

CHAPTER 2

“Quality, food safety,
a short and clean label.
But also innovation,
creativity and inspiration.
These are the Pedon rules
for *good, well-made* food.”



Gloria Buzzola
Quality Assurance Manager

OUR PRODUCTS

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Sustainable Innovation
and Well-Being

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HIGHLIGHTS

218
NEW R&D
PROJECTS

over the reporting period

**SMAU
INNOVATION
AWARD 2023**

27
EXTERNAL
AUDITS

for certifications and standards
agreed with customers-average
over the last 3 years

5.350
STUDENTS
INVOLVED

in the educational project
"On the Road with Pedon"



MATERIAL TOPICS

Sustainable Innovation

Quality and Food Safety

Responsible Communication

SUSTAINABLE
DEVELOPMENT GOALS

3 GOOD HEALTH
AND WELL-BEING



4 QUALITY
EDUCATION



9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



2.1 Sustainable Innovation and Well-Being

For Pedon, food is more than just about eating. It becomes an essential vehicle for culture and sustainability, an opportunity to promote a healthy diet and lifestyle.

Given the recognised nutritional value of our raw materials, **innovation** at Pedon is focused on making **legumes and grains more accessible and tasty**, adapting them to modern needs without compromising on quality and natural goodness.

Our approach draws inspiration from the **flexitarian diet**, driven by ethical and health concerns, which shifts the dietary balance towards plant-sourced proteins, and from the **plant-based diet**. These goals and assumptions provide the framework for our **Research & Development Division** in designing **innovation processes**, shaped by constant **market research** and monitoring. Using tools for trend analysis and the direct observation of markets and segments of inspiration, the division translates the cues it finds into **new product ideas** following guidelines for nutrition, taste and easy use.

The projects developed over the reporting period focused primarily on expanding the new market segment of **ready meals**. These efforts generated an average of **86 new items** per year, mainly under our Private Label and for the development of international markets. New branded products were targeted at growth in new segments, in particular ready soups.

	FY 2021/2022		FY 2022/2023		FY 2023/2024	
NUMBER OF R&D PROJECTS DEVELOPED	74		87		97	
Italy	14	74	28	87	39	97
World	60		59		58	
NPD	65	74	79	87	74	97
Products improvement/ extensions	9		8		23	

Our Research & Development Department work also involves the **study of new ingredients** and new varieties to improve the taste and nutritional values of products or as an essential part of the development of new segments, in particular ready meals whose recipes are based on vegetables and spices. In the three-year reporting period, **a total of 74 new raw materials** were adopted after in-depth study.

PEDON'S INNOVATIVE BREAKTHROUGHS HAVE WON NUMEROUS AWARDS, REFLECTING HOW STAKEHOLDERS APPRECIATE THE CREATIVE EFFORTS OF THE COMPANY TO TRANSFORM THE MARKET AND GENERATE VALUE FOR CONSUMERS AND THE WHOLE COMMUNITY.

2022 AWARDS

- **Best Product Innovation 2021**
Legume- and Nut-based Snacks, for "I Legumi Fatti a Snack", Grocery e Consumi Awards
- **Best Product Innovation 2021**
Legumes and Grains, for "Mix Pronti con Verdure", Grocery e Consumi Awards
- **Mark-up e GDO Week award**
for "I Legumi Fatti a Snack"

2023 AWARDS

- **Best Product Innovation**
for "Le Zuppe I Pronti Pedon", Grocery e Consumi Awards
- **Smau Innovation Award 2023**
Italian Excellence Innovation Model for Businesses and Public Administrations



2.2 Quality and Food Safety

Innovation goes hand in hand with a central focus on quality and food safety management – an overriding commitment and objective for the company in its business. Quality and food safety are concepts that are interconnected. They also tie in closely with health, combining to form the broader concept of “**food integrity**”, meaning that products are healthy, nutritious, safe, tasty, authentic, traceable and environmentally-friendly.

Certifications

One of the ways in which Pedon pursues continuous improvement is through product and system certifications, obtained on both mandatory and voluntary bases. These certifications are an assurance for consumers and retailers that our products comply with food safety and quality standards. **Specifically, Pedon has obtained BRCGS Food Safety and IFS Food Safety process certifications, two international schemes that are global standards for food safety, quality and legality.** For both certifications, audits are carried out unannounced.



BRC STANDARD

The Brand Reputation through Compliance Global Standard (BRCGS) for Food Safety assures the quality and safety of food products through the application of quality/product management systems, HACCP hygiene control and good manufacturing practices. Pedon has been graded AA+, the highest grade envisaged.

AA+ GRADING



IFS STANDARD

The International Featured Standards (IFS) Food Standard assesses products and production processes to assure that food producers guarantee safety, authenticity and quality, in accordance with legal requirements and customer specifications. Pedon was awarded a “higher level” score.

HIGHER LEVEL SCORE

Product certifications follow similar assumptions and purposes.



Certification of organic production and labelling of organic products pursuant to EU Regulation 2018/848, as amended.



Various standards adopted by Pedon for the certification of gluten-free products in Italy and North America.



Products certified as kosher for Jewish consumers by the U.S. Orthodox Union.



Compliance with Naturland standards for organic production and processing, with social responsibility requirements at all levels.



V-Label Vegan is one of the most popular ethical standards for the certification of vegetarian and vegan products.



Products compliant with the North American Non-GMO Project Standard to verify avoidance of genetically-modified organisms throughout the supply chain.



Products compliant with the Rainforest Alliance’s Sustainable Agriculture Standard.



PGI (Protected Geographical Indication) designation for Castelluccio di Norcia Lentils.

The upgrading of the quality system and the numerous audits carried out provide ongoing insights for **constant and continuous improvement.**

In the three-year reporting period, **44 audits were carried out by certification bodies** to renew the certifications which Pedon has chosen to adopt. An additional **39 audits were carried out to verify compliance with standards agreed with customers.** On top of all this is our comprehensive **internal audit system.** Internal audits are carried out regularly to check compliance with the System and requirements, with findings reported to company departments in order to improve the company production process and raise awareness and attention on compliance issues.

	FY 2021/2022	FY 2022/2023	FY 2023/2024
NUMBER OF CERTIFICATION AUDITS	14	14	16
NUMBER OF CUSTOMER AUDITS	14	15	10
NUMBER OF INTERNAL AUDITS	30	48	47

2.2

Quality and Food Safety



Quality Controls

Pedon carries out a quality control procedure on incoming raw materials and products in accordance with established standards and methods.

Quality controls are divided into four types: chemical, microbiological, organoleptic and physical, and are carried out internally by the Quality Control Department and by specialized external partners. Internal sensory analyses are also carried out on a regular basis to check that products retain their organoleptic properties over time, especially for the ready meals.

Specifically in FY 2023/2024, **5,627 internal controls were carried out on incoming raw materials** to check their physical properties, such as humidity levels, physical defects and the presence of any foreign bodies.

All batches of products are also subject to quality control before they are released on the market, with checks on organoleptic properties and other physical parameters.

External controls carried out by accredited partners consist of microbiological analyses, to identify any pathogenic microorganisms and their toxins or organisms such as yeasts and moulds, and chemical analyses to identify any contaminants and food residues, in particular as concerns allergens, given that some **"allergen-free"** products are packaged in our facilities.

In the last financial year, the following external controls were carried out:



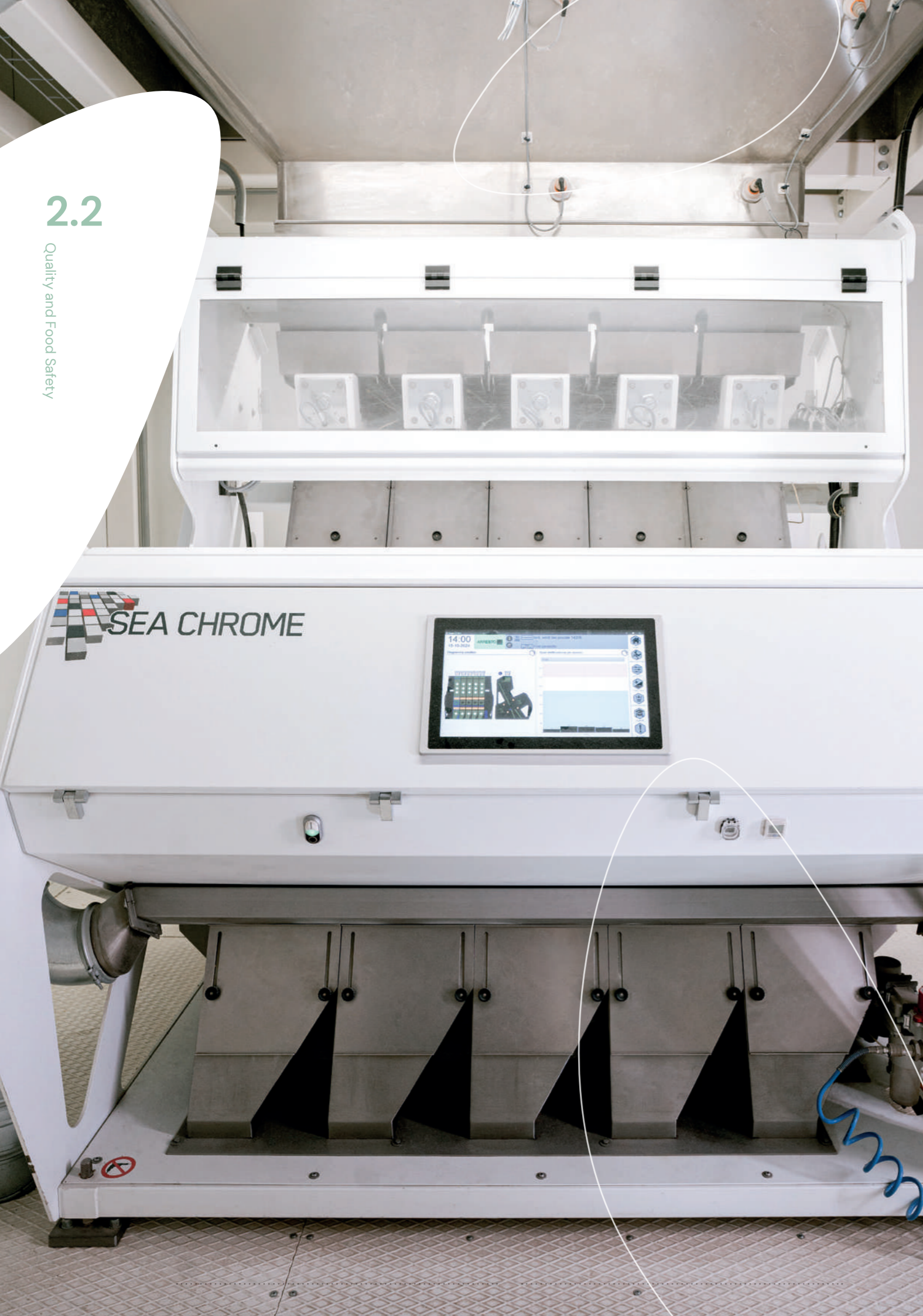
**3,000 ANALYSES
ON RAW MATERIALS**



**1,000 ANALYSES
ON PRODUCTS**

2.2

Quality and Food Safety



Technologies to Improve Quality Standards

With the aim of improving standards in terms of effectiveness and efficiency, Pedon invested €400,000 over the three-year reporting period in **technological solutions for upgrading quality**.

These investments targeted new washing systems, the digitisation of quality

processes and packaging control and new state-of-the-art laboratory instrumentation. One major improvement project involved the installation of an XRAY system for the selection and cleaning of raw materials. This advanced technology system ensures outstanding levels of elimination for metals, stones, glass and other foreign bodies.

Quality and Food Safety Awareness Plan

A fundamental driver of continuous improvement lies in the promotion of a strong quality mindset in the company. Accordingly, Pedon has set out a **Quality and Food Safety Awareness Plan**, a roadmap to help build the essential mindset and skills needed to ensure the proper functioning of the processes and their key outcomes, quality and safety. The plan is a tangible expression of the organisation's commitment to reaching standards of true excellence in food production and distribution, to guarantee the greatest quality and safety for consumers.

The plan identifies the roles involved, the frequency of assessments and the grading system used. It additionally involves interdepartmental meetings aimed at promoting cooperation and the exchange of knowledge between the different functional areas. This synergy is essential for addressing complex challenges and ensuring integrated quality and safety management.

A key aspect of the plan concerns the updating and training of our people on behavioural rules and allergen risk management.






2.3

Responsible Communication

Product Labelling

Pedon protects consumers by complying strictly with European labelling requirements and rules on the environmental labelling of packaging. The company strives to guarantee that each label on its products tells a story of **clarity**, **integrity** and all-round **transparency**, offering detailed information on the products, ensuring all marketing communications are accurate and comprehensive.

Labelling checks involve various Departments and the following activities are carried out:

-  **Verification and validation of nutritional and health claims** through product analysis activities
-  **Checks on the nutritional values** reported on labels
-  **Cross-checks with external legal advisers** on the information provided, to ensure there is no room for interpretation and ambiguity



In the reporting period, there were **no recorded instances of non-compliance with product information and labelling requirements**, in particular as concerns the process of issuing and processing labels, demonstrating Pedon's constant commitment to accuracy and transparency in labelling.

In the same period, there were **no recorded non-conformities in marketing communications**, including advertising, promotion and sponsorships.

Customer care

Our relationship with consumers is a **fundamental priority** for Pedon. The company has an extensive customer care system in place, including a toll-free contact number, a website and social media channels through which reports, clarifications and complaints can be made. Efforts to **reduce response times and raise the quality of customer care** were carried on over the reporting period. The analysis shows that in the last year the number of complaints as a percentage of the number of items sold **dropped**, confirming the effectiveness of our approach to the constant improvement of products and processes. At the same time, the number of requests for information similarly shows a falling trend, thanks to communication initiatives on the Pedon website concerning product availability and deliveries.

	FY 2021/2022	FY 2022/2023	FY 2023/2024
INFORMATION REQUESTS	1,163	701	576
RECALLS (% of total quantities sold)	0.009%	0.005%	0.004%

FOOD EDUCATION

In support of innovation and in order to integrate the information present on the packaging, Pedon has chosen to undertake educational paths for its stakeholders. These initiatives aim to raise awareness in consumers and employees of the importance of a sustainable and healthy diet, promoting greater knowledge of the benefits of plant foods and encouraging a healthy and responsible lifestyle.

2.3

Responsible Communication

Children are naturally curious, showing great imagination and enthusiasm in learning. That's why Pedon, which has made **curiosity one of its foundational values**, targets children in promoting a healthy, balanced diet.



On the Road with Pedon

“On the Road with Pedon” is a **company initiative for young children to explore and learn about nutrition**. The project has proved a **resounding success**, attracting great approval and enthusiasm. The food education workshop is designed for local primary schools and engages kids in fun learning activities that provide an opportunity for them to learn more about the world of grains, legumes and seeds and discover their incredible and surprising properties. A survey of school principals and teachers found that 91.7% rated the experience as excellent and the learning content as very good/excellent.

	FY 2021/2022	FY 2022/2023	FY 2023/2024*
TOTAL WORKSHOPS DELIVERED	50	80	100
TOTAL PUPILS INVOLVED	1,250	1,800	2,300

* Of the total workshops planned, 80% have been delivered, with the remaining number scheduled for the first term of the 2024/2025 school year.

World Legumes Day at the Children’s Museum

On 10 February, Pedon celebrated **World Legumes Day** with a special event to tell the story of legumes in an fun and engaging way for kids and their families at the Children’s Museum in Verona. This unique museum is designed to encourage children to explore the world through experiments, practical tests and tactile activities.

The “Good to Know” Blog

“Good to Know” is a section of the Pedon website **dedicated to food education and the promotion of a healthy lifestyle**. The blog is a channel for Pedon to share **information about the benefits and nutritional properties of legumes, grains and seeds**. It features articles explaining how these foods can contribute to daily wellbeing and practical tips and recipes to incorporate the ingredients easily into our daily diet.

In-House Nutritionist

As part of the commitment to promoting **a healthy, balanced diet also for the employees**, Pedon has engaged a professional nutritionist, who comes regularly to the organisation to talk about nutrition issues and healthy eating habits.

