

THE GOOD OF DOING GOOD

2023–2024 Sustainability Report



The Good of Doing Good.

Pedon's way of wanting to do good, respecting people, health and the environment.

And knowing how to do things good, with the joy of making everyone's life easier.

All the good of sustainability, for the good of the planet.



Letter to the stakeholders

Every Company has its unique and distinctive ingredient. Ours is based on the passion of two generations and on a continuous and constant striving for innovation and sustainability.

For 40 years, we have been working to promote the consumption of legumes and grains making it easy for everyone to follow a healthy diet that's good for both people and the planet. Cooking times have been reduced, packaging has become more practical, and our creativity has made these extraordinary raw materials tastier.

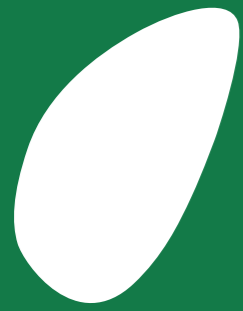
This evolution has always been inspired by our family's values. It is a journey where growth is not the end goal but a way to create value for the well-being of society and respect for the environment.

Our first sustainability report was born from a desire. We wanted to share what we believe in and provide a concrete account of the activities carried out over these years. We wanted to foster a culture of sustainability starting with our collaborators. We wanted to chart paths for improvement on the ESG issues relevant to us, with the aim of making a concrete contribution towards the Sustainable Development Goals of the UN 2030 Agenda.

We are guided by our principles of making good and healthy food for People, working for the good of the Planet and creating value for our Stakeholders. It is something we will continue to do by projecting ourselves into the future with a positive outlook and by acting in the present with transparency, integrity and accountability.

The Pedon Family





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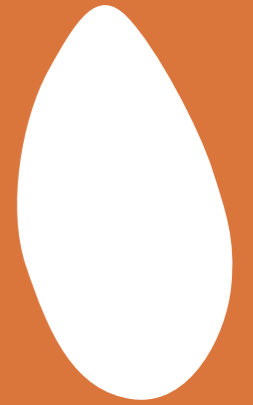


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CHAPTER 1

“The *good* of our way of doing business has always been to look forward to the future. For the *good* of the planet and the generations of tomorrow.”



Loris Pedon
Chief Executive Officer

OUR PATH

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1.1 The Pedon Company

About Us



We are an **Italian family business**, a global player in food solutions based on grains, legumes and seeds.

Vision

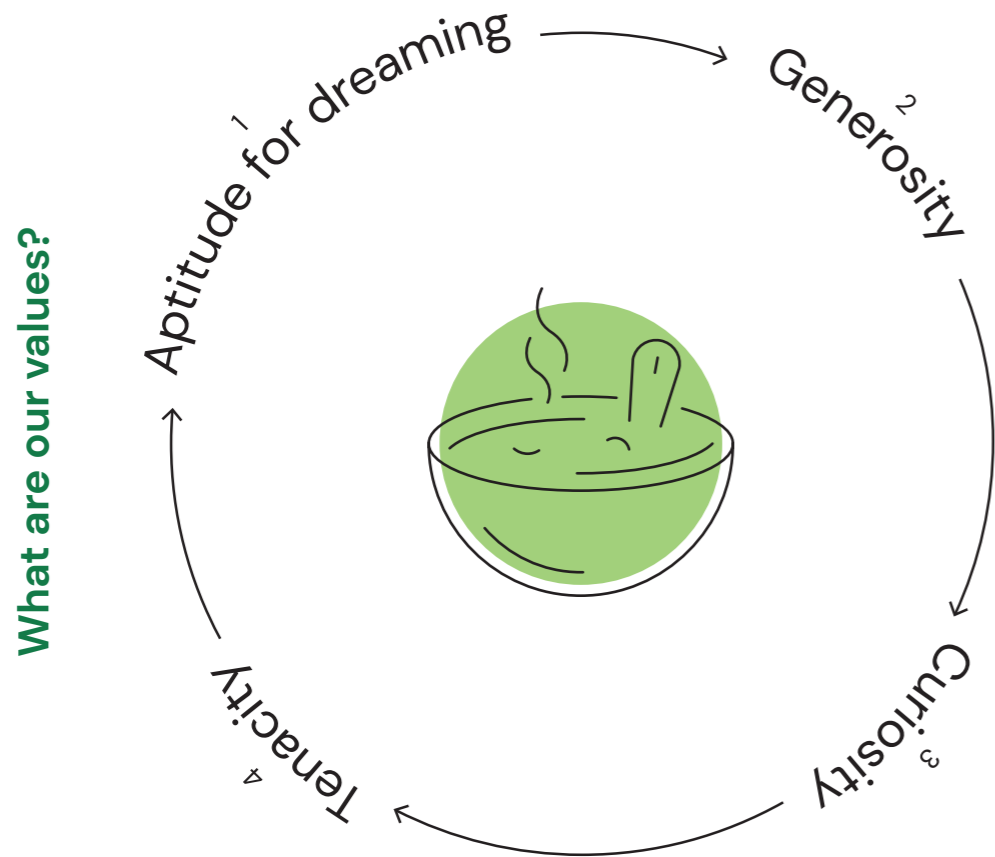


To contribute to **feeding 10 billion people** without the need for another planet.

Mission



Offering **innovative**, tasty, easy-to-use legume- and grain-based **solutions** that help people adopt a balanced diet and sustainable habits.



1. We are dreamers, spontaneous and brave. Setting goals above the apparent limits of the possible is the way we know for achieving ambitious outcomes.

2. We are convinced that our role goes far beyond the pursuit of profit alone. That's why **we aspire to healthy, sustainable growth** involving all of society.

3. We are drawn to anything new and believe that only by sharing ideas we create value for the future.

4. We are aware that nothing acquires value like what is done with persistence. That's why every day we put at stake our talents and **our desire to always move forward.**

The Pillars of the Pedon World

1. Knowledge



Our creations start with a deep understanding and careful selection of raw materials at the source.

2. Innovation



We study global consumption trends to create solutions that make legumes, grains and seeds easy to consume at any time of the day.

3. Sustainability



For us, "doing business" means caring about sustainability in all its environmental, social and economic dimensions.

Our Raw Materials

LEGUMES



FIBRE & PROTEIN



FAT, SODIUM & GLUTEN

Legumes are among the most sustainable and nutritious vegetables on the face of the Earth because they require little water and are nitrogen-fixing, enriching the soil with essential nutrients.



CRANBERRY BEANS



CANNELLINI BEANS



CHICKPEAS



LENTILS

GRAINS



FIBRE, VITAMINS & ANTIOXIDANTS

Fundamental staples of the Mediterranean diet, grains are a major source of dietary fibre and contain vitamins and minerals.



BARLEY



SPELT



CORN



RICE

SEEDS



MINERALS, FIBRE & VITAMINS

As the raw materials tasked by nature with the reproduction of species, seeds are a concentrate of well-being and nutrients. As well as being highly filling, they are rich in minerals and fibre



SUNFLOWER SEEDS



PUMPKIN SEEDS



FLAXSEEDS



CHIA SEEDS

1.1

The Pedon Company

Our Story

The story of Pedon is one of innovation within tradition, with the goal of simplifying the use of legumes, grains and seeds to encourage their consumption and enhance their flavour.

1984

Pedon is founded: the three brothers Sergio, Remo, and Franco Pedon deliver their first order of legumes.



DALLA BUONA TERRA



1985

Dalla Buona Terra, the company's first branded legumes, sold in bar-coded packs – an insightful move that unlocked the doors of major supermarket chains.

LATE 1990S



Direct field sourcing: relationships with farmers to create a global supply chain.

1999



Lenticchia Pedina: marked Pedon's first branded lentil – and the first to support a humanitarian project. Still today, Pedina backs ethical campaigns in Italy and around the world in support of children and families.

2000



Grains and legumes ready in a few minutes, a revolution for the market that opens the doors of Pedon to the world.

2010

I Pronti transformed grains and legumes into tasty ready meals, thanks to the innovative doypack.



2015



Pedon debuted in the United States with pulse pasta, opening a new sales office in Miami for the US market.

2020



Legume snacks: legumes are taking over new eating moments, becoming tasty snacks and handy toppings.

2024



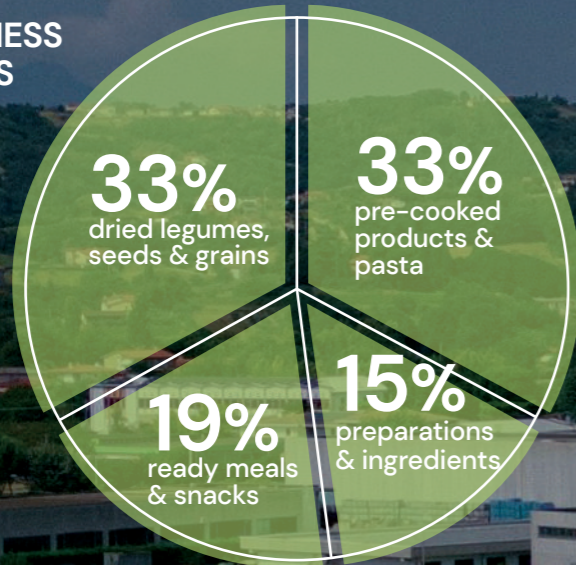
Soups combined legumes and grains into a complete, balanced meal in a delicious new range of ready-to-eat soups.

1.1

The Pedon Company

PEDON IN NUMBERS

BUSINESS AREAS



REVENUE €

95 million



267
employees



90 million
items produced
per year

30 million
kg produced
per year

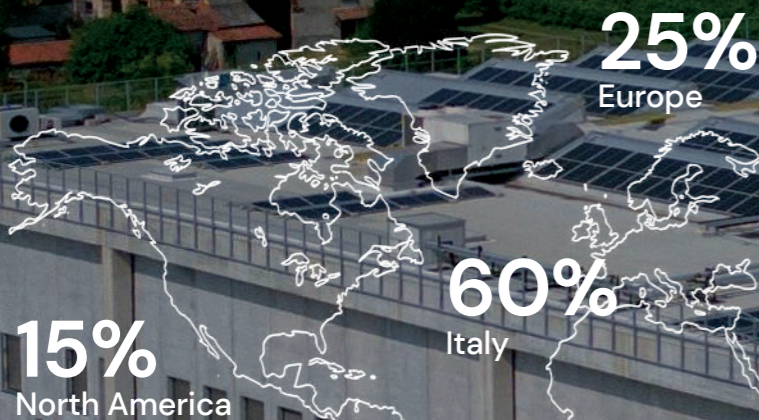
2,000
different products
handled per year



30,000
m² covered facilities

20,000
m² of external
warehouse premises

26
production lines

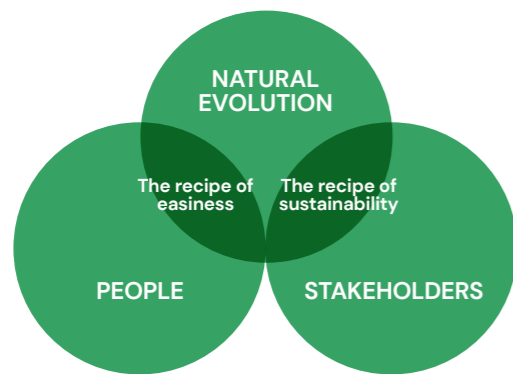


1.2

Pedon's Commitment to Sustainable Development

The Company's Attitude of Natural Evolution

Pedon is an **Italian family business** driven by a long-held belief in **healthy and sustainable growth** and in the role we can play in furthering the welfare of society – a role that goes far beyond the mere pursuit of profit. "Natural Evolution" is the guiding principle that has long inspired the company's natural inclination for the continuous improvement of its know-how and way doing things, **underpinned by due respect for people, health and the environment.** Pedon was founded in the 1980s as a trader and distributor of legumes, grains and seeds sourced from grower countries. The turn of the millennium brought major innovation to the company, with the launch of the first easy-to-cook lines of products, making legumes and grains faster and easier to prepare.



A New Challenge in a New Market with a New Positioning

Pedon today is a pioneer in the **ready meals** market. Its **natural plant-based meals** can be **enjoyed anywhere, anytime:** easy to use, genuine in recipe, delicious to eat. It is a proposition that speaks to millions of consumers who lead a busy life but still want a wholesome lifestyle and so seek out products that make life easy while guaranteeing genuine quality and flavoursome taste, balancing a fast-paced life with moments to savour. This "Natural Evolution" is expanding the company's core business from raw materials (legumes, grains and seeds) to the creation of tasty ready-meal.

Hence the new concept positioning us – **"The recipe of easiness". A concept that charts new ground for the brand in the eyes of consumers,** as the Pedon way becomes that of pioneering new products that can appeal in a major way to people looking to make their lives easier, even in the kitchen. While this "recipe" is the Pedon way of serving consumers, there is also a Pedon way of playing a significant role as a company.

It is what Pedon calls **"The recipe of sustainability"**.

NATURAL EVOLUTION

From the individual to society, to the entire planet.



THE RECIPE OF EASINESS

THE RECIPE OF SUSTAINABILITY



SOCIAL SUSTAINABILITY

Respecting people and their health, and making it easier for everyone to have access to healthy and balanced food.



ENVIRONMENTAL SUSTAINABILITY

Respect for the environment, through the protection of natural resources and efforts to scale back our environmental footprint.



ECONOMIC SUSTAINABILITY

Growth that improves quality of life for everyone while respecting the environment.



Creation of ready meals



Promotion of biodiversity



Tasty recipes



Minimal impact on water



Easy to prepare and store



Low emissions

1.3 Materiality

Material topics represent the organisation's most significant impacts on the economy, environment and people. Material topics encompass all the issues that shape the decisions, actions and performance of the company and its stakeholders.

Materiality is a strategic concept that guides companies in their sustainability reporting by placing the focus on matters that significantly impact their ability to create value over time, both for the company and for key stakeholders.

Pedon has instituted a process of **engagement and dialogue with internal and external stakeholders** on sustainability issues of relevance for its strategy. The process led to the company's first **impact materiality assessment**, conducted according to the Impact Materiality concept developed by the Global Reporting Initiative (GRI).

In identifying the material topics for its business, Pedon has aligned itself with the international guidelines of the Sustainability Accounting Standards Board (SASB FRAMEWORK) for the Food Retailers & Distributors sector.

Benchmark Analysis

To fully understand Pedon's world and the topics addressed in this report, it was essential to expand the perspective of observation to include a comparative analysis of the industry in the materiality study. The benchmark analysis provides deeper insight into Pedon's positioning on key sustainability topics and on specific aspects of its core business.

THE BENCHMARKING ANALYSIS LOOKED AT THE STATE-OF-THE-ART OF NON-FINANCIAL REPORTING IN THE SECTOR OF REFERENCE, HELPING TO PROVIDE A CLEARER PICTURE OF THE DIRECTION THE INDUSTRY IS MOVING IN WITH RESPECT TO ESG ACTIVITIES AND REPORTING. IT GIVES US AN:

Understanding of the industry's priorities in terms of **reporting**.

Understanding of the approach our main national and international **competitors** are taking to non-financial reporting.

Understanding of how Pedon **is positioned** with respect to its competitors.

Conducted in preparation for the materiality assessment, the benchmarking study highlighted relevant aspects in the food retail and distribution sector, with a focus on the markets for legumes, grains, pasta, ready meals and nuts.

In general, the industry was found to show a **high level of awareness of environmental, social and governance expectations** and of its own impacts. In addition, there was a strong propensity to adopt sustainable operational practices such as **ESG reporting**, innovation in **packaging**, **traceability** of the supply chain, and gradual improvements in **energy efficiency**, as well as system and product **certifications**.



1.3

Materiality

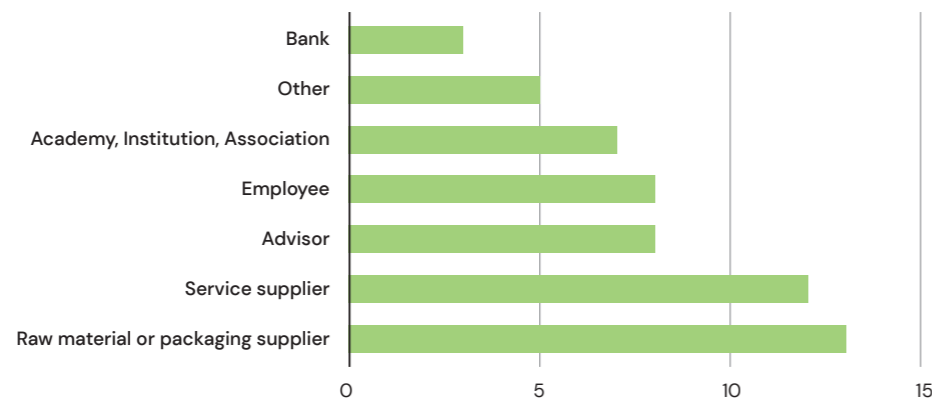
Stakeholders Engagement

Stakeholders engagement is a systematic process of reaching out and listening to stakeholders.

It is a process that Pedon has embraced to take into account the interests of those who hold a stake in our business in policy-making and strategic decision-making concerning our sustainable development.

The engagement process was started up with the distribution of an on-line questionnaire in anonymous form, to gain a better understanding of the expectations of our internal and external stakeholders in relation to business priorities and material topics – or impact areas – identified in advance.

Type of stakeholders engaged



The core activity of the questionnaire asked respondents to rank the material topics identified by internal stakeholders according to their perception of the significance and relevance of the topics for Pedon and to assess how comprehensive the list of material topics was.

The outcomes of the questionnaire paved the way for a second stage of engagement, involving direct **interviews with six**

representatives of sustainability-related topics, selected from six external entities which share with Pedon values, future prospects and relationships of trust.

This second stage engaged a range of stakeholders – banking institutions, retailers, logistics and packaging service providers and energy management agencies – in a dialogue on material topics and the actual or potential, positive and negative impacts generated by Pedon.

The **stakeholders engagement** process was fundamental in drawing together a diverse range of perspectives and suggestions for understanding the materiality of our impacts, to improve the comprehensive depth of reporting and the robustness of the strategic system.



1.3

Materiality

Material Topics

Outlined below are the material topics identified by Pedon within each of the **areas of sustainability**.



ENVIRONMENT

PROCUREMENT OF RAW MATERIALS

Adoption of **responsible** and **ethical** purchasing policies, involving the screening and ongoing monitoring of suppliers for their ESG performance. Establishment of long-term partnerships. Promotion of **the stability and integrity of the entire supply chain**.

ENERGY MANAGEMENT

Focus on company policies for the monitoring and management of energy consumption, development of **energy efficiency initiatives**, and the monitoring of infrastructure resilience in terms of facility management and energy consumption, also with a view to **reducing greenhouse gas emissions**.

PACKAGING LIFE CYCLE AND WASTE MANAGEMENT

Promotion of the principles of circularity in relation to product development, the use of environmentally-friendly packaging, **efficient use of materials** and their minimisation.

PRODUCT INNOVATION – HEALTH AND NUTRITION

Promotion of responsible and healthy lifestyles by providing consumption opportunities that make it easier for people to adopt good behaviours for their own health and the health of the environment.



SOCIAL

WORK PRACTICES

Human resource management and talent development programmes through **training** and **up-skilling** to help further personal advancement. Enabling a **work-life balance** through a company welfare system that matches the needs of employees.

WORKERS' HEALTH AND SAFETY

Commitment to promoting a "safety first" mindset by monitoring and preventing potential risks for both company workers and external contractors.

FOOD SAFETY

Focus on the **reliability of products and services** to prevent and manage any situations that may potentially jeopardise consumer safety, product/service **quality** and **conformity** or business continuity.

LABELLING AND MARKETING

Focus on the **clarity** and **transparency** of labelling, product information and marketing communications.



GOVERNANCE

DIGITAL TRANSFORMATION

Furthering digital innovation to improve the **efficiency of operations and services offered** by digitising and optimising **facility management and monitoring** the integration of **new energy efficiency and sustainable development opportunities**. Cyber security management.

PROTECTION OF LEGALITY AND ANTI-CORRUPTION

Ethical conduct of business, showing loyalty and fairness, and in **full compliance with laws and regulations**. Creation of adequate internal control systems and the spread a corporate culture based on **integrity, professional ethics** and honesty to build relationships of trust with stakeholders. Delivery of **anti-corruption** training to employees, promoting the values of transparency and accountability. Protection of **human rights**.

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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Quality and
Food Safety

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Responsible
Communication

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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:



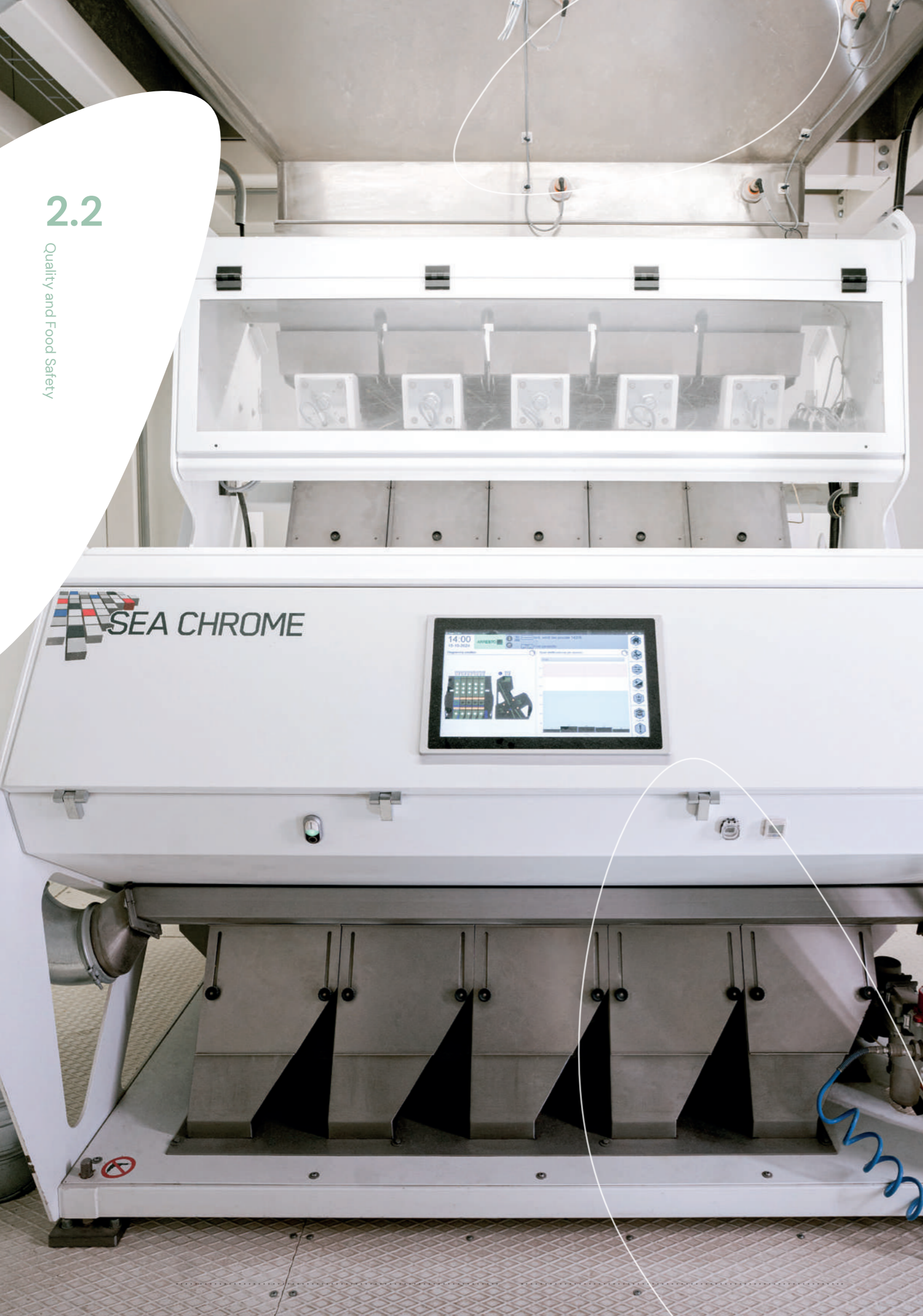
**3,000 ANALYSES
ON RAW MATERIALS**



**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.



CHAPTER 3

“Responsible procurement means sourcing raw materials from the places they grow best, to guarantee the *goodness* of our products and the *good* of the community. Pedon carefully selects only the best, throughout the world.”



Giada Nichele
Category Specialist

RAW MATERIALS

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**Strategic
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3.3
**Supply Chain
Management**

pag. 52

40%

of our grains, legumes and oilseeds are
ITALIAN GROWN

SOCIAL AND ENVIRONMENTAL CRITERIA

for screening suppliers

A GLOBAL SUPPLY CHAIN

SMETA CERTIFICATION



MATERIAL TOPICS

Procurement of Raw Materials

SUSTAINABLE DEVELOPMENT GOALS



3.1

Strategic Raw Materials

Food ingredients are our raw materials and essential factors of production. As a food company, they are the fundamental basis of Pedon’s business, **the primary ingredient for the creation of our distinctive products.**

Legumes, grains and oilseeds are fruits of the earth but also the roots from which Pedon’s history has grown. They are strategic raw materials for us and the focus of the company’s in-depth know-how and recognised expertise.

All of Pedon’s key products are based on these fundamental materials. Over time, we have added other ingredients to our recipes, such as spices and vegetables, to enhance the flavour of our products and open the doors of new markets and business opportunities.

Strategic raw materials* FY 2023/2024

Pedon sources its legumes, grains and oilseeds from a total of 59 suppliers, of which 37% (21) are in Italy. This equates to a total expenditure of €23,036,676, of which €7,678,292 goes to Italian suppliers.

59
TOTAL
SUPPLIERS

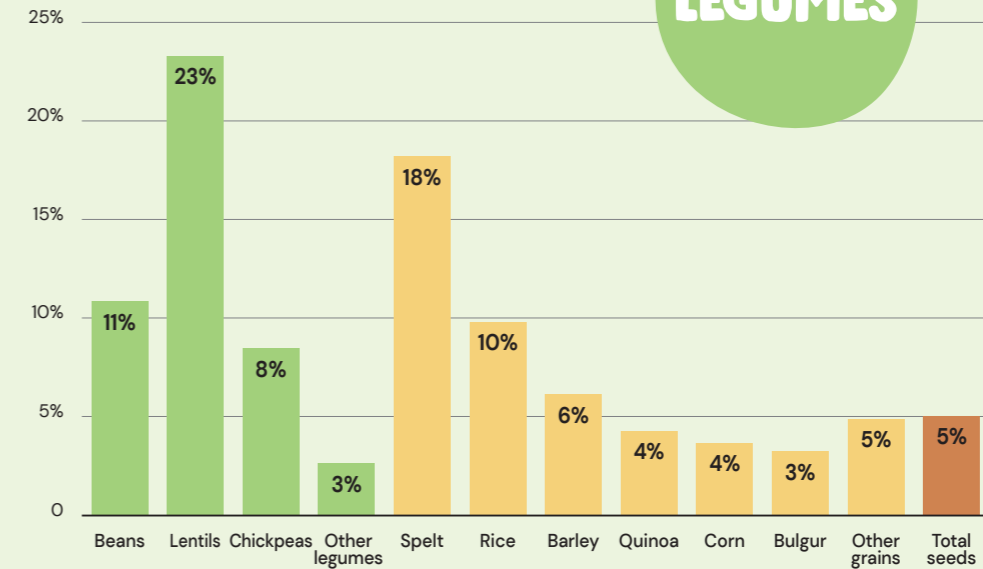
37%
ITALIAN
SUPPLIERS

* Figures exclude raw materials used in products supplied by co-packers.

GRAINS

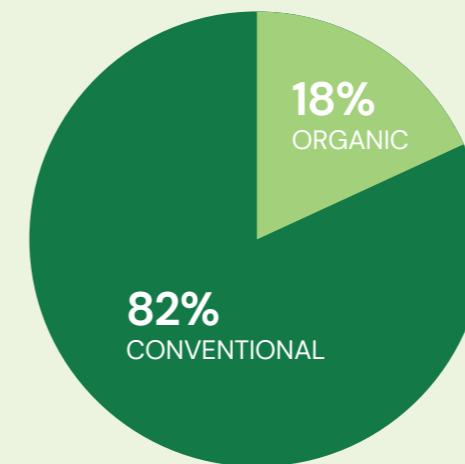
OILSEEDS

LEGUMES



**Breakdown of raw materials by type (%)
FY 2023/2024**

The breakdown of raw materials purchased in FY 2023/2024 shows an even balance between legumes and grains, with oilseeds making up 5% of the total. Spelt and lentils accounted for the biggest share of raw materials, making up 40% of total purchases.



Breakdown of raw materials by organic and conventional farming (%)

To show Pedon’s commitment to supporting unconventional farming methods, 18% of the strategic raw materials purchases are from organic farming.

3.2 Our Global Supply Network

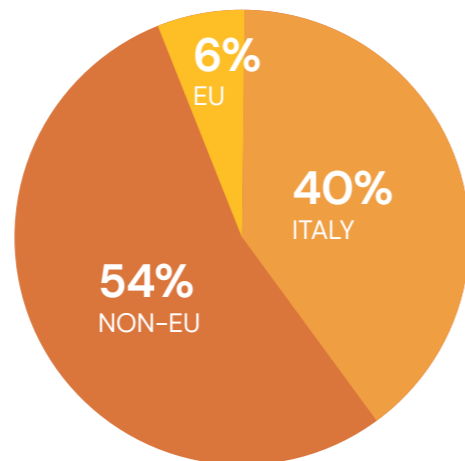
Biodiversity and suitability are the principles underlying Pedon’s agricultural supply network, which extends **globally** to embrace varieties and crops from all continents.

Biodiversity is defined by the UN Convention on Biological Diversity as “the variability among living organisms from all ecosystems and the ecological complexes of which they are part.” It means respecting and protecting ecosystems and their natural cycles, choosing sustainable crops for the lands and communities of origin and supporting sustainable farming practices.

Geographical suitability is the second key element shaping the reach of Pedon’s supply chain. This means choosing crops farmed in areas suitable for their growth, where the soil and climatic conditions naturally produce yields and qualitative characteristics without the need for excessive technical interventions.

Breakdown of raw materials by geographical area FY 2023/2024

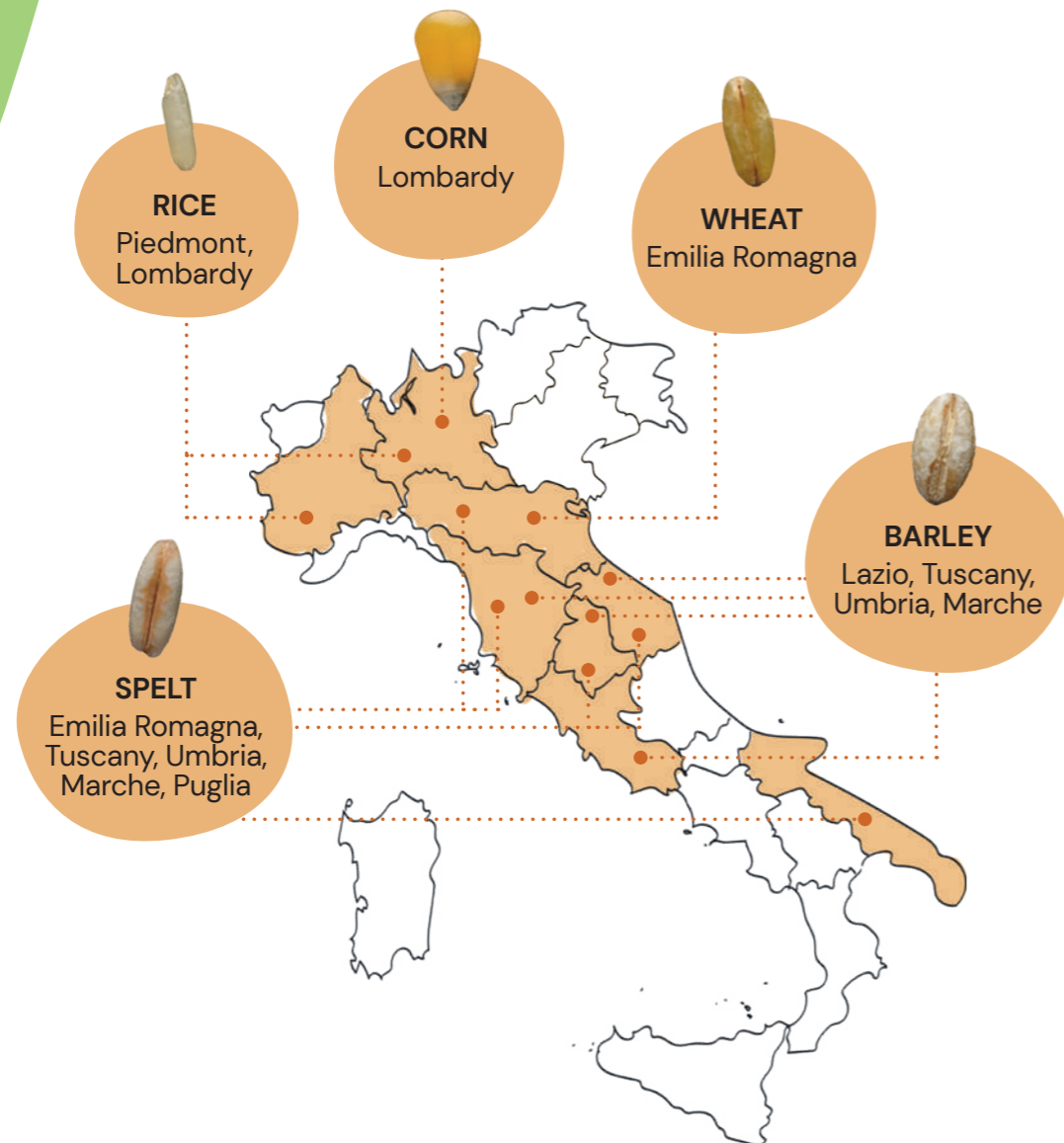
Reflecting our global approach to procurement, 40% of the legumes, grains and oilseeds we purchase are of Italian origin, while the remaining 60% are mainly of non-European Union origin.



3.2

Our Global Supply Network

Italian Grains



Italy's geography makes it particularly suited to grain farming.

Spelt especially has a strong link to our territory, especially in Central Italy. Barley also comes from that same area, while for rice, ideal climatic conditions are found in Piedmont.

Italian Legumes



Typical lentil varieties are linked to Umbria and Puglia, with chickpeas also farmed widely in Puglia.

Beans are typically sourced from Piedmont, especially cranberry beans.

3.3

SUPPLY CHAIN MANAGEMENT



TRACEABILITY



TRANSPARENCY



SUSTAINABILITY



3.3

Supply Chain Management

Supply Chain Management

Pedon makes use of a great number of types and varieties of legumes, grains and oilseeds – as many as **89 different raw materials** in the last reporting year. That calls for a great and complex effort by Pedon in managing its supply chain, without relying systematically on traders.

This hands-on approach has been built up by Pedon progressively over time, starting with the raw materials used most intensively and those with a high risk profile. It aims to ensure our **guarantee of quality**, as well as economic, environmental and social sustainability.

Pedon’s supply chain management is based on three key principles:



- **Traceability** of raw ingredients throughout the entire production process;



- Supplier relationships built on **transparency, dialogue** and **fairness**;



- Economic, social and environmental **sustainability**.

Supplier relationships are forged as long-term partnerships. As such, they are built over a number of key stages, involving screening and accreditation, monitoring and control and the mutual exchange of know-how.

Suppliers are screened according to geographical, environmental and social criteria, in a process managed through the “accreditation and validation” document.

	<p>GEOGRAPHICAL</p> <p>Areas that do not offer sufficient guarantees in terms of continuity of supply and compliance with health, safety and ethical-social standards are excluded.</p>
	<p>ENVIRONMENTAL</p> <p>Suppliers are assessed for certifications and the presence of dedicated figures specialised in environmental risk management.</p>
	<p>SOCIAL</p> <p>Assessment criteria include the possession of ethical certifications, compliance with standards such as SA8000, registration with Sedex or BSCI and compliance with the principles of the Universal Declaration of Human Rights and the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work.</p>

3.3

Supply Chain Management

Pedon promotes the validation and ongoing **monitoring of suppliers** not only in connection with economic aspects, production standards and service levels, but also according to criteria of quality excellence, respect for human rights and environmental protection, encouraging objectives and improvement programmes throughout the supply chain.

The set standard is required to be maintained through progressive controls on the supply chain. **On-site audits** are carried out annually on a sample of suppliers by the Purchasing and Supply Chain Department in concert with the Quality Assurance Department to verify:

- **FARM MANAGEMENT:** checks on agricultural practices, soil and crop management, the use of fertilizers and compliance with health and safety standards;
- **SOCIAL SUSTAINABILITY:** checks on respect for human rights and working conditions;
- **ENVIRONMENTAL SUSTAINABILITY:** checks on pesticide use, energy consumption, water consumption and the proper disposal of liquid and solid waste.

On-site audits are also an opportunity to promote the transfer of know-how, to improve the efficiency and effectiveness of farming practices. Relationships with suppliers are based

on reciprocity, involving the sharing of skills and knowledge, where the ultimate goal is the economic, social and environmental sustainability of supply.



Ethical and Responsible Procurement. SMETA Ethical Audit

Pedon’s approach and commitment is demonstrated by the **positive assessment** it received in the Sedex Members Ethical Trade Audit – **SMETA** – carried out during the reporting period on the company’s **social, ethical, health and safety and environmental standards**.

The audit is a requirement for accreditation as a member of the Supplier Ethical Data Exchange –Sedex, a non-profit organization that promotes global ethical trade and improvement in the socio-economic and environmental performance of companies in business practices and supply chains.

Sedex is the largest platform in Europe that collects and processes data on ethical supply chain standards. The audit does not issue any type of certification, but is carried out by a third party assurer to verify compliance with requirements throughout global supply chains.

THE BENEFITS FOR PEDON INCLUDE:



Sedex Member

CHAPTER 4

“For us, the *good* of our people means bringing out their best, encouraging professional growth and enabling a work-life balance. So the *good* in each person can be of benefit for our company’s common project.”



Chiara Poli
Human Resources Specialist

4.1
Human Capital

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4.2
**Skills Development
and Training**

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4.3
**Company
Welfare**

pag. 70

4.4
**Workers’ Health
and Safety**

pag. 76

OUR PEOPLE



223
TOTAL
EMPLOYEES

40,3
YEARS

Average age

3,7
ENGAGEMENT
RATE

2023 Corporate Climate Survey
on a scale of 1 to 5

2.658
HOURS OF
TRAINING

FY 2023/2024

MATERIAL TOPICS

- Work Practices
- Workers' Health and Safety

SUSTAINABLE DEVELOPMENT GOALS



4.1

Our people are fundamental travelling companions on Pedon's business path. **The skills, knowledge, experience and personal qualities possessed by each of our employees are all valuable assets** that express the uniqueness of the company.

Human capital policy management is the responsibility of the Human Resources Department, in accordance with the guidelines set out by Company Management and the Board of Directors. All Pedon employees in Italy are employed under the national collective bargaining agreement (CCNL) for the food industry, while the employment of management staff is governed by the national collective bargaining agreement for industry managers. **There are no employees not covered by a national collective bargaining agreement.**

Human capital IS not static, but a dynamic asset that **Pedon is committed to growing** by investing in training and health and safety, creating professional opportunities and enabling a work-life balance, in the awareness of the decisive role our people play in the company's performance.

Human Capital

Number and percentage of employees by professional category and gender*

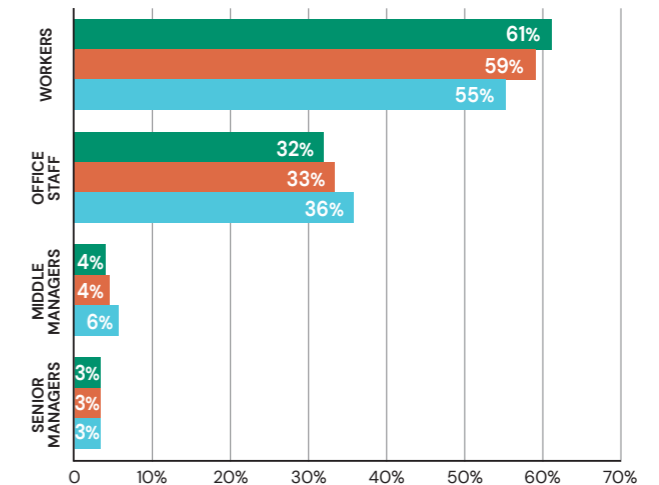
	FY 2021/2022						FY 2022/2023						FY 2023/2024					
	Women	Men	Total	Women	Men	Total	Women	Men	Total	Women	Men	Total	Women	Men	Total			
SENIOR MANAGERS	1	2%	6	4%	7	3%	1	2%	6	4%	7	3%	1	2%	6	4%	7	3%
MIDDLE MANAGERS	3	5%	9	6%	12	6%	1	2%	8	5%	9	4%	1	2%	8	5%	9	4%
OFFICE STAFF	34	58%	40	27%	74	36%	33	56%	35	24%	68	33%	33	59%	38	23%	71	32%
WORKERS	21	36%	93	63%	114	55%	21	36%	99	67%	120	59%	21	38%	115	69%	136	61%
Total	59	100%	148	100%	207	100%	56	95%	148	100%	204	100%	56	100%	167	100%	223	100%

The table shows the company's head count grew significantly in FY 2023/2024 by 9.3%.

Employees by professional category*

Reflecting the technological and production growth pursued by the company, workers account for 61% of the total head count. At the same time, office staff have been rationalised, though their number grew by three people in FY 2023/2024.

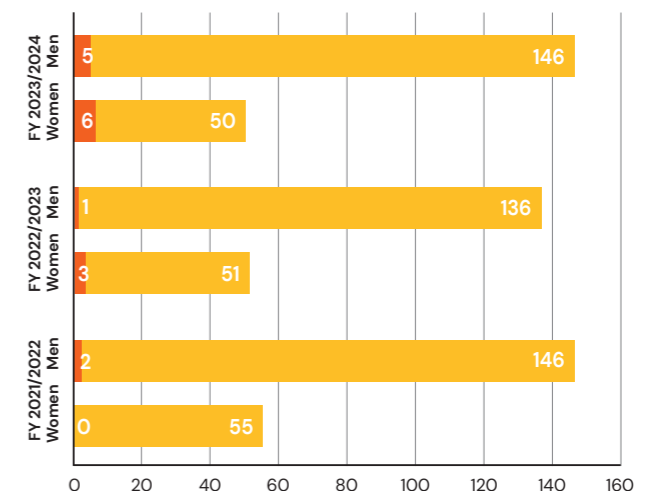
- FY 2023/2024
- FY 2022/2023
- FY 2021/2022



Number of employees by gender and employment basis

The overwhelming proportion of permanent employees reflects the company's commitment to providing job security and continuity. After dipping between 2022 and 2023, the number of permanent employees has bounced back to FY 2021/2022 levels, driven by employee turnover and new hires.

- Permanent contracts
- Temporary contracts



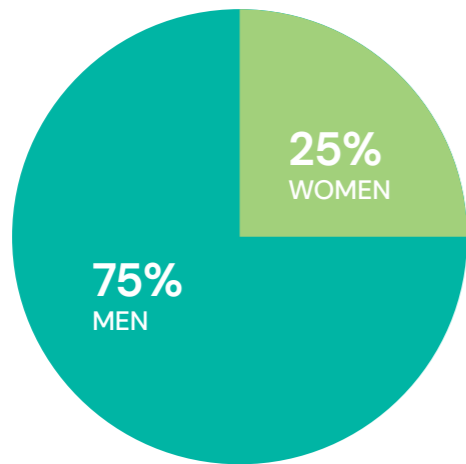
* Including permanent, temporary and staffing contracts.

4.1

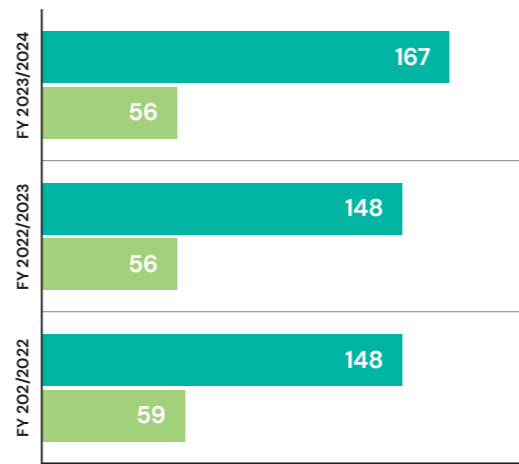
Human Capital

In terms of gender balance, women make up more than half of office staff, whereas due to the specific nature of our production operations, the majority of workers are male. In FY 2023/2024, women accounted for more than a quarter of the company’s head count.

Employees by gender FY 2023/2024



Employees by gender over the three-year reporting period*



Average age of employees by professional category and gender*

The average age of our employees has remained essentially constant over the three-year reporting period at around 40 years. The youngest age range was dominated by women (36 years of age).

	FY 2021/2022			FY 2022/2023			FY 2023/2024		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
SENIOR MANAGERS	45	49	46	47	50	47	47	51	48
MIDDLE MANAGERS	39	36	38	39	36	37	38	36	37
OFFICE STAFF	45	43	45	47	39	46	47	39	46
WORKERS	38	45	39	39	47	40	39	46	40
Totale	39	40	39	40	40	40	40	41	40

* Including permanent, temporary and staffing contracts.

In the financial year just ended, Pedon took on 33 new hires, a sharp rise on the previous year, with new employees mostly aged between of 30 and 50 (67%). Voluntary resignations accounted for most of the 17 terminations recorded. Information on new employee hires and employee turnover over the three-year reporting period is shown in the tables below.

New employees hires by gender and age group.

	FY 2021/2022				FY 2022/2023				FY 2023/2024			
	< 30	30-50	> 50	Total	< 30	30-50	> 50	Total	< 30	30-50	> 50	Total
WOMEN	4	2	0	6	4	1	0	5	1	9	0	10
MEN	12	13	2	27	4	7	2	13	10	13	0	23
Total	16	15	2	33	8	8	2	18	11	22	0	33

Employee turnover by gender and age group.

	FY 2021/2022				FY 2022/2023				FY 2023/2024			
	< 30	30-50	> 50	Total	< 30	30-50	> 50	Total	< 30	30-50	> 50	Total
WOMEN	5	8	0	13	1	3	1	5	3	5	0	8
MEN	7	13	4	24	3	17	0	20	2	6	1	9
Total	12	21	4	37	4	20	1	25	5	11	1	17

Turnover rates¹

Turnover rates are a useful indicator of the stability of an organisation’s work force and the effectiveness of people management policies. Overall, Pedon has been creating an increasingly attractive workplace, based on effective management policies and practices, as evidenced by falling turnover rates over the three-year reporting period.

	FY 2021/2022	FY 2022/2023	FY 2023/2024
	POSITIVE	33 15.6%	18 8.7%
NEGATIVE	37 17.5%	25 12.1%	17 8.3%
TOTAL	70 34.2%	43 21.8%	50 25.1%
COMPENSATION	89%	72%	194%

¹ Positive (new hire rate): new hires over the period / head count at the start of the period * 100; Negative (turnover rate): terminations over the period / head count at the start of the period * 100. Total: (new hires + terminations over the period) / average headcount for the period * 100; Compensation: new hires / terminations over the period * 100.

4.2 Skills Development and Training



Role Development Projects

The volatility of markets, the speed with which the company’s business environment is changing, the constant competitive pressure, are all factors stimulating an adaptive spirit in the organisation, in which everyone is called to express and develop their skills and aptitudes. It is the organization’s responsibility to recognize and enhance the professional strenghts of each and every person, in a dynamic ecosystem focused on the satisfaction of the person and the prosperity of the company.

In FY 2022/2023, Pedon embarked on a new path aimed at taking the organisational structure to the next level through **role development projects**. The aim is to forge a more dynamic organisation in which everyone is aware of their role and the contribution they can give to the development of the company. In three years, the project has engaged almost the entire office staff, with 82 people involved in the process.

FY 2021/2022			FY 2022/2023			FY 2023/2024		
Women	Men	Total	Women	Men	Total	Women	Men	Total
1	9	10	24	27	51	7	14	21

HR Cube is the tool used to facilitate the comprehensive and strategic management of human resources. It has enabled Pedon to align the skills of employees with the purposes of the organisation, promoting professional development and targeting the following objectives:

	PERFORMANCE IMPROVEMENT	To raise productivity and operational efficiency.
	ADAPTABILITY TO CHANGE	To help the organisation respond quickly to changes in the market and the external environment.
	INNOVATION	To promote creativity and innovation within the organisation.
	EMPLOYEE ENGAGEMENT AND SATISFACTION	To create a positive workplace that fosters greater employee engagement and motivation.

The approach adopted unfolds over a series of stages

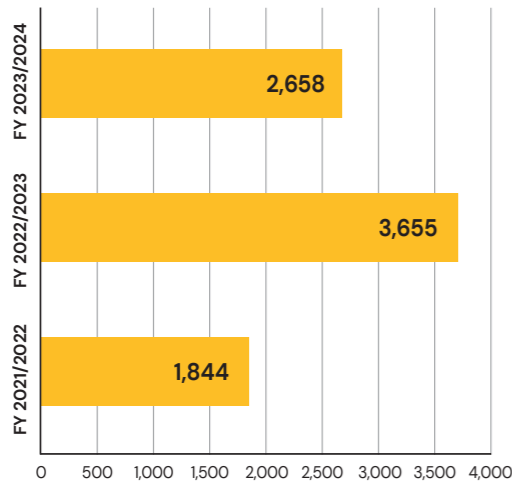
- Process mapping:** identification of key processes, focusing on the necessary skills for each.
- Role creation:** outlining of roles and the relevant processes, aptitudes and skills involved.
- Expected assessment:** sharing company expectations regarding processes, aptitudes and skills.
- Personal Development Analysis (PDA) questionnaire:** self-assessment through an aptitude test followed up by personal feedback on the outcomes.
- Job Analysis meeting:** discussion and setting of goals.

4.2 Training

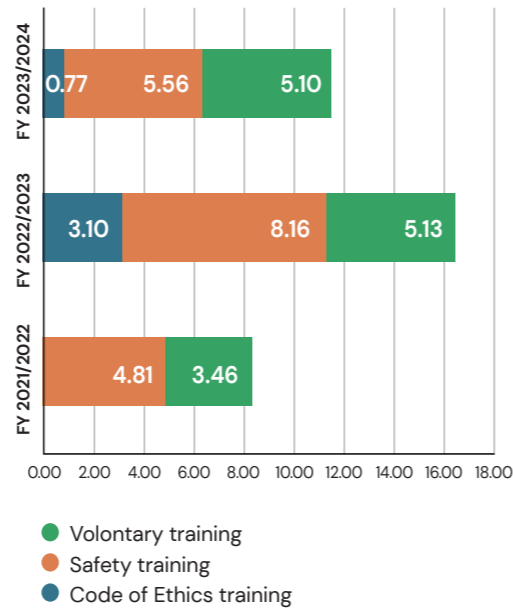
Skills Development and Training

Training is the primary activity fuelling the organisational model and its effectiveness over time. It not only improves the skills and knowledge of employees, but also contributes to the overall growth of the organisation, making it more adaptable and competitive. Accordingly, Pedon is committed to investing in human capital, recognising training as one of the keys to its long-term success.

Total training hours delivered



Average hours of training per employee by type

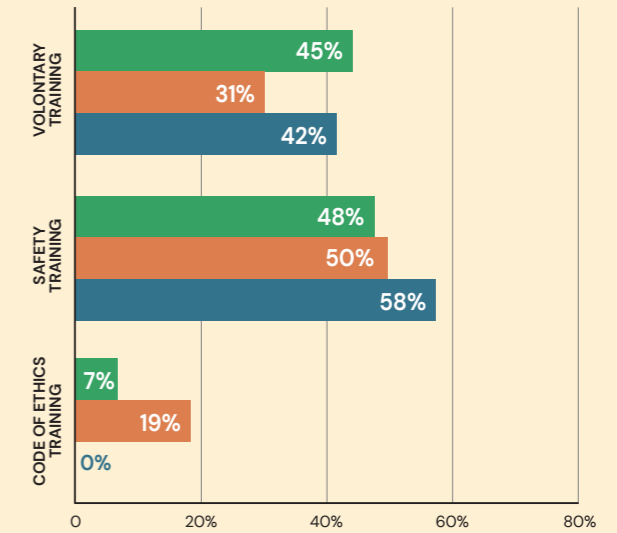


Over the reporting period, the total number of training hours delivered jumped from 1,844 hours to 3,655 hours in FY 2022/2023, to then settle at 2,658 hours in FY 2023/2024. The fluctuation was driven mainly by the expansion of safety training in FY 2022/2023, in part to make up for the suspension of training activity during the lock-downs imposed for the Covid pandemic.

Training hours delivered by type of training

In FY 2022/2023, the company introduced a new Code of Ethics, for which a one-time training course was delivered to all our people. Average hours delivered through voluntary training programmes have posted growth in terms of both total hours and as a percentage of the total, reflecting the efforts being made by the company to grow the skills.

- FY 2023/2024
- FY 2022/2023
- FY 2021/2022



Voluntary training programmes are either courses or specialist courses targeted at specific roles. Two examples were:



GENERAL COURSE ON CYBER SECURITY

Designed to inform and raise awareness in employees of practices, technologies and measures to ensure the confidentiality, integrity and availability of information.



ENGLISH AND SPANISH LANGUAGE COURSES

Involving the innovative use of an **e-learning platform** to deliver training in a streamlined, flexible and personalised way.

In addition to all this, **internal mentoring** and **job rotation** programmes are in place in our production departments to help employees acquire a wider range of experiences and skills.

4.3

COMPANY WELFARE

Listening to people and giving them voice is essential for an organisation to create an inclusive and positive workplace.

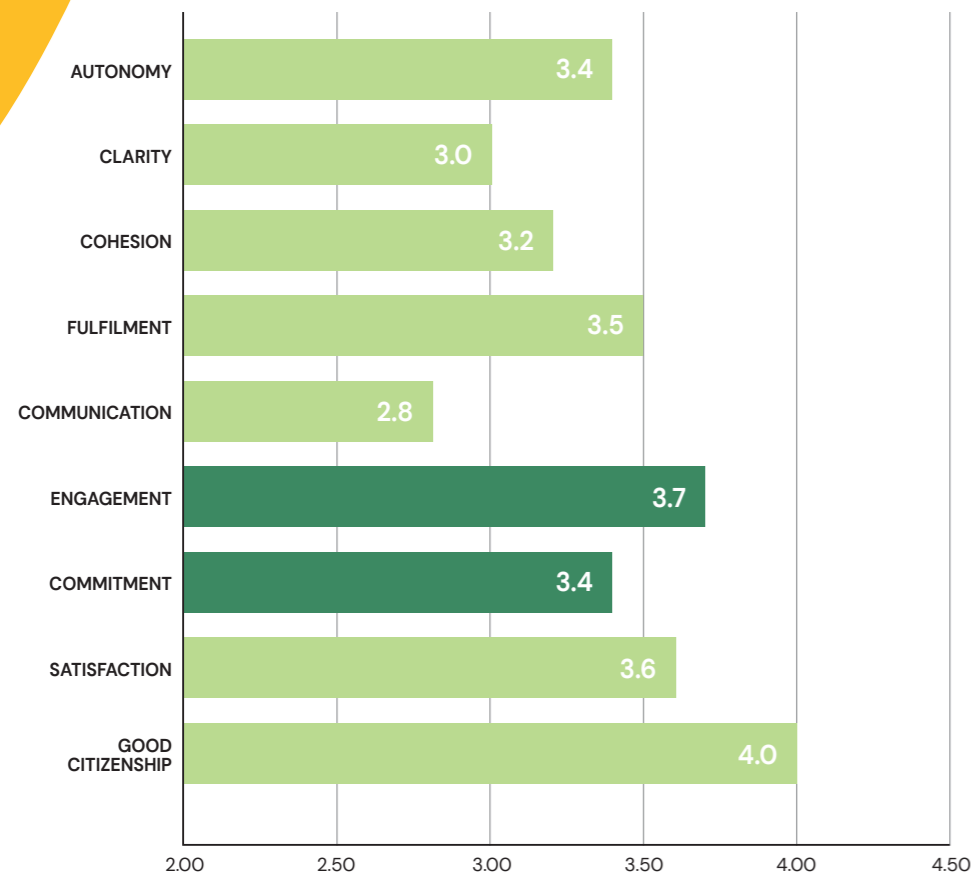


4.3

Company Welfare

Following up on initiatives launched in 2018, in March 2023 Pedon carried out a business climate survey, a key tool for observing the relationship between efforts made, engagement and organisational and personal conditions.

Degree of agreement/satisfaction
(scale of 1 to 5, where a score greater than 3 can be considered positive)
Average score, total employees



With a participation rate of 67%, the survey highlighted areas of strength, finding good levels of **sense of belonging and engagement in work life**.

Critical areas instead concerned clarity and communication between the different hierarchical levels.

In an effort to give continuity to the engagement and enhancement programmes already in place, and drawing input from the improvement areas identified by the survey, Pedon has rolled out a series of initiatives to engage people more in company life by promoting knowledge and pride, facilitate activities and communication flows and enable a greater work-life balance.

Company Welfare Plan

In FY 2023/2024, Pedon invested €188,912 in welfare services for the benefit, delivered in partnership with Intesa San Paolo through the "Welfare Hub". The platform provides a wide range of services for the home and family, health and well-being, leisure and free time, travel and mobility. Under the welfare plan, each of the employees is assigned a welfare credit worth €800. Parents with tax-dependent children are granted additional credit worth €500 to reimburse expenses incurred for their kids. Finally, employees studying to earn a diploma or degree are given a contribution of €500 towards their education expenses. Additional benefits are provided under the trade union agreement negotiated by Pedon with FAI Cisl Vicenza, enhancing the welfare system in place.

They include:

1. **Additional leave time**, including special leave for workers who have elderly parents.
2. **Expansion of the annual leave solidarity mechanism** to help fellow workers in particularly serious personal situations, with a contribution of paid leave hours by the company.
3. **Higher night shift rates** – compared to the provisions of the applicable national collective bargaining agreement.
4. **Incentives to join a supplementary pension scheme**, whereby the company will pay in a higher contribution than the minimum envisaged by the national collective bargaining agreement.

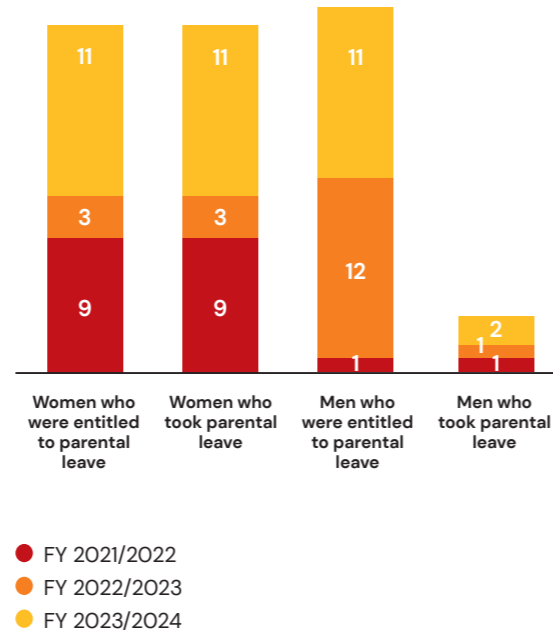
4.3

Parental Leave

Parental leave is of key support for employees at a key moment of their lives. Parental leave policies are shaped by a regulatory and social framework increasingly seeking to promote a balance between work and family life.

The main legislation governing parental leave in Italy is Legislative Decree 151 of 26 March 2001, consolidating legal provisions for the protection and support of maternity and paternity.

Of the people who took parental leave, 100% returned to work during the year in which they requested it, and only one person resigned in the 12 months after their return to work.

**Restaurant Spazio Pedon/off**

Spazio Pedon/off was opened in January 2021 to provide quality, healthy meals to employees, improve their well-being and promote a positive climate in the workplace. The restaurant is open to all our workers and seeks to further – in keeping with the spirit and positioning of the Company – the values and concepts of a balanced diet, in an environment designed to help people get to know each other and connect outside their roles and preconceptions.

Sports Tournament

Team spirit and the sense of belonging are both key values and goals for Pedon. With other companies in the area, Pedon employees take part in a summer sports tournament, an opportunity to build relationships and have fun together.

Company Counseling Service

With the aim of providing new tools to help employees manage work stress, improve interpersonal relationships and consequently increase their productivity, the Company has arranged a regular counselling service and facilitates for individual paths.

Corporate Volunteer Programme

In an effort to bring generosity to life in a tangible and effective way, the Company organises corporate volunteering days, in partnership with Banco Alimentare.

The days are an opportunity for volunteers to take part in the food bank's activities, lending a hand in warehouse operations and learning more about the charity's outstanding work.



4.4 Workers' Health and Safety

The health and safety of workers and the guarantee of a healthy and safe workplace, are fundamental aspects in the management of company operations and production activities. Compliance with regulations in this area is more than just a legal obligation, as it contributes to improving the welfare and productivity of workers.

Risk	Prevention and protection measures
Fire risk Risk of exposure to hazardous chemicals used in production processes	Development and implementation of an emergency plan to manage fire incidents, chemical spills and other emergencies Training, information, health surveillance of workers and provision of PPE based on risk
Risk of work-related stress , resulting from high workloads, pressing deadlines or poor ergonomics in the workplace Risk in the manual handling of loads	Optimisation of work processes Reduction of excessive loads and improved ergonomics of workstations
Risk related to working at heights Risk of exposure to high noise and vibration levels during the use of machinery	Regular training for workers addressing specific risks and safety measures to be adopted and provision of PPE Supply of adequate PPE (ear protectors)
Risk of exposure to Legionella bacteria in water and air conditioning systems	Monitoring and maintenance of systems to prevent the risk of contagion

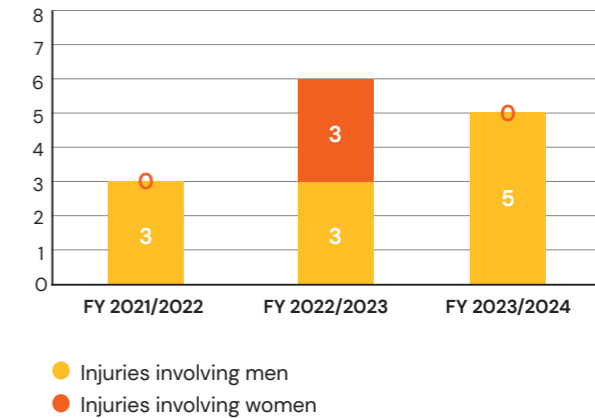
From an organisational point of view, occupational health and safety management is the responsibility of the designated Health and Safety Officer and the Safety and Prevention Manager. An emergency team has also been set up for the management of emergencies, with a specific training plan in place for them.

Injuries

The number of employee injuries over the three-year reporting period increased overall, with 3 injuries recorded in FY 2021/2022 (1 during commuting), 6 in FY 2022/2023 (1 during commuting) and 5 in FY 2023/2024 (1 during commuting). The increase mainly involved male employees.

The number of **near miss**² also increased over the period, with 0 recorded in FY 2021/2022, 7 in FY 2022/2023 and 14 in FY 2023/2024.

Work-related injuries



Occupational Health & Safety Indicators

Work-related injury rates are helpful in gauging risk levels and for understanding which company areas, categories of workers, operations or working conditions are most at risk and require corrective measures on a priority basis. Work-related injury rates for Pedon employees are reported below.

	FY 2021/2022	FY 2022/2023	FY 2023/2024
Rate of recordable work-related injuries (No. of recordable work-related injuries / No. of hours worked) * 1,000,000	8.05	18.75	10.82
Severity rate of injuries (total work days missed due to injury / total number of hours worked) * 1,000	0.10	0.28	0.11

The figures show that, overall, the work-related injury rate at Pedon is relatively lower than the average for the industry (16.48), as published by Italy's workers' compensation authority (INAIL). The severity rates are also lower than the industry average (0.95)³.

² In relation to safety, "near miss" means an accident that did not cause harm to people or the environment, but had the potential to do so.
³ The food industry falls under Ateco section C – Manufacturing activities, taken as a reference for the 2018-2020 INAIL analysis.

4.4

Training and Improvement Activities

Pedon is committed to **raising staff awareness** to ensure that safety and health are considered a priority in the performance of tasks.

To this end, the Company provides all employees and contractors, and in particular OHS officers, trade union representatives, workers' safety representatives and managers, with **up-to-date general and specific training** and generic training delivered by the designated Prevention & Protection Officer and Quality Assurance managers. In addition, depending on their tasks, workers are provided specific training on the use of forklifts, lifting platforms, PES-PAV-PEI operations⁴, X-ray equipment, hoists, boilers, freezer cells and F-Gas. To ensure the safety of the organisation as a whole, fire, first aid and BLS-D⁵ officers are also designated and duly trained.

Regular meetings are organised with OHS officers (three times a year) and with workers' safety representatives (once a month) to enable workers' participation and consultation in the development, implementation and assessment of the company's OHS management system and to provide feedback on activities, with a view to furthering the continuous improvement of the system. Finally, to facilitate the process for workers, Pedon arranges for mandatory medical examinations to be carried out on its premises.

Recently, the company ran an **information and awareness-raising campaign to help employees quit smoking**, involving two dedicated sessions in FY 2022/2023 and another two sessions in FY 2023/2024 with a medical professional.

⁴ Electrical workers: expert persons (PES); informed persons (PAV), persons fit for live work (PEI).

⁵ BLS-D: Basic Life Support and Defibrillation.



THE COMPANY IS CURRENTLY WORKING TO IMPROVE ITS OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM ON SEVERAL FRONTS:



Renewal of Fire Prevention Certificates (CPI) for all facility areas



Upgrading of fire-fighting equipment



Training of new emergency management personnel (first aid, fire management, defibrillator use)



Verification of conformity with Machinery Directive 2006/42/EC:
at present, 70% of the facility has been upgraded and work is underway to achieve full compliance



Updating of the Risk Assessment Document and PPE lists for each job profile and department

Adding to the above is the process of implementing **SMETA**⁶ recommendations and corrective actions, identified by the customary audit assessing different aspects of compliance with the Ethical Trading Initiative (ETI) Base Code and applicable local laws. Promptly implemented by the company, the recommendations concerned the updating of safety documentation and emergency plans in accordance with current regulations.

In general, the audit gave a **positive assessment** of compliance with the standards, including in the field of workers' health and safety. The audit found that the workers interviewed were generally **satisfied with working conditions**, showing appreciation for the company's stability and the internal trade union agreement, which envisages second-level additions to the provisions of the national collective bargaining agreement.

⁶ The Sedex Members Ethical Trade Audit (SMETA) is a corporate evaluation system for assessing the work, health and safety, environmental and ethical standards of an organisation.

CHAPTER 5



“The *good* in our way of doing business revolves around the *good* of the planet. For us, the protection of the environment is primary goal.”



Gianluca Zulian
RSPP

THE ENVIRONMENT

5.1 Environmental Policy	5.2 Energy Management	5.3 Water Resources	5.4 Waste	5.5 Packaging
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HIGHLIGHTS

100%
RENEWABLE
ENERGY

91%
RECYCLABLE
PACKAGING

-42%
REDUCTION
IN EMISSIONS

Scope 1 - compared to FY 2021/2022

-28%
CO2 EMISSIONS

Pedon ready-soups
vs. the fresh soup segment



MATERIAL TOPICS

- Energy Management
- Packaging
- Waste Management

SUSTAINABLE DEVELOPMENT GOALS

<p>7 AFFORDABLE AND CLEAN ENERGY</p> 	<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 	<p>13 CLIMATE ACTION</p> 
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5.1 Environmental Policy

The future of the planet is linked to the way we farm, produce, purchase, transport and consume food. Humankind's consumption is rapidly outstripping available resources and this makes it necessary to shift the focus onto the transformation of food production and consumer consciousness.

Pedon's goal is to contribute to **raising the efficiency of the food sector** – reducing its environmental impact – while at the same time **raising awareness in consumers and driving a new approach** throughout the value chain. Efforts in this direction draw from Pedon's Environmental Policy, which steers the company's underlying commitment to **supporting the sustainable transition**.

Specifically, Pedon works to prevent pollution and ensure the protection of the environment, while striving to continuously improve the organisation's environmental performance by minimizing the risks associated with its operations and the products it delivers.

THE COMPANY'S COMMITMENT:



Designation of a manager responsible for environmental management.



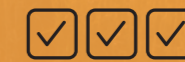
Compliance with current legislation and any voluntary agreements on significant environmental impacts.



Production control and monitoring of environmental aspects.



Targets for the continuous improvement of environmental performance.



Initiatives to minimise water consumption, energy use and waste production and for the prevention and management of environmental emergencies.

THE ACTION PLAN IS DIVIDED INTO 4 ESSENTIAL POINTS:

1. OPTIMISATION OF PRODUCTION PROCESSES

Reduce energy consumption and emissions through the adoption of more efficient technologies.

2. USE OF RENEWABLE ENERGY

Expand the use of sustainable energy to power production facilities.

3. WASTE REDUCTION

Minimise the waste generated by through the separate collection, recycling and reuse of materials.

4. AWARENESS AND TRAINING

Educate employees and partners on the importance of sustainability and environmentally-friendly practices.

ENERGY AND EMISSIONS

The energy transition is a fundamental step in countering climate change and building a sustainable future. As a complex and multifactorial process, it calls for international cooperation, public and private investments and changes in individual and collective behaviours.

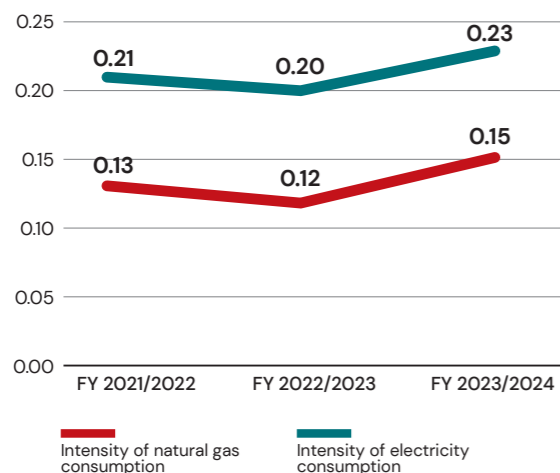
5.2 Energy Management

Pedon has embarked on a path of responsible energy management with the aim of mitigating the risks of potential system vulnerabilities and improving efficiency and resource consumption, starting with careful and constant monitoring.

ANNUAL ENERGY CONSUMPTION BY SOURCE (GJ)					
	Udm	FY 2021/2022	FY 2022/2023	FY 2023/2024	Variazione
ENERGY FROM NON-RENEWABLE SOURCES					
Natural gas	GJ	9,359.63	8,709.61	10,959.9	+17.1%
Diesel	GJ	2,672.22	1,894.64	1,741.33	-34.0%
ENERGY FROM RENEWABLE SOURCES					
Electricity from solar power		-	-	1,665.66	
Electricity purchased from renewable sources	GJ	14,806.07	14,352.11	14,158.09	-0.4%
Total	GJ	26,837.92	24,956.36	28,524.98	+6.2%

In the three-year reporting period, Pedon recorded an increase in fuel consumption for heating purposes. In particular, the company's **consumption of natural gas rose by 17%**, linked to significant business growth involving new processing technologies with a greater energy impact. With consumption constant, energy from renewable sources accounted for 49.6% of the **energy mix in the last reporting year versus 55%** in FY 2021/2022.

Energy intensity of electricity and natural gas consumed GJ/thousand pcs



Energy intensity is calculated as the ratio of electricity and natural gas consumption (GJ) to products sold.

The ratio shows an increase in natural gas consumption over the reporting period. The increase was driven by a change in the sales mix, as the company **expands rapidly in a market segment linked to technology** with a greater impact on energy consumption.

The energy intensity of electricity consumption showed no significant change.

The pathways towards a virtuous process of **responsible energy management** are:



SELF-PRODUCTION FROM RENEWABLE SOURCES

The evolution of Pedon's energy strategy towards greater energy self-sufficiency led to the installation in FY 2023/2024 of a new photovoltaic power station consisting of 2,403 panels placed on the entire extension of the Colceresa plant. With an estimated production capacity of 1,050,000 kWh, the power station enables the self-production of 30% of the company's energy needs at full capacity, reducing emissions by 556 tonnes of CO₂-eq. The performance of the plant is verified through a cloud platform for monitoring production values compared to expectations.



100% ENERGY FROM RENEWABLE SOURCES

In accordance with the principles and objectives described, renewable energy accounts for 100% of the remaining share of electricity consumption, purchased from certified renewable sources, in particular wind power. This choice underlines Pedon's commitment to supporting clean, green technologies that can contribute significantly to a carbon-neutral future.



ENERGY EFFICIENCY

Pedon has invested in a range of energy efficiency measures. They include the replacement of lighting systems with new LED-based solutions in offices and production areas, the implementation of a new compressor management system and the thermal insulation of the raw materials warehouse.

5.2

Energy Management

Air Emissions

The accurate reporting of emissions is a fundamental step towards alignment with international standards and climate goals, thus contributing significantly to global efforts to combat climate change.

Pedon is working towards the constant monitoring of direct (Scope 1) and indirect (Scope 2) GHG emissions associated with the reporting perimeter and relevant for the development of targeted mitigation strategies. Considering that the emissions generated by the supply chain will always be higher than those associated with its core business, Pedon is planning a second step for the measurement of Scope 3 emissions and setting of an action plan for their reduction.

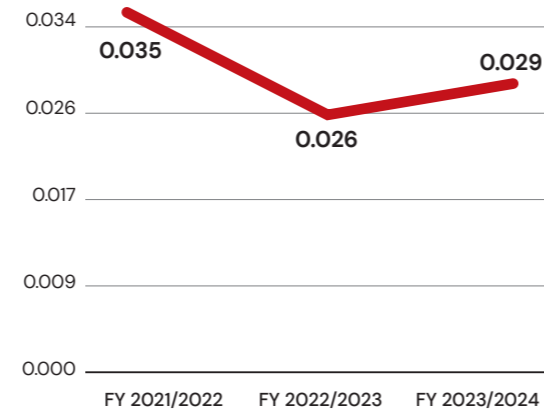
Scope 1 & 2 emissions - t CO2 eq

In FY 2023/2024, total Scope 1 and 2 greenhouse gas emissions generated by Pedon amounted to **2,042.4 tons of CO2-eq**. **Scope 1 emissions** accounted for **39%** of the total, while the remaining **61%** was made up of Scope 2 location-based indirect emissions connected with the purchase of electricity. Compared to FY 2021/2022, the company achieved a significant reduction in emissions: a **decrease of 31% for Scope 1 emissions and 4% for Scope 2 emissions**. In addition, thanks to the consumption of self-produced solar energy in FY 2023/2024, equal to 1,666 GJ, Pedon **avoided 145.75 tons of CO2-eq emissions**.



Emission Intensity

Pedon's **emission intensity** in FY 2022/2023 **dropped by 20%** compared to FY 2021/2022. This major improvement in performance was driven mainly by lower Scope 1 emissions, achieved thanks to the decrease in losses and consequent refills of refrigerant gases, and by lower Scope 2 (location-based) emissions.



Scope 1 emissions

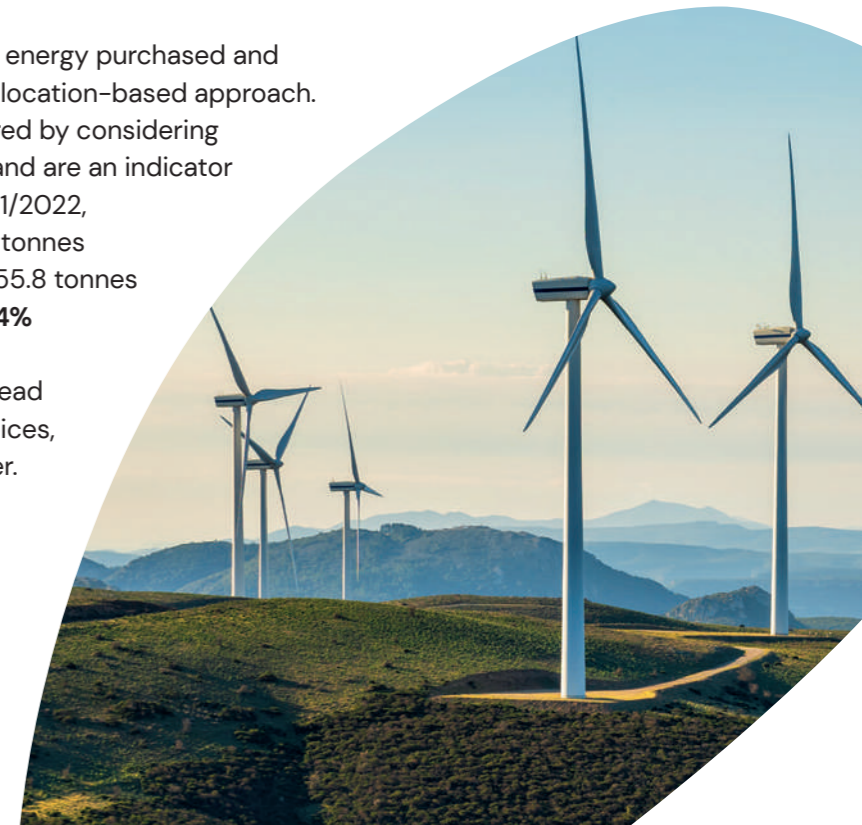
	FY 2021/2022	FY 2022/2023	FY 2023/2024
G-GAS	500.4	54.0	116.3
FUEL CONSUMPTION	185.1	133.7	120.5
NATURAL GAS	480.2	446.8	567

In FY 2023/2024, **Scope 1 emissions produced directly** by Pedon amounted to **803.8 tonnes of CO2-eq**, showing a slight increase on the previous year but a decrease compared to FY 2021/2022. The **decline** compared to FY 2021/2022 was mainly due to the reduction in refrigerant gas losses (-77%) and lower fuel consumption by the company fleet (-35%). The use of natural gas for heating also dropped in FY 2023/2024 compared to FY 2021/2022 (-7%). These improvements not only contribute to mitigating the climate impact of Pedon, but also to improving operational efficiency and promoting more responsible practices within the organisation.

Scope 2 emissions

	FY 2021/2022	FY 2022/2023	FY 2023/2024
ELECTRICITY FROM THE NATIONAL GRID - LOCATION BASED	1,295.5	1,255.8	1,238.8
ELECTRICITY FROM THE NATIONAL GRID - MARKET BASED	0	0	0

Scope 2 emissions generated indirectly by the energy purchased and consumed by Pedon were calculated using the location-based approach. Scope 2 **location-based** emissions are measured by considering the emission factor of the national energy mix and are an indicator of an organisation's energy efficiency. In FY 2021/2022, location-based emissions amounted to 1,295.5 tonnes of CO2-eq, falling in FY 2022/2023 by 3% to 1,255.8 tonnes of CO2-eq. In FY 2023/2024 they **dropped by 4%** compared to FY 2021/2022 to 1,238.8 tonnes of CO2-eq. Scope 2 market-based emissions instead reflect the company's energy procurement choices, based on the energy mix of the specific supplier. Since FY 2021/2022, these emissions have been equal to 0 since Pedon has opted for the purchase of **100% renewable energy** (wind power).



5.2

Energy Management

Life Cycle Assessment of Pedon Ready Meals

Life Cycle Assessment (LCA) is as a key tool for **analysing and measuring the overall environmental footprint** of food products, promoting more sustainable strategies throughout the entire life cycle of products.

This method enables the environmental footprint of the food industry to be measured in terms of emissions, resource use and sustainability.

Food consumption accounts for about 20–30% of total environmental impact. Although ensuring nutritional needs is essential, this poses a significant challenge to the environment, especially in Europe.

Life cycle studies have shown that the greatest impacts come from meat (beef, pork, poultry) and dairy products (cheese, milk, butter), with animal proteins – which make up 55–60% of the European diet – responsible for much of our environmental degradation. These products take up more than 75% of global agricultural land and generate about two-thirds of agriculture-related greenhouse gas emissions.

SOURCE: [https://www.europarl.europa.eu/RegData/etudes/STUD/2024/757806/EPRS_STU\(2024\)757806_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2024/757806/EPRS_STU(2024)757806_EN.pdf)

In this framework, Pedon has carried out an **LCA to compare the environmental footprint of the ready-made soups sold by the company and conventional soups** (sold in supermarkets in the “fresh food” section). The assessment aimed to measure the footprint of the entire production chain and identify virtuous actions and potential improvements in the production process. The study highlighted **significant differences** in both production processes and conservation methods, with consequent implications for the environment.

Pedon soups are sterilized in an autoclave and packaged in sealed doypack sachets so as to be stored at room temperature, thus eliminating the need for refrigeration during their storage for sale and by the final consumer. This consequently reduces the energy consumed for temperature control. “Fresh” soups are instead pasteurized and packaged in polypropylene trays with a plastic seal and cardboard band, requiring constant refrigeration at temperatures between +2°C and +6°C both in stores and in consumers’ homes.

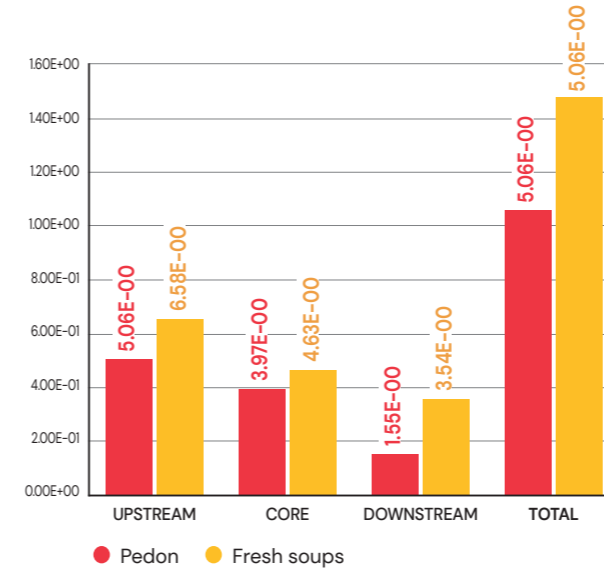
LCA Outcomes

The LCA study showed that **Pedon Soups** have an overall **lower environmental footprint** than fresh soups¹ at all stages of the life cycle. Looking at the **global warming potential (GWP)** of Pedon Soups, which can be stored at room temperature, **1.06 kg** of CO₂-eq is produced per kilogram of product, whereas **fresh soups**, which require refrigeration, **generate 1.47 kg** of CO₂-eq per kilogram.

For both Pedon Soups and fresh soups, **upstream stages were found to have the greatest environmental impact**, at 48% for Pedon Soups and 45% for fresh soups. These stages primarily concern the production of raw materials and packaging. Although both types of soup use the same basic ingredients, fresh soups generate **greater food waste**.

In addition, fresh soups require storage at a controlled temperature from the moment they are produced to the time of their consumption, entailing considerable energy consumption to guarantee storage temperatures.

Another important factor is **packaging**. Fresh soup packaging is heavier and consists of more materials, which increases their environmental impact. In contrast, Pedon Soups are packaged in much lighter and lower impact LDPE sachets, which helps to reduce the overall footprint of the product, making Pedon Soups a much more sustainable alternative.



¹ “Fresh soups” were studied as a virtual product, with an inventory model based on non-specific average data. The assessment of the impact of the different storage methods and waste of the two products involved assumptions based on best available knowledge, and not real data for the products.

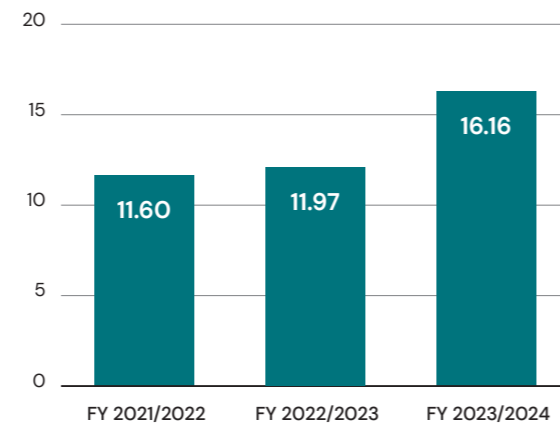
5.3 Water Resources

Given the company's growing use of technological processes for the steam cooking and transformation of legumes and grains, water has become increasingly essential in production operations.

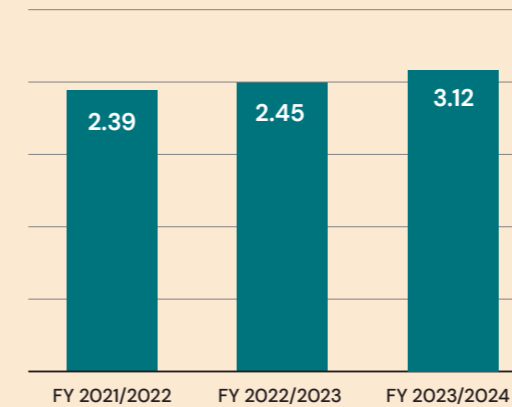
Pedon makes every effort to ensure the responsible and efficient use of water. Water use is carefully and constantly monitored, with the aim of minimising waste and ensuring that wastewater is treated and discharged in compliance with environmental regulations.

In FY 2023/2024, water withdrawals amounted to **16.16 ML**, up by 35% compared to the previous two years. Higher withdrawals were driven by the major growth in the ready-meals business, involving a technology that uses much higher amounts of water than packaging and pre-cooking technologies. For the production process, water is essential for soaking phases, in the generation of steam and for the cooling of the product. In addition, large amounts of water are used for cleaning equipment and machines inside the production facility. This process is essential to preserve high hygiene standards, prevent contamination and ensure that production takes place in a safe and clean environment.

Water Withdrawals - ML



In FY 2023/2024, water consumption, calculated as the difference between water withdrawals and discharges, amounted to 3.12 ML. Consumption was estimated by calculating the average amount of water incorporated into Pedon products, in particular on the two production lines dedicated to pre-cooking and cooking. Compared to the previous year (2.45 ML), water consumption rose by 27%, given that consumption, as calculated, is proportional to the annual output of the two production lines involved.



In relation to water discharges, the Pedon production facility has three drainage points into the civil sewerage network and one drainage point in the industrial sewerage network, all duly authorised.

WATER DISCHARGE	FY 2021/2022 (ML)	FY 2022/2023 (ML)	FY 2023/2024 (ML)	Variazione FY 2022/2023 vs FY 2021/2022
THIRD PARTY WATER RESOURCES	9,214	9,520	13,048	+41.6%

Pedon and ETRA S.p.A. regularly carry out analyses of discharges into the sewer, in accordance with the provisions of the Convention of 6 April 2022, which regulates Pedon's use of the consortium-operated sewer, thus ensuring compliance with environmental regulations and furthering the sustainable management of water. Water discharges are carefully monitored to check for the presence of certain substances, such as suspended solids and total surfactants, which must not exceed the limits set by Legislative Decree 152/06.

In **FY 2023/2024** there **were no cases** of substances in excess of the statutory limits. Wastewater resulting from the industrial process is treated as ordinary, non-hazardous wastewater.



5.4 Waste

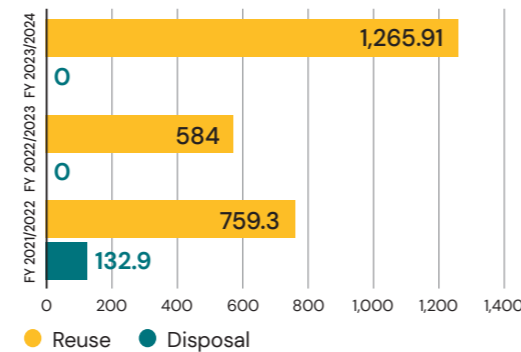
Sustainable waste management is a central pillar of Pedon’s environmental strategy. The Company is committed to minimising the production of waste and maximising the recycling and reuse of resources. The approach to waste management includes the separation and proper disposal of hazardous and non-hazardous waste, the promotion of circular economy practices and awareness-raising actions targeted at employees and partners to promote sustainable behaviours. The waste produced at Pedon facilities is collected and consigned to third parties for its management.

Main types of waste produced (t)

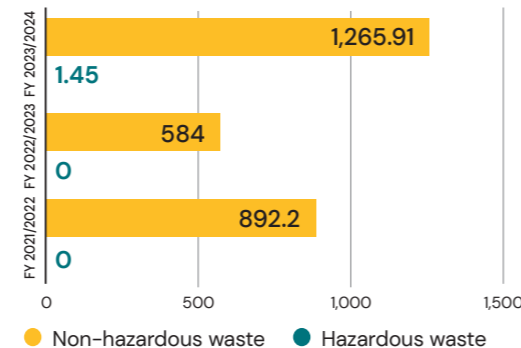
EWC CODE	TYPE	FY 2021/2022	FY 2022/2023	FY 2023/2024
150101	Packaging in paper and cardboard	153	145.33	186.1
150102	Plastic packaging	239	85.23	88.5
150103	Wooden packaging	4.3	4.5	5.0
150104	Metal packaging	0	110.22	0.0
150106	Mixed materials packaging	132	110.22	89.6
170405	Iron and steel	5.6	7.24	11.3
20304	Waste unusable for consumption or processing	356	145.33	219.2
150203	Absorbents, filtering materials, rags and protective clothing, other than those mentioned in 150202	0.9	0.199	0.5
170802	Gypsum-based construction materials other than those mentioned in 170801	1.4	0	6.3
020301	Sludges produced by washing, cleaning, peeling, centrifugation and separation of components	0	0	656.5

In **FY 2023/2024**, Pedon produced a total of **1,265.91 tonnes** of waste, an increase of 42% compared to **892.2 tonnes** in FY 2021/2022. The increase was due to the need to find alternative solutions for the management of water discharges following heavy rains that compelled the company Etra to stop discharging into the sewerage system, for which Pedon disposed of its washing sludge using tanks.

Waste by destination and weight (t)



Waste produced by type (t)



Pedon’s commitment to waste management is even more evident considering that in **FY 2023/2024** no waste at all was destined for disposal and hazardous waste made up just **0.1%** of the total.

Hazardous waste consisted of insulating materials that contain harmful substances.

Environmental Certification UNI EN ISO 14001:2015

In **FY 2022/2023**, Pedon obtained **UNI EN ISO 14001:2015 certification**, an internationally recognised standard for environmental management systems (EMS). This standard promotes the continuous improvement of the organisation’s environmental performance, with proactive measures adopted to minimise Pedon’s environmental footprint.

KEY POINTS ENVISAGED BY THE STANDARD.



5.5

PACKAGING

Packaging plays an essential role in the storage of products to protect and preserve all their flavour, quality and safety. Considering the life cycle of packaging, Pedon is committed to managing its impact on the environment.



5.5

Packaging

In FY 2023/2024, Pedon used a total of **1,821.59 tonnes of packaging**, of which 91% was made up of renewable materials, marking an improvement of +7% compared to FY 2021/2022. At the same time, the company has been scaling back its use of **non-renewable materials**, which fell by 11% over the three-year reporting period. The numbers witness to Pedon's commitment to optimising the use of films, with a focus on recycling and the search for new solutions pursued with its partners in the sector.

Packaging (t)	FY 2021/2022	FY 2022/2023	FY 2023/2024	Variazione FY 2021/2022 vs FY 2023/2024
NON-RECYCLABLE MULTI-MATERIAL PLASTIC	176	188	157	-11%
RECYCLABLE MONO-MATERIAL PLASTIC	125	141	142	+13%
PAPER AND CARDBOARD	1,420	1,540	1,504	+6%
"CRUSH" PAPER CARTONS FROM PULSE WASTE	20	17.37	18.59	7%
Total	1,741	1,886.37	1,821.59	+5%

In response to customer requests showing a preference for some packaging solutions over others and where the transition is economically sustainable, Pedon is committed to:

Using paper and cardboard from sustainably managed forests

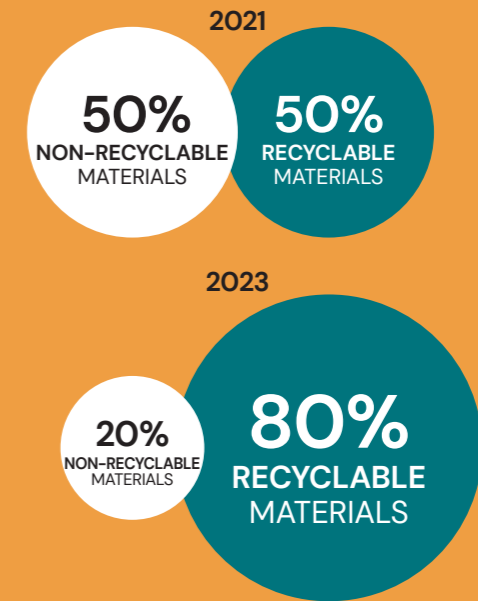


All Pedon branded paper and cardboard packaging complies with the FSC (Forest Stewardship Council) standard. This international certification guarantees that paper-based products or derivatives come from responsibly managed forests and certifies that the entire production process, from forest management to processing, takes place according to strict environmental, social and economic standards.*

*These standards are based on the 10 Principles and 70 Criteria (P&C) for responsible forest management, set forth and updated by the FSC with the participation of all stakeholders.

Completing the transition to 100% recyclable materials for Pedon brands

The pathway for transitioning to the use of fully recyclable plastic materials for all branded product lines by 2025 involves a series of stages. The first targeted the legacy lines "Dalla Buona Terra" (from triple-layer PE+PP+PET to single-layer PP+PP) and "Italia Tipica" (triple-layer CA+PET+PE with external paper to CA+PE packaging that can be recycled as paper). The second stage targeted the easy-to-cook products in the "I Salvaminuti" line (from triple-layer PE+PP+PET to single-layer PP+PP). The third stage now underway involves the roll-out of 100% recyclable doypacks, an innovative solution applied to "I Pronti" products.



Promote the project "Save the Waste," the paper made from bean waste

Presented at Milan Expo 2015 and developed in partnership with the company Favini, "Save the Waste" is an innovative project using a **circular economy model for the creation of environmentally sustainable paper**. The **sidestream generated through the cleaning and screening of legumes** is used to **replace 15% of the virgin tree pulp** used to make paper, delivering a consequent 20% reduction in greenhouse gas emissions. In addition, the steam needed for production operations and part of the electricity used by the paper mill are supplied by a methane-powered cogeneration plant with a capacity of 2,000 kWh, with the remaining electricity consumed is 100% green-energy-certified, self-produced by hydroelectric turbines.

The resulting paper is **fully recyclable and features a natural tactile and aesthetic appearance**. It is used by Pedon for marketing materials, such as business cards and company brochures, and for the packaging of all branded products sold in cartons under the "C'è di Buono in Italia" and "Lenticchia Pedina" lines. As the paper is safe for contact with food, the cartons do not require an internal bag for the storage of the product. **Eco-friendly inks** are used on the external surface of the cartons and, where necessary, a compostable PLA window obtained from corn waste is used.



CHAPTER 6

“The *goodness* of Pedon products is the result of sustainable growth guided by governance which incorporates ESG issues into decision-making processes and operates with efficiency, transparency and integrity, focusing on the common *good*.”



Marco Rossi
Chief Financial Officer

GOVERNANCE

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Governance

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Ethics, Transparency
and Integrity

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6.3
Digital
Transformation

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Creating Value
for Sustainable
Growth

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HIGHLIGHTS

BOARD OF DIRECTORS AND SUSTAINABILITY COMMITTEE

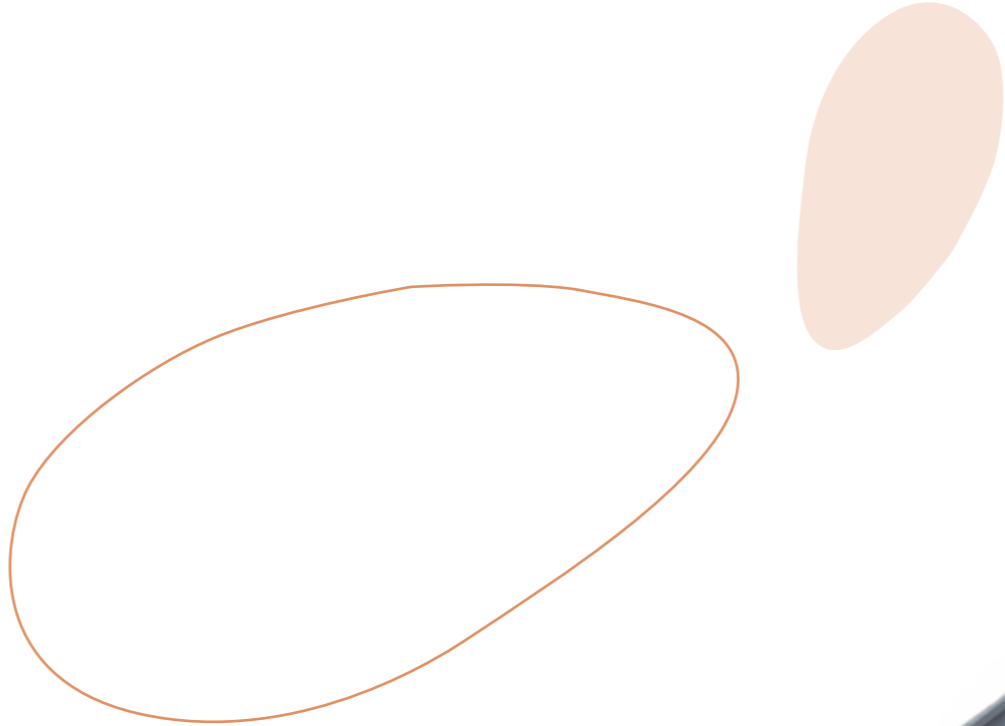
for a systemic approach to the management of ESG issues

CODE OF ETHICS

and Law 231/2001 Organisational Model

MAXIMUM LEGALITY RATING

DIGITAL TRANSITION PROCESS



MATERIAL TOPICS

Protection of Legality and Anti-corruption

Digital Transformation

SUSTAINABLE DEVELOPMENT GOALS



6.1 Governance

The significant level of complexity shaping the decision-making and management processes of companies today is being driven not only by the new global risk map, but also by the extraordinary acceleration in European regulatory activity for the “*Twin Transition*” of the environmental and digital transformation.

This complexity is impacting businesses, compelling them to evolve their governance mindset and set-ups in order to remain competitive. In this framework, Pedon’s decision to embrace the path of sustainability planning, management and reporting builds on the awareness that sustainability matters and their related risks must now be assessed and incorporated into strategy and management by the corporate governance body.

Pedon **incorporates social and environmental assessments** into its decision-making, promoting **seriousness and transparency in the governance**.

The company is committed to reporting reliably on its governance performance, placing particular emphasis on its **corporate and ethical culture**, based on **integrity and efficiency**.



Pedon adopts a **systemic approach** to governance centred on the **Board of Directors** – the highest governance body tasked with overseeing corporate and **sustainability management**.



6.1

Corporate Governance

Corporate governance encompasses the set of practices, processes and rules for the administration and control of Pedon.

The Company adopts a traditional governance model, consisting of:

BOARD OF DIRECTORS

The board is made up of **five members**, currently all male, including three executive directors, one non-executive director and one director satisfying independence criteria. The board is tasked with the ordinary and extraordinary management of the company, the setting of strategic guidelines and the assessment of the adequacy of the organisational, administrative and accounting frameworks.

BOARD OF STATUTORY AUDITORS

Made up of **five members**, including one woman, the statutory auditors monitor compliance with law and good governance principles.

MANAGEMENT COMMITTEE

The committee is made up of **eight members**, currently six men and two women, representing the key management personnel of the organisation. It plays an executive role, with responsibility for implementing corporate strategy and objectives, according to set budgets, and for tasks approved by the Board of Directors.



Sustainability Governance






ESG governance is organised on a two-tier basis.

BOARD OF DIRECTORS

Sustainability is incorporated into corporate governance through the board's tasks for overseeing medium and long-term business strategies and objectives and the approval of plans and programmes.

STRATEGIC SUSTAINABILITY COMMITTEE

Made up of seven members, currently six men and one woman, the committee is responsible for the efficient governance of ESG issues and the increasingly challenging task of setting objectives and strategies, with the support of the company's management. It plays a supporting role to the Board, with proactive and advisory functions regarding:

-  Examination and assessment of sustainability policies;
-  Oversight of sustainability plans and verification of their consistency with company guidelines;
-  Examination and assessment of initiatives and projects to be submitted for approval by the Board of Directors;
-  Verification of non-financial reporting processes;
-  Oversight of stakeholder engagement activities.

This two-tier approach ensures the efficient and transparent management of ESG impacts, with a clear separation of roles and responsibilities.

6.2 Ethics, Transparency and Integrity

The company's foundational values intertwine in a synergistic way with ethical principles such as loyalty, transparency, fairness and integrity.

For Pedon, business ethics are one of the keys to its success on the market.

The **sharing of its values** lays the fundamental groundwork for Pedon to build strong relationships of trust with all the players with which it interacts.

Code OF Ethics

The Code of Ethics is part of the fundamental framework adopted by Pedon to ensure that the organisation operates efficiently, transparently, responsibly and fairly.

The Code of Ethics (approved by resolution of the Board of Directors on 2 July 2021) sets out the values, guidelines and ethical principles which everyone who works for the Company must follow in the daily management.

The Code of Ethics is published on the company's website (www.pedon.it).

Pedon ensures compliance with applicable laws and regulations in all its operations by implementing a system of internal controls to oversee compliance and prevent any wrongdoing. Monitoring procedures are in place to check that business activities are conducted in accordance with the Code of Ethics.



Law 231/2001 Organisational, Management and Control Model

On 2 July 2021, the Board of Directors of Pedon approved an **Organisational, Management and Control Model** in compliance with Legislative Decree 231/2001.* The model provides an essential framework to ensure compliance with current regulations, the prevention of crimes and the promotion of a corporate culture based on ethics and transparency.

This document is also published on the company's website.

The model identifies "predicate" crimes that may entail the administrative liability of the entity, including offences against the Public Administration, national assets, public faith, the financial system, individual life and safety, industry and commerce, copyright and the environment.



* Legislative Decree 231 of 8 June 2001, also known more simply as "Law 231", introduced the institute of the administrative liability of entities for crimes committed by their representatives, directors, employees or other persons operating under their control, in their interest or for their benefit. The main objective of Law 231 is to prevent crime by encouraging companies to adopt organisational and management arrangements that promote the culture of legality and fairness.

Whistleblowing

As required by the Law 231/ 2001 Organisational Model, Pedon has set up a **whistleblowing** system, regulated by a specific procedure published on the Company's website. The system enables whistle-blowers to report any illegal or unlawful acts committed by Company employees, which they come to learn of in the context of their work or dealings with the Company itself. The identity of the whistle-blower and the people connected to them is protected, with safeguards in place to prevent any retaliatory action by the company.

Privacy and Cookie Policy

Pedon's commitment to high-level transparency is further evidenced by the **Privacy Policy** and **Cookie Policy** published on the company's website. The Privacy Policy outlines how users' personal data will be processed by the company, while the Cookie Policy provides information on the tracking tools used by the website for specific purposes, such as the collection and storage of information on users' devices through cookies or scripts.

Relations with the Public Authorities

In **2023**, Pedon approved a policy document governing the **management of relations with the Public Administration**. It sets out the responsibilities, operating procedures, record-keeping requirements and information flows involved in relations with government bodies concerning compliance, audits, inspections and controls on the company's activities.

Supervisory Body

The adoption of a Law 231/2001 Organisational, Management and Control Model is a firm statement by the company of its commitment to operating with fairness and transparency in the conduct of business and company activities. Accordingly, Pedon has established a **Supervisory Body** tasked with overseeing the effectiveness, updating of the compliance model and with monitoring the application of the Code of Ethics.

To assist in its tasks, the Supervisory Body keeps a database for the collection and storage of relevant information. The body functions as a board made up of **three members**, currently two men and one woman, of which two members are external and one is internal. The Supervisory Body holds office for a term of three years, and can be reappointed for up to three terms.

Anti-corruption

There were **no confirmed incidents of corruption** in the reporting period among the operations assessed for risks related to corruption. Underscoring once again the company's commitment and sensitivity to the matter, in 2023 Pedon was awarded the **highest legality rating** by the Italian Competition Authority. This prestigious recognition attests to Pedon's ongoing efforts to uphold the highest standards of legality, ethics, commitment and transparency in business management.



DIGITAL TRANSFORMATION

Pedon sees the digital transition as a strategic key for guaranteeing its competitiveness. Its approach is to twin its management with the environmental transition, considering their interconnections and the potential for synergies.

6.3

Digital Transformation

The integration of knowledge, orientation towards innovation and timeliness of adaptation interconnect with each other, giving rise to new growth paradigms in an agile, digital and interconnected environment.

For Pedon, the digital transition is not about reaching a finishing line, but a dynamic path and integrated process driving competitiveness.

The company is making headway in a transition encompassing a number of fronts:

ADOPTION OF DIGITAL SOLUTIONS TO DELIVER THE OBJECTIVES OF:

- Monitoring and managing **infrastructure**
- Optimising activities and seizing new opportunities to boost the **efficiency** and **effectiveness** of operations
- Furthering **sustainable development**

ADVANCED AND PROACTIVE CYBER SECURITY MANAGEMENT

To lay a solid groundwork for the transition and create the mindset needed for better management, Pedon has started up **an extensive training programme**, focused on the use of new technologies and digital tools.

Mes e APS

The most significant digital innovations in the reporting period concerned the adoption of a new **Manufacturing Execution System (MES)** and **Advanced Planning and Scheduling (APS)** system, aimed at improving the ability to manage production operations efficiently and with flexibility.

The release of the **MES** has covered all packaging areas, the accurate accounting of OEE data to monitor efficiency and the optimisation of material management, including automatic feeds by palletisers. These innovations have made the production process more fluid and efficient.

The roll-out of the **APS** solution has instead introduced a detailed planning system for finished products and raw materials, together with the scheduling of work orders.

This has greatly improved the accuracy and efficiency of planning, allowing for better resource management and the fairer distribution of products.

In both cases, the aim was to optimise operations, minimising downtime, improving overall efficiency and reducing operating costs. Thanks to these implementations, Pedon is now better equipped to face future challenges and seize growth opportunities on the market.

Cyber Security

Business continuity is a key priority which increasingly depends on information systems. After a series of investments made with a view to improving reliability and disaster *recovery* capacity, Pedon has now turned its sights on cyber security.

The main projects completed or in progress over the reporting period included the drafting of procedures for all activities carried out, the creation of a log records and the delivery of **training** to employees for the protection of systems and sensitive data.

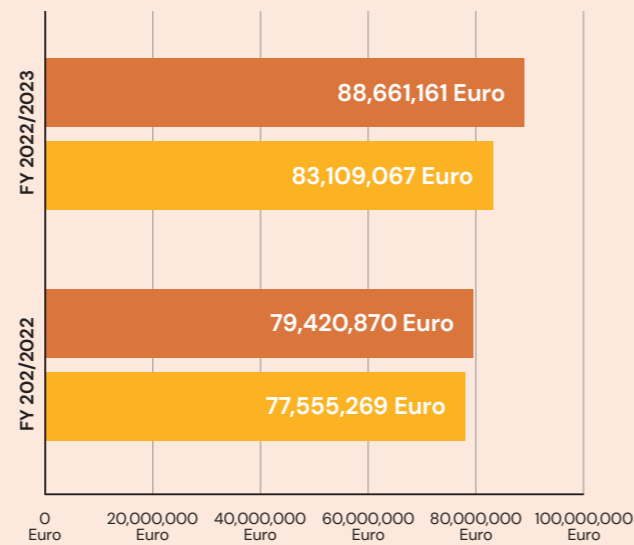
6.4 Creating Value for Sustainable Growth

The disclosure of economic value generated and distributed highlights the relationship between financial reporting and sustainability reporting.

It shows **how and to what extent the wealth generated by Pedon has been distributed to its main categories of stakeholders** or retained as economic value reinvested in the company at the end of the year.

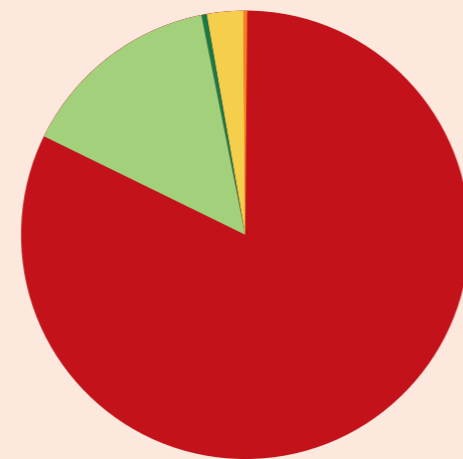
Figures for FY 2023/2024 are not yet available. The financial statements for the year will be approved by the Company's governance body only after the publication of this report.

- Economic value generated
- Economic value distributed



Breakdown of economic value distributed FY 2022/2023

The economic value generated by Pedon amounted to €88,661,161, up by 10% year-on-year (€79,420,870). The increase was in line with the post-pandemic economic recovery witnessed in the financial year across Italy and Europe. As much as 94% of total economic value generated was redistributed to stakeholders, while the remaining 6%, amounting to €5,552,094, was retained.



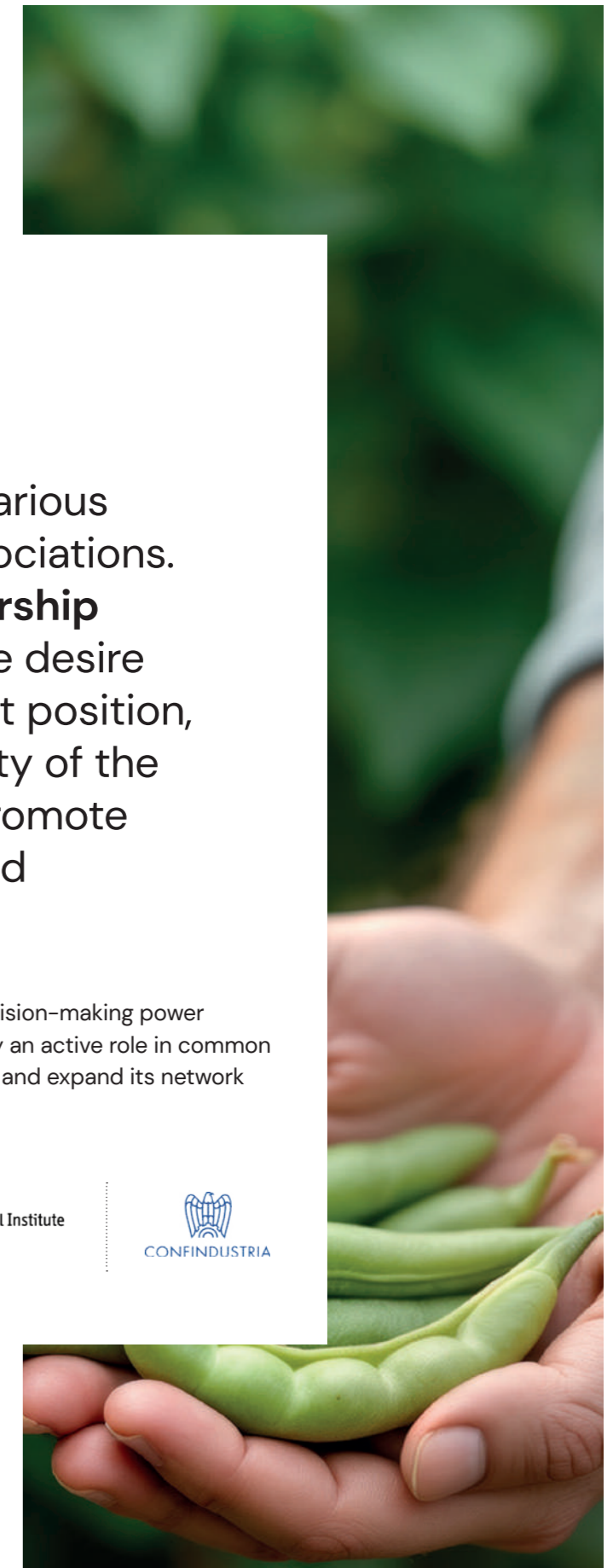
Total distributed economic value amounted to €83,109,067. Of that figure, 82% was distributed through the coverage of operating costs, while about 15% was distributed to employees through wages and benefits.

- Coverage of operating costs
- Employee wages and benefits
- Payments to government agencies
- Payments to capital providers
- Investments in the community

Membership Associations

Pedon is a member of various sector and industry associations. The company's **membership strategy** is based on the desire to consolidate its market position, improve the sustainability of the production chain and promote awareness of healthy and sustainable nutrition.

Membership of associations gives Pedon decision-making power and influence in the market, allowing it to play an active role in common initiatives, benefit from operational synergies and expand its network and partnerships.



Methodological Note

Sustainability has always been a cardinal focus of Pedon's business. That commitment, together with the evolutionary drive that is steering the company towards new markets and new product categories, has now led the company to prepare its first-ever **Sustainability Report** (hereinafter also the "Report"). The Report sets out and explains Pedon's environmental, social and governance (ESG) commitments for stakeholders and society at large, adopting the highest internationally-recognised standards.

The decision to **release a Sustainability Report for the first time** represents an important step forward for Pedon in terms of social and environmental reporting. The Report provides an overview of the values, policies, strategies, outcomes, projects and initiatives pursued in the 2021/2022, 2022/2023 and 2023/2024 financial years, laying a solid foundation for long-term sustainability path.

The information disclosed in this Report was carefully prepared and provided by the heads of our functional areas. This has ensured the highest level of reliability and rigour for the credibility of the Sustainability Report as a whole, while leveraging the constant involvement of management and employees in our sustainability path, with the aim of communicating to our internal and external stakeholders Pedon's commitment to sustainable social, environmental and economic growth.

The scope of the Sustainability Report includes Pedon S.p.A. and its operations at the Colceresa production facility (Vicenza, Italy), thus excluding warehouses and other production sites operated by subsidiaries controlled by Pedon Holding. This approach enables reporting to focus specifically and in detail on Pedon's core business activities, ensuring the greatest accuracy and relevance of the information reported. In addition, the reporting period adopted reflects the company's financial reporting practice of considering the financial year from 1 July to 30 June of the following year.

This Sustainability Report has been prepared with reference to the Global Reporting Initiative (GRI) Sustainability Reporting Standards published in 2016 and subsequent updates thereto. The "with reference to" option implies that, although the Report has been prepared according to the guidelines and principles set out in the GRI Standards, the company may reserve the option to use selected standards or parts of their content.

In view of the future obligation to comply with the 2026 Corporate Sustainability Reporting Directive (CSRD) adopted by the European Union in 2022, this Report is configured as a tool for measuring, monitoring, improving, reporting and comparing the corporate sustainability performance of the company. The CSRD aims to enhance the quality of reporting and ensure the comparability of data by requiring that sustainability reporting complies with a harmonised European standard set forth by the European Financial Reporting Advisory Group (EFRAG).

This Report was prepared on a voluntary basis, with contents selected through a **materiality assessment**. The assessment involved engagement with stakeholders to identify and assess the material significance of impacts concerning the organisation. In accordance with GRI Standards, material topics were defined as topics that represent the organisation's most significant impacts on the economy, environment and society or that affect stakeholders' decisions. Material topics were identified through a stakeholder engagement process based on the GRI framework.

In accordance with reporting standards, the organisation's sustainability reporting provides detailed information on the sustainability framework and practices for a broad audience, including consumers, institutions, intermediate customers and other stakeholders.

This Report is based on questionnaires and interviews and presents clear, accessible information enhanced with charts and interactive tables. The performance indicators included in the Report provide an **objective assessment of outcomes**, regardless of whether they present positive or negative trends.

Pedon adopts an approach to environmental risk management that is based on the precautionary principle outlined in the United Nations' Rio Declaration on Environment and Development. This principle underlines the importance of adopting preventive measures even in the absence of absolute scientific certainty, especially when there is a risk of serious or irreversible damage to the environment.

To ensure the pursuit of social justice and respect for human rights at work, the organisation follows the international labour standards established by ILO Conventions, which promote decent and productive work in conditions of freedom, equity and safety for men and women.

Finally, the organisation takes into consideration the G20/OECD Principles of Corporate Governance. Representing the leading international standard for corporate governance, the principles aim to improve the legal and regulatory framework for corporate governance with a view to supporting economic efficiency, sustainable growth and financial stability. The principles include revised recommendations on sustainability and resilience for managing climate-related and other sustainability risks and opportunities. The Pedon S.p.A. Sustainability Report has not been submitted for external assurance. The Report was approved by the Board of Directors on 7th November 2024 and is published on the website www.pedon.it.



For further information on the contents of this Report, requests should be addressed to Mr **Matteo Merlin, Marketing Director**, marketing.molvena@pedongroup.com



The Sustainability report has been prepared with the technical and methodological assistance of IMQ eAmbiente s.r.l.

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STATEMENT OF USE

The information provided by Pedon S.p.A. in this GRI Content Index for the period 1 July 2021–30 June 2024 has been reported “with reference to” the GRI Standards.

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This paper is made with a mix of cellulose from responsible sources and beans waste.





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