



**A  
COMMITMENT  
WITH  
DEEP  
ROOTS**

**2022 SUSTAINABILITY REPORT**

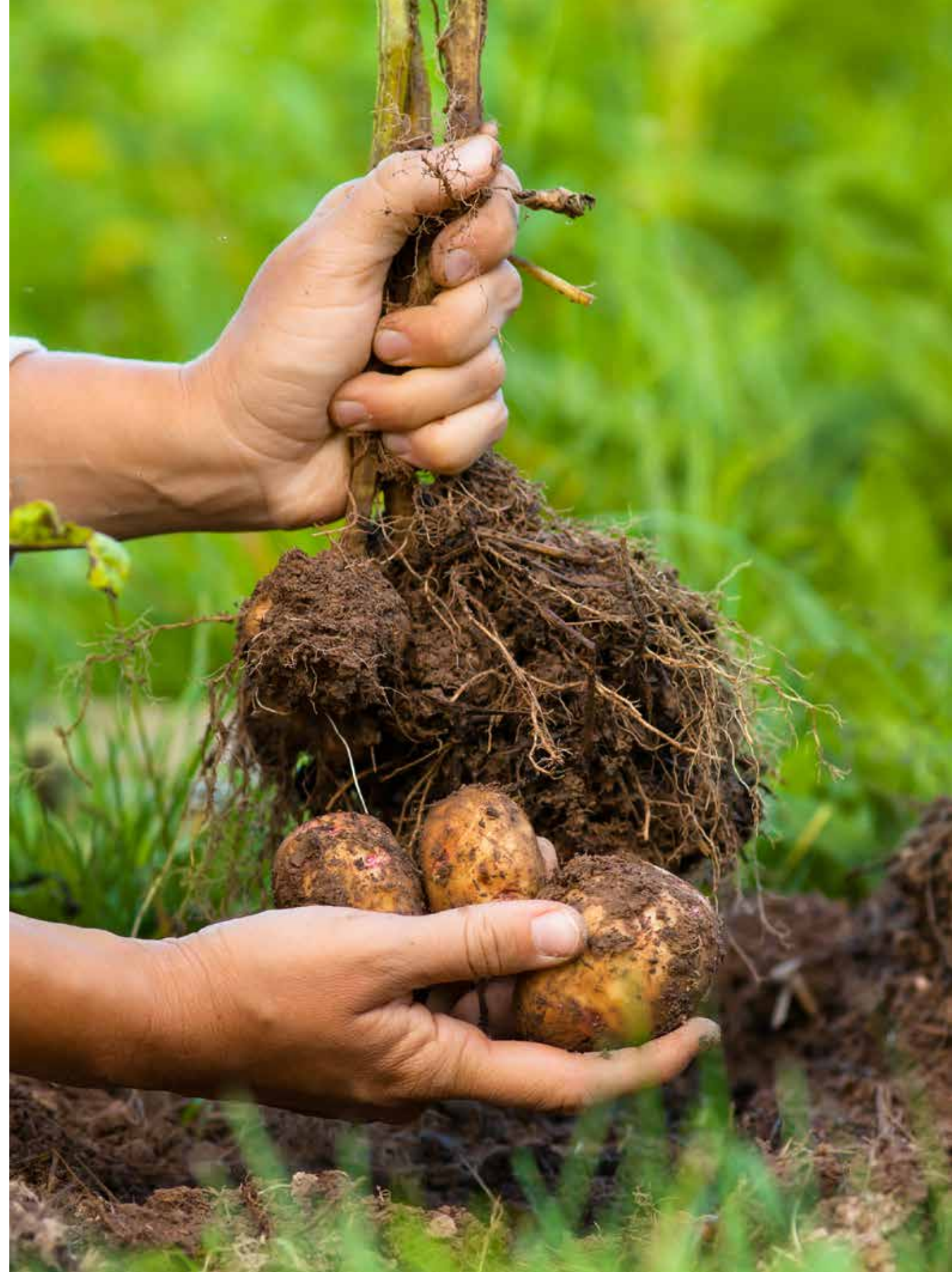




## 2022 SUSTAINABILITY REPORT

**Pizzoli S.p.A.**

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VAT no. 00590481206 - Economic and Administrative Index  
(REA) no. 03029000373 at the Bologna business register



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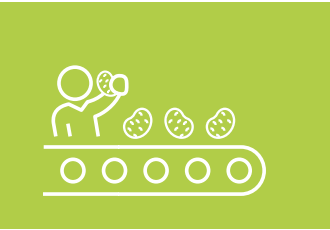
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“

**We have always steered our operations towards respecting and protecting the values that underpin industry in modern society. We are aware that this role requires a natural and growing focus on environmental impacts with clear and concrete sustainability results.”**

**Nicola Pizzoli**  
President and CEO

## Letter from the President and CEO

With this first edition of our Sustainability Report, we are proud to present the results and efforts of three generations to our stakeholders.

Passion and foresight have led this company to embed in its philosophy the value of a responsible growth and then shared it with the territory and the supply chain.

In the aim to effectively address the emerging environmental and social challenges, we identified specific areas to target in order to help us continue along this path and contribute with a sustainable development in the national Agro-Industrial Sector.

Despite an unprecedented period marked by a strong pressure on the supply chain, as well as, a significant rise in energy cost, the company has continued to focus on the planned expansion of its production capacity forecasted for 2023 with the start-up of the new facility in San Pietro in Casale, where since 2017 a logistics hub, at the forefront of technology and efficiency, has been under construction.

The plants and processes were designed according to the principles of circularity and efficiency, the systems are intended to maximize the recovery and reuse of resources.

These include a new biomass digester that together with the one in the Budrio facility, will allow to recover the organic waste from potato processing to produce renewable energy from biogas.

Furthermore, Pizzoli's attention extends beyond its facilities, it reaches and monitors the entire supply chain from the seed to the table.

In order to guarantee quality potatoes, research and innovation begin in the field by testing and selecting the best varieties, as well as, by developing agronomy practices that allow to optimize the use of resources and protect agricultural ecosystems.

Every day, we seek to ensure the highest quality standards while keeping up with consumers' new demands for taste, nutritional value and convenience. In 2022 we increased our investments on quality and food safety by 16% and developed new products with an outstanding performance.

As a company closely tied to the soil and the territory, but always innovative by vocation, we are ready to pursue the challenge to create a sustainable future for the potato sector and the entire Italian food industry. Thanks to the skills and determination of our team, our trusted partners, as well as the collaboration of all our stakeholders, we know we can successfully rise to this challenge.

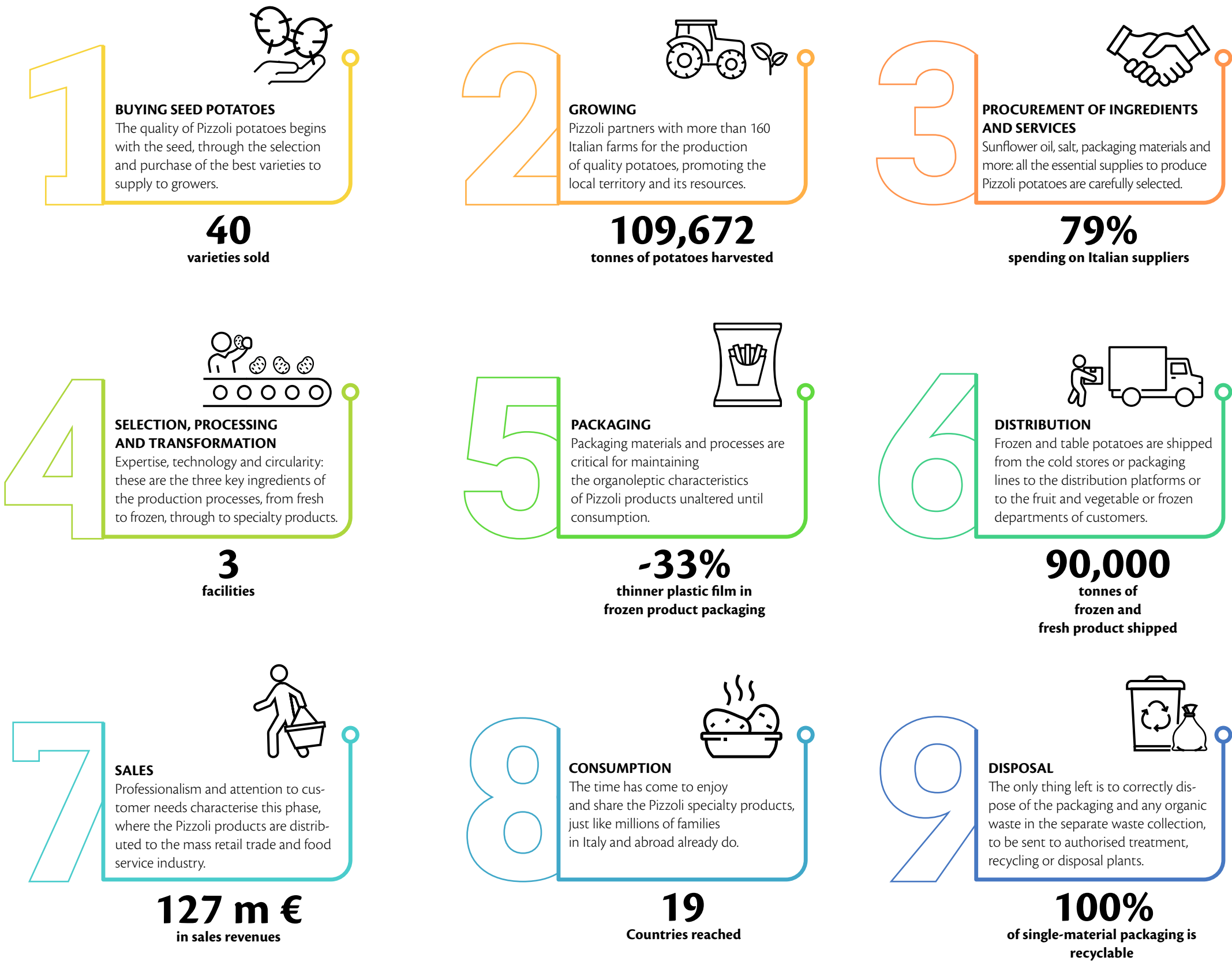
**Nicola Pizzoli**



# Pizzoli, from seed to table

## The value chain

Pizzoli works with competence and responsibility along every stage of the value chain to bring the best in potatoes to the table of the final consumer.



Note: These figures refer to 2022.





## PIZZOLI, THE ITALIAN POTATO SPECIALIST

“ For three generations, Pizzoli has worked to bring the best of potatoes to the table with the care, dedication and extensive know-how that only a great specialist can offer.

# Mission

Pizzoli S.p.A. is the leading company in the field of potato production and marketing in Italy. Pizzoli offers genuine, innovative and successful products for all families and food service professionals.

The company is organised into **three business areas**: production of frozen potatoes, selection and marketing of table potatoes for consumption, and marketing of seed potatoes. The head office is located in Budrio, in the province of Bologna, in a region traditionally renowned for the cultivation of quality potatoes.

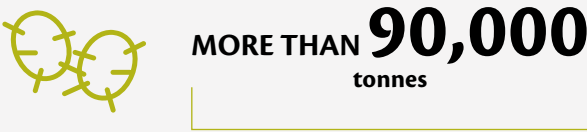
In addition to the administration, this is also the location for the production of frozen potatoes, which are then stored in the logistics platform located in San Pietro in Casale.

The operations associated with the marketing of seed varieties and the packaging of table potatoes are conducted at a unit located in Baricella (BO).

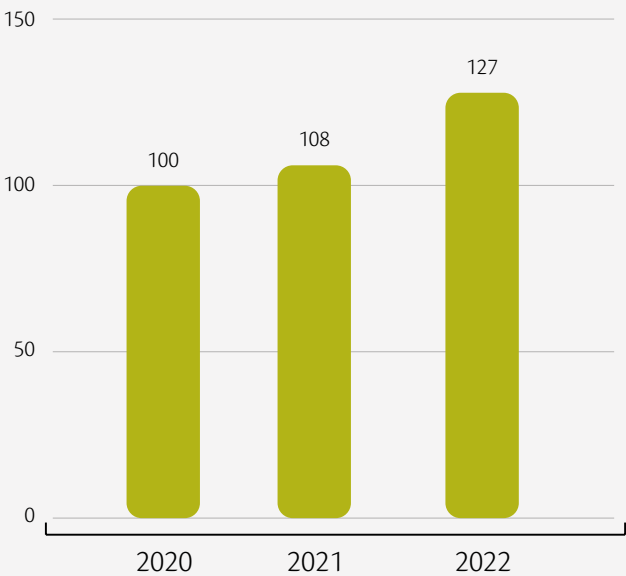
In 2023, the **San Pietro in Casale site will be completed with the construction of a second production facility**, which will join the one in Budrio, where the fresh and seed lines will also be transferred to accommodate the rapid expansion of the sector and meet the growing demand of both the Italian and foreign markets, in the 19 countries where Pizzoli is present.

## PIZZOLI IN NUMBERS

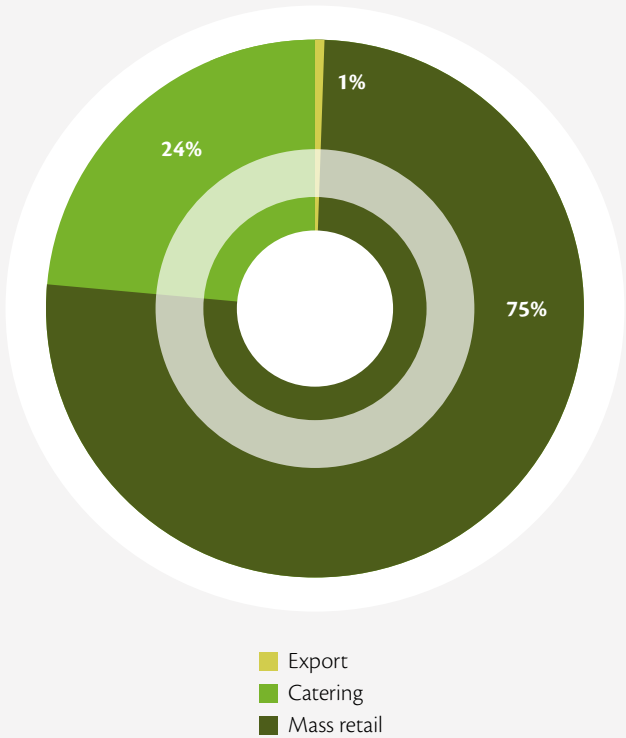
### Products marketed in 2022



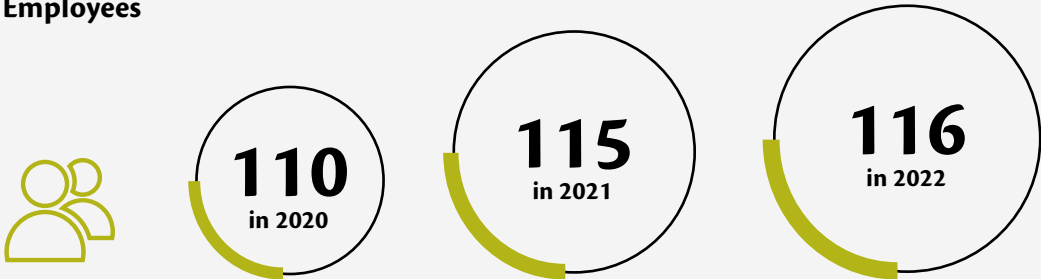
### Net sales revenues (m €)



### Breakdown of turnover by sales channel



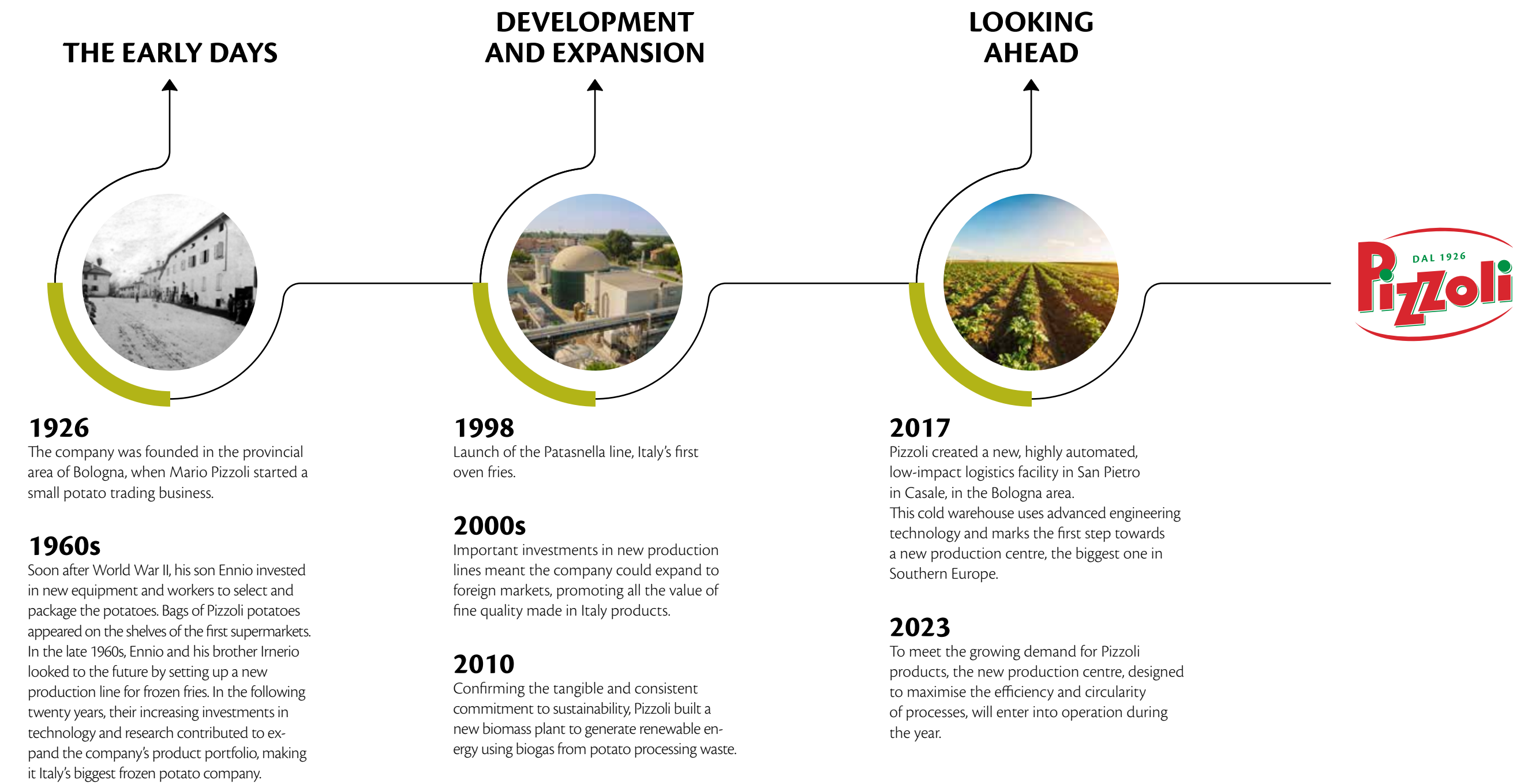
### Employees





# A century of tradition and technology

Pizzoli has grown from a small agricultural produce dealer to the company behind the successful Patasnella brand, combining engineering innovation with environmental sustainability



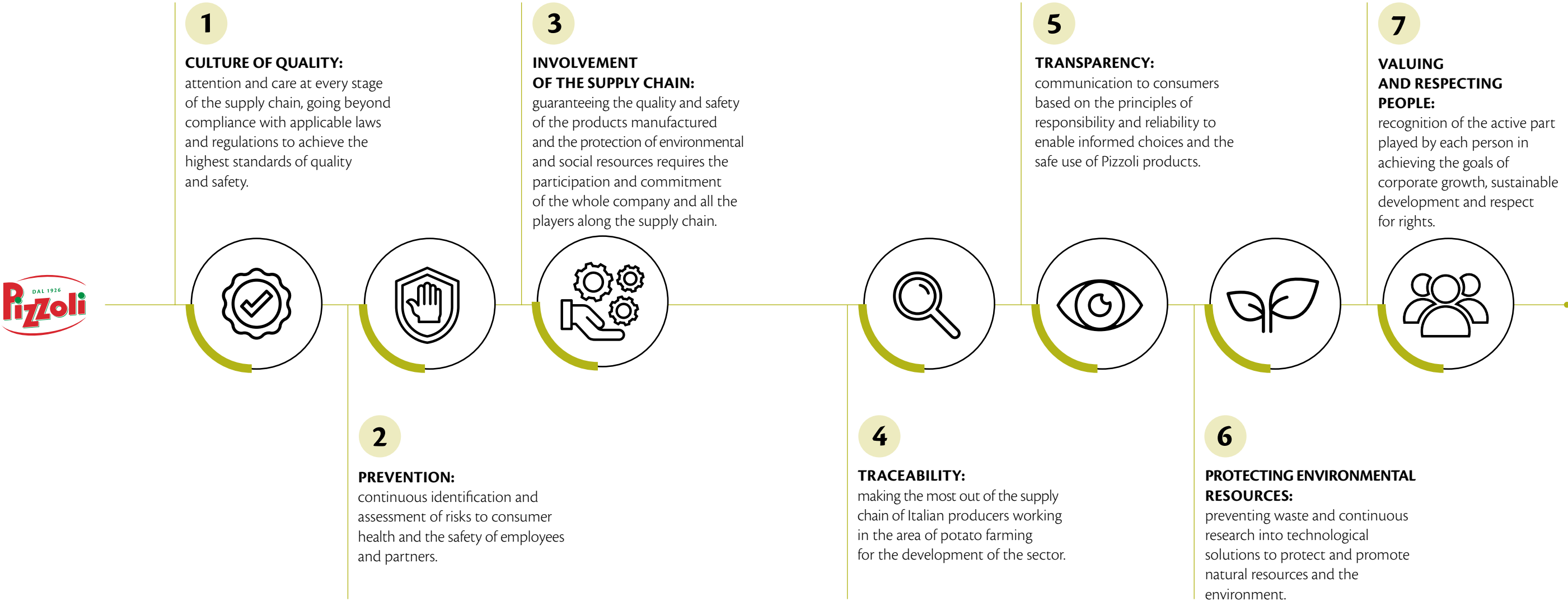


# The ingredients of Pizzoli’s commitment

Pizzoli is Italian, so it is very familiar with the tastes of Italians and their expectations when it comes to quality, which go hand in hand with the company's quest for practical, genuine and environmentally-friendly solutions. For this reason, Pizzoli constantly invests in research and

development, from the field to the table, to create even more delicious, surprising, and sustainable products.

This commitment is based on seven principles, which are also described in the Pizzoli **Corporate Policy**:



# Variety and quality to suit every taste

Years of experience, an extensive knowledge of the raw materials as well as a remarkable ability to innovate has allowed Pizzoli to successfully cater to all major sales channels in order to meet new consumer trends.

For the **grocery** departments of mass retailers, Pizzoli offers a wide selection of frozen and fresh products: from **Patasnella**, the first line of frozen oven-baked fries launched in 1998, to the **We Love** line, with innovative shapes and cuts.

There is also a comprehensive range of high quality fresh products suitable for all types of recipes, most notably **Iodi**, the potato that is a source of iodine. Moreover, there are numerous local excellences, some varieties of potatoes come from specific cultivating areas therefore carry the **PDO and the PGI certification**. **Restaurants** and **Food Service Professionals** can also choose from a vast array of dedicated frozen products such as: Professional Line to the Extra Line down to Appetisers. These products are designed to guarantee the best taste and the highest crispness.

51  
table potatoes SKUs

274  
frozen products SKUs

The quality of Pizzoli products starts with **seed potatoes**. In this area, the company boasts major achievements and varietal firsts that have helped consolidate and grow the entire national sector. The partner farmers are supplied

with seed potatoes whose health and geographical origin are certified by recognised third parties in the countries where they are grown.



## Food Service channel



## Grocery channel





# Governance model

In almost a century of development and innovation, the Pizzoli family has guided the growth of the company and the region with far-sighted choices.

Since 1926, Pizzoli has remained faithful to its nature as a family-run business. Now in its third generation and with the support of a strong management structure, the company continues to address new challenges and seize new opportunities in its governance of change.

Pizzoli S.p.A. is structured on the basis of a **traditional administration and control system**. The Board of Directors (BoD), consisting in four members, is elected by the Annual General Meeting (AGM) by direct vote and immediately afterwards the elected members meet to appoint the Chairperson.

The Board of Statutory Auditors monitors the activities of the directors and ensures that the company is managed and administered in accordance with the law and the articles of association.

The Board of Directors is responsible for managing the company to fulfil its corporate purpose, determining strategic policies and guidelines also with regard to aspects of sustainable development and the management of impacts on the economy, environment and people.

The highest governing body appoints the General Manager with special power of attorney to represent the company in relations with public entities in judicial matters and before the courts, and in the areas of labour and occupational health and safety, environmental protection, food safety and data processing. In turn, the General Manager appoints the Operations Manager, the Technical Manager and the Sales Manager with special proxies.

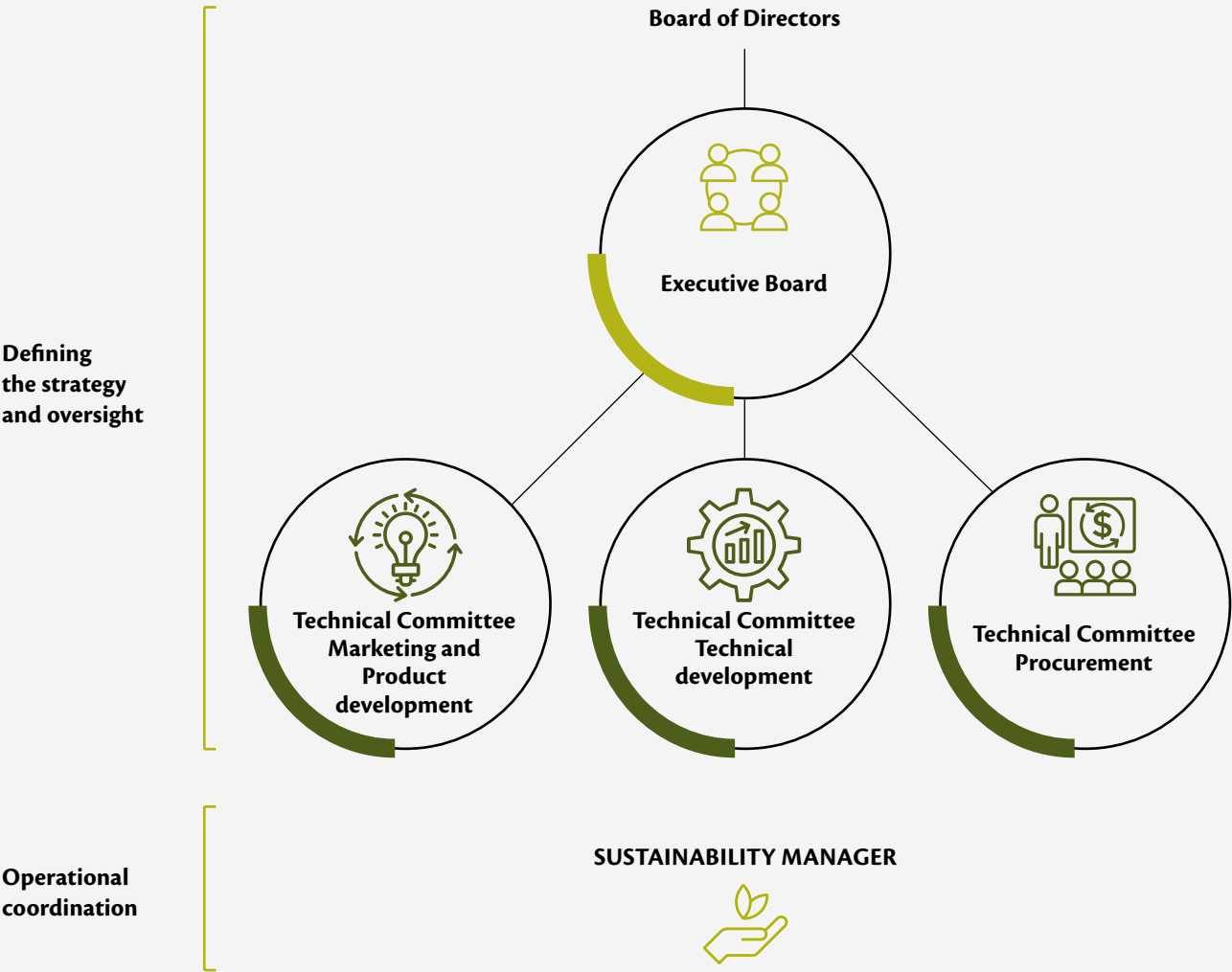
The Board of Directors is supported in its day-to-day management by the **Executive Board**, consisting of the General Manager and front-line people and staff, who meet weekly to discuss contingent issues. In addition to this, **three Technical Committees** have been set up to define long-term business strategy and management, with a focus on the areas of marketing and product development, technological development and procurement.

The Board and the committees meet quarterly to conduct a review of the business. The Executive Board, supported by the Technical Committees, is also responsible for overseeing enforcement of Corporate Policy and assessing the completeness and accuracy of non-financial reporting, referring everything to the highest governing body, which oversees and approves the information contained in the Sustainability Report.

In 2022, Pizzoli created the position of **Sustainability Manager** who reports directly to the Quality Assurance Manager to coordinate the operational management of the organisation's impact on the economy, environment and people and the implementation of the new Sustainability Strategy.

Pizzoli S.p.A. is the parent company of Quick26 s.r.l., which operates in the restaurant and food service sector and runs Bistrot della Patata, an eatery at the FICO Eataly World theme park in Bologna. The idea behind opening the potato bistro at the food theme park is to provide hands-on experience of everything there is to know about potatoes, including their characteristics, the supply chain, and recipes using potatoes, to promote the potato sector in Italy.

# SUSTAINABILITY GOVERNANCE



# Acting ethically

The organisation's governance is based on the principles of honesty, impartiality and transparency enshrined in the **Company Code of Conduct** that Pizzoli adopted when it was approved by the Executive Board in 2021. The Code draws its inspiration from the Universal Declaration of Human Rights and the Fundamental Conventions of the International Labour Organisation (ILO) and defines the principles and rules of conduct that guide the daily conduct of the company, its collaborators and all other persons acting on its behalf.

It also specifies the respective obligations that the company and its employees agree to comply with, and lays down the working conditions that Pizzoli guarantees to ensure respect for workers' human rights and the protection of vulnerable categories. Suppliers and other stakeholders who have dealings with Pizzoli are also required to read the Code and abide by the ethical principles it contains.

The Company ensures that all employees are informed of the principles of ethical conduct and provides a dedicated mail box at the various production sites for reporting alleged violations of the Code of Conduct.

Reports are collected and, depending on the topic, are processed by involving the relevant stakeholders, who investigate the case and promptly assess the adoption of any sanctions, ensuring the confidentiality of the reporter's identity, without prejudice to legal obligations. The Code of Conduct also complements the Code of Ethics and Conduct drawn up pursuant to Italian Legislative Decree 231/2001 in the area of occupational health and safety. Issues regulated by the Code of Conduct include the firm condemnation of conduct geared towards the pursuit of corporate or personal gain that is detrimental to comply with applicable laws and corporate ethical principles. More specifically, conduct that may bring unlawful advantages to customers, suppliers or public officials is not permitted. No cases of corruption have ever been encountered.



### Creating value

Pizzoli generates shared economic value through its business activities. This is then distributed across the main categories of stakeholders that the Company has professional and commercial dealings with, thus contributing to the growth of its operational environment.

In 2022, 5% (about EUR 7.1 million) of the **economic value generated** by Pizzoli (about EUR 141 million) was retained, while **95% (about EUR 133.9 million)** was distributed as follows:

- 93.5% to suppliers, including operating costs for purchased products and services;
- 6.2% to workers, including salaries, benefits, social security contributions and post-employment payments;
- 0.6% to lenders, in the form of interest on debts and loans;
- -0.3% to the public administration, in the form of fees and taxes. The negative value indicates that in 2022 Pizzoli received funding from the public administration;
- 0.01% to the community, in the form of sponsorships, donations, investments in social and pro bono activities.



# Managing risks

The unexpected events of the last few years, such as the spread of the Covid-19 pandemic and the outbreak of the Russian-Ukrainian conflict, and the consequences they have had on business activities and supply chains show how important it is for an organisation to understand the context, identify potential threats and prepare for them.

To this end, Pizzoli **conducts an annual risk assessment** that could affect business activities and the ability to continue creating value.

After identifying the possible risks, their degree of relevance is assessed according to the criteria of severity and probability of occurrence, defining the Risk Assessment Matrix that identifies the priority areas where action is required. The risk management system includes the analysis of certain types of social and environmental risks, especially those connected with the implementation of the environmental management system certified according to the ISO 14001 standard.

### The company monitors the following risks:



#### FINANCIAL

for instance due to penalties, credit foreclosure and non-conformity with voluntary certification standards;



#### EXTERNAL

influenced by the social and economic environment, such as the increase in the cost of energy;



#### STRATEGIC

related to business and industry specifics, such as food safety;



#### ENVIRONMENTAL AND SOCIAL

for example, the shortage of raw materials due to the effects of climate change on farmland.



#### OPERATIONAL

stemming from inefficient processes and internal management, such as inadequate maintenance of production lines;

Pizzoli has also embarked on a process of alignment with the ISO 27001 information security management standard, conducting an **IT risk analysis** and preparing a risk response plan that defines the priority mitigation activities to be implemented in the years to come. The IT security protection systems and procedures adopted in compliance with Regulation (EU) 2016/679 on the protection of

natural persons with regard to the processing of personal data (General Data Protection Regulation - GDPR) ensure the protection of business-sensitive information and the appropriate processing of stakeholders' personal data. Moreover, the company has not received any complaints in the last three years regarding violations of the privacy of customers or other persons dealing with Pizzoli.



# The Pizzoli people

Pizzoli believes that people are the key driver behind the company’s success. Each and every day, their passion and skills create added value and contribute to continuous improvement. For this reason, Pizzoli is committed to providing a stimulating and dynamic working environment, where everyone is valued and recognised for their talent and contribution, while respecting diversity.

The fact that the company is a family-run business and has close ties with the local area has always fostered **interaction and communication between people**. Pizzoli periodically shares the corporate strategy with all employees. In recent years, however, the restrictions imposed by the spread of the pandemic and the company's current period of growth have provided the impetus to develop new communication channels and methods.

This year, it launched the magazine called “Sotto la Buccia” (under the skin), which aims to share the company culture and explore topics of interest to employees, as well as reporting news and information relevant to life in the company. At the same time, Pizzoli is working on building a **leadership culture**, by training managers and developing tools to facilitate virtuous and efficient management of resources, based on communication and feedback.

116  
employees

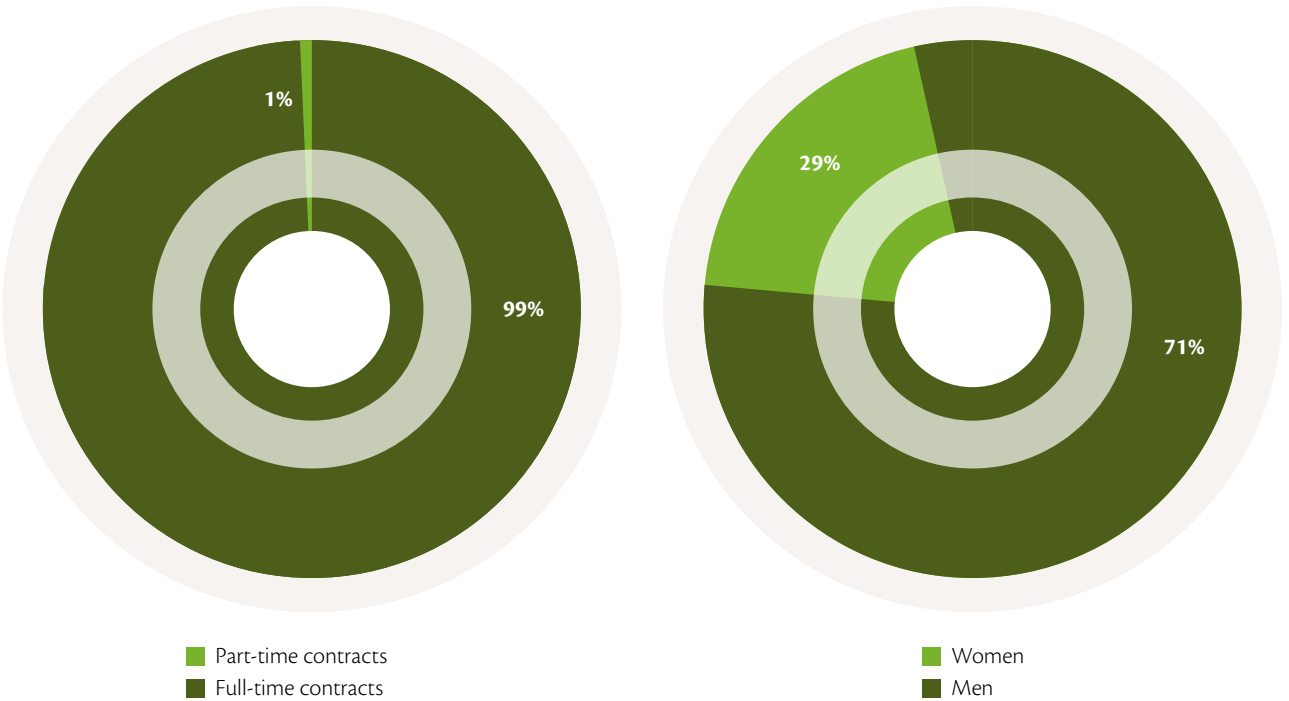
97%  
employed on permanent  
contracts



As of 31 December 2022, there were **116 employees**, with **97% on permanent contracts** and **99% on full-time contracts**, in line with the previous year. The company population is made up of 29% women and 71% men. The prevalence of men is typical of the industry and the production nature of the company.

However, this factor does not detract from **Pizzoli’s commitment to creating fair and inclusive conditions**, starting from the recruitment phase, where only merit, the potential for growth and the fit with the company are assessed.

Company population by type of job and gender



15 new people were hired in 2022, an increase compared to previous years (12 in 2021 and 5 in 2020); 67% of these workers are between 30 and 50 years old. The number of terminations, mostly due to retirements and voluntary reasons, saw a year-on-year increase. This can be connected to the recovery of dynamism in the labour market, following the two years of economic uncertainty due to the Covid-19 pandemic.

In any case, Pizzoli focuses a great deal of attention on recruiting and attracting staff at all levels, by providing stimulating professional opportunities, relevant training courses for the development of both technical and soft skills, as well as ensuring the health, wellbeing and integration of everyone in the company.

## Cultivating skills

The training offer is designed to develop the skills of employees around the **specific training needs identified by the managers** of each department. Accordingly, HR then plans the individual activities and the methods used to provide them, and selects the most qualified and suitable external partners. For example, in 2022, the company organised a programme focused on negotiation techniques for the sales teams.

Towards the end of the year, the **“Leaders in Pizzoli” course** involving People Managers was launched. This three-session course focuses on improving human resources management, from the more operational aspects to more strategic topics. The programme will continue in the future in the aim to consolidate a people-oriented culture.

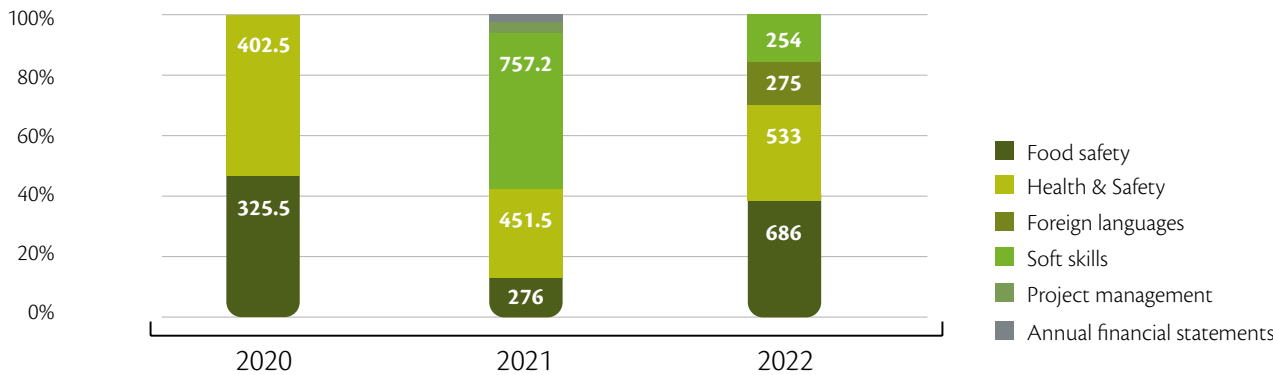
In addition to specific training, Pizzoli provides an **onboarding programme for new employees**, consisting of a general part on the company and the principles of ethical conduct and a technical part associated with their role. The programme also includes training on food safety issues governed by the HACCP regulations, also designed for contractors working in Pizzoli facilities.

As proof of how much Pizzoli believes in the importance of supporting the training and development of its people, in 2022 it delivered **1,748 hours of training**, an 11% increase over 2021 and a 140% increase over 2020, a period in which activities were slowed down by measures to prevent the spread of the pandemic. In terms of the company population, each employee had the opportunity to participate in an average of 15 hours of training in 2022. These programmes focused on the areas of food safety, occupational health and safety, foreign languages and soft skills.

**1,748**  
hours of training  
provided

**15**  
average hours of training  
per employee

### Hours of training by type



## Nurturing wellbeing and satisfaction

Pizzoli strives to make its people proud to be part of an organisation that pursues growth without losing sight of the **human-centric aspect**. In addition to applying the working conditions guaranteed by law to the entire company population, the company has entered into a **supplementary agreement** covering all employees, with the exception of Executives.

The agreement was renegotiated with the trade union representatives in 2022 and defines the profitability, quality and productivity parameters used as the basis for paying the annual performance bonus, and introduces the possibility of converting the bonus into corporate welfare services with a 12% mark-up by the company.

In 2022, Pizzoli offered each employee up to middle management level a **bonus of EUR 258** for access to goods and services that can be purchased through the dedicated platform and a fuel voucher of EUR 200 to all employees without a company car. In the aim to structure a comprehensive welfare programme, it also introduced:

- Marriage bonus of EUR 500 gross
- Parental bonus of EUR 500 gross for each newborn or adopted child
- Birthday bonus consisting in a voucher for the employee plus one to dine at a local restaurant
- Company's discounts spendable at local businesses in the aim to access goods and services at a lower price

**€ 28,500** → **+25%**  
investment in welfare compared to 2021

Pizzoli is always happy to take in and discuss ideas from the people and trade union representatives, keeping interactions ongoing and open.

At the end of each year, the company presents and analyses the indicators relating to personnel, such as data on hirings and terminations, and other aspects of interest to employees, together with the representatives.



# Safety comes first

For Pizzoli, protecting people's health and safety does not only mean complying with legal obligations but it also means creating a corporate culture where safety is always a priority for everyone who works in the company.

The implementation of a **health and safety management system that covers the entire company population**, in accordance with the provisions of the Italian Legislative Decree 81/2008, ensures that adequate procedures are in place to identify risks and take appropriate measures to prevent them. Pizzoli has also adopted the **special disciplinary section required by the Italian Legislative Decree no. 231/01**, which further protects employees from work-related harm and defines obligations and prohibitions that personnel are expected to comply with.

Health and safety protection is based on the assessment and management of generic and specific risks, assessed and contained in the Risk Assessment Document (DVR) specific to each facility and updated periodically. The procedures for identifying occupational risks and hazards are shared between the Prevention and Protection Service (SPP), the occupational physician, the workers' representative(s) (RLS) and the workers in training activities. Workers are responsible for reporting risk situations, dangerous behaviour or violations of internal regulations to the departmental supervisors and the workers' safety representative (RLS).

Similarly, workers may report presumed exposure to the risk of occupational diseases; the occupational physician is responsible for assessing these and communicating the outcome to the employer, who will then take appropriate mitigation measures. In any case, **workers are required to remove themselves from situations** that may harm their health. All employees also undergo **health surveillance by the occupational physician** appointed by the employer at intervals established on the basis of the provisions of the Legislative Decree 81/2008, increasing their frequency where necessary on the basis of the outcome of the examinations.

Specific procedures for storing and authorising access to employees' medical records ensure the protection of sensitive information in compliance with privacy regulations. Employees can also access the supplementary healthcare systems provided for by the National Collective Bargaining Agreement (CCNL) for access to healthcare services not included in the scope of occupational medicine. During the emergency period brought about by the pandemic, Pizzoli also took out supplementary health insurance for the workers.

On the basis of the assessments conducted and the reports received, the Sustainability function, together with SPP, **prepares appropriate prevention measures** and regularly monitors their effectiveness. Accidents or near-misses (accidents that do not cause injury or illness, but have the potential to do so) are investigated, and a procedure is set in motion that involves carrying out inspections and implementing measures to remove or mitigate the hazard, proceeding concurrently with activities to inform workers in order to prevent the risk identified. This communication between workers and SPP led to a change in the analytical methodologies applied, which in turn brought about a reduction in the exposure of workers to chemical risks, thanks to the introduction of rapid kits and practices involving the use of physical means in both water and oil analysis.

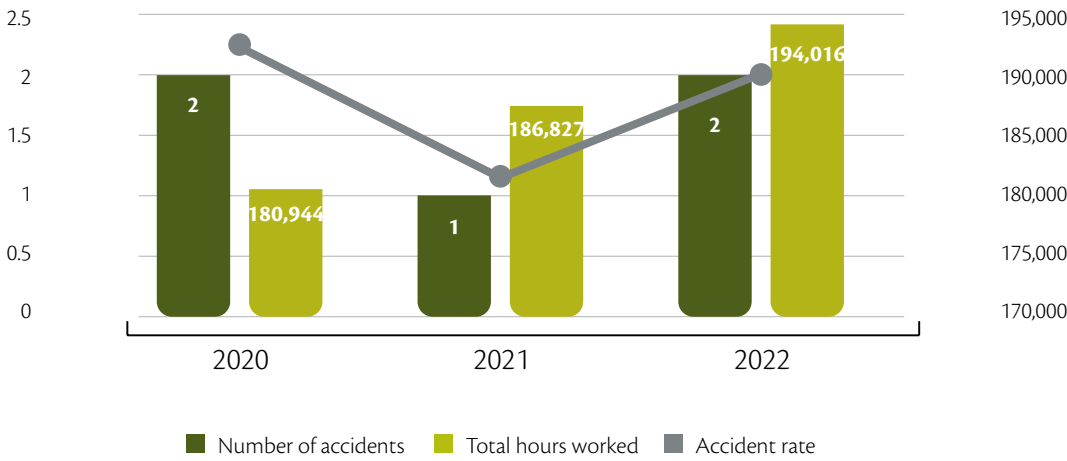
To prevent risks associated with activities in the cold rooms, in addition to the presence of oxygen concentration control systems, workers were also trained in how to perform tasks at height, obtaining the relevant qualification, and were trained in emergency first aid in critical environments, with the creation of a Safety Rescue Team.

Pizzoli encourages transparent and timely communication, ensuring that employees do not suffer repercussions or retaliation, and also provides staff with an anonymous reporting system. **Employee empowerment** is a fundamental goal for Pizzoli, and this is promoted through an operational approach to training, based on understanding and managing plausible risk scenarios. **General and specific training** is provided during the recruitment phase, depending on the role and task of the newly hired employee, and repeated whenever employees change jobs. The training plan and refresher activities are implemented on the basis of the Government-Regions Conference agreement. In addition to training and information activities, it is essential to clearly define the roles of employees in the field of health and safety to ensure that people do not approach situations for which they are not qualified, exposing themselves to risks for which they may be unprepared.

The focus on occupational health and safety is also extended to partners and along the supply chain. Risk assessments are conducted on contracted activities, in collaboration with the companies concerned. Additionally, contractors and suppliers are also assessed for compliance with safety regulations during the qualification phase and, in cases of specific risk activities such as plant maintenance activities, with additional requirements as well.

In 2022, there were **two cases of minor injuries** consisting in a joint sprain and a wound. In the two years before that, one accident was recorded in 2021 and two in 2020. The ratio of the number of incidents to the total hours worked in the company resulted in an accident rate of 2.06<sup>1</sup> in 2022.

Work-related injuries recordable



<sup>1</sup> The accident frequency rate is calculated as the ratio between the number of accidents and the total number of hours worked in the same period, multiplied by 200,000.



# Interaction with the communities

The history of Pizzoli is intimately tied to the territory. The company cultivates relations with the communities of Budrio and neighbouring areas and supports their social and cultural development.

The company **generates shared value with the territory** by donating to local associations that seek to improve the availability and accessibility to healthcare services for the benefit of the community.

In 2022, the company supported the activities of the Lega del Filo d'Oro, an association that assists people who are deaf and blind and people with multiple sensory impairments; the ANT Foundation, which provides specialist medical support at home for cancer patients and cancer prevention, as well as various other facilities in the area. Pizzoli also **supports sports associations, especially geared towards children and young people**, to promote health and the values they can acquire through sport for their growth, such as the NESO Camps dedicated to young swimming talents and local basketball teams such as VENI BASKET. To consolidate this involvement, in 2023 a major collaboration with the non-profit organisation called "Sport Senza Frontiere" was arranged to foster the inclusion of young people in socially and economically disadvantaged conditions through sport.

Lastly, in collaboration with Pizzoli, the Valle dell'Idice Rotary Club has set up a **scholarship named after Ennio Pizzoli**, the founder. The aim is to reward the most innovative and interesting research theses in the field of agronomy. The most recently awarded project consisted in the interpretation of the vegetative state of plants through satellite images.







## A COMMITMENT WITH DEEP ROOTS

“ The Pizzoli business model is closely tied to the natural ecosystems on which it impacts. For this reason, now and in the future, Pizzoli makes every effort to promote an increasingly responsible value chain from the field to the production all the way down to the table.

# A challenging situation

Whether fresh or frozen, potatoes are an increasingly popular and in-demand product on the market. The challenge for companies in this sector will be to reverse the trend of declining yields and rising production costs, primarily caused by the effects of climate change.

The European Union is the second largest producer of potatoes in the world, with volumes exceeding 55 million tonnes harvested in 2020 for an estimated value of around €12 billion. Within the EU framework, the Italian market ranks 9th in terms of cultivated area and harvest, representing 2.6% of production. However, over a twenty-year period, **the quantity of potatoes harvested in Europe has dropped by more than a quarter** (-27.4% of production between 2020 and 2000)<sup>2</sup>.

Increasingly uncertain weather patterns, where reduced rainfall, extreme heatwaves and the spread of pathogens jeopardise the growth and health of tubers, are putting crops at risk. In addition, the rising cost of energy and other raw materials, such as fertilisers, is affecting the margins of growers and players along the supply chain.

On the other hand, demand for potatoes continues to climb. In fact, the highest per capita consumption of potatoes is recorded in Europe. In Italy, in 2022, frozen potatoes were the third most popular category among consumers, with consumption totalling more than 111,000 tonnes<sup>3</sup>.

In order to address the negative trends, which do not only affect potatoes but the entire agricultural sector, European institutions are working to define objectives and guidelines to support the transition to a production model capable of ensuring productivity without compromising the health of ecosystems.

In the first phase, the measures pose additional challenges for companies in the sector, which, for example, will no longer be able to use certain chemicals for pest and disease control. For this reason, companies in the sector, including Pizzoli, are investing in innovative solutions **to reduce impacts on the environment and at the same time make production more resilient**.



## The challenges

Degrading farmland, changes in rainfall and consequent decrease in crop yields



Fluctuating cost of energy, raw materials and semi-finished products



Fluctuating value of potatoes on the market



Italian agricultural context requiring continuous experimentation and adoption of new production models and practices



## Development trends



Defining strategies to quantify and limit the carbon footprint along the entire value chain



Increasing energy efficiency and circularity of production processes



Developing agricultural models and practices to address land degradation and support the regenerative capacity of ecosystems



Adopting micro-irrigation systems to reduce water consumption



Promoting a supply chain that ensures the involvement and profitability of all stakeholders, and growers in particular



Investing in product and process innovation to minimise food and resource waste

<sup>2</sup> Eurostat (2021). The EU potato sector - statistics on production, prices and trade.  
<sup>3</sup> Circana: total mass retail market in Italy – YE Dec22.



## Collaborations and partnerships for a resilient supply chain

The nature and scale of the challenges facing the potato sector require a systemic approach, capable of adapting the production model and administrative environment to new benchmarks. So it is important for companies in the supply chain to work together, also involving institutions and legislators, to facilitate the transition and develop innovative solutions.

To this end, Pizzoli has long been an active participant in the major **industry associations**, collaborating on sector studies and sharing best practices. Most notably, the company takes part in steering committees and specific working tables, also in the field of sustainability, and contributes to research and communication activities of the following associations:

- **EUPPA - European Potato Processors' Association.** This European association represents the industry of potato processors in Europe, with a mission to be highly innovative, sustainable, competitive, and responsible for the current and future needs of the planet and the consumers. Its members are 6 national associations based in Belgium, Germany, France, Italy, the Netherlands and the United Kingdom as well as individual companies, together accounting for more than 90% of processed potato production in Europe. In October 2022, Pizzoli participated in the conference in Brussels on the theme of "EUPPA driving sustainability across the potato processing sector".
- **Unione Italiana Food.** Leading association in Italy representing large brands and small to medium-sized enterprises in the food industry. The association aims to support the growth of the Italian food industry in global markets.

- **IIAS - Istituto Italiano Alimenti Surgelati.** IIAS - the Italian frozen food institute - is part of Unione Italiana Food and its objective is to inform consumers about freezing, preservation and distribution techniques, protecting and promoting the image of frozen food and encouraging its growth in terms of consumption. In 2022, **Pizzoli was involved in drafting the first Environmental Report dedicated to frozen food**, providing data and contributing to the development of specific metrics.
- **FruitImprese - Associazione Nazionale Imprese Ortofrutticole.** Fruitimprese is an independent association that represents and protects businesses in the fruit and vegetable industry, promoting their growth and access to new markets. The Association's development levers are quality, freshness, sustainability and technology.
- **Consorzio di Tutela Patata di Bologna D.O.P.** Consortium for the protection of the Bologna PDO Potato, defining production regulations and controlling quality standards. Pizzoli is the second largest packer in terms of volume.

In addition, Pizzoli was involved in setting up the **Italian Phosphorus Platform**, an initiative led by the Ministry of the Environment and Energy Security, which aims to promote the recovery of phosphorus from production processes to achieve self-sufficiency in the phosphorus cycle on a national basis. The Platform also aims to coordinate national policies with the European reference framework. Pizzoli collaborates in this initiative, participating in the Platform's technical forums and also in information and dissemination activities.

At the same time, Pizzoli works with academia in the field of agronomic and varietal research and experimentation. New varieties and techniques are studied and tested in the experimental fields of the **University of Bologna** before being trialled on a large scale at Pizzoli's experimental farm. Collaboration with the University also extends to supporting research projects for dissertations.

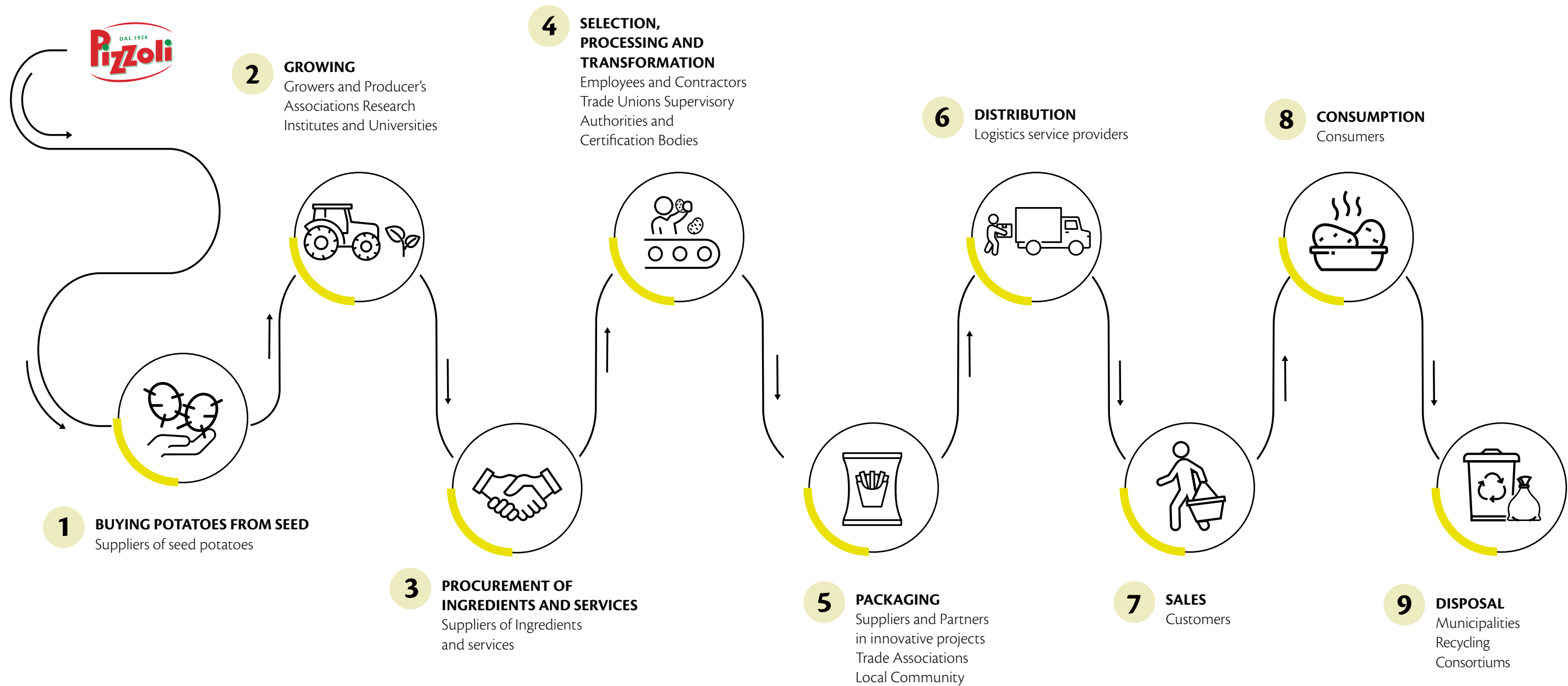
Lastly, Pizzoli constantly monitors **opportunities to partner with other companies and start-ups** to develop technologies and innovations and to establish synergetic processes, for example recovering and exploiting by-products of potato processing that can be used as raw material for other industries.



# Stakeholders and priorities

The nature of Pizzoli's business means that the company interacts with numerous stakeholders along the value chain on a daily basis. Listening to their views and seeing things from their perspective is fundamental to define a successful and sustainable development strategy.

Pizzoli identified the most relevant categories of stakeholders for its organisation through an analysis of negative and positive impacts they could have and their ability to influence the company's decisions in regard to the different phases of the value chain.





From time to time, when updating the analysis of the context and business risks, Pizzoli assesses the expectations of individual groups and defines the methods and contents to effectively respond to stakeholder's requests.

In addition to continuous dialogue and engagement efforts made through the most appropriate communica-

tion channels for each category (as more fully described in the sections that follow), in 2022 Pizzoli **consulted a sample group of employees and suppliers** to explore their perceptions and expectations in the social and environmental spheres, which were taken into account in the process of defining material issues and identifying strategic sustainability guidelines.

Using an online questionnaire, stakeholders were asked to assess the significance of the impacts associated with Pizzoli's activities and to answer a number of questions relating to strategic issues for the sector and for business development.

The questionnaires revealed that both employees and suppliers agreed that the overriding challenges for Pizzoli are:

- Reduce its carbon footprint
- Promote sustainable farming practices that protect biodiversity
- Continue developing processes from a circular perspective.





# Materiality analysis

To plan a cohesive and forward-looking corporate strategy, capable of incorporating management of the most relevant social, environmental and economic aspects, it was essential to prioritise Pizzoli's areas of action by carrying out a materiality analysis. The analysis consists in a process to determine and assess material topics i.e. the most relevant aspects for an organisation that groups together and describes one or more impacts it has or may have on the society, the environment and the economy as well as its ability to create value throughout time.

cess to determine and assess material topics i.e. the most relevant aspects for an organisation that groups together and describes one or more impacts it has or may have on the society, the environment and the economy as well as its ability to create value throughout time.

## The 12 material topics in order of priority

1. Food safety and quality
2. Management of human resources
3. Procurement practices and management of agricultural ecosystems
4. Innovating and developing the supply chain
5. Generating value
6. Climate change
7. Managing resources for production and circularity
8. Exploiting by-products and waste management
9. Customer and consumer satisfaction
10. Supporting communities and developing the local areas
11. Ethical and responsible management of the business
12. Combating food waste and raising consumer awareness

- Economy and governance topics
- Social topics
- Environmental topics



In line with the methods defined in the GRI 2021 Standards developed by the Global Reporting Initiative, the material topics were identified in the following steps:

### Understanding the sustainability context

Analysis of the regulatory framework applicable to Pizzoli's business and sector; analysis of studies and reports issued by institutional bodies and organisations in the agri-food sector (e.g. European Potato Processors' Association (EUPPA), Italian Frozen Food Institute (IIAS), Sustainable Agriculture Initiative), as well as analysis of competitor and peer strategies, to determine the most relevant sustainability trends and risks.

### Analysing the value chain

Breakdown of each step of Pizzoli's value chain from upstream to downstream, under the direct or indirect control of the organisation; analysis of stakeholder relations for each step.

### Identifying impacts

Identification of the impacts generated for each stage of the value chain, i.e. the negative or positive effects that Pizzoli has or could have on the economy, the environment, people and their human rights; these impacts may be actual or potential, intended or unintended, reversible or irreversible and have short-term or long-term effects.

### Assessing the significance of the impacts

The level of significance of negative impacts was determined by using a value scale to assess the severity, likelihood of occurrence, how widespread the impacts are, and how difficult it would be to remedy them; for positive impacts, on the other hand, the level of significance was assessed on the basis of how beneficial and how widespread the impacts would be. The process also took into account the evaluations given by the stakeholders who responded to the online questionnaire.

### Grouping impacts into material topics

Negative and positive impacts were ranked in order of significance, and those which were above the defined minimum threshold of significance, were grouped together to define Pizzoli's material topics.



# Looking forward with responsibility

Pizzoli has always managed business processes and activities in the aim to achieve high levels of efficiency while ensuring a fair and responsible engagement with stakeholders. From facility planning to ensure the recovery and utilisation of energy resources and waste, to agronomic research to optimise the use of resources and minimise impacts in the fields. Over the years, the company has continued to work to improve its social and environmental performance,

partly by developing specific policies and procedures and obtaining quality certifications. Given the growth phase and the forthcoming increase in production capacity with the start-up of the San Pietro in Casale facility, Pizzoli has begun laying the groundwork to define a Sustainability Plan embedded in the company's strategy. In 2022, the company initiated an analysis of its sustainability positioning, deepening its understanding of the impacts generated and the

expectations of stakeholders. On the basis of the results gathered, the company launched a shared process led by the Head of the Sustainability function that involved the

company management in a process to identify the priority areas of commitment for Pizzoli, i.e. the **pillars** of its sustainability strategy.

**Building on the strategic areas identified, the company is committed in developing a Plan of medium and long-term goals and actions in 2023 that will guide the business in effectively managing social and environmental impacts.**

## AT THE ROOTS OF ETHICS

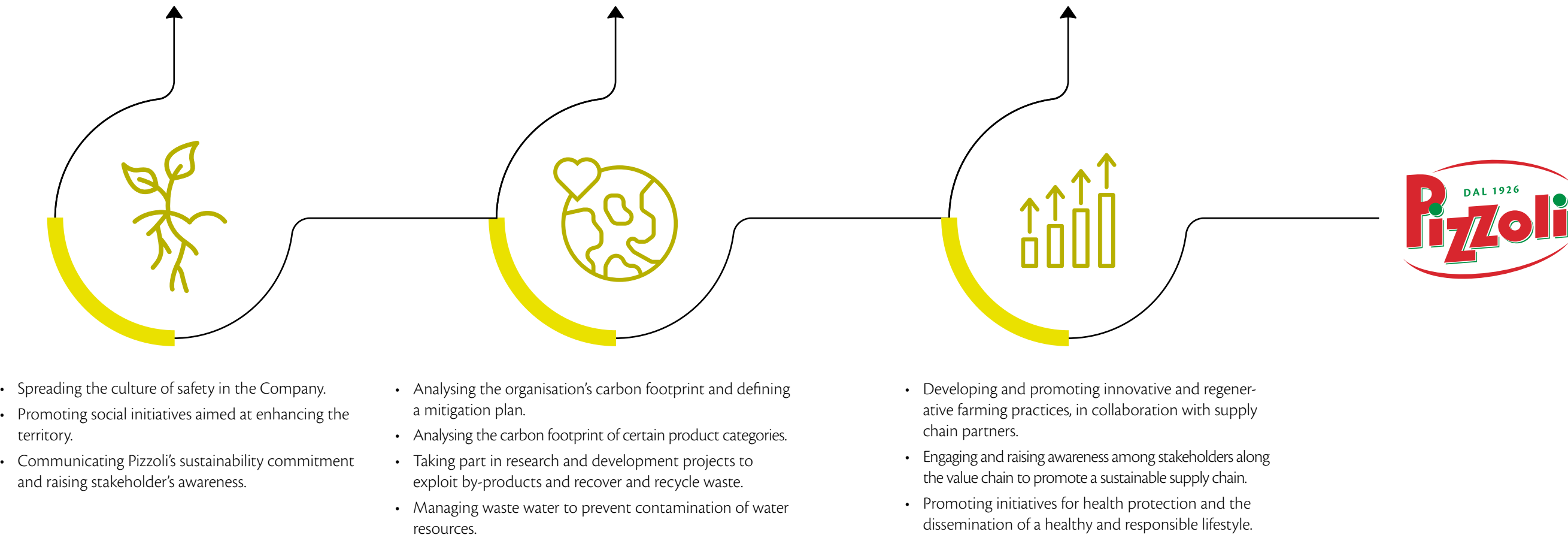
Commitment to ensure ethical and responsible business management, protecting the ability to create shared economic value and fostering the participation, development and safety of the Pizzoli people.

## RESPECTING THE PLANET

Constantly researching and developing efficient and circular processes to reduce the direct impacts of industrial production on the environment, minimising waste and carbon footprint.

## HEALTHY GROWTH

Helping to transition to a sustainable agricultural system, addressing the depletion of resources and promoting the regenerative capacity of ecosystems to ensure a healthy, high-quality product and to ensure food security for future generations.





# NATURALLY GOOD, SUSTAINABLE BY CHOICE

“ Experiment, innovate and share knowledge so that the land can continue to bear its precious fruits. Pizzoli has always stood by growers to find less impactful solutions and support them in facing new challenges.

52%

POTATOES SOURCED  
WITHIN A 200 KM RANGE  
FROM PIZZOLI'S FACILITIES

189

AUDITS CONDUCTED  
ON SUPPLIERS

3

MACRO AREAS OF AGRONOMIC  
DEVELOPMENT TO REDUCE  
IMPACTS ON FIELDS



# Context analysis

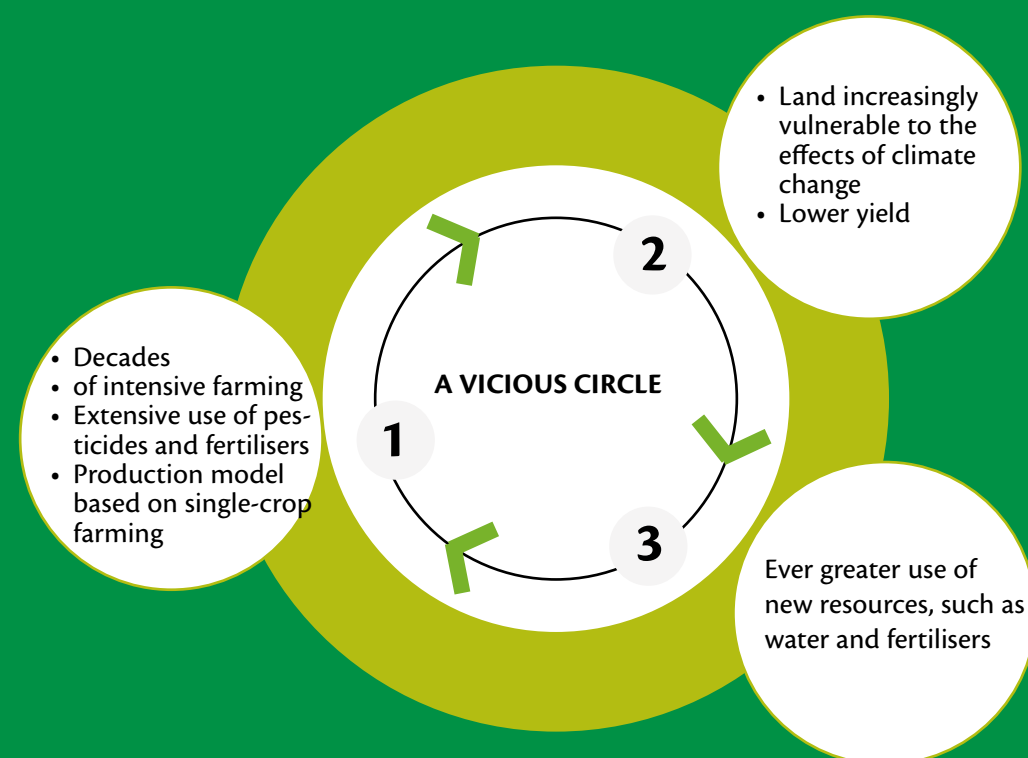
## AGRICULTURE AND CLIMATE CHANGE

Agriculture accounts for one of the most significant contributions to climate change. Over the past 20 years the agricultural sector has generated globally<sup>4</sup>:

<sup>4</sup> McKinsey & Company, 2020. Agriculture and climate change. Reducing emissions through improved farming practices.

**20%**  
of global  
GHG emissions

**80%**  
of total  
nitrous oxide emissions



## Effects of climate change

- Rising temperatures
- Less rainfall and changes in its distribution
- Increase of extreme weather events
- Rising sea levels and salinisation of coastal land



## Impacts on farmland

- Loss of nutrients in the soil
- Reduction in the soil's natural capacity to retain moisture and increased exposure to erosion
- Loss of the soil's capacity to store carbon
- Increased vulnerability to the spread of disease and pests
- Pollution of groundwater and waterways
- Loss of biodiversity



## ACTIONS BY THE EUROPEAN UNION

To become climate neutral by 2050, the European Union is encouraging agricultural practices that mitigate climate change. In the coming years, new regulatory requirements will compel European agri-food businesses to adopt challenging sustainable development goals.

## EU strategies

- Farm to Fork strategy (2020)
- Biodiversity strategy (2020)
- Soil strategy (2021)



## Main goals to 2030

- Manage 25% of the EU's agricultural land under organic farming
- Establish biodiversity-rich landscape features on at least 10% of farmland
- Reduce the use of chemical and hazardous pesticides by 50%
- Reduce the use of fertilisers by at least 20%
- Reduce nutrient losses by at least 50%,
- Reverse the decline of pollinators

## THE POTATO CHAIN

Potatoes are one of the most virtuous crops in terms of carbon footprint, land and freshwater use per calories produced<sup>5</sup>. However, they are not immune to the effects of climate change.

## Production in Italy from 2007 to 2022<sup>6</sup>

from **70,000** to **47,000** hectares

**25%** less volume produced

It is essential for the potato industry too to invest and participate in **the transition towards sustainable and regenerative models.**



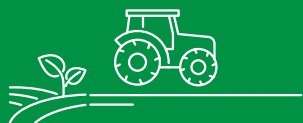
## Regenerative agriculture<sup>7</sup>

- The combination of practices and technological solutions that work in synergy with natural rhythms in order to
- limit the impacts of agricultural activities on the environment
  - increase the resilience of ecosystems by restoring soil fertility, fostering biodiversity and increasing both yield and crop quality.

<sup>5</sup> Hannah Ritchie and Max Roser (2022) - "Environmental Impacts of Food Production". Published online at OurWorldInData.org.

<sup>6</sup> Italian National Statistics Institute (ISTAT) 2023.

<sup>7</sup> European Academies Science Advisory Council (EASAC), 2022. Regenerative agriculture in Europe. A critical analysis of contributions to European Union Farm to Fork and Biodiversity Strategies.



## WHAT WE DO IN PIZZOLI

Aware of the impacts that the company indirectly generates during the agricultural process, **Pizzoli has always researched and field-tested** innovative techniques and solutions to reduce the impact of farming practices and increase crop resilience.

### Potential areas of impact

- 1 Remuneration of farmers and potential impacts on productivity and product quality
- 2 Rights of workers and human rights along the supply chain
- 3 Pollution and impoverishment of ecosystems caused by the farming practices adopted for producing potatoes and other supplied raw materials
- 4 Indirect GHG production in the field
- 5 Opportunities for economic development for the supply chain and sector
- 6 Technical skills of potato growers and development of producer groups
- 7 Transition to sustainable and regenerative agricultural practices

## The art of choosing wisely

From seed, to potatoes, to ingredients and ancillary services, building an integrated agri-food chain, based on fair and transparent trade relations is the key to an excellent product made while respecting the society and the environment.

More than 50% of Pizzoli's suppliers are farms, which it supplies with certified seed potatoes of the varieties best suited to the local area in order to ensure a profitable production. Seed potatoes are purchased from specialist producers in Northern Europe. Pizzoli also purchases **ingredients** for the preparation of frozen recipes, including frying oil, flours and other minor ingredients, and packaging materials.

No less important for supply chain efficiency are the **technical services**, including maintenance of production facilities, and **logistics and transport services** to provide consumers with a product that always meets their needs.

In 2022, the total number of direct suppliers increased from 303 in 2021 to 358; the reasons are related to the construction of the new facility in San Pietro in Casale and the planning of new activities, as well as for supply security reasons related to the socio-economic context that put the availability of certain raw materials and price stability at risk. As a result, expenditure on suppliers increased by 21% over the previous year.

over  
**350**  
total suppliers

**19**  
suppliers  
of seed potatoes

**190**  
potato suppliers,  
165 are Italian and include Producer Organisations

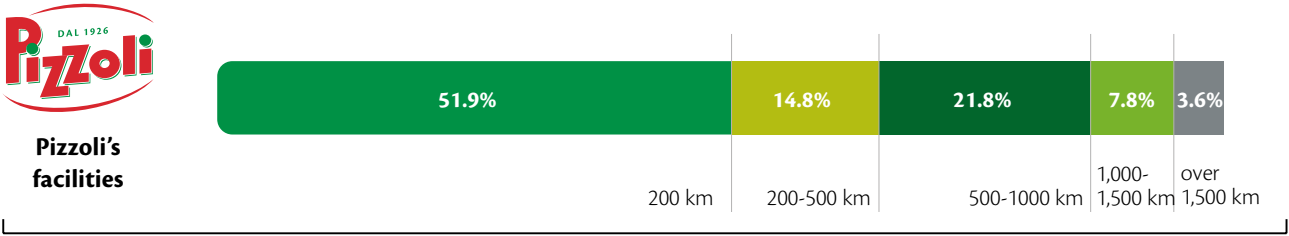
The company mainly uses Italian suppliers. Over the years, Pizzoli has built **long-lasting and trust-based relations** with industrial partners and many farming organisations located across a large part of Italy in production areas particularly suited for potato growing, namely Veneto, Emilia-Romagna, Abruzzo, Campania, Calabria and Sicily.

For some specific supplies, Pizzoli also purchases from selected European partners, with the aim of always ensuring availability and the highest quality of raw materials.





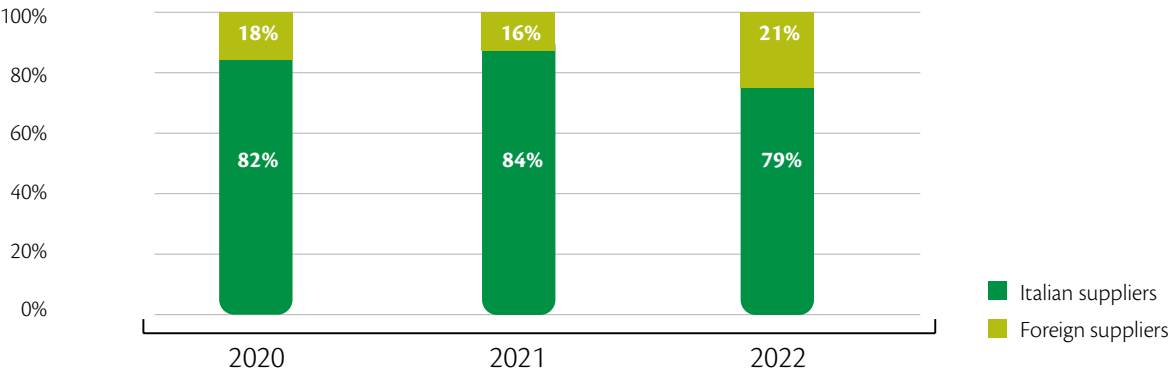
Origins of the potatoes



In 2022, **79% of procurement expenditure went to Italian suppliers**, 37% were based in Emilia-Romagna. The slight reduction in the share of Italian supplies compared

to previous years (84% in 2022 and 82% in 2021) was due to the need to purchase larger quantities of seed potatoes and potatoes from abroad to meet the growing demand.

Proportion of expenditure with suppliers







# Supplier selection

Pizzoli **carefully selects supplies that meet certain quality, performance and environmental criteria** defined within specific procedures and tools for each product category. In 2022, 21% of its new suppliers were assessed on the basis of social and environmental criteria. Suppliers are also assessed with respect to the organisation's management practices and compliance with ethical and social responsibility requirements enshrined in the Pizzoli Company Code of Conduct. These include fostering fair and decent working conditions and respect for human rights.

In addition to using declarations and documentation issued to verify compliance with the requirements, Pizzoli conducts audits of suppliers. **In 2022, 189 suppliers were audited** - 24 new suppliers and 165 already accredited. 202 suppliers were audited in 2021 and 160 in 2020. In addition, **Pizzoli's Agronomists conducted field audits on 80% of the farms and producer associations** to make sure they were following the required practices and meeting the relevant quality standards.



## Methods and scopes of supplier assessment by product category

 SEED POTATOES	<b>Assessment tools</b> <ul style="list-style-type: none"><li>• Certification by geographical origin and plant health</li></ul>	<b>Scope of assessment</b> <ul style="list-style-type: none"><li>• Origin</li><li>• Plant health characteristics in accordance with European Regulation RUCIP<sup>8</sup> and CREA<sup>9</sup> national seed regulations</li></ul>
 POTATOES	<ul style="list-style-type: none"><li>• Purchase conditions</li><li>• Framework contract for the sale of table potatoes for direct consumption</li><li>• Adoption of the local region's Regulations for Integrated Crop Management</li><li>• Checklist for monitoring adopted practices</li><li>• Adoption of the Italian raw material traceability programme</li><li>• GLOBALG.A.P. and GRASP certification (if applicable)</li></ul>	<ul style="list-style-type: none"><li>• Compliance with established quality requirements</li><li>• Compliance with practices defined in the Regulations in terms of management and use of plant health products, irrigation, fertilisation, weeding, soil tillage, waste management</li></ul>
 INGREDIENTS AND OTHER FOOD RAW MATERIALS	<ul style="list-style-type: none"><li>• Questionnaire for assessing suppliers of food raw materials</li><li>• Questionnaire on suppliers' social responsibility</li><li>• Corporate and/or product certifications, if available</li></ul>	<ul style="list-style-type: none"><li>• Food safety</li><li>• Waste management</li><li>• Transport management</li></ul>
 PACKAGING	<ul style="list-style-type: none"><li>• Questionnaire to assess packaging suppliers</li><li>• Questionnaire on suppliers' social responsibility</li><li>• Corporate and/or product certifications, if available</li></ul>	<ul style="list-style-type: none"><li>• Quality and traceability management</li><li>• Compliance with health and hygiene requirements when managing food products</li></ul>
 SERVICES	<ul style="list-style-type: none"><li>• Questionnaire on suppliers' social responsibility</li><li>• Procedure PG03 "Contract management", stemming from the 231 Compliance Model (for the maintenance service)</li></ul>	<ul style="list-style-type: none"><li>• Compliance with insurance contribution payments</li><li>• Existence of required insurance cover</li><li>• Occupational health and safety</li><li>• Respect for workers' rights and decent working conditions</li></ul>
 TRANSPORT	<ul style="list-style-type: none"><li>• Questionnaire on suppliers' social responsibility</li><li>• Compliance with HACCP procedures</li><li>• Certificate of compliance with insurance contribution payments (documento unico di regolarità contributiva - DURC)</li><li>• Insurance documents</li><li>• Pizzoli operating instructions</li><li>• Any applicable certifications</li></ul>	<ul style="list-style-type: none"><li>• Compliance with insurance contribution payments</li><li>• Existence of required insurance cover</li><li>• Respect for workers' rights and decent working conditions</li><li>• Transport conditions that guarantee the cold chain</li></ul>

8 The whole body of the Rules and Practices of the Inter-European Trade in Potatoes and the Rules governing Expert Assessments and Arbitration of the European Committee.  
9 Italian Council for Agricultural Research and Economics.





**For responsible and sustainable agriculture**

By requiring the adoption of the regional Regulations for Integrated Crop Management, Pizzoli promotes a supply chain that is attentive in reducing the impact on the soil and the agricultural ecosystem. Under these regulations, **biological methods and preventive agronomic techniques are used to defend against pests and disease, aiming for a long-term balance to minimise the use of plant protection products and chemicals** and their consequences on human health and the environment. The integrated crop management system requires specific skills and the commitment of farmers to constantly monitor crops' health, which Pizzoli supports by providing the necessary technical assistance.

Moreover, Pizzoli supplements the specifications in the Regulations with its own operating instructions, which it shares with farmers by means of a checklist that lays down the fundamental criteria for managing plant protection products, managing water resources, safeguarding biodiversity with particular attention to practices that encourage the presence of pollinating insects.

Pizzoli requires growers involved in table potatoes supply chain to comply with the good agricultural practices defined in the **Integrated Farm Assurance (IFA) Standard** established by **GLOBALG.A.P.**, with farms certified under Option 2. Indeed, in 2021 Pizzoli became head of the certification chain in the aim to improve the sustainability of agricultural activities throughout the Emilia-Romagna region. The Standard requires the application of a systemic approach with specific requirements in terms of food safety and quality, traceability, integrated pest management, soil, water and biodiversity management.

These approaches, together with the experimentation and promotion of precision, regenerative agricultural practices, align with the objectives of the strategies defined by the European Union for the development of a resilient and regenerative agri-food supply chain, for the protection of biodiversity and soil.

**69%**

**Proportion of table potatoes  
from GLOBALG.A.P. certified farms**



# Side by side with the growers

Pizzoli contributes with passion and foresight to the development of skills and innovation from the earliest stages of the supply chain, assisting growers from sowing to harvesting.

Pizzoli focuses on consolidating long-term business relationships with growers, based on shared values and objectives and efficient collaboration dynamics to support the growth of national agricultural production.

Pizzoli set up a **dedicated network of associations and farmers** in the aim to develop and promote the growth and innovation of the Italian potato industry within the framework of the European Common Agricultural Policy (CAP). Specifically, this allows Pizzoli to liaise and network with institutions, producer associations, protection consortiums, agricultural unions and experimental institutes, and to participate in the renewal of framework contracts.

- The main objectives the function is working on are:
- Promoting the need and benefit of planning to respond to economic instability.
  - Creating an increasingly specialised system of agroeconomic assistance to facilitate changes in agricultural practices.
  - Liaising with institutions to promote a more favourable regulatory and administrative environment for developing potato production in Italy.

## The key principles to develop the supply chain

### PLANNING

The first step is an effective **organisation and planning of production**, enshrined in long-term contracts, allowing conditions to be negotiated well in advance and ensuring stable prices. This allows growers to plan their activities and possible investments with the assurance of an economic return. This is why negotiations are agreed at least one year ahead of product delivery, with agreements being finalised when Pizzoli delivers the seed. Supplying seed potatoes directly to growers, which on average account for 25% of the cost of production per hectare, means they can avoid the dynamics of speculation and keep costs down.

### FAIR REMUNERATION

During the planning stage, Pizzoli and the growers agree on a price for the crop that guarantees **adequate margins** and includes **bonus systems** based on the quality and quantity of the harvest. In setting the price, the company also assesses the level of profitability of other types of agricultural production so as to also consider a premium margin for producers compared to other crops. Pizzoli also **undertakes to guarantee it will accept all production** even when it has not reached the contracted requirements and standards, to help growers cover production costs, perhaps renegotiating the price. These actions make it possible to establish ongoing relationships and support farm profitability and investments in improved management and techniques.

### TECHNICAL ADVICE

Growers receive support throughout the entire crop cycle through constant **technical advice from Pizzoli's agronomic staff**, who work with them to choose the best agronomic practices based on the characteristics of the growing areas and the most suitable practices for storage in the immediate post-harvest phase. Every year, when the potatoes are planted, possible contamination risks are assessed and soil chemical analyses are carried out to draw up the fertilisation plan. In compliance with the Regulations for Integrated Crop Management, defence treatments are authorised only when the plant infestation threshold is exceeded, and they are implemented with the approval of Pizzoli's technical consultants. The existence of this service, directly linked to Pizzoli's Agronomic Research and Development function, helps farms and practices adopted in the field to evolve, by facilitating the introduction and experimentation of technical advances.

### WORKING CONDITIONS

In addition to the economic and technical aspects, Pizzoli keeps a **close eye on working conditions** and the potential risk of violation of workers' rights. The company monitors and assists its agricultural partners to ensure that they operate responsibly. On the basis of the identified risk, the company requires or encourages producers to obtain **GRASP certification** - the GLOBALG.A.P. Risk Assessment on Social Practice. This is an additional component of the GLOBALG.A.P. Standard on Good Agricultural Practices and it assesses the social aspects of workers' activities in agriculture. The areas assessed include legal and fair labour relations, wage setting, working hours and the rights of minors.





# Extensive know-how renewed over time

Ongoing commitment to agronomic research and development is essential to reduce environmental impacts in the field without compromising crop productivity and profitability.

The agronomic R&D function is in charge of research and small-scale experiments - also in collaboration with the University of Bologna and other institutes - with varieties and agricultural practices that can improve the quality parameters of Pizzoli potatoes and increase the productivity of partner farmers' fields while ensuring the efficient use of resources and protecting soil health. The successfully tested techniques and innovations are progressively extended to the farms with the assistance of the technical agronomic service.

Research and experimentation activities focus on three broad areas:



- **Varietal innovation.** Experimentation focuses on the search for new varieties that can perform best in the Italian crop-growing areas. Notably, the company is studying varieties that exhibit:
  - genetic resistance to the main diseases in the aim to reduce the number of defence measures and the amount of pesticides in the soil;
  - efficient use of water and fertilisers; there is a search for varieties that can maximise water and nitrogen uptake in order to reduce inputs by the farmer.



- **Cultivation techniques.** Pizzoli is testing some types of plant species to be used in green manures for pest control and soil quality improvement. Localised fertiliser application techniques are also being tested to reduce the quantity of nutrients lost from the soil. Lastly, the company is continuing to work on improving the micro-irrigation system using the light drip line, which it is already advocating with its partners.



- **Decision support systems for farmers.** The development of digitalised management systems and innovative technologies will become increasingly central in the transition to a precision, regenerative agricultural model. To this end, Pizzoli is using and promoting the use of a Decision Support System (DSS), i.e. predictive models of the spread of disease to enable farmers to determine the right time to take action and the frequency of application of plant protection products. The system is based on the monitoring of microclimatic conditions, thanks to the installation of in-field IoT (Internet of Things) sensors, and on data collected from a plot of untreated "control" land. Constant use of these models will significantly reduce the number of treatments carried out during the potato season.



## IoT and precision agriculture: launch of field trials

Potato plants need a constant supply of water, while avoiding stagnation and water stress that can adversely affect production. To support irrigation practices, Pizzoli launched a number of pilot projects in 2022 to test the effectiveness of using IoT or similar sensors to analyse the water requirements of crops. The farms involved in the test were provided with soil moisture sensors to position in the field. These are capable of transmitting data kilometres away with very low energy consumption. The data collected can be used to calculate the parameters required for successful irrigation management. This allows growers to plan irrigation operations at the most appropriate times and adjust the amount of water needed to **reduce over-watering and maximise its effectiveness**. Pizzoli is monitoring the progress of the project and at the end of the trial period it will be able to assess the utility and potential efficiency of the system.



## The advantages of micro-irrigation to protect water resources

For years Pizzoli has been working with Italian irrigation equipment manufacturers to **develop and promote the use of light dripline and sprinkler irrigation for potato crops** to its partner farmers. This micro-drip irrigation method delivers water directly to the roots only, **with a saving of 30-40%**. It also allows the nutrients needed for potato growth to be conveyed through the irrigation water in a precise and rational manner, significantly reducing their loss into the environment. Actually, compared to other distribution systems, **10% to 30% fewer fertiliser units are administered**. In addition, being low-pressure techniques, they require less energy to pump the water.





ESTIMATED THERMAL ENERGY  
REQUIREMENT COVERED BY BIOGAS  
AND HEAT RECOVERY AT THE  
SAN PIETRO IN CASALE FACILITY

OF THE BYPRODUCTS FROM RECOVERED  
POTATO PROCESSING WASTE

LITRES OF BIOFUEL PRODUCED  
FROM THE RECOVERY OF WASTE FRYING OIL

~40%

100%

2,641



## AT THE HEART OF RESPONSIBLE PRODUCTION



Pizzoli manages its production activities in line with the principles of efficiency and circularity. Facilities and processes are designed so some of the energy and resources can be recovered, to limit the environmental footprint of production.



# Context analysis

## THE ENERGY CRISIS

In 2022, global markets were hit by the effects of a serious energy crisis involving all fossil fuels. Drivers included:

- The rapid post-Covid economic recovery that had already led to a tightening of energy markets since 2021
- The Russia-Ukraine conflict started in February 2022 and the disruption of Russian gas supplies to some EU countries

**+150%**

Increase in the price of gas  
in the EU between July 2021  
and July 2022<sup>10</sup>

**-31%**

Drop in gas supplies  
from Russia to Europe  
compared to 2021<sup>11</sup>

**9.2%**

Annual inflation rate  
in the Eurozone in December 2022,  
compared to 5% in December 2021<sup>12</sup>

<sup>10</sup> European Council, 24 March 2023. Energy prices and security of supply.

<sup>11</sup> International Energy Agency (IEA), 2023. The global energy crisis.

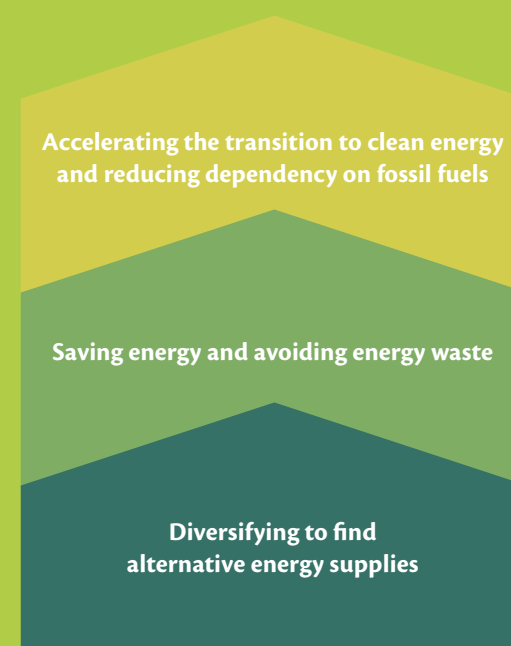
<sup>12</sup> Eurostat. Inflation rate.

## ACTIONS BY THE EUROPEAN UNION

Currently, 75% of the EU's greenhouse gas emissions come from the production and use of energy. **The 2030 targets of the Green Deal<sup>13</sup>:**

- reduce net emissions by at least 55% (from 1990 levels)
- at least 32% of renewable energy sources in the overall energy mix, although the EU is proposing to raise this target to 42.5%
- at least 32.5% of energy efficiency compared to a business-as-usual trajectory

In response to the global energy market disruption caused by Russia's invasion of Ukraine and to support the transition to renewables, the European Commission presented the REPowerEU plan based on three pillars:

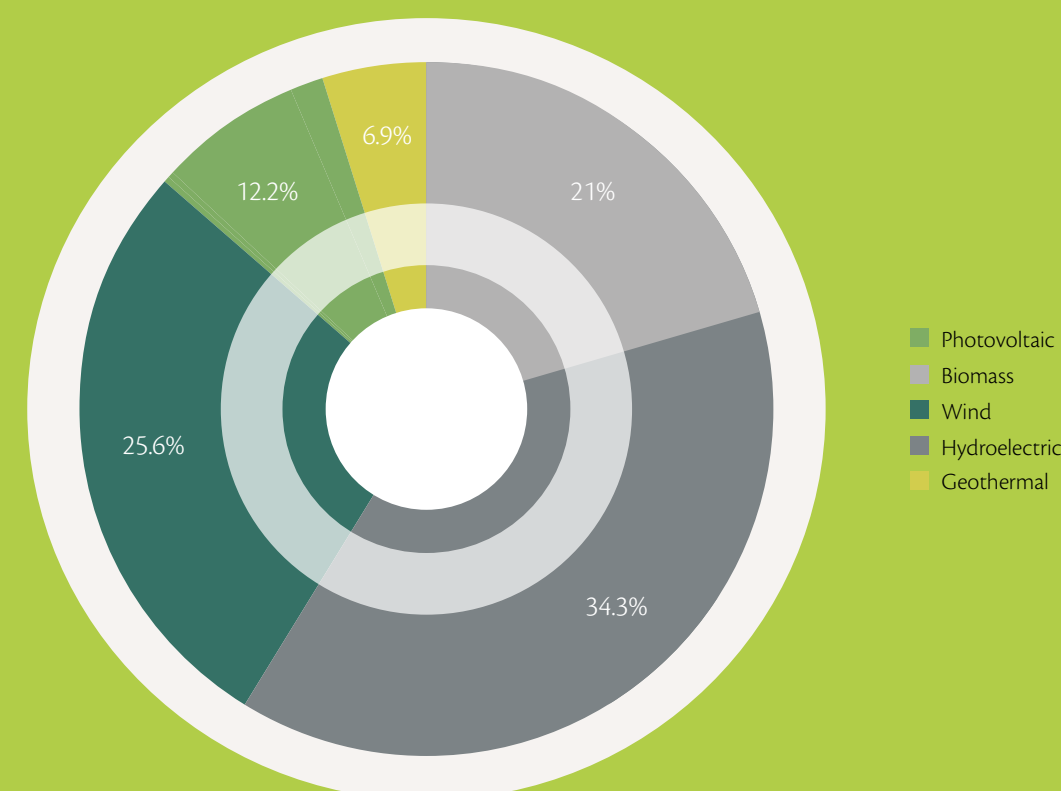


<sup>13</sup> European Council, 24 November 2022. Clean energy.

## THE TRANSITION IN NUMBERS

In 2022, **31.1%** of Italy's electricity demand was met from renewable sources, down from 35.4% in 2021, mainly due to the decrease in hydroelectric production caused by the drought<sup>14</sup>.

### Coverage of Italian electricity demand from renewables by source

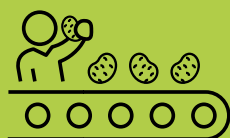


Renewables continue to grow and **it is estimated that they will become the largest source of global electricity generation by early 2025**. Their share of the power mix is forecast to reach 38% in 2027<sup>15</sup>.

<sup>14</sup> Terna (Italian national transmission grid operator), 23 January 2023. Terna: electricity consumption in Italy totalled 316.8 TWh in 2022.

<sup>15</sup> International Energy Agency (IEA), December 2022. Renewables 2022.





## WHAT WE DO IN PIZZOLI

Pizzoli's production activities require a lot of energy, which is why since 2010 the company has been investing in renewable energy production through a biomass plant, fuelled entirely by potato processing waste. The San Pietro in Casale facility will also be integrated with a biogas production plant. Pizzoli looks towards the future, planning to increase its capacity to produce its own renewable energy from photovoltaic plants.

### Potential areas of impact

- 1 Direct consumption of energy resources and fossil fuels for production processes
- 2 Release of greenhouse gas emissions
- 3 Consumption of water resources in the production processes
- 4 Waste and water management
- 5 Management and use of by-products and production waste

## Becoming a Pizzoli potato

Once the potatoes have reached maturity in the field, they are harvested and sent to the Pizzoli facilities. Here, with the help of state-of-the-art technology and the expertise of specialised personnel, they are carefully selected and prepared for fresh consumption or processed and frozen to become tasty fries.

As an operator specialised in both fresh and frozen products, it is necessary to **develop and manage two dedicated divisions**, using processes and systems with specific characteristics due to the different types of processing required.

The **Baricella** operating unit receives the potatoes that are intended for fresh produce stalls. Here, after destoning, the potatoes are then washed or brushed to remove any residue and foreign bodies that may not compromise the safety of the product, but do affect its appearance. Optical and manual systems are then used to sort the potatoes to eliminate the ones with colour and size defects that do not meet the quality criteria. At this point, the potatoes move on to the packaging lines to be prepared for shipment, which generally takes place on the same day.

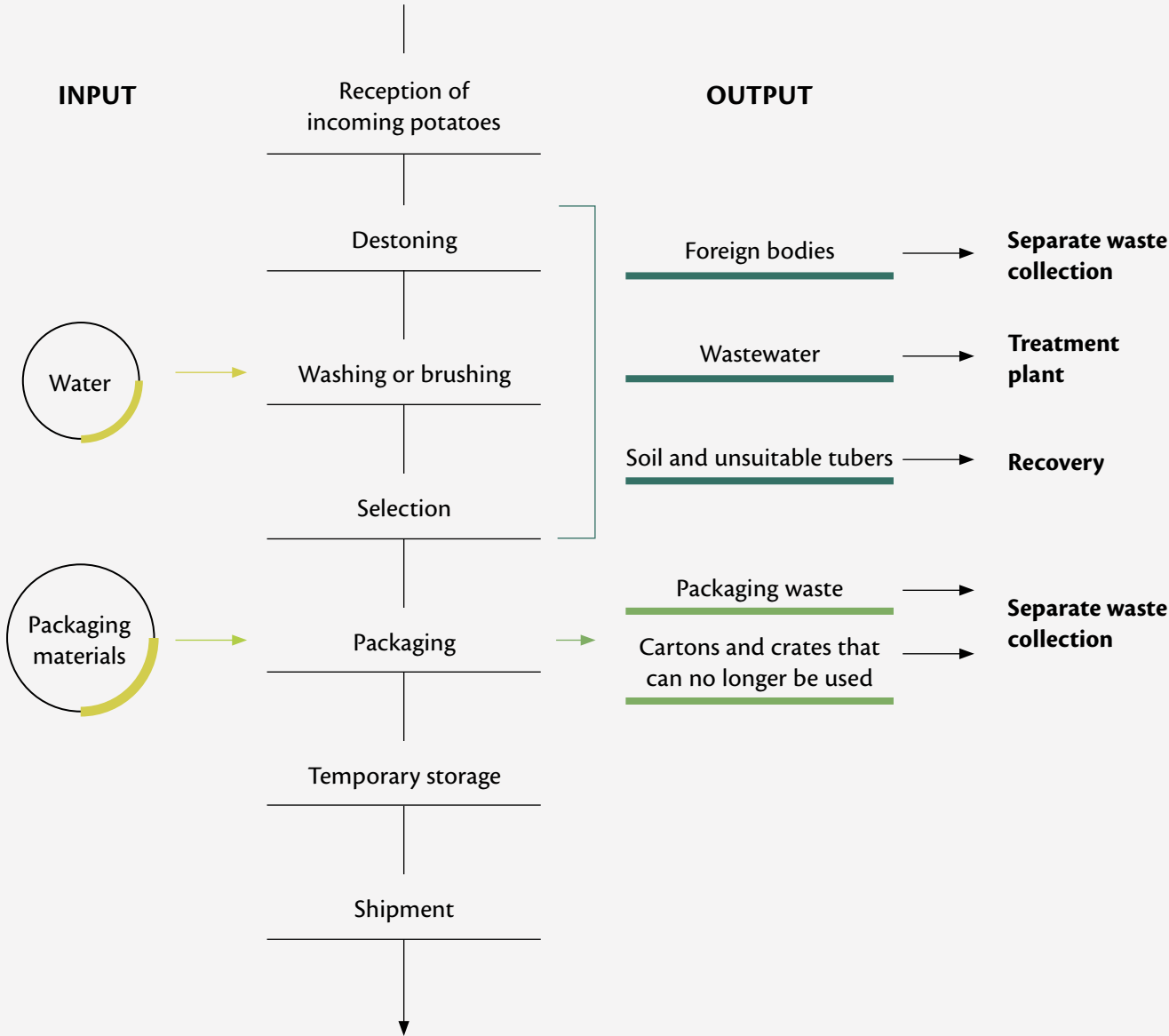
The frozen products are produced in **Budrio** (and from the second half of 2023 in **San Pietro in Casale**). The incoming potatoes are checked and washed, then steam-peeled. After this, they are cut, pre-cooked, dried and pre-fried. Now ready, the fries are cooled and deep-frozen before being sent for packaging. The finished product is stored at the San Pietro in Casale facility for cold storage until shipment.



SAN PIETRO IN CASALE FACILITY UNDER CONSTRUCTION

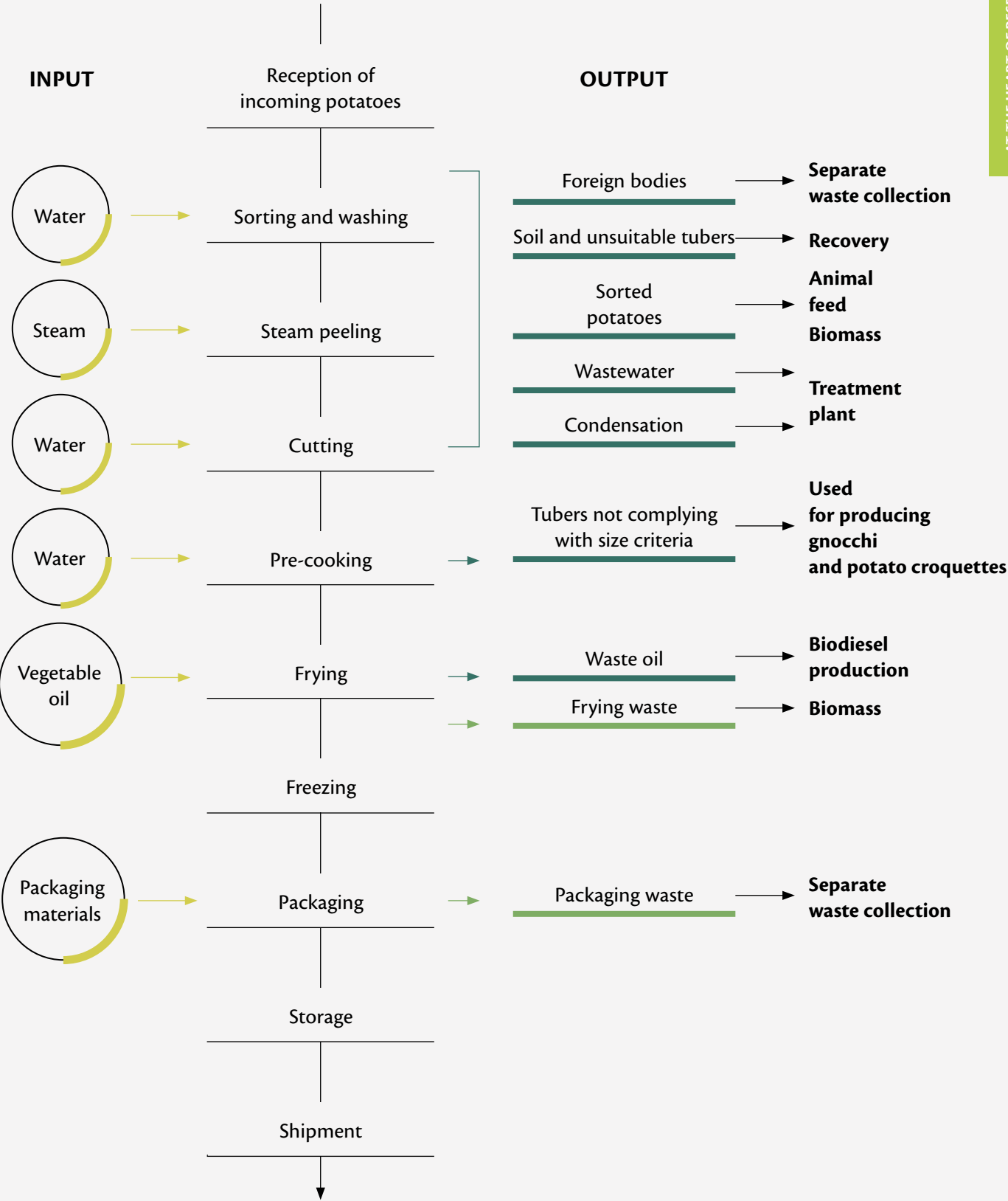


# PROCESSES FOR SORTING TABLE POTATOES



- Resources, ingredients and input materials
- Recovered and reused processing waste
- Other waste
- Destination

# PROCESSES FOR PRODUCING FROZEN FRIES



The production of frozen potatoes requires more resources and generates more by-products than table potatoes for consumption. As a result, the associated impacts are also more significant. Pizzoli adopts a two-fold approach to manage them:

1

MONITORING AND MANAGEMENT SYSTEM

Pizzoli has adopted an **ISO 14001 certified Environmental Management System** at its Budrio and San Pietro in Casale facilities. The company has defined specific procedures for analysing impacts and monitoring performance that allow it to control the efficiency of processes and identify areas for improvement. During the annual review of the management system, the progress of the monitored indicators is assessed and the achievement of the set objectives is verified.

2

PROCESS DESIGN



The plants are designed to **recover some of the heat generated by processes and utilise heat exchange**. For example, low-temperature water drawn from wells is used to cool the potatoes in the early stages of the freezing process, thus reducing the energy input required. At the same time, the water absorbs the heat released from the freshly fried potatoes and is heated for use in other processes that require high-temperature water.



After the treatment and testing cycle, **some of the wastewater is recovered** for reuse in non-food processes. Organic compounds released in the process water are eliminated to prevent contamination of the local ecosystem.



**100% of potato processing waste is reused for the production of renewable energy from biomass** through the biodigester at Budrio or sent to external plants. Pizzoli also searches for useful destinations for other processing materials and waste substances.



The frying system makes it possible to **maximise oil consumption, measuring its use and replenishing it gradually on the basis of the amount absorbed by the potatoes** during the cooking process. This reduces the quantity of vegetable oil requiring disposal. Since 2022, Pizzoli has been recovering waste oil that is collected and transformed into biofuel in partnership with the company HERA.



BUDRIO FACILITY



# The energy required

Pizzoli aims to improve energy efficiency and increase the share of renewable energy produced, in order to reduce consumption and the associated greenhouse gas emissions.

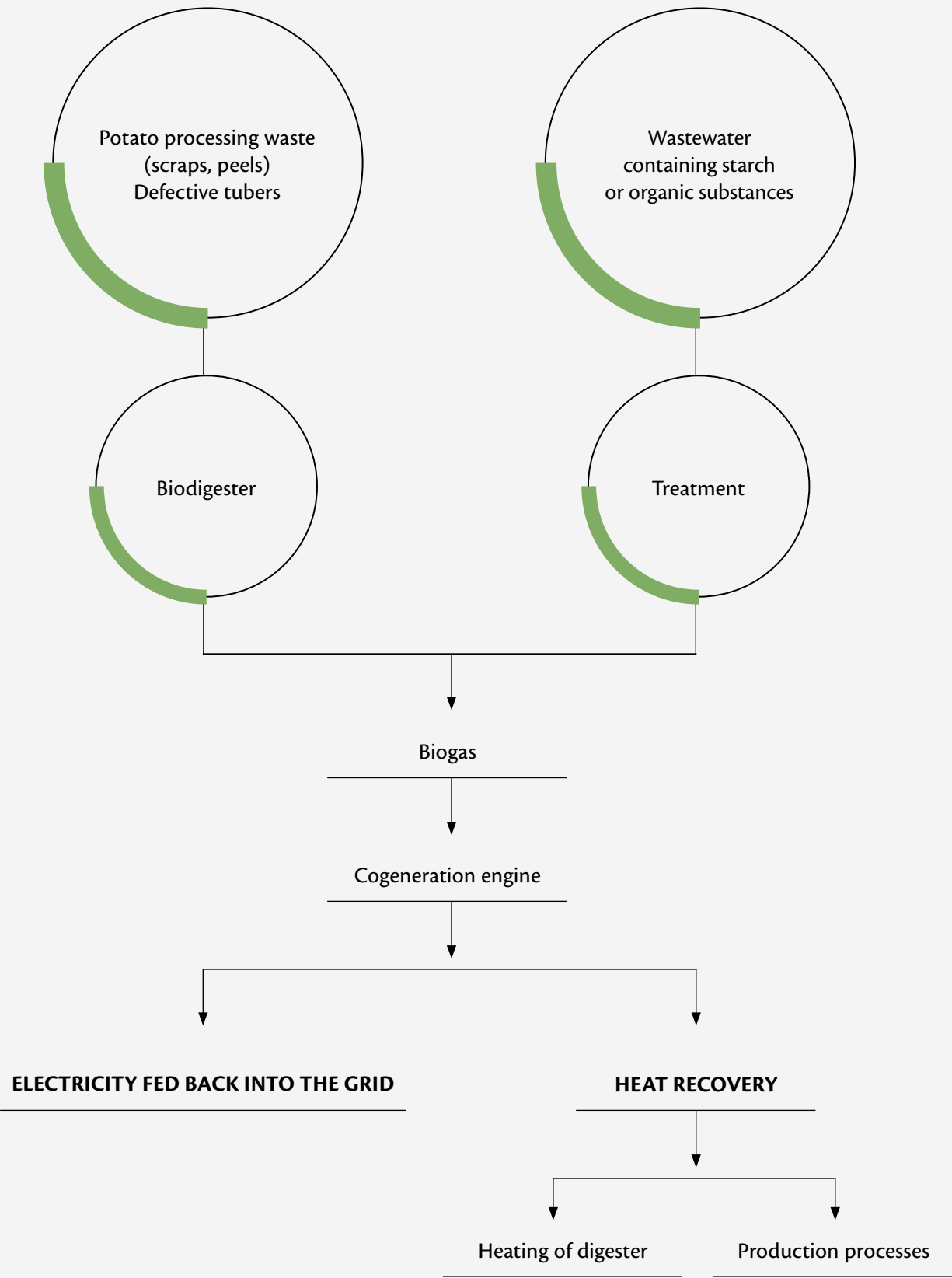
Careful monitoring of consumption and efficiency indicators is essential **for an ongoing analysis of needs and possible synergies to maximise energy recovery**. In addition to internal analyses and audits, the facilities undergo periodic energy audits to identify opportunities for further efficiency improvements beyond what has already been implemented. One of the actions taken was to build the cold stores at the San Pietro in Casale logistics hub in 2017 to replace the Budrio cold stores, making it possible to optimise the energy resources required for storing the frozen product.

In the food production facilities, **methane gas** fuels the thermal power plant and a CHP plant that produce heat for heating process water and producing steam. Biogas produced from the digestion of potato processing waste and treatment is also used to power the CHP plant. This generates a portion of thermal energy (16,025 GJ in 2022) that is reused for heating the biodigester itself and for production processes, while the portion transformed into electricity is fed back into the grid.



BIODIGESTER AT BUDRIO

## Production of renewable energy from biomass



In addition to methane gas, **diesel** is another fuel used in production activities, for the generators and forklifts.

**Purchased electricity** is used for the main processes, such as cooking, frying and packaging, and for auxiliary services, such as treatment and supplying the cold stores, as well as for maintaining general services. In 2022, Pizzoli purchased 10,121,775 kWh of electricity, a 5.2% decrease compared to 2021 and a 5.7% decrease compared to 2020.

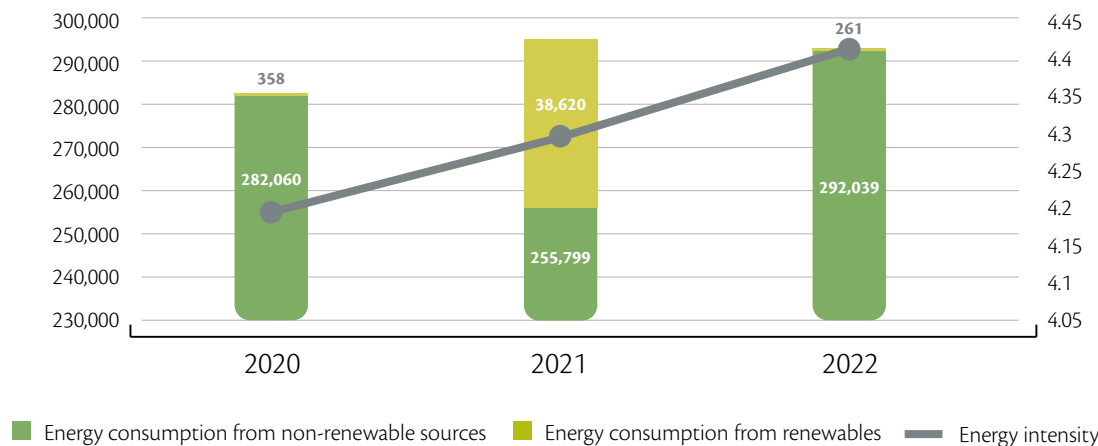
Lastly, the organisation's consumption includes fuel for company-owned cars and vans, which are powered mainly by diesel and to a small extent by petrol. The fleet consists of 27 cars, including one petrol hybrid and one plug-in hybrid, and eight commercial vehicles, which in total travelled almost 992,000 km in 2022.

In 2022, the **total energy consumption** of 292,300 GJ decreased slightly by 0.7% when compared to 2021 (294,419 GJ), while it increased by 3.5% when compared to 2020 (282,418 GJ). The **share of renewable energy** consumed by the organisation, represented by heat recovered from biodigestion and from processes, was 0.09% and 0.13% in 2022 and 2020, respectively.

On the other hand, in 2021, the company also purchased renewable electricity with Guarantees of Origin, increasing the share of renewable energy consumed to 13.12%. At the same time, Pizzoli contributes to the production of renewable energy that enters the national energy mix through the electricity generated by the biodigester fed back into the grid. For the next three to five years, the company is considering an investment plan in energy from renewables, particularly in photovoltaics.

Over the last two years, Pizzoli has been preparing for the start-up of the new production facility at San Pietro in Casale. As a result, the total volumes of internal production increased between 2020 and 2021 (from 66,944 to 68,071 tonnes), followed by a decrease in 2022 (65,655 tonnes). **Energy intensity**<sup>16</sup> rose from 4.19 GJ per tonne of production in 2020, to 4.29 GJ per tonne in 2021 through to 4.41 GJ per tonne in 2022. Pizzoli expects to reverse the trend and improve efficiency after a period of start-up and commissioning of production activities at San Pietro in Casale.

Total energy consumption (GJ) and energy intensity (GJ/t)



<sup>16</sup> Calculated as the aggregate of natural gas, diesel, electricity purchased from the grid and energy produced by the biogas-fuelled CHP plant and consumed, in relation to annual internal production.



**The new facility in San Pietro in Casale**

In selecting the site to develop its second frozen food facility, Pizzoli decided to reclaim a disused industrial area in San Pietro in Casale, a 180,000 m<sup>2</sup> former sugar refinery, thus avoiding land consumption and limiting the impact on the territory. It was inaugurated in 2017 with the start-up of the logistics hub, and before expanding with the construction of the production area, Pizzoli conducted an **environmental study** according to ISO 14001 standards to identify the most critical areas of impact on the surrounding environment and define the best practices for their management. The study also confirmed that the site is not located on areas under special protection by the Natura 2000 Network system as well as assessing potential impacts on biodiversity.

The new production facility has also been **designed according to the principles of the circular economy**, including a **thermal plant with a cascade system**, i.e. capable of maximising the recovery of thermal waste such as steam, hot air and cooling water. Furthermore, a **biodigester** is under construction that will meet part of the facility's thermal energy needs, thus reducing the purchase of methane gas.

In addition to the biogas produced by the biomass digester, heat will be recovered from the following activities: atmospheric emission from the steam peeler and emission from the frying activity. Heat from the production water will be recovered from the heat exchanger to generate air for the drying phase.

3.5 MW of the actual thermal energy need of 7.5 to 9 MW could be met through biogas and heat recovery. Lastly, with a view to circularity and efficiency, as well as to reduce the facility's carbon footprint, Pizzoli has selected the most state-of-the-art machinery and technologies.





# Emissions

In order to carry out its production activities, Pizzoli is subject to the integrated environmental authorisation (**Autorizzazione Unica Ambientale - AUA**) for small and medium-sized enterprises, which defines the permitted thresholds for climate-altering emissions released into the atmosphere, wastewater discharges, noise pollution and odour emissions. All emissions into the air are authorised with the obligation of annual self-monitoring to be entered in the emission register available to public control bodies.

The **direct emissions (Scope 1)** generated by Pizzoli are associated with the consumption of fuels needed for production and heating offices and fuels for the vehicle fleet. Direct emissions also include emissions generated by the thermal combustion systems, the system to reduce the emissions generated by the dehydration of residual biomass processed by the digester, and the system to reduce the oily particles from frying and dust from spicing.

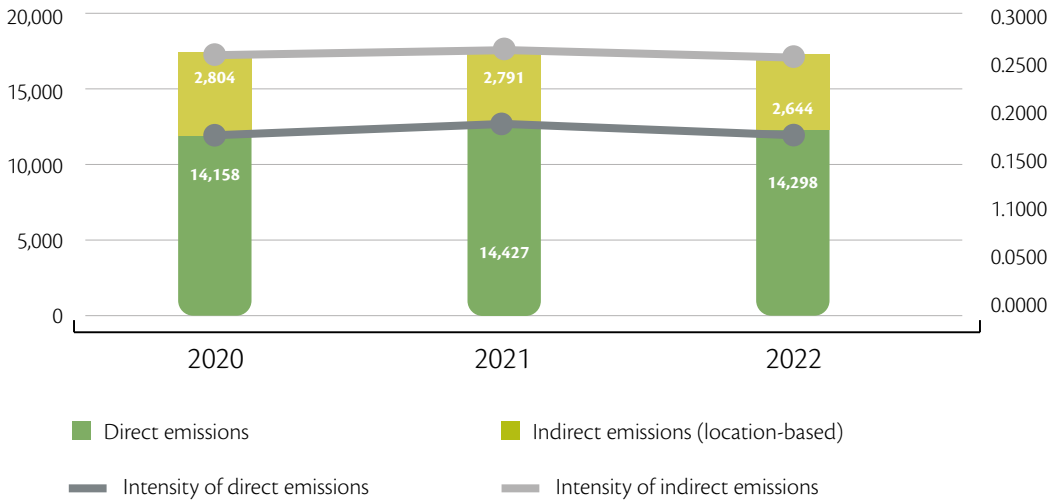
In addition, the systems are regularly serviced and possible refrigerant gas leaks are checked. The climate emissions monitoring system is based on a self-monitoring programme that estimates the scale of emissions from measurements of their concentration and flow rate, in compliance with the AUA requirements.

Although the data processed by the self-monitoring system may be slightly variable due to the estimation methods, the analytical checks conducted have always confirmed that Pizzoli's activities are below the authorised emission limits. In 2022, direct emissions (Scope 1) amounted to 14,298 tonnes of CO<sub>2</sub> equivalent, a 1% decrease over 2021 (14,427 t CO<sub>2</sub>e) and a slight increase over 2020 (14,158 t CO<sub>2</sub>e).

The **indirect emissions (Scope 2)** are generated by the purchase and consumption of electricity from the grid. In 2022, these amounted to 2,644 tonnes of CO<sub>2</sub> equivalent according to the location-based method<sup>17</sup>, down by 5.3% over 2021 (2,791 t CO<sub>2</sub>e) and by 5.7% over 2020 (2,804 t CO<sub>2</sub>e). Conversely, if calculated according to the market-based method, indirect emissions amounted to 4,643 tonnes of CO<sub>2</sub> equivalent, down 6.2% compared to 2020 (4,948 t CO<sub>2</sub>e), while in 2021 the value was zero as the electricity purchased came from certified renewable sources.

In 2022, the **overall emission intensity**<sup>18</sup> increased by 2% compared to 2021 and by 1.8% compared to 2020, mainly due to an increase in the intensity of the share of direct emissions. Like energy, the performance was conditioned by the operational environment associated with setting up the new facility.

Total direct and indirect emissions (t CO<sub>2</sub>e) and emission intensity (t CO<sub>2</sub>e/t)



<sup>17</sup> The location-based method reflects the average intensity of the emissions related to the networks that supply the energy, while the market-based method indicates the emissions related to the electricity the company has decided to purchase.  
<sup>18</sup> Calculated by considering Scope 1 emissions and Scope 2 location-based emissions in relation to tonnes of production.

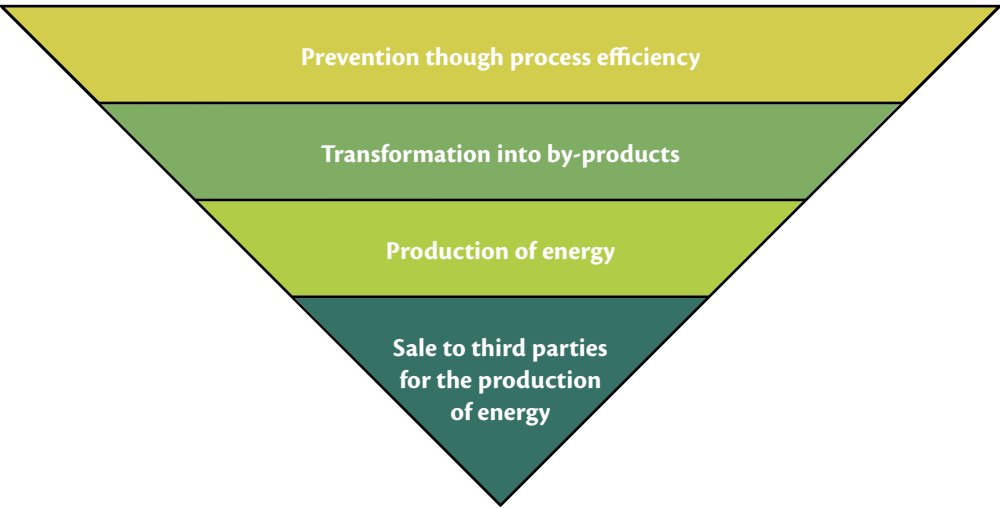




# From the Earth to the Earth

Pizzoli is aware of the highly precious nature of the resources and raw materials it uses for its activities. That is why it is committed to maximising the recovery of by-products and waste by reusing them as raw material for new processes, so as to "close the circle" and avoid waste.

## The Pizzoli approach

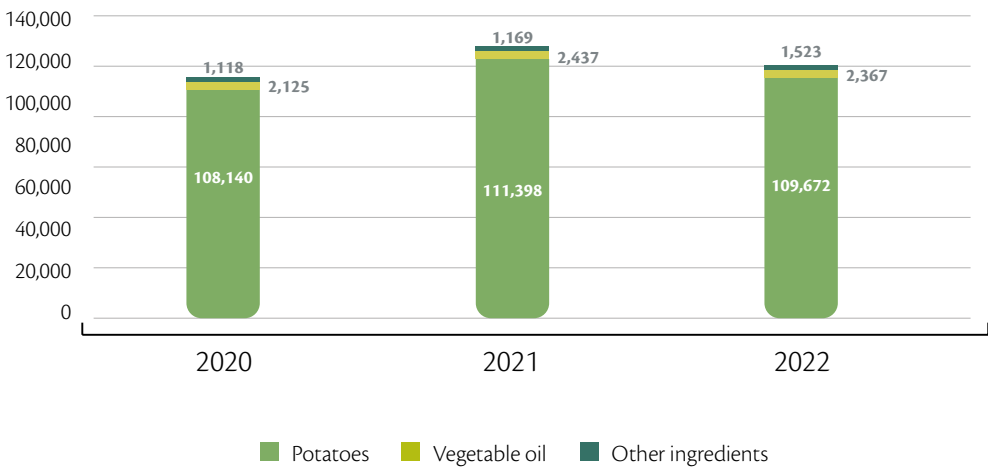


## Preventing food waste

97% of the raw materials used for production are potatoes for fresh produce and for the frozen food lines. For this reason, Pizzoli focuses on selecting agricultural partners, providing agronomic assistance and researching new varieties and techniques to produce high quality potatoes.

The remainder is high oleic sunflower oil for frying and other ingredients such as flour, breadcrumbs, spices and other minor ingredients.

## Raw materials used for production (t)

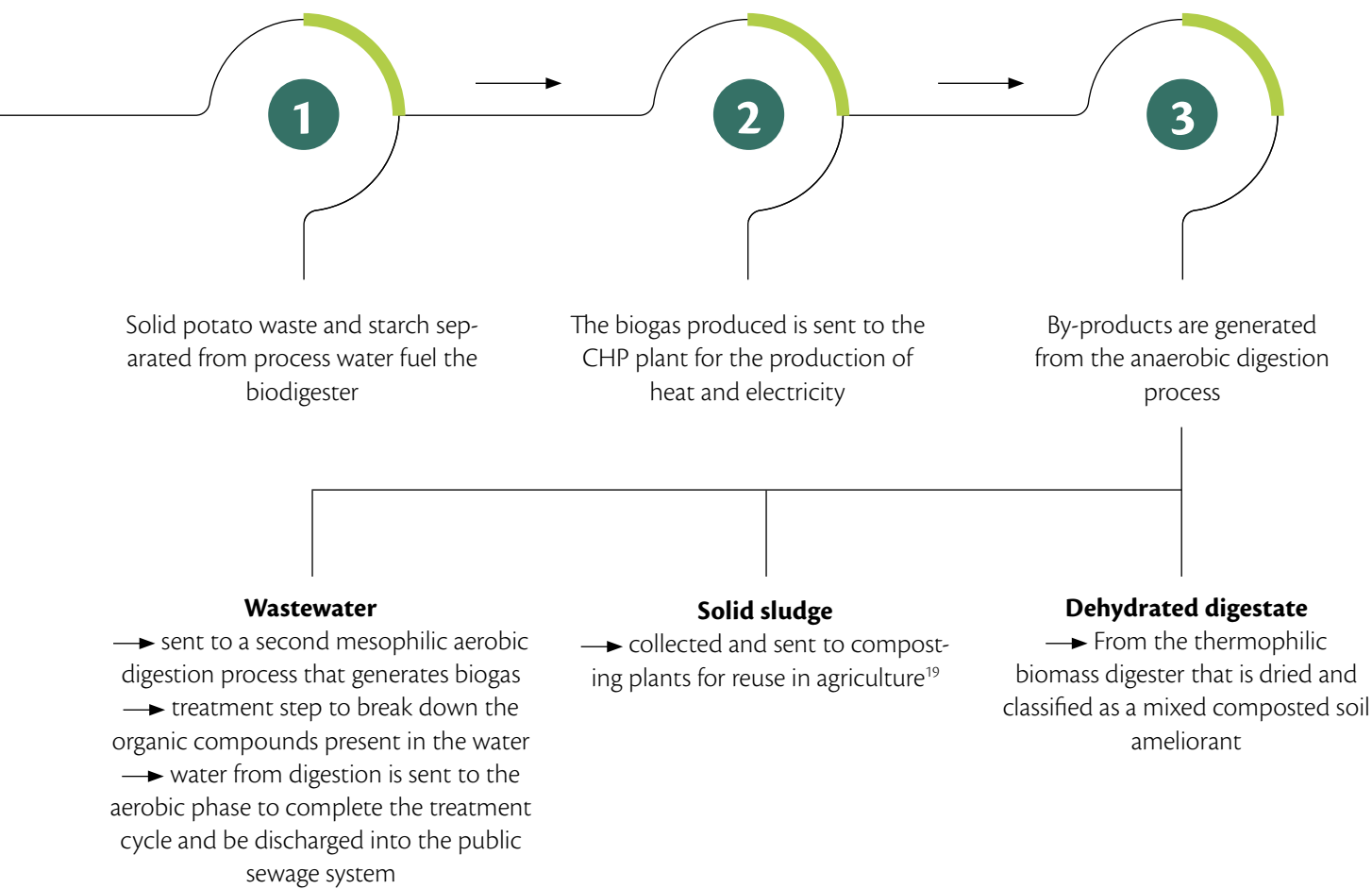




During the processing stages, such as washing and cooking, it is natural for potatoes to lose some of their organic matter. The wet part evaporates into the atmosphere and is condensed in heat exchanges, while some starch is released into the water. In addition, other solid waste is generated in the sorting, peeling and cutting processes. The nature of the product and processing means that the average yield of the finished product versus the number of potatoes fed into the lines is about 50 per cent. So, on the one hand, Pizzoli strives to streamline its production processes to optimise the yield; on the other hand, **it recovers 100 per cent of the scraps to avoid wasting food resources.**

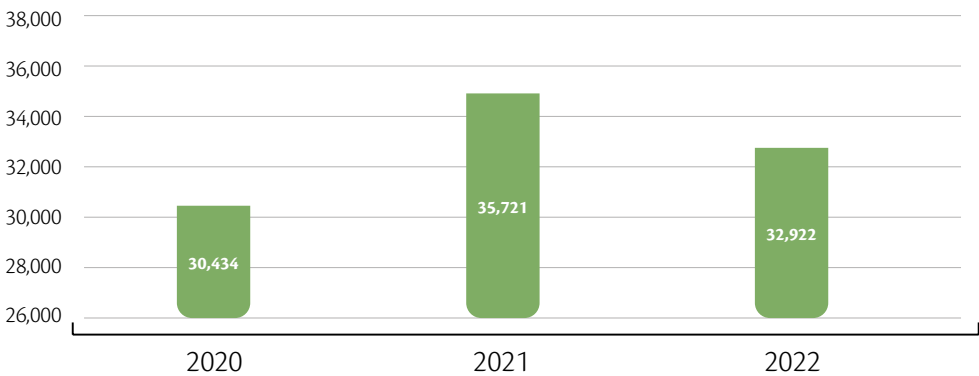
In 2022, 32,922 tonnes of potato by-products were generated by the production processes. Some of these were used in the production of gnocchi and croquettes, while the remainder **was earmarked for animal feed and the production of renewable energy from biomass.** The Budrio biodigester has the capacity to receive and process about 50 per cent of the volumes of by-products currently collected. The rest is sent to external biodigesters.

Anaerobic digestion process: new resources from waste

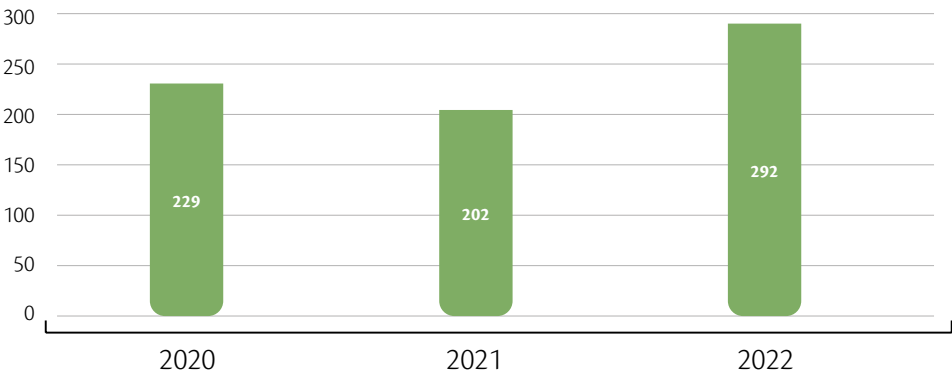


<sup>19</sup> The biodigester at the new facility in San Pietro in Casale is designed so that the sludge can be fed back into the biodigestion process together with the biomass for further processing. Once exhausted, recovered heat can be used to dehydrate the mixture for eventual use as a soil ameliorant in agriculture.

Quantity of potato processing waste recovered and sent for energy recovery (t)

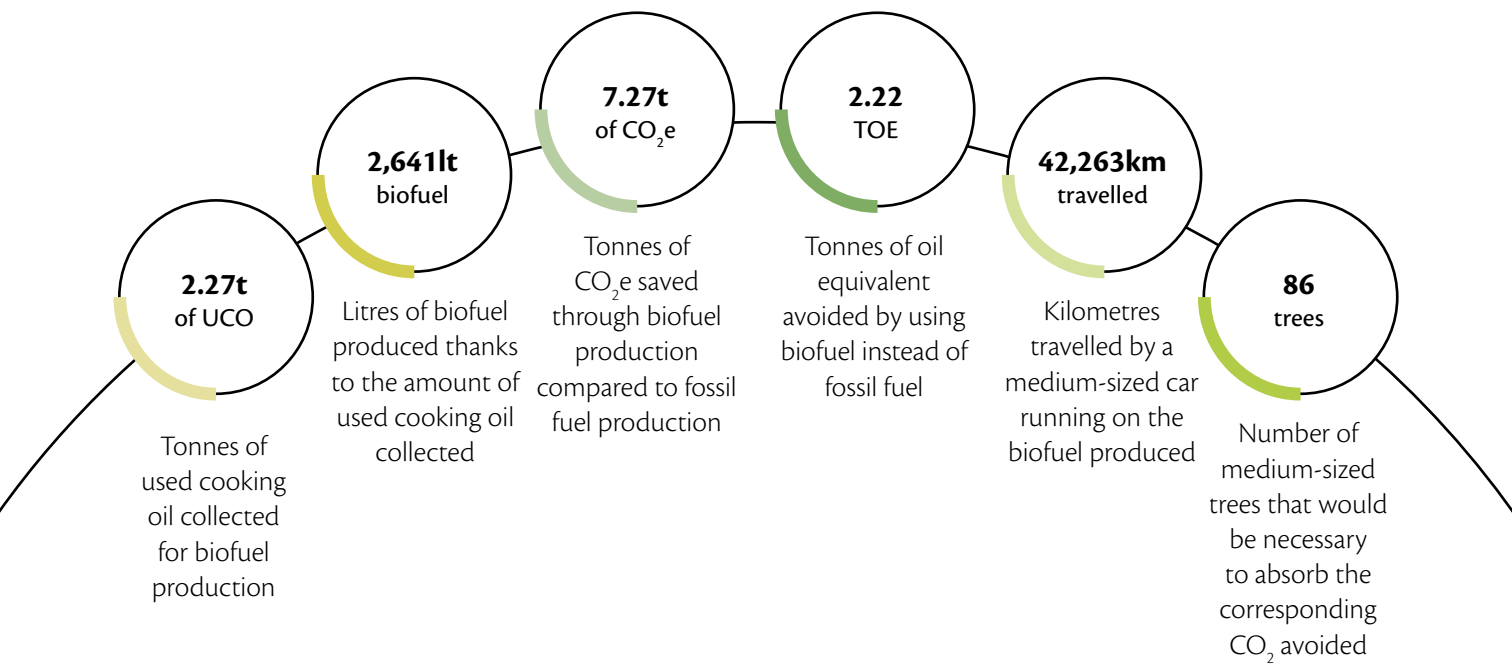


Ameliorant derived from the bio-digestion of by-products (t)



In 2022, Pizzoli signed up to a **project in partnership with Hera**, the multi-utility company that manages the supply of energy and environmental services to citizens and businesses in the area of the facilities, **to recover the used vegetable oil from frying and turn it into a new resource**, creating a virtuous circular economy process. The collected oil is used to produce **biofuel**, which is partly fed into the Eni Diesel+ diesel fuel available at the service station pumps. Hera's chain to recover and process used cooking oil (UCO) entirely of vegetable origin is certified by ISCC<sup>20</sup>, since all stages of the process generate 83% less carbon dioxide emissions than the production of fossil fuel oil. In addition to helping to reduce climate-altering emissions, the correct management of UCO at Pizzoli avoids the risks of improper disposal of oils into the environment.

In 2022, the collection of cooking oil from Pizzoli contributed to the production of 2,641 litres of biofuel. This represents an annual saving of 2.2 tonnes of oil equivalent and 7.27 tonnes of CO<sub>2</sub>e. The carbon dioxide savings achieved are equivalent to the CO<sub>2</sub> absorption generated by approximately 86 medium-size plants. The biofuel produced would be sufficient for mid-size diesel-powered cars to travel for a total of about 42,263 km.



Source: Hera for Pizzoli. Environmental Report. HOVE circular economy project 2022.

<sup>20</sup> International Sustainability and Carbon Certificate.

## Responsible waste management

In order to properly collect and manage the waste generated by its activities, Pizzoli has implemented a **system to separate** the different types of non-hazardous waste and special waste, to prevent the loss or improper disposal of hazardous waste in particular, including mineral oils used in the systems and for maintenance activities, electrical and electronic material and batteries.

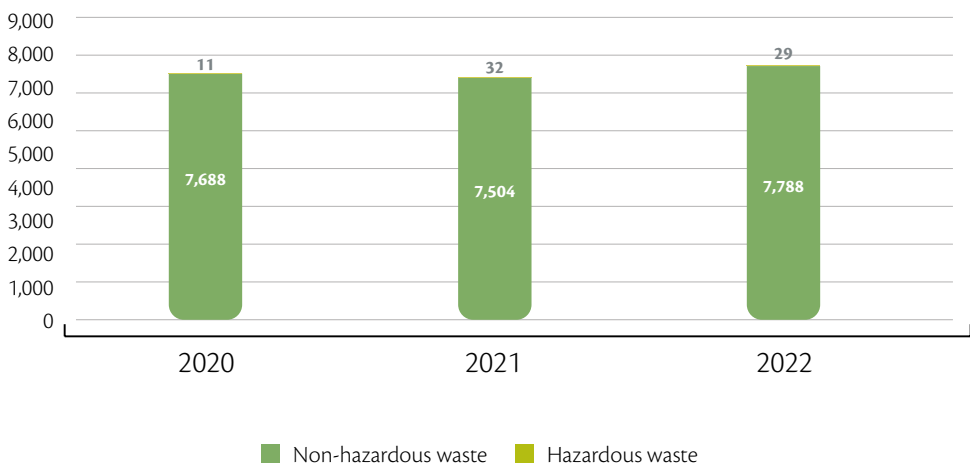
The waste collected is classified and stored in temporary storages inside the company until it is transported to authorised facilities for its treatment or disposal. Loading and unloading data are logged in dedicated registers, and transportation and destination information is entered on waste identification forms. Finally, the quantities produced are entered in a company database and reported annually through the environmental declaration form (modello unico di dichiarazione ambientale - MUD). Pizzoli verifies that the environmental operators it uses are properly registered and certified and monitors waste disposal operations to ensure that they are conducted in compliance with contractual or legal obligations.

In addition to organic waste and used cooking oil, which are fully recovered, the main types of waste produced by the organisation are substances derived from treatment

activities, packaging waste, materials used for office activities, and other types of materials such as steel and iron resulting from maintenance activities. Waste produced upstream in the value chain consists of plastic, paper and wood from incoming raw material packaging. Whereas, primary packaging and secondary packaging as well as organic waste from table potatoes after consumption are the types of waste generated downstream in the value chain.

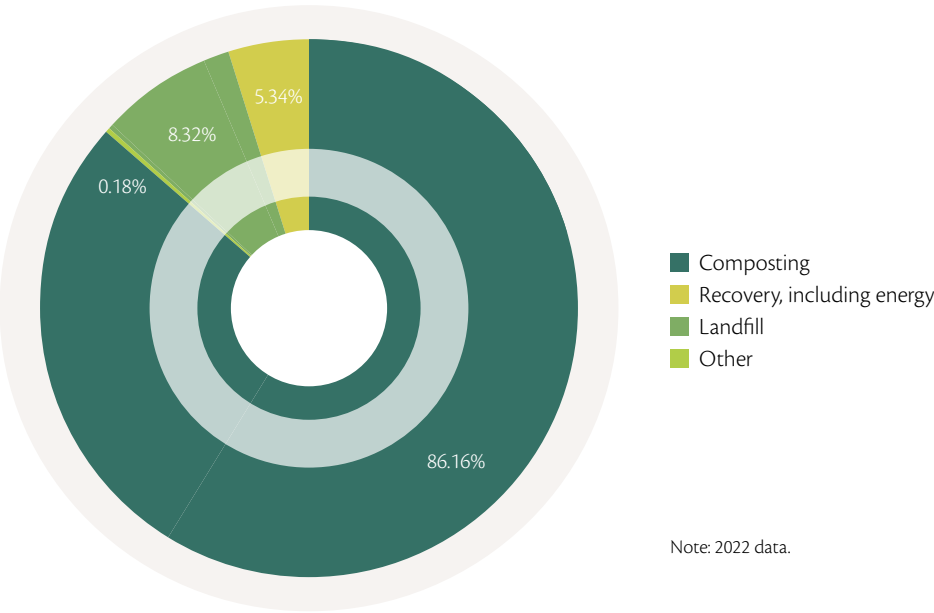
In 2022, the company generated 7,817 tonnes of waste, a 3.7% increase compared to 2021 and a 1.5% increase compared to 2020. 99.6% of this is non-hazardous waste, with the main percentage being waste that is unusable for consumption or processing and sludge from effluent treatment that is sent for composting. Although the percentage of hazardous waste remains minimal, it increased from 0.1% in 2020 to 0.4% in 2022. This is due to extraordinary maintenance activities carried out in 2021 and 2022 on some systems that utilise mineral oils and on the ammonia plant. On top of this, additional maintenance was conducted in 2021 on the biogas cleaning system, which generated more liquid waste containing hazardous substances.

Non-hazardous and hazardous waste (t)





Waste by destination



Good practices in the office as well

One of the projects for waste recovery and recycling that Pizzoli subscribes to is the **ZeroZeroToner initiative for the recovery of used printer consumables**. Over the last three years, the company has delivered 238 kg of used cartridges and toner from which it has been possible to recover 45 kg of iron, 19 kg of aluminium, 154 kg of plastic and 19 kg of powder.

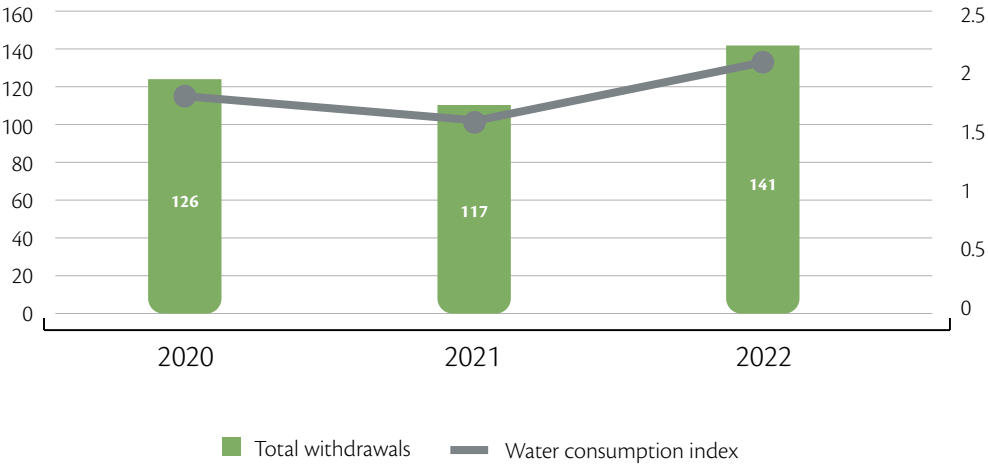


Every drop is precious

The production processes require a significant amount of water. Not only is water used to wash and convey the potatoes along the lines, but in the case of the frozen product it is also used in the pre-cooking and cutting stages, as well as in the technical processes such as cooling circuits and for the production of steam for heating the cooking water. A smaller proportion is also used for washing and sanitising production lines and work areas and for the operation of the bathroom facilities for staff use.

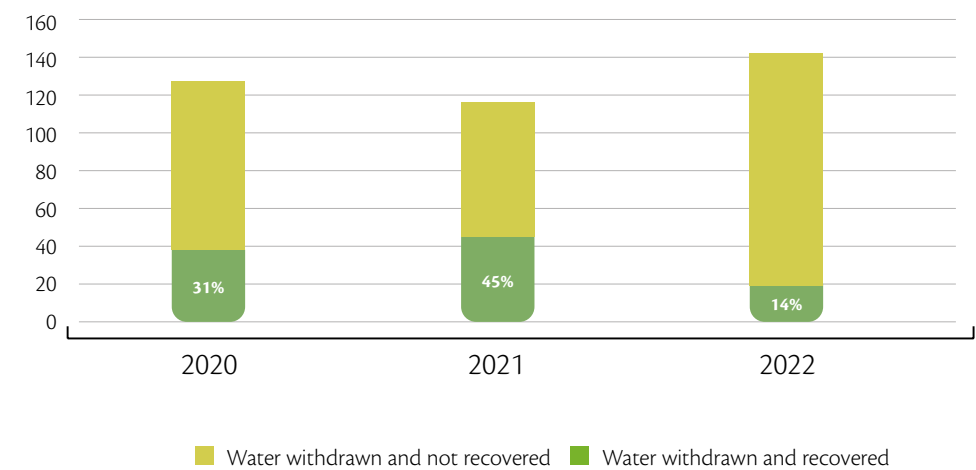
Most of the water is withdrawn from underground sources and, to a much lesser extent, from the mains. In 2022, a total of 141 megalitres of water was withdrawn, 138 from groundwater and three from the mains. 2.1 m<sup>3</sup>/tonnes of potatoes produced is the **water consumption index** recorded in 2022. Like the other production efficiency indices, there was an increase in values compared to 2021 (1.7 m<sup>3</sup>/t) and 2020 (1.9 m<sup>3</sup>/t).

Water withdrawal (in megalitres) and water withdrawal index (m<sup>3</sup>/t)



Pizzoli **recovers part of the treated water and reuses it in non-food processes**. In 2022, 20 megalitres were recovered, down from the previous year (-63%).

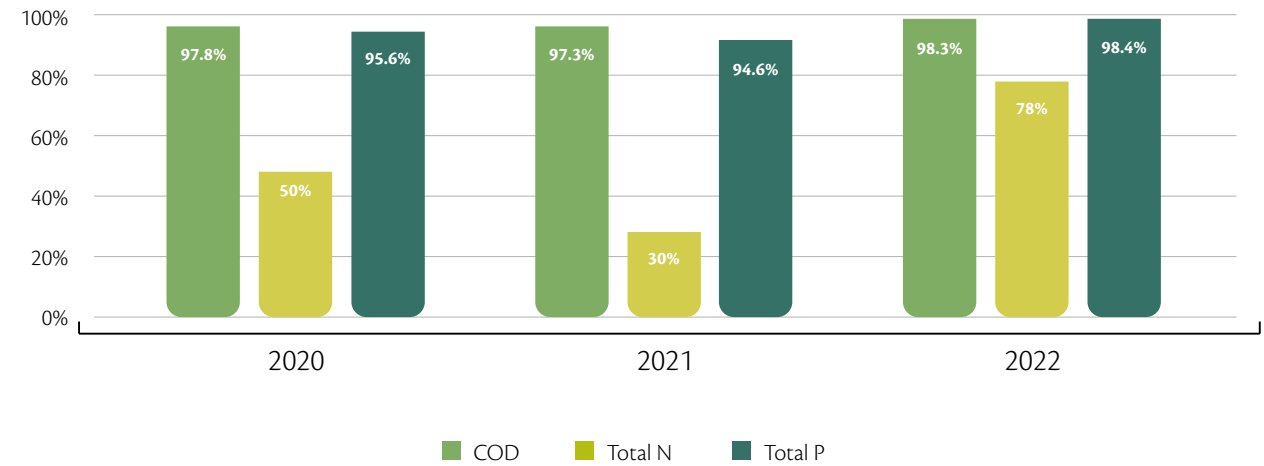
Water recovered out of total water withdrawal (megalitres)



The treatment process is essential to **reduce the organic compounds** released by the potatoes during production processes and make the water suitable for discharge, **avoiding the risk of contaminating local water and ecosystems**.

Nitrogen, phosphorus and organic compounds are the main substances reduced. In particular, in the last two years Pizzoli has made investments to improve performance in the removal of nitrogen forms, which increased from 30% in 2021 to 78% in 2022<sup>21</sup>.

Percentage of polluting compounds reduced as a result of water treatment



Note: COD (chemical oxygen demand), N (nitrogen compounds), P (phosphorus compounds)

<sup>21</sup> The data refer to the average amount (in kg) of compound reduced per day.

Part of the phosphorous reduced by the treatment system can be recovered to obtain struvite, a phosphate mineral crystal whose composition is magnesium, ammonia and phosphate forms in water and which can be used in agriculture and other industrial applications.

Thanks to process efficiency, the phosphorus in the wastewater was kept within discharge limits by using ferric chloride without having to add the magnesium hydroxide necessary for precipitation and the formation of struvite crystals.







~33%

REDUCTION IN THE THICKNESS  
OF PLASTIC  
PACKAGING FILM

77%

FSC RECYCLED  
CARDBOARD FOR  
PACKAGING



## THE ROAD TO THE TABLE



Pizzoli's focus extends beyond production, to ensure that the quality and safety of the product is always guaranteed in the packaging and distribution stages as well, with a commitment to limit the associated environmental impacts.

# Context analysis

## THE CHALLENGES OF PACKAGING: BALANCING FUNCTIONALITY AND ECO-FRIENDLINESS

In 2020, every European citizen generated an average of 177 kg of packaging waste. From 2009 to 2020, the total amount of waste from product packaging materials increased by 20 per cent from approximately 66 million to 79 million tonnes<sup>22</sup>.

**79 m**

Tonnes of packaging waste generated in the EU in 2020

In the case of food packaging, a number of factors complicate the challenge of reducing the impacts of packaging materials and packaging waste:



Meeting food safety requirements defined by the regulations on materials and articles intended to come into contact with food to ensure consumer health

22 Eurostat. Packaging waste statistics.



Protecting quality and extending product shelf life to prevent food waste



Assuring packaging function and convenience based on conditions of use (e.g. resistance to oily and greasy substances, resistance to low temperatures)



Satisfying consumers in terms of convenience (e.g. transparent packaging to verify product quality)

## ACTIONS BY THE EUROPEAN UNION

In November 2022, the European Commission presented a proposal for a new Regulation on packaging and packaging waste that would amend the existing Directive. The specific objectives are to:

- reduce the generation of packaging waste
- promote a circular economy for packaging in a cost-effective manner
- promote the use of recycled content in packaging

The proposal sets the following targets to achieve this:

- by 2025, all packaging must be designed so that weight and volume is reduced to the minimum necessary for ensuring its functionality
- packaging must have a minimum recycled content defined according to the type of packaging
- by 2030, all packaging must be recycled, with a minimum of 70% of recyclability in weight<sup>23</sup>

23 European Commission, 30 November 2022. Proposal for a revision of EU legislation on Packaging and Packaging Waste

## MATERIALS IN CIRCULATION

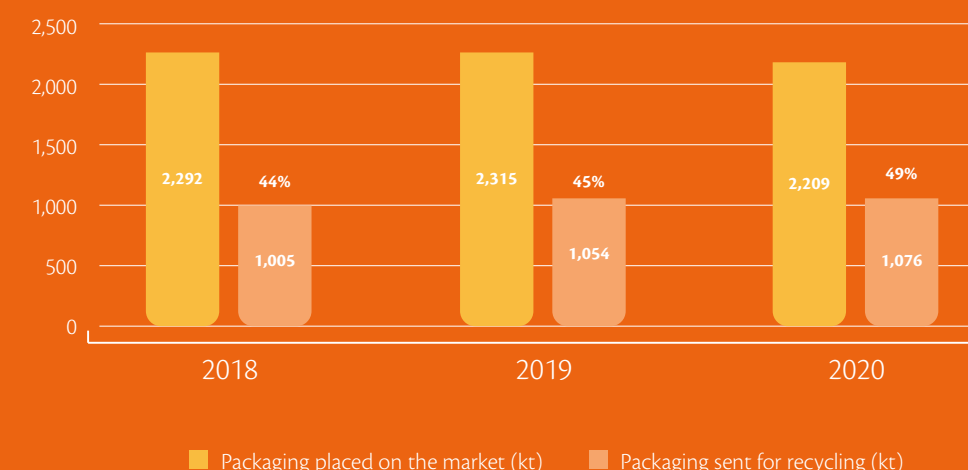
According to the data, Italy has a virtuous urban waste collection and recycling system. In 2021, 73.3% of the packaging placed on the market - equivalent to 10,550,000 tonnes - was sent for recycling.

**73%**

of the packaging placed on the Italian market sent for recycling

When it comes to plastic packaging, the main material used for Pizzoli's packaging, the recycling chain in Italy is more developed than the average in European countries (49% in 2020<sup>24</sup>), but there is still plenty of room for improvement.

## Recycling rate of plastic packaging compared to the amount placed on the market



Source: Foundation for Sustainable Development, FISE UNICIRCULAR (Association of Circular Economy Companies), 2021. Italy of Recycling 2021.

24 Eurostat, 2022.





## WHAT WE DO IN PIZZOLI

For years Pizzoli has been dedicated to researching and testing innovative packaging solutions, in order to obtain a packaging that had less impact on the environment without compromising its safety and functionality. The company focuses on reducing the quantity of materials used and on single-material packaging to favor its recyclability. For secondary packaging, Pizzoli uses materials with recycled content and is part of schemes for recovering and reusing containers and pallets.

### Potential areas of impact

- 1 Consumption of renewable and non-renewable materials
- 2 Indirect GHG production
- 3 Consequences on the ecosystems caused by the spread of waste and microplastics

# Packaging with dedication

Pizzoli uses three fundamental criteria when choosing packaging materials for its products: food safety, functionality and environmental compatibility.

Pizzoli's approach to packaging has always been based on attentive research and analysis of the impacts associated with the solutions considered. With regard to frozen products, the challenge is to use materials that guarantee that the product will keep for up to two years at low temperatures and withstand contact with oil. Over the years, Pizzoli has tried alternative materials to plastic that resist contact with oil, such as coated paper or paper laminated with plastic films and compostable materials.

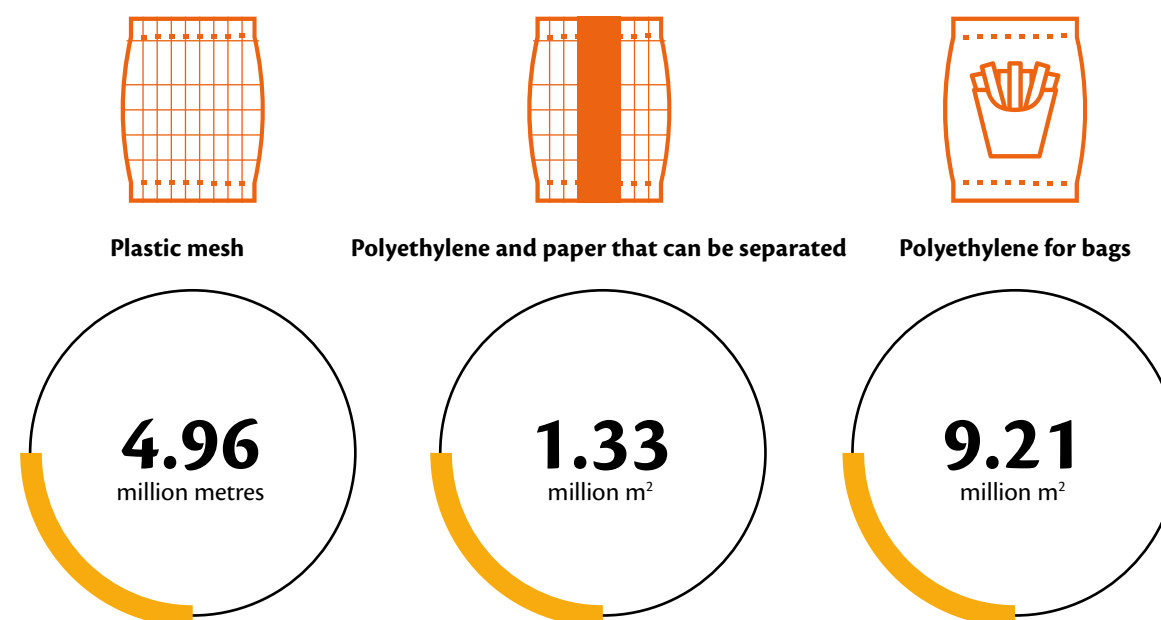
In the end, however, Pizzoli determined that keeping the **single-material plastic** wrap was the best choice to facilitate **recycling** of its packs, while at the same time ensuring packaging functionality, product protection and food waste prevention. Also because to meet food safety requirements and act as a barrier, paper would need to be combined with a plastic component which would make it less recyclable.

To reduce the impact of its packaging, the company **has cut the thickness of the plastic used for its bags to a minimum, from 80 microns to 55-60 microns**. Meanwhile, Pizzoli continues to research and try out new solutions, monitoring developments in the food packaging supply chain and technology.

Pizzoli is also working on alternatives to the plastic mesh for its fresh produce potatoes. Some of them are packaged in polypropylene mesh and paper strips that can be easily divided and disposed of in separate waste collection, with the aim of reducing the amount of plastic used. In addition, for some lines, it was possible to switch to packaging made entirely of paper.



### Main materials used for primary packaging



All Pizzoli packaging contains information about its composition and disposal to help consumers sort the materials, in accordance with the environmental labeling regulations introduced by Legislative Decree 166 of 3 September 2020. Secondary packaging mainly consists of cardboard boxes, polyethylene film, plastic mesh and crates, and wood from pallets. **77%** of the cardboard

used for packaging is recycled and FSC certified. Pizzoli has joined **schemes for recovering and reusing pallets and crates**, in collaboration with the companies in the supply chain. Once the paper, cardboard and plastic have reached end-of-life, they are sent for recycling, while the wood from pallets that can no longer be reused is sent to external companies that recycle it.

# Logistics 4.0

With the Logistics 4.0 project at San Pietro in Casale, Pizzoli has focused on growth under the banner of innovation and sustainability.

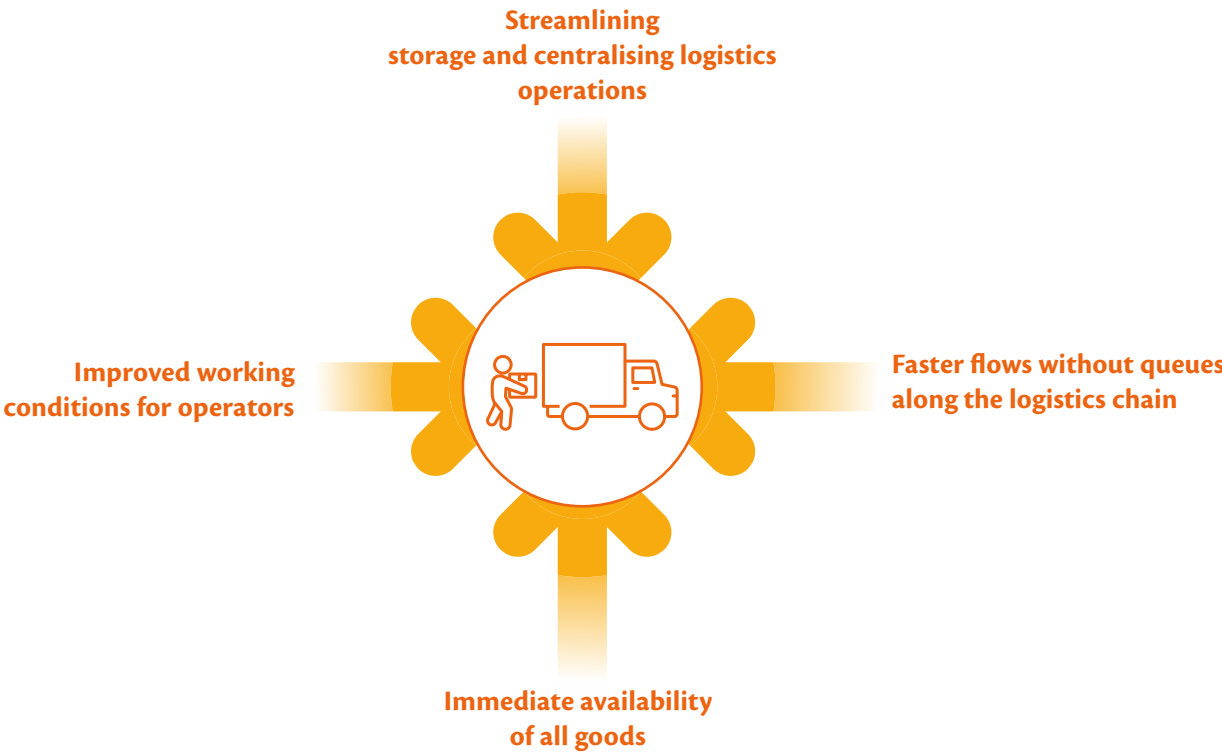
Since 2017, Pizzoli has centralised its frozen food logistics operations in the new San Pietro in Casale hub, a cold storage facility with cutting-edge performance and energy efficiency. The **automated warehouse** and associated handling system allow the storage of over 9,000 pallets on 12 double-deep racking for a total capacity of 5,000 tonnes of products kept at a constant temperature of -27°C.

The double-deep handling system streamlines picking activities, making all goods immediately available, despite differences in turnover volume and speed between different lines. In addition, the palletising robot quickly and accurately picks the products ordered and prepares the pallets in accordance with customer requirements. This helps to streamline flows, eliminating queues along the logistics chain and preparing the goods directly in the bay ready for shipping, thereby ensuring optimum protection of the cold chain and product integrity.

Information is sent and recorded in real time using radio frequency transmission so that all processes are tracked at every stage of the logistics chain.

With this facility, the company also wanted to make a highly automated process user-friendly for operators and improve working conditions by allowing them to work only at positive temperatures.

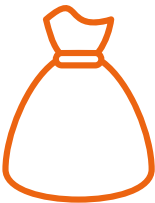
## The ingredients of optimisation



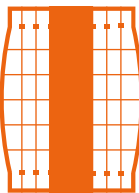


# From Pizzoli to customers

Each of the three areas of the business requires its own logistics and distribution organisation. Pizzoli uses specialised carriers that ensure an unbroken cold chain and timely deliveries.



**Distribution of seed potatoes:**  
Seed potatoes are collected and distributed during a limited period of the year, from October to March. On the basis of the orders received, the logistics department organises pick-ups from suppliers, which, in the case of significant quantities, are delivered directly to customers, thereby optimising journeys. To prevent freezing and to keep the quality of the tubers intact, the load is insulated from the outside temperature during transport.



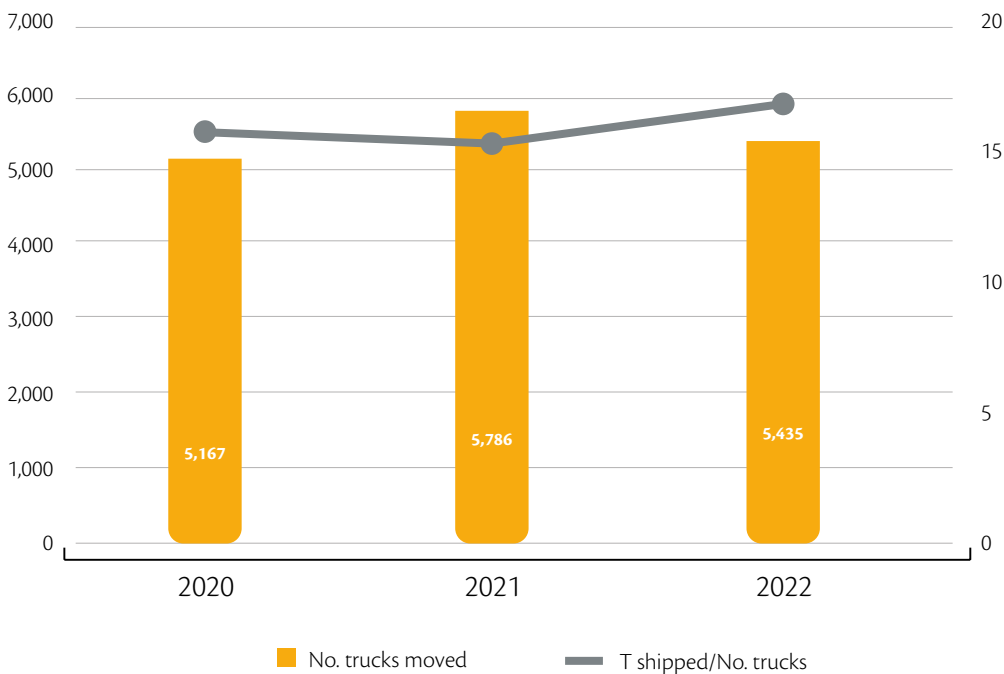
**Distribution of table potatoes produce:**  
Table potatoes are distributed on a just-in-time basis, meaning that the potatoes are shipped within 24-36 hours after packing to ensure freshness.



**Distribution of frozen potato products:**  
Production, storage and delivery flows are optimised on the basis of a delivery schedule planned together with the customers. The logistics department checks that the temperature of the trucks is suitable to guarantee the cold chain. Products for export markets, on the other hand, travel in containers.

In 2022, Pizzoli marketed 91,822 tonnes of seed potatoes, table potatoes and frozen products, moving 5,435 vehicles. The ratio of tonnes shipped to the number of vehicles moved is 16.89 tonnes/number of vehicles moved, a 10% increase compared to 2021 (15.33 t/n) and a 6% increase compared to 2020 (15.96 t/n).

Deliveries



41,800+

TOTAL NUMBER  
OF ANALYSIS

16%

INCREASE IN  
INVESTMENT IN FOOD  
QUALITY AND SAFETY  
COMPARED TO 2021

5

PATENTS



# BRINGING FLAVOR AND QUALITY SAFELY TO THE PLATE



Pizzoli's priority is to supply wholesome, safe products. Thorough prevention and control systems ensure that Pizzoli potatoes are a guarantee of maximum reliability on the table.

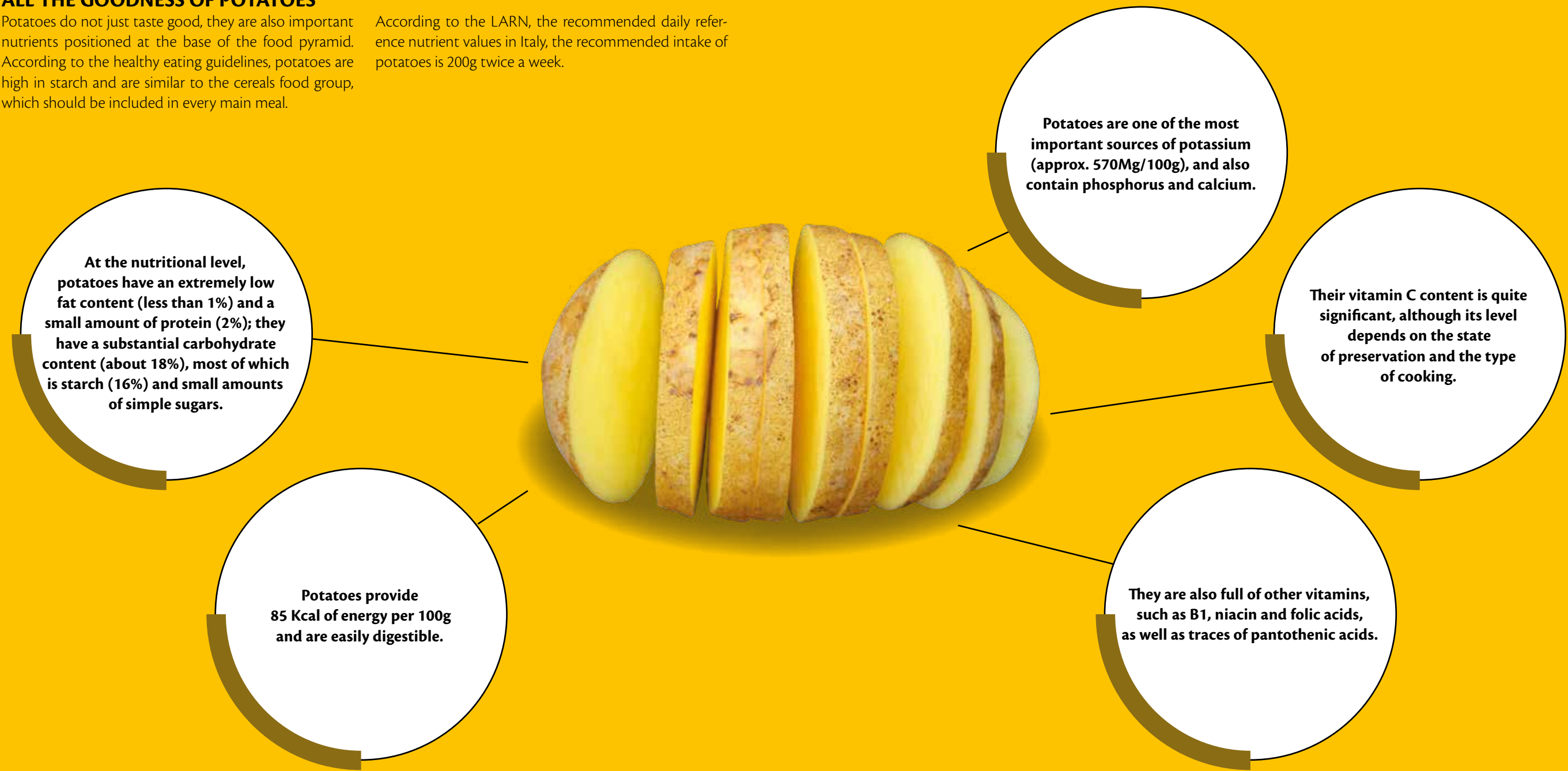


# Context analysis

## ALL THE GOODNESS OF POTATOES

Potatoes do not just taste good, they are also important nutrients positioned at the base of the food pyramid. According to the healthy eating guidelines, potatoes are high in starch and are similar to the cereals food group, which should be included in every main meal.

According to the LARN, the recommended daily reference nutrient values in Italy, the recommended intake of potatoes is 200g twice a week.





## WHAT WE DO IN PIZZOLI

Every day Pizzoli works to offer excellent products. Thanks to a system that actively pursues quality along the entire value chain and the adoption of the most recognised certifications in the agri-food industry, Pizzoli potatoes meet consumers' demands for top quality and safety.

### Potential areas of impact

- 1 Food safety
- 2 Customer and consumer satisfaction
- 3 Affordable access to nutritious and safe food products for a balanced and healthy diet
- 4 Raising consumer awareness for healthy lifestyles and responsible shopping habits

## The secrets to an excellent tuber

From the careful selection of varieties and ingredients, to monitoring in the field, through to the scrupulous control plan, Pizzoli guarantees product excellence without compromising on quality and safety.

Every product that leaves the Pizzoli facilities to arrive on the consumers' tables has been screened by a thorough quality and food safety control system that runs through every stage of the value chain.

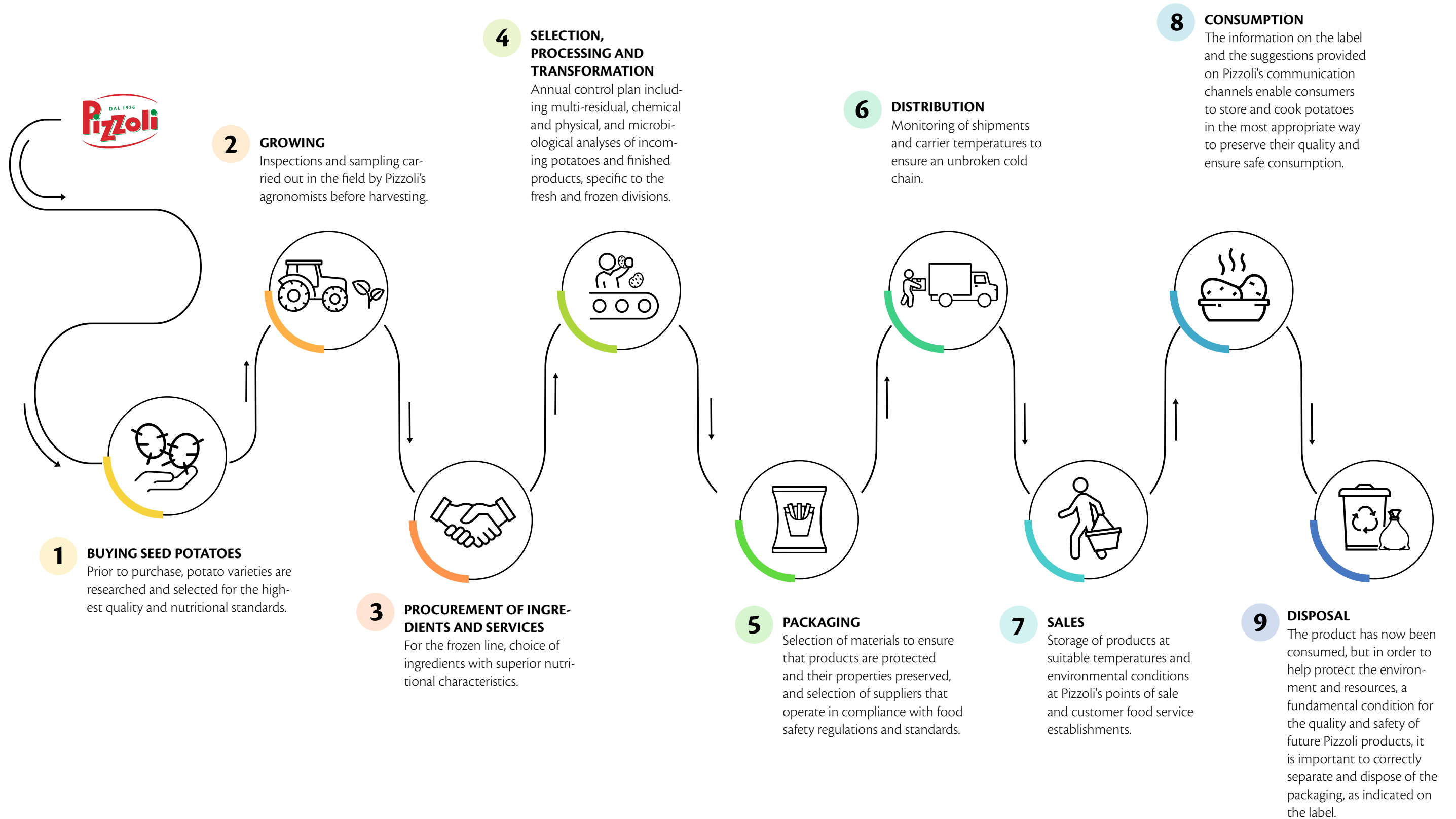


### The perfect balance between flavor and nutrition

Pizzoli continuously invests in research and innovation to select and develop products with high standards of quality and nutrition for both fresh and frozen consumption. Over the years, Pizzoli has worked to improve the nutritional profile of the frozen products in particular, reaching the highest level that research and technology currently allow. Indeed, in its recipes Pizzoli has been using **high oleic sunflower oil** for frying for more than a decade. This oil is rich in oleic acid, a mono-unsaturated fatty acid that is more stable at high temperatures and suitable for industrial processing. The industrial processes and technologies currently available mean that fries can minimise its absorption. Any salt added in the preparation process is less than would be necessary in households, penetrating deeper into the pulp. In this case, the intake is minimal (between 0.4% and 0.5 %) compared to salt added in households after frying.



## Managing quality along the value chain

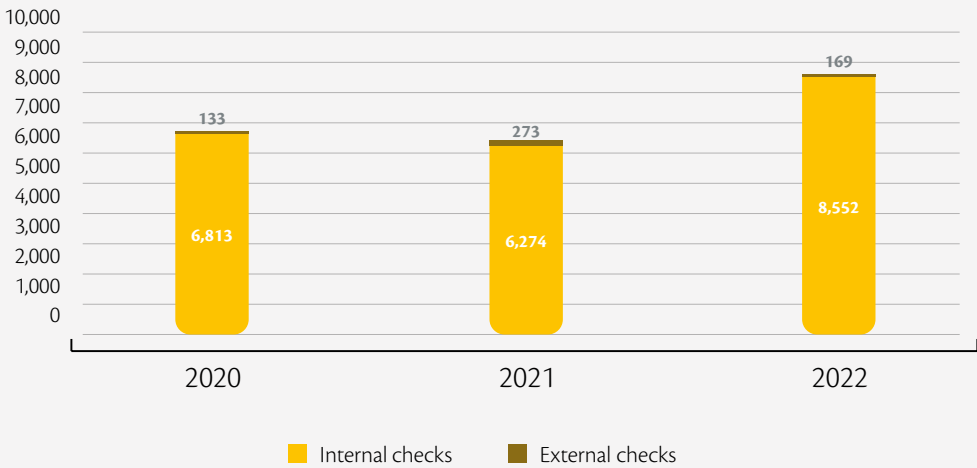


The plan of internal and external testing of incoming raw materials, processes and finished products is a fundamental stage of the quality management system. This is defined within the framework of the **food safety management system**, which in the case of the Budrio and San Pietro in Casale facilities is certified to **ISO 22000**, while in the case of the Baricella facility it has BRCGS certification. Multi-residue analyses are conducted on incoming potatoes to check that the presence of active ingredients, heavy metals and other substances does not exceed the limits allowed by the regulations and standards adopted by Pizzoli and its customers. These analyses are supplemented by chemical and physical testing to assess quality parameters such as the percentage of dry matter and sugars. The potatoes used for preparing frozen products are checked for additional contaminants such as per-fluoroalkyl substances (PFASs) and glycoalkaloids before and after the cooking and frying processes.

During these processes, the timing and water and oil temperature are also constantly monitored to ensure that the potatoes retain their properties and do not develop harmful substances. The assessment of health and safety impacts, as required by the quality system and procedures for compliance with Regulation (EC) 852/2004 on the hygiene of foodstuffs based on the HACCP principles, covers 100% of the Pizzoli products. In 2022, a total of **8,721 in-house analyses of table potatoes** were conducted, 33% more than the previous year, including 1,914 analyses conducted on incoming potatoes, 3,367 process controls and 3,440 analyses on finished products. These were supplemented by 169 multi-residue analyses carried out by external laboratories. In the **frozen food division**, the **total number of analyses** conducted in 2022 was **33,104**, 11% more than in 2021. These consisted of 2,332 on incoming potatoes, 10,861 on processes and 19,911 on finished products. The total checks also include 1,292 analyses carried out externally by specialised laboratories.

THE DIMENSIONS OF QUALITY

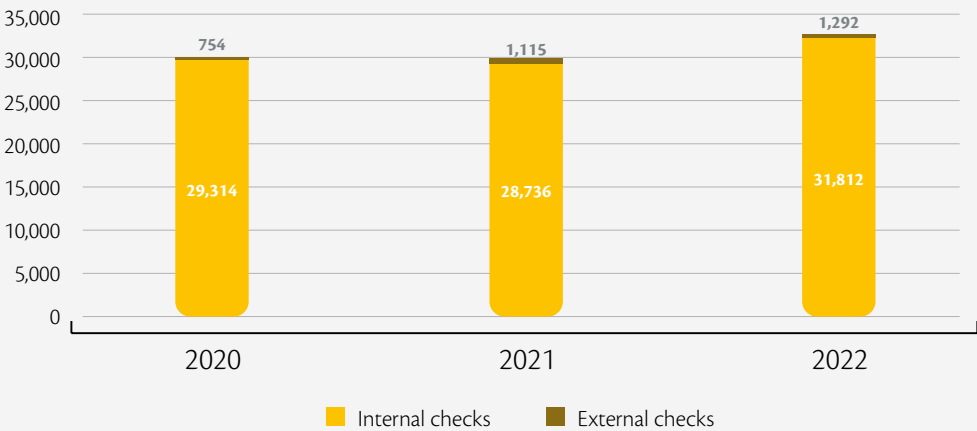
Number of analyses conducted on table potatoes



**8,721**  
Analyses conducted on table potatoes

**33,104**  
Analyses conducted on frozen potato products

Number of analyses conducted on frozen potato products



Investment in food quality<sup>25</sup>

**783**  
thousand euro  
in 2020

**880**  
thousand euro  
in 2021

**1,017**  
thousand euro  
in 2022

<sup>25</sup> Investment in food quality includes the costs of dedicated staff, staff training, certifications and consulting, laboratory materials, internal and external testing.





# Certifications of food safety and quality

The quality of Pizzoli's products is also guaranteed by compliance with relevant **certifications** in the agri-food and potato chain, verified by independent third-party bodies. At company level, the different standards adopted in the two company sectors (fresh and industrial) are summarised below:



Certification of facility/farm



Product certification

## TABLE POTATOES



**IFS:** The International Featured Standard (IFS) is a Global Food Safety Initiative (GFSI) benchmarked certification standard that qualifies food suppliers in the mass retail chain. It addresses food safety and management of product quality in accordance with contractual specifications and legal requirements, to improve quality and safety management practices and promote food safety all along the supply chain.



**GLOBALG.A.P. - GRASP - Checklist producer group (Option 2):** International certification that promotes the adoption of good agricultural practices, in both environmental and social terms, to foster safe and sustainable agriculture. Under Option 2, Pizzoli leads the certification of a group of farms in the chain.



**Patata di Bologna D.O.P.:** Certification of Protected Designation of Origin, managed by Consorzio di Tutela Patata di Bologna D.O.P. This certifies the quality and authenticity of the Bologna potato, which is strongly linked to tradition and skills developed in the territory.



**Patata della Sila I.G.P.:** Certification of Protected Geographical Indication, managed by the Consorzio Produttori Patate Associati (PPAS), which promotes and upholds potato growing on the Sila plateau.

## FROZEN POTATOES



**IFS:** The International Featured Standard (IFS) is a Global Food Safety Initiative (GFSI) benchmarked certification standard that qualifies food suppliers in the mass retail chain. It addresses food safety and management of product quality in accordance with contractual specifications and legal requirements, to improve quality and safety management practices and promote food safety all along the supply chain.



**BRCGS Global Standard for Food Safety:** benchmarked standard for the food and food ingredient manufacturing and processing industry. One of the key requirements of the Global Standard for Food Safety is the adoption and implementation of a hazard analysis and critical control points (HACCP) system focusing on product quality and hygiene.



**ISO 22000:2018:** Certification of the Food Safety Management System. The global standard sets out the requirements for keeping food safe from farm to fork based on internationally recognised fundamental principles and the HACCP methodology.



**ISO 22005:2008:** Certification of traceability in the feed and food chain. It lays down the principles and basic requirements for the design and implementation of a food traceability system, setting out how the company can trace the history, application, use and location of its products and raw materials to help ensure food safety in the food chain.



**Certification of organic production:** Certification confirming compliance with the provisions of Regulation (EU) 2018/848 for the preservation and processing of organically grown potatoes.



**VeganOK certification:** Certification that guarantees that products labelled VeganOk contain no animal derivatives and palm oil and that no animal testing has been carried out. The certification also confirms the absence of ingredients of animal origin in packaging.



**Gluten free certification:** A registered trademark owned by the Italian Celiac Association guaranteeing that products labelled with the crossed grain symbol are suitable for consumers with celiac disease, due to a gluten content of less than 20ppm (20 mg/kg).



**Halal certification:** Trademark certifying that products are prepared in accordance with the ethical, hygiene and health rules of Islamic law and religion.



**Kosher certification:** Trademark certifying that products are prepared in compliance with Jewish religious requirements.

# Innovate to grow

Pizzoli potatoes have always been innovative also in their shape and flavor to creatively respond to consumer needs.

Innovation means interpreting and anticipating social developments and changing habits. For Pizzoli, product innovation is one of the main items of investment and has the primary objective of guaranteeing consistently gratifying consumption experiences and excellent service performance. On the basis of the industrial strategy, product development and marketing plans are defined for each business channel, identifying the research areas, investments and acquisitions required in terms of skills and technologies.

Individual projects are then set in motion, starting with an intensive and ongoing market analysis activity, and proceeding through a phase of gathering ideas, design, prototyping, industrialisation, launch and post-launch assessment.

The innovation process encompasses all company divisions, starting with the market for frozen pre-fried potatoes for households, one of which is the **Patasnella line**, Italy's first oven fries.

Patasnella fries retain all the flavor and crunchiness of fries, but with the convenience of oven cooking and without the addition of oil. Thanks to the guarantee of quality over time and continuous development, Patasnella is still one of the most popular and recognised brands on the market today. In recent years, a number of successful new products have been launched, all with their own specific and distinctive profile. This is the case of **Patasnella Una Tira l'Altra**, crinkle cut, skin-on fries with a new taste promise thanks to a unique, proprietary flavor (*Pizzoli Signature® coating*). **Patasnella UltraVeloci** has set the new record for cooking speed at home - 5 minutes in the oven and they are ready. The latest products on the shelves are: **Patasnella X AirFryer**, fries with a unique cut specifically designed for cooking in the AirFryer, an appliance that is gaining popularity in Italian households, and **Patasnella Wow che Chips!**, perfect for a snack.

Another area of significant investment is the frozen potato market dedicated to consumption outside the home, where the company aims to bring added value to the most diverse food service offerings, through high-performance products in technical terms and inspired by the latest industry trends. An example of this is the **Professional Line**, which offers products that stand out for their superior flavor and crunchiness, as well as for their service performance in the kitchen. The line includes, in addition to the most popular potato cuts, distinctive specialities such as **Extra Wonders** and **Extra Crispy Kings**. The projects for the frozen potato division can be grouped into three main **spheres of development**:

- **New cuts:** design and realisation of innovative systems for anatomical cutting of potatoes in conjunction with engineering firms and manufacturers of blades and cutting blocks. The new cuts mean the company can deliver products with an increasingly distinctive appearance and sensory appeal.

- **Coating & Seasoning:** research and development of new ingredient formulas, called coatings for pre-fried frozen fries, in conjunction with ingredient suppliers. The coatings consist of ingredients of natural origin, primarily starches, and may possibly be supplemented with flavorings or spices - Seasoning - to further distinguish the sensory profile of the product. In addition to more crunch and flavor, this technology provides significant technical and service-related advantages, such as increased heat retention, reduced oil absorption in frying and shorter cooking times, which are decisive factors in the choice of product by food service professionals and household consumers.
- **New mashed potato products:** study of new product variants to extend the range of croquettes and reconstituted mashed potato products.

In the fresh food division, Pizzoli is engaged in numerous innovation projects beginning with the study and research of new varieties that can respond more and more effectively to the challenges and needs of the context and the market. The company has also filed a number of **patents**, including one for the development of the potato as a source of iodine. Indeed, the **Iodì** potatoes are grown using a method of iodine enrichment, devised in 2007 by Pizzoli in collaboration with the Department of Agri-Food Science and Technology of the University of Bologna. Using this agronomic technique, the potatoes naturally absorb iodine as they grow, maintaining their genuine flavor and great versatility in the kitchen. After harvesting, the concentration of iodine in 100 g of Iodì potatoes is at least 22.5 µg, compared to unfortified potatoes in which the content is less than 2 µg. A 200 g portion of Iodì potatoes provides 30% of the recommended daily intake of iodine, an element that is indispensable for the functioning of the thyroid gland and metabolism, but which is not widely available in food, with around 6 million people in Italy suffering from a deficiency<sup>26</sup>.

## 30%

Daily iodine requirement of an adult met by one portion of Iodì potatoes

<sup>26</sup> Istituto Superiore di Sanità.



# Engaging with customers and consumers

All the quality and care that the supply chain gives to Pizzoli products are conveyed transparently and simply, focusing on the needs and satisfaction of customers and consumers.

Pizzoli products tell a story that begins with the land, ideas and the work of people. To make the most of this, the company provides dedicated moments to meet and interact with customers and consumers.

At the presentation of the “**Trade Story**”, a document that encompasses the new launches planned for the year and the main promotional activities, mass retail customers also learn about Pizzoli's sustainability commitments and innovations to reduce the production footprint along the supply chain.

The key moments to engage with food service customers take place during **industry events and trade fairs**, which provide the opportunity to give distributors and customers information and raise their awareness on Pizzoli's activities.

The product **packaging** also conveys the corporate identity and the philosophy underpinning the brand. In this regard, with the support of external legal advisers, Pizzoli checks that all the information on the packaging and on the label is correct and complies with current labelling regulations, **to ensure transparent communication that does not mislead consumers**. These checks are also performed on all major promotional and advertising operations.



# Attention to needs and expectations

Pizzoli monitors the evolution of consumer preferences and expectations related to sustainability issues through targeted qualitative surveys.

Pizzoli keeps **direct feedback channels** open - a system to collect complaints and feedback has been set up to allow customers and consumers to report any problems with the product or communicate their appreciation or suggestions, with specific methods and channels for each business area.

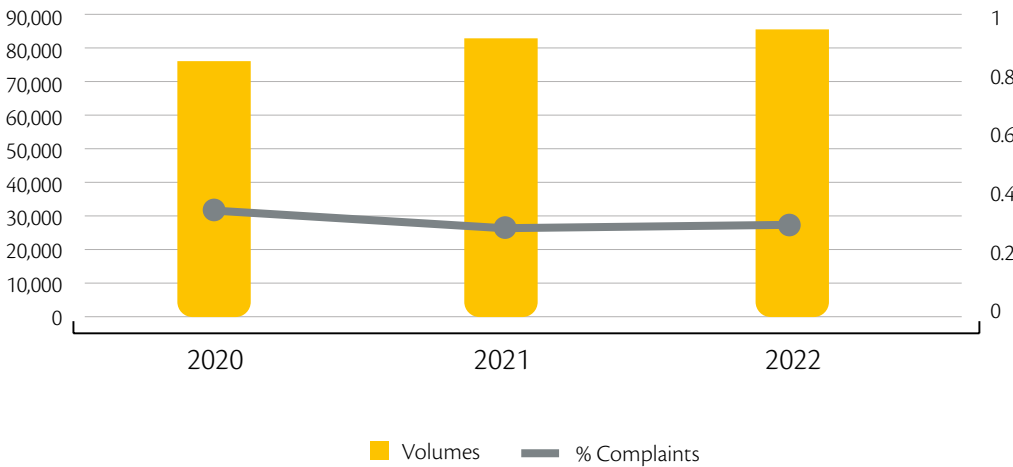
For **frozen products**, consumers can contact the retailer where they bought the product or write to the dedicated e-mail address. The Quality control handles the complaints and proceeds in conducting the necessary analysis and checks, while the Marketing function is responsible for rapidly responding to the customer and consumer with the necessary information and solutions.

With regard to **fresh products**, reports from distribution platforms or points of sale alert Pizzoli in the case of premature product spoilage or obvious quality defects. In these cases Pizzoli promptly replenishes the delivery, while implementing the necessary controls to trace the causes and prevent any new episodes.

In the case of **seed potatoes**, even before the start of the campaign Pizzoli's agronomists schedule visits to the farms to check the quality and suitability of the tubers that growers will receive directly from northern European suppliers. In addition, the agronomists are always on hand to provide technical assistance and solve any problems that may arise.

The constant **monitoring and analysis of feedback** enables Pizzoli to plan appropriate corrective actions. The index representing the number of complaints received per 100 tonnes of sales shows an improvement of 18% in 2022 compared to 2020 for table potatoes and 11% for frozen potatoes.

Number of complaints received per 100 tonnes of sales



## Potatoes in the limelight

Pizzoli's mission is based on enhancing the value of one of the most important crops of the Italian agri-food industry, with a commitment to spreading its culture on all aspects related to it, from farm to fork. In addition to the contents more closely linked to the product, such as taste, conviviality and the service component, stakeholder relations are aimed at raising awareness on the issues on choice and conscious consumption - from the prudent management of natural resources, to innovative agronomic and by-product recovery projects, to nutrition and the fight against food waste, to social issues

linked to the supply chain and solidarity. With a multi-channel and integrated approach, the company expresses its messages in **a range of offline and online touch points**, including the press, TV and radio commercials, the company website and digital channels, which are becoming increasingly important in order to create valuable connections, particularly with the younger segments of the population. The communication projects in this area often involve collaboration with authoritative content creators and influencers, selected primarily on the basis of shared values.

### Excellence in the kitchen

Promoting the culture of potatoes begins in the culinary world, where Pizzoli collaborates with authoritative and nationally recognised platforms. One such example is the sponsorship of the TV programme MasterChef Italia, started in 2021 and continued in 2022, which offered the opportunity to tell the story of the distinctive characteristics of excellent potato varieties.

### Sport and healthy eating

Pizzoli has always believed in the importance of physical activity and promotes values such as commitment and wellbeing. For this reason, its communication activities have always included collaborations with endorsers or ambassadors linked to the world of sport or with organisations that promote its values, in particular towards certain segments of the population, such as young or socially and economically vulnerable people.

### The potential of frozen food against food waste

Pizzoli participates in the awareness-raising activities promoted by the Italian Frozen Food Institute (IIAS) on the role of frozen products as allies in the prevention of food waste. For example, the campaigns and messages issued on the occasion of the National Day against Food Waste or during the periodic reports, provide useful data to understand the virtues of frozen products and tips on how to make the most of their potential, with suggestions on purchasing, storage and consumption practices.

### Good tips

The "Good tips" section of the Pizzoli website provides hints and recommendations to make the most of the taste and versatility of the products, with an eye to nutritional aspects and how to avoid wastage. From rules for correct storage, to suggestions for healthy and efficient cooking, to recipes and pairings, potatoes will no longer hold any secrets.

**Marco Orsi**  
World Vice-Champion and  
European Champion swimmer

**Pizzoli**  
DAL 1926  
**iodi**  
IL GUSTO DEL BENESSERE  
Polpa soda per tutti gli usi

**Pizzoli**  
DAL 1926  
**Lo specialista italiano delle patate**



# About this Report

With the first edition of the Sustainability Report, Pizzoli S.p.A. (also “Pizzoli” or “the company”) aims to transparently communicate to its stakeholders the social, environmental and economic impacts associated with the Company’s activities and the ways in which it manages them, as well as the commitments it has undertaken with respect to sustainability topics.

This edition of the Sustainability Report covers the period from 1 January to 31 December 2022.

The reporting scope relates to Pizzoli S.p.A., whose registered address is via Zenzalino Nord, 1, Budrio, Italy.

This Sustainability Report is specified as reporting with reference to the GRI (GRI Standards) defined in 2021 by the Global Reporting Initiative (GRI). The GRI is the most widely used global benchmark for sustainability reporting. It is an independent, international organisation that helps organisations to take action that creates economic, environmental and social benefits, and to report on their performance in these areas. Provided as an appendix to this document is the “GRI content index”, which provides an overview of the qualitative and quantitative information reported, in compliance with the aforementioned guidelines.

The content in this Report has been created on the basis of a materiality analysis process in order to identify the most relevant sustainability topics for Pizzoli and its stakeholders.

To provide a complete and exhaustive picture of the company’s performance, the data published are presented in comparative form where possible. Regarding quantitative information, those instances where estimates have been used are duly indicated.

The document has been drafted in cooperation with the Sustainability function, which coordinated the project. The Sustainability Report has been assessed by the President and CEO of Pizzoli S.p.A. and was published in June 2023.

This Report was not reviewed by an independent body.

The Report is available on our corporate website [www.pizzoli.it](http://www.pizzoli.it). For information and communications on the Sustainability Report, you can write to [info@pizzoli.it](mailto:info@pizzoli.it).



# Appendix

## Sustainability performance

ORGANISATION

Composition of the highest governance body

Name and Surname	Executive or non-executive role	Independence	Number of other key positions held and nature of those positions	Gender	Member of under-represented social groups	Competencies with regard to economic, environmental and social topics	Stakeholder categories represented
Nicola Pizzoli	Chair of BoD	YES	Chief Executive Officer	M	NO	YES	Shareholders
Giuseppe Quaglia	Director	YES	n.a.	M	NO	YES	Shareholders
Andrea Pizzoli	Director	YES	n.a.	M	NO	YES	Shareholders
Lucia Gordini	Director	YES	Proxy	F	NO	NO	Shareholders

ECONOMIC PERFORMANCE

Economic value generated

In EUR	2022	2021	2020
Net revenues from sales and services	127,049,323	108,038,500	100,361,818
Other non-financial revenue	14,361,245	2,950,381	1,062,266
Change in inventories	-355,943	234,746	122,952
Financial income	18,386	6,568	221,394
Total added value generated	141,073,011	111,230,195	101,768,430

Economic value distributed

In EUR	2022	2021	2020
To suppliers (costs of goods sold, services, leased assets)	125,297,273	94,385,730	84,001,685
Remuneration to suppliers	125,297,273	94,385,730	84,001,685
To employees for work	8,236,507	7,552,219	7,115,472
To others for work	65,622	45,606	21,764
Remuneration of work	8,302,129	7,597,825	7,137,236
To partners/shareholders	-	-	516,600
Interest to banks	749,822	310,849	303,570
Remuneration to lenders	749,822	310,849	820,170
To social and cultural activities	13,830	25,160	11,124
Remuneration to the community	13,830	25,160	11,124
Rates and taxes	-401,441	139,579	547,154
Remuneration to the public administration	-401,441	139,579	547,154
Total added value distributed	133,961,613	102,459,143	92,517,369

Economic value retained

In EUR	2022	2021	2020
Amortisation and Depreciation	6,151,024	6,522,209	5,576,450
Provisions	258,490	136,658	1,789,460
Other	701,884	2,112,185	1,885,151
Total added value retained	7,111,398	8,771,052	9,251,061



INFORMATION ON EMPLOYEES

Employees by employment contract and gender

Employment contract	2022			2021			2020		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Permanent	31	81	112	34	73	107	34	74	108
Temporary	3	1	4	4	4	8	1	1	2
Total	34	82	116	38	77	115	35	75	110

Employees by type of contract and gender

Employment contract	2022			2021			2020		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Full-time	33	82	115	37	77	114	34	75	109
Part-time	1	-	1	1	-	1	1	-	1
Total	34	82	116	38	77	115	35	75	110

TRAINING

Average annual hours of training per employee, by gender and by professional category

Professional category	2022			2021			2020		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Senior management	-	19.9	19.9	-	4.2	4.2	-	1.1	1.1
Middle management	7.0	12.2	11.7	62.8	37.5	41.7	3.2	4.4	4.1
Administrative Personnel	14.3	11.1	12.6	10.5	11.8	11.2	10.9	3.2	6.9
Department personnel	15.5	19.7	18.8	4.1	6.2	5.7	5.4	9.0	8.2
Total	14.2	15.4	15.1	13.1	14.0	13.7	8.9	5.6	6.6

OCCUPATIONAL HEALTH AND SAFETY

Health and safety indicators regarding employees operating in the facility

	2022	2021	2020
Total hours worked	194,016	186,827	180,944
Number of serious injuries	-	-	-
Total recordable injuries	2	1	2
Serious injury frequency rate	-	-	-
Total recordable injury frequency rate <sup>27</sup>	2.06	1.07	2.21

Members of the governance body by age bracket

Profes- sional category	2022						2021						2020					
	<30		30-50		>50		<30		30-50		>50		<30		30-50		>50	
	No. of employees	%	No. of employees	%	No. of employees	%	No. of employees	%	No. of employees	%	No. of employees	%	No. of employees	%	No. of employees	%	No. of employees	%
Board of Directors	-	0	-	0	4	100	-	0	-	0	4	100	-	0	-	0	4	100

SUPPLY CHAIN

New suppliers that were selected using environmental and social criteria

	2022	2021	2020
Percentage of new suppliers that were screened using environmental criteria	21%	4%	-
Percentage of new suppliers that were screened using social criteria	21%	70%	-

27 The accident frequency rate is calculated as the ratio between the number of accidents and the total number of hours worked in the same period, multiplied by 200,000.

EMISSIONS<sup>28</sup>

Direct and energy indirect GHG emissions (Scope 1 and 2) and GHG emissions intensity

In t CO <sub>2</sub> e	2022	2021	2020
Direct emissions <sup>29</sup>	14,298	14,427	14,158
Indirect emissions (location-based) <sup>30</sup>	2,644	2,791	2,804
Indirect emissions (market-based) <sup>31</sup>	4,643	-	4,948
Total LB emissions (Scope 1 + Scope 2)	16,942	17,218	16,962
Total MB emissions (Scope 1 + Scope 2)	18,941	14,427	19,106
Direct emissions intensity (t CO <sub>2</sub> e/t production)	0.2178	0.2119	0.2115
Indirect emissions intensity - location-based (t CO <sub>2</sub> e/t production)	0.0403	0.0410	0.0419
Indirect emissions intensity - market-based (t CO <sub>2</sub> e/t production)	0.0707	0.0000	0.0739
Scope 1 + Scope 2 LB emissions intensity (t CO <sub>2</sub> e/t production)	0.2580	0.2529	0.2534
Scope 1 + Scope 2 MB emissions intensity (t CO <sub>2</sub> e/t production)	0.2885	0.2119	0.2854

Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions

In kg	2022	2021	2020
Nitrogen oxide (NOx)	39,948	30,637	38,342
Sulphur oxides (SOx)	288	158	255
Volatile organic compounds (VOCs)	25	24	not available
Particulate Matter (PM)	188	495	89
Oily PM	49	127	123
Reduced nitrogen compounds (NH <sub>3</sub> )	66	33	16

WATER

Water withdrawal

ML	2022	2021	2020
Total water withdrawal	141	117	125.5
Groundwater	138	113	122
Third-party water resources	3	4	3.5
Index of water withdrawal (ML/t production)	0.0021	0.0017	0.0019

28 For the purposes of calculating GHG emissions, the following greenhouse gases were considered: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O.  
29 Source of the emissions coefficient for natural gas and diesel: ISPRA, Italian Greenhouse Gas Inventory 1990-2020. National Inventory Report 2022. Source of the emissions coefficient for refrigerant gases: DEFRA, Greenhouse gas reporting: conversion factors 2022. Source of the emissions coefficient for petrol and diesel: ISPRA, The database of average emissions factors of road transport in Italy, 2020.  
30 Source of the emissions coefficients: ISPRA, Italian Greenhouse Gas Inventory 1990-2020. National Inventory Report 2022.  
31 Source of the emissions coefficients: Association of Issuing Bodies (AIB), European Residual Mixes 2021 (2022 and 2021 data), European Residual Mixes 2020 (2020 data).

MATERIALS

Materials used by weight and volume and materials from recycling

	Unit of measure-ment	2022	2021	2020	From renewable sources
Raw materials and ingredients for production					
Potatoes	t	109,672	111,397	108,140	X
Sunflower oil and extra-virgin olive oil	t	2,367	2,437	2,125	X
Other ingredients (bread, seasonings, flour, coatings)	t	1,523	1,169	1,118	X
Materials for primary packaging					
Plastic (mesh)	m	4,964,400	4,923,000	551.2000	
Polyethylene (bags)	m <sup>2</sup>	9,243,670	9,471,000	8,760,700	
FSC-certified paper	m	-	292,000	291,000	X
Polyethylene and paper that can be separated	m	1,333,200	1,274,000	164,220	
Polyethylene strip (Verty Bag)	m	7,964,000	7,629,660	11,086,200	
Adhesive tape	m	9,214,000	8,000,000	6,240,000	
Heat transfer foil	m	1,890,350	839,250	1,352,500	
Plastic (pallet strapping)	m	225,500	220,000	302,500	
Paper (for crate base)	t	1.3	1	0.5	X
Materials for secondary packaging					
Cardboard	t	2,549	2,351	2,022	X
of which FSC-certified	t	1,977	1,444	1,249	X
Polyethylene stretch film	m	16,000	13,083	13,773	
Plastic pallet wrap netting	m	290,500	280,000	280,000	
Paper labels	t	13	12	13	X
Wood	t	2,789	2,293	2,141	X
Cardboard pallet edge protectors	t	3	4	5	X
Products for the biomass treatment plant					
Sanitising detergents	t	15	21	23	
Chemical products	t	713	929	822	
Filters for vegetable oil filtration	m <sup>2</sup>	31,200	24,960	39,312	
Office materials					
Paper	t	3.45	3.36	4.87	X
of which FSC-certified	%	100%	100%	100%	X
Toner <sup>32</sup>	t	0.05	0.04	0.05	

32 Estimated figure considering the average weight of a toner cartridge (800 g) multiplied by the number of pieces consumed.


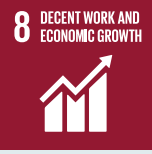




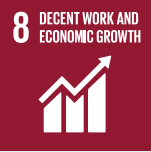





WASTE




Waste generated

In t	2022	2021	2020
Total non-hazardous waste	7,788.0	7,503.6	7,688.4
Sludge from washing and cleaning operations	6,48.6	517.8	755.3
Plastics	14.4	6.1	9.1
Waste that is unusable for consumption or processing and sludge from effluent treatment	6,735.4	6,530.3	6,564.5
Packaging materials	330.8	377.4	301.5
Filtration materials containing different substances	11.2	23.0	16.0
Glycol water	0.5	-	0.3
Damaged equipment and electrical material	2.5	3.4	2.2
Iron and steel	29.3	30.9	21.6
Mixed waste from demolition activities	9.7	-	3.3
Activated carbon	-	5.5	3.4
Used cooking oil	5.6	9.3	11.2
Total hazardous waste	29.3	31.7	10.6
Motor, gear and lubrication oils and mineral insulating and heat-conducting oils	12.2	7.4	4.0
Fuel blends	-	-	0.2
Other emulsions	5.9	1.0	1.7
Packaging containing residues of hazardous substances	1.7	1.1	0.6
Absorbents and filter materials from hazardous substances	-	0.5	0.1
Oil filters	0.2	0.3	0.4
Old fluorescent lamps	-	-	0.1
Organic and other waste chemicals	0.1	0.1	0.0
Lead batteries	1.1	-	0.1
Liquid waste containing hazardous substances	7.9	20.6	2.7
Rock wool	0.1	0.2	0.3
Sanitary-microbiological waste	0.2	0.5	0.4

Reconciling impacts and material topics

MATERIAL TOPIC	ASSOCIATED IMPACTS	TYPE OF IMPACT (Pos./Neg., Direct/Indirect)	STAKEHOLDERS IMPACTED	SDGs
Food safety and quality	Hazards for human health connected with the consumption of Pizzoli products	Negative Direct	Consumers	
Management of human resources	Work-related injuries, occupational diseases, poor work-life balance	Negative Direct	Workers	
	Unfair practices in the workplace: discrimination, limitations on freedom, unfair treatment	Negative Direct	Workers	
	Growth of the professional and personal skills of the company's people	Positive Direct	Workers	
	Increased stakeholder awareness of environmental issues and the adoption of responsible behaviour	Positive Direct	Workers	
Procurement practices and management of agricultural ecosystems	Violation of workers' rights and human rights along the supply chain	Negative Indirect	Potato growers and other supply chain workers	 
	Pollution and impoverishment of ecosystems caused by the farming practices adopted to produce potatoes and other supplied raw materials	Negative Indirect	Potato growers and local communities, the community	
	Inadequate remuneration to farmers with potential consequences on productivity and product quality	Negative Direct	Potato growers and their families and communities	
	Helping to transition to sustainable and regenerative agricultural practices	Positive Indirect	Potato growers and local communities, the community	
	Boosting the technical skills of potato growers and supporting the development of producer associations	Positive Direct	Organisations of potato producers, potato growers and relevant communities	
Innovating and developing the supply chain	Creating opportunities for economic development for the supply chain and sector	Positive Indirect	Suppliers, workers, universities and research institutes, other businesses	

MATERIAL TOPIC	ASSOCIATED IMPACTS	TYPE OF IMPACT (Pos./Neg., Direct/Indirect)	STAKEHOLDERS IMPACTED	SDGs
Generating value	Organisational and management inefficiencies resulting in economic losses and/or lost earnings	Negative Direct and indirect	Employees and workers who are not employees, suppliers, the community	
	Generation of economic value in the long term	Positive Direct and indirect	Employees and workers who are not employees, suppliers, local communities, the community	
Climate change	Direct consumption of energy resources and fossil fuels for production activities resulting in GHG emissions	Negative Direct	The community	 
	Indirect production of greenhouse gas	Negative Indirect	The community	
Managing resources for production and circularity	Consumption of renewable and non-renewable materials	Negative Direct	The community, other businesses	
	Consumption of water resources in production processes and unintentional pollution of water	Negative Direct	The community, local communities	
Exploiting by-products and waste management	Food waste	Negative Direct and indirect	The community	
	Contamination of ecosystems caused by the release of waste and microplastics	Negative Indirect	The community	
	Recovery and utilisation by recycling or reusing by-products and production waste	Positive Direct	The community, other businesses	
Customer and consumer satisfaction	Absence of customer and consumer satisfaction	Negative Direct	Customers, consumers	
	Affordable access to nutritious and safe food products for a balanced and healthy diet	Positive Direct	Consumers, the community	

MATERIAL TOPIC	ASSOCIATED IMPACTS	TYPE OF IMPACT (Pos./Neg., Direct/Indirect)	STAKEHOLDERS IMPACTED	SDGs
Supporting communities and developing the local areas	Creating jobs and skills for the local region	Positive Direct	Local communities	
	Sharing the economic value generated with the community by means of donations, sponsorships, partnerships and social projects	Positive Direct	Local communities	
Ethical and responsible management of the business	Unethical conduct (e.g. corruption, conflict of interest, unfair business practices)	Negative Direct	Public Administration, competitors, suppliers, the community	
	Privacy breaches and misuse of sensitive data	Negative Direct	Customers, consumers, workers who are not employees, suppliers	
Combating food waste and raising consumer awareness	Raising consumer awareness to adopt healthy lifestyles and responsible shopping habits	Positive Direct	Customers, consumers, the community	



# GRI Content Index

GRI Standard	Disclosure	Page number	Notes and omissions
GENERAL DISCLOSURES			
GRI 2: General disclosures 2021	2-1 Organizational details	12, 116	
	2-2 Entities included in the organization's sustainability reporting	116	
	2-3 Reporting period, frequency and contact point	116	
	2-4 Restatements of information		This disclosure is not applicable because this is the first Sustainability Report.
	2-5 External assurance	116	
	2-6 Activities, value chain and other business relationships	8-9, 12, 18-19	
	2-7 Employees	24-25, 120	
	2-9 Governance structure and composition	20, 118	
	2-10 Nomination and selection of the highest governance body	20	b) Given the characteristics of the business, it was not deemed necessary to formalise specific criteria for the nomination and selection of the members of the highest governance body.
	2-11 Chair of the highest governance body		The Chair of the highest governance body is also the organization's CEO.
	2-12 Role of the highest governance body in overseeing the management of impacts	20	b) Stakeholder engagement in the oversight of due diligence processes is delegated to the Technical Committees and operational figures implementing the strategic guidelines.  c) The effectiveness of the processes is verified at quarterly meetings involving the Board of Directors and committees.
	2-13 Delegation of responsibility for managing impacts	20	
	2-14 Role of the highest governance body in sustainability reporting	20	

GRI Standard	Disclosure	Page number	Notes and omissions
	2-15 Conflicts of interest		Considering the fact that Pizzoli is not a joint-stock company (S.p.A.) with a broad shareholder base and that ownership is mainly represented by members of the Pizzoli family (close corporation), it was not deemed necessary to lay down specific procedures for managing conflicts of interest.
	2-16 Communication of critical concerns		a) Pizzoli collects and analyses all information received through its communication channels and if this information includes critical concerns in terms of actual and potential negative impacts, these are reported to the highest governance body.  b) No critical concerns were reported to the highest governance body during the reporting period.
	2-17 Collective knowledge of the highest governance body		There are currently no formalised measures to advance the collective knowledge, skills, and experience of the highest governance body on sustainable development.
	2-18 Evaluation of the performance of the highest governance body		There are currently no formalised measures for evaluating the performance of the highest governance body in overseeing the management of the organization's impacts on the economy, environment, and people.
	2-19 Remuneration policies		At the time of nomination, the General Meeting of Shareholders establishes the annual remuneration to be paid to Board members. The Board of Directors determines how the remuneration is to be divided among the various members and the termination payments. Remuneration is fixed, without additional bonuses or incentive payments. In the case of senior executives, remuneration is determined at the time of recruitment or through any remuneration reviews approved by the BoD. A Management by Objectives (MBO) system with annual performance targets also in relation to the management of the organization's environmental and social impacts has been established for senior executives.
	2-20 Process to determine remuneration		

GRI Standard	Disclosure	Page number	Notes and omissions
	2-22 Statement on sustainable development strategy	7	
	2-23 Policy commitments	22	
	2-24 Embedding policy commitments	20, 21, 26, 54	
	2-25 Processes to remediate negative impacts	28, 70, 113	Various procedures and mechanisms are in place to remediate negative impacts. Information on the management of the various impacts is included in the appropriate sections of the Report, where applicable.
	2-26 Mechanisms for seeking advice and raising concerns	22	
	2-27 Compliance with laws and regulations		In the 2020-2022 three-year period, there were no recorded instances of non-compliance with laws and regulations.
	2-28 Membership associations	36	
	2-29 Approach to stakeholder engagement	24, 38-39, 58-59, 112	
	2-30 Collective bargaining agreements	27	

**MATERIAL ASPECTS**

GRI 3: Material Topics 2021	3-1 Process to determine material topics	43	
	3-2 List of material topics	42	

**PRODUCT QUALITY AND SAFETY**

GRI 3: Material Topics 2021	3-3 Management of material topics	104-105, 125-127	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	106	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services across their life cycle		In the 2020-2022 three-year period, there were no recorded incidents of non-compliance concerning impacts on health and safety of products and services.

GRI Standard	Disclosure	Page number	Notes and omissions
<b>MANAGEMENT OF HUMAN RESOURCES</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	24, 26-29, 125-127	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	27	
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes		There is no minimum notice period. However, the company notifies employees and their representatives of any significant operational changes in a timely and appropriate manner.
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	26, 120	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken		In the 2020-2022 three-year period, there were no incidents of discrimination.
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system	28	
	403-2 Hazard identification, risk assessment, and incident investigation	28	
	403-3 Occupational health services	28	
	403-4 Worker participation, consultation, and communication on occupational health and safety	28	
	403-5 Worker training on occupational health and safety	29	
	403-6 Promotion of worker health	28	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	29	
	403-8 Workers covered by an occupational health and safety management system	28	
	403-9 Work-related injuries	29, 121	Information on requirement 403-9 b. is omitted due to unavailability of data.



GRI Standard	Disclosure	Page number	Notes and omissions
PROCUREMENT PRACTICES AND MANAGEMENT OF AGRICULTURAL ECOSYSTEMS			
GRI 3: Material Topics 2021	3-3 Management of material topics	50-51, 54-55, 125-127	
GRI 204: Procurement practices 2016	204-1 Proportion of spending on local suppliers	52	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	54, 121	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	54, 121	
INNOVATING AND DEVELOPING THE SUPPLY CHAIN			
GRI 3: Material Topics 2021	3-3 Management of material topics	60-61, 125-127	
GENERATING VALUE			
GRI 3: Material Topics 2021	3-3 Management of material topics	22, 58-59, 125-127	
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	22, 118-119	
CLIMATE CHANGE			
GRI 3: Material Topics 2021	3-3 Management of material topics	76, 125-127	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	76-77, 122	
	305-2 Energy indirect (Scope 2) GHG emissions	76-77, 122	
	305-4 GHG emissions intensity	76-77, 122	
	305-7 Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	122	
MANAGING RESOURCES FOR PRODUCTION AND CIRCULARITY			
GRI 3: Material Topics 2021	3-3 Management of material topics	70, 72, 78-82, 85-87, 125-127	
	302-3 Energy intensity	74	
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	85, 122	

GRI Standard	Disclosure	Page number	Notes and omissions
EXPLOITING BY-PRODUCTS AND WASTE MANAGEMENT			
GRI 3: Material Topics 2021	3-3 Management of material topics	79-80, 125-127	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	79, 123	
	301-2 Recycled input materials used	123	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	83	
	306-2 Management of significant waste-related impacts	83	
	306-3 Waste generated	83, 124	
CUSTOMER AND CONSUMER SATISFACTION			
GRI 3: Material Topics 2021	3-3 Management of material topics	113, 125-127	
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling		In the 2020-2022 three-year period, 100 per cent of Pizzoli's product categories were assessed for compliance with information and labelling procedures.
	417-2 Incidents of non-compliance concerning product and service information and labelling		In 2022, Pizzoli received a report from the Italian Communications Regulatory Authority (AGCOM) for non-compliance with voluntary codes regarding product information and labelling. After due verification, the report was closed.
SUPPORTING COMMUNITIES AND DEVELOPING THE LOCAL AREAS			
GRI 3: Material Topics 2021	3-3 Management of material topics	30-31, 125-127	
ETHICAL AND RESPONSIBLE MANAGEMENT OF THE BUSINESS			
GRI 3: Material Topics 2021	3-3 Management of material topics	22-23, 125-127	
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	22	In the 2020-2022 three-year period, there were no proven incidents of corruption.
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	23	
COMBATING FOOD WASTE AND RAISING CONSUMER AWARENESS			
GRI 3: Material Topics 2021	3-3 Management of material topics	114, 125-127	



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## 2022 SUSTAINABILITY REPORT

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