

Fileni Alimentare S.p.A.

Località Cerrete Collicelli N° 8 – 62011 Cingoli (MC)

tel +39 0733.606.211 – fax +39 0733.606.239

www.fileni.it

SUSTAINABILITY AND IMPACT REPORT 2021

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2021



SUSTAINABILITY REPORT

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Open Letter by
FILENI'S FAMILY



DEAR PARTNERS AND SUPPORTERS

We are proud to present you with **the fourth edition of our Sustainability Report**, a document of the utmost importance to us as it conveys our true **commitment towards people, the environment, the territory, and the community we work in**. This is why we first want to thank those who devotedly and responsibly joined and took part this year in what we consider our path to a real **regeneration**, even before **innovation**.

We have recently set out our **new strategic compass** to guide our next steps forward and eventually highlight our goal of becoming the right model company in **terms of sustainability**.

Earmarked as a year of recovery, 2021 ultimately set a **milestone in our growth**. Notwithstanding all the pandemic-related issues, we continued our growth in terms of new hires and acquisitions, thus continuing to **expand** and **diversify our business in different markets**. This allows us to **look to the future with confidence** and to firmly address the issues related to the global supply chains, first strained by the post-pandemic recovery process and then exhausted and stressed out by the ongoing **conflict in Ukraine**.

By turning into a **Benefit Corporation** in 2021, we meant to put in “black and white” the commitment that made us stand out in the industry for several years, namely to **positively impact society and the biosphere** besides the traditional financial goals. In the wake of this important change, we have taken a further step that led us to achieve the **prestigious B Corp certification** at the beginning of 2022. This milestone additionally demonstrates the strong will of Fileni Group to become an increasingly **all-round sustainable entity** by optimizing our impact on our employees, the communities we work in, and the environment.

We are still implementing actions to **mitigate climate change** and reduce our impact on the environment as much as possible, in full respect of the territory that hosts us and we belong to. As a confirmation of our related commitment, we **have joined the Climate Pledge** and set the goal of **achieving net-zero emissions by 2040**, ten years earlier than what required by the Paris agreements.

Our People certainly are one of the key factors of our growth, and we want to devote utmost attention and commitment to them. We continue to **invest in training** for them to improve their skills, and in numerous initiatives to protect their health, such as the **in-house vaccination hub** established to help leading the fight against the pandemic. We maintain close collaborations with **research centers** and **universities**, and we offer scholarships to the most valuable students through the **Fondazione Marco Fileni**.

We are constantly committed to **protecting animal health and welfare**. In 2021, we became the first Italian company committed to complying with the **European Chicken Commitment (ECC)** standards.

We convincingly joined the **Distretto Biologico Marche**, which we deem to be an important territorial project.

All these initiatives have turned into **products of excellence** that we bring everyday to the table of our consumers, who are now more attentive to making **healthy and sustainable purchasing** choices.

We want to increasingly promote **strategic choices** that will generate a more shared value for all, as we do believe in a **regenerative culture as a common good**. This is why we work to convey to new generations the beauty of the agricultural vocation and the urgency to regenerate the earth.

Hope you enjoy reading,
Giovanni, Roberta and Massimo



FILENI'S WORLD

1

1.1 HISTORY, Values and Structure of Fileni Group



Founded by Giovanni Fileni in Jesi, the company set its headquarters in **Cingoli** (province of Macerata). The Fileni supply chain **goes all through Le Marche region** and has expanded over the years to reach **various regions in Italy**. **Our bond with our land** always stood for an essential part of our brand's success year after year: it's all about matching **the ancient traditions and craftsmanship** of the past with product and process **innovation, research and development**.

These cornerstones won over generations of consumers who love **genuine and quality products** and allowed Fileni to be currently recognized as one of the main **national players in the poultry industry and Italy's top producer of organic agriculture meat**.



A market player since 1978, Fileni Alimentare S.p.A. has been operating for over 40 years in the rearing and sale of poultry products, while fostering the most sustainable industrial practices. In particular:



By purchasing renewable electricity and offsetting our emissions **our production plants have achieved CARBON NEUTRALITY also in the year 2021**



33% of 957,472 m² of the breeding surface is meant for organic rearing



In 2021, 98% of organic and conventional range production was antibiotic-free



Focus on ANIMAL WELFARE
Use of modeling buildings for ventilation and lighting



Focus on PACKAGING
All organic Fileni BIO products are packed with eco-tray



A CONTROLLED supply chain
that goes circular from the field to consumers' tables

1.1 OUR HISTORY,

a Pioneering Choice of Sustainability

Fileni's history is the history of an Italian family-run food company, born from the pioneering choice of sustainability, made by its founder, Giovanni Fileni.



1965

In 1965 **Giovanni Fileni** took an interest in the **poultry industry** and thus began experimenting with the first farmyard animal husbandry system in the Monsano countryside. Right from the start he understood that **switching production from battery to barn-raised** was good for the health and the well-being of animals. A year after this early experimental phase, he built the first breeding shed for **5,000 chickens** to be sold door-to-door to the local families.

1967

In 1967 he opened **the first shop for the direct sale of chickens in Jesi**. Within 8 years he was counting with **48 shops and 15 breeding sheds** for a total of **21,000 square meters**.

The expertise of having a first-hand contact with customers turned out to be the key of understanding the social changes which have been driving new **consumer needs** ever since. One of most relevant features of latter-day Fileni was born: the **sale of ready-to-eat products**.

'80S

When the Eighties were coming to a close, Giovanni Fileni envisioned and pioneered the transition from retail to **large-scale distribution** by shutting off his retail store chain and building a **ready-to-eat product plant in Cingoli** in 1989.

1995

In 1995 he decided to build up a **bigger slaughterhouse**, rightfully assuming that he needed the full meat-processing production chain.

At the end of the Nineties, Fileni began thinking out of the box with an unprecedented way to breeding, which is **organic rearing**. While it was largely regarded as unattainable, to Fileni it looked like a true game-changer ridden with opportunities for **animal health and welfare** and product quality. It was **the dawn of the organic supply chain**.

2008

In 2008 Fileni took another big step by starting production in the new Castelplanio plant where the new, ground-breaking **fryer-free cooking system** was launched.

Backed by long-standing expertise, the company is not just about chicken meat but also **turkey, pork, beef, rabbit** and other **processed and prepared products, even gluten-free**.

2014

Being an organic production pioneer since the Nineties who carried it out on behalf of other brands, in 2014 Fileni **launched the Fileni BIO line on the market**, the first line of organic meat in Italy. The focus was on quality, **respect for nature and attention to animal welfare**.

2021

The year 2021 has represented a moment of awareness in our path towards **sustainability** and paying close attention to the territories and communities, and has added another step forward for us to change our legal form into a **Benefit Corporation** and **offset all our direct emissions**. In the same year, the Company joined and entered the **Climate Pledge** by supporting the goal of **zeroing total net emissions by 2040**, ten years ahead of the Paris Agreement. In 2021, Fileni has also become the first Italian company committed to complying with the criteria of the **European Chicken Commitment (ECC)**, that is a series of animal welfare standards agreed at European level for some of its products.

To further demonstrate its innovation capacity, Fileni has finalized the **acquisition of the egg producer Tedaldi's supply chain**, and gained larger share within **Bioalleva** company, which specializes in the production of **organic red meat**.

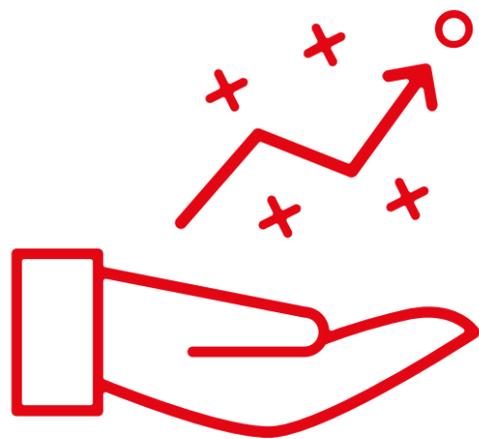
2022

Major milestones are ahead for Fileni in 2022. First of all, we are now the very **first company in the world** to achieve a **B Corp certification in the meat industry**. Being a B Corp company means being able to **measure our progress** according with **rigorous** environmental and social sustainability **standards**. **Regeneration** is the keyword guiding our short- and long-term decisions, with the aim to bring forth a **conscious economic growth** in the best interest of everyone, and most of all of future generations.

1.1 **Fileni's STRATEGIC Compass**

Fileni stands out for its **traditional and innovative** values, which are deployed in everyday choices with the aim of offering a **product of excellence and respecting the resources of tomorrow**.

Among the important innovations of 2021, Fileni has decided to undertake a **process to redefine our corporate strategic compass** in line with the company's innovation spirit and prompting our goals.



- 1 Offsetting our environmental impact is not enough anymore, we just **want to regenerate the earth**.
- 2 Our roots give us the credibility to speak up proudly for the **return to an agricultural vocation**.
- 3 As our goals are projected towards a long-term future, we are committed to **investing in young people**.
- 4 The efforts we put in place environmentally, occupationally and in all our projects aimed at a **replicable and reference supply chain** model.
- 5 Our work has an intimate bond with the **territory** that we **want to help enhance**.
- 6 **Beauty** is a value that should start from the company and **spread out throughout the territory**.
- 7 We are a large food company specializing in animal proteins, and we are **pioneers in organic farming**.
- 8 Aware that **our strength lays in our supply chain**, we are committed to taking care of all players, from employees to suppliers.
- 9 We are dynamic, **brave in our actions** and driven by the **respect** for and a **careful listening** to people's lifestyles.

"We believe in"



1 **Regenerating earth**



2 **Fostering our agricultural vocation**



3 **Investing in young people**



4 **A model supply chain**



5 **Enhancing our land**



6 **More beauty**



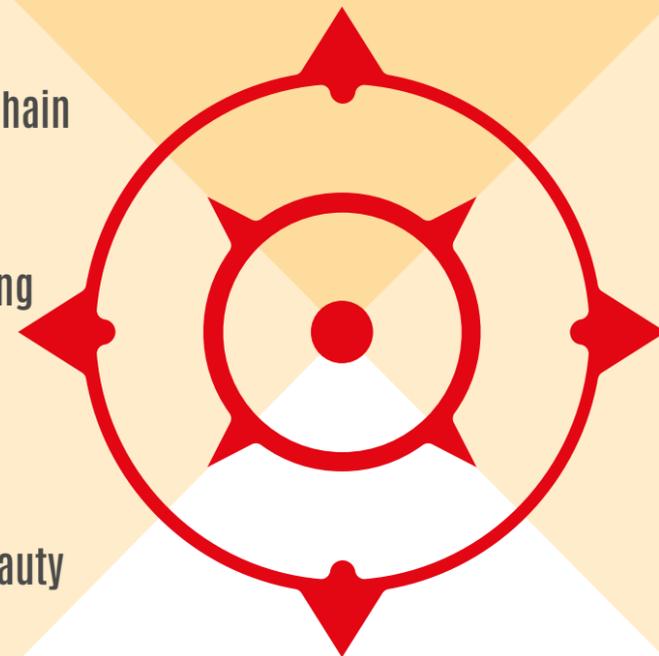
7 **Investing in organic proteins**



8 **Caring for all players in the supply chain**



9 **Respecting and listening to people's lifestyles**



"We want to be"

"We'll make it by"

FILENI'S STRATEGIC COMPASS

1.1

Fileni's
STRATEGIC
Compass

“WE WANT TO BE AN ACTIVIST COMPANY”:

In 2021 Fileni released its own **Sustainability Manifesto**, which described the Group's commitment in **defending stakeholders' future** by generating a positive impact through its activities. The purpose of this Manifesto is to involve as many supporters as possible, in order to be able to concretely generate a **movement of change** that has its foundations within the company.



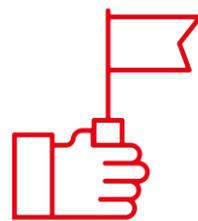
OUR PURPOSE

We believe in a regenerative culture as a common good. This is why we work to convey to new generations the beauty of the agricultural vocation and the urgency to regenerate the earth.



OUR VISION

Creating a regenerative, open and replicable supply chain model to let responsible enterprises join our forces to spread out and create prosperity and beauty for our territory and our communities.



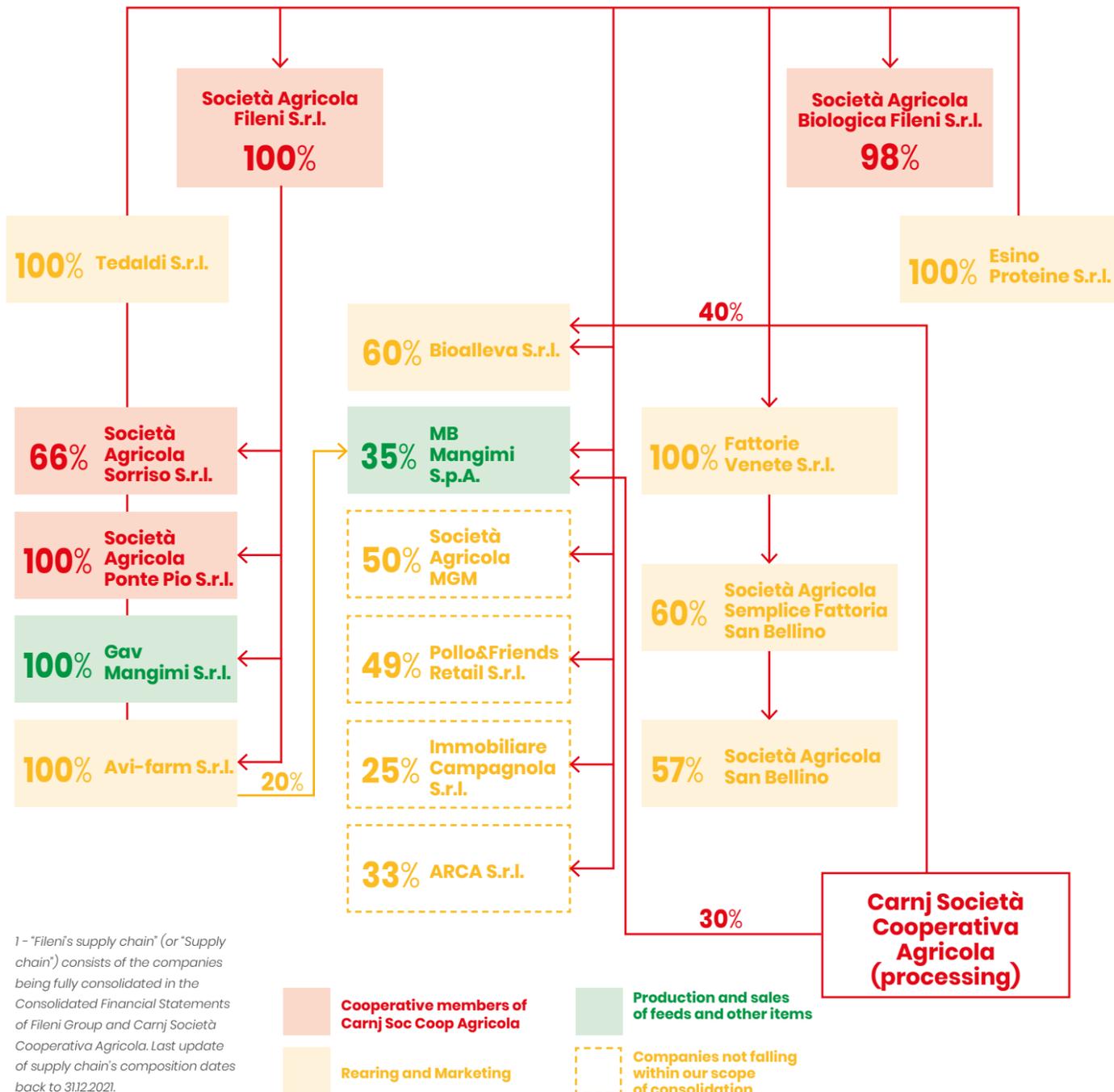
OUR MISSION

Each person in our supply chain works proudly to let the company become the reference point in Europe for organic proteins by protecting animal welfare and guiding increasingly sustainable lifestyles.

FILENI'S SUPPLY CHAIN STRUCTURE

as of December 31, 2021¹

FILENI ALIMENTARE S.p.A.



¹ - "Fileni's supply chain" (or "Supply chain") consists of the companies being fully consolidated in the Consolidated Financial Statements of Fileni Group and Carnj Società Cooperativa Agricola. Last update of supply chain's composition dates back to 31/12/2021.

Cooperative members of Carnj Soc Coop Agricola (Red box)

Rearing and Marketing (Yellow box)

Production and sales of feeds and other items (Green box)

Companies not falling within our scope of consolidation (Dashed yellow box)

Among its cooperative members, **Carnj's** corporate layout sees both Fileni Group's **agricultural companies** and cooperative **members outside** the Group. Fileni Alimentare S.p.A. is a cooperative's financing member.

Following acquisitions and extraordinary operations to **streamline and rightsize** our shareholders structure, the **corporate Group underwent some changes** in the course of 2021.

In April 2021, the Group embarked on a diversification process through the acquisition of the **"Egg" business** relating to **Tedaldi's** supply chain. Tedaldi is one of the most accredited companies on the market to widen the offer of animal protein-based products with a focus on **high-value** products (earth, organic and symbiotic). The operation was set up through the purchase of the agricultural business branches (Società Tedaldi Roberta s.s. and Azienda Agricola Tedaldi Marco) dedicated to **egg production** by Società Agricola Fileni and Società Agricola Biologica Fileni respectively. On the other hand, Fileni Alimentare S.p.A. acquired the whole company Tedaldi S.r.l., specializing in **egg marketing and distribution on the market**.

Moreover, in the first half of 2021, the company purchased an additional stake of **Bioalleve S.r.l.**, a company specializing in **organic red meat processing and marketing**. For this, ownership has gone from 24% to 60%.

Eventually, two mergers by acquisition were also carried out. **Società Agricola Colombara** was acquired by **Società Agricola Sorriso S.r.l.**, and **Società Agricola Medrina** was acquired by Società Agricola Fileni.

Fileni Group's governance model is a **traditional** one: the company is managed by a **Board of Directors (BoD)** which is led by Chairman Giovanni Fileni, who acts as legal representative and is supported by relevant directors.²

The Parent company (Fileni Alimentare S.p.A.) hosts the Board of **Statutory Auditors**, consisting of the following chairman and auditors.²

BOARD OF DIRECTORS (BoD)²

| | |
|---|--|
| <p>CHAIRMAN:</p> <p>Giovanni Fileni</p> | <p>DIRECTORS:</p> <p>Roberta Fileni</p> <p>Massimo Fileni</p> <p>Francesco Casoli</p> <p>Giovanni Frezzotti</p> |
|---|--|

BOARD OF STATUTORY AUDITORS

| | |
|--|--|
| <p>CHAIRMAN:</p> <p>Iacopo Pettinari</p> | <p>STANDING AUDITORS:</p> <p>Cesarini Guido</p> <p>Daniele Capecchi</p> |
|--|--|

² - All Board of Directors' members belong to the "older than 50yo" age bracket.

FILENI'S SUPPLY CHAIN STRUCTURE



The main companies of the supply chain have implemented the Management and Organizational Model pursuant to the **Italian Legislative Decree 231/2001 and the Code of Ethics** in order to provide for a set of rules aimed at preventing any unlawful conduct by monitoring sensitive areas and activities and ensuring ethical business.

Fileni supply chain's affiliates and partners are:

FILENI ALIMENTARE S.p.A.

 • Unaitalia

 • Confindustria

 • Assobio

 • Confagricoltura

 • Associazione Generale Cooperative Italiane (AGCI)

 • Assoavi

 • Cluster Agrifood Marche

 • IFOAM Eu Group

 • Coldiretti

 • CIA

 • Confederazione Produttori Agricoli (COPAGR)

 • Assobenefit

 • AIDAF

Becoming partner with such associations perfectly matches our strategy of great attention to **corporate sustainability, enhancement of the territory** we work in, and promotion of a proper **farming model** for organic produce. For this reason – and though reaffirming its long-time bond with **Confagricoltura** – in 2020 Fileni joined **Coldiretti, CIA** (the Italian Farmers Confederation) and **Copagri**.

To this purpose, Fileni's in-depth involvement with the representative and assistance associations of Italian agriculture is completed. This stands as further evidence of the company's commitment to **discuss with the top players of Italian agriculture**.

In addition, the long-time bond with Confagricoltura and the recently-acquired membership in Coldiretti, CIA and Copagri shall boost the **organic world** representation on the national scene within each association involved.

The company stays at the forefront of everything related to the **sustainable agri-food system** and therefore the **From-Farm-To-Fork Strategy of the New European Green Deal**.

Here is a detailed overview of the European, national and regional associations mostly committed to this mission:

• IFOAM

Represents the movements for the **worldwide promotion of organic farming**. It has been awarded with **advisory body** status by the United Nations and provides a global platform for international cooperation and trade in this area. Ifoam carries out its action by promoting organic farming and production systems with a **holistic approach** including, among its goals, the protection of the environment and basic human needs in accordance with the principles of sustainable development. IFOAM activities speak for the worldwide organic movement in administrative and executive parliamentary seats. It defines and periodically reviews the international basic standards of organic farming and food preparation and is labeled with an international organic quality guarantee (IFOAM Accreditation Program ensures the equivalence of certification programs worldwide).

Our company is an **active member** with voting rights in **IFOAM Europe Group** for the European agricultural sector.

• ASSO BIO

Is the national association for **processing and distribution companies of organic and natural products**. AssoBio has about 90 members operating in the agrifood and cosmetics industries, is governed by a board of directors made up of entrepreneurs and counts with a dedicated team of professionals. Our company partakes in the board of directors of this Association.

• A.G.C.I.

Associazione Generale Cooperative Italiane is actively engaged in **creating a synergy of companies** strategically linked to each other by means of an advanced organization, so that this movement can fully establish itself as a tangible, worthy player in the financial scenario with the aim of **enhancing work and civil commitment**. Our company is currently the member with the heaviest financial weight in Marche region.

FILENI'S SUPPLY CHAIN STRUCTURE

• UNAITALIA

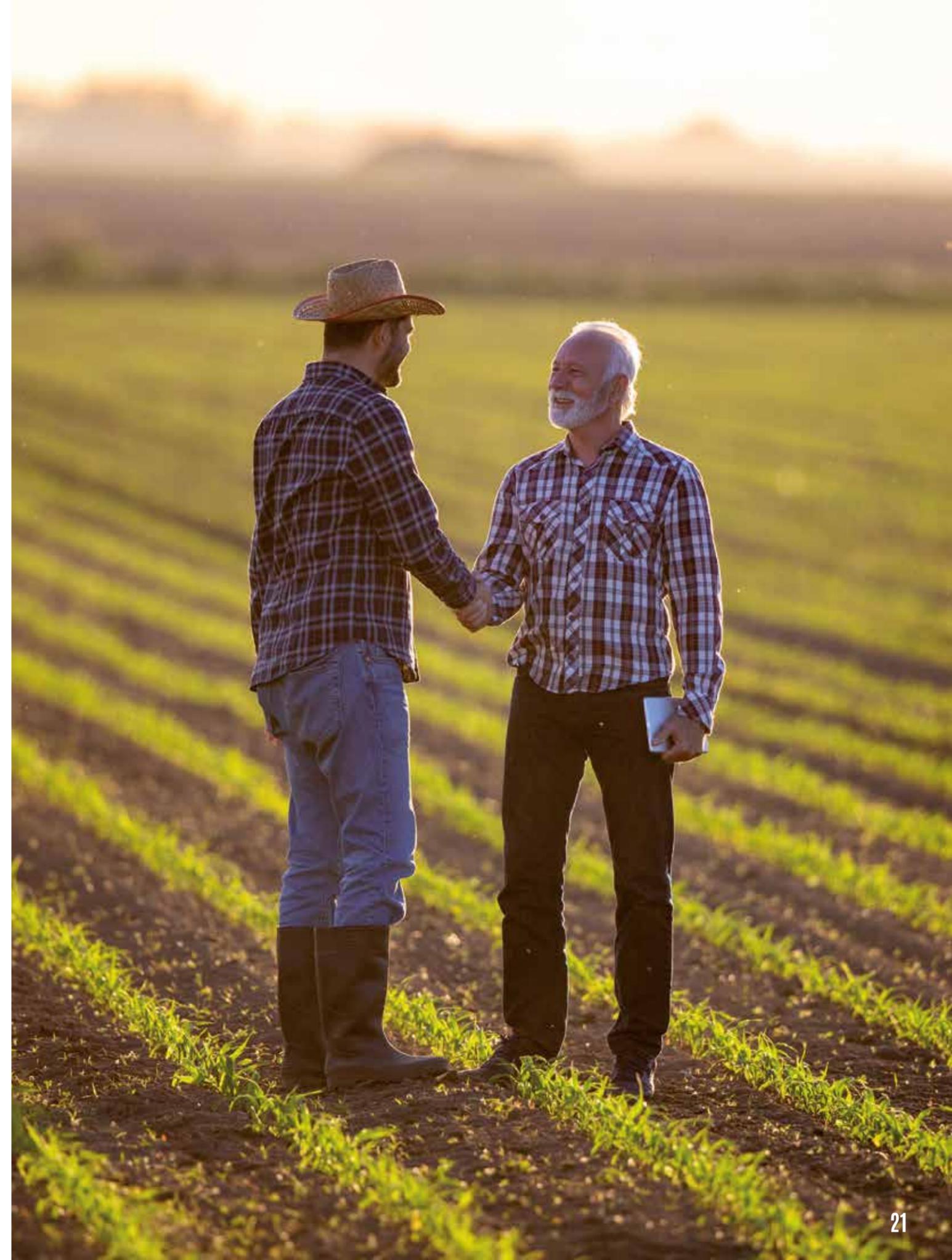
Is the trade association **for the safeguard and promotion of the Italian meat and egg agrifood supply chains**. It stands for over 90% of the entire national poultry and rabbit supply chain and for a very big slice of the pig one, always out promoting their cause. Our company has a seat in the association's board.

• CLUSTER AGRIFOOD MARCHE

IS a gathering made of the **four Le Marche's universities** (UNIVPM, UNICAM, UNIURB, UNIMC), **research institutes, companies** linked to the agricultural, food and fish world, **trade associations** and **service companies** that work together to meet the need for innovation along the whole agrifood supply chain of our region. Founded in March 2015, the association aims at making the regional agrifood companies more competitive by **matching innovation and tradition** while promoting cooperation and knowledge transfer among the players of the supply chain. The Agrifood Marche cluster complies with the CLAN (the National Agrifood Cluster), a powerful tool by which the Ministry of Education, University and Research (MIUR) is able to coordinate and manage national and international projects, embrace and convey **the development policies of many companies**, and keep in touch with local authorities. Our company is currently President-in-Office of the Agrifood Marche Cluster Association.

• ASSO BENEFIT

IT is the first association of **Benefit Corporations in Italy** and supports all companies turned into a Benefit Corporation and those identifying themselves with a market and socioeconomic growth model that places the **common good** at the center of its action. Italy was the first sovereign state in the world to implement, right at the end of 2015, a specific legislation on Benefit Corporations, which were deemed as the basis for change in the Italian economic paradigm and strategic asset.



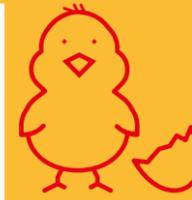
1.2

Our Production
Cycle and
**SUPPLY
CHAIN**

Fileni's supply chain means quality, transparency and tradition, as well as safeguard of animal welfare and end consumers.

Our goal is to achieve **total control over the production cycle** - from feed production to product packaging, through the use of the **most innovative breeding techniques**. **Chemical and microbiological labs** work side by side to ensure consumers with all the guarantees they deserve. With particular regard to organic production, such commitments have become even more stringent, so as to ensure **products of excellence certified through health standards**, and in respect of the cycles of nature. **Organic farming** actually ensures animal welfare by altering no environmental balance and safeguarding people's health.

FILENI'S POULTRY SUPPLY CHAIN CONSISTS OF THE FOLLOWING STEPS:

**BREEDERS AND HATCHERIES**

Totally natural reproduction is guaranteed. Fertilized eggs are subsequently sent to incubation plants, where they stay for **21 days** in a controlled environment to favor **correct embryo development**.

**PROCESSING**

Two slaughtering and processing plants are located in Cingoli and Castelplanio, Le Marche, and they were awarded with **UNI EN ISO 9001:2015** and **UNI EN ISO 14001:2015** certifications.

**FEED MILLS**

All the food giving chickens a **proper nutritional intake** is produced and stored in **two feed mills**.

**DISTRIBUTION**

Our production is directly linked to **incoming customer orders** so as to produce only the quantity of food that will actually be sold. Production is addressed to **large-scale distribution** and **retail butcher shops** alike.

- **Mass Retail**
- **Large-Scale Retail**
- **Discount**
- **Normal Trade**
- **Food Solution**
- **Foreign countries**
- **Online**

**BREEDING FARMS**

282 breeding farms mostly located in Central Italy but also in Veneto, Emilia-Romagna and Apulia.

The five animal freedoms are guaranteed:

- **Freedom from thirst, from hunger and from poor nutrition**
- **Freedom to live in a proper and comfortable environment**
- **Freedom from pain, injury or disease**
- **Freedom to express normal behavior**
- **Freedom from fear and distress**

1.2 The Organic POULTRY and Red Meat Supply Chain

The organic poultry supply chain is our own core business; for some years now the Group has taken the path of product diversification, including **organic red meat** in the offer. More specifically, since 2018 the Group entered into a **partnership with Bioalleva**, a renowned leader in the organic meat market.

Our organic read meat is four times Italian: cattle and pigs are bred and raised in Italian organic farms, slaughtered in Italy and processed in a new Bioalleva plant which is entirely dedicated to organic red meat processing, with cutting-edge technology and organic-compliant method.

Our organic supply chain stands out for:



• ORGANIC FEED FROM FIELD TO FEEDERS

Our animals are fed with **GMO-free, organic plant-based feeds** only coming from mostly **Italian crops**, directly or contract-farmed and supervised by Fileni since sowing. These crops often resort to **regenerative agriculture methods**, thus paying even greater attention to **soil fertility** protection and hydrogeological instability prevention compared to the organic method.

All feeds and originating raw materials undergo a **strict program of analyses** so as to rule out the presence of non-permitted chemicals as per biological regulation. Inspections are carried out also *ex-ante*, even before foodstuffs hit the feed mills: in agriculture, the **absence of chemical substances** on the soil, on the plant and on the seed is actually verified. Organic means **eco-friendly and GMO-free** red meat as well: no pesticides or chemicals are used in animals' pasture lands.

Besides raw material processing, Fileni oversees the **cultivation of cereals and legumes** as well in order to have maximum control over animal nutrition.



• ORGANIC AND ANIMAL-FRIENDLY BREEDING FARMS

Organic breeding farms should comply with stricter standards. Animals are raised **according to their own ethology**: they can roam in open spaces, **graze freely**, and eat balanced feed specifically developed for their diet.

As for the poultry supply chain:

- stocking density is controlled and it doesn't exceed **21 kg of meat per square meter**
- **4 square meters of outdoor areas** shall be available for each animal;
- A **dark period** of at least eight consecutive hours is ensured on a daily basis.

Our strictly organic farmlands are often surrounded by trees and plants **sheltering animals with their shade**.

Organic animals use to stay longer in breeding farms: chickens, for instance, stay at least **81 days**.

Even if organic animals are commonly treated with antibiotics during their life cycle, Fileni cuts down their use to a minimum: in 2020, more than 97% of organic production was **without antibiotics**.

In order to provide for animal welfare, red meat production stables are equipped with a special **ventilation system**, always allowing for a dry litter, and additional stands compared to those envisioned by current legislation permit in so that animals have **more space to roam**.



• DEDICATED PROCESSING

Organic meat is processed at given times and after a careful **cleaning of production lines** in order to avoid any possible contamination. Moreover, productions and all semi-finished products undergo **periodic random checks** in order to maintain the highest quality standards and rule any taints out.

The ultimate goal of organic production chain is an animal- and environment-aware, distinctively genuine, higher quality product.

1.3

Our ECONOMIC Responsibility

Against - and despite - the pandemic backdrop, the **performance of 2021 financial year** was characterized by a **significant increase in business volume** (+ 20%).

This is partly due to a **couple of takeovers** occurred during the year (Tedaldi S.r.l. and Biolleva S.r.l.), which contributed to approximately + 9% of production value. The latter drive came from the **organic growth**, which stands for an 11% increase.

The 2021 Group's net sales amount to approximately **EUR 511 million**, with an increase of about EUR 79 million compared to the previous year: EUR 37 million are ascribable to the **scope of consolidation** expansion whereas EUR 42 million circa to **organic growth**.

The **Gross Operating Margin** for year 2021 stands at around EUR 24 million, down by EUR 3 million circa compared to the previous year; such a change is due to the 2021 raw material price increase.

However, the Group has maintained proper levels of Gross Operating Margin through growth and high-value product segment positioning pushed by ongoing activities and investments aimed at improving supply chain efficiency.

The Group's net result for 2021 stands at

EUR 7.8 MILLION

with a reduction of EUR 2.7 million compared to 2020.

Finally, Fileni's **Net Equity has been growing steadily over the years** (over EUR 50 million in the analyzed period without resorting to capital operations).

The **Net Financial Position**, that shows the implementation of the substantial **Investment Plan**, has remained under control. By taking into account the contribution of Carnj cooperative as well, it should be noted that the Supply Chain turnover amounts to **EUR 531 million** with a **EUR 31 million EBITDA**.



1.3 ECONOMIC RESPONSIBILITY

Our

In 2021 the Group kept its **expansion**, growth and poultry market penetration **trends** by increasing processed product sales, especially in the **Normal Trade** channel and **abroad**.

In 2021 sales marked a good recovery in the **Food Service** channel thanks to the relaxation of pandemic-related restrictions, which have been deeply affecting the catering sector as a whole. As for **Large-Scale Distribution** and **Organized Distribution** sales, they remained consistent with the previous year.

The Group is also present in the **Animal Husbandry Channel** through its subsidiary MB Mangimi, distributing feeds to specialized operators who rear laying hens and / or broilers.

The recent takeovers of **Bioalleva** - a company distributing **organic meat products** mainly in specialized channels and in the Food Service segment - and **Tedaldi** - a company **selling eggs** to the Large-Scale Distribution and Organized Distribution channels - have made it possible to widen Fileni Group's product range.

The constant improvement in the **mix of products sold** is confirmed for year 2021 in favor of high-value products such as organic, free range and step-3 and step-4 processed products. To date, **organic represents about 1% in the large-scale distribution**: the segment is still limited but keeps on growing by 4-5% per year.

In recent years it has grown significantly and is expected to maintain this trend in the future as well.

Fileni products represent about 90% of organic poultry in Italy, and the company is a market leader.



ATTENTION TO HEALTHIER LIFESTYLES

Also driven by the recent pandemic, consumers are **paying more and more attention to healthy lifestyles**, with strong implications in the choice of products.



ATTENTION TO SUSTAINABILITY

Increasing sensitivity towards the environmental sustainability of products, **producers and supply chains - even legislators are going this way.**

In a constantly evolving context, understanding the **major market trends in the sector** is pivotal to **understand the needs and expectations of consumers**. The main consumption macro-trends that impact on the demand for proteins are:



PREFERENCE FOR READY-TO-EAT/ EASY-TO-PREPARE MEALS

The amount of time available is still "scarcely" good in our society, especially among the millennials, so the demand for convenience meals (ready to cook and / or eat) is growing.



PRICE SENSITIVITY

Crisis and reduced income have caused a reduced purchasing power for a large proportion of the population, now targeting purchases towards more convenient products and channels (Discount, white meat, private label,...)



SENSITIVITY TOWARDS ANIMAL WELFARE

Consumers are looking for more and more companies respectful of animal welfare policies.



1.3 ECONOMIC Responsibility

Our

Group activities keeps on rolling along the path outlined by the **strategic guidelines** of its business plan, in continuity with what has been planned in recent years.

For the next five years the forecast is to increase its own position in the market **by investing about EUR 160 million and through the following drivers:**

- **Type of products:** focus on white meat as a growth driver;
- **Channel:** acceleration on all channels (GDO, Normal Trade, and in particular Foreign Markets);
- **Organic:** favoring the growth of Organic products across the entire product range;
- **Brand:** develop the growth of the Brand.

In the course of 2022, Fileni obtained an **EUR 15 million loan for sustainability purposes**. This loan is part of sustainable finance operations, providing for the measurement of certain **environmental ESG parameters** such as a carbon dioxide reduction within the production process and the use of **sustainable packaging** in product marketing and protection, with the aim of supporting the company's production plant modernization and efficiency.

The loan granted by **Credite Agricole Italia** adds up with the one already received by **BNL Gruppo BNP Paribas**: its funding conditions are meant to become even more favorable to the achievement of specific environmental and social sustainability targets, which shall be monitored and measured on a regular basis. In such a volatile and uncertain economic scenario, Fileni Group is set to up the ante in order to **reaffirm its leadership** in the field of organic poultry meat and in the national poultry market a whole.

Furthermore, the choice to **empower investments in production cycle sustainability** bears witness of Fileni's true dedication to the cause of **environmental sustainability** and **animal welfare**. Since the organic certification award twenty years ago, Fileni never stopped to strengthen its supply chain, which today counts with a wide range of **100% "BIO" products**.



DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

The **direct economic value generated and distributed** is the result of an income statement reclassification showing how the generated value is being redistributed to stakeholders. In order to provide a more comprehensive representation of Fileni supply chain, the economic value generated and distributed also takes into account **the contribution of Carnj Società Cooperativa Agricola**, which is responsible for processing.

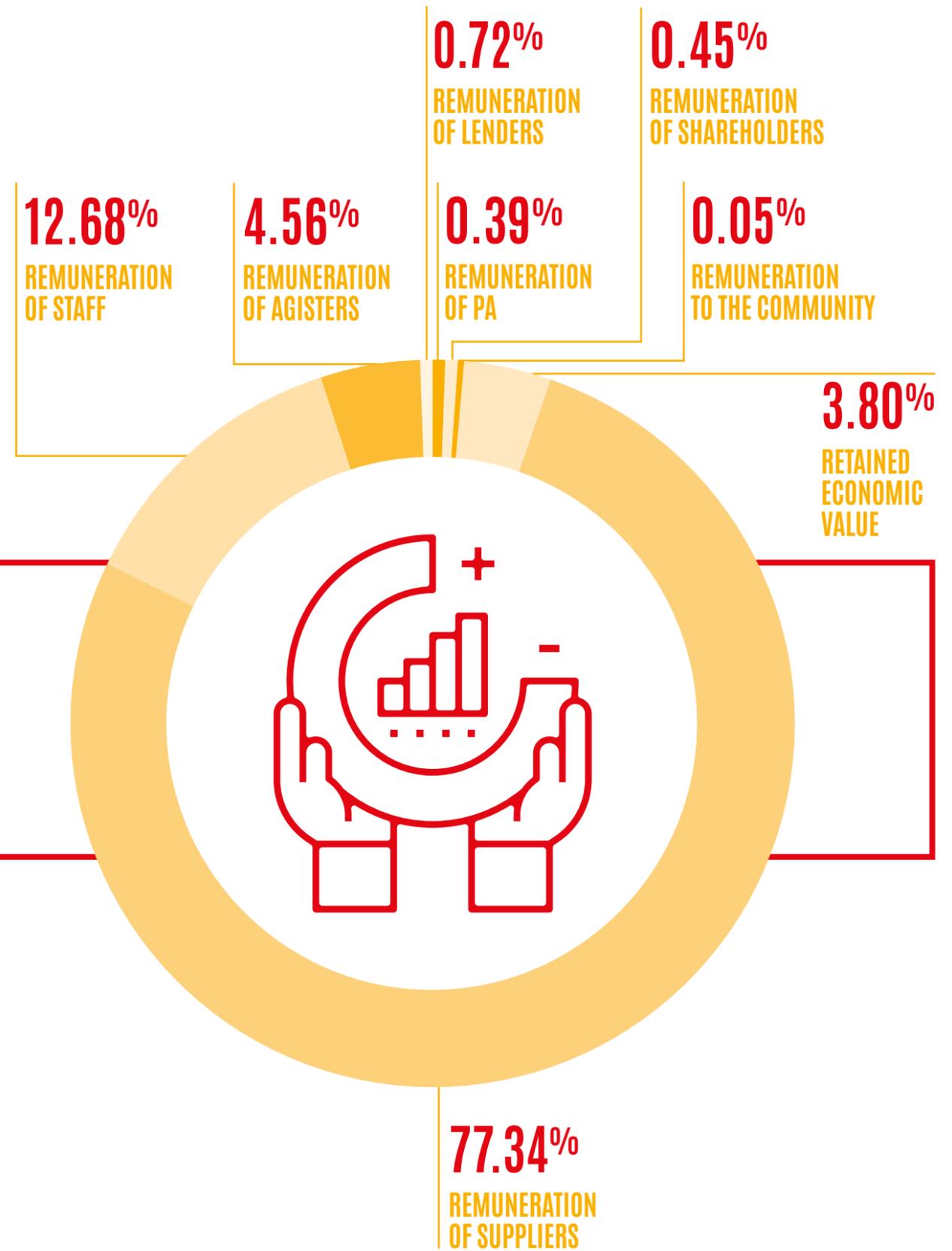
| | 2021 | 2020 |
|--|--------------------|--------------------|
| ECONOMIC VALUE GENERATED BY THE GROUP | 553,856,191 | 449,829,165 |
| ECONOMIC VALUE DISTRIBUTED BY THE GROUP | 532,790,237 | 426,982,821 |
| of which Remuneration of suppliers | 428,358,920 | 331,601,176 |
| of which Remuneration of employees | 70,249,125 | 61,714,477 |
| of which Remuneration of agisters | 25,248,346 | 23,226,802 |
| of which Remuneration of lenders | 4,014,353 | 4,412,680 |
| of which Remuneration of the Public Administration | 2,141,255 | 3,209,715 |
| of which Remuneration of shareholders | 2,500,000 | 2,500,000 |
| of which Remuneration to the community | 278,237 | 317,970 |
| ECONOMIC VALUE WITHHELD BY THE GROUP | 21,065,954 | 22,846,344 |

1.3 ECONOMIC Responsibility



The economic value generated in 2021 amounted to around **EUR 554 million**, growing by **+23%** compared to 2020. Most of this value (77.3%) has been transferred to the supply chains suppliers, mainly by **purchasing raw materials. Remuneration of employees** (considering also the employees of Carnj Società Cooperativa Agricola) stands for the **12.7% of the economic value generated**. Value transferred to agisters amounted to 4.6%. The share of economic value generated and retained by the company was equal to 3.8% and included all the profits allocated to reserves and depreciation.

DISTRIBUTION AMONG STAKEHOLDERS OF THE DIRECTLY-GENERATED ECONOMIC VALUE IN 2021





OUR APPROACH TO SUSTAINABILITY

2

2.1

Reference
CONTEXT

The recent **war events in Ukraine** and the tensions recorded on world markets are attracting the attention of governments and companies. In addition to its climate change-fighting targets, the **energy transition** topic comes to play an even more strategic role.

The latest **IPCC report³** released in March 2022 sets forth the strategies countries could pursue to **stop global warming**. Keeping it within the tolerance threshold of 1.5 degrees would require nations to **collectively reduce** their **greenhouse gas emissions** by around 43% by 2030 and achieve **carbon neutrality** by early 2050s.

Some **climate solutions** impose important **trade-offs** such as addressing the **energy production, food production** and **transportation system** issues. Without critical action being taken, situation is set to worsen due to a multitude of factors: population growth, climate change, growing competition for land, water and other natural resources, emerging diseases, conflicts and economic volatility. The stakes could not be higher, not only for the **health of world population** and the **health of the planet** but also for achieving most of the **Sustainable Development Goals (SDGs)**. There is therefore an urgent need for cooperation among countries and the business world on joint

programs aimed at providing a transition and a sustainable growth.

Even before pandemic, the **European Green Deal** laid the foundations for transitioning towards a sustainable economy. The plan calls for **zero greenhouse gas emissions** in the European Union by 2050, protecting people, animals and ecosystems and ensuring a fair and inclusive transition. The EU **Recovery Plan**, together with the **NextGenerationEU** temporary recovery tool, relies on a multi-layered and integrated approach in order to **foster a post-pandemic recovery** which is all the more focused on these topics.

These policies obviously aim at making food sector safer, more sustainable and resilient, also considering that **agricultural industry** is - and will be - one of the most affected by **climate change** and **environmental deterioration**. According to the European Union, it is essential to support farmers in tackling climate change and **preserving biodiversity** by enhancing cultivation and farming methods that promote **circularity, biodiversity** and the protection of territory, people and animals.

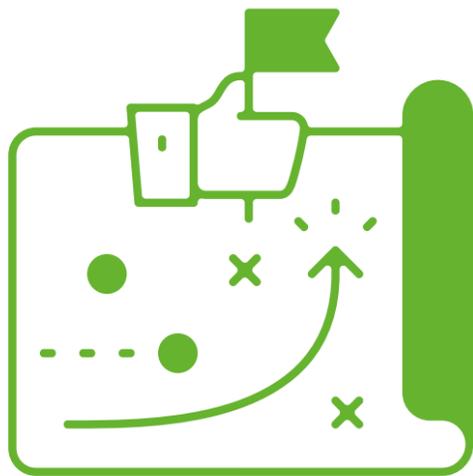


³ - Intergovernmental Panel on Climate Change, the group of experts convened by the United Nations on climate change.

2.1

Reference
CONTEXT

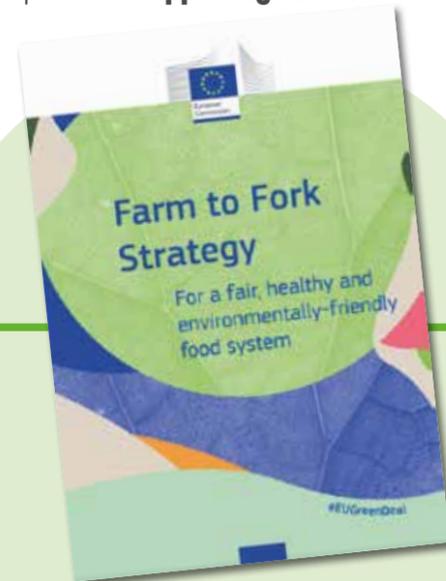
These European Commission goals come to life, among the others, in **two key strategies** of the Green Deal: “**Farm-to-Fork Strategy**” and the “**Biodiversity Strategy**”.

FARM-TO-FORK
STRATEGY:

The main goals of this strategy are:

- **Providing people with healthy, sustainable and accessible food;**
- **Fighting climate change**
- **Protecting biodiversity and the environment;**
- **Ensuring fair financial returns in the food supply chain;**
- **Boosting organic agriculture.**

Through these objectives the EU aims at protecting the health and well-being of people and animals by improving the balance between nature, food systems and biodiversity. A cornerstone of this strategy is the *Organic Action Plan*, setting forth the steps to achieve the 25% target of **organically cultivated** agricultural land by improving its environmental impact and **supporting farmers**.

BIODIVERSITY
STRATEGY:

This strategy aims at restoring depleted ecosystems by means of:

- **Stepping up organic farming incidence and protecting biodiversity in agriculture and the territory;**
- **Stopping and reversing the decline of pollinators;**
- **Restoring natural flowing conditions for 25,000 km of rivers;**
- **Cut the use of pesticides by 50% by 2030 and their inherent risks;**
- **Plant 3 billion trees by 2030.**

Besides preserving and restoring biodiversity and ecosystems, these actions also aim to increase their resilience and their ability to **mitigate climate changes**.



Goals are to achieve a **neutral or positive environmental impact** on the whole food supply chain from cultivation to consumption, protecting the resources on which the industry depends, benefiting consumers in terms of health and accessibility and **rewarding the most virtuous producers**. Concurrently, this will get the EU to be more resilient and competitive.

Attention to the environmental impact and food product safety is constantly increasing among consumers as well.

Another major stimulus is the growing awareness of **healthier diets and lifestyles**. It led to product innovations focused on natural, healthy and organic ingredients, especially plant-based ones. However, consumers are, not merely interested in final product features such as packaging and nutritional aspects, but they increasingly focus on **the whole supply chain** by looking for more information on cultivation and farming methods, use of pesticides and **product origin**.

2.2

MATERIALITY

Analysis

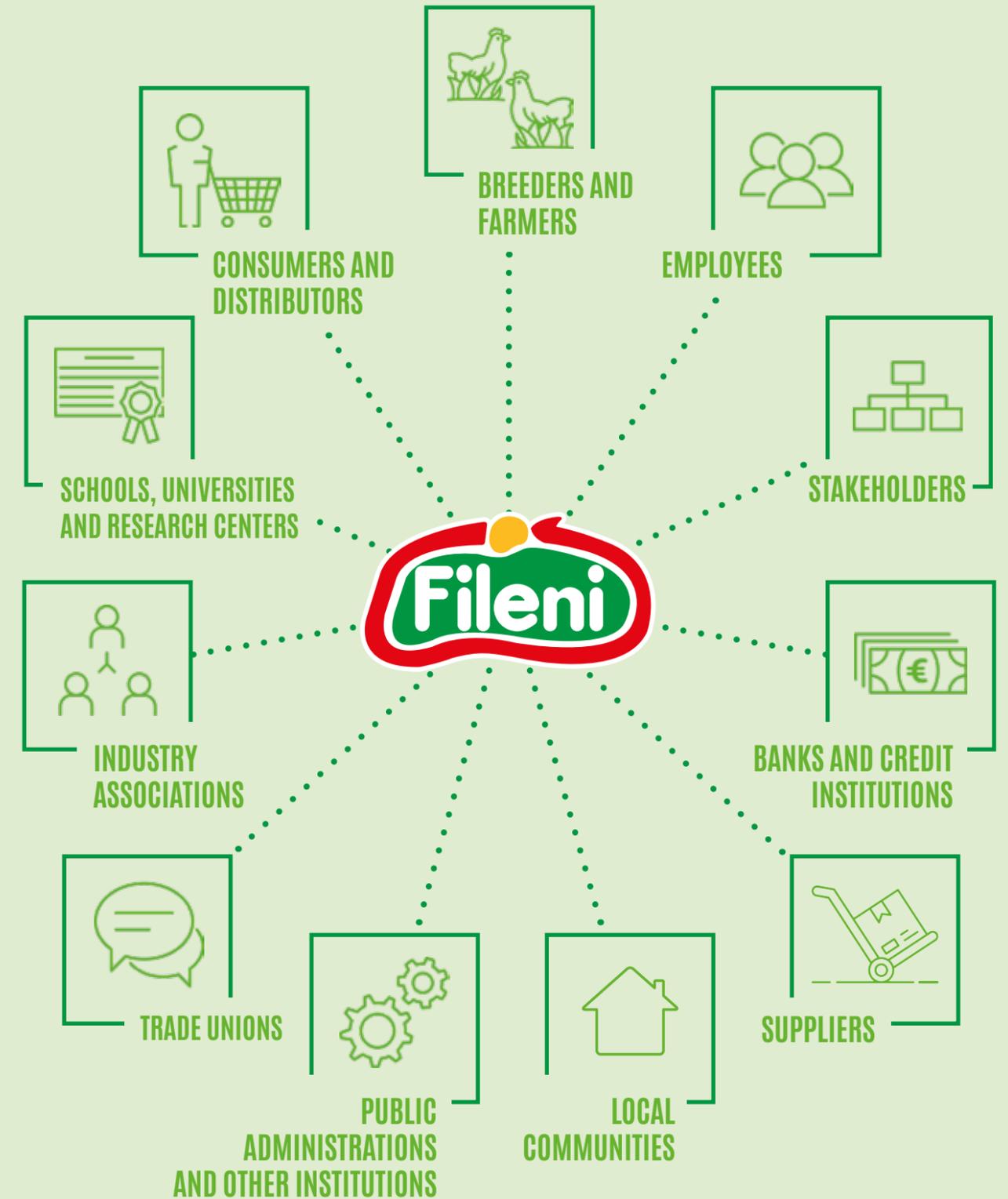
We launched a **materiality analysis process** in order to ensure a clear definition and representation of the Group's activities and their **impact** in relation to social and environmental areas, the Group's performance and its results in the non-financial area.

As part of the **sustainability path** that the Group has undertaken for some years now, a **mapping of its main stakeholders** has been carried out in order to spot the players who are directly and indirectly affected by and, on

the other hand, affect the activities and the decisions of the Group.

We want to **foster ongoing listening, discussion and involvement activities** through tailor-made **stakeholder engagement** initiatives, suitable for investigating the needs and expectations of each category with the aim of integrating them into the Group's strategy.

A RECAP PICTURE OF THE GROUP'S MAIN STAKEHOLDERS IS PRESENTED BELOW.



2.2 MATERIALITY Analysis

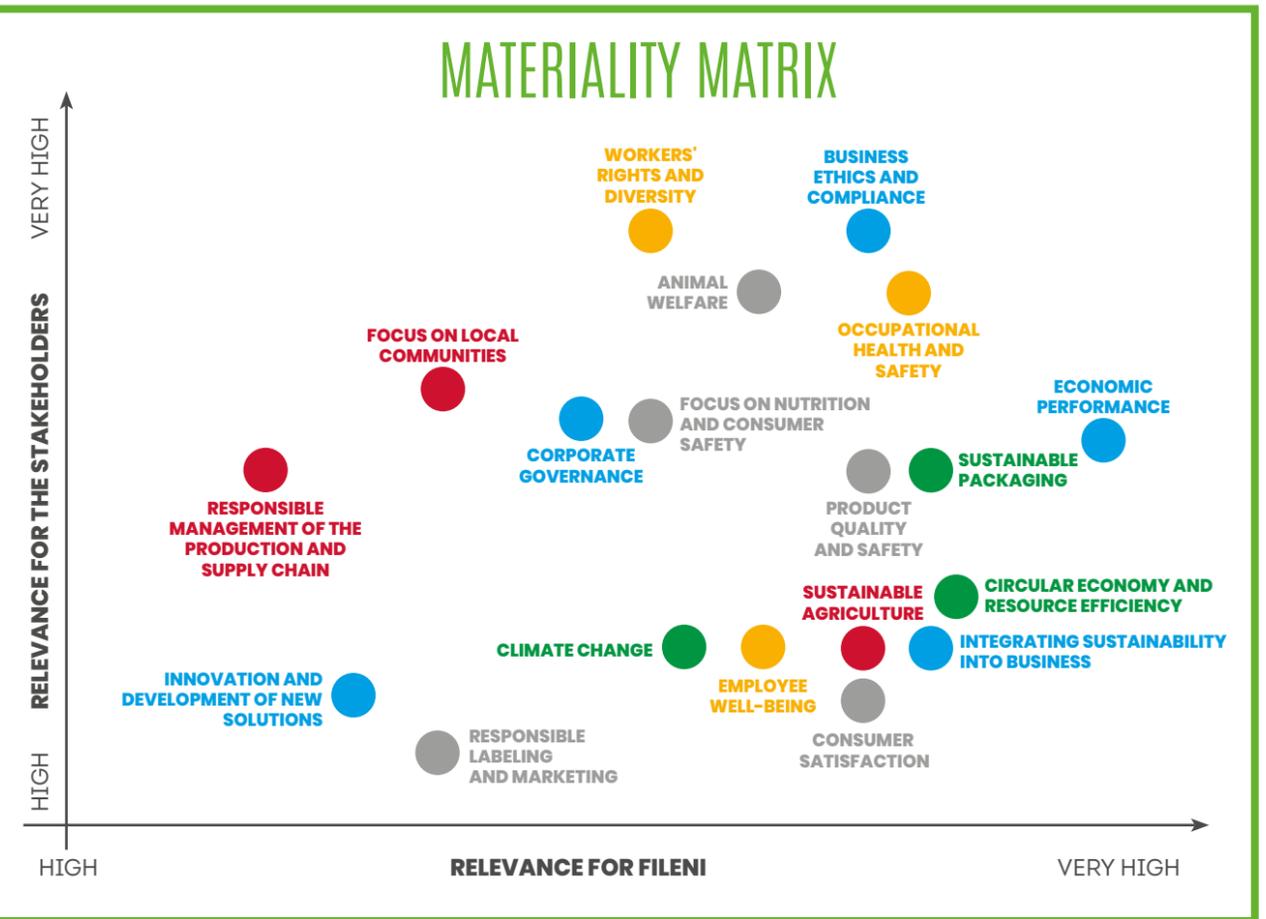


In order to develop a **materiality matrix** which provides a graphic and synthetic representation of Fileni's top sustainability issues, the Group carried out a preliminary analysis on the main internationally-recognized **sustainability frameworks** and a **benchmark analysis of its main peers and comparables** so as to identify the most relevant sustainability issues in relation to a given operational area.

Issues have been recently reassessed by Group Management through an internal audit process.

The outcome of this audit is then depicted in the materiality matrix.

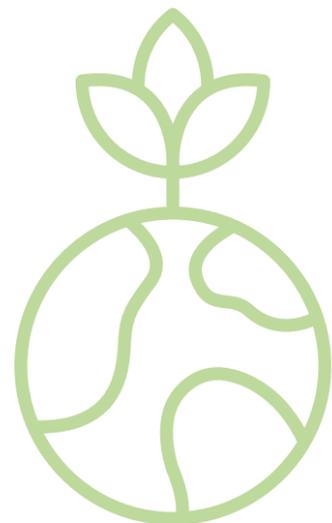
In particular, **issue relevance to the Group** is reported along the x-axis whereas **stakeholder prioritization** is reported along the y-axis.



- KEY:
- ECONOMIC RESPONSIBILITY, GOVERNANCE AND COMPLIANCE
 - RESPONSIBILITY TOWARDS THE COMMUNITY
 - ENVIRONMENTAL RESPONSIBILITY
 - RESPONSIBILITY TOWARDS THE PEOPLE
 - RESPONSIBILITY TOWARDS CONSUMERS

2.3 WHAT SUSTAINABILITY Means to Us

In 2021, we published our **Sustainability Manifesto**, the document which sets out the key principles behind every action of our daily work, namely what we choose to do to **defend the future**.



WE HAVE CHOSEN TO DEFEND THE FUTURE

| | | | |
|---|---|--|---|
|  <p> We have chosen to regenerate earth.</p> |  <p> We have chosen to respect animals.</p> |  <p> We have chosen to enhance workers.</p> |  <p> We have chosen to promote our land.</p> |
|  <p> We have chosen to clean up the atmosphere.</p> |  <p> We have chosen to develop our community.</p> |  <p> We have chosen to protect people.</p> | |

2.3 WHAT SUSTAINABILITY

Means to Us



WE HAVE CHOSEN TO PROMOTE OUR LAND

We do our part in **giving our land a sustainable growth**. Arca school actually creates supply chains that enhance regional excellence. We keep on **innovating our infrastructure** and our headquarters in Cingoli, among the hills of Macerata. **We treasure the quality of our chickens** with a label stating their origin.



WE HAVE CHOSEN TO CLEAN UP THE ATMOSPHERE

We can affirm that our production plants and breeding centers are **carbon neutral**: we purchase electricity from **renewable sources only** and offset all our direct emissions through **reforestation and decarbonization projects** and the installation of plants for the production of **renewable electricity**.



WE HAVE CHOSEN TO REGENERATE EARTH

We have chosen to regenerate earth. We leave our farming land **more fertile** than before. With the **Arca project** for the regeneration of soils and bio-conservative crops, we revamped the **best rural tradition** by pairing it with the **most sustainable innovations**. Result? We brought back to splendor many acres by means of good practices and now they are here for all to benefit.



WE HAVE CHOSEN TO RESPECT ANIMALS

For over twenty years we have been breeding and cultivating - even the **organic way** - through a **circular system** to ensure control and quality. Our animals eat 100% Italian feeds only. We breed them in full compliance with their life cycle and with no antibiotics. Our circular model cuts waste down to the minimum.



WE HAVE CHOSEN TO ENHANCE WORKERS

We take action for an **inclusive, multicultural and equitable work environment**. We hire directly, without using contracted seasonal workers. Our people have **53 different nationalities** and we seek gender balance even in management roles. We provide for **corporate welfare** including health and tax assistance.



WE HAVE CHOSEN TO DEVELOP OUR THE COMMUNITY

We support the **training of young people** and their **access to work**. We cooperate with **universities and research centers** on agronomy, biology and marketing. Also, we invest in **scholarships** for supply chain workers' children and allocate 30 scholarships more to the most valuable high school and university students through the **Fondazione Marco Fileni**.



WE HAVE CHOSEN TO PROTECT PEOPLE

If we farm and breed also by the **organic way**, if 98% of our products is antibiotic-free, if our processed food is preservative-, GMO-, palm oil- and colorant-free, if we chose to **respect land, plants and animals**, is because everyone's health and trust matter to us.

BENEFIT CORPORATION AND B CORP



In 2021, Fileni changed its legal form and turned into a “Benefit Corporation”.

Company operations not only generate wealth and well-being, but they also have the enormous potential to **positively affect the community and the surrounding environment**. By taking this step we wanted to put on the same level once and for all **environmentally-conscious goals** and traditional financial targets.

In line with these goals, Fileni has embarked on a path that led it to be the first company in the world to become a B Corp in the industry.

Being a B Corp means being part of a network of over **4000 companies** longing to rewrite the way of doing business globally, by putting sustainability, transparency and people first. The goal is to create a new paradigm based on a **mindset of inclusion** rather than exclusion, of **leveling social and economic differences** instead of giving them emphasis. Business becomes a positive and driving force for building up a social, community, ethical and environmental value.

The **B Corp certification** process provides for a thorough assessment and review of the company’s sustainability profile. The first step is **evaluating company’s performance** through the **B Impact Assessment (BIA)** pattern, the

most widely used worldwide standard for measuring environmental and social impact which takes into consideration **five macro-areas** besides business model: **governance, community, people, environment and customers**. By achieving the 80-point threshold (on a scale from 0 to 200) you can have your score checked: if it’s validated, you are eligible to the same certification.

Receiving this type of recognition is a **real milestone** at the end of a path towards sustainable innovation we’ve been carrying out for more than 20 years. The company is committed on several fronts: from the **organic industry**, to the **purchase of electricity** with Guarantee of Origin, from opting for **antibiotic-free breeding** to drafting a Sustainability Report for the whole entire supply chain, and the awarded qualification as a Benefit Corporation.

As a Benefit Corporation, Fileni is required to prepare an **“Impact Report”** comprising the goals and activities required for achieving common benefit purposes (*see attachment to this Sustainability Report*).



Certification



Corporation

**FILENI IS NOW
A CERTIFIED
B CORP**

Fileni is the first company in the meat industry to join the B Corp community: thus we have joined 4,000 companies around the world that are committed to changing the rules of the game, and doing business in a responsible and regenerative way. A certification recognizes our path towards sustainability based on respect for animals, defense of the earth, and enhancement of people.

BENEFIT CORPORATION AND B CORP

Fileni's commitment throughout the supply chain was rewarded with the **august Coop For Future award**, the official Coop's recognition for the branded suppliers that stand out for their sustainability policies. The reason behind the award quotes the **five actions** implemented by Fileni in **terms of innovation**.

With a view to improving product and process quality standards, these actions concern the **improvement of energy efficiency** and **plant management** - actions in the production process and the **adoption of new technologies**.

These have allowed for a **waste weight reduction** as well as for an energetic enhancement of waste and by-products that are then brought to new life.

These are complemented with packaging weight reduction, the **rationalization of relevant logistics impact**, and production plant **carbon neutrality** since 2020.

With the new corporate purpose of the Bylaws we wanted to decline our Vocation into three specific goals for common benefit, that can be applied as follows:



ENVIRONMENT AND TERRITORY

Fileni is committed to **spreading regenerative agriculture** as a common good. This is why we work to convey to new generations the beauty of the **agricultural vocation** and the urgency to **regenerate the earth**.

We implement agricultural practices and ecological knowledge, and we choose to cultivate, breed and process the product in **compliance with raw materials, the territory** and **biodiversity in general**.

We value our land by choosing **short supply** chains, that enhance regional specialties and local product quality.



MODEL SUPPLY CHAIN AND PRODUCT

The company is committed to creating a model of **regenerative**, open, connected and replicable supply chain to inspire the development of responsible companies, local communities and their territory for the creation of a widespread value. The company promotes the development and consumption of **organic and nature-compliant products**.



PEOPLE AND COMMUNITY

The company invests in **community development**, in the full belief that common interest comes before individual interest. The company is committed to safeguarding and promoting the **global right to well-being**, aware that people's prosperity comes from land, plants and animals. The company respects these elements by vocation, and acts directly to contribute to the **well-being of people**, be they our employees, customers or other stakeholders. We provide for a **healthy, inclusive, multicultural and peaceful work environment** and we are committed to **invest in young people** and facilitate their professional and human development in order to fully convey one's potential and help generate a sense of satisfaction, pride and personal well-being for everyone.

FILENI SUPPORTS THE SUSTAINABLE DEVELOPMENT AGENDA

In September 2015, the **United Nations General Assembly** identified **17 challenging and inclusive goals (Sustainable Development Goals, SDGs)** aimed at **improving human conditions as a whole**, such as **eradicating extreme poverty, reducing inequality** and **safeguarding the environment**.

Each goal is broken down into further specific indicators acting as a guide for governments, businesses and other institutions.

Six years after SDGs' release, **Fileni is still committed** to creating a positive impact through its business. In particular, **5 objectives** are acknowledged that most relate to Fileni's industry and to which we can best contribute both locally and globally⁴.

Our commitment was acknowledged by Sole24Ore, which in 2021 included Fileni among the most sustainable Italian companies.



SDG 2:

End hunger, achieve food security and improved nutrition and promote sustainable agriculture.



The 2030 United Nations' goal is to **end hunger and all forms of malnutrition** around the world by 2030. In view of the quick population growth - especially in developing countries - **food production will have to undergo a strong increase** in order to cope with growing food demand.

Food quality of food is just as important as quantity. Goal 2 actually aims to end to all forms of malnutrition, a very sensitive issue even for developed countries. A further target of Goal 2 is to **develop sustainable forms of agriculture** in order to protect and preserve the environment.



Just before the COVID-19 pandemic outbreak, 650 million people were suffering from hunger, and **an estimated 2 billion people were suffering from food insecurity**, with figures on the rise since 2014. The crisis has posed further threats to global food security and nutrition. Between **720 and 811 million people worldwide suffered from hunger in 2020**, with an increase of 161 million compared to 2019. Small-scale farmers make up the majority of food producers in the 37 countries surveyed. Strengthening the resilience and adaptability of these small farmers is essential to **reverse the trend** towards hunger increase, and reduce the share of people living in conditions of extreme poverty.

In 2020 we faced a negative, though minor effect partly due to the pandemic crisis: the **percentage of obese or overweight adults increased** (+1.0 percentage points from 2019 to 2020, reaching 45.9% in 2020) and investments in agriculture drastically decreased (-12.2% between 2019 and 2020); but at the same time, the **number of people under adequate nutrition increased** from 17.7% in 2019 to 18.8% in 2020. The **extension of organic crops reached 15.8%** of the agricultural area used in Italy, almost double the EU average. However, the annual growth rate of areas converted to organic farming or in the conversion phase (+1.8%) has been the lowest and most **negative for the South of Italy** since 2012.

We are committed to offering our customers **high-quality and high-nutritional value products**, thus giving our contribution to a balanced diet. To this end, our farms and crops follow the **organic method** almost totally avoiding the use of antibiotics, GMOs, colorants and palm oil. (Paragraphs 3.4 "Product quality" and 7.1 "Organic Agriculture").

Related material topics: Sustainable agriculture, focus on nutrition and consumer safety, product quality and safety.

⁴ - The data and information on world trends are taken from "U.N. - The Sustainable Development Goals Report 2021", while national trends are taken from the "Italy and the Sustainable Development Goals" ASviS report drawn up in 2021.

SDG 4:

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.



Goal 4 deals with the topic of **high-profile education**, considered as a key driver for improving people's living conditions and **ensuring inclusive and sustainable development**.



COVID-19 has impaired children's learning and well-being around the world. Before the pandemic, **progress in education was already too slow** to reach Goal 4 by 2030. Recovering the global learning deficit might be a real option by 2024, but only with extraordinary efforts. However, it is estimated that 65% of governments in low- and middle-income countries and 35% in high- and middle-income countries have been **reducing education funding since the beginning of the pandemic**.



Almost all the elementary indicators considered got worsen between 2019 and 2020: the **percentage of people completing continuous training in the last four weeks decreased** (from 8.1% to 7.2%) along with that of **those who practice cultural activities outside home** (from 35.1% to 30.8%); on the contrary, also prompted by the lockdown period, **the number of usual readers of books and newspapers increased** (+1.2 percentage points), thus reaching 39.2%. The most serious effects of the crisis most impact the **skills of students**. The INVALSI tests administered in 2021 show that 44.0% of Grade 12 students do **not reach the passing score for Italian** (35.0% in 2019) and 51.0% do not reach the passing score for mathematics (42.0% in 2019). Italy is also **lagging behind in digital skills**: in 2019 only 41.5% of the population aged 16-74 has at least basic digital skills (vs. 56% in EU27), with strong differences in age and gender.



We support the **training of young people** and their access to work. We cooperate with universities and research centers on agronomy, biology and marketing. Furthermore, **we invest in scholarships** for our workers' children and we scout for talent among the most valuable high school and university students through the **Fondazione Marco Fileni**. (Paragraphs 6.3 "Talent management and career development" and 8.2 "Fondazione Marco Fileni").

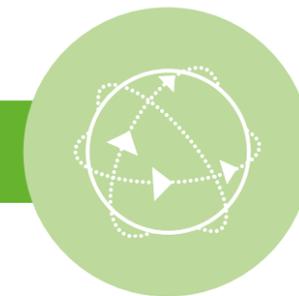
Related material topics: Focus on Local Communities.

SDG 7:

Ensure access to affordable, reliable, sustainable and modern energy for all.



Goal 7 is mostly important both for **ensuring equity and inclusion in the use of energy resources** and for the positive effects that a more efficient and rational use of resources can have on the economic and social development and in terms of **energy and environmental sustainability**. The increase in energy consumption from renewable sources and the improvement of energy efficiency are hot topics even for the most developed economies, which are often among the most energy-consuming ones. The **fight against climate change** represents a global challenge that requires, first and foremost, a quick transition to a **low-carbon** economy.



Over the past decade, **access to electricity has expanded**, the **use of renewable energy** in the electricity industry has increased, and **energy efficiency has improved**. However, millions of people **have no electricity**, and a third of the world's population cannot access any clean energy sources and cooking technologies. The global access rate to electricity has improved from 83% in 2010 to 90% in 2019, with 1.1 billion people receiving electricity for the first time. However, **759 million people still had no access to electricity in 2019**, of which three-quarters were based in sub-Saharan Africa.



In 2020, **composite values improved**, as positively affected by the pandemic crisis. The indicator for the percentage of energy from renewable sources in gross final energy consumption increased by 1.8 percentage points between 2019 and 2020. A clear improvement compared to the trend of the previous two years, mainly due to a **reduction in gross final energy consumption** (-10.6%) rather than to a real growth in the newly installed power from renewable energy, which grew by only 784 Megawatts (MW) against 1200 Megawatts (MW) of the previous year, 10 times less than what is required to reach the European target (40% of energy from renewable sources by 2030).



For years we have stressed the **importance of renewable sources** among our energy inputs and, once reached 100% coverage from these sources in 2020, the Group is now striving to extend the coverage to the new acquisitions of 2021. **We have our own photovoltaic and cogeneration plants** contributing to the national energy grid. As of 2020 we activated two **biogas plants** using production waste and sludge. (Paragraph 5.2 "Energy Consumption and Emissions")

Related material topics: Sustainable agriculture, focus on nutrition and consumer safety, product quality and safety.

SDG 8:

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

8 DECENT WORK AND ECONOMIC GROWTH



Goal 8 is aimed at **promoting a new pattern of economic development** that combines **growth and environmental safeguard** while ensuring equity and inclusion in the allocation of economic resources and working conditions. Economic growth monitoring refers to each economic performance and production capacity, to be supported and strengthened by stimulating diversification, technological progress and innovation. **Work topic** is addressed with the aim of ensuring **full employment and a fair job for all**, including categories at the highest risk of exclusion (young people, women, people with disabilities, migrants), ensuring fair wages, improving workplace safety conditions and **eradicating all forms of labor exploitation**.



The COVID-19 crisis disrupted business around the world and caused the **worst recession since the Great Depression**. In 2020, 8.8% of global working hours were lost (compared to 4Q of 2019), equivalent to **255 million full-time jobs** - about four times the number lost during the global financial crisis of 2009. With the launch of vaccines and government aid, **a global economic recovery is underway** and driven by China and the United States. Global GDP per capita is expected to increase by 4.3% in 2021, and by 3.1% in 2022.



In 2020, the composite of Goal 8 was substantially affected by the **effects of the pandemic**. Between 2019 and 2020, **GDP per capita decreased** (-8.4%) from EUR 28,893 to EUR 26,453. The ratio of gross fixed capital formation to GDP also decreases, despite the strong contraction of the latter. Negative signals also come from the **labor market**, with the employment rate (20-64 years) dropped by almost one percentage point, thus reaching 62.6% and involving a distancing from the European target of 78% to be reached by 2030. **NEET** (Not in Education, Employment or Training) **share** indicator also shows a negative trend with the **worst value reported among all EU countries** for last year equal to 23.3%.



Our work environment has become more and more **inclusive and multicultural**, with employees of **over 50 different nationalities**. We do not employ seasonal contractors and continuously improve our health and safety standards. We constantly strive to achieve and maintain **gender balance within company population**, also and mostly in management roles. (*Chapter 6. "Our People"*).

Related material topics: Economic performance, Workers' rights and diversity.

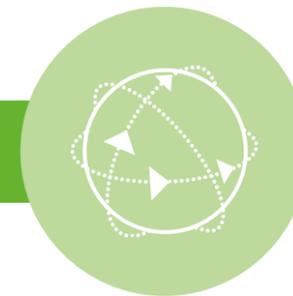
SDG 12:

Ensure sustainable consumption and production patterns.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Goal 12 aims at **promote sustainable production and consumption models** in order to reduce the ecological footprint of socio-economic systems (consumption of natural resources with respect to regeneration capacity), to **fight poverty**, to **improve living standards** and economic development. Sustainable production and consumption conditions can be achieved through the transition to a **circular economy model** "closing the cycle" of goods production through **reuse** and **recycling**, thus ensuring economic growth while **cutting down environmental impact**. Sustainable management of natural resources in production and distribution activities, conscious consumption, and the implementation of an efficient waste cycle are the tools by means of which we can protect ecosystem services, fight the withdrawal of natural resources and their conversion in climate-altering gases and air, soil and water pollutants.



A growing global population combined with the unsustainable use of natural resources is having a **devastating impact on our planet**. About 14% of the world's food is lost along the supply chain before reaching the retail market. In 2019, the **world generated 53.6 million tons of waste** from electrical and electronic equipment (**e-waste**), with an increase of more than 20% since 2014. The production of e-waste is expected to grow by 0.16 kilograms per capita per year, reaching 9.0 kilograms per capita in 2030. Sustainable consumption and production can only be achieved with **circular economy approaches** designed to reduce or remove waste and pollution, preserve the products and materials in use, and **regenerate natural systems**.



The composite shows a promising trend along the entire course of the historical series analyzed, thanks to the improvement of all the elementary indicators. In particular, the **consumption of internal material** per GDP unit decreased (-30.0% from 2010 to 2019) along with the consumption of material per capita (-30.4%), thus pointing out how **Italy has improved its efficiency in the use of resources**. At the same time, the indicators increased in terms of **waste selective collection** (+26.0 percentage points) and **material circularity** (+8.0 percentage points), which measures the share of material recovered and returned to the economy in the overall use of materials. Despite the overall positive trend, from 2013 to 2019 the composite showed a slowdown mainly due to the **increased production of urban waste per capita**, which reached 498.4 kg per inhabitant (+2.5% from 2013 to 2019) as a result of the recovery following the economic crisis.



We are committed to **applying circular economy principles** throughout our supply chain: in farms **chicken manure is reused as fertilizer** or saved for energy recovery. With a view to recovery, we deliver our by-products to a company specialized in the production of **pet food and fertilizers**. We are studying innovative solutions to produce our own packs and eco-trays with recycled or recyclable materials only. (*Paragraphs 3.2 "Sustainable packaging", 6.4 "Waste", 7.1 "Organic agriculture and Progetto Arca"*).

Related material topics: Circular economy and resource efficiency, sustainable packaging.

SDG 13:

Take urgent action to combat climate change and its impact.

13 CLIMATE ACTION



Goal 13 is about promoting concrete global actions to **fight climate change**. **Extreme climate events** are happening more and more all around the world. The 2010–2019 decade recorded the **highest average temperatures in history**. Climate change affects all nations causing economic and social damage, especially in the most fragile parts of the world.

If not mitigated, climate change will lead to a significant temperature rise which will cause **irreversible changes to ecosystems**.



The pandemic significantly **reduced human activities in 2020**, thus leading to a **temporary drop in CO2 emissions**. Developed countries have seen the steepest drops, with average drops of almost 10%, whereas developing country emissions decreased by 4% compared to 2019.

Despite the temporary reduction in overall emissions for the year 2020, **emissions have noticeably started to increase** again since December 2020, with a reported increase of 2% compared to the same month in 2019.

Greenhouse gas concentrations actually reached a new peak in 2020, with a global average of CO2 concentration exceeding 410 parts per million.

Emissions are expected to rise further unless critical steps are taken to shift economies towards **carbon neutrality**.



In 2020, the indicator of **greenhouse gas emissions per capita strongly improved** - the indicator reduced by 7.0% and reached 6.6 equivalent tons of CO2 per capita in the last year. This result relates to a **partly interruption of production activities during the lockdown period** rather than to actual change in the production paradigm. Furthermore, despite the marked reduction observed in 2020, the trend observed in recent years is not consistent with the European goal of reducing greenhouse gas emissions by 55% by 2030. This draws attention to the need for policies that can guide Italy towards **carbon neutrality** by 2050.



We are increasingly committed to **reducing climate-altering gas emissions** associated with our products. In this regard, we have achieved the goal of making **all our production activities carbon neutral** through the use of **renewable sources and offsetting activities** for the second consecutive year. We also joined the **Climate Pledge**, thus agreeing to periodically measure and report our greenhouse gas emissions and establishing **decarbonization strategies** in line with the Paris Agreement. (Paragraph 5.2 "Energy Consumption and Emissions").

*Related material topics:
Climate Change.*





THE SUSTAINABILITY OF OUR
PRODUCTS

3

3

The Sustainability of Our PRODUCTS

To us, working to generate a positive impact is a conscious choice which guides our work day after day. Our operations, from production to marketing through to packaging, reflect our philosophy of **working with future generations in mind.**

Sustainable breeding, respect for our animals and care for the environment are just some of the commitments we carry out with great responsibility to offer excellent, healthy **and balanced products on the market.**



WE HAVE CHOSEN TO PROTECT PEOPLE.



3.1

A Product of EXCELLENCE

“We are what we eat”, said Feuerbach in the 19th century. This is why our goal is to guarantee and protect the health of those who choose Fileni brand.



Product quality is Fileni’s **commitment** and a **responsibility** towards consumers; to this purpose, we focus on the entire production process: **we carefully select the ingredients** and match **innovation with tradition** to offer products that meets tastes and habits of those who buy them.

The result of being sustainable is a product of excellence, born of sustainable choices in terms of breeding and production.

We are one with our land’s **good old traditions** that allow us to breed and produce meat responsibly, thus offering **authentic flavours** with a quality food experience through a wide range of top-notch, genuine products: you can have them **whole** (as is), **cut, raw processed, breaded**, free-from, low-fat-content and high-added-value.

Besides producing **palm-oil free, preservative-free, GMO-free, low-fat content meat with no mechanical separation**, we were the first to market launch **antibiotic-free products** coming from farms that do not allow the use of antibiotics.

Our goal to produce genuine and healthy food comes to life in different forms:

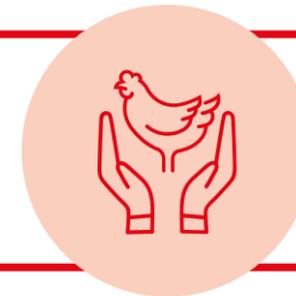


All animals are **BARN-RAISED**

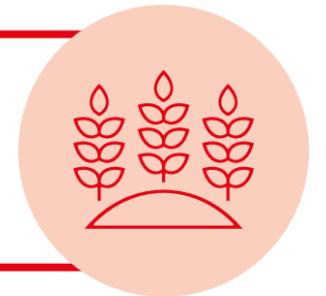


All animals are **BORN, BREED AND SLAUGHTERED IN ITALY**

IN THE WAY OF BREEDING:



Strong focus on **WELFARE ANIMAL**



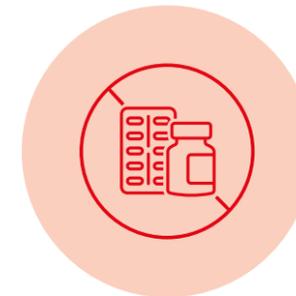
STRICTLY CONTROLLED animal nutrition

IN THE WAY OF PREPARING

Fileni-branded PRODUCTS complying with the following requirements:

NO

- **antibiotics**
- **preservatives**
- **chemical coloring**
- **GMO ingredients**
- **palm oil**
- **mechanically-separated meat**



NO USE OF ANTIBIOTICS
so all steps are carried out to protect health, welfare and the environment



CUTTING-EDGE EQUIPMENT
to constantly monitor the animal parameters and guarantee animal health and welfare

3.1 OUR PRODUCTS

Fileni BIO is the first all-Italian organic meat line born of a 20-year-long expertise in the organic field.

Fileni BIO is our most popular product line, including both white and red meat.

Fileni BIO product line was created to **guarantee genuineness** for each and every product. Our twenty-year organic know-how allows us to create good and genuine products by making healthy choices with the utmost **attention to the environment** and **respect for the animal welfare** that grow according to their own nature and live a healthy, active life while feeding on 100% plant-based feeds with plenty of antioxidants such as vitamins, minerals and essential fatty acids.

Fileni BIO product line is characterized by **high versatility**. It is a comprehensive product



Fileni
BIO

DA OLTRE 20 ANNI
BIO

range going from first to fifth processing, that is from the **whole chicken** up to **processed** and **gastronomy products**, thus offering consumers a real service.

The Group has an **experimental kitchen** where **Fileni chefs** work back-to-back with their R&D colleagues to constantly innovate the product range, in order to provide consumers with **delicious, healthy, preservative-free recipes**. **Panel tests** are arranged on a regular basis, in order for our products to be tasted by a group of experts looking for the tiniest recipe improvements.

ORGANIC RED MEAT

The bigger focus on organic consumer products led Fileni to **widen its range** with chosen red meat: from **minced beef** to **first-cut**, very thin slices, all 100% organic and complying with good old traditions.

Our red meat comes from **Oppeano's** plant (in the province of Verona), where Fileni built its own signature hub following the partnership with Bioalleva. This means **Italian, organically-bred cattle from selected organic farms** where it has been closely monitored **during its entire life cycle**.

**“FILENI BIO”
PRODUCTS ARE:**

- *four times Italian: our animals are born, raised, slaughtered, processed and packaged in Italy;*
- *100% GMO-free;*
- *good and natural, because the animals are raised with due care and attention;*
- *with organoleptic properties preserved by the MAP packaging.*



First launched on the market in 2021, **Fileni BIO Maxi Beef Burger** won the **“Best FOOD Product 2022”** award promoted by Food magazine for the meat, cold cuts and fish category. The Maxi Beef Burger, made with the utmost respect for both animal and ecological welfare, has been awarded for its capacity to provide a real eco-friendly innovation, with particular reference to the extra care paid to food **preparation** and **eco-friendly packaging**.

“GOOD & BALANCED” PRODUCT LINE

In September 2021, Fileni launched “**Good and Balanced**”, a **new line of ready-to-eat meals** that meets the needs of consumers looking for a healthy lifestyle.

Balance combined with **convenience** is the hallmark of this product line: a right proportion of cereals, proteins and vegetables make this **meal complete, balanced and smart**.

These new products want to **go along with the trend of consumers** pivoting towards proper nutrition and a **well-being oriented lifestyle**. These new meals have been designed and outlined by **our R&D team** from the **Harvard University’s** definition of “**healthy meal**”.



For health-conscious sportspeople



For people looking for a light lunch break



For health-conscious people



CLUB DEI GALLI



In 2021, we reshaped the brand identity of “**Club dei Galli**”, the **exclusive product selection offering professional butchers** with unique meats and fine cuts not available to mass retailing. The “**Club dei Galli**” aims to build a strong and reassuring relationship with customers by relying on three pillars:



UNIQUENESS

Club dei Galli customers have chosen to transform their retail store into a **meat luxury store: butchers, deli and eatery shops** are the heart of the project, which aims to highlight the value of retailing.



SUPERIOR QUALITY

Club dei Galli brand products are carefully selected and come from **Ranger Classic broilers**. This guarantees **superior quality and taste** combined with great attention to animal welfare.



RELATIONSHIP VALUE

Club dei Galli is much more than a selection of products: it is a **community of professionals** united by a passion.

3.2

Focus on SUSTAINABLE PACKAGING

Fileni always cared about **sustainable consumption**: that's why we took an increasingly virtuous path in the name of **circularity** when it comes to managing its product packaging. Over the years we carefully listened to

the market and our consumers, who are demanding concrete measures to address the environmental safeguard. To this purpose, Fileni has developed **two innovative packaging solutions for its products, namely Eco Tray and compostable packaging**.

ECO-TRAY

Eco Tray is an innovative **cardboard packaging** solution - launched together with the organic red meat line - capable of **cutting plastic use by 90%** in favor of paper. In 2021 Fileni conducted a study in partnership with Rete Clima to analyze the impact of eco-tray packaging compared to traditional plastic packaging.

In the study, the life cycle of the paper tray was analyzed, and a comparison was made with traditional plastic trays used for fresh meat packaging. The results showed that paper trays can actually **reduce "fossil carbon" emissions by 43.9%** compared to conventional plastic trays.



The eco-tray concept pivots around the **notion of sustainability**:



Also, the paper used in Fileni BIO's new cardboard eco-tray has been awarded with **two certifications**:



PEFC

Sustainable forest management certification ensures that forests are managed pursuant to strict environmental, social and economic standards.



ATIGELCA

It is an evaluation system defining paper recyclability. The presence of this logo on the packaging indicates that it can be disposed of in waste paper collection.

COMPOSTABLE TRAY

Compostable packaging has been used since 2021 for all Fileni's step-2 processed products. With the new packaging system introduced in 2020, **all tray parts are made of compostable material** (pursuant to UNI EN 13432 standard provisions) and can therefore be completely disposed of in the **wet waste collection**.

The tray was made of **Mater-Bi**, a material discovered by leading bioplastics research international company **Novamont** thanks to an integrated supply chain offering compostable solutions based on vegetable raw materials. **The protective film is made**

of Pla (polylactic acid), a **cutting-edge bioplastic** coming from the transformation of the sugars in corn, beet, sugar cane and other natural renewable materials. Label is made of **Vellum biodegradable paper**, a type of very fine, smooth and resistant parchment.

In 2021, the compostable or biodegradable packaging **products (in kg) noticeably increased by 5% compared to 2020**.

3.3 TRANSPARENCY and Open Communication

Labelling is Fileni's **first way to consumers**, the place where we declare our **commitment to quality** with transparency and pride and **describe** our products' **features** and choices, especially with regard to breeding.

As a matter of fact, the Group complies with the **Poultry Meat Voluntary Labeling Guidelines** set forth by Unaitalia and approved by MIPAAF (the Ministry of Agricultural, Food, and Forestry Policies). The goal is to provide consumers with a range of information about **farming system**, **diet type** and **animal well-being** compliance in order to identify the quality of the product they purchase.

Moreover, **through ongoing inspections** by an accredited third party (the **CSQA**) and **Unaitalia**, we certify that all label information is true. Hence, as per labeling regulation, Fileni is authorized to list on the label the distinguishing features of its own supply chain, both traditional and organic: **barn-raising, non-GMO 100% plant-based feeding, no animal fats or flour of animal origin; a supply chain totally Italian** and, in most cases, the **banning of antibiotics**. Labeling also provides useful information for the collection, reuse, recycling, and **correct destination of marketed packaging**, in line with current legislation.

All **antibiotic-free** line products come with a ground-breaking, **storytelling-oriented** label emphasizing some important product features: free-range farming, antibiotic-free farming and material novelty. This eco-friendly packaging is also highlighted by the **"Let's save the planet together"** blurb calling consumer to make a **conscious, responsible and informed** choice.



EPD CERTIFICATION Environmental Product Declaration

In 2021, **Fileni BIO sliced chicken breast and GMO-/Antibiotic-free sliced chicken breast** were the first products in the poultry industry to achieve an **EPD (Environmental Product Declaration) Certification** in Europe, in line with the **International EPD System** program.

The **Environmental Product Declaration** quantifies the environmental impacts in terms of product life cycle, and represents an effective tool for effectively and transparently communicating the environmental impact of products, thus guiding consumers towards **informed purchasing decisions** (see Paragraph 5.1 "Our environmental commitment" for more details).

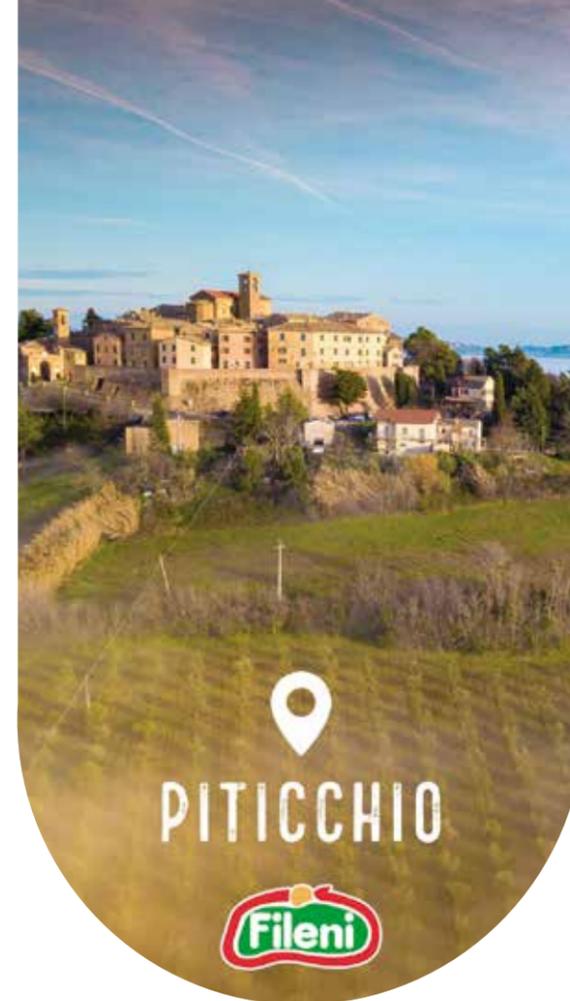


DIGITAL COMMUNICATION

In 2022 the Company embarked on a **new digital communication strategy** with the aim not only of connecting more effectively to its supporters, but above all of **stimulating and educating consumers** towards more responsible decisions.

Fileni has devised an **editorial plan** with **thematic columns** to give its users light but quality entertainment moments, providing cooking ideas and suggestions that are easy and immediate to implement, and **transparently** communicating their path towards sustainability.

“**Our Goals**”, one of these columns, is specifically dedicated to the contents of our **Manifesto**, which are addressed one by one using a clear, simple and engaging language.



Another particularly strategic column is “**Fileni tells Le Marche**”, an actual tourist itinerary (declined on Instagram and Facebook) which aims to **tell the hidden beauties of our region** not only to those who do not know them, but also to Le Marche people. With **14 destinations**, over **40 posts** and **7 months of exposure**, this column simply and strongly testifies to the **bond between Fileni and Le Marche**.

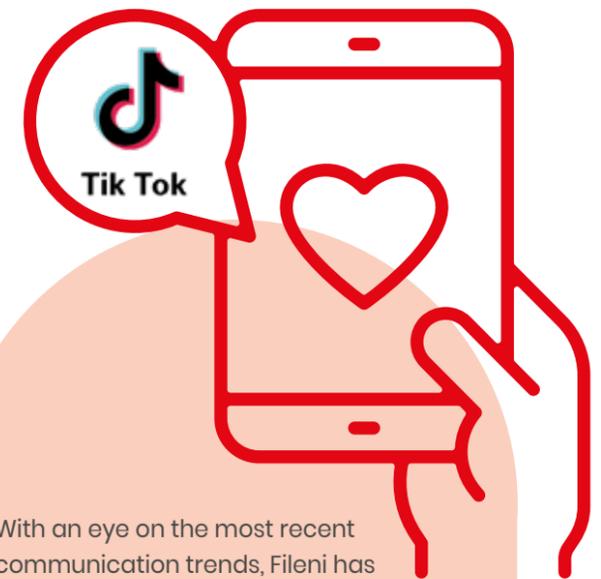
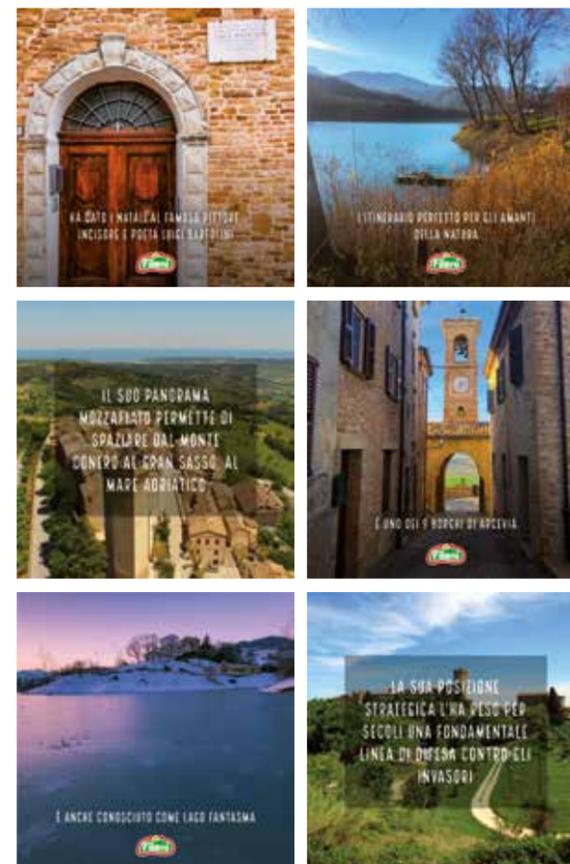
Brand storytelling still goes through the numerous **contents created by our brand ambassadors** on Instagram to help enhance Fileni’s **brand awareness**.

- A winning and close-knit team made by:
- **Federico Quaranta** for sustainability topics
 - **Filippo Magnini** for wellness
 - **Manuela Mapelli** for tips for a healthy and balanced nutrition
 - **Filippo La Mantia** for the gourmet side of the extraordinarily versatile Fileni products.

TRADITIONAL COMMUNICATION

TV, radios and digital channels are still broadcasting our “**Tutto il buono e il bio dalle Marche**” campaign.

The TV ad shot in Le Marche - Fileni’s homeland - presents typical **locations and landscapes of the region**, carefully chosen to reflect the natural **and genuine nature of all Fileni products**.



With an eye on the most recent communication trends, Fileni has recently **joined TikTok**, with a tailored editorial plan, specifically calibrated on the languages of the platform that are **mouthy, innovative and full of potential**.

3.4

Product
QUALITY

To Fileni, **product quality** is a key guarantee for consumers. Fileni strives to ensure and maintain **highest quality standards** throughout all production process steps.

In 2021, the **EHSQ department** - established in 2020 to coordinate and standardize the **Environment, Health, Safety and Quality management** in all Group companies - was consolidated by 2 new positions. Again, this choice testifies to the company's **desire** to continue its **path towards sustainability and circularity**, the environment, the preservation of the land we work in, and workers' health.

LAB
ANALYSIS

Every step of the supply chain is supervised also via laboratory checks and other verification activities, whose traceability is constantly ensured. To this end, Fileni relies on the analysis by its own **internal labs** and **accredited external laboratories**.

In 2021, we purchased **new instruments** for the **analysis of antibiotic residues in meat**, which allowed us to better monitor our supply chain. **Glyphosate** and **acrylamide** control methods have been developed and implemented to improve the **monitoring of pesticides** in foodstuffs and the quality of frying on our breaded products.

Feeds stored at the farms are **analyzed** on a regular basis to rule out any trace antibiotics. All feeds (and originating raw materials) meant for the organic supply chain undergo a **severe program of multiresidue analyses** so as to rule out the presence of non-permitted chemicals. The **multiresidue analyzes** from the year 2021 have also been extended to the **agricultural division** by taking samples from the seedlings of cereals at various stages of germination. Furthermore, **biomolecular analyses** show the absence of genetically modified organisms in corn, soy and, more commonly, in the feeds of organic and **non-GMO** certified supply chain.

Fileni means quality and traceability: no product leaves the company if we are not absolutely positive about its tastiness!

In breeding farms, special **chemical analyses** are carried out on **drinking water** to verify the absence of antibiotics, as well as **bacteriological and chemical analyses**, litter **humidity and total nitrogen tests and coccidiosis** control. Research is also carried out to test **antibody levels** in order to make animals immune to the most important diseases.

Bacteriological analyses on product and work surfaces are carried out to ensure **compliance with hygiene standards** so as to avoid health hazards; chemical analyses show meat **nutritional values**, thus determining the quantity of proteins, fats, carbohydrates and ruling out the presence of harmful substances. **Anatomo-pathological analyses** identify any breeding-related problems. Finally, to verify the absence of antibiotics in freshly slaughtered products, analyses are carried out on several chicken parts (muscle, liver, feathers) both with inhibitory substance determination and **high liquid chromatography performance (HPLC)** methods in accredited laboratories. All farms are inspected at least once a year by carrying out research with an **advanced immunoenzymatic method** in our in-house lab.

In 2021 the internal lab analyzed **7,400 SAMPLES** with at least 8 determinations tests each.



AUDITS

To ensure product quality, every year the entire supply chain undergoes many audits, both internal and at suppliers' place, as well as inspections carried out by customers and third-party certification bodies:

INTERNAL AUDITS

All along these years, Fileni has been arranging a severe internal audit plan in both its production plants, in breeding farms and feed mills. To avoid any conflict of interests, a "manager exchange" takes place so that one person carries out inspections in the plant where he does not performs his/her duties.

EXTERNAL AUDITS carried out by customers and third party certification bodies

Fileni top customers usually carry out *ad hoc* audits in the Group's plants; sometimes these checks are scheduled, some other times they are unexpected. Furthermore, relevant certifying bodies carry out their verification activities according to the timetable provided for by reference standards.

AUDITS carried out by Fileni on its suppliers

Fileni carries out audits on breeding farms which are not directly managed and on suppliers of processing raw materials. To do so, Fileni developed dedicated checklists encompassing several topics including hygiene requirements, regulation compliance, etc. Audited suppliers are selected based on their criticality, strategic nature or particular events.



AUDIT PROGRAM IN 2021:

154

audits for the organic supply chain

35

audits on standards and Production Technical Regulations

82

audits by customers



CERTIFICATIONS

Fileni was **the first Italian company to be awarded with the UNI EN ISO 9002:1994 system certification** concerning quality management system, for the entire supply chain. This achievement was only the first of a long series of awards and certifications that the supply chain has obtained over the years. More specifically, the conventional and organic breeding farms in Cannuccia, as well as the conventional and organic breeding farms in

Falconara and Ripa Bianca farms achieved the **ISO 14001:2015 management system certification** in 2021. Moreover, we achieved the **EPD (Environmental Product Declaration) certification** for our organic and GMO-free chicken breasts: an information tool that allows you to be aware of the environmental impact of our products. In 2021, the 2 production plants renewed their **IFS certification** pursuant to the new version 7 standard.

These certifications are listed below:

| YEAR OF FIRST RELEASE | CERTIFICATION | DESCRIPTION | CERTIFICATION SCOPE |
|-----------------------|--|--|--|
| 2021 |  ISO 14001: 2015 | Environmental management system | Cannuccia Bio breeding farm, Cannuccia Conv., Falconara Bio, Falconara Conv. |
| 2020 |  ISO 14001: 2015 | Environmental management system | Ripa Bianca breeding farm |
| 2018 |  Standard DTP 126 | Controlled poultry supply chain product certification | CARNJ Soc. Coop Agr. plant Castelplanio & Cingoli plants |
| 2017 |  ISO 14001: 2015 | Environmental management system | CARNJ Soc. Coop Agr. Castelplanio & Cingoli plants |
| 2013 |  Halal Production Line Certification | Ritual slaughtering line chicken cutting and deboning | Fileni Alimentari S.p.A. Castelplanio & Cingoli plants |
| 2011 |  IFS International Food Standard | Product Quality and H&S | CARNJ Soc. Coop Agr. Castelplanio & Cingoli plants |
| 2016 |  Unanitalia Poultry Meat Labeling regulation compliance | Poultry meat voluntary labeling | CARNJ Soc. Coop Agr. Castelplanio & Cingoli plants |
| 2003 |  UNI EN ISO 22005:2008 | Product and agrifood supply chain traceability certification | CARNJ Soc. Coop Agr. Castelplanio & Cingoli plants |
| 2003 |  Standard DTP 030 & 049 | Product certification | CARNJ Soc. Coop Agr. Castelplanio & Cingoli plants |
| 2000 |  Certification of Conformity Reg. 834/2007 | Slaughtering, processing and marketing Castelplanio & Cingoli plants | GAV Mangimi – Jesi; CARNJ Soc. Coop Agr. Fileni Alimentari S.p.A. |
| 1998 |  UNI EN ISO 9001:2015 | Quality Management System | CARNJ Soc. Coop Agr. Castelplanio & Cingoli plants Fileni Alimentari S.p.A. |



ANIMAL
WELFARE

4

4

ANIMAL WELFARE

Attention to the *living conditions* of reared animals is constantly growing, both by consumers and by the legislator.



**WE HAVE CHOSEN
TO RESPECT
ANIMALS.**

In partnership with *universities, research institutes and industry partners*, Fileni is committed to drawing the best state-of-the-art knowledge of animal health and welfare from science, ethics, and law.



4 ANIMAL WELFARE

Within European Union's **Farm-to-fork strategy**, there is a whole section focused on **animal welfare**, mostly in relation to consumers' health and **antimicrobial resistance**.



This phenomenon is due to the excessive and inappropriate use of antimicrobials in animal and human health, causing an estimated **33,000 human deaths per year** in the EU / EEA with considerable healthcare spending⁵. The European Commission is therefore taking action to **reduce by 50% overall sales of antimicrobials for farming** and aquaculture animals in the EU by 2030. New regulations on veterinary medicines (Regulation (EU) 2019/6) and medicated feed provide for a wide range of measures to help achieve this goal. The use of antimicrobials is not only prohibited for **prophylaxis** but also subject to significant conditions in terms of **therapeutic use**: the supply can be delivered only after a clinical visit and a clear diagnosis by the veterinarian. Furthermore, the supply can be only delivered following electronic receiving, and **human-use antibiotics cannot be prescribed**.

These standards have been in place for years with Fileni veterinary service.

Ensuring **greater animal welfare** improves animal health and consequently food quality, thus reducing the need for drugs and helping to preserve biodiversity.

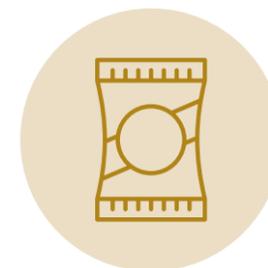
Fileni is committed to implementing the highest levels of animal health and welfare standards within the company, based on the **5 freedoms of the Farm Animal Welfare Council**.

In 2021, we actively chose to comply with the criteria established by the **European Chicken Commitment** for all organic and outdoor production, and for 20% of the conventional range.

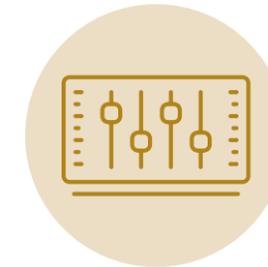
THE FOLLOWING ARE THE GOALS FOR FILENI GROUP TO ACHIEVE BY 2026, IN LINE WITH THE ECC:



IMPLEMENTING THE EUROPEAN CHICKEN COMMITMENT STANDARD on all organic and outdoor productions by 2022



Provide all customers (who will ask for it) for conventional lines **IN ACCORDANCE WITH ECC STANDARDS NO LATER THAN BY 2026.**



COMPLYING WITH ECC STANDARDS, by 2023, for 100% of the organic and outdoor supply chains for owned brands but also for all brands sold with private labels or to the catering sector



COOPERATING WITH OUR CUSTOMERS to implement supply chain solutions complying with ECC standards in an increasing number of breeding farms



For all our traditional supply chains, by 2026, we are committed so that, at least **20% OF BREEDING FARMS SHALL COMPLY WITH ECC STANDARDS**



BUILDING UP AND DESIGNING NEW SHEDS as of 2022, with the possibility of housing chickens according to ECC standards

European Chicken Commitment (ECC) is a set of **standards agreed** at European level by leading NGOs dealing with animal welfare in order to encourage food companies to **improve** broiler **farming standards**. This unified challenge asks companies to address **crucial topics for chicken welfare** by 2026 tops, starting with the use of slower-growing breeds, stocking density reduction and the use of effective before-slaughter stunning systems.

⁵ - Source: European Commission, A Farm to Fork Strategy for a fair, healthy and environmentally friendly food system, 2020.

ANIMAL WELFARE

The Group has embedded such a topic in **agister agreements** too so as to make sure animal welfare becomes a supply requirement and that standards are verified through **dedicated audits**.

Animal welfare and health protection are therefore Fileni Group's top priority, which is sought after for the whole **chicken life cycle**. More specifically, before the chick is born eggs spend a period of **21 days in the hatchery**, where proper conditions for embryo development are guaranteed. After that, animals are moved to **breeding centers** where they are barn-raised under applicable laws in **predefined spaces** based on their own farming method.

The Group also protects the **natural biorhythm** of animals and their **sleep/awake cycle** through a proper balance of sunlight and artificial light within breeding farms. All plants are equipped with **modern ventilation systems** to maintain the right temperature, ventilation and oxygenation within the facilities.

Animal feeds come exclusively from the Group's two feed mills where foodstuffs are strictly controlled in order to ensure a **proper nutrient intake** for chickens.



Fileni is also committed in **training** its own breeding farm staff and **supporting specialized technicians** who are paying visit to each and all breeding centers at least once a week so as to provide **breeders with full assistance**. Breeders must hold a **"license"** issued after attending a proper course on animal welfare regulations and good practices. Welfare parameters are constantly monitored in order to **make for faster intervention** in case of need. **Dedicated veterinary inspections** are guaranteed upon breeder's request.

Antibiotics are extremely rare and, in the event of animal disease, they are used as last resort and in full compliance with animal welfare after discarding all other possible solutions - such as **probiotics, herbal medicines or organic acids** - and only upon veterinary diagnosis and prescription. Fileni keeps constant track of antibiotics usage. To encourage a very low use of antibiotics in the production cycle, **biosecurity measures** are implemented on a regular basis.

This implies preventing unauthorized people from accessing breeding farms. Authorized staff, on the other hand, must always communicate their presence in such a way as to be able to carry out a **complete epidemiological investigation** at any time. Vehicles entering the breeding farms are **disinfected** and all staff members wear special clothing and footwear.

In 2021, some positive wild birds triggered a **severe avian flu epidemic** that struck some provinces in Lombardy and Veneto. Some of our breeding farms in Northern Italy have been affected by this virus: a **compulsory killing** of animals ensued not for zoonotic (human transmission) reasons but to **prevent the disease from further spreading**. This epidemic - which started in October 2021 and ended in the early days of 2022 - saw us cooperating with **local health districts** and the **National Reference Center for Avian Influenza in Padua**, because the best results can be achieved only through a common strategy.



ANTIBIOTIC-FREE

In 2021 our commitment for an antibiotic-free policy along the supply chain went on: 98% of total production took place without antibiotics, of which 100% of the production of Rusticanello, over 99% of organic production and over 97% of the conventional one.





OUR
ENVIRONMENTAL
RESPONSIBILITY

5

5 Our ENVIRONMENTAL Responsibility

The focus on **food industry environmental impact** is constantly growing, even on the consumers' side. On a global scale, food industry is actually accountable for about 26% of global CO₂ emissions in the atmosphere⁶. **Agriculture- and livestock-related emissions are also expected to rise up by 30-40% between now and 2050.** Such forecasts highlight the need to outright include food sector emissions among national mitigation targets and plans as a needful strategy for meeting Paris Agreement standards. As previously stated, **we constantly strive to cut down our environmental impact** and to foster any **efficient and circularity-oriented measure**. In 2021 we joined the **Climate Pledge**, that is the commitment to achieve net zero emissions by 2040. Upon studying the

7 AFFORDABLE AND CLEAN ENERGY



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION





WE HAVE CHOSEN TO CLEAN UP THE ATMOSPHERE.

life cycle of our products we reached two different **EPD certifications** so as to quantify our impact and arrange proper mitigation projects. We installed **photovoltaic systems** and two **biogas plants** in the Cingoli and Castelplanio facilities: our offsetting activities are the reason why all our plants are **carbon neutral**.



⁶ - Source: IPCC, Climate Change and land (5.4 Impacts of food systems on climate change)

5.1

OUR Environmental COMMITMENT

Following the **Life Cycle Assessment (LCA)** study to analyze the **environmental impacts** associated with the production of organic chicken meat, Fileni was the **first poultry company in Europe** to implement two separate **Environmental Product Declarations (EPD)**.

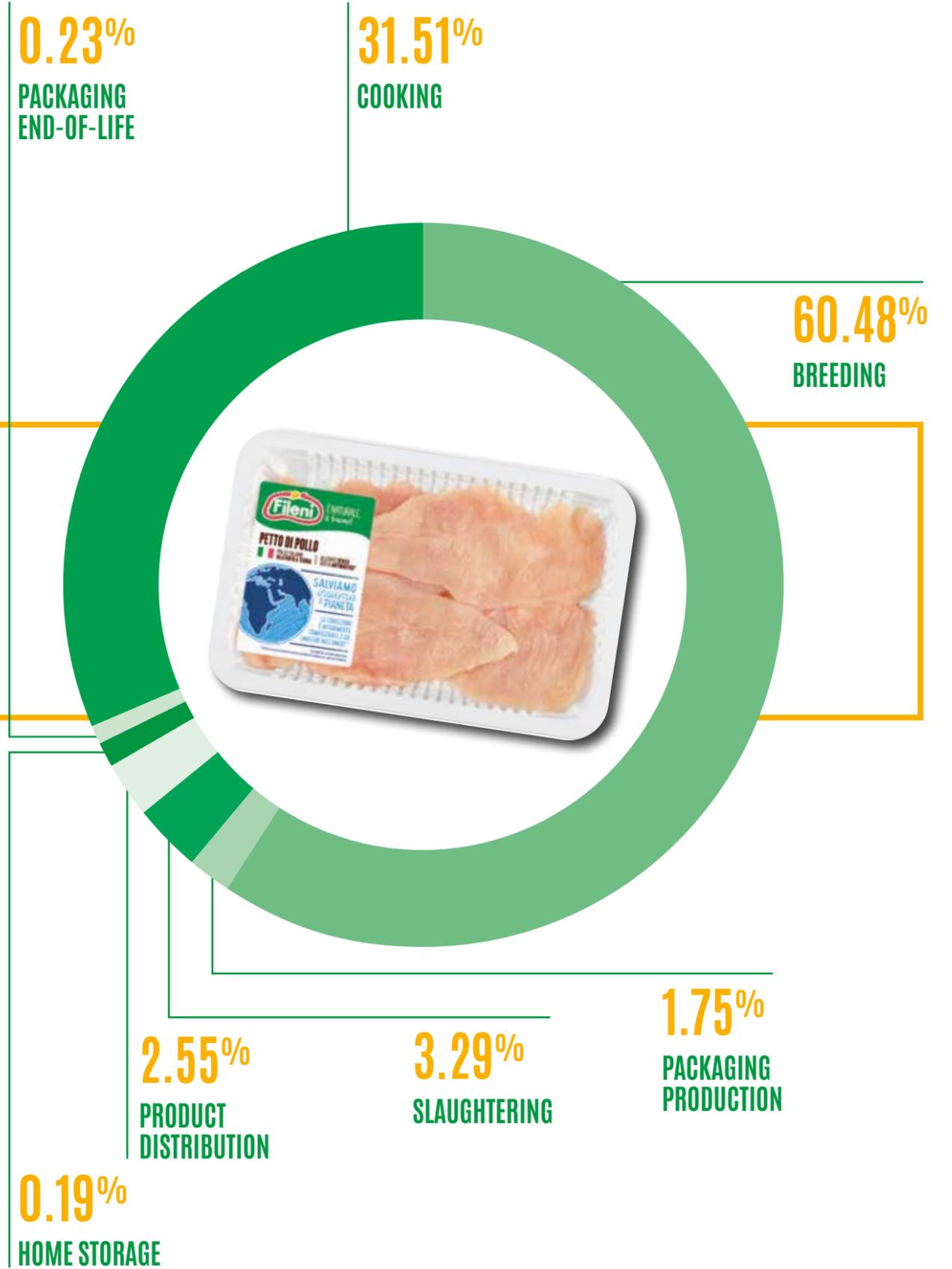
The former refers to four different types of **FILENI BIO chicken breast**: thinly sliced chicken breast, sliced chicken breast, half chicken breast and whole chicken breast; the latter EPD declaration refers to the **FILENI GMO-Free chicken breast** marketed in the following four product categories: wafer-thin chicken breast slices, sliced chicken breast, half chicken breast, and whole chicken breast.

The environmental impacts were calculated on the basis of a study on “**cradle-to-grave**” life cycle developed in accordance with the general rules of the EPD Program as well as the specifications of the product group falling within Product Category Rules 2010:13. The study boundaries include **farm management** and **feed production**, the

THE GWP IMPACT OF CONVENTIONAL GMO-FREE CHICKEN BREAST IN DIFFERENT LIFE CYCLE STAGES

slaughtering at the Fileni’s Cingoli plant, the packaging production and its end-of-life, the distribution of the final product, the refrigerated storage at home, and cooking. The reference unit is represented by 1kg of chicken breast and related packaging. The results of the impact indicator relating to the **Global Warming Potential (GWP)** for the GMO-Free FILENI half chicken breast amounted to 4.32 kgCO₂e, whereas the **GWP impact** of the FILENI BIO half chicken breast was equal to 5.58 kgCO₂e for each kilogram of chicken breast produced.

Below are the results relating to **GWP impact** for the two products covered by the EPD declarations (half chicken breast), divided into the various stages of the animal **life cycle**.



5.1 OUR Environmental COMMITMENT

0.23%
END-OF-LIFE PACKAGING

24.34%
COOKING

66.76%
BREEDING



2.02%
PRODUCT DISTRIBUTION

4.44%
SLAUGHTERING

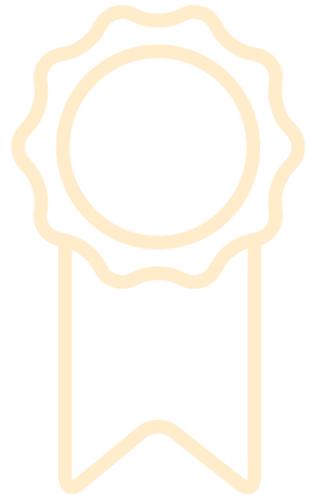
2.06%
PACKAGING PRODUCTION

0.15%
HOME STORAGE

THE GWP IMPACT OF ORGANIC CHICKEN BREAST IN DIFFERENT LIFE CYCLE STAGES



ISO 14001-certified Environmental Management System in Cingoli and Castelplanio plants, as well as in five breeding farms of the Group.



Cingoli and Castelplanio plants obtained the **ISO 14001:2015 certification for their Environmental Management System** many years ago. In the last few years, several actions were taken to **reduce environmental impact** and **improve efficiency throughout all supply chain steps**. The new facilities of the Group's breeding centers are designed to minimize their energy and water needs, and many have been **supplied with photovoltaic systems**. In 2021 also **five** (3 conventional and 2 organic) of the Group's **breeding farms** obtained ISO 14001:2015 certification.

Other Group farms are also **expected to implement an environmental management system**. By bringing the supply chain close to production plants we were also able to **reduce the logistical impact** caused by the transfer of eggs and animals.

5.2

ENERGY CONSUMPTION

and Emissions



In 2021 Fileni joined the **Climate Pledge**, a commitment - promoted by Amazon and Global Optimism - to achieve the Paris Agreement goals **10 years in advance**. For the Company, joining such an ambitious commitment means taking an important step towards becoming **responsible for its own impacts**, and do it with transparency and for good. This agreement provides for:



Periodically measure and report the company's **greenhouse gas emissions**



Implement **decarbonization** strategies in line with the Paris Agreement through corporate changes and tangible innovations, including efficiency improvements, the use of **renewable energy**, the reduction of materials, and other strategies to **avoid CO₂ emissions**



Neutralize any residual emissions by adopting additional, quantifiable, concrete, permanent compensatory measures with a **positive social impact**, in order to achieve **net-zero CO₂ emissions per year by 2040**



In 2021, Fileni Group's total energy consumption was 519,534 GJ⁷, with a 8% increase compared to last year - and this is due to both increased production and new acquisitions. On the other hand, the index for production energy consumption shows an increase of about 1%. In continuity with the previous year, the 2021 figure also includes the energy consumption of the breeding farms owned by the Group. During 2021, the **energy consumption monitoring system** was further **improved** in order to track an increasingly accurate consumption figure and to possibly implement targeted efficiency measures.

Methane gas is the main energy source in use (335,917 GJ in 2021), powering three high-efficiency cogenerators located in the two production plants of Cingoli and Castelplanio, and in the MB feed mill. All three cogenerators are equipped with a **heat recovery system** allowing the production of hot water for internal plant use.



519534 GJ
of energy consumed in 2021

7 - This figure includes the energy consumption of the production plants in Cingoli and Castelplanio (owned by Tedaldi and Bioalleve), and the two feed mills of the Group, along with company breeding farms and vehicle fleet.

5.2 ENERGY CONSUMPTION

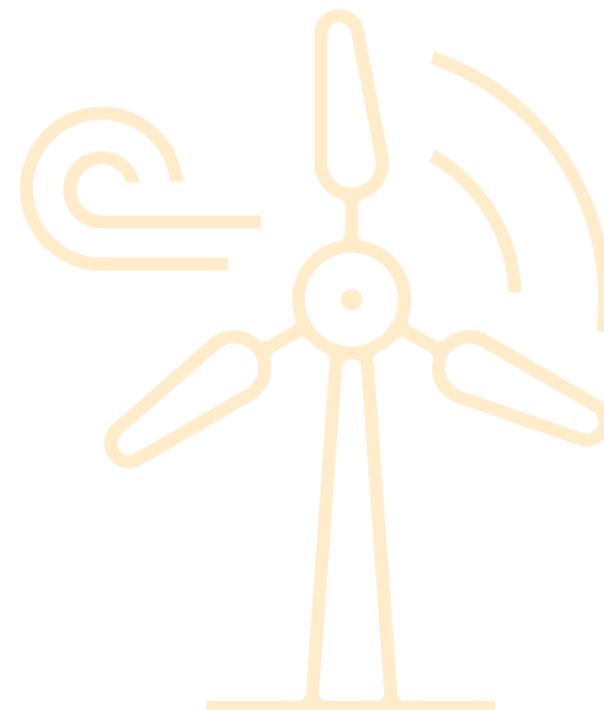
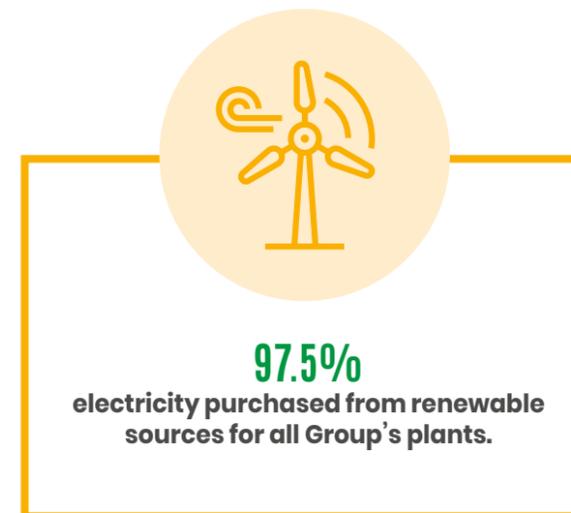
and Emissions

Our attention to clean energy sources is proved by the fact that the electricity purchased for both production plants, two feed mills, and company breeding farms, comes 97.5% from renewable sources, as certified by the guarantees of origin. The residual non-renewable energy supply (2.5%) is related to the new acquisitions; however, an adjustment is expected as early as next year in order to reach 100% renewable energy (in continuity with 2020 financial year).

Furthermore, energy needs for the Cingoli and Castelplanio plants are partly met by **two photovoltaic systems**, with 441.6 kWp and 169.5 kWp of power, respectively.

In 2021, the Group commissioned two separate **new anaerobic digestion plants** at Cingoli and Castelplanio plants for biogas production. During the year, the Castelplanio plant started working at full (working) capacity, while still **being implemented** at the Cingoli plant; however, it is expected to reach the project data – and go full operational in the course of 2022. These plants are fed by the sludge feeding out of the on-site purification plants, and mainly made up of fats and proteins originating from the washing of the equipment used in the production phase. By using sludge, **as much value as possible is retained from production waste in the form of energy recovery. Sludge transport and disposal costs are so avoided**, and sludge is reused on site to partly feed the same plants.

The resulting biogas will be used to feed **two cogenerators** in Cingoli and Castelplanio plants providing **electricity and heat** for all plant utilities.



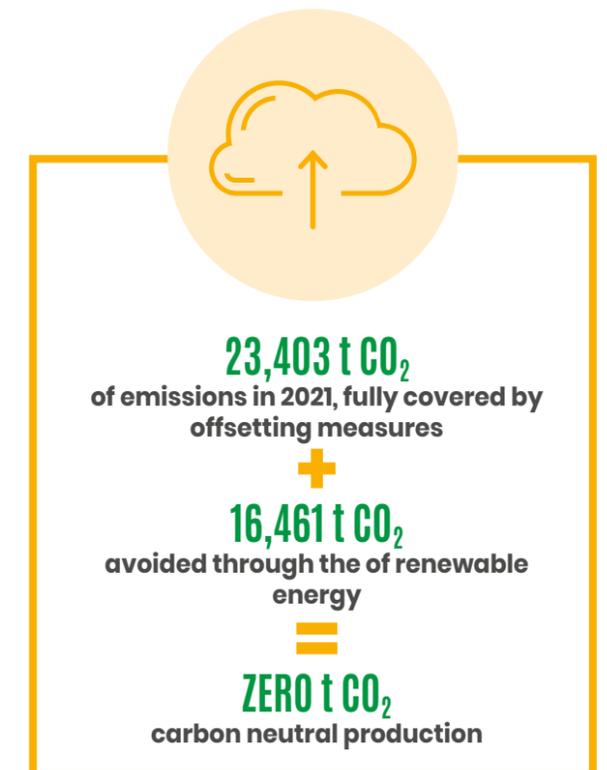
CO₂ atmospheric emissions caused by energy consumption in the Cingoli and Castelplanio production sites, the two newly acquired companies (Tedaldi and Bioalleve), the two feed mills and the breeding farms of the Group amounted to 23,403 tons of CO₂⁸ (Scope 1 + Scope 2 Market-based)⁹ down by 10% compared to 2020.

The difference is mainly due to the Group's increased production and enlarged scope of activities.

On the other hand, the index for the Group's total production emissions shows an increase of about 3.7% (3.4% on a like-for-like basis) related to greater use of natural gas due to the growth in cooked products, increased consumption of the company fleet given once returned to normal operation after pandemic-related disruption, and lastly by the enlarged scope of activities, as the new companies acquired have a slightly higher emission index.

As last year, all emissions generated in 2021 by the Group's plants were offset through the **purchase of compensation certificates**.

Thanks to the purchase of electricity with guarantees of origin, the emission into the atmosphere of 16,461 tons of CO₂ was also avoided. These two activities make the production plants, the company fleet consumption, and the Group's breeding centers **carbon neutral**.



⁸ - Scope 2 emissions are expressed in tons of CO₂, however the percentage of methane and nitrous oxide has a negligible effect on total greenhouse gas emissions (CO₂ equivalents) as in the ISPRA report "Atmospheric CO₂ emission factors and other greenhouse gases in the electricity sector".

⁹ - Scope 1 emissions were calculated on the basis of ISPRA emission factors - Atmospheric emission factors for greenhouse gases in the national electricity sector and in the main European countries 2021 and the Ministry of Environment (Table of national standard parameters 2021). Scope 2 emissions were calculated on the basis of AIB - European Residual Mixes 2021 emission factors. Scope 1 and Scope 2 emissions are expressed in tons of CO₂ since the source used does not report the emission factors of other gases other than CO₂. For more details on the methods for calculating Scope 2 emissions, see section "Performance indicators".

5.3 WATER CONSUMPTION

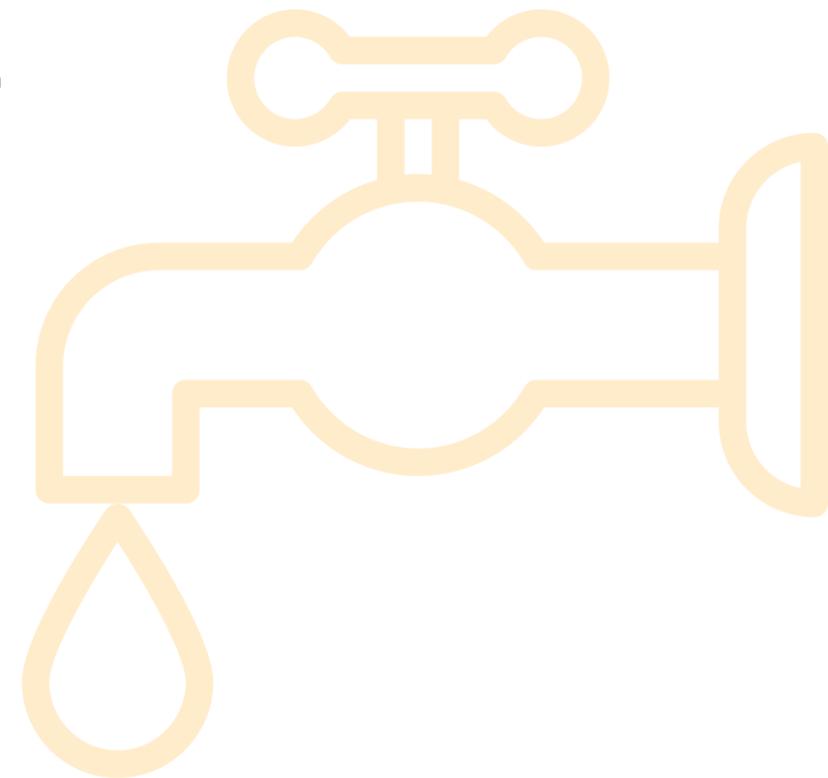
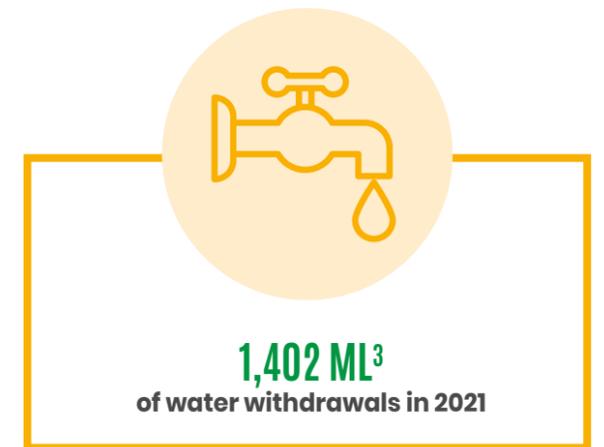


The attention to a **conscious consumption** of water resources involves each and every single step of the supply chain. In both breeding and production plants, **many actions** have been taken to **cut down water consumption** by reducing waste to a minimum.

Total water consumption for the year 2021 was **1,402 ML¹⁰**, with a 1% increase compared to 2020. This increase is due both to the increased production and to new acquisitions.

For 39% of the total, water withdrawals come from the drainage of wells located in the Group's plants, while the remaining part comes from municipal waterworks. Main water consumptions are linked to **slaughtering and plant cooling**.

The production plant is equipped with a modern **treatment system** allowing for the re-entry of purified wastewater directly in surface waters.



¹⁰ - The figure for breeding farm water consumption has been estimated in 128 ML on the basis of the figure for animal feed consumption.

5.4 WASTE



*The management and proper disposal of waste production comply with current regulations and guidelines set forth by the **Environmental Management System**.*

The management and proper disposal of waste production comply with the current regulations and guidelines set forth by the **Environmental Management System**.

In 2021, the total waste produced by both production plants and by the two feed mills was **4.927 tons¹¹**, with a reduction of 29.3% compared to the year 2020. Almost all of the waste **is not dangerous** (99.5%) and it is **earmarked for recycling** (95.7%).

This sharp reduction is mainly due to operational start-up of the **two anaerobic**

digesters for the treatment of sewage sludge from production waste, which represented the most impactful waste index.

The commissioning of the two **biogas production** plants allowed to almost halve the amount of sludge previously assigned for external disposal.

The remaining waste consists mainly of **paper, cardboard and plastic packaging** that is sent out for recycling.

RECOVERY OF ANIMAL BY-PRODUCTS

The animal by-products **processed at Fileni's plants** are transferred to special rendering plants.

Since 2009, Fileni has been a member of the **Gatteo Proteine consortium**, which processes the by-products of poultry slaughtering. Therefore, in a circular economy

perspective, **waste products are given a new value** through a new processing, thus **reducing the amount of waste** and the **overall environmental impact**.

The final products of this new processing are then used by companies that produce **pet food, protein flours or fertilizers**.



¹¹ - The data does not include the breeding farms producing a negligible waste amount.

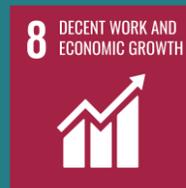


OUR
PEOPLE

6

6 OUR PEOPLE

As a matter of fact, every company operating in our supply chain network plays a strategic key role for the achievement of Filení's corporate business goals.



WE HAVE CHOSEN TO ENHANCE WORKERS.



6.1

The Group, Our NUMBERS



During the year 2021, the increase in sales and a **precise business growth strategy** led the company to **expand its workforce**, especially in the production and logistics departments. **The Group has considerably grown** also with to the full acquisition of two companies: **Bioalleva and Tedaldi**.

To date, the Fileni Group's workforce counts over **2000 employees**, of which over **200 new hires** acquired in the last year.

Of these, 70 were acquired through employment agencies and then confirmed during the year.

The **hiring rate** in 2021 **increased by 4%** compared to the previous year, going from 7% to 11%. 26% of new hires are in the **<30 years** age group, thus confirming the Company's commitment to provide the new generations with **training** and **career development**.

As a matter of fact, every company operating in our supply chain network plays a **strategic and key role** for the achievement of Fileni's corporate business goals. Being in the poultry industry, this organizational complexity entails the need to deploy **many workers** on several companies of the Group. We have so far opted for **Part Time jobs**, which however have an impact on the administrative practices of the workers required to reconcile their income statement annually. As we pay great attention to our workers, we have invested many months of work in the search for a

streamline technical solution and, thanks to the active commitment of **Confagricoltura** and our consultants, we have created a **"network contract"** among the Group's agricultural companies. This type of contract was very uncommon within the agriculture industry. Again, our constant search for **innovative** troubleshooting **solutions** ultimately allowed us to reach a final solution to this problem; today, **over 40 workers** can now benefit from **one employment contract** (compared to the previous numerous part-time contracts).



6.1 The Group, Our NUMBERS



In 2021, a **survey** was launched with the aim of collecting data for analyzing the internal and external stakeholders' perception of Fileni's strategic issues, in which the company is actively engaged: **organic production and environmental sustainability, animal welfare, land regeneration, agriculture 4.0, agricultural vocation, young people, land enhancement, and model supply chain.**

The involvement of workers (the survey was sent to all) was determined to be very important for knowing the **internal awareness of Fileni's positioning** - assuming that the colleagues' point of view is solid and consistent. The survey was called: "**Your feedback on Fileni**".

The first step to complete this project was to understand where we were according to the **opinion** of those who work with us every day. This internal investigation gave us an **initial insight** for us to constantly measure against and to drive some of the actions for the development of the company, the supply chain, and the territory alike.

During the assessment of survey results, we decided to share another milestone with all our workers: the **Fileni's Manifesto**. This is a **mission statement that testifies to our commitment** towards the environment, our work, territory, people and animals.

The very first concrete action taken to put the Manifesto into practice, was to **remove** the **bottles** of water from the vending machines at the company's facilities and replace them with **free water dispensers**, with a significant **reduction in plastic consumption.**



YOUR FEEDBACK ON FILENI

| Questions | Strongly | Somewhat | Poorly | Not at all | I don't know |
|--|----------|----------|--------|------------|--------------|
| Do you think Fileni contributes to improve the work of farmers and breeders? | 33% | 37% | 7% | 1% | 21% |
| Do you think Fileni supports young people with training and employment opportunities? | 41% | 36% | 12% | 2% | 9% |
| Do you think Fileni is committed to cultivating organic cereals, and regenerating earth? | 44% | 30% | 1% | 0% | 24% |
| Do you think Fileni is committed to improving animal welfare? | 45% | 36% | 3% | 0% | 16% |
| Do you think Fileni is developing its supply chain innovatively and sustainably? | 54% | 33% | 3% | 0% | 10% |
| Do you think Fileni's supply chain is a positive model for other companies to follow? | 56% | 31% | 4% | 1% | 8% |
| Do you think Fileni is committed to promoting Le Marche? | 59% | 27% | 4% | 0% | 11% |



6.2

Focus on Welfare and HEALTH AND SAFETY

Employee welfare is a key element of corporate success, which is why the Group is committed not only to offering a **safe and healthy**, but also **comfortable and stimulating** working environment. There are many initiatives, goods and services made available to increase the well-being of employees within Fileni corporation.

In 2021, the company entered an **important agreement** for its workers as part of the renewal of the **Provincial Labor Agreement** of the province of Ancona: part of the salary increase will be distributed as **corporate welfare**. Thanks to the partnership with the **AON** company, Fileni will annually make available a sum for each **blue collar** through a **dedicated online platform**, to be allocated in flexible benefits for the expenses provided for by the law - both for the workers and for their family members.

In continuity with the year 2020, the Company has set up a spending bonus worth €100 per **new hire**, also renewed for all workers at Christmas. Furthermore, some important results were achieved during the year and, for this reason, we wanted to thank our employees with a **bottle of organic oil** from the Fileni family's olive groves.



*There are many initiatives, goods and services made available to **increase the well-being of employees** within Fileni corporation.*

THE COMPANY I LIKE

*Being attentive also means listening: that's why, in November 2021, in order to give voice to everyone, a company climate survey entitled "**The Company I like**" was launched addressing all supply chain workers.*

*The **60-question** survey was answered to by about 53% of the workers and **collected some really interesting opinions, comments and cues**. Since we do care about our people, the Company shall launch actions and major investments during 2022 in order to **improve the conditions and the well-being of its workers**.*

*Furthermore, in order to share our vision, a **town hall** was called for at the end of the year in which 2021 results and next year's project were shown, with the awareness that what has been achieved - and what is still to be achieved - is and always will be the result of **everyone's work, commitment and passion** at each level of the supply chain.*



6.2

Focus on Welfare and HEALTH AND SAFETY

DIVERSITY AND INCLUSION

The principles of **diversity and inclusion** have always been the key factors behind the **multiculturalism** of the Group, which is committed to creating an inclusive working environment **free from any discrimination**. **About 900** of the over 2000 employees are of **foreign origin and belong to 53 different nationalities**. Most of them come from Romania, Bangladesh, India, and Nigeria and Morocco.

To date, at Fileni, integration and **respect for all nationalities are** ... the norm!

The Group's **multi-ethnic workforce** represents an **indisputable source of wealth**. This is why Fileni has joined the **Network for Quality Agricultural Labour** established by the national social security institute (INPS) against illegal hiring (the gangmaster system), a form of labour exploitation in stark contrast to the core values and principles driving the Group's work. Therefore, Fileni preferably **opts for direct hiring** rather than relying on agricultural contractors for the provision of seasonal workers, in order to achieve a **100% control over its supply chain**.



Finally, the success in “Conciliamo” Tender for the promotion of a tailor-made welfare for families, formally validated in the first months of 2022, was pivotal for implementing initiatives of attention and proximity to people’s needs.



OTHER SIGNIFICANT INITIATIVES IMPLEMENTED BY THE GROUP:



PURCHASES AND SERVICES

- **Agreements with shops** (laundry, car wash, furniture)
- **Agreements with Energia Solidale**
- **Discount coupons for supermarkets**
- **Agreement with nursery schools**



COMPANY LIFE

- **Scholarships for employees' children awarded by Fondazione Marco Fileni**
- **Agreement with Confagricoltura Jesi, taxpayer assistance centers, and charitable institutions**
- **Personnel Office desk** (administrative support for applications)
- **Installation of a free water dispenser** (chilled, sparkling)



HEALTH

- **Agreement with Bioaesis laboratory**
- **Agreement with insurance company** (non self-sufficiency risk protection)
- **Agreements with pharmacies for Covid swabs**



MOBILITY

- **Private shuttle for employees.** The company transport service, the result of an agreement between Fileni and the local public transport company until a few years ago, has now become a scheduled public service: **we have created a new bus stop at the facility, equipped to protect employees in case of bad weather.**

6.2

Focus on Welfare and
HEALTH AND SAFETY**HEALTH AND SAFETY**

The Company acknowledges **workers' health and safety** as a primary driver. To guarantee a continuous improvement of the working conditions, Fileni fully complies with **specific prevention regulations** and updated safeguard protocols to effectively **minimize injury risks and severity**.

In 2021, as the Covid-19 pandemic emergency continued, Fileni's priority was to continue to ensure workers a **safe working environment** to perform their duties. For this reason we have promptly updated and notified the **set of procedures for the protection** of workers' health against the risks of COVID-19: we have made great efforts to **modify the workplace** to ensure adequate **social distancing** and **reschedule work shifts and breaks**. Some production lines have been modified and we have **split entry/exit times and breaks** - we have also guaranteed constant (and complementary) sanitation of all the working spaces.

Furthermore, in continuity with the well-established prevention and protection system, we have **guaranteed a seamless food supply**. The procedures in place allowed us to **reduce absenteeism by about 20%** compared to the previous year - a remarkable value demonstrating that people felt protected.

This statement was taken from the corporate climate questionnaire administered at the end of 2021. In this scenario, Fileni intended to **support the national vaccination campaign** by setting up an **in-house vaccination hub**. Following the inspection of the health authorities and in agreement with the Region, **workers' vaccination** was implemented with maximum efficiency regardless of age and employment contract - also extending access to the workers' family members.

We are committed to **protecting all our workforce**, as we believe it truly is the added value of a reality that speaks as a real community of employees, breeders and farmers.

During the year 2021 we also **maximized remote working** compared to the previous year, keeping it as a tool aimed at ensuring **greater flexibility** and allowing a better **work-life balance**. Corporate functions have constantly ensured social distancing between workers and the supervision of offices as needed. At the same time, these have guaranteed **working efficiency** and results. The company has also contributed to reduce emissions through the correct use of this tool that made it possible to **reduce commuting**.



To ensure and constantly improve the protection of the health and safety of our people, Fileni has implemented **an occupational health and safety management system** pursuant to the UNI-INAIL guidelines and Legislative Decree 81/08. The system provides indeed for the identification of **business processes**, the assignment of tasks, constant training to pass the courses required by law, and the implementation of a **functional and nominal organization chart** as well as of the Operating Procedures and Instructions for compliance with binding laws and for objective/target monitoring and improvement, with the aim of removing or minimizing safety risks for employees during their work. With a view to ensuring the best standards in the industry, Fileni has started the **ISO 45001 certification process** for its plant health and safety management system.

The core of this management system lays in the risk identification and assessment process, expressly stated in the **Risk Assessment Document (DVR)** and updated following an in-depth analysis of all the processing steps. The process detects and assesses the **risks of each specific work activity** carried out in the company, as well as the "transversal" risks including organizational risks (**psychosocial**

risks) that can cause stress (**occupational stress**) and any other forms of damage in terms of safety and health as a result of the potential hazards identified.

On such basis, Fileni has identified and started implementing all necessary preventive and protective measures in order to **remove or minimize task-related risks**, and also outlined the necessary actions and procedures. In 2021, a **study** was also carried out on **Personal Protective Equipment** with the aim of improving the technical features, thus mitigating the relationship between production activity and possible injuries.

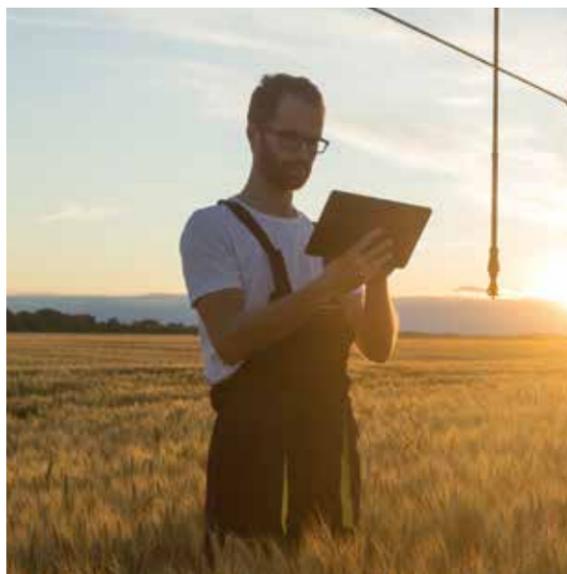
Managers can report work-related hazards and dangerous situations through **various digital channels**. All workers are made aware of the importance of **being proactive** in making this type of report.

The team of supervisors is responsible for monitoring and managing the practices related to **near misses and close calls**, which will become the subject of the evaluation process during the production meetings held weekly together with the Plant Manager. Doing so, an efficient reporting and **hazard mitigation** channel is ensured.

6.2

Focus on Welfare and
HEALTH AND SAFETY

The Group has implemented a series of measures to identify and remove dangers as well as to minimize risks through the “Safety” software monitoring the data relating to:



1

Health surveillance, such as workers' **periodically scheduled medical exams**, absence from work for more than sixty days, certificates of suitability, and restrictions/limitations;

2

PPEs assigned: the software is managed daily and allows to address the **needs of all workers** in real time;

3

A **near miss file** has been created and shared with the production team and rearranged accordingly by HSO;

4

The **trend of accidents, injuries, and hours worked, and hours not worked due to illness** is analyzed on a weekly basis and compared with previous year, in order to implement improvement actions. All processing data are always **filed on servers** as Power Point presentations;

5

The **continuous and additional First-Aid training** allows the **Emergency Response Team** to be prepared to help colleagues in difficulty and/or contact the emergency services as per applicable procedure;

6

Medical visits for health suitability are carried out within the company. This guarantees a constant weekly presence by the occupational health physician.

The compliance with workplace safety regulations cannot do without a **proper and effective training provided to employees**. Fileni is always committed to **train and raise employees' awareness** on health and safety, sharing information on **general and specific risks** associated with their tasks, the safety procedures to implement, and the prevention systems in use. All new hires receive proper **training** and regular **updates** on those topics. Sometimes, these activities are performed more frequently than required by law (e.g. personnel of emergency response teams).

With regard to the personnel exposed to **specific risks** such as **contact with hazardous waste and chemicals**, the DVR analyzes in detail the regime and the procedures to implement, including training and ad-hoc equipment.

To increase the safety culture and improve the awareness of our people, in 2021 **new training courses** were implemented for those who are responsible for and deal with the inspection of the working environment and possible dangers through the design of highly specific courses for each production plant. A **workplace safety and hygiene protection and prevention service** has been established and is managed by the employer, the executives, the head of the prevention and protection service (HSO), the clerks of prevention and protection service (SPP), the workers' safety representatives (WSR), the persons in charge, the fire and first-aid teams, the company medical officer. The service also directs **health surveillance** activities, i.e. periodic and specific medical exams related to their task and type of risk.

The **Health and Safety Observatory** was established in 2014 to offer a continuous dialogue and discussion between the workers, the WSR and the company. A **booklet** has

been made available with clear and simple information on the **safety procedures** to follow in order to prevent injuries at work. Our **corporate policy** includes a detailed report on the relationship between the Trade Union, Company-Specific Union, and Workers' Health and Safety representatives having cross-interactions with all company people HSOs and the Company-Specific Union representatives have **4 meetings per year** along with an annual meeting to be held in the presence of CPHOs, employer(s), managers, Company-Specific Union representatives, and HSOs. Following an **injury or an Occupational Illness**, the HSO will analyze the causes with the help of relevant Area Managers, Supervisors and the workers themselves, interface with workers and entities such as INPS or INAIL, and **file an appropriate complaint** along with Human Resources.



41 WORK-RELATED INJURIES IN 2021

(reduced by 15% compared to 2020) among the Group's employees.

41 work-related injuries occurred in 2021 (48 in 2020) among the Group's employees. The injury rate is 12.8.

The most frequently occurred injuries are: **contusions, muscle trauma, break bones and wounds**.

6.3

Talent Management and CAREER DEVELOPMENT

Fileni believes that **know-hows** and **cooperation between people** are vital: that's why, especially in 2021, we did our best to spread a common knowledge and increase the sharing of information so that everyone can **play their role for good**.

To ramp up and enhance internal communication, HR and Marketing departments joined forces and developed solutions aimed at **conveying the Group's commitment to all workers** and increasing participation in corporate life for those who live at the outskirts of it, far from the headquarters.

The **corporate intranet** was upgraded in order to make the most of our people. Many sections have been added regarding the Company, the organization and **corporate news**. In the **"Organizational Communications and People"** section, an overview on Company's changes and new entries at white collar level has been introduced. In the **"Organization"** section, communications regarding several functions (new entries, exits, structure changes) are published in a timely manner. In the **"People"** area, new hires are interviewed to introduce themselves and provide some basic information on their background.

Another initiative was to create a **dedicated "Internal Communication" mailbox** to share **Fileni's breaking news** on events, awards won and company commitment communications straight with each worker. In addition, monitors have been installed in the headquarter canteen projecting the main information sent by email or featured in the news section of the intranet.

*All new hires are given a **Welcome Pack** with the aim to **convey and tell our story** to those who have just joined us. The kit includes, among the other things, a **"beginner's overview"** on crucial corporate matters in order to take the **first steps in the Company** (Policy Book, Company Profile, Code of Conduct, Workplace Safety Regulation Guidebook, Eco-Sustainability Guidebook).*



**12.700 HOURS
OF TRAINING
IN 2021**

(+58% compared to 2020)

Plus, the **Policy Book** dictates the code of conduct for **preventing corruption cases**: the Company's relations with customers, suppliers, Public Institutions and all Public Administrations are based on **principles of fairness, transparency and collaboration**.

Our corporate Code of Conduct sets forth the **rights and moral duties each member** of the Group must abide to and promote in order to avoid irresponsible or illegal behavior towards the colleagues and the Company. In particular, **Fileni rejects any form of child labor and forced labor** and is committed to operate in full compliance with applicable law. **Any form of harassment** or mental, physical or sexual abuse breaching a person's right to dignity and respect on the workplace is also deemed unacceptable and shall not be tolerated.

As for training, we want to **enhance our talents** through training and career development opportunities, as people's growth is a crucial part in our **supply chain competitiveness** strategy.

We place young graduates on internships by building partnerships with renowned universities



6.3

Talent Management and
CAREER DEVELOPMENT

in our region and all through Italy. In fact, a **strategic partnership has been arranged with the University of Pollenzo**, a high-profile pole in the Food sector. In 2021 Fileni participated in a **Hackathon (Smart Hack)**, that is a competition in which brilliant students challenged each other by presenting sustainability-centered projects. Winners had the opportunity to experience an internship in our Company.

An onboarding process was then defined for all new white-collar hires by which they can immediately get in touch with the heads of each Company function in order to have a **full view of the entire supply chain**. This is an essential journey to understand our corporate patterns and quickly build a **social network between colleagues from different functions**.

Fileni also provided for white-collar **performance check-in** tools in order to adopt targeted remuneration policies and reward systems.

An **MBO Regulation** was drawn up and distributed in which criteria for target assigning and finalizing were clearly indicated, among which the ESG ones were also formally included, especially at top level.

Finally, our commitment went on with the **training plan defined for the 2020–2023 period**. In 2022, however, a review of the **managerial and technical training** is expected based on new training needs due to the Company's sudden growth and the inclusion of several figures - including managers - who are integrating their know-how with that of the Company, thus accelerating our professional skill growth.

The training involved all corporate levels: 80% of it was made up of **compulsory subjects** whereas the remainder focused on **technical and managerial topics**.

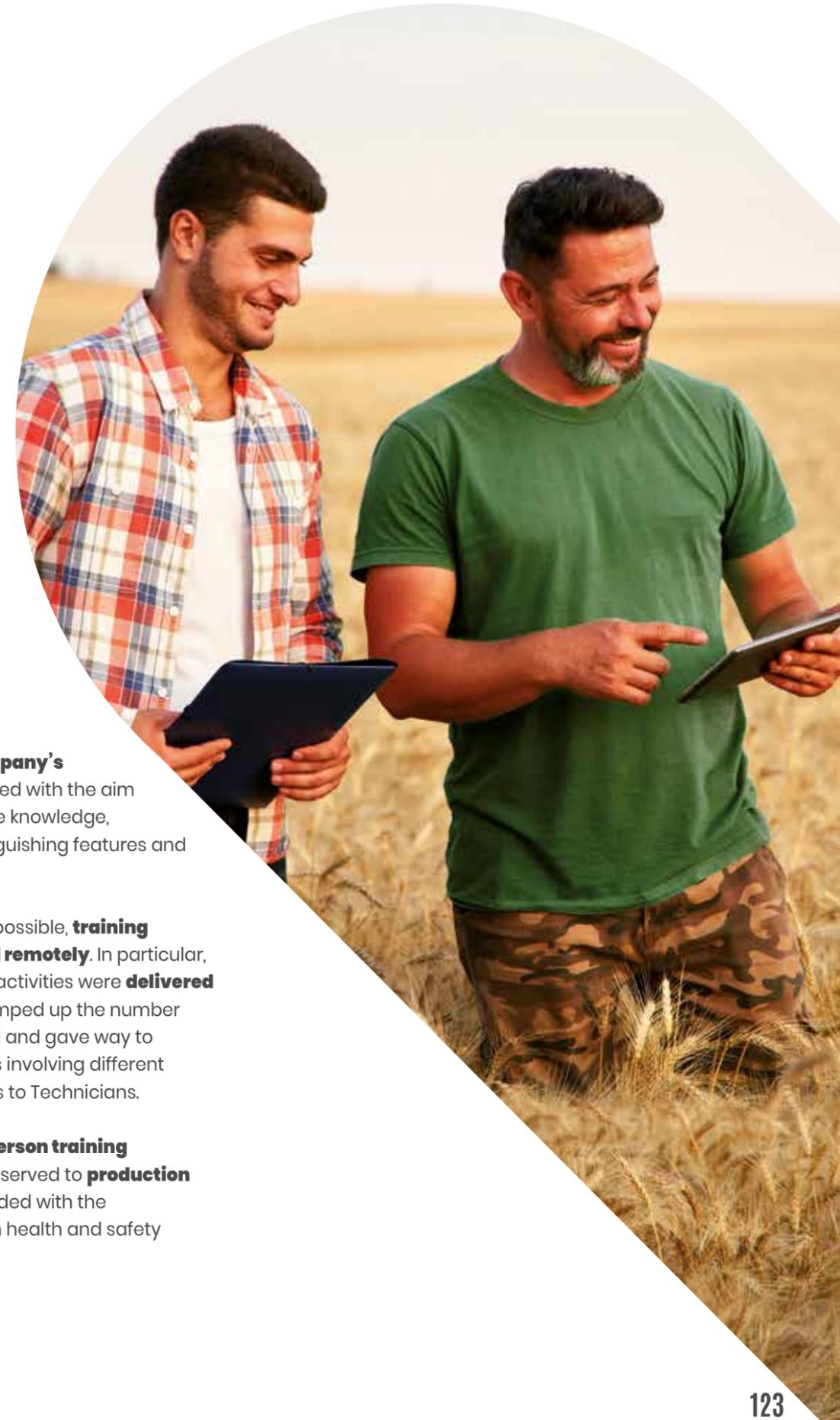
The technical-professional and managerial training initiative supported corporate evolution, which requires **new skills** in line with current and future market needs.

In **strengthening its corporate culture**, Fileni took some actions aimed at **spreading its values and mission**: in view of this, a lateral training was promoted on the knowledge of Fileni's Supply Chain, production cycle and sustainability era, in which corporate values, the **Benefit Corporation**

transition and the Company's Manifesto were discussed with the aim of broadening corporate knowledge, understanding its distinguishing features and organizational culture.

Also during 2021, where possible, **training courses were delivered remotely**. In particular, all white-collar training activities were **delivered online**: such a mode ramped up the number of courses administered and gave way to cross-functional classes involving different departments, from Sales to Technicians.

On the other hand, **in-person training** activities were mainly reserved to **production and logistics**, and provided with the utmost compliance with health and safety requirements.





ORGANIC

AGRICULTURE

7

7

ORGANIC

Agriculture



Distretto Biologico Marche
The biodiversity that unites us

*Le Marche land has always enjoyed peculiar properties that make it particularly suitable for organic farming – which is why the region is now considered the **cradle of Italian organic farming** and is ranked among the top regions in Italy for the number of organically cultivated hectares of land.*



**WE HAVE CHOSEN
TO REGENERATE
EARTH.**



7 ORGANIC

Agriculture

With the Organic District Project, the Regional government intended to encourage an **innovative socio-economic model** completely applied to the organic transition.



The **main goals** of this project include:



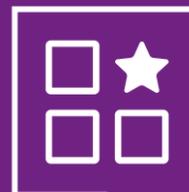
Improving the quality of the territory, promoting a sustainable agricultural and livestock system that aims to reduce the environmental impact as much as possible



Making the food system more sustainable, also to protect citizens' health.



Protecting and enhancing biodiversity as an alternative to GMOs



Becoming a single entity, to have a greater commercial and promotional impact on the market both in Italy and abroad

Basically, the District is expected to become a sort of **"territorial brand"** that identifies **Le Marche as an organic region par excellence** through territorial marketing and promotion to enhance products in terms of **quality and competitiveness** on domestic and international markets. A "brand" that can also become a driving force for many other sectors of the regional economy, starting from tourism to food and wine, with a view to a **sustainable development of the territory**.

Among the over **2,200 participants to the agreement** with a **total turnover of about EUR 100 million**, and as the Italian leader in organic proteins, Fileni is one of the main supporters of the project, providing about half the turnover of the new **Cooperative "Distretto Biologico Marche"** – as presented at Dubai Expo 2020 during the opening ceremony of the Week dedicated to Le Marche excellence. As pioneers of the organic supply chain, Fileni has strongly believed in the **value of the district** since the very beginning, and now intends to **spread out the model**.

Indeed, Fileni was among the first companies in Italy to focus on **organic farming**, and it is now willing to further develop this practice in future years.

Fileni has implemented various **strategies and principles** to farming, by combining **modernity and innovation with ancient traditions**, helping

to reduce the environmental impact, and **preserving soil health and value**.

No crop residue removal is among the traditional practices implemented. Their **organic substance is actually increased** by carefully burying the residues, thus ensuring their strength, value and wealth are preserved.

The agricultural lands available to organic breeding farms for chicken grazing are cultivated with **olive groves with largely spaced rows**, which allows the growth of long-standing grasslands, with an evident benefit in terms of biodiversity and pollinating insects.

As in ancient traditions, we have promoted and implemented the **associated cultivation of common wheat and grain leguminous crops** (faba bean or pea) in our own and our suppliers' land, to improve fertility, weed control, and vegetation cover.

To improve biodiversity and help repopulate wildlife migratory species, in Ripabianca plant we are planting either **native tree species** or **perennial grasses**, which are mowed only after local wildlife birds have laid their eggs. Fileni is also involved in **reforestation** actions in Masrola and Medrina areas, thus guaranteeing maintenance, vegetation cover and soil stabilization.

Eventually, with a view to a circular and efficient use of resources, the **yellow wastewater** from organic breeding farms is **recovered** after a suitable storage period, and **reused as an additional field irrigation and natural fertilization source**.

7 ORGANIC Agriculture



arca
Agricoltura per la Rigenerazione
Controllata dell'Ambiente

Fileni has promoted the **ARCA project**, which is committed to **restoring the balance of the relationship between mankind and the earth**, enhancing the role of farmers as guardians, and making people aware that their purchasing decisions can transform them **from consumers to regenerators**. Each ARCA product is actually made with sustainable techniques favoring **soil regeneration** and **circular economy**. The project is strongly rooted in Le Marche territory. The farmers who joined the project

actually belong to the district outlined by three valleys in the very heart of Marche, namely: Valle dell'Esino, Valle del Musone and Valle del Misa-Nevola.

ARCA is also intended as an **instrument of social innovation** aimed at establishing a network of farmers, agronomists, agricultural companies, technology suppliers, universities and research centers, which aims to get farmers (along with the soils being farmed) in contact with the final consumer.

AN ORGANIC ACTION PLAN

The European Union, within the aforementioned **"Farm-to-fork" strategy**, has recently developed the **"Organic Action Plan"** for the development of organic agriculture. The Organic Action Plan aims to **improve the**

quality and sustainability of food produced in the EU. To comply with the goal of reaching 25% of organic farming land, the action plan will be deployed along **three axes**:



AXIS 1

Prompt and grant consumer confidence.

European citizens place their **trust in organic farming**, as they believe it to be **safer** with regard to pesticides and antibiotics, more sustainable and **animal welfare**-friendly. In the last ten years the organic market has seen a **growth of 128%**.

For these trends to continue, the plan aims to:

- **promote organic farming** and the EU logo;
- **promote organic-based canteens** and increase green public procurement projects;
- **prevent food fraud** and strengthen **consumer confidence**;
- **improve traceability**;
- **facilitate the contribution by private companies**.



AXIS 2

Prompt the conversion to organic farming and strengthen the entire supply chain.

Over the last decade, **organic farming land** has **grown by 66%**, though it still represents only 8.5% of the agricultural land today. The process can now be extended and further **structural investments** are needed throughout the supply chain to support farmers.

Therefore, the plan aims to:

- **encourage the conversion**, investments, and exchange of best agronomic practices
- **develop industry rating analyses** to improve market transparency
- **support the food chain organization**;
- **empower local** and small business **transformation** in favor of a short-range market circuit
- **improve animal nutrition** according to organic farming regulations
- **enhance organic aquaculture**.



AXIS 3

Organic leads by example: improving the contribution of organic agriculture towards sustainability.

Organic farming land has **30% more biodiversity** and facilitates pollinator proliferation. Plan actions are so in line with the other objectives, like those included in the **"Biodiversity Strategy"**. However, **innovation** of farming methods **must continue** in order to reduce environmental impacts.

By developing organic farming, the plan aims to:

- **reduce climate** and environment **footprint**;
- **improve genetic biodiversity** and increase meat yield;
- **develop alternatives** to controversial **production inputs** and other plant protection products;
- **improve animal welfare**;
- **achieve a more efficient use of resources**.



OUR BOND WITH
OUR LAND

8

8

OUR BOND WITH OUR LAND

Our bond with the land we work in is crucial; this is why we have chosen to contribute to the sustainable growth of our territory, Le Marche. We invest in young people through our Foundation, and we have partnerships with universities and research centers to stimulate the progress of our industry.



**WE HAVE CHOSEN
TO PROMOTE
OUR LAND.**

**WE HAVE CHOSEN
TO DEVELOP
OUR COMMUNITY.**



8.1

Our Responsibility towards Our Land and COMMUNITY

*With regard to the responsibility towards the land we work in and the community we work with, Fileni is committed to **creating a model of regenerative, open, interdependent and replicable supply chain**, so as to prompt the development of responsible companies, local communities and its own territory, and the **creation of widespread value**.*

With this in mind, we have set up **the “Fileni’s Values” Development Agreement**, a 44M€ worth project signed by the Ministry of Economic Development, Invitalia and Le Marche Region, and providing for **two different types of actions** involving Fileni’s Supply Chain.

This agreement is a **valuable stimulus for relaunching and developing** the whole project areas in terms of direct (about **80 additional units**) and indirect (about **150 new employees** in ancillary industries) employment impact. In addition, the investments fall within Le Marche municipalities in the areas affected by the ex-Merloni crisis and the 2016 earthquake.

In particular, **the first project**, aimed at investments favoring sustainable industrial processes, with a high technological content, and typical of the circular economy, **involves the purchase of plants and machinery with high technological value**, in line with the

“Industry 4.0” standards that will further allow to both reduce CO₂ emissions and wastewater, and increase energy efficiency.

The **second** industrial research and experimental development **project** outlines three implementation objectives, always respectful of **environmental sustainability** (bio-regenerative feed, LCA analysis, studies on pack design and on the enhancement of organic poultry supply chain by-products) and **4.0 technologies** (implementation of the farm-to-fork blockchain), as well as of **animal and human welfare and well-being** (new cooking methods, development of function foods and predictive models respectful of food quality).

As part of the Supply Chain and District Agreements financed by the Italian Ministry of Agriculture, Food and Forestry, the **“Fileni Bio”** project is an additional interesting initiative providing for approximately **37 million investments**.

The “Fileni Bio” supply chain project aims to achieve a long-term and organic aggregation of the main operators in the Fileni’s private label organic and antibiotic-free poultry supply chain integrated system. This will allow to build a **synergistic integrated supply chain** with totally **low environmental impact**, and economically enhance the **organic and antibiotic-free farming and livestock production** with new solutions, agro-industrial processes and market destinations.

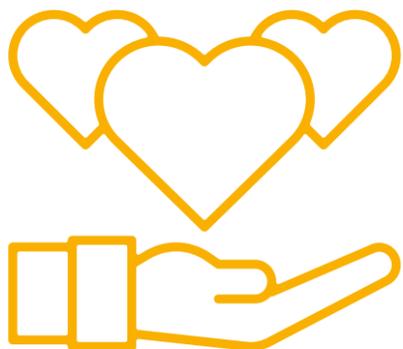


8.1

Our Responsibility towards Our Land and COMMUNITY

Always having an eye on the expectations and needs of the **local communities**, and being aware of the centrality of its social role in the moment of the pandemic, Fileni wanted to show **its solidarity** by offering concrete support to the territory where it's based and which the company identifies itself with, through **a donation of over € 500,000**.

The amount of the donation was partly **assigned to support workers and their families**, an asset deemed essential by Fileni, and partly **donated to Le Marche Region** as funds to be allocated for community and health care services, as well as to the Municipalities of Cingoli, Jesi and Castelplanio, in order to **face the Coronavirus emergency**.



From July to September 2020, Fileni set out an **interview program in partnership with Consorzio A.A.ster** including about 40 players from Fileni, some players from the production communities making up our value network and the productive intelligence behind our corporate **“circular” shift**, and players from proximity stakeholder system such as social and institutional environment, culture, territory, and intermediate bodies.

The **purpose of the survey** was to gain **a first outlook** of the Group's **dynamic positioning** so as to strengthen Fileni's territorial roots and let the company build more stable relationships with local and internal stakeholders, in order to understand how much the **corporate vision** and **mission** are shared inside and outside the company.



We operate in **Le Marche** region, a territory worth **over EUR 42 billion of gross domestic product**, equal to approximately 2.4% of the national total value, with a production model based on **district economy** and **manufacturing**. Fileni is willing and committed to contribute to the creation of a **new economic and production model**, characterized by the enhancement of five key elements¹²:

- **A district manufacturing system**, as the region ranks third for the number of districts and first for the share of employees in the manufacturing industry;
- **Organic farming**, as Le Marche region is characterized by over a fifth of the total area allocated to organic farming;
- **A training system** oriented towards the most typical industries of the regional productive fabric;
- **Circular economy**: the region represents a best-practice in Italy both as regards the **waste cycle management** and in terms of recycling and reuse at entrepreneurial level;
- **Tourist offer** providing for a variety of experiences aimed at enhancing proximity tourism.

¹² - For more information, please refer to the Focus Territori issue "The Marche's economy - 5 areas of excellence for the restart" (April 2021) by Cdp Think Thank.

FILENI TELLS LE MARCHE

The **peculiarity of Le Marche region** is our wealth - for which we aim to provide a thorough **promotion**.

In 2021, the **“Fileni tells Le Marche”** column was first published on social media (Instagram and Facebook) with the aim of **unveiling the most unacquainted and unexplored locations in Le Marche**. An opportunity to promote our homeland, its landscapes and the belonging people that acknowledge and share in the values of our Manifesto each and every day.

The exhibition aims at **empowering the heritage of Le Marche**, and enhancing its locations by providing actual **travel notes** for the promotion of Le Marche values especially among young people, thus actively involved.

The column intends to **“tell Le Marche to Le Marche people”** with travel routes to discover **curiosities** and **fascinating stories dating back thousands of years** (though still unknown).



8.2

Fondazione
MARCO FILENI

In 2016, the Fileni family created “Fondazione Marco Fileni” in memory of Marco, the third son of entrepreneur Giovanni Fileni and Rosina Martarelli.

Having **obtained the non-profit organization status** in 2018, the foundation exclusively pursues **scopes of social utility and solidarity** and promotes initiatives aimed at supporting the **right to education** for young people, and to perform **charitable / solidarity activities** for disadvantaged people or associations and organizations dealing with these social categories.

Particular attention is paid to **education**: as part of the “**We Believe in Youth**” project, the foundation annually **awards 30 scholarships to the most valuable** high school and university **students**, in order to encourage and financially support dozens of kids to continue their studies for **a future richer in opportunities**.

In view of its success, the initiative was also extended to the world of breeders contributing to farms; during the past 6 annual editions that continued from 2016 to today, the Foundation has involved over **3,000 students and 170 scholarships**.

During the recent pandemic and the consequent restrictions, having a huge impact even on the youngest and their education, the Foundation has felt a stronger vocation to **support the educational careers** of the most valuable students at local level.

The “Fondazione Marco Fileni” has actively contributed to the campaign established by Jesi institutions to **provide home-bound students with computers for distance learning**. Through the partnership with the Econom Italia Group, the **foundation donated 20 laptops** to the non-profit organization Onlus Padre Oscar in Jesi and Oikos in Jesi, an organization dealing with pathological addictions and victims of child maltreatment and abuse. This project is aimed at boosting **digital skill development in the youngest population**.

By awarding scholarships and donating computers, the Fileni family aims to confirm its **role as a company close to families** that in such an emergency condition are in need of certainty and **real help** starting from the future of their children.



8.3

Partnerships and
COOPERATIONS

*Driven by a **desire for innovation** and **constant improvement**, Fileni has always believed in the potential of the territory and in the synergies between university and companies.*

Fileni works with the world of universities every day: the company believes in the value of research, invests in young people and feels that studying and developing skills are the key words to achieve **growth and improvement**.

We also believe that **partnership projects** are a great opportunity for companies, as they can benefit from **long-term business relationships** with companies often operating in very different industries and research institutions of high cultural value.

This year and in the next few years, Fileni has strengthened and will strengthen its trajectories of innovation on the basis of **8 key words: Territory, Agroecology, Animal Welfare, Demanufacturing, Reuse, Nutraceuticals, Health and Welfare.**



UNIVERSITÀ POLITECNICA DELLE MARCHE

For over ten years, Fileni has been working with the **Università Politecnica delle Marche** on two different fields of study: **strategic marketing, agronomy and biology**. This partnership involves the company in supporting university students willing **to achieve a doctoral research experience in these** subjects, and in identifying subjects of study of mutual interest.



UNIVERSITÀ DEGLI STUDI DI CAMERINO

Since 2016, Fileni has also been supporting the **“Innovation Lab”**, an initiative by **Università degli Studi di Camerino** providing for the creation of a set of R&D labs hiring experts in different specialties, to reinforce the relationship between companies and universities. On such respect, Fileni has well contributed to the **financing of this lab**, which will deal with the study of **animal husbandry** and **agrifood** industries. Fileni is also committed to raising awareness among its customers. The packaging of the branded products being sold throughout Italy will display a logo drawing attention to its partnership with **Unicam**, and the **hashtag #ifuturononcrolla** (futurewontcollapse), conceived and implemented by the University to tell the efforts and activities performed for post-earthquake reconstruction.



UNIVERSITÀ DEGLI STUDI DI SCIENZE GASTRONOMICHE DI POLLENZO

Fileni is part of the **Strategic Partners' Club of the University of Gastronomic Sciences of Pollenzo**, a prestigious entity in the field of Food Culture and for the dissemination of gastronomic knowledge. This way, Fileni will be able to benefit from an ad-hoc channel to **select students and attend club** appointments with highly qualified guests.



FACULTY OF AGRICULTURE AND VETERINARY MEDICINE OF THE UNIVERSITY OF PERUGIA

Fileni has also a partnership with the **Faculty of Agriculture and Veterinary Medicine of the University of Perugia** aimed at **promoting research projects and academic dissertations**. The in-depth topics concern above all over issues related to **antibiotic resistance**. An agreement has been entered five years ago in order to allow students to have internships within the company.



CREA

For about 6 years, the Fileni Group has been working with **Crea, a research institute supervised by Mipaaf**, for issues related to **agroecology** and **slow-growing breeds** in organic poultry farming; this type of relationship allowed for the enhancement of corporate know-how with regard to **agronomic and zootechnical management**, thus introducing innovative agronomic techniques, new breed varieties with high protein content, and new genotypes for organic farming.



PERFORMANCE INDICATORS

PERFORMANCE

Indicators

ECONOMIC DATA

The economic value generated and distributed

In order to provide a more comprehensive representation of the Fileni supply chain, the company opted for a double representation of the economic value generated and distributed: the former representing the companies included in the Consolidated Financial Statements of Fileni Group, the latter encompassing the entire Fileni supply chain and taking into account the contribution by Carnj Società Cooperativa Agricola.

Economic value generated and distributed

[[thousands of Euros]]

| | 2021 | 2020 |
|---|--------------------|--------------------|
| ECONOMIC VALUE GENERATED | 553,856.191 | 449,829.165 |
| ECONOMIC VALUE DISTRIBUTED | 532,790.237 | 426,982.821 |
| Remuneration of suppliers | 428,358.920 | 331,601.176 |
| Remuneration of employees | 70,249.125 | 61,714.477 |
| Remuneration of the agisters | 25,248.346 | 23,226.802 |
| Remuneration of lenders | 4,014.353 | 4,412.680 |
| Remuneration of shareholders | 2,500.000 | 2,500.000 |
| Remuneration of the Public Administration | 2,141.255 | 3,209.715 |
| Remuneration to the community | 278.237 | 317.970 |
| Economic value retained by the Group | 21,065.954 | 22,846.344 |

ENVIRONMENTAL DATA

Compared to previous years, energy and water consumption, emissions and waste have been indexed with respect to Fileni Group's total production, including white meat, organic red meat, eggs and feed for sale.

Any discrepancy between the totals shown in the following tables and the sum of their values is due to rounding.

Energy consumption within the organization

| Energy | Unit of measure | 2021 | 2020 |
|---|-----------------|----------------|----------------|
| TOTAL NON-RENEWABLE FUEL CONSUMPTION | GJ | 386,835 | 358,462 |
| Natural gas | GJ | 335,917 | 335,014 |
| Gasoline | GJ | 4,951 | 2,629 |
| LPG | GJ | 17,868 | 14,257 |
| Automotive gasoline | GJ | 459 | 282 |
| Automotive diesel | GJ | 7,569 | 6,207 |
| Automotive methane | GJ | 71 | 73 |
| TOTAL PURCHASED ELECTRICITY | GJ | 129,107 | 122,153 |
| From renewable sources | GJ | 125,939 | 122,153 |
| From non-renewable sources | GJ | 3,168 | - |
| SELF-PRODUCED PHOTOVOLTAIC ELECTRICITY | GJ | 9,001 | 6,425 |
| ENERGY IMPARTED TO THE NETWORK | GJ | 5,410 | 4,762 |
| TOTAL ENERGY CONSUMPTION | GJ | 519,534 | 482,279 |
| From renewable sources | GJ | 134,940 | 128,578 |
| Energy intensity | MJ/kg products | 1.58 | 1.57 |

Scope 1 and Scope 2¹³ CO₂¹⁴ emissions

| | 2021 | 2020 |
|--|---------------|---------------|
| tCO₂ | | |
| Scope 1 | 22,999 | 21,196 |
| Scope 2 (market-based) | 404 | - |
| Scope 2 (location-based) | 16,461 | 9,419 |
| TOTAL (SCOPE 1+SCOPE 2 MARKET - BASED) | 23,403 | 21,196 |
| EMISSION INTENSITY (KGCO₂/KG PRODUCTS) | 0.071 | 0.069 |

Water withdrawal by source

| | 2021 | 2020 |
|--|--------------|--------------|
| ML | | |
| Groundwater | 545 | 480 |
| Surface water | 6 | 0 |
| Third-party water | 851 | 904 |
| TOTAL WATER WITHDRAWAL¹⁵ | 1,402 | 1,384 |
| WATER CONSUMPTION INTENSITY INDEX (L/KG PRODUCTS) | 4.45 | 4.50 |

Waste by type and disposal method

| | 2021 | | | 2020 | | |
|--|-----------|---------------|--------------|-----------|---------------|--------------|
| | Hazardous | Non-Hazardous | Total | Hazardous | Non-Hazardous | Total |
| t | | | | | | |
| Reuse | - | 7 | 7 | - | 2 | 2 |
| Recycling | 14 | 4,700 | 4,714 | 21 | 6,826 | 6,847 |
| Composting | - | 20 | 20 | - | 64 | 64 |
| Energy recovery | - | 13 | 13 | - | 8 | 8 |
| Incineration | 6 | 10 | 16 | 9 | 10 | 19 |
| Landfill | 3 | 135 | 138 | 1 | 13 | 14 |
| On-site deposit | - | - | - | - | - | - |
| Other | - | 18 | 18 | - | 12 | 12 |
| TOTAL | 23 | 4,904 | 4,927 | 32 | 6,934 | 6,966 |
| PRODUCTION WASTE INDEX (KG/KG PRODUCTS) | | | 0.016 | | | 0.023 |

¹³ - The Scope 1 emissions were calculated based on the ISPRA emission factors - Table of national standard parameters 2021. Scope 2 emissions, as envisaged by the GRI, were calculated according to two distinct methods: the "location-based method" and the "market-based method". The location-based method is based on average emission factors relating to regional, sub-national or national energy generation. This calculation was based on the ISPRA emission factors - Atmospheric emission factors for greenhouse gases in the national electricity sector and in the main European countries 2021. On the other hand, the market-based method is based on the CO₂ emissions by the energy suppliers the organization has entered an electricity purchase agreement with, or on the factors relating to the reference market. This calculation method allows for the evaluation of the purchased energy from renewable sources. In this case, Guarantees of Origin were considered and AIB - European Residual Mixes 2020 emission factors were used. The total is equal to the sum of the scope 1 emissions and the scope 2 emissions calculated with the market-based method.

¹⁴ - Scope 1 emissions relating to biogas were calculated using an emission factor obtained from DEFRA 2021, where CO₂ emission value is "0" and values for N₂O and CH₄ emissions are counted instead (Methodology source: DEFRA 2021). With reference to the tons CO₂ declared in "Outside of scopes": To ensure reporting completeness, CO₂ emissions resulting from biogas combustion process are quantified which do not fall within the scope or reporting as in Scope 1, Scope 2, and Scope 3, and are considered "Outside-of-scope emissions" (Methodology source: DEFRA - UK Government GHG Conversion Factors for Company Reporting). For the calculation of the "outside of scope" emissions resulting from biogas combustion process (equal to 744 tons CO₂ in 2021), the DEFRA 2021 emission factor was taken into account.

¹⁵ - For 2021, 99.2% of water withdrawals came from water-stressed areas (100% for 2020).

EMPLOYEES DATA

Characteristics of the workforce

Employees and outsourced workers by occupational category and gender

| | AS OF DECEMBER 31, 2021 | | | AS OF DECEMBER 31, 2020 | | |
|----------------------------|-------------------------|------------|--------------|-------------------------|------------|--------------|
| | Male | Female | Total | Male | Female | Total |
| Number of persons | | | | | | |
| EMPLOYEES | 1,242 | 795 | 2,037 | 1,130 | 722 | 1,852 |
| Senior Managers | 13 | 3 | 16 | 12 | 2 | 14 |
| Middle and Junior Managers | 31 | 5 | 36 | 31 | 1 | 32 |
| White collars | 126 | 103 | 229 | 104 | 78 | 182 |
| Workers | 1,072 | 684 | 1,756 | 983 | 641 | 1,624 |
| OUTSOURCED WORKERS | 277 | 64 | 291 | 167 | 36 | 203 |
| Temporary workers | 118 | 58 | 176 | 68 | 29 | 97 |
| Agents ¹⁶ | 100 | 4 | 104 | 92 | 3 | 95 |
| Interns | 2 | 0 | 2 | 2 | 2 | 4 |
| Term-contract workers | 7 | 2 | 9 | 5 | 1 | 6 |
| Scholars | 0 | 0 | 0 | - | 1 | 1 |
| TOTAL WORKFORCE | 1,469 | 859 | 2,328 | 1,297 | 758 | 2,055 |

Employees by type of contract (temporary and permanent employment) and gender

| | AS OF DECEMBER 31, 2021 | | | AS OF DECEMBER 31, 2020 | | |
|--------------------------|-------------------------|------------|--------------|-------------------------|------------|--------------|
| | Male | Female | Total | Male | Female | Total |
| Number of workers | | | | | | |
| Permanent | 574 | 462 | 1,036 | 494 | 415 | 909 |
| Temporary | 668 | 333 | 1,001 | 636 | 307 | 943 |
| TOTAL | 1,242 | 795 | 2,037 | 1,130 | 722 | 1,852 |

Employees by type of contract (full-time and part-time employment) and gender

| | AS OF DECEMBER 31, 2021 | | | AS OF DECEMBER 31, 2020 | | |
|--------------------------|-------------------------|------------|--------------|-------------------------|------------|--------------|
| | Male | Female | Total | Male | Female | Total |
| Number of workers | | | | | | |
| Full-time | 1,221 | 751 | 1,972 | 1,116 | 685 | 1,801 |
| Part-time | 21 | 44 | 65 | 14 | 37 | 51 |
| TOTAL | 1,242 | 795 | 2,037 | 1,130 | 722 | 1,852 |

¹⁶ - Following streamlining of the data collection process, the data relating to Filen's supply chain agents, term-contract workers and scholars was also included among the outsourced workers.

Employees by occupational category and age range

| Number of workers | AS OF DECEMBER 31, 2021 | | | | AS OF DECEMBER 31, 2020 | | | |
|----------------------------|-------------------------|------------|------------|-------------|-------------------------|------------|------------|-------------|
| | <30 yo | 30-50 yo | >50 yo | Tot | <30 yo | 30-50 yo | >50 yo | Tot |
| Senior Managers | 0% | 38% | 63% | 1% | 0% | 29% | 71% | 1% |
| Middle and Junior Managers | 0% | 53% | 47% | 2% | 0% | 53% | 47% | 2% |
| White collars | 11% | 56% | 33% | 11% | 7% | 57% | 36% | 10% |
| Workers | 10% | 60% | 30% | 86% | 10% | 61% | 29% | 88% |
| TOTAL | 10% | 59% | 31% | 100% | 9% | 60% | 31% | 100% |

Employees by occupational category and gender

| Number of workers | AS OF DECEMBER 31, 2021 | | | AS OF DECEMBER 31, 2020 | | |
|----------------------------|-------------------------|------------|-------------|-------------------------|------------|-------------|
| | Male | Female | Total | Male | Female | Total |
| Senior Managers | 81% | 19% | 1% | 86% | 14% | 1% |
| Middle and Junior Managers | 86% | 14% | 2% | 97% | 3% | 2% |
| White collars | 55% | 45% | 11% | 57% | 43% | 10% |
| Workers | 61% | 39% | 86% | 61% | 39% | 88% |
| TOTAL | 61% | 39% | 100% | 61% | 39% | 100% |

New employee hires and employee turnover

New employee hires

| Number of workers | AS OF DECEMBER 31, 2021 | | | | AS OF DECEMBER 31, 2020 | | | |
|-------------------|-------------------------|------------|-----------|------------|-------------------------|-----------|-----------|------------|
| | <30 yo | 30-50 yo | >50 yo | Tot | <30 yo | 30-50 yo | >50 yo | Tot |
| Male | 29 | 88 | 19 | 136 | 20 | 51 | 10 | 81 |
| Female | 23 | 55 | 7 | 85 | 17 | 25 | - | 42 |
| TOTAL | 52 | 143 | 26 | 221 | 37 | 76 | 10 | 123 |

Terminated

| Number of workers | AS OF DECEMBER 31, 2021 | | | | AS OF DECEMBER 31, 2020 | | | |
|-------------------|-------------------------|-----------|-----------|------------|-------------------------|-----------|-----------|------------|
| | <30 yo | 30-50 yo | >50 yo | Tot | <30 yo | 30-50 yo | >50 yo | Tot |
| Male | 11 | 52 | 24 | 87 | 10 | 46 | 29 | 85 |
| Female | 7 | 23 | 22 | 52 | 5 | 13 | 14 | 32 |
| TOTAL | 18 | 75 | 46 | 139 | 15 | 59 | 43 | 117 |

Rate of new employee hires and employee turnover by gender

| | AS OF DECEMBER 31, 2021 | | AS OF DECEMBER 31, 2020 | |
|--------------|-------------------------|--------------|-------------------------|--------------|
| | New hires % | Departures % | New hires % | Departures % |
| Male | 11% | 7% | 7% | 8% |
| Female | 11% | 7% | 6% | 4% |
| TOTAL | 11% | 7% | 7% | 6% |

Rate of new employee hires and employee turnover by age range

| | AS OF DECEMBER 31, 2021 | | AS OF DECEMBER 31, 2020 | |
|--------------|-------------------------|--------------|-------------------------|--------------|
| | New hires % | Departures % | New hires % | Departures % |
| < 30 yo | 26% | 9% | 21% | 9% |
| 30 - 50 yo | 12% | 6% | 7% | 5% |
| > 50 yo | 4% | 7% | 2% | 8% |
| TOTAL | 11% | 7% | 7% | 6% |

Hours of training and hours per-capita by occupational category and gender

Hours of training by occupational category and gender

| Hours of training | AS OF 31 DECEMBER, 2021 | | | | | |
|----------------------------|-------------------------|-----------------|--------------|-------------------|---------------|------------------|
| | Male | Male per-capita | Female | Female per-capita | Total | Total per-capita |
| Senior Managers | 364 | 28 | 21 | 7 | 385 | 24 |
| Middle and Junior Managers | 658 | 21 | 179 | 36 | 837 | 23 |
| White collars | 1,422 | 11 | 900 | 9 | 2,322 | 10 |
| Workers | 6,869 | 6 | 2,303 | 3 | 9,172 | 5 |
| TOTAL | 9,313 | 7 | 3,403 | 4 | 12,716 | 6 |

| AS OF 31 DECEMBER, 2020 | | | | | | |
|----------------------------|--------------|----------|--------------|----------|--------------|----------|
| Senior Managers | 138 | 12 | 9 | 5 | 147 | 11 |
| Middle and Junior Managers | 655 | 21 | 13 | 13 | 668 | 21 |
| White collars | 967 | 9 | 1,597 | 20 | 2,564 | 14 |
| Workers | 3,511 | 4 | 1,167 | 2 | 4,678 | 3 |
| TOTAL | 5,271 | 5 | 2,786 | 4 | 8,057 | 4 |

Health and Safety

Employee health and safety indicators¹⁷

| | 2021 | 2020 |
|---|-----------|-----------|
| Injuries | | |
| TOTAL RECORDABLE INJURIES | 41 | 48 |
| Total high-consequence work-related injuries (excluding fatalities) ¹⁸ | - | - |
| Total fatalities as a result of work-related injury | - | - |
| No. of hours/days | | |
| Multiplier | 1,000,000 | 1,000,000 |
| Hours worked | 3,195,224 | 2,937,806 |
| Health and safety indicators¹⁹ | | |
| Rate of recordable work-related injuries | 12.8 | 16.3 |
| Rate of high-consequence work-related injuries (excluding fatalities) | 0 | 0 |
| Rate of fatalities as a result of work-related injury | 0 | 0 |

¹⁷ - Please note that table data refer to work-related injuries for the Group's employees. Moreover, commute-related injuries have been included only for company-managed transport. The company will further analyze the significance of other non-employee workers to assess the need to collect data from the employers of outsourced workers and suppliers operating at the Group sites and / or under the control of the Group, so as to evaluate the quality and accuracy of all data not directly controlled by the Group.

¹⁸ - Work-related injury that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months.

¹⁹ - The rate of work-related injury was calculated as the ratio between total number of injuries and total hours worked, using a multiplication factor of 1,000,000.

Methodology MEMORANDUM

This document is the second edition of the Fileni Group's Sustainability Report and describes the results achieved in 2021 (from January 1 to December 31).

This report has been prepared in accordance with the GRI Standards: Core option. In addition, the "Food Processing Sector Disclosures", were also taken into account where appropriate. Both were published by the Global Reporting Initiative (GRI).

The scope of reporting company's financial and economic data and information falls within the scope of the companies fully consolidated in the Consolidated Financial Statements of Fileni Group of December 31, 2021, which also took into account the contribution by Carnj Società Cooperativa Agricola.

The boundary of company and environment data and information ranges within the companies fully consolidated in the Consolidated Financial Statements of Fileni Group and Carnj Società Cooperativa Agricola (see document "Fileni supply chain" of "Supply chain").

Any changes in the boundary with respect to individual topics or indicators are explicitly explained in the text.

No significant changes to the Group's ownership structure and supply chain; It should be noted that the companies Tedaldi S.r.l. and Bioalleva S.r.l. also fall within the scope of consolidation compared to the previous year.

Use of estimates has been limited as much as possible in order to grant data reliability. If any, estimates have been properly reported and based on the best available approaches.

In order to allow for data and information comparability over time and evaluate the Group's performance trends, a comparison with the previous year has been recommended. The previously published comparative data have clearly been displayed again with such purpose.

The Sustainability Report is prepared on an annual basis.

The document is subject to external assurance.

For information on this document please send an email to: amministrazione@fileni.it

Boundary and Impact of MATERIAL TOPICS

GRI CONTENT INDEX

| MACRO-AREA | MATERIAL TOPICS | IMPACT BOUNDARY | IMPACT TYPE |
|---|---|--|---|
| Economic Responsibility, Governance and Compliance | Corporate Governance | Group | Caused by the Group |
| | Business ethics and compliance | Group | Caused by the Group |
| | Integrating sustainability into business | Group | Caused by the Group |
| | Economic performance | Group | Caused by the Group |
| | Innovation and development of new solutions | Group, Universities and research centers | Caused by the Group and Group-related |
| Responsibility towards the community | Focus on local communities | Group | Caused by the Group |
| | Sustainable agriculture | Group and Suppliers | Caused by the Group and Group-related by business relationships |
| | Responsible management of production and supply chain | Group and Suppliers | Caused by the Group and Group-related by business relationships |
| Responsibility towards people | Occupational Health and Safety | Group Employees ²⁰ | Caused by the Group |
| | Workers' rights and diversity | Group Employees | Caused by the Group |
| | Employee well-being | Group Employees | Caused by the Group |
| Environmental responsibility | Circular economy and resource efficiency | Group and Suppliers | Caused by the Group and Group-related by business relationships |
| | Climate change | Group and Suppliers for electricity | Caused by the Group and Group-related by business relationships |
| | Sustainable packaging | Group and Suppliers | Caused by the Group and Group-related by business relationships |
| Responsibility towards the consumers | Focus on nutrition and consumer safety | Group | Caused by the Group |
| | Consumer satisfaction | Group | Caused by the Group |
| | Product quality and safety | Group and Suppliers | Caused by the Group and Group-related by business relationships |
| | Responsible labeling and marketing | Group | Caused by the Group |
| | Animal welfare | Group and Breeders | Caused by the Group and Group-related by business relationships |

20- The company will further analyze the significance of other non-employee workers to assess the need to collect data from the employers of outsourced workers and suppliers operating at the Group sites and / or under the control of the Group, so as to evaluate the quality and accuracy of all data not directly controlled by the Group

| GRI STANDARD DISCLOSURE | PAGE NUMBER | OMISSIONS |
|--|--|--|
| GRI 102: GENERAL DISCLOSURES (2016) | | |
| ORGANIZATIONAL PROFILE | | |
| 102-1 | Name of the organization | 8 |
| 102-2 | Activities, brands, products, and services | 10-11; 22-25; 64-71 |
| 102-3 | Location of headquarters | 10-11 |
| 102-4 | Location of operations | 10-11 |
| 102-5 | Ownership and legal form | 16-18 |
| 102-6 | Markets served | 16-17; 26-30 |
| 102-7 | Scale of the organization | 26-33; 26-97; 108 |
| 102-8 | Information on employees and other workers | 149 |
| 102-9 | Supply chain | 23-25 |
| 102-10 | Significant changes to the organization and its supply chain | 153 |
| 102-11 | Precautionary principle or approach | 16-20; 78-79; 92-95 |
| 102-12 | External initiatives | 18; 48-58; 79 |
| 102-13 | Membership of associations | 18 |
| STRATEGY | | |
| 102-14 | Statement from senior decision-maker | 4-5 |
| ETHICS AND INTEGRITY | | |
| 102-16 | Values, principles, standards, and norms of behavior | 12-15 |
| GOVERNANCE | | |
| 102-18 | Governance structure | 16-17 |
| STAKEHOLDER ENGAGEMENT | | |
| 102-40 | List of stakeholder groups | 41 |
| 102-41 | Collective bargaining agreements | 100% of employees are covered by collective bargaining agreements. |
| 102-42 | Identifying and selecting stakeholders | 40-41 |
| 102-43 | Approach to stakeholder engagement | 40-41; 110-111 |
| 102-44 | Key topics and concerns raised | 40-42 |
| REPORTING PRACTICE | | |
| 102-45 | Entities included in the consolidated financial statements | 154 |
| 102-46 | Defining report content and topic boundaries | 153-154 |
| 102-47 | List of material topics | 43; 153 |
| 102-48 | Restatements of information | 153 |
| 102-49 | Changes in reporting | 153 |
| 102-50 | Reporting period | 153 |
| 102-51 | Date of most recent report | 153 |
| 102-52 | Reporting cycle | 153 |
| 102-53 | Contact point for questions regarding the report | 153 |
| 102-54 | Claims of reporting in accordance with the GRI Standards | 153 |
| 102-55 | GRI content index | 155-159 |
| 102-56 | External assurance | 160-162 |

| GRI STANDARD DISCLOSURE | PAGE NUMBER | OMISSIONS |
|-------------------------|-------------|-----------|
|-------------------------|-------------|-----------|

TOPIC SPECIFIC STANDARD
GRI 200: ECONOMIC SERIES
TOPIC: ECONOMIC PERFORMANCE
GRI-103: Management Approach (2016)

| | | |
|-------|--|---------|
| 103-1 | Explanation of the material topic and its Boundary | 43; 154 |
| 103-2 | The management approach and its components | 26-33 |
| 103-3 | Evaluation of the management approach | 26-33 |

GRI-201: Economic performance (2016)

| | | |
|-------|---|-----|
| 201-1 | Direct economic value generated and distributed | 146 |
|-------|---|-----|

TOPIC: ANTI-CORRUPTION
GRI-103: Management Approach (2016)

| | | |
|-------|--|---------|
| 103-1 | Explanation of the material topic and its Boundary | 43; 154 |
| 103-2 | The management approach and its components | 18 |
| 103-3 | Evaluation of the management approach | 18 |

GRI-205: Anti-corruption (2016)

| | | |
|-------|---|--|
| 205-3 | Confirmed incidents of corruption and actions taken | In 2021, no cases reported for incidents of corruption |
|-------|---|--|

TOPIC: ANTI-COMPETITIVE BEHAVIOR
GRI-103: Management Approach (2016)

| | | |
|-------|--|---------|
| 103-1 | Explanation of the material topic and its Boundary | 43; 154 |
| 103-2 | The management approach and its components | 18 |
| 103-3 | Evaluation of the management approach | 18 |

GRI-206: Anti-competitive Behavior (2016)

| | | |
|-------|---|--|
| 206-1 | Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | In 2021 no cases actions reported for legal for anti-competitive behavior, anti-trust and monopoly practices |
|-------|---|--|

GRI 300: ENVIRONMENTAL SERIES
TOPIC: ENERGY
GRI-103: Management Approach (2016)

| | | |
|-------|--|---------|
| 103-1 | Explanation of the material topic and its Boundary | 43; 154 |
| 103-2 | The management approach and its components | 90-99 |
| 103-3 | Evaluation of the management approach | 90-99 |

GRI-302: Energy (2016)

| | | |
|-------|--|-----|
| 302-1 | Energy consumption within the organization | 147 |
| 302-3 | Energy intensity | 147 |

TOPIC: WATER
GRI-103: Management Approach (2016)

| | | |
|-------|--|----------------|
| 103-1 | Explanation of the material topic and its Boundary | 43; 154 |
| 103-2 | The management approach and its components | 90-91; 100-101 |
| 103-3 | Evaluation of the management approach | 90-91; 100-101 |

GRI-303: Water and Effluents (2018)

| | | |
|-------|---|-----|
| 303-1 | Interactions with water as a shared resource | 148 |
| 303-2 | Management of water discharge-related impacts | 148 |
| 303-3 | Water withdrawal | 148 |

| GRI STANDARD DISCLOSURE | PAGE NUMBER | OMISSIONS |
|-------------------------|-------------|-----------|
|-------------------------|-------------|-----------|

TOPIC: EMISSIONS
GRI-103: Management Approach (2016)

| | | |
|-------|--|---------|
| 103-1 | Explanation of the material topic and its Boundary | 43; 154 |
| 103-2 | The management approach and its components | 90-99 |
| 103-3 | Evaluation of the management approach | 90-99 |

GRI-305: Emissions (2016)

| | | |
|-------|---|-----|
| 305-1 | Direct (Scope 1) GHG emissions | 147 |
| 305-2 | Energy indirect (Scope 2) GHG emissions | 147 |
| 305-4 | GHG emissions intensity | 147 |

TOPIC: WASTE (2020)
GRI-103: Management Approach (2016)

| | | |
|-------|--|----------------|
| 103-1 | Explanation of the material topic and its Boundary | 43; 154 |
| 103-2 | The management approach and its components | 90-91; 102-103 |
| 103-3 | Evaluation of the management approach | 90-91; 102-103 |

GRI-306: Management Approach (2020)

| | | |
|-------|--|----------------|
| 306-1 | Waste generation and significant waste-related impacts | 90-91; 102-103 |
| 306-2 | Management of significant waste-related impacts | 90-91; 102-103 |

GRI-306: Waste (2020)

| | | |
|-------|-----------------|-----|
| 306-3 | Waste generated | 148 |
|-------|-----------------|-----|

TOPIC: ENVIRONMENTAL COMPLIANCE (2016)
GRI-103: Management Approach (2016)

| | | |
|-------|--|--------------------------|
| 103-1 | Explanation of the material topic and its Boundary | Waste generated compared |
| 103-2 | The management approach and its components | 90-91 |
| 103-3 | Evaluation of the management approach | 90-91 |

GRI-307: Environmental Compliance (2016)

| | | |
|-------|--|---|
| 307-1 | Non-compliance with environmental laws and regulations | In 2021, no cases reported for non-compliance with environmental laws and regulations |
|-------|--|---|

GRI 400: SOCIAL SERIES
TOPIC: EMPLOYMENT
GRI-103: Management Approach (2016)

| | | |
|-------|--|---------|
| 103-1 | Explanation of the material topic and its Boundary | 43; 154 |
| 103-2 | The management approach and its components | 106-111 |
| 103-3 | Evaluation of the management approach | 106-111 |

GRI-401: Employment (2016)

| | | |
|-------|--|---------|
| 401-1 | New employee hires and employee turnover | 150-151 |
| 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | 115 |

TOPIC: LABOR PRACTICES
GRI-G4: Food Processing Sector Disclosures (category: social _ sub-category: labor practices and decent work)

| | | |
|--------|--|--|
| G4 FP3 | Percentage of working time lost due to industrial disputes, strikes and/or lock-outs, by country | In 2021, no cases reported for industrial disputes, strikes or lock-outs |
|--------|--|--|

GRI STANDARD DISCLOSURE PAGE NUMBER OMISSIONS

TOPIC: OCCUPATIONAL HEALTH AND SAFETY

GRI-103: Management Approach (2016)

| | | |
|-------|--|---------|
| 103-1 | Explanation of the material topic and its Boundary | 43; 154 |
| 103-2 | The management approach and its components | 112-119 |
| 103-3 | Evaluation of the management approach | 112-119 |

GRI-403: Occupational Health and Safety (2018)

| | | |
|-------|---|---------|
| 403-1 | Occupational health and safety management system | 112-119 |
| 403-2 | Hazard identification, risk assessment, and incident investigation | 112-119 |
| 403-3 | Occupational health services | 112-119 |
| 403-4 | Worker participation, consultation, and communication on occupational health and safety | 112-119 |
| 403-5 | Worker training on occupational health and safety | 112-119 |
| 403-6 | Promotion of worker health | 112-119 |
| 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 112-119 |

GRI-403: Occupational health and safety (2018)

| | | |
|-------|-----------------------|-----|
| 403-9 | Work-related injuries | 152 |
|-------|-----------------------|-----|

TOPIC: TRAINING AND EDUCATION

GRI-103: Management Approach (2016)

| | | |
|-------|--|---------|
| 103-1 | Explanation of the material topic and its Boundary | 43; 154 |
| 103-2 | The management approach and its components | 120-123 |
| 103-3 | Evaluation of the management approach | 120-123 |

GRI-404: Training and Education (2016)

| | | |
|-------|---|-----|
| 404-1 | Average hours of training per year per employee | 151 |
|-------|---|-----|

TOPIC: DIVERSITY AND EQUAL OPPORTUNITY

GRI-103: Management Approach (2016)

| | | |
|-------|--|-------------|
| 103-1 | Explanation of the material topic and its Boundary | 43; 154 |
| 103-2 | The management approach and its components | 17; 107-111 |
| 103-3 | Evaluation of the management approach | 17; 107-111 |

GRI-405: Diversity and Equal Opportunity (2016)

| | | |
|-------|--|-------------|
| 405-1 | Diversity of governance bodies and employees | 17; 149-150 |
|-------|--|-------------|

TOPIC: NON DISCRIMINATION

GRI-103: Management Approach (2016)

| | | |
|-------|--|---------|
| 103-1 | Explanation of the material topic and its Boundary | 43; 154 |
| 103-2 | The management approach and its components | 107-111 |
| 103-3 | Evaluation of the management approach | 107-111 |

GRI-406: Non-Discrimination (2016)

| | | |
|-------|--|---|
| 406-1 | Incidents of discrimination and corrective actions taken | In 2021, no cases reported for discrimination |
|-------|--|---|

TOPIC: CUSTOMER HEALTH AND SAFETY

GRI-103: Management Approach (2016)

| | | |
|-------|--|---------|
| 103-1 | Explanation of the material topic and its Boundary | 43; 154 |
| 103-2 | The management approach and its components | 76-79 |
| 103-3 | Evaluation of the management approach | 76-79 |

GRI-416: Customer Health and Safety (2016)

| | | |
|-------|---|---|
| 416-2 | Incidents of non-compliance concerning the health and safety impacts of products and services | In 2021, no cases reported for non-compliance concerning the health and safety impacts of products and services |
|-------|---|---|

GRI STANDARD DISCLOSURE PAGE NUMBER OMISSIONS

TOPIC: CUSTOMER HEALTH AND SAFETY

GRI-G4: Food Processing Sector Disclosures (category: social _ sub-category: product responsibility)

| | | |
|--------|---|--------|
| G4 FP5 | Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system standards | 76- 79 |
|--------|---|--------|

TOPIC: ANIMAL WELFARE

| | | |
|-------|--|---------|
| 103-1 | Explanation of the material topic and its Boundary | 43; 154 |
| 103-2 | The management approach and its components | 82-87 |
| 103-3 | Evaluation of the management approach | 82-87 |

TOPIC: MARKETING AND LABELING

GRI-103: Management Approach (2016)

| | | |
|-------|--|---------|
| 103-1 | Explanation of the material topic and its Boundary | 43; 154 |
| 103-2 | The management approach and its components | 70-73 |
| 103-3 | Evaluation of the management approach | 70-73 |

GRI-417: Marketing and Labeling (2016)

| | | |
|-------|---|---|
| 417-1 | Requirements for product and service information and labeling | In 2021, no cases reported for non-compliance with product and service information and labeling |
|-------|---|---|

TOPIC: SOCIOECONOMIC COMPLIANCE

GRI-103: Management Approach (2016)

| | | |
|-------|--|------------|
| 103-1 | Explanation of the material topic and its Boundary | 43; 154 |
| 103-2 | The management approach and its components | 16-18; 153 |
| 103-3 | Evaluation of the management approach | 16-18; 153 |

GRI-419: Socioeconomic Compliance (2016)

| | | |
|-------|--|---|
| 419-1 | Non-compliance with laws and regulations in the social and economic area | In 2021, no cases reported for non-compliance with laws and regulations in the social and economic area |
|-------|--|---|

INDEPENDENT AUDITOR'S REPORT ON THE SUSTAINABILITY REPORT

To the Board of Directors of
Fileni Alimentare S.p.A.

We have carried out a limited assurance engagement on the Sustainability Report of the Fileni Group (hereinafter also "Group") as of December 31, 2021.

Responsibility of the Directors for the Sustainability Report

The Directors of Fileni Alimentare 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 (hereinafter "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 Fileni 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 Accountants*, 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.

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 "Our Economic Responsibility" of the Sustainability Report with those included in the Group's Financial Statements, taking into account also the contribution of Carnj Società Cooperativa Agricola, for the calculation of the economic value directly generated and distributed;
- 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 Fileni Alimentare S.p.A. and with the personnel of Carnj Società Cooperativa Agricola 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;
- for the headquarters and production site in Cingoli of Fileni Alimentare S.p.A. and Carnj Società Cooperativa Agricola, which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out site visits, during which we have met the management of the plant 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 the Fileni Group as of December 31, 2021 is not prepared, in all material aspects, in accordance with the GRI Standards as stated in the paragraph "Methodological note" of the Sustainability Report.

DELOITTE & TOUCHE S.p.A.

Signed by
Jessica Lanari
 Partner

Ancona, Italy
 May 27, 2022

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



As a Benefit Corporation, we are required to draw up an impact report including the activities and objectives for achieving the purposes of common benefit, as envisaged by the Italian Law no. 208, paragraphs 376-384.

IMPACT REPORT

2021

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WE HAVE CHOSEN TO REGENERATE EARTH.

We leave our farming land more fertile than before.



WE HAVE CHOSEN TO RESPECT ANIMALS.

For over twenty years we have been breeding and cultivating - even the organic way - through a circular system to ensure control and quality.



WE HAVE CHOSEN TO ENHANCE WORKERS.

We take action for an inclusive, multicultural and equitable work environment.



WE HAVE CHOSEN TO PROMOTE OUR LAND.

We do our part in giving our land a sustainable growth.



WE HAVE CHOSEN TO DEVELOP OUR COMMUNITY.

We support the training of young people and their access to work.



WE HAVE CHOSEN TO CLEAN UP THE ATMOSPHERE.

Our plants and breeding centers are carbon neutral - we only purchase electricity from renewable sources, our energetic needs are partly met by proprietary photovoltaic and cogeneration systems, and we offset all our direct emissions.



WE HAVE CHOSEN TO PROTECT PEOPLE.

We respect everyone's health and trust. For this reason, 98% of our production takes place without the use of antibiotics, and our products contain no preservatives, GMOs, palm oil or coloring.

Our Journey to Benefit:
**APPROACH AND
 METHODOLOGY**

By means of Law 208/2015 (articles 376-384), Italy introduced Benefit Corporations (BC) as of 1 January 2016 to upgrade the very notion of “company” by recognizing dual-purpose companies and overcoming the profit pursuit-based capitalist business model.

Benefit Corporations stand for a more advanced paradigm: besides profit targets, they embed into their corporate purpose the aim of having a positive impact on society and the environment while allowing entrepreneurs, managers, shareholders and investors to defend the corporate mission and vocation, thus standing on a higher ground compared to all other corporate forms through a righteous and innovative legal status.

Consistent with Fileni Group’s values and principles, we embraced the Benefit model in mid-2020, starting a path that led us to the Benefit Corporation qualification in April 2021. At the same time we launched a process of analysis and measurement of our environmental and social impact aimed at building a strategy to improve it over time.

In the new corporate purpose of the Bylaws we wanted to decline our Vocation into three specific purposes of common benefit, each one oriented to the following scopes and described in the next chapters:

- 1. ENVIRONMENT AND TERRITORY**
- 2. MODEL SUPPLY CHAIN AND PRODUCT**
- 3. PEOPLE AND COMMUNITY**

This document contains our first Impact Report prepared according to the relevant legislation and featuring:

- a report of the actions and results achieved in the April - December 2021 period with respect to our goals
- the planning of new actions and targets for 2022 with respect to our goals
- the communication of the overall impact assessment obtained through the B Impact Assessment protocol

The Impact Report is therefore a new tool integrating our Sustainability Report. Although inherently related, each of these documents has its own self-standing value with a different angle and approach: the Impact Report - mandatory in nature - aims at reporting the impact generated with respect to the specific common benefit purposes set forth in the Bylaws, whereas the Sustainability Report - drawn up according to GRI standards and subjected to certification - is a voluntary document that aims to report the impact our activities have on material topics.

Overall Evaluation of Our
**SOCIAL AND ENVIRONMENTAL
 PERFORMANCE**

In 2020 we launched the measurement process through the B Impact Assessment pattern, which aims at evaluating our sustainability performance and defining a strategic plan for its improvement.

For this project, carried out with the support of Nativa - Regenerative Design Company (the first B Corp and Benefit Corporation in Europe), we called an extended team - including the heads of the main company functions - and we carried out the analysis along the whole boundary of Fileni Alimentare S.p.A. BC and all subsidiaries.

Upon receiving a first BIA assessment of 72.3 points in 2019, we built a strategic improvement plan with actions covering all analysis areas based on a given evolution timeline.

The implementation of the plan led us to improve our environmental and social performance and to achieve a BIA score of 90.6 points in 2020.

In view of this achievement we had our assessment verified by B Lab in mid-2021 and, on 13 January 2022, Fileni became the very first company in the meat industry to be awarded with a B Corp certification.

The following table shows the BIA score verified by B Lab for 2020.

| | |
|----------------------|-------------|
| OVERALL SCORE | 90.6 |
| Governance | 18 |
| People | 20.3 |
| Community | 22.6 |
| Environment | 25.6 |
| Customers | 3.9 |

For more information please visit B Lab website <https://www.bcorporation.net/en-us/find-a-b-corp/company/fileni-alimentare-S.p.A.-societ-benefit>



Scope 1:

ENVIRONMENT AND TERRITORY

Fileni is committed to spreading regenerative agriculture as a common good. This is why we work to convey to new generations the beauty of the agricultural vocation and the urgency to regenerate the earth. We implement agricultural practices and ecological knowledge, and we choose to cultivate, breed and process the product in compliance with raw materials, the territory and biodiversity in general. We value our land by choosing short supply chains, that enhance regional specialties and local product quality.

IMPACT STORIES



WE JOINED THE CLIMATE PLEDGE

Consistent with our sustainable development path, with European climate neutrality goals and the national ecological transition goals, in 2021 we joined the Climate Pledge, an international community bringing together companies, organizations, individuals and partners who cooperate to resolve climate crisis and the challenges of decarbonising our economy by committing ourselves to achieving net zero carbon emissions by 2040, i.e. 10 years before the Paris Agreement. We want to turn a climate crisis into a climate action through a three-point strategy:

- Periodically measure and report greenhouse gas emissions
- Strategically and intentionally eliminate carbon emissions
- Neutralize remaining emissions with additional, quantifiable, real, permanent and socially useful offsets

WE CHANGE OURSELVES FOR THE WELL-BEING OF THE BIOSPHERE

We know that the well-being of the biosphere depends on our commitment to process and product evolution. To this purpose, we decided to conform our environmental footprint to specific performance standards in order to meet the requirements of the ISO 14001 Certification on the Environmental Management System for our breeding centers of Cannuccia, Ripabianca and Falconara. We believe in the importance of external and recognized standards, but we also know that this is not enough if we want to take full responsibility for our impact on the planet. For this reason we have been engaged for a long time in the supplying of electricity from renewable sources with Guarantees of Origin (GO); in 2021 the purchase from clean energy sources stood at 97.5%. We have chosen green energy for us and we have also started involving our partners in the ecological transition, because a good choice becomes the best choice if it is made by many. As a consequence, during the year we began to assess the environmental performance of suppliers, farmers and breeders to better understand their sustainability approach and, subsequently, we would raise awareness and inform them on issues such as renewable energy, proper management of washing water and valorisation of waste (such as manure for organic fertilization).

WE RECOVER WASTE AND TURN IT INTO ENERGY

To the traditional linear system that extracts resources, uses them and generates waste we increasingly want to oppose a circular economy approach, which is inspired by Nature and, as such, considers waste a resource for a new cycle of use. Since most of our waste is made up of production sludge, in 2020 we opened a biogas system in the Castelplanio plant in order to produce energy from the fermentation of this type of waste. Sludge allows us to minimize waste and, indeed, to retain its value through anaerobic digestion and the consequent creation of biogas, which feeds a cogenerator for energy production. This approach also cuts down transport costs for waste disposal and the related environmental footprint in terms of greenhouse gas emissions. In the end it all comes full circle when the electrical and thermal energy produced is used for the very plant utilities. To date, Castelplanio plant produces on average 75 kWh of electricity and 51 kWh of heat with a sludge drying at 50%; in 2021 a similar plant in Cingoli has been created which, to date, accounts for an average production of 150 electric kWh, 80 thermal kWh and 40% sludge drying, with a prospect of further growth. Thanks to this we managed to reduce external energy supply and ensure the circularity of resources, thus substantially cutting down our waste. Combining this approach with the purchase of origin-guaranteed renewable energy and certified compensation of residual CO2 emissions, we are proud to say that all our plants are considered carbon neutral.

TABLE WITH ACTIONS, KPIS, GOALS

| ACTIONS | 2021 RESULTS | 2022 GOALS |
|---|---|---|
| Environmental Management System (ISO140001 2015 certification) for breeding farms owned by the group | Certification of the following breeding farms: - CANNUCCIA (Conventional and Organic) - RIPABIANCA (Conventional) - FALCONARA (Conventional and Organic) | - ISO 14001 certification of Monteroberto breeding farm - Set up the environmental certification system in the following breeding farms: Rangore, Ponte Pio, Copparoni, Montecappone, Osimo (Passatempo) -Set up the environmental certification system in Longiano feed mill |
| Purchase of renewable electricity with Guarantees of Origin (GO) and offsetting of emissions through the purchase of credits of certified carbon | 97,5% of renewable electricity purchased from a network certified with a Guarantee of Origin 23,403 tons of CO ₂ offset by purchase of certified carbon credits | 100% of renewable electricity purchased from a network certified with a Guarantee of Origin 23,403 tons of CO ₂ offset by purchase of certified carbon credits |
| Awareness and disclosure on the supply chain partners for improvement of environmental and social practices, such as: - purchase of energy from renewables - correct management of washing water - installation of photovoltaic systems - enhancement of manure | Started the monitoring process of the supply chain by sending the questionnaire to collect data on social and environmental performance: - sent to 100% of the carriers - started a monitoring program for some farmers. | Commitment to extend the analysis to a broader target such as breeders and farmers |
| - Reduction of sludge output quantity to be disposed of by starting-up Cingoli and Castelplanio biogas plants - Electricity production produced from biogas through sludge reuse | 48% reduction (in 2020) in sludge to be disposed of Energy produced by the cogenerator powered by the biogas plant: - 1,250,755 Kwh of electricity (equal to 44% of the treatment plant's needs) - 846,402 Kwh of thermal energy | 100% use of sludge for the the supply of biogas plants. Estimate of the energy produced by the cogenerator powered by the biogas plant: - 1,690,000 Kwh of electricity (equal to 54% of treatment plant) - 1,094,800 Kwh of thermal energy |
| - Reduction of transport CO ₂ emissions through an improved vehicle saturation | Constant monitoring of vehicle saturation per journey with through daily assessment of the volumes shipped and of vehicle saturation index: 73% saturation in 2021 | Improvement in the saturation index equal to 76% for 2022 |

Scope 2: MODEL SUPPLY CHAIN AND PRODUCT

The company is committed to creating a model of regenerative, open, connected and replicable supply chain to inspire the development of responsible companies, local communities and their territory for the creation of a widespread value. The company promotes the development and consumption of organic and nature-compliant products.

IMPACT STORIES

EUROPE'S LARGEST ORGANIC DISTRICT



We anticipated it at Dubai Expo in 2020 and, this year, it came true: our region is hosting Europe's largest organic district.

Fileni has been the first to believe in organic farming and, today, we are the main promoters of this initiative involving not only large and medium-sized businesses, but also small family businesses. We worked to bring together the drive and the vocation of over 2,100 farms with the shared target of increasing the certified area, promoting research and enhancing the agricultural biodiversity of our region. To these we also add the purpose of forming, together, a single entity, in order to have greater weight on the organic market both at a commercial and promotional level, in Italy and abroad. The organic hectares set a record of their own: more than 71 thousand, which represent 60% of the region's entire organic surface and strongly underline the leading role that our territory could play for raising sustainability standards in the entire sector.

WE LEAVE OUR FARMING LAND MORE FERTILE THAN BEFORE



ARCA means Agriculture for the Controlled Regeneration of the Environment: it is the name of the soil regeneration and bio-conservative crop project we have been carrying out for years together with the farmers of Valle dell'Esino, Valle del Musone and Valle del Misa-Nevola and in collaboration with agronomists, agricultural companies, tech suppliers, universities and research centers.

It is based on the regenerative paradigm: giving more value than what you are taking out with your operations. By this we want to enhance soil richness and restore land fertility by matching old-time traditional knowledge with technology and innovation.

ARCA project means working every day to build supply chain excellence, spread the good practices on organic fertilization and biodiversity conservation, give consumers a healthy and sustainable product at the right price, and stimulate the local economic fabric so as to trigger a virtuous model.

WE RAISE HEALTHY ANIMALS, IT'S IN OUR NATURE



As part of a deeply interconnected system, we feel we are playing a major role in bridging animals, plants and the human world. We breed animals for food purposes and, in our business, the relationship between feeds, product quality and customer well-being is particularly evident, also in terms of health.

With this in mind, we have chosen to minimize the use of antibiotics on animals: today we guarantee a 98% antibiotic-free production. Getting rid of antibiotics in animal breeding reduces antimicrobial resistance in humans as well as the development and proliferation of specific resistances in the environment, with a positive systemic effect.

Since the well-being of people and animals is priority to us, we joined the European Chicken Commitment (ECC), thus committing ourselves to respecting its challenging standards for 37% of animals raised by 2026. The European Chicken Commitment (ECC) is a set of standards agreed at European level for animal welfare key issued in order to encourage food companies to improve farming standards. We were the first Italian company to issue a policy consistent with such standards and to declare improvement targets as for:

- transition to raising slow-growing breeds only in all organic and outdoor farms by 2022
- Working with interested customers to achieve ECC standards in an increasing number of farms.

THE ECO-FRIENDLY PACKAGING



We produce a consumer good and, for our customers, waste-related environmental responsibility is mainly linked to packaging disposal. If it is up to them to make an informed consumption choice and a proper recycling, we believe that packaging impact is a manufacturer's responsibility.

We have thus spent the recent years to make our packaging more sustainable by acting on each of its components and by choosing materials and processes with a lower environmental footprint than market alternatives.

To this purpose, we set up a partnership with Novamont, the leading Italian B Corp in the bioplastics sector, to create a 100% compostable packaging line through an integrated supply chain that uses vegetable raw materials.

The construction material comes from latest generation bioplastics that can be disposed of directly in the waste collection, thus reducing the environmental footprint of waste. Our eco-tray is the spearhead of a wider packaging evolution process which, over time, led us to replace over 90% of plastic in favor of paper and to undertake a deliberately informative action so as to instruct consumers on how to properly disposal of materials at the end of their life.

In 2021 our commitment has been acknowledged with the "Ecopackaging Awards" for the Fileni BIO beef hamburger eco-tray at the B/Open and the circular economy award at FoodCommunity's "Save the Brand" event.

A QUALITY-GUARANTEED SUPPLY CHAIN



To obtain a quality product you must have maximum control over the entire supply chain, to make sure that safety, animal welfare and sustainability standards are met in each step up to the finished product. Every day we do our best to have a circular, interdependent and transparent supply chain starting from the field and reaching all the way to consumers' table, a pattern that matches tradition with cutting-edge technology throughout the production cycle.

We follow this improvement-based approach with rigor and drive towards a progressively vertical supply chain integration, which includes these phases for poultry production:

- Feed production
- Animal welfare-oriented breeding farms
- Nature-oriented reproduction and incubation
- Meat processing with two UNI EN ISO 9001:2015 and UNI EN ISO 14001:2015 certified plants.
- Selling of quantities proportional to purchase orders to large retailers and butchers.

In 2021 we enhanced our scope by going for a better strategic differentiation of animal proteins within supply chain perimeter.

This actually resulted in the takeover of the following: Bioalleva S.r.l. (organic meat processing) and Tedaldi S.r.l. (egg supply chain).

The level of control and excellence at stake goes beyond legal requirements and is meant to push more challenging and advanced sector standards so as to inspire conscious companies, local communities and their territory in creating a shared well-being.

| ACTIONS | 2021 RESULTS | 2022 GOALS |
|---|---|---|
| Expanding the range of organic products marketed | + 0.6% compared to the previous year (incidence in kg/total) | + 1.1% compared to the previous year (incidence in kg/total) |
| Maintaining a threshold for antibiotic-free products | 98% | 98% |
| Increase the percentage of products with primary packaging made from paper / compostable / biodegradable material (eco-trays) | + 5% compared to the previous year (incidence on total products) | + 1.5% compared to the previous year (incidence on total products) |
| Supply chain supervision and control chain to ensure quality control | Internal analyzes carried out throughout the supply chain (agriculture, feed mill, breeding farms, processing): 23,539 analyzes carried out 13 internal audits + supplier audits | Internal analyzes throughout the supply (agriculture, feed mill, breeding farms, processing): 23,600 analyzes carried out 18 internal audits + supplier audits |



Scope 3:
PEOPLE AND COMMUNITY

The Company invests in community development, in the full belief that common interest comes before the individual one. The Company is committed to safeguarding and promoting the global right to well-being, aware that people's prosperity depends on that of land, plants and animals. The Company complies with these issues by vocation and deliberately acts for the well-being of people, be they our employees, customers or other stakeholders. A healthy, inclusive, multicultural and harmonious work environment is guaranteed, with the commitment to invest in young people and to foster the professional and human development of individuals in order to develop everyone's potential and constantly increase satisfaction, pride and personal well-being.

IMPACT STORIES

CARING FOR PEOPLE AS A SUCCESS DRIVER



Our Company is made up of tradition, innovation, evolution and history. Above all it is made up of people, who allow Fileni to exist and become, from time to time, the best version of itself.

We recognize the importance of our workers' well-being as a success drive for the Company. This very success ends up becoming a shared goal to which everyone feels they can contribute.

This is why we invest in an inclusive, multicultural work environment where the rights and the respect of the individual lay at the community core.

Our workforce counts with over 48 different nationalities and, to ensure our workers greater stability while also fighting some particularly discriminatory sector practices (such as illegal hiring), we decided to hire directly from a quality agricultural work network, without resorting to seasonal contracts.

We safeguard diversity, individual wealth and teamwork as a priority which we pursue pro-actively and with a focus on gender balance, even in management roles.

We encourage people to reach their full potential by offering training courses for professional development, in accordance with their specific needs.

Finally, we contribute to people's well-being with an employee-dedicated corporate welfare plan full of initiatives to improve work-life balance and additional benefits such as supplementary insurance or product purchase bonuses.

We do this because we believe that working in a 21st century company can be much more than a paid job and, when we look at the future, we can see Fileni as a community of people and for the people.



WE BELIEVE IN YOUNG PEOPLE

We feel we must do something for young people’s training and work access. To this purpose we arranged partnerships with universities and research centers to strengthen and create value between academies and the business world. Through Fondazione Marco Fileni we promote initiatives to support young people’s right to education. As part of the "We believe in young people" project, we invest in children scholarships for workers along the whole supply chain and in 30 scholarships for the most deserving high school and university students in order to financially support them and provide their educational path with better opportunities.

| ACTIONS | 2021 RESULTS | 2022 GOALS |
|--|---|--|
| Implemented training courses for development professional | 54.42% of the population involved (*) 10.3 hours each (Average number of training hours per employee for career development) | Creation of a training Academy for managerial development and soft skills |
| | (*) Considering the total population of all companies, including Biallewa and Tedaldi | |
| Corporate welfare: provision of a corporate welfare program to employees | shopping vouchers: €140,546.16 used 1889 people used the shopping vouchers issued by the Company. Vouchers paid at Christmas and upon being hired at the company | Launch of the new Welfare platform for workers. Reduction employees’ app expenditure costs |
| Employee welfare: Initiatives to improve employee work-life balance and satisfaction (additional benefits e.g. supplementary insurance, remote working, shopping vouchers, etc.) | The days in remote working were 12,540 representing 17% of total days. Remote working was used by 276 people | Agreements for employees |
| Support and training of young people accredited through Fondazione Marco Fileni: | Scholarships awarded: Employees’ children: 10 Outsourced: 21 | The Foundation has become an training institution. Some training projects will be launched in 2022 |
| Scholarships awarded to the children of workers in the whole supply chain and valuable students | No training events were held | |
| Training events for career development | | |
| Commitment to create an increasingly inclusive and multicultural working environment. | Identified and appointed a Diversity Manager | Support the Diversity Manager’s operations to ensure that no critical issues arise (unless properly managed) of diversity and inclusion in the workplace |

CONCLUSION

Releasing our first Impact Report made us think of what we are already doing to make real and effective the common benefit purposes we decided to pursue as a Benefit Corporation. We measured our achievements but also thought of future commitments to expand more and more the value we can return to the ecosystem. To this effect, the Benefit Model comes as a useful reporting and planning tool allowing us to save attention, energy and resources over time when taking specific actions for the prosperity of our internal and external stakeholders. As a dual-purpose company, having a definite and measurable positive impact makes us proud and even more committed to integrating the common benefit purpose with that of each company’s economic result in order to face the big changes of our time. It is not about just rising up to challenges: we want to play an active role in this by creating a future of well-being for people and the environment.

B CORP & BENEFIT CORPORATION

Addendum

The companies known worldwide as Benefit Corporations represent one of the most advanced models in terms of positive social and environmental corporate impact. They are for-profit companies that express a dual objective to the corporate purpose: to create value for both shareholders and stakeholders. Together they constitute a global movement of 'Purpose Driven Businesses' which aims to spread a more advanced economic paradigm by which companies should be the main players in regenerating society and the biosphere. The Benefit Vision is to trigger positive competition between all companies so that their work is measured and evaluated according to the same yardstick: the positive impact on society and the planet, in addition to economic results.

Since 2016 Italy is the first sovereign state worldwide and the first country after the United States, to introduce Benefit Corporations as a new legal business form, thus paving a solid way to align and protect the company's mission, as well as to create a shared long-term value.

Benefit Corporations choose to:

- state the purpose for which they exist in their Bylaws and to balance the interest of shareholders with that of all other stakeholders;
- fully measure all their impacts and communicate them transparently through an impact report, which integrates with traditional company reporting;
- adopt a governance that allows them to be managed as a regenerating force for society and the biosphere.

Such a legal form gave rise to a new function meant to transform companies from the inside: the impact manager is the person who is entrusted, together with the management, with the task of ensuring that the company, in carrying out its activities, also aims to have a positive impact on people, society and the environment and pursues the beneficial purposes stated in their Bylaws.

In measuring their impacts, Benefit Corporations use B Impact Assessment (BIA), a platform developed by the non-profit B Lab. This protocol, available for free online all over the world, allows to measure whether a company creates more value than it destroys, that is whether it is regenerative. Should a company, upon measuring all its economic, environmental and social impacts through the BIA protocol, exceed an 80-point threshold of excellence verified by the B Lab Standards Trust on a scale from 0 to 200, then it is eligible as a Certified B Corp. Certified B Corps are worldwide companies committed to spreading more advanced business paradigms and promoting, since 2006, the legal form of Benefit Corporation.

These 5,000 + B Corps and 200,000 companies using such tools in 80 countries and 150 industries represent a concrete, positive and scalable solution that creates value for both shareholders and stakeholders. One of the core principles of B Corps is interdependence, or the co-responsibility between B Corps and the accountability towards all stakeholders and the future generations too. Currently in Italy there are more than 150 certified B Corps and over 2500 Benefit Corporations: they represent the community with one of the highest growth rates in the world.

<https://bcorporation.eu/>

<http://www.societabenefit.net/>

