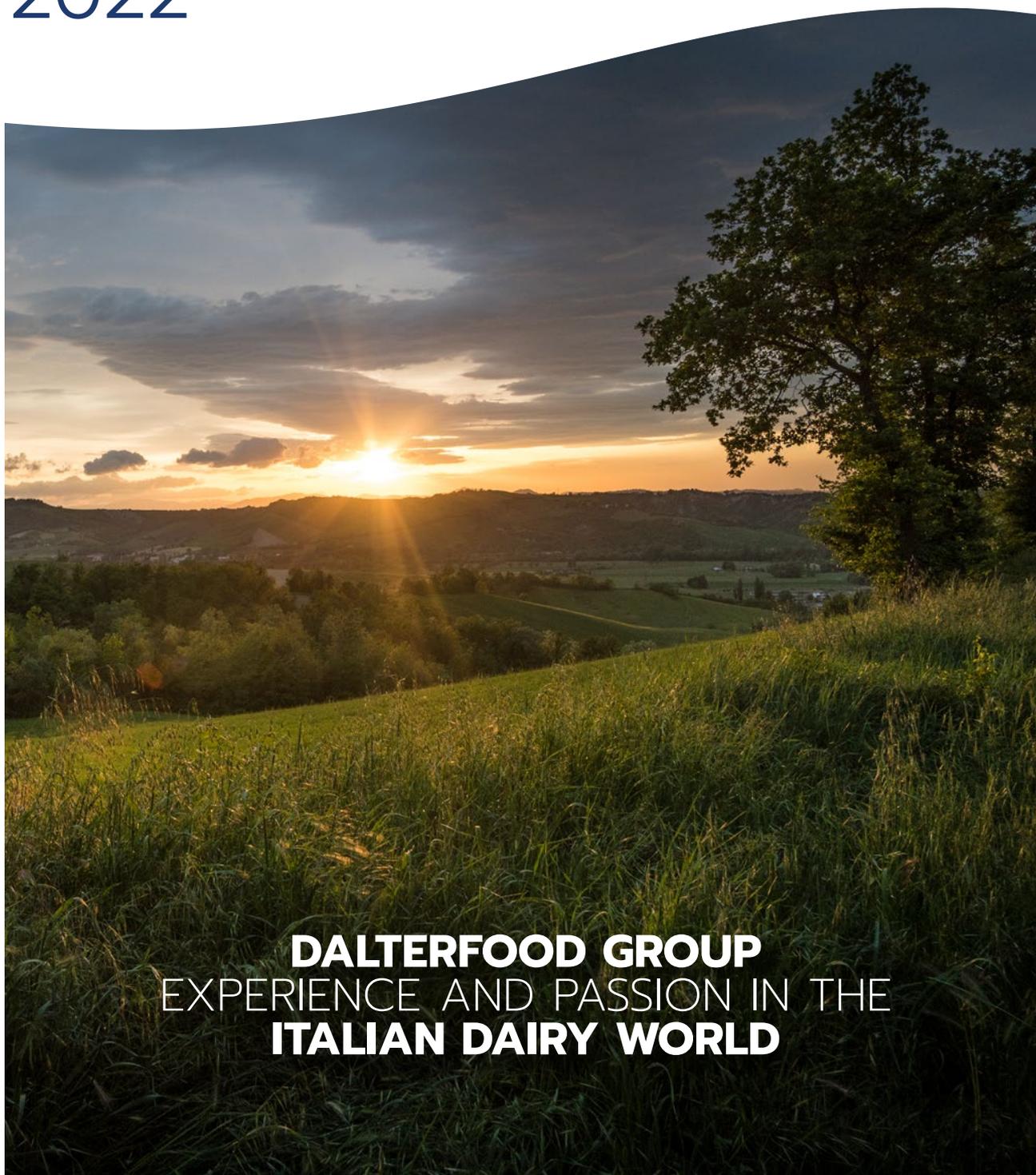


SUSTAINABILITY REPORT 2022



DALTERFOOD GROUP
EXPERIENCE AND PASSION IN THE
ITALIAN DAIRY WORLD



SUSTAINABILITY REPORT

2022

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ITALIAN DAIRY WORLD

CONTENTS

_LETTER TO STAKEHOLDERS	1
2022 HIGHLIGHTS OF DALTERFOOD GROUP	3
_CHAPTER 1 SUSTAINABILITY FOR DALTER	5
1.1 The 2030 Agenda: DalterFood Group Goals	7
1.2 Materiality analysis and stakeholder engagement	10
_CHAPTER 2 OUR VALUES	18
2.1 DalterFood Group: a 40-year history	19
2.2 Values of DalterFood Group	20
2.3 Governance and corporate structure	22
2.4 Ethics and business integrity	26
_CHAPTER 3 THE ECONOMIC SUSTAINABILITY OF DALTERFOOD GROUP	32
3.1 Markets served and products offered	33
3.2 The business model, market and products offered	34
_CHAPTER 4 RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN	37
4.1 The value chain	42
4.1.1 Breeders: strategic partners of the Group	43
4.2 Animal welfare	45

_CHAPTER 5	
QUALITY ASSURANCE FROM THE CUSTOMER TO THE CONSUMER	51
5.1 Control over the production process and on raw materials	53
5.1.1 Traceability and tracking	54
5.2 Consumer health and safety	55
5.2.1 Focus on our customers	57
_CHAPTER 6	
CARE FOR THE ENVIRONMENT	62
6.1 Circularity in DalterFood's business	63
6.1.1 Packaging sustainability	64
6.2 Energy consumption and emissions	66
6.3 Water consumption	69
_CHAPTER 7	
PROTECTION OF HUMAN CAPITAL	71
7.1 Employee inclusion, well-being and growth	72
7.2 Occupational health and safety	76
7.3 Local communities and areas	78
_ATTACHMENTS – PERFORMANCE INDICATORS	80
_GRI CONTENT INDEX	91



LETTER TO STAKEHOLDERS

“ The year 2022 was marked by harsh macroeconomic turbulence, the outbreak of the war in Ukraine and its repercussions on the costs of energy and all raw materials, the pandemic which, though to a lesser extent, continued to influence the markets, and, last but not least, climate change, which, with episodes of droughts alternating with extreme flooding, is disrupting our society, above all in our region of Italy.

Thus, it is increasingly important **to make concrete efforts** to ensure that our business is sustainable in economic, environmental and social terms, with projects that make our products even better for our customers, but also for the society in which we participate. These commitments are summarised in this document, which is the second report in this process begun last year, to illustrate our commitment to increasingly sustainable growth.

Despite the critical issues in the context, in a complicated year such as 2022, where we were forced to adjust our sales prices to offset the increase in our production costs, we managed to **grow by 15%**, with highly positive results on the European markets. **Our workforce grew by 4%** and we gave life to important projects, which will show results in the next few years.

We began a process of analysing energy efficiency for our cutting and packing plants and our cheese factories, with the goal of reducing our environmental impact, **investing in renewable energies, photovoltaic** above all, to create a medium-term plan that will result in our **self-production** of at least **20% of the energy** that we consume by 2025.

As regards our packaging, we have entered the second phase of the project to change over from our mixed material packs to single material packs, **that can be**



Chairman
Stefano Ricotti



CEO
 Alberto Viappiani

recycled with plastics, with the goal of implementing, following the range of single-serving packs, **the new materials** on all consumer packs and on industrial packs by 2025, in order to complete the project on our entire product portfolio within three years.

Likewise, we kept working for a more integrated and sustainable Parmigiano Reggiano supply chain, and are developing, together with our breeders, new partnerships with veterinarians to **increase the levels of certified animal welfare** of our cowsheds.

We are aware that our Group's main assets are its people, above all. For this reason, in order to contribute, even minimally, to handling a complex economic scenario, we decided to include lunch vouchers in the benefits **for all locations in Italy**. After the forced stop caused by the pandemic, we also restarted our **training programs**, with plans dedicated to transversal skills, from English to IT tools, and the specific skills of each function, in order to keep **increasing the wealth of our knowledge**.

Lastly, we intend **to directly** care for our **local areas and the communities** we are part of. In this view, we developed important partnerships with associations in Reggio Emilia, specifically with the Panta Rei Cooperative of Reggio Emilia, which we will support in designing new protocols for autistic children's access to food, in a partnership that we will be involved in also for the next few years.

We are well aware that we have achieved significant results primarily thanks to the contribution of each of our workers and partners. Considerable challenges await us, but we are not concerned. Excellence is, and has always been, our goal.



General Manager
 Andrea Guidi

Chairman
 Stefano Ricotti

CEO
 Alberto Viappiani

General Manager
 Andrea Guidi

2022 HIGHLIGHTS OF DALTERFOOD GROUP



€146million

TURNOVER IN 2022
(+15% compared with 2021)



over **32million**

**LITRES OF MILK
PROCESSED**



100%

farms obtained certification
ANIMAL WELFARE



10Audits

**TO ASSESS COMPLIANCE
WITH ANIMAL WELFARE**
(+4 compared with 2021)



**3 energy
diagnoses**

conducted in 2022, with the
goal of improving energy
efficiency



-31%

PLASTIC CONSUMPTION
(compared with 2021)



**PACKS
100%
recyclable**

for the single portion and
single-serving lines



3systems

of separate waste collection

Including two compactors for
plastic and cardboard and a
big bag system for transparent
polyethylene



55new hires

in 2022 (with a hiring
rate of 32%)



56%

**INCREASE IN TRAINING
ON SAFETY IN THE
WORKPLACE**





01

_SUSTAINABILITY
FOR DALTERFOOD
GROUP

_SUSTAINABILITY FOR DALTERFOOD GROUP

DalterFood Group aims to be a leading company in its sector, adopting a modus operandi whose goal is all-encompassing respect for people and the environment.

The DalterFood Group Sustainability Report has been prepared by reporting a selection of the GRI Sustainability Reporting Standards published by the Global Reporting Initiative (GRI), as indicated in the GRI Content Index table.

The scope of reporting of the economic-financial data information is the same as that of the consolidated financial statements as at 31 December 2022. The commercial company Baltic Cheeses was not consolidated, as it was considered immaterial for ensuring the understanding of the activities and impacts generated by the Group.

This document:

- is the result of the internal data collection process shared between multiple corporate functions;
- has been drawn up in liaison between the Group Marketing & CSR Manager and an external consulting team specialised in the field of sustainability;
- has been supervised by the management and approved by the Board of Directors.

This Report is intended as the vehicle for reporting on the Group's commitment in the various ESG (Environmental, Social and Governance) areas, with the goal of providing a transparent view of the strategies, activities undertaken and the results achieved to promote economic growth and business development with a view to sustainability.

Compared to the previous year, there were no significant changes in the size, organisational structure, ownership structure or supply chain of the Group.

The information regarding the reference period is compared with that of the previous year, where available, to ensure the comparability of data over time. Any restatements of data for the previous period are expressly indicated in the document. To guarantee the reliability of the data, estimates were made only where strictly necessary and, where present, are suitably noted in the text. This Sustainability Report is not subject to external assurance.

This document is available to stakeholders as a result of its publication on the company website: www.dalterfood.com.



1.1 THE 2030 AGENDA: DALTERFOOD GROUP GOALS

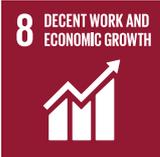
To confirm our commitment to promoting a business model that also includes economic, social and environmental responsibility in all company aspects and activities, starting in 2021, DalterFood Group set goals that can contribute to achieving the Sustainable Development Goals (SDGs) of the 2030 Agenda for Sustainable Development defined by the United Nations in 2015. The 17 goals and 169 associated targets aim to guide countries and organisations throughout the world in adopting sustainable development behaviours such as, for example, reducing inequality, promoting economic prosperity, ensuring social development and protecting the environment.

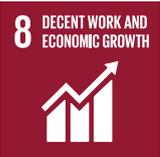
DalterFood Group conducted an in-depth analysis and identified 8 goals applicable to its company model.

THE UN 2030 AGENDA: THE GOALS CHOSEN BY DALTERFOOD GROUP



To monitor the Group's contribution to the 2030 Agenda, a plan of sustainability goals was drawn up, approved by the first line managers, whose progress is discussed periodically at specific meetings. The topics and goals that DalterFood Group commits to achieving are shown below:

MATERIAL TOPIC	ACTION	SDG
<p>EMPLOYEE INCLUSION, WELL-BEING AND GROWTH</p> <p>OCCUPATIONAL HEALTH AND SAFETY</p>	<ul style="list-style-type: none"> • Ensuring the health and safety of workers through the application of standards and the adoption of controlled procedures • Providing adequate training for staff, ensuring their professional development • Optimising and enhancing the talents of creating career paths • Protecting diversity and ensuring inclusion for all workers, avoiding discrimination 	  
<p>LOCAL COMMUNITIES AND AREAS</p>	<ul style="list-style-type: none"> • Protecting employment by creating jobs for local communities, establishing partnerships with schools/universities • Supporting local communities and the less fortunate through a concrete and defined commitment • Creating a sense of sharing and enhancing the relationship with local breeders 	
<p>ANIMAL WELFARE</p>	<p>Guaranteeing and protecting the health, welfare and freedom of animals, involving the entire farming system</p>	
<p>ENERGY CONSUMPTION AND EMISSIONS</p> <p>CIRCULAR ECONOMY AND MANAGEMENT OF NATURAL RESOURCES</p>	<ul style="list-style-type: none"> • Carefully selecting raw materials according to sustainability criteria and tracing their origin and route • Reducing emissions into the atmosphere • Developing sustainable, recyclable and plastic-reducing packaging types • Paying attention to consumption, including energy consumption, by limiting its use to the amount needed for the production process • Optimising transport in order to reduce/contain emissions - Sustainable logistics • Paying attention to and spreading good recycling practices, following circular economy processes • Tracking the use of water resources, especially those useful for the production process, in order to use them more responsibly 	 

MATERIAL TOPIC	ACTION	SDG
WASTE MANAGEMENT AND FOOD WASTE	<ul style="list-style-type: none"> Managing waste responsibly, focusing more on the concept of reduction and the introduction of new practices 	
ECONOMIC PERFORMANCE	<ul style="list-style-type: none"> Investing in research and innovation to ensure increasingly advanced and sustainable products and business Favouring the maintenance of a strong presence in countries with the highest potential for consumption of the category of cheese, to which the company already exports. 	 
RESPONSIBLE SUPPLY CHAIN MANAGEMENT	<ul style="list-style-type: none"> Establishing trust with suppliers in terms of maintaining the relationship and ensuring they comply with quality and sustainability standards Strengthening local roots by creating economic value 	



1.2 MATERIALITY ANALYSIS AND STAKEHOLDER ENGAGEMENT

The preparation of DalterFood Group’s Sustainability Report begins with identifying the material topics, i.e. the most important topics at the economic, environmental and social levels (including human rights topics). For this second year of reporting, the Group updated the materiality analysis following the new methodology proposed by the GRI Universal Standards, revising the process of identifying material topics starting by prioritising the positive and negative, current and potential impacts generated by company activities. To identify any new material topics, as well as intercept possible new trends compared to the previous reporting year, firstly, DalterFood Group directly conducted a benchmarking and context analysis.

Through a workshop with the various company functions and surveys with a representative sample, which involved over 700 people in various categories of stakeholders (Customers, Suppliers and Employees), the material topics associated with the priority impacts for the Group were identified.

The topics that were shown to be material and the underlying impacts are shown in the table below:

MATERIAL TOPIC	MAIN IMPACTS	TYPE OF IMPACT	DESCRIPTION OF THE MAIN IMPACTS
ETHICS AND INTEGRITY	Non-compliance	Potential Negative	Non-compliance with laws and regulations, internal and external standards applicable, with the related negative social/environmental/economic impacts
	Human rights	Potential Negative	Cases of violation of human rights within the organisation or its value chain
	Unethical conduct of business	Potential Negative	Negative impacts on people and on economic systems generated by unethical conduct of business
	Anti-corruption	Potential Negative	Episodes of corruption
CIRCULAR ECONOMY AND MANAGEMENT OF NATURAL RESOURCES	Water withdrawal	Current Negative	Water withdrawal for production purposes with negative repercussions on the availability of water resources in the territory
	Effluents	Potential Negative	Effluents not subject to adequate purification treatments
	Consumption of raw materials for packaging	Current Negative	Environmental impact linked to the use of packaging materials, due to the use of non-recyclable materials

MATERIAL TOPIC	MAIN IMPACTS	TYPE OF IMPACT	DESCRIPTION OF THE MAIN IMPACTS
PRODUCT QUALITY AND SAFETY	Responsible labelling	Current Negative	Dissemination of imprecise, misleading and deceptive information relating to the organisation or its products
	Product non-conformity	Potential Negative	Episodes of non-compliance in the area of product health and safety
	Customer satisfaction	Current Positive	The offer of products and services meets customers' needs
ANIMAL WELFARE	Animal Welfare	Potential Negative	Lack of protection of animal welfare and health
EMPLOYEE INCLUSION, WELL-BEING AND GROWTH	Employee training and development	Current Positive	Improvement in workers' skills through training and professional development, also linked to personalised growth and assessment targets
	Employee satisfaction and well-being	Current Positive	Promotion of employee satisfaction and well-being by implementing well-being activities and dedicated benefits
	Employment	Current Positive	Job creation and hiring
	Fair remuneration of personnel	Current Positive	Fair remuneration policies that promote workers' abilities
ECONOMIC PERFORMANCE	Value creation	Current Positive	Generation of economic value and correlated distribution to stakeholders (e.g. employees, suppliers)
OCCUPATIONAL HEALTH AND SAFETY	Accidents and work-related ill health	Current Negative	Occupational accidents and work-related ill health with negative consequences on the health of direct workers or external collaborators
	Promotion of health	Current Positive	Promotion of employee health
CONSUMER HEALTH AND SAFETY	Product quality	Current Positive	Offering of safe, high-quality products along the entire supply chain
ENERGY CONSUMPTION AND EMISSIONS	Energy consumption	Current Negative	Energy consumption from non-renewable sources, with resulting negative impacts on the environment and reduction in energy stocks
	Generation of direct and indirect energy (Scope 1 and Scope 2) GHG emissions	Current Negative	Contribution to climate change through direct and indirect energy GHG emissions, linked to the activities carried out at the Group's offices and facilities
	Generation of indirect (Scope 3) GHG emissions	Current Negative	Generation of climate altering emissions linked to production and transport activities over the value chain

MATERIAL TOPIC	MAIN IMPACTS	TYPE OF IMPACT	DESCRIPTION OF THE MAIN IMPACTS
RESPONSIBLE MANAGEMENT OF THE RAW MATERIAL MILK	Impacts on livestock farms, ecosystems and soil health	Potential Negative	Impacts on biodiversity and the quality of natural ecosystems, including erosion and/or reduction of the fertility of the soil, also linked to the use of pesticides, incorrect management of wastewater and the production of methane along the supply chain
RESPONSIBLE SUPPLY CHAIN MANAGEMENT	Local suppliers	Current Positive	Promoting purchases from local suppliers
	Negative impacts of suppliers	Potential Negative	Negative environmental and social impacts linked to the procurement of goods and services from suppliers
WASTE MANAGEMENT	Waste	Potential Negative	Environmental pollution due to the production of hazardous and non-hazardous waste

As regards the impact “Generation of indirect (Scope 3) GHG emissions”, DalterFood Group is aware of the need to measure its carbon footprint to be more aware of its impacts on the environment, and to adopt, as a result, all the controls necessary to reduce them. For that reason, an assessment is under way of the most suitable way of measuring total emissions provoked by the business (including Scope 3 GHG emissions). This will take time, but its results will be available by the end of 2023.



STAKEHOLDERS

DalterFood Group deems that listening to and engaging its stakeholders is a fundamental priority to understand their needs and expectations.

In this second report, the Group has updated the stakeholder map and has identified the following categories:

LOCAL COMMUNITIES AND AREAS



INSTITUTIONS AND PUBLIC ADMINISTRATION



EMPLOYEES



CUSTOMERS



BREEDERS



SUPPLIERS



SHAREHOLDERS AND INVESTORS



Compared to the previous report, stakeholders such as shareholders and investors, institutions and public administration and local communities were added, to better illustrate the framework of stakeholders with which the Group interacts. For each category of stakeholder, the main engagement methods are reported below:

STAKEHOLDER	ENGAGEMENT METHODS
 <p>EMPLOYEES</p>	<ul style="list-style-type: none"> • Information displayed on company notice boards • Social Media • Information videos • Newsletters • Company software • Face-to-face meetings with management
 <p>CUSTOMERS</p>	<ul style="list-style-type: none"> • Direct telephone contacts • Face-to-face meetings • Social media • Email • Fairs and events • Customer satisfaction surveys
 <p>SUPPLIERS</p>	<ul style="list-style-type: none"> • Face-to-face meetings • Social Media • Email/telephone contacts
 <p>SHAREHOLDERS AND INVESTORS</p>	<ul style="list-style-type: none"> • Meetings of the Board of Directors • Periodic meetings

STAKEHOLDER	ENGAGEMENT METHODS
 <p>LOCAL COMMUNITIES AND AREAS</p>	<ul style="list-style-type: none">• Participation in local associations• Participation in networks of relationships• Identification of projects to support local communities
 <p>INSTITUTIONS AND PUBLIC ADMINISTRATION</p>	<ul style="list-style-type: none">• Ongoing dialogue on regulatory developments• Periodic meetings
 <p>BREEDERS</p>	<ul style="list-style-type: none">• Face-to-face meetings• Email/telephone contacts





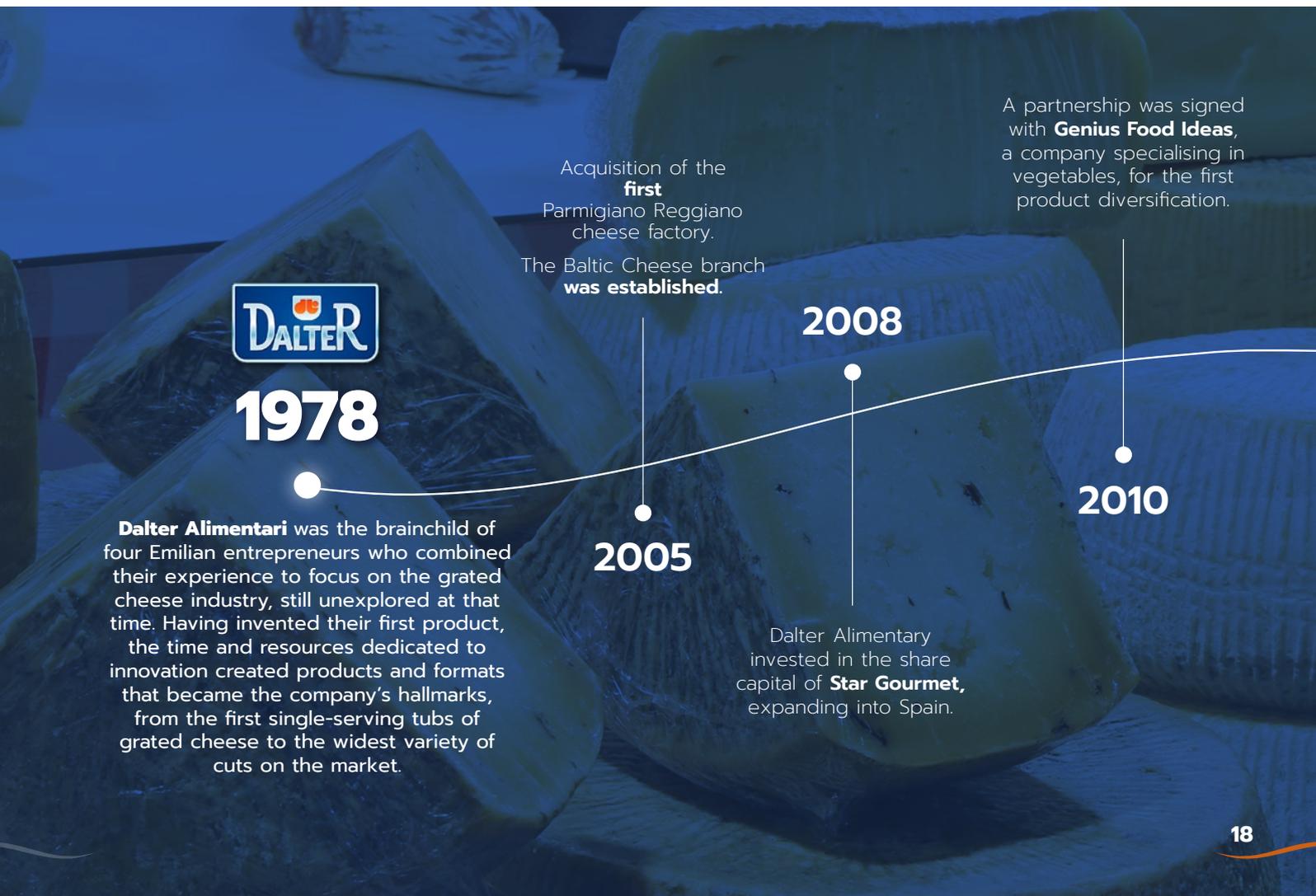


02

_2. OUR VALUES

OUR VALUES

The history of DalterFood Group is the history of freshly grated cheese and a long path of innovation to make the Italian dairy tradition known to the world.



1978

Dalter Alimentari was the brainchild of four Emilian entrepreneurs who combined their experience to focus on the grated cheese industry, still unexplored at that time. Having invented their first product, the time and resources dedicated to innovation created products and formats that became the company's hallmarks, from the first single-serving tubs of grated cheese to the widest variety of cuts on the market.

Acquisition of the **first** Parmigiano Reggiano cheese factory.

The Baltic Cheese branch **was established.**

2005

2008

Dalter Alimentari invested in the share capital of **Star Gourmet**, expanding into Spain.

2010

A partnership was signed with **Genius Food Ideas**, a company specialising in vegetables, for the first product diversification.

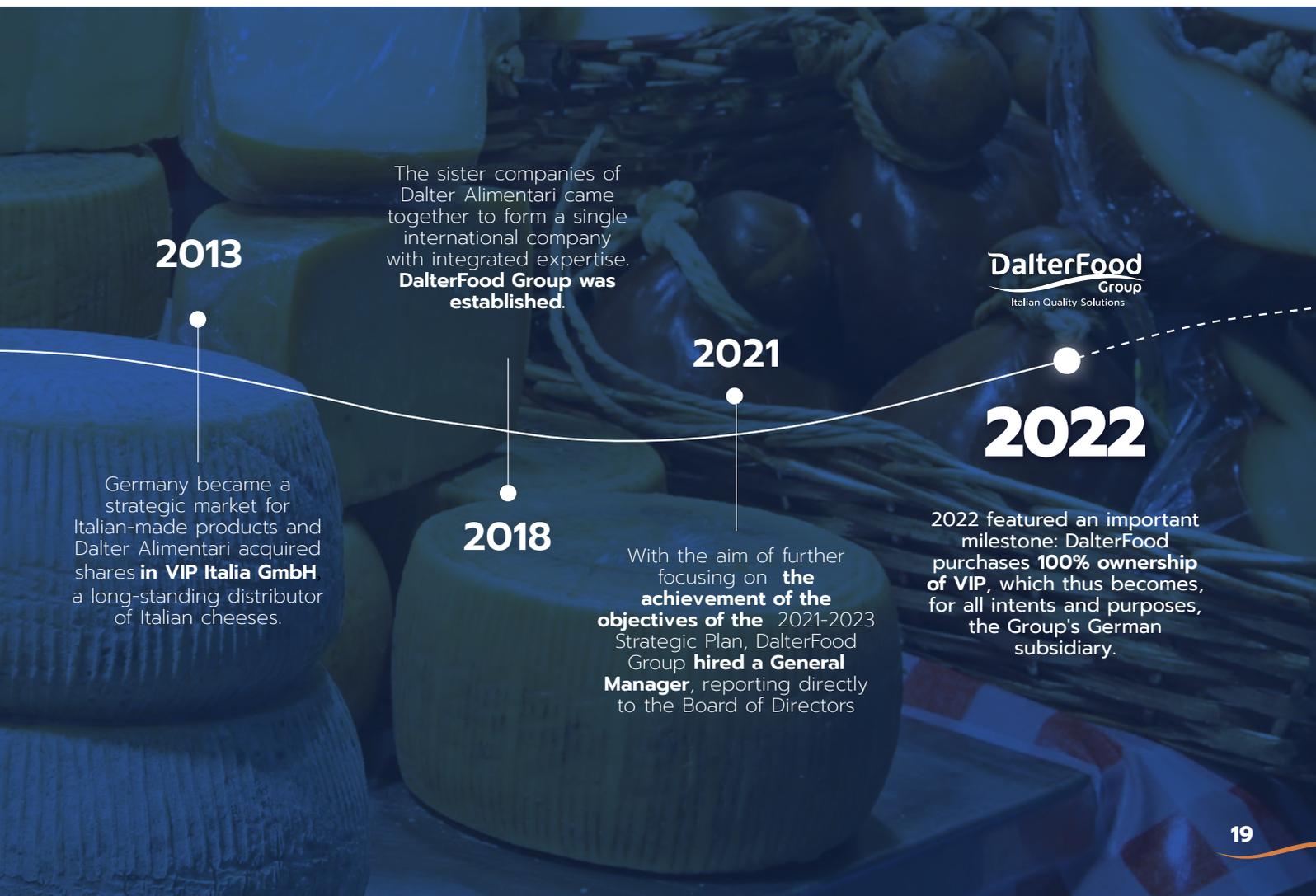
2.1 DALTERFOOD GROUP: A 40-YEAR HISTORY

Dalter Alimentari was created by a group of Emilian entrepreneurs who decided to join their experience to focus on the grated cheese industry, still unexplored at that time.

Due to the dedicated commitment and resources, a wide range of cheese products and formats was developed, starting from the first single-serving tubs of grated cheese to the widest variety of cuts, which became the hallmarks of DalterFood.

Now the Group operates on various markets, from production to distribution, to select and distribute the best Italian food specialities in Europe and around the world.

Today, with more than 40 years of experience in the production and packaging of Parmigiano Reggiano, the DalterFood Group is a major player in the production, cutting and packaging of hard cheeses and in the international distribution of traditional Italian food products.



2013

Germany became a strategic market for Italian-made products and Dalter Alimentari acquired shares in **VIP Italia GmbH**, a long-standing distributor of Italian cheeses.

The sister companies of Dalter Alimentari came together to form a single international company with integrated expertise. **DalterFood Group was established.**

DalterFood
 Group
 Italian Quality Solutions

2021

With the aim of further focusing on **the achievement of the objectives of the 2021-2023 Strategic Plan**, DalterFood Group **hired a General Manager**, reporting directly to the Board of Directors

2018

2022

2022 featured an important milestone: DalterFood purchases **100% ownership of VIP**, which thus becomes, for all intents and purposes, the Group's German subsidiary.

2.2 THE VALUES OF DALTERFOOD GROUP

DalterFood Group is dedicated to bringing innovation to the world's tables, strongly based on the Italian culinary tradition, passionately selecting and packaging the best PDO Italian mature cheese and other delicacies, including Parmigiano Reggiano, which is produced at the two cheese factories located in the hills of Reggio Emilia.

OUR VISION

“

Excite all **food lovers** the world with **sustainable products** and the flavours of the **Italian culinary tradition**.

OUR MISSION

“

Make our ability to listen and our experience in the Italian dairy sector available to customers every day, so as to offer **bespoke solutions** that tell the story of our products with a passion.



Every day, DalterFood Group commits to conveying its values, such as:

INNOVATING TOGETHER



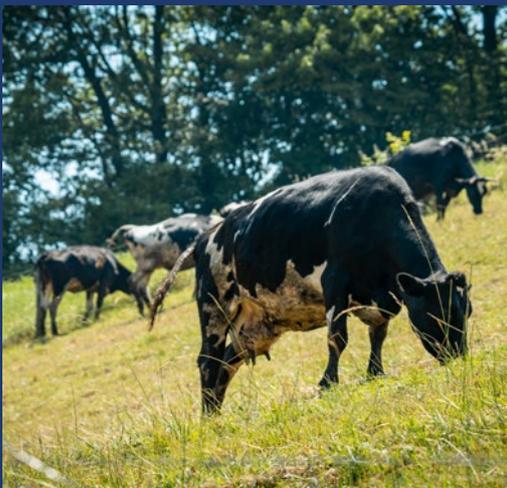
By listening to our suppliers, our customers and our people, we create ever better processes and products.

ITALIAN FOOD



We respect and value the culture of Italian flavours and export it around the world.

SUSTAINABLE GROWTH



We believe in looking after our relationships and we share sustainability goals with the links in the supply chain.

BUILDING TRUST



We work with transparency and expertise to guarantee our customers the highest quality standards.

2.3 GOVERNANCE AND CORPORATE STRUCTURE

The companies under the trade name DalterFood Group, at corporate level, are owned by a group of entrepreneurs from Emilia Romagna which, over time, were able to guarantee growth while keeping the values and specific characteristics of each company intact.

Owned companies that comprise the DalterFood Group:



**Headquarters
and production plant**
(cutting and packing)



**Company owning the two
cheese factories in Selvapiana
and Canossa and Cigarello**
(milk procurement and Parmigiano
Reggiano production).



**Sales subsidiary
for the UK market**



**Sales subsidiary for the
German market**

BALTIC CHEESES SIA

**Foreign procurement of hard
cheeses**

All the companies have a traditional corporate governance model, in compliance with the country where the company is headquartered. The Boards of Directors of the companies are in charge of correctly managing and administering the business; the Boards of Statutory Auditors are assigned the supervisory function (present only in the Italian companies), while auditing and control of the accounts are assigned to independent auditors appointed by the ordinary shareholders' meetings.



Board of Directors

It administers the powers of the company except where the law requires specific authorisation.



Board of Statutory Auditors

It has the task of monitoring compliance with the law and the articles of association, compliance with the principles of proper administration and, in particular, the adequacy of the internal control system.



Supervisory Body

It has autonomous powers of initiative and control and is responsible for supervising the functioning and observance of DalterFood Group's Organisational, Management and Control Model pursuant to Legislative Decree No. 231/2001, as well as for ensuring that it is updated.

The parent company is **Dalter Alimentari S.P.A.**, a private company with headquarters in Via Val d'Enza 134 in Sant'Ilario d'Enza (RE), Italy, which operates through direct production plants and carries out marketing and sales both in Italy and internationally, and exercises the management and coordination of commercial, management and financial policies of the subsidiaries.

The Board of Directors of Dalter Alimentari S.p.A is composed of the Chairman, the CEO and the Director, representing the owners, and meets on a monthly basis, with the goal of monitoring the Group's economic and financial performance and discuss the main aspects of the business. Monthly, the Board of Directors is also presented the strategy linked to sustainable development issues, drawn up by the general management and the department managers, as well as the results obtained, for agreement and approval.

BOARD OF DIRECTORS AS AT 31.12.2022	POSITION	DATE OF APPOINTMENT
STEFANO RICOTTI	Chairman	29/06/2021
ALBERTO VIAPPANI	CEO	05/07/2021
MARTINO RICOTTI	Director	29/06/2021

BOARD OF STATUTORY AUDITORS AS AT 31.12.2022	POSITION	DATE OF APPOINTMENT
ALBERTO BERTANI	Statutory Auditor	26/06/2020
FRANCESCO RAVACCHIA	Statutory Auditor	26/06/2020
ANDREA SASSI	Statutory Auditor	26/06/2020
ROBERTO RINALDI	Alternate Auditor	26/06/2020
FILIPPO FONTANA	Alternate Auditor	26/06/2020

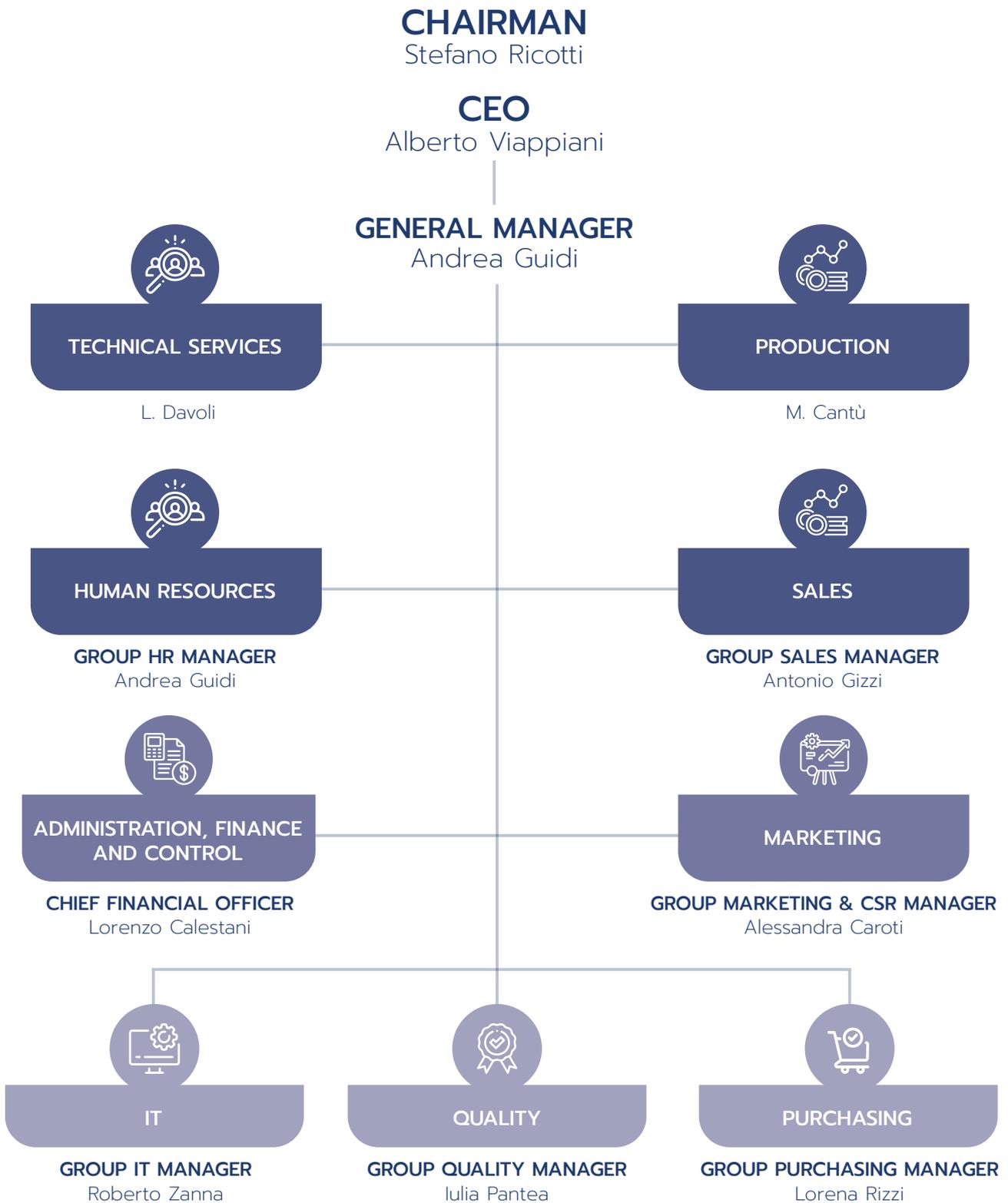
The Board of Directors is composed of only shareholders, who have appointed a General Manager in charge of strategic and ordinary management of the Group's business. The General Manager is an independent figure, who does not hold either the position of Chairman or of CEO. The General Manager participates in the Board of Directors' meetings along with the Chief Financial Officer, the Controller and the Sales Director. All members of the Board of Directors and the Board of Statutory Auditors are Italian men aged over 50, with the exception of one member aged between 30 and 50. As at 31 December 2022, the group of department managers is composed of 9 people, of which 3 women and 6 men, all Italian.

The strategic and ordinary management of the organisation's impacts on the economy, environment and people is assigned to the General Manager, supported by the various department managers. The impacts are subsequently presented, within the framework of the sustainability report, on an annual basis.

The remuneration policies of the General Management are the responsibility of the Board of Directors, while those of employees are managed by the General Manager, who also carries out the function of Human Resources Manager.

At Group level, the ratio of total annual remuneration of the highest paid individual to the average remuneration of employees (excluding the highest paid person) is 10.82.

DALTER ALIMENTARI S.p.A. ORGANISATIONAL CHART



2.4 ETHICS AND BUSINESS INTEGRITY

For DalterFood Group, respect for ethical principles and transparency in the conduct of business are a necessary condition in doing business.

The Code of Ethics of DalterFood Group, approved by the Board of Directors and binding on employees of all Group companies, workers, partners and suppliers, expresses ethical responsibilities in conducting business in order to build a healthy environment featuring a strong sense of ethical integrity. Through this document, the Group requires conduct in line with the company principles, taking into consideration cultural, social and economic differences. Among the general conduct criteria, the Code of Ethics of DalterFood Group takes account of the following:



Combating unlawful behaviour;



Personnel recruitment and management;



Establishing the employment relationship;



Child labour and forced labour;



Health and safety;



Protection of privacy and handling of confidential information;



Equal opportunities;



integrity and protection of the individual;



Harassment in the workplace and alcohol and drug abuse;



Duties of workers.

On hiring, each employee or worker receives a copy of the document, which he/she is required to sign. With a view to ensuring that the Code of Ethics is in line with the changes the market is undergoing, DalterFood Group has planned to update it during the next year. During the reporting period, DalterFood Group did not record any significant cases of non-compliance with laws or regulations.

PRINCIPLES AND VALUES OF THE GROUP

- ✓ Honesty and lawfulness
- ✓ Prevention and resolution of conflicts of interest
- ✓ Fairness in operations and transactions
- ✓ Confidentiality
- ✓ Value of human resources
- ✓ Fairness in exercising authority
- ✓ Integrity and dignity of the individual
- ✓ Transparency, correctness and completeness of information
- ✓ Impartiality
- ✓ Entrepreneurship
- ✓ Diligence in the execution of tasks and contracts
- ✓ Quality of services and products
- ✓ safeguarding the quality of the environment and the health and safety of workers
- ✓ Safety and genuineness of products and protection of trademarks and patents
- ✓ Quality assurance (labelling, traceability, classification, packaging and transport)



Internal control and supervisory body

The Supervisory Body is in charge of managing the effectiveness of and compliance with the Code of Ethics and the Organisational Model pursuant to Italian Legislative Decree 231/2001¹.

The various duties of the Body also include assessing any reports received from employees regarding conduct in conflict with the Code of Ethics, and conducting the related investigations, maintaining the utmost confidentiality and secrecy. That way DalterFood Group guarantees that employees can raise their concerns without the fear of retaliation or penalties. Since it was established, the Supervisory Body has never received any reports.

Employees may avail of additional tools to report offences, such as a dedicated email address and two post boxes located in the break rooms of the offices and production facilities.

Thus, for the organisation it is fundamental to set up advanced tools for analysis and prevention, such as Risk-Based Thinking² tools, that assist in making prompt, effective decisions, following accurate assessments of the risks and opportunities of the choices made. The Risk-Based Thinking² approach thus aims to pursue the results set, providing the possibility of capturing opportunities for improvement, eliminating or reducing as much as possible the negative impacts on operations caused by the organisation or external conditions.

Anti-corruption and privacy protection

To protect workers' privacy, DalterFood Group adopts all the necessary standards to guarantee the most accurate methods of processing and storing data. These standards prohibit, except in the cases provided for by law, of communicating or disseminating personal data without the prior consent of the data subject, and lay down the rules for monitoring the regulations protecting privacy and data processing pursuant to Legislative Decree no. 196/03 and the equivalent legislation in force in the United Kingdom.

Moreover, DalterFood Group guarantees that information and data acquired in the course of business activities are used within the limits and according to company procedures and in compliance with national regulations in the country where the Group company operates.

During the year of reporting, DalterFood Group did not note any episodes of corruption or legal actions regarding anti-competitive conduct or breaches of antitrust or anti-monopoly laws, or complaints regarding breaches of customers' privacy and loss of their data.

¹ The Organisational Model pursuant to Italian Legislative Decree 231/2001 is valid for companies with headquarters in Italy. The Supervisory Body is the same for all Group companies.

² A pro-active method of approaching problems by systematically gathering information, knowledge and actions to address uncertainty and potential opportunities to be captured, by adopting Integrated Management Systems.

Transparency and lawfulness

DalterFood Group commits to operating in compliance with the principles of clarity, propriety and transparency to ensure that operations, negotiations and conduct aimed at carrying out its work are based on the utmost operational propriety of the Group, without favouring any interest group or single individual. All workers are required to provide complete, transparent, comprehensible and accurate information. Specifically, in formulating contracts, the Group makes sure to clearly and transparently specify to the contracting party all the aspects, clauses and conduct to respect in all circumstances envisaged.







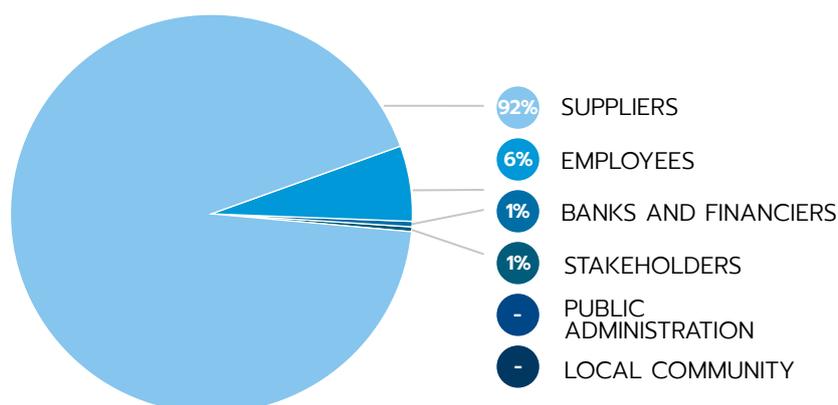
THE ECONOMIC SUSTAINABILITY OF DALTERFOOD GROUP

_THE ECONOMIC SUSTAINABILITY OF DALTERFOOD GROUP

DalterFood Group is aware of the economic responsibilities associated with its business: the value distributed³ to its various stakeholders depends on its economic performance. In 2022, the Group demonstrated strong resilience, thanks to which it achieved its budgeted profitability targets. Revenues derive exclusively from the company's operations: the sale of products generates the economic value of the company which, with a view to engagement and sharing of the results achieved, is, for the most part, distributed among the stakeholders who have had economically relevant relations with the Group, who have brought value to it (such as that derived from work), and who have contributed to the Group's good standing in various ways. The economic value remaining after distribution is retained by the company, which sets aside the resources necessary for the development of the organisation. Specifically, the economic value generated by DalterFood Group in 2022 amounted to approximately €155 million, a figure largely resulting from the portion of revenues consolidated by the Group, equal to approximately €146 million (+15% compared with 2021).

	31.12.2021 ⁴ € THOUSAND	%	31.12.2022 € THOUSAND	%
DIRECT ECONOMIC VALUE GENERATED	134,272	100%	155,511	100%
ECONOMIC VALUE DISTRIBUTED ⁵	128,610	96%	148,221	95%
ECONOMIC VALUE RETAINED	5,662	4%	7,290	5%

ECONOMIC VALUE DISTRIBUTED IN 2022



³ The economic value distributed is composed of: operating costs, remuneration and benefits, principal payments to suppliers and payments to the public administration. All data regarding the statement of economic value generated and distributed were obtained from the Profit and Loss Account for the year and restated based on the indications of the GRI Standards.

⁴ Following a process of improvement in the reporting system, and to guarantee its comparability, the figure regarding the economic value generated, distributed and retained by the Group was restated as compared to that published in the previous Sustainability Report. For the data previously published, refer to the Sustainability Report 2021, published on the website <https://www.dalterfood.com/>.

⁵ Note that during 2021 and 2022, dividends were distributed to Shareholders of €501 thousand and €1,000 thousand, respectively, through withdrawals from the Retained earnings reserve.

3.1 MARKETS SERVED AND PRODUCTS OFFERED

From production to distribution, DalterFood Group operates on various markets, producing and distributing the best Italian food specialities in Europe and around the world. Two key factors have led to the Group's success: its focus on quality (of its products, in selecting the best raw materials and its processes), as well as its desire to innovate. DalterFood Group was behind the launch onto the Italian market of packaged grated cheese: this product, along with many others released over the years, altered cheese consumption habits.

With its talent for innovation and quality, DalterFood Group has taken on increasingly demanding challenges. In particular, having consolidated its leading position in the food service sector and in corporate and institutional catering services, it launched an internationalisation policy before focusing on the more exacting European markets and then expanding the scope of its business outside the EU. Today, the company serves 32 countries worldwide and achieves around 80% of its turnover abroad thanks to its two subsidiaries and its sales network.

BREAKDOWN OF TURNOVER BY GEOGRAPHICAL AREA (YEAR 2022)



€24,156,000

16.5%

Italy



€121,316,000

82.9%

Europe



€913,000

0.6%

Rest of the world



3.2 THE BUSINESS MODEL, MARKET AND PRODUCTS OFFERED

DALTERFOOD GROUP'S BUSINESS MODEL



MILK COLLECTION

The quality of our milk comes from the long-standing **trusted relationships we have with selected farmers.**



MAKING PARMIGIANO REGGIANO

We guarantee the **excellence of our Parmigiano Reggiano** with our own cheese factories and continuous investments in training and innovation.



PORTIONING THE CHEESES

We manage a **wide variety of cuts and packs** of hard and semi-hard cheeses, from single portions to formats for the food industry.



EXPORTS AND DISTRIBUTION

We take Italian specialities around the world through **our subsidiary, logistics and sales network.**



As mentioned above, DalterFood Group offers a wide range of typical Italian cheeses and food products, cut and packaged to meet the needs of food industries, food service operators and the retail channel. Specifically:

- **Italian PDO hard cheeses** (Parmigiano Reggiano, Grana Padano and Pecorino Romano)
- **Italian Non-PDO hard cheeses**
- **Pasta filata cheeses** (burrata and buffalo burrata)
- **Fresh cheeses** (mozzarella, buffalo mozzarella and gorgonzola)
- **Other Italian specialities** (sausages and vegetable starters)

What makes DalterFood Group unique is the breadth of its product range: over time Parmigiano Reggiano was flanked at first with Italian cheeses of great tradition, such as Grana Padano and Pecorino Romano, and then a selection of Italian and foreign cheeses, such as Spinoro, Mozzarella, Emmenthal, Edamer and Pastamore. But that's not all: over the years, a wide variety of cuts was introduced - e.g. cubes, leaves, nuggets, flakes, sticks and fillets - and packaging, always with the aim of meeting the needs of the highest possible number of customers.

As well as creating a new model for the supply chain that is both ethical and balanced, where excellence is the top value that deserves to be rewarded, the Group has focused on improving local production facilities with incentives and support for cheese factories located in the mountains. The two cheese factories now produce 180 wheels a day and process around 750 hundredweight of milk from neighbouring cowsheds located both on the plains and in mountainous areas. This allows them to produce conventional Parmigiano Reggiano, Organic Parmigiano Reggiano and Certified Mountain Product Parmigiano Reggiano.

As regards labelling and information for all products and services offered by DalterFood Group, their origin, contents, safe use and disposal are indicated.

In that regard, in the year of reporting, the organisation did not detect any episodes of non-conformance which resulted in a fine, sanction, penalty, notice or a non-conformity with the self-governance codes. Moreover, also for the year of reporting 2022, DalterFood Group did not detect any cases of non-compliance with regulations that resulted in a fine, penalty or notice regarding marketing communications, including advertising, promotion and sponsorships.







4 _RESPONSIBLE SUPPLY CHAIN MANAGEMENT

_ 4. RESPONSIBLE SUPPLY CHAIN MANAGEMENT

DalterFood Group has worked hard to create a unique supply chain model, high-performing and sustainable, rewarding and incentivising all those involved to do their utmost to achieve a top-quality product. All stages of the supply chain are subject to controls by the Group: from milk collection to production in its own two cheese factories, up to cutting, packaging and distribution on the Italian and foreign markets.

*We listen to your needs
so as to give a new slant to your expectations.
But without compromising on quality.*

Parmigiano Reggiano is a **PDO cheese of the highest quality**, unique on the Italian and international market, whose production, from milk collection to maturing and packaging, is regulated by the Parmigiano Reggiano Protection Consortium.

DalterFood Group purchases the milk from **41 breeders** who meet strict requirements in terms of quality and animal welfare. These breeders are considered not only suppliers but also true strategic partners. The range of farms that collaborate with the Group is varied both in terms of size, from small family farms of 40 head to large ones of 200, and in terms of location, so that the two cheese factories can be supplied with lowland milk, for the production of conventional Parmigiano Reggiano, but also mountain milk, as well as organic milk, mountain product only from Pezzata Rossa Italian Cattle, for the production of a unique cheese, Parmigiano Reggiano Only from Italian Pezzata Rossa Cows.



MAKING PARMIGIANO REGGIANO

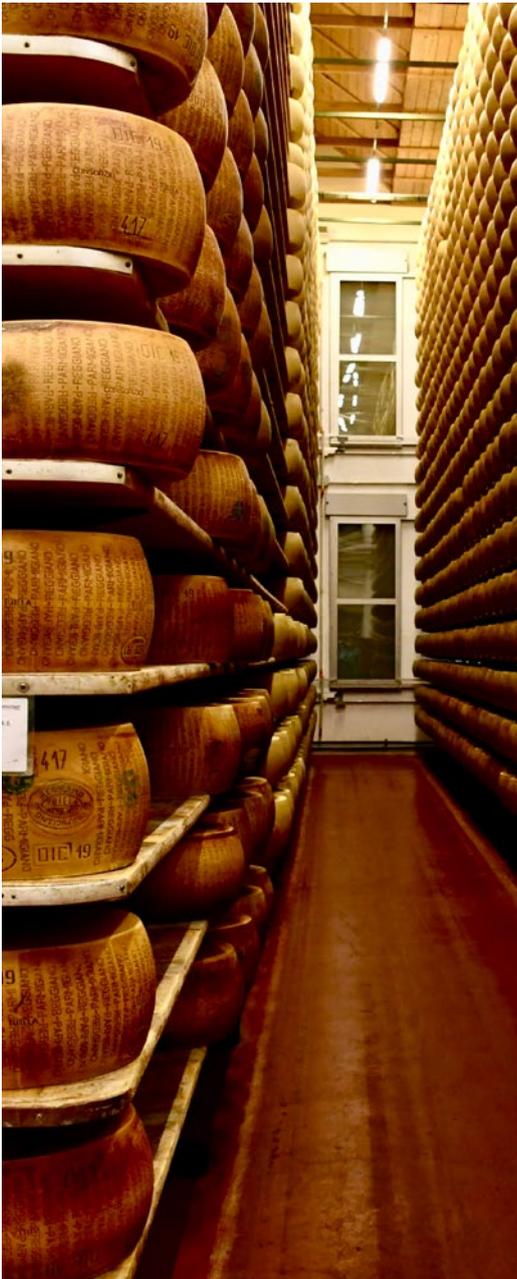


Thanks to the experience of DalterFood Group's cheesemakers and the use of locally-sourced milk, top quality Parmigiano Reggiano is made in our cheese factories every day.

The milk from the evening milking arrives at the cheese factory and is left to rest until the morning in special temperature-controlled steel tanks. During the night, the cream, which will then be used for the production of butter, is skimmed off, while the skimmed milk is mixed together with the whole milk from the morning milking. Rennet and starter whey, a

culture of ferments from the whey of the previous day's processing, are then added, the process by which coagulation begins, which lasts approximately 10 minutes. The coagulated milk (curd) is fragmented into many small granules by the cheesemaker using an ancient tool called a "spino". This procedure is very important: based on his or her experience and sensitivity, it is the cheesemaker who decides the size of the granule and who thus determines the quality of the future product. Once this step is completed, the cooking process starts at about 55 degrees. Once cooking is finished, the mass is left to rest for 50-60 minutes, lifted and taken out of the boiler to create twin wheels of Parmigiano Reggiano. Each boiler contains 1,100 litres of milk and about 550 litres of milk are needed to produce one wheel of Parmigiano Reggiano. A wheel weighs on average 38 kg to 40





kg. Fourteen litres of milk are therefore needed to produce 1 kg of Parmigiano. After being taken out of the boilers, the wheels are placed in the drying room for 2-3 days, to then be immersed in a saline solution for 15-17 days.

The subsequent ageing process transforms curd into Parmigiano Reggiano. Once the salting phase is over, the cheeses are transported to the warehouse and left to rest on wooden boards, where they remain for the entire maturing period. The outer part dries and forms a rind which, being untreated, is edible. The maturing period varies from a minimum of 12 months up to 40-48 months. It is during this period that Parmigiano Reggiano takes on its fragrance, its aromas and its scents. At the end of the 12th month (minimum maturing period), the experts of the Parmigiano Reggiano Protection Consortium examine the cheese wheels and select them one by one (the so-called hammering process) to confirm that the cheeses meet all the requirements of the Protected Designation of Origin and thus can bear the name "Parmigiano Reggiano", through the typical fire-branding process. During the initial maturing phase, the cheeses are brushed, turned and checked every day to ensure that the maturing process is uniform and perfect.



CUTTING AND PACKING

After maturing, the wheels of Parmigiano Reggiano, Pecorino Romano, Spinoro and all other hard cheeses are transported to the Sant'Ilario d'Enza factory for portioning and packaging. Here, the cheeses are first washed, dried and portioned to become slices, petals, flakes, fillets, nuggets or grated cheese in the second stage of processing, and packaged in containers of varying sizes to best meet the demands of different customers (from 5 g to 5 kg for sacks and up to 20 kg for vacuum-packed slices). Sant'Ilario also produces the various cheese mixtures for industry and catering, specially designed and balanced to meet all preparation needs, whether to season a filling, obtain a golden gratin or enrich a frozen pizza with flavour.

With more than 20 production lines, DalterFood Group invests in development of technological solutions so that it can offer formats that are more practical, versatile, and able to guarantee maximum freshness and food safety for its cheeses. Those technologies are also adopted with a view to circularity and reducing the materials used, with the goal of decreasing the impact of its business activities on the environment.



4.1 THE VALUE CHAIN

The Italian milk supply chain processes 850 million litres of milk per year: Italian breeders often operate under more difficult conditions than their European counterparts and the price of milk produced in Italy is on average higher than that of other countries due to the morphology of the land, the difficulty of procuring raw materials and feed, and energy costs. In the next few years, the global demand for dairy products is expected to increase. Therefore, it will be necessary to get ahead of market demands and strengthen the oversight guaranteeing the quality of products offered, so as not to lose the strategic positioning achieved. In that regard, the major players in the sector are putting all the necessary resources in place to acquire raw materials of guaranteed quality. DalterFood Group's protected and controlled supply chain model makes it possible not only to protect the land and the national agri-food heritage, but also to achieve high quality standards, ensuring consumers a product collected, processed and distributed with minimal environmental impact. When it began in 2005, the Group collaborated with 5 breeders. Today there are 41, all in the province of Reggio Emilia, 85% of which located in mountain areas.

THE RANGE OF PRODUCTS OF DALTERFOOD GROUP

When in-house production is not sufficient to cover market needs DalterFood Group buys cheese of other types, as well as some wheels of Parmigiano Reggiano from external suppliers. The Group places great emphasis on the sourcing of all raw materials, through the definition of strict protocols and procedures, which are essential to guarantee the high quality that characterises its products along the value chain. The Group's focus on the supply chain stems from the need to coordinate the many industrial activities that are channelled into specific product categories, with the aim of achieving the levels of efficiency that are indispensable in order to be able to remain competitive even in the most commoditised markets. The values of the supply chain and the importance of the traceability of each step are the increasing focus of interest of those who buy a bottle of milk. As of 2022, the suppliers of DalterFood Group numbered 932.



DalterFood Group is committed to working with partners sensitive to sustainability issues, setting as a medium/long-term objective the creation of a questionnaire to assess their degree of sensitivity to social and environmental issues and agreement with its Code of Ethics prior to establishing partnership agreements.

4.1.1 | Breeders: strategic partners of the Group



41
BREEDERS

growing
and producing their
own fodder



32
KILOMETERS

maximum distance
between cowsheds
and dairies



0
MONTHS

waiting time for
payments thanks to
“supply chain credit”

BREEDERS	2021	2022	U.M.
Total breeders	40	41	NO.
Maximum distance between the breeder and the company	37	32	KM
Total litres of milk delivered and processed by the supply chain per year	31,897,512	32,606,273	LITRES
Daily average litres of milk delivered	87,390	89,332	NO.
Total heads of cattle at farms	4,972	5,247	NO.
Total annual inspections/audits carried out by the company on the breeders	6	14	NO.
Total no. of reports/non-compliance recorded	1	0	NO.

MUTUAL TRUST AND COOPERATION

To build a relationship of mutual trust, DalterFood Group was the first in the industry to introduce supply chain credit, thanks to the collaboration with a credit institute on which the Group relies. Through this credit, breeders can be paid immediately for their milk, compared to an average delay in the sector of around 12 months and, in some cases, peaks of 24 months. This strategy gave them the opportunity to plan investments to modernise the facility and thus guarantee quality milk. The company made its financial and legal advice available to the breeders, with the aim of helping them grow as entrepreneurs. It also guaranteed them the ongoing presence of Quality Assurance specialists and a food technologist so that the cowsheds are run according to current standards and there is a greater focus on the well-being of the animals.

In addition, as a result of the decision of the Parmigiano Reggiano Consortium to grant the option to channel the milk destined for production of Parmigiano Reggiano to other uses at specific times of the year, the farms can dedicate their efforts to processing the other dairy products demanded by consumers and capturing the most favourable market opportunities. To assist its suppliers in this, DalterFood Group installed at the Cigarello cheese factory a centre for selection of milk and two fridges in order to offer the possibility for stocking also to other cheese factories.

It is very important for us to have loyal breeders, who work with passion and are conscious of and enthusiastic about being part of a team and, above all, of being leading figures in a huge project



4.2 ANIMAL WELFARE

DalterFood Group is convinced that corporate responsibility is measured along the entire supply chain and that transparent communication is an indispensable tool to enable consumers to make informed purchasing choices. This is why, although it does not breed dairy cows directly, it is attentive to animal husbandry and animal welfare.

The better the quality of life of the cows, the higher the quality of the dairy products.

The issue of animal welfare is encountering growing interest in public opinion, which is increasingly attentive and sensitive to sustainability, ethics, the quality of consumption and habits. DalterFood Group is continuing to work on various fronts to improve its environmental impact and the sustainability of the supply chain. Firstly, the Animal Welfare certification for the Parmigiano Reggiano supply chain issued by Certiquality in accordance with the protocol of ClassyFarm, the national authority for Animal Welfare, was also renewed in 2022.

The Group’s commitment to this issue can also be seen in the involvement of all its breeders, which are working on obtaining that certification.



100%

of the farms have obtained Animal Welfare Certification



100%

of breeders have undergone an audit in the last three years by the veterinarians of the **Parmigiano Reggiano Consortium**, commissioned by DalterFood Group.



10 AUDITS

carried out by the Group on breeders to assess compliance with Animal Welfare.



The short-term objectives of DalterFood Group specifically include the intention to establish relationships of collaboration with specialist veterinarians to assist the farms in its supply chain in obtaining the animal welfare certification and oversee the main aspects of sustainability.

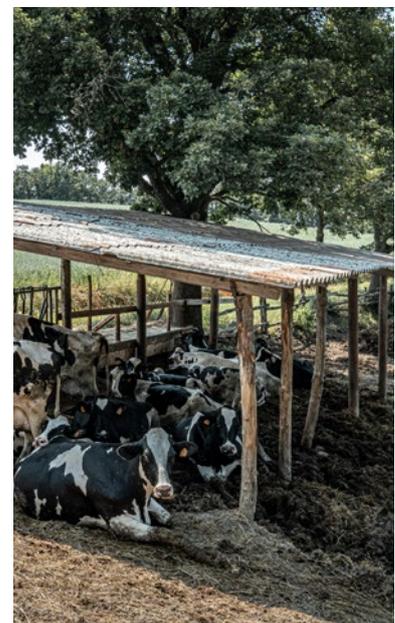
Certiquality is the point of reference for organisations wishing to obtain voluntary certification of dairy products made from milk from farms with a CReNBA Animal Welfare Certificate.

The advantages of a Certiquality product:

- Processed milk from cowsheds with an Animal Welfare Certificate issued by the CReNBA, showing that the minimum score required by the CReNBA standard has been exceeded;
- Maintenance of the certification over time;
- Ensuring respect for the five freedoms of animal welfare in accordance with European welfare;
- all stages of the process from cattle breeding to milk collection, transport and processing are monitored through the application of the principles of identification and traceability;
- Certiquality, an independent third party, verifies that all the following conditions are met:
 - o freedom from hunger, thirst and poor nutrition
 - o freedom from discomfort
 - o freedom from disease and injury
 - o freedom to manifest species-specific behavioural characteristics
 - o freedom from fear and stress.

To obtain this certification, which attests the **use of milk from cowsheds that comply with Animal Welfare requirements**, farms must “pass” an examination covering four macro-areas of their activity:

- ✓ **Company and staff management;**
- ✓ **Facilities and equipment;**
- ✓ **Animal living conditions at livestock farms;**
- ✓ **Biosafety.**



The complexity of this certification is not limited to the milk collection phase, but involves all the players in the cheese production chain: from the 41 livestock farms where the milk is produced to the Selvapiana and Cigarello cheese factories where it is processed, from the warehouses where the Parmigiano Reggiano “matures” slowly, followed by the cutting, portioning and packaging at the Sant’Ilario d’Enza factory, to the warehouses where the finished product awaits shipment throughout Italy and the world. Animal Welfare Certification is an important recognition, which adds value to breeders’ work, without whom DalterFood Group would have never been able to achieve this result. At the same time, this certification also rewards the work which Group has put into the supply chain, investing in cheese factories and human resources, with a truly unique approach in the Parmigiano Reggiano sector.

Secondly, the company is working on increasing the number of suppliers with cowsheds with loose housing: in this specific type of husbandry facilities, the animals are free to move around, thereby eliminating the discomfort triggered by the physical restraints of the traditional facilities.

Lastly, thanks to partnerships with third party entities, DalterFood Group has adopted procedures for milk recovery, which enable it to allocate the whey, which is typically used for hog feed, to other purposes.

DalterFood Group is also a member of Confindustria, Confalimentare and the Parmigiano Reggiano Consortium.



THE BIODIVERSITY OF PARMIGIANO REGGIANO

Parmigiano Reggiano is a unique product characterised by one major asset: its biodiversity, which depends not only on the fodder, but also the breed of cattle and the location of the cheese factories. According to regulations, only cattle indigenous to the Parmigiano Reggiano production area may be used in its manufacture, namely, the White Cow, the Red Cow, the Friesian and the Brown Cow and the Italian Pezzata Rossa. Each of these breeds has specific characteristics, which are then passed on to Parmigiano Reggiano. This diversity can already be found in the fodder the cattle are fed, which grows in the area, a strip of land of about

ten thousand square kilometres, between the provinces of Parma, Reggio Emilia, Modena, Mantua (to the right of the river Po) and Bologna (to the left of the river Reno). Being rich in various forage grasses, this location contributes to the special character of this cheese. The self-healing meadows are home to between 60 and 70 varieties of native forage grasses, not found elsewhere, which give Parmigiano Reggiano a unique sensory profile. Finally, there is a particular disposition to cross-cultural adaptation, thanks also to its many certifications which protect the consumer in terms of quality, but which are also sensitive to his or her native heritage. The Group is committed to respecting each and every one of its features and to enhancing the characteristics that make Parmigiano Reggiano a unique and authentic product.

The Colline di Canossa e Selvapiana dairy (registration no. 417) and the Colline di Canossa e del Cigarello dairy (registration no. 320) are the two dairies of the Group dedicated to producing and maturing Parmigiano Reggiano.

These have soils suitable for grazing and characterised by a plant biodiversity that provides the cattle with a balanced and complete fodder with strong nutritional properties.

It is in these soils that alfalfa, the herbaceous plant that gives Parmigiano Reggiano its unmistakable flavour, grows.

In particular, the Group produces and distributes types of Parmigiano Reggiano falling under the “biodiversities” regulated by the Consortium, namely:



Parmigiano Reggiano Prodotto di Montagna produced in mountain cheese factories, with milk from mountain farms, with a minimum maturing period of 24 months, of which at least 12 months in mountain warehouses

Organic Parmigiano Reggiano, produced according to organic farming standards, with milk from farms that meet the same standards

Parmigiano Reggiano made only from Italian Pezzata Rossa cattle, a certified organic mountain product manufactured with the milk of a single breed of cattle, the Italian Pezzata Rossa, on a single farm, the Azienda Agricola Le Boccede, exclusively in the Cigarello cheese factory.





_QUALITY
ASSURANCE
FROM THE
CUSTOMER
TO THE
CONSUMER

_QUALITY ASSURANCE FROM THE CUSTOMER TO THE CONSUMER

For DalterFood Group, it is a priority to satisfy and protect its customers by listening to their requests and improving the quality of its products and services.

To achieve that objective, the Group focuses its research, development and marketing activities on achieving high quality standards, which are expressed not only through certifications and strict controls, but are a constant throughout the entire supply chain, from production in the cheese factories to distribution.



5.1 CONTROL OVER THE PRODUCTION PROCESS AND ON RAW MATERIALS

“When the product comes to us, it is our job to transform it into value.

Although we are confident of the quality of the cheeses we receive, we nonetheless constantly perform chemical, organoleptic, microbiological and nutritional tests on both our raw materials and our finished products.

We believe that responsibility for the quality of the products we put on the market is an essential topic.

As well as producers, we are copackers. This means that well-known retailers affix their brand labels onto what we produce.”

Iulia Pantea

*Group Quality Manager
DalterFood Group*



Through the company Colline di Canossa, DalterFood Group created a milk quality reward system that goes beyond the parameters required by the Protection Consortium, which results in a product yield and a reduction in cheese defects. The company's commitment on this front is not limited just to guaranteeing high product quality, but also takes the form of clear, transparent and comprehensive communication with its customers, which lets them make informed purchasing decisions.

To consolidate the oversight of quality, the Group launched a process of restructuring the Quality Department, aimed at centralising it, through hiring new staff and naming a Group Manager as the coordinator for the contact people of the other offices. Moreover, in 2022 DalterFood Group committed to implementing a dedicated training plan, and planned to revise the Food Safety Manual in order to centrally and clearly define the guidelines for its adoption. The purpose of that restructuring is to set up an interchangeable team that can guarantee business continuity.

5.1.1 | Traceability and tracking

To sell and distribute its products, as better indicated in the Organisational Model pursuant to Italian Legislative Decree No. 231/2001, DalterFood Group is committed to strict compliance with current regulations on labelling, traceability, classification, packaging and transport that govern the food sector.

To this end, DalterFood Group guarantees the following necessary information requirements:



No misleading as to the characteristics of the food

(nature, identity, properties, composition, quantity, shelf life, country of origin and place of origin, method of manufacture or production);



Precision, clarity and comprehensibility:

accuracy, clarity of reading and intelligibility by the average consumer.

In order to guarantee product traceability, consumer protection and their right to make an informed choice, DalterFood Group is in fact responsible for food-related information and ensures it is accurate and non-misleading in accordance with applicable regulations.

On its labels, the Group rigorously provides the following information:

- The origin of the product's ingredients
- The contents, specifically regarding substances that could have a significant environmental or social impact
- How to safely use the product
- How to dispose of the product and its related environmental or social impacts.

Those parameters are verified also when specific audits are conducted. Below are the figures for the year under review.

AUDITS AND INSPECTIONS CARRIED OUT	2022
OCQPR	260
BRC-IFS	1
ICEA (organic)	2
ISO22005 - Parmigiano Reggiano Cheese	1
MIPAFF	1
Veterinary service	10
Customers	7

5.2 CONSUMER HEALTH AND SAFETY

DalterFood Group has always committed to guaranteeing customers a safe, reliable product, identifying quality as its primary objective. This mission translates into a large number of product, process and environmental controls, performed both in-house and by qualified external laboratories.

In terms of production processes, as evidence of its constant focus on quality standards, DalterFood Group has obtained various important certifications, summarised in the table below:

					
	✓	✓	✓		
				✓	
	✓		✓		
	✓	✓	✓		
	✓		✓	✓	
					✓



In terms of raw materials and packaging, the Group has completely overhauled the supplier approval procedure, to strengthen controls on purchasing processes. Therefore, all suppliers must:

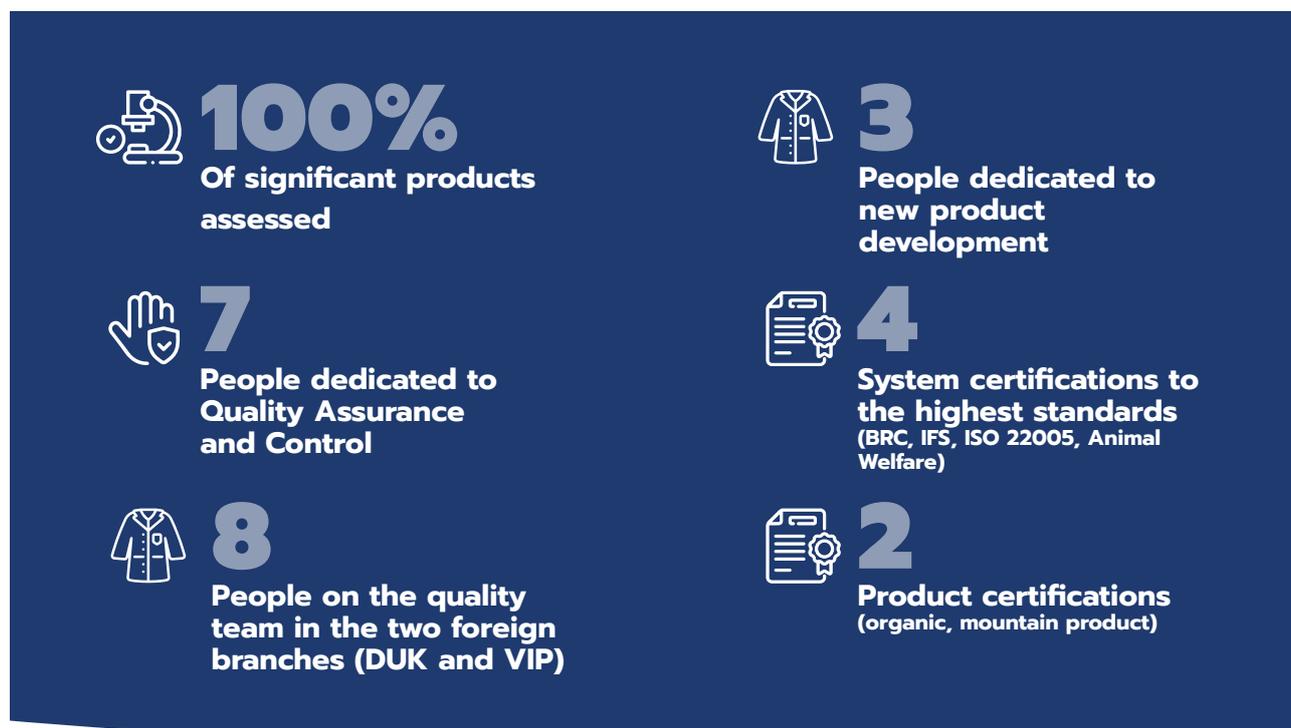
- Be present in the list of suppliers approved by the Quality Assurance Office, providing appropriate documentation regarding the products and the activity carried out;
- Have a documented quality system that includes internal self-auditing;
- Have available all documentation certifying the food contact conformity of all packaging used to enclose products;
- Provide products derived from non-GMO raw materials and complying with Regulation EC 1829/2003 and Regulation EC 1830/2003;
- Provide products that have not been exposed to ionising radiation. In addition, suppliers of Private Label products must hold GFSI system certification (BRC/IFS/ISO22005) or be audited for approval by the Quality Assurance Department.

The Group has also planned to introduce the Supplier Code of Conduct in 2023. All suppliers will be required to sign it, with a view to transparency, protection and guarantee of respect of the Group’s principles and values over the entire procurement chain.

Moreover, in October 2022 the Group began a process to obtain HALAL certification for the Cigarello cheese factory and the packing facility of Sant’Illario d’Enza, to certify that the products and industrial processes (including packaging) comply with the ethical and health regulations of Islamic law and doctrine, and thus can be sold in all Islamic countries.

DalterFood Group’s care and attention in safeguarding the health and safety of its consumers has always been demonstrated also through the strict observance of self-regulation codes on health and safety of products and services.

DalterFood Group’s commitment translates into:



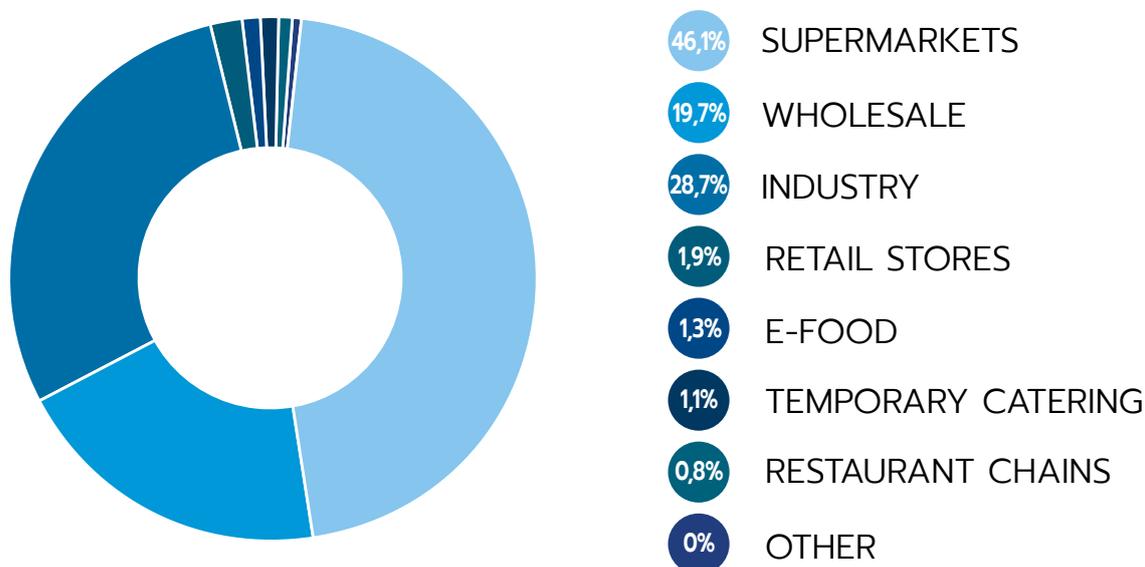
5.2.1 | Focus on our customers

The company's activity is focused on the B2B channel, thanks to the consultative approach developed throughout the years, the quality of its products and a very high level of service. Over the years, it has consolidated strong partnerships:

- **In the retail channel**, for which it produces and packages branded products;
- **In the industrial channel**, in all sectors where cheese is a high value-added ingredient - from the production of fresh and frozen ready meals to ready-made salads, pizzas, filled pasta and sauces;
- **In the food service channel** - from restaurant chains to mass catering to the emerging world of meal- delivery.

DISTRIBUTION CHANNELS	% 2021	% 2022
Supermarkets	50.0%	46.1%
Wholesale	17.8%	19.7%
Industry	26.2%	28.7%
Retail stores	2.0%	1.9%
E-food	1.6%	1.3%
Temporary catering	1.2%	1.1%
Restaurant chains	0.8%	0.8%
Other	0.5%	0.4%

DALTERFOOD DISTRIBUTION CHANNELS



_THE CHOICES THAT GUIDE DALTERFOOD GROUP'S CUSTOMERS

Company management sets as its main objective the fulfilment of customer expectations through a process that has been tried and tested over the years and is rooted at every level of the company, in which each customer request is translated into a technical specification that is recorded within the Quality System, formalised and periodically verified through the feedback received from the customer.

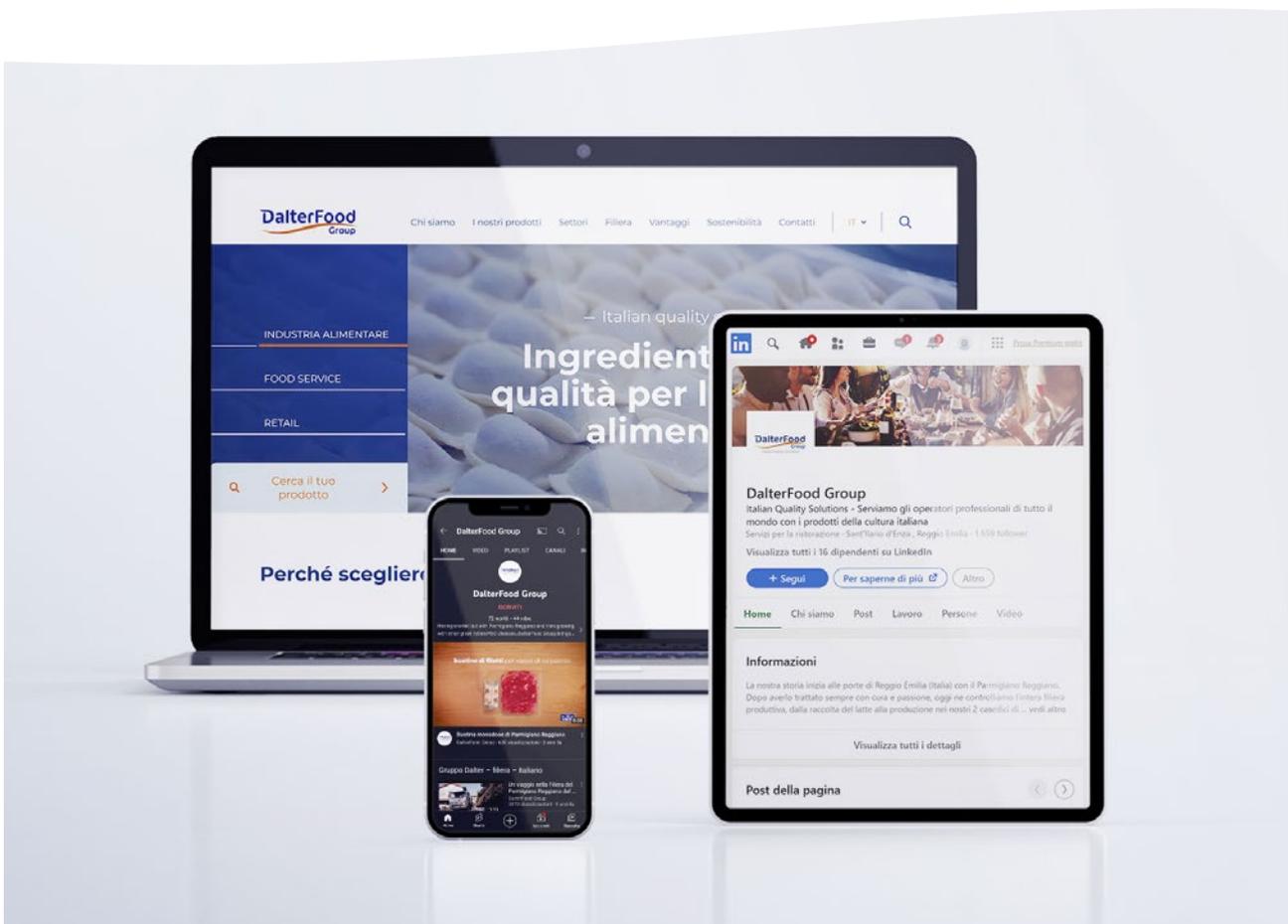
For DalterFood Group, listening to customers is an indispensable tool for observing more closely the needs, requirements and behaviour of each company, which are not only expressed in the purchasing process. Direct engagement with the customer has enabled the Group to grasp the needs of each one, in order to best satisfy them through customised solutions. The Group's aspiration to meet the expectations of its customers is also demonstrated by the fact that a Customer Satisfaction Survey is conducted each year, in order to gather feedback to continuously improve the service provided.

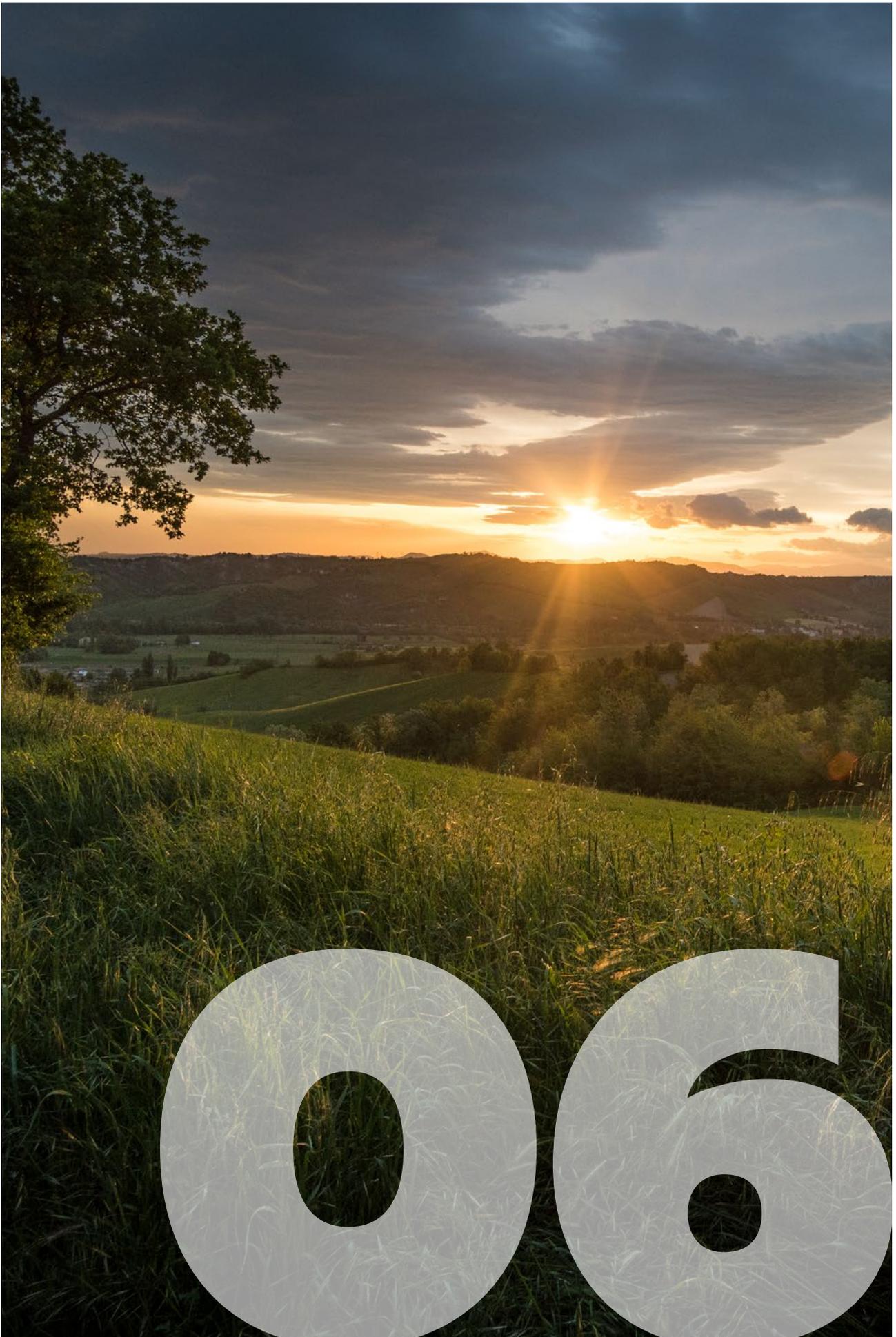


Communications

Over thirty years of activity and constant growth have enabled the Group to consolidate its reputation and credibility: valuable intangible resources capable of fostering relations with customers and stakeholders in general. Brand reputation also proves to be a key lever in the development and growth strategies in the various markets.

External communication is now managed through the company website and the main social media channels, in particular through DalterFood Group's LinkedIn profile, which grew in the last year in terms of followers and interactions with customers.







_CARE
FOR THE
ENVIRONMENT

_CARE FOR THE ENVIRONMENT

Dangers deriving from climate risks are being felt now more than ever, and are considered urgent by companies and the general population.

DalterFood Group commits to combating these risks by implementing various initiatives for mitigation, adaptation and offsetting its environmental impact, as well as contributing to the achievement of Goal 13 of the 2030 Agenda ("Combat Climate Change"), by promoting a company culture focused on environmental sustainability.



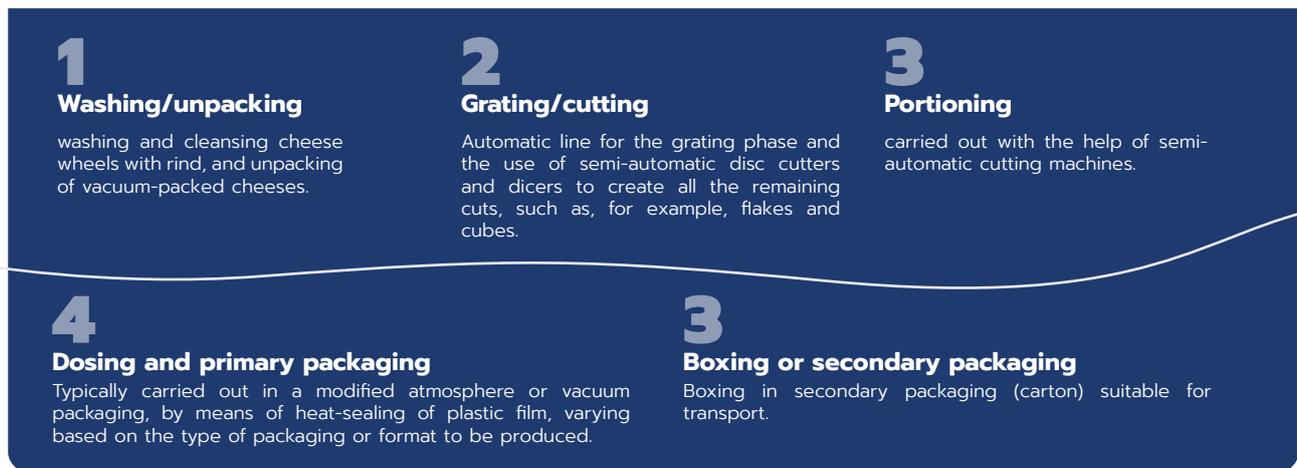
6.1 CIRCULARITY IN DALTERFOOD GROUP'S BUSINESS

DalterFood Group offers a wide range of products in terms of types of cheese, ranging from Italian cheeses (both PDO and non-PDO) and foreign cheese, and in terms of weight and format, ranging from 3 to 45 kg (grated, flaked, in pieces, etc.).

The main raw materials used by the Group are milk and cheese that are purchased to be used as production input. For their distribution (packaging) labels and corrugated cardboard are mainly used. In terms of total raw materials used, in 2022 the quantities were more or less stable compared with 2021, with the exception of labels and corrugated cardboard, which increased by 17% and 36%, respectively, reflecting the increase in production recorded during the year.

Due to the nature of its business, DalterFood Group does not produce food waste: specifically, all food waste deriving from production is reused in other product (for example, broken cheese flakes which thus cannot be sold as is to end customers are used in the production of grated cheese) or are used for livestock (this is the case for Category 3, i.e. by-products not suitable for sale).

All packaging lines are organised according to the following work stages:



Conveyor belts and elevator belts are present on the single lines. The cheese is moved between one line and another (for example, from washing to cutting, from cutting to primary packaging) by operators who are in charge of the correct operation of the line and its equipment, and the final boxing of the packages, where this is not automated. Plastic or wooden pallets are used to distribute the products to customers. As regards the use of pallets, in 2020 DalterFood Group joined the CHEP system, a platform that efficiently manages those resources. Specifically, the initiative aims to allocate pallets already in circulation, based on the needs of companies within the system, thereby reducing the use of materials necessary to produce them *ex novo* and the emissions due to their transport from the manufacturing company to the customer that uses the goods. In that regard, 40% of the wooden pallets and 7% of plastic pallets used belong to the CHEP system.

6.1.1 | Packaging sustainability

DalterFood Group operates in a context that is continuously evolving in terms of regulations, technology and organisation. In this regard, over the past few years the activities carried out by the Group's R&D function have focused on adopting all the measures necessary to ensure compliance with the new European directives on the matter.

The Group is committed to introducing new production and consumption models that are sustainable in the medium and long term. For the DalterFood Group, sustainability in choosing ecosustainable packaging materials is a process of continuous improvement. Specifically, in 2019, we began the changeover of the packaging lines from multiple materials to single-material lines, thereby ensuring this packaging can be recycled through the dedicated chain. To date, it has been possible to make this changeover only on the flexible single portion and single-serving lines, but we are working to extend this also to all the other lines. Moreover, for some time, DalterFood Group has been working to reduce the thickness of the plastics and optimise the configurations.

To demonstrate its commitment to the environment, the Group uses recycled input materials for production: in 2022, 80% of corrugated cardboard and 9% of plastic packaging belonged to that category.

In addition, a number of by-products destined for industrial use arise daily from the cheese-making process, in particular whey, which is concentrated for the extraction of proteins for the cosmetic and/or pharmaceutical industry, and cream for churning, destined for the production of food grade butter, both 100% reclaimed.

In addition to R&D, which is devising new processes to make packaging more efficient and recyclable, the Group has also added new projects to reduce the use of single-use plastic, and raising awareness among all employees on this issue (former water dispensers, water bottles, etc.).



As regards **waste management**, a complex issue that does not lack problems linked to the variety of materials to be disposed of, DalterFood Group is committed to reducing the quantity of waste produced, attempting to develop ever more effective processing. Specifically, three systems of separate waste collection are in place:

- Two compactors for plastic and cardboard;
- Big bags for collecting single material PE (transparent polyethylene), i.e. A specific plastic with a specific end-of-life procedure;
- Generic unseparated waste.

These systems enable the separation of waste both in the production areas and offices, and the resulting increase in the portion of waste to be recovered and reused.

In 2022 the main **types of waste** generated were:

- Iron and steel, with a total weight of 5.2 tonnes (+61% on 2021). That increase reflects the general increase in production;
- Sludge from wastewater treatment, with a total weight of 27.6 tonnes and a decrease of 12% on the previous year, due to the installation of a new treatment plant;
- Plastic packaging, with a total weight of 50.3 tonnes (-31% on 2021). This reduction is due to the continuous progress achieved in the production and handling of plastic packaging;
- Paper and cardboard packaging, with a total weight of 47.1 tonnes, recording an increase of 41% on 2021, attributable to the installation of a compactor, which ensured improved management of waste of that product, and thus an increase in that waste.

Moreover, in 2022 we began to report on the quantities of **end-of-life equipment**, amounting to 8 tonnes, and mixed packaging; amounting to 13 tonnes, while the absence of hazardous waste was confirmed also for this year.

DalterFood Group's commitment will continue to grow in the upcoming years, through its pursuit of **ambitious objectives**, which can be summarised in the following streams:

- Optimisation of cartonisation and palletisation of products;
- Reduction in the weight of primary and secondary packaging;
- Use of recyclable and recycled plastic.
- Studies and experimentation with alternative materials to plastic, which preserve in the same way the quality of the product and guarantee the same characteristics in terms of shelf life, aroma and freshness of standard packaging, for example the use of steel cans.

6.2 ENERGY CONSUMPTION AND EMISSIONS

The main fuels used by DalterFood Group are natural gas and electricity for production (lighting, management and operation of plants, boilers and the production lines) and diesel fuel and petrol for the company's vehicle fleet.

As regards consumption within the Group, in 2022 there was an increase in consumption of electricity, for a total of 13,491 GJ (+7% on 2021⁶) and of natural gas, amounting to 26,559 GJ (+3% on 2021), mainly attributable to the equivalent increase in production.

Instead, as for the company fleet, there was an increase in petrol compared to the previous year, for a total of 233 GJ (+36%) and a decrease in the consumption of diesel fuel for a total of 1,101 GJ (-8%). In general, the end of the pandemic enabled us to restore the work operations prior to the state of emergency, thereby resulting in an increase in the number of trips.

Below is an estimated calculation of average consumption in relation to production volumes:

AVERAGE CONSUMPTION	Unit of measurement	2021	2022
Production volumes	Kg	12,874,000	13,175,000
Electricity	kWh/kg	0.27	0.28
Natural gas	m ³ /kg	0.050 ⁷	0.051
Diesel fuel	l/kg	0.0024	0.0022

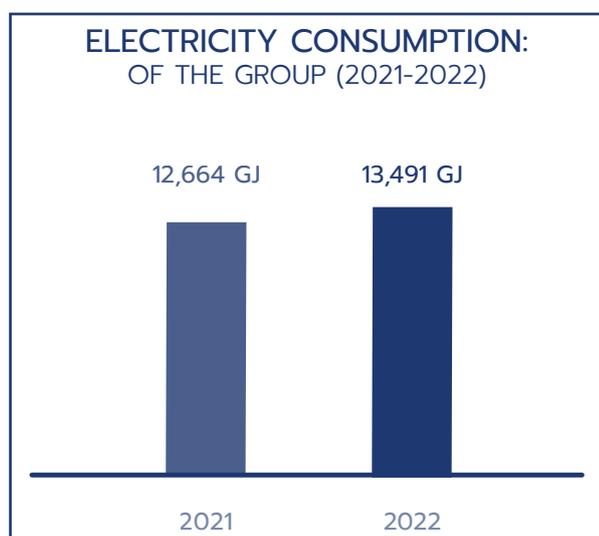
⁶ Following a process of improvement in the reporting system, and to guarantee its comparability, the figure regarding total energy consumption was restated as compared to that published in the previous Sustainability Report. For the data previously published, refer to the Sustainability Report 2021, published on the website www.dalterfood.com

⁷ Following a process of improvement in the reporting system, and to guarantee the comparability of data, the details regarding the average consumption of natural gas were restated as compared with that published in the previous Sustainability Report. For the data previously published, refer to the Sustainability Report 2021, published on the website www.dalterfood.com

ENERGY DIAGNOSIS

In 2022, DalterFood Group subjected to energy diagnosis the Cigarello e Canossa cheese factory, the Colline di Selvapiana e Canossa cheese factory and the production facility of Dalter Alimentari S.p.A., with the goal of identifying the improvement actions in terms of energy efficiency and costs, and to consequently adopt an action plan to further reduce the negative consequences on the environment.

As regards the cheese factories, consumption mainly derives from the running of machinery, boilers, refrigerator cells and the control of the warehouse temperature. As regards the Sant'Ilario site, instead, energy is used to run the machinery, refrigerator cells and offices.



Specifically, the diagnosis conducted for the Cigarello e Canossa cheese factory showed that, as there is currently no system in place for monitoring energy consumption, the introduction of such a system in the next few years should be decided, in order to keep under control the most energy-intensive lines of the cheese factory, and the installation of a photovoltaic plant should be decided to generate electricity from renewable sources, as well as a web-based energy management system.

The Colline di Selvapiana e Canossa cheese factory is now controlled by a monitoring system, which, however needs to include also

the monitoring of the power lines, to keep the energy consumption of the most energy-intensive activities under control. Given the current project to install a 100 kWh photovoltaic plant, also in this case, it has been suggested that a web-based energy management system be installed.

The diagnosis conducted by Dalter Alimentari S.p.A showed that the current monitoring systems in use are excellent. In addition, based on the results of the assessment, the Company is deciding on:

- The possibility of works to optimise the compressed air station to improve the expulsion of hot air, while keeping the station in a clean, cool environment;
- The adoption of an ISO 50001 energy management system;
- The installation of a cogeneration plan fuelled by natural gas;
- The installation of a "VIRTU HOT" solar thermal system⁸;
- The installation of a new photovoltaic plant.

⁸ A new technology using vacuum-packed collectors, developed by Naked Energy "VIRTU HOT" to generate thermal energy. In the specific case, the thermal energy generated by the system would be used to heat water input into the steam generator, thus guaranteeing lower consumption of gas with the same amount of steam generated.

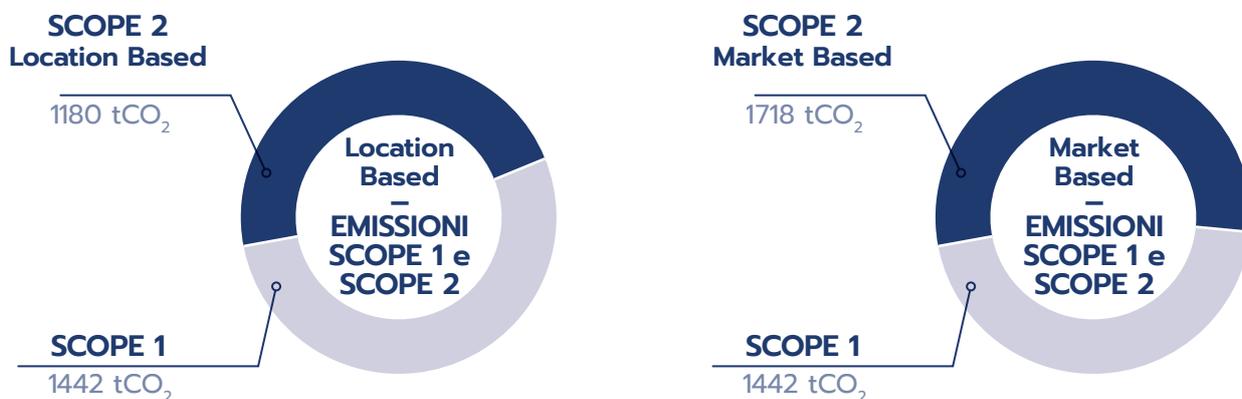
EMISSIONS

DalterFood Group monitors greenhouse gas emissions (Scope 1 and Scope 2), aware of their impact on the climate. Specifically:

- **Scope 1:** includes direct emissions generated by the company, whose source is owned or controlled by the company, such as fuel used for heating and for the operating equipment needed for the company's operations.

Scope 2: includes indirect emissions from energy purchased and consumed by the company. Specifically, in compliance with the requirements of the GRI reporting standards, the latter are calculated using location-based and market-based methods, using nationally and internationally recognised emission factors.

At Group level, in 2022 Scope 1 direct emissions⁹ came to 1,442 tCO₂e, while Scope 2 indirect emissions¹⁰ came to 1,180 tCO₂ according to the location-based approach, and 1,718 tCO₂, calculated using the market-based method.



⁹ To calculate Scope 1 emissions, "DEFRA 2022" emission factors were used. These are expressed in tonnes of CO₂ as the source used does not report the emission factors of gases other than CO₂.

¹⁰ The GRI Sustainability Reporting Standards set out two methods for calculating Scope 2 emissions, the location-based method and the market-based method. The market-based method considers CO₂ emissions deriving from electricity purchased from external suppliers through an actual contract, and may be calculated considering: certificates of guarantee of origin of the energy and direct contracts with suppliers, specific emission factors, emissions factors relating to the residual mix, i.e. energy and emissions not monitored or not claimed (method used, with Italy emission factor for 2022: 457 gCO₂/kWh - source: AIB 2022 - European Residual Mixes 2021). The location-based method is based on average emission factors relating to energy generation within well-defined geographic borders, including local, sub-national or national borders (method used, with Italy emission factor for 2022: 315 gCO₂/kWh - source: TERNA 2019 - Atmospheric greenhouse gas emissions in the Italian electricity sector and in the main European Countries).

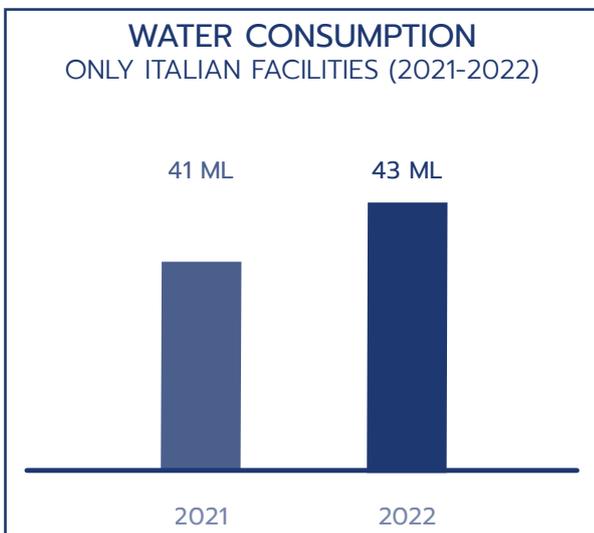
6.3 WATER CONSUMPTION

Due to the nature of its business, DalterFood’s production processes use large quantities of water. Water is specifically indispensable to ensure compliance with hygiene regulations and high quality standards.

Most water consumption is concentrated in the processing, washing and disinfection activities that take place in the cheese factories. Nonetheless, as it is a precious, limited resource, the Group is committed to minimising water waste through the application of specific technologies and the adoption of production synergies to reduce water consumption per unit of product. In addition to civil use, the largest amount of water consumed is attributable to the cheese washing process, which results in the loss of small quantities of protein and fat and the resulting pollution of the water.

For the purpose of better water treatment, in 2022 DalterFood Group installed a higher performing plant equipped with a dissolved air flotation system that carries out the chemical-physical removal of that waste and improved treatment of wastewater.

As regards water consumption attributable to withdrawals from waterworks, in 2022, 43 megalitres were consumed (+5% compared to 2021), in relation to the growth in the Group’s turnover and the resulting increased need for that resource in production processes.







07

_PROTECTION OF HUMAN CAPITAL

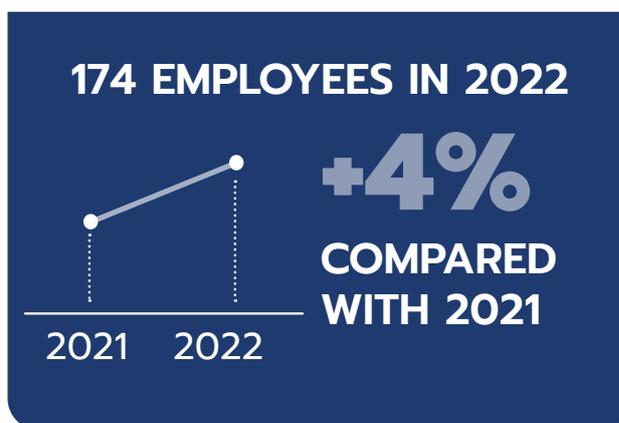
_PROTECTION OF HUMAN CAPITAL

DalterFood Group identifies its workers as a key for success. For that reason, the company protects and promotes workers' well-being and satisfaction, providing them with appropriate training and professional development tools, in order to improve and increase the knowledge and competitiveness of the skills possessed by each employee.

7.1 EMPLOYEE INCLUSION, WELL-BEING AND GROWTH

DalterFood Group recognises the centrality of employees and the importance of building a relationship founded on the principles of transparency, loyalty and mutual trust. For the Group, protecting and promoting the value of human resources is one of the pillars that forms the model of responsibility adopted, respecting equal opportunities and the specific characteristics of individuals, with the goal of providing a calm, motivating work environment.

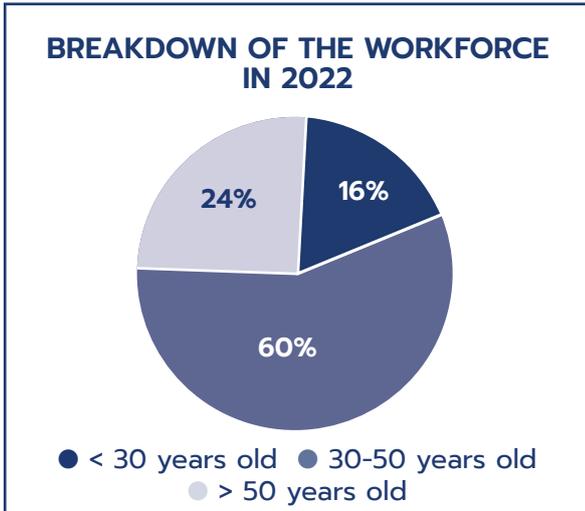
As at 31 December 2022, the DalterFood Group workforce was composed of 174 people, up on the previous years (+4% compared with 2021¹¹). Considering the total, 59% of the employees are men and the remaining 41% are women. That difference is mainly attributable to the specific nature of the business, which primarily employs men due to the physical effort required in the production activities (women are, instead, involved largely in office duties).



¹¹ Following a process of improvement in the reporting system, and to guarantee the comparability of data, the details regarding the total workforce were restated as compared with that published in the previous Sustainability Report. For the data previously published, refer to the Sustainability Report 2021, published on the website www.dalterfood.com



The most represented professional category is blue collar workers (57%), followed by white collar workers (31%), middle management (11%) and executives (1%).



The age breakdown of the Group workforce showed a majority in the age range of 30 to 50 (60%), while under 30s represent 16% of the workforce, and over 50s 24%.

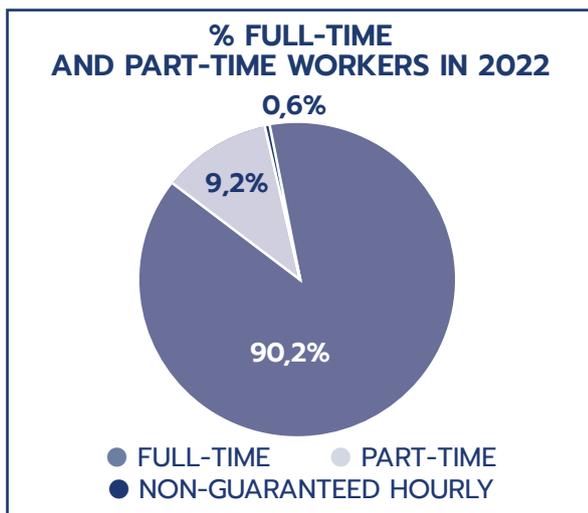
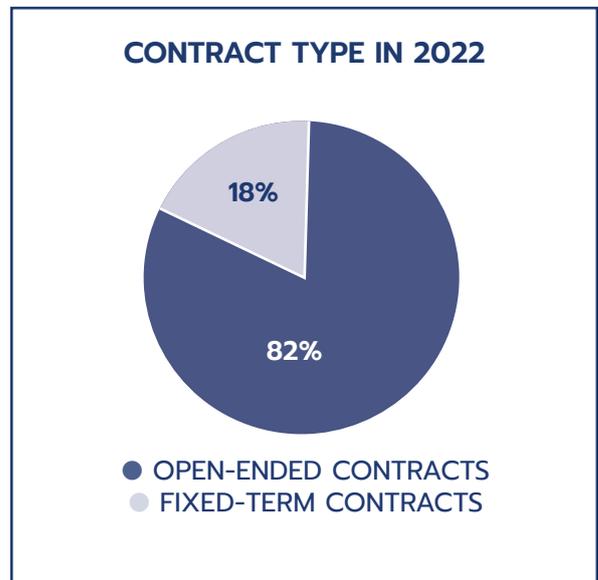
For its operations, the Group uses a small number of external workers, including interns, contractors, temporary workers and on call workers, for a total of 12 people as at 31 December 2022, 33% more than in 2021.

In 2022, 82% of DalterFood Group's workforce was hired on open-ended contracts (10 more people than in the previous year) and the remaining 18% on fixed-term contracts. That increase reflects the Group's commitment to incentivise hiring on open-ended contracts to ensure stability and security for its workers. Instead, as regards full-time and part-time work, the Group is attentive to the needs of its employees as regards working hours and the resulting work-life balance. In 2022, 10% of employees worked part-time, a percentage practically unchanged on the previous year.

National Collective Labour Agreement commensurate with the regulations of the country hosting the various branches. Specifically, for the Italian locations, the National Collective Labour Agreement for the "Food" industry is applied. Instead, for foreign locations, the types of contracts provided for locally are applied. Based on annual agreements, all companies are paid an annual bonus linked to the performance of production: the criteria for obtaining the bonus are discussed at dedicated meetings with the management, in which the quarterly progress in achieving the target is illustrated. In addition, for several specific categories of employees, an annual bonus linked to individual performance is granted. Severance indemnities and pension fund payments are regulated by the specific National Collective Labour Agreement, while no additional benefits are provided for any employees.

84% of the staff of the entire Group is hired under the

Continuous improvement, recognition of everyone's



contribution and the pursuit of excellence are part of the Group's DNA and are encouraged as such. To reach those targets, DalterFood Group adopts rigorous selection criteria and is careful to hire valid resources. During 2022, the Group hired 56 new people (36 men and 20 women), resulting in a hiring rate of 32% (figure practically unchanged on the previous year). Analysing the total new hires, 63% were under 30, demonstrating the Group's intention to incentivise the hiring of young resources to support the employment of young people, especially among the local population, thereby providing economic value to local areas.

Also as regards terminations, there were no significant changes on the previous year. Specifically, the turnover rate remained unchanged at 28%, with a total of 49 exits.

Examining the data regarding exiting resources, most of the terminations occurred in production and primarily involved women workers, due to the type of working hours expected in the factory (three shifts including the night shift), thereby leading them to search for different work in order to benefit from a better work-life balance.

Selection process

Work relations are managed based on the recognition of the value of individuals, in the selection, recruitment and career development stages. The assessment of candidates is conducted on the basis of defined, transparent procedures exclusively oriented towards finding the profiles that best meet the company's needs and expectations, from a purely meritocratic perspective, guaranteeing equal opportunities for all interested parties. Within the limits of the information available, the Human Resources Department takes appropriate measures to avoid favouritism, nepotism or forms of patronage in the selection and recruitment phases (e.g. by making sure the recruiter is not related to the candidate), or conflicts of interest. DalterFood Group also undertakes not to favour in any way candidates recommended by third parties, especially those employed by government authorities or who are customers of the company. In the event of reports to the department managers or to employees of job applications made by members of the government authorities, the Supervisory Body will be immediately informed and will undertake the investigations it deems most appropriate.

At the time of hiring the same company procedures are applied for all personnel, both internal and external hires: they are provided with the company regulations, the code of ethics, the work equipment necessary for their specific duties (for example, personal laptop and mobile phone for office workers and uniforms and personal protective equipment for factory workers).

Diversity and inclusion

DalterFood Group is committed to providing equal opportunities in employment and professional advancement for all employees. Senior management and managers of company departments are responsible for ensuring respect for equal opportunities including in the employment relations, guaranteeing the absence of discrimination in the workplace, guaranteeing fair treatment based on merit and identifying and resolving in a timely manner any problems arising in this regard. In addition, each department manager shall guarantee that in the processes of hiring, training, remuneration, promotion, transfer and termination of employment, employees are treated equally irrespective of their gender and considering their ability to meet the requirements of the position.

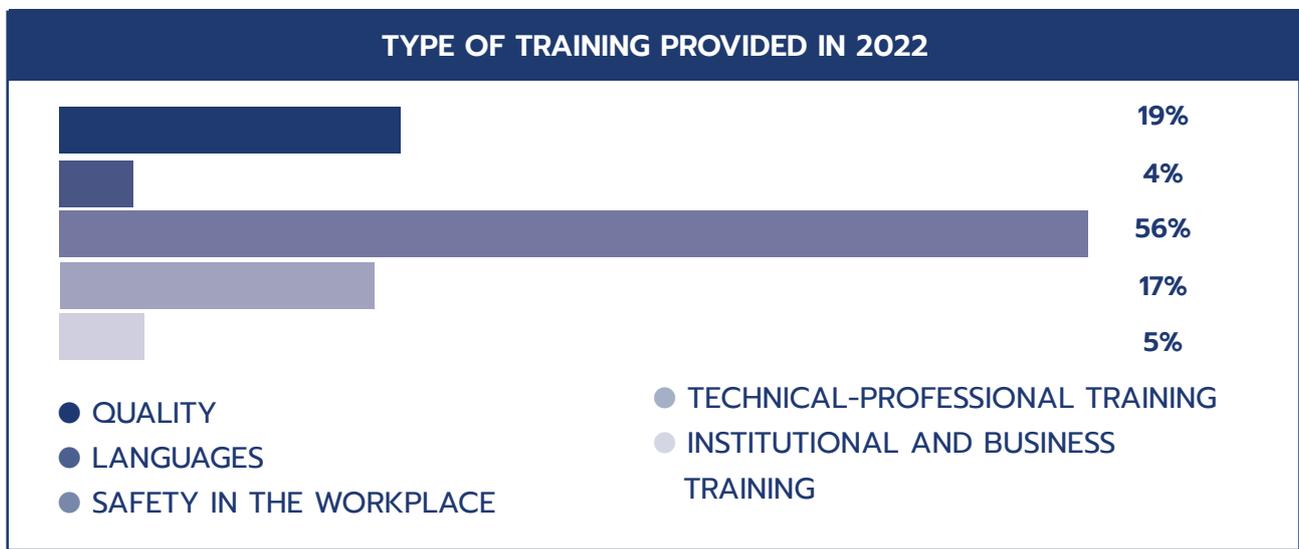
Protection of human rights and non-discrimination

The Group constantly promotes the respect for and protection of the individual, in terms of moral, cultural, physical and professional integrity, and adopts tools and procedures to ensure that all workers are respected and protected from any risk of unlawful conditioning, distress or prejudice. Human rights are regulated based on the code of ethics and the law in the country where the Group company is located.

The aim is to foster the professional growth of each employee and, consequently, to increase corporate welfare. Values such as meritocracy, loyalty, reliability, dedication and a collaborative spirit inspire relations within the Group, which is committed to fostering their dissemination among employees along with a mindset of integration. In support of this, it is confirmed that also in 2022, no incidents of discrimination were reported.

The enhancement of professionalism and the growth of skills are a strategic factor for competitiveness in the market. In 2022 DalterFood Group implemented a monitoring system for the training provided, which recorded a total of 1,875 hours dedicated to employees on health and safety and the development of basic and technical/specialist skills, in addition to the training of new hires. In addition, the Company launched a plan to develop transversal skills as well, by adopting dedicated training plans targeting all personnel, based on the skills needed to carry out their duties. This plan will be fully implemented in 2023.

1,875 hours
OF TRAINING
PROVIDED IN 2022



Employee well-being

For DalterFood Group the well-being of its employees is a priority. For that reason, it undertakes to promote a peaceful work environment and, as a result, guarantee psychophysical and social well-being. To that end, the Group has made available to its employees a supplementary health insurance system to its employees and the option of remote work and introduced the use of lunch vouchers at all Italian locations. For the company, employees’ requests are an important factor: to favour dialogue, on updating the Sustainability Report every year, a questionnaire is administered to employees in which they can report problems or needs of any type. In addition, around every three years, company climate analysis are conducted along with the Food Culture projects.

7.2 SKILLS DEVELOPMENT

Safety and protection of the work environment are fundamental values. For that reason, the Group has set the goal of reducing the number of accidents in the workplace to zero.

In order to do this, DalterFood Group adopts a prevention-based approach, by involving all interested parties in a careful risk assessment, setting up a health protocol for each task: in addition to the occupational medicine control procedures, as a result of the occupational physicians identified and appointed at each production site, all employees are protected according to a health protocol that identifies their duties and, consequently, the compulsory check-ups to be carried out according to a specific schedule.

Each worker, in order to avoid any possible risk for himself or herself and for his or her colleagues or collaborators, in performing his or her duties, must pay the utmost attention to the observance of all established safety and prevention measures, as well as to the instructions and directives provided by the persons to whom the Company has delegated the fulfilment of health and safety obligations.

DalterFood Group is committed to spreading and consolidating a culture of safety, developing awareness of risks, compliance with current regulations and promoting responsible behaviour by all employees. The Group's objective is to protect the company's human, equity and financial resources by constantly seeking the necessary synergies not only internally, but also with the suppliers, companies and customers involved. To that end, it undertakes to periodically update the occupational risk analysis and, in the event that accidents, near-misses or reports of dangerous situations occur, the existing procedures shall be updated, any new controls necessary shall be introduced and, where suitable, workers shall be newly trained on the contents of the procedures to increase their awareness of the risks associated with the activities.

In compliance with the applicable health and safety regulations, for the above-mentioned purposes, the Company requires that its workers comply with the following principles:

- Eliminate risks and, where this is not possible, reduce them to a minimum;
- Assess risks that cannot be avoided;
- Reduce risks at the source;
- Replace what is dangerous with what is not dangerous or is less dangerous;
- Prioritise collective protection measures over individual protection measures;
- Impart adequate instructions and training to workers;
- Take the degree of technological development into account;
- Observe ergonomic principles in the design of workspaces and judicious choices in relation to work equipment and working methods, in particular to mitigate monotonous and repetitive work and reduce its impact on health;
- Plan preventive measures, striving for a coherent set of initiatives that integrate technology, work organisation, working conditions, social relations and the influence of the working.

During 2022, 6 cases of work-related ill health occurred among employees (an increase of 50% on the previous year), while there were no cases among external workers. Work-related ill health mainly derives from the handling of heavy loads. To reduce those events, the Group has implemented a process of automating several phases, for which manual handling is required, by adopting equipment such as: A-frame lifts (lifting from the boilers), overhead cranes (in the salting rooms), electric transpallets, forklifts, cheese loaders and turners (in the warehouse). In the next few years, additional new equipment will be inserted to avoid transporting carts by pushing them, and changes will be made to the salting rooms to further reduce the residual risks from handling the cheese wheels.

9 cases of accidents occurred, of which only one serious, decreasing by 47% on 2021, resulting in an accident rate of 28.81, which also decreased sharply on the previous year, which the value came to 56.55. Those decreases are due to various factors: firstly, the training to workers improved, which was rigorously aligned with the standards referred to in Italian Legislative Decree no. 81/2009, and the number of workers trained for specific roles, such as emergency officers, forklift operators, Elevating Work Platform operators and officers was increased. In addition, specific inspections were conducted that highlighted potential critical issues for safety, for which various preventive actions were immediately implemented, both through technical interventions on machinery and operational actions.



7.3 LOCAL COMMUNITIES AND AREAS

The value of a company cannot be measured by economic and sales figures alone, but must also include the intangible actions that contribute to determining the ability to achieve organisational goals successfully over time. These distinctive assets have always been pursued by the company as strategic, with a view to generating knowledge, organisational culture, a sense of belonging, relations with the local area and the surrounding ecosystem, by promoting positive actions that will have a social and environmental impact. For a company like DalterFood Group, which is characterised by a production strategy closely linked to a precise geographic location, the local area becomes of vital importance.

Over the years, DalterFood has developed strong links with the local areas it operates in, promoting solidarity and support to the community, but also contributing to social, economic and environmental development. The Group is also committed to implement projects over the next few years dedicated to the well-being of the local areas, based on three pillars:



Ensuring employment opportunities for local communities



Operating with respect for the surrounding environment



Promoting the specific characteristics of the places of origin of the products

so as to create development for the local area by promoting the Italian agricultural food chain.

These intrinsic and distinctive values have led the Group to consolidate positive links with stakeholders, establishing networks of relationships with the aim of protecting the social fabric surrounding them.

Thanks to its focus on local areas and their entities, the Group can guarantee the achievement of the highest levels of product and performance to its customers and, therefore, to end consumers.



_ATTACHMENTS – PERFORMANCE INDICATORS

Environmental responsibilities

GRI STANDARDS 301-1 DISCLOSURE: Materials used by weight or volume

Type of materials	Unit of measurement	2021		2022	
		Renewable	Non-Renewable	Renewable	Non-Renewable
Total materials related to the process					
Milk	litres	34.781.752	-	36.317.286	-
Cheese purchased	kg	12.913.202	-	13.298.694	-
Total packaging material					
Packaging material	kg	763,942	-	753,499	-
Packaging materials - Labels	No.	13,366,935	-	15,659,060	-
Total other					
Other raw materials used - Cellulose	kg	26,400	-	36,000	-
Wooden pallets	No.	11,578	-	11,885	-
Plastic pallets	No.	-	2,096	-	514

GRI STANDARDS 301-2 DISCLOSURE: Recycled materials used

Materials	2021	2022
	% recycled materials	% recycled materials
Corrugated cardboard	80%	80%
Plastic packaging	7%	9%

GRI STANDARDS 301-2 DISCLOSURE: Recycled materials used

Reclaimed products and their packaging materials for each product category	2021 %	2022 %
Milk serum for processing	100%	100%
Cream that has risen	100%	100%
Rinds	1%	1%
Meals	2%	0%
Milling	1%	1%
Category 3	1%	1%

GRI STANDARDS 302-1 DISCLOSURE: Energy consumption within the organisation

Energy used within the organisation		
	2021 ¹²	2022
Total energy consumption (GJ)	39,750	41,384
of which from non-renewable sources (GJ)	39,750	41,384
of which from renewable sources (GJ)	-	-
of which electricity (GJ)	12,664	13,491
purchased (GJ)	12,664	13,491
self-generated from photovoltaic systems (GJ)	-	-
of which consumed (GJ)	-	-
of which sold (GJ)	-	-
of which fuel (GJ)	27,086	27,893
natural gas (GJ)	25,720	26,560
diesel fuel for vehicle fleet (GJ) ¹³	1,195	1,102
Petrol for vehicle fleet (GJ)	171	233

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

Direct Scope 1 emissions			
Scope 1	Unit of measurement	2021	2022
Fuel used for heating/production			
Natural gas	tCO ₂ e	1,309	1,353
Diesel fuel	tCO ₂ e	-	-
Vehicle fleet – Company use			
Diesel fuel	tCO ₂ e	79	74
Petrol	tCO ₂ e	11	15
Total Scope 1 emissions	tCO₂e	1,399	1,442

¹² Following a process of improvement in the reporting system, and to guarantee its comparability, the data regarding the energy consumed by the Group was restated as compared to that published in the previous Sustainability Report. For the data previously published, refer to the Sustainability Report 2021, published on the website <https://www.dalterfood.com/>.

¹³All cars were considered "for company use", both for 2022 and for 2021.

GRI STANDARDS 305-2 DISCLOSURE: Indirect (Scope 2) GHG emissions from energy consumption

Direct Scope 1 emissions	Unit of measurement	2021	2022
Fuel used for heating/production			
Direct Scope 1 emissions	tCO ₂	1,399	1,442
Indirect Scope 2 emissions – Location-Based	tCO ₂	1,108	1,180
Indirect Scope 2 emissions – Market-Based	tCO ₂	1,718	1,606

Conversion factors

	2022	2021	Source
	GJ	GJ	
1 kWh	0.0036	0.0036	CONSTANT
1 scm of natural gas for heating/production	0.0398	0.0397	Uk Government - GHG Conversion Factors for Company Reporting, 2022 and 2021
1 l Diesel - company fleet	0.0382	0.0382	
1 l of petrol - company fleet	0.0343	0.0344	

Emission factors¹⁴

	2022	2021	Source
Indirect emissions – Scope 2 (tCO ₂ /KWh) – Location-based	0.0003	0.0003	Terna, International Comparisons, 2019
Indirect emissions – Scope 2 (tCO ₂ /KWh) – Market-based	0.0005	0.0005	AIB, European Residual Mixes, 2022 and 2021
Natural gas for heating/production (tCO ₂ e/smc)	0.0020	0.0020	UK Government - GHG Conversion Factors for Company Reporting, 2022 and 2021
Diesel for heating/production (tCO ₂ e/l)	0.0028	0.0028	
Automotive diesel fuel (tCO ₂ e/l)	0.0026	0.0025	
Automotive petrol (tCO ₂ e/l)	0.0022	0.0022	

¹⁴ The emission factors reported by TERNA, International Comparison, 2019 edition, and by AIB, European Residual Mixes, 2022 and 2021 editions, are expressed in tonnes of CO₂. Nonetheless, the percentage of methane and nitrous oxide has an immaterial effect on the total greenhouse gas emissions (CO₂e), as can be seen in the technical reference literature.

GRI STANDARDS 303-3 DISCLOSURE: Water withdrawal

Water withdrawal					
Source of withdrawal	Unit of measurement	2021		2022	
		All areas	Areas with water stress	All areas	Areas with water stress
Thirty-party water (total)	Megalitres	41	-	43	-
Freshwater (\leq 1,000 mg/L total dissolved solids)	Megalitres	41	-	43	-
Other water ($>$ 1,000 mg/L total dissolved solids)	Megalitres	-	-	-	-

GRI STANDARDS 306- 3 (2020) DISCLOSURE: Waste generated

Waste					
Composition of the waste	Unit of measurement	2021		2022	
		Hazardous	Non-hazardous	Hazardous	Non-hazardous
Iron and Steel	TONNES	-	3.2	-	5.2
Sludge from wastewater treatment	TONNES	-	31.4	-	27.6
Plastic packaging	TONNES	-	73.3	-	50.3
Paper and cardboard packaging	TONNES	-	33.4	-	47.1
End-of-life equipment	TONNES	-	-	-	8
Mixed packaging	TONNES	-	-	-	13.7
Total	TONNES	-	141, 3	-	151.9



SOCIAL RESPONSIBILITY:

GRI STANDARDS 2-7 DISCLOSURE: Information on employees and other workers

Total number of employees broken down by contract type (open-ended and fixed-term) and gender						
Source of withdrawal	2021			2022		
	Men	Women	Total	Men	Women	Total
Italy	78	65	143	90	58	148
Open-ended contracts	58	52	110	69	51	120
Fixed-term contracts	20	13	33	20	7	27
Non-guaranteed hours	-	-	-	1	-	1
Italy – Full time/Part-Time	78	65	143	89	58	147
of which full-time	75	57	132	86	49	135
of which part-time	3	8	11	3	9	12
UK	3	2	5	3	3	6
Open-ended contracts	3	2	5	3	3	6
Fixed-term contracts	-	-	-	-	-	-
UK – Full time/Part-Time	3	2	5	3	3	6
of which full-time	3	1	4	3	2	5
of which part-time	-	1	1	-	1	1
Germany	10	9	19	9	11	20
Open-ended contracts	8	9	17	7	10	17
Fixed-term contracts	2	-	2	2	1	3
Germany – Full time/Part-Time	10	9	19	9	11	20
Open-ended contracts	8	8	16	7	10	17
Fixed-term contracts	2	1	3	2	1	3
Total	71	76	167	102	72	174



GRI STANDARDS 2-8 DISCLOSURE: Workers who are not employees

Number of external workers (FTE) whose work is controlled by the organisation						
Contractual relationship	2021			2022		
	Men	Women	Total	Men	Women	Total
Italy	78	65	143	90	58	148
Interns or apprentices	-	1	1	-	1	1
Self-employed persons	3	-	3	3	-	3
Temporary workers	2	2	4	2	3	5
On call workers	-	-	-	1	-	1
Total	5	3	8	6	4	10

GRI STANDARDS 401-1 DISCLOSURE: New employee hires and turnover

Number of employee hires								
Number of people	2021				2022			
	<30 years old	30-50 years old	>50 years old	Total	<30 years old	30-50 years old	>50 years old	Total
Italy	16	33	3	52	15	22	9	46
Men	10	15	3	28	14	14	5	33
Women	6	18	-	24	1	8	4	13
UK	-	1	-	1	-	4	-	4
Men	-	-	-	-	-	1	-	1
Women	-	1	-	1	-	3	-	3
Germany	-	1	-	1	1	3	1	5
Men	-	1	-	1	1	-	-	1
Women	-	-	-	-	-	3	1	4
Total	16	35	3	54	17	29	10	56
Men	10	16	3	29	16	15	5	36
Women	6	19	-	25	1	14	5	20

Number of terminations								
Number of people	2021				2022			
	<30 years old	30-50 years old	>50 years old	Total	<30 years old	30-50 years old	>50 years old	Total
Italy	16	25	2	43	14	20	8	42
Men	13	11	1	25	10	4	6	20
Women	3	14	1	18	4	16	2	22
UK	-	-	-	-	-	3	-	3
Men	-	-	-	-	-	1	-	1
Women	-	-	-	-	-	2	-	2
Germany	-	6	-	6	2	1	1	4
Men	-	4	-	4	1	0	0	1
Women	-	2	-	2	1	1	1	3
Total	16	31	2	49	16	24	9	49
Men	13	15	1	29	11	5	6	22
Women	3	16	1	20	5	19	3	27

Hiring and turnover rates by gender and geographic area								
Number of people	2021				2022			
	New Hires		Exits		New Hires		Exits	
	No.	%	No.	%	No.	%	No.	%
Italy	52	36%	43	30%	46	32%	42	28%
Men	28	48%	25	43%	33	38%	20	22%
Women	24	37%	18	28%	13	22%	22	38%
UK	1	20%	-	-	4	67%	3	50%
Men	-	-	-	-	1	33%	1	33%
Women	1	50%	-	-	3	100%	2	67%
Germany	1	5%	6	32%	5	25%	4	20%
Men	1	10%	4	40%	1	11%	1	11%
Women	-	-	2	22%	4	36%	3	27%

Hiring and turnover rates by age bracket

Number of people	2021				2022			
	New Hires		Exits		New Hires		Exits	
	No.	%	No.	%	No.	%	No.	%
Total	54	32%	49	29%	56	32%	49	28%
<30 years old	16	57%	16	57%	17	61%	16	57%
30-50 years old	35	35%	31	31%	29	28%	24	23%
>50 years old	3	8%	2	5%	10	24%	9	21%

GRI STANDARDS 403-9 DISCLOSURE: Occupational health and safety

Work related injuries – employees	2021	2022
Total number of fatalities due to work-related injuries	-	-
Total number of high-consequence work-related injuries (excluding fatalities)	-	1
Total number of recordable work-related injuries	15	9
of which superficial injuries, open wounds and burns	14	8
of which sprains, injuries, dislocations, fractures and strains	1	1
Hours worked	265,267	277,689
Rate of fatalities due to work-related injuries	-	-
Rate of high-consequence work-related injuries (excluding fatalities)	-	3.60
Rate of recordable work-related injuries	56.55	28.81

GRI STANDARDS 403-10 DISCLOSURE: Work-related ill health

Work-related ill health	2021	2022
Number of fatalities as a result of work-related ill health	-	-
Number of cases of recordable work-related ill health	3	6

GRI STANDARDS 404-1 DISCLOSURE: Average number of hours of training per employee

Hours of training per employee category and gender						
Employee category	2021			2022		
	Men	Women	Total	Men	Women	Total
Executives	-	-	-	-	-	-
Middle Managers	80	12	92	242	51	293
White Collar Workers	8	29	37	360	382	742
Blue Collar Workers	16	-	16	649	191	840
Total	104	41	145	1,251	624	1,875

Hours per capita						
Employee category	2021			2022		
	Men	Women	Total	Men	Women	Total
Executives	-	-	-	-	-	-
Middle Managers	29.3	9.3	38.7	58.7	25.7	71.1
White Collar Workers	2	9.8	11.8	36.8	65.6	102.3
Blue Collar Workers	0.7	-	0.7	19.2	16	35.3
Total	32.0	19.1	51.2	114.7	107.3	222.0



GRI STANDARDS 405-1 DISCLOSURE: Diversity of governance bodies and employees

Total number of employees by employee category and gender						
Employee category	2021			2022		
	Men	Women	Total	Men	Women	Total
Executives	1	-	1	1	-	1
Middle Managers	13	7	20	13	6	19
White Collar Workers	16	29	45	19	35	54
Blue Collar Workers	61	40	101	69	31	100
Total	91	76	167	102	72	174

Total number of employees by employee category and age								
Employee category	2021				2022			
	<30 years old	30-50 years old	>50 years old	Total	<30 years old	30-50 years old	>50 years old	Total
Executives	-	-	1	1	-	-	1	1
Middle Managers	2	11	7	20	2	10	7	19
White Collar Workers	8	28	9	45	9	35	10	54
Blue Collar Workers	18	62	21	101	17	59	24	100
Total	28	101	38	167	27	105	42	174

Vulnerable groups						
Employee category	2021			2022		
	Men	Women	Total	Men	Women	Total
Executives	-	-	-	-	-	-
Middle Managers	-	-	-	-	-	-
White Collar Workers	1	1	2	1	2	3
Blue Collar Workers	-	2	2	1	2	3
Total	1	3	4	2	4	6

Total number of employees by employee category and age bracket (percentage)

Employee category	2021				2022			
	<30 years old	30-50 years old	>50 years old	Total	<30 years old	30-50 years old	>50 years old	Total
Executives	-	-	100%	1%	-	-	100%	1%
Middle Managers	10%	55%	35%	12%	11%	53%	37%	11%
White Collar Workers	18%	62%	20%	27%	17%	65%	19%	31%
Blue Collar Workers	18%	61%	21%	60%	17%	59%	24%	57%
Total	17%	60%	23%	100%	16%	60%	24%	100%

Number of employees by employee category and gender (percentage)

Employee category	2021			2022		
	Men	Women	Total	Men	Women	Total
Executives	100%	-	1%	100%	-	1%
Middle Managers	65%	35%	12%	68%	32%	11%
White Collar Workers	36%	64%	27%	35%	65%	31%
Blue Collar Workers	60%	40%	60%	69%	31%	57%
Total	54%	46%	100%	59%	41%	100%

Percentage of employees in vulnerable groups by category

Employee category	2021			2022		
	Men	Women	Total	Men	Women	Total
Executives	-	-	-	-	-	-
Middle Managers	-	-	-	-	-	-
White Collar Workers	6%	3%	4%	5%	6%	6%
Blue Collar Workers	-	5%	2%	1%	6%	3%
Total	1%	4%	2%	2%	6%	3%

GRI CONTENT INDEX

DECLARATION OF USE	Dalter Alimentari S.p.A has reported the information cited in this GRI Content Index for the period from 1 January 2022 to 31 December 2022 with reference to the GRI Standards "(GRI Referenced)"
GRI 1	GRI 1: Foundation 2021

GRI Content Index			
GRI STANDARD	DISCLOSURE	PAGES	NOTES
The organisation and its reporting practices			
GRI 2: General Disclosures	2-1 Organisational details	23	
	2-2 Entities included in the organisation's sustainability reporting	6	
	2-3 Reporting period, frequency and contact points	6	
	2-4 Restatements of information	32, 66, 72, 81	
Activities and workers			
GRI 2: General Disclosures	2-6 Activities, value chain and other business relationships	33-35, 38-43	
	2-7 Employees	72,73,84	
	2-8 Workers who are not employees	85	
Governance			
GRI 2: General Disclosures	2-9 Governance structure and composition	22-25	The indicator complies with requirements a and b.
	2-11 Chair of the highest governance body	24	
	2-12 Role of the highest governance body in establishing purposes, values and strategies	24	The indicator complies with requirement a.
	2-13 Delegation of responsibility for managing impacts	24	
	2-16 Communicating critical concerns	28	The indicator complies with requirement b.
	2-19 Remuneration policies	24	The indicator complies with requirement a.
	2-21 Annual total compensation	25	The indicator complies with requirement a.

DECLARATION OF USE	Dalter Alimentari S.p.A has reported the information cited in this GRI Content Index for the period from 1 January 2022 to 31 December 2022 with reference to the GRI Standards "(GRI Referenced)"
GRI 1	GRI 1: Foundation 2021

GRI Content Index

GRI STANDARD	DISCLOSURE	PAGES	NOTES
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Strategy, policies and practices

	2-22 Statement on sustainable development strategy	1	
	2-24 Embedding policy commitments	26-28	The indicator complies with requirement a.i.
GRI 2: General Disclosures	2-25 Processes to remediate negative impacts	28	The indicator complies with requirements a and b.
	2-26 Mechanisms for seeking advice and raising concerns	28	
	2-27 Compliance with laws and regulations	27	
	2-28 Membership of associations	47	

Stakeholder engagement

GRI 2: General Disclosures	2-29 Approach to stakeholder engagement	13-15	
	2-30 Collective bargaining agreements	73	

GRI STANDARD	DISCLOSURE	PAGES	
---------------------	-------------------	--------------	--

GRI 3: Material topics	3-1 Process to determine material topics	10-12	
	3-2 List of material topics	11,12	

GRI STANDARD	DISCLOSURE	PAGES	
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GRI 201: Economic performance (2016)	201-1 Direct economic value generated and distributed	32	
GRI 205: Anti-Corruption (2016)	205-3 Confirmed incidents of corruption and actions taken	28	
GRI 206: Anti-competitive behaviour (2016)	206-1 Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	28	

DECLARATION OF USE	Dalter Alimentari S.p.A has reported the information cited in this GRI Content Index for the period from 1 January 2022 to 31 December 2022 with reference to the GRI Standards "(GRI Referenced)"
GRI 1	GRI 1: Foundation 2021

GRI Content Index			
GRI STANDARD	DISCLOSURE	PAGES	NOTES
GRI 301: Materials (2016)	301-1 Materials used by weight or volume	63, 64, 80	
	301-2 Recycled input materials used	63, 64, 80	
	301-3 Reclaimed products and their packaging materials	63, 64, 80	
GRI 302: Energy (2016)	302-1 Energy consumption within the organisation	66, 67, 81	
GRI 303: Water and effluents (2018)	303-3 Water withdrawal	69, 83	
GRI 305: Emissions (2016)	305-1 Direct (Scope 1) GHG emissions	68, 81,82	
	305-2 Energy indirect (Scope 2) GHG emissions	68, 81,82	
GRI 306: Waste (2020)	306-3 Waste generated	65, 83	
GRI 401: Employment (2016)	401-1 New employee hires and employee turnover	72-73, 85-87	
GRI 403: Occupational health and safety (2018)	403-9 Work-related injuries	87	The indicator complies with requirement a.
	403-10 Work-related ill health	87	The indicator complies with requirements a.i, a.ii, b.i and b.ii.
GRI 404: Training and education (2016)	404-1 Average number of hours of training per year per employee	75,76,77,88	
GRI 405: Diversity and Equal Opportunity (2016)	405-1 Diversity of governance bodies and employees	72-75, 89-90	
GRI 406: Non-discrimination (2016)	406-1 Incidents of discrimination and corrective actions taken	74	
GRI 416: Customer health and safety (2016)	416-1 Assessment of the health and safety impacts of product and service categories	55-56	
	416-2 Incidents of non-compliance concerning product and service health and safety impacts	27	

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GRI 1	GRI 1: Foundation 2021

GRI Content Index			
GRI STANDARD	DISCLOSURE	PAGES	NOTES
GRI 417: Marketing and labelling (2016)	417-1 Requirements for product and service information and labelling	54	
	417-2 Incidents of non-compliance concerning product and service labelling and information	27	
	417-3 Incidents of non-compliance concerning marketing communications	35	
GRI 418: Customer privacy (2016)	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	28	

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of DalterFood Group

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