



SUSTAINABILITY REPORT

2021

The Report is based on the GRI principles.



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LETTER TO STAKEHOLDERS

Dear Stakeholders and Shareholders,

We are proud to present our first company Sustainability Report, which illustrates the path undertaken by ALLEGRINI to achieve sustainable development.

2021 brought new challenges that we successfully overcame by focussing on creating economic and social value. The sustainability project took more than a year to complete and laid down policies and actions designed to consolidate the imprinting of ethical values, environmental sustainability and social responsibility on the processes, organization and identity of ALLEGRINI.

In this process, the company began to establish a medium-long term strategy to encourage a transition to carbon neutrality, responsible consumption of resources and sustainability throughout the value chain.

We achieved a lot in this first year, but there is still plenty more to do. Some of the most important initiatives successfully completed include

the definition and formalization of the Sustainability Policy, which set the medium-long term goals on ESG pillars;

- the launch of the new DPlanet - do not disturb the planet product line;
- the confirmation of a concentrated product, already an established sustainable choice;
- the founding of the **ALLEGRINI ACADEMY**, our facility for permanent training and development of our human capital.

On behalf of ALLEGRINI, I particularly wish to thank everyone who worked with us and continues to support ALLEGRINI's awareness of environmental sustainability and social responsibility.

Maurizio Gian Carlo Allegrini
CEO

1.0

OUR PATH TO CREATING
SUSTAINABLE VALUE



ALLEGRINI's path to creating sustainable value kicked off in 2020 with a series of activities designed to make sustainability the central focus of our corporate strategy.

The activities to date are split into three different actions: ESG analysis; definition of sustainability policy and sustainability strategy; identification of material topics.

The first action, ESG analysis, has allowed the company to provide a snapshot of the current situation so as to work out the company's ESG position within its reference sector. This was the starting point for identifying policies and actions designed to gradually improve the approach to sustainability over time and integrate it with the company operating processes system.

The second action - definition of the sustainability policy and sustainability strategy - involved setting up a broad range of initiatives merged with defining the Sustainability Policy. The aim is to develop and implement the strategy of creating sustainable value, developed internally and shared with the main corporate stakeholders.

The third action - identification of material topics - involved definition of sustainable issues relevant to creating the common sustainable value shared within the company. The identified topics have been developed in the first ALLEGRINI Sustainability Report.

1.1 ACTION 1. ESG ANALYSIS

The company's current position in the reference sector was assessed in terms of its environmental, social and governance policies. The analysis was conducted as intervention research, screening available reference documents and public information about main competitors, structured management interviews and comprehensive study of operational processes to identify the ALLEGRINI value chain activities with the strongest environmental and social impact.

The outcome was a series of conclusive schemes that identified the position of strategy and management of ESG factors and risks linked to operations and suggested potential actions in order of priority in line with ALLEGRINI's basic strategic orientation. ESG factors were analyzed in depth to explore weaknesses, strengths and areas for improvement. The ESG assessment, produced with the support of an external advisor, revealed no violations, but rather the need for more targeted improvements, which have already been implemented by the company.

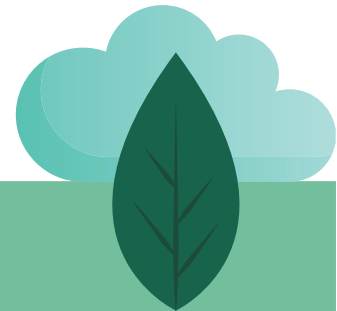
Given the particular nature of the business, the ESG analysis specifically highlighted ALLEGRINI's focus on product testing phases (cruelty free). The analysis did not reveal any instances of major non-compliance, criminal proceedings or fines relating to company processes and products. Product defects were in line with accepted standards. Returned product was not associated with consumer health and safety issues.

Human capital has always been a key focus for ALLEGRINI. Employee evaluation in both recruitment and individual skills development processes is non-discriminatory (gender, race, color, disability, age, religion). The company promotes and participates in various initiatives with the local community, involving students from local universities, public institutions and associations. Focus on the local community has been a key aspect of our corporate identity for many years, as ALLEGRINI's donations to many local associations prove.

The company has adopted an Organizational Model of corporate governance in compliance with Italian Legislative Decree no. 231/2001 and published its Code of Ethics for the first time.

The ESG assessment clearly demonstrated that also in corporate governance, there are no problems with application of ethical standards, corruption, work practices or human rights issues.

The activities carried out in this first action provided a holistic vision of the company, its processes and the resources used, emphasizing the role of ESG factors and highlighting the sustainability risks for the company. The assessment also allowed a deeper examination of ALLEGRINI's strategic and competitive positioning based on ESG factors compared to its main competitors.



ACTION 1. ESG ANALYSIS	GOALS
<p>ESG Analysis</p>	<ul style="list-style-type: none"> To evaluate the impact of the strategies and actions already undertaken by ALLEGRINI on ESG factors. To recognize sustainability risks connected to company processes, activities and products. To identify corrective action to be taken and potential improvements to support medium-long term sustainable strategies.
<p>ESG Gap Analysis</p>	<ul style="list-style-type: none"> To identify the role and impact of ESG factors in ALLEGRINI's reference sector. To work out ALLEGRINI's position within the section compared to its main competitors. To improve understanding of risks connected to company activity, to support corrective action and improvements.

1.2 ACTION 2. DEFINITION OF SUSTAINABILITY POLICIES AND ESG STRATEGY

The title explains ALLEGRINI’s adopted medium-long term commitment to guarantee company development, while respecting the environment and observing social and ethical responsibility principles in corporate governance.

In the past year, ALLEGRINI has worked hard to understand the impacts of actions taken in order to redefine its strategy, focussing more on creating sustainable value. The company thus defined its ESG policies related to key areas of its value chain. A Sustainability Manager was appointed to implement structured ESG management systems.

The ALLEGRINI sustainability policy sums up the guidelines to support ALLEGRINI’s environmental and social transition. In short, the sustainability policy has a medium-long term perspective and details the action required to translate the core values and content of the ALLEGRINI ESG strategy into operational terms.

The sustainability policy and ESG strategy are the result of ALLEGRINI’s vision, starting with the results of the ESG assessment and incorporating the ESG values shared by the owners, managers and staff of the company. Defining the company’s strategic vision gives all stakeholders a clearer, more transparent idea of how the company aims to interpret, adopt and connect sustainable values, social commitment and ethics.

LINE OF ACTION 2. DEFINITION OF SUSTAINABILITY POLICIES AND ESG STRATEGY	GOALS
ESG Strategy Projects and action	<p>To define corrective action to be taken to address points of weakness relating to ESG factors.</p> <p>To understand possible threats and opportunities offered by the surrounding environment for ALLEGRINI to grow within a path of sustainability.</p> <p>To analyze the strengths of ALLEGRINI in order to define a plan of action for creating sustainable value.</p>
Sustainability policy	<p>To define ALLEGRINI’s sustainable development goals and medium-long term commitments.</p> <p>To translate ALLEGRINI’s strategy into short, medium and long term action for creating economic and social value, shared with all company stakeholders.</p>

1.3 ACTION 3. IDENTIFICATION OF MATERIAL TOPICS FOR ALLEGRINI

Identifying material topics for ALLEGRINI is the result of the first, important section of the path to sustainability. It is also where the company starts developing future actions and measuring environmental, social and economic impacts.

Material topics were selected according to various criteria, designed to highlight the importance of these issues in relation to ALLEGRINI’s strategic vision and embrace the main interests highlighted by company stakeholders. The material topics identified in this process in 2021 prove that the themes of environmental sustainability, social responsibility and ethical governance underpin ALLEGRINI’s strategic vision.

Analysis of ALLEGRINI’s current position in relation to ESG factors and its reference sector (Action 1. ESG Analysis), and clear definition of the company’s path to sustainability (Action 2. Definition of sustainability policies and ESG strategies) enabled a process to identify and analyze material topics. The issues identified are key elements of this report, showing ALLEGRINI as it is today and its aspirations for the future.

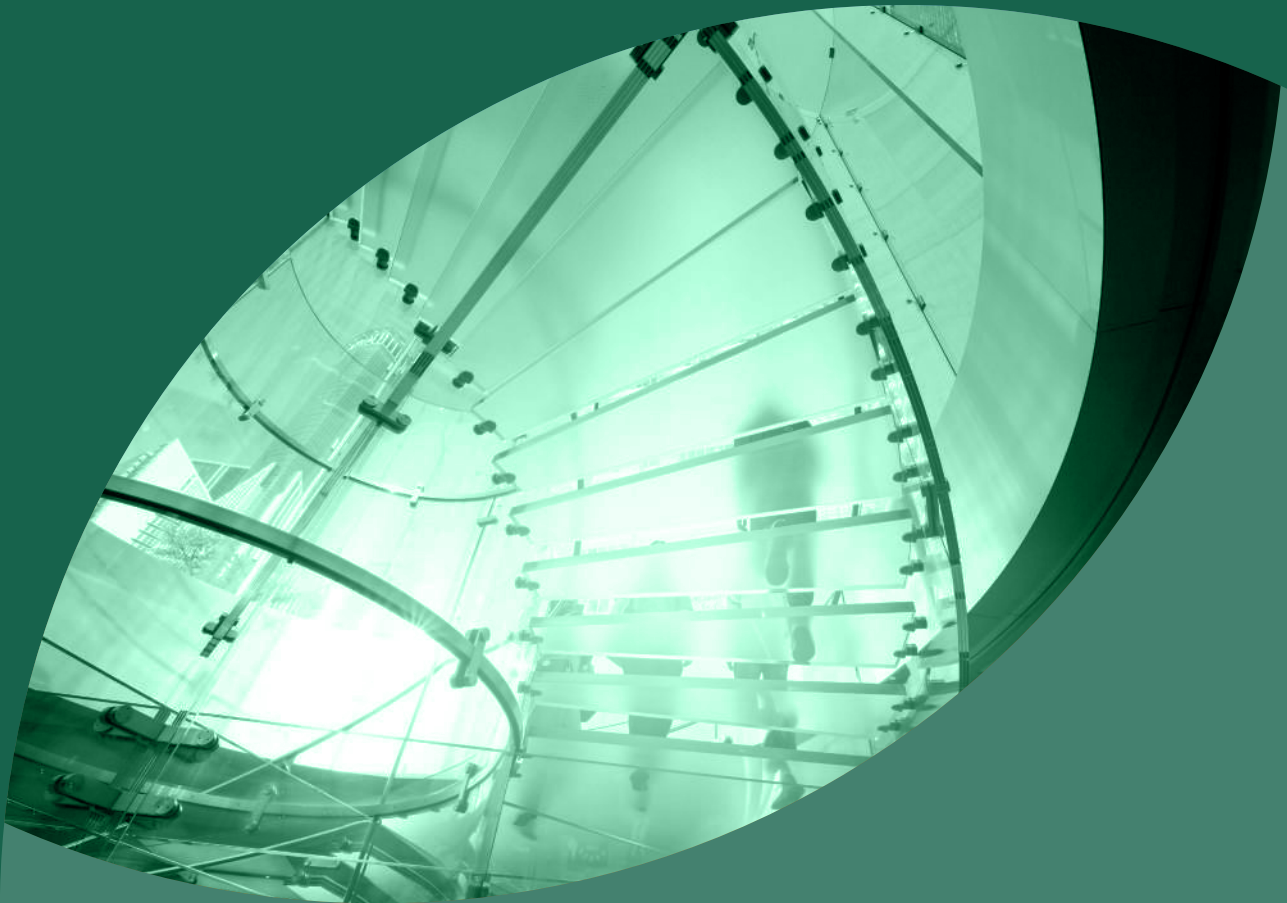
Allegrini is publishing its first Sustainability Report today, the result of a lengthy process which has given the entire organization a better understanding and awareness of the need to create sustainable value, as an opportunity for internal and external discussion and exchange.

ACTION 3. IDENTIFICATION OF MATERIAL TOPICS FOR ALLEGRINI	GOALS
<p>Material topics</p>	<p>To create a space for open discussion with stakeholders about ALLEGRINI strategies for creating sustainable value.</p> <p>To identify the material topics on which to focus the strategic process of transition on ESG factors.</p> <p>To recognize the key internal and external resources, to assist in enacting the ESG transition.</p>



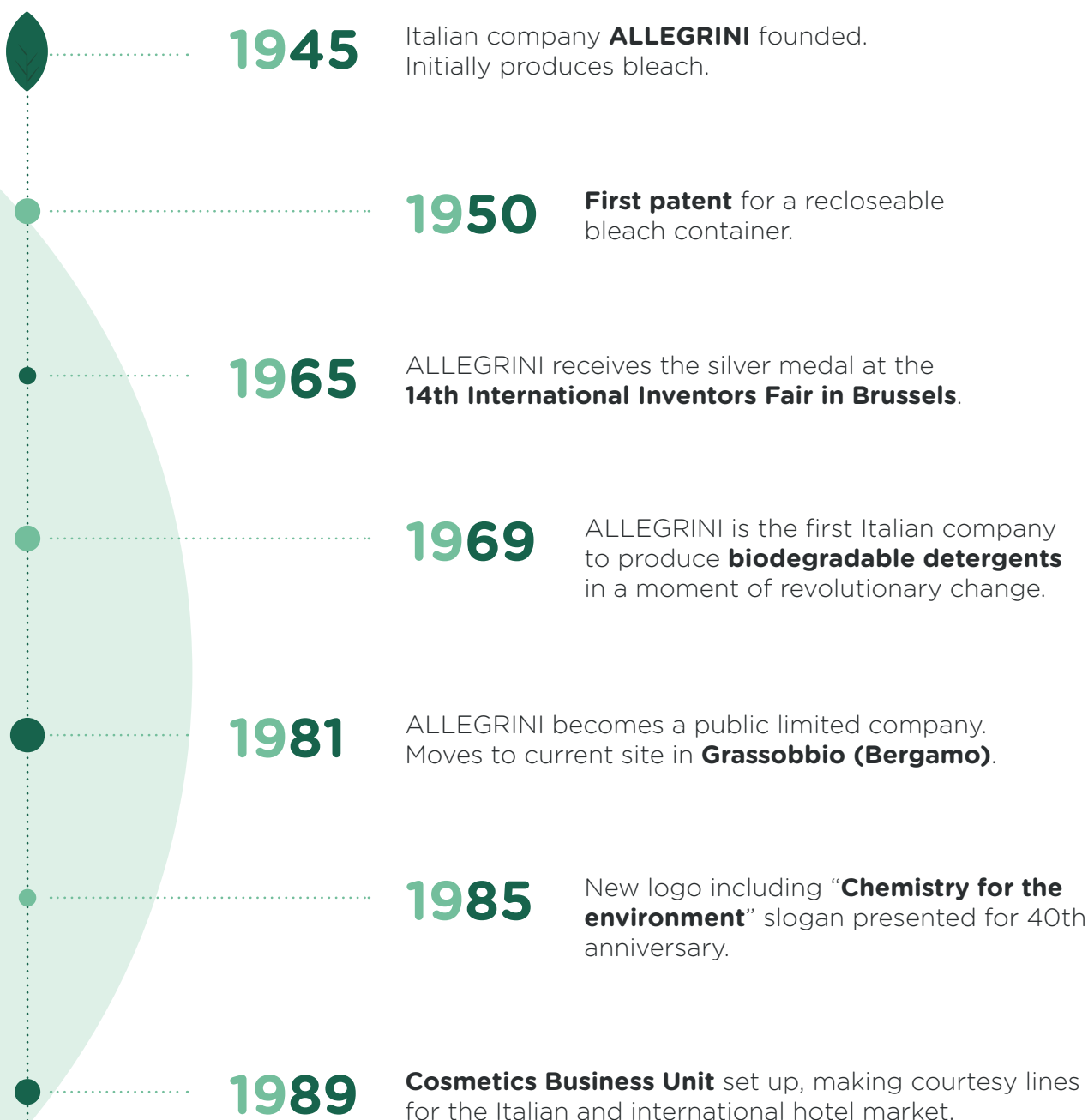
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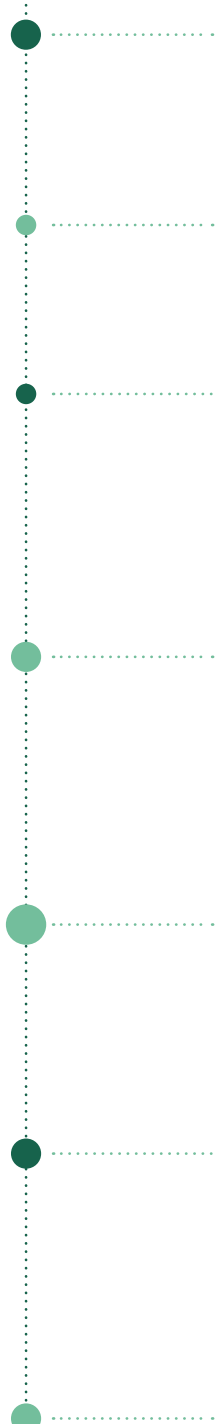
IDENTITY AND GOVERNANCE



2.1 COMPANY

ALLEGRINI is a leading Italian chemical company producing professional detergents and cosmetics for the hotel industry. In the chemical business since 1945 and conscious of being part of an industry with a history of often having a major impact on the environment, ALLEGRINI has always sought out environmentally friendly solutions, applying its green philosophy in every phase of the production process.



- 
- 1993** **Zootechnics & Food Industry** division set up, specializing in products for zootechnics and the food industry.
- 1997** ALLEGRINI receives **ISO:9001 certification**.
- 2001** Awarded **Legambiente Friend of the Environment Innovation prize** for Casa Quick home delivery service for best-selling detergents.
- 2006** **ALLEGRINI Russia** opens, a 100% ALLEGRINI-owned branch in Moscow. ALLEGRINI internationalization process begins. ALLEGRINI also launches Ecolabel certified product line.
- 2010** ALLEGRINI receives the **silver medal at the Geneva International Exhibition** for creating encapsulated perfume for detergents and cosmetics.
- 2020** To boost company development, ALLEGRINI signs an **agreement with Metrika SGR S.p.A.**, which acquires majority company capital stakeholding.
- 2021** Having sponsored major volleyball clubs like Foppa Pedretti Bergamo and Copra Volley Piacenza, ALLEGRINI becomes **technical sponsor of Atalanta BC and AC Monza**.
- 2022** ALLEGRINI continues to expand and opens a branch in North America.
ALLEGRINI publishes its first **Sustainability Report**, the result of more than a year's work.

The ALLEGRINI Business lines, a blend of expertise and passion resulting in diffusion in more than 47 countries of the world, are:

- **Detergents Business Unit**, detergents for hotels, automotive (including car washing and workshops) professional, sanitary and hospital laundry, zootechnics (including the entire agri-food chain), commercial and mass catering, shipping companies, recreational and safety vessels;
- **Cosmetics Business Unit**, standard and luxury courtesy lines, own brand and private labels, for the hotel sector and the cosmetics and air fresheners line.

ALLEGRINI entered the retail market in 2017 with the Hemp Care line, produced using a high volume of natural ingredients.

Each ALLEGRINI product line is supported with consulting, training and assistance. Each product line is designed and produced according to needs analysis in customer-specific technical laboratory projects, totally made in Italy at the Grassobbio plant.

ALLEGRINI uses locally sourced materials. Design, Packaging, Personalization, Production, Formulation and Logistics are entirely carried out in Italy. ALLEGRINI has branches in Russia and North America and distributes Made in Italy products in more than 47 countries. Today the ALLEGRINI brand has a global presence with excellent quality professional detergents and cosmetics for the hotel industry.



2.2 MISSION E VISION

- **QUALITY**, 100% Made in Italy quality for international markets.
- **INNOVATION**, cutting edge technology to innovate products and processes and influence consumer behavior..
- **SUSTAINABILITY**, respect for the environment surrounding ALLEGRINI, its customers and suppliers. Caring for the environment is a core value of our corporate identity and an integral part of the company history.
- **SKILLS**, accumulated in over 70 years of business and constantly updated and developed through training and learning-by-doing.
- **SERVICE**, customer assistance and consulting are part of a full set of services that make customer satisfaction the most important focus in product and service.
- **PASSION**, a value that drives every part of ALLEGRINI to strive to reach its goals in compliance with company values.

These are the core values of the ALLEGRINI mission: delivering the best cleaning, hygiene and comfort solutions, firm commitment to customer satisfaction, and respect for environment and ethics.

Sustainability is the central value for ALLEGRINI, an integral feature of the company's history and a major driver of change within the company. ALLEGRINI was one of the first companies in Italy to produce biodegradable detergents. It is committed to promoting a "green" future for coming generations, making difficult choices to respect the ecosystem. Official recognition of this commitment includes the prestigious Legambiente Friend of the Environment Innovation prize in 2021 for the Casa Quick project, a detergent home delivery service that eliminated superfluous packaging.

To ensure sustainable operations, ALLEGRINI has always actively sought innovation in production processes and relations with customers, suppliers and collaborators, respecting the community in which it operates, and also meeting the demands of stakeholders. ALLEGRINI promotes sustainability in all key company processes:

- **Production and production plant.** By setting up initiatives, partnerships, collaborations and training designed to ensure the welfare of people and communities, and respect for the environment via transparent, correctly managed governance processes;
- **Low environmental impact product design and development.** Creation of the DPlanet cosmetics line and Ecolabel certified products, and customer support with innovative, custom-made, environmentally friendly, high quality solutions (such as the innovative professional detergent dilution system offering a significant reduction in product waste and packaging).

2.3 OUR MISSION. ENVIRONMENTALLY FRIENDLY AND QUALITY PRODUCT

ALLEGRINI has accumulated considerable expertise within a framework of sustainable value, built on the history and values that permeate its corporate identity. The many quality certifications obtained over the years confirm this.



ISO:9001

A standard designed to stimulate constant, continuous improvement within the company, with the goal of optimizing the organizational structure.



ISO:22716

All cosmetic products are made in compliance with Good Manufacturing Practices (GMP).



ISO:45001

Certifies compliance with the standard's requirement for health and safety management in the workplace.



ECOLABEL

This European Union ecological quality label rewards products with lower environmental impact within their life cycle from production to use.



ECO CERT

COSMOS certified products are made in compliance with the highest standards for natural, organic cosmetics and are safe, efficient and pleasant to use.



ICEA

Is the main natural cosmetic products certification body in Italy and guarantees that formulations respect the well-being of the body.



HALAL

Attests that products conform with Islamic practices. This is a quality, production chain and product certification.

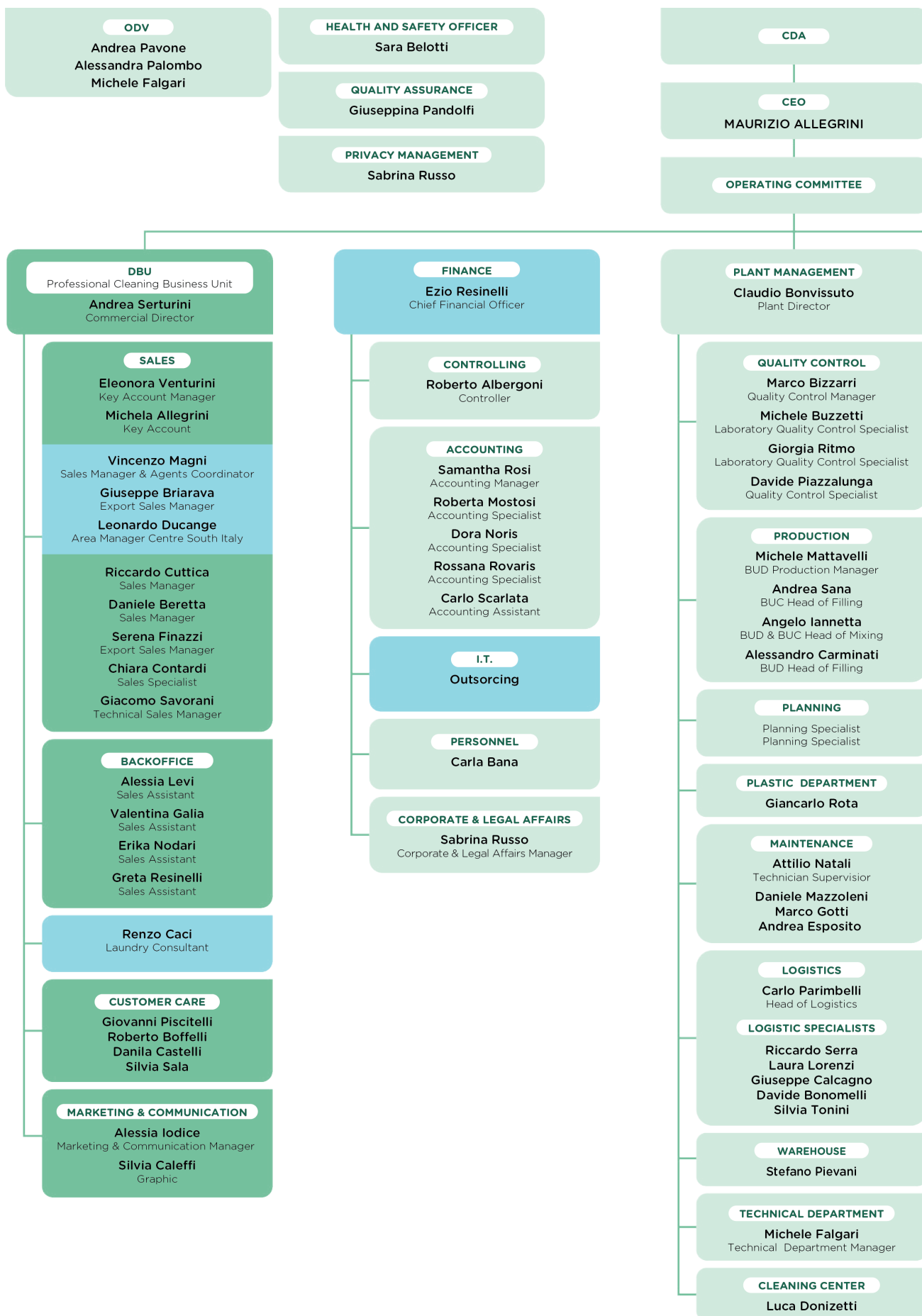
2.4 ORGANIZATIONAL STRUCTURE

ALLEGRINI is a leading Italian public limited company that produces professional detergents and cosmetics for the hotel industry. The company's registered office is in Viale Salvo d'Acquisto, 2 – Grassobbio (BG). The share capital is fully held by legal entities residing in Italy and is thus divided:

SHAREHOLDERS	% SHARE CAPITAL
Metrika Prima Srl	60%
A.M. Holding stock Srl	20%
Alaia Holding stock Srl	20%

President of the Board of Directors is Prof. Stefano Zonca. Maurizio Gian Carlo Allegrini is Chief Executive Officer. The Board of Directors are: Ottaviano Allegrini, Gianluigi Fornoni, Marco Giuseppini, Nicola Pietralunga and Maurizio Silvestri. Furthermore, on 15th December 2021 the BoD appointed Elena David as Sustainability Manager.







Corporate



DBU



CBU



Outsourcing

Elena David
Business Executive Advisor

CSR
Elena David
Corporate & Legal Affairs
Marketing & Communication

R&D
Roberto Rivoltella
Laboratories Manager Coordinator

PROCUREMENT
Michele Allegrini
Procurement Manager

CBU
(Cosmetic Business Unit)
Ottaviano Allegrini
Managing Director

R&D
Leonardo Torre
R&D Manager
David Zanatta
R&D Manager
Alice Capitoli
R&D Specialist
Kostandin Haxhi
R&D Specialist

Mirella Renna
Procurement Manager
Fabio Finazzi
Procurement Specialist

Giacomo Allegrini
Key Account Manager

Loris Planchon
Sales Manager

REGULATORY
Giovanna Tengattini
BUD Regulatory Manager
Mariachiara Grigis
BUC Regulatory Specialist
Chiara Selogni
BUD Regulatory Specialist

RECEPTION
Simona Curto

BACKOFFICE
Alessandra Ceruti
Sales Manager
Clarissa Allegrini
Product Assistant
Rebecca Andreuccetti
Sales Assistant
Michela Longo
Sales Specialist
Lucilla Rota
Sales Specialist
Alice Manzoni
Sales Assistant
Stefania Ciapi
Backoffice Support

TECHNICAL DIRECTION FOR SURGICAL MEDICAL DEVICES
Leonardo Torre

MARKETING & COMMUNICATION
Federica Foresti
Marketing & Communication Manager
Francesca Cimmino
Graphic
Sarah Paracchini
Graphic



OPERATING COMMITTEE
Maurizio Allegrini
Ottaviano Allegrini
Elena David
Andrea Serturini
Ezio Resinelli
Claudio Bonvissuto
Roberto Rivoltella
Michele Allegrini

2.5 ECONOMIC AND FINANCIAL PERFORMANCE

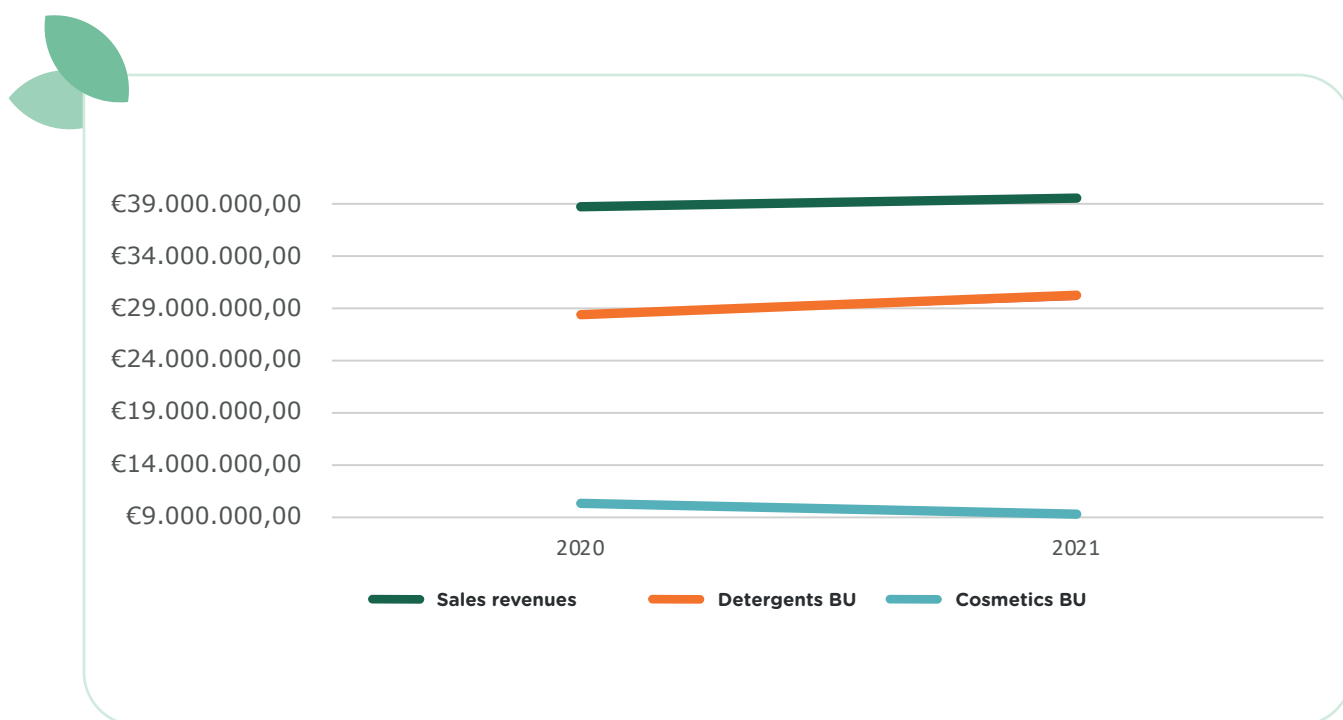
VARIABLE	2020	2021
Countries reached	More than 47	More than 47
Staff numbers	106	121
Disputes	0	0

VARIABLE	2020	2021
Turnover	38,767,516 Euros	39.437.206 Euros
Customer numbers	3.265	2.550
EBITDA%	28,2%	24,9%
Sales revenues	22,07%	16,60%
ROE	23,87%	11,93%



In the 2021 financial year, sales revenues and performance increased slightly (+1.7%), from 38,767,516 Euros in 2020 to 39,437,206 Euros in 2021, mainly due to detergents division performance figures which offset the drops in cosmetics division volumes, mainly in the first half of 2021, due to repeated closures of tourist and food service companies.

In 2021 the Detergents Business Unit achieved a turnover of 30,059,822 Euros, an increase of 1,680,327 Euros (+5.9%) against the previous financial year. The Cosmetics Business Unit generated a turnover of 9,253,698, a drop of 1,028,495 Euros (-10%) against the previous financial year.



Turnover by geographical area.

GEOGRAPHICAL AREA	VALUE
Italy	30.609.891
EU	6.593.405
Non-EU	2.233.910
Total	39.437.206

Regarding production costs in 2021, cost of raw materials, consumables and finished goods purchased, services and personnel costs (compared to total sales revenue and performance) increased more than proportionally against the previous financial year as a result of a continuously shifting sales mix in disinfectant products.

Reclassified Income Statement	% on Value of Production		% on Value of Production	
	2021		2022	
Sales revenue and performance	39.437.206	99%	38.767.516	97%
Variation in Finished Goods and WIP inventory	-238.262	-1%	679.031	2%
Other revenues and incomes	637.041	2%	343.606	1%
PRODUCTION VALUE	39.835.985	100%	39.790.153	100%
Purchases (including variations in MP inventory)	-14.308.473	-36%	-14.660.017	-37%
Services	-8.900.369	-22%	-7.214.654	-18%
Leased assets	-2.103.980	-5%	-1.980.565	-5%
Staff	-6.219.430	-16%	-5.250.085	-13%
Miscellaneous management costs	-522.288	-1%	-562.288	-1%
OPERATIONAL COSTS	-32.054.540	-80%	-29.667.609	-75%
Adjusted for non-recurring operational costs, leasing and provisions	2.170.589	5%	830.600	2%
GROSS OPERATIONAL PROFIT (EBITDA)	9.952.034	25%	10.953.144	28%

Again in 2021, company management has confirmed a generously positive result of 4,787,305 Euros, the difference between production value and costs. The EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) figure also shows strong economic performance, equalling 9,952,034 Euros (25% compared to output value).

The Net Financial Position on 31/12/2021 is summed up in the following table.

	31.12.2021	31.12.2020	Variations	Impact deriving from merger
Payable to banks	11.601.179 -	1.021.583 -	10.579.596 -	11.424.994
Payable to shareholders for financing	- -	3.199.154	3.199.154	3.199.154
Financial payables	28.298	- -	28.298	-
Liquid assets	2.616.662	98.167	2.518.495	413.149
Total net financial position	9.012.815 -	4.122.570 -	4.890.245 -	7.812.691



3.0

METHODOLOGY

The Sustainability Report is a document voluntarily prepared by ALLEGRINI, published for the first time with the aim of disclosing to stakeholders the company's focus on environmental, social and corporate governance issues and also potential impacts and risks resulting from its actions and activities.

This report was drawn up according to the Global Reporting Initiative (GRI) Sustainability Reporting Standards. These standards are the most important international guidelines for sustainability reporting. The reference principles are reported in the GRI Content Index template. In drawing up this document, ALLEGRINI also referred to the Sustainability Accounting Standards Board (SASB) framework, the Sustainable Development Goals (SDGs) in the 2030 Agenda - the plan of action agreed upon in September 2015 by the governments of 193 UN member states - and the best Italian and international theory and practice relating to ESG factors.

The topics mentioned in this Report are those considered relevant as a result of a process carried out by ALLEGRINI in 2021 (Action 3. Identification of material topics for ALLEGRINI), designed to identify ALLEGRINI's key commitments and goals for environmental sustainability, social responsibility and ethics of the company's corporate governance, organized into the following activities:

- Examination of the ESG Gap Analysis results and industry benchmarking by executive management;
- Involvement of senior management in structured and unstructured interviews and regular meetings for updates and in-depth examination;
- Identification of material topics for ALLEGRINI.



The material topics and environmental, social and economic impacts were identified with reference to ESG factors in consultation with Allegrini senior management in 2021. The executive management involved all key figures in ALLEGRINI in preparing this report to ensure clear definition of the company's priorities, goals and commitments regarding sustainability.

The results of this process were approved by the Board of Directors on 21st July 2021.

All information disclosed in this report was supplied by the executive management, supported with official documents and sources, and continuously monitored in every phase of drafting.

The qualitative and quantitative data and information referred to in the 2021 Report are from the financial year ending 31st December 2021.

As proof of its commitment to sustainability reporting, ALLEGRINI:

- **Approved the Report** in a resolution passed by the Board of Directors in a meeting to approve the 2021 Financial Statement;
- **Presented the Report** at the shareholders meeting to approve the 2021 Financial Statement;
- **Published the Report** on its website and social media communication to make it available to all stakeholders, for the purpose that inspired the report.

This Report discloses to stakeholders ALLEGRINI's actions in 2021 and its short term commitments to sustainability.

For comparative purposes each material topic identified by ALLEGRINI in this Report features:



Goals set by the company;



Actions taken in 2021;



Future actions for the coming years.



4.0

**ENVIRONMENTAL
SUSTAINABILITY**

Protecting the environment has always been an important commitment for ALLEGRINI. In 1985 the company added a flask containing a flawless stylized landscape into its logo, to show its awareness of the need for sustainable development in product and process innovation.

Respect for the environment is a goal that ALLEGRINI has pursued through innovation right from the start. Back in 1969, ALLEGRINI was already leading the field in Italy with environmentally sustainable innovation, creating biodegradable detergents, even predating legislation. Besides process and product innovation to minimize environmental impact, ALLEGRINI launched a series of initiatives also designed to rationalize use of resources.

By choosing to keep production in Italy, ALLEGRINI showed its willingness to respect the stricter Italian environmental legislation and standards, despite the impact on production costs, rather than moving production to countries less focussed on environmental protection.

The company prepared its Sustainability Report in 2021, formally disclosing its environmental policies to stakeholders, including:

- Responsible use of raw materials and packaging, investment in digitalization of processes and research and development, reusing materials and developing low environmental impact products in order to put innovative, environmentally sustainable products on the market;
- Solutions to significantly reduce polluting substances, recycling and reusing processing water;
- Reducing waste generation by reusing plastic materials and packaging, proper disposal in all company processes and sites, reusable packaging solutions for customers and consumers;
- Reducing direct and indirect greenhouse gas emissions, using renewable energy, improving energy efficiency in production processes and offsetting CO2 equivalent emissions from waste management;
- Full compliance with environmental legislation using structured protection and monitoring systems to continuously improve ALLEGRINI's environmental performance.

4.1 PRODUCT DESIGN, PRODUCT AND PACKAGING LIFE CYCLE




Goal

To encourage purchase and use of low environmental impact raw materials and, where possible, use recycled materials; to focus on product and packaging design, processing and final disposal to minimize use of resources and materials and waste generation.

Product and packaging design and life cycle have a very deep impact on the environment. Focused on locally sourced products, ALLEGRINI has also always taken care in the product design phase to optimize use of critical resources and risks for the environment throughout the entire life cycle. The new DPlanet - **DO NOT DISTURB THE PLANET** - solid cosmetics line is designed to minimize environmental impact. A drop-by-drop revolution living in harmony with the environment with huge benefits for the planet because it is completely plastic, water and preservative free. Highly sustainable formulas are blended into solid cosmetic products, environmentally friendly treasures, with no water and chemical preservatives.




ALLEGRINI's experience created an ethical, meticulously skin-tested, vegan product with plant oils and ingredients in a recycled and recyclable paper wrap. On contact with water, the solid cosmetic bar begins to create a cleansing foam for use on skin or hair.

The LCA (Life Cycle Assessment) study conducted by ALLEGRINI analyzed the environmental range of this innovation. In terms of packaging, production and transport of the equivalent quantity of traditional liquid product, or 10,000,000 bottles, the environmental saving is measured as:

-  **A** CO2 equivalent emissions into the atmosphere **reduced by about 73%**;
-  **B** Water consumption **reduced by about 27,000 liters**. The equivalent quantity of water needed to irrigate a vegetable patch measuring about 100 m² for one year;
-  **C** **Plastic use reduced by 83,694 kg**. The equivalent plastic consumption of a small European city with a population of 50,000 inhabitants in just under a month.

Another important innovation in reducing the product's environmental impacts and risks is the revolutionary professional dilution system for **super concentrated FM5** detergents. In 2015, FM5 won the Smart Label – Host Innovation Award for “innovativeness of use and technologies and the benefits for users” at the international hotel industry expo. This system reduces plastic consumed in product and packaging waste by up to 89%.

The system can also:

-  Eliminate risk of contamination by bacteria and mineral salts;
-  Reduce warehouse stock in the product life cycle, thus generating less waste;
-  Reduce sanitizing product waste.

PRODUCT DESIGN, PRODUCT AND PACKAGING LIFE CYCLE: GOALS AND ACTIONS

MATERIAL TOPIC	DESCRIPTION	GOALS	ACTIONS 2021	FURTHER ACTIONS
Product design, product and packaging life cycle	Sustainable product design and driving sustainability issues throughout the entire product and packaging life cycle.	To use customizable environmentally sustainable packaging produced from recycled, recyclable materials.	Reuse of packaging.	Continued action and improvements.
	Implementation of plastic and water free solutions in company products and processes.	To promote the DPlanet solid cosmetics line and influence user consumption behavior.	Investments in the environmentally sustainable solid cosmetics line to expand the product range.	
	Purchase and use of low environmental impact raw materials and, where possible, recycled materials.	To reduce product and packaging waste.	Diffusion of the FM5 detergent dilution system.	
		To increase end user awareness of reducing waste and reusing packaging.	Implementation of dispensers (CBU).	

PRODUCT DESIGN, PRODUCT AND PACKAGING LIFE CYCLE: PERFORMANCE MEASUREMENT AND KPIS

VARIABLE	DESCRIPTION	UNIT OF MEASUREMENT	AVERAGE 2019-2021	2021	TARGET 2022
Non-renewable materials used	Quantity of all non-renewable resources used in or related to processes (not recycled or non-recyclable)	Tons	11965	11857	-1,32%
Renewable materials used	Quantity of all renewable resources used in or related to processes (recycled or recyclable)	Tons	307	368	+239,67%
Renewable packaging used	Quantity of renewable materials for packaging, including paper, cardboard and plastic (recycled or recyclable)	Tons	1170	1235	-21,30%
Plastic packaging	Total plastic purchased for packaging	Tons	910	835	-31,50%
Recycled plastic packaging	Total recycled plastic purchased for packaging	Tons	10	20	+35,00%
Solid Line	Sales volumes	Packs	67.280	201.839	+60,97%
Comparable traditional product sales volumes	Sales volumes	Packs	33.282.639	28.346.295	+11,77%
Reduction of emissions resulting from Solid Line	CO ₂ avoided because of Solid Line	Tons of CO ₂	14	43	+60,97%
Reduction of consumption of resources resulting from Solid Line	Plastic avoided because of Solid Line	Kg	3.526	10.577	+60,97%
Reduction of consumption of resources resulting from Solid Line	Cubic metres of water saved because of Solid Line	M ₃	9.557	28.672	+60,97%
FM LINE concentrated detergents	Sales volumes	Litres	30.028	25.401	+3,12%
Reduction of emissions resulting from concentrated detergents	CO ₂ avoided because of concentrated detergents	Tons of CO ₂	22	18	+3,28%

The defined values for financial year 2022 targets are the result of an estimation based on data available at the time of publishing the Report. The financial year 2022 target values expressed as percentage variation (+/- %) refer to variation against financial year 2021.

4.2 WATER

Goal

To achieve responsible use of water in production processes, encouraging water recycling and reuse.

Water is a precious resource for both the environment and the processes used by ALLEGRINI. In 2021 ALLEGRINI committed to improving water use in processing by recycling and reusing the water in the machine washing phases. In early 2022 a processing technology innovation project was launched, to produce a chilled water and steam system capable of recycling approximately 44% of waste water and 33% of cooling water. In partnership with a top Italian industrial systems manufacturer, a cooling water recirculation system with approximately 40m³/h throughput and a new steam distribution and insulation line will be commissioned by the end of 2022.

WATER: GOALS AND ACTIONS

MATERIAL TOPIC	DESCRIPTION	GOALS	ACTIONS 2021	FURTHER ACTIONS
Water	Responsible use and reuse of water involved in production processes.	To recycle approximately 44% of waste water.	Designing a water recycling and reuse system and allocation of financial resources.	Completion, commissioning and maintenance of the water recycling and reuse system.
		To recycle approximately 33% of cooling water.		



WATER: PERFORMANCE MEASUREMENT AND KPIS

VARIABLE	DESCRIPTION	UNIT OF MEASUREMENT	AVERAGE 2019-2021	2021	TARGET 2022
Water consumption	Total water consumption	M ₃	30.000	29.104	-17,54%
Water consumption for production	Total water consumption in production	M ₃	8.500	8.268	-17,76%
Water consumed in cooling processes	Total water consumption in cooling process	M ₃	8.000	7.800	-17,95%
Water used in production processes	Total water consumed in production processes	M ₃	27.300	26.534	-17,84%
Production waste water	Total waste water	Tons	2.750	2.650	-16,98%
Cooling process waste water	Total cooling water	Tons	8.000	7.800	-17,95%
Waste water recycling	% waste water recycling	%	0	0	44%
Cooling water recycling	% cooling water recycling	%	0	0	33%

The defined values for financial year 2022 targets are the result of an estimation based on data available at the time of publishing the Report. The financial year 2022 target values expressed as percentage variation (+/- %) refer to variation against financial year 2021.




4.3 WASTE

Goal

To encourage reuse of packaging materials and plastic containers to minimize waste from production processes and customer product consumption. To intensify control of waste collection, recycling and disposal methods.

Waste management has always been a major environmental impact and risk activity. One of the ALLEGRINI sustainability goals is to encourage recycling of packaging materials to minimize the volume of processing waste.

ALLEGRINI's commitment to this is already evident in its core activity, production. All production and warehouse logistics staff have been made aware of the importance of reusing packaging materials and containers. Although not completed, activities in progress include:

-  Elimination of excess plastic such as office consumables;
-  Waste recycling in offices;
-  Recycling plastic from pallets.

These apparently simple activities require employee awareness and adoption of specific procedures and routines to have a significant impact on environmentally sustainable waste management.

WASTE: GOALS AND ACTIONS

MATERIAL TOPIC	DESCRIPTION	GOALS	ACTIONS 2021	FURTHER ACTIONS
Waste	Management of recycling packaging materials and plastic containers in company processes and user consumption behavior.	To reduce waste from the packaging process, also by monitoring user actions.	Substantial reduction of plastic waste production via recycling and reuse.	Continued action and improvement.
		To set up a comprehensive recycled waste collection system in all company offices.	Planning of collection and recycling system.	Implementation of collection and recycling system.
		To encourage staff and users to adopt a conscious, reduced use of plastic materials.	Collection of plastic from pallets.	Continued action and improvement.

WASTE: PERFORMANCE MEASUREMENT AND KPIS

VARIABLE	DESCRIPTION	UNIT OF MEASUREMENT	AVERAGE 2019-2021	2021	TARGET 2022
Hazardous waste	Total hazardous waste produced	Tons	1893	2177	+1,89%
Environmentally harmful waste	Total environmentally harmful waste produced	Tons	7	9	-100,00%
Non-hazardous waste	Total non-hazardous waste produced	Tons	211	228	-7,32%
Collection of plastic waste	Total plastic waste delivered for disposal	Tons	68	22	-4,92%
Reuse of plastic waste	% recycling and reuse of plastic waste	%	100%	100%	100%
Waste recycling in offices	Total coverage ratio of waste recycled in offices	%	Data not available	0%	80%

It should be noted that the 2022 set target for the amount of hazardous waste produced shows a slight increase, justified by the expected increase in production.



4.4 ENERGY

Goal

To favor use of renewable energy and promote energy efficiency at company sites.

ALLEGRINI's focus on the environment goes beyond delivering products and services designed to limit environmental impact. By 2011, ALLEGRINI already had a photovoltaic system installed capable of providing about 40% of its energy consumption.

ALLEGRINI's commitments to reducing energy consumption are reflected in two actions: a) recovering heat generated by production processes; b) increasing energy generated and produced using renewable energy sources. Rationalizing and recovering the energy used in production processes is central to the choices made every day by ALLEGRINI and planning of investments for the near future.

ALLEGRINI has already worked hard on achieving sustainability in energy consumption and continues to do so. The medium-long term goal of its environmental strategy is to consume energy produced or supplied from only renewable energy sources.

ENERGY: GOALS AND ACTIONS

MATERIAL TOPIC	DESCRIPTION	GOALS	ACTIONS 2021	FURTHER ACTIONS
Energy	Investment in technology for generation of energy from renewable sources.	To reduce energy loss through sustainable investments.	Designing the technical solution and allocation of resources for new investments.	Recovery of heat energy with elimination of heat loss.
	Investment in technology for reduction of energy consumption in production processes.	To fulfill energy requirements sustainably.		Increase of energy from renewable sources.

ENERGY: PERFORMANCE MEASUREMENT AND KPIS

VARIABLE	DESCRIPTION	UNIT OF MEASUREMENT	AVERAGE 2019-2021	2021	TARGET 2022
Electricity	Electricity consumed	kWH	3.682.216	3.330.939	+7,47%
Electricity from non-renewable sources	Electricity consumed generated from non-renewable sources	kWH	3.594.965	3.248.441	+7,51%
Electricity from renewable sources	Electricity consumed generated from renewable sources	kWH	87.251	82.498	+5,76%
Electricity generation	Electricity generated from renewable sources	kWH	87.251	82.498	+5,76%
Energy resources used for heating	Gas consumed for heating	M ₃	124.322	115.515	-17,07%

It should be noted that the 2022 set targets for electricity consumption and consumed electricity produced from non-renewable sources show a modest increase, justified by the expected increase in production.



4.5 ENVIRONMENTAL COMPLIANCE

Goal

To focus on compliance with environmental legislation and creation of structured management systems.

The results and recognition ALLEGRINI has achieved prove its ongoing commitment to environmental ethics and sustainable development for the environment.

ALLEGRINI's environmental initiatives:

- Creating a range of Ecolabel certified products (the EU label based on a system of selective scientific criteria, used to certify products or services with reduced environmental impact);
- Receiving an innovation award from the Lombardy Region for reducing packaging waste;
- Winning the Legambiente Friend of the Environment Innovation Prize with the Casa Quick project for two consecutive years;
- Launching a series of Ecolabel certified products;
- Boasting a series of ICEA certified products (ICEA is a non-profit consortium which has always helped promote organic farming, the basic template for a sustainable, fair economy).

ISO:14001 certification shows ALLEGRINI's commitment to the near future. Achieving certification is a further step towards sustainable development, specifically in designing and implementing an integrated environmental management system.

ENVIRONMENTAL COMPLIANCE: GOALS AND ACTIONS

KEY ISSUE	DESCRIPTION	GOALS	ACTIONS 2021	FURTHER ACTIONS
Environmental compliance	Designing and implementing an integrated environmental management system.	To comply with environmental legislation and environmental certification (product and process environmental compliance).	Planning the certification process and allocation of resources.	Achieving ISO:14001 certification.

ENVIRONMENTAL COMPLIANCE: PERFORMANCE MEASUREMENT AND KPIS

VARIABLE	DESCRIPTION	UNIT OF MEASUREMENT	AVERAGE 2019-2021	2021
Hours spent on environmental analysis phase	Internal employee hours worked	Hours worked	70	90
Employees involved in environmental analysis phase	Employees involved in supporting external partners	Number of employees	1	3
Hours spent on defining environmental policy	Internal employee hours worked	Hours worked	5	10
Employees involved in defining environmental policy	Employees involved in supporting external partners	Number of employees	2	2



4.6 AIR EMISSIONS

Goal

To decrease greenhouse gas emissions by: A) Using mostly renewable energy; B) Making production process energy consumption more efficient; C) Offsetting CO₂ equivalent emissions from transporting waste.

The issue of negative environmental externalities, direct (or indirect) emission of CO₂ and other greenhouse gases is central to the ALLEGRINI environmental strategy. The goal is to reduce “negative” emissions by increasing use of renewable energy, improving efficiency of production processes and offsetting CO₂ emissions resulting from transporting waste.

To sum up, all initiatives already implemented by ALLEGRINI as part of its well-defined path to sustainable development and respect for the environment are actively contributing to limiting negative impacts on the environment and keeping use of environmental resources under control.

The results below demonstrate the efficiency of the ALLEGRINI policies implemented to reduce negative environmental externalities.

VARIABLE	2020	2021	DELTA 21-20
Tons of non-hazardous waste sent for recycling.	8.02 tons (data from September 2020)	7.72 tons (data from September 2021)	- 0.3 tons Reduction of waste
Km travelled	338.1 (data from September 2020)	117.9 (data from September 2021)	- 220.2 Km Reduction in Km travelled
Kg CO ₂ -eq	340.0 (data from September 2020)	197.4 (data from September 2021)	- 142.6 Kg CO ₂ -eq Reduction in CO ₂
Kg CO ₂ -eq alkaline solutions	2,380.3	1,996.8	- 383,5 Kg CO ₂ eq. Reduction in CO ₂
Kg CO ₂ -eq/ton	1.85	0.79	- 1.06 Kg CO ₂ -eq/ton Reduction in CO ₂

*Km travelled is the total distance required to dispose of waste at landfill facilities. Estimated data based on shortest available route to landfill facilities travelled by waste transport vehicles.

ALLEGRINI's strategic sustainable development goals are transforming into action. In 2021 and 2022, ALLEGRINI received the Carbon Offset Certification for transport outsourced to Omnisyst, offsetting 3.24 tons of CO₂ for advanced industrial waste management (handling and transport) in 2021.

AIR EMISSIONS: GOALS AND ACTIONS

MATERIAL TOPIC	DESCRIPTION	GOALS	ACTIONS 2021	FURTHER ACTIONS
Air emissions	Investments in and modification of processes to reduce gas emissions into the atmosphere.	To achieve environmental sustainability for emissions generated along the entire value chain.	Receiving Carbon Offset Certification. Compensation of CO ₂ equivalent emissions resulting from transporting waste.	Increase renewable energy.



AIR EMISSIONS: PERFORMANCE MEASUREMENT AND KPIS

VARIABLE	DESCRIPTION	UNIT OF MEASUREMENT	AVERAGE 2019-2021	2021	TARGET 2022
Direct greenhouse gas emissions (Scope 1)	Emissions of CO2, CH4, N2O, HFIC, PFIC, SF6, NF3 and other harmful gases emitted by boilers installed in the various company plants	Tons of CO ₂ equivalent	850	805	-0,62%

The defined values for financial year 2022 targets are the result of an estimation based on data available at the time of publishing the Report. The financial year 2022 target values expressed as percentage variation (+/- %) refer to variation against financial year 2021.



5.0

SOCIAL RESPONSIBILITY



ALLEGRINI invests significantly in human capital, viewed as a resource that defines the competitive advantage acquired by the company over the years.

The company currently has 135 employees, 1 residing in Emilia Romagna and the rest in Lombardy. 127 employees are on permanent contracts and, on 31.12.2021, there were 42 female employees (31.11% of the total workforce). To protect employee rights, all individual contracts with ALLEGRINI refer to clauses of the Italian collective labor agreement.

Employee health, safety and well-being are a key element of the ALLEGRINI vision and mission. Employees play a fundamental role in creating a safe work environment. In 2021, no injuries or accidents were reported, the result of ongoing commitment to ensuring safety in the workplace through direct exchange.

While the recent shock of the COVID-19 pandemic unsettled health and safety conditions in the workplace for many companies, ALLEGRINI reacted instantly, introducing a “new normal” work management phase in 2021 to promote a work culture oriented towards satisfaction through results, sense of belonging and sense of responsibility. The benefits for both the company and employees are already evident, demonstrated by increasingly efficient and effective performance, improved individual well-being and increase in shared responsibility in performing tasks.

ALLEGRINI also pursues sustainable development and protection of the environment via policies of raising staff awareness and development of professional skills. In 2021 the Allegrini Academy project delivered 2 full-day training sessions for all employees. The aim was to enhance and develop new skills at both individual and group level within the company to establish flexible behavior patterns and the ability to manage contingent situations, where change is seen as an opportunity, not a constraint.

In 2021 the company incorporated its social responsibility commitments to stakeholders into its Sustainability Policy. Those commitments are:

- To implement human capital development plans to help create a work environment based on inclusion, gender diversity and people development via programmes to attract talent, create employee incentives and deliver high quality professional skills training;
- To create a safer, healthier workplace and guarantee employee health and well-being through management based on continuous improvement and flexible work arrangements;
- To guarantee customer health and safety by making products with the highest safety and quality standards, checking company processes and quick, efficient handling and resolution of non-compliance issues and supplying targeted training on sustainable use of products.

5.1 RESEARCH & DEVELOPMENT

Goal

To promote research and development in order to create more innovative, sustainable products, by increasing use of human and economic capital.

“Studying the present to design the future together” is the mission ALLEGRINI shares with its stakeholders. Research & Development is one of the key activities in the pursuit of sustainability, innovation and exchange for a better knowledge of market requirements.

Extensive collaboration with research centres, scientific institutions and universities have helped achieve the excellent quality standards guaranteed by ALLEGRINI today. ALLEGRINI has always prioritized research, ploughing a large percentage of its profits back into innovation every year. Doing so has allowed the company to develop a high technology site with a specialized laboratory for studying formulas and custom blends in line with market demands.

The results achieved over time are clear: a) the excellent product quality that makes ALLEGRINI a key market presence; b) sustainable, environmentally friendly product formulations aligned with company’s ethical commitment, approved with important certifications that often predate legislation, which have helped ALLEGRINI work towards its goal of environmental sustainability over time.



RESEARCH AND DEVELOPMENT: GOALS AND ACTIONS

MATERIAL TOPIC	DESCRIPTION	GOALS	ACTIONS 2021	FURTHER ACTIONS
Research and development	<p>Continuous product and process innovation with a focus on sustainability.</p> <p>Development of human and financial capital as fundamental levers to increase sustainable innovation.</p>	To develop new product and process research and development in an incremental, radical way.	Increasing investments in research to support innovation.	<p>Use of low environmental impact raw materials.</p> <p>Increased research and development initiatives focused on sustainability.</p>
		To acquire and develop specific innovation skills internally.	Setting up skills development plans.	More employees involved in research and development.
		To increase customer awareness of sustainable behavior in after-sales activity.	Designing forms of customer incentives.	Reuse of plastic waste or disposal with a system of economic incentives for customers.
		To collaborate with company stakeholders for joint development of sustainability projects.	Setting up actions for new shared projects.	Setting up of the "Clean the world" project.

RESEARCH AND DEVELOPMENT. PERFORMANCE MEASUREMENT AND KPIs

VARIABLE	DESCRIPTION	UNIT OF MEASUREMENT	AVERAGE 2019-2021	2021	TARGET 2022
Research & Development initiatives	Total Research & Development initiatives/projects	No.		90 Data refer to formulation variations	+11,11%
New Research & Development initiatives	Number of new Research & Development initiatives/projects	No.		19	15
Patents registered	Total patents registered	No.	1	0	1
Product Patents	Total patents registered for product innovation	No.	1	0	1
Process patents	Total patents registered for process innovation	No.	1	0	0
Patent application	Total registration requests filed	No.	1	0	1
Patent development	Number of new patent registration requests	No.	1	0	1
Employees involved in Research & Development	Number of employees in Research & Development	No.	4	5	6
Employees involved in Research & Development	Total hours dedicated to Research & Development	Staff hours	6.823	7.570	+1,99%
Resources invested in Research & Development	Resources invested to support external collaborators	Euros	102.491	206.752	+12,45%
Resources invested in Research & Development	% profit reinvested in Research & Development	%	W	5,4%	12,11%
Partnerships	Total number of partnerships with organizations, research centres and universities	No.	1	1	2
Use of substances with lower environmental impact	Number of new substances with lower environmental impact added to products	No.		0	2

The defined values for financial year 2022 targets are the result of an estimation based on data available at the time of publishing the Report. The financial year 2022 target values expressed as percentage variation (+/- %) refer to variation against financial year 2021.



5.2 DIVERSITY AND INCLUSION

Goal

To ensure fairness in recruitment processes and internal development, equal pay, more sustainable work arrangements and equal opportunities.

Inclusion is the central focus of the expectations and interests of all those working together to create sustainable value. As a policy to be developed within the company culture, diversity is the principle that allows the organization to function and thrive via several primary goals, such as: gender diversity, equal pay and occupational health and safety management.

ALLEGRINI has always made inclusion and diversity the central focus of the strategies and choices it has adopted to develop and protect its human capital. However, this path has not yet been formally integrated into human capital monitoring and control systems. One of ALLEGRINI's commitments for the future is to promote a culture of social responsibility, based on inclusion and diversity, by implementing flexible contracts and variable pay schemes that safeguard equal pay and gender diversity. After introducing the "new normal" work management style, ALLEGRINI continued agile and smart working arrangements throughout 2021, embarking on a long journey that made inclusion and diversity a core element of its sustainability culture integrated into its people management.

DIVERSITY AND INCLUSION: GOALS AND ACTIONS

MATERIAL TOPIC	DESCRIPTION	GOALS	ACTIONS 2021	FURTHER ACTIONS
Diversity and inclusion	Fair recruitment and internal development of employees.	To improve employee well-being within an organizational culture based on social responsibility.	Planning, developing initiatives and allocation of resources.	Adoption of policies that promote diversity and inclusion.
	Gender and job role pay equality.	To promote a work culture based on results, developing professional behavior and enhancing skills.		Implementation of smart working contracts.
	Creation of sustainable work arrangements that improve well-being.			Monitoring of the gender pay gap.
				Increasing the number of women in management roles and on the Board.

DIVERSITY AND INCLUSION: PERFORMANCE MEASUREMENT AND KPIS

VARIABLE	DESCRIPTION	UNIT OF MEASUREMENT	AVERAGE 2019-2021	
			M	F
Hiring	Total new positions hired divided by age range and gender	No.	11	6
Hiring	Total new male positions hired divided by age range	No.	11	0
Hiring	Total new female positions hired divided by age range	No.	0	6
Hiring	Percentage of new positions hired divided by age and gender	%	63,95%	36,05%
Hiring	Percentage of new male positions hired divided by age range	%	63,95%	
Hiring	Percentage of new female positions hired divided by age range	%		36,05%
Staff turnover	Total resignations and redundancies divided by age and gender	No.	8	3
Staff turnover	Total male resignations and redundancies hired divided by age range	No.	8	0
Staff turnover	Total female resignations and redundancies hired divided by age range	No.	0	3
Staff turnover	Percentage of resignations and redundancies divided by age and gender	%	71,67%	28,33%
Staff turnover	Percentage of new male resignations and redundancies hired divided by age range	%	71,67%	
Staff turnover	Percentage of new female resignations and redundancies hired divided by age range	%		28,33%
Workforce structure	Number of employees divided by category, gender and age range	No. Office Workers	12	0
			0	26
		No. Production Workers	56	0
			0	6
		No. Apprentices	2	0
			0	2
No. Executives and Managers	15	0		
	0	7		
Average staff pay	Difference between average Office Worker salary and average Executive and Manager salaries	% difference between Office Workers and Executives and Managers	-36,14%	-31,89%
Average staff pay	Difference between average Production Worker salary and average Executive and Manager salaries	% difference between Production Workers and Executives and Managers	-46,67%	-47,64%
Average staff pay	Difference between average Apprentice salary and average Executive and Manager salaries	% difference between Apprentices and Executives and Managers	-59,15%	-52,71%
Average management pay	Basis for calculation of salary differences	% difference between Executives and Managers	0%	0%
Training	Average training hours divided by category and gender	Hours of training office workers	11	0
			0	10
		Hours of training Production workers	5	0
			0	2
		"Hours of training apprentices excluded by the individual training plan"	10	0
			0	3
Hours of training executives and managers	12	0		
	0	14		
Training on diversity, inclusion and equal opportunities	Total training hours for staff on diversity, inclusion and equal opportunities	Training hours	22	

2021					TARGET 2022							
<30	30-50	>50	M	F	<30	30-50	>50	M	F	<30	30-50	>50
7	9	1	13	7	11	7	2	8	8	6	10	
5	5	1	13		7	4	2	8		2	6	
2	4	0		7	4	3			8	4	4	
38,43%	54,07%	7,50%	65,00%	35,00%	55,00%	35,00%	10,00%	50,00%	50,00%	37,50%	62,50%	
62%	47%	12%	65,00%	0%	53,85%	30,77%	15,38%	50,00%		12,50%	37,50%	
37%	63%	0%	0%	35,00%	57,14%	42,86%	0%		50,00%	25,00%	25,00%	
3	6	2	4	1	1	3	1	4	1	1	3	1
3	4	2	4		1	2	1	4		1	2	1
0	3	0		1		1			1		1	
25,00%	55,00%	20,00%	80,00%	20,00%	20,00%	60,00%	20,00%	80,00%	20,00%	20,00%	60,00%	20,00%
30,56%	46,67%	22,78%	80,00%	0%	25,00%	50,00%	25,00%	80,00%	0%	25,00%	50,00%	25,00%
8,33%	83,33%	8,33%	0,00%	20,00%	0%	100,00%	0%	0%	20,00%	0%	100,00%	0%
4	6	1	13		4	7	2	17		3	11	3
5	19	2		27	5	19	3		35	8	24	3
6	37	14	55		6	32	17	55		6	34	15
0	4	2		5	0	3	2		6	1	3	2
2	0	0	4		4			5		5		
2	0	0		3	3				3	3		
1	10	4	17		0	12	5	17		0	10	7
1	4	2		7	1	4	2		7	1	4	2
	-36,15%	-16,85%	-34,22%			-35,02%	-9,57%	-35,44%			-37,79%	-20,98%
-32,82%	-32,37%	-28,73%		-31,76%	-34,06%	-31,40%	-30,01%		-28,52%	-39,64%	-25,81%	-25,43%
	-45,45%	-40,74%	-47,16%			-43,63%	-38,54%	-47,79%			-49,01%	-42,97%
-84,12%	-49,12%	-42,39%		-48,34%	-100,00%	-49,24%	-46,82%		-47,68%	-51,88%	-50,38%	-40,95%
			-58,28%					-56,54%				
-52,75%				-49,56%	-50,06%				-50,44%	-49,73%		
	0%	0%	0%			0%	0%	0%			0%	0%
0%	0%	0%		0%	0%	0%	0%		0%	0%	0%	0%
			14					14				
				16					16			
			2					2				
				0					0			
			3					3				
				5					5			
			10					10				
				21					21			
								22				

The defined values for financial year 2022 targets are the result of an estimation based on data available at the time of publishing the Report.

5.3 HUMAN CAPITAL DEVELOPMENT

Goal

To focus on the importance of employees by attracting new talent and developing employees with performance evaluation and incentive programmes.

Talent and uniqueness are the drivers of professional growth and well-being in the workplace, as a safe and stimulating, merit-based environment.

Guaranteeing a work environment that puts people at the centre of company processes and creates the conditions for them to fully express their talent, skills and professionalism is a present and future priority for ALLEGRINI.

Future goals include strategies to develop human capital and employees by attracting new talent and developing the skills of existing employees. To achieve this, in 2022 ALLEGRINI started working on employee performance measurement and monitoring system, rolled out to all staff, to create a sense of responsibility in individual staff roles and guarantee fair pay commensurate with talent and professional development. Human capital is a fundamental driver for ALLEGRINI, enabling the process of change started back in 2021, aimed at growth and creation of sustainable value shared with all stakeholders.



HUMAN CAPITAL DEVELOPMENT: GOALS AND ACTIONS

MATERIAL TOPIC	DESCRIPTION	GOALS	ACTIONS 2021	FURTHER ACTIONS
Human capital development	Strategic development of human capital via processes of internal growth and external acquisition.	To develop human capital for growth as part of a path of sustainable development.	Designing and implementing solutions and allocation of resources.	Implementation of plans to develop the company's human capital with a view to supporting employees with internal growth and attracting new talent.
		To evaluate, monitor and motivate staff to develop talent and professional skills at work.		Implementation of a performance evaluation process and incentives for employees extended to all staff and customized to job roles and types of employment.
		To implement variable pay systems capable of aligning the organization with strategies to grow sustainable value.		Increase in bonus in the staff incentive programme linked to the performance evaluation process.



HUMAN CAPITAL DEVELOPMENT: PERFORMANCE MEASUREMENT AND KPIS

VARIABLE	DESCRIPTION	UNIT OF MEASUREMENT	AVERAGE 2019-2021		2021		TARGET 2022	
			Male	Female	Male	Female	Male	Female
Employee evaluation	% of employees, by gender and by category, subject to regular performance and skills evaluation	% Office Workers	100%	100%	100%	100%	100%	100%
		% Production Workers	100%	100%	100%	100%	100%	100%
		% Apprentices	100%	100%	100%	100%	100%	100%
		% Executives and Managers	100%	100%	100%	100%	100%	100%
Talent development	% of employees, by gender and by category, linked to variable performance-based pay schemes	% Office Workers	66,67%	75,00%	100%	100%	100%	100%
		% Production Workers	0%	13%	0%	20%	0%	20%
		% Apprentices	67%	100%	100%	100%	100%	100%
		% Executives and Managers	73%	86%	100%	100%	100%	100%
Talent development	Total variable pay schemes divided by gender and by category	Total Office Workers	9.749	23.178	11.375	19.673	11.375	19.673
		Total Production Workers	41.799	3.023	33.504	3.637	33.504	3.637
		Total Apprentices	437	736	352	273	352	273
		Total Executives and Managers	16.799	9.029	13.914	7.930	13.914	7.930
Talent development	Total bonuses (linked to performance and/or skills developed) divided by gender and by category	Total Office Workers	9.603	38.309	19.380	54.004	20.397	62.972
		Total Production Workers	-	333	-	250	-	-
		Total Apprentices	83	2.549	250	2.000	148	4.407
		Total Executives and Managers	46.443	28.542	88.551	37.767	87.997	33.337

It should be noted that the 2022 set target for total bonuses (linked to performance and/or skills developed) shows a slight decrease, justified by the new bonus definition methods in place from financial year 2022.



5.4 TRAINING AND EDUCATION FOR STAFF AND CUSTOMERS

Goal

Development of training programmes aimed at developing staff and supporting customers in sustainable use of products sold.

Training is essential for the development and growth of human capital. Developing and consolidating individual skills can help upgrade the ALLEGRINI knowledge base to support the changes in progress.

In 2021 a group of 30 ALLEGRINI employees, who took part in more than 120 hours of training overall, took part in a focus group activity. The aim was to achieve: a) greater autonomy and focus on goals; b) a stronger bond of trust between staff involved; c) better communication and shared goals in employees; d) improved productivity and activity planning skills; e) implementation and optimized use of systems and equipment made available by ALLEGRINI. The purpose of training is to achieve more efficient, effective operations, ensure individual employee well-being and focus on social responsibility and sustainability.

Human capital development, in the past year, also saw the launch of the company's Corporate Academy project in an effort to promote the ALLEGRINI Leadership Model in order to raise awareness and develop behavioral skills. The first two training days open to all ALLEGRINI staff took place on 18th November 2021 and 25th November 2021. Also in 2021, a selected group of employees had individual interviews and psychometric testing.

The skills deemed essential for sustainable development at ALLEGRINI must also be shared with company stakeholders to raise awareness and increase shared value.

The ALLEGRINI Academy set up at the Grassobbio headquarters is designed to train agents on product use. It assists with professional growth as outlined in the Mission for effective evaluation of individual cleaning needs, proactively developing custom formulations to deliver solutions for any professional needs. This important initiative is already delivering tangible results in 2022.

TRAINING AND EDUCATION FOR STAFF AND CUSTOMERS: GOALS AND ACTIONS

MATERIAL TOPIC	DESCRIPTION	GOALS	ACTIONS 2021	FURTHER ACTIONS
Training and education for staff and customers	Implementation of training programmes designed to enhance employee skills. Raising awareness and changing customer habits for sustainable use of products in line with the company mission and vision.	To increase the ability of company employees to deal with organizational change.	Continuous development of the Allegrini Academy training programme to give our people the right tools to deliver quality service for consumers.	Continued action and improvements.
		To increase technical and soft skills in employees in order to fully involve each individual in the path to sustainable growth.		
				Increase in staff training.

TRAINING AND EDUCATION FOR STAFF AND CUSTOMERS: PERFORMANCE MEASUREMENT AND KPIS

VARIABLE	DESCRIPTION	UNIT OF MEASUREMENT	AVERAGE 2019-2021		2021		TARGET 2022	
			Male	Female	Male	Female	Male	Female
Training	Average training hours divided by employee gender and category	Hours office workers	13	12	19	20	25	25
		Hours production workers	8	6	6	11	8	8
		Hours apprentices	15	9	19	13	19	19
		Hours executives and managers	11	16	11	26	25	25
Training	Total training hours delivered to Allegrini external collaborators	Training hours	Activity started during 2020		33		+10%	
Allegrini Academy	Total number of initiatives carried out	No.	0		1		1	
Allegrini Academy	Total training hours delivered as part of the Allegrini Academy project	Training hours	105		316		890	
Customer training	Total training hours delivered to customers	Training hours	122		75		+10%	
Training on sustainability	Total training hours delivered to employees on sustainability	Training hours	4		12		80	

The defined values for financial year 2022 targets are the result of an estimation based on data available at the time of publishing the Report. The financial year 2022 target values expressed as percentage variation (+/- %) refer to variation against financial year 2021.

5.5 CONSUMER SAFETY

Goal

Constant attention to the safety and quality of products aimed at consumers.

Consumer health and safety have always been central to ALLEGRINI's choices. Proof of this can be found in the numerous certifications and awards received throughout the company's history.



ISO:22716

A guarantee that all ALLEGRINI cosmetic products are in compliance with Good Manufacturing Practices (GMP).



ECO CERT

COSMOS certified products are made in compliance with the highest standards for natural, organic cosmetics and are safe, efficient and pleasant to use.



ECOLABEL

In 2006 ALLEGRINI confirmed its commitment for product safety and quality, launching an Ecolabel certified product line. Ecolabel is the European quality label that allows European consumers to recognize products and services that are particularly environmentally friendly and respectful to the environment.



ICEA

ICEA certification obtained by ALLEGRINI on a custom line of products ensures that the products are healthy and natural, free from chemicals harmful to humans, animals and the environment, via strict, thorough checks on all ingredients and finished product.



HALAL

Certification that attests that products conform with Islamic practices. Quality, production chain and product certification.



LOMBARDY REGION INNOVATION PRIZE

ALLEGRINI was awarded the prize by the Lombardy Region in 2000 for its Casa Quick project, a home refill system for detergents that helps reduce packaging costs and externalities from logistics.



FRIEND OF THE ENVIRONMENT INNOVATION PRIZE

In 2011 Legambiente, the Politecnico di Milano and Bocconi University awarded **ALLEGRINI** the Friend of the Environment Innovation prize for the Casa Quick project and the following year for its Kleanfuel environmental additive for diesel engines.

ALLEGRINI has long had an integrated system in place to manage complaints and situations of non-compliance relating to product health and safety, in order to monitor quality and safety of products for its consumers.

This project allows systematic checking of compliance with standards and certifications, monitoring any negative environmental externalities.

CONSUMER SAFETY: GOALS AND ACTIONS

MATERIAL TOPIC	DESCRIPTION	GOALS	ACTIONS 2021	FURTHER ACTIONS
Consumer safety	Monitoring safety and quality of products directly destined for end users.	To implement an integrated product safety and quality management and checking system.	Maintaining a system to manage complaints and non-compliance relating to customer health and safety and product quality and compliance.	Continued action and improvements.

CONSUMER SAFETY: PERFORMANCE MEASUREMENT AND KPIS

VARIABLE	DESCRIPTION	UNIT OF MEASUREMENT	AVERAGE 2019-2021	2021	TARGET 2022
Complaints	Number of complaints of quantitative and qualitative non-compliance in products	No.	56	87	-31,03%
Complaints	Number of complaints of non-compliance for end user health and safety	No.	0	0	0
Non-compliance	Number of cases of non-compliance with regulations resulting in a fine or penalty	No.	0	0	0
Non-compliance	Number of cases of non-compliance with regulations resulting in a report	No.	0	0	0
Non-compliance	Number of cases of non-compliance with Allegrini policy and Code of Ethics	No.	0	0	0
Labelling	Number of cases of non-compliance of external information, product labelling	No.	5	10	-20,00%
Complaints management system	Number of staff hours spent on management of complaints and situations of non-compliance relating to product health and safety, quality and compliance	Staff hours	55	111	-27,60%
Complaints management system	Total resources invested in creating and implementing the system for management of complaints and situations of non-compliance relating to product health and safety, quality and compliance	Euros	1913	3867	-27,60%

The defined values for financial year 2022 targets are the result of an estimation based on data available at the time of publishing the Report. The financial year 2022 target values expressed as percentage variation (+/- %) refer to variation against financial year 2021.



5.6 OCCUPATIONAL HEALTH AND SAFETY

Goal

To guarantee a healthy and safe workplace that also promotes employee well-being.

Occupational health and safety and employee well-being are a primary concern for ALLEGRINI, to be respected in every aspect of sustainable growth and the creation of shared value. The company complies fully with Italian law, monitoring and assessing potential occupational health and safety hazards and risks.

ALLEGRINI is always alert to the needs of its employees, also within the scope of compulsory training plans, with the aim of fostering a company-wide safety culture based on individual needs and responsibilities. This is supported by its commitments for the immediate future, designed to address certain specific needs and manage occupational health and safety issues such as putting air-conditioning in departments in summer and heating in the packaging section.

OCCUPATIONAL HEALTH AND SAFETY: GOALS AND ACTIONS

MATERIAL TOPIC	DESCRIPTION	GOALS	ACTIONS 2021	FURTHER ACTIONS
Occupational health and safety	Designing and launching solutions to improve health and safety in the workplace.	<p>To identify hazards and risks that can arise in the workplace.</p> <p>To develop corrective action to manage health and safety in the workplace.</p>	Planning, designing solutions and allocation of resources to implement those solutions.	Air-conditioning in departments. Heating in packaging section.

OCCUPATIONAL HEALTH AND SAFETY: PERFORMANCE MEASUREMENT AND KPIS

VARIABLE	DESCRIPTION	UNIT OF MEASUREMENT	AVERAGE 2019-2021	2021	TARGET 2022
Occupational health and safety management system	Presence of an occupational health and safety management system	Yes/No	Yes	Yes	Yes
Occupational health and safety management system	Implementation of a system further to legal requirements	Yes/No	Yes	Yes	Yes
Occupational health and safety management system	Involvement of employees in the occupational health and safety management system	Yes/No	Yes	Yes	Yes
Occupational health and safety management system	Involvement of collaborators in the occupational health and safety management system	Yes/No	Yes	Yes	Yes
Occupational health and safety management system	Involvement of employees/ collaborators, indirectly involved in Allegrini activities, in the occupational health and safety management system	Yes/No	Yes	Yes	Yes
Risk assessment	Presence of a system//procedure for assessment of hazards and risks in the workplace	Yes/No	Yes	Yes	Yes
Workplace preventive healthcare	Presence of a medical service system that contributes to identifying and eliminating hazards and risks in the workplace	Yes/No	Yes	Yes	Yes
Occupational health and safety training	Total amount of training hours delivered to employees on occupational health and safety	Training hours	1000	640	240
Occupational health and safety training	% employees involved in training activities	%	37%	52%	15,00%
Workplace accidents	Total accidents in the workplace	No.	2	4	-25,00%
Workplace accidents	Total accidents in the workplace with serious injury	No.	0	0	0
Workplace accidents	Total accidents in the workplace involving production activities	No.	1	1	2
Hours worked	Total hours worked annually	Staff hours	190592	203225	+4,00%
Projects to improve occupational health and safety	Number of projects implemented to improve occupational health and safety	No.	6	8	8
Projects to improve occupational health and safety	Total hours spent by Allegrini staff on projects to improve occupational health and safety	Staff hours	100	900	+11,11%
Projects to improve occupational health and safety	Total resources invested to improve occupational health and safety	Euros	7500	22500	+11,11%

It should be noted that the 2022 set targets for total hours of occupational health and safety training delivered to employees and for % staff involved in training show a decrease due to compulsory training guaranteed for employees recruited during the financial year 2022.

5.7 HUMAN RIGHTS

Goal

To increase awareness and understanding of human rights issues within the organization and work practices, via specific training, and adding human rights into the supplier evaluation process.

The ethics of company conduct include respect for human rights along the entire value chain. ALLEGRINI's goal of becoming a socially responsible company also implies commitments that extend beyond the confines of the company and involve the entire value chain.

This is why ALLEGRINI has set strict moral constraints for the future, due for completion in the financial year 2022. With the goal of raising awareness of human rights and increasing sustainability in procurement company-wide, ALLEGRINI has committed to delivering both training plans on respect for human rights in work practices for employees and collaborators, and also implementing a supplier evaluation system that makes respect of human rights a crucial variable in selecting the supplier.

HUMAN RIGHTS: GOALS AND ACTIONS

MATERIAL TOPIC	DESCRIPTION	GOALS	ACTIONS 2021	FURTHER ACTIONS
Human rights	<p>Raising awareness of human rights in work practices.</p> <p>Integration of the principle of respecting human rights in the supplier evaluation process.</p>	<p>To increase individual awareness of respect and ethics of human rights.</p> <p>To integrate a supplier evaluation system into current responsible procurement strategies to promote respect for human rights along the entire production chain.</p>	<p>Planning, designing solutions and allocation of resources to implement those solutions.</p>	<p>Delivery of training programmes on human rights for employees and collaborators, helping to raise awareness of this issue.</p> <p>Setting up a supplier evaluation system that assesses aspects relating to human rights (also via auditing).</p>



HUMAN RIGHTS: PERFORMANCE MEASUREMENT AND KPIS

VARIABLE	DESCRIPTION	UNIT OF MEASUREMENT	AVERAGE 2019-2021	2021	TARGET 2022
Procurement	Presence of suppliers considered high risk over issues of child labor and young adults involved in work considered hazardous by Italian law	Yes/No	Data not available	Data not available	No
Production activity	Presence of internal or external activities carrying a risk of child labor and young adults involved in work considered hazardous by country's law	Yes/No	No	No	No
Policy	Presence of policies adopted by Allegrini to monitor risk of child labor	Yes/No	No	Yes	Yes
Geographical area	Identification of countries involved directly or indirectly in Allegrini activities	% Turnover % Purchases	Sales 75% Italy 25% Foreign Purchases 95% Italy 5% Foreign	Sales 80% Italy 20% Foreign Purchases 95% Italy 5% Foreign	Sales 80% Italy 20% Foreign Purchases 95% Italy 5% Foreign
Training on human rights	Total amount of hours dedicated to training on human rights	Training hours	0	0	64
Training on human rights	Number of employees involved in training	No.	0	0	64
Training on human rights	Number of collaborators involved in training	No.	0	0	24 (including 5 collaborators and 19 agents)
Supplier evaluation	Total hours spent by employees on supplier evaluation	Staff hours	100	150	+200%
Supplier evaluation	Total resources invested for supplier evaluation	Euros	3500	5250	+200%
Supplier evaluation	% of suppliers subject to evaluation	%	0	0	18%

The defined values for financial year 2022 targets are the result of an estimation based on data available at the time of publishing the Report. The financial year 2022 target values expressed as percentage variation (+/- %) refer to variation against financial year 2021.



5.8 LOCAL COMMUNITY RELATIONS

Goal

To create and maintain partnerships, initiatives, donations and sponsorships to contribute actively to the welfare and development of the local community.

ALLEGRINI contributes to the development of the local community by promoting initiatives and sponsoring projects run by various organizations and charities via donations. The aim is to spread a part of the value generated by ALLEGRINI to the local community to reward its contribution creating to sustainable value.

Back in 2001, the brand got involved in Formula 1 racing when Fernando Alonso made his debut in the Minardi sponsored by ALLEGRINI. Having supported major volleyball clubs like Foppa Pedretti Bergamo and Cupra Volley Piacenza, since 2011, ALLEGRINI has been supporting Atalanta Bergamasca Calcio football with a Gold Sponsorship. This choice recognizes the importance of football in transmitting wide-reaching messages, like social responsibility and shared values. In this current financial year ALLEGRINI has stayed committed to the local community, via sponsorship of the U.S.D. Scanzorosciate volleyball team and other medical and research organizations and associations. For example, it is supporting Associazione BergamoScienza, the organizer of the BergamoScienza science festival, a series of meetings, conferences, exhibitions and workshops designed to educate the general public about scientific culture and advances in technology.

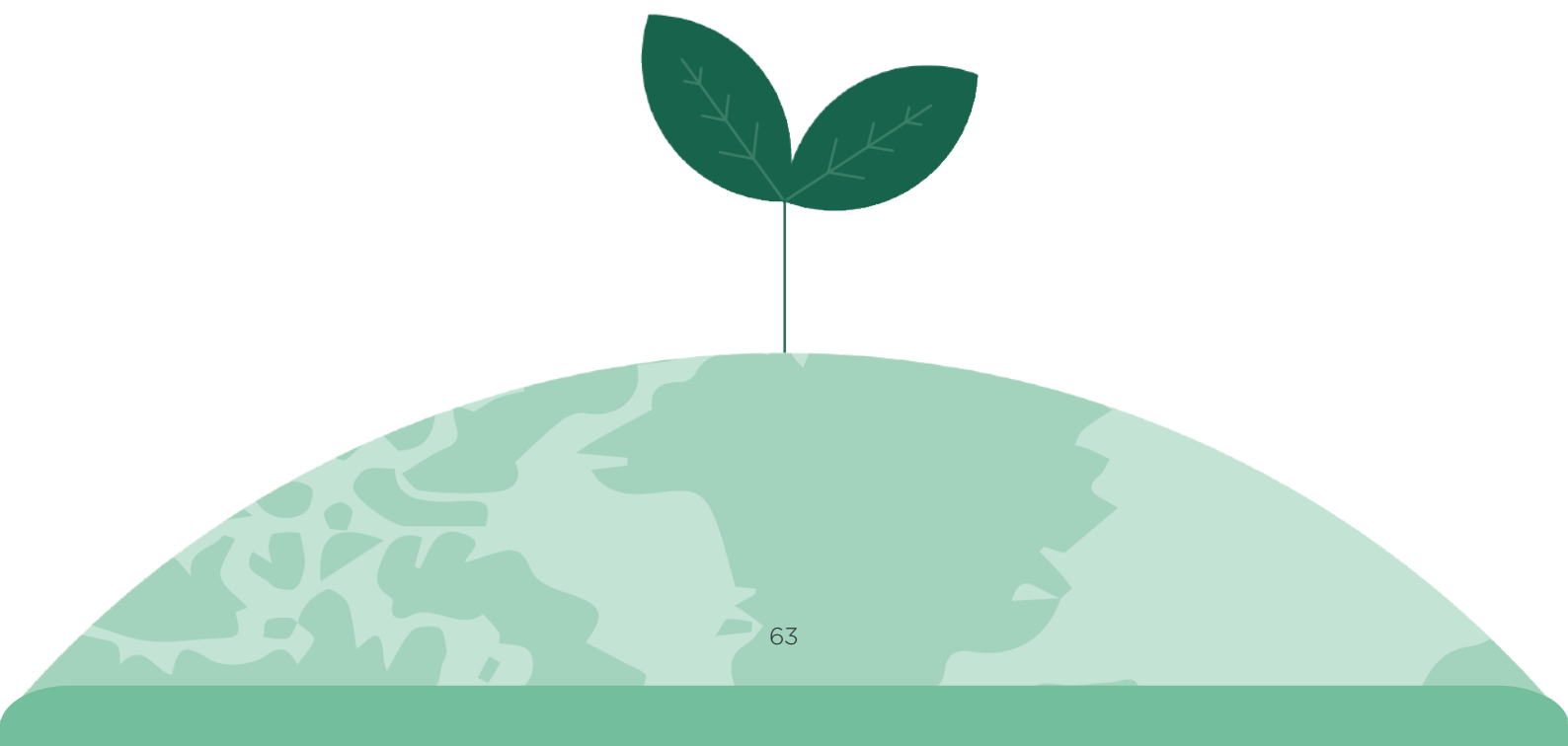
LOCAL COMMUNITY RELATIONS: GOALS AND ACTIONS

MATERIAL TOPIC	DESCRIPTION	GOALS	ACTIONS 2021	FURTHER ACTIONS
Local community relations	Delivering an integrated range of initiatives and services to increase the welfare of the local community.	To increase the commitment towards the local community as an essential partner in the process of creating and sharing sustainable value.	Planning, designing solutions and allocation of resources to implement those solutions.	Development and increase of initiatives, donations and sponsorships for the local community.

LOCAL COMMUNITY RELATIONS: PERFORMANCE MEASUREMENT AND KPIS

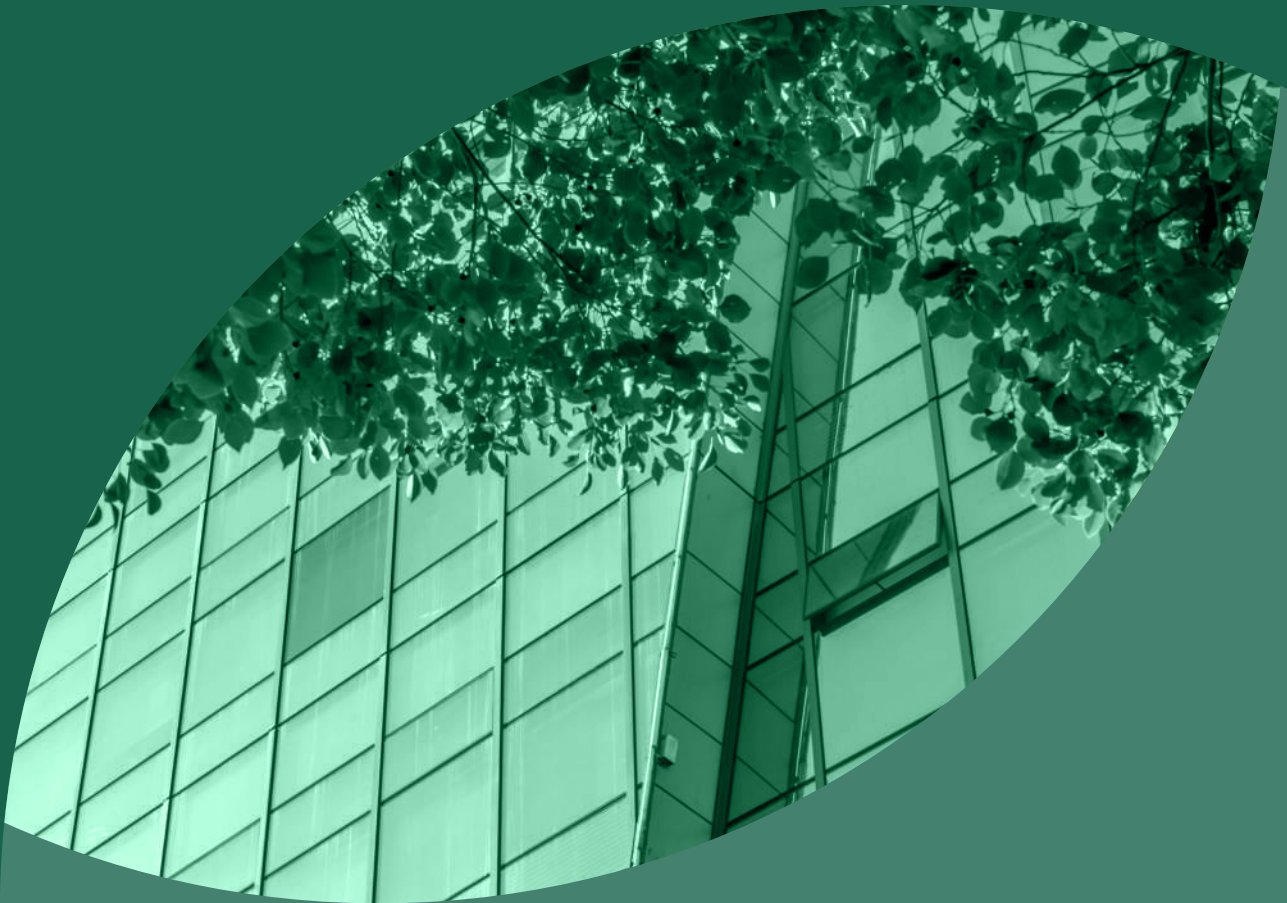
VARIABLE	DESCRIPTION	UNIT OF MEASUREMENT	AVERAGE 2019-2021	2021	TARGET 2022
Local community initiatives	Number of donations to the local community	No.	2	5	3
Local community initiatives	Amount donated to the local community	Euros	6.733	15.199	+31,59%
Donations	Number of donations to research organizations and institutes	No.	8	0	1
Donations	Amount donated to research organizations and institutes	Euros	1.294	0	10.000
Sponsorships	Number of sponsorships of sports organizations and clubs	No.	8	11	14
Sponsorships	Amount of sponsorships of sports organizations and clubs	Euros	89.011	234.683	+2,27%

The defined values for financial year 2022 targets are the result of an estimation based on data available at the time of publishing the Report. The financial year 2022 target values expressed as percentage variation (+/- %) refer to variation against financial year 2021.



6.0

ETHICS IN CORPORATE GOVERNANCE



The ALLEGRINI corporate governance mechanism underpins all daily operations, based on ethical company activity, pursuing a path of development founded on environmental sustainability and social responsibility.

Corporate governance is the set of rules that allows a company to function. It is essential in managing how ALLEGRINI contributes to the community and respects the commitments that it has taken on.

ALLEGRINI's corporate governance system is central to making all stakeholders responsible in the medium-long term process of creating and spreading sustainable value as part of ALLEGRINI's sustainability policies.

ALLEGRINI set out its Code of Ethics as part of the process of voluntarily adopting an Organizational Model as prescribed by Italian Legislative Decree 231/2001, officially declaring the commitment and responsibility assumed by every employee in conducting company business. This choice was inspired by the belief that ethics are a critical factor in successful company management, thus presenting the best possible image of ALLEGRINI.

The same inspirational principle led the company to integrate its commitments to stakeholders in terms of ethical corporate governance into its sustainability policy in the course of the financial year:

- To promote responsible procurement of resources, in terms of environmentally sustainable raw materials and semi-finished goods, also focussing on social, environmental and corporate governance criteria in supplier evaluation and in subsequent supplier relations, by auditing the most strategic suppliers, and increasing awareness of human rights among its employees through specific training;
- To set up solid partnerships with local communities, public authorities, healthcare structures, schools, colleges and universities designed to promote innovation and awareness of the importance of hygiene and safety;
- To help develop local communities through social initiatives, donations and sponsorships, designed to create a positive impact for stakeholders in the local area;
- To promote fair competition in business activities in the market, taking action against active and passive corruption and via specific training, internal reporting tools, dedicated policies and guidelines, and effective communication channels;
- To integrate ESG risks into corporate risk management systems with a view to guaranteeing resilience and continuous improvement of the company in the short and long term;
- To guarantee transparency, reliability and quality of information provided to its external stakeholders.

6.1 RESPONSIBLE PROCUREMENT

Goal

To focus attention on environmental, social and corporate governance criteria within the processes of selection, evaluation and maintaining supplier relations within the scope of increasingly responsible, transparent and informed procurement.

Value comes from a process of sharing, cooperation and combined efforts along the entire supply chain. ALLEGRINI firmly believes that coordinated effects in relations with certain stakeholders are a key tool in guaranteeing respect of company values and ethical, environmental and social standards defined by society.

ALLEGRINI's responsible procurement strategy is designed to guarantee environmental sustainability and social responsibility in every element supporting the value chain.

The tools to do this are a systematic activity of awareness and monitoring in supply relations. Developing knowledge, traceability and verifying the sustainability of production processes are essential in generating a corporate culture that benefits the entire production chain.

ALLEGRINI has two commitments for the future. The first is to introduce a supplier evaluation system that integrates environmental, social and corporate governance factors into strategic supplier evaluation, knowing that sustainable procurement strategy ushers in choices that probe deeper than simple evaluation of supply chain reliability. The second concerns supplier involvement and awareness through acceptance of the conditions of the Code of Ethics with particular reference to respect of human rights, fighting corruption, money-laundering and violation of responsibility towards occupational health and safety and protecting the environment.

The medium-long term goal of the ALLEGRINI vision of responsible procurement is to seek deeper, integrated impact of the supply chain on environmental, social and corporate governance factors, with the purpose of involving all parties in action to achieve a sustainable production chain.



RESPONSIBLE PROCUREMENT: GOALS AND ACTIONS

MATERIAL TOPIC	DESCRIPTION	GOALS	ACTIONS 2021	FURTHER ACTIONS
Responsible procurement	Management of responsible, sustainable procurement.	To implement a supplier evaluation system increasingly extending beyond evaluation of economic and financial solvency of the supplier.	Planning, designing solutions and allocation of resources to implement those solutions.	To implement a system for strategic supplier evaluation that integrates company ESG criteria with traditional supply risk assessment criteria.
	Evaluation of supply chain based on ESG factors.	To set a benchmark standard for all company suppliers.		To get 80% of suppliers to read and accept the contents of the Code of Ethics and Organizational Model as prescribed by Italian Legislative Decree 231/01 of ALLEGRINI S.p.A.
		To analyze the position of all elements in the supply chain on environmental, social and corporate governance factors.		To conduct an external audit on the supply chain looking at environmental, social and corporate governance aspects.

RESPONSIBLE PROCUREMENT: PERFORMANCE MEASUREMENT AND KPIs

VARIABLE	DESCRIPTION	UNIT OF MEASUREMENT	AVERAGE 2019-2021	2021	TARGET 2022
Local procurement	% purchase costs relating to local procurement (Lombardy region)	%	57%	60%	65%
Local procurement	Number of local suppliers (Lombardy region)	No.	190	199	+5,53%
Supplier evaluation system	Presence of a system of strategic supplier evaluation based on environmental sustainability, social responsibility and ethics criteria in the company's corporate governance	Yes/No	No	No	Yes
Supplier evaluation system	Total of suppliers evaluated	No.	0	0	56 (corresponding to 85% of supply value)
Supplier evaluation system	% of suppliers evaluated	%	0	0	18%
Supplier evaluation system	Total of new supply relations evaluated	No.	0	2	10
Supplier evaluation system	% of new supply relations evaluated	%	0	40%	70%
Codice Etico e Modello di Organizzazione, Gestione e Controllo (D.Lgs. 231/01)	Acceptance of the Code of Ethics and Organizational Model by potential new strategic suppliers	Yes/No	No	Yes	Yes
Code of Ethics and Organizational Model (Italian Legislative Decree 231/01)	Percentage acceptance of the Code of Ethics and Organizational Model by potential new strategic suppliers	%	0	20%	80%
Code of Ethics and Organizational Model (Italian Legislative Decree 231/01)	Percentage acceptance of the Code of Ethics and Organizational Model by suppliers (current)	%	0	10%	40%
External audits	Conducting external supply chain audits for environmental sustainability, social responsibility and company ethical corporate governance	Yes/No	No	No	No
External audits	% of suppliers involved in the revision process for environmental sustainability, social responsibility and company ethical corporate governance	%	0	0	18%

The defined values for financial year 2022 targets are the result of an estimation based on data available at the time of publishing the Report. The financial year 2022 target values expressed as percentage variation (+/- %) refer to variation against financial year 2021.

6.2 ANTI-CORRUPTION POLICY

Goal

To prevent active and passive corruption via specific training and via guidelines for behavior and monitoring of control as prescribed by Italian Legislative Decree 231/2001.

The anti-corruption standard is an essential part of all risk and crime prevention models, where respect of the rules of behavior, disciplinary and operational procedure codes guarantee respect of the principles of legality, correctness and transparency in business management.

ALLEGRINI has over time set out an anti-corruption standard formally requiring employees and partners to conduct all necessary enquiries if any ALLEGRINI internal or external collaborator is suspected of any kind of corruption.

In the immediate future, ALLEGRINI is committed to increasing awareness of anti-corruption action in employees through targeted training and identifying behavior that may reduce the risk of corruption. ALLEGRINI believes that a commercial relationship can only claim to be inspired by sustainability principles when it is based on ethically correct practices and conduct, capable of guaranteeing: full satisfaction of customer requirements, the creation of a solid relationship, inspired by trust and efficiency; professionalism and loyalty in business.

ANTI-CORRUPTION POLICY: GOALS AND ACTIONS

MATERIAL TOPIC	DESCRIPTION	GOALS	ACTIONS 2021	FURTHER ACTIONS
Anti-corruption policy	Activation of formal internal controls for fighting both active and passive corruption.	To manage the efficiency and effectiveness of prevention tools already implemented.	Continued maintenance and updating of the Organizational Model as prescribed by Italian Legislative Decree 231/01.	Continued action and improvements.
		To train company employees as a tool to prevent corruption.		Training for employees and collaborators on fighting active and passive corruption, to provide code of conduct guidelines to apply in daily operations, increasing awareness and sensitivity to the topic of fighting corruption.

ANTI-CORRUPTION POLICY: PERFORMANCE MEASUREMENT AND KPIS

VARIABLE	DESCRIPTION	UNIT OF MEASUREMENT	AVERAGE 2019-2021	2021	TARGET 2022
Risk of corruption	Total number of operations assessed as high risk for problems of corruption	No.	0	0	0
Risk of corruption	% of operations assessed as high risk for problems of corruption	%	0	0	0
Risk of corruption	Total number of confirmed events of corruption involving Allegrini or its employees	No.	0	0	0
Risk of corruption	Existing cases linked to corruption against ALLEGRIINI or its employees	Yes/No	No	No	No
Communication of anti-corruption policy	Number of BOD members to whom company anti-corruption policies and procedures have been communicated	No.	Already communicated to all BOD members in financial year 2020		
Communication of anti-corruption policy	Number of employees to whom company anti-corruption policies and procedures have been communicated	No.	35 in 2020 34 office workers 1 executive/manager	124 40 office workers 60 production workers 24 executives/managers	+4,83%
Communication of anti-corruption policy	Number of collaborators to whom company anti-corruption policies and procedures have been communicated	Nr	18	1 (including 12 consultants and 6 agents)	+38,88%
Communication of anti-corruption policy	% of collaborators to whom company anti-corruption policies and procedures have been communicated	%	22,59%	22,78%	38,88%
Communication of anti-corruption policy	Number of commercial partners to whom company anti-corruption policies and procedures have been communicated	No.	5	8 (including 7 Italy and 1 Hong Kong)	+5 partnerships (of which 3 Italy and 2 foreign)
Communication of anti-corruption policy	% of commercial partners to whom company anti-corruption policies and procedures have been communicated	%	10%	10,52% (of which 8,75% Italy and 1,25% foreign)	+5,81%
Anti-corruption training	Number of BOD members involved in training initiatives linked to raising awareness of anti-corruption	Nr	1	0	4
Anti-corruption training	Total training hours delivered to BOD members on anti-corruption	Training hours	2	0	10
Anti-corruption training	Number of employees involved in training initiatives linked to raising awareness of anti-corruption	No.	12	0	20
Anti-corruption training	Total hours of training delivered to employees on anti-corruption	Training hours	23	0	40
Anti-corruption training	Number of collaborators involved in training initiatives linked to raising awareness of anti-corruption	No.	12	31 agents	+16,13%
Anti-corruption training	Total hours of training delivered to collaborators on anti-corruption	Training hours	14	31	+16,13%
Organizational Model (Italian Legislative Decree 231/01)	Number of employees involved in maintenance and update of Organizational Model	No.	1	2	2
Organizational Model (Italian Legislative Decree 231/01)	Total number of hours spent by employees on maintenance and update of Organizational Model	Training hours	Not quantified	Not quantified	96

The defined values for financial year 2022 targets are the result of an estimation based on data available at the time of publishing the Report. The financial year 2022 target values expressed as percentage variation (+/- %) refer to variation against financial year 2021.

6.3 ETHICAL AND ANTI-COMPETITIVE BEHAVIOR

Goal

To promote ethical behavior models aimed at fair competition on the market.

Fair competition is the basic principle of a free market and an ethical and sustainable business model.

ALLEGRINI has integrated a policy of respect for competition into its Code of Ethics “as an indispensable tool for the development of the economic system”, whereby it is strictly forbidden for company employees and external collaborators to use any illegal means to acquire restricted information about businesses and third parties; to ask, receive or share sensitive commercial information directly with competitors; to request or receive from a supplier or customer sensitive information about a competitor; to share restricted information about suppliers and customers of the company with competitors.

Besides this ALLEGRINI has a commitment, due for completion in 2022, to write a code of conduct and behavior for all stakeholders to apply in their actions, based on the principles of correct competition between businesses, and the free market.

ETHICAL AND ANTI-COMPETITIVE BEHAVIOR: GOALS AND ACTIONS

MATERIAL TOPIC	DESCRIPTION	GOALS	ACTIONS 2021	FURTHER ACTIONS
Ethical and anti-competitive behavior	Activation of ethical tools and principles, and tools for fair competition on the market.	To create a standard formal procedure, inside and outside of the organization, coherent with ethical issues and anti-competitive behavior.	Planning, designing solutions and allocation of resources to those solutions.	Writing a code of conduct for agents to follow based on ethical issues and anti-competitive behavior.

ETHICAL AND ANTI-COMPETITIVE BEHAVIOR: PERFORMANCE MEASUREMENT AND KPIs

VARIABLE	DESCRIPTION	UNIT OF MEASUREMENT	AVERAGE 2019-2021	2021	TARGET 2022
Lawsuits	Number of lawsuits in progress or concluded involving anti-competitive behavior and violations of anti-trust law related to monopolistic practices	No.	0	0	0
Lawsuits	Value of damages to third parties as a result of anti-competitive practices	Euros	0	0	0
Code of conduct	Presence of a code of conduct relating to anti-corruption behavior	Yes/No	Yes	Yes	Yes
Code of conduct	Number of BOD members to whom the code of conduct has been communicated	No.	3	0	0
Code of conduct	Number of employees to whom the code of conduct has been communicated (identification of senior members)	No.	35 in 2020 34 office workers 1 executive/ manager	124 40 office workers 60 production workers 24 executives/ managers	+4,83%
Code of conduct	Number of collaborators to whom the code of conduct has been communicated	No.	18	18 (including 12 consultants and 6 agents)	+38,88%
Code of conduct	% of collaborators to whom the code of conduct has been communicated	%	22,59%	22,78%	38,88%
Codice di condotta	Number of commercial partners to whom the code of conduct has been communicated	No.	5	8 (including 7 Italy and 1 Hong Kong)	+5 partnerships (of which 3 Italy and 2 foreign)
Code of conduct	% of commercial partners to whom the code of conduct has been communicated	%	10%	10,52% (of which 8,75% Italy and 1,25% foreign)	5,81%
Training	Number of BOD members involved in training initiatives linked to anti-competitive behavior (with representative powers and functions)	No.	1	0	4
Training	Total of training hours delivered to BOD members on anti-competitive behavior (with representative powers and functions)	H	2	0	4
Training	Number of employees involved in training initiatives linked to anti-competitive behavior	No.	53	0	20
Training	Total training hours delivered to employees on anti-competitive behavior	Training hours	23	0	20
Training	Number of collaborators involved in training initiatives linked to anti-competitive behavior	No.	12	31 agents	+16,13%
Training	Total training hours delivered to collaborators on anti-competitive behavior	Training hours	14	31	+16,13%

The defined values for financial year 2022 targets are the result of an estimation based on data available at the time of publishing the Report. The financial year 2022 target values expressed as percentage variation (+/- %) refer to variation against financial year 2021.

6.4 TRANSPARENCY AND COMMUNICATION

Goal

To ensure transparency, reliability and quality in internal and external communication channels.

Relationships are based on enduring values of mutual trust and transparency. ALLEGRINI specified its external communication behavior policies in the Code of Ethics, making the values of transparency and reliability central to all relationships.

ALLEGRINI has always adhered to the principles of the right to information, respect of laws, regulations, professional conduct practices and industrial secrets in its operations. In light of this, it is strictly forbidden for all company employees to: share any restricted information acquired in their daily tasks; share false or biased information relating to ALLEGRINI or its partners with any external party; and act in any way that accepts favorable treatment from communication and public information organizations.

In the immediate future ALLEGRINI intends to increase action to defend these principles with training for all employees and by setting up new partnerships with organizations and private institutions to introduce a new risk management system capable of also integrating environmental, social and corporate governance risk into the company's external communications.



TRANSPARENCY AND COMMUNICATION: GOALS AND ACTIONS

MATERIAL TOPIC	DESCRIPTION	GOALS	ACTIONS 2021	FURTHER ACTIONS
Transparency and communication	Activation of tools and policies for internal communication and external transparency.	To train company employees on transparency and communication.	Internal reporting system for violation of Organizational Model as prescribed by Italian Legislative Decree 231/01.	Training for all employees on Organizational Model as prescribed by Italian Legislative Decree 231/01.
	Introduction of a warning system to highlight potential hazard or critical situations.			Continued action and improvements.
	Introduction of a risk management system for assessment and management of corporate risk.			
	Supporting the creation of new partnerships to feed shared processes based on transparency, reliability and quality of communication.			Implementation of a risk management system integrating ESG risks into company risk management.
				Creation of new partnerships with organizations, institutions and private entities.

TRANSPARENCY AND COMMUNICATION: PERFORMANCE MEASUREMENT AND KPIS

VARIABLE (IN ADDITION TO CONTENT OF PREVIOUS MATERIAL TOPICS)	DESCRIPTION	UNIT OF MEASUREMENT	AVERAGE 2019-2021	2021	TARGET 2022
Organizational Model (Italian Legislative Decree 231/01)	Total training hours delivered to staff on Organizational Model	H	23	0	40
Organizational Model (Italian Legislative Decree 231/01)	% employees involved in training initiatives	%	9,64%	0	20%
Internal reporting system	Number of events reported	No.	0	0	0
Internal reporting system	Number of employees responsible for maintenance of internal reporting system function checks	No.	1	1	0
Sustainability risk measurement and management system	Presence of a sustainability risk measurement and management system	Yes/No	No	No	Yes
Sustainability risk measurement and management system	Number of employees involved in designing and developing a sustainability risk measurement and management system	No.	0	0	11
Sustainability risk measurement and management system	Total hours spent by employees on system design and development	Staff hours	0	0	70
Sustainability risk measurement and management system	Total resources invested for system design and development	Euros	0	0	4228

The defined values for financial year 2022 targets are the result of an estimation based on data available at the time of publishing the Report.

6.5 INNOVATION AND IMPROVING PRODUCTION EFFICIENCY

Goal

To keep pursuing innovation and digitalization of infrastructure and flexible work arrangements.

ALLEGRINI has always based its path to environmental sustainability, social responsibility and ethics in corporate governance on innovation. Its position as a leading Italian producer of professional detergents and cosmetics for the hotel industry is the result of continued investment and innovative technologies.

The wide-reaching approach by ALLEGRINI means that innovation must embrace all the organization's processes and activities, both with and without value and not just product or production process.

Digitalization of processes and work practices to simplify and save time and resources is an important push factor.

ALLEGRINI's commitment to internal agile working policies like smart working is due for completion in 2022, fostering the idea that employee well-being and focus on human capital are key to company success.

INNOVATION AND IMPROVING PRODUCTION EFFICIENCY: GOALS AND ACTIONS

MATERIAL TOPIC	DESCRIPTION	GOALS	ACTIONS 2021	FURTHER ACTIONS
Innovation and improving production efficiency	Innovation and digitalization of infrastructure and flexible work arrangements.	To increase digitalization to make work practices more flexible and innovative.	Planning, designing solutions and allocation of resources to implement those solutions.	Digitalization of systems to encourage flexible working consistent with internal smart working policies.

INNOVATION AND IMPROVING PRODUCTION EFFICIENCY: PERFORMANCE MEASUREMENT AND KPIS

VARIABLE (IN ADDITION TO CONTENT OF PREVIOUS MATERIAL TOPICS)	DESCRIPTION	UNIT OF MEASUREMENT	AVERAGE 2019-2021	2021	TARGET 2022
Smart working	% employees interested in smart working contract clauses	%	0,79%	1%	26,90%
Smart working	Total hours spent in smart working	Staff hours	Data not available	Data not available	10.000
Smart working	% hours spent in smart working	%	Data not available	Data not available	4%
Smart working	Number of workers involved	No.	27	39	40
Smart working	Total hours training for employees on flexible work arrangements	Training hours	0	0	480
Smart working	% employees involved in training initiatives	%	0	0	20,69%
Smart working	Number of initiatives on smart working	No.	0	0	1
Digitalization of infrastructure	Total staff (internal and external) involved in digitalization of work practices	No.	15	20	25
Digitalization of infrastructure	Total hours spent by employees on digitalization of work practices	Staff hours	600	800	+25%
Digitalization of infrastructure	Total resources invested in digitalization of work practices	Euros	68.388	101.060	+128%

The defined values for financial year 2022 targets are the result of an estimation based on data available at the time of publishing the Report. The financial year 2022 target values expressed as percentage variation (+/- %) refer to variation against financial year 2021.



7.0

APPENDIX

SUMMARY OF MATERIAL TOPICS FOR ALLEGRINI

ALLEGRINI'S ACTIONS
AND COMMITMENTS FOR
SUSTAINABLE GROWTH

ENVIRONMENTAL SUSTAINABILITY

1. PRODUCT DESIGN, PRODUCT AND PACKAGING LIFE CYCLE

DESCRIPTION

- Including sustainability in the design phase and making it part of the product and packaging life cycle.
- Reduction of the use of natural resources and production of processing waste using plastic and water free solutions.
- Purchase and use of low environmental impact raw materials and, where possible, recycled materials.

GOALS

- To use environmentally sustainable, customizable packaging produced from recycled, recyclable materials.
- To promote the DPlanet solid cosmetics line and influence user consumption behavior.
- To reduce product and packaging waste.
- To increase awareness in end users to reduce waste and reuse packaging.

ACTIONS 2021

- Reuse of packaging.
- Investments in the environmentally sustainable solid cosmetics line to expand the product range.
- Diffusion of the FM5 detergent dilution system.
- Implementation of dispensers (CBU).

FURTHER ACTIONS

Continued action and improvements.

2. WATER

DESCRIPTION

- Responsible, conscious use of water involved in production processes.
- Recycling and reuse of water involved in production processes.

GOALS

- Approximately 44% of waste water recycled.
- Approximately 33% of cooling water recycled.

ACTIONS 2021

Designing a water recycling and reuse system and allocation of financial resources.

FURTHER ACTIONS

Completion, commissioning and maintenance of the water recycling and reuse system.

3. WASTE

DESCRIPTION

Management of recycling packaging materials and plastic containers in company processes and user consumption behavior.

ACTIONS 2021

- Substantial reduction of plastic waste production via recycling and reuse.
- Planning of collection and recycling system.
- Collection of plastic from pallets.

GOALS

- To reduce waste from the packaging process, also by monitoring user actions.
- Company-wide recycled waste disposal systems in offices.
- To encourage staff and users to adopt a conscious, reduced use of plastic materials.

FURTHER ACTIONS

- Continued action and improvement.
- Implementation of collection and recycling system.

4. ENERGY

DESCRIPTION

- Investment in technology for generation of energy from renewable sources.
- Investment in technology for reduction of energy consumption in production processes.

ACTIONS 2021

Designing the technical solution and allocation of resources for new investments.

GOALS

- To reduce energy loss through sustainable investments.
- To fulfill energy requirements sustainably.

FURTHER ACTIONS

- Recovery of heat energy with elimination of heat loss.
- Increase renewable energy.

5. ENVIRONMENTAL COMPLIANCE

DESCRIPTION
Designing and implementation an integrated environmental management system.

ACTIONS 2021
Designing of the certification process and allocation of resources.

GOALS
Compliance with environmental standards and environmental certification (product and process environmental conformity).

FURTHER ACTIONS
Acquiring ISO:14001 certification.

6. AIR EMISSIONS

DESCRIPTION
Investments in and modification of processes to reduce gas emissions into the atmosphere.

ACTIONS 2021

- Acquiring Carbon Offset Certification.
- Compensation of CO2 equivalent emissions deriving from waste transport.

GOALS
To achieve environmental sustainability for emissions generated along the entire value chain.

FURTHER ACTIONS
Increase renewable energy.

SOCIAL RESPONSIBILITY

1. RESEARCH & DEVELOPMENT

DESCRIPTION

- Continuous product and process innovation with a focus on sustainability.
- Development of human and financial capital as fundamental levers to increase sustainable innovation.

ACTIONS 2021

- Increasing investments in research to support innovation.
- Setting up skills development plans.
- Designing forms of customer incentives.
- Setting up actions for new shared projects.

GOALS

- To develop new product and process research and development in an incremental, radical way.
- To acquire and develop specific innovation skills internally.
- To increase customer awareness of sustainable behavior in after-sales activity.
- To collaborate with company stakeholders for joint development of sustainability projects.

FURTHER ACTIONS

- Use of low environmental impact raw materials.
- Increased research and development initiatives focused on sustainability.
- More employees involved in research and development.
- Reuse of plastic waste or disposal using a system of economic incentives for customers.
- Setting up of the “Clean the world” project.

2. DIVERSITY AND INCLUSION

DESCRIPTION

- Fair recruitment and internal development of employees.
- Gender and job role pay equality.
- Creation of sustainable work arrangements that can improve well-being.

GOALS

- To improve employee well-being within an organizational culture based on social responsibility.
- To promote a work culture based on results, developing professional behavior and enhancing skills.

ACTIONS 2021

Planning, developing initiatives and allocation of resources.

FURTHER ACTIONS

- Adoption of policies that promote diversity and inclusion.
- Implementation of smart working contracts.
- Monitoring of the gender pay gap.
- Increasing the number of women in management roles and on the Board.
- Management e nel Board.

3. HUMAN CAPITAL DEVELOPMENT

DESCRIPTION

Strategic development of human capital via processes of internal growth and external acquisition.

GOALS

- To develop human capital for growth as part of a path of sustainable development.
- To evaluate, monitor and motivate employees to develop talent and improve professionalization at work.
- To implement variable pay systems capable of aligning the organization with strategies to grow sustainable value.

ACTIONS 2021

Designing and implementing solutions and allocation of resources.

FURTHER ACTIONS

- Implementation of plans to develop the company's human capital with a view to supporting employees with internal growth and attracting new talent.
- Implementation of a performance evaluation process and incentives for employees extended to all staff and customized to job roles and types of employment.
- Increase in bonus in the staff incentive programme linked to the performance evaluation process.

4. TRAINING AND EDUCATION FOR STAFF AND CUSTOMERS

DESCRIPTION

- Implementation of training programmes designed to enhance employee skills.
- Raising awareness and changing customer habits for sustainable use of products in line with the company mission and vision.

ACTIONS 2021

Continuous development of training via the Allegrini Academy programme designed to provide useful tools for our people so they can offer a quality service to consumers.

GOALS

- To increase the ability of company employees to deal with organizational change.
- To increase technical skills and soft skills in employees with a view to making each individual an important participant in the path to sustainable growth.

FURTHER ACTIONS

Increase in staff training.

5. CONSUMER SAFETY

DESCRIPTION

Monitoring safety and quality of products directly destined for end users.

ACTIONS 2021

Maintaining a system to manage complaints and non-compliance relating to customer health and safety and product quality and compliance.

GOALS

To implement an integrated product safety and quality management and checking system.

FURTHER ACTIONS

Continued action and improvements.



6. OCCUPATIONAL HEALTH AND SAFETY

DESCRIPTION
 Designing and launching solutions to improve health and safety in the workplace.

ACTIONS 2021
 Planning, designing solutions and allocation of resources to implement those solutions.

GOALS

- To identify hazards and risks that can arise in the workplace.
- To develop corrective action to manage health and safety in the workplace.

FURTHER ACTIONS

- Air-conditioning in departments.
- Heating in packaging section.

7. HUMAN RIGHTS

DESCRIPTION

- Raising awareness of human rights in work practices.
- Integrating respect for human rights into the supplier evaluation process

ACTIONS 2021
 Planning, designing solutions and allocation of resources to implement those solutions.

GOALS

- To increase individual awareness of respect and ethics of human rights.
- To integrate a supplier evaluation system into current responsible procurement strategies to promote respect for human rights along the entire production chain.

FURTHER ACTIONS

- Delivery of training programmes on human rights for employees and collaborators, helping to raise awareness of this issue.
- Setting up a supplier evaluation system that assesses aspects relating to human rights (also via auditing).



8. LOCAL COMMUNITY RELATIONS

DESCRIPTION
Delivering an integrated range of initiatives and services to increase the welfare of the local community.

GOALS
To increase the commitment towards the local community as an essential partner in the process of creating and sharing sustainable value.

ACTIONS 2021
Planning, designing solutions and allocation of resources to implement those solutions.

FURTHER ACTIONS
Development and increase of initiatives, donations and sponsorships for the local community.



ETHICS IN CORPORATE GOVERNANCE

1. RESPONSIBLE PROCUREMENT

DESCRIPTION

- Management of responsible, sustainable procurement.
- Evaluation of supply chain based on ESG factors.

ACTIONS 2021

Planning, designing solutions and allocation of resources to implement those solutions.

GOALS

- To implement a supplier evaluation system increasingly oriented towards a vision that looks beyond evaluation of economic and financial solvency of the supplier.
- To set a benchmark standard for all company suppliers.
- To analyze the position of all elements in the supply chain on environmental, social and corporate governance factors.

FURTHER ACTIONS

- To implement a system for strategic supplier evaluation that integrates company ESG criteria with traditional criteria focused on assessment of risk of supply.
- To get 80% of suppliers to read and accept the contents of the Code of Ethics and Organization Model (Italian Legislative Decree 231/01) of ALLEGRINI S.p.A.
- To conduct an external audit on the supply chain looking at environmental, social and corporate governance aspects.



2. ANTI-CORRUPTION POLICY

DESCRIPTION
 Activation of formal internal controls for fighting both active and passive corruption.

ACTIONS 2021
 Continued maintenance and updating of the Organizational Model as prescribed by Italian Legislative Decree. 231/01.

GOALS

- To manage the efficiency and effectiveness of prevention tools already implemented.
- To train company employees as a tool to prevent corruption.

FURTHER ACTIONS
 Training for employees and collaborators on fighting active and passive corruption, to provide code of conduct guidelines to apply in daily operations, increasing awareness and sensitivity to the topic of fighting corruption.



3. ETHICAL AND ANTI-COMPETITIVE BEHAVIOR

DESCRIPTION
 Activation of ethical tools and principles, and tools for fair competition on the market.

ACTIONS 2021
 Planning, designing solutions and allocation of resources to implement those solutions.

GOALS
 To create a standard formal procedure inside and outside of the organization, coherent with ethical issues and anti-competitive behavior.

FURTHER ACTIONS
 Writing a code of conduct for agents to follow based on ethical issues and anti-competitive behavior.

4. TRANSPARENCY AND COMMUNICATION

DESCRIPTION

Activation of tools and policies for internal and external communication and transparency.

ACTIONS 2021

Internal reporting system for violation of Organizational Model as prescribed by Italian Legislative Decree 231/01.

GOALS

- To train company employees on transparency and communication.
- Introduction of a warning system to highlight potential hazard or critical situations.
- Introduction of a risk management system for assessment and management of corporate risk.
- Supporting the creation of new partnerships to feed shared processes based on transparency, reliability and quality of communication.

FURTHER ACTIONS

- Delivery of training to all employees on Organizational Model as prescribed by Italian Legislative Decree 231/01.
- Implementation of a risk management system integrating ESG risks into company risk management.
- Creation of new partnerships with organizations, institutions and private entities.

5. INNOVATION AND IMPROVING PRODUCTION EFFICIENCY

DESCRIPTION

Innovation and digitalization of infrastructure and flexible work arrangements.

ACTIONS 2021

Planning, designing solutions and allocation of resources to implement those solutions.

GOALS

To increase digitalization to make work practices more flexible and innovative.

FURTHER ACTIONS

Digitalization of systems to encourage flexible working consistent with internal smart working policies.

REFERENCE GRI STANDARDS

The GRI Sustainability Reporting Standards (GRI Standards) were designed to support the reporting of economic, environmental and/or social impacts of companies. Allegrini decided to base its first Sustainability Report on 2016 version GRI Standards during its sustainability reporting process. The following principles were referred to in preparing this report:

GRI		SECTION OF REPORT
102 - General disclosures	Organization profile	
102 - General disclosures	Strategy	
102 - General disclosures	Governance	2.0 Identity and governance
102 - General disclosures	Reporting practices	5.1 Research & development
201 - Economic performance	Directly generated and distributed economic value	6.5 Innovation and improving production efficiency
203 - Indirect economic impacts	Investment in infrastructure and financial services	
204 - Procurement practices	Proportion of spending on local suppliers	6.1 Responsible procurement
205 - Anti-corruption	Operations evaluated for corruption risks	6.2 Anti-corruption policy
205 - Anti-corruption	Communication and training on anti-corruption policies and procedures	6.2 Anti-corruption policy
205 - Anti-corruption	Confirmed episodes of corruption and action taken	6.4 Transparency and communication
205 - Anti-corruption	Confirmed episodes of corruption and action taken	6.2 Anti-corruption policy
205 - Anti-corruption	Confirmed episodes of corruption and action taken	6.4 Transparency and communication
206 - Anti-competitive behavior	Legal action for anti-competitive, anti-trust behavior and monopolistic practices	6.3 Ethical and anti-competitive behavior
301 - Materials	Materials used by weight and volume	4.1 Product design, product and packaging life cycle
301 - Materials	Recycled materials used	4.1 Product design, product and packaging life cycle
302 - Materials	Energy consumption as a company	4.1 Product design, product and packaging life cycle
302 - Materials	Energy intensive activity	4.4 Energy
302 - Materials	Energy intensive activity	4.1 Product design, product and packaging life cycle
302 - Materials	Energy intensive activity	4.4 Energy
303 - Water and effluents	Use of water as a shared resource	4.1 Product design, product and packaging life cycle
303 - Water and effluents	Waste water	4.2 Water
303 - Water and effluents	Waste water	4.2 Water
305 - Emissions	Direct emissions (Scope 1)	4.6 Emissions
306 - Effluents and waste	Waste by type and disposal method	4.3 Waste
308 - Supplier environmental assessment	New suppliers evaluated according to environmental criteria	6.1 Responsible procurement
308 - Supplier environmental assessment	Negative environmental impact in supply chain and action taken	6.1 Responsible procurement
401 - Employment	New hiring and staff turnover	5.2 Diversity and inclusion
403 - Occupational health and safety	Occupational health and safety management system	5.6 Occupational health and safety
403 - Occupational health and safety	Identification of hazards, risk assessment and investigation of accidents	5.6 Occupational health and safety
403 - Occupational health and safety	Occupational medical services	5.6 Occupational health and safety
403 - Occupational health and safety	Occupational health and safety training	5.6 Occupational health and safety
404 - Training and education	Average annual training hours per employee	5.2 Diversity and inclusion
404 - Training and education	Employee skills update programmes and transition assistance programmes	5.4 Training and education for staff and customers
404 - Training and education	Employee skills update programmes and transition assistance programmes	5.4 Training and education for staff and customers
404 - Training and education	Percentage of employees with periodic performance and professional development evaluation	5.2 Diversity and inclusion
404 - Training and education	Percentage of employees with periodic performance and professional development evaluation	5.3 Human capital development
405 - Diversity and equal opportunities	Diversity in senior management and employees	5.2 Diversity and inclusion
405 - Diversity and equal opportunities	Relationship between basic salary and pay of female and male employees	5.2 Diversity and inclusion
408 - Child labor	Activities and suppliers with potential child labor risks	5.7 Human rights
409 - Forced or compulsory labor	Activities and suppliers with potential forced or mandatory labor risks	5.7 Human rights
412 - Respecting human rights	Staff training on human rights policies or procedures	5.7 Human rights
414 - Supplier social assessment	New suppliers assessed for social criteria	6.1 Responsible procurement
414 - Supplier social assessment	Negative social impact in supply chain and action taken	6.1 Responsible procurement
416 - Customer health and safety	Non-compliance over product and service safety and health impacts	5.5 Consumer safety
417 - Marketing and labeling	Product and service information and labelling requirements	5.5 Consumer safety
417 - Marketing and labeling	Non-compliance in production and service information and labelling	5.5 Consumer safety

ALLEGRI NI'S CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS - SDGS

The United Nations Sustainable Development Goals (SDG) are the aims approved in the 2030 Agenda to aid global development, human well-being and protecting the environment.



REFERENCE SDGS FOR ALLEGRINI:



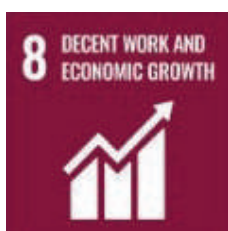
“Achieve gender equality and empower all women and girls”



Ensure availability and sustainable management of water and sanitation for all”



“Ensure access to affordable, reliable, sustainable and modern energy systems”



“Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”



“Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation”



“Reduce inequality”



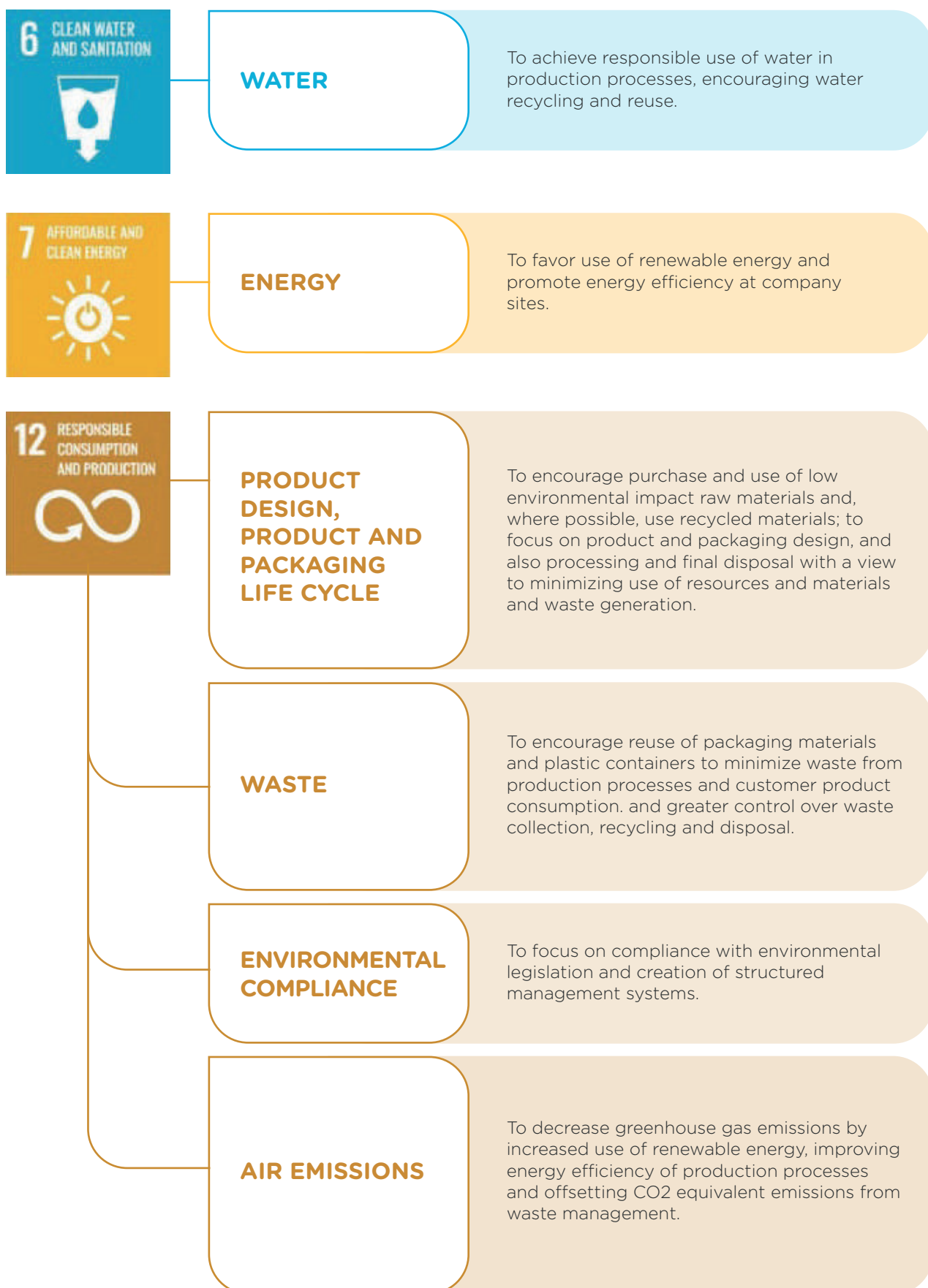
“Ensure sustainable consumption and production patterns”

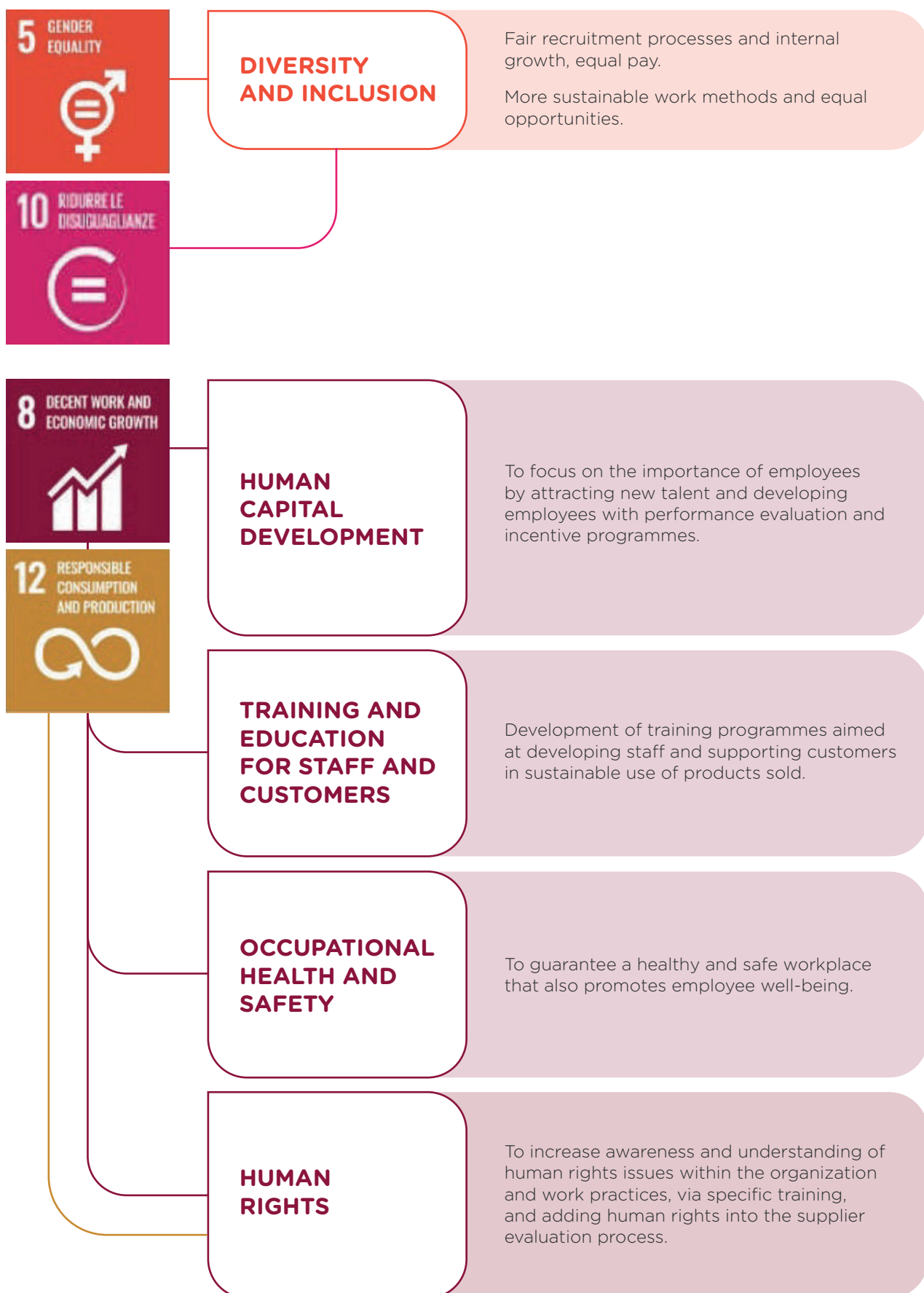


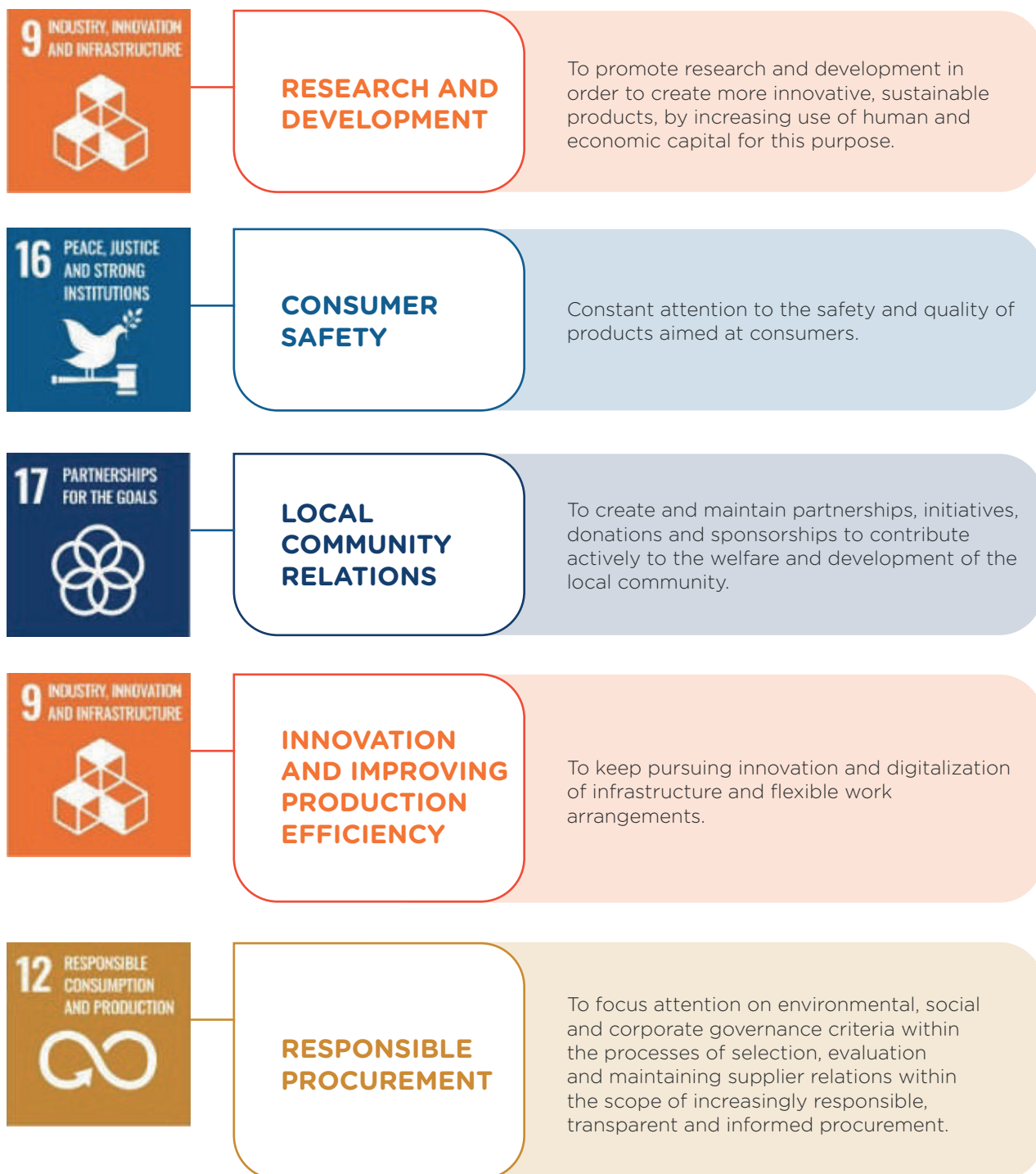
“Peace, justice, strong institutions”

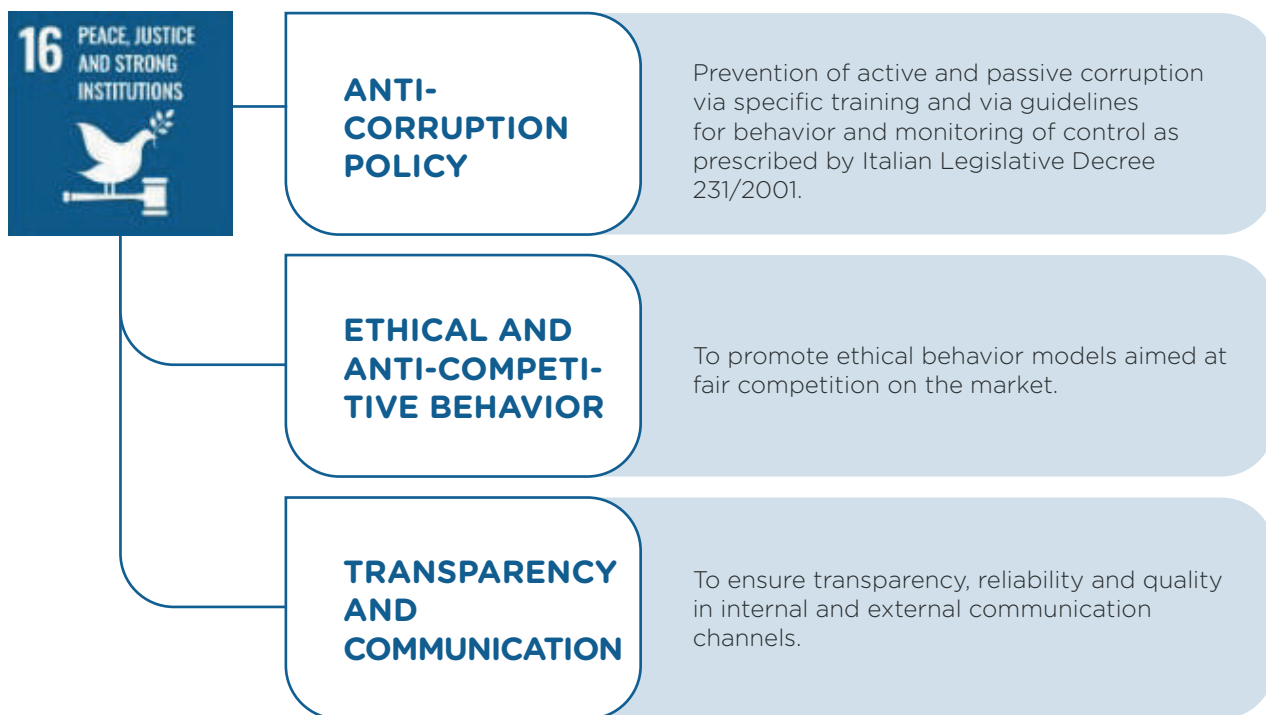


“Strengthen the means of implementation and revitalize the global partnership for sustainable development”









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