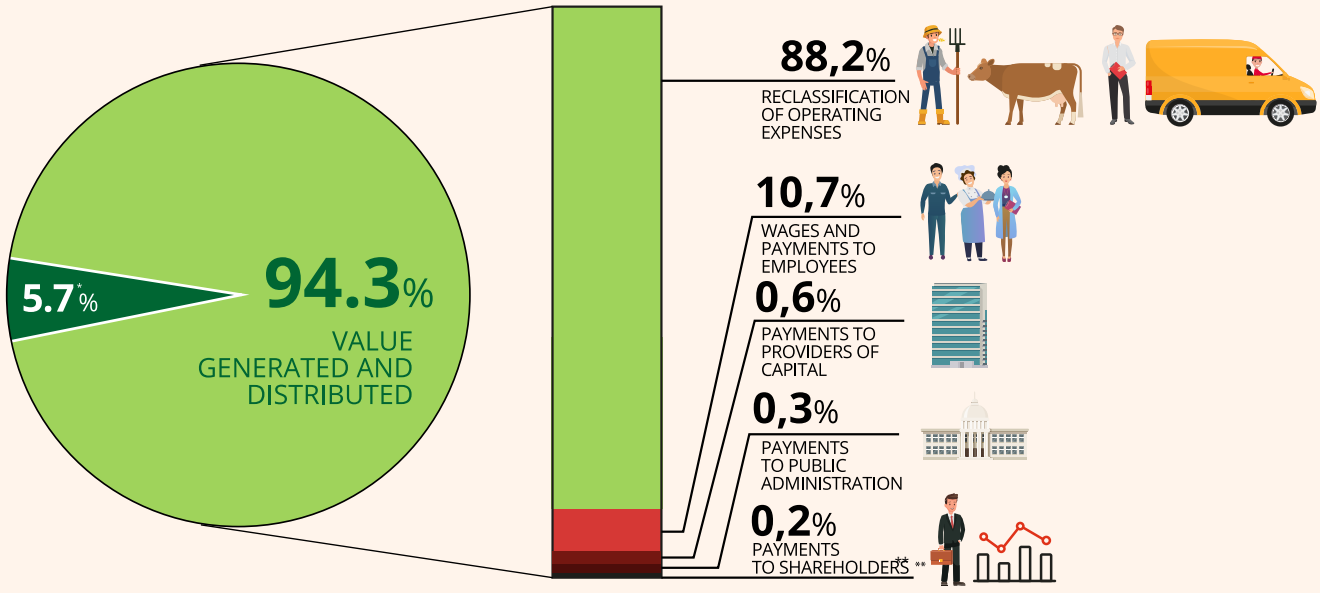
(in thousands of Euro)	31,12,2018	%	31,12,2019	%	31,12,2020	%
ITALY	1,268,801	62%	1,395,188	62%	**1,448,795**	**68%**
EUROPEAN UNION	299,734	15%	271,023	12%	**218.505**	**10%**
EU - RUSSIA - AND EUROASIAN REPUBLICS (+ KAZAKHISTAN)	270,436	13%	314,027	14%	**227,130**	**11%**
AFRICA	206,221	10%	166,620	7%	**118,313**	**6%**
OTHER NON-EU REGIONS	9,623	0%	100,093	5%	**110,879**	**5%**
TOTALE	2,054,815	100%	2,246,951	100%	**2,123,622**	**100%**

5.1.2 - ECONOMIC VALUE GENERATED AND DISTRIBUTED

The generated and distributed value (EVG&D) represents the first basic indicator of the value that the company has created for its stakeholders. Due to the low added value of production processes, the high occurrence of raw materials, and personnel in the company's income statement, the value transferred externally is particularly significant within the food sector. In other words, INALCA's business activity has a high rate of economic sustainability, as the value distributed externally is exponentially high. The graph illustrates that the **distributed economic value represents 94.3% of the total value generated by INALCA.** The meat supply chain is therefore among those that transfer the most external value, and the occurrence of agricultural raw materials is particularly high.

In the financial year*, the value generated by Inalca Group remained at the previous year's levels, just as the value distributed to farmers, staff, suppliers, public administration and the financial world remained stable.

Table 10 - Directly generated and distributed economic value in 2020



*Retained economic value of 5.7%

** in reference to activities concluded December 31, 2020, dividends were distributed to shareholders for a total amount of € 28,052,575, with withdrawal from the extraordinary reserve

5.2 SUPPLY CHAIN

INALCA's supply chain is wide-reaching and articulated, varying according to the type of product and geographical area of production. **INALCA's suppliers sign the code of ethics and the code of commercial conduct, essential when beginning the supply relationship.** The codes constitute the guiding tools for monitoring suppliers' respect for human rights, and environmental and labour laws. In the following paragraphs we have described the most relevant issues pertaining to our supply chain and the main differences between the various regions in which INALCA operates.

5.2.1 - CATTLE HEAD SUPPLIERS

INALCA'S FARMS AND AGRICULTURAL PRACTICES IN ITALY

Italy's cattle breeding is mainly based in stables. Our country does not have large pastures, but in the **Po Valley possesses one of the most fertile lands in the world, easily producing food with high nutritional value.** In fact, over **60%** of national cattle herds are concentrated in this region and INALCA's main production plants are located there.
The cattle farms that merge into the Inalca chain hail mainly from this fertile land, and essentially belong to one of two types: **dairy cattle farms** (cows) **and beef cattle farms** (young bulls, heifer, and calves).

Dairy cattle breeding takes place exclusively in barns and INALCA counts on over 18,000 Italian farms as part of their supply chain. In order to pursue its own supply chain policies, the company looks to the contribution of agricultural organizations directly representing this large and fragmented channel. The expression of these agreements is the **"Sustainable farms" project: developed in partnership with Coldiretti, it represents the main tool for production integration between the milk (to which these farms directly refer) and meat supply chains.** On beef breeding farms, animals are pasture-raised until weaned, and then transferred to barns. INALCA's supply chain looks to about **500 controlled farms,** including farms owned by third parties, all subjected to INALCA's direct control concerning safety, quality and sustainability, with the company's technical staff on site for the supervision of every aspect and phase. INALCA defines this as a direct supply chain without intermediaries, covering an average of 30% of its demands (consult the detailed table below). The new Cremovit calf supply chain management company has consolidated and continuously produced double the amount of animals delivered to slaughterhouses in 2020, a number directly controlled by INALCA's supply chains, increasing from 15% to over 30%.

THE RUSSIAN FEDERATION

Important farming activities have been launched utilizing an integrated and sustainable local supply chain in the Russian Federation. The bovine supply chain is managed exclusively at a local level: **the Orenbeef plant has 23 farms providing agistment services that produced 5,000 head throughout the year.** As shown in the

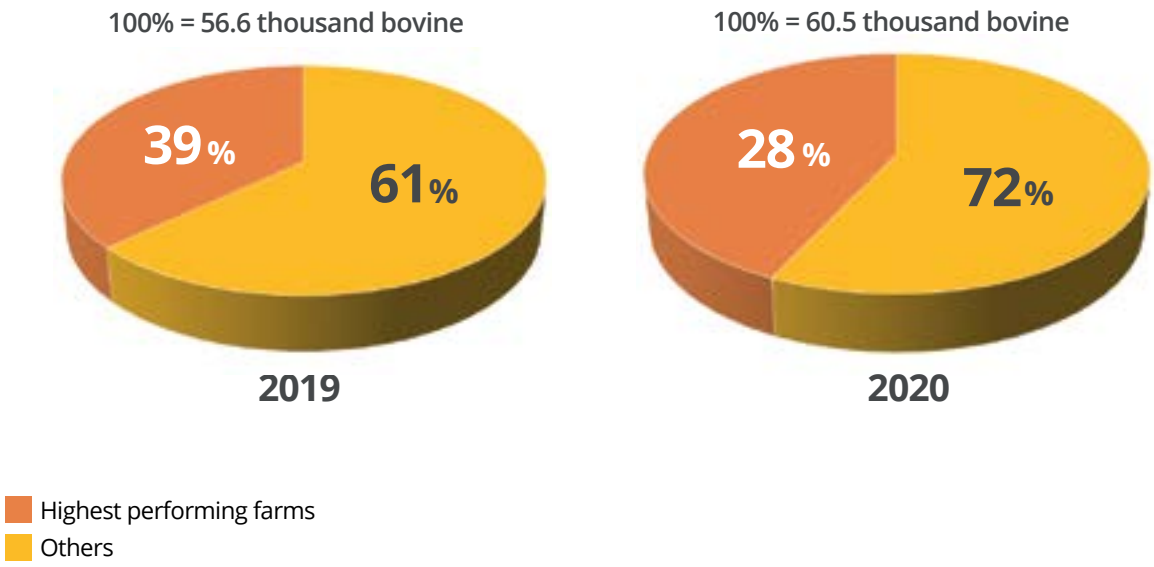
INTEGRATED PRODUCTION OF ANIMALS IN THE 2020 INALCA SUPPLY CHAIN

CATEGORY	TOTAL SLAUGHTERING ITALY	PRODUCTION FROM INALCA SUPPLY CHAIN					
		AZ. AGRICOLA CORTICELLA S.r.l.	BONIFICHE FERRARESI S.p.A.	LA TORRE SOC.COOP	MARCHESINA	CREMOVIT	%
BULLOCKS	137,200	25,741	6,079	6,378	4,969	1,672	32.68%
HEIFER	79,744	18,101	2,217	6,705	2,029	331	36.85%
MEAT CALVES WHITE	161,956	-	-	-	-	52,943	32.69%

AA. VV., "Carni e Salumi, quanto ne sai davvero? Il Modello zootecnico italiano come esempio di sostenibilità", 2019. Pg.40.

graph below, in 2020 the higher level of qualitative selection led to a higher concentration of delivery from the best performing farms.

Table 11 - Orenbeef Suppliers



Corticella breeding farm (MO)

5.2.2 - MEAT SUPPLIERS

As a global operator in the food sector, INALCA selects meat suppliers that are suited to product exportation according to their country and continent of origin. Our meat suppliers have various geographical origins, providing products with different qualitative characteristics depending on the type of animals and farming systems used. Different producer categories can be identified as:

- Industrially produced meat, including canned meat produced in Italy: **INALCA uses other local plants in addition to its own slaughtering facilities to bring value to the national beef supply chain producing known Italian products, such as jellied meat.**
- For the production of frozen hamburgers and cuts of meat destined for national and foreign markets, INALCA uses, in addition to meat coming from Italian farms produced by the Group's national plants, also meat obtained from other national and EU suppliers. Over time, solid and consolidated relationships have been built up with these suppliers, which have allowed for a progressive integration and alignment of the voluntary certification systems for food quality and safety in line with Inalca's assessment and qualification systems.
- **INALCA imports meat from various non-EU countries for refined cuts destined for the Ho.Re.Ca channel,; products obtained from animals of Anglo-Saxon genetics, such as the well-known Angus and Hereford breeds,** which are imported fresh. These are high quality cuts aimed mainly at specialised restaurants, the classic example of which is represented by the USA T-Bone steak, produced in the most important American plants concentrated in the well-known region of the so-called "Corn Belt" in Nebraska (region of the United States rich in corn destined mainly for cattle). To these are added the famous Argentine, Australian and Uruguayan meats with both Grass-Fed lines (literally "grass fed" is the farming system that allows cattle to remain in the pasture for the entire life cycle) and Grain Fed (cereals fed). In this case INALCA carries out an exclusive activity of distribution. The control of this type of supplier focuses not only on food safety aspects, but also on a broader procurement system aimed at defining qualitative parameters and ethical-social commitments, from breeding in feedlots, to processing and labelling methods at the suppliers' factories, up to the checks during the final sale. In addition to control, INALCA's activities support overseas suppliers to align quality standards with the specific regulatory requirements of the destination countries of the products.
- The Group favors national suppliers of **fresh pork meat compliant with the PGI, PDO** (Protected Geographical Indication - Protected Designation of Origin) **requirements required for the production of high quality cured meats intended mainly for the national market.** In the case of other products of pig origin destined for European or non-European commercial circuits, such as bacon, national and EU-sourced meat is used instead. Also for the pork sector, INALCA foresees investments in dedicated plants for greater industrial efficiency and production integration in the supply chain.

EXPENDITURE TOWARDS LOCAL SUPPLIERS

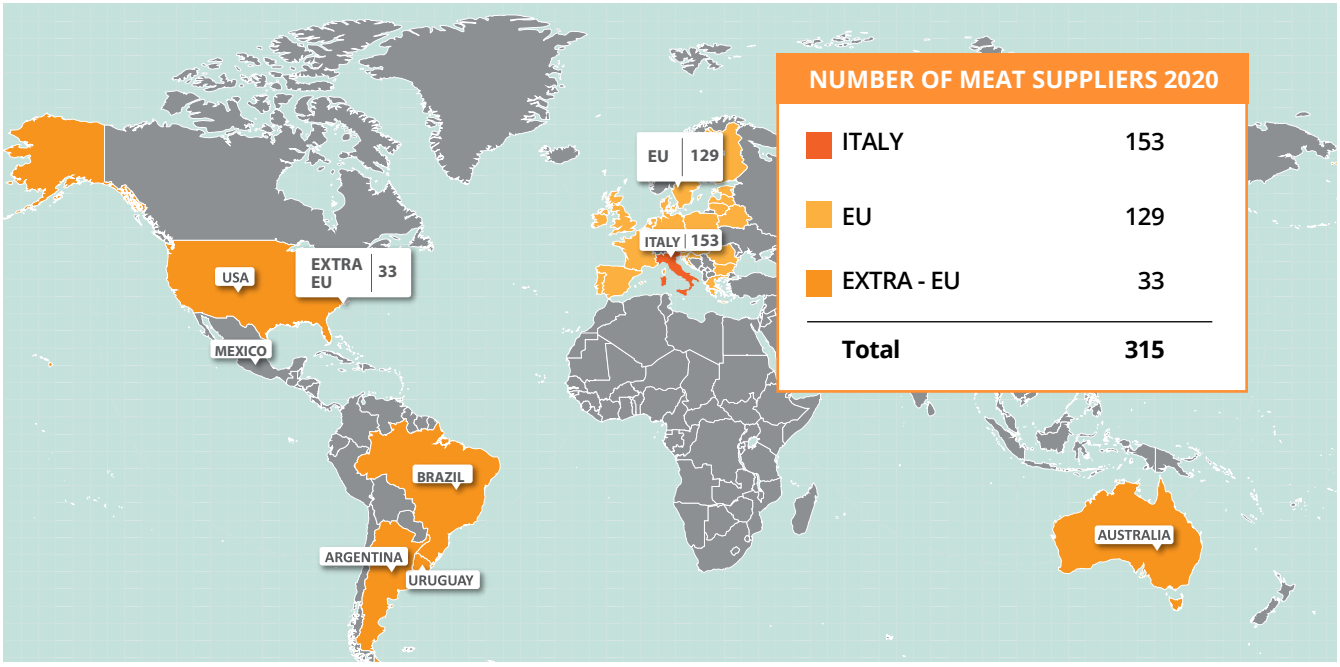
INALCA's supply chain includes both global and local suppliers; each makes up a network of companies that provide the Group with industrial support concerning projects within the territory, as well as international objectives geared towards a high-quality flow of meats destined for the Russian Ho.Re:Ca and Food Service sector. Industrial production in the Russian Federation includes a fully integrated supply chain that joins farms, production, and logistical structures.

INALCA's commitment to increasing the value of local supply chains is proven thanks to the elevated percentage of local procurement within principle production sites.

Table 12 - percentage of local suppliers

	ANIMALS	MEAT	SUBSIDIARIES (Packaging and Ingredients)	SERVICES (Maintenance and Software)
ITALY	99%	34%	97%	94%
RUSSIA	100%	50%	87%	100%

Table 13 - INALCA meat origins 2020 per geographic area



5.2.3 - SUPPLIERS OF MATERIALS FOR PACKAGING

INALCA uses various types of packaging: the main ones are made of plastic, paper, cardboard for the packaging of fresh and frozen meats, tinplate and aluminum are used for canned meats. In this field in Italy the Group has over 70 suppliers.

The selection criterion for packaging suppliers is based on 3 principles:

- Technical competence;
- Ability to provide assistance and technological innovation;
- Consolidated experience with large industrial groups.

Ability to provide assistance and technological innovation; Consolidated experience with large industrial groups.
In order to start supplies, packaging suppliers must register on the new INALCA portal to enter the technical data and information necessary for the validation process, of the supplier itself and of each single category of materials that it delivers to each Group plant. **These are fundamental aspects that are carefully evaluated by INALCA.**
In fact, the packaging is an integral part of the product and is responsible for its protection. **Small defects in plastic or metal materials can in fact reduce this level of protection and compromise the safety of the product, so it is essential that the packaging is systematically checked, both during delivery and use.** The correct packaging process always involves a combination with a dedicated technology; Therefore, the verification of the suitability and integrity of the materials is not enough, the control must extend to the technologies and packaging systems that must perfectly adapt to the purchased packaging.

5.2.4 - SUPPLIERS OF FOOD INGREDIENTS

INALCA uses various types of ingredients in addition to meat. To this end, over 150 suppliers of food ingredients such as flavorings, vegetables, cereal flours are used in Italy. In this case, in addition to the selection of ingredients from local suppliers, easily recognizable by the consumer, **the selection criteria are based on the company's skills, the food safety management system, the absence of allergens, the presence of certified standards and the technical characteristics of the substances used.** The ability of these suppliers to provide support in corporate innovation projects constitutes a further element of choice and evaluation.

All suppliers of ingredients are systematically subjected to preliminary qualification, those of particular importance also to periodic inspections by INALCA technicians; all suppliers are also subjected to continuous monitoring of the products carried out at each delivery. In order to improve the collection of information, suppliers of food ingredients must also use the dedicated INALCA portal, shared between the purchasing office and the quality office, where all the information necessary for qualification and evaluation of suppliers must be uploaded.
The company policy concerning the selection of suppliers of subsidiary material has a clear focus on national procurement. Inalca in fact prefers local suppliers, situated in the territories adjacent to its production plants.

This has allowed the company over the years to have an increasingly integrated supply chain as well as a consolidated loyalty and historicity of its suppliers. More than 60% of the suppliers of subsidiary material are located between Emilia Romagna and Lombardy, regions where the two main and historic plants of the group are located. The territorial proximity of INALCA and its suppliers allows the sharing of best practices and technological innovation for continuous industrial and supply chain improvement.

ATTACHMENTS:
CERTIFICATIONS

		PLANT LOCATION	IFS	BRC	ISO / IEC 17025	FSSC 22000	ISO 22005	Private Standards
ITALY	INALCA S.p.A:	Ospedaletto Lodigiano	■					■
		Castelvetro di Modena	■					■
		Rieti	■		■		■	■
		Capo d'Orlando	■					
		Reggio Emilia						
		Pegognaga	■					■
		Rossano Calabro (CS)						
	Fiorani & C.	Castelvetro di Modena (Solignano Nuovo)	■					
		Castelnuovo di Rangone (MO)	■					
		Piacenza	■					
	Realbeef	Flumeri (AV)	■					■
	Italia Alimentari	Postalesio (SO)	■	■				
		Gazoldo degli Ippoliti	■	■				■
		Busseto (PR)	■	■				■
		Mandatoriccio (CS)		■				
RUSSIA	Marr	Odintsovo						■
	INALCA S.p.A.	Orenburg						■

■ Food quality and safety
■ Environmental
■ Social and Occupational safety

		PLANT LOCATION	UNI EN ISO 9001	Voluntary Certifications	Product Certification	Biological - Organic	ISO 14001	EPD®	ISO 45001 Workplace safety management
ITALY	INALCA S.p.A.:	Ospedaletto Lodigiano	■		■	■	■		■
		Castelvetro di Modena	■	■	■	■	■	■	■
		Rieti	■	■	■		■	■	■
		Capo d'Orlando							■
		Reggio Emilia				■			■
		Pegognaga			■	■	■		■
		Rossano Calabro (CS)				■			
	Fiorani & C.	Castelvetro di Modena (Solignano Nuovo)							
		Castelnuovo di Rangone (MO)							■
		Piacenza		■		■			■
	Realbeef	Flumeri (AV)							
	Italia Alimentari	Postalesio (SO)							
		Gazoldo degli Ippoliti				■			
		Busseto (PR)							
		Mandatoriccio (CS)							
RUSSIA	Marr	Odintsovo					■		
	INALCA S.p.A.	Orenburg							

ATTACHMENTS:

HUMAN RESOURCES[2]

DISCLOSURE 102-8: Information on employees and other workers

Total number of employees, by employment contract, gender, and location, as of December 31, 2020			
Employment contract[1]	**2020**		
	Men	**Women**	**Total**
ITALY			
Permanent contract	2864	868	**3732**
Temporary contract	225	66	**291**
EUROPE			
Permanent contract	192	56	**248**
Temporary contract	38	31	**69**
AFRICA			
Permanent contract	268	59	**327**
Temporary contract	33	8	**41**
ASIA			
Permanent contract	792	458	**1250**
Temporary contract	17	21	**38**
AUSTRALIA			
Permanent contract	11	6	**17**
Temporary contract	3	0	**3**
AMERICA			
Permanent contract	10	12	**22**
Temporary contract	0	0	**0**
GROUP TOTAL	4453	1585	**6038**
Permanent contract	4137	1459	**5596**
Temporary contract	316	126	**442**

1 - Geographical areas where the main offices are located and where the data was collected.

2 - In order to improve the comparability of the data with previous years, the 2019 environmental data has been restated; to review the data previously published within the 2019 Sustainability Report, visit https://www.inalca.it/en/our-sustainability-report/

Total number of employees, by employment contract, gender, and location, as of December 31, 2020			
Employment contract[3]	**2020**		
	Men	**Women**	**Total**
ITALY			
Full-time	3042	814	**3856**
Part-time	47	120	**167**
EUROPE			
Full-time	188	44	**232**
Part-time	42	43	**85**
AFRICA			
Full-time	295	61	**356**
Part-time	6	6	**12**
ASIA			
Full-time	790	471	**1261**
Part-time	19	8	**27**
AUSTRALIA			
Full-time	10	6	**16**
Part-time	4	0	**4**
AMERICA			
Full-time	8	11	**19**
Part-time	2	1	**3**
GROUP TOTAL	4453	1585	**6038**
Full-time	4333	1407	**5740**
Part-time	120	178	**298**

3 - Geographical areas where the main offices are located and where the data was collected.

Total number of employees, by employment contract, gender, and location, as of December 31, 2020			
External workers[4]	**2020**		
	Men	**Women**	**Total**
ITALY			
Agency workers	212	79	**291**
Interns and Trainees	163	17	**180**
EUROPE			
Agency workers	5	4	**9**
Interns and Trainees	0	0	**0**
AFRICA			
Agency workers	0	0	**0**
Interns and Trainees	2	0	**2**
ASIA			
Agency workers	55	8	**63**
Interns and Trainees	0	0	**0**
AUSTRALIA			
Agency workers	4	0	**4**
Interns and Trainees	0	0	**0**
AMERICA			
Agency workers	0	2	**2**
Interns and Trainees	0	0	**0**
GROUP TOTAL	441	110	**551**
Agency workers	276	93	**369**
Interns and Trainees	165	17	**182**

DISCLOSURE 102-41: Collective bargaining agreements[5]

	UdM	**2020**	
		Italy	Other countries
Total percentage	%	100%	16%

[4] Geographical areas where the main offices are located and where the data was collected.

[5] Percentages are based on the total number of employees as of December 31, 2019 and as of December 31, 2020, not including the countries where the legislation does not allow for collective bargaining.

DISCLOSURE 401-1: New employee hires and employee turnover

ITALY					
NEW EMPLOYEE HIRES					
Number of employees	**2020**				
	<30	**30-50**	**>50**	**Total**	**Percentage**
Men	53	165	74	**292**	**4.8%**
Women	10	67	16	**93**	**1.5%**
Total	**63**	**232**	**90**	**385**	**6.4%**
Percentage	**1%**	**3.8%**	**1.5%**		
EMPLOYEE TURNOVER					
Number of employees	**2020**				
	<30	**30-50**	**>50**	**Total**	**Percentage**
Men	35	166	132	**333**	**5.5%**
Women	3	66	35	**104**	**1.7%**
Total	**38**	**232**	**167**	**437**	**7.2%**
Percentage	**0.6%**	**3.8%**	**2.8%**		

EUROPE					
NEW EMPLOYEE HIRES					
Number of employees	**2020**				
	<30	**30-50**	**>50**	**Total**	**Percentage**
Men	8	17	2	**27**	**0.4%**
Women	2	19	3	**24**	**0.4%**
Total	**10**	**36**	**5**	**51**	**0.8%**
Percentage	**0.2%**	**0.6%**	**0,1%**		
EMPLOYEE TURNOVER					
Number of employees	**2020**				
	<30	**30-50**	**>50**	**Total**	**Percentage**
Men	1	8	1	**10**	**0.2%**
Women	1	10	2	**13**	**0.2%**
Total	**2**	**18**	**3**	**23**	**0.4%**
Percentage	**0%**	**0.3%**	**0%**		

AFRICA					
NEW EMPLOYEE HIRES					
Number of employees	**2020**				
	<30	**30-50**	**>50**	**Total**	**Percentage**
Men	12	8	2	**22**	**0.4%**
Women	2	3	0	**5**	**0.1%**
Total	**14**	**11**	**2**	**27**	**0.4%**
Percentage	**0.2%**	**0.2%**	**0%**		
EMPLOYEE TURNOVER					
Number of employees	**2020**				
	<30	**30-50**	**>50**	**Total**	**Percentage**
Men	15	58	13	**86**	**1.4%**
Women	2	20	1	**23**	**0.4%**
Total	**17**	**78**	**14**	**109**	**1.8%**
Percentage	**0.3%**	**1.3%**	**0.2%**		

ASIA					
NEW EMPLOYEE HIRES					
Number of employees	**2020**				
	<30	**30-50**	**>50**	**Total**	**Percentage**
Men	8	17	2	**27**	**0.4%**
Women	4	8	1	**13**	**0.2%**
Total	**12**	**25**	**3**	**40**	**0.7%**
Percentage	**0.2%**	**0.4%**	**0.0%**		
EMPLOYEE TURNOVER					
Number of employees	**2020**				
	<30	**30-50**	**>50**	**Total**	**Percentage**
Men	19	37	2	**58**	**1%**
Women	9	9	0	**18**	**0.3%**
Total	**28**	**46**	**2**	**76**	**1.3%**
Percentage	**0.2%**	**0.4%**	**0%**		

AUSTRALIA					
NEW EMPLOYEE HIRES					
Number of employees	**2020**				
	<30	**30-50**	**>50**	**Total**	**Percentage**
Men	0	4	1	**5**	**0.1%**
Women	0	2	0	**2**	**0%**
Total	**0**	**6**	**1**	**7**	**0.1%**
Percentage	**0%**	**0.1%**	**0%**		
EMPLOYEE TURNOVER					
Number of employees	**2020**				
	<30	**30-50**	**>50**	**Total**	**Percentage**
Men	1	4	0	**5**	**0.1%**
Women	0	2	0	**2**	**0%**
Total	**1**	**6**	**0**	**7**	**0.1%**
Percentage	**0%**	**0.1%**	**0%**		

AMERICA					
NEW EMPLOYEE HIRES					
Number of employees	**2020**				
	<30	**30-50**	**>50**	**Total**	**Percentage**
Men	1	1	0	**2**	**0%**
Women	1	1	0	**2**	**0%**
Total	**2**	**2**	**0**	**4**	**0.1%**
Percentage	**0%**	**0%**	**0%**		
EMPLOYEE TURNOVER					
Number of employees	**2020**				
	<30	**30-50**	**>50**	**Total**	**Percentage**
Men	0	0	0	**0**	**0%**
Women	1	7	1	**9**	**0%**
Total	**1**	**7**	**1**	**9**	**0.1%**
Percentage	**0%**	**0%**	**0%**		

GROUP TOTAL					
NEW EMPLOYEE HIRES					
Number of employees	**2020**				
	<30	**30-50**	**>50**	**Total**	**Percentage**
Men	82	212	81	**375**	**6.2%**
Women	19	100	20	**139**	**2.3%**
Total	**101**	**312**	**101**	**514**	**8.5%**
Percentage	**1.7%**	**5.2%**	**1.7%**		
EMPLOYEE TURNOVER					
Number of employees	**2020**				
	<30	**30-50**	**>50**	**Total**	**Percentage**
Men	71	273	148	**492**	**8.1%**
Women	16	114	39	**169**	**2.8%**
Total	**87**	**387**	**187**	**661**	**10.9%**
Percentage	**1.4%**	**6.4%**	**3.1%**		

DISCLOSURE 405-1: Diversity of governing bodies and employee

Composition of INALCA S.p.A.'s Board of Directors, by gender and age range as of December 31, 2020.
100% of the members of INALCA S.p.A.'s Board of Directors are male, 28.6% 30-50 years old, and 71.4% over 50 years old.

Composition (%) of the Board of Directors by gender			
	2020		
	Men	**Women**	**Total**
Board members	7	0	7

Composition (%) of the Board of Directors by age group				
	2020			
	<30	**30-50**	**>50**	**Total**
Board members	0	2	5	7

Employees (n) by employee category and by gender as of 31 December, 2020			
Number	**2020**		
	Men	**Women**	**Total**
Managers	125	30	**155**
Employees	883	695	**1578**
Workers	3443	862	**4305**
GROUP TOTAL	**4451**	**1587**	**6038**

Employees (%) by employee category and by gender as of 31 December, 2020			
Number	**2020**		
	Men	Women	Total
Managers	2%	0%	3%
Employees	15%	12%	26%
Workers	57%	14%	71%
GROUP TOTAL	**74%**	**26%**	**100%**

Employees (n) by employee category and by age group as of 31 December, 2020				
Number	**2020**			
	<30	30-50	>50	Total
Managers	6	90	59	155
Employees	208	1084	286	1578
Workers	689	2424	1192	4305
GROUP TOTAL	**903**	**3598**	**1537**	**6038**

Employees (%) by employee category and by age group as of 31 December, 2020				
Number	**2020**			
	<30	30-50	>50	Total
Managers	0,10%	1%	1%	3%
Employees	3%	18%	5%	26%
Workers	11%	40%	20%	71%
GROUP TOTAL	**15%**	**60%**	**25%**	**100%**

ATTACHMENTS:

HEALTH AND SAFETY[6]

DISCLOSURE 403-9: Work-related injuries

GROUP EMPLOYEES	
Work-related injuries	
Injuries	**2020**
Number of fatalities	0
Number of high-consequence injuries (excluding fatalities)	2
Number of recordable injuries	140
Work-related injuries	
Type of work-related injuries	**2020**
Superficial injuries, open wounds and burns	47
Sprains, dislocations, fractures and strains	90
Amputations	3
Rate of work-related injuries	
Rate of fatalities	0
Rate of high consequence injuries	0,51
Rate of recordable injuries	35.94

[6] The INALCA Group's health and safety data and information pertains to the following companies:
- Ges.Car S.r.l.: Castelvetro Modena; Ospedaletto Lodigiano; Rieti; Capo D'Orlando; Rossano
- INALCA S.p.A.: Capo D'Orlando; Castelvetro; Ospedaletto Lodigiano; Pegognaga; Reggio Emilia; Rieti
- Italia Alimentari S.p.A: Gazoldo; Busseto; Postalesio; Mandatoriccio; Soragna

Work-related injuries from which the worker cannot recover or does not or is not expected to recover fully to pre-injury health status within 6 months. Serious injuries in 2020 were caused by falls and fractures.
Rates were calculated considering hours worked and total number of injuries, multiplied by 1,000,000. The data includes company-arranged transport and commutes.

ATTACHMENTS:

ENVIRONMENTAL DATA[7]

DISCLOSURE 301-1: Materials used by weight or volume

Materials used by weight or volume				
	Total use of materials			
	Renewable materials			2020
Slaughtered animals	Cows	Number of slaughtered animals	t	270,566
		Dead weight	t	73,344
	Bullocks	Number of slaughtered animals	t	233,318
		Dead weight	t	83,524
	Calves	Number of slaughtered animals	t	163,529
		Dead weight	t	25,104
	Buffaloes	Number of slaughtered animals	t	17,061
		Dead weight	t	4,623
	TOTAL number of animals slaughtered		t	684,474
	TOTAL dead weight		t	186,595
Farmed animals	Cows	Number of animals entered	t	17,683
	Vitelloni	Number of animals entered	t	24,869
	Calves	Number of animals entered	t	0
	Buffaloes	Number of animals entered	t	0
	TOTAL		t	42,552
Purchased meat	Fresh on the bone		t	102,188
	Fresh without the bone		t	50,227
	Frozen		t	44,851
	TOTAL		t	197,266
Feed			t	26,002
Ingredients and additives			t	5,917
Wood			t	1,640
Packaging	Paper / Cardboard		t	10,932

[7] The environmental data and information refer 15 production sites, including the Sara S.r.L. agricultural, livestock and agro-industrial waste recovery and treatment center, and the Unitea S.r.l. energy production center, operating within the Pegognaga plant, considered essential when it comes to environmental impact:
- INALCA S.p.A.: Castelvetro di Modena; Ospedaletto Lodigiano; Rieti; Capo D'Orlando; Pegognaga; Reggio Emilia
- Società Agricola Corticella
- Italia Alimentari S.p.A.: Busseto; Gazoldo; Postalesio
- Real Beef S.r.l: Flumeri
- Unitea S.r.l: Mantova
- Fiorani & C. S.p.a.: Castelnuovo Rangone; Piacenza
- Marr Russia: Mosca
- Orenbeef (Russia): Saraktashskiy

Materials used by weight or volume			
	Non-renewable materials		**2020**
Packaging	Plastic	t	5,858
	Reusable plastic boxes	t	27
	Steel	t	890
	Aluminum	t	1,546
Chemicals	Products for sanitation	t	484
	Chemicals in general	t	2,397
	Chemicals for water treatment	t	1,636
	Oils and lubricants	t	96

DISCLOSURE 302-1: Energy consumption within the organization

Energy consumption within the organization			
		2020	
Energy type	**Unit of measurement**	**Total**	**Total GJ**
Non-renewable fuels	-	-	**1,256,104.82**
Methane gas	Smc	31,383,417.00	1,245,168.45
LPG	l	936.00	24.44
Diesel generator set	l	5,628.50	214.44
Diesel fuel for boiler	l	10,300.00	398.33
Diesel - Company fleet	l	270,321.81	10,299.15
Renewable fuels			**752,183.87**
Biogas	m3	4,633,618.27	118,093.79
Fat	kg	17,091,377.00	634,090.09
Electricity purchased	kWh	110,388,533.00	397,398.72
from renewable sources	kWh	0.00	0.00
from non-renewable sources	kWh	110,388,533.00	397,398.72
Electricity self-produced from solar panels	kWh	**683,692.00**	**2,461.29**
Electricity self-produced and sold to the grid	kWh	**21,201,419.00**	**76,325.11**
from renewable sources	kWh	20,503,263.00	73,811.75
from renewable sources: solar panel	kWh	0.00	0.00
from renewable source: - produced from biogas - produced from fat casting	kWh	20,503,263.00	73,811.75
from non-renewable source: from cogeneration	kWh	698,156.00	2,513.36
Total energy consumption	GJ	**-**	**2,331,823.59**
Renewable energy	GJ	**-**	**680,833.42**
% Renewable energy of the total	%	**-**	**29%**

DISCLOSURE 305-1: Direct (Scope 1) GHG emissions

Direct GHG emissions[8]		
	Unit of measurement	**2020**
Methane gas	tCO2eq	63,477.98
LPG	tCO2eq	1.46
Diesel generator set	tCO2eq	14.33
Diesel fuel for boiler	tCO2eq	28.40
Diesel - Company fleet	tCO2eq	688.25
Biogas	tCO2eq	6.89
Fat	tCO2eq	5,310.63
Total Scope 1 emissions	**tCO2eq**	**69,527.94**

Direct (Scope 1) GHG emissions		
	Unit of measurement	**2020**
Biogas[9]	tCO2eq	6,528.65

DISCLOSURE 305-2 : Energy indirect (Scope 2) GHG emissions

Indirect GHG emission from energy consumption (Scope 2)[10]			
		Unit of measurement	**2020**
Electricity purchased	Location-based	tCO2eq	37,090.55
Electricity purchased	Market-based	**tCO2eq**	51,441.06
Total Scope 2 emissions	**Location-based**	**tCO2eq**	**37,090.55**
Total Scope 2 emissions	**Market-based**	**tCO2eq**	**51,441.06**

[8] Data and information concerning fluorinated gas (F-Gas) are not included in this year's disclosure. INALCA is currently monitoring its plants as required by the Italian legislation and the environmental authorization, this information will presented in next year's report. The biogas emissions (scope 1) were calculated using 2020 factors equal to 0.00021 kgCO2e / kWh (DEFRA 2020), with CO2 emission values of "0", instead considering N2O and CH4 emissions (Source of the methodology: DEFRA 2020).

[9] In order to improve the completeness of the report, CO2 emissions originated from the combustion process of biogas are calculated but not included in the data provided for Scope1, Scope 2 and Scope 3. They are considered "Emissions out of Scope" (source: DEFRA - UK Government GHG Conversion Factors for Company Reporting). The out of Scope emissions originated, during 2020, from the combustion of biogas are 6528,65 ton CO2eq; the emission factor used for 2020 is 0,199021 kgCO2e/kWh (DEFRA 2020).

[10] The GRI Sustainability Reporting Standards (2016) use two separate approaches when calculating Scope 2 emissions: "Location-based" and "Market-based". The "Location-based" approach calculates the average emission factors relating to specific national energy mixes for the production of electricity. The "Market-based" approach involves the use of emission factors defined by a contract with an electricity supplier. In the absence of specific contractual agreements between the Organization and the electricity supplier (eg purchase of Guarantees of Origin), the emission factor relating to the "residual mix" was used for the market-based approach, "National, where available". Scope 2 emissions are expressed in tons, CO2, and the percentage of methane and nitrous oxide has a negligible effect on total GHG emissions (CO2equivalent), which can be extrapolated from technical documents.

GJ Conversion Factors			
Energy source	**Unit of measurement**	**Value**	**Source**
Natural gas	GJ/l	0.03585	**DEFRA 2020**
Biomethane	GJ/m3	0.03576	**DEFRA 2020**
LPG	GJ/l	0.2431	**DEFRA 2020**
Biomethane	GJ/m3	0.0355	**DEFRA 2020**
Fat	MJ/kg	37.10	**Biograce**
Electricity	GJ/kWh	0.0036	**DEFRA 2020**

Emission Factors			
Energy source	**Unit of measurement**	**Value**	**Source**
Diesel	tCO2eq/l	0.002546	**DEFRA 2020**
Natural gas	tCO2eq/m3	0.0020	**DEFRA 2020**
LPG	tCO2eq/l	0.00155	**DEFRA 2020**
Biomethane	tCO2eq/GJ	0.000106	**DEFRA 2020**
Fat	gCO2/kg	310.72	**Dir. RED 28/2009CE DM 14/11/2019**
DM 14/11/2019	gCO2/kWh	336	**TERNA 2018**
Steam purchased – Location e Market Based	gCO2/kWh	466	**AIB 2020**
Steam purchased – Location e Market Based	KgCO2eq/ kWh	0.17261	**DEFRA 2020**

DISCLOSURE 303-3: Water withdrawal

Water withdrawal			
Source	Unit of measurement	2020	
		All areas	Areas with water stress
Surface water (total)	**Ml**	0	0
Fresh water (≤1,000 mg / l of total dissolved solids)	Ml	0	0
Other types of water (> 1,000 mg / l of total dissolved solids)	Ml	0	0
Groundwater (total)	**Ml**	3,264	0
Fresh water (≤1,000 mg / l of total dissolved solids)	Ml	3,264	0
Other types of water (> 1,000 mg / l of total dissolved solids)	Ml	0	0
Sea water (total)	**Ml**	0	0
Fresh water (≤1,000 mg / l of total dissolved solids)	Ml	0	0
Other types of water (> 1,000 mg / l of total dissolved solids)	Ml	0	0
Water produced (total)	**Ml**	16	0
Fresh water (≤1,000 mg / l of total dissolved solids)	Ml	16	0
Other types of water (> 1,000 mg / l of total dissolved solids)	Ml	0	0
Third - party water (total)	**Ml**	108	62
Fresh water (≤1,000 mg / l of total dissolved solids)	Ml	170	62
Other types of water (> 1,000 mg / l of total dissolved solids)	Ml	0	0
TOTAL WATER WITHDRAWAL	**Ml**	**3,450**	**62**

DISCLOSURE 303-4: Water discharge

Water discharge			
Destination	**Unit of measurement**	**2020**	
		All areas	**Areas with water stress**
Surface water (total)	**Ml**	**1,867**	**0**
Fresh water (≤1,000 mg / l of total dissolved solids)	Ml	1,867	0
Other types of water (> 1,000 mg / l of total dissolved solids)	Ml	0	0
Groundwater (total)	**Ml**	**0**	**0**
Fresh water (≤1,000 mg / l of total dissolved solids)	Ml	0	0
Other types of water (> 1,000 mg / l of total dissolved solids)	Ml	0	0
Sea water (total)	**Ml**	**0**	**0**
Fresh water (≤1,000 mg / l of total dissolved solids)	Ml	0	0
Other types of water (> 1,000 mg / l of total dissolved solids)	Ml	0	0
Water produced (total)	**Ml**	**972**	**0**
Fresh water (≤1,000 mg / l of total dissolved solids)	Ml	945	0
Other types of water (> 1,000 mg / l of total dissolved solids)	Ml	27	27
TOTAL WATER DISCHARGE	**Ml**	**2,839**	**27**

DISCLOSURE 306-3: Waste generated

Waste generated			
Types of hazardous waste (H)		**2020**	
		Waste generated	**Waste diverted from disposal**
TOTAL	**ton**	**64.09**	**61.23**
Including packaging	ton	3	2
Compostable	ton	0	0
and other	ton	61	59
Types of non-hazardous waste (NH)		**2020**	
		Waste generated	**Waste diverted from disposal**
TOTAL	**ton**	**62,727**	**61,199**
Including packaging	ton	4,661	4,281
Compostable	ton	52,458	52,094
and other	ton	5,609	4,823
Total waste	**ton**	**62,791**	**61,260**
Including packaging	ton	4,663	4,283
Compostable	ton	52,458	52,094
and other	ton	5,670	4,883

ATTACHMENTS: SUPPLY CHAIN

DISCLOSURE 204-1: Proportion of spending on local suppliers*

Spending on local suppliers (in millions of €)			
	2020		
	ITALY	**RUSSIA**	**TOTAL**
Expenditure on local suppliers	796	176	972
Total purchases	954	236	1190
% spent on local suppliers' purchases	81%	84%	83%

* The organization's geographic definition of "local": purchased in the same country of use.
Definition for "significant operating locations": where most of the production activity takes place (Italy and Russia).
Supplier categories considered: Animals, Meat, Subsidiary, Services.

Table of Environmental Impact

MATERIAL TOPICS	GRI TOPICS	IMPACT	
		Where the impact occurs	The Group's involvement
Animal Welfare	N/A	Group	Caused by the Group
Waste management and circular economy	Waste	Group	Caused by the Group
Sustainable management of the supply chain	Procurement Practices	Group[1]	Caused by the Group
Occupational health and safety	Occupational Health and Safety	Group*	Caused by the Group
Sustainable packaging	Materials	Group	Caused by the Group
Ethics, business integrity and anti-corruption	Anti-Corruption, Anti-Competitive Behavior, Socio-Economic Compliance	Group	Caused by the Group
Process and product innovation and R&D	N/A	Group	Caused by the Group
Consumer protection, food quality and safety	Customer Health and Safety	Group	Caused by the Group
Energy consumption, emissions and climate change	Energy, Emissions	The Group and electricity and thermal energy suppliers	Caused by the Group and related to the Group through its commercial relationships
Training, development and well-being of workers	Employment	Group	Caused by the Group
Economic performance and fiscal transparency	Economic Performance	Group	Caused by the Group
Integration in the territory in which INALCA operates	Local Communities	Group	Caused by the Group
Diversity, inclusion and equal opportunities	Employment, Diversity and Equal Opportunities	Group	Caused by the Group
Corporate Governance	Governance structure	Group	Caused by the Group
Protection of human rights	Non-discrimination	Group	Caused by the Group
Management of other environmental impacts	Water and water discharges, Environmental compliance	Group	Caused by the Group
Responsible marketing & communication	Marketing and labeling	Group	Caused by the Group

* The Group is considering to conduct a more in-depth analysis of the significance of its "other workers", in order to evaluate whether to collect data from the employers of agency workers and suppliers who work at the Group's plants, assessing the quality and the accuracy of the data over which does not have any control.

ATTACHMENTS: GRI CONTENT INDEX

GRI Standards	Disclosure	Page	Omission
GRI 102: GENERAL DISCLOSURES (2016)			
Organizational profile			
102-1	Name of the organization	14	
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102-3	Location of headquarter	11	
102-4	Location of operations	11-13	
102-5	Ownership and legal form	14	
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102-7	Scale of the organization	14; 22; 24; 86	
102-8	Information on employees and other workers	96-98	
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102-10	Significant changes to the organization and its supply chain	2	
102-11	Precautionary Principle or approach	18	
102-12	External initiatives	42, 43	
102-13	Membership of associations	40, 41	
Strategy			
102-14	Statement from senior decision-maker	1	
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102-16	Values, principles, standards, and norms of behavior	14; 19	
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102-18	Governance structure	14	
Stakeholder engagement			
102-40	List of stakeholder groups	33	
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102-42	Identifying and selecting stakeholders	32	
102-43	Approach to stakeholder engagement	32; 34	
102-44	Key topics and concerns raised	32	
Reporting practice			
102-45	Entities included in the consolidated financial statements	2	
102-46	Defining report content and topic Boundaries	2	
102-47	List of material topics	36-39	
102-48	Restatements of information	No restatement adjustments were made to previous financial statements	
102-49	Changes in reporting	2	

102-50	Reporting period	2	
102-51	Date of most recent report	September 2020	
102-52	Reporting cycle	2	
102-53	Contact point for questions regarding the report	124	
102-54	Claims of reporting in accordance with the GRI Standards	2	
102-55	GRI content index	114-119	
102-56	External assurance	121-123	
TOPIC-SPECIFIC STANDARDS			
Material topic: Corporate governance			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	36; 113	
103-2	The management approach and its components	14	
103-3	Evaluation of the management approach	14	
Material topic: Ethics, business integrity and anti-corruption			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	36; 113	
103-2	The management approach and its components	18; 19	
103-3	Evaluation of the management approach	18; 19	
GRI 205: Anti-corruption (2016)			
205-3	Confirmed incidents of corruption and actions taken	No cases and/or reports of corruption were recorded during the year 2020	
GRI 206: Anti-competitive Behavior (2016)			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	During 2020 no legal actions against the Group were recorded concerning anti-competitive practices and/or violations of anti-trust laws and monopolistic practices	
GRI 419: Socioeconomic Compliance (2016)			
419-1	Non-compliance with laws and regulations in the social and economic area	During 2020 there no incident of no cases of non-compliance with laws and regulations in the social and economic area	
Material topic: Consumer protection, food quality and safety			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	36; 113	
103-2	The management approach and its components	19; 21	
103-3	Evaluation of the management approach	17; 21	
GRI-416: Customer Health and Safety (2016)			
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	During 2020, there were no incidents of non-compliance concerning the health and safety impacts of products and services	

Material topic: Economic performance and fiscal transparency			
GRI 103: Management Approach (2016			
103-1	Explanation of the material topic and its Boundary	36; 113	
103-2	The management approach and its components	86	
103-3	Evaluation of the management approach	16	
GRI 201: Economic Performance (2016)			
201-1	Direct economic value generated and distributed	87	
Material topic: Energy consumption, emissions and climate change			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	37; 113	
103-2	The management approach and its components	56, 57; 72, 73	
103-3	Evaluation of the management approach	56, 57; 72, 73	
GRI 302: Energy (2016)			
302-1	Energy consumption within the organization	107	
GRI 305: Emissions (2016)			
305-1	Direct (Scope 1) GHG emissions	108	
305-2	Energy indirect (Scope 2) GHG emissions	108	
Material topic: Management of other environmental impacts			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	37; 113	
103-2	The management approach and its components	70	
103-3	Evaluation of the management approach	70	
GRI 303: Water and Effluents (2018)			
303-1	Interactions with water as a shared resource	70	
303-2	Management of water discharge-related impacts	70	
303-3	Water withdrawal	110	
303-4	Water discharge	111	
GRI 307: Environmental Compliance (2016)			
307-1	Non-compliance with environmental laws and regulations	During 2020, no fines or other non-monetary sanctions for failure to comply with environmental laws and regulations, were recorded.	
Material topic: Waste management and circular economy			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	38; 113	
103-2	The management approach and its components	51; 70	
103-3	Evaluation of the management approach	70, 71	
GRI 306: Waste (2020)			
306-1	Waste generation and significant waste-related impacts	71	
306-2	Management of significant waste-related impacts	71	
306-3	Waste generated	112	

Material topic: Sustainable packaging			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	38; 113	
103-2	The management approach and its components	68	
103-3	Evaluation of the management approach	68, 69	
GRI 301: Materials (2016)			
301-1	Materials used by weight or volume	105	
Material topic: Occupational health and safety			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	38; 113	
103-2	The management approach and its components	59, 60	
103-3	Evaluation of the management approach	59, 60	
GRI-403: Occupational Health and Safety (2018)			
403-1	Occupational health and safety management system	59	
403-2	Hazard identification, risk assessment, and incident investigation	59	
403-3	Occupational health services	59	
403-4	Worker participation, consultation, and communication on occupational health and safety	60	
403-5	Worker training on occupational health and safety	58	
403-6	Promotion of worker health	59	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	59	
403-8	Workers covered by an occupational health and safety management system	59	
403-9	Work-related injuries	104	
Material topic: Diversity, inclusion and equal opportunities			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	38; 113	
103-2	The management approach and its components	58	
103-3	Evaluation of the management approach	58	
GRI 401: Employment (2016)			
401-1	New employee hires and employee turnover	99-102	
GRI 405: Diversity and Equal Opportunity (2016)			
405-1	Diversity of governance bodies and employees	102,103	

Material topic: Training, development and well-being of workers			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	38; 113	
103-2	The management approach and its components	58	
103-3	Evaluation of the management approach	58	
GRI-401: Employment (2016)			
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	58	
Material topic: Responsible marketing & communication			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	39; 113	
103-2	The management approach and its components	66	
103-3	Evaluation of the management approach	66	
GRI 417: Marketing and Labeling (2016)			
417-2	Incidents of non-compliance concerning product and service information and labeling	During 2020 there were 3 incidents of non-compliance concerning product and service information and labeling, resulting in fines for a total amount of 14,000 Euro	
Material topic: Consumer protection, food quality and safety			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	39; 113	
103-2	The management approach and its components	58; 88	
103-3	Evaluation of the management approach	58; 88	
GRI 406: Non-discrimination (2016)			
406-1	Incidents of discrimination and corrective actions taken	During 2020 there have been no incidents of discrimination	
Material topic: Integration in the territory in which INALCA operates			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	39; 113	
103-2	The management approach and its components	42; 78	
103-3	Evaluation of the management approach	42; 78	
GRI 413: Local Communities			
413-2	Operations with significant actual and potential negative impacts on local communities	During 2020 there have been no incidents of discrimination as reported in ch. 2.3.5 - local community and connection to the territory, the support and development of local communities are crucial goals that the Group pursues by carrying out multiple activities each year. For this reason it is reported that the Group has always been commited to limiting the risk of generating negative impacts, real or potential, on the community	

Material topic: Animal Welfare			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	39; 113	
103-2	The management approach and its components	52, 53	
103-3	Evaluation of the management approach	52-54	
Material topic: Process and product innovation and R&D			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	37; 113	
103-2	The management approach and its components	21; 62, 63; 82	
103-3	Evaluation of the management approach	62, 63	
Material topic: Sustainable management of the supply chain			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	39; 113	
103-2	The management approach and its components	88-93	
103-3	Evaluation of the management approach	88-93	
GRI 204: Procurement Practices			
204-1	Proportion of spending on local suppliers	88-93	

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INDEPENDENT AUDITOR'S REPORT ON THE SUSTAINABILITY REPORT

To the Board of Directors of
Inalca S.p.A.

We have carried out a limited assurance engagement on the Sustainability Report of Inalca Group (hereinafter also "Group") as of December 31, 2020.

Responsibility of the Directors for the Sustainability Report

The Directors of Inalca S.p.A. are responsible for the preparation of the Sustainability Report in accordance with the "*Global Reporting Initiative Sustainability Reporting Standards*" established by GRI – *Global Reporting Initiative* ("GRI Standards"), as stated in the paragraph "Methodological Note" of the Sustainability Report.

The Directors are also responsible, for such internal control as they determine is necessary to enable the preparation of the Sustainability Report that is free from material misstatement, whether due to fraud or error.

The Directors are also responsible for the definition of the Inalca Group's objectives in relation to the sustainability performance, for the identification of the stakeholders and the significant aspects to report.

Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the *International Ethics Standards Board for Accountant*s, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our auditing firm applies *International Standard on Quality Control 1* (ISQC Italia 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the Sustainability Report with the GRI Standards. We conducted our work in accordance with the criteria established in the "*International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information*" (hereinafter "ISAE 3000 Revised"), issued by the *International Auditing and Assurance Standards Board* (IAASB) for limited assurance engagements.

The standard requires that we plan and perform the engagement to obtain limited assurance whether the Sustainability Report is free from material misstatement.

Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised ("*reasonable assurance engagement*"), and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on the Sustainability Report are based on our professional judgement and included inquiries, primarily with Company personnel responsible for the preparation of information included in the Sustainability Report, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically we carried out the following procedures:

1) analysis of the process relating to the definition of material aspects disclosed in the Sustainability Report, with reference to the methods used for the identification and prioritization of material aspects for stakeholders and to the internal validation of the process results;
2) comparison between the economic and financial data and information included in the paragraph "Economic performance" of the Sustainability Report with those included in the Group's Financial Statements;
3) understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the Sustainability Report.

   In particular, we carried out interviews and discussions with the management of Inalca S.p.A. and we carried out limited documentary verifications, in order to gather information about the processes and procedures, which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the Sustainability Report.

   In addition, for material information, taking into consideration the Group's activities and characteristics:

   - at the parent company's and subsidiaries' level:

     a) with regards to qualitative information included in the Sustainability Report, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
     b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data;

Deloitte.

- for the Castelvetro di Modena production plant for Inalca S.p.A., which we selected based on its activity, its contribution to the performance indicators at the consolidated level and its location, we carried out site visits, during which we have met the management and have gathered supporting documentation on a sample basis with reference to the correct application of procedures and calculation methods used for the indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the Sustainability Report of Inalca Group as of December 31, 2020 is not prepared, in all material aspects, in accordance with the GRI Standards as stated in the paragraph "Methodological Note" of the Sustainability Report.

Other matters

The comparative data presented in the Sustainability Report with regards to the financial year ended on December 31, 2019 have not been subject to verification.

DELOITTE & TOUCHE S.p.A.

Signed by
Silvia Dallai
Partner

Bologna, Italy
October 13, 2021

This report has been translated into the English language solely for the convenience of international readers.

SUSTAINABILITY REPORT 2020

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