



REPORTING ESG

Environment, Social and Governance, the key
to the future

LETTER FROM THE MANAGEMENT

Innovation, customer satisfaction and passion have been the main key elements that have characterized our business over the years. But our commitment is not limited to that: our goal is to constantly strengthen our commitment to the community in which we operate, respecting the people who belong to it, the environment in which they live and the sustainability of our business.

The satisfaction of our customers has always guided our business, pushing us to guarantee a high level of quality both in terms of the product and the service offered. Our commitment to the community to which we belong has always seen us as protagonists with practical and usable projects and solutions.

But perhaps this is not enough. We must all commit ourselves to pursuing a sustainable business and, therefore, we have decided to embark on our path with the aim of becoming an example of a company proactively committed to sustainability, to the development of a business with clear long-term objectives, to transparency and all 'inclusivity.

It is our belief that the future depends on our will to pursue these objectives, to guarantee a future for us, but also for all our stakeholders.

Quoting Gandhi, "The future depends on what you do today."

Massimiliano Mancini

CEO FlavourArt



MATERIALITY ANALYSIS

During 2021, in order to understand and prioritize the main sustainability issues for FlavourArt, a materiality analysis was carried out. That is, an analysis aimed at identifying which are the relevant topics for FlavourArt, with respect to the topics that its stakeholders consider most relevant.

The path undertaken by FlavorArt was initially focused on FlavorArt Srl alone, with the aim of gradually extending the scope of analysis to the entire group.

In order to identify the universe of topics potentially relevant to the sector and to guide FlavorArt in the materiality analysis, an internal and external analysis was carried out which took into consideration inputs from various sources, including the indications provided by the SASB (Sustainability Accounting Standards Board).

For the external perspective, the stakeholders considered were the peers used in a preliminary benchmarking phase for the Food Retailers & Distributors sector, enriched with considerations deriving from market analyses.

On the other hand, from an internal perspective, the Company's Top Management was called upon to express their views and assess the potentially relevant issues individually.

The result of these activities is translated into the materiality matrix shown here.

TOPICS IDENTIFIED AS MATERIALS

The 12 items identified as material were found in the matrix, divided, based on the indications of the SASB, into the following categories: Business model & Innovation, Environment, Human Capital, Leadership & Governance and Social Capital.

Within the Business model & Innovation category, the most relevant items were the following:

- 1 Physical Impact of Climate Change;
- 2 Materials Sourcing & Efficiency;
- 3 Supply Chain Management;
- 4 Innovation;
- 5 Product Design & Lifecycle Management.



Within the Environment category, the most relevant items were the following:

- 6 Waste & Hazardous Material Management;
- 7 Ecological Impact.



Within the Human Capital category, the most relevant topics were the following:

- 8 Employee Health & Safety.



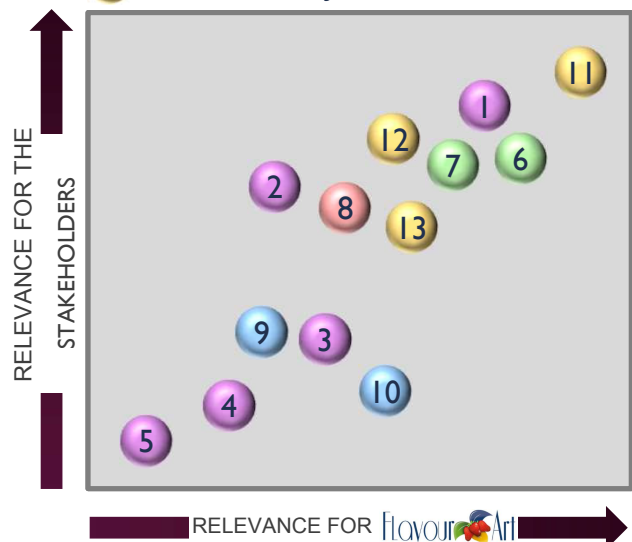
Within the Leadership & Governance category, the most relevant items were the following:

- 9 Business Ethics;
- 10 Management of the Legal & Regulatory Environment.



Within the Social Capital category, the most relevant items were the following:

- 11 Product Quality & Safety;
- 12 Human rights & Community relations;
- 13 Customer Welfare.



--- BUSINESS MODEL & INNOVATION ---

INNOVATION AND SUSTAINABLE ENERGY

With the construction of the new production plant, the Management of FlavourArt evaluated the opportunity to implement a photovoltaic system.

The objective is to respond to energy needs through renewable energy, supplying the public grid with production surpluses, thus increasing the share of renewable energy present in the grid.

The project, which is expected to be completed by 30 June 2022, therefore provides for the installation of photovoltaic panels for a total power of 74 kW, to cover the overall energy needs of FlavourArt.

CLEARSTREAMONWARD

Clearstream Onward is an applied research project carried out by an independent and highly specialized company in collaboration with the University of Milan-Bicocca, aimed at measuring the safety of FlavorArt flavours. The investigations lasted 4 years and involved over 100 products covering all the best-selling aromas in the inhalation sector and required the use of methods with a high predictive value and technological intensity. The research has provided useful data to improve the safety profile of some products, produce new scientific evidence published in international journals, and support the challenging regulatory procedures in various countries around the world (from European Union countries to the United States and Canada).

The project is aimed at verifying the impact deriving from the vaporization of FlavourArt products on the respiratory system. For the purpose of

carrying out the activities, both blood vessel cells (vascular endothelium) and lung cells (pulmonary epithelium) were exposed to the vapor of the liquid. The analysis was not conducted using laboratory guinea pigs, but exclusively tissue samples, comparing their exposure to the vapors of FlavourArt products and to "toxic" fumes.

----- ENVIRONMENT -----

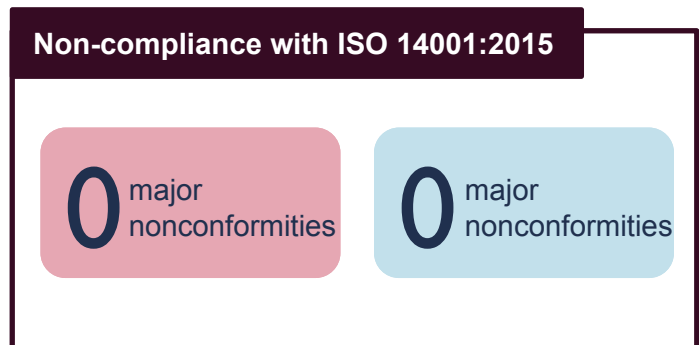
SAFEGUARDING THE ENVIRONMENT

The audit for the renewal of the certification in accordance with the ISO 14001:2015 standard was held in December 2021.

During the audit by the certifiers, it was found that all the observations presented by the certifiers during the previous audit were successfully implemented.

In the face of the aforementioned audit, some points for improvement emerged for the strengthening of the Environmental Control System, but which did not jeopardize the achievement of the certification or the identification of non-conformities (minor or major).

This result further enhances the commitment by Management on the correct management of environmental regulations.



----- HUMAN CAPITAL -----

A SUPPLEMENTARY COMPANY WELFARE PLAN

FlavourArt has always worked to be a valid support for its employees.

In this context, FlavourArt has adopted and implemented a corporate Welfare Plan consisting of a treatment of a welfare and health nature supplementary to the mandatory treatment of the law and to that possibly provided for by the National Collective Labor Agreement, in order to improve the satisfaction of its workers and/or collaborators (Directors who are members of the Board of Directors, Executives, white-collar workers and workers hired on permanent or fixed-term contracts for more than 12 months, as well as apprentices hired under a professional apprenticeship or advanced training contract).

The Welfare Plan also includes among the beneficiaries: the spouse not legally and effectively separated from the beneficiary; legitimate or legitimized or natural or adopted children of the beneficiary; the brothers and sisters of the beneficiary; parents / adopters; in-laws and mother-in-law; sons and daughters-in-law.

----- LEADERSHIP & GOVERNANCE -----

A RENEWED ETHICAL COMMITMENT

The issues connected to ethics and compliance with regulations have always guided the path of FlavourArt.

In 2021, FlavourArt renewed its commitment towards strengthening its governance system by implementing and adopting an Internal Control System compliant with the requirements set by Legislative Decree 8 June 2001, n. 231.

This project was structured in such a way as to

provide a clear overview of the Company, mapping the areas most at risk of committing the crimes referred to in the aforementioned decree, involving all FlavourArt personnel, and identifying the deficiencies in its Internal Control System and consequently preparing an action plan to the strengthening of its Governance. In this context, all FlavourArt staff worked to initiate the actions identified and ensure full collaboration in their implementation.

But FlavourArt's commitment did not end with the implementation of an Organisation, Management and Control Model pursuant to Legislative Decree 8 June 2001, n. 231. FlavourArt has also adopted a Code of Ethics, a general tool aimed at promoting a "corporate ethics", which the Company recognizes as its own and which requires compliance by all Employees, Administrators, Consultants and the Business Partners as well as all those who establish relationships or relationships with the Company.

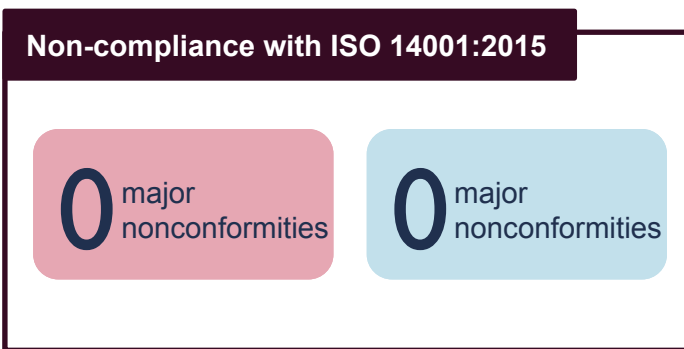
Finally, FlavourArt has decided to strengthen the commitment on the part of the entire Company by providing training sessions on the topics dealt with by the Legislative Decree, also in order to share the new governance tools adopted with all personnel. During these training sessions, the FlavourArt Management also underlined the importance of the reporting channel (Whistleblowing) that FlavorArt has made available to its employees to report any suspected violation of the Organisational, Management and Control Model or the Code of Ethics to the newly appointed Supervisory Body.

SOCIAL CAPITAL

QUALITY AT THE SERVICE OF OUR CUSTOMERS

To maintain a high level of customer satisfaction, as well as to ensure high quality standards, FlavourArt has always been committed to maintaining a production process that fully meets the reference standards.

In this context, in October 2021, FlavorArt obtained the renewal of the UNI EN ISO 9001:2015 certification, without any non-conformities being detected, demonstrating the commitment that the Company has adopted in implementing a Quality System in compliance with the requirements of the standard.



The Company has also started the process to obtain the ISO 22000:2018 certification for the management of food safety, whose fundamental principles include the "HACCP principles" (Hazard Analysis & Critical Control Points), i.e. the control of production processes and safety verification, an aspect already considered in the context of the FlavorArt control system. The achievement of the ISO 22000:2018 certification is expected in 2022.

CUSTOMERS ALWAYS FIRST

But the commitment to its customers does not end with the Quality System Certification, but also with reference to specific initiatives aimed at satisfying the requests of specific communities.

In this context, FlavourArt has obtained the Kosher certification and the Halal certification on some products of the Hedessent brand, demonstrating the attention also paid to the specific requests of the communities, without prejudice.

SOCIAL FLAVOURART

During 2021, FlavourArt renewed its commitment to social issues, through the free disbursement of € 11,400 in favor of Progetti Di Utilità Sociale S.r.l., purchasing advertising space on a vehicle for a period of 2 years.

