

**Environmental
Sustainability
Report**



2021



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Message to stakeholders

Dear stakeholders,
These past two years have put us face-to-face with new and unexpected circumstances, challenges we never imagined we'd need to address: first the pandemic, which repeatedly forced us to change the way in which we go about our days, then an unprecedented rise in energy and commodity prices. And this all occurred in an increasingly uncertain and delicate geopolitical context.

My greatest source of pride is that we continued operating in these conditions, working together with all the people who, at each link in our value chain, contribute to our business, always striving for the best quality possible.

From this perspective, 2021 was an extraordinary year: we processed an unprecedented quantity of raw material, setting a record. And it was thanks to the way we are responding to market needs, swiftly and flexibly.

The year just ended will also be remembered for sustainability: after publishing our first Environmental Sustainability Report in autumn 2021, we outlined an environmental strategy and we are devoting our efforts to implementing it, in order to make our commitment to acting responsibly increasingly well structured.

We decided to focus on four natural elements – water, air, sun and earth – which we aim to protect holistically through ambitious, long-term projects. Of the projects we have planned, we are particularly proud of the renaturalisation of areas where we have production sites (Montechiarugolo and



Collecchio in the province of Parma and Oliveto Citra in the province of Salerno). This project, which encompasses a series of initiatives, is extremely important to us and we hope to promote it outside our gates with anyone in Italy who has land to renaturalise, sharing our know-how and the necessary resources to restore ecosystemic balance to the land and increase biodiversity.

We have a number of other projects in the works that we are studying and fine-tuning as part of our strategy to act more and more sustainably. All the projects are similar in certain ways: they span several years and focus on what is around us, because we want the change we make to start with our surroundings. We will report to you on the progress of our strategy and the results of the projects that we are working to make possible and to implement.

We hope you will see this Environmental Sustainability Report as a transitional document. In the 2020 Report, we gave you a snapshot of our work, systematising our performance up to that date. The analysis we performed enabled us to map our path to sustainability with greater awareness, and this is what we worked on 2021.

The things we chose to do take more time than others, but we hope this leads to a deeper change, with results that are increasingly visible.

Last year it felt like we were standing at both the finish line and the starting point, while this year it feels like we're in the middle of our journey.

Enjoy!

Francesco Mutti
Chief Executive Officer of Mutti



1 About Mutti

Founded by Marcellino and Callisto Mutti, our company began **processing 100% Italian tomatoes** in 1899. Today we lead the tomato product market in Italy and Europe with a presence in 100 countries worldwide and net revenues of €484 million in 2021 from 685,000 tonnes of tomatoes processed.

Our logo embodies all our brand's distinctive values and our way of doing business. The words at the top, Solo pomodoro – only tomatoes – with a full stop at the end highlight both our specialisation and our close connection with the raw material. Next comes the Mutti family name, which boldly stands out to confirm our pact with generations of quality-conscious consumers.

At the centre of the logo two lions stand face-to-face, guarding the gold medal we won in Paris, a symbol of the excellence that always distinguishes our products starting with the selection of the tomatoes. It is an iconic image that dates back over one hundred years, when the two lions represented our products for those who could not read or write. All anyone needed to ask for was 'the brand with the two lions'.

Below the lions, the label reads Parma, our city of origin denoting a far larger area, now known as an excellent place to grow Italian tomatoes thanks to externalities like fertile soil, crop rotation and the quality of water, in addition to the expertise of the tomato growers that supply us. Over the past 20 years, our company's production volumes, turnover and market share have grown steadily, both in Italy and abroad.



Over **120** YEARS of history

Present in **100** COUNTRIES

Number **1** in Europe
14.1% market share

Exports account for roughly **50%** of VOLUMES

Net revenues of € **484** MLN

685,000 TONNES processed

Over **420** EMPLOYEES at our sites and offices

Around **1,100** SEASONAL HIRING

This demonstrates how consumers appreciate and reward the strategic choices Mutti has made over the years and the superior quality of its products, a direct consequence of our company's commitment to environmental and social sustainability¹.

This commitment charts the course we will continue to take in order to grow, with projects that are closely tied to us and our business and that have a positive impact and set an example locally and beyond.

¹Enrica Tiozzo, *Cosa i consumatori si aspettano oggi dai brand, ITALIA 2022 NELLA SPIRALE DELL'INTERREGNO, UN PAESE IN TRANSIZIONE TRA NON PIÙ E NON ANCORA (2022), IPSOS*



Our products

Over the years we have specialised in the processing of tomatoes, which we buy exclusively from certified farmers who follow the standards of a strict shared protocol that includes protecting the environment, safeguarding the properties of the soil and respecting workers.

Although we process only 100% Italian tomatoes, this has never held us back. Since our company was founded, we have always stood out for our desire to innovate, which has led us to progressively expand our range of products, and we now offer a vast array of specialities.

Among our most iconic and well-known products, special mention goes to our [concentrated tomato paste](#) in an aluminium tube, created in 1951 to offer our customers a package that would preserve the quality and taste of concentrated tomato paste better and longer and also be more practical to use. This product was even more special because it came with a small gift. The cap doubled as a red Bakelite thimble to be used for sewing at home.



Mutti's products

THE INDISPENSABLES	OUR SPECIALITIES	CHOPPED DATTERINO	REGIONAL TOMATO	READY SAUCES	PASTA SAUCES	TOMATO PESTOS	FRESH SOUPS*
DOUBLE CONCENTRATE TOMATO PASTE	S. MARZANO DOP TOMATOES	CUBED TOMATOES	EMILIAN PURÉE	DATTERINO TOMATOES	SIMPLE SAUCE WITH OLIVES	ORANGE PESTO	PAPPA AL POMODORO*
TRIPLE CONCENTRATE TOMATO PASTE	TOMATO FILLETS		APULIAN PURÉE	CLASSIC	SIMPLE SAUCE WITH BASIL	RED PESTO	TOMATO, HULLED WHEAT AND LENTIL SOUP*
PEELED TOMATOES	CHERRY TOMATOES		SICILIAN PURÉE	PIZZUTELLO	SIMPLE SAUCE WITH CHILLI PEPPER	GREEN PESTO	
TOMATO PURÉE	DATTERINO TOMATOES		TUSCAN PURÉE*	CHERRY TOMATOES	SIMPLE SAUCE WITH GRILLED VEGETABLES	YELLOW PESTO	
FINELY CHOPPED TOMATOES	PEELED DATTERINO TOMATOES				SIMPLE SAUCE WITH PARMIGIANO REGGIANO		
					VEGETARIAN RAGÙ *		

Mutti worldwide

Over time, the Group has expanded its historic business headquarters in Montechiarugolo, Parma, to satisfy all palates. In 2016, we completed the acquisition of Fiordagosto, a plant in Oliveto Citra (province of Salerno) for the production of various southern Italian varieties, such as the plum tomato and the cherry tomato.

In November 2017, we acquired the CO.PAD.OR plant in Collecchio, establishing a new company, Pomodoro 43044 S.r.l., with production capacity of 300,000 tonnes. This company merged into Mutti S.p.A. on 1 January 2021.

We kicked off our international expansion in 2013, first in France, followed by the US, where we opened another three sales offices, then on to Stockholm, where we oversee the Northern European market, and Australia.

In 2021, Mutti worked on another important step in our expansion process, which led to the opening of a new sales office in Hamburg in January 2022 to oversee the German market.



*Company merged into Mutti S.p.A. on 1 January 2021



Production

Montechiarugolo site MUTTI S.P.A.

The Mutti Group's headquarters and sales office in Italy

Collecchio site POMODORO 43044 S.R.L.*

Oliveto Citra site FIORDAGOSTO S.R.L.

Sales branches

MUTTI FRANCE S.A.S.

Branch based in **Paris**
to develop business on the French market (2013)

MUTTI USA INC.

Branch based in the **United States**
to develop business on the US market (2017)

MUTTI NORDICS AB

Branch based in **Stockholm**
to develop business on the Northern European market (2018)

MUTTI AUSTRALIA PTY LTD

Branch based in **Rosebery**
to develop business on the Australian market (2019)

MUTTI DEUTSCHLAND GMBH

Branch based in **Hamburg**
to develop business on the German market (2022)



Our penchant for process and product innovation

The tomato transformation process is a **key factor in our products' value added**, which is why we have always supported research and development on processing methods.

The processing of tomatoes benefits from the continuous improvement of the production process, which features some of the most innovative technologies in the sector and several pieces of equipment that the company has patented. One virtuous example of process innovation is the in-house development of the cold pulp extractor that processes Mutti finely chopped tomatoes, for the only production process of its kind in the industry.

InstaFactory is the most recent example of our forward-looking, innovative approach. Developed and patented by the company, InstaFactory is a mobile factory that processes tomatoes in the field, which is the best way to capture their organoleptic qualities and produce an unparalleled tomato purée, which we have named Sul Campo tomato purée. 2021 was the second year in which our mobile system was in use, confirming itself to be one of the greatest expressions of the drive to innovate that has always distinguished our Group. In the future, we will endeavour to continuously perfect this mobile factory, reinforcing the bond between innovation and sustainability.

Demonstrating our commitment to innovation, again in 2021, we allocated over €30 million in investments to upgrading production and further improving the Group's quality, efficiency and safety performance.

In addition to process innovation, we are focused on bringing our products into the future as well.



In recent years, our product offer has undergone extraordinary expansion for an unprecedented differentiation: in only three years – between 2018 and 2021 – we launched chopped datterino tomatoes, the regional tomato purées, pesto sauces, Sul Campo purée, Mutti soups and vegetarian ragù.

What motivates us to launch these new products is our desire to exalt all the qualities of the tomatoes that we process, which are sourced from different Italian regions, and to satisfy our customers' widely ranging tastes for every occasion, while always maintaining the highest quality standards.

Our chopped datterino tomatoes were created to add to our line of chopped tomatoes a version with a soft, delicate and full taste and thicker consistency than our standard chopped tomatoes. The unmistakable taste of the datterino variety, with its natural sweetness, brings an herbaceous freshness to these finely chopped tomatoes.

Next, our Regional Purées reflect our desire to honour three regions that are perfect for tomato growing: Sicily, Apulia and Emilia Romagna. We collaborated with the best local farmers to create three different purées that reflect the character of these lands.

Sicilian soil, originating from floodplains and rich in minerals, produces a fresh-tasting cherry tomato. Apulia, on the other hand, produces an intense, firm and meaty plum tomato. In the Parma countryside, rich in organic matter and particularly fertile, grows a delicate, sweet datterino tomato.

Our drive to innovate can also be seen in the launch of four different pestos, made from different colour tomatoes – red, orange, yellow and green. With a rich, intense flavour, our pestos are low fat, as they are more than 50% tomato.

Our vision of the future, along with the choice we made several years ago to use only plant-based ingredients for our preparations, the sauce with Parmigiano Reggiano cheese being the sole exception, has led us to develop a line of vegetarian ragùs to be launched in 2022.



1.1 Mutti's history

Our story begins in the heart of the Food Valley near Parma, an area made for tomato farming, where agricultural expertise and experience have deep roots.

Since the late 1800s, the Mutti family has been devoted to processing Italian tomatoes with a sound, honest business concept: changing the paradigms of the tomato value chain – the tomato being a pillar of Italian food culture – by steadfastly upholding a strict quality policy and meticulously caring for each and every detail.

For Mutti, partnering with its farmer supply chain was pivotal, because "quality starts in the field." The number of fields around our production plants progressively grew, reaching an average distance of 130 kilometres, and the entire production cycle was subject to the "law of freshness", respecting the rhythms of nature and preserving the natural properties of the tomatoes.



Ugo Mutti, Marcellino's son, suggests his father establish a small factory to produce tomato extract

Mutti wins the *Palme d'Or* at the Universal Exhibition in Paris

The company is the first to launch "Finely Chopped Tomatoes", and remains an Italian and global leader

The *Pomodoro D'Oro* award is created.

Mutti France is founded to develop business on the French market and the *Fiordagosto* project begins for the production of typical southern Italian specialties, culminating with the definitive acquisition of the plant

Mutti Nordics is set up

Mutti presents "Sul Campo", the first tomato purée produced directly on the harvested field using *InstaFactory*, a mobile factory

1899

Brothers Marcellino and Callisto Mutti begin producing tomato products

1909

1911

The "Two lions" trademark is registered

1925

1951

The *Tubetto dal Ditale* product is born and the company expands in the province of Parma

1971

1994

Gault&Millau names Mutti's finely chopped tomatoes the best in Europe and Francesco Mutti becomes the company's CEO

2000

2010

Mutti partners with WWF Italy in a project to study and analyse the impact that the tomato supply chain and processing have on energy and water consumption

2013

2017

Mutti USA Inc. opens and the Collecchio plant is acquired

2018

2019

Mutti Australia is set up

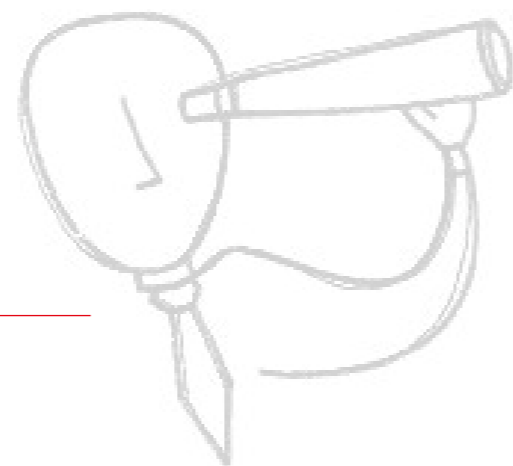
2020

2021

Mutti presents its first Environmental Sustainability Report

1.2

Governance and shareholders



Mutti has a traditional management system in which the corporate bodies are the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors, while the audit of the accounts is entrusted to an external auditing firm.

Chairman of the Board of Directors	Mauro Fontana
Chief Executive Officer	Francesco Mutti
Director	Eric Joseph Melloul
Director	Andreas Urs Pfluger
Director	Lorenzo Vittorio Eugenio Astolfi
Director	Silvia Beraldo
Director	Luca Mignini

The Board of Directors is responsible for managing the company. It has 7 members and has delegated some of its duties to the Chief Executive Officer, who has, in turn, delegated specific powers under special power-of-attorneys.

The Chairman of the Board of Directors and the Chief Executive Officer are the company's legal representatives within the limits of their powers.

The Shareholders' Meeting is responsible for making the most important decisions for the life of the Company, including the appointment of the corporate bodies, the approval of the financial statements

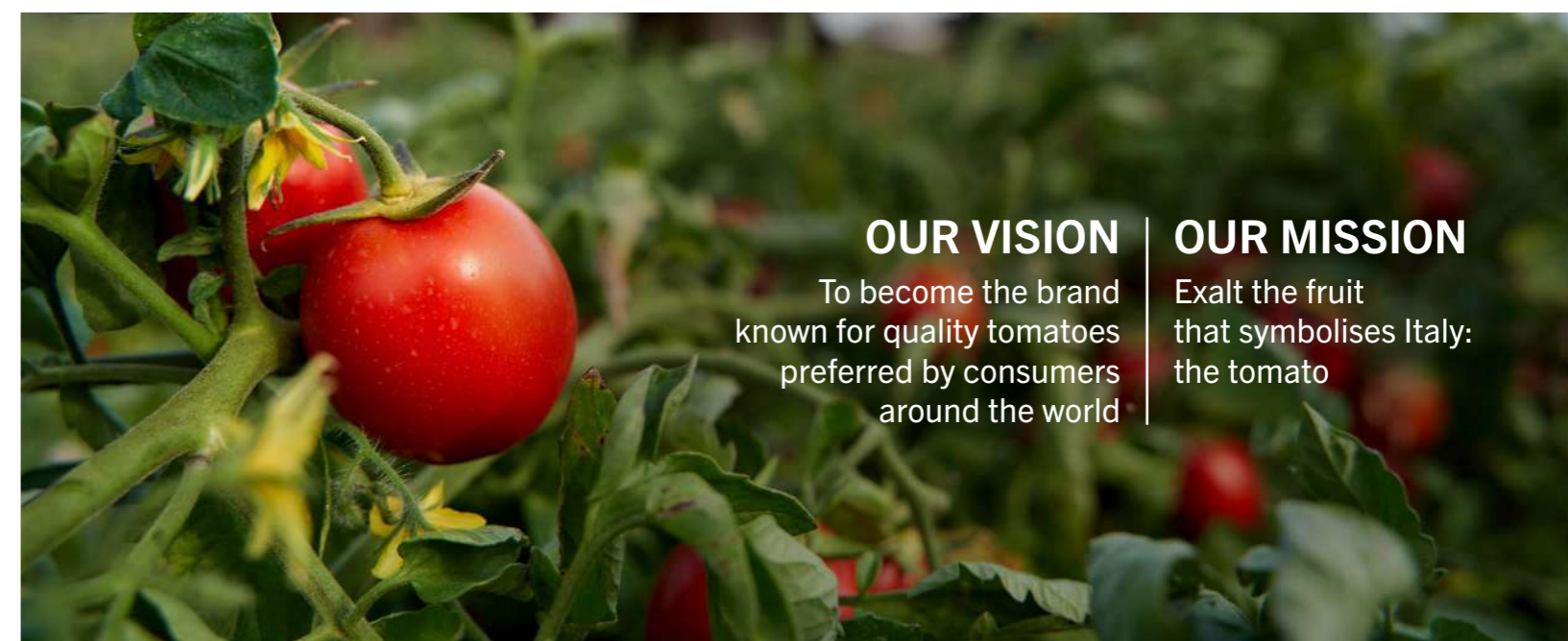
Red Lions, the Mutti family's holding company, owns 75.5% of the share capital and, since 2016, Verlinvest, a family-owned investment fund with around €2 billion in assets under management, holds the 24.5% minority stake.

1.3

Values

"I want extra doses of intelligence in the tins of tomato"

Francesco Mutti
Chief Executive Officer of Mutti



OUR VISION

To become the brand known for quality tomatoes preferred by consumers around the world

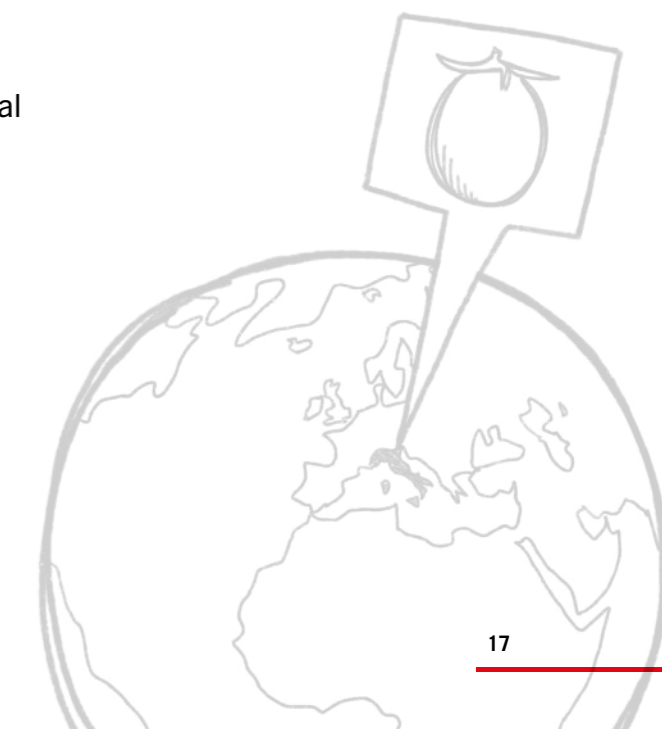
OUR MISSION

Exalt the fruit that symbolises Italy: the tomato

Quality, Transparency and Reliability are the values on which we have based our business for 120 years.

The Mutti family has run the Company since it was founded, and integrity, respect for people and an interest in the community and local area have always been a genuine commitment.

In our Code of Conduct, which the Board of Directors approved in its most recent version in March 2021, we have set out our code of business values, which we are committed to upholding and sharing with our stakeholders. Scenarios and contexts change, but Mutti's values remain the company's beating heart and will always be one of our greatest strengths.



Mutti's code of business values

- 1 Strive for the highest quality
- 2 Long-term vision
- 3 Work culture
- 4 Respect people and help them grow
- 5 Safeguard the environment
- 6 Simplicity and honesty

Our code of business values could not omit a focus on the environment, to which we are inextricably linked through our operations.

Our values, our identity and our success are directly connected to the natural world around us, which is why preserving its vitality, diversity and beauty is a firm commitment for us. Care for the environment and the sustainable use of natural resources are cornerstones of our work.

Our strategy is based on investments and activities that meet the principles of sustainable development.

We are committed, in particular, to:

- promote a farming system that encourages the use of techniques that guarantee a lower impact on the environment and the reduced emission of harmful substances into the environment, thus ensuring greater agricultural sustainability;
- improve production to maximise efficiency, especially water and energy efficiency, in every stage of the production chain;
- encourage and support best practices to protect the biodiversity of agro-ecosystems affected by tomato crops;
- implement actions and projects to improve working environments;
- allocate a share of investments to self-generate energy from renewable sources;
- raise environmental awareness and provide environmental training for employees and the farmer supply chain to share initiatives inside and outside the company and to improve skills and professionalism;
- invest in research by promoting more sharing of results and developing research projects in the interest of the community;
- guarantee and implement the monitoring and control of the company's progress in terms of environmental impact.

1.4 Certifications

Our focus on the land can also be seen in the environmental certifications our company has earned for its products and processes.

At Mutti, we track the environmental impact of the entire production chain, from the tomato growing cycle to delivery of the finished product to the consumer.

Ensuring that our customers enjoy the highest standards of innovation and safety is a priority for us, and this is why we have always implemented voluntary and compulsory measures so our products are of the highest quality.

Confirming this commitment, we have obtained the following certifications from nationally and internationally recognised and accredited bodies:

- Integrated production certification in accordance with the **UNI 11233** standard as a strategy to promote good farming practices in terms of the use of pesticides, fertilisers and water for irrigation, drawing on the best solutions offered by modern science;
- Supply chain traceability certification in accordance with the **ISO 22005** standard for total transparency of the supply chain of only 100% Italian OMG-free tomatoes grown on a network of plots chosen by producers specially selected according to stringent quality and reliability standards;
- Certification in accordance with the international **BRC and IFS** standards (since 2016) guaranteeing hygienic and salubrious practices throughout the entire production process;
- Corporate social responsibility with workers in accordance with the **SA8000** standard, guaranteeing fair treatment and respect for human rights in addition to compliance with all relevant legislation;
- **ISO 14001** certification, which sets the requirements for establishing and implementing an environmental management system;
- **ISO 45001** certification, which specifies the requirements for an occupational health and safety system.



2 Mutti's path to sustainability

At Mutti, sustainability is an ongoing process and one of the pillars on which we have always based our work, alongside high quality and strong relationships with the players in our value chain. To us, 'sustainability' above all means respect for the environment and a balanced use of its resources, in order to give back to the Earth what it has given us.

We have achieved several milestones on the path to sustainability, including the certification of our tomato supply chain and the production process and our now ten-year partnership with WWF Italy to improve the efficiency of water and energy consumption in the life cycle of our tomatoes, from the field to the shelf. We are particularly proud of this partnership because we were one of the first companies – not only in Italy but in the world – to undertake such formalised monitoring of its water and carbon footprint as early as in 2010. In addition, we are also committed to biodiversity, which we promote through initiatives like our renaturalisation projects that go beyond tree planting and include the restoration of ecosystems.

2021 was a crucial year for our path to sustainability: we presented our first Environmental Sustainability Report to systematise our environmental performance and initiatives in previous years, and we analysed our social sustainability actions and policies.

The Report gave us an accurate snapshot of our work, which we made the starting point for an even more solid path to sustainability that can generate benefits for the environment and all our stakeholders, as we pursue an increasingly holistic approach.

We have based our **environmental strategy** on the four natural elements – **water, air, sun and earth** – that we will safeguard and respect through a number of projects and initiatives, many of which are long-term, funded with an initial investment of €1.5 million between 2022 and 2024 allocated exclusively to environmental initiatives.

Alongside environmental sustainability, our commitment to social sustainability will take shape with a **Sustainability Plan**, which we will discuss in future reporting years.

We are therefore in the middle of a continuous improvement process, which we will structure over time through actions that are increasingly apt and effective, adjusting our commitments to meet the needs of the Group's internal and external context and considering our stakeholders' expectations.

We will share the results of our strategic path with you, explaining the initiatives on which we are working and intend to focus further.

What we can say now is that the common thread of everything we plan to do is the philosophy that drives our approach to sustainability:

- stay close*;
- stay related to your business*.



*The approach recommended by Jeffrey Sachs, economist, author and director of the Earth Institute at Columbia University until 2016, during a memorable meeting in October 2021 at our headquarters.

2.1 Relationships with stakeholders

Our achievements and success are based on the relationships we have forged over time with our various stakeholders, with whom we constantly interact in our business. We have always taken into account how our decisions, however big or small, affect people, markets and the surrounding area.

With our value system, we believe we have a responsibility to all of these stakeholders and we hope to honour this commitment every day through our conduct and excellent business and work practices.



**STAKEHOLDER
CATEGORY**

**ENGAGEMENT COMMITMENTS
AND INITIATIVES**

**Consumers
and customers**

We act responsibly, offering consumers and customers products that stand apart for the excellence of their qualities, such as sapidity, colour and integrity. Over time, we have expanded our range of products to guarantee an increasingly varied and comprehensive customer experience. We strive to grow the brand by leveraging its focus on environmental sustainability, attracting potential customers who are sensitive to this issue, safeguarding our brand's image and tangibly enhancing our commitment.

**Employees and
shareholders**

We offer a healthy and safe working environment where our people can reach their full potential. We improve the skills of our employees through individual and group coaching programs. We offer our new recruits an induction program with various company departments and with the CEO Francesco Mutti. We support whistleblowing by any employee reporting irregular conduct and alleged or actual violations of the Code of Ethics or the regulations in force using the whistleblowing system available on the company's website and open to all our stakeholders. We monitor the company climate through internationally-recognised surveys and we analyse the results in order to achieve continuous improvement.

**Farmers and
business partners**

We maintain relationships with our farmers and business partners based on trust and respect, often consolidated over time through long-term partnerships. We support them in the development of increasingly responsible businesses, offering incentives to adopt practices that consider environmental and social aspects, with a specific focus on respect for human rights and workers. Upon urging by OXFAM, following a survey on the tomato supply chain, we have opened a protected channel that any party outside the company may use to report any critical issue in the value chain. Under this whistleblowing system, the independent parties that the company has specifically appointed to these supervisory roles examine each report and respond adequately according to the gravity of the reported event. This is in addition to the company's regular monitoring of compliance with the code of ethics and conduct in the spirit of providing even more comprehensive guarantees. In southern Italy, we offer financial support to suppliers for inspections conducted by independent third parties to certify work practices. We also provide our farmers with increasingly user-friendly IT tools that help them manage adverse events and farming practices based on weather trends recorded by weather stations and other significant parameters detected.

Communities

Since 2020, in partnership with Le Village, we have supported young entrepreneurs and their start-ups. For a future of greater social inclusion, in 2021, we began collaborating with Associazione Next, an association that provided free specialised training to groups of disadvantaged unemployed trainees who were then placed in jobs at our plants during the tomato campaign. Specifically, together with Associazione Next we reached out to UNHCR (United Nations High Commissioner for Refugees, a United Nations agency), hiring asylum seekers and refugees at our plants. Our objective for 2022 is to follow up on this initiative with the recruitment of other groups of people facing challenges in finding employment. As founder of Regeneration 2030, together with Chiesi, Davines, Banca Mediolanum and Illy, we encourage a transition towards a regenerative socio-economic model. For years we have partnered with Banco Alimentare Onlus and Emporio Solidale Parma, donating our products to the needy.

**Industry and
markets**

We work to develop the tomato sector and create a system of transparent, fair and balanced relationships that will continue to grow for the institutions and the country.

Mutti's Pomodorino

Created in 2000, Pomodorino d'Oro is a prize that we give our best farmers each year to recognise the quality of the tomatoes they grow: 100% Italian products, lovingly looked after from seed to fruit.

One of the most important factors in the success of the initiative is that the farmers themselves see it as a motivating factor that goes far beyond its financial value: it is an incentive to continuously do better, to work for a fruit that stands out for its high quality. This initiative reflects the desire to challenge oneself and to be willing to innovate, while keeping the traditions of a sector like farming alive.

Over the past 20 years, we've awarded over 800 farmers (more than 60 in 2021 alone) with a cash prize to be invested in improving their operations. In this way, we've created a virtuous circle which ultimately ensures that we bring our consumers a product with superior quality and unique flavour. In 2021, the Mutti Group awarded roughly

€275,000 (in line with 2020) to select suppliers of the three Mutti plants: two in the Province of Parma where round tomatoes are processed and one in Oliveto Citra (SA) where the southern Italian specialities are made. In addition, the Group gave its farmers incentives of €6 million in 2021 to reward them for a superior quality raw material. These are important numbers that underscore the attention the Group focuses on its farmers, capable of continuously innovating and improving.

We offer support on several fronts: in addition to the Pomodorino d'Oro, we adhere to a procurement policy in which we pay a premium price to all suppliers capable of delivering superior quality. In 2021, we paid an average premium of 12.7% over the market average to procure the best possible quality.

These incentives allow our farmers to reinvest so they can innovate their businesses and aim for even loftier goals.



2.2 Partnership as the relationship model along the supply chain

At Mutti, when we say our supply chain is "tight", we mean that it is made up of consolidated, long-standing relationships with our tomato suppliers based on mutual trust and respect.

Although we have worked with a large number of farmers continuously for many years, none of these relationships is exclusive. Because the success of a harvest is vulnerable to unpredictable weather conditions, we strive to balance and mitigate the procurement risks inherent to our business by relying on a vast network of farmers (around 800 in 2021) from whom we purchase our raw material.

We use the **Mutti Product Specifications** to establish the requirements and characteristics of products and the technical-agronomic aspects that tomato suppliers must respect, in addition to current legislation on integrated production (Italian Legislative Decree 150/2012). Specifically, Mutti has adopted farming techniques that were found to be compliant with the "National guidelines for the integrated production of crops" pursuant to Italian Ministerial Decree 4890 of 08/05/2014.

In addition to requiring the necessary compliance with quality and technical-agronomic standards, although we do not have direct control over our tomato suppliers, we monitor their **social and environmental practices** as much as possible. In particular, when entering into contracts with them, we require our suppliers to adhere to the principles of the SA8000 standard.



From a social standpoint (human and workers' rights), it is important to us that our farmers uphold the principles at the core of our way of doing business:

- to neither use nor encourage child labour;
- to neither use nor encourage forced or compulsory labour;
- to ensure a safe and healthy workplace;
- to respect the right to collective bargaining and protect the freedom of association and trade union representation;
- to not engage in any kind of discrimination in the workplace;
- to treat all employees with dignity and respect by properly managing disciplinary procedures;
- to align working hours with the applicable laws and national and local agreements;
- to ensure fair remuneration for work in accordance with the national collective bargaining agreement.



According to research by OXFAM, TERRA and the Ethical Trading Initiative, the Italian tomato chain frequently presents risks related to work conditions, both in terms of exploitation and violations of human rights. Their research shows how these issues relating to the exploitation of workers share at least three common elements:

- availability of vulnerable workers;
- significant need for seasonal labourers;
- weak controls by the authorities.

To prevent any kind of worker exploitation in the tomato chain, Mutti has adopted specific policies:

- a contractual commitment to have 100% of the tomato harvest performed mechanically, therefore reducing the need for less skilled seasonal workers in both northern and southern Italy;
- full transparency and visibility across the entire chain, including: producer organisations, cooperatives, farms and fields. This transparency is confirmed by our tomato traceability certification (ISO 22005);
- sharing the code of ethics and conduct, Italian Legislative Decree 231 on corporate crimes;
- set of rules shared with suppliers and arbitration to ensure fair and proper practices in the chain;
- premium price paid for the tomatoes. Mutti pays more than 10% over market value, rewarding farmers for higher quality tomatoes;
- anonymous whistleblowing system used to receive reports of irregularities in farmers' work. This system ensures the whistleblower remains anonymous.

Mutti formalises the assessment of work conditions through third party certifications: Global Gap mod. GRASP; SA 8000.

In southern Italy, in 2021, 90% of farming companies had adopted the Global Gap Standard Op. 2 mod. GRASP, one cooperative (equivalent to 2% of all suppliers) was SA 8000 certified and the remaining suppliers (8%) had been admitted to the Quality Agricultural Work Network whitelist of virtuous farmers.

In northern Italy, we have started requesting the same certifications. Currently 24% of our suppliers have Global Gap Op. 2 mod. GRASP certification and 10% are members of the Quality Agricultural Work Network, while 7% have both certifications. Consequently, one or both certifications currently cover 41% of Mutti's suppliers in northern Italy. This percentage is rising steadily. In 2019, it was 21%.

Mutti monitors, supports and promotes the application of the agreement signed by the tomato processing companies and farmers in northern Italy for compliance with the rules of the Quality Agricultural Work Network.

In addition to respect for human rights and workers' rights, we guarantee the traceability of our 100% Italian tomato chain and the use of good farming practices.



Integrated No Trace of Pesticide Production

The integrated no trace of pesticide production is an **advancement of integrated production that promotes the sustainable use of pesticides whose traces are equal to those of organic products**. This is why our products can be considered equivalent to organic products from the standpoint of traces of pesticide.

With our No Trace of Pesticide project, we make full use of the findings of scientific research and technical assistance in the field of integrated production to offer a product with traces of pesticide that are not only well within the safety threshold but even below the limit of detection, which the law sets at 0.01 mg/kg. Mutti's integrated production techniques have been certified for over 20 years and they allow us to keep traces of pesticide below the legal limits.

The integrated production at the heart of this project is **intended to mitigate the impact of agricultural production activities on the environment and the health of farmers**.

The requirements in the farming protocol minimise the use of pesticides and fertilizers, proposing and encouraging agronomic techniques now known as "**Science-Based Solutions**". These techniques, which are also used in organic farming, include:

- crop rotation;
- making the best use of the organic matter in the soil;
- fertilisation considering the biogeochemical cycles of the nutrients, like leaching, percolation, immobilisation and assimilation by the plants.



In terms of crop protection, we provide for:

- the use of disease-resistant tomato varieties.
- monitoring the pressure of disease and insects;
- intervention thresholds based on sound epidemiological models that consider climate data;
- the selection of pesticides that have been authorised by the Ministry of Health.

The domain of integrated production has progressively expanded to include not only plant protection and nutrition but also irrigation, promoting the responsible use of water. This is made possible by the widespread adoption of systems that monitor the amount of water in the ground and more efficient water delivery methods, such as drip systems.

The end aim of this approach is to share with farmers the most advanced scientific knowledge to optimise production per surface unit, **reducing the use of scarce renewable natural resources** like soil, water and biodiversity with a direct benefit for consumers as well in terms of no traces of pesticide.

This project was kicked off in 2019 with the first testing for promotional purposes of the Mutti No Trace of Pesticide Production farming protocol. It enabled us to produce over 12,000,000 kg of raw material in accordance with this new standard at pilot companies scattered across the various farming areas of northern Italy. In 2020, 146 producers were involved in the project (39% of the farmers supplying the Montechiarugolo plant). **In 2021, 419 farmers in northern Italy participated in this project (62% of the Montechiarugolo and Collecchio farmers) and 109 in southern Italy (59% of the Oliveto Citra farmers).**

In 2020, 479 plots were monitored, a number that grew to 1,202 in 2021 for the three plants. Over 4,000 analytical calculations on the raw material alone were performed in the field and at tomato intake in 2021.

Based on the analyses performed, the volumes of raw material with traces of pesticide under the limit of detectability went from 81,000,000 kg in 2020 to 250,000,000 kg in 2021 in northern Italy, respectively accounting for 59% and 62% of the product supplied by the farmers participating in this project. Over 20,000,000 kg of tomatoes with no trace of pesticide were produced at the Oliveto Citra plant.

With the support of DNV, we have certified progressively larger production quantities. Our analyses on the finished product show that 99% of finely chopped tomatoes meets this standard. The percentages decrease for higher concentrate products but they are extremely encouraging: 84% for purée and 76% for triple concentrate. We are confident that we will be able to convert our entire production within a reasonably short amount of time, focusing on certain stages of the production process, like washing, peeling and homogenisation, which have a considerable impact on reducing traces of pesticide in the finished product.

We believe that this is another step forward in the sustainable use of the unavoidable natural or synthetic substances used to contain disease and parasites.

We see it as our job is to fully explain how valuable this innovation is. Moreover, it is our responsibility to explore aspects with a lower environmental impact in the integrated tomato production model, searching for active ingredients that are more biodegradable and therefore leave fewer traces in the environment.

The next step is to survey consumer interest in this new product category. Only with their support may this project, which requires substantial investments, move forward.

Innovation and technological upgrades are fundamental conditions for ensuring sustainability throughout the supply chain and with this in mind we have developed a specific decision support system for tomatoes with the added benefit of encouraging the widespread use of best growing practices. It is in this context that, in collaboration with Horta – which was a spin-off of the Catholic University and has been acquired by Basf – we launched the pomodoro.net platform.

Pomodoro.Net is an information system that acts as an "agronomic compass" for farmers. In other words, it suggests ways to manage adversities or what farming practices to use based on climactic trends recorded by weather stations and other parameters recorded by the user. For example, it assesses the risk of disease so farmers can optimise the use of agropharmaceuticals. It also suggests when and how to irrigate to save water and improve the quality and quantity of the harvest.

This tool gives farmers access to the most advanced agronomic practices while improving efficiency and safeguarding the environment.



3 *Mutti's approach to environmental sustainability*

For Mutti, the sustainability of agro-ecosystems and the performance of business, including economic performance, are closely linked.

The quality of our products directly depends on the quality of the raw material, which is in turn closely related to the health of ecosystems and their ability to produce tomatoes.

At Mutti, financial competitiveness and environmental sustainability are directly intertwined and this is why they are "naturally" part of the same business strategy.

Our producers benefit from the many positive externalities of the environment in which we operate and which we must protect, but they obviously also bear the negative externalities that we must mitigate.

As noted in the 2021 article "Making the Business Case for Sustainability" published by Harvard Business School, one of the main benefits of sustainability is that it can decrease costs: when it focuses on the production process, an enterprise can improve the efficiency of the chain and by using fewer resources and reducing waste, it can cut costs. Sustainability in business necessarily leads to greater innovation, creating new opportunities for competitive edge and mitigating long-term risks.

From this perspective, the definition of an environmental strategy is as much a conscious choice as the next natural step in our way of doing business, in a context where action is ever more urgently needed.

Mutti aims to establish an original green vision based on protecting the four natural elements infused in its products: water, earth, sun and air.

Water

The need to innovate how water is managed for food production has always been at the centre of national debate in a context in which, on one hand, competition has risen between different sectors vying for access to this resource and, on the other, there is growing awareness of the benefits of nature and the need for healthy waterways.

Farming is considered one of the largest causes of the deterioration of river quality (EEA, 2019), due to the occupation of flood plains, the widespread pollution caused by farming practices and the massive amounts of water withdrawn for irrigation. At the same time, water availability is a crucial factor in the production of a quality tomato and, with climate change poised to make this resource scarcer, different, innovative actions will be needed.

Our commitment to water entails identifying and testing innovative solutions that increase the retention of excess water, replenishing the water table through seepage processes that purify water and slow its flow to the sea. This would mean storing water when it's available so it can be used when needed. It requires work on the hydrographic basin, with the recovery of waterways affected by erosion, which progressively impoverishes the underground water table.

Earth

The European Strategy for Biodiversity 2030 required Member States to set binding goals by 2021 for the restoration of ecosystems and the United Nations proclaimed 2021-2030 the Decade of Ecosystem Restoration. Farming is considered the source of the greatest impact on biodiversity, and the loss of nature affects people's health. This is why **we intend to help protect biodiversity by taking action directly in our production areas with nature-based redevelopment solutions.**



Air

In 2020, the European Court found Italy in violation of the air quality directive, and transport is a major lever on which to act if we are to reduce air pollution. In terms of long-haul freight transport in particular, the biggest steps are the modal shift and the use of low-emission technologies/fuels. Emilia Romagna is actively promoting intermodality and the switch to rail freight through the ERIC project. As for freight transport on the road, most bets are on LNG, specifically with the promotion of a bio-LNG chain that has garnered of National Recovery and Resilience Plan investments of nearly €2 billion specifically for farming.

In this area, our commitment is to adopt freight transport vehicles and methods that emit increasingly less pollutants and greenhouse gases for short, medium and long-haul shipments.

Sun

Not only does the sun give us the energy we need to grow tomatoes, it powers the processing of its fruits into finished products.

The use of renewable energy is one of the main levers to fight climate change and over the next few years, thanks in part to the proposals of the new "Fit for -55%" package, in all likelihood Italy will see a sharp increase in solar panels, which should go from the current power of under 1 GW/year to over 7 GW/year.

The goal we have set is to meet our energy needs with as much renewable electricity as possible, significantly reducing greenhouse gas emissions.

Furthermore, we have based our strategy and goals on the most advanced European and international experience, like the European Commission's "Farm to Fork" strategy guiding the transition to a fair, healthy and environmentally friendly food system. Our strategic plan will be framed within the pillars of the European strategy (Sustainable Food Production, Sustainable Food Processing and Distribution and Food Loss and Waste Prevention) and geared towards its goals:

- 1. Climate action** (reduction of GHG emissions, efficient processes and chain, increase in renewable energies, etc.);
- 2. Circularity** (higher recycling rate, lower water consumption, circularity of packaging, design, etc.);
- 3. Biodiversity** (reduced use of pesticides and chemicals, agroecology, promoting biodiversity).

To present a complete picture of the activities and results achieved through the strategic action taken, we have decided to review and update the environmental performance indicators reported herein. The set of indicators will be further expanded in future reports for continuous monitoring of the new strategic plan.

3.1 *Mutti's environmental performance*

For a company like Mutti, the Earth is at the centre of it all. The Earth gives us our raw material and the Earth, thanks to the best farming techniques, generates the high quality products that have distinguished us for over a century.



Giving back to the Earth what it gives us is the least we can do. This is why we are increasingly committed to minimising our environmental impact throughout our products' life cycle and trying to use natural resources in an increasingly balanced and knowledgeable way. With this in mind, we have pro-actively launched environmental responsibility initiatives and projects, even going beyond what is required by law.

To outline our focus on the environment in an increasingly systematic way, we have adopted a model that integrates the environment, safety and social responsibility with the aim of striving to continuously improve our performance in order to prevent and reduce our environmental impact.

To achieve this, we have certified the environmental management systems at our sites in accordance with ISO 14001.

2020 was a crucial year for us in the monitoring of environmental performance, which we systematised in a document for the first time, taking a complete picture of how we interact with nature and how we affect its resources.

Starting with this snapshot, we have decided to embark upon a structured improvement process, with a strategy that sets the goal of increasingly improving our relationship with the Earth's natural resources holistically.

It would have been easy to set small, easily achievable goals, but we decided to take a different approach, to set ambitious, long-term goals, some of which are so innovative that they required lengthy feasibility studies before we could begin to take action.

The strategy became operational in late 2021, and this is why the first results won't be seen until the next Sustainability Report.

Therefore, the performance we describe below refers to our work before the new strategy: it reflects our environmental responsibility and the actions we have been pursuing for years on a tactical basis to optimise our impacts on natural resources.

It will be more meaningful to look at the indices, rather than the data, for 2021, an extraordinary year for tomato processing: we experienced an exceptional increase in the amount of raw material processed, and this translated into higher resource consumption.

We ask you to keep two aspects in mind as you read the data:

- 2021 was a transitional year, bridging our tactical environmental initiatives of the past with our new strategy;
- our business saw spectacular growth in 2021.

3.1.

Consumption and emissions

Our products have an intrinsic energy component, due to the consumption associated with the concentration and pasteurisation processes, which are typical of preserving tomatoes. This is why we devote so much attention to continuously monitoring and reducing the consumption we cannot eliminate.

In 2021, in partnership with WWF Italia, we had already calculated the carbon footprint of our production activities according to the GHG Protocol, international standards developed by the World Resources Institute. In 2015, we achieved our emissions reduction goal, cutting emissions per product unit by 27% on 2009. Thanks to optimisation measures, like the installation of falling film evaporators which can cut electricity consumption by up to 50%, and the use of renewable energies (in particular, the installation of photovoltaic panels at the Montechiarugolo and Collecchio plants in 2011), between 2010 and 2015, we avoided putting 20,000 tonnes of CO₂ into the atmosphere.

Economizers have been installed at the Montechiarugolo plant, some for recovering energy from the exhaust of the boilers and, in 2020, another for reusing the condensed steam from the heating of tomatoes. In particular, the condensed steam, i.e., water that is still hot, is used to heat the tomatoes entering the plants. In 2020, a cogeneration system powered by natural gas and used to self-produce energy was installed at the plant. The benefits of the cogenerator are further enhanced by the economizers, which recover hot water that can be used to heat both the tomatoes before processing and the water that feeds the thermal power plants.

Equipped with a photovoltaic system in 2011, the Collecchio site has undergone energy efficiency projects in recent years, including the replacement of the existing lights and transformers with more efficient models.

The Fiordagosto plant also underwent several projects, including the installation of a mechanical recompression evaporator in 2016, which

substantially improved efficiency in terms of natural gas consumption. Furthermore, LED lighting fixtures were installed from 2018 to 2020, resulting in energy savings of 40% compared to the previous system. Finally, another energy optimisation project in 2019 involved the elimination of a passage from the evaporator during the reprocessing of tomato purée from the vat to the bottle, saving electricity and natural gas.

The amount of electricity purchased decreased in 2021, corresponding to an increase in the amount produced by our photovoltaic systems at the Montechiarugolo and Collecchio sites, which generated large quantities of energy for self consumption. In 2022, Fiordagosto site will also be equipped with a photovoltaic system, entailing the installation of 1,250 400-wp solar panels, further reducing the consumption and emissions of our sites.

The upward trend in electricity from solar sources is destined to increase year by year, with a consequent reduction in the amount of energy purchased.



ENERGY CONSUMPTION	UNIT	2019	2020	2021
Natural gas	GJ	607.643	657.477	764.970
Diesel fuel*	GJ	1.040	1.251	1.459
ELECTRICITY				
Purchased electricity**	GJ	116.591	128.631	123.649
Photovoltaic	GJ	5.370	4.850	7.279
of which produced and consumed	GJ	5.073	4.555	6.720
TOTAL ENERGY CONSUMED	GJ	730.346	791.914	896.798

*Diesel consumption does not include the company car fleet, whose environmental impact is immaterial due to the small number of vehicles.

** Purchased electricity is entirely from non-renewable sources.

Note: the methodology used to convert energy into GJ entails the use of the conversion factors published in the NIR (ITALIAN GREENHOUSE GAS INVENTORY 1990-2019 - NATIONAL INVENTORY REPORT 2021) and in the FIRE: Guidelines for the appointment of the Energy Manager 2018 – ed. 2.1.

To ensure the comparability of the data with previous years, the amounts for 2019 and 2020 have been restated using the same calculation method.

The information in the table refers to the parent company Mutti S.p.A. and the production companies: Fiordagosto S.r.l. and Pomodoro 43044 S.r.l.



REFRIGERANT GASES	UNIT	2019	2020	2021
R449A	Kg	0	0	108.00
R507	Kg	30.50	0	0
R410A	Kg	3.80	78.50	10.00
R407C	Kg	0	1.00	0
R452A	Kg	0	15.00	0
R134A	Kg	0	0	4.00
TOTAL REFRIGERANT GAS LEAKS	Kg	34.30	94.50	122.00

Energy consumption increased in 2021 compared to 2019 (+22%) because of higher production volumes. Indeed, increases were seen in both finished and semi-finished products (+29%) and raw materials (+24%). A comparison of electrical and thermal energy consumption to the amount of raw materials used or to the finished and semi-finished products of the year shows how the intensity of consumption remains stable over time or even decreases, a clear sign of production efficiency.

	UNIT	2019	2020	2021
TOTAL ELECTRICITY CONSUMPTION / FINISHED + SEMI-FINISHED PRODUCTS				
MONTECHIARUGOLO	GJ/ton	2.19	2.47	2.45
COLLECCHIO	GJ/ton	3.32	2.61	2.65
FIORDAGOSTO	GJ/ton	2.00	1.90	1.83
GROUP	GJ/ton	2.55	2.45	2.43

	UNIT	2019	2020	2021
TOTAL ELECTRICITY CONSUMPTION / RAW MATERIALS				
MONTECHIARUGOLO	GJ/ton	1.20	1.29	1.32
COLLECCHIO	GJ/ton	1.63	1.58	1.41
FIORDAGOSTO	GJ/ton	1.59	1.65	1.51
GROUP	GJ/ton	1.40	1.44	1.38

CO ₂ EMISSIONS	UNIT	2019	2020	2021
DIRECT EMISSIONS (SCOPE 1)				
Natural gas	CO ₂ tonnes	35,159	38,031	44,342
Diesel fuel	CO ₂ tonnes	77	93	109
Refrigerant gases leaks	CO ₂ tonnes	129	198	177
INDIRECT EMISSIONS (SCOPE 2)				
Electricity purchased from non-renewable sources (location based)	CO ₂ tonnes	8,939	9,862	8,923
Electricity purchased from non-renewable sources (market based)	CO ₂ tonnes	15,092	16,651	15,765
TOTAL CO₂ EMISSIONS (scope 1 + scope 2 location based)	CO₂ tonnes	44,175	47,986	53,374
TOTAL CO₂ EMISSIONS (scope 1 + scope 2 market based)	CO₂ tonnes	50,328	54,775	60,216

Note: the methodology used to calculate Scope 1 emissions entails the use of the emission factors published in 2021 by ISPRA for combustible fuels and the use of the emission factors published in 2021 by the UK Government – GHG Conversion Factors for Company Reporting for refrigerant gases. Both calculation methodologies were used to calculate Scope 2 emissions, in line with the GRI Sustainability Reporting Standards. The market-based emissions are based on the CO₂ emissions of the energy suppliers from which the organisation purchases electricity under a contract and may be calculated considering: Guarantees of Origin and direct contracts with suppliers, the suppliers' specific emission factors, residual mix emission factors (the energy and emissions that are not monitored or tracked) (source: AIB - European Residual Mixes 2020 (Ver. 1.0, 2021-05-31)). The location-based method considers the average emission factors for the generation of energy within well-defined geographical areas, including local, sub-national or national borders (source: ISPRA - Atmospheric GHG emission factors in Italy's national electricity sector and in the main European countries (2021)). The Scope 1 and Scope 2 emissions are expressed in tonnes of CO₂, as the source used does not provide emission factors for gases other than CO₂. To ensure the comparability of the data with previous years, the amounts for 2019 and 2020 have been restated using the same calculation method. The information in the table refers to the parent company Mutti S.p.A. and the production companies: Fiordagosto S.r.l. and Pomodoro 43044 S.r.l.

The rise in consumption generated an increase in CO₂ emissions, particularly in Scope 1 emissions. However, Scope 2 emissions relating to electricity show a downwards trend in the three years considered, mainly thanks to the 2021 startup of the cogeneration plant in Montechiarugolo. On the other hand, with respect to logistics, we are aware that the transport sector is also very impactful in terms of the CO₂ emissions it puts into the atmosphere and, although logistics is not under our direct control, we are careful about monitoring how our finished products are transported.

Our distribution warehouses are located at an average distance of 10 km from our production plants and this allows us to considerably limit the environmental impacts generated during storage. These impacts could be further reduced by using natural gas vehicles to move finished products to the warehouses, and we are currently analysing the feasibility of this.

Our products are moved from the warehouses only after they are sold, which means we do not introduce extra goods into the logistics flow.



As far as the vehicles used are concerned, each year we aim to increase vehicle saturation, reduce journeys by empty vehicles and decrease kilometres travelled by road per tonne of product shipped, trying wherever possible to use vehicles with a lower environmental impact.

In 2020, we had already seen a decrease in the kilometres travelled by road per tonne of product shipped by using intermodal routes (truck and train, truck and ship) on several Italian long-distance routes and in Sweden and Norway.

In 2021, we achieved additional significant results: we added additional intermodal routes in **Poland, Belgium, Luxembourg and Holland**, areas that are well suited to transport by rail. The benefits of this solution can also be seen in terms of an increase in the capacity of transported goods: in the same number of trips, a train carries four or five tonnes more products than a lorry.

The routes to **Barcelona** were also made intermodal, using ships, and now take the same amount of time as for the transport of products to the **Italian islands**.

The intermodal transition projection will continue in 2022: in the first few months of the year, two trains per week between Italy and Paris are already running and we plan to further optimise the routes to Poland and increase train transport volumes to Austria as well.

Furthermore, in 2022, a project was kicked off to accurately monitor logistics data in a structured manner, a process we will perfect over time, given the difficulties created by the fact that we use different logistics providers with different tracking methods. This project will give us a complete understanding of the impacts and enable us to set effective objectives that make a difference. The continuous improvement of the efficiency of shipping methods for our products will go hand in hand with a very important objective that we have set for the near future: **the optimisation of loads** by filling vehicles to capacity.

3.1.2

Water withdrawals and water quality

We understand that water is an asset we all share and a resource to be protected as it is limited. At our production plants, water is used during tomato processing, for transport and washing and to cool the equipment. In these steps of the process, we are committed to reusing water several times before releasing it into the water grid.

The water we use is taken mainly from wells and, once used, is purified and returned to the water grid once clean.

Although, according to calculations, the water used in our plants accounts for only a small share (2%) of all the water used for tomato production, we pay the utmost attention to water use, as it is an essential resource for us, and this is why over the years we have committed to a series of initiatives to improve the efficiency of water consumption.

Thanks to the long-standing partnership with WWF Italy, in place for over 10 years, and the water footprint monitoring by the Euro-Mediterranean Center on Climate Change (CMCC), we were **one of the first in our industry to have calculated, starting in 2010, how much water is used in production in order to reduce our water footprint, from tomato growing to the finished product**.

The Water Footprint analysis began in 2010 with a study of the entire production chain and considering all production lines in the plants. It was then extended to a vast portion of the value chain, from tomato growing to product processing, right up to the packaging process, in order to calculate the amount of "hidden" water that is theoretically "stored" in every Mutti product.

Thanks to the Water Footprint analysis, in just five years not only have we reached the target we set in 2010, i.e. to reduce the water footprint of our supply chain by 3%, but we have exceeded it, with a reduction of 4.6%.

We have also undertaken to increase the amount of water we reuse and purify at all our plants so we can withdraw increasingly less water from the grid and water table. However, the ratio of water to finished and semi-finished product is greatly affected by the quantity of raw materials processed and seasonal weather trends. Indeed, the weather directly affects the supply of raw materials, and rainfall can jeopardise continuity to the point of forcing sudden stops and restarts (which might even involve an entire plant), with the related washing of the equipment.

Upholding our commitment to managing water responsibly, today about 20% of the purified water (100 m³/h) at the Montechiarugolo plant is reused for plant operations like conveying tomato waste. In order to continuously improve water management, we are currently working to kick off a project for the improvement of the purification plant.

Work was carried out to reduce water consumption during the tomato campaign at the Collecchio plant as well: a tomato peeling plant was removed and the use of water to convey discarded tomatoes was optimised, going from the use of well water to the use of purified water.

Moreover, at the Fiordagosto plant, in 2019 and 2020, work was carried out to recirculate water in the peeling room, involving the reuse of water that was previously sent directly to the purifiers and resulting in a reduction in consumption.

Most of the water used is withdrawn from wells (2,000.73 megalitres), while water from the public aqueduct has a marginal impact (63.86 megalitres). In 2021, the amount of water withdrawn increased by 19%. However, this was mostly due to the growth in production as a wider range of products was offered than in previous years.

	UNIT	2019		2020		2021	
		From all the areas	From water-stressed areas	From all the areas	From water-stressed areas	From all the areas	From water-stressed areas
WATER WITHDRAWALS							
Groundwater (irrigation wells)	Mega-litres	1,865.42	0	1,570.98	0	2,000.73	107.00
of which freshwater (≤1,000 mg/l total dissolved solids)		1,865.42	0	1,570.98	0	2,000.73	107.00
of which other types of water (>1,000 mg/l total dissolved solids)		0	0	0	0	0	0
Water grid		156.87	131.17	160.52	124.51	63.86	29.63
of which freshwater (≤1,000 mg/l total dissolved solids)		156.87	131.17	160.52	124.51	63.86	29.63
of which other types of water (>1,000 mg/l total dissolved solids)		0	0	0	0	0	0
TOTAL		2,022.29	131.17	1,731.51	124.51	2,064.59	136.63

The areas under water stress were assessed using the Aqueduct Water Risk Atlas of the World Resources Institute (<https://www.wri.org/initiatives/aqueduct>). The information in the table refers to the parent company Mutti S.p.A. and the production companies: Fiordagosto S.r.l. and Pomodoro 43044 S.r.l. To ensure the comparability of the data with previous years, the amounts for 2019 and 2020 have been restated using the same calculation method.

In line with the indicator used for energy consumption, the comparison of water withdrawals to finished and semi-finished products and raw materials shows a downward trend, specifically a 21% decrease for finished and semi-finished products and a 18% decrease for raw materials. Similarly, comparing water discharges to finished and semi-finished products and raw materials we see respective decreases of 25% and 23%.

	UNIT	2019	2020	2021
WATER WITHDRAWALS / FINISHED + SEMI-FINISHED PRODUCTS				
MONTECHIARUGOLO	m ³ /ton	5.48	5.60	5.37
COLLECCHIO	m ³ /ton	11.06	5.96	7.05
FIORDAGOSTO	m ³ /ton	3.19	2.79	2.49
GROUP	m ³ /ton	7.06	5.36	5.61

	UNIT	2019	2020	2021
WATER DISCHARGE / FINISHED + SEMI-FINISHED PRODUCTS				
MONTECHIARUGOLO	m ³ /ton	4.92	5.02	4.81
COLLECCHIO	m ³ /ton	13.63	7.53	7.97
FIORDAGOSTO	m ³ /ton	3.83	3.15	2.87
GROUP	m ³ /ton	7.75	5.76	5.77

	UNIT	2019	2020	2021
WATER WITHDRAWALS / RAW MATERIALS				
MONTECHIARUGOLO	m ³ /ton	2.99	2.92	2.90
COLLECCHIO	m ³ /ton	5.44	3.60	3.76
FIORDAGOSTO	m ³ /ton	2.53	2.43	2.05
GROUP	m ³ /ton	3.88	3.14	3.17

	UNIT	2019	2020	2021
WATER DISCHARGE / RAW MATERIALS				
MONTECHIARUGOLO	m ³ /ton	2.68	2.62	2.60
COLLECCHIO	m ³ /ton	6.71	4.55	4.26
FIORDAGOSTO	m ³ /ton	3.05	2.74	2.37
GROUP	m ³ /ton	4.26	3.38	3.27

	UNIT	2019		2020		2021	
		From all the areas	From water-stressed areas	From all the areas	From water-stressed areas	From all the areas	From water-stressed areas
WATER DISCHARGES BY DESTINATION							
Surface water	Mega-litres	2,218.81	157.62	1,862.25	140.62	2,126.77	157.54
of which freshwater (≤1,000 mg/l total dissolved solids)		2,218.81	157.62	1,862.25	140.62	2,126.77	157.54
of which other types of water (>1,000 mg/l total dissolved solids)		0	0	0	0	0	0
TOTAL		2,218.81	157.62	1,862,25	140.62	2,126.77	157.54

The areas under water stress were assessed using the Aqueduct Water Risk Atlas of the World Resources Institute (<https://www.wri.org/initiatives/aqueduct>). The information in the table refers to the parent company Mutti S.p.A. and the production companies: Fiordagosto S.r.l. and Pomodoro 43044 S.r.l. To ensure the comparability of the data with previous years, the amounts for 2019 and 2020 have been restated using the same calculation method.

3.1.3

Waste management

Our production companies manage the collection, sorting and disposal of waste in accordance with current regulations and with the goal of protecting the environment, which means reducing the production of waste.

Waste derives from production activities and consists of scraps from the transformation process, packaging waste and waste from maintenance on production lines.

We are committed to disposing of our waste responsibly, maintaining a steady ratio of non-hazardous waste that is disposed of and non-hazardous waste that is reused. We have also improved and strengthened the recovery of hazardous waste, preventing much of it from being sent to landfill.



WASTE PRODUCTS BROKEN DOWN BY TYPE AND DISPOSAL METHOD	UNIT	2019	2020	2021
TOTAL WASTE GENERATED		11,351	10,205	15,520
Non-Hazardous		11,338	10,196	15,502
Hazardous		13	9	20
DIRECTED TO DISPOSAL/TREATMENT		1,667	1,128	1,185
Non-Hazardous	tonnes	1,666	1,127	1,181
Hazardous		1	1	4
DIRECTED TO RECOVERY/RECYCLING		9,678	9,077	14,335
Non-Hazardous		9,666	9,069	14,321
Hazardous		12	8	14
DIRECTED TO STORAGE		6	0	2
Non-Hazardous		6	0	0
Hazardous		0	0	2

The information in the table refers to the parent company Mutti S.p.A. and the production companies: Fiordagosto S.r.l. and Pomodoro 43044 S.r.l. and was supplied by the disposal services company.

In particular, we have seen an improvement of seven percentage points compared to 2019 in the ratio of recovered and recycled waste out of total waste produced by, excluding sewage sludge. In 2021, over 92% of hazardous and non-hazardous waste was recovered or recycled.

Our innovative approach to production processes enabling the recovery and recycling of waste led us to win the 2021 "Vivere a Spreco Zero" – Living with Zero Waste – award in the Corporate category, promoted by the Spreco Zero campaign sponsored by the Italian Ministry for the Environment, ANCI, the World Food Programme and RAI.

Finally, we are always looking for an alternative use for the fresh tomatoes that cannot be used to make our chopped tomatoes, purées and concentrates, which total as much as around 10,000 tonnes.

The sub-products resulting from the production process like peels, seeds and defective tomatoes are no longer considered waste but resources to be reused as part of a circular process; in fact, we reuse 100% of sub-products. In 2021, 38% was used to produce biogas and 62% to make animal feed.

SUB-PRODUCTS BROKEN DOWN BY TYPE OF REUSE	UNIT	2019	2020	2021
TOTAL SUB-PRODUCTS		17,387	17,233	24,355
Of which used for biogas		10,027	7,210	9,246
Of which used for animal feed	tonnes	7,361	10,013	15,109

The purification of water used to wash tomatoes results in sludge made up of organic substances and soil. This sludge, which is considered waste, is managed in accordance with the current legislation. The Group sends its post-production sludge to one of two possible destinations: agriculture in Emilia-Romagna or for disposal at Campania's authorised treatment centres. Thanks to their specific origin, sludge from the industrial processing of tomatoes does not contain micropollutants and can be used as a high-quality soil improver in good agricultural practices. Its agronomic use as a soil improver is justified by how it enriches organic substance and improves the quality of the surface soil.



3.1.4

Biodiversity and soil consumption

In the growing stage of production, we face issues such as maintaining soil fertility, the depletion of organic matter and the loss of natural habitats and, therefore, biodiversity. Aware of the need to address these issues, since 2017, we have analysed the current biodiversity of agro-ecosystems used to grow tomatoes. The aim of this study is to identify the priorities in the various areas, set improvement targets with tomato growers and implement an action plan for biodiversity in farming.

With WWF's support we were able to draft an informational guidebook of possible ways to restore natural spaces in agro-systems.

The guidebook recommends good practices for the recovery of biodiversity in rural areas. We shared and promoted this guide with the farmers who took part in the 2018 *Pomodorigo d'Oro Mutti* event.

In the years that followed, we have kicked off a number of initiatives, all aimed at engaging farmers in the restoration of natural habitats and the monitoring of swallow and house martin nests as indicators of environmental quality. Unfortunately, none of these initiatives was successfully completed, partly because of the pandemic, which prevented all publicity and engagement projects, and partly because the project, which was a candidate for grants to support biodiversity, was not approved.

We launched a renaturalisation initiative called Mille Querce – One Thousand Oaks – in 2020.

To date, 1,100 trees have been planted as part of this project, including 130 oaks, across over 50,000 square metres in state-owned areas in the municipalities of Montechiarugolo, Traversetolo and Sissa Tre Casali. It will continue with tree planting in other participating municipalities and more.

As part of its green strategy, Mutti plans to develop a long-term ecosystem restoration and redevelopment project, encouraging work to rebuild habitats and preserve biodiversity.

The path will consist of three different types of action:

- ecological redevelopment projects in areas owned by Mutti;
- ecological redevelopment projects in state-owned areas in regions where significant portions of the company's production are located;
- support for ecological redevelopment projects by public and private entities.

The first initiative concerns the property in Montechiarugolo (Parma). The project is aimed at creating an area of high ecological quality with significant environmental diversity. Specific attention will be devoted to recreating suitable ecological conditions for species of fauna that are typical of currently rare or threatened agro-ecosystems in Italy.

This is why the project entails the creation of both meadowland ecosystems and woodland and forest habitats, which once dominated the plains landscape and are now extremely rare as the land has been significantly anthropized.

3.1.5

Sustainable packaging

We primarily package our products in metal tins and glass. They are fully recyclable.

Metal packaging, like tins and tubes, and glass packaging are made of eternally recyclable materials, provided that they are correctly separated from other waste. The percentage of metal packaging that is recycled, as reported by Consorzio RICREA, is very high and rising. The amount of metal packaging released for consumption and subsequently sent for recycling is 72%. There is currently a commitment to certify the percentage of recycled steel in virgin packaging, so that users will be aware of the circularity of the products they buy. The percentage of recycled glass packaging is 10%.

The amount of plastic used in primary and secondary packaging is modest and accounts for 1.7% of primary packaging and 1.5% of all packaging, showing a decrease on the previous year.

Over the years, we have become increasingly committed to promoting a circular economy. We are at the forefront when it comes to avoiding the use of non-recyclable packaging and we promote sustainable packaging that is:

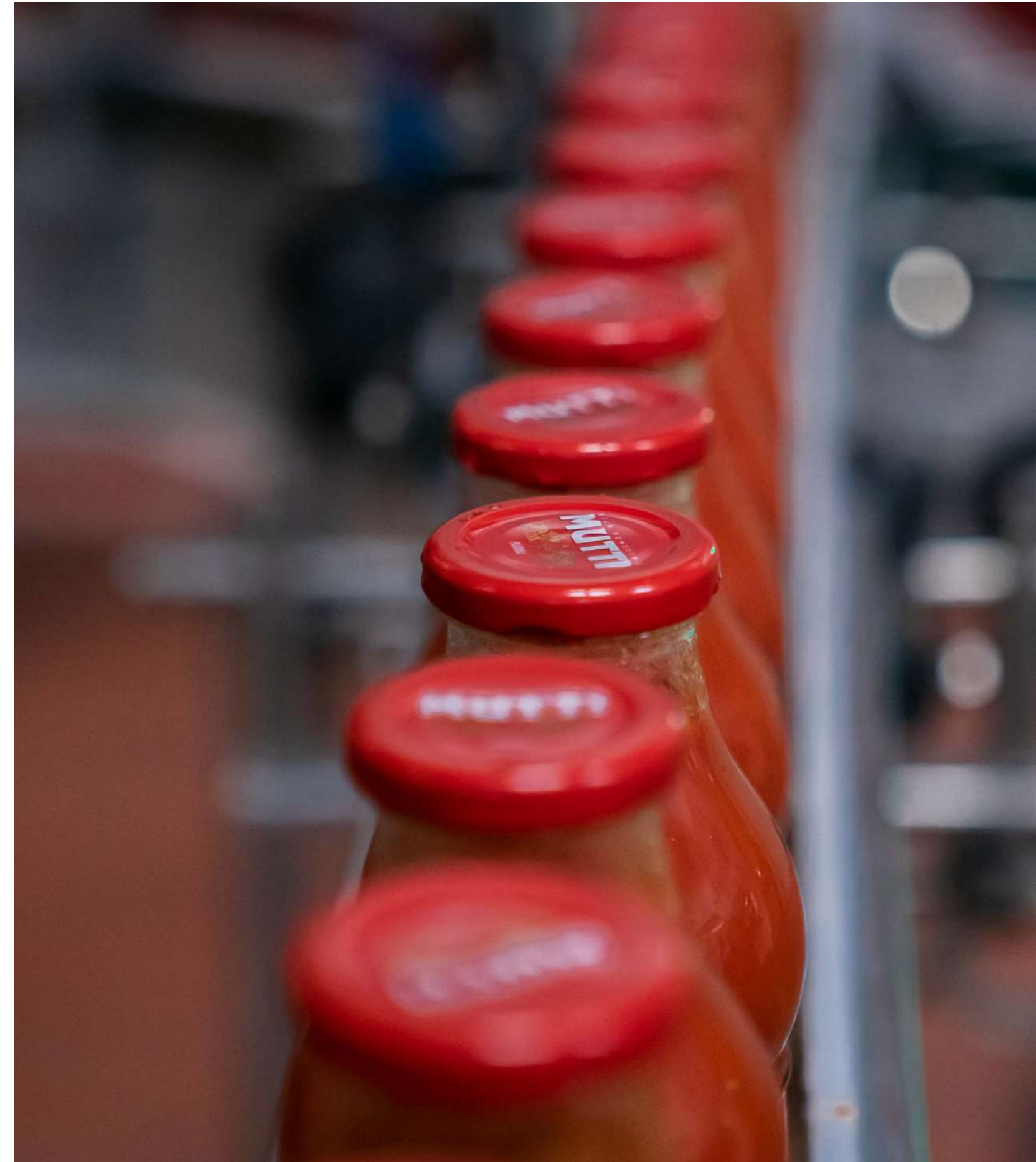
- completely or easily recyclable;
- made from recycled materials;
- made from sustainable raw material sources (e.g., FSC certified paper);
- compostable, provided that the materials are compatible with the Company's production processes, which involve temperatures and humidity levels that are too high for currently available compostable packaging;
- plastic free, even for products that are generally sold in plastic packaging on the market to make them more convenient in terms of use or portioning.

For the small number of plastic packages or those with plastic components that we currently use (caps, labels and pouches), we are considering using bioplastics and recyclable plastic. Moreover, we are trying to reduce the amount of plastic used wherever possible.

In 2021, we kicked off an innovative project for the use of labels made using the dried grass that grows locally, to save cellulose and reduce transport. We will decide whether to continue this practice in the future based on the initial results of the project in terms of reducing our environmental impact.

Since 2019, we have worked on a research project jointly with the University of Reggio Emilia and Modena to promote a circular economy, investigating the possibility of recycling of the bags used to hold the tomatoes inside the vats so they may be reused after a thorough washing.

We are also planning to make customised packaging for the Mutti soups in order to transition from plastic to recycled paper.



Appendix

Methodological Note

This is the second edition of the Mutti Group's Environmental Sustainability Report (the "Report") and it refers to 2021.

The Environmental Sustainability Report has been prepared in accordance with the GRI-Referenced option set out in the Global Reporting Initiative Sustainability Reporting Standards established in 2016 by GRI - Global Reporting Initiative. In particular, in accordance with GRI Standard 101: Reporting Principles, paragraph 3, we have referred to the disclosures indicated in brackets below:

- GRI 302: Energy 2016 (302-1);
- GRI 303: Water and Effluents 2018 (303-3; 303-4)
- GRI 305: Emissions 2016 (305-1, 305-2);
- GRI 306: Effluents and Waste 2016 (306-2).

Unless otherwise specified, the reporting scope for the data and information contained in the Report refers to the parent company Mutti S.p.A. and to the production companies: Fiordagosto S.r.l. and Pomodoro 43044 S.r.l. In this first reporting year, the scope does not include the data and information relating to the Red Store warehouse located in Montechiarugolo.

To provide a full and complete view of the Group's performance, where possible, the published data are presented comparatively, showing the Group's performance in 2019 and 2020.

The contents of this Report have not been subject to independent audit.

If you would like any information or have a question regarding the Environmental Sustainability Report, please write to sustainability@muttispa.it





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