



SANPELLEGRINO
GRUPPO

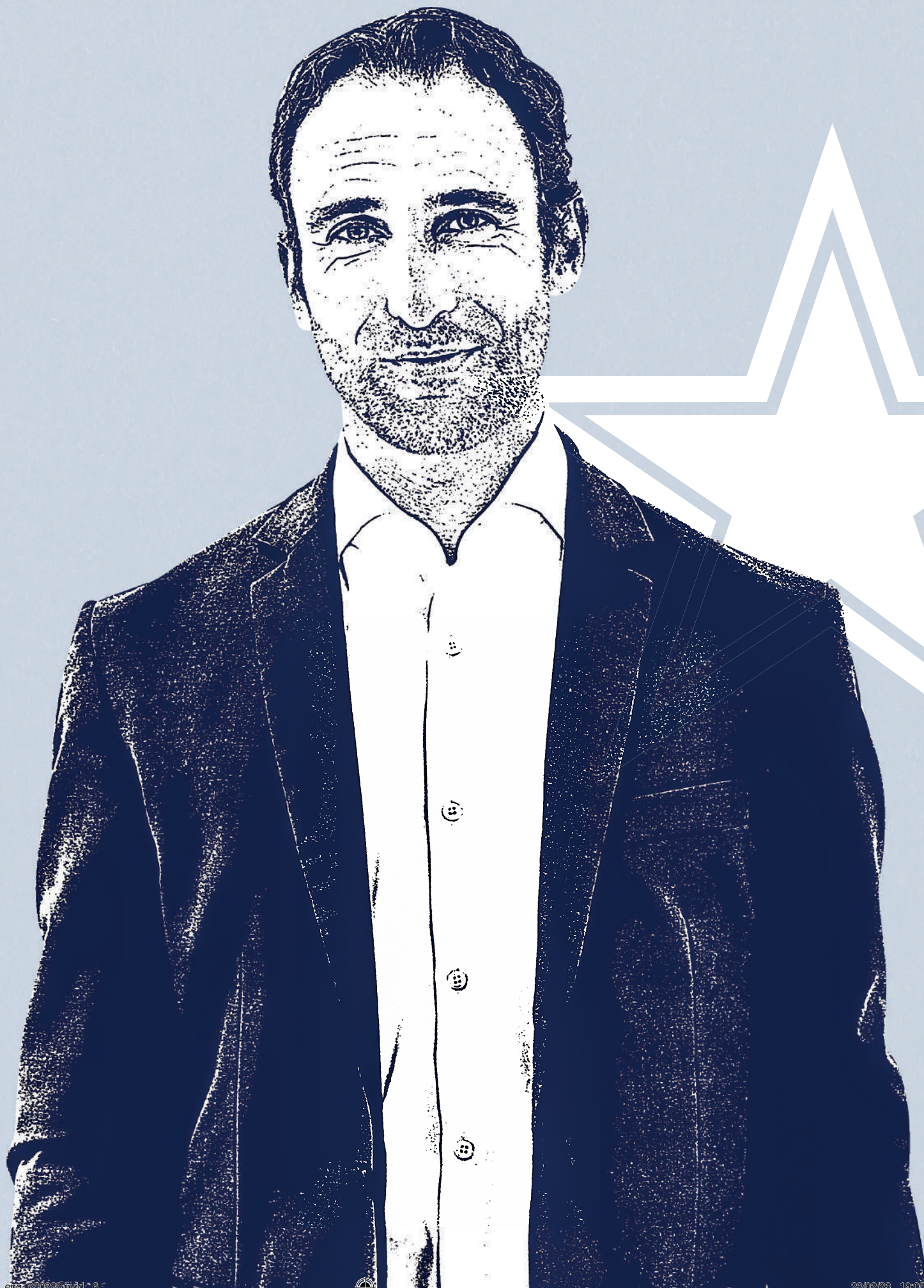
Sustainability Report
2022





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It is my pleasure to present you with our Sustainability Report for 2022, a further and important step in our journey towards the creation of shared value.

Our sustainability report has served as a helpful tool for many year now to illustrate our concrete commitment to sustainable development to our interlocutors, this last two-year period this has taken on the worth of **strategic planning** that it deserves. The steps that we have taken internally, creating **sustainability governance in alignment with our best standards**, and with a Leadership Team taking on this role and reporting directly to me, have been distinguished by a stronger focus on communication based on good international practices and extreme transparency. This element has also been appreciated by the scientific jury of **Corriere della Sera's Sustainability Report Award**, which, for this aspect, has awarded us with the highest score of the analysed reports, in addition to a third place in the overall ranking.

This Sustainability Report offers another piece of the puzzle that is particularly important for me: recounting the whole process that led us to put together a **new materiality matrix**, which places Nestlé's priorities in the specific context of our business and our company. We did it all together, with the involvement of many colleagues of the various departments and the entire Leadership Team, turning it into a chance to reflect on the priorities and the basis on which to build our daily work over the years to come.

Prioritise, develop, and implement commitments: the **ESG tracker** also promotes this, for each individual sustainability project, a tool that allows us to quantify, the investments, the impacts and the benefits in relation to our company. The ESG tracker underlies our choices and assessments to create shared value for people, communities and the planet. That shared value that also applies thanks to **our People**, who stand out by their skills, abilities and business culture. At Sanpellegrino each person is responsible for shared growth, regardless of the role that they have and the experience they possess: this is why one of the most important projects of last year was dedicated to them, a training course on themes of sustainability dedicated to each one of them, who, thanks to a partnership with Biorfarm, also allowed us to adopt 500 organic citrus trees and support 4 farms in the southern area of our country. And it is on behalf of our family of Sanpellegrino colleagues that I would like to wish you a pleasant trip through our actions, commitments, results for a sustainable future.

Stefano Marini
CEO

Sanpellegrino Group

”

Our key performances

Our people

Training hours per person

21 

Employees under 30

+6% 
compared to 2020

Permanent contracts

96% 

Employees covered by a Health and Safety Management System

100% 

Women in executive positions


43% 

Employees assessed by performance


+7% 
compared to 2020


Customers and consumers

6 New product launches from a sustainable point of view 


-18% Of complaints received in comparison to 2020 

Our environmental impacts

100% of electricity acquired from renewable energy 

1,081 average consumption per litre of bottled water 

100% recovered waste 

-22% water consumption compared to 2020 

4.659 tonnes of used R-PET 

Certifications and recognitions



aiccon



CORRIERE DELLA SERA

Supply chain and logistics

82% of local suppliers



100%

of suppliers operates in compliance with responsible procurement policies



22%



products transported by rail

18%



products transported by ship

24%



60% of products transported via road, of which 24% use low environmental impact vehicles (LNG and BIO LNG)

Communities and territory

2 Partnerships for the protection of the territory



Education for proper hydration

350.931 students since 2014



Investments in the community

1.140.980€



Italian Oranges, Lemons and Bitter Oranges

100%



Governance and business ethics

0 cases of corruption



100%

of employees trained in human rights



0 cases of privacy violation



92,2% of the generated economic value is distributed to all stakeholders

01.

Sanpellegrino Group

Sanpellegrino Group is currently one of the major companies in the beverage industry in Italy. Thanks to its very high quality products and its history, it became one of the symbols of Made in Italy across the world.

Sanpellegrino holds a diversified product portfolio composed of mineral waters, flavoured and functional waters, soft drinks and aperitifs, distributed in suitable packaging and formats for every occasion of consumption and life style.

There are 4 mineral water brands: S. Pellegrino, Acqua Panna, Perrier and Levissima.



In addition to these main water brands is a broad assortment of soft drinks and aperitifs: Sanpellegrino soft drinks, the historical Sanbittèr and Gingerino aperitifs, Acqua Brillante Reocoaro. Plus, completing the range of trademarks, is the effervescent digestive Diger Selz.



For over 120 years S.Pellegrino water has been exported around the world and is distributed, along with Acqua Panna and Sanpellegrino Soft drinks, in more than 150 countries. In 2021, its role as ambassador of Italian Style was confirmed: it entered the “Kantar BrandZ” Top 30 of the Most Valuable Italian Brands



01. / 01

Bringing the values of what it means to be Italian to the world



● North America 31.3% ● South America 1.1% ● Europe 60.5% ● Africa 0.5% ● Asia 4.8% ● Oceania 1.9%

Sanpellegrino: an 120-year-long history

Sanpellegrino Group occupies a leading place in the panorama of Italian companies with a rich history and roots that go way back in time.

*Sanpellegrino, at the foothills of the Alps
in the Brembana valley was founded in 1899.
The famous Sanpellegrino thermal treatment
center shares the same source of natural
spring water.*

Since then, same company which later became Sanpellegrino S.p.A., will export the began to export water around the world, a water appreciated for its virtues by Leonardo da Vinci and defined as “the champagne of mineral waters” for its fine taste and light “perlage”.



1899

Establishment of the Sanpellegrino company for bottling the water originating from a spring at the foothills of the Alps in the Brembana Valley

Sanpellegrino launched its Aranciata, which was an instant success

1932

1949

The Sanpellegrino Aranciata range began, with the launch of Aranciata Amara

Sanpellegrino made its first big acquisition: Acqua Panna

1957

1958

Sanpellegrino launched Chinotto, another instant success

Sanpellegrino Bittèr entered production now known as Sanbittèr

1961

1993

Sanpellegrino bought Levissima

Sanpellegrino became part of Nestlé Group

1998

2000

Restoration and opening of Villa Panna

Sanbittèr celebrated 50 years of the non-alcoholic aperitif. Sanbittèr Emozioni di Frutta was launched

2011

2018

Levissima launched Levissima+, the new range of flavoured water with added mineral salts and vitamins

Sanpellegrino celebrates its 120 years with the Best Moments a tavola [Best moments at the table] and 2 special, limited editions of the bottle

2019

2020

*Fizz was launched, the new colourful aperitif by Sanbittèr.
The New Sustainability department that reports to the CEO was founded*

Levissima launched on the market the first two bottles in Italy made of 100% recycled plastic (0.75 L and 1 L) and Levissima NATURA, the new range of cold brews with 100% natural ingredients.

2021

01. / 02 Our leadership

*Sanpellegrino Group is a Nestlé Group legal entity,
part of the Nestlé Waters Strategic Business Unit.*



Marco Travaglia
Chairman of the
Board of Directors



Stefano Marini
CEO



Stefano Bolognese
International Director
Business Unit



Ilenia Ruggeri
Marketing Director,
innovation, CCSD,
Business Unit Local



Marco Mazzucchelli
Sales Director,
Business Unit Local



Giuliano Dal Fo'
Finance and Control
Director



Fabiana Marchini
Sustainability Director



Cristiana Passerini
Supply
Chain Director



Manuela Kron
Corporate
Affairs Director



Gian Luca Dodero
Human Resources
Director



**Salvatore
Sbriglione**
Technical Director

The group has a Sustainability department, coordinated by the Head of Sustainability, who reports directly to the CEO, who ensures both the implementation of the commitments defined on Group level, as well as the definition of an autonomous sustainability strategy aligned with local priorities and the expectations of national and local stakeholders.



Fabiana Marchini
Head of sustainability

In 2020 I was chosen to head a new team dedicated entirely to guiding the Group's strategic sustainability agenda, within the company's **Senior Leadership Team** that reports directly to the CEO.

The position that I have the honour of coordinating covers a key role, as it ensures that the company builds its future in a manner that responds to **one of the greatest challenges of our times**, including the all-encompassing topic of climate change.

Concretely, our work consists in supporting the entire organisation in the pursuit of three key objectives: encouraging correct hydration, by promoting the value of mineral water as a resource for personal health and well-being; safeguarding natural resources to guarantee their

“ Our Sustainability department

preservation for future generations; promoting the value of the communities that we work with and that we are intrinsically connected to.

To do so we require various skills and roles, always working in **synergy with all company departments**. In fact it is very clear to us that sustainability cannot be the prerogative of just one organisational unit, but of all of us together.

My team consists of sustainability experts, managers for the promotion and development of projects, the monitoring of performance and reporting, as well as people from marketing and communication areas, because sustainability lives through our brands and is also implemented through the information and education of citizens. In addition, there are local development experts, who guide our facilities in their relationships with the hosting communities. Senior experts and young enthusiasts, united by a passion for this company and its sustainable future.

It is not always an easy job: managing a complex company, juggling short and long term objectives that are sometimes conflicting, keeping different cultures together, directing them towards a shared commitment sometimes poses difficult challenges yet, as we often say within our team, it is truly the best job in the world.

”

01. / 03

Our foundations

OUR MISSION

*Guarantee a quality future to water:
this is the mission that the Sanpellegrino Group pursues
with commitment and consistency, starting, first of all, with
the protection of the territories in which it operates.*

OUR VISION

To offer valuable
innovative solutions

To support
quality with
our brands: purity,
safety, pleasure,
well-being

Bringing the
values of what it
means to be Italian
to the world

OUR VALUES

**FOCUS
ON
PEOPLE**

Focus on the
true “motor” of
all internal and
external projects

**ETHICAL
BUSINESS**

Growth in
respect of the
environment and
resources

**QUALITY
AND
INNOVATION**

Search for new
and advanced
development
models

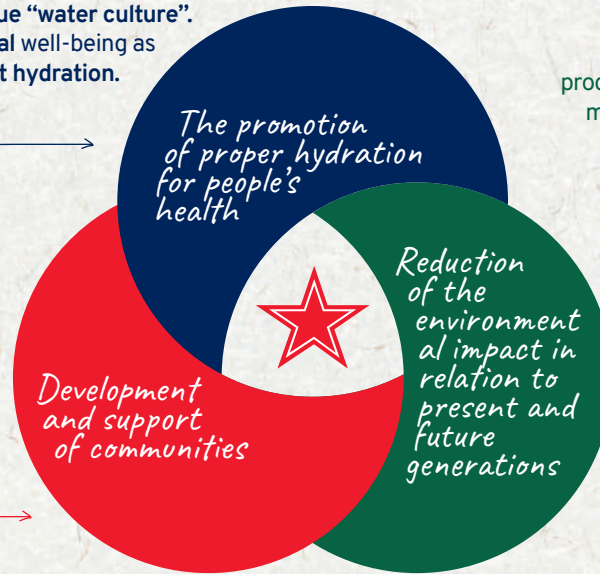
WELL-BEING

Guarantee of
healthy
and quality
beverages

Sanpellegrino Group’s operational model is geared towards the creation of shared value and its activities are based on three fundamental pillars:

Fully aware that water resources are a **fundamental element** that greatly influences the **quality of our life**, we have always worked with the intention of safeguarding and making the **best of this precious asset, promoting a true “water culture”**. We spread the principles of **mental-physical well-being** as the spokesman for **educating people about hydration**.

The commitment to **creating shared value** is also translated into **industrial plans and local investments that promote sustainable growth**, in combination with projects that can **contribute to promoting the tourism potential of the local communities where the Group operates**.



Preserving natural resources passes through processes of externally-verified structural management. Sanpellegrino’s activities range from daily monitoring of sources and the ecosystem to **making the production systems efficient**, from making sustainable logistics plans to the use of **recycled and recyclable packaging** to the promotion of educational activities and **research projects for local preservation**.

This approach has the end goal of improving people’s quality of life and contributing towards creating a healthier and more sustainable future.

These actions are nurtured by the **contribution of the people** working at the company and by the scientific and institutional world, with which Sanpellegrino exchanges ideas on a daily basis. In fact safeguarding the water resource implies both **protecting the surrounding ecosystems** as well as **maintaining an open and transparent dialogue with major stakeholders** in order to spread greater awareness of the need to preserve water, an invaluable asset.

DIGITAL CORNER



The world of Nestlé: a place to cultivate ideas, to grow and do a good deed every day

A stimulating, multi-cultural, inclusive, flexible environment where it is possible to fully express one’s potential.



01. / 04

Our business model that creates shared value

Sanpellegrino Group's business model creates value for stakeholders in every stage of the production cycle.

Springs and the territory

Sanpellegrino holds **9 mining authorisations in 3 Italian regions for the collection of mineral water**, which it carries out in full compliance with the strict rules and regulations of reference, sustainably managing the water resources and through a constant exchange of ideas with the local communities.

Sanpellegrino also requires other raw materials for its soft drinks, such as **citrus fruit juice, extracts, flavourings, and sugars**. The fruit is harvested in Italy by loyal suppliers who guarantee that all production stages are constantly monitored and controlled.

Production and bottling

The bottling process of natural mineral water and soft drinks takes place in accordance with rigorous regulatory and quality standards. **Where mineral water is concerned, this must take place at the spring and under fully sterile conditions**, to prevent any and all forms of contamination. The Sanpellegrino Group establishments are **equipped with modern laboratories for microbiological, chemical and chemical/physical testing** to perform constant quality checks on water samples obtained at the source and during all subsequent processes. Rigorous controls are also carried out during the lifecycle of the beverages by the Sanpellegrino technicians.

Transport and logistics

Transport is a key element in our supply chain. Sanpellegrino is committed to always guaranteeing the protection of the environment and the communities where it operates, especially through:

- the maximization of rail transportation and optimisation of the loads, the use of means that run on LNG and bioLNG, the choice of logistics operators that use latest generation means, the creation of strategic logistics partnerships and providing training for hauliers.**

Individuals, families and customers

The Group has set the objective of creating **new taste experiences, suggesting healthy lifestyles and providing education on correct hydration and correct recycling**. Plus, the hallmark of Sanpellegrino culture is grow sustainably **alongside customers of the Retail and Out of Home channels** to concretely improve their performance. Restaurants are one of the most important sales vectors for Sanpellegrino, in fact, during the lockdown period due to Covid-19, the group offered its contribution through various donations and support campaigns and support to the restaurant industry, such as **#SUPPORTRESTAURANTS**, for example

For Sanpellegrino, creating value means being able to look after water resources and build a positive relationship with its stakeholders, both individuals and families, communities and territories, companies and the planet as a whole.

With the aim of monitoring the Group’s contribution to the economic development and well-being of the country, in 2020 Sanpellegrino conducted the study “Sanpellegrino crea valore per l’Italia (Sanpellegrino creates value for Italy)” through Althesys Strategic Consultant^[1], which analyses the social and economic repercussions that Sanpellegrino Group’s activities have on the country, on the areas where it operates and along the entire production-consumption chain to **quantify the created shared value**.

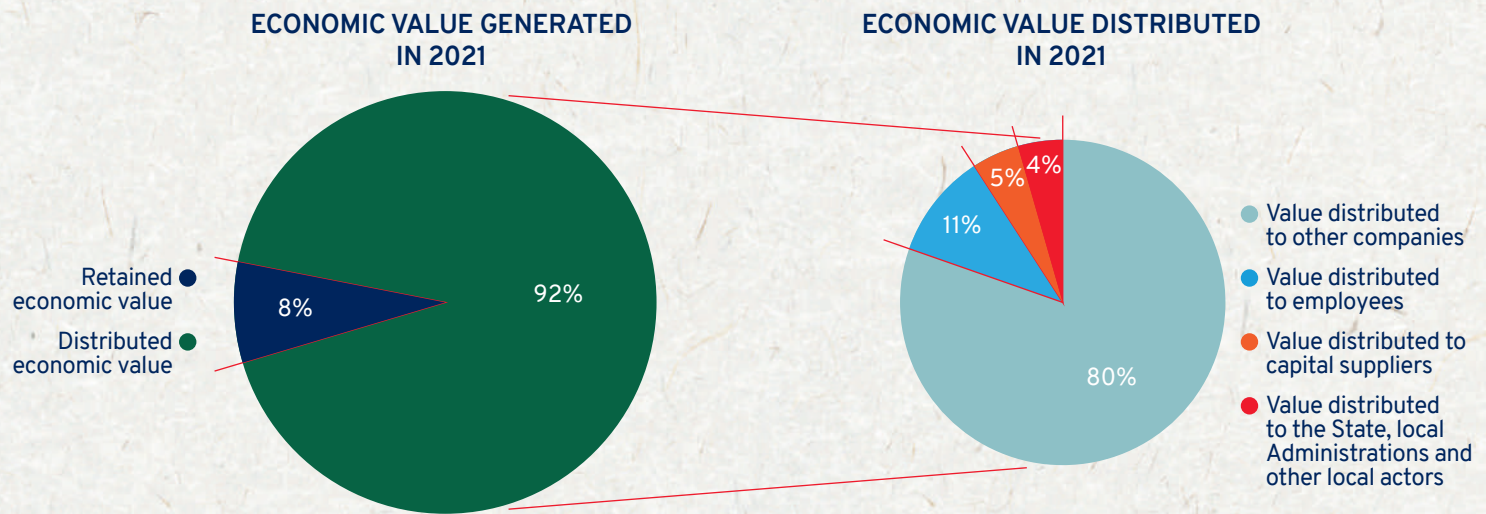
The adopted model takes into account the value generated by the Group along the entire national production/consumption chain and is based on a theoretical framework and a methodology that were already academically consolidated. Specifically, the shared value is composed of the **Value Added Generated** (calculated as the sum of workers’ emoluments, the taxes imposed on the company and the remuneration of the other factors), **VAT, donations and indirect and induced repercussions**, and obtained a result of 2.5 million euros, from which it was found that about 96% is distributed among external stakeholders.

Highlights

Value shared in 2020: 2,525 million €	0.15% of the GDP 2020	2.8 times the value of the Sanpellegrino production	Every euro of shared value created during production generates 6.1 euros in the entire production and supply chain	For every one of its people, Sanpellegrino indirectly generates 45,387 uses overall
------------------------------------------	-----------------------	-----------------------------------------------------	--------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------

Over the course of 2021, although the same study was not conducted again but it was possible to quantify the amount of **value distributed to the external stakeholders** in relation to the **economic value generated by the Group**.

This last value was 893,226 million Euros, of which 7.7% is a share held internally by Sanpellegrino while the remaining 92.2% is **distributed to external stakeholders**, which include the State, local Administrations and other local actors (4%), other Companies (80%), employees (11%) and capital suppliers (5%).



^[1] The method, developed by Althesys Strategic Consultant to assess the effects generated by Sanpellegrino’s industrial and commercial activity in Italy in 2020, begins with the examination of the entire production-consumption chain. It therefore not only considers the company’s scope, but the set of stages upstream (suppliers of goods and services) and downstream (logistics and distribution system) of the company production processes, assessing the direct (added value, tax payments, etc) and indirect (induced consumption and repercussions of investments) effects and induced repercussions.

Our sites

The Group is closely linked to the territories in which it operates. Its establishments are located in Central and Northern Italy, with **4 sites dedicated to bottling**, built near the water sources, a characteristic that constitutes the foundation of the relationship that links Sanpellegrino with the local communities and the surrounding habitats. Aside from the bottling plants, the **production centre for extracts and flavourings for the soft drinks and non-alcoholic beverages**, **11 first-level depots** - of which one near Madone- and the **research centre at San Giorgio in Bosco** are also active.

Assago					
Headquarters	Milan	Offices	2014	No. of employees 230	
San Pellegrino Terme					
	Bergamo	Mineral water	1899	No. of employees 457	
Madone					
	Flavorint & Warehouse	Bergamo	Flavorint, Effervescent digestive, warehouse	1991	No. of employees 36
Cepina Valdisotto					
	Sondrio	Natural mineral water	1959	No. of employees 268	
Scarperia e San Piero					
	Florence	Natural mineral water	1927	No. of employees 185	
San Giorgio in Bosco					
 	Padua	Soft drinks, aperitifs, preforms	1879	No. of employees 237	

- Headquarters
- Production plants
- Aroma production center and extracts / deposit
- Research Center

Plus, Sanpellegrino produces Acqua Brillante (only part of the production) and Gingerino trademarks at the Recoaro Terme plant, sold a few years ago to Refresco Group.

01. / 05

Listening to our stakeholders and the materiality matrix

Sanpellegrino has identified certain categories of stakeholders as fundamental interlocutors for continued corporate success. The company promotes specific programmes for listening to these stakeholders, in order to incentivise their active participation.

Main stakeholder engagement activities

Employees →

“Beaconforce”: a listening tool that creates a continuous, real-time communication channel between the company’s people and its leadership

“Nestlé & I”: a global survey, carried out every other year, to measure employee satisfaction level

Corporate intranet and newsletters: dialogue and information tools for employees

Webinars: tools for employee training, instruction and engagement

Dialogue with national and local Unions

“Let’s stay connected”: periodic regrouping with management and employees

Local communities →

Community Relation Process (CRP): an engagement tool for internal stakeholders and the community, to identify expectations, opportunities and projects for the territory

Local Acceptability Index (LAI): this indicates the judgement of the local community on Sanpellegrino, taking into account three areas: water management, environmental impact, and social/economic development

Investors →

Meeting of the shareholders

Sector symposia

*Institutions and
Associations* →

Participation in working tables, meetings with the regional, local, national institutions, with the objective of reacting to consultation documents and proposals, collecting data and continuously monitoring the company's operations with reference to the directives of the Authorities

Joining and participating in UN GLOBAL COMPACT

Conventions, debates, seminars, events and training initiatives on themes of sustainability

Participation in the meetings of the associative bodies and **working tables on strategic themes**

*Universities and
research centres* →

Encounters, agreements and collaborations with Universities, Research Centres

Consumers →

Consumer Engagement Service (CES): effectively and efficiently managing the activities that relate to listening to our consumers, using more traditional contact channels. digitalised "self service" solutions

Consumer Service and Net Promoter Score: measurement indicators of customer satisfaction level

Customers →

Workshops and sessions dedicated to customers to guarantee that the Group's activities are properly understood

Advantage surveys for retail customers and projects for OOH customers

Suppliers →

Supplier Portal: an online platform in support of effective and efficient collaboration between the Group and its supplier base around the world

Ariba: Integrated platform for the management of the entire procurement process from the first contact to managing orders

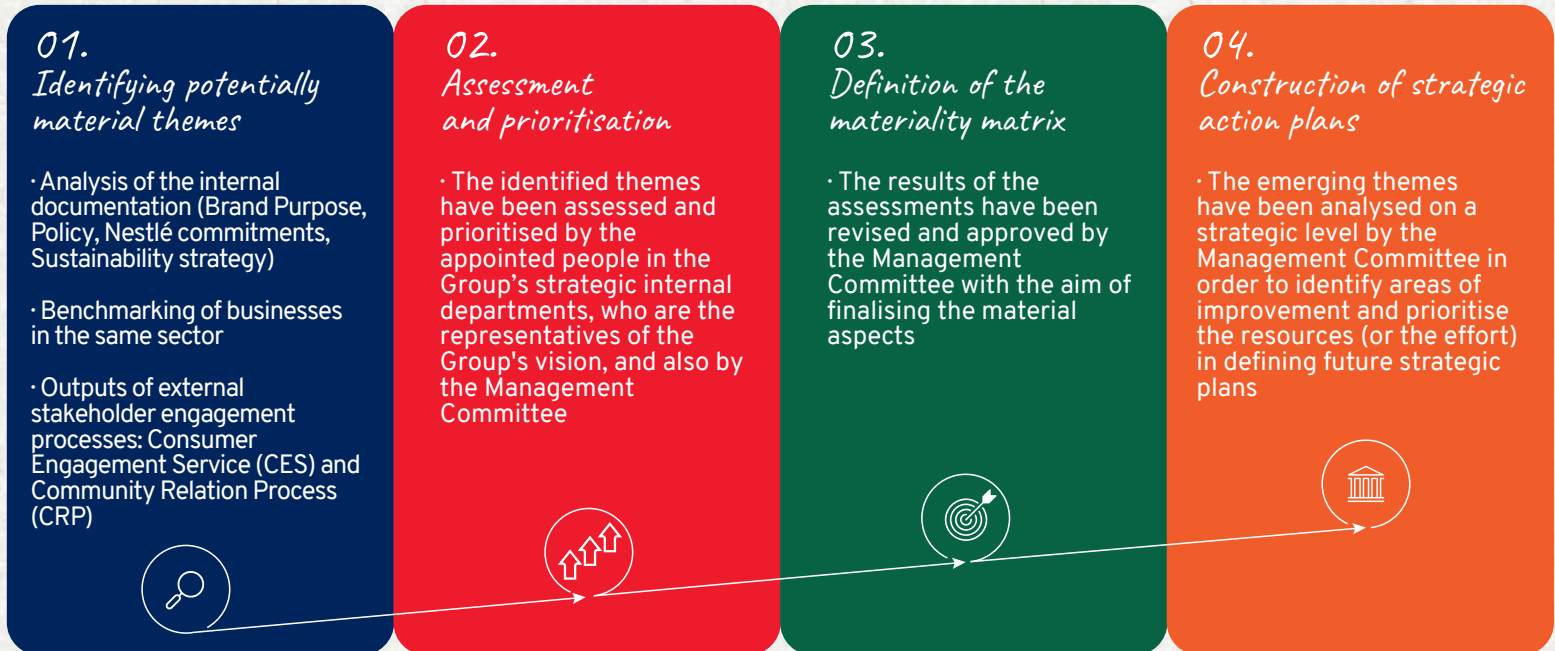
Organised training sessions: these are an occasion of meeting and exchanging ideas for a more in-depth analysis of pertinent market-related matters, as well as an occasion to discuss innovations in terms of packaging and logistics

Media →

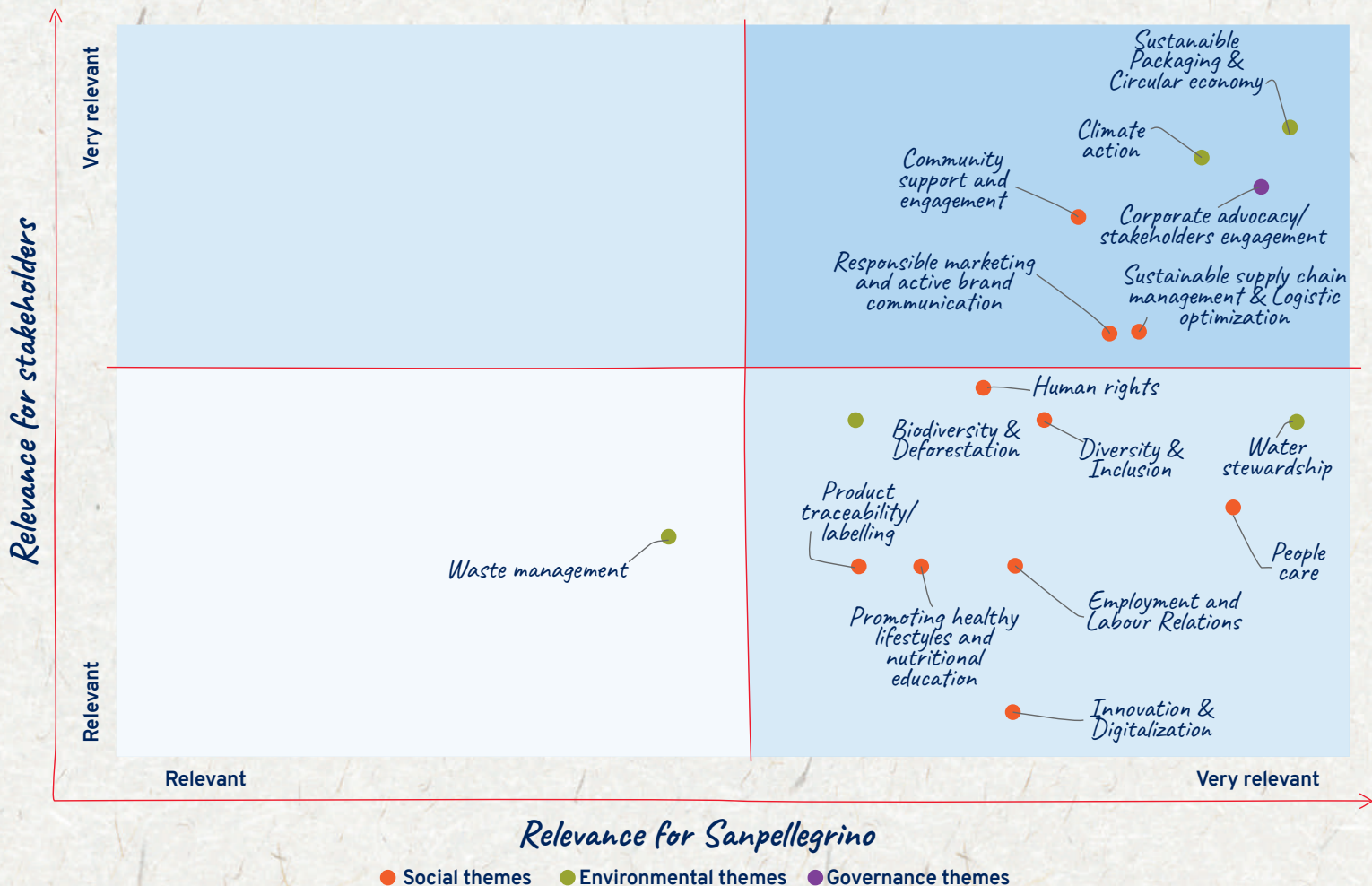
Digital engagement: transparent, prompt and truthful digital communication to all stakeholders, with the use of both traditional and digital channels, with clear language that highlights the Group's commitment to sustainability.

Prior to the publication of the Sustainability Report 2022, Sanpellegrino finalised, in line with the GRI Standards, its own **materiality analysis**, so as to reflect on the Group’s priorities and those of its stakeholders, to actualise its commitments and to define, in keeping with its own business strategy and the UN Sustainable Development Objectives, its strategic priorities in social, environmental and governance terms.

In particular, the path developed in various stages:















The materiality matrix resulting from the analysis states **16 themes** that have emerged as most relevant for the business and for the stakeholders.



Sanpellegrino contributes to the achievement of the **17 Sustainable Development Goals (SDGs) of the United Nations' 2030 Agenda**. This is how the Group, in the framework of the materiality matrix, conducted an assessment to integrate the SDGs into its activities, projects and priorities.

The analysis has taken into consideration the 17 SDGs with relative targets, that are reconciled with the material themes in order to identify the objectives that are considered priority. Below is the reconciliation statement.

<i>ESG related</i>	<i>Material theme</i>	<i>Description</i>	<i>What we do</i>	<i>SDGs</i>
	Climate action	To promote climate change mitigation strategies with the aim of reducing our emissions also through advocacy actions along the value chain. To promote energy efficiency using renewable sources	<ul style="list-style-type: none"> • Roadmap of decarbonisation by 2050; • Valorisation plan of the natural capital; • 100% electric energy certified as renewable 	 
	Biodiversity & deforestation	To protect natural ecosystems, mitigating significant impacts of activities and products on biodiversity. To fight deforestation to protect territories, variety and the value of plant and animal life.	<ul style="list-style-type: none"> • Biodiversity valorisation plan • Natural capital planting plan • Regenerative agriculture project 	
	Sustainable packaging & circular economy	To support and spread the circular economy, to promote "bottle to bottle" recycling culture and practices. To re-think the design of packaging to reduce waste and develop new ideas to incentivise reuse and recycling.	<ul style="list-style-type: none"> • Rpet roadmap; • Coripet; • LCA on main products 	 
	Waste management	To guarantee efficient and responsible water management, with the aim of reducing the water impact of the Group's activities.	<ul style="list-style-type: none"> • Agreement with HERA to ensure 100% of the recovered waste 	
	Water stewardship	To guarantee efficient and responsible water management, with the aim of reducing the water impact of the Group's activities.	<ul style="list-style-type: none"> • Plan to restore the hydrological cycles • AWS certification 	
	Promoting healthy lifestyles and nutritional education	To promote sustainable and balanced life styles and correct hydration. To increase, share and apply our knowledge in the food sector. To offer healthier and tastier choices.	<ul style="list-style-type: none"> • Launch of new natural products • Sugar reduction • Projects with schools 	  
	Product traceability/ labelling	To guarantee traceability, transparency, reliability and accuracy of information on products	<ul style="list-style-type: none"> • Observance of EU regulations on labels and claims • Environmental labelling earlier than the law • Guarantee of origin of the raw materials • Quality checks 	
	Responsible marketing and active brand communication	To create sustainable trademarks that convey a sincere, coherent and concrete commitment to sustainability. To communicate in a transparent manner and with all stakeholders, developing principles of responsible marketing.	<ul style="list-style-type: none"> • Brand sustainability promise • Claims for the circular economy (e.g.: Recycle me) • Policy Nestlé 	 

ESG related	Material theme	Description	What we do	SDGs
	Innovation & digitalization	To stimulate innovation with the aim of re-thinking products and production processes. To integrate digitisation to create processes, services and customer experiences that are able to satisfy business changes. To guarantee cyber security.	<ul style="list-style-type: none"> · Sugar reduction · Launch of 100% Rpet products · Innovation regarding packaging 	
	Community support and engagement	To contribute to the wellbeing of communities, protecting and safeguarding territories and sources. To promote rural development and contribute to social/economic development. To support local occupation	<ul style="list-style-type: none"> · Sponsorships and gratuities · Donations · Agreement with municipalities · Listening activities to calculate the Local Acceptability Index 	
	Sustainable supply chain management & logistics optimization	To develop responsible policies for the selection of suppliers, taking ESG performance into account. To improve responsible procurement in terms of new materials. To protect human rights with a solid risk assessment. To improve logistics along the entire value chain, working directly and indirectly to optimise the delivery routes and make the fleet more efficient and sustainable.	<ul style="list-style-type: none"> · Low environmental impact fuels (LNG and BIO LNG) · Sea transport · Pilot project of lorries 100% powered with electricity · Responsible sourcing standard · Promoting the local procurement of raw materials" 	
	Employment and labour relations	To promote and favour consultations with unions. To guarantee constant social dialogue, to promote the dignity of work.	<ul style="list-style-type: none"> · 100% of employees covered by collective bargaining agreements 	
	People care	To guarantee a positive work environment, talent management, career development, better work-life balance, health and safety of employees and collaborators, with the aim of eliminating accidents. To provide a welfare system for mental-physical health and balance.	<ul style="list-style-type: none"> · Policy Nestlé · FAB model (Flexible, adaptable and balanced) · Total reward statement · 100% employees covered by a health and safety management system 	
	Human rights	To respect and promote the fundamental rights of each person and along the entire value chain.	<ul style="list-style-type: none"> · Nestlé Policy; · Specific training course 	
	Diversity & inclusion	To promote diversity, equal opportunities and inclusion, through a widespread culture of non-discrimination that valorises the various abilities, cultures, experiences and orientations. To respect the physical, cultural and moral integrity of people.	<ul style="list-style-type: none"> · Policy Nestlé · Investments and initiatives on Group level · Compliance plan on the number of disabled people · Women mentoring programme 	
	Corporate advocacy / stakeholders engagement	To develop the company's activities in compliance with the needs and expectations of stakeholders, through transparent and collaborative communication, also on ESG matters.	<ul style="list-style-type: none"> · Public affairs plans · Corporate activities that protect the category 	

Environment Social Governance

Downstream of the definition of the materiality matrix, the Management Committee, at a later time, identified the most relevant themes in terms of strategy for the analysis of the areas of improvement and possibly update and actualise the relative action plan.

01. / 05

Our sustainability priorities for the future

The “*Good Food, Good Life*” mission and commitment on Group level are a direct reflection of Sanpellegrino, which defined 4 macro-priorities that are divided into several points:

1. Corporation come Force for Good



Our beliefs, our values and our company practices allow us to make our **daily journey through sustainability**. The objective is to take steps forward to certify our company model as a true Force for Good.

2. Brands as actors of change through the Sustainability Promises



Focus investments in sustainability in order to expand the positive impact of our brands. To guarantee a strong, coherent and positive action, we pursue the sustainability promise of our brands.

3. Reduce our ecological footprint and generate a positive impact on the planet



Pursue a **carbon reduction** journey over time. Promote actions of **Circular economy** to optimise the use of natural resources. Guarantee the **regeneration of water cycles** and activities in favour of **regenerative agriculture**. Valorize natural capital natural capital while protecting the **biodiversity**.

4. The sustainability culture that makes the difference



To create a real impact we need our employees, stakeholders and consumers to join us on our journey. We will strengthen this link by acting as mentors for the organisation and facilitate the transition to a “**sustainable by design**” approach.

The Group's priorities can be translated into concrete commitments with varying timeframes:



*In order to trace all of the sustainability-related projects, over the course of 2021, at the Group level the **ESG Tracker** has been implemented, i.e. a system that helps the Group monitor, with a single tool, the costs and the benefits of each single project.*

This tool is essential for identifying which strategic actions to proceed with to achieve the defined priorities, in terms of projects and activities. The main benefits that the tool takes into account, are extremely customised to Sanpellegrino activities and the relative contributions, and are expressed in terms of CO₂ reduction, savings in virgin plastic and water, and are quantified based on the type of project being accounted.

The ratio between effective costs and benefits of the project defines the **NIV- Net Impact Value**, which varies based on a specific set of KPIs divided by project category. These analyses and assessments help define future strategies and ongoing investments.

There is also an approval process carried out by the **ESG Council** for projects that require investments of over one million euros, aimed also at assessing the project strategy from a quality-related point of view.

The outputs, in addition to being used on a daily basis by the sustainability team, also guide the choices in terms of geographical area and product category.

² Net Zero means a long-term path with the aim of achieving net zero emissions at Group level by 2050. The calculation method used for the scope of the objective complies with the guide lines of the SBTi - Science Based Targets initiative.

01. / 07

Alliances and partnerships



Global Compact
Network Italia

Over the years Sanpellegrino has strengthened its collaborations with various organizations, with the objective of creating shared value among the stakeholders also by sharing and spreading its approach in terms of sustainability. Sanpellegrino also adheres to Global Compact Network Italia and over the course of 2021 actively contributed to the drafting of the Position Paper “**Italian Business and Decarbonization: a just and inclusive transition**”. The Position Paper sets the goal of valorising the commitment of the Italian companies adhering to Global Compact on the theme of decarbonisation, looking into the efforts made and the results recoded to date in support of the objectives of the Paris Agreements and the European ambition to achieve climate neutrality by 2050. Specifically, the document cites about 30 business cases for the pursuit of SDG 13 “Climate Action”.

Global Compact benefits from a network of partners such as public bodies, government institutions, international organisations, companies and academic institutes to implement the activities of the network with the aim of sharing knowledge, best practices and technical skills, and to positively contribute to the challenges of today’s context.

In the early months of 2022, the CEO of Sanpellegrino Stefano Marini partook in the **seventh edition of the Business & SDGs High Level Meeting** organised by UN Global Compact Network Italia. The meeting brought together around twenty Chairmen and CEOs of major Italian companies operating in various production sectors. The theme was “**Sustainable supply chain: responsibilities and opportunities for businesses**”. On this occasion, Sanpellegrino Group presented itself with “**Sustainable logistics and circular agriculture: BIOGAS as the key solution**”.

DIGITAL CORNER



Sanpellegrino with United Nations Global Compact towards the sustainable management of the supply chains

Sanpellegrino Group, with its sustainable logistics best practices, helped draft the UNGCN Italia Position Paper. The Paper aims to recognise the value of the commitment of the Italian companies that adhere to Global Compact to improve logistics activities, with a special focus on transport, one of the areas of greatest impact in terms of carbon footprint.

in

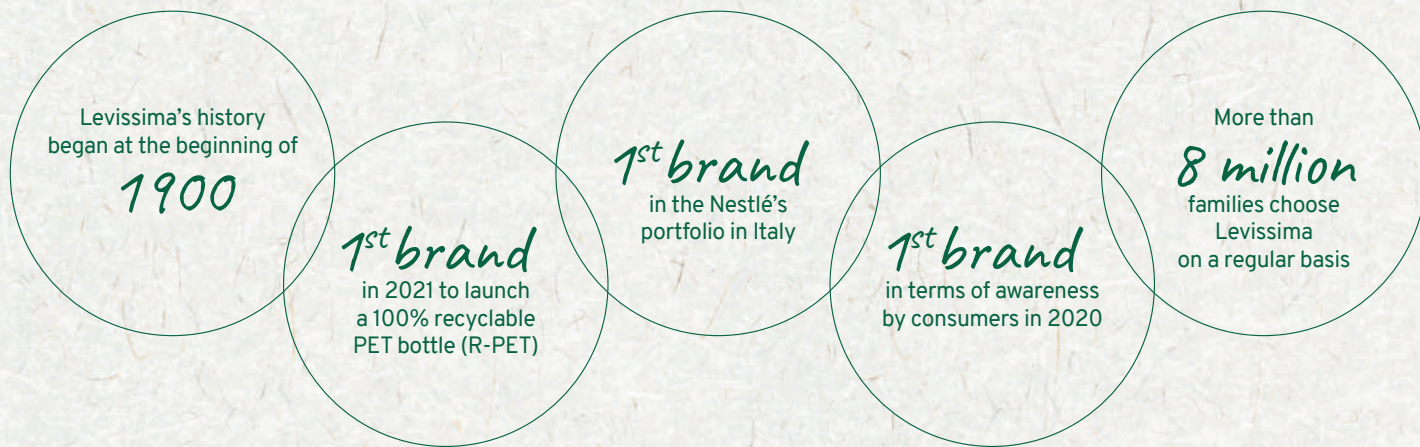
Another important collaboration is that of the **Harvard Business Case**. A case study undertaken by Harvard University. The business case, created by a team of University researchers following a series of interviews with our Senior Leaders, will be published in the HBS database and freely available for universities around the world. The case study will also undergo peer review by the University's academic panel, with the aim of being published in the Harvard Business Review by the end of 2022. The research team focused on Sanpellegrino's capacity to create the conditions for sustainable development along the entire value chain, highlighting the value of the principles and commitment that the Group as always placed at the basis of its actions.



HARVARD
UNIVERSITY



In June 2021 during the **Forum Food&Beverage of Ambrosetti Club**, held in Bormio, a **case history was presented on Levissima’s sustainability strategy**. In this context the brand stands out for its characteristics in line with consumer interests: indeed, Levissima has a strong association by consumers with qualities of pureness and quality, related to the high altitude springs. These characteristics allow Levissima to rank as the brand **with the highest consumer awareness** and a very strong identity associated with purity and the mountains.



The case study was then recognised from the **10 examples of Italian excellence of the Advisory Board WPP³/Ambrosetti**” and included in the publication, which has been produced by WPP and Ambrosetti for more than 10 years now, to promote the value of some key aspects of the image and reputation in Italy. In fact, in November 2021, **Sanpellegrino Group** was selected for the 2021 edition of **“Why Italy is definitely alive and kicking”**, the Forum held annually by The European House - Ambrosetti in partnership with WPP, becoming the **benchmark for the communication sector in our country**, with great mediatic impact and the presence of more than 350 executives of Italian and multinational companies. This represents the conclusion a journey of meetings, studies and research, **with publication distributed in 50 countries around the world**, to all of the branches and customers of WPP.

Lastly, over the course of 2021, Sanpellegrino, made a great contribution to the spread and **creation of awareness regarding sustainability themes on the various media channels:**

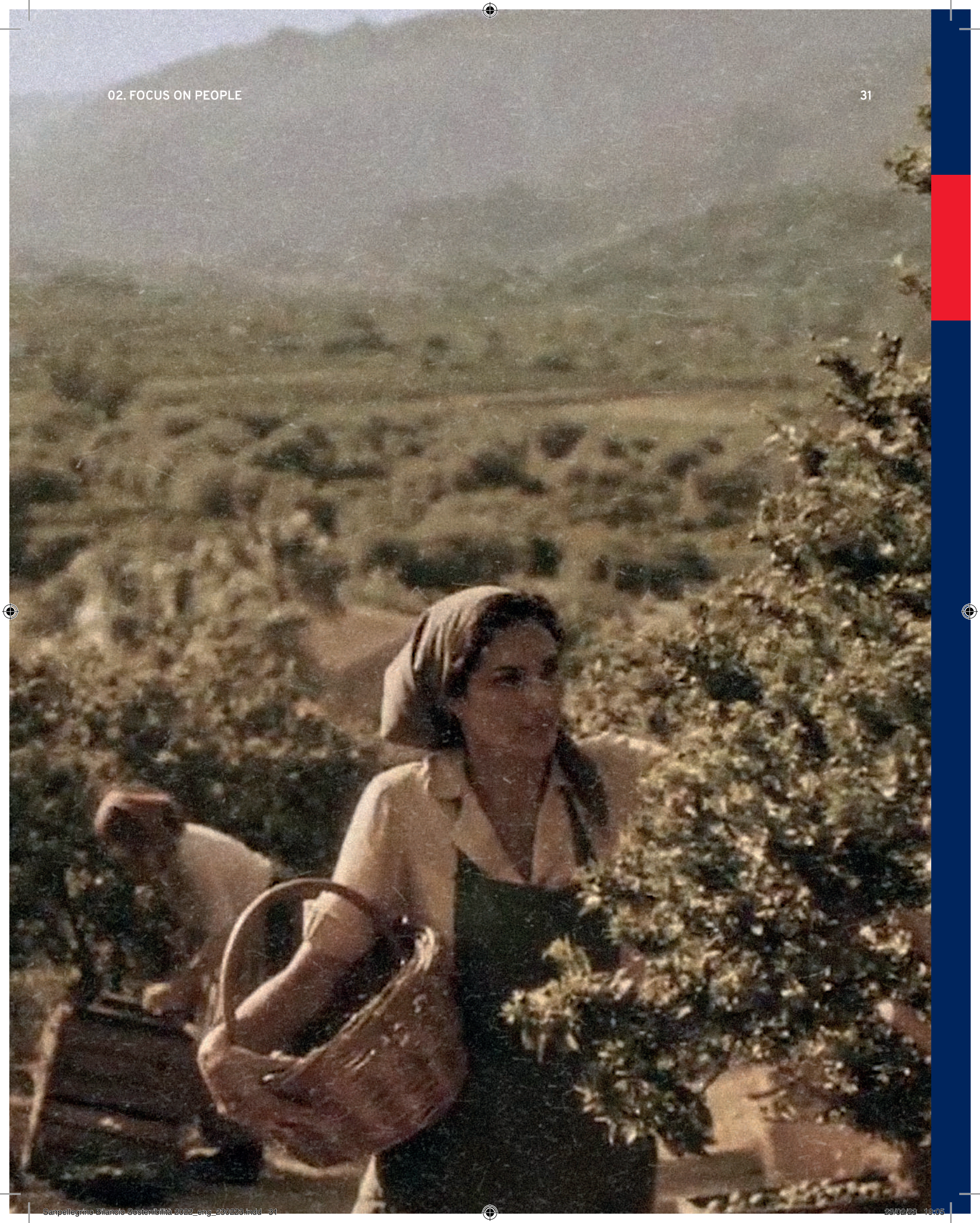
Articles				
2,885, of which 520 on the Sanpellegrino Observatory and hydration education activities and 2,365 on activities to create shared value	377.161.221 OTS (Opportunity To See)	11 Participation on speaking platforms	8 Interviews	11 video interviews

³ Multinational operating in the sectors of advertising, public relations and market research.

02.

Focus on people

There are three fundamental principles to continue prospering as a company and as people: a performance management culture that enhances each person's contribution, the presence of tight-knit teams that build on engagement and participation, an environment that stimulates everyone to take care of their own health.

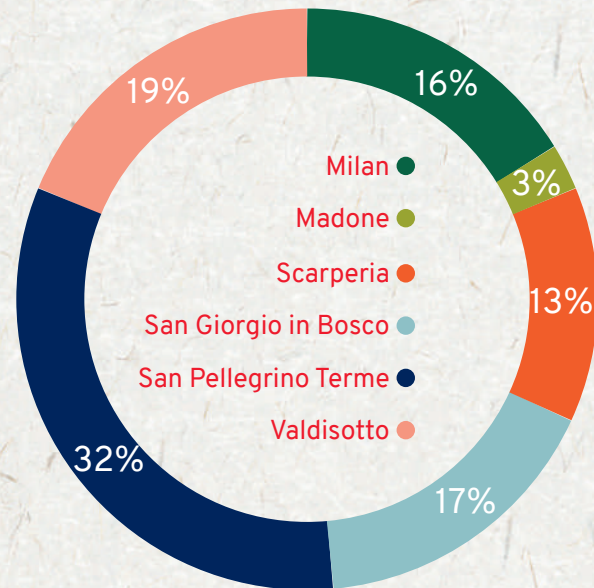


02. / 01

People: our greatest asset

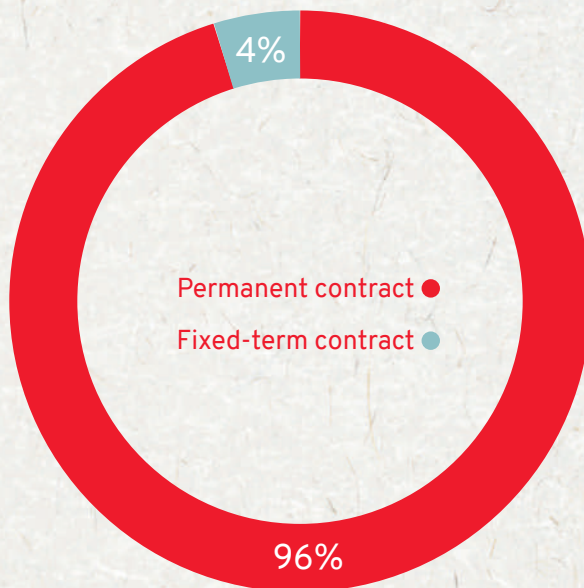
People are the greatest asset at Sanpellegrino Group. Because of this, the company, in the line with the People Policy⁴ Nestlé, which defines and guides commitments on Group level, not only commits to guaranteeing a positive and stimulating work environment, where listening and participation are key elements, but also to constantly monitoring their involvement and well-being. As at December 31 2021 the group had 1,413⁵ employees, in line with figures from last year.

The labour relationship offered to employees is stable and continuous, with 96% of them being on a permanent employment contract. Part-time contracts, which cover 13%, develop mainly to promote the various and individual needs of each person.

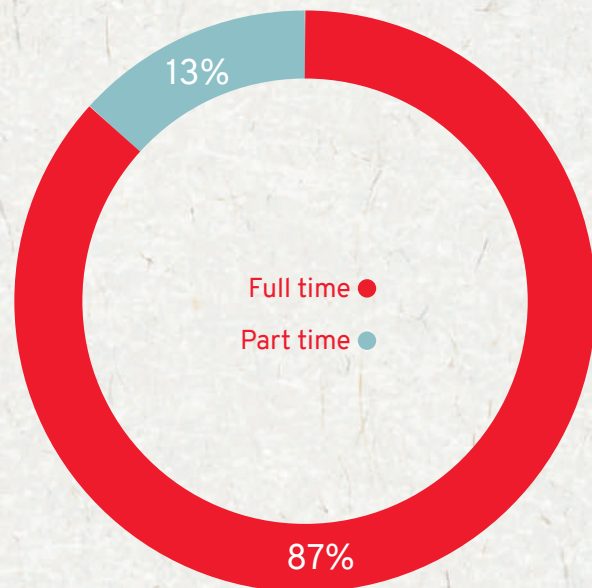


1,413 employees in 2021

Employees by geographical area in 2021



Employees per contract type in 2021

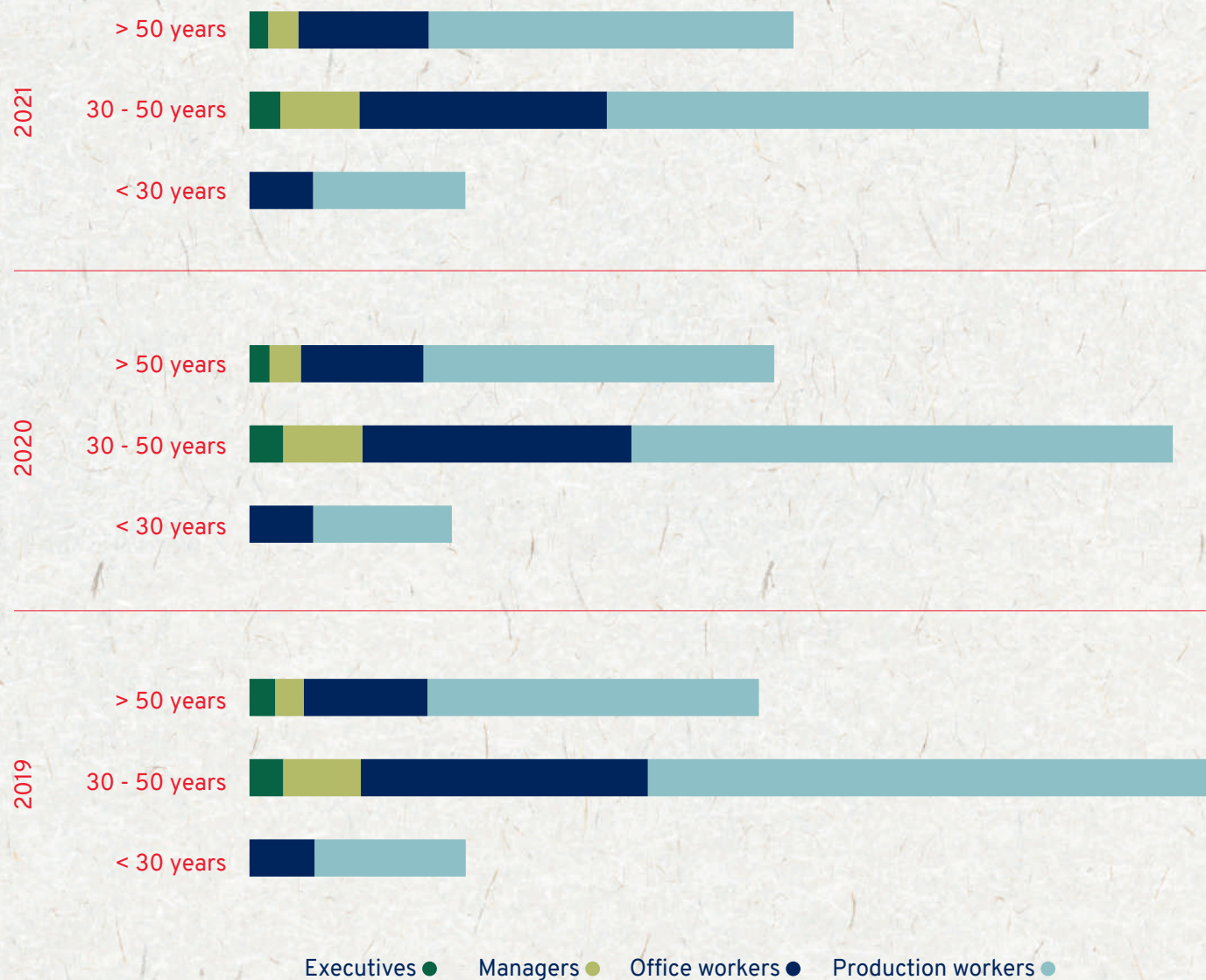


Employees per contract type in 2021

⁴The People Policy outlines the fundamental company principles that underlie shared behaviour-related rules, objectives and the main drivers of development. This is the embodiment of the Group's responsibility to ensure growth inside the company and promote the development of every employee to create the right context, incentivise collaboration and guarantee the team's success, also by attributing adequate and tailor-made goals. This refers to the Group as a whole and is subject to the law and to the local collective bargaining agreements. It is shared and disseminated in a structured manner so that it can be implemented and "lived" by all collaborators, every day and wherever they may be operating. It is available here: https://www.nestle.com/sites/default/files/asset-library/documents/jobs/the_nestle_hr_policy_pdf_2012.pdf

⁵ This number only includes Sanpellegrino employees as at 31.12.2021. The number of interns as at 31.12.2021 is 10.

Employees by professional category and age bracket



Once more in 2021, Sanpellegrino hosts a youthful workforce with on average **13%** of the corporate population being under **30** (up 6% in comparison to 2020) and **54%** between **30 and 50 years** (down 3% from 2020).

“
*How we select, hire and take care
of our People*



Francesca Enderlin
HR Business Partner Operations & Finance

We firmly believe that our people are the **motor, the passion and the heart of the company**: this is why we showcase their talent and contribution by paying attention to their personal needs and promoting good work-life balance, assigning clear and challenging objectives and recognising and rewarding the achievement of excellent results.

These assumptions apply **from the resource selection stages onwards, when the Group focuses on seeking the people who have the right skills and who share the corporate values**. All job offers are published in the “Careers” section of the corporate website, where it is also possible freely submit applications. The candidates are then involved in a procedure structured to **encourage the parties to get to know each other mutually,**

so as to ensure that the abilities, skills and experience of the candidates are in line with the Group’s purposes and values.

For young talents there are various opportunities; firstly the 6-month internship which is often followed by 18-month professional training apprenticeship contracts, structured around the definition of training and development plans. Sanpellegrino guarantees a structured and fair selection process for all candidates and agrees, from the internship stage, to provide a solid training programme, that is not limited to the delivery of courses but also to constantly providing on-the-job learning and coaching opportunities where the individual can not only learn but try out their skills.

At the Group level, Sanpellegrino has a long-standing agreement with Institutions and the education industry to improve the employment prospects of youth.

They are offered work, training and development opportunities, projects aimed at acquiring the best digital skills in the green sector to shape tomorrow’s society, anticipating the managerial needs of future executives.

At the Group level, Sanpellegrino is a member of the Global Alliance for YOUth as an Alliance partner, to actively promote and develop educational programmes for youth.

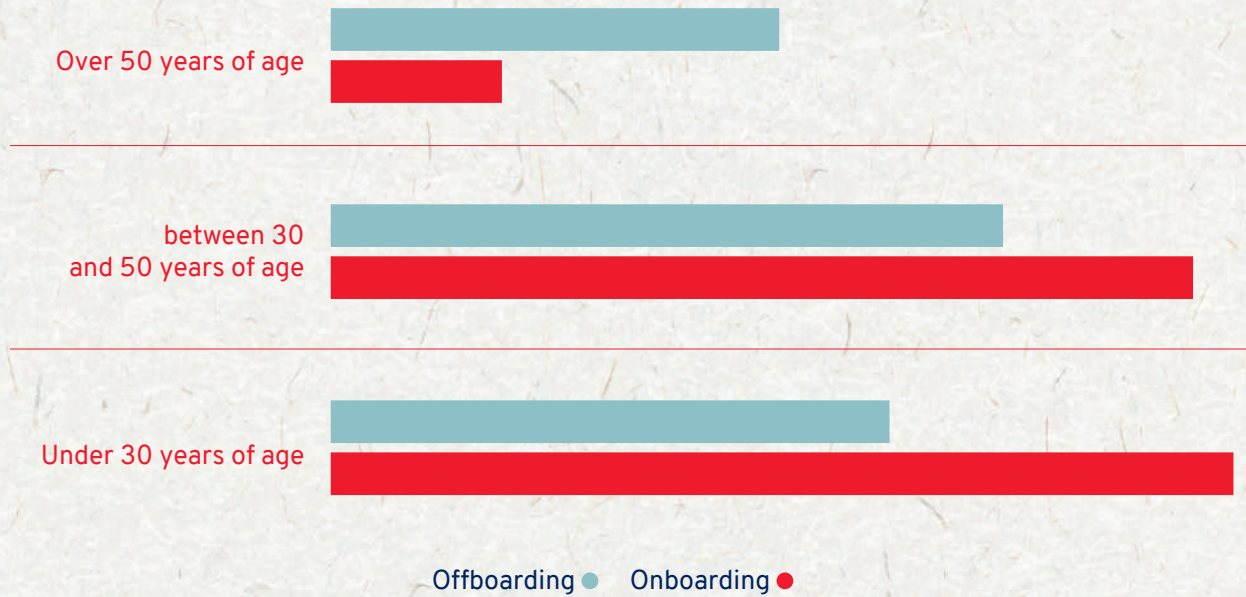
It is extremely stimulating to work on these values to help with the onboarding of youth into organisations of the future of our Group.

”

Regardless of the context characterised by the ongoing Covid-19 pandemic, in 2021 Sanpellegrino hired 228 People, 28% of which were women and 46% younger than 30.

On the other hand there were 198 off-boardings, 25% less than 2020, specifically there were 21% less than 2020 for those due to end-of-contract and 48% less due to resignations.

Onboarding and offboarding by age bracket



Relationships with unions

The Group supports the freedom of the association of its workers and effectively recognises the right to collective bargaining, considering the dialogue between unions and workers' representatives as essential; this ensures direct and frequent communication, encouraging a proactive and two-way conversation to build solid and stable relations on.

Every six months the Group partakes in the union's national coordination in Assolombarda, where the sustainability plan was presented in detail at the last meeting. In addition, at the site level, periodic meetings are held with the amalgamated unions to promote not only an ongoing dialogue, but also a proactive cooperation on every major theme, with special focus on safety, training initiatives and sustainability.



100% of the employees are covered by collective bargaining agreements

02. / 02

We train and involve our people

Sanpellegrino promotes a workplace environment where all employees feel personally involved in ensuring that their performance is maintained and in identifying and setting their own skills development and career path. Indeed skill development is a key topic for the Group and

is a responsibility shared between the employees, the Line Manager and the HR Business Partner. The Group has adopted the "70:20:10" model, a commonly-used framework in training pathways to describe the optimum sources of learning.

70%

LEARNING THROUGH EXPERIENCE

"On-the-field" learning, job rotation, in-depth training on specific areas

20%

LEARNING THROUGH RELATIONSHIPS

Exchange of ideas. Interactions

10%

LEARNING THROUGH TRAINING EVENTS

Training and refresher courses, also remote

“On-the-job” training plays a primary role and is guaranteed thanks to the **involvement and commitment of Line Managers**, who are encouraged to play the role of guide and coach in the development of their collaborators, so that they may successfully perform their current tasks and, at the same time, increase their awareness for future career aspirations.

Employees also have a **catalogue of courses to choose** from for their training⁶, in addition to free access to the **LEARN platform**, in terms of self-learning. External training is provided through the “**The Ambrosetti House**” platform or on-demand on specific request.

The management of the training budget follows a structured process, reviewed 3 times over the last year and coordinated at Group level. In 2021 the delivered training was partly funded by the **company budget (48%)** and partly by **inter-professional funds such as Fondimpresa and Fondidirigenti (52%)**. Every year the Training Centre gathers the needs of the employees, between July and September, defines the investment,

checks feasibility and presents the plan for the next year to the Group’s HR Leadership Team. The approval of the Team is usually in November, to begin delivery in January of the following year. It is possible to make integrations starting from March of the current year, until July.

4 types of needs can be identified:



All of the personnel at Sanpellegrino has the following at their disposal:



⁶Employees can enrol for the individual courses directly upon alignment with their Line Manager.

The Group's managerial positions have a wide catalogue available to them, including specific programmes, to choose the most suitable training for their development.

In 2021, this was integrated with areas such as remote team management and remote working, as well as the launch of a new platform that reorganises the available types of training.



Section dedicated to employees where the key words are: Performance management & Team Engagement.



Section dedicated to employees where the key words are: Performance management & Team participation.



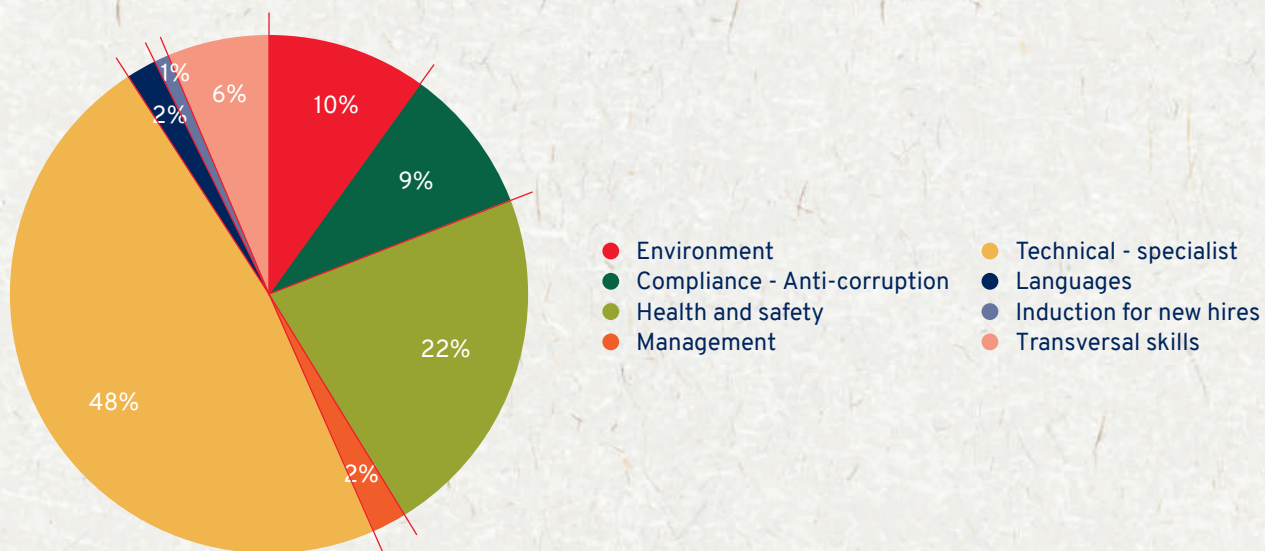
What does it mean to have a career? Section dedicated to all of our people to encourage them to develop their talents and follow the necessary steps to achieve their goals.

During 2021, albeit certain restrictions caused by the spread of the Covid-19 pandemic, Sanpellegrino guaranteed the regular performance of all training activities. Training is available either through virtual classrooms in digital or self-learning mode, through the company's dedicated platform.

- 30% of the training hours were carried out in E-learning
- 70% of the training hours were in the classroom⁷

In 2021 28,978 hours of training were delivered, which translate into an average of 21 hours per employee per year.

Hours of training by topic



⁷ With 62% in person and 38% on-line.



Paola Beoletto
Learning & Talent Manager

Learning continues to be part of the Sanpellegrino culture and is encouraged thanks to an **integrated development model**, on the job experience, customised coaching and mentoring programmes as well as synchronous (in person/online) and asynchronous training (e-learning).

With reference to training in the last 2 years we have significantly increased the courses available on our iLEARN platform in self-learning mode, developing over 15 Academies dedicated to the development of soft skills, people skills, the culture of diversity and inclusion, functional and digital skills.

This includes the **“Sustainability as a Mindset” training course**: organised by the Sustainability Team, which

“

*Training
that makes the difference*

more than 700 Sanpellegrino employees completed with the main objective of conveying how sustainability is part of the daily work of each person. Thanks to a **partnership with Biorfarm**, it also allowed us to adopt 500 organic citrus fruit trees and support 4 farms in the southern area of our country. The project also made it possible to concretely support the activities of local associations, such as the Italian Red Cross, with donations of about 190 kg of fruit and, at the same time, contributed to the reduction of more than 32,000 kg of CO₂.

Also fundamental to the Culture of our Group are the themes of human rights and respect for others, which are an integral part of our Corporate Business Principles. We regularly train our people on these themes upon recruitment and every three years we provide refresh er courses for the entire organisation. **For over 25 years we have been supporting the theme of Human Rights**, with the objective of supporting people in their understanding of human rights, in a general sense as well as in terms of the Group’s specific activities and its stakeholders, employees, suppliers and communities. A theoretical and practical approach, to accompany the work, and life - for all of us, every day.

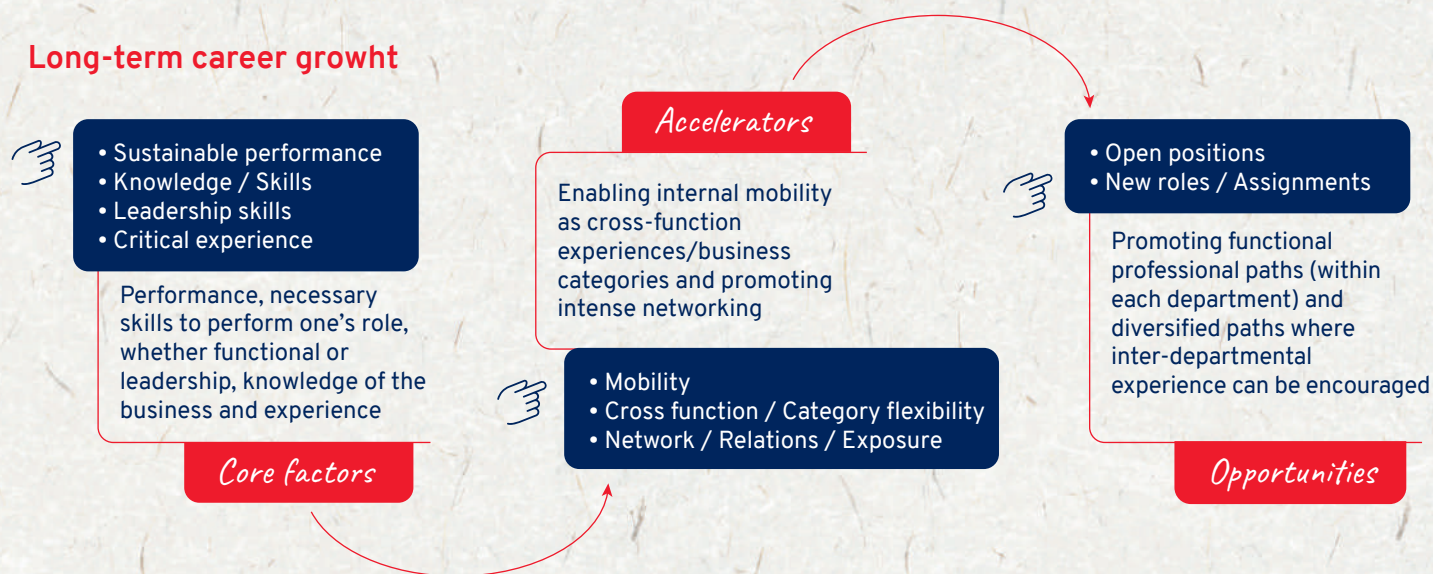
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Sanpellegrino trains all its employees in the use of the “**Total Performance Management**” (TPM) methodology for the factories and on the **Nestlé Continuous Excellence (NCE)** methodology for the headquarters, with which the Group endeavours to “aim at zero waste”, i.e. to increase the excellence of production processes.

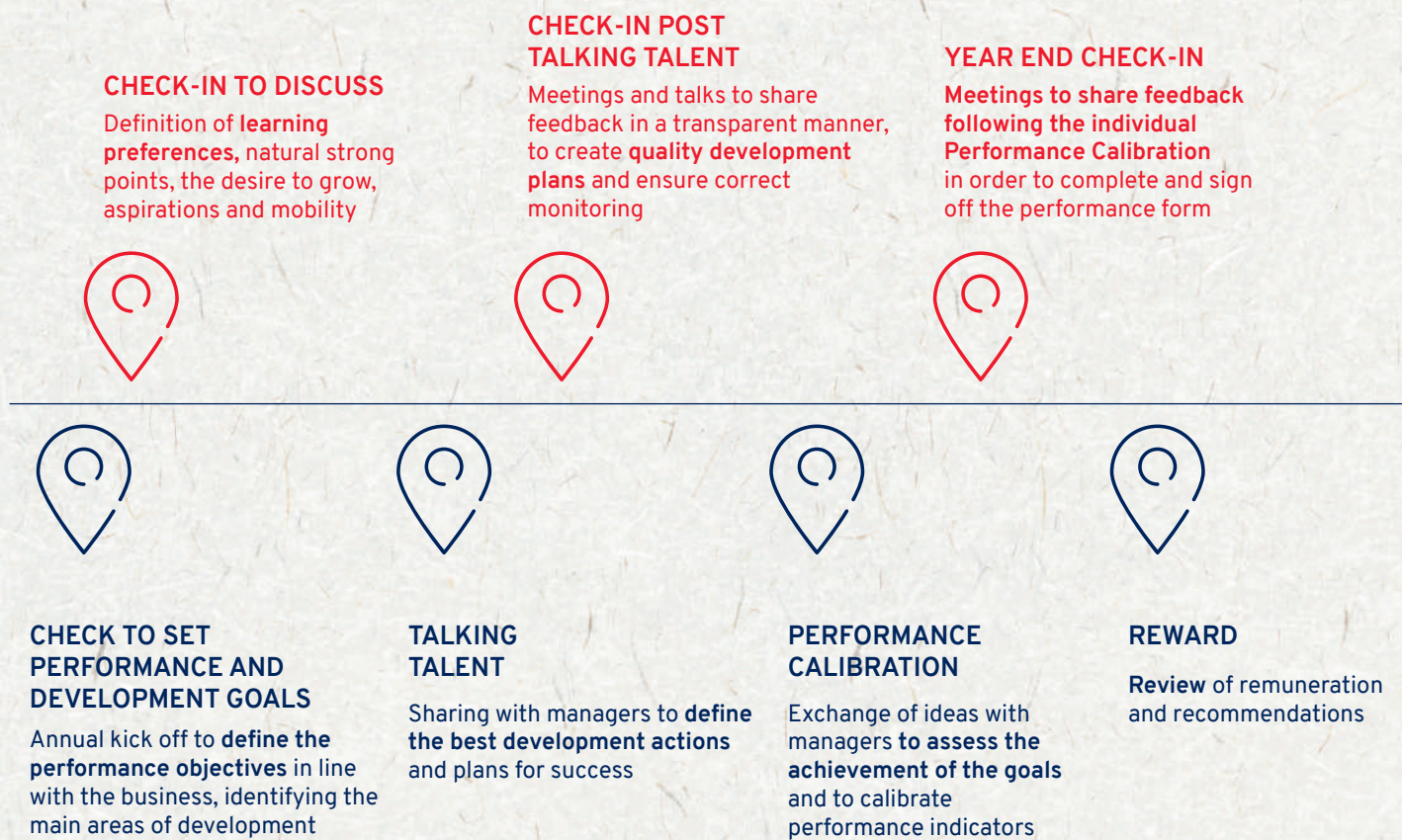
Capability Building and career paths

To guarantee the professional development of each worker, the company suggests a “**Career Development Process**”, a model aimed at focusing attention on the many variables that can affect the development programmes, divided into:

Long-term career growth



Everyone at Sanpellegrino has a **skill set and development plan**. The Group also organises specific events and meetings (in 2021 three different events were held) aimed at explaining in detail the approach and the tools in support of the employees. On top of those already mentioned, there are also the **assessment tools and Coaching and Mentoring programmes**.



To promote talent retention, the Group has created a helpful map to aid people build their skills, whether they are aimed at moving within the organisation or strengthening their role, and a compass to guide them through the various available career paths. In parallel to this, the process of capability building has been perfected which accelerated the development programme of some people⁸.

⁸ In 2021 there were 51 role changes.

Laying out your path

International experiences
Mark an X on the countries you would move to

Other categories Nestlé

Innovation
Quality
Finance
Digital
Marketing
Operation

TOWN OF PROFESSIONS / FUNCTIONS

Learning more

2 I perform well and speed up my path

1 Learning "I want to know more!"

Leaving

Hard tools

Skills

Behaviour

The network archipelago

Who am I helping?

Who am I inspiring?

Who inspires me?

Who can help me?

As a continuation of previous years' engagement, all Sanpellegrino employees qualified as Executive, Manager and Office Workers are involved in the PDP (People Development Performance) assessment and professional development process.

Consolidation

3 I am reliable and an example

My secret wish? Very long term project

Arrival

Long term project

Hill of feedback

Instructions

- Find your way with a compass
- Always use an erasable pen (you will erase it many times, or over time)
- Think about where you want to go
- Think about what you need in your suitcase
- Observe around you to build the skills that you need
- Share this with your Line Manager



98% of Sanpellegrino Executives, Managers and Employees received an assessment of their performance and professional development, +7% compared to 2020⁹

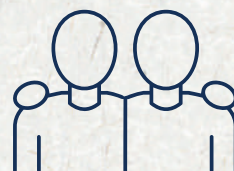
Since 2021, as a pilot project, a “PDP Light” tool has also been developed, specifically for factory workers, which will gradually be extended to all factories, to track in a simple way, some of the objectives of the various roles on the task being carried out and the projects underway at the plant, including those linked to sustainability and the creation of shared value¹⁰. All key company roles also have sustainability-related objectives in their PDPs.

⁹ This calculation does not take into account the professional category “production worker”.
¹⁰ This currently involves 5 operators at the Madone plant and 25 at the San Pellegrino plant.

02. / 03

We promote diversity and equal opportunities

The Group is committed every day to promoting a stimulating work environment that is open to diversity, guaranteeing equality in the workplace and equal opportunities. A policy of **zero tolerance applies to all forms of discrimination, violence and harassment at the workplace**. Through adequate policies and tools, employees and other collaborators are incentivised to promote these values - which are essential for Sanpellegrino - taking steps to report any situation that is not in line with the corporate culture.



*Zero episodes of
discrimination also during
2021*

*To encourage a positive change also within the company,
in favour of inclusion, the Group actively participated
in 4 WEEKS 4 INCLUSION 2021,*

i.e. an inter-company marathon dedicated to the themes of inclusion and appreciating differences, with a talk about shared parenting. Participation involved organising the webinar "I AM NOT JUST MUMMY'S HELPER.



Dario Migliavacca
 Leadership & team development manager -
 Diversity&Inclusion Champion

“I am not just mummy’s helper” initiative

Children and parents have been the centre of the Nestlé work centre since its foundation: true to these principles, in 2021 the company launched the Nestlé Parenting Initiative, an international programme that aims to make the life of modern day new parents easier and at the same time show how a company that promotes the sharing of the parental roles can also bridge the gender gap.

As Nestlé in Italy we wanted to make a concrete change and - with our colleagues of the Parenting Community - in June 2021 we launched the initiative called “I am not just mummy’s helper”, a series of talks dedicated to our people, where dialogue, sharing and introspection lead to the discovery of one’s parenting model, by hearing from prepared professionals, as coaches.

The project aims to **generate union between fathers and mothers**, Nestlé colleagues, who wish to evolve in their role as new parents through a shared parenting model supported by various company tools, also with the objective of adequately bridging, through constant monitoring and analysis, any potential pay-gap. In addition, a webinar with very similar content as “I am not just mummy’s helper” was posted online in July during the first social talk dedicated to the challenges of parenting before and after the pandemic, organised by Le Contemporanee.

”

For the celebration of international days such as **International tolerance day** and **International Day for the Elimination of Violence Against Women**, Sanpellegrino has seized the opportunity to further highlight the fundamental importance of continuing and supporting the conversation of **promoting a diversified and inclusive culture** and of educating and **creating awareness on the theme of violence against women** and respect in the workplace.

In order to strengthen the capacity to appropriately respond to episodes of sexual harassment, a programme of **mandatory training on “Sexual Harassment Prevention”** has been established, in e-learning mode.

During the **International Day of Disabled Persons**, the Group hosted various speakers¹¹, to recount their perspectives and personal experiences regarding the inclusion of disabled persons. Furthermore, at Group level, this occasion was used as a **jumping board to launch the cultural transformation** that we intend to pursue on this theme, “From disability to differently abled / talent is everywhere¹² as the underlying concept.

The Group promoted a course on **Diversity & Inclusion** and has made it available in e-learning mode for all employees aimed at creating awareness and working on creating mindsets that aid inclusion in the various areas (gender, origin&nationality, religion, disability etc.), and a specific course “**Diversity and Inclusion at Nestlé: LGBT+ Community**”, supporting learning and the spread of an inclusive culture in the context of the LGBT+ community.

Also, communities dedicated to the various themes have been created in the Group (LGBT+, Young, Parents, Free time...) active in promoting talks, providing support, also through a quarterly newsletter, and organising various initiatives. Of these we would like to mention the **communities fair**, i.e. a monthly lunch for listening, called the Spring Lunch.

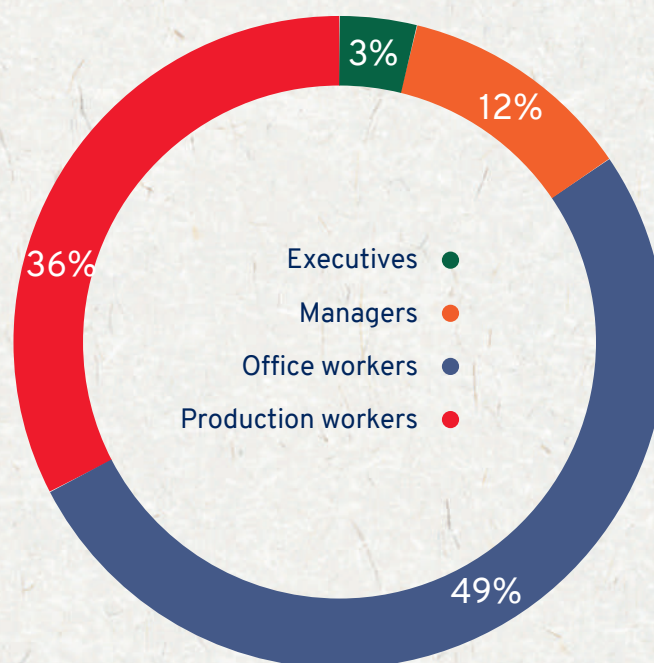
Gender Balance a continuing journey

To date Sanpellegrino is 26% women.

14% of female workers are under the age of 30 (25% higher than 2020) and 64% are under the age of 50 (essentially in line with 2020).

43% of top positions at the company (executives and managers) are covered by women, in line with 2020.

The female presence has grown in sales, where two women Sales Managers were appointed.



¹¹ Which include Rita Cucurru, Paralympic Games Triathlon champion or Francesca Fedeli of Fightthestroke.

¹² This slogan was proclaimed by Marco Travaglia on the day.

The presence of women in the various professional categories



The systems for managing performance and prizes are built on standards of fairness and equality, that take into account the performance and comparison in relation to the position according to shared and structured guidelines, outlined in the **Nestlé Total Rewards Policy** (see Every person counts pg. 51). In order to reduce the pay gap between women and men, with the end goal of

eliminating it, the Group, as a whole, regularly conducts a process for the assessment of pay equality. In 2021 an improvement in the pay gap in the executive category was registered (from 101% to 111%) whereas for the remaining categories, the data were substantially in keeping with the previous year.

DIGITAL CORNER



Nestlé Parenting Initiative

an international study commissioned by Nestlé with the aim of understanding and supporting new parents in their role in a continuously changing world, through the opinions of more than 8000 mothers and fathers in 16 different countries



Gender quality is safeguarded also thanks to forms of support to improve the balance between work and private life. Parental leave is recognised to all employees, regardless of gender; this is why the Group, as a whole, has promoted the **Parental Policy**¹³, in line with the fundamental principles set by the “International Labour Organization (ILO) Maternity Protection Convention” (No. 183), one of the most important tools for the defence of gender equality and for the promotion of breastfeeding at the workplace. Since April 1 2022 the new “**Nestlé Baby Leave**” policy has been implemented, which provides paid leave to fathers or second Caregivers when a child is born or adopted¹⁴.

In this sense, in 2021 a **Gender balance roadmap** was also launched, based on three pillars:

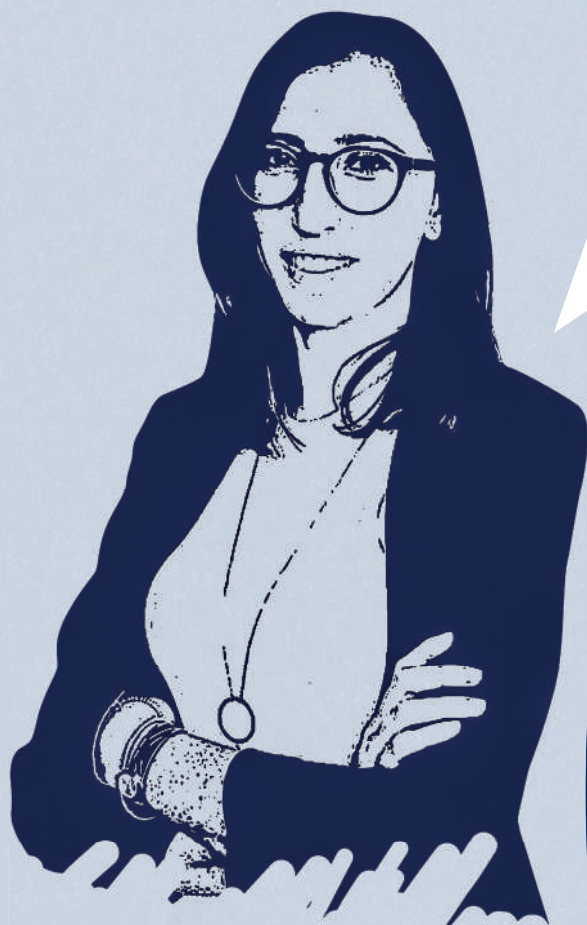
- 2 Inspirational events with the testimony of a number of women to share their career path experience and the company supporting tools (flexibility, cross-functional opportunities, mobility and the network for professional development)
- Mentoring paths thanks to shared experience, to promote personal and professional growth
- The Bias Hunting project which involved various employees to identify their own biases and understand the related impacts

¹³The Policy focuses on: paid leave for primary and secondary “caregivers”; protecting health in the workplace; opportunities for flexible work, a work environment that helps breastfeeding and employment protection and non-discrimination.

¹⁴Nestlé Italia Group has always placed great importance on parenting, in fact it was the first in Italy, in 2012, to provide two weeks of paid leave for fathers.

“

“Women mentoring” initiative



Simona Mascia
European Capacity & Supply Planning Manager

In collaboration with the Career Service of the Polytechnic University of Milan and Nestlé Italia Group, we took part in the **#WomenMentoring** project.

The project has the aim of encouraging female students of SMET studies in their approach to the work world and to actively promote equal opportunities in studies where the Gender Gap is significant, thereby confirming the active role of the Group in the **development of talents and gender Diversity**.

The project involved 20 female students with a five-year degree in Engineering, selected from over 100 candidates, 5 company mentors and I personally also had the opportunity to take part.

The topics covered during the talks were defined with the participants, covering issues such as: the choice of work area in line with one's talent, preparing for work interviews, the challenges of entering the work world and the value of gender diversity in professional and personal contexts.

Sharing personal experience and the Group's values gave me the chance to help female students envision their professional future, encourage them to pursue their talents and also aim to overcome their fears that all of us have before a work interview.

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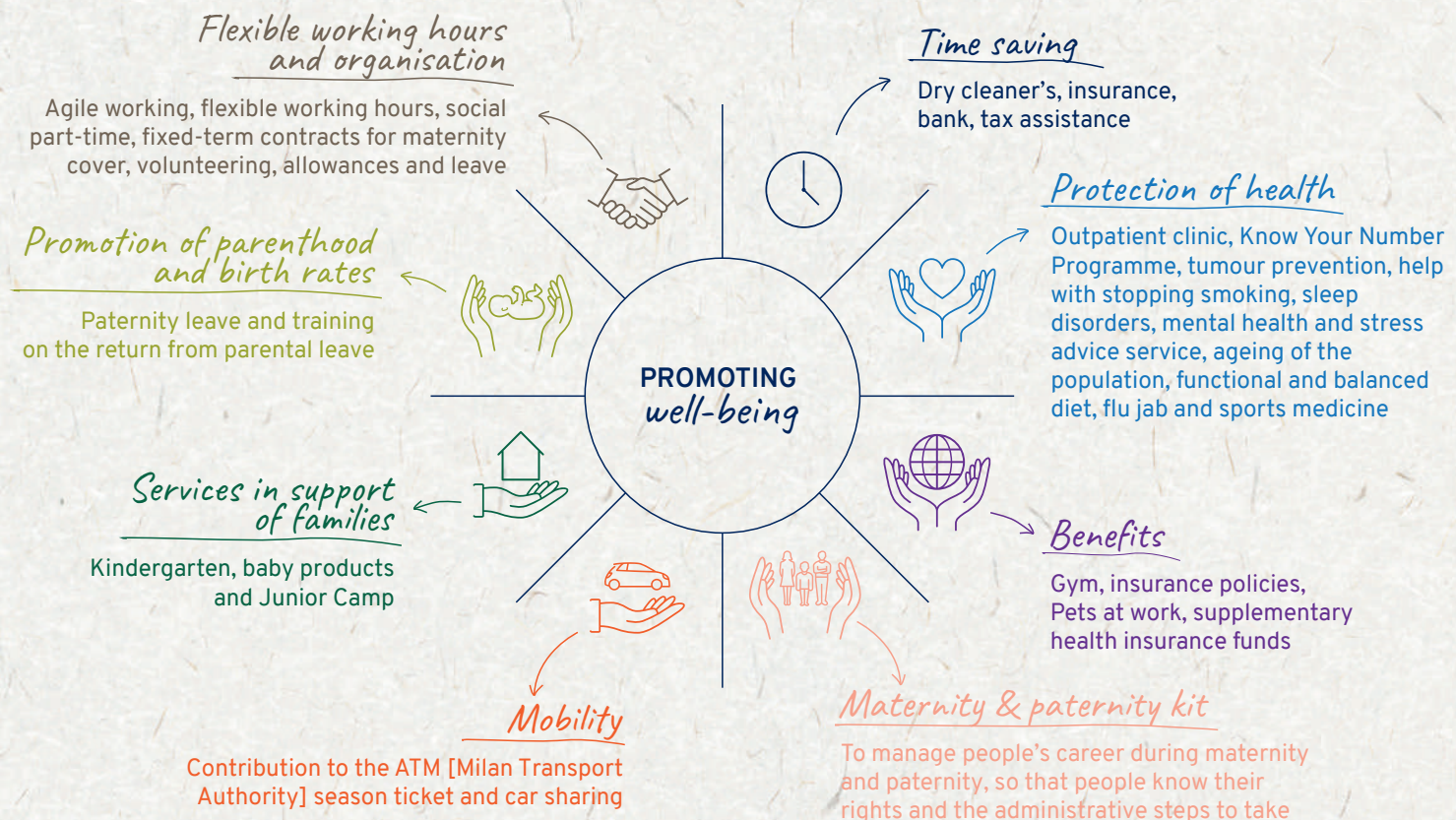
02. / 04

We invest in the well-being of our people

To improve the quality of life of its workers and contribute to a better and healthier future, one of the levers for improvement of performance and productivity is greater **flexibility**. 2021 was the demonstration of the importance of staying close to people and prioritising their health and safety, to this regard Sanpellegrino is constantly driven to find new ways of working that meet the needs of employees while also ensuring the company's efficacy and efficiency.

Based on the concept of **FAB** (flexible, adaptable and balanced) the Group increasingly invests in consolidating a cultural change which has been on the table since 2012 on a Group level, and which aims to apply a **hybrid work model** (remotely and in person) bringing together a performance management culture, enhancing the **contribution of each person** as well as the **team** while taking into account the needs of each individual, so as to allow the company to prosper in respect of the well-being of everyone.

The Group is promoting a large number of initiatives that aim to integrate, in an innovative way, customised support in the needs of every employee.



We measure employee's well-being

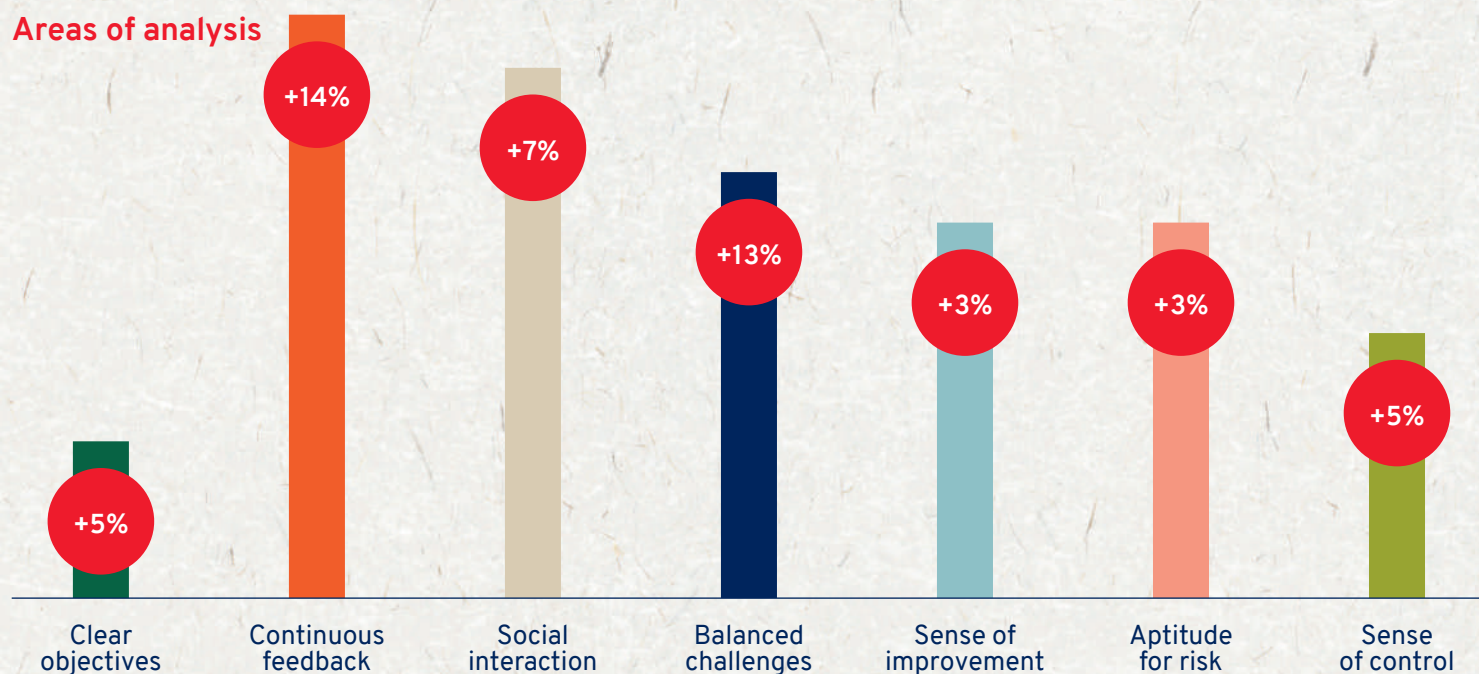
People's satisfaction is measured in a global two-year survey called "Nestlé & I", the last edition was in 2020 and will therefore be repeated over the course of 2022.

Since 2020 Sanpellegrino has been monitoring the well-being of employees through a powerful listening tool, the **Beaforce platform**, which is a Group level tool that creates continuous and real time communication channel between people and company leadership. In 2021 the listening period was analysed as follows:



The **engagement rate** was **71%** (greater than the sector benchmark value of **68%**).

The factors that the software can analyse include: clarity of objectives, continuity of feedback, balance of professional challenges, sense of improvement, aptitude to risk and the feeling of control or autonomy. The results highlighted a trend of improvement in comparison to the previous year in all areas, confirming the Group's constant commitment to it.



Every person counts

Part of the commitment that the Group reserves for the well-being of its people is also translated into making sure that every person is properly appreciated for their contribution to the company, through **Total Reward** systems that are tailor-made for everyone. Beyond a simple remuneration system, the model includes the fixed salary, the variable remuneration and benefits, supplemented by recognition of successes, personal development and the workplace environment, always taking into account the social and legal context of reference, in compliance with the applicable collective bargaining agreements, ensuring that each collaborator understands their contribution and the benefits associated thereto.

In order to increasingly engage and motivate people, the variable incentivisation system is extended to all employees in various forms based on professional category, department and grading. **Specifically, the sales force earns incentives based on sales; Managers, Executives and People with positions get pay grades, I & Above get Short Term Bonuses** which is composed of collective company objectives and individual objectives established every year by the PDP (People Development Performance); **everyone else earns PAVs (premio annuo variabile/variable annual bonus)**, based on collective company objectives. All employees also has direct access (online) to the **Total Reward Statement**, i.e. the outlining document of one's personal situation in relation to pay and benefits.

In 2021, an additional important new element was implemented that aims to make some useful details

of comparison of an individual's pay with the market standard visible to everyone and understand how one's position is assessed in terms of pay grade.

In parallel, Line Managers have been trained on how to explain the **Total Reward Policy**¹⁵ to their collaborators and were then involved as key elements in wage policy choices by actively participating in the annual Salary Review process¹⁶ by entering suggestions directly into the system.



¹⁵ The Nestlé Total Rewards Policy shared on all levels, in order to ensure that each person fully understands what Total Rewards means and how this scheme is applied within the Group. This system aims to fully reflect the company's priorities, especially the performance level required to pursue the Purpose and the objectives, combined with behaviour that is in keeping with the Values and Principles.

¹⁶ For a total of 126 Line managers.

02. / 05

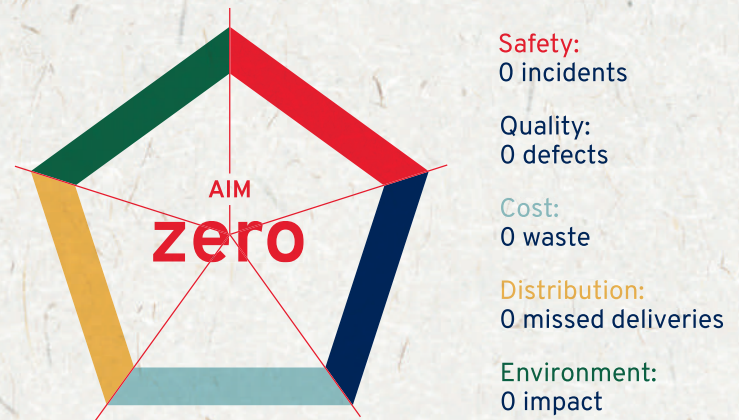
We protect occupational health and safety

Starting from the premise that “**safety is not a negotiable value and even one incident is one incident too many**”, Sanpellegrino carries out coordinated actions at all levels, involving not just direct employees but also external collaborators and all other interlocutors who interact with the company along the value chain, including suppliers, customers, and the public, in general.

The Health and Safety of people is guaranteed - in all production sites of the Group, and not just at the Assago headquarters - also by the presence of the management system put in place by the Nestlé Group (**Nestlé Occupational Safety and Health Management System**), which is certified in accordance with the international standard **ISO 45001**, and which aims to guarantee high levels of health and safety and stimulate operating management geared towards **continuous improvement and the monitoring of performances**.

The Management System covers 100% of employees and self-employed workers who operate at these sites. The Group provides educational/training programmes and all the equipment required to avoid risky situations. In confirmation of the proper dissemination of reporting systems, through the years Sanpellegrino Group has recorded a consistent increase of **Near Miss reports (+16% compared to 2020)**. All incidents and Near Misses are investigated using the “Basic problem solving Incident Analysis” technology, with the goal of identifying corrective actions and the improvements that need to be made to the workplace environment or to people’s behaviours.

The Group undertakes to “aim to zero” or to increase the excellence of the production processes with the use of the “Total Performance Management” (TPM) technology. This makes it possible to increase the speed with which improvements are achieved and guarantee that results are maintained over time, by transforming the workplace environment and working methods. Sanpellegrino has also implemented a **Reward and Recognition** programme that grants small rewards such as fuel bonuses or food vouchers for employees who place greater attention on the theme of safety. The recorded work accident rate dropped by one percentage point in comparison to 2020¹⁷. Furthermore, there was one report of a professional disease in 2021¹⁸.



	<i>u.m.</i>	2019	2020	2021
Accidents that can be recorded¹⁹		10	8	10
of which accidents with serious consequences ²⁰	NO.	-	-	-
Deaths		-	-	-
Hours worked	hours	2.009.437	1.611.890	2.371.160
Rate of accidents at work that can be recorded²¹		5	5	4
Rate of accidents at work with serious consequences²²		-	-	-
Fatality rate²³		-	-	-

¹⁷ For the work force that is not under a direct employment contract, over the three-year period, only two injuries occurred in 2021 without serious consequences.

¹⁸ The term occupational disease means damage to health identified by the Company Doctor during health monitoring activities and includes afflictions, pathologies and disorders. This occupational disease was reported to INAIL by the company doctor and is still under analysis

¹⁹ The term “accidents at work that can be recorded” refers to all accidents that may lead to death, days off work, limitations at work, relocation to other tasks, medical treatments beyond first aid, losing consciousness. These are accidents generated by risks and dangers that workers are exposed to at work (e.g. death, amputation, cuts, fractures, hernias, burns, loss of consciousness and paralysis). Two (2) in-transit incidents were recorded in 2021.

²⁰ The term “accidents at work with serious consequences” refers to accidents that have led to damage that lasts for more than 6 months, excluding death.

²¹ The calculation of the “Rate of accidents at work that can be recorded” is based on 1,000,000 hours worked according to the following formula: (Total accidents at work that can be recorded + Total accidents at work with serious consequences) / Hours worked) * 1,000,000.

²² The calculation of the “Rate of accidents at work with serious consequences” is based on 1,000,000 hours worked according to the following formula: (Total accidents at work with serious consequences/Hours worked) * 1,000,000.

²³ The calculation of the “Fatality rate” is based on 1,000,000 hours worked according to the following formula: (Total deaths / Hours worked) * 1,000,000.

For Sanpellegrino, safety is closely related to health. This is why, aside from preventing incidents thanks to the constant collaboration with the **Company Doctor**, the company promotes the well-being of its people also outside the workplace, starting with the adoption of healthy lifestyles that include a proper diet and proper hydration.

Aside from guaranteeing a daily nurse service, both for emergencies and for the management of non-emergency situations, the Group - guided by the Company Doctor and Group Coordinator who also covers the function of “Health Manager”, i.e. is tasked with shaping the strategy for the health of employees - has developed a series of programmes to promote the health of its people, grouped around three pillars:

Promotion of a good diet

- **NUTRITION HELP SERVICE:** in person visits, at the Assago site, or online consultations following the compilation of a survey on eating habits, to obtain indications and advice related to their own diet and a measurement of one's body mass;
- **HEALTHY DIET PROJECT:** revision and improvement of the offer and continuous monitoring of the corporate restaurant, by working on the portions, reducing salt, reducing saturated fat, introducing wholegrain foods, increasing vegetable quantities and collaborating with Nutrition Foundation Italy;
- **WEBINARS** to guarantee an ongoing update on the theme of nutrition.

Promotion of physical well-being

- **“SPORTS MEDICINE” PROGRAMME:** this envisages full medical examinations with a doctor who specialises in sports medicine and who issues the certificate of fitness for non-competitive sports, following an electrocardiogram and an assessment of the BIA [Bioelectrical Impedance Analysis];
- **HEALTHY BREAK PROGRAMME:** an online platform, with over 100 fitness videos, accessible to all workers, that offers the possibility to choose among functional breaks, desk yoga, mindfulness or fun breaks, created by a scientific partner to support physical and mental well-being and counter a sedentary lifestyle;
- **REMOTE ERGONOMIC CONSULTANCY SERVICE:** with a posture expert who is available for a remote online consultation on how to best adjust the work station and to provide suggestions on the exercises that are more suited to every situation;
- **REMOTE-WORKING KIT:** a 100€ coupon is issued for the purchase of an ergonomic chair, plus it is possible to receive a 27 inch monitor, keyboard and mouse;
- **WEBINARS** to guarantee an ongoing update on the theme of posture;
- **KNOW YOUR NUMBER PROGRAMME:** compilation of a Health Risk Assessment alongside a finger prick blood test for: cholesterol (total and fractioned), glycaemia and triglycerides to obtain a tailor-made risk score with regard to one's health status and lifestyle;
- **“EYE HEALTH” PROGRAMME:** this includes training with short information videos (eyesight and driving, eyesight and PCs, eyesight and diet, eyesight and posture), consultations with specialists and practical activities to protect the eyesight, prevent tiredness and eyesight deterioration;
- **BACKSCHOOL@WORK²⁴:** the programme to prevent musculoskeletal disorders and to increase awareness of how the right posture has a positive influence on well-being and helps prevent accidents. The activity is carried out with a qualified physiotherapist, who measures the body's axes with a specific tool (Kinette) and teaches people how to implement their body's proprioception, self-correct their posture and movements by making small changes to their daily habits.

Promotion of mental well-being

- **CORPORATE MENTAL HEALTH SERVICE, IN PERSON OR ONLINE:** with a psychologist who specialises in the psychology of work and organisations;
- **MONTHLY NEWSLETTER** on themes that link stress and work activities, written by the Psychologist and the Coordinating Physician;
- **AUTO-GENIC TRAINING COURSES;**
- **STRESS MANAGEMENT WEBINAR;**
- **#HEALTHYLIVES PROGRAMME:** training course that provides practical advice on fundamental topics, such as diet, exercise and sports, and sleep.

²⁴ This is mandatory training to protect health in the workplace.

03.

Our customers and our consumers

The Group's activities are aimed at customer and consumer satisfaction, with the objective of guaranteeing maximum product quality, safety and transparency.

Sanpellegrino's customers include distribution (large and small), wholesalers, OOH (such as bars and restaurants).



03. / 01

A healthy and sustainable offer

The purpose – i.e. the company’s final mission, states - **“We are Nestlé, Good Food, Good Life:** we believe that a good diet improves life: Good food nourishes, good food delights our senses and, most of all, brings us together”. This is demonstrated at Sanpellegrino as one of the three fundamental pillars of the Group’s activities: **“the promotion of proper hydration for people’s health”** becomes an actual responsibility towards consumers, the object of partnerships with Institutions and with other industrial businesses in the value chain. An approach with the goal of improving people’s quality of life and contributing towards creating a healthier and more sustainable future.



DIGITAL CORNER



Education about hydration

Sanpellegrino promotes the “education about hydration”, on the daily correct and conscientious intake of water, based on various needs and life styles.



Sanpellegrino is committed to promoting **correct hydration**, supporting and spreading the principles of well-being connected to the correct intake of water as a basic part of our diet, alongside greater awareness of responsible **consumption of beverages** containing sugar. The Group operates hand-in-hand with the constant pursuit of **innovative solutions** that fulfil the growing needs of consumers for healthy products without giving up on the pleasure of taste. Since the beginning of the 2000s, Sanpellegrino has been exploring new recipes that are healthier and with less sugars, preferring natural ingredients both in the development of new products and in the reformulation of its historical recipes. The Group also works in terms of optimising the suppliers of ingredients and raw materials, in order to ensure the best quality standards, with attention to the environmental impact along the entire value chain, also guaranteeing Kosher certification²⁵.

²⁵ Kosher certification identifies all of those foods that are suitable for the diet of consumers who observe Judaism. Research and careful selection of the raw materials and suppliers are necessary to obtain kosher certification, which is granted following checks by a specialised and recognised Rabbinic body. The body oversees production, ensuring that not only the ingredients used to make the food are compliant with the rules of Judaism, but the facilities and packaging process as well.

2021 was significant for various new launches within our nutritional journey. In April 2021 **Levissima Natura Infusa a Freddo (Levissima Natura Cold Brew)** was launched, a new range of beverages prepared through the cold brew process, where Levissima natural mineral water is mixed with 100% natural ingredients: flowers, fruit, tea and mountain herbs. All without preservatives and very few calories.



In November 2021 the formulas for **Sanpellegrino citrus-based soft drinks** (aranciata, aranciata amara and limonata) became **“Natural”**, i.e. prepared with 100% natural ingredients and only with Italian citrus fruits.

In the early months of 2022, the re-formulation of the historical **Sanbittèr rosso classico** was launched, with **colourants of only natural origin**²⁶.



On an international level, new recipes were launched for the **Sanpellegrino MOMENTI** line, a new range of carbonated soft drinks made with fruit, with less than 40 calories and no artificial ingredients, to offer a light and tasty experience. The new recipes, available on the French market since the beginning of 2022, are: “Tè Darjeeling & Agrumi” (Darjeeling Tea & Citrus) and “Tè Bianco & Pesca (White Tea & Peach)”.

The **ESSENZA** line has expanded to include Pesca & Melone (Peach & Melon), available in France. ESSENZA, which only contains natural flavours, no artificial sweeteners and zero calories, brings together the best of fruit flavours with the delicate bubbles of S.Pellegrino mineral water.



DIGITAL CORNER



A regenerating mural painting

Levissima sponsored a “sustainable mural” in Milan center, which actively reduced surrounding pollution levels by up to 88.8% of certain polluting agents in the air.



²⁶ All artificial colourants included in the “Nestlé blacklist” have been abolished and replaced with others of natural origin.

03. / 02

Quality and transparency of our products

The Group has adopted a Quality Policy²⁷ and an Operating Standard (Nestlé Waters Operational Standard²⁸) as well as quality certifications, including UNI EN ISO 9001:2015²⁹ and FSSC 22000 vers.5³⁰, specific for product food safety.



The quality of the natural mineral water is thoroughly monitored through analysis upon bottling in the laboratory, conducted both by the company and by the competent health authorities.

²⁷ The Quality Policy guides the Group's efforts in pursuing excellence, guaranteeing safe products and services of the highest quality, compliant with and responding to the consumers' preferences. The Policy summarises all the essential elements to achieve the Group's ambition, i.e. being reliable and recognised for offering products that improve quality of life and contribute to a healthier future.

²⁸ This standard applies to all units that develop, produce or distribute Nestlé Waters products. This includes all of those standards that are fundamental for: maintaining and improving the quality of Nestlé Waters product; managing the water resources; maintaining a management that is in line with local agreements and accepted by local communities (relations with the community). The standard guarantees the creation of safe products that are compliant with regulations; the acceptance and pursuit of good relations with local communities where the company operates; the reduction of complaints and defects as well as management costs and the destruction of materials and defective products.

²⁹ Certification by Bureau Veritas applies to all Sanpellegrino S.p.A sites and is valid until 13/12/2024.

³⁰ Certification by Bureau Veritas applies to all Sanpellegrino S.p.A sites and is valid depending on the facility until March or April 2024 (for Ruspino until January 2025).

Quality and components of mineral water

Natural mineral water has a very complex composition, made up of **48 parameters**, the set of substances that must be subject to quality audit and control testing that is mandatory so that the product may be placed on the market. The type of parameters is defined by the legislator in Health Ministerial Decree of 10th February 2015 which establishes that the research and determination of the main components of the water as well as possible **contaminants, its chemical and physical-chemical characteristics**.

The chemical and physical-chemical analyses, according to Italian regulation, must be updated at least every 5 years. In addition, once a year the bottling company must nevertheless send analysis certificates to the Health Ministry, verifying its composition.

Mineral waters differ due to the different content of the so-called **major elements**: sodium, potassium, calcium, magnesium, chlorides, sulphates and bicarbonates, and the so-called **trace elements**, i.e. those that are found at a low concentration: lithium, strontium, fluoride. The **fixed residue** is the parameter that expresses the quantity of salts dissolved in a water, which is thus defined as “**mineralised**”³¹. This parameter is important because it makes it possible to classify the mineral waters and to choose the waters based on the various needs. The classification is as follows:

- **minimally mineralised**: (up to 50 mg/L): this type of water is defined as “light”;
- **containing low quantities of minerals**: (between 50 and 500 mg/L): this is water with low sodium content;

- **medium minerals**: (between 500 and 1500 mg/L): this type of water contains a high percentage of mineral salts.

OTHER GENERALLY SHARED PARAMETERS ARE:

- the **pH**, which measures the acidity of the water³², in natural mineral waters it is generally between 6.5 and 8.0;
- **Electrical conductivity, i.e. allowing electrical current** to pass through the salts dissolved in the water. The majority of mineral waters on the market have an electrical conductivity that ranges from 100 to 700 $\mu\text{S/cm}$.
- **Hardness**, which is linked to the calcium and magnesium content refers to the **total hardness**, i.e. the sum of the **permanent hardness** (quantity of cations that remain in the solution after prolonged boiling) and **temporary hardness** (unlike the previous types of hardness, it is essentially the expression of the quantity of bicarbonates present in the water before boiling). Waters that contain a substantial amount of these minerals are defined as “hard waters”.
- **Nitrates**, a chemical compound that is always present due to natural phenomena (in this case the quantities are always very low) but, especially, as a consequence of human activity, such as the fertilisation of crops with nitrogen fertilisers. This is why the maximum value is set at 50 milligrams per litre.

³¹ The label always mentions the “Fixed residue at 31 °C”: this value corresponds to the solid part that remains after one litre of water has evaporated at a temperature of 180 °C.

³² Whether it is acid or alkaline.

As for consumer **health and safety** there is an **assessment process of possible risks**, based on the observance of the HACCP guidelines. The production process is divided into various phases and for each one the Food Safety Team assesses the meaning of each possible food risk, classifying them into chemical, physical, biological or ingredients with allergens risks. Following the risk assessment, all of the **control measures** are laid out and classified, to implement, prevent, eliminate or reduce significant dangers to acceptable levels.

For risks classified as critical, **specific operational limits** and **operational testing standards** of the equipment set up to eliminate the risk, are defined. The entire risk analysis process goes through testing and validation on an annual basis and for every significant change.

This process has made it possible, over the course of 2021, to not record a single case of non-compliance with the self-regulatory standards and/or codes concerning the impacts on product and service health and safety.

03. / 03

Communicating responsibly

The information stated on the Sanpellegrino product label follows an articulated and complex testing and authorisation process in order to guarantee maximum transparency and correctness of the provided information.

The basis of these processes is the **Consumer Communication Policy** which defines the principles that need to be taken into consideration and the means by which Sanpellegrino products must be promoted on the various communication channels, based on the type of recipient for whom the beverage and the related advertising are intended. For children, the Policy involves additional principles that take age into account: in fact, it is forbidden to spread advertising messages to children under the age of 6, whereas for children under the age of 12, communication and promotional tools must be limited to healthy and balanced products ³³.

³³ More specifically, they must not be misleading or encourage incorrect behaviour, nor question parental authority.

“ How to read the label: the example of Levissima ”



Gabriella Martano
Senior Regulatory and Scientific Affairs Specialist

The label is the product's I.D. card and provides the consumer with all of the information required to make a **conscientious purchasing choice**.

The information on the label firstly provides **what is compulsory by law**³⁴, with special attention on the specific regulations relative to natural mineral water, and secondly voluntary information, such as health claims, for example.

Not everyone knows that natural mineral water, in order to be defined as such, by law must come from **underground aquifers or deposits**, must be **bottled pure at the source** without any changes and must be given special **recognition by the Health Ministry**, bearing the water's name.

Plus, it is also the Health Ministry which, after an assessment of the pharmacological clinical studies, authorises with a Decree of recognition, the indications that are favourable to the health, that can be provided on the label³⁵. With the Levissima label shown below, the name “Levissima” mineral water is on the front of the pack, while the legal name “natural mineral water” is provided on the side of the label in the same visual field as “nominal volume”.

The composition of Levissima water is provided in the table of “characterising elements” on the back of the pack. Plus, on the side³⁶ there is the environmental label that provides the consumer with information on the type of packaging materials and post-consumption collection modes. The claim **“Let's recycle together”** on the front of the label, highlights the importance of involving the consumer in the recycling process.

Compulsory information | Optional information

Water name: Levissima and legal designation “natural mineral water” with the addition of optional “Low mineral content water”

Minimum preservation time and preservation method

Place of origin, bottling site

Chemical and Physical-chemical analysis and characterising elements that highlight the composition of the natural mineral water

Analysis date



Microbiologically pure optional indication: from its very origin, water does not contain any microorganisms that are hazardous

Barcode that identifies the batch and the other information for purposes of traceability

Mineral water name
Nominal volume with the e that indicates that the quality has been checked pursuant to EU rules and regulations

The Valtellina marking of the Chamber of Commerce of Sondrio

Environmental label

Consumer services

Environmental claim

³⁴ On the mineral water label it is compulsory to provide the information relative to its chemical and physical-chemical characteristics. This information, according to Italian regulations, must be updated at least every 5 years.

³⁵ As stated in paragraph 4 of article 12 of Legislative Decree 176/2011, such as “aids digestion”, for example.

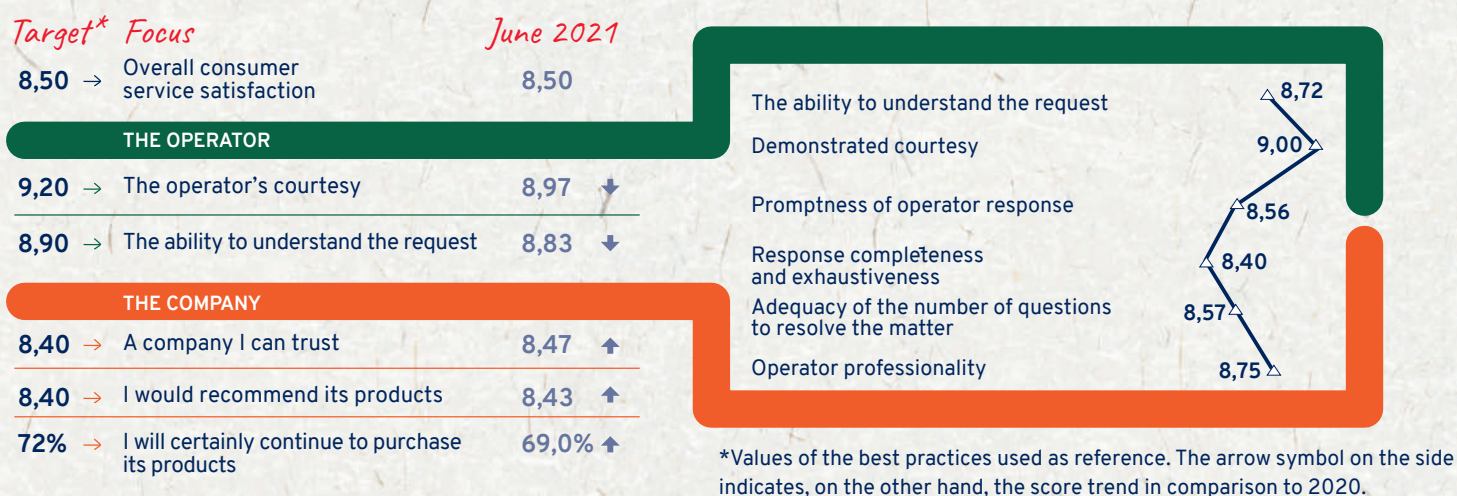
³⁶ Information that will be compulsory as of 1st January 2023.

03. / 04 Listening to customers and consumers

Sanpellegrino Group has established the **Consumer Engagement Service (CES)**, making it possible to manage the activities for listening to its consumers, combining more traditional contact channels, such as the toll free number for reports and the form on the website, with digitalised “self-service” solutions (e.g. Q&A, social media), that are accessible at all times, directly and without interference. The Consumer Engagement Service receives and directly manages consumer complaints, which are divided into “complaints for which the company is responsible” (well-founded complaints) and “complaints for which the company is not responsible” (non-founded complaints). The total number of complaints received in 2021 was 1,419, down 18% in comparison to 2020. To date, no complaints have led to a dispute that required the intervention of the Authorities or bodies external to the Group.

<i>Reclami ricevuti</i> ³⁷	<i>u.m.</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>
Reclami totali ricevuti da terzi e valutabili, di cui		2.175	1.721	1.419
Numero di reclami sul prodotto fondati	N°	216	110	93
Numero di reclami sul prodotto fondati gestiti nell'anno		216	110	93
Numero di reclami sul prodotto non fondati		1.959	1.611	1.326
Numero di reclami sul prodotto non fondati gestiti nell'anno		-	-	-

Sanpellegrino has developed a series of indicators that make it possible to **monitor the quality and efficiency of the Consumer Service and operators**. In comparison to the results of 2020, the monitored KPIs referring to the perception on the company, are rising sharply.



In addition, the Group monitors the **NPS (Net Promoter Score)** indicator, which measures the probability with which consumers would recommend a product of the company³⁸. In 2021 the obtained score was 43, slightly down from 2020 (-2 points), but which nevertheless exceeds the scorings of the best practices of the sectors: Catering (30 – 35 points), Consumer Goods/Hot Beverage (40 – 50 points) and Mobile Phones (20 – 25 points).

³⁷ It should be pointed out that the criterion for the allocation of complaints was changed in 2019 and the scope was restricted exclusively to those directly attributable to the production sites, so that improvement activities in the plants are focused in a targeted manner, through the redistribution of losses associated with the production scope.

³⁸ Assessed in response to the question “In light of your experience with consumer service, how likely are you to recommend purchasing a company product? Using a scale from 0 to 10, where 0 means “I would not recommend it at all” and 10 means “I would definitely recommend it”. 54.3% of responses gave a score of 9 or 10.

03. / 05

Sustainability alongside our customers



Growing sustainably with customers is a benchmark of Sanpellegrino culture, with the two-fold objective of helping companies and concretely improving their performance all-round.

In order to do so, the Group has prepared information material to raise customer awareness regarding the world of “mineral water”, explaining its peculiarities, the origin and the controls that are conducted, either in relation to the packaging, especially PET and R-PET plastic, explaining the advantages and the proposals offered by the Group.

Specifically in terms of plastic and its recycling, Sanpellegrino organises dedicated training sessions.

Over the year 2021, an ad hoc compulsory training programme was developed for the sales force of Lyreco, available on the internal training portal. In conjunction with this, leaflets were distributed by the Group, to raise awareness among customers and all of the companies they collaborate with.



In addition to this Sanpellegrino activated partnerships directly with customers for the selective collection of PET bottles through eco-compactors. In addition to ongoing and stable partnerships set up with Lyreco and the Genoa market, and 10 compactors were installed in 2021:

5 compactors at Confesercenti in Rimini*
*association of beach restaurant-bars

1 compactor at Papeete in Milano Marittima

1 compactor at Fantini in Cervia

3 compactors at Club del Sole on the Riviera Romagnola



Lastly, with its customers, Sanpellegrino promotes awareness creating activities directed at all consumers. In 2021 these activities were focused specifically on:

PARTECIPA AL CONCORSO E PROVA A VINCERE!
IN PALIO L'ADOZIONE DI UN FRUTTETO E LA FORNITURA DI FRUTTA PER LA TUA AZIENDA*.
 Supporta le comunità di piccoli agricoltori biologici e contribuisci al benessere ambientale e sociale del nostro Paese.

ORDINA **PROVA A VINCERE** **RICEVI LA FRUTTA IN UFFICIO**

*Frutteto aziendale composto da 20 alberi e fornitura complessiva di 280kg di frutta di stagione. Concorso valido dal 2 maggio al 30 settembre 2021. Estrazione finale entro 30 ottobre 2021. Montepremi 3.440€. Regolamento su www.lyreco.com. Per partecipare è necessario acquistare nel periodo almeno 8 confezioni di acqua Levissima (naturale o frizzante a scelta tra i formati 50cl, 150cl e 100cl) e 2 confezioni di lattine Bibite Sanpellegrino.

A contest was launched³⁹ in support of Biofarm organic farming communities with the aim of aiding environmental wellbeing. By purchasing a certain amount of Levissima water or Sanpellegrino soft drinks, it is possible to win a week's supply of in-season fruit and a company orchard of 20 trees. Thanks to a web page it is possible to see and monitor which and how many trees were adopted, where they are located, who the local supported farmers are, and how much CO₂ they help absorb.

Lo sapevi che... **LEVISSIMA**

LA PLASTICA DELLE BOTTIGLIE (PET) NON È UN RIFIUTO MA UNA RISORSA... SE TUTTI NOI CI IMPEGNIAMO A RICICLARLA CORRETTAMENTE!

LA PLASTICA RICICLATA
 Si chiama R-PET ha le stesse caratteristiche del PET (RESISTENTE, SICURA, LEGGERA, 100% RICICLABILE). Non disperdere le bottiglie vuote nell'ambiente ma aiutaci a riciclarle correttamente per dar vita a nuove bottiglie!

RICICLIAMO INSIEME

STEP 1 Sfilaccia la bottiglia dal suo lato lungo.
STEP 2 Ritorna il tappo e non rimuovi l'etichetta. La bottiglia è interamente riciclabile!
STEP 3 Gettala nell'apposito bidone della raccolta differenziata della plastica.

RED **Bistrot Libreria**

The development of a “talking place mat” to teach customers about the theme of recycling plastic and the relative uses of Levissima. Available for one month at the Bistrots of 9 Feltrinelli stores.

³⁹ For more information go to <https://www.lyreco.com/webshop/ITIT/adotta-un-frutteto-landingpage-7821.html>

Also in collaboration with Feltrinelli a showcase was dedicated to Sanpellegrino Limited Edition soft drinks in honour of the launch of Sicily's (R)evolution, an innovative project of circular economy that made it possible to create a design collection (table lamps, glacettes, trays) from organic materials left unused in the production processes - orange peel. The purpose of this collaboration was to raise awareness among consumers on the practices of re-use and create engagement through informational QR codes on the theme.



DIGITAL CORNER



Revolution and evolution of Sanpellegrino soft drinks

Sicily's (R)evolution, the circular economy project of Sanpellegrino soft drinks that is also a concrete commitment in favour of environmental sustainability and innovation.



04. Our environmental impacts

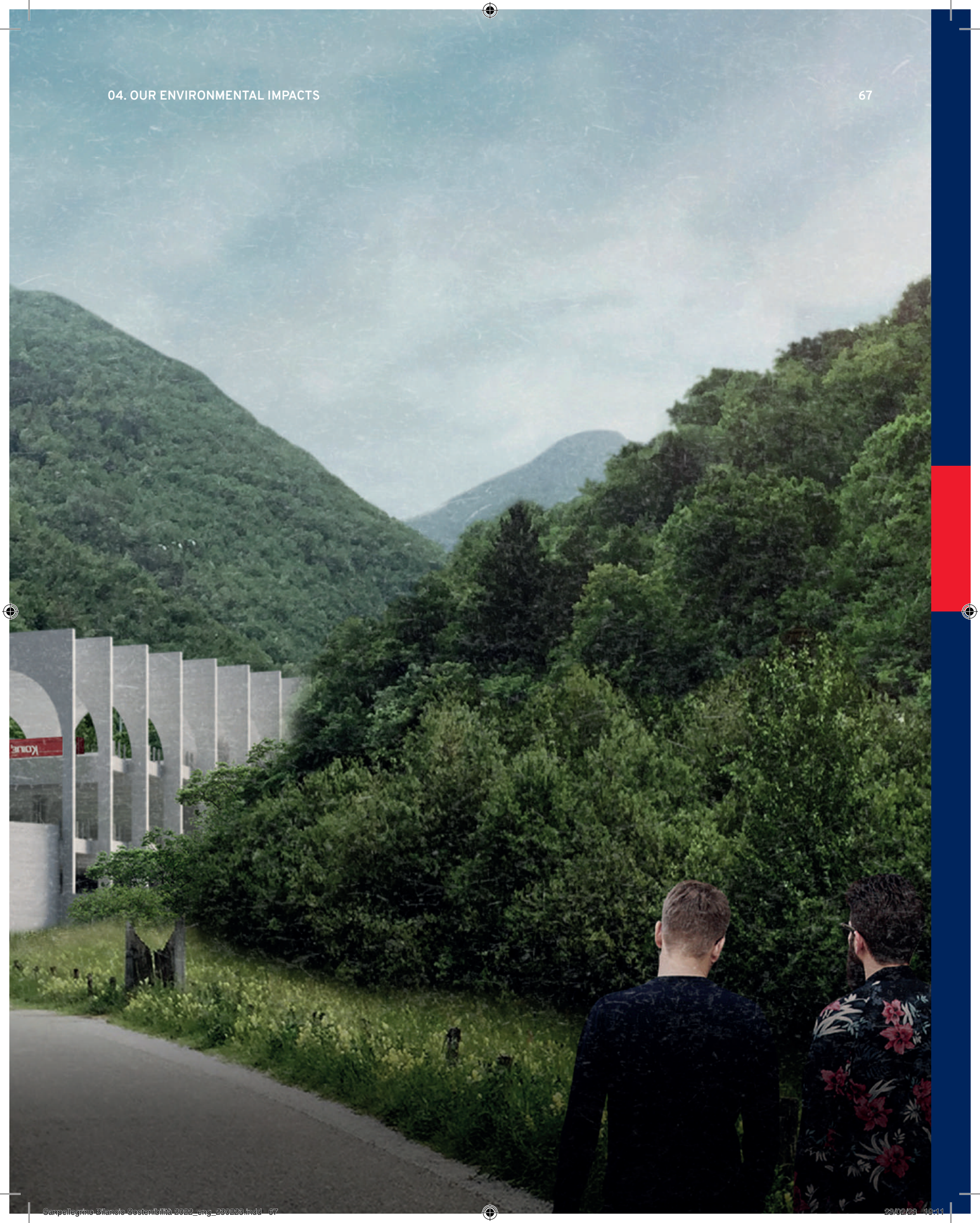
The Group has adopted the **Environmental Sustainability Policy** which describes its commitment to the protection of the environment and to the management of the product life cycle along the entire supply chain: from harvest to consumers⁴⁰.

The priority areas of intervention relate to the management of water resources, the selection of raw materials, production, distribution and packaging.

Also on Group level, key rules have been defined, the so-called “**Rules of Sustainable Packaging**”⁴¹ composed of **The Golden Rules**, i.e. a series of rules underlying the sustainable packaging transformation journey and **The Negative List**, a list of materials, considered obsolete, in line with the evolution of recycling technologies and infrastructures and with the legislative framework.

⁴⁰ The environmental policy is based on three fundamental principles: responsibility towards the current and future society; willingness to satisfy consumers; dependence on a sustainable environment that would offer the excellent resources that are needed to produce quality food and beverages. The Policy takes into account directives concerning the environment laid down in the “Global Compact” convention of the United Nations and gears its commitment towards operating in full compliance with the current regulations and the (often stricter) internal standards, by constantly increasing the commitment to environmental protection through the integration of ecological principles, programs and procedures in every activity and by promoting eco-innovation of products and activities.

⁴¹ For more information see <https://www.nestle.com/sites/default/files/2020-06/rules-of-sustainable-packaging.pdf>



04. / 01

The environmental performance of our plants

Sanpellegrino Group has plants dedicated to bottling near the water sources, it has a production centre for the extracts and flavours of the soft drinks and aperitifs in Madone, and lastly it has a research centre in San Giorgio in Bosco.

DIGITAL CORNER



Where the Mineral Waters of Sanpellegrino Group are bottled: our production plants

The industrial process of Sanpellegrino involves the bottling of mineral waters and the production of soft drinks through the production units created near the sources of northern and central Italy.



For the daily activities of the production sites, in particular, environmental protection is guaranteed by the presence of the NEMS (Nestlé Environmental Management System), certified according to international standards ISO 14001. **The production and bottling processes of all plants** aim for the maximum reduction of environmental impacts, pursuing **efficiency** in every phase of the process, to achieve the goal of “zero waste” and “zero polluting emissions”. The operational activities of the sites are based on the **TPM method** - Total Performance Management, through which the Group is committed to aiming minimizing water waste, having a close correspondence between water which is withdrawn and water which is bottled, and to reduce energy consumption (for further information see pg. 52-53). The efficiency of each plant is measured according to the **Asset Intensity index**: a synthetic element behind which lies the optimisation of the generality of processes and of production times. Also over the course of 2021, various initiatives and interventions were carried out in order to make all plants more efficient. These include: optimisation of the various blower recipes; reviewing the plant start and stop standards; monitoring consumption through daily checks and DMO analysis ⁴² to detect and assess any losses in the plants.

Energy efficiency interventions of 2021:

The installation of a heat pump for heating at the Cepina plant, which has guaranteed electrical energy savings of 10.163 GJ since its start-up;

The installation of low pressure compressors (10 bar) at the San Giorgio in Bosco plant, guaranteeing a reduction of 2,048 GJ;

The use of recovered hot water to heat the production departments, at the Sanpellegrino Terme plant, saves 9,000 GJ natural gas/steam, on top of which 1,800 GJ recovered from boiler blowdown.

In 2021, Sanpellegrino invested **58 million euros** overall on its **production sites**, of which about **50%** went to building the “**Factory of the Future**”, the new S.Pellegrino factory.

⁴² Default market offer.



Luigia Ferrari
Project Engineer

“

Factory of the Future

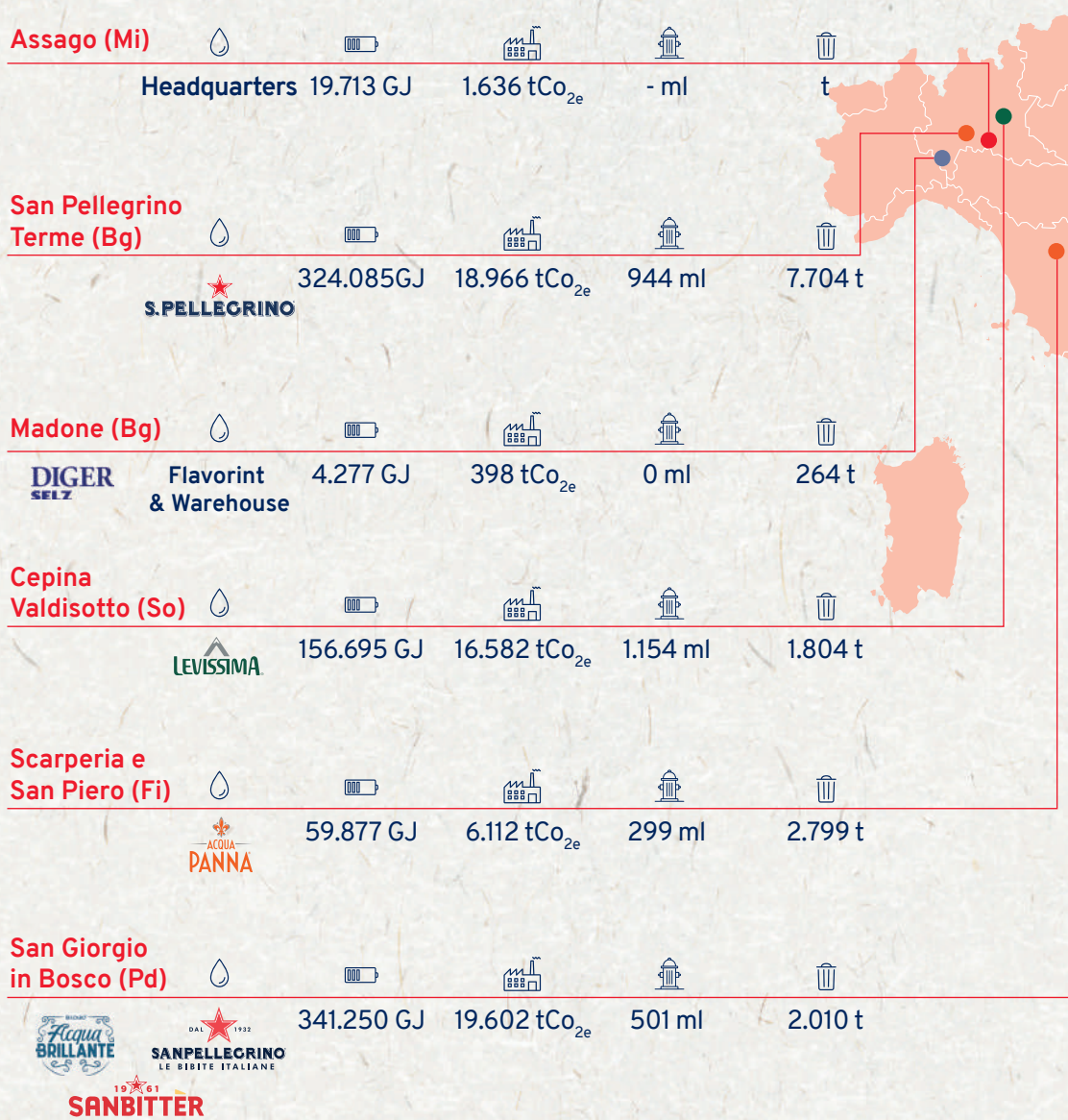
The journey towards the creation of the new **S.Pellegrino production site**, “the Factory of the Future”, continues. The new mineral water plant that aims to guarantee benefits to the local land and communities, becoming an attraction, and to the employees, improving work quality, as this factory was designed to be on a human scale.

The project, as a mixture of **design, innovation and sustainability**, aims to make this an iconic building for the brand, that will also be open and transparent, able to harmoniously blend into the landscape of **Val Brembana** and the network of relationships with employees, the local communities, and visitors. The innovative construction techniques will also offer a **low environmental impact** profile, thanks to a choice of cutting edge tools, with LED sources and photovoltaic panels to reduce CO2 emissions and thanks to a rain and process water recycling system that aims for a “**0 water impact**” factory model.



”

Summary of environmental data of our sites and brands⁴³



- Headquarters
- Production sites
- Production centre for flavourings
- Centro di Ricerca and extracts/depot

⁴³ The data on electrical energy consumption, water consumption and waste for the Assago site are accounted for in Nestlé Italia S.p.A

Energy consumption and emissions

Direct and indirect energy consumption in 2021 amounted to GJ 905,897, a slight increase (4%) in comparison to 2020, in line with the full return of activities following the restrictions to contain the spread of the Covid-19 pandemic⁴⁴. By comparing consumption with the data of 2019, i.e. prior to the pandemic, we see a reduction of 2%. It is also important to note that during the first months of the year, at the Cepina production site, a significant over-consumption of LNG was recorded due to a number of malfunctions in the condensation return system towards the central heating plant.

<i>Energy consumption</i> ⁴⁵	<i>m.u.</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>
Fuels from non-renewable energy sources		718.468	696.404	712.652
Natural gas ⁴⁶		658.625	646.445	641.162
GNL ⁴⁷		59.843	49.959	71.490
GJ				
Purchased electricity ⁴⁸		205.677	175.346	193.245
of which certified from renewable energy sources		205.677	175.346	193.245
Total direct and indirect consumption		924.145	871.750	905.897



⁴⁴ Note that the perimeter of the data cannot be perfectly compared as the reporting perimeter for 2021 also includes the Madone and Assago sites. Considering the same perimeter as last year, the data on energy consumption has increased by 1%.

⁴⁵ Starting 2021, the data also considers the energy consumption of the Madone plant and the Assago site.

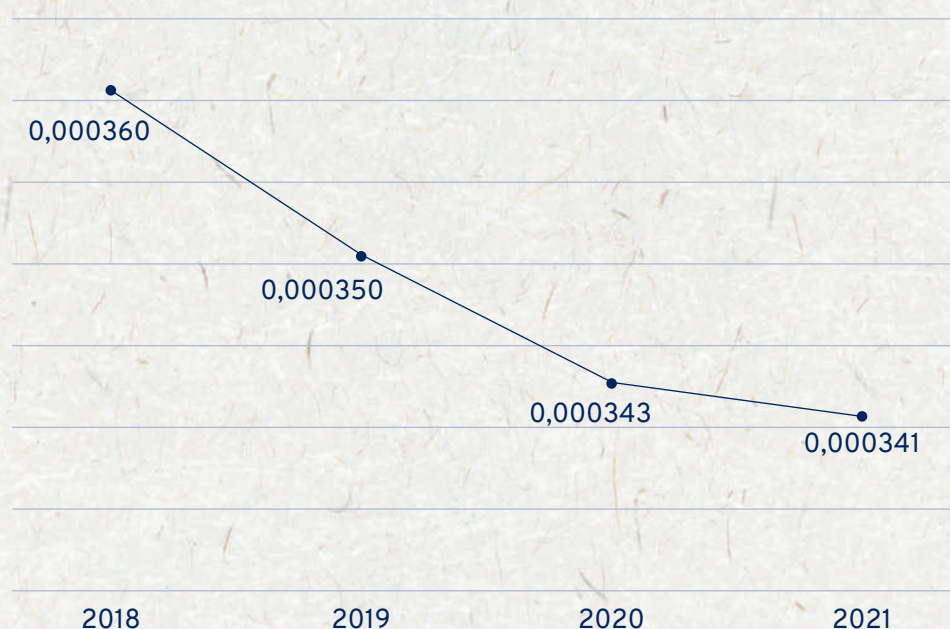
⁴⁶ Natural gas is used for heating as well as producing electricity through cogeneration plants at the San Giorgio in Bosco and San Pellegrino Terme facilities.

⁴⁷ This data also includes a 620 GJ consumption of LPG at the Scarperia plant, for the canteen, kitchen and indoor heating.

⁴⁸ For this data, a restatement was conducted, following the refinement of the data collection modes and does not consider the consumptions of the Assago headquarters, as these are included in the reporting and monitoring of Nestlé Italia S.p.A. performance.

Since 2011 all plants have used 100% purchased electricity from renewable sources certified RECS (Renewable Energy Certificate System).

Energy intensity (GJ / L produced)



Overall, by comparing the total energy consumption (direct and indirect) to the Group's production, we obtain an energy intensity indicator of **0.000341 GJ/litres produced** for 2021, thus registering a **slight decrease** (1%) compared to 2020 and in keeping with the improvement trend of the four-year period.

In 2021 the Sanpellegrino emissions increased slightly in comparison to 2020 (8%)⁴⁹. This slight increase in emissions is the result of the return to normal production activities post covid pandemic, which saw a necessary decrease in production. Additionally we are now considering the production site of Madone and Assago headquarters which also contribute to this apparent increase. In fact, if we compare these with 2019 they are essentially unchanged, despite the extension of the reporting perimeter.

⁴⁹ Note that the perimeter of the data cannot be perfectly compared as the reporting perimeter for 2021 also includes the Madone site and the Assago headquarters. Considering the same data perimeter as 2020, the increase in emission drops to +5%.

In 2021 the production activity carried out at the Sanpellegrino sites generated about **41,255 tCO₂ direct emissions (Scope 1)**, i.e. stemming directly from energy sources used directly as natural gas for heating and cogeneration. As for **indirect emissions (Scope 2)**, i.e. stemming from the energy bought by the company for the production of electricity and heat, the emissions amount to **22,041 tCO₂e**. The **other** indirect GHG emissions (**Scope 3**), generated by car rental consumption in 2021 amount to **25 tCO₂e**.

<i>Emissions</i> ⁵⁰	<i>m.u.</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>
Direct emissions (SCOPE 1) ⁵¹	tCO ₂ e	40.592	39.519	41.255
Indirect emissions (SCOPE 2)-Location based ⁵²		22.253	18.856	22.041
Indirect emissions (SCOPE 2)-Market based ⁵³		-	-	-
Indirect emissions (SCOPE 3) ⁵⁴		46	24	25
Total emissions		62.891	58.399	63.321

The **emissions intensity indicator** records a slight increase (4%). By comparing the total emissions to the Group's production for 2021, the resulting indicator is 0.0238 ktCo2e/L products, **in line with energy consumption and values of 2019, more similar in terms of production levels than 2020.**

⁵⁰ Starting from 2021, the data also consider the emissions of the Madone and Assago sites.

⁵¹ The factors used in the calculation of the direct Scope 1 emissions, expressed in CO2 equivalent tonnes, are those included in EnEcoinvent 3.6 in its most updated version. Plus, consumption relating to cars owned by the Group is not relevant for the purposes of calculating Scope 1 emissions, since it amounts to 0.40 tCO2e for 2021.

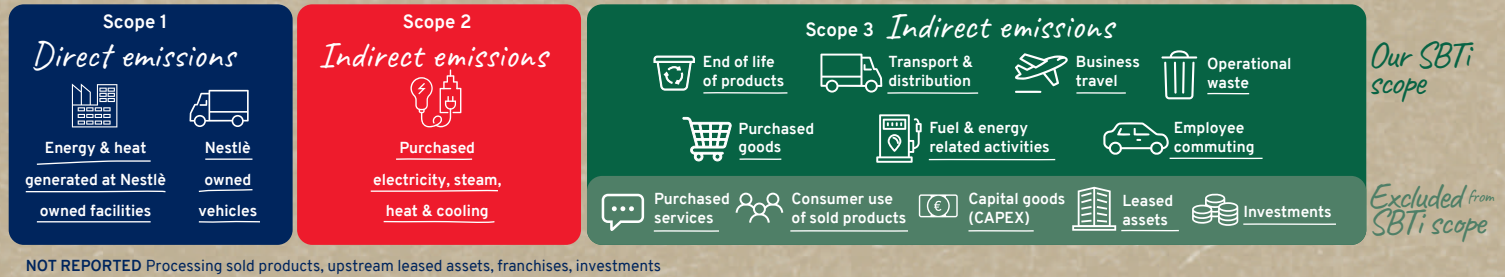
⁵² For Scope 2 location-based emissions relative to electrical energy, expressed in CO2 equivalent tonnes, the emissions factors of the most updated version of EnEcoinvent 3.6 were used. It is also necessary to consider that Scope 2 emissions relative to the Assago site where part of the Sanpellegrino Spa offices are located, are directly accounted by Nestlé Italiana Spa.

⁵³ For Scope 2 market based emissions, considering the acquisition of 100% renewable electrical energy with certificates of guaranteed origin, an emission factor of nil was applied.

⁵⁴ Indirect Scope 3 emissions, referring to trips in rented cars (diesel and petrol) are calculated using the emission factors published by the Department for Business, Energy & Industrial Strategy (BEIS) in editions 2018, 2019, 2020 and 2021.

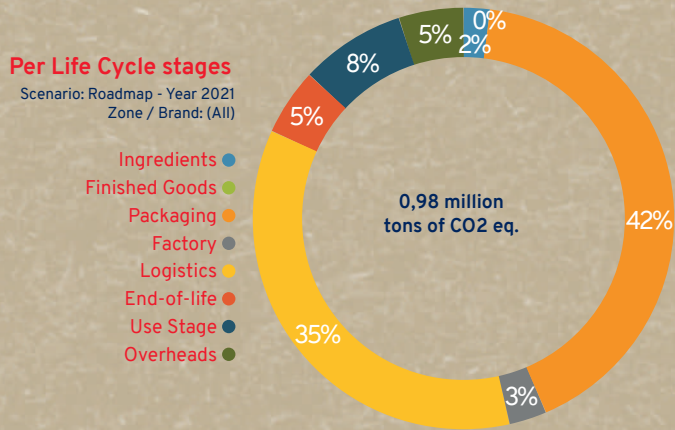
The life cycle of our products

For the first time in 2020 the Group conducted detailed analyses - **Life Cycle Assessment** using 2021 as a baseline year - with the goal of understanding which processes are most impacting for each San Pellegrino Brand in terms of climate-altering emissions. The Life Cycle Assessment is, in fact, an objective method of assessing and **quantifying energy** and environmental loads and potential impacts associated with a product/process/activity **throughout** the whole life cycle, starting from the acquisition of raw materials up to the end-of-life stage. This process was then repeated at the end of 2021 on the year's data and then subject to **an independent review** by consulting firm **Quantis**. The perimeter for LCA is broader than the one considered for the calculation of the Net Zero objective by 2050, which follows the SBTi - Science Based Targets initiative⁵⁵ method, as one can surmise from the figure below:



The data collection process began in december 2021 and finished in January 2022, involved the structuring of systemic collection articulated into streams: **manufacturing, packaging, logistics and finance**.

The perimeter for the LCA, relative to the manufacturing area, includes the plants of **Ruspino, Scarperia, San Giorgio in Bosco and Cepina**⁵⁶. As for packaging, on the other hand, extremely detailed data was considered for each available format, including the weights of the label, cap, % of recycled material etc. For logistics, in addition to the local level data, market level data was also collected to quantify the impacts of exports on an international level. Lastly, on the finance side, data relative to capital goods and services over 2021 were collected.



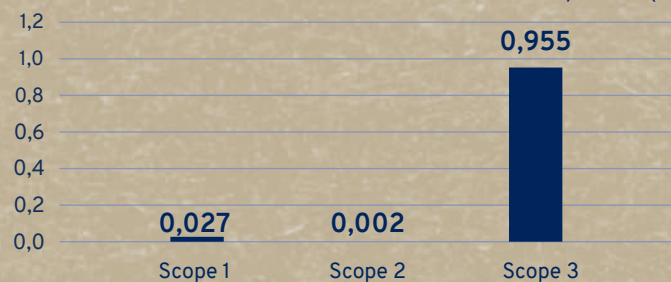
Packaging (42%) and logistics (35%) emerged from the results as the most critical phases. The manufacturing sites (3%), on the other hand, have a less significant impact thanks to the energy efficiency initiatives carried out in recent years, which have contributed to a valuable reduction in their emissions.

At an emissions level the LCA includes scope 1, 2, 3, the last one representing about 97% of the total emissions. The greatest impacts lie in the logistics and in the packaging, while the manufacturing component only represents 3% of the total emissions. The results of the LCA help guide in the implementation of initiatives and activities aimed at reducing environmental impact all-round, for all of the Brand's products included in the perimeter.

Per Scope

in Mio ton CO₂ eq.

Scenario: Business as usual- Year 2021
Zone / Brand: (All)



⁵⁵The Science Based Targets initiative (SBTi) is a collaboration between CDP, the Global Compact of the United Nations, the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF), founded in 2015 to help companies set emissions reducing objectives. In October 2021 SBTi developed and launched the first standard, on a global level, for net zero, by providing the framework and the tools for companies to set net zero objectives based on scientific data and limit the increase of the global temperature to above the pre-industrial levels of 1.5 °C

⁵⁶ Flavorint of Madone and the Assago offices are not included in the calculation.

Water resource management

Sanpellegrino implements every possible action aimed at mineral water protection and guarantees the **regeneration and restoration of the hydrological** cycles in the areas where they operate. To this regard the Group collaborate with local bodies and operate in a customised way based on the areas, the specific needs and issues, through a broad approach, that is not limited to production activities only.

The use of industrial water has been significantly optimised over the years, thanks to investments made in water and processing systems.

During the bottling process, maximum care is taken to reduce water waste through interventions on filling machines and on regulation mechanisms.

In 2021 the average consumption per litre of bottled water⁵⁷ was 1.08 litres⁵⁸ a sharp drop (-38%) compared to 2020, the year in which the San Giorgio in Bosco factory largely switched from producing water products to soft drinks⁵⁹. The cogeneration system implemented, besides ensuring the reduction of consumption and emissions, has led to a decrease in the water used for cooling the plants and for washing lines and returnable bottles, thanks to the possibility of reusing waste heat⁶⁰, thus reducing an amount of consumption corresponding to several mega litres of cubic metres of water. At the Sanpellegrino Terme factory the industrial water withdrawn is microfiltered and used to rinse empty glass bottles before filling. This water is then collected line by line and, after passing through a filtering and chlorinating plant, is used to fill pasteurisation, bottle washing and crate washing tanks. Part of the water used for processing is then returned to surface water courses, after specific purification, straining and pH neutralisation treatments both within the factories and in the consortium purifiers. In addition, some waters require treatment in specific homogenisation tanks before being sent to the consortium purifier.

Purification treatments and discharge processes, which potentially are the only polluting activities of the Group, are controlled and monitored on a monthly basis (even though AUA⁶¹ only requires one annual control) to verify the quality levels of the emission, thus ensuring that no pollutants at all are released into the water (surface, underground, soil, subsoil). To date, there have been no episodes that compromised the quality of water and of the surrounding ecosystems.

The total water withdrawn of both natural mineral water and of the water necessary for the operation of the plants was 4,600 mega-litres during 2021, thus registering a decrease of 22% compared to 2020. 100% of the water withdrawn comes from underground water and never from areas under water stress.

<i>Water consumption</i>	<i>m.u.</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>
Water withdrawals		4.654	5.918	4.600
Water discharges	mL	1.706	1.476	1.702
Total water consumption		2.948	4.442	2.898

⁵⁷ The published data vary in comparison to what was published in the 2020 edition of the Report as the data collection method was refined. The perimeter was also extended, which began to include the Madone site starting from 2021 and for the four-year period it also considers the San Giorgio in Bosco factory, previously excluded for the factory's production transition from natural mineral water to Sanpellegrino soft drinks.

⁵⁸ This data is calculated based on the water consumption of the factories, i.e. the total withdrawals that the water discharges are subtracted from for each factory, on the total number of litres produced in the reporting year.

⁵⁹ In 2020 the San Giorgio in Bosco factory switched from Nestlé Vera natural mineral water production to Sanpellegrino soft drinks production, a business that requires greater water consumption. Over the course of 2021 the Nestlé Vera trademark was sold to a third party and this has implied a substantial drop in production, which is therefore reflected in water consumption. In fact, if you consider that the drop in water withdrawals of the San Giorgio in Bosco factory is 66% compared to 2020.

⁶⁰ This heat is used in the form of hot water and steam.

⁶¹ The annual analysis requires the following parameters: pH, sulphates, nitric acid, total phosphorus, surfactants.

Waste management

Sanpellegrino implements activities and strategies that are always aimed at recovering useful materials from waste with the purpose of reusing them, thus transforming waste material into a resource. For this purpose the Group has an agreement with **HeraAmbiente** which ensures that **100% of waste** coming from the factories is sent to **recovery**⁶².

This agreement guarantees as complete and traceable management assuring a high quality of the recovered waste as well as significant cost savings.

The Group ensures constant monitoring of the produced waste, for a total of **14,581t**⁶³ in **2021**, up 15% in comparison to 2020 but essentially in line with 2019, with similar production level.

<i>Generated waste</i>	<i>m.u.</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>
Hazardous waste		553	506	352
Non-hazardous waste	t	13.926	12.116	14.229
Total waste		14.479	12.622	14.581

Of the waste generated in 2021, only **2% is hazardous waste**, a reduction of **31% compared to 2020** and **36% compared to 2019** (year with similar production levels). Of this hazardous waste, the main “sludges” are from substances and non-ferrous metals, while 98% is non-hazardous waste, such as paper, cardboard, plastic, wood and glass packaging.



⁶² Except for the factory in Madone where 125.9 t of non hazardous waste, i.e. 0.8% of the total, was sent to disposal.

⁶³ Since 2021 the reporting perimeter has been extended to the Madone factory, while the waste produced at the Assago site has been included in the Nestlé Italia S.p.A. reporting.

04. / 02 Our product packaging

Combining product functionality and safety with the **reduction of the environmental impact is fundamental at Sanpellegrino**. This is why the Group is committed to the study of new materials, processes and innovative technologies. With this in mind, the Group has outlined several lines of action: from an increase in the percentage of recycled material in bottles and packaging, to a constant lightweighting of bottles and cans, also minimising the elements composing the packaging. Lastly, the promotion of awareness-raising activities for consumers concerning the correct recycling of materials.

Primary packaging



PLASTIC: PET & R-PET

- Recyclable PET bottles
- Label: recyclable
- Cap: recyclable
- Glue: not recyclable



GLASS

- Label: recyclable
- Cap: Not recyclable (aluminium, incl. plastic)
- Glue: not recyclable



ALUMINIUM

- Tab: recyclable

Secondary packaging



FILMPACK

- 100% recyclable PE or RPE shrink-wrap packaging



FRIDGEPACK

- 100% recyclable cardboard packaging that completely wraps the product



CLUSTERPACK

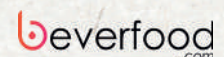
- 100% recyclable cardboard packaging with side opening

DIGITAL CORNER



Levissima, between technology and sustainability

Thanks to new equipment, in the summer of 2021 Levissima launched the use of latest generation LDPET material which makes it possible to recycle the sleeve together with the PET bottle, without having to separate it, therefore recycling the entire bottle. Levissima uses this type of label in the ISSIMA reference.



PET and RPET

PET is a type of plastic that is mainly used for bottles containing food-grade liquids because of its distinctive characteristics, i.e. it is transparent, safe, light, shock-resistant and also **100% recyclable** in addition to being potentially reusable for multiple purposes. Sanpellegrino has introduced an increasing use of R-PET in its plastic bottles over the years, and has proactively committed to communicating the 100% recyclability of this packaging to consumers. In **2021, 4,659 tonnes of R-PET were used**.



Acqua Panna
1 L: 100% R-PET
for the USA
market 100%
PET



S. Pellegrino
0.5 L: 25%
R-PET



Levissima was the first in Italy to launch two 100% R-PET products: the 1 Litre and the 0.75 cl (natural) with 50% R-PET shrinkfilm. At the beginning of 2022 the 100% R-PET 0.50 cl (natural and carbonated) was also launched.

The Group's goals for the use of R-PET (recycled PET) are particularly ambitious and are detailed for each brand (see pg. 26-27). The work required to achieve circularity objectives must be collective, i.e. it must be performed alongside suppliers, recyclers and institutions in order to actively contribute to the development of a **recycling chain** capable of feeding an actual recycled PET market. Indeed, the contribution in this sense can be very significant if we consider that PET may be recycled for an almost **unlimited number of times and, through** the current processes of mechanical recycling and mixing with a percentage of virgin material, it may maintain the chemical and physical properties that are suitable for the preservation of beverages.

Glass

The glass range, mainly S. Pellegrino and Acqua Panna, is intended for the best restaurants and cafés around the world. There are two types of glass bottles: “disposable glass” and “returnable glass”. With “returnable glass”, after being used bottles are collected and returned to the which then in turn washes and sanitizes the bottles in order to make them reusable for multiple time. 100% of Levissima glass inventory is composed of returnable glass, while Acqua Panna and S. Pellegrino’s returnable glass is respectively 38% and 30% of their glass portfolio. Additionally, on average, for a glass bottle, **the percentages of recycled glass being used amount to about 60% green glass and 20% white glass.**



Recyclable glass and secondary packaging of only cardboard without the use of plastic
60% recycled green glass
20% white glass

Aluminium

Aluminium is infinitely and 100% recyclable. Together with virgin aluminium, Sanpellegrino also uses recycled aluminium. Specifically, it requires its suppliers to ensure that production is aligned with the **percentage of recycled materials on the market, which amounts to approximately 65% on a global level, in line with the European market.**

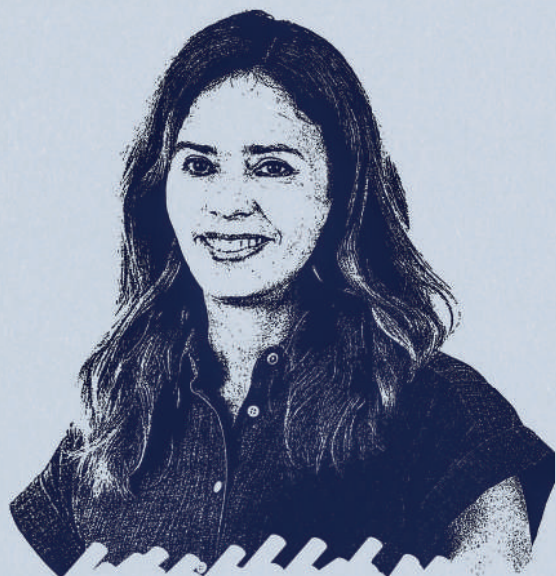


Primary packaging: cans 100% recyclable and eliminated the use of plastic in the secondary pack: clusterpack or fridgepack, in replacement of plastic shrinkfilm

65% recycled aluminium

“

Sanpellegrino aims to achieve increasingly circular packaging



Fabia Ruggeri
Sustainability & Corporate Affairs Lead

The attention focused on the sustainability of packaging, in terms of recyclability and use of recycled materials, especially plastic, is ever increasing. Sanpellegrino Group is one of **the founding members of Coripet**, a voluntary consortium authorised by the Ministry of the Environment for the collection of and preparation for recycling of PET bottles for food-grade liquids, a 100% recyclable material. To date, the Consortium has **53 members and is composed of recyclers, producers of pre-forms, companies** in the sector of natural mineral waters, soft drinks, milk and olive oil.

Coripet collects PET bottles through two channels: **traditional sorted waste collection** and the selective collection of

PET bottles through **eco-compactors** set up in areas of high traffic, such as, for example, mass retail stores. This form of collection ensures the high quality and **hygiene standards set forth by the European Food Safety Agency (EFSA)** for the production of food-grade recycled PET production, usable for the production of other bottles. This channel therefore represents an important tool for the development of a “bottle to bottle” circular economy.

On top of this, Sanpellegrino is committed to teaching consumers about sorted waste collection and the value of PET which, if collected correctly, is a resource and not waste.

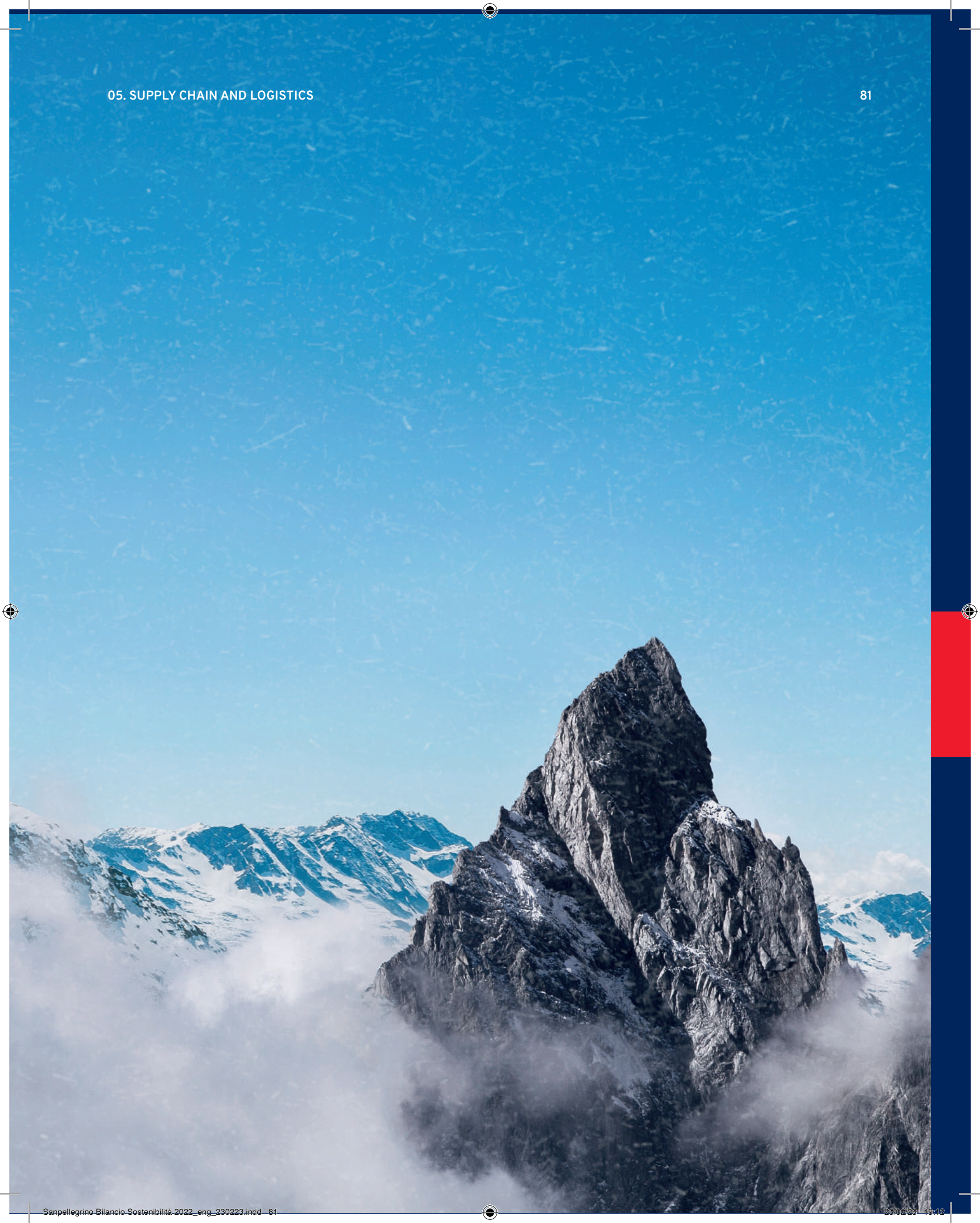
With this in mind, during the summer of 2021 the Group installed **12 compactors** at the picnic areas of some summer camp grounds and beach resorts (see Sustainability with our customers pg. 63), **collecting about 1 tonne of PET, the equivalent of two road trains.**

Sanpellegrino commitments to ever more sustainable packaging is not limited to plastic and also extend to other used materials.

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05. Supply chain & logistics

The Group has established a series of principles and standards to allow everyone involved in a purchasing activity to best understand the Procurement principles at Nestlé, set forth in the **Nestlé Procurement Policy**.



05. / 01

Supply chain management: collaboration, sustainability and transparency

The approval and selection process for suppliers of raw materials, packaging materials, promotional articles or other materials that come into indirect contact with the food products is governed by the Vendor Approval Process Standard, which involves an assessment of the following aspects:



All suppliers are asked to fill in a questionnaire on Ariba⁶⁴ concerning the **Quality and Responsible Sourcing Standard aspects**. Moreover, suppliers of raw materials and packaging materials are required to hold or endeavour to obtain a **certification recognised by the GFSI (Global Food Safety Initiative)**, that monitors the risks to food safety along the value chain. All new suppliers are subject to regular conformity audits by the Quality Team, at all production sites from which materials and products will be delivered.

⁶⁴ Integrated platform for the management of the entire procurement process from the first contact with suppliers to managing orders.

The Group's Responsible Sourcing Standard⁶⁵ describes the *requirements and the working means* that are applied to guarantee **long-term sustainable supply of materials and services and to reach preset goals**, in particular with a view to constantly reducing the impact **on the planet's resources**. The requirements apply to the entire upstream chain and are mostly addressed to the Group's procurement Team and to everyone who has a direct commercial relationship with the Group (so-called Tier I Suppliers, and all affiliates), Tier II Suppliers (intermediaries) and to suppliers of "at source" services, those responsible for the production of raw materials.

All (100%) Sanpellegrino suppliers operate in compliance with the defined procurement policies, subscribe to and apply the principles contained in the "Nestlé Responsible Sourcing Standard".

The Standard contributes to the implementation of the Group's commitment to the OCSE Guidelines for multinational enterprises, the ILO fundamental Conventions and the United Nations' SDGs.

Within the Sustainable Procurement Programme involving tier 1 suppliers who exceed the turnover threshold of 500.000 CF (Sustainable Sourcing Tier 1), the Group verifies conformity with the standard by its direct suppliers, conducting independent audits by accredited companies which **adopt SMETA (Sedex Members Ethical Trade Audit) or ECOVADIS** practices which are compulsory for assessing sustainability, environmental and social performance (in relation to work, health and safety, transparency and business ethics⁶⁶).

This process makes it possible to identify **improvement targets**, thus contributing to the design and implementation of dedicated projects. Should non-conformities or gaps be encountered, the supplier must adopt an Action Plan with precise deadlines, the implementation of which will subsequently be verified by the auditor.

Any failed improvements by the suppliers or failure to take part in the audits may also result in their exclusion from the Group's supplier panel (so-called delisting).

⁶⁵ The Standard is divided into 5 main sections: the first is dedicated to sourcing practices, the second to the management of Tier I suppliers with regard, for example, to compliance matters, the protection of human rights, health and safety, the workplace environment, the conservation of nature and of the territory, as well as the commitment to Plastic Packaging Stewardship. A third chapter is dedicated to intermediaries upstream the supply chain, i.e. any entity involved in the manufacture, procurement or production of services or materials that has a contract with the Group via Tier I suppliers, in particular with regard to the obligations of transparency and due diligence in relation to the management of people, the protection of the environment and of animals. The fourth chapter concerns due diligence with regard to the origin of raw materials, packaging materials and services, i.e. in relation to the primary production site or the collection of materials (forest, land, or sea) and, for services, the entity tasked with creating or making the physical delivery of the services contracted by the Group. Lastly, the last chapter deals with performance reporting in terms of initiatives implemented in favour of constant improvement and any violations.

⁶⁶ The certificates of this ethical audit are available on the SEDEX platform (Supplier Ethical Data Exchange).

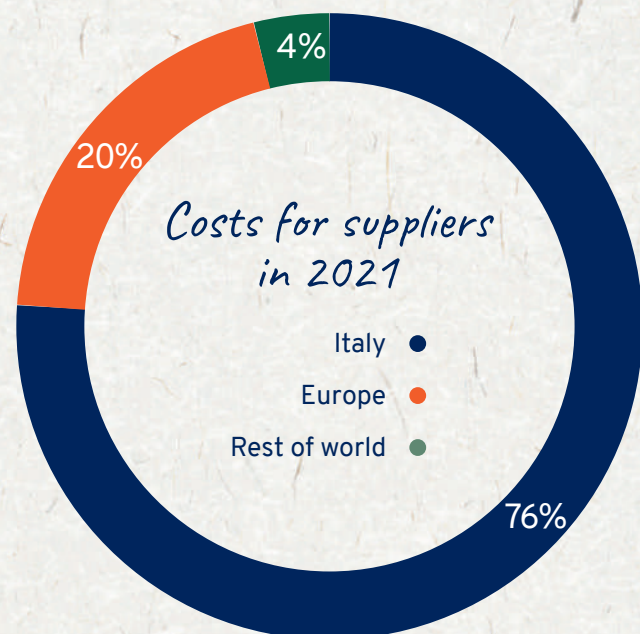
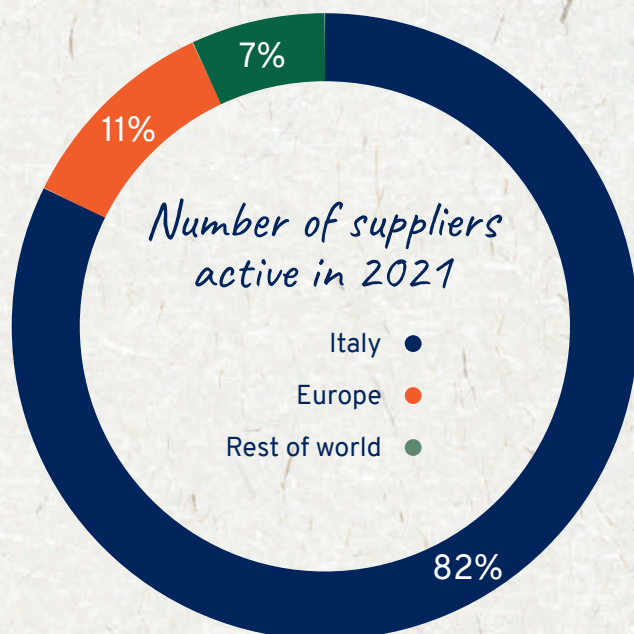
The suppliers assessed based on the Sustainable Procurement programme represent 64% of the Group's total turnover.

Aside from checking the compliance of direct suppliers with the Standard, the Group has identified a list of 15 raw materials, whose management and procurement may potentially be of higher risk in a Responsible Sourcing context. For this purpose, together with the suppliers and direct partners, the Group has drawn up a map of upstream procurement in order to then perform assessments of the companies concerned. In many cases this process launched has led to the identification of issues that require significant and long-term interventions to render them effective and efficient and generate a truly positive impact.

All Sanpellegrino suppliers are constantly monitored and assessed through a Vendor Rating system on the Performance level which is based on the Vendor Evaluation Scorecard (VES), which assesses 3 dimensions: On-Time, Quality and Quantity

The Group manages the supply chain by prioritising, whenever possible, collaboration with local suppliers, in view of valorising the local area and supporting excellent local products, especially in relation to juices, which use 100% Italian raw materials.

1,405 suppliers in 2021, of which 82% in Italy



Sanpellegrino Group provides suppliers with traditional **engagement** tools such as channels and email, and the Ariba platform, for all requests for information or estimates.

Another tool available to the Group is the **SEDEX platform**, used as a repository for the Sourcing Audit Manager of tier 1 suppliers.

*For its suppliers, the Nestlé Group has also implemented a **Supplier Portal**, an online platform in support of effective and efficient collaborations between the Group and its supplier base around the world.*

As of now the Suppliers Portal is used by Sanpellegrino for suppliers identified as pilot and only for some types of documents. The objective of the Group is to broaden the use of the Portal to all suppliers on world level, given the significant potential of the tool.

In fact the portal grants active suppliers secure access to important processes and tools, such as information related to the contracts, to the tools to manage sustainable procurement activities, such as purchase offers, orders, deliveries and payment.

From the Portal, suppliers access KYS, the **mandatory evaluation Programme**, which aims to guarantee a higher level of supply chain transparency, through digital due diligence processes: the compliance Programme, in fact, makes it possible to assess the supplier's exposure to risks with regard to international sanctions, fraud, regulatory matters, corruption or other criminal actions, terrorism and money laundering, financial assessment and stress. Furthermore, the Portal offers a space for estimating the environmental impact, in particular in terms of emissions, of the components of the raw materials supplied.



05. / 02

Logistics: The journey from source to table

*Sustainable logistics falls under the priority areas of intervention defined in the **Environmental Sustainability Policy**⁶⁷, which itemises the commitments in terms of optimisation of the loads and the use of cutting edge vehicles, reducing empty load km and constantly revisiting the strategic distribution networks, through the use of efficient technologies and the application of the sector's best practices.*

Sustainable logistics requires an upgrade of the distribution processes and a change in the configuration of the infrastructure of the intra-logistic systems, such as a close management of the fleets and goods storage. Most of this distribution is based on **solid partnerships** that favour monitoring environmental performance and improvement of the efficiency of the Group's network by reducing km, fuel consumption and therefore emissions as well as road noise and congestion. **Sanpellegrino has defined strategic cornerstones for logistics:**

1. Use of rail transport and load optimisation

Where possible, using less polluting vehicles and maximizing the potential of single transports carried out, thus ensuring the optimal amount of transports.

2. Careful choice of logistics operators

In order to ensure vehicles that are aligned with European regulations (Euro5 and Euro6) and companies that make environmental sustainability their mission and to ensure the use of vehicles with a low environmental impact.

3. Creation of logistical partnerships in order to reduce the environmental impact together

Creating virtuous partnerships with customers and logistics operators, thanks to which important milestones have already been achieved.

4. Education for road hauliers

Promoting training activities aimed at teaching behavioural rules for safe and less polluting driving.

⁶⁷ For more details see pg. 66

Sanpellegrino is committed to developing optimised, integrated and innovative logistics that uses all available tools to reduce the ecological footprint.

Within the scope of the **Life Cycle Assessment⁶⁸**, aimed at measuring the ecological footprint of a product along its entire life cycle, in terms of logistics, the Group has identified logistics as one of the areas that generates a greater impact (about 40% on average), where **there is greater potential for mitigating emissions**.

In a national context, which is traditionally based on the logistics of road transport, in fact, the innovation of heavy goods vehicles can be extremely significant, not only in reducing the Footprint of specific products, but also in terms of renewal and creation of opportunities of entire industrial supply chains. Sanpellegrino monitors the flows by transport mode under various aspects: brands, transported litres, travelled km, etc.

The study and constant improvement of the flows includes the use of all means of transport that replace “road transport”, with a prevalence of **rail transport**, wherever possible, and the experimentation and application on an increasingly broader industrial level of alternatives to diesel, such as the transition to LNG (liquified natural gas) and BIO LNG.

Today, the sustainable logistics strategy ensures that Sanpellegrino products are transported via rail, ocean, and other low environmental impact fuel alternatives:



DIGITAL CORNER



Sustainable logistics: what is it and why is it important?

It means that it is fundamental for Sanpellegrino to adopt responsible behaviours to reduce CO2 emissions during the distribution processes, in order to ensure a sustainable planet for the future generations.



⁶⁸ For more information see pg. 74

Thanks to **ultralight transport trailers**, which make for an increase in the number of pallets per trip, it was possible to increase the payload and consequently reduce the annual trips.

Furthermore, the Group favours rail transport and is in fact Trenitalia's largest direct customer in consumer goods.

Since 2016, Sanpellegrino began to develop projects for the transport of goods via the use of **LNG (Liquefied Natural Gas)** fuelled vehicles, with significant emissions reductions. This at a time when the topic was absolutely pioneering and the infrastructures such as fuelling stations, across Italy were almost non-existent. In fact, compared to diesel vehicles, the aforementioned vehicles can reduce carbon dioxide emissions **by up to 15%, reduce emissions of particulate, including fine, to almost zero, and reduce NOx emissions by up to 90%**, thereby also representing an effective solution for local pollution reduction.

In collaboration with one of its Logistics partners, Maganetti Group, Sanpellegrino began using a fleet of heavy vehicles fuelled with Liquefied Natural Gas (LNG) for transport leaving the Levissima production plant.

The fleet of gas-fuelled vehicles, originally composed of 16 lorries, has gradually grown to comprise **30% of Maganetti Group's total fleet**. Similar agreements have since been signed with other logistics partners to cover an increasing share of transport with this type of fuel, for all of the Group's brands. To date, the distribution of LNG is more extensive, also thanks to an infrastructure that guarantees **more than 100 refuelling stations across the country**. For the Group, since the launch of the project, it was nevertheless clear that this solution was just a starting point.

The natural evolution of the commitments therefore translated into the transition to BIO liquefied natural gas, introduced at the start of 2021: according to a recent study conducted by the CNR, BIO-LNG reduces CO₂ by more than 100%, if one also considers the contribution of the gas production process itself.

In order to expand sustainable logistics projects, an investment of more than 4 million euros per year is planned, this to enlarge the use of biofuels in other territories where the company operates.



Francesco Marino
Logistic Engineer – logistics manager
for sustainability projects

Sustainable logistics represents one of the **fundamental pieces** of the puzzle to achieve **Net Zero by 2050**, as well as one of the most operable levers to help create virtuous multi-stakeholder systems. The implementation of **BIO LNG this year is a true game changer** for reducing emissions. In addition to being a scalable initiative, with a commitment that extends to other Nestlé businesses both in Italy as well as globally, is one of the most concrete contributions to sustainability in the country overall.

As part of the collaboration with Nestlé, Maganetti Group has signed agreements with a farming cooperative in Piedmont, **Cooperativa Speranza**, which launched a BIO-GAS production plant in 2020 for automotive use, with a capacity of 1500 tonnes per year, equivalent to the fuel of about 70 heavy vehicles per year. To date this project has made it for the Group to **save about 6,000 tonnes of CO₂** and for 2022 there is expected to be an increase in the numbers with the aim

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Sanpellegrino leading sustainable logistics

of, by the end of the year, fuelling 100% of Maganetti Group's fleet currently fuelled with LNG with BIO-GAS.

For **Levissima**, the brand which is mostly impacted by the project, this means using more than 900 tonnes of BIO-LNG, equivalent to **26% of the total km travelled by road**, starting from the plant, **with a subsequent 11% reduction in emissions in comparison to 2018**, and an expected removal of about 24,000 tonnes of CO₂ by 2025.

Implementation was made possible thanks to the committed participation of every player: it was necessary to involve the local community, so that the authorities and population were fully aware and on board with the objectives of the initiative. Indeed the process was closely tied with that of a more general local sustainable development which also has significant economic repercussions, as it allows circular entrepreneurial initiatives to grow, with alliances between big players and young and innovative production companies. This is how the synergy and collaboration in a virtuous supply chain therefore became a tool to fight climate change, to develop opportunities and create shared value.

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06.

Communities and territories

Through its modus operandi, Sanpellegrino places communities and territories at its center, promoting and stimulating co-planning towards an increasingly sustainable development.

From sources to production sites, protection is the prime guarantee for safe operations that are oriented towards future growth.

Every day the Group commits to the social and economic growth of the communities and supports the territories, by protecting ecosystems and biodiversity to help the future of the country and planet.



06. / 01 Looking after water resources

Sanpellegrino protects, with great diligence, the territories where the water resources are generated, preserving a constant balance between collection and the water table's ability to recharge.

THE SPRINGS

Natural mineral waters are distinguished by properties that depend on the place of origin of the source and the nature of the water table. As it travels underground, mineral water acquires mineral salts and trace elements from the rock that it flows through: mineral salts and trace elements are therefore an actual fingerprint that guarantees its uniqueness.

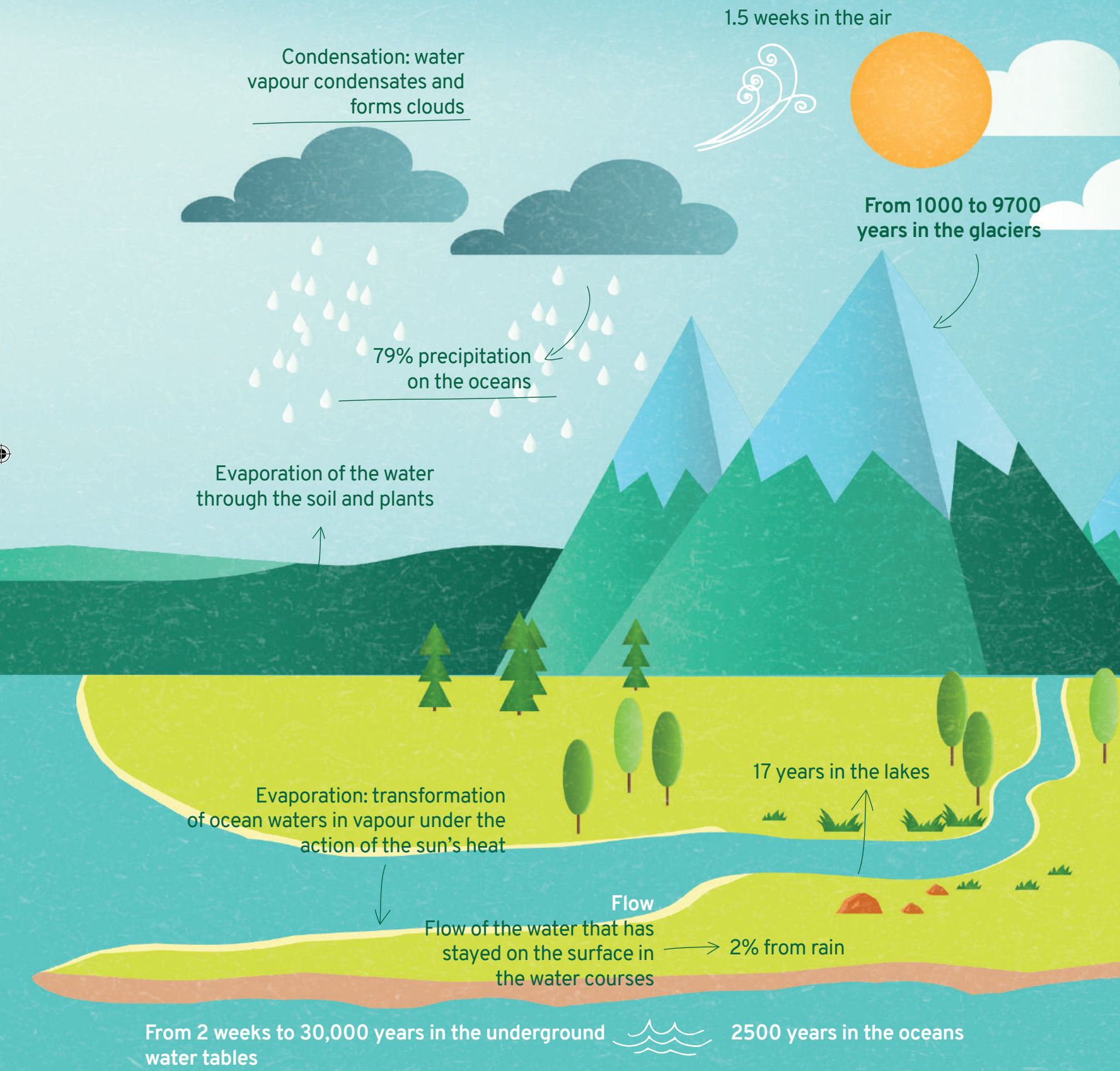
The abundance of deep water tables, the vast variety of rocks and geological structures found in Italy determine the conditions for the formation of many special mineral waters that differ from each other, characterised by their unique terroir, providing their special signature. Every natural mineral water is therefore the result of the natural environment that it springs from.

The natural cycle of water coming from atmospheric precipitation takes various routes: part of it supplies surface water resources, another part of it seeps into the ground, creating water tables (the water table is the boundary between the unsaturated zone and the saturated zone underground). Natural mineral water can only come from - as defined by the law - deep underground water tables, naturally protected above and below by a layer of impermeable material.

This characteristic naturally protects them from the risks of pollution from the surface.







Deep water tables are not directly supplied by atmospheric precipitation but from water soaking into the ground where it is permeable, in an area referred to as “recharging”.

The mineral water cycle

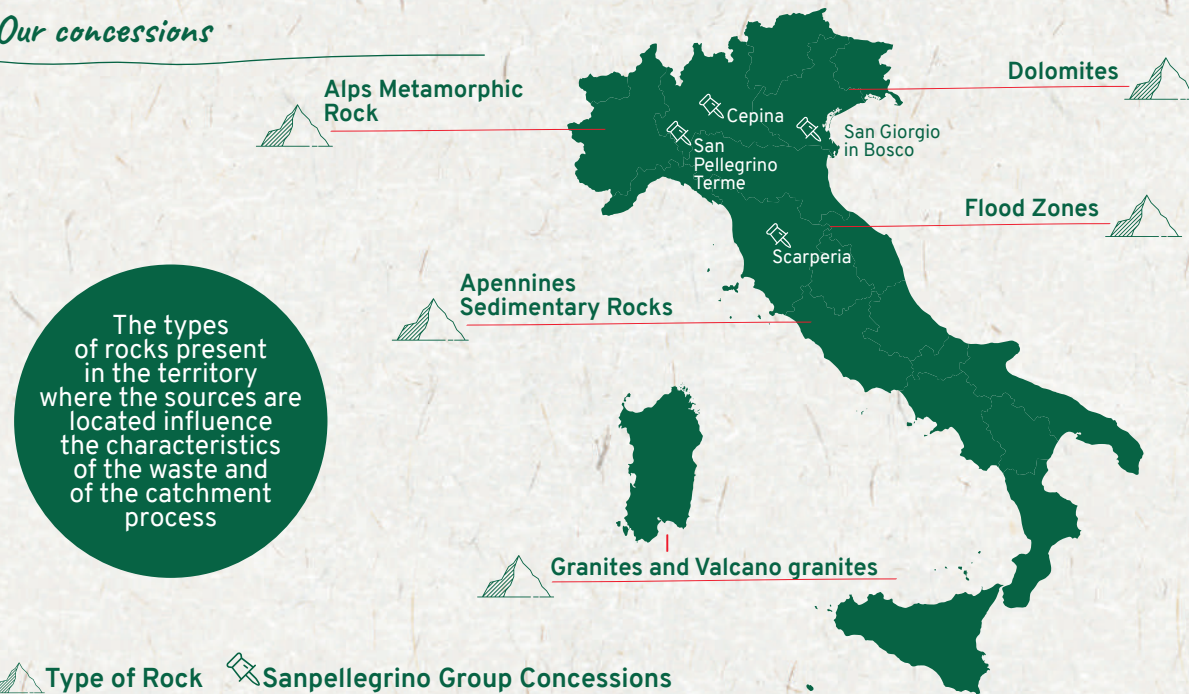


Italian law holds that, in order to be able to perform their activities, all natural mineral water bottling companies must hold the official authorisation to use one or more springs. This is known as a “**mining licence**” issued, for the areas where the springs are located, only to companies that can prove that they are able to manage the industrial cycle necessary for extracting, bottling and distributing the water preserving its original purity, the consistency of the composition, the health-related characteristics and maintaining constant the balance between catchment (withdrawal) and reconstitution of the water table. (Lgs.D. 176/2011)⁶⁹.

Pursuant to the regulatory framework, the mandatory requirements of a mineral water are as follows:

- 
Origin from a water table or an underground and protected deposit
- 
The original purity and its preservation
- 
The content in minerals, trace elements, **the composition, the temperature** and the other essential characteristics that stay constant over time
- 
Bottling at source
- 
Possible beneficial properties
- 
Approval by the Health Ministry

Our concessions



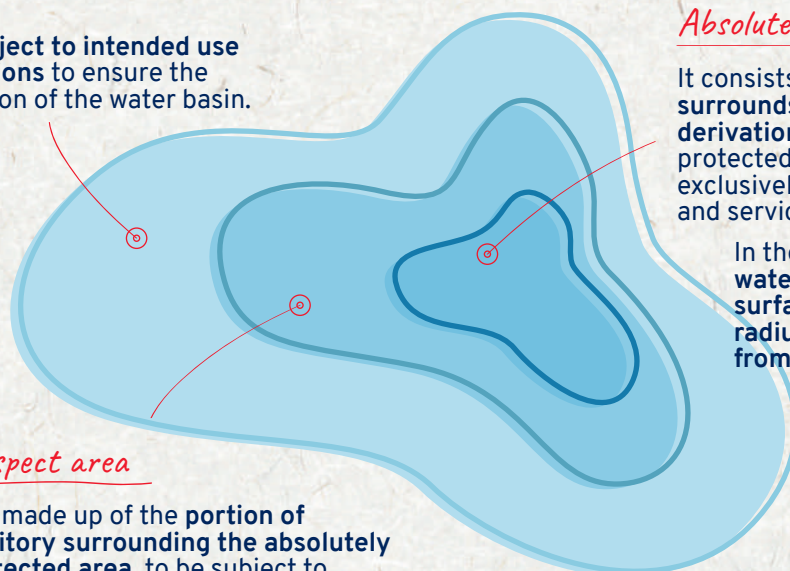
Given the interdependence of the economic activity of extracting and bottling with the hydro-geological context in which the sources are located, it is of fundamental importance that the **Group protects and constantly monitor the territory in which it operates**. The Single Environmental Act (Lgs.D. 152/2006) requires the establishment, around each natural mineral water source, of specific areas to be protected and of **related protective measures to be implemented**. These areas, identified based on thorough geological and hydro-geological assessments, should ideally be overlapping and lay down restrictions and protections which become more stringent with closer proximity to the sources.

⁶⁹ The closer the catchment point, the stricter the protection measures.

Protection area

This involves the recharge area is defined in accordance with the instructions of the regions (or of the autonomous provinces).

It is subject to intended use restrictions to ensure the protection of the water basin.



Absolute protection area

It consists of the area that immediately surrounds the catchments or derivations. It must be adequately protected and must be earmarked exclusively for catchment operations and service infrastructures.

In the case of underground waters, and, where possible, for surface waters, it must have a radius of at least ten metres from the catchment point.

Respect area

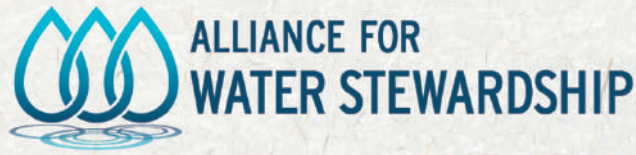
It is made up of the portion of territory surrounding the absolutely protected area, to be subject to restrictions and intended uses such as to protect the quality and quantity of the water resources collected.

In the absence of specific instructions by the regions (or by the autonomous provinces) it extends to a radius of at least 200 metres from the catchment point.

Regarding the protection measures of the sources and the catchment zones, Sanpellegrino implements superior measures than required by law.

In the catchment area, the buildings that protect the source are equipped with armoured doors, the area is monitored through intrusion sensors and video cameras, accessways to catchment facilities are traced and there are safety procedures in case of alarm.

Sanpellegrino also conducts scientific studies on aquifers and signs agreements with other operators working in the protected zones to implement the best management practices of the area: from the definition of the areas requiring greater protection to the identification of farming cultures and practices that do not jeopardise the water table.



Sanpellegrino embarked on a path towards obtaining the **AWS - Alliance for Water Stewardship** certification, an internationally recognised standard for the promotion of the sustainable management of water as a shared world resource. **The certification rewards the manner in which enterprises look after water resources in 5 key areas:**

1. Good Water Governance

The active participation in the effective and sustainable management of local water resources.

2. Sustainable water balance

Management of the resource to guarantee that the amount of water used does not exceed the natural recharging capacity of the water table.

3. Good water quality

Specific actions to preserve and improve the quality of available water resources.

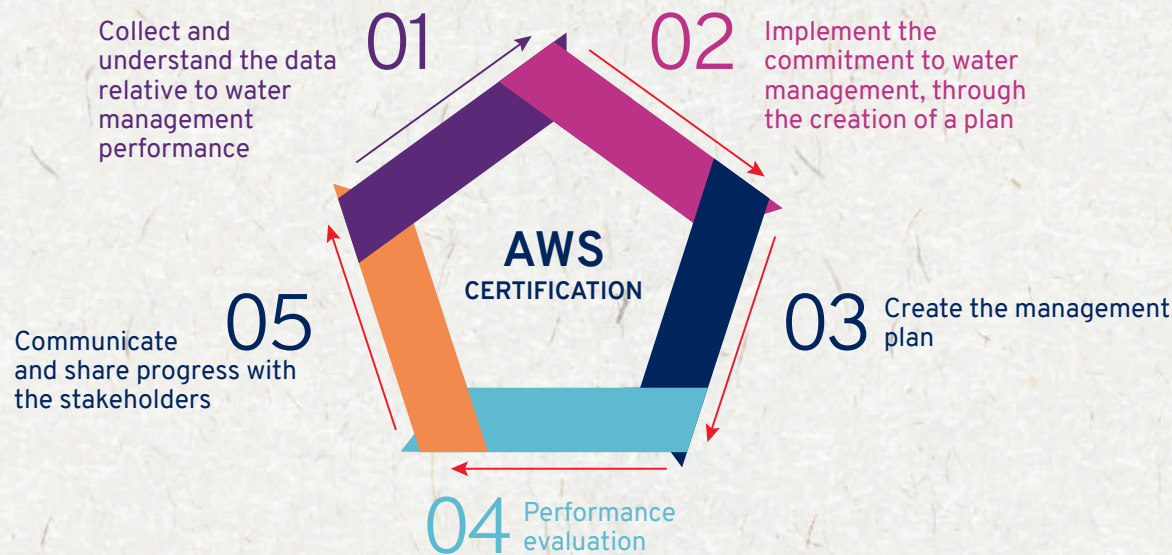
4. Preservation of territories

Identifying and planning the areas of the water basin that are crucial to the health and sustainability of the local water resources.

5. Safe water, sanitation and hygiene for everybody

Working to improve safe access to water and sanitation.

The standard was adopted through five fundamental steps.



To date, certification was granted (in December 2020) to the plant in San Pellegrino Terme, while the plants in Scarperia, Cepina and San Giorgio in Bosco will be certified by the end of 2022 and the other two by 2025.

DIGITAL CORNER



Protecting water resources

Sanpellegrino Group is committed to a sustainable management of water resources, aiming for the regeneration of local hydrological cycles through the certification of all of its plants in the Waters segment, based on the AWS standard.



06. / 02

How we protect natural resources in our territories

The proper and sustainable management of the water resources clearly cannot be separated from the preservation of ecosystems and biodiversity.

In various cases the Group's sites are located in areas distinguished by significant biodiversity, such as the Levissima mineral water concession situated west of the Adda River, to the east of which there is the Stelvio National Park. Or the San Pellegrino Terme plant which is situated near the Brembo river, which is characterised by a high population of brown trout. At both sites there is no interference between our operations and the fauna and flora of the park or river, confirming the correct activity conducted by Sanpellegrino.

In carrying out its activities, Sanpellegrino complies with all rules and regulations with regard to hydro-geological restrictions, to ensure the correct management of all types of operations that affect the territory. No conducted activity involves the introduction of species other than those existing in the reference areas and/or pathogenic agents.

There have not been reports of changes to the ecological processes, water, soil and air quality nor the reduction, alteration and/or loss of natural habitats and fauna caused by the activities carried out.

With a view to contributing to the well-being of the inhabitants of the establishments' communities and of the Community in a wider sense, Sanpellegrino agrees to make its knowledge and skills available by various means and on various occasions, through long-term collaboration relationships with local administrators and other strategic partners.

In this sense, the Acqua Panna plant, located in the Mugello area on the border between Tuscany and Emilia-Romagna, has become a true privileged observatory of Biodiversity.





Stefano Fioletti
Water Resources Project Manager

At the end of 2020 the Sanpellegrino company launched a project called “ **Acqua Panna’s source of biodiversity**”, a project in partnership with Federparchi which aims to begin a journey of protection and monitoring of biodiversity in a sort of open-air research laboratory, within a broader plan of ecosystem protection.

Over the course of 2021 a preparatory study was conducted to assess the flora and fauna species existing within the property in order to implement protective actions for those presenting a greater degree of risk.

The first action concerns the **protection of pollinators - bees, wasps, hover flies and butterflies** - whose survival is seriously endangered by climate change, the use of pesticides and intensive farming. Bee-hotels will be built, shelters built with wood, pines cones and perforated wood to increase the presence and sandy microhabitats to promote their reproduction.

Open-field crops will also be increased for the diet of hymenoptera, hover flies and butterflies, with the creation of hedges and rows of plants and fresh water microhabitats to promote the availability of water.

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Acqua Panna and the Source of Biodiversity

The protection of biodiversity is part of climate change mitigation strategies, with the implementation of forest and farming management aimed at maximising GHG absorption by the natural reserves, already significant considering the extent of the property which is 1300 hectares, 70% of which is forest. To this regard, Sanpellegrino has signed a **partnership with the Sant’Anna School of Advanced Studies** which has drafted the forest management guidelines, which also include innovative agroforestry practices.

The management plan is also a chance to optimise the hydrogeological cycles of the resource in the area, increasing the level of protection and helping the soil retain greater amounts.

An important project, also for recognising the value of Made in Italy: spreading the word of the environmental qualities of the origin in fact makes it possible to attribute even more value to the region of Tuscany, in the more than 150 countries where the brand is distributed.

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In the same way, Sanpellegrino promotes the glaciers project in partnership with the University of Milan.

Levissima natural mineral water is born in the water basins of the glaciers of the Dosdè-Piazzzi Alpine group and in the Forni Glacier in the Stelvio Park, locations that the Group endeavours to conserve and enhance, thanks to this collaboration. In fact, since 2007, Levissima has endeavoured to turn the Forni Glacier and the Eastern Dosdè Glacier into true privileged observatories with regard to the health status of the Italian “cryosphere” (snow, ice and permafrost). For more than ten years, thanks to this partnership, precious data, images and information have been collected to be shared with various research laboratories for the development of strategies for the mitigation of and adaptation to climate change.

DIGITAL CORNER



Levissima supports research on glaciers

For over twelve years Levissima has applied its commitment to protecting the environment, through various activities and projects, such as the study on Alpine glaciers.

in



Not only water... citrus fruits and the countryside

Sanpellegrino aims to develop in continuous harmony with the territories where it operates, and accordingly works in synergy with its suppliers to create the maximum value of the territoriality of the raw materials, and increasingly strengthen the commitment to the responsible management of the production chain.

Underlying this approach, the Group has identified some **key factors** which, jointly, are successful and crucial in ensuring the uniqueness of Sanpellegrino Soft Drinks:

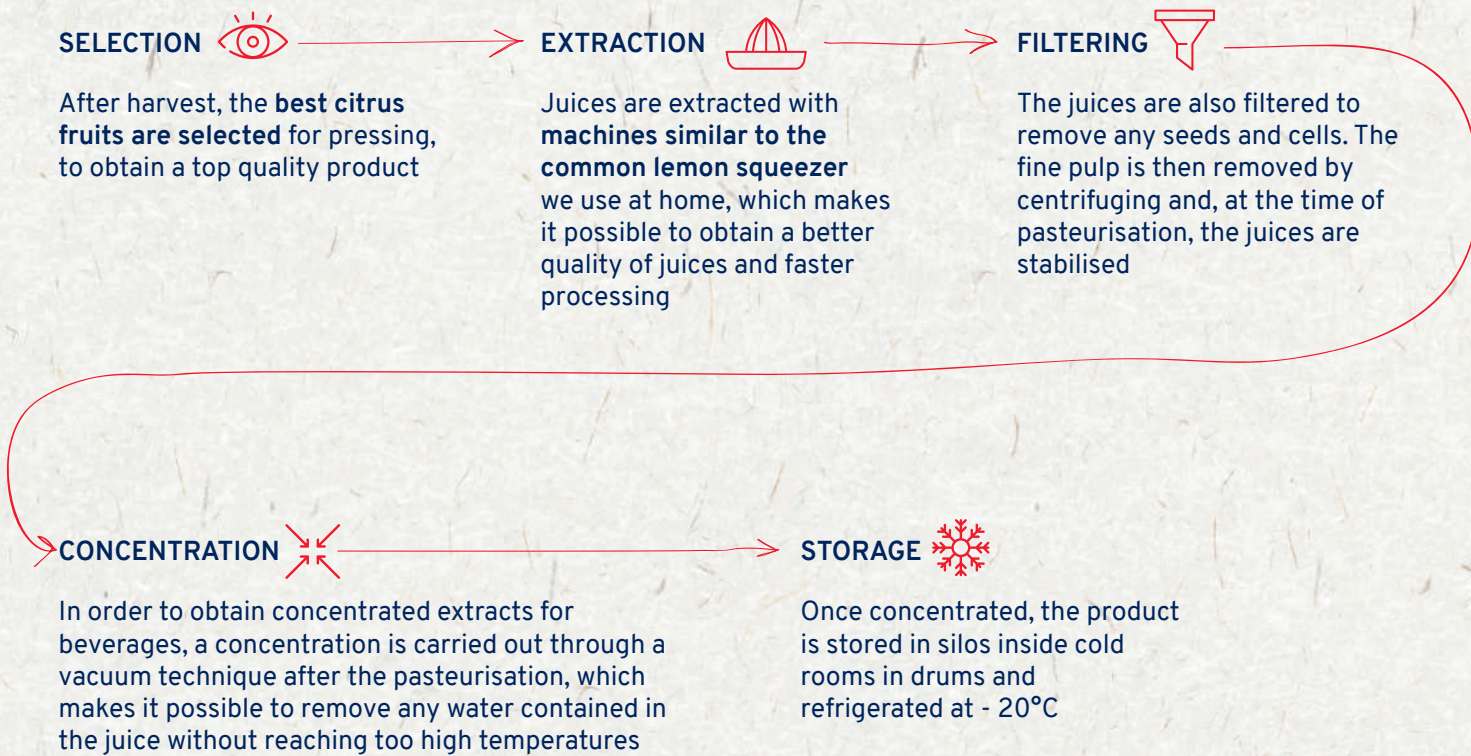


Such factors materialise in a **careful selection of ingredients** and in the proximity to the agricultural world which finds its ultimate expression in the **protection of the territory** and in the close **relationship** that has linked Sanpellegrino to its suppliers for generations, thus allowing the Group to carefully follow the whole process of the **production of products**, starting from the moment in which the citrus fruit grows on the plant until the moment in which soft drinks are served. The whole history of Sanpellegrino Soft Drinks is linked to the **Italian territory** which, with its citrus orchards in Sicily and Calabria, gives life to Mediterranean flavours and aromas, valuable raw materials and inimitable products. The territory and the area of origin, in fact, impart different characteristics to citrus fruits thanks to specific elements such as the sun, the winds, the availability of water, the conformation of the land, position with respect to the sea and the temperature range. The variation of even one of the aforementioned elements results in different properties, such as different degree of ripeness, brightness, acidity, different colour, flavour and size of the fruit.

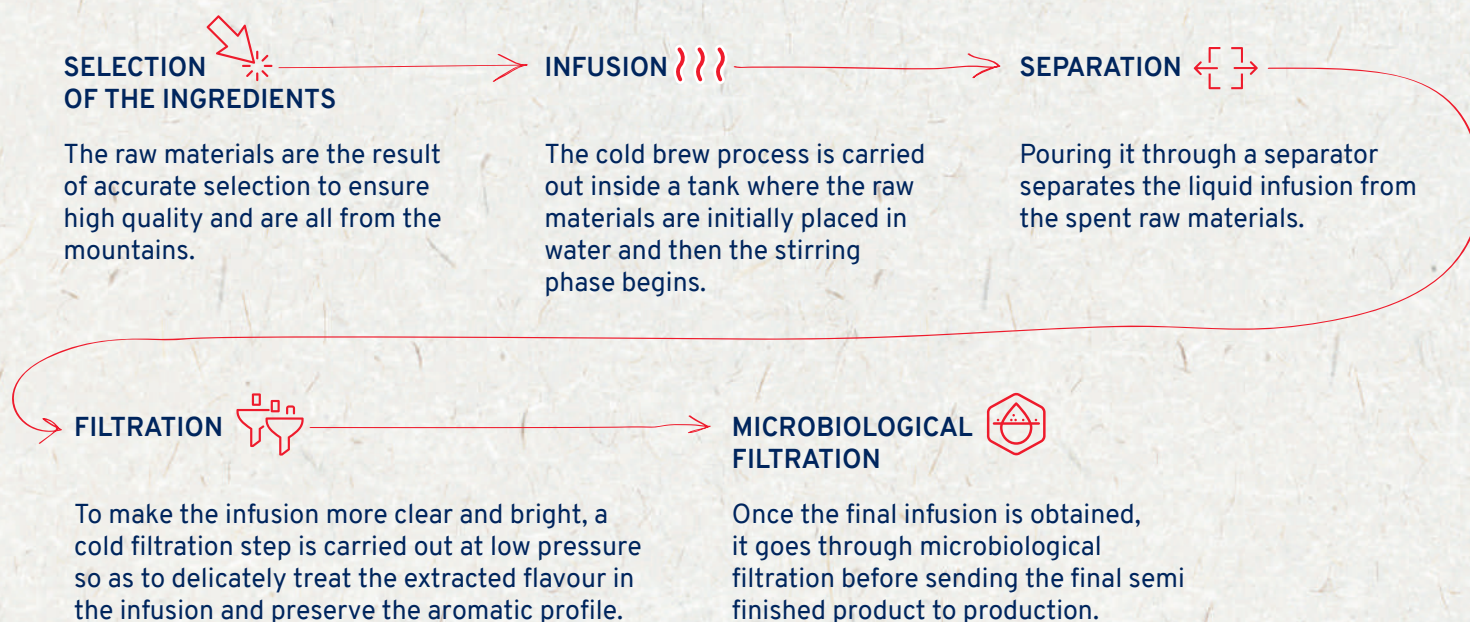
The high quality of Sanpellegrino Soft Drinks is ensured exactly by the use of excellent natural ingredients thanks to which the quality of raw materials is completely transferred to the finished products, thus maintaining the nutritional properties unaltered and offering the consumer a product of the highest quality with a list of ingredients, as short and as natural as possible.

The respect for the **natural cycles and seasonality** of citrus fruits and the harvest methods are key factors to guaranteeing the highest quality and excellence of Sanpellegrino soft drinks. Specifically, **the harvest times vary** in the countryside and are **determined by the individual characteristics of the citrus fruits and on the basis of the function and destination of the soil**; for example those that are intended for the harvest of best quality products or those intended for the industry.

The uniqueness of Sanpellegrino soft drinks lies in the combination of traditional manual harvest methods and innovative machinery for the extraction. The latter is carried out directly by Sanpellegrino partners, just after harvest. Expert hands wisely combine raw materials and manage any differences between fruits having different aromas and organoleptic characteristics, depending on the season, thus constantly ensuring that unique taste in every single drop over time.



In 2021, with the launch of Levissima Natura Infusa a Freddo (Cold Brew), the **cold brew process was introduced** (see pg. 57). The production of cold brews is characterised by the naturalness of the preparation process of the semi-finished products, as the only ingredients used for the brewing process are water, herbs, flowers or fruit. The brew is carried out cold, in order to leave the aromatic and sensorial profile of the beverage unaltered.



Throughout the whole process, the Group continuously **and constantly monitors supplies and raw materials**; subsequently, a screening of all productions is carried out in order to standardise and guarantee the quality and unique taste of the beverages, as well as to ensure careful management of any non-conformities of the product or of any complaints and reports.

In collaboration with Carbonsink, the group conducted an analysis aimed at verifying how regenerative farming in the Group's farm supply chain can aid Sanpellegrino in reaching its climate objectives and at the same time understand and investigate supplier farming practices, thereby identifying potential areas for the reduction and removal of emissions.

Indeed the aim of the project is to identify regenerative farming projects and scalable sustainable practices in the procurement chain.

The analysis was carried out on a sample of companies in the Sanpellegrino supply chain (4) and Biorfarm network (2) and a model was created that summarizes the practices implemented by the farms being examined.

The main areas of intervention are:

1. | **Actions to reduce** the use of fertilisers or the consumption of fossil fuels (e.g. industrial fuels)
2. | **Actions to remove** climate-altering emissions through cover crops, which have the purpose of keeping the soil protected with plants, thereby increasing fertility and quality. These actions are estimated to reach an annual removal of 1 tonne of CO₂e
3. | **Harvest residue management**, as sources of nourishment for the future crops, while improving the quality of the soil
4. | **The use of manure**, its application to farm soil is broadly considered to be a source of nutrients and a method for improving the organic carbon in the soil

The project has also led to the identification of **Climate Smart** practices to further reduce the carbon footprint, thereby reaching a mitigation **potential of up to 65%** of the emissions (reduction + removal) in comparison to the standard scenario, thanks to the support of irrigation methods, alternative energy sources and the use of increasingly efficient machinery (e.g. electric tools) which limit the use of fossil fuels.

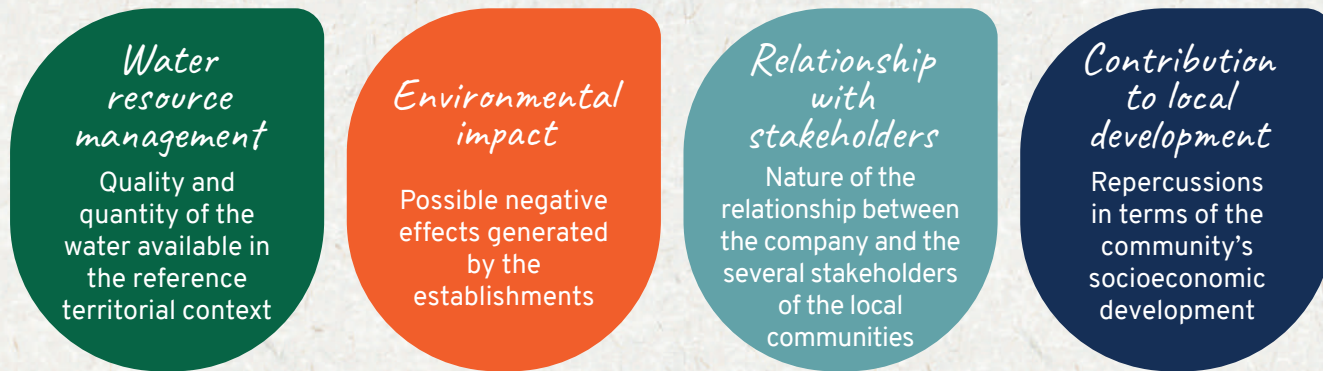
Sanpellegrino endeavours to make the results available of the project at the disposal of the affected farmers and partners, as a tool for spreading and identifying good practices for emissions reduction, with the aim of co-participating in investments for working towards shared objectives in a synergetic manner along the entire supply chain.

06. / 03

Growing together with our communities

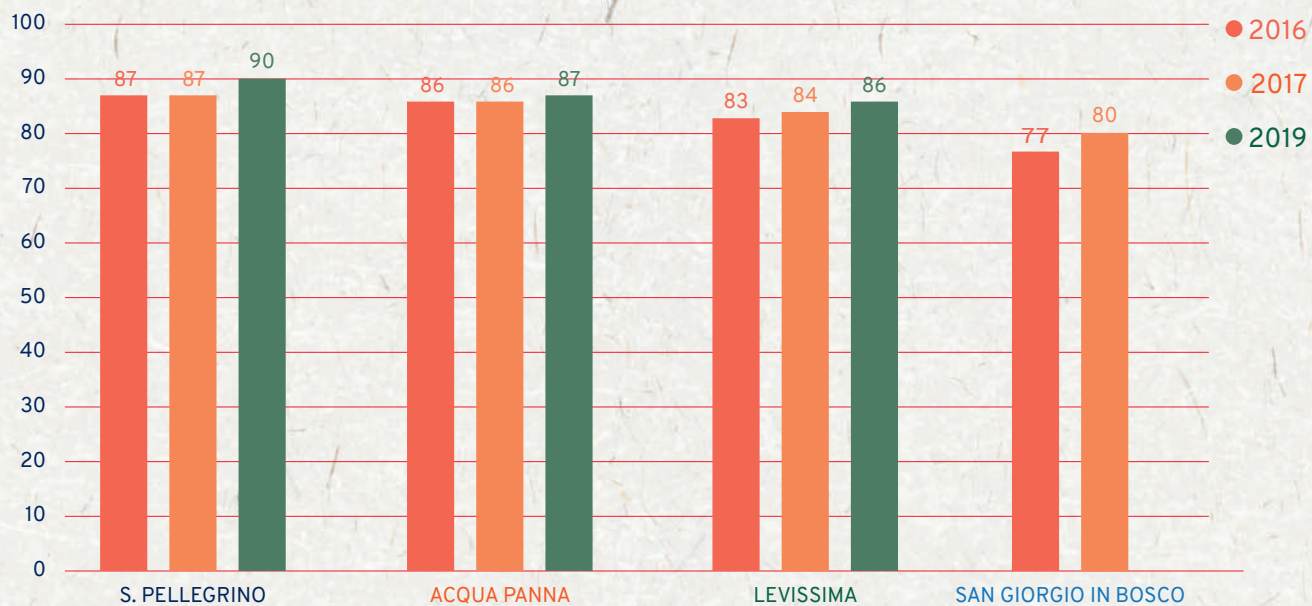
The Group has always developed close relationships with the communities where it operates and in addition to creating value through business activities, it often supports projects that have positive social and environmental impacts. For this reason Sanpellegrino periodically carries out **external surveys as part of the Community Relation Process**.

In 2019 the municipalities adjacent to the plants were involved in the survey through 1,000 interviews with the resident population, concerning four areas of analysis:



The results were analysed in order to identify any critical areas and any needs of the communities and, as a consequence, to assess the investments and projects to be implemented.

The effectiveness of the relationship with the communities is also assessed through the **Local Acceptability Index (for any further details please see pg. 21)**. In 2019, the LAI of Sanpellegrino, Acqua Panna and Levissima obtained an extremely high **representative score** of the local acceptance level between 86 and 90 in 2019, thus proving that the added value created was well perceived by the respective communities. The next survey will be conducted in 2022.



At the basis of the relationship with communities are the principles set forth in the Nestlé Purpose, Values and Business Principles:

“Helping to develop prosperous Communities that are able to react to change and allow better living conditions for those who live and work with us”.

These principles materialize as commitments within the Nestlé and Sanpellegrino sustainability strategies (see pg. 26-27).

In this sense Sanpellegrino applies two procedures “Procedure for making donations” and “Procedure for contributions to the Public Administration, Associations and Territorial Bodies” which define the principles of the relationships with the Communities, also identifying the engagement and authorisation process of the internal stakeholders. In 2021 the procedures for making donations and investments for the Communities to guarantee alignment with the company priorities in addition to defining a clear classification and measuring criteria, in a view of transparency. In these procedures the company has adopted the guidelines of the international B4SI (Business for Social Impact) standard.

B4SI is a global standard for measuring and classifying Corporate Community Investments, aimed at assessing the impacts that the contributions may generate on the community. The assessment is carried out based on the 3 pillars of the framework: Inputs, Outputs and Impacts.

	<i>Inputs</i>	<i>Output</i>	<i>Impacts</i>
Community investments route (Donations & Partnerships with local organisations)	<ul style="list-style-type: none"> • How; Why, What; Where 	<ul style="list-style-type: none"> • Business and social outputs • Leverage 	<ul style="list-style-type: none"> • Social impacts • Business impacts
Business innovation for Social Impact Route (Developing and adapting core activities to generate social impact)	<ul style="list-style-type: none"> • Financial investments; Additional resources 	<ul style="list-style-type: none"> • Business and social outputs • Leverage 	<ul style="list-style-type: none"> • Social impacts • Economic return
Procurement for Social Impact Route (Directing procurement costs to suppliers who aim to have a social impact)	<ul style="list-style-type: none"> • Expenses; time; inkind; management costs 	<ul style="list-style-type: none"> • Business and social outputs • Leverage 	<ul style="list-style-type: none"> • Social impacts • Organisational impacts and on the supply chain • Business impacts

The attention and dedication that the Group places on building, maintaining and strengthening the relationships with the community translate into countless initiatives, conducted either at Group level or by the single Brands.

1.1 million euros were invested in the communities in 2021, aimed at supporting them, promoting and supplying technical and scientific support in research activities on environmental projects.

Investments in communities	u.m.	2019	2020	2021
Sponsorships	Thousands	61.812	45.520	29.500
Donations ⁷⁰	of €	774.252	1.206.949	1.111.480
Total		836.064	1.252.469	1.140.980

Moreover, in 2021 Sanpellegrino donated 951,000 euro of Sanpellegrino mineral waters, soft drinks, juices and aperitifs, 737,000 euro of which went to the Food Bank, based on a framework agreement and ongoing collaboration with the red Cross.

On a territorial level, in 2021 the Group's brands supported the territory through the following initiatives:



- buying a defibrillator for “**Valtellina soccorso**”, in keeping with the company's commitment to promote health and safety
- sponsorship of the **Forum Ambrosetti-Community Food and Beverage** held in Bormio in June,
- in 2021, in Cepina, Levissima supported the **reclamation of a farming area of about 5000 sqm** intended for growing essences and vegetables using regenerative practices as a way to give back to the area where the last advert was shot in **Valtellina**, a film made according to the Albert protocol, an actual international authority on environmental sustainability for making films and adverts
- supports the local **ASD principles** with free products
- restored the **Triumphal Arch of the Arena Civica in Milan**, through a donation made under the Art Bonus (a tax credit to promote monetary donations in support of Culture).



- financed part of the restoration of the **Madonna del Vivaio Church**, an artistic asset and tourist attraction of the Territory
- an agreement of intent with the municipality of Scarperia and San Piero and the Regional Government of Tuscany to promote **tourism in the area, the sustainable growth and the protection, valorisation of the water resource.**



- sponsorship of the **Accademia Carrara Museum** (Bergamo)
- support for the **Ravasio Foundation** to promote and valorise the local tradition of puppet theatre
- support for **Visit Brembo**, an association of the major public and private players for the relaunch of the area
- the donation of a gazebo in **San Giorgio in Bosco**, so that elementary school lessons could be held outdoors, reducing the risk of Covid-19 infection.



- the donation of a gazebo in **San Giorgio in Bosco**, so that elementary school lessons could be held outdoors, reducing the risk of Covid-19 infection.

While **direct contributions** (in the form of money or goods) remain the most significant tool for supporting communities, initiatives **carried out to incentivise healthy lifestyles** and to promote and support **top quality food become even more important.**

DIGITAL CORNER



Regeneration Stories: the podcast about sustainability

Levissima continues with its Mission Regeneration, by becoming the promotor of key messages on environmental and social sustainability and for the regeneration of ourselves and nature. In each episode, Fabio Volo hosts 3000 protagonists at Chalet Levissima who share the same commitment to promoting and broadening “Mission Regeneration” as Levissima.



⁷⁰ Donations also include annual agreements signed with the Municipalities in support of the projects of the Communities.

Education for proper hydration and for recycling

The Group has set up the "Sanpellegrino Observatory", a consultancy space within which a pool of medical experts in various subjects is committed to disseminating information concerning correct hydration and to promoting, nationally and internationally, research and studies concerning scientific news related to water.



Thanks to the technical and scientific contribution of the **Observatory**, "**A Scuola di Acqua (Learning about water)**" was born, which is a completely free educational project promoted by Scuolattiva Onlus and implemented with the support of Levissima to teach children about how important water is for our health and the planet.

The project is mainly intended for elementary schools across the country and mainly takes place in classrooms and involves a rich and engaging program consisting of interactive learning sheets, a survey on hydration and recycling, and a multimedia challenge. The classes that participate are the stars of a challenge that involves them in issues that are core to Levissima, such as correct hydration and separate collection of waste, to be reintroduced into the production cycle. Over the years the project has involved more than 350,931 children.



The Group is also the official water of **MUBA in Milan**, i.e. a centre for the development and dissemination of cultural projects dedicated to children, where educational activities dedicated to children are performed on the themes of hydration and recycling.

Also for **World Water day**, on March 22 of every year, the Group raises awareness among its People about the importance of the sustainable management of the water resource through communication initiatives, events and by organising guided tours of the factories which are also open to the community, combined with workshops for children on environmental themes.



In addition, Levissima Brand, within the Regeneration project⁷¹, aims to actively contribute to the promotion of the shared use of natural resources to create a **positive impact**. The project promotes sustainable lifestyles, and especially focuses on the circular economy: starting with the plastic of Levissima bottles (PET), which is an actual resource when managed correctly. In this regard, in

June of 2021 at Cepina, Levissima supported the regeneration of a farming area of about 5000 sqm intended for essence and vegetable farming managed by a social cooperative and, in the adjacent area, intended for the construction of a recreation park, they will install, over the course of 2022, a fitness circuit made with recycled materials.

Additionally, within the notion of "**give back**" connected to the sponsorship of the **Milan Marathon 2021**, Levissima has supported the Milan municipality in **regenerating an area of Stelvio Park**, by reclaiming part of the gardens and putting in play equipment for children and outdoor exercise equipment to encourage the inhabitants of the neighbourhood to spend time together.

⁷¹ For more information see <https://www.levissima.it/progetto-sostenibilita-regeneration/>



S.Pellegrino supports gastronomic excellence

The S.Pellegrino Brand is on the front line in promoting and **supporting gastronomic excellence around the world**. In fact gastronomy has an impact that is able to reach beyond the kitchen in the strictest sense, helping make an important change happen. And if today gastronomy plays a pioneering role in promoting social and environmental change, S.Pellegrino intends to be an active part of this movement with the **S.Pellegrino Young Chef Academy project**.

The training platform brings together young talents from around the world with the most influential members of gastronomy and supports them thanks to a journey including **mentoring activities, opportunities for networking and educational moments** on various themes, including sustainability and social responsibility.

To be part of this international ecosystem of talents it is necessary to participate in S.Pellegrino Young Chef Academy Competition which, since 2015, aims to identify the youth and young chefs of the next generation, the ones that S.Pellegrino considers to be the stars of tomorrow's culinary community.

All of the chefs who participated in the Competition over the years are fixtures at the Academy.

During 2021 in the section dedicated to **education**, ad hoc courses on sustainability were promoted (for example on fish and sustainable fishing, food waste) thanks to the collaboration with the **Food Made Good** partner which helps define the themes of sustainability in the culinary field.

In brief, the Academy's objectives are:





The 2021 edition, in addition to the title “S.Pellegrino Young Chef Academy Competition” – included three additional prizes, with the aim of recognising the various talents and approaches as to how gastronomy can have a role in transforming society:

Fine Dining Lovers Food for Thoughts Award:



voted by the community of **Fine Dining Lovers**, an award assigned to the young chef who best represents the personal approach to dishes;

S.Pellegrino Award for Social Responsibility:



voted by the recent partnership with **Food Made Good**, a programme established by the founders of Sustainable Restaurant Association and created to promote sustainability in the food industry. The award is dedicated to the dish that best represents the principle of food as a result of socially responsible practices;

Acqua Panna Award for Connection in Gastronomy:



voted by **mentors**, a representation of **50 countries** around the world to assign the award to the recipe that best valorises the link between different cultures, thereby celebrating a global approach to gastronomy.

DIGITAL CORNER



The highlights of the S.Pellegrino Young Chef Academy 2021

The awards ceremony of the Grand Finale of the S.Pellegrino Young Chef Academy 2021, was held in Milan on October 30 with live streamed across the world. The ceremony brought three days of events to conclusion and involved a series of technical competitions, inspirational forums and moments of spending time together.



Also in 2021 S. Pellegrino began a partnership with Food for Soul, the association founded by chef Massimo Bottura and Lara Guilmore with the objective of opening new opportunities of social mobility and encouraging a healthy and fair food system⁷².

The collaboration led to the development of various projects:

A series of **webinars on food waste available on the Academy** intended for young chefs to raise the attention on this crucial theme for the sector;

The video series **“why waste”**, was launched with greater focus on consumers, in collaboration with Fine Dining Lovers, international digital food supported by S.Pellegrino and Acqua Panna. The video series presents simple recipes that use the part of the food that we would normally throw away, shared directly by Massimo Bottura;

During the finale of S.Pellegrino Young Chef Academy Competition a speech was encouraged, always by Massimo Bottura, on food waste, offering the chance of internships in the various canteens around the world;

During the S.Pellegrino Competition he agreed to donate to equivalent amount of food used during the event to the **Soul For Food** canteen in the form of citrus fruits by Biofarm, a digital farm that aids local organic farmers in Southern Italy.

DIGITAL CORNER



The Bottura team turns food waste into tasty recipes

The recipes that turn food waste into tasty dishes: four international young chefs of the Bottura Team that offer precious tips.



⁷² For more information see: <https://www.foodforsoul.it/>

07. Governance, ethics and integrity

The foundations of the Sanpellegrino Group's business model are based in a corporate governance system that is structured and defined coherently with the principles that guide the company every day, such as integrity, honesty and fairness.



07. / 01

Sanpellegrino Group Governance

The Group's corporate governance system envisages a traditional top-down organisational structure. The Board of Directors, composed of four Directors, is responsible for ordinary and extraordinary management activities, and plays a central role in the corporate governance system involved in operations that are very significant from a strategic, economic and financial point of view. The Board of Directors was appointed by the Shareholders' Meeting¹, and remains in office for three years until the Shareholders' Meeting is called for the approval of the financial statements as at 31 December 2021. On the other hand, the Board of Statutory Auditors is responsible for supervising compliance with the law and with the Articles of Association, compliance with the principles of proper administration and the adequacy of the organisational structure and internal control system. It is also appointed by the Shareholders' Meeting as well and remains in office for three years until the Shareholders' Meeting called for the approval of the financial statements as at 31 December 2022.

The governance and the operational control of the business was handed over to a team of Senior Leaders (SLT) (see pg. 14) who reports to the Business Executive Officer (BEO). The SLT guides the operations in the market with the objective of defining the strategic lines on a product category and geographic zone level, to pursue all of the short and long term targets. The BEO also covers the role of CEO, which makes it possible to guarantee continuity between the Corporate Governance of the company and the company's operational action.

Board of Directors

Marco Travaglia
Chairman of the Board
of Directors

Stefano Marini
CEO

Giuliano Dal Fo'
Director

Massimo Ferro
Director

Board of Statutory Auditors

Giovanni Arcelli
Chairman of the Board
of Statutory Auditors

Egidio Bianchi
Auditor

Claudio Solenghi
Auditor

Filippo Mascia
Alternate Auditor

Emilio Fano
Alternate Auditor

On a Nestlé Group level, social, environmental and governance-related matters are managed by the ESG Committee, which is responsible for defining the sustainability strategy with the aim of generating value in the medium-long term for all stakeholders.

The ESG Committee ensures that sustainability activities are controlled and monitored, considering the analysis of the main risks and opportunities, coordinating the management of projects at product category and area level.

The sustainability commitments and targets identified are then managed at intermediate level by the ESG Councils, that translate them for each area and product category.

Lastly, sustainability governance envisages the application and implementation of said commitments in terms of market and individual Brand by the sustainability departments (that report directly to the Chief of market/chief of category/CEO), thanks to the promotion and integration of a series of initiatives that aim to further the goals that have been set by the Group⁷⁴. In addition, the activation and involvement of Thematic working groups, on the basis of the priority intervention areas identified, is envisaged for the management of projects that are of particular strategic importance for the Group, such as the implementation of the Roadmap to pursue Net Zero.

07. / 02

The principles for managing a responsible business

Sanpellegrino founded the Corporate Governance structure on the **Organisation, management and control model** (as set forth by Legislative Decree 8 June 2001 no. 231, hereinafter referred to as Decree), on a series of **ethical principles** laid out in a set of documents that state **the minimum standards of behaviour** for the main company areas, the **rules of conduct** and the general principles that all internal and external subjects must observe.

⁷⁴The Sanpellegrino Group has established a Sustainability department, coordinated by the Sustainability Head, who reports directly to the CEO (see pg 13).

The Organisation, Management and Control Model

Since 2007 Sanpellegrino Group has adopted an Organisation, management and control model that it uses to work in conditions of fairness and transparency in the management of its business model, and to implement a procedural system (i.e. procedures, rules, manuals, operational instructions and internal communication) aimed at regulating the processes clearly and effectively and providing operational modes and control measures to perform company activities.

The Model, as well as any of its subsequent updates, is the result of a risk assessment process that ensured the identification of internal rules and protocols, in relation to the main areas of potential risk, and the definition of standards of conduct and control that are suitable for preventing the commission of any possible crimes. The conduct protocols identified by the risk assessment activity are assessed and approved by the **Supervisory Body (SB)**, composed of five members, three of which are external (including the Chairman).

The SB is the body in charge of supervising the actual application of the Model and to whom any violation or suspicion of violation of the ethical and conduct principles, envisaged by the Model, shall be reported by those who become aware of any related information. **Reports shall be made by e-mail (organodivigilanza@waters.nestle.com) or by voicemail** (toll free number 800.655468) by post (Supervisory Body of Sanpellegrino S.p.A. c/o Legal and Corporate Affairs Department, Via del Mulino, 6 - 20090 Assago -MI). The Supervisory Body takes into consideration all reports received and takes the required consequent measures, being always careful to protect the reporter from any type of retaliation, in line with the provisions of the legislation concerning whistleblowing⁷⁵. The Group has integrated the communication channels set forth in the Model with **Speak Up**, a new global channel on Group level, which is accessible both internally and externally, aimed at making it easier to report episodes and/or wrongful **behaviour along the value chain**. Speak Up is managed independently and reports can be sent in through three channels: a web link, a toll free phone number or a QR code.

Reports are received by the Compliance Manager, as the owner of system application⁷⁶, who, according to the nature of the information received, forwards it to the competent bodies⁷⁷. Plus, the user sending in the report has the chance, through authentication, to monitor the development and progress of their report.

⁷⁵ Whistleblowing is a prevention system for wrongful acts, which protects employees who report wrongful doings that they encounter during work, guaranteeing their anonymity.

⁷⁶ According to the rules set forth in the dedicated Policy and Management regulations.

⁷⁷ The SB for crimes under Model 231 and the Public Authority in the cases covered by the law.

Sanpellegrino has also set up an “Internal Control” (IC) department that verifies and promotes the adoption of risk self-assessment methodologies, such as the Risk and Control Self Assessment and the consequent clarification of the Action Plans; it collaborates with other corporate departments and provides them with detailed analyses and risk indicators with a view to improving corporate procedures and promoting preventive actions linked to potential risky accesses to the management system (Segregation of Duty issues). In 2019, Sanpellegrino set up the **GRC Committee - Group Risk and Compliance Committee**, as a body aimed at coordinating the departments for compliance and integrated monitoring of the company’s major risks, which include Legal, Employment Law, Financial, Reputational, Tax-related, IT, Security, Strategic, Compliance and process. In addition to the identification of risk areas, the Organisation Model is composed of the **Code of Ethics**, the **Code of Conduct**, the **Business Principles of the Nestlé Group**, the **Disciplinary Code** and the **regulations of the Supervisory Body**.

DIGITAL CORNER



Integrity, honesty and fairness are crucial factors that have always guided Sanpellegrino and that the Code of Ethics and Code of Conduct are based on. These are constantly updated to adapt to the transformation of the surrounding environment and integrate with the legal system. They are always available on the company Intranet and in the production and logistic sites.



Furthermore, through official communication and with express reference within contracts, the Group undertakes to **share what is envisaged by its own Organisational Model also with regard to its external stakeholders, such as consultants and collaborators, commercial partners, agents, suppliers and those operating on behalf of the Company in the areas that are identified as "areas at risk"**⁷⁸.

Anti-corruption

Based on the **Code of Ethics** and the **Organisational Model**, the Group is committed to preventing and fighting corruption crimes, both public and private, by identifying the set of sensitive activities in relation to the above crime. For example, in terms of managing commercial activities; the suppliers of goods and services; sponsorships; donations and gratuities; or also the management of financial flows. This translates into constant monitoring of the activities and special attention to relations with counterparties, first of all with regard to the Public Administration and along the whole value chain.

The Group's commitment originates not only from a need for corporate protection, but also from the constant willingness to raise stakeholders' awareness on issues of legality and compliance.

In 2021 the Group's commitments also confirmed zero episodes of corruption.

⁷⁸ Sanpellegrino S.p.A. provides for the insertion of specific clauses, within contracts entered into with third parties with whom it operates, which envisage the termination of contractual obligations in the event of non-compliance with the established ethical principles.

Our courses on business integrity

As far as its collaborators are concerned, the Group provides training courses, the quality and adequacy of which are verified by the Supervisory Body, dedicated to providing in-depth information on the regulatory context referred to in Decree 231, the ethical principles, the Organisational Model, management and control and the Code of Ethics⁷⁹.



2.627 →

Hours of training provided in compliance and anti-corruption in 2021,
+ 50% compared to 2020

In addition to regular training programmes on **compliance and anti-corruption**, each employee in the Group takes a compulsory course offered to all new recruits and a refresher every three years, through training on the **Nestlé Corporate Business Principle**. The course covers the themes of anti-corruption and observance of the laws in the countries where the company operates. There are also specific courses dedicated to Lgs. D. 231/01 (including the Special Part and the role of the Supervisory Body, as well as the tasks assigned to it), with the objective of providing a series of helpful notions to correctly assess the commercial practices and the situations that can pose a crime risk for the company. Lastly employees also have an additional course on the “**Code of business conduct: We Make Nestlé Credible**” which provides some examples of high standards of integrity and illustrates the key principles of the Nestlé Code of Business Conduct.

The following areas of behaviour are non negotiables for employees:

- Integrity
- Respect of the law
- Fairness
- Accuracy in reporting and accounting

- Conflicts of interest
- Anti-trust
- Abuse of office
- Corruption
- Discrimination and harassment

The Nestlé Code of Business Conduct specifies a number of minimum non-negotiable standards for the behaviour of its employees concerning fundamental aspects which include integrity, respect of the law, conflicts of interest, anti-trust and fairness, corruption and abuse of office (Principle 10 of the UNGC), discrimination and harassment, accuracy in reporting and accounting.

⁷⁹ Unjustified absence from any training sessions is considered to be unlawful conduct, in compliance with the provisions of the Group Sanctioning System.

Protecting privacy

The Nestlé privacy Policy⁸⁰, part of the privacy protection management model, implemented through the Nestlé Privacy Program, which includes the Nestlé Standard on Privacy with the relative documents, as well as an organisation for privacy guided by a Group Data Protection Office and supported by the Data Protection Champions responsible for the coordination and observance of the program.

More specifically, the Nestlé Privacy Standard reflects the Group's commitment to observing privacy and lays out the confidentiality standards for personal data processing.

Nestlé has also prepared a Data Privacy Handbook, divided into seven chapters, with the aim of explaining all of the concepts of the standard; to provide a checklist of activities that must be completed to guarantee its implementation, and collect all supporting materials (also accessible on the company Intranet).

Sanpellegrino information systems are certified according to ISO 27001:2013, an international standard that defines the requirements for an Information Safety Management System (ISMS).

In addition to this, Sanpellegrino trains all of its employees on GDPR requirements, and on themes of data protection (classification, phishing, malware, cloud, etc.).

All of the websites, protected by WAF systems⁸¹, have been regularly checked to find any vulnerabilities so as to promptly eliminate them; in addition to a regular analysis of risks to define or improve any safety checks in order to mitigate said risks.

Lastly, all company PCs and servers are checked every day to update antiviruses and safety fixes. Regarding this, a central dashboard was developed to monitor more than 80 safety parameters on a daily basis, in order to guarantee prompt intervention.

With this system no reports of customer privacy violations or loss of customer data were filed in 2021.

⁸⁰ The purpose is to ensure that everyone has a clear idea of their responsibilities, thereby helping to achieve the set objectives, i.e.: compliance with all standard and regulations; applying the Nestlé Privacy Standard as the minimum requirement; pursuing continuous improvement; guaranteeing awareness of responsibilities among all employees, personnel on contract basis and third parties acting as data processors for Nestlé, through standards, training and effective communication.

⁸¹ WAF, i.e. the Web Application Firewall, is a technology that increases the protection of the company's web applications and helps organisations adequately protect themselves against various types of cyber attacks, safely protecting data and in many cases blocking said attacks.

Risks and opportunities

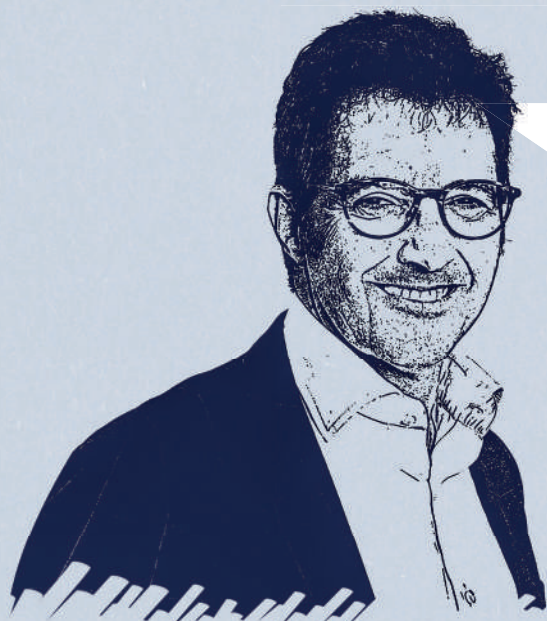
In order to manage purely strategic risks, the company uses the **Enterprise Risk Management (ERM)** framework, which, thanks to a holistic, agile approach that is very closely related to the objectives, constitutes an important competitive advantage for the success of corporate growth plans. With the progressive implementation of the ERM model, the company - aside from boosting corporate compliance systems - has been able to develop a “positive” risk management “culture”, which sees risk as an additional source of information for the definition of medium-/long-term strategy, further strengthening the approach to the creation of shared value as a fundamental asset for the company’s business activities. The overall responsibility for creating and supervising the Group’s risk management system is assigned to the Board of Directors. The purpose of the Group’s risk management policies is to identify and analyse the risks that the Group is exposed to, to establish appropriate limits and controls and monitor the risks and observe these limits, in order to align strategies and risk, identifying future and uncertain scenarios that could affect the attainment of the company objectives. These policies and the relative systems are regularly revised in order to take into account any variations to the market conditions and the Group’s activities. In November **2021** the Group’s **strategic risk profile was updated**, through individual interviews with each Director of the Board and later, in a joint session, the relative scenarios were re-calibrated. Generally, the risk assessment and the relative re-calibration were typically carried out within a three-year timeframe. Regardless of this, maximum flexibility of the system was guaranteed to allow total alignment with the scenarios in continuous evolution in this timeframe. The main macro-themes perceived by the Group range from contingencies in transport and logistics, accentuated by the pandemic, to issues concerning future trends in water consumption, including legislative impacts in terms of the use of plastic and sweeteners, without forgetting aspects such as the growth of the business and the recruitment and retention of people. In its risk profile, Sanpellegrino also takes into account the ESG risks that the Group is exposed to the most. Of these, the risks linked to **climate change** are particularly significant and the consequences on the Group’s assets, which represent crucial aspects in terms of production and maintenance management and scheduling. Specific significance is placed on the risk linked to the **evolution of regulations** concerning the contained **use of plastic** for packaging, which could impact the Group. In this sense, Sanpellegrino aims to minimise the environmental impact of its activities, in line with a circular vision.

The developed response and mitigation plans are attributed to the respective owners based on the priorities that emerge during the re-calibration session⁸².

Tax Responsibility and tax management

As part of its long-term tax strategy, Sanpellegrino has developed 10 **principles of responsible and sustainable tax management over the past few years, which are based on the** assumption that taxation represents an integral element of the Group’s social responsibility and said principles aim for tax compliance and responsible and sustainable planning. In line with the corporate milestones, said principles are transmitted and monitored by the Tax Organisation, at Group and Market level. **The management of the tax-related risk is assuming an increasingly important role in corporate governance, considering the consequences of tax violations on assets and reputation.** Furthermore, after the update of (It.) Legislative Decree no. 231/2001, a significant part of tax offences entered the register of predicate offences for the liability of bodies for administrative offences resulting from crimes, which is why companies are required to effectively update their organisational models in order to avoid substantial financial penalties and interdiction measures.

⁸² For more details refer to the Sanpellegrino Group Report and statements of 2021.



Giuliano Dal Fo'
Head of Finance & Control

Nestlé Italia Group, with the objective of guaranteeing an increasingly more defined and structured measure over all company processes, has implemented the “**Tax Control Framework**” (TCF). This makes it possible to ensure that all activities are carried out by mitigating the risk of operating in violation of tax rules as much as possible, or in any way counter to the principles or aims of the legal system.

The TCF is a set of rules, procedures, organisational structures and controls, aimed at allowing detection, measurement, management and control of tax-related risks, understood as any risk of incurring in the violation of tax-related regulations or in the conflict with principles and purposes of the legal system⁸³.

The Framework was structured based on data sheet specifications which define, for each individual company process,

“

Tax Control Framework

the tax guidelines that need to be followed in the operational stages. Accordingly, specific Roles and Responsibilities have been assigned for all business or corporate departments, and in some cases, on multiple levels.

The Framework was presented, in 2018, to the Italian Revenue Agency to request access to the new collaborative fulfilment scheme, whereby it is possible to have a constant and transparent exchange with the Agency and this reaps benefits in terms of greater certainty of the law⁸⁴ and lower penalties in case of errors.

In 2019 the Agency deemed our management system as fit and admitted us to the preferential system.

I am extremely satisfied with the achieved result because an effective governance system plays a strategic role in the ecosystem of sustainability⁸⁵.

”

⁸³ The essential requirements that the system must have are listed below: Tax strategy; Roles and responsibilities; Procedures; Monitoring; Adaptability to the internal and external context and Reporting to the management bodies.

⁸⁴ Also thanks to the possibility of submitting queries, with quicker response times.

⁸⁵ Effective with tax year 2018.



08. / 01

Growing together with our communities

Chapter 1: The Sanpellegrino Group

ECONOMIC VALUE GENERATED AND DISTRIBUTED
GRI Standard 201-1

Economic value directly generated and distributed	m.u.	2019	2020	2021
Economic value directly generated		937,467	832,561	893,226
Economic value distributed		888,186	729,573	824,871
Operational costs		690,118	625,971	662,824
Compensation and benefits		89,572	87,187	88,381
Payments to capital providers	€	46,976	22,626	1,838
Payments to the Public Administration		26,580	28,972	34,674
Value distributed to shareholders		123,116	50,231	35,457
Investments in the community ⁸⁶		1,396	1,773	1,697
Economic value retained		49,281	102,988	68,355

⁸⁶ This number differs from page 106 as it also includes the association fees of 556 thousand euros.

Chapter 2: People

WORK FORCE BY TYPE OF CONTRACT AND GENDER⁵⁸

GRI Standard 102-8

	m.u.	2019			2020			2021		
		Man	Woman	Total	Man	Woman	Total	Man	Woman	Total
Permanent contract		1,029	363	1,392	1,011	356	1,367	1,002	349	1,351
Milan		99	138	237	98	140	238	86	132	218
Madone		18	17	35	18	14	32	19	17	36
Scarperia		148	31	179	158	29	187	151	28	179
San Giorgio in Bosco		153	44	197	164	45	209	177	43	220
San Pellegrino Terme		373	87	460	370	85	455	370	85	455
Valdisotto		203	40	243	203	43	246	199	44	243
Santo Stefano Quisquina		18	3	21	-	-	-	-	-	-
Castrocielo		17	3	20	-	-	-	-	-	-
Permanent contract	NO.	30	18	48	29	11	40	29	11	40
Milan		13	13	26	8	9	17	3	9	12
Madone		-	-	-	1	-	1	-	-	-
Scarperia		2	-	2	1	-	1	6	-	6
San Giorgio in Bosco		3	-	3	14	1	15	13	4	17
San Pellegrino Terme		8	3	11	2	1	3	2	-	2
Valdisotto		4	2	6	3	-	3	17	8	25
Santo Stefano Quisquina		-	-	-	-	-	-	-	-	-
Castrocielo		-	-	-	-	-	-	-	-	-
Total employees		1,059	381	1,440	1,040	367	1,407	1,043	370	1,413

EMPLOYEES PER CONTRACT TYPE

GRI Standard 102-8

	m.u.	2019			2020			2021		
		Man	Woman	Total	Man	Woman	Total	Man	Woman	Total
Full-time		948	285	1,233	922	272	1,194	946	283	1,229
Part-time	NO.	111	96	207	118	95	213	97	87	184
Total employees		1,059	381	1,440	1,040	367	1,407	1,043	370	1,413

⁵⁸ This number only includes Sanpellegrino employees as at 31.12.2021. The number of interns as at 31.12.2021 is 10.

DIVERSITY OF EMPLOYEES BY PROFESSIONAL CATEGORY
GRI Standard 405-1

	m.u.	2019			2020			2021		
		Man	Woman	Total	Man	Woman	Total	Man	Woman	Total
Executives		35	16	51	31	14	45	30	12	42
Under 30 years of age		-	-	-	-	-	-	-	-	-
Between 30 and 50 years of age		17	12	29	17	11	28	16	10	26
Over 50 years of age		18	4	22	14	3	17	14	2	16
Managers		50	40	90	51	43	94	47	45	92
Under 30 years of age		-	-	-	-	-	-	-	-	-
Between 30 and 50 years of age		33	33	66	33	35	68	29	38	67
Over 50 years of age		17	7	24	18	8	26	18	7	25
Office workers		203	201	404	199	190	389	196	182	378
Under 30 years of age	NO.	25	30	55	28	26	54	26	28	54
Between 30 and 50 years of age		113	131	244	108	122	230	101	111	212
Over 50 years of age		65	40	105	63	42	105	69	43	112
Production workers		771	124	895	759	120	879	770	131	901
Under 30 years of age		112	17	129	104	14	118	107	22	129
Between 30 and 50 years of age		406	78	484	387	75	462	384	78	462
Over 50 years of age		253	29	282	268	31	299	279	31	310
Total employees		1,059	381	1,440	1,040	367	1,407	1,043	370	1,413
Under 30 years of age		137	47	184	132	40	172	133	50	183
Between 30 and 50 years of age		569	254	823	545	243	788	530	237	767
Over 50 years of age		353	80	433	363	84	447	380	83	463

EMPLOYEES BELONGING TO PROTECTED CATEGORIES
GRI Standard 405-1

	m.u.	2019	2020	2021
Employees belonging to vulnerable categories		61	60	58
% Employees belonging to vulnerable categories	NO.	4%	4%	4%

NEW RECRUITS AND TURNOVER⁸⁸
 GRI Standard 401-1

Number of new recruits	m.u.	2019			2020			2021		
		Man	Woman	Total	Man	Woman	Total	Man	Woman	Total
Under 30 years of age	NO.	106	38	144	79	30	109	76	30	106
Between 30 and 50 years of age		84	25	109	81	14	95	71	30	101
Over 50 years of age		32	3	35	18	7	25	18	3	21
Total recruits		222	66	288	178	51	229	165	63	228

Incoming turnover rate	m.u.	2019			2020			2021		
		Man	Woman	Total	Man	Woman	Total	Man	Woman	Total
Under 30 years of age	%	77	81	78	60	75	63	57	60	58
Between 30 and 50 years of age		15	10	13	15	6	12	13	13	13
Over 50 years of age		9	4	8	5	8	6	5	4	5
Total		21	17	20	17	14	16	16	17	16

Number of new recruits by geographic area	m.u.	2019			2020			2021		
		Man	Woman	Total	Man	Woman	Total	Man	Woman	Total
Milan	NO.	18	24	42	8	13	21	7	16	23
Madone		3	-	3	2	-	2	1	3	4
Scarperia		64	11	75	20	10	30	21	4	25
San Giorgio in Bosco		25	-	25	34	2	36	24	5	29
San Pellegrino Terme		41	8	49	63	14	77	67	14	81
Valdisotto		57	20	77	39	11	50	45	21	66
Santo Stefano Quisquina		5	1	6	9	-	9	-	-	-
Castrocielo		9	2	11	3	1	4	-	-	-
Total recruits		222	66	288	178	51	229	165	63	228

Number of people whose service was terminated - including due to natural expiry of the contract	m.u.	2019			2020			2021		
		Man	Woman	Total	Man	Woman	Total	Man	Woman	Total
Under 30 years of age	NO.	75	22	97	58	27	85	57	9	66
Between 30 and 50 years of age		88	35	123	89	23	112	55	24	79
Over 50 years of age		96	16	112	52	15	67	42	11	53
Total terminations		259	73	332	199	65	264	154	44	198

⁸⁸ Infra-group movements are included in the turnover calculation.

Outgoing turnover rate	m.u.	2019			2020			2021		
		Man	Woman	Total	Man	Woman	Total	Man	Woman	Total
Under 30 years of age	%	55	47	53	44	68	49	43	18	36
Between 30 and 50 years of age		15	14	15	16	9	14	10	10	10
Over 50 years of age		27	20	26	14	18	15	11	13	11
Total		24	19	23	19	18	19	15	12	14

Number of people whose service was terminated by geographic area	m.u.	2019			2020			2021		
		Man	Woman	Total	Man	Woman	Total	Man	Woman	Total
Milan	NO.	47	40	87	15	16	31	16	10	26
Madone		5	-	5	2	1	3	1	-	1
Scarperia		46	8	54	12	11	23	21	5	26
San Giorgio in Bosco		38	2	40	14	1	15	11	3	14
San Pellegrino Terme		44	5	49	71	19	90	69	14	83
Valdisotto		64	15	79	39	10	49	36	12	48
Santo Stefano Quisquina		6	1	7	26	3	29	-	-	-
Castrocielo		9	2	11	20	4	24	-	-	-
Total recruits			259	73	332	199	65	264	154	44

Number of terminations divided by type	m.u.	2019			2020			2021		
		Man	Woman	Total	Man	Woman	Total	Man	Woman	Total
Death	NO.	1	-	1	4	-	4	3	-	3
Expiry		148	37	185	124	40	164	104	26	130
Resignation		42	16	58	50	19	69	27	9	36
Dismissals		59	20	79	7	2	9	10	5	15
Retirement		9	-	9	14	4	18	10	4	14
Total termination			259	73	332	199	65	264	154	44

COLLECTIVE BARGAINING AGREEMENTS AND TRADE UNION REPRESENTATION
GRI Standard 102-41

	m.u.	2019	2020	2021
Number of employees covered by collective bargaining agreements	NO.	1,440	1,407	1,413
% of employees covered by collective bargaining agreements	%	100%	100%	100%

WORKERS COVERED BY AN OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM
GRI Standard 403-8

Employees	m.u.	2019	2020	2021
Number of employees covered by a health and safety management system	NO.	1,440	1,407	1,413
% of employees covered by a health and safety management system	%	100%	100%	100%
Self-employed workers	m.u.	2019	2020	2021
Number of self-employed workers covered by a health and safety management system	NO.	496	446	453
% of self-employed workers covered by a health and safety management system	%	100%	100%	100%

INJURIES AT WORK OF EMPLOYEES AND INJURY INDICATORS⁸⁹
GRI Standard 403-9

Economic value directly generated and distributed	m.u.	2019	2020	2021
Accidents that can be recorded⁹⁰		10	8	10
of which accidents with serious consequences ⁹¹	NO.	-	-	-
Deaths		-	-	-
Hours worked	hours	2,009,437	1,611,890	2,371,160
Rate of accidents at work that can be recorded⁹²		5	5	4
Rate of accidents at work with serious consequences⁹³	%	-	-	-
Fatality rate⁹⁴		-	-	-

OCCUPATIONAL DISEASES AMONG EMPLOYEES
GRI Standard 403-10

	m.u.	2019	2020	2021
Cases of occupational disease	NO.	1	-	1

AVERAGE HOURS OF ANNUAL TRAINING DIVIDED BY PROFESSIONAL CATEGORY⁹⁵
GRI Standard 404-1

	m.u.	2019		2020		2021	
		Total hours	Average hours	Total hours	Average hours	Total hours	Average hours
Executives	hours	759	15	341	8	753	18
Managers		3,055	34	1,243	13	1,095	20
Office workers		4,671	12	4,445	11	2,926	21
Production workers		17,129	19	11,767	13	18,312	20
Total		25,613	18	17,796	13	28,978	21

⁸⁹ 2 in-transit incidents were recorded in 2021. It must also be noted that in 2021, as stated in note 89, a case of occupational disease was reported, compared to zero in 2020 and 1 in 2019. Where self-employed workers are concerned, there were two incidents in 2021, which had no serious consequences.

⁹⁰ The term “accidents at work that can be recorded” refers to all accidents that may lead to death, days off work, limitations at work, relocation to other tasks, medical treatments beyond first aid, losing consciousness. ⁹⁰ These are accidents generated by risks and dangers that workers are exposed to at work (e.g. death, amputation, cuts, fractures, hernias, burns, loss of consciousness and paralysis).

⁹¹ The term “accidents at work with serious consequences” refers to accidents that have led to more than 6 months of consequences, excluding death. The calculation of the “Rate of accidents at work that can be recorded” is based on 1,000,000 hours worked according to the following formula: (Total accidents at work that can be recorded + Total accidents at work with serious consequences) / Hours worked * 1,000,000

⁹² The calculation of the “Rate of accidents at work that can be recorded” is based on 1,000,000 hours worked according to the following formula: (Total accidents at work that can be recorded + Total accidents at work with serious consequences) / Hours worked * 1,000,000 ⁹³ The calculation of the “Rate of accidents at work with serious consequences” is based on 1,000,000 hours worked, according to the following formula: (Total accidents at work with serious consequences / Hours worked) * 1,000,000

⁹³ The calculation of the “Rate of accidents at work with serious consequences” is based on 1,000,000 hours worked according to the following formula: (Total accidents at work with serious consequences / Hours worked) * 1,000,000

⁹⁴ The calculation of the “Fatality rate” is based on 1,000,000 hours worked according to the following formula: (Total deaths / Hours worked) * 1,000,000

⁹⁵ The division of training hours by gender for all professional categories is the result of an estimate generated directly by the tool used for monitoring the data based on the history.

AVERAGE HOURS OF ANNUAL TRAINING DIVIDED BY GENDER
GRI Standard 404-1

	m.u.	2019			2020			2021		
		Man	Woman	Total	Man	Woman	Total	Man	Woman	Total
Total training hours	hours	18,403	7,210	25,613	13,479	4,318	17,796	19,377	9,601	28,978
Average training hours		17	19	18	13	12	13	19	26	21

HOURS OF TOTAL TRAINING DIVIDED BY TOPIC

	m.u.	2019	2020	2021
Environment	hours	4	279	2,907
Compliance - Anti-corruption		570	1,750	2,627
Health and safety		6,021	4,584	6,424
Management		1,268	390	570
Technical - specialist		15,318	9,492	13,880
Languages		875	990	551
Induction for new hires		286	264	144
Transversal and digital skills		2,372	1,116	1,876
Total		26,714	18,914	28,978

PERCENTAGE OF EMPLOYEES RECEIVING A PERIODIC EVALUATION OF PERFORMANCES AND PROFESSIONAL DEVELOPMENT
GRI Standard 404-3

	m.u.	2019			2020			2021		
		Man	Woman	Total	Man	Woman	Total	Man	Woman	Total
Executives	%	69	44	61	84	64	78	93	67	86
Managers		86	85	86	82	93	87	94	98	96
Office workers		80	83	81	90	90	90	99	100	100
Production workers		-	-	-	-	-	-	-	-	-
Total termination		22	54	30	24	60	33	26	63	35

RATIO OF THE BASIC WAGE (RAL - ANNUAL GROSS REMUNERATION) AND TOTAL REMUNERATION (INCLUDING THE VARIABLE PART) OF WOMEN COMPARED TO MEN, DIVIDED BY PROFESSIONAL CATEGORY
GRI Standard 405-2

Basic wage	m.u.	2019	2020	2021
Executives	%	93	101	111
Managers		95	96	94
Office workers		97	98	93
Production workers		97	97	86
Total average remuneration	m.u.	2019	2020	2021
Executives	%	96	99	115
Managers		94	96	92
Office workers		95	96	91
Production workers		97	97	88

Chapter 3: Our customers and our consumers

NUMBER OF COMPLAINTS RECEIVED AND HANDLED THROUGHOUT THE YEAR DIVIDED BY WELL-FOUNDED AND NON-FOUNDED COMPLAINTS⁹⁵

	m.u.	2019	2020	2021
Total complaints received from third parties and assessable, of which		2,175	1,721	1,419
Number of well-founded complaints concerning the product	NO.	216	110	93
Number of well-founded complaints concerning the product managed throughout the year		216	110	93
Number of non-founded complaints concerning the product		1,959	1,611	1,326
Number of non-founded complaints concerning the product managed throughout the year		-	-	-

⁹⁵ It should be pointed out that the criterion for the allocation of complaints was changed in 2019 and the scope was restricted exclusively to those directly attributable to the production sites, so that improvement activities in the plants are focused in a targeted manner, through a deployment of losses contextualised to the production scope.

Chapter 4: Our environmental impacts

ENERGY CONSUMPTION WITHIN THE ORGANISATION⁹⁷ GRI Standard 302-1

	m.u.	2019	2020	2021
Fuels from non-renewable energy sources		718,468	696,404	712,652
Natural gas ⁹⁸		658,625	646,445	641,162
GNL ⁹⁹	GJ	59,843	49,959	71,490
Purchased electricity		205,677	175,346	193,245
of which certified from renewable energy sources ¹⁰⁰		205,677	175,346	193,245
Total direct and indirect consumption		924,145	871,750	905,897

ELECTRICITY SOLD¹⁰¹

	m.u.	2019	2020	2021
Electricity sold	GJ	20,256	33,564	33,487

ENERGY INTENSITY

	m.u.	2019	2020	2021
Energy intensity	GJ/ litres produced	0.000350	0.000343	0.000341

⁹⁷ Starting 2021, the data also considers the energy consumption of the Madone plant and the Assago site. The conversion coefficients that were used were those available in their latest version Department for Business, Energy & Industrial Strategy (BEIS) respectively in versions 2019, 2020 and 2021.

⁹⁸ Natural gas is used for heating as well as producing electricity through cogeneration plants at the San Giorgio in Bosco and San Pellegrino Terme facilities.

⁹⁹ This data also includes a 620 GJ consumption of LPG at the Scarperia plant, for the canteen, kitchen and indoor heating.

¹⁰⁰ For this data, a restatement was conducted, following the refinement of the data collection modes and does not consider the consumptions of the Assago headquarters, as these are included in the reporting and monitoring of Nestlé Italia S.p.A. performance.

¹⁰¹ The number differs from what was published in last year's edition of the Sustainability Report, because starting this year it included the electrical energy sold from the Ruspino plant for 2020 and 2021 thanks to the data collection refinement process.

TOTAL EMISSIONS¹⁰²

GRI Standard 305-1, 305-2, 305-3

	m.u.	2019	2020	2021
Direct emissions (Scope 1)¹⁰³		40,592	39,519	41,255
Natural gas		36,983	36,299	36,013
GNL		3,609	3,220	5,242
Indirect emissions (Scope 2)-Location based¹⁰⁴		22,253	18,856	22,041
Electricity from renewable energy sources		22,631.2	23,740.3	19,966.9
Indirect emissions (Scope 2)-Market based¹⁰⁵	tCO ₂ e	-	-	-
Electricity from renewable energy sources		-	-	-
Indirect emissions (Scope 3)¹⁰⁶		46	24	25
Emissions from diesel-fuelled rental cars		46	24	25
Emissions from gasoline-fuelled rental cars		0.0	0.0	0.0
Total emissions		62,891	58,399	63,321

COMPOSITION OF THE COMPANY FLEET, DIVIDED BY TYPE OF VEHICLE, POSSESSION AND POWER SUPPLY¹⁰⁷

	m.u.	2019			2020			2021		
		Own	Rental	Total	Own	Rental	Total	Own	Rental	Total
Trucks										
Cars		4	-	4	4	-	4	4	-	4
Total vehicles, of		9	125	134	8	118	126	8	116	124
which										
Gasoline-fuelled	NO.	3	-	3	3	-	3	3	-	3
Diesel-fuelled		10	118	128	9	107	116	9	100	109
Electric		-	7	7	-	11	11	-	16	16
Total		13	125	138	12	118	130	12	116	128

INTENSITY OF GHG EMISSIONS

GRI Standard 305-4

	m.u.	2019	2020	2021
Emissions intensity	ktCO ₂ e / L produced	0.0238	0.0230	0.238

¹⁰² Starting from 2021, the data also consider the emissions of the Madone and Assago sites.

¹⁰³ The factors used in the calculation of the direct Scope 1 emissions, expressed in CO₂ equivalent tonnes, are those included in EnEcoinvent 3.6 in its most updated version. Consumption relating to cars owned by the Group is not relevant for the purposes of calculating Scope 1 emissions, since it amounts to 0.40 tCO₂e for 2021.

¹⁰⁴ For Scope 2 location-based emissions relative to electrical energy, expressed in CO₂ equivalent tonnes, the emissions factors of the most updated version of EnEcoinvent 3.6 were used. It is also necessary to consider that Scope 2 emissions relative to the Assago site where part of the Sanpellegrino Spa offices are located, are directly reported by Nestlé Italiana Spa.

¹⁰⁵ For Scope 2 market based emissions, considering the acquisition of 100% renewable electrical energy with certificates of guaranteed origin, an emission factor of nil was applied.

¹⁰⁶ Indirect Scope 3 emissions, referring to trips in rented cars (diesel and petrol) are calculated using the emission factors published by the Department for Business, Energy & Industrial Strategy (BEIS) in editions 2018, 2019, 2020 and 2021.

¹⁰⁷ Consumption relating to cars owned by the Group is not relevant for the purposes of calculating Scope 1 emissions, since it amounts to 0.40 tCO₂e for 2021.

WATER WITHDRAWALS¹⁰⁸
 GRI Standard 303-3

	m.u.	2019	2020	2021
SANPELLEGRINO GROUP				
Groundwater		4,654	5,918	4,598
fresh water (≤1,000 mg/L of total dissolved solids)		4,654	5,918	4,598
other types of water (>1000 mg/l of total dissolved solids)		-	-	-
Third-party water resources		-	-	2
fresh water (≤1,000 mg/L of total dissolved solids)	mL	-	-	2
other types of water (>1000 mg/l of total dissolved solids)		-	-	-
Total water withdrawals		4,654	5,918	4,600
fresh water (≤1,000 mg/L of total dissolved solids)		4,654	5,918	4,600
other types of water (>1000 mg/l of total dissolved solids)		-	-	-
Ruspino factory				
Groundwater		1,697	1,650	1,780
fresh water (≤1,000 mg/L of total dissolved solids)	mL	1,697	1,650	1,780
other types of water (>1000 mg/l of total dissolved solids)		-	-	-
Scarperia factory				
Groundwater		437	312	390
fresh water (≤1,000 mg/L of total dissolved solids)	mL	437	312	390
other types of water (>1000 mg/l of total dissolved solids)		-	-	-
San Giorgio in Bosco factory				
Groundwater		1,040	2,486	857
fresh water (≤1,000 mg/L of total dissolved solids)	mL	1,040	2,486	857
other types of water (>1000 mg/l of total dissolved solids)		-	-	-
Cepina factory				
Groundwater		1,480	1,468	1,571
fresh water (≤1,000 mg/L of total dissolved solids)	mL	1,480	1,468	1,571
other types of water (>1000 mg/l of total dissolved solids)		-	-	-
Madone factory				
Third-party water resources		-	-	2
fresh water (≤1,000 mg/L of total dissolved solids)	mL	-	-	2
other types of water (>1000 mg/l of total dissolved solids)		-	-	-

¹⁰⁸ The published data vary in comparison to what was published in the 2020 edition of the Report as the data collection method was refined. The perimeter was also extended, which began to include the Madone site starting from 2021 and for the three-year period it also considers the San Giorgio in Bosco factory, previously excluded for the factory's production transition from natural mineral water to Sanpellegrino soft drinks. It is specified that Sanpellegrino Group does not withdraw water from areas under water stress. The Assago plant is excluded from the water data, as it is already considered in the Nestlé Italia Report.

WATER DISCHARGES¹⁰⁹
GRI Standard 303-4

	m.u.	2019	2020	2021
SANPELLEGRINO GROUP				
Surface water		1,705	1,476	1,700
fresh water (≤1,000 mg/L of total dissolved solids)		1,705	1,476	1,700
other types of water (>1000 mg/l of total dissolved solids)		-	-	-
Third-party water resources		-	-	2
fresh water (≤1,000 mg/L of total dissolved solids)	mL	-	-	2
other types of water (>1000 mg/l of total dissolved solids)		-	-	-
Total water withdrawals		1,705	1,476	1,702
fresh water (≤1,000 mg/L of total dissolved solids)		1,705	1,476	1,702
other types of water (>1000 mg/l of total dissolved solids)		-	-	-
Ruspino factory				
Surface water		870	742	836
fresh water (≤1,000 mg/L of total dissolved solids)	mL	870	742	836
other types of water (>1000 mg/l of total dissolved solids)		-	-	-
Scarperia factory				
Surface water		125	79	91
fresh water (≤1,000 mg/L of total dissolved solids)	mL	125	79	91
other types of water (>1000 mg/l of total dissolved solids)		-	-	-
San Giorgio in Bosco factory				
Surface water		282	314	356
fresh water (≤1,000 mg/L of total dissolved solids)	mL	282	314	356
other types of water (>1000 mg/l of total dissolved solids)		-	-	-
Cepina factory				
Surface water		428	341	417
fresh water (≤1,000 mg/L of total dissolved solids)	mL	428	341	417
other types of water (>1000 mg/l of total dissolved solids)		-	-	-
Madone factory				
Third-party water resources		-	-	2
fresh water (≤1,000 mg/L of total dissolved solids)	mL	-	-	2
other types of water (>1000 mg/l of total dissolved solids)		-	-	-

¹⁰⁹ Sanpellegrino does not draw water from areas under water stress.

CONSUMED WATER¹¹⁰

	m.u.	2019	2020	2021
SANPELLEGRINO GROUP				
Total water consumption		2,948	4,442	2,898
fresh water ($\leq 1,000$ mg/L of total dissolved solids)	mL	2,948	4,442	2,898
other types of water (> 1000 mg/l of total dissolved solids)		-	-	-
Ruspino factory				
Total water consumption		827	908	944
fresh water ($\leq 1,000$ mg/L of total dissolved solids)	mL	827	908	944
other types of water (> 1000 mg/l of total dissolved solids)		-	-	-
Scarperia factory				
Total water consumption		312	233	299
fresh water ($\leq 1,000$ mg/L of total dissolved solids)	mL	312	233	299
other types of water (> 1000 mg/l of total dissolved solids)		-	-	-
San Giorgio in Bosco factory				
Total water consumption		758	2,173	501
fresh water ($\leq 1,000$ mg/L of total dissolved solids)	mL	758	2,173	501
other types of water (> 1000 mg/l of total dissolved solids)		-	-	-
Cepina factory				
Total water consumption		1,053	1,127	1,154
fresh water ($\leq 1,000$ mg/L of total dissolved solids)	mL	1,053	1,127	1,154
other types of water (> 1000 mg/l of total dissolved solids)		-	-	-
Madone factory				
Total water consumption		-	-	-
fresh water ($\leq 1,000$ mg/L of total dissolved solids)	mL	-	-	-
other types of water (> 1000 mg/l of total dissolved solids)		-	-	-

¹¹⁰ In 2020 the San Giorgio in Bosco factory switched from Nestlé Vera natural mineral water production to Sanpellegrino soft drinks production, a business that requires greater water consumption. Over the course of 2021 the Nestlé Vera trademark was sold to a third party and this has implied a substantial drop in production, which is therefore reflected in water consumption. In fact, if you consider that the drop in water withdrawals of the San Giorgio in Bosco factory is 66% compared to 2020.

	m.u.	2019	2020	2021
SANPELLEGRINO GROUP				
Water consumed per litre produced	L/litres produced	1.12	1.74	1.08
RUSPINO FACTORY				
Water consumed per litre produced	L/litres produced	0.92	1.02	1.03
SCARPERIA FACTORY				
Water consumed per litre produced	L/litres produced	1.01	1.00	1.00
SAN GIORGIO IN BOSCO FACTORY				
Water consumed per litre produced	L/litres produced	1.65	5.17 ¹¹¹	1.29
CEPINA FACTORY				
Water consumed per litre produced	L/litres produced	1.08	1.12	1.08

WASTE NOT INTENDED FOR DISPOSAL¹¹²
GRI Standard 306-4

Waste not destined for disposal	m.u.	2019	2020	2021
Hazardous waste	t	553	506	352
Non-hazardous waste		13,926	12,116	14,229
Total waste to be recycled		14,479	12,622	14,581

¹¹¹ As previously stated, the 2020 number is very high in comparison to the plant's trend due to the transition in production from natural mineral water to Sanpellegrino soft drinks, a business which requires greater water consumption, thereby the plant's performance cannot be compared for the three-year period.

¹¹² Since 2021 the reporting perimeter has been extended to the Madone factory, while the waste produced at the Assago site has been included in the Nestlé Italia S.p.A. report. The Sanpellegrino Group has entered into an agreement with HeraAmbiente which ensures that 100% of the waste produced by Sanpellegrino is destined for recovery and, therefore, there is no waste intended for disposal. It is specified that for 2021, for the Madone plant, the 125.9 t of non-hazardous waste (equal to 0.8% of the total) was sent to disposal.

Chapter 5: Supply chain and logistics

DESCRIPTION OF THE SUPPLY CHAIN AND TYPE OF SUPPLIERS

GRI Standard 102-9

	m.u.	2019	2020	2021
Suppliers in Italy		1,368	1,247	1,164
Materials		71	68	103
Services		1,297	1,179	1,061
Suppliers in Europe		141	129	148
Materials	NO.	36	33	44
Services		105	96	104
Suppliers in the rest of the world		104	92	93
Materials		8	8	7
Services		96	84	86
Total suppliers		1,613	1,468	1,405

PROPORTION OF EXPENDITURE TO LOCAL SUPPLIERS

GRI Standard 204-1

	m.u.	2019	2020	2021
Suppliers in Italy		80	79	76
Materials		48	47	51
Services		52	53	49
Suppliers in Europe		14	17	20
Materials	%	44	53	49
Services		56	47	51
Suppliers in the rest of the world		6	4	4
Materials		72	55	67
Services		28	45	33

Chapter 6: Communities and territories

INVESTMENTS IN THE COMMUNITY

Investments in the community	m.u.	2019	2020	2021
Sponsorships	Thousands of €	61,812	45,520	29,500
Gratuities ¹¹³		774,252	1,206,949	1,111,480
Total		836,064	1,252,469	1,140,980

¹¹³ Donations also include annual agreements signed with the Municipalities in support of the projects of the Communities

Chapter 7: Governance, ethics and integrity

COUNTRY-BY-COUNTRY REPORTING¹¹⁴ GRI Standard 207-42021

Size	m.u.	2018	2019	2020
Number of employees	NO.	1,440	1,407	1,413

Tax data	m.u.	2018	2019	2020
Revenue from sales to third parties	€	568,352	450,992	405,494
Revenues from intragroup transactions with other tax jurisdictions		440,034	430,689	478,776
Profits/losses before taxes		69,448	57,604	102,401
Tangible assets other than cash and cash equivalents		343,569	354,498	384,885
Income taxes defined on the basis of the cash criterion		44,853	1,488	9,245
Income taxes of companies accrued on profits/losses		27,855	21,705	24,882

DIVERSITY IN GOVERNING BODIES - BOARD OF DIRECTORS GRI Standard 405-1

MANAGEMENT AND CONTROL BODIES	Role	Age group
BOARD OF DIRECTORS¹¹⁵		
Marco Travaglia	Chairman	Over 50 years of age
Stefano Marini	CEO	Between 30 and 50 years of age
Massimo Ferro	Director	Over 50 years of age
Giuliano Dal Fo'	Director	Over 50 years of age
BOARD OF STATUTORY AUDITORS		
Giovanni Arcelli	Chairman of the Board of Statutory Auditors	Over 50 years of age
Egidio Bianchi	Auditor	Over 50 years of age
Claudio Solenghi	Auditor	Over 50 years of age
Filippo Mascia	Alternate Auditor	Over 50 years of age
Emilio Fano	Alternate Auditor	Over 50 years of age

¹¹⁴ The data refer only to Sanpellegrino S.p.A.

¹¹⁵ All Directors of the Board are linked to Sanpellegrino S.p.A. through a contract of employment which includes taking on positions.

08. / 02 Methodological note

The Sustainability Report of the Sanpellegrino Group (hereinafter, “the Group”), in its sixth edition, is drawn up on a voluntary basis in order to report with increasing accuracy on the Group's performance in terms of ESG (Environment, Social and Governance).

The objective is to provide all stakeholders with a clear and complete representation of the main goals, projects and results achieved in social and environmental matters, with the ultimate goal of generating value in the long term.

The Sustainability Report (hereinafter, the “Report”), approved on 20/06/2021 by the Senior Leadership Team, is prepared in compliance with the GRI Standards, in accordance with an “In accordance - Core” level of application. The GRI Standards, published by the Global Reporting Initiative (GRI) in 2016, represent the most recognised and widespread non-financial reporting standard, to date, at an international level. More specifically, the Report refers to the GRI Standards indicated in the correlation table “GRI Content Index” shown in the appendix to the document where, for each material aspect, the reference page of the Report or of other corporate documents, where the content can be found, is shown.

The principle of materiality, a characteristic of the GRI Standards, guides the range and quality of non-financial reporting. The issues dealt with in the reporting are in fact those which, following workshops on materiality carried out by the sustainability team and the strategic departments and by Top Management, were considered crucial as they represented the social and environmental impacts of the Group's activities and/or affected its stakeholders’ decisions (for further details see page 21-25).

The reported data and information refer to the financial year 1 January - 31 December 2021, unless otherwise indicated. Additional data and information referring to the previous years, where available, were reported with the aim of presenting the performance of the Group over a longer time horizon (2018-2021) and of enhancing the projects

that were implemented over the last few years. Furthermore, in order to provide an accurate representation of the performance, the inclusion of directly detectable and measurable qualitative and quantitative indicators was preferred and only in some cases, duly reported, were estimates used.

The scope of the information included in the Sustainability Report refers to the Company Sanpellegrino S.p.A. The information on the themes of Health, Safety and Environment refer to the Group’s production plants, the perimeter of which was extended in 2021 to also include the environmental data of the Madone plant (flavorint) and the Assago headquarters (for excludable data and otherwise reference is made to the Nestlé Italia sustainability report). Any limitations to the perimeter are stated in the “GRI Content Index” and rare cases of restatement, i.e. corrections or changes to what was published in the previous version of the Report, have always been carefully marked in the notes near the data.

The reporting process was coordinated by the cross-functional team, dedicated to the creation of shared value of the Sanpellegrino Group, with the technical and methodological assistance of KPMG Advisory S.p.A. and is not subject to verification by third parties.

In order to request any further information about the Document herein or to share any comments and observations, please write to: sustainabilityNWI@waters.nestle.com

08. / 03
GRI Content Index

Indicator	Description	Paragraph/Notes
GRI 102: GENERAL DISCLOSURES 2016		
ORGANISATIONAL PROFILE		
102-1	Name of the organisation	The Sanpellegrino Group pg. 10
102-2	Activities, brands, products and services	The Sanpellegrino Group; Sanpellegrino pg.10; Sanpellegrino: a 120-year-long history pg.13; Our plants pg. 20
102-3	Location of headquarters	Sanpellegrino Group pg.10; Our plants pg. 20
102-4	Place of the activities	Our plants pg. 20
102-5	Ownership and legal form	Our leadership pg. 14; Sanpellegrino Group Governance pg. 114-115
102-6	Markets served	The Sanpellegrino Group pg. 10; Our customers and our consumers pg. 54-55
102-7	Scale of the organisation	The Sanpellegrino Group pg. 10; People: our strength pg. 32-36; Our customers and our consumers pg. 54-55
102-8	Information on employees and other workers	People: our greatest asset pg. 32-25; Annex Chapter 2: People pg. 123-130
102-9	Supply chain	Supply chain management: collaboration, sustainability and transparency pg. 82-85; Annex Chapter 5: Supply chain and logistics pg.137
102-10	Significant changes in the organisation and in its supply chain	Methodological note pg. 139
102-11	Principle of precaution	Risks and opportunities pg. 120; Tax Responsibility and tax management pg. 120-121
102-12	External initiatives	Highlight pg. 8-9; Our foundations pg. 16-17; The principles for managing a responsible business pg. 115; The Organisation, Management and Control Model pg. 116-117; Protecting privacy pg. 119; Tax Responsibility and tax management pg. 120-121; Methodological note pg. 139
102-13	Membership of associations	Highlight pg. 8-9; Alliances and partnerships pg. 28-29; How we select, hire and take care of our People pg. 34; We promote diversity and equal opportunities pg. 44-48; Sustainability alongside our customers pg. 63-65; Sanpellegrino aims to achieve increasingly circular packaging; The life cycle of our products pg. 74; Logistics: The journey: from source to table pg. 86-89; How we protect natural resources on our territories pg. 97-99; Not only water...citrus fruits and the countryside pg. 100-103; Growing together with our communities pg. 104-106; Education for proper hydration and for recycling pg. 107; S.Pellegrino supports gastronomic excellence pg. 108-111@
STRATEGY		
102-14	Declaration of an executive	Letter to stakeholders pg. 6-7
102-15	Key impacts, risks and opportunities	Risks and opportunities pg. 120
ETHICS AND INTEGRITY		
102-16	Values, principles, standards and rules of conduct	Our foundations pg. 16-17; The principles for managing a responsible business pg. 115
102-17	Mechanisms for seeking advice and reporting critical issues concerning ethical issues	The Organisation, Management and Control Model pg. 116-117

GOVERNANCE		
102-18	Governance structure	Our leadership pg. 14; Sanpellegrino Group Governance pg. 114-115
102-40	List of stakeholder groups	Listening to our stakeholders and the materiality matrix pg. 21-25
102-41	Collective bargaining agreements	100% of the employees are covered by collective bargaining agreements.
102-42	Identification and selection of the stakeholders	Listening to our stakeholders and the materiality matrix pg. 21-25
102-43	Methods of involving the stakeholders	Listening to our stakeholders and the materiality matrix pg. 21-25; We measure employee's well-being pg. 50; Listening to our customers and consumers pg. 62; Growing together with our communities pg. 104-106
102-44	Key topics and concerns raised	Listening to our stakeholders and the materiality matrix pg. 21-25
REPORTING PRACTICE		
102-45	Entities included in the consolidated financial statements	Methodological note pg. 139
102-46	Defining report content and topic boundaries	Methodological note pg. 139
102-47	List of material topics	Listening to our stakeholders and the materiality matrix pg. 21-25
102-48	Restatements of information	Methodological note pg. 139
102-49	Changes in reporting	Methodological note pg. 139
102-50	Reporting period	Methodological note pg. 139
102-51	Date of most recent report	07/10/2021
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	sustainabilityNWI@waters.nestle.com
102-54	Claims of reporting in accordance with the GRI Standards	In accordance Core option
102-55	GRI content index	GRI Content Index
102-56	External assurance	-

ECONOMIC PERFORMANCE: TOPIC SPECIFIC STANDARDS

Corporate advocacy / stakeholder engagement

103-1	Explanation of the material topic and its boundary	Listening to our stakeholders and the materiality matrix pg. 21-25
103-2	The management approach and its components	Our sustainability priorities for the future pg. 26-27; Our business model that creates shared value pg. 18-19; The principles for managing a responsible business pg. 115; The Organisation, Management and Control Model pg. 116-117; Anti-corruption pg. 117; Tax Responsibility and tax management pg. 120-121
103-3	Evaluation of the management methods	Our business model that creates shared value pg. 18-19; Anti-corruption pg. 117; Tax Responsibility and tax management pg. 120-121

GRI 201: ECONOMIC PERFORMANCE 2016

201-1	Economic value directly generated and distributed	Our business model that creates shared value; Annex Chapter 18-19; Annex Chapter 1: About us pg. 122
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Indicator	Description	Paragraph/Notes
GRI 203: INDIRECT ECONOMIC IMPACT 2016		
203-2	Indirect and significant economic impacts	Our business model that creates shared value pg. 18-19
GRI 205: ANTI-CORRUPTION 2016		
205-1	Actions taken in response to corruption cases	Anti-corruption pg. 117
205-2	Communication and training on anti-corruption policies and procedures	Anti-corruption pg. 117; Our courses on business integrity pg. 118
GRI 206: ANTI-COMPETITIVE BEHAVIOUR 2016		
206-1	Legal actions for anti-competitive behaviour, anti-trust and monopolistic practices	In 2021 legal actions (underway or concluded) are not included in the reporting concerning anti-competitive behaviour and violations of the anti-trust rules and relative monopolistic practices, in which the organisation has been identified as a participant.
GRI 207: TAXES 2019		
207-1	Approach to taxation	Tax Responsibility and tax management pg. 120-121
207-2	Tax governance, risk control and management	Tax Responsibility and tax management pg. 120-121
207-3	Involvement of stakeholders and management of tax concerns	Tax Responsibility and tax management pg. 120-121
207-4	Country-by-country reporting	Annex Chapter 7: Governance, ethics and integrity pg. 138
GRI 307: ENVIRONMENTAL COMPLIANCE 2016		
307-1	Penalties for non-compliance with environmental laws and regulations	During 2021, there were no significant instances of non-compliance with laws and regulations.
GRI 419: SOCIOECONOMIC COMPLIANCE 2016		
419-1	Significant financial and non-financial penalties due to non-compliance with laws or regulations in the socioeconomic area	In 2021 Sanpellegrino registered two disputes relating to the violation of art. 5 of (It.) Law no. 283/1963, but not concerning the risk of food safety. The two criminal disputes were settled through the payment of a fine of € 24,000 each, with no further consequence.
Sustainable supply chain management and Logistic optimization		
103-1	Explanation of the material topic and its boundary	Listening to our stakeholders and the materiality matrix pg. 21-25
103-2	The management approach and its components	Our sustainability priorities for the future pg. 26-27; Supply chain management: collaboration, sustainability and transparency; pg. 82-85; Logistics: The journey: from source to table pg. 86-89
103-3	Evaluation of the management methods	Supply chain management: collaboration, sustainability and transparency; pg. 82-85; Logistics: The journey: from source to table pg. 86-89
GRI 204: PROCUREMENT PRACTICES 2016		
204-1	Proportion of expenditure to local suppliers	Supply chain management: collaboration, sustainability and transparency pg. 82-85; Annex Chapter 5: Supply chain and logistics pg. 137
ENVIRONMENTAL PERFORMANCE: TOPIC SPECIFIC STANDARDS		
Climate action		
103-1	Explanation of the material topic and its boundary	Listening to our stakeholders and the materiality matrix pg. 21-25
103-2	The management approach and its components	Highlight pg. 8-9; Our sustainability priorities for the future pg. 26-27; Our environmental impacts pg. 66; The environmental performance of our facilities pg. 68-70
103-3	Evaluation of the management methods	The environmental performance of our facilities pg. 68-70; Energy consumption and emissions pg. 71-74; Logistics: The journey: from source to table pg. 86-89

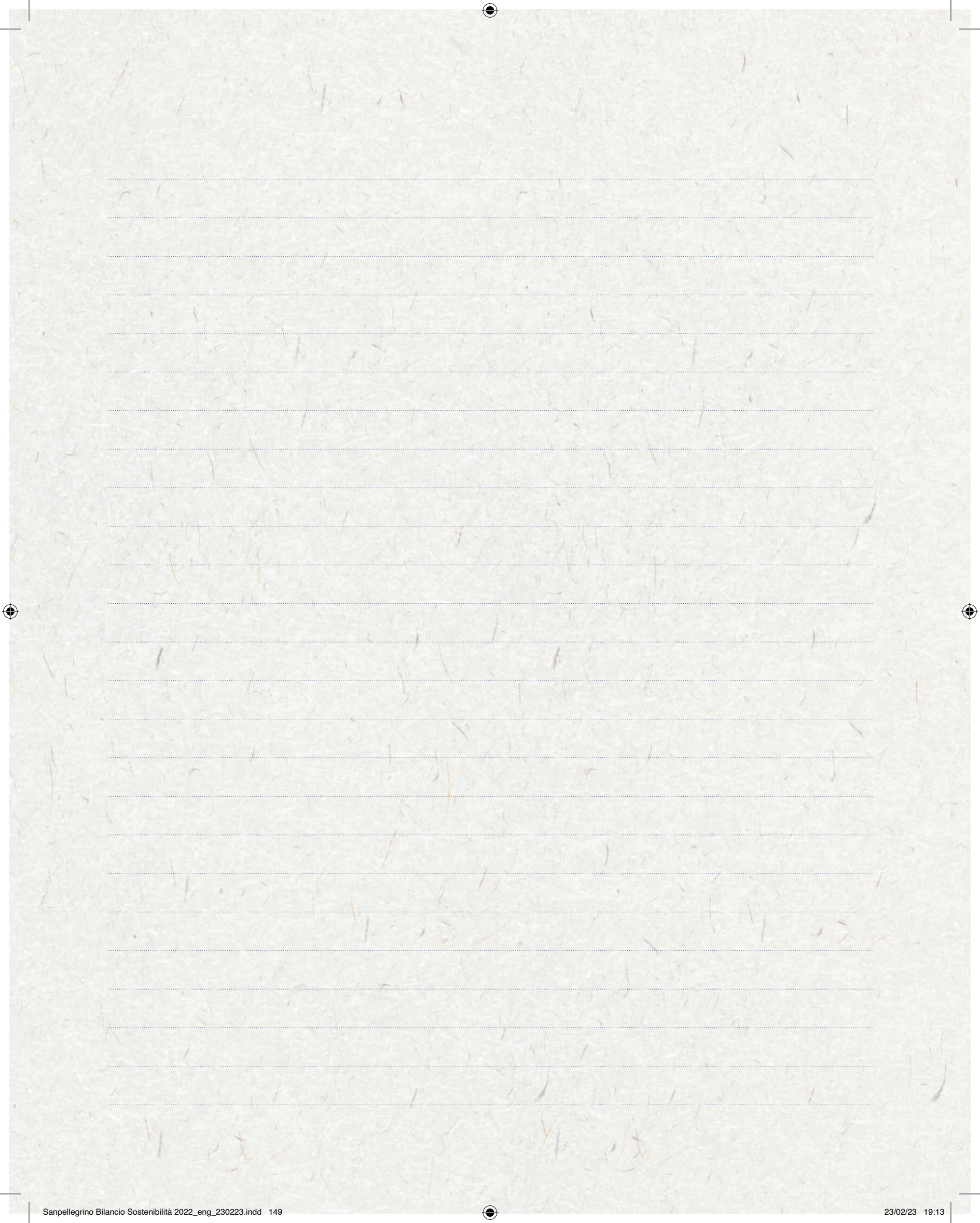
Indicator	Description	Paragraph/Notes
GRI 302: ENERGY 2016		
302-1	Energy consumption within the organisation	Energy consumption and emissions pg. 71-74; Annex Chapter 4: Our environmental impacts pg. 131-136
302-3	Energy intensity	Energy consumption and emissions pg. 71-74; Annex Chapter 4: Our environmental impacts pg. 131-136
302-4	Reduction of energy consumption	The environmental performance of our facilities pg. 68-70
GRI 305: EMISSIONS 2016		
305-1	Emissions Scope 1	Energy consumption and emissions pg. 71-74; Annex Chapter 4: Our environmental impacts pg. 131-136
305-2	Emissions Scope 2	Energy consumption and emissions pg. 71-74; Annex Chapter 4: Our environmental impacts pg. 131-136
305-3	Emissions Scope 3	Energy consumption and emissions pg. 71-74; Annex Chapter 4: Our environmental impacts pg. 131-136
305-4	Emissions intensity	Energy consumption and emissions pg. 71-74; Annex Chapter 4: Our environmental impacts pg. 131-136
Water stewardship		
103-1	Explanation of the material topic and its boundary	Listening to our stakeholders and the materiality matrix pg. 21-25
103-2	The management approach and its components	Highlight pg. 8-9; Our sustainability priorities for the future pg. 26-27; Our environmental impacts pg. 66; The environmental performance of our facilities pg. 68-70; Looking after water resources pg. 92; The springs pg. 93-95; Alliance for the Water Stewardship pg. 96
103-3	Evaluation of the management methods	Water resource management pg. 75; Looking after the water resource pg. 92; The springs pg. 93-95; Alliance for the Water Stewardship pg. 96
GRI 303: WATER AND WATER DISCHARGES 2018		
303-1	Interaction with water as a shared resource	Water resource management pg. 75; Looking after the water resource pg. 92; The springs pg. 93-95; Alliance for the Water Stewardship pg. 96
303-2	Management of impacts related to water discharge	Water resource management pg. 75; Water resource management pg. 75; Looking after the water resource pg. 92; The springs pg. 93-95; Alliance for the Water Stewardship pg. 96
303-3	Water withdrawal	Water resource management pg. 75; Annex Chapter 4: Our environmental impacts pg. 131-136
303-4	Water discharge	Water resource management pg. 75; Annex Chapter 4: Our environmental impacts pg. 131-136
303-5	Consumed water	Water resource management pg. 75; Annex Chapter 4: Our environmental impacts pg. 131-136
Biodiversity & deforestation		
103-1	Explanation of the material topic and its boundary	Listening to our stakeholders and the materiality matrix pg. 21-25
103-2	The management approach and its components	Highlight pg. 8-9; Our sustainability priorities for the future pg. 26-27; How we protect natural resources on our territories pg. 97-99; Not only water...citrus fruits and the countryside pg. 100-103
103-3	Evaluation of the management methods	How we protect natural resources on our territories pg. 97-99; Not only water...citrus fruits and the countryside pg. 100-103
GRI 304: BIODIVERSITY 2016		
304-1	Operating sites owned, rented, managed by the organisation located within (or adjacent to) protected areas (either totally or partially) and within areas of high value in terms of biodiversity outside protected areas	How we protect natural resources on our territories pg. 97-99; Not only water...citrus fruits and the countryside pg. 100-103
304-2	Significant impacts of activities, products and services on biodiversity	How we protect natural resources on our territories pg. 97-99; Not only water...citrus fruits and the countryside pg. 100-103

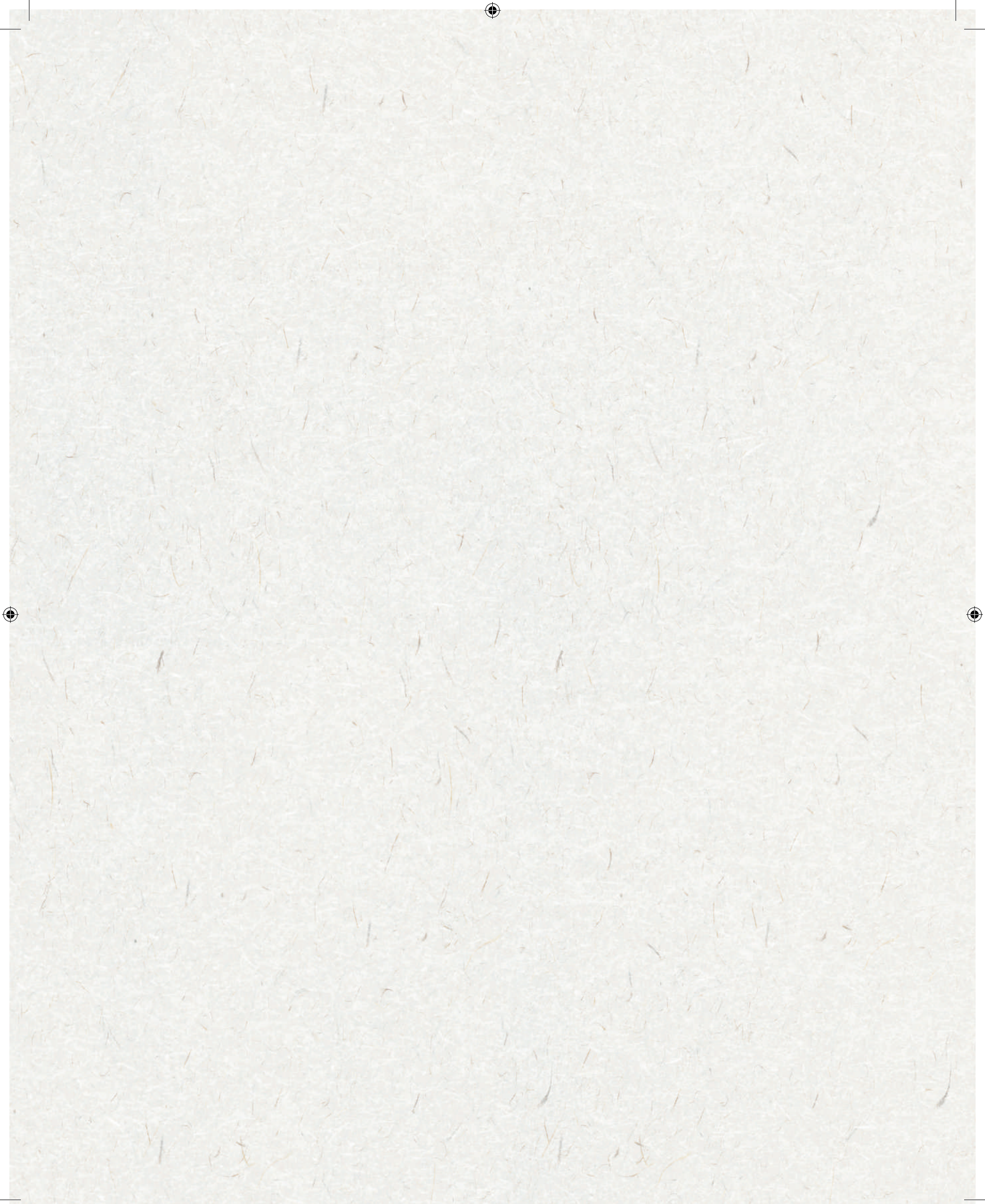
Indicator	Description	Paragraph/Notes
Waste management		
103-1	Explanation of the material topic and its boundary	Listening to our stakeholders and the materiality matrix pg. 21-25
103-2	The management approach and its components	Highlight pg. 8-9; Our sustainability priorities for the future pg. 26-27; Our environmental impacts pg. 66; The environmental performance of our facilities pg. 68-70; Waste management pg. 76
103-3	Evaluation of the management methods	Highlight pg. 8-9; Our environmental impacts pg. 66; The environmental performance of our facilities pg. 68-70; Waste management pg. 76
GRI 306: WASTE 2020		
306-1	Production of waste and significant impacts related to waste	Waste management pg. 76
306-2	Management of the significant impacts associated with waste	Waste management pg. 76; Annex Chapter 4: Our environmental impacts pg. 131-136
306-3	Waste produced	Waste management pg. 76; Annex Chapter 4: Our environmental impacts pg. 131-136
306-4	Waste not destined for disposal	Waste management pg. 76; Annex Chapter 4: Our environmental impacts pg. 131-136
306-5	Waste destined for disposal	The Sanpellegrino Group has entered into an agreement with HeraAmbiente which ensures that 100% of the waste produced by Sanpellegrino is destined for recovery and, therefore, there is no waste intended for disposal.
COMPANY PERFORMANCE: TOPIC SPECIFIC STANDARDS		
Employment and labour relations		
103-1	Explanation of the material topic and its boundary	Listening to our stakeholders and the materiality matrix pg. 21-25
103-2	The management approach and its components	Highlight pg. 8-9; Our sustainability priorities for the future pg. 26-27; People: our greatest asset pg. 32-25; Relationships with unions pg. 36
103-3	Evaluation of the management methods	People: our greatest asset pg. 32-25; Relationships with unions pg. 36
GRI 401: EMPLOYMENT 2016		
103-1	Total number and percentage of new recruits and turnover, by age, gender and region	People: our greatest asset pg. 32-25; Annex Chapter 2: People pg. 123-130
103-1	Benefits in favour of full-time employees that are not provided to temporary or part-time employees, by main activities	We invest in our People's wellbeing pg. 49; Every person counts pg. 51; We protect occupational health and safety pg. 52-53
GRI 402: MANAGEMENT OF INDUSTRIAL RELATIONS 2016		
402-1	Minimum notice period for significant operational changes (organisational changes) with the indication of whether these conditions are included in the collective bargaining or not	All significant organisational changes are communicated with a notice period compliant with the law, according to the National Collective Bargaining Agreement.
People care		
103-1	Explanation of the material topic and its boundary	Listening to our stakeholders and the materiality matrix pg. 21-25
103-2	The management approach and its components	Highlight pg. 8-9; Our sustainability priorities for the future pg. 26-27; People: our greatest asset pg. 32-35; We train and involve our people pg. 36-43; We protect occupational health and safety pg. 52-53
103-3	Evaluation of the management methods	We train and involve our People pg. 36-43; We protect occupational health and safety pg. 52-53

Indicator	Description	Paragraph/Notes
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018		
403-1	Occupational health and safety management system	Highlight pg. 8-9; We protect occupational health and safety pg. 52-53; Annex Chapter 2: People pg. 123-130
403-2	Hazard identification, risk assessment and accident investigation	We protect occupational health and safety pg. 52-53
403-3	Occupational health services	We invest in our People's wellbeing pg. 49; We protect occupational health and safety pg. 52-53
403-4	Participation and consultation of workers and communication on occupational health and safety	We protect occupational health and safety pg. 52-53
403-5	Training of workers in relation to occupational health and safety	We train and involve our People pg. 36-43; We protect occupational health and safety pg. 52-53
403-6	Promotion of workers' health	We invest in our People's wellbeing pg. 49; We protect occupational health and safety pg. 52-53
403-7	Prevention and mitigation of any impacts on occupational health and safety within commercial relations	We protect occupational health and safety pg. 52-53
403-8	Workers covered by an occupational health and safety management system	We protect occupational health and safety pg. 52-53; Annex Chapter 2: People pg. 123-130
403-9	Accidents at work	We protect occupational health and safety pg. 52-53; Annex Chapter 2: People pg. 123-130
403-10	Occupational diseases	We protect occupational health and safety pg. 52-53; Annex Chapter 2: People pg. 123-130
GRI 404: TRAINING AND EDUCATION 2016		
404-1	Average annual training hours per employee	We train and involve our people pg. 36-43; Annex Chapter 2: People pg. 123-130
404-2	Percentage of employees receiving regular performance and career development reports, divided by gender and by employee category	We train and involve our people pg. 36-43; Annex Chapter 2: People pg. 123-130
Diversity & inclusion		
103-1	Explanation of the material topic and its boundary	Listening to our stakeholders and the materiality matrix pg. 21-25
103-2	The management approach and its components	Highlight pg. 8-9; Our sustainability priorities for the future pg. 26-27; People: our greatest asset pg. 32-35; We train and involve our people pg. 36-43; We promote diversity and equal opportunities pg. 44-48
103-3	Evaluation of the management methods	We promote diversity and equal opportunities pg. 44-48
GRI 405: DIVERSITY AND EQUAL OPPORTUNITIES 2016		
405-1	Composition of the governing bodies and breakdown of personnel by employee categories, sex, age, membership to protected categories and other indicators of diversity	We promote diversity and equal opportunities pg. 44-48; The Governance of the Group pg. 114-115; Annex Chapter 2: People pg. 123-130; Annex Chapter 7: Governance, ethics and integrity pg. 138
405-2	Ratio of basic wage and remuneration of women compared to that of men divided by employee category	We promote diversity and equal opportunities pg. 44-48; Annex Chapter 2: People pg. 123-130
Human rights		
103-1	Explanation of the material topic and its boundary	Listening to our stakeholders and the materiality matrix pg. 21-25
103-2	The management approach and its components	Highlight pg. 8-9; Our sustainability priorities for the future pg. 26-27; People: our greatest asset pg. 32-35; We train and involve our people pg. 36-43; We promote diversity and equal opportunities pg. 44-48
103-3	Evaluation of the management methods	We promote diversity and equal opportunities pg. 44-48

Indicator	Description	Paragraph/Notes
GRI 406: NON-DISCRIMINATION 2016		
406-1	Discrimination events and actions taken	There were no episodes of discrimination throughout 2021.
GRI 412: HUMAN RIGHTS 2016		
412-1	Total hours of employee training on policies and procedures concerning all aspects of human rights that are significant to the organisation's activity and percentage of employees trained	We train and involve our people pg. 36-43; Our courses on business integrity pg. 118
Community support and engagement		
103-1	Explanation of the material topic and its boundary	Listening to our stakeholders and the materiality matrix pg. 21-25
103-2	The management approach and its components	Our sustainability priorities for the future pg. 26-27; Growing together with our communities pg. 104-106; Education for proper hydration and for recycling pg. 107; S.Pellegrino supports gastronomic excellence pg. 108-111
103-3	Evaluation of the management methods	Growing together with our communities pg. 104-106; Education for proper hydration and recycling pg. 107; Sanpellegrino supports gastronomic excellence pg. 108-111
GRI 413: LOCAL COMMUNITIES 2016		
413-1	Activities that include the involvement of local communities	Growing together with our communities pg. 104-106; Education for proper hydration and recycling pg. 107; Sanpellegrino supports gastronomic excellence pg. 108-111
Promoting healthy lifestyles and nutritional education		
103-1	Explanation of the material topic and its boundary	Listening to our stakeholders and the materiality matrix pg. 21-25
103-2	The management approach and its components	Highlight pg. 8-9; Our sustainability priorities for the future pg. 26-27; Our customers and our consumers pg. 54-55; A healthy and sustainable offer pg. 56-57; Quality and transparency of our products pg. 58-60; Communicating responsibly pg. 60-61; Listening to customers and consumers pg. 62
103-3	Evaluation of the management methods	Quality and transparency of our products pg. 58-60
GRI 416: CONSUMERS' HEALTH AND SAFETY 2016		
416-2	Total number of cases of non-compliance with regulations and voluntary codes concerning the impacts on the health and safety of products and services during their life cycle	There were no cases of non-compliance with regulations and voluntary codes concerning the impacts on the health and safety of products and services during their life cycle throughout 2021.
Product traceability/ labelling - Responsible marketing and active brand communication		
103-1	Explanation of the material topic and its boundary	Listening to our stakeholders and the materiality matrix pg. 21-25
103-2	The management approach and its components	Our sustainability priorities for the future pg. 26-27; Our customers and our consumers pg. 54-55; Communicating responsibly pg. 60-61; Quality and transparency of our products pg. 58-60
103-3	Evaluation of the management methods	Quality and transparency of our products pg. 58-60; Communicating responsibly pg. 60-61
GRI 417: LABEL OF PRODUCTS AND SERVICES 2016		
417-1	Type of information concerning the products and services required by procedures and percentage of significant products and services subject to such information requirements	Quality and transparency of our products pg. 58-60; Communicating responsibly pg. 60-61

Indicator	Description	Paragraph/Notes
417-2	Incidents of non-compliance in relation to the information concerning the product or service in the labelling	There were no incidents of non-compliance in relation to the information concerning the product or service in the labelling throughout 2021.
417-3	Incidents of non-compliance in relation to the information concerning the product or service in the communication and marketing activities	There were no cases of non-compliance with regulations or voluntary codes in relation to the Group's marketing activities throughout 2021.
Innovation & digitalization		
Explanation of the material topic and its boundary	Explanation of the material topic and its boundary	Listening to our stakeholders and the materiality matrix pg. 21-25
The management approach and its components	The management approach and its components	Our sustainability priorities for the future pg. 26-27; Our customers and our consumers pg. 54-55; A healthy and sustainable offer pg. 56-57; Sustainability alongside our customers pg. 63-65; Protecting privacy pg. 119
Evaluation of the management methods	Evaluation of the management methods	A healthy and sustainable offer pg. 56-57; Sustainability alongside our customers pg. 63-65; Protecting privacy pg. 119
GRI 418: CONSUMER PRIVACY 2016		
418-1	Complaints relating to violations of consumer privacy and to the loss of any data concerning them	Protecting privacy pg. 119
Sustainable packaging & circular economy		
103-1	Explanation of the material topic and its boundary	Listening to our stakeholders and the materiality matrix pg. 21-25
103-2	The management approach and its components	Our sustainability priorities for the future pg. 26-27; Our product packaging pg. 77-79; The life cycle of our products pg. 74
103-3	Evaluation of the management methods	Our product packaging pg. 77-79; The life cycle of our products pg. 74







SANPELLEGRINO
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